

TRADING UPDATE
WEDNESDAY 29 APRIL 2020

Persimmon plc (“Persimmon or “the Group”) is today providing an update on trading and its ongoing response to COVID-19, in the period from 1 January 2020 to date, ahead of its Annual General Meeting (“AGM”) which is being held at 12.00 noon today.

Highlights

Dave Jenkinson, Group Chief Executive, said: “In these unprecedented times we continue to be guided by our clear purpose of delivering long term sustainable returns for all our stakeholders. Focused management of the risks inherent in the housing market cycle has given us the financial strength to respond effectively and responsibly to the crisis and support our customers, our colleagues and suppliers, and the local communities we work in across the country, as the UK meets the challenges of the pandemic. We recognise the important contribution we make to the economy and wider society, and are determined to play our part.

“Our strong financial position and liquidity has enabled us to maintain our operational capability by retaining all staff on full pay through this period, without recourse to any Government financial assistance; to offer necessary support to our suppliers, subcontractors and local tradespeople; and to maintain our community and charity programmes, despite the economic shock of COVID-19.

“Persimmon is responding to the crisis from a position of strength, to the benefit of all its stakeholders; our long-term strategy and business model recognises the cyclical nature of the housing market, minimises financial risk through the cycle, and provides the flexibility needed to manage effectively through this difficult period. The Government has been clear that it wants the UK’s housebuilders to get back to building and this week we have started the phased process of getting back to work safely on site in order to deliver the new homes the country needs.”

• **Trading Highlights**

- Strong start to the year in the period before the COVID-19 lockdown - average private sales rate per site was c. 10% ahead year-on-year in the first 11 weeks of the period
- Customer enquiries have remained at good levels through the lockdown period providing some encouragement on the resilience of demand
- Current forward sales position, including legal completions taken to date in 2020, remains robust at £2.4bn (2019: £2.7bn)
- The average private selling price of a new Persimmon home in our forward order book is c. £244,500 (2019: c. £237,850), c. 17% below the UK national average¹, reflecting our commitment to providing ‘homes for all’

• **Operational Highlights**

- From the start of this challenging time for the UK, our priority has been the safety, health and wellbeing of our customers, our workforce and the public and Persimmon fully supports the action taken by the UK Government and continues to follow all public health guidance
- As announced on 24 April 2020, having developed and tested new site protocols incorporating the latest Government and Construction Leadership Council guidance on social distancing and protective measures, the Group has commenced a phased restart to work on site
- To protect our entire workforce, these new measures will be strictly enforced by a specialist team, with a ‘COVID-19 Passport to Work’ governing site operation
- The Group has not made use of the Government’s Coronavirus Job Retention Scheme to furlough staff and has no current plans to access any UK Government’s COVID-19 funding

• **Customers remain at the centre of our business**

- Implementation of the Group’s customer care improvement plan remains a key priority
- Customer care teams have remained active through the shutdown period and scheduled works will recommence as soon as restrictions on home visits are relaxed
- Investment in our Homebuyer Retention Scheme, and customer care resource and training, had led to a c. 20% reduction in the time taken to resolve snagging items prior to the onset of the COVID-19 outbreak

- The first phase of the Group's customer portal, supporting customers from the point of their New Home Demonstration, will be operational shortly, with phase two due to be rolled out in the second half of 2020
 - Development of "the Persimmon Way", the Group's consolidated approach to new home construction, continues to progress well
- **Engaged and motivated colleagues underpin the Group's success**
 - Providing ongoing support to our colleagues working from home with regular contact through online team meetings and training modules
 - Strong belief in 'opportunities for all' with significant investment in training and apprenticeships across the Group to support career progression
 - Real Living Wage criteria introduced for all staff
 - Recognised as an industry leader by the Social Mobility Pledge
 - Excellent employee engagement - 96% of staff understand how their job contributes towards what Persimmon is trying to achieve
- **Committed to creating and supporting sustainable communities**
 - The Group's activities support over 50,000² construction and supply chain jobs, including local tradespeople and suppliers in all 31 of our regional operating companies
 - Persimmon's construction activities generated £522m of affordable housing and planning contributions during 2019
 - The Group believes firmly in building 'homes for all', with more than 50% of its private new homes sales being made to first time buyers and c. 21% of its total volumes coming from its Partnerships business which serves those on lower incomes
 - Persimmon remains fully committed to its community and charity programmes and the work of The Persimmon Charitable Foundation and our partnership with Team GB, will continue through 2020
- **Careful management of housing cycle risk is enabling Persimmon to respond to the crisis from a position of strength**
 - A strong sustainable business model that; places customers at the centre of our business, maintains high quality land holdings, judges capital deployment at the right time in the cycle and minimises financial risk
 - Robust liquidity with a current cash position of £600m (as at 24 April 2020), deferred land commitments of £163m to the end of the current year and access to an undrawn £300m Revolving Credit Facility
 - Persimmon's strong financial liquidity has enabled the Group to maintain its operational capability by supporting all our colleagues on full pay through the site shutdown period
 - The Group's suppliers and subcontractors have been offered financial support, to help them manage through the crisis and preserve jobs and to ensure continuity of supply in the recovery
 - Colleagues working from home have continued to progress critical tasks during the site shut down period to prepare sites for the restart of activity. Home working will continue subject to further guidance provided by the Government and Public Health England
 - The increased investment in work in progress over 2019/20 places the Group in a strong position to support customers and provides some mitigation to the temporary site closures
 - The Group's off-site manufacturing facilities will provide continuity of supply of key materials and will help mitigate any disruption as construction activity recommences
- **Update on the Group's purpose and culture to be given at today's AGM**
 - A copy of the presentation to be given at the AGM is available here www.persimmonhomes.com/corporate
 - Shareholders can view a live webcast of the AGM here <https://persimmon.sparq.me.uk/> from 12.00 today

Footnote 1

National average selling price for new build homes sourced from the UK House Price Index as calculated by the Office for National Statistics from data provided by HM Land Registry

Footnote 2

Estimated using an economic toolkit

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TRADING UPDATE

Response to COVID-19

Our over-riding priority during this time has been to protect customers, colleagues, the public and the business, while securing our strong financial position.

From the start of the pandemic, the Group has adhered to Government guidance and implemented measures to keep its customers, workforce, and the public, safe. In late March, the Group closed its sales offices and commenced an orderly shutdown of its construction sites with only essential work taking place to ensure that partly built homes were made safe and no customers were left in a vulnerable position. All regional offices also closed, operating with only a skeleton staff to support the wider workforce working from home in line with Persimmon's existing business continuity planning.

Persimmon has maintained its current workforce, including those that were stood down during the period of low activity, to ensure that we were in a position to respond quickly when our construction sites were able to reopen.

As announced on 24 April 2020, working closely with colleagues, sub-contractors and suppliers, the Group has developed and tested a range of new site protocols, which are fully compliant with UK Government and Construction Leadership Council guidance and which incorporate the necessary social distancing restrictions. The Group has therefore commenced a phased return to work, with stringent measures in place to ensure compliance with the new procedures.

The Group's COVID-19 Steering Committee are continuing to closely monitor the situation and are able to respond effectively and flexibly to any changes in the circumstances relating to the pandemic.

Cash and liquidity

Persimmon benefits from strong liquidity with a current cash position of £600m (as at 24 April 2020), deferred land commitments of £163m to the end of the current year and access to an undrawn £300m Revolving Credit Facility ("RCF"). The Group has recently extended its RCF which now has a five-year term out to 31 March 2025.

The Group has a well-established strategy of minimising financial risk through the housing cycle. The Board considers that preserving liquidity and maximising financial flexibility is in the best long-term interests of all our stakeholders. With the COVID-19 outbreak this has involved a prudent reassessment of surplus capital, in line with stated policy. This resulted in the cancellation of the surplus capital return of 125p per share by way of an interim dividend which was due to be paid on 2 April 2020. In addition, the proposed annual final dividend of 110p per share due to be paid on 6 July 2020 has been postponed. The payment of a final dividend for the year ended 31 December 2019 will be re-evaluated in the second half of this year.

The Board has thoroughly stress tested the Group's liquidity position and remains confident of the Group's future prospects.

Operational Update

Sales

The Group made a strong start to the year and entered this unprecedented time in a robust position. Thereafter, increased economic uncertainty, together with the impact of the Government's social distancing measures, inevitably led to a delay in the timing of legal completions and a material slowdown in sales rates. For the initial eleven weeks of the year prior to the commencement of the widespread measures taken to mitigate the COVID-19 outbreak, the Group's average private sales rate per site was c. 10% ahead of the same period last year. This increase, together with continued good levels of customer enquiries since, provides encouragement with regards to the resilience of demand for good quality newly built homes at attractive prices across the UK. In the six weeks ended 26 April 2020 the Group secured 962 gross private sales reservations, with a total of 948 legal completions being made in the same period.

We remain committed to providing 'homes for all' with the average private selling price of a Persimmon new home in our forward order book being c. £244,500 (2019: c. £237,850), c. 17% below the UK national average¹. We have maintained a substantial forward order book of new homes for delivery to our Housing Association partners, working closely with them to support the needs of lower income families. Over the last five years, the Group has provided over £1.6bn of social housing to support the creation of inclusive and sustainable communities across the UK.

Our ongoing customer care improvement plan

The Group has maintained its higher level of investment in work in progress levels in the year to date as we continue to put our customers before volume as part of our customer care improvement programme. Our team of Independent Quality Inspectors is now well established and has been routinely performing inspections at all key stages of construction, assuring the quality of our customers' new homes. The Group's Homebuyer Retention Scheme, an industry first, is reinforcing our prioritisation of customer care throughout the business.

Our Construction Working Group, headed by the Group's Construction Champion, continues to develop "the Persimmon Way", a consistent, 'end to end' approach to site development and construction, which will be rolled out across the Group by the end of this year. Once the Persimmon Way has been fully established, our independent quality inspection team will be responsible for assuring compliance, which also will be subject to external verification. Online mandatory training modules providing instruction and guidance on delivering the Persimmon Way are being rolled out to all our operational teams.

Off-site manufacturing

Our off-site manufacturing capability for timber frames, closed panel construction systems, bricks and roof tiles will ensure continuity of supply of key materials on the reopening of our construction sites. Tileworks, the Group's new roof tile facility, is now fully operational and will shortly recommence deliveries to site.

Outlook

The duration and extent of the impact of COVID-19 on the Group remains uncertain, however, we remain confident of the Group's future success. Our long-term strategy and business model recognises the cyclical nature of the housing market and our strong balance sheet, high quality land holdings and healthy liquidity equip the Group with the sound fundamentals required to meet the current challenges. The Group's current forward sales position, with total forward sales revenue, including legal completions taken to date in 2020, is £2.4bn (2019: £2.7bn). The financial position of the Group is strong and our selling prices presently remain firm. During these uncertain times, maintaining financial flexibility and supporting all of our workforce ensures that we are being able to gradually reopen sites and provide high levels of quality and service to our customers on delivery of their new homes.

Update on Purpose and Culture

Persimmon is confident that the Group has a clear purpose, supported by a strong culture and a set of common values which set high standards of behaviour by all colleagues in the performance of their duties. This confidence is underpinned by the findings of the Group's recently completed employee engagement survey, which found that 96% of colleagues understand how their own job contributes towards Persimmon's overall objectives. Environmental and sustainability responsibility and initiatives are an integral part of our Company purpose and plans, and will be an area of increasing focus in 2020.

Further details are contained within the AGM presentation which can be found here www.persimmonhomes.com/corporate

Shareholders can view a live webcast on the AGM here <https://persimmon.sparq.me.uk/> from 12.00 today.

Next Update

The Group will provide a further update in its next Trading Update on 9 July 2020.

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