

TRADING UPDATE

WEDNESDAY 28 APRIL 2021

Persimmon plc (“Persimmon” or “the Group”) is today providing an update on trading for the period from 1 January 2021 to date, ahead of its Annual General Meeting (“AGM”) which is being held at 12.00 noon today.

Dean Finch, Group Chief Executive, said:

“Persimmon has made a strong start to the year with current forward sales 23% ahead of last year and 11% ahead of the same point in 2019. Our build rates continue at pre-Covid levels and we remain on track to deliver first half volumes approaching those of the first half of 2019. We are progressing our land holdings and taking advantage of good quality investment opportunities, bringing 6,000 plots across 29 locations into the business in the period and securing a strong pipeline for the future. Our current outlet network is expected to remain stable at approximately 300 outlets on average throughout the year.

“In March, I outlined our five key priorities to ensure Persimmon achieves our new ambition and secures a reputation for providing both outstanding service and outstanding value. We are making good progress and pleasingly our HBF customer satisfaction score¹ remains ahead of the five-star threshold.

“Demand for newly built homes remains healthy and the Group’s sales rates are encouraging. Persimmon’s high quality land holdings, balance sheet strength and liquidity provide a strong platform to continue to deliver the homes the country needs, underpinning long-term sustainable returns for the benefit of all of its stakeholders.”

Trading

The Group’s current forward sales position, including year to date legal completions, of c. £3.0bn (2020: c. £2.4bn) is 23% ahead of last year and 11% ahead of the same point in 2019 (2019: £2.7bn). The Group’s average selling price for homes sold to private owner occupiers in the forward order book is c. £252,000 (2020: c. £244,500). Customer enquiry levels remained encouraging throughout the period and our average private sales rate for the current year to date is well ahead of 2020, as expected given the impact of the pandemic from week 12 last year, but is also c. 17% ahead of 2019.

The Group continues to focus on advancing its construction programmes to meet customer demand, without compromising on safety or quality. Build rates across our developments remain at pre-pandemic levels, whilst maintaining all Covid secure protocols. The Group’s active outlet numbers have been running c. 15% lower than for 2019 and the first half of 2020 in line with our strategy of mitigating the risks associated with the cycle. This provides us with the opportunity to strengthen our active outlet network through the current year in support of delivering further growth into 2022. We have continued to take advantage of good quality selective land investment opportunities during the period resulting in net land spend of £140m. 6,000 plots have been brought into the business in 29 locations across the UK during the period.

Persimmon’s balance sheet and liquidity remain robust. The Group held £940m of cash at 23 April 2021 with deferred land commitments of approximately £90m to the end of the current year. In addition, the Group has an undrawn £300m Revolving Credit Facility which has recently been extended, having a five year term out to 31 March 2026.

Building excellence: build right, first time, every time

The Persimmon Way is operating well and the Group remains focused on implementing quality improvements that are consistently applied on each home we build through initiatives including improved training and quality assurance processes. Specifically, the Persimmon Pathway, a tailored training programme for our direct employees, has registered over 100 site managers on relevant National Vocational Qualification training plans, improving the skills base of our on-site teams. In addition, we continued to appoint new Independent Quality Controllers across the Group, in line with our target of doubling the size of this team by the end of the year.

Through the provision of the Group’s ultrafast full fibre broadband service, FibreNest, we are particularly pleased to be currently supporting c. 14,000 of our customers across more than 200 of our developments, helping to ease the burdens of life in lockdown (2020: c. 6,500 customers).

Our build quality and assurance initiatives are generating positive outcomes for our customers and we are seeing further improvements in our customer satisfaction scores¹ as we achieve greater consistency in delivering high quality homes and good levels of customer service. The Group’s HBF customer satisfaction score¹ has continued to improve and is currently 91.8%, which exceeds the five-star threshold of 90% (89.7% for the survey year to 30 September 2020).

Our customer portal, which will assist customers from the point of reserving their new home, has been successfully piloted across seven of our businesses and will be fully rolled out during this summer.

As announced on 10 February 2021, the Group set aside £75m towards helping occupants of multi-storey properties built by Persimmon and all relevant management companies, managing agents, or building owners have been contacted and this work is progressing.

Sustainable communities

The Group remains focused on creating and supporting sustainable communities. We recognise our role as a responsible builder and are committed to playing our part in achieving a net zero carbon economy. We recently announced net zero carbon targets for our homes in use and our operations and are currently actively assessing initiatives to assist in achieving these objectives². Also, having already adopted the principles of the Living Wage Foundation within our direct pay policies, we are now seeking full Foundation accreditation. In addition, the Group recently donated £250,000 to the Mail Force campaign to provide laptops to children in need, to support their education from home and subsequent life opportunities.

Capital Return Programme

As announced on 3 March 2021, given the successful trading result of the Group in 2020 and its strong financial position, the payment of the regular annual distribution for the year ended 31 December 2020 of £1.25 per share, was accelerated and paid as an interim dividend on 26 March 2021, rather than in early July 2021 as previously planned.

The Board is pleased to re-iterate its intention, subject to continual assessment, to return 110p of surplus capital by way of two additional interim dividend payments in relation to the 2020 financial year, each amounting to 55p per share, the first in August 2021 and the second in December 2021.

Outlook and growth

Persimmon continues to experience good demand for its newly built homes across the UK and the Group's forward sales are strong. Recognising the reduction in construction activity in 2020 due to the impact of the pandemic, the Group continues to focus on advancing its build programmes to improve the availability of homes for sale and its stock position. Persimmon remains on track to increase the number of new homes handed over to its customers compared with last year by delivering new home completion volumes in the first half of 2021 approaching those of the first half of 2019, with similar volumes expected in the second half. As indicated previously, and allowing for the robust sales rates being experienced, we anticipate the Group's sales outlet network will remain stable at c. 300 outlets on average for the year.

With well-designed homes offered for sale at compelling prices³ in attractive environments, Persimmon is well positioned in its markets. Whilst recognising the cautious optimism being generated by the vaccine rollout programme, employment levels and consumer confidence will be influenced by unfolding events and the UK's future economic progress. As demonstrated by Persimmon's performance through the disruption of last year, the Group remains particularly well placed to manage market conditions as they develop. The long-term fundamentals surrounding the new home market remain positive and the Board is confident of the Group's future success.

Next Update

The Group will provide a further update in its next Trading Update on 8 July 2021.

- 1 The Group participates in a National New Homes Survey, run by the Home Builders Federation. The Survey year covers the period from 1 October to 30 September. The rating system is based on the number of customers who would recommend their builder to a friend.
- 2 Details of the Group's net zero carbon targets for our homes in use and our operations can be found in our Annual Report 2020 which can be accessed here: www.persimmonhomes.com/corporate
- 3 The Group's private average selling price of £250,897 for the year to 31 December 2020 was c. 17% below the UK national average. The national average selling price for newly built homes was sourced from the UK House Price Index as calculated by the Office for National Statistics from data provided by HM Land registry.

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