

TRADING STATEMENT

TUESDAY 9th NOVEMBER

Persimmon plc today announces its Trading Statement which covers the period from 1 July 2021 to 8 November 2021 ('the period').

Highlights

Dean Finch, Group Chief Executive, commented:

"Persimmon continued to perform well through the period against a backdrop of healthy demand, with private sales reservation rates per site remaining well ahead of 2019, as sales followed a more normal seasonal pattern as expected when compared to 2020.

"As previously reported, we anticipate growth in new home sale completions for the full year will be c. 10% over last year, our customer satisfaction score continues to track ahead of the five star threshold and healthy selling prices and our off-site manufacturing capabilities are mitigating inflationary pressures, to support our industry leading margins.

"While the industry continues to face challenges in the UK planning system, we are successfully bringing new land into construction and growing our already strong UK wide outlet network.

"With £1.15bn of forward sales reserved beyond the current year and a quality pipeline of new developments coming on stream, Persimmon has a robust platform to support its continued high quality growth and the delivery of superior long-term sustainable returns for the benefit of all stakeholders."

- Strong performance for the period - average private new home sales reservation rate per site c. 16% ahead of 2019.
- Robust platform for growth - expect to deliver c. 10% increase in legal completions in 2021 (2020: 13,575 legal completions) and £1.15bn of forward sales reserved beyond the current year (2019: £0.95bn).
- Five star quality and service - levels of customer satisfaction at over 92%¹ for the current survey year, with the Group scoring above the five star threshold since January 2020.
- Industry leading margins - balance of inflationary pressures being managed well supporting resilient industry leading margins.
- Substantial high quality land replacement - c. £380m land spend incurred in the year to date whilst maintaining the Group's high quality return requirements.
- Strong financial position - healthy liquidity with a cash balance of c. £895m at 31 October 2021 (2020: £960m).

Trading

The Group continued to perform well through the period with sales rates remaining well ahead of 2019 levels, and trading following a more normal seasonal pattern than the heavily pandemic disrupted year of 2020. Demand for newly built homes continues to be healthy underpinning positive pricing conditions. The market has taken the changes in the Government's Help to Buy scheme and the stamp duty regime in its stride. Customer enquiry levels have remained encouraging throughout the period. The Group's average private sales reservation rate for the period was c. 16% higher than for 2019 reflecting the supportive market conditions and Persimmon's market positioning. Persimmon builds more newly built homes for first time buyers and first time movers, with an average selling price in the private owner occupier market c. 15%² lower than the national average in support of creating inclusive and sustainable communities.

We continue to manage the current industry supply chain difficulties well, with our Brickworks, Tileworks and Space4 timber frame manufacturing facilities playing an important role in providing security of supply and mitigating some of the impact of rising materials costs. As reported at the start of the current

year, we expect our industry leading margins will remain resilient, accommodating the expected increase in our build cost inflation this year of c. 5.0%.

Persimmon continues to bring new land through into construction despite the well-documented planning delays suffered by the industry. Whilst these delays are frustrating for the communities we serve over the short term, with the healthy levels of early interest in these new developments we are receiving from customers, we remain confident they will provide a high quality platform in support of the future growth of the Group. Despite this and Persimmon's particularly strong sales rates over the pandemic period, we are strengthening the Group's outlet network and look forward to maintaining this momentum. With the Group's build rates continuing at pre-pandemic levels, we continue to ensure that our construction programmes progress to the appropriate stage prior to sales release in support of high levels of quality and service.

During the year, we have continued to take advantage of exciting high quality opportunities in the land market bringing over 16,200 new plots into the business. The Group's land spend for the year to date is c. £380m (including c. £160m of deferred land creditor payments) with c. £180m of land spend being incurred in the period (including c. £70m of deferred land creditors) reflecting the further progress in advancing the Group's land holdings.

Persimmon's financial position and liquidity remain robust. The Group held c. £895m of cash at 31 October 2021 with deferred land commitment maturities of just c. £30m to the end of the current year. In addition, the Group has an undrawn £300m Revolving Credit Facility which has a five year term out to 31 March 2026.

Continuing to support our customers

The Group continues to place customers at the centre of our business. The Persimmon Way, our end to end consolidated construction process, is operating well across the Group, providing the framework for consistently delivering high quality homes, 'building right, first time, every time'.

Our expanding team of Independent Quality Controllers are supporting the delivery of improvements in construction quality, helping to upskill our work force on site and supervising the execution of consistently higher quality standards. The Group's HBF customer satisfaction score is currently over 92%¹ for the survey year commencing 1 October 2020. As a planned integral part of the Persimmon Way, an external audit of the Group's development processes has commenced with the aim of covering all operating companies by summer 2022. This advisory process will help support consistent compliance with the Persimmon Way, identify areas of best practice, and assist in the further development of the Group's construction disciplines.

The Persimmon Way is being supported by training programmes for on-site teams and technology to track and record quality checks during the construction and pre-handover process. We welcome the introduction of the New Homes Quality Code and New Homes Ombudsman and their aim of driving improved build quality and customer service across the industry.

To improve the quality of both the way we communicate with our customers and the information provided, the Group is continuing to develop its customer portal, providing our customers with a hub to access relevant information and documentation concerning their home from the point of reservation.

Helping create sustainable communities

The Group remains focused on offering "homes for all" and on creating and supporting sustainable communities. We are pleased to enable customers to access the housing market with c. 50% of our private homes sold to first time buyers in the period. Our average selling price in the owner occupier market is c. 15%² below the UK national average.

Earlier in 2021, the Group set science based carbon reduction targets for its operations and indirect emissions, which are aligned with the aims of the Paris Agreement, and continues to research the most effective approaches to decarbonising both its supply chain and the homes that we build when occupied. Further development of the Group's Space4 timber frame insulated panel manufacturing processes will form an important part of achieving the Future Homes Standard requirements.³

FibreNest, the Group's full fibre to the premises broadband business, provides an important service to our customers, enabling home working and providing access to other online services. The growth of the FibreNest business continues with more than 18,000 households now connected across over 230 of our developments. We believe FibreNest will play an important and growing role in supporting households' lifestyles adapt to their requirements as they seek to take advantage of the further developments in digital technology, and in helping them become more energy efficient in support of addressing their climate change concerns.

Outlook

The fundamentals of the UK housing market remain strong with good levels of consumer demand and confidence, mortgage availability and low interest rates. As noted above, both average private sales reservation rates and forward sales reserved beyond 2021 remain healthy. As expected, we are on track to grow our new home sale completions by c. 10% this year (2020: 13,575 new homes) and we are targeting a return to 2019 volume levels in 2022. We continue to manage the inflationary pressures in the industry well and anticipate that margins will remain resilient.

The Group has a strong network of developments across the UK, with good visibility over its future pipeline and whilst delays in the planning system are frustrating for the industry, we anticipate our future sales releases will be well received. As we approach the quieter trading weeks of December and the Christmas holiday period, we are looking forward to being able to take advantage of the traditionally strong spring selling season in the new year. The Group is advancing its build programmes effectively to provide a healthy work in progress platform in support of next year's sales.

Persimmon remains in a strong position whilst remaining mindful of the evolving challenges as a consequence of Brexit and the continuing concerns relating to the pandemic on cost inflation and the supply chain and their impact on interest rates, consumer confidence and the UK economy. The execution of the Group's well established strategy of maintaining financial flexibility, minimising financial risk, and deploying capital at the right time in the housing cycle, will enable it to successfully manage these uncertainties.

We will give a further update on progress and trading, following the Group's year end, on 13 January 2022.

Persimmon will host a conference call with analysts at 09.00 am today. To participate please use the details below:

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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. National average selling price for newly built homes sourced from the UK House Price Index as calculated by the Office for National Statistics from data provided by HM Land Registry.
3. The Group's approach to reporting its Sustainability Accounting Standards Board (SASB) disclosures as contained in the 2020 Annual Report (AR) is referenced as good practice by the Financial Reporting Council here: <https://www.frc.org.uk/news/july-2021/frc-outline-necessary-action-for-effective-esg-rep>. The Group has also been recognised by the FRC for providing good practice disclosures regarding its Streamlined Energy and Carbon Reporting in its Annual Report 2020. The FRC's thematic review on the subject is available here <https://www.frc.org.uk/getattachment/e3a464de-cf0a-4b5f-9000-656427a863be/FRC-SECR-Thematic-Report-2021.pdf>. In addition, the Group's TCFD disclosures have been recognised as providing useful information for investors by the FRC in its 'Taskforce on Climate-related Financial Disclosures (TCFD): ahead of mandatory reporting, available here <https://www.frc.org.uk/getattachment/09b5627b-864b-48cb-ab53-8928b9dc72b7/FRCLab-TCFD-Report-October-2021.pdf>