

## **INTERIM MANAGEMENT STATEMENT**

**TUESDAY 4 NOVEMBER 2014**

Persimmon plc today releases its third quarter Interim Management Statement which covers the period from 1 July 2014 to 3 November 2014.

We remain encouraged by the level of customer confidence in the UK housing market. Visitor levels have matched those of the prior year despite the tough comparatives generated by the strong growth in interest on our sites following the Government's introduction of the Help to Buy measures in April 2013.

As expected we have experienced a return to a more traditional seasonal pattern to customer activity this year with reservation rates picking up with the onset of the autumn season after the slower summer weeks.

As is usual at this point in the year we are now fully sold up for 2014 with limited further stock availability for the current year. However, we continue to experience good forward reservation interest and have c. £696 million of forward sales reserved beyond 2014, an increase of 12% on the same point last year (2013: £622 million).

All of the Group's twenty-four businesses across the UK remain focussed on maximising the value of every new home sale. This tried and tested approach is delivering the superior margins and cash generation which are at the core of our long term strategy. Selling prices remain robust with modest growth available in areas of higher demand, and particularly when new sites are successfully launched. With cancellation rates running at the historically low levels we have been experiencing for some time, our private sale reservation rates are c. 2% lower than those for the same period last year, notwithstanding the tougher comparatives which were c. 45% ahead of 2012.

Despite the ongoing improvements to the planning system, opening new development sites without undue delay continues to be one of the industry's main constraints. Whilst we have successfully opened 80 of the 100 new sites planned for the second half of the year, our desire to modestly increase our overall outlet numbers remains a challenge. We are currently selling homes from c.375 active development sites.

The recovery of the UK mortgage market continues to mature, providing improving support to customers whilst also ensuring the required disciplines are in place to support a more stable and sustainable outlook for the housing market.

The delivery of the Group's long term strategy is dependent on investing in new replacement land both at the right time in the cycle and at values that will produce superior returns and cash generation over future years. The Group has continued to secure excellent sites totalling c. 7,500 plots of land since 1 July, with over 4,000 plots being converted from the Group's strategic land portfolio. At this point we remain keen to invest in high quality land to support the growth of the business towards optimal sustainable scale.

We remain confident of delivering further growth in Group operating profits in the second half of the year from both improved gross margins and tightly controlled overheads. With our new site openings, land recoveries continue to improve and with increased production volumes we are capturing further build efficiencies. Our Space4 new home timber frame factory continues to increase supply to the Group which is supporting a swifter response to the increase in market demand but is also becoming increasingly cost advantageous. We expect Space4 to deliver almost 5,500 frames to Group companies this year, an increase of c.30% year on year.

As a result of the continued disciplined growth of the business we expect a substantial level of cash holding by the year end (31 December 2013: £204.3 million) even after allowing for the ongoing significant investment in land and work in progress.

We will give a further update on progress and trading following the year end on Wednesday 7 January 2015.

Jeff Fairburn and Mike Killoran will host a conference call with analysts at 9.00 a.m. today. To participate please dial +44 (0) 20 3003 2666. The password is "Persimmon".

Further information, please contact:  
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