

10 January 2024

Trading Statement

Persimmon Plc today announces the following update ahead of its Final Results for the year ended 31 December 2023, which will be released on 12 March 2024.

Dean Finch, Group Chief Executive, commented:

“Persimmon performed well in challenging market conditions, delivering completions ahead of expectations in 2023 alongside enhanced quality metrics of our already five-star homes. Persimmon’s offering is resonating well with customers with sales rates relatively robust throughout the year. We have successfully balanced our need to control costs, whilst investing in the business to position it for sustainable growth when conditions improve.

“I would like to thank our colleagues, sub-contractors and suppliers for their commitment and support. Their hard work has helped ensure that Persimmon remains well positioned to serve customers across the UK who seek high quality, sustainable homes at a price they can afford.”

Highlights

	2023	2022	% change
New home completions	9,922	14,868	-33%
Average selling price	c.£255,750	£248,616	+3%
Average open sales outlets	266	259	+3%
Cash at 31 December	£420m	£862m	
Current forward sales position	£1,060m	£1,040m	+2%
Of which private forward sales	£499m	£478m	+4%
Land holdings (plots owned and under control)	c.82,200	87,190	

Trading

The Group successfully navigated challenging market conditions in 2023 and completed the sale of 9,922 new homes, ahead of previous guidance, with a particularly strong delivery in Q4. This was achieved while providing exceptional service to our customers and we are proud to have maintained our 5-star HBF rating. We have further improved our quality metrics in the year to what we believe are our best ever, with a 43% improvement in reportable items per home in 2023, as measured by the NHBC.

The Group's private average selling price increased by c.5% to c.£285,770 (2022: £272,206) which largely reflects the mix of developments and house types sold. Pricing was firm in the first half of the year, with some softness and increased use of incentives experienced during the second half. Overall, incentive use was c.4% in the year (2022: c.2%). Our partnerships average selling price increased by 8% to c.£152,850 (2022: £142,017).

As previously indicated, full year operating margins are expected to be in line with those delivered in the first half at c.14%. This reflects the impact of build cost inflation, coupled with the effects of lower volume, one-off costs associated with the remediation of a small number of completed sites and accelerated exit from two sites, along with further investment to position the business for future success.

Our vertically integrated manufacturing facilities continue to support delivery and efficiency across the business. Brickworks, Tileworks and Space4 all performed well, aligning output with the lower completions in the year and operating with a low level of fixed costs. We controlled our work in progress closely to match demand and overall build rates in the year tracked c.28% lower than the prior year, with an average of 198 equivalent units built per week (2022: 276).

We saw a sustained pick up in interest in our homes throughout the year from the lows of Q4 2022, albeit with demand lower than previous years as a result of high interest rates and the removal of Help-to-Buy. Overall, average private net sales were 0.58 per outlet per week for the year (2022: 0.69). This

includes a strong improvement in private net sales rates in the fourth quarter at 0.41 per outlet per week (excluding investor deals) compared with 0.28 in Q4 2022. Our forward sales position is up 2% on the prior year at £1,060m (2022: £1,040m), of which £499m relates to private forward sales, up 4% (2022: £478m).

Land and planning

Land spend for the year was c.£430m (2022: £664m) of which c.£260m was the settlement of land creditors (2022: £207m). Our owned and under control land holdings stood at c.82,200 plots at 31 December 2023 (2022: 87,190 plots) and the embedded margin of the land portfolio remains industry-leading.

As a result of our proactive approach to planning, we made good progress in 2023 with detailed planning achieved on c.11,000 plots in the year. This, combined with new land brought into our pipeline, will underpin our target of opening a gross 30 outlets for the spring selling season supporting our ambition to grow outlets back to pre-covid levels over the medium-term.

WIP and cash

We ended the year with a strong and well capitalised balance sheet with c.£420m of cash and c.£380m of land creditors. We also start 2024 with a healthy level of work in progress with c.4,100 equivalent units built. Disciplined management of both cash and costs remains a key focus for the Group.

Outlook

We enter 2024 with private forward sales ahead of last year driven by the year-on-year improvement in Q4 sales rates. Private sales in the forward order book have increased by c.11% with a c.4% increase in value to £499m. The private average selling price in the forward order book is c.£266,100 predominantly reflecting the mix effect of sites and homes sold, along with some targeted investor sales. We anticipate market conditions will remain highly uncertain during 2024, particularly for first-time buyers and with an election likely this year. However, mortgage rates are beginning to ease, and the response to our recent Boxing Day campaign has been positive, generating a substantial number of leads for our sales teams. Encouragingly, build costs continue to moderate which will benefit completions in 2024.

The longer-term demand outlook for new homes remains favourable. As a five-star builder, with private average selling prices below the market average¹, high quality land holdings, and a robust balance sheet, Persimmon is well-positioned for sustainable growth when conditions improve.

Persimmon will host a conference call with analysts at 08.30am today.

All participants must pre-register to join this conference using the Participant Registration link. Once registered, an email will be sent with important details for this conference, as well as a unique Registrant ID.

Participant registration page:

<https://register.vevent.com/register/BI1cfa6ccbd82f4f38a6b0f4a7f1ff5d35>

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¹Based on the Group's private average selling price of c.£285,770 for the year to 31 December 2023 compared with the national average selling price for new built homes sourced from the UK House Price Index, as calculated by the Office for National Statistics from data provided by HM Land Registry.

Appendices:

1. 2023 quarterly performance	Q1	Q2	HY	Q3	Q4	FY
Completions	1,136	3,113	4,249	1,439	4,234	9,922
Net private sales rate	0.62	0.58	0.59	0.48	0.69	0.58
FTB % (private completions)	38%	33%	34%	32%	26%	31%
Average sales outlets	266	268	267	271	257	266

2. Completions (homes)	2023	2022	Variance
Private	7,681	12,174	-37%
Housing Association	2,241	2,694	-17%
Total	9,922	14,868	-33%

3. ASP	2023	2022	Variance
Private	c.£285,770	£272,206	5%
Housing Association	c.£152,850	£142,017	8%
Total	c.£255,750	£248,616	3%

4. Forward sales	31 December 2023		31 December 2022		Variance	
	Value	Homes	Value	Homes	Value	Homes
Private	£499m	1,877	£478m	1,696	4%	11%
Housing Association	£561m	3,530	£562m	3,966	-	-11%
Total	£1,060m	5,407	£1,040m	5,662	2%	-5%

Cautionary statements

Some of the information in this document may contain projections or other forward-looking statements regarding future events or the future financial performance of Persimmon Plc and its subsidiaries (the Group). You can identify forward-looking statements by the terms such as “expect”, “believe”, “anticipate”, “estimate”, “intend”, “will”, “could”, “may” or “might”, the negative of such terms or similar expressions. Persimmon Plc (the Company) wishes to caution you that these statements are only predictions and that actual events or results may differ materially and as such undue reliance should not be placed on these statements. The Company does not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in projections or forward-looking statements of the Group, including among others, general economic conditions, the competitive environment as well as many other risks specifically related to the Group and its operations. Past performance of the Group cannot be relied on as a guide to future performance.

Please see the most recent Annual Report and Accounts of Persimmon plc and other disclosures through the Regulatory News Service (“RNS”) for further details of risks, uncertainties and other factors relevant to the business and its securities.

The information in this trading statement is unaudited.