

Annual General Meeting

Chief Executive's Presentation

26 April 2023



2022 trading highlights

Industry leading financial results with 5* quality for customers

- Perhaps our strongest ever year:
 - Five-star customer service;
 - Profit over £1bn;
 - Build rate up 15% in H2.

	2022	2021
Legal completions	14,868	14,551
Underlying operating profit ¹	£1,006.5m	£966.7m
PBT	£730.7m	£966.8m
Underlying new housing gross margin ²	30.9%	31.4%
Cash at December 31 st	£861.6m	£1,246.6m

- Over £750m paid during 2022 as capital return for 2021 financial year
- 14,670 plots across 66 sites added, with significant slow down in new land additions in Q4 2022

¹ Stated before legacy buildings provision charge (2022: £275.0m, 2021: £nil) and goodwill impairment (2022: £6.6m, 2021: £6.2m).

² Stated before legacy buildings charge (2022: £275.0m, 2021: £nil) and based on new housing revenue

Stronger operational capabilities

Good progress on all five key priorities

- Build quality: our ambition has grown from “build right, first time, every time” to becoming trusted to deliver 5-star homes consistently:
 - NHBC Construction Quality Review score currently up 10%.
- Reinforcing trust: customers at the heart of our business, trusted to deliver the best value homes:
 - Delivering affordability with 5-star quality securing strong market positioning;
 - Retained for a second year.
- Disciplined growth: high quality land investment, stringent appraisal process:
 - Added 14,670 plots across 66 sites at industry-leading margins;
 - Reacted quickly to market conditions with further control measures added in Q4 2022.
- Industry-leading financial performance: sustain our industry-leading margins and returns and drive healthy profit and cash:
 - Underlying new housing margin 31%; underlying operating profit >£1bn, up 4%.
- Sustainable communities: net zero carbon economy transition and widening opportunity:
 - Good progress on carbon reduction;
 - Private ASP over 20% below market average, crucial credential in challenging times.



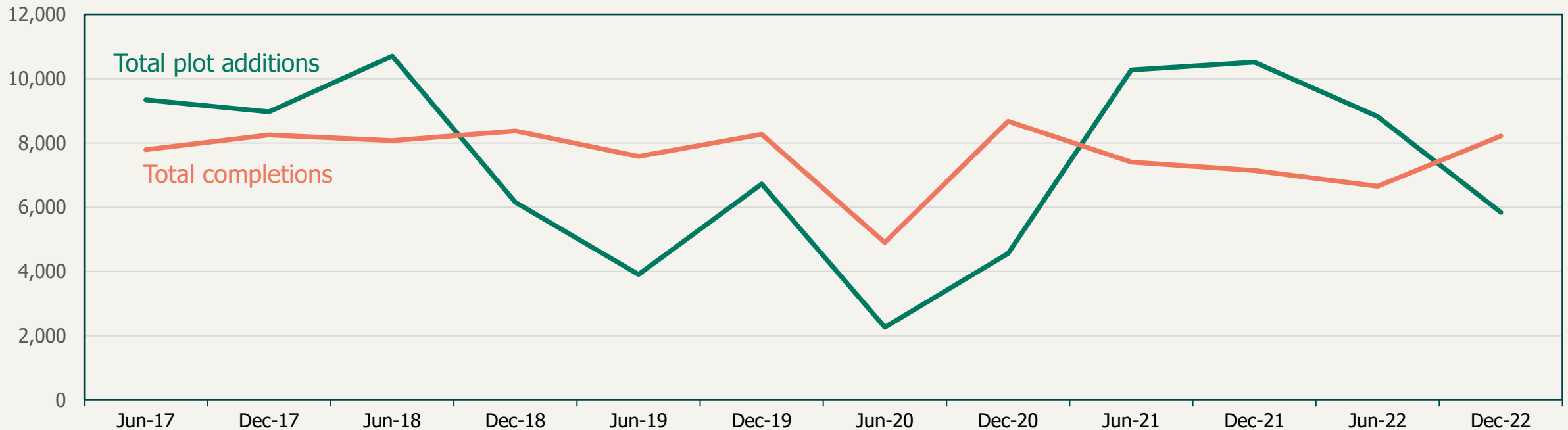
Q1 trading update

Continued signs of market improvement

- Performance reflects the challenging market conditions in Q4 2022:
 - Completions down 42% YoY.
- Some continued encouragement in recent weeks:
 - Visitor numbers and cancellation rates stable;
 - Sales rate now 0.62 (inc. bulk sales) from 0.52 at end of Feb;
 - If sales rate continue, then higher end of 8,000-9,000 range expected;
 - Pricing remains resilient.
- Forward sales improved to £1.7bn from £1.0bn at 31 Dec 2022
- Pipeline of new sites being developed to provide platform for growth from 2024:
 - Average open sales outlets 266, up 9% YoY.
- Invested in TopHat, the leading and most innovative modular manufacturer:
 - Complement Space4 products;
 - Build efficiency opportunities;
 - Very energy efficient.

Disciplined, quick response to uncertainty

High quality land investment; carefully managed

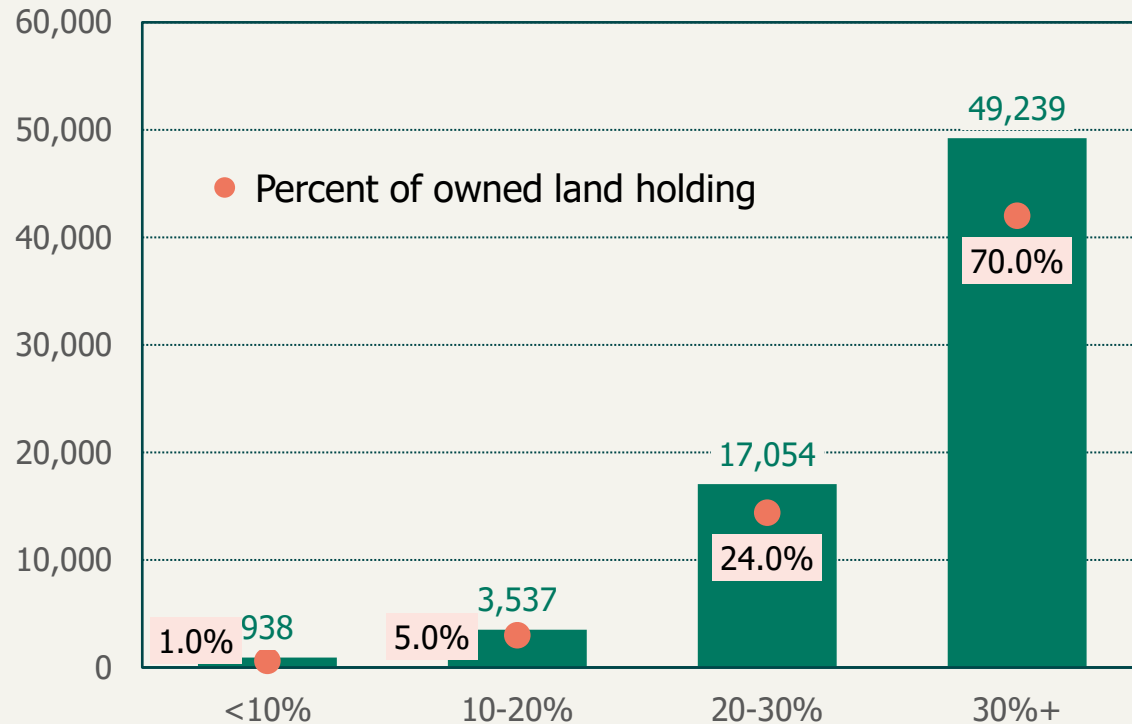


- Brought 14,670 plots into the business across 66 locations throughout the UK
- Maintained disciplined procedures with increasingly selective approach adopted later in the year
- Currently targeting only exceptional deals – land creditors expected to make up majority of 2023 land spend
- Primary focus is bringing existing land through planning system – encouraging successes

High quality land portfolio

Industry leading embedded returns of c.32%

Land plots by gross margin (as at 31 December 2022)



- Embedded gross margins of 32% in owned land holdings
- 94% of owned land holdings have an embedded gross margin over 20%
- Fewer than 1,000 plots with an embedded margin of less than 10% - low impairment risk:
 - c.10% fall in house prices would result in a c.£4m impairment.

Capitalising on operational enhancements

Further opportunities for increasing efficiency

- Recent operational enhancements will drive improved returns:
 - Improved build efficiencies.
- Brickworks supplied 53m bricks in 2022, up 18%
- Tileworks supplied 12m tiles in 2022, up 33%
- Further investment in vertical integration:
 - New Space4 factory with capacity to deliver 7,000 additional homes;
 - Timber frame delivers around 20% improvement in length of build programme;
 - Innovative solutions – targeted review of deeper vertical integration, external facades.
- TopHat investment complementary
 - New product opportunities: façade and modular
 - Help with key trade shortages



Responding to the market

Sound market position complemented by proactive response

- Sound market positioning:
 - High quality, energy efficient homes at attractive prices in good locations;
 - Nationwide outlet network;
 - Affordability key in these challenging times;
 - First time buyers remain a challenge with affordability concerns.
- Proactive response to market conditions, improving sales rates:
 - Targeted training for sales teams reflecting results of ‘mystery shopping’ programme;
 - Marketing campaign – “up to 10 months mortgage free” and expansion in Part Exchange offering;
 - Local digital marketing – more sophisticated use of social media;
 - Enhanced use of digitisation – Customer Relationship Management (CRM) system.
- Reflected in improving sales rate, now 0.62:
 - Pricing also proving resilient;
 - Growth in the coming years.

Capital allocation policy

Proposed dividend of 60p per share in respect of 2022

Overview:

- Concluded previous capital return programme in 2022;
- Continued focus on ROCE and profitable land investment to sustain the business.

2022:

- Proposed dividend per share of 60p as the final and only dividend in respect of 2022;
- Expected to be paid in May 2023, subject to shareholder approval today.

2023 and beyond:

- For 2023, intention to at least maintain the 2022 dividend per share, and grow over time;
- Average payout to be well covered by earnings over the housing cycle;
- In periods of higher profitability, any excess capital will be returned to shareholders through a share buyback or special dividends;
- As previously announced, starting in the second half of 2023, dividends will be paid semi-annually.

Building safety remediation

Industry leading position throughout

- Original pledge made in February 2021:
 - Protect leaseholders in any multi-storey building constructed by Persimmon from cladding or building safety costs;
 - Proactive engagement, including with Management Companies (Factors in Scotland) to progress works.
- 73 developments identified; £350m provision in total:
 - 44 developments where works completed or on site;
 - Ambition to have started on all developments by end of the year.
- Signed 'Developer Pledge' in April last year and 'Self Remediation Contract' in March this year:
 - Essentially mirrors our original pledge.
- Signed Welsh Government Contract in March
- On-going discussions with Scottish Government but our commitment clear

Fundamental long term strengths

Strong business through the cycle

- 2022 very strong performance; 2023 more challenging, but sales rates have recovered to 0.62 currently
- Long-term fundamentals of market remain strong:
 - Chronic undersupply of housing continues;
 - Consumer confidence stabilising.
- High quality land holdings with industry-leading embedded margins:
 - Strong pipeline of plots to bring through planning providing flexibility to invest at the right time;
 - Strong nationwide platform for growth.
- Strong market positioning:
 - Private average selling price c.20% lower than market average;
 - Delivering high quality, energy efficient homes;
 - Benefitting from vertical integration with more opportunity to come.
- Robust financials:
 - Strong cash position and undrawn Revolving Credit Facility.
- Strong financial and operational platform to underpin sustainable returns for shareholders, delivering industry-leading financial performance across the cycle