PERSIMMON PLC

HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

Persimmon Plc today announces its half year results for the six months ended 30 June 2019.

Highlights

"Improving the quality and service delivered to our customers remains our top priority and I am encouraged with the progress made in the first half, which clearly shows that Persimmon is changing. Our customer satisfaction ratings for the current HBF survey year are showing improvement and I am particularly pleased that, in July, Persimmon became the first housebuilder to introduce a retention scheme for customers placing us at the forefront of strengthened consumer rights for homebuyers."

"The improvements to our customer service approach had two main impacts in the period. First, customer service spend increased by c. 40% year on year and these additional initiatives are anticipated to increase our annual customer care costs by an estimated £15m. Second, and as noted earlier in the year, our decision to invest an additional c. £140m in work in progress as we held back some sites for later sales release to give customers more accurate moving-in dates reduced the Group's overall sales volumes. Allowing for these impacts, Persimmon's trading in the first half of 2019 was strong."

"I am proud of the commitment and dedication our teams have shown in supporting the many initiatives we have introduced to deliver a step change in our customers' experience."

"I am confident that the progress we are making with our initiatives, our strong forward build, healthy forward sales and robust balance sheet place Persimmon in a strong position for the second half."

Dave Jenkinson, Group Chief Executive

Strategic focus

- **Improving customer service levels**
  - Customer satisfaction ratings in the HBF survey year commencing 1 October 2018 have continued to improve
  - Significant investment in improving customer care, with an additional c. £140m invested in work in progress and an estimated £15m increase in annual customer care spend
  - Decision to delay sales release to later stage of construction in higher demand locations beginning to deliver anticipated benefits
  - Customer care portal to be launched in the second half of this year

- **Improving build quality and safety**
  - New industry leading retention scheme introduced in July, with cover extended to include any faults identified during the first week of occupation
  - Construction programmes advancing – 19% increase in new home inventory volumes year on year at period end improving new home availability and delivery
  - New independent team of construction quality inspectors being introduced to strengthen our current assurance processes across each of our regional businesses
  - Incorporating core building safety principles of the Hackitt Review into operating procedures to help the Group more clearly identify and manage key risks at each individual site

- **Housebuilder for all**

- Increasing the supply of good quality homes for everyone with more first time buyers helped onto the housing ladder than any other UK housebuilder – 3,082 new home sales in H1 were sold to first time buyers, representing 52% of all private sales
- Group average selling price c.17% lower than the national average for newly built homes sold to owner occupiers[1]
- Creating opportunities for all - directly employing more tradespeople (c. 1,950) than any other housebuilder, with 630 trainees employed through the last academic year and over 150 new trainees anticipated for our autumn intake
- £255m invested in local communities in the first half, including the delivery of 1,621 new homes for lower income families to our housing association partners
- Launched our Building Futures campaign, joining forces with Team GB, the Great Britain and Northern Ireland Olympic Team run by the British Olympic Association, to support children across the UK

Financial highlights

- **Financial trading performance remains strong**
  - Profit before tax of £509.3m (2018: £516.3m)
  - 7,584 new homes sold (2018: 8,072)
  - Total new home average selling price of £216,942 (2018: £215,813)
  - Total Group revenue 4.5% lower at £1.754bn (2018: £1.836bn)
  - Underlying new housing operating margin[2] up by 130 basis points year on year to 31.0% (2018: 29.7%); a reduction from 31.8% in the second half of last year
  - Net free cash generation[3] of £182.4m (2018: £240.4m)
  - Basic earnings per share of 129.3p (2018: 134.9p)
  - Return on average capital employed[4] of 40.5% (2018: 41.7%)
  - Return on equity[5] of 31.0% (2018: 30.2%)

- **Excellent platform for future growth**
  - 3,582 plots of new land secured in the period, including 1,962 plots converted from the Group's strategic land bank; 75,444 plots owned at 30 June (December 2018: 75,793 plots)
  - Increase in work in progress investment to £1,024.0m (2018: £749.6m)
  - £832.8m cash held (December 2018: £1,048.1m), prior to £350.1m capital return paid 2 July 2019
  - Strong current forward sales of £2.048bn (2018: £2.120bn)

- **Shareholder returns**
  - Return of surplus capital of 125 pence per share (£397.7m) paid 29 March 2019 in addition to the scheduled payment of 110 pence per share (£350.1m) paid after the balance sheet date on 2 July 2019

1 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. Group average private selling price is £242,912.

2 Stated before goodwill impairment (2019 : £4.1m, 2018 : £4.4m)

3 Net cash generation stated before Capital Return Plan payments

4 12 month rolling average stated before goodwill impairment and includes land creditors

5 12 month rolling profit after tax generated from the average of the opening and closing total equity for the 12 month period

For further information please contact:

Dave Jenkinson, Group Chief Executive
Mike Killoran, Group Finance Director
Persimmon Plc

Tel: +44 (0) 20 7638 9571 (on 20 August 2019)
Tel: +44 (0) 1904 642199 (thereafter)

Kevin Smith
Jos Bieneman
Ellen Wilton
Citigate Dewe Rogerson
Tel: +44 (0) 20 7638 9571

Analysts unable to attend in person may listen to the presentation live at 09:30am by using the details below:

Telephone number: +44 (0)207 192 8338
Conference ID: 3887994
Password: Persimmon

Webcast link: https://edge.media-server.com/mmc/p/wikytvez

(An archived webcast of today's analyst presentation will be available on www.persimmonhomes.com/corporate this afternoon.)

HALF YEAR REPORT – TUESDAY 20 AUGUST 2019

CHAIRMAN'S STATEMENT

The programme of change and investment implemented across all areas of the business over the last six months is a clear signal of cultural and operational change at Persimmon, putting customer care at the very centre of the business. The focus on improving the speed and quality of service customers receive on a consistent basis is starting to deliver anticipated benefits as reflected in the ongoing improvement in the HBF customer ratings. We are pleased to have introduced the Persimmon retention scheme in July this year, a first for the industry, which will complement the additional investments and measures we are taking to ensure the business is in a strong position for the future.

Persimmon's results for the first half of 2019 reflect the strength of the Group's positioning in a resilient UK housing market. Profit before tax was £509.3 million (2018: £516.3 million) with an underlying new housing operating margin[1] of 31.0% (2018: 29.7%). The Group has continued to invest in work in progress of £1,024.0 million (2018: £749.6 million) to support improvement in customer satisfaction levels and future new home delivery. Cash balances of £832.8 million were held at the end of June (December 2018: £1,048.1 million) and the owned and controlled land holdings totalled 95,086 plots (December 2018: 99,088 plots).

CUSTOMERS AND COMMUNITIES

Persimmon delivers good quality new homes in locations across the UK where people want to live and work. Reflecting local communities' housing needs, we provide a wide range and choice of new homes on all our developments, supporting more first time buyers onto the housing ladder than any other UK housebuilder, with 52% of our new homes being sold to first time buyers in the first half of the year. Our support for the Government's objective of increasing the supply of good quality homes for everyone is further demonstrated by the Group's average selling price which is c. 17% lower than the national average for newly built homes sold to owner occupiers[2].

Delivering a good quality new home for our customers and providing high levels of customer service throughout the home buying process is the top priority for the business. The Group is investing in a number of initiatives in its drive to increase customer service levels, including providing customers with more accurate moving in dates. We have continued to adopt a more focused approach to the timing of releasing new homes for sale in higher demand areas, both on selected new sites and for some plots on existing sites. As anticipated this has reduced the number of sales reservations that earlier sales release would achieve and resulted in the Group having c. 8% lower average active sales outlets year on year, at c. 345 sites. Trading through the first half was healthy as measured against the prior year which saw particularly strong comparatives, with the Group achieving an average weekly private sales reservation rate per site of 0.74 (2018: 0.78).

To complement our approach with respect to later sales release we have continued to make progress with our build programmes in order to provide customers with improved availability of new homes at more advanced stages of construction, with an additional £142m invested in work in progress. This commitment to greater investment in work in progress resulted in the Group having the equivalent of c. 6,150 new homes of construction inventory at 30 June, an increase of 19% than at the same point last year. Indeed, to further support our drive for continued improvement in build quality, we are introducing an additional team of construction quality inspectors who will work independently of our site management teams to ensure the homes built for our customers are of the high quality standard we require. This team will strengthen our current assurance processes which incorporate our existing site inspection regime conducted by our construction teams, our sub-contract partners and independent building control third parties. This approach is designed to help enforce ongoing cultural change based on the principles and recommendations of the Hackitt Review within the Group. In addition, we have changed our internal management processes to start to embed the principle of "the golden thread of information" highlighted in the Hackitt Review, which will help our teams more clearly identify and manage the key risks we face on each of our development sites, particularly regarding building safety.

In July we introduced the industry leading Persimmon retention scheme for our customers. Listening to feedback from our stakeholders we have improved its design to cover any faults identified by our customers up to a week after moving into their new home. We look forward to working with all relevant stakeholders as our customers take advantage of this important initiative which strengthens their consumer rights in the industry.

In response to feedback from our customers, this time last year the Group introduced its FibreNest service which aims to deliver ultrafast, full fibre to the home broadband connectivity to all our customers. The Group continues to roll out this service to support all new customers and currently has c. 2,200 customers enjoying the benefits of this service. Our customers rate the service highly. We intend to continue to roll out this service on new sites as they come forward to the benefit of all our customers.

As one of the largest housebuilders in the UK, Persimmon places great importance on the wider contribution the Group makes to the communities it serves. Having launched our Building Futures campaign, which will donate over £1 million to support children across the UK this year, we are pleased to have commenced our partnership with Team GB, the Great Britain and Northern Ireland Olympic Team run by the British Olympic Association, to help organisations that support young people across the UK. Making donations to organisations that support children under the age of 18, we are focusing on organisations in three main areas – sport, physical and mental health, and arts and education. For example, we have recently helped 150 schools with their school sports days, with some participation from Team GB athletes, which has promoted inclusive participation in sport, health and wellbeing. Our Building Futures competition is now at an advanced stage with finalists having been selected by our panel, including two Team GB athletes, and final voting taking place via www.persimmonhomes.com/building-futures/finalists. The winners of the Building Futures programme will be announced at a celebration event later this year.

From the launch of our long-term strategy at the start of 2012 to 30 June 2019 the Group has delivered c. 104,800 new homes across the UK. Over the same period the Group has invested c. £2.5 billion in local communities including the delivery of over 17,900 new homes for lower income families to our housing association partners. The Group's investment of c. £4.0 billion in new land and the opening of c. 1,450 new outlets since the start of 2012 demonstrates our continuing commitment to delivering the new homes that local communities need across the UK.

RESULTS

The Group's total revenues for the first half of the year were £1,754.0 million (2018: £1,835.8 million), with new housing revenues of £1,645.3 million (2018: £1,742.0 million) being 5.6% lower than last year. The Group sold 7,584 new homes in the first half (2018: 8,072) at an average selling price of £216,942 (2018: £215,813).

The Group remains focused on building good quality homes at a range of prices offering customers great choice and has experienced good demand across the regions. Within this we have seen a continuation of a little less urgency from customers acquiring new homes at higher price points. Sales to private owner occupiers in the first six months totalled 5,963 new homes (2018: 6,577), a reduction of 614 homes, whilst sales to our housing association partners were 1,621 new homes (2018: 1,495), an increase of 126 homes. The average selling price of the Group's private market sales was £242,912 (2018: £238,773), an increase of 1.7%. Of the Group's total private sales of 5,963 homes, 56% were sold across our northern businesses (2018: 53%). The Group delivered over £196 million of new homes to housing associations in the first half (2018: £172 million) at an average selling price of £121,413 (2018: £114,807) providing continued strong support to the creation of mixed and sustainable communities across the UK, which represented 21% of the Group's total sales (2018: 19%). The volume of sales achieved by the Persimmon brand was 5,470 homes (2018: 5,808). Charles Church achieved 493 home sales (2018: 769).

The Group's total gross margin for the first half was 31.7% (2018: 30.8%), with our new housing gross margin at 33.8%[3] (2018: 32.4%). The level of new housing gross margin in the first half reflects the ongoing investment being made in the Group's customer care resources and processes which has contributed to the reduction in housing gross margin from 34.1% in the second half of last year. The Group's customer care spend in the first half of the year increased by c. 40% over last year, reflecting this investment. The Group's margins are supported by its high quality consented land holdings with land cost recoveries in the first half of 13.9% of housing revenues (2018: 15.0%). At 30 June the Group's cost to revenue ratio[4] for its owned land holdings of 75,444 plots was 13.1%. The Group's continued investment in its customer satisfaction improvement initiatives, including the construction quality inspection team, will place the business in a strong position moving forwards. The Group's total gross profit for the first half was £555.5 million (2018: £565.1 million).

Underlying operating profit[1] for the Group was 1.6% lower than last year at £510.1 million (2018: £518.2 million). The Group's underlying new housing operating margin[1] of 31.0% was 130 basis points ahead of last year (2018: 29.7%).

The Group generated 122.9 pence of total capital value (before capital returns)[5] in the first six months of the year (2018: 118.2 pence). Total capital returns of 235 pence per share recognised in the period resulted in a decrease in reported net assets per share at 30 June of 115.2 pence to 890.8 pence from 1,006.0 pence at 31 December 2018. Underlying return on average capital employed[6] as at 30 June was 40.5% (2018: 41.7%). Underlying basic earnings per share[1] for the first six months of 2019 of 130.6 pence reduced by 4.2% compared to the prior year (2018: 136.3 pence). Return on equity[7] was 31.0% for the twelve month period to June 2019 (June 2018: 30.2%).

The Group's balance sheet is strong. At 30 June the Group held cash reserves of £832.8 million (December 2018: £1,048.1 million) reflecting further investment in work in progress carried at £1,024.0 million (December 2018: £881.8 million) and a reduction in land creditors to £484.0 million (December 2018: £548.0 million). In March we concluded the renewal of the Group's £300 million Revolving Credit Facility with strong support from the Group's five relationship banks. This facility has a five year term to 31 March 2024 and forms an important element in the Group's working capital resources and flexibility.

EMPLOYEES

The Group employs c. 5,000 people across the business, paid in accordance with the Living Wage Foundation payment criteria and including c. 1,950 tradespeople, more than any other housebuilder. The Group continues to increase the engagement and training of apprentices and trainees to help address resource demands. Over the last academic year the Group's 630 trainees continued to learn the traditional skills required for our construction activities together with professional and managerial capabilities. We anticipate building on these 381 traditional apprentices and the 249 professional trainees with over 150 new trainees expected to start with our new autumn intake The Group will continue to seek to increase its engagement of new talent across the UK providing opportunities for all to fulfil their potential.

LAND

For the year to date activity in the land market has largely continued to be disciplined, although for smaller land parcels we have seen an increase in competition in some locations. The land market has continued to offer good quality opportunities, particularly for sites suitable for the delivery of larger numbers of new homes. We have remained cautious in our assessment of potential land opportunities and have continued to judge each opportunity in the context of each of our 31 businesses' requirements and our overall holdings whilst being mindful of current, and prospective changes to, market conditions, particularly when considering the process associated with the UK's exit from the EU. We support the Government's further development of national planning policy to increase land release and efficient land usage as a necessary requirement to assist the industry to increase the output of newly built homes.

The Group acquired 22 new land parcels bringing a total of 3,582 new plots of land into the business during the first half of the year, including 10 locations for 1,962 plots converted from our strategic land portfolio. The Group's land spend was £239 million in the first half (2018: £343 million).

The Group owned and controlled 95,086 plots in its consented land holdings at 30 June 2019 (December 2018: 99,088 plots) with c. 50% previously held by the Group as strategic land. Within these land holdings, the Group owned 46,775 plots on sites with detailed planning consent, which are all under development. In addition to its consented land the Group owns and controls c. 15,950 acres of strategic land including a number of allocated sites. We continue to work in collaboration with planning authorities and local communities to help bring these sites through the planning system as quickly as possible.

CURRENT TRADING

We are encouraged by the level of customer activity through the quieter summer weeks with enquiries and visitors to our sites in line with our expectations. Whilst uncertainties persist regarding the future trajectory of the UK economy consumer confidence remains resilient. Customers are continuing to make carefully considered reservation commitments and cancellations continue to run at historically lower levels.

The Group's current forward sales position, including legal completions since 1 July 2019, remains strong with total forward sales revenue of £2.048 billion (2018: £2.120 billion). We have 5,988 new homes sold forward into the private owner occupier market (2018: 6,528) with an average selling price of c. £240,000 (2018: c. £235,800). The Group's average weekly private sales rate per site for the year to date is 0.72 (2018: 0.76) which is in line with our expectations.

Pricing has remained firm. We continue to advance our build programmes with the aim of maintaining a strong position to offer a good range of house types for customers to choose from and which are available to move into on shorter lead times.

We have continued to experience some pressure with respect to the cost and availability of certain materials in the supply chain as the output from the industry continues to expand. We currently anticipate that cost inflation for the Group will be around 4% for the current year. The Group remains focused on self-help measures to mitigate these challenges. These include the use of the Group's standard house types, utilisation of in-house manufactured brick and our collaborative approach to working with our sub-contractors and suppliers. In addition, we anticipate our new roof tile manufacturing facility will be commissioned in the second half and will commence delivery to the Group's development sites in the last quarter of the year. The Group's investments in its in-house manufacturing capabilities also creates the benefit of supporting improvements in overall supply chain capacity to assist the further expansion in industry output. Our Space4 manufacturing facility, which produces timber frames, closed insulated wall panels and roof cassettes also helps in easing skills pressures in certain locations as the availability of traditional skilled trades remains tight.

OUTLOOK

Consumer confidence continues to benefit from high levels of employment, low interest rates, and a competitive mortgage market. As the summer holiday period draws to a close in early September we expect to experience the normal seasonal increase in customer activity.

The conclusion to the process of the UK's withdrawal from the EU is currently set for the end of October this year, in the middle of the important autumn trading season. This undoubtedly creates uncertainty for consumers and business alike. However, Persimmon is in a strong position to take advantage of market conditions as events unfold. Our developments offer good quality newly built homes at affordable prices which reflect local communities' housing needs. We are mindful of the slower second hand housing market and anticipate that there may be an increase in demand to support customers through the use of our part exchange facilities.

The basis on which the UK will leave the EU, together with the details of the future trading relationship, remains uncertain. The Group continues to work with its suppliers to assess the risks associated with these challenges, putting in place measures that help to reduce these risks where required. The Group's current increased work in progress investment provides some necessary risk mitigation in the short term. Disruption to availability in the medium term remains a key risk and the Group may incur additional procurement costs including costs associated with potential weakness in sterling. Where necessary our suppliers are typically carrying increased stock holdings and/or are changing their ports of entry into the UK to mitigate risk of delays. Persimmon is supporting its suppliers with earlier and increased commitments where required. The Group's investment in its off-site manufacturing capabilities, Space4, Brickworks, and by the end of the year, Tileworks, will help mitigate potential supply disruption and cost impacts.

We plan to start construction on c. 85 new outlets through the second half of the year to refresh and support our site network. As noted in our trading update on 4 July, we continue to expect that our second half new home legal completion volumes will reflect our focus on making progress with our customer service initiatives, in part through later sales releases. Having entered the second half of the year with a stronger new home inventory position, and aided by our additional initiatives, we are prioritising further improvement in the quality and service that we provide to our customers. These initiatives and investments are currently anticipated to increase the Group's customer care costs on an annualised basis by c. £15m. We will continue to invest in our development work in progress to help ensure we deliver the high quality new homes that our customers expect. Whilst this substantial commitment will reduce the returns we generate from the capital employed in the business, we believe this is the correct approach to support our customers and provide greater quality and choice moving forwards. However, we expect the Group's cash generation will remain strong, reflecting the continued disciplined approach to land replacement.

The performance of the UK economy and the housing market will be determined, in part, by the continued development of Government policy through this important period for the country. Further expansion in the output of newly built homes will help meet unfulfilled housing needs in local communities. This further growth will also support the additional benefits of providing increased employment across the regions of the UK both directly on housing developments and in the supply chain. We hope to build on the c. 50,000[8] local construction and supply chain jobs that are supported by our national development activities. Further benefits associated with development activity, of higher contributions to communities through improved local amenities and infrastructure, taxes paid, and from additional investment will also be realised.

We will continue to concentrate on listening to all Group stakeholders to deliver the best possible outcomes whilst we remain vigilant regarding the risks and challenges the Group faces. The Independent Review of our customer care and quality processes is underway and we look forward to receiving its findings in the final quarter of the year.

On behalf of the Board, I would like to thank all of the Group's employees, workers, sub-contractors, and other stakeholders for their contribution to the continued strong operating performance of Persimmon, together with their renewed focus on improving customer satisfaction and build quality. With our strong financial position, high quality land holdings and healthy forward sales we remain confident of the Group's future prospects.

Roger Devlin

Chairman

19 August 2019

1 Stated before goodwill impairment (2019: £4.1m, 2018: £4.4m)
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. Group average private selling price is £242,912.
3 Stated on new housing revenues of £1,645.3m (2018: £1,742.0m) and gross profits of £555.5m (2018: £565.1m)
4 Land cost value for the plot divided by the anticipated future revenue of the new home sold
5 Movement in total equity before dividends on equity shares divided by the average number of shares in issue during the period
6 12 month rolling average stated before goodwill impairment and includes land creditors
7 12 month rolling profit after tax generated from the average of the opening and closing total equity for the 12 month period
8 Estimated using an economic toolkit

PERSIMMON PLC
Condensed Consolidated Statement of Comprehensive Income
For the six months to 30 June 2019

	Note	**Six months to 30 June 2019**	Six months to 30 June 2018	Year to 31 December 2018
		Total £m	Total £m	Total £m
Total revenue	3	**1,754.0**	1,835.8	3,737.6
Cost of sales		**(1,198.5)**	(1,270.7)	(2,557.7)
Gross profit		**555.5**	565.1	1,179.9
Other operating income		**5.1**	2.7	5.6
Operating expenses		**(54.6)**	(54.0)	(102.8)
Profit from operations before impairment of intangible assets		**510.1**	518.2	1,091.9
Impairment of intangible assets		**(4.1)**	(4.4)	(9.2)
Profit from operations		**506.0**	513.8	1,082.7
Finance income		**8.5**	9.2	20.4
Finance costs		**(5.2)**	(6.7)	(12.3)
Profit before tax		**509.3**	516.3	1,090.8
Tax	4	**(98.1)**	(97.4)	(204.4)
Profit after tax (all attributable to equity holders of the parent)		**411.2**	418.9	886.4
Other comprehensive (expense)/income				
Items that will not be reclassified to profit:				
Remeasurement (losses)/gains on defined benefit pension schemes	11	**(3.6)**	28.1	19.7
Tax	4	**0.6**	(4.8)	(3.3)
Other comprehensive (expense)/income for the period, net of tax		**(3.0)**	23.3	16.4
Total recognised income for the period		**408.2**	442.2	902.8
Earnings per share				
Basic	5	**129.3p**	134.9p	283.3p
Diluted	5	**129.0p**	130.1p	280.8p

PERSIMMON PLC
Condensed Consolidated Balance Sheet
As at 30 June 2019 (unaudited)

	Note	**30 June 2019**	30 June 2018	31 December 2018
		£m	£m	£m
Assets				
Non-current assets				
Intangible assets		**189.3**	198.2	193.4
Property, plant and equipment		**74.3**	54.4	58.0
Investments accounted for using the equity method		**2.1**	3.0	3.0
Shared equity loan receivables	8	**62.9**	83.0	70.6
Trade and other receivables		**7.1**	7.0	7.0

Deferred tax assets		**7.5**	59.6	13.4
Retirement benefit assets	11	**87.8**	96.7	90.6
		431.0	501.9	436.0
Current assets				
Inventories	7	**3,145.2**	2,970.6	3,059.5
Shared equity loan receivables	8	**10.8**	21.0	16.3
Trade and other receivables		**150.4**	140.0	91.8
Cash and cash equivalents	10	**832.8**	1,154.6	1,048.1
		4,139.2	4,286.2	4,215.7
Total assets		**4,570.2**	4,788.1	4,651.7
Liabilities				
Non-current liabilities				
Trade and other payables		**(220.4)**	(310.2)	(270.4)
Deferred tax liabilities		**(27.2)**	(28.9)	(27.7)
Partnership liability		**(30.7)**	(34.1)	(35.2)
		(278.3)	(373.2)	(333.3)
Current liabilities				
Trade and other payables		**(1,012.8)**	(1,164.4)	(1,058.5)
Capital Return liability		**(350.1)**	(343.8)	-
Partnership liability		**(5.5)**	(5.4)	(5.4)
Current tax liabilities		**(86.0)**	(65.0)	(60.0)
		(1,454.4)	(1,578.6)	(1,123.9)
Total liabilities		**(1,732.7)**	(1,951.8)	(1,457.2)
Net assets		**2,837.5**	2,836.3	3,194.5
Equity				
Ordinary share capital issued		**31.8**	31.3	31.7
Share premium		**16.4**	14.4	15.5
Capital redemption reserve		**236.5**	236.5	236.5
Other non-distributable reserve		**276.8**	276.8	276.8
Retained earnings		**2,276.0**	2,277.3	2,634.0
Total equity		**2,837.5**	2,836.3	3,194.5

PERSIMMON PLC
Condensed Consolidated Statement of Changes in Shareholders' Equity
For the six months to 30 June 2019 (unaudited)

	Share capital	Share premium	Capital redemption reserve	Other non-distributable reserve	Retained earnings	Total
	£m	£m	£m	£m	£m	£m
Six months ended 30 June 2019:						
Balance at 1 January 2019	**31.7**	**15.5**	**236.5**	**276.8**	**2,634.0**	**3,194.5**
Profit for the period	-	-	-	-	411.2	411.2
Other comprehensive (expense)	-	-	-	-	(3.0)	(3.0)
Transactions with owners:						
Dividends on equity shares	-	-	-	-	(747.8)	(747.8)
Issue of new shares	0.1	0.9	-	-	-	1.0
Exercise of share options/share awards	-	-	-	-	(0.5)	(0.5)
Share-based payments	-	-	-	-	3.9	3.9
Net settlement of share-based payments	-	-	-	-	(22.3)	(22.3)

Satisfaction of share options from own shares held	-	-	-	-	0.5	0.5
Balance at 30 June 2019	**31.8**	**16.4**	**236.5**	**276.8**	**2,276.0**	**2,837.5**
Six months ended 30 June 2018:						
Balance at 1 January 2018	**30.9**	**13.5**	**236.5**	**276.8**	**2,643.9**	**3,201.6**
Profit for the period	-	-	-	-	418.9	418.9
Other comprehensive income	-	-	-	-	23.3	23.3
Transactions with owners:						
Dividends on equity shares	-	-	-	-	(732.3)	(732.3)
Issue of new shares	0.4	0.9	-	-	-	1.3
Own shares purchased	-	-	-	-	(0.1)	(0.1)
Exercise of share options/share awards	-	-	-	-	(1.0)	(1.0)
Share-based payments	-	-	-	-	8.5	8.5
Net settlement of share-based payments	-	-	-	-	(84.9)	(84.9)
Satisfaction of share options from own shares held	-	-	-	-	1.0	1.0
Balance at 30 June 2018	**31.3**	**14.4**	**236.5**	**276.8**	**2,277.3**	**2,836.3**
Year ended 31 December 2018:						
Balance at 1 January 2018	**30.9**	**13.5**	**236.5**	**276.8**	**2,643.9**	**3,201.6**
Profit for the year	-	-	-	-	886.4	886.4
Other comprehensive income	-	-	-	-	16.4	16.4
Transactions with owners:						
Dividends on equity shares	-	-	-	-	(732.3)	(732.3)
Issue of new shares	0.8	2.0	-	-	-	2.8
Own shares purchased	-	-	-	-	(1.3)	(1.3)
Exercise of share options/share awards	-	-	-	-	(1.0)	(1.0)
Share-based payments	-	-	-	-	1.1	1.1
Net settlement of share-based payments	-	-	-	-	(180.2)	(180.2)
Satisfaction of share options from own shares held	-	-	-	-	1.0	1.0
Balance at 31 December 2018	**31.7**	**15.5**	**236.5**	**276.8**	**2,634.0**	**3,194.5**

PERSIMMON PLC
Condensed Consolidated Cash Flow Statement
For the six months to 30 June 2019 (unaudited)

	Note	**Six months to 30 June 2019**	Six months to 30 June 2018	Year to 31 December 2018
		£m	£m	£m
Cash flows from operating activities:				
Profit for the period		**411.2**	418.9	886.4
Tax charge	4	**98.1**	97.4	204.4
Finance income		**(8.5)**	(9.2)	(20.4)
Finance costs		**5.2**	6.7	12.3
Depreciation charge		**6.5**	4.5	10.0
Impairment of intangible assets		**4.1**	4.4	9.2
Share-based payment charge		**1.5**	8.7	7.9
Net imputed interest income		**1.7**	0.5	1.9
Other non-cash items		**(3.6)**	(2.6)	(0.2)
Cash inflow from operating activities		**516.2**	529.3	1,111.5
Movement in working capital:				
Increase in inventories		**(80.9)**	(140.8)	(225.5)

Increase in trade and other receivables		**(63.9)**	(61.1)	(26.7)
(Decrease)/increase in trade and other payables		**(85.0)**	50.1	(82.7)
Decrease in shared equity loan receivables		**17.6**	18.9	41.6
Cash generated from operations		**304.0**	396.4	818.2
Interest paid		**(2.3)**	(3.2)	(3.9)
Interest received		**3.2**	2.9	5.8
Tax paid		**(63.6)**	(93.6)	(165.8)
Net cash inflow from operating activities		**241.3**	302.5	654.3
Cash flows from investing activities:				
Joint venture net funding movement		**0.9**	-	-
Purchase of property, plant and equipment		**(13.1)**	(6.4)	(15.5)
Proceeds from sale of property, plant and equipment		**0.3**	0.2	0.5
Net cash outflow from investing activities		**(11.9)**	(6.2)	(15.0)
Cash flows from financing activities:				
Lease capital payments		**(2.0)**	-	-
Payment of Partnership liability		**(3.4)**	(3.2)	(3.2)
Net settlement of share-based payments		**(42.6)**	(53.8)	(159.9)
Own shares purchased		**-**	-	(1.3)
Share options consideration		**1.0**	1.1	2.8
Dividends paid	6	**(397.7)**	(388.5)	(732.3)
Net cash outflow from financing activities		**(444.7)**	(444.4)	(893.9)
Decrease in net cash and cash equivalents	10	**(215.3)**	(148.1)	(254.6)
Cash and cash equivalents at the beginning of the period		**1,048.1**	1,302.7	1,302.7
Cash and cash equivalents at the end of the period	10	**832.8**	1,154.6	1,048.1

Notes

1. Basis of preparation

The half year condensed financial statements for the six months to 30 June 2019 have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and with International Accounting Standard 34 Interim Financial Reporting, as adopted by the European Union. The half year financial statements are unaudited, but have been reviewed by the auditors whose report is set out at the end of this report. This report should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with IFRSs as adopted by the European Union.

The comparative figures for the financial year ended 31 December 2018 are not the company's statutory accounts for that financial year. Those accounts have been reported on by the company's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2018, as described in those financial statements.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2019:

- IFRS 16 Leases
- Annual Improvements to IFRS Standards 2015-2017 Cycle
- Amendments to IAS 19 Plan Amendment, Curtailment or Settlement
- Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IFRS 9 Prepayment Features with Negative Compensation

With the exception of IFRS 16 Leases, the effects of the implementation of these standards have been limited to disclosure amendments.

The Group have adopted the modified (asset = liability) retrospective approach on implementation of IFRS 16 Leases and have not amended the prior year comparatives. The Group operate a number of leases that are affected by this new standard, principally in relation to office properties and vehicles. At 30 June 2019 a "right of use" asset of £10.1m is reported within Property, plant and equipment. The associated lease liability, reported within Trade and other payables, is £9.0m at 30 June 2019.

There are no new standards or amendment to standards, which are EU endorsed but not yet effective.

Going concern

After making due enquiries, and in accordance with the FRC's "Guidance on Risk Management, Internal Control and Related Financial and Business Reporting" issues in 2014, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these condensed consolidated half year financial statements.

Estimates and judgements

The preparation of these half yearly condensed financial statements requires management to make judgements and estimations of uncertainty at the balance sheet date. In preparing these half yearly condensed financial statements the significant judgements and estimations of uncertainty made by management were principally the same as those applied and included in Note 3 to the Group's consolidated financial statements for the year ended 31 December 2018.

2. Segmental analysis

The Group has only one reportable operating segment, being housebuilding within the UK, under the control of the Executive Board. The Executive Board has been identified as the Chief Operating Decision Maker as defined under IFRS 8 Operating Segments.

3. Revenue

	Six months to 30 June 2019	Six months to 30 June 2018	Year to 31 December 2018
	£m	£m	£m
Revenue from the sale of new housing	**1,645.3**	1,742.0	3,545.8
Revenue from the sale of part exchange properties	**108.7**	93.8	191.8
Total revenue in the statement of comprehensive income	**1,754.0**	1,835.8	3,737.6

4. Tax

Analysis of the tax charge for the period

	Six months to 30 June 2019	Six months to 30 June 2018	Year to 31 December 2018
	£m	£m	£m
Tax charge comprises:			
UK corporation tax in respect of the current period	**97.4**	97.4	202.1
Adjustments in respect of prior years	**-**	(1.6)	(5.0)
	97.4	95.8	197.1
Deferred tax relating to origination and reversal of temporary differences	**0.7**	1.6	6.9
Adjustments recognised in the current year in respect of prior years' deferred tax	**-**	-	0.4
	0.7	1.6	7.3
	98.1	97.4	204.4

Deferred tax recognised in other comprehensive income

	Six months to 30 June 2019	Six months to 30 June 2018	Year to 31 December 2018
	£m	£m	£m
Recognised on remeasurement charges on pension schemes	**(0.6)**	4.8	3.3

Tax recognised directly in equity

	Six months to 30 June 2019	Six months to 30 June 2018	Year to 31 December 2018
	£m	£m	£m
Arising on transactions with equity participants			
Current tax related to equity settled transactions	**(7.8)**	(30.8)	(65.0)
Deferred tax related to equity settled transactions	**5.3**	31.0	71.7
	(2.5)	0.2	6.7

At 30 June 2019, with the exception of equity settled transactions, the Group has recognised deferred tax assets on deductible temporary differences at 17%, the rate enacted at the end of the reporting period.

5. Earnings per share

Basic earnings per share is calculated by dividing the profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period (excluding those held in the employee benefit trusts and any treasury shares, all of which are treated as cancelled) which were 317.9m (June 2018: 310.6m; December 2018: 312.9m).
Diluted earnings per share is calculated by dividing the profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares in issue adjusted to assume conversion of all potentially dilutive ordinary shares from the start of the period, giving a figure of 318.9m (June 2018: 322.0m; December 2018: 315.7m).

Underlying earnings per share excludes goodwill impairment. The earnings per share from continuing operations were as follows:

	Six months to 30 June 2019	Six months to 30 June 2018	Year to 31 December 2018
Basic earnings per share	**129.3p**	134.9p	283.3p
Underlying basic earnings per share	**130.6p**	136.3p	286.3p
Diluted earnings per share	**129.0p**	130.1p	280.8p
Underlying diluted earnings per share	**130.2p**	131.5p	283.7p

The calculation of the basic and diluted earnings per share is based upon the following data:

	Six months to 30 June 2019	Six months to 30 June 2018	Year to 31 December 2018
	£m	£m	£m
Underlying earnings attributable to shareholders	**415.3**	423.3	895.6
Goodwill impairment	**(4.1)**	(4.4)	(9.2)
Earnings attributable to shareholders	**411.2**	418.9	886.4

At 30 June 2019 the issued share capital of the Company was 318,529,875 ordinary shares (31 December 2018: 317,560,061 ordinary shares).

6. Dividends/Return of capital

	Six months to 30 June 2019	Six months to 30 June 2018	Year to 31 December 2018

	£m	£m	£m
Amounts recognised as distributions to capital holders in the period:			
2017 dividend to all shareholders of 125p per share paid 2018	**-**	388.5	388.5
2017 dividend to all shareholders of 110p per share paid 2018	**-**	-	343.8
2018 dividend to all shareholders of 125p per share paid 2019	**397.7**	-	-
Total capital return to shareholders	**397.7**	388.5	732.3

On 29 March 2019 a capital return payment of 125p per share (or £397.7m) was paid as an interim cash dividend.

As at 30 June 2019 the Group balance sheet included a capital return liability of £350.1m in relation to the future capital return payment of 110p per share. This was paid as a final dividend in respect of the financial year 31 December 2018 after the balance sheet date on 2 July 2019.

7. Inventories

	30 June 2019	30 June 2018	31 December 2018
	£m	£m	£m
Land	**2,013.0**	2,132.3	2,077.2
Work in progress	**1,024.0**	749.6	881.8
Part exchange properties	**61.8**	45.8	56.2
Showhouses	**46.4**	42.9	44.3
	3,145.2	2,970.6	3,059.5

At 30 June 2019 the Group conducted a further review of the net realisable value of its land and work in progress portfolio. Our approach to this review has been consistent with that conducted at 31 December 2018 and was fully disclosed in the financial statements for the year ended on that date. Net realisable value provisions held against inventories at 30 June 2019 were £36.2m (2018: £40.1m). Following the review, £14.3m of inventories are valued at fair value less costs to sell rather than historical cost (2018: £22.9m).

8. Shared equity loan receivables

	Six months to 30 June 2019	Six months to 30 June 2018	Year to 31 December 2018
	£m	£m	£m
Shared equity loan receivables at beginning of period	**86.9**	117.3	117.3
Settlements	**(17.6)**	(18.9)	(41.6)
Gains	**4.4**	5.6	11.2
Shared equity loan receivables at end of period	**73.7**	104.0	86.9

All gains/losses have been recognised through finance income in profit and loss for the period of which £1.3m was unrealised (June 2018: £1.8m; December 2018: £3.0m).

9. Financial instruments

In aggregate, the fair value of financial assets and liabilities are not materially different from their carrying value. Financial assets and liabilities carried at fair value are categorised within the hierarchical classification of IFRS 7 Revised (as defined within the standard) as follows:

	30 June 2019 Level 3	30 June 2018 Level 3	31 December 2018 Level 3
	£m	£m	£m
Shared equity loan receivables	**73.7**	104.0	86.9

Shared equity loan receivables

Shared equity loan receivables represent loans advanced to customers secured by way of a second charge on their new home. They are carried at fair value. The fair value is determined by reference to the rates at which they could be exchanged by knowledgeable and willing parties. Fair value is determined by discounting forecast cash flows for the residual period of the contract by a risk adjusted rate.

There exists an element of uncertainty over the precise final valuation and timing of cash flows arising from these assets. As a result the Group has applied inputs based on current market conditions and the Group's historic experience of actual cash flows resulting from such arrangements. These inputs are by nature estimates and as such the fair value has been classified as level 3 under the fair value hierarchy laid out in IFRS 13 Fair Value Measurement

Significant unobservable inputs into the fair value measurement calculation include regional house price movements based on the Group's actual experience of regional house pricing and management forecasts of future movements, weighted average duration of the loans from inception to settlement of ten years (2018: ten years) and a discount rate of 9% (2018: 9%) based on current observed market interest rates offered to private individuals on secured second loans.

The discounted forecast cash flow calculation is dependent upon the estimated future value of the properties on which the shared equity loans are secured. Adjustments to this input, which might result from a change in the wider property market, would have a proportional impact upon the fair value of the asset. Furthermore, whilst not easily accessible in advance, the resulting change in security value may affect the credit risk associated with the counterparty, influencing fair value further.

10. Reconciliation of net cash flow to net cash and analysis of net cash

	Six months to 30 June 2019	Six months to 30 June 2018	Year to 31 December 2018
	£m	£m	£m
Decrease in net cash and cash equivalents in cash flow	**(215.3)**	(148.1)	(254.6)
Net cash at beginning of period	**1,048.1**	1,302.7	1,302.7
	832.8	1,154.6	1,048.1
Lease liability	**(9.1)**	-	-
Net cash at end of period	**823.7**	1,154.6	1,048.1

Net cash is defined as cash and cash equivalents less lease liabilities. The decrease in net cash and cash equivalents above is stated after the payment of capital returns of £397.7m (June 2018: £388.5m). The Group has generated free cash before these capital returns of £182.4m (June 2018: £240.4m). This reflects an additional net investment in working capital year on year of over £75m (H1 2018: over £50m), primarily in work in progress.

11. Retirement benefit assets

The amounts recognised in the consolidated statement of comprehensive income are as follows:

	Six months to 30 June 2019	Six months to 30 June 2018	Year to 31 December 2018
	£m	£m	£m
Current service cost	**0.9**	1.0	2.0
Past service cost	**-**	-	5.5
Administrative expense	**0.5**	0.5	0.9
Pension cost recognised as operating expense	**1.4**	1.5	8.4
Interest cost	**7.4**	7.1	14.2
Return on assets recorded as interest	**(8.7)**	(7.9)	(15.9)
Pension cost recognised as a net finance credit	**(1.3)**	(0.8)	(1.7)
Total defined benefit pension cost recognised in profit or loss	**0.1**	0.7	6.7
Remeasurement losses/(gains) recognised in other comprehensive (expense)/income	**3.6**	(28.1)	(19.7)
Total defined benefit scheme loss/(gains) recognised	**3.7**	(27.4)	(13.0)

The amounts included in the balance sheet arising from the Group's obligations in respect of the Pension Scheme are as follows:

	30 June 2019	30 June 2018	31 December 2018
	£m	£m	£m
Fair value of pension scheme assets	**661.8**	646.3	616.8
Present value of funded obligations	**(574.0)**	(549.6)	(526.2)
Net pension asset	**87.8**	96.7	90.6

12. Principal risks

The Board have assessed the Principal Risks as disclosed in the 2018 Annual Report & Accounts and have determined that there has been no change in risks faced or risk rating at 30 June 2019. The principal risks which may affect the business and the future performance of the Group are set out below:

Risk	**Impact**	**Mitigation**	**Residual Risk Rating**
UK's exit from the EU	The UK's exit from the European Union may lead to increased economic uncertainty adversely impacting: consumer confidence, demand and pricing for new homes, revenues, profits and cash flows and may result in the impairment of asset values. Potential legislative changes on customs arrangements and increases in trade tariffs could create bottlenecks at ports and impact on the availability and cost of imported materials and components within our supply chain. Possible restrictions on freedom of movement may impact on the availability of skilled construction workers.	We continue to monitor the political situation, the UK economy and the housing market through the review of external information and changes in the behaviour of our customer base. We closely manage and control our work in progress and land investment and our stringent investment appraisals will continue, ensuring exposure to market disruption is reduced. We maintain close contact with our key suppliers and will continue to employ robust tendering processes to ensure risks around material availability and cost are mitigated as far as possible. The vertical integration afforded by use of our own Brickworks, Space4 and going forwards Tileworks production mitigates this risk further. We will remain focused on our training initiatives to improve the supply of the necessary management and construction skills the Group requires. (Also see mitigation and review of Government policy and Labour and Resources)	High
National and regional economic conditions	The housebuilding industry is sensitive to changes in the economic environment, including unemployment, interest rates and consumer confidence. Any deterioration in economic conditions may have an adverse impact on demand and pricing for new homes, which could have a material effect on our revenues, margins, profits and cash flows and result in the impairment of asset values. Economic conditions in the land market may adversely affect the availability of	We continually monitor lead indicators on the future direction of the UK housing market so as to manage our exposure to any future market disruption. Our diversity of geographical market presence and our continual monitoring of our geographical spread helps us mitigate the effects of local economic fluctuations. We control the level of build on site by closely monitoring our work in progress levels. We carry out extensive due diligence prior to our land investment decisions having regard to local market conditions and the Group's existing strategic and on market land holdings.	High

	a sustainable supply of land at appropriate levels of return.	Significant land additions are reviewed by the Board.	
Government policy	Changes to Government policy have the potential to impact on several aspects of our strategy and operational performance. For example, changes to the planning system, changes in the tax regime, or further amendment of the Help to Buy scheme could have an adverse effect on revenues, margins and asset values. Changes to the planning system may also adversely impact the Group's ability to source suitable land to deliver appropriate levels of returns.	We monitor Government policy in relation to the housing market very closely. Consistency of policy formulation and application is very supportive of the housebuilding industry, encouraging continued substantial investment in land, work in progress and skills to support output growth. We actively manage our land investment decisions and levels of work in progress to mitigate exposure to external influences. Both major political parties in the UK continue to support the Help to Buy scheme, which has been extended to remain in place until 2023.	High
Mortgage availability	Any restrictions in the availability or affordability of mortgages for customers could reduce demand for new homes and affect revenues, profits and cash flows.	We monitor Bank of England commentary on credit conditions including the monthly approvals for house purchases and UK Finance's monthly reports and lenders' announcements for trends in lending. We monitor customer access to mortgages through our sales processes. We ensure that our investment in land and work in progress is appropriate for our level of sales and our expectations for market conditions. The Government's Help to Buy scheme, which is anticipated to remain in place until 2023, supports customers to gain access to the housing market across the UK with competitive mortgage rates.	High
Health and safety	The health and safety of our employees, subcontractors, customers and visitors to our construction sites is of paramount importance to us. Accidents on our sites could lead to reputational damage and financial penalties.	The Board has a strong commitment to health and safety and managing the risks in this area effectively. This is implemented by comprehensive management systems and controls, managed by our Group Health and Safety Department, which includes detailed training and inspection programmes to minimise the likelihood and impact of accidents on our sites. While all reasonable steps are taken to reduce the likelihood of an incident, the potential impacts of any such incident are considered to be high.	High
Labour and Resources: Skilled workforce, retention and succession	Access to an appropriately skilled workforce is a key requirement for the Group. Increasing UK house building activity in recent years has increased demand for skilled labour, which has increased pressure on costs. A skilled management team is essential in maintaining operational performance and the implementation of the Group's strategy.	We closely monitor our build programmes to enable us to manage our labour requirements effectively. We operate in-house apprentice and training programmes to provide adequate supply of skilled labour. We are committed to playing a full and active role in external initiatives to address the skills shortage such as the Home Building Skills Partnership, a joint initiative of the Construction Industry	High

		Training Board and the Home Builders Federation. Where appropriate, we also use the Group's Space4 modern method of construction which helps diversify resource requirements on site. The Group focuses on retaining its key staff through a range of measures, including career management and performance incentives. At the most senior level, the Nominations Committee oversees these processes and promotes effective succession planning.	
Labour and Resources: Materials and Land availability	Materials Recent growth in UK housebuilding has led to an increased demand for materials which is placing greater pressure on the supply chain. This may continue to cause availability constraints and increase cost pressures. Land purchasing Land may be purchased at too high a price, in the wrong place and at the wrong time in the housing cycle.	Materials Our build programmes and our supply chain are closely monitored to allow us to manage and react to any supply chain issues. We build strong relationships with key suppliers over the long term to ensure consistency of supply and cost efficiency. We have invested in expanding our offsite manufacturing hub at Harworth, near Doncaster, to strengthen security of supply. Our brick plant is providing a significant proportion of the bricks we use and our roof tile manufacturing facility will commence operations in 2019. This complements our existing off-site manufacturing capability at Space4, which produces timber frames, highly insulated wall panels and roof cassettes as a modern method of constructing new homes. Land Purchasing All land purchases undergo stringent viability assessments performed by our dedicated land and planning teams and must meet specific levels of projected returns. The Board review and determine the appropriate timing of land purchases having regard to current market conditions and sales rates.	Medium
Strategy	The Group's strategy has been developed by the Board as the most appropriate approach to successfully deliver the optimal sustainable value for shareholders and other stakeholders. As political, economic and other conditions evolve, it is possible that the strategy currently being pursued may cease to be the most appropriate approach.	The Group's strategy is agreed by the Board at an annual strategy meeting and thereafter regularly reviewed at Board meetings. The Board engages with management and employees to ensure the strategy is communicated and understood and that all employees have a clear understanding of the potential benefits and risks of the strategy.	Low
Climate Change	Should the effects of climate change and the UK's transition to a lower carbon economy lead to increasing national regulation this could cause	We monitor our operational efficiency and direct environmental impact in a number of ways including measuring our own CO2 emissions and the amount	Medium

	additional planning delays, increase the cost and accessibility of materials required within our construction process and potentially limit their supply or require additional features which could significantly increase our costs. Changes in weather patterns and the frequency of extreme weather events, particularly storms and flooding, may increase the likelihood of disruption to the construction process. The availability of mortgages and property insurance may reduce should financial institutions take account of impacts relating to climate change. Changes in weather patterns may increase build costs and/or development timeframes.	of waste we generate for each home we sell. We systematically consider the potential impacts of climate change throughout the land acquisition, planning and build processes and work closely with planning authorities and other statutory bodies to manage and mitigate risks. For example, we conduct full environmental assessments for each parcel of land we acquire for development to ensure our activities fulfil all obligations, respecting the natural environment and the communities for which we are delivering newly built homes. We are keen to adopt Sustainable Urban Drainage Systems and other technology on all our new sites, subject to local planning requirements, to address the risk of flooding. We continually seek to strengthen our supply chain. Our off site manufacturing facilities provide us with greater assurance of quality and supply, and use modern methods of construction and technology to assist the mitigation of climate change related risks.	
Reputation	Access to housing is a significant social issue and housebuilding is a high profile industry which attracts a great deal of media and political attention. In cases where customer experiences, operational performance, management of health and safety, remuneration matters or local planning concerns fall short of our usual high standards, this may attract media attention. This may impinge on the reputation of the business which may have an adverse impact on the Group's operations.	The Group has a strong commitment to high quality of operations. Oversight from the Board seeks to ensure key processes are robust and any matters are addressed. We engage actively with stakeholders to minimise the risks of reputational damage and we aim to comply with best practice in corporate governance. We actively support local communities in addressing housing needs, in creating attractive neighbourhoods and employing local people, both on our sites and in the supply chain. Significant contributions are made to local infrastructure and good causes within the communities in which the Group operates.	Medium
Regulatory compliance	The housebuilding industry is subject to extensive and complex laws and regulations, particularly in areas such as land acquisition, planning and the environment. Ensuring compliance in these areas can result in delays in securing the land required for development and in construction. Any failure to comply with regulations could result in damage to the Group's reputation and potential imposition of financial penalties.	We operate comprehensive management systems to ensure regulatory and legal compliance, including a suite of policies and procedures covering key areas of legislation and regulation. We engage extensively with planning authorities and other stakeholders to reduce the likelihood and impact of any delays or disruption. We also hold a land bank sufficient to provide security of supply for medium term land requirements.	Low

Statement of Directors' responsibilities in respect of the Half Year Report

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial reporting as adopted by the EU
- the Half Year Report includes a fair review of the information required by:
    - DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the year; and
    - DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The Directors of Persimmon Plc and their function are listed below:

Roger Devlin	Chairman
Dave Jenkinson	Group Chief Executive
Mike Killoran	Group Finance Director
Nigel Mills	Senior Independent Director
Marion Sears	Non-Executive Director
Rachel Kentleton	Non-Executive Director
Simon Litherland	Non-Executive Director
Claire Thomas	Non-Executive Director

By order of the Board

Dave Jenkinson Group Chief Executive 19 August 2019	**Mike Killoran** Group Finance Director

The Group's Annual financial reports, half year reports and trading updates are available from the Group's website at www.persimmonhomes.com/corporate

INDEPENDENT REVIEW REPORT TO PERSIMMON PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2019 which comprises the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Balance Sheet, the Condensed Consolidated Statement of Changes in Shareholders' Equity, the Condensed Consolidated Cash Flow Statement and the related Notes 1 to 12. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in Note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP
London
19 August 2019

The maintenance and integrity of the Persimmon Plc web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial information since it was initially presented on the web site.