

## TRADING UPDATE – 9 JANUARY 2012

Persimmon plc announces the following update ahead of its Final Results for the year ended 31 December 2011, which will be released on Tuesday 28 February 2012.

As indicated in our Interim Management Statement on 8th November 2011, our new home legal completions were maintained year on year at 9,360 (2010: 9,384). Total revenues for the period were c. £1.53 billion. Take up of the Government's FirstBuy Scheme has been encouraging and as a result we have legally completed more starter homes in 2011 and the Group's average selling price is therefore c. 2% lower than the prior year at c. £164,000. Legal completions of new homes in the second half of the year were over 4% higher than for the prior year at 4,921.

We anticipate that our underlying operating margin for the year will approach 10.0%, with a margin for the second half of over 10.5%. In line with our stated strategy we continue to focus on delivering increasing profitability through a combination of securing improvements in existing planning permissions, good cost control, opening new outlets from recently acquired land and the conversion of land from our significant strategic land bank for future development.

As a result of this significant improvement in underlying operating profitability, combined with a reduction in net finance costs, we anticipate an increase of c. 50% in underlying profit before tax. This result will be towards the top end of analysts' expectations.<sup>1</sup>

We have continued to generate good levels of free cashflow and held c. £40 million of cash balances at 31 December 2011 (2010: borrowings of £51.0 million).

Our focus on selective replacement of land enabled us to acquire c. 7,000 plots of high quality new land in the second half of 2011. Plots owned and under control in our consented landbank at 31 December 2011 totalled c. 63,500 plots (2010: 58,862 plots).

Whilst the general economic backdrop to the UK housing market remains challenging we have experienced encouraging levels of visitors, resilient sales reservations, low cancellation rates and stable prices. As previously reported, we saw a return of the traditionally stronger autumn selling season in 2011. The improvement in the rate of sale when compared to the prior year has continued and as a result we have forward sales of c. £615 million (2010: £565 million) which places us in a strong position moving into the New Year.

The availability of mortgage credit remains constrained. We welcome the Government's action in working with both the housebuilding industry and the mortgage lenders to secure the introduction of a 95% loan-to-value

mortgage product to support greater participation of buyers in the new homes market. We will continue to work with all stakeholders and hope to see this scheme launched into the spring market in 2012.

In anticipation of an active spring 2012 selling season we have opened c. 25 new sites in the last quarter of 2011 and, subject to market conditions, we expect to open a further c. 60 new developments as we progress through the first six months of 2012. This programme of new outlet openings will continue to refresh our site network, which we expect to maintain at c. 390 active sites through the first half of 2012.

We will give a further update on our assessment of the housing market over the early weeks of 2012 when we announce our results for the year ended 31 December 2011 on Tuesday 28 February 2012.

<sup>1</sup> Note: Analysts expectations for underlying profit before tax for the year ended 31 December 2011 range from £130 million to £148 million with a consensus of £139 million. Underlying profit before tax is stated before goodwill charges and exceptional items.

#### **Please Note**

There will be a call for analysts at 9am GMT today. Please use the dial-in details below:

Telephone number: 0800 634 5205 (UK) or +44 (0) 208 817 9301  
Conference code: Persimmon

An audiocast of the call will be available on [www.corporate.persimmonhomes.com](http://www.corporate.persimmonhomes.com) from this afternoon.

#### **For further information, please contact:**

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