

7 November 2023

Q3 Trading Statement

Trading in line with expectations; c. 9,500 completions expected for the full year

Persimmon Plc is today providing an update on trading for the period from 1 July 2023 to 6 November 2023 ('the period').

Dean Finch, Group Chief Executive, commented:

"Trading in the period was in line with expectations and pricing was broadly stable. We are on track to deliver around 9,500 quality new homes in 2023 with operating profit in line with expectations and at an operating margin similar to the first half. While the near term is likely to remain challenging and we remain disciplined on costs, we continue to position the business for growth when the market recovers, as demonstrated by our further progress on planning in the period. The Group's national network of outlets providing a high-quality product at a range of attractive prices is a crucial strength in this market."

Q3 Highlights

	Q3 2023	Q3 2022	% change
New home completions	1,439	2,270	-37%
Average open sales outlets	271	269	+1%
Net private sales per outlet¹	0.48	0.63	-24%
Current forward sales position²	£1.62bn	£2.09bn	-23%
Of which private forward sales²	£0.93bn	£1.42bn	-35%
Land holdings (plots owned and under control)	c.84,300	c.91,300	

¹Net private sales per outlet of 0.46 excluding bulk sales (Q3 2022: 0.61)

²Excluding completions year to date and as at 5 November for 2023 figure, as at 6 November for 2022 figure.

2023 Trading

The Group traded in line with expectations during the third quarter, delivering a total of 1,439 homes (Q3 2022: 2,270 homes). This included 1,234 private homes (Q3 2022: 1,894 homes) and 205 partnerships homes for our housing association partners (Q3 2022: 376 homes).

The Group's private selling price on completions was up 2% in the quarter on the prior year at £296,822. Our partnerships average selling price increased 20% in the same period, reflecting a higher weighting of completions to the South compared with the prior year and the continued work of our dedicated Partnerships team.

Average private sales per outlet per week were 0.48 in the period (Q3 2022: 0.63). Trading in the period followed the normal seasonal drop over the summer months and a pick-up from September following the launch of our latest marketing campaign. Pricing was broadly stable in the period despite continued affordability constraints, particularly in the South of England where we have seen an increase in the use of incentives. In the third quarter, average incentives on private sales increased to c.3.6%.

Land, WIP and cash

Land spend in the third quarter was £78m (Q3 2022: £128m) of which £34m related to the settlement of land creditors. Our owned and under control land holdings stood at c. 84,300 plots on 30 September 2023 (30 June 2023: 84,751 plots) and the embedded margin of the land portfolio remains industry-leading.

As a result of our proactive approach to planning, we achieved planning on c.3,400 plots in the period across 19 sites, supporting our outlet network. We have made good progress in converting our priority list of owned land with outline planning permission, having secured detailed or full consents on c.80% of these plots so far this year.

We continue to operate from a lean fixed cost base and pursue a highly disciplined approach to WIP management. As a consequence, build rates in the third quarter were c.30% lower year-on-year reflecting the slower sales environment. Disciplined management of costs remains a key focus for the Group and in addition to careful spend controls, the hiring freeze we have in place means that headcount is likely to reduce by c.700 during 2023.

We continue to anticipate a cash balance of £300m-£500m at the end of the current financial year.

Outlook

We are on track to deliver around 9,500 completions for 2023 with operating profit in line with expectations and at an operating margin similar to the first half. On the whole pricing remains broadly stable although we have seen a slight reduction in Group private average selling price in the forward order book and an increase in the use of incentives, particularly in the South where affordability constraints are greater.

Over the past 5 weeks private sales rates have improved to 0.59 (2022: 0.45) showing a strong pick up since the start of October. Of this 0.08 relates to investor sales, with a series of small selective deals on targeted sites where appropriate. We anticipate investor sales will represent c.5% of our full year delivery. We are fully sold for 2023 and our current forward sales position has increased to £1.6bn since the half year (30 June 2023: £1.4bn). Of this £0.9bn relates to private forward sales (30 June 2023: £0.7bn) with a private average selling price of c.£277,750, (30 June 2023: £282,316).

We have taken a proactive approach with suppliers and subcontractors to secure price reductions on both materials and labour over the past few months. In line with prior commentary, build cost inflation has been more stubborn than expected at the start of the year and we anticipate the annualised impact of build cost inflation through the P&L for 2023 will be c.8-9%. However, build costs have moderated since the half year which will benefit completions in 2024.

Into 2024, we anticipate market conditions will remain highly uncertain, but we are well positioned with our focus on delivering high quality sustainable homes for our customers at a price they can afford with our Persimmon Homes average selling price c.25% below the national average¹. Our recent planning success means we have a number of new sites progressing through the pipeline which should support the opening of c.30 gross new selling outlets during Spring 2024. The longer-term fundamentals for the market remain positive. We have a proven track record of delivering strong returns through the cycle and our good progress in improving our key quality and service capabilities will allow us to respond quickly when conditions improve.

Our next scheduled updates will be our 2023 Trading Update on 10 January 2024 followed by our 2023 Final Results on 12 March 2024.

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/Bld7d2026b455543f9876ad81afa2dee84>

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¹ National average selling price for new build 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	YTD
Completions	1,136	3,113	4,249	1,439	5,688
Private (homes)	902	2,379	3,281	1,234	4,515
Partnerships (homes)	234	734	968	205	1,173
Net private sales rate	0.62	0.58	0.59	0.48	0.56
FTB % (private completions)	38%	33%	34%	32%	34%
Average sales outlets	266	268	267	271	268

2. ASP	Q3 2023	Q3 2022	Change
Private	£296,822	£291,259	+2%
Partnerships	£155,844	£129,796	+20%
Total	£276,738	£264,515	+5%

3. Forward sales	5 Nov 2023		6 Nov 2022		Change	
	Value	Homes	Value	Homes	Value	Homes
Private	£928.8m	3,344	£1,424.2m	4,993	-35%	-33%
Partnerships	£688.0m	4,414	£664.5m	4,662	+4%	-5%
Total	£1,616.8m	7,758	£2,088.7m	9,655	-23%	-20%

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.