

15<sup>th</sup> November 2016

## Crest Nicholson Holdings plc

### Trading Update

#### Strong growth continuing

Crest Nicholson Holdings plc (Crest Nicholson) today issues a trading update in respect of the financial year ended 31<sup>st</sup> October 2016, ahead of its preliminary results announcement on 24<sup>th</sup> January 2017.

#### Highlights

	<b>2016</b>	<b>2015</b>	<b>Change</b>
Unit completions	2,870	2,725	+5%
Open-market ASPs <sup>1</sup>	£371k	£309k	+20%
Gross development value of land pipeline - £m			
- short term	5,480	5,355	+2%
- strategic	5,166	5,111	+1%
<b>Total</b>	<b>10,646</b>	<b>10,466</b>	<b>+2%</b>
Forward sales - Units	1,773	1,680	+6%
Forward sales - £m	£344.5m	£328.9m	+5%

#### Overview

Crest Nicholson has continued to grow housing volumes in 2016, with open-market unit completions at 2,292 up 7% and overall housing delivery up by 5%. Open-market average selling prices have increased by 20% to £371k<sup>1</sup>, in line with our well established strategy to re-position the business by 2016 at broadly this level.

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<sup>1</sup> Excluding PRS impact

As a consequence, we anticipate reported revenues for the year to be approximately £1billion, in line with our stated target and a landmark achievement for the business.

Underlying sales rates for the year, excluding PRS, averaged 0.81 sales per outlet week (2015: 0.90). The reduction in sales rates in part reflects the higher average selling price of the locations and product which we have been selling this year. In addition, during June and July, either side of the referendum on UK membership of the EU, sales volumes temporarily reduced alongside an increase in the level of cancellations, as uncertainties raised during the referendum and following the vote to leave, had an impact on purchaser confidence.

By the beginning of August, purchaser confidence had largely recovered and sales rates across the last quarter of the year have averaged 0.77 (2015: 0.77), in spite of the mix being oriented towards higher ASP product. Site numbers have also continued to grow, and as a result, Q4 2016 open-market sales revenues (excluding PRS) are 44% higher than the equivalent quarter last year.

The average number of sales outlets across the year was 47, an increase of 7% over the 44 achieved in 2015.

The business has continued to make selective additions to its short-term land pipeline, whilst also achieving planning consents on seven strategic sites in the period and transferring them into the short-term land pipeline. A further 20 of our strategic sites are included in allocations or draft allocations and progressing through the planning process. Maintaining momentum through planning is a major challenge for the industry and continues to be a key focus for the business, as it enables us to increase site numbers and grow our contribution to housing delivery.

The gross development value of both our short-term and strategic land pipelines have increased modestly in the period and provide a strong underpin for delivering on our stated growth targets.

### **Net debt**

For the first time since flotation in 2013, the business had net cash balances of £77.0m at 31<sup>st</sup> October 2016 (2015: net debt of £30.3m), reflecting the ongoing focus on cash generation and maintaining prudent levels of borrowing.

The Company is confident in re-iterating its commitment to reduce dividend cover to 2.0x in respect of 2017 earnings.

### **Current trading**

Sales in the month of October, excluding PRS, have continued at similar levels to the last quarter as a whole, averaging 0.77 sales per outlet week (2015: 0.75). The slight increase in sales rates year-on-year, combined with a higher number of outlets

and higher ASP, generated an increase in reservations of 17% and an increase in revenues of 57% compared to October 2015.

Forward sales at £344.5m are 5% higher than 2015 (£328.9m), impacted initially by the reduced number of sales in June and July but now reflecting the return of a more confident market.

### **Succession Planning**

The Board of Crest Nicholson places great importance on management succession throughout the business and careful long term planning. Accordingly, the Company announces that Patrick Bergin, Group Chief Financial Officer, is appointed to the role of Group Chief Operating Officer with immediate effect. Patrick will have responsibility for day to day operations and negotiating land acquisitions alongside Chief Executive, Stephen Stone. Having delivered on the target to build 2,500 units per annum as set out at time of the initial public offering in 2013, Stephen and Patrick will continue to work together to deliver Crest Nicholson's targets of 4,000 homes and revenues of £1.4 billion by 2019. Crest Nicholson has started the search for a new Chief Financial Officer, in the meantime Patrick will continue to administer the role.

### **Outlook**

Attractive housing market conditions continue to underpin sales rates and revenue growth. In spite of initial uncertainty arising after the referendum in June, purchasers are largely returning to the market, as high employment, good mortgage access and low interest rates continue to make this a very good time to buy a home.

Sales price and build cost inflation have both moderated in the latter part of the year, which will help to maintain affordability and support a stable housing market.

With a strong balance sheet, good land pipeline and robust business model, Crest Nicholson remains well placed to continue on its growth trajectory and contributing to the much-needed supply of housing in the UK.

Against this backdrop, the Board is confident that the business is well positioned to deliver a strong operational and financial performance.

Commenting on today's statement, Stephen Stone, Chief Executive said: "I am pleased to report that we are increasing the number of homes built, opening new sites and ensuring that the pipeline of land that fuels our business is progressing steadily through planning.

I am delighted with Patrick's appointment as Chief Operating Officer. Patrick and I have worked together successfully for ten years. We have delivered on the

challenging targets set for Crest Nicholson and its employees since our IPO in 2013 and will continue to work closely together as we target 4,000 homes and revenues of £1.4 billion for 2019. There has never been a better time for housebuilding and Crest Nicholson remains well positioned to grow volumes and deliver the homes that the UK needs and create shareholder value over the medium to long term.”

There will be a conference call for analysts at 8.00 (GMT), hosted by Stephen Stone, Chief Executive, and Patrick Bergin, Finance Director. The dial-in details are:

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***Forward-looking statements***

*This release may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this release and include, but are not limited to, statements regarding the Group's intentions, beliefs or current expectations concerning, among other things, the Group's results of operations, financial position, liquidity, prospects, growth, strategies and expectations of the industry.*

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*Past performance cannot be relied on as a guide to future performance.*

## **About Crest Nicholson**

Crest Nicholson is firmly established as a leading developer with a passion for not only building homes, but also for creating vibrant sustainable communities. With a southern-based bias, the FTSE250 Group has a track record spanning more than 50 years and a broad portfolio of developments which range in size and scale, from contemporary, large scale mixed-use developments to smaller, more traditional housing schemes. As a pioneer of its own Garden Village principles, the Company advocates a holistic approach to development embracing social, environmental and economic factors to create homes for all segments of the community. These developments are founded on good design, high-quality green spaces, and the greater involvement of local people in both vision and long term management.

In line with its commitment to help meet housing demand, apprentices make up 10% of Crest Nicholson's entire workforce, and the Group supports the development of jobs and skills at every level.

The Group was named 'Sustainable House builder of the Year' at the Housebuilder Awards 2016; is listed in the FTSE4Good index and is ranked in first place in the Next Generation sustainability benchmark.

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