

15th May 2019

Crest Nicholson Holdings plc Trading Update

Crest Nicholson Holdings plc (“Crest Nicholson” or the “Company”) today issues a trading update in respect of the six months ended 30th April 2019, ahead of its half year results announcement on 11th June 2019.

Highlights

- Sales per outlet week (“SPOW”) of 0.78 has proven resilient (HY18: 0.78)
- Total sales value achieved to date and forward sold for FY19 including land and commercial of £792m, up 4.2% (HY18: £760m)
- Good progress on increased partnership sales and JV opportunities
- Net debt and land creditors reduced by £40.9m
- Earnings and dividend guidance remain unchanged

Current trading

During the period, Crest Nicholson has made good progress on its revised strategy of focusing on shareholder returns by pausing growth during this period of heightened uncertainty, prioritising cashflow and dividends, and unlocking value in the land portfolio through partnerships and joint venture (“JV”) opportunities.

Overall, SPOW rates of 0.78 have proven resilient (HY18: 0.78) and we have unlocked value from our land bank through progress with our strategy to develop a number of our larger sites through joint ventures and partnerships. This includes completion of a new £229m JV with the Sovereign Housing Group to deliver circa 910 homes at Harry Stoke, Bristol, over future years.

Whilst residential sales achieved to date and forward sold for FY19 at £715m are 4.0% below FY18 (£745m), the total sales achieved and forward sold turnover for FY19 including commercial and land sales/JV’s at £792m are up 4.2% on last year (HY18: £760m), demonstrating the benefits of our revised strategy.

Our total residential forward sales at £500.5m are 11.0% ahead of the same period last year (HY18: £450.8m*).

We enter the second half of the year with increased site coverage, operating from an average of 58 outlets, 11.5% higher than last year (HY18: 52).

Build cost inflation during FY19 is expected to lie within the range of 3-4%.

Lower half-year net debt of £68.2m (HY18: £78.5m) and lower land creditors of £192.6m (HY18: £223.2m) represent a £40.9m reduction on last half year, reflecting our increased focus on releasing cash through pausing growth and expanding our partnerships and JVs.

Outlook

Strong levels of employment and low interest rates, combined with good mortgage access and the Government Help to Buy scheme, continue to support many purchasers into new homes and together set a robust environment for the housing market. This is supplemented by the increased funding from Homes England to Registered Providers to increase the supply of intermediate homes beyond traditional affordable housing.

Despite the wider positive macro-economic backdrop, as previously noted, with the ongoing political turbulence the demand outlook in the short term remains uncertain. However, our earnings guidance and outlook for the full year remains unchanged.

Commenting on today's statement, Chris Tinker, Interim Chief Executive said:

"The group has made good progress in implementing its strategy in the first half of the year. Improved forward sales in residential, commercial and land, and increased outlet breadth, provide a good platform as we enter into the second half of 2019.

We welcome the Government's increased grant funding and focus on delivering a broader tenure mix. As a consequence, we will continue to grow our partnerships with Registered Providers who are playing an increasingly important role in the diversification of tenures. This strategy trades an element of margin for reduced risk and improved cash flows. Overall, we remain confident in our ability to deliver returns in line with Board expectations.

We maintain a strong balance sheet and operate a disciplined business model, generating good returns on our chosen investments. We have reduced debt in the half year and expect to be cash positive by the end of the year after paying ordinary dividends of 33 pence per share."

<u>Appendix</u>	HY2019	HY2018	Change
SPOW	0.78	0.78	-
Outlets	58	52	+11.5%
Net Debt	£68.2m	£78.5m	-13.1%
Land creditors	£192.6m	£223.2m	-13.7%
FY19 achieved/forward sold	£792m	£760m*	+4.2%
Total forward sales	£500.5m	£450.8m*	+11.0%

* Adjusted for the impact of IFRS 15

Notes to editors:

The above is based on unaudited information.

Full half year results will be announced on 11th June 2019 followed by a presentation to analysts.

As previously announced, Duncan Cooper will be joining the company as Group Finance Director on 17th June 2019 and Peter Truscott will be joining the company as Chief Executive Officer in September 2019.

There will be a conference call for analysts at 8.30 a.m. (BST), hosted by Chris Tinker, Interim Chief Executive, Stephen Stone, Chairman and Rod Holdsworth, Interim Group Finance Director. The dial-in details are:

Dial-in: +44 (0) 20 3003 2666

Title: Crest Nicholson Trading Update

Password: Crest Nicholson

For further information please contact:

Crest Nicholson Holdings plc +44 (0) 1932 580555

Chris Tinker
Rod Holdsworth

Finsbury +44 (0) 20 7251 3801

James Bradley
Philip Walters

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.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the development of the markets and the industry in which the Group operates may differ materially from those described in, or suggested by, any forward-looking statements contained in this release. In addition, even if the development of the markets and the industry in which the Group operates are consistent with the forward-looking statements contained in this release, those developments may not be indicative of developments in subsequent periods. A number of factors could cause developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation, general economic and business conditions, industry trends, competition, commodity prices, changes in law or regulation, changes in its business strategy, political and economic uncertainty. Save as required by the Listing and Disclosure Guidance and Transparency Rules, the Company is under no obligation to update the information contained in this release.

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 c.10% of Crest Nicholson's entire workforce, and the Group supports the development of jobs and skills at every level. The Group's focus on upskilling its workforce has led to its Graduate Training scheme being awarded 'Best Company to

work for' by The Job Crowd 2017 and its industry leading Site Management Academy was also named 'Best Training or Recruitment Initiative' at the Housebuilder Awards 2017. The Company is consistently listed in the FTSE4Good index.

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