

# Press release

Crest Nicholson

20 March 2014

## **Crest Nicholson Holdings plc Interim Management Statement**

Crest Nicholson Holdings plc (Crest Nicholson) is holding its Annual General Meeting at 10.30a.m today in Weybridge, Surrey. This Interim Management Statement covers the 18 week period from 1<sup>st</sup> November 2013 to 7<sup>th</sup> March 2014. Half-year results for the six months ending 30<sup>th</sup> April 2014 are expected to be announced on 17<sup>th</sup> June 2014.

### **Current trading**

Open-market reservation rates over the period from 1<sup>st</sup> November 2013 to 7<sup>th</sup> March 2014 have been 0.86 per Outlet Week, up 13% on the 0.76 rate for the equivalent period last year.

The sales environment for new-build housing continues to be buoyant, with the stimulus from the government's 'Help to Buy' scheme and generally improving economic conditions helping many new purchasers into home ownership.

Average selling prices continue to grow steadily, with both the mix of product delivered and house price inflation playing a part. Prices in the Home Counties in particular are starting to reflect the 'ripple effect' of strong values in the London market.

Forward sales for 2014 and beyond total £330m, a 50% increase on the £220m achieved this time last year. At 7<sup>th</sup> March, 58% of reservations had been taken in respect of forecast FY2014 legal completions.

Average outlet numbers have grown modestly, albeit that stronger sale rates inevitably have an impact on the number of full-year equivalent outlets in operation. During the period, the business was operating from an average number of 43 outlets (2013: 42).

Cancellation rates in the period have averaged 12% (2013: 8%), which is more representative of a long-term level for this business.

Our supply chain has now had nine months to respond to the increased levels of production that we are seeking to bring through and initial pressures that arose last year have largely been accommodated. Whilst some costs have risen and delivery lead-times lengthened, we remain on track to deliver our planned production outputs for 2014 of approximately 2,500 units.

Stephen Stone, Chief Executive commented "Market conditions throughout our areas of operation continue to be favourable and the business is responding by increasing our delivery of new homes. We are continuing to add value to our land bank and to progress opportunities to develop the business for the benefit of all our stakeholders."

## **Land bank**

The land market continues to yield opportunities that meet or exceed our corporate hurdle criteria for gross margin and return on capital. With a strong land bank already in place, the business is focused on selectively purchasing additional sites in attractive Southern locations, which will underpin further growth in revenues.

In the year to date, 6 sites have been purchased, with a total of 389 plots acquired at an estimated gross development value of £167m. Sufficient plots have now been secured to deliver our forecast volumes for 2014 and 2015 and almost all the plots forecast for 2016 delivery are either secured or are in solicitor's hands.

## **Financial position**

At 31<sup>st</sup> October 2013, the group had shareholder equity of £470.3m (2012: £347.1m). The Group uses bank borrowings to finance part of its working capital requirement through the year, to accommodate the seasonal profile of receipts from legal completions.

On 14<sup>th</sup> March, we were pleased to announce that we had increased our current £100m Revolving Credit Facility to £200m, whilst at the same time reducing the margin payable and extending the facility to March 2019.

## **Outlook**

Increasing sales volumes and rising open-market ASPs are combining to deliver strong growth in revenues.

The proposed extension of the Help to Buy scheme through to 2020 provides additional certainty for business planning in the medium term, supporting the investment in skills and capacity required to deliver an increasing number of new homes.

We continue to add value to our land portfolio, both through site acquisitions and by making progress through the planning process on a number of our strategic options.

Against a backdrop of rising purchaser confidence, increases in mortgage approvals and generally improving economic conditions, the Group is very well positioned to continue driving business performance.

There will be a conference call for analysts at 08.00 (BST), hosted by Stephen Stone, Chief Executive, and Patrick Bergin, Finance Director. The dial-in details are:

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

**Title:** Crest Nicholson IMS

**Password:** Crest

### **Annual General Meeting**

Crest Nicholson Holdings plc (Crest Nicholson) is holding its Annual General Meeting at 10.30a.m. today, at Brooklands Hotel, Brooklands Drive, Weybridge, Surrey, KT13 0SL. An announcement will be made later today with the results of the Annual General Meeting.

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

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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.*

*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 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.*