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Crest Nicholson Holdings plc
(the “Group” or “Crest Nicholson”)

TRADING UPDATE

FY23 ADJUSTED PROFIT BEFORE TAX NOW EXPECTED TO BE AROUND £50.0m

Trading Environment

Against a backdrop of persistently high inflation and rising interest rates, trading conditions for the housing market have worsened during the summer of this year. While pricing has remained resilient in a market with limited supply and few distressed sellers, the economic uncertainty is deterring prospective home movers. Additional mortgage borrowing for those looking to upgrade or for those with low levels of equity, notably first-time buyers, has become significantly more expensive with no Government support (following the end of Help to Buy) now in place to cushion this impact.

Transaction levels across the industry have therefore weakened further, particularly in recent weeks. Although overall inflation is encouragingly starting to fall, core inflation and wage inflation both remain high with further interest rate rises forecast over the coming months. The Group does not therefore expect to see a material improvement in trading conditions before its year end at 31 October 2023.

At the interim results in June 2023 the Group outlined that it was forecasting a SPOW rate of 0.50 for the second half and for the 7 weeks to 18 August 2023 this has been 0.25, representing a progressively deteriorating trend.

Given this market backdrop the Group is also currently negotiating several bulk deals on appropriate commercial terms with partners where it has developed strong relationships over recent years. These transactions will provide support to volume delivery in future years.

Legacy Schemes

In addition to a poorer trading environment, the Group has also recorded a further £4.0m cost movement in the second half at Brightwells Yard, Farnham. This site is a highly complex urban regeneration and mixed-use development scheme with a build programme expected to conclude by the end of the calendar year.

Management Actions

Management are responding proactively to these conditions. The Group was able to add several high-quality sites to the land portfolio in the first half and, as has been previously communicated, expects future land activity to reduce significantly.

Management will also be reducing the Group’s overhead position in the next financial year and will be incorporating the newly created East Anglia division into its existing Eastern division with revised boundaries. Yorkshire will remain unaffected given it is now a fully operational division, but the pace of growth and onboarding of further resources expected in this region will be revised to reflect the market conditions. Further detail on these initiatives will be shared in the Group’s November trading update.

Dividend

The Board remains committed to the FY23 dividend pence per share in line with prior year at 17.0 pence per share as announced in June 2023.

Outlook

The Board remains positive and confident about the outlook for Crest Nicholson. While the current trading conditions are challenging, over the medium term it expects inflation to abate and mortgage rates start to reduce. In addition, the Group has a strong financial position and an experienced leadership team who are used to trading through downturns in the cycle. The long-term structural shortfall of housing supply versus demand continues to increase and the Group has developed an attractive land portfolio.

Reflecting the factors outlined above, the Group now expects FY23 Adjusted Profit Before Tax to be around £50.0m.

Analyst and investor conference call

There will be a brief conference call for analysts at 9.00 am today hosted by Peter Truscott, Chief Executive and Duncan Cooper, Group Finance Director.

Dial in details:

UK: 0207 660 8380

Toll-free: 0800 029 3426

Phone Conference ID: 924 858 743#

For further information, please contact:

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The person responsible for arranging the release of this announcement on behalf of the Company is Harriet Huband, Interim Company Secretary.

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