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

STREAMLINING OPERATIONS IN RESPONSE TO MARKET CONDITIONS
STRONG LAND PORTFOLIO TO SUPPORT MEDIUM-TERM GROWTH AMBITIONS

Crest Nicholson today provides an update on trading for the year ending 31 October 2023 and a streamlining of Group operations for FY24.

Financial Summary

- Previous 10-week private Sales Per Outlet Week (SPOW) excluding bulk of 0.39, reflecting the continued weakness in the housing market but on an upward trend
 - Previous 10-week private SPOW including bulk of 0.80
- FY23 Adjusted Profit Before Tax (APBT) expected to be in the range of £45.0m to £50.0m
 - Including a £0.5m charge for restructuring activities
 - Brightwells Yard, Farnham – a zero margin scheme – has incurred circa £11.0m of incremental build costs in FY23 (a further £7.0m in addition to the £4.0m previously communicated). Construction activities are now in the final stages as the site approaches its completion
- Group’s year-end net cash position at £64.9m
- Strong strategic relationships with institutional investors delivering 273 unit completions in FY23
- Forward sales as at 10 November 2023 of 1,710 units and £408.5m Gross Development Value (GDV) (11 November 2022: 2,038 units and £526.2m GDV)
- Disciplined approach to capital allocation for FY24
 - Land activity to reduce significantly given high quality additions made earlier this year
 - Rigorous approach to work-in-progress to align to expected sales rates

Operational Summary

- Several high quality sites added to the portfolio in the first half with planning approvals underway. These sites all provide excellent prospects to support future growth
- Build cost inflation is starting to reduce from mid-single digit percentages and we expect this to continue into FY24
- On track with our sustainability targets as we actively collaborate with our supply chain and wider industry to reduce greenhouse gas emissions and prepare for upcoming regulations
- Good progress with our fire safety remediation programme

Streamlining of Group Operations

Given the deterioration in trading conditions experienced in the second half of the year, the Group communicated in its 21 August 2023 Trading Update that it would be reducing overheads for FY24.

Accordingly, the management team has conducted a thorough and diligent review of all activities within the Group.

These changes will:

- Reduce annualised administrative expenses by circa £3.0m in FY24
- Moderate the pace of growth in Yorkshire – now expecting 300-350 units in 2026
- Incorporate the newly created East Anglia division into the existing Eastern division with revised boundaries
- Align headcount and resources in existing divisions to the expected level of output in FY24
- Require a one-off £0.5m cash charge in FY23 APBT to implement

These decisions balance the need to respond to the tougher operating environment whilst preserving the capability to deliver future growth as more favourable economic and trading conditions return.

We will provide further detail and an update on the progress of these initiatives at our Preliminary results in January 2024.

Peter Truscott, Chief Executive, commented:

‘Given the challenging trading backdrop we have experienced this year, the Group has acted decisively in streamlining its operations to align our cost base with the operating environment. These are difficult decisions to take but will ensure the Group is well positioned to recover strongly as more supportive market conditions return. I would like to thank all Crest Nicholson colleagues for their efforts this year and their professionalism in dealing with the changes we have made.

We expect the housing market will remain challenging as we head into 2024 with elevated interest rates remaining in place until inflation comes back down to its target level. In addition, the absence of any Government support for first time buyers, coupled with higher borrowing costs continues to impact affordability.

However, there are reasons to be optimistic with year-on-year inflation now halved and real wage growth starting to be felt in households across the UK. We have acquired some excellent sites that are at advanced stages in the planning process, leaving us well positioned to trade in whatever market conditions emerge.’

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The person responsible for arranging the release of this announcement on behalf of the Company is Penny Thomas, Group Company Secretary.

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