Crest NICHOLSON

Press release

FINAL: 17th November 2015

Crest Nicholson Holdings plc

Trading Update

Growth strategy on track

Crest Nicholson Holdings plc (Crest Nicholson) today issues a trading update in respect of the financial year ended 31st October 2015, ahead of its preliminary results announcement on 26th January 2016.

Highlights

	2015	**2014**	**Change**
Unit completions	2,725	2,530	+8%
Open-market ASPs*	£309k	£282k	+10%
Gross development value of land pipeline - £m			
- short term	5,355	5,019	+7%
- strategic	5,111	4,323	+18%
Total	**10,466**	**9,342**	**+12%**
Forward sales - Units	1,680	1,499	+12%
Forward sales - £m	£328.9m	£249.4m	+32%

Commenting on today's statement, Stephen Stone, Chief Executive said: "A growing and sustainable housing market in the South of England has underpinned Crest Nicholson's good sales rates and overall performance. The strategy to grow unit volumes and average sales prices by investing in good quality locations is progressing well and we remain on track to hit our targets of £1billion of revenue by 2016 and £1.4billion of revenue and 4,000 homes by 2019.

High employment and good mortgage access continue to enable purchasers to secure a new home and we are pleased to be playing our part in addressing the

UK's housing shortfall and delivering value for our customers, our staff and wider stakeholders."

Overview

Crest Nicholson has continued to grow housing volumes, delivering 2,725 units in the year, an increase of 8% over the prior year. In line with our established strategy, open-market average selling prices have increased by 10%, to £309k*.

Underlying sales rates for the year, excluding PRS, averaged 0.90 per outlet week (2014: 0.82), up 10%.

The continued development of our Private Rented Sector (PRS) offer has enhanced our overall sales rate and forward sales position, helping to drive a 32% increase in the value of our forward sales. Following the sale in April of 97 PRS units at Bath Riverside, Crest Nicholson has recently contracted to deliver to M&G Real Estate a further 227 units at Faygate, near Gatwick for private rental. This transaction represents our first example of a purpose-designed suburban PRS model.

The average number of sales outlets has increased, rising by 5% to 44 in 2015 (2014: 42). Faster rates of sale mean that sales outlets are operating for a correspondingly shorter period, bringing into focus the importance of securing new sites and operational starts in a timely fashion. As anticipated, the run-up to the election in May caused some delays in the determination of planning applications but we are now seeing an improving picture.

The land market continues to offer very good opportunities and the business has made disciplined investments in both its short-term and strategic land pipelines, to ensure that our mature divisions have an appropriate supply of replacement land and that our growing divisions continue to expand their outlet breadth.

It was especially pleasing that our new Chiltern division was able to secure five new sites in their first year of operation, at or above Group hurdle rates.

The gross development value of our short-term and strategic land pipelines have continued to grow, reflecting both rising house prices and the securing of sites in locations with a higher prevailing average selling price.

The number of units in the short-term pipeline at 16,064 represents 5.9 years of supply. (2014: 17,247 units and 6.8 years.)

Net debt

The business continues to operate with conservative levels of gearing; net debt at 31st October 2015 was c£30m compared with the £19.3m net debt balance at 31st October 2014.

Strong growth is expected to generate increasing levels of free cash flow, which underpins the Company's intention to reduce dividend cover to 2.0x by 2017.

Current trading

Purchaser demand for new homes has continued at a very good level through the summer and in to the autumn. Sales rates for the four months since our last announcement in June have averaged 0.80 sales per outlet week, through the seasonally quieter summer period, up 8% on the equivalent period in 2014*.

Open-market forward sales* for all years at 31st October 2015 were 420 units and £150.4m, compared with 413 units and £119.6m at 31st October 2014. Whilst unit numbers are broadly level, the increase in revenues of 26% reflects both actual price inflation and the impact of our higher ASP strategy.

Forward sales of affordable units are slightly lower, as a number of deals with Registered Providers have been delayed somewhat whilst they assess the impact of changes arising from the summer Budget and as we evaluate the impact of the government's Starter Homes initiative on affordable housing provision. Forward sold affordable units and revenues at 31st October 2015 were 842 and £105.8m respectively, compared with 883 and £106.5m at 31st October 2014.

Outlook

The combination of ongoing economic growth, good mortgage access and a rise in disposable incomes underpin our expectation that sales rates will continue to be strong.

Capacity within the supply chain will continue to be a constraint within the industry, as will the speed at which planning consents are granted and planning conditions cleared. It remains important that resourcing in local authority planning departments matches the levels of planning activity that are contemplated in delivering increased volumes of housing.

Sales price inflation and build cost inflation have both shown some signs of moderating over the summer, across all areas of operation, which bodes well for a more sustainable market in the longer term.

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

Notes:

* means the figure excludes PRS

For further information please contact:

Crest Nicholson Holdings plc +44 (0) 1932 580555

Stephen Stone
Patrick Bergin

Finsbury +44 (0) 20 7251 3801

Faeth Birch
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 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.

For further information about Crest Nicholson contact:

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 'Large Housebuilder of the Year' at the Housebuilder Awards 2015; is listed in the FTSE4Good index and is a consistent top performer in the Next Generation industry benchmark.

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