12 November 2020

Vistry Group PLC
Trading update

Vistry Group PLC (the "Group") is issuing a scheduled trading update for the period from 1 July to 11 November 2020 ("the period").

Highlights

- On track to deliver FY20 profit before tax[1] at the top end of expected range of £130m to £140m
- Well positioned to deliver step-up in profit before tax[1] to £310m in FY21 assuming stable market conditions
- FY20 net debt to be significantly lower than expected reflecting strong operational performance
- Resumption of dividends in FY21 including interim dividend in November 2021
- COVID-secure measures working well; no impact to operations from recent lockdowns
- On track to retain maximum 5-star HBF customer satisfaction rating for 2020

Strong sales position

Demand for our new homes has remained consistently strong with the Group achieving a private sales rate per outlet per week since 1 July 2020 of 0.67 (2019: 0.58[2]). The last couple of weeks have remained robust despite the announcement of the second national lockdown. Pricing has been firm, and we are fully sold for our forecast total completions for FY20.

Over the past six months we have developed our online sales capability including the option to reserve a home through a mobile device. This channel is proving increasingly popular and more than 500 customers have already reserved their new home through our 'six-click' reservation process. We offer virtual tours and our sales offices continue to be open and operate on an appointment only, COVID-secure basis.

Customer satisfaction remains a key priority and we are pleased to see our HBF Customer Satisfaction score for the year from 1 October 2019 trending above 90%. We remain confident of achieving the maximum 5-star HBF customer satisfaction rating for 2020.

Vistry Partnerships

Vistry Partnerships has a clear strategy to deliver accelerated profit growth with a revenue target of more than £1bn and an operating profit margin target of 10% for FY22.

This growth will be driven through increasing our proportion of higher margin, land led developments within the Vistry Partnerships contracting business, and by a significant increase in our higher margin mixed tenure completions, where we are targeting c. 3,000 units in FY22, up from 1,158 in FY19. The Group expects to report progress towards this in FY20 with an increase in mixed tenure completions and some margin progression.

There is a strong and resilient pipeline of demand from Local Authorities, Housing Associations and other investors, driven by high underlying demand and underpinned by resolute political commitment to increasing the supply of much needed affordable homes. With its expertise,

[1] Pre-exceptional items and amortisation of acquired intangible assets
[2] Proforma Vistry Group sales rate

relationships and geographical reach, Vistry Partnerships is uniquely positioned to maximise this opportunity.

Robust supply
Our supply chain has been resilient during the pandemic and we highly value our close working relationships with our suppliers. We have been in regular dialogue with them as we entered the second national lockdown and continue to see a good supply of build materials and labour with low levels of cost inflation.

COVID-secure operations
The health and safety of our employees, sub-contractors, suppliers and customers is a key priority. The construction industry has adapted well to working in a COVID-secure manner and we have comprehensive, COVID-secure working practices embedded across all areas of our business. There has been no requirement to change our business operations with this second national lockdown and all our sites remain open, with productivity at normal levels.

Increased land activity
We continue to see attractive opportunities in the land market and have increased our land activity in the second half to ensure a good supply of high-quality developments in line with our operational and financial targets.

In the year to date, Housebuilding has secured 3,237 plots across 16 developments totalling £179.2m and has a strong land pipeline, with 100% of land required for forecast FY21 completions secured.

Partnerships is investing in its owned land bank to support its targeted step-up in mixed tenure completions to 3,000 units by 2022. In the year to date, Partnerships has secured 2,157 plots on 9 sites for mixed tenure development and is well positioned for 2021, with 100% of the land required for forecast FY21 mixed-tenure completions secured.

Strategic land remains a key component of the Group's land supply and with a c. 150 to 300 basis point margin enhancement, will drive margin growth in both Housebuilding and Partnerships' mixed tenure. In the year to date, we are pleased to have secured 2,436 strategic land plots across 8 developments.

Funding and liquidity
We are on track to deliver a significantly greater reduction in Group net debt at 31 December 2020 than previously expected (30 June 2020: £357.3m). This will be achieved through our strong operational performance across the group.

The Group is operating with substantial funding headroom, with committed banking facilities totalling £770m and well spread maturities out to 2027.

Dividend
With the Group's strong performance including cash generation and the expected reduction in net debt, combined with the positive outlook supported by the Group's forward sales position, the Board is pleased to confirm its intention to resume dividend payments earlier than previously expected with an interim payment payable next November in respect of FY21. The Board expects to commence with a 2.5 times dividend cover and a progressive policy thereafter.

Outlook

The Group is on track to deliver full year profit before tax[1] for FY20 at the top end of our expected range of £130m to £140m and a Group net debt significantly lower than previously expected.

Looking to FY21, we expect to step-up completions in both Housebuilding and Partnerships which is supported by our record forward sales position and secured land supply. Assuming stable market conditions, the Group remains confident it can increase Group profit before tax[1] in FY21 to £310m. With strong cash generation, we expect to reduce Group net debt by a further £100m in FY21 and to resume dividend payments with a 2.5 times dividend cover.

Housebuilding forward sales total 6,726 (June 2020: 5,729) units (including 100% JVs) and £1,536m (June 2020: £1,264m) revenue. Mixed tenure forward sales total 1,657 (June 2020: 1,604) units (including 100% JVs) and £358m (June 2020: £357m) revenue. Vistry Partnerships' contracting forward order book totals £811m (30 June 2020: £920m).

Greg Fitzgerald, Chief Executive said:

"Demand for our new homes has remained strong and we are on track to deliver profit for FY20 at the top end of our expectations. We are well positioned for FY21 with a record forward sales position and assuming stable market conditions, expect to see a step-up in completions delivering Group profits of £310m.

"Our priority is reducing the Group's leverage while delivering on our medium-term targets. Cash generation has been strong, and we now expect our FY20 year-end net debt to be significantly lower than our previous expectations.

"Given this robust business performance and outlook, the Board is pleased to confirm its intention to resume dividends in FY21 including an interim dividend next November, earlier than previously anticipated."

Forward sales (£m)	**11 November 2020**	**30 June 2020**
Housebuilding		
- Private	762	660
- Affordable	369	330
- JVs (100%)	405	274
Total Housebuilding	**1,536**	**1,264**
Partnerships		
- Mixed tenure	160	168
- JVs (100%)	198	189
Total mixed tenure	**358**	**357**
Total development	**1,894**	**1,621**
Total contracting	**811**	**920**
Total Group	**2,705**	**2,541**

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