

17 May 2021

Vistry Group

Vistry Group PLC

Trading Update for the period covering 1 January 2021 to date

Vistry Group PLC (the "Group") is today providing an update on trading in the period from 1 January 2021 to date ahead of its Annual General Meeting ("AGM") which is being held at 12:00 noon today.

- Very positive start to the year with strong demand across all areas of the business and an average weekly private sales rate of 0.75, up 21% on 2019 (2020: 0.44, 2019: 0.62)
- Housebuilding on track to deliver a significant step-up in completions in FY21 to c. 6,500 units (FY 20: 4,652), ahead of our previous expectations, and an improvement in gross margin
- Vistry Partnerships continues its excellent progress towards FY22 targets of £1 billion revenue and a 10% plus operating margin
- Group month-end average net debt for 2021 to be less than £150m, below our previous target of less than £200m
- Group forward sales position further strengthened to £2.7 billion, with 83% of forecast FY21 total Housebuilding units and Partnership margin mixed tenure units secured
- Delivering high quality homes remains a top priority and we are pleased to maintain our 5-star HBF Customer satisfaction rating with the Group delivering ahead of the 2020 level
- The Group has previously guided to adjusted profit before tax¹ for FY21 of at least £310m. Reflecting the strong trading in H1 and increased expectations for FY21 Housebuilding completions, the Group now expects adjusted profit before tax for FY21 to be c. £325m, whilst maintaining its expectations for FY22

Strong demand

We have seen consistently strong demand across all areas of the business in the year to date, with our private sales rate per site per week at 0.75 (2020: 0.44, 2019: 0.62). This is an increase of 70% on the equivalent rate for 2020 and 21% increase on the 2019 pro forma. During the period we have transitioned to the new Help to Buy scheme designed for first time buyers only and are seeing good demand for this new product.

The Group's forward sales position has further strengthened to £2.7 billion. Housebuilding forward sales total £1,490m and Partnerships' mixed tenure forward sales total £448m, with 83% of forecast FY21 total Housebuilding units and Partnership mixed tenure units secured. Partner Delivery forward order book totals £808m with 92% of forecast FY21 Partner Delivery revenue secured.

Operations

Delivering high quality homes remains a key priority across the Group as we forecast a significant step up in completions for 2021. Our sites are operating well with build rates at pre-pandemic levels or above, and the Group's HBF Customer Satisfaction score maintained at 5-star, with both Housebuilding and Partnerships delivering at this level.

¹ Pre-exceptional items and amortisation of acquired intangible assets

Aligned with the strong demand in the market we have seen some improvement in pricing across all our business units. We are also seeing modest levels of build cost inflation across both our labour and material supplies, with the agreements entered into on the formation of Vistry Group providing some protection in respect of our material procurement. Our focus on strong supply chain relationships and well-controlled procurement is benefitting us during a period of high demand.

High quality land acquisition

We continue to see a good supply of high-quality land opportunities that at least meet our minimum hurdle rates, and in particular larger sites, where there is a lower level of competition. The Group is well positioned to maximise this opportunity with the value we can achieve from larger sites now enhanced by our ability to deploy the differing development approaches of both Housebuilding and Partnerships, as well as offering dual brands. Strategic land remains a key source and our strategic land team has made good progress in the year to date, securing options over 1,350 plots across 3 developments and has a strong pipeline.

Housebuilding has secured 3,230 plots across 13 developments totalling £145m in the year to date and has excellent visibility on land, with 94% of land required for forecast FY22 completions now secured. Partnerships has stepped up its land acquisition to support its strong growth in mixed tenure completions. In the year to date, Partnerships has secured 1,177 plots on 5 sites for mixed tenure development, and now has 98% of land required for forecast FY22 mixed-tenure completions secured.

Balance sheet and liquidity

The positive performance in the year to date is mirrored in an improved cash position. We now expect Group month-end average net debt for 2021 to be less than £150m, below our previous target of less than £200m. We expect to deliver a much stronger year on year net cash position as at 31 December 2021 (31 December 2020: £38.0m net cash).

Sustainability

Having launched our new sustainability strategy earlier this year we are making good progress. Our work is well under way in determining our Science-Based Targets and route to Net Zero and we will provide the details of this with our half year results in September.

Dividends

As previously announced, the Group is pleased to resume the payment of dividends and intends to pay a 2020 final ordinary dividend of 20 pence per share on 21 May 2021, subject to shareholder approval at today's AGM. Looking forwards, the Group is targeting to maintain a strong balance sheet while operating with a progressive dividend policy which allows the Group to move towards a 1.75x dividend cover over time.

Outlook

The Group continues to see strong demand across all areas of the business. Our sites are operating well, and we are seeing the strategic benefits of the enlarged Group coming through. We anticipate that our half year performance will be significantly ahead of our previous expectations in terms of profit and cash.

For the full year, Housebuilding is on track to deliver a significant step-up in completions to c. 6,500 units, ahead of previous guidance, and an improvement in adjusted gross margin to c. 22%. Partnerships expects to deliver significant growth in higher margin mixed tenure completions in FY21 and is on track to meet its FY22 targets of £1bn revenue and an adjusted operating margin of 10% plus.

The Group has previously guided to adjusted profit before tax⁽¹⁾ for FY21 of at least £310m. Reflecting the strong trading in H1 and increased expectations for FY21 Housebuilding completions, the Group now expects adjusted profit before tax for FY21 to be c. £325m, whilst maintaining its expectations for FY22.

Greg Fitzgerald, Chief Executive commented:

“It has been a very positive start to the year with strong demand across all areas of our business and our private sales rate increasing to 0.75. As we approach the end of our first half, we anticipate results for the six months will be well ahead of our previous expectations.

Vistry Housebuilding is firmly on track to deliver a significant step up in completions in FY21 and remains firmly focused on driving profitability to deliver the expected improvement in gross margin.

Vistry Partnerships holds an exciting and unique market position and has a clear growth strategy. The business is making excellent progress towards its targets of increasing revenues from £728m last year to £1bn in FY22 accompanied by operating margin improvement to at least 10%.

Delivering high quality homes and excellent customer service remains a top priority for the Group. We are pleased to have maintained our 5-star HBF Customer satisfaction rating and continue to make progress, with the Group now achieving scores ahead of 2020 levels.”

Greg Fitzgerald, Graham Prothero and Earl Sibley will host a call for analysts today at 8:00am.

To join the call please dial: +44 (0)330 336 9126, Confirmation code: 4563344

Forward sales (£m)	1 March 2021	14 May 2021
Housebuilding		
- Private	608	715
- Private JVs (100%)	171	214
- Affordable	414	446
- Affordable JVs (100%)	117	115
Total Housebuilding	1,310	1,490
Partnerships		
- Mixed tenure	184	198
- Mixed tenure JVs (100%)	254	250
Total mixed tenure	438	448
Total development	1,747	1,938
Total partner delivery	880	808
Total Group	2,627	2,746

Certain statements in this press release are forward looking statements. Forward looking statements involve evaluating a number of risks, uncertainties or assumptions that could cause actual results to differ materially from those expressed or implied by those statements. Forward looking statements regarding past trends, results or activities should not be taken as representation that such trends, results, or activities will continue in the future. Undue reliance should not be placed on forward looking statements.

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