18 May 2023

Vistry Group

Vistry Group PLC - Trading Update

Vistry Group PLC (the "Group") is providing an update on trading in the period from 1 January 2023 to date, ahead of its Annual General Meeting ("AGM") which is being held at 12:00pm today.

Greg Fitzgerald, Chief Executive commented:
"We have continued to see improving market conditions and the Group has traded in line with our expectations for the year to date. Partnerships is demonstrating the resilience of its business model and is expected to deliver revenue growth in FY23 against proforma FY22. The homes and places that Vistry is creating continue to respond directly to the needs of society, delivering mixed tenure housing for new communities across the country. The Group's forward sales position is strong, totalling £4,475m, with 75% of forecast FY23 Partnership mixed tenure units and 74% of forecast FY23 Housebuilding units secured.

"We are well positioned to manage costs, reflecting the enlarged Group's increased purchasing scale and the visibility of revenues within our Partnerships business, and for FY23 we are targeting to offset any inflationary cost increases. The integration of Countryside continues to make excellent progress and we expect to deliver £25m of synergies in FY23 and the full run rate of £60m by the end of FY24. I am increasingly confident on the outlook for Vistry for FY23 and expect adjusted profit before tax for FY23 to be in excess of £450m."

- Group sales rate continues to improve with the average weekly private sales rate per site per week at 0.83 for the year to date
- Open market pricing has remained resilient, supported by the use of incentives particularly targeted at first time buyers
- Group continues to deliver high quality homes and outstanding customer service, with 5-star HBF Customer Satisfaction rating
- The sector continues to address the challenges of unprecedented regulatory change, with Vistry's business model and highly experienced management team, well positioned to mitigate this
- The Group forward order book totals £4,475m with Partnerships forward sales totalling £3,067m and Housebuilding totalling £1,408m
- Reflecting the strength of the forward order book and progress on integration, the Group now expects to deliver adjusted profit before tax for FY23 in excess of £450m

Current trading
The Group has traded in line with our expectations for the first 19 weeks of the year. The resilience of our Partnerships business has been clear with strong levels of demand from Housing Associations and Local Authorities and an improving level of demand from PRS providers.

Partnerships has secured a number of exciting development opportunities in the year to date, all of which meet our hurdles of at least 50% of homes presold and 40% return on capital employed. In particular, we were delighted to have been selected by The Guinness Partnership to form a 50/50 joint venture to deliver Phase 2 at Signal Park, a major redevelopment in Tolworth with a gross development value of £400m and the delivery of 700 much needed mixed-tenure homes. We continue to benefit from working with clients on the early adoption of Future Homes, strengthening our experience and delivery of sustainable homes. We were pleased to have been appointed the preferred bidder for a further £99m phase on the South Kilburn Estate with Brent as our Local

Authority Partner. The scheme, which will deliver over 200 new homes, will also achieve CO_2 savings significantly below building regulations requirements.

Our Housebuilding business is seeing good, sustained levels of customer interest benefitting from lower mortgage rates and increased mortgage availability since the start of the year. We continue to use targeted incentives at levels in-line with our forecasts to support demand, particularly from first time buyers. Housebuilding is focused on delivering operational excellence in this more competitive marketplace, with top quality customer service and the highest build standard critical to success.

The Group has entered into a number of bulk transactions in the period, in particular meeting the demand for new homes from Housing Associations with which the Group has established, long-term relationships. These bulk transactions have supported the sales rate, ensured that we have been able to hold firm on our open market private sales prices, and assisted with subcontract savings and the management of preliminary costs. Excluding bulk sales in Housebuilding, the Group sales rate in the period was 0.65.

The integration of Countryside continues to make excellent progress. The new operating structure of 19 and 13 business units in Partnerships and Housebuilding respectively is well embedded, and the plan for increased output from Vistry Works, our manufacturing business, is also progressing well. The initial milestones for consolidation of systems have been achieved on time and on budget, and former Countryside operations are expected to complete migration to Vistry's single operating system by the end of the year.

Following the acquisition, we are renegotiating the Group's centralised procurement contracts which in total, account for c. 90% of materials secured. Reflecting the Group's significantly increased purchasing scale and the high level of revenue visibility for Partnerships, we are well positioned and are making good progress. Overall, we are targeting to offset any build cost increases in FY23 after the benefit of cost synergies.

Land
Partnerships continues to invest in its owned land bank to support the ambitious growth strategy of mixed tenure revenues. In the year to date, the business has secured 4,097 (2022: 1,666) plots on 11 (2022: 8) sites for mixed tenure development. All land is secured with a minimum 50% pre sold units and minimum 40% return on capital employed. Partnerships is well positioned on land and has 95% of the land required for forecasts FY23 completions secured and 85% of the land for FY24 completions secured.

Housebuilding continues to see attractive high quality land opportunities and is maintaining a highly selective approach to land acquisition with minimum hurdle rates of 25% gross margin and 25% return on capital employed as well as deferred payment terms. In the year to date, the business has secured 3,102 (2022: 2,750) plots across 13 (2022: 13) sites. The business has a strong deliverable pipeline of land with all of the land required for forecast FY23 completions secured and 95% of the land for FY24 completions secured.

Capital allocation and dividend
As previously announced, we intend to pay a final ordinary dividend of 32 pence per share on 1 June 2023, subject to shareholder approval at today's AGM. This brings the total ordinary dividend for 2022 to 55 pence per share and represents a total full year dividend payment of £162.3m (2021: £133.1m), which is covered two times by Group adjusted net earnings.

The Board is reviewing the Group's capital allocation policy to ensure it remains appropriate in the context of the enlarged Group and in doing so will be consulting with shareholders. The outcome of this review will be communicated with the Group's half year results in September this year.

Outlook

With excellent progress made on integration, our enlarged Partnerships business is well positioned to meet the strong demand for mixed tenure housing across the country. The resilience of Partnerships is reflected in its strong forward order book which provides us with confidence that the business will deliver revenue growth in FY23 against proforma FY22.

Housebuilding is seeing high, sustained levels of interest and an improving trend on private sales rates. With a highly experienced management team, the business is maintaining a controlled approach focused on operational excellence, capital management and tight cost control. The expected year on year reduction in private sales rates is reflected in our build rates.

Reflecting the strength of the forward order book and progress on integration, the Group now expects to deliver adjusted profit before tax for FY23 in excess of £450m.

Forward sales

(£m)	**15 May 2023**	20 March 2023	13 May 2022
Housebuilding			
- Private	**699**	630	904
- Private – Vistry share of JVs	**157**	107	151
- Affordable	**482**	524	446
- Affordable – Vistry share of JVs	**70**	78	62
Total Housebuilding	**1,408**	1,339	1,563
Partnerships			
- Mixed tenure	**1,556**	1,489	380
- Mixed tenure – Vistry share of JVs	**424**	381	171
Total mixed tenure	**1,980**	1,870	551
Total partner delivery	**1,087**	970	860
Total Partnerships	**3,067**	2,840	1,411
Total Group	**4,475**	4,179	2,974

Note: 13 May 2022 forward sales restated to include Vistry share of JVs (previously included 100% of JV forward sales)

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