23 October 2023

Vistry Group PLC – Q3 Trading Update

Vistry Group is today providing a scheduled update on trading for the period from 1 July 2023 to date.

- Group is targeting adjusted profit before tax of £450m for FY23, excluding the impact of transitioning the Housebuilding business to Partnerships, as previously advised
- Good progress with implementation of strategy to fully focus on Partnerships model
- Continue to benefit from demand for mixed tenure affordable homes
- Private sales activity remains subdued, without the normal seasonal pickup since early September and increased use of incentives
- Productive discussions with our supply chain to agree cost reductions

Current trading and Outlook

The Group is targeting adjusted profit before tax of £450m for FY23, excluding the impact of transitioning the Housebuilding business to Partnerships. As previously described, this impact is created by the re-evaluation of the full life margin of the Group's Housebuilding sites to reflect the increased pre-sale elements and the associated discount in price. We estimate the FY23 impact of the reduction in full year site margins to be in the region of £40m and as a result, the Group's targeted FY23 adjusted profit before tax, including this impact, is £410m.

Working with our partners we are seeing continuing demand for mixed tenure affordable homes from Registered Providers, Local Authorities and the Private Rented Sector, demonstrating the differentiation of our business model. We continue to make good progress on the remaining multi-unit transactions expected to be completed in the year.

As previously reported, we saw a slowdown in open market private sales during the summer months due to the higher interest rate environment and inflationary cost pressures on household income. This trend has continued and we have not seen the seasonal increase in private sales since September that we had expected. Open market demand continues to be supported by incentives of c. 5%.

The Group continues to see good demand for the Home Stepper shared equity product launched in partnership with Sage Homes in June. The initial portfolio is for c. 800 shared ownership homes nationally, and we are pleased to report more than 270 reservations to date.

The Group's average weekly sales rate since 1 July has been 0.60 (2022: 0.64) and 0.76 (2022: 0.77) for the year to date. The Group's forward order book totals £4.3bn with 100% of private units for FY23 forward sold.

We appreciate the productive discussions we have had in recent weeks with our key supply chain partners to agree cost reductions for all our existing and future contracts. With a high level of visibility on forward sales, build programmes and revenues in the Partnerships model, we can offer greater continuity of work to our suppliers and, working with them, can increase the overall rate of delivery on our sites and supply of much needed affordable mixed tenure homes.

The Group continues to progress fire safety remediation work and remains confident that the Group's fire safety provision will cover the cost of this work in accordance with the Group's obligations.

Reflecting the timing profile of completions, Group average net debt for the full year is expected to be higher than previously expected at c. £450m. We continue to expect net debt to reduce to c. £100m as at 31 December 2023.

As announced in September, the Group expects to commence an initial ordinary share buyback programme of up to £55m this year, to be completed ahead of the announcement of the Group's Full Year results in March 2024.

Strategy update

In September, the Group announced its updated strategy to fully focus its operations on its high growth Partnerships model, increasing its delivery of much needed affordable mixed tenure housing across the country.

The implementation is making good progress with the revised operating structure and senior appointments confirmed, and the employee consultation process concluded. The Group will operate as a single business with 27 regional business units, a reduction from 32, and the Group's overall headcount will reduce by c. 200 as a result of this restructuring[1]. The Group has the capacity within this infrastructure to deliver upon its medium-term growth targets, with greater use of standardisation and timber frame manufacturing.

The Group expects to deliver c. £25m of annualised cost savings from this integration of Partnerships and Housebuilding, in addition to the £60m of synergies from the Countryside acquisition.

The ongoing acute need for affordable mixed tenure housing across all areas of the country continues to drive demand and we have received positive endorsement of our strategy from a wide range of our partners. Increasing the supply of affordable and sustainable homes through our Partnerships model is at the core of Vistry's purpose and gives us confidence in delivering on our medium-term targets.

For further information please contact:

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Forward sales

(£m)	**20 October 2023**	03 September 2023
Housebuilding		
- Private	**699**	670
- Private – Vistry share of JVs	**95**	107
- Affordable	**422**	444
- Affordable – Vistry share of JVs	**82**	74
Total Housebuilding	**1,298**	1,295
Partnerships		
- Mixed tenure	**1,503**	1,482
- Mixed tenure – Vistry share of JVs	**382**	401
Total mixed tenure	**1,885**	1,883
Total partner delivery	**1,095**	1,106
Total Partnerships	**2,980**	2,989
Total Group	**4,278**	4,284

[1] Redundancies are separate to the approximate 4% reduction in the total number of roles (on a full-time basis) that has been implemented in connection with the Countryside acquisition.