



Press release, Tuesday 7 March 2017

## **McCarthy & Stone plc – half year trading update**

### **On track for full year delivery in line with market expectations**

McCarthy & Stone plc (the 'Group'), the UK's leading retirement housebuilder, is today issuing a trading update for the half year ended 28 February 2017, ahead of reporting its half year results on Wednesday 5 April 2017. All comparatives are to the prior year equivalent six month period ended 29 February 2016 ('2016') unless otherwise stated.

#### **Highlights**

- Trading conditions remained stable in the period with sales lead indicators ahead of the prior year. The market for retirement housing continues to be attractive, fuelled by the rapidly ageing population.
- As stated in previous announcements, trading in the first half of FY17 has been constrained by the lower forward order book brought into the year, the weighting of completions from higher margin sites into the second half and the lower number of sales releases during the period (FY17: 32, 2016: 36).
- A strong period for planning with detailed planning consents achieved on 34 sites representing c.1,314 units (2016: 19 sites representing c.780 units), further securing the Group's land pipeline to support future growth.
- Half year revenue expected to be c.£238m (2016: £250m).
- Total legal completions for the period of 866 units (2016: 923).
- The Group's gross average selling price increased by 1% to £260k (2016: £257k) with further increases expected in the second half of the year reflecting further improvements in the quality and location of the developments the Group is now bringing to market.
- Net reservations of 1,084 during the period (2016: 1,132) and total forward order book including legal completions of c.£418m (2016: £440m).
- Strong balance sheet and robust financial position with net debt expected to be c.£30m (2016: £24m).
- In accordance with previous guidance, the Group anticipates lower half year margins than in the prior year. Expectation for the full year outturn, however, remains in line with market expectations.
- The Group remains on track for delivery of its medium-term targets, with sufficient land with detailed planning consent to deliver all targeted sales to FY18 and sufficient land under control to deliver the strategic growth objective of building and selling more than 3,000 units per annum.

Clive Fenton, Chief Executive Officer, commented:

“We have delivered a solid performance during this half year despite the headwinds created by the lower forward order book brought into the year and the weighting of expected completions from higher margin new sites into the second half of the year. Our forward order book remains healthy and leaves us well-placed to deliver results in line with market expectations for the full year.

“We continue to address the increasing market demand for retirement housing generated by a rapidly ageing population and were pleased to note the commitment by the government to addressing the housing needs of older people in February’s Housing White Paper. We look forward to working with the government to build on the policies in the White Paper and support the delivery of a greater choice of housing options for those in later life.

“We have maintained discipline around our cash position and land acquisitions, investing in high-quality sites that meet our hurdle rates. We continue to achieve high levels of customer satisfaction and expect to retain our Five Star Home Builders Federation (‘HBF’) customer satisfaction rating for the twelfth consecutive year, the only housebuilder of any size to do so.

“We remain on track to deliver our medium term targets in line with the expectations and have sufficient land under control to deliver our growth objective of building and selling more than 3,000 units per annum.”

The Group will release its results for the half year ended 28 February 2017 on Wednesday 5 April 2017.

– Ends –

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## Notes to Editors

### About McCarthy & Stone

McCarthy & Stone is the UK's leading retirement housebuilder with a c.70% share of the owner-occupied market<sup>1</sup>. The Group has sold over 51,000 properties across more than 1,100 retirement developments since 1977 and is renowned for its focus on the needs of those in later life. It re-joined the Main Market of the London Stock Exchange in November 2015 and re-entered the FTSE 250 following its quarterly review on 21 March 2016.

There is a growing demand for specialist retirement housing, with the number of people aged 85 and over in the UK expected to more than double between 2015 and 2035 from 1.5 million to 3.2 million, and the number of people aged 65 and over expected to increase by more than 50% from 11.6 million to 17.2 million<sup>2</sup>. According to research by Demos, 1 in 4 over 60s are interested in retirement living<sup>3</sup>, yet only c.141, 000 units of specialist retirement housing for homeowners have been built<sup>4</sup>.

The Group has two established product ranges – Retirement Living and Assisted Living – which provide one and two bedroom apartments across the country with varying levels of support and care for older homeowners. In late 2014, McCarthy & Stone launched its Ortus Homes product, which is exclusively for the over 55s and those in the earlier stages of retirement who are seeking to downsize for their leisure years. McCarthy & Stone is currently selling apartments in this product range across nine locations, helping the Group to capture a wider share of the active retiree market.

The first Ortus Homes development at Scarlet Oak in Solihull won the Best Retirement Scheme at the annual Housebuilder Awards in November 2015. At the same awards in November 2016, we were pleased to again receive Best Retirement Scheme for Ramsay Grange and Lyle Court, our combined Assisted Living and Ortus Homes development in Barnton, Edinburgh, as well as Best Customer Satisfaction Initiative for our approach to ensuring that we deliver a 5 star service for our homeowners.

McCarthy & Stone's commitment to quality and customer service continues to be recognised by homeowners. In March 2016, the Group received the full 5 Star rating for customer satisfaction from the HBF for the eleventh consecutive year – making it the only UK housebuilder, of any size or type, to achieve this accolade.

[www.mccarthyandstonegroup.co.uk](http://www.mccarthyandstonegroup.co.uk)

#### Forward-looking statements

Some of the information in this document may contain forward-looking statements regarding McCarthy & Stone plc and its subsidiaries (the Group). You may be able to identify forward-looking statements by terms such as "expect", "believe", "anticipate", "estimate", "intend", "will", "could", "may" or "might", the negative of such terms or other similar expressions or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. McCarthy & Stone plc (the Company) wishes to caution you that actual events or results may differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this document and the Company undertakes no obligation to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in forward-looking statements of the Group, including among others, general economic conditions, the competitive environment as well as many other risks specifically related to the Group and its operations. Past performance of the Group cannot be relied on as a guide to future performance. Nothing in this document should be construed as a profit forecast.

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<sup>1</sup> Based on 3,453 registrations of cross-tenure properties specifically designed for the elderly with the NHBC during calendar year 2015, of which 2,672 were registered by McCarthy & Stone

<sup>2</sup> Population projections by the Office for National Statistics (2014 based)

<sup>3</sup> Demos – Top of the Ladder (September 2013)

<sup>4</sup> Independent data provided by Elderly Accommodation Counsel (April 2016)