

22 January 2018

## **CALA Group (Holdings) Limited**

***Positive first half trading performance expected to lead to record revenues and profits for FY 2018***

***Sets new, long term target of building over 3,000 units per annum***

CALA Group (Holdings) Limited (“CALA” or “the Group”), the UK’s most upmarket major home builder, today issues the following update on trading for the six months to 31 December 2017.

### **Highlights**

- Strong six-month period of trading, delivering a 34% increase in total home completions to 939 (H1 2017: 703)
- CALA remains on course to deliver what would be its sixth record year of revenues and profits
- 20 new short-term sites (1,571 plots) contracted with potential gross development value (“GDV”) of £640m
- Contracted land with planning permission or secured a first-time planning permission on 17 sites (1,920 plots) with a potential GDV of £633m
- Private sales per site per week of 0.64 (H1 2017: 0.50), a record for the Group, with private revenue per site per week up 10% to £277,000 (H1 2017: £251,000)
- Strong trading during early weeks of 2018 with the Group now 81% sold for FY 2018 and forward selling for FY 2019 commenced
- Group today sets new, long term target of building over 3,000 units per annum from its current operating platform

### **Alan Brown, Chief Executive of CALA Group, said:**

*“2017 was another excellent year for CALA and the first six months of the current financial year have seen us maintain the strong momentum generated by the business in recent years that has seen us become the UK’s fastest growing housebuilder by volume over the last decade. We have made exceptional progress in transforming the size and scope of our business and remain focused on scaling up our eight divisions as we continue to make significant progress towards achieving operational efficiency.*”

*“The policy environment for the housebuilding sector improved further in 2017 and we were particularly encouraged by the £44bn committed at the November Budget to boost the supply of new housing, alongside the ongoing focus on the development of urban areas. The UK continues to face an urgent shortage of housing but it is abundantly clear that there is cross-party political support for a full range of initiatives to boost both construction and home ownership.*”

*“However, while we have been increasingly encouraged by the direction of travel among policy makers, there remains far too much focus on landbanking with the latest review announced in November’s Budget the fifth of its kind since 2004. Instead of conducting yet another review of this nature, the Government would be better advised to review the approach to planning adopted by local authorities that continues to cause excessive planning delays.*”

*“We are well placed to deliver what would be our sixth consecutive year of record revenues and profits and, as a result of our performance in recent years, the consistent delivery against our growth targets and the investments in the business we have made, longer term, we now believe that we have the capability to deliver over 3,000 units per annum from our current operating structure.”*

## **Positive momentum maintained**

From 1 July 2017 to 31 December 2017, CALA maintained its strong growth momentum and is on track to deliver what would be a sixth consecutive year of record revenues and profits.

In the six months to December 2017 the Group delivered a 34% increase in total home completions to 939 (H1 2017: 703) and despite this significant increase, expects a greater proportion of annual home completions in the second half of the financial year.

During the period, net private reservations have risen 40%, a significant increase on the same period last year, while private sales per site per week have increased to 0.64 (H1 2017: 0.50), a record for the Group.

Revenue per site per week during the period, a far more meaningful metric of CALA's performance given the Group's size and its higher average selling price relative to that of its larger peers, was £277,000 an increase of 10% on the prior year (£251,000). This has been driven by an increase in sales rate, which was partially offset by a lower private ASP due to the continuation of our planned transition away from the market for homes priced above £1m.

Trading during the early weeks of January has been encouraging and as at 12 January the Group was 81% sold for FY 2018.

## **Government policy remains supportive**

The policy environment continued to improve for the housebuilding sector in 2017 and the Group was particularly encouraged by the £44bn committed at the November Budget to boost the supply of new housing, alongside the continued focus on the development of urban areas.

The UK continues to face an urgent shortage of housing but it is increasingly obvious that there is cross-party political support for a full range of initiatives to boost both construction and home ownership. However, CALA continues to believe that the approach to planning adopted by local authorities is one of the main barriers to solving the UK's housing shortage.

Looking ahead to 2018, although continuing economic uncertainty will no doubt present further challenges, the fundamental supply and demand imbalance in the UK housing market persists while high levels of employment and good access to low cost mortgage finance remain supportive.

## **Ongoing land market activity**

CALA has continued to be active in the land market during the period, identifying and securing high quality opportunities, at or above the Group's target hurdle rates. The Group remains focused on continued investment in its existing land bank which will provide the Group with a solid platform to deliver on its stated growth strategy.

During the period, the Group contracted 20 new short-term sites (1,571 plots) with a potential GDV of £640m. In addition, the Group contracted 3 strategic sites with a potential scope of 610 plots. The Group also contracted land with a planning permission or secured a first-time planning permission on 17 sites (1,920 plots) with a potential GDV of £633m during the period.

CALA continues to meet its commitment to commence development on all sites in its land pipeline where both the required approvals are in place and contractual terms on site purchase are agreed.

## **Attractive period in CALA's growth cycle**

CALA is the fastest growing homebuilder in the UK over the last 10 years, increasing volumes by 67% in that period compared to an average of only 15% for our peers. Following the launch of the Group's growth strategy set out in 2013, CALA's principal strategic objective has been to reinforce our position as the UK's most upmarket major homebuilder by increasing our presence in the premium segment of the market in our areas of operation.

The Group remains on course to deliver 2,500 units per annum and c.£1bn of revenue in 2020 but, as a result of our performance in recent years, the consistent delivery against our growth targets and the investment that has been made across the business, management now believe that CALA will exceed these figures in subsequent years.

The Group now believes it has the capability to build in excess of 3,000 units per annum from its existing regional network, an expectation that is underpinned by our strong land pipeline, established market position and premium product offering. All of the required infrastructure is in place to deliver on this ambition with few additional staff needed and all systems and procedures in place.

The Group continues to make significant progress towards achieving operational efficiency with CALA's overheads falling as a percentage of Group revenue to less than 7% in 2017 and anticipated to drop below 6% by 2021.

CALA's offering remains well aligned with the affluent areas in which the Group operates, thereby enabling us to command the highest average selling price outside of London of any of the top ten housebuilders with an affluent and resilient customer base that minimises our reliance on the Government's Help to Buy scheme.

In summary, while the Group remains mindful of the potential for wider economic uncertainty in the year ahead, CALA is in a strong position to build on its record performance in 2017 and is on course to achieve its sixth consecutive year of record revenues and profits.

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For further information or to arrange to speak with Alan Brown, Chief Executive of CALA Group Limited, please contact:

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