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Date 10/03/2026

Ticker PSN (LSE)
Price GBp 1,223.5
Sector Homebuilder, Consumer Durables
Website <https://persimmonhomes.com/corporate>



Persimmon is the 3rd largest UK homebuilder with 11,905 homes delivered in 2025 and an expected 12,000-12,500 UK completions in 2026. Persimmon position themselves as an affordable builder with a lower average sales price than competitors.

FY 2025 earnings

GBP millions	FY 2025	FY 2024	% change
Completions	11,905	10,664	11.6%
Average sales price £000s	278	268	3.7%
Homebuilding revenue	3,312	2,863	15.7%
Adj. operating income	472	405	16.5%
Operating income	424	369	14.9%
Net income	286	267	7.1%
EPS common shareholders	88.2	82.7	6.7%
Order book £m	1,172	1,146	2.3%
Adj. operating margin	14.3%	14.1%	0.2%
Debt / equity	0.0%	0.0%	0.0%
Equity	3,614	3,507	3.1%
RoE (annualised)	7.9%	7.6%	0.3%

Quarterly Results Trend



Financial Highlights

- Homes delivered increased 11.6% YoY to 11,905 deliveries.
- Average sales price (ASP) increased 3.7% YoY. ASP of private sales was up 5% YoY with product mix causing a modest deduction in overall ASP, following a higher proportion of partnership sales relative to private sales in 2025.

- A combination of higher volumes and higher sales price drove home sales revenue up 15.7% YoY to £3.31bn. Total revenue was up 17.2% due to higher sales of exchange properties.
- The order book increased 2.3% to £1.17bn, representing 5,395 homes. The order book as of 1st March 2026 was £1.80bn, up 6.4% on the same period last year.
- Gross margin was up very slightly YoY to 20.5%. The long-run average gross margin for Persimmon is 23-24% and we generally expect margins to return to normal as lower rates encourage home buying, pushing home prices moderately above cost inflation over the medium term.
- Adjusted operating margin increased slightly from 14.1% to 14.3%. Actual operating profit included a £16m settlement relating to the CMA investigation into anti-competitive behaviour, which impacted all large UK homebuilders; as well as an additional £40m provision for fire safety.
- Profit before tax was up 10.6% YoY and net income was up 7.1% due to a higher tax charge for 2025.
- Persimmon added 2,795 new plots to their land holdings, a replacement rate of 124%.
- Total plots owned and controlled rose 3.4% from 82,084 to 84,879. Of these plots, 40,215 have detailed planning, ensuring a 3+ year supply of homes with planning already exists.
- Land cost to assumed revenue remains around 12%, a level that has been stable over the last few years. Again, this points towards support for margins over the medium term.
- Balance sheet remains very strong with £117m cash, £4,492m inventory, £0m debt and £3,614m equity.
- Persimmon returned £192m to shareholders via dividends.

Operational Highlights

- Persimmon sold FibreNest (a full fibre broadband service provider) for £100m cash, recording an £11m profit. The cash raised can be used to grow the landbank. The sale of FibreNest will reduce annual capex by £10-15m.
- New automated production line at Space4 factory is now operational, with output up 36% YoY. Space4 is Persimmon's timber frame company and a part of their efforts to grow vertical integration.
- Brickworks (Persimmon's solely owned brick factory) is now operating 24/7, with production up 23% on last year.
- Tileworks production is up 54% on last year.
- Persimmon estimates average cost savings of £5,500 per plot from using their own timber, bricks and tiles with savings reaching £10,000 per plot by 2030.
- Private sales rate of 0.70 per outlet per week was identical to the 0.70 rate in 2024.
- Outlets grew 2.6% YoY to 277 compared to the industry average which saw outlets shrink 3% YoY. Persimmon is seeking 300 outlets in the medium term.
- Website visitors were up 21% in 2025, with visitors up 127% so far in 2026.
- Recognised as a five-star builder according to the Home Builders Federation (HBF).

Management Comments

- Dean Finch, CEO: "Persimmon delivered a strong performance for 2025, with completions growing 12% and underlying profit before tax increasing 13%. Sales in the opening weeks of the year have been strong and the build to rent market is recovering from the slowdown around November's Budget. Whilst we have good visibility of both our costs for 2026 and our demand from registered providers and BTR, the impact of the Iran conflict on customer sentiment remains to be seen. Assuming the conflict with Iran and its impact is short, Persimmon is set to grow again in 2026.
- Provided forward guidance of 12,000 – 12,500 completions for FY 2026 with operating margins around 14-15%, a little higher than 2025.

Ben Jones Investments Outlook

- The results are in line with expectations. We are pleased to see completions growth and no further deterioration in margins. The forward guidance of completions growth and margin improvement is also a sign of recovery that we expected.
- We think Persimmon remains undervalued. Given that it trades around book value, there is essentially zero value being placed on future cash flows. For a company that is consistently profitable, even in weaker years, that makes little sense to us.
- The decline in margins during periods of higher rates is not unusual, but we expect operating margins to normalise towards 18% over the long-run. We also expect completions to grow back towards the 14,000 per year long-run trend. Naturally, anticipating the timeframe of this is difficult, but we see sufficient margin of safety at current valuation that delays in normalisation are not detrimental to the investment decision.
- Persimmon has a very strong balance sheet with £117m cash and £0m debt, ensuring that they can comfortably withstand any further turbulence in the housing market.
- A return to trend completions and margins would see Persimmon's net income grow from around £300m currently towards £600m. We think the market is overly pessimistic about the future of the UK housing market and expect this will only be corrected when rates drop.
- We still see the UK as having a fundamental housing shortage that will help support property prices through periods of higher rates.
- Historically, higher rates driven by higher inflation tend to support real home prices as nominal home prices keep pace with inflation.
- At present valuations, we think share repurchases would be a better way of returning capital than dividends, but don't anticipate any change in dividend policy.