



11 January 2018

## **Barratt Developments PLC**

### **Maintaining momentum with continued strong performance**

Barratt Developments PLC (the 'Group') is issuing a trading update in respect of the six months ended 31 December 2017 (the 'period') ahead of publication of its interim results on 21 February 2018.

#### **Highlights**

- Total completions including joint ventures ('JVs') at 7,324 (2016: 7,180)<sup>(1)</sup>
- Sales rate of 0.68 (2016: 0.68) net private reservations per active outlet per week<sup>(2)</sup>
- Well positioned for the second half of our financial year with total plots forward sold (including JVs) as at 31 December 2017 up 3.8% at 10,921 plots (2016: 10,520 plots) at a value of £2,383.8m (2016: £2,336.6m)
- Land market remains attractive with £641.2m (2016: £328.2m) of land approved for purchase equating to 51 sites (2016: 39 sites) and 13,263 plots (2016: 5,262 plots)
- Net cash<sup>(3)</sup> as at 31 December 2017 was c.£165m (2016: £196.7m) reflecting our success in land purchasing, normal seasonal trends and the payment of £348m (2016: £248m) of dividends in November

#### **David Thomas, Chief Executive commented,**

"We have delivered a strong performance in the first half, underpinned by our focus on quality, design and industry-leading customer service.

As the UK's largest housebuilder we remain firmly committed to helping address the housing shortage whilst delivering excellent operational and financial performance.

In 2018 we are celebrating our 60th anniversary, and we are proud that we have built more than 450,000 homes across the country since 1958."

## Trading update

The Group has delivered a strong first half performance, with good customer demand driven by a positive market backdrop. The land market remains favourable and we have secured attractive land opportunities which exceed our minimum hurdle rates. The business performance continues to benefit from good mortgage availability and a supportive Government policy environment.

Our average net private reservations per week were 246 (2016: 247) for the period. The sales rate for the period was in line with the prior year at 0.68 (2016: 0.68) net private reservations per active outlet per week.

We launched 93 new developments in the period (including JVs) (2016: 83) and operated from an average of 376 outlets (including JVs) (2016: 374). We continue to expect to see average active outlet numbers grow modestly for the full year.

Total completions (including JVs) were 7,324 (2016: 7,180) units.

Total average selling price ('ASP') on completions increased by 6.5% in the period to c.£281k (2016: £263.8k), with private ASP up by 5.9% to c.£314k (2016: £296.4k) benefiting from mix as well as some underlying house price inflation.

## Forward Sales

Our total forward sales (including JVs) as at 31 December 2017 were up 2.0% on the prior year at a value of £2,383.8m (2016: £2,336.6m), equating to 10,921 plots (2016: 10,520 plots). Private forward sales were up 0.4% at a value of £1,457.8m (2016: £1,451.8m), equating to 4,209 plots (2016: 4,037 plots), positioning us well for the second half of our financial year.

## Land and Planning

The land market remains attractive and we are securing operational land opportunities that exceed our minimum hurdle rates of 20% gross margin and 25% site ROCE<sup>(4)</sup>.

During the period the purchase of £641.2m (2016: £328.2m) of operational land was approved, equating to 51 sites (2016: 39 sites) and 13,263 plots (2016: 5,262 plots). We expect to approve over 20,000 plots in FY18 as a whole. We continue to target an owned and controlled land bank of around 4.5 years at our year end in line with our operating framework.

## Net Cash and Capital Returns

Net cash as at 31 December 2017 was c.£165m (2016: £196.7m) reflecting our success in land purchasing, normal seasonal trends and the payment of £348m (2016: £248m) of dividends in November. We continue to expect land creditors as a proportion of the owned land bank to be around 30-35% at 30 June 2018, in line with our operating framework.

We remain committed to delivering our Capital Return Plan and, as previously announced, the Board proposes to pay a special dividend<sup>(5)</sup> of £175m for the current financial year to be paid in November 2018.

## Outlook

Barratt's commitment to quality, design and customer service has helped us deliver another strong first half for the Group. The Group continues to focus on driving operational improvements throughout the business, with a particular focus on margin improvement over the medium term. Given good demand and our healthy forward order book we continue to expect to deliver modest growth in wholly owned completions in FY18.

**This trading update contains certain forward-looking statements about the future outlook for the Group. Although the Directors believe that these statements are based upon reasonable assumptions, any such statements should be treated with caution as future outlook may be influenced by factors that could cause actual outcomes and results to be materially different.**

**This announcement contains inside information.**

Notes:

- (1) All comparatives are to the prior year equivalent six month period ended 31 December 2016 or as at 31 December 2016 ('2016'), unless otherwise stated
- (2) All figures exclude joint venture completions in which the Group has an interest unless otherwise stated
- (3) Net cash is defined as cash and cash equivalents, less total borrowings being total drawn debt, plus / minus the value of any foreign exchange swaps
- (4) Site return on capital employed ('ROCE') is calculated as site operating profit (site trading profit less sales overheads less allocated administrative overheads) divided by average investment in site land, work in progress and equity share
- (5) All dividends and the special cash payment programme are subject to shareholder approval

## Appendices

<b>1. Completions (units)</b>	<b>2017</b>	<b>2016</b>	<b>Variance</b>
Private	5,715	5,561	2.8%
Affordable	1,229	1,221	0.7%
<b>Wholly owned</b>	<b>6,944</b>	<b>6,782</b>	<b>2.4%</b>
JV	380	398	(4.5%)
<b>Total</b>	<b>7,324</b>	<b>7,180</b>	<b>2.0%</b>

<b>2. ASP</b>	<b>2017</b>	<b>2016</b>	<b>Variance</b>
Private	c.£314k	£296.4k	5.9%
Affordable	c.£124k	£115.3k	7.5%
<b>Total</b>	<b>c.£281k</b>	<b>£263.8k</b>	<b>6.5%</b>

<b>3. Forward sales</b>	<b>31 December 2017</b>		<b>31 December 2016</b>		<b>Variance (£m)</b>
	£m	Plots	£m	Plots	%
Private	1,457.8	4,209	1,451.8	4,037	0.4%
Affordable	704.7	5,922	715.7	5,802	(1.5%)
<b>Wholly owned</b>	<b>2,162.5</b>	<b>10,131</b>	<b>2,167.5</b>	<b>9,839</b>	<b>(0.2%)</b>
JV	221.3	790	169.1	681	30.9%
<b>Total</b>	<b>2,383.8</b>	<b>10,921</b>	<b>2,336.6</b>	<b>10,520</b>	<b>2.0%</b>

## **Conference call for analysts and investors**

David Thomas, Chief Executive and Jessica White, Chief Financial Officer will be hosting a conference call at 08:30am today, Thursday 11 January, to discuss this Trading Update.

To access the conference call:

Participant dial in: +44 (0)330 336 9105  
Passcode: 7936112

24 hr replay dial in: +44 (0) 207 984 7568  
Passcode: 7936112

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