



17 October 2018

## **Barratt Developments PLC**

### **Strong start to the new financial year**

Barratt Developments PLC (the 'Group') is today holding its Annual General Meeting ('AGM') at 11:00am in London and issuing a trading update for the 15 week period from 1 July to 14 October (the 'period'). All comparatives are to the prior year equivalent period ('2018') unless otherwise stated. Barratt Developments PLC's year end is 30 June 2019.

#### **Overview**

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

"The Group has started the new financial year in a strong position, with a good sales rate, healthy forward order book and customer demand supported by an attractive lending environment.

We are focused on delivering our medium term targets set out at our Full Year results, whilst maintaining our commitment to leading the industry in the design and quality of our homes and in customer service, which we believe is fundamental to our ongoing success."

#### **Trading update**

Market conditions remain good, and the Group has traded well since the start of the new financial year. Customer demand remains strong, supported by positive Government policy and the wide availability of attractive mortgage finance.

In the first 15 weeks of the financial year net private reservations per active outlet per average week remain strong at 0.72 (2018: 0.74)<sup>(1)</sup>.

We have launched 53 (2018: 62) new developments in the period (including JVs), operating from an average of 365 (2018: 371) active outlets (including JVs). We continue to expect outlet numbers to grow for the full year when compared to the prior year.

Total forward sales (including JVs) as at 14 October 2018 were up 12.4% on the prior year at a value of £3,146.5m (15 October 2017: £2,800.5m), equating to 12,903 units (15 October 2017: 12,277 units).

Good progress is being made with the planned roll-out of the new product ranges and this will increasingly benefit margin going forward. We are securing excellent operational land opportunities that meet our new land acquisition hurdle rates, of minimum 23% gross margin and a minimum of 25% ROCE.

We lead the industry in the high quality of our homes and our customer service and we believe that this is both the right thing to do for our customers and fundamental to the resilience of the business. That quality is recognised through the NHBC Pride in the Job Awards where this year we have achieved more

awards than any other housebuilder for the 14<sup>th</sup> consecutive year. We remain the only major housebuilder to be rated 5 Star by our customers in the HBF customer satisfaction survey for nine consecutive years.

As the UK's largest housebuilder, we remain firmly committed to helping address the UK's housing shortage and as we set out at our FY18 results, intend to grow volumes by 3-5% per year. We are also focused on addressing the industry-wide skills challenges by investing further in our award-winning apprenticeships and by recruiting and training skilled workers from outside of the building industry. To increase the efficiency of our build process, we continue to assess, trial and implement alternative methods of construction.

### **Capital returns**

In accordance with our Capital Return Plan announced in February 2018 and the continued strong financial performance of the Group, in September the Board recommended a final dividend of 17.9 pence per share (2017: 17.1 pence per share) and a special dividend of £175m (17.3 pence per share). Both the final and special dividends will be paid on 6 November 2018, subject to shareholder approval at today's Annual General Meeting. The total proposed dividend for FY18, including the interim dividend of 8.6 pence per share paid in May 2018, is therefore £442m or 43.8 pence per share (2017: 41.7 pence per share).

### **Outlook**

The Group has made a strong start to the year. In FY19 we are focused on implementing our new medium term targets throughout the business. The Board is confident of delivering a good financial and operating performance in FY19.

### **Annual General Meeting**

The Group will be holding its AGM today at 11:00am at The Royal College of Physicians, 11 St Andrews Place, Regent's Park, London, NW1 4LE.

### **Further information**

In prior years our AGM has been held mid-November, however, to improve our reporting schedule we propose to hold our AGM in mid-October going forward. Accordingly, given the short trading period of just six weeks since the Group's annual results, we will not be holding an analyst or investor conference call alongside this update. For further information please contact:

#### **Barratt Developments PLC**

Jessica White, Chief Financial Officer 01530 278 259

#### **Analyst / investor enquiries**

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#### **Brunswick**

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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 figures exclude joint venture ('JV') completions in which the Group has an interest unless otherwise stated

## **Appendix**

<b>1. Forward sales</b>	<b>14 October 2018</b>		<b>15 October 2017</b>		<b>Variance (%)</b>	
	£m	Units	£m	Units	£m	Units
Private	1,698.9	5,446	1,794.5	5,326	(5.3%)	2.3%
Affordable	1,023.6	6,615	707.9	6,002	44.6%	10.2%
<b>Wholly owned</b>	<b>2,722.5</b>	<b>12,061</b>	<b>2,502.4</b>	<b>11,328</b>	<b>8.8%</b>	<b>6.5%</b>
JV	424.0	842	298.1	949	42.2%	(11.3%)
<b>Total</b>	<b>3,146.5</b>	<b>12,903</b>	<b>2,800.5</b>	<b>12,277</b>	<b>12.4%</b>	<b>5.1%</b>