



1 May 2020

## **Barratt Developments PLC**

### **COVID-19 Update**

Barratt Developments PLC (the 'Group'), Britain's largest housebuilder, today provides an update on its plans for a phased reopening of its construction sites, on its support for local communities and the NHS and on the evolving impact of COVID-19 on the business. Barratt Developments PLC has a year end of 30 June.

#### **David Thomas, Chief Executive of Barratt Developments PLC:**

"Our first priority is the health and safety of our employees, sub-contractors and customers. We have created a detailed set of working practices and protocols for employees and sub-contractors to ensure that we can reopen our construction sites safely, in a phased and measured way, which minimises risk. In line with our commitment to put our customers first, we will be prioritising the completion of those homes that our customers have already exchanged or reserved.

I would also like to thank our employees who have been fantastic during this challenging time, both those who have worked hard to get us ready to restart and our employees who are not currently working, many of whom have been inspirational as volunteers in their local communities."

#### **Our first priority continues to be the health and safety of our employees, sub-contractors and customers**

As previously announced, in line with our commitment to health and safety, we took the decision to temporarily close all of our sales centres, construction sites and offices due to the COVID-19 pandemic. All locations were closed safely and securely by 27 March 2020.

Since then, we have developed a detailed set of working practices and protocols so that our construction sites can operate safely and in line with the latest guidance from Government, Public Health Authorities and the Construction Leadership Council. This includes changes to signage, site welfare facilities and compounds, site access and walkways. We have already successfully implemented these measures on one of our sites as a pilot. A nominated Social Distancing Marshal will be present on all sites to ensure policy compliance and we will provide induction, training and support for our employees and sub-contractors.

Work on our construction sites will recommence from 11 May, initially to implement the changes required under our new working practices and protocols. We will then start a phased return to construction, with 180 sites – around 50% of the total - in the first phase.

We do not plan to restart work on our sites in Scotland at this time and will keep this position under review.

On 16 April 2020, we announced that we were in the process of furloughing around 85% of our employees, at their normal pay, until at least the end of May. With the phased reopening of our sites, a significant proportion of our workforce will be able to return to work during May.

### **Looking after our customers**

In line with the lockdown retail regulations, we are not reopening our sales centres or show homes at this time, but continue to look after our customers remotely. We have established revised working practices for our sales centres to enable them to reopen quickly and operate safely when restrictions are lifted.

Since our sales centres closed we have continued to see customer interest, albeit at reduced levels compared to the period to 22 March 2020. As expected, since closing our sales centres, we have experienced a low level of reservations. We expect reservations to continue at low levels until our sales centres and show homes reopen. Initially our construction activities will prioritise sold plots at advanced stages of construction, and we therefore expect a limited number of additional completions this financial year. As at 26 April 2020, the Group has completed 11,776 homes (2019: 11,723 homes) (including JVs). Our total forward sales are 12,271 homes at a value of £2,852.9m (including JVs).

### **Supporting our communities**

As a business committed to doing the right thing we have been supporting the NHS and our communities through the COVID-19 pandemic.

We have contributed £100,000 to the NHS Charities Together and donated £50,000 to The Sun's 'Who Cares Wins Appeal'. We have donated our PPE, including more than 5,000 FFP3 face masks to local NHS services and 400 of our defibrillators to the St John's Ambulance in England and Wales and St Andrew's First Aid in Scotland. In addition to our existing sponsorship of The Big Issue, we have donated an extra £25,000 to their Appeal to support their vendors who are unable to sell the magazine during the lockdown period.

The Barratt and David Wilson Community Fund, and our local divisions, have been working with local charities and organisations in their areas who are helping communities respond to the effects of COVID-19. Meanwhile we are encouraging employees across England, Scotland and Wales to volunteer and use their time to do what they can to help people during this difficult period.

### **Funding and liquidity**

The Board implemented immediate measures to manage the Group's cost base and cash flows to ensure resilience, as previously announced these include:

- Suspending all land buying activity
- Ceasing all recruitment activity
- Postponing non-essential capital expenditure
- Actively managing cash flows whilst ensuring that we are paying our suppliers and sub-contractors on time
- Cancelling the interim dividend which was due to be paid on 11 May 2020
- Furloughing a proportion of our employees at their normal pay
- A voluntary 20% reduction in base salary and fees for all Executive Directors, the wider Executive and Regional Managing Director team, the Chairman and the Non-Executive Directors.

The Group continues to be financially strong, with a well-capitalised balance sheet and a robust cash and liquidity position. As at 28 April 2020 the Group had c. £430m of cash<sup>1</sup>. The Group has total

committed facilities and private placement notes of £900m, comprising a £700m undrawn revolving credit facility<sup>2</sup> and fully drawn £200m US private placement notes<sup>3</sup>. The Group is also pleased to have received confirmation that it is eligible to access funding under the Covid Corporate Financing Facility, should that be required.

### **Financial guidance**

The Board announced on 25 March 2020 that it had suspended all forward guidance until such time that the overall impact of COVID-19 on the Group becomes clearer.

### **Looking ahead**

Our experienced Board remains focused on taking the actions necessary to maintain the operational and financial strength of the business while planning the safe reopening of construction sites, sales centres and show homes so that we can continue to lead the industry in the delivery of the high quality homes the country needs.

### **Notes**

Unless otherwise stated, all numbers quoted exclude Joint Ventures (JVs) throughout this statement

- 1 Cash comprises cash and cash equivalents
- 2 The revolving credit facility has an expiry date of November 2024
- 3 The US private placement notes have an expiry date of August 2027

### **Further information**

For further information please contact:

#### **Barratt Developments PLC**

Jessica White, Chief Financial Officer 01530 278 259

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

Claire Adams, Head of Investor Relations 01530 278 270

#### **Media enquiries**

Tim Collins, Head of Corporate Communications 020 7299 4874

#### **Brunswick**

Jonathan Glass/ Rosie Oddy 020 7404 5959

**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.**

### **Financial reporting calendar**

The Group's next scheduled announcement of financial information is the trading update on 8 July 2020.