



12 October 2022

Barratt Developments PLC Trading Update

Barratt Developments PLC (the 'Group') is today issuing a trading update for the period from 1 July 2022 to 9 October 2022 (the 'period'). All comparatives are to the equivalent trading period ('FY22') unless otherwise stated. Barratt Developments PLC's year end is 30 June 2023.

David Thomas, Chief Executive commented:

"We continue to see strong levels of interest across the country, however private reservations remain below the level seen in FY22 as customers react to the wider economic uncertainty.

Whilst the outlook for the year is less certain, we remain on track to deliver adjusted profit before tax¹ for the year in line with current consensus, and we are focused on maintaining our commitment to lead the industry in the quality, energy-efficiency and sustainability of our homes and in our customer service, all of which are fundamental to our ongoing success amid a more challenging market backdrop."

Trading update

In the period our net private reservations² per average week were 188 (FY22: 281) and net private reservations per active outlet per average week of 0.55 (FY22: 0.85; FY21: 0.87; FY20: 0.72). (Appendix 1).

The private reservation rate in the period reflects customer response to increased wider economic uncertainty, where growing cost of living concerns have been compounded by increased mortgage interest rates and reduced mortgage availability.

In addition we have limited availability of homes for early occupation given the strength of our forward order book and we have also seen the expected reduction in Help to Buy activity, which accounted for 12% of private reservations in the period (FY22: 21%; FY21: 51%; FY20: 45%).

In line with our expectations, we have launched 25 (FY22: 27) new developments (including JVs) in the period. We operated with an average of 351 (FY22: 338) active outlets (including 8 JVs (FY22: 8)) and we continue to expect to deliver average sales outlet growth of around 3% in FY23.

In the period we delivered 3,608 (FY22: 3,699) home completions (including JVs), in line with our budget plans.

The completion profile in FY23 is expected to remain broadly in line with the typical seasonal pattern with around 45% of our full year completions anticipated in the first half of FY23 and around 55% in the second half of the financial year.

Reflecting the slower reservation rate, our total forward sales (including JVs) as at 9 October 2022 totalled 13,314 homes (10 October 2021: 15,393 homes; 11 October 2020: 15,135 homes; 13 October 2019: 12,963 homes) at a value of £3,603.1m (10 October 2021: £3,936.6m; 11 October 2020: £3,647.6m; 13 October 2019: £3,070.2m). (Appendices 2 and 3).

We are now 64%³ forward sold with respect to private wholly owned home completions for FY23 (FY22: 72%⁴; FY21: 70%⁴), of which approximately 72% are either completed or exchanged (FY22: 67%).

The private average selling price ('ASP') in our wholly owned forward order book as at 9 October 2022 was £377.2k (10 October 2021: £344.3k; 11 October 2020: £331.4k; 13 October 2019: £316.0k).

Construction activity continues to grow with 367 (FY22: 335; FY21: 294; FY20: 364) equivalent homes (including JVs) constructed per average week in the period. We will be closely monitoring changing market conditions in the coming months to ensure our site build programmes align with home delivery scheduling to meet customer commitments within our order book, as well as ongoing market demand.

We continue to expect build cost inflation of between 9% and 10% for FY23.

Land

Competition in the land market has remained elevated but we remain highly disciplined in our approach to acquiring new land. We are being increasingly selective in the land opportunities on which we are prepared to bid and continue to rigorously apply our minimum hurdle rates of 23% gross margin and 25% ROCE when evaluating opportunities. As a result, our net land approvals in the period are significantly lower than in FY22.

In the period we have approved the purchase of 813 plots (FY22: 3,735; FY21: 484; FY20: 1,986) across 3 (FY22: 15; FY21: 4; FY20: 7) sites. Reflecting the strength of our existing land bank, the increased uncertainty in the sales market and the highly competitive nature of the land market at present where supply remains limited, we now expect land approvals will be substantially below replacement level in FY23.

Outlook

The outlook for the year is less certain with the availability and pricing of mortgages critical to the long-term health of the UK housing market.

Based on our completions to date, our strong forward order book and current market conditions, we now expect wholly owned completions to be in line with those reported in FY22. Through the

combination of adjusted completion guidance and robust home pricing, we remain on track to deliver current consensus adjusted profit before tax¹, whilst ensuring we maintain our industry leading standards of build quality and customer service.

The Group is in a strong financial position with a substantial net cash balance and strong forward sales position. This provides us with a solid platform and gives us flexibility to respond to market conditions as they evolve throughout the year.

The Board confirms its commitment to the £200m share buyback programme announced on 7 September 2022 and, through to market close on 10 October 2022, the Group has purchased 10.645 million shares for cancellation at a cost of £39.9m. The Board will continue to evaluate the Group's future capital allocation policy in light of evolving market conditions.

With our excellent land bank and experienced operational teams throughout our business, we remain well placed to continue to deliver much-needed high-quality, energy-efficient, sustainable homes across the country.

Annual General Meeting

The Group will be holding its AGM on Monday 17 October at 2pm at the offices of Linklaters LLP, One Silk Street, London, EC2Y 8HQ. There will also be a live webcast of the AGM and the ability to submit questions on the day. Full details on how to access the webcast can be found in the Notice of AGM.

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.

Notes:

- (1) Bloomberg consensus adjusted profit before tax is currently at £972.5m for FY23 (based on Bloomberg data on 11 October 2022).
- (2) Unless otherwise stated, all numbers quoted exclude Joint Ventures (JVs) throughout this statement.
- (3) Our forward sold position with respect to FY23 private home completions is based on wholly owned completions reported in FY22 and a 79% : 21%, private : affordable home completion mix applied for FY23.
- (4) Our forward sold position with respect to prior years is based on actual wholly owned private home completions reported for the year.

Conference call for analysts and investors

David Thomas, Chief Executive, Steven Boyes, Chief Operating Officer and Deputy Chief Executive and Mike Scott, Chief Financial Officer, will be hosting a conference call at 08:30am today, Wednesday 12 October 2022, to discuss this Trading Update.

To join the call, please register your details using the registration link [here](#)

Once registered, you will receive a separate email containing dial in number(s) and a PIN to access the call. A recording of the conference call will be available through registration for the call and will be available on the Group's website at www.barrattddevelopments.co.uk from 13 October 2022.

For further information, please contact:

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Appendix:

1. Net private reservation rate per active outlet per average week	FY23	FY22	Change	FY20	Change
1 st July to FY results announcement ¹	0.60	0.82	(26.8%)	0.70	(14.3%)
FY results announcement to date ²	0.48	0.90	(46.7%)	0.73	(34.2%)
1st July to date ³	0.55	0.85	(35.3%)	0.72	(23.6%)

Note 1: As at 28 August 2022, 29 August 2021 and 1 September 2019.

Note 2 and 3: As at 9 October 2022, 10 October 2021 and 13 October 2019.

2. Forward sales	9 October 2022		10 October 2021		Variance (%)	
	£m	Homes	£m	Homes	£m	Homes
Private	2,252.8	5,972	2,466.5	7,164	(8.7%)	(16.6%)
Affordable	1,035.7	6,402	1,201.1	7,488	(13.8%)	(14.5%)
Wholly Owned	3,288.5	12,374	3,667.6	14,652	(10.3%)	(15.5%)
JV	314.6	940	269.0	741	17.0%	26.9%
Total	3,603.1	13,314	3,936.6	15,393	(8.5%)	(13.5%)

3. Forward sales roll	Current Year		Prior Year		Variance (%)	
	Private	Total	Private	Total	Private	Total
June	6,108	13,579	5,724	14,334	6.7%	(5.3%)
Reservations	2,714	3,343	4,089	4,758	(33.6%)	(29.7%)
Completions	(2,850)	(3,608)	(2,649)	(3,699)	7.6%	(2.5%)
Total	5,972	13,314	7,164	15,393	(16.6%)	(13.5%)