5 May 2022

Barratt Developments PLC

On track for the full year

Barratt Developments PLC (the 'Group') is today issuing a trading update in respect of the period from 1 January 2022 to 1 May 2022 (the 'period'). Comparatives are to the prior year equivalent period ('2021') unless otherwise stated. Barratt Development PLC's year end is 30 June 2022.

David Thomas, Chief Executive commented:
"We are seeing strong demand across the country for our high quality, energy efficient homes and our excellent operational teams are working hard to meet this demand. We expect to deliver full year trading results in line with the Board's expectations as we remain focused on growing towards our medium-term target of 20,000 homes a year, delivering high quality sustainable developments the country needs, creating jobs and supporting the economy across England, Scotland and Wales.

As our business grows, we remain committed to leading our industry in quality, service and sustainability and we are proud to be the only major housebuilder to be awarded 5 stars by our customers for the 13th successive year."

Highlights

- Net private reservations per active outlet per average week of 0.93 (2021: 0.83)[1]
- Fully forward sold for FY22 with total forward sales (including JVs) at 1 May 2022 of £4,383.3m (2 May 2021: £3,696.3m; 3 May 2020: £2,834.0m)
- Construction activity progressing well with 362 (2021: 321) equivalent homes (including JVs) built per average week in the period
- Balance sheet strength maintained with year-end net cash expected to be between £1.0bn and £1.1bn
- On track to deliver total home completions of between 18,000 and 18,250 homes including around 750 JV home completions, resulting in a trading outlook for the full year in line with the Board's previous expectations

Trading
The Group has performed very well in the period. Our net private reservation rate has been strong at 0.93 (2021: 0.83) per active outlet per average week. The reservation rate increase of 12% on the equivalent prior year period, alongside continued house price inflation, reflects the strength of demand for our high quality, energy efficient and sustainable homes right across the country.

During the period, we operated from an average of 326 (2021: 346) outlets including 7 JVs (2021: 8) per average week. We have launched 31 (2021: 57) new outlets in the period (including JVs) with the reduction in sales outlets reflecting the strength of the private sales rate, which has continued throughout the period, as well as some planning delays on new sites. Further outlet openings are scheduled for the balance of FY22 and notwithstanding the continued strength of reservations, we expect to enter FY23 with more outlets than at the start of the current financial year.

In the period we delivered 4,625 (2021: 4,481) total home completions (including JVs of 133 (2021: 149)) bringing total home completions in the financial year to date to 12,692 (2021: 13,558). As previously flagged, the decrease in completions in the financial year to date reflects a return to the Group's normal seasonality as well as the impact of the tapering of the Help to Buy scheme and the original stamp duty holiday deadline, which fell within the comparative period in 2021.

Total forward sales (including JVs) as at 1 May 2022 were 15,821 homes (2 May 2021: 14,846), 6.6% ahead of 2021. The value of our total forward sales was £4,383.3m (2 May 2021: £3,696.3m), 18.6% ahead of 2021. Reflecting the strength of the reservation rate, we are now fully forward sold for FY22.

As a result of the continued commitment of our site teams and sub-contractors, as well as increased use of our standard house types and modern methods of construction, build activity has further improved with 362 (2021: 321) equivalent homes (including JVs) built per average week in the period. Construction output has equated to 346 (2021: 304) equivalent homes per week in the financial year to date positioning the business well to deliver current year completion guidance and provide a solid platform for completion growth in FY23.

As highlighted at the interim results, we expect total build cost inflation (including infrastructure, materials and labour) of c. 6% for FY22. While the build cost inflation outlook is uncertain, we anticipate it will remain at elevated levels over the coming months as suppliers move to more dynamic pricing, primarily as a result of energy cost volatility. As such, we will continue to work collaboratively with our supply chain partners to secure sustainable, competitive pricing, while maintaining the security of supply. Overall, our improved fixed cost efficiency, through completion volume growth, along with the c. 7% sales price inflation within our forward sales position at the start of the second half, means we continue to expect the effect of build cost inflation on margin to be broadly neutral or positive for the second half of FY22.

Supporting our employees

Recognising the impact of recent rises in the cost of living and as part of our commitment to being the employer of choice in the housebuilding industry, the Group brought forward its regular annual salary review from 1 July to 1 April 2022, awarding an increase to all eligible employees. This early salary increase, offering practical support to our employees, comes in addition to our recent extension of private medical insurance to our entire workforce and increased holiday and volunteering allowances.

Building Safety – Industry Pledge

In April 2022, we announced that a proportionate and sensible approach to fire safety in historical buildings had been agreed with Government and we have pledged to support leaseholders by funding remediation of buildings, which we developed, alongside paying the Residential Property Developer Tax.

We are now working with the Department for Levelling Up, Housing and Communities to agree the necessary legal documentation in respect of our pledge and to set out a fair approach to remediation including a robust and independent arbitration process to provide clarity to all parties where there are areas of uncertainty.

However, we urge Government to reconsider its new plans to expand the scope of the Building Safety Levy in addition to the existing Residential Property Developer Tax. In our view, this is unjust and disproportionate, further punishing UK housebuilders who were not responsible for most of the historical buildings or building safety issues being addressed and fails to effectively allocate the cost of remediation to those responsible.

Land

We remain disciplined and selective in our land purchasing and have approved the purchase of 5,076 plots on 29 sites (2021: 6,399 plots on 31 sites) in the period, bringing our total for the financial year to date to 13,945 plots across 77 sites (2021: 12,034 plots across 66 sites). We are seeing a good range of land buying opportunities and continue to expect to approve between 18,000 and 20,000 plots in FY22. In line with our operating framework, we are targeting an owned and controlled land bank of around 4.5 years in the medium term.

Following the acquisition of Gladman Developments, at the end of January 2022, we are pleased with both the progress made on integration and the response from land promotion partners.

Balance sheet and liquidity

The Group remains financially strong, with a well capitalised balance sheet. As at 29 April 2022 the Group had c. £735m of net cash[(2)] and the Group's committed revolving credit facility of £700m remained undrawn. Year-end net cash is expected to be in line with previous guidance of between £1.0bn and £1.1bn.

Outlook

Reflecting both strong trading and our successful increase in construction activity, we continue to expect FY22 total home completions to be between 18,000 and 18,250 homes including around 750 JV home completions, delivering year on year growth of between 4% and 6%. As a result, we expect a trading outturn for FY22 in line with the Board's previous expectations.

Our business is in a very good position with substantial net cash, a very strong forward sales position and an excellent land bank. We remain focused on delivering high quality, sustainable homes and developments across the country supporting total completions above pre COVID levels in FY22 and our planned completion growth in FY23 towards our medium-term target of 20,000 homes.

Macro-economic uncertainties remain, most notably around the war in Ukraine and rising inflation and interest rates in the wider UK economy. As a business, we also face higher taxation, the ongoing challenges around build cost inflation and the future withdrawal of Help to Buy, which will begin to taper in Autumn 2022, as the scheme draws to a close in March 2023. The Board believes, however, that the overall strength of the housing market, our operational performance since the onset of the pandemic and our strong financial position provides us with the platform and flexibility to react to any challenges and opportunities in the remainder of FY22 and beyond.

Notes:

(1) All figures exclude joint venture (JV) completions in which the Group has an interest unless otherwise stated.
(2) Net cash comprises cash and cash equivalents, bank overdrafts, interest bearing borrowings and prepaid fees.

Note on forward looking statements

Certain statements in this document may be forward looking statements. By their nature, forward looking statements involve a number of risks, uncertainties or assumptions that could cause actual results to differ materially from those expressed or implied by those statements. Forward looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Accordingly undue reliance should not be placed on forward looking statements. Unless otherwise required by applicable law, regulation or accounting standards, the Group does not undertake to update or revise any forward looking statements, whether as a result of new information, future developments or otherwise.

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, Thursday 5 May 2022, to discuss this Trading Update.

To access the conference call:
Dial-in UK & International: +44 (0) 330 165 3641
UK toll free: 0800 279 6894
Passcode: 292080

A replay facility will be available shortly after:
Dial-in UK & International: +44 (0) 203 859 5407
UK toll free: 0808 101 1153
Passcode: 8897875

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Barratt Developments PLC LEI: 2138006R85VEOF5YNK29

Financial reporting calendar

The Group's next scheduled announcement of financial information is the FY22 full year trading update on Thursday 14 July 2022.

Appendices:

1. Sales Rate	**H2 to date**	**H1**	**FY**
FY22	**0.93**	**0.79**	**n/a**
FY21	0.83	0.77	0.78
FY22 vs FY21	12.0%	2.6%	n/a
FY20	0.52	0.69	0.60
FY22 vs FY20	78.8%	14.5%	n/a
FY19	0.79	0.64	0.70
FY22 vs FY19	17.7%	23.4%	n/a

	1 May 2022		**2 May 2021**		**Variance**		**3 May 2020**		**Variance**	
2. Forward sales	£m	Homes	£m	Homes	£m	Homes	£m	Homes	£m	Homes
Private	2,985.6	8,117	2,197.1	6,508	35.9%	24.7%	1,496.5	4,623	99.5%	75.6%
Affordable	1,109.2	6,831	1,204.8	7,480	(7.9%)	(8.7%)	1,067.9	6,767	3.9%	0.9%
Wholly owned	**4,094.8**	**14,948**	**3,401.9**	**13,988**	**20.4%**	**6.9%**	**2,564.4**	**11,390**	**59.7%**	**31.2%**
JV	288.5	873	294.4	858	(2.0%)	1.7%	269.6	815	7.0%	7.1%
Total	**4,383.3**	**15,821**	**3,696.3**	**14,846**	**18.6%**	**6.6%**	**2,834.0**	**12,205**	**54.7%**	**29.6%**

	FY22		**FY21**		**Variance**		**FY20**		**Variance**	
3.Forward sales roll	Private	Total	Private	Total	Private	Total	Private	Total	Private	Total
30 June	**5,724**	**14,334**	**5,320**	**14,326**	**7.6%**	**0.1%**	**3,827**	**11,419**	**49.6%**	**25.5%**
Reservations	11,841	14,179	11,588	14,078	2.2%	0.7%	9,745	12,604	21.5%	12.5%
Completions	(9,448)	(12,692)	(10,400)	(13,558)	(9.2%)	(6.4%)	(8,949)	(11,818)	5.6%	7.4%
May	**8,117**	**15,821**	**6,508**	**14,846**	**24.7%**	**6.6%**	**4,623**	**12,205**	**75.6%**	**29.6%**