



18 October 2023

Barratt Developments PLC AGM Trading Update

Barratt Developments PLC (the 'Group') is today issuing a trading update for the period from 1 July 2023 to 8 October 2023 (the 'period'). All comparatives are to the equivalent trading period¹ ('FY23') unless otherwise stated. Barratt Developments PLC's year end is 30 June 2024.

David Thomas, Chief Executive commented:

"We have continued to trade in line with the expectations set out in our announcement in September. The trading environment remains difficult, with potential homebuyers still facing mortgage challenges. Against this backdrop, we are focused on driving revenue whilst continuing to manage build activity and carefully control our cost base. As always, we remain focused on leading the industry in building high quality, energy efficient and sustainable homes for our customers."

Trading update

In the period our net private reservations² per average week were 169 (FY23: 188) and net private reservations per active outlet per average week were 0.46 (FY23: 0.55). During the period sales to the private rental sector and registered providers of social housing contributed 0.04 (FY23: 0.04) to the reservation rate. (Appendix 1).

Reservation activity has continued to reflect the mortgage challenges faced by potential homebuyers, as well as the absence of Help to Buy reservation activity which accounted for 12% of private reservations in the prior year period. We have continued to focus on driving revenue through multi-unit sales to the private rental and affordable housing sectors and the continued use of sales incentives for private customers.

Reflecting the slower reservation rate, our total forward sales (including JVs) as at 8 October 2023 totalled 9,221 homes (9 October 2022: 13,314 homes) at a value of £2,362.0m (9 October 2022: £3,603.1m). (Appendices 2 and 3).

We are now 60%³ forward sold with respect to private wholly owned home completions for FY24 (FY23: 70%⁴), of which approximately 67% are either completed or exchanged (FY23: 72%).

The completion profile in FY24 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 FY24 and around 55% in the second half of the financial year.

Land

Reflecting the strength of our existing land bank, the ongoing uncertainty in the housing market and the absence of the required adjustment in prevailing land prices, we anticipate our highly selective approach to land will continue throughout FY24.

Outlook

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

Our focus during FY24 will remain driving revenue through targeted use of incentives, whilst continuing to manage build activity and control our cost base. This will be supported by our highly selective approach to land buying whilst continuing to lead the industry on sustainability.

We continue to expect to deliver total home completions of between 13,250 and 14,250 homes in FY24, including c. 650 home completions from our JVs and c. 750 completions for the private rental sector. All other guidance from our FY23 results on 6 September 2023 also remains unchanged.

Whilst we expect that the backdrop will continue to be difficult over the coming months, we are a resilient business with a strong balance sheet and a highly experienced management team. We remain committed to building the communities that our customers want to live in – delivering high-quality, sustainable homes at competitive prices to help address the country's housing crisis and drive long term, sustainable growth for our business.

Annual General Meeting

The Group will be holding its AGM at noon today 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 during the meeting. Full details on how to access the webcast can be found in the Notice of AGM.

The Group's next scheduled release of financial information will be the announcement of our half year results on Wednesday 7 February 2024.

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) The equivalent trading period, 'FY23', covered the period from 1 July 2022 to 9 October 2022.
- (2) Unless otherwise stated, all numbers quoted exclude Joint Ventures (JVs) throughout this statement.
- (3) Our forward sold position with respect to FY24 private home completions is based on the mid-point of wholly owned completions guidance at 13,100 (13,750 total completions less 650 JVs) and assumes c. 24% affordable home completion mix in FY24, broadly in line with FY23.
- (4) Our forward sold position with respect to prior years is based on actual wholly owned private home completions reported for the year.

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Appendix:

1. Net private reservation rate per active outlet per average week	FY24	FY23	Change
1st July to FY results announcement ¹	0.42	0.60	(30.0%)
Of which PRS and RPs	0.02	0.05	(60.0%)
FY results announcement to date ²	0.51	0.48	6.3%
Of which PRS and RPs	0.07	0.02	250.0%
1st July to date ³	0.46	0.55	(16.4%)
Of which PRS and RPs	0.04	0.04	-

Note 1: To 27 August 2023 and 28 August 2022 respectively.

Note 2 and 3: To 8 October 2023 and 9 October 2022 respectively.

2. Forward sales	8 October 2023		9 October 2022		Variance (%)	
	£m	Homes	£m	Homes	£m	Homes
Private	1,481.4	4,241	2,252.8	5,972	(34.2%)	(29.0%)
Affordable	720.7	4,495	1,035.7	6,402	(30.4%)	(29.8%)
Wholly Owned	2,202.1	8,736	3,288.5	12,374	(33.0%)	(29.4%)
JV	159.9	485	314.6	940	(49.2%)	(48.4%)
Total	2,362.0	9,221	3,603.1	13,314	(34.4%)	(30.7%)

3. Forward sales roll	Current Year		Prior Year		Variance (%)	
	Private	Total	Private	Total	Private	Total
June	3,884	8,995	6,108	13,579	(36.4%)	(33.8%)
Reservations	2,414	2,700	2,714	3,343	(11.1%)	(19.2%)
Completions	(2,057)	(2,474)	(2,850)	(3,608)	(27.8%)	(31.4%)
Total⁴	4,241	9,221	5,972	13,314	(29.0%)	(30.7%)

Note 4: As at 8 October 2023 and 9 October 2022 respectively.