



Immediate release

14 January 2014

Barratt Developments PLC

Total housing completions increased by 19%

Barratt Developments PLC is today issuing a trading update in respect of the six months ended 31 December 2013 (the 'period') ahead of its interim results announcement on 27 February 2014.

	H1 14	H1 13	change
Net private reservations per active site	0.67	0.49	+37%
Total completions⁽¹⁾	6,195	5,194	+19%
Total forward sales			
- Plots	7,007	4,258	+65%
- £m	1,265.8	742.1	+71%
Total land purchases approved			
- Plots	11,394	9,320	+22%
- £m	538.9	453.0	+19%

(1) Includes joint venture completions in which the Group has an interest

Mark Clare, Group Chief Executive commented,

“As a result of the continued recovery of the housing market across all regions and our £3.1 billion investment in new land over the last four years, we have been able to increase materially the number of new homes being built and our profitability. Our disciplined approach to running the business is delivering significant improvements across all key financial metrics and with forward sales of over £1.2 billion, we are well placed for FY14 and beyond.”

Trading update

The Group has delivered a strong first half with significant improvements across all key financial metrics.

Output levels have increased, with higher average sales rates across all regions. We saw a strong finish to the first half with private reservations increasing by 36.7% in the period to 0.67 (2012: 0.49) average net private reservations per active site per week (excluding joint ventures ('JVs')).

In the six months, the Group delivered 6,195 (2012: 5,194) total completions (including JVs), an increase of 19.3% on the prior year. Private completions were up 22.7% to 5,202 (2012: 4,241) and affordable completions totalled 751 units (2012: 844 units). Joint venture completions in which the Group had an interest were 242 units (2012: 109 units).

The Help to Buy scheme continues to have a positive impact on the demand for new homes, in particular providing support to first time buyers. In the period, 29% of our total completions (excluding JVs) utilised the scheme.

With improved market conditions and stronger consumer demand we are seeing some increase in underlying sales prices across the Group, largely in the form of reduced incentives. This has resulted in an improvement in our net pricing on reservations in the period of around 150 to 200 basis points.

Further changes in mix have also driven up our average selling price ('ASP') and for the period we expect total ASP on completions to increase by c. 13.7% to c. £211k (2012: £185.5k), with private ASP up by c. 11.4% to c. £225k (2012: £201.9k).

Margins are expected to increase in line with expectations reflecting the higher proportion of completions from newer high margin land, growth in volumes, and the early benefit of lower incentives on completions.

Land

We continue to see excellent opportunities in the land buying market across all divisions, and in the first six months approved the purchase of 11,394 plots (2012: 9,320 plots). We are maintaining our disciplined approach and all land approved in the period meets both our minimum hurdle rates of a 20% gross margin and 25% return on capital employed, assuming no future house price inflation. In the South East and London where the market is more competitive, we are focused on acquiring land from the public sector and sites which are larger or more technically complex. In both areas we have a strong capability and track record.

Net debt and land creditors

Net debt as at 31 December 2013 is expected to be c. £155m (2012: £331.7m), the increase from 30 June 2013 (£25.9m) reflecting normal seasonal trends and the Group's build programme. Land creditors as a proportion of the owned land bank are expected to be at a similar level to last year.

Forward sales

Our total forward sales (excluding JVs) continue to strengthen and as at 31 December 2013 were up by 70.6% on the prior year to £1,265.8m (2012: £742.1m), equating to 7,007 plots (2012: 4,258 plots). Private forward sales (excluding JVs) were up by 62.7% on the prior year to £872.9m (2012: £536.5m), equating to 3,331 plots (2012: 2,281 plots). JV private forward sales, which are largely based in our London region, were £163.8m (2012: £39.4m), equating to 256 plots (2012: 125 plots).

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.

Conference call for analysts and investors

Mark Clare, Group CEO and David Thomas, Group FD will be hosting a conference call at 08:30am today, Tuesday 14 January 2014, to discuss this Trading Update.

To access the conference call:

Dial-in: +44 (0) 20 3427 0503

Passcode: 2722157

A replay facility will be available shortly after:

Dial-in: +44 (0) 20 3427 0598

Passcode: 2722157

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