



15 November 2017

Barratt Developments PLC

Strong start to the new financial year

Barratt Developments PLC (the 'Group') is today issuing a trading update in respect of the period from 1 July to 12 November 2017 (the 'period'). All comparatives are to the prior year equivalent period ('2016') unless otherwise stated. Barratt Developments PLC's year end is 30 June 2018.

Barratt Developments PLC is holding its Annual General Meeting today at 2.30pm in London.

Highlights

- Strong start to the year supported by a positive market backdrop
- Sales rate of 0.74 (2016: 0.74) net private reservations per active outlet per average week
- Total forward sales (including joint ventures ('JVs')) up by 8.4% to £2,876.0m (2016: £2,654.3m)
- As previously announced, the Board has proposed a record dividend payment of £348m (comprising £173m final dividend and £175m special dividend) payable on 20 November 2017 and to be approved by shareholders later today

David Thomas, Chief Executive commented:

"We have started the financial year strongly with a good sales rate, driven by customer demand for new homes, and supported by an attractive lending environment. We remain committed to quality, build excellence and market leading customer service and are working hard to increase the supply of houses across the UK.

We remain focused on driving operational improvements through the business and we continue to be confident in delivering a good performance in FY18."

Trading update

Market conditions remain good, and the Group has delivered a strong performance since the start of the financial year, with customer demand for new homes supported by wide availability of attractive mortgage finance.

The strength of demand across our regions is demonstrated by net private reservations per average week of 268 (2016: 265) for the period, resulting in a sales rate of 0.74 (2016: 0.74) net private reservations per active outlet per average week.

We have launched 79 (2016: 69) new developments in the period (including JVs), operating from an average of 373 (2016: 370) active outlets (including JVs). We expect average outlet numbers to grow modestly for the full year when compared to the prior year.

The quality of our homes and our high levels of customer service are key to our ongoing success. Our NHBC Pride in the Job Award winning site managers and our HBF five star status demonstrate our credentials.

As the UK's largest housebuilder, we remain firmly committed to helping address the UK's housing shortage, and to playing our part in addressing industry-wide skills challenges. We are investing further in our award winning apprenticeships and recruiting and training skilled workers from outside of the building industry. To increase the efficiency of our build process, we continue to assess, trial and implement modern construction methods.

Forward sales

Total forward sales (including JVs) as at 12 November 2017 were up 8.4% on the prior year at a value of £2,876.0m (13 November 2016: £2,654.3m), equating to 12,843 plots (13 November 2016: 11,733 plots). Wholly owned forward sales were up by 7.1% to £2,642.1m (13 November 2016: £2,466.1m) equating to 11,963 plots (13 November 2016: 11,035 plots).

Land and planning

The Group continues to secure excellent operational land opportunities that exceed our hurdle rates of 20% gross margin and 25% site ROCE⁽¹⁾.

We have had a very successful start to the year approving the purchase of £505.5m (2016: £200.2m) of operational land, equating to 37 sites (2016: 15 sites) and 9,498 plots (2016: 2,864 plots). We continue to expect to approve more than 20,000 plots in FY18, and to target an owned land bank of around 3.5 years.

We are securing attractive deferred payment terms on land. At our year end we expect land creditors to be 30% to 35% of the owned land bank and net cash⁽²⁾ to be c.£500m.

Capital returns

The Board proposed a final ordinary dividend of 17.1 pence per share (2016: 12.3 pence per share) or £173m, which subject to shareholder approval, will be paid on 20 November 2017. Under the special cash payment programme, a payment of £175m or 17.3 pence per share (2016: 12.4 pence per share) was proposed with the Group's FY17 results and, subject to shareholder approval, will also be paid on 20 November 2017. Therefore the FY17 total dividend payment consisting of both the special, ordinary and interim dividend is £421m or 41.7 pence per share (2016: 30.7 pence per share).

Outlook

The Group has made a strong start to the year and remains focused on driving operational improvements through the business and delivering margin improvement. The Board is confident of delivering a good operating performance in FY18 and expects to deliver modest growth in wholly owned completions.

We remain committed to the highest standards of quality and service and to building great places in which people aspire to live.

Notes:

- (1) Site return on capital employed ('ROCE') is calculated as site operating profit (site trading profit less sales overheads less allocated administrative overheads) divided by average investment in site land, work in progress and equity share
- (2) Net cash is defined as cash and cash equivalents, less total borrowings being total drawn debt plus / minus the value of any foreign exchange swaps

Appendix

1. Forward sales	2017		2016		Variance (£m)
	£m	Plots	£m	Plots	%
Private	1,882.9	5,607	1,788.8	5,371	5.3%
Affordable	759.2	6,356	677.3	5,664	12.1%
Wholly owned	2,642.1	11,963	2,466.1	11,035	7.1%
JV	233.9	880	188.2	698	24.3%
Total	2,876.0	12,843	2,654.3	11,733	8.4%

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. This announcement contains inside information.

Conference call for analysts and investors

David Thomas, Chief Executive, will be hosting a conference call at 08:30am today, Wednesday 15 November 2017, to discuss this Trading Update.

To access the conference call:

Dial-in: +44 (0)330 336 9411

Passcode: 6409284

A replay facility will be available shortly after:

Dial in: +44 (0)207 984 7568

Passcode: 6409284

Annual General Meeting

Barratt Developments PLC will be holding its Annual General Meeting today at 2:30pm at The Royal College of Physicians, 11 St Andrews Place, Regent's Park, London, NW1 4LE.

For further information please contact:

Barratt Developments PLC

Jessica White, Chief Financial Officer

01530 278 259

Analyst / investor enquiries

Chloé Barnes, Head of Investor Relations

020 7299 4895

Media enquiries

Tim Collins, Head of Corporate Communications

020 7299 4874

Derek Harris, Head of Public Relations

020 7299 4873

Brunswick

Jonathan Glass/Wendel Verbeek

020 7404 5959

www.barrattdevelopments.co.uk