



Results presentation for the year ended 30 June 2010

8 September 2010

Bob Lawson
Chairman
8 September 2010



David Thomas
Group Finance Director
8 September 2010





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Overview

£m (unless otherwise stated)	2009/10 H1	2009/10 H2	2009/10 FY	2008/09 FY
Revenue	872.4	1,162.8	2,035.2	2,285.2
Operating profit ⁽¹⁾	21.0	69.1	90.1	34.2
Operating margin	2.4%	5.9%	4.4%	1.5%
(Loss) / profit before tax ⁽²⁾	(48.5)	15.5	(33.0)	(144.1)
Exceptional items	(129.9)	-	(129.9)	(534.8)
(Loss) / profit before tax	(178.4)	15.5	(162.9)	(678.9)
Tangible net assets per share ⁽³⁾	210p		208p	415p
Net debt	605.3		366.9	1,276.9
Gearing ⁽⁴⁾	30%		18%	89%

⁽¹⁾ Pre exceptional costs of H1 £15.8m , H2 nil, FY £15.8m (2008/09: £519.5m)

⁽²⁾ Pre exceptional costs of H1 £129.9m, H2 nil, FY £129.9m (2008/09: £534.8m)

⁽³⁾ Shares not adjusted

⁽⁴⁾ Calculated as: year-end net debt / tangible net assets



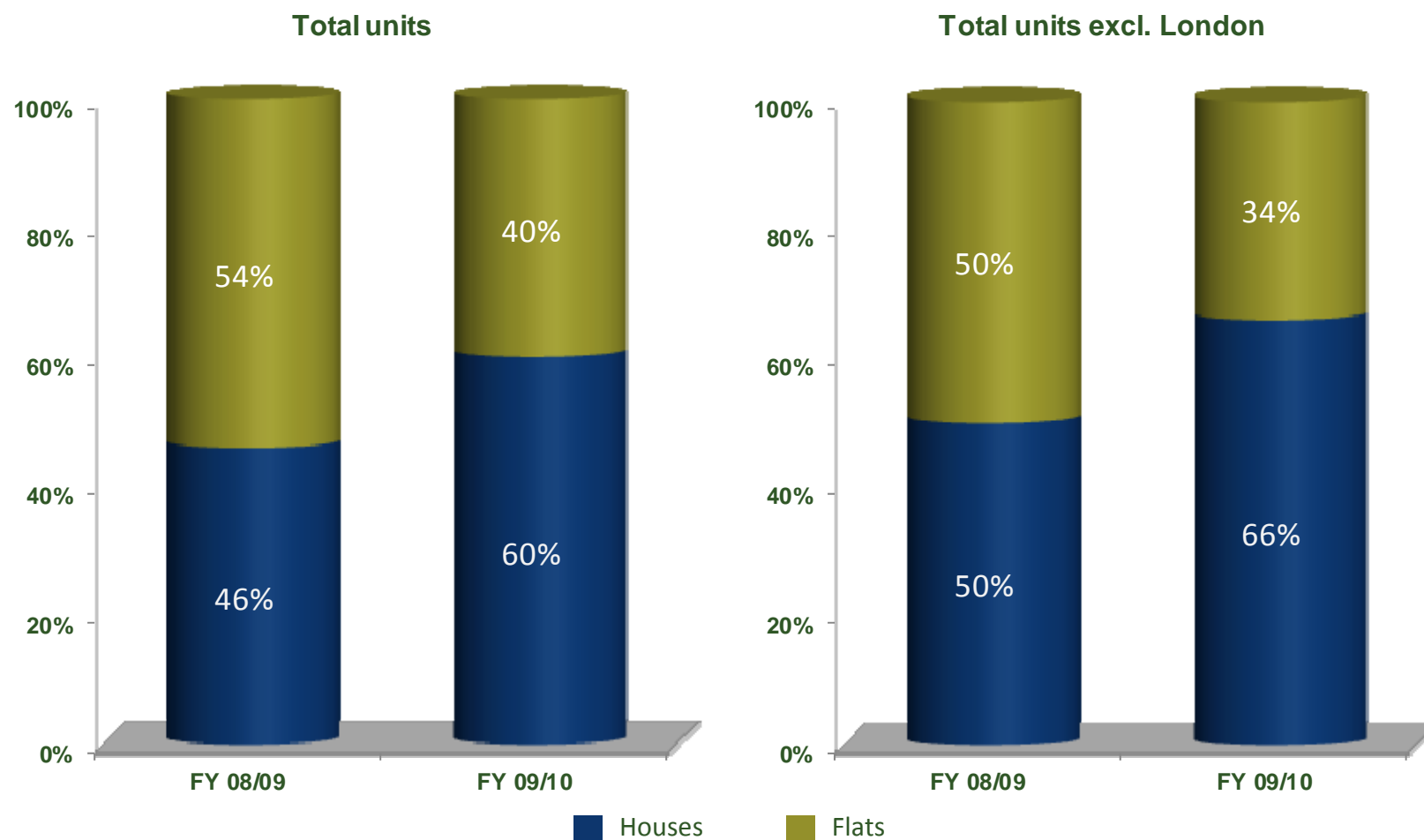
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Revenue drivers

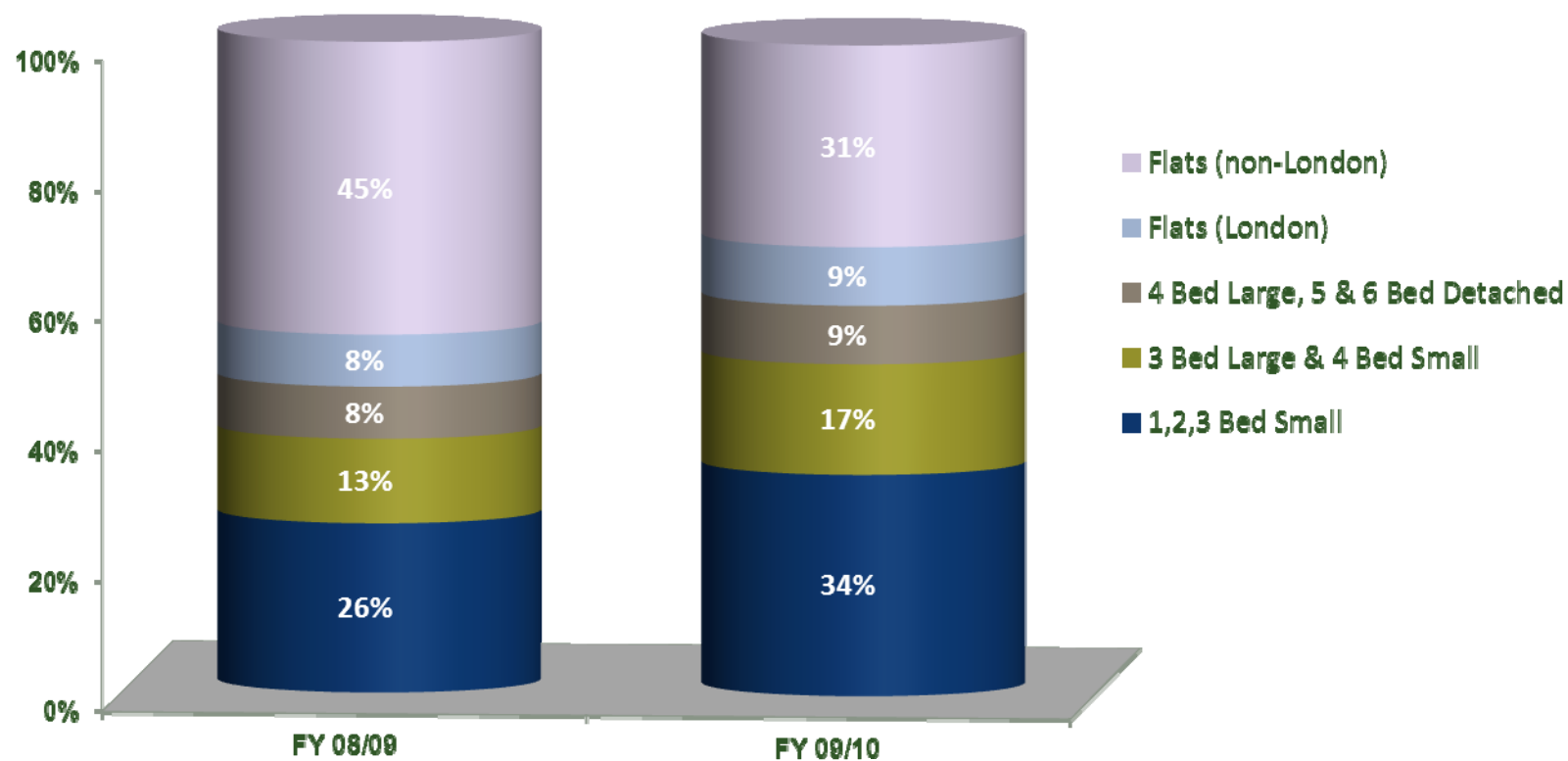
	2009/10 H1	2009/10 H2	2009/10 FY	2008/09 FY	Change
Completions					
Private	4,381	5,074	9,455	11,133	(15%)
Social	647	1,223	1,870	2,069	(10%)
Total housebuild	5,028	6,297	11,325	13,202	(14%)
% <i>Social</i>	13%	19%	17%	16%	
ASP (£'000)					
Private	173.2	195.4	185.2	166.5	11%
Social	119.0	119.7	119.5	107.1	12%
Total housebuild	166.3	180.7	174.3	157.2	11%
Revenue (£m)⁽¹⁾	872.4	1,162.8	2,035.2	2,285.2	(11%)

⁽¹⁾ Includes other revenue

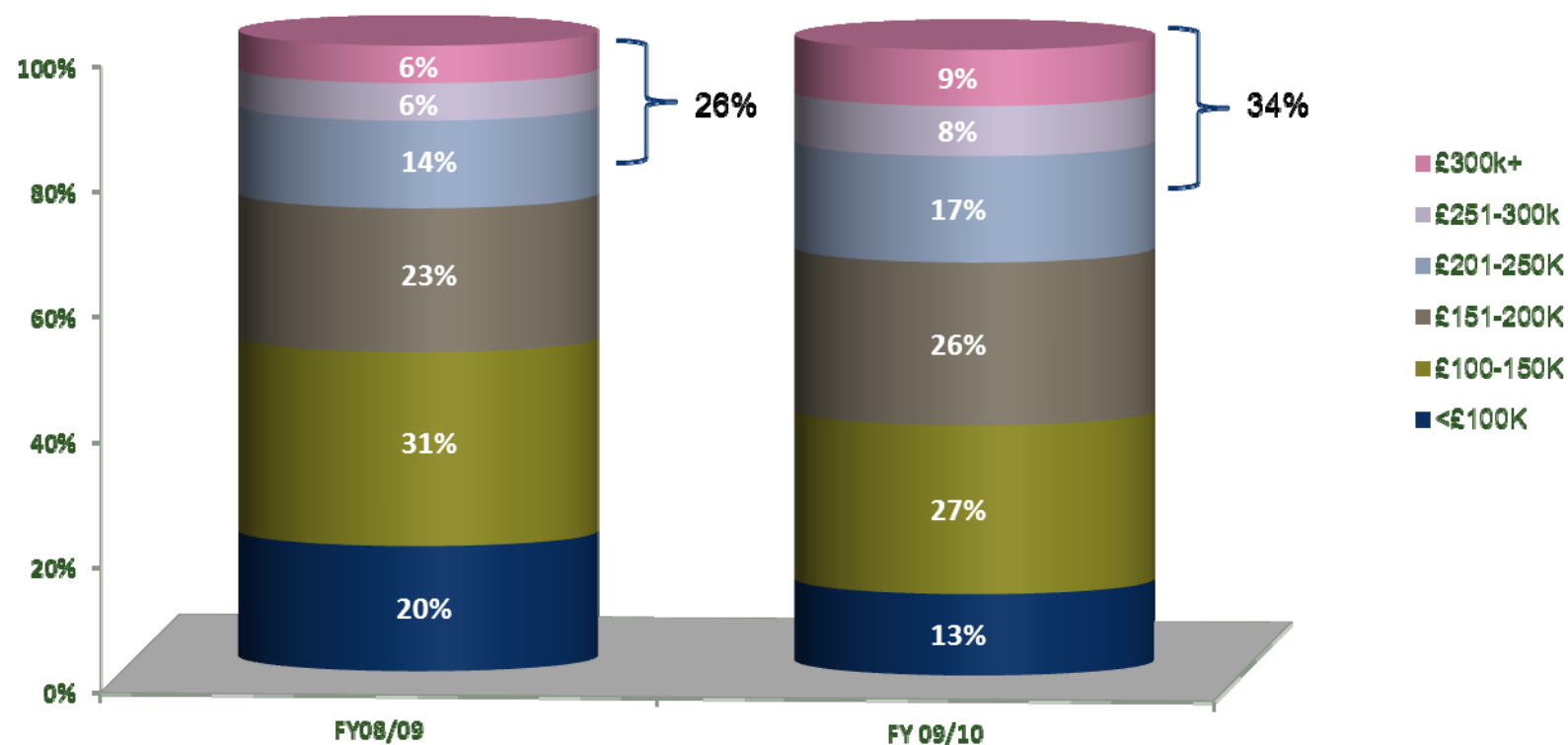
Completions : houses v flats



Revenue analysis - product mix

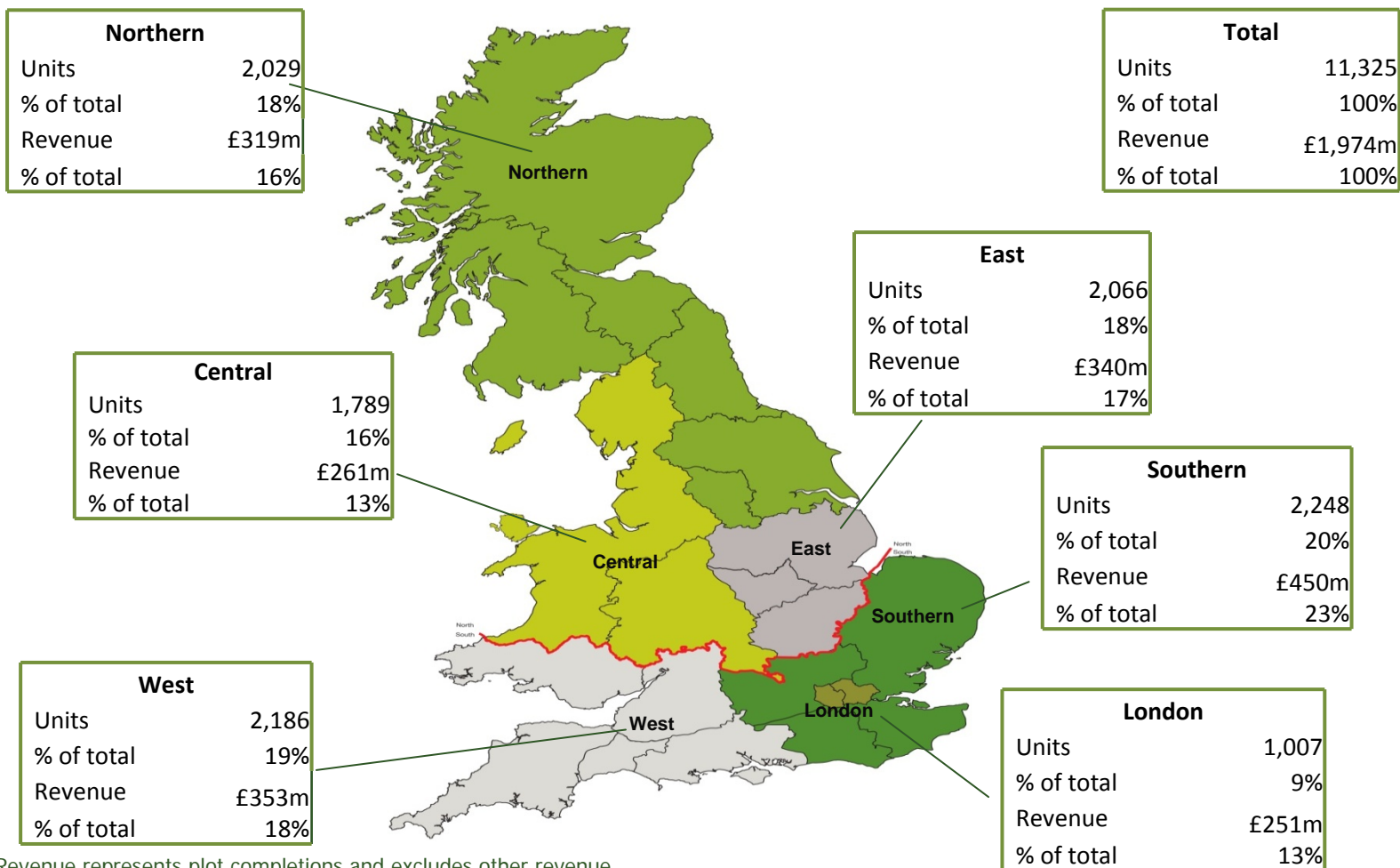


Private revenue analysis – price segments



Note: Private completions only

Revenue analysis – regional



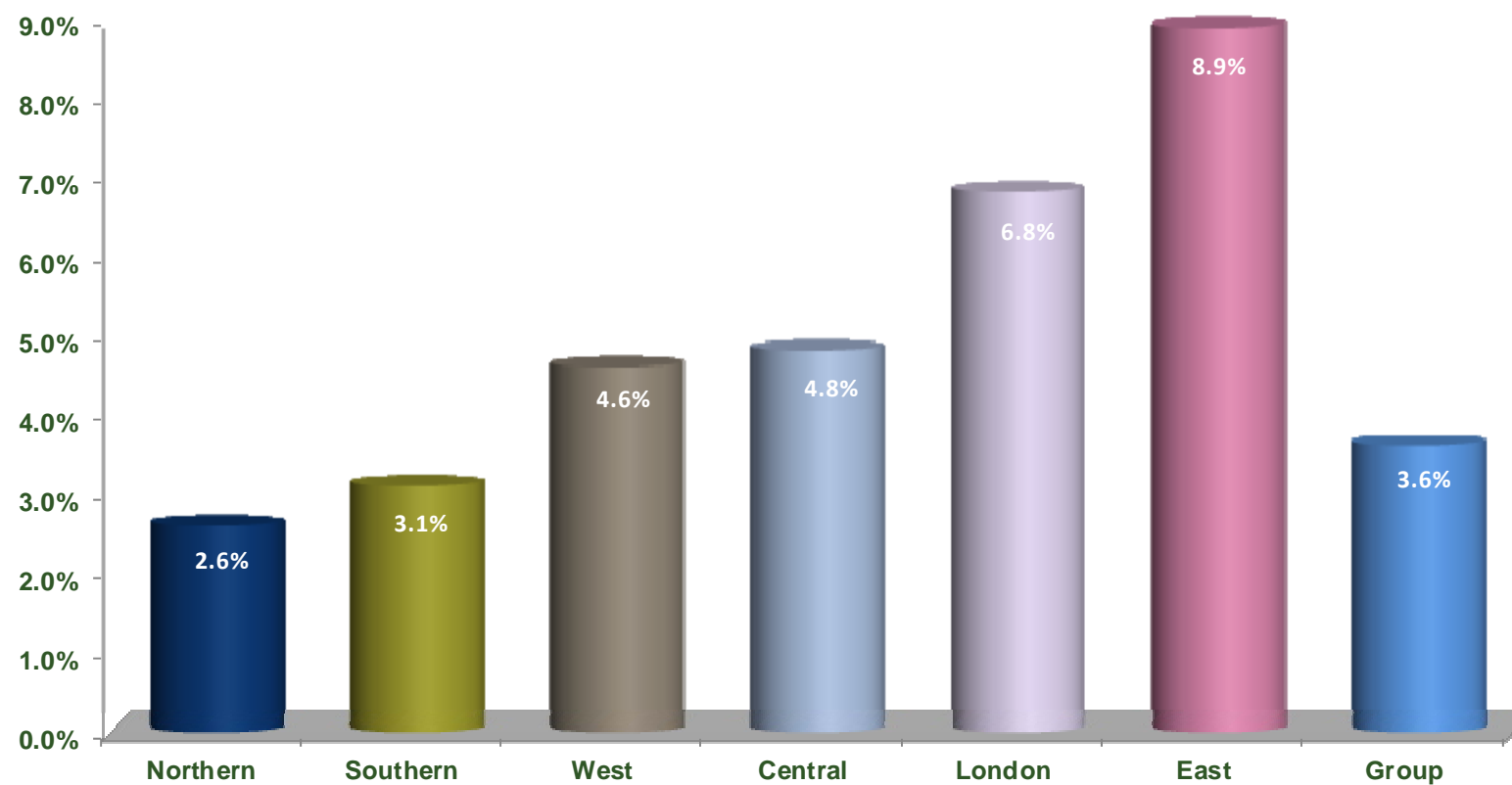
Note 1 : Revenue represents plot completions and excludes other revenue

Note 2 : Northern, Central and East constitute Barratt North, West, Southern and London constitute Barratt South



Private revenue analysis – per sq ft

% Change FY08/09 to FY 09/10 by region





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Income statement

£m (unless otherwise stated)	2009/10 H1	2009/10 H2	2009/10 FY	2008/09 FY
Revenue	872.4	1,162.8	2,035.2	2,285.2
Cost of sales⁽¹⁾				
- Land	(208.4)	(268.4)	(476.8)	(427.6)
- Other	(605.4)	(768.2)	(1,373.6)	(1,728.2)
Gross profit⁽¹⁾	58.6	126.2	184.8	129.4
Gross margin⁽¹⁾	6.7%	10.9%	9.1%	5.7%
Administrative expenses⁽²⁾	(37.6)	(57.1)	(94.7)	(95.2)
Profit from operations⁽³⁾	21.0	69.1	90.1	34.2
Operating margin⁽³⁾	2.4%	5.9%	4.4%	1.5%

(1) Pre Exceptional costs of H1 £4.8m , H2 nil, FY £4.8m (2008/09: £499.5m)

(2) Pre Exceptional costs of H1 £11.0m, H2 nil, FY £11.0m (2008/09: £20.0m)

(3) Pre Exceptional costs of H1 £15.8m, H2 nil, FY £15.8m (2008/09: £519.5m)



Income statement continued

£m (unless otherwise stated)	2009/10 H1	2009/10 H2	2009/10 FY	2008/09 FY
Net finance costs⁽¹⁾	(68.9)	(52.7)	(121.6)	(177.3)
Joint ventures (post tax)⁽²⁾	(0.6)	(0.9)	(1.5)	(1.0)
(Loss) / profit before tax⁽³⁾	(48.5)	15.5	(33.0)	(144.1)
Exceptional items	(129.9)	-	(129.9)	(534.8)
(Loss) / profit before tax	(178.4)	15.5	(162.9)	(678.9)
Tax	51.0	(6.5)	44.5	210.3
Attributable (loss) / profit	(127.4)	9.0	(118.4)	(468.6)
Basic EPS⁽⁴⁾	(18.9p)		(14.5p)	(89.1p)
Adjusted basic EPS⁽⁴⁾	(4.9p)		(2.9p)	(15.6p)

(1) Pre exceptional costs of H1 £114.1m , H2 nil, FY £114.1m (2008/09: £13.3m)

(2) Pre exceptional costs net of tax of H1 nil, H2 nil, FY nil (2008/09: £2.0m)

(3) Pre exceptional costs of H1 £129.9m, H2 nil, FY £129.9m (2008/09: £534.8m)

(4) Prior period EPS has been adjusted following the Rights Issue as required by IAS33

Cash flow



£m (unless otherwise stated)	2009/10 H1	2009/10 H2	2009/10 FY	2008/09 FY
Profit /(loss) from operations (after exceptionals)	5.2	69.1	74.3	(485.3)
Decrease in land	95.5	49.0	144.5	669.0
(Decrease) / increase in land creditors	(17.1)	113.3	96.2	(81.7)
Net inflow from land	78.4	162.3	240.7	587.3
Decrease in WIP	48.5	14.3	62.8	525.1
Other working capital movements and non cash items	(30.7)	22.7	(8.0)	(115.3)
Operating cash flow	101.4	268.4	369.8	511.8
Net interest & tax	(5.2)	(35.7)	(40.9)	(100.3)
Free cash flow	96.2	232.7	328.9	411.5
Exceptional finance costs	(110.8)	(0.3)	(111.1)	(13.3)
Share issues	720.5	-	720.5	-
Share issue costs	(26.7)	(0.8)	(27.5)	-
Acquisitions, Investments and purchase of shares by EBT	(7.6)	6.8	(0.8)	(24.5)
Movement in net debt	671.6	238.4	910.0	373.7



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Balance sheet - assets

£m (unless otherwise stated)	30 June 2010	31 Dec 2009	30 June 2009
Goodwill and intangibles	892.2	892.2	892.2
Other non-current	397.0	373.5	308.4
Gross landbank	2,308.7	2,357.7	2,453.2
Land creditors	(566.8)	(453.5)	(470.6)
Net landbank	1,741.9	1,904.2	1,982.6
Stock and WIP	981.4	995.7	1,044.2
Other current (excluding cash)	118.3	76.1	135.5



Balance sheet - landbank

	30 June 2010	31 Dec 2009	30 June 2009
Landbank plots			
Owned / unconditional contracts	50,948	50,990	53,541
Conditional contracts	11,392	13,429	14,459
Total	62,340	64,419	68,000
Landbank pricing (£'000)			
Cost of plots acquired	35.7	35.4	40.5
Cost of plots in P&L	41.9	41.4	32.1
Cost of plots in balance sheet	43.1	44.3	44.0
Years supply – Owned & Unconditional plots⁽¹⁾	4.5	4.5	4.7

⁽¹⁾ Based on 11,325 completions



Landbank valuation

	Plots	Plot £m	Plot Cost £000	ASP £000	Plot cost / ASP %
All figures as at 30 June 2010					
Owned land					
ASP < £200k	37,446	1,237	33	150	22%
ASP > £200k	13,502	946	70	265	26%
Total	50,948	2,183	43	180	24%
Other⁽¹⁾	-	126			
Total owned land	50,948	2,309			
Conditional land	11,392		36	193	19%
Approved (not included above)	2,614		52	228	23%
Total	64,954				

⁽¹⁾ Includes strategic land and WBD



Balance sheet – liabilities

£m (unless otherwise stated)	30 June 2010	31 Dec 2009	30 June 2009
Loans & borrowings	(941.8)	(920.3)	(1,484.1)
Cash	546.5	295.8	178.8
Foreign exchange element of swap	<u>28.4</u>	<u>19.2</u>	<u>28.4</u>
Net debt	(366.9)	(605.3)	(1,276.9)
Trade & other payables ⁽¹⁾	(746.7)	(631.3)	(637.2)
Pension obligations	(46.1)	(32.1)	(31.5)
Net swaps	(68.1)	(54.7)	(85.7)
Current tax	(2.8)	(2.6)	-

⁽¹⁾ Excluding land creditors



Financing arrangements

Loan /facility	Amount	Maturity
Bank Facilities		
Term loan ⁽¹⁾	£741m	April 2012
RCF facilities ⁽²⁾	£700m	Nov 2012
Private placements	£175m ⁽³⁾	Oct 2010 ⁽⁴⁾ -Apr 2020
Total⁽⁵⁾	£1,616m	

⁽¹⁾ Note that the term loan is actually a revolving credit facility which was fully drawn in August 2008 and which has, since that date, operated effectively as a term loan

⁽²⁾ Consists of 2 separate revolving credit facilities each with total commitments of £350m

⁽³⁾ Includes £19m of new make-whole notes issued in Nov 09

⁽⁴⁾ Amount maturing in Oct 2010 is approximately £11m

⁽⁵⁾ Covenants common to all financing arrangements



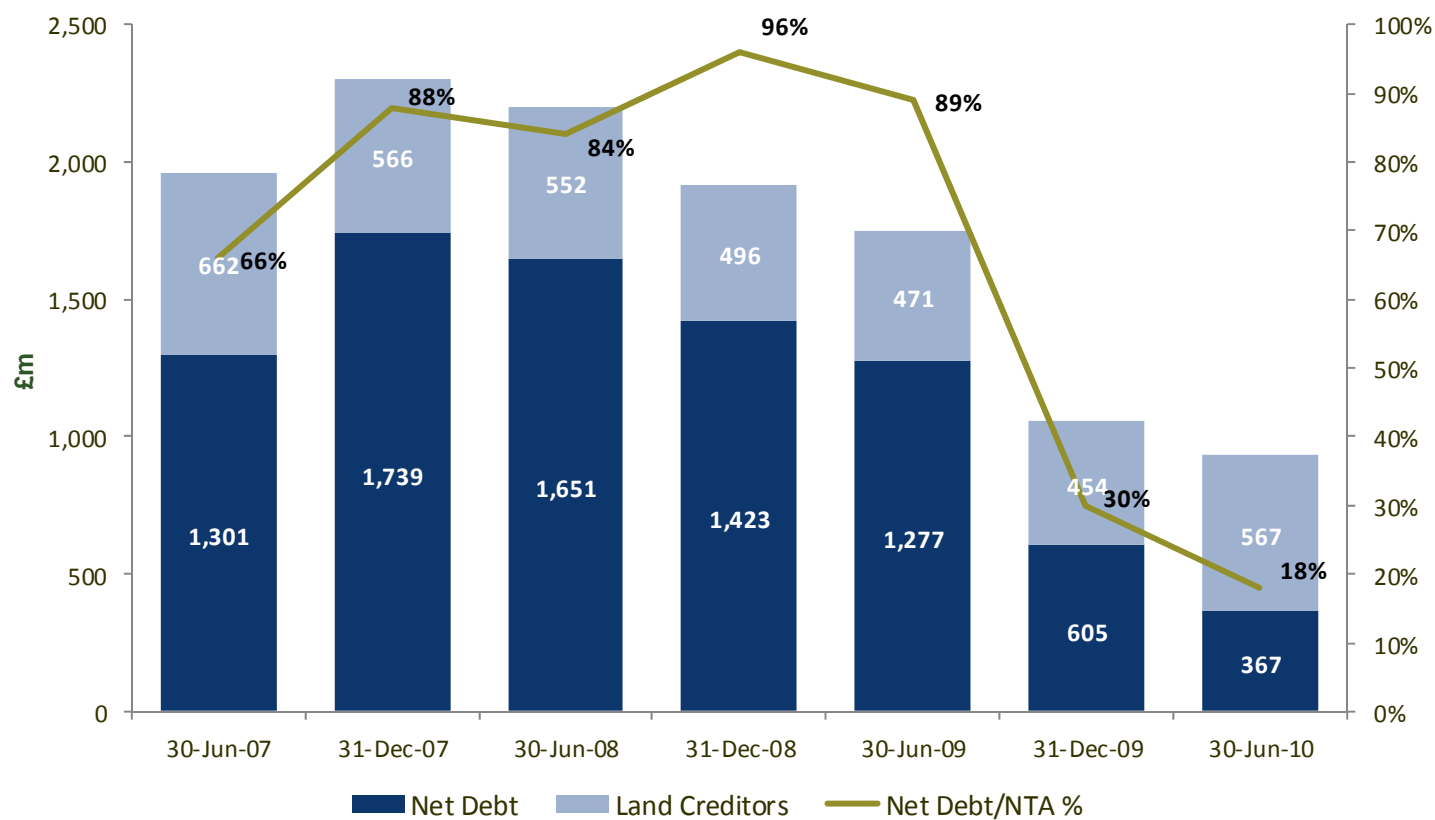
Interest charge analysis

£m (unless otherwise stated)	H1 10	FY 10	FY 11 (Forecast)
Cash interest			
Interest on fixed term debt and other external interest payments	53.1	90.7	75.0
Non-cash interest			
Land creditors	11.5	26.5	
Financing fees	6.4	9.6	
Shared equity	(2.9)	(7.0)	
Kickstart	-	0.2	
Pension	0.8	1.6	
Total non-cash interest	<u>15.8</u>	<u>30.9</u>	<u>30.0</u>
Total net interest⁽¹⁾	68.9	121.6	105.0

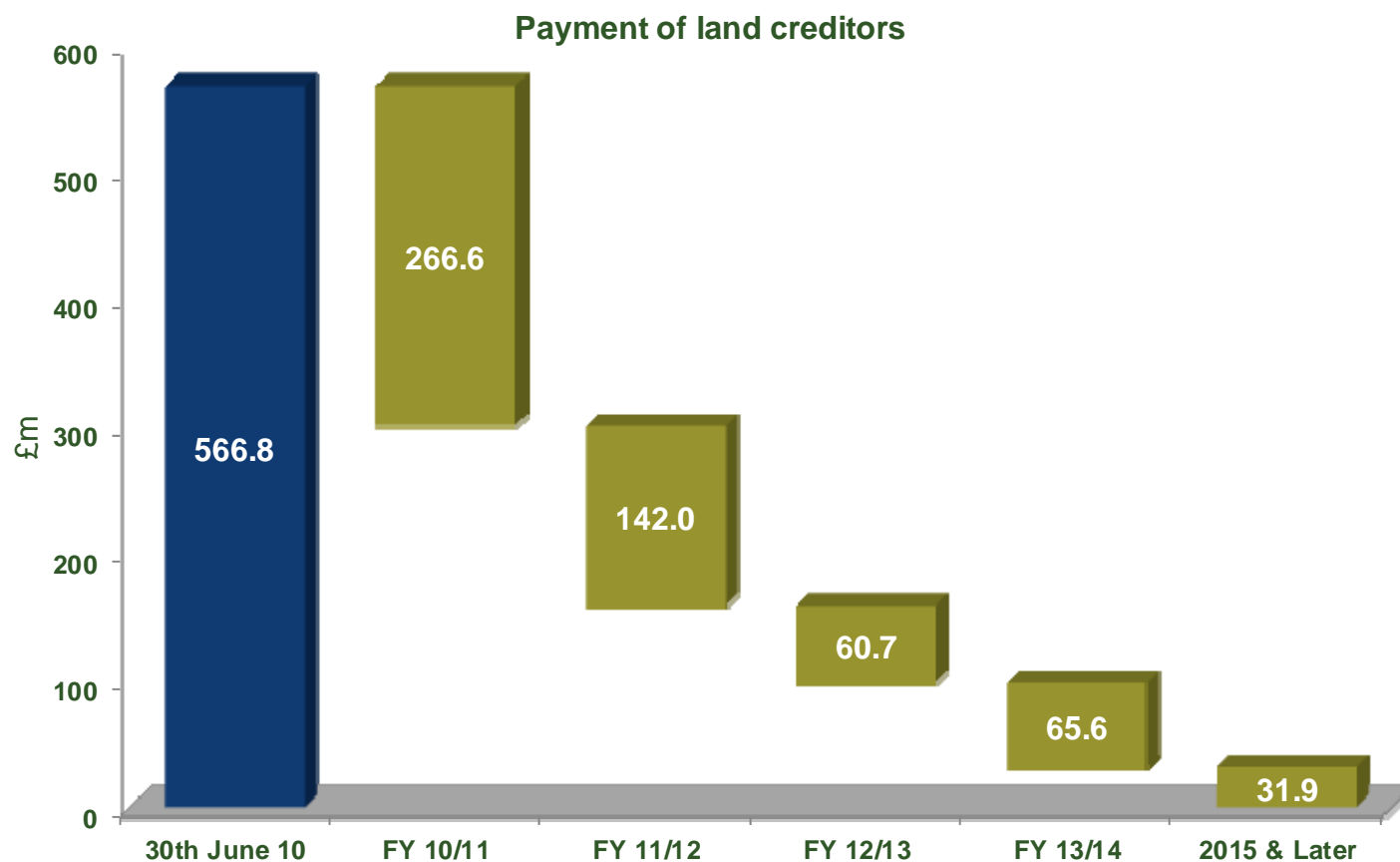
⁽¹⁾ Pre exceptional interest of H1 £114.1m, H2 nil, FY £114.1m (2008/9: £13.3m)



Net debt/Land creditors analysis



Land creditors payment profile



Mark Clare
Group Chief Executive
8 September 2010





Overview

- Market trends
 - Sales performance
 - Key priorities
 - Government framework
 - Current trading
 - Outlook
-



Key achievements

**Private
reservations⁽¹⁾
+ 4.2%**

**ASP⁽²⁾
+ 10.9%**

**Operating
margin⁽³⁾
FY 4.4%
H2 5.9%**

**Net debt
£366.9m**

**New
land⁽⁴⁾
£527.2m**

**5-Star
Customer
Service
Status**

(1) Net private reservations per active site per week

(2) Total ASP excluding Joint Ventures

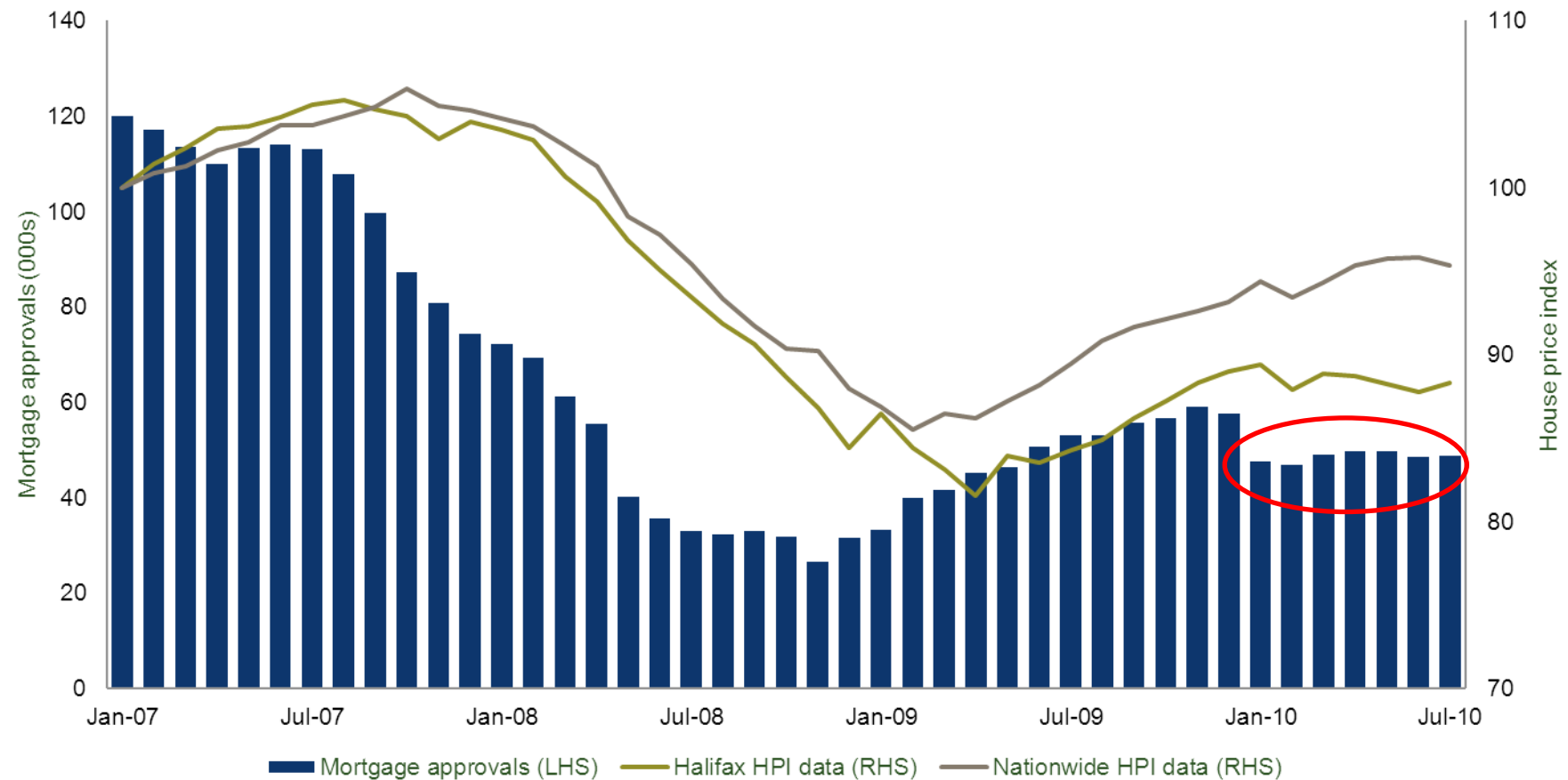
(3) Group profit from operations before exceptional items divided by Group revenue

(4) Land on which the Group has agreed terms at 30 June 2010



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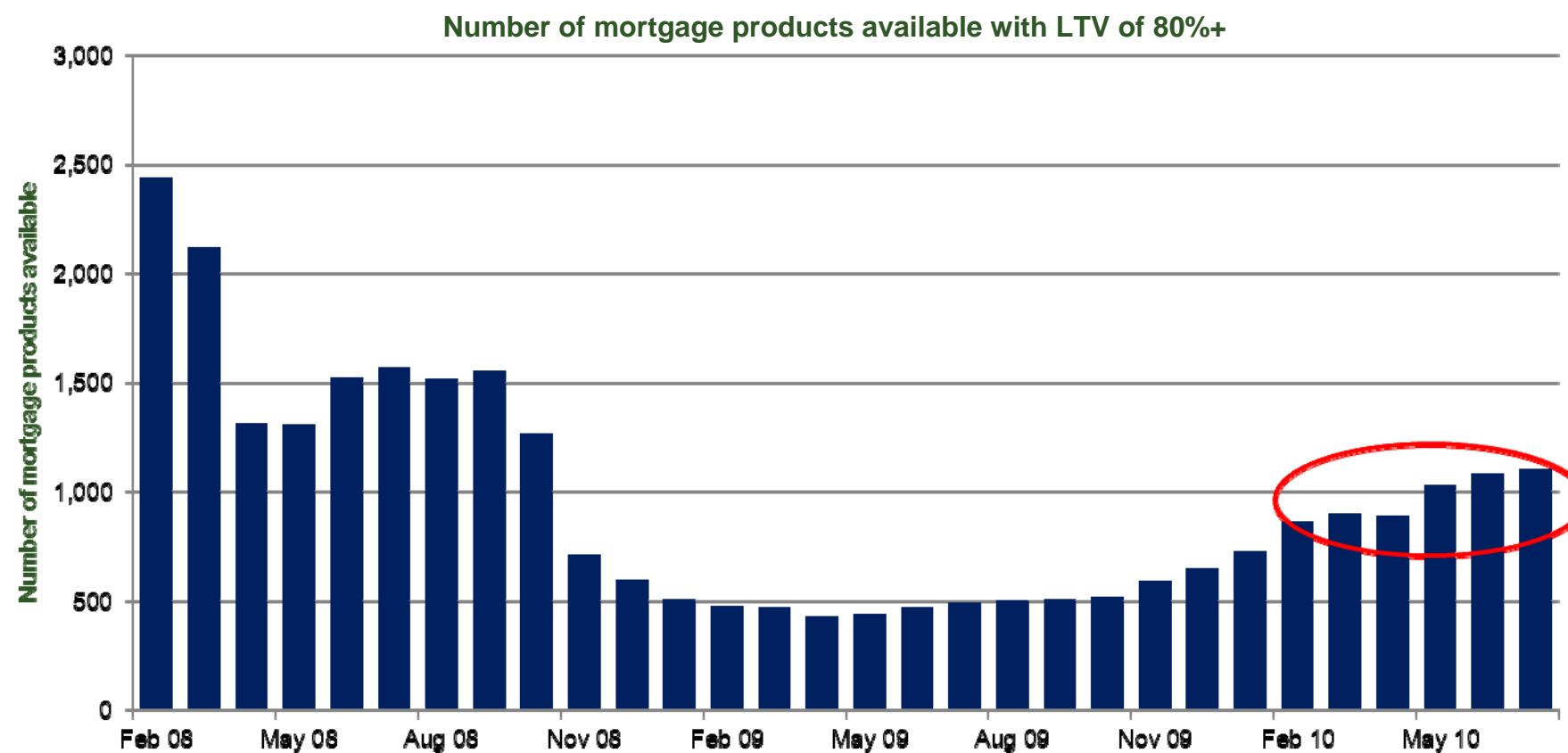
Pricing & mortgage approvals



Source: Halifax, Nationwide, Bank of England
Note: House price data rebased to 100 as at Jan 2007



High LTV mortgage products

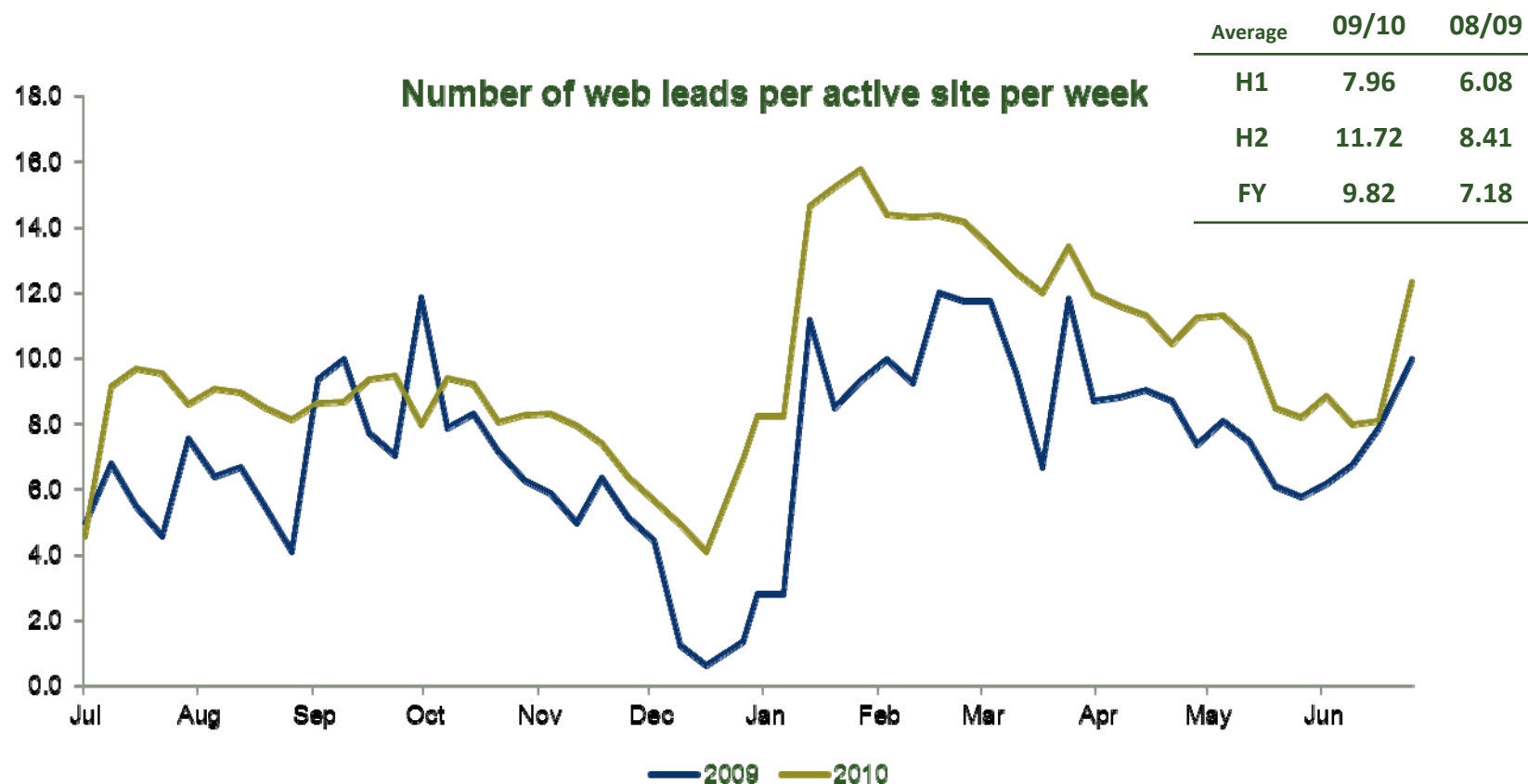


Source: Moneyfacts



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Web leads



Note: Web leads are defined as registrations, call back requests and brochure requests generated from our website, and online leads from rightmove.

Visitor levels

Number of visitors per active site per week

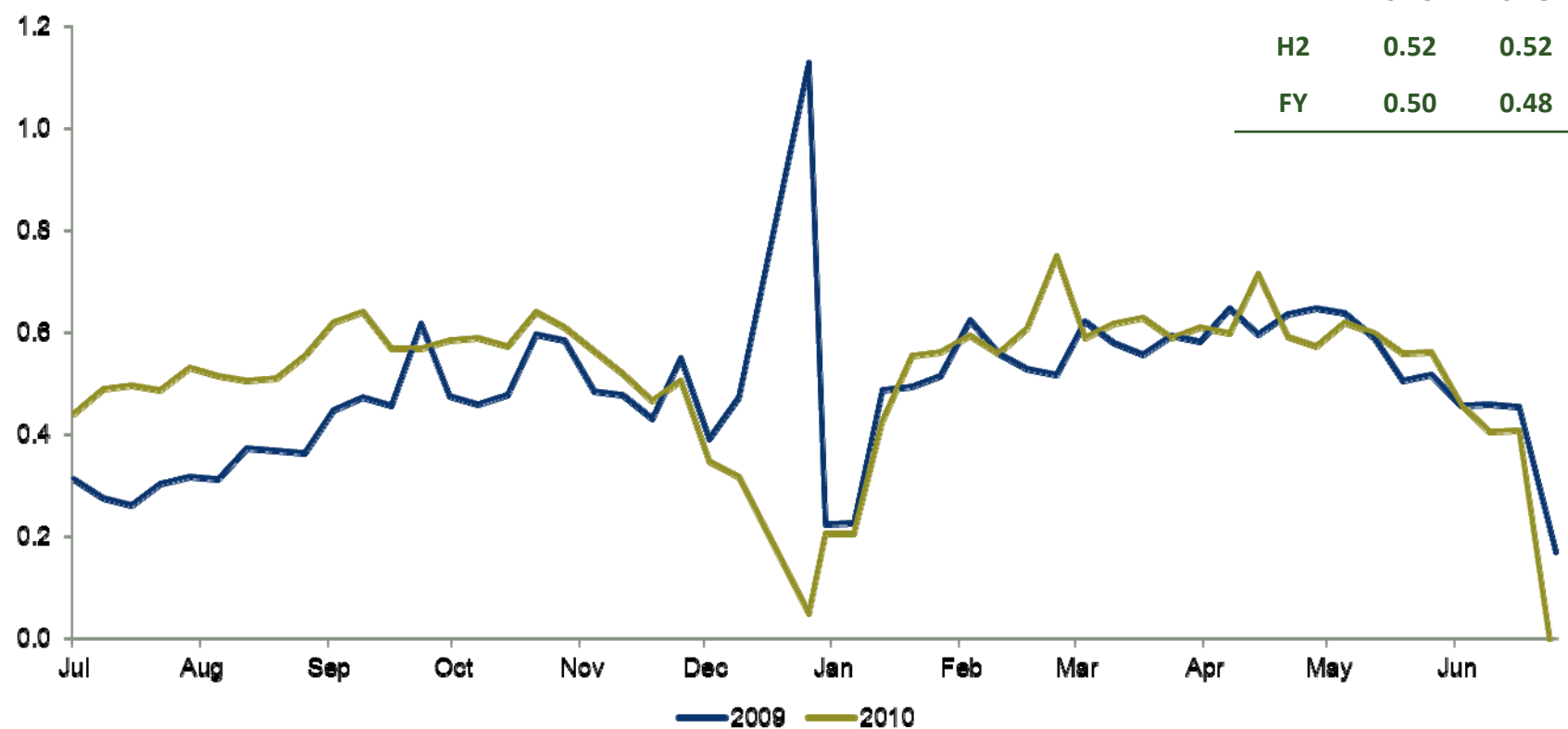




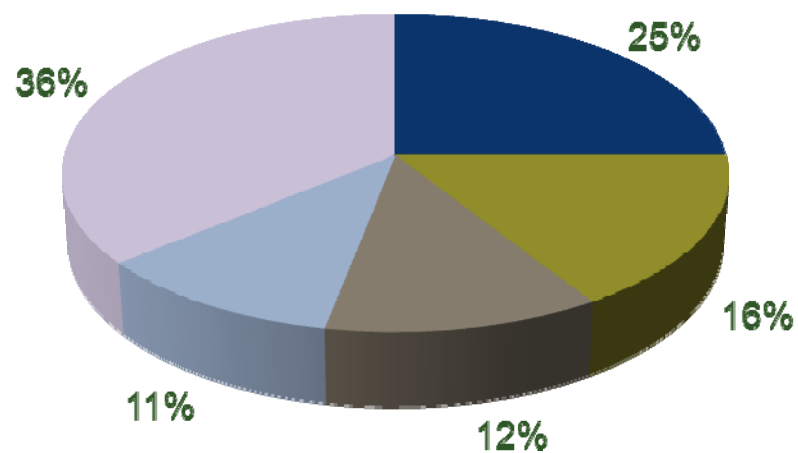
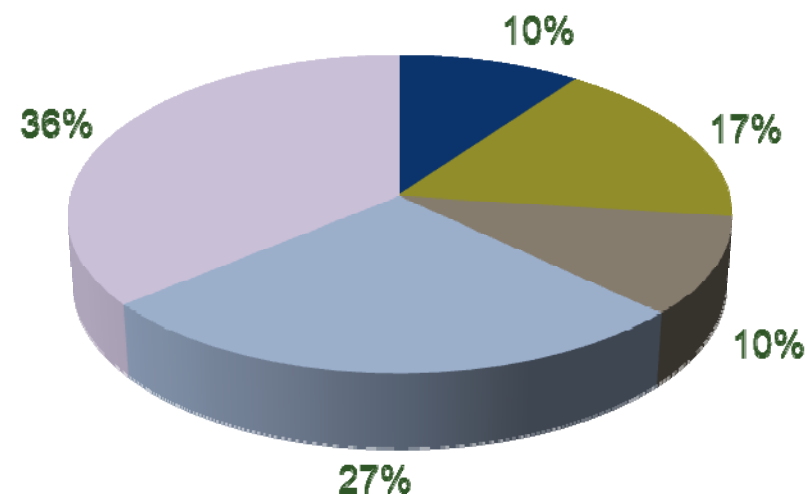
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Net private reservations

Net private reservation per active site per week



Completions analysis by buyer type

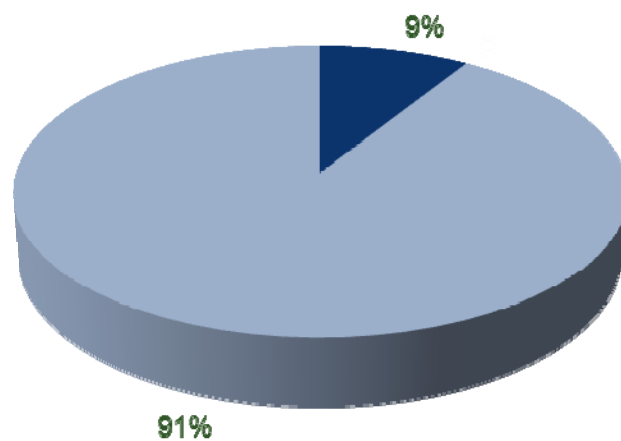
FY08/09**FY 09/10**

■ Investor ■ Social ■ Part Exchange ■ Shared Equity ■ Other Private

Note: Investor sales includes non section 106 sales to Housing Associations

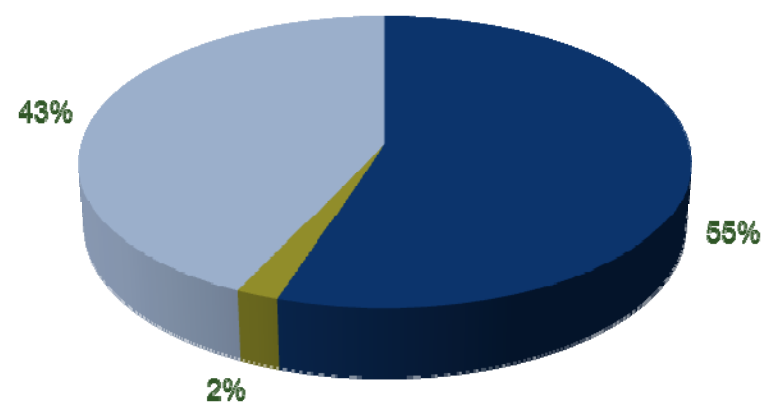
Shared equity

FY 2008/09



Total Units : 1,507
Percentage of total completions : 11%

FY 2009/10



Total Units : 3,060
Percentage of total completions : 27%

 HBD Original  HBD Kickstart  Barratt Shared Equity products/other products



Driving profitability

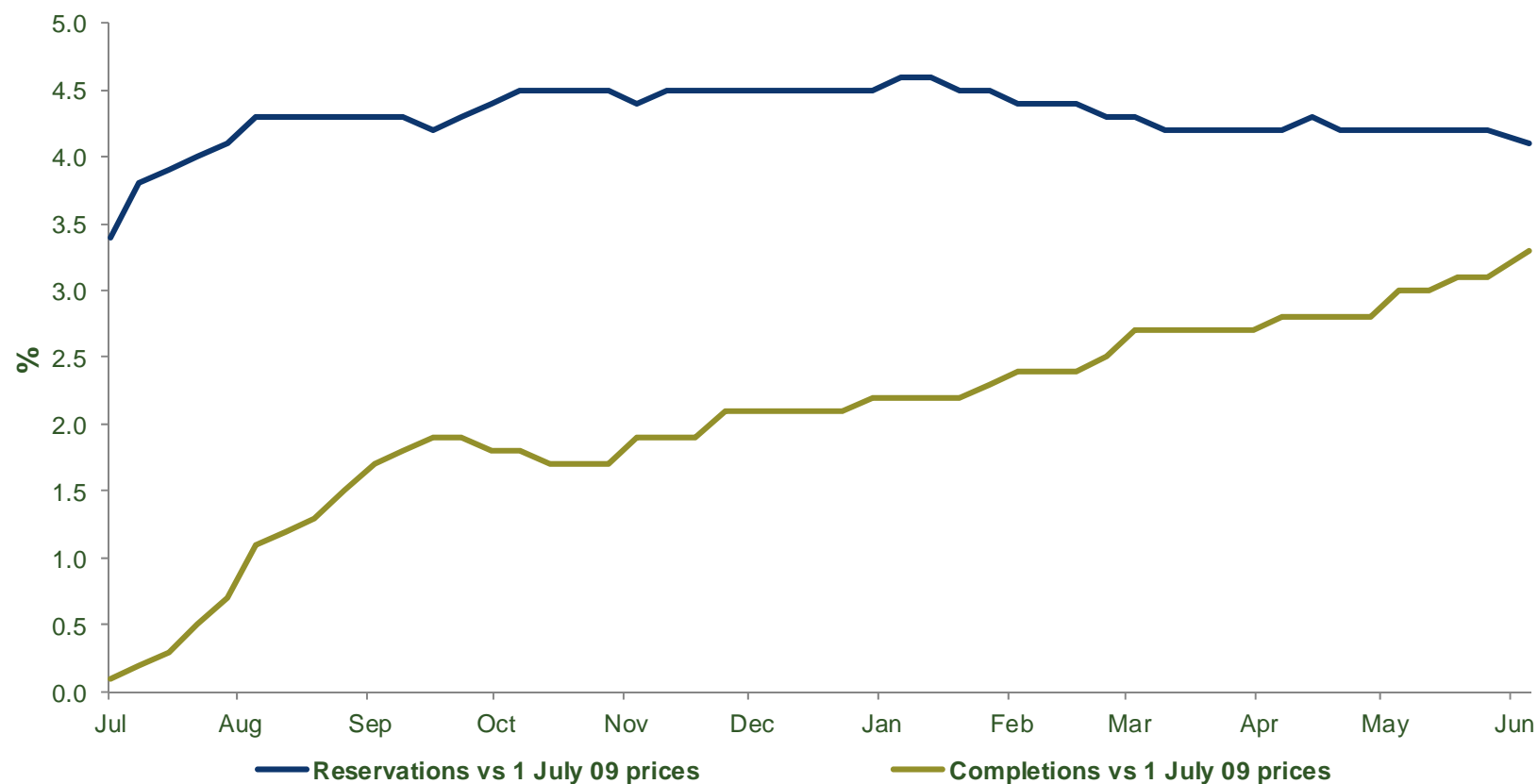
- Price optimisation
- Outlet growth
- Operational efficiency
- Targeted land buying



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Price optimisation – pricing discipline

Cumulative variance in selling prices achieved on net private reservation versus 1 July 09 prices
and on private completions versus 1 July 09 prices



Price optimisation – new product

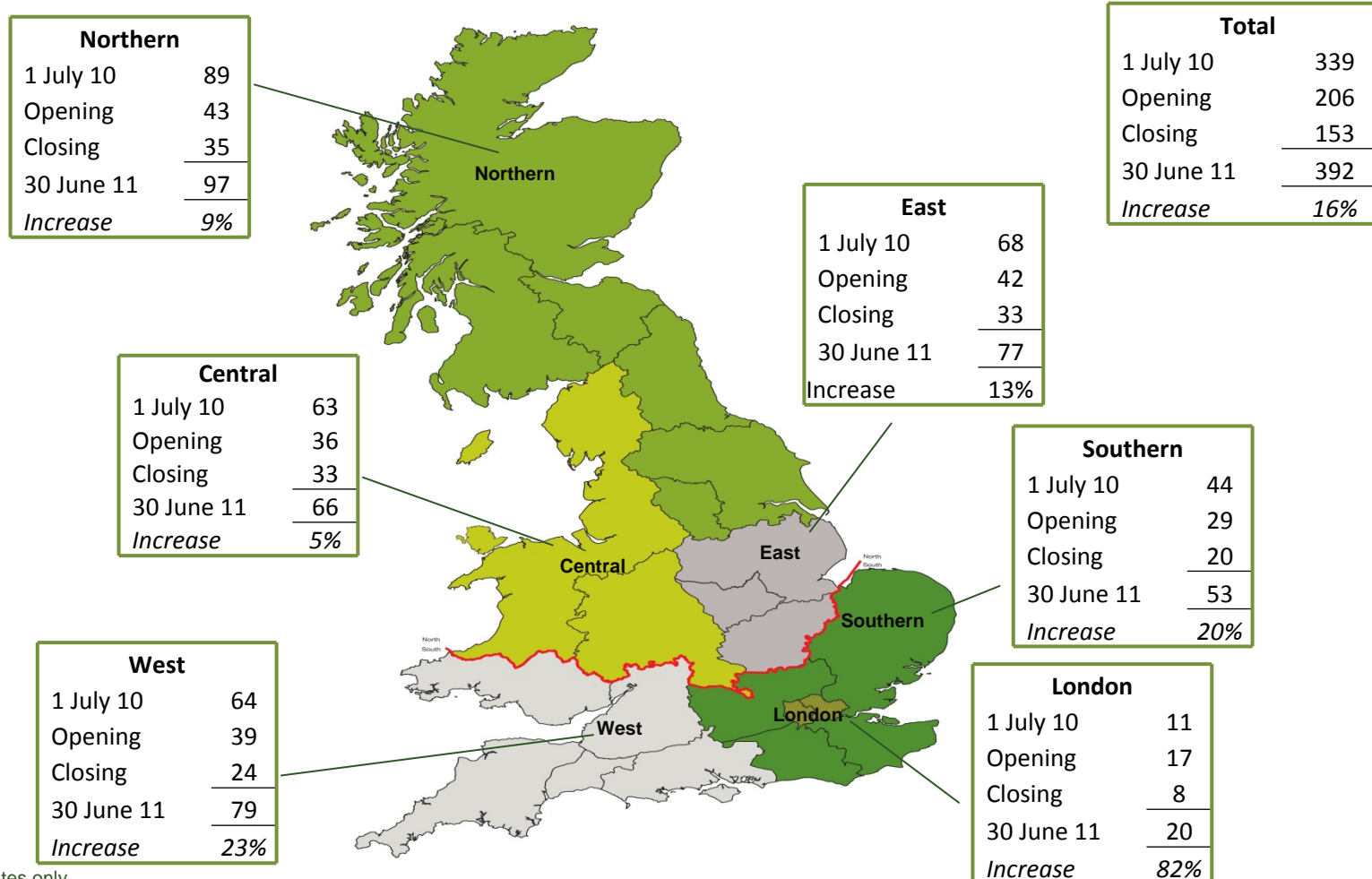
- New product
 - Designs
 - House types
 - Replanning
- New marketing campaigns
- New pricing





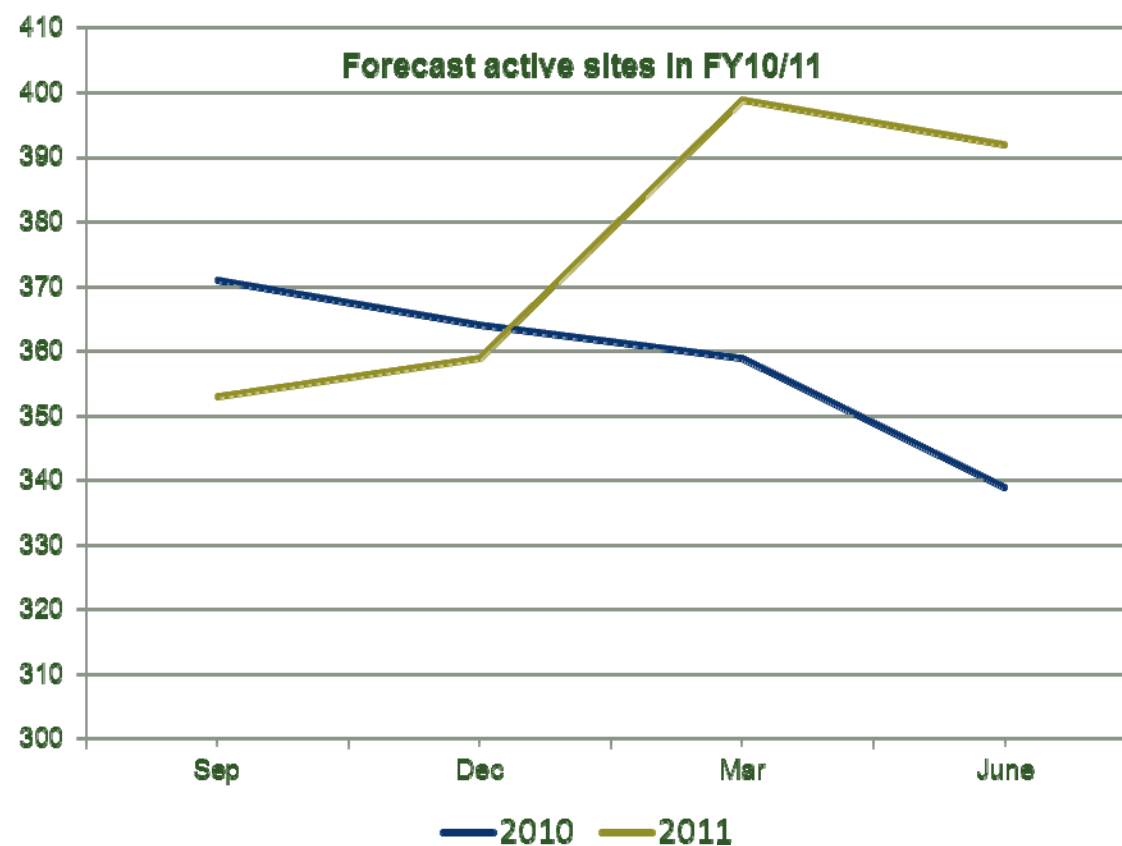
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New site openings – FY 10/11

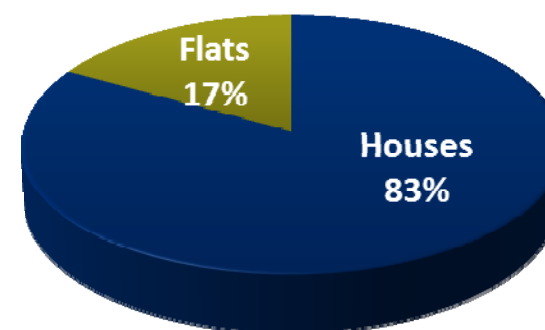


Note: Active sites only

New site openings – FY 10/11



New site openings product mix (excluding London)



Note: Based on end of period



Operational efficiency – cost structure

	FY 09/10 £ per sq ft	FY 08/09 £ per sq ft	% change
Plot completion revenue	185.8	179.3	3.6%
Land cost	(44.6)	(36.6)	21.9%
Total other development costs	(117.7)	(123.5)	-4.7%
Basic housebuild trading profit ⁽¹⁾	23.5	19.2	22.4%

- Build costs on a typical standard house type have decreased by c.15% peak to trough (June 2007 – June 2010)

Note: ⁽¹⁾ Site basic trading margin is calculated as basic trading profit (site revenue less land and development costs) divided by site revenue



Land approvals

Total approved to June 2010	£527.2m
------------------------------------	----------------

Total number of plots	13,359
------------------------------	---------------

Location		Status	
South : North (by value)	66% : 34%	Owned	52%
South : North (by plots)	51% : 49%	Contracted	30%
Vendor		Progressing	18%
Govt : Private	34% : 66%	Payment	
Type		Paid in 09/10	£40.2m
Brownfield : Greenfield	60% : 40%	Due in 10/11	£156.9m
Houses : Flats	77% : 23%	Due after 10/11	£330.1m

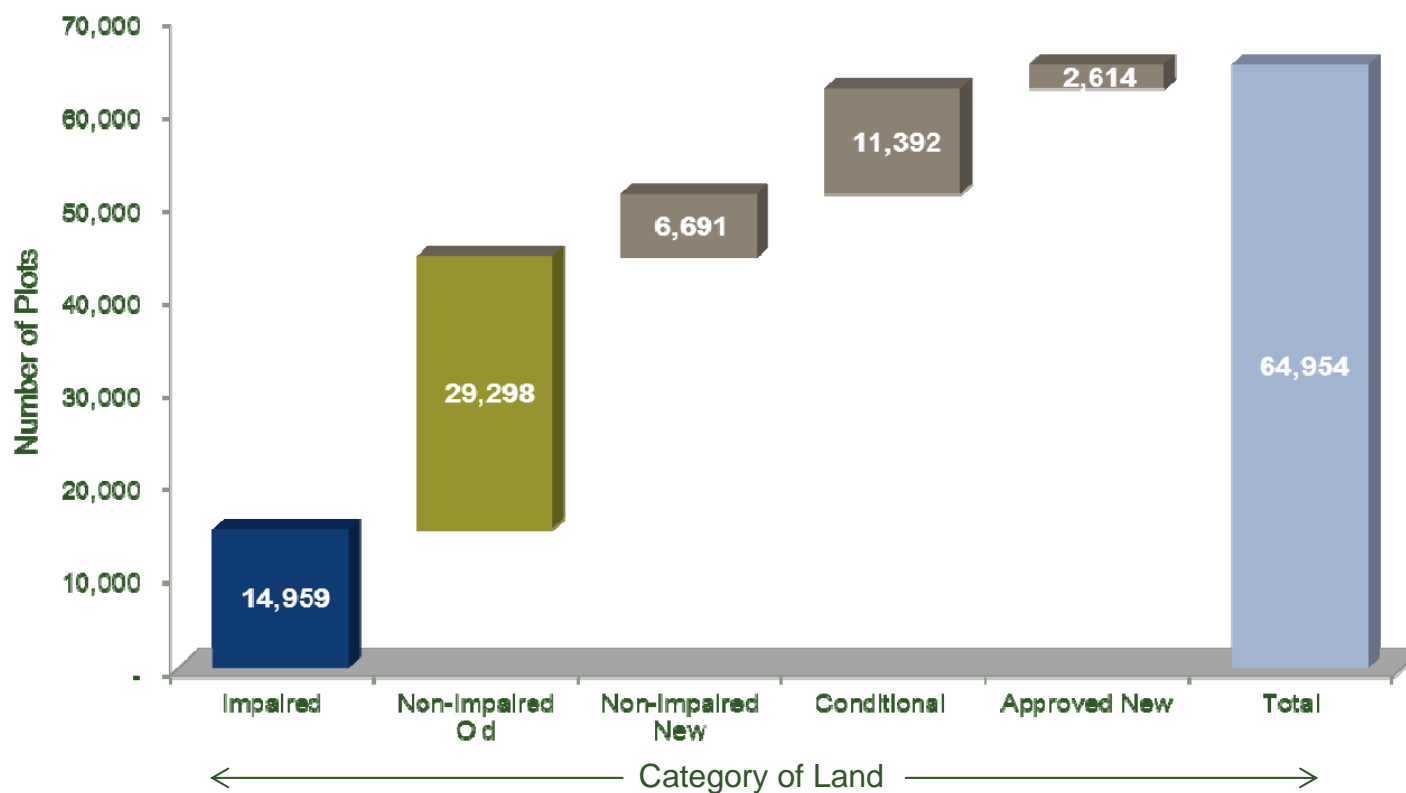
Note: Unless stated otherwise, information as at 30.06.2010, % splits are by plots



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Landbank delivery

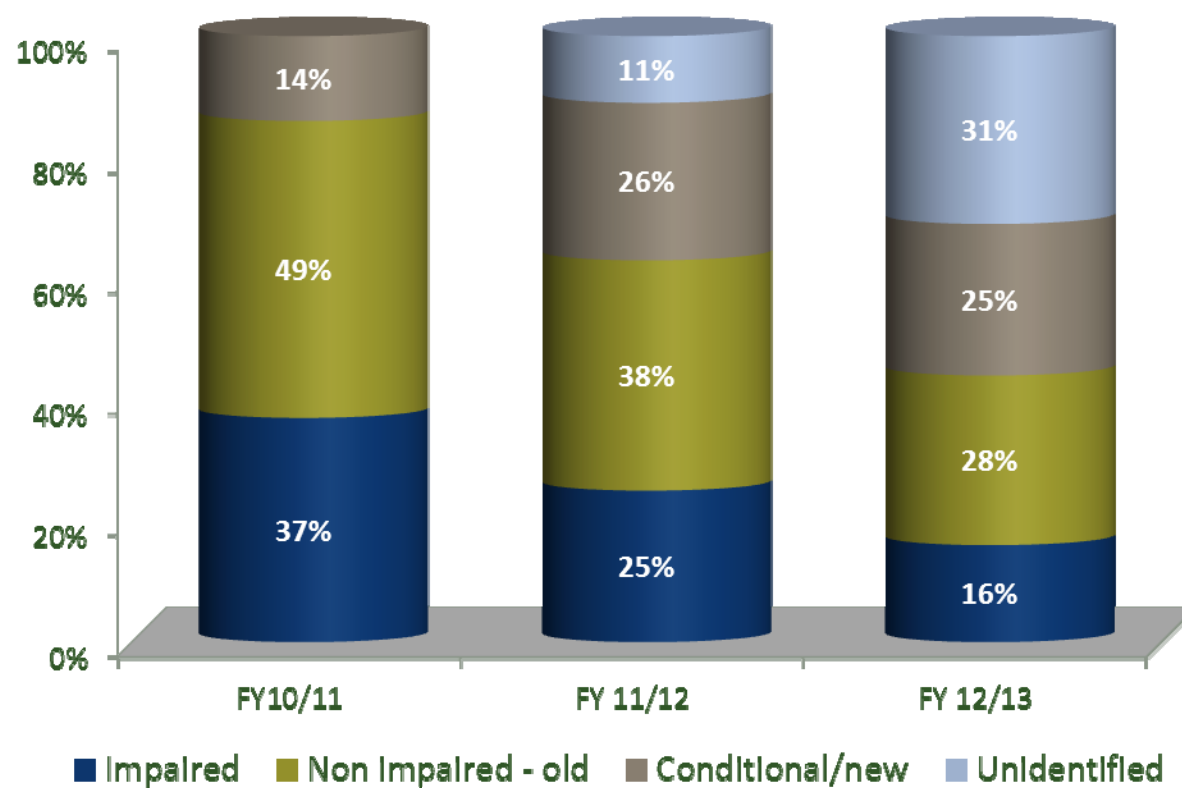
ASP £K	160	190	185	193	228	185
Average Basic Trading Margin	5%	15%	>20%	>20%	>20%	



Note: Basic trading margin is pre selling, admin and finance costs



Landbank delivery



Note: (1) Old land owned prior to re-entry into land market in 2009

(2) Analysis is for illustrative purposes only and is based on landbank as at 30 June 2010. Assumes planning granted on all land

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New land in FY 2010/11– The Limes

Location	Lindfield
Site opening	Jul 10
No of plots	120
ASP	£312k
Plot cost / ASP	31%

*“Traditional high value
development in excellent location”*



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New land in FY 2010/11– Shard End

Location	Birmingham
Site opening	Sep 10
No of plots	191
ASP	£136k
Plot cost / ASP	15%

“Partnership with Birmingham City Council creating a truly mixed-use and sustainable community”



New land in FY 2010/11– Renaissance

Location	Lewisham
Site opening	Oct 10
No of plots	788
ASP	£230k
Plot cost/ASP⁽¹⁾	15%

*“Flagship regeneration project
in the heart of London”*



⁽¹⁾ Plot cost includes S106 obligations

Strategic Land



	Acres	Potential units
Strategic land as at 30 June 2010	c. 11,000	c. 60,000
New strategic land opportunities acquired in FY09/10	678	4,415

- Strategic land portfolio reaching greater level of maturity
- In FY 09/10 planning consents achieved for c. 2,000 units
- In next 2 years, planning consents expected on c. 15,000 units
- Targeting 25% of output from strategic land



Government framework - funding

	Issue	HB Direct		Other funding	NAHP funding	Timing
		Value	Units			
Kickstart 1	May '09	£3.3m	150	21.2	10.3	Mar '11
Kickstart 2	Sept '09	£8.8m	363	1.2	0.4	Mar '12

- All Kickstart funding is secured
- Working to secure further HomeBuy Direct style funding
- Typically c. 75% of social housing subject to grant funding at a level of c. 25% of revenue
- If grant funding withdrawn we would seek to re-negotiate site planning



Government framework - planning

	Planning consent	Outline consent
FY 2010/11	95%	3%
FY 2011/12	70%	13%

- **Driving localism internally**
 - **Working closely with government to ensure optimum framework**
 - **Maximising alternative land sources**
 - Delivery Partner Panel
 - Public/private partnerships
-



Current trading

	First 10 weeks 2010/11	First 10 weeks 2009/10	H1 2009/10
Visitors per active site per wk	1.81	1.80	1.70
Net private reservations per site per wk	0.48	0.51	0.49
Cancellation rate	11.0%	12.3%	17.8%
Average active sites	346	372	368



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Forward sales analysis

	5 Sept 2010	6 Sept 2009	30 June 2010	30 June 2009
Value	847.1	696.3	591.7	464.3
- of which contracted	565.3	417.4	402.9	286.4
- due in H1	445.5	401.4	310.1	304.3
- due after H1	401.6	294.9	281.6	160.0
Plots	5,306	4,635	3,889	3,328
- % contracted	71%	67%	76%	70%
Private:social mix	46% : 54%	56% : 44%	38%:62%	46%:54%



Outlook

- **Encouraged by continued market stability**
 - **Remain cautious**
 - Continued constraints on mortgage finance availability
 - Overall economic outlook remains challenging
 - **Targeting 5-10% volume growth driven by increasing sales outlets**
 - **Continued change in mix result in modest increase in ASP in FY 10/11**
 - **Well placed to secure further margin growth**
 - Higher margin land
 - Tight costs control
 - Operational gearing
-



Appendices





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Private conversion rates & completions

	2009/10 H1	2009/10 H2	2009/10 FY	2008/09 FY
Net private reservations				
- Total	4,667	4,768	9,435	10,713
- Per week per active site	0.49	0.52	0.50	0.48
Conversion rate	28.6%	26.8%	27.7%	24.7%
Cancellation rate	17.8%	18.2%	18.0%	24.0%
Total private completions				
- Total	4,381	5,074	9,455	11,133
- Per week per active site	0.46	0.55	0.51	0.50
Sites				
- Total	420	413	416	503
- Active	368	353	360	436

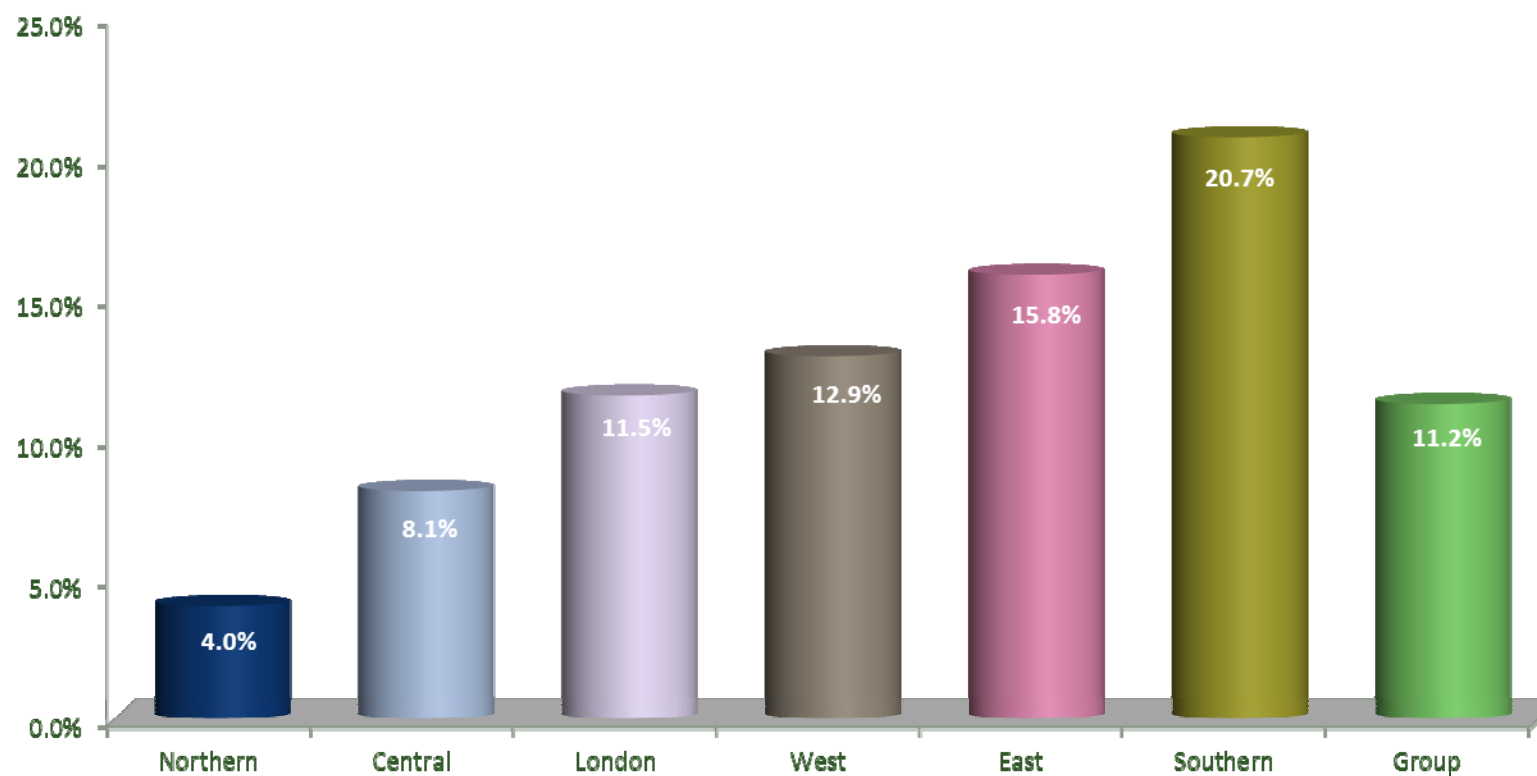


Revenues – regional analysis

	Units		Plot completion revenue £m	
	FY 09/10	FY 08/09	FY 09/10	FY 08/09
Northern	2,029	2,277	319	344
Central	1,789	2,126	261	282
East	2,066	2,215	340	308
West	2,186	2,552	353	381
Southern	2,248	2,907	450	506
London	1,007	1,125	251	255
Group	11,325	13,202	1,974	2,076

Private completions analysis – ASP

% Change FY08/09 to FY 09/10 by region

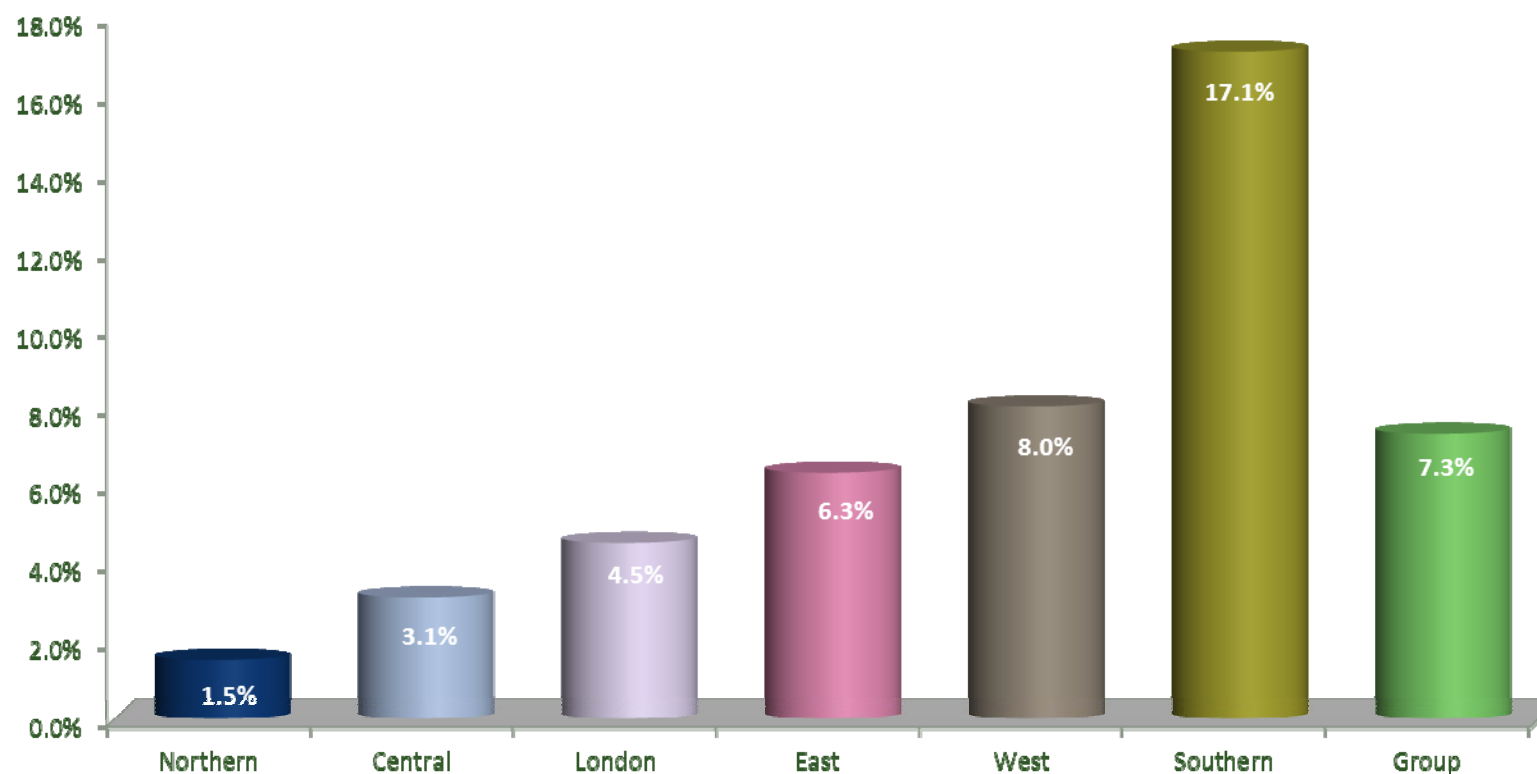




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Private completions analysis – avg. sq ft

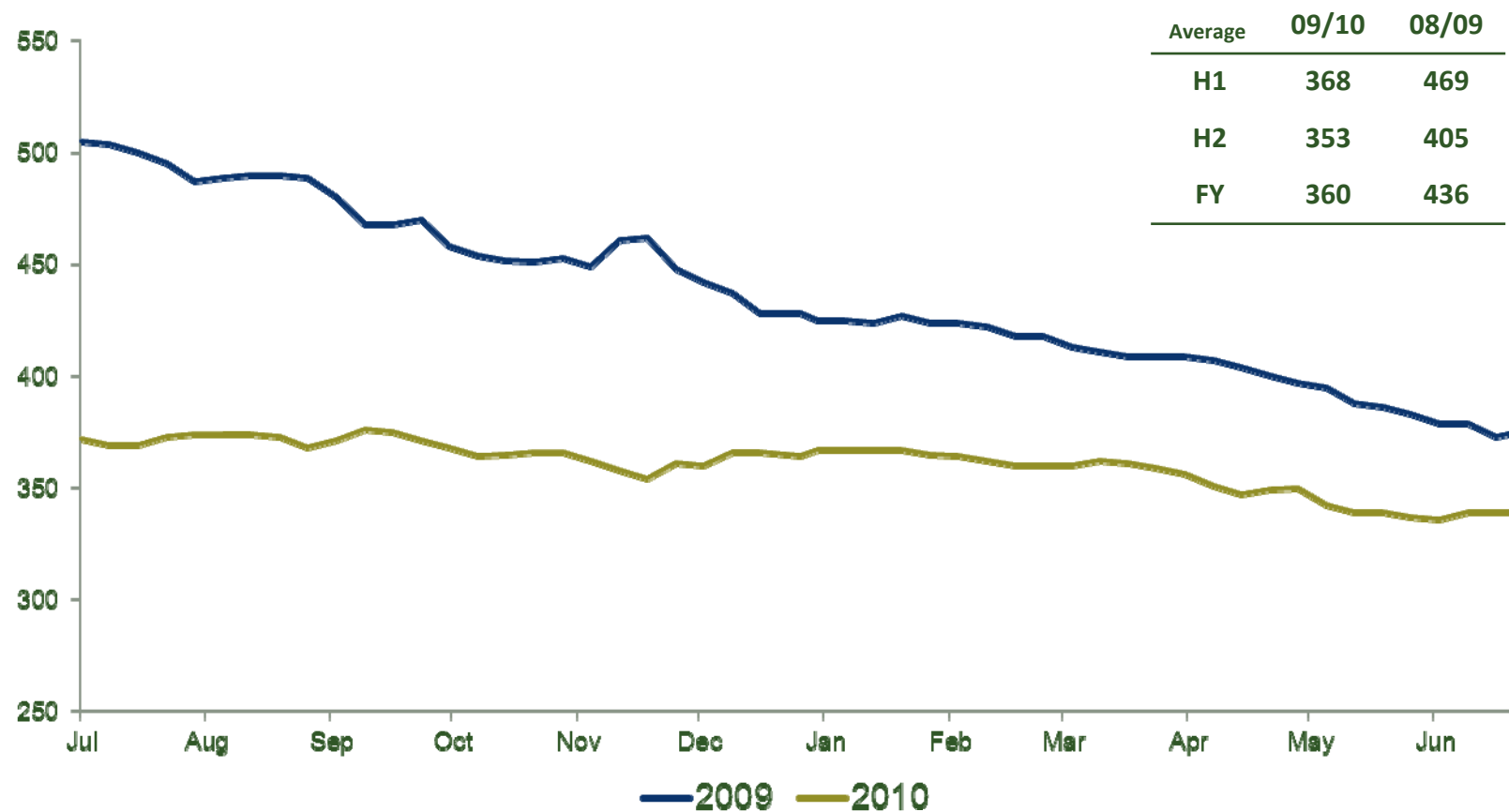
% Change FY08/09 to FY 09/10 by region





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Total active sites



Note: Based on monthly average sites



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Pre-tax exceptional items

£m	2009/10 H1	2009/10 FY	2008 / 09 FY
Impairment of inventories			
- Housebuilding impairment	-	-	431.5
- Commercial developments impairment	4.8	4.8	68.0
Total impairment of inventories	4.8	4.8	499.5
Restructuring & reorganisation costs	11.0	11.0	20.0
Placing and Rights Issue			
- Cancelled swaps	52.7	52.7	-
- 2008 re-financing costs	31.0	31.0	-
- 2009 re-financing costs	6.7	6.7	-
- Make-whole fee on PP notes	23.9	23.9	13.3
- Fair value uplift on PP notes	(0.2)	(0.2)	-
Total Placing and Rights Issue	114.1	114.1	13.3
Joint venture impairment (post-tax)	-	-	2.0
Total	129.9	129.9	534.8



Balance sheet – Stock & WIP

	30 June 2010		31 December 2009		30 June 2009	
	Units	£bn	Units	£bn	Units	£bn
Stock						
Total units	1,213	0.2	1,122	0.1	1,404	0.2
Unreserved	746	-	691	-	822	-
Showhomes	196	-	197	-	238	-
Roof to complete						
Total units	2,928	0.2	3,298	0.2	3,507	0.2
Unreserved	1,888	-	1,959	-	2,008	-
Other	-	0.6	-	0.7	-	0.6
WIP Total	-	1.0	-	1.0	-	1.0
Unsold part ex	244		178	-	150	-
£m	31		22	-	18	-

Balance Sheet

– other non-current assets



£m	30 June 2010	31 Dec 2009	30 June 2009
Property, Plant and equipment	6.7	8.6	9.9
Investments (equity method)	79.9	87.8	83.2
Available for sale assets	136.3	104.7	86.5
Trade and other receivables	0.8	1.5	1.5
Deferred tax	173.3	170.9	127.3
Total	397.0	373.5	308.4



Landbank plots – regional data

	At 30 th June 2010			
	Owned	Conditional	Approved	Total
North	29,470	4,926	1,815	36,211
South (ex. London)	16,170	5,562	793	22,525
London	5,308	904	6	6,218
Total	50,948	11,392	2,614	64,954



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