



Immediate release

14 January 2010

Barratt Developments PLC

Trading Update

Barratt Developments PLC ("Barratt") is today issuing a trading update for the six months to 31 December 2009, ahead of its interim results announcement on 24 February 2010.

Highlights

- Net private reservations per active site up 8.9% on prior year
- First half completions in-line with expectations at 5,028
- Total average selling prices increased by 4% to c. £167,000, largely driven by changes in mix
- Total forward sales up 43% on prior year at £651.2m
- Increased operating profitability in the first half
- Better than expected net debt reduction to around £610m from £1,276.9m at 30 June 2009

Mark Clare, Group Chief Executive commented,

"Over the last six months we have successfully refinanced the business, reduced debt and invested in land which will deliver higher returns. With margins growing and a 43% increase in total forward sales, the market has improved but is still subject to the major uncertainties of both mortgage finance and the general economic outlook."

Revenues

Net private reservations in the first half year averaged 180 per week (2008: 211). We delivered 0.49 net private reservations per active site per week (2008: 0.45), up 8.9% on prior year (Note 1). The cancellation rate for the first half was 17.8% compared to 27.8% in the prior year.

Completions for the first half were 5,028 (2008: 6,905), with private completions of 4,381 (2008: 5,997) and social housing completions of 647 (2008: 908).

For the first six months total average selling prices increased by 4% to c.£167,000 (2008: £160,700). Private average selling prices increased by 2% to c.£174,000 (2008: £170,100) and social average selling prices increased by 20% to c.£118,000 (2008: £98,600) as a result of changes in mix.

Margin

In-line with management's focus on re-building profitability, the operating margin (Note 2) for the six months to 31 December 2009 is expected to be around 2.0%, up from 1.3% in the prior year. Significant further progress in operating margin is likely in the second half as a result of scheduled volume increases and higher average selling prices resulting from changes in mix.

Forward Sales

As at 31 December 2009, forward sales for the Group were up by 43% to £651.2m (2008: £455.8m) of which £471.1m (72%) were contracted (2008: £360.2m (79%)) (Note 3).

During the six month period we have opened 52 active sites and as at 31 December 2009 we were operating from 364 active sites (2008: 428) and 407 total sites (2008: 497).

Disposal of commercial property

In November, Atlantic Quay 5, a commercial property in Glasgow, was sold for £25m. The Board concluded that although this disposal would result in an exceptional charge of £4.8m, it represented an attractive offer given the alternative local rental market outlook and the opportunity it provided to re-invest the proceeds in land acquisitions. This completes the planned sale of legacy assets from the Wilson Bowden Developments portfolio for a total of around £200m.

Exceptional costs

As highlighted in November 2009, the Group will incur exceptional costs in the first half of around £130m (2008: £512.4m). This reflects the exceptional cost related to the Group's re-financing in November 2009 and the charge arising from the sale of Atlantic Quay 5. There will be no further impairment charges as at 31 December 2009.

Treasury

Group net debt as at 31 December 2009 was approximately £610m (2008: £1,422.8m) and is expected to reduce further in the second half. Debt levels are below previous guidance due to the sale of Atlantic Quay 5 and continued focus on strong cash management.

Net interest expense before exceptional costs in the first half will be around £70m (2008: £94.6m). In line with our previous guidance we expect the full year interest cost before exceptional costs to be around £115m (2008: £177.3m).

Following the completion of the £720.5 million Placing and Rights Issue in November, the Group has a stronger balance sheet, with total banking facilities of £1.6bn. This not only positions Barratt well for market recovery, but also enables us to take advantage of attractive land purchasing opportunities.

Land

We are investing in prime location land opportunities on which we expect to deliver attractive returns. Since re-entering the land market in mid 2009, we have agreed terms on £315m of land purchases, the majority of which we will acquire on the basis of deferred payment. This equates to 7,730 plots with an average plot cost to average selling price ratio of 21%, which will deliver full margins based on current selling prices.

The Group's owned land bank totalled 51,600 plots as at the end of December 2009 (June 2009: 53,541). This equates to approximately 4.3 years supply based on this year's expected completion volumes (Note 4).

Outlook

Whilst our primary focus continues to be on improving margin, we still expect completions for the FY 2010 to be around 12,000 units, with houses representing a higher proportion of total volumes than in the prior year. As a result of this mix change, we anticipate total average selling prices increasing by around 8 to 10% in the full financial year. This will lead to an operating margin improvement in the second half.

Whilst the market has seen a measure of recovery over the past six months, we remain cautious, with growth likely to be constrained by economic uncertainty and a lack of mortgage finance, particularly in the high loan to value sector.

Note 1 – Reservation rates

	Average net private reservations per week	Net private reservations per week per total site	Net private reservations per week per active site
FY09 – H1	211	0.39	0.45
FY10 – H1	180	0.43	0.49

Note 2 – Operating margin

Operating margin is defined as Group profit from operations before exceptional costs divided by Group revenue

Note 3 – Forward sales: 31 December 2009

	31 Dec 2009	31 Dec 2008
Value	£651.2m	£455.8m
- of which contracted	£471.1m	£360.2m
- due in H2	£449.0m	£301.7m
- due after H2	£202.2m	£154.1m
Plots	3,995	3,529
Private:social mix (plots)	45% : 55%	35% : 65%

Note 4 – Landbank plots

	31 Dec 2009	30 June 2009
Owned / unconditional contracts	51,600	53,541
Conditional contracts	13,100	14,459
Total	64,700	68,000

-ENDS-

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 representation that such trends or activities will continue in the future. Accordingly undue reliance should not be placed on forward looking statements.

Conference call for analysts and investors

Mark Clare, Group CEO and David Thomas, Group FD will be hosting a conference call at 08.00am today, Thursday 14 January 2010, to discuss this trading update.

To access the conference call
Dial-in: 020 8609 0582

A replay facility will be available from 11:00am
Dial-in: 020 8609 0289
Pass code: 276462#

www.barrattdevelopments.co.uk

For further information please contact:

Barratt Developments PLC

Mark Clare, Group Chief Executive	020 7299 4898
David Thomas, Group Finance Director	020 7299 4896

Analyst / investor enquiries

Susie Bell, Head of Investor Relations	020 7299 4880
--	---------------

Media enquiries

Dan Bridgett, Head of External Affairs	020 7299 4873
--	---------------

Maitland

Liz Morley	020 7379 5151
Neil Bennett	