



BARRATT
DEVELOPMENTS PLC

Results presentation

Half year ended 31 December 2010

24 February 2011

Bob Lawson
Chairman
24 February 2011





David Thomas
Group Finance Director
24 February 2011



Burrium Gate, Usk, South Wales



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Overview

£m (unless otherwise stated)	2010/11 H1	2009/10 H1	2009/10 FY
Revenue	877.6	872.4	2,035.2
Operating profit⁽¹⁾	43.5	21.0	90.1
Operating margin⁽¹⁾	5.0%	2.4%	4.4%
Loss before tax⁽²⁾	(4.6)	(48.5)	(33.0)
Exceptional items	-	(129.9)	(129.9)
Loss before tax	(4.6)	(178.4)	(162.9)
Tangible net assets per share	209p	210p	208p
Net debt	537.0	605.3	366.9
Gearing⁽³⁾	27%	30%	18%

⁽¹⁾ Pre exceptional costs of H1 FY10/11 Nil (H1 & FY 09/10 £15.8m)

⁽²⁾ Pre exceptional costs of H1 FY10/11 Nil (H1 & FY 09/10 £129.9m)

⁽³⁾ Calculated as: year-end net debt / tangible net assets



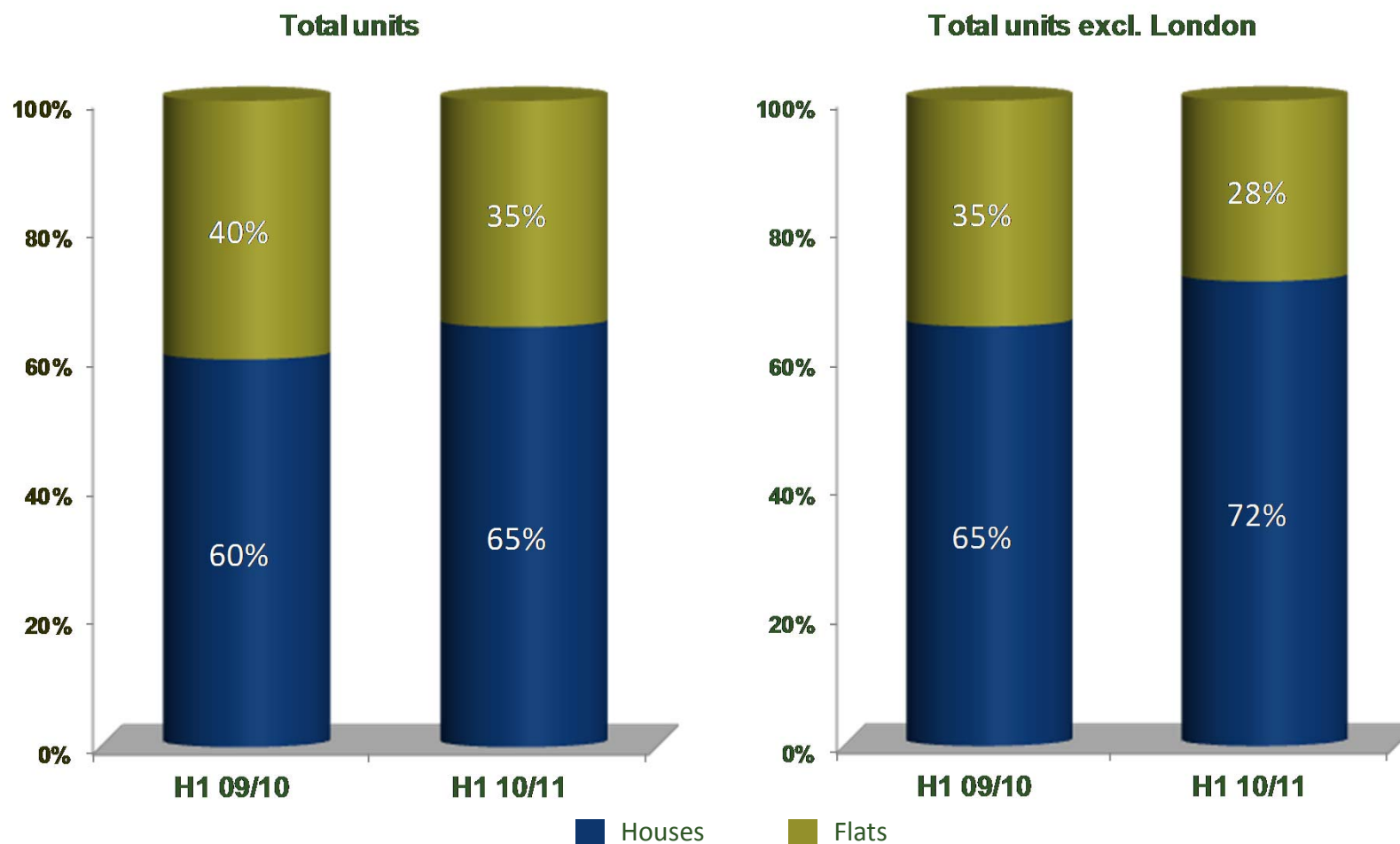
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Revenue drivers

	2010/11 H1	2009/10 H1	Change	2009/10 FY
Completions				
Private	3,669	4,381	(16%)	9,455
Social	1,127	647	74%	1,870
Total housebuild	4,796	5,028	(5%)	11,325
% Social	23%	13%	10%	17%
JV	36	25	44%	52
Total completions	4,832	5,053	(4%)	11,377
ASP (£'000)				
Private	191.9	173.2	11%	185.2
Social	123.5	119.0	4%	119.5
Total housebuild	175.8	166.3	6%	174.3
Revenue (£m) ⁽¹⁾	877.6	872.4		2,035.2

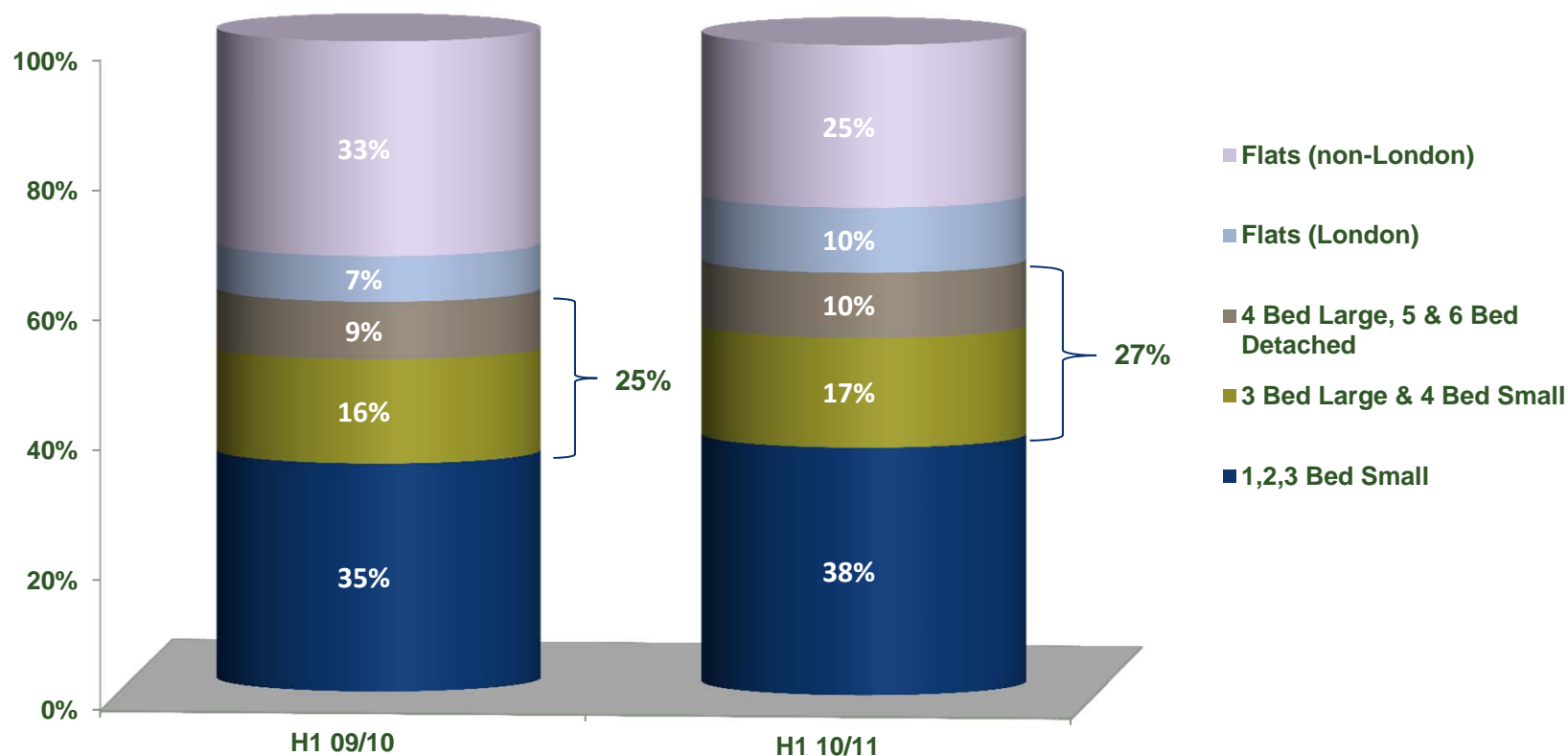
⁽¹⁾ Includes other revenue

Completions⁽¹⁾: houses v flats



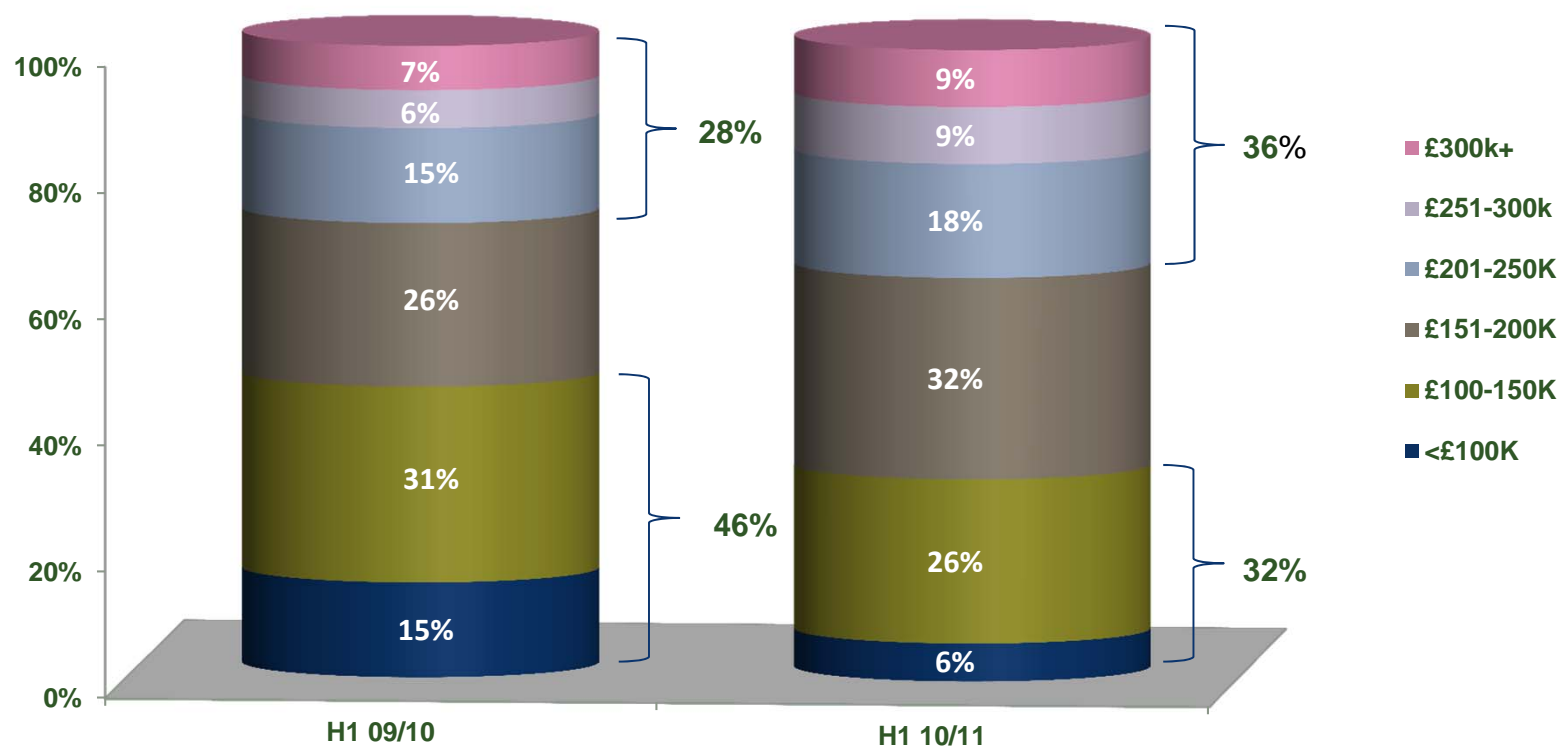
(1) Completions excluding joint ventures

Revenue analysis⁽¹⁾ - product mix



(1) Completions excluding joint ventures

Private revenue analysis⁽¹⁾ – price segments



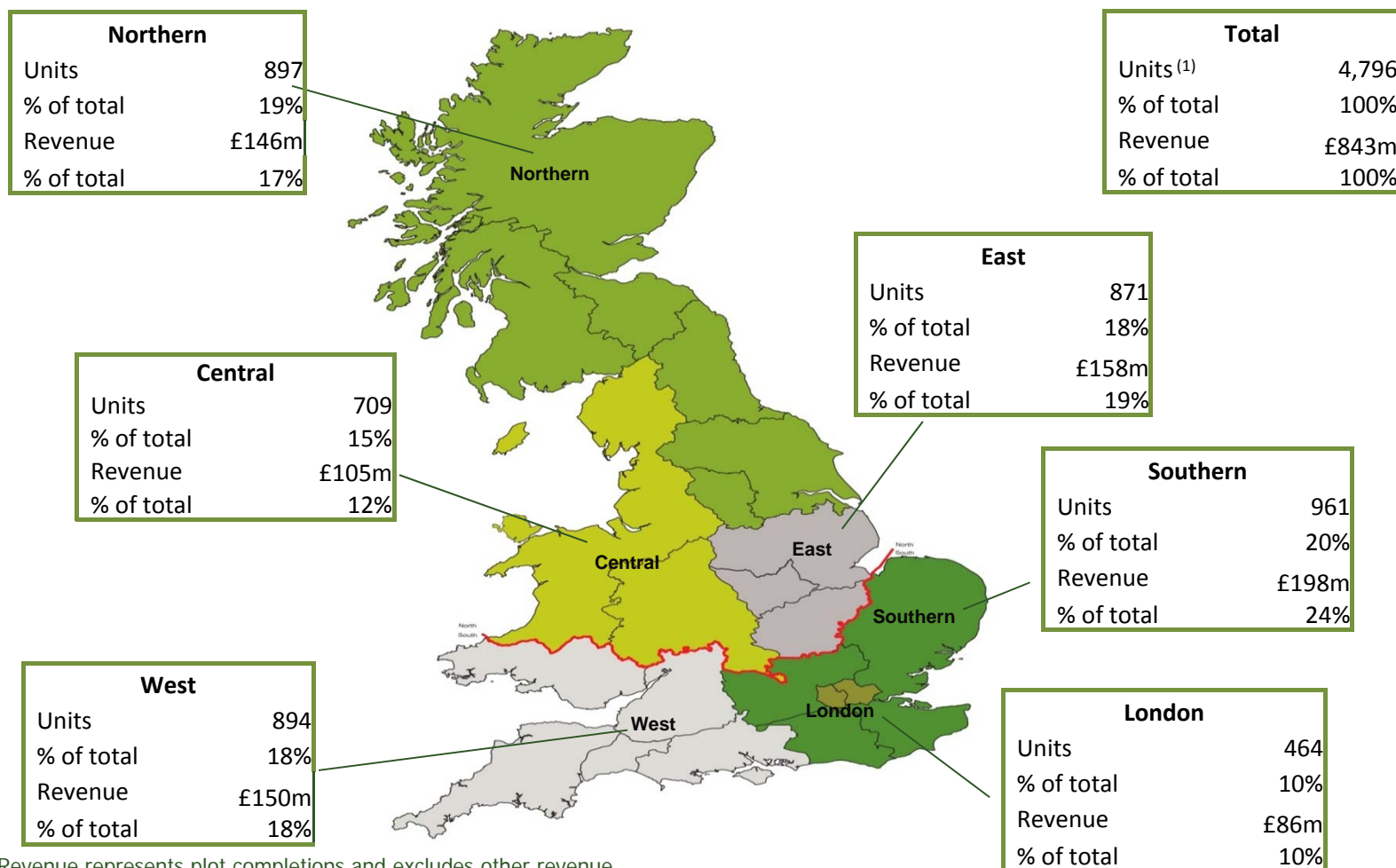
Note: Private completions only

(1) Completions excluding joint ventures



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Revenue analysis H1 2010/11 – regional



Note 1 : Revenue represents plot completions and excludes other revenue

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

(1) Units excluding joint ventures



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Income statement

£m (unless otherwise stated)	2010/11 H1	2009/10 H1	2009/10 FY
Revenue	877.6	872.4	2,035.2
Cost of sales⁽¹⁾			
- Land	(208.5)	(208.4)	(476.8)
- Other	(588.0)	(605.4)	(1,373.6)
Gross profit⁽¹⁾	81.1	58.6	184.8
Gross margin⁽¹⁾	9.2%	6.7%	9.1%
Administrative expenses⁽²⁾	(37.6)	(37.6)	(94.7)
Profit from operations⁽³⁾	43.5	21.0	90.1
Operating margin⁽³⁾	5.0%	2.4%	4.4%

⁽¹⁾ Pre exceptional costs of H1 FY10/11 Nil (H1 & FY 09/10 £4.8m)

⁽²⁾ Pre exceptional costs of H1 FY10/11 Nil (H1 & FY 09/10 £11.0m)

⁽³⁾ Pre exceptional costs of H1 FY10/11 Nil (H1 & FY 09/10 £15.8m)



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Income statement continued

£m (unless otherwise stated)	2010/11 H1	2009/10 H1	2009/10 FY
Net finance costs⁽¹⁾	(48.2)	(68.9)	(121.6)
Joint ventures (post tax)	0.1	(0.6)	(1.5)
Loss before tax⁽²⁾	(4.6)	(48.5)	(33.0)
Exceptional items	-	(129.9)	(129.9)
Loss before tax	(4.6)	(178.4)	(162.9)
Tax	(4.4)	51.0	44.5
Attributable loss	(9.0)	(127.4)	(118.4)
Basic EPS	(0.9p)	(18.9p)	(14.5p)
Adjusted basic EPS	(0.9p)	(4.9p)	(2.9p)

⁽¹⁾ Pre exceptional costs of H1 FY10/11 Nil (H1 & FY 09/10 £114.1m)

⁽²⁾ Pre exceptional costs of H1 FY10/11 Nil (H1 & FY 09/10 £129.9m)



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Cash flow

£m (unless otherwise stated)	2010/11 H1	2009/10 H1	2009/10 FY
Profit from operations (after exceptionals)	43.5	5.2	74.3
Decrease in land	65.0	95.5	144.5
Increase / (decrease) in land creditors	21.3	(17.1)	96.2
Net inflow from land	86.3	78.4	240.7
(Increase) / decrease in WIP	(81.0)	48.5	62.8
(Increase) / decrease in part exchange and other inventories	(14.2)	9.8	(8.8)
(Increase) / decrease in equity share	(19.0)	(18.2)	(49.8)
(Decrease) in trade payables	(53.9)	(31.5)	(9.2)
Other working capital movements and non cash items	(92.9)	9.2	59.8
Operating cash flow	(131.2)	101.4	369.8



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Cash flow continued

£m (unless otherwise stated)	2010/11 H1	2009/10 H1	2009/10 FY
Operating cash flow	(131.2)	101.4	369.8
Net interest & tax	(33.8)	(5.2)	(40.9)
Free cash flow	(165.0)	96.2	328.9
Exceptional finance costs	-	(110.8)	(111.1)
Share issues	-	720.5	720.5
Share issue costs	-	(26.7)	(27.5)
Acquisitions, Investments and purchase of shares by EBT	(5.1)	(7.6)	(0.8)
Movement in net debt	(170.1)	671.6	910.0



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Balance sheet - assets

£m (unless otherwise stated)	31 Dec 2010	30 June 2010	31 Dec 2009
Goodwill and intangibles	892.2	892.2	892.2
Deferred Tax	163.3	173.3	170.9
Available for sale assets	155.3	136.3	104.7
Other non-current⁽¹⁾	99.5	87.4	97.9
Gross landbank	2,243.7	2,308.7	2,357.7
Land creditors	(588.1)	(566.8)	(453.5)
Net landbank	1,655.6	1,741.9	1,904.2
Stock and WIP	1,062.4	981.4	995.7
Other current (excluding cash)	116.2	118.3	76.1

⁽¹⁾ Excluding foreign exchange swaps



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Shared equity

£m (unless otherwise stated)	H1 2010/11	H1 2009/10	FY 2009/10
Opening balance	136.3	86.5	86.5
Additions			
- gross value	33.9	35.0	77.5
- provision ⁽¹⁾	(12.7)	(16.1)	(24.4)
- net addition	21.2	18.9	53.1
Redemptions	(2.2)	(0.7)	(3.3)
Closing balance	155.3	104.7	136.3

⁽¹⁾ Net of IFRS adjustments



Balance sheet - landbank

	31 Dec 2010	30 June 2010	31 Dec 2009
Landbank plots			
Owned / unconditional contracts	50,587	50,948	50,990
Conditional contracts	13,555	11,392	13,429
Total	64,142	62,340	64,419
Landbank pricing (£'000)			
Average cost of plots acquired	31.8	35.7	35.4
Average cost of plots in P&L	41.6	41.9	41.4
Average cost of plots in balance sheet	42.3	43.1	44.3
Years supply – Owned & Unconditional plots⁽¹⁾	4.5	4.5	4.5

⁽¹⁾ Based on 11,325 completions at for the year to June 10



Landbank valuation

	Plots No.	Plot £m	Plot Cost £000	ASP £000	Plot cost / ASP %
All figures as at 31 Dec 2010					
Owned land					
ASP < £200k	36,738	1,228	33	149	22%
ASP > £200k	13,849	897	65	263	25%
Total	50,587	2,125	42	180	23%
Other⁽¹⁾	-	119			
Total owned land	50,587	2,244			
Conditional / Approved (not included above) ⁽²⁾	15,892		46	202	23%
Total	66,479				

(1) Includes strategic land and WBD

(2) Conditional plots of 13,555 and approved plots of 2,337



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Balance sheet – liabilities

£m (unless otherwise stated)	31 Dec 2010	30 June 2010	31 Dec 2009
Loans & borrowings	(929.2)	(941.8)	(920.3)
Cash	369.4	546.5	295.8
Foreign exchange element of swap	22.8	28.4	19.2
Net debt	(537.0)	(366.9)	(605.3)
Trade & other payables⁽¹⁾	(609.6)	(746.7)	(631.3)
Pension obligations	(31.7)	(46.1)	(32.1)
Net swaps	(58.0)	(68.1)	(54.7)
Current tax	(2.8)	(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	£162m	April 2013-April 2020
Total⁽³⁾	£1,603m	

- Discussions regarding re-financing making good progress
- Expect this to be completed in the coming months

⁽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⁾ Covenants common to all financing arrangements



Interest charge analysis – cash interest

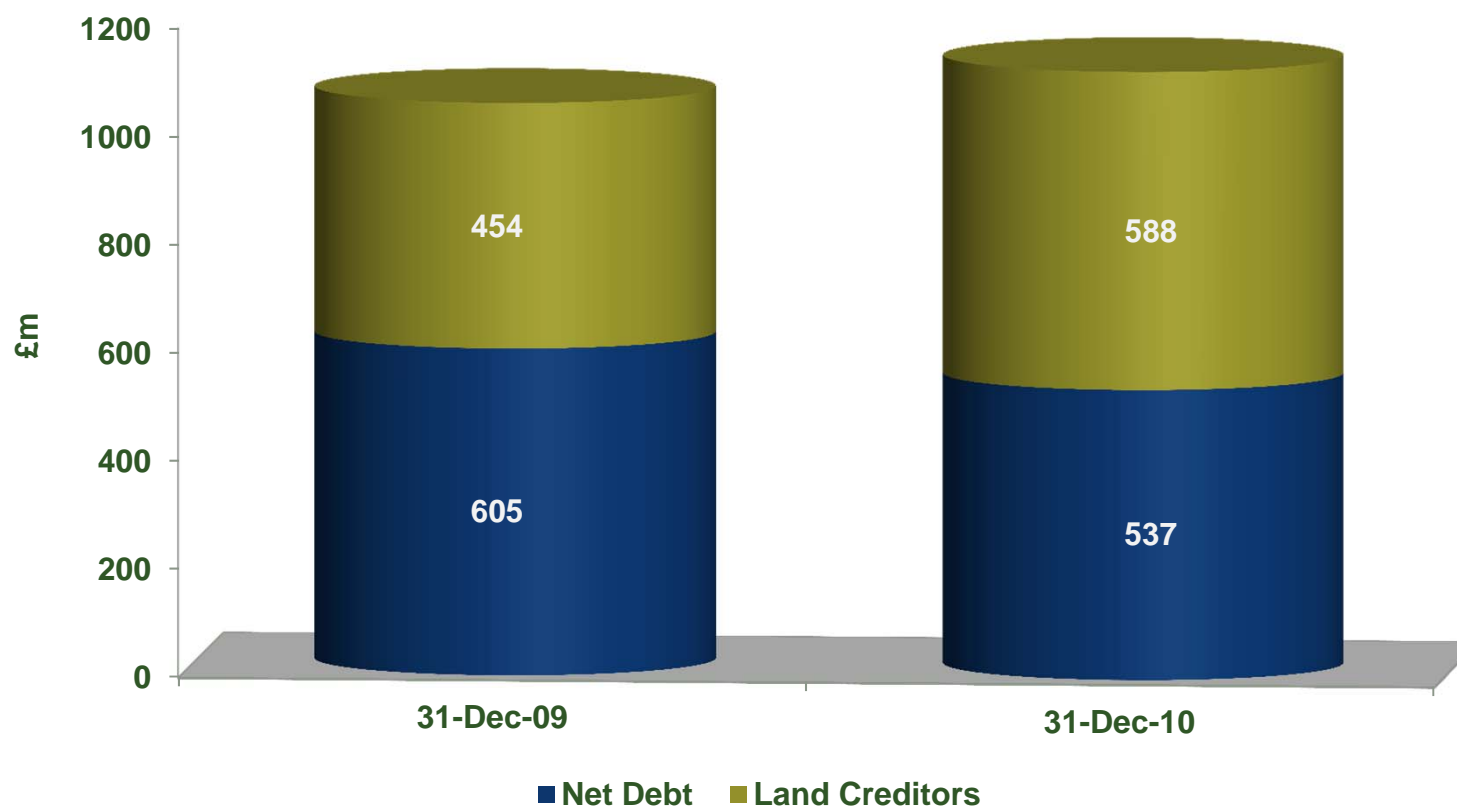
£m (unless otherwise stated)	2010/11 H1	2009/10 H1	2010/11 FY (Forecast)	2009/10 FY
Cash interest				
Interest on term debt and overdrafts	9.2	20.1		29.6
Interest on private placement notes	9.8	13.3		23.3
Non utilisation fees on RCF's	4.7	4.9		10.8
Swap interest	11.6	14.3		26.0
Other interest	-	0.5		1.0
Total cash interest	<u>35.3</u>	<u>53.1</u>	<u>70.0</u>	<u>90.7</u>

Interest charge analysis cont.

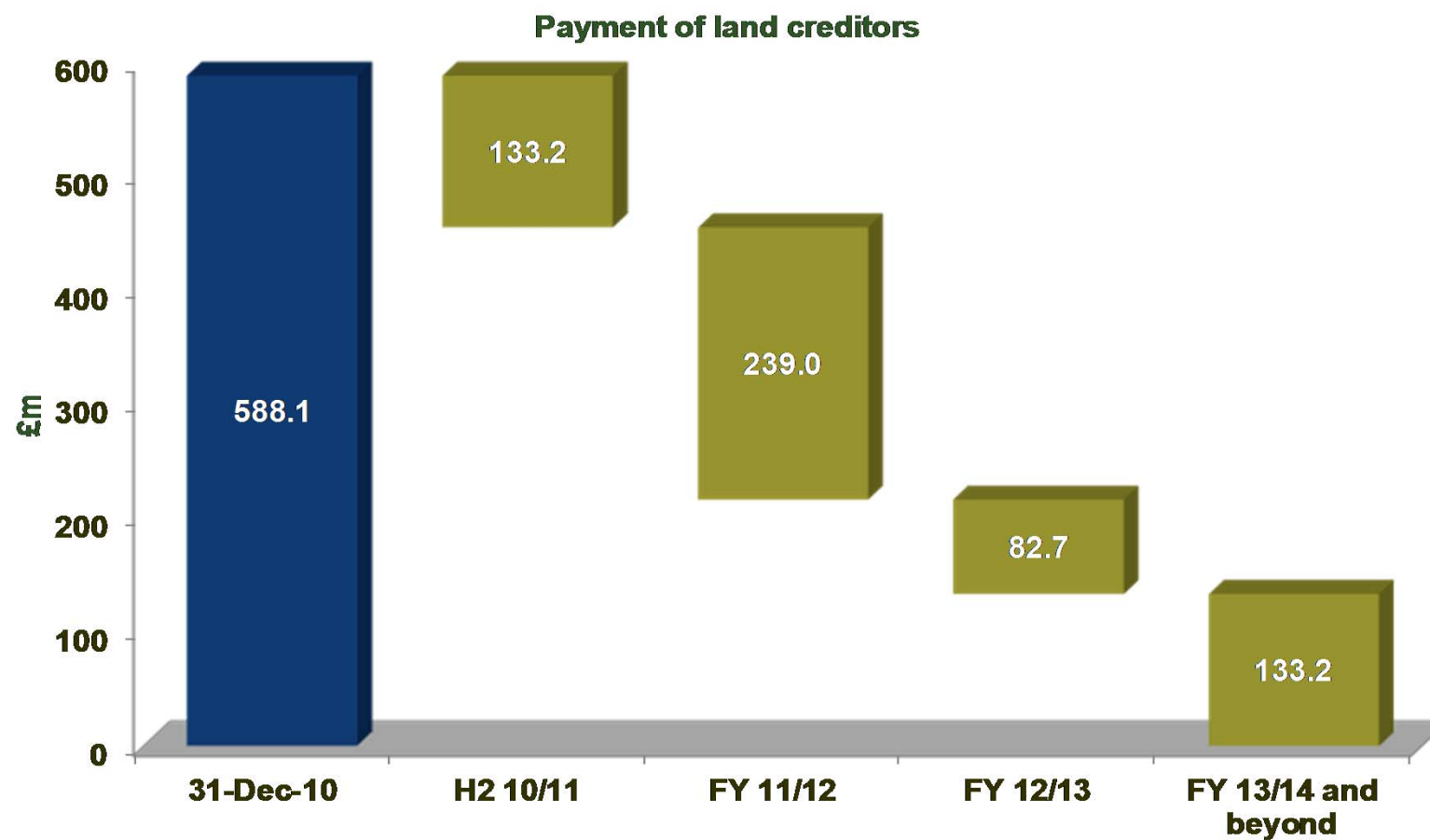
£m (unless otherwise stated)	2010/11 H1	2009/10 H1	2010/11 FY (Forecast)	2009/10 FY
Cash interest	35.3	53.1	70.0	90.7
Non-cash interest				
Land creditors	15.4	11.5		26.5
Financing fees	3.2	6.4		9.6
Shared equity	(6.8)	(2.9)		(7.0)
Kickstart	0.6	-		0.2
Pension	0.5	0.8		1.6
Total non-cash interest	12.9	15.8	30.0	30.9
Total net interest⁽¹⁾	48.2	68.9	100.0	121.6

⁽¹⁾ Pre exceptional Interest of H1 FY10/11 Nil (H1 & FY 09/10 £114.1m)

Net debt/land creditors analysis



Land creditors payment profile



Mark Clare
Group Chief Executive
24 February 2011





Overview

- Sales performance
 - Market trends
 - Buyer trends
 - Driving profitability
 - Current trading and outlook
-



Key results for H1 10/11

Revenues
£877.6m

Private
ASP
+ 10.8%

Operating
margin⁽¹⁾
5.0%

Opened 79
new sites

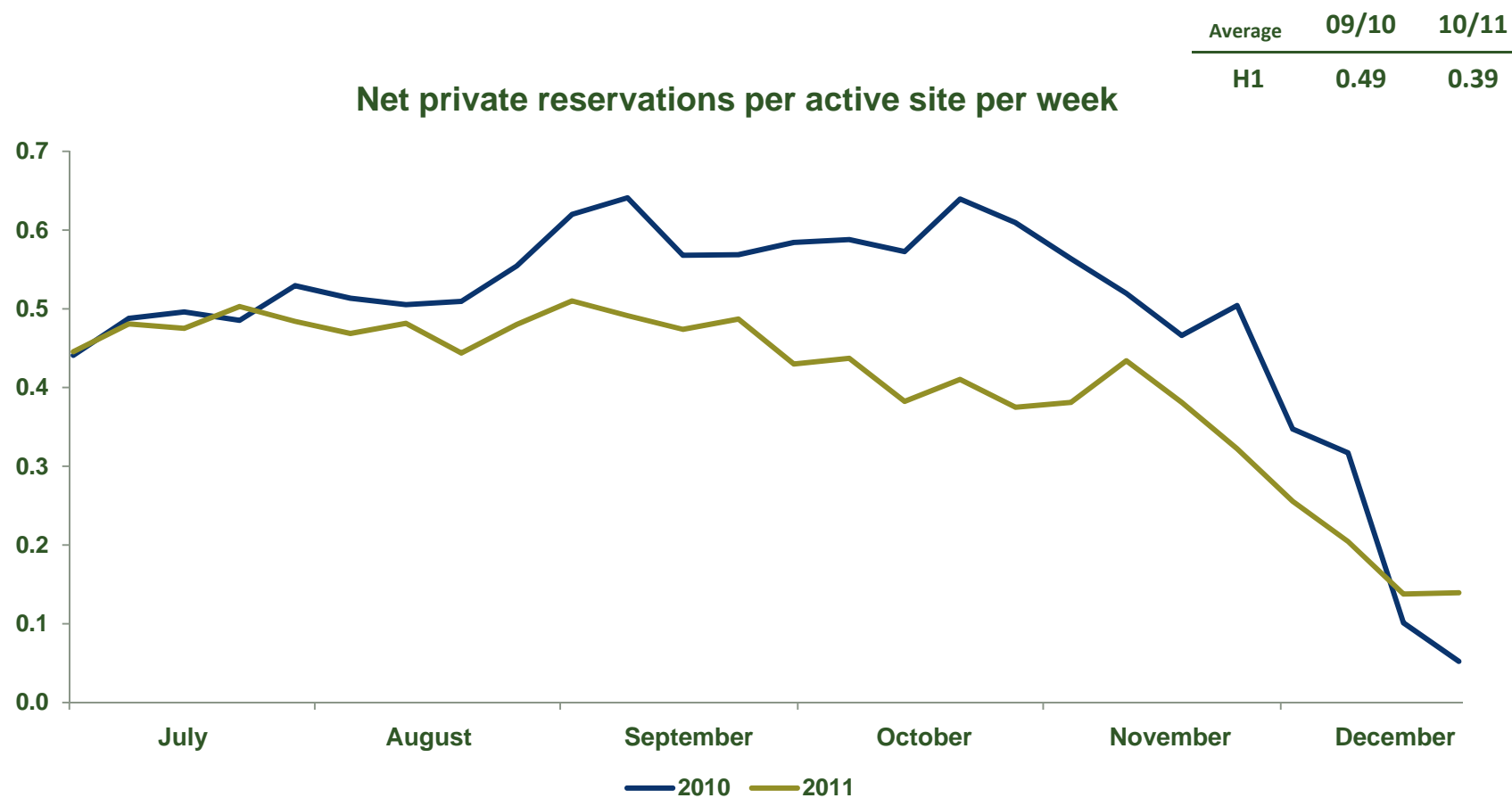
Net debt
£537.0m

New
land⁽²⁾
£318.0m

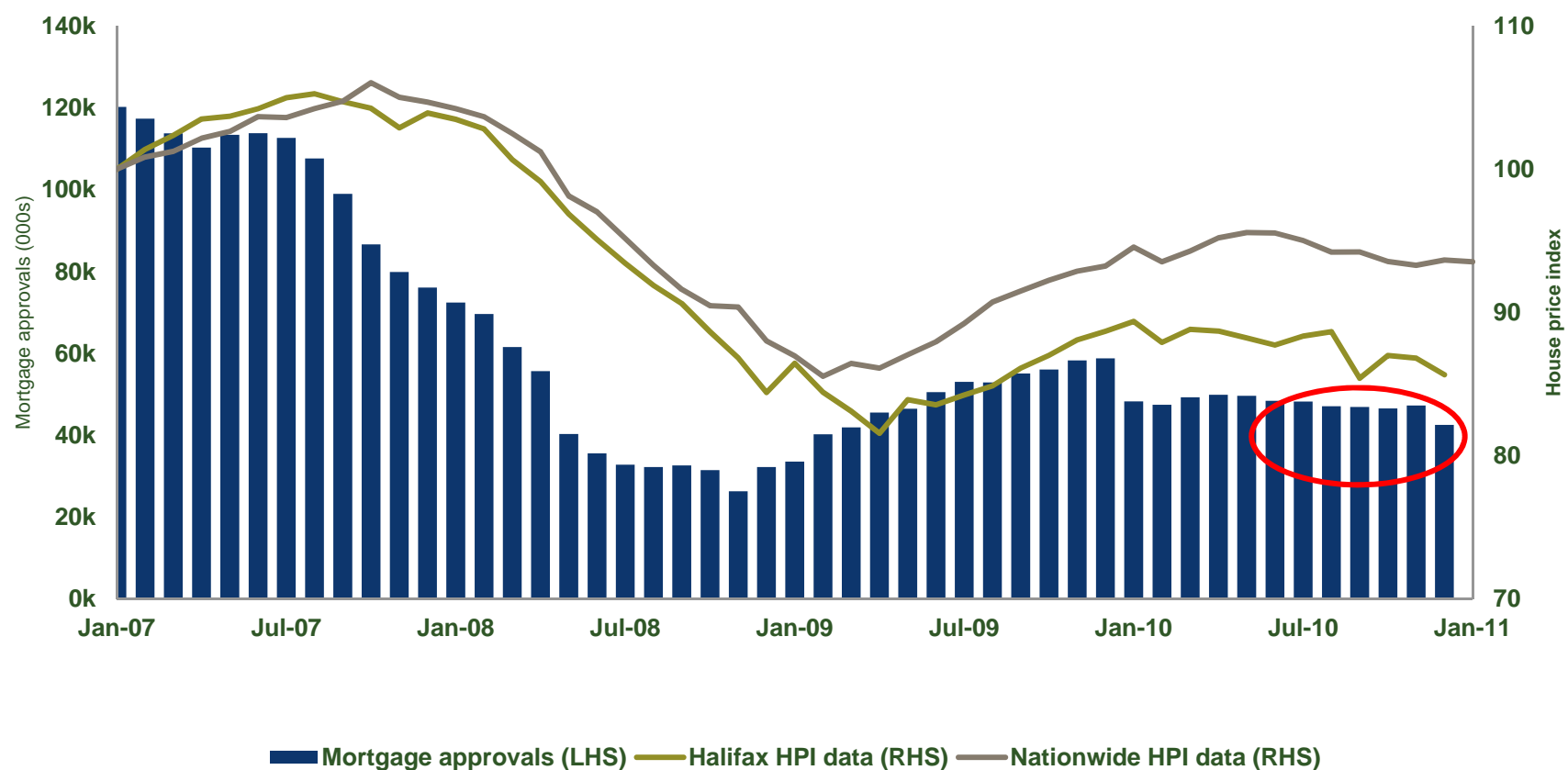
(1) Group profit from operations divided by Group revenue

(2) Land on which the Group has agreed terms in the six months to 31 December 2010

Net private reservations











Pricing & mortgage approvals



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

Mortgage availability⁽¹⁾

Lender	Secondhand LTV	New Build House LTV	New Build Flat LTV
 	90%	80%	80%
	90% ⁽²⁾	85% ⁽³⁾	75%
	90%	90% ⁽⁴⁾	80% ⁽⁴⁾
 	90%	80%	75%
	85%	85%	85%
	90%	75%	75%

Note (1) Availability by lender is based on publicly available information and Barratt's market knowledge

Note (2) Nationwide will increase LTV to 95% for existing borrowers moving home

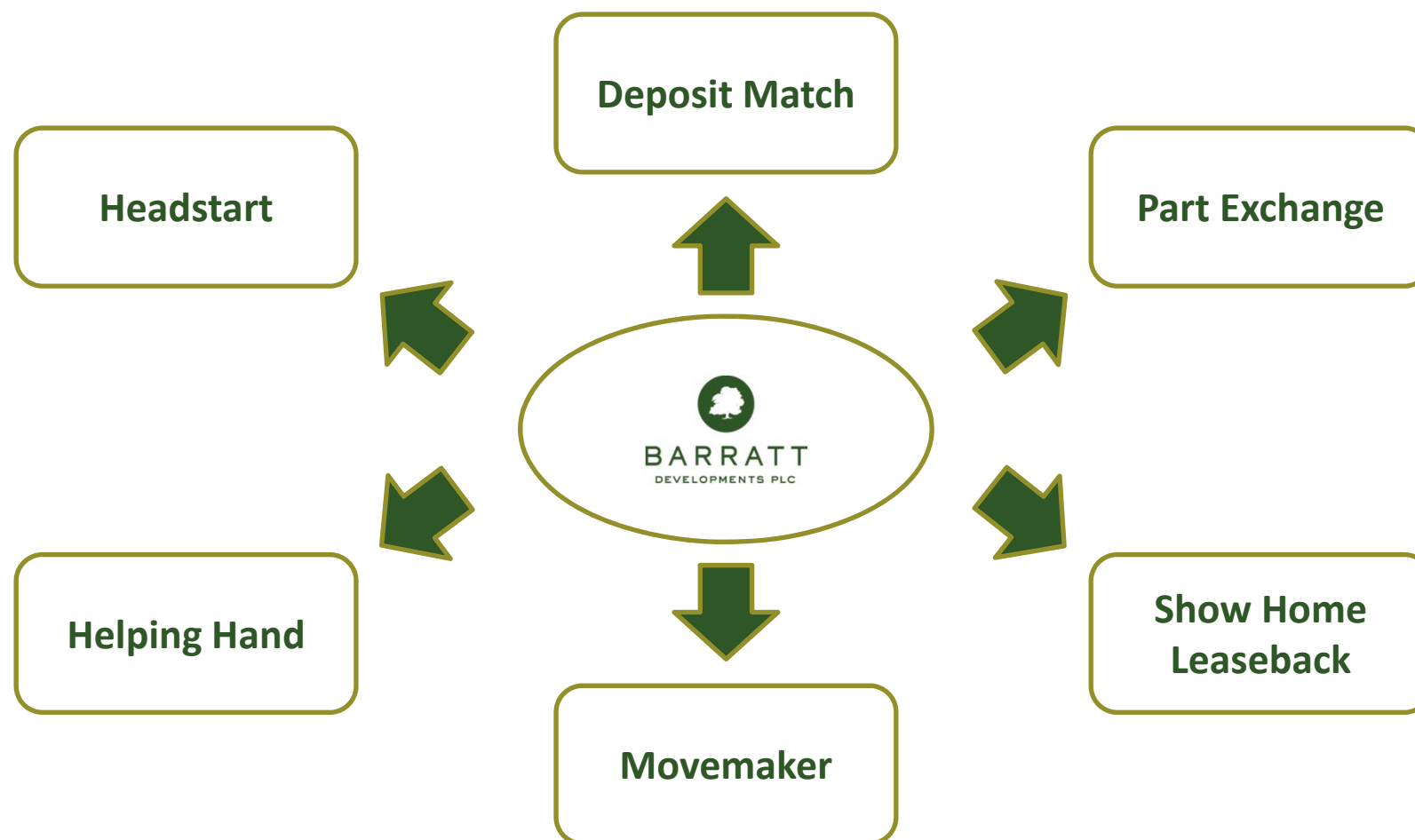
Note (3) Nationwide will increase LTV to 90% for existing borrowers moving home

Note (4) First time buyers only. LTVs decrease to 80% for new build houses and 70% for new build flats for existing homeowners

Partnering local building societies

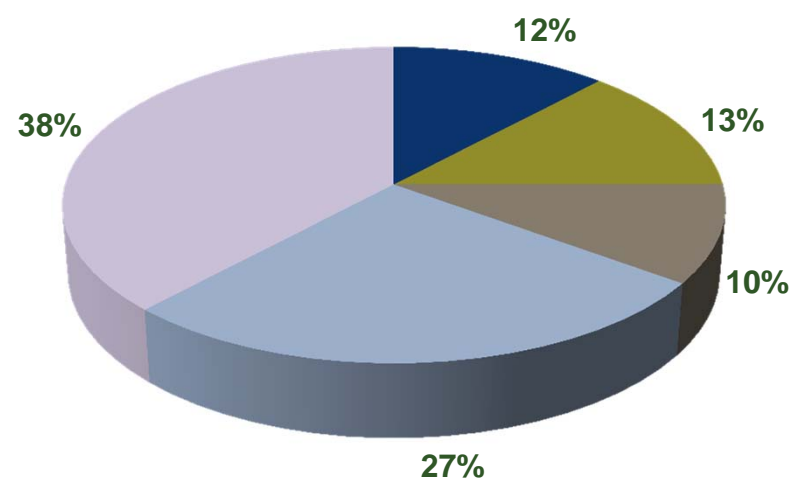
- Over 30 regional building societies in existence
 - Keen to help local buyers and local developments
 - Top up loan products becoming more popular
 - First MIG product available but not mainstream at present
-

Helping our customers

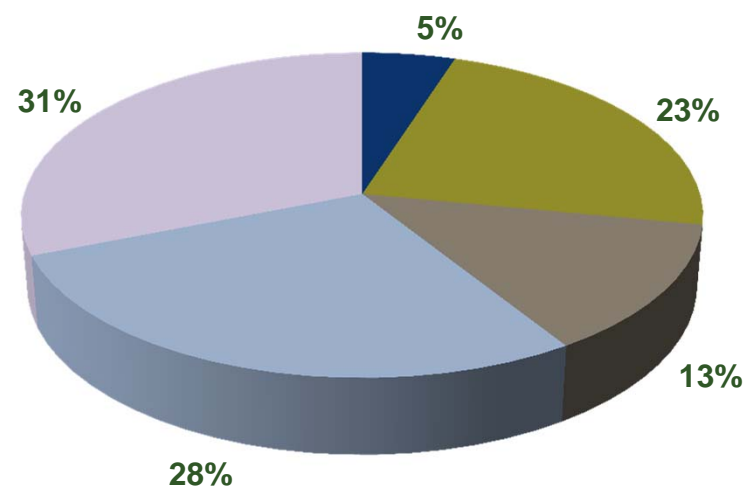


Completions analysis by buyer type

H1 09/10



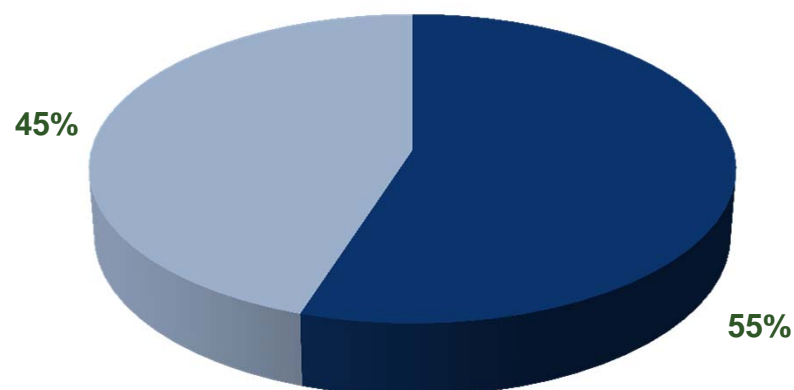
H1 10/11



Investor Social Part Exchange Shared Equity Other Private

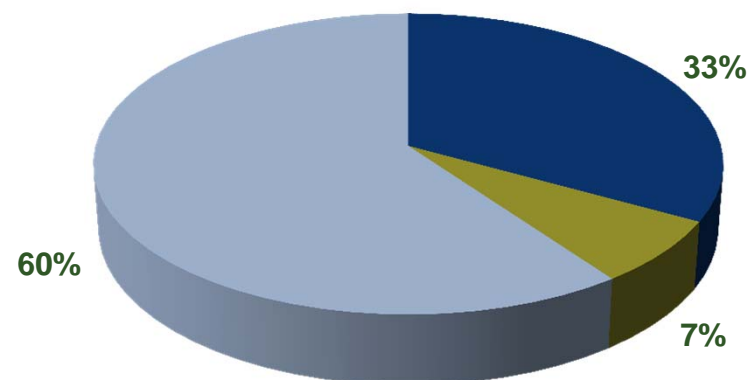
Shared equity

H1 2009/10



Total Units : 1,370
Percentage of total completions : 27%

H1 2010/11



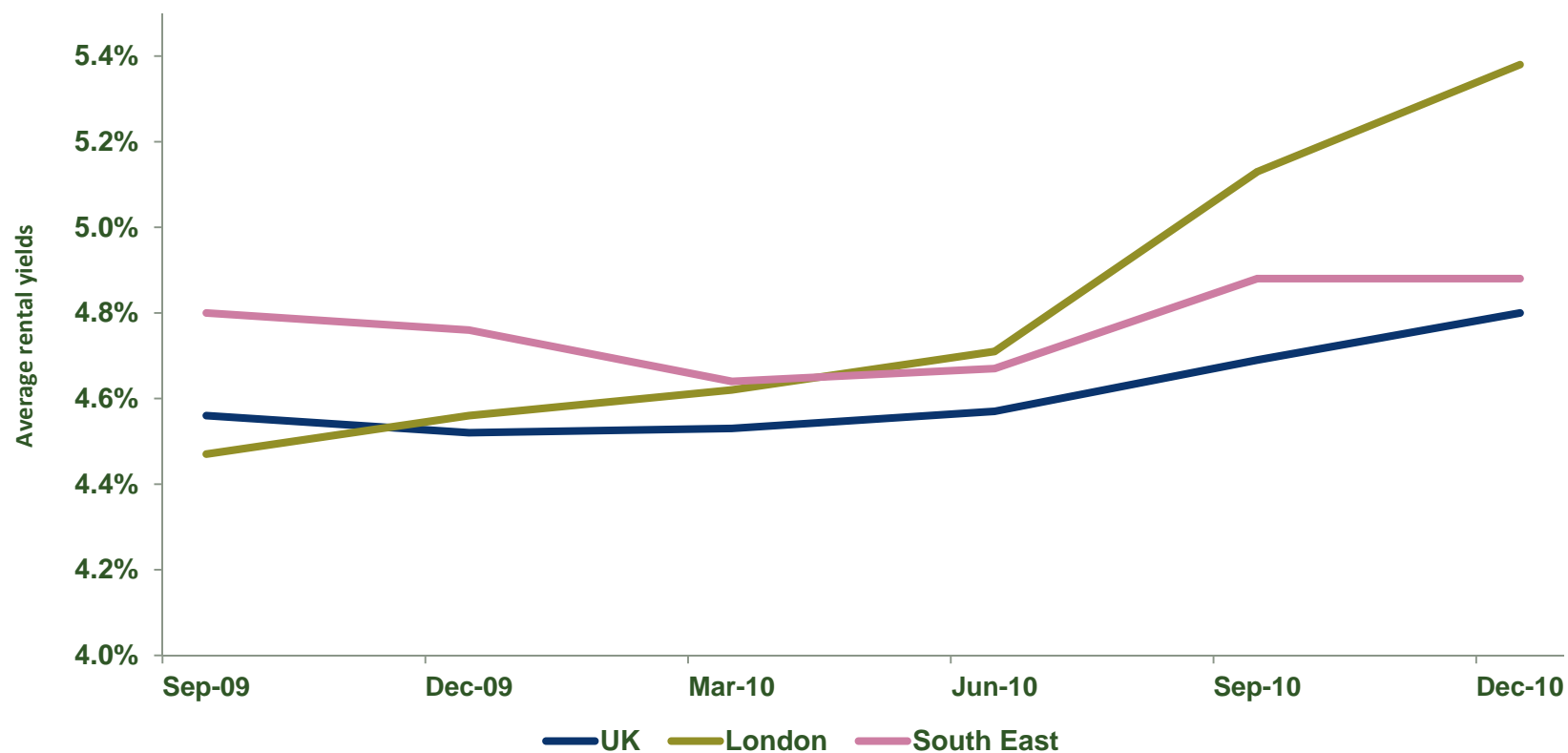
Total Units : 1,342
Percentage of total completions : 28%

■ HBD Original ■ HBD Kickstart ■ Barratt Shared Equity products



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Rental yields



Source: FindaProperty.com Rental Index



Driving profitability – key priorities

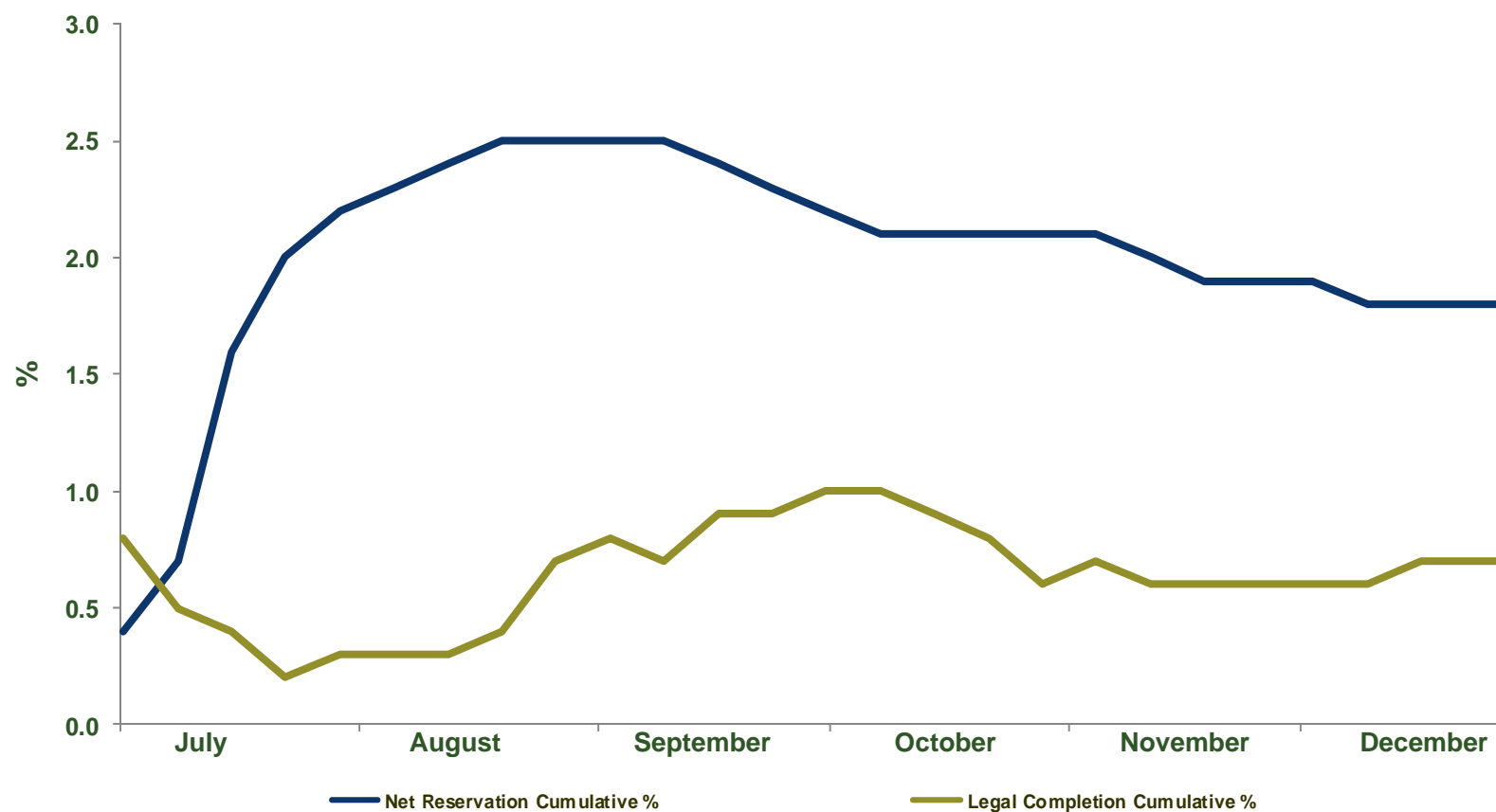
- Price optimisation
- Outlet growth
- Cost control
- Targeted land buying



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Price optimisation – pricing discipline

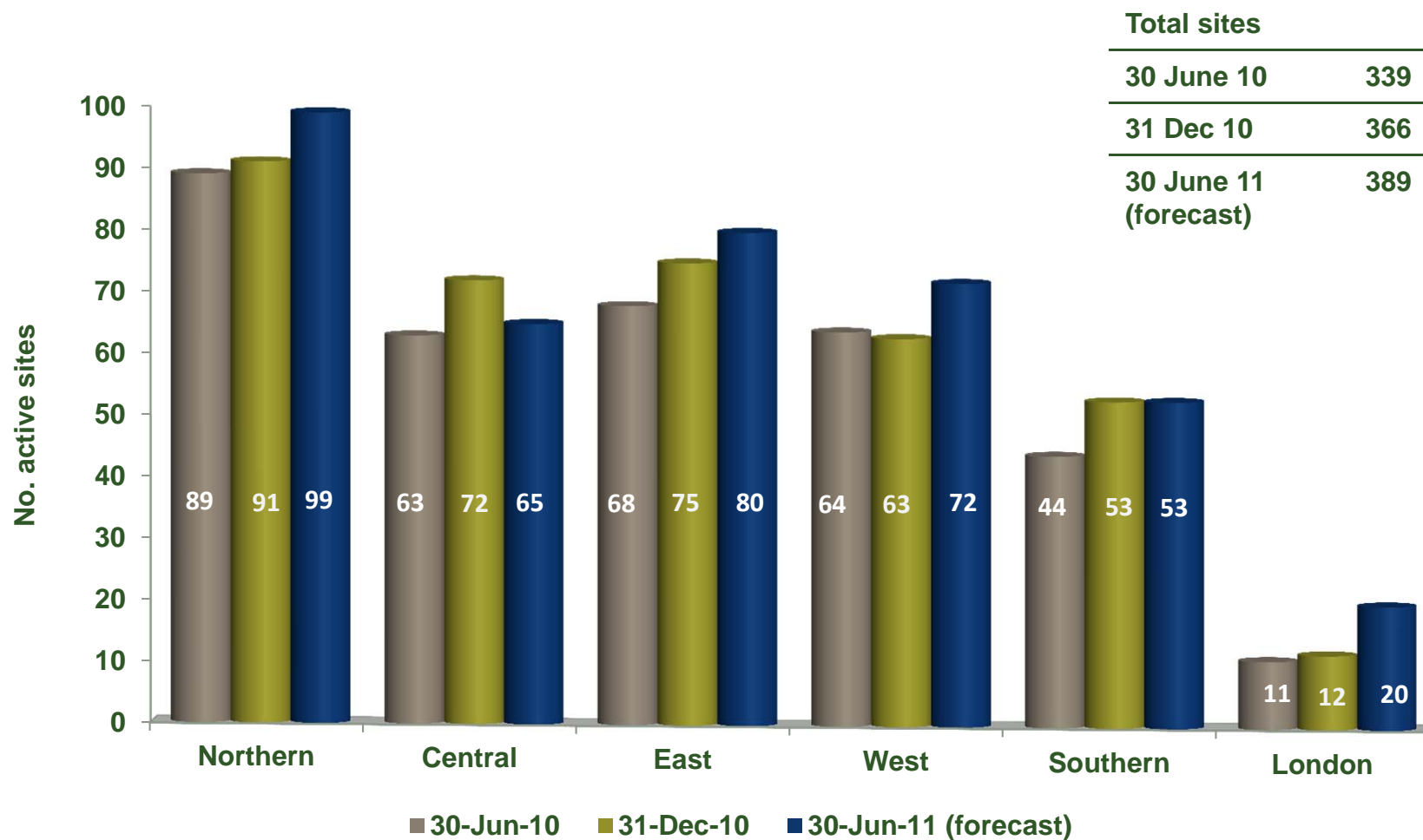
Cumulative variance in selling prices achieved on net private reservations versus 1 July 10 prices
and on private completions versus 1 July 10 prices





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Site numbers

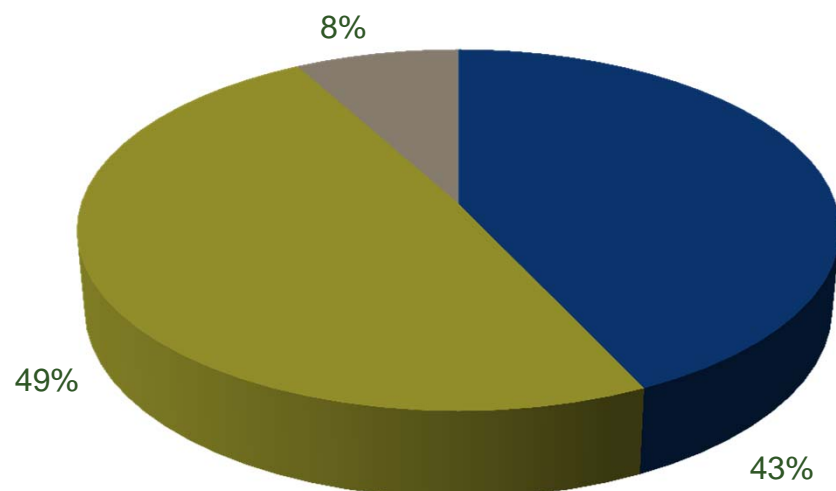


Direct build costs of a standard housetype



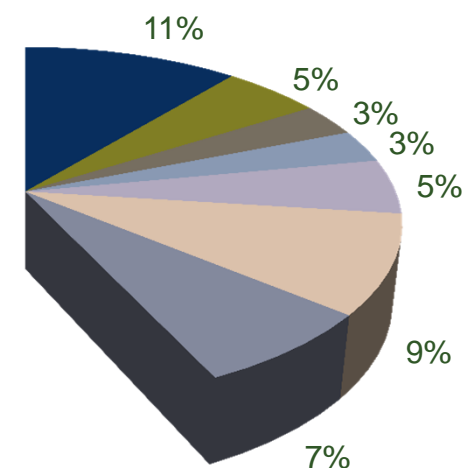
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Total



■ Materials ■ Labour and direct overheads ■ External fees

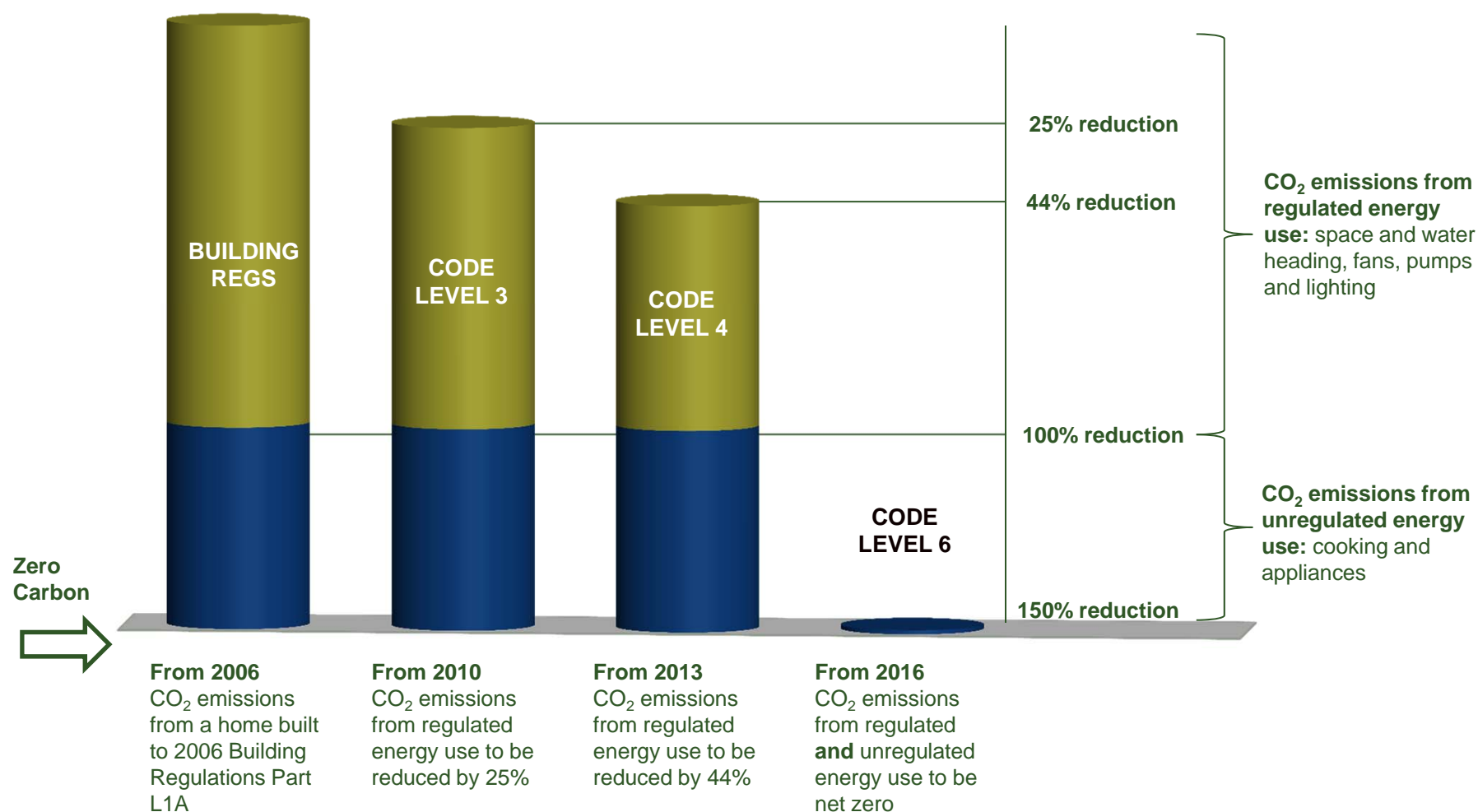
Materials



■ Plot groundworks
■ Timber
■ External windows & doors
■ Paint & plaster
■ Electrical, plumbing & heating components
■ Site infrastructure apportionment
■ House construction materials

Note: Analysis based on a Barratt standard 4 bedroom house type and includes direct build costs only and excludes s106 contributions, other overheads and indirect costs

Delivering low carbon effectively





Land investment in H1

Total approved 1 July to 31 December 2010	£318.0m
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Total number of plots	6,078
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Location

South : North (by value)	59% : 41%
---------------------------------	------------------

South : North (by plots)	45% : 55%
---------------------------------	------------------

Type

Brownfield : Greenfield	29% : 71%
--------------------------------	------------------

Houses : Flats	81% : 19%
-----------------------	------------------

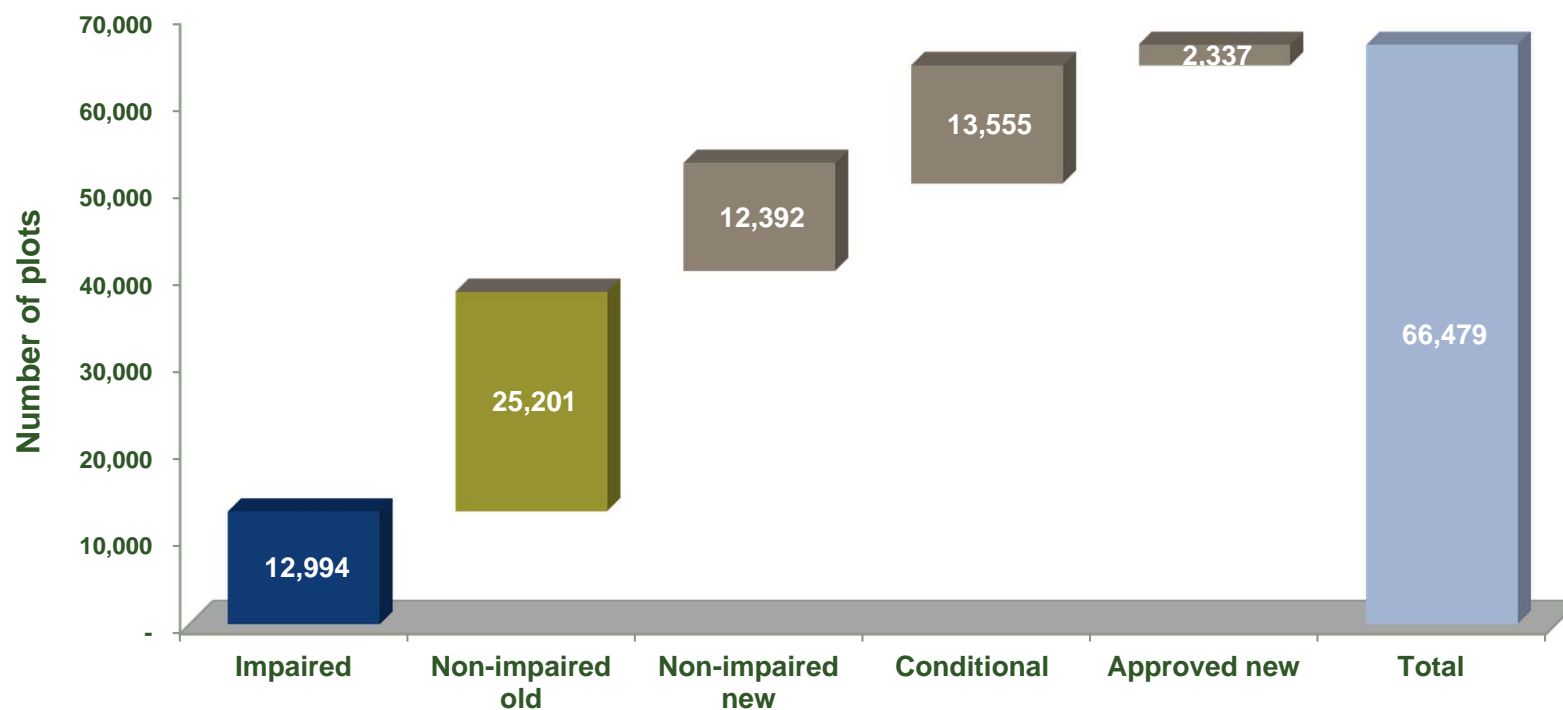
Note: Unless stated otherwise, information as at 31.12.2010 and % splits are by plots



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Landbank delivery

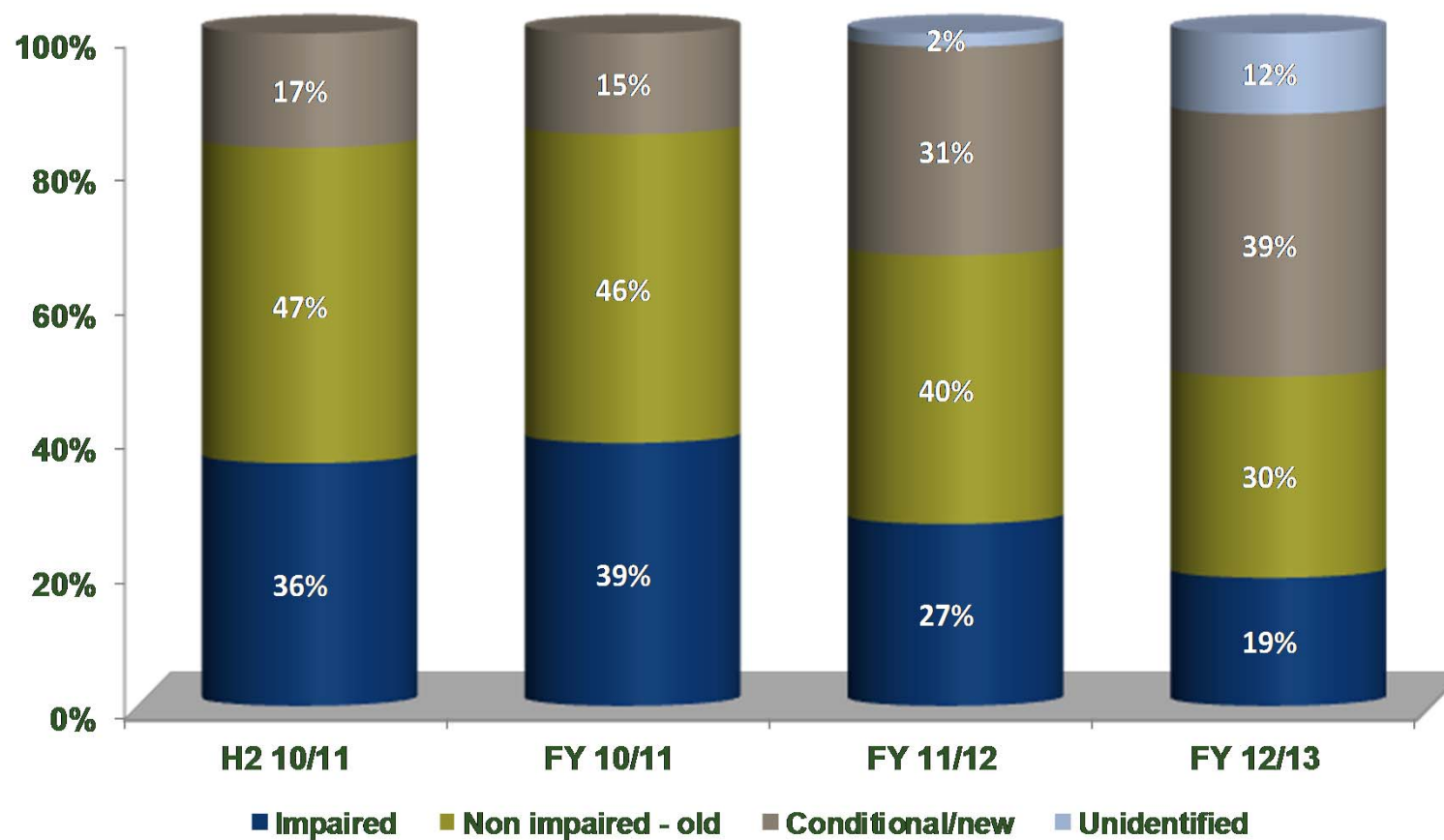
ASP £K	161	189	181	203	198	185
Average basic trading margin	5%	15%	>20%	>20%	>20%	



Note: Basic trading margin is pre selling, admin and finance costs
Old land owned prior to re-entry into land market in 2009

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Landbank delivery



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

Analysis is for illustrative purposes only and is based on landbank as at 31 Dec 2010. Assumes planning granted on all land



Current trading

	Last 6 weeks H2 10/11	Last 6 weeks H2 09/10	H1 2010/11
Net private reservations per site per wk	0.57	0.55	0.39
Cancellation rate	12.4%	11.6%	20.1%
Average active sites	368	364	352



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Forward sales analysis

	20 Feb 2011	21 Feb 2010	31 Dec 2010	31 Dec 2009
Value (£m)	893.5	847.4	645.7	651.2
- of which contracted (£m)	567.1	545.1	491.6	471.1
- % contracted	63%	64%	76%	72%
- due in H2 (£m)	623.6	627.0	411.8	449.0
- due after H2 (£m)	269.9	220.4	233.9	202.2
Plots	5,722	5,093	4,353	3,995
- % contracted	70%	69%	80%	76%
Private:social mix	45%:55%	56%:44%	32%:68%	45%:55%



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Outlook

- **Encouraged by positive start to the year**
 - **Focused on optimising prices, not pursuing volume**
 - **Continued change in mix to drive ASP growth in H2 10/11**
 - **Market remains fragile**
 - Longer-term recovery dependent on improved availability of mortgage finance
 - **Well placed to secure further margin growth**
 - Higher margin land
 - Tight cost control
 - Operational gearing
-

Q & A



Fieldways, Paulton, Bristol

Appendices





Private conversion rates & completions

	2010/11 H1	2009/10 H1	2009/10 FY
Net private reservations			
- Total	3,587	4,667	9,435
- Per week per active site	0.39	0.49	0.50
Conversion rate	26.1%	28.6%	27.7%
Cancellation rate	20.1%	17.8%	18.0%
Total private completions			
- Total	3,669	4,381	9,455
Sites			
- Active ⁽¹⁾	352	368	360

⁽¹⁾ Average in period



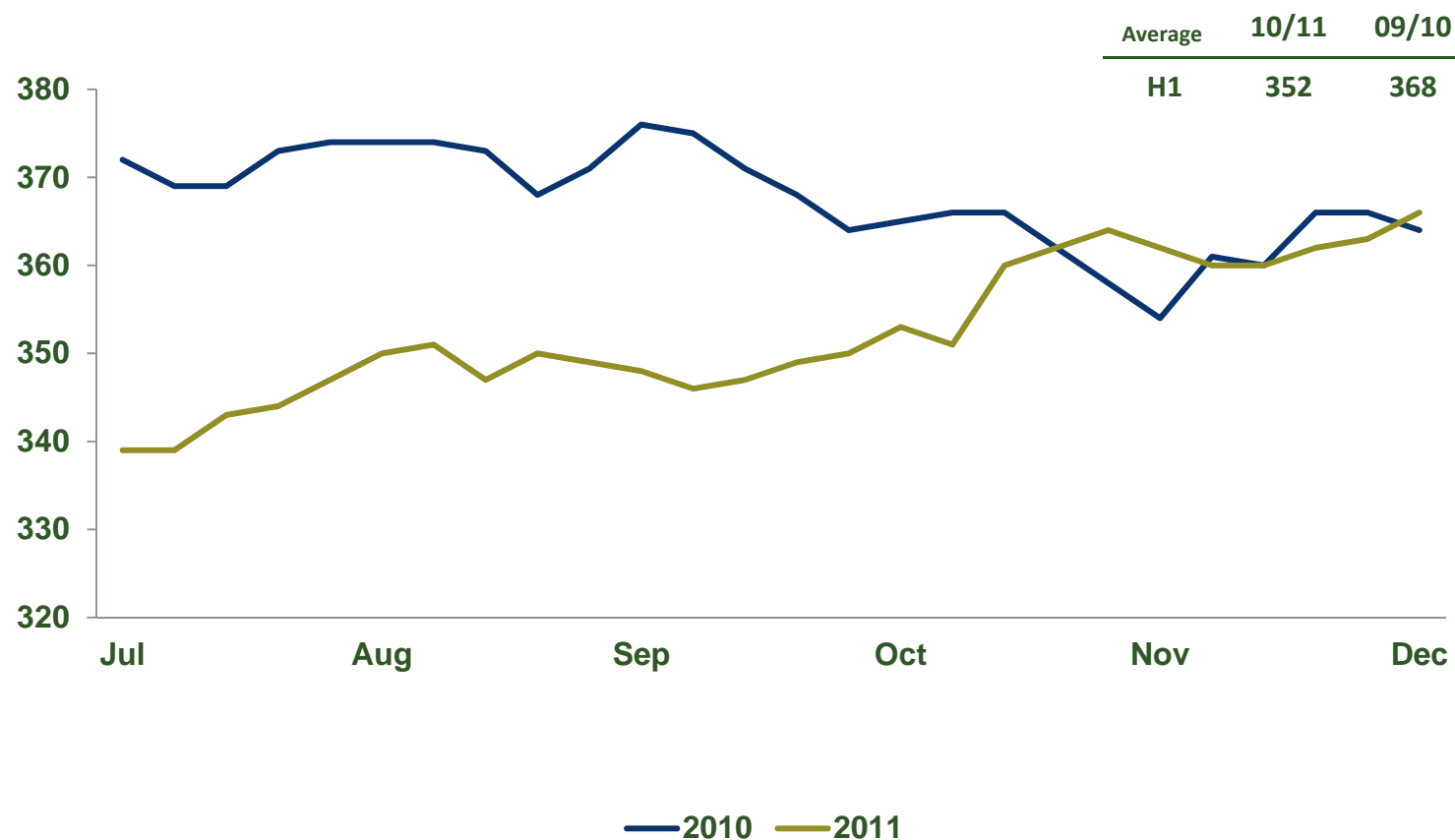
Revenues – regional analysis

	Units		Plot completion revenue £m	
	H1 10/11	H1 09/10	H1 10/11	H1 09/10
Northern	897	974	146	147
Central	709	837	105	122
East	871	978	158	155
West	894	1,007	150	159
Southern	961	879	198	178
London	464	353	86	75
Group	4,796	5,028	843	836



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Total active sites



Balance sheet – Stock & WIP

	31 December 2010		30 June 2010		31 December 2009	
	Units	£bn	Units	£bn	Units	£bn
Stock						
Total units	1,384	0.2	1,213	0.2	1,122	0.1
Unreserved	837	-	746	-	691	-
Showhomes	341	-	196	-	197	-
Roof to complete						
Total units	3,798	0.3	2,928	0.2	3,298	0.2
Unreserved	2,417	-	1,888	-	1,959	-
Other	-	0.6	-	0.6	-	0.7
WIP Total	-	1.1	-	1.0	-	1.0
Unsold part exchange	364	-	244	-	178	-
£m	44	-	31	-	22	-



Helping our customers

HEADSTART

- Shared equity scheme
- Buyer owns 100% but pays 85% of price
- Remaining 15% is an interest free loan that is paid after 10 years or on the resale of home
- Repayment is 15% of the market value at point of resale / end of the 10 year period
- Available on properties up to £300k
- A 5% deposit will be required from the buyer by most lenders

Suitable for:

- First time buyers
- Owner occupiers only

DEPOSIT MATCH

- Once customer has 90% mortgage approved, Barratt matches 5% deposit to make up to 10% they require

Suitable for:

- First time buyers
- Move up buyers

PART EXCHANGE

- Barratt will buy existing home
- Barratt will make a full market value offer - normally within 7 days and sale then proceeds
- No estate agency or advertising costs to pay

Suitable for:

- Buyers with an existing property to sell, buying a new home which is at a roof stage or later
 - House being exchanged cannot be worth more than 70% of selling price of new property
-



Helping our customers (cont.)

SHOW HOME LEASE BACK

- Invest in brand new Barratt show home
- Lease it back to Barratt and get a guaranteed rental income and dedicated service from our property management team for the period of the lease

Suitable for:

- Someone looking for investment opportunity with guaranteed income

MOVEMAKER

- Barratt instructs estate agents, manages all the valuations, viewings etc.
- Reservation deposit required on new Barratt home
- Barratt reimburses estate agent fees on completion

Suitable for:

- Buyers with existing property to sell, buying a new home at an early stage of construction
- Buyers not qualifying for part exchange

HELPING HAND

- Unsecured loan provided to parents by Hitachi Capital for up to 15% of purchase price up to max of £50,000
- Fixed interest rate of typical 5.4% APR for 12 years
- No early redemption penalties
- Additional 5% cash deposit required to secure mortgage

Suitable for:

- First time buyers whose parents have sufficient disposable income to service the loan but no available credit
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Disclaimer

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