BARRATT
DEVELOPMENTS PLC

Results presentation

Half year ended 31 December 2011

22 February 2012

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New Wichelstowe, Swindon, Wiltshire

Bob Lawson
Chairman

Mark Clare
Group Chief Executive


Fairways, Camberley, Surrey

Overview

- Market update
- Key highlights & sales performance
- Barratt's capabilities
- Key objectives
- Government's housing strategy
- Current trading and outlook

Market update

- Greater stability in sales rates since January 2011
- Stronger Autumn selling period
- Overall, underlying selling prices stable – regional variation with greater robustness in the South East
- Mortgage availability improving but remains key constraint

Key highlights for H1 2011/12

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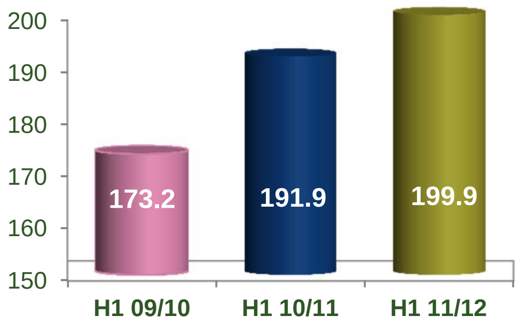
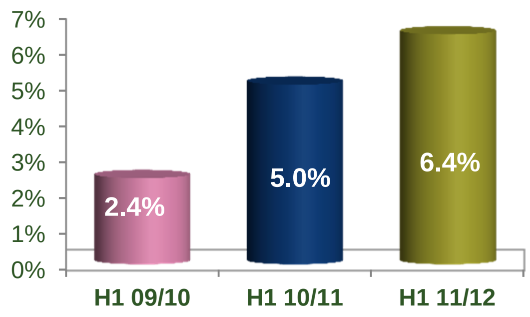
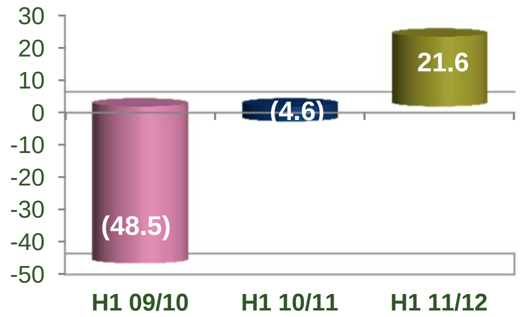
Private ASP £k



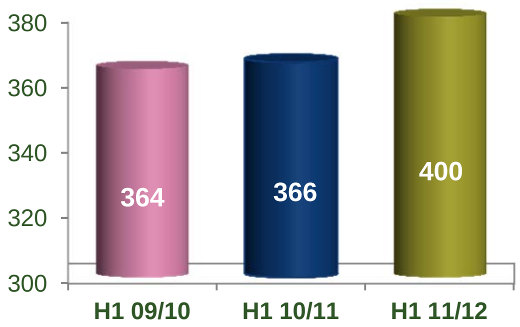
Operating margin(1)



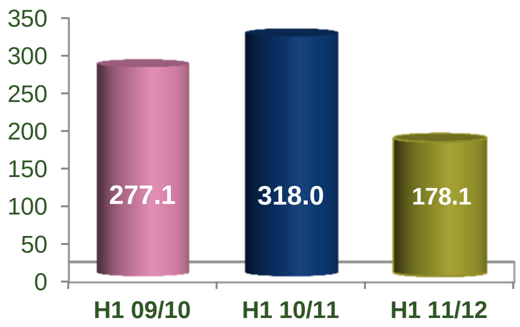
Pre-tax profits £m(2)



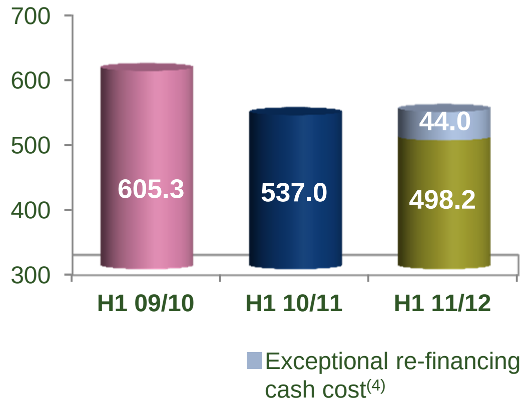
Active sites(3)



Land approvals £m



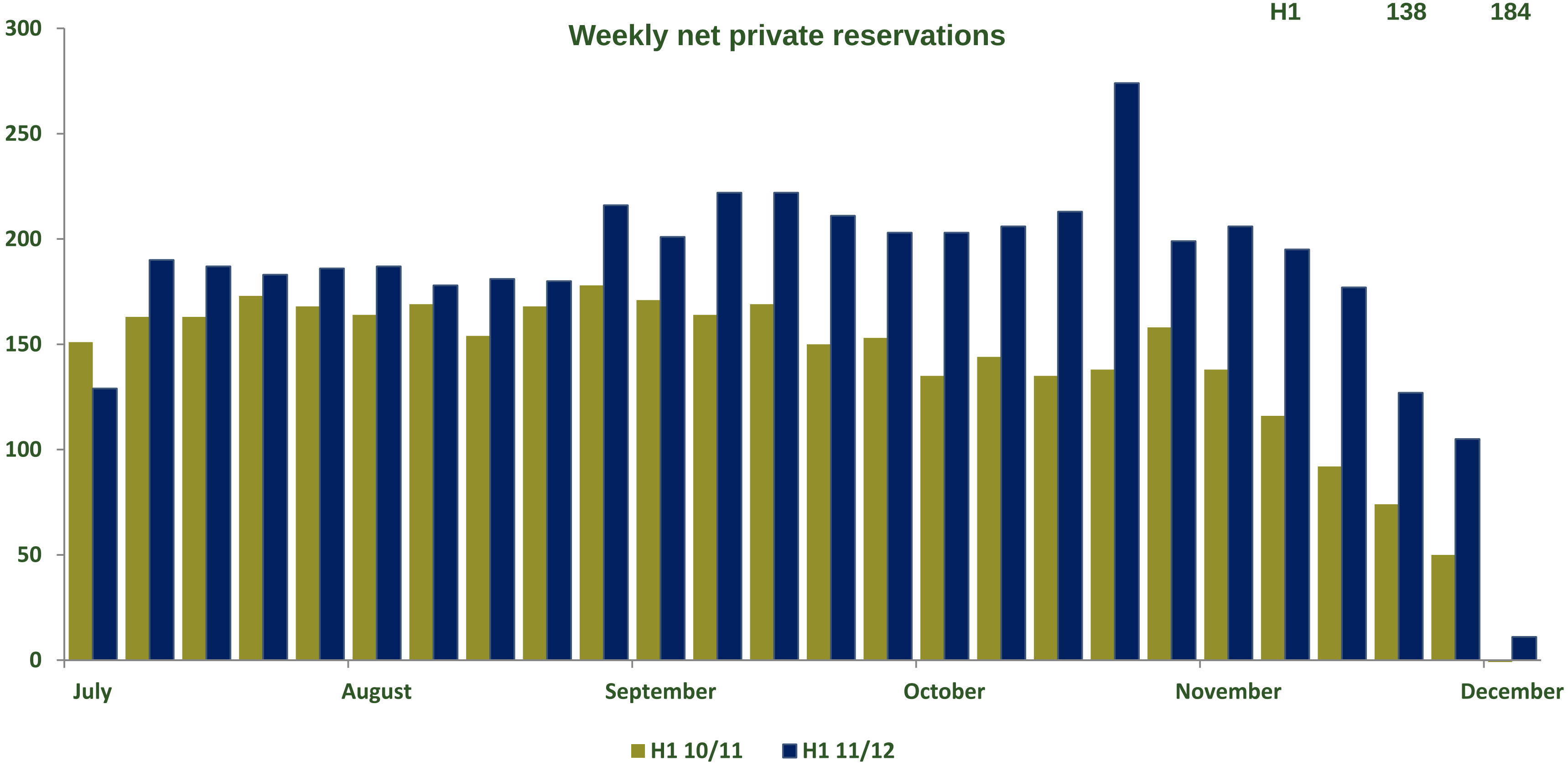
Net debt £m



(1) Group profit from operations before exceptional items divided by Group revenue (2) Pre exceptional cost of H1 2011/12 Nil, H1 2010/11 Nil, H1 2009/10 £129.9m
(3) Active site defined as a site with one unit available for sale. Active site number as at 31 December (4) Exceptional cash costs of £44.0m related to refinancing

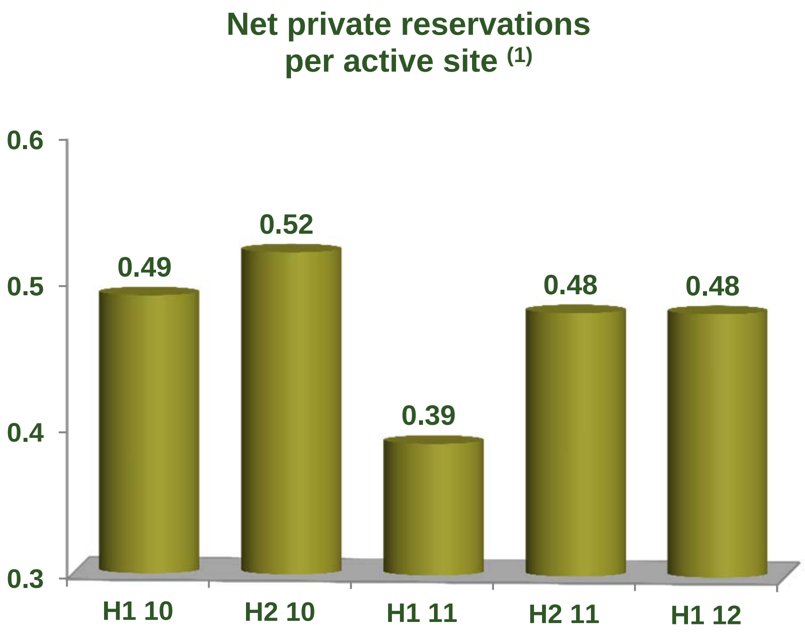
Private reservations

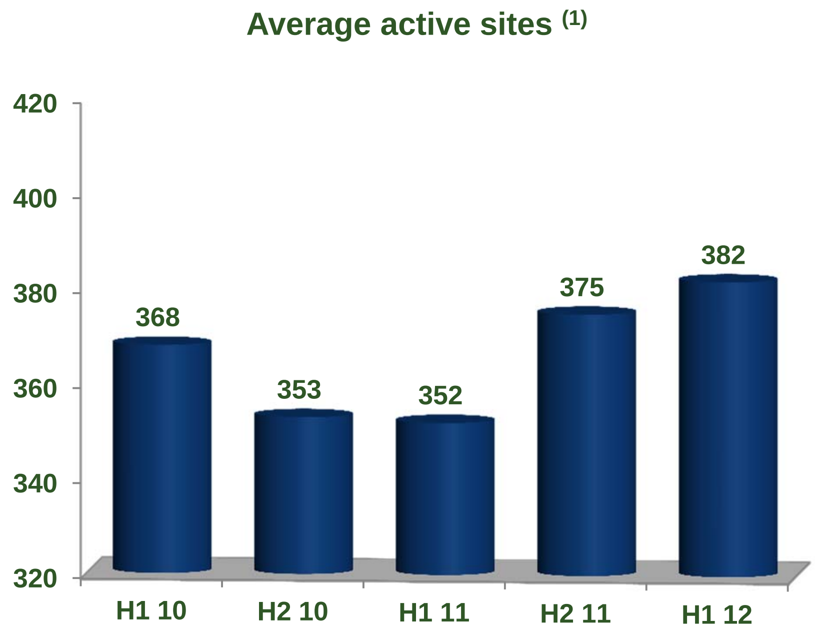
Average	10/11	11/12
H1	138	184



Note: Week 26 H1 10/11 had net cancellations of 51

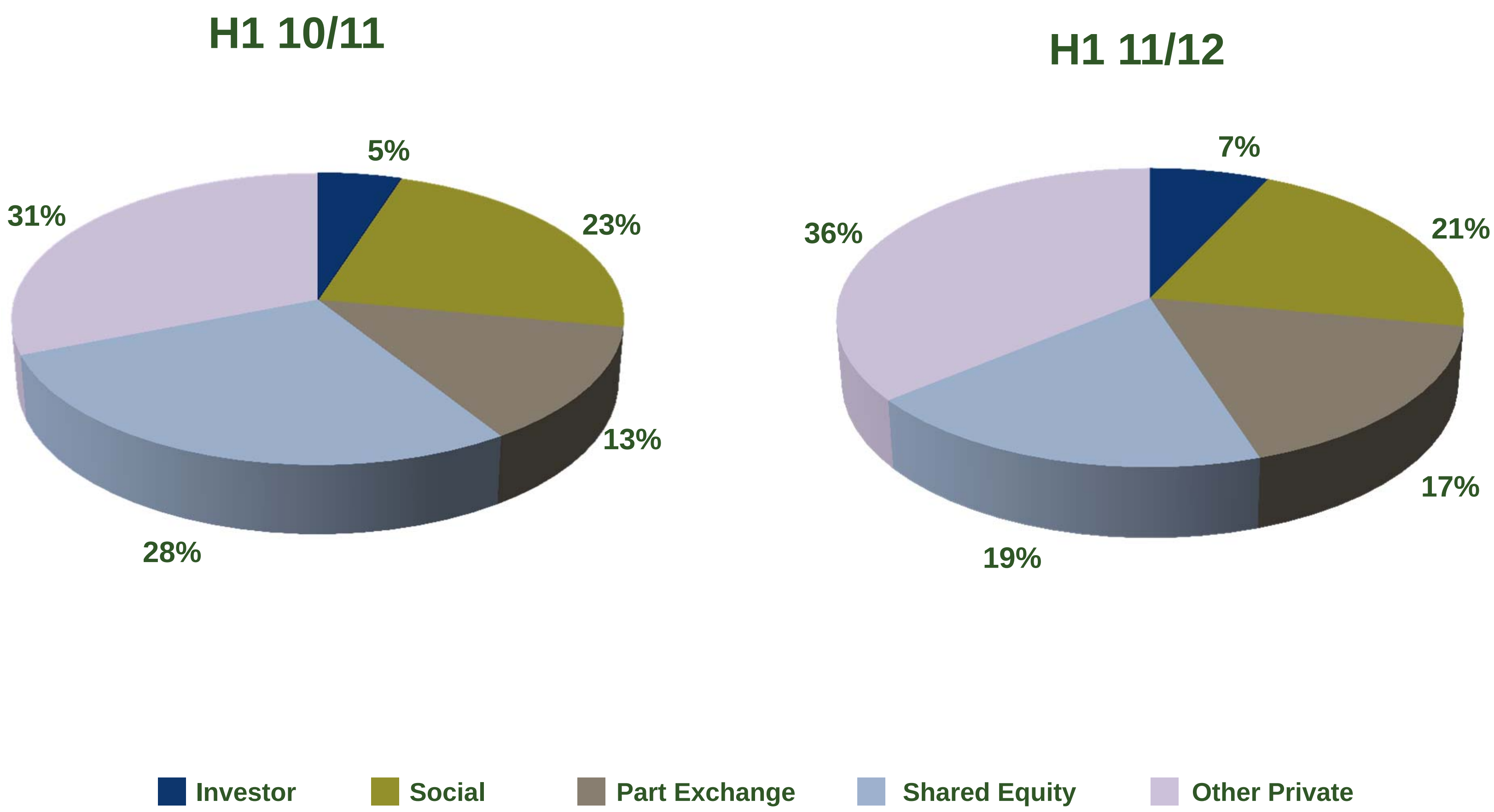
Private sales rates & active sites





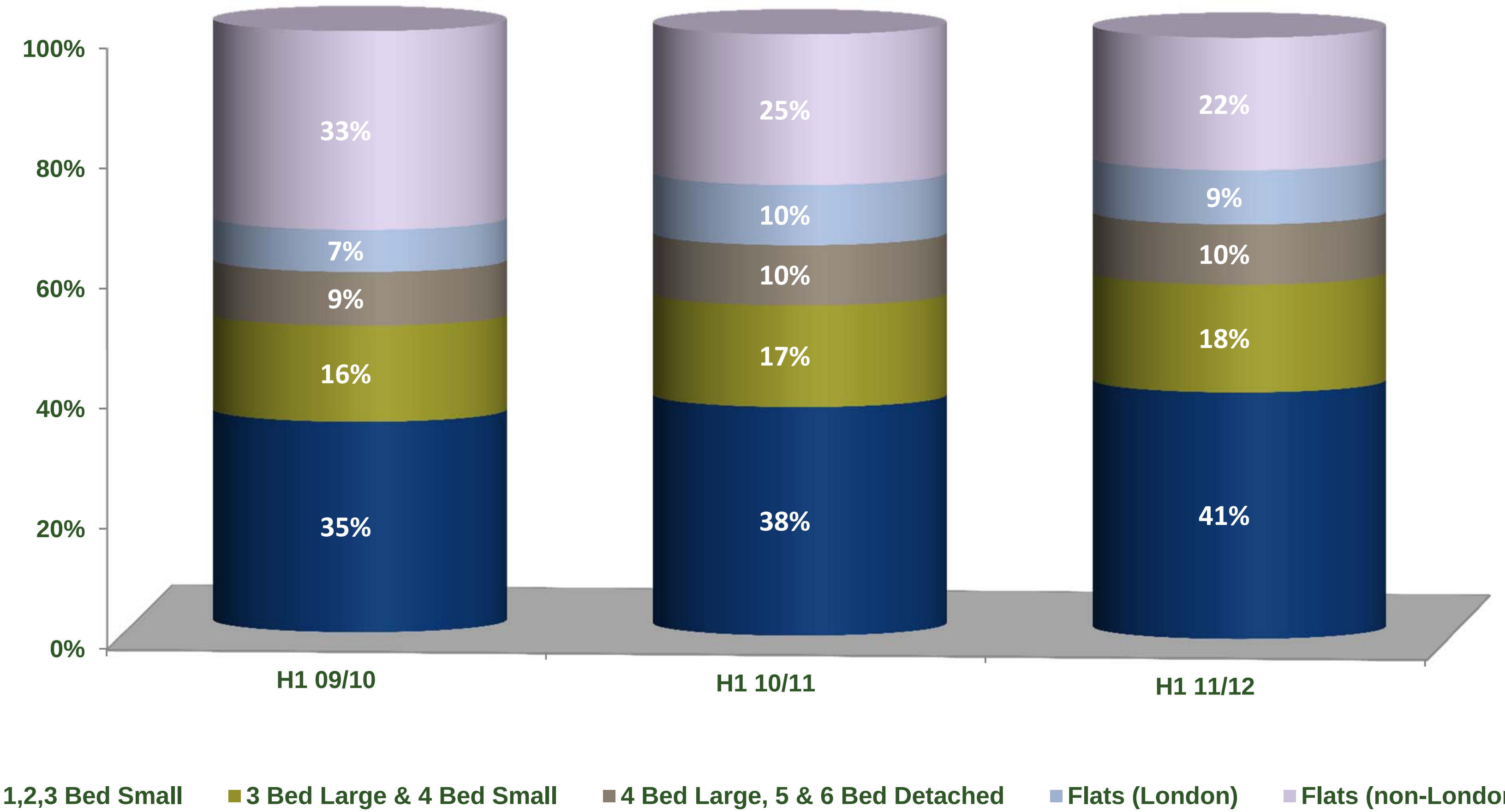
(1) Active site defined as a site with one unit available for sale

Completions(1) - buyer type



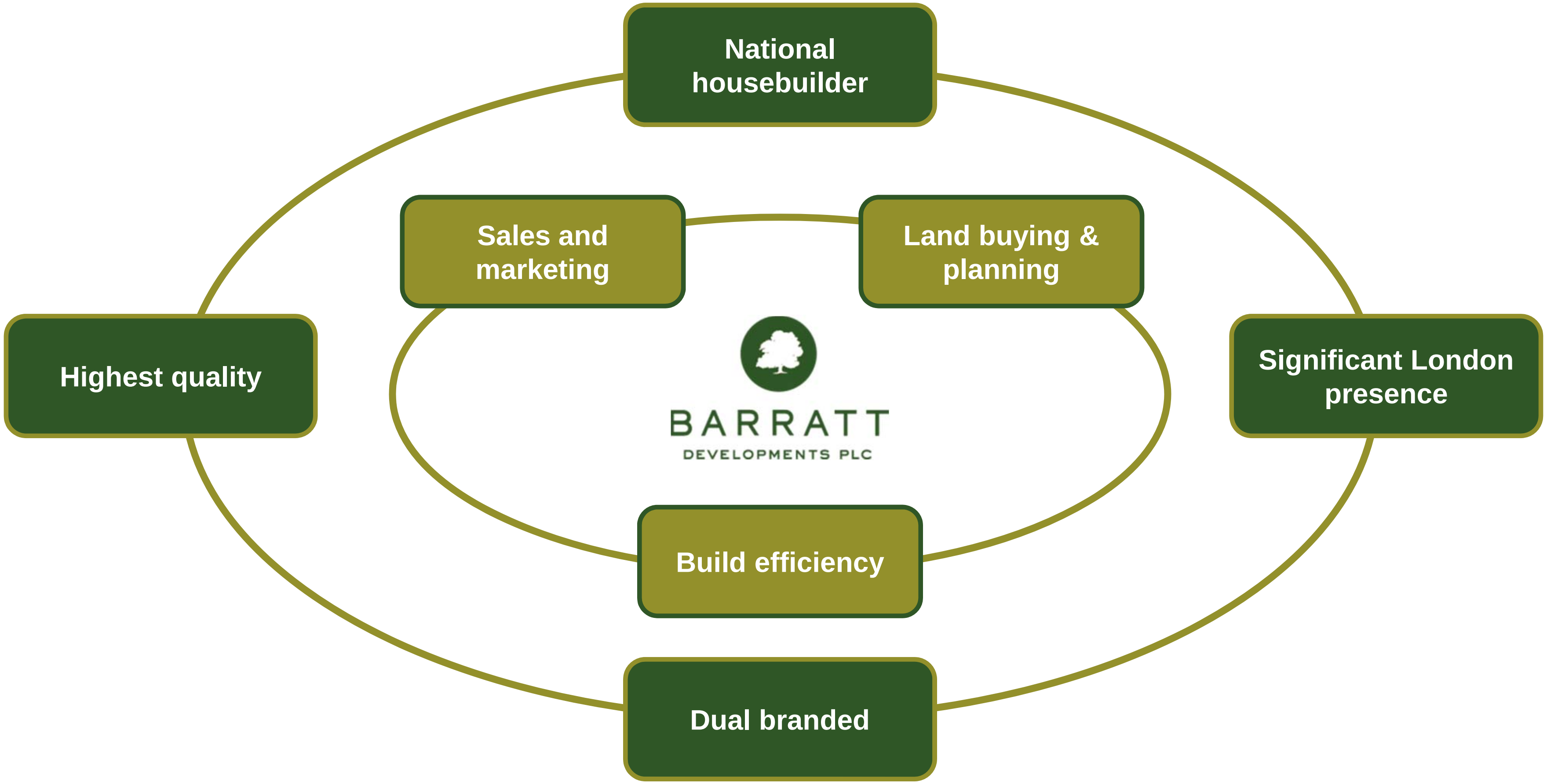
(1) Completions excluding joint ventures

Completions[1] - product mix



(1) Completions excluding joint ventures

Barratt's market leading capability



Key objectives

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Rebuilding profitability
- Price optimisation
- Operational efficiency
- Targeted land buying

Reducing debt
- Return cash on legacy land
- Reduced average investment per site
- Other assets

Price optimisation

- Value not volume
- Pricing discipline
- Highest quality
- Sales and marketing
- Strong brands

Maximising the market potential

66%(1) of private H1 non-London completions with private ASP of £172.6k

31%(1) of private H1 non-London completions with private ASP of £227.8k

(1) Ward Homes and Retirement Homes made up the remaining 3% of private completions in H1 11/12

Operational efficiency

- Re-planning
- Centralised procurement
- Standard product
- Build costs


Derwenthorpe, Osbaldwick, York

Targeted land buying

- Clear land acquisition strategy
- Industry leading land purchasing teams
- All new land approved by Group committee
- Minimum hurdle rates required on all approvals
  - Return on capital of at least 25%[1]
  - Gross margin of at least 20%

(1) Return on capital employed is defined as site operating profit (site trading profit less sales overheads and allocated administrative overheads) divided by average investment in site land and work in progress.

Land approvals since mid 2009 - by region

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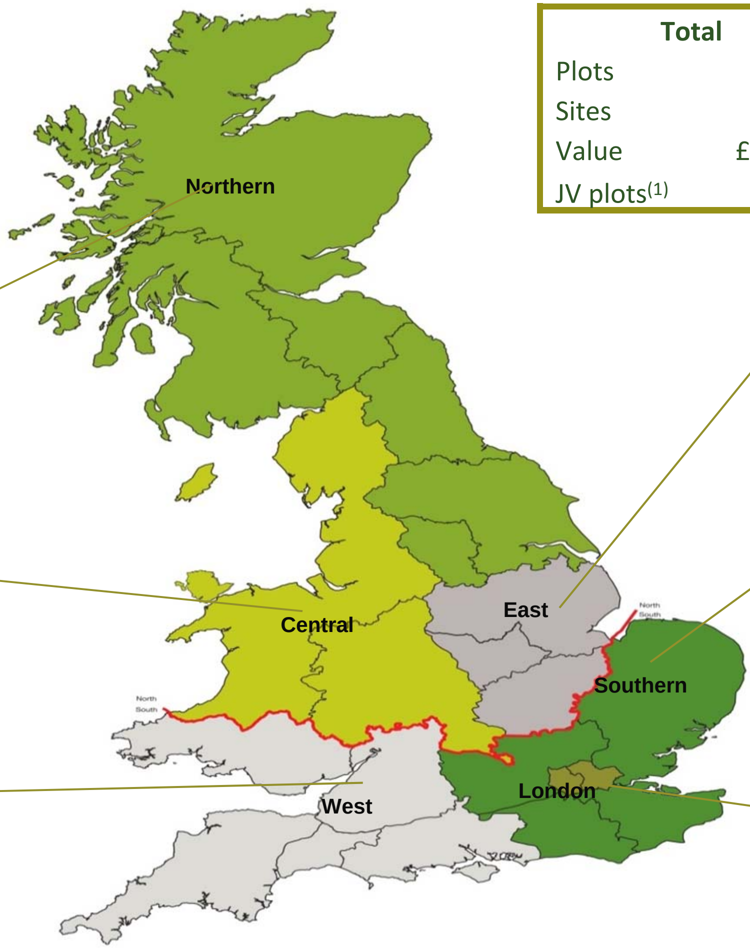


Total	
Plots	26,891
Sites	253
Value	£1,159m
JV plots(1)	2,163

Northern	
Plots	5,245
Sites	53
Value	£180m
JV plots(1)	780

Central	
Plots	4,864
Sites	42
Value	£163m

West	
Plots	7,464
Sites	70
Value	£323m

East	
Plots	4,056
Sites	38
Value	£144m

Southern	
Plots	3,957
Sites	41
Value	£280m
JV plots(1)	535

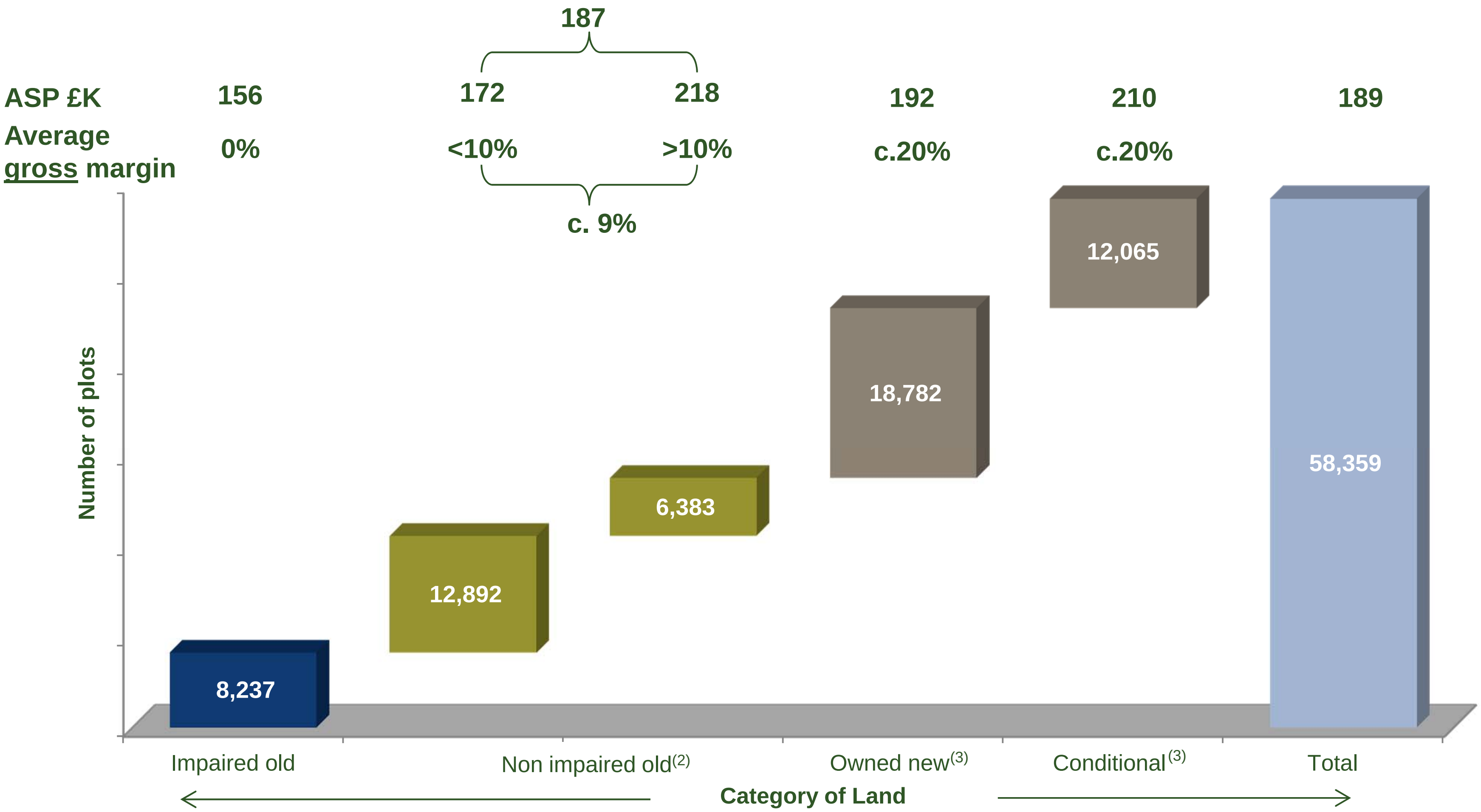
London	
Plots	1,305
Sites	9
Value	£69m
JV plots(1)	848

(1) 100% of JV land approvals in addition to values shown

Status of land approvals since mid 2009

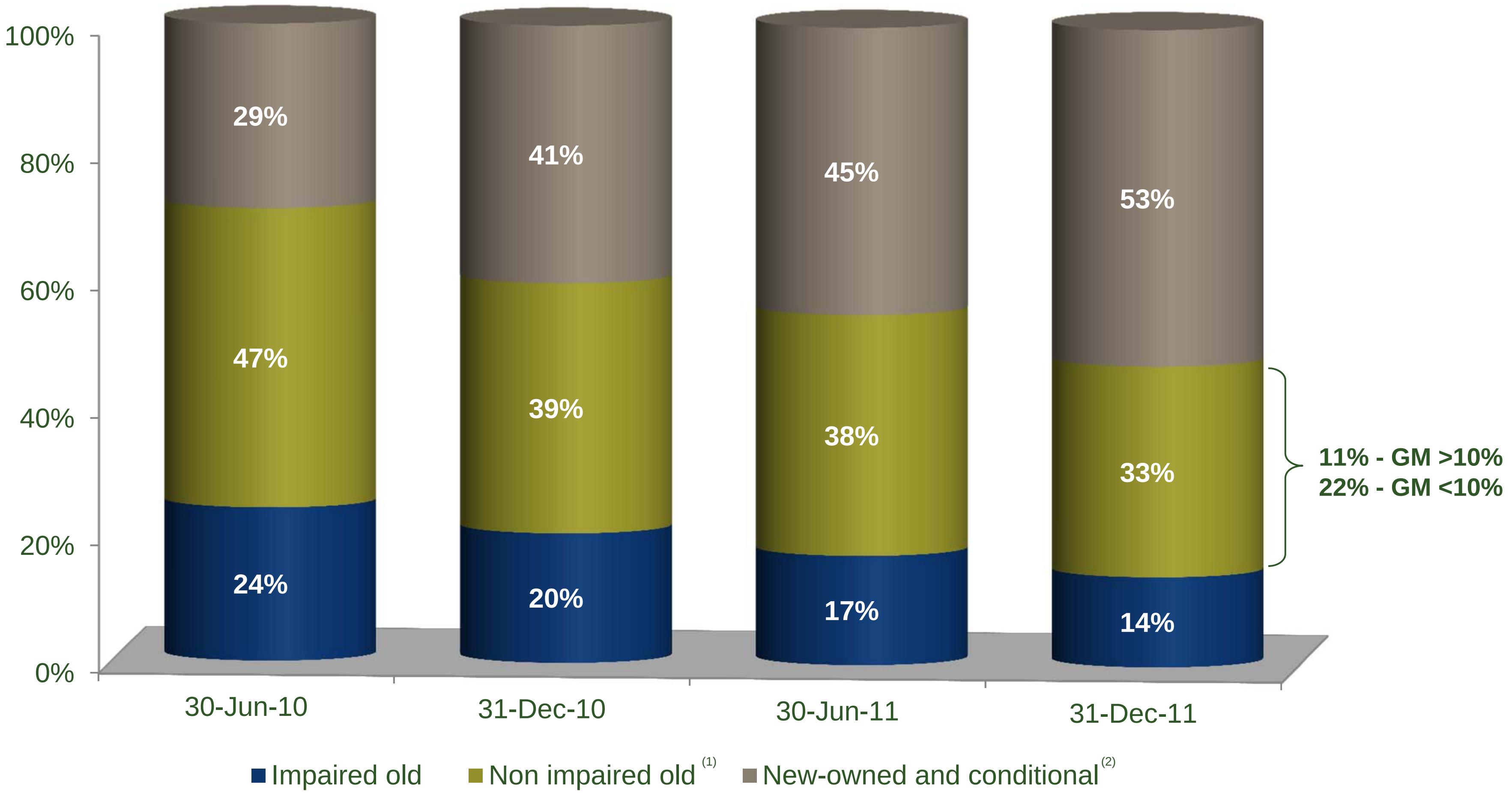
	Owned 31 Dec 11	Conditional 31 Dec 11	Not contracted 31 Dec 11	Total 31 Dec 11
Total sites	161	73	19	253
Total plots	17,443	7,596	1,852	26,891
Average plots/site	108	104	97	106
Sites in production	130			
% of total	81%			
H1 11/12 gross margin	21%			

Landbank by land type[1]



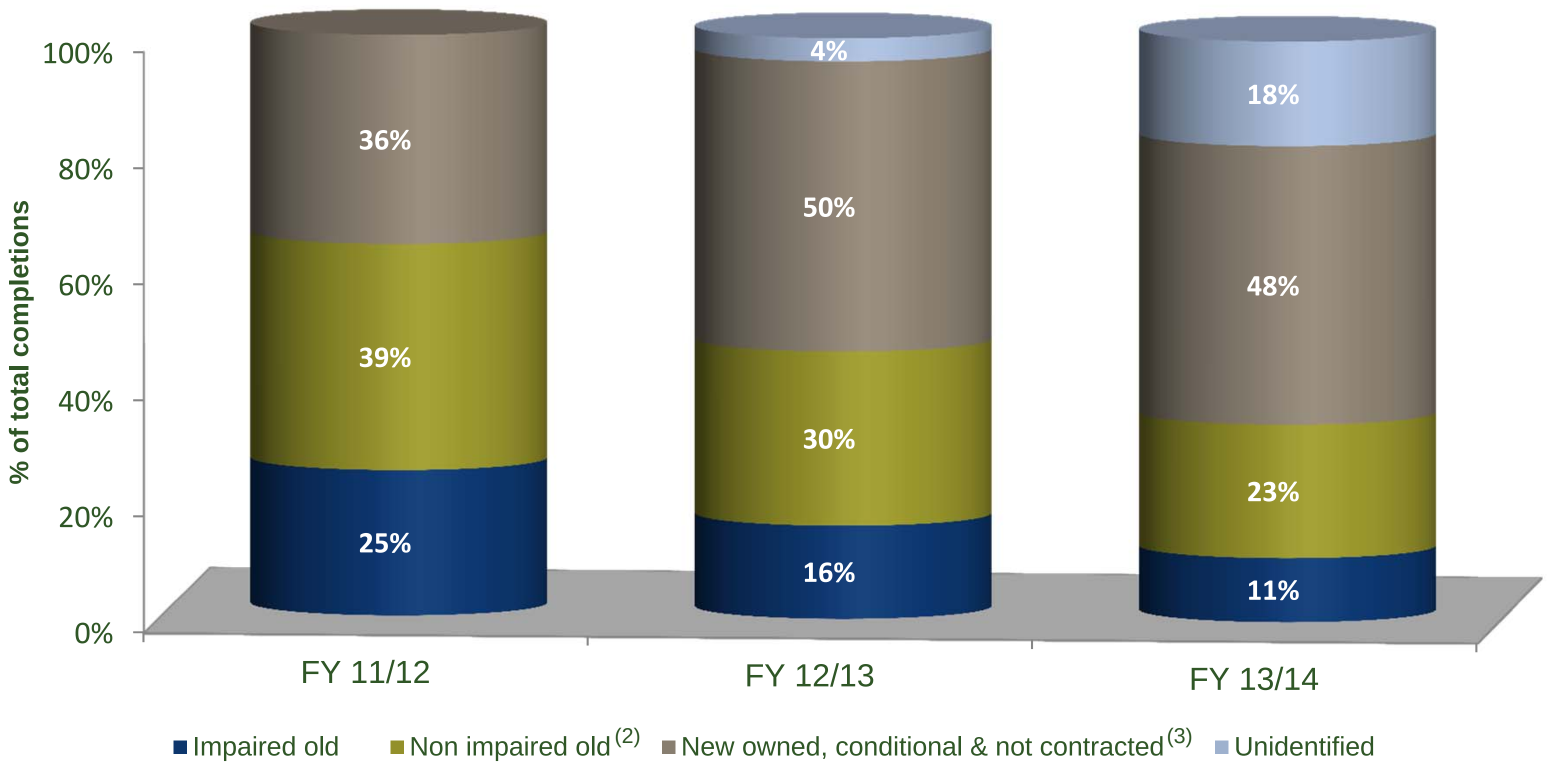
(1) Analysis is based on landbank as at 31 Dec 2011 and on current selling prices
(2) Old land owned prior to re-entry into land market in mid 2009
(3) Includes land conditionally contracted prior to mid 2009 land approval committee

Landbank – increasing % of high margin land



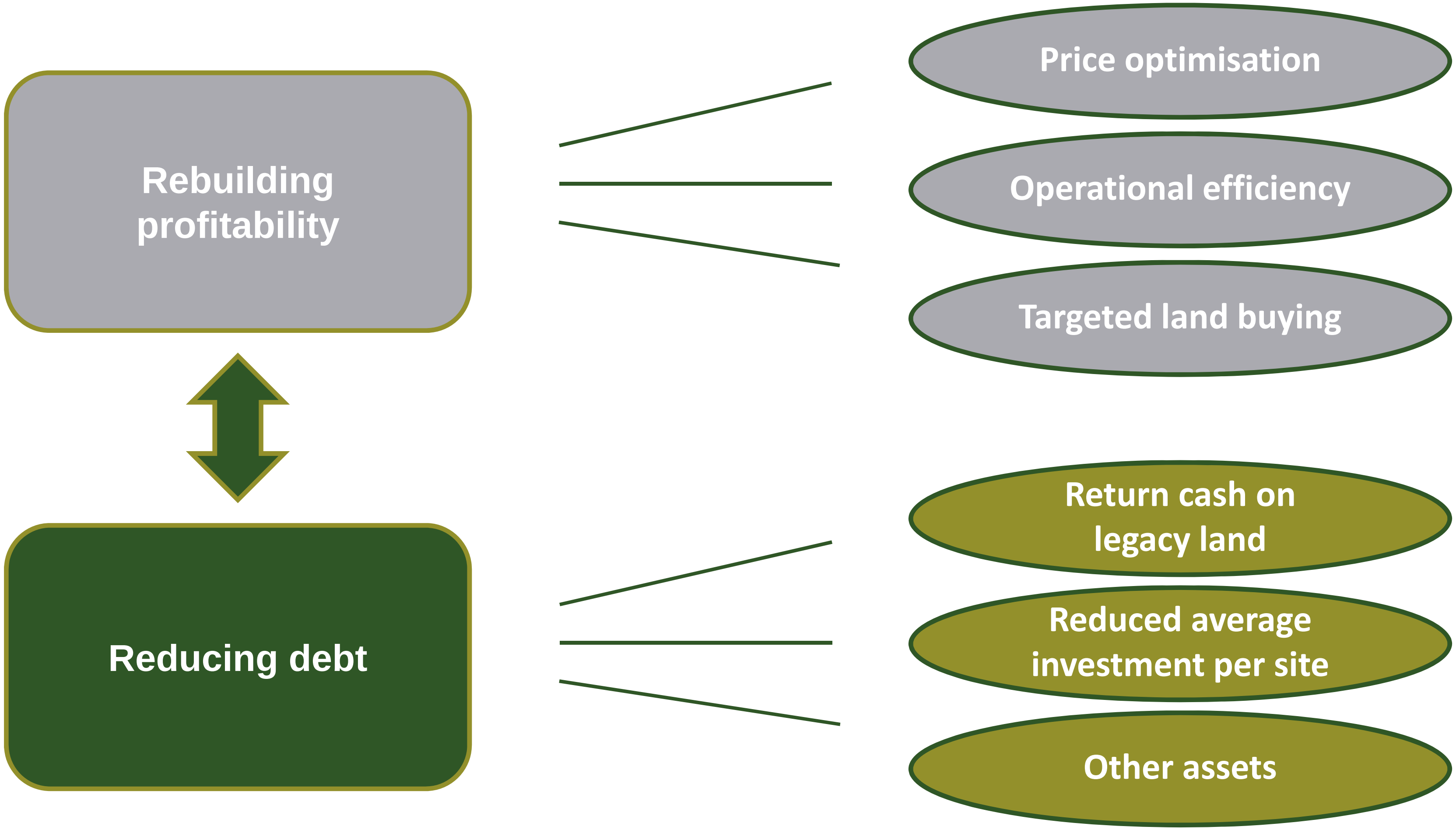
(1) Old land owned prior to re-entry into land market in mid 2009
(2) Includes land conditionally contracted prior to mid 2009 land approval committee

Illustrative landbank delivery profile[1]



(1) Analysis is for illustrative purposes only and is based on landbank as at 31 Dec 2011. Assumes planning granted on all land.
(2) Old land owned prior to re-entry into land market in mid 2009 (3) Includes land conditionally contracted prior to mid 2009 land approval committee

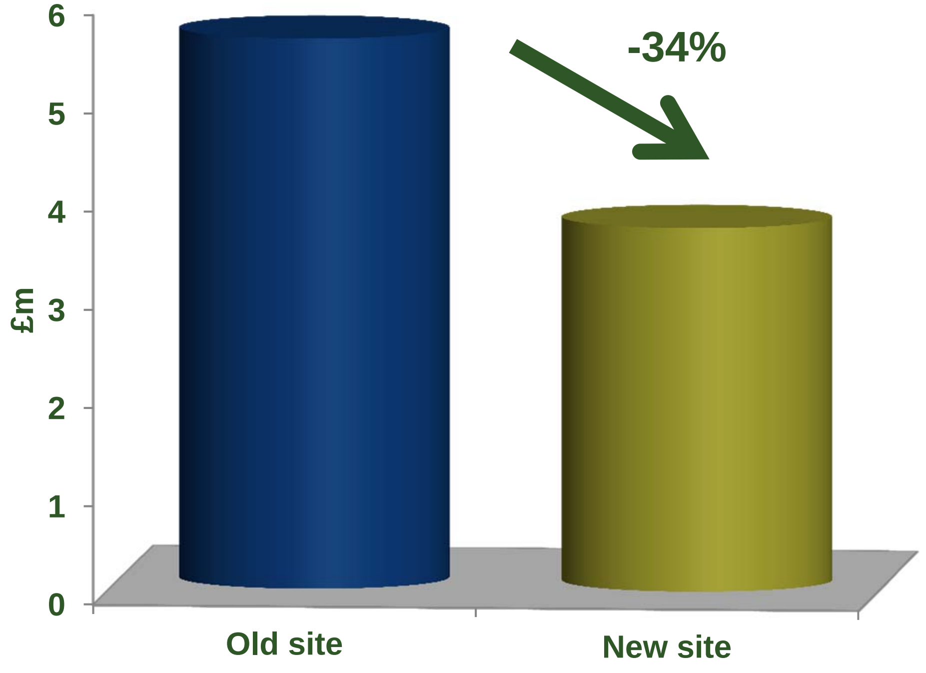
Key objectives



Lower site investment on new land

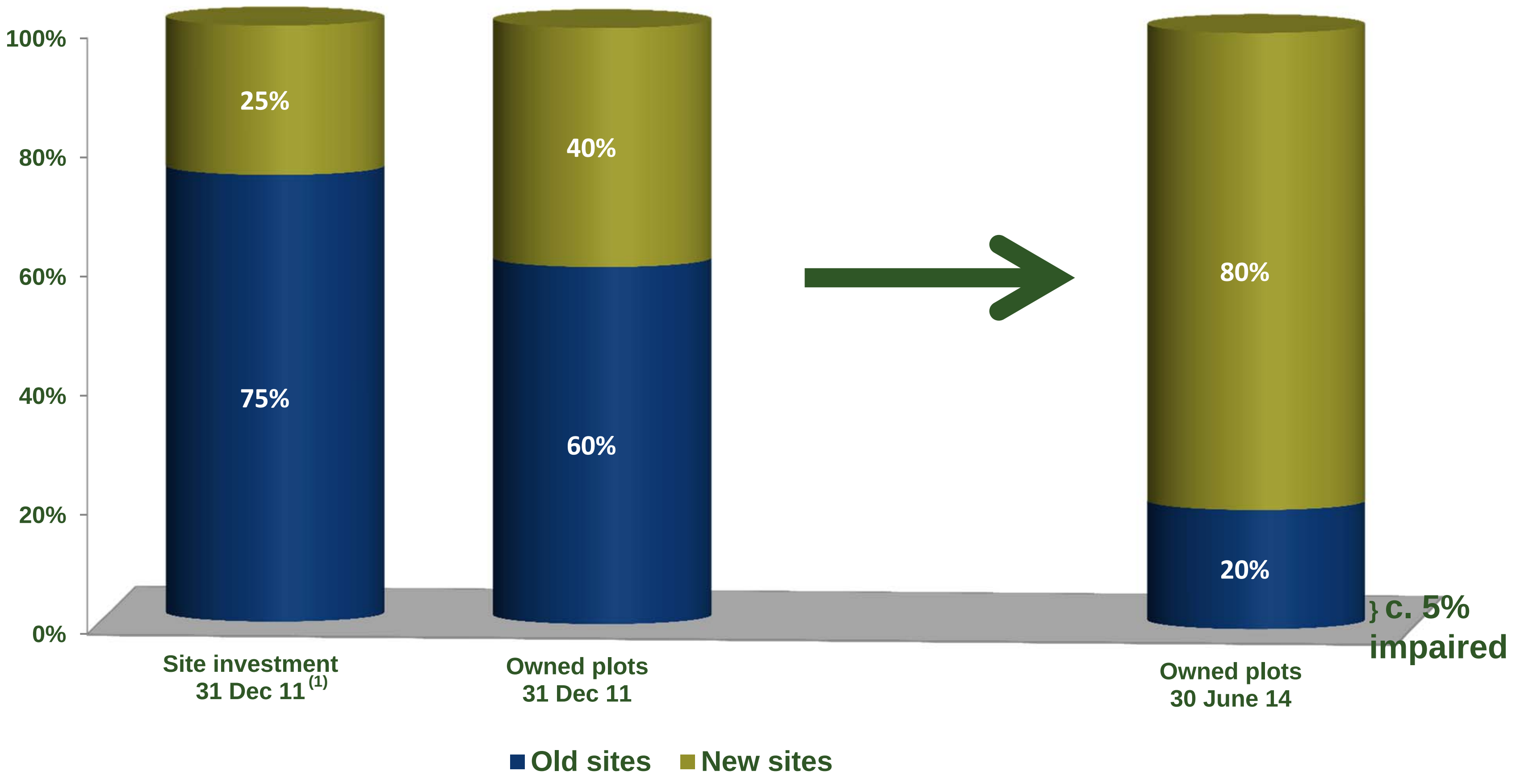
Old sites	New sites
Larger average site size	Smaller average site size
Higher flatted content	Lower flatted content
Less standard product	Standard product
High infrastructure costs	Lower infrastructure spend
Upfront cash payments	Deferred payment terms
	JV partners
Longer land bank **Higher investment/site**	**Shorter land bank** **Lower investment/site**

Average site investment[1]



(1) Analysis excludes all non-build sites. Site investment includes land costs and WIP net of land creditors and trade creditors as at 31 December 2011

Illustrative landbank profile



(1) Site investment includes land costs and WIP net of land creditors and trade creditors

Reducing debt – other assets

- Land sales / swaps
- Shared equity
  - reduction in usage
  - realisation of value of shared equity portfolio
  - £177.5m net book value
- Commercial assets
  - £85.9m gross book value

Government's housing strategy

- NewBuy mortgages
- Government land release programme
- National Planning Policy Framework / localism
- Get Britain Building

Current trading

	First 7 weeks H2 11/12	First 7 weeks H2 10/11	Change	H1 11/12
Average net private reservations per week	246	202	21.8%	184
Average net private reservations per active site per week[(1)]	0.61	0.55	10.9%	0.48
Cancellation rate	13.8%	11.8%	2.0%	17.7%
Average active sites	402	368	9.2%	382

(1) An active site is defined by the Group as a site with one unit available for sale.

Forward sales analysis

	19 Feb 2012	20 Feb 2011	Change
Value (£m)			
- Private	£693.2m	£557.9m	24.3%
- Social	£269.6m	£335.6m	(19.7)%
- due in H2 (£m)	£757.8m	£623.6m	21.5%
- due after H2 (£m)	£205.0m	£269.9m	(24.0)%
Total value	£962.8m	£893.5m	7.8%
Plots			
- Private	3,292	2,553	28.9%
- Social	2,666	3,169	(15.9)%
Total plots	5,958	5,722	4.1%

Outlook

- Strong start to the second half
- Some improvement in mortgage availability
- Industry fundamentals remain very strong
- Recently acquired land will drive profitability and debt reduction

David Thomas
Group Finance Director


Liberty Park, Caterham, Surrey

Overview

£m (unless otherwise stated)	H1 11/12	H1 10/11	FY 10/11
Revenue	952.8	877.6	2,035.4
Administrative expenses[(1)]	(38.1)	(37.6)	(92.8)
Operating profit[(1)]	61.1	43.5	135.0
Operating margin[(1)]	6.4%	5.0%	6.6%
Profit / (loss) before tax[(2)]	21.6	(4.6)	42.7
Exceptional items	-	-	(54.2)
Profit / (loss) before tax	21.6	(4.6)	(11.5)
Tangible net assets per share	209p	209p	211p
Net debt	542.2	537.0	322.6
Gearing[(3)]	27%	27%	16%

(1) Pre exceptional costs of H1 2011/12 Nil (H1 2010/11 Nil, FY 2010/11 £7.7m) (2) Pre exceptional costs of H1 2011/12 Nil (H1 2010/11 Nil, FY 2010/11 £54.2m)
(3) Calculated as: year-end net debt / tangible net assets

Revenue drivers

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	H1 11/12	H1 10/11	Change	FY 10/11
Completions				
Private	4,028	3,669	9.8%	8,444
Social	1,089	1,127	(3.4%)	2,634
Total	5,117	4,796	6.7%	11,078
% Social	21%	23%	(2%)	24%
JV[1]	81	36	125%	93
ASP (£'000)				
Private	199.9	191.9	4.2%	198.9
Social	111.8	123.5	(9.5%)	112.3
Total housebuild	181.2	175.8	3.1%	178.3
Revenue (£m)[2]	952.8	877.6	8.6%	2,035.4

(1) Joint venture completions in which the Group has a share
(2) Includes other revenue

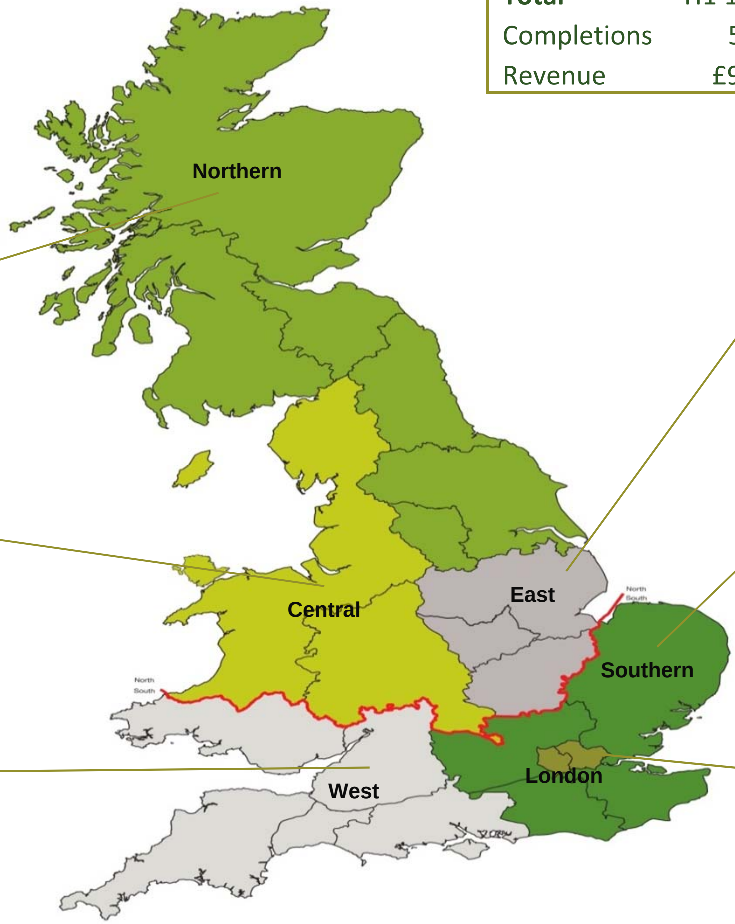
Revenue and completions by region

Total	H1 11/12	H1 10/11
Completions	5,117	4,796
Revenue	£927m	£843m

Northern	H1 11/12	H1 10/11
Completions	1,007	897
Revenue	£163m	£146m

Central	H1 11/12	H1 10/11
Completions	758	709
Revenue	£114m	£105m

West	H1 11/12	H1 10/11
Completions	1,095	894
Revenue	£174m	£150m



East	H1 11/12	H1 10/11
Completions	923	871
Revenue	£174m	£158m

Southern	H1 11/12	H1 10/11
Completions	862	961
Revenue	£186m	£198m

London	H1 11/12	H1 10/11
Completions	472	464
Revenue	£116m	£86m

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

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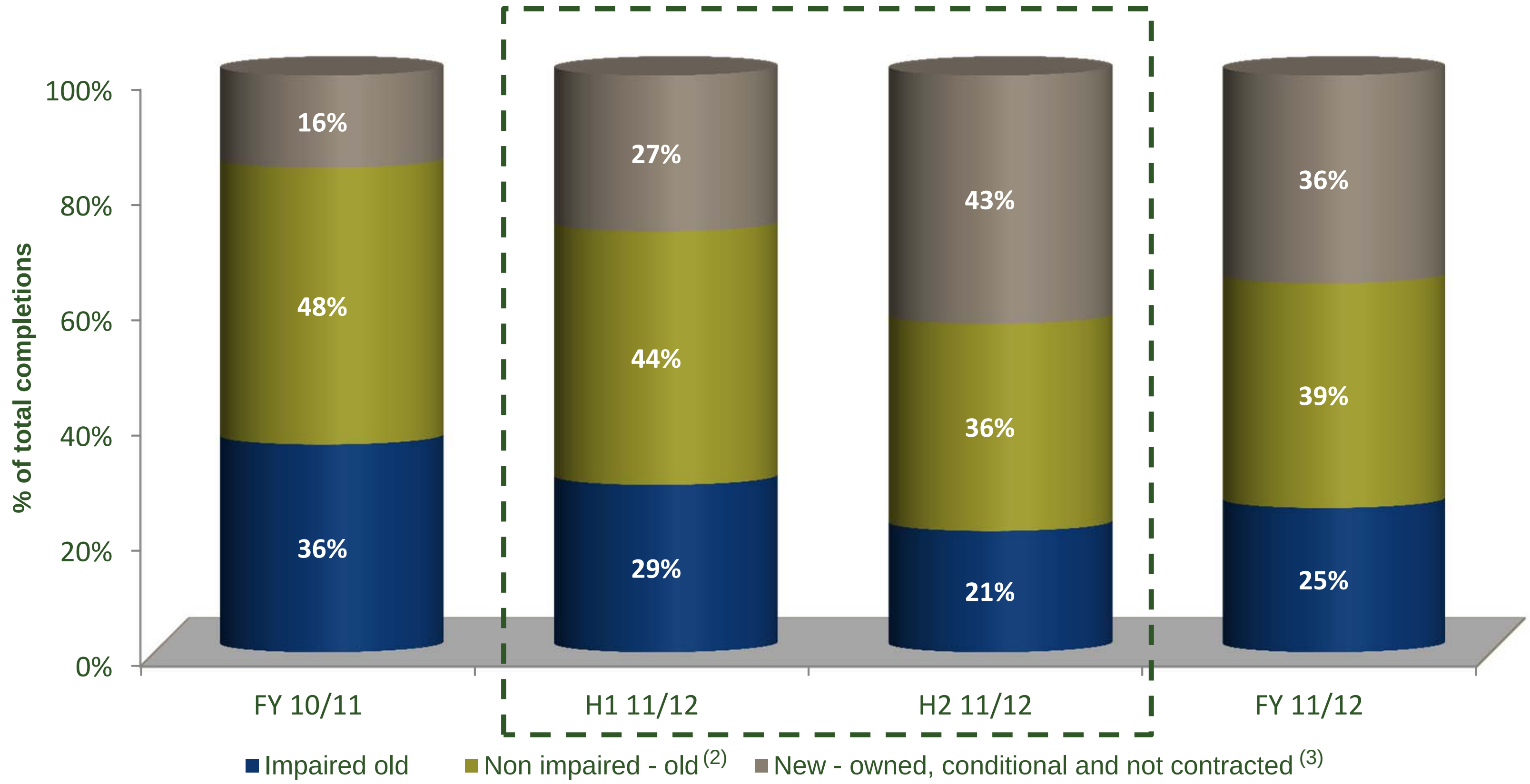
Trading overview

	H1 11/12	FY 10/11	H2 10/11	H1 10/11	FY 09/10	H2 09/10	H1 09/10
Revenue (£m)	952.8	2,035.4	1,157.8	877.6	2,035.2	1,162.8	872.4
Gross margin(1)	10.4%	11.2%	12.7%	9.2%	9.1%	10.9%	6.7%
Admin expense(2)	4.0%	4.6%	4.8%	4.2%	4.7%	5.0%	4.3%
Operating margin(3)	6.4%	6.6%	7.9%	5.0%	4.4%	5.9%	2.4%

(1) Pre exceptional costs of H1 2011/12 £nil (FY 2010/11 £nil, FY 2009/10 £4.8m)
(2) Pre exceptional costs of H1 2011/12 £nil (FY 2010/11 £7.7m, FY 2009/10 £11.0m)
(3) Pre exceptional costs of H1 2011/12 £nil (FY 2010/11 £7.7m, FY 2009/10 £15.8m)

Landbank delivery profile[1]



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(3) Includes land conditionally contracted prior to mid 2009 land approval committee

Cash flow

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£m (unless otherwise stated)	H1 11/12	H1 10/11	FY 10/11
Profit from operations (after exceptionals)	61.1	43.5	127.3
Movement in land from plot completions /other sales	211.6	208.5	468.5
WIP	(95.8)	(81.0)	(41.8)
Part exchange and other inventories	9.2	(14.2)	(31.7)
Equity share	(12.4)	(29.5)	(46.7)
Trade payables	(48.6)	(53.9)	(5.2)
Payments on account	(5.5)	(17.8)	(27.7)
Accruals	(48.2)	(65.4)	(30.2)
Defined benefit pension contributions	(6.7)	(6.6)	(13.2)
Other	6.1	7.9	(1.5)
Cashflow from operations pre land acquisitions & disposals	70.8	(8.5)	397.8

Cash flow (continued)

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£m (unless otherwise stated)	H1 11/12	H1 10/11	FY 10/11
Cashflow from operations pre land acquisitions & disposals	70.8	(8.5)	397.8
Land spend (including acquisitions and subsidiaries)	(260.6)	(142.0)	(261.0)
Investments in joint ventures	(8.5)	(4.5)	(22.8)
Land sales and other	3.2	19.8	40.0
Cashflow from operations	(195.1)	(135.2)	154.0
Net interest & tax	(22.8)	(33.8)	(68.6)
Free cash flow	(217.9)	(169.0)	85.4
Exceptional finance costs	(0.2)	-	(43.8)
Share issues	0.2	-	-
Fixed assets and purchase of shares by EBT	(1.4)	(0.6)	(0.7)
Non cash items	(0.3)	(0.5)	3.4
Movement in net debt	(219.6)	(170.1)	44.3

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Balance sheet - assets

£m (unless otherwise stated)	31 Dec 2011	30 June 2011	31 Dec 2010
Goodwill and intangibles	892.2	892.2	892.2
Deferred tax	144.8	143.2	163.3
Available for sale assets	177.5	169.4	155.3
Investment in joint ventures	111.9	102.8	84.5
Other non-current[1]	11.6	11.3	15.0
Gross landbank	2,162.1	2,189.7	2,243.7
Land creditors	(627.3)	(700.7)	(588.1)
Net landbank	1,534.8	1,489.0	1,655.6
Stock and WIP	1,119.0	1,023.2	1,062.4
Other current (excluding cash)	132.6	145.8	116.2

(1) Excluding foreign exchange swaps

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Shared equity

£m (unless otherwise stated)	H1 11/12	FY 10/11	H1 10/11
Opening balance	169.4	136.3	136.3
Net additions[1]	11.0	40.4	21.2
Redemptions	(2.9)	(7.3)	(2.2)
Closing balance	177.5	169.4	155.3
Of which:			
- FirstBuy	4.3	-	
- HomeBuy Direct	33.7	33.2	
- Kickstart	3.7	2.7	
- Headstart	51.0	44.2	
- Dreamstart	84.8	89.3	

(1) Net of IFRS adjustments

Joint ventures

	Partner	Plots
London		
West Hendon	Metropolitan Housing Trust	178
Alie Street	London & Quadrant	235
Queensland Road	London & Quadrant	375
		788
Non- London		
Southern JVs (Horley, Thame, East Grinstead)	Wates Group	424
Hattersley, Manchester	Artisan	824
		1,248
Total Group		2,036

Joint ventures – continued

	31 Dec 11	30 Jun 11
London	£24.2m	£20.0m
Non-London	£77.0m	£71.8m
Commercial	£10.7m	£11.0m
Total	£111.9m	£102.8m

- **Future completions**
- **Further activity**

Balance sheet - landbank

	31 Dec 2011	30 June 2011	31 Dec 2010
Landbank plots			
Owned / unconditional contracts	46,294	47,917	50,587
Conditional contracts	12,065	12,166	13,555
Total	58,359	60,083	64,142
Landbank pricing (£'000)			
Cost of plots acquired	48.4	42.2	31.8
Cost of plots in P&L	41.3	41.1	41.6
Cost of plots in balance sheet	44.4	43.6	42.3
Years supply – Owned & unconditional plots(1)	4.2	4.3	4.6
Years supply – Total (incl. conditional)(1)	5.3	5.4	5.8

(1) Based on 11,078 completions for the year to June 2011

Landbank valuation

All figures as at 31 Dec 2011	Plots	Plot £m	Plot Cost £000	ASP £000	Plot cost / ASP
Owned land					
ASP < £200k	31,869	1,070	34	147	23%
ASP > £200k	14,425	978	68	263	26%
Total	46,294	2,048	44	183	24%
Other(1)	-	114			
Total owned land	46,294	2,162			
Conditional land	12,065		45	210	21%
Total	58,359				

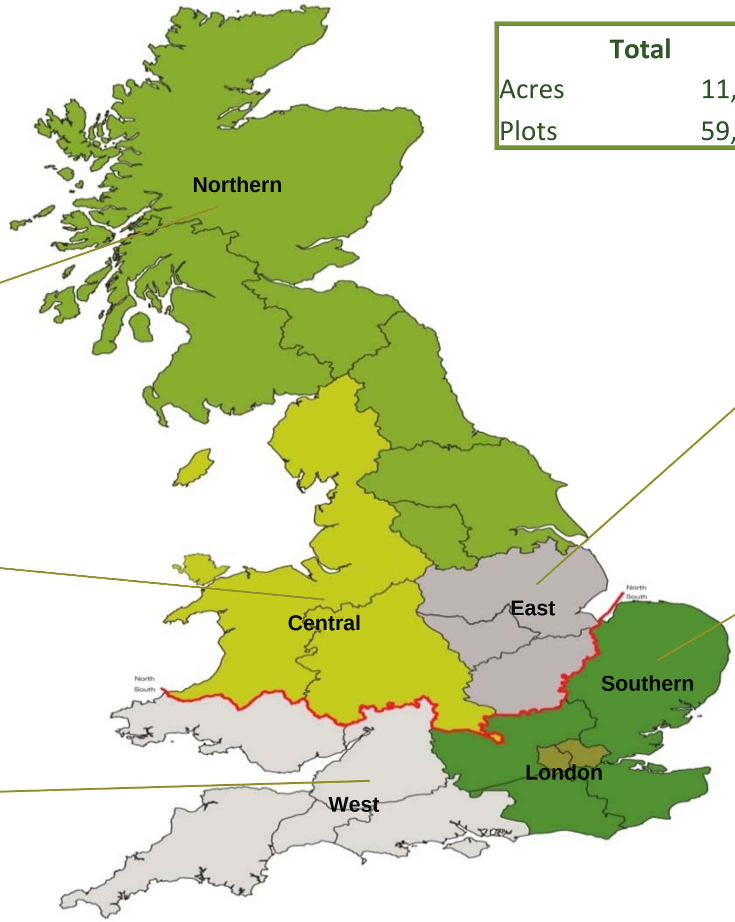
(1) Includes strategic land and WBD

Strategic land

	Acres	Potential units
Strategic land as at 31 Dec 2011	11,200	59,300
New strategic land opportunities acquired in H1 2011/12	c.250	c.1,900

- **Strategic land portfolio reaching greater level of maturity**
- **In H1 2011/12 planning consents achieved for c. 750 units**
- **In next few years, planning consents expected on c. 15,000 units**

Strategic land by region



Total	
Acres	11,200
Plots	59,300

Northern	
Acres	1,800
Plots	13,200

East	
Acres	4,400
Plots	14,600

Central	
Acres	300
Plots	1,800

Southern	
Acres	3,400
Plots	20,200

West	
Acres	1,300
Plots	9,500

Balance sheet – stock & WIP

	31 Dec 2011		31 Dec 2010	
	Units	£m	Units	£m
Stock				
Reserved	335		206	
Unreserved	899		837	
Showhomes	267		341	
Total	1,501	170.8[(1)]	1,384	155.3[(1)]
Per active site	3.8	0.4	3.8	0.4
WIP				
WIP total		1,119.0		1,062.4
WIP per Build site		2.5		2.5
Part Exchange				
Unreserved	355	44.3	364	43.9
Total	559	69.8	494	61.5

(1) Estimated

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Balance sheet – liabilities

£m (unless otherwise stated)	31 Dec 2011	30 June 2011	31 Dec 2010
Loans & borrowings	(571.9)	(416.7)	(929.2)
Cash	2.8	72.7	369.4
Foreign exchange element of swap	26.9	21.4	22.8
Net debt	(542.2)	(322.6)	(537.0)
Trade payables	(255.2)	(303.8)	(255.1)
Other payables[(1)]	(331.0)	(375.2)	(354.5)
Pension obligations	(35.1)	(11.8)	(31.7)
Net swaps	(48.6)	(33.4)	(58.0)
Current tax	(0.4)	-	(2.8)

(1) Excluding land creditors

Interest charge analysis – cash interest

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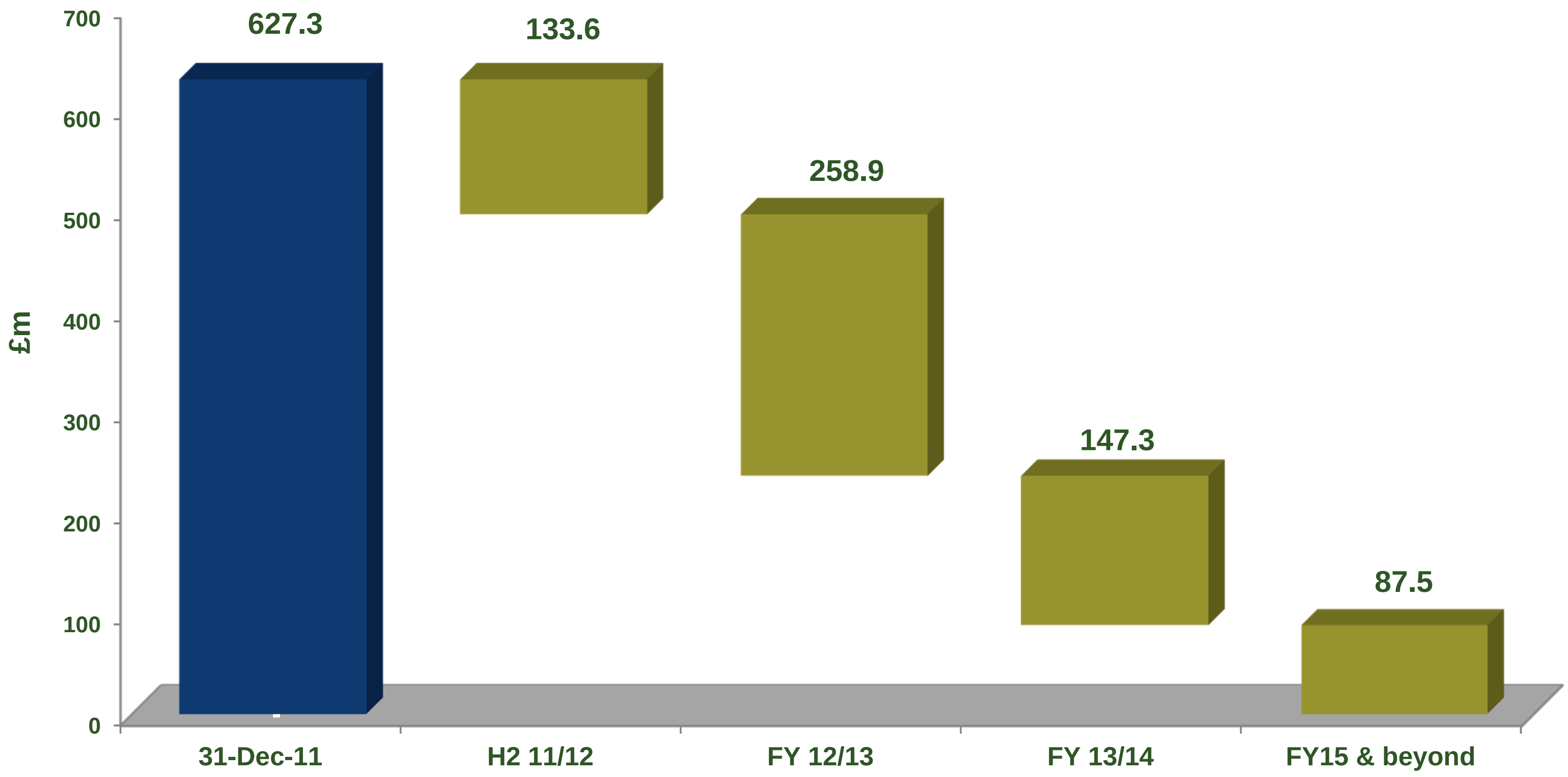
£m (unless otherwise stated)	H1 11/12	H1 10/11
Cash interest		
Interest on term debt and overdrafts	8.9	9.2
Interest on private placement notes	11.4	9.8
Non utilisation fees on RCF's	4.7	4.7
Swap interest	4.6	11.6
Other interest	(0.2)	-
Total cash interest	29.4	35.3

Interest charge analysis – non-cash

£m (unless otherwise stated)	H1 11/12	H1 10/11
Cash interest	29.4	35.3
Non-cash interest		
Land creditors	12.1	15.4
Financing fees	2.5	3.2
Shared equity	(4.5)	(6.8)
Kickstart	-	0.6
Pension	(0.6)	0.5
Total non-cash interest	9.5	12.9
Total net interest	38.9	48.2

Land creditors payment profile



Full year 2011/12 - guidance

- Volume growth driven by increased outlets and improved market conditions
- Change in product mix will continue to drive ASP but at a slower rate
- 36% of FY 11/12 completions expected from higher margin land
- Targeting to offset any increase in costs
- Administration cost of c. £100m
- Net interest charge of c. £80m

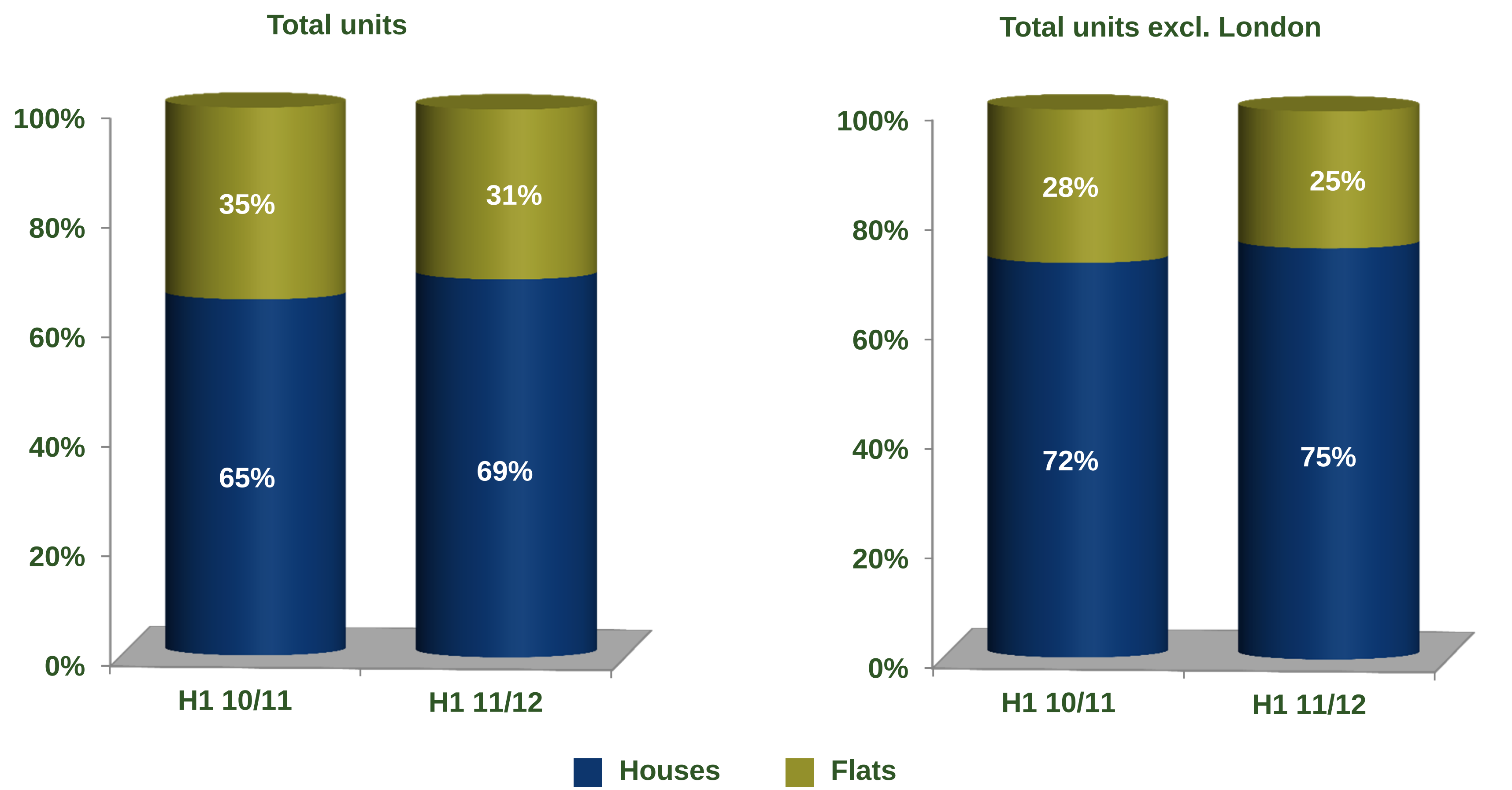
Q & A


Putney Square, Putney, London

Appendices

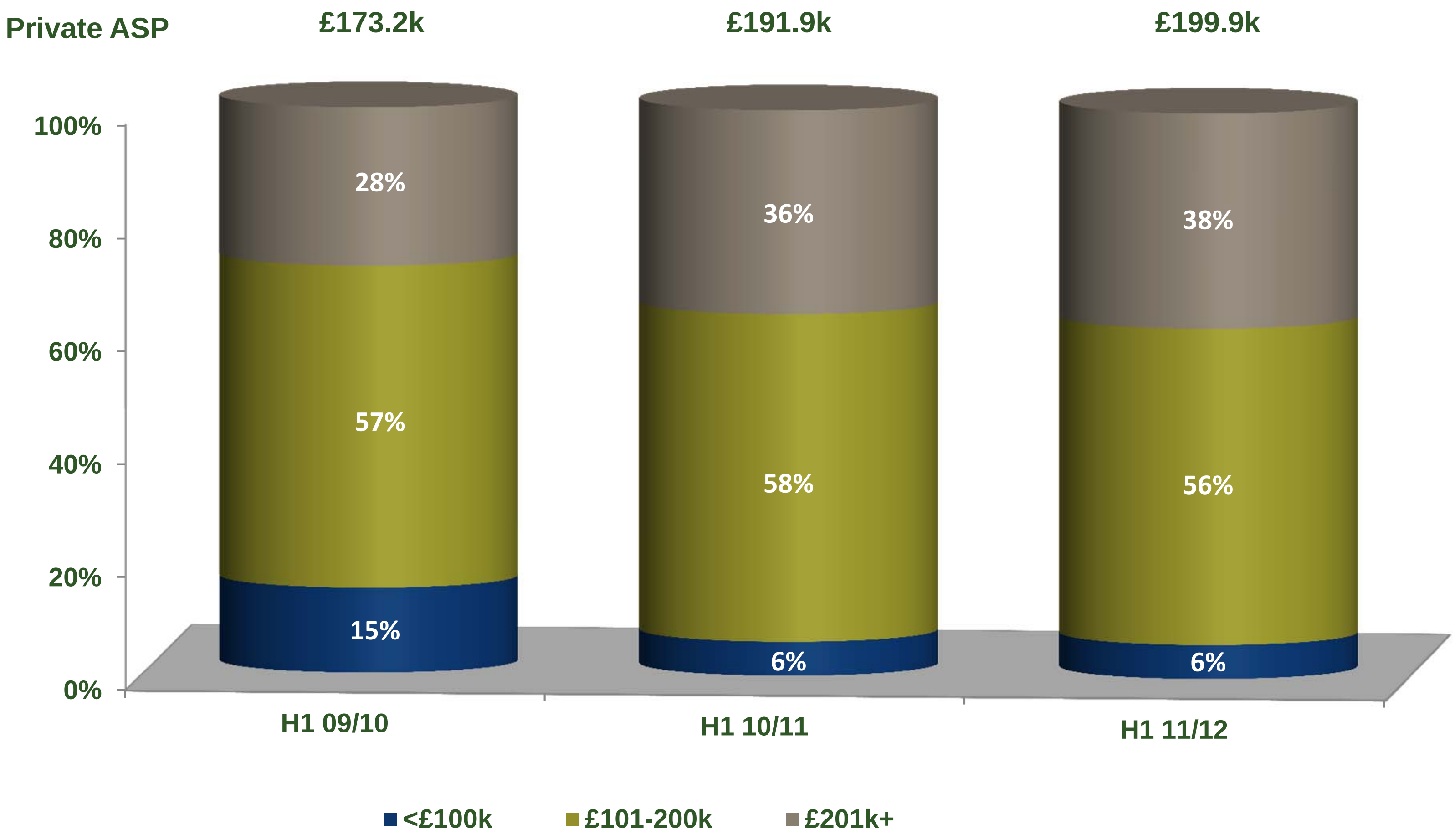

The Glade, Menston, West Yorkshire

Completions[1]: houses v flats



(1) Completions excluding joint ventures

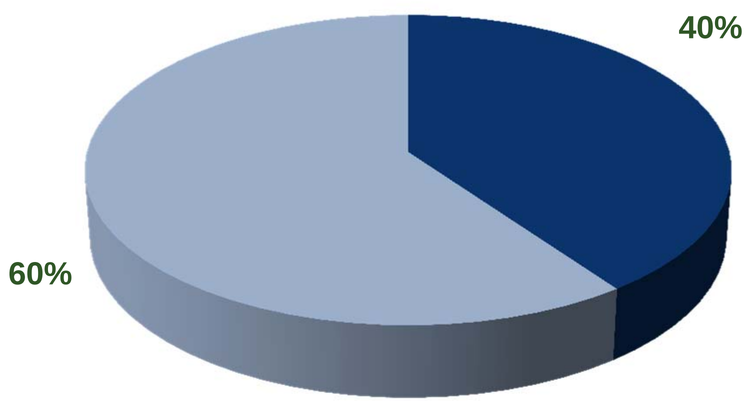
Private completions[1] – price segments



(1) Completions excluding joint ventures

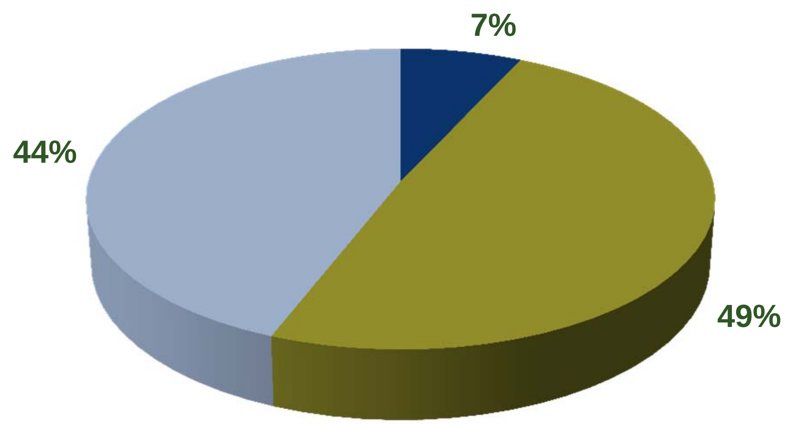
Shared equity

H1 10/11



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

H1 11/12



Total Units : 972
Percentage of total completions(1) : 19%

HBD **FirstBuy** **Barratt Shared Equity products**

(1) Completions excluding joint ventures

Securing higher margin land

	H1 11/12	H1 10/11	Total since mid 2009
Approved land purchases	**£178.1m**	**£318.0m**	**£1,159.4m**
Total number of plots	**4,671**	**6,078**	**26,891**
Location			
South : North (by value)	**58% : 42%**	**59% : 41%**	**58% : 42%**
South : North (by plots)	**50% : 50%**	**45% : 55%**	**47% : 53%**
Type			
Houses : Flats	**85% : 15%**	**81% : 19%**	**81% : 19%**

Note: Unless stated otherwise, information as at 31 Dec 2011 and % splits are by plots

Approved land payment profile

	Owned	Conditional	Approved	Total
Plots	17,443	7,596	1,852	26,891
Value (£m)	717.3	376.7	65.4	1,159.4

Payment profile (£m)				
Paid to date	279.8	8.5	1.7	290.0
H2 FY 11/12	76.2	71.6	7.1	154.9
FY 12/13	216.7	104.9	19.8	341.4
FY 13/14	102.0	113.5	23.5	239.0
FY 15 & beyond	42.6	78.2	13.3	134.1

Financing arrangements

Loan /facility	December 2011	April 2012	Maturity
Old RCF facilities	£1,191m		April 2012
New RCF facilities		£680m £90m	May 2015 Oct 2013
Private placements	£211m	£211m	Apr 2013 – Apr 2020
Pru M&G UK Companies Fund	£100m	£100m	July 2019 – July 2021
Total	£1,502m	£1,081m	

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