

Results presentation

Full year ended 30 June 2012

12 September 2012



Bob Lawson
Chairman

Nightingale Woods, Wendover

Mark Clare
Group Chief Executive



Overview

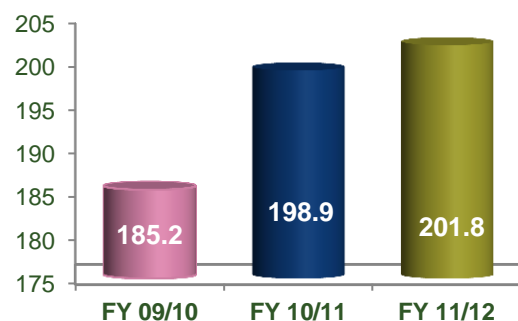
- Key highlights
 - Market backdrop, lending & Government support
 - Key objectives
 - Sizing the business & land supply
 - Targeted funding structure & dividend policy
 - Current trading & outlook
-



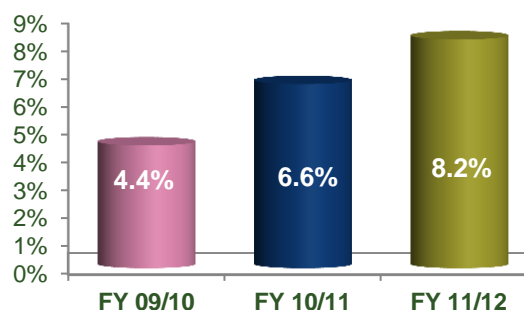
BARRATT
DEVELOPMENTS PLC

Key highlights – another year of progress

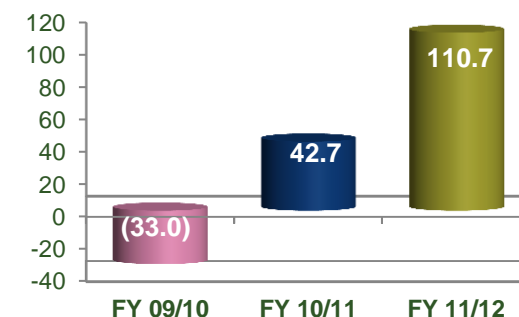
Private ASP £k



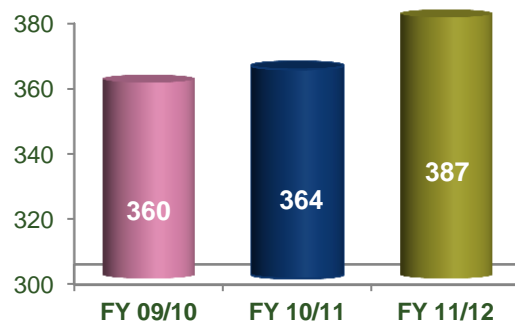
Operating margin⁽¹⁾



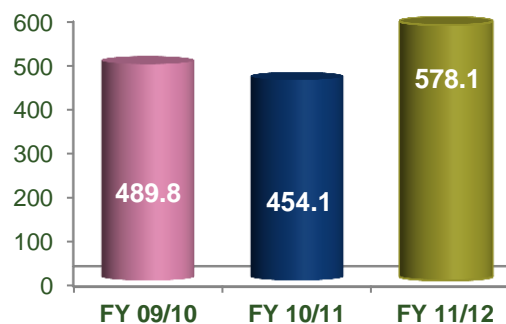
Pre-tax profits £m⁽²⁾



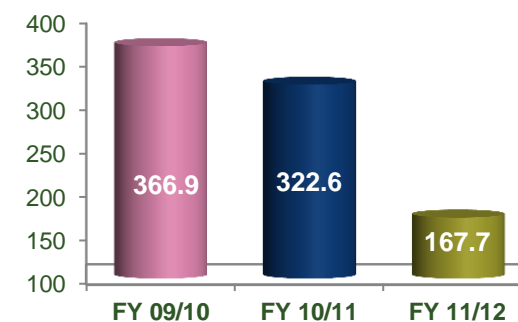
Average active sites⁽³⁾



Land approvals £m



Net debt £m








(1) Group profit from operations before exceptional items divided by Group revenue (2) Pre exceptional cost of FY 11/12 £10.7m (FY 10/11 £54.2m, FY 09/10 £129.9m)

(3) Active site defined as a site with one unit available for sale. Average active site number during the period

Market backdrop

- Greater stability in market conditions
 - Strongest spring selling season for five years
 - Overall, underlying selling prices broadly stable – continued regional variation, with greater robustness in the South East and London
 - Some easing of mortgage availability – particularly for new build sector
-

Improved LTVs for new build sector

Lender	SECONDHAND ⁽¹⁾			NEW BUILD ⁽¹⁾		
	Max LTV Feb 10	Max LTV ⁽²⁾ Sept 12	Rate Sept 12	Max LTV Feb 10	Max LTV Sept 12 (inc NB) ⁽³⁾	Rate Sept 12 (NB) ⁽³⁾
	90%	90%	6.29%	80%	95%	5.89%
	85%	90%	5.69%	85%	95%	5.49%
	90%	90%	5.99%	80%	95%	4.99%
	85%	90%	5.99%	85%	95%	5.49%
	90%	90%	4.79% (FTB) 5.95% (movers)	80%	95%	4.49%

(1) LTVs apply to houses only

(2) Max secondhand LTVs do not include niche areas – e.g. existing customers

(3) NB = NewBuy

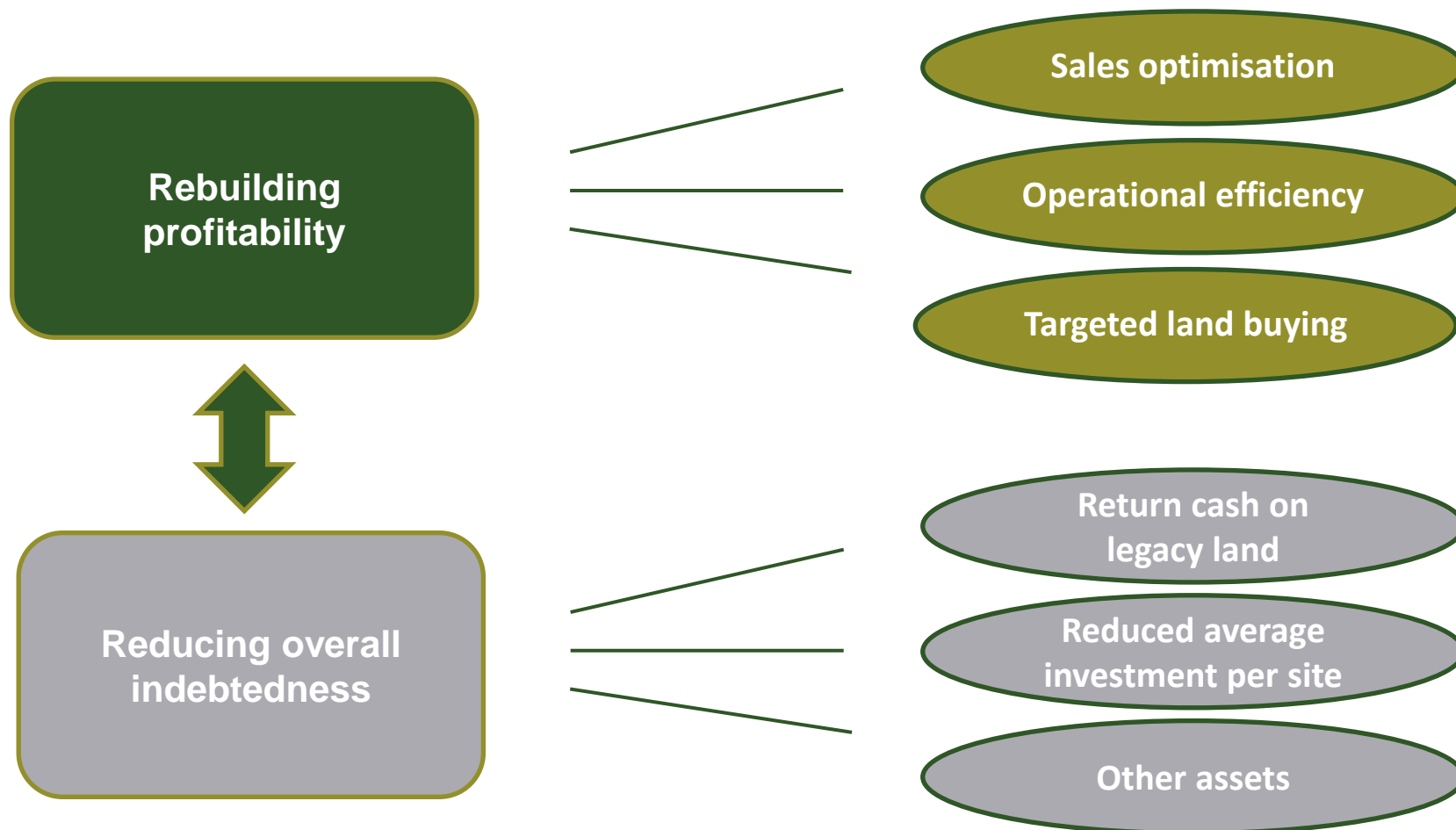
Government's support for housing



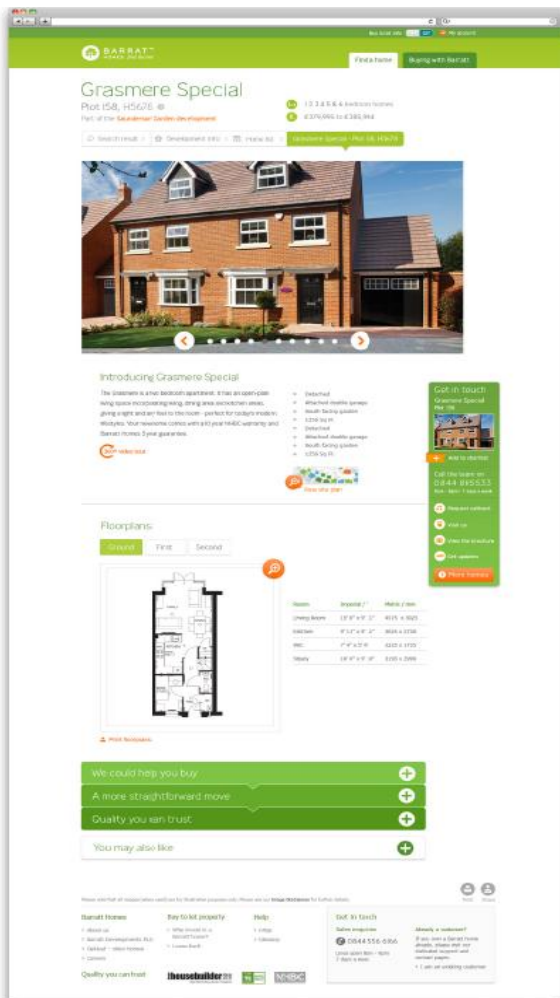
**Prime Minister launches NewBuy at
Renaissance, Barratt London**

- FirstBuy and NewBuy
- Private rental sector
- Planning
- Affordable housing
- Public sector land release
- Get Britain Building

Key objectives



Sales optimisation - sales & marketing



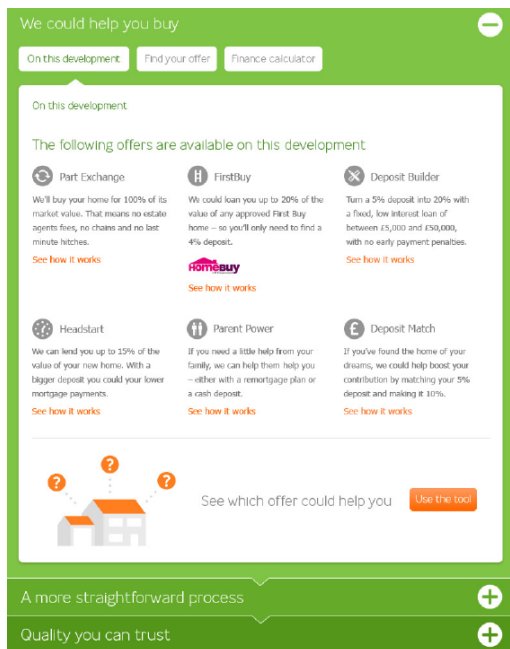
Grasmere Special
Plot 58, H50/6

1/2 3.8.8 & 4 bedrooms house
£250,000 to £285,000

Introducing Grasmere Special
This is a new development of 15 houses in a new location. The houses are built to a high standard, offering a high level of quality and value for money. They are perfect for those looking for a new home in a new location. The houses are built to a high standard, offering a high level of quality and value for money. They are perfect for those looking for a new home in a new location.

Floorplans
Ground Floor
First Floor
Second Floor

We could help you buy
A more straightforward move
Quality you can trust
You may also like



We could help you buy

On this development Find your offer Finance calculator

On this development

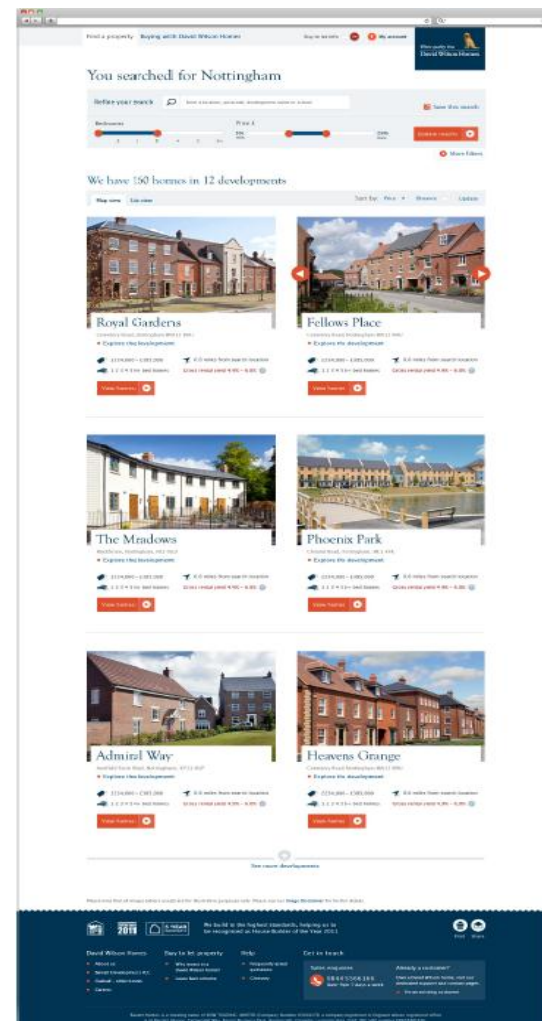
The following offers are available on this development

- Part Exchange**
We'll buy your home for 100% of its market value. That means no estate agents fees, no chains and no last minute hitches.
[See how it works](#)
- FirstBuy**
We could loan you up to 20% of the value of any approved First Buy home - so you'll only need to find a 4% deposit.
[See how it works](#)
- Deposit Builder**
Turn a 5% deposit into 20% with a fixed, low interest loan of between £5,000 and £50,000, with no early payment penalties.
[See how it works](#)
- Headstart**
We can lend you up to 15% of the value of your new home. With a bigger deposit you could your lower mortgage payments.
[See how it works](#)
- Parent Power**
If you need a little help from your family, we can help them help you - either with a remortgage plan or a cash deposit.
[See how it works](#)
- Deposit Match**
If you've found the home of your dreams, we could help boost your contribution by matching your 5% deposit and making it 10%.
[See how it works](#)

See which offer could help you [Use the tool](#)

A more straightforward process

Quality you can trust



You searched for Nottingham

Refine your search

We have 150 homes in 12 developments

- Royal Gardens**
12 houses, Nottingham, NG1 1 1LH
£125,000 - £185,000
1/2 2/2 3/2 4/2 5/2 6/2 7/2 8/2 9/2 10/2 11/2 12/2
[View this page](#)
- Fellows Place**
12 houses, Nottingham, NG1 1 1LH
£125,000 - £185,000
1/2 2/2 3/2 4/2 5/2 6/2 7/2 8/2 9/2 10/2 11/2 12/2
[View this page](#)
- The Meadows**
12 houses, Nottingham, NG1 1 1LH
£125,000 - £185,000
1/2 2/2 3/2 4/2 5/2 6/2 7/2 8/2 9/2 10/2 11/2 12/2
[View this page](#)
- Phoenix Park**
12 houses, Nottingham, NG1 1 1LH
£125,000 - £185,000
1/2 2/2 3/2 4/2 5/2 6/2 7/2 8/2 9/2 10/2 11/2 12/2
[View this page](#)
- Admiral Way**
12 houses, Nottingham, NG1 1 1LH
£125,000 - £185,000
1/2 2/2 3/2 4/2 5/2 6/2 7/2 8/2 9/2 10/2 11/2 12/2
[View this page](#)
- Heavens Grange**
12 houses, Nottingham, NG1 1 1LH
£125,000 - £185,000
1/2 2/2 3/2 4/2 5/2 6/2 7/2 8/2 9/2 10/2 11/2 12/2
[View this page](#)

Sales optimisation - sales & marketing

Marston Park Sales Offices

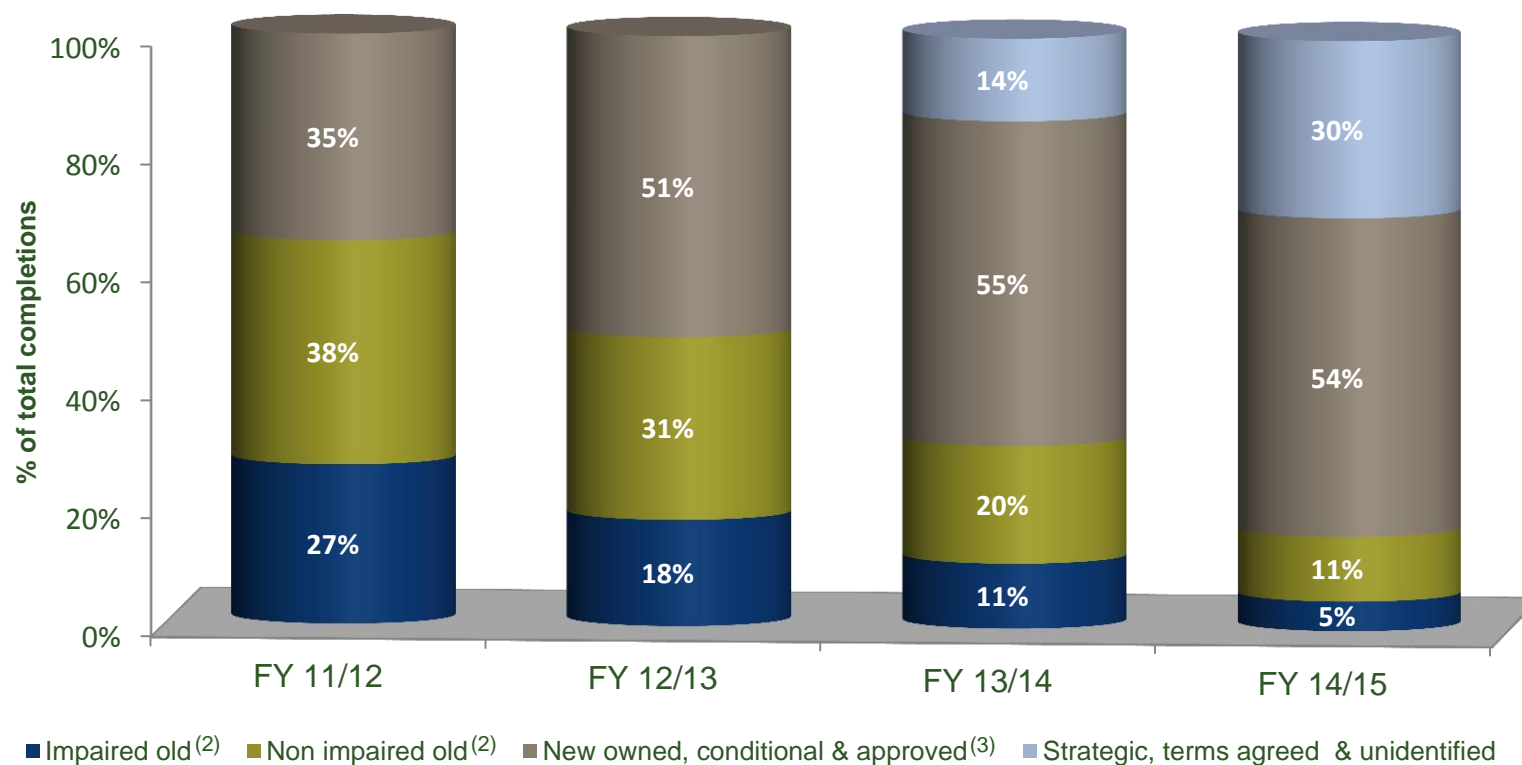


David Wilson



Barratt

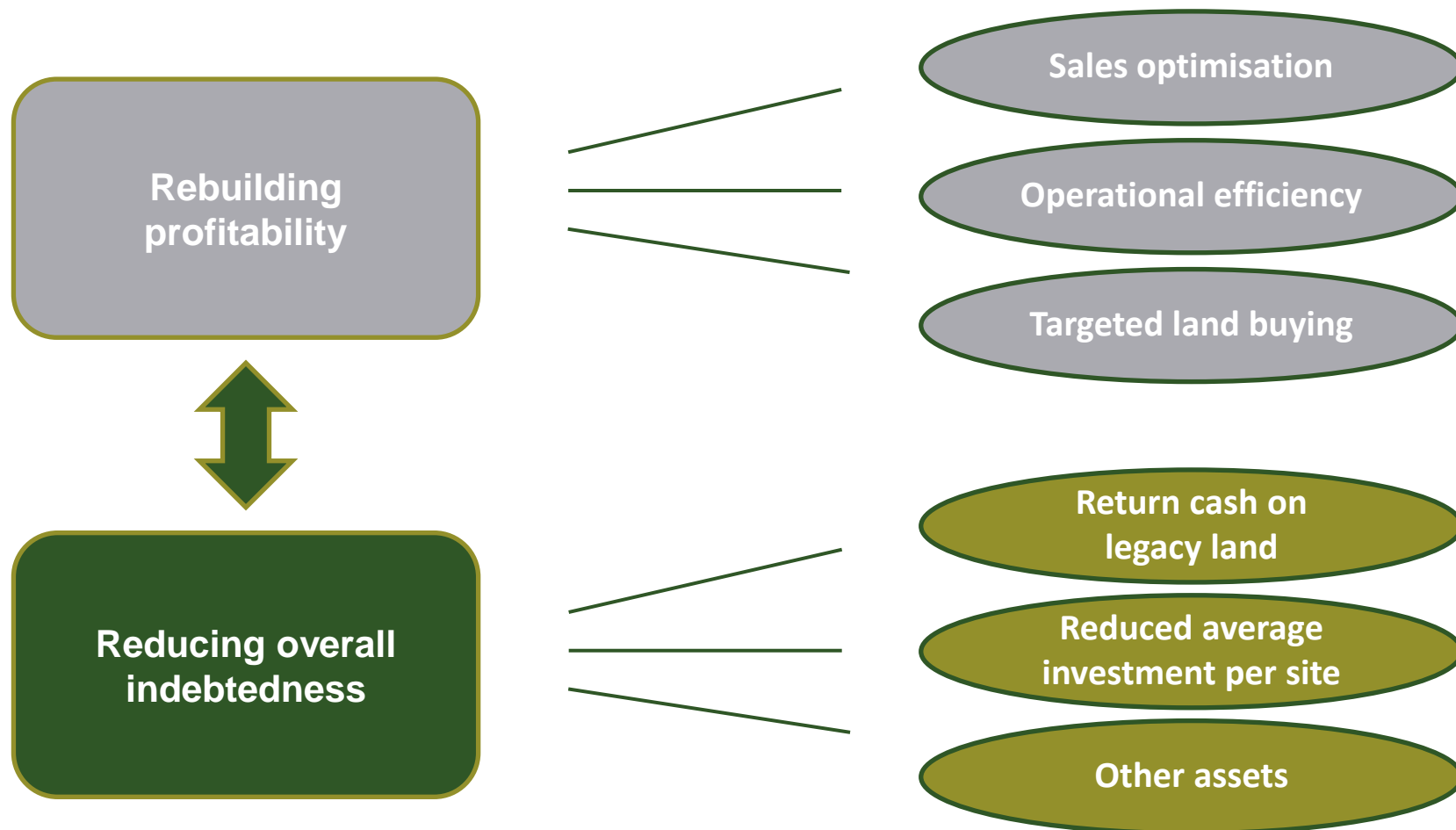
Targeted land buying – delivery profile⁽¹⁾



(1) Analysis is for illustrative purposes only and is based on landbank as at 30 June 2012. 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

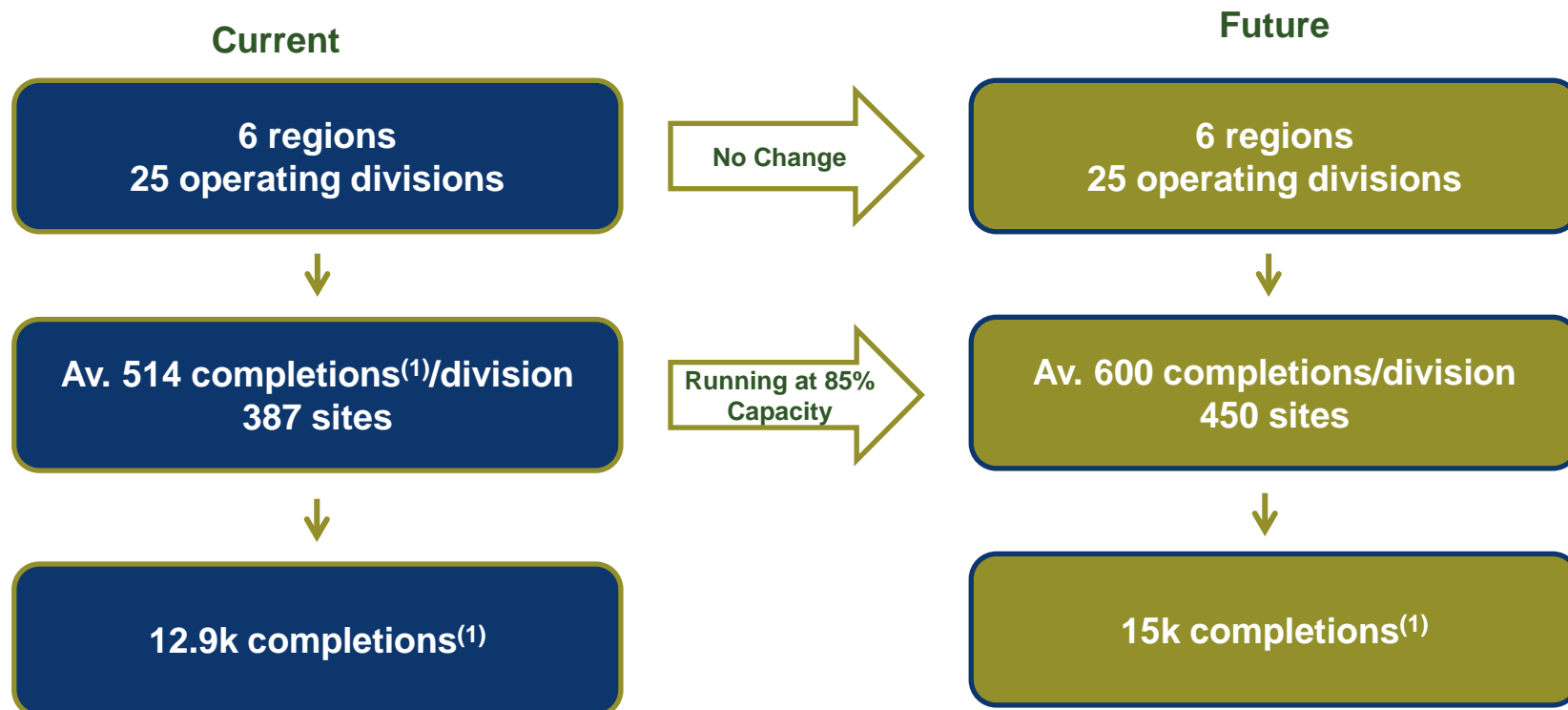
Key objectives



Sizing the business

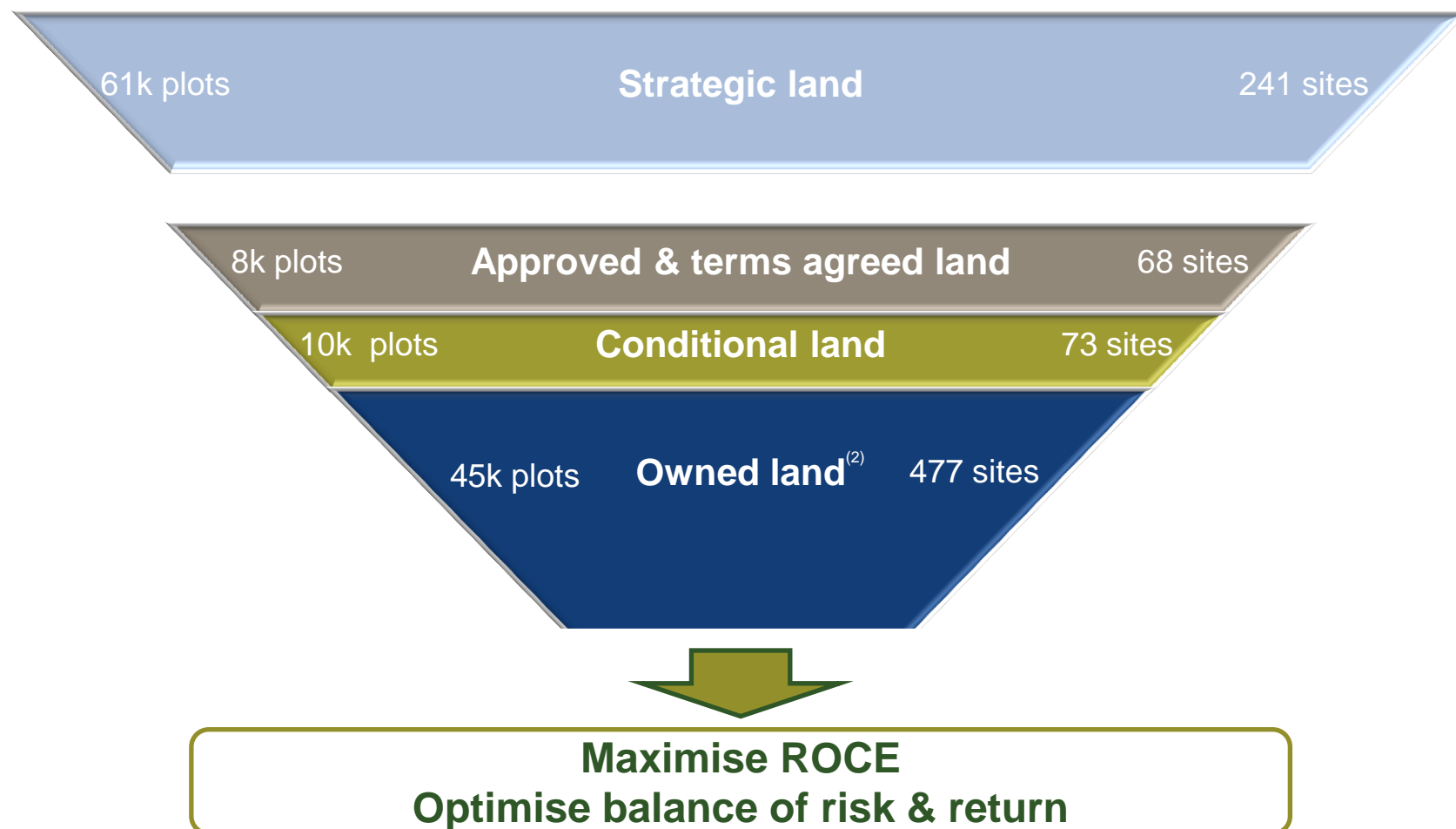
National housebuilder

Optimising growth opportunities across the country



(1) Includes Joint Venture completions in which the Group has a share

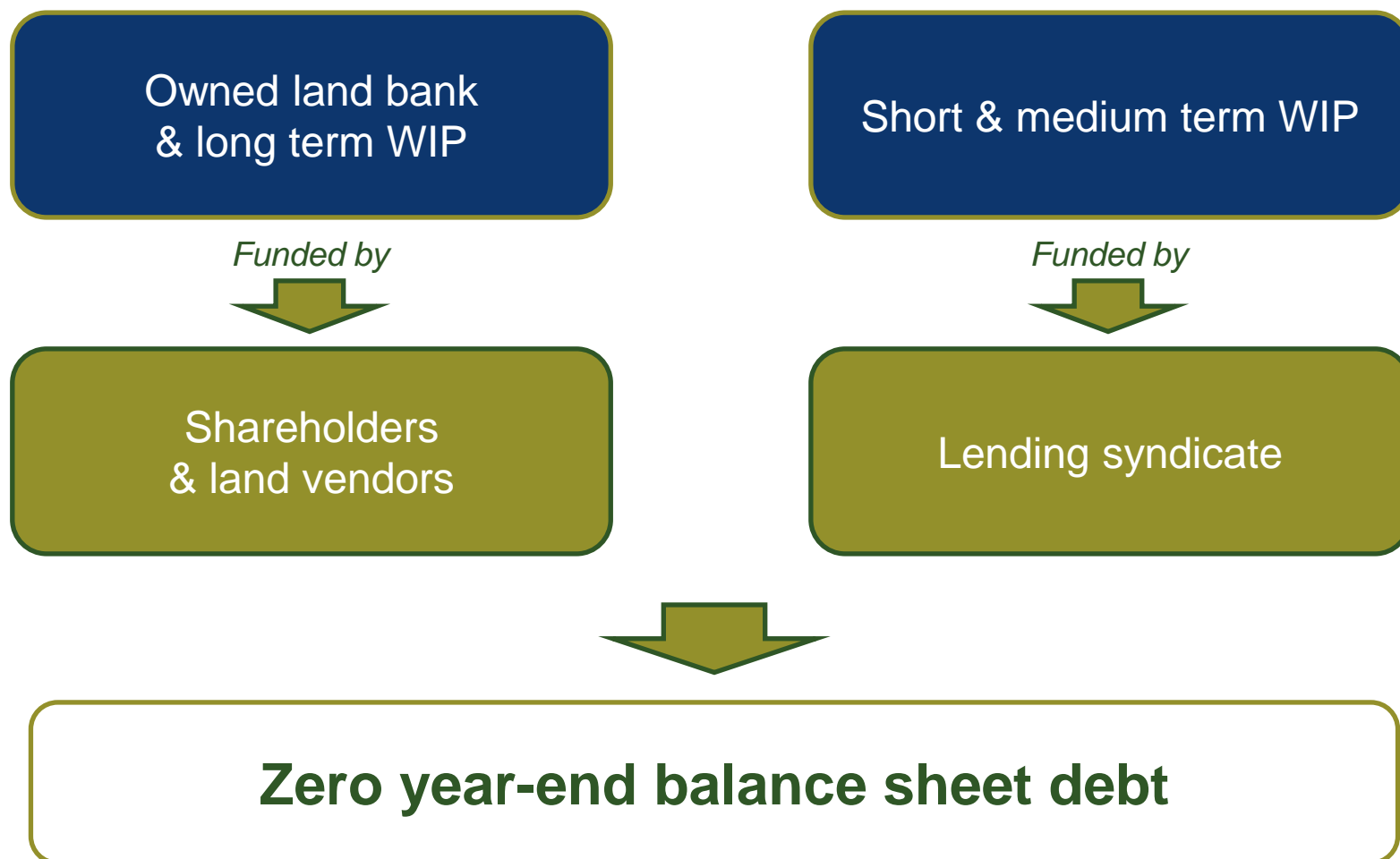
Land supply⁽¹⁾



(1) Landbank as at 30 June 2012

(2) Including Joint Ventures in which the Group has a share

Target funding structure



Dividend policy

- Board recognises importance of both capital growth and dividend
- Expect to propose final dividend payment for June 2013
 - initially conservative cover
 - progressive policy with target of 3.0 times cover

Current trading

	Last 9 weeks FY 12/13	Last 9 Weeks FY 11/12	Change	H1 FY 11/12
Average net private reservations per active site per week⁽¹⁾	0.50	0.50	-	0.48
Cancellation rate	14.8%	13.7%	1.1%	17.7%
Average active sites	371	374	(0.8%)	382
Private forward sales⁽²⁾	£609.6m	£528.7m	15.3%	£395.9m

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

(2) Private forward sales (excluding joint ventures) as at 9th September 2012, 11th September 2011 and 31st December 2011

Outlook

- Stable market backdrop
 - Continued government support
 - Market fundamentals remain strong
 - More recently acquired land will continue to drive profitability and debt reduction
-



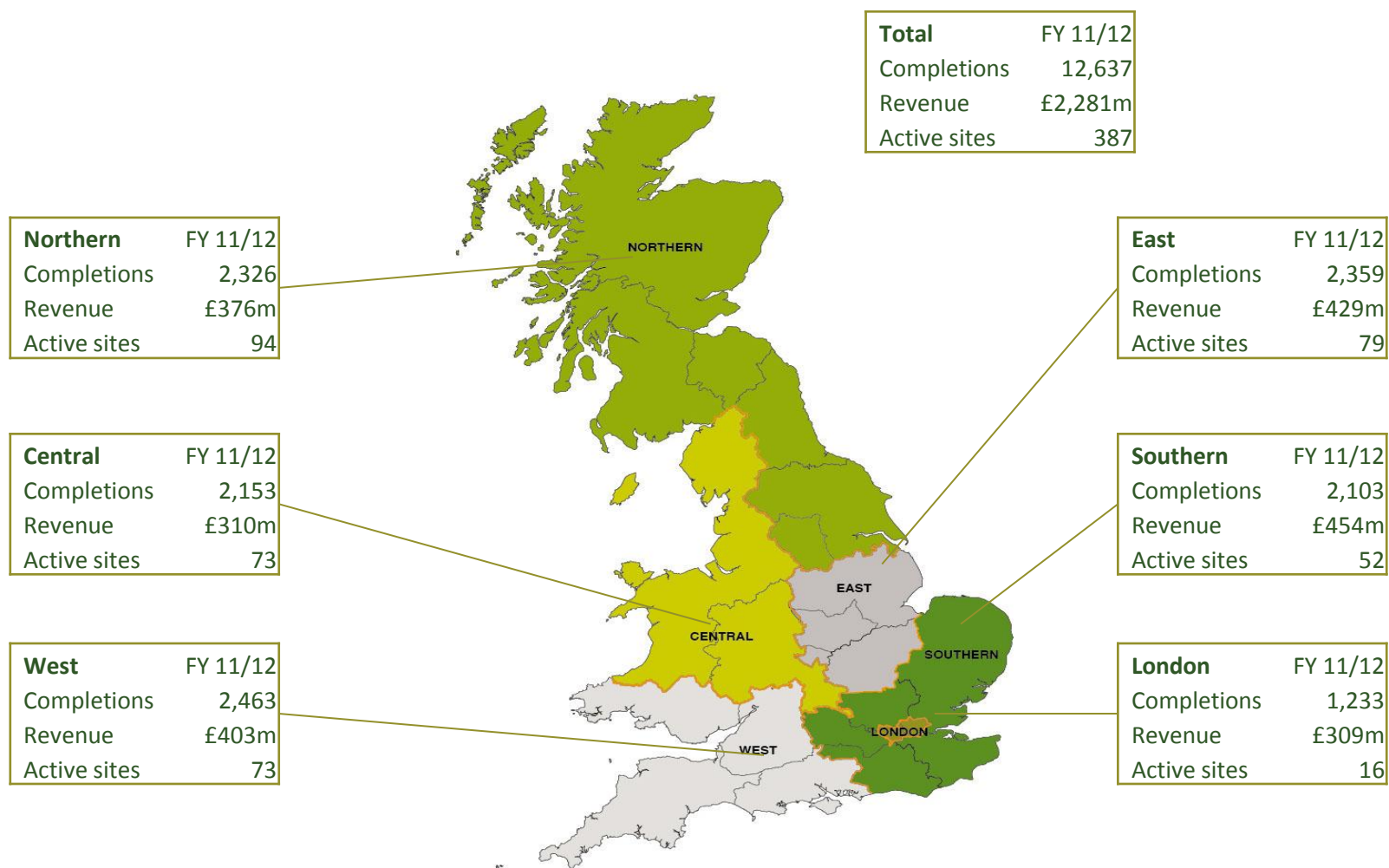
Steven Boyes
Group Chief Operating Officer

Derwenthorpe, York

Overview

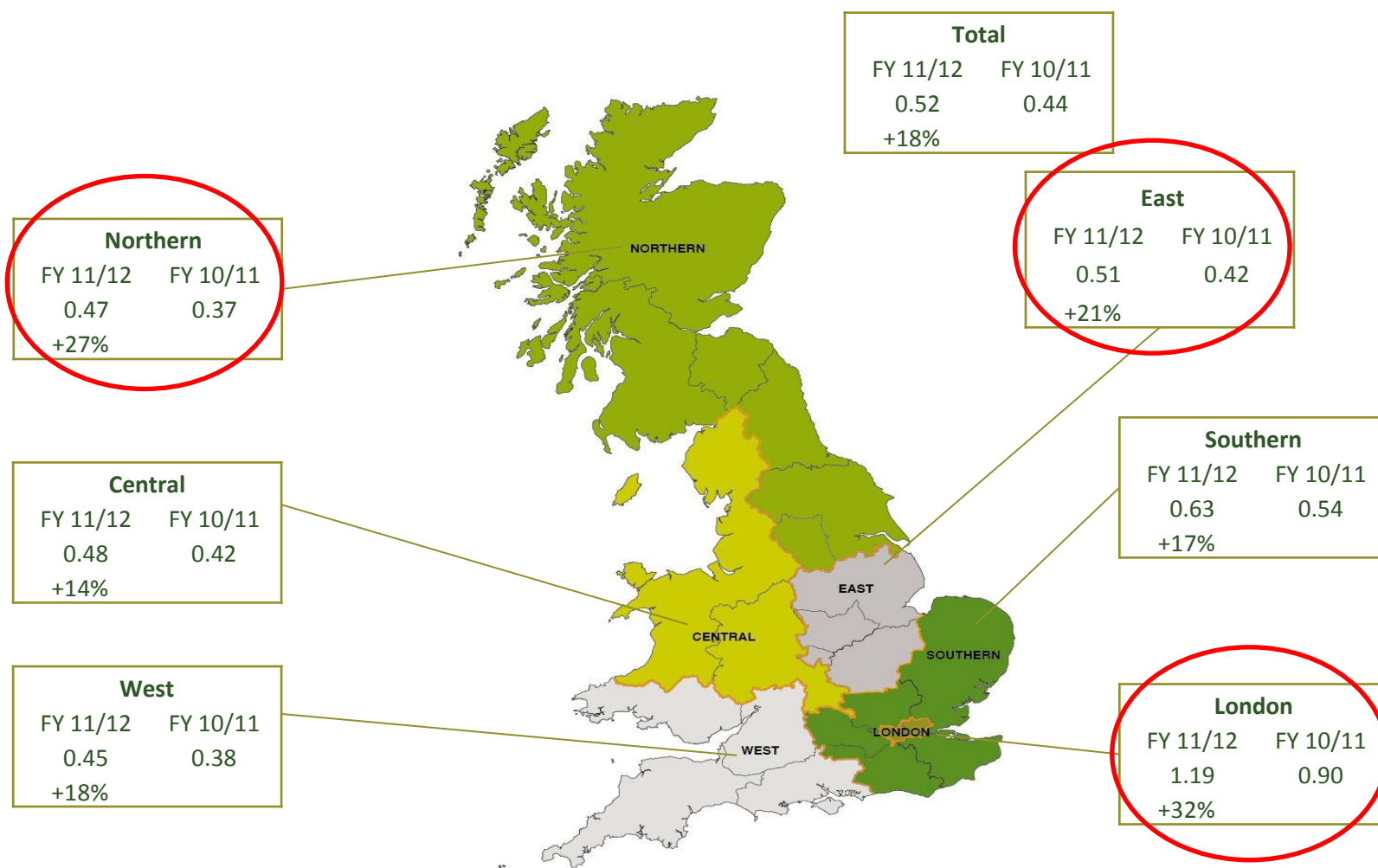
- Revenue drivers
 - Operating efficiency
 - Land supply
-

Revenue and completions by region



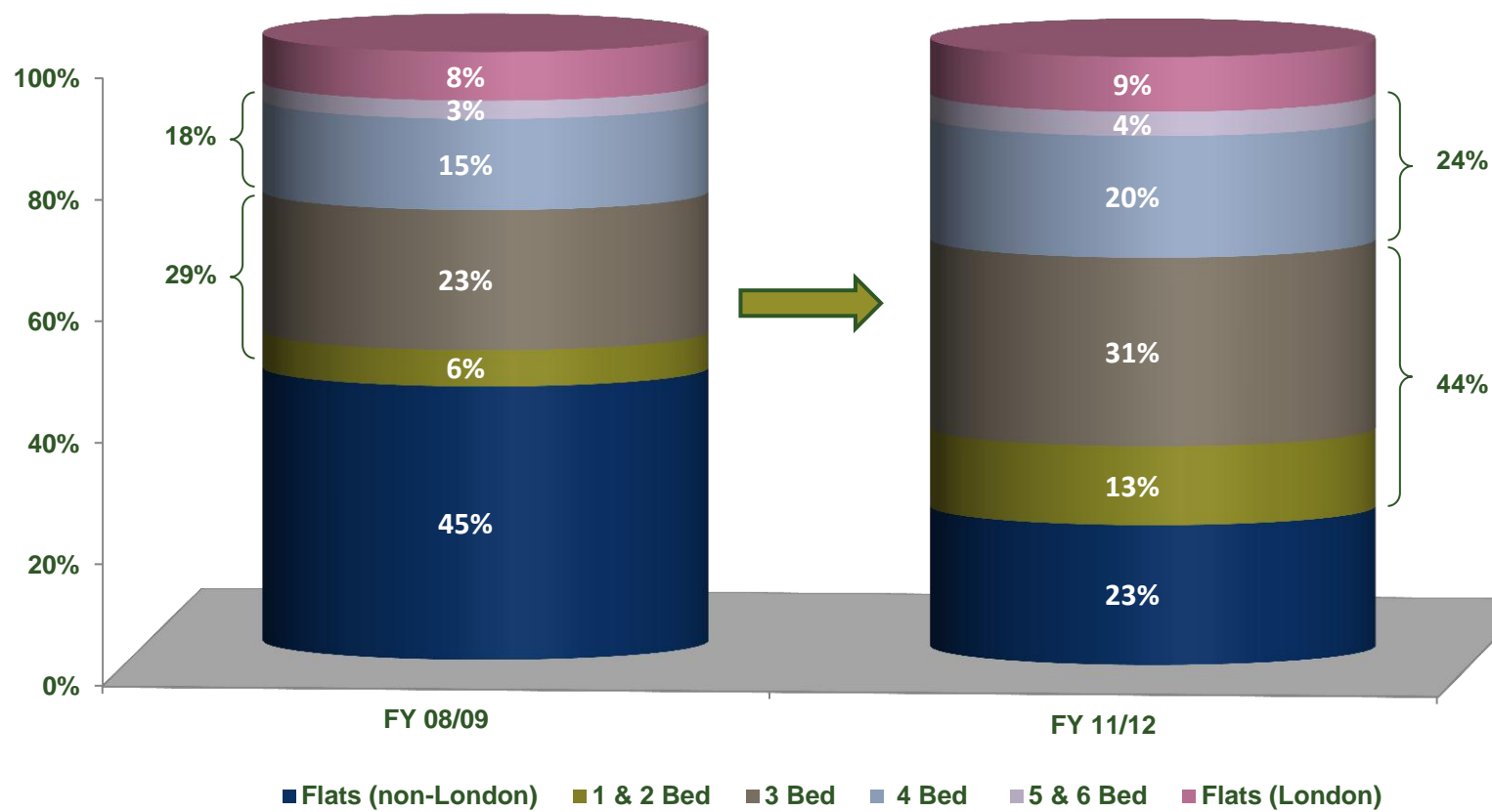
Note : Revenue represents plot completions and excludes other revenue of £42m
 : Average active sites during period. Active site defined as a site with at least one unit available for sale

Private sales rates



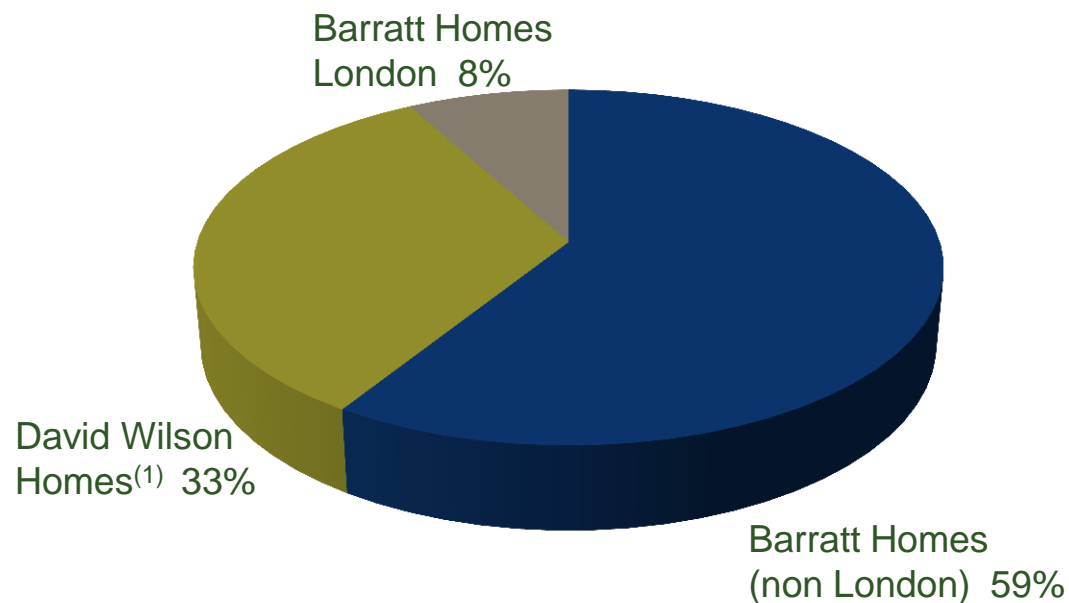
Note : Average active sites during period. Active site defined as a site with at least one unit available for sale

Completions: Product mix



Our brands

Private completions (FY11/12)



Private ASP (FY 11/12)

Barratt (non London)	£174.3k
David Wilson Homes ⁽¹⁾	£227.6k
Barratt London	£299.6k



Where quality lives

David Wilson Homes



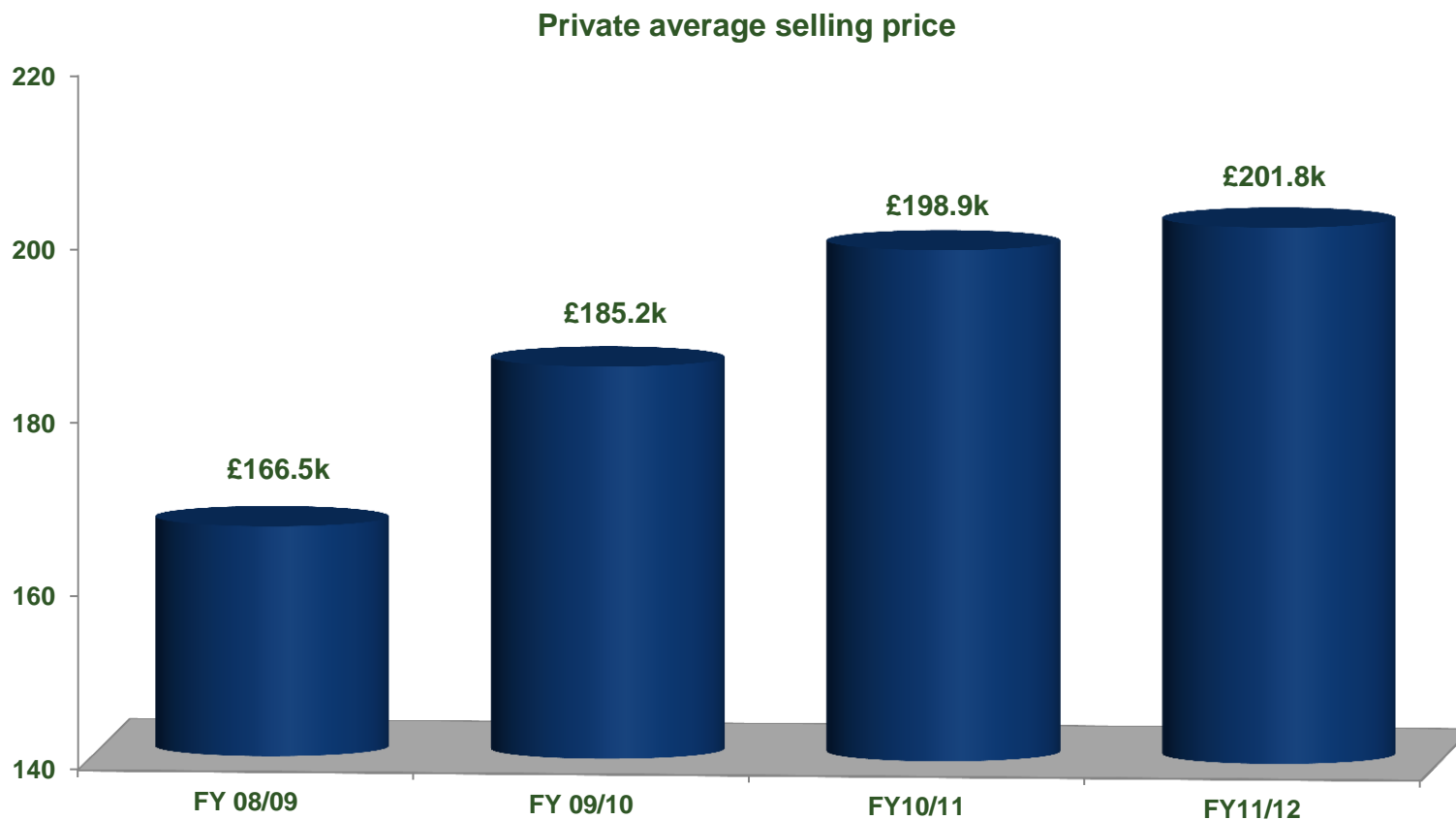
(1) DWH includes Ward Homes (FY 11/12 : 241 private completions)

Highest quality product

- HBF 5 Star status achieved for third consecutive year
 - 94% customer satisfaction for quality of home
 - 95% of customers would recommend Barratt to a friend
- NHBC 'Pride in the Job' quality awards – more than any other housebuilder for the eighth consecutive year



Trends in private ASP



Operational efficiency- costs

- Further standardisation
- Site reviews / replans
- Maximising Group procurement capability
- Code Level 3 and 4 costs



**Maximising efficiency
across the Group**

Operational efficiency- standard product



Barratt Classic Range

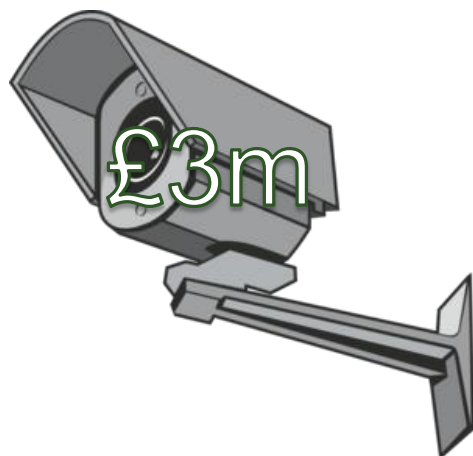


David Wilson Homes Range



Barratt County Range

Operational efficiency – Commercial Action Group



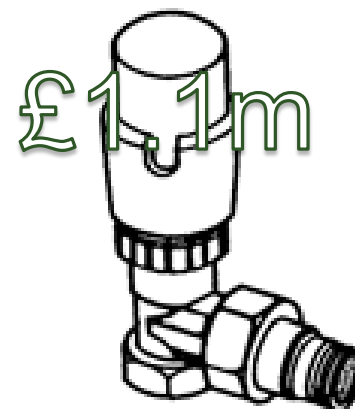
Reviewing site security

Making sure we have the correct type of patrols and CCTV remote cameras will save c. £3m (£1m delivered in FY11/12)



Alternative solutions

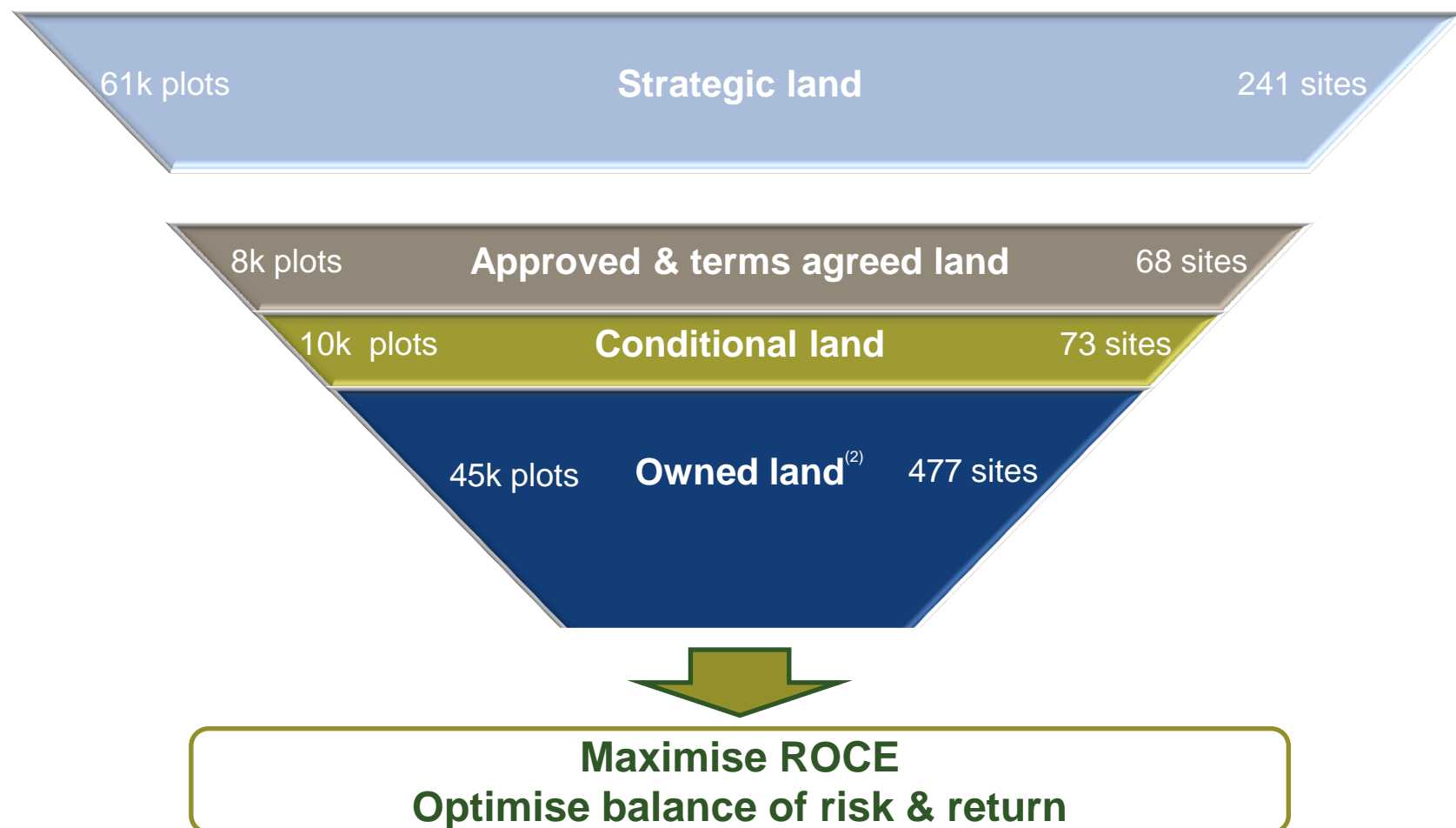
Using Insulslab (an alternative to traditional raft foundations) will save £1.2m (£250k delivered in FY11/12)



Radiator Valves

Introducing a Group procurement agreement for thermostatic radiator valves will save £1.1m (£220k delivered in FY11/12)

Land supply⁽¹⁾



(1) Landbank as at 30 June 2012

(2) Including Joint Ventures in which the Group has a share

Targeted land buying - criteria

- Targeted areas
- Subject to planning/consented
- Regionally balanced portfolio
- Minimum hurdle rates
- Deferred terms – matching revenues and costs
- Accessing public sector land
- Optimising Joint Venture opportunities



Maximise ROCE
Optimise balance of risk & return

Land buying since 2009

	Ow ned 30 June 12	Conditional 30 June 12	Approved 30 June 12	Total 30 June 12
Total sites	201	74	36	311
Total plots	21,959	8,160	4,186	34,305
Average plots/site	109	110	116	110
Sites – production commenced	174			
% of total	87%			
FY 11/12 gross margin	20%			

Public sector land

- Member of all 3 HCA Delivery Partner Panels
- More than 9,000 plots with gross development value of c. £1.7bn secured since mid 2009
- Government plans to release public land for 100,000 new homes by 2015



**Barratt well positioned
to optimise opportunity**

David Thomas
Group Finance Director



Chestnutfields, Chilton

Summary revenue drivers

	FY 11/12	H2 11/12	H1 11/12	FY 10/11	Change FY 11/12/ v FY 10/11
Completions					
Private	9,832	5,804	4,028	8,444	16.4%
Social	2,805	1,716	1,089	2,634	6.5%
Total	12,637	7,520	5,117	11,078	14.1%
% Social	22%	23%	21%	24%	(2%)
JV ⁽¹⁾	220	139	81	93	136.6%
ASP (£'000)					
Private	201.8	203.2	199.9	198.9	1.5%
Social	105.7	101.9	111.8	112.3	(5.9%)
Total housebuild	180.5	180.0	181.2	178.3	1.2%
Revenue (£m)⁽²⁾	2,323.4	1,370.6	952.8	2,035.4	14.1%

(1) Joint venture completions in which the Group has a share

(2) Includes other revenue

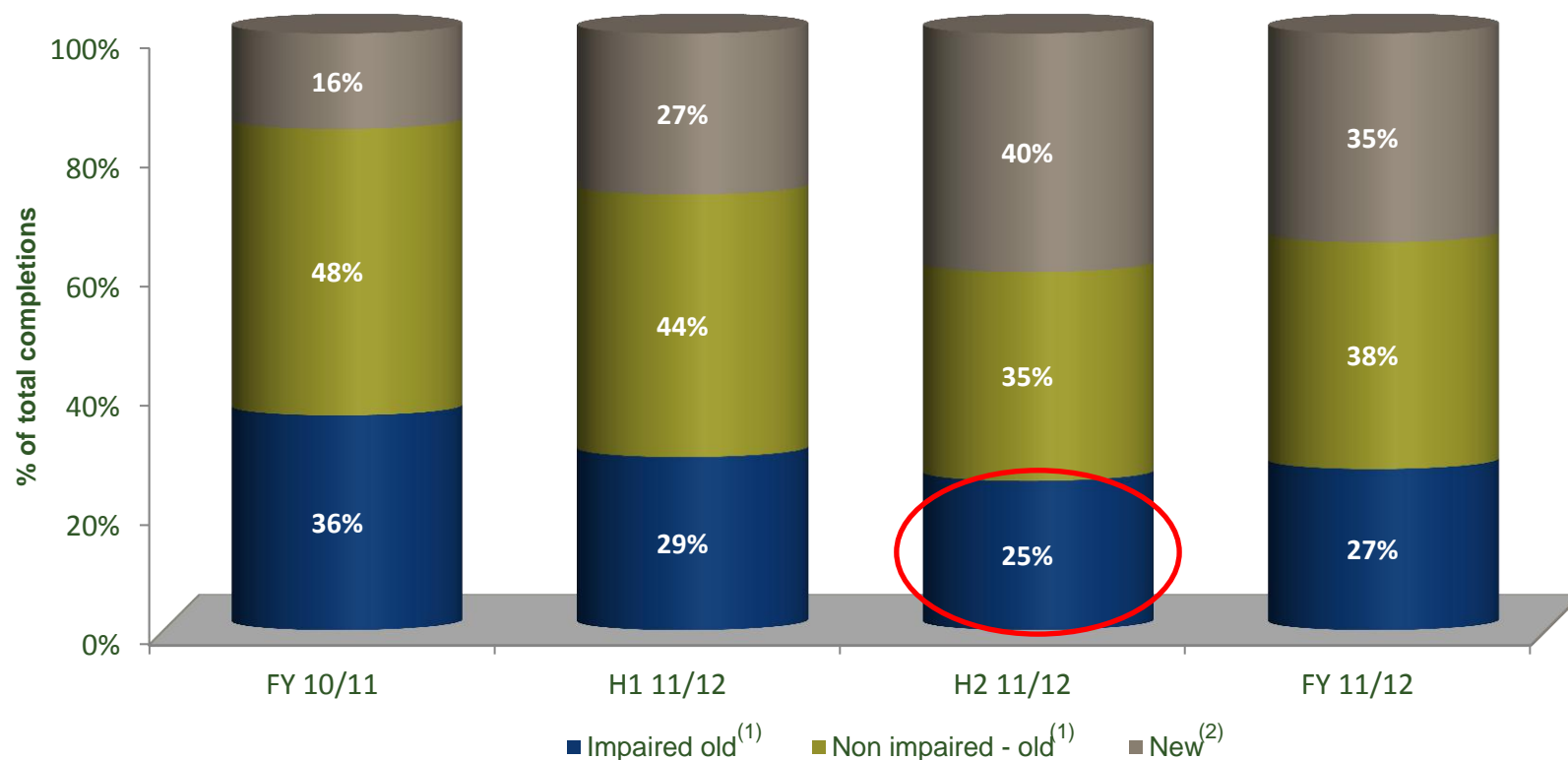
Profit & loss

£m (unless otherwise stated)	FY 11/12	H2 11/12	H1 11/12	FY 10/11
Revenue	2,323.4	1,370.6	952.8	2,035.4
Gross profit	296.2	197.0	99.2	227.8
Gross margin	12.7%	14.4%	10.4%	11.2%
Administrative expenses ⁽¹⁾	(105.1)	(67.0)	(38.1)	(92.8)
Operating profit ⁽¹⁾	191.1	130.0	61.1	135.0
Operating margin ⁽¹⁾	8.2%	9.5%	6.4%	6.6%
Profit / (loss) before tax ⁽²⁾	110.7	89.1	21.6	42.7
Exceptional items	(10.7)	(10.7)	-	(54.2)
Profit / (loss) before tax	100.0	78.4	21.6	(11.5)

(1) Pre exceptional costs of H1 2011/12, H2 2011/12 and FY 2011/12 Nil (FY 2010/11 £7.7m)

(2) Pre exceptional costs of H1 2011/12 Nil, H2 2011/12 and FY 2011/12 £10.7m (FY 2010/11 £54.2m)

Landbank delivery profile



(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

Cash flow

£m (unless otherwise stated)	FY11/12	FY 10/11
Profit from operations (after exceptionals)	191.1	127.3
Decrease in land (pre land acquisitions and disposals)	505.9	473.9
(Increase) in WIP	(35.9)	(41.8)
Decrease / (increase) in part exchange and other inventories	0.1	(31.7)
(Increase) in equity share	(19.8)	(33.1)
(Decrease) in other working capital	(41.5)	(64.7)
Defined benefit pension contribution	(13.3)	(13.2)
Non cash items	(14.2)	(16.6)
Cashflow from operations (pre land acquisitions and disposals)	572.4	400.1

Cash flow (continued)

£m (unless otherwise stated)	FY 11/12	FY 10/11
Cashflow from operations (pre land acquisitions & disposals)	572.4	400.1
Land spend	(397.4)	(261.0)
Land sales	39.0	40.0
Investments in joint ventures	(7.9)	(22.8)
Cashflow from operations	206.1	156.3
Net interest & tax	(56.2)	(68.6)
Free cash flow	149.9	87.7
Exceptional finance costs	(0.4)	(43.8)
Share issues, acquisitions and fixed assets	5.4	0.4
Movement in net debt	154.9	44.3

Balance sheet - assets

£m (unless otherwise stated)	30 June 2012	30 June 2011
Goodwill and intangibles	892.2	892.2
Deferred tax assets	118.6	143.2
Available for sale assets	189.2	169.4
Investment in joint ventures and associates ⁽¹⁾	85.6	102.8
Other non-current ⁽²⁾	10.5	11.3
Gross landbank	2,077.3	2,189.7
Land creditors	(726.1)	(700.7)
Net landbank	1,351.2	1,489.0
Stock and WIP	1,065.5	1,023.2
Other current (excluding cash)	134.5	145.8

(1) Includes £0.3m (2010/11 Nil) in relation to the Group's share in associates

(2) Excluding foreign exchange swaps

Shared equity

£m (unless otherwise stated)	FY 11/12	H1 11/12	FY 10/11
Opening balance	169.4	169.4	136.3
Net additions⁽¹⁾	29.7	11.0	40.4
Redemptions	(9.9)	(2.9)	(7.3)
Closing balance	189.2	177.5	169.4
Of which:			
- Government schemes	52.5	41.7	35.9
- Barratt schemes	136.7	135.8	133.5

(1) Net of IFRS adjustments

Joint venture - partners

	Partner	Landbank plots ⁽¹⁾ 30 June 12
London		
Hendon Waterside	Metropolitan Housing Trust	164
Alie Street	London & Quadrant	206
Queensland Road	London & Quadrant	375
		745
Aldgate Place⁽²⁾	British Land	-
Fulham Wharf⁽³⁾	London & Quadrant	-
Non- London		
Southern JVs (Horley, Thame, East Grinstead, Worthing)	Wates Group	375
Total Group		1,120

(1) Landbank plots in which the Group has a share

(2) Aldgate Place is a conditional contract subject to planning

(3) Fulham Wharf acquisition completed in July 2012 - 463 JV plots not included in land bank plots as at 30 June 2012

Joint ventures – investments

Investment in JV	30 June 12	30 June 11
London	£31.5m	£20.0m
Non-London	£43.1m	£71.8m
Commercial	£10.7m	£11.0m
Total	£85.3m	£102.8m

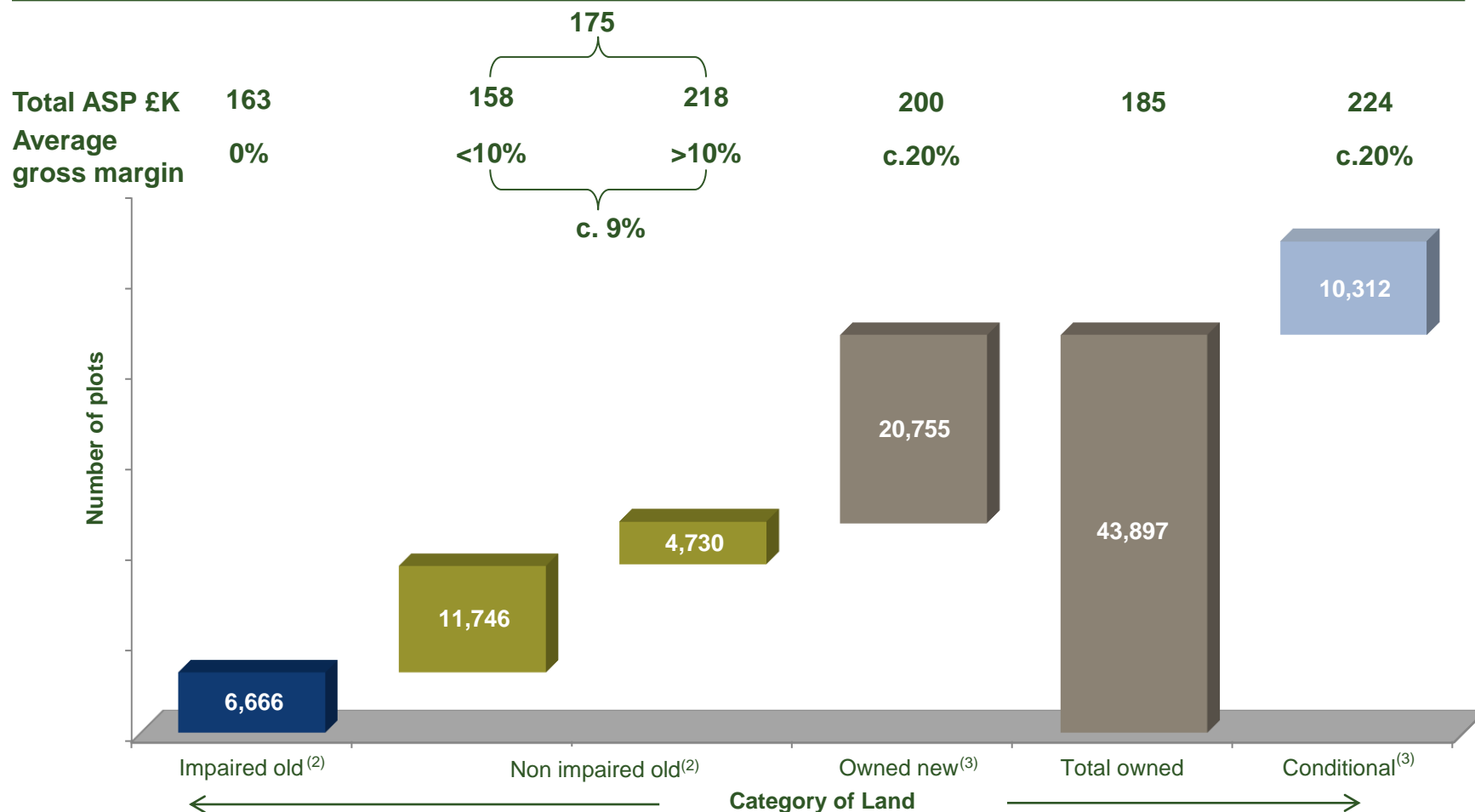
	FY 11/12	FY 10/11
Completions	220	93
Share of profit	£0.5m	£0.1m

Balance sheet - landbank

	30 June 2012	30 June 2011
Landbank plots		
Owned / unconditional contracts	43,897	47,917
Conditional contracts	10,312	12,166
Total	54,209	60,083
Landbank pricing (£'000)		
Cost of plots acquired	48.0	42.2
Cost of plots in P&L	43.1	41.1
Cost of plots in balance sheet	45.0	43.6
Years supply – Owned plots⁽¹⁾	3.5	3.8
Years supply – Total (incl. conditional)⁽¹⁾	4.3	4.8

(1) Based on 12,637 completions for the year to June 2012

Landbank by land type⁽¹⁾



(1) Analysis is based on landbank as at 30 June 2012 and on current selling prices
 (3) Includes land conditionally contracted prior to mid 2009 land approval committee

(2) Old land owned prior to re-entry into land market in mid 2009

Balance sheet – liabilities

£m (unless otherwise stated)	30 June 2012	30 June 2011
Net debt	(167.7)	(322.6)
Trade payables	(291.4)	(303.8)
Other payables⁽¹⁾	(343.8)	(375.2)
Pension obligations	(21.4)	(11.8)
Net swaps	(49.2)	(33.4)
Current tax	-	-

(1) Excluding land creditors

Net interest charge analysis

£m (unless otherwise stated)	FY 11/12	FY 10/11
Cash interest		
Interest on term debt and overdrafts	18.1	18.0
Interest on private placement notes	22.6	19.4
Non utilisation fees on RCF's	8.4	8.8
Swap interest	8.7	21.5
Other interest	(0.2)	2.7
Total cash interest	57.6	70.4
Total non-cash interest	23.2	22.0
Total net interest	80.8	92.4

Land creditors by type



Note: Land creditors as at 30 June 2012

Guidance

- Volume growth
 - 50% of FY 12/13 completions expected from higher margin land
 - Administration cost of c. £110m
 - Net interest charge of c. £75m
 - FY13 cash land spend of c. £650m
 - Net debt as at 31 Dec 12 of c. £475m
 - Land creditors remain at similar levels
-

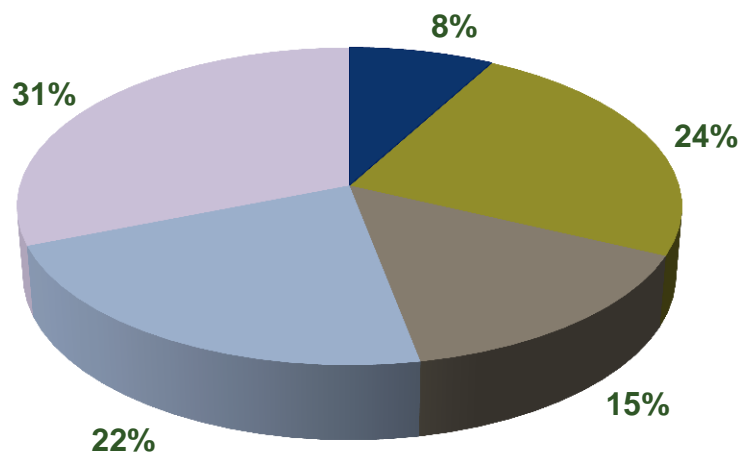


Old Merchant Taylors, Croxley Green

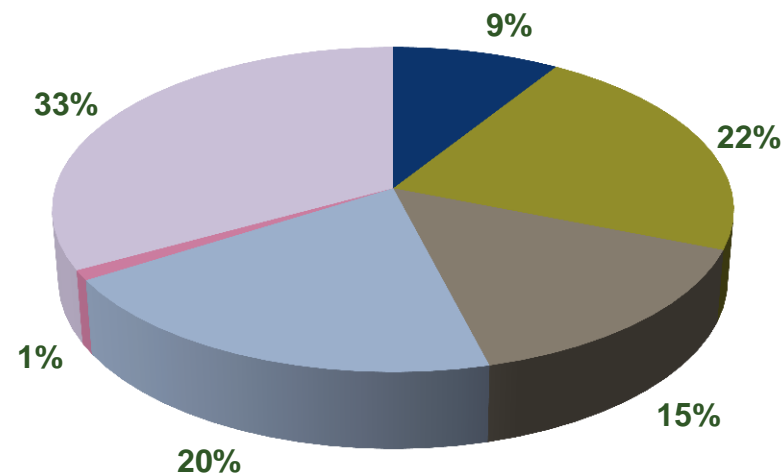
Appendices

Completions - buyer type

FY 10/11



FY 11/12



Investor Social Part Exchange Shared Equity Newbuy Other Private

Net interest charge analysis – non-cash

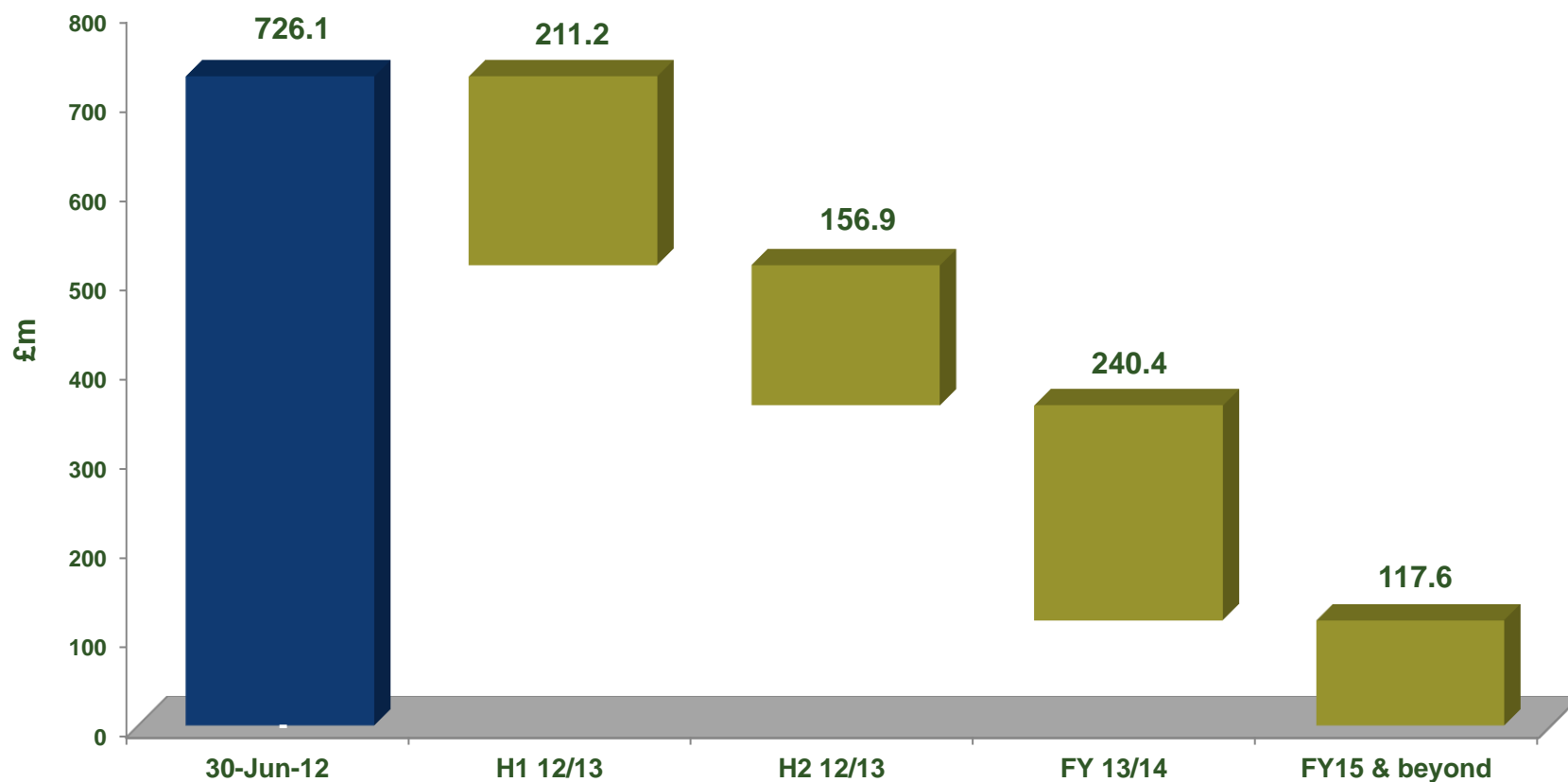
£m (unless otherwise stated)	FY 11/12	FY 10/11
Non-cash interest		
Land creditors	28.8	27.6
Financing fees	3.5	6.2
Shared equity	(12.0)	(13.6)
Kickstart, pension and impairment of interest on JV	2.9	1.8
Total non-cash interest	23.2	22.0

Approved land payment profile

	Owned	Conditional	Approved	Total
Plots	21,959	8,160	4,186	34,305
Value (£m)	937	369	253	1,559

Payment profile (£m)				
Paid to date	388	7	1	396
FY 12/13	296	140	53	489
FY 13/14	189	104	46	339
FY 15 & beyond	64	118	153	335

Land creditors payment profile



Balance sheet – stock & WIP

	30 June 2012		30 June 2011	
	Units	£m	Units	£m
Stock (build complete)				
- Reserved	381		288	
- Unreserved	955		835	
- Showhomes	252		286	
Total	1,588	187	1,409	168
<i>Unreserved per active site</i>	<i>2.6</i>		<i>2.2</i>	
WIP		1,066		1,023
Part Exchange				
- Reserved	239	32	204	25
- Unreserved	367	48	410	54
Total	606	80	614	79

Financing arrangements

Loan /facility	Dec 2011	June 2012	Sept 2012	Maturity
Old RCF facilities	£1,191m			April 2012
New RCF facilities		£690m £90m	£690m	May 2015 Oct 2013
Private placements	£211m	£211m	£211m	Apr 2013 – Apr 2020
Pru M&G UK Companies Fund	£100m	£100m	£100m	July 2019 – July 2021
Total	£1,502m	£1,091m	£1,001m	

Forward sales analysis – owned

	9 th Sept 2012	11 th Sept 2011	Change
Value (£m)			
- Private	£609.6m	£528.7m	15.3%
- Social	£162.6m	£285.6m	(43.1%)
- due in H1 (£m)	£459.1m	£479.1m	(4.2%)
- due after H1 (£m)	£313.1m	£335.2m	(6.6%)
Total value	£772.2m	£814.3m	(5.2%)
Plots			
- Private	2,824	2,471	14.3%
- Social	1,615	2,811	(42.5%)
Total plots	4,439	5,282	(16.0%)

Forward sales analysis – Joint ventures

	9 th Sept 2012	11 th Sept 2011	Change
Value (£m)			
- Private	£37.5m	£6.9m	443.5%
- Social	£5.9m	£18.7m	(68.4%)
- due in H1 (£m)	£12.0m	£11.2m	7.1%
- due after H1 (£m)	£31.4m	£14.4m	118.1%
Total value	£43.4m	£25.6m	69.5%
Plots			
- Private	122	30	306.7%
- Social	41	122	(66.4%)
Total plots	163	152	7.2%

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