Immediate release

13 January 2016

Barratt Developments PLC

Strong uplift in completions

Barratt Developments PLC (the 'Group') is today issuing a trading update in respect of the six months ended 31 December 2015 (the 'period') ahead of its half year results announcement on 24 February 2016. All comparatives are to the prior year equivalent period being the six months ended 31 December 2014 ('2014') unless otherwise stated.

Six months ended 31 December	2015	2014	Change
Total completions (including JVs)	7,626	6,971	9.4%
Average selling price ('ASP')			
- **Total**	c.£254k	£229.2k	10.8%
- **Private**	c.£281k	£253.2k	11.0%
Average active sites (including JVs)	386	384	0.5%
Net private reservations per active site per week	0.66	0.58	13.8%
Total forward sales (including JVs)	£2,018m	£1,681m	20.0%

Note: All figures exclude joint venture ('JV') completions in which the Group has an interest unless otherwise stated

David Thomas, Chief Executive commented,

"We have seen an excellent first half performance, increasing our completions by 9% whilst maintaining our industry leading quality. We continue to invest for the future, approving the purchase of £559m of land and investing in training and recruitment programmes to help address the need for additional skilled labour.

Overall, market conditions are good and we remain confident in our outlook for the full year as we continue to execute our strategies: aimed at ensuring disciplined growth, improving key financial metrics through a focus on efficiency and the continued delivery of attractive cash returns."

Trading overview

The Group has delivered a strong first half performance, with year on year improvements across key financial metrics. We continue to benefit from a good level of consumer demand across our regions, with mortgage availability and affordability remaining attractive as competition amongst lenders continues.

Our average net private reservations per week increased to 246 (2014: 218) for the period, resulting in average net private reservations per active site per week of 0.66 (2014: 0.58).

Total completions (including JVs) were up by 9.4% in the period to 7,626 units (2014: 6,971 units). Given the first half completions achieved we expect to be around our target of 45% of full year completions, as we continue to target 16,750 completions (including 1,000 JV completions) for FY16.

Total ASP on completions increased by 10.8% in the period to circa £254k (2014: £229.2k), with private ASP up by 11.0% to circa £281k (2014: £253.2k); benefiting from both mix and underlying selling price inflation. Affordable housing was 16% of completions (2014: 17%).

In the period, we operated from an average of 386 active sites (including JVs) (2014: 384). We have made good progress on new site openings, launching 63 (2014: 96) new developments (including JVs) in the first half. We expect average site numbers for the second half to be in line with the prior year comparable.

Housing policy

The UK Government recognises the need to build more homes as evidenced by its policies to improve land availability, planning and support for buyers. We were pleased to see the extension of the Help to Buy (Equity Loan) programme through to 2021 as well as the increase in the Government's equity loan to 40% in London, announced in the Autumn Spending Review. Both changes will be important for our customers, particularly in helping buyers into the market. We remain supportive of the Government's Starter Homes Scheme, which is aimed at providing 200,000 homes for first time buyers by 2020.

Land

The land market remains attractive from an investment perspective and we continue to secure excellent opportunities that meet or exceed our minimum hurdle rates of 20% gross margin and 25% ROCE[(1)]. We are on track to achieve our target land bank of circa 3.5 years owned land and circa 1.0 year of conditional land.

In the period, we approved the purchase of £558.7m (2014: £373.1m) of land, equating to 54 sites (2014: 53 sites) and 10,967 plots (2014: 7,242 plots). We continue to expect to approve circa 16,000-18,000 plots for purchase in FY16.

We remain on track to achieve our target of 20% of our completions sourced from strategic land by FY17, and in the period we approved the options on 23 strategic sites (2014: 18 sites), equating to 4,822 plots (2014: 3,945 plots).

We are well positioned on planning for FY17 which reflects our progress over the past 12 months, with 96% of expected FY17 completions (2014: 86% of FY16 completions) having either full or outline planning consent.

Net cash and land creditors

Net cash as at 31 December 2015 was circa £24m (31 December 2014: £134.2m net debt). The cash outflow from our net cash position of £186.5m as at 30 June 2015 reflects normal seasonal trends, the Group's build programme and the payment of £203m of dividends. We now expect a net cash balance as at 30 June 2016 in excess of £150m.

We continue to secure attractive deferred payment terms on land and expect land creditors to be maintained at around one-third of the owned land bank.

Forward sales

Our total forward sales (including JVs) as at 31 December 2015 were up 20.0% on the prior year comparable at a value of £2,017.8m (2014: £1,680.8m), equating to 9,317 plots (2014: 8,300 plots). Private forward sales were up 19.9% at a value of £1,081.2m (2014: £901.9m).

Outlook

The Group has delivered a strong first half performance and we have increased the value of our forward order book position from that held at our financial year end, both of which have been supported by good market conditions.

We remain confident in our outlook for the full year as we continue to execute our strategies: aimed at ensuring disciplined growth, improving key financial metrics through a focus on efficiency and the continued delivery of attractive cash returns.

We continue to target minimum gross margin of 20% and minimum ROCE(2) of 25% by FY17, and our current expectation is of delivering attractive future cash returns of £667m(3) over two years to November 2017.

Notes:

(1) Site ROCE on land acquisition is calculated as site operating profit (site trading profit less overheads less allocated administrative overhead) divided by average investment in site land, work in progress and equity share
(2) ROCE is calculated as earnings before interest, tax, operating charges relating to the defined benefit pension scheme and operating exceptional items, divided by average net assets adjusted for goodwill and intangibles, tax, cash, loans and borrowings, retirement benefit assets/obligations and derivative financial instruments
(3) Based on Reuters consensus estimates of earnings per share of 52.7p for FY16 and 57.9p for FY17 as at 4 September 2015 and applying a 3x dividend cover in line with previously announced policy, and 995,452,663 shares as at 30 June 2015. All final dividends and the special cash payment programme are subject to shareholder approval

Appendices

1. Completions (units)	**2015**	**2014**	**Variance**
Private	5,993	5,563	7.7%
Affordable	1,114	1,149	(3.0%)
JV	519	259	100.4%
Total	**7,626**	**6,971**	**9.4%**

	2015		**2014**		**Variance (£m)**
2. Forward sales	£m	Plots	£m	Plots	%
Private	1,081.2	3,675	901.9	3,425	19.9%
Affordable	521.8	4,413	381.6	3,418	36.7%
Sub total	**1,603.0**	**8,088**	**1,283.5**	**6,843**	**24.9%**
JV	414.8	1,229	397.3	1,457	4.4%
Total	**2,017.8**	**9,317**	**1,680.8**	**8,300**	**20.0%**

This trading update contains certain forward-looking statements about the future outlook for the Group. Although the Directors believe that these statements are based upon reasonable assumptions, any such statements should be treated with caution as future outlook may be influenced by factors that could cause actual outcomes and results to be materially different.

Conference call for analysts and investors

David Thomas, Chief Executive and Neil Cooper, Chief Financial Officer will be hosting a conference call at 08:30am today, Wednesday 13 January 2016, to discuss this Trading Update.

To access the conference call:
Dial-in: +44 (0) 20 3427 1912
Passcode: 4005272

A replay facility will be available shortly after:
Dial-in: +44 (0) 20 3427 0598
Passcode: 4005272

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