Immediate Release

11 May 2016

Barratt Developments PLC

Barratt Developments PLC (the 'Group') is today issuing a trading update in respect of the 19 weeks from 1 January 2016 to 8 May 2016 (the 'period'). All comparatives are to the prior year equivalent period ('2015') unless otherwise stated. Barratt Developments PLC's year end is 30 June 2016.

Strong market conditions – confident on outlook

- Market conditions remain strong with ongoing good levels of demand for new homes
- Sales rate of 0.75 (2015: 0.74) net private reservations per active outlet per week
- Total forward sales (including joint ventures ('JVs')) up by 9.7% as at 8 May 2016, to £2,844.0m (10 May 2015: £2,592.3m)
- 51 new developments launched in the period with the expectation of controlled outlet growth in FY17
- Excellent land opportunities available and we expect to approve between 21,000-23,000 plots in the current financial year
- Strong focus on customer service – retained HBF five star customer satisfaction rating for the seventh consecutive year

David Thomas, Chief Executive commented:

"I am pleased with the strong performance of the Group in the period, both in terms of delivery for FY16 and in looking further ahead.

We have approved the investment of over £4.8 billion in land for new housing in the last five years and we continue to be committed to helping increase the number of new homes built across Britain.

We remain on track to deliver the expected improvement in performance for the full year as we maintain our focus on disciplined volume growth, improving our key financial metrics and delivering attractive cash returns."

Trading update

Market conditions remain strong, with the Group trading positively since the start of the calendar year. As outlined previously, increased competition within the mortgage market has resulted in good availability of attractive mortgage finance, which continues to support consumer demand.

We have launched 51 new developments in the period, operating from an average of 376 active outlets (including JVs) (2015: 404). Whilst the strength of our sales rate has meant we have sold through developments faster than anticipated, we still expect to see controlled growth in outlet numbers in FY17.

Net private reservations per week averaged 274 (2015: 289) for the period, resulting in a modestly improved sales rate of 0.75 (2015: 0.74) net private reservations per active outlet per week. The sales rate in the 11 weeks following our interim results has been strong, up 3.9% at 0.79 (2015: 0.76).

The Group remains focused on achieving the best possible prices for the homes we sell and we continue to see upward momentum on private average selling prices, predominantly benefitting from mix changes.

The Group is committed to delivering the highest quality homes and excellent customer service, and we are delighted that Barratt Developments has been awarded the Home Builders Federation maximum five star rating for customer satisfaction for the seventh consecutive year. Our focus on quality and customer service not only supports revenues, but improves overall efficiency through the reduction of remedial costs.

Housing policy

The Government continues to focus on increasing housebuilding by improving land availability through the land release programme, streamlining planning and supporting consumer demand.

We anticipate a continuation of this supportive environment for housebuilding, as evidenced by the increase in the Help to Buy Government equity loan proportion to 40% in London this year. In the period, the share of our London private reservations (including JVs) that used Help to Buy (Equity Loan) increased to 38% (2015: 25%).

Land and planning

The land market remains attractive and we are securing excellent operational land opportunities that at least meet our minimum hurdle rates of 20% gross margin and 25% ROCE(1). The Group continues its disciplined approach to land buying, targeting a 4.5 year land bank with c. 3.5 years of owned land and c. 1.0 year of conditionally contracted land over the long term.

Given the favourable land market and the improved visibility provided by the extension of Help to Buy (Equity Loan) to 2021, we have increased our land approvals this year. We now expect to approve between 21,000-23,000 plots (2015: 16,956 plots) in the current financial year. This is expected to include the conversion of around 4,500 plots from our strategic land bank.

We continue to make good progress on securing strategic land, with c. 1,900 strategic acres (2015: c. 1,300 acres) approved in the year to date. The Group is targeting c. 20% of annual completions to be from strategically sourced land by FY17.

In London we are focused on land opportunities in zones 3-6; we have not been able to secure opportunities in zones 1 and 2, given our minimum hurdle rates.

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.

Net cash

We now expect the Group to have a net cash position in a range of £300m-£350m as at 30 June 2016 (30 June 2015: £186.5m), reflecting the timing of land payments.

Forward sales

Our total forward sales (including JVs) as at 8 May 2016 were up 9.7% on the prior year comparable at a value of £2,844.0m (2015: £2,592.3m), equating to 11,605 plots (2015: 11,713 plots). Private forward sales were up 11.0% at a value of £1,803.2m (2015: £1,623.9m).

Board update

Further to the announcement made on 24 February 2016, we are pleased to announce that Richard Akers will replace Mark Rolfe as the Senior Independent Director with effect from the conclusion of the Group's AGM in November 2016. Richard has been a Non-Executive Director of the Group since 2012 and is also Chairman of the Remuneration Committee.

Outlook

The market remains positive and we expect to enter the new financial year with a strong forward order book.

We are confident the Group will deliver a significant improvement in performance 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 remains to deliver attractive future cash returns of £678m(3) over two years to November 2017, which will equate to c. £1bn(4) of dividends paid out over the three year period to November 2017.

Notes:

(1) Site ROCE on land acquisition is calculated as site operating profit (site trading profit less site overheads less allocated relevant 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 54.1p for FY16 and 59.5p for FY17 as at 19 February 2016 and applying a three times dividend cover in line with previously announced policy, and upon 31 December 2015 share capital of 1,002,277,333 shares for proposed payments. All final dividends and the special cash payment programme are subject to shareholder approval
(4) Includes £321m paid to date
(5) In which the Group has an interest

Appendices

	2016		2015		Variance (£m)
1. Forward sales	£m	Plots	£m	Plots	%
Private	1,803.2	5,746	1,623.9	5,995	11.0%
Affordable	561.5	4,631	455.6	4,072	23.2%
Sub total	**2,364.7**	**10,377**	**2,079.5**	**10,067**	**13.7%**
JV(5)	479.3	1,228	512.8	1,646	(6.5%)
Total	**2,844.0**	**11,605**	**2,592.3**	**11,713**	**9.7%**

2. Sales Rate H2	**2016**	**2015**	**Variance**
To date	**0.75**	**0.74**	**1.4%**
First 8 Weeks	0.71	0.71	-
Last 11 weeks	0.79	0.76	3.9%

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 11 May 2016, to discuss this Trading Update.

To access the conference call:
Dial-in: +44 (0) 20 3427 1902
Passcode: 3843644

A replay facility will be available shortly after:
Dial-in: +44 (0) 20 3427 0598
Passcode: 3843644

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