RESULTS PRESENTATION

Half year ended 31 December 2017

21 February 2018

Madden Gardens, Letchworth Garden City


Weaver View, Winsford
David Thomas
Chief Executive

SUMMARY

Strong financial and operational performance in the first half

Robust market fundamentals

Operational improvements delivering margin benefits

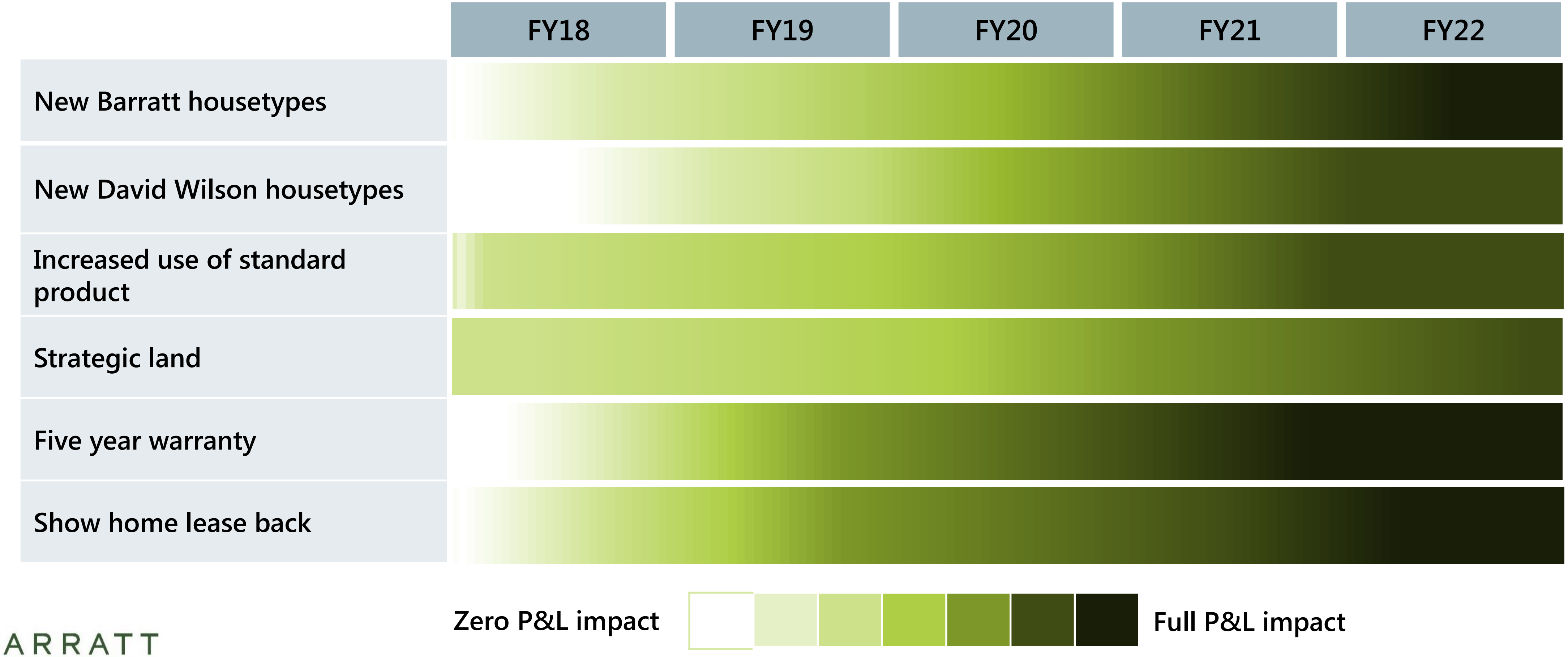
Disciplined volume growth with a focus on addressing supply-side challenges

Delivering attractive cash returns

Confidence in the business going forward

IMPROVING KEY FINANCIAL METRICS – DRIVING OPERATING MARGIN

Achieved H1 17/18: 17.9%, **+260bps** since FY15



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BUILDING EXCELLENCE SINCE 1958

Steven Boyes

Chief Operating Officer

Saxon Gate, Stamford Bridge

STRONG SALES PERFORMANCE

- Strong performance, in-line with the prior year
- Group private sales rate of 0.68
- London sales rate lower – but still above regional
- JV sales rate normalised

	Average net private reservations per active outlet per week		
	H1 17/18	H1 16/17	Change
Regional	0.67	0.66	1.5%
London	0.86	1.20	(28.3%)
Group	0.68	0.68	-
JV	1.08	1.27	(15.0%)

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COMPLETION GROWTH

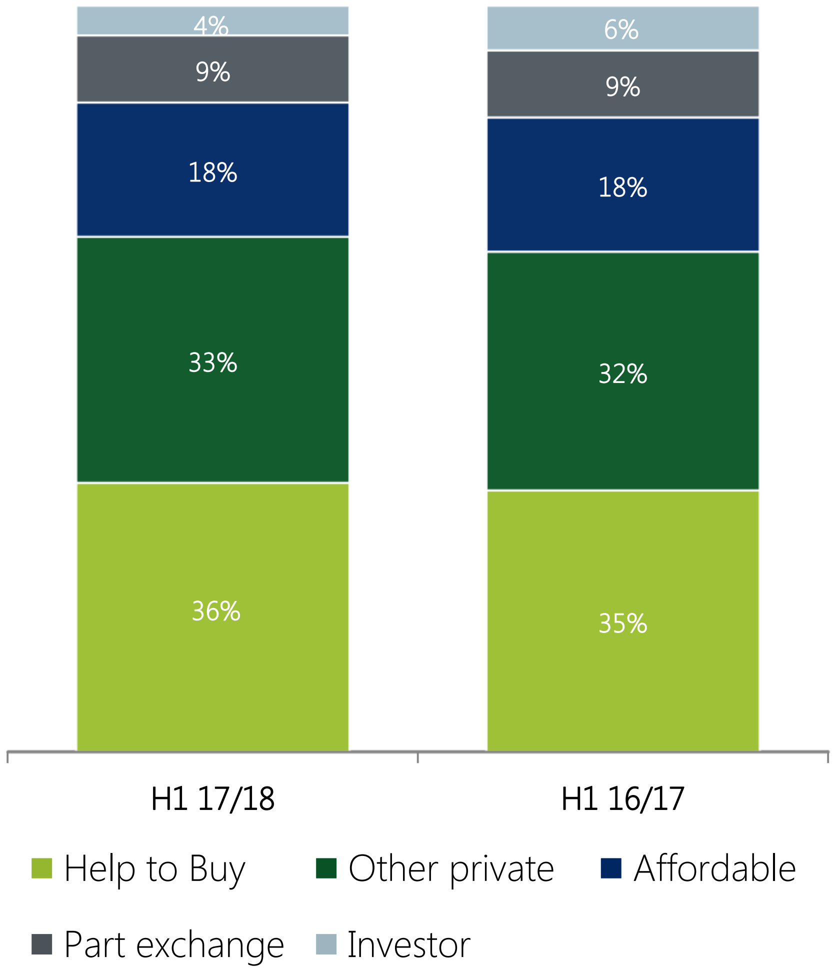
- Regional completions at highest level for 10 years
- London wholly owned completions significantly weighted to the second half
- JV volumes on track

	Completions		
	H1 17/18	H1 16/17	Change
Regional	6,782	6,630	2.3%
London	162	152	6.6%
Group	6,944	6,782	2.4%
JV	380[1]	398	(4.5%)

(1) Includes 225 completions in London (H1 16/17: 215)

COMPLETIONS ANALYSIS – BUYER TYPE

- Similar profile to prior year
- Affordable in-line; expect to be c. 20% for FY18
- Investors discouraged by tax changes



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PRICING TRENDS REMAIN POSITIVE

- Pricing benefiting from mix changes with some underlying house price inflation
- Represents a full market mix and optimal use of brands
- Higher ASP sites rolled out in London

	Private completions average selling price (£'000)		
	H1 17/18	H1 16/17	Change
Regional	301.7	286.0	5.5%
London	793.6	725.2	9.4%
Group	314.6	296.4	6.1%
JV	615.7	621.7	(1.0%)

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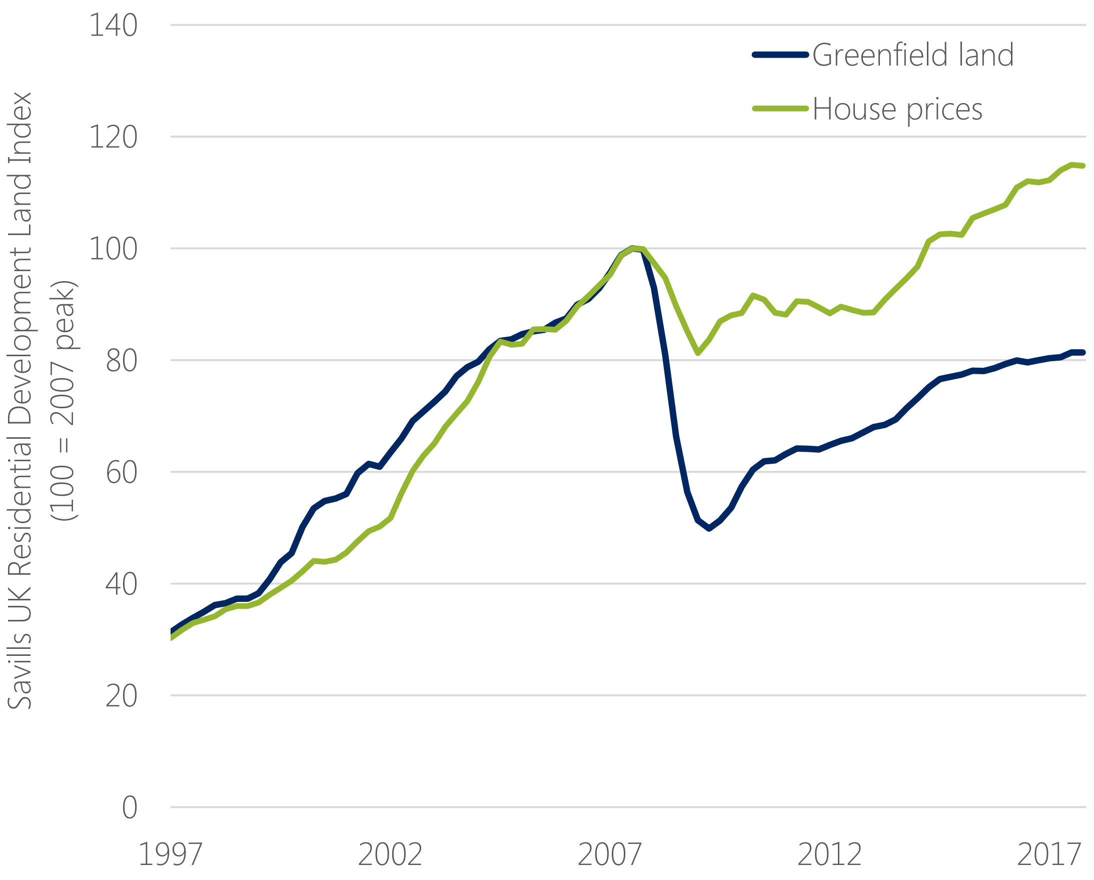
LAND MARKET

- Land prices continue to lag house price inflation
- Excellent opportunities available nationally
- Increased use of standard product in regional business
- Land approvals
  - H1 17/18: 13,263
  - FY18e: 20,000+

Savills UK Residential Land Index(1)



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(1) UK non-urban, greenfield land vs UK house prices (rebased)

LAND APPROVALS

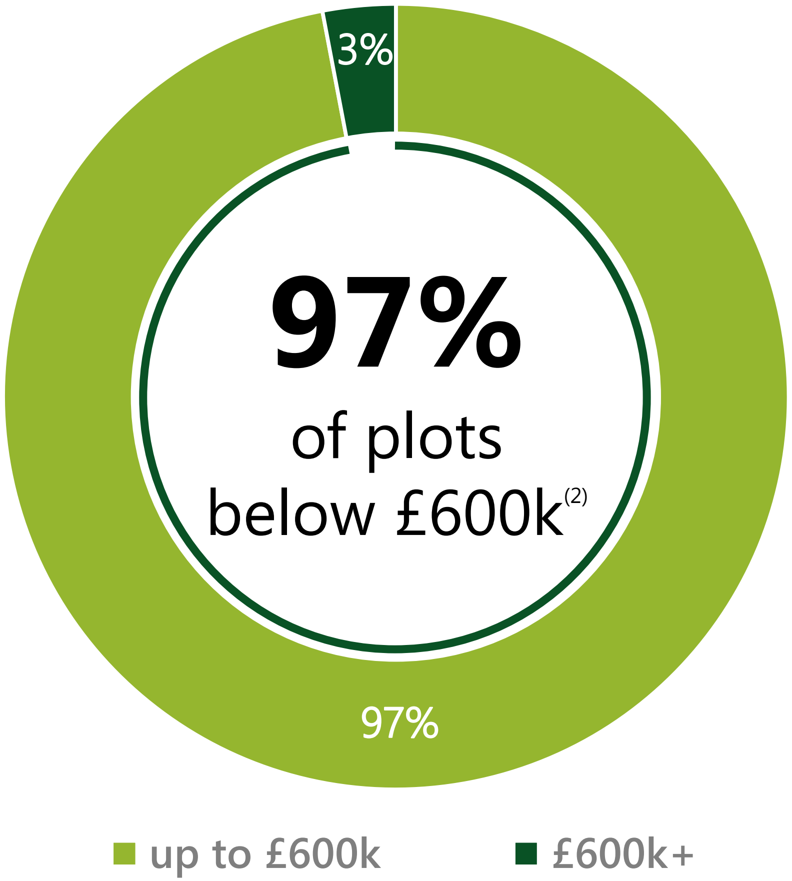
Ladden Garden Village, North Yate, Avon
- 1,965 plots / 213 acres
- Ideally located for the Bristol commuter and family markets, with excellent local amenities on the doorstep

Northstowe, Longstanton, South Cambridgeshire
- 453 plots / 34 acres
- Located to take advantage of pent up demand in the Cambridgeshire area and support our new division

Chapel Park, Oldmeldrum, North Scotland
- 35 plots / 5 acres
- Well located to provide family homes at affordable prices, with all amenities locally

	12 months to Dec 17	12 months to Dec 16	Change
Sites	118	115	2.6%
Plots	26,498	18,682	41.8%
Average plots per site	225	162	38.9%
Median plots per site	148	138	7.2%

LAND BANK – NATIONAL COVERAGE



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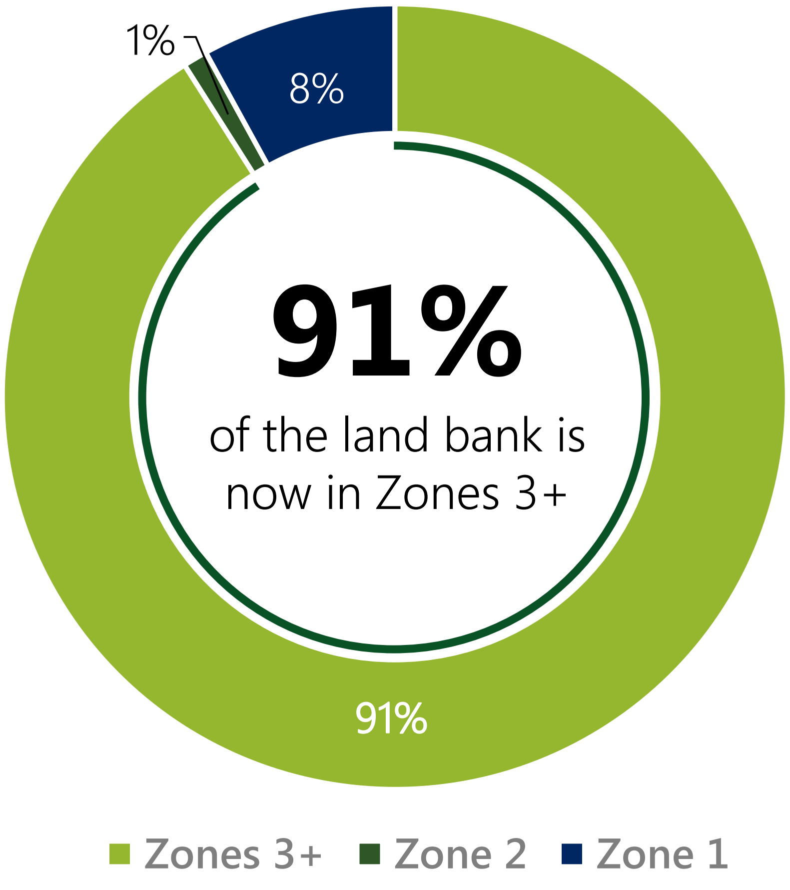
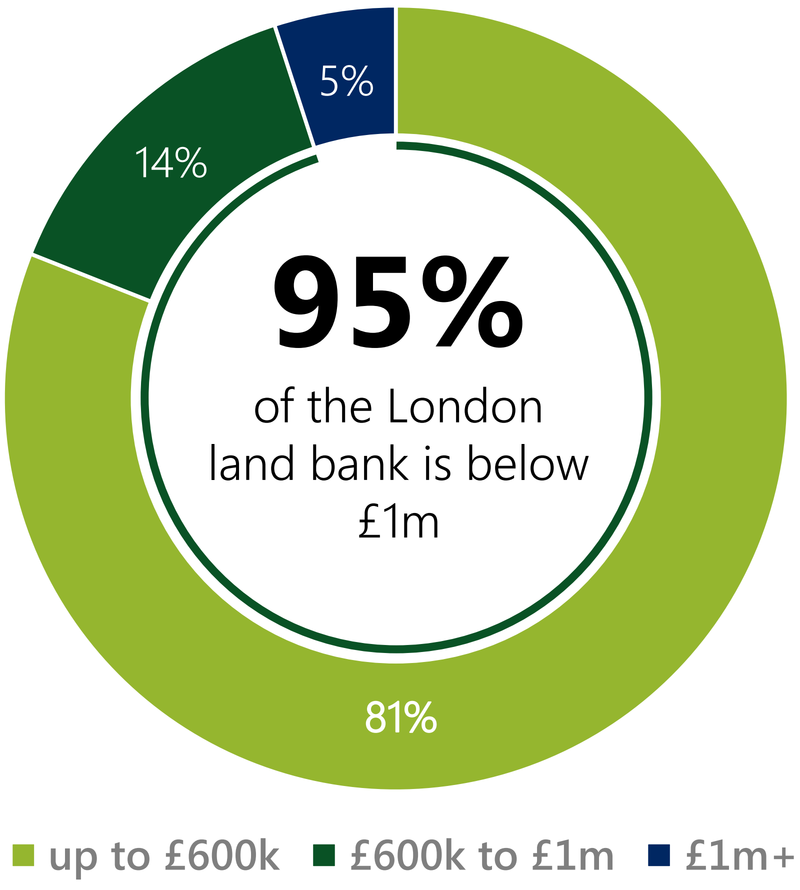
(1) Private owned and controlled land bank plots excluding JVs as at 31 December 2017
(2) Private owned land bank plots excluding JVs, in England only with selling price under £600k
Note: 31 December 2016: Regional: 93%, London: 7%, up to £600k: 94%, £600k+: 6%

LAND BANK – LONDON[1]





(1) Private owned and controlled land bank plots excluding JVs as at 31 December 2017
Note: 31 December 2016: Zone 3+: 83%, Zone 2: 7%, Zone 1: 10%; up to £600k: 69%, £600k-£1m: 23%, £1m+: 8%

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DRIVING OPERATING MARGIN - STRATEGIC LAND

- Targeting 30% of completions from strategic land in the medium term
- Enhanced margin of c. 300 basis points(1)
- Strong closing acreage position
- Good geographic spread

	H1 17/18	FY17	H1 16/17
Completions from strategic land	28%	25%	24%
Acres held	11,806	11,737	11,405
Number of locations	266	267	270

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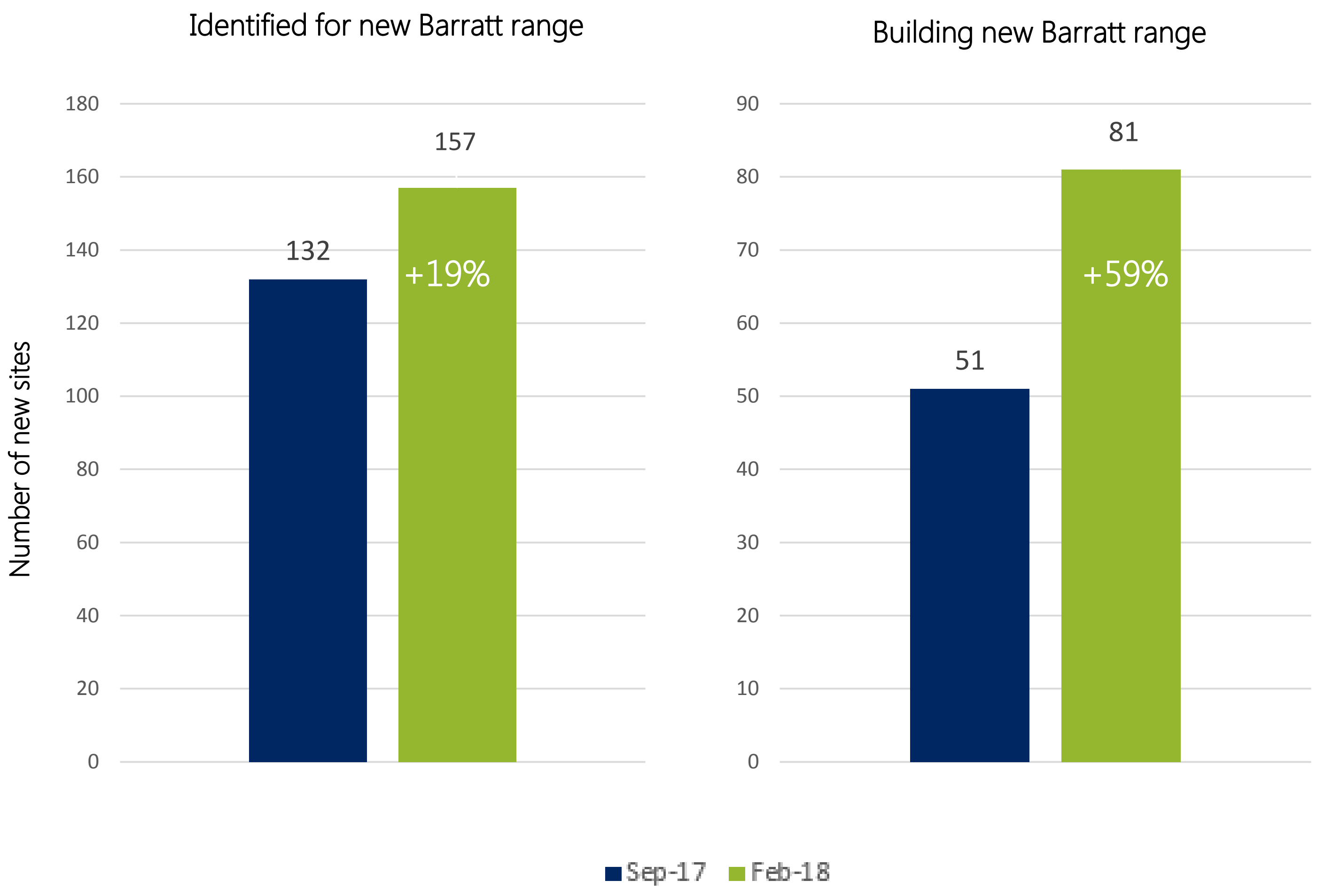
(1) On strategic land approved since 2009 versus ongoing land

DRIVING OPERATING MARGIN – PRODUCT

- New product well received by customers and contractors
- Improved layout coverage
- Better for alternative methods of construction
- Completions in H1 17/18
  - Barratt: 267
  - All(1): 269
- Limited impact in FY18



(1) All includes: Barratt Homes and David Wilson main and Scottish ranges

CUSTOMER FIRST- WE PLACE CUSTOMERS AT THE HEART OF EVERYTHING WE DO

Internal processes
Customer journey
Site management
Quality assurance
'Great Places' design standards

External measures
HBF Customer Satisfaction survey
NHBC Pride in the Job Awards
National Supreme Awards
NHBC quality checks

First time buyers Wayne Lamb and Kelly McNab purchased a house at The Spinnings, Preston

CUSTOMER FIRST- OUR ACHIEVEMENTS

74 NHBC Pride in the Job Awards – more than any housebuilder for 13th year

Steve Wood, CEO NHBC with Henry Patecki, winner of the 2017 NHBC National Supreme Award in the Large Builder category

HBF **5 star** customer recommendation award – eighth consecutive year

MANAGING THE COST ENVIRONMENT

Materials

- Modest inflationary pressure
- Some material pressures e.g. timber, insulation
- 100% pricing fixed to June 2018
- 1/3rd of pricing fixed for FY19

Labour

- Labour inflation has eased
- Simplifying build
- Increased use of offsite manufacturing
- Apprenticeship schemes

Build costs expected to increase by c. 3-4% in FY18

Similar levels expected in FY19

STRONG PERFORMANCE

- Continued strong sales rate
- Positive pricing trends
- Successfully manage our cost base
- Increased delivery from strategic land
- Excellent land opportunities
- Continue to drive operational improvements
- Delivering industry-leading build quality and customer service

BARRATT DEVELOPMENTS PLC
BUILDING EXCELLENCE SINCE 1958

Jessica White

Chief Financial Officer

Lauder Gardens, Strathaven

KEY HIGHLIGHTS

£m (unless otherwise stated)	H1 17/18	H1 16/17	Change
Revenue	1,988.0	1,816.2	9.5%
Adjusted gross profit (1)	413.2	375.2	10.1%
Adjusted gross margin (1)	*20.8%*	*20.7%*	*0.1ppts*
Operating profit	355.2	324.0	9.6%
Operating margin	*17.9%*	*17.8%*	*0.1ppts*
PBT	342.7	321.0	6.8%
Earnings per share	27.1p	25.9p	4.6%
Net cash	165.9	196.7	(15.7%)
ROCE	28.3%	27.0%	1.3ppts

(1) Gross profit £410.2m (H1 16/17: £375.2m), gross margin 20.6% (H1 16/17: 20.7%)

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BUILDING EXCELLENCE SINCE 1958

REVENUE SUMMARY

£m (unless otherwise stated)	H1 17/18	H1 16/17	Change
Completions			
Private	5,715	5,561	2.8%
Affordable	1,229	1,221	0.7%
Total completions	6,944	6,782	2.4%
% Affordable	18%	18%	-
JV	380	398	(4.5%)
Total completions (inc JV's)	7,324	7,180	2.0%
ASP (£'000)			
Private	314.6	296.4	6.1%
Affordable	124.7	115.3	8.2%
Total	281.0	263.8	6.5%
JV	494.4	528.8	(6.5%)

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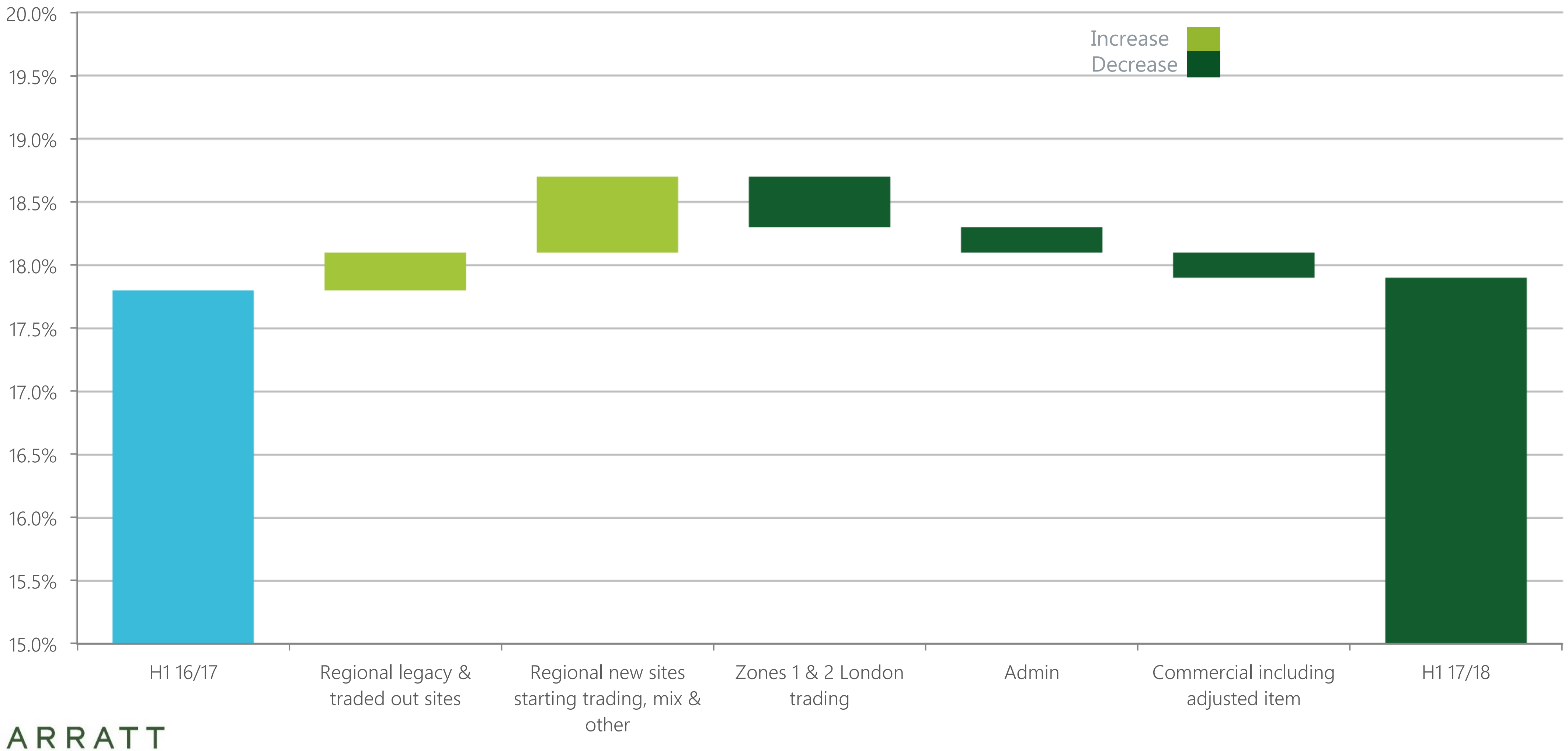
OPERATING MARGIN BRIDGE



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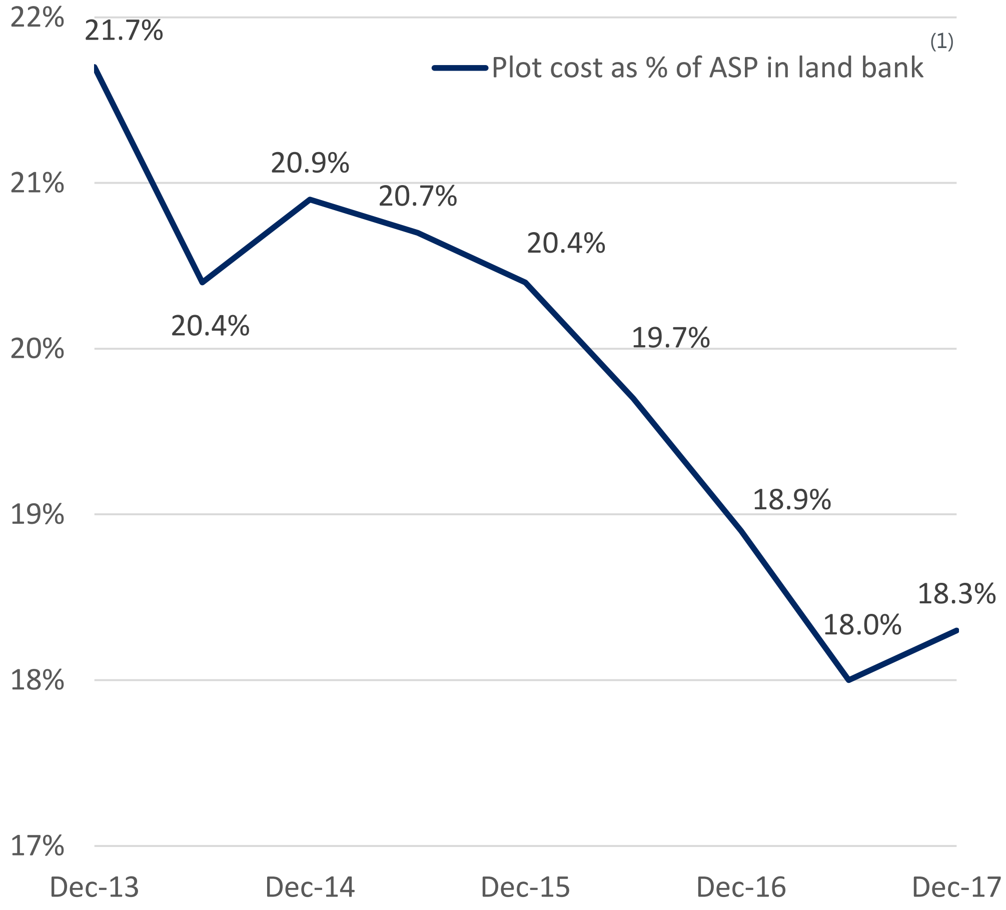
BALANCE SHEET

£m	31 December 2017	31 December 2016
Goodwill and intangible assets	892.2	892.2
Investment in joint ventures and associates	228.3	254.6
Gross land bank	3,229.0	2,801.3
Land creditors	(1,185.4)	(961.6)
Net land bank	2,043.6	1,839.7
Land creditor %	*36.7%*	*34.3%*
WIP	1,704.4	1,673.8
Net cash	165.9	196.7
Trade payables	(328.2)	(324.6)
Other working capital	(391.4)	(434.5)
Other net assets / liabilities	(47.1)	(87.6)
Net assets	4,267.7	4,010.3

LAND BANK



Land bank plots	31 Dec 2017	31 Dec 2016
Owned	64,542	52,976
Controlled	19,075	24,120
Total	83,617	77,096
Land bank years	*5.0*	*4.9*
JV – Owned and controlled	5,329	4,911
Total including JV	88,946	82,007

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(1) Calculated as average land bank value per plot in the balance sheet at half or year end divided by ASP at current prices on owned plots in the land bank

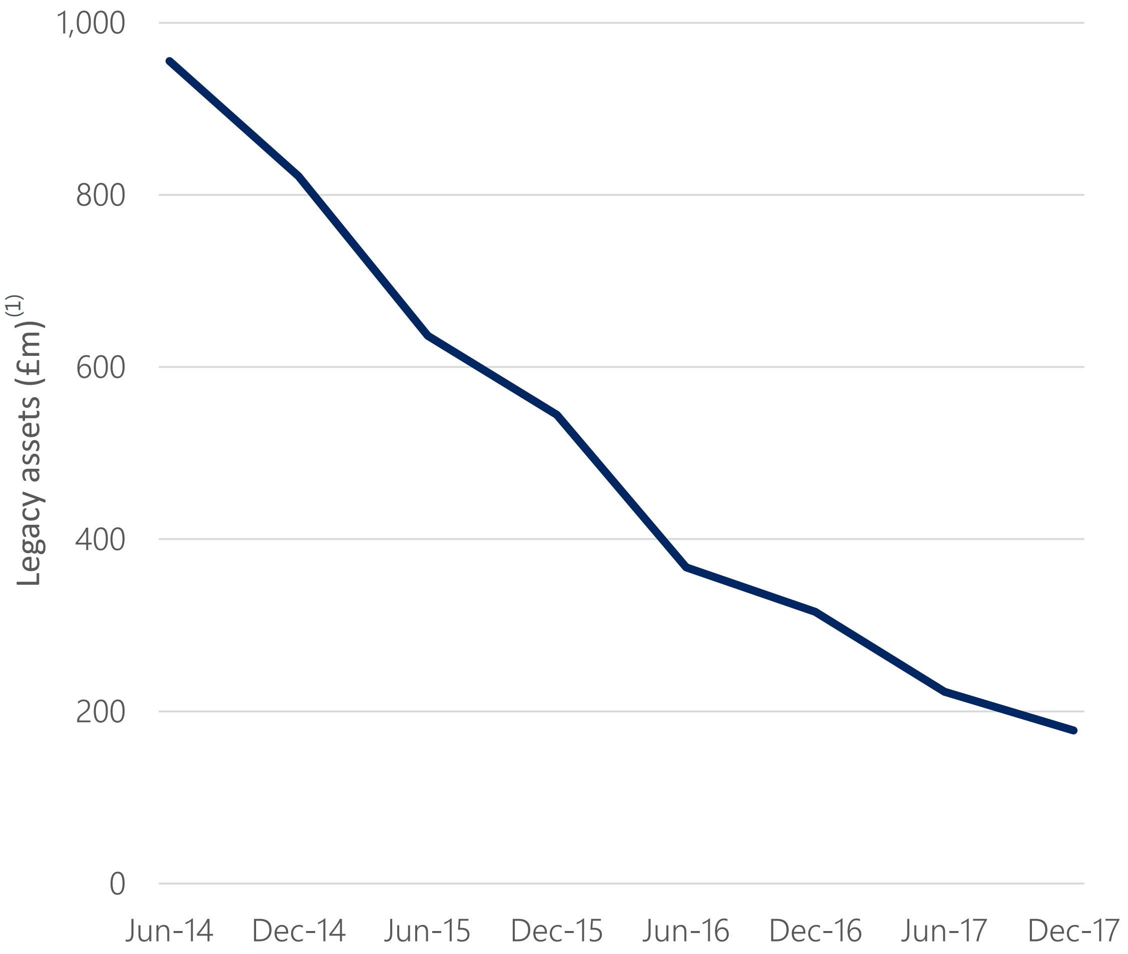
WORK IN PROGRESS

- WIP growth is tightly controlled and reflects
  - growth in completions and build active sites
  - particular high value sites in London expected to deliver over the next 2 years
- Unsold stock units per outlet remains appropriate

Unsold stock units per active outlet	1.1	1.1	1.2

(1) Wholly owned completions 12 months to December

LEGACY ASSET REDUCTION



£m (unless otherwise stated)	31 December 2017	Legacy	Ongoing
Gross land bank	3,229.0	78.9	3,150.1
Land creditors	(1,185.4)	(18.3)	(1,167.1)
WIP	1,704.4	94.6	1,609.8
Other assets and liabilities	(491.3)	(65.1)	(426.2)
Capital employed	3,256.7	90.1	3,166.6
ROCE (%)	28.3%	22.9%	28.5%
Gross margin (%)(2)	20.8%	10.3%	21.5%

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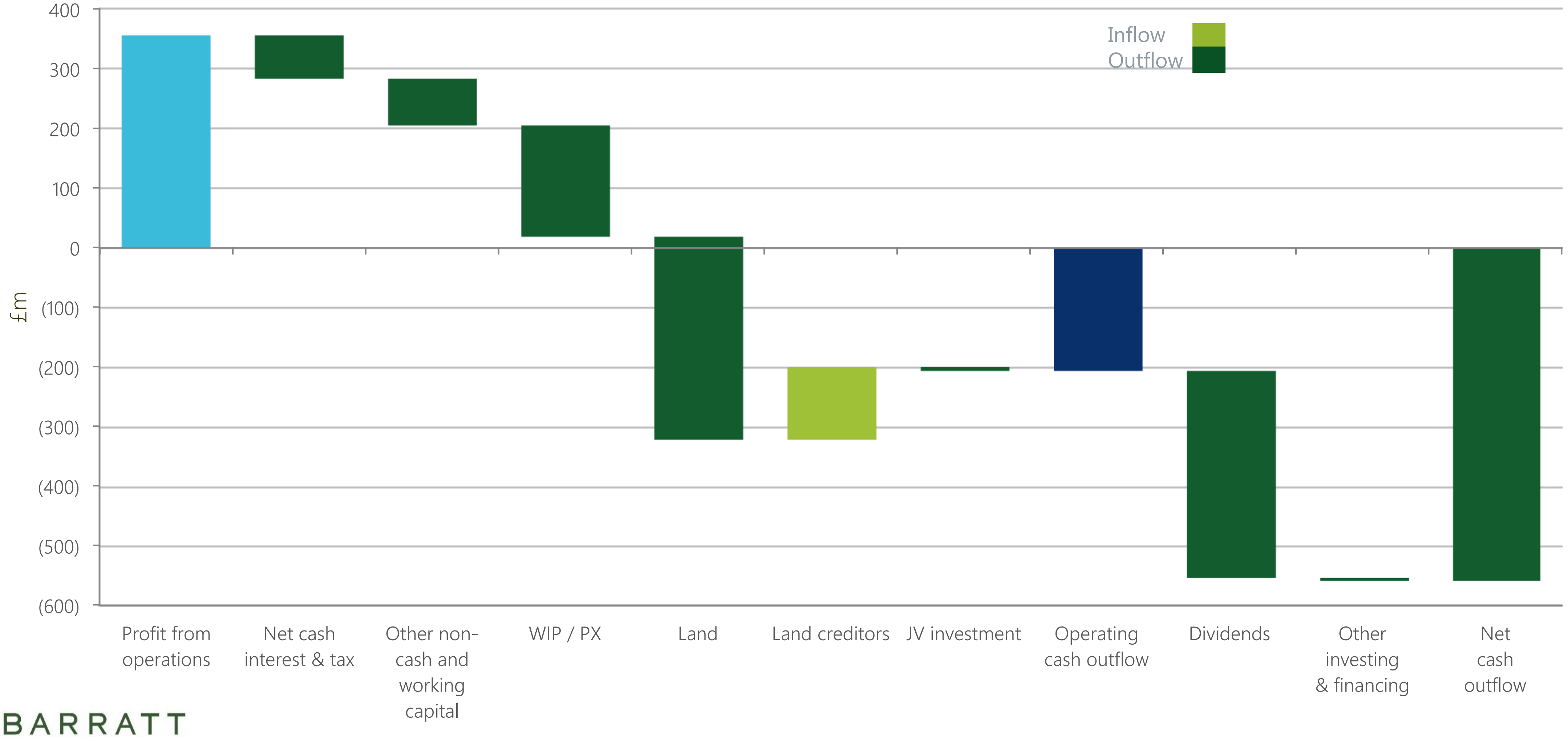
(1) Does not include liabilities
(2) Pre adjusted item. Gross margin is 20.6% post adjusted item

CASH FLOW



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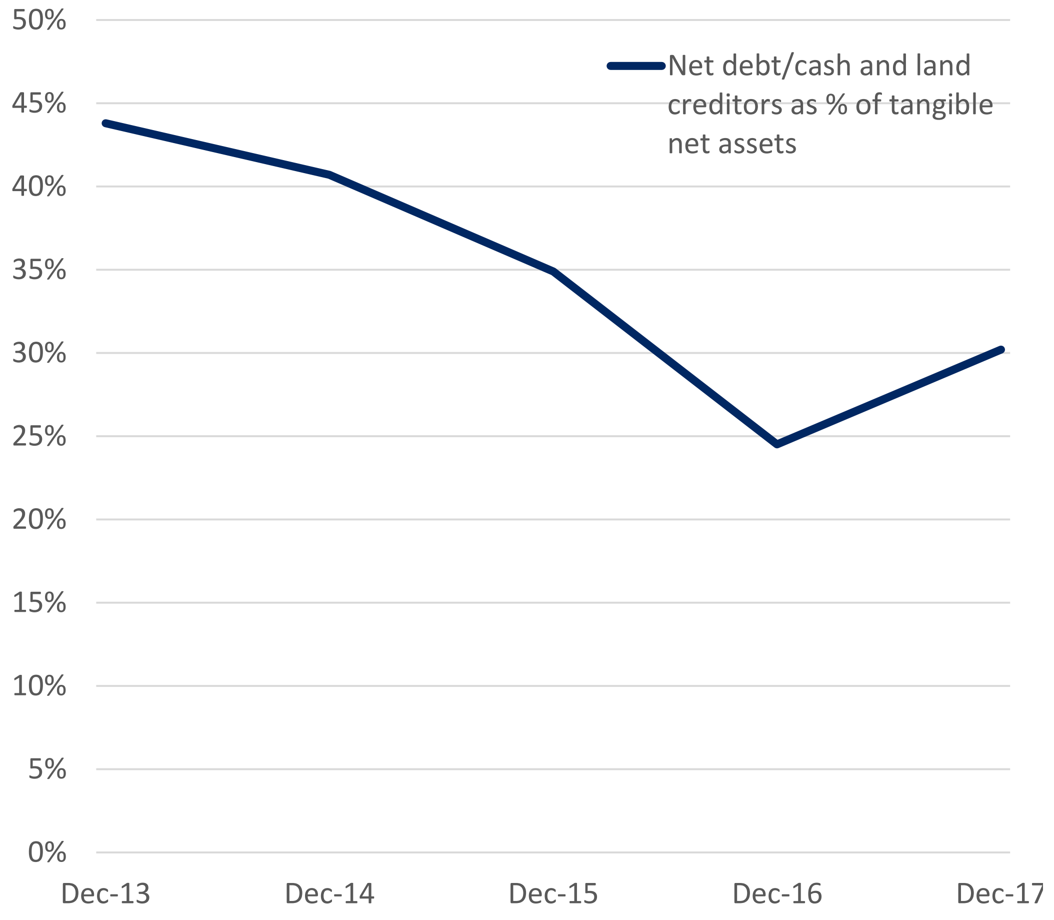
GEARING

- Focus on managing total gearing across the cycle
- Average net cash in H1 17/18, expect to be net cash neutral over full year
- Gearing increased in H1 17/18 reflecting investment in land and the increased dividend payment



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GUIDANCE FOR FY18

Completions	Modest growth in wholly owned completions c. 20% affordable c. 750 JV
ASP	Similar ASP to H1 17/18
Total admin expenses	c. £150m
JV share of profits	c. £20m
Interest cost	c. £50m (£15m cash, £35m non-cash)
Land cash spend	c. £1.1bn
Land creditors	30% to 35% of owned land bank
Year end net cash	c. £500m
Ordinary dividend	2.5x cover
Special dividend	£175m

David Thomas
Chief Executive

Belle Vue, Doncaster

KEY DIFFERENTIATORS

- Shorter owned land bank
- Strong balance sheet and cash generation
- Industry leading quality and service standards
- Experienced build and sales teams
- National housebuilder

Disciplined growth | **Improving key financial metrics** | **Attractive cash returns**

MARKET FUNDAMENTALS REMAIN ATTRACTIVE

1.64%
average 2 year fixed rate at 85% LTV(1)

Positive lending environment

Help to Buy

Strong Government support

Government target:
300k homes per annum

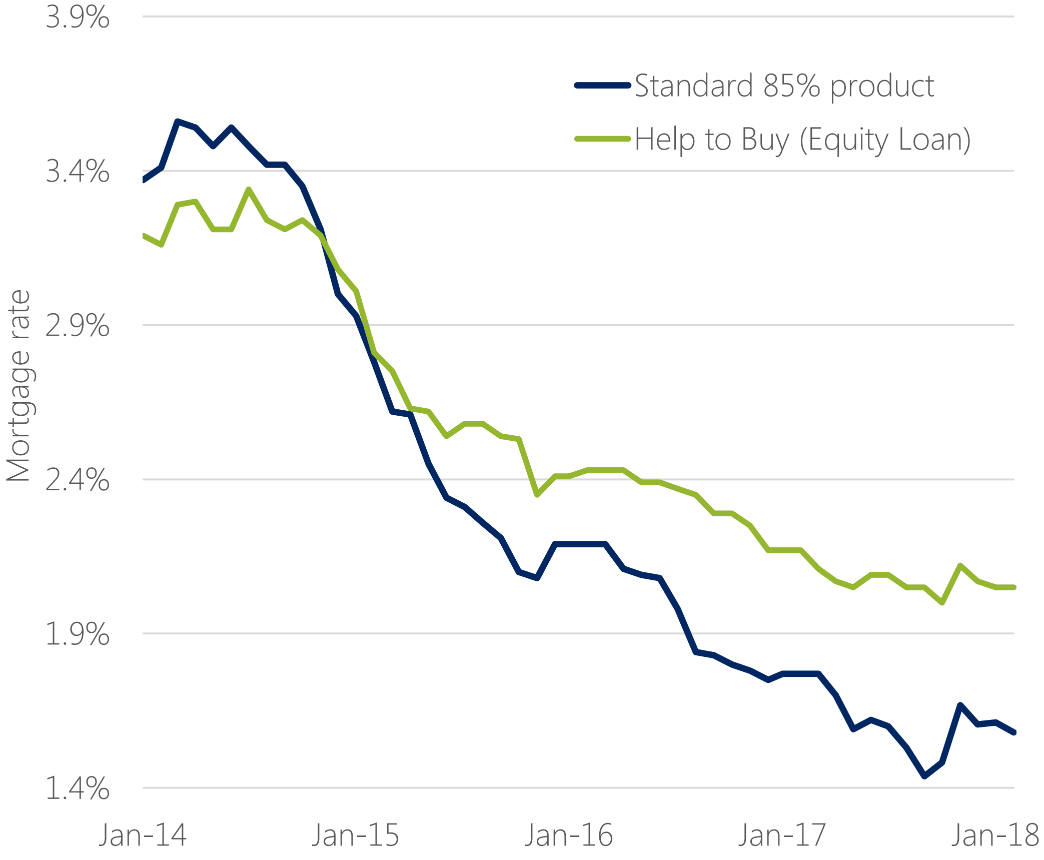
Demand continues to exceed supply

Attractive land market

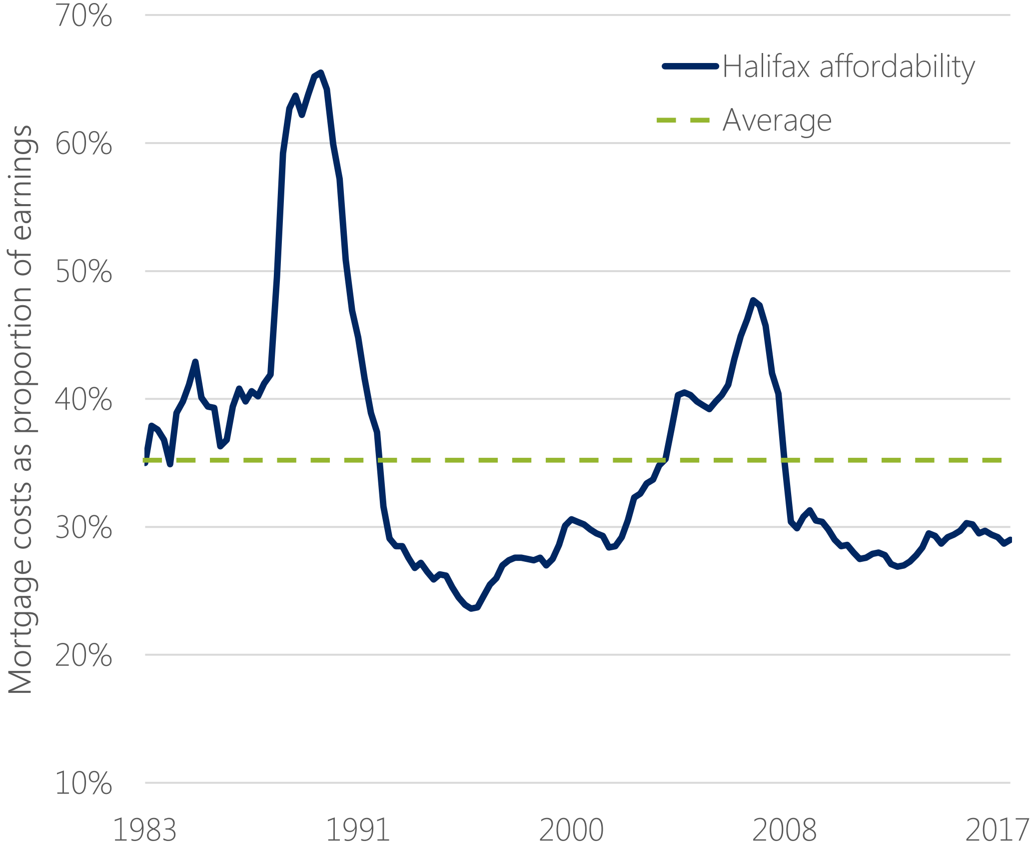
(1) Source: Bank of England monthly interest rate of UK monetary financial institutions at January 2018

POSITIVE LENDING ENVIRONMENT

Average mortgage rates(1)



Halifax Mortgage Affordability Index(2)



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(1) Rates are from an average of five lenders. Standard 85% product based on available rate with a fee not exceeding £1,000. HtB product based on the best available HtB equity share rate with no fee. Rates as at 30 January 2018

(2) The mortgage to earnings ratio is calculated using the Halifax standardised average house price (seasonally adjusted), average disposable earnings for all full time employees and the BoE monthly average rate for new advances to households

ADDRESSING MARKET CHALLENGES

Skills shortages

Alternative methods of construction

Quality and Service

DISCIPLINED GROWTH – SELF HELP AND SUPPORTING THE WIDER INDUSTRY

- Investing further in apprenticeships and traineeships nationally
- Armed Forces Transition programme - Best Talent Development programme award at the 2017 Training Journal Awards
- First graduates from our Residential Development and Construction Degree(1)

New apprentices Joe Rowley, Helen Ward Thorpe, Dan Edwards and Ryan McNally on their first day on the job at Barratt West Midlands

(1) Launched in conjunction with Sheffield Hallam University in 2013

DISCIPLINED GROWTH – ALTERNATIVE METHODS OF CONSTRUCTION

- Built 1,270 timber frame homes in FY17

- Trialling other alternative methods of construction
  - light gauge steel frame
  - large format block

- Offsite construction
  - concrete garage trials
  - ground floor foundation systems
  - pre-insulated roof panels

Offsite concrete garage trial in Nottingham

DISCIPLINED GROWTH – QUANTITY

- Grown completions by more than 55% over the last six financial years
- Outlet growth to support volume growth ambitions
- New Cambridgeshire division
- Each divisional office could support:
  - Barratt: c. 750 units per annum
  - David Wilson: c. 700 units per annum
- Clear path to 20,000 completions without changing our existing structure

Land approved at Northstowe, South Cambridgeshire

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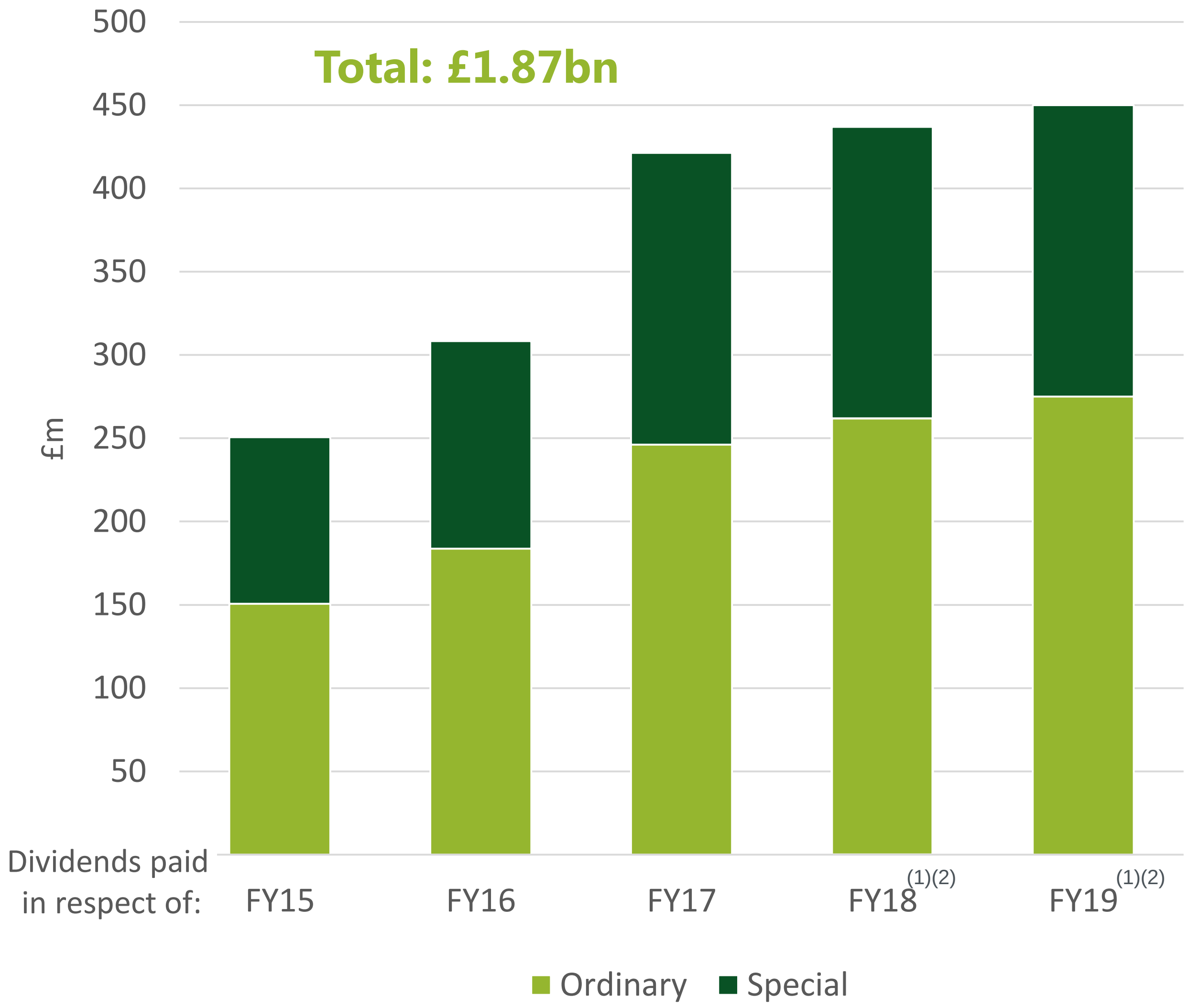
ATTRACTIVE CASH RETURNS

Capital Return Plan

- Ordinary dividend payable through the cycle:
  - 2.5x dividend cover
- H1 17/18: 8.6p
- When market conditions allow, excess cash will be returned to shareholders in the form of special dividends:
  - November 2018: £175m(2)
  - November 2019: £175m(2)



(1) Based on Reuters consensus estimates of earnings per share of 64.7p for FY18 and 68.0p for FY19 as at 15 February 2018 and applying a two and a half times dividend cover in line with the announced policy, 31 December 2017 share capital of 1,011,532,123, for proposed payments
(2) Proposed FY18 and FY19 dividends subject to shareholder approval

CURRENT TRADING – SALES PERFORMANCE

- Customer demand remains strong
- Expect sales rates to normalise for the full year

	Net private reservations per active outlet per average week		
	H2 17/18 to date	H2 16/17 to date	Change
Regional	0.80	0.76	5.3%
London	1.36	1.13	20.4%
Group	0.82	0.77	6.5%

CURRENT TRADING – FORWARD ORDER BOOK

	H2 17/18 (as at 18 Feb 18)		H2 16/17 (as at 19 Feb 17)		Change	
	£m	Plots	£m	Plots	£m	Plots
Private	1,965.7	5,852	1,945.8	5,579	1.0%	4.9%
Affordable	857.4	6,588	769.8	6,187	11.4%	6.5%
Wholly owned	**2,823.1**	**12,440**	**2,715.6**	**11,766**	**4.0%**	**5.7%**
JV	254.8	845	302.6	965	(15.8)%	(12.4)%
Total	**3,077.9**	**13,285**	**3,018.2**	**12,731**	**2.0%**	**4.4%**

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OPERATING FRAMEWORK

Land bank	c. 3.5 years owned land and 1 year controlled
	Land creditors 30% to 35% of owned land bank
Treasury	Year end net cash
Capital Return Plan	2.5x ordinary dividend cover
	Special dividend programme

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POSITIVE ON OUTLOOK

- Clear plan to drive operating margin
- Disciplined growth
- Clearly defined operating framework
- Extended Capital Return Plan
- Confidence in the business going forward


Pembroke Park, Cirencester

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Q&A

Kingsbrook, Aylesbury

APPENDICES - INDEX

DEFINITIONS

- Active outlet is a site with at least one plot for sale
- Adjusted gross margin is calculated as adjusted gross profit divided by total revenue
- ASP is average selling price
- Average debt is calculated on annual average daily closing position
- Earnings per share (EPS) is calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year, excluding those held by the Employee Benefit Trust
- FY refers to financial year ending 30 June
- Gross margin is calculated as gross profit divided by total revenue
- Help to Buy (HtB) Government equity loan scheme
- Land bank years is calculated as total owned and controlled land bank plots divided by wholly owned completions in the 12 months to December
- Net cash is calculated as cash and cash equivalents, less total borrowings being total drawn debt, plus / minus the value of any foreign exchange swaps
- Operating margin is calculated as operating profit divided by total revenue
- Regional includes all regions excluding London
- Return on Capital Employed (ROCE) is calculated as earnings before interest, tax, operating charges relating to the defined benefit pension scheme and operating adjusting or 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
- Unless stated Joint Ventures (JV) are not included throughout the presentation

P&L

£m (unless otherwise stated)	H1 17/18	H1 16/17	Change
Revenue	1,988.0	1,816.2	9.5%
Cost of sales	(1,577.8)	(1,441.0)	(9.5%)
Gross profit	410.2	375.2	9.3%
Gross margin	*20.6%*	*20.7%*	*(0.1ppts)*
Administrative expenses	(55.0)	(51.2)	(7.4%)
Operating profit	355.2	324.0	9.6%
Operating margin	*17.9%*	*17.8%*	*0.1ppts*
Net finance costs	(23.2)	(29.4)	21.1%
Share of JV/assoc profit	10.7	26.4	(59.5%)
PBT	342.7	321.0	6.8%

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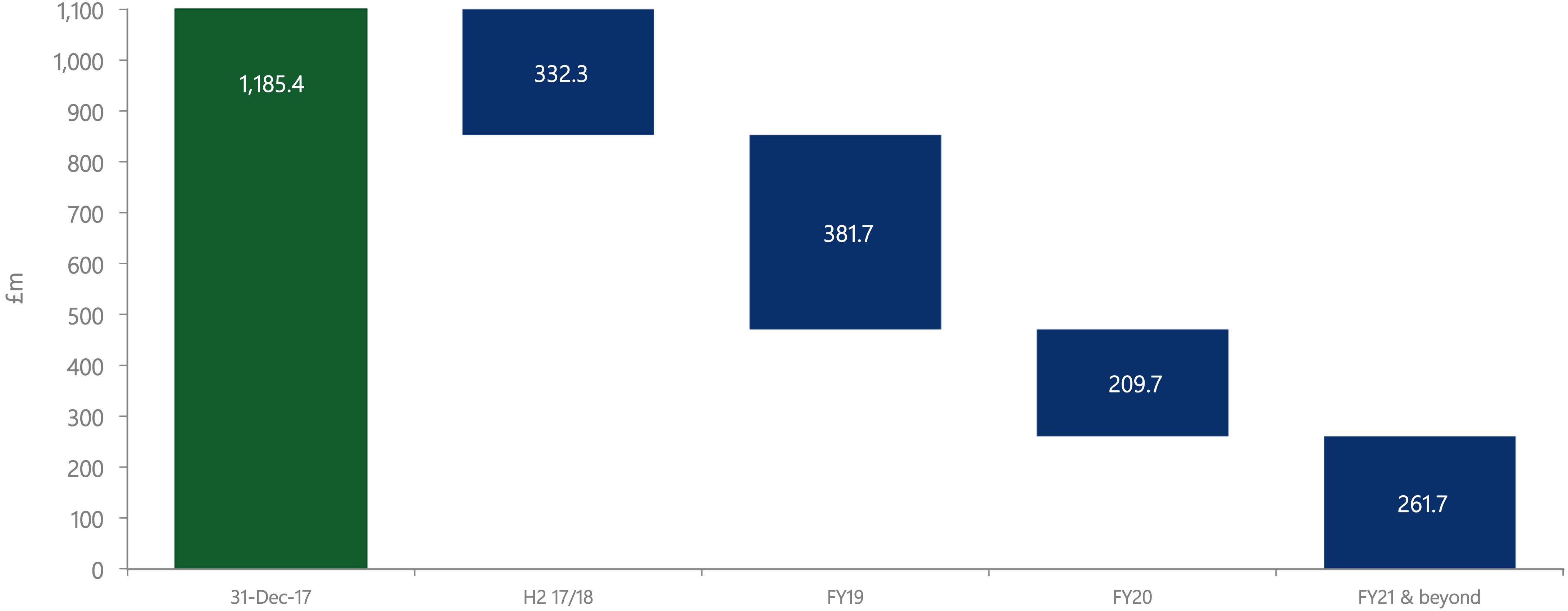
SINCE 1958

BALANCE SHEET – LAND BANK

Land bank plots	31 December 2017	31 December 2016
Owned / unconditional contracts	64,542	52,976
Conditional contracts	19,075	24,120
Total land bank plots	83,617	77,096
JV plots – owned / conditional	5,329	4,911
Total land bank plots (including JV's)	88,946	82,007
Land bank pricing (£'000)		
Cost of plots acquired	53.0	39.3
Cost of plots in P&L	52.6	50.9
Cost of plots in balance sheet	48.7	50.5
Owned land bank ASP	266	267

LAND CREDITORS - PAYMENT PROFILE



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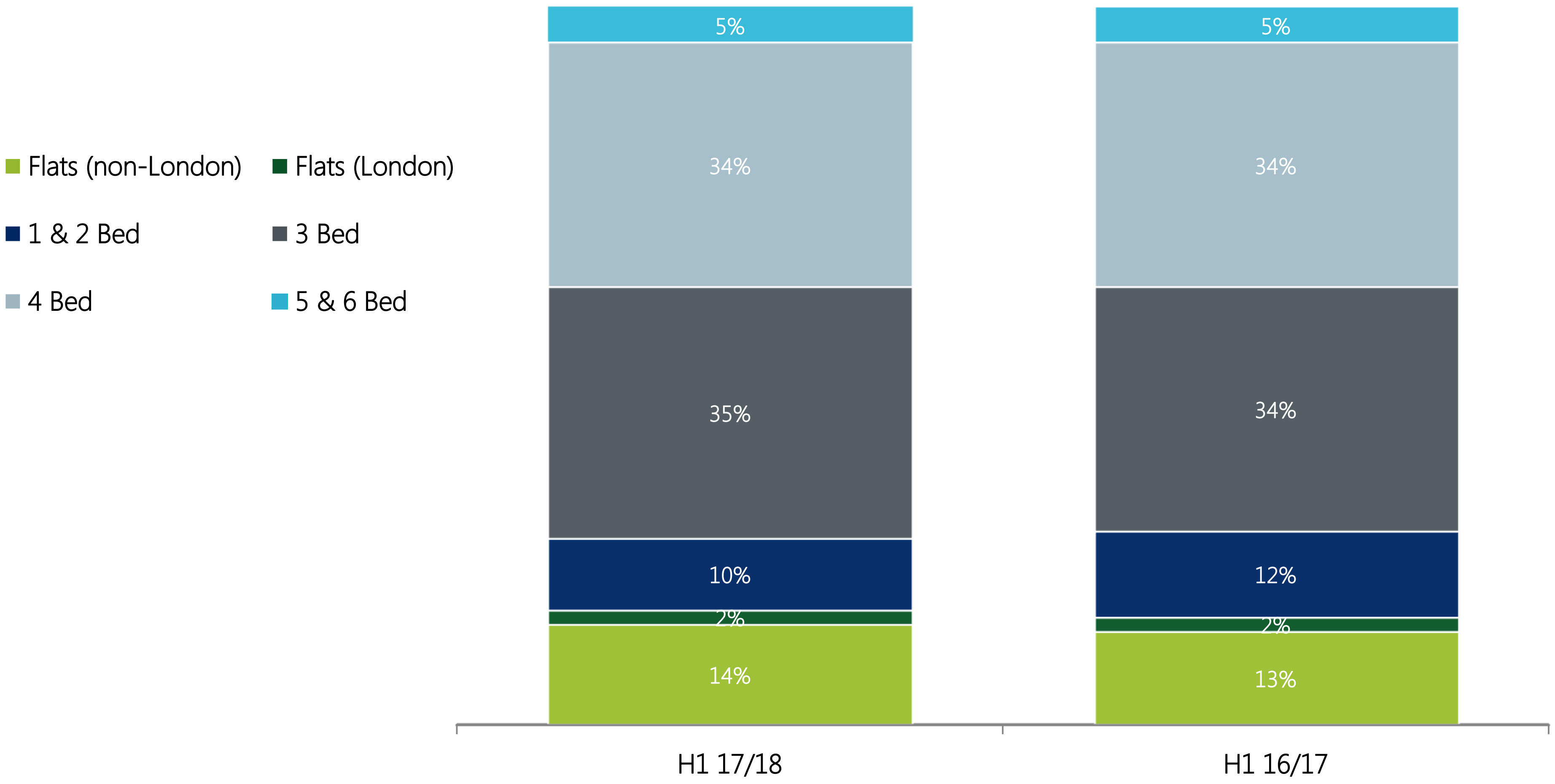
COMPLETIONS ANALYSIS – PRODUCT TYPE



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LONDON LAND PRICES

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INVESTMENT IN JOINT VENTURES AND ASSOCIATES

	31 December 2017	31 December 2016
	£m	£m
Housebuilding		
London	198.0	193.8
Non-London	28.4	36.0
Total housebuilding	226.4	229.8
Other		
Commercial	1.9	2.1
Equity share joint venture	-	22.3
Associates	-	0.4
Total	**228.3**	**254.6**

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JOINT VENTURE LAND BANK PLOTS

	31 December 2017	31 December 2016
	plots	plots
London - owned	3,099	1,757
London - controlled	732	1,343
London total	3,831(1)	3,100(1)
Regional - owned	1,418	1,731
Regional - controlled	80	80
Regional - total	1,498	1,811
Total	**5,329**	**4,911**

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(1) Zone 1: 393 (2016: 606), Zone 2: 196 (2016: 203), Zone 3+: 3,242 (2016: 2,291)

NET INTEREST CHARGE ANALYSIS

£m	H1 17/18	H1 16/17
Interest on term debt and overdrafts	(0.5)	1.7
Interest on private placement notes	2.6	2.0
Utilisation / non-utilisation fees on RCF's	1.9	2.1
Swap interest	-	3.4
Other interest	0.7	2.4
Total cash interest	**4.7**	**11.6**
Land creditors / deferred payables	17.7	16.5
Financing fees	1.1	1.5
Pension	(0.3)	(0.2)
Total non-cash interest	**18.5**	**17.8**
Total interest	**23.2**	**29.4**

BARRATT DEVELOPMENTS PLC
BUILDING EXCELLENCE SINCE 1958

FINANCING ARRANGEMENTS

Loan Facility	Amount	Maturity	Interest basis
RCF facilities	£700m(1)	December 2022	LIBOR +1.25%(2)
Private placement notes	£200m	August 2027	2.77%
Get Britain Building	£16.8m	March 2018	EU ref rate +1%

(1) Amend and Extend completed in December 2016 to remove the £150m step-down and extend the RCF. In December 2017, the Group exercised the option to extend the RCF by a further year to December 2022.
(2) Does not include utilisation and non-utilisation fees, based on margin applied at 30 June 2017

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