



16 October 2019

## **Barratt Developments PLC Continued strong performance**

Barratt Developments PLC (the 'Group') is today holding its Annual General Meeting ('AGM') at 12:00pm in London and issuing a trading update for the 15 week period from 1 July to 13 October (the 'period'). All comparatives are to the prior year equivalent period ('2019') unless otherwise stated. Barratt Developments PLC's year end is 30 June 2020.

### ***David Thomas, Chief Executive commented:***

"We have started our new financial year well, with a good sales rate and a healthy forward order book. As the only major housebuilder to be awarded a 5 Star rating for customer satisfaction for ten years in a row, we continue to lead the industry in quality and customer service.

'Whilst there is economic and political uncertainty, we continue to be disciplined and have a strong balance sheet and cash position which we believe provide us with the resilience and flexibility to react to potential changes in the operating environment in FY20 and beyond. We maintain our focus on the delivery of operational improvements across our business, and our commitment to deliver the highest quality homes across the country.'

### **Trading update**

The Group has started the new financial year well with good customer demand for high quality new homes across the country. Our sales rate in the period was 0.72 net private reservations per active outlet per average week. In the equivalent period last year the sales rate was also 0.72 but this included two bespoke design and build arrangements, without those the sales rate in the equivalent period in FY19 was 0.69.

We are progressing as expected on site openings, with 26 (2019: 53) new developments launched in the period (including JVs). We operated from an average of 374 (2019: 365) active outlets (including JVs).

As Britain's largest housebuilder we remain committed to playing our part in addressing the housing shortage. We continue to increase volumes whilst maintaining our industry leading quality, and remain committed to investing in the future of housebuilding. In the period we have delivered 3,252 (2019: 2,852) home completions (including JVs), up 14.0% on last year. Total forward sales (including JVs) as at 13 October 2019 are strong, comprising 12,963 homes (14 October 2018: 12,903 homes) at a value of £3,070.2m (14 October 2018: £3,146.5m).

We continue to make good progress on our medium term targets with a focus on driving margin improvements through our business without compromising quality. Our new product range is now in build on 74% of our active outlets, providing us with greater flexibility to replan sites to suit market conditions

and consumer demands. Our new housetype ranges are suitable for modern methods of construction which we continue to develop, trial and implement and aim to use in the construction of 25% of our homes by 2025.

We continue to buy land at a minimum of 23% gross margin and to expect to approve between 18,000-22,000 plots for purchase this year to support our volume growth aspirations.

### **Leadership in quality and customer service**

We have an absolute and long term commitment to quality and customer service. Not only is this the right thing to do for customers, we believe it is also fundamental to business resilience. Our quality is recognised through the NHBC Pride in the Job Awards for site management. In June 2019 our site managers were awarded 84 awards, more than any other housebuilder for the 15th consecutive year. We are also the only major housebuilder to be awarded the maximum 5 Star rating by our customers in the HBF customer satisfaction survey for ten years in a row which means that our customer satisfaction rating is consistently over 90%.

### **Capital returns**

In accordance with our extended Capital Return Plan announced in February 2019 and the continued strong financial performance of the Group, in September the Board recommended a final ordinary dividend of 19.5 pence per share (2018: 17.9 pence per share) and a special dividend of £175.0m (17.3 pence per share). Both the final and special dividends will be paid on 5 November 2019, subject to shareholder approval at today's Annual General Meeting. The total proposed dividend for FY19, including the interim dividend of 9.6 pence per share paid in May 2019, is therefore 46.4 pence per share (FY18: 43.8 pence per share).

### **Outlook**

We remain focused on delivering our medium term targets of volume growth in wholly owned home completions of 3 - 5% per annum over the medium term, land acquisition at a minimum 23% gross margin and a minimum 25% ROCE.

We have started our new financial year well. Based on current market conditions, we continue to expect to grow volume towards the lower end of our medium term target range this year, whilst ensuring we maintain our industry leading standards of quality and service. The housing market fundamentals remain attractive, with a long term undersupply of new homes, strong Government support to the sector and a positive lending environment.

As we said in September, whilst there is increased economic and political uncertainty, the Group is in a strong position. We recognise that the economic outlook will depend on the form of the UK's EU withdrawal in the medium term. We have a substantial net cash balance, a well-capitalised balance sheet, a healthy forward sales position, a continued focus on delivery of operational improvements across our business and an ongoing commitment to deliver high quality homes across the country. The Board will continue to monitor the market and economy and believes that our strong financial position provides us with the resilience and flexibility to react to potential changes in the operating environment in FY20 and beyond.

### **Annual General Meeting**

The Group will be holding its AGM today at 12:00pm at The Royal College of Physicians, 11 St Andrews Place, Regent's Park, London, NW1 4LE.

## Further information

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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.

Notes:

(1) Unless otherwise stated, all numbers quoted exclude Joint Ventures (JVs) throughout this statement

## Appendix

	13 October 2019		14 October 2018		Variance (%)	
1. Forward sales	£m	Units	£m	Units	£m	Units
Private	1,634.4	5,172	1,698.9	5,446	(3.8)	(5.0)
Affordable	1,102.8	6,869	1,023.6	6,615	7.7	3.8
<b>Wholly owned</b>	<b>2,737.2</b>	<b>12,041</b>	<b>2,722.5</b>	<b>12,061</b>	<b>0.5</b>	<b>(0.2)</b>
JV	333.0	922	424.0	842	(21.5)	9.5
<b>Total</b>	<b>3,070.2</b>	<b>12,963</b>	<b>3,146.5</b>	<b>12,903</b>	<b>(2.4)</b>	<b>0.5</b>

	Current Year		Prior Year		Variance (%)	
2. Forward sales roll	Private	Total	Private	Total	Private	Total
June	3,827	11,419	3,863	10,155	(0.9)	12.4
Reservations	3,922	4,796	3,880	5,600	1.1	(14.4)
Completions	(2,577)	(3,252)	(2,297)	(2,852)	12.2	14.0
<b>October</b>	<b>5,172</b>	<b>12,963</b>	<b>5,446</b>	<b>12,903</b>	<b>(5.0)</b>	<b>0.5</b>