



25 March 2020

Barratt Developments PLC COVID-19 Update

Barratt Developments PLC (the 'Group'), Britain's largest housebuilder, is today issuing an update on the impact of COVID-19. Barratt Developments PLC has a year end of 30 June.

Our first priority is employee, sub-contractors and customer safety

During this difficult period, our priority is to provide a safe environment for all our employees, sub-contractors and customers. Throughout, the Board and Executive team have taken steps to ensure that the guidance of Public Health England is strictly adhered to across all of our operations. As this guidance evolved, we took the decision to close all of our sales centres, construction sites and offices as quickly and safely as possible. We have transitioned the business to enable home working and are offering support to employees through this period of uncertainty.

COVID-19 impact and mitigating actions

The Board continues to closely monitor Government guidance in respect of COVID-19. Whilst it is too early to make a reliable forecast about the duration or impact of the pandemic, and with our sites now closing, the Board expects it to have a significant impact on both construction output and reservations.

The Board has acted rapidly, taking measures to manage the Group's cost base and cash-flows to ensure resilience. These actions have included:

- Suspending all land buying activity
- Ceasing all recruitment activity
- Postponing all non-essential capital expenditure
- Actively managing cash flows whilst ensuring that we are paying our suppliers and sub-contractors on time

We will continue to assess further cost-saving opportunities available to us as the situation develops, whilst balancing the long-term requirements of the business.

Dividend

Given the uncertainties caused by the impact of COVID-19, the Board believes it is appropriate to cancel the interim dividend of 9.8 pence per share (c.£100m)¹, which was due to be paid on 11 May 2020. The Board recognises the importance of dividends as a part of overall shareholder returns and will consider dividends at the time of announcing the full year results in September taking into account the position on COVID-19.

Strong Balance Sheet

The Group continues to have a very strong balance sheet and at 20 March 2020 we had c. £380m of cash². The Group has total committed facilities and private placement notes of £900m, comprising a £700m undrawn revolving credit facility³ and fully drawn £200m US private placement notes⁴.

Trading update

The Group started the calendar year well with good customer demand for our high quality new homes across the country and, until the past week, our trading performance was in line with expectations. The Group delivered 10,364 home completions (2019: 9,437 home completions) (including JVs) in the period to 22 March 2020, of which 2,050 homes (2019: 1,815 homes) (including JVs) were completed in the period since 1 January 2020. Our total forward sales remain strong at 13,836 homes and at a value of £3,298.2m (including JVs). However, as COVID-19 has gathered pace in the UK and since the introduction of increased social distancing guidelines, there has been a reduction in reservations and site visitors and an increase in cancellations.

Looking ahead

Given the ongoing uncertainty, we are unable to quantify the impact of COVID-19 on our financial and trading performance at this stage. Accordingly the Group is suspending all existing financial guidance.

The business is facing this challenge from a position of strength, with a robust balance sheet, a highly skilled workforce and an experienced Board. Our customers and employees will remain at the heart of every decision we make. The Board is focused on taking the right actions so that we will emerge from this pandemic well-placed to continue to deliver the high quality housing the country needs.

Notes

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

- 1 Based upon 31 December 2019 share capital of 1,014,746,539 shares for proposed payments
- 2 Cash comprises cash and cash equivalents
- 3 The revolving credit facility has an expiry date of November 2024
- 4 The US private placement notes have an expiry date of August 2027

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.

This announcement contains inside information. The person responsible for arranging for the release of this announcement on behalf of Barratt Developments PLC is Claire Adams (Head of Investor Relations).