BARRATT
DEVELOPMENTS PLC

13 October 2021

Barratt Developments PLC
A strong and sustained start to the new financial year

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 period from 1 July to 10 October 2021 (the 'period'). All comparatives are to the equivalent trading periods ('FY21' and 'FY20') unless otherwise stated. Barratt Developments PLC's year end is 30 June 2022.

David Thomas, Chief Executive commented:
"The positive start to the new financial year has continued in recent weeks with private reservations remaining strong. This is particularly encouraging given the significant year on year reduction in Help to Buy reservations and the ending of the stamp duty holiday. We continue to work closely with our suppliers and sub-contractors and have not experienced any significant disruption to our build programme as a result of the challenging supply chain environment.

We remain on track to deliver both our FY22 and medium term targets set out in the FY21 results, whilst maintaining our commitment to leading the industry in the quality and sustainability of our homes and in customer service, which we believe is fundamental to our ongoing success."

Trading update
We have seen continued strength in customer demand across the country for our high quality new homes with net private reservations[1] per average week of 281 (FY21: 288; FY20: 262), resulting in net private reservations per active outlet per average week of 0.85 (FY21: 0.87; FY20: 0.72).

Whilst the net private reservation rate was 2.3% below that reported in the prior year period, this was a particularly active period reflecting both pent-up demand following the initial national lockdown, and increased Help to Buy ('H2B') reservation activity ahead of the tapering of H2B in December 2020 which excluded existing homebuyers and introduced regional price caps for first time buyers. Against a more relevant comparative period in FY20, the net private reservation rate is ahead by 18.1%.

We have been particularly pleased with the strength of our private reservation rate given the significantly reduced H2B support. In the year to date 21% of our private reservations (FY21: 51%; FY20: 45%) are using H2B.

In line with our expectations, we have launched 27 (FY21: 33; FY20: 26) new developments (including JVs) in the period. We operated with an average of 338 (FY21: 340; FY20: 374) active outlets (including 8 JVs (FY21: 8; FY20: 8)). We continue to expect to deliver average sales outlet growth of around 3% in FY22 driven by both site acquisition and our land bank optimisation through additional dual branding of Barratt and David Wilson Homes on our sites.

In the period we delivered 3,699 (FY21: 4,032; FY20: 3,252) home completions (including JVs), 8.3% behind the comparable period in FY21 which benefited from the significant increase in home completions after the disruption created by the initial national lockdown.

The completion profile in FY22, as was highlighted in the FY21 results, is expected to revert to the more seasonal pattern with around 45% of our full year completion guidance anticipated in the first half of FY22 and around 55% scheduled for completion in the second half of the financial year.

Reflecting the continued strength in reservations, our total forward sales (including JVs) as at 10 October 2021 totalled 15,393 homes (11 October 2020: 15,135 homes; 13 October 2019: 12,963 homes) at a value of £3,936.6m (11 October 2020: £3,647.6m; 13 October 2019: £3,070.2m). We are now 71%[2] forward sold with respect to private wholly owned home completions for FY22 (FY21: 70%[3]).

The private average selling price ('ASP') in our wholly owned forward order book as at 10 October 2021 was £344.3k (11 October 2020: £331.4k; 13 October 2019: £316.0k) reflecting underlying house price inflation, diluted by a modest decrease in the proportion of larger family homes and a lower ASP with respect to London reservations through mix changes.

Whilst the challenges around securing sufficient and timely building materials supplies is an issue across the industry, to date we have not experienced any significant disruption to our own build programme with our sites continuing to operate successfully throughout the country. Construction activity remains in line with FY22 planned output, with an average of 335 (FY21: 294; FY20: 364) equivalent homes[4] constructed per average week in the period. We continue to expect build cost inflation of between 4% and 5% for FY22.

Land

We remain disciplined and selective in our approach to acquiring new land, where we continue to see attractive opportunities that meet our hurdle rates. In the period we have approved the purchase of 3,735 plots (FY21: 484 plots; FY20: 1,986 plots) across 15 (FY21: 4; FY20: 7) sites and continue to expect to approve between 18,000 and 20,000 plots in FY22.

New Chief Financial Officer

We are also pleased to confirm that Mike Scott will be joining the Group as an Executive Director and Chief Financial Officer on 6 December 2021. Mike will work closely with our experienced management team with a continued focus on growth and our medium term targets.

Outlook

Based on current market conditions and working closely with our suppliers and sub-contractors to minimise disruption to our build programme, we continue to expect to grow wholly owned completions to between 17,000 and 17,250 homes in FY22 and, in addition, deliver around 750 home completions from our JVs, whilst ensuring we maintain our industry leading standards of quality and service.

In line with our commitment to being the leading national sustainable housebuilder, our business is well placed for the changes being introduced with the Future Homes Standard in 2022 as we continue to drive towards ensuring all of our new housetypes are zero carbon in use from 2030.

We have acquired land in recent years at a minimum 23% gross margin and a targeted minimum 25% ROCE. We remain focused on delivering operating efficiencies as we grow home completion volumes over the medium term towards our current capacity of 20,000 homes.

The Group is in a very good position. We have both a substantial net cash balance and strong forward sales, as well as an excellent land bank and a continued focus on delivering operational improvements across our business, alongside our ongoing commitment to deliver high quality, sustainable homes across the country.

Whilst there continues to be some macroeconomic uncertainty, the Board believes that our strong financial position provides us with the platform and flexibility to react to any changes in FY22 and beyond.

Annual General Meeting

The Group will be holding its AGM today at 12.00pm at Ironmongers' Hall, Shaftesbury Place, Aldersgate Street, Barbican, London, EC2Y 8AA. There will also be a live webcast of the AGM and the ability to submit questions on the day. Full details on how to access the webcast can be found in the Notice of AGM.

Further information

For further information, please contact:

Barratt Developments PLC:

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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.

(2) Our forward sold position with respect to FY22 private home completions is based on the mid-point of wholly owned completions guidance (17,125 homes) and assuming a 79% : 21% private : affordable home completion mix.

(3) Our forward sold position with respect to FY21 is based on actual wholly owned private home completions for the year.

(4) Equivalent homes constructed per average week includes Joint Ventures (JVs).

Appendix:

	10 October 2021		**11 October 2020**		**Variance (%)**		**13 October 2019**		**Variance (%)**	
1. Forward sales	£m	Homes	£m	Homes	£m	Homes	£m	Homes	£m	Homes
Private	2,466.5	7,164	2,129.2	6,424	15.8%	11.5%	1,634.4	5,172	50.9%	38.5%
Affordable	1,201.1	7,488	1,216.8	7,803	(1.3%)	(4.0%)	1,102.8	6,869	8.9%	9.0%
Wholly owned	**3,667.6**	**14,652**	**3,346.0**	**14,227**	**9.6%**	**3.0%**	**2,737.2**	**12,041**	**34.0%**	**21.7%**
JV	269.0	741	301.6	908	(10.8%)	(18.4%)	333.0	922	(19.2%)	(19.6%)
Total	**3,936.6**	**15,393**	**3,647.6**	**15,135**	**7.9%**	**1.7%**	**3,070.2**	**12,963**	**28.2%**	**18.7%**

	Current Year		**FY21**		**Variance (%)**		**FY20**		**Variance (%)**	
2. Forward sales roll	Private	Total	Private	Total	Private	Total	Private	Total	Private	Total
June	5,724	14,334	5,320	14,326	7.6%	0.1%	3,827	11,419	49.6%	25.5%
Reservations	4,089	4,758	4,245	4,841	(3.7%)	(1.7%)	3,922	4,796	4.3%	(0.8%)
Completions	(2,649)	(3,699)	(3,141)	(4,032)	(15.7%)	(8.3%)	(2,577)	(3,252)	2.8%	13.7%
October	**7,164**	**15,393**	**6,424**	**15,135**	**11.5%**	**1.7%**	**5,172**	**12,963**	**38.5%**	**18.7%**