



Heather Croft  
Pickering

# HY23 Results Presentation

Half year ended 31 December 2022

8 February 2023



**BARRATT**  
DEVELOPMENTS PLC





Overstone Gate  
Northamptonshire

# David Thomas

Chief Executive Officer



# Overview

## HY23 performance

- Excellent operational and financial performance
- Record half year adjusted PBT
- Further improvement in ROCE
- Strong net cash position
- But challenging reservation backdrop

	HY23	HY22	Change
<b>Total home completions</b> (inc JVs)	<b>8,626</b>	8,067	6.9% ▲
<b>Adjusted PBT</b>	<b>£521.5m</b>	£450.0m	15.9% ▲
<b>ROCE<sup>(1)</sup></b>	<b>29.6%</b>	26.2%	340 bps ▲
<b>Net cash</b>	<b>£969.1m</b>	£1,131.7m	14.4% ▼

(1) ROCE for the 12 months to 31 December 2021 has been restated to exclude provisions in relation to legacy properties from capital employed

# Overview

## Current trading

- Private reservation rate of 0.49, improved on Q2 exit rate of 0.30
- Increase in active sales outlets
- c. 86% forward sold for FY23 private completions

	2HY23 to date	2HY22 to date	Change
Net private reservations per active outlet per week	<b>0.49</b>	0.90	45.6% ▼
Average active outlets	<b>373</b>	325	14.8% ▲
Net private reservations per week	<b>182</b>	291	37.5% ▼
Total forward sales (inc JVs) <sup>(1)</sup>	<b>£2,665.0m</b>	£4,109.7m	35.2% ▼
Private sold position for full year (Wholly owned) <sup>(1)</sup>	<b>c. 86%</b>	92%	(c. 600 bps) ▼

(1) As at 29 January 2023 and 30 January 2022



# Overview

## Current backdrop

- Experienced management team
- Initial levers pulled:
  - Land approvals paused
  - Recruitment freeze
- As the market evolves:
  - Trading the business week to week
  - Costs under constant review
- Fundamentals remain attractive:
  - Supply and demand
  - Mortgage lender appetite to lend
  - The energy costs and environmental advantages of new build
- Assuming the improved reservation rate since 1 January 2023 continues, we expect to deliver 16,500 to 17,000 total completions<sup>(1)</sup>



River Meadow, Stanford in The Vale

<sup>(1)</sup> Including c. 750 JVs





Caisteal Gardens  
Winchburgh

# Steven Boyes

Chief Operating Officer



# Sales performance

## Sales rates and selling outlets

- The reservation rate weakened sequentially through HY23
- Total average sales outlet growth of c. 8% expected in FY23
- Total sales outlets at year end expected to be above prior year, supporting reservations in FY24

	HY23	HY22	Change
<b>Average net private reservations per active outlet per week</b>			
<b>Wholly owned</b>	<b>0.44</b>	<b>0.79</b>	<b>44.3% ▼</b>
JV	0.75	1.00	25.0% ▼
<b>Total</b>	<b>0.45</b>	<b>0.79</b>	<b>43.0% ▼</b>
<b>Average active sales outlets</b>			
<b>Wholly owned</b>	<b>352</b>	<b>329</b>	<b>7.0% ▲</b>
JV	8	8	-
<b>Total</b>	<b>360</b>	<b>337</b>	<b>6.8% ▲</b>



# Completions

## Volumes and pricing

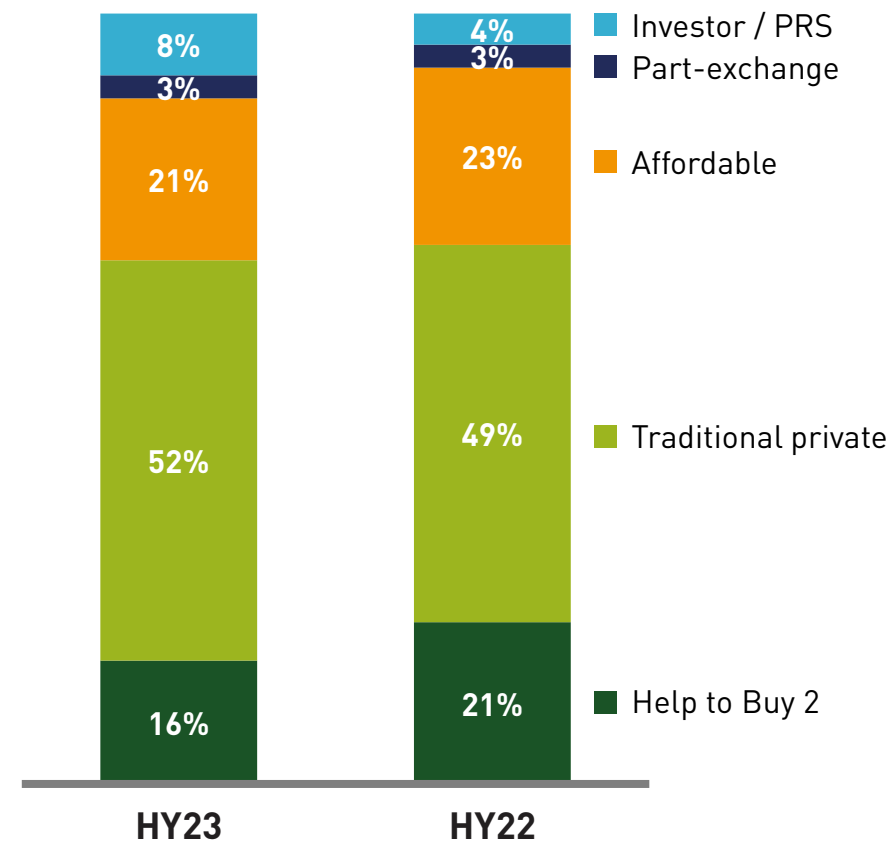
- HY23 completion growth reflected:
  - Strong opening forward order book
  - Disciplined site-based construction output
- Private ASP growth reflects:
  - Underlying annual price inflation of c. 8.8%
  - Increased proportion of London completions
  - Increase in larger homes outside London
- Affordable ASP increase reflects a higher proportion of London completions

	HY23	HY22	Change
<b>Home completions (units)</b>			
Private	6,549	5,896	11.1% ▲
Affordable	1,715	1,776	3.4% ▼
<b>Total home completions</b>	<b>8,264</b>	<b>7,672</b>	<b>7.7% ▲</b>
<i>% Affordable</i>	<i>21%</i>	<i>23%</i>	<i>(200 bps)</i>
JV	362	395	8.4% ▼
<b>Total home completions (inc JVs)</b>	<b>8,626</b>	<b>8,067</b>	<b>6.9% ▲</b>
<b>ASP (£'000)</b>			
Private	372.0	327.4	13.6% ▲
Affordable	170.4	157.1	8.5% ▲
<b>Total</b>	<b>330.1</b>	<b>288.0</b>	<b>14.6% ▲</b>
JV	403.6	355.1	13.7% ▲

# Completions analysis

## Buyer type

- Help to Buy declining as the scheme draws to a close
- Investor share of completions doubled reflecting:
  - Increased London share of completions
  - Growth in private rental sector demand
- Affordable delivery expected to be 24% for full year
- Part-exchange usage stable in the half, but expected to increase going forward





# Construction output, customer service and build quality

- Excellent control of construction output in the first half, aligning with completions
- Industry leading customer service: HBF 5 star rating for 13 consecutive years and on track for 5 star in 2023
- Small increase in injury incidence rate, key safety messages reinforced on site
- Industry leading build quality:
  - Pride in the Job: 2022 Supreme Winner, our 6<sup>th</sup> in 8 years
  - RIs: 1st position maintained amongst the majors

	HY23	HY22	HY21	HY20
<b>Performance metrics</b>				
<b>Average construction output per week</b> (equivalent homes)	<b>333</b>	341	298	351
<b>HBF survey</b> (star rating)	<b>5*</b>	5*	5*	5*
<b>Injury incidence rate <sup>(1)</sup></b> (rolling 12 months)	<b>301</b>	295	305	330
<b>Pride in the Job Awards</b> (number)	<b>98</b>	93	92	84
Major housebuilder rank	<b>1<sup>st</sup></b>	1 <sup>st</sup>	1 <sup>st</sup>	1 <sup>st</sup>
<b>Average Reportable Items (RIs) per NHBC inspection</b> (rolling 12 months)	<b>0.16</b>	0.13	0.12	0.16
Major housebuilder rank	<b>1<sup>st</sup></b>	1 <sup>st</sup>	2 <sup>nd</sup>	1 <sup>st</sup>

(1) Injury incidence rate per 100,000 workers

# Our cost structure and total build cost inflation

Cost structure	% of revenue <sup>(1)</sup>
Land	c. 16%
Infrastructure and S106	c. 20%
Housebuild – materials	c. 32%
Housebuild – labour	
Site and division based operating costs	c. 9%
Administrative expenses	c. 4%
<b>Total<sup>(2)</sup></b>	<b>c. 81%</b>

## Materials

- Centralised procurement team manage around 90% of materials
- Inflationary pressures remain, energy and labour being the major challenges for suppliers but inflation rates abating
- Cost reductions / stabilisation seen in some key areas e.g. timber and steel respectively
- Cement intensive building products remain more inflationary

## Labour

- Labour inflation showing early signs of moderation e.g. ground workers and bricklayers
- Desire to secure future workload becoming a factor for subcontractors
- 580 apprentices, graduates and trainees on programmes as at 31st December 2022

**Total build costs**  
expected to increase by  
**c. 9-10%**  
in FY23

(1) Illustrative of 'typical' cost structure of 23% medium term gross margin target

(2) Illustrates operating margin of 19%



# Land bank

- Land approvals for future purchase paused given market uncertainty
- Our land bank remains strong at 4.4 years on a trailing basis
- Strategic land bank expansion will support replenishment of our current land bank when market conditions become clearer
- Minimal land approvals anticipated in FY23 based on current market conditions

	31 Dec 2022	31 Dec 2021
<b>Land bank plots</b>		
<b>With detailed planning consent</b>	<b>47,641</b>	<b>49,622</b>
With outline planning consent and other <sup>(1)</sup>	16,431	16,933
<b>Owned</b>	<b>64,072</b>	<b>66,555</b>
Controlled	13,322	11,909
<b>Total</b>	<b>77,394</b>	<b>78,464</b>
<i>Land bank years (exc JVs)</i>	<i>4.4</i>	<i>5.1</i>
JV – Owned and controlled	4,186	4,418
<b>Total including JV</b>	<b>81,580</b>	<b>82,882</b>
Strategic land (acres)	16,221	14,172
Strategic land (plots)	93,600	83,000
Gladman promotional land (plots)	93,903	n/a

(1) Other includes plots with resolution to grant and other; 31 December 2022: 658 plots and 31 December 2021: 560 plots

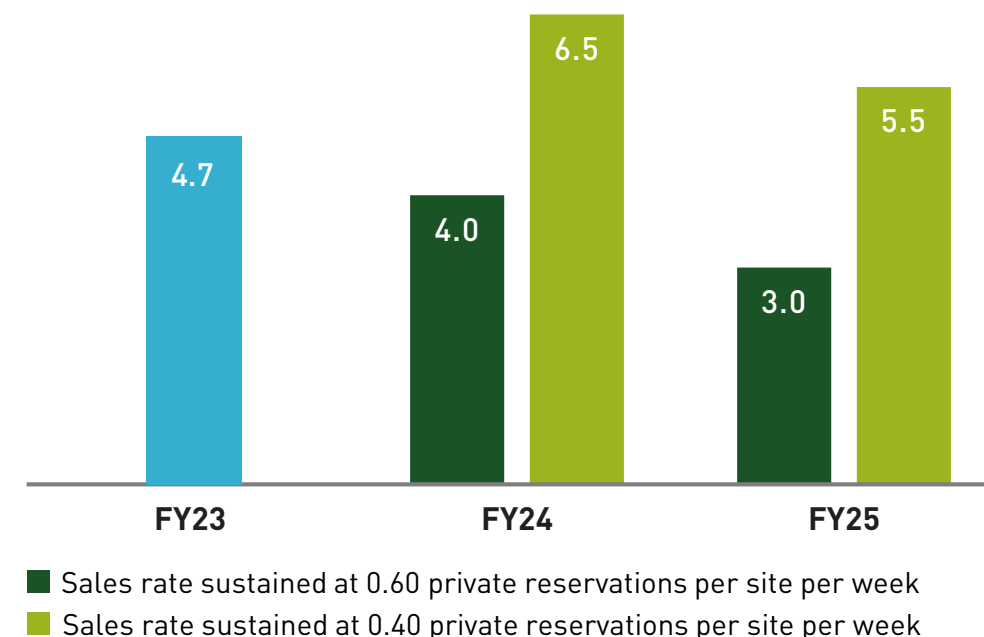
# Land bank

## Operational scenarios

- The industry's private reservation rate remains uncertain:
  - HTB scheme closure & deposit constraints for first time buyers
  - Mortgage availability / affordability constraints
- Land bank forecast scenarios ahead of 3.5 year target through to end of FY24
- Site transfers an option between adjacent divisions
- Switching focus to strategic land and longer term land promotion
- No pressure to resume land purchasing in the short term

### Illustrative land bank length scenarios (years)

At 30 June 2023 – 30 June 2025 assuming sustainable reservation rates at 0.40 and 0.60 per sales outlet per week<sup>(1) (2) (3)</sup>



(1) H2 FY23 completions based on mid-point of FY23 guidance (16,750 total completions less 750 JV completions) after deducting 8,264 wholly owned completions in HY23

(2) FY24 – FY25 completions based on assumed average sales outlets of 375 per week for FY24 – FY25 and an affordable mix of 21%

(3) Scenarios based on 82,173 plots at 31 December 2022, consisting of 64,072 owned plots, 13,322 controlled plots and 4,779 plots approved but not yet contracted



# Summary

- An excellent operating performance, managing construction activity and home completions
- Leadership in customer satisfaction and build quality continues
- Build cost inflation remains challenging but inflationary pressures easing
- Land buying paused but land bank strength means no pressure to resume land purchases
- Our management team has the experience to deliver the right operational decisions in the months ahead







The Skylarks  
Loughborough

# Mike Scott

Chief Financial Officer

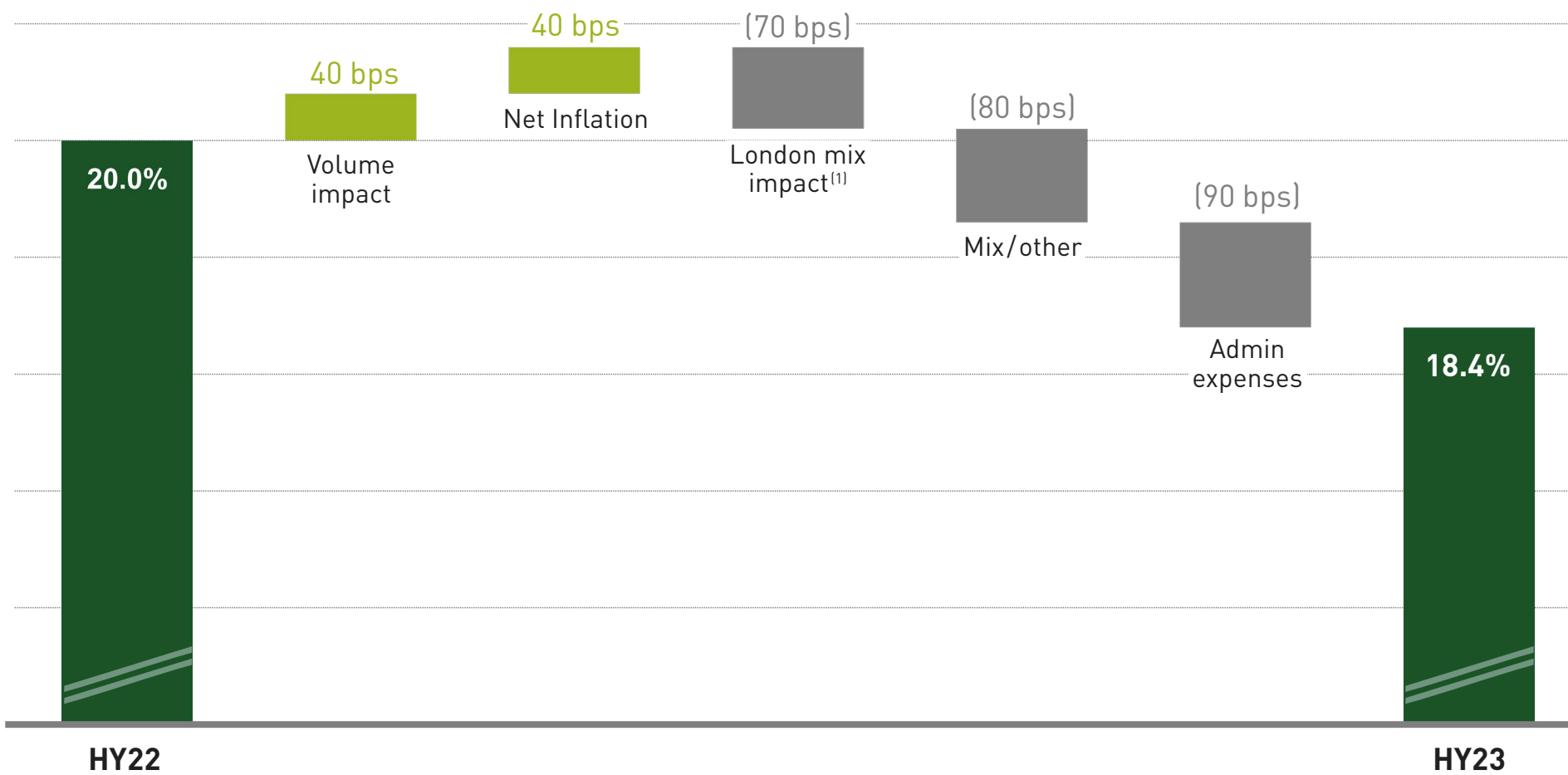


# Summarised performance

£m (unless otherwise stated)	HY23	HY22	Change
<b>Revenue</b>	<b>2,783.9</b>	<b>2,247.1</b>	<b>23.9% ▲</b>
<b>Adjusted gross profit</b>	<b>647.9</b>	<b>562.4</b>	<b>15.2% ▲</b>
<i>Adjusted gross margin %</i>	<i>23.3</i>	<i>25.0</i>	<i>170 bps ▼</i>
<b>Gross profit</b>	<b>630.3</b>	<b>546.5</b>	<b>15.3% ▲</b>
<i>Gross margin %</i>	<i>22.6</i>	<i>24.3</i>	<i>170 bps ▼</i>
<b>Adjusted operating profit</b>	<b>511.8</b>	<b>449.9</b>	<b>13.8% ▲</b>
<i>Adjusted operating margin %</i>	<i>18.4</i>	<i>20.0</i>	<i>160 bps ▼</i>
<b>Operating profit</b>	<b>494.2</b>	<b>434.0</b>	<b>13.9% ▲</b>
<i>Operating margin %</i>	<i>17.8</i>	<i>19.3</i>	<i>150 bps ▼</i>
<b>Adjusted PBT</b>	<b>521.5</b>	<b>450.0</b>	<b>15.9% ▲</b>
<b>PBT</b>	<b>501.5</b>	<b>432.6</b>	<b>15.9% ▲</b>
<b>Adjusted earnings per share (pence)</b>	<b>39.2</b>	<b>35.9</b>	<b>9.2% ▲</b>
<b>Earnings per share (pence)</b>	<b>37.7</b>	<b>34.5</b>	<b>9.3% ▲</b>
<b>Dividend per share (pence)</b>	<b>10.2</b>	<b>11.2</b>	<b>8.9% ▼</b>
<b>Net cash</b>	<b>969.1</b>	<b>1,131.7</b>	<b>14.4% ▼</b>
<b>ROCE %<sup>(1)</sup></b>	<b>29.6</b>	<b>26.2</b>	<b>340 bps ▲</b>

(1) ROCE for the 12 months to 31 December 2021 has been restated to exclude provisions in relation to legacy properties from capital employed

# Adjusted operating margin bridge



(1) Reflects the impact of a previously impaired site at Hounslow, the majority of which was traded through in the half

# Administrative expenses and adjusted items

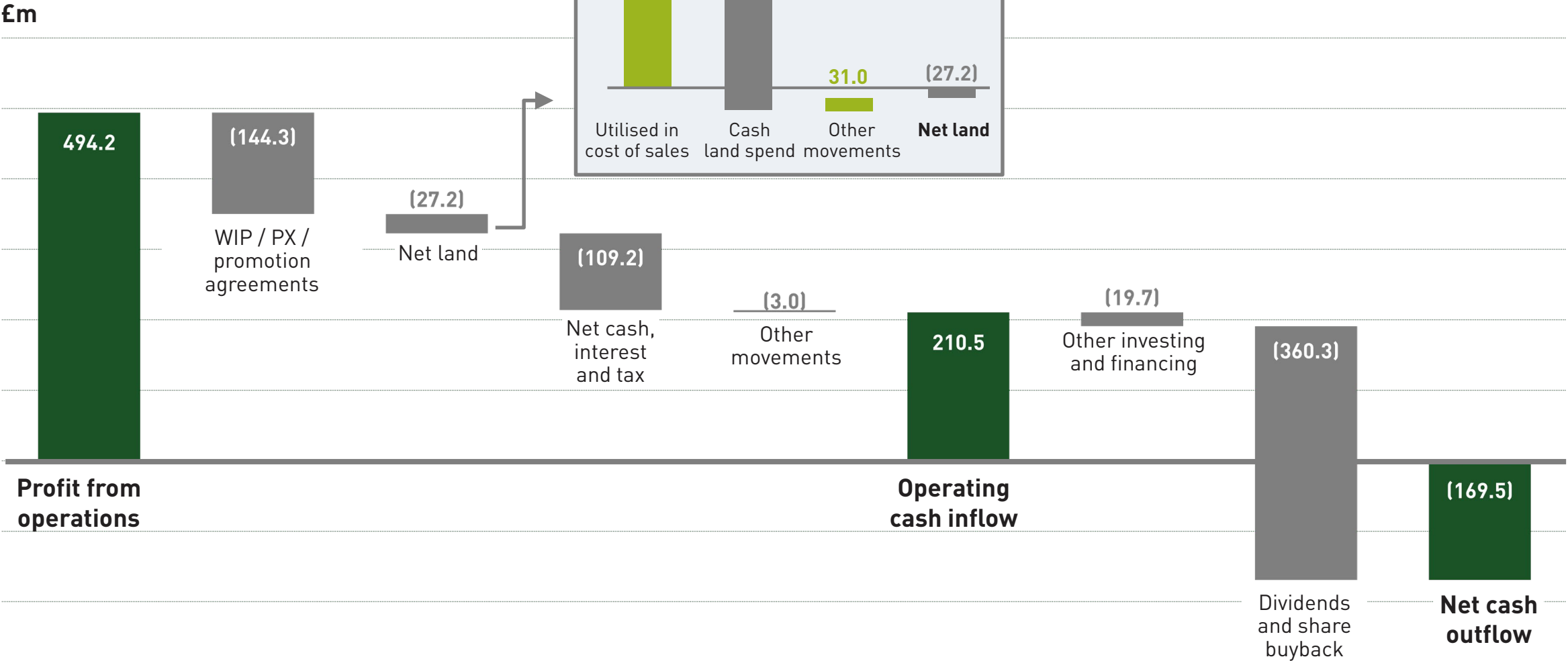
- HY23 administration expense increase reflected:
  - Gladman consolidation (acquired Jan 2022)
  - Building Safety Unit expansion
  - People costs, including salary increases and cost of living supplement
  - New divisions
- Guidance for full year reduced to c. £285m reflecting expected attainment level of performance related reward schemes and pause on recruitment
- £20.0m of adjusted items in relation to reinforced concrete frame review

£m	HY23	HY22
<b>Administrative expenses per income statement</b>	<b>136.9</b>	<b>114.5</b>
Net part-exchange income	(0.8)	(2.0)
<b>Net administrative expenses</b>	<b>136.1</b>	<b>112.5</b>

£m	HY23	HY22
<b>Adjusted items</b>		
Operating costs associated with legacy properties	17.6	15.9
Share of JV costs associated with legacy properties	2.4	1.5
<b>Total</b>	<b>20.0</b>	<b>17.4</b>



# Cash flow



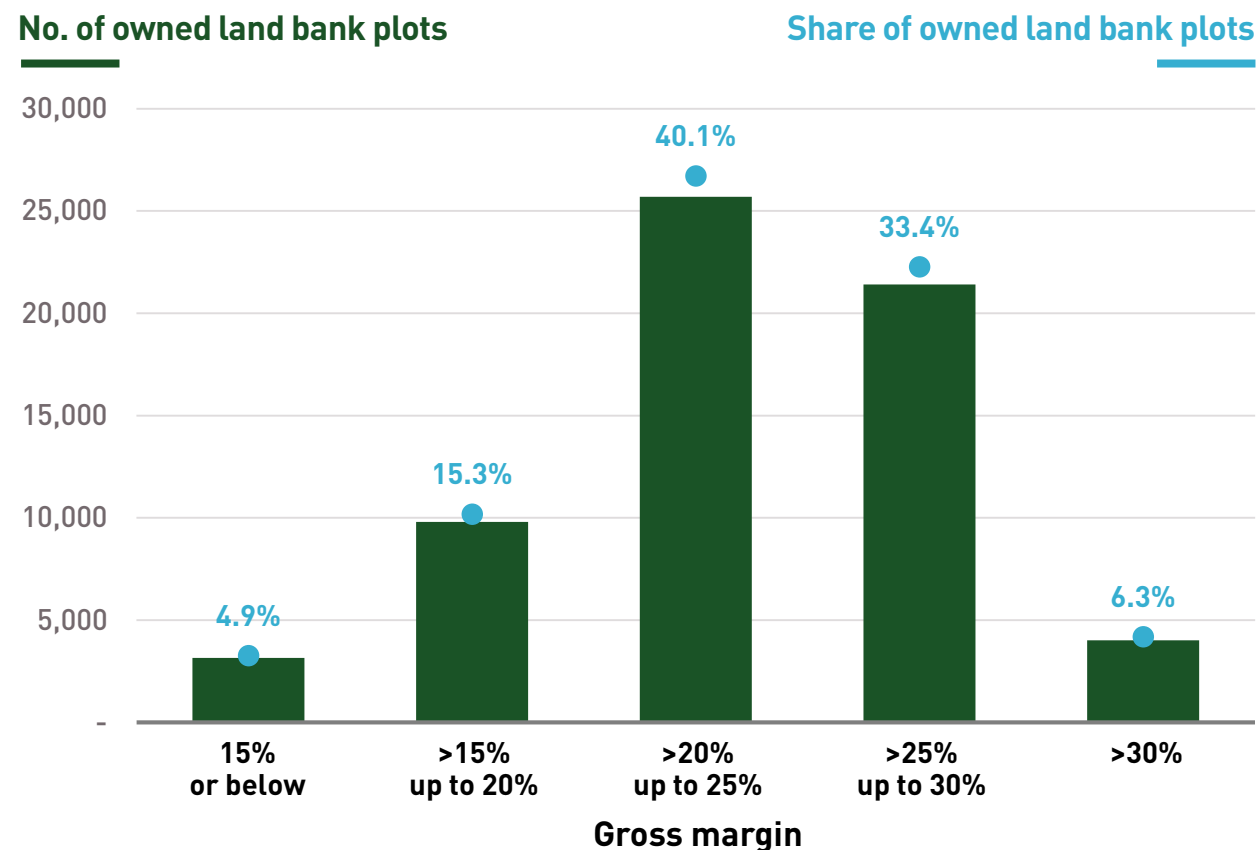
# Balance sheet

£m	31 Dec 2022	30 Jun 2022	Change	31 Dec 2021
<b>Goodwill and intangible assets</b>	<b>1,053.0</b>	<b>1,058.3</b>	<b>(5.3)</b>	<b>905.9</b>
<b>Investment in joint ventures and associates</b>	<b>188.0</b>	<b>177.9</b>	<b>10.1</b>	<b>160.4</b>
<i>Gross land bank</i>	<i>3,253.7</i>	<i>3,339.9</i>	<i>(86.2)</i>	<i>3,046.1</i>
<i>Land creditors</i>	<i>(622.3)</i>	<i>(733.6)</i>	<i>111.3</i>	<i>(682.3)</i>
<b>Net land bank</b>	<b>2,631.4</b>	<b>2,606.3</b>	<b>25.1</b>	<b>2,363.8</b>
<i>Land creditor %</i>	<i>19.1%</i>	<i>22.0%</i>	<i>(290 bps)</i>	<i>22.4%</i>
WIP	1,964.2	1,837.8	126.4	1,866.6
Gladman land promotion WIP	91.8	91.1	0.7	-
Net cash	969.1	1,138.6	(169.5)	1,131.7
Trade payables	(220.3)	(324.0)	103.7	(238.9)
Other working capital	(491.4)	(440.0)	(51.4)	(530.0)
Provisions in relation to legacy properties	(485.3)	(479.5)	(5.8)	(73.6)
Other net assets / liabilities	(43.9)	(35.2)	(8.7)	3.8
<b>Net assets</b>	<b>5,656.6</b>	<b>5,631.3</b>	<b>25.3</b>	<b>5,589.7</b>

# Our land bank and gross margin

- Resilient gross margin within the current land bank, ahead of our minimum target of 23%
- Our land bank reflects a relatively normal distribution:
  - c. 80% of land bank plots carry a gross margin >20%; and
  - c. 5% of plots carry a gross margin <15%
- Low impairment risk:
  - A further fall of 5% in house prices = £16.3m impairment, 0.5% of land bank carrying value

## 31 December 2022 owned land bank plots by gross margin





# Operating framework

## Progress update

	► Operating framework	► Positions at 31 December 2022 (and 30 June 2022)
<b>Land bank<sup>(1)</sup></b>	c. 3.5 years owned and c. 1.0 year controlled	<b>3.6 years owned and 0.8 years controlled</b> (2022: 3.9 years owned and 0.8 years controlled)
<b>Land creditors</b>	Maintain at 15 - 25% of the land bank over medium term	<b>Reduction to 19.1%</b> (2022: 22.0%)
<b>Net cash</b>	Modest average net cash over the financial year	<b>HY23 average net cash of £856.9m</b> (FY22: £957.4m)
	Year end net cash	<b>£969.1m</b> (2022: £1,138.6m)
<b>Total indebtedness</b> (net cash and land creditors)	Minimal year end total indebtedness in the medium term	<b>Total net surplus of £346.8m</b> (2022: £405.0m net surplus)
<b>Treasury</b>	Appropriate financing facilities	<b>£700m</b> Revolving Credit Facility extended to November 2027 <b>£200m</b> Private Placing Notes maturing August 2027
<b>Dividend policy</b>	Phased reduction in dividend cover to 2.0x for FY23	<b>FY23 interim dividend proposed of 10.2p per share</b> (FY22: total dividend of 36.9p)

(1) Land bank years are calculated as the number of plots in our land bank divided by the last 12 months of home completions

# Guidance for FY23

<b>Completions</b>	<b>c.16,500 – 17,000 total home completions, including c. 750 JV completions</b> c. 24% affordable, c. 76% private mix
<b>Average sales outlet growth (inc JV)</b>	<b>c. 8%</b>
<b>Build cost inflation range</b>	<b>c. 9 - 10%</b>
<b>Administrative expenses</b>	<b>c. £285m</b> (including amortisation of intangible assets of c. £10m)
<b>Interest cost</b>	<b>c. £20m</b> (c. £5m cash credit, c. £25m non-cash charge)
<b>Land approvals</b>	<b>Minimal land approvals based on current market conditions</b>
<b>Land cash spend</b>	<b>c. £0.9bn - £1.0bn</b>
<b>Year end net cash</b>	<b>c. £0.8bn - £0.9bn</b>
<b>Taxation</b>	<b>Effective tax rate of 24.1%</b> reflecting full year impact of RPDT and scheduled CT rate changes
<b>Capital returns</b>	<b>Remaining £100m of the £200m share buyback programme</b> to complete by 30 June 2023

# Financial summary

- Strong financial performance in HY23
- Robust financial position with substantial net cash and undrawn RCF
- Land bank gross margin ahead of our minimum targeted 23% with limited impairment exposure
- Closely monitoring market conditions to manage cost base and balance sheet appropriately







Energy House 2.0  
Salford University

**David Thomas**  
Chief Executive Officer



# Market fundamentals



**Demand continues  
to exceed supply**



**Consumer  
confidence  
appears to be  
stabilising**



**Land market hiatus  
with planning more  
challenging**



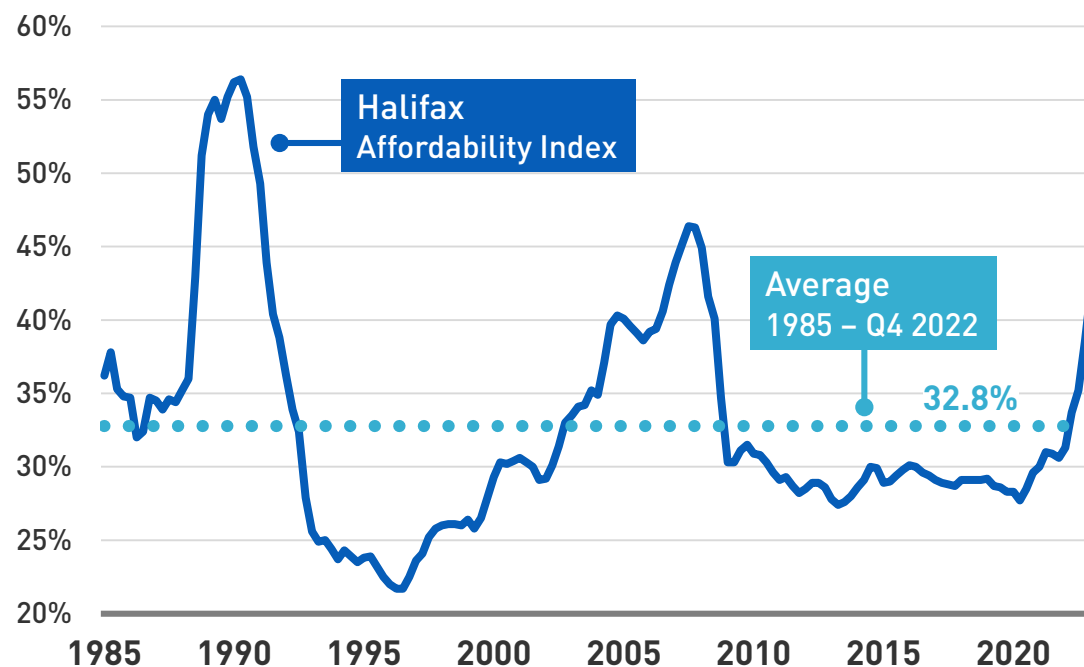
**Mortgage rates  
remain elevated  
but mortgage rate  
competition  
increasing**

(1) Rates are from an average of five lenders. Standard 85% product based on available rate with a fee not exceeding £1,000. Rates at 6 February 2023

# Mortgage affordability and mortgage lending

## Halifax Mortgage Affordability Index<sup>(1)</sup>

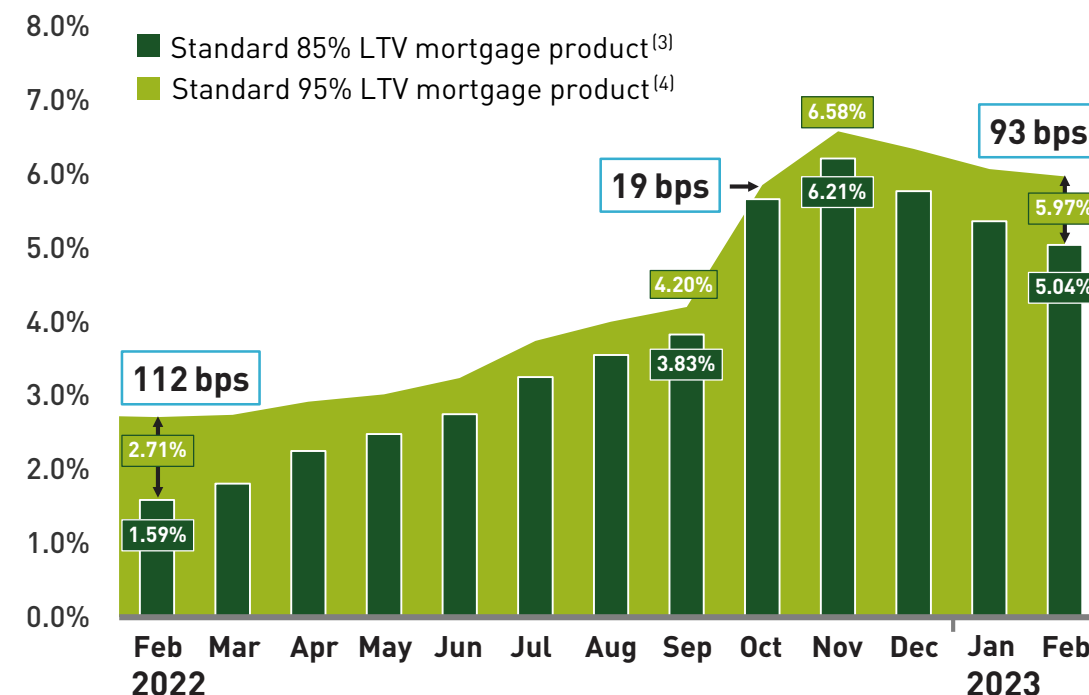
Mortgage costs as a proportion of earnings



(1) The mortgage cost 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

## Average 2-year fixed rate mortgage pricing

85% and 95% LTVs February 2022 – February 2023<sup>(2)</sup>



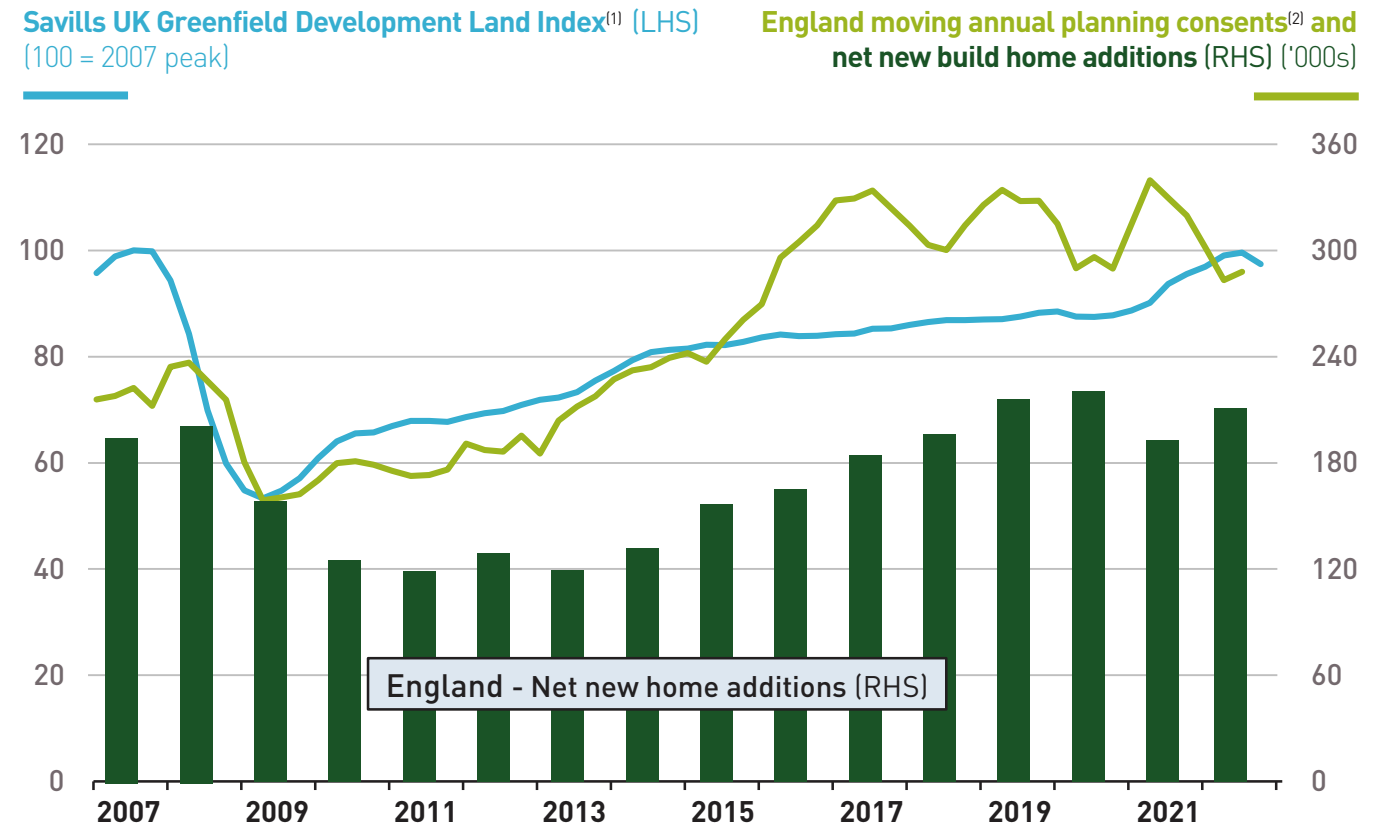
(2) Rates through to 6 February 2023

(3) Rates are from an average of five lenders based on the available rate with a fee not exceeding £1,000

(4) Rates are from an average of ten lenders with a fee not exceeding £1,000

# Planning and the UK land market

- 15% decline in planning since mid-2021
- Nutrient neutrality challenges remain
- Monitoring the planning situation as:
  - Government progresses the Levelling Up and Regeneration Bill; and
  - Proposed changes to the planning system evolve



(1) Savills UK Greenfield Development Land index through to 31 December 2022

(2) Latest planning consents data only available through 30 September 2022



# Sustainability

## People, Places and Nature

### People

- Cost of living support for our employees extended, with a further £1,000 supplement from 1 January 2023 through 30 June 2023
- Enhanced family friendly policies with extended maternity, paternity and carer leave introduced

### Places

- Our sites and housetypes are ready for full adoption of Parts F, L, O and S from 14 June 2023 on all development sites
- The Energy House 2.0 was completed and our eHome2 will deliver further insights and understanding as we develop our homes to deliver zero carbon

### Nature

- All our development designs, now being submitted for planning, will identify a minimum Biodiversity Net Gain of 10%



# Sustainability

## The Energy House 2.0 and eHome2

- A further milestone on our zero carbon home journey
- A partnership with Saint-Gobain and the University of Salford
- Testing the effects of climate change on future home designs
- The aim - to ensure our zero carbon home designs are future-proofed for climate change



# A business model for the long term



# Conclusion

- Record PBT performance in HY23, with a slowdown in the market in Q2
- A pleasing uplift in reservations since the start of 2023, reflecting:
  - Relative economic stability,
  - Tempering in energy cost expectations; and
  - More competitive mortgage rates
- Well positioned through our:
  - Financial strength
  - Land bank position; and
  - Experienced management team
- Long term market fundamentals remain supportive







Saxon Dene  
Keighley

# Q & A



**BARRATT**  
DEVELOPMENTS PLC





Cammo Meadows  
Edinburgh

# Appendices

# Appendices - Index

## PAGE

36	Definitions
37	Current trading - forward order book
38	Current trading - forward sales roll
39	Site based construction activity
40	Private completions - volume and ASP
41	Home completions analysis - product type
42	Full income statement
43	Calendarised income statement
44	Group cost structure
45	Driving operating margin - new product range roll-out
46	Administrative expenses analysis
47	Net interest charge analysis
48	Provisions in relation to legacy properties
49	Building safety – portfolio under review at 31 December 2022
50	Balance sheet - land bank
51	Land bank evolution
52	Land creditors payment profile by calendar year
53	Planning and the UK land market
54	2022 Socio-economic footprint
55	External benchmarks
56	Disclaimer



# Definitions

**Active outlet** is a site with at least one home for sale

**ASP** is average selling price

**Average net cash (debt)** is calculated on average daily closing position in period

**CJRS** is Coronavirus Job Retention Scheme

**Contribution** is surplus of revenue for a unit over the direct costs (land and build) attributed to that unit, expressed as a percentage of revenue

**Earnings per share (EPS)** is calculated by dividing the profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period, 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

**HTB** is Help to Buy

**HY** refers to six month period ending 31 December

**2HY** refers to six month period ending 30 June

**Land bank years** are calculated as the number of plots in our land bank divided by the last 12 months of home completions

**Lead** is a unique customer enquiry for a development

**LTV** is Loan to value

**Net cash** is defined as cash and cash equivalents, bank overdrafts, interest bearing borrowings and prepaid fees

**Operating margin** is calculated as operating profit divided by total revenue

**PBT** is profit before tax

**Regional** includes all regions excluding London

**Return on Capital Employed (ROCE)** is calculated as earnings before amortisation, interest, tax, operating charges relating to the defined benefit pension scheme and operating adjusting items for the year, divided by average net assets adjusted for goodwill and intangibles, tax, net cash, retirement benefit assets/obligations, derivative financial instruments and provisions in relation to legacy properties

Unless stated **Joint Ventures (JV)** in which the Group has an interest are not included throughout the presentation



# Current trading

## Forward order book

	29 January 2023		30 January 2022		Change	
	£m	Homes	£m	Homes	£m	Homes
Private	1,462.4	3,961	2,625.9	7,382	44.3% ▼	46.3% ▼
Affordable	993.3	6,213	1,219.2	7,534	18.5% ▼	17.5% ▼
Wholly owned	2,455.7	10,174	3,845.1	14,916	36.1% ▼	31.8% ▼
JV	209.3	680	264.6	820	20.9% ▼	17.1% ▼
<b>Total</b>	<b>2,665.0</b>	<b>10,854</b>	<b>4,109.7</b>	<b>15,736</b>	<b>35.2% ▼</b>	<b>31.0% ▼</b>

# Current trading

## Forward sales roll

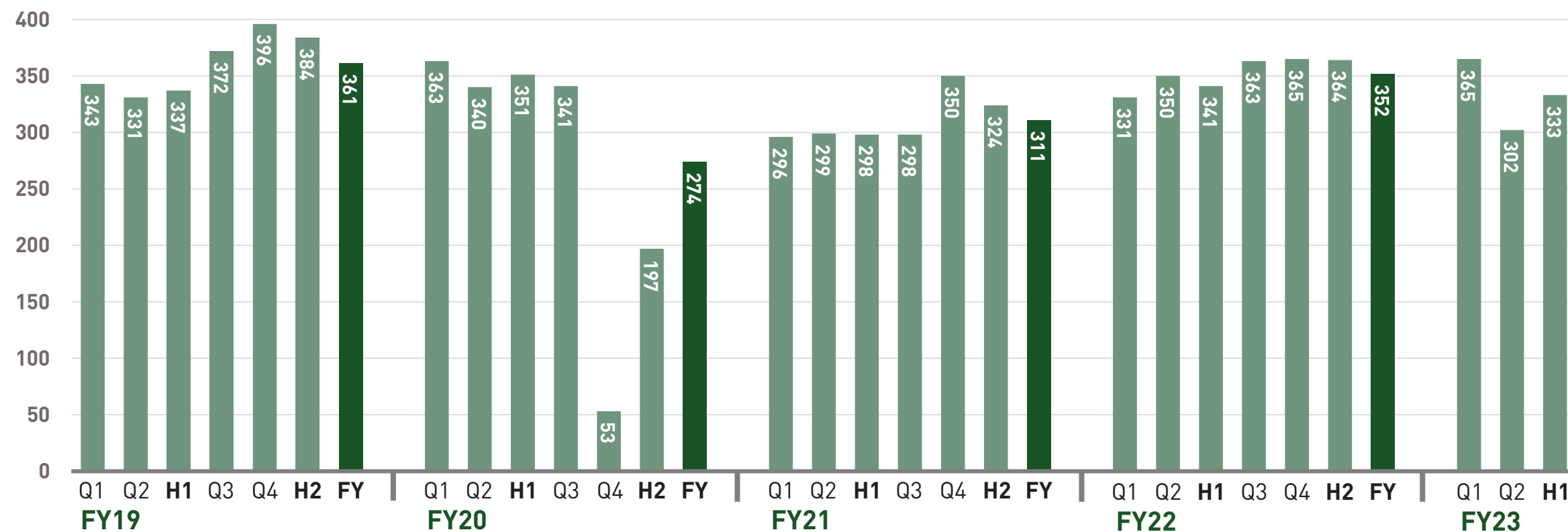
	29 January 2023		30 January 2022		Change	
	Private	Total <sup>(1)</sup>	Private	Total <sup>(1)</sup>	Private	Total <sup>(1)</sup>
31 December	3,576	10,511	6,557	14,818	45.5% ▼	29.1% ▼
Reservations	753	779	1,248	1,439	39.7% ▼	45.9% ▼
Completions	(368)	(436)	(423)	(521)	13.0% ▼	16.3% ▼
29 Jan 2023 / 30 Jan 2022	3,961	10,854	7,382	15,736	46.3% ▼	31.0% ▼

(1) Including JVs

# Site based construction activity

## Average weekly output

### Average weekly build equivalent unit production (homes)



# Private completions

## Volume and ASP

### Scotland

Homes: **762** (HY22: 776)  
ASP: **£315.2k** (HY22: £294.9k)

### Northern

Homes: **1,265** (HY22: 1,201)  
ASP: **£295.2k** (HY22: £260.8k)

### Central

Homes: **1,210** (HY22: 1,201)  
ASP: **£353.5k** (HY22: £303.9k)

### East

Homes: **1,127** (HY22: 1,004)  
ASP: **£424.2k** (HY22: £405.2k)

### West

Homes: **692** (HY22: 716)  
ASP: **£350.0k** (HY22: £322.9k)

### London & Southern

#### London

Homes: **780** (HY22: 157)  
ASP: **£466.5k** (HY22: £437.7k)

#### Southern

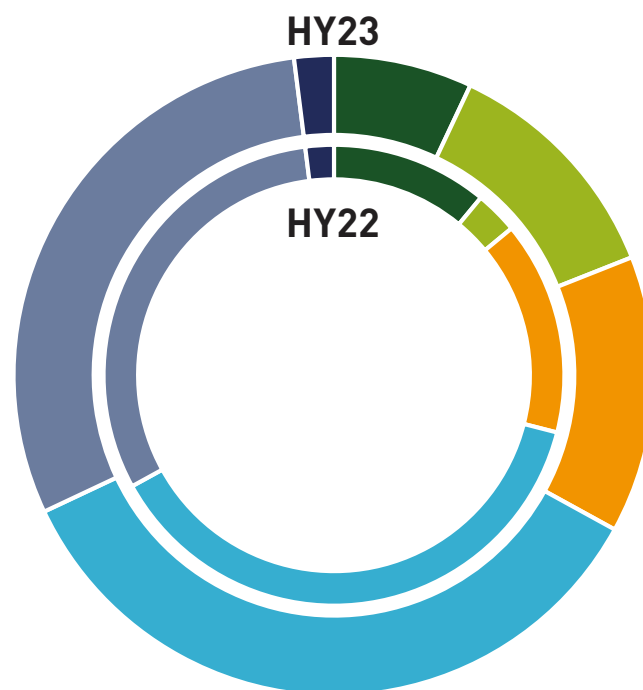
Homes: **713** (HY22: 841)  
ASP: **£435.5k** (HY22: £376.4k)

Note: HY22 restated in line with FY23 regional structure



# Home completions analysis

## Product type



	HY23	HY22
■ Apartments non-London	7%	11%
■ Apartments London	12%	3%
■ 1 & 2 Beds	14%	15%
■ 3 Beds	35%	38%
■ 4 Beds	30%	31%
■ 5 & 6 Beds	2%	2%

# Full income statement

£m (unless otherwise stated)	HY23	HY22	Change
<b>Revenue</b>	<b>2,783.9</b>	2,247.1	23.9% ▲
Cost of Sales	(2,153.6)	(1,700.6)	26.6% ▼
<b>Gross profit</b>	<b>630.3</b>	546.5	15.3% ▲
<i>Gross margin %</i>	<i>22.6</i>	<i>24.3</i>	<i>170 bps</i> ▼
<b>Analysed as:</b>			
<b>Adjusted gross profit</b>	<b>647.9</b>	562.4	15.2% ▲
<i>Adjusted gross margin %</i>	<i>23.3</i>	<i>25.0</i>	<i>170 bps</i> ▼
Costs associated with legacy properties	(17.6)	(15.9)	10.7% ▼
Administrative expenses / part-exchange	(136.1)	(112.5)	21.0% ▼
<b>Operating profit</b>	<b>494.2</b>	434.0	13.9% ▲
<i>Operating margin %</i>	<i>17.8</i>	<i>19.3</i>	<i>150 bps</i> ▼
<b>Analysed as:</b>			
<b>Adjusted operating profit</b>	<b>511.8</b>	449.9	13.8% ▲
<i>Adjusted operating margin %</i>	<i>18.4</i>	<i>20.0</i>	<i>160 bps</i> ▼
Cost associated with legacy properties	(17.6)	(15.9)	10.7% ▼
Net finance costs	(8.7)	(15.0)	42.0% ▲
Share of JV/associate profit	16.0	13.6	17.6% ▲
<b>PBT</b>	<b>501.5</b>	432.6	15.9% ▲

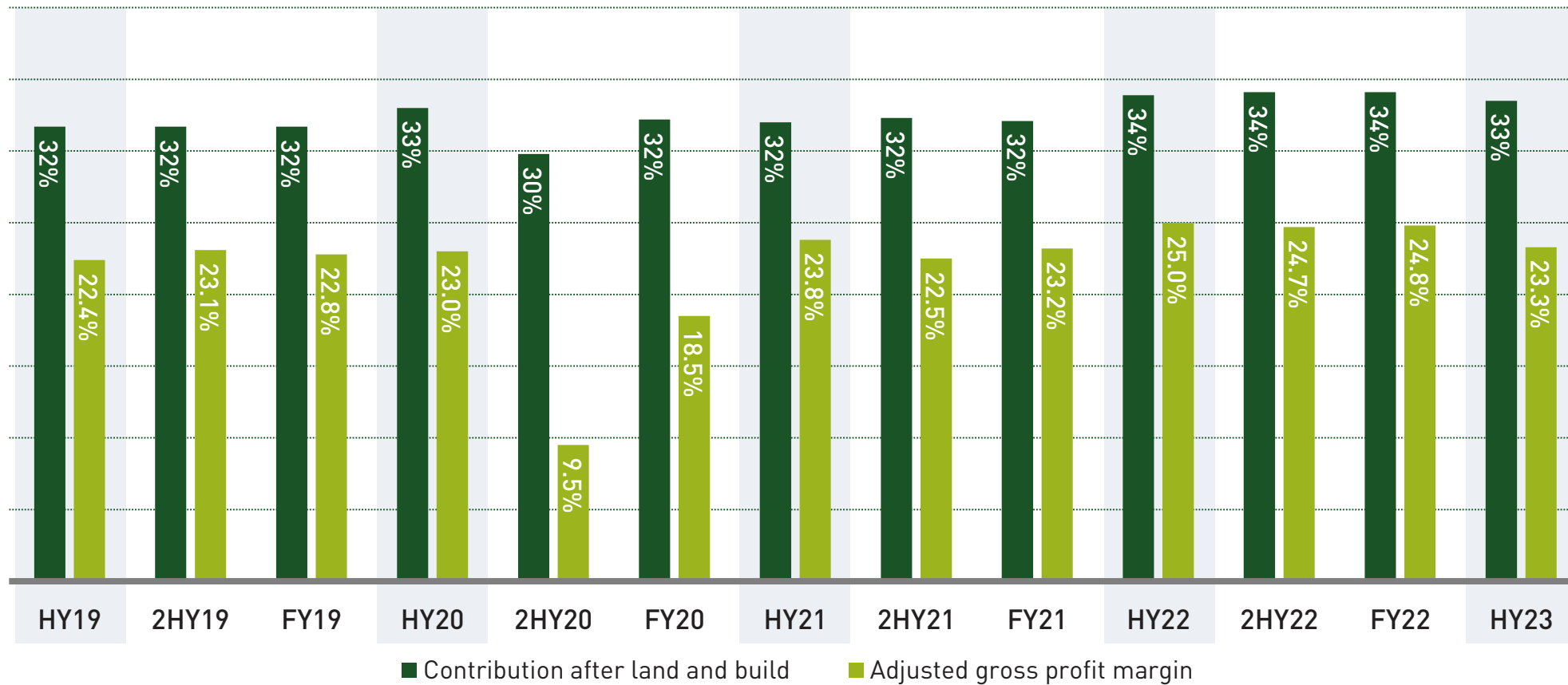
# Calendarised income statement

£m (unless otherwise stated)	12 months to Dec 22	12 months to Dec 21	Change
<b>Revenue</b>	<b>5,804.7</b>	4,564.1	27.2% ▲
Cost of Sales	(4,821.0)	(3,521.5)	36.9% ▼
<b>Gross profit</b>	<b>983.7</b>	1,042.6	5.6% ▼
<i>Gross margin %</i>	<i>16.9</i>	<i>22.8</i>	<i>590 bps</i> ▼
<i>Adjusted gross margin %</i>	<i>24.0</i>	<i>23.8</i>	<i>20 bps</i> ▲
Administrative expenses / part-exchange	(276.9)	(220.4)	25.6% ▼
<b>Operating profit</b>	<b>706.8</b>	822.2	14.0% ▼
<i>Operating margin %</i>	<i>12.2</i>	<i>18.0</i>	<i>580 bps</i> ▼
Adjusted Operating Profit	1,116.7	863.7	29.3% ▲
<i>Adjusted operating margin %</i>	<i>19.2</i>	<i>18.9</i>	<i>30 bps</i> ▲
Net finance costs	(21.3)	(26.8)	20.5% ▲
Share of JV/associate profit	25.7	19.2	33.9% ▲
<b>PBT</b>	<b>711.2</b>	814.6	12.7% ▼
ROCE % <sup>(1)</sup>	<b>29.6</b>	26.2	340 bps ▲
<i>Adjusted earnings per share pence</i>	<i>86.4</i>	<i>68.9</i>	<i>25.4%</i> ▲
Earnings per share <i>pence</i>	<b>53.7</b>	65.1	17.5% ▼
<b>Completions (units)</b>			
Private	13,980	12,127	15.3% ▲
Affordable	3,774	3,363	12.2% ▲
<b>Total</b>	<b>17,754</b>	15,490	14.6% ▲
JV	713	743	4.0% ▼
<b>Total inc JV</b>	<b>18,467</b>	16,233	13.8% ▲

(1) ROCE for the 12 months to 31 December 2021 has been restated to exclude provisions in relation to legacy properties from capital employed

# Group cost structure

## Contribution and adjusted gross margin record

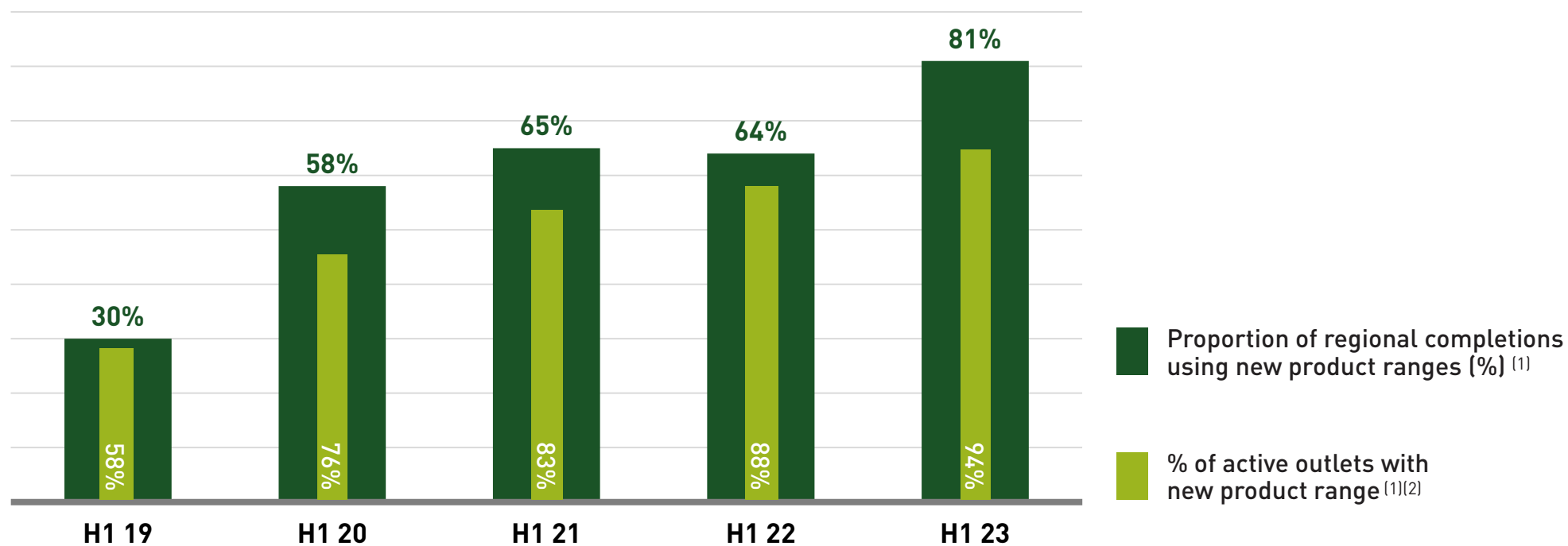




# Driving operating margin

## New product range roll-out

### New product ranges (%)



<sup>(1)</sup> Including JVs    <sup>(2)</sup> As at 31 December

# Administrative expenses analysis

£m	HY23	FY22	2HY22	HY22	FY21	2HY21	HY21
<b>Administrative expenses before adjusted items</b>	<b>136.9</b>	<b>256.4</b>	<b>141.9</b>	<b>114.5</b>	<b>201.2</b>	<b>110.1</b>	<b>91.1</b>
CJRS	-	-	-	-	3.2	-	3.2
<b>Administrative expenses per income statement</b>	<b>136.9</b>	<b>256.4</b>	<b>141.9</b>	<b>114.5</b>	<b>204.4</b>	<b>110.1</b>	<b>94.3</b>
Net part-exchange income	(0.8)	(3.1)	(1.1)	(2.0)	(5.5)	(2.2)	(3.3)
<b>Net administrative expenses</b>	<b>136.1</b>	<b>253.3</b>	<b>140.8</b>	<b>112.5</b>	<b>198.9</b>	<b>107.9</b>	<b>91.0</b>

# Net interest charge analysis

£m	HY23	HY22
Interest on deposits, term debt and overdrafts	(7.9)	-
Interest on private placement notes	2.8	2.8
Utilisation/non-utilisation fees on RCF	1.8	1.8
Other interest	(0.2)	0.6
<b>Total cash interest</b>	<b>(3.5)</b>	<b>5.2</b>
Land creditors/deferred payables	7.0	8.1
Interest on legacy property provisions	3.7	-
Financing fees	0.9	1.1
Lease interest	0.6	0.6
<b>Total non-cash interest</b>	<b>12.2</b>	<b>9.8</b>
<b>Total interest</b>	<b>8.7</b>	<b>15.0</b>

# Provisions in relation to legacy properties

£m	EWS and associated review	Citiscap and associated review	Total
At 1 July 2022 (audited)	434.6	44.9	479.5
Additions	21.0	17.6	38.6
Releases	(20.4)	(0.6)	(21.0)
Imputed interest on long term provisions	3.7	-	3.7
Utilisation	(11.7)	(3.8)	(15.5)
<b>At 31 December 2022</b>	<b>427.2</b>	<b>58.1</b>	<b>485.3</b>



# Building safety

## Portfolio under review at 31 December 2022

Portfolio under review	30 June 2022		Identified for review		Review confirmed no remediation / remediation completed <sup>(1)</sup>		31 December 2022	
	Developments	Buildings	Developments	Buildings	Developments	Buildings	Developments	Buildings
Above 18 metres		140		5		(6)		139
Under 18 metres		83		8		(2)		89
<b>Total</b>	<b>69</b>	<b>223</b>	<b>6</b>	<b>13</b>	<b>-</b>	<b>(8)</b>	<b>75</b>	<b>228</b>

Portfolio where remediation completed or not required following review	30 June 2022		Review confirmed no remediation / remediation completed <sup>(1)</sup>		31 December 2022	
	Developments	Buildings	Developments	Buildings	Developments	Buildings
Above 18 metres		12		6		18
Under 18 metres		18		2		20
<b>Total</b>	<b>9</b>	<b>30</b>	<b>-</b>	<b>8</b>	<b>9</b>	<b>38</b>

31 December 2022	Portfolio under review		Portfolio where remediation completed or not required following review	
	Developments	Buildings	Developments	Buildings
Barratt freehold	6	29	3	16
Third party freehold	69	199	6	22
<b>Total</b>	<b>75</b>	<b>228</b>	<b>9</b>	<b>38</b>
London	46	125	3	18
Non-London	29	103	6	20
<b>Total</b>	<b>75</b>	<b>228</b>	<b>9</b>	<b>38</b>

(1) No movement in developments as other buildings within the developments still require remediation.

# Balance sheet

## Land bank

	31 Dec 2022	31 Dec 2021
<b>Land bank plots</b>		
With detailed planning consent	47,641	49,622
With outline planning consent	15,773	16,373
With resolution to grant and other	658	560
<b>Owned</b>	<b>64,072</b>	<b>66,555</b>
Controlled	13,322	11,909
<b>Total land bank plots</b>	<b>77,394</b>	<b>78,464</b>
JV plots – owned	3,104	3,240
JV plots - controlled	1,082	1,178
<b>Total land bank plots (including JVs)</b>	<b>81,580</b>	<b>82,882</b>
<b>Land bank pricing (£'000)</b>		
Cost of plots acquired	66.4	56.0
Cost of plots in P&L	46.1	39.8
Cost of plots in balance sheet	49.6	45.4
Owned land bank ASP <sup>(1)</sup>	321	303

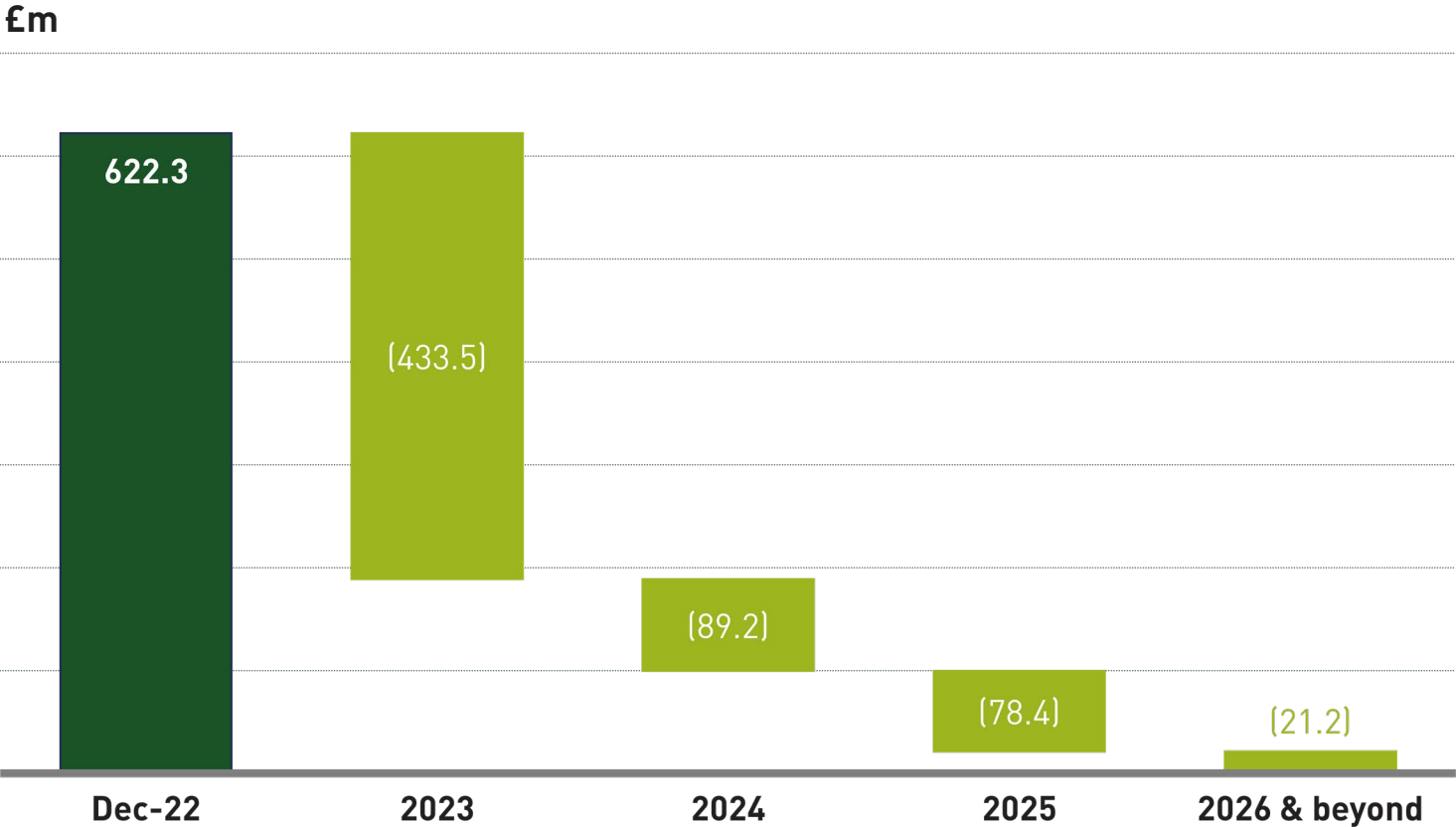
(1) At current prices

# Land bank evolution

## Reconciling plots and balance sheet land investment

	HY23			HY22			HY21		
	Plots	£m	£k	Plots	£m	£k	Plots	£m	£k
<b>Land bank movements</b>									
<b>Start of period total land bank</b>		3,339.9			2,946.3			3,112.3	
<b>Start of period strategic and WBD land</b>		(67.7)			(48.7)			(40.9)	
<b>Start of period owned current land bank</b>	<b>67,687</b>	<b>3,272.2</b>	<b>48.3</b>	<b>66,601</b>	<b>2,897.6</b>	<b>43.5</b>	<b>68,393</b>	<b>3,071.4</b>	<b>44.9</b>
Plots acquired	4,641	308.2	66.4	7,538	421.8	56.0	4,368	137.8	31.5
Plots consumed on wholly owned completions	(8,264)	(381.4)	46.1	(7,672)	(305.2)	39.8	(8,699)	(395.9)	45.5
Land sales	-	(0.2)	-	-	-	-	(176)	(6.3)	35.7
Re-plans and re-plots	8			88			274		
IFRS adjustments, impairments and other		(22.6)			4.8			(3.0)	
<b>End of period owned current land bank</b>	<b>64,072</b>	<b>3,176.2</b>	<b>49.6</b>	<b>66,555</b>	<b>3,019.0</b>	<b>45.4</b>	<b>64,160</b>	<b>2,804.0</b>	<b>43.7</b>
End of period strategic and WBD land		77.5			27.1			32.7	
<b>End of period total land bank</b>		<b>3,253.7</b>			<b>3,046.1</b>			<b>2,836.7</b>	

# Land creditors payment profile by calendar year

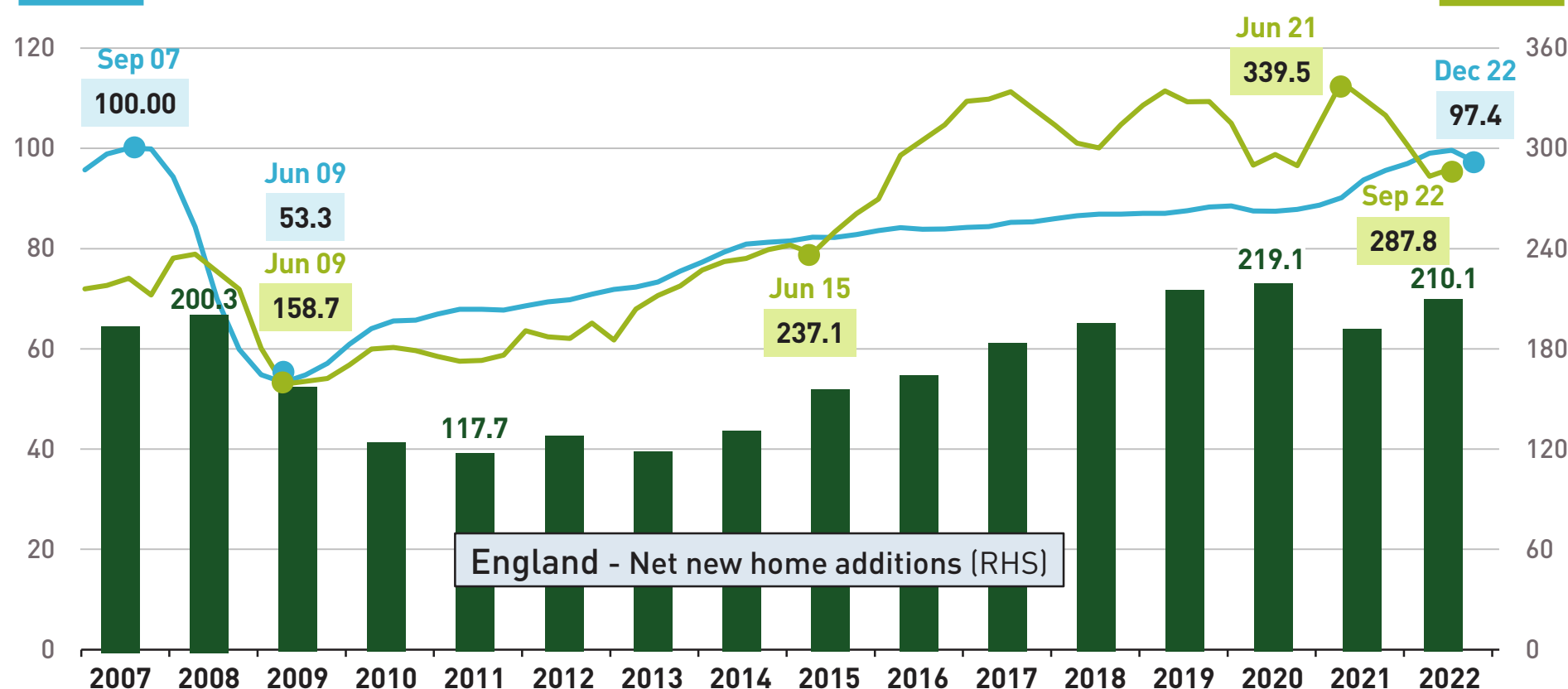




# Planning and the UK land market

**Savills UK Greenfield Development Land Index<sup>(1)</sup> (LHS)**  
(100 = 2007 peak)

**England moving annual planning consents<sup>(2)</sup> and  
net new build home additions (RHS) ('000s)**



(1) Savills UK Greenfield Development Land Index through to 31 December 2022

(2) Latest planning consents data only available through 30 September 2022

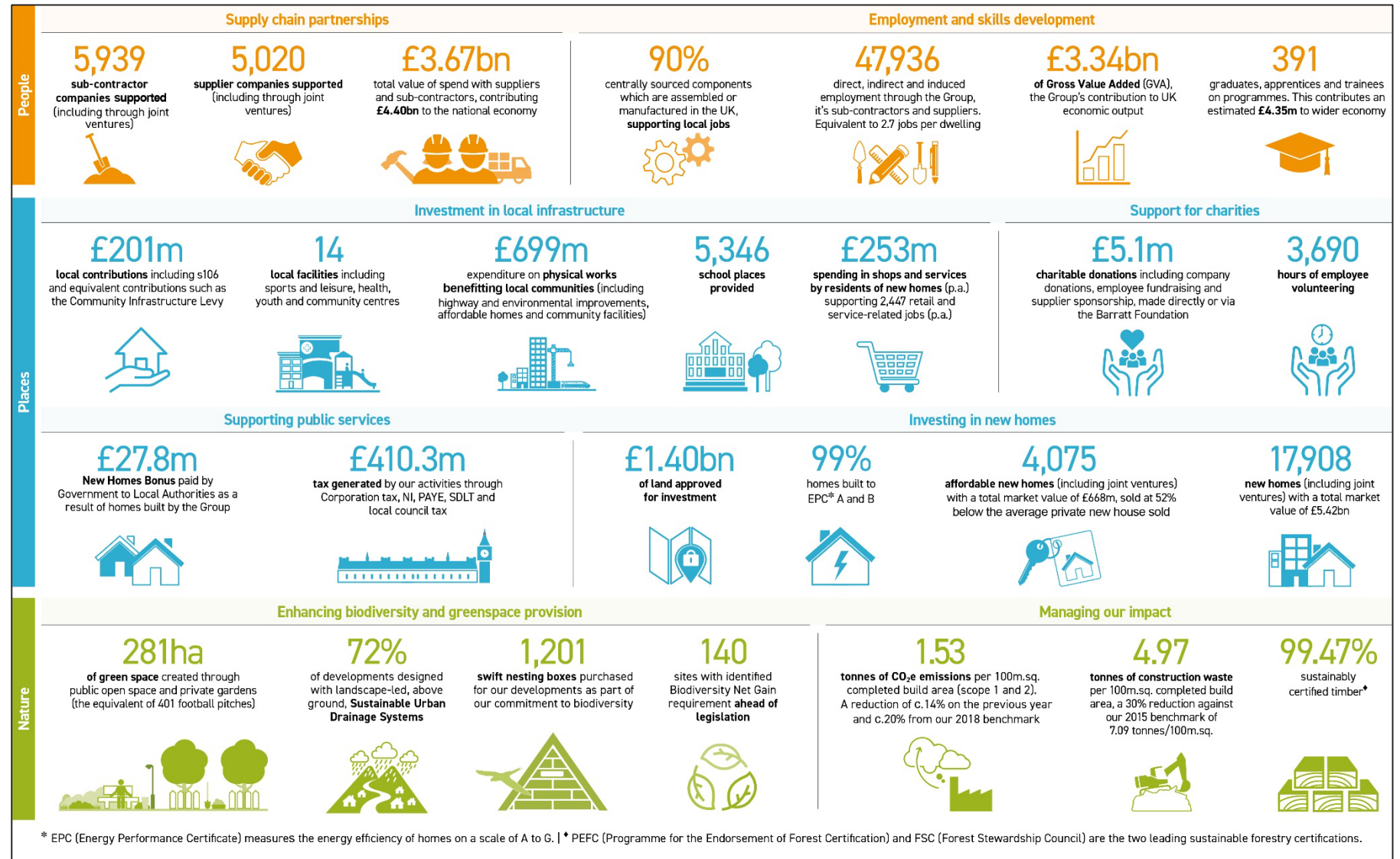
# 2022 Socio-economic footprint

## Barratt Developments PLC 2022 Socio-economic footprint

The infographic provides an illustration of the social and economic contribution made by the Barratt Group to people, places and nature for the financial year 2022

The assessment was carried out by independent experts who analysed socio-economic impacts through the delivery chain for new housing based upon Barratt Developments datasets, published research and national statistics. All figures are based in the financial year ending 30th June 2022 and include joint venture home completions in which the Group has an interest. For full details of the methodology used please see [www.barrattdevelopments.co.uk/building-sustainably/our-publications-and-policies/publications](http://www.barrattdevelopments.co.uk/building-sustainably/our-publications-and-policies/publications)

In 2022, 100% of our developments actively contributed to community infrastructure.



# External benchmarks



## 5 Star award for 13 years

Only major national housebuilder to achieve this



## 98 awards in 2022

More than any other housebuilder for 18 consecutive years



## Gold award for 2022

Highest scoring national housebuilder



## Supreme award winner

6<sup>th</sup> time a Barratt site manager has won a supreme award in 8 years

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