



RESULTS PRESENTATION

Half year ended 31 December 2019

5 February 2020



The Spires, St Ives, Cambridgeshire



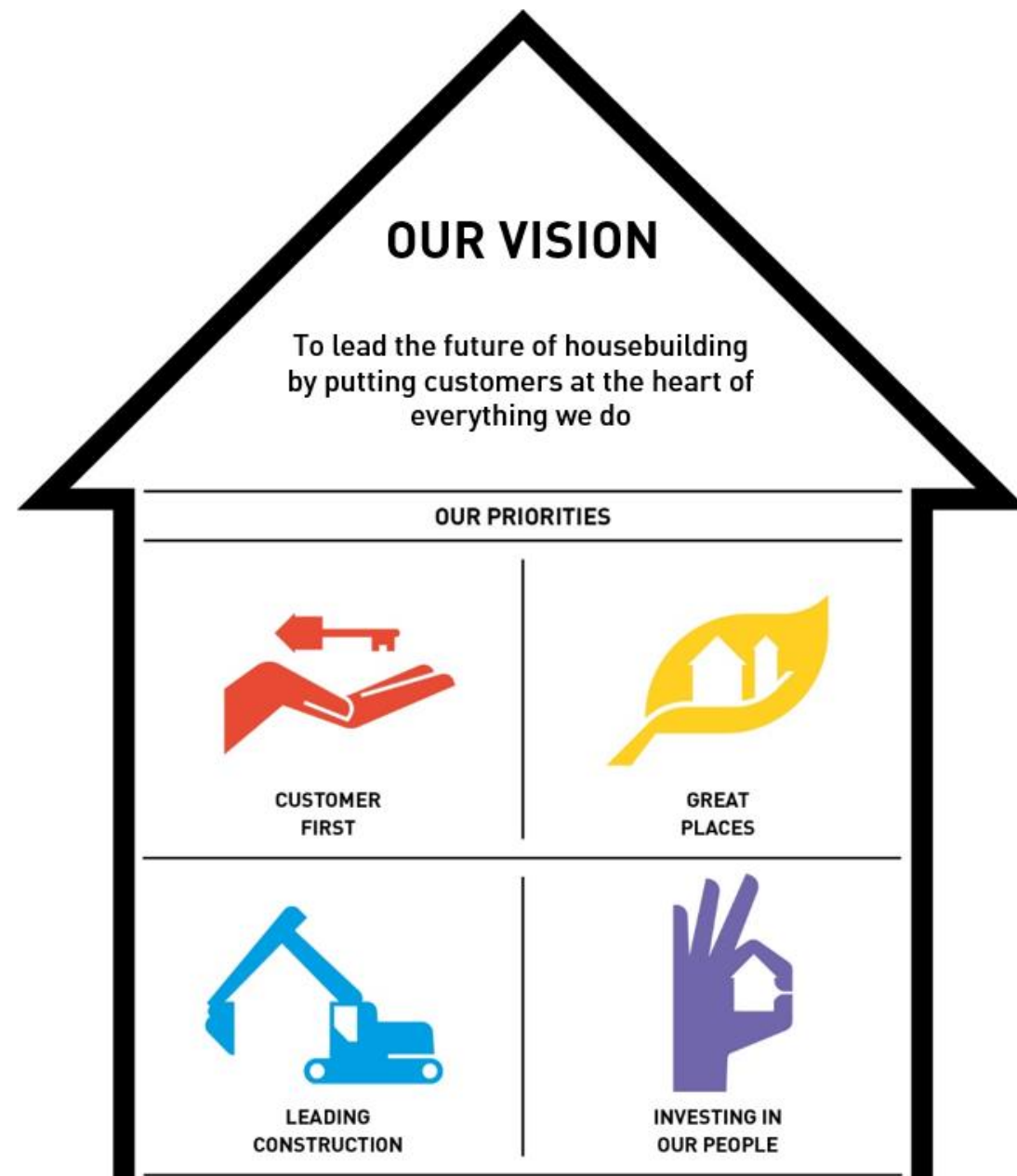
David Thomas
Chief Executive

KEY HIGHLIGHTS

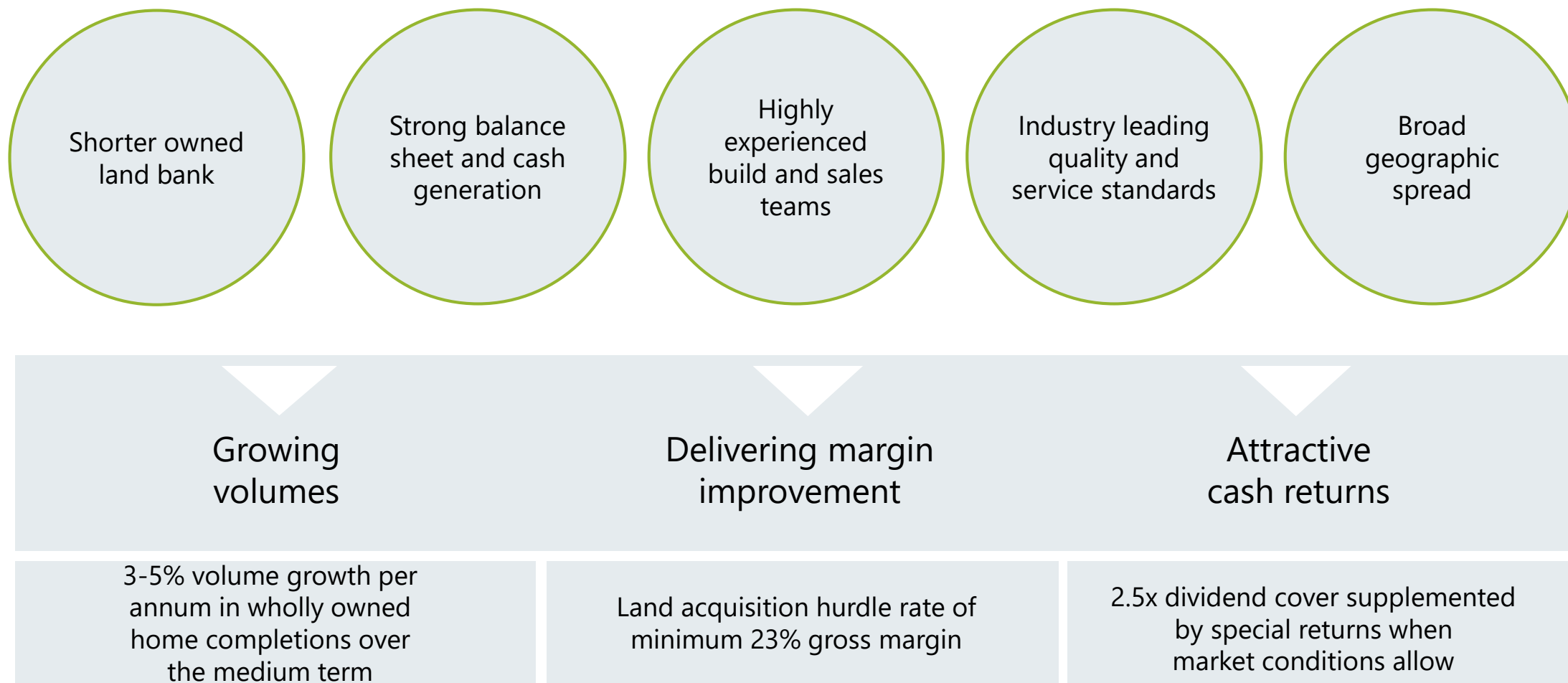
- Strong first half of the year with 9.1% growth in total home completions⁽¹⁾
- Attractive housing market fundamentals
- Progressing well on our medium term targets, good progress on margin initiatives
- Leadership in quality and customer service
- Resilient business model with good cash generation and attractive cash returns

OUR VISION – DELIVERING FOR THE LONG TERM

- We aim to be the leading national sustainable housebuilder and create long term value for stakeholders



INVESTMENT PROPOSITION



OPERATIONAL TARGETS – PROGRESS UPDATE

	Medium term targets	Progress in the half year
Completions	<p>3-5% growth per annum in wholly owned home completions</p> <p>Present business capacity of 20,000 homes per annum</p>	<p>Highest half year completions in 12 years</p> <p>On track to deliver 3-5% growth in wholly owned completions in FY20</p>
Gross margin	<p>New land acquisitions at minimum 23% gross margin</p>	<p>Significant progress towards our margin targets</p> <p>Adjusted gross margin up 60 bps to 23.0% (Gross margin 22.2%)</p>
ROCE	<p>Minimum of 25%</p>	<p>Strong ROCE of 29.3% for the 12 months to 31 December 2019</p>



Steven Boyes
Chief Operating Officer

STRONG SALES PERFORMANCE

- Strong sales rate of 0.69
- Significant growth of 7.8%
- Good demand across the country
- Strong end to the half year

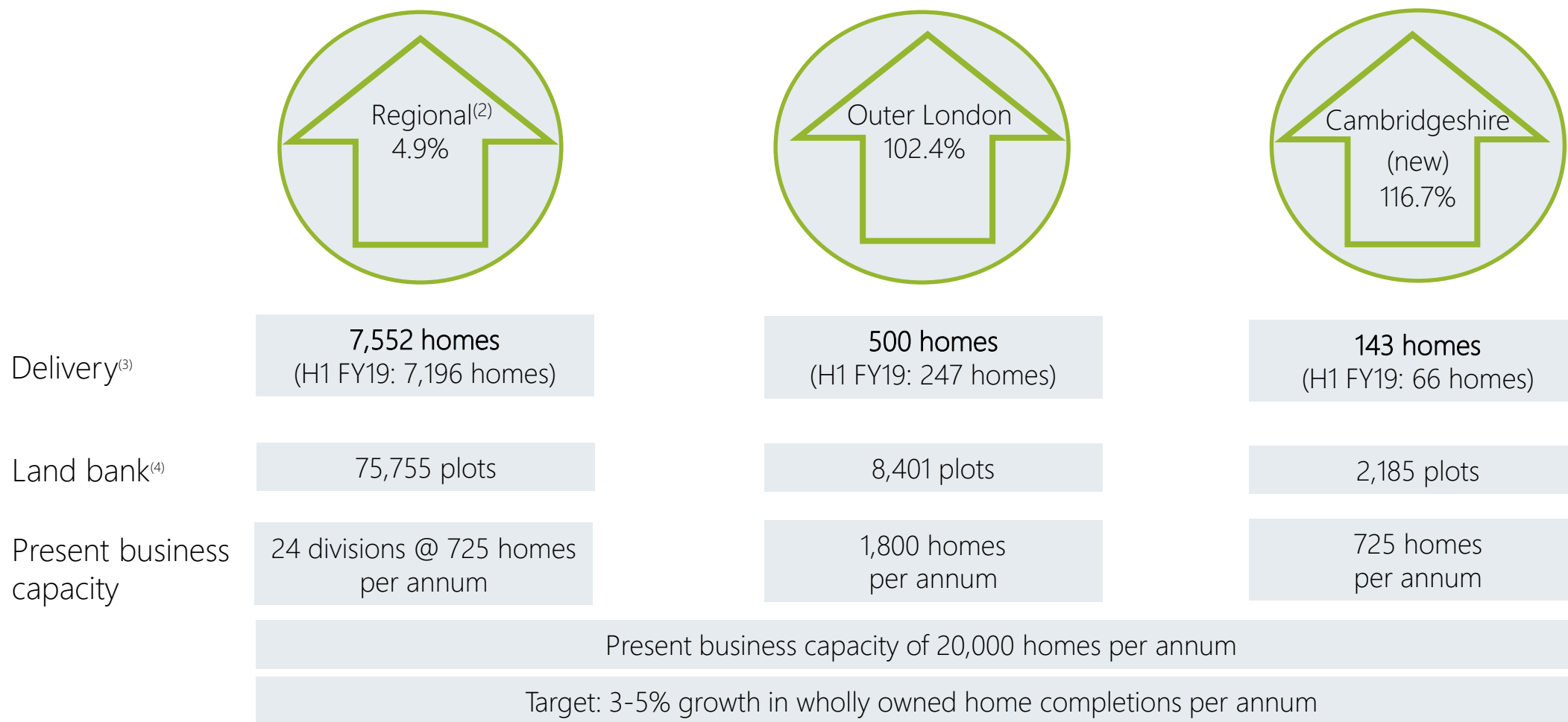
	Average net private reservations per active outlet per week		
	H1 FY20	H1 FY19	Change
Regional	0.67	0.62	8.1%
London	1.50	1.56	(3.8%)
Group	0.69	0.64	7.8%
JV ⁽¹⁾	1.11	1.70	(34.7%)

COMPLETION GROWTH

- Highest half year completions for 12 years
- Delivering a smoother completions profile
- On track to deliver 3-5% growth in wholly owned completions in FY20

	Completions		
	H1 FY20	H1 FY19	Change
Regional	7,588	7,138	6.3%
London	412	264	56.1%
Group	8,000	7,402	8.1%
JV	314	220	42.7%
Total	8,314	7,622	9.1%

FUTURE DRIVERS OF COMPLETION GROWTH⁽¹⁾



(1) Including JVs in which the Group has an interest

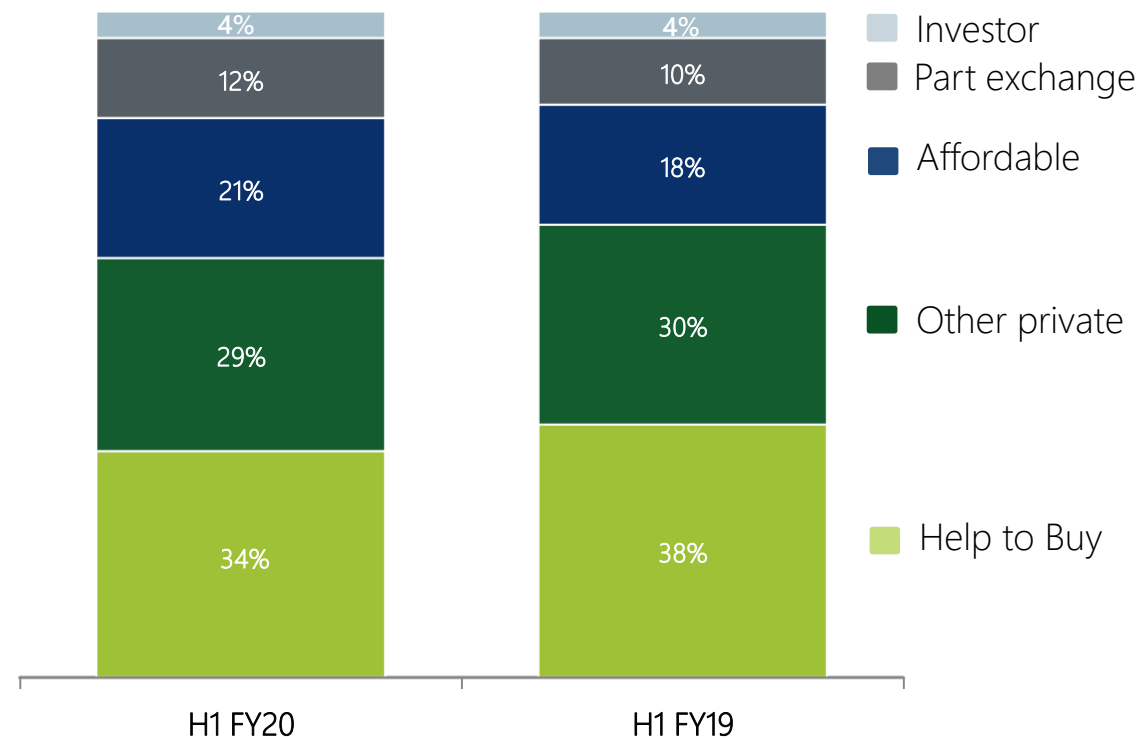
(2) Excluding new Cambridgeshire division

(3) In addition 119 homes (H1 FY19: 113) in Central London delivered

(4) Owned and controlled land bank at 31 December 2019, 2 wholly owned Central London plots and 159 JV Central London plots not included

COMPLETIONS ANALYSIS - BUYER TYPE

- Similar profile to prior year
- Help to Buy remains an important customer proposition
- Affordable completions in line with FY19; expect to be c. 21% for FY20
- Part exchange is a valuable sales tool



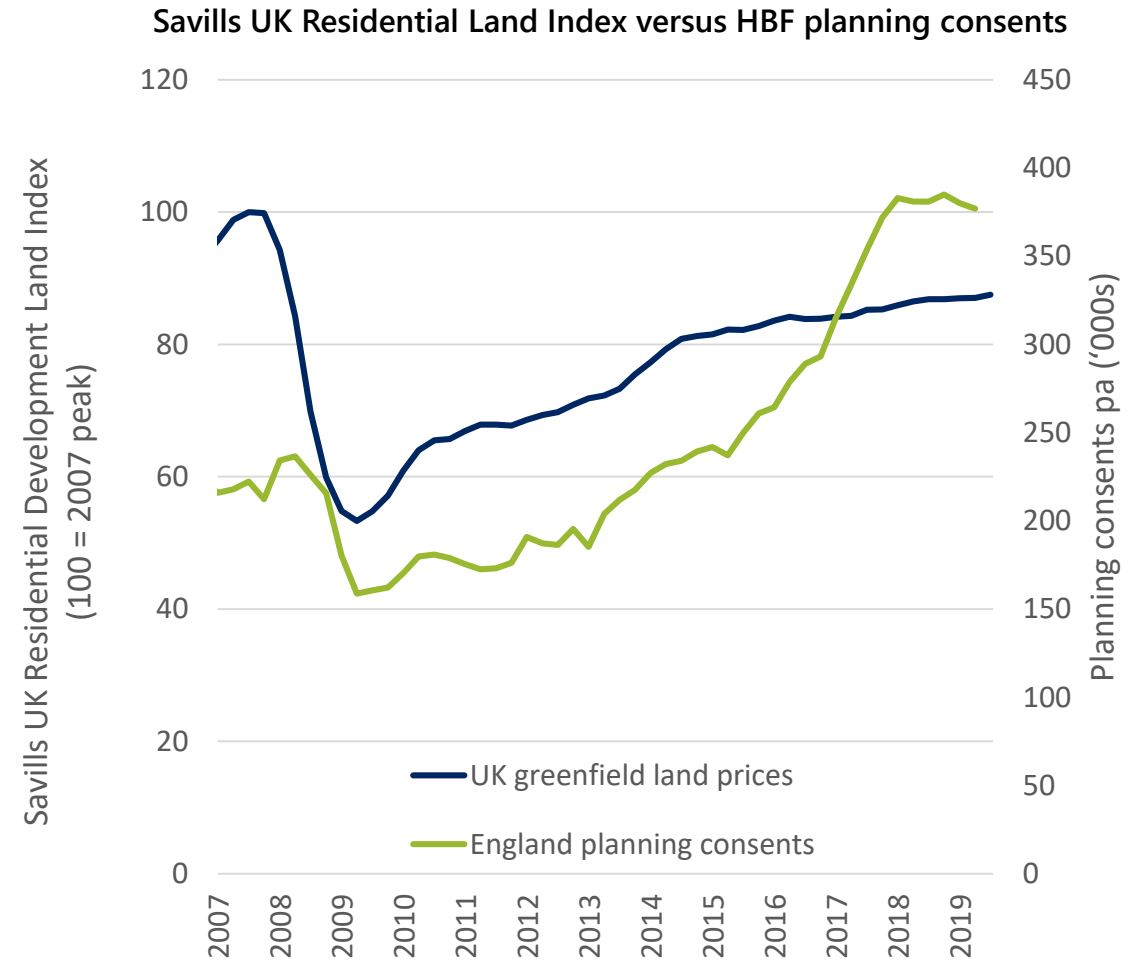
PRICING TRENDS

- Change of regional and product mix
- Trading through high value central London site, increasing London ASP
- Greater delivery from London JV schemes

	Private completions average selling price (£'000)		
	H1 FY20	H1 FY19	Change
Regional	303.9	296.2	2.6%
London	1,028.1	860.6	19.5%
Group	312.0	317.3	(1.7%)
JV	647.3	490.7	31.9%

LAND MARKET

- Continue to acquire land at hurdle rates
- High quality opportunities available across the country
- Larger sites are more suitable for dual branding
- Land approvals
 - H1 FY20: 9,242 plots
 - Expect to approve 18,000-22,000 plots per annum



LAND – HIGH QUALITY OPPORTUNITIES ACROSS THE COUNTRY



Wembley Park, London - joint venture partnership with Transport for London

- Redevelopment of a car park
- 446 homes, 12,000 sqft commercial space
- 43% affordable
- Private ASP c. £450k
- Expected start Q3 FY21



Penistone, near Sheffield – dual branded, wide product range

- Greenfield site near Sheffield
- 459 homes comprising Barratt and David Wilson brands
- 30% affordable
- Private ASP c. £310k
- Expected start Q1 FY21

DRIVING OPERATING MARGIN – STRATEGIC LAND

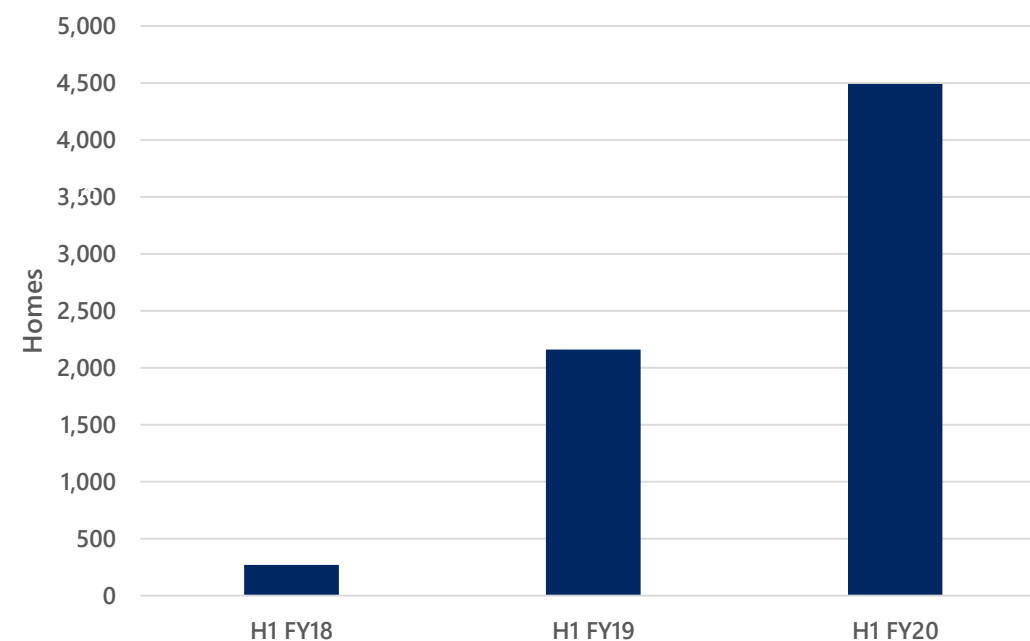
- Enhanced margin of c. 300 basis points⁽¹⁾
- Strong strategic land bank with good geographic spread
- Continue to target 30% of completions in the medium term

	H1 FY20	H1 FY19
Home completions from strategic land	1,942	1,894
Conversion to owned and controlled land bank (plots)	2,421	2,472
Acres held	12,988	12,192
Number of locations	263	271

DRIVING OPERATING MARGIN – NEW PRODUCT ROLL OUT

- Increased delivery momentum from new ranges
- Completions in H1 FY20: 4,491 (H1 FY19: 2,159)⁽¹⁾
- More suitable for MMC
- Suitable for c. 85% of our completions

Completions using new product ranges⁽¹⁾



% of active
outlets⁽¹⁾⁽²⁾
with new product
range

32%

58%

76%

DRIVING OPERATING MARGIN – CONTINUED PRODUCT REFINEMENTS

- Continued process to review and enhance
- Hipped roofs introduced on a number of house types
 - reduce brickwork
 - quicker and safer build
- Optimised internal floor plans
 - improve living spaces
 - increase profitability



MANAGING THE COST ENVIRONMENT

Materials

- Modest material pressures
- All pricing fixed to June 2020
- Half of pricing fixed to December 2020 and over a third fixed to June 2021

Labour

- Pockets of cost pressure moderating
- Simplified, faster build
- Increased use of offsite manufacturing and MMC
- Apprenticeship schemes

Build costs expected to increase by around 3% in FY20

QUALITY AND CUSTOMER FOCUS

- Long term commitment in quality and customer service
- Comprehensive internal processes
- Lowest reportable items level of Large Builder Group
- More NHBC Pride in the Job Awards than any other housebuilder for 15 consecutive years
- Awarded HBF 5 Star for ten years



STRONG PERFORMANCE

- Strong completion growth and sales rate
- Good progress on operating margin initiatives
- Delivering industry leading quality and customer service
- Focus on Health & Safety





Jessica White
Chief Financial Officer



KEY HIGHLIGHTS

£m (unless otherwise stated)	H1 FY20	H1 FY19	Change
Revenue	2,266.2	2,132.0	6.3%
Gross profit	503.7	482.2	4.5%
<i>Adjusted gross margin %</i>	<i>23.0</i>	<i>22.4</i>	<i>60 bps</i>
<i>Gross margin %</i>	<i>22.2</i>	<i>22.6</i>	<i>(40 bps)</i>
Operating profit	421.7	409.7	2.9%
<i>Adjusted operating margin %</i>	<i>19.4</i>	<i>19.0</i>	<i>40 bps</i>
<i>Operating margin %</i>	<i>18.6</i>	<i>19.2</i>	<i>(60 bps)</i>
PBT	423.0	408.0	3.7%
Earnings per share <i>pence</i>	33.8	32.7	3.4%
Net cash	433.8	387.7	11.9%
ROCE %	29.3	29.5	(20 bps)

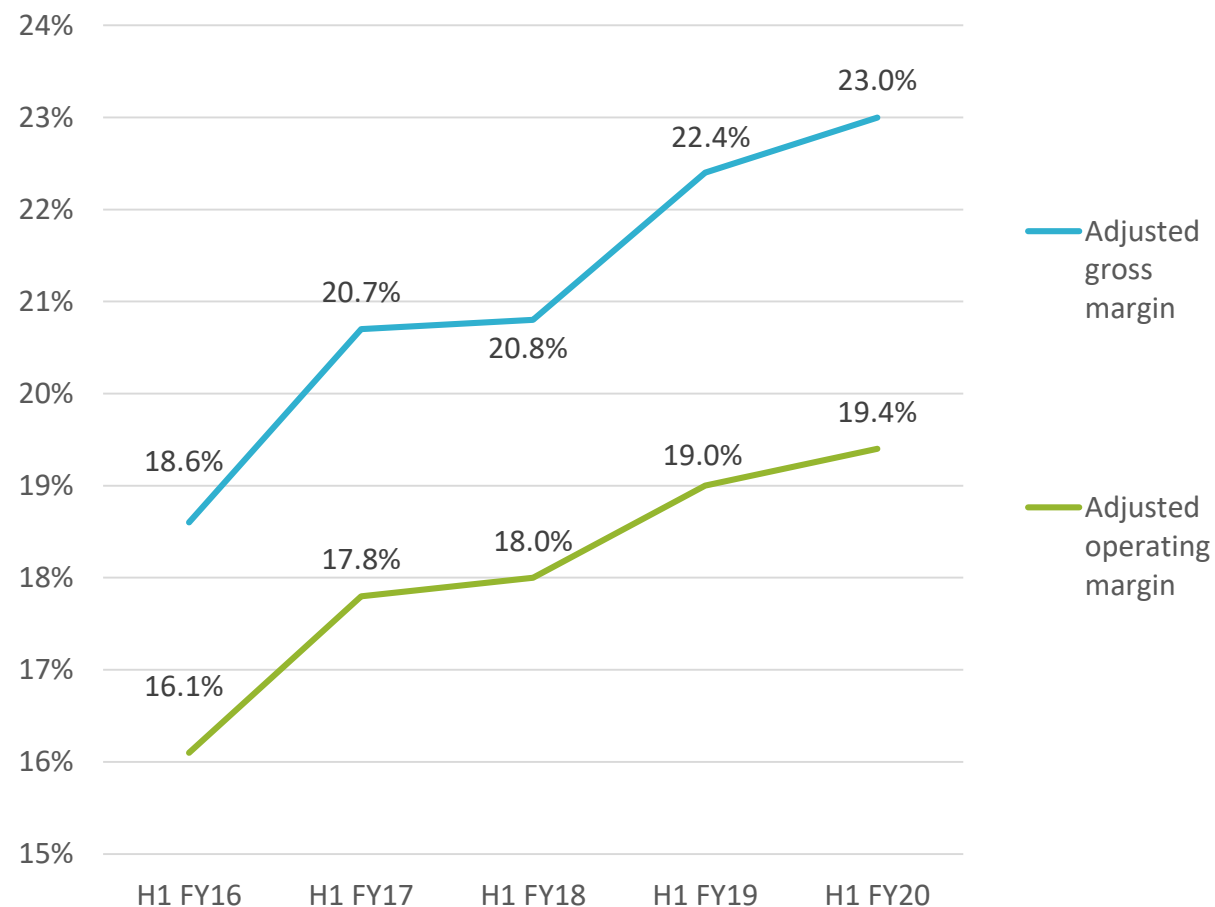
REVENUE SUMMARY

	H1 FY20	H1 FY19	Change
Completions (units)			
Private	6,301	6,078	3.7%
Affordable	1,699	1,324	28.3%
Total completions	8,000	7,402	8.1%
% Affordable	21%	18%	300 bps
JV	314	220	42.7%
Total completions (inc JVs)	8,314	7,622	9.1%
ASP (£'000)			
Private	312.0	317.3	(1.7%)
Affordable	160.0	120.9	32.3%
Total	279.8	282.2	(0.9%)
JV	502.1	404.6	24.1%

DELIVERING MARGIN IMPROVEMENT

- Significant margin progress
- New sites delivering gross margin improvement
- Adjusted operating margin of 19.4% before £17.8m of adjusted items costs

Adjusted gross and operating margin improvement

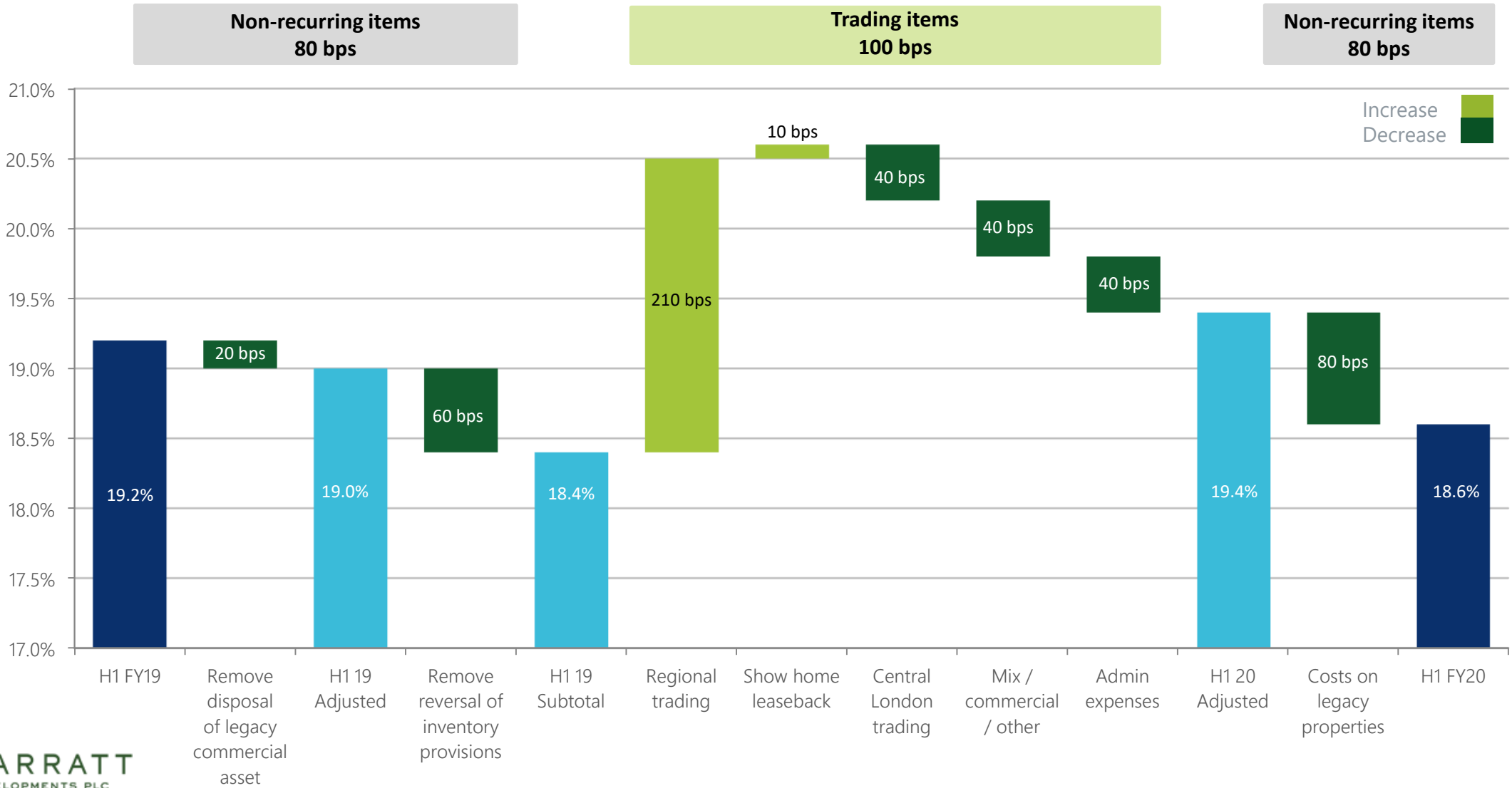


Gross margin is 22.2% (H1 19: 22.6%, H1 18: 20.6%, H1 17: 20.7%, H1 16: 18.6%)
Operating margin is 18.6% (H1 19: 19.2%, H1 18: 17.9%, H1 17: 17.8%, H1 16: 16.1%)

DELIVERING MARGIN IMPROVEMENT – KEY DRIVERS

	Effect on margins	Progress in H1 FY20
Land acquisition	Gross margin hurdle rate minimum 23%	78% of owned land bank ⁽¹⁾ purchased at 23% minimum
New product range	Operational efficiency	76% of active outlets ⁽¹⁾⁽²⁾ using new product ranges
Strategic land	Enhanced margin of c. 300 bps	1,942 home completions from strategic land, 2,421 plots converted to owned land bank
5 year warranty ceased	Changed to the industry standard of 2 years in November 2015	Reduction of plots under warranty ⁽¹⁾⁽²⁾ of 31% since peak
Show home leaseback ceased	Savings from lease payments	£1.9m reduction in show homes lease costs compared to H1 FY19

OPERATING MARGIN BRIDGE



OPERATING FRAMEWORK – PROGRESS UPDATE

	Operating framework	Progress in the half year
Land bank	c. 3.5 years owned / c. 1.0 year controlled	3.7 years owned / 0.9 years controlled (31 Dec 2018: 3.7 years / 1.0 year)
Land creditors	Reduce to 25 - 30% of the land bank over medium term	Achieved target reduced to 27.4% (31 Dec 2018: 32.1%)
Net cash	Average net cash over the financial year	H1 FY20 average net cash of £458.3m
	Year-end net cash	31 Dec 2019: £433.8m (31 Dec 2018: £387.7m)
Treasury	Appropriate financing facilities	£700m Revolving Credit Facility extended to November 2024
Capital Return Plan	2.5 x ordinary dividend cover Ordinary dividend supplemented by special returns when market conditions allow	FY20 interim dividend of 9.8p per share (2018: 9.6p) Capital Return Plan to November 2021

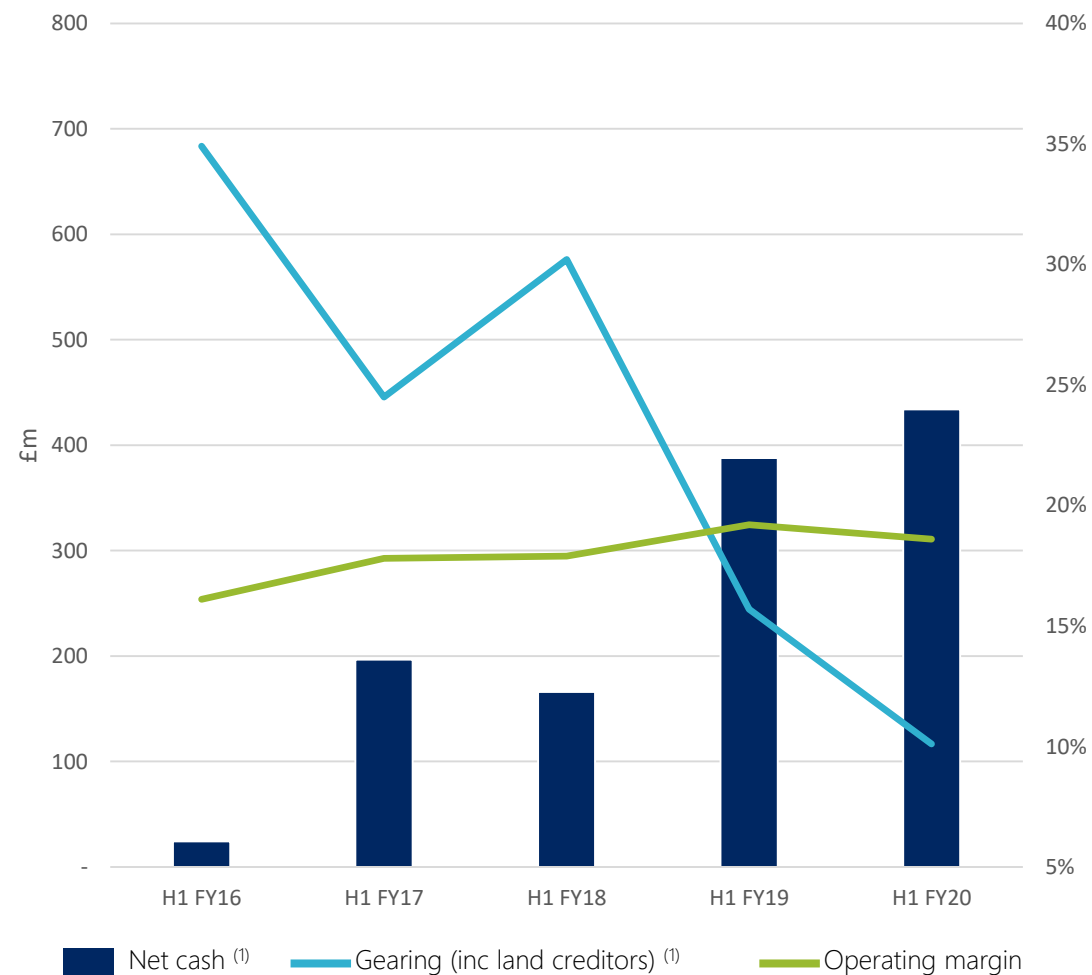
BALANCE SHEET

£m	31 December 2019	31 December 2018
Goodwill and intangible assets	907.6	892.2
Investment in joint ventures and associates	159.7	246.4
Gross land bank	3,036.3	2,994.4
Land creditors	(830.8)	(961.8)
Net land bank	2,205.5	2,032.6
<i>Land creditor %</i>	27.4%	32.1%
WIP	1,800.3	1,672.3
Net cash	433.8	387.7
Trade payables	(294.3)	(296.6)
Other working capital	(416.3)	(330.2)
Other net assets / liabilities	52.8	(52.7)
Net assets	4,849.1	4,551.7

STRONG BALANCE SHEET

- Reduced half year gearing to 10.1%
- Disciplined approach
- Average net cash of £458.3m in the half year

Improving business resilience



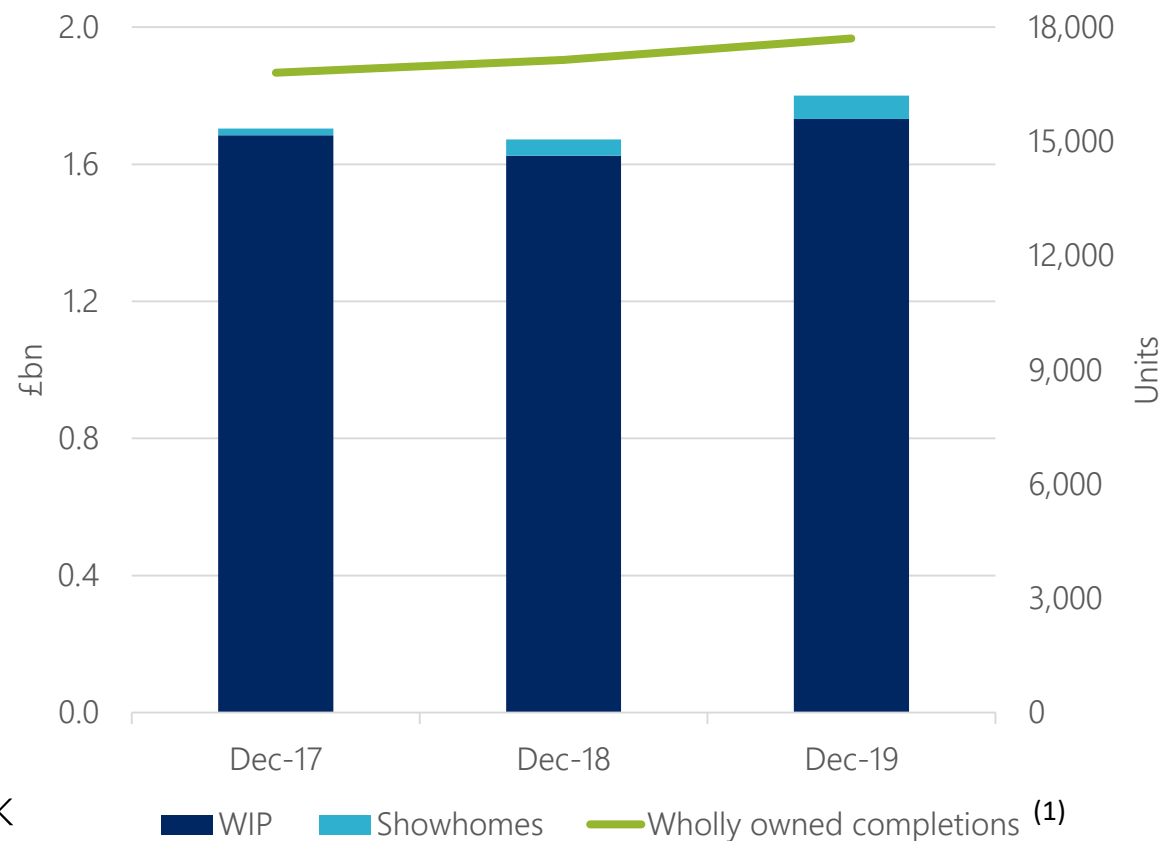
LAND BANK

- Shorter land bank model
- Aim for c. 3.5 years owned and c. 1.0 year conditional land in each division
- Owned land bank supports disciplined volume growth

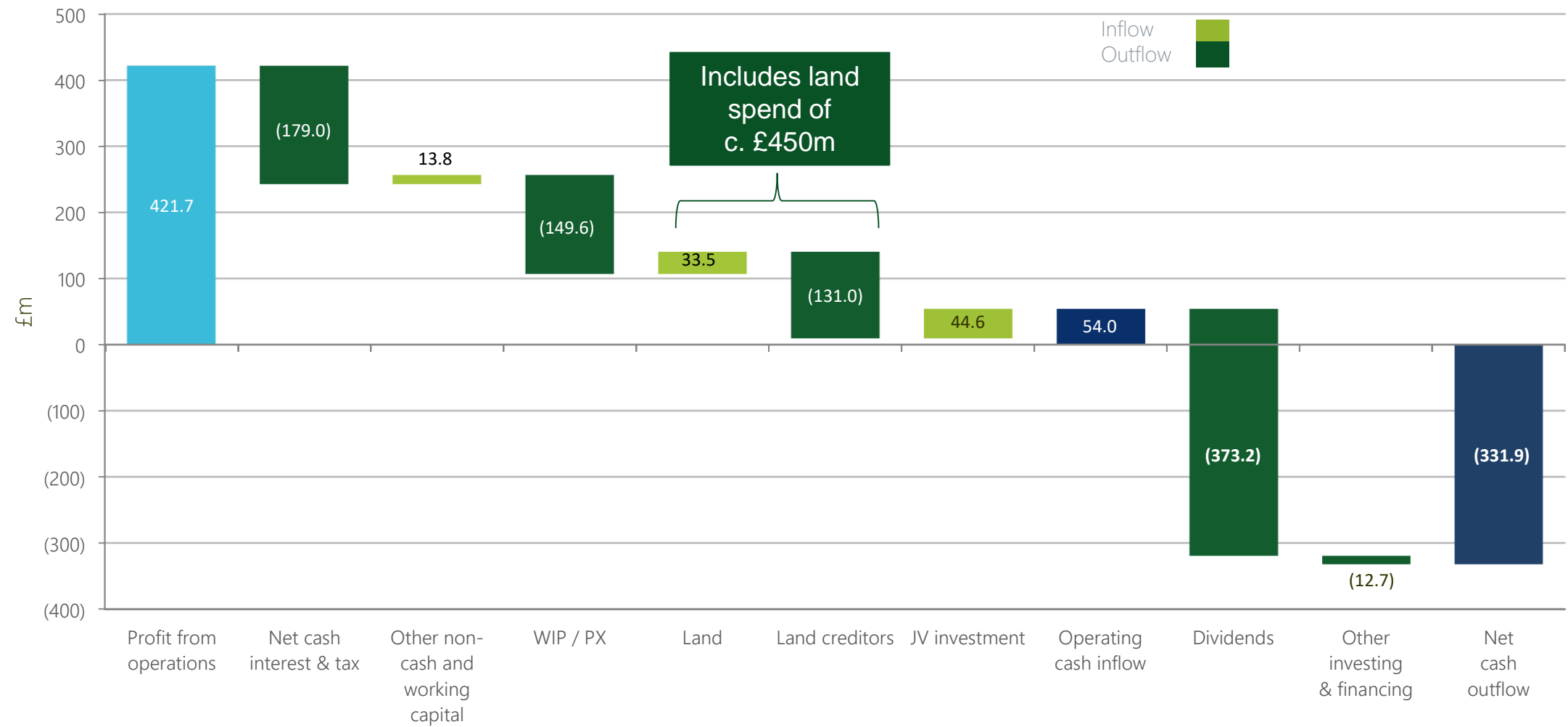
Land bank plots	31 Dec 2019	31 Dec 2018
Owned	65,728	63,125
Controlled	15,118	17,505
Total	80,846	80,630
<i>Land bank years</i>	4.6	4.7
JV – Owned and controlled	5,656	5,426
Total including JV	86,502	86,056

WORK IN PROGRESS

- Appropriate WIP level
 - Volume growth
 - Increase in owned show homes
 - Infrastructure requirements
- Closely controlled
 - Matching build and sales rates
 - Efficient site execution plans
 - Monitor units in progress and unsold stock



CASH FLOW



ATTRACTIVE CASH RETURNS

Ordinary dividend policy	2.5 times dividend cover
Special dividends	Special dividends of £175m proposed for November 2020 and November 2021
Interim dividend	9.8 pence per share being one third of the profit for the 12 months to 31 December 2019 at 2.5 times cover

FINANCIAL SUMMARY

- Strong financial performance
- Strong balance sheet
- Disciplined approach to deliver operating framework
- Achieved land creditor target
- Capital return plan extended



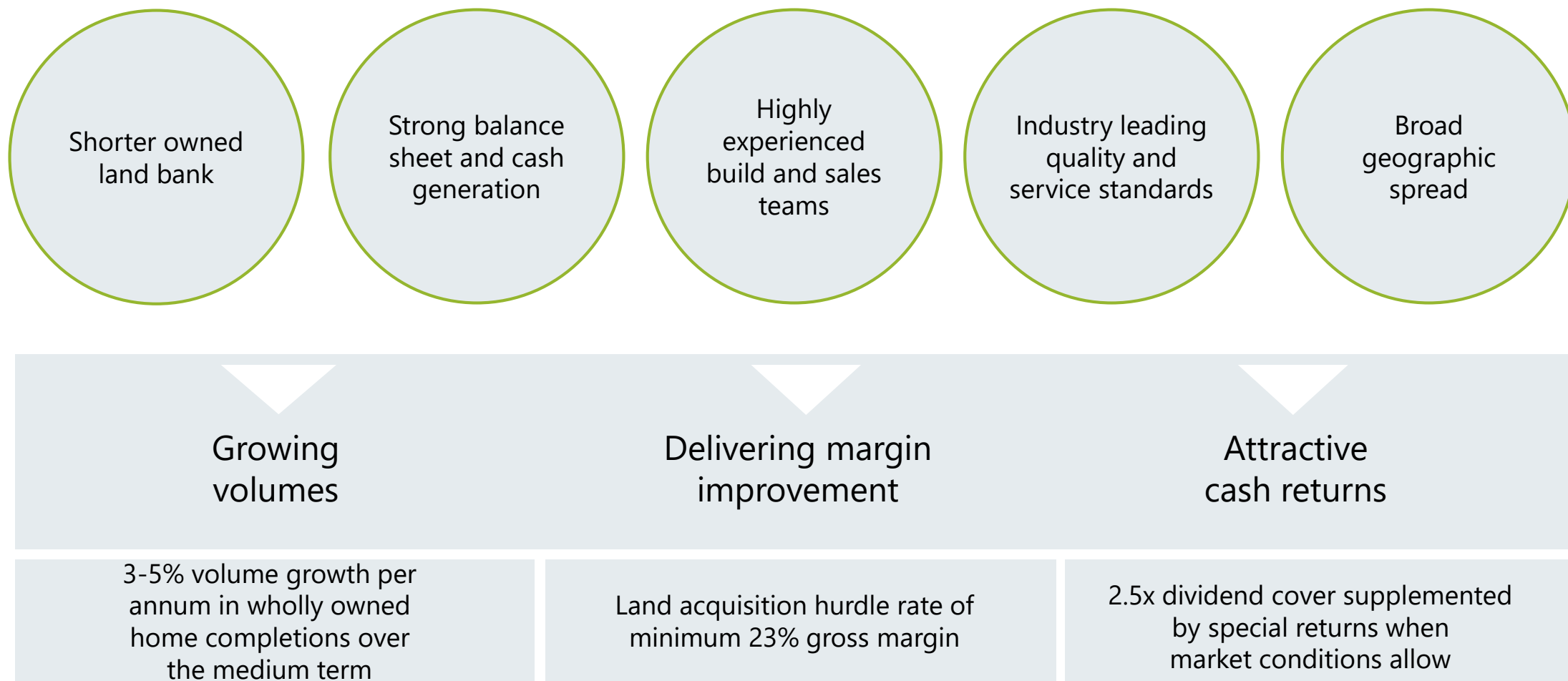


David Thomas
Chief Executive



The Avenue, Northampton

INVESTMENT PROPOSITION



MARKET FUNDAMENTALS REMAIN ATTRACTIVE

1.60%
average 2 year
fixed rate at 85%
LTV⁽¹⁾

Positive lending
environment



Clarity on Help to
Buy

Government
target:
300,000 homes
per annum

Demand continues
to exceed supply



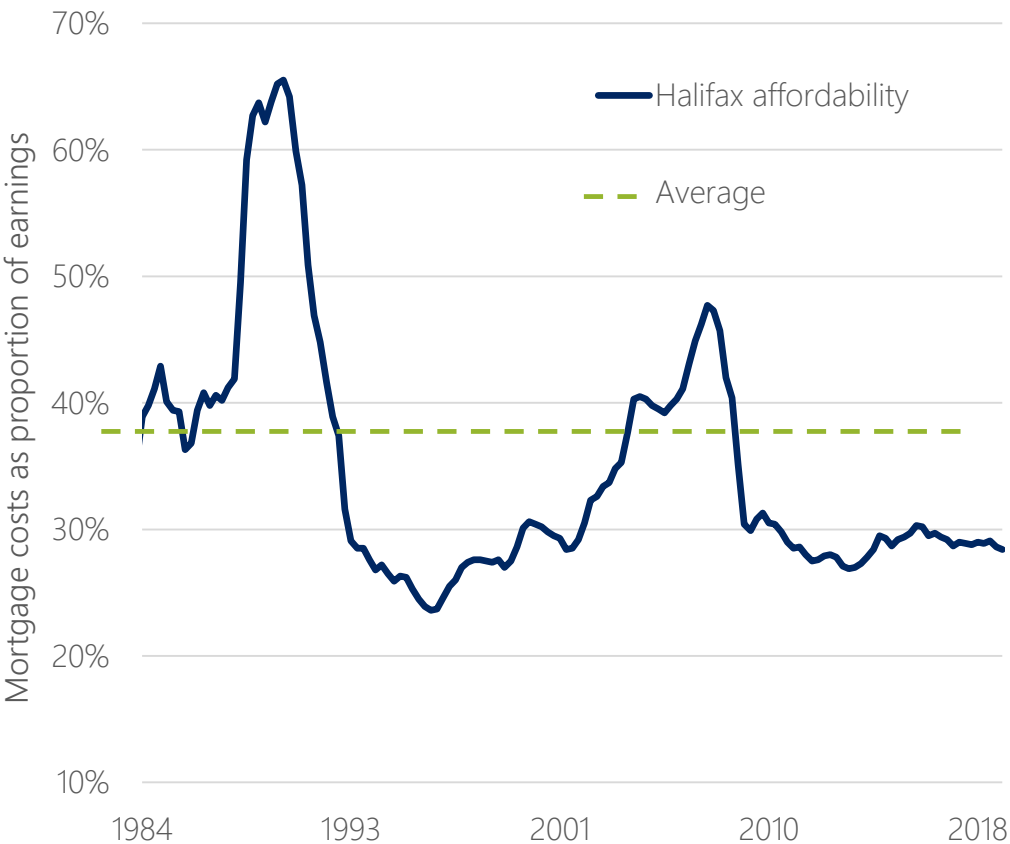
Attractive land market

POSITIVE LENDING ENVIRONMENT

Average mortgage rates⁽¹⁾



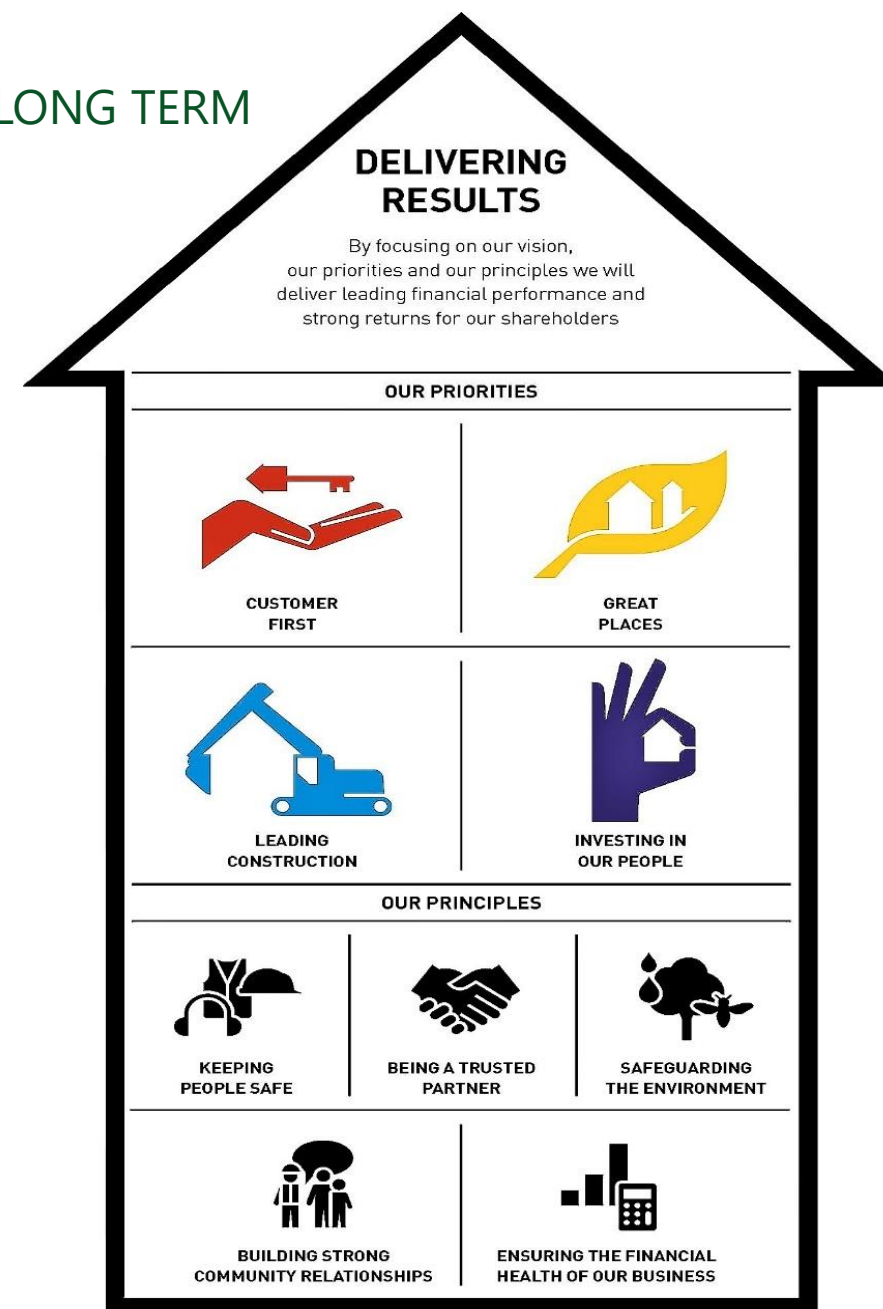
Halifax Mortgage Affordability Index⁽²⁾



(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 December 2019
(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

OUR PRIORITIES AND PRINCIPLES – DELIVERING FOR THE LONG TERM

- Fully embedded across our business
- Sustainability creates long term value for stakeholders
- Focus on measurable targets to deliver value on what matters most for our stakeholders



BUILDING A SUSTAINABLE BUSINESS



Aim to be the leading national sustainable housebuilder building a business resilient and ready for the future

Major partnerships



SAFEGUARDING THE ENVIRONMENT

- Aim to be the leading national sustainable housebuilder
- New ambitious target set - to reduce carbon emissions in our operations by 29% from FY18 to FY25
- Targeting net gain for biodiversity on all new developments



LEADING CONSTRUCTION

- Mitigate industry skill shortage
- New target set to build 25% of completions using MMC by 2025
- Oregon integration proceeding well
- Oregon expected to deliver over 800 units this year, including sites in England
- 17.6% of completions using MMC in H1 FY20 (H1 FY19: 14.6%)⁽¹⁾



Oregon timber frame installation at East Ardsley, West Yorkshire

INVESTING IN OUR PEOPLE

- Future talent c. 8% of our workforce
- 272 new apprentices, trainees and graduates,
- Award winning employment schemes
- Reduced employee turnover to below 15%
- Accredited Living Wage Employer



glassdoor

BEST PLACES TO WORK 2020
EMPLOYEES' CHOICE

EXTERNAL BENCHMARKS



- 5 Star award for 10 years
- Only major national housebuilder to achieve this



- 84 awards in 2019, more than any other housebuilder for 15 consecutive years
- 23 Seals of Excellence, 3 Regional Awards and Supreme Winner



- Large Housebuilder of the year
- Best community initiative



- 86 accreditations including 22 outstanding awards
- More awards than any other housebuilder



- Gold award for 2019
- Crystal award for transparency in sustainability disclosure



- Best large housebuilder
- Overall housebuilder of the year

CURRENT TRADING

	H2 FY20 to date	H2 FY19 to date	Change
Net private reservations per active outlet per average week	0.83	0.74	12.2%
Average active outlets	355	385	(7.8%)
Net private reservations per average week	294	284	3.5%
Total forward sales (including JVs) ⁽¹⁾	£3,027.1m	£3,021.0m	0.2%

SUMMARY

- Strong operationally and financially
- Progressing well towards medium term targets
- Attractive housing market fundamentals
- Continue to lead on quality and customer service
- Building a sustainable business





Q&A



Grey Towers Village, Middlesbrough

APPENDICES – INDEX

	Page
Definitions	49
Guidance for FY20	50
Current trading – forward order book	51
P&L	52
Balance sheet - land bank	53
Private completions – volume and ASP	54
Private average selling price	55
Completions analysis - product type	56
Joint ventures summary	57
Joint venture trading	58
Land prices versus house price inflation	59
Net interest charge analysis and Financing arrangements	60

DEFINITIONS

- Active outlet is a site with at least one home for sale
- ASP is average selling price
- Average cash (debt) is calculated on average daily closing position in period
- 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
- H1/ HY refers to six months period to December
- HBF is Home Builders Federation
- Land bank years is calculated as total owned and controlled land bank plots divided by wholly owned completions in the 12 months to December
- MMC is Modern Methods of Construction
- Net cash is defined as cash and cash equivalents, bank overdrafts, interest bearing borrowings, prepaid fees and foreign exchange swaps
- 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 intangible amortisation, interest, tax, operating charges relating to the defined benefit pension scheme and operating adjusting or exceptional items for the 12 months to December, divided by average net assets adjusted for goodwill and intangibles, tax, net cash, retirement benefit assets/obligations and derivative financial instruments
- Unless stated Joint Ventures (JV) in which the Group has an interest are not included throughout the presentation

GUIDANCE FOR FY20

Completions	3-5% growth in wholly owned completions c. 21% affordable c. 750 JV
ASP	Total ASP in owned land bank of £277k as at December 2019
Total administrative expenses	c. £195m
JV share of profits	c. £30m
Interest cost	c. £30m (£7m cash, £23m non-cash)
Land cash spend	c. £1.1bn (c. £100m reduction in land creditors)
Land creditors	25 – 30% owned land bank
Average net cash	c. £300m
Year-end net cash	c. £600m
Ordinary dividend	2.5x cover
Special return	£175m

CURRENT TRADING – FORWARD ORDER BOOK

	2 Feb 2020		3 Feb 2019		% change	
	£m	Plots	£m	Plots	£m	Plots
Private	1,593.7	4,984	1,473.8	4,874	8.1	2.3
Affordable	1,118.7	7,127	1,164.2	7,496	(3.9)	(4.9)
Wholly owned	2,712.4	12,111	2,638.0	12,370	2.8	(2.1)
JV	314.7	932	383.0	824	(17.8)	13.1
Total	3,027.1	13,043	3,021.0	13,194	0.2	(1.1)

P & L

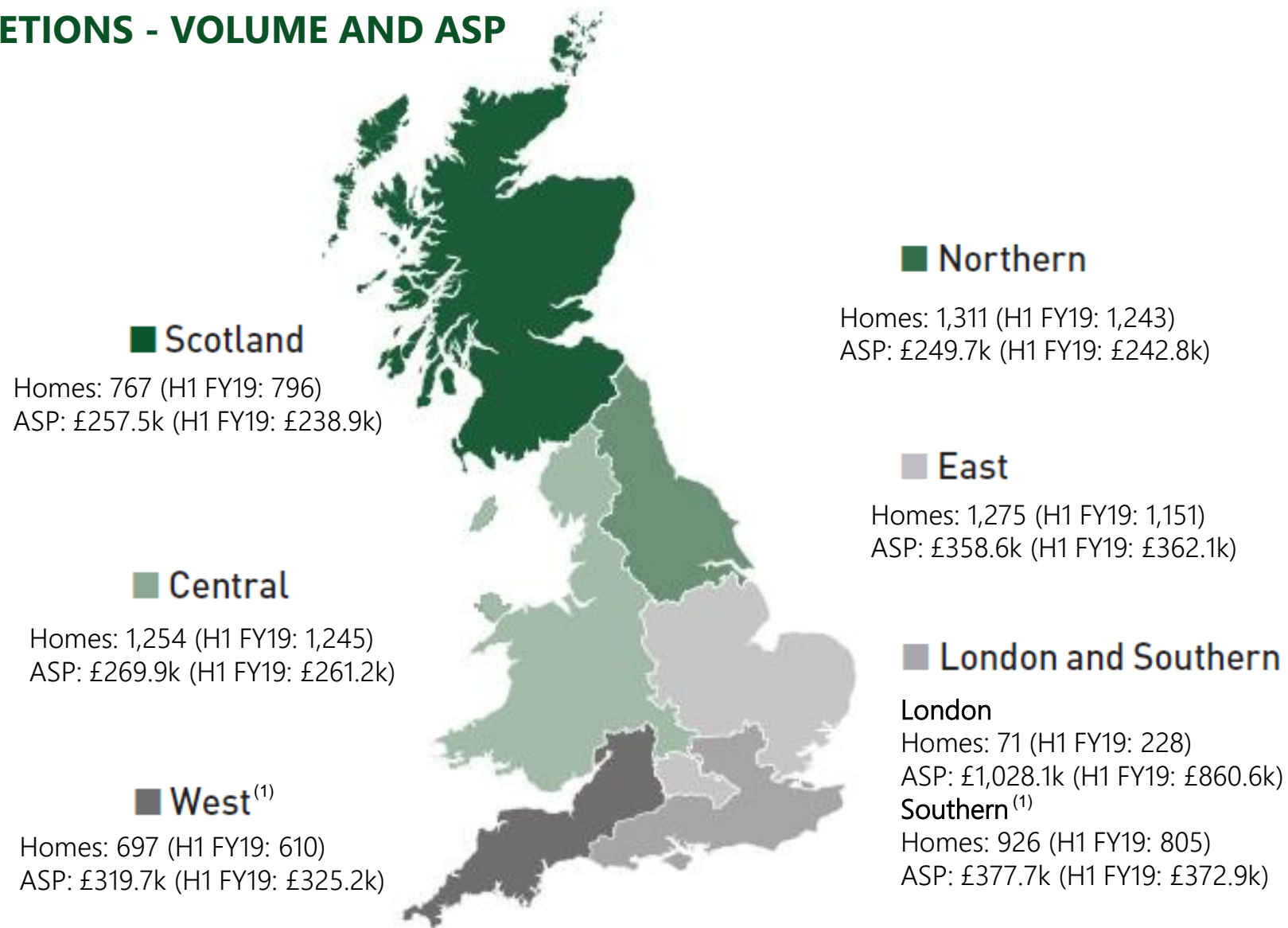
£m (unless otherwise stated)	H1 FY20	H1 FY19	Change
Revenue	2,266.2	2,132.0	6.3%
Cost of Sales	(1,762.5)	(1,649.8)	(6.8%)
Gross profit	503.7	482.2	4.5%
<i>Gross margin %</i>	22.2	22.6	(40 bps)
(Cost)/Credit associated with legacy properties	(17.8)	3.7	n/m
Adjusted gross profit	521.5	478.5	9.0%
<i>Adjusted gross margin %</i>	23.0	22.4	60 bps
Administrative expenses ⁽¹⁾	(82.0)	(72.5)	(13.1%)
Operating profit	421.7	409.7	2.9%
<i>Operating margin %</i>	18.6	19.2	(60 bps)
Adjusted operating profit	439.5	406.0	8.3%
<i>Adjusted operating margin %</i>	19.4	19.0	40 bps
Net finance costs ⁽¹⁾	(14.1)	(15.1)	6.6%
Share of JV/assoc profit	15.4	13.4	14.9%
PBT	423.0	408.0	3.7%

(1) The Group has initially applied IFRS 16 using the modified retrospective approach. Comparatives have not been restated in respect of the adoption of IFRS 16

BALANCE SHEET – LAND BANK

Land bank plots	31 December 2019	31 December 2018
Owned	65,728	63,125
Controlled	15,118	17,505
Total land bank plots	80,846	80,630
JV plots – owned	4,152	4,288
JV plots - controlled	1,504	1,138
Total land bank plots (including JVs)	86,502	86,056
Land bank pricing (£'000)		
Cost of plots acquired	43.5	48.6
Cost of plots in P&L	41.4	51.2
Cost of plots in balance sheet	45.5	46.6
Owned land bank ASP ⁽¹⁾	277	275

PRIVATE COMPLETIONS - VOLUME AND ASP



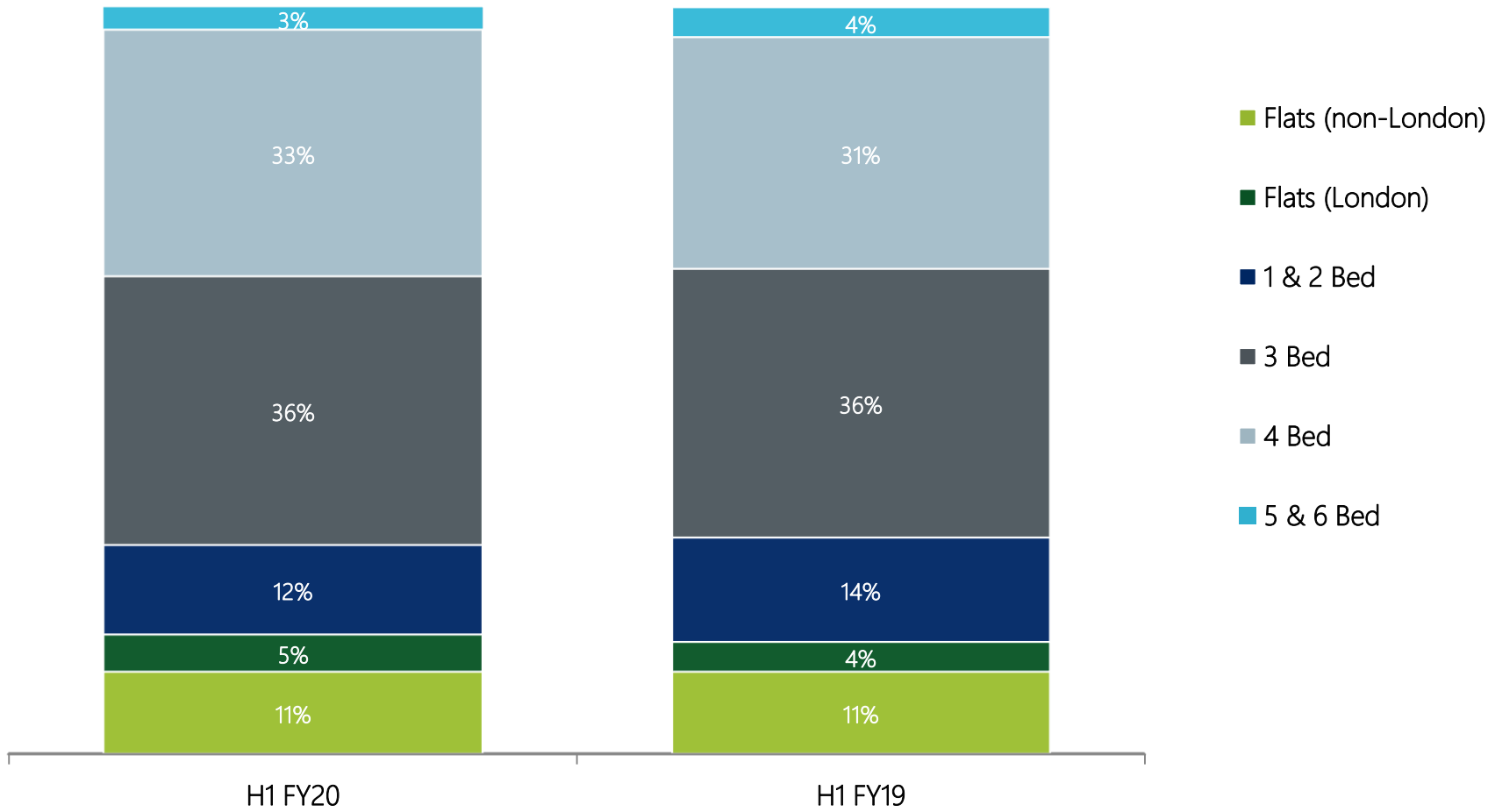
(1) H1 FY19 numbers reported under FY20 regional structure

PRIVATE AVERAGE SELLING PRICE

	H1 FY20		H1 FY19	
	Units	ASP (£000)	Units	ASP (£000)
Regional total	6,230	303.9	5,850	296.2
Central London	16	2,744.2	106	1,306.7
Outer London	55	528.8	122	473.0
London total	71	1,028.1	228	860.6
Total private	6,301	312.0	6,078	317.3

31 December 2019: 2 Central London private, wholly owned units remaining

COMPLETIONS ANALYSIS – PRODUCT TYPE



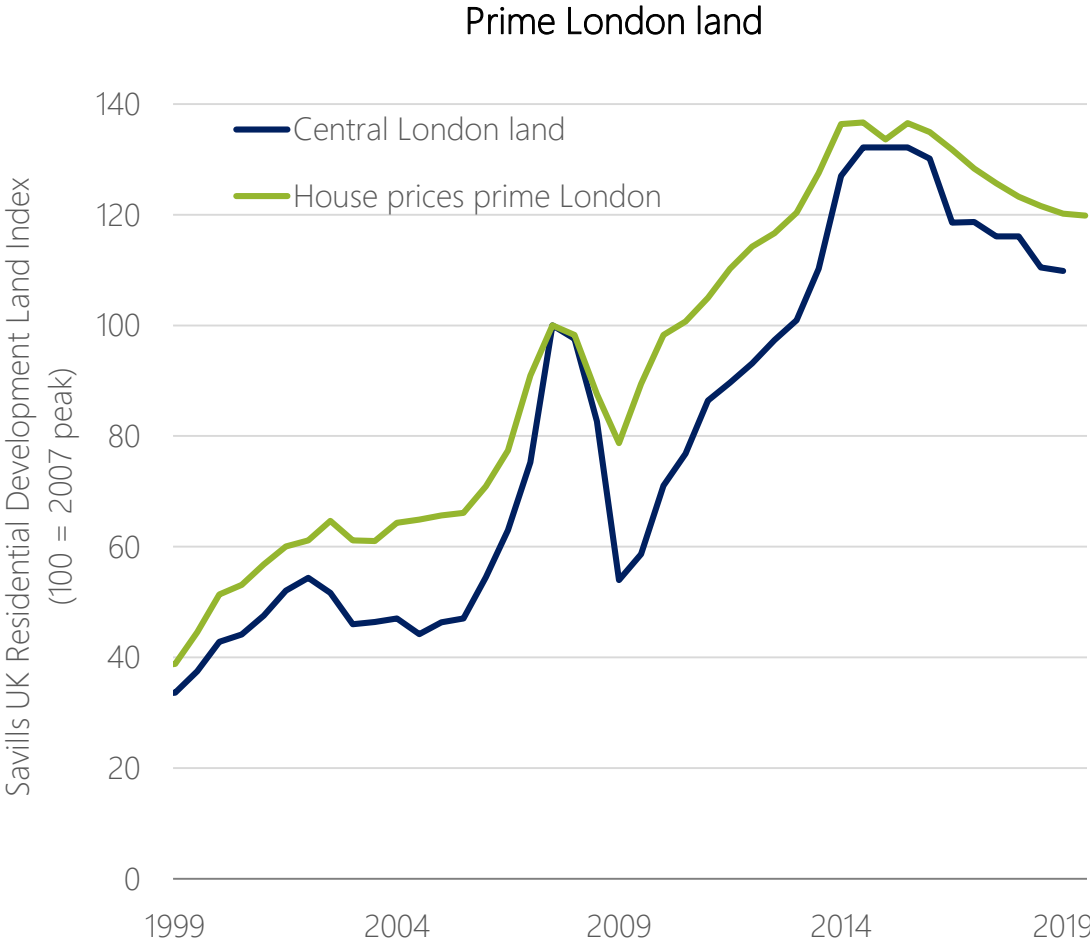
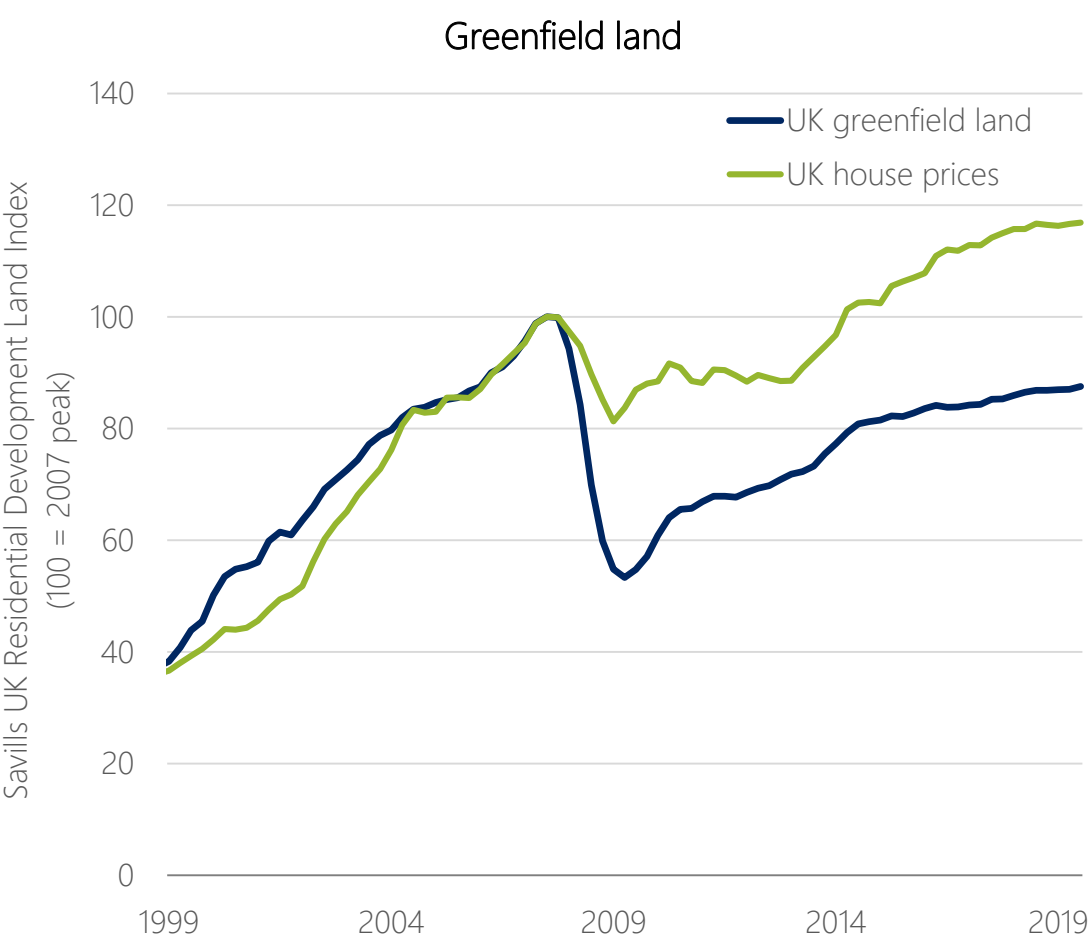
JOINT VENTURES SUMMARY

	Number of housebuild JVs ⁽¹⁾	Unsold plots ⁽²⁾	ASP (£'000)	Balance sheet investment (£m)
Central London	2	3	767	31.6
Outer London	3	2,472	326	113.5
Regional	4	842	296	13.9
Commercial	-	-	-	0.7
Total	9	3,317	335	159.7

JOINT VENTURES TRADING

Housebuild JVs only	FY20 f'cast	FY19	FY18
Home completions			
- London	c. 460	471	555
- Non-London	c. 290	274	344
Total	c. 750	745	899
Share of profit ⁽¹⁾ £m			
- London	c. 15	23.3	4.0
- Non-London	c. 15	15.0	15.1
Total	c. 30	38.3	19.1

LAND PRICES VERSUS HOUSE PRICE INFLATION



NET INTEREST CHARGE ANALYSIS AND FINANCING ARRANGEMENTS

£m		H1 FY20	H1 FY19
Interest on term debt and overdrafts		(2.0)	(1.5)
Interest on private placement notes		2.8	2.8
Utilisation / non-utilisation fees on RCF		1.8	2.1
Other interest		0.5	(0.2)
Total cash interest		3.1	3.2
Land creditors / deferred payables		9.5	11.3
Financing fees		1.3	1.5
Pension		(0.8)	(0.9)
Lease interest ⁽¹⁾		1.0	-
Total non-cash interest		11.0	11.9
Total interest		14.1	15.1
Loan Facility	Amount	Maturity	Interest basis
RCF facility	£700m	November 2024	LIBOR +1.25-2.75% ⁽²⁾
Private placement notes	£200m	August 2027	2.77%

(1) The Group has initially applied IFRS 16 using the modified retrospective approach. Comparatives have not been restated in respect of the adoption of IFRS 16

(2) Does not include utilisation and non-utilisation fees

DISCLAIMER

This document has been prepared by Barratt Developments PLC (the “Company”) solely for use at a presentation in connection with the Company’s Interim Results Announcement in respect of the half year ended 31 December 2019. For the purposes of this notice, the presentation (the “Presentation”) shall mean and include these slides, the oral presentation of the slides by the Company, the question-and-answer session that follows that oral presentation, hard copies of this document and any materials distributed at, or in connection with, that presentation.

The Presentation does not constitute or form part of and should not be construed as, an offer to sell or issue, or the solicitation of an offer to buy or acquire, securities of the Company in any jurisdiction or an inducement to enter into investment activity. No part of this Presentation, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever.

Statements in this Presentation, including those regarding the possible or assumed future or other performance of the Company or its industry or other trend projections may constitute forward-looking statements. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or developments to differ materially from those expressed or implied by such forward-looking statements. Accordingly, no assurance is given that such forward-looking statements will prove to have been correct. They speak only as at the date of this Presentation and the Company undertakes no obligation to update these forward-looking statements.

The information and opinions contained in this Presentation do not purport to be comprehensive, are provided as at the date of the Presentation and are subject to change without notice. The Company is not under any obligation to update or keep current the information contained herein.