



# FULL YEAR RESULTS PRESENTATION

53 WEEKS TO 3 JULY 2022

14 SEPTEMBER 2022

# **AGENDA**

**Overview**

**Matthew Pratt**

**Financial Review**

**Barbara Richmond**

**Operating Review and Outlook**

**Matthew Pratt**

# OVERVIEW

A return to the record underlying profits achieved pre Covid-19

	2022	2021	2019
Revenue (£m)	2,140	1,940	2,112
PBT (£m)	410	314	406
EPS (p)	96.0	73.7	92.3
DPS (p)	32.0	24.5	30.5
Order Book (£bn)	1.44	1.43	1.02

Note: all the results throughout this presentation are underlying, that is before exceptional items



## OPERATIONAL HIGHLIGHTS

- Effective management of house price inflation
- Disciplined cost control
- Selective land buying strategy
- Quality & Customer Experience
- Climate Challenge
- Acting on Fire Safety pledge



# FINANCIAL REVIEW

**BARBARA RICHMOND**  
**GROUP FINANCE DIRECTOR**

## FINANCIAL HIGHLIGHTS

- Operating profit of £414m (2021: £321m)
- ROCE 24.54% (2021: 18.53%)
- Net cash £288m (2021: Net cash £160m)
- Launch of up to £100m share buy back in July
- Final dividend proposed of 22p (2021: 18.5p) making 32p for the year, up 31% (2021: 24.5p)



## INCOME STATEMENT

£m	FY 2022	FY 2021	Variance %	FY 2019	Variance %
Revenue – Homes	2,119	1,902	11	2,091	1
Revenue – Other	21	37	(43)	21	-
Total revenue	2,140	1,939	10	2,112	1
Gross Profit	516	414	25	504	2
Operating expenses	(102)	(93)	(10)	(93)	(10)
Operating profit	414	321	29	411	1
Interest	(4)	(7)	43	(5)	20
Underlying Profit before tax	410	314	31	406	1

## ANALYSIS OF PRIVATE PLOTS IN COST OF SALES

£m

Average plot cost eliminated (£k)

Average plot cost as percentage of ASP

FY	FY
2022	2021
86	83
20	21

## REVENUE BY GEOGRAPHY

- Strong double digit revenue growth in all regions
- Homes Revenue up 20% for the ongoing business

	FY 2022		FY 2021	
	£m	%	£m	%
North	458	21	401	21
Central	547	26	416	21
South	889	42	758	39
Colindale	173	8	146	8
Total Homes Ongoing	2,067	97	1,721	89
Build Out Sites	52	2	181	9
Other	21	1	37	2
Group	2,140	100	1,939	100

## HOMES REVENUE ANALYSIS

- Homes revenue of £2.1bn, up 11%
- Legal completions of 5,715, up 2%
- Blended ASP up 9% to £370.8k
- Apartments only 12% of private revenue (2021: 19%)

	Revenue (£m)				Volume				ASP (£k)			
	FY 22	FY 21	Var	% Var	FY 22	FY 21	Var	% Var	FY 22	FY 21	Var	% Var
Private Houses	1,680	1,366	314	23	3,844	3,420	424	12	437.0	399.2	37.8	9
Private Apartments	232	322	(90)	(28)	621	886	(265)	(30)	373.6	363.7	9.9	3
Total Private	1,912	1,688	224	13	4,465	4,306	159	4	428.2	391.9	36.3	9
Affordable	207	214	(7)	(3)	1,250	1,314	(64)	(5)	165.6	162.9	2.7	2
Total Homes	2,119	1,902	217	11	5,715	5,620	95	2	370.8	338.5	32.3	9

## HOMES PRIVATE REVENUE ANALYSIS

- Homes private revenue of £1.9bn up 13%
- Heritage Collection 88% of revenue (2021: 79%)
- Extras revenue of £41m (2021: £18m)
- Help to Buy legal completions of 566 (2021: 1,888)

	Revenue (£m)			Volume			ASP (£k)		
	FY 22	FY 21	Var	FY 22	FY 21	Var	FY 22	FY 21	Var
Heritage	1,686	1,330	356	3,891	3,375	516	433.3	393.9	39.4
Bespoke	226	358	(132)	574	931	(357)	393.7	384.6	9.1
<b>Total Private</b>	<b>1,912</b>	<b>1,688</b>	<b>224</b>	<b>4,465</b>	<b>4,306</b>	<b>159</b>	<b>428.2</b>	<b>391.9</b>	<b>36.3</b>

## CASH FLOW

	FY	
	2022	2021
Operating cash flow (£m)		
EBITDA	419	328
Movement in land	(184)	12
Movement in land creditors	82	(8)
Cash investment in land	(102)	4
Movement in WIP	(43)	60
Other working capital movements	44	(30)
Operating cash flow	318	362
Cash conversion (%)	76	110

	FY	
	2022	2021
Net cash movement (£m)		
Operating cash flow	318	362
Interest	(1)	(4)
Tax paid	(55)	(54)
Dividend	(100)	(21)
Other	(34)	3
Net cash flow	128	286
Opening net cash/(debt)	160	(126)
Closing net cash	288	160
Average monthly net cash	250	142

## NET ASSETS

£m	June 22	June 21	Movement
Land	1,710	1,526	184
WIP	1,030	987	43
Land creditors	(376)	(294)	(82)
Net investment in inventory	2,364	2,219	145
Other working capital	(721)	(519)	(202)
Tax	(7)	(13)	6
Fixed Assets	26	25	1
Capital Employed	1,662	1,712	(50)
Net Cash	288	160	128
Net Assets	1,950	1,872	78

## CAPITAL ALLOCATION

- **Priorities for use of capital**
  - **Growth**
  - **Normal dividend at 33% of underlying earnings**
  - **Capital return**
- **Two capital return exercises in recent years**
  - **B Share Scheme of £111m in 2019**
  - **Share Buyback of up to £100m launched in 2022**



## 2024 GUIDANCE

	Sept 2022	Feb 2022
Turnover	£2.3bn - £2.4bn	£2.3bn - £2.4bn
Operating Margin	c19.5%	19.5% - 20%
EPS*	> 96p	≥ 92p
DPS	> 32p	≥ 31p
Average Outlets	c134	c134
ROCE	> 23%	22% - 25%

**Guidance updated from that given in February 2022 mainly due to the benefit of the share buyback on EPS and DPS**

**This guidance is based on current housing market conditions and subject to any further changes in them going forward**

\*Tax rate of 29% comprising to 25% Corporation Tax and 4% Residential Property Developer Tax.

# OPERATING REVIEW AND OUTLOOK

**MATTHEW PRATT**  
**GROUP CHIEF EXECUTIVE**

## SALES MARKET - HIGHLIGHTS

- **Strong level of completions driven by**
  - Very strong market
  - Differentiated and highly desirable homes
  - Record sales of extras
  - Connected and well-designed places
  - Resilient cash buyers
- **Record total order book at the end of June 2022 of £1.44bn (2021: £1.43bn)**



## SALES MARKET - TRADING

	2022	2021
Value of private net reservations (£bn)*	1.82	1.79
Private reservations per outlet per week*	0.68	0.70
Value of private reservations per outlet per week (£k)*	311	288
Cancellation rate (%)	19	19

\*2021 are 53 weeks like for like

## SALES MARKET - TRADING

### First 10 weeks

Value of private net reservations (£m)\*

Value of private reservations per outlet per week (£k)\*

Reservations per outlet per week\*

2023

2022

360

340

296

294

0.61

0.66

\*FY2022 LFL weeks 2-11

## SALES MARKET – AVERAGE OUTLETS

	2021 Actual	2022 Actual	2023 Forecast
Ongoing Business	115	109	119
Build out sites	2	2	1
Group	117	111	120

## LAND - HIGHLIGHTS

- **Current land**
  - 5,958 plots added on 24 sites
  - Land market competitive
  - Planning remains difficult
- **Forward land**
  - 4,741 plots added on 34 sites
  - 1,579 plots transferred to current land



## FIRE SAFETY

- Pledge signed April 2022
- Full time team of 5 people managing the project
- Building management companies contacted
- Detailed assessments of works and costs ongoing
- Team working with the Building Safety Fund and management companies



## OPERATIONS - HIGHLIGHTS

- **People**
  - 94% of colleagues proud to work for Redrow
  - 15% of our workforce are trainees
  - 261 internal promotions
  - 4,819 training days delivered
- **Build**
  - Fourth consecutive year in which accidents resulting in injuries have declined
  - Build cost inflation 10%
  - Signs of easing of supply issues
  - Strong supply chain relationships



## OPERATIONS - HIGHLIGHTS

- **Quality & Customer Service**
  - Full readiness for introduction of the New Homes Ombudsman
  - 94.5% NHBC 8-week customer recommend score
  - Rated as 'Excellent' on Trustpilot
  - Over 90% of Customers utilising Homeowner Support Portal
  - 24 NHBC Pride in the Job Winners



## OPERATIONS - HIGHLIGHTS

- **Product & Placemaking**
  - Group prepared for the introduction of Part L
  - Trialing Air Source Heat Pumps
  - Sites scored against Placemaking principles
  
- **Meeting the climate challenge**
  - Established Strategy
  - Double materiality strategy review
  - Carbon reduction targets set and submitted



## **SUMMARY AND OUTLOOK**

- **Demand has moderated to historic norm**
- **Strong land bank**
- **Disciplined capital allocation**
- **Further progress on ESG**
- **Acting on fire safety pledge**
- **Excellent returns**
- **Strong balance sheet**



**THANK YOU**

**A BETTER WAY TO LIVE**

# APPENDICES

## HOMES REVENUE - EXCLUDING BUILD OUT SITES

	Revenue (£m)				Volume				ASP (£k)			
	FY 22	FY 21	Var	% Var	FY 22	FY 21	Var	% Var	FY 22	FY 21	Var	% Var
Private Houses	1,680	1,344	336	25	3,844	3,383	461	14	437.0	397.3	39.7	10
Private Apartments	194	215	(21)	(10)	529	600	(71)	(12)	366.7	358.3	8.4	2
<b>Total Private</b>	<b>1,874</b>	<b>1,559</b>	<b>315</b>	<b>20</b>	<b>4,373</b>	<b>3,983</b>	<b>390</b>	<b>10</b>	<b>428.5</b>	<b>391.4</b>	<b>37.1</b>	<b>9</b>
Affordable	193	162	31	19	1,203	1,134	69	6	160.4	142.9	17.5	12
<b>Total Homes</b>	<b>2,067</b>	<b>1,721</b>	<b>346</b>	<b>20</b>	<b>5,576</b>	<b>5,117</b>	<b>459</b>	<b>9</b>	<b>370.7</b>	<b>336.3</b>	<b>34.4</b>	<b>10</b>

## HOMES PRIVATE REVENUE - EXCLUDING BUILD OUT SITES

	Revenue (£m)			Volume			ASP (£k)		
	FY 22	FY 21	Var	FY 22	FY 21	Var	FY 22	FY 21	Var
Heritage	1,686	1,303	383	3,891	3,278	613	433.3	397.5	35.8
Bespoke	188	256	(68)	482	705	(223)	390.0	363.1	26.9
<b>Total Private</b>	<b>1,874</b>	<b>1,559</b>	<b>315</b>	<b>4,373</b>	<b>3,983</b>	<b>390</b>	<b>428.5</b>	<b>391.4</b>	<b>37.1</b>

## MOVEMENT IN CURRENT LAND HOLDINGS

	Plots Owned	Contracted Plots	Total
At 28 June 2021	26,130	3,330	29,460
Legal completions	(5,715)	-	(5,715)
Market additions	2,830	1,549	4,379
Forward land pull through	945	634	1,579
Transfers	2,363	(2,363)	-
Other (land sales and replans)	(93)	(10)	(103)
At 3 July 2022	26,460	3,140	29,600

## MOVEMENT IN FORWARD LAND HOLDINGS

	Total Plots	
At 28 June 2021	34,400	
Additions	4,741	
Transfers to current land	(1,579)	
Strategic review	238	
At 3 July 2022	37,800	
	June 22	June 21
Analysis		
Land owned without planning	4,192	2,674
Land contracted without planning	2,833	2,348
Options - allocations	8,839	9,202
- realistic prospect	21,936	20,176
	37,800	34,400

## LAND HOLDINGS BY GEOGRAPHY

	June 22			
	Current Land	%	Forward Land	%
North	6,995	24	9,149	24
Central	7,573	26	15,228	40
South	12,599	42	13,423	36
London	2,433	8	-	-
	<b>29,600</b>	<b>100</b>	<b>37,800</b>	<b>100</b>

	June 21			
	Current Land	%	Forward Land	%
North	6,796	23	9,945	29
Central	8,165	28	12,630	37
South	11,475	39	11,825	34
London	3,024	10	-	-
	<b>29,460</b>	<b>100</b>	<b>34,400</b>	<b>100</b>

## PLOT COST CARRIED FORWARD

