



INTERIM RESULTS PRESENTATION

26 WEEKS TO 27 DECEMBER 2020

10 February 2021



DEVELOPING THRIVING
COMMUNITIES BY VALUING PEOPLE
AND BUILDING RESPONSIBLY

AGENDA

Chairman's Overview

John Tutte

Financial Review

Barbara Richmond

Operating Review and Outlook

Matthew Pratt

STRONG SET OF RESULTS

- **Turnover up 20% to £1,041m (2020: £870m)**
- **Pre-tax profit up £17m to £174m**
- **Like for like first half reservations of £827m (2020: £816m)**
- **Interim dividend of 6p (2020: Nil)**



FINANCIAL REVIEW

BARBARA RICHMOND
GROUP FINANCE DIRECTOR

HIGHLIGHTS

- Homes turnover of £1,030m (2020: £863m)
- EPS of 41.0p (2020: 37.2p)
- Cash conversion of 211% (2020: 28%)
- Net cash of £238m (June 2020: Net Debt: £126m)



INCOME STATEMENT

£m	H1	H1	Variance	
	2021	2020	£m	%
Turnover – Homes	1,030	863	167	19
Turnover – Other	11	7	4	57
Total Turnover	1,041	870	171	20
Gross Profit	222	208	14	7
Operating expenses	(44)	(49)	5	10
Operating profit	178	159	19	12
Interest	(4)	(2)	(2)	100
Profit before tax	174	157	17	11

ANALYSIS OF PRIVATE PLOTS IN COST OF SALES

£m

Average plot cost eliminated (£k)

Average plot cost as percentage of ASP

H1 2021	H1 2020
81	82
21	21

REVENUE BY GEOGRAPHY

- Turnover for ongoing business up 23% to £991m
- Growth in all regions, particularly the South

	H1 2021		H1 2020	
	£m	%	£m	%
North	249	24	212	24
Central	238	23	230	26
South	438	42	329	38
Colindale	66	6	33	4
Total Homes Ongoing	991	95	804	92
Build Out Sites	39	4	59	7
Other	11	1	7	1
Group	1,041	100	870	100

HOMES TURNOVER ANALYSIS

- Private Houses first half revenue of £808m, up 15%
- Private ASP unchanged at £387k
- Affordable ASP up £11k due to geographical mix
- Lower margin affordable homes were 9% of turnover in H1, they will increase to 13% in H2

	Turnover (£m)				Volume				ASP (£k)			
	H1 21	H1 20	Var	% Var	H1 21	H1 20	Var	% Var	H1 21	H1 20	Var	% Var
Private Houses	808	705	103	15	2,052	1,780	272	15	394	396	(2)	-
Private Apartments	132	94	38	40	378	285	93	33	349	330	19	6
Total Private	940	799	141	18	2,430	2,065	365	18	387	387	-	-
Affordable	90	64	26	41	635	489	146	30	142	131	11	8
Total Homes	1,030	863	167	19	3,065	2,554	511	20	336	338	(2)	(1)

HOMES PRIVATE TURNOVER ANALYSIS

- Heritage Collection 82% of private turnover (2020: 87%)
- Help to Buy legal completions of 1,286 (2020: 866)
- First time buyers comprised 41% of legal completions (2020: 31%)

	Turnover (£m)			Volume			ASP (£k)		
	H1 21	H1 20	Var	H1 21	H1 20	Var	H1 21	H1 20	Var
Heritage	774	696	78	2,003	1,790	213	386	389	(3)
Bespoke	166	103	63	427	275	152	389	375	14
Total Private	940	799	141	2,430	2,065	365	387	387	-

CASH FLOW

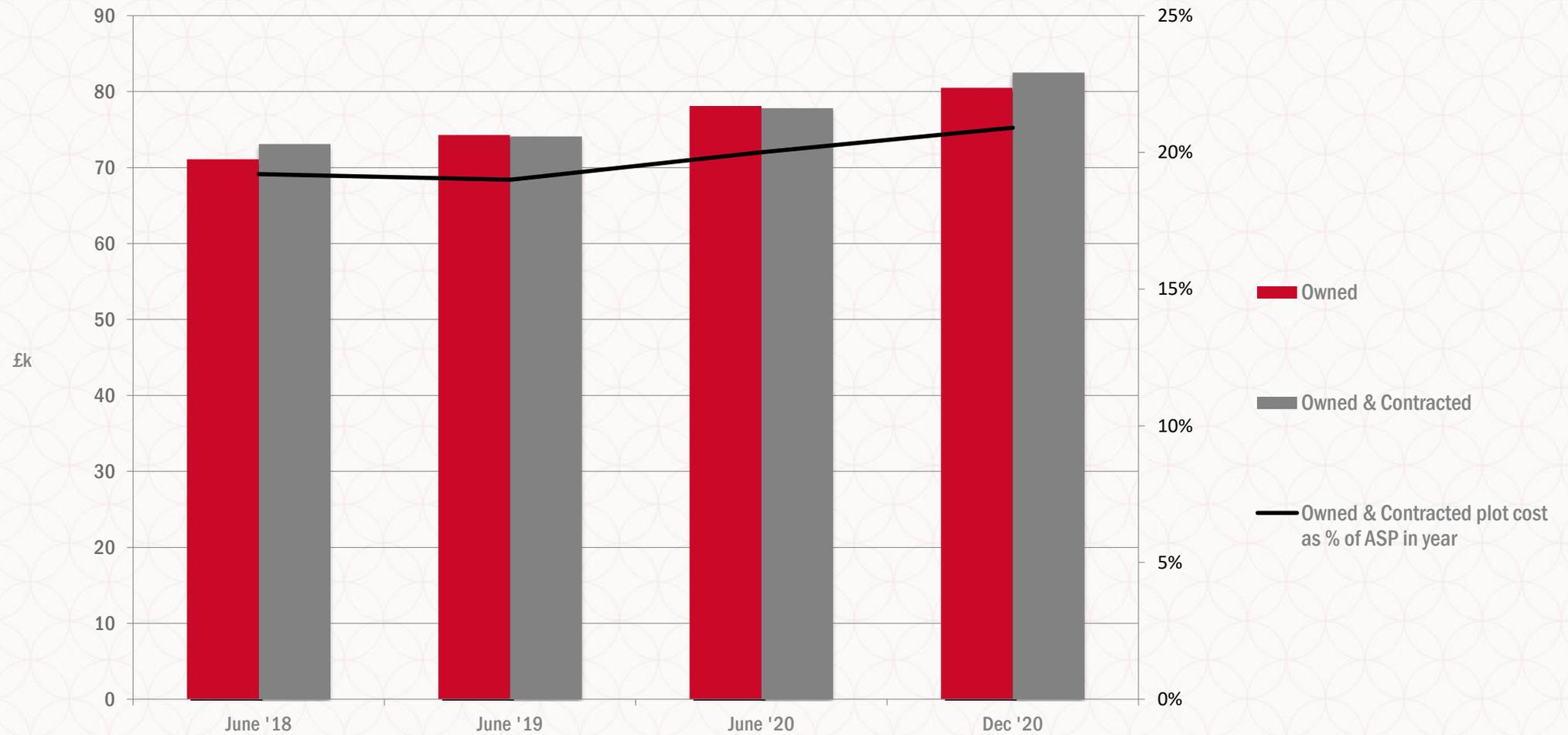
	H1	
	2021	2020
Operating cash flow (£m)		
EBITDA	180	162
Decrease in land	36	51
Movement in land creditors	33	(84)
Cash investment in land	69	(33)
Movement in WIP	95	(104)
Other working capital movements	38	20
Operating cash flow	382	45
Cash conversion %	211	28

	H1	
	2021	2020
Net cash movement (£m)		
Operating cash flow	382	45
Tax paid	(25)	(77)
Dividend	-	(72)
Other	7	(6)
Net cash flow	364	(110)
Opening net (debt)/cash	(126)	124
Closing net cash	238	14
Average monthly net cash	66	62

NET ASSETS

£m	Dec 20	Jun 20	Movement
Land	1,502	1,538	(36)
WIP	952	1,047	(95)
Land creditors	(335)	(302)	(33)
Net investment in inventory	2,119	2,283	(164)
Other working capital	(608)	(571)	(37)
Tax	(5)	3	(8)
Fixed Assets	27	28	(1)
Investment in JV	-	9	(9)
Capital Employed	1,533	1,752	(219)
Net Cash / (Debt)	238	(126)	364
Net Assets	1,771	1,626	145

PLOT COST CARRIED FORWARD



2021 GUIDANCE

Turnover	> £1.8bn
Operating Margin	≥ 15.5%
Year end net cash	> £100m
ROCE	> 16.0%

- **Q4 FY2021 expected to be lowest turnover quarter**
- **H2 margin negatively impacted by**
 - **London revenue almost entirely from the lower margin build out sites, including 2 PRS contracts**
 - **A higher proportion of affordable revenue at lower margins**
- **Net cash reduces in H2 due to investment in land but is expected to remain above £100m**

OPERATING REVIEW AND OUTLOOK

MATTHEW PRATT
GROUP CHIEF EXECUTIVE

SALES MARKET - HIGHLIGHTS

- **Strong H1 driven by**
 - Delayed completions from 2020
 - Strong rebound in demand
 - Stamp Duty holiday
 - Help to Buy 1 ending in March 2021
- **Total order book at the end of December 2020 of £1.3bn (2019: £1.2bn)**



SALES MARKET - TRADING

H1

Value of private net reservations (£m)

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

Cancellation rate (%)

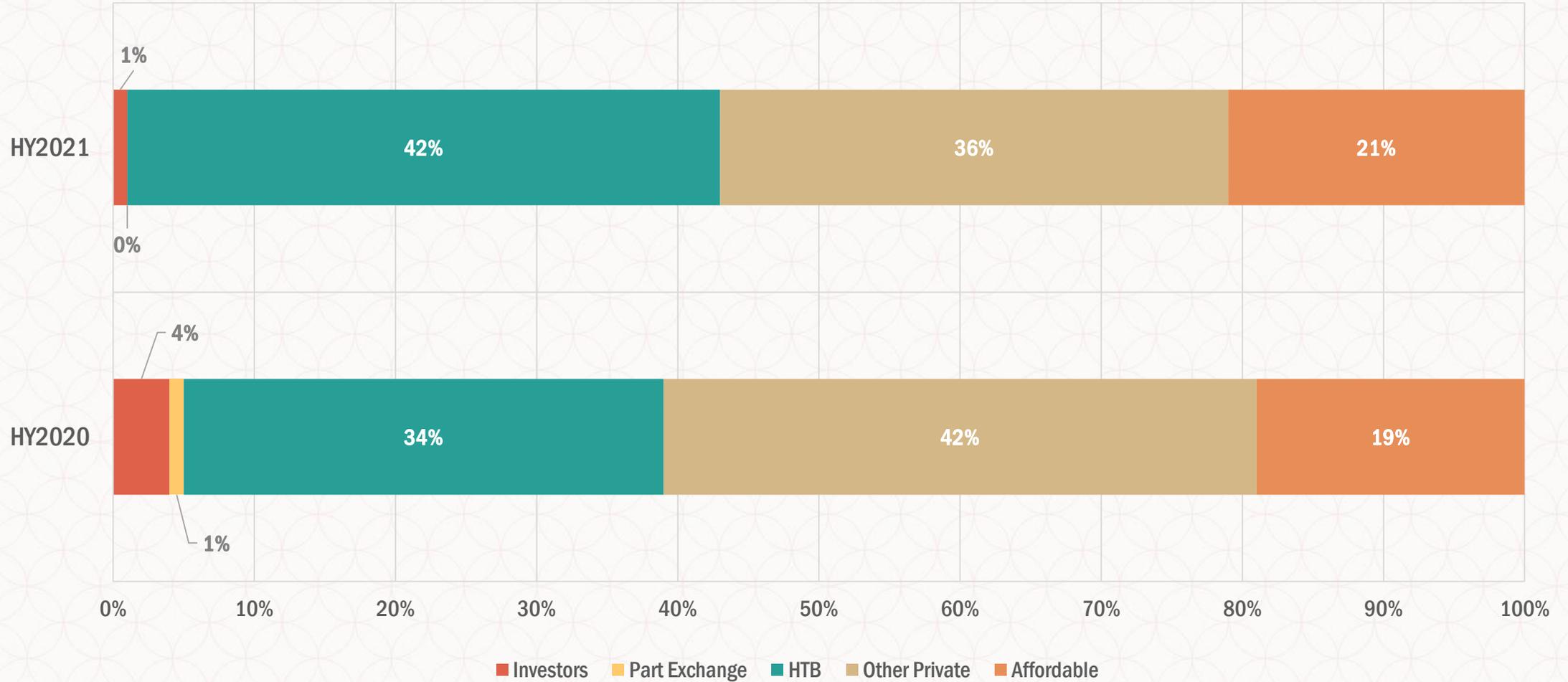
2021	2020*
827	816
274	243
21	15

* Excluding Colindale PRS of 347 units & £120m

SALES MARKET - TRADING

H2 (first 6 weeks)	2021	2020
Value of private net reservations (£m)	181	240
Value of private reservations per outlet per week (£k)	265	298
Cancellation rate (%)	14	13

COMPLETIONS ANALYSIS - BUYER TYPE



SALES MARKET – ORDER BOOK

H1

Closing private order book (£bn)

Closing total order book (£bn)

Week 32

Private order book (£bn)

Total order book (£bn)

2021

2020

1.0

0.9

1.3

1.2

1.1

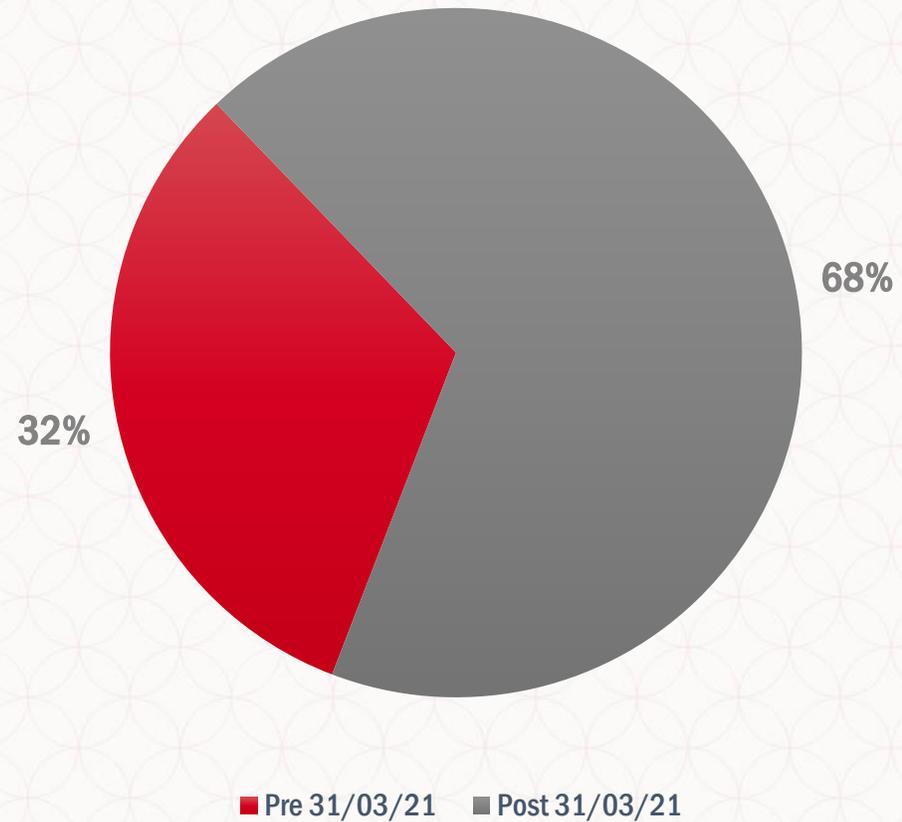
1.0

1.4

1.3

PRIVATE ORDER BOOK SPLIT

As at 5 February 2021



SALES MARKET – AVERAGE OUTLETS

	2021		2020	
	H1 Actual	FY Forecast	H1 Actual	FY Actual
Ongoing Business	114	116	124	106
Build out sites	2	2	5	4
Group	116	118	129	110

LAND - HIGHLIGHTS

- **Current land**
 - 1,280 plots acquired in H1
 - Maintaining a disciplined approach
 - Good pipeline of opportunities
- **Forward land**
 - 1,004 plots transferred to current land
 - 4,601 plots added



Former University of Wales: Caerleon Campus

LAND HOLDINGS BY GEOGRAPHY

	Dec 20				Jun 20			
	Current Land	%	Forward Land	%	Current Land	%	Forward Land	%
North	5,630	22	9,810	29	5,459	20	10,206	33
Central	7,724	30	10,819	32	8,024	30	7,808	26
South	10,264	39	11,710	36	10,785	40	11,673	38
London	2,512	9	1,111	3	2,732	10	1,013	3
	26,130	100	33,450	100	27,000	100	30,700	100

OPERATIONS - HIGHLIGHTS

- **People**
 - Redrow 2025
 - Inspiring the next generation to build
 - Comprehensive COVID-19 measures
- **Build**
 - Underlying cost inflation reducing
 - Cost Saving Initiatives
 - Reduction of waste



OPERATIONS - HIGHLIGHTS

- **Quality**
 - **Tablet based quality management system**
- **Customer Service**
 - **Customer satisfaction 91.9%**
 - **Homeowner Support Portal**
 - **“Excellent” rating on  Trustpilot**
 - **Best in digital connecting quality service**



OPERATIONS - HIGHLIGHTS

- **Product**
 - Heritage Collection
 - Increased lifestyle product rolled out
 - Our differentiated strategy taps into customers' changed priorities that balance work, home and the local community into a more sustainable lifestyle.
- **Placemaking and Creating Communities**
 - Communities Director with responsibility for placemaking, sustainability and partnerships
 - Local communities designed as part of a more sustainable lifestyle
 - Continue to capitalise on our strength creating Garden Villages



SUMMARY AND OUTLOOK

- **Positive start to the second half**
- **Very strong forward sold position – beyond Help to Buy and Stamp duty schemes**
- **Acceleration of homebuyer trends completely aligned to Redrow's strategy**
- **Government recognition of positive economic ripple effect on new homes market**
- **Confident outlook as we grow the business**



THANK YOU

A BETTER WAY TO LIVE

APPENDICES

HOMES TURNOVER - EXCLUDING BUILD OUT SITES

	Turnover (£m)				Volume				ASP (£k)			
	H1 21	H1 20	Var	% Var	H1 21	H1 20	Var	% Var	H1 21	H1 20	Var	% Var
Private Houses	786	699	87	12	2,015	1,777	238	13	390	393	(3)	(1)
Private Apartments	115	45	70	156	334	129	205	159	346	349	(3)	(1)
Total Private	901	744	157	21	2,349	1,906	443	23	384	390	(6)	(2)
Affordable	90	60	30	50	631	463	168	36	143	130	13	10
Total Homes	991	804	187	23	2,980	2,369	611	26	333	339	(6)	(2)

HOMES PRIVATE TURNOVER - EXCLUDING BUILD OUT SITES

	Turnover (£m)			Volume			ASP (£k)		
	H1 21	H1 20	Var	H1 21	H1 20	Var	H1 21	H1 20	Var
Heritage	773	695	78	2,003	1,790	213	386	388	(2)
Bespoke	128	49	79	346	116	230	370	422	(52)
Total Private	901	744	157	2,349	1,906	443	384	390	(6)

MOVEMENT IN CURRENT LAND HOLDINGS

	Plots Owned	Contracted Plots	Total
At 29 June 2020	25,130	1,870	27,000
Legal completions	(3,065)	-	(3,065)
Market additions	373	907	1,280
Forward land pull through	605	399	1,004
Transfers	1,238	(1,238)	-
Other (land sales and replans)	(91)	2	(89)
At 27 December 2020	24,190	1,940	26,130

MOVEMENT IN FORWARD LAND HOLDINGS

	Total Plots	
At 29 June 2020	30,700	
Additions	4,601	
Transfers to current land	(1,004)	
Strategic review	(847)	
At 27 December 2020	33,450	
Analysis	Dec 20	Jun 20
Land owned without planning	3,633	2,504
Land contracted without planning	3,079	2,577
Options - allocations	9,279	8,618
- realistic prospect	17,459	17,001
	33,450	30,700