



23 October 2024

## Barratt Redrow plc AGM Trading and Integration Update

Barratt Redrow plc (the 'Group') is pleased to announce its first trading update as a combined Group for the period from 1 July 2024 to 13 October 2024 (the 'period').

**David Thomas, Chief Executive commented:**

"Whilst customer demand continues to be sensitive to the wider economy, we are beginning to see more stable market conditions with increased mortgage availability and affordability. It will take some time for customer confidence to fully recover from the macroeconomic headwinds faced over the past two years, but we are encouraged by the solid trading we have experienced over recent weeks.

This is an exciting new chapter for our business. Barratt Redrow is uniquely well-positioned to meet the need for new homes of all tenures across the country. We have superior scale, with a differentiated multi brand offering that can be deployed across our strong combined land portfolio. We begin this journey with a strong balance sheet, a solid forward sales position and the ability to add significant value through cost and revenue synergies. We look forward with confidence to delivering a smooth and efficient integration process, and to capturing the enhanced growth opportunities ahead of us."

**Highlights:**

- Acquisition of Redrow plc completed on 21 August 2024, with final Competition and Markets Authority ('CMA') clearance received on 4 October 2024.
- Integration under way to deliver:
  - At least £90m of cost synergies
  - Revenue synergies from 45 incremental sales outlet openings through until FY28.
- Optimisation of the divisional office network under way, with collective consultation on five potential divisional closures announced on 21 October 2024.
- Barratt Redrow private reservation rate from 22 August to 13 October of 0.67, 36.7% ahead of the pro-forma equivalent in FY24 of 0.49.
- Barratt standalone private reservation rate from 1 July to 13 October up 31.9% to 0.62 (FY24: 0.47).
- Reflecting unchanged guidance on the standalone Barratt operations and the inclusion of Redrow's order book and performance from 22 August 2024, total home completions for Barratt Redrow are expected to be between 16,600 and 17,200 for FY25.
- Matthew Pratt, Geeta Nanda and Nicky Dulieu welcomed to the Barratt Redrow plc Board.

## Overview

Reflecting legal completion of the acquisition of Redrow plc on 21 August 2024, this update includes trading data for Barratt Redrow plc (“Barratt Redrow”) from 22 August 2024 to 13 October 2024 and the standalone performance of Barratt Developments PLC (“Barratt”) and Redrow plc (“Redrow”) for the period from 1 July to 13 October 2024. All comparatives are based on the equivalent trading period<sup>1</sup> (‘FY24’) unless otherwise stated.

## Rationale for the acquisition

### The acquisition will:

- Help us to address the country’s housing shortage by creating an exceptional homebuilder in terms of development pace, build quality, customer service and sustainability.
- Deliver revenue synergies by accelerating homebuilding through our scale, geographic coverage and three national high quality, distinct and complementary brands, and in doing so improve asset turn.
- Deliver significant cost synergies rapidly and efficiently.
- Allow the enlarged Group to maintain a robust balance sheet, better protected to operate through the cycle, providing a strong platform from which to deliver improved shareholder returns.
- Deliver significant benefits for our wider stakeholders including our highly skilled and dedicated employees, our sub-contractors, our suppliers and most importantly our customers who will have access to more homes across a broader product range and at more price points.

### Revenue synergies and growth

The acquisition of Redrow gives us clear opportunities to deliver more homes with greater customer choice over the years ahead. With our ambition to return to 22,000 total home completions in the medium term, increasing revenue is a key operational driver for the Group. The acquisition creates clear opportunities through:

- The geographic expansion of the Redrow brand and house type range into new regions to meet local market demand by leveraging the existing Barratt divisional network; and,
- The deployment of the Redrow brand onto suitable Barratt development sites, as well as the Barratt Homes and David Wilson Homes brands onto Redrow sites, creating opportunities for dual or triple branded sites.

Expansion through dual and triple branding gives us the opportunity to create c. 45 incremental sales outlets by FY28, with around 30 delivered by FY27.

<b>Barratt Redrow plc</b>	<b>FY27</b>	<b>FY28</b>
Cumulative incremental sales outlet openings	30	45

With our portfolio of three differentiated brands outside London, Barratt Redrow will be well placed to acquire larger development sites and develop them more quickly through the creation of incremental sales outlets.

Together, these opportunities give us the ability to optimise housing mix, price points and customer choice, as well as controlling the delivery of community facilities, sustainability and biodiversity requirements of these larger developments.

### Cost synergies

Following the receipt of CMA clearance on 4 October 2024, (and the lifting of restrictions on our ability to undertake any integration activity), we have begun the integration of the two businesses at pace. As a result of our planning to date, we are confident that we can deliver cost synergies of at least £90m, as reported in February 2024. Cost synergies will be delivered from three principal sources:

1. Procurement related savings targeted at £34m or 38% of the £90m target. Synergies will be centred on optimising procurement for Redrow’s business, whilst working with our supply chain partners to unlock additional procurement savings.
2. Optimisation of our divisional office structure targeted at £33m or 37% of the £90m target, which is anticipated to result in the closure of nine divisional offices across the country with our activities re-aligned across 32 divisions (see below).
3. Consolidation of duplicated central and support functions targeted at £23m or 25% of the £90m target which will include the rationalisation of Board positions, senior management as well as PLC and other third-party related costs.

We have identified run rate synergies post CMA clearance, from 4 October 2024, of at least £45m at the end of the first year, with at least £81m secured by the end of the second year and with the balance in the third year through to 3 October 2027.

The timing of synergies recognised in the Barratt Redrow plc income statement will reflect:

- Existing supplier contract arrangements and the migration to negotiated new terms agreed with suppliers over the coming quarters; and
- Employee consultation requirements as we rationalise the divisional office network.

In the following table we detail the run rate of cost synergies which we estimate will be secured to our financial year ends, as well as the estimated cost synergies which will be reported through our income statement by financial year from FY25 through FY28.

<b>Barratt Redrow plc – Cost synergies £m</b>	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>	<b>FY28</b>
Run rate of synergies at financial year end	c. 26	c. 66	c. 86	c. 90
Incremental synergies secured in P&L in year	c. 10	c. 40	c. 30	c. 10
<b>Cumulative synergies secured in P&amp;L</b>	<b>c. 10</b>	<b>c. 50</b>	<b>c. 80</b>	<b>c. 90</b>

### Consultation on divisional closures

As part of our integration planning over the summer, we conducted a detailed review of our geographic coverage and office structure to optimise the divisional network of the combined Group. On 21 October, we announced a collective consultation on the proposed closure of five divisional offices. If confirmed, these closures will generate annualised run rate cost savings of c. £19m with c. £9m accruing

in FY25. Subject to employee collective consultation at the relevant time, we continue to anticipate that the integration programme will deliver an overall reduction of nine divisions.

We have made good progress on plans to deliver other head office and divisional cost synergies, some of which are dependent on systems changes expected in the second half of FY25. We will provide a further update on progress with synergies in our half year results in February 2025.

## **Trading performance**

### **Barratt standalone trading performance**

On a standalone basis in the period from 1 July 2024 to 13 October 2024 Barratt net private reservations<sup>2</sup> per week were 189 (FY24: 172) and net private reservations per active outlet per week were 0.62 (FY24: 0.47). During the period, sales to the private rental sector and other multi-unit sales contributed 0.05 (FY24: 0.04) to the reservation rate. During the period, and in line with our expectations, Barratt operated from an average 305 sales outlets (FY24: 369).

Reflecting the Barratt standalone order book at the start of FY25, the reservation rate over the period and completions to date, our total forward sales (including JVs) at 13 October 2024 totalled 8,172 homes (15 October 2023: 9,284 homes) at a value of £2,264.5m (15 October 2023: £2,385.1). (Appendix I).

Standalone Barratt operations at 13 October 2024 were 55%<sup>3</sup> forward sold with respect to private wholly owned home completions for FY25 (FY24: 57%<sup>4</sup>), of which 65% are either completed or exchanged (FY24: 67%).

### **Barratt Redrow plc combined trading performance (Post acquisition from 22 August 2024)**

The combined trading performance includes both Barratt and Redrow activities from 22 August 2024 through to 13 October 2024. Prior year comparatives are on a pro forma basis representing the aggregation of trading performance for Barratt Developments PLC and Redrow plc for the period stated. It should be noted that this relatively short period is a seasonally strong part of the Autumn selling season, where elevated mortgage rates dampened reservation activity in the prior year comparative period.

On a combined basis in the period Barratt Redrow net private reservations per average week were 280 (FY24: 237) and net private reservations per active outlet per average week were 0.67 (FY24: 0.49). During the period, sales to the private rental sector and other multi-unit sales contributed 0.08 (FY24: 0.05) to the reservation rate and during the period Barratt Redrow operated from an average 419 sales outlets (FY24: 488).

Reflecting the Barratt standalone order book at the start of FY25, along with reservations and completions in the period; and the inclusion of Redrow's order book as well as reservations and completions from 22 August 2024, the combined forward order book (including JVs) at 13 October 2024

totalled 10,619 homes (15 October 2023: 12,201 homes) at a value of £3,165.0m (15 October 2023: £3,317.7m). (Appendix II).

Incorporating the combined Group total home completion guidance for FY25, Barratt Redrow at 13 October 2024 was 57%<sup>5</sup> forward sold with respect to private wholly owned home completions for FY25, of which 64% are either completed or exchanged.

### **Redrow standalone trading performance**

In the period from 1 July 2024 to 13 October 2024 Redrow standalone net private reservations per week were 58 (FY24: 46) and net private reservations per active outlet per week were 0.49 (FY24: 0.36). During the period sales to the private rental sector and other multi-unit sales contributed 0.02 (FY24: 0.01) to the reservation rate. Full details on Redrow's standalone performance are included in Appendix III.

### **Land**

Our combined total owned and controlled land bank, on a pro-forma basis, at 30 June 2024, stood at 88,880 plots and equated to 5.0 years of supply based on FY24 completions. This included 79,645 owned plots equating to 4.5 years supply with a further 9,415 plots contracted or controlled, equating to 0.5 years. Through the combination we together hold what we believe is a high quality, geographically diversified and commercially positioned land bank with 74% of the owned land bank plots carrying detailed planning consent.

In addition, through our combined strategic land positions, on a pro-forma basis at 30 June 2024, Barratt Redrow held more than 145,000 strategic plots further complemented by Gladman's promotional land portfolio of more than 105,000 plots.

Following the acceleration in our land approvals in the final quarter of FY24, our disciplined and selective approach to land has continued in FY25 with land approval activity now at a more normalised level.

### **Board changes**

On 4 October, we were delighted to welcome, as planned, three members of the Redrow plc Board to the Barratt Redrow plc Board. Matthew Pratt was appointed to the position of Chief Executive Officer, Redrow and Group Executive Director, and Geeta Nanda and Nicky Dulieu were both appointed as Non-Executive Directors of Barratt Redrow plc.

### **Outlook**

Whilst customer demand continues to be sensitive to the wider economy, we are beginning to see more stable market conditions with increased mortgage availability and affordability. It will take some time for customer confidence to fully recover from the macroeconomic headwinds faced over the past two years, but we are encouraged by the solid trading we have experienced over recent weeks.

Long-term housing market fundamentals continue to reflect a significant imbalance between housing supply and demand. The new Government has demonstrated that it is committed to improving the

planning system and addressing funding challenges in the affordable housing sector. Whilst these supply-side reforms will also take some time to be fully implemented, we are confident that they will help to unlock permissioned land supply and the delivery of more high-quality, sustainable homes across the country.

Our guidance on the standalone Barratt operations remains unchanged. With the inclusion of Redrow's order book and performance from 22 August 2024, we now expect to deliver total home completions of between 16,600 and 17,200 in FY25, including c. 600 home completions from JVs (Appendix IV). As new sales outlets come into operation through the balance of FY25 and throughout FY26, we expect that Barratt Redrow will operate with average sales outlets in FY26 ahead of proforma FY24 levels.

Our focus in the near term is on achieving a smooth integration of the Redrow business and meeting our synergy targets, whilst delivering against our key operational drivers of increasing revenue, controlling costs, maintaining land investment discipline and leading the industry on customer service, build quality and sustainability.

With the creation of Barratt Redrow, we are uniquely well-positioned to meet the need for new homes of all tenures. We have superior scale, with a differentiated multi brand offering that can be deployed across our strong combined land bank portfolio throughout the country. Barratt Redrow has a strong balance sheet, a solid forward sales position and significant opportunities to create value through cost and revenue synergies. We therefore look forward with confidence to delivering a smooth and efficient integration process, and to capturing the enhanced growth opportunities ahead of us.

### **Annual General Meeting**

The Group will be holding its AGM at noon today at the offices of Linklaters LLP, One Silk Street, London, EC2Y 8HQ. There will also be a live webcast of the AGM and the ability to submit questions during the meeting. Full details on how to access the webcast can be found in the Notice of AGM.

### **Year end and reporting dates**

The Group will move to a 52-week reporting cycle following the acquisition of Redrow plc. Results for the 26 weeks to 29 December 2024 will be released on 12 February 2025 and for the 52 weeks to 29 June 2025 will be released on 17 September 2025.

### **Webcast and conference call for analysts and investors**

David Thomas, Chief Executive, Steven Boyes, Chief Operating Officer and Deputy Chief Executive, Matthew Pratt, CEO Redrow and Group Executive Director and Mike Scott, Chief Financial Officer, will be hosting a conference call at 08:00am today, Wednesday 23 October 2024, to discuss this Trading Update. To join the call, please register your details using the registration options details below:

**To listen only and watch the webcast and hear the Q&A session, please use the webcast link:**

<https://broadcaster-audience.mediaplatform.com/event/670e77a8bdb9fa32700d86e9>

**To listen, watch as well as ask questions in the Q&A session, please register on the following Zoom**

**link:** [https://brunswickgroup.zoom.us/webinar/register/WN\\_gD1CybeCTqmdoYO4ZyQXYA](https://brunswickgroup.zoom.us/webinar/register/WN_gD1CybeCTqmdoYO4ZyQXYA)

**The Group's next scheduled release of financial information will be the announcement of our half year results on Wednesday 12 February 2025.**

**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) The equivalent trading period, 'FY24', covered the period from 1 July 2023 to 15 October 2023.
- (2) Unless otherwise stated, all numbers quoted exclude Joint Ventures (JVs) throughout this statement.
- (3) Barratt standalone forward sold position with respect to FY25 private home completions is based on the mid-point of Barratt Developments standalone wholly owned completions guidance at 12,650 (13,250 total completions less 600 JVs) and assumes high teens affordable home completion mix in FY25.
- (4) Our forward sold position with respect to prior years is based on actual wholly owned private home completions reported for the year.
- (5) Barratt Redrow forward sold position with respect to FY25 private home completions is based on the mid-point of Barratt Redrow's wholly owned completions guidance at 16,300 (16,900 total completions less 600 JVs) and assumes high teens affordable home completion mix in FY25.

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## Appendix I: Barratt standalone performance

Barratt standalone	FY25	FY24	Change
	1 July – 13 October	1 July – 15 October	
<b>a. Net Private Reservation Rate</b>	<b>0.62</b>	<b>0.47</b>	<b>31.9%</b>
- of which PRS and Other MUS	0.05	0.04	n/m
- excluding PRS and Other MUS	<b>0.57</b>	<b>0.43</b>	<b>32.6%</b>
<b>Average active sales outlets</b>	<b>305</b>	<b>369</b>	<b>(17.3%)</b>

Barratt standalone	13 October 2024		15 October 2023		Variance (%)	
	£m	Homes	£m	Homes	£m	Homes
<b>b. Forward sales</b>						
Private	1,528.7	4,250	1,503.0	4,306	1.7%	(1.3%)
Affordable	582.2	3,532	719.5	4,486	(19.1%)	(21.3%)
<b>Wholly Owned</b>	<b>2,110.9</b>	<b>7,782</b>	<b>2,222.5</b>	<b>8,792</b>	<b>(5.0%)</b>	<b>(11.5%)</b>
JV	153.6	390	162.6	492	(5.5%)	(20.7%)
<b>Total</b>	<b>2,264.5</b>	<b>8,172</b>	<b>2,385.1</b>	<b>9,284</b>	<b>(5.1%)</b>	<b>(12.0%)</b>

Barratt standalone	Current Year		Prior Year		Variance (%)	
	Private	Total	Private	Total	Private	Total
<b>c. Forward sales roll</b>						
June	3,386	7,239	3,884	8,995	(12.8%)	(19.5%)
Reservations	2,835	3,249	2,574	2,869	10.1%	13.2%
Completions	(1,971)	(2,316)	(2,152)	(2,580)	(8.4%)	(10.2%)
<b>October<sup>6</sup></b>	<b>4,250</b>	<b>8,172</b>	<b>4,306</b>	<b>9,284</b>	<b>(1.3%)</b>	<b>(12.0%)</b>

Note 6: At 13 October 2024 and 15 October 2023 respectively.



## Appendix II: Barratt Redrow plc consolidated performance

Barratt Redrow plc:	FY25	FY24	Change
	22 August – 13 October	24 August – 15 October	
<b>a. Net Private Reservation Rate</b>	<b>0.67</b>	<b>0.49</b>	<b>36.7%</b>
- of which PRS and Other MUS	0.08	0.05	n/m
- excluding PRS and Other MUS	<b>0.59</b>	<b>0.44</b>	<b>34.1%</b>
<b>Average active sales outlets</b>	<b>419</b>	<b>488</b>	<b>(14.1%)</b>

Barratt Redrow plc:	13 October 2024		15 October 2023 pro		Variance (%)	
	£m	Homes	£m	Homes	£m	Homes
<b>b. Forward sales</b>						
Private	2,253.5	5,718	2,150.3	5,641	4.8%	1.4%
Affordable	757.9	4,511	1,004.8	6,068	(24.6%)	(25.7%)
<b>Wholly Owned</b>	<b>3,011.4</b>	<b>10,229</b>	<b>3,155.1</b>	<b>11,709</b>	<b>(4.6%)</b>	<b>(12.6%)</b>
JV	153.6	390	162.6	492	(5.5%)	(20.7%)
<b>Total</b>	<b>3,165.0</b>	<b>10,619</b>	<b>3,317.7</b>	<b>12,201</b>	<b>(4.6%)</b>	<b>(13.0%)</b>

Barratt Redrow plc:	Barratt		Redrow		Barratt Redrow	
	Private	Total	Private	Total	Private	Total
<b>c. Forward sales roll</b>						
30 June	3,386	7,239	1,119	2,187		
Reservations	1,152	1,260	435	436		
Completions	(568)	(668)	(196)	(261)		
<b>21 August</b>	<b>3,970</b>	<b>7,831</b>	<b>1,358</b>	<b>2,362</b>	<b>5,328</b>	<b>10,193</b>
Reservations	1,683	1,989	440	467	2,123	2,456
Completions	(1,403)	(1,648)	(330)	(382)	(1,733)	(2,030)
<b>13 October</b>	<b>4,250</b>	<b>8,172</b>	<b>1,468</b>	<b>2,447</b>	<b>5,718</b>	<b>10,619</b>

### Appendix III: Redrow plc standalone performance

Redrow plc:	FY25	FY24	Change
	1 July – 13 October	1 July – 15 October	
<b>a. Net Private Reservation Rate</b>	<b>0.49</b>	<b>0.36</b>	<b>36.1%</b>
- of which PRS and Other MUS	0.02	0.01	n/m
- excluding PRS and Other MUS	<b>0.47</b>	<b>0.35</b>	<b>34.3%</b>
<b>Average active sales outlets</b>	<b>118</b>	<b>128</b>	<b>(7.8%)</b>

Redrow plc:	13 October 2024		15 October 2023		Variance (%)	
	£m	Homes	£m	Homes	£m	Homes
<b>b. Forward sales</b>						
Private	724.8	1,468	647.3	1,335	12.0%	10.0%
Affordable	175.7	979	285.3	1,582	(38.4%)	(38.1%)
<b>Total</b>	<b>900.5</b>	<b>2,447</b>	<b>932.6</b>	<b>2,917</b>	<b>(3.4%)</b>	<b>(16.1%)</b>

Redrow plc:	Current Year		Prior Year		Variance (%)	
	Private	Total	Private	Total	Private	Total
<b>c. Forward sales roll</b>						
June	1,119	2,187	1,266	2,699	(11.6%)	(19.0%)
Reservations	875	903	690	1,036	26.8%	(12.8%)
Completions	(526)	(643)	(621)	(818)	(15.3%)	(21.4%)
<b>October<sup>6</sup></b>	<b>1,468</b>	<b>2,447</b>	<b>1,335</b>	<b>2,917</b>	<b>10.0%</b>	<b>(16.1%)</b>

Note 6: At 13 October 2024 and 15 October 2023 respectively.

### Appendix IV: Barratt Redrow plc: FY25 completion guidance

<b>Barratt Redrow plc: Total home completion guidance</b>	<b>Lower</b>	<b>Mid-point</b>	<b>Upper</b>
Barratt standalone wholly owned home completion guidance	12,400	12,650	12,900
Barratt standalone JVs home completion guidance	600	600	600
<b>Barratt standalone total home completion guidance</b>	<b>13,000</b>	<b>13,250</b>	<b>13,500</b>
Redrow standalone FY25 completion guidance	3,861	3,911	3,961
Redrow home completions delivered to 21 August 2024	(261)	(261)	(261)
<b>Redrow standalone total home completion guidance from 22 August 2024</b>	<b>3,600</b>	<b>3,650</b>	<b>3,700</b>
<b>Barratt Redrow total home completions guidance</b>	<b>16,600</b>	<b>16,900</b>	<b>17,200</b>
<b>Wholly owned Barratt Redrow completion guidance</b>	<b>16,000</b>	<b>16,300</b>	<b>16,600</b>