

Barratt Redrow plc Capital Markets Update 2025

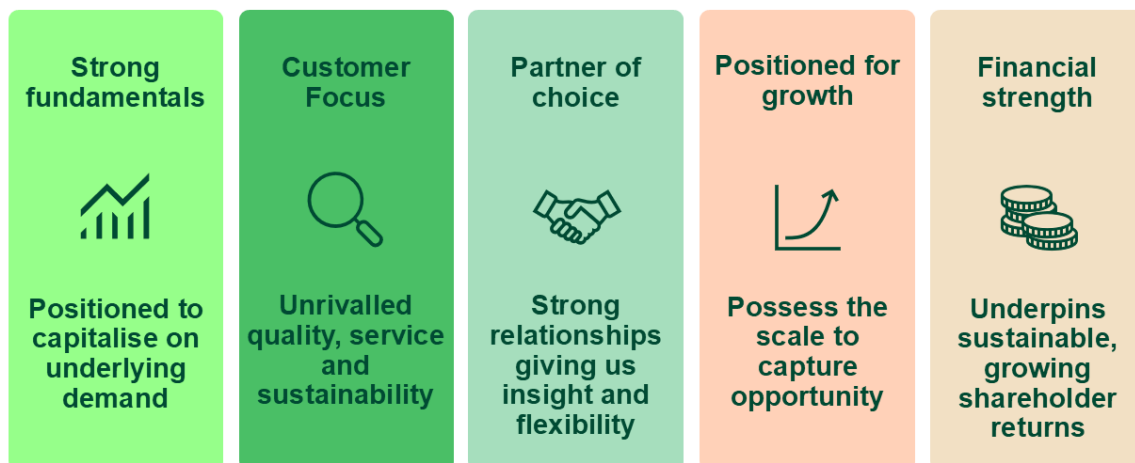
David Thomas

Chief Executive



Thanks again, John. It's good to see you all again and those that have arrived. So I think I'd just start and say that for me, personally, and for Barratt Redrow, this is - it's a big and it's an important meeting for us. It's the first opportunity for us to really give a full update to our analyst and investor community since we became Barratt Redrow. I'm really looking forward to, and I know that the team are really looking forward to showcasing our new business, outlining what we believe is a unique proposition and also exploring the opportunities that it creates.

Key takeaways



So we're going to provide updates on several topics during the course of this morning, but we really want to focus on five key takeaways that we believe represent the strength of our unique proposition, and they put us in the best position to deliver both growth and value for all of our stakeholders. So firstly, the long-term market fundamentals are extremely strong. Demand continues to outstrip supply, and we have a government who are committed to getting houses built as part of their growth mission.

We recognise that affordability is challenging, but we do see that market conditions are improving. Secondly, we continue to put the customer at the heart of everything that we do. It is in our DNA, and we have an unrivalled record of quality, service and sustainability. Our portfolio is one of well-known leading brands, which is providing a range of high-quality choices for customers at every stage of life. Thirdly, we've always worked hard to be the partner of choice for other organisations and also for our employees.

Strong relationships help us to be flexible and adaptable to changing market conditions. It helps us to gain insights and stay ahead of regulation, and they allow us to attract and retain the best talent in the industry. Fourthly, we have the foundations in place for significant sustainable growth and improved profitability. We have a strong land pipeline, with the right mix and balance of both strategic and immediate land opportunities.

This pipeline is further bolstered through our established joint ventures through Gladman, through the MADE Partnership, which is a uniquely positioned master developer that was established just last year. Lastly, this is all underpinned by a strong balance sheet, providing the financial stability that we need to deliver sustainable growth. Given these strengths, we are confident that we are best positioned in the sector to capitalise on the improving environment.

So let's first look at the market fundamentals, before the rest of the presentation addresses our other four key takeaways.

Market fundamentals



So the underlying market fundamentals are very strong, and conditions are improving. There is clearly high demand for housing in the UK, following years of undersupply across all tenures. The Labour government has been vocal about the housing crisis and is taking strong

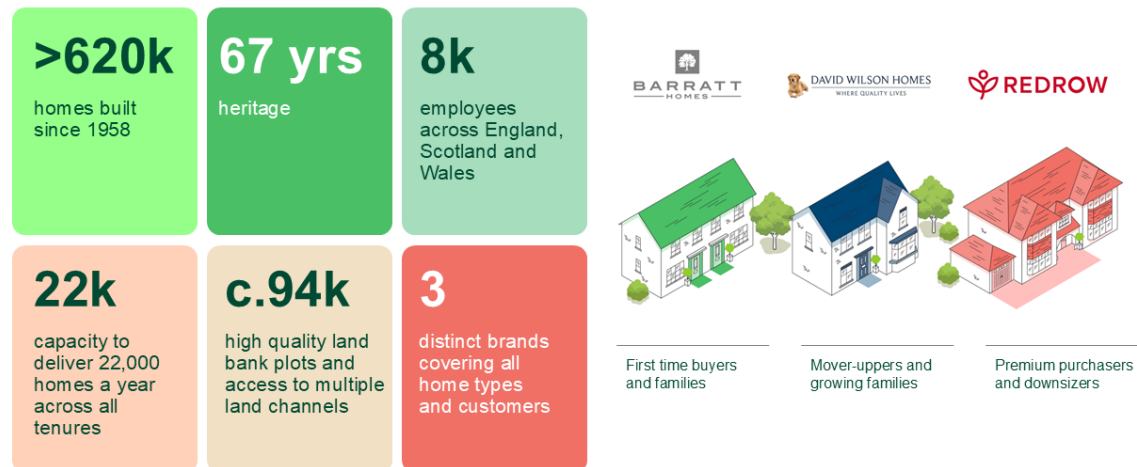
action to reshape the planning system, to try and deliver the homes and the economic growth that the country needs.

They have moved swiftly to change the National Planning Policy Framework and to introduce the concept of Grey Belt. They have also taken strong public decisions to unblock stalled infrastructure and housing developments. We recognise that this will take time to feed through into supply numbers, but these are clearly very positive steps that will help to improve a system that has suffocated supply in recent years.

For the customer, the market has been volatile and challenging, and affordability is clearly a barrier, but inflation has stabilised, and whilst the timing and the pace of future interest rate reductions can be debated, it is clear that there is an expectation that bank base rates are going to fall towards 3%. Small movements in the base rates can have a positive impact on confidence, as we saw when the Bank of England reduced base rates last year.

As we've highlighted, Barratt Redrow is best placed to capitalise on these market fundamentals. We build high-quality, well-designed homes in really great locations for a wide variety of customers with different price points and different tenures. We have multiple land acquisition channels, and the divisional infrastructure exists, and we have a timber frame capacity that we can scale up for delivery, and we have a strong balance sheet, ready to make the most of attractive land and planning opportunities as they come forward. We have demonstrated over many years that we are reliable. We have a track record of operational delivery. We do what we say we will do.

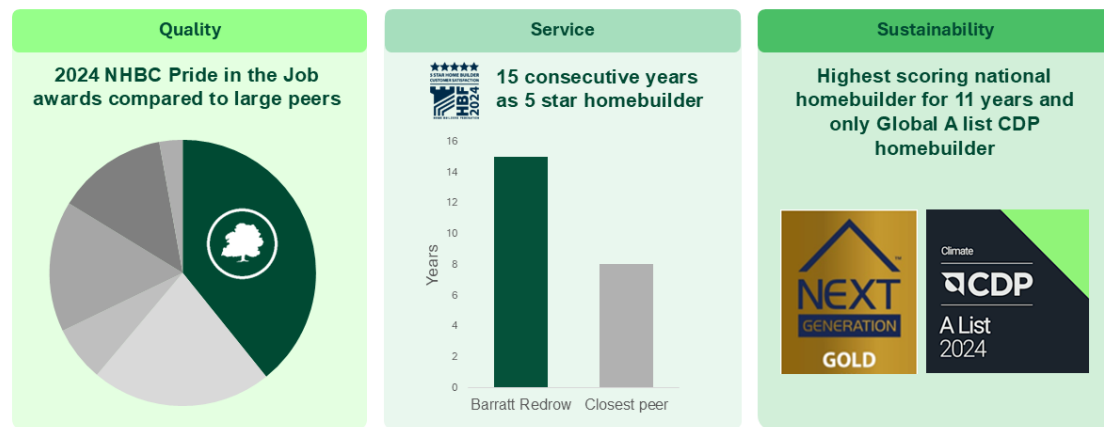
Barratt Redrow at a glance



Now, just to look briefly at our combined business, Barratt Redrow is clearly the combination of two leading companies coming together to form an exceptional UK homebuilder. We both have long and established track records, building hundreds of thousands of high-quality homes across the country, and we have industry-leading reputations, established over many decades. This combination puts us in a strong position for significant growth, with a medium-term target to increase volumes to 22,000 homes a year.

We have very talented, engaged and experienced people, exceptional build quality, excellent customer service and well-designed homes in places that our customers want to live. This is why we have been a five-star housebuilder for so many years.

Industry leading credentials in quality, service and sustainability

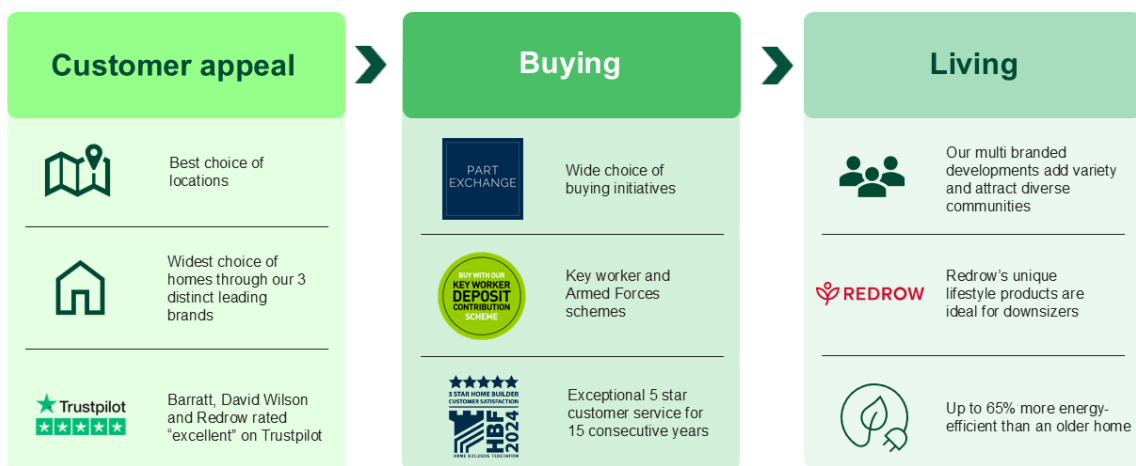


You will have seen some of these statistics before, but it is worth outlining them again. They do not happen by accident. They are the result of the hard work, experience and expertise of all of our employees, every day. As I've said, our industry-leading reputation has been decades in the making, and we take pride in the credentials that set us apart. On quality, Barratt, David Wilson and Redrow site managers won 111 NHBC Pride in the Job quality awards last year, more than any other competitor for 20 years in a row.

These are the most respected industry awards for site managers, and they are a hallmark of quality. We have been a five-star homebuilder, which means more than 90% of our customers would recommend us to family or friends, and we've held that for 15 consecutive years. No one comes close to this record.

Finally, respected, independent benchmarks, such as NextGeneration and CDP, underline our position as the UK's leading national sustainable housebuilder.

Leading customer proposition



Matthew will talk about our brands in a moment, but whichever brand they are buying for, we strive to deliver a sector-leading experience for all of our customers at every point of our journey.

We provide potential customers the widest choice of high-quality homes at the best locations to meet their needs and their aspirations. Potential customers can see that not only are we a five-star homebuilder, but all of our brands are rated excellent on Trustpilot. Then, when a customer does decide to buy with us, we offer a variety of schemes to suit their circumstances. These schemes include part exchange, discount schemes for key workers or armed forces personnel or innovative products, such as Own New Rate Reducer or Deposit Unlock.

Our developments are built on industry-leading design and placemaking principles, ensuring that we help to create happy, healthy and diverse communities. Bringing Redrow into our business also brings a new dimension to our proposition. Redrow has very strong placemaking credentials, with premium homes for modern living. Their lifestyle range, for example, which includes a three-bedroom designed home on a four-bedroom footprint, is particularly popular with downsizers.

On that note, I would like to hand over to Matthew, who will talk to you about our leading and distinctive brands that will help us to achieve our ambitions.

Matthew Pratt

Redrow Chief Executive and Group Executive Director



Thank you, David, and good morning, everybody. A key driver behind the creation of Barratt Redrow was to bring together three leading brands to create a unique proposition for customers at every stage of life. This is also a unique offer within the sector, unlocking the widest possible customer base and providing significant benefits for the business, too.

Our leading national brands



DAVID WILSON HOMES
WHERE QUALITY LIVES



First time buyers
and young families



Mover-uppers
and growing families



Premium purchasers
and downsizers

Here, you can see an overview of our brands, each with distinctive audiences and a clear architectural style. Barratt provides well-designed homes at excellent value, perfect for first-time buyers and for young families. David Wilson Homes, with its larger properties and high-quality fixtures and fittings, suits growing families, mover-uppers and those buying at higher price points. Redrow offers a premium product, perfect for downsizers or customers looking to buy that executive home.

To bring the brands to life, I'd like to show you a short film. In it, we asked our sales teams to share what the brands stand for and for our customers to talk about what it's like to live in a Barratt, David Wilson or Redrow home.



Unrivalled brand offering

Consumers score our brands ahead of peers on key metrics

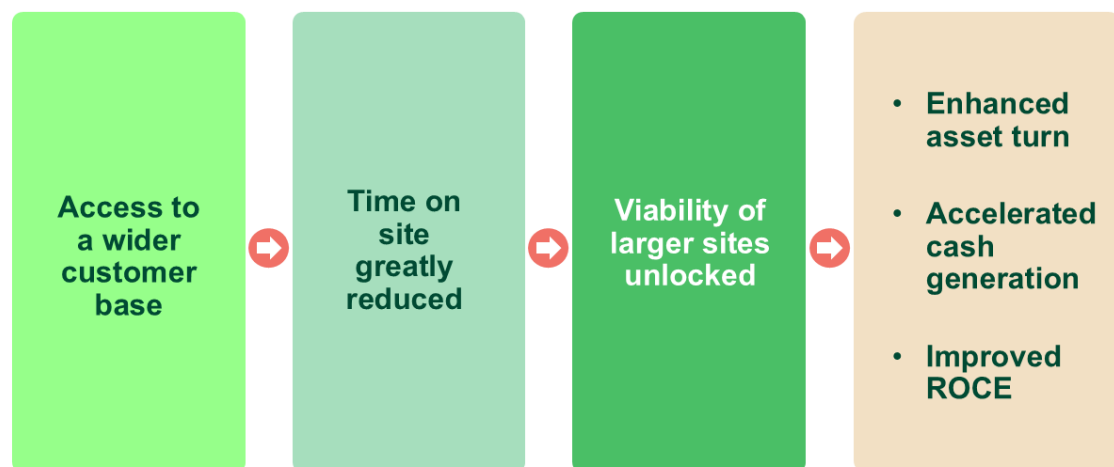


Barratt, David Wilson and Redrow's average score versus average of three closest peers. 1,486 consumers surveyed by Savanta.

It is great to hear our customers talking about how much they love their new homes and the difference it makes to their everyday lives. We regularly gather customers' feedback to help improve our homes, our places and our service, and we track what customers think of us compared to our competition. On the slide here are the findings from a current in-field research project, which has so far surveyed around 1500 people in market consumers. This has been carried out by one of the UK's leading market research companies. Participants were asked to rate our three brands, as well as that of our three closest peers across 13 key areas, such as design, quality and service.

Redrow and David Wilson beat all three other brands in 12 out of 13 categories, and Barratt, 11 out of 13 categories. Here, we have pulled out four of these categories that we are particularly pleased to be recognised for, and in which we have satisfactorily significant leads - sorry - statistically significant leads. We are proud of these results and glad that potential customers consistently recognise and trust our brands and see the benefits of buying a Redrow, Barratt or David Wilson home.

The benefits of multi branding



For the customer, having such a strong collection of leading brands means they can find the perfect home that will fit their specific needs. It means we are helping create diverse communities. For us, the ability to deploy our full range of brands on a development means we can access that wider customer base, so we can also drive higher sales rates and higher volumes. On larger pieces of land, where it makes sense to do so, we can dual or even triple brand sites. This means once we have invested in the upfront infrastructure, we can open two or three outlets to accelerate build and sales rates.

This improves the viability of larger sites. It enhances asset turn, accelerates cash generation and improves return on capital employed. Ultimately, this approach creates choices for customers, better places for communities to grow and stronger returns for us and our shareholders. Historically, Barratt and David Wilson have dual branded their sites many times over many years. They're experienced at it and have proven that it works. Adding Redrow to the brand portfolio will strengthen this offer further.

To bring this to life, we prepared a short animation that illustrates the benefits of deploying multiple brands on a development.



Thank you. I hope this section has demonstrated the strengths and benefits of our multiple high-quality and distinctive brands. I'll hand back to David now to talk through the importance of our relationships.

David Thomas

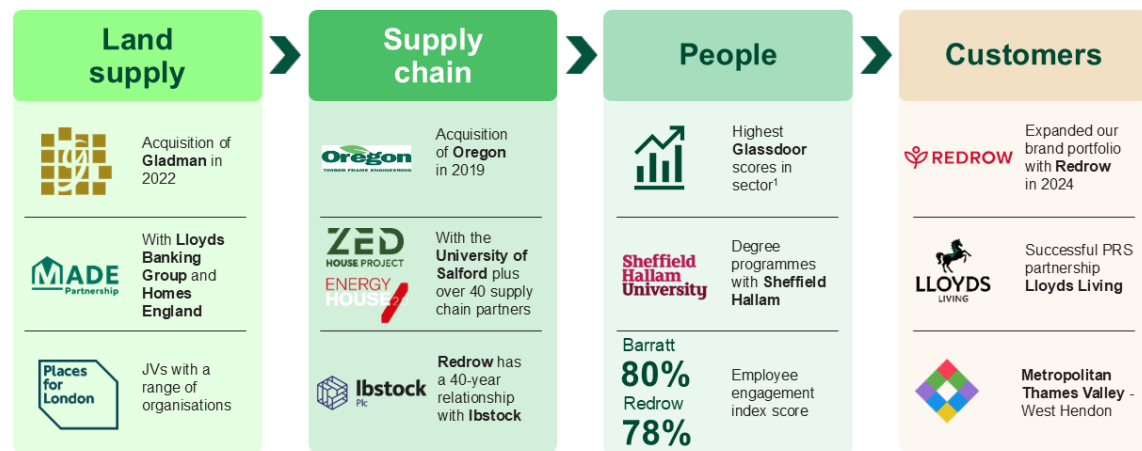
Chief Executive



Thanks. Thanks very much, Matthew. So, look, we've always prided ourselves on being the partner of choice. With likeminded organisations, we see that throughout the value chain, we have some really fantastic partners.

Strong relationships throughout value chain

Providing flexibility and resilience



¹c. 37% higher recommend score when compared to the average of the other major UK housebuilders

So the benefits of strong relationships are very clear. Firstly, it allows us to access a very diverse pipeline of land. We buy more residential land in the UK than any other business, and our excellent land and planning teams are constantly out identifying and bringing forward land in high-quality locations.

In addition, Gladman and MADE Partnership and existing joint ventures open up multiple land acquisition channels, so this gives us optionality, and it also gives us flexibility. Next, we have our supply chain, a critical partner in delivering homes and services to the standard that we and our customers expect. We have relationships with suppliers that go back many decades, and we're pleased that Redrow's 40-year history with Ibstock is joining that list.

We've grown together with our supply chain, navigating many market cycles and the unprecedented challenge of the COVID pandemic. We appreciate that establishing strong, genuine relationships requires many years of trusted working together, and a long-term focus, and we believe that we do things differently. For instance, we're the only housebuilder to have held a supplier conference over the last 15 years, bringing together our key supply chain partners to share our targets and our plans, so that we can all be as aligned as possible in terms of delivery.

Strong relationships with our supply chain is clearly mutually beneficial. For example, in the Z House, we worked with over 40 suppliers, giving them an opportunity to innovate and test products, and for us the opportunity to understand how we can build the homes of the future.

Moving on to our people, being an employer of choice allows us to attract and retain the very best talent in what is a competitive market. We provide learning and development opportunities across all of our operations, as well as bespoke programs to encourage and nurture diverse talent. This is good for our people, it's good for our customers, and it's good for our business.

As the largest homebuilder in the UK, we take our responsibility seriously, and we are investing in the next generation. Across the Group, we have over 500 apprentices, trainees and graduates, covering the trades and a range of disciplines. This develops the future talent that we need as a business, and the future talent that our supply chain needs.

Before the creation of Barratt Redrow, both businesses ran very successful engagement surveys, with high scores, around 80%. It has been pleasing to combine two companies that value their employees so highly. This commitment sets us apart, and it is reflected in the employee ratings on Glassdoor, which places us well above the industry average.

Finally, it is worth highlighting here our strategic partnership on Lloyds Living, the private sector rented offer from Lloyds Banking Group, and also our longstanding relationships with many affordable housing providers. It is also worth underlining that we are able to bring our offer to customers in partners of the UK where they are currently underserved. For example, Redrow does not have a presence in the northeast of England or in Scotland.

Before we hear from some of our partners, I'd like to explore a few more of these partnerships and their benefits in more detail.

MADE Partnership

Master developer, creating large scale communities with thousands of homes

Benefits for Barratt Redrow

- Access to large regeneration and garden village sites
- Long-term land pipeline of serviced plots
- Strategic partnerships with local authorities

Benefits for communities

- Strong placemaking standards
- Mixed tenure, diverse communities
- Investment in community infrastructure
- Long-term stewardship



The MADE Partnership is a uniquely positioned master developer, created through a joint venture with Homes England and Lloyds Banking Group. MADE will create the best new places and towns, where people aspire to live. This means thoughtful placemaking, plenty of public and green spaces, alongside community infrastructure. It will use its distinct offer, expertise and funding to enable new towns and support local authorities with large-scale development of thousands of homes.

These are clearly long-term projects, but the partnership helps us to access land at these emerging communities. While early days, MADE is already working on its first development, the 2000-home Godley Green Garden Village in greater Manchester, and we look forward to more plans in the future.

University of Salford

Unique projects testing innovative new technology and customer experience

Benefits for Barratt Redrow

- Working with 40 supply chain partners to understand future technologies
- Data collection to understand benefits and best practice
- Stay ahead of regulation, meet customer expectations

Benefits for our customers

- Energy efficient and sustainable, future-proofed homes
- Effective tech which has been tested through all conditions
- Customer experience front and centre of research



On suppliers and innovation, we have an established partnership with the University of Salford. Here, we built and tested the Z House, a unique zero-carbon concept home that went well beyond the Future Homes Standard. As I mentioned, working with 40 supply chain partners, we tested new building techniques, low-carbon technologies and track the customer experience of living in a sustainable home. We took some of the findings from the Z House into our next project, Energy House 2.0, also at the University of Salford.

This house sits in a climate-controlled chamber large enough to contain two detached houses, to test the homes of the future for changes in temperature in relation to both high and low temperatures. I know that many people in the room today are amongst the more than 4000 visitors that have been to Energy House to see the homes and experience the weather. We are applying lessons from these projects to new developments, building energy efficient new homes that work for our customers. This also means that we are well prepared for when the Future Homes Standard is published later this year.

Ibstock

A relationship with Redrow spanning over 40 years

Benefits for Barratt Redrow

- Longstanding relationship with major brickmaker
- Meets our design and customer needs
- Collaborative design and innovation

Benefits for our suppliers

- Visibility of future demand
- New product development piloting
- Sharing technical and regulatory insights



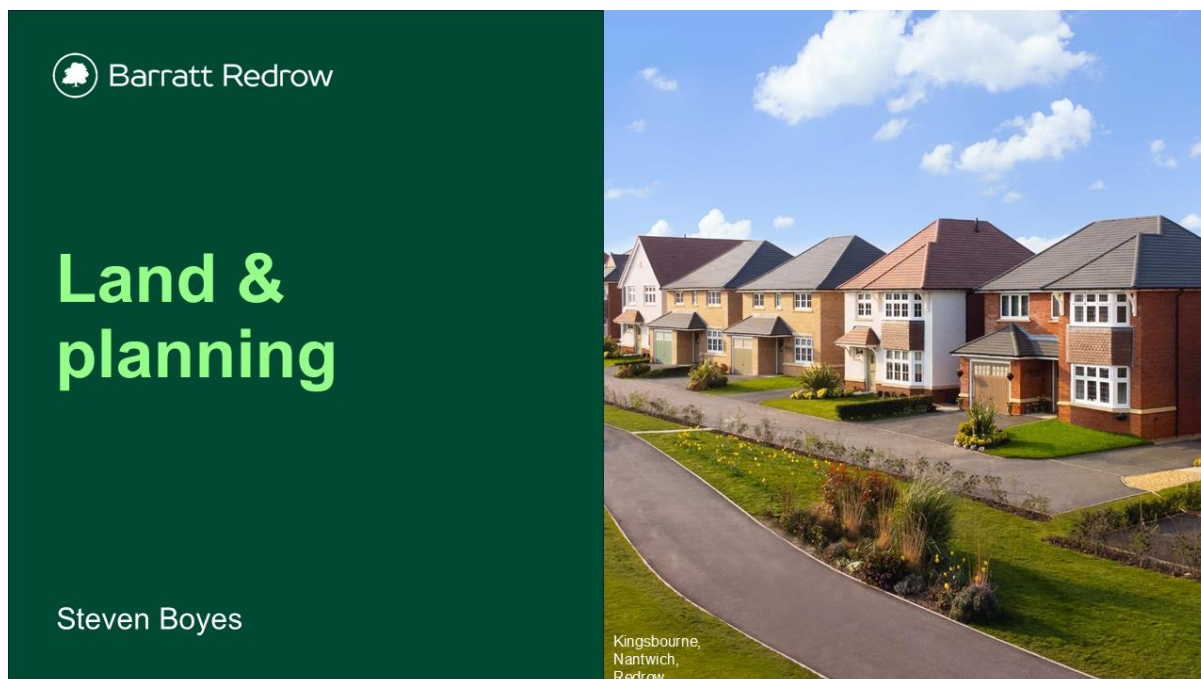
As I mentioned, we have a strong relationship with a whole range of suppliers, all of which are very important to us, but one relationship that I'd like to highlight is the one with Ibstock, with whom our relationship has only been strengthened by joining forces with Redrow. Redrow's partnership with Ibstock spans over 40 years. Over the years, they have helped Redrow to create the Arts and Crafts architecture that Redrow is known for. These homes traditionally have tiled [sills], but these can clearly be tricky to fit and lack robustness.

Working in partnership, Ibstock and Redrow have created bricks that look like tiled sills but overcome these issues. Before Steven takes you through the current land and planning position, I'd like to hand over to some of our partners, who in this short film will share why they choose to work with Barratt Redrow.



Steven Boyes

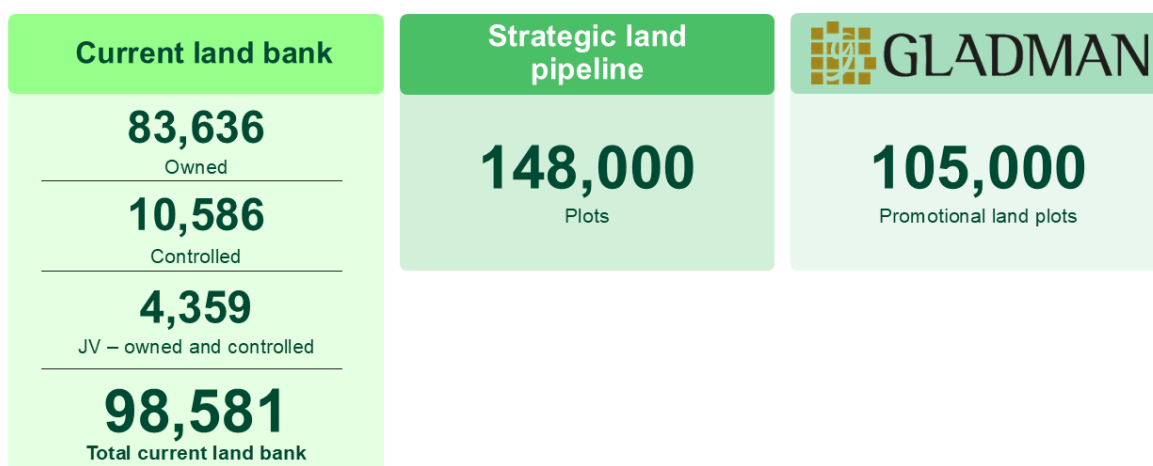
Chief Operating Officer and Deputy Chief Executive



Thank you, David. We're very proud of our strong relationships, many of which span back over 30 years. They are a long time in the making and give our suppliers reassurance that they are working with a strong, reliable business, and they give us a commercial advantage, sometimes through pricing, innovation or through certainty of delivery when resource is scarce.

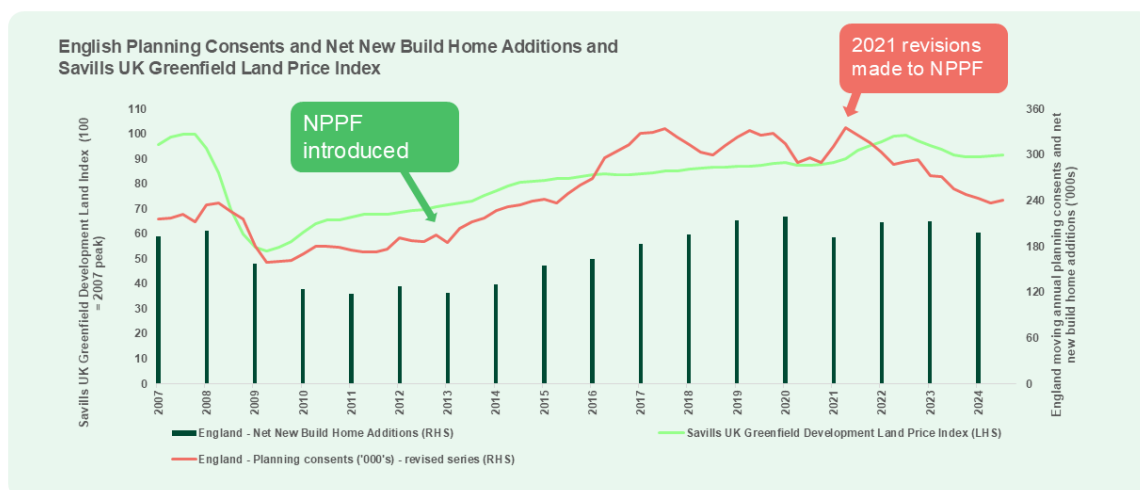
In this next section, I'll cover off our current landbank and pipeline, the planning environment, our strategic land position and our continued land and planning strategy. I'll then conclude by looking at how we're ready to capitalise on our landbank and support growth.

Barratt Redrow land bank



Our current landbank is in a very strong position, at nearly 100,000 plots. Our land pipeline is equally strong, with our strategic landbank at almost 150,000 plots. Additionally, we have Gladman, our land promotion business. We acquired Gladman in 2022, stating at the time we plan for it to deliver 500 incremental completions for the Group each year from FY25, and we're well on course to deliver this, with on average almost 700 plots a year acquired from Gladman since 2022.

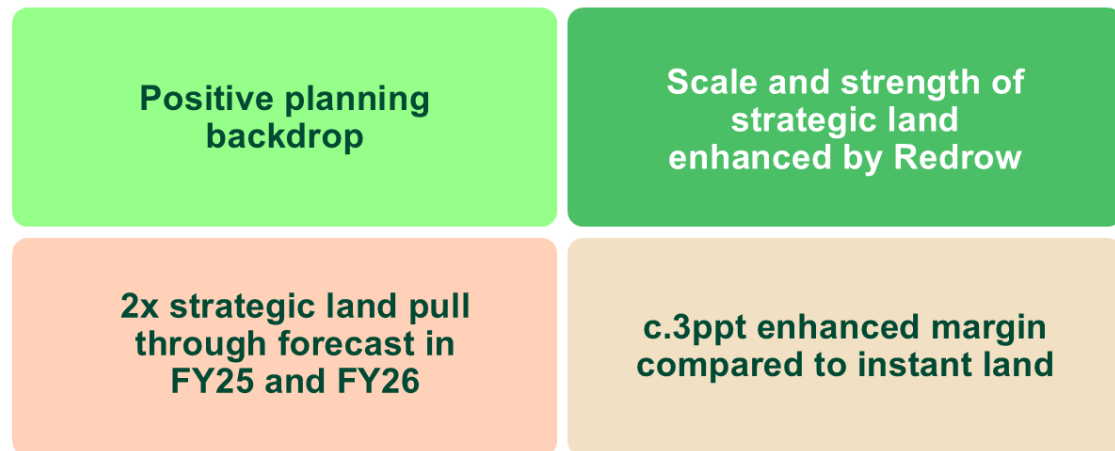
Shifting planning landscape



Planning is an area that has had a huge amount of attention in the last few years. You may remember the National Planning Policy Framework, or NPPF, was introduced in 2013 under the coalition government. As you can see from this graph, the effect was immediate, with permissions rising roughly 80% over four years in a market supported by Help to Buy. However, in 2021, amendments were made to the planning policy, which caused permissions to fall back.

As David outlined earlier, the government has reshaped the NPPF to support their commitment to build 1.5 million new homes over the course of the Parliament. Additionally, opening up sections of the green belt and increasing local housing targets will give us even more options when sourcing land. We do need to be mindful that these changes won't translate into increased housing delivery immediately. However, if maintained, we expect the long-term impact of the changes to be very positive.

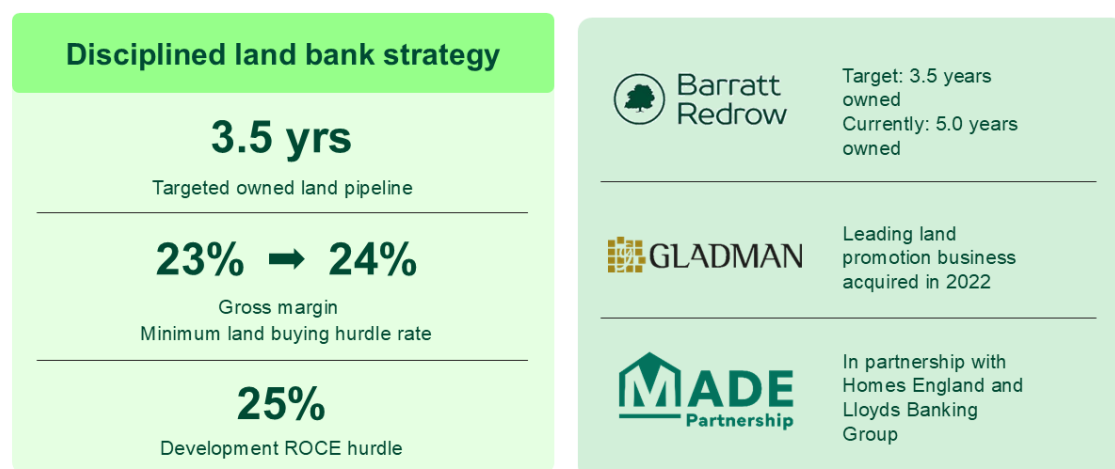
Strategic land opportunity



This positive planning backdrop presents the best opportunity for decades for the conversion of strategic land. Barratt has a significant strategic landbank, which has been made stronger by the acquisition of Redrow. The combined strength of Barratt and Redrow in strategic land means we expect our strategic land pull-through to more than double in FY25 and '26 when compared to FY23 and '24.

One of the other benefits of strategic land is the greater flexibility around drawdown once planning is in place, and with a discount to market price, agreed when exercised. As an added bonus, strategic land generally provides an improved margin over instant land, typically around 3%. Having said this, we must keep in mind that the planning applications still will take time to work their way through the system, which remains under-resourced.

Continuing land investment discipline

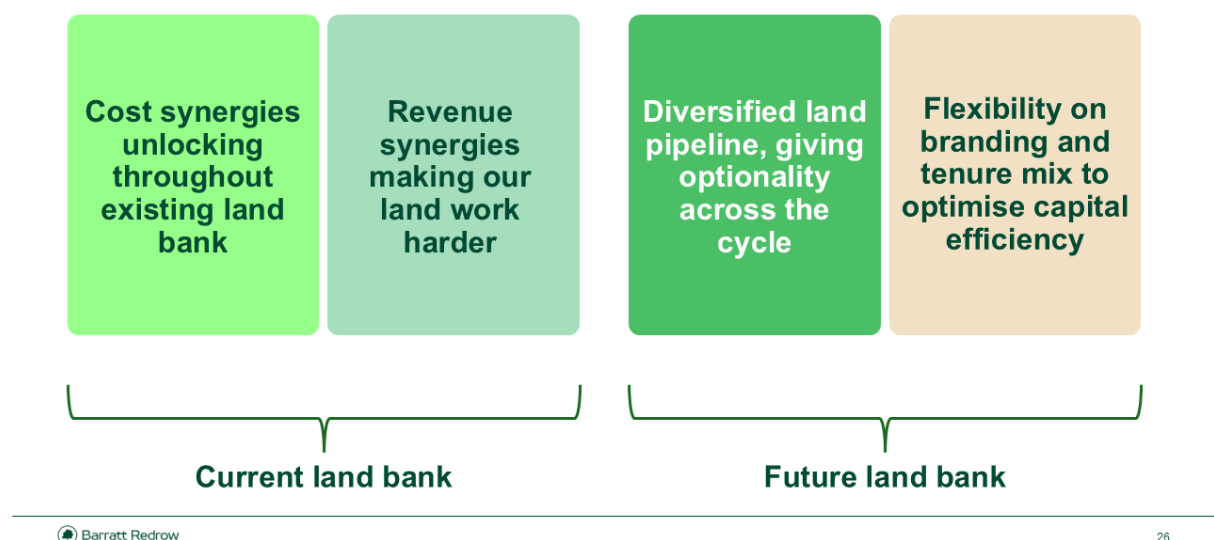


Our landbank target remains at 3.5 years owned. Our current gross margin hurdle rate is 23%. Thanks to our enhanced scale and synergies, we'll be able to increase this hurdle rate to 24% once cost synergies are unlocked, without compromising on our competitiveness.

Our return on capital employed hurdle rate will remain at 25%. As Barratt Redrow, we have a unique opportunity in land buying, as David has spoken about. Plenty of our land is still acquired through the traditional route, with our divisional land and planning teams constantly bringing forward high-quality land opportunities. As Barratt Redrow, we've increased our land buying advantage with larger sites, for which there are generally fewer bids, and these have become much more viable for us.

This in addition to the Gladman and MADE Partnership land acquisition routes gives us a great advantage.

The strength of our land bank



We believe our current and future landbank has unique ingredients that will allow it to outperform the sector and deliver our volume aspirations. First, our current landbank. As the cost synergies from the acquisition unlock, they will improve the margin embedded within the current landbank, particularly the procurement synergies. As we heard from Matthew, revenue synergies will aid in increasing the return on capital employed, allowing these sites to perform better than anticipated on purchase.

Moving now to our future landbank, our diversified land pipeline gives us an important advantage in sourcing the most attractive land deals, ensuring the best returns possible in locations our customers want to live. Through the relationships we have forged and our wide brand portfolio, we have the flexibility to ensure the brand and tenure mix on each site is best suited to the customer base expected. This allows us to unlock the maximum potential return for the site.

As mentioned, the increased hurdle rate once cost synergies are unlocked will benefit our future landbank, and we believe these factors allow our land portfolio to stand out from the rest.

Ready to capitalise on land bank

Increasing our use of timber frame

- Expansion of existing timber frame factory
- Second timber frame factory opened in 2023
- Timber frame now standard on new Barratt house type designs
- c. 40% faster to progress from foundation to build completion
- Reduces dependency on materials and skills
- Improves speed of build while ensuring quality
- Greater certainty on cost



Our strong land position, alongside our expanded divisional network, gives us the foundation we need to grow. We've been preparing and investing for growth over the last few years - for example, through our acquisition of Oregon Timber Frame in 2019.

Since then, we've expanded the original factory in Selkirk and opened a second factory in Derby in 2023. We built almost 30% of our homes in FY24 with timber frame. Most of our Barratt house types, as well as the smaller end of the David Wilson range, are designed for and are now able to be built in timber frame. Building in timber frame reduces our reliance on bricks and bricklayers. It reduces the time taken from foundation to completion by up to 40%, while maintaining quality, thanks to factory conditions.

Timber frame, however, is just one example of how we're trying to futureproof our business. We have an innovation team constantly looking at ways in which to improve our product and improve our build process. This forward-thinking mentality is key to pushing our business into the next chapter and growing to 22,000 homes a year. With that, I'll hand it over to Mike to discuss our growth plans.

Mike Scott

Chief Financial Officer



Thanks, Steven. So in this next section, I'm going to take you through our growth plans for the medium term, by which we mean really the next three or four years, and while we're excited and ambitious to grow our business, we of course remain committed to running a strong and resilient business in the medium term. To maintain the financial strength of the Group, our growth plans are underpinned by three financial priorities.

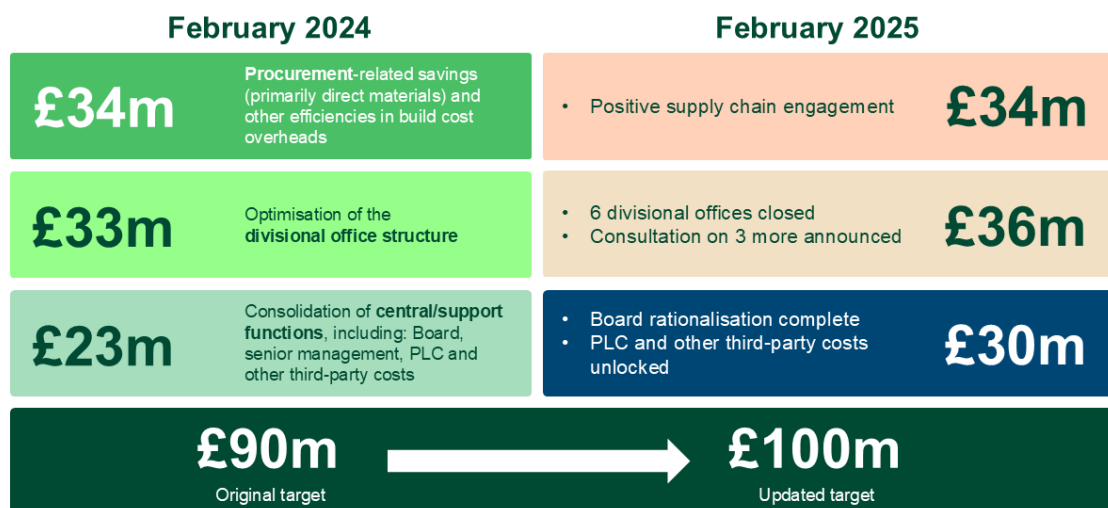
Medium-term financial priorities



Our first priority is delivering the synergies that we promised, including both the cost synergies and the revenue synergies from incremental site openings. In a moment, we'll look at the progress we've made so far on those synergies.

Our second priority is sustainable growth. Our growth has to be supported by a strong balance sheet, and it must be at a rate we can sustain without impacting either build quality or customer service. Our third priority is margin improvement. In recent years, our operating margin has been significantly reduced through a shortfall in volume, high cost inflation and the increased need for the use of customer incentives. So we're focussed on returning margin to a higher level through a combination of disciplined land buying, delivering our promised synergies and increasing volumes to drive improved fixed cost recovery.

Good progress on cost synergies



So turning now to cost synergies, our procurement synergy program is progressing well, and we've had a lot of engagement in a positive way with our supply chain, and we feel confident in the synergy figure of £34 million in this area. Secondly, since October, we've closed six divisional offices across both businesses, and this week, we've announced consultations on the closure of a further three divisional offices, which takes us to the total of nine that we announced back in February 2024.

Together, this divisional restructuring is now expected to deliver £36 million of synergies on an annualised run rate basis. Thirdly, some central and support functions have already been realised by combining PLC costs, such as insurance and borrowing facility fees, as well as board rationalisation, amounting to a run rate saving of around £8 million, with a further £22 million identified.

So our good progress today on synergy identification and realisation means that today we're increasing our targeted synergies from the deal from the £90 million originally expected to £100 million.

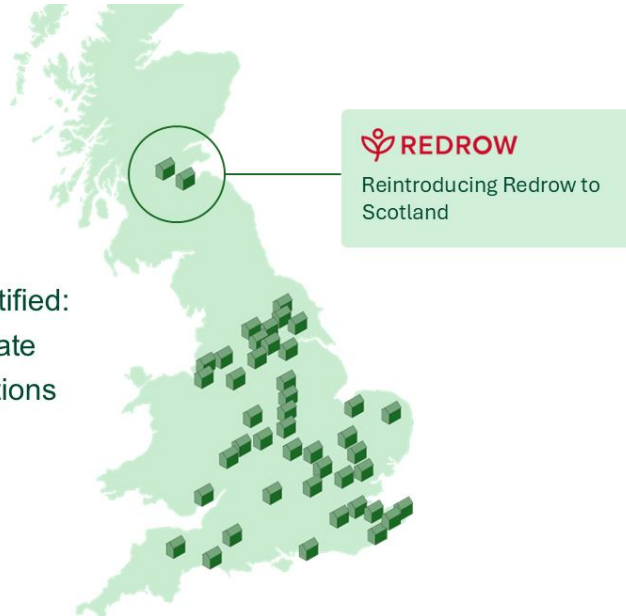
Progress made on revenue synergies



45

Incremental outlets identified:

- H1 FY27 build start date
- H2 FY27 first completions



As well as the on-going work on cost synergies, we've also made good initial progress on revenue synergies. As you can see from the map on the slide, the sites that deliver the 45 incremental outlets have already been identified, and our teams are now working hard to move forward with planning applications to bring these sites through into production.

In line with our initial expectations, we expect to open the first of these new outlets in the first half of FY27, so that's in around 18 months' time, with the first completions coming in the second half of FY27. As a reminder, we expect these 45 incremental outlets to deliver between 900 and 1000 units per annum going forward. The sites we've identified, as David said, also help us to achieve our objective of opening Redrow outlets in parts of the country where it's not currently represented, such as Scotland.

Sustainable growth towards 22,000 homes

- 32 divisions will support medium-term target of 22k homes p.a.
- Revenue synergies delivering 45 outlets producing 900-1,000 incremental homes p.a. from FY28
- Average sales outlets grow to 475-525
- Good visibility on planning
- Operational experience gives confidence in delivery
- Controlled volume growth of up to c.5-10% p.a.

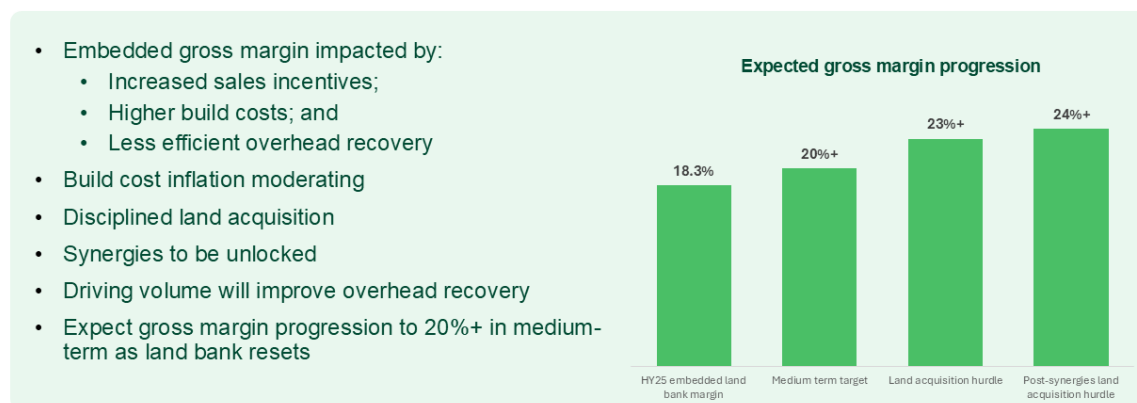


So we've built a business capable of delivering 22,000 homes per annum from our 32 division national footprint. We're committed to working towards this in a controlled, sustainable

manner with a sensible organic growth rate factored in each year and with the benefit of the 900 to 1000 units from revenue synergies. To be clear, in our plans, we're not factoring in any material improvements in market conditions or any demand side stimulus being introduced. From our current position of around 400 active selling outlets, we expect our average number of outlets to grow to between 475 and 525 outlets in the medium term, and we're confident that this scale of outlet opening is achievable. It's similar to the levels that we delivered after the global financial crisis, and it will be further supported by the current positive planning backdrop.

We're not proposing to pursue growth at any cost. We'll maintain our disciplined control of the business, and we'll only pursue opportunities that help us to meet our financial targets. As we've said before, we believe that growth rates of up to 10% per annum for the business allows us to grow at a strong pace, but without compromising on quality or service.

Steps to improve gross margin



As you know, in recent years, our gross margin has been heavily impacted by the macroeconomic backdrop. We've seen build cost inflation of around 35% since 2020. Volumes have been significantly lower than normal, and we've offered sales incentives of 6% to 7% to drive our volumes. The combined effect of these factors has reduced gross margin embedded in the landbank to 18.3%, as you saw earlier, although we have seen some recent improvement in that position.

As we grow volumes, we'll replenish this land with land acquired on better terms, and we're confident that our gross margin will see sequential recovery as we move through the next few years. However, the recovery of margins won't happen overnight. It will come through the disciplined application of our acquisition hurdles, increasing completion volumes and delivering the procurement cost synergies. So our medium-term target for gross margin is to increase to over 20% in the medium term. Over a longer timeframe, obviously, we expect gross margins to revert to our acquisition hurdle of 23%, or 24% once the procurement synergies have been realised.

Medium-term ROCE evolution



¹excluding net cash, pension/tax/derivative and legacy property provisions

We're also focussed on improving our return on capital. So we've just talked about gross margin improvement, which will in turn feed through to improved operating margins, but we're also focussed on increasing asset turn. The combination with Redrow will help us to use our landbank more efficiently, thanks to the flexibility we have to deploy our three high-quality brands across the country. We also have more opportunities to deploy PRS onto our sites, which helps us to improve build speed.

We can see PRS volumes growing to 10% to 15% of the Group's total over time. Now, having said this, I have to stress, we've always delivered a mix of private, affordable and PRS units on our developments, so we're not signalling any material shift in this today. Return on capital will also benefit from a return to using normal levels of land creditors within the portfolio, and we'd expect this to increase to between 20% and 25% of the value of the landbank in the medium term. The combination of all of those factors will help us increase return on capital to above 20% in the medium term.

Our medium-term guidance

	Current	Medium-term
Outlets	c.400	475-525
Total home completions	16,800 – 17,200	c.22,000
Adjusted operating margin ¹	7.5%	c.15%
Land creditors	12.2%	20-25%
ROCE ¹	8.1%	>20%

¹Post purchase price accounting adjustments

So we've talked a lot about growth plans and our expected improvement in financial metrics, so this slide recaps on the key pieces of guidance. So outlet growth from our FY25 average of 400 outlets to between 475 and 525, which includes the 45 revenue synergy outlets. This in turn drives our medium-term volume target of 22,000 homes per annum, and our increased volumes aid our efforts to increase operating margin, alongside resetting the landbank gross margin and unlocking cost synergies of £100 million per annum. Land creditors will increase from around 12% today to 20% to 25%, and finally, return on capital will increase to above 20%.

 Barratt Redrow

Capital allocation framework

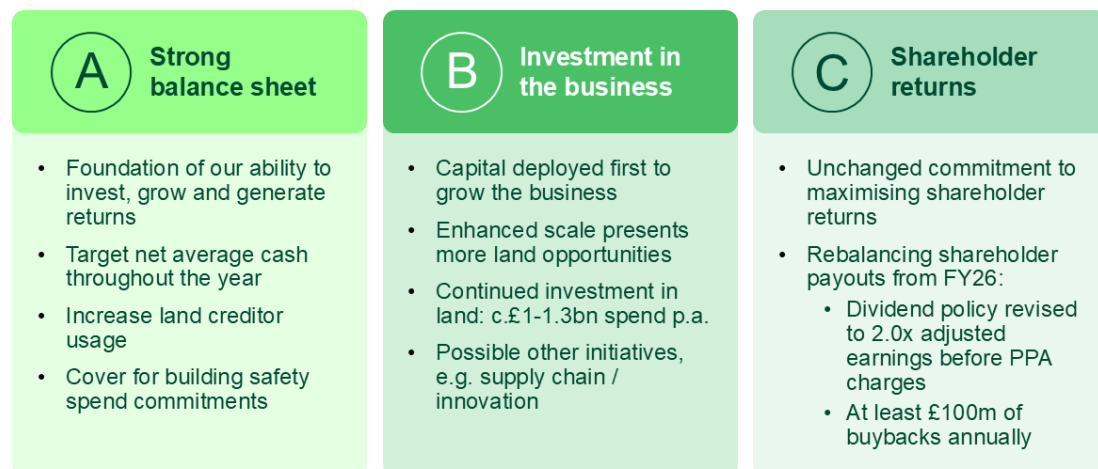
Mike Scott



Fleckney Fields,
Leicester,
David Wilson

As you've seen this morning, we're also making changes to our capital allocation framework, so I'd like to spend a few minutes talking through our approach.

Our capital allocation priorities

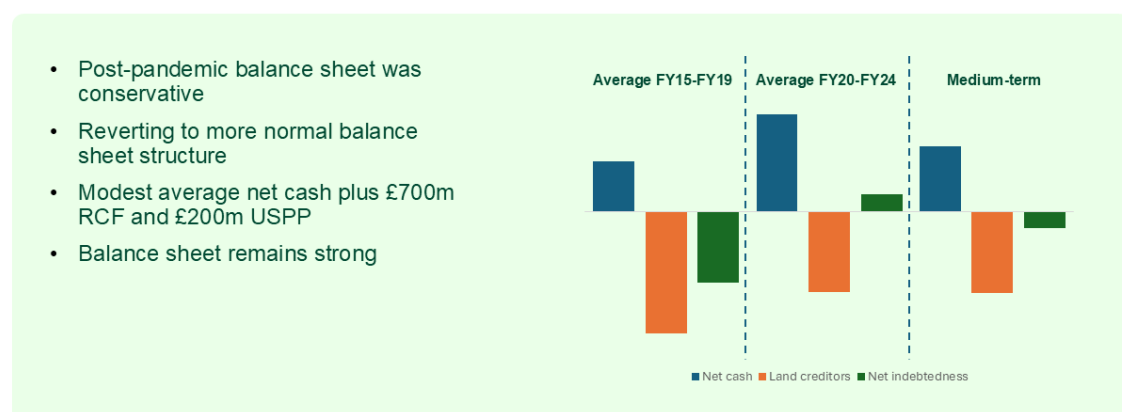


We've set out three clear and complementary capital allocation priorities. First and most importantly, as we mentioned earlier, we're committed to maintaining a strong balance sheet throughout the cycle. This gives us the solid platform from which we can invest in the growth of the business.

We'll deploy capital to profitable growth first, leveraging the land opportunities that Steven's just outlined. Then we'll look for other opportunities, perhaps in the supply chain or through further innovation, so we could be investing in land, new facilities or new initiatives. Having looked at these opportunities, we'll then return excess capital to shareholders, including our commitment today of at least £100 million per annum in share buybacks, and £50 million coming in the second half of this financial year.

We believe this is the best long-term framework to ensure the business remains strong, grows at a sustainable rate and delivers value for our shareholders.

Maintaining balance sheet strength

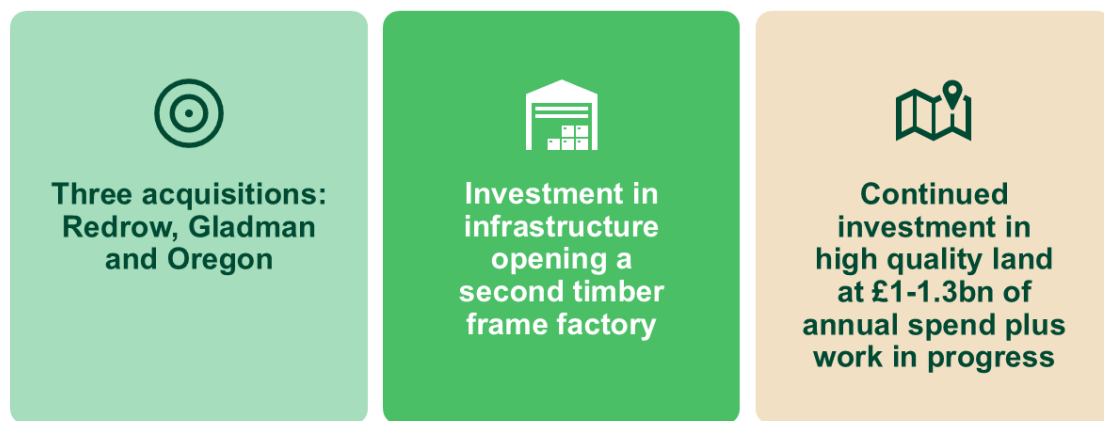


So how do we think about maintaining balance sheet strength? The bars on the right-hand side of this slide, illustrate how our balance sheet structure has evolved, both pre-pandemic, during the COVID period, post-COVID period and today.

Out of necessity, we became more conservative, holding higher levels of cash to mitigate market uncertainty through the period from 2020 to 2024. We now expect to hold less cash on the balance sheet, but we do still expect to be cash positive on average through the year. We're obviously mindful of short-term land payments and building safety commitments, but with a committed facility of £700 million out until 2029 and modest average net cash, we're satisfied that our balance sheet remains strong.

We do expect some net indebtedness, including land creditors, but we will not be borrowing to fund the next phase of our growth.

Investment in growth remains the priority



We have a strong track record of investing in growth. As you've heard today, in the last few years, we've acquired three businesses - Oregon, Gladman and now Redrow, which are key to our strategy and the on-going success of the Group. Each of these acquisitions is performing well and has added to the Group's market-leading position. We've invested in our own capabilities, such as the £40 million investment in the new timber frame factory in Derby that Steven recognised earlier, and that capitalises on the skillset we acquired with Oregon.

But fundamentally, we need to keep investing in new land. It's our key raw material, and we expect to spend between £1 billion and £1.3 billion per annum on land over the medium term, as well as the work in progress we need to drive the growth in sales outlets.

Clear path to returning cash sustainably

- Ordinary dividend remains a priority
- Dividend cover set at 2x adjusted earnings (before PPA charges) from FY26
- Entering a new phase of cash generation from the enlarged group
- At least £100m buyback annually
- Framework maintains our disciplined approach to capital allocation



So as we look forward with confidence to growing the business over the medium term, we've also revised our approach today to shareholder returns.

Firstly, we remain committed to paying a regular ordinary dividend. At present, our dividend is based on cover of 1.75 times adjusted earnings, and that's before the impact of any of the purchase price allocation adjustments. As promised, this will remain in place for FY25. Then, from FY26, that cover moved to two times adjusted earnings on the same basis, and we do expect our annual cash dividend to grow each year in the medium term, even after adjusting cover levels.

We've also announced today the commencement of that on-going share buyback program. This will be a minimum of £100 million per annum, and we'll review the level regularly based on our expected cash generation. As I said earlier, we'll begin the buyback shortly, and we plan to commit £50 million in the second half.

So overall, we believe this mix of shareholder returns will help us to maintain our disciplined approach to capital allocation. So thank you very much, everybody, for your time this morning. Hopefully, you're as excited as we are and the management team is to deliver on these plans, and now, David, Steven and Matthew will rejoin me on the stage for Q&A to wrap up. Thank you.

Q&A



John Messenger

Great. We'll start at the front again, sorry, and I will go to the back, though, after this one. Gregor?

Gregor Kuglitsch

Thank you. Two simple ones, one a little bit more complicated. So the first one, on your midterm timeframe, if you could just give us an idea what you mean by that. Three, four years, is that ballpark? Second question is, you're now signalling you're prepared to go net geared. Are you prepared to put a percentage on that number?

In terms of the - I haven't quite worked it backwards yet, but in terms of the capital employed today, back solving to what you're saying to get to a 20%, are you saying you're going to release capital, or is it a stable capital employed position compared to where we are today?

The follow on from that is, it does imply a few years out that the cash builds quite materially. Are you basically with the gearing target suggesting you would then accelerate shareholder returns materially? Thank you.

David Thomas

Gregor, thank you, so if - maybe I just have a couple of opening comments, and then I'll pass over to Mike to pick up the pieces. But just midterm, three to four years, that's what we're talking about, first thing. The second thing is, look, I know there's this debate about balance sheet strength, and I personally have been very, very focussed on balance sheet strength. I joined the business when we had £1.3 billion of net debt, but the reality is, there's a fundamental difference between land creditors and bank debt.

So I think Mike was quite clear that we're going to run a net cash position, and we are conscious of land creditors, but we don't see that we're running a net debt position. Mike, do you want to...

Mike Scott

Yes, so I think the key thing is really us to have a strong balance sheet but still flexibility to invest in the opportunities that we see ahead of us. So in terms of a net gearing percentage, we're not going to set a particular range for that at this stage. I think we'll see, as Steven talked about, there's a lot of strategic land opportunities coming through. We've got lots of opportunities to grow the business, and we're focussed on opening outlets and so on. So we don't want to constrain the business, but I think what we are doing is signalling that over the next few years, we'll be returning to normal levels of balance sheet structure that you would have seen pre-2020.

In terms of the capital employed position, as the business grows, capital employed will grow, but the way we're thinking about that at the short term is that really, a big part of it will come from reducing the landbank length and bringing through strategic land work in progress. But we do expect to generate cash through the plan, you're right, and the reason that we've set the share buyback as a minimum of £100 million is that it gives us the flexibility as we move through the plan to think about how we want to deal with that excess cash, and whether we're reinvesting in growth or some of the other opportunities that you've seen this morning, or we would have the flexibility to increase the buyback at that stage.

So I think we'll keep that under review closely as we deliver the growth over the next few years.

John Messenger

Great. We'll go to Ami at the back there. Just conscious - there we go.

Ami Galla - Citigroup

Ami Galla from Citi. A few questions from me. The first one was on multi-branding and the gains that you touched upon on asset turn. I wonder if you could explore a little bit more in terms of the premium that Redrow has. Is there an opportunity to enhance the gross margin or the price premium on the multi-branded sites, and as a result, the embedded gross margin that we see in the landbank today, is there an opportunity to really build on that if you are able to deliver a better gross margin on the Redrow plots in that multi-branded approach?

The second question I had was on really processes and how you do things differently in the combined business. Versus historically, what processes, such as planning or sales or admin, what process will be more centralised now, and what are functions which typically will always be decentralised in the combined business? The last question was just on the WIP investment that you touched on the medium-term targets. At what point in the timescale do we get to that normalised level of WIP? Is it quite aligned to the opening - i.e., it's FY27, which will be the big WIP investment year and from then onwards we would expect a more normalised run rate there

David Thomas

Well, there's quite a lot to unpick there. So, I think Mike will pick up in terms of normalised level of WIP. Look, I would say in terms of deploying Redrow and having three brands rather than two brands, I don't see that as primarily driving at a gross margin improvement. I think that is much more about the efficiency of the landbank and the return on capital employed providing a wider range of house types to the customer, increasing the rate of sale, and so on. So, I think that's a key thing, and the way I would look, at which I've

said previously, is that I would look at it in terms of the numbers of outlets against the number of plots in the landbank.

That landbank efficiency ratio is fundamental to us and has always been very important to us. So, if you've got a site where you've 400 plots and you have one brand on that site, then clearly your efficiency ratio is going to be low. Whereas if you can have three outlets on that site or two outlets on that site, you're going to have a much better efficiency ratio, I think that's something Barratt has always prided itself on – and I think that the discussions we've had with Matthew, you can see that the Redrow landbank can be more efficient with more than one brand. So, the kind of key point.

In terms of centralised and decentralised, I think just at a general level, very interesting that Redrow do some things differently, we do things differently from each other. So, I think what we want to do is to really look at what do we think is the best way to operate, and that, for any business, is an ongoing process – how can better deploy technology, what can we do more at a regional or a group level and at a divisional level, and that inevitably will just be an ongoing evolution.

Mike Scott

I think in terms of investments, as you've seen from the first half cash flow, lots of money going into work in progress and land as we get ready to open those outlets through the next 12 to 18 months, so I think that'll continue through the second half of this year and into FY26. If we then stabilise at 22,000 units, then you would expect that to, as you say, normalise at a level. But obviously, as we get to the end of the planned period, then we need to think about what the aspiration is in the future, which obviously we're not talking about today. But I think certainly there will be more investment in land and WIP to come over the next 12 to 18 months, and we've set out what is actually quite an ambitious sales outlet opening program up to 475 to 525 from 400 today. So, obviously you need to put the WIP in, and the infrastructure in to be able to open those outlets and then we'll see the cash flowing from that, through the back half of '26 into '27.

John Messenger

Charlie Campell?

Charlie Campbell - Stifel

Charlie Campbell at Stifel. Probably a few questions, but just one train of thought really. It's just around the sustainability of 22,000 units a year, clearly something that's never really been done before, and I guess the reason that people have struggled is that you did struggle to get on enough good markets, really, to sustain that. So, the first question is really about the site. So, you've given us a target of 500 sites that you want to be on. How many locations is that? Should we think about on average dual branding and therefore that's 250 geographic locations, or is it a bit more than that? Just to understand how many individual housing markets you're looking at.

David Thomas

If go on that, I think two parts to that. So, one – I think in terms of how sustainable is it, you touched on it, because it's broadly about how sustainable is the market. On a pro-forma business – a pro-forma basis, that the combined businesses deliver 24,000 units in 2022. So, I think we understand that we have capability to deliver 24,000, and that's demonstrated. But I think if you look at where we're coming from in terms of 17,000 units, then I think 22 is quite

an ambitious growth target. If you look at the planning backdrop, I don't do anything other than agree with Steven is that I've been here 15 years, Steven's been here a bit longer. But what we're seeing from government is not something that we've seen before. I would emphasise, as I touched on in my presentation, it's not just about residential planning, it's about all planning. So, I think there is a real momentum that planning could change and therefore land would become more fully available.

In terms of the outlets, I think Mike talked through it, but what I would say is that, first of all, we've got really good visibility. So, bear in mind, we're coming from 400 outlets presently, we've identified that and have committed to 45 outlets, which clearly by definition are shared sites, coming from sales synergies. Therefore, all we're doing is building from that 440, 450 level of sites. Saying that, we're confident we can grow the business at 5% to 10% per annum. So, inevitably, it will be a bit of everything, we'll end up with single branded, dual branded and triple branded sites. We'll be very focused on that efficiency ratio in terms of making sure that we don't have large sites that are single branded or very large sites that are only dual branded.

Charlie Campbell - Stifel

So, you've talked about having differentiated locations and being in the best locations. I just struggle with the idea that there are 400 good locations in the UK at any one time. That's sort of where I'm getting at and that's where other people have struggled with, isn't it? But if we think about prime versus secondary versus tertiary, we're always told to stay out of tertiary locations because you can't sell it in a downturn. So, you need to be in the primary and secondary and just how many of those are there in the UK? Because I can't get to 525. So, that's why I'm asking about how many locations you need to be dual headed on.

Mike Scott

Yeah, I think the point, Charlie, is we are very diversified across the country. So, we've got businesses operating from Aberdeen right down to the southwest in Devon and from Norwich across into South Wales. So, we've got that national coverage that lets us access all of the locations across the UK. I think we'll get to 525 – the 475 to 525. I think that there are plenty of good locations and you come back to some of the market fundamentals that David talked about in his presentation. The market is structurally, there has been an undersupply for such a long time that the demand for housing across the country is strong and I think that underpins the growth plan. We've got the best land teams in the country through Gladman, through the strategic land teams across the country, and each division has an individual land team. So, we've got people who will find the right locations for us to be in.

I think structurally, the market means that that demand is there to underpin it. So, I think we're all confident that we'll be able to deliver those outlet numbers. I wouldn't get too hung up on, is it single, double, triple, not least because I haven't got the number in front of me, but I think we'll use the brands in the right way for the sites that we acquire. Obviously, as we tend towards slightly larger sites, then there'll be more opportunities to do to do three brands. But the key point really is the flexibility to deploy the brands in the right way for the right location, I think.

Charlie Campbell - Stifel

The same theme, if I can. So, 400 sites now, getting up to 500. So, you need another 100 site managers, you need 25% more site managers. We've always been told that's a big constraint,

finding good site managers. Clearly, you've got lots of good ones already, but how do you find 25% more site managers in a difficult labour market?

David Thomas

Again, probably two parts to that, Charlie. First of all, there is no question that skills is a significant challenge. Equally, site management is an absolutely key role within the industry. So first of all, we've seen a backdrop where overall industry site numbers have fallen. I consider that we are in a fairly unique position in terms of having line of sight of growth in our site numbers, but that's not a bad position to be in when the overall industry position is falling. Secondly, we've got really fantastic programs. I'm not going to go through them all, but I would call it particularly our Ex-Armed Forces Personnel Program in terms of training of site management. We've got a huge number, both in Barratt and Redrow, of assistant site managers coming through in the business. So, we do see skills as a constraint, but we don't see skills as a constraint in terms of the sort of steps that we've got in our site program.

John Messenger

Clyde?

Clyde Lewis - Peel Hunt

Clyde Lewis at Peel Hunt. Apologies, three again, if I may. Just around the margin, you're talking about the 15% operating margin, but also the 24% GM for land. I'm assuming there's a time mismatch because I'm not expecting you to be running with 9% operating costs, but maybe you want to just confirm that. Then related to that would be, well, if the medium term is three to four years and you're looking at the 15% / 20% GM, when do you get to that 24% GM? Is that six, seven years out? That was one. Joint ventures are they likely to be a bigger feature of the business going forward around the partnerships, PRS, I suppose, and again, what scale are we looking at there? The last one was the comment on the capital allocation, the B, the investment in the business. The last one there, the possible other initiatives.

Would you like to expand a little bit on what you're thinking about there and maybe also the scale of capital that might be involved?

David Thomas

So, if Mike picks up on margin and gross margin, I thought margin and gross margin was all three of the questions. So, I was getting quite excited actually. So, Mike will pick up on sort of margin and gross margin in the 15% and 24%. So, joint ventures, in terms of operational joint ventures, so say for example, with Lloyds Living, that's an agreement, a partnership, but it's not an operational joint venture. But in terms of our operational joint ventures, I don't think we've ever had more than 15 operational joint ventures. That would typically be one or two sites per joint venture. That has dropped down in recent years. But again, we're not signalling that we're suddenly going to 50 operational joint ventures.

But we do see that there are lots of partners out there that would like to joint venture. I think we've just got to look at, does it work for them? Does it work for us? But we're not signalling any big change in terms of those joint ventures. I would say in terms of capital allocation, our capital allocation outside house building would be entirely focused on supply chain. I think the way to think about that is over a three-to-five-year period, it would be very, very unlikely that we'd be deploying more than £50 million on supply chain.

Our second factory that Mike and Steven touched on, we have about £40 million investment in the Derby factory. So, it's kind of in that order if we were to open another factory.

Mike Scott

Then on margin. So, the gross margin guidance in that medium term timeframe is 20% against the 15. So, a 5% delta. It will take us a few more years to get to the higher levels beyond the medium term guidance that we're giving today. So, it'll be a few more years, but really, the way to think about that is obviously it comes through cycling the landbank and see how long the landbank is – five years at the moment. You'd be looking more at that sort of time scale. But we're not guiding to when that will be achieved at the moment.

John Messenger

Going back to Zaim at the back there.

Zaim Beekawa - J.P. Morgan

Thanks for taking my question. Zaim Beekawa J.P. Morgan. Just to come back on the timber frame facility. Can you quantify in terms of how much additional capacity this is going to give you and the benefits from there? Then secondly, on the volume guidance of around five to 10, what's baked into your assumption to be at five versus the 10? Is that something within your control? Is it market driven? Thank you.

David Thomas

Steven will pick up in terms of Oregon and timber frame capacity. I think 5% to 10%; two parts to that. One is we've demonstrated historically we can deliver in that range. So, the first thing is that we definitely see that growth beyond 10% is very challenging, hence why we're trying to limit it. We have historically limited it in that range. Then really, we're not assuming any change in market conditions, as Mike touched on. So, it's very much about how quickly can we deliver the new sites. So, hence why we're putting it in that sort of band now.

Steven Boyes

Yes, in terms of Oregon, we acquired the business in 2019, and it was producing around that, about 1,600 units a year at that point in time, at a capacity of about 2,500. That was from the Selkirk operation. We've developed a factory in Derby, next to Rolls Royce. That's the £41 million investment. That has a capacity of 4,000 units a year. That runs on an open and closed panel basis. So, we've got the opportunity to build open panel on one line, as well as closed and open on another line. In terms of the original factory, we've recently decided to extend that further. So, that will take the capacity there to 5,000 units a year. So, combined capacity is circa 9,000 units a year. This year, we're hoping to achieve nearly 5,000 units out of both factories. So, it's going well. We're currently producing 20 houses a day from the factory. Okay. Thank you.

John Messenger

Cedar from the front.

Cedar Ekblom - Morgan Stanley

Thanks very much. Cedar Ekblom from Morgan Stanley. I just wanted to ask, when we think about the medium term volume recovery, it seems that there's two / three big topics we should be thinking about. So, the one is land and permitting improving. The other is normal market forces as it relates to mortgage affordability and costs, et cetera. Then the other one is around the fact that government wants affordable to be a much bigger part of the volume

recovery this time. So, can you talk to the third point when it comes to the capital pools that need to be available to support that affordable recovery? Like housing association, et cetera. If you can give us some signposts that we should be thinking about in terms of policy or changes to get a better handle on whether that part of the recovery will actually be coming through because it seems that we have planning reform that's helpful and mortgages, the markets assuming that sort of plays ball. But we don't have a lot of visibility on what's going on in the Housing Association shared ownership area.

So, maybe you can help us with what's going on there and sort of signposts over the next couple of quarters to get more confidence that the money will actually be there to support government's agenda on the affordable segment.

David Thomas

So, I think in terms of the affordable segment, the key news flow will be the rental settlement. That is just – that is what the HAs are waiting for. Therefore, government have indicated that they will give them a longer settlement period, perhaps up to 10 years. But then the level of settlement historically, in the last 10 years, their level of settlement has been below the rate of inflation. So, clearly, if you're running an entity that's essentially a fixed cost entity, and you're getting settlements below the rate of inflation, that's obviously going to be problematic. So, I think what the government says in March, and the indications now is they're going to say something both in March and June. So, it may not be resolved until June, but that is the key news flow point.

I think when you look at it from our point of view is that if our overall affordable delivery is, including Redrow, maybe a little above 20%, that kind of level in terms of the natural rate of delivery, there will be very little change to that natural rate of delivery over the next two or three years. Firstly, because the government have been very clear that they're only looking for higher levels of affordable on certain types of land, and that land will need to come through planning. Secondly, obviously the underlying business that the vast majority of that delivery won't change. So, it's only on our incremental sites as we grow. It won't be on the revenue synergy sites because the revenue synergy sites are by definition off an existing consent. So, I think if you looked at UK affordable levels, it's difficult to see how they can change dramatically on a two- or three-year basis unless the government creates standalone affordable delivery.

That has deemed to be problematic historically on a large scale. So, the government have not really done a lot of standalone affordable delivery over the last 30 years.

Cedar Ekblom - Morgan Stanley

Then just to follow up on the rental settlement, what would you define as success on that? Would it be a certain percentage above inflation that you would be looking for? Tenure, just a bit of colour on how we should think about that structure.

David Thomas

I'm not really the person to ask that. So, a definition of success for me would be that the HAs are happy. But the reality is that first of all, I think the term is important. So, having the longest or a longer term settlement must be important if you're trying to forward plan the business. So, I would think a minimum of a five year settlement would look fairly important, firstly. Secondly, I think the HAs and the government indication has been it will be an inflation plus settlement. But we just need to wait and see. It has been moved because it was

originally intended that something would come with the budget. Now it's going to come with the March statement and potentially some of it will come in June.

John Messenger

Thank you. If we can go to the back, you've been patient, Will Jones. Thanks.

Will Jones – Redburn

Thanks, Will Jones at Redburn. First, just around the landbank efficiency. So, moving the owned landbank length down, I think part of the balancing item will be the controlled goes up. I think you might have maybe 10,000 more plots controlled in a few years' time than now. What are the conditions that allow you to delay taking ownership and for them to sit in that controlled category? Second round build costs, the synergies on build costs. Are they all materials or do you get some labour savings as well? I think the £34 million probably implies less than 1% of the combined. Is the scope for that maybe to be bettered as you go on? Then the last one was just around London, obviously having integrated Redrow where London was a smaller part of the mix. How heavily does that feature, I suppose, in the strategy for the Group over the next three to five years?

David Thomas

So, if I start off in terms of London and Mike will pick up in relation to these synergies, and maybe I can touch on the Landbank point as well. So, in terms of London, London is very important to us. I mean, there's nine million people living in greater London. London delivered 28,000 homes last year. The government's revised target for London is 87,000 homes. It's a huge growth area in terms of housing and the government and the mayor have to unlock that. For us to be delivering 28,000 homes in London is clearly absurd. So, I think that we see it as being a real opportunity. Today, we've focused on more about Redrow and the three-brand strategy. But just in terms of London, we've had some really good success in London. So, we've announced previously the partnership with TFL and are securing the West London partnership with TFL. So, clearly TFL are a big landowner. We feel that we're developing a really successful partnership with TFL. We had Metropolitan on the video, Mel Barratt, the Chief Executive at Metropolitan.

So, we've been at West Hendon for 12 years now developing that site. So, we see lots of opportunity in the London marketplace, but we would recognise that affordability is the most challenging area in London presently. Just in terms of the landbank, the conditional contracts I think is, I don't think it's an important part of the mix. Naturally our conditional contract position has dropped as we've had more strategic land available to the group. Our strategic land position, albeit I accept over 10 years has evolved dramatically. So, I think our original target was three and a half years owned and one year conditional, but I wouldn't really focus too much on the conditional.

We want to get a planning consent on the conditional land as quickly as possible. There's no reason for us to delay that coming into the Landbank. The only reason it would be delayed beyond the planning consent would be if there was questions of viability and that would obviously need to be discussed with the landowner. But in essence, every bit of land that we have any control over, we want to try to get planning on it as quickly as possible. Mike do you want to pick up on...

Mike Scott

I think when you break down the build costs and look at the material component, it's more like sort of 3% than 1% in terms of the challenge that we're putting in there. Clearly most of

that synergy will come from materials, but from both the material supplier and a subcontractor perspective, what we can offer is much better visibility, bigger sites, and the growth ambitions that we've got over time. So, there will definitely be conversations on both sides. But in terms of our assumptions within that 34, then yes, absolutely, the vast majority of that comes from materials.

John Messenger

Front row, if we can to Glynis. We'll pass the opposite way this time.

Glynis Johnson - Jefferies

Glynis Johnson, Jefferies, I'm going to go with four. The first one, just not quite along the same line as Charlie but still sticking on terms of the outlets, if I take the guidance for 2026, which doesn't have any of these additional 45 sites on, add those 45 extra outlets on, I get to the bottom end of your range in terms of your guidance years out, which suggests the bottom end of your range includes no additional sites that would come except for those Redrow synergy sites. So, I'm probably missing lots in the mix there, but what are the ins and outs? Why is the bottom end of the range effectively only including those additional Redrow sites? Second question, just in terms of Gladman, very kindly told us 500 to 700 conversions that you were taking in per year. How many actually is Gladman doing per year? What proportion are you actually purchasing from Gladman and how much is going open market?

Thirdly, just in terms of your wonderful video and the replan of sites, it looked like the Redrow part of it had far less density. We understand the asset turn; it speeds up but does the gross margin on the site come back within that? Then lastly, your wonderful ladies out on this – the ladies doing the selling were fabulous. They talked a lot about part exchange. They talked massively about the key worker incentive. They talked about HEYLO. I wonder if you can just put in proportion or in context, because clearly, I now understand about the Poppy Hill site, but not about the group. What proportion of your sales uses part exchange? What proportion use key worker? What portion use HEYLO? Am I missing something else important?

Then the costs, we know part exchange is costly relative to some others, but where does HEYLO sit? Where does key worker sit?

David Thomas

Whoa, Glynis, I'm not going to let you – I'm not going to let you speak to anyone other than me. Okay, right, so just go through that. So, Steven, I think if you could pick up in relation to Gladman, that would be good. I think Matthew, it would be sensible if you could pick up in terms of Redrow densities. I'll make one comment about that in a minute, and then I'll pick up in terms of the schemes. But in sites, the starting point when I say I'm pleased about that, i.e. the bottom end of our range is something that looks very achievable. I don't think we're looking to go out there with something that's super bullish and saying, look, this is massively aspirational because we can alter these targets at any point.

The reality is that we're very, very confident in that midpoint at 500. So, I think that we have good visibility because we've approved a huge amount of land over the last 12, 15 months, and we've got the revenue synergies. So, we are very confident, and we've really kicked these site numbers around. The other point, just going back slightly to the point that Charlie was making, is that when we were – the combination was being looked at by the CMA, that resulted in the CMA looking at about 430 local markets, which I think was just England, but I don't think they looked at Scotland. So, I think we're very, very confident that the markets are there, and we have that potential to grow the site numbers.

But I think we're trying to be balanced about it, 5% to 10% per annum, 45 of them are really a done deal. That's for us to deliver. Just the brief comment on Redrow, and then we'll pass over to Steven and Matthew, but the brief comment on Redrow would be that when you look at the returns from Redrow compared to the returns from Barratt over a long period of time, whether it be on margin or on return on capital employed, they're very similar. But Matthew can talk more about the plotting and the densities.

Then just on the different schemes, I touched on it in the presentation, we've prided ourselves in terms of being able to bring different schemes and different propositions to market. So, what I would say is that the key workers scheme and the HEYLO scheme are not that significant. They're obviously very, very important to the customers, but they're not that significant in terms of either the number of completions or the percentage cost of the schemes. Part exchange, as you say, is more significant. It's interesting that Redrow really historically have done very little part exchange. Barratt and David Wilson have always been very focused on part exchange. I see it's one of the strongest tools that we have because everyone knows that moving house is just difficult.

Therefore, if you're dealing with somebody who's moving up and they're going to get into a chain and you can offer them part exchange to avoid the chain, we see that as being very popular. But in both Redrow and Barratt and David Wilson, most of our customers will use something that we would call Movemaker. Redrow call it something different, but we would call Movemaker. So therefore, we never actually take in the stock. We just pay the agent's expenses in terms of the sale of their property. It would only be where we actually take in the stock that we would have transaction costs. We're generally running our part exchange business on a very small profit. But it's a great way to attract customers. Steven, do you want to pick up on Gladman?

Steven Boyes

In terms of Gladman, in terms of land coming to the market, in the open market, we also maintained it would be a similar proportion to what was being sold pre that and that has continued to be the case. I think I'm looking at Vicky now, she'll probably give me a nod or otherwise. But in the first half, there was a couple of sites that were sold to Redrow, for example. So, that's continued to flow through on a similar basis. But what the business case about for Gladman was about converting their existing promotion agreements into direct opportunities for Barratt Redrow Group. So, that's converting promotion into either freehold strategic land or options or pre-emptions. Vicky and her team have been highly successful in doing that.

So, I think we've got something like about 16,000 plots sat in the Gladman portfolio that are available to Barratt. Whether it be as option or pre-emption. So, it's been a good business acquisition for us in terms of that.

Matthew Pratt

I think the video is very, very indicative. I wouldn't say that as a layout. If anyone did a layout like that, they'd get shot in our business. I think ultimately, you've just got to understand it's about coverage per square foot. Ultimately, Redrow, Barratt, David Wilson are very, very similar and that's about private and social coverage per square foot. David Wilson a little bit more because they do a bit more two and a half and three stock.

John Messenger

Aynsley?

Aynsley Lammin – Investec

Just Aynsley Lammin from Investec. Two questions, please. Just bringing everything together, you've set out today on the margin return on capital targets and efficiency around the balance sheet, et cetera. Should we think of Barratt still as a lower margin, faster asset turn relative to the wider industry average? Or are you kind of saying it's going to be closer or further away from the average on those kind of medium-term targets on that basis, margins and asset turn? Then second question, with an eye on what the government policy is and what their ambitions are, and you're going to do more PRS and that will be within the group.

But did you consider having a kind of distinctive or would you be open to a more distinct partnerships division in the group? Is that something that you would consider, or do you just think too much on your plate and it's not your kind of business model? Thanks.

David Thomas

Yes. If I cover on the government policy and partnerships, do you want to take the first one?

Mike Scott

Sure.

David Thomas

Thanks, Mike. So, I think I sort of touched on this because a lot of our partnerships would be through joint venture. They don't have to be through joint venture, but they have generally been through joint venture, whether it be with a local authority. So, for example, with Swindon, where we have a very large site in joint venture or whether it be West Hendon with Metropolitan where it's with a housing association. So, most of them would be through joint venture. I think I would expect it to tick up slightly if you were taking a three year view on it, but I wouldn't expect any major change in relation to that partnership business. I think in terms of, yeah, sorry, that's it. If you margin, Mike.

Mike Scott

Yes, sure. I certainly wouldn't see us as being a lower margin business than the sector going forward. It would depend on some extent to the mix that we and others deliver, obviously. But obviously, asset turn is a big focus for us. So, we do want to improve our asset turn. We think the three brands gives us the opportunity to do that and implicit in what we're saying today is essentially our asset turn is going from sort of 1 times to about 1.3 based on the guidance we've given this morning. So, definitely over the next couple of years, you'll see that improve and you'll see our margins improve. Where we sit relative to the others, I think there's a big range of different things out there, isn't there? But we're focused on getting our own margins back up to 20% over the next three or four years and then beyond that, back up to 24% in the long run.

Chris Millington – Deutsche Numis

I just wanted to ask how the 22,000 target you've got over the medium term, which sounds like it's four or five years based on the volume growth you're talking about, David. How's that configure with the government plans? Because it would leave you 10% below where you were in '22. Government wants to probably build nearly 50% more. Do you think they've got to have to find different people to get us building at that rate? Do we need to have contractors in the market? It doesn't sound like you've got the ambition to take the business to the level to be consistent with that market share in their plan. That's number one. I've just got one more. That's

just about range in pricing. Is the current mix where you want it to be at the moment? 375k, 400K on private. How far do you think you'll go up the pricing category now you've got the three brands? Are you going to try and extend it a little bit into maybe a million plus? But just curious about what you're thinking there.

David Thomas

Yes, I think in terms of our growth. So, yes, we touched on it earlier. So, combined, we were at 24,000 and combined now we're guiding to around 17. So, I think we're very comfortable that moving from 17 to 22 is a big growth target for the business. Equally, we're very confident we can deliver that. In terms of how it sits in for the government with the wider targets, then yes, unquestionably, they're looking at different channels. So, for example, government land release and what can happen in terms of the government land release program. That is a big area that's being looked at by government. Particularly, I know that there is a focus on MOD land and what can be delivered on MOD land. So, when the government start looking at some of this larger release, it may be possible that they'll look at alternate delivery mechanisms because you can see from historic numbers that for the industry to deliver 350,000, 400,000 per annum is a huge challenge without any more delivery mechanism.

So, I think from our point of view, we would see 22 as being a good growth target. We're not saying that's the limit of our ambition, but I think we've got to be sensible about how quickly we can get back to those kinds of numbers. I think the ranging it between 5% and 10% growth per annum looks sensible from our perspective. In terms of changes in mix, no, we don't anticipate any really big strategic change in the mix. We've touched on London, and we definitely have an ambition for the London business to grow. London historically was as high as 2,000 units and we've been as low as 700 units. So, we definitely have ambition for London to grow. I think for Redrow as a brand, there is an opportunity for Redrow to grow because we can take Redrow into alternate locations where the best example would be Scotland where Redrow used to in Scotland. I think that we didn't really have the scale in Scotland to run a divisional office and so on.

So, I think Redrow can obtain more distribution than present and that is part of the revenue synergies. But beyond that, we don't see in terms of Barratt or David Wilson, any major changes in terms of mix.

John Messenger

We'll go to the back, Tristan, I think who's that.

Tristan Steen - China Construction Bank

Thank you. So, Tristan Steen from China Construction Bank. Just on the Zed House, how has that investment seen? Has it been seen very positively? How many learnings have been rolled out across the homes recently? How many are in the pipeline? Where does it put you, those sorts of learnings put you compared to your peers in terms of the technology and the developments you've made there? Finally on that point, do the learnings or the developments have to be seen as cost neutral from a customer point of view or are customers still happy to pay a bit of a premium for the efficiencies and sort of the sustainability aspects that the Zed House is driven to try and find?

David Thomas

Yes, okay. So, if I – let me just start on Zed House and Energy House and then I'll ask Steven to maybe comment a little bit more. Clearly, you know I'm biased, but if you look at what it

cost us for the Zed House and the Energy House, so several hundred thousand pounds, it's the best several hundred thousand pounds we've ever spent. The kind of spotlight that has been shone on the Zed House and the Energy House, and in fairness, Bellway also built a house at the Energy House and many of you I know will have seen it. The spotlight that it has shone on our business, and it has shone on the industry in terms of the pursuit of more energy efficient homes, less carbon and so on has been quite extraordinary. I think to have more than 4,000 people from government, from the media, from the investment community to have visited it has been quite extraordinary. I think that the returns on it have been really, really fantastic.

As I touched on in the presentation, it sets us up so well in terms of the high volume delivery of homes and I'd maybe liken the Zed House to – I was going to say like in a Formula One where you're never going to actually put it on a normal road in the same way as we're never going to build the Zed House. It's a showcase of what you can do with different technologies. Steven, do you want to talk more about that?

Steven Boyes

Yes, from our point of view, from my point of view, it's been a highly successful project. There's a lot of components in that property which are under consideration for future homes. For example, when the future home standards come in, whenever it is, maybe later this year, next year, it will require certain components to be used. It's been an ideal project to trial and test those projects. For example, air source heat pumps. How do air source heat pumps actually perform at minus 15? Which you don't often get the chance to trial it in those external situations, but we've been able to trial how those components, has the ventilation performed, has there been any cold spots in the house in terms of insulation, how's the insulation really performed? So, it's a real life test that we generally can't perform in this country because we don't have the weather conditions or the very extreme when we see those weather conditions. So, we've had a lot of learnings.

There's certain things we've said we wouldn't use in our houses going forward, and that's been very valuable research for us. So, it's been, as I say, a great project, a lot of learnings from it, which will inform our future standards.

David Thomas

In terms of the costs and the consumer approach to it, so I think we can probably all look at it a bit through our own lens, and I think people are reluctant to capitalise costs at more than maybe four or five times. I think that's as a sort of general rule. People don't buy a house as a general rule, thinking I'm going to stay here forever. So, the Redrow customers obviously expected on the video. But I think that if you capitalise at four or five times, five years ago, the energy savings or the water savings, people would see as being almost incidental. Whereas now I think where energy savings are being quoted at £1,000 pounds, £1,000 pounds plus, it's starting to become more meaningful. So, I think there is a little bit more traction, and you see companies like Octopus putting forward Zero Bills.

Now there is clearly capital costs involved in Zero Bills, and somebody has to fund it. But the idea you could have zero bills for five years or 10 years, I think is seen to be more attractive. We also see that when you look at heat pumps, and clearly the industry is committed under the Future Home Standard to move to alternates from gas boilers, heat pumps being the most likely, air source heat pumps. That then takes you into a world where removing radiators, particularly from the ground floor, looks sensible because radiators need to become bigger, and therefore you're likely to go for underfloor heating as a solution. I think for the customer, that's a very, very positive move. Easier to arrange furniture, just a better kind of look and

feel to the property. So, I think you then start to get into the fact that although there is extra cost, that the customer is prepared to pay the premium. So, it's kind of becoming more of a win-win.

The other side, which isn't really in any way sorted just now, is that all second hand or existing homes have to be decarbonised. So, when people start to realise that there are substantial decarbonisation costs for their existing property, as perhaps landlords are now facing into for 2028, then it's again another reason why a new build would be more attractive.

John Messenger

I've got one more question. Gosh, Harry first if we could please, and then we'll switch across. We might have to squeeze two more in. Yes.

Harry Goad – Berenberg

It's Harry Goad from Berenberg. Slightly niche question, but I think important when we think about the sales rates you've talked about on the dual, triple-branded sites. How do the individual sales outlets operate? So, for example, you've got your three brands operating on site, and I appreciate their primary focus is to sell at Redrow or David Wilson, but to what extent will those sales executives then be remunerated to cross-sell, for example, a Barratt unit or a Redrow unit if they've gone into a David Wilson outlet? I think there's a more general question there about how do you strike that balance between, we're thinking about your social media campaigns, your online campaigns. If you've got the customer for the sort of PLC group, how do you balance that brand, customer, autonomy of the brand type challenge? Thank you.

David Thomas

Well, I think first of all, having a portfolio of brands isn't unusual in a retail business. So, there's plenty of retailers that have a portfolio of brands. I think you've just got to be very clear about what is the brand identity for each of your products, in our case, houses. I think there is a very, very clear differentiation between the brands, but clearly there will be crossover between the brands. So, our sales advisors with Barratt and David Wilson will see a lot of potential customers will visit both sites. Why wouldn't you? You've gone out to look at David Wilson, why wouldn't you go and look at Barratt or vice versa? So, we would expect where we've got triple branded sites or Barratt's with Redrow, you'll get a very similar thing with people arriving and deciding that they'll visit both sites, maybe one on an appointment and one on spec. I think that's quite common. I think it's the same as on the high street where you have a number of jewellers in the same street, people will visit more than one shop.

We're encouraging that cross fertilisation between the brands and the sales advisors will, if they feel somebody's maybe looking for something different, a different type of house, then they'll encourage people to visit David Wilson or a different price point, maybe encouraging people to visit Barratt if it's at a lower price point. So, I think that's a key part of the overall offering to the customer.

John Messenger

We'll finish with Emily.

Allison Sun – Bank of America

Morning, Allison from Bank America. Two questions. First one is very niche as well. So, following up on the timber frame, my understanding is timber frame is quicker, more ESG friendly, but also at current stage more expensive. So, right now, are you able to pass this

kind of cost to the end users or actually you think that it helps to reduce the cost? That's number one. Number two is the 22K volume in the midterm. Just very broadly, do you think that will cost – sorry, well, you also have some labour shortage problem if we are hitting the 22K without significantly increase the cost base on the labour front? Thank you.

David Thomas

Okay, well, would say that on timber frame, I'll ask Steven just to comment on the timber frame position. But part of that discussion on timber frame, I think comes back to skills, is that there is a different skill set and a different labour force in relation to timber frame from traditional brick and block. So, I think it's very, very important that we diversify the production because otherwise we're just adding to the problem of there being not enough skills in terms of traditional methodologies. In terms of the 22,000, no, I don't perceive that there is a particular challenge around skills for the 22,000 because it is relatively recent that combined, we were at 24,000. So, if that was in calendar '22, then I think as we move forward, I don't anticipate that there's a big skills challenge. I said earlier that we have 500 apprentices, trainees, graduates in the business, and that will obviously continue each year over the next three or four years.

So, I don't see that being a particular issue at those levels. That's quite different, obviously, from talking about the industry moving from 200,000 to 350,000, but I don't perceive that being a skills issue.

Steven Boyes

In terms of, I think you mentioned speed on timber frame, we're typically seeing, for an average of three small four-bedroom house, it takes us 18 weeks to build from DPC foundations, that is, to completion, typically against a house which might be 27, 28 weeks. So, there's a good saving on overheads perspective. Timber frame, at one level, does cost us more, as you mentioned, but when you start taking into account other factors, such as speed of erection, then it starts to offset and certainly turning the capital quicker. But there's also the savings in terms of its future-proofed in terms of width of wall construction. So, take into account higher thermal standards, walls are going to get wider in masonry, but timber frame will be – can contain that extra insulation within the fabric. But there's also lots of other benefits around cost certainty, carbon reduction, waste reduction. So, there's a lot of moving parts around timber frame.

As I said, the Barratt range is designed specifically for timber frame, so it's easier to build into a frame than it is in masonry, in many respects. So, there's some good savings, and it's about diversifying skills and broadening our horizons.

David Thomas

We love a niche question. We love one. So, one more point. We don't normally give you another answer, but just another point. Our business in Scotland is entirely timber frame, and our business in Scotland was entirely brick and block if you went back to about 2008. So, Scotland has seen a big, big transition not just in our business, but across the industry, primarily driven, as Steven touched on, because of the thermal standards. So, Scotland has a different thermal standard than England, and wider cavities costs money. So, the reality is that people who are just building traditionally are going to see those incremental costs as the future home standard tightens, and there's no way around it. You have to create wider cavities or come up with alternate construction methods.

John Messenger

One final question from Emily. While we're passing the microphone, we've had one question online. Could I just ask, basically, with the changes in stamp duty at the end of March, is there a view from the Group in terms of the impact either on the current year or on FY26 in terms of order book dynamics? So, the impact of that stamp duty, is it having a notable effect, or has that kind of run its course given the timeframe from order to completion?

David Thomas

So, I think the impact – I'm conscious of the fact we're going to have to come back to the answer of this in April, May, June. So, I'm conscious that we'll have to answer this with hindsight. But I think what we would see is that the impact on stamp duty, the holiday stopping at the end of March is quite muted for the new build sector for two reasons. One because this was well-trailed. Everyone knew the stamp duty holiday was going to come to an end unless the government did something and the government was saying from the middle of the summer, we've got absolutely no money. So, it was likely it was going to come to an end, firstly. Secondly, as a general rule, the industry operates, and we operate with very little available stock.

So, you can't just turn up in December or January and say, I want a house, and I want to move in by the end of March. So, we don't see that the new build industry will be particularly affected, but the second-hand market always has stock. You've seen some quite spiky price increases in the second-hand market over the last two or three months, particularly since the budget. So, my sense is more of this is playing out in the second-hand market than in the new build market.

John Messenger

Emily, if you'd to go ahead and then we'll close. David's going to come back on for some closing remarks. Thanks.

Emily Biddulph - Barclays

Thanks, John. I just have one left. Also, one, but it's multi-part, sorry. Just on work in progress. I think what you're saying on a 1.3 times asset turn, like as well as what you're saying on land and land creditors, I think you still need a meaningful improvement in your WIP term like most house builds, it looks elevated versus where it's been historically or WIP looks relatively sort of slow to turn. Is that easy to do? If the sales rate stays at sort of 0.6, is it easy to do that? Those revenue synergy sites that are coming on stream, are there sort of WIP efficiencies within there? It's a sort of shared infrastructure that meaningfully helps you, or is there other stuff that you're doing like on timber frame that really should help WIP turn over the longer term?

Mike Scott

The WIP term will be helped by the multi-branding that we're seeing coming through. Also, we're in this investment phase at the moment where there's a lot of WIP going in across a high number of sites that we're expecting to open through the second half of this year and into FY26. So, as those sites come through into production, and as we get to the medium term, that growth rate potentially stabilises, then you'd expect to see the benefit of that. We're very focused on it and Steven and Matthew in the business are having regular conversations about the level of WIP to make sure that it's at the right level. So, I think, can we do it? Yes, we think we can. It's part of the mix as we open the outlets, and we get to a stable volume level.

In terms of the revenue synergy sites, that is one of the benefits, Emily, is we're building it off a shared infrastructure. So, we'd be putting infrastructure into that site anyway. Indeed, as we

move into the second half of this year, into '26, you'll see that we're starting to put the infrastructure in on those revenue synergy outlets as well. So, we do benefit from that as the overall landbank efficiency that David was talking about, the outlet numbers to the amount of land and WIP that we're holding. So, we expect to see all of those benefits coming through in the guidance that we've given today.

John Messenger

Thank you very much. Thank you, everyone. Thank you, team. David, if you'd like to come and close out.

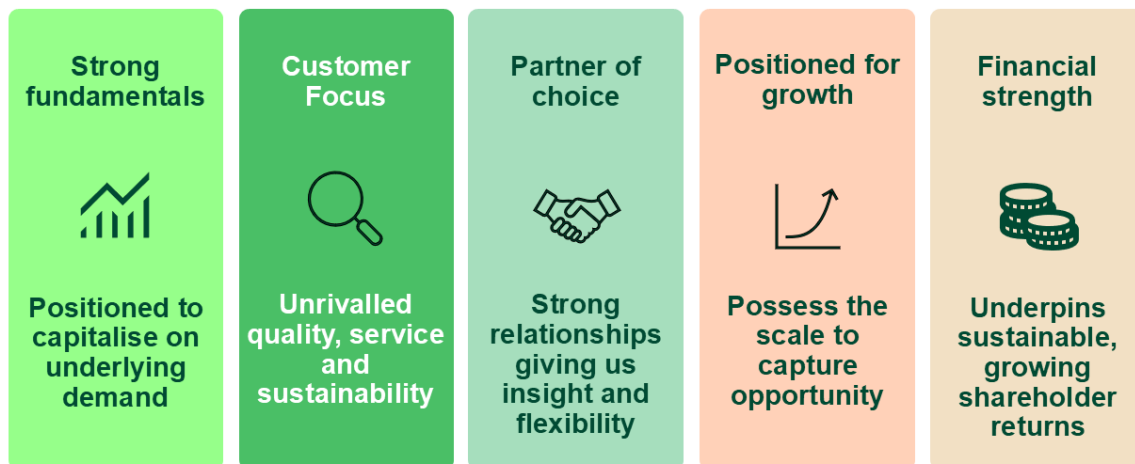
David Thomas

Chief Executive Officer



So first of all, thanks everyone for attending. I know it's been a bit of a marathon, but it's very much appreciated everyone taking the time. So, that's the first thing. Second thing, and I just touched on it in relation to stamp duty, we are very, very conscious that we are accountable for everything that we've said this morning in terms of what we're going to deliver. We pride ourselves in terms of our ability to be reliable and to deliver. So that's been a key consideration when we've presented these plans.

Thanks & reminder of key takeaways



I know we focused on the sort of five takeaways, but I would really ask that you all reflect when you look at other sectors, and I know many of you look at other businesses, you will not find another sector in the UK that has better fundamentals than house building. The fundamentals are extraordinary because of the undersupply over a long period of time. We really believe, and we absolutely stand behind, that our record on quality, service, and sustainability is second to none. I think that's an absolutely key point of our proposition to the consumer.

We have clear plans in terms of growth. So, we know that growth is kind of topical, but the reality is we've got concrete plans for growth. We have identified sites, we have revenue synergies, and we're very confident we can deliver that growth without any assumption that the market is going to dramatically change. Being a partner of choice is very important. It's important to us. It's important in terms of our delivery, our ability to deliver through the supply chain to customers, fundamentally important. Lastly, I know you'd expect from me, and I know you would expect from Mike, is that we're absolutely focused in terms of the financial strength of the business. I touched on earlier that I arrived when the business was in a very different place financially, and we do want to be conservative in terms of the financial structure.

Hopefully we set out very clearly how we're going to take that forward and how we're going to deliver improved returns for shareholders. So, we're now going to go back to those that want to, it's not mandatory. But we are going to go, so we're going to back through to the atrium. I think there's some drinks. I'm sure they're all non-alcoholic, and some food as well. So, there'll be the opportunity again to talk to people other than myself, for everyone apart from Glynis. Thank you.

[End]