



# INTERIM RESULTS PRESENTATION

27 WEEKS TO 2 JANUARY 2022

10 FEBRUARY 2022

# **AGENDA**

**Overview**

**Matthew Pratt**

**Financial Review**

**Barbara Richmond**

**Operating Review and Outlook**

**Matthew Pratt**



## FINANCIAL OVERVIEW

- Pre-tax profit up 17% to £203m
- A return to 2019 operating margin – a full 12 months ahead of previous guidance
- First half reservations of £884m (2021 LFL: £836m)
- Interim dividend of 10p (2021: 6p) up 67%





## STRATEGIC OVERVIEW

- Evolved successful strategy
- Product perfectly matches customers' needs
- Capitalised on strong demand
- Significant progress in Environmental, Social & Governance (ESG)





# FINANCIAL REVIEW

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

## HIGHLIGHTS

- Revenue increased to a new H1 record of £1,052m (2021: £1,041m)
- EPS of 48.1p (2021: 41.0p), up 17%
- ROCE of 21.5% (2021: 10.6%)
- Net cash of £242m (2021: £238m)





## INCOME STATEMENT

£m	H1	H1	Variance	
	2022	2021	£m	%
Revenue - Homes	1,034	1,030	4	-
Revenue - Other	18	11	7	157
<b>Total Revenue</b>	<b>1,052</b>	<b>1,041</b>	<b>11</b>	<b>1</b>
Gross Profit	255	222	33	15
Operating expenses	(50)	(44)	(6)	14
<b>Operating profit</b>	<b>205</b>	<b>178</b>	<b>27</b>	<b>15</b>
Interest	(2)	(4)	2	50
<b>Profit before tax</b>	<b>203</b>	<b>174</b>	<b>29</b>	<b>17</b>

## ANALYSIS OF PRIVATE PLOTS IN COST OF SALES

£m

Average plot cost eliminated (£k)  
Average plot cost as percentage of ASP

H1 2022	H1 2021
85	81
20	21



## REVENUE BY GEOGRAPHY

- Strong revenue growth in the Central region
- Revenue from Ongoing Homes up 3% in H1, expected to be up over 16% for the full year
- H1 - H2 revenue in 2022 almost 50:50, versus 54:46 in 2021

	H1 2022		H1 2021	
	£m	%	£m	%
North	243	23	249	24
Central	291	28	238	23
South	436	41	438	42
Colindale	52	5	66	6
Total Homes Ongoing	1,022	97	991	95
Build Out Sites	12	1	39	4
Other	18	2	11	1
Group	1,052	100	1,041	100

## HOMES REVENUE ANALYSIS

- Private Houses first half revenue of £887m, up 10%
- Volume of private apartments down 52% to 181 due to the scale down of the London business
- Affordable revenue down due to the timing of legal completions
- Blended ASP up 12% due to mix and HPI

	Revenue (£m)				Volume				ASP (£k)			
	H1 22	H1 21	Var	% Var	H1 22	H1 21	Var	% Var	H1 22	H1 21	Var	% Var
Private Houses	887	808	79	10	2,109	2,052	57	3	421	394	27	7
Private Apartments	74	132	(58)	(44)	181	378	(197)	(52)	409	349	60	17
Total Private	961	940	21	2	2,290	2,430	(140)	(6)	419	387	32	8
Affordable	73	90	(17)	(19)	459	635	(176)	(28)	159	142	17	12
Total Homes	1,034	1,030	4	-	2,749	3,065	(316)	(10)	376	336	40	12



## HOMES PRIVATE REVENUE ANALYSIS

- Heritage Collection 92% of revenue (2021: 82%)
- Heritage Collection ASP up 8% due to mix, HPI and extras
- Help to Buy legal completions of 362 (2021: 1,286)

	Revenue (£m)			Volume			ASP (£k)		
	H1 22	H1 21	Var	H1 22	H1 21	Var	H1 22	H1 21	Var
Heritage	882	774	108	2,114	2,003	111	417	386	31
Bespoke	79	166	(87)	176	427	(251)	448	389	59
<b>Total Private</b>	<b>961</b>	<b>940</b>	<b>21</b>	<b>2,290</b>	<b>2,430</b>	<b>(140)</b>	<b>419</b>	<b>387</b>	<b>32</b>

## CASH FLOW

	H1	
	2022	2021
Operating cash flow (£m)		
EBITDA	208	180
Movement in land	(81)	36
Movement in land creditors	44	33
Cash investment in land	(37)	69
Movement in WIP	(50)	95
Other working capital movements	92	38
Operating cash flow	213	382
Cash conversion (%)	102	211

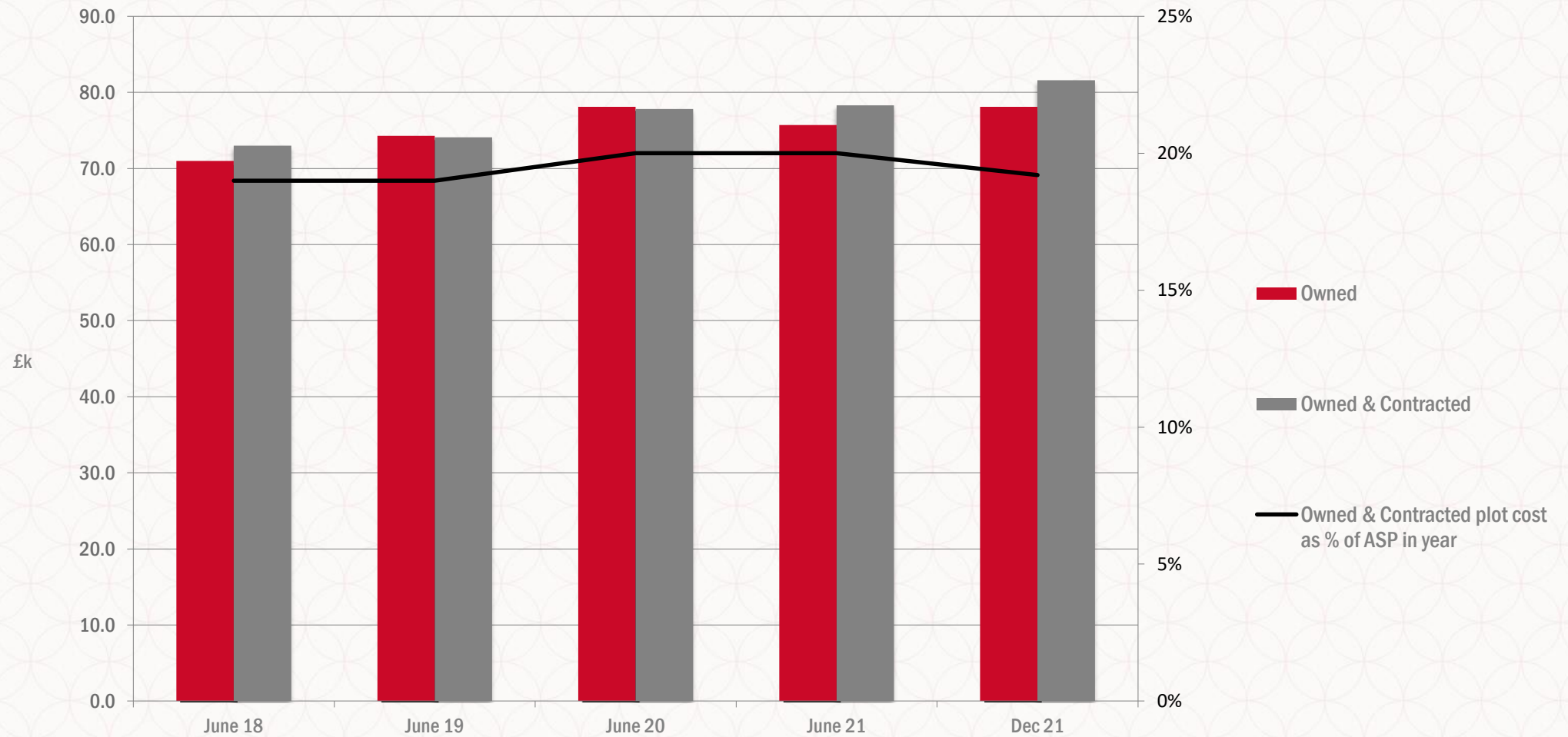
	H1	
	2022	2021
Net cash movement (£m)		
Operating cash flow	213	382
Tax paid	(37)	(25)
Dividend	(65)	-
Other	(29)	7
Net cash flow	82	364
Opening net cash / (debt)	160	(126)
Closing net cash	242	238
Average monthly net cash	257	66



## NET ASSETS

£m	Dec 21	June 21	Movement
Land	1,607	1,526	81
WIP	1,037	987	50
Land creditors	(338)	(294)	(44)
Net investment in inventory	2,306	2,219	87
Other working capital	(601)	(519)	(82)
Tax	(18)	(13)	(5)
Fixed Assets	24	25	(1)
Capital Employed	1,711	1,712	(1)
Net Cash	242	160	82
Net Assets	1,953	1,872	81

## PLOT COST CARRIED FORWARD





## 2024 GUIDANCE UPDATE

Turnover	£2.3bn - £2.4bn
Operating Margin	19.5% - 20%
EPS*	≥ 92p
DPS	≥ 31p
Average Outlets	c134
ROCE	22% - 25%

- **Revenue upgraded from previous guidance**
- **Operating margin of 19.5% - 20%**
- **EPS and dividend growth are impacted by the introduction of the 4% Developer Tax**
- **Reduction in average outlets from 137 to c134**
- **ROCE approaching target of 25%**

# OPERATING REVIEW AND OUTLOOK

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



## SALES MARKET - HIGHLIGHTS

- **Market remained strong throughout the first half**
  - Lack of supply
  - Redrow product very attractive
- **Total order book at the end of December 2021 of £1.5bn  
(Dec 2020: £1.3bn)**



## SALES MARKET - TRADING

27 weeks LFL

Value of private net reservations (£m)

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

Cancellation rate (%)

2022	2021
884	836
292	267
18	21



## SALES MARKET - TRADING

### 5 weeks to 6 February LFL

Value of private net reservations (£m)

Value excluding London Bulk Deal (£m)

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

Value excluding London Bulk Deal (£k)

Cancellation rate (%)

Excluding London Bulk Deal (%)

	2022	2021
	216	173
	190	173
	417	301
	367	301
	11	14
	13	14

## SALES MARKET – ORDER BOOK

### H1

Closing private order book (£bn)

Closing total order book (£bn)

### Week 32

Private order book (£bn)

Total order book (£bn)

2022

2021

1.1

1.0

1.5

1.3

1.3

1.1

1.6

1.4



## SALES MARKET – AVERAGE OUTLETS

	2022		2021	
	H1 Actual	FY Forecast	H1 Actual	FY Actual
Ongoing Business	110	110	114	115
Build out sites	2	2	2	2
Group	112	112	116	117

## LAND - HIGHLIGHTS

- **Current land**
  - 3,316 plots added in H1
  - Continuing to purchase sites
  - Overall hurdle rates maintained
- **Forward land**
  - 945 plots transferred to current land
  - 2,945 plots added
  - Continue to pursue opportunities





## OPERATIONS - HIGHLIGHTS

- **People**
  - Redrow 2025
  - Future Leaders
  - Industry leading well being offering
- **Build**
  - Underlying inflation of c6% covered by HPI
  - Ongoing material shortages
  - New Build Compound Trial



## OPERATIONS - HIGHLIGHTS

- **Quality & Customer**
  - 93.7% (Q3 2021 8-week customer recommend score)
  - Every division at 90% plus 8-week customer recommend score
  - Interactive screens mean we can sell any one of our sites from any location.
  - Buildability & Waste Workshops





## OPERATIONS - HIGHLIGHTS

- **Product & Placemaking**
  - Heritage Collection aligns perfectly with customer requirements
  - Personalisation in demand with extras sales up more than 100% year on year to £19m in H1
  - Fabric Energy Efficiency Standards
  - Future Homes Standards
  - Place making adapted to emerging social trends
- **ESG Progress**
  - Signed up to the Science Based Targets initiative (SBTi)
  - We will set interim, science-based targets across scopes 1,2 and 3 in 2022
  - The Carbon Trust have been appointed to help Redrow model its targets and develop its approach to meeting this strategy.



## **SUMMARY AND OUTLOOK**

- **Market remains robust**
- **Heritage Collect perfect for our customers and personalisation levels high**
- **Operating margin back to normal level**
- **Continuing to acquire land to grow the business**
- **Significant progress on ESG with Environmental, Social and Governance principles fully embedded in our strategy**
- **Strong balance sheet and cash generation**





**THANK YOU**

**A BETTER WAY TO LIVE**

# APPENDICES



## HOMES REVENUE - EXCLUDING BUILD OUT SITES

	Revenue (£m)				Volume				ASP (£k)			
	H1 22	H1 21	Var	% Var	H1 22	H1 21	Var	% Var	H1 22	H1 21	Var	% Var
Private Houses	887	786	101	13	2,109	2,015	94	5	420	390	30	8
Private Apartments	62	115	(53)	(46)	151	334	(183)	(55)	412	346	66	19
<b>Total Private</b>	<b>949</b>	<b>901</b>	<b>48</b>	<b>5</b>	<b>2,260</b>	<b>2,349</b>	<b>(89)</b>	<b>(4)</b>	<b>420</b>	<b>384</b>	<b>36</b>	<b>9</b>
Affordable	73	90	(17)	(19)	459	631	(172)	(27)	159	143	16	11
<b>Total Homes</b>	<b>1,022</b>	<b>991</b>	<b>31</b>	<b>3</b>	<b>2,719</b>	<b>2,980</b>	<b>(261)</b>	<b>(9)</b>	<b>376</b>	<b>333</b>	<b>43</b>	<b>13</b>

## HOMES PRIVATE REVENUE - EXCLUDING BUILD OUT SITES

	Revenue (£m)			Volume			ASP (£k)		
	H1 22	H1 21	Var	H1 22	H1 21	Var	H1 22	H1 21	Var
Heritage	882	773	109	2,114	2,003	111	417	386	31
Bespoke	67	128	(61)	146	346	(200)	459	370	89
<b>Total Private</b>	<b>949</b>	<b>901</b>	<b>48</b>	<b>2,260</b>	<b>2,349</b>	<b>(89)</b>	<b>420</b>	<b>384</b>	<b>36</b>



## MOVEMENT IN CURRENT LAND HOLDINGS

	Plots Owned	Contracted Plots	Total
At 27 June 2021	26,130	3,330	29,460
Legal completions	(2,749)	-	(2,749)
Market additions	285	2,086	2,371
Forward land pull through	945	-	945
Transfers	1,687	(1,687)	-
Other (land sales and replans)	2	(29)	(27)
At 2 January 2022	26,300	3,700	30,000

## MOVEMENT IN FORWARD LAND HOLDINGS

	Total Plots	
At 27 June 2021	34,400	
Additions	2,740	
Transfers to current land	(945)	
Strategic review	205	
At 2 January 2022	36,400	
	Dec 21	June 21
Analysis		
Land owned without planning	3,643	2,674
Land contracted without planning	2,851	2,348
Options - allocations	8,646	9,202
- realistic prospect	21,260	20,176
	36,400	34,400