

REDROW plc

FINAL RESULTS FOR THE 53 WEEKS TO 3 JULY 2022

A RETURN TO THE RECORD UNDERLYING PROFITS ACHIEVED PRE COVID

Financial Results

	2022	2021	Var	Var %
Legal Completions	5,715	5,620	95	2
Revenue	£2.14bn	£1.94bn	£0.2bn	10
Underlying profit before tax ¹	£410m	£314m	£96m	31
Statutory profit before tax	£246m	£314m	£(68m)	(22)
Underlying EPS ¹	96.0p	73.7p	22.3p	30
Statutory EPS	57.7p	73.7p	(16.0p)	(22)
Final dividend per share (DPS)	22.0p	18.5p	3.5p	19
Underlying ROCE ¹	24.54%	18.53%	6.01ppts	32
Total order book ¹	£1.44bn	£1.43bn	£0.01bn	1

Highlights

- Revenue increased by 10% to £2.14bn, back to 2019 pre Covid record level (2019: £2.11bn)
- Underlying profit before tax up 31% to £410m, also back to pre Covid record level (2019: £406m)
- Statutory profit before tax of £246m (2021: £314m) after exceptional fire safety costs of £164m (2021: nil)
- Strong cash generation with net cash at 3 July 2022 of £288m (June 2021: £160m)
- Underlying Return on Capital Employed of 24.54% up from 18.53%
- Final dividend increased by 19% to 22.0p making 32.0p for the year (2021: 24.5p)
- Further progress in the land market with c6,000 plots added to current land and c5,000 to forward land
- Launch of share buyback in July 2022 for up to £100m
- 94.5% customer recommendation score and 5 star status in HBF survey
- 83% overall employee engagement score (2021: 82%)
- Revenue based carbon reduction targets have been set for Scope 1, 2 & 3 in line with the goals of the Paris agreement

2024 Guidance update

The company is updating its 2024 guidance, primarily due to the benefit of the share buyback on EPS and DPS:

	Sept 2022	Feb 2022
Revenue (£bn)	2.3 - 2.4	2.3 - 2.4
EPS (p)	> 96	≥ 92
DPS (p)	> 32p	≥ 31
ROCE (%)	> 23	22 - 25

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

Footnote:

¹ Redrow uses a variety of statutory performance measures and alternative performance measures when reviewing the performance of the Group. Underlying is defined as any statutory or alternative performance measure pre exceptional items. See note 10 for an explanation and reconciliation of these alternative performance measures.



Commenting on the results Richard Akers, Non-Executive Chairman of Redrow, said:

"I am delighted to report a year of strong growth which has resulted in our underlying profits returning to the record levels achieved in 2019 prior to Covid. Revenue increased by 10% to £2.14bn and underlying profit before tax was up 31% year on year, both ahead of our pre-covid 2019 figures.

Our award winning Heritage range of family housing in well chosen locations and with excellent place making has increased its appeal as the market has evolved, and remains ideally suited to our target home mover customer who tends to be more financially resilient. In addition to the record revenue achieved, the Group still ended the year with an order book of £1.44bn.

Excellent progress has been made during the year executing our strategy to grow in the regions. The new Southern business, based in Crawley, officially opened at the end of June but the team has been active in the land market for some time. This division is expected to make a positive contribution to profits in the current financial year.

At the end of this financial year our total land holdings stood at 67,400 plots, compared with 60,100 at the end of the 2019 financial year. Although the planning system is difficult at present, this gives us a strong pipeline of new outlets to continue our growth.

The Board is proposing a final dividend of 22.0p making a total of 32.0p for the year, up 31%. In addition, we recently announced a share buyback of up to £100m in line with our published capital allocation policy.

Given rising inflation and higher interest rates it is not surprising the buoyant housing market has moderated recently and demand has returned to historically average levels. It is on this basis we have prepared our medium term plan and we are confident our timely investment in land, combined with strong demand for our Heritage homes, will support our continued growth. In addition, our opening order book of over £1.4bn has put us in an excellent starting position for the 2023 financial year. As a result, the business is well placed to deliver another set of strong results."

Enquiries:

Redrow plc

Richard Akers, Non-Executive Chairman	01244 527411
Matthew Pratt, Group Chief Executive	01244 527411
Barbara Richmond, Group Finance Director	01244 527411

Instinctif Partners

Tim McCall, Head of Capital Markets	0207 457 2020
Bryn Woodward, Associate Partner	07753 561862
	0207 457 2045

A webcast and slide presentation of our results will be available at 7.00 am on <https://www.redrowplc.co.uk/>.

There will be an analyst Q&A meeting with management at 9.30 am at The London Stock Exchange, 10 Paternoster Square, London, EC4M 7LS. Coffee will be served from 9.00 am.

A live audio webcast of this event will be available at 9.30 am on www.redrowplc.co.uk.

Participants can also dial in to the Q&A live at 9.30 am on +44 (0) 20 3936 2999 or UK Toll Free 0800 640 6441; access code 570281.

A recording will be available until 21 September 2022 on +44 (0) 20 3936 3001; access code 667660.

LEI Number:

2138008WJZBBA7EYEL28

Announcement Classification:

1.1: Annual financial and audit report