



FULL YEAR RESULTS PRESENTATION

52 WEEKS TO 2 JULY 2023

13 SEPTEMBER 2023

AGENDA

Overview

Matthew Pratt

Financial Review

Barbara Richmond

Operating Review and Outlook

Matthew Pratt

OVERVIEW

Strong performance given market conditions

	2023	2022
Revenue (£m)	2,127	2,140
PBT (£m)	395	410
EPS (p)	91.2	96.0
DPS (p)	30.0	32.0

Note: all the results throughout this presentation are underlying, that is before exceptional items



OPERATIONAL HIGHLIGHTS

- Rapid response to the change in market conditions
- Limited and targeted incentives
- Reduced land buying
- Control of cost base



FINANCIAL REVIEW

BARBARA RICHMOND
GROUP FINANCE DIRECTOR

FINANCIAL HIGHLIGHTS

- Operating profit of £399m (2022: £414m)
- Operating margin of 18.76% (2022: 19.35%)
- £100m share buy back
- Net cash £235m (2022: Net cash £288m)
- Final dividend proposed of 20p (2022: 22p) making 30p for the year (2022: 32p)



INCOME STATEMENT

£m	FY 2023	FY 2022	Variance %
Revenue – Homes	2,083	2,119	(2)
Revenue – Other	44	21	110
Total revenue	2,127	2,140	(1)
Gross Profit	508	516	(2)
Operating expenses	(109)	(102)	(7)
Operating profit	399	414	(4)
Interest	(4)	(4)	-
Underlying Profit before tax	395	410	(4)

ANALYSIS OF PRIVATE PLOTS IN COST OF SALES

	FY 2023	FY 2022
Average plot cost eliminated (£k)	88	86
Average plot cost as percentage of ASP	19	20

REVENUE BY GEOGRAPHY

- Strong growth in Central due to improved availability and geographical mix
- Reduction in the South due to lower volumes

	FY 2023		FY 2022	
	£m	%	£m	%
North	493	23	458	21
Central	628	30	547	26
South	819	39	889	42
Colindale	98	4	173	8
Total Homes Ongoing	2,038	96	2,067	97
Build Out Sites	45	2	52	2
Other	44	2	21	1
Group	2,127	100	2,140	100

HOMES REVENUE ANALYSIS

- Homes revenue of £2.1bn
- Legal completions of 5,436, down 5%
- Blended ASP up 3% to £383.2k
- Apartments only 10% of private revenue (2022: 12%)

	Revenue (£m)				Volume				ASP (£k)			
	FY 23	FY 22	Var	% Var	FY 23	FY 22	Var	% Var	FY 23	FY 22	Var	% Var
Private Houses	1,644	1,680	(36)	(2)	3,412	3,844	(432)	(11)	481.8	437.0	44.8	10
Private Apartments	181	232	(51)	(22)	536	621	(85)	(14)	337.7	373.6	(35.9)	(10)
Total Private	1,825	1,912	(87)	(5)	3,948	4,465	(517)	(12)	462.3	428.2	34.1	8
Affordable	258	207	51	25	1,488	1,250	238	19	173.4	165.6	7.8	5
Total Homes	2,083	2,119	(36)	(2)	5,436	5,715	(279)	(5)	383.2	370.8	12.4	3

HOMES PRIVATE REVENUE ANALYSIS

- Homes private revenue of £1.8bn, down 5%
- Heritage Collection 90% of revenue (2022: 88%)
- Extras revenue of £46m (2022: £41m)
- Help to Buy legal completions of 230 (2022: 566)

	Revenue (£m)			Volume			ASP (£k)		
	FY 23	FY 22	Var	FY 23	FY 22	Var	FY 23	FY 22	Var
Heritage	1,641	1,686	(45)	3,467	3,891	(424)	473.3	433.3	40.0
Bespoke	184	226	(42)	481	574	(93)	382.5	393.7	(11.2)
Total Private	1,825	1,912	(87)	3,948	4,465	(517)	462.3	428.2	34.1

CASH FLOW

	FY	
	2023	2022
Operating cash flow (£m)	2023	2022
EBITDA	403	419
Movement in land	26	(184)
Movement in land creditors	(104)	82
Cash investment in land	(78)	(102)
Movement in WIP	(56)	(43)
Other working capital movements	(25)	44
Operating cash flow	244	318
Cash conversion (%)	61	76

	FY	
	2023	2022
Net cash movement (£m)	2023	2022
Operating cash flow	244	318
Interest	-	(1)
Tax paid	(82)	(55)
Dividend	(108)	(100)
Other (including share buyback)	(107)	(34)
Net cash flow	(53)	128
Opening net cash	288	160
Closing net cash	235	288
Average monthly net cash	196	250

NET ASSETS

£m	June 23	June 22	Movement
Land	1,684	1,710	(26)
WIP	1,086	1,030	56
Land creditors	(272)	(376)	104
Net investment in inventory	2,498	2,364	134
Other working capital	(730)	(721)	(9)
Tax	(10)	(7)	(3)
Fixed Assets	33	26	7
Capital Employed	1,791	1,662	129
Net Cash	235	288	(53)
Net Assets	2,026	1,950	76

2024 GUIDANCE

Turnover	£1.65bn - £1.70bn
PBT	£180m - £200m
EPS	c41p
DPS	14p
Average Outlets	117

This guidance is based on a private sales rate in FY 2024 of c0.46 per outlet per week

OPERATING REVIEW AND OUTLOOK

MATTHEW PRATT
GROUP CHIEF EXECUTIVE

SALES MARKET - HIGHLIGHTS

- **Strong level of completions driven by**
 - Heritage Collection differentiation
 - High percentage of cash buyers
 - First mover advantage on Air Source Heat Pumps
 - Best designed places
 - Market leading digital selling tools
- **Total order book at the end of June 2023 reduced as expected to £0.85bn (2022: £1.44bn)**



SALES MARKET - TRADING

	2023	2022
Value of private net reservations (£bn)*	1.30	1.82
Private reservations per outlet per week*	0.46	0.68
Private reservations per outlet per week excl. bulk sales*	0.45	0.66
Value of private reservations per outlet per week (£k)*	214	311
Value of private reservations per outlet per week excl. bulk sales (£k)*	212	306
Cancellation rate (%)*	24	19

* 2022 was 53 weeks and 2023 is 52 weeks

SALES MARKET - TRADING

First 10 weeks

Value of private net reservations (£m)

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

Reservations per outlet per week

2024

2023

211

360

162

296

0.34

0.61

SALES MARKET – AVERAGE OUTLETS

	2022 Actual	2023 Actual	2024 Forecast
Ongoing Business	109	116	117
Build out sites	2	1	-
Group	111	117	117

LAND - HIGHLIGHTS

- **Current land**
 - 1,906 plots added on 12 sites
 - Very few new land deals due to the subdued sales market
 - Planning remains very difficult
- **Forward land**
 - 2,816 plots added on 17 sites
 - 1,345 plots transferred to current land



FIRE SAFETY

- Building Safety Contract signed March 2023
- Full time team of 5 people managing the project
- All buildings contacted
- Actively progressing 46 of the 51 buildings with known or likely external works
- All 18m plus buildings in progress



OPERATIONS - HIGHLIGHTS

- **People**
 - 95% of colleagues proud to work for Redrow
 - 15.9% of our workforce are trainees
 - 235 internal promotions
 - 5,472 training days
- **Build**
 - Fourth consecutive year no. of accidents per home has reduced
 - FY2023 Build cost inflation c8%, expected to reduce in FY2024 to c4%



OPERATIONS - HIGHLIGHTS

- **Quality & Customer Service**
 - One of the first housebuilders to sign up for the New Homes Quality Board Code of Practice
 - Homeowner Support Portal success
 - 90.8% NHBC 8-week customer recommend score
 - Rated as 'Excellent' on Trustpilot
 - 20 NHBC Pride in the Job Winners



OPERATIONS - HIGHLIGHTS

- **Meeting the climate challenge**
 - Key material issue for stakeholders
 - Commitment to set long-term emissions reduction targets with the SBTi in line with reaching net-zero by 2050
 - Near-term targets approved by the Science Based Target initiative
 - Working on plans to set targets beyond 2030



SUMMARY AND OUTLOOK

- Acted quickly to reshape the business to reflect the current sales market
- Long-term shortage of new homes
- Strong net cash position of £235m (2022: £288m)
- Clear and successful strategy



THANK YOU

A BETTER WAY TO LIVE

APPENDICES

HOMES REVENUE - EXCLUDING BUILD OUT SITES

	Revenue (£m)				Volume				ASP (£k)			
	FY 23	FY 22	Var	% Var	FY 23	FY 22	Var	% Var	FY 23	FY 22	Var	% Var
Private Houses	1,644	1,680	(36)	2	3,412	3,844	(432)	(11)	481.8	437.0	44.8	10
Private Apartments	136	194	(58)	(30)	417	529	(112)	(21)	326.1	366.7	(40.6)	(11)
Total Private	1,780	1,874	(94)	(5)	3,829	4,373	(544)	(12)	464.9	428.5	36.4	8
Affordable	258	193	65	34	1,488	1,203	285	24	173.4	160.4	13.0	8
Total Homes	2,038	2,067	(29)	(1)	5,317	5,576	(259)	(5)	383.3	370.7	12.6	3

HOMES PRIVATE REVENUE - EXCLUDING BUILD OUT SITES

	Revenue (£m)			Volume			ASP (£k)		
	FY 23	FY 22	Var	FY 23	FY 22	Var	FY 23	FY 22	Var
Heritage	1,641	1,686	(45)	3,466	3,891	(425)	473.5	433.3	40.2
Bespoke	139	188	(49)	363	482	(119)	382.9	390.0	(7.1)
Total Private	1,780	1,874	(94)	3,829	4,373	(544)	464.9	428.5	36.4

MOVEMENT IN CURRENT LAND HOLDINGS

	Plots Owned	Contracted Plots	Total
At 3 July 2022	26,460	3,140	29,600
Legal completions	(5,436)	-	(5,436)
Market additions	990	-	990
Forward land pull through	1,099	246	1,345
Transfers	2,228	(2,228)	-
Other (land sales and replans)	(429)	-	(429)
At 2 July 2023	24,912	1,158	26,070

MOVEMENT IN FORWARD LAND HOLDINGS

	Total Plots	
At 3 July 2022	37,800	
Additions	2,816	
Transfers to current land	(1,345)	
Strategic review	(3,171)	
At 3 July 2023	36,100	
Analysis	June 23	June 22
Land owned without planning	3,501	4,192
Land contracted without planning	1,828	2,833
Options - allocations	9,056	8,839
- realistic prospect	21,715	21,936
	36,100	37,800

LAND HOLDINGS BY GEOGRAPHY

	June 23			
	Current Land	%	Forward Land	%
North	6,105	23	8,920	25
Central	6,748	26	13,269	37
South	11,184	43	13,911	38
London	2,033	8	-	-
	26,070	100	36,100	100

	June 22			
	Current Land	%	Forward Land	%
North	6,995	24	9,149	24
Central	7,573	26	15,228	40
South	12,599	42	13,423	36
London	2,433	8	-	-
	29,600	100	37,800	100

PLOT COST CARRIED FORWARD

