



# FULL YEAR RESULTS PRESENTATION

52 WEEKS TO 27 JUNE 2021

15 SEPTEMBER 2021

# **AGENDA**

**Overview**

**Matthew Pratt**

**Financial Review**

**Barbara Richmond**

**Operating Review and Outlook**

**Matthew Pratt**

## OVERVIEW

- Legal completions up 39% to 5,620
- Revenue of £1.94bn (2020: £1.34bn)
- EPS of 73.7p (2020: 32.9p)
- Strong net cash generation of £286m (2020: (£250m))
- Final dividend of 18.5p making 24.5p for the full year (2020: Nil)
- Completed scale down of London business



# FINANCIAL REVIEW

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

## FINANCIAL HIGHLIGHTS

- Homes revenue of £1.9bn (2020: £1.3bn)
- Gross margin of 21.4% (2020: 18.1%)
- Operating margin of 16.6% (2020: 11.1%)
- Net cash £160m (2020: Net debt £126m)



## INCOME STATEMENT

	FY	FY	Variance	FY	Variance
£m	2021	2020	%	2019	%
Revenue – Homes	1,902	1,332	43	2,091	(9)
Revenue – Other	37	7	429	21	76
<b>Total revenue</b>	<b>1,939</b>	<b>1,339</b>	<b>45</b>	<b>2,112</b>	<b>(8)</b>
Gross Profit	414	242	71	504	(18)
Operating expenses	(93)	(94)	1	(93)	-
<b>Operating profit</b>	<b>321</b>	<b>148</b>	<b>117</b>	<b>411</b>	<b>(22)</b>
Interest	(7)	(8)	13	(5)	(40)
<b>Profit before tax</b>	<b>314</b>	<b>140</b>	<b>124</b>	<b>406</b>	<b>(23)</b>

## ANALYSIS OF PRIVATE PLOTS IN COST OF SALES

£m

Average plot cost eliminated (£k)

Average plot cost as percentage of ASP

FY 2021	FY 2020
83	83
21	21

## REVENUE BY GEOGRAPHY

- Strong revenue growth in all regions
- High revenue from London Build Out sites

	FY 2021		FY 2020	
	£m	%	£m	%
North	401	21	310	23
Central	416	21	345	26
South	758	39	498	37
Colindale	146	8	96	7
Total Homes Ongoing	1,721	89	1,249	93
Build Out Sites	181	9	83	6
Other	37	2	7	1
Group	1,939	100	1,339	100



## HOMES REVENUE ANALYSIS

- Homes revenue of £1.9bn, up 43%
- Legal completions of 5,620, up 39%
- Blended ASP up 2.5% to £338.5k
- Apartments 19% of private revenue (2020: 13%)
- PRS 8% of private revenue (2020: 0%)

	Revenue (£m)				Volume				ASP (£k)			
	FY 21	FY 20	Var	% Var	FY 21	FY 20	Var	% Var	FY 21	FY 20	Var	% Var
Private Houses	1,366	1,040	326	31	3,420	2,629	791	30	399.2	395.6	3.6	1
Private Apartments	322	154	168	109	886	459	427	93	363.7	335.5	28.2	8
Total Private	1,688	1,194	494	41	4,306	3,088	1,218	39	391.9	386.7	5.2	1
Affordable	214	138	76	55	1,314	944	370	39	162.9	146.2	16.7	11
Total Homes	1,902	1,332	570	43	5,620	4,032	1,588	39	338.5	330.4	8.1	2

## HOMES PRIVATE REVENUE ANALYSIS

- Homes private revenue £1.7bn (2020: £1.2bn)
- Heritage Collection 79% of revenue (2020: 84%)
- Bespoke product 21% of revenue (2020: 16%)
- Help to Buy legal completions of 1,888 (2020: 1,322)

	Revenue (£m)			Volume			ASP (£k)		
	FY 21	FY 20	Var	FY 21	FY 20	Var	FY 21	FY 20	Var
Heritage	1,330	1,007	323	3,375	2,591	784	393.9	388.7	5.2
Bespoke	358	187	171	931	497	434	384.6	376.3	8.3
<b>Total Private</b>	<b>1,688</b>	<b>1,194</b>	<b>494</b>	<b>4,306</b>	<b>3,088</b>	<b>1,218</b>	<b>391.9</b>	<b>386.7</b>	<b>5.2</b>

## CASH FLOW

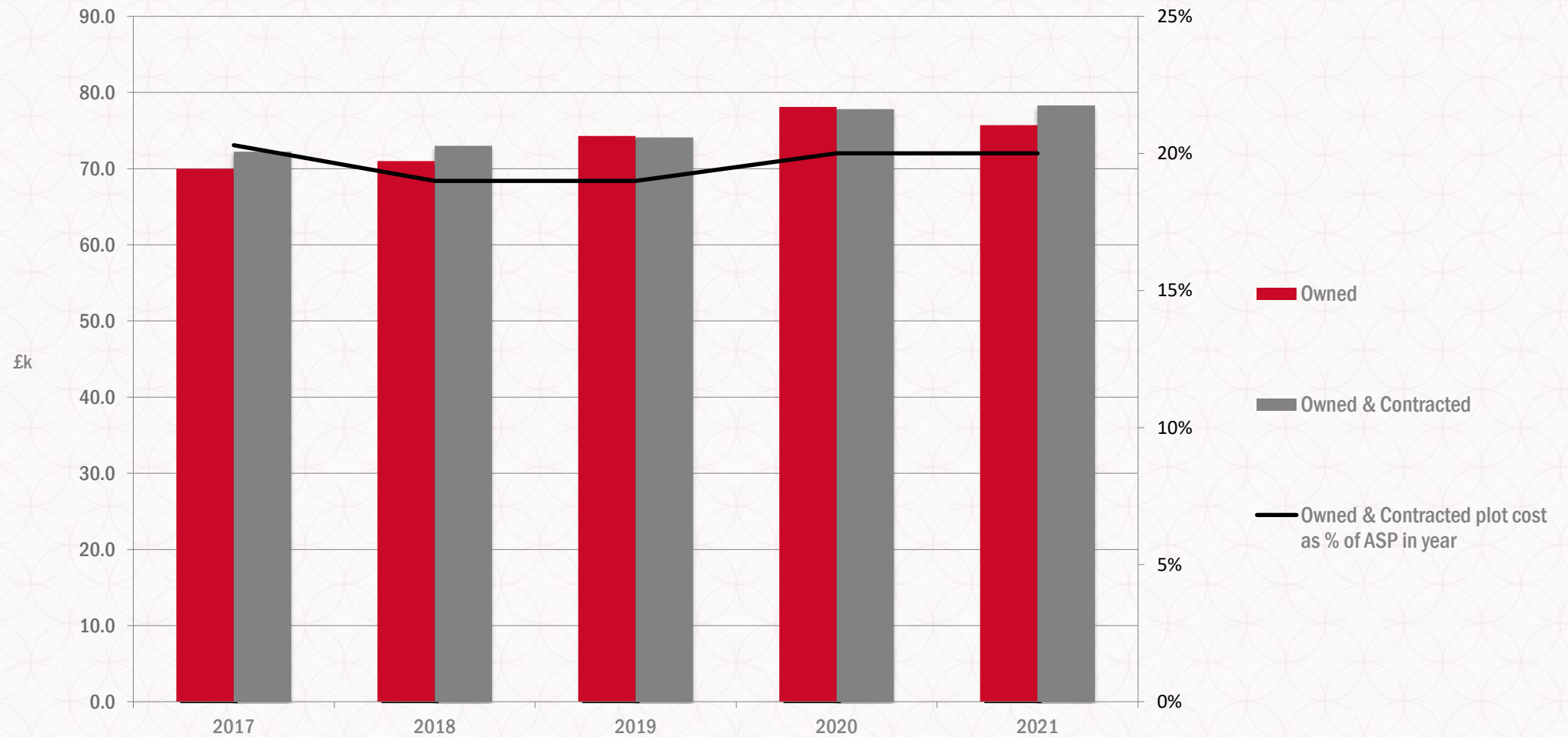
	FY	
	2021	2020
Operating cash flow (£m)	<b>328</b>	<b>155</b>
EBITDA	<b>328</b>	<b>155</b>
Decrease in land	<b>12</b>	<b>9</b>
Movement in land creditors	<b>(8)</b>	<b>(136)</b>
Cash investment in land	<b>4</b>	<b>(127)</b>
Movement in WIP	<b>60</b>	<b>(190)</b>
Other working capital movements	<b>(30)</b>	<b>82</b>
Operating cash flow	<b>362</b>	<b>(80)</b>
Cash conversion (%)	<b>110</b>	<b>(51)</b>

	FY	
	2021	2020
Net cash movement (£m)	<b>362</b>	<b>(80)</b>
Operating cash flow	<b>362</b>	<b>(80)</b>
Interest	<b>(4)</b>	<b>(5)</b>
Tax paid	<b>(54)</b>	<b>(64)</b>
Dividend	<b>(21)</b>	<b>(72)</b>
Other	<b>3</b>	<b>(29)</b>
Net cash flow	<b>286</b>	<b>(250)</b>
Opening net (debt)/cash	<b>(126)</b>	<b>124</b>
Closing net cash	<b>160</b>	<b>(126)</b>
Average monthly net cash	<b>142</b>	<b>2</b>

## NET ASSETS

£m	June 21	June 20	Movement
Land	1,526	1,538	(12)
WIP	987	1,047	(60)
Land creditors	(294)	(302)	8
Net investment in inventory	2,219	2,283	(64)
Other working capital	(519)	(571)	52
Tax	(13)	3	(16)
Fixed Assets	25	28	(3)
Investment in JV	-	9	(9)
Capital Employed	1,712	1,752	(40)
Net Cash / (Debt)	160	(126)	286
Net Assets	1,872	1,626	246

## PLOT COST CARRIED FORWARD



## 2024 GUIDANCE

Turnover	> £2.2bn
Operating Margin	c 19.5%
EPS*	≥ 90p
DPS	≥ 30p
Average Outlets	137
ROCE	> 22%

- **Revenue above 2019 level**
- **Operating margin in line with 2019**
- **Average outlets increase by 17% over the 3 year period**
- **ROCE approaching target of 25%**

\*Assuming 25% Corporation Tax

# OPERATING REVIEW AND OUTLOOK

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

## SALES MARKET - HIGHLIGHTS

- **Strong level of completions driven by**
  - Stamp Duty holiday
  - Help to Buy 1 ending in March 2021
  - Change in overall market post Lockdown 1 making Redrow product more attractive
- **Total order book at the end of June 2021 of £1.43bn (2020: £1.42bn)**





## SALES MARKET - TRADING

	2021	2020	2019
*Value of private net reservations (£bn)	1.75	1.61	1.67
*Private reservations per outlet per week	0.70	0.74	0.66
Cancellation rate (%)	19	19	16

\*Includes PRS

## SALES MARKET - TRADING

First 11 weeks	2022	2021	2020*
Value of private net reservations (£m)	376	416	372
Reservations per outlet per week	0.66	0.84	0.68

- Heritage design suits today's customer lifestyle choices
- Lower availability of homes due to high demand

\*Excluding Colindale PRS

## SALES MARKET – ORDER BOOK

	2021	2020	2019
Closing private order book (£bn)	1.2	1.1	0.7
Closing total order book (£bn)	1.43	1.42	1.02

## SALES MARKET – AVERAGE OUTLETS

	2020 Actual	2021 Actual	2022 Forecast
Ongoing Business	106	115	110
Build out sites	4	2	2
Group	110	117	112

## LAND - HIGHLIGHTS

- **Current land**
  - c8,300 plots added on 36 sites
  - Further opportunities being progressed
  - Hurdle rates maintained
- **Forward land**
  - 7,749 plots added on 27 sites
  - 3,539 plots transferred to current land



## OPERATIONS - HIGHLIGHTS

- **People**
  - 93% of colleagues proud to work for Redrow
  - Real Living Wage Employer
  - Business perfectly positioned to deal with changing social & workplace demands
  - Business-wide project to drive innovation and capitalise on digital strengths
- **Build**
  - Build cost inflation c5%
  - House price inflation c5%
  - Supplier partnerships



## OPERATIONS - HIGHLIGHTS

- **Quality**
  - Zero defects
  - Red SMI iPad inspections
  - Pride in the Job Awards
- **Customer Service**
  - HBF Five Star Award
  - Rated as 'Excellent' on Trustpilot
  - Customer Experience Suites
  - New Homeowner Support Portal



## OPERATIONS - HIGHLIGHTS

- **Product & Placemaking**
  - Prevailing trends perfectly aligned with our products and places
  - Listening to customers and communities
  - Flexible living
  - Home offices
  - Future Homes Standard
- **Meeting the climate challenge**
  - Commitment to science based targets
  - Preparing for the Future Homes Standard
  - Delivering Biodiversity Net Gain through Nature for People strategy





## **SUMMARY AND OUTLOOK**

- **Market remains robust**
- **Record forward order book**
- **Market requirements aligned to Redrow strategy**
- **Mortgage availability remains good**
- **Confident in our ability to grow the business**



**THANK YOU**

**A BETTER WAY TO LIVE**

# APPENDICES

## HOMES REVENUE - EXCLUDING BUILD OUT SITES

	Revenue (£m)				Volume				ASP (£k)			
	FY 21	FY 20	Var	% Var	FY 21	FY 20	Var	% Var	FY 21	FY 20	Var	% Var
Private Houses	1,344	1,032	312	30	3,383	2,622	761	29	397.3	393.6	3.7	1
Private Apartments	215	90	125	139	600	253	347	137	358.3	355.7	2.6	1
<b>Total Private</b>	<b>1,559</b>	<b>1,122</b>	<b>437</b>	<b>39</b>	<b>3,983</b>	<b>2,875</b>	<b>1,108</b>	<b>39</b>	<b>391.4</b>	<b>390.3</b>	<b>1.1</b>	<b>-</b>
Affordable	162	127	35	28	1,134	901	233	26	142.9	141.0	1.9	-
<b>Total Homes</b>	<b>1,721</b>	<b>1,249</b>	<b>472</b>	<b>38</b>	<b>5,117</b>	<b>3,776</b>	<b>1,341</b>	<b>36</b>	<b>336.3</b>	<b>330.8</b>	<b>5.5</b>	<b>2</b>

## HOMES PRIVATE REVENUE - EXCLUDING BUILD OUT SITES

	Revenue (£m)			Volume			ASP (£k)		
	FY 21	FY 20	Var	FY 21	FY 20	Var	FY 21	FY 20	Var
Heritage	1,303	1,007	296	3,278	2,591	687	397.5	388.7	8.8
Bespoke	256	115	141	705	284	421	363.1	404.9	(41.8)
<b>Total Private</b>	<b>1,559</b>	<b>1,122</b>	<b>437</b>	<b>3,983</b>	<b>2,875</b>	<b>1,108</b>	<b>391.4</b>	<b>390.3</b>	<b>1.1</b>

## MOVEMENT IN CURRENT LAND HOLDINGS

	Plots Owned	Contracted Plots	Total
At 29 June 2020	25,130	1,870	27,000
Legal completions	(5,620)	-	(5,620)
Market additions	1,900	2,851	4,751
Forward land pull through	3,539	-	3,539
Transfers	1,238	(1,238)	-
Other (land sales and replans)	(57)	(153)	(210)
At 27 June 2021	26,130	3,330	29,460

## MOVEMENT IN FORWARD LAND HOLDINGS

	Total Plots	
At 29 June 2020	30,700	
Additions	7,749	
Transfers to current land	(3,539)	
Strategic review	(510)	
At 27 June 2021	34,400	
Analysis	June 21	June 20
Land owned without planning	2,674	2,504
Land contracted without planning	2,348	2,577
Options - allocations	9,202	8,618
- realistic prospect	20,176	17,001
	34,400	30,700