



CHAIRMAN'S STATEMENT

Against a background of much uncertainty at the start of the financial year, I am delighted to be able to report the Group delivered an excellent performance in the year to the end of June 2021 with better than expected results. Turnover increased by 45% to £1.94bn and profit before tax more than doubled to £314m.

The Group entered the year in good shape and well-prepared to take advantage of any bounce-back in demand following the first lockdown. The order book was at a record level and work in progress carried forward was higher than normal, partly due to a conscious decision to increase production in anticipation of higher Help to Buy demand ahead of the original scheme drawing to a close.

A strong market emerged from the lockdown driven by the Stamp Duty holiday and, in the earlier part of the year, by keen demand from buyers that would be excluded from the Help to Buy scheme after March 2021. The potential for a hiatus in the 2021 Spring market that we highlighted last year didn't materialise as the Chancellor decided to extend the Stamp Duty holiday to September 2021 with a phased return to previous rates. Given the unquestionable success of the temporary reductions in Stamp Duty to stimulate the housing market and its obvious knock-on benefits to the wider economy, we repeat our previous requests for government to consider a permanent reform of this tax, which is a constraint on the market.

Redrow's award winning Heritage product has proved popular with buyers ever since it was launched over ten years ago. The range of primarily detached house types has evolved over the years and its industry-leading design remains appealing to buyers looking for an attractive home with well-planned space in a great place to live. This has never been more so than during the past year as homebuyers re-evaluated their lifestyle and working needs during the pandemic.

The Heritage Collection's popularity and appeal to a broad market was key to dispelling any concerns over the impact on our business of the changes to the Help to Buy scheme that excluded second-time buyers and introduced regional price caps. In the second-half of the year, Help to Buy accounted for just 13% of private reservations compared to 50% in the same period last year.

The high demand for our homes resulted in us closing the year with another record order book of £1.43bn (2020: £1.42bn) despite delivering significant growth in legal completions and revenue.

Financial results

The Group delivered 5,620 legal completions in the year (2020: 4,032). These completions generated revenue of £1.94bn (2020: £1.34bn) and profit before tax of £314m (2020: £140m). Earnings per share increased by 124% to 73.7p (2020: 32.9p).

The Group reversed an opening net debt position of £126m to end the year with net cash of £160m after making a significant investment in new land.

As a consequence of this strong performance, the Board is proposing a final dividend of 18.5p making a total of 24.5p for the year, in line with the company's policy of three times dividend cover. Subject to shareholder approval at the Annual General Meeting on 12 November 2021, this will be paid on 17 November 2021 to all shareholders on the register at close of business on 24 September 2021.

Strategy

The Group last year announced its intention to largely withdraw from the London market and focus on its regional businesses and, in particular, the Heritage Collection.

Excellent progress has been made during the year to implement this strategy. The Group successfully exited and disposed of a number of London sites that it decided not to build and took the first steps to open a new regional business in the south that is expected to make a positive contribution in financial year 2023.



Following a pause in land buying during the early months of the pandemic, combined with the decision to withdraw from the London market, growth in active outlet numbers stagnated. Capital released from London is now being reinvested to help grow the regional businesses and during the year, the Group added over 8,000 plots with planning, with a projected GDV of over £3bn, to its owned and contracted land holdings. As a consequence of this strong land buying performance, the Group is now back on-track with a pipeline of new outlets that will return the business to a pre-pandemic pattern of growth and an incremental recovery in profits and margins.

Board changes

As previously announced, after nearly twenty years at Redrow, I will be stepping-down as Chairman and retiring from the company on 15th September 2021. I am delighted that I will be succeeded by Richard Akers. Richard joined the Board at the beginning of June and has been intensely engaged in the business as part of a comprehensive induction programme ahead of him taking up his new role.

Matthew Pratt was appointed Group Chief Executive at the beginning of the financial year. Matthew has rewarded the board's confidence in his appointment by expertly steering the business through a difficult operating period and laying the foundations for a return to long-term growth. He has also set out his vision for an innovative business centred on developing thriving communities, building responsibly and valuing our people.

I am confident under Richard's chairmanship and Matthew's leadership the business will go from strength-to-strength.

Nick Hewson will be stepping down from the board in 2022 after serving nine years as a Non-Executive Director. Throughout most of his tenure, Nick has chaired the Audit Committee and since 2018 has been the Senior Independent Director. I would like to take this opportunity to thank Nick for his valuable contribution to the business. A process is underway to appoint Nick's replacement.

Trading and outlook

The buoyant housing market has moderated in recent months and we anticipate sales rates will return to historically average rates over the course of the current financial year. It is on this basis we have planned for the future and we are confident our timely investment in land, combined with strong demand for our Heritage homes, will support our longer-term growth aspirations. Additionally, our record order book also provides us with an excellent platform for the future with over £1.3bn of revenue already secured for the current financial year. As a result, the business is well-placed to deliver another set of strong results.

And finally.....

Great people make great businesses and Redrow owes much of its success to a team of talented and committed people. Their performance over the past year to deliver an excellent set of results against the challenges posed by the pandemic has been outstanding and I thank them all for their hard work.

It has been a privilege to work for Redrow for nearly twenty years and to share in its ongoing success. I am immensely grateful to colleagues, past and present, for their support and dedication. I am indebted to my Board colleagues who over the years have always given wise counsel and encouragement. I wish them and the rest of the Group all the very best for the future.

John Tutte
Non-Executive Chairman