

## CHAIRMAN'S STATEMENT

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-19. Revenue increased by 10% to £2.14bn and underlying profit before tax<sup>1</sup> was up 31% year on year, both ahead of our pre-covid 2019 figures.

The Group entered the year with a record order book of £1.4bn and strong demand for housing. In particular, 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 customer. In addition to the £2.1bn of revenue achieved, the Group still ended the year with an order book of £1.44bn.

### Financial results

The Group delivered 5,715 legal completions in the year (2021: 5,620). These completions generated revenue of £2.14bn (2021: £1.94bn). However, in terms of revenue from the sale of homes from the ongoing business<sup>1</sup>, the increase was 20% to £2.07bn. Underlying profit before tax of £410m was up 31% on the previous year (2021: £314m). Underlying earnings per share increased by 30% to 96.0p (2021: 73.7p).

The Group generated £128m of cash to end the year with net cash of £288m, whilst continuing to invest in growth.

Our underlying Return on Capital Employed improved from 18.53% to 24.54%<sup>1</sup>, close to our medium term target of 25%, and underlying Return on Equity increased from 17.95% to 21.45%<sup>1</sup>.

In line with the company's policy of three times dividend cover the Board is proposing a final dividend of 22.0p making a total of 32.0p for the year, up 31%. Subject to shareholder approval at the Annual General Meeting on 11 November 2022, this will be paid on 16 November 2022 to all shareholders on the register at close of business on 23 September 2022.

In addition, following a recent review of the cash requirements of the business to achieve its long term growth plans, the Board announced on 14 July 2022 a share buyback of up to £100m in line with our published capital allocation policy. The programme is ongoing and scheduled to be completed by 31 July 2023. This is the second time the business has returned surplus cash to shareholders and follows the B share scheme of £111m in 2019.

### Strategy

The Group has continued its withdrawal from the London market and that is expected to be complete by the end of calendar year 2022, other than the ongoing Colindale development.

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.

Capital released from London in the last two years has been reinvested in land to help grow the regional businesses. 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.

### Fire safety

On 5 April 2022, Redrow signed the Government's voluntary building safety pledge to remediate all residential buildings over 11 metres in which we were involved in the last 30 years. We have a full time team of colleagues expediting these works on a timely basis, in conjunction with the management companies of the buildings concerned. We have set aside provisions of £200m to cover these costs, including an exceptional charge of £164m and a non-exceptional charge of £10m in the 2022 financial year, and we expect the works to take a number of years to complete.

## People

Nick Hewson will be stepping down as a Non-Executive Director at the forthcoming AGM having served nine years on the Board. 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.

On 1 February 2022, Oliver Tant was appointed to the Board as a Non-Executive Director and Audit Committee Chair-Designate. He is also a member of the Audit, Remuneration and Nomination Committees. He will take over as Chair of Audit on Nick's retirement from the Board.

I would like to thank everyone in the business for their efforts this year in contributing to our excellent financial performance and the ongoing success of our strategy.

## Trading and outlook

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.

Richard Akers  
Non-Executive Chairman

### Footnote:

<sup>1</sup> 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.