

# Wates Group exceeds £2 billion turnover

1 year ago



Wates Group has reported the highest-ever turnover and underlying profit in its 127-year history.

With turnover of £2.18bn, an increase of more than 15% on last year, the Group has exceeded the £2bn mark for the first time, alongside a profit before tax of £46.2m. These strong results come despite a challenging external landscape of high inflation and interest rates, and disrupted supply chains. The company also ended the financial year with a record forward order book of £8.54bn. 2023's financial results mean that Wates has delivered PBT (profit before tax) consistently, every year, for over two decades.

The Group made significant investments during the year, resulting in a lower net cash position than in 2022, of £138m. This included continued investment in our House Building Joint Ventures portfolio. The Group's £90m revolving credit facility remained undrawn at the year-end. The company also increased its total tax take on behalf of the Exchequer to £387m – a 23% increase on last year.

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During the year, the Group also delivered two of its 2025 social value targets ahead of schedule. The Group's strategic spending with social enterprises, which multiply the company's impact in communities where it operates, reached £31m since 2020, exceeding the original 2025 target of £25m.

Wates also delivered triple its 2025 target for engagement with the sector's future skills pipeline, supporting 80,000 young people in primary and secondary schools to consider a construction career since 2020, against an original target of 25,000.

In the same year as it delivered record turnover, the Group reduced its scope 1 and 2 emissions by 45.3% against a 2019 baseline. This compares with its near-term (2030) science-based target of 46.2%. The Group also had its long-term (2045) greenhouse gas emissions target validated by the Science-Based

Targets initiative (SBTi) and, at the end of 2023, appointed Cressida Curtis to the new role of Group Sustainability Director.

Across the business, results were strong. The Construction Group reported £1.17bn turnover, up 22% from last year, and secured £1.1bn in new work, with a highest-ever average project value of £48.3m. During the year, the business completed a number of major projects, including a major project to rebuild the Lucent Building behind the iconic Piccadilly Circus lights in central London and completing the transformation of state-of-the-art sports facility the Sandwell Aquatic Centre – which Wates completed in 2022 for the Commonwealth Games – into a lasting legacy for the local community as a leisure centre for everyone. Current major schemes include the design and build of the AESC UK gigafactory in Sunderland which, once complete, will deliver a six-fold increase in UK electric vehicle battery production. Construction is also underway on the Group's project to build the first new town centre in London for 50 years in Canada Water, as well as delivering a smart, sustainable new office building in the heart of Manchester at 4 Angel Square, in partnership with SES Engineering Services.

Turnover in the Group's Residential business increased by £13m on 2022 figures, to reach £323m, delivering 276 homes over the year with more than 3,000 homes under construction. Wates continued its residential industry leadership in delivering low-carbon homes by working with Winchester City Council. Here they delivered residential blocks and two-bedroom houses reducing energy use by up to 41% and saving residents up to 60% on their bills, depending on their usage. The Residential business is also working with Cardiff Council to alleviate the ongoing housing shortage, by providing modular housing as a high-quality and low-cost solution to help those in most urgent housing need.

The Developments Group continued its strong performance in 2023. It secured its highest-ever profit before tax, alongside a turnover of £147m, an increase of 16% on last year. This represents one of its strongest results in two decades. The business continued its exceptional land trading performance, with five sites sold to either joint venture partners or on the open market in 2023. The planning team also maintained its impressive planning success rate of 98% since the offering was established in 2005, winning its sixth planning appeal in a row. Its housing developments, in partnership with leading housebuilders, continue to progress well, and the Developments Group operated with the highest level of capital investment in its history, at £185m. 2023 was also a year of growth and diversification, with a widening scope of business streams and range of sites. The business now covers both residential and commercial land within its growing portfolio.

The Property Services business also increased turnover to £545m in 2023. The housing maintenance business, Living Space, launched a dedicated healthy homes team and cemented its position as a leader in social housing retrofit by working with 17 social landlords to secure £100m of Social Housing Decarbonisation Fund (SHDF) Wave 2.1 funding. Its specialist fit out and refurbishment business, Smartspace, retained all its key customers and secured its two largest-ever contracts, both with repeat customers. The Facilities Management business increased its turnover by 19.2%, with most of the growth coming through contract renewals and extensions. It secured a notable contract with Yorkshire Building Society, and extended its next generation maintenance partnership with JLL.

Eoghan O'Lionaird, Chief Executive, Wates, said: "Despite a challenging external environment, we delivered a strong performance last year. Whilst it's great to pass the £2bn turnover mark, it's just as encouraging to see an increase in profit. Our stable family governance and clear purpose have provided a firm foundation upon which we continue to go from strength to strength."

“We are in an excellent position, with profitability across all parts of our business, a solid cash balance and a positive tangible net worth. Our record forward order book demonstrates our customers’ confidence in our ability to deliver projects of all types and sizes. This confidence is hard-earned, with Wates delivering profit before tax every year for more than two decades.

“We are also just as proud of our contribution to society as we are of our bottom line. I’m delighted that in 2023 we exceeded some of our social value targets set for 2025. We have now been able to set even more ambitious targets to increase spend with social enterprises and engage more young people in the great work we do, to make sure everything we do brings benefit to the communities we serve.

“Today’s results are a testament to the hard work of people across the Group, and I would like to extend my thanks to all our colleagues, as well as our customers, partners, and supply chain, for everything they do to make this continued success possible.”