



Trading Update

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Trading Update

Jennie Daly

Chief Executive, Taylor Wimpey plc

Good morning, all, and thanks for joining Chris and I this morning. I know you will have all seen the statement; so as usual, I will just take a few minutes to run through the key areas before opening up for your questions. The high level story is that we're executing well on the priorities we set out in October, including a focus on efficiency, driving planning progress forwards and opening outlets. In terms of the market, given the uncertainty for customers as they await the Budget, and also the trajectory of further interest rate cuts from the Bank of England, sentiment continues to be cautious, and affordability remains stretched for many, particularly first time buyers. As a result, there is a lack of urgency with customers as they wait and see the outcome, and gaining customer commitment is a key focus for our sales teams. As we have previously stated, incentives remain an important part in this, and while underlying pricing is broadly flat, pricing in the southern parts of the country is more challenged. This, together with the low single digit build cost inflation we have previously flagged, is creating a headwind. All of this is reflected in trading for the second half to date, with the net private sales rate of 0.63, compared to 0.71 last year, and the cancellation rate of 17%, the same as the comparable period last year. Excluding the impact of bulk deals, the net private sales rate was 0.61, compared to 0.68 for the comparable period.

For the year to date, we have achieved a net sales rate of 0.72, so very similar to the 0.73 at the same stage in 2024, with the cancellation rate of 16% compared to 15%. Excluding the impact of bulk deals, our net private sales rate for the year to date was 0.68 against 0.68 last year. The order book, excluding joint ventures as at the 9 November is lower at 7,253 homes, compared to 7,771 at this point last year, and with a value of around £2.1 billion, compared to around £2.2 billion in 2024.

And as you know, we are focused on growing outlet numbers. So I am pleased that, as you will see in the statement, we are on track with outlet openings for the year. In the second half to date, we operated from an average of 210 sales outlets, compared to 208 in 2024, having opened 51 this year to date, compared to 34 at this stage last year.

Turning to planning, as we told you in October, we are seeing positive signs and a shifting, more positive sentiment in many local authorities responding to the changes introduced by the NPPF. The NPPF has re-established the much-needed tension between housebuilder and decision-maker by reintroducing housing delivery targets and the need for a five-year housing land supply. And as a result, we are seeing councils respond more favourably to our applications, though timing and resourcing challenges remain. And by way of an example, in the North West, we have had a site for 340 homes where our first principal application was submitted in May 2023. We had progressed well with engagement but had been frustrated by delays in determination. Confirmation of the NPPF strengthened the principle of this site, and we saw a marked improvement in the engagement with officers and achieved a determination for beneficial development in September this year. This is only possible because of the actions we have taken in the early submission of applications and the tension housing delivery requirements have placed on local planning authorities via the NPPF changes. We continue to closely monitor and track progress and local authority sentiment on all of our early applications and are continuing to see a shift from red to amber and green. Of course, this is

not universal, so we're not there yet, but the progress we are seeing is consistent with what we expected at this stage. As a result, we continue to believe that the NPPF and the upcoming Planning and Infrastructure Bill will provide the basis for us to accelerate progress and outlet openings, particularly given our proactive and assertive approach that we have been undertaking over the last couple of years.

We have said today that we continue to expect to deliver full year 2025 UK completions and Group operating profit in line with our guidance. But current market sentiment is challenging, and we are working hard to build the order book into the year end. We will update you on the order book as usual in January and then confirm our guidance for 2026 with our prelims in March, with the benefit of some early Spring trading.

Looking further ahead, we remain very confident in the underlying fundamentals of the UK housing market, with its pressing need for new homes, and our strategy for the business to deliver profitable growth and attractive shareholder returns in the medium term.

So with that short overview, I will open up for questions now.

Q&A

Will Jones (Rothschild & Co Redburn): Thank you. Morning. I might try three quick ones, if I can, please. First, just around your lead indicators away from sales appointments, website visits, are they tracking similarly to the sales rate?

Second was around pricing. You have maintained the broadly flat year on year comment, but just wondering if any change sequentially since the Summer. And just potentially how you are thinking about possibilities into the new year as affordability potentially improves for customers.

And then the last was just around build costs and whether from your suppliers you have had any early indications on their expectations or hopes for next year. Thanks.

Jennie Daly: Okay. thanks for those, Will. In terms of lead indicators overall, we have significantly uplifted our marketing activity, as you would expect. There is a range, organic enquiries are down year on year, but we are seeing a little bit of improvement; appointments held are broadly flat, website appointments actually looking fairly strong. So we have got decent leads and we are seeing some decent levels of enquiries and visits. What is really coming up from the sales teams are that customers are not committing, that they are really holding back and waiting to see the outcome of the Budget and I think of interest rate trajectory.

In respect of pricing, it has got a little bit tougher. But I think it is still fairly consistent with what we have been saying for a while now. The North is a bit better. We are seeing some improvement in pricing. But the South remains a real challenge from an affordability perspective. We are seeing quite a challenge around chains, a lot of which can be linked back into first time buyer challenges. So I think the dynamics are very much similar to our discussions in the past.

I think you were asking about the incremental or the sequential possibilities going into the new year. I think the Budget event is proving to be quite the pause, whether it is a hiatus or in customer sentiment. We will need to see what the Budget elements and the likely impact

on customers, and a lot of those impacts could be very individual. But if we believe that's a clearing moment or an opportunity, and particularly if there is an interest rate cut alongside that in December, as many are pencilling in, then we will be certainly trying to get on the front foot and lean into the early part of 2026 trading and into the Spring selling season.

And in respect of build costs, we are still in that low single digit period, a few ups and ups and downs. And we are just entering the period where we would be starting to negotiate with our suppliers, Will. So it is something I probably can give you a bit more colour on in January. But really, even then, they will still be very live negotiations on our calendar.

Will Jones: Great. Thank you.

Allison Sun (Bank of America): Good morning, Jennie. Good morning, Chris. So two questions from my side. First is if you can give us some colour on your London projects, which we understand has been pushed from first half to second half. Is it still progress as expected?

And the second question is, I do not know if you have any case scenario on what might happen in the Budget; do you hear anything on the stamp duty removal potential? What do you think? And if it has been removed for the Taylor Wimpey existing outlets pipeline, do you think you can accommodate all the new demand potentially? Thank you.

Jennie Daly: Okay. Allison, just on the London projects, I was not quite clear. I apologise on the question. Progress on?

Allison Sun: Yes. I think you mentioned in the first half there are some big, large projects going on in the London is expected to, I do not know, maybe complete in the first half, which has some impact on your pricing, if I remember it correctly. But looks like the project has been pushed to the second half?

Jennie Daly: Yes, yes.

Allison Sun: So we wonder if there was an update there. Yes. Thank you.

Jennie Daly: Got it. Sorry. Thank you for that. Yes, we did have some delays with the Building Safety Regulator. I know the team have worked exceptionally hard. And that scheme is now moving. So that is very pleasing.

In terms of the Budget various scenarios, there is a wide range. Clearly there is a lot of speculation in the market. In respect of stamp duty land tax, many of you will know my view; stamp duty land tax is a tax on mobility, and it has a distortive effect on the market. I think that we can see that clearly at both ends of the market. At the lower end of the market where we have got effectively overcrowding and the top end of the of the market where we have got under-occupancy; and economic and social mobility, I think, are hampered by stamp duty. I would add to that, while I am on my soapbox a little bit, that I do think that the Treasury receipts from stamp duty could be more than recovered just through the level of economic activity from a more free flowing housing market.

That said, Alison, I will come off my soapbox now. I have not heard any significant commentary other than speculation in the press around stamp duty removal. But if there were to be any form of demand side stimuli or removal of some of the friction points, then I think that the scorecard of sites that we have, which includes many multi phase and larger

sites which have the ability to step up delivery, should there be a rebound or a stimulus to demand, very much depends on the timing of any announcement as to how much of that can be captured in any one year, but I think that we would be in a very good position to capture that were it to happen. Thank you. Alison.

Zaim Beekawa (JP Morgan): Morning, Jennie. Morning, Chris. Thanks for taking my questions. Just two on my side. Coming back to London, how much of a positive impact do you see for the business, given the affordable housing quota being reduced?

Secondly, if I could push on the potential landfill tax, is this something that you still expecting could go through, and is there any indication you could give on how much this would impact your business? Thank you.

Jennie Daly: Okay. I think in terms of the package of measures consulted on or going into consultation from the GLA, the reduction in affordable housing from 35% to 20%, reduction in CIL and other things, these are incrementally welcome. I am not convinced that they are sufficient to address the significant amount of issues that are weighing on housing delivery in London which are both supply and demand side. As we discussed in October, we are effectively building out of our London schemes. We remain present and open in the market, but we are not seeing anything that we think would materially change our position. And we have a very limited pipeline in London. So I believe a more radical approach to stimulating London housebuilding is required.

In respect of land tax, it is a consultation. We have not had any response, so we have had no closure to that. And there are concerns that a landfill tax could have an impact right across the sector. It is a very substantial potential uplift. And because the impacts are different depending on the topography, the geology, the nature of a scheme, including the level of sustainable urban drainage or protective land, like biodiversity, net gain that is included, it is quite hard to calculate, but I would point you to the HBF document that they issued some weeks ago and they were quoting a figure of about £15,000 a plot.

Zaim Beekawa: Thank you very much.

Ami Galla (Citigroup): Thank you. Just a few questions from me. The first one was on Section 106 take up. Have you seen any improvements in that respect? And post the Budget, do you expect that dynamic to become a little bit easier?

The second one was on the land market. On the back of all this new tax changes that have been speculated across the press, have you seen any shift in terms of how the land market is reacting to it, and how land vendors are considering the outlook ahead?

And the last one. On 2026 guidance, I appreciate that we will get more explicit colour next year, but is there any broad view of how we should think about the moving parts in the business as we look ahead? Thank you.

Jennie Daly: Okay. In terms of Section 106, the teams are continuing to work with long established partners to place Section 106, but it is a challenge and there are some geographies where it's particularly challenging with the absence of any meaningful number of RSLs in the market. And these are points that are being made to Government not just by ourselves, but by the whole sector on a very regular basis. So it is hard to see across the board improvement, although there are some localities where there has been a slight easing.

In respect of post Budget, I think it is really the formalisation of the affordable housing programme that is the dynamic there. And we would hope that the allocations will become more visible. And we continue to seek support from Government around utilisation of cascade mechanisms and other elements.

Land market shift, Ami, not as dramatic as we saw last year. Last year was commentary around Capital Gains Tax. There was quite a seminal moment I think for many landowners and just trying to get things done. And we were able to take the benefit of that in some of our negotiations. I can really only bring to mind one land deal. It is that the landowner is focused on the Budget and I think that that is for more personal reasons than a significant shift there.

And in terms of 2026, you are right; it is a quarter three update and we are not going to guide for 2026, although we will absolutely tell you what we're seeing in the market. But the dynamics are how does the Budget leave the customer feeling, what are the interest rate trajectory as we exit the year, how our order book looks as we exit the year and really that all important Spring selling season. So I think sentiment is a really strong element for 2026 right across the sector.

Ami Galla: Thank you.

Rajesh Patki (Barclays): Yes. Good morning, Jennie. Good morning, Chris. I have got two questions, please. Firstly, if you could provide some colour on incentive levels and if those have changed compared to what you reported at the first half stage.

And secondly, sorry to come back to 2026, but consensus has about 100 basis points improvement in margins for next year. Would you be comfortable with that given the commentary about prices, underlying pricing being flat and build cost inflation up low single digit at this stage? Thank you.

Jennie Daly: In terms of incentive levels, Rajesh, we have seen them tick up. They have been broadly in that 5% to 6% bracket through the year, but they are probably sitting at the higher end of that range at the moment.

And I will pass you over to Chris, who has been very quiet so far on the call, on the second point.

Chris Carney (Group Finance Director, Taylor Wimpey plc): Hi, Rajesh. As Jennie has already said, our normal approach to providing guidance for 2026 would be to do it in February next year with the knowledge of the order book that we take into the year and after we have had the opportunity to see the start of the Spring selling season. I don't think right now in advance the Budget is a time to be making a change to the pattern of when we guide. So we are not going to be giving specific guidance on that today.

But just to try to be helpful, I will repeat some of the comments that I made at the event in October, when I tried to be clear, but I think some analysts have not necessarily reflected them yet, and obviously that plays through to consensus. So I said short term uncertainty may well mean that UK volume growth in 2026 is below the straight line run rate to the medium term 14,000 unit target. I indicated that the margin uplift from the landbank evolution would be minimal in 2026, more meaningful in 2027, with the lion's share delivered in 2028 and 2029. And in summing up, I think I noted margin growth stepping up from 2027. And also obviously worth remembering that our assumption was, over the medium term, that

there is sufficient house price inflation to offset build cost inflation which in the short term currently is not the case, as you can see from the statement. So hopefully that is all clear. But as I say, too early to specifically guide for 2026.

Jennie Daly: Thanks, Rajesh.

Rajesh Patki: Very clear. Thanks, Jennie. Thanks, Chris.

Chris Millington (Deutsche Bank): Sorry, everyone. I will try again. Still learning to use a telephone, obviously. But, morning. And thanks for taking my questions, guys. A few quickly. To talk about the sales rate at the back end of 2024, I see year to date you are at 0.73. You ended the year at 0.75. So You had a good run at the back end of 2024 to lift that sales rate up for the full year. Can you just talk about quickly what happened, and how you may see that feeding into the order book at the back end of this year? That is the first one.

Second one is just about the average sales price in the second half of this year. I think you have got a block or something completing from the Postmark development, which takes the private ASP to around £400k versus £350k in H1. Do you think there is a danger that ASP could shift backwards a little bit as we go to next year, and do not get a repeat of that London one?

And then the final question I just wanted to ask is about the order book margin. So not talking about 2026, but I remember at the start of this year, I think you said the order book margin was down 50 bps year over year. How are we looking at the order book margin year over year at the moment, if possible? Thank you. Thank you very much.

Jennie Daly: Yeah. Thanks, Chris. And good to hear you. Maybe I will pass your second two questions to Chris. But on the sales rate at the back end of 2024, I think regrettably, it is really straightforward. The Budget did create a bit of a hiatus and a slowdown in demand, but it was much earlier. So there was still a reasonable runway in that final quarter of 2024. And that really did drive the sales rate, which was very pleasing. And whereas this year, clearly, we have got a much later date for the Budget and it has cast a much longer shadow, I think, in terms of how customers are feeling when we saw speculation start right in the Summer.

So I will pass you over to Chris on those other two questions.

Chris Carney: Yeah. We continue to expect that the full year blended UK average selling price will be approaching £340,000. You are quite right, there was that switch from half one to half two more completions from central London in the second half, pushing the average selling price up. The risk is probably to the downside if there are a few more affordable homes in the mix. But we're still happy with that guidance. And then how that plays out into next year, I am expecting it to be, at this early stage, pretty flat.

And then the order book margin year on year, obviously, we are not giving 2026 guidance today. And relatively small volumes relative to next year, obviously, in the order book, because you have got a mix of the order book between what is going to be delivered this year versus what is going to be delivered next year. So maybe ask me that question again when we get to January and we have got a clean order book, Chris.

Chris Millington: All right. I will make sure to do that. All right. Many thanks for your answers.

Chris Carney: Cheers.

Jennie Daly: Thank you. So, look thank you for your time and questions this morning, Clearly there are market challenges right now, but we are working on delivering what we told you in October to ensure we are well set up in land and outlets that we need to drive progress. And we will see you again in the new year. Thank you, everyone.

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