



Trading Update

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Trading Update

Jennie Daly

Chief Executive, Taylor Wimpey plc

Good morning, everyone, and Happy New Year to you. As usual, I am here with Chris. I know that you will have seen today's statement, but I will say just a few words before handing over for your questions.

There is no doubt that 2025 was another challenging year for the industry. However, despite this, we delivered a robust performance. We are delivering on our strategy and remain confident about how the business is positioned for the medium term, but I will come back to this later.

First, 2025 performance. We have spoken to you before about how the delayed Budget impacted customer sentiment in the second half of the year, so I will not labour this. But given the customer uncertainty this caused, I am very pleased with our robust close out of the year.

Our UK net private reservation rate for 2025 was 0.75 homes per outlet per week compared to 0.75 in 2024, with a cancellation rate for the full year of 15%, the same as the prior year. Excluding the impact of bulk deals, the net private sales rate was 0.65, very consistent with the 0.67 we delivered for 2024.

Total Group completions, including joint ventures, were 11,229 and UK home completions, excluding joint ventures were 10,614. So in the middle of our guidance range.

UK overall average selling price was £335,000, marginally lower than our £340,000 guidance due to mix, including a slightly higher weighting of affordable completions.

The softness in the second half inevitably impacted order book, and we ended the year with an order book valued at c.£1.9 billion, a little lower than the c.£2 billion closing order book this time last year. Given the more subdued Autumn customer backdrop, we carried 6,832 homes into 2026. That is 480 units down year on year. As a result, we expect to be more second half weighted this year.

Importantly, though, I am pleased to say we continued to make encouraging progress on outlet openings. We traded from an average of 208 outlets in 2025 and ended the year with a total of 219 outlets.

Pulling all of this together for you, Group revenue for the year increased to c.£3.8 billion, driven by higher volumes, average selling prices and land sales. As a result, we expect to deliver 2025 Group operating profit of c.£420 million and an operating profit margin of around 11% in 2025, which includes 60 bps benefits for land sales, which I will come back to just shortly.

Turning now to land and planning. We have seen positive planning progress through the year, and this in turn, has led to stronger land sales, which we typically do once we get planning or put infrastructure in place. This is consistent with our strategy and as we set out in October, we will deploy this cash into smaller sites, which will help to give greater breadth of outlets over time and increase Group returns.

Reflective of our attractive land holdings, the land sold was at a good profit, contributing 60 bps to our margin as we disclosed in the statement. It is worth noting for your models that we do not expect this to recur in 2026 to anything like the same level.

It is also worth spending just a few moments on the very good progress we have seen in planning in 2025 because it is a key part in progressing towards the medium term targets we outlined in October, and we remain confident in those targets.

As expected, we saw a noticeable pickup in decisions in the last quarter. Firstly, we saw a number of planning approvals effectively clearing long awaited determinations by local authorities where we had previously seen little momentum, but where councils are now feeling pressure to target a five year housing land supply. A good example of this would be our scheme in Ryedale for 311 plots where the application was four years old on an allocated site.

Secondly, in the final quarter, we also saw a number of important determinations of applications submitted as part of our assertive planning strategy, which has been operating since 2023, including owned sites in Solihull and Berkhamsted, both around 650 plots each.

Thirdly, we saw the speedier determination of a number of applications for smaller sites submitted specifically in response to the December 2024 NPPF. Two great examples of this are our applications at Merstham, which was for 103 plots, and Abbots Langley for 192 plots, which demonstrates just how quickly some local authorities are now moving. Both these proposals were submitted following the NPPF, achieved planning committee approval in 10 months and five months, respectively, noting the Abbots Langley proposal was, in fact, a detailed scheme. Really pleased here, but much more for us to go at.

Turning to current trading and 2026. I know you will be interested in how the year has started. The usual caveat applies. We are only in the second real week trading, so it is very early in the new year. But as you would have expected, we have released a Boxing Day campaign and are staying very close to customer response.

The interest rate cut in December continues the trajectory of rate cuts, which while largely factored into mortgage rates are nevertheless helpful for overall customer sentiment. Enquiries are at similar levels to last year, and our focus has been turning that initial interest into appointments on site.

As usual, we will give you full guidance for 2026 alongside our full year results when we have seen how the Spring selling season has started. However, we have given you some additional colour in the statement this morning, which is hopefully helpful when you think about the moving parts for 2026.

At present, we are continuing to experience low single digit build cost inflation. Overall, private underlying sales prices remain resilient. However, pricing of bulk deals contracted in the second half of the year was softer. So overall pricing in the order book is around 0.5% lower year on year. This reflects certain site specific transactions in London, where given challenging market conditions, we have chosen to transact to reduce sales exposure and recycle capital in line with our plans. Together, these will have an adverse impact on 2026 Group operating profit margin, and we have been explicit today that we expect this to be lower in 2026 than in 2025.

We remain focused on positioning the business for growth as the market recovers. As I have outlined, the positive impact of planning reform is noticeable in recent decisions and with an improving planning pipeline, our teams remain focused and aligned to drive value for our shareholders, including tangible progress in outlet openings to best position us for delivery and growth, and we still expect average 2026 outlets to increase year on year.

Market improvement may be taking longer than anyone would have liked, but there remains significant opportunity to deliver much needed homes. We have aligned the business, both strategically and operationally to benefit from the improving planning environment even in a more subdued market through outlet led growth and remain confident this will be demonstrated over the medium term.

Thank you, and I will now hand over for your questions.

Q&A

Will Jones (Rothschild & Co Redburn): I will try three, if I can, please. The first maybe just on your various lead indicators you track, any further colour? I think you talked about enquiries being similar year on year. Just wondered if that marked any change versus how the second half last year was looking on enquiries compared to prior year.

Second was just around pricing and just generally what you think it will take for the Group to be able to post, say, a 1% to 2% price increase at some point? Is there a certain sales rate we should have in mind or maybe affordability is getting to a position where you can start to think about that?

Then lastly, around outlets. Obviously, a good move up into year-end. Do you think that 219 can hold in the near term? I would appreciate you are saying the average will be higher year over year, but just wondering on that spot figure, perhaps just high level thoughts for the first half.

Jennie Daly: Okay. Morning, Will. Thank you. In terms of lead indicators, yes, I think our enquiry levels were fairly consistent with what we had seen in the similar period in 2024. I mean that does mark a fairly strong increase on where we were ending the trading part of December. So pleased with that.

You will know that we put some work in last year. We talked about driving better quality enquiries and I think we are satisfied that we are seeing better quality enquiries coming through.

Just to put a little bit more colour around it for you, perhaps not surprisingly, organic traffic was lower so it was very much driven by paid media and active campaign intervention, but total traffic was pleasing, and we are seeing a strong conversion into appointments following that. As I say, enquiries consistent really be how those enquiries start converting over the next few weeks.

Around pricing, probably not surprising, we are continuing to see that differential between North and South. The North has been robust. We have seen some gains. But the South has been very challenging. And you will have noted that comment that I made about London in particular and the choices that we have made there.

I am pleased that we are seeing gradually improving affordability. We are seeing that interest rate play through and wage growth playing through. But my comment in the top of the statement around first time buyers is very much that deposit, still struggling with deposit, that transactional cost. The cost of servicing the mortgage is a case well made now.

As always, we look at our plot releases each week. If there is an opportunity to drive price, then we will be taking it.

On outlets, look, we closed the year at 219. You know that in October-November, we were guiding in the range of 210, 215. So a bit of benefit from the slower sales, but generally moving in the right direction. I am confident that we will grow average outlets year on year.

Aynsley Lammin (Investec): I have got three as well, actually. Just following up a bit on Will's comment around site numbers. I mean, just thinking about completions this year, if we assume a stable market, obviously, your order book is lower. You are flagging up maybe some weaker trends in demand in the bulk sales. Would you still expect completions to be higher in a stable market in FY2026, given your expectation around higher average sites?

Second question just on margins. Just to clarify the comment that margins are expected to be lower for FY2026. Is that even once you take out the impact of the 60 basis points of the land benefit, so lower again on that?

Then third question, just on the interest cost. I think that was slightly higher than I had in at £30 million for this year. Would you expect that to be similar in FY2026 at this point? Obviously, lots of moving parts there. Generally, maybe a bit of colour around the interest cost, which was higher.

Jennie Daly: Okay. Thanks, Aynsley. I will take the first, and Chris will pick up on the margin and interest costs.

As you know, look, we would not give volume guidance until the prelims and once we see the Spring selling season mature a little bit. We are starting with a slightly lower order book on a private unit basis. But as I mentioned there, we do expect average outlets to grow year on year.

Taking your starting point, if we assume a stable market in that 0.75 that we have seen 2025 and 2024, then I would still expect there to be maybe low single digit year on year growth. Chris?

Chris Carney (Group Finance Director, Taylor Wimpey plc): Yes. On the margin, we have tried Aynsley, to be helpful in this statement by providing visibility on the outturn and components of the 2025 operating margin together with the factors impacting the margin trajectory into 2026. Yes, you can see clearly that we expect Group operating margin to be around 11% in 2025. That figure includes the one-off £20 million half one charge as well as the margin enhancing land sales in half two. Those two impacts broadly offset each other. So the underlying margin for 2025 is essentially the same, 11%, and that forms the starting point for thinking about 2026.

Owner occupied pricing on private homes has remained resilient. However, as Jennie just touched on, softer pricing on bulk deals secured late in the year means the net underlying pricing in the closing order book is about 0.5% lower than a year ago, and we continue to see low levels of build cost inflation.

Taking these house price and build cost dynamics together, which are both slightly unfavourable, we expect Group operating margin to be lower in 2026 than in 2025. As usual, we will provide further guidance on both pricing and build costs at the prelims when we have had the opportunity to assess trading at the start of the Spring selling season.

In terms of net finance costs, yes, they were a bit higher in 2025 than we expected at £30 million. You will recall, we guided to £25 million. That was just due to a number of small movements, including lower bank interest receivable as cash from completions came in a bit later than we anticipated and higher level of imputed interest on land creditors.

We will obviously give you guidance in March for 2026. But overall, I am not expecting them to change much year on year.

Aynsley Lammin: Very clear.

Jennie Daly: Thanks, Aynsley.

Ami Galla (Citigroup): A few questions from me. The first one was on build cost inflation. If you could give us some colour as to what are the moving parts? Can you really push back on the build cost inflation coming from the supply chain given the market that we are working with?

The second question was on outlet openings. I appreciate the colour that you have given in terms of outlet growth into next year. Given that we have got local elections in May, what visibility do you have on your outlet opening plans and with the assumption that we could see some stalling in the market in the very short term this year?

The last question I have was on Section 106 take-up. Has there been any change post Budget on the regulatory side that could make life easier in that end of the market?

Jennie Daly: I will take the last two. Chris, if you want to do build cost. I mean, working backwards, Ami. Section 106 take-up, not much change. No specific help coming out of the Budget. The rent convergence that I know others have talked about would help give greater visibility and capacity and balance sheets for housing associations, and therefore, could see some improvement. But it is still quite sticky. The teams are working hard with some of our very established partners there.

On outlet openings, we do have good visibility and we are in a very strong position from a planning perspective. Whilst there is always concern around local elections and disruption that that might have on decision making, I am less concerned about it for our 2026 outlets. Potentially, it could have some future knock-on, but not a meaningful risk for us for 2026.

Then build costs, Chris?

Chris Carney: Yes. So in line with our guidance, there was low single digit build cost inflation in 2025. The spot annualised build cost inflation as we exited 2025 was about 1.5% which obviously incorporated the increase in pressure from ground workers that I referenced at the half year. Supply chain negotiations for supply of materials in 2026 are ongoing. So it is just too early to guide for 2026. But we have seen a number of material manufacturers ask for significant cost increases well above inflation. Given where the sector volumes are at present, we are pushing back strongly on those requests for price increases, and we are able to do that by having a diversified supply chain.

We managed the pressure on the labour side very effectively in 2025, which will no doubt increase the pressure as we progress through 2026. But obviously, as Jennie has touched on, we have plans to open plenty of new outlets and the negotiations that that then drives will help us mitigate that pressure.

Chris Millington (Deutsche Bank): A few, if I could, please. The first one, I just wanted to understand is the strategy behind pushing those bulk sales out at the end of 2025. We have seen, obviously, one of your peers let the sales rate fall away at the back end of the year. I understand that has order book connotations, but it does feel as if you are having to give quite a lot of price away there. Really just curious about where your attitude is on volume cash versus price and margin? I will do one at a time actually rather than just witter on.

Jennie Daly: Okay, I will take that. I will start off by saying the volume of bulks that we did in 2025 was very similar to 2024. So there is no real change in terms of quantum or our overall outlook, and I have very specifically referred to the London market. These are multifamily apartment schemes. I would say they are well designed. They are well built, but we are seeing quite meaningful challenge to trading conditions in London.

We have a good level of visibility on build costs. We are very advanced on procurement. So this is a challenging business decision that is taken on balance, disappointing in the short term. But ultimately, it is in the best interest of the business in the medium term. So very much focused on the specifics in this particular instance, Chris.

Chris Millington: Okay. Thank you. That makes sense. Look, if we had a situation at the back end of 2026 where sales rates were lagging against that expectation of flat sales rate, do you think you will be doing something similar, or do you think you would take your foot off the pedal on volume and support margins? Just curious about how that progresses through this year now you have sold those multifamily units.

Jennie Daly: Look, we have sold those multifamily units. The schemes still have a bit to run. Look, it is always a matter of what do we see in the outlook? What are all the other variables that are going on at the time. As I say, it is a balanced decision. I am disappointed because I think they are good schemes. But overall, recovering our WIP and investing for shareholder benefit in the medium term won the balance in that instance.

Chris Millington: Got you. Thank you, Jennie. Next one, just wanted to ask really. It is a bit of a reminder, and perhaps this is for Chris. But you are down 0.5% in the order book at the start of 2026. By memory, you had a similar thing at the start of 2025. Should we think pricing in the order book is roughly about a percentage lower than it was coming into 2024? Am I thinking about that right, Chris?

Chris Carney: Yes, that is correct.

Chris Millington: Good. Okay. That was an easy one. Final one. We talk a lot about build cost inflation here and your guidance has been really helpful there. What about your employee costs, both in the cost of goods sold and administration costs? What pressures are you seeing there? How much could those costs move up in 2026?

Chris Carney: Yes. If you look at admin expenses, then in 2024, they were over 7% of revenue. In 2025, we brought that down to just under 6.5%. That improvement reflects the higher completion volumes, the increased average selling prices and disciplined cost control to

offset inflationary pressures. As we look ahead to 2026, yes, it will be challenging to drive further efficiency gains because volume growth is likely to be lower than in 2025, given the weaker opening order book, and we expect continued inflationary pressure on overheads, much of which relate to salary costs.

We are always going to be very tight on cost, but we also need to balance and be conscious of our ambitions for the medium term and the targets that we set out in October for the business to grow UK legal completions to 14,000, margin to 16% to 18% and RONO of greater than 20%.

In the medium term, that means we are targeting admin expenses probably somewhere in the range of 5% to 6% of revenue, but we are not likely to see that much progress on that in 2026.

Allison Sun (Bank of America): I have two questions, if I may. First one is on the volume growth because I think right now we are seeing the order book is still going down. How should we think about the trajectory of the low single digit volume growth you are thinking? Is that going to be pretty much rely on the second half recovery? I would guess it is going to be maybe some improvement in sales rate and also the outlet growth. Is that how we should think about it?

The second question is on the pricing. Because we know in last year, you have some London projects, which probably affect the average price a little bit. Into 2026, should we be concerned about it, or should we still expect maybe the pricing can still go up?

Jennie Daly: Okay. Allison, Chris is going to take both of those for you.

Chris Carney: Yes. Obviously, on the volume, we will obviously provide guidance on volumes of the prelims. But as you have seen from the statement, we are starting 2026 as you identified with a lower order book in unit terms. Of that 480 unit reduction, just over 300 relates to private units with the balance in affordable, which, as you know, is much further forward sold. So effectively, yes, we start the year with a private shortfall of around 300 units.

At the same time, as Jennie just touched on, we have indicated that we expect to increase average outlets year on year. If sales rates hold broadly stable at the 0.75, so consistent with what we have delivered in both 2024 and 2025, then the growth in outlets should more than offset the opening shortfall in the order book. In that scenario, yes, I guess we would still expect to deliver low single digit year on year volume growth. But that said, the Spring selling season will be key, and we will update you in the usual way at the beginning of March.

In terms of average selling prices, you can see in the statement two things. I suppose you can see that last year, we achieved a blended average selling price in the UK of £335,000. If you looked in the order book and did the math on that, you would see that the nominal average selling price is flat year on year. I think what you are more likely to see is that mix will provide a benefit of around about 2% from that £335,000 in 2025 into 2026.

Zaim Beekawa (JP Morgan): Thanks for taking my question. A few on my side. The first would just be on the Planning and Infra Bill. Just any expectations on if you think this is going to be a major change into 2026?

Then second on the bulk sales price contracting. Would you be able to provide maybe a magnitude? Are you expecting a better environment in 2026?

Then finally, on the landfill tax increase, just the impact on your business in 2026 and how you aim to mitigate some of the increasing costs there would be helpful.

Jennie Daly: Okay. Zaim, good morning. On the Planning and Infrastructure Bill, there are a number of elements of the Planning and Infrastructure Bill, some of which will require regulation and statute to be put in place. But I know that speaking to MHCLG and the Housing Minister that they are keen to get those things moving.

In terms of pace of determination, the national plan or scheme of delegation is one, because even if it does not touch on our schemes, say, it is focused on small house builders, that still removes quite a lot of friction and resource time from a planning determination and resource and productivity perspective. But the issues around the national scheme of delegation and others, I see that the Planning and Infrastructure Bill could meaningfully move the pace of determination, particularly around conditions and other things.

On bulk sales, I am not going to give you visibility into the commercial sensitivities. Look, the number of players in the bulk market is very broad. There are differences between those that operate in the multifamily type scheme and those that operate in single family. Structurally, they can be quite different. Overall, their objectives from investment can be very different. It would be wrong to think of them all as moving at the same pace.

Nevertheless, as with all businesses, they are sensitive to interest rate movements, gilts and the bonds market. We tend to look at them, as we have said, consistently on a project by project basis, and we will continue to do that.

On the landfill issue, I think that with the change that came through the Budget, the increase in the rate for the lower rate of inactive waste was disappointing. But what was more encouraging was that exemptions that we had understood would be removed as part of the consultation have actually been retained. So the majority of the material that we dispose of, it goes to things like quarry filling operations and land restoration. Those would still fall within key exemptions for landfill.

There are impacts. Things like potentially live material, so whether it is vegetation or other things. So there will be impact, but it is maybe a little less than we had understood from the consultation. Our teams already work very hard to limit the amount of material that goes to landfill, but we will be working really hard to minimise those costs wherever possible. Because they are quite specific on a site by site basis, it is very hard to give you a value to that.

Rebecca Parker (Goldman Sachs): Thanks for taking my question. Just two. Just wondering how we should be thinking about the net cash position as we move into 2026 and any moving parts there?

Then second question. I know it is a small part of your business, but if you could just give some colour on how you are expecting the Spanish business to perform in terms of volumes and prices as we move into 2026.

Jennie Daly: I will do Spain. Chris, if you will pick up on the net cash. Spain has performed really well over the last few years. It is fair to say that their volumes have been higher than

their normal run rate. So we would expect Spain to normalise in terms of its output, so more in the 400 unit level. The market remains strong in Spain and pricing remains quite stable. Really pleased with the operations there. On net cash?

Chris Carney: Yes. On cash, obviously, net cash at the end of 2025 was £343 million, so pretty close to our guidance of £350 million. Net cash at half year will be lower because it is always lower at the half year, mainly due to the second half weighting of completions. Last year, net cash reduced in half one by £240 million. That is from the end of 2024 to June 2025. This year, I would expect net cash to fall by a little bit more than that because completions are going to be more weighted towards second half due to the lower opening order book and because we will pay out more in half one this year on cladding.

Obviously, I will give you more colour on that when we get into March.

Sam Cullen (Peel Hunt): Just a couple from me, please. Just coming back to the London apartment schemes issue. Jennie, you mentioned there are a few more of those to go. What is the scale of those types of schemes in the landbank as it stands currently? Are there more things that we should expect to come down the track in 2027, 2028 and 2029?

Then the second one is just your view on what a normalised sales rate is for Taylor Wimpey and the wider industry?

Jennie Daly: Okay. On London schemes, as I mentioned in the October Investor Day, our pipeline in London is effectively winding up. It is a diminishing part of our business and a diminishing part of our landbank, Sam.

What I am not ruling out is that there is more completions to go, but we are really in the wind down.

Normalised sales rate, now there is a question. It depends where we think the market overall is going to stabilise. I am pleased given all of the headwinds that we experienced in 2025, really pleased with our sales rate. You have heard us talking about what reasonable assumptions might be for 2026 at the 0.75. Our business can support a higher sales rate. We can build to it. We have got really good execution, but we need to see that affordability, particularly first time buyers, and we need to see customer sentiment really settling in order to take the benefit of some of that improving affordability and improving interest rates.

Harry Goad (Berenberg): I have got two, please. Just the first one around customer affordability. Obviously, debate goes on about whether the Government may relaunch Help to Buy. But in the absence of that, would you think about doing anything yourself with regard to shared equity or any other innovative scheme? Have you thought through maybe some of the mechanics of how you could do that?

Then the second point is around land. Obviously, you are talking about more progress on the planning front. Does that mean maybe not right now, but over the next year or two, it becomes more of a buyer's market as more consented land comes available?

Jennie Daly: Okay. In terms of customer affordability and looking at potential shared equity and other interventions, we have been very active in reviewing a range of product on the market, but they tend to come both at an expense to our balance sheet and more expensive to the customer, and that is not a good outcome for either party. But we will continue to

review those. What we want to be able to offer and for it to move the dial is something that is genuinely a positive.

The focus for me around the first time buyer as rates ease is really that deposit building and the fact that particularly in the South, but in higher value areas, stamp duty and the change that was made last April has become a headwind for first time buyers. We can see that in instances, although our cancellation rate was very stable, the cancellations due to chains breaking down generally can be tracked back to the first time buyer. In order to get the market moving, that has got to be a focus.

On land, you are absolutely right, Harry. Planning relaxation and improved planning outcomes and pace flow through into land market. If that starts to move more quickly and there is more opportunity available, then that has benefits for pricing. I mean, through last year, as hoped, we did see the land market improving, particularly towards the end of the year. Some of that was to do with new product coming. Some of it was to do with the absence of other participants in the market. So bit of two elements playing through there.

There is also in some specific areas, some noticeable removal of regulatory constraints. So South Thames, for example, that has been suffering from water neutrality as the solution for that came through in the second half of the year, we saw the land market getting quite busy and good value in that area.

What we have seen is vendors becoming a bit more realistic on payment terms, which is really welcome. We have seen some improvements, room for more improvement, and you would like to see some areas that have still got a level of constraints seeing some benefits from the planning changes.

Jennie Daly: Okay. Thank you for your time and questions this morning. I appreciate that it has been a really busy week. We look forward within the business to the Spring selling season. Chris and I look forward to seeing you again at the prelims in March. Thank you very much for your time.

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