



A step change in strategy

2018 has been an exciting year for Taylor Wimpey. I will touch on some of the year's operating highlights and our record financial performance later in my statement, but will first begin with our new strategy which we introduced to shareholders at our Capital Markets Day in May 2018. This is something we are all very passionate about and represents a shift for Taylor Wimpey, following the natural conclusion of a very successful strategic plan which took us from 2011, through the early stages of the housing market recovery, up to early 2018. Our new strategy reflects a deep desire to do more for our customers and a recognition that, in an ever-changing world, our customers' expectations have moved on significantly and that our products and services must too. Our strategy ultimately aims to position Taylor Wimpey as a genuinely customer-centric homebuilder. This evolution takes place in a much-improved planning and land environment, which we are confident will persist for the foreseeable future. More information on this can be found on pages 10 and 11.

As Chair, I am proud of the investment and the progress we have already made in improving our customer service to date, and we are very pleased to have scored over 90% on the Home Builders Federation (HBF) 2017/18 survey, however there is still some way to go before we can be really described as customer-centric. For this to happen we need to commit to putting customers and communities at the heart of each and every decision we make throughout the business and deliver on this time and again, aspiring to get it right first time, every time. We are privileged to work in a company and an industry which has a deep connection to its customers and their lives and lifestyles.

We recognise that each of the decisions our teams take, from the land we buy to the house types and community facilities we build, has a significant impact on our customers' lives. Our homes are where important memories are made, where birthday parties are hosted, where the first photos in school uniform are taken, and where we live, work and play. We therefore have an important role to play in our customers' lives and are aware of the huge responsibility this brings.

Your Board also believes that there will be a real benefit not only to our customers, but to our employees, shareholders and other stakeholders from delivering on our new strategy. As shareholders, you own a business that believes in its customers and, through identifying and serving customers' needs better than anyone else in the industry, this will make us a bigger, better and stronger business. We have reordered this 2018 Annual Report to clearly show how we plan to achieve our objectives. More information about our strategy, and our investment proposition to you, can be found within Pete Redfern's letter on page 5 and on page 27.

The UK housing market in 2018

The housing market has been stable throughout 2018, despite the wider macro-economic and significant political uncertainty that has characterised the year. Whilst our share price and that of our peers has been volatile through the year, reacting to this uncertainty, we have seen the underlying business and our future potential remain strong. Customer confidence has continued to be resilient with strong levels of interest in our developments converting to high sales rates. You can find more information on the market on pages 10 and 11 including the main drivers for future performance, and how the business is set up to manage the cycle, which we believe to be an important differentiator for Taylor Wimpey.

Taylor Wimpey 2018 financial performance

I'm delighted that during 2018 we have delivered 14,933 home completions across the UK (2017: 14,541). During the year operating profit* has grown to £880.2 million, a new record for the Group. Profit before tax was £810.7 million, up 19% in 2018 (2017: £682.0 million) and profit for the year increased to £656.6 million (2017: £555.3 million). I am particularly pleased to report that in 2018, we have also returned a record amount to shareholders through dividends and, alongside our strategy update in May 2018, we announced an enhanced ordinary dividend going forward. During 2018 shareholders continued to benefit from our success, receiving c.£500 million in dividends, and we have committed to returning 20% more dividends in 2019 which underlines our confidence in the business. More information about our financial performance can be found in the 'At a glance' section and within Chris Carney's financial review on pages 52 to 56. It is worth taking the time to recognise that whilst financial performance is obviously very important to us and our shareholders, we want to ensure that we deliver this in the right way. Accordingly, and as I have said in prior years, a key function of the Board is to ensure good corporate governance at all times, and this is something we take very seriously at Taylor Wimpey and has been recognised by the level of shareholder support at successive Annual General Meetings. More information can be found within my introduction to the Corporate Governance section on page 60; in the Board activities section on page 68; and in stakeholder engagement on pages 76-79. We believe in ambition and accountability and have set out five-year goals (which you can find on page 26) which are stretching and target further improvement in a number of areas.

“We are privileged to play an important role in our customers' lives and are aware of the huge responsibility this brings.”

We have accordingly updated our senior management bonus targets to reflect this and more information on remuneration can be found on page 96.

Health and safety and environment

The health and safety of everyone on and around our sites has always been, and will always be, our number one priority. We are committed to this non-negotiable objective each and every day. We were therefore deeply saddened by the tragic death of a subcontractor on one of our sites in 2018 following a serious accident. We are assisting the Health and Safety Executive with the accident investigation and await their findings. This is the first fatality on a Taylor Wimpey site since 2004 but that makes it no less of a tragedy.

Building sites are, by their very nature, dangerous and so we do everything we can possibly do to minimise those risks. We embed a safety culture through training, awareness and visible health and safety leadership. Whilst our Annual Injury Incidence Rate (AIIR) remains well below both the HBF Home Builder Average and Health and Safety Executive Construction Industry Average, we are not complacent and we will continue to seek to improve this. Our AIIR for reportable injuries per 100,000 employees and contractors was 228 in 2018 (2017: 152). Our AIIR for major injuries per 100,000 employees and contractors was 64 in 2018 (2017: 54).

We aim to integrate sustainability into the way we work for the benefit of our business, our customers, our people and all our stakeholders. Our sustainability framework sets out our priority sustainability issues and shows how we will deliver on our values to build a proud and sustainable legacy. More information can be found in our 2018 Sustainability Report.

Taylor Wimpey culture and our employees

The culture of Taylor Wimpey and our people is what makes our company special. I talked about our ultimate goal of becoming a genuinely customer-centric homebuilder but we can only do that with and because of our people. During the year we have engaged extensively with teams across the business about our new strategy. Their input has been invaluable in how we have shaped and will implement it. Therefore, it is here that I want to say thank you to all our employees across the business. We have seen record employee engagement this year and this just underlines the commitment and energy from the whole business to our company and its

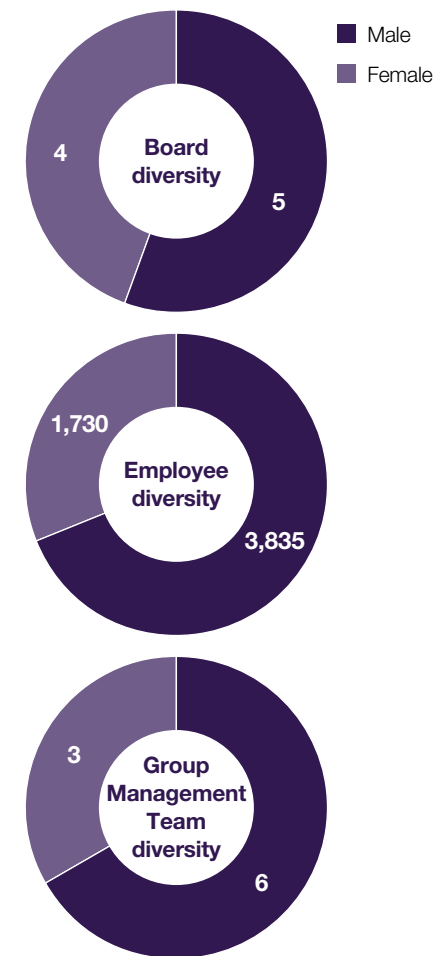
success. Over half of our employees either participate in one or both of the All Employee Share Plans or are already shareholders in the Company. In 2018, 34.2% of all eligible employees participated in the 2018 Sharesave scheme (up from 33.3% in 2017).

This year, a particular highlight for me personally was the Board's visit to our South Thames business where I and the rest of the Board had the opportunity to meet some of our apprentices and hear first hand about their training and their aspirations for the future. We are delighted to have taken on over 400 apprentices over the past three years and delight in seeing their fantastic progress. Our apprentice programme builds on extremely successful graduate intakes over many years and management trainee schemes. Our commitment to training continues throughout their careers and many who have joined us as trainees over the years have gone on to become key members of our management teams including Ingrid Osborne, one of our Divisional Chairs.

Kate Barker DBE, our Senior Independent Director and Chair of the Remuneration Committee, and I also had the pleasure of attending one of our National Employee Forum meetings during the year, which is the Company's elected workforce representative body. We enjoyed a good discussion on Taylor Wimpey's governance and remuneration approach. More details of the Forum appear on page 79.

During 2018 we were particularly delighted to be recognised as one of the UK's top 10 employers by Glassdoor as rated by our employees. Once again, we were the only commercial housebuilder to make the list, and it further demonstrates that we are well on our way to becoming an employer of choice in the industry, as we strive to deliver a unique and valued employee experience.

We have promoted Chris Carney and Jennie Daly to the Board in 2018 as Group Finance Director and Group Operations Director respectively. Both Chris and Jennie bring great operational depth and experience from other roles, and present a different perspective to Board discussions. I am delighted to welcome them on your behalf and thrilled that we have been able to develop such strong leadership succession both for the Board and throughout the business. I would also, on behalf of the Board, like to express our thanks to Ryan Mangold who stood down



as Group Finance Director in April 2018 after eight highly successful years in the role; to Mike Hussey who stood down as an Independent Non Executive Director in July 2018 after almost seven years in the role and as a member of the Audit and Nomination Committees; and to Rob Rowley who stood down as an Independent Non Executive Director and the Senior Independent Director in April 2018 after over eight years' service on the Board and its Committees, particularly as Chair of the Audit Committee. We wish Ryan, Mike and Rob all the very best for the future.

I joined the Board of Taylor Wimpey in July 2010 and I have enjoyed my time immensely. As part of our ongoing Board succession planning reviews, the Nomination Committee will be putting the wheels in motion to recruit my successor during the course of this year.

In drawing this Chair's statement to a conclusion I'd like to thank our shareholders for their continued support and look forward to updating you further throughout the year.

Kevin Beeston
Chair