



Total dividend paid in 2018
£499.5m
 2017: £450.5m

Group operating profit* margin
 in 2018
21.6%
 2017: 21.3%

Return on net operating
 assets** in 2018
33.4%
 2017: 32.5%

“A new strategic direction focused on customers.”

Pete Redfern – Chief Executive

In 2018, we announced a new strategy at our Capital Markets Day in May, the first major change to our direction since 2011. We are proud of what we achieved during this time and by every measure the ‘old’ strategy has been very successful; delivering over 90,000 new homes in the UK and creating £7 billion of shareholder value. But, inevitably the environment in which we operate has continued to change and develop over that period. Having taken the old strategy as far as we could, we need to seek to protect that value we have built up and ensure the business is ready and able to take advantage of opportunities, and we can’t do that by standing still.

Why now?

We operate in an industry which is underpinned by a fundamental long term demand and supply imbalance. As one of the UK’s largest homebuilders, we believe that we have a shared responsibility to create more choices for those wanting to access housing, and to deliver this housing with high quality and excellent service.

Traditionally housebuilders are land led. Over the last seven years, the land and planning environment has undergone a structural change, with more good-quality land available through the planning system and an increase in opportunities, including a reduced level of competition, in certain parts of the market, such as large scale sites. While land remains a key value driver, the easing of the land constraint through this cycle means that other elements of the business model have become increasingly important to future success. This includes operational ability, delivery capability and approach to customers, particularly in the context of significantly changed customer expectations.

These changes present an opportunity in an industry which has historically been very reactive to genuinely shift our focus to our customers’ needs and their aspirations for their homes and communities. Over the coming years, by enhancing every step of our customers’ buying and after service experience, building homes which are right first time and right for our customers’ income and lifestyle, we can create real additional value for customers, and the rest of our stakeholders. In this way we can grow our business, providing more homes to more people, whilst continuing to manage the cycle cautiously and without compromising on quality.

What does customer-centric actually mean to us?

We thought long and hard about the wording because it is a phrase which can suffer from overuse and is used flippantly by some. However, we believe it is appropriate to use because it signifies that all our decisions and actions are driven by a desire to understand what our customers need today and in the future and a commitment to earn their trust by delivering on our promises time and time again. It is ambitious and we are not there yet.

When we first started our customer journey, over four years ago, there was some scepticism both inside and outside the business – not because people didn’t want to do it, or thought that it wasn’t important, but

because they thought it couldn’t be done. I’m pleased to say that across the business the opposite is true today as we have seen the investments we have made and the effort the teams have put in really start to pay off.

Our customers tell us that the improvements we have already made to our customer service approach are working. We have made a significant step change in our business over the last four years. Whilst we have made great progress and over 90% of customers would recommend Taylor Wimpey to a friend (2017: 89%), this performance often drops over time, a common trend across the industry. There are of course a number of contributing factors, and not all within our control, but we start from the point that to be genuinely customer-centric, we have to understand the causes and look for solutions. We have therefore introduced the National House-Building Council (NHBC) 9-month ‘would you recommend’ score, as an additional Key Performance Indicator, which captures the feedback from customers living in their homes for nine months.

Through the year I, and other members of the Group Management Team, have run a number of presentations, meetings and focus groups with employees across the country, in addition to an all staff survey and providing additional feedback opportunities. What has come across loud and clear is a passion and pride in working for Taylor Wimpey and a genuine desire to do more for our customers. It is true that better run businesses tend to do the right thing more often than not, but we think that is the wrong philosophy; we start from doing the right thing and because of that we are a better and stronger business.

Setting out our strategy

This new strategy, which we announced to investors and analysts at our Capital Markets Day in May, maps out our priorities and principles for at least the next ten years, and sets out some of the key numerical goals for the next five years (which you can see on page 26).

We have tried to do something different in our Annual Report this year, at a time when it is more important than ever for shareholders, and other stakeholders, to understand and trust the business that they are investing in, partnering with and working for. As well as setting out the key components of the strategy in detail (pages 12 to 23), we have also revisited the underlying investment proposition for Taylor Wimpey (page 27) and reordered the year’s operating review by stakeholder (pages 30 to 41). Our hope is that this will enable all our stakeholders to understand how becoming a genuinely customer-centric homebuilder will add value to them specifically, and to the wider business.

Pete Redfern
 Chief Executive