

“Developing **best in class business resilience** and creating high-quality growth and returns by **putting customers first.**”

Why now?

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.

What does customer-centric mean?

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.

Our ultimate goal is to become a genuinely customer-centric homebuilder. To do this we have to commit to putting our customers and their communities at the heart of our strategy, ensuring that the focus of all key business decisions is on identifying customers' needs and earning their trust by delivering on our promises time and time again. 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.

How does becoming customer-centric add value?

Together with our response to the changes in the land and planning environment, our customer-centric strategy will offer further scope for differentiation and enable us to become the customer's first choice of homebuilder in all market conditions. This will make us a more efficient and resilient homebuilder throughout the cycle and ultimately enhance our brand and returns by:

1. Industry leading sales and service to customers through the cycle, providing increased resilience in weaker market conditions and a route to high-quality and sustainable growth
2. Optimising our strong landbank to deliver enhanced returns, by adopting a factory approach, to build more efficiently where there is market demand
3. Continuing to improve the operational business model to drive efficiency and reduce costs

Our strategy focuses on five key pillars



Becoming a customer-centric homebuilder

Best in class efficient engine room

i See pages 22 and 23

Customers and communities at the heart of our strategy

i See pages 14 and 15

Build quality: getting it right first time

i See pages 16 and 17

Optimising our strong landbank

i See pages 18 and 19

Becoming the employer of choice

i See pages 20 and 21

Customers and communities at the heart of our strategy

Each of the decisions we take, from the location of the land we buy, to the house types we choose and the location and timing of community facilities, has a significant impact on our customers' lives and their lifestyles. Understanding what our customers need has been a key priority for everyone at Taylor Wimpey. During 2017 and 2018, we conducted a wide ranging customer research project to help set our customer facing priorities.

We have made a significant step change in our business over the last four years and are pleased to have achieved a customer satisfaction score of over 90% as measured by the Home Builders Federation (HBF) survey. 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 NHBC 9-month 'would you recommend' score, as an additional KPI, which captures the feedback from customers living in their homes for nine months.

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.

Our customers have a very strong desire to become part of a community and to do so quickly after they move in. Our research showed that customers believe we should play a more active role in facilitating the relationship between the new residents, their new community and their neighbours. This is an area we will be exploring further in 2019 and we will be undertaking a number of pilots at a community level to test effectiveness and impact. Our customer research also shows a clear relationship between good placemaking and long term customer satisfaction.

What this means...

In practice

- Focus of all key business decisions is on identifying our customers' needs and delivering on them in a commercially sound way
- Increased customer research
- Piloting initiatives aimed at building community relationships
- Shared financial responsibility for affordability
- Renewed focus on placemaking
- Buy in from all the business
- Strong commitment to design and timing / location of infrastructure




Key priorities

- Ensuring that all stages of our build process are right first time
- Meeting our high standards consistently
- Trial a number of community projects within our developments
- Continue to embed our customer-centric culture and priorities within the business
- Continue to develop our placemaking skills

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Q&A Read more on page 6

Our KPIs

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Customer satisfaction
8-week score
'Would you recommend?'

90%



Customer satisfaction
9-month score
'Would you recommend?'

76%



Build quality: getting it right first time

Our customer research made very clear that this is an absolute foundation stone for customer satisfaction. Our customers rightly expect high-quality homes that are professionally built and free from defects. We believe that investment in quality upfront effectively benefits all stakeholders as getting it right first time saves significant time, cost and energy in putting things right. Having spent time and resources on ensuring the quality of products handed over to customers is consistent and meets our high standards, including the introduction of a Taylor Wimpey national quality manual, we are now focused on ensuring that a right first time approach is adopted consistently through all stages of build.

Quality product range

We build homes that people want to live in. We are proud of the homes we build and the communities we create. Our focus is on providing high-quality, well-designed, sustainable homes and communities that meet the needs and aspirations of local residents. Our mix of homes is informed by the local area. We continue to offer a wide range of homes from one-bedroom apartments to six-bedroom houses, with prices ranging from under £70k to over £3 million. In 2018 the proportion of apartments in our private completions was 12% (2017: 16%). The average square footage of our total completions also increased slightly to 1,017 square feet (2017: 1,013 square feet).

New house type range

During 2019, we will finalise our new house type range and begin the initial stages of the roll out. This has been developed using extensive customer research and will include further consultation with customers, with the objective of identifying customer needs while delivering as aspirational a product as possible, within practical and commercial limitations. This house type range will have the added benefit of reducing costs and will offer us new choices in how we deliver homes to our customers in a way that serves the needs of more customers effectively and adds additional value. We have also introduced a timber frame standard house type range and an apartment range, as we look to provide more affordable options to customers.

Quality assurance

We have clear quality and finish standards for all Taylor Wimpey homes and during 2017 and 2018 we continued to strengthen our quality assurance processes. Each one of our homes should meet our quality standards and we want every customer to receive excellent service.

During 2018 we rolled out our Consistent Quality Approach (CQA) guidelines to make sure our Site Managers, subcontractors, production and customer service teams all have a consistent understanding of the finishing standards we expect on all Taylor Wimpey homes. We are developing specific guidance within the CQA for the different trades working on our sites that will form part of our framework agreements with contractors in the future. We plan to produce a version of the CQA for customers in 2019 so they know what they should expect from us.

We have introduced the National House-Building Council (NHBC) Construction Quality Review score as a new KPI in the business which measures build quality at key build stages. In 2018 we scored an average of 3.93 (2017: 3.74) from a possible score of six. This compares with an industry average score of 3.68 and we have moved from 12th to 5th nationally over the last year. We aim to improve this further by ensuring our quality assurance processes are embedded at every stage of build. Our target is to achieve at least a four rating by 2020 for each regional business.

Innovation

We are also exploring how technology can help us improve quality. For example, using 3D animated drawings can help site teams to visualise site plans and improve accuracy. We have equipped our Site Managers with mobile devices they can use to help them monitor quality on site and reduce paperwork. This allows them to complete the Build Quality Checklist electronically, attaching photographs to enable them to better monitor progress.

What this means...

In practice

- Getting it right first time saves significant time, cost and energy in putting things right
- Increased customer satisfaction
- Sustainability benefits associated with achieving high-quality standards including greater durability, less waste and fewer resources used for repairs and maintenance
- New house type range offers customers more choices in all market conditions

Key priorities

- Ensuring that a right first time approach is consistently applied through all stages of build
- Roll out new house type range



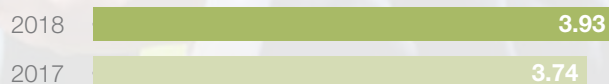
Our KPIs

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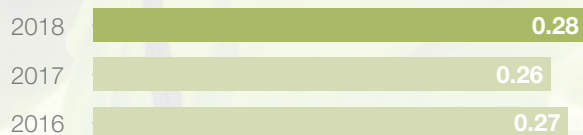
Construction Quality Review

3.93



Average reportable items per inspection

0.28



Optimising our strong landbank

The land and planning environment is structurally different in this cycle and is more balanced and effective today than at any point over the last 30 years. We are confident that, barring a fundamental change in Government policy, this will continue to be the case for the foreseeable future. Our investment and scale continue to be based on our view of land quality and capital risk in a cyclical market. Although the planning approval process remains complex and often slow, land is no longer the totally dominant constraint on the success and scale of our business and for the industry that it once was. The easing of this constraint means it is no longer a necessity to hold a very long landbank, and we are instead focused on delivering value and maximising returns from our land investments. One of our key strategic objectives is to work our existing landbank harder and smarter and reduce the length of the short term landbank by one year by 2023. We will do this by taking a more strategic approach to our build on site, adopting a factory approach, scaling up build teams on large sites, to align with the market demand, to deliver more homes. The short term owned and controlled landbank included 92 large (including 'super large') sites as at 31 December 2018. The increase in the proportion of large sites that we have seen in the market, and those we have secured in our land pipeline, brings both opportunities and risks. Our approach to these sites is core to our belief that we can deliver significant benefits to our customers and deliver further financial value to our shareholders.

We continue to see a key competitive advantage in our high-quality landbank. This remains an important driver of value as it enables us to build and sell the right product, create the right community and deliver the right service to our customers. Our short term landbank stands at c.76k plots (2017: c.75k plots), which have been sourced using strict criteria,

including location quality. Over 51% of this short term landbank has been strategically sourced (2017: 52%).

We currently have c.5.1 years of land supply at current completion levels in towns, villages and cities where customers aspire to live in all types of market and where they will be proud to call home (2017: c.5.1 years).

The average cost of land as a proportion of average selling price within the short term owned landbank remains low at 15.2% (2017: 14.8%). The average selling price in the short term owned landbank in 2018 increased by 0.4% to £281k (2017: £280k).

A key strength of Taylor Wimpey is our strategic land pipeline. This is an important input to the short term landbank and provides an enhanced supply of land at a reduced cost, giving us increased flexibility and choices. Importantly, it gives us greater control over the planning permissions we receive. We have one of the largest strategic pipelines in the sector which stood at a record of c.127k potential plots as at 31 December 2018 (31 December 2017: c.117k potential plots). During 2018, we converted a further 7,619 plots from the strategic pipeline to the short term landbank (2017: 7,863 plots). We continue to seek new opportunities and added a net 17.8k new potential plots to the strategic pipeline in 2018 (2017: 17.1k new potential plots). In the year, a record 58% of our completions were sourced from the strategic pipeline (2017: 53%).

What this means...

In practice

- Potential to increase pace of build and accelerate growth in 2020 depending on market conditions
- Increased cash generation
- Increased site efficiency
- Increased sales rates
- Enhanced dividend and returns

Key priorities

- Focus on delivering value and maximising returns from our investments
- Continue to acquire land at high returns and in quality locations where customers want to live
- Focus on getting outlets open in the right way for customers
- Embed factory approach to large sites



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Our KPIs

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Strategically sourced completions

58%

Land cost as % of average selling price on approvals

19.2%Landbank years **c.5.1**

Becoming the employer of choice

Our people are the backbone of our customer-centric approach and we are investing in their development to ensure they have the right skills and to help underpin our future growth. We aspire to be the employer of choice in our sector, offering a unique and valued employee experience by investing in our people, giving them more challenge, more ownership and more flexibility, where it counts. We were pleased to have been named in the top 10 places to work in the UK for 2019, by Glassdoor, as rated by employees, once again the only commercial housebuilder to make the list. This is the second consecutive year we have featured on the list, having ranked number 15 in 2018.

We may be a national homebuilder, but for customers, it is their interactions with the local site and sales team and regional office that matter. This is where their impression of Taylor Wimpey is formed and where we strive to prove to them that they made the right choice by choosing a Taylor Wimpey home. Embedding our approach to customers and getting buy in and commitment from our employees has been a key part of our strategy. During 2018 we ran a very successful engagement programme featuring emails, presentations, meetings and focus groups hosted by senior management across the country, as well as an all staff survey.

There is a skills shortage in our industry. To reduce the impact on our business and help reverse this trend, we are increasing the number of trades people we hire directly. This also has the benefit that it will increase customer satisfaction and underpin future growth. During 2018, we began our first direct labour model, increasing the number of trades people we hire directly (as well as through subcontractors). This includes both experienced trades people and new recruits to the industry, such as apprentices and people looking for a

career change. We piloted this approach in six regions during 2017 and 2018, focusing on five key trades: bricklayers, carpenters, scaffolders, painters and joiners. We currently directly employ 748 key trades including trade apprentices (2017: 581), a 29% increase on 2017. Our approach includes recruiting a greater diversity of candidates to join our apprenticeship schemes. This includes working with St Mungo's, one of our national charities, to support their long term unemployed clients to transition from their Train and Trade scheme into paid employment.

Through our learning and development initiatives, aimed at growing talent from within, we give our employees the opportunities and skills to become our future business leaders and develop their careers with Taylor Wimpey. We continue to expand and improve our early talent development programmes. Apprentices and apprenticeships will support our plans for direct labour. We will increase the numbers of apprentices in 2019 and will deliver a more consistent framework and development path for apprentices through the business. We are delighted to have been named as a top employer for graduates and apprentices by JobCrowd in 2018/19.

There is nothing more important to our Board or employees than health and safety. 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.

What this means...

In practice

- Attraction, recruitment and retention of a talented employee base is a competitive advantage that cannot be easily or quickly replicated
- Properly resourcing future growth
- Importance of employee buy in to strategy
- Increased commitment to customer service and Taylor Wimpey culture
- Increased employee and customer satisfaction

Key priorities

- Continue to prioritise health and safety at all levels of the business
- Create a more consistent framework and development path for early and ongoing talent management
- Focus on direct labour programme and roll out to all regional businesses
- Continue to engage our employees with the strategy and get their feedback
- Increase apprentices and our early talent programmes

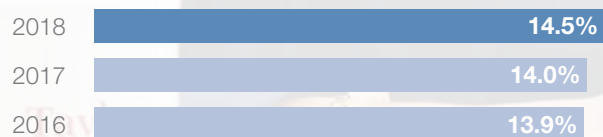


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Our KPIs

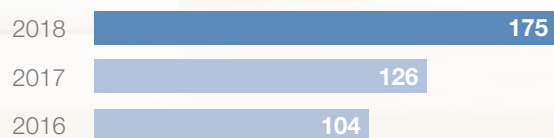
Voluntary employee turnover

14.5%



Number recruited into early talent programmes

175



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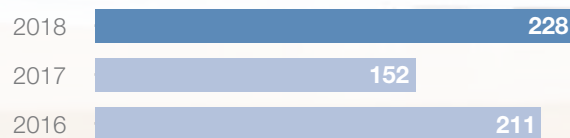
Directly employed key trades people, including trade apprentices

748



Health and Safety Annual Injury Incidence Rate (per 100,000 employees and contractors)

228



Best in class efficient engine room

As land and planning has become less of a constraint, the operational capacity of the industry as a whole has become more constrained through this cycle. We believe that having an efficient engine room, to protect and enhance value through the business is vitally important. Through structured investment and by developing our skills and supply chain, we believe we can grow the capacity of our operational business and our delivery capability. This will be an ongoing effort, and whilst it cannot be done overnight, we have started by putting in place a number of initiatives that will increase our capacity to deliver and, importantly, maintain and improve quality. We have begun this by strengthening and investing in our people and skills, including investment in direct labour, our apprentices, our production teams as a whole, as well as technology and process improvements.

It remains our belief that homebuilding is inherently cyclical and so we remain committed to retaining a strong balance sheet, not over stretching investment, and maintaining financial discipline. As announced previously, we have undertaken a cost and efficiency review to identify and validate opportunities for performance improvement and cost efficiencies. As a consequence, we have initiated a number of workstreams during the year which are primarily targeted at applying technology and standardisation to increase productivity.

We are prioritising research and development, seeking out new processes and products that can improve efficiency and sustainability, and also improve quality and the final product for customers. The build of our Project 2020 prototype homes in 2018, following our design competition with the Royal Institute of British Architects (RIBA), has been particularly useful in providing new insights.

We also balance our desire to improve quality with a focus on making our assets work harder for us and our stakeholders. As set out on page 18, we believe we can do more with our existing landbank by taking a much more strategic approach to our assets. This includes adopting a factory approach by increasing build and sales rates on large sites, in line with market demand.

Increasing the output from each factory also enables an improved workflow and consistency in quality of the finished home.

In the year, we achieved a 0.5 percentage point margin upside on completions from land acquired since 2009, compared with the expected margin at the point of acquisition. We achieve this optimisation of value by undertaking a series of thorough reviews of each site at all stages of its life cycle, using our value improvement and tracking processes to ensure that we are continually optimising and delivering the value within our land portfolio and capturing market inflation.

Supply chain security will deliver and drive build efficiency. We are working to strengthen our partnerships with the supply chain, and will be seeking greater collaboration to deliver solutions to build quality and efficiency issues on an ongoing basis.

Our scale affords us the benefit of strong purchasing power, and we can achieve significant cost savings across our regional businesses through national agreements with a number of suppliers. We continue to work to improve our relationships with our supply chain, both in procurement and via Taylor Wimpey Logistics, to deliver solutions to build quality and efficiency issues on an ongoing basis. Taylor Wimpey Logistics plays an important part in our supply chain management, providing us with an alternative route to delivery and aiding efficiency with the preparation of 'just in time' build packs for each stage of the building process. With focus and greater standardisation on process, compliance, house types, design, suppliers and through collaboration, we believe we can deliver a greater quality and efficiency from our supply chain. This includes increasing efficiency by reducing stock items and improving visibility on programming for material demands.

We aim to use natural resources efficiently and to reduce our impact on the environment. We are pleased to have reduced our emissions intensity by 38.7% since 2013. Whilst our emissions in 2018 increased to 24,837 tonnes of CO₂e (2017: 23,683), we are still on track towards our target of 50% reduction in direct emissions (scope 1 and 2) by 2023.


What this means...


In practice

- Cost and efficiency review to ensure value-added investment is properly tested and benchmarked
- Prioritising research and development, looking for better solutions
- Technology to free up valuable management time
- Seeking greater collaboration with suppliers

Key priorities

- Work together with suppliers to reduce inefficiency and cost
- Continue to work to reduce waste and emissions

 **Read more** on pages 6 and 7

 **Read more** in our 2018 Sustainability Report

Our KPIs

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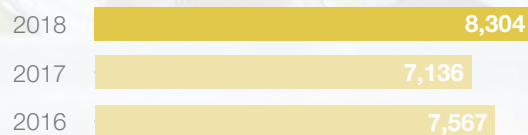
Net private sales rate

0.80



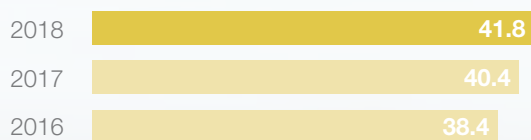
Order book volume

8,304



Private legal completions per outlet

41.8



Order book value

£1,782m

