

Building a sustainable advantage

In 2019, we completed 15,520 homes in the UK, excluding joint ventures, a record for Taylor Wimpey, and achieved a very strong sales rate of 0.96 sales per outlet per week, in line with our strategy. We were particularly pleased to do that at the same time as increasing build quality, as measured by the independent NHBC Construction Quality Review (CQR). This has been a key area of focus for Taylor Wimpey and we are proud to lead the volume housebuilders in this important measure.

However, 2019 has not been without its challenges. In fact, I would say that, in many ways, it has been one of the toughest we have faced in our recent past. In an environment where the political and economic outlook has been uncertain, sales prices have remained flat, but build cost inflation has increased. During this time, we have also continued to invest in processes and commit to areas that will benefit the long term business, including a significant increase in apprentices. We absolutely believe this is the right thing to do, but together with the increasing cost pressure, there was an impact on margins, reducing operating profit margin to 19.6%, down from 21.6% in 2018. We will continue to embed the improvements we have been making across the business, but there is no doubt that we come into 2020 with a renewed focus on cost discipline and process simplification.

Customers

Our customers have told us what matters to them: service, delivery timing and finishing quality; underlying build quality and consistency; and the creation of outstanding places and communities, and we have listened. This very consistent feedback has shaped what we do and what we invest in and measure. As a management team, we track a basket of measures relating to customer service, as no one measure encompasses all aspects of a customer's journey with us. This includes the Home Builders Federation (HBF) 9-month 'would you recommend' customer service score and the CQR score, which has continued to improve but, as measured by the HBF 8-week 'would you recommend' customer score, we have dipped to a four-star builder in 2019 (down from a five-star in 2018). The cut-off for five-star is 90% recommendation and we achieved 89.4%. Whilst we missed this by a very small amount, we have to be honest with ourselves that this isn't good enough, and having put a lot of time and resource into improving our customers' experience, we are disappointed. We are aiming to achieve the five-star rating, year after year and are pleased to be back operating at above 90% levels of customer satisfaction once again, as measured by recent surveys. As I said though, it's not just about one measure, and so we will be aiming to increase our 9-month customer service score to 80% and continue to deliver quality homes measured by a CQR score of at least four in each of our regional businesses.

Total dividend paid in 2019

£599.7m

2018: £499.5m

Return on net operating assets in 2019

31.4%

2018: 33.4%

Net private sales rate per outlet per week in 2019

0.96

2018: 0.80

Sustainability

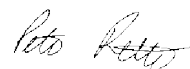
By integrating sustainability into the way we work, we firmly believe that we create a stronger business for the long term and generate more value for our customers, communities, people, shareholders and suppliers. Our separate Sustainability Report (which can be found on our website) sets out what we do in this area, but you will also see examples of this all the way through this report. Our commitment to sustainability is one of the ways we live our values (which we set out in more detail on page 2): taking responsibility for our impacts; treating our customers and stakeholders fairly; building communities we can be proud of; and contributing to a better tomorrow through our efforts to protect the environment. Environmental, social and governance (ESG) has always been an important part of working for Taylor Wimpey, and the social and governance aspects of the framework are very much seen as 'business as usual' by our teams, including our contributions and involvement in local communities, but in the area of the environment we can and should be doing more. The roll out of our environmental strategy is a focus for 2020, which will formalise the work we have ongoing in the business and go further in committing to more ambitious targets in key areas such as biodiversity and continuing to reduce our carbon footprint. We also plan to develop a science-based carbon reduction target by the end of 2020.

Health and safety

Health and safety is a shared responsibility in our business. Whilst cost and process simplification is a key priority for our business in 2020, health and safety is not an area that we are prepared to compromise on. We are pleased that our Annual Injury Incidence Rate (per 100,000 employees and contractors) has reduced further to 156 in 2019 (2018: 228), but we cannot afford to be complacent. This is the area of our business which must, and will, always come first, not just for Site Managers and employees on site, but for the whole business.

2020 priorities

2020 will be a year of renewed focus on simplification, delivery and cost efficiency. Our goals remain being a customer led, high-quality business and the employer of choice, in our sector. Key to all of this, is the underlying objective of doing the right thing for our customers and building a strong and resilient business, which will perform well during the cycle, in all market conditions. We have seen real improvement in key areas of investment (that range from technology on site, to placemaking and production improvements) but no matter how necessary they have been, they inevitably take us away from the 'day job'. We don't want to lose the good things we have been doing and that are now very much business as usual, but by reducing new change, the focus on 2020 switches from implementing these processes to really making sure we deliver the value from the changes we have made. Employee buy in is key and we continue to have very engaged and hardworking employees at every level in the business. This very clear focus on cost and value has been very well received by the business. I am looking forward to visiting all the regional businesses this year, alongside some of our senior team, to listen to their feedback, answer their questions and update the teams on our progress.



Pete Redfern
Chief Executive

OUR PRIORITIES FOR 2020

- Cost and simplification focus
- Apprentice and direct labour programmes
- Continuing to plan for the reduction and removal of Help to Buy
- Smoothing (e.g. delivering a more even profile of completions through the year)
- New house type range
- Customer service
- Focus on value
- Environmental strategy



What makes Taylor Wimpey different

Our culture makes us stand out. Our employee engagement survey highlighted a number of high scoring areas. We received responses from 67% of employees invited to take the survey. A total of 97% of these employees agree we are committed to being an ethical and responsible company, 98% agree we take health and safety seriously, 96% agree we are committed to delivering the best customer experience, and 95% believe we are committed to being a more inclusive organisation. The survey also highlighted a number of areas where our employees think we have room for improvement. These included how teams collaborate and work together, our personal development planning process, and giving employees the tools and technology to do their job effectively.

During the year, we ran an internal campaign, asking our people what our new simplified values mean to them personally. This was very successful with numerous videos, posts and images posted on our internal communication channel. Some of these people are featured throughout the Annual Report, setting out in their own words what makes Taylor Wimpey different.

Read more about how the Board monitors culture on page 71