

The Taylor Wimpey difference

Our Company purpose is to deliver new homes within thriving communities, in a safe and environmentally responsible manner, with customers at the heart of our decision making and consideration of the potential impact on wider stakeholders.

We aim to deliver our strategy in a way that makes a positive contribution to all stakeholders, particularly our employees, the communities we operate in and the environment. This will help build a sustainable advantage and deliver leading financial returns with strong and reliable cashflows through:



1. Our strong culture and values

We have a culture embedded throughout the business of 'doing the right thing'. Our reputation is important to us and we will not compromise the character of the business. This is increasingly important in a politically sensitive industry and with increased scrutiny and customer expectations.

We have been named in the top 50 places to work in the UK for 2020, by Glassdoor, as voted for by employees for the third consecutive year

Employee engagement rate
93%

Health and Safety Annual Injury Incidence Rate (per 100,000 employees and contractors)
156

2018: 228

Voluntary employee turnover
12.9%

2018: 14.5%



2. A renewed focus on sustainability

Whilst short term performance is important, we run the business for the long term. This underpins our approach to the investments into build quality and in developing our people. We also need to be prepared to respond to changes in our regulatory environment and want to play our part in tackling climate change. In an industry with a well-known skills shortage we see a long term benefit in our apprentice and direct labour programmes.

We are a member of the NextGeneration benchmark and were awarded Silver in 2019

Construction Quality Review score
4.13

2018: 3.93

Number of people recruited into early talent programmes
116

2018: 175

Directly employed key trades, including trade apprentices
1,169

2018: 748



3. A well invested, quality landbank and strong balance sheet

Our high-quality landbank remains a key competitive advantage and 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. We have an excellent short term landbank and strategic land pipeline, as measured by scale, quality of location and embedded margin. This gives us flexibility and options. Together, with our strong and well capitalised balance sheet, this means we can be very resilient through the cycle.

Strategic land pipeline – potential plots
c.140k

2018: c.127k

Land cost as a % of average selling price on approvals
16.2%

2018: 19.2%

Short term landbank – plots
c.76k

2018: c.76k

% of completions from strategically sourced land
56%

2018: 58%



4. Growth at the right time in the cycle

We have the ability to grow, without compromising on quality or adding meaningful market risk at the right time in the cycle. Whilst volumes for 2020 are expected to be slightly down on 2019, our factory approach to build can drive faster and more controlled growth which can be scaled up to deliver increases in volumes and cashflow on existing assets, depending on market conditions. Our differentiated approach to apprentices and direct labour provides us with a different kind of workforce that is flexible, high quality and part of the Taylor Wimpey culture, offering a route to high-quality growth.

Net private sales rate per outlet per week
0.96

2018: 0.80

Orderbook value
£2,176m

2018: £1,782m

Private legal completions per outlet
48.2

2018: 41.8

Landbank years
c.4.8

2018: c.5.1



5. Cash generation, enabling significant and reliable returns to shareholders

We are a cash generative business and believe we can sustain this in times of market weakness, due to the strength of our balance sheet, the quality and length of our landbank and consequently the control we have over the timing of land investment. Our aim is to provide a reliable income stream to our shareholders.

Return on net operating assets**
31.4%

2018: 33.4%

Cash conversion**
82.6%

2018: 92.6%

Net cash†
£545.7m

2018: £644.1m

† Definitions and reconciliations of our Alternative Performance Measures (APMs) to the equivalent statutory measures are included in Note 32 of the financial statements

** Read more about our stakeholders on pages 32 to 43

†† Read more in our 2019 Sustainability Report

Our approach to paying dividends

Subject to shareholder approval each year, the Company will pay an ordinary dividend of approximately 7.5% of Group net assets, which will be at least £250 million per annum. This is intended to provide a reliable minimum annual return to shareholders throughout the cycle, including through a 'normal downturn', and will be paid equally as a final dividend (in May) and as an interim dividend (in November). This Ordinary Dividend Policy was subject to prudent and comprehensive stress testing against various downside scenarios, which also included a reduction of 20% in average selling prices and a 30% reduction in volumes.

The payment of ordinary dividends will continue to be supplemented by additional significant special dividends at appropriate times in the cycle. Our Special Dividend Policy will pay out to shareholders the free cash generated by the Group after land investment, all working capital, taxation and other cash requirements of the business in executing our strategy in the medium term, and once the Group's ordinary dividends have been met. We have paid a special dividend in each of the last six years. Over the past six years we have paid a total of £2.3 billion in ordinary and special dividends to our shareholders.

As previously announced, subject to shareholder approval at the 2020 AGM scheduled for 23 April 2020, we intend to pay a minimum ordinary dividend of £250 million per annum (c.7.6 pence) (2019: £260 million) and c.£360 million (10.99 pence) to shareholders in July 2020 by way of a special dividend (2019: £350 million).

Accordingly, subject to shareholder approval, in 2020 shareholders will receive a total dividend of c.£610 million (c.18.6 pence per share).

2019 paid to shareholders

Annual ordinary dividend
£249.8m

Special dividend
£349.9m

Total dividends

£599.7m

2020 subject to shareholder approval

Annual ordinary dividend
c.£250m

Special dividend
c.£360m

Total dividends

c.£610m