Our investors

We are focused on delivering strong financial performance, in the right way.

OUR FOCUS

Progress for 2019

- Continued to report in line with best practice disclosure
- Embedded strategy within the business
- Continued to deliver cost and efficiency programme
- Returned £599.7 million to shareholders via total dividends in 2019

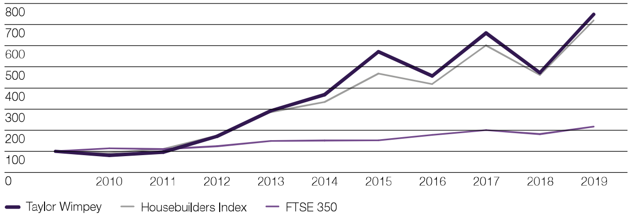
Priorities for 2020

- Simplification, delivery and cost efficiency
- Roll out of our environmental strategy
- Develop a science-based carbon reduction target
- Previously announced c.£610 million to be paid to shareholders, subject to shareholder approval

% Read more on page 24

PR Read more on pages 45 to 53

Total shareholder return



Source: Thomson Reuters Datastream.

£ Read more on pages 108 and 109

What we do

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.

Our shareholders own a business which has a strong, well capitalised balance sheet with a high-quality landbank and experienced management team, which provides a reliable annual income stream, via an ordinary dividend of at least £250 million and additional special dividends at the appropriate time in the cycle. Putting our customers' needs and desires at the heart of our business will help build a sustainable advantage and deliver leading financial returns with strong and reliable cashflows. We run the business for the long term, not for short term gain, and whilst we seek to maximise opportunities, it is weighed up against our cautious and disciplined nature. We are focused on delivering strong financial performance, in the right way.

Why is it important for all stakeholders?

Our customer-focused approach will offer further scope for differentiation and will add additional value to our shareholders and other stakeholders.

Our Annual Report and Accounts sets out our investment case, as told by our employees in their own words. More details can be found on what makes Taylor Wimpey different on pages 1 to 13.

It remains our belief that homebuilding is inherently cyclical, and we remain committed to retaining a strong balance sheet, not over stretching investment and maintaining financial discipline.

Dividends and returns

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.

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: £250 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).

Progress, challenges and priorities

We had a number of successes in 2019 but also challenges. In an environment where the political and economic outlook has been uncertain, sales prices have remained flat, but build costs have increased. During this time, we have also continued to invest in processes and commit to areas to benefit the long term business, including a significant increase in apprentices, but together with the increasing cost pressure, there has inevitably been a short term impact on margins.

In 2019, we implemented many of the steps, outlined in our strategy to improve our customer proposition, increase the quality and consistency of our homes and underpin the long term sustainability of our business. Our teams produced an industry leading sales rate, our highest ever, whilst at the same time increasing our quality as independently measured by the NHBC. We have made good progress throughout 2019 improving our quality and our customer offering. In the year, we introduced additional quality checks and added Quality Managers to support Site Managers across our business and increased our apprentices to over 630 as part of our direct labour initiative. These measures have upfront and ongoing costs but will lead to future benefits and are important to the long term success of the business.

2020 will be a year of renewed focus on simplification, delivery and cost efficiency. The easing in build cost pressures seen in late 2019 has been maintained, and we expect build cost inflation in 2020 to be around 3%. We are focused on reducing underlying costs to mitigate future build cost inflation. This very clear focus on cost, simplification and value has been well received by the business with employees engaged at every level. Volumes for 2020 are expected to be slightly lower and we will be targeting a slightly lower sales rate as we focus on capturing value. We aim to maintain 2020 operating profit margin broadly in line with 2019. Operating profit margin in the first half of the year will show pressure from 2019 build cost inflation and selling prices and long term investment in quality and business improvement, with margin improvement expected in the second half as cost initiatives improve performance. Margin remains a key priority for the Group and we have reconfirmed our medium term target to deliver operating profit margins of c.21-22%, assuming market conditions remain stable.

Read more on page 21

Material issue:
Governance and management MI

"For a stable, well managed, well capitalised business like Taylor Wimpey it does pay to put yourself slightly ahead – it shows progressive thinking and a management team that is aware of the risks."

Investor feedback from materiality assessment 2019

SR Read more in our 2019 Sustainability Report

During 2019 we conducted a materiality assessment to help us to identify and focus on the sustainability issues that matter most to our business and our stakeholders. Our investors told us that environmental, social and governance (ESG) are high on their agenda.

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 plan to develop a science-based carbon reduction target by the end of 2020.