

Our business model

What we do



How we make money



Critical relationships



Key resources

**We are one of the UK's leading homebuilders.** We invest in land and develop high-quality homes and communities for customers in our 22 UK regional businesses and in our small Spanish operation.

**We manage the homebuilding process through the value chain** from original land investment decision to customer completion and after sales service.

**We invest in our highly engaged and talented employees** who are crucial to our success.



Our value chain

**Creating**

Make the right land investments



**Enhancing**

Manage the planning process



**Protecting**

Design and develop sustainable homes



**Optimising**

Build efficiently and deliver for our customers



**Realising**

Support customers through the homebuying process



**Reinvesting and returning**

Reinvest for growth or return value to shareholders



## Our business model continued

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### Key resources

## 1 Make the right land investments

We create value by buying land at the right price, using our longstanding land and planning expertise, enabling us to create high-quality developments in places customers want to live.

Our teams work to understand local housing needs in selecting the right locations and developing these through the planning system.

A detailed commercial assessment is established before we bid for land, including an assessment of local demographics, full costing of the site to development, and specific commercial and technical considerations. Site evaluation involves all areas of our regional business unit management teams, including land, sales and marketing, commercial, production, technical and finance.

### Highly experienced teams

We invest in and develop our landbank and strategic land pipeline. There are two main types of land. Short term land, is land that has some form of planning for residential development, though it may still be months or years from attaining implementable planning allowing us to build.

We are also highly experienced in developing a second type, strategic land, which is land without any form of approval for residential development.

Our highly experienced strategic land teams often work on land long before it is earmarked for development. The majority of our strategic pipeline is not owned but is controlled by option agreements.

There can be no certainty that strategic land will achieve planning permission, but we only include plots in our pipeline where we see a greater than 50% probability of success. Our experienced team has a strong track record of identifying land that could become part of future local development plans, with over 50% of our landbank originating from the strategic pipeline.

This crucial first step in

# creating

value



## 2 Manage the planning process

Our highly experienced land teams work closely with local authorities and other regulators to deliver our developments, meeting increasingly complex technical, environmental and health and safety requirements. We strive to open our sites as efficiently as possible. However, the time between acquiring land and opening our sites is dependent on the site-specific planning status and conditions.

### Working with local authority partners

Short term land is land that has some form of residential planning permission. The type of permission can vary from 'resolution to grant' (RTG) status or 'outline planning', meaning it is permitted for residential development but the nature of that development (aesthetics, housing mix, density etc.) is still to be agreed. Progressing our land from those stages to 'implementable planning' (when we are permitted to start on site), can take months or even years. During this process our land, design, technical, production and legal teams consult with local authority partners and other interested parties to resolve issues and achieve the required permits to move our projects forward.

### Preparation for infrastructure

Appropriately, there is a significant administrative burden to overcome before we can commence building. For example, we have to work with the Highways Agency, services such as electric, water and sewers, and establish infrastructure such as roads before we can start building homes on our sites.



### Detailed planning

The final stages are achieving 'detailed planning', and after satisfying any pre-commencement conditions, we attain implementable planning, allowing us to start on site.

It is vital that we engage and consult with local communities to explain our plans throughout the planning process. Whilst we may not always achieve universal acceptance, we do our best to outline the benefits of our project and to minimise disruption to local residents.

### Resolving issues

As stated, we engage with communities and key stakeholders on all of our proposed developments. However planning can be a contentious area. Our developments are sometimes challenged, and we may have to work with local residents and authorities to resolve issues and even appeal decisions through the legal process if a project has stalled and we believe we are fully meeting our obligations.

### Affordable housing and community facilities

We create much needed housing and, as part of our planning obligations in 2023, 23% of our completions were affordable housing. We create significant local economic benefit, including employment, and through our planning obligations, build or fund the building of schools, leisure and recreational facilities.

## Enhancing

our land assets and our strategic land pipeline



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3 Design and develop sustainable homes

We design homes to meet the needs of our customers today and in the future. We build energy efficient homes that meet or exceed the regulatory requirements and we now deliver sites with greater biodiversity than prior to our involvement.

We use a digital platform called LEADR (Land and Environment Assessment of Development Risk) for assessing and managing sustainability and technical risks associated with land during the acquisition and construction process. (Read more on page 55)

We focus on good placemaking which means that we consider how our developments work as a whole and how they will contribute to a thriving community. We design places where our customers can live well, feel part of a community and adopt an active, more sustainable lifestyle, establishing attractive landscaping, and shared communal and recreational areas. We design carefully considered street scenes and consider how our developments interact with existing nature and our nature enhancements.

Our plotting expertise and standard house types enable us to protect value. Good plotting means we are using our land resources efficiently and our standard house types helps us maintain high quality through contractor familiarity with our processes and materials and our ingrained quality control processes.

Our new house types were designed following extensive customer research and focus groups.

Protecting

land use via plotting and value through our efficient design and standard house types



4 Build efficiently and deliver for our customers

The health and safety of our employees and subcontractors is our number one priority.

Accurate budgeting and active management enable us to set up our sites to deliver on our targets. Our Taylor Wimpey Logistics and central procurement functions enable us to optimise our efficiency. We focus on optimising the value of our investments by managing sites consistently.

We are delivering value by getting the basics right with right first time build leading to consistent delivery for customers and higher satisfaction. We are regularly one of the highest independently rated volume builders in terms of construction quality.

We aim to make Taylor Wimpey the partner of choice in our industry. Maintaining excellent supplier and subcontractor relationships is key to ensuring the highest standards on our sites.

Optimising

value, by working with our partners to focus on quality and efficiency



5 Support customers through the buying process

We realise the value created through the preceding stages and create future value by maximising our sales potential and protecting and building our brand and reputation.

Our large database and IT systems, enable our highly trained sales teams to identify customers and effectively manage our interactions throughout the buying journey.

This includes status reports, lead generation, and up to date management dashboards.

Our dedicated sales teams work with our customers to understand their needs, in relation to their preferred options that suit the way they want to live. This can include individually tailored incentives of home options or financial incentives to assist them in completing their homebuying journey.

Realising

value created by focusing on creating a positive homebuying journey

Reinvesting and returning

By protecting and optimising value through the value chain we are able to maximise value to return to our shareholders and for reinvestment in the business.

Our Ordinary Dividend Policy is to return 7.5% of net assets to shareholders annually or at least £250 million, throughout the cycle. In 2023, we returned £338 million to shareholders through ordinary dividends paid in the year.

**i** To read more about our capital allocation framework see page 37







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#### A value mindset

We offer a high-quality standard product range which is adaptable to local planning requirements, to ensure a consistent high-quality offering for our customers. Our central logistics and procurement functions ensure we achieve the benefits our scale affords.

We have built up our expertise, national position and trusted reputation over many years.

In line with our culture of 'doing the right thing', our experienced teams and trusted partners – enabled by our capital and infrastructure – are focused on delivering a high-quality product for our customers.

We are focused on delivering quality homes for our customers and optimising value for our stakeholders.

As one of the UK's largest homebuilders, we have built a national presence via our 22 regional businesses, enabling us to deliver for customers in England, Scotland and Wales, with a small business in Spain.

Whilst our business model is straightforward, delivery involves the management of complex partnerships and processes throughout our value chain while maintaining the agility to adjust to varying market dynamics.

#### UK regional businesses

# 22

covering England, Scotland and Wales, providing truly national coverage for our customers



#### Upfront investment

Investing wisely in our land assets is the first step in establishing value, enabling us to use our expertise and tight operational controls to enhance and protect that value throughout the value chain.

We make our money when we complete a home, and our customer is able to move in. This can be several years on from our initial land investment decision.

Our ability to effectively deploy our balance sheet and retain our focus on value from initial land acquisition to home completion is vital.

We manage our investment closely to ensure we are maximising stakeholder value, staying alert to opportunities in the land market and adjusting our work in progress to meet market demand.

Ahead of bidding for land, we conduct a land purchase exercise (LPE), which involves the detailed costing of a proposed development, determining the margin profile and risk parameters that are acceptable to us.

Alongside our owned landbank, our strategic pipeline allows us to develop land in a balance sheet efficient way. We own around a quarter of our strategic pipeline and control the remainder. For the controlled portion we pay an option fee giving us the right to buy land at certain milestones rather than buying it outright.

We then buy this land when we have achieved a certain planning status. This enhances our visibility of future years land supply and allows us to be selective in the short term land market.

#### Land value

# £3.3bn

(2022: £3.4bn)



#### Key costs

Our key costs are land, building materials, labour and central overheads including design, finance, legal and administrative functions.

We operate with tight cost discipline and, over the past few years, have invested to improve management information systems, enabling us to keep close control on costs across our business.

We have also invested in a customer relationship management system to enable us to better target potential customers and better manage our relationships with existing customers and support them through their buying journey.

By developing excellent long term partner relationships with suppliers and subcontractors and deploying modern methods of construction, we are able to drive efficiencies across the business. Increasing subcontractor familiarity with our processes enables us to build right first time.

Utilising standard product helps us to achieve economies of scale from our suppliers. Standard product and procedures improve the efficiency of our build.

#### In 2023, we delivered

# c.£19m

of annualised savings



#### Margins

We protect our margin throughout our value chain. However, current margin has been impacted by falling industry demand and rising costs.

We embed margin into our initial LPE and closely monitor our progress through the design and development stages to ensure we are meeting our targets and utilising our enhanced planning and management information.

Against a backdrop of rising regulatory costs, we work on continuous business improvement to identify efficiencies and cost savings across the business. This allows us to optimise margin in times of higher demand whilst minimising margin impact in times of lower demand.

We have made significant reductions in our cost base over the past two years to reflect lower demand and protect margin. However, we have maintained a national footprint to enable us to capitalise on a stronger market in future years.

Upgrade options and financial incentives for our customers are a useful tool to cement interest, particularly in weaker markets. We carefully manage our offer in this regard since this directly impacts our profit margin. All reported selling prices are net of incentives.

#### Group operating margin\*

# 13.4%

(2022: 20.9%)

\* Definitions and reconciliations of our APMs to the equivalent statutory measures are included in Note 32 of the financial statements. Please see page 81 for definitions.

**i** Read more about our performance through our KPIs on pages 31 to 35 and about our Principal Risks on pages 74 to 77

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#### Critical relationships across our value chain



##### Suppliers and subcontractors

Our suppliers and subcontractors play a major role in our business. We choose suppliers carefully, selecting partners that share our values. We have quarterly meetings with all UK national suppliers. We provide training and support for subcontractors in areas such as health, safety and environment and engage with them in product development.

Group suppliers are required to confirm compliance with our standards via our digital tender system. Our subcontractors sign up to Taylor Wimpey's code of conduct, agree to our quality standards and are added to our subcontractor portal to enable us to accurately monitor progress.

##### Government

We work with central government on issues connected to the UK housing and business agenda. We use our industry expertise to give central government our views on proposed legislation and policy changes.

We also engage with government agencies such as the Environment Agency and the Highways Agency.

##### Local authorities

We engage with local government across the UK as part of the planning process for our developments. We place significant importance on engaging with local government as it helps us reflect local priorities in our plans.

We engage with local authorities and parish councils and councillors and participate in the development of strategic frameworks, Local Plans and Neighbourhood Plans.

Wherever possible, we engage with planners through pre-application discussions.

##### Customers and communities

Our customer proposition is closely tied to our purpose and centres on building great homes and creating thriving communities.

We have a consistent and thorough community engagement process, with a framework in place that provides clear procedures for all of our regional businesses.

We engage with local communities at every site, from planning and throughout construction, including through meetings, exhibitions, workshops, newsletters, information boards, social media and our website. Engagement can be both face-to-face and virtual and helps us create developments that reflect local needs.

#### Key resources we rely on



##### Materials

Our key materials include brick, timber and roof tiles. Other items include external and internal doors, insulation and we increasingly use triple glazing and solar panels on our homes. We use a small amount of steel, mostly related to fixings. Other common materials include wiring, paint, gypsum (plasterboard), flooring and white goods. We seek to minimise supply chain disruption by operating at least a dual supplier strategy for key components.



##### Environment and climate

It is important that we work with our environment in the least disruptive way possible to provide attractive places to live for our customers and help preserve the UK's biodiversity. Building can be disruptive to the natural environment and construction is a major contributor to carbon emissions. We have targeted becoming net zero carbon by 2045, five years ahead of the Government target.

Our developments will now add to biodiversity (by at least 10% on site or via offsets where this is not achievable on site).



##### Workforce

Taylor Wimpey UK has around 4.5k employees. We have highly experienced and dedicated technical teams throughout our 22 regional businesses and in our head office, with expertise in land and planning, legal, commercial, production, technical, design and sales and marketing.

We manage each of our sites with our own team of Site Managers, health and safety personnel and Production and Technical Managers.



##### Regulatory and legal environment

We recognise the need for updated regulation to tackle areas such as limiting climate change and we regularly cooperate with the Government on consultations around changing building regulations such as the Future Homes Standard.

We believe changes to the current planning system are required to ensure there is sufficient future land supply to meet the UK's housing needs.