



**12 January 2015**  
**Taylor Wimpey plc**  
**Trading statement for the year ended 31 December 2014**

Taylor Wimpey is issuing the following update on trading ahead of its full year results for the year ended 31 December 2014, which will be announced on 3 March 2015.

**Overview**

Pete Redfern, Chief Executive, commented:

“As we enter 2015, we are encouraged by the more balanced market conditions, with a lower rate of price growth, which should create a healthy and more sustainable housing market. This is good news for homebuyers and underpins our confidence in developing and growing our business.

Taylor Wimpey starts the year in an excellent position and whilst the global economic outlook is uncertain, in the UK we have an environment of sensible mortgage regulation and a reduced risk of UK interest rate increases in the near term. Overall we believe that the market and political risk for our sector is balanced and will allow Taylor Wimpey to continue to make significant progress towards our medium term targets.”

**UK current trading**

During the second half of 2014 we saw a return to a healthier and more balanced housing market after a very strong first half of the year. The UK housing market continues to grow and, since our interim management statement on 11 November 2014, we have continued to see positive signs, with prices increasing slowly as previously described. This is underpinned by solid consumer confidence and good mortgage availability and affordability.

Against this backdrop, and in line with our strategy, we have continued to grow steadily and sustainably, delivering increased completions and creating additional value.

In 2014, total home completions increased by 6% to 12,454 (including our share of joint venture completions), up from 11,696 in 2013, of which 17% were affordable home completions (2013: 18%). Our net private reservation rate for the full year was 0.64 homes per outlet per week (2013: 0.62) with cancellation rates of 14% still at low levels (2013: 13%).

Average selling prices on private completions increased by 11% to £234k (2013: £210k). This increase is both a result of our underlying shift to better quality locations and capturing market sales price increases. Our overall average selling price has increased by 12% to £213k (2013: £191k).

We enter 2015 with a record order book, which has increased in value by 12% to £1,397 million as at 31 December 2014 (31 December 2013: £1,246 million), excluding joint ventures, driven largely by the strength of private reservations. This order book represents 6,601 homes (31 December 2013: 6,627 homes). We view this as the optimum size for the business at this point in the cycle.

**Land portfolio, planning and outlets**

The short term land market remained balanced and disciplined throughout 2014. As stated previously, whilst we continue to source and invest in short term value-creating land opportunities at similar margins to 2013, we have reached our optimal short term landbank size and so our strategy is to maintain, rather than grow, this proportion of our landbank.

The strength and quality of our strategic land pipeline is a key differentiator for Taylor Wimpey. We are particularly pleased to report a record performance during 2014, where we converted over 9k plots from the strategic pipeline into the short term landbank.

We enter 2015 with 305 outlets (31 December 2013: 314), with the decrease due to faster outlet closings in a healthier market and the time required to meet additional planning permission requirements to start working on site. We expect the total number of outlets to increase in 2015, reflecting our success in the land market and our continued focus to get newly acquired sites and phases opened properly and efficiently.

### **Spain current trading**

The Spanish market remains stable. Our newly acquired sites performed well during 2014 due to their better quality locations and have driven a significant improvement in performance. During 2014, we completed 164 homes (2013: 118) at an average selling price of €250k (2013: €229k). The total order book as at 31 December 2014 stands at 233 homes (31 December 2013: 195 homes). The Spanish business will deliver an improved operating profit\* for 2014 (FY 2013: £0.1 million operating profit\*).

### **Group financial position**

The Group will report an improved full year operating margin of slightly over 400 basis points ahead of FY 2013 operating profit\* margin (FY 2013 13.6%).

We are pleased to report that we ended the year with net cash of c.£113 million, which is slightly ahead of expectations and significantly ahead of the prior year (31 December 2013: £5.4 million net cash). This is largely as a result of outperformance in underlying trading, whilst at the same time continuing to invest in our landbank as we approached our optimal scale.

### **Outlook**

We welcome the Government's Autumn Statement announcement of a reform of Stamp Duty Land Tax payments to a more progressive system, which we believe will help more homebuyers to get onto and move up the property ladder. With the upcoming General Election in May, housing continues to remain high on the political agenda with recognition of the importance of housebuilding to the economy and the need for more quality homes in the UK. Whilst the macro economic outlook is uncertain, with a reduced risk of UK interest rate increases in the near term and sensible mortgage regulation, we believe that the market and political risk for our sector is balanced as we enter 2015, and the outlook remains positive.

We start the year in an excellent position, with our active sites and future outlets in great quality locations where people want to live. Our strategy has been and remains to deliver ongoing and sustainable increases in volume and margin over the medium term. We are confident that in current market conditions we can deliver significant progress against these objectives in 2015.

2015 is the first year of our 2015 - 2017 medium term targets, which we announced in May 2014. We are well placed to make a strong start to 2015 and are confident that we will continue to demonstrate significant progress through the year.

\* Operating profit is defined as profit on ordinary activities from continuing operations before net finance costs and exceptional items, after share of results of joint ventures.

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Notes to editors:

Taylor Wimpey plc is a UK-focused residential developer which also has operations in Spain. Our vision is to become the UK's leading residential developer for creating value and delivering quality.

For further information, please visit the Group's website:

[www.taylorwimpey.co.uk](http://www.taylorwimpey.co.uk)

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