

11 January 2017

Taylor Wimpey plc

Trading statement for the year ended 31 December 2016

Taylor Wimpey is issuing the following update on trading ahead of its full year results for the year ended 31 December 2016, which will be announced on 28 February 2017.

Overview

Pete Redfern, Chief Executive, commented:

“We are pleased to report good progress in 2016, with an increase in housing completions and robust trading despite wider macroeconomic uncertainty. In a market characterised by solid fundamentals, we ended the year with a strong forward order book and made good progress against our enhanced medium term targets. We expect to deliver full year profitability at the upper end of market consensus[†]. Looking ahead, we remain confident that our disciplined strategy will enable us to continue to deliver value over the long term.”

UK current trading

Against the backdrop of a stable housing market in 2016, we continued to see good demand and solid trading into the second half of the year, despite wider macroeconomic uncertainty. Customers continue to benefit from a wide range of mortgage products and low interest rates with customer confidence remaining robust. We have continued to make good progress towards each of our enhanced medium term targets during 2016.

In 2016 total home completions increased by 4% to 13,881, including our share of joint venture completions (2015: 13,341). During 2016 we delivered 2,663 affordable homes (2015: 2,509), equating to 19% of total completions (2015: 19%). Our net private reservation rate for 2016 was 0.72 homes per outlet per week (2015: 0.73). Cancellation rates remained low at 13% (2015: 12%). The mix impact of better quality locations continued to have a positive impact with average selling prices on private completions increasing by 13% to £286k (2015: £254k). Our overall average selling price increased by 11% to £255k (2015: £230k).

We ended 2016 with a year end order book valued at £1,682 million as at 31 December 2016 (31 December 2015: £1,779 million), excluding joint ventures, with a small fall in the average selling price largely due to a number of high value Central London completions in December 2016. This order book represents 7,567 homes (31 December 2015: 7,484 homes). We enter 2017 with 285 outlets (31 December 2015: 297).

Land portfolio and planning

The short term land market continued to be positive throughout 2016. As planned, we operated at broadly replacement levels.

As at the end of December 2016, our short term landbank stood at c.76k plots (2015: c.76k plots), having successfully converted over 9k plots from the strategic pipeline into the short term landbank (2015: c.9k). Looking ahead, we remain mindful of the wider macroeconomic

uncertainty created by the outcome of the EU Referendum. In line with our disciplined strategy and with the benefit of a long landbank and underpin of strategic pipeline, we will continue to be selective in further land investment.

Spain current trading

The Spanish market continued to be positive. We completed 304 homes in 2016 (2015: 251) at an average selling price of €358k (2015: €315k). The total order book as at 31 December 2016 stood at 293 homes (31 December 2015: 270 homes).

We expect to report a significantly improved operating profit* for the Spanish business in 2016 (2015: £10.0 million operating profit*).

Group financial position

In 2016, the first year of operating towards our enhanced medium term targets, the Group expects to report an improved operating profit* margin of c.20.8% (2015: 20.3%) and a return on net operating assets** of over 30% (2015: 27.1%).

We ended the year in a strong position with net cash of c.£365 million (31 December 2015: £223.3 million net cash), due to the strength in underlying trading and after the payment of £355.9 million of dividends to shareholders in 2016 (2015: £308.4 million).

We remain confident in our ability to pay significant dividends through the cycle, and are focused on our medium term target for dividends which is to pay a total of £1.3 billion of dividends in cash to shareholders over the period 2016-2018.

Outlook

We start the year in an excellent financial and operational position with significant embedded value in our short term landbank and strategic pipeline. We expect to demonstrate further progress throughout 2017 against all of our medium term targets, delivering increased returns for our shareholders and focusing on areas of the operational business where we can add value, including driving further improvements in our customer service processes and product quality.

† Company-compiled consensus forecast for 2016 Group full year EBITA range (£706.4 million - £755.0 million).

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

** Return on net operating assets is defined as 12 month rolling operating profit divided by the average of the opening and closing net operating assets, which is defined as net assets less net cash less net tax balances, excluding any accrued dividends.

-Ends-

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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

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