

Taylor
Wimpey | plc

Full Year Results Presentation
for the year ended 31 December 2016

28 February 2017

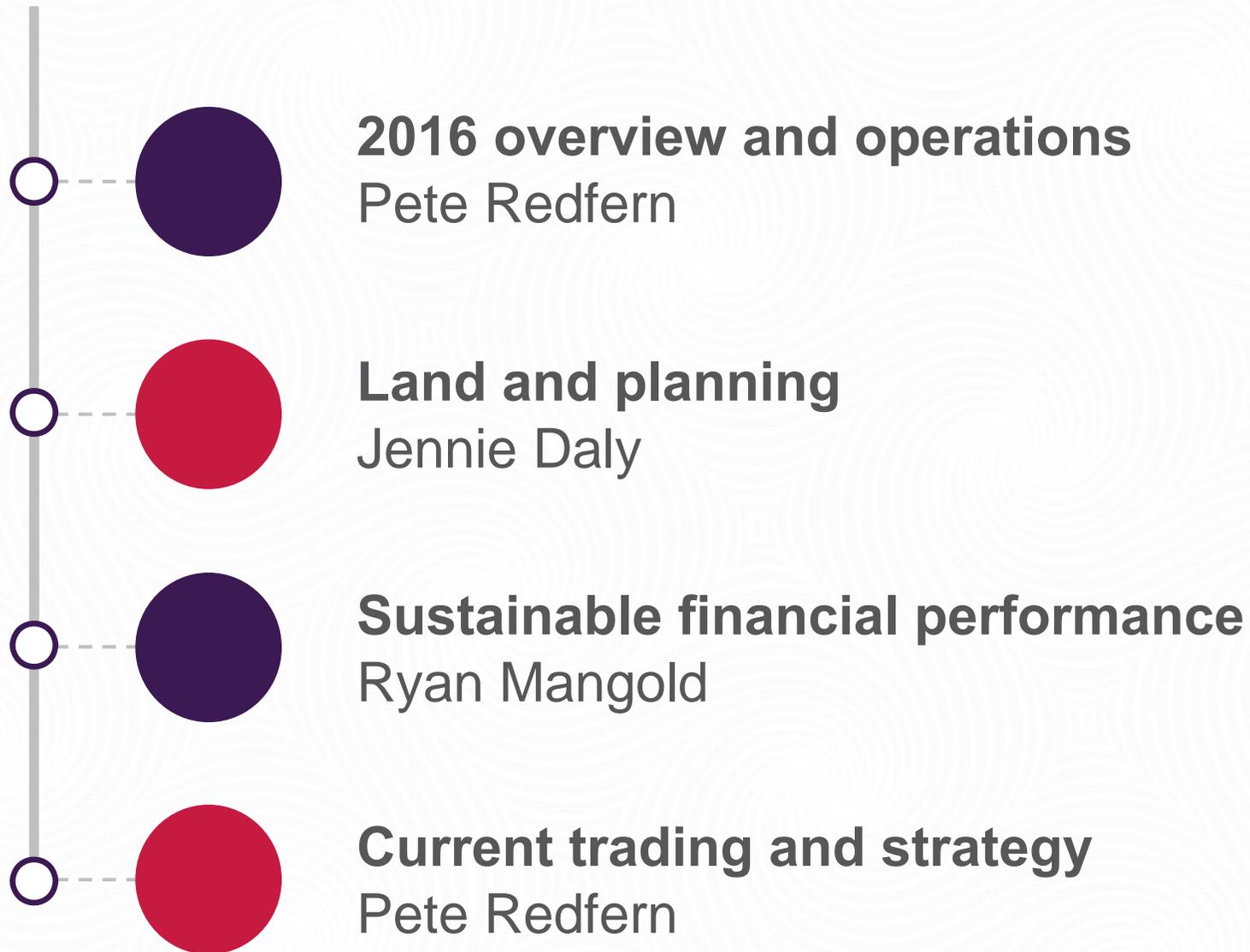
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Agenda

- 
- A vertical timeline on the left side of the slide, consisting of a grey vertical line with four white circles. To the right of each white circle is a larger, solid-colored circle (dark purple or red) that is connected to the white circle by a horizontal dashed line. To the right of each large circle is a bold title and a name.
- 2016 overview and operations**
Pete Redfern
 - Land and planning**
Jennie Daly
 - Sustainable financial performance**
Ryan Mangold
 - Current trading and strategy**
Pete Redfern

2016 overview and operations

Pete Redfern
Chief Executive

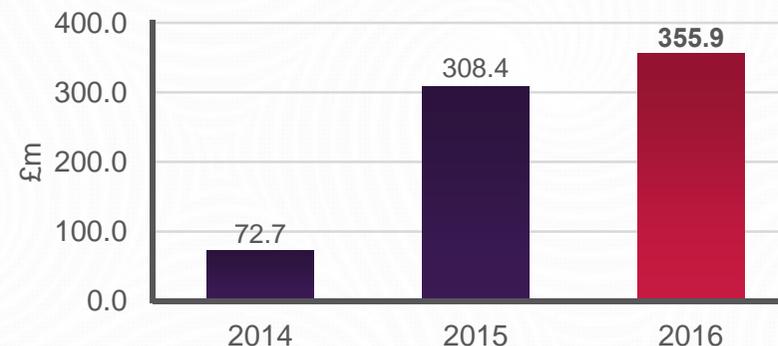
Group financial highlights

Return on net operating assets*



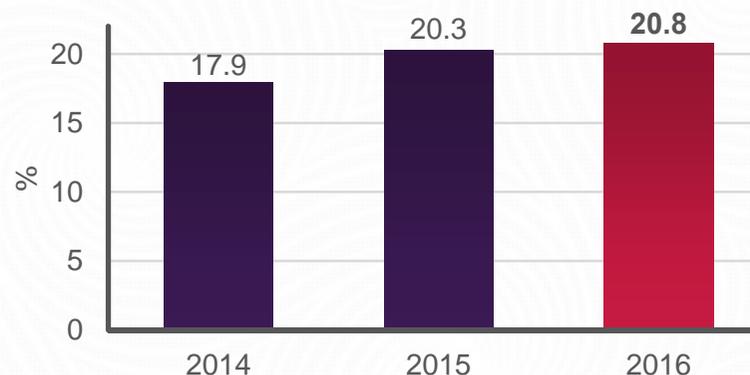
2016-2018 medium term target:
Average of 30%

Total dividends paid



2016-2018 medium term target:
Total £1.3bn over period

Operating profit* margin



2016-2018 medium term target:
Average of c.22%

■ Cash conversion* 81.4% (2015: 67.0%)

* See definitions slide in the appendix

UK operating highlights

£1,682m

(2015: £1,779m)

Total value of year
end order book†

13.9%

(2015: 13.3%)

Voluntary employee
turnover

£65.5k

(2015: £59.4k)

Contribution per
completion†

0.72

(2015: 0.73)

Private net sales rate
(per outlet per week)†

20.8%

(2015: 20.3%)

Operating
profit* margin

9,519

(2015: 8,660)

Plots converted from
strategic pipeline

* See definitions slide in the appendix

† Data based on reservations excluding JVs

UK market performance

	H2 2016	H1 2016	H2 2015	H1 2015
Average outlets open	286	294	300	302
Private sales rate (net)	0.65	0.78	0.66	0.78
Private sales price £000	279	271	273	257
Cancellation rate (private)	14%	12%	13%	11%

- 105 new outlets opened in 2016 (2015: 123)
- 2016 private sales price excluding Central London – £265k (up on 2015 by c.8%)

UK customer segmentation

Total reservations	2016			2015		
	FY	H2	H1	FY	H2	H1
First time buyers	38%	34%	41%	36%	33%	39%
Second time buyers	36%	34%	38%	37%	36%	38%
Affordable	23%	29%	17%	20%	24%	16%
Investor	3%	3%	4%	7%	7%	7%
Total	100%	100%	100%	100%	100%	100%
Help to Buy*	39%	36%	42%	37%	30%	41%

Data based on reservations excluding JVs

* Help to Buy includes mortgage guarantee and equity loan schemes

Central London market performance

	H2 2016	H1 2016	H2 2015	H1 2015
Average outlets open	8	9	8	8
Private sales rate (net)	0.42	0.29	0.87	0.53
Private sales price £000	863	1,011	845	1,202
Cancellation rate (private)	14%	24%	12%	5%

- Net market prices down c.5-6% on average with range of 0-10%
- Average sales per site for 2017 completions – 20 homes (at 31 December 2016)

Data based on reservations excluding JVs

Continuous business improvement



Health and
safety



Business
operating
methods



Customer
service

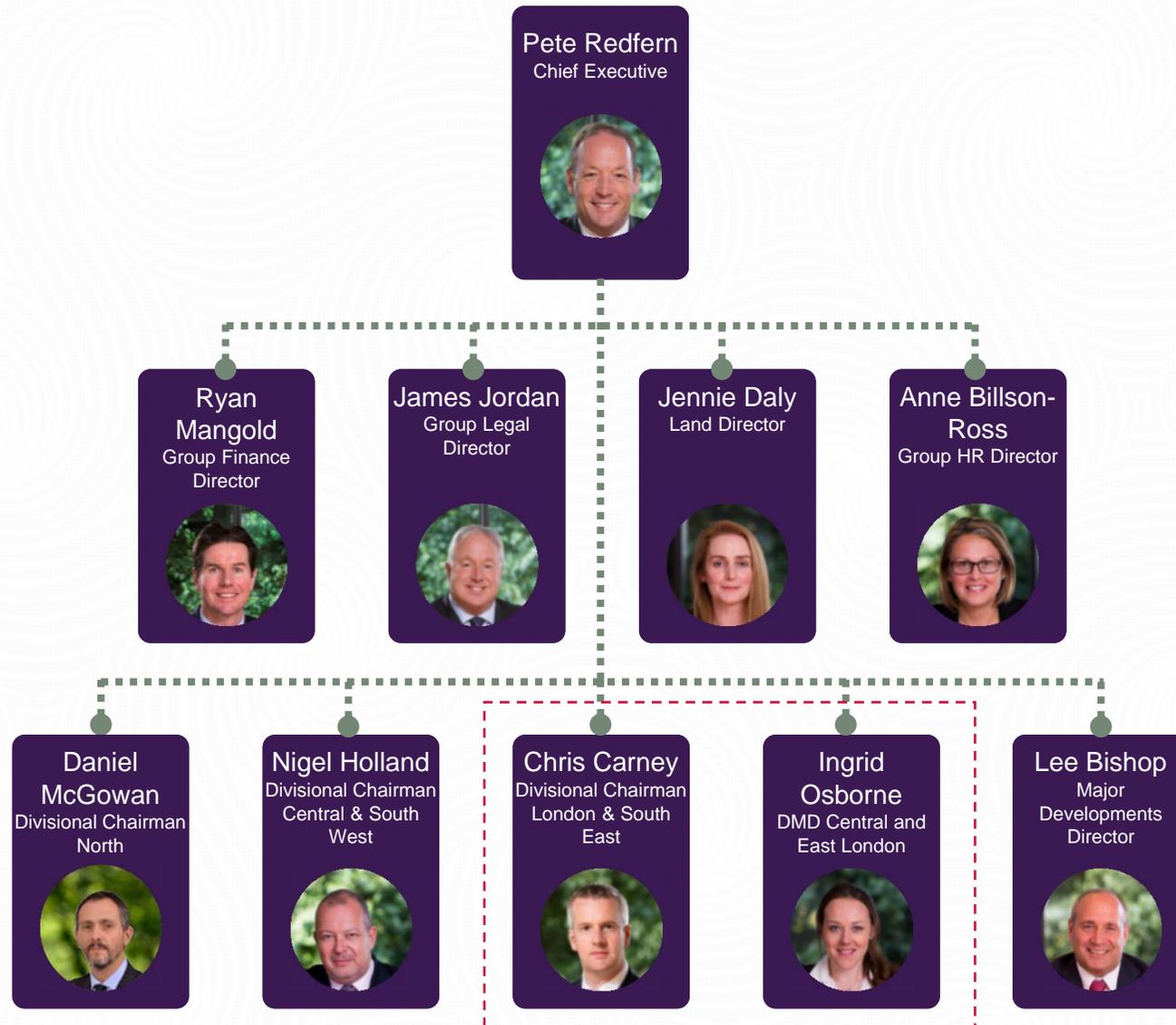


People and
resources



Product and
production

People and resources



Customer service changes

- All businesses transitioned to new customer approach model and using our new Home Quality Inspection (HQI) process
- All businesses now have a 'restructured role' Head of Customer Service and supporting Customer Relationship Managers
- Full buy-in from all staff to the end to end improvements in communication and delivery
- Underlying statistics evidence improvement as we move through the year
 - "Would you recommend" score:
 - 2016 YTD average – 87.0% (2015 equivalent: 86.1%)
 - Dec 2016 – 88.3% (Dec 2015: 84.1%)

Customer service

- Initial impacts
 - Measurably better standard of finish – delivering up to a 70% decrease in defects during our Home Aftercare checks
 - Increased positive feedback from customers
 - Need to continue to focus on engaging contractors and delivering consistently
- Leasehold houses
 - Normal industry practice in some regions, particularly North West
 - Decision taken to sell houses on a freehold basis only on new sites (except the very few sites where we own the overall development site on a leasehold basis)
- Legacy ground rent terms
 - Specific class of lease where ground rent doubles on each ten year anniversary until 50th year, when it is capped at that level
 - TW used these leases on some of our developments started between 2007 and 2011
 - Lease is clear and customers had independent legal advice, however, we note the reports of the potential impact of these clauses for our customers
 - We are therefore in the process of reviewing this matter and working with these customers

Production and Project 2020

- Project 2020 nearing final conclusions
- Unsurprisingly there is no silver bullet to production constraints
- Existing modular / offsite construction methods:
 - Only viable on apartment schemes and certain high volume suburban schemes
 - Lacks the balance of flexibility and efficiency
- We believe there is a need to bring more optionality, agility and, where relevant, pace into our production processes so we plan:
 - Increased use of 'traditional timber frame'
 - Further testing and development of products 'beyond timber frame'
 - Increased focus on bringing labour and skills in-house on key trades
 - Increased investment in training and development of production skills
 - Maintained focus on reviewing new methods at both macro and detailed level

Land and planning

Jennie Daly
Land Director

Land market

- Short term land market
 - Land pricing stable with good levels of quality opportunities across a range of site sizes and geographies
 - Notable activity from RSL sector, especially in the South East
- London market
 - Land pricing remains competitive and our focus is on locations and structures with opportunities for additional growth
 - Mayoral Affordable Housing guidance likely to put pressure on land prices and may render Alternative Use Values more attractive in some locations
- Strategic land market
 - Opportunities remain plentiful but with increasing competition from promoters, particularly in the South East
 - Our longevity and reputation for success continues to set us apart, with many deals secured on a one to one basis

UK land pipeline

Plots	31 Dec 2016			31 Dec 2015
	Owned	Controlled	Total	Total
Detailed planning	39,709	4,151	43,860	46,493
Outline planning	15,532	6,356	21,888	22,063
Resolution to grant	2,046	8,440	10,486	7,154
Short term	57,287	18,947	76,234	75,710
Short term with implementable planning	38,778	-	38,778	42,855
Allocated strategic*	5,951	9,200	15,151	18,346
Non-allocated strategic*	21,875	70,990	92,865	88,354
Strategic	27,826	80,190	108,016	106,700
Total	85,113	99,137	184,250	182,410

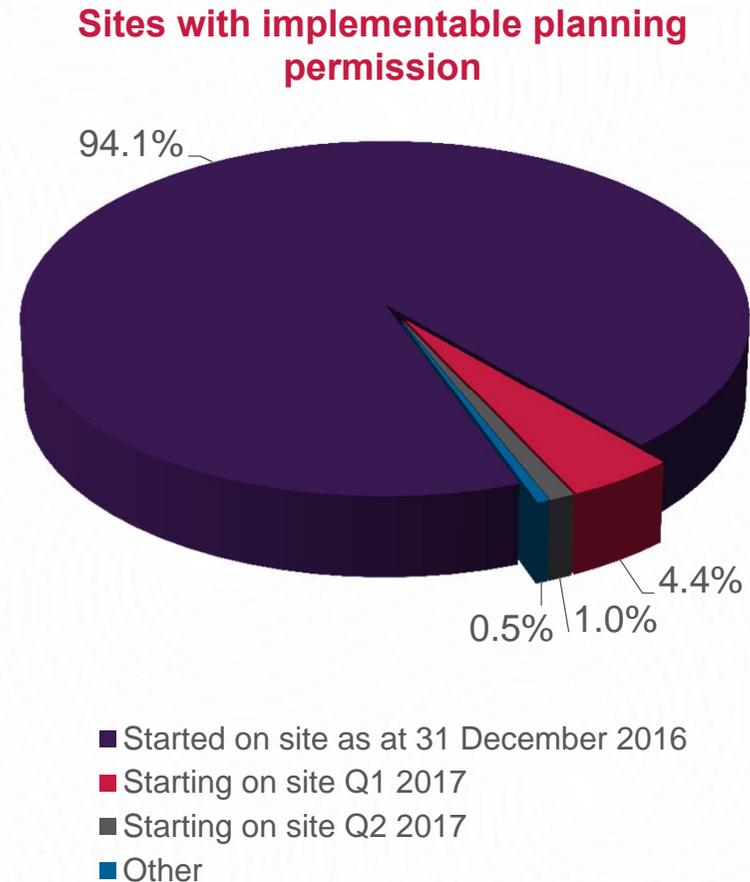
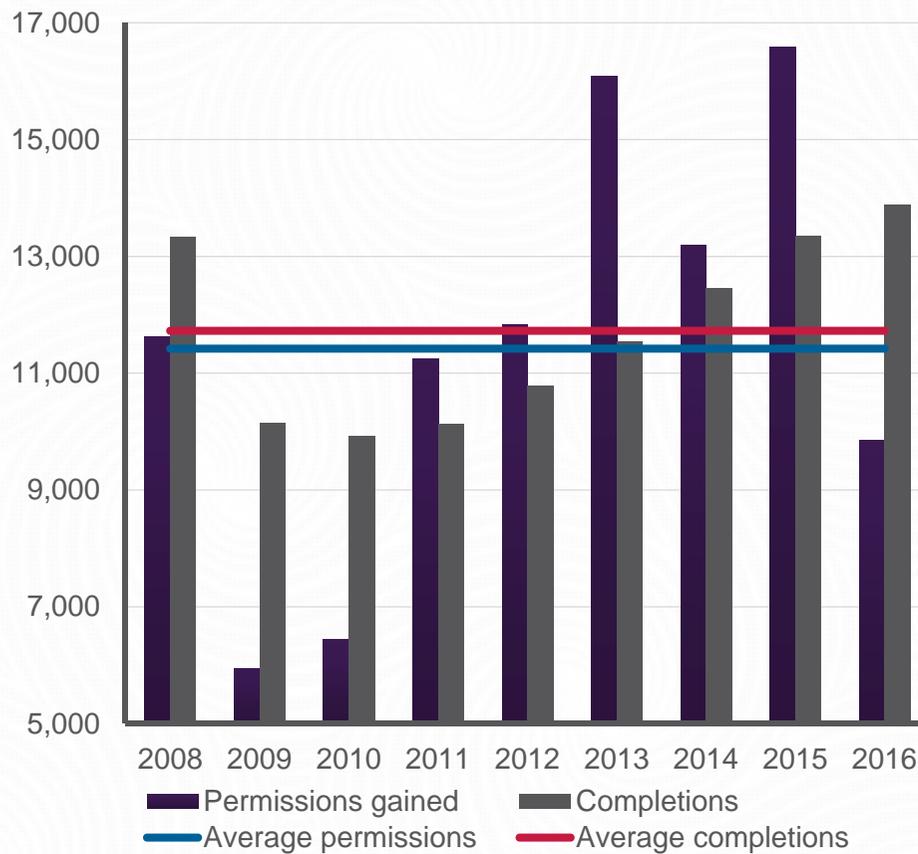
- Acquired 6,355 plots in the short term land market during 2016 at c.26% contribution margin** and c.31% ROCE**
- Converted 9,519 strategic pipeline plots into the short term landbank in 2016
- 51% of 2016 completions were sourced from the strategic land pipeline

Data includes JV plots

* Excludes land with less than 50% certainty of achieving planning permission

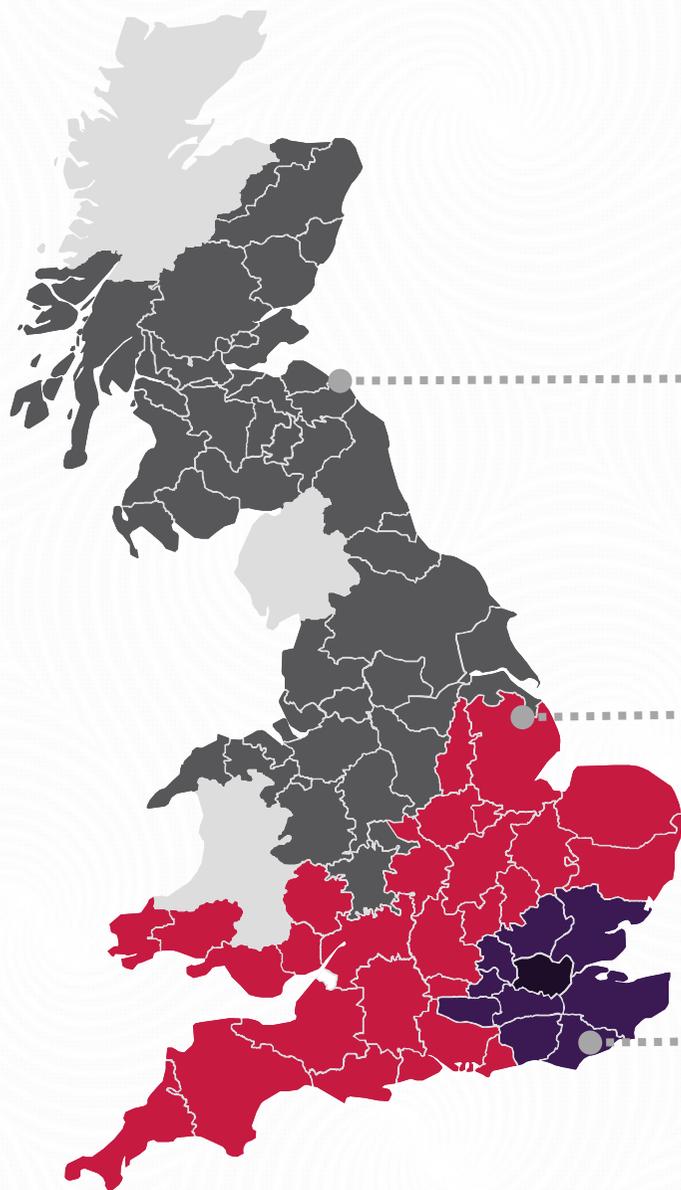
** See definitions slide in the appendix

Our UK planning permissions



- Average completions / detailed planning permissions implemented - *Output*
- Average detailed planning permissions achieved - *Intake*

Capital allocation



● North

● Central and South West

● London and South East, including Central London

Net operating assets* – 2016 cap

Net operating assets* – 2016 delivery

£860m

£816m

£750m

£730m

£1,130m

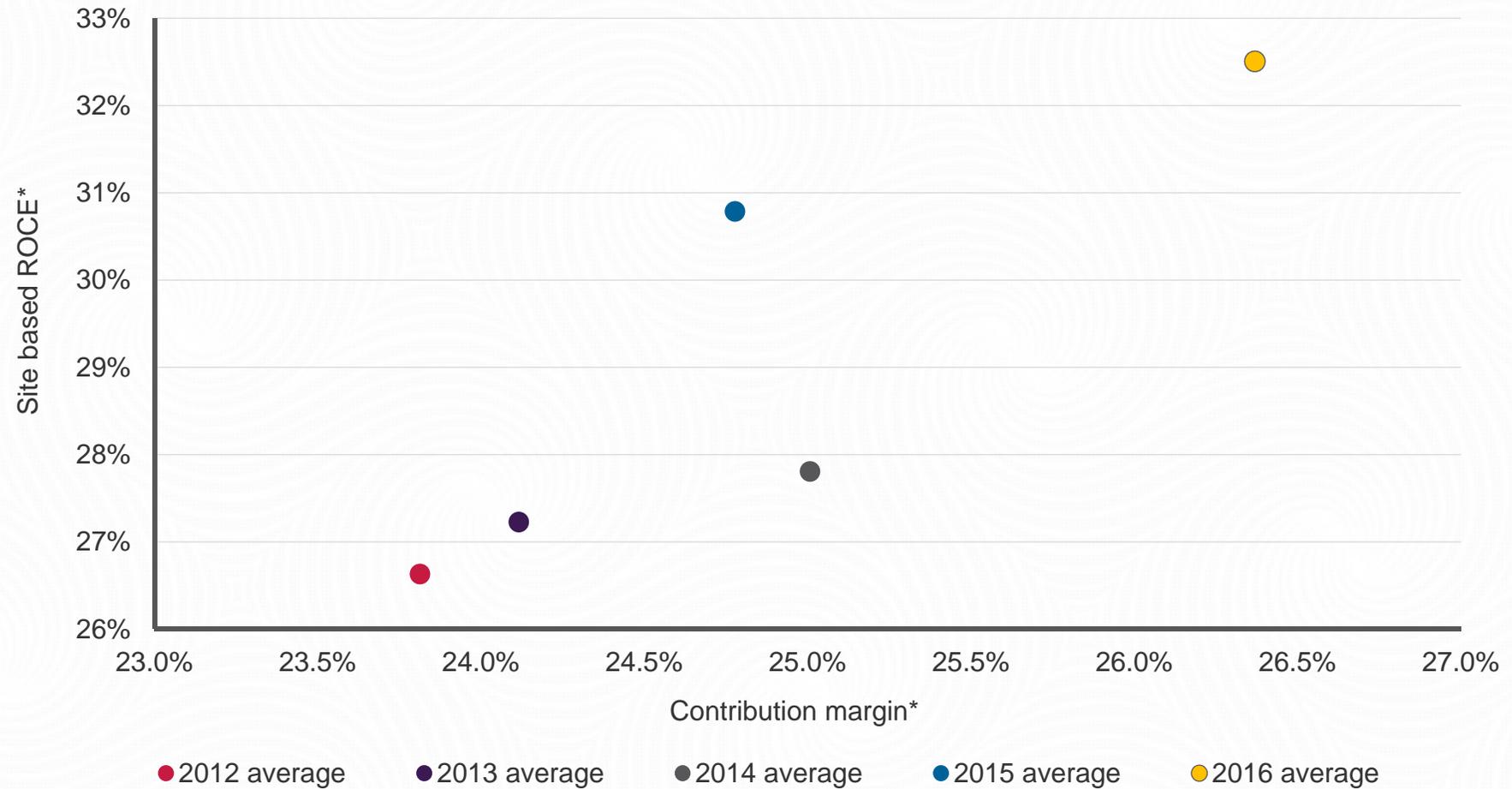
£1,035m

Making our assets work harder

- Embedding a return on capital discipline
 - Focusing on planning pedigree, delivery skills and timing
 - Robust Land Purchase Exercises with regular reviews of progress against expectations
- Investing to optimise future growth prospects and manage cyclical risks by encouraging capital light approaches to investment
 - Infrastructure delivery
 - JVs
 - PRS opportunities
- Critically assessing project risk and operational business risk
 - ASP growth versus market absorption factors
 - Product mix and changing customer focus
 - Timing of large scale infrastructure investment

Quality of land acquisitions

Land approvals in the period



Housing White Paper – ‘Fixing the housing market’

- “There is no silver bullet”
- A “new” housing target of 225,000 to 275,000 additional homes p.a.
- Clarity for Starter Homes policy
- Three main themes:
 - Getting the right homes built in the right places
 - Speeding up delivery
 - Diversifying the market
- On the whole, a very Green White Paper, with consultations ongoing and anticipated, but not expected to be disruptive
- Overall a net positive Paper

Sustainable financial performance

Ryan Mangold
Group Finance Director

Summary Group results

£m (before exceptional items)	FY 2016	FY 2015	Change
Revenue	3,676.2	3,139.8	17.1%
Gross profit	940.4	788.0	19.3%
Gross profit margin %	25.6	25.1	0.5ppt
Operating profit*	764.3	637.0	20.0%
Operating profit* margin %	20.8	20.3	0.5ppt
Profit before tax and exceptional items	733.4	603.8	21.5%
Adjusted basic earnings per share* pence	18.1	14.9	21.5%
Tangible NAV per share* pence	88.6	83.5	6.1%
Return on net operating assets* %	30.7	27.1	3.6ppt

* See definitions slide in the appendix

UK performance summary

	FY 2016	FY 2015	Change
Legal completions – excl JVs	13,808	13,219	4.5%
Private	11,145	10,710	4.1%
Affordable	2,663	2,509	6.1%
Average selling price – excl JVs	255	230	10.9%
Private £000	286	254	12.6%
Affordable £000	124	124	-
Legal completions – JVs	73	122	(40.2)%
Share of profit – JVs £m	1.2	4.9	(75.5)%
Gross profit margin %	25.6	25.2	0.4ppt
Operating profit* £m	743.7	627.0	18.6%
Operating profit* margin %	20.8	20.3	0.5ppt

* See definitions slide in the appendix

Indicative movements in UK operating profit* margin

2015 to 2016	Annual change	Impact on 2016 income statement
Market inflation on selling prices	c.5.0%**	3.9%
Market inflation on build cost	c.3.5%	(1.9)%
Net economic benefit captured		2.0%
Market impact of landbank evolution		(0.8) %
Net market impact		1.2%
Specification improvements and build process		(0.5)%
Change in land mix		(0.1)%
Net land improvement		(0.6)%
Affordable housing price		0.4%
Overheads		0.3%
Other (including certain remedial costs***)		(0.7)%
Share of JV profits		(0.1)%
Total operating profit* margin movement		0.5%

* See definitions slide in the appendix

** Source: Adjusted average of Nationwide / Halifax latest data

*** One-off remedial costs of £10m

Tax

£m Asset / (liability)	Current tax	Deferred tax	Net tax
As at 1 Jan 2016	1.7	55.7	57.4
Income statement*	(136.3)	(7.3)	(143.6)
SOCI / SOCIE	2.3	7.7	10.0
Cash paid	71.0	-	71.0
Forex	(0.1)	1.3	1.2
As at 31 Dec 2016	(61.4)	57.4	(4.0)

- Pre-exceptional underlying tax rate of 19.6% (2015: 20.1%)
- Expect future underlying tax rate to largely reflect statutory rate
- Increased tax creditor reflects return to cash tax payments
- Deferred tax primarily relates to pension deficit
- £70.0m unrecognised Spanish temporary differences providing partial protection against Spanish current tax

* Including tax on exceptional items

Summary Group balance sheet

Group £m	31 Dec 2016	31 Dec 2015	Change
Long term assets and JVs	74.8	49.8	50.2%
Land	2,652.5	2,743.8	(3.3)%
WIP	1,331.5	1,147.4	16.0%
Debtors	178.6	209.4	(14.7)%
Land creditors	(599.8)	(629.8)	(4.8)%
Other creditors	(830.8)	(865.6)	(4.0)%
Pensions and post retirement benefits	(234.1)	(178.4)	31.2%
Provisions	(33.1)	(34.0)	(2.6)%
Net operating assets*	2,539.6	2,442.6	4.0%
Tax	(4.0)	57.4	(107.0)%
Net cash	364.7	223.3	63.3%
Net assets	2,900.3	2,723.3	6.5%
Tangible NAV per share*	88.6p	83.5p	6.1%

* See definitions slide in the appendix

UK landbank

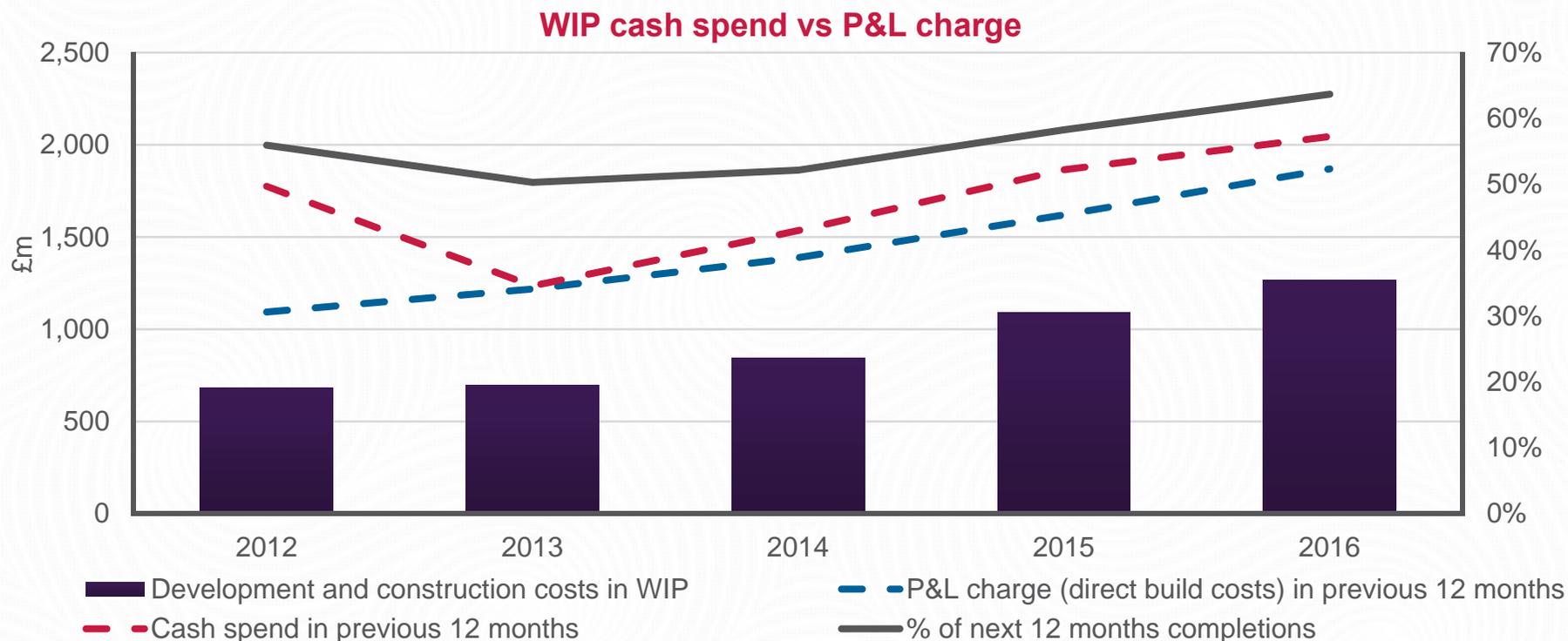
- Land cost in short term owned landbank is 15.4% of ASP (2015: 16.3%), supported by strategic pipeline conversions
- Land cost as % of ASP on 2016 approvals – 18.7%
- Potential revenue in the landbank at 31 Dec 2016 was £42 billion (31 Dec 2015: £40 billion), comprising short term land of £19 billion (31 Dec 2015: £18 billion) and strategic land of £23 billion (31 Dec 2015: £22 billion)
- In the year we achieved a 2.5 percentage points margin upside on completions from land acquired since 2009, compared with the expected margin at the point of acquisition

	Land cost on balance sheet £m 31 Dec 2016	Number of plots 31 Dec 2016	Land cost on balance sheet £m 31 Dec 2015	Number of plots 31 Dec 2015
Short term owned	2,276	57,287	2,438	61,186
Short term controlled	73	18,947	37	14,524
Total short term	2,349	76,234	2,475	75,710
Strategic owned*	135	27,826	110	28,118
Strategic controlled*	60	80,190	61	78,582
Total strategic*	195	108,016	171	106,700
Total landbank	2,544	184,250	2,646	182,410

Data includes JV plots

* Excludes land with less than 50% certainty of achieving planning permission

Managing UK working capital



	2012	2013	2014	2015	2016
Completions	10,788	11,547	12,294	13,219	13,808
Total sq ft per unit	976	1,002	998	1,029	1,021
ASP £ per sq ft	186	191	213	223	250
Build cost £ per sq ft	103	105	114	120	135
Land cost £ per sq ft	41	41	45	41	44
% private apartments	24%	20%	18%	13%	14%

Pensions

Movement in present value of defined benefit obligations

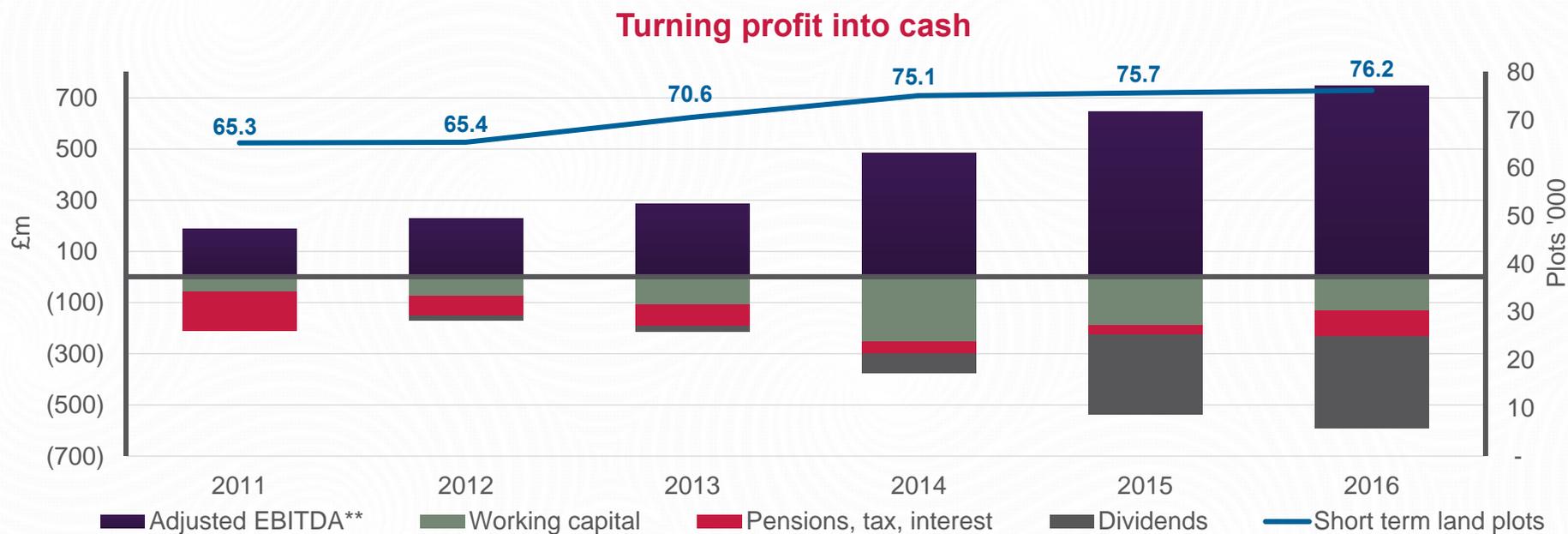
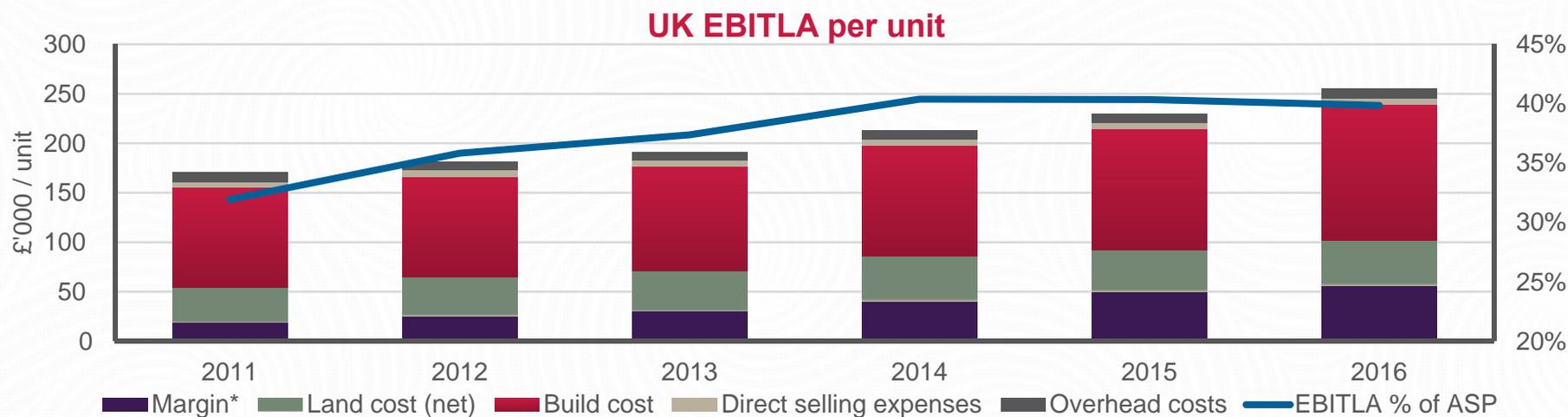
Total UK £m	FY 2016	FY 2015	FY 2014	FY 2013
Brought forward	177.1	182.4	182.2	242.5
Employer contributions*	(23.1)	(23.1)	(36.3)	(48.1)
Settlement gain**	-	-	-	(4.1)
Administration cost	3.3	3.2	3.1	3.2
Interest cost	6.1	6.0	7.5	9.7
Measurement changes	69.3	8.6	25.9	(21.0)
Carried forward	232.7	177.1	182.4	182.2

- Active hedging of the scheme's liabilities has reduced the impact from recent financial market volatility
- Triennial valuation with an effective date of 31 December 2016, expected to be concluded in 2017

* Includes £5.1m paid through the Pension Funding Partnership structure in 2016 (2015: £5.1m)

** Following the merger of the TWGP&LAF and the GWSPS to create the new TWPS certain liabilities were extinguished resulting in a settlement gain

Managing cash through the cycle



* Operating profit margin excluding central costs, including the benefit from utilisation of land impairment provision

** Adjusted EBITDA includes fixed asset (spend) / proceeds and cash flows (to) / from JVs

Dividend payment profile

Paid (or to be paid) per share (pence)	FY 2017***	FY 2016	FY 2015	Change FY 2015 to FY 2016
Ordinary dividend*	c.4.60	1.71	1.81	(5.5)%
Special dividend**	9.20	9.20	7.68	19.8%
Total	c.13.80	10.91	9.49	15.0%

Paid (or to be paid) (£m)	FY 2017***	FY 2016	FY 2015	Change FY 2015 to FY 2016
Ordinary dividend*	c.150	56	58	(3.4)%
Special dividend**	c.300	300	250	20.0%
Total	c.450	356	308	15.6%

- Final ordinary dividend of 2.29 pence per share will be paid on 19 May 2017 (c.£75 million) subject to AGM approval
- Special dividend of c.£300 million will be paid on 14 July 2017 subject to AGM approval

* Includes interim and final dividends for the year

** Additional cash returns for the year

*** 2017 is indicative, subject to shareholder approval

Summary

- Focus on delivery of medium term targets 2016-2018
 - An average annual return on net operating assets* of 30%
 - An average operating profit* margin of c.22%
 - A total of £1.3 billion of dividends to be paid in cash to shareholders over the period

- Maintain balance sheet discipline

Group	FY 2016	FY 2015	FY 2014
Medium term targets			
Return on net operating assets* %	30.7	27.1	22.5
Operating profit* margin %	20.8	20.3	17.9
Dividends paid £m	355.9	308.4	72.7
Net operating asset turn*	1.48	1.33	1.26
Net asset annual growth NAV (pre- cash distribution)* %	19.6	19.6	15.8
Cash conversion* %	81.4	67.0	43.1

* See definitions slide in the appendix

Current trading and strategy

Pete Redfern
Chief Executive

UK market performance – to date

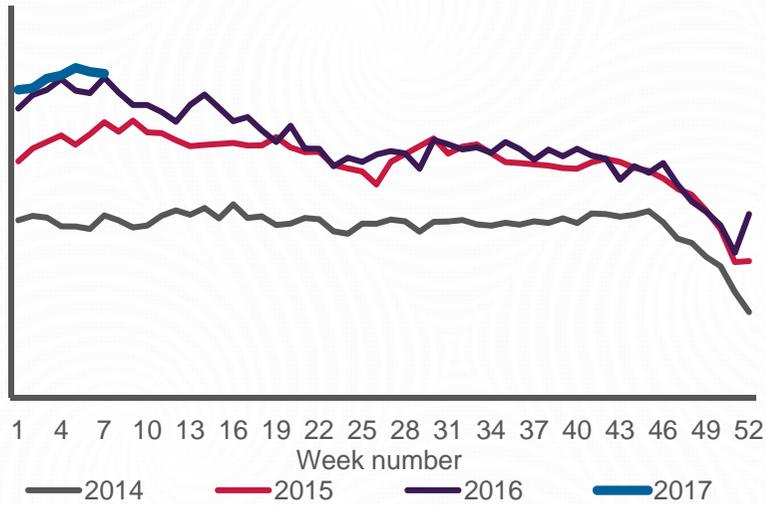
	H1 2017 (w/e 19 Feb 2017)	H2 2016	H1 2016	H2 2015	H1 2015
Average outlets open	285	286	294	300	302
Private sales rate (net)	0.91	0.65	0.78	0.66	0.78
Private sales price £000	284	279	271	273	257
Cancellation rate (private)	10%	14%	12%	13%	11%

- Strong sales start to the year
- Customer interest and confidence remains strong
- Higher price points (>c.£600k) remain slower

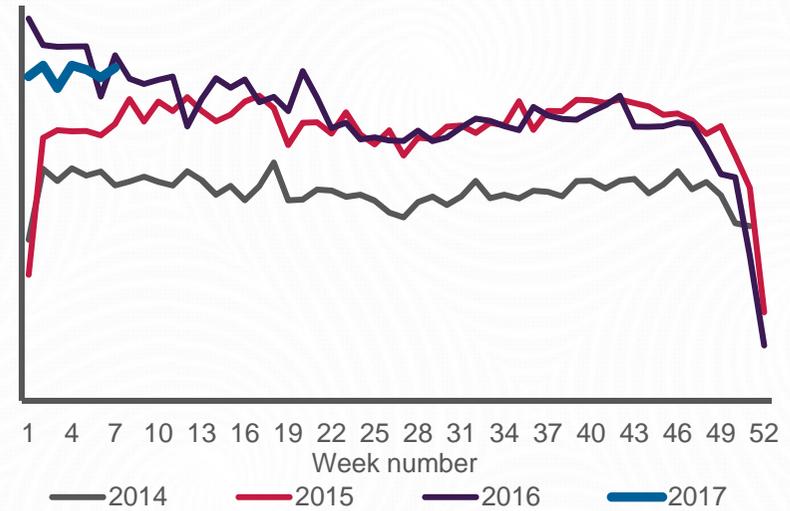
Data based on reservations excluding JVs

TW UK market performance

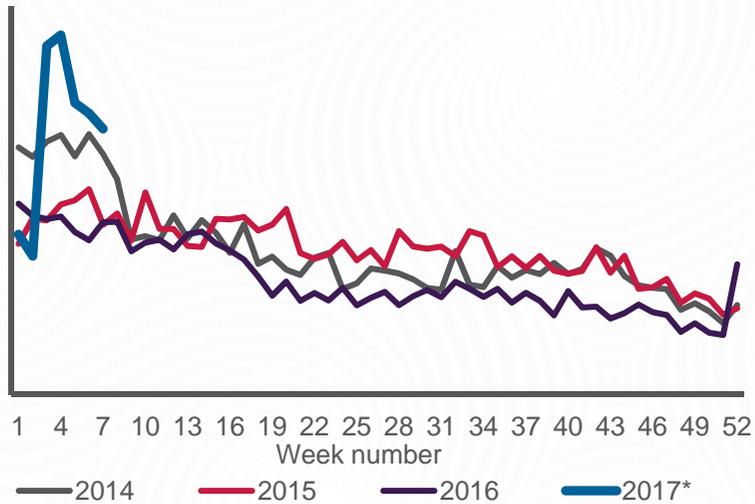
Customer interest – organic website visits



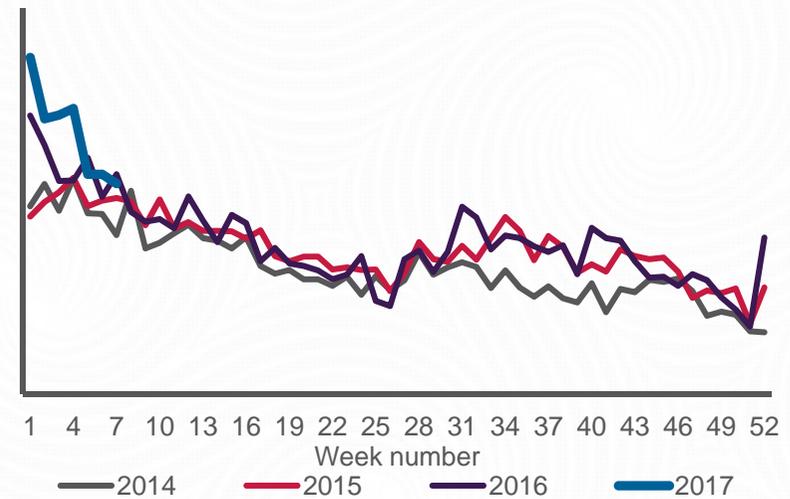
Website calls



Brochure requests



Appointments booked



* Brochure requests after 16 January 2017 now include downloads as well as postal requests

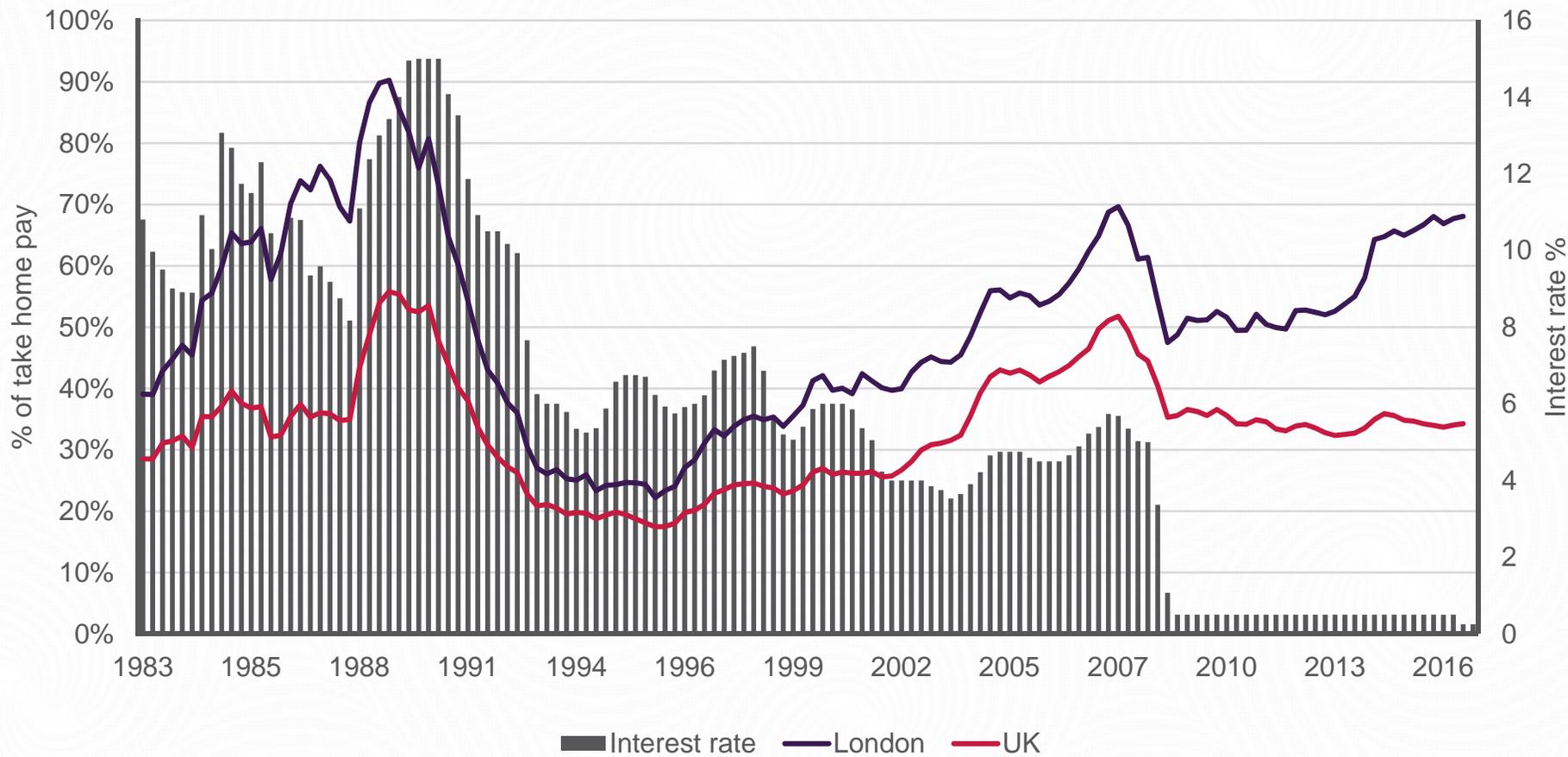
Mortgage lending

- Overall cost of borrowing remains at an all time low

2-year fixed rates	January 2015	January 2016	January 2017
HTB equity loan	1.89% – 3.74%	1.74% – 2.19%	1.64% - 1.89%
85% LTV (new build)	2.74% – 2.79%	1.99%	1.74%

- Post-Referendum, interest rates have fallen further and expectations for future increases have been pushed further out
- Appetite of lenders in 2017 remains strong
- Low transactions in second hand market means more lenders are focused on new build

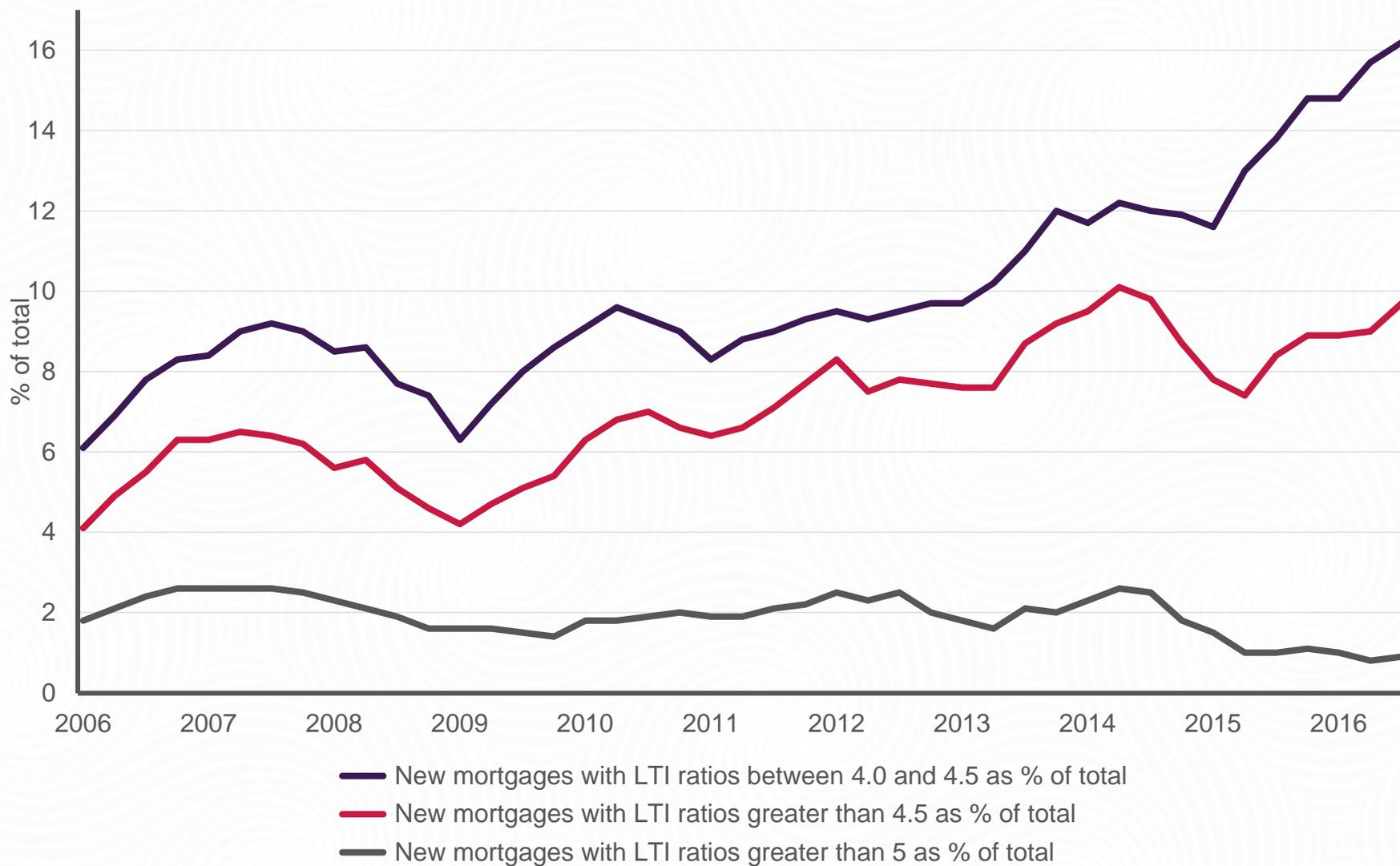
FTB mortgage payments as % of pay / interest rates



■ FPC recommend to stress test assuming Bank Rate increases by 3%

Source: Nationwide / Bank of England

Loan to income ratio (LTI)



Source: Samuel Tombs, Pantheon Macroeconomics

Taylor Wimpey strategic priorities

- Steady sustainable growth, above 14k, particularly on large sites
- Careful monitoring of cyclical risk in the medium term, and the balance between growth and risk
- Land strategy
 - Continual improvement in landbank quality
 - Expect to maintain short term scale in the 75-80k range excluding land light holdings
 - Expect 'landbank years' to shorten as larger sites produce
- Maximisation of short term operational excellence and discipline
- Invest in long term value added programmes
 - Continue to invest in production R&D and develop build capacity
 - Employee recruitment, development and engagement
 - Customer service and product quality
 - Placemaking and product aspiration

Outlook and summary

- 2017 trading remains robust with a healthy start to the year
- Without a major change in interest rates or lending, we expect low but positive house price inflation for the year
- Our base case is now for a prolonged period of low house price growth with regional and market variation
- Build cost pressures remain but at a manageable level
- We continue to invest and see value in improvements in customer service, build capability and people
- We remain disciplined on landbank scale and Dividend Policy, but see steady growth opportunities from existing resources and low risk / capital investments
- Value case is for continued disciplined growth on top of improving return on capital and cash generation



Future investor communications

- 27 April 2017 AGM and trading update
- 1 August 2017 Half year results
- 13 November 2017 Trading update

Taylor Wimpey plc

Full Year Results Presentation
for the year ended 31 December 2016

Appendices

Summary income statement*

Group £m	FY 2016	FY 2015	Change	H1 2016
Revenue	3,676.2	3,139.8	17.1%	1,457.2
Cost of sales	(2,735.8)	(2,351.8)	16.3%	(1,093.4)
Gross profit	940.4	788.0	19.3%	363.8
Net operating expenses	(177.3)	(155.9)	13.7%	(84.6)
Profit on ordinary activities before finance costs and tax	763.1	632.1	20.7%	279.2
Net finance cost	(30.9)	(33.2)	(6.9)%	(12.5)
Share of results of JVs	1.2	4.9	(75.5)%	(0.1)
Profit before tax	733.4	603.8	21.5%	266.6
Tax charge	(143.7)	(121.5)	18.3%	(53.3)
Profit for the period	589.7	482.3	22.3%	213.3

* Before exceptional items

Cash flow summary

Group £m	FY 2016	H2 2016	H1 2016	FY 2015
Profit from ordinary activities before finance costs*	762.6	481.2	281.4	631.5
(Increase) / decrease in inventories	(113.3)	237.7	(351.0)	(269.1)
Other operating items**	(27.1)	(56.3)	29.2	64.5
Cash generated / (used) by operations	622.2	662.6	(40.4)	426.9
Tax paid	(71.0)	(70.3)	(0.7)	(5.5)
Interest paid	(13.5)	(9.4)	(4.1)	(14.5)
Net cash from / (used in) operating activities	537.7	582.9	(45.2)	406.9
Investing activities	(26.1)	(9.8)	(16.3)	10.6
Financing activities	(364.1)	(324.9)	(39.2)	(308.0)
Cash flow for the period	147.5	248.2	(100.7)	109.5
Net cash b/f	223.3	116.7	223.3	112.8
Cash inflow / (outflow)	147.5	248.2	(100.7)	109.5
FX and fair value adjustments	(6.1)	(0.2)	(5.9)	1.0
Closing net cash	364.7	364.7	116.7	223.3

* See definitions slide in the appendix

** Includes other non-cash items, movement in receivables and payables and pension contributions

Group segmental analysis

	FY 2016			FY 2015		
	Operating profit* £m	Operating profit* margin %	RONOA* %	Operating profit* £m	Operating profit* margin %	RONOA* %
North	280.0	22.6	34.4	251.0	22.9	31.8
Central and South West	280.7	23.3	39.1	243.2	22.6	34.1
London and South East inc. Central London	250.4	22.0	24.7	203.2	22.3	22.4
Corporate	(67.4)	-	-	(70.4)	-	-
UK	743.7	20.8	30.4	627.0	20.3	27.2
Spain	20.6	22.0	46.1	10.0	17.2	21.8
Group	764.3	20.8	30.7	637.0	20.3	27.1

* See definitions slide in the appendix

North Division

As at 31 Dec	Scotland, North East and Yorkshire	North West and West Midlands	North Division FY 2016	North Division FY 2015
Number of outlets	74	76	150	153
Private sales rate (net)	0.71	0.65	0.68	0.65
Completions	2,920	3,068	5,988	5,520
Average selling price on completions £000	212	202	207	196
Net operating assets* £m	413.1	402.9	816.0	813.0

Data based on completions excluding JVs

* See definitions slide in the appendix

Central and South West Division

As at 31 Dec	East and Central	Wales and West	Central and South West Division FY 2016	Central and South West Division FY 2015
Number of outlets	45	39	84	95
Private sales rate (net)	0.74	0.76	0.75	0.75
Completions	2,499	2,311	4,810	4,810
Average selling price on completions £000	255	227	241	218
Net operating assets* £m	415.5	314.4	729.9	705.1

Data based on completions excluding JVs

* See definitions slide in the appendix

London and South East Division including Central London

As at 31 Dec	South East, excluding London market†	London market†	London and South East Division inc. Central London FY 2016	London and South East Division inc. Central London FY 2015
Number of outlets	36	15	51	49
Private sales rate (net)	0.80	0.66	0.75	0.89
Completions	2,028	982	3,010	2,889
Average selling price on completions £000	291	542	373	313
Net operating assets* £m	391.5	643.7	1,035.2	994.2

Data based on completions excluding JVs

* See definitions slide in the appendix

† The London market includes the area inside the M25

Movement in Group net assets

	31 Dec 2016 £m	31 Dec 2015 £m	Breakdown of movement %
Opening net assets	2,723.3	2,535.3	N/A
Pre-exceptional net earnings	589.7	482.3	21.7%
Net impact of exceptional items	(0.4)	7.5	(0.0)%
Actuarial losses after tax	(58.6)	(9.3)	(2.2)%
Net share scheme and other movements	2.2	15.9	0.1%
Returns to shareholders	(355.9)	(308.4)	(13.1)%
Closing net assets	2,900.3	2,723.3	6.5%
Add back returns to shareholders	355.9		13.1%
Closing net assets pre returns to shareholders	3,256.2		19.6%

UK net operating assets

£m	31 Dec 2016	31 Dec 2015
Fixed assets	24	22
Investment in JVs	50	27
Land	2,574	2,662
WIP	1,288	1,146
Total inventories	3,862	3,808
Debtors	177	207
Land creditors	(577)	(622)
Other creditors	(779)	(830)
Total creditors	(1,356)	(1,452)
Pension liability and PRMA	(234)	(178)
Provisions	(30)	(34)
Net operating assets*	2,493	2,400

* See definitions slide in the appendix

Financing

- Net cash at 31 Dec 2016: £364.7 million (31 Dec 2015: £223.3 million)
- Adjusted gearing (net debt plus land creditors) – 8.1% (31 Dec 2015: 14.9%)
- Average net debt of £87.4 million (31 Dec 2015: £94.8 million net debt)
- Borrowings and facilities:
 - Fully undrawn £550 million Revolving Credit Facility expiring February 2020
 - €100 million Senior Loan Notes due June 2023 issued 28 June 2016 at a fixed coupon of 2.02% p.a. and is being used to hedge the investment in our Spanish business
 - £100 million Term Loan due to be repaid in 4 instalments commencing November 2017 was pre paid in November 2016 and will reduce financing interest costs by at least £4m in 2017

Finance charges

£m	FY 2016	FY 2015	Change
Financial indebtedness	10.9	11.6	(0.7)
Land creditor unwind	17.7	15.9	1.8
Pensions	6.1	6.0	0.1
Other	(3.1)	0.4	(3.5)
Total	31.6	33.9	(2.3)

UK land commitments

£m	< 1 yr	1-2 yrs	2-5 yrs	5+ yrs	2016 total	2015 total
Committed cash payments in respect of unconditional land contracts	275	173	138	21	607	653
Expected cash payments in respect of conditional land contracts	126	45	71	13	255	n/a

- Included in unconditional land contracts at 31 December 2016 are UK overage commitments of £130 million (2015: £109 million)

UK land portfolio – net cost

£m	31 Dec 2016			31 Dec 2015
	Owned	Controlled	Total	Total
Detailed planning	1,746	11	1,757	1,827
Outline planning	491	39	530	614
Resolution to grant	39	23	62	34
Sub-total	2,276	73	2,349	2,475
<i>plots</i>	<i>57,287</i>	<i>18,947</i>	<i>76,234</i>	<i>75,710</i>
Strategic	135	60	195	171
<i>plots</i>	<i>27,826</i>	<i>80,190</i>	<i>108,016</i>	<i>106,700</i>
Total	2,411	133	2,544	2,646

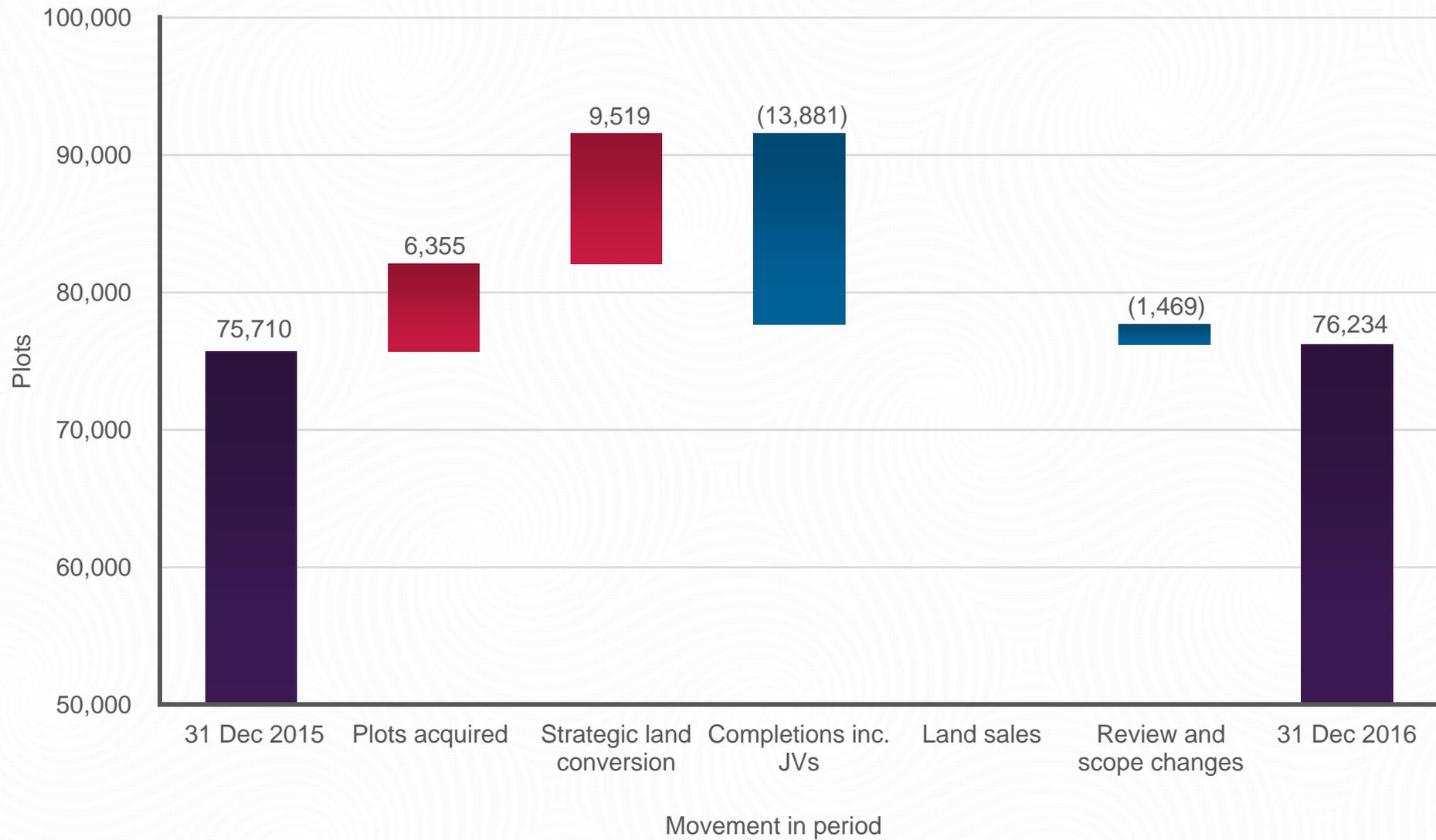
Of the short term owned and controlled land portfolio:

- 53% - post 2009 strategic land
- 29% - post 2009 short term land
- 18% - pre 2009 land

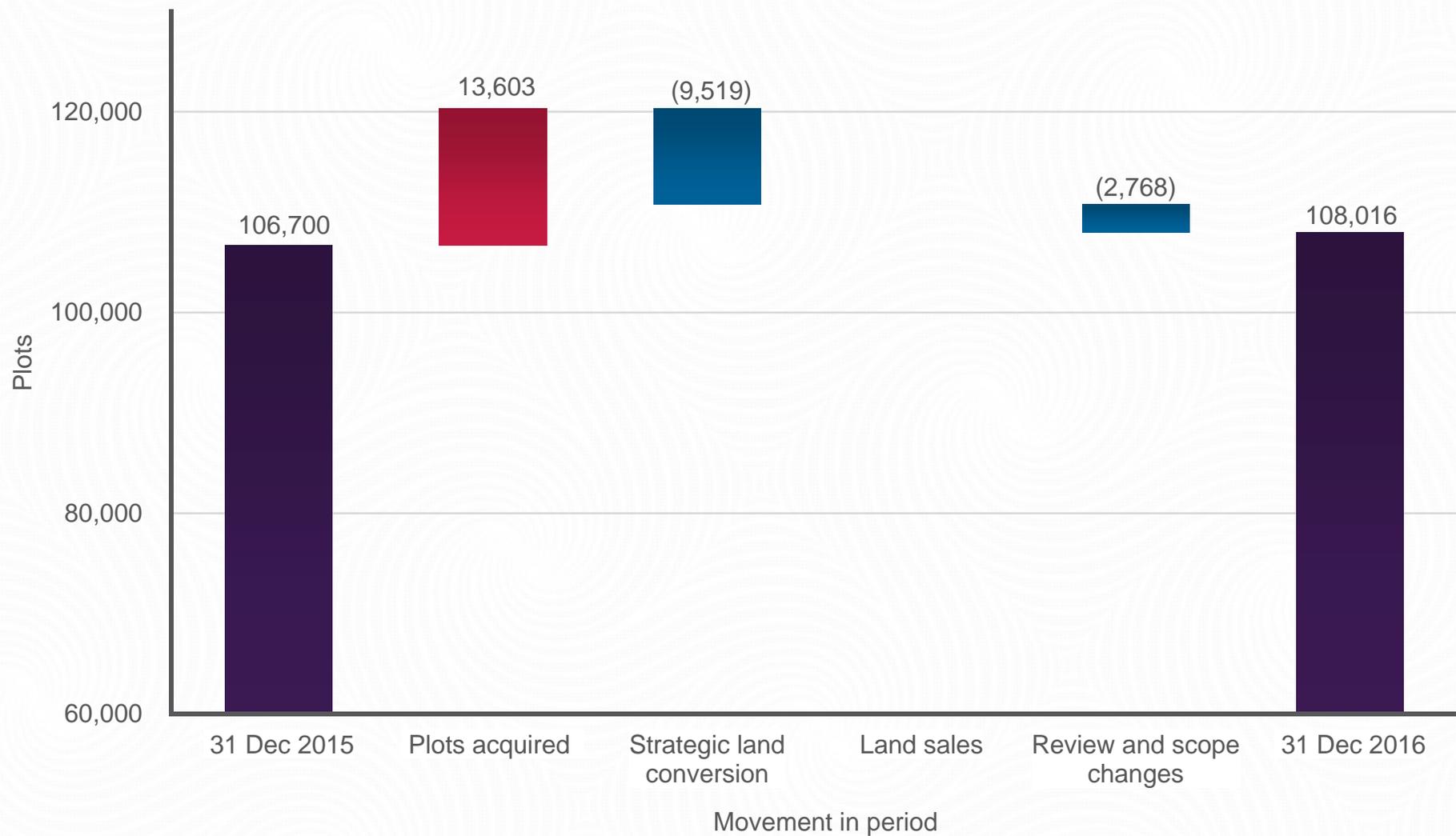
NRV is wholly allocated to land – comparable basis to peers

Includes JV plots at no cost, excludes land with less than 50% certainty of achieving planning permission

UK short term landbank



UK strategic pipeline



North Division

As at 31 Dec	Scotland, North East and Yorkshire	North West and West Midlands	North Division FY 2016	North Division FY 2015
Short term owned and controlled land portfolio plots	14,913	14,115	29,028	27,967
Land portfolio years	5.1	4.6	4.8	5.1
Cost per plot £000*	27.3	31.7	29.3	29.0
ASP in short term owned land portfolio £000	205	206	206	200
Average land cost as a % of ASP	13.3%	15.4%	14.2%	14.5%
Strategic land plots (> 50% probability)	36,651	19,454	56,105	55,033

* Based on short term owned plots. NRV is wholly allocated to land, comparable basis to peers

Central and South West Division

As at 31 Dec	East and Central	Wales and West	Central and South West Division FY 2016	Central and South West Division FY 2015
Short term owned and controlled land portfolio plots	16,589	15,351	31,940	32,268
Land portfolio years	6.6	6.6	6.6	6.7
Cost per plot £000*	33.0	30.9	31.9	33.1
ASP in short term owned land portfolio £000	258	235	246	225
Average land cost as a % of ASP	12.8%	13.1%	13.0%	14.7%
Strategic land plots (> 50% probability)	18,320	17,864	36,184	36,818

* Based on short term owned plots. NRV is wholly allocated to land, comparable basis to peers

London and South East Division including Central London

As at 31 Dec	South East, excluding London market [†]	London market [†]	London and South East Division inc. Central London FY 2016	London and South East Division inc. Central London FY 2015
Short term owned and controlled land portfolio plots	11,462	3,804	15,266	15,475
Land portfolio years	5.7	3.6	5.0	5.1
Cost per plot £000*	45.5	155.2	74.2	73.7
ASP in short term owned land portfolio £000	297	598	381	369
Average land cost as a % of ASP	15.3%	25.9%	19.5%	20.0%
Strategic land plots (> 50% probability)	14,705	1,022	15,727	14,849

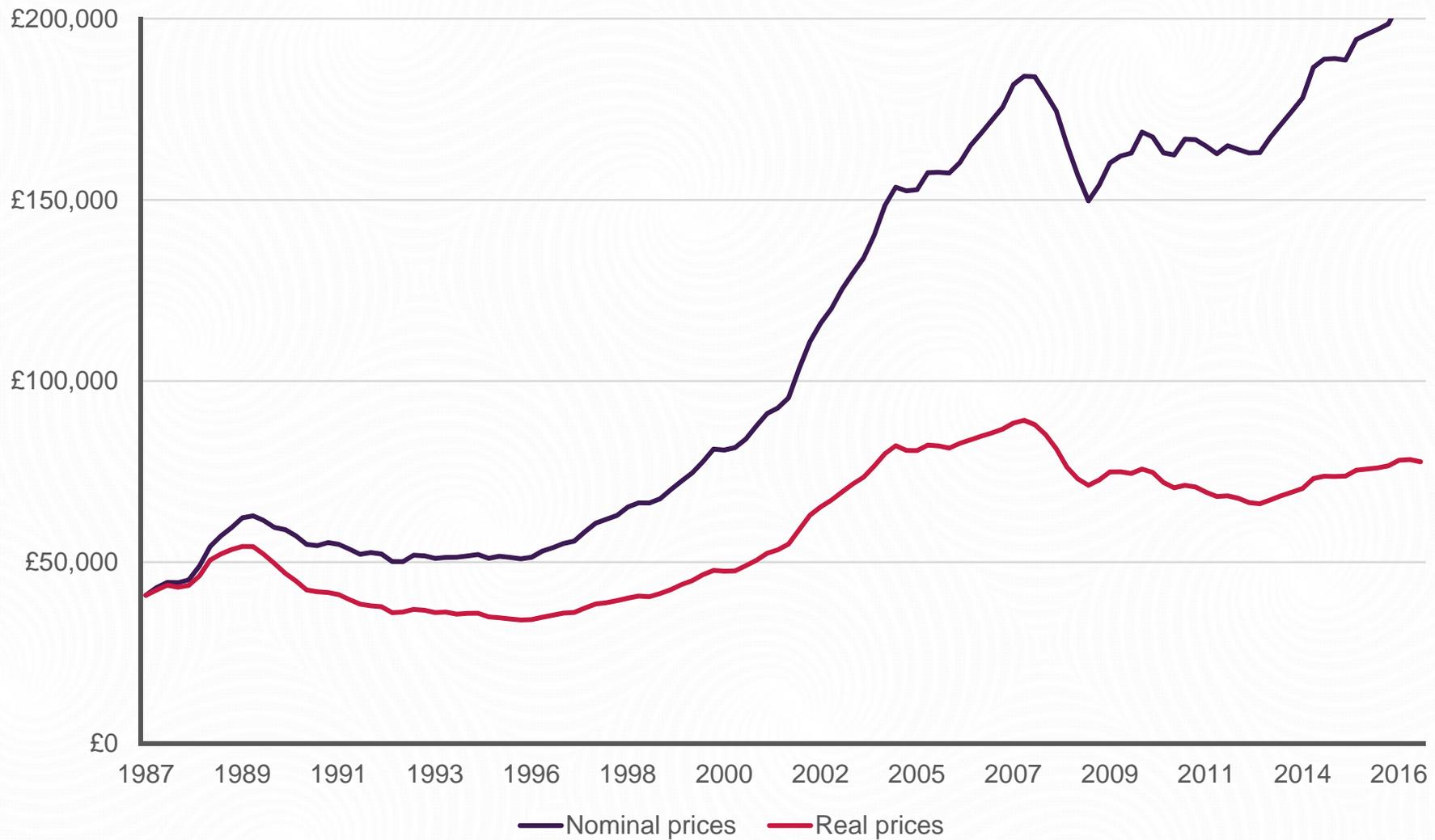
* Based on short term owned plots, including share of JVs. NRV is wholly allocated to land, comparable basis to peers

† The London market includes the area inside the M25

Land disposals

£m		FY 2016	FY 2015
Proceeds	UK	48.1	35.9
	Spain	-	-
	Total	48.1	35.9
Gross profit	UK	11.8	6.2
	Spain	-	-
	Total	11.8	6.2

Real house prices



Source: Nationwide – Nominal house prices

UK product mix

Private completions	2016			2015		
	FY	H2	H1	FY	H2	H1
Apartments	14%	17%	10%	13%	15%	11%
1 / 2 / 3 bed houses	47%	47%	48%	47%	46%	49%
4 / 5 / 6 bed houses	39%	36%	42%	40%	39%	40%
Total	100%	100%	100%	100%	100%	100%

Data based on completions excluding JVs

UK sales performance

	H1 2017 (w/e 19 Feb 2017)	H2 2016	H1 2016	H2 2015	H1 2015
Average outlets open	285	286	294	300	302
Average sales rate (net)	0.93	0.90	0.95	0.86	0.94
Average selling price £000	280	235	246	237	237

As at	H1 2017 (w/e 19 Feb 2017)	31 Dec 2016	3 July 2016	31 Dec 2015	28 June 2015
Total order book value £m	1,978	1,682	2,156	1,779	1,859
Total order book units	8,573	7,567	8,683	7,484	8,120
ASP in total order book £000	231	222	248	238	229
Outlets at end of period	290	285	287	297	307
Order book value £m per outlet	6.8	5.9	7.5	6.0	6.1

Data based on reservations excluding JVs

Spain financial summary

	FY 2016	FY 2015	Change
Average number of active sites	19	18	5.6%
Legal completions	304	251	21.1%
Average selling price (£000)	303	227	33.5%
Average selling price (€000)	358	315	13.7%
Revenue £m	93.6	58.1	61.1%
Operating profit* £m	20.6	10.0	106.0%
Operating profit* margin %	22.0	17.2	4.8ppt
Order book £m	87.8	72.1	21.8%
Order book (plots)	293	270	8.5%
Net operating assets* £m	46.8	42.6	9.9%
Total landbank plots**	2,140	2,075	3.1%

* See definitions slide in the appendix

** Landbank includes owned and controlled land

Definitions

- Operating profit is defined as profit on ordinary activities before net finance costs, exceptional items and tax, after share of results of joint ventures.
- Adjusted basic earnings per share represents earnings, attributed to the shareholders of the parent, excluding exceptional items and tax on exceptional items, divided by the number of shares in issue during the period.
- Net operating assets is defined as net assets less net cash less net tax balances, excluding any accrued dividends.
- 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.
- Tangible net assets per share is defined as net assets before any accrued dividends excluding goodwill and intangible assets divided by the number of ordinary shares in issue at the end of the period.
- Net operating asset turn is defined as total revenue divided by the average of opening and closing net operating assets. Based on rolling 12 months.
- Contribution margin is defined as revenue less total build cost less total land cost net of impairment provision less direct selling expenses.
- Profit from ordinary activities before finance costs is defined as profit on ordinary activities before net finance costs and tax, and before share of results of joint ventures.
- Cash conversion is defined as operating cash flow divided by operating profit.
- Operating cash flow is defined as cash generated by operations before tax, interest paid and exceptional cash flows on a rolling 12-month basis.
- Net asset annual growth NAV (pre-cash distributions) is defined as the percentage change between closing net assets pre accrued and paid returns to shareholders, on a rolling 12-month basis, and closing net assets on a rolling 12-month basis from the comparative period.
- EBITDA is defined as operating profit before depreciation and software amortization.
- EBITLA is defined as operating profit before land amortisation, which is defined as the value of land (net of impairment provision) charged to the income statement on completion of land and house sales.
- ROCE is defined as a 12-month rolling operating profit divided by the average of the opening and closing capital employed.