



Full Year Results Presentation
for the year ended 31 December 2017

28 February 2018

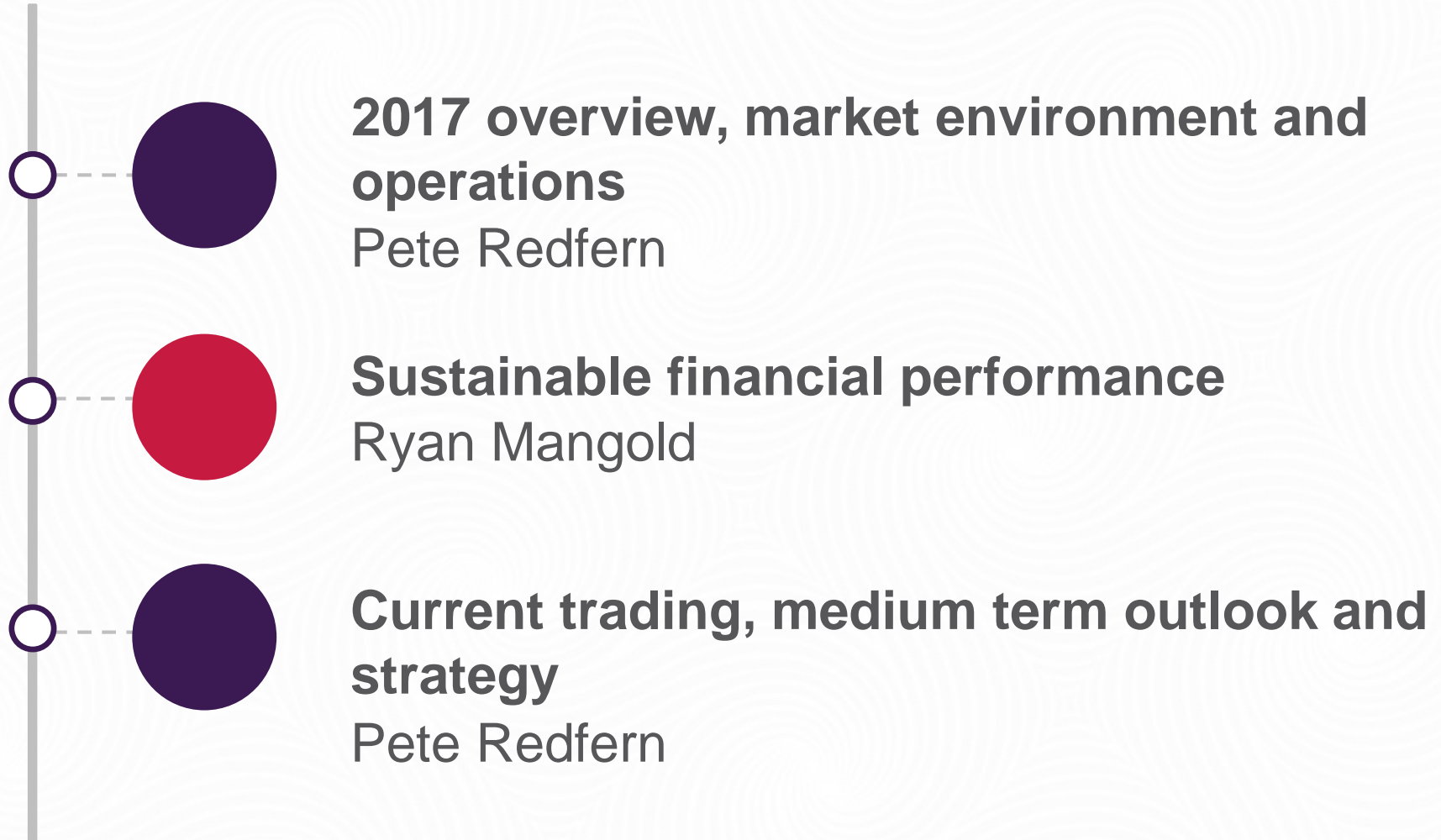
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Agenda

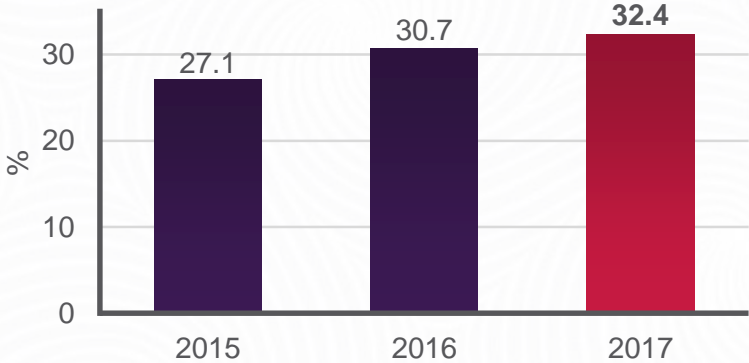


2017 overview, market environment and operations

Pete Redfern
Chief Executive

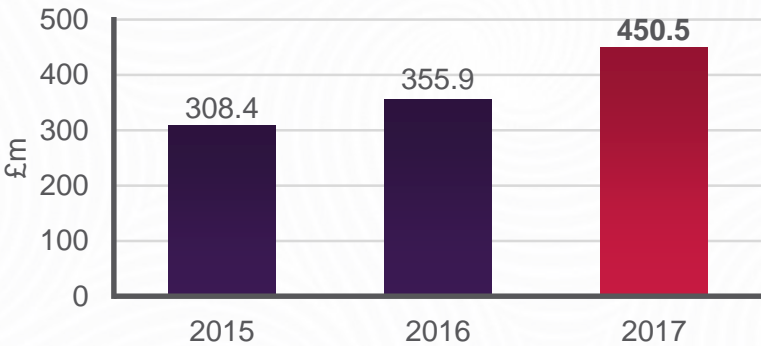
Group financial highlights

Return on net operating assets*



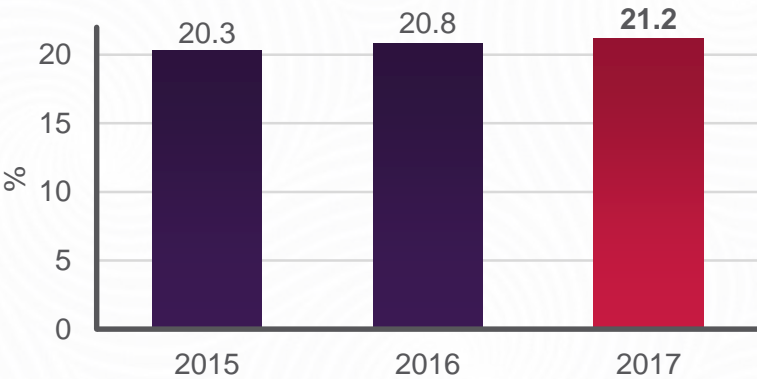
2016-2018 medium term target:
Average of 30%

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* 87.5% (2016: 81.4%)

* See definitions slide in the appendix

UK operating highlights

90%

(2016: 86%)

Average customer satisfaction score over the last six months

14.0%

(2016: 13.9%)

Voluntary employee turnover

£69.3k

(2016: £65.5k)

Contribution per completion[†]

0.77

(2016: 0.72)

Private net sales rate (per outlet per week)[†]

152

(2016: 211)

Health and Safety Annual Injury Incidence Rate (per 100,000 employees and contractors)

17.1k

(2016: 10.8k)

Additions to strategic pipeline

[†] Data based on units excluding JVs

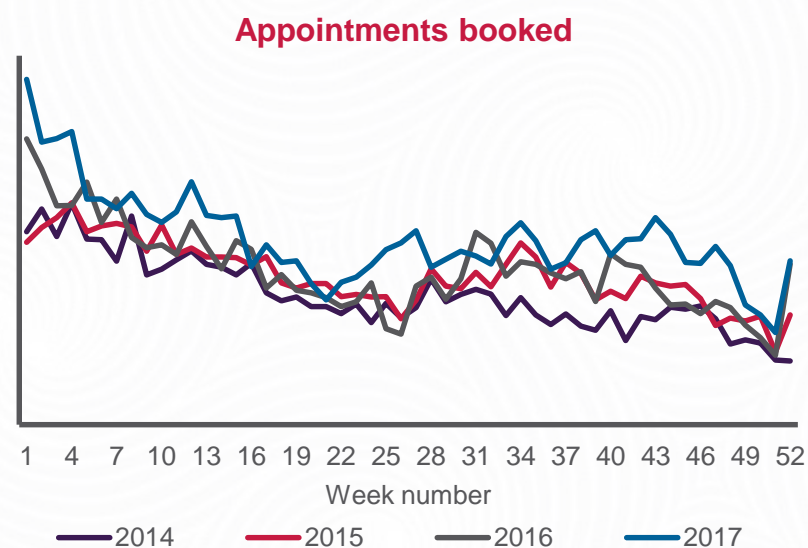
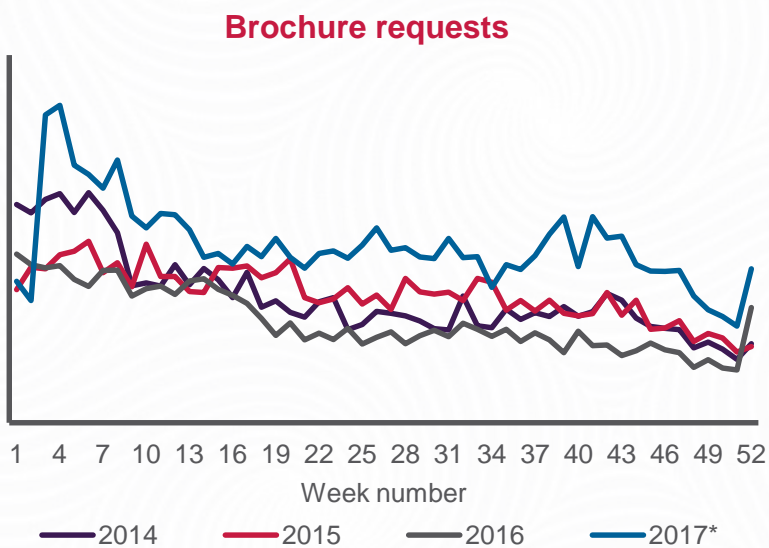
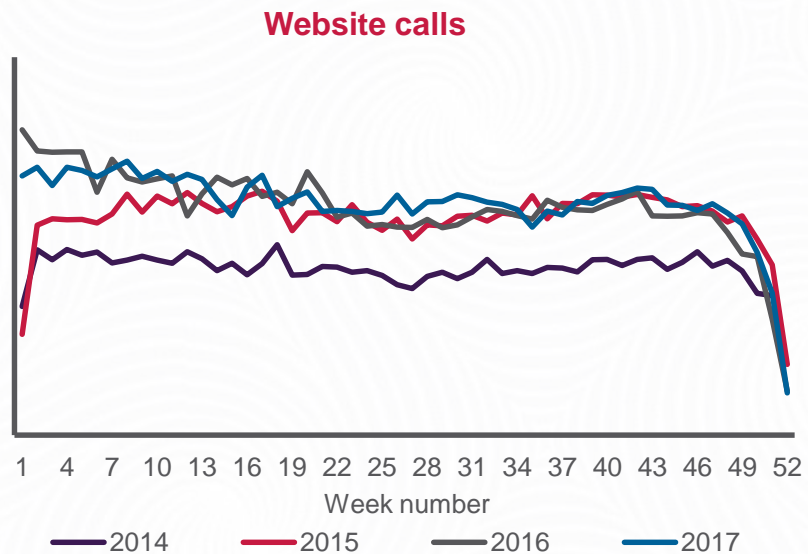
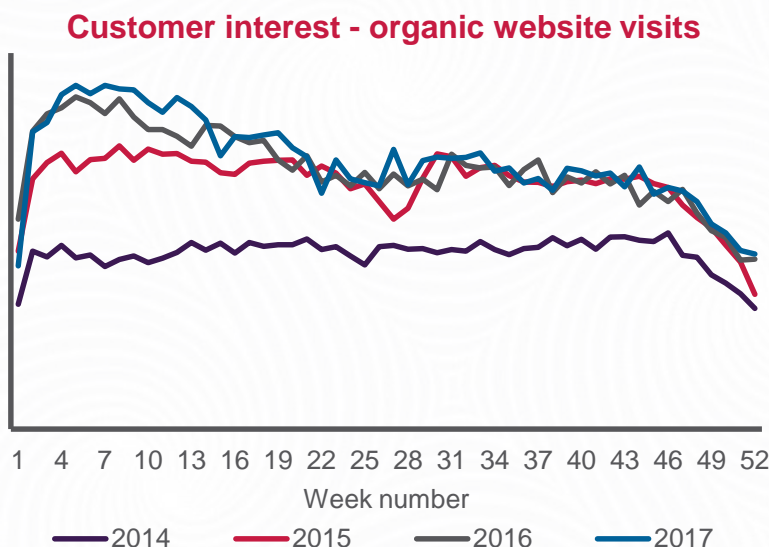
UK market performance

	H2 2017	H1 2017	H2 2016	H1 2016
Average outlets open	284	292	286	294
Private sales rate (net)	0.66	0.87	0.65	0.78
Private sales price £000	287	289	279	271
Cancellation rate (private)	15%	11%	14%	12%

- Record Q1 2017 gives strong H1 comparator
- 109 new outlets opened in 2017 (2016: 105)
- 2017 private sales price excluding Central London – £279k (up on 2016 by c.5%)

Data based on reservations excluding JVs

2017 UK market performance remained strong



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

Mortgage cost, availability and Help to Buy

- Overall cost of borrowing remains at a low level

2-year fixed rates	January 2016	January 2017	February 2018
HTB equity loan	1.74% – 2.19%	1.64% - 1.89%	1.44% - 2.17%
85% LTV (new build)	1.99%	1.74%	1.64%

- Impact of 2017 interest rates movements not significant
- Help to Buy remains significant contributor to sales
- Overall cost of ownership remains low

UK land pipeline

Plots	31 Dec 2017			31 Dec 2016
	Owned	Controlled	Total	Total
Detailed planning	42,908	3,412	46,320	43,860
Outline planning	12,820	7,111	19,931	21,888
Resolution to grant	891	7,707	8,598	10,486
Short term	56,619	18,230	74,849	76,234
Short term with implementable planning	42,094	-	42,094	38,778
Allocated strategic*	6,549	9,572	16,121	15,151
Non-allocated strategic*	20,287	80,837	101,124	92,865
Strategic	26,836	90,409	117,245	108,016
Total	83,455	108,639	192,094	184,250

- Acquired 8,040 plots in the short term land market during 2017 at c.28% contribution margin** and c.34% ROCE**
- Converted 7,863 strategic pipeline plots into the short term landbank in 2017
- 53% of 2017 completions were sourced from the strategic land pipeline

Data includes JV plots

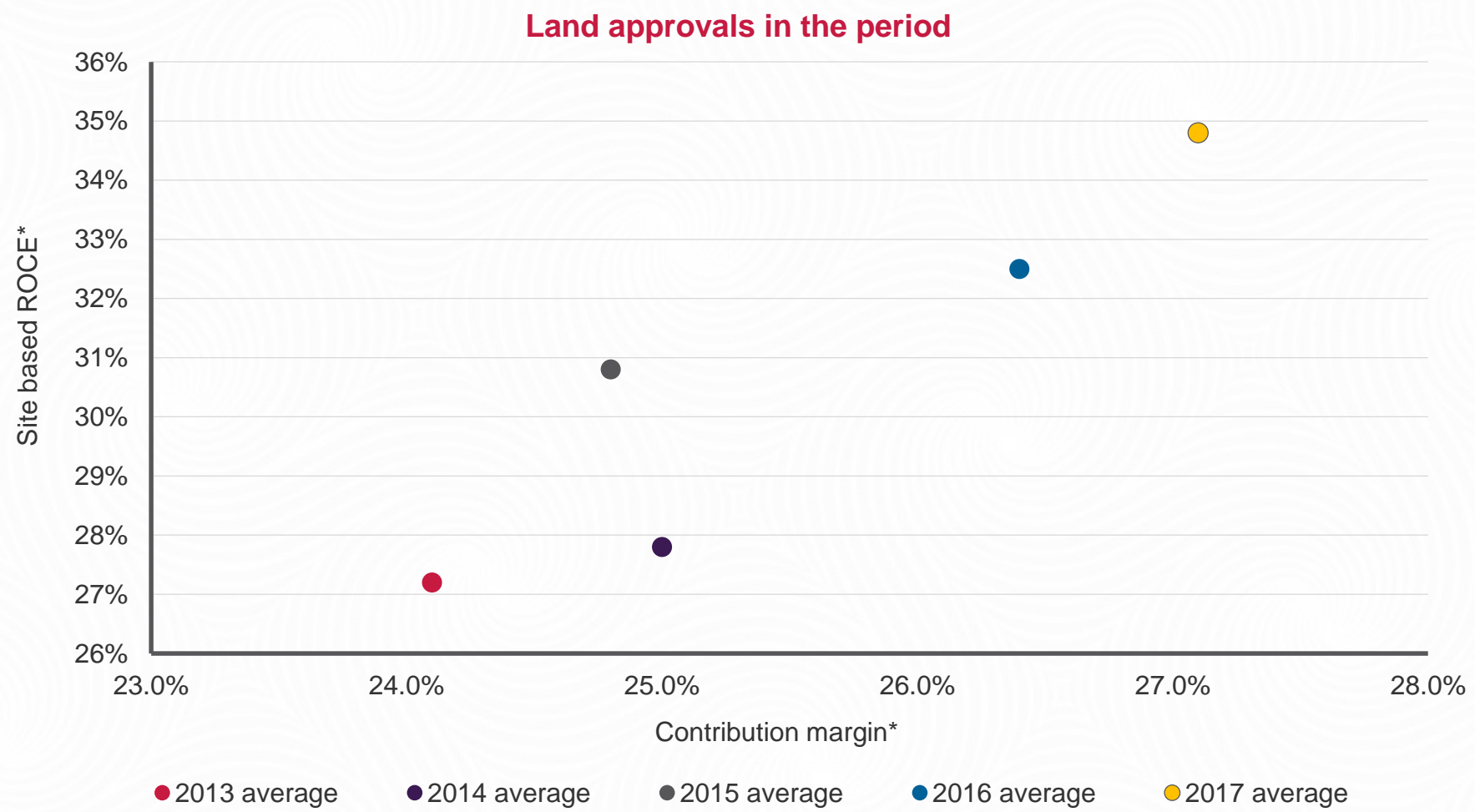
* Excludes land with less than 50% certainty of achieving planning permission

** See definitions slide in the appendix

Land market

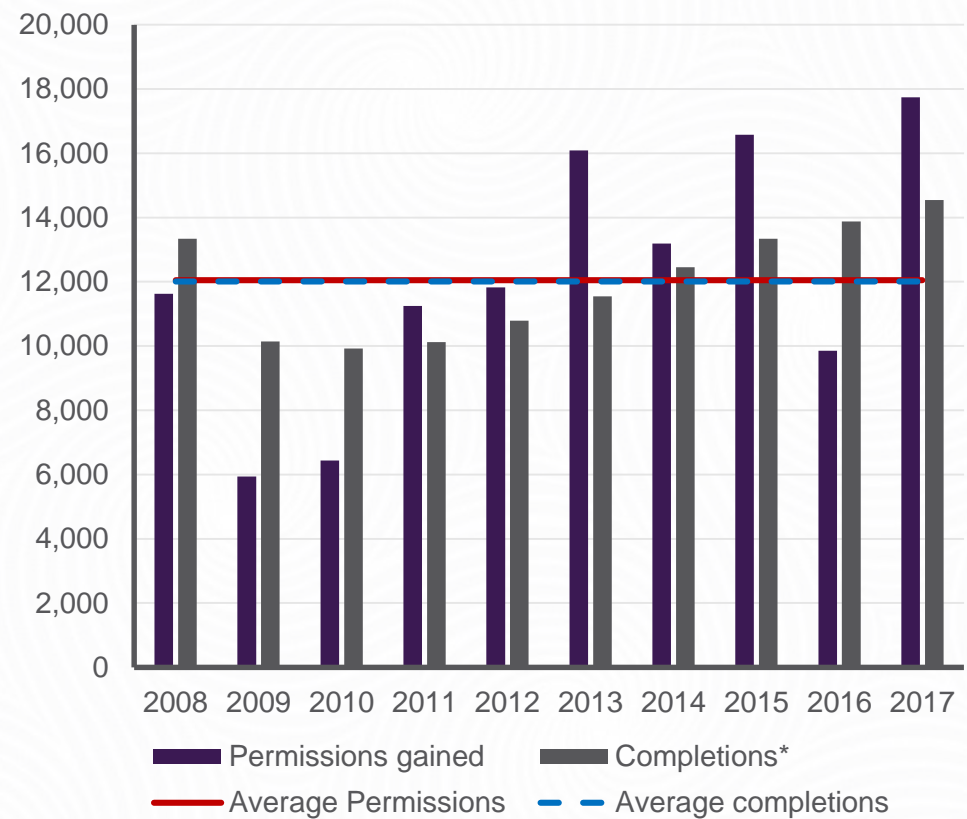
- Short term land market
 - Remains benign by long term standards
 - Margin 'nudge' post Brexit has 'stuck'
 - Environment has allowed us to maintain location quality more consistently than expected
- London market
 - Land environment now more in line with rest of UK
 - Have seen some better value deals emerge over last 18 months
 - Competition remains muted by 'normal' standards
- Strategic land market
 - Reduced competition from land promoters
 - Consistency of strategy over last nine years continues to pay off
 - Larger sites mean fewer outlets – but better consistency and options
 - Set a target for conversions of average 6k plots pa in 2014 – average for the last 3 years c.9k plots

Quality of land acquisitions



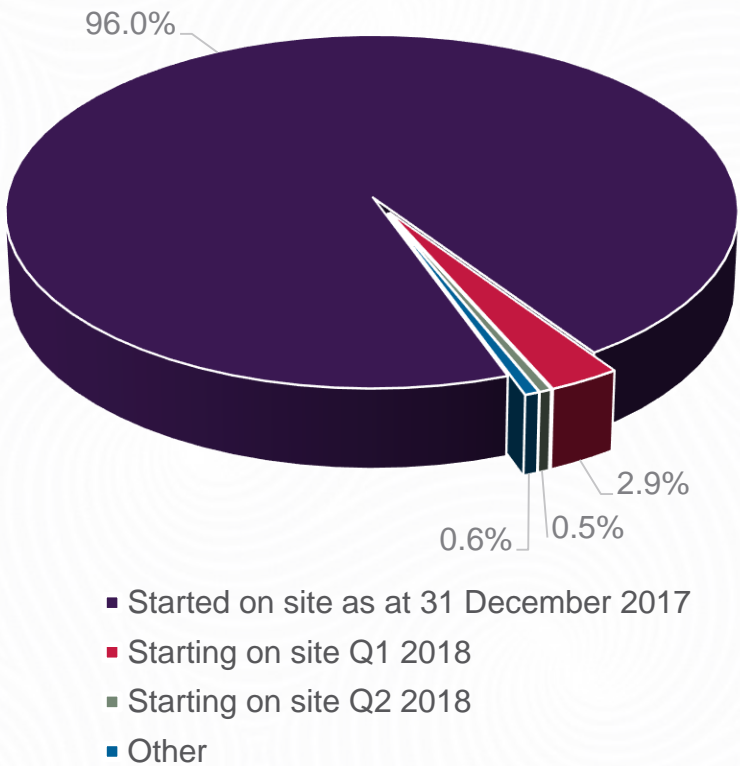
At current costs and current selling prices in year of acquisition
* See definitions slide in the appendix

UK planning permissions



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

Sites with implementable planning permission



* Data includes JV plots

Continuous business improvement



Three focus areas of our employee proposition

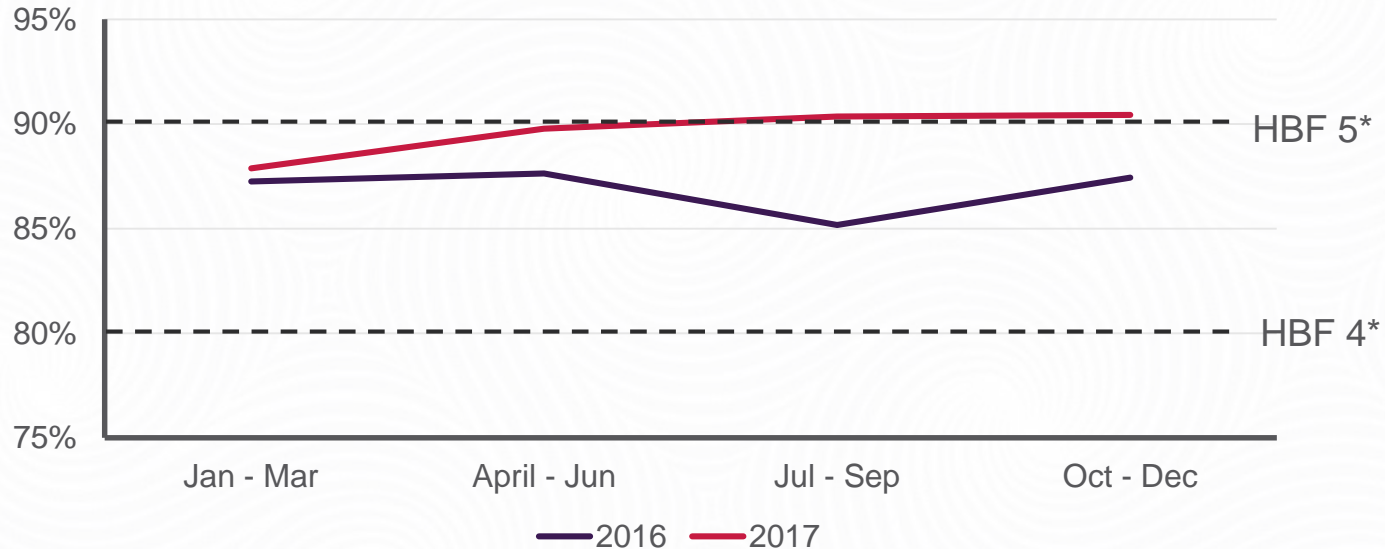
Culture	Attraction and Development	Pay and Benefits
Increasing collaboration through open plan environments and improvement to technology	Investment in new Training Academies (Production, Customer Services and Sales), and e-learning portal	Benchmarked key teams to ensure they remain market competitive
Established a National Employee Forum – voice of the employee	Stretching Leadership Programmes	Increased participation in our flexible benefits +11% (for weekly) +6% (monthly)
Promoting a flexible working mindset	Pilot a new 'Fast Track' programme	Introduced holiday purchase for our weekly employees (+4 days)
Supporting our employees more through a Health & Wellbeing Strategy	Increased website traffic on our improved careers site	Plan to increase stakeholder auto enrolment contributions over the minimum requirement
Continued focus on Diversity and Inclusion	Focus on Direct Labour	Improved communication and understanding of our Employee Share Scheme
	Redesign of Management Trainee and Apprenticeship Programmes	

Employee changes having a positive impact

- Consistent, low attrition rate (14% - 15%) even as competition for staff has increased
- 93% employee engagement level (72% response rate)
- Ranked 15th best place to work in the UK by Glassdoor - voted for by employees, the only commercial housebuilder to make the list
- Clear buy-in to cultural changes around customer service and community engagement
- Consistency of delivery of performance significantly improved across all business units

Customer service

- Statistics* - “Recommend” score in 2017 at **89%**

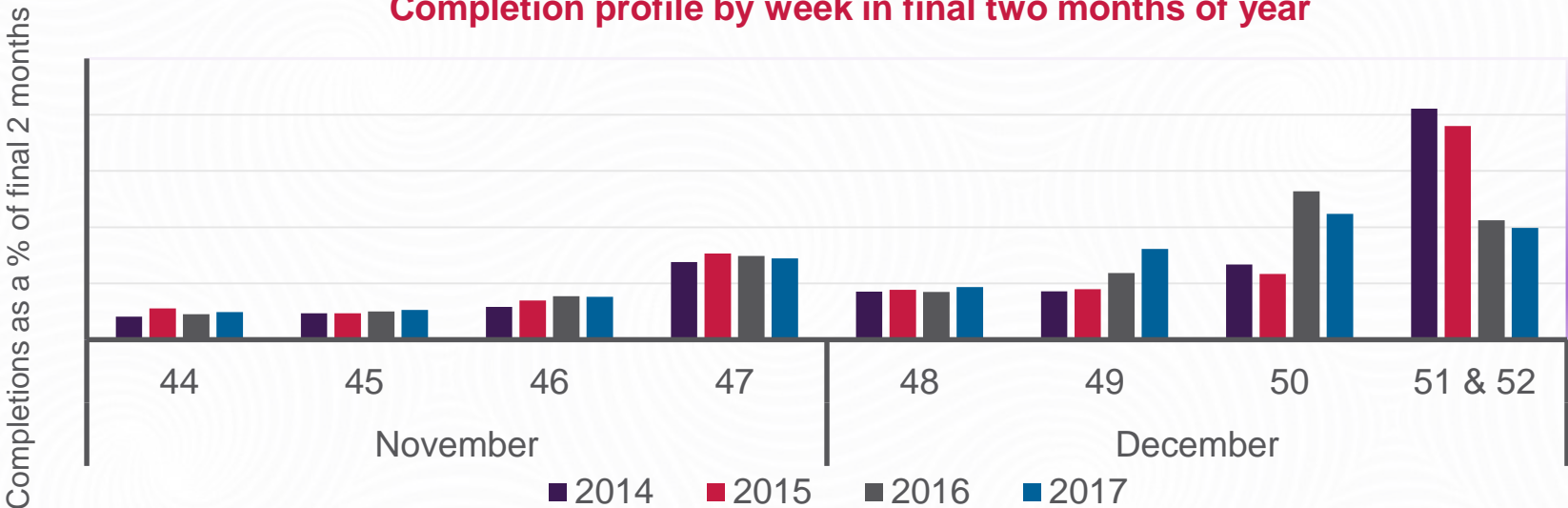


- Embedding culture and processes takes time, but trend is encouraging
- Underlying statistics evidence improvement as we move through the year
 - Score for customers satisfied or very satisfied with the quality of their new home in 2017 was 88% (2016: 85%)
 - “Would you recommend” score for 2017 was 89% (2016: 86%)
 - “Would you recommend” score average for the last six months is over 90%

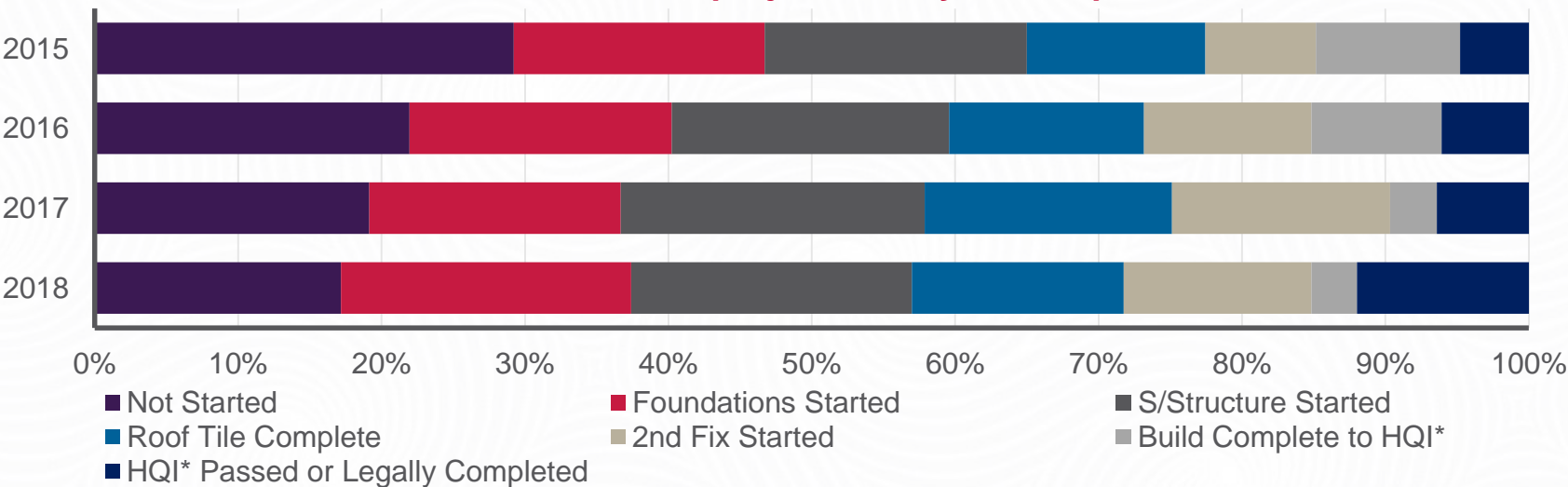
* Source: NHBC National New Homes Survey

Confidence in build delivery

Completion profile by week in final two months of year



UK build status for projected full year completions at week 7



*HQI – Home Quality Inspection

Sustainable financial performance

Ryan Mangold
Group Finance Director

Summary Group results

£m (before exceptional items)	FY 2017	FY 2016	Change
Revenue	3,965.2	3,676.2	7.9%
Gross profit	1,033.0	940.4	9.8%
Gross profit margin %	26.1	25.6	0.5ppt
Operating profit*	841.2	764.3	10.1%
Operating profit* margin %	21.2	20.8	0.4ppt
Profit before tax and exceptional items	812.0	733.4	10.7%
Adjusted basic earnings per share* pence	20.2	18.1	11.6%
Tangible NAV per share* pence	95.7	88.6	8.0%
Return on net operating assets* %	32.4	30.7	1.7ppt

* See definitions slide in the appendix

UK performance summary

	FY 2017	FY 2016	Change
Legal completions – excl JVs	14,387	13,808	4.2%
Private	11,602	11,145	4.1%
Affordable	2,785	2,663	4.6%
Average selling price – excl JVs	264	255	3.5%
Private £000	296	286	3.5%
Affordable £000	131	124	5.6%
Legal completions – JVs	154	73	111.0%
Share of profit – JVs £m	7.6	1.2	533.3%
Gross profit margin %	25.9	25.6	0.3ppt
Operating profit* £m	814.4	743.7	9.5%
Operating profit* margin %	21.0	20.8	0.2ppt

* See definitions slide in the appendix

Indicative movements in UK operating profit* margin

2016 to 2017	Annual change	Impact on 2017 income statement
Market inflation on selling prices	c.4.0%**	2.6%
Market inflation on build cost	c.3.5%	(1.9)%
Net economic benefit captured		0.7%
Market impact of landbank evolution		(0.6)%
Net market impact		0.1%
Change in land mix		(0.3)%
Enhanced customer journey		(0.3)%
Affordable housing price		0.5%
Overheads		0.1%
Other		(0.1)%
Share of JV profits		0.2%
Total operating profit* margin movement		0.2%

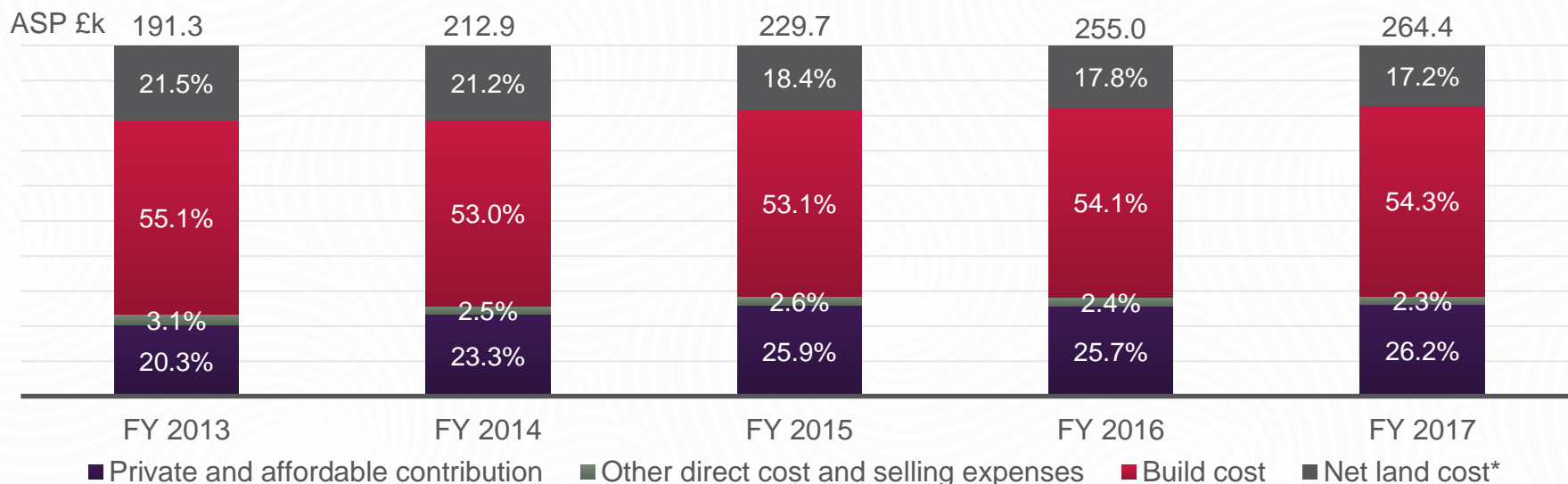
* See definitions slide in the appendix

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

UK margin drivers

£000 per unit	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
ASP	191.3	212.9	229.7	255.0	264.4
Net land cost*	(41.2)	(45.1)	(42.4)	(45.4)	(45.4)
Build cost	(105.4)	(112.9)	(121.9)	(137.9)	(143.7)
Other direct cost and selling expenses	(5.9)	(5.3)	(6.0)	(6.2)	(6.0)
Private and affordable contribution	38.8	49.6	59.4	65.5	69.3

UK contribution analysis as a % of ASP



* NRV is wholly allocated to land costs in the income statement – comparable basis to peers

Exceptional items

- Exceptional item of £130m provision, before tax, is prudent and remains unchanged
- Agreement with freeholders for over 90% of leases
- Good progress made with balance of freeholders
- Most of the cash flow is expected to be over two years, but likely to be a relatively long tail and dependent on pace of customer application
- Exceptional tax credit of £25m recognised in respect of £130m exceptional provision

Summary Group balance sheet

Group £m	31 Dec 2017	31 Dec 2016	Change
Long term assets and JVs	77.6	74.8	2.8
Land	2,684.5	2,652.5	32.0
WIP	1,391.2	1,331.5	59.7
Debtors	182.3	178.6	3.7
Land creditors	(639.1)	(599.8)	(39.3)
Other creditors	(816.0)	(830.8)	14.8
Pensions and post retirement benefits	(64.8)	(234.1)	169.3
Provisions	(161.6)	(33.1)	(128.5)
Net operating assets*	2,654.1	2,539.6	114.5
Tax	(28.6)	(4.0)	(24.6)
Net cash	511.8	364.7	147.1
Net assets	3,137.3	2,900.3	237.0
Tangible NAV per share*	95.7p	88.6p	7.1p

- Net operating asset* growth of 4.5%
- Net asset* growth pre dividend distribution of 23.7%
- Tangible NAV per share* growth of 8.0%

* See definitions slide in the appendix

UK landbank

- Land cost in short term owned landbank is 14.8% of ASP (2016: 15.4%), supported by strategic pipeline conversions
- Land cost as % of ASP on 2017 approvals – 19.8%
- Potential revenue in the landbank at 31 Dec 2017 was £47 billion (31 Dec 2016: £42 billion), comprising short term land of £21 billion (31 Dec 2016: £19 billion) and strategic land of £26 billion (31 Dec 2016: £23 billion)
- In the year we achieved a 1.7 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 2017	Number of plots 31 Dec 2017	Land cost on balance sheet £m 31 Dec 2016	Number of plots 31 Dec 2016
Short term owned	2,338	56,619	2,276	57,287
Short term controlled	84	18,230	73	18,947
Total short term	2,422	74,849	2,349	76,234
Strategic owned*	90	26,836	135	27,826
Strategic controlled*	69	90,409	60	80,190
Total strategic*	159	117,245	195	108,016
Total landbank	2,581	192,094	2,544	184,250

Data includes JV plots

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

Pensions

Movement in present value of defined benefit obligations

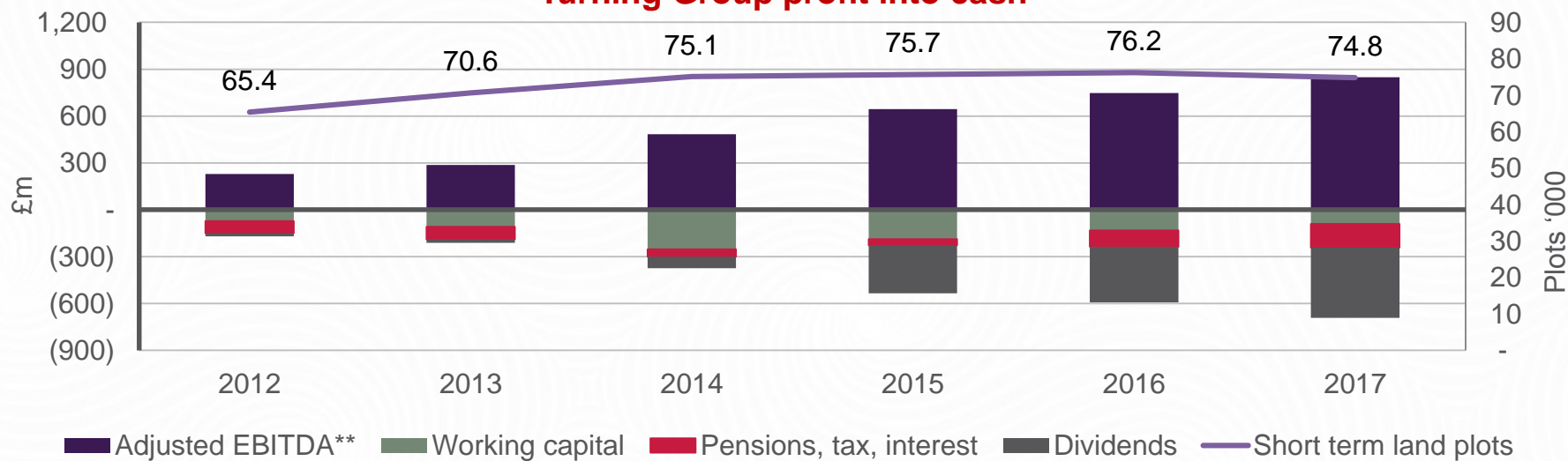
Total UK £m	FY 2017	FY 2016	FY 2015	FY 2014
Brought forward	232.7	177.1	182.4	182.2
Employer contributions*	(23.1)	(23.1)	(23.1)	(36.3)
Administration cost	3.0	3.3	3.2	3.1
Interest cost	5.9	6.1	6.0	7.5
Actuarial changes and asset performance	(242.4)	69.3	8.6	25.9
IAS 19 (surplus)/deficit	(23.9)	232.7	177.1	182.4
Adjustment for IFRIC 14	87.6	-	-	-
Carried forward deficit	63.7	232.7	177.1	182.4

- Triennial valuation completed with technical deficit of £222m as at 31 December 2016
- Technical provisions deficit of £30m at 31 December 2017 on a consistent basis
- Four-year recovery plan agreed of £40m pa versus £16m, with contributions suspended if scheme becomes fully funded on a technical provision basis and recommences at 96% funded

Cash management

UK metrics	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Completions (excl JVs)	11,547	12,294	13,219	13,808	14,387
Total sq ft per unit	1,002	998	1,029	1,021	1,013
ASP £ per sq ft	191	213	223	250	261
Build cost £ per sq ft	105	113	118	135	142
Land cost £ per sq ft	41	45	41	44	45
% private apartments	20%	18%	13%	14%	16%
EBITLA* % of ASP	35.1%	38.4%	38.5%	38.3%	38.2%
WIP turn*	3.17x	3.33x	3.10x	3.00x	2.95x

Turning Group profit into cash



* See definitions slide in the appendix

** 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 2018***	FY 2017	FY 2016	Change FY 2016 to FY 2017
Ordinary dividend*	c.4.9	4.6	1.7	171%
Special dividend**	10.4	9.2	9.2	-
Total	c.15.3	13.8	10.9	27%

Paid (or to be paid) (£m)	FY 2018***	FY 2017	FY 2016	Change FY 2016 to FY 2017
Ordinary dividend*	c.160	150	56	168%
Special dividend**	c.340	301	300	-
Total	c.500	451	356	27%

- Final ordinary dividend of 2.44 pence per share will be paid on 18 May 2018 (c.£80m) subject to AGM approval
- Special dividend of c.£340m will be paid on 13 July 2018 subject to AGM approval

* Includes interim and final dividends for the year

** Additional cash returns for the year

*** 2018 is indicative, subject to shareholder approval

Refinancing

- Agreement signed in February 2018 to amend and extend the existing £550m facility on improved terms
 - Term five years with option to extend a further two years subject to individual bank approval
 - Reduced margin and non utilisation fees
- Weighted average life of committed facilities increased from 2.6 years to 5.2 years
- Average net cash for the year of £186.5m (2016: £87.4m net debt)

Robust financial performance

- Focus on 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
- Strength and quality of balance sheet

Group	FY 2017	FY 2016	FY 2015
Medium term targets			
Return on net operating assets* %	32.4	30.7	27.1
Operating profit* margin %	21.2	20.8	20.3
Dividends paid £m	450.5	355.9	308.4
Net operating asset turn*	1.53	1.48	1.33
Net asset annual growth NAV (pre-cash distribution)* %	23.7	19.6	19.6
Cash conversion* %	87.5	81.4	67.0

* See definitions slide in the appendix

Current trading, medium term outlook and strategy

Pete Redfern
Chief Executive

UK market performance – to date

	H1 2018 (w/e 18 Feb 2018)	H2 2017	H1 2017	H2 2016	H1 2016
Average outlets open	275	284	292	286	294
Private sales rate (net)	0.81	0.66	0.87	0.65	0.78
Private sales price £000	293	287	289	279	271
Cancellation rate (private)	12%	15%	11%	14%	12%

- 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

UK market performance – affordable to date

	H1 2018 (w/e 18 Feb 2018)	31 Dec 2017	31 Dec 2016	Change
Average outlets open	275	287	290	(1.0)%
Affordable order book £m	465	400	418	(4.3)%
Affordable order book units	3,521	3,159	3,529	(10.5)%
Affordable order book ASP £k	132	127	118	7.6%

Data based on reservations excluding JVs

Central London market performance

	H1 2018 (w/e 18 Feb 2018)	H2 2017	H1 2017	H2 2016	H1 2016
Average outlets open	9	8	8	8	9
Private sales rate (net)	0.29	0.24	0.41	0.42	0.29
Private sales price £000	1,049	962	1,147	863	1,011
Cancellation rate (private)	10%	26%	18%	14%	24%

- Improving advance interest in Central London
- Sales required for 2018: 126 across seven sites
- 2018 exposure limited with greater contribution from late 2019 and 2020

Data based on reservations excluding JVs

Capital Markets Day – long term environment

- Supply demand imbalance in UK housing remains, underpinning confidence in long term prospects
- Customers' medium term ability to finance house purchase remains a risk, with both interest rates and the dependence on Help to Buy important factors
- Customers' expectations and the importance of understanding the customer is ever important
- Land and planning environment is very different, with both reduced competition and additional supply
 - Now believe this change is meaningful and lasting enough to impact on strategy
 - Lower relative land prices have affected risk and cash lock up in addition to the obvious margin and return benefits
 - Larger sites bring both opportunities and challenges – but need a different way of operating and can affect metrics
- The 'engine room' ability to procure sites, take them through a complex system and produce high-quality products is in short supply and more valuable than ever before
- Sector remains in political focus and the need for a good business to operate to a genuinely high set of principles is clear

Capital Markets Day – key areas under review

- Key operational metrics:
 - Landbank length, including impact of large site strategy
 - Sales rates and outlet numbers
 - Long term growth aspirations
- Broadening routes to market
 - Options for customer affordability and finance
 - Rental market
 - Market positioning and products
- Managing through the housing cycle
- Update on Major Developments
- Customer proposition and market positioning
- Resourcing, direct labour, employee and build strategy
- Social purpose and community and political engagement
- Dividend Policy and future value proposition for investors



Future investor communications

- 26 April 2018 AGM and trading update
- 15 May 2018 Strategy day
- 31 July 2018 Half year results
- 13 November 2018 Trading update

Taylor Wimpey plc

Full Year Results Presentation
for the year ended 31 December 2017

Appendices

Summary income statement*

Group £m	FY 2017	FY 2016	Change	H1 2017
Revenue	3,965.2	3,676.2	7.9%	1,727.5
Cost of sales	(2,932.2)	(2,735.8)	7.2%	(1,283.5)
Gross profit	1,033.0	940.4	9.8%	444.0
Net operating expenses	(199.4)	(177.3)	12.5%	(99.4)
Profit on ordinary activities before finance costs and tax	833.6	763.1	9.2%	344.6
Net finance cost	(29.2)	(30.9)	(5.5)%	(14.0)
Share of results of JVs	7.6	1.2	533.3%	4.4
Profit before tax	812.0	733.4	10.7%	335.0
Tax charge	(151.7)	(143.7)	5.6%	(63.9)
Profit for the period	660.3	589.7	12.0%	271.1

* Before exceptional items

Cash flow summary

Group £m	FY 2017	H2 2017	H1 2017	FY 2016
Profit from ordinary activities before finance costs*	703.6	489.0	214.6	762.6
(Increase) / decrease in inventories	(61.7)	75.5	(137.2)	(113.3)
Exceptional items	130.0	-	130.0	0.5
Other operating items**	(36.0)	(34.8)	(1.2)	(27.6)
Cash generated / (used) by operations	735.9	529.7	206.2	622.2
Tax paid	(126.7)	(65.3)	(61.4)	(71.0)
Interest paid	(5.1)	(2.3)	(2.8)	(13.5)
Net cash from / (used in) operating activities	604.1	462.1	142.0	537.7
Investing activities	4.6	7.7	(2.9)	(26.1)
Financing activities	(460.2)	(384.9)	(75.5)	(364.1)
Cash flow for the period	148.5	84.9	63.6	147.5
Net cash b/f	364.7	429.0	364.7	223.3
Cash inflow / (outflow)	148.5	84.9	63.6	147.5
FX and fair value adjustments	(1.4)	(2.1)	0.7	(6.1)
Closing net cash	511.8	511.8	429.0	364.7

* See definitions slide in the appendix

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

Group segmental analysis

	FY 2017			FY 2016		
	Operating profit* £m	Operating profit* margin %	RONOA* %	Operating profit* £m	Operating profit* margin %	RONOA* %
North	294.9	22.1	35.6	280.0	22.6	34.4
Central and South West	318.0	24.6	43.0	280.7	23.3	39.1
London and South East incl. Central London	271.4	22.0	25.9	250.4	22.0	24.7
Corporate	(69.9)	-	-	(67.4)	-	-
UK	814.4	21.0	32.0	743.7	20.8	30.4
Spain	26.8	28.5	52.4	20.6	22.0	46.1
Group	841.2	21.2	32.4	764.3	20.8	30.7

* See definitions slide in the appendix

North Division – segmental analysis

As at 31 Dec 2017	Scotland, North East and Yorkshire	North West and West Midlands	North Division FY 2017	North Division FY 2016
Number of outlets	71	72	143	150
Private sales rate (net)	0.77	0.67	0.72	0.68
Completions	3,011	3,065	6,076	5,988
Average selling price on completions £000	214	221	217	207
Net operating assets* £m	423.6	417.1	840.7	816.0

Data based on completions excluding JVs

* See definitions slide in the appendix

Central and South West Division – segmental analysis

As at 31 Dec 2017	East and Central	Wales and West	Central and South West Division FY 2017	Central and South West Division FY 2016
Number of outlets	45	38	83	84
Private sales rate (net)	0.86	0.87	0.87	0.75
Completions	2,610	2,525	5,135	4,810
Average selling price on completions £000	277	222	250	241
Net operating assets* £m	403.5	346.3	749.8	729.9

Data based on completions excluding JVs

* See definitions slide in the appendix

London and South East Division – segmental analysis

As at 31 Dec 2017	South East excl. London market [†]	London market [†]	London and South East Division FY 2017	London and South East Division FY 2016
Number of outlets	32	20	52	51
Private sales rate (net)	0.80	0.70	0.77	0.75
Completions	2,230	946	3,176	3,010
Average selling price on completions £000	299	563	378	373
Net operating assets* £m	402.1	654.6	1,056.7	1,035.2

London and South East Division includes Central London

Data based on completions excluding JVs

* See definitions slide in the appendix

[†] The London market includes the area inside the M25

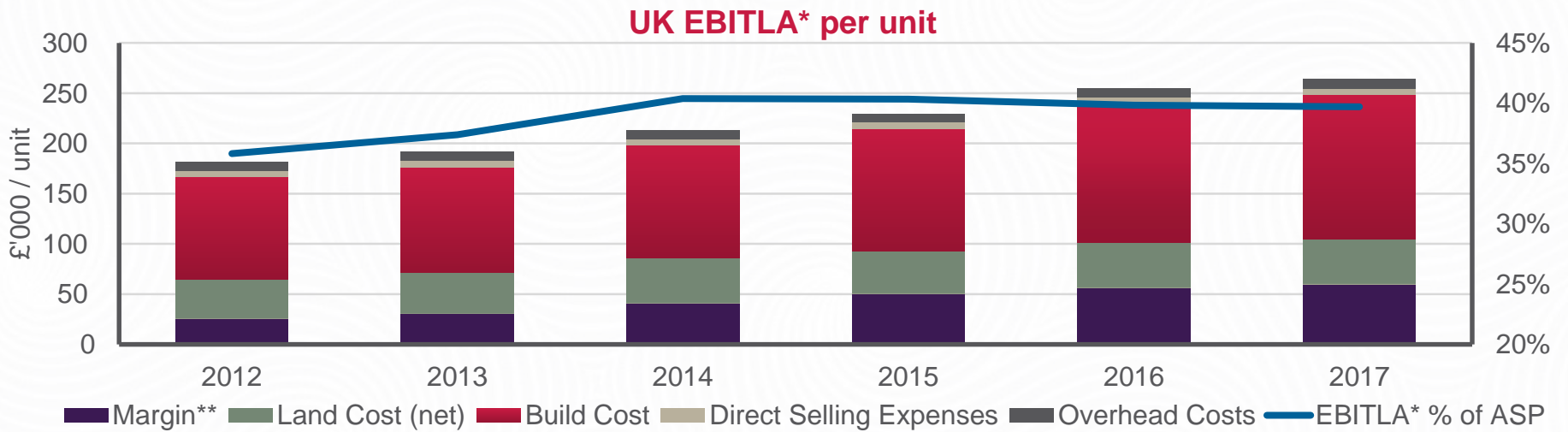
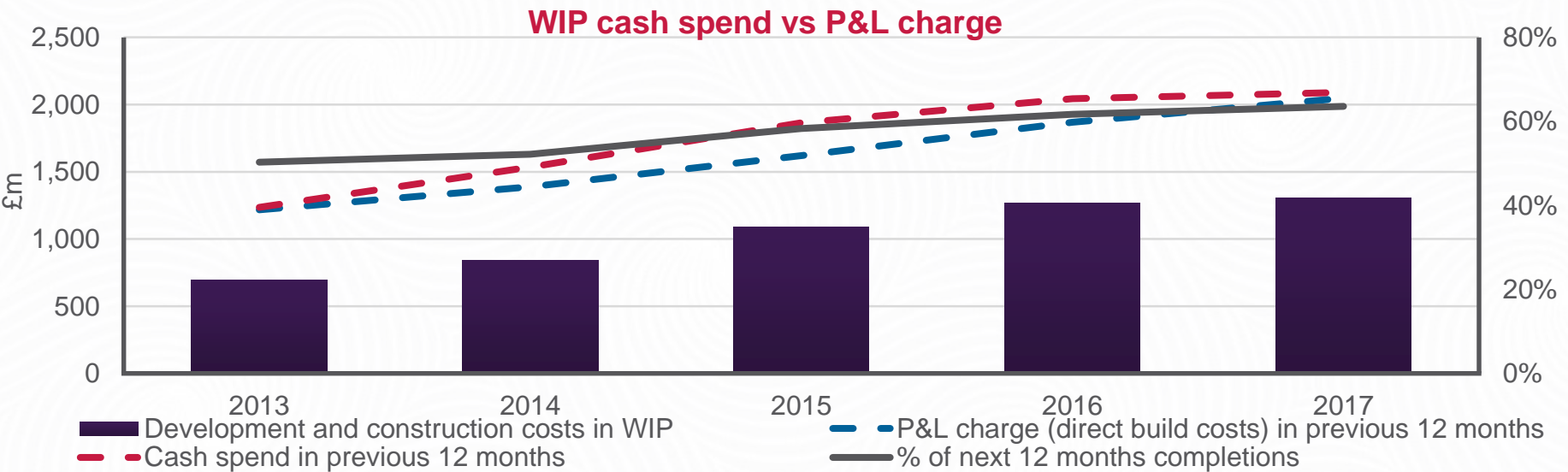
Tax

£m Asset / (liability)	Current tax	Deferred tax	Net tax
As at 1 Jan 2017	(61.4)	57.4	(4.0)
Income statement*	(124.4)	(2.3)	(126.7)
SOCI / SOCIE	1.4	(26.1)	(24.7)
Cash paid	126.7	-	126.7
Forex	(0.2)	0.3	0.1
As at 31 Dec 2017	(57.9)	29.3	(28.6)

- Pre-exceptional underlying tax rate of 18.7% (2016: 19.6%)
- Expect future underlying tax rate to largely reflect statutory rate
- Deferred tax movement primarily relates to pension deficit
- £58.0m unrecognised Spanish temporary differences

* Including tax on exceptional items

Managing UK working capital



Data based on completions excluding JVs
* See definitions slide in the appendix
** Operating profit margin including central costs, and the benefit from utilisation from land impairment provision

Movement in Group net assets

	31 Dec 2017 £m	31 Dec 2016 £m	Breakdown of movement %
Opening net assets	2,900.3	2,723.3	N/A
Pre-exceptional net earnings	660.3	589.7	22.8%
Net impact of exceptional items	(105.0)	(0.4)	(3.6)%
Actuarial gains/(losses) after tax	128.3	(58.6)	4.4%
Net share scheme and other movements	3.9	2.2	0.1%
Returns to shareholders	(450.5)	(355.9)	(15.5)%
Closing net assets	3,137.3	2,900.3	8.2%
Add back returns to shareholders	450.5		15.5%
Closing net assets pre returns to shareholders	3,587.8		23.7%

UK net operating assets

£m	31 Dec 2017	31 Dec 2016
Fixed assets	27	24
Investment in JVs	51	50
Land	2,596	2,574
WIP	1,337	1,288
Total inventories	3,933	3,862
Debtors	180	177
Land creditors	(618)	(577)
Other creditors	(750)	(779)
Total creditors	(1,368)	(1,356)
Pension liability and PRMA	(65)	(234)
Provisions	(159)	(30)
Net operating assets*	2,599	2,493

* See definitions slide in the appendix

Financing

- Net cash at 31 Dec 2017: £511.8m (31 Dec 2016: £364.7m)
- Adjusted gearing (net debt plus land creditors): 4.1% (31 Dec 2016: 8.1%)
- Average net cash: £186.5m (31 Dec 2016: £87.4m net debt)
- Borrowings and facilities:
 - Fully undrawn £550m Revolving Credit Facility now expiring February 2023 following a recent extension
 - €100m Senior Loan Notes due June 2023 issued 28 June 2016 at a fixed coupon of 2.02% pa and is being used to hedge the investment in our Spanish business
 - Weighted average life of 2.6 years now extended to 5.2 years

Finance charges

£m	FY 2017	FY 2016	Change
Financial indebtedness	6.0	10.9	(45.0)%
Land creditor unwind	20.7	17.7	16.9%
Pensions	5.9	6.1	(3.3)%
Other	(2.6)	(3.1)	(16.1)%
Total	30.0	31.6	(5.1)%

UK land commitments

£m	< 1 yr	1-2 yrs	2-5 yrs	5+ yrs	2017 total	2016 total
Committed cash payments in respect of unconditional land contracts	313	194	107	36	650	607
Expected cash payments in respect of conditional land contracts	94	59	99	85	337	255

- Included in unconditional land contracts at 31 December 2017 are UK overage commitments of £117m (2016: £130m)

UK land portfolio – net cost

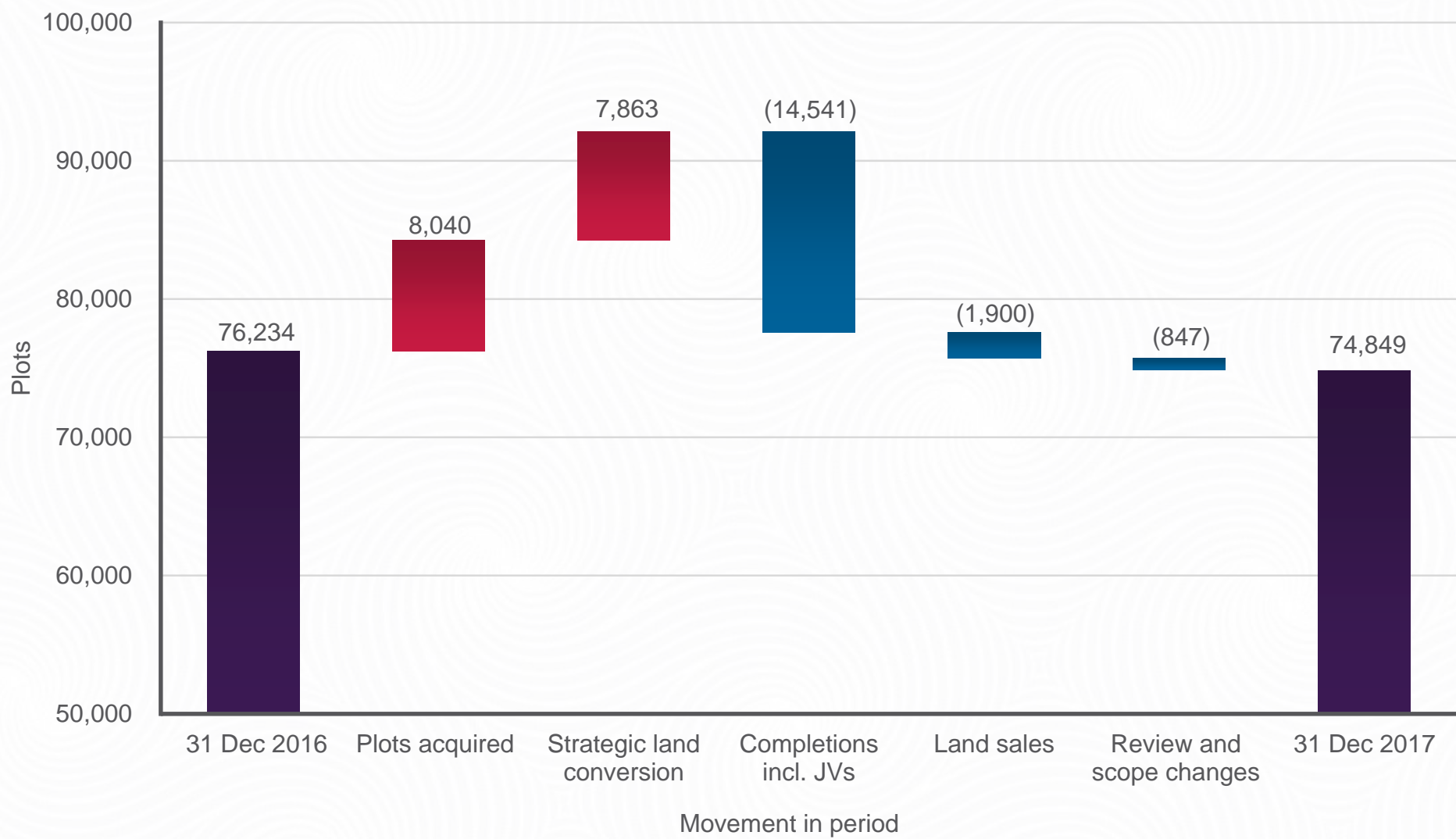
£m	31 Dec 2017			31 Dec 2016
	Owned	Controlled	Total	Total
Detailed planning	1,873	11	1,884	1,757
Outline planning	442	54	496	530
Resolution to grant	23	19	42	62
Sub-total	2,338	84	2,422	2,349
<i>plots</i>	<i>56,619</i>	<i>18,230</i>	<i>74,849</i>	<i>76,234</i>
Strategic	90	69	159	195
<i>plots</i>	<i>26,836</i>	<i>90,409</i>	<i>117,245</i>	<i>108,016</i>
Total	2,428	153	2,581	2,544

Of the short term owned and controlled land portfolio:

- 52% - post 2009 strategic land
- 31% - post 2009 short term land
- 17% - pre 2009 land

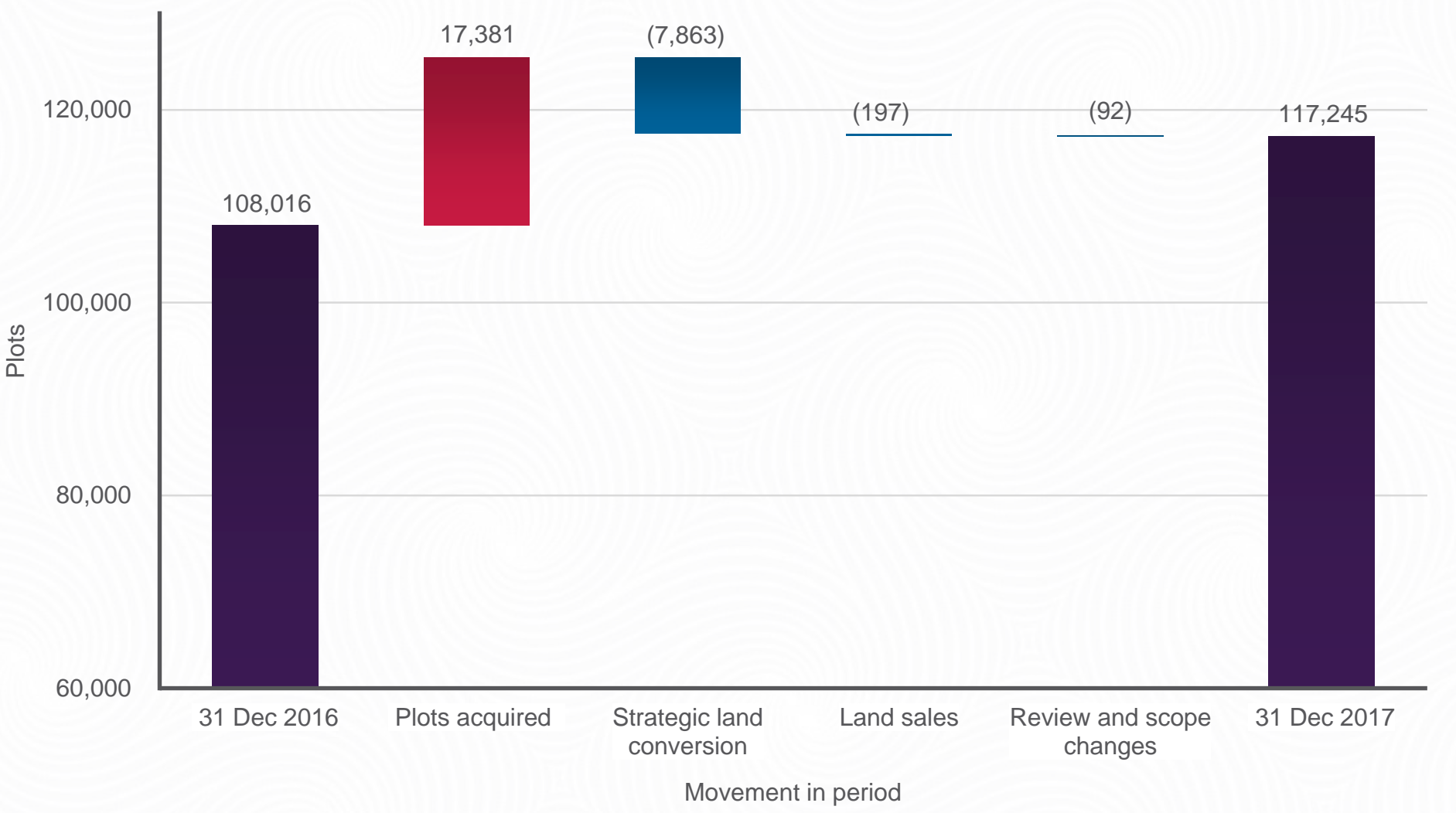
Includes JV plots at no cost, excludes land with less than 50% certainty of achieving planning permission
NRV is wholly allocated to land, comparable basis to peers

UK short term landbank



Data includes JV plots

UK strategic pipeline



Excludes land with less than 50% certainty of achieving planning permission
Data includes JV plots

North Division - land

As at 31 Dec 2017	Scotland, North East and Yorkshire	North West and West Midlands	North Division FY 2017	North Division FY 2016
Short term owned and controlled land portfolio plots	13,910	13,911	27,821	29,028
Land portfolio years	4.6	4.5	4.6	4.8
Cost per plot £000*	30.8	31.2	31.0	29.3
ASP in short term owned land portfolio £000	227	211	219	206
Average land cost as a % of ASP	13.6%	14.8%	14.2%	14.2%
Strategic land plots (> 50% probability)	41,098	22,452	63,550	56,105

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

Central and South West Division - land

As at 31 Dec 2017	East and Central	Wales and West	Central and South West Division FY 2017	Central and South West Division FY 2016
Short term owned and controlled land portfolio plots	17,173	15,615	32,788	31,940
Land portfolio years	6.6	6.2	6.4	6.6
Cost per plot £000*	32.8	31.4	32.1	31.9
ASP in short term owned land portfolio £000	276	250	264	246
Average land cost as a % of ASP	11.9%	12.6%	12.2%	13.0%
Strategic land plots (> 50% probability)	16,535	19,624	36,159	36,184

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

London and South East Division - land

As at 31 Dec 2017	South East excl. London market [†]	London market [†]	London and South East Division FY 2017	London and South East Division FY 2016
Short term owned and controlled land portfolio plots	10,343	3,897	14,240	15,266
Land portfolio years	4.6	3.5	4.3	5.0
Cost per plot £000*	47.8	153.1	74.9	74.2
ASP in short term owned land portfolio £000	294	739	412	381
Average land cost as a % of ASP	16.3%	20.7%	18.2%	19.5%
Strategic land plots (> 50% probability)	16,055	1,481	17,536	15,727

London and South East Division includes Central London

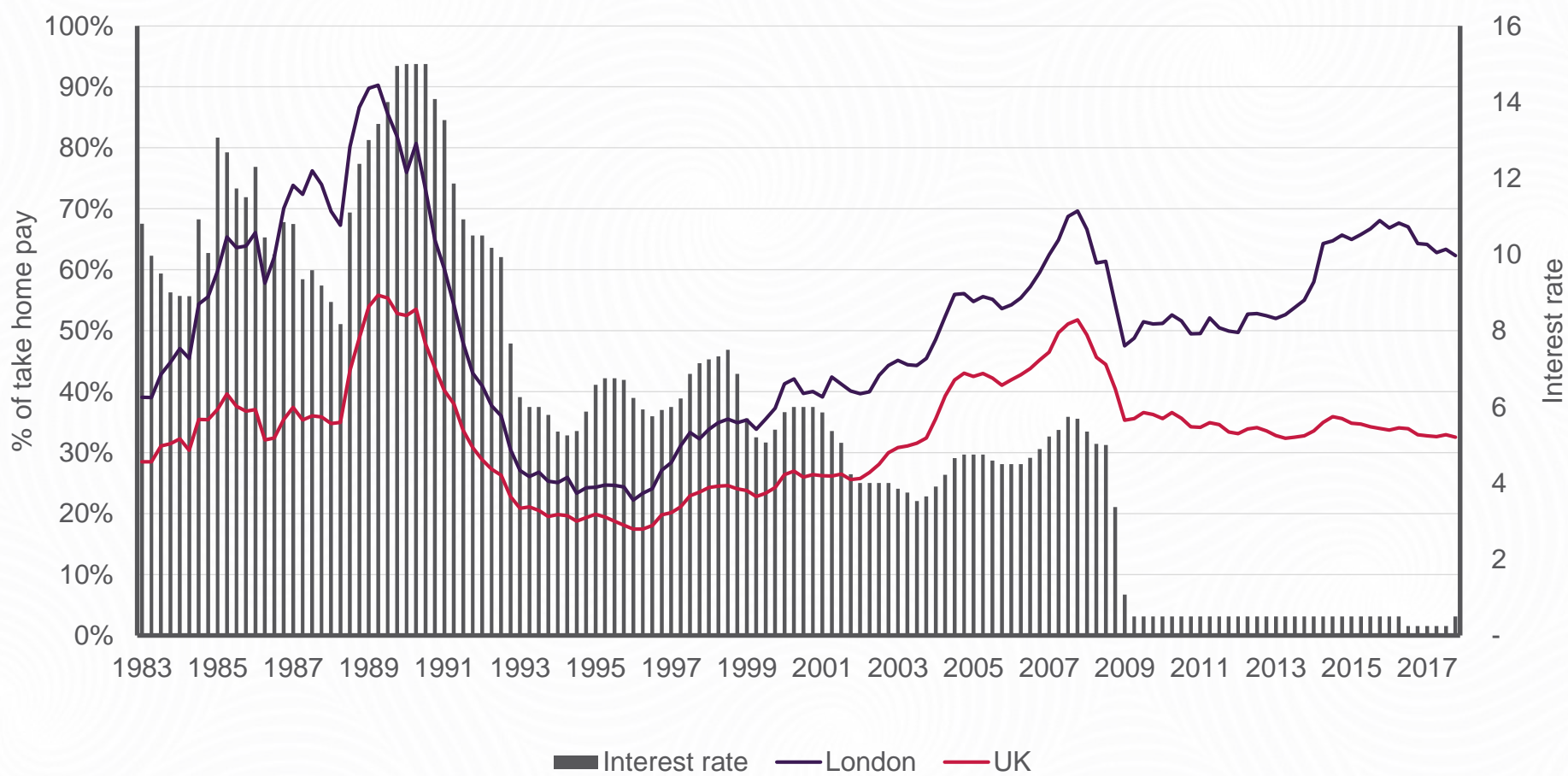
* Based on short term owned plots, including share of JVs. NRV is wholly allocated to land, comparable basis to peers

[†] The London market includes the area inside the M25

Land disposals

£m		FY 2017	FY 2016
Proceeds	UK	39.0	48.1
	Spain	0.5	-
	Total	39.5	48.1
Gross profit	UK	11.0	11.8
	Spain	(0.3)	-
	Total	10.7	11.8

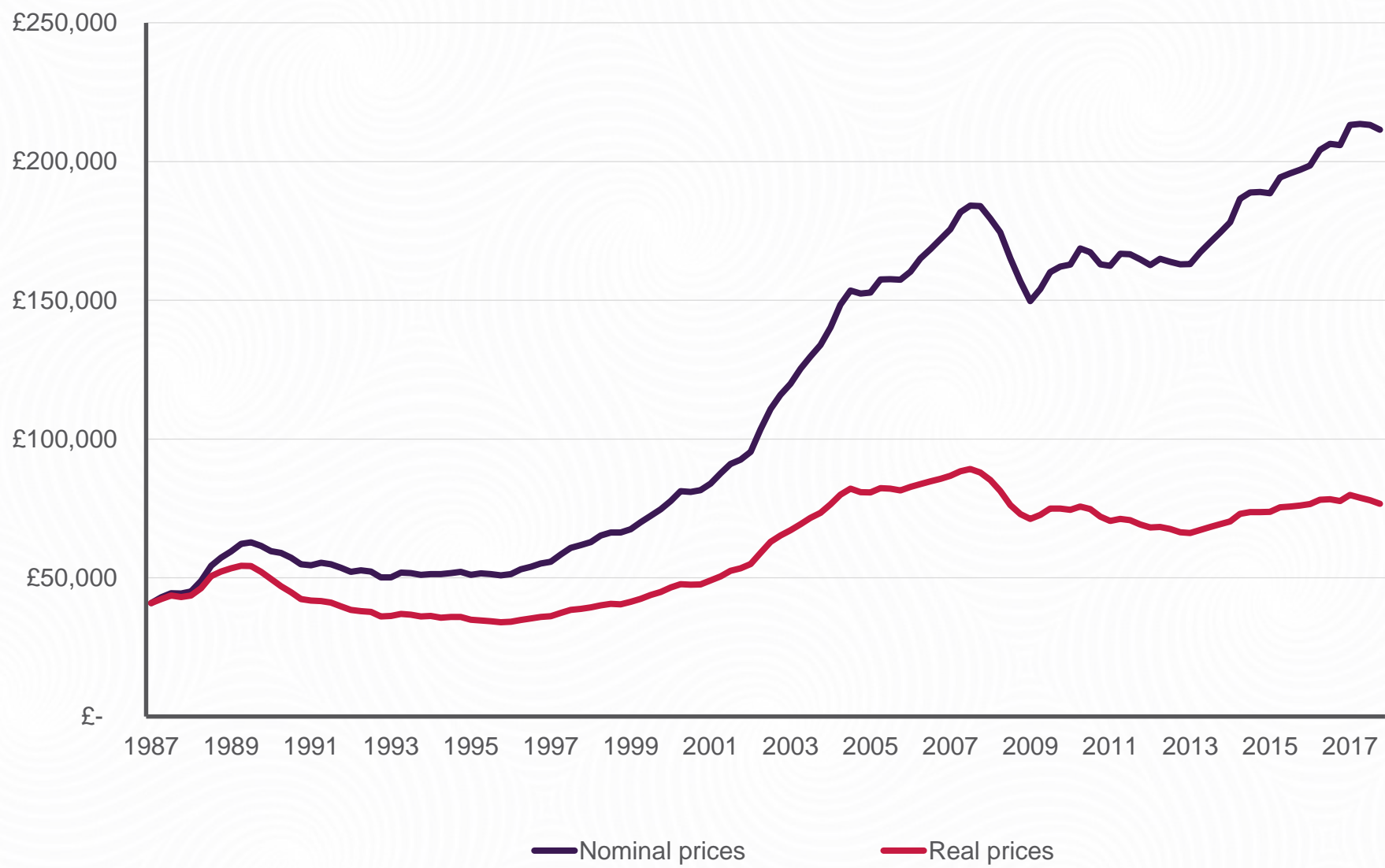
FTB mortgage payments as % of pay / interest rates



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

Source: Nationwide / Bank of England
2017 Q4 interest rate rise 2 November 2017

Real house prices



Source: Nationwide – Nominal house prices

UK customer segmentation

Total reservations	2017			2016		
	FY	H2	H1	FY	H2	H1
First time buyers	41%	40%	42%	38%	34%	41%
Second time buyers	39%	37%	40%	36%	34%	38%
Affordable	17%	20%	14%	23%	29%	17%
Investor	3%	3%	4%	3%	3%	4%
Total	100%	100%	100%	100%	100%	100%
Help to Buy*	43%	42%	45%	39%	36%	42%

Data based on reservations excluding JVs

* Help to Buy includes mortgage guarantee and equity loan schemes

UK product mix

Private completions	2017			2016		
	FY	H2	H1	FY	H2	H1
Apartments	16%	16%	15%	14%	17%	10%
1 / 2 / 3 bed houses	47%	47%	48%	47%	47%	48%
4 / 5 / 6 bed houses	37%	37%	37%	39%	36%	42%
Total	100%	100%	100%	100%	100%	100%

Data based on completions excluding JVs

UK sales performance

	H1 2018 (w/e 18 Feb 2018)	H2 2017	H1 2017	H2 2016	H1 2016
Average outlets open	275	284	292	286	294
Average sales rate (net)	0.93	0.84	1.02	0.90	0.95
Average selling price £000	272	260	265	235	246

As at	H1 2018 (w/e 18 Feb 2018)	31 Dec 2017	2 July 2017	31 Dec 2016	3 July 2016
Total order book value £m	1,968	1,628	2,111	1,682	2,156
Total order book units	8,415	7,136	8,741	7,567	8,683
ASP in total order book £000	234	228	242	222	248
Outlets at end of period	273	278	296	285	287
Order book value £m per outlet	7.2	5.9	7.1	5.9	7.5

Data based on reservations excluding JVs

Spain financial summary

	FY 2017	FY 2016	Change
Average number of active sites	18	19	(5.3)%
Legal completions	301	304	(1.0)%
Average selling price (£000)	311	303	2.6%
Average selling price (€000)	352	358	(1.7)%
Revenue £m	94.2	93.6	0.6%
Operating profit* £m	26.8	20.6	30.1%
Operating profit* margin %	28.5	22.0	6.5ppt
Order book £m	106.4	87.8	21.2%
Order book (plots)	329	293	12.3%
Net operating assets* £m	55.3	46.8	18.2%
Total landbank plots**	2,675	2,140	25.0%

* 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 (RONOA) 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.
- WIP turn is defined as total revenue divided by the average of opening and closing work in progress. 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 on a rolling 12-month basis.
- Operating cash flow is defined as cash generated by operations before tax, interest paid and exceptional cash flows.
- 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.
- Return on capital employed (ROCE) is defined as a 12-month rolling operating profit divided by the average of the opening and closing capital employed.