



Annual General Meeting

25 April 2019

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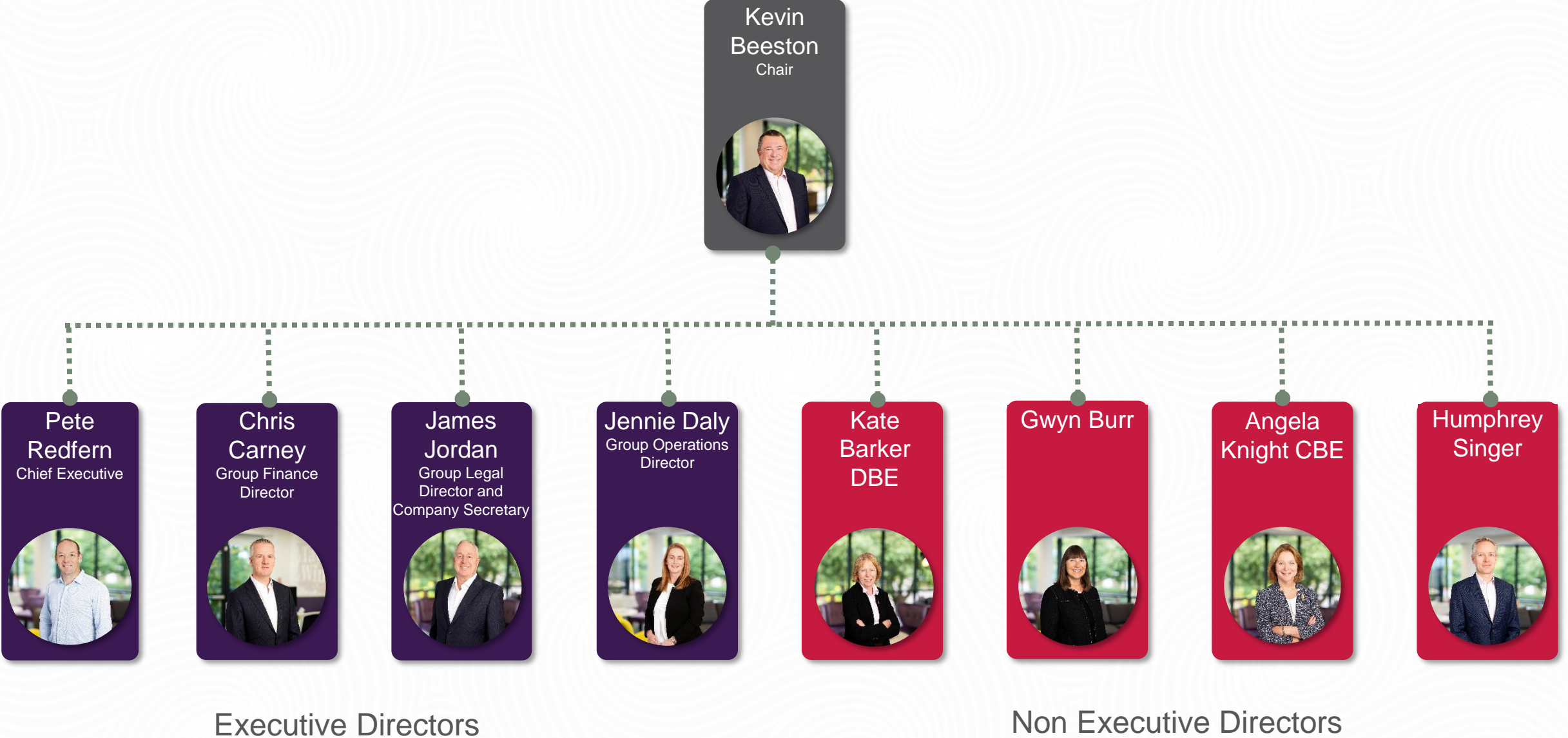
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# Welcome

Kevin Beeston  
Chair



# Board of Directors

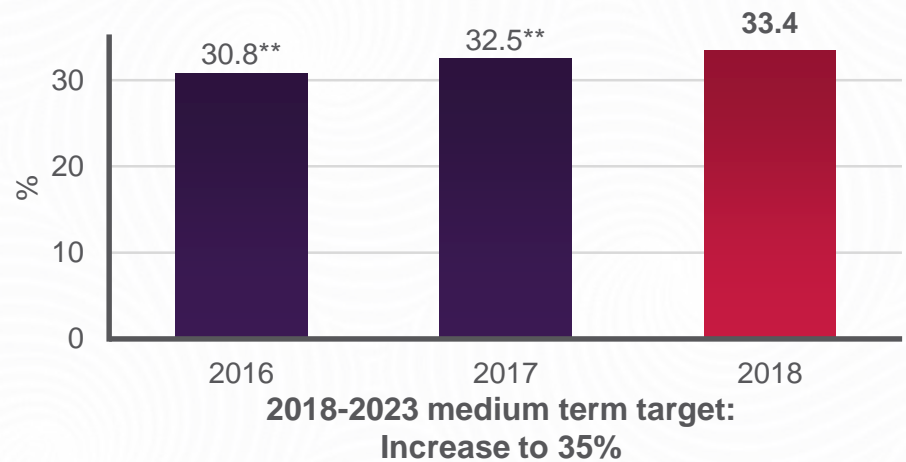


# Group overview

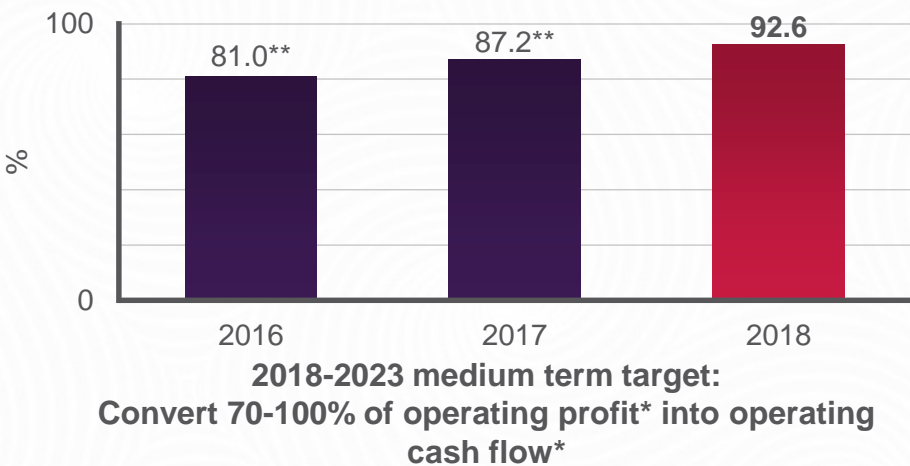
Pete Redfern  
Chief Executive

# 2018 Group financial highlights

Return on net operating assets\*



Cash conversion\*



Operating profit\* margin



Landbank years



\* See definitions slide in the appendix

\*\* Restated to include the impact on adoption of IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers'



# 2018 UK operating highlights

**90%**

(2017: 89%)

Customer satisfaction –  
would you recommend  
8-week score

**14.5%**

(2017: 14.0%)

Voluntary employee  
turnover

**3.93**

(2017: 3.74)

Construction Quality  
Review – score out of 6

**0.80**

(2017: 0.77)

Private net sales rate  
(per outlet per week)<sup>†</sup>

**228**

(2017: 152)

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

**15.28p**

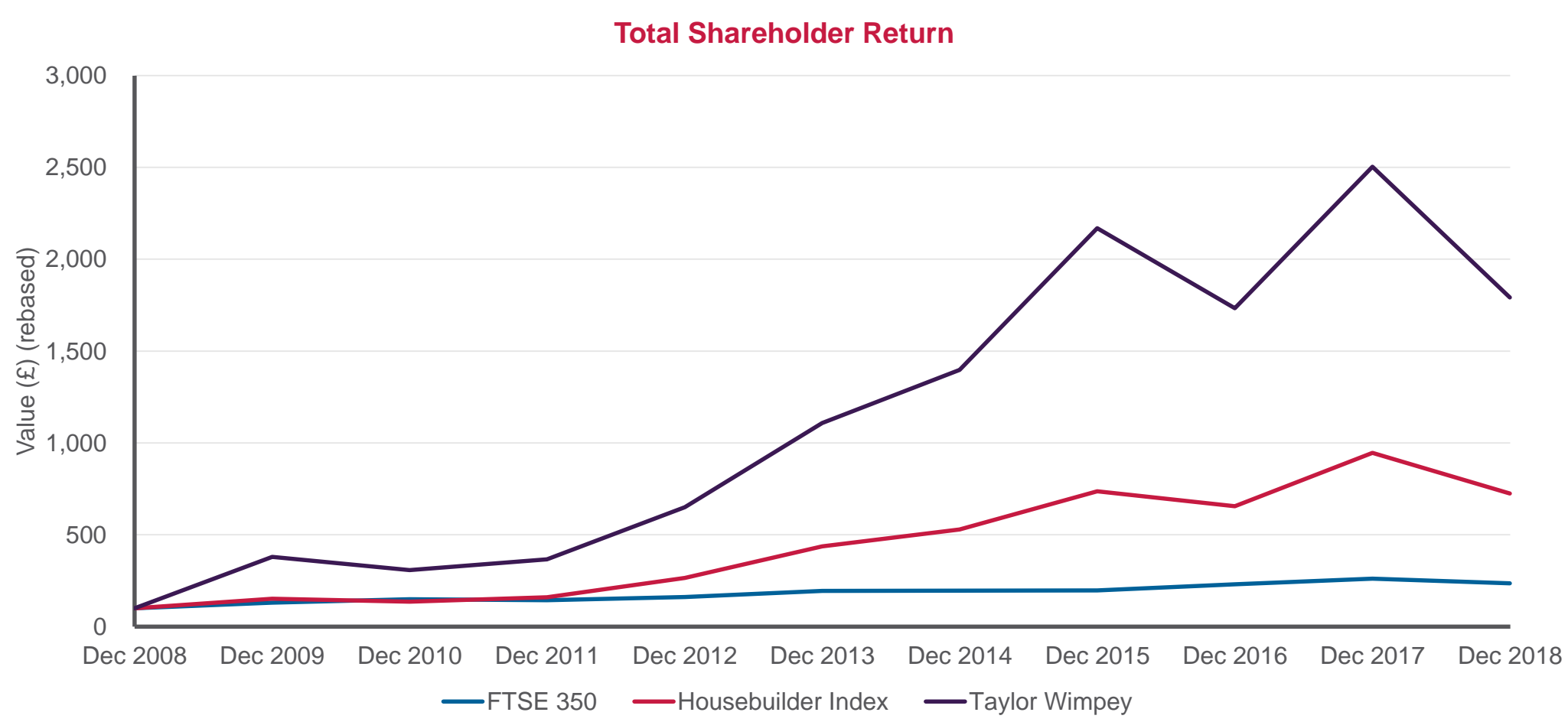
(2017: 13.79p)

Total dividend per  
share

<sup>†</sup> Data based on units excluding JVs

# 2018 shareholder highlights

■ Total shareholder return of 83% over five years to 31 Dec 2018



Source: Datastream (Thomson Reuters)  
Note: This graph shows the value of £100 invested in Taylor Wimpey plc on 1 January 2009 compared with the value of £100 invested in the FTSE 350 and in the average of the Housebuilder Index introduced for the 2012 Performance Share Plan awards onwards and as varied subsequently for the 2014 and 2016 awards.



# Dividend payment profile

Paid (or to be paid) pence per share	FY 2019***	FY 2018	FY 2017	Change FY 2017 to FY 2018
Ordinary dividend*	c.7.6	4.9	4.6	6.5%
Special dividend**	c.10.7	10.4	9.2	13.0%
Total	c.18.3	15.3	13.8	10.9%

Paid (or to be paid) £m	FY 2019***	FY 2018	FY 2017	Change FY 2017 to FY 2018
Ordinary dividend*	c.250	160	150	6.7%
Special dividend**	c.350	340	301	13.0%
Total	c.600	500	451	10.9%

- Final ordinary dividend of 3.8 pence per share will be paid on 17 May 2019 (c.£125 million) subject to AGM approval
- Special dividend of c.£350 million will be paid on 12 July 2019 subject to AGM approval

\* Includes interim and final dividends

\*\* Additional cash returns for the year

\*\*\* 2019 is indicative, subject to shareholder approval

# Dividend security and growth

- Excess cash flow will continue to be returned to shareholders in the form of special dividends
- Ordinary dividend scaled to be sustainable in 'normal' downturn
  - Stress tested in a variety of scenarios including a 20% fall in house prices and a 30% fall in volumes
- All of our internal planning has special dividends for 2020 and 2021 at 2019 levels 'plus inflation'
- Balance sheet strength, length of landbank and depth of strategic land mean in most scenarios the special dividend will take priority over land purchases
- Special dividend well covered by cash, for example c.£1 billion cash generation before reinvestment in case where price and volume fall by 10%
- Would never rule out a part of future unannounced special dividends being allocated to share buy backs, either opportunistically if share price is low or as part of the long term return strategy

# A new and customer centred strategy



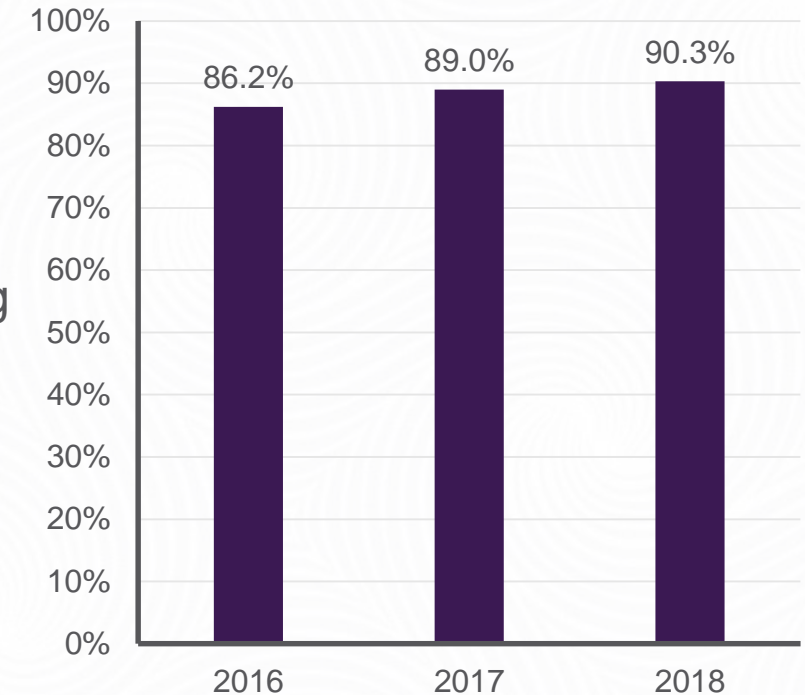




# Customers and communities

- 8-week “Would you recommend” score\* for 2018 was 90% (2017: 89%), making us a 5-star homebuilder
- 9-month “Would you recommend” score\* for 2018 was 76% (2017: 76%)
- Create places and communities where our customers want to live
- Deliver a new house type range based on extensive customer research
- Touchpoint, our online portal, is now available to all new customers. Using Touchpoint customers are able to:
  - Log in at any time and from any device
  - Check the progress of their new homes and find out about their new neighbourhoods
  - Contact our teams and request appointments
  - Customise and select home layout and fitting options
  - Access manuals

8-week “Would you recommend” score



\* Source: 8-week survey carried out by the NHBC on behalf of the HBF, 9-month survey carried out by NHBC





# Making a difference in our local communities in 2018

- Contributed £455 million (2017: £413 million) to our local communities via planning obligations
- Charitable donations of over £1.1 million (2017: over £1m) to registered charities (donations and fundraising), in addition to c.£170k to other organisations (2017: c.£90k)







# Becoming the employer of choice

## Growing talent from within

- Address industry skills shortage
- Non-negotiable focus on health and safety
- Glassdoor UK top 10 employer, as rated by our employees, only commercial housebuilder on the shortlist
- Low voluntary employee turnover: 14.5%

## Direct labour and apprentices

- Reduce impact of industry skills shortage
- 748 key trades people employed directly, including apprentices, as at FY 2018 (FY 2017: 581)
- Aim to recruit a greater diversity of candidates
- Partnering with national charity St Mungo's to support long term unemployed into paid work

## Diversity

- 2018 mean gender pay gap of 6% (2017: 1%)
- 2018 median gender pay gap of 0% (2017: -2%)
- Initiatives to encourage greater female representation
- Diversity Action Plan - all employees should have the opportunity to reach their potential regardless of gender, race, religion, age, sexuality or disability







# Right first time build quality

- A key foundation stone for customer satisfaction
- Saves significant time, cost and energy in putting things right
- Our employees want to be proud of the homes they build
- Consistency is key: internal quality assurance drive with the roll out of our Consistent Quality Approach
- External validation with the National House-Building Council's Construction Quality Review score of 3.93 (we moved from 12<sup>th</sup> to 5<sup>th</sup> in the rankings)





# Best in class efficient engine room

- Streamline supply chain and standardise products and processes
- Prioritise research and development, look for better solutions
- Use technology to free up valuable management time
- Employ more standard house types, benefiting the production process
- Increase build teams where supported by local market demand to build more homes more efficiently
- Reduce environmental footprint with more efficient and sustainable use of resources
- Enables us to deliver more homes more efficiently benefiting all stakeholders







# Optimising our strong landbank

- The land and planning environment is structurally different in this cycle and is more balanced and effective today than at any point over the last 30 years
- Our investment and scale continue to be based on our view of land quality and capital risk in a cyclical market
- The planning approval process remains complex and often slow, land is no longer the totally dominant constraint on the success and sale of our business and for the industry that it once was. As a result:
  - It is no longer a necessity to hold a very long landbank
  - We aim to work our existing landbank harder and smarter and reduce the length of the short term landbank by one year by 2023
  - We are focused on delivering value and maximising returns from our land investments
- Strategic approach to our build on site, adopting a factory approach, scaling up build teams on large sites, to align with the market demand to deliver more homes
- High-quality landbank is an important driver in enabling us to build and sell the right product, create the right community and deliver the right service to our customers





# Current trading and outlook

Pete Redfern  
Chief Executive

# UK current trading

- The market for new build housing has remained stable in the first four months of 2019, with continued good accessibility to mortgages and low interest rates for customers, combined with high employment levels
- Sales have continued to be at encouraging levels with average private sales for the year to date at 1.03 sales per outlet per week (2018 equivalent period: 0.85)
- Sales pricing has remained flat relative to the end of 2018
- Cancellation rates remained low at 13% (2018 equivalent period: 13%)
- Total order book stood at 10,291 homes (2018 week 16: 9,050), excluding legal completions to date
- Total order book value stood at approximately £2,399 million (2018 week 16: £2,155 million)



# Outlook and summary

- Trading through the spring selling season has been good, with robust customer confidence despite the wider political uncertainty
- We have made good progress on outlet openings, with progress slightly ahead of our expectations
- We have seen higher than expected cost inflation in early 2019, particularly in materials, and now expect build cost inflation for 2019 to be c.5%. This is driven by a combination of underlying cumulative inflation and exchange rates impact on the cost base of suppliers, and a higher than expected demand in the short term from defensive additional buffer stock holding in the construction industry supply chain
- Subject to land spend variations, we expect to end the year with a net cash\* position of c.£500 million after dividend payments of c.£600 million, which are subject to the approval of shareholders today
- We remain on track to meet our overall expectations for the year but expect results to be weighted towards the second half. Given the strong sales performance, we expect full year volumes to be slightly higher than 2018, but given the greater build cost inflation for the year, we expect margins to be slightly lower
- We are well positioned with a clear strategy in place that provides the flexibility to further increase our pace of build in future years, provided market conditions remain supportive
- We remain focused on getting our homes right first time and creating thriving communities, together with enhancing our delivery capability and investing in the right resource to enable us to deliver high-quality homes to more customers in the years ahead





# Resolutions and proxy votes

Kevin Beeston  
Chair



# Taylor Wimpey plc

## Annual General Meeting Appendix

# 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
- 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
- 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 and interest paid on a rolling 12-month basis
- Net cash / (debt) is defined as total cash less total borrowings