



Half Year Results Presentation
for the half year ended 30 June 2019

31 July 2019

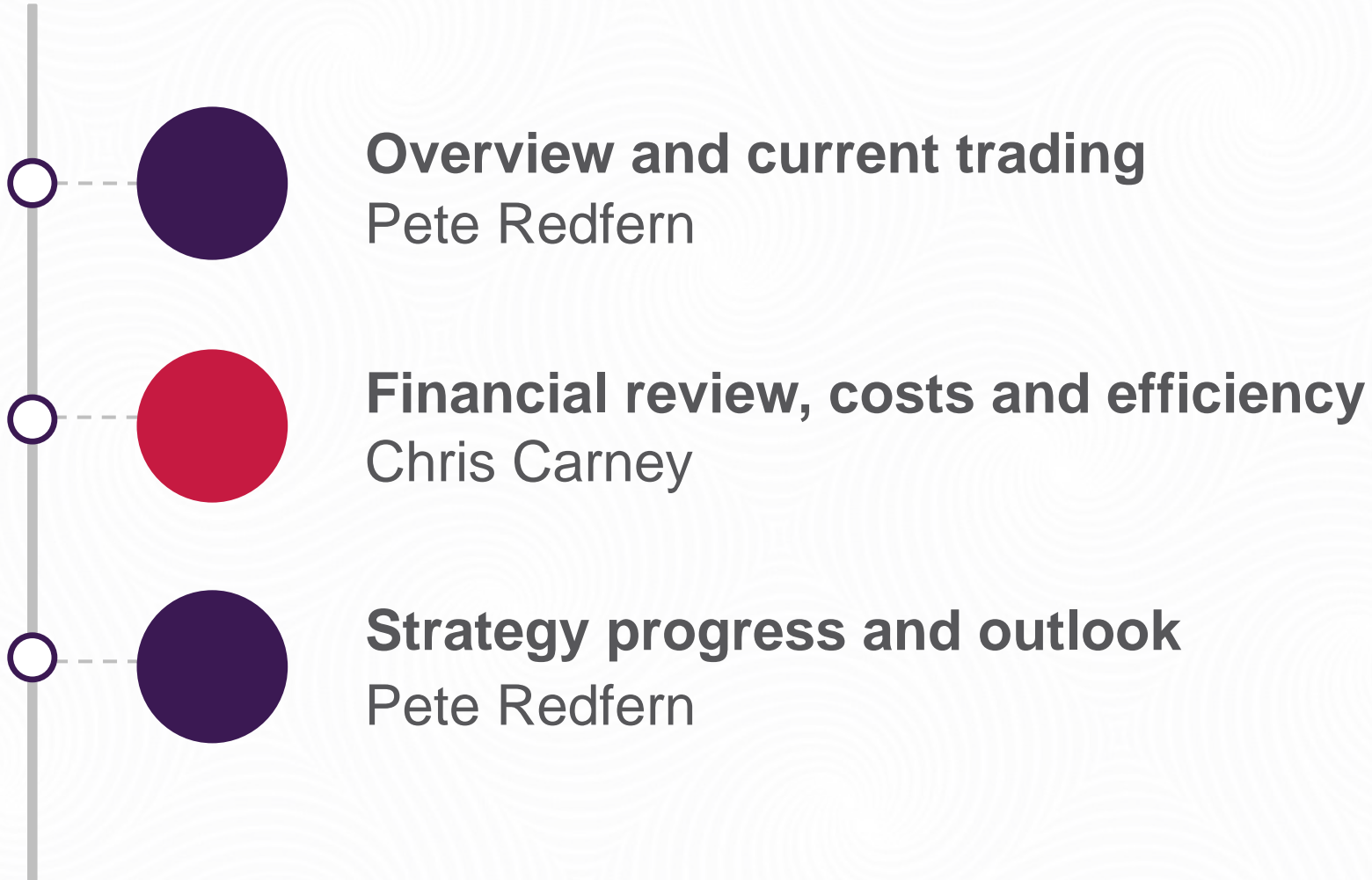
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Agenda



Overview and current trading

Pete Redfern
Chief Executive

H1 2019 environment

■ Market

- Levels of interest remain strong
- Pricing broadly flat overall, generally weaker at higher price points and in the south east
- Divergence of second hand market has some but limited impact
- Signs of confidence over last few weeks

■ Customers

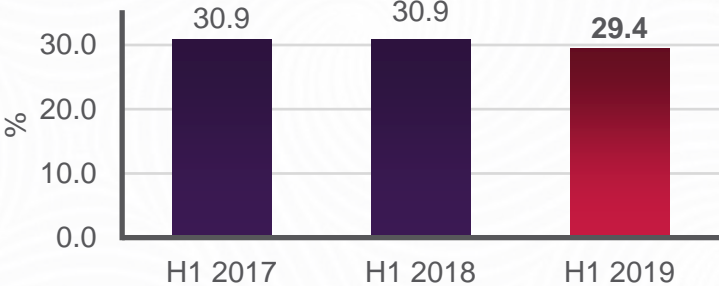
- Benign lending environment – monthly payments remain affordable
- Help to Buy continues to be a significant differentiator for new build
- Buyer behaviour very consistent over the last three years, despite wider uncertainty
- No meaningful change in confidence or drivers of customer behaviour

■ Regulatory

- Government attention remains on Brexit / leadership
- Local authority elections impacting, as expected, on planning timings
- Recognition that reputation increasingly important
- Build regulation environment remains under scrutiny and is slowly evolving
- Land and planning environment broadly unchanged

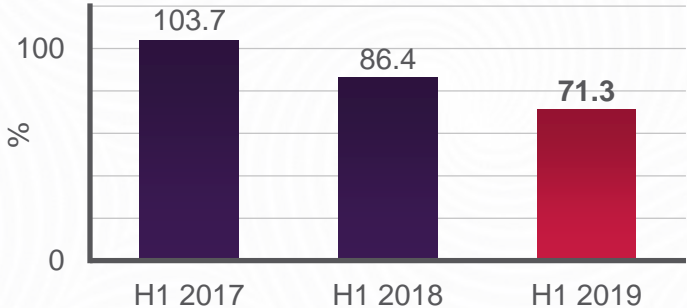
Group financial highlights

Return on net operating assets*



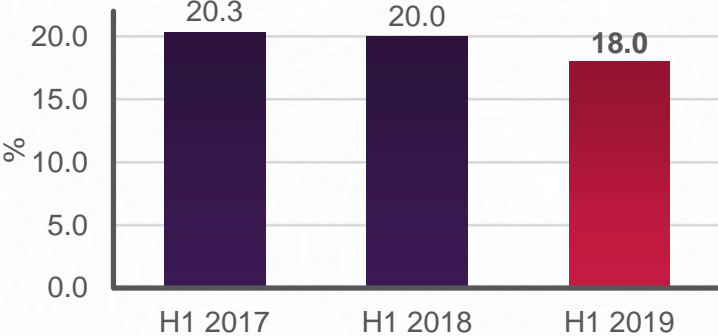
**2018-2023 medium term target:
Increase to 35%**

Cash conversion*



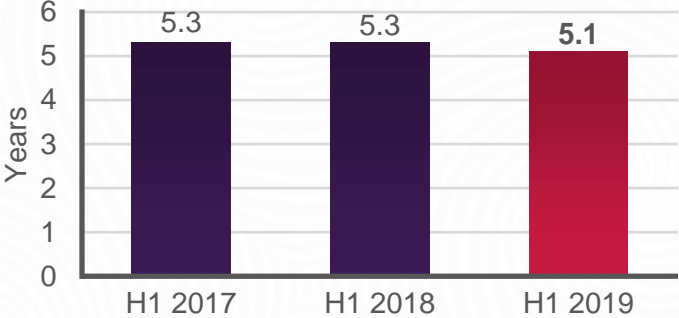
**2018-2023 medium term target:
Convert 70-100% of operating profit*
into operating cash flow***

Operating profit* margin



**2018-2023 medium term target:
Maintain at c.21-22%**

Landbank years



**2018-2023 medium term target:
Short term owned and controlled
landbank years to 4-4.5 years**

- Interim dividend of 3.84 pence per share to be paid 8 November 2019
- 2020 special dividend of £360 million

* See definitions slide in the appendix

KPIs

Customer	H1 2019	H2 2018	H1 2018	FY 2018
Customer satisfaction – would you recommend 8-week score %	89	90	90	90
Customer satisfaction – would you recommend 9-month score %	77	77	76	76
Build quality				
Construction Quality Review – average score out of 6	4.05	3.88	4.01	3.93
Average reportable items per inspection	0.28	0.31	0.24	0.28
Land and planning				
Land cost as % of ASP on approvals	21.2	20.4	17.1	19.2
Landbank years	c.5.1	c.5.1	c.5.3	c.5.1
Completions from strategically sourced land %	58	58	59	58
Efficiency				
Net private sales rate per outlet per week	1.00	0.76	0.83	0.80
Private legal completions per outlet	18.8	24.7	17.3	41.8
Order book value £m	2,366	1,782	2,175	1,782
Order book volume – number of homes	10,137	8,304	9,241	8,304
Employee				
Employee turnover (voluntary) rolling 12 months %	12.9	14.5	14.6	14.5
Number of people recruited into early talent programmes: graduates, management trainees and site management trainees rolling 12 months	152	175	133	175
Directly employed key trades people including trade apprentices	821	748	640	748
Health and Safety Injury Incidence Rate* (per 100,000 employees and contractors) rolling 12 months	241	228	148	228

KPIs for UK only

* See definitions slide in the appendix

UK market performance – to date

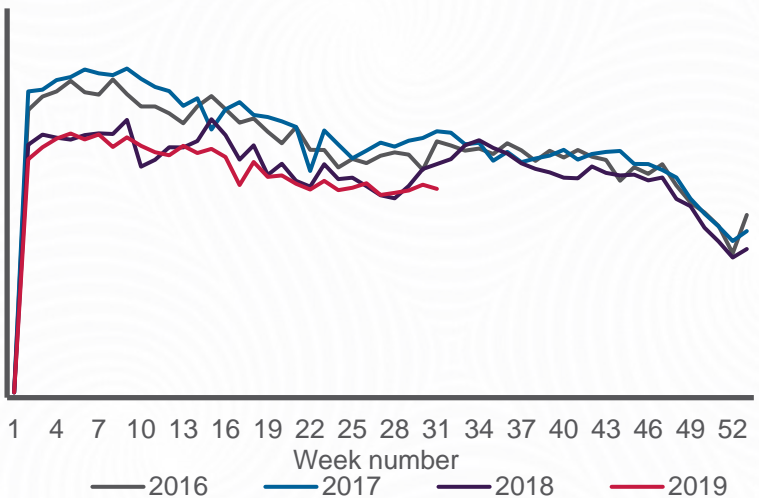
	H2 2019 (w/e 28 July 2019)	H1 2019	H2 2018	H1 2018	H2 2017	H1 2017
Average outlets open	245	257	266	280	284	292
Private sales rate (net)	0.90	1.00	0.76	0.83	0.66	0.87
Private sales price £000	308	298	290	296	287	289
Cancellation rate (private)	17%	14%	15%	13%	15%	11%

- Prior year July comparative sales rate 0.68
- Sales rate increase delivered ahead of strategic goals
- 53 new outlets opened in H1 2019 (H1 2018: 49)
- H1 2019 private sales price excluding Central London – £289k (up on H1 2018 by c.1.1%)

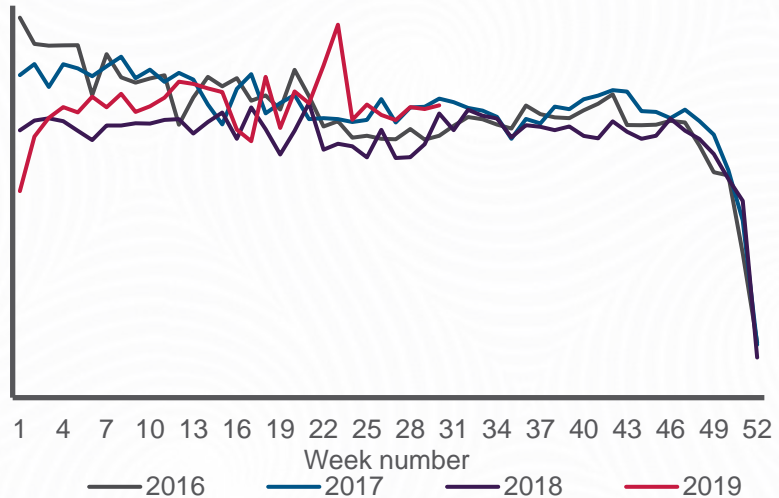
Data based on reservations excluding JVs

2019 UK market performance - lead indicators

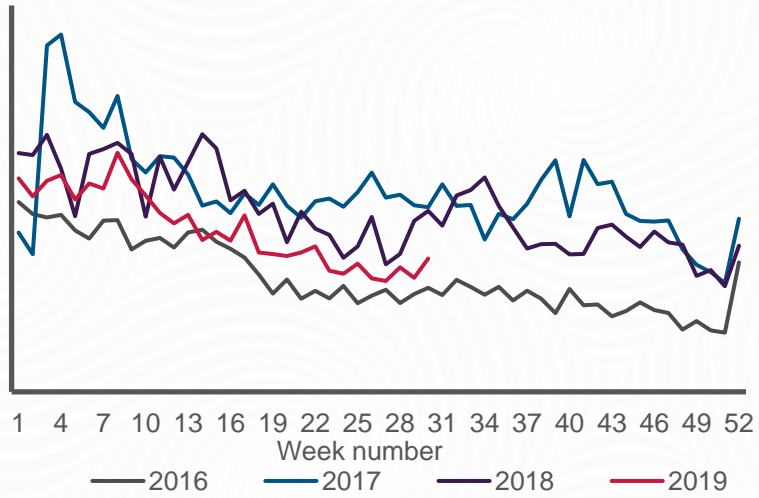
Customer interest – organic website visits



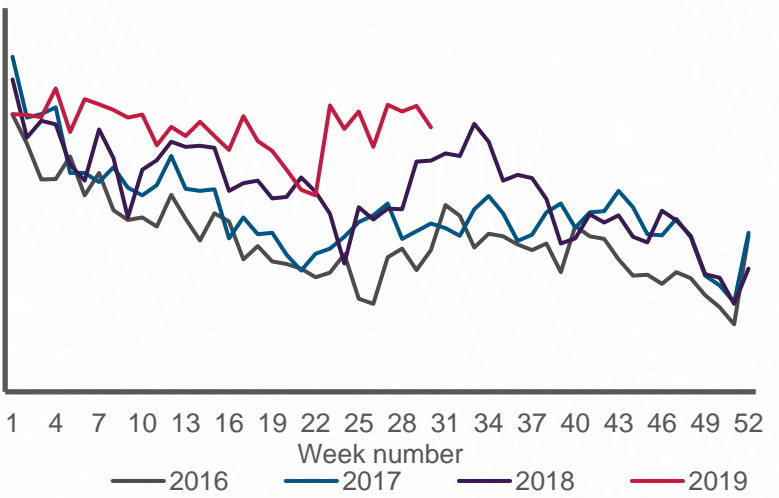
Website calls



Brochure requests



Appointments booked



Land market and politics

- Short term land market
 - Competition remains, particularly in small and mid range sites
 - Encouraging renewed activity, focussed on disciplined requirements of each BU land strategy, maintaining choices and agility
- London market
 - Land decisions challenging given sales environment and politics
 - Continued focus by GLA on affordable housing and other contributions putting pressure on economics of private housing developments
 - Alternative land use values outstrip residential values in some locations
- Strategic land market
 - Market remains stable but competitive
 - Promoters still in the market but signs of pressure easing in some locations, as they choose to exit complex sites earlier
 - TW focus on one-to-one opportunities through structured site searches, and more effective relationships
 - In competitive situations, specialist resource, strength and delivery credentials continue to be valued by landowners and agents
- Politics
 - Potential for recent local elections, particularly in those LAs with no overall or changed control, to cause disruption to the near term planning environment

UK land pipeline

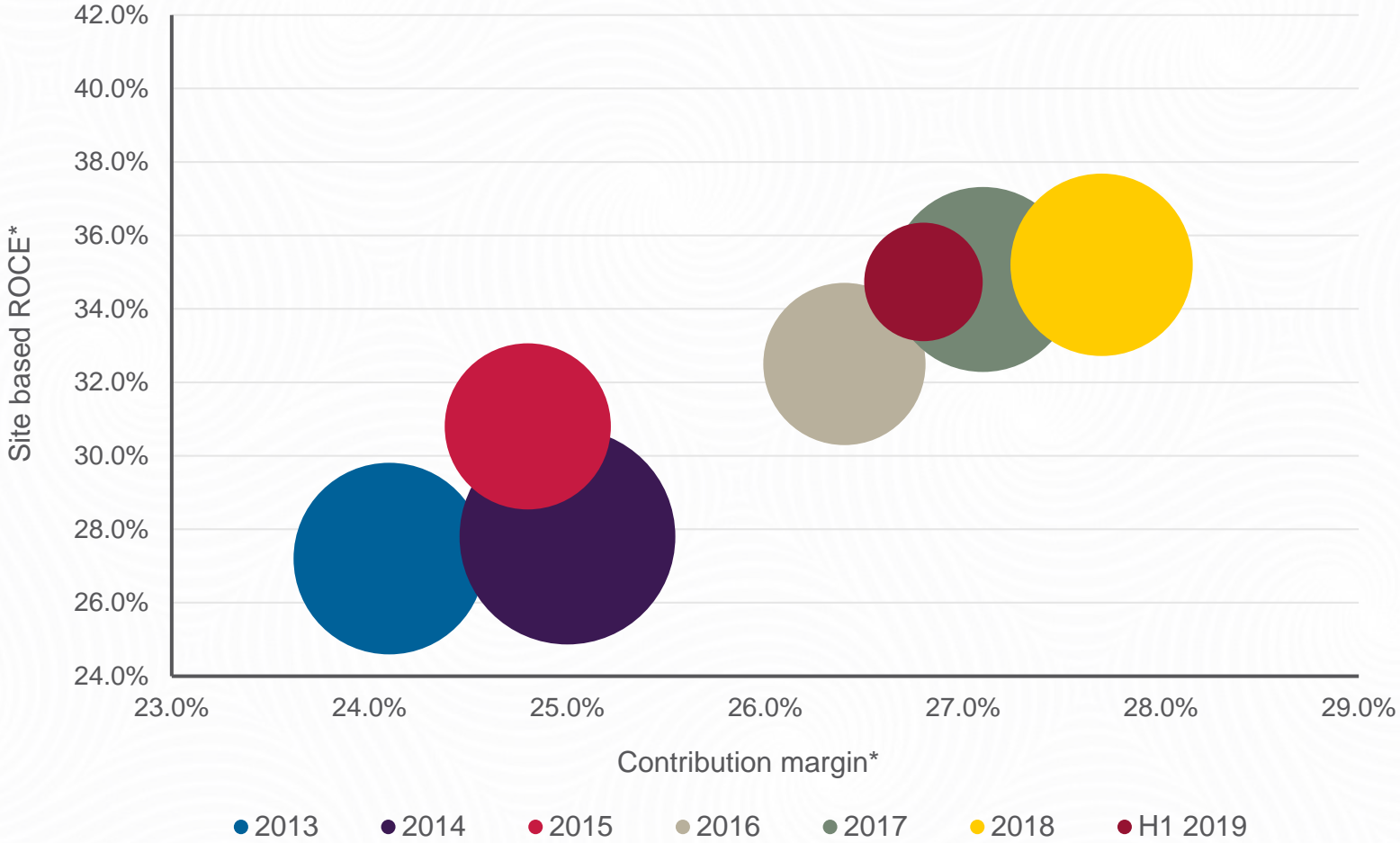
Plots	30 June 2019			31 Dec 2018
	Owned	Controlled	Total	Total
Detailed planning	40,989	3,628	44,617	43,996
Outline planning	11,873	7,774	19,647	18,619
Resolution to grant	2,073	10,723	12,796	13,380
Short term	54,935	22,125	77,060	75,995
Short term with implementable planning	38,136	-	38,136	40,795
Allocated strategic*	2,963	12,274	15,237	15,542
Non-allocated strategic*	27,539	88,389	115,928	111,875
Strategic	30,502	100,663	131,165	127,417
Total	85,437	122,788	208,225	203,412

- Acquired 3,411 plots in the short term land market during H1 2019
- Converted 4,165 strategic pipeline plots into the short term landbank in H1 2019
- 58% of H1 2019 completions were sourced from the strategic land pipeline (H1 2018: 59%)

Data includes JV plots

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

Quality of land acquisitions



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

Summary

- Market is stable – better than expected given the wider uncertainty
- Mortgage market continues to be competitive and employment trends are healthy
- Underlying forward indicators continue to be strong – appointments booked up over 20% year on year
- Land market opportunities are still good but local politics playing a part in planning process
- A large site strategy or a strategy for large sites?
- Strategic land pull through very high but short term land still needed for optionality

Financial review, costs and efficiency

Chris Carney
Group Finance Director

Summary Group results

£m (before exceptional items)	H1 2019	H1 2018	Change	FY 2018
Revenue	1,732.7	1,719.8	0.8%	4,082.0
Gross profit	409.6	445.0	(8.0)%	1,074.5
Gross profit margin %	23.6	25.9	(2.3)ppt	26.3
Operating profit*	311.9	344.3	(9.4)%	880.2
Operating profit* margin %	18.0	20.0	(2.0)ppt	21.6
Profit before tax and exceptional items	299.8	331.0	(9.4)%	856.8
Adjusted basic earnings per share* pence	7.4	8.2	(9.8)%	21.3
Tangible NAV per share* pence	102.2	100.3	1.9%	98.3
Return on net operating assets* %	29.4	30.9	(1.5)ppt	33.4

* See definitions slide in the appendix

UK performance summary

	H1 2019	H1 2018	Change	FY 2018
Legal completions – excl JVs	6,432	6,367	1.0%	14,822
Private	4,838	4,854	(0.3)%	11,421
Affordable	1,594	1,513	5.4%	3,401
Average selling price – excl JVs	261	257	1.6%	264
Private £000	301	295	2.0%	302
Affordable £000	139	135	3.0%	137
Legal completions – JVs	66	10	-	111
Share of results – JVs £m	(0.2)	(2.1)	-	5.3
Gross profit margin %	23.6	25.8	(2.2)ppt	26.2
Operating profit* £m	303.8	334.8	(9.3)%	851.0
Operating profit* margin %	18.0	19.9	(1.9)ppt	21.4

* See definitions slide in the appendix

Indicative movements in UK operating profit* margin

H1 2018 to H1 2019	Annual change	Impact on H1 2019 income statement
Market inflation on selling prices	c.1.3%**	0.8%
Market inflation on build cost	c.4.0%	(2.3)%
Net economic benefit captured		(1.5)%
Market impact of landbank evolution		(0.5)%
Net market impact		(2.0)%
Change in land mix		(0.2)%
Net operating expenses		0.1%
Share of JV profits		0.1%
Other		0.1%
Total UK operating profit* margin movement		(1.9)%

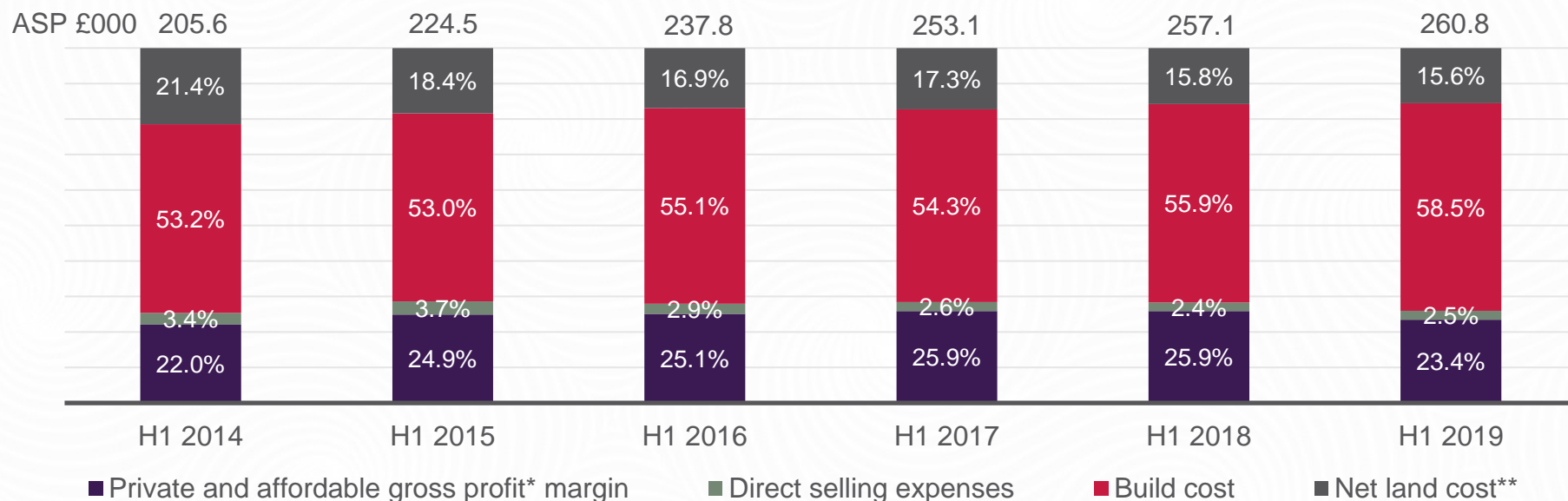
* See definitions slide in the appendix

** Source: Adjusted average of latest Nationwide regional data

UK margin drivers and build cost

£000 per unit	H1 2014	H1 2015	H1 2016	H1 2017	H1 2018	H1 2019
ASP	205.6	224.5	237.8	253.1	257.1	260.8
Net land cost**	(44.1)	(41.3)	(40.3)	(43.7)	(40.6)	(40.6)
Build cost	(109.3)	(118.9)	(131.0)	(137.4)	(143.7)	(152.5)
Direct selling expenses	(6.9)	(8.4)	(6.8)	(6.5)	(6.2)	(6.5)
Private and affordable gross profit*	45.3	55.9	59.7	65.5	66.6	61.2

UK gross profit* analysis as a % of ASP



* See definitions slide in the appendix

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

Cost and efficiency programme update

- Designed around 15 workstreams
 - 10 of 15 technology enabled / eight of 15 moved from design and development to test, pilot or deployment
- Overall good progress
 - Dedicated resources and senior management sponsorship for each workstream ensuring goals are clearly defined and delivery risks are managed effectively
- Changes driven by programme are being well received
 - Current inflationary dynamic and pressure on margins understood by the business
- Programme continues to target productivity improvements
 - Significant time savings for certain processes / time redirected to value generating activities
- Most value generating activities take place in the early stages of site development (design, tendering, etc.)
 - There will be a time lag between the performance of some activities and realising savings in the Income Statement
- Overall programme duration (two / three years) and timing for realising benefits (between years two and five) both remain unchanged

How the cost and efficiency programme is changing the business

Workstream	Roles impacted	Change	When?
Bill of Quantities	Quantity Surveyor, Buyer	Variation orders automatically populated in Bill of Quantities. Re-key and reconciliation tasks that previously took hours now take minutes	Now
Workflow	Buyer	One click automated approval process for all purchase orders	Q4 2019
Tender management	Quantity Surveyor, Buyer	Electronic tender submission in standard formats enabling automatic comparison and electronic upload of winning tender to Bill of Quantities	Q1 2020
Valuation ticks and dayworks	Site Manager, Quantity Surveyor	Build progress reported by Site Manager on their phone automatically generates payments to subcontractors / suppliers enabling Site Manager to better influence subcontractor performance and quality	Q1 2020
Valuation ticks and dayworks	Site Manager, Quantity Surveyor	New mobile app enabling site team to capture site issues (e.g. photographs) to send to suppliers for rectification and / or facilitate contra charge of dayworks by Quantity Surveyor Also generating trend and root cause analysis of barriers to right first time delivery on a product by product basis	Q1 2020

Summary Group balance sheet

Group £m	30 June 2019	1 July 2018	Change	31 Dec 2018
Long term assets and JVs	122.4	124.8	(2.4)	100.2
Land	2,809.8	2,746.3	63.5	2,757.7
WIP	1,605.2	1,537.8	67.4	1,430.5
Debtors	236.4	216.3	20.1	190.4
Land creditors	(717.7)	(668.1)	(49.6)	(738.6)
Other creditors	(825.6)	(926.7)	101.1	(824.4)
Pensions and post retirement benefits	(103.6)	(56.3)	(47.3)	(133.6)
Provisions	(145.2)	(191.7)	46.5	(170.3)
Net operating assets*	2,981.7	2,782.4	199.3	2,611.9
Accrued dividends	(350.0)	(340.0)	(10.0)	-
Tax	(16.1)	(16.9)	0.8	(29.2)
Net cash*	392.0	525.1	(133.1)	644.1
Net assets	3,007.6	2,950.6	57.0	3,226.8
Tangible NAV per share*	102.2p	100.3p	1.9p	98.3p

- Net operating asset* growth of 7.2%
- Net asset growth pre dividend distribution of 20.7%
- Tangible NAV per share* growth of 1.9%

* See definitions slide in the appendix

Dividend payment profile

Paid (or to be paid) per share (pence)	FY 2020***	FY 2019	FY 2018	Change FY 2018 to FY 2019
Ordinary dividend*	7.6	7.6	4.9	55.1%
Special dividend**	c.11.0	10.7	10.4	2.9%
Total	c.18.6	18.3	15.3	19.6%

Paid (or to be paid) (£m)	FY 2020***	FY 2019	FY 2018	Change FY 2018 to FY 2019
Ordinary dividend*	c.250	c.250	160	56.3%
Special dividend**	360	c.350	340	2.9%
Total	c.610	c.600	500	20.0%

- As announced previously, ordinary dividend increased to c.7.5% of net assets, c.£250 million per year, from 2019
- 2019 interim dividend of 3.84 pence per share to be paid on 8 November 2019
- Special dividend of £360m will be paid in July 2020 subject to AGM approval

* Includes interim and final dividends for the year

** Additional cash returns for the year

*** 2020 is indicative, subject to shareholder approval

Investing in quality for the long term

■ Strategic targets 2018-2023

- Increase of return on net operating assets* to 35%
- Maintaining operating profit* margins at c.21-22%
- Cash conversion* of between 70 and 100% of operating profit* into operating cash flow*
- Increased landbank efficiency – reducing length of short term owned and controlled landbank years by c.1 year to 4-4.5 years

Group strategic goals	H1 2019	FY 2018	FY 2017	FY 2016
Return on net operating assets* %	29.4	33.4	32.5	30.8
Operating profit* margin %	18.0	21.6	21.3	20.9
Cash conversion* %	71.3	92.6	87.2	81.0
Short term owned and controlled landbank years	c.5.1	c.5.1	c.5.1	c.5.5
Dividends paid £m	124.2	499.5	450.5	355.9
Net operating asset turn*	1.42	1.55	1.53	1.48
Net asset annual growth (pre-cash distribution)* %	20.7	18.8	23.7	19.6

* See definitions slide in the appendix

Strategy progress and outlook

Pete Redfern
Chief Executive

Strategy summary

- Long term direction focused on identifying customer needs and aspirations and delivering them in a commercially sound way
- Build on existing strategic land assets and skills, and work our land harder in a less constrained land environment
- Invest in the build and delivery capacity of the business to enable increased production, quality and flexibility over the medium and long term
- Continue to deliver high margins, and improving returns on capital
- Maintain a cyclically cautious approach, with a strong balance sheet and appropriate cash returns to investors
- Build a sector leading, customer-centric, highly professional, robust business model that can take advantage of long term demand and be much better able to flex to meet short term threats

Overview of strategy progress

- Customer service and quality processes embedded
 - New customer facing teams fully in place and operating
 - Finishing quality improvements and processes fully implemented, build quality improvement underway
 - Still seeing effects on customers from build delays
- Broader customer-centric projects in place or underway
 - Online options configurator now active in all businesses
 - Development of community schemes underway
 - Roll out of new house types begins in H2, first completions late in 2020
 - Still looking at different routes to market via pilots
- Changed strategy on large sites going well
 - Significant step up in sales rate relative to the market
 - Tested and bought into in most geographies
 - Build teams on large sites operating very effectively
 - Site management resource remains a challenge
- Investment in people and skills has significant momentum

Drivers of sales rates

- Quality of locations and products
- Outlets opened at the right stage for customers and with sales tools in place
- Reputation and strength of sales teams and processes
- Quality of specification in competitive environments
- Product breadth at site level
- Price?

- Sales and production release strategy
- WIP investment, site phasing and site management resource

Customer focus

- Customer technology (Touchpoint and Options Configurator) now complete and rolled out to all new customers
- 89% of customers ‘would recommend’ Taylor Wimpey, slightly down on H1 2018 due to Q4 2018 returns, but increased CQR of 4.05 (H1 2018: 4.01) demonstrates not compromising on quality
- Smoothing continues to be a priority, aiming to bring benefits for customers, site teams and the wider business

	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
CQR	3.97	4.06	3.86	3.89	4.06	4.05
8 week – would you recommend score	91.1%	89.6%	91.2%	88.0%	90.6%*	90.5%*

*Year to date

Investment in build quality

- Investment in apprentices and training programmes on site has increased materially
 - 393 current apprentices – an increase of 28%
 - Apprentice Training Managers / Master Craftsmen in 11 businesses, an increase of 175%
- Quality Manager role implementation in early stages
 - Aiming to have one in place in each BU by end 2019
 - Significant difference on scores and consistency when piloted
- Achieving and maintaining the right specification
 - Gradual improvement in specification over the last three years
 - Quality of fixtures and fittings
 - Quality and choice of kitchens and bathrooms
 - What is included in the 'base' price has been standardised and improved
 - Believe that this specification is now 'right' and will maintain it
- Build time has increased to deliver the improvements in quality
 - This has a cost for us and for customers and we believe can be slowly improved without loss of quality

Investment in build quality

- Delivery Excellence Programme
 - Site Managers will have phone or tablet access to systems for real time reporting
 - TW developed app as a platform of information including manuals, documentation and drawings. It will also be developed so that Build Quality Checklists are digital and photos and annotations can also be uploaded
 - Developing soft skills like time management and managing subcontractors

- Working with fire barrier supplier to:
 - Implement colour coded installation system
 - Continuous improvement training and supplier led audits

- Revision of Production Manual and introduction of new Technical Manual to be complete Q4 2019

- Quality improvement initiatives showing benefits
 - CQR currently stands at 4.05

Employer of choice

- Employee Survey 2019
 - 94% would recommend Taylor Wimpey as a great place to work
 - 95% are proud to work at Taylor Wimpey
 - 98% 'Agree' and 'Strongly Agree' that Taylor Wimpey takes Health & Safety in the workplace seriously
 - 96% 'Agree' and 'Strongly Agree' Taylor Wimpey aims to deliver the best customer experience in the homebuilding industry
 - 95% 'Agree' and 'Strongly Agree' that Taylor Wimpey is committed to becoming a more inclusive organisation with a diverse workforce
 - 97% 'Agree' and 'Strongly Agree' that Taylor Wimpey is committed to being an ethical and responsible company
- NHBC Pride in the Job awards: 66 Quality Awards (2018: 67)



Operating environment – outlook

- Market and customer outlook
 - Mortgage availability / accessibility and interest rates remain key
 - Employment levels healthy
 - Base case for stable pricing
 - Structural undersupply of housing continues to underpin long term

- Political / regulatory
 - Wider macro uncertainty likely to continue
 - Increasing focus from customers, government and media on quality of build and customer service
 - Introduction of New Homes Ombudsman
 - Early announcement of Help to Buy changes allows mitigation plans to be developed
 - Environmental agenda and biodiversity proposals will likely gain greater focus

- Taylor Wimpey
 - Anticipate that full year results will be in line with expectations
 - Environment of flat pricing and build cost inflation has led to short term margin pressure
 - Continue to closely monitor the market for any changes



Future investor communications

- 13 November 2019 Trading update
- 14 January 2020 Trading update
- 26 February 2020 Full year results 2019
- 23 April 2020 AGM and trading update
- 29 July 2020 Half year results 2020
- 11 November 2020 Trading update

Taylor Wimpey plc

Half Year Results Presentation
for the half year ended 30 June 2019

Appendices

Summary income statement*

Group £m	H1 2019	H1 2018	Change	FY 2018
Revenue	1,732.7	1,719.8	0.8%	4,082.0
Cost of sales	(1,323.1)	(1,274.8)	3.8%	(3,007.5)
Gross profit	409.6	445.0	(8.0)%	1,074.5
Net operating expenses	(97.5)	(98.6)	(1.1)%	(199.6)
Profit on ordinary activities before finance costs*	312.1	346.4	(9.9)%	874.9
Net finance cost	(12.1)	(13.3)	(9.0)%	(23.4)
Share of results of JVs	(0.2)	(2.1)	-	5.3
Profit before tax	299.8	331.0	(9.4)%	856.8
Tax charge	(57.8)	(61.9)	(6.6)%	(162.3)
Profit for the period	242.0	269.1	(10.1)%	694.5

* Before exceptional items

Cash flow summary

Group £m	H1 2019	FY 2018	H2 2018	H1 2018
Profit from ordinary activities before finance costs*	312.1	828.8	512.4	316.4
(Increase) / decrease in inventories	(239.9)	(1.7)	185.3	(187.0)
Exceptional items	-	46.1	16.1	30.0
Other operating items**	(88.2)	(57.8)	(93.4)	35.6
Cash generated by operations	(16.0)	815.4	620.4	195.0
Payments relating to exceptional charges	(11.5)	(25.9)	(17.0)	(8.9)
Tax paid	(71.5)	(139.6)	(75.5)	(64.1)
Interest paid	(3.3)	(8.6)	(4.8)	(3.8)
Net cash from operating activities	(102.3)	641.3	523.1	118.2
Investing activities	(23.8)	8.7	29.6	(20.9)
Financing activities	(125.7)	(516.2)	(433.2)	(83.0)
Cash flow for the period	(251.8)	133.8	119.5	14.3
Net cash* b/f	644.1	511.8	525.1	511.8
Cash (outflow) / inflow	(251.8)	133.8	119.5	14.3
Foreign exchange	(0.3)	(1.5)	(0.5)	(1.0)
Closing net cash*	392.0	644.1	644.1	525.1

* See definitions slide in the appendix

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

Group segmental analysis

	H1 2019			H1 2018			FY 2018		
	Operating profit* £m	Operating profit* margin %	RONOA* %	Operating profit* £m	Operating profit* margin %	RONOA* %	Operating profit* £m	Operating profit* margin %	RONOA* %
North	134.4	20.7	34.2	133.4	20.9	33.8	307.1	21.6	36.6
Central and South West	124.8	20.9	39.7	150.3	25.3	42.5	344.7	25.6	45.3
London and South East	71.2	16.0	22.0	86.7	19.3	22.1	270.6	22.4	25.9
Corporate	(26.6)	-	-	(35.6)	-	-	(71.4)	-	-
UK	303.8	18.0	29.2	334.8	19.9	30.3	851.0	21.4	33.1
Spain	8.1	19.7	38.6	9.5	25.1	56.3	29.2	28.0	49.3
Group	311.9	18.0	29.4	344.3	20.0	30.9	880.2	21.6	33.4

* See definitions slide in the appendix

North Division – segmental analysis

As at 30 June 2019	Scotland, North Yorkshire and North East	North West and Yorkshire	Midlands	North Division H1 2019	North Division FY 2018
Number of outlets	58	37	29	124	135
Private sales rate (net)	0.92	0.97	0.83	0.91	0.75
Completions	1,146	880	895	2,921	6,431
Average selling price on completions £000	232	207	224	222	219
Net operating assets* £m	416.3	235.1	286.7	938.1	839.5

Data based on completions excluding JVs

* See definitions slide in the appendix

Central and South West Division – segmental analysis

As at 30 June 2019	East and Central	Wales and West	Central and South West Division H1 2019	Central and South West Division FY 2018
Number of outlets	41	29	70	72
Private sales rate (net)	1.20	1.23	1.21	0.88
Completions	1,271	981	2,252	5,259
Average selling price on completions £000	274	244	261	252
Net operating assets* £m	424.7	401.8	826.5	773.5

Data based on completions excluding JVs

* See definitions slide in the appendix

London and South East Division – segmental analysis

As at 30 June 2019	South East excl. London market†	London market†	London and South East Division H1 2019	London and South East Division FY 2018
Number of outlets	40	12	52	49
Private sales rate (net)	0.96	0.77	0.91	0.80
Completions	991	268	1,259	3,132
Homes transferred to other Group entities (for rent to buy)	-	-	-	14
Average selling price on completions £000	290	575	351	376
Net operating assets* £m	638.3	543.5	1,181.8	1,034.8

Data based on completions excluding JVs

* See definitions slide in the appendix

† The London market includes the area inside the M25

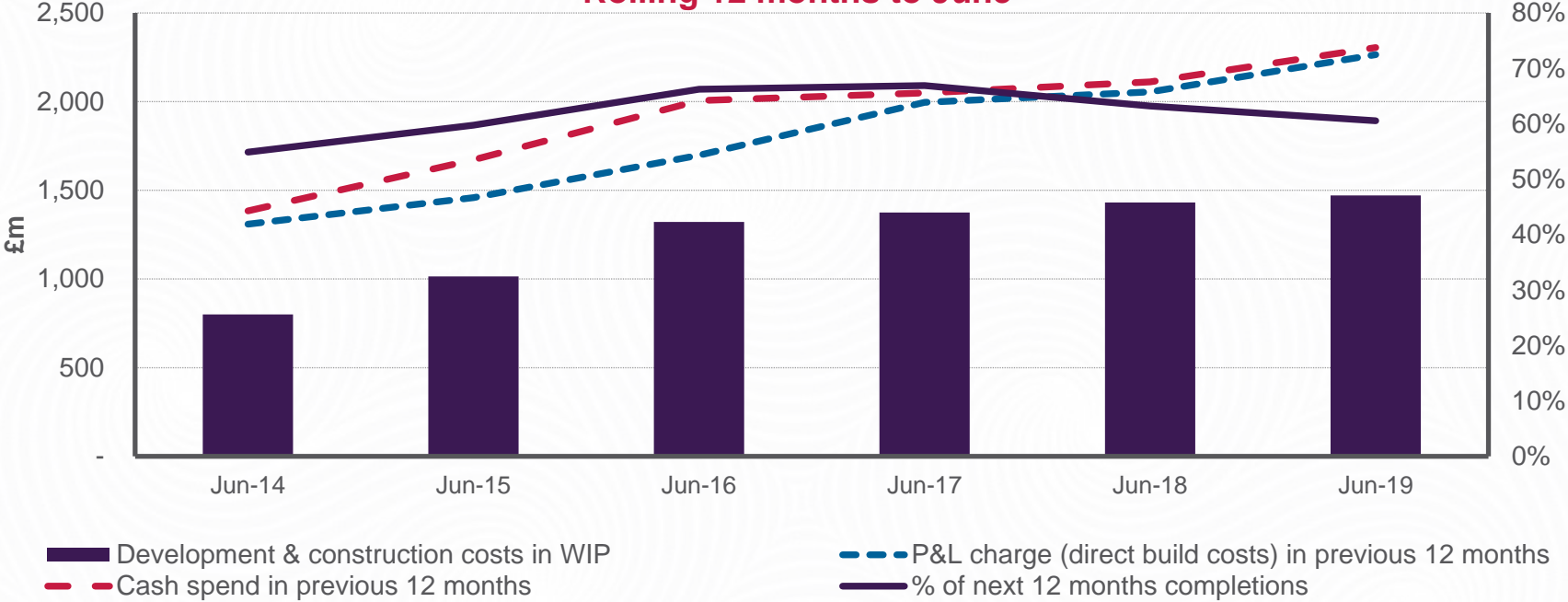
Tax

Asset / (liability)	Current tax £m	Deferred tax £m	Net tax £m
As at 1 January 2019	(69.9)	40.7	(29.2)
Income statement	(53.1)	(4.7)	(57.8)
SOCI / SOCIE	0.1	(0.6)	(0.5)
Cash paid	71.5	-	71.5
Forex	-	(0.1)	(0.1)
As at 30 June 2019	(51.4)	35.3	(16.1)

- Pre-exceptional underlying tax rate of 19.3% (H1 2018: 18.7%)
- Expect future underlying tax rate to largely reflect the UK statutory rate

Managing UK working capital

Movement in UK construction WIP
Rolling 12 months to June



	H1 2016	H2 2016	H1 2017	H2 2017	H1 2018	H2 2018	H1 2019
Completions	6,019	7,789	6,580	7,807	6,367	8,455	6,432
Total sq ft per unit	1,033	1,013	1,008	1,018	1,023	1,014	1,027
ASP £ per sq ft	230	265	251	269	251	265	254
Build cost £ per sq ft	(127)	(142)	(136)	(147)	(140)	(148)	(149)
Land cost £ per sq ft	(39)	(49)	(43)	(46)	(40)	(42)	(40)
% private apartments	10%	17%	15%	16%	10%	14%	11%

Movement in Group net assets

	H1 2019 rolling 12 months £m	H1 2018 rolling 12 months £m	Breakdown of movement %
Opening net assets	2,950.6	2,778.9	N/A
Pre-exceptional net earnings	667.4	658.3	22.6%
Net impact of exceptional items	(13.3)	(24.2)	(0.5)%
Actuarial (loss) / gains after tax	(45.8)	31.0	(1.6)%
Net share scheme and other movements	2.6	2.1	0.1%
Returns to shareholders	(553.9)	(495.5)	(18.8)%
Closing net assets	3,007.6	2,950.6	1.9%
Add back returns to shareholders	553.9		18.8%
Closing net assets pre returns to shareholders	3,561.5		20.7%

UK net operating assets

£m	30 June 2019	1 July 2018	31 Dec 2018
Fixed assets	52	54	51
Investment in JVs	70	70	48
Land	2,718	2,635	2,659
WIP	1,525	1,478	1,363
Total inventories	4,243	4,113	4,022
Debtors	234	214	189
Land creditors	(709)	(641)	(716)
Other creditors	(745)	(845)	(744)
Total creditors	(1,454)	(1,486)	(1,460)
Pension liability and PRMA	(104)	(56)	(134)
Provisions	(142)	(189)	(167)
Net operating assets*	2,899	2,720	2,549

* See definitions slide in the appendix

Finance charges

£m	H1 2019	H1 2018	Change	FY 2018
Financial indebtedness	2.4	2.7	(11.1)%	5.2
Foreign exchange movements	0.5	0.4	25.0%	1.0
Unwind of land creditors and other items	9.0	10.3	(12.6)%	18.5
Pensions	1.8	0.7	157.1%	1.1
Interest on IFRS 16 leases	0.2	0.2	-	0.5
Total	13.9	14.3	(2.8)%	26.3

Pensions

Movement in present value of defined benefit obligations

Total UK £m	H1 2019	FY 2018	FY 2017	FY 2016
IAS 19 (surplus) / deficit brought forward	(30.9)	(23.9)	232.7	177.1
Employer contributions*	(26.1)	(34.1)	(23.1)	(23.1)
Administration cost	1.0	1.9	3.0	3.3
Interest cost	1.8	1.1	5.9	6.1
Increase in scheme liabilities due to GMP	-	16.1	-	-
Amounts recognised through other comprehensive income	3.1	8.0	(242.4)	69.3
IAS 19 (surplus) / deficit	(51.1)	(30.9)	(23.9)	232.7
Adjustment for IFRIC 14	154.1	163.9	87.6	-
Carried forward deficit	103.0	133.0	63.7	232.7

Pension fund contributions

- Funding update as at 30 June 2019
 - Technical provisions deficit of £117 million and funding level of 95.3%
 - Deficit contributions of £40 million per year re-instated from January 2019 until the earlier of full funding or Q4 2020
 - Funding level is re-assessed quarterly
- Total contributions for 2019 expected to be £47.1 million (2018: £34.1 million) consisting of:
 - £40.0 million deficit contributions
 - £5.1 million Pension Funding Partnership
 - £2.0 million scheme expenses

UK land commitments

£m	< 1 yr	1-2 yrs	2-5 yrs	5+ yrs	As at 30 June 2019	As at 31 Dec 2018
Committed cash payments in respect of unconditional land contracts	357	195	175	14	741	749
Expected cash payments in respect of conditional land contracts	104	82	45	5	236	367

- Included in unconditional land contracts at 30 June 2019 are UK overage commitments of £75m (31 December 2018: £102m)

UK land portfolio – net cost

£m	30 June 2019			31 Dec 2018
	Owned	Controlled	Total	Total
Detailed planning	1,899	26	1,925	1,934
Outline planning	449	99	548	473
Resolution to grant	25	23	48	54
Sub-total	2,373	148	2,521	2,461
<i>plots</i>	<i>54,935</i>	<i>22,125</i>	<i>77,060</i>	<i>75,995</i>
Strategic	88	96	184	185
<i>plots</i>	<i>30,502</i>	<i>100,663</i>	<i>131,165</i>	<i>127,417</i>
Total	2,461	244	2,705	2,646

Of the short term owned and controlled land portfolio:

- 49% - post 2009 strategic land
- 39% - post 2009 short term land
- 12% - 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 landbank

- Land cost in short term owned landbank is 15.3% of ASP (H1 2018: 14.6%), supported by strategic pipeline conversions
- Land cost as % of ASP on H1 2019 approvals – 21.2%
- Potential revenue in the landbank at 30 June 2019 was £51 billion (1 July 2018: £48 billion), comprising short term land of £22 billion (1 July 2018: £21 billion) and strategic land of £29 billion (1 July 2018: £27 billion)
- The contribution margin** achieved on completions from land acquired since 2009 was 0.8% less than the expected margin at the point of acquisition

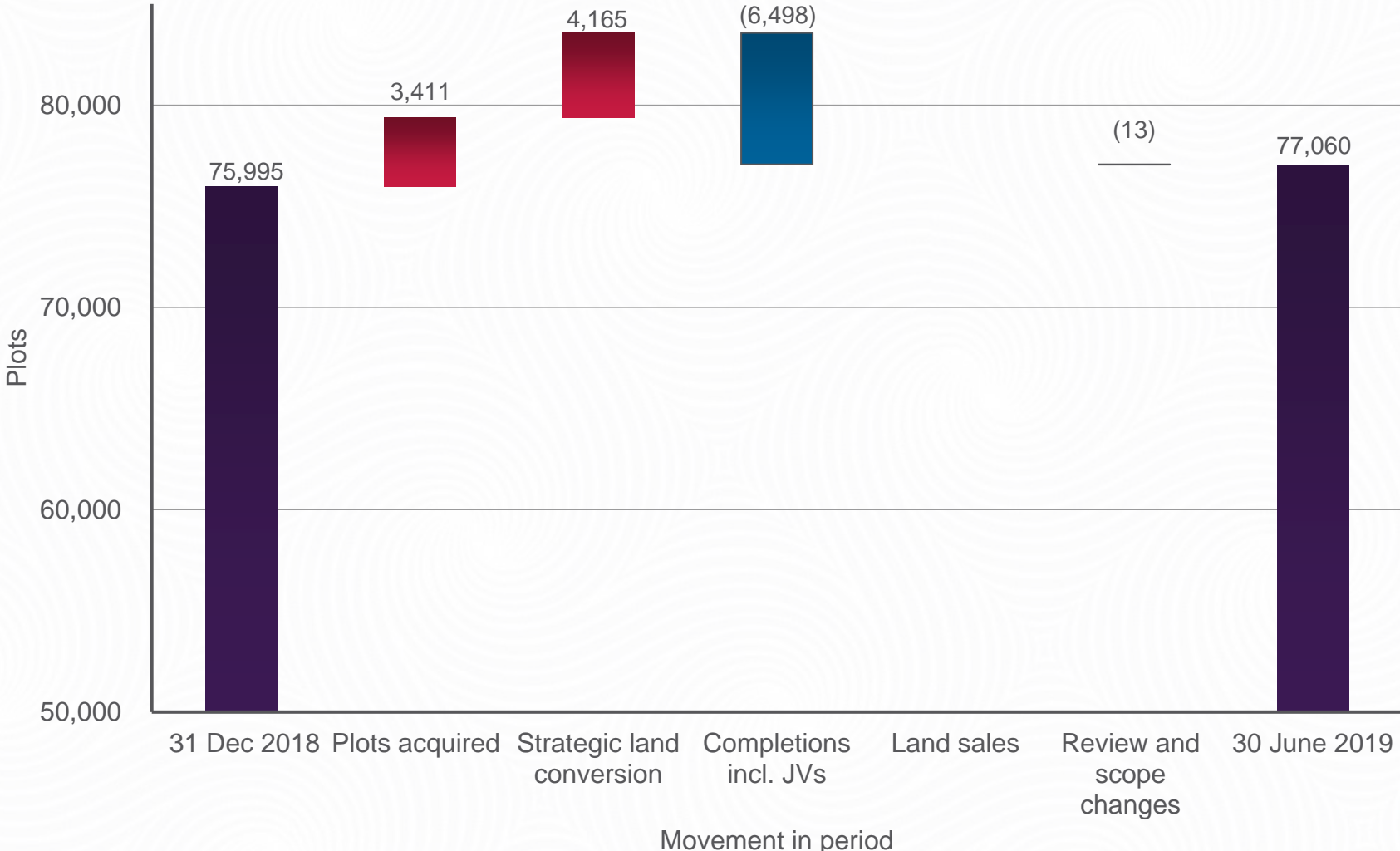
	Land cost on balance sheet £m 30 June 2019	Number of plots 30 June 2019	Land cost on balance sheet £m 31 Dec 2018	Number of plots 31 Dec 2018
Short term owned	2,373	54,935	2,264	53,279
Short term controlled	148	22,125	197	22,716
Total short term	2,521	77,060	2,461	75,995
Strategic owned*	88	30,502	100	32,354
Strategic controlled*	96	100,663	85	95,063
Total strategic*	184	131,165	185	127,417
Total landbank*	2,705	208,225	2,646	203,412

Data includes JV plots

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

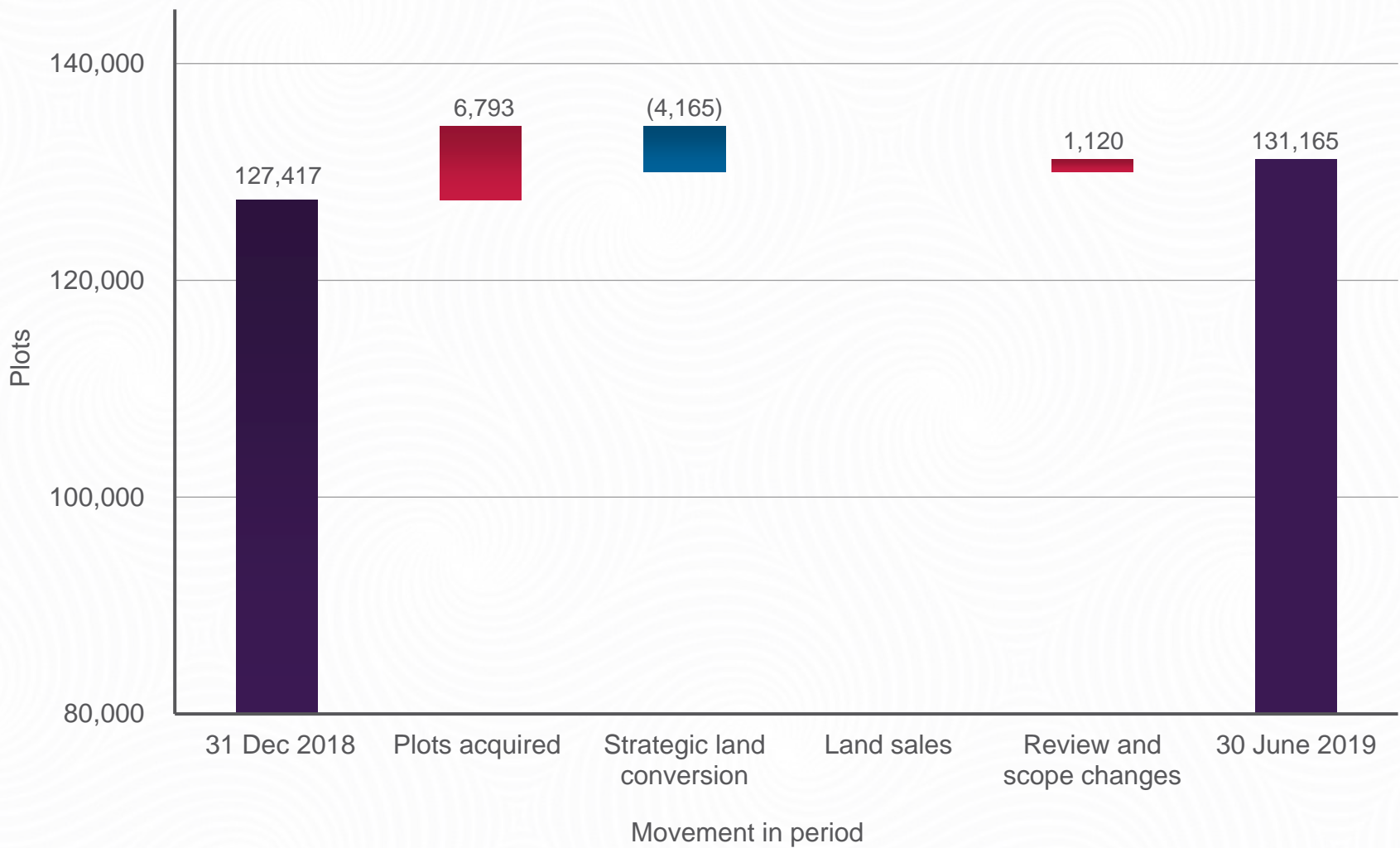
** See definitions slide in the appendix

UK short term landbank



Data includes JV plots

UK strategic pipeline

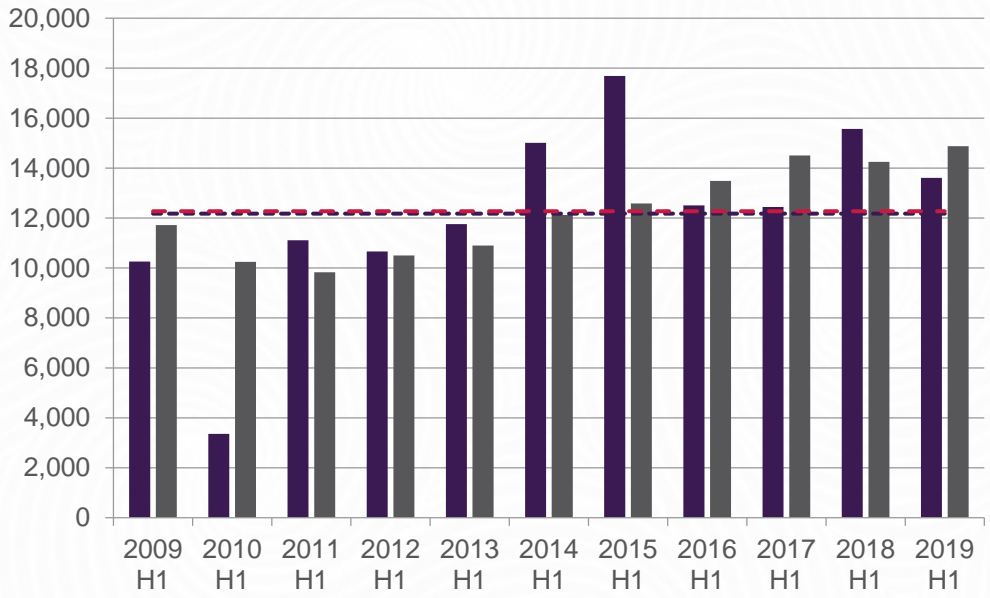


Excludes land with less than 50% certainty of achieving planning permission
Data includes JV plots

Quality of short term owned landbank

Total: 345 sites in short term owned landbank		Micro location – position within macro location			
		A	B	C	D
Macro location – city, broken down by major suburb, town, village or rural area	Q1 – A	33	46	3	1
	Q2 – B	70	138	11	0
	Q3 – C	9	30	2	0
	Q4 - D	1	1	0	0

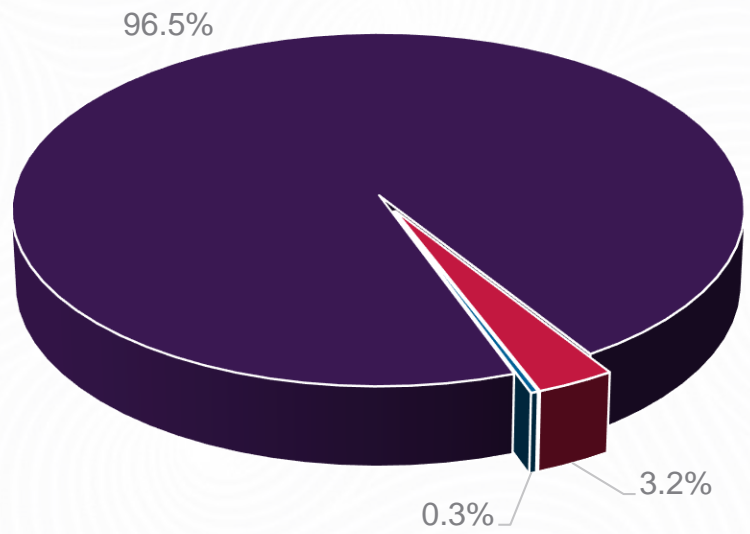
UK planning permissions



- Permissions gained (rolling 12 months)
- Completions (Rolling 12 months)
- Average Permissions
- Average completions

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

Sites with implementable planning permission



- Started on site as at 30 June 2019
- Starting on site Q3 2019
- Other

* Data includes JV plots

North Division - land

As at 30 June 2019	Scotland, North Yorkshire and North East	North West and Yorkshire	Midlands	North Division H1 2019	North Division FY 2018
Short term owned and controlled land portfolio plots	14,206	8,256	7,941	30,403	29,009
Land portfolio years	5.6	4.1	4.1	4.7	4.5
Cost per plot £000*	29.2	24.4	40.9	30.7	30.0
ASP in short term owned land portfolio £000	236	223	240	234	228
Average land cost as a % of ASP	12.4%	10.9%	17.0%	13.1%	13.2%
Strategic land plots (> 50% probability)	32,574	19,701	18,594	70,869	68,387

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

Central and South West Division - land

As at 30 June 2019	East and Central	Wales and West	Central and South West Division H1 2019	Central and South West Division FY 2018
Short term owned and controlled land portfolio plots	17,729	15,709	33,438	33,512
Land portfolio years	6.1	6.9	6.5	6.4
Cost per plot £000*	35.9	36.3	36.1	35.9
ASP in short term owned land portfolio £000	290	272	281	279
Average land cost as a % of ASP	12.4%	13.3%	12.8%	12.9%
Strategic land plots (> 50% probability)	16,260	25,883	42,143	40,677

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

London and South East Division - land

As at 30 June 2019	South East excl. London market [†]	London market [†]	London and South East Division H1 2019	London and South East Division FY 2018
Short term owned and controlled land portfolio plots	8,086	5,133	13,219	13,474
Land portfolio years	3.4	4.9	3.9	4.1
Cost per plot £000*	63.7	169.1	80.6	77.0
ASP in short term owned land portfolio £000	325	684	384	384
Average land cost as a % of ASP	19.6%	24.7%	21.0%	20.1%
Strategic land plots (> 50% probability)	17,180	973	18,153	18,353

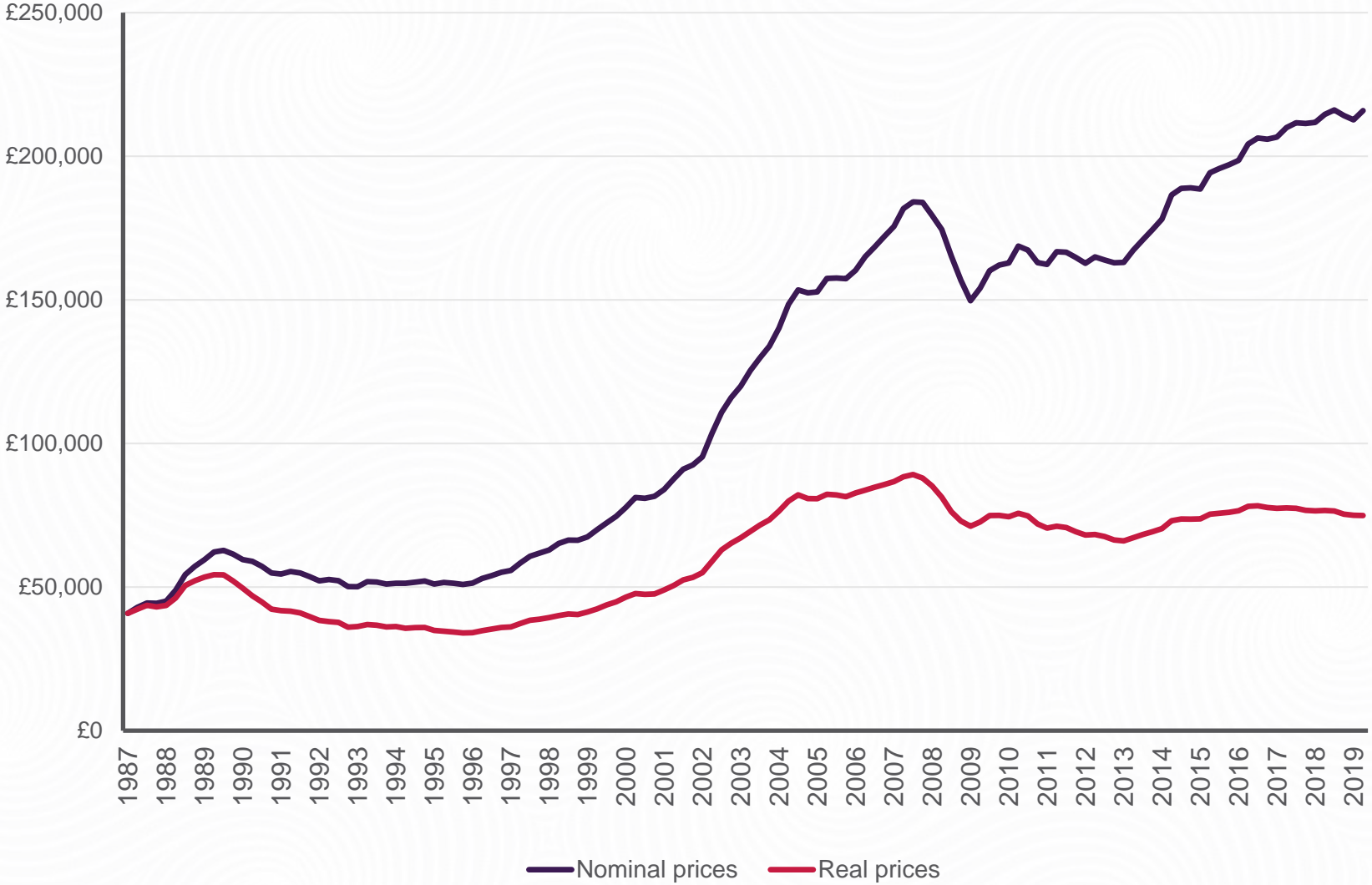
* Based on short term owned plots, including share of JVs. NRV is wholly allocated to land, comparable basis to peers

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

Land disposals

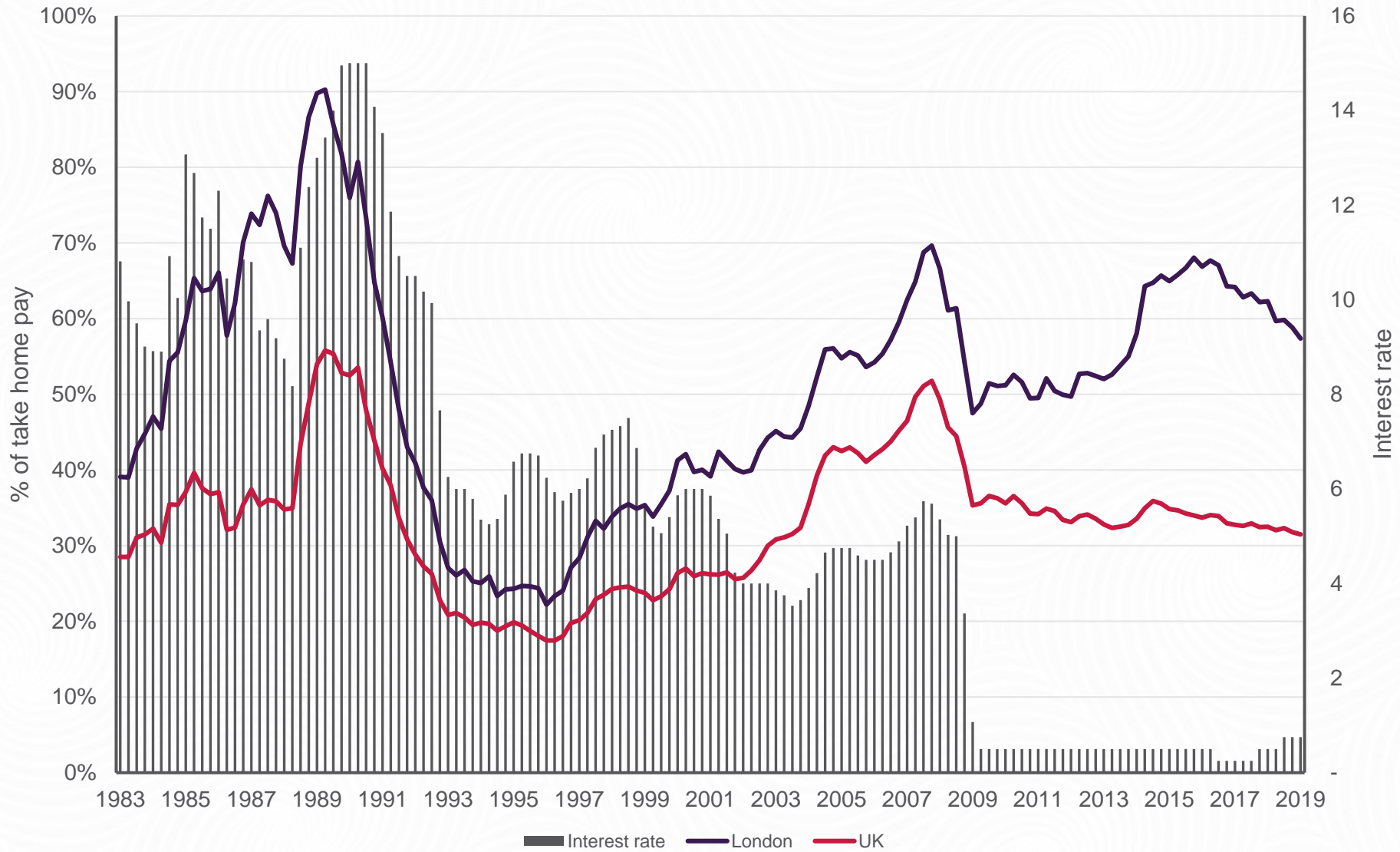
£m		H1 2019	H1 2018	FY 2018
Proceeds	UK	6.8	46.5	56.4
	Spain	-	-	0.2
	Total	6.8	46.5	56.6
Gross profit	UK	4.2	13.7	17.6
	Spain	-	-	(1.6)
	Total	4.2	13.7	16.0

Real house prices



Source: Nationwide – Nominal house prices

FTB mortgage payments as % of pay / interest rates



Source: Nationwide / Bank of England

Net private sales by price band

Net private sales	<£200k	£201k-£250k	£251k - £300k	£301k - £450k	£451k-£600k	£601k - £1m	>£1m	Total
North	846	926	721	551	49	5	-	3,098
Central and South West	321	437	586	845	143	18	-	2,350
London and South East	34	116	172	535	177	133	37	1,204
Total	1,201	1,479	1,479	1,931	369	156	37	6,652
Total	18%	22%	22%	29%	6%	2%	1%	100%

UK customer segmentation

Total reservations	H1 2019	FY 2018	H2 2018	H1 2018	FY 2017	H2 2017	H1 2017
First time buyers	38%	34%	33%	35%	41%	40%	42%
Second time buyers	37%	31%	30%	32%	39%	37%	40%
Affordable	20%	30%	31%	29%	17%	20%	14%
Investor	5%	5%	6%	4%	3%	3%	4%
Total	100%	100%	100%	100%	100%	100%	100%
Help to Buy	40%	36%	34%	39%	43%	42%	45%

H1 2019 market backdrop

2-year fixed rates	February 2018	July 2018	February 2019	July 2019
HTB equity loan	1.44% – 2.17%	1.61% – 2.17%	1.59% – 3.84%	1.54% - 3.78%
85% LTV (new build)	1.64%	1.74%	1.69%	1.63%

UK sales performance

	H2 2019 (w/e 28 July 2019)	H1 2019	H2 2018	H1 2018
Average outlets open	245	257	266	280
Average sales rate (net)	1.10	1.24	1.09	1.16
Average selling price £000	280	269	244	254

As at	H2 2019 (w/e 28 July 2019)	30 June 2019	31 Dec 2018	1 July 2018
Total order book value £m	2,516	2,366	1,782	2,175
Total order book units	10,558	10,137	8,304	9,241
ASP in total order book £000	238	233	215	235
Outlets at end of period	244	246	256	278
Order book value £m per outlet	10.3	9.6	7.0	7.8

Data based on reservations excluding JVs

UK market performance – affordable

	H2 2019 (w/e 28 July 2019)	H1 2019	H1 2018	Change	31 Dec 2018
Average outlets open	245	257	280	(8.2)%	273
Affordable order book £m	611	626	547	14.4%	605
Affordable order book units	4,353	4,474	4,047	10.6%	4,452
Affordable order book ASP £k	140	140	135	3.7%	136

Data based on reservations excluding JVs

Spain financial summary

	H1 2019	H1 2018	Change	FY 2018
Average number of active sites	20	20	-	21
Legal completions	109	130	(16.2)%	342
Average selling price £000	379	292	29.8%	304
Average selling price €000	434	332	30.7%	344
Revenue £m	41.1	37.8	8.7%	104.2
Operating profit* £m	8.1	9.5	(14.7)%	29.2
Operating profit* margin %	19.7	25.1	(5.4)ppt	28.0
Order book £m	120.2	130.3	(7.8)%	110.8
Order book (plots)	312	372	(16.1)%	284
Net operating assets* £m	82.4	61.7	33.5%	63.0
Total landbank plots**	2,983	2,698	9.6%	2,479

* See definitions slide in the appendix

** Landbank includes owned and controlled land

A reminder: Sites, outlets and factories, balancing sales and production

- Site – a single piece of land, generally getting outline planning as a single entity. TW size range 50-3,500 homes
 - Outlet – a sales unit, with fully staffed customer presence. TW pa range historically 30-75 homes (incl. affordable)
 - Factory – a build team, with separate compound and management structure. TW pa range historically 30-60 homes
- The balance between these three can be changed significantly over time, materially impacting overall volumes
 - The greatest flexibility is on large sites, where we have annual production / completion levels of up to 250 homes
 - Growing the business on these sites involves confidence in sales and production capacity
 - Sales factors – no. of outlets, location quality, product quality and product variation, wider routes to market, customer reputation and sales processes and team
 - Production factors – no. of factories, quality of production processes and team, managing supply chain, managing quality, build efficiency of product

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 weighted average number of shares in issue during the period.
- Net operating assets is defined as net assets less net cash, excluding net taxation balances and 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 12-month rolling total revenue divided by the average of opening and closing net operating assets.
- WIP turn is defined as total revenue divided by the average of opening and closing work in progress. Based on rolling 12 months.
- Gross profit is defined as revenue, less total build costs, less total land costs net of impairment provision and less direct selling expenses.
- Contribution margin is defined as revenue less direct build costs, less gross land costs and less direct selling expenses. Contribution margin excludes the impact of supplier rebates, land provision utilisation and discounting of deferred land commitments.
- 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 (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.
- Return on capital employed (ROCE) is defined as 12-month rolling operating profit divided by average capital employed calculated on a monthly basis over the period.
- Net cash is defined as total cash less total financing.
- The Injury Incidence Rate (IIR) is defined as the number of incidents per 100,000 employees and contractors, calculated on a rolling 12 month basis, where the number of employees and contractors is calculated using a monthly average over the same period. Previous rates disclosed for the half year were calculated using the number of incidents in the six month period, and the monthly average number of employees and contractors over the same six month period.