31 July 2019
Taylor Wimpey plc
Half year results for the period ended 30 June 2019

Pete Redfern, Chief Executive, commented:

"We have made good progress in the first half against our long term strategy, underpinned by our continued commitment to our customers, build quality and employee engagement. We delivered a record sales rate in the first half as we saw strong customer demand for our homes in a stable market and the success of our strategy to build more homes on our larger sites coming through more quickly than anticipated.

Despite wider political uncertainty, conditions for the housing market continue to be supportive with good affordability and access to finance. We have not seen any meaningful change in customer confidence, with positive underlying metrics and forward indicators. We expect full year results for 2019 to be in line with expectations.

Taylor Wimpey has a customer first strategy and I am particularly proud of the commitment from our highly motivated and engaged teams, and the positive improvement we are seeing in our build quality measures. We are investing for the long term in customer service and in the quality and skills of our business, particularly in apprenticeships and early talent. It remains our goal to deliver high-quality homes, right first time, and create thriving communities in places our customers want to live. This strategy will position us to be the customer's first choice homebuilder in all market conditions whilst providing enhanced returns for shareholders."

Group financial highlights:

- Completed a Group total of 6,541 homes (H1 2018: 6,497), excluding joint ventures
- Operating profit* of £311.9 million (H1 2018: £344.3 million), reflecting higher build costs and geographic mix, partly offset by higher volumes, delivering an operating profit margin of 18.0% (H1 2018: 20.0%)
- Profit before tax of £299.8 million (H1 2018: £301.0 million)
- Net cash‡ of £392.0 million as at 30 June 2019 (1 July 2018: £525.1 million), due to timing of land payments and investment in work in progress, reflecting the increased order book
- 2019 full year results expected to be in line with expectations

UK operational highlights:

- Record H1 net private sales rate at 1.00 across an average of 257 outlets, driven by customer demand and continued success of our strategy (H1 2018: 0.83 across 280 outlets)
- Strong order book as at 30 June 2019 representing 10,137 homes (1 July 2018: 9,241 homes), up 10%, with a value of £2,366 million (1 July 2018: £2,175 million), up 9%, excluding joint ventures

- Progress implementing measures to improve right first time build quality, with the start of the roll out of Quality Managers across each of our regional businesses
- Apprenticeship Manager and / or Master Crafts role now operating in around half of our regional businesses
- Commitment to investing in long term skills, direct labour and apprentices with 821 people employed in key trades (1 July 2018: 640)
- Achieved 89% recommend score as measured by the National House-Building Council (NHBC) survey on behalf of the Home Builders Federation (HBF) (H1 2018: 90%)
- Improved our average Construction Quality Review score to 4.05, once again in the top quartile of large homebuilders (H1 2018: 4.01)
- Contributed £196 million in the first half of 2019 to local communities via planning obligations (H1 2018: £192 million)
- High employee engagement of 93% and low employee turnover of 12.9% (H1 2018: 14.6%)

Dividends

- Interim ordinary dividend of 3.84 pence per share (H1 2018: 2.44 pence per share) to be paid in November 2019, bringing 2019 total dividends in the year to c.£600 million or c.18.34 pence per share (2018 total: £500 million)
- 2020 special dividend announced of £360 million (c.11.0 pence per share) to be paid in July 2020 subject to shareholder approval (2019: c.£350 million or 10.7 pence per share)
    - 2020 total dividends expected to be c.£610 million or c.18.6 pence per share

Group financials

	H1 2019	H1 2018	Change	FY 2018
Revenue £m	1,732.7	1,719.8	0.8%	4,082.0
Operating profit £m	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 £m	299.8	331.0	(9.4)%	856.8
Profit before tax £m	299.8	301.0	(0.4)%	810.7
Profit for the period before exceptional items £m	242.0	269.1	(10.1)%	694.5
Profit for the period £m	242.0	244.5	(1.0)%	656.6
Adjusted basic earnings per share pence††	7.4	8.2	(9.8)%	21.3
Basic earnings per share pence	7.4	7.5	(1.3)%	20.1
Tangible net asset value per share pence†	102.2	100.3	1.9%	98.3
Net cash £m	392.0	525.1	(25.3)%	644.1
Return on net operating assets**	29.4%	30.9%	(1.5)ppt	33.4%

UK current trading

During the first half of 2019 the UK housing market was stable, with robust demand. The south east remained generally more challenging, particularly at higher price points. Pricing was flat overall in the first six months. Whilst there remains a high degree of uncertainty regarding the UK's exit from the EU, we have not seen any meaningful change in customer confidence or sentiment in 2019 to date. Our customers' decisions to purchase a home continue to be primarily driven by aspiration and the affordability of, and access to, mortgage finance. There remains a competitive mortgage environment across a wide range of loan to value ratios and Help to Buy continues to be a differentiator for new build customers.

We achieved a very strong net private sales rate for H1 2019 of 1.00, across our 257 outlets (H1 2018: 0.83 sales per outlet per week and 280 outlets), a record for Taylor Wimpey. The cancellation rate for H1 2019 remains low at 14% (H1 2018: 13%). The net private sales rate for the year to date (w/e 28 July 2019) stands at 0.99 (2018 equivalent period: 0.82).

As at 28 July 2019 we were c.87% forward sold for private completions for 2019 (2018 equivalent period: 86%) and are building our order book for 2020. Our total order book value stands at £2,516 million (2018 equivalent period: £2,257 million), excluding joint ventures. This order book represents 10,558 homes (2018 equivalent period: 9,623). Our affordable order book stands at 4,353 homes (2018 equivalent period: 4,085).

The land market continues to be stable with good opportunities. We continue to be able to acquire land in quality locations at attractive investment margins and returns.

At the time of our Annual General Meeting (AGM), we reported that we were experiencing higher than expected cost inflation, driven primarily by underlying cumulative inflation, exchange rates impact on the cost base of suppliers, and a higher than expected demand in the short term which has impacted operating profit margin. We anticipate that build cost inflation will be c.5% for 2019 (FY 2018: 3.5%).

We announce today that, subject to shareholder approval, it is our intention to pay a special dividend for 2020 of £360 million which, alongside the ordinary dividend, will take total dividends to be paid in 2020 to c.£610 million reflecting our ongoing confidence in the business and our prospects (2019 total: c.£600 million).

Outlook and guidance

We remain committed to providing our customers with a high-quality home and experience. There is a cost to long term quality and sustainable growth. It requires early investment of time and resources and a consistent approach. Over the last five years our focus has been on targeting investment in a number of key areas, from employee development, and apprenticeship and early talent programmes, to ensuring we have the processes and resources to deliver a quality home for our customers which is right first time. We are now focused on ensuring these changes are embedded and consistently delivered across our regional businesses. We are confident that in the long term this will become an increasing point of differentiation and a key part of our value proposition, not just for customers and communities but for investors and other stakeholders and will help us to deliver on our customer-centric strategy. Whilst this strategy, and our strategic goals, are deliberately set for the long term, we are pleased to see progress more quickly than anticipated in some areas. We are benefiting from the investments we have made in our onsite resources and processes, and this has allowed us to respond more quickly to the opportunity to scale up our build teams on larger sites to meet underlying market demand. This has driven a significantly higher sales rate year on year, outperforming the sector, without compromising on quality and without having to choose to put volume ahead of achieving price. The buy-in from our employees is key. 96% of employees agree that Taylor Wimpey aims to deliver the best customer experience in the homebuilding industry, as measured by our recent employee survey.

We anticipate that full year 2019 results will be in line with expectations. As previously guided, we expect full year volumes to be slightly higher than 2018 as we have seen results from our strategic approach to large sites impact more quickly than expected. In this environment where pricing is flat, and there is increased build cost pressure, our margins will be lower in 2019 than in 2018.

We continue to closely monitor the market for any changes and customer trends and manage the business cautiously, particularly against the backdrop of the ongoing political and macro-uncertainty. We are well positioned with a strong order book and balance sheet and as a network of local businesses, most of our materials are UK-sourced. We have been working with our suppliers to understand and mitigate the risk in their supply chains from an uncertain Brexit outcome and utilising our internal logistics arm, Taylor Wimpey Logistics, which provides additional visibility, control and flexibility in managing our supply chain. As a part of our long term planning and strategy, we have been adapting and growing our apprenticeship, early talent management and direct labour schemes to ensure we have the right skills in place for the future.

We remain focused on building a resilient, high-quality business by putting the customer at the centre of our decision making. It remains our goal to build high-quality homes, which are right first time, and create thriving communities in places our customers want to live, now and in the future. This will position the business to be the customer's first choice in all market conditions, including a post Help to Buy environment, which will in turn provide enhanced returns to shareholders and will benefit all stakeholders.

* 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 (RONOA) is defined as rolling 12-months operating profit divided by the average of the opening and closing net operating assets, which is defined as net assets less net cash, excluding net taxation balances and accrued dividends.

*** Return on capital employed is defined as rolling 12-months operating profit divided by the average capital employed calculated on a monthly basis over the period.

**** Operating cash flow is defined as cash generated by operations (which is before taxes paid, interest paid and payments related to exceptional charges).

† 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.

†† 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 asset turn is defined as 12-months 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.

†*** 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.

‡ Net cash is defined as total cash less total financing.

‡‡ Cash conversion is defined as operating cash flow divided by operating profit on a rolling 12-month basis.

‡‡‡ 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.

‡‡‡‡ Adjusted gearing is defined as adjusted net debt divided by net assets. Adjusted net debt is defined as net cash less land creditors.

A reconciliation of alternative performance measures to statutory measures is disclosed in note 16 of the financial statements.

- Ends -

A presentation to analysts will be hosted by Chief Executive Pete Redfern and Group Finance Director Chris Carney at 8.45am on Wednesday 31 July 2019. This presentation will be webcast live on our website: www.taylorwimpey.co.uk/corporate

An archived version of the webcast will be available on our website in the afternoon of 31 July 2019.

For further information please contact:

Taylor Wimpey plc Tel: +44 (0) 7826 874461

Pete Redfern, Chief Executive
Chris Carney, Group Finance Director
Debbie Archibald, Investor Relations

Finsbury Tel: +44 (0) 20 7251 3801

Faeth Birch
Anjali Unnikrishnan

Notes to editors:

Taylor Wimpey plc is a customer-focused homebuilder, operating at a local level from 24 regional businesses across the UK. We also have operations in Spain.

For further information please visit the Group's website: www.taylorwimpey.co.uk

Follow us on Twitter @TaylorWimpeyplc

<u>Putting the customer first to become their first choice homebuilder in all market conditions</u>

There remains a structural undersupply of housing in the UK which underpins long term future demand. Whilst we have had a period of relative market stability over the last decade, we believe the housing industry remains cyclical and we continue to manage our business cautiously with a view that the investments and decisions we make today will impact the long term sustainability of the business.

In May 2018, we outlined our long term strategy to refocus our business around the needs and aspirations of our customers. As one of the UK's largest homebuilders, we recognise that we have a key role in creating choices for those wanting to access high-quality housing and we have a responsibility to deliver this in the right way, not just for our customers, but also for the communities in which we build, our employees and our investors. We see a need and an exciting opportunity to change our approach and improve our offering to customers who rightly expect more from homebuilders. This, together with optimising our high-quality land assets, increasing the efficiency of our processes and being recognised as the employer of choice in the industry, creates the potential to significantly grow the business over the medium term, depending on market conditions. Importantly, it also enables us to become a more resilient business, by becoming the customer's first choice through all stages of the market cycle.

Our strategy comprises five key areas:

- Customers and communities at the heart of our strategy
- Build quality: getting it right first time
- Optimising our strong landbank
- Becoming the employer of choice
- Best in class efficient engine room

Each of these five pillars are explored in more detail throughout the operational review.

<u>Strategic goals</u>

We remain focused on the financial goals outlined in May 2018 which target further improvement in the next four years to 2023. These targets are deliberately stretching and, together with our key performance indicators, outlined on page 8 target a broad basket of measures.

- Increase of return on net operating assets to 35%
- Maintaining operating profit margins at c.21-22%
- Operating 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

Shareholder returns

We are an asset based business with a strong balance sheet and an excellent short term landbank of c.5.1 years. This, together with the control we have over land investment timing, means we are an extremely cash generative business and allows us to provide shareholders with a reliable dividend through the cycle, in the form of an ordinary dividend, while continuing to invest in the future success of the business. We will also pay a special dividend at appropriate times in the cycle.

As previously outlined, from 2019, and subject to shareholder approval each year, the Company will pay an enhanced ordinary dividend of approximately 7.5% of Group net assets, which will be at least £250 million per annum (or c.7.6 pence per share). Our Ordinary Dividend Policy provides an annual return to shareholders that we can reasonably commit to throughout the cycle and has been the subject of prudent and comprehensive stress testing against various downside scenarios, including a 20% reduction in prices and a 30% reduction in volumes.

Today the Board has declared a 2019 interim dividend of 3.84 pence per share (H1 2018: 2.44 pence per share).

Our strategy enables us to drive further value from our landbank and our business model as we focus on our customers, delivery and efficiency, which in turn drives increased cash generation. In July 2019, our shareholders received c.£350 million or 10.7 pence per share in special dividend. In 2019, shareholders will receive total dividends (including ordinary and special dividends) of c.£600 million or c.18.34 pence per share.

We also announce today a special dividend for 2020 of £360 million (or c.11.0 pence per share) to be paid in July 2020, subject to shareholder approval.

Our Special Dividend Policy will pay out to shareholders the free cash generated by the Group after land investment, all working capital, taxation and other cash requirements of the business in executing our strategy in the near term, and once the Group's ordinary dividend has been met. We have paid a special dividend in each of the last five years.

In 2020 subject to approval at the AGM, shareholders will receive a total dividend of c.£610 million (c.18.6 pence per share), comprising an ordinary dividend of c.£250 million (c.7.6 pence per share) and the special dividend of £360 million (c.11.0 pence per share).

Operational review

Taylor Wimpey plc is a customer-focused residential developer building and delivering homes and communities across the UK and in Spain.

Our operational review is for the UK only as the majority of metrics do not apply to our Spanish business. A short summary of the Spanish business follows. The financial analysis is presented at Group level, which includes Spain, unless otherwise indicated.

Joint ventures are excluded from the operational review and Group financial review, unless stated otherwise.

Our key performance indicators (KPIs)

Our KPIs target and measure improvement across the five key areas of our strategy and tie into remuneration across a number of levels in the business.

UK	H1 2019	H1 2018	Change	FY 2018
Customers and communities at the heart of our strategy				
Customer satisfaction 8-week score 'Would you recommend?'	89%	90%	(1.0)ppt	90%
Customer satisfaction 9-month score 'Would you recommend?'	77%	76%	1.0ppt	76%
Build quality: getting it right first time				
Construction Quality Review (average score / 6)	4.05	4.01	1.0%	3.93
Average reportable items per inspection	0.28	0.24	16.7%	0.28
Optimising our strong landbank				
Land cost as % of ASP on approvals	21.2%	17.1%	4.1ppt	19.2%
Landbank years	c.5.1	c.5.3	(3.8)%	c.5.1
% of completions from strategically sourced land	58%	59%	(1.0)ppt	58%
Becoming the employer of choice				
Employee turnover % (voluntary) rolling 12 months	12.9%	14.6%	(1.7)ppt	14.5%
Number of people recruited into early talent programmes: graduates, management trainees and site management trainees rolling 12 months	152	133	14.3%	175
Directly employed key trades including trade apprentices	821	640	28.3%	748
Health and Safety Injury Incidence Rate (per 100,000 employees and contractors) rolling 12 months†***	241	148	62.8%	228
Best in class efficient engine room				
Net private sales rate per outlet per week	1.00	0.83	20.5%	0.80
Private legal completions per outlet	18.8	17.3	8.7%	41.8
Order book value £m	2,366	2,175	8.8%	1,782
Order book volume – no. of homes	10,137	9,241	9.7%	8,304

Sales, completions and pricing

The UK new housing market was stable in the first six months of 2019. Total home completions (excluding joint ventures) increased by 1.0% to 6,432 (H1 2018: 6,367) and we delivered 1,594 affordable homes (H1 2018: 1,513), equating to 24.8% of total completions (H1 2018: 23.8%). Our net private sales rate for the first half of the year was 1.00 homes per outlet per week (H1 2018: 0.83). Cancellation rates remained low at 14% (H1 2018: 13%). Average selling prices on private completions increased by 2.0% to £301k (H1 2018: £295k). Our total average selling price increased by 1.6% to £261k (H1 2018: £257k), reflecting product mix.

We have a wide range of products from one-bedroom apartments to five-bedroom homes, with 95% of customers owner occupiers. First time buyers accounted for 38% of total sales in the first half of 2019 (H1 2018: 35%). Investor sales continued to be at a very low level at 5% (H1 2018: 4%).

During the first half of 2019 approximately 40% of total customer sales used the Help to Buy scheme (H1 2018: c.39%) of which 76% were to first time buyers (H1 2018: 76%) who used the scheme to get on to the housing ladder.

We continue to see strong demand for our homes and as at 30 June 2019 our order book represented 10,137 homes (1 July 2018: 9,241 homes) increasing in value by 9% to £2,366 million (1 July 2018: £2,175 million), excluding joint ventures. The Central London order book is 188 homes (1 July 2018: 289 homes), at a value of £154 million (1 July 2018: £216 million). Our affordable order book stood at 4,474 homes at the period end (1 July 2018: 4,047 homes).

During the first half of 2019 we opened 53 new outlets (H1 2018: 49) in quality locations, where demographics are strong and people want to live. As at 30 June 2019 we were operating with 295 factories on 246 outlets (1 July 2018: 300 factories on 278 outlets).

Customers and communities at the heart of our strategy

Last year we announced our customer-centric strategy, building on the findings of the extensive customer research we undertook in 2017 and 2018. Whilst our employees have always sought to act in the interests of our customers, becoming genuinely customer-centric involves taking a more rounded and strategic approach to what we do every day. This starts with putting customers and communities at the heart of what we do and at the centre of our decision making. The improvements we have identified target changes to quality and accessibility of product, sales and after sales service and extend beyond this to our involvement in helping communities prosper by promoting shared community facilities, clubs and initiatives. This desire and drive is reflected by our employees where 96% of employees 'agree' or 'strongly agree' that Taylor Wimpey aims to deliver the best customer experience in the homebuilding industry.

During the first half of 2019, 89% of our customers said that they would recommend Taylor Wimpey (H1 2018: 90%), according to the 8-week survey carried out by the NHBC on behalf of the HBF. Whilst this is a slight reduction in the period, we are pleased to see that the underlying quality of the homes built during the same time was maintained, as measured by the Construction Quality Review. We have also introduced the 9-month survey results as a KPI within the business. In the first half of 2019, our 9-month customer satisfaction score was 77% (H1 2018: 76%). Whilst it is common in the sector generally to see this measure trend at significantly lower levels, when compared to the 8-week survey, we are focused on understanding the reason for this to help improve longer term customer satisfaction. We are pleased that the majority of our customers would recommend us to their friends, however we know that, despite our best intentions and efforts, we do not always get it right for our customers and sometimes we fall short of our high standards. We want our customers to have confidence in their home and trust us to deliver on what we promised. Customers can rely us to do the right thing, put any mistakes right and learn from them.

Affordability is an issue in the UK for many people seeking to buy their first home. We want to do more to help more people get on to the housing ladder and believe that by increasing access to good-quality homes, we will increase our resilience in weaker markets and in a post

Help to Buy environment. We are exploring ways to broaden our products and routes to market and improving the ways in which customers can access high-quality housing and the choices available to them.

Communities and placemaking

We are one of the largest homebuilders in the country but our regional businesses and employees are proud to do more than just build homes. We have a privileged role in creating thriving communities which help people to enhance their lives.

Our customer research shows a clear relationship between good placemaking and long term customer satisfaction. This research also found that our customers have a very strong desire to become part of a community quickly after they move in. Where possible in our developments, we are also exploring how we can plan to bring forward infrastructure and facilities, e.g. common spaces and children's play areas, at an earlier stage of the build so that customers can enjoy their benefits from the outset.

Housebuilding can be disruptive, and so we prioritise engaging with the local community and strive to make a positive impact in the wider community. In the first half of 2019, through our planning obligations, we have contributed over £196 million to the local communities in which we build (H1 2018: £192 million) and over £2.2 billion since the start of 2013. This provides vital local infrastructure, affordable homes, public transport and education facilities.

Over recent years, our approach to planning applications and consultation has naturally evolved and this, together with feedback we have received from the local communities, has been responsible for numerous improvements across our developments. Within every community we build, it's our responsibility to keep local residents and future residents well informed. To underline the importance of this, we have developed a new Community Communication Plan, which will be launched later in 2019, for all our regional businesses, to map out the points at which we communicate with local residents and potential customers throughout the life cycle of a development. This plan also identifies ways we can help local communities to thrive.

Build quality: getting it right first time

Getting it right first time significantly improves the customer experience and saves significant time, cost and energy in putting things right. Our customers rightly expect high-quality homes that are professionally built and free from defects. We are focused on ensuring that through all stages of build, the homes handed over to customers consistently meet our high standards and are right first time. For this to work properly we must ensure the approach is adopted before we start building, and we have been working with our material suppliers to ensure they are able to meet the high standards required.

Last year we introduced a Taylor Wimpey national quality manual and we are now focused on ensuring that a right first time approach is adopted consistently throughout the business. During 2018 we rolled out our Consistent Quality Approach (CQA) guidelines to make sure our Site Managers, subcontractors, production and customer service teams all have a consistent understanding. In 2019 we intend to produce a customer friendly CQA manual so that customers are able to understand the standards they should expect from a Taylor Wimpey home.

In 2019 we also introduced the NHBC Construction Quality Review (CQR) score as a new KPI. In H1 2019 we scored an average of 4.05 (H1 2018: 4.01) from a possible score of six, making us a top quartile major housebuilder. We aim to improve this further by ensuring our quality assurance processes are embedded at every stage of build and our target is to maintain at least a four rating on every site.

We have established a new role of Quality Manager that will be rolled out across the business during 2019. These Quality Managers will provide additional resource to site management teams to ensure each home is completed to our high standards. Pilots have shown a Quality Manager can make a significant difference to a site's CQR score. We aim to have one Quality Manager in place in each of our 24 business units by the end of the year.

Our pilot roll out of handheld devices to our Site Managers, as part of our Delivery Excellence programme, is helping to monitor and log quality inspections on the go. It also has the potential when work is satisfactorily completed, to allow our Site Managers to efficiently and directly approve contractor invoices.

Optimising our strong landbank

Changes to the land market have improved the availability of good-quality land with planning prospects over the last ten years. Whilst land remains vital and planning remains a long and complicated process, this improved backdrop enables us to take a more strategic approach to our landbank. Therefore, one of our key strategic objectives is to work our existing landbank harder and smarter and reduce the length of the short term landbank by one year by 2023. We will do this by taking a more strategic approach to our build on site, adopting a factory approach, and scaling up build teams on large sites to align with the market demand and deliver more homes in the medium term.

Our short term landbank stood at 77,060 plots, as at 30 June 2019, equating to c.5.1 years of supply at current completion levels. The short term owned and controlled landbank includes 91 large (including 'super large') sites as at 30 June 2019.

We continue to believe that the quality of location is critically important for our customers and during the first half of 2019, we acquired 3,411 plots (H1 2018: 3,822) in areas that customers want to live and where we can create thriving neighbourhoods and communities. In the period, completions from land acquired since 2009 achieved 0.8% less than acquisition margins.

We prioritise getting outlets open efficiently and in the right way for our customers. As at 30 June 2019, we are building on 97% of our sites with implementable planning.

Our strategic land pipeline stood at c.131k potential plots as at 30 June 2019 (1 July 2018: c.118k potential plots). During the first six months of 2019 we worked with landowners and local communities to convert a further 4,165 plots from the strategic pipeline to the short term landbank (H1 2018: 3,541 plots). In the period, 58% of our completions were sourced from the strategic pipeline (H1 2018: 59%).

The average cost of land as a proportion of average selling price within the short term owned landbank remains low at 15.3% (H1 2018: 14.6%). The average selling price in the short term owned landbank in H1 2019 was £284k (H1 2018: £289k).

Becoming the employer of choice

We believe that our culture is our biggest competitive advantage and that our people are the key to our success. Our employee surveys highlight the importance our people place on working for a company with strong values and an open and supportive culture. We also know it is important to our employees that they are able to feel proud of the work they do and the quality of the homes we build, the communities we create and the company's strategy. 97% of respondents to our 2019 employee survey believe Taylor Wimpey is committed to being an ethical and responsible company. Our strong culture and reputation is equally important in attracting the next generation of talent, giving us a vital competitive advantage in an industry that is facing an acute skills shortage.

In our most recent employee survey, we recorded a 93% engagement rate and 95% of employees said they are proud to work at Taylor Wimpey. We also received positive feedback from Glassdoor, where our employees rated us one of the top ten places to work in the UK in 2019. We believe we can do more, however, and aim to be the clear employer of choice in the housebuilding industry. Our focus is on attracting and retaining the best people to establish a culture that gives all individuals the opportunity and support to develop to their full potential, regardless of market conditions or their background.

With 24 regional businesses across the country, we are a significant local employer, employing on average 5,613 people (H1 2018: 5,239) directly, with thousands more through subcontractors and suppliers. Our rolling 12 months voluntary employee turnover rate remained low at 12.9% (H1 2018: 14.6%).

The labour market remains competitive, given the industry wide skills shortage. We continue to invest in our early talent management programmes and we are making good progress in significantly growing our apprenticeship schemes and our own direct labour force. We directly employed 821 key trades including apprentices as at 30 June 2019, a 28% increase year on year, and we are looking to extend this further. In the 12-months to 30 June 2019, we recruited 152 people into our early talent management schemes, a 14% increase on the 2018 equivalent period (H1 2018 12 months rolling: 133).

After ten successful years, we have updated our approach to our Sales Academy, following feedback at all levels of the business. The new Academy sits alongside the Customer Service, Design and Production Academies, and ensures all new Sales Executives and Sales Managers get the best possible introduction to Taylor Wimpey. The course delivers all the knowledge and training they require to feel confident in their role and to perform effectively in all market conditions.

We are pleased to report that 66 Taylor Wimpey Site Managers across the country were recognised in the NHBC Pride in the Job Awards, achieving a Quality Award (2018: 67).

Health and safety

The health and safety of individuals on our sites will always be our number one priority. We are committed to providing a safe place in which our employees and subcontractors can work and our customers can live, and we will not compromise on ensuring that everyone leaves our sites safe and well every day. 98% of our employees agree that Taylor Wimpey takes health and safety in the workplace seriously.

Our Injury Incidence Rate (IIR) for reportable injuries per 100,000 employees and contractors was 241 on a rolling 12 months basis to 30 June 2019 (2018 equivalent period: 148). We have investigated the increase in accidents resulting from slips, trips and material handling and have actioned a plan with our site management teams and contractor supervisors to make improvements to housekeeping and material storage. Although our IIR remains well below industry levels, we remain committed to reducing it further.

Board Changes

As previously announced, Kevin Beeston will stand down from the Board as Chair following the announcement of the Company's full year results for 2019 (scheduled to take place on 26 February 2020) and will be succeeded as Chair by Irene Dorner, who will join the Board as an Independent Non Executive Director and Chair Designate on 1 December 2019.

As also previously announced, Robert Noel (Chief Executive of Land Securities Group PLC) will also join the Board as an Independent Non Executive Director on 1 October 2019.

Best in class efficient engine room

We believe an efficient engine room is needed to protect and enhance value through the business, and the cycle. As land and planning has become less of a constraint, the operational capacity of the industry as a whole has become more constrained through this cycle. Through structured investment and by developing our skills and supply chain, we believe we can grow the capacity of our operational business and our delivery capability while maintaining and improving quality. It cannot be done overnight, but we are pleased with the progress made in 2019 and are starting to see positive results from our focus on this.

Build costs and returns

During the first half of 2019 build cost per unit increased to £152.5k (H1 2018: £143.7k). In the period build cost increases (excluding house type mix impact) stood at c.4% year on year (H1 2018: 3.5%). There continues to be pressure on labour and materials, reflecting wider industry trends. We anticipate underlying build cost inflation will be c.5% overall in 2019. Our central procurement team is targeting improvements in visibility and availability of materials selection that will help avoid material shortages and help mitigate future price increases.

As announced previously, we have commenced a comprehensive cost and efficiency review. The drive for increased cost control is well understood throughout the business, with the changes driven by the cost and efficiency programme achieving good buy-in from our employees. Overall progress has been good, and to date, more than half of the 15 workstreams have successfully moved from the design and development phases to the test, pilot or deployment phases.

We achieved an annual return on net operating assets for the Group of 29.4% in the first half of 2019 (H1 2018: 30.9%). The annual return on net operating assets for the UK business was 29.2% in the first half of 2019 (H1 2018: 30.3%).

Our UK net operating asset turn[†*] is similar to the prior year at 1.42 times (H1 2018: 1.45 times).

Innovation and excellence

We believe that it is important to become more innovative and creative to progress and develop the housebuilding model. We have a strong IT platform and integrated systems, which will help support further growth and learning to drive efficiency. We have a number of projects ongoing to capture the benefits across all stages of our business model. We expect these work streams, ranging from production efficiency to groundworks design, to start delivering benefits in 2020 and 2021.

Standard house types

We continue to make good progress in 2019, having rationalised our existing standard house type range from over 100 to around 47 in 2018. This offers tangible benefits in terms of efficiencies, including subcontractor familiarity with build which saves time and helps improve right first time quality. The design team has been working in parallel with central procurement and the Taylor Wimpey Logistics teams to rationalise the components used in the standard house types. This has the added benefit of offering us new choices in how we deliver homes to our customers in a way that serves the needs of more customers and adds additional value. This year we will launch our new house type range which will include standard footplates, improved interior layouts and increased use of standardised components.

Our new house type range has been updated to reflect recent consumer trends and incorporate insights from our research. They also have the benefits of lessons learnt from our Project 2020 prototype homes built in 2018 and 2019, following our design competition with the Royal Institute of British Architects (RIBA). The changes include the use of standardised components, additional storage, re-styled kitchens, and increased integration of fixtures and fittings. In conjunction with the roll out of our standard house types, we are also working with our supplier base to consolidate our options range, in a manner that provides sufficient choices for the customer but significantly reduces the number of stock items.

Procurement and logistics

We look to improve the quality and development opportunities for our suppliers. This aims to improve the quality of our delivered product as well as creating a clear and consistent understanding of our quality requirements.

Over 80% of our materials are purchased under central framework agreements managed by our procurement team. A key part of our ongoing procurement strategy is ensuring the requirements our customers expect are being consistently met by our suppliers.

Taylor Wimpey Logistics sources components for the build stages saving our regional businesses time and resource and offering greater control and visibility over material quality and availability. There are a number of cost and logistical benefits of central procurement including consistent quality, reduced vehicles onsite and a reduction in waste.

Spain

The Spanish housing market remained stable through the first six months of 2019 with selling prices rising at a level sufficient to accommodate rising costs. We completed 109 homes in the first half of 2019 (H1 2018: 130) at an average selling price of €434k (H1 2018: €332k). The increase in average selling price reflected the higher proportion of completions from our operations in Malaga and Mallorca. The total order book as at 30 June 2019 was 312 homes

(1 July 2018: 372 homes). The Spanish business delivered an operating profit of £8.1 million for the first half of 2019 (H1 2018: £9.5 million), with the higher margin developments purchased immediately after the downturn having largely completed in 2018, and an operating profit margin of 19.7% (H1 2018: 25.1%).

Total plots in the landbank stood at 2,983 (31 December 2018: 2,479), with net operating assets at £82.4 million (31 December 2018: £63.0 million).

Looking ahead, we remain positive about trading and performance for Spain in 2019 and beyond.

Group financial review of operations

The Group uses Alternative Performance Measures (APMs) as key financial performance indicators to assess underlying performance of the Group. The APMs used are widely used industry measures, form the measurement basis of the key strategic KPIs (return on net operating assets, operating profit margin and cash conversion) and some are linked directly to executive remuneration. Definitions and reconciliations to the equivalent statutory measures are included in note 16 of the financial statements.

Income statement

Group revenue increased by 0.8% to £1,732.7 million in the first half of 2019 (H1 2018: £1,719.8 million). This was driven by an increase of 1.0% in UK volumes to 6,432 completions (H1 2018: 6,367) and an improvement in UK average selling prices, up 1.6% to £261k (H1 2018: £257k), partly offset by a reduction in revenue from land sales. Average selling prices on private completions increased by 2.0% to £301k (H1 2018: £295k) in the UK, with small increases across most of the country from both inflation and change in mix, with the south east remaining more challenging, particularly at the higher price points. The UK land cost per completed unit, at £40.6k, was in line with the prior period (H1 2018: £40.6k) as a result of a slightly greater mix from affordable completions together with the continued benefit from our strategically sourced land. Total UK land cost per completion as a percentage of selling price reduced to 15.6% (H1 2018: 15.8%).

Blended build cost per unit in the UK increased by 6.1% to £152.5k (H1 2018: £143.7k), driven by the impact of build cost inflation, a greater proportion of completions from our London and South East Division and our continued focus on quality and maintaining specification together with house type mix. Other direct selling expenses per unit increased to £6.5k (H1 2018: £6.2k), primarily due to higher sales rates.

UK gross profit per completion decreased to £61.2k for the period (H1 2018: £66.6k), as build costs increased, exceeding house price growth.

Group gross profit of £409.6 million (H1 2018: £445.0 million) decreased by 8.0% and included a positive contribution of £3.6 million (H1 2018: £3.8 million). Positive contribution represents previously written down inventory allocated to a plot which has subsequently resulted in a gross profit on completion. This can be due to revenue outperformance, cost efficiencies or product mix improvements since the inventory was assessed for its forecast profitability. These amounts are stated before the allocation of overheads which are excluded from the Group’s net realisable value exercise.

During the period, completions from joint ventures were 66 (H1 2018: 10), with further volume improvement expected in the second half as current phases on existing sites start to deliver completions. The total order book value of joint ventures as at 30 June 2019 was £54 million (1 July 2018: £42 million), representing 133 homes (1 July 2018: 75). Our share of results of joint ventures in the period improved, reflecting the increased volumes and was a loss of £0.2 million (H1 2018: loss of £2.1 million).

Group operating profit decreased to £311.9 million (H1 2018: £344.3 million), delivering an operating profit margin of 18.0% (H1 2018: 20.0%). Profit on ordinary activities before finance costs decreased by 1.4% to £312.1 million (H1 2018: £316.4 million). This decrease was reduced by the absence of exceptional charges in the period (H1 2018: £30.0 million).

Net finance costs for the period were £12.1 million (H1 2018: £13.3 million). The reduction is due to an increase in interest received and a decrease in the unwinding of discount on land creditors being partially offset by an increase in the interest charge on the defined benefit pension scheme deficit. The increase in the pension scheme interest being a result of the deficit increasing from £63.7 million at December 2017 to £133.0 million at December 2018, which drives the following period's charge.

Profit before tax and exceptional items for the period decreased by 9.4% to £299.8 million (H1 2018: £331.0 million). The pre-exceptional tax charge was £57.8 million (H1 2018: £61.9 million) with an underlying tax rate of 19.3% (H1 2018: 18.7%) that largely reflects the statutory tax rate in the UK. This resulted in a profit before exceptional items, for the half year of £242.0 million (H1 2018: £269.1 million), 10.1% lower than the prior year.

Profit before tax for the period was broadly flat at £299.8 million (H1 2018: £301.0 million) as there were no exceptional charges in the period (H1 2018: £30.0 million). Similarly, profit after tax for the period was £242.0 million, a decrease of 1.0% on H1 2018 of £244.5 million.

Basic earnings per share was 7.4 pence (H1 2018: 7.5 pence). The adjusted basic earnings per share was also 7.4 pence (H1 2018: 8.2 pence), down 9.8%.

Balance sheet

Net operating assets as at 30 June 2019 were £2,981.7 million (31 December 2018: £2,611.9 million), primarily reflecting an increase of £226.8 million (1 July 2018: £208.4 million) in the first half in land and work in progress. Return on net operating assets was 29.4% (H1 2018: 30.9%). Group net operating asset turn was 1.42 times (H1 2018: 1.46 times, FY 2018: 1.55 times).

As at 30 June 2019, the UK short term landbank comprised 77,060 plots, with a net book value of £2.5 billion. Short term owned land comprised £2.4 billion (31 December 2018: £2.3 billion), representing 54,935 plots (31 December 2018: 53,279). The controlled short term landbank represented 22,125 plots (31 December 2018: 22,716). The value of long term owned land decreased by 12% to £88 million (31 December 2018: £100 million), representing 30,502 plots (31 December 2018: 32,354), with a further total controlled strategic pipeline of 100,663 plots (31 December 2018: 95,063). Total potential revenue in the owned and controlled landbank increased to £51 billion in the period (31 December 2018: £50 billion), reflecting the overall increase in the scale of the short term landbank and strategic pipeline.

Average work in progress per UK outlet at 30 June 2019 increased by 14.8% to £6.2 million (31 December 2018: £5.4 million) as we invest to deliver growth in second half volumes. UK work in progress turn[†**] of 2.66 times remains broadly flat with 1 July 2018 of 2.68.

As at the balance sheet date, the Group held certain land and work in progress that had previously been written down by £79.1 million (31 December 2018: £83.0 million) to a net realisable value of £74.6 million as development continues (31 December 2018: £73.8 million). The balance of written down land and work in progress in the UK was £48.4 million (31 December 2018: £46.6 million), following the associated write-down of £36.4 million (31 December 2018: £38.7 million) and principally related to eight locations.

As at 30 June 2019, in the UK, 87.6% of the short term owned and controlled landbank was purchased after 2009, 56.1% of which was sourced through our strategic pipeline. This results in a land cost to average selling price in the short term owned landbank of 15.3% (31 December 2018: 15.2%).

Land creditors decreased to £717.7 million (31 December 2018: £738.6 million) and, combined with net cash, resulted in a higher adjusted gearing[‡‡‡‡] of 10.8% (31 December 2018: 2.9%). Included within the land creditor balance is £75.0 million of UK land overage commitments (31 December 2018: £102.0 million). £354.7 million of Group land creditors are expected to be paid within 12 months and £363.0 million thereafter.

The mortgage debtor balance was £40.3 million at 30 June 2019 (31 December 2018: £45.3 million), with the decrease due to redemption receipts of £8.0 million, partly offset by movements in the fair value.

Provisions decreased to £145.2 million (31 December 2018: £170.3 million) following utilisation as claims were made and processed through the ground rent assistance scheme and costs were incurred on work performed to replace Aluminium Composite Material (ACM) cladding.

Our net deferred tax asset of £35.3 million (31 December 2018: £40.7 million) relates to our pension deficit, employee share schemes and the temporary differences of our Spanish business, including brought forward trading losses.

Net assets at 30 June 2019 stood at £3,007.6 million (1 July 2018: £2,950.6 million, 31 December 2018: £3,226.8 million). The net asset decrease from 31 December 2018 was driven by the payment of the final ordinary dividend of £124.2 million and the accrual of the special dividend of £350.0 million, partially offset by profits in the period.

Pensions

As previously announced, further to our 31 December 2016 triennial valuation, we agreed a recovery plan with the Trustee to December 2020. This included a contribution mechanism, tested quarterly, such that should the Taylor Wimpey Pension Scheme (TWPS) become fully funded on the Technical provisions funding basis, further contributions would be suspended and only recommence if the funding level fell below 96%.

The quarterly funding test for 31 December 2018 showed that the TWPS funding level had fallen to 94%, as a result the Group recommenced regular contributions from January 2019. The most recent funding test at 30 June 2019 showed a deficit of £117 million and a funding level of 95%. As a result, regular contributions will continue. The Group continues to provide a contribution for Scheme expenses and also makes contributions via the Pension Funding Partnership. Total Scheme contributions and expenses are expected to be £47.1 million in 2019 (2018: £34.1 million), assuming the TWPS remains less than 100% funded.

Retirement benefit obligations of £103.6 million at 30 June 2019 (31 December 2018: £133.6 million) comprise a defined benefit pension liability of £103.0 million (31 December 2018: £133.0 million) and a post-retirement healthcare liability of £0.6 million (31 December 2018: £0.6 million).

The Group continues to work closely with the Trustee in managing pension risks, including management of interest rate, inflation and longevity risks.

The underlying volatility of the TWPS remains low due to the c.£200 million buy-in completed in 2014 (covering c.10% of the liabilities), combined with c.90% liability hedging against interest rates and inflation risk exposure on the Scheme's long term, 'self-sufficiency' basis.

Cash flow

Net cash decreased to £392.0 million at 30 June 2019 from £644.1 million at 31 December 2018, primarily as a result of a net cash outflow from operating activities of £102.3 million and dividend payments to shareholders of £124.2 million.

The main drivers of the net cash outflow from operating activities in the first half of 2019 were an increased investment in land and work in progress of £239.9 million, an increase in other working capital of £69.1 million and tax payments of £71.5 million, together more than offsetting the inflow on profit from ordinary activities before finance costs of £312.1 million.

We also paid £9.1 million in relation to the exceptional leasehold provision in the period (H1 2018 £8.9 million), with a further £9.2 million paid after period end.

In the 12-months to 30 June 2019 we converted 71.3% of operating profit into operating cash flow (H1 2018 rolling 12 months: 86.4%).

Financing structure

At 30 June 2019 our committed borrowing facilities were £639 million, of which £550 million was undrawn. Average net cash for the half year was £290.6 million (H1 2018: £360.6 million; FY 2018: £259.6 million). At the start of 2019 we extended the term of the £550 million revolving credit facility by a further year to 2024 resulting in an average maturity of the committed borrowing facilities of 4.5 years.

Dividends

As announced in May 2018, subject to shareholder approval, the Company will pay an enhanced ordinary dividend of approximately 7.5% of Group net assets from 2019, which will be at least £250 million per annum. This is intended to provide a reliable minimum annual return to shareholders throughout the cycle and will be paid equally as a final dividend (in May) and as an interim dividend (in November). The payment of ordinary dividends will continue to be supplemented by additional significant special dividends at appropriate times in the cycle. Our Special Dividend Policy will pay out to shareholders the free cash generated by the Group after land investment, all working capital, taxation and other cash requirements of the business in executing our strategy in the medium term, and once the Group's ordinary dividends have been met.

We announce today that we intend to return c.£360 million in special dividends to shareholders in July 2020, equating to c.11.0 pence per ordinary share, subject to shareholder approval at the 2020 AGM. Based on this, in 2020, shareholders will receive a total dividend of approximately £610 million or c.18.6 pence per share.

On 17 May 2019, we returned £124.2 million to shareholders by way of a 2018 final ordinary dividend, equating to 3.80 pence per share. In addition, on 12 July 2019, we returned c.£350 million to shareholders by way of a special dividend, equating to 10.70 pence per share.

The Board has declared that a 2019 interim dividend of 3.84 pence per share is to be paid on 8 November 2019 to shareholders on the register at the close of business on 4 October 2019 (H1 2018 interim dividend: 2.44 pence per share). The 2019 interim dividend will be paid as a cash dividend, and shareholders are once again being offered the opportunity to reinvest all of their dividend under the Dividend Re-Investment Plan (DRIP), details of which are available from our Registrar and on our website. Elections to join the Plan must reach the Registrar by 18 October 2019 in order to be effective for this dividend. Further details can be found on our website www.taylorwimpey.co.uk/corporate

The Board continues to keep the mechanics of how the Company will pay special dividends, including the merits of undertaking a share buyback at some point in the future should it become appropriate to do so, under regular review.

Principal risks and uncertainties

As with any business, Taylor Wimpey's operational performance and ability to achieve its strategic objectives are subject to a number of potential risks and uncertainties. The Board takes a proactive approach to the management of these and regularly reviews both internal and external factors to identify and assess their impact on the business. These risks and uncertainties are then managed through effective mitigating controls and the development of action plans, with the continual monitoring of progress against agreed KPIs as an integral part of the business process and core activities.

In delivering our strategy of being a customer-centric business, the quality of our product is fundamental, as is ensuring that we do things right first time. In an age of ever increasing social media usage, greater media coverage and an increasing customer and Government focus on build quality, failure to deliver against our standards could leave us exposed to significant reputational damage, as well as reduced demand and increased costs. Furthermore, as we have previously communicated, the business also faces potential reputational risk arising from both cyber-security breaches and the implications of climate change, further detail around which is contained in our 2018 Sustainability Report which can be found at www.taylorwimpey.co.uk.

The quality of our product and the strength of our reputation are key factors in supporting our goal to become a customer-centric homebuilder. Because of the significance of these risks to the delivery of the Group's strategy, the Board has identified a new standalone principal risk of Quality and Reputation; the individual risk components within this having previously been included as a subset of the principal risks reported in the 2018 Annual Report, along with their appropriate mitigations and monitoring. In separating the risk associated with quality and reputation we are better able to monitor our performance through a number of metrics that we already collect and which form part of our key performance indicators.

Further details of the Group's other principal risks and mitigations in place are outlined on pages 44 to 51 of the 2018 Annual Report and Accounts, published in March 2019, which is available at www.taylorwimpey.co.uk. These are summarised below, in no order of significance, and we believe that they continue to be principal risks to the business with appropriate ongoing mitigations and monitoring in place.

- Government policy and planning regulations
- Impact of the market environment on mortgage availability and housing demand
- Material costs and availability of subcontractors
- Ability to attract and retain high-calibre employees
- Land purchasing
- Site and product safety

Finally, as an organisation, we continue to recognise the risks associated with leaving the EU. The Board views these potential risks as an integral part of the Company's principal risks rather than a separate standalone risk. We have identified a potential impact on our supply chain, labour force and overall economic market impacting mortgage availability and demand. We continue to monitor the progress of the negotiations and with this our assessment of the likely impact together with mitigations.

Cautionary note concerning forward looking statements

This report contains certain forward looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report, and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying such forward looking information.

Taylor Wimpey plc
Condensed Consolidated Income Sheet
For the half year ended 30 June 2019

£ million	Note	Half year ended 30 June 2019 (Reviewed) Before exceptional items	Half year ended 30 June 2019 (Reviewed) Exceptional items	Half year ended 30 June 2019 (Reviewed) Total	Half year ended 1 July 2018 (Reviewed) Before exceptional items	Half year ended 1 July 2018 (Reviewed) Exceptional items	Half year ended 1 July 2018 (Reviewed) Total	Year ended 31 December 2018 (Audited) Before exceptional items	Year ended 31 December 2018 (Audited) Exceptional items	Year ended 31 December 2018 (Audited) Total
Continuing operations										
Revenue	2	**1,732.7**	**-**	**1,732.7**	1,719.8	-	1,719.8	4,082.0	-	4,082.0
Cost of sales		**(1,323.1)**	**-**	**(1,323.1)**	(1,274.8)	-	(1,274.8)	(3,007.5)	-	(3,007.5)
Gross profit before positive contribution		**406.0**	**-**	**406.0**	441.2	-	441.2	1,066.8	-	1,066.8
Positive contribution from written down inventory		**3.6**	**-**	**3.6**	3.8	-	3.8	7.7	-	7.7
Gross profit		**409.6**	**-**	**409.6**	445.0	-	445.0	1,074.5	-	1,074.5
Net operating expenses	4	**(97.5)**	**-**	**(97.5)**	(98.6)	(30.0)	(128.6)	(199.6)	(46.1)	(245.7)
Profit on ordinary activities before finance costs		**312.1**	**-**	**312.1**	346.4	(30.0)	316.4	874.9	(46.1)	828.8
Finance income	5	**1.8**	**-**	**1.8**	1.0	-	1.0	2.9	-	2.9
Finance costs	5	**(13.9)**	**-**	**(13.9)**	(14.3)	-	(14.3)	(26.3)	-	(26.3)
Share of results of joint ventures		**(0.2)**	**-**	**(0.2)**	(2.1)	-	(2.1)	5.3	-	5.3
Profit before taxation		**299.8**	**-**	**299.8**	331.0	(30.0)	301.0	856.8	(46.1)	810.7
Taxation (charge)/credit	6	**(57.8)**	**-**	**(57.8)**	(61.9)	5.4	(56.5)	(162.3)	8.2	(154.1)
Profit for the period		**242.0**	**-**	**242.0**	269.1	(24.6)	244.5	694.5	(37.9)	656.6
Basic earnings per share	7			**7.4p**			7.5p			20.1p
Diluted earnings per share	7			**7.4p**			7.5p			20.0p
Adjusted basic earnings per share	7			**7.4p**			8.2p			21.3p
Adjusted diluted earnings per share	7			**7.4p**			8.2p			21.2p

All of the profit for the period is attributable to the equity holders of the parent company.

Taylor Wimpey plc
Condensed Consolidated Statement of Comprehensive Income
For the half year ended 30 June 2019

£ million	Half year ended 30 June 2019 (Reviewed)	Half year ended 1 July 2018 (Reviewed)	Year ended 31 December 2018 (Audited)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	**(0.6)**	(0.1)	1.5
Movement in fair value of hedging instruments	**0.5**	0.1	(0.7)
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain/(loss) on defined benefit pension schemes	**6.7**	(22.4)	(84.3)
Tax (charge)/credit on items taken directly to other comprehensive income	**(0.6)**	4.7	14.7
Other comprehensive income/(expense) for the period net of tax	**6.0**	(17.7)	(68.8)
Profit for the period	**242.0**	244.5	656.6
Total comprehensive income for the period	**248.0**	226.8	587.8

All of the comprehensive income for the period is attributable to the equity holders of the parent company.

Taylor Wimpey plc
Condensed Consolidated Balance Sheet
As at 30 June 2019

£ million	Note	30 June 2019 (Reviewed)	1 July 2018 (Reviewed)	31 December 2018 (Audited)
Non-current assets				
Intangible assets		**5.6**	3.5	3.2
Property, plant and equipment		**21.2**	21.4	21.6
Right-of-use assets		**25.7**	29.7	27.1
Interests in joint ventures		**69.9**	70.2	48.3
Trade and other receivables		**48.5**	60.6	55.7
Deferred tax assets		**35.3**	31.1	40.7
		206.2	216.5	196.6
Current assets				
Inventories		**4,415.0**	4,284.1	4,188.2
Trade and other receivables		**187.9**	155.7	134.7
Tax receivables		**0.6**	1.7	0.5
Cash and cash equivalents	8	**481.3**	613.6	734.2
		5,084.8	5,055.1	5,057.6
Total assets		**5,291.0**	5,271.6	5,254.2
Current liabilities				
Trade and other payables		**(1,044.0)**	(1,114.0)	(1,044.3)
Lease liabilities		**(6.6)**	(7.9)	(8.2)
Tax payables		**(52.0)**	(49.7)	(70.4)
Provisions	11	**(67.4)**	(97.0)	(76.9)
Accrued dividends	13	**(350.0)**	(340.0)	-
		(1,520.0)	(1,608.6)	(1,199.8)
Net current assets		**3,564.8**	3,446.5	3,857.8
Non-current liabilities				
Trade and other payables		**(473.3)**	(451.2)	(491.3)
Lease liabilities		**(19.4)**	(21.7)	(19.2)
Bank and other loans	8	**(89.3)**	(88.5)	(90.1)
Retirement benefit obligations	9	**(103.6)**	(56.3)	(133.6)
Provisions	11	**(77.8)**	(94.7)	(93.4)
		(763.4)	(712.4)	(827.6)
Total liabilities		**(2,283.4)**	(2,321.0)	(2,027.4)
Net assets		**3,007.6**	2,950.6	3,226.8
Equity				
Share capital		**288.5**	288.5	288.5
Share premium		**762.9**	762.9	762.9
Own shares		**(18.0)**	(13.3)	(22.7)
Other reserves		**44.9**	44.2	45.0
Retained earnings		**1,929.3**	1,868.3	2,153.1
Total equity		**3,007.6**	2,950.6	3,226.8

Taylor Wimpey plc
Condensed Consolidated Statement of Changes in Equity
For the half year ended 30 June 2019

Reviewed half year ended 30 June 2019 £ million	Share capital	Share premium	Own shares	Other reserves	Retained earnings	Total
Balance as at 1 January 2019	288.5	762.9	(22.7)	45.0	2,153.1	3,226.8
Other comprehensive income for the period	-	-	-	(0.1)	6.1	6.0
Profit for the period	-	-	-	-	242.0	242.0
Total comprehensive income for the period	-	-	-	(0.1)	248.1	248.0
Utilisation of own shares	-	-	4.7	-	-	4.7
Cash cost of satisfying share options	-	-	-	-	(2.1)	(2.1)
Share-based payment credit	-	-	-	-	4.3	4.3
Tax credit on items taken directly to statement of changes in equity	-	-	-	-	0.1	0.1
Dividends approved and paid	-	-	-	-	(124.2)	(124.2)
Dividends approved	-	-	-	-	(350.0)	(350.0)
Total equity at 30 June 2019	**288.5**	**762.9**	**(18.0)**	**44.9**	**1,929.3**	**3,007.6**

Reviewed half year ended 1 July 2018 £ million	Share capital	Share premium	Own shares	Other reserves	Retained earnings	Total
Balance as at 1 January 2018	288.5	762.9	(21.3)	44.2	2,063.0	3,137.3
Other comprehensive expense for the period	-	-	-	-	(17.7)	(17.7)
Profit for the period	-	-	-	-	244.5	244.5
Total comprehensive income for the period	-	-	-	-	226.8	226.8
Impact to reserves of IFRS 16 adoption	-	-	-	-	(1.5)	(1.5)
Utilisation of own shares	-	-	8.0	-	-	8.0
Cash cost of satisfying share options	-	-	-	-	(7.1)	(7.1)
Share-based payment credit	-	-	-	-	7.7	7.7
Tax charge on items taken directly to statement of changes in equity	-	-	-	-	(0.8)	(0.8)
Dividends approved and paid	-	-	-	-	(79.8)	(79.8)
Dividends approved	-	-	-	-	(340.0)	(340.0)
Total equity at 1 July 2018	288.5	762.9	(13.3)	44.2	1,868.3	2,950.6

Audited year ended 31 December 2018 £ million	Share capital	Share premium	Own shares	Other reserves	Retained earnings	Total
Balance as at 1 January 2018	288.5	762.9	(21.3)	44.2	2,063.0	3,137.3
Other comprehensive expense for the year	-	-	-	0.8	(69.6)	(68.8)
Profit for the year	-	-	-	-	656.6	656.6
Total comprehensive income for the year	-	-	-	0.8	587.0	587.8
Impact to reserves of IFRS 16 adoption	-	-	-	-	(1.5)	(1.5)
Own shares acquired	-	-	(9.9)	-	-	(9.9)
Utilisation of own shares	-	-	8.5	-	-	8.5
Cash cost of satisfying share options	-	-	-	-	(7.0)	(7.0)
Share-based payment credit	-	-	-	-	12.2	12.2
Tax charge on items taken directly to statement of changes in equity	-	-	-	-	(1.1)	(1.1)
Dividends approved and paid	-	-	-	-	(499.5)	(499.5)
Total equity at 31 December 2018	288.5	762.9	(22.7)	45.0	2,153.1	3,226.8

Taylor Wimpey plc
Condensed Consolidated Cash Flow Statement
For the half year ended 30 June 2019

£ million	Note	Half year ended 30 June 2019 (Reviewed)	Half year ended 1 July 2018 (Reviewed)	Year ended 31 December 2018 (Audited)
Operating activities:				
Profit on ordinary activities before finance costs		**312.1**	316.4	828.8
Adjustments for:				
Depreciation and amortisation		**6.1**	6.8	13.1
Pension contributions in excess of charge to the income statement		**(25.1)**	(31.6)	(16.1)
Share-based payment charge		**4.3**	7.7	12.2
Gain on disposal of property, plant and equipment		**-**	-	(0.2)
Net (decrease)/increase in provisions excluding exceptional payments		**(4.4)**	36.3	32.1
Operating cash flows before movements in working capital		**293.0**	335.6	869.9
Increase in inventories		**(239.9)**	(187.0)	(1.7)
Increase in receivables		**(47.8)**	(36.5)	(10.9)
(Decrease)/increase in payables		**(21.3)**	82.9	(41.9)
Cash generated by operations		**(16.0)**	195.0	815.4
Payments relating to exceptional charges		**(11.5)**	(8.9)	(25.9)
Income taxes paid		**(71.5)**	(64.1)	(139.6)
Interest paid		**(3.3)**	(3.8)	(8.6)
Net cash from operating activities		**(102.3)**	118.2	641.3
Investing activities:				
Interest received		**1.8**	1.0	2.8
Dividends received from joint ventures		**0.4**	-	14.3
Proceeds on disposal of property, plant and equipment		**-**	-	0.4
Purchase of property, plant and equipment		**(0.8)**	(0.5)	(2.1)
Purchase of software		**(3.0)**	(0.1)	(0.3)
Amounts invested in joint ventures		**(22.2)**	(21.3)	(6.4)
Net cash (used in)/generated from investing activities		**(23.8)**	(20.9)	8.7
Financing activities:				
Lease capital repayments		**(4.1)**	(4.1)	(8.3)
Cash received on exercise of share options		**2.6**	0.9	1.5
Purchase of own shares		**-**	-	(9.9)
Dividends paid		**(124.2)**	(79.8)	(499.5)
Net cash used in financing activities		**(125.7)**	(83.0)	(516.2)
Net (decrease)/increase in cash and cash equivalents		**(251.8)**	14.3	133.8
Cash and cash equivalents at beginning of period		**734.2**	600.5	600.5
Effect of foreign exchange rate changes		**(1.1)**	(1.2)	(0.1)
Cash and cash equivalents at end of period	8	**481.3**	613.6	734.2

1. Accounting policies

Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs) as adopted by the European Union and the disclosure requirements of the Listing Rules.

The condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the European Union. These should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with applicable IFRSs.

The information contained in this report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The condensed consolidated financial statements have been reviewed but not audited. A copy of the statutory accounts for year-ended 31 December 2018 has been delivered to the Registrar of Companies. The auditor reported on those accounts, their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under sections 498 (2) or (3) of the Companies Act 2006.

The accounting policies and method of computations adopted in the preparation of these condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2018.

Going concern

The Group continues to be profitable and based on the latest budgets there are sufficient resources available for the Group to continue for the foreseeable future. As such the condensed consolidated financial statements have been prepared on a going concern basis.

Estimates and judgements

The preparation of a condensed set of financial statements requires management to make significant judgements and estimates. Management have considered whether there are any such sources of estimation or accounting judgements in preparing the condensed financial statements. In identifying these areas management have considered the size of the associated balance and the potential likelihood of changes due to macro-economic factors such as the United Kingdom leaving the European Union.

In preparing these condensed consolidated financial statements, the critical judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were principally the same as those applied to the Group's consolidated financial statements for the year ended 31 December 2018.

2. Revenue

An analysis of the Group's continuing revenue is as follows:

£ million	**Half year ended 30 June 2019**	Half year ended 1 July 2018	Year ended 31 December 2018
Private sales	**1,498.1**	1,471.0	3,550.5
Partnership housing	**220.7**	203.7	465.3
Land and other	**13.9**	45.1	66.2
Total revenue	**1,732.7**	1,719.8	4,082.0

3. Operating segments

IFRS 8 'Operating segments' requires information to be presented in the same basis as it is reviewed internally. The Group operates in two countries, being the United Kingdom and Spain.

The United Kingdom is split into three geographical divisions, each managed by a Divisional Chair who sits on the Group Management Team. In addition, there is a 'Corporate' operating segment which includes the corporate functions, Major Developments and Strategic Land.

Segment information about these businesses is presented below:

Half year ended 30 June 2019 £ million	North	Central & South West	London & South East	Corporate	Spain	Total
Revenue						
External sales	648.5	596.5	445.6	1.0	41.1	1,732.7
Result						
Profit/(loss) on ordinary activities before joint ventures, finance costs and exceptional items	134.4	124.8	71.0	(26.2)	8.1	312.1
Share of results of joint ventures	-	-	0.2	(0.4)	-	(0.2)
Profit/(loss) on ordinary activities before finance costs and exceptional items	134.4	124.8	71.2	(26.6)	8.1	311.9
Exceptional items (Note 4)	-	-	-	-	-	-
Profit/(loss) before finance costs	134.4	124.8	71.2	(26.6)	8.1	311.9
Net finance costs						(12.1)
Profit before taxation						299.8
Taxation						(57.8)
Profit for the period						**242.0**

As at 30 June 2019 £ million	North	Central & South West	London & South East	Corporate	Spain	Total
Assets and liabilities						
Segment operating assets	1,325.1	1,372.6	1,575.5	255.8	174.9	4,703.9
Joint ventures	1.6	4.0	61.7	2.6	-	69.9
Segment operating liabilities	(388.6)	(550.1)	(455.4)	(305.5)	(92.5)	(1,792.1)
Net operating assets/(liabilities)	938.1	826.5	1,181.8	(47.1)	82.4	2,981.7
Net current taxation						(51.4)
Net deferred taxation						35.3
Accrued dividends						(350.0)
Net cash						392.0
Net assets						**3,007.6**

Half year ended 1 July 2018 £ million	North	Central & South West	London & South East	Corporate	Spain	Total
Revenue						
External sales	638.3	594.2	449.2	0.3	37.8	1,719.8
Result						
Profit/(loss) on ordinary activities before joint ventures, finance costs and exceptional items	133.4	150.3	88.7	(35.5)	9.5	346.4
Share of results of joint ventures	-	-	(2.0)	(0.1)	-	(2.1)
Profit/(loss) on ordinary activities before finance costs and exceptional items	133.4	150.3	86.7	(35.6)	9.5	344.3
Exceptional items (Note 4)	-	-	-	(30.0)	-	(30.0)
Profit/(loss) before finance costs	133.4	150.3	86.7	(65.6)	9.5	314.3
Net finance costs						(13.3)
Profit before taxation						301.0
Taxation						(56.5)
Profit for the period						244.5

3. Operating segments (continued)

As at 1 July 2018 £ million	North	Central & South West	London & South East	Corporate	Spain	Total
Assets and liabilities						
Segment operating assets	1,270.2	1,270.0	1,578.6	262.8	173.4	4,555.0
Joint ventures	1.9	3.6	61.5	3.2	-	70.2
Segment operating liabilities	(408.5)	(491.0)	(504.4)	(327.2)	(111.7)	(1,842.8)
Net operating assets/(liabilities)	863.6	782.6	1,135.7	(61.2)	61.7	2,782.4
Net current taxation						(48.0)
Net deferred taxation						31.1
Accrued dividends						(340.0)
Net cash						525.1
Net assets						2,950.6

Year ended 31 December 2018 £ million	North	Central & South West	London & South East	Corporate	Spain	Total
Revenue						
External sales	1,418.7	1,347.2	1,210.3	1.6	104.2	4,082.0
Result						
Profit/(loss) on ordinary activities before joint ventures, finance costs and exceptional items	307.0	344.7	265.3	(71.3)	29.2	874.9
Share of results of joint ventures	0.1	-	5.3	(0.1)	-	5.3
Profit/(loss) on ordinary activities before finance costs and exceptional items	307.1	344.7	270.6	(71.4)	29.2	880.2
Exceptional items (Note 4)	-	-	-	(46.1)	-	(46.1)
Profit/(loss) before finance costs	307.1	344.7	270.6	(117.5)	29.2	834.1
Net finance costs						(23.4)
Profit before taxation						810.7
Taxation						(154.1)
Profit for the period						656.6

As at 31 December 2018 £ million	North	Central & South West	London & South East	Corporate	Spain	Total
Assets and liabilities						
Segment operating assets	1,213.0	1,290.7	1,504.3	254.0	168.5	4,430.5
Joint ventures	2.0	3.7	40.5	2.1	-	48.3
Segment operating liabilities	(375.5)	(520.9)	(510.0)	(355.0)	(105.5)	(1,866.9)
Net operating assets/(liabilities)	839.5	773.5	1,034.8	(98.9)	63.0	2,611.9
Net current taxation						(69.9)
Net deferred taxation						40.7
Net cash						644.1
Net assets						3,226.8

4. Net operating expenses and profit on ordinary activities before finance costs

Profit on ordinary activities before finance costs has been arrived at after charging/(crediting):

£ million	**Half year ended 30 June 2019**	Half year ended 1 July 2018	Year ended 31 December 2018
Administration expenses	**103.6**	103.3	212.9
Other expense	**0.8**	3.6	3.9
Other income	**(6.9)**	(8.3)	(17.2)
Exceptional items	**-**	30.0	46.1

Other income includes profits on the sale of property, plant and equipment, revaluation of certain shared equity mortgage receivables, pre-acquisition and abortive costs, and profit/loss on the sale of part exchange properties.

Exceptional items: £ million	**Half year ended 30 June 2019**	Half year ended 1 July 2018	Year ended 31 December 2018
Provision in respect of ACM cladding	**-**	30.0	30.0
Guaranteed Minimum Pension equalisation charge	**-**	-	16.1
	-	30.0	46.1
Tax credit	**-**	(5.4)	(8.2)
Net exceptional items charged to the income statement	**-**	24.6	37.9

Aluminium Composite Materials (ACM) cladding provision

Following the tragic fire at Grenfell Tower, the Group conducted a detailed review into all legacy and current buildings ACM cladding and worked with building owners, management companies, and the Fire Service to implement Government advice on interim mitigation measures, where applicable. Whilst each situation is different, and this is an exceptionally complex issue, the Group has in a number of cases, having regard to all of the relevant facts and circumstances, agreed to support customers both financially and practically with removal and replacement of ACM cladding, even though the buildings concerned met the requirements of building regulations at the time construction was formally approved. This decision was taken for buildings recently constructed by the Group because Management believe that it is morally right, not because it is legally required.

Uncertainty over the remediation costs will remain until all the works are fully designed and contracted. Following the creation of the exceptional provision, the Government issued further guidance which the Group considered as part of its ongoing review.

Guaranteed Minimum Pension (GMP) equalisation

A High Court judgement handed down in October 2018, relating to defined benefit pension schemes, held that the GMP element of pensions accrued by men and women should be comparable and any additional obligation required to equalise the members' benefits must be allowed for in the scheme liabilities. The additional obligation was considered a past service cost and was recognised through the income statement in accordance with IAS 19.

5. Finance income and finance costs

Finance income:

£ million	**Half year ended 30 June 2019**	Half year ended 1 July 2018	Year ended 31 December 2018
Interest receivable	**1.8**	1.0	2.9

Finance costs:

£ million	**Half year ended 30 June 2019**	Half year ended 1 July 2018	Year ended 31 December 2018
Interest on overdrafts, bank and other loans	**2.4**	2.7	5.2
Foreign exchange movements	**0.5**	0.4	1.0
	2.9	3.1	6.2
Unwinding of discount on land creditors and other items	**9.0**	10.3	18.5
Interest on lease liabilities	**0.2**	0.2	0.5
Net interest on pension liability	**1.8**	0.7	1.1
	13.9	14.3	26.3

6. Taxation

Tax (charged)/credited in the income statement is analysed as follows:

£ million		**Half year ended 30 June 2019**	Half year ended 1 July 2018	Year ended 31 December 2018
Current tax:				
UK:	Current year	**(51.0)**	(49.8)	(143.4)
	Adjustment in respect of prior years	**-**	(4.2)	(5.3)
Overseas:	Current year	**(1.4)**	(0.9)	(3.6)
	Adjustment in respect of prior years	**(0.7)**	-	-
		(53.1)	(54.9)	(152.3)
Deferred tax:				
UK:	Current year	**(3.9)**	(5.8)	(4.1)
	Adjustment in respect of prior years	**(0.8)**	4.2	3.7
Overseas:	Current year	**-**	-	(1.4)
		(4.7)	(1.6)	(1.8)
		(57.8)	(56.5)	(154.1)

The effective tax rate for the period is 19.3% (1 July 2018: 18.8%), the tax charge predominantly relating to current tax.

Closing deferred tax on UK temporary differences has been calculated at the rates expected to apply for the period when the asset is realised or the liability is settled. Accordingly, the UK temporary differences have been calculated at rates between 19% and 17% (1 July 2018: 19% and 17%).

7. Earnings per share

	Half year ended 30 June 2019	Half year ended 1 July 2018	Year ended 31 December 2018
Basic earnings per share	**7.4p**	7.5p	20.1p
Diluted earnings per share	**7.4p**	7.5p	20.0p
Adjusted basic earnings per share	**7.4p**	8.2p	21.3p
Adjusted diluted earnings per share	**7.4p**	8.2p	21.2p
Weighted average number of shares for basic earnings per share – million	**3,267.0**	3,267.0	3,266.3
Weighted average number of shares for diluted earnings per share – million	**3,275.8**	3,277.1	3,275.7

Adjusted basic and adjusted diluted earnings per share, which exclude the impact of exceptional items and the associated net tax charges, are shown to provide clarity on the underlying performance of the Group.

A reconciliation from profit from operations attributable to equity shareholders used for basic and diluted earnings per share to that used for adjusted earnings per share is shown below:

£ million	**Half year ended 30 June 2019**	Half year ended 1 July 2018	Year ended 31 December 2018
Earnings for basic and diluted earnings per share	**242.0**	244.5	656.6
Exceptional items	**-**	30.0	46.1
Tax on exceptional items	**-**	(5.4)	(8.2)
Earnings for adjusted basic and adjusted diluted earnings per share	**242.0**	269.1	694.5

8. Notes to the cash flow statement

Cash and cash equivalents comprise cash at bank and other short term highly liquid investments with an original maturity of three months or less.

Movement in net cash:

£ million	Cash and cash equivalents	Bank and other loans	Total net cash
At 1 January 2019	734.2	(90.1)	644.1
Net cash flow	(251.8)	-	(251.8)
Foreign exchange	(1.1)	0.8	(0.3)
At 30 June 2019	**481.3**	**(89.3)**	**392.0**

£ million	Cash and cash equivalents	Bank and other loans	Total net cash
At 1 January 2018	600.5	(88.7)	511.8
Net cash flow	14.3	-	14.3
Foreign exchange	(1.2)	0.2	(1.0)
At 1 July 2018	613.6	(88.5)	525.1

£ million	Cash and cash equivalents	Bank and other loans	Total net cash
At 1 January 2018	600.5	(88.7)	511.8
Net cash flow	133.8	-	133.8
Foreign exchange	(0.1)	(1.4)	(1.5)
At 31 December 2018	734.2	(90.1)	644.1

The committed borrowing facilities are currently £639.3 million with an average maturity of 4.5 years.

9. Pensions

The 2016 triennial valuation for the Taylor Wimpey Pension Scheme was completed in February 2018. This committed the Group to cash contributions of £40.0 million per annum plus £2.0 million towards administration costs, together with the £5.1 million distribution from the Pension Funding Partnership. However, the £40.0 million of cash contributions may be paused should the Scheme become fully funded on a Technical Provisions basis during the period.

At 30 June 2019, the Scheme was 95% funded and as such cash contributions will continue under the funding plan agreed in February 2018. The contributions made by the Group has resulted in an IAS19 surplus of £51.1 million at 30 June 2019 (£30.9 million at 31 December 2018).

The terms of the Scheme are such that the Group does not have an unconditional right to a refund of the surplus and the Group has recognised an adjustment to it as a result. An IFRIC 14 deficit has been recognised, which represents the present value of future contributions under the funding plan together with distributions from the Pension Funding Partnership. As the Scheme is less than 96% funded, the cash commitments under the funding plan agreed in February 2018 are included in the calculation of the IFRIC 14 deficit which results in a deficit recognised on the balance sheet of £103.0 million (31 December 2018: £133.0 million).

10. Financial assets and liabilities

		Carrying amount			Fair value		
£ million		**30 June 2019**	1 July 2018	31 December 2018	**30 June 2019**	1 July 2018	31 December 2018
Financial assets							
Cash and cash equivalents	b	**481.3**	613.6	734.2	**481.3**	613.6	734.2
Land receivables	b	**7.7**	11.9	9.6	**7.7**	11.9	9.6
Trade and other receivables	b	**141.5**	95.8	97.8	**141.5**	95.8	97.8
Mortgage receivables	a	**40.3**	55.4	45.3	**40.3**	55.4	45.3
Financial liabilities							
Bank and other loans	c	**89.3**	88.5	90.1	**91.0**	88.1	90.4
Land creditors	b	**717.7**	668.1	738.6	**717.7**	668.1	738.6
Trade and other payables	b	**667.4**	751.9	698.0	**667.4**	751.9	698.0
Lease liabilities	b	**26.0**	29.6	27.4	**26.0**	29.6	27.4

(a) Mortgage receivables relate to sales incentives including shared equity loans and are measured at fair value through profit or loss. The fair value is established based on a publicly available national house price index, being significant other observable inputs (level 2).
(b) The Directors consider the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.
(c) The fair value of the €100 million fixed rate loan notes has been determined by reference to external interest rates and the Directors' assessment of the margin for credit risk (level 2).

Land receivables and trade and other receivables are included in the balance sheet as trade and other receivables for current and non-current amounts and include £46.9 million (31 December 2018: £37.7 million) of non-financial assets.

Current and non-current trade and other payables includes non-financial liabilities of £132.2 million (31 December 2018: £99.0 million).

The Group has designated a financial liability in the sum of €79.0 million (2018: €54.0 million) as a net investment hedge. The Group had no financial instruments with fair values that are determined by reference to significant unobservable inputs (level 3), nor have there been any transfers of assets or liabilities between levels of the fair value hierarchy. There are no non-recurring fair value measurements.

11. Provisions

£ million	ACM cladding provision	Leasehold provision	North America disposal	Other	Total
At 31 December 2018	29.6	102.1	6.0	32.6	170.3
Additions in the period	-	-	-	0.6	0.6
Utilised	(2.6)	(18.3)	-	(4.7)	(25.6)
Released	-	-	-	(0.1)	(0.1)
At 30 June 2019	**27.0**	**83.8**	**6.0**	**28.4**	**145.2**

£ million	**30 June 2019**	1 July 2018	31 December 2018
Current	**67.4**	97.0	76.9
Non-current	**77.8**	94.7	93.4
	145.2	191.7	170.3

In 2018 the Group established an exceptional provision for the cost of replacing Aluminium Composite Material (ACM) on a small number of legacy developments (note 4). The majority of the provision is expected to be utilised within two years.

In 2017 the Group launched an assistance scheme to help certain customers restructure their ground rent agreements with their freeholder and established an associated provision of £130.0 million to fund this. The amounts and timing of the outflows depend largely on the number and rate of eligible applicants to the scheme and ongoing discussion with freeholders. The Group expects the scheme will run for several years and anticipates approximately £40.0 million of the provision will be utilised within the next twelve months.

11. Provisions (continued)

Other provisions consist of a remedial work provision covering various obligations on a limited number of sites across the Group. Other provisions also includes amounts for legal claims and other contract-related costs associated with various matters arising across the Group, the majority of which are anticipated to be settled within a three year period; however, there is some uncertainty regarding the timing of these outflows due to the nature of the claims and the length of time it can take to reach settlement.

12. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed within the financial statements or related notes.

13. Dividends

£ million	**Half year ended 30 June 2019**	Half year ended 1 July 2018	Year ended 31 December 2018
Approved and paid	**124.2**	79.8	499.5
Approved and accrued	**350.0**	340.0	-
Approved	**125.0**	80.0	-
Proposed	**-**	-	125.0

At the Company’s 2019 Annual General Meeting shareholders approved the special dividend of c.£350.0 million paid on 12 July 2019. This dividend was accrued as at the balance sheet date.

The Directors have assessed the Company’s performance in the current period and approved an interim dividend of 3.84 pence per share in line with the Group’s dividend policy. The dividend will be paid on 8 November 2019 to all shareholders registered at the close of business on 4 October 2019. This is expected to result in a payment of c.£125.0 million.

In accordance with IAS 10 ‘Events after the balance sheet date’ the approved interim dividend has not been accrued in the 30 June 2019 balance sheet.

14. Share based payments

The Group recognised a share based payment expense of £4.9 million to 30 June 2019 (1 July 2018: £7.7 million), which was composed of £4.3 million in relation to equity settled schemes and £0.6 million in relation to dividend equivalents.

15. Seasonality

Weekly sales rates in some of the Group’s key markets historically experience significant seasonal variation, with the highest levels of reservations occurring in the spring and autumn in the UK. As such, economic weakness which affects these peak selling seasons can have a disproportionate impact on the results for the year.

This pattern of reservations tends to result in higher levels of home completions towards the end of the financial year. As a result, the Group’s work in progress and debt profile exhibits peaks and troughs over the course of the financial year.

16. Alternative performance measures

The Group uses a number of Alternative Performance Measures (APMs) which are not defined within IFRS. The Directors use these measures in order to assess the underlying operational performance of the Group and, as such, these measures should be considered alongside the IFRS measures. The following APMs are referred to throughout the half year results.

Profit before taxation and exceptional items and profit for the period before exceptional items

The Directors consider the removal of exceptional items from the reported results provides more clarity on the performance of the Group. They are reconciled to profit before taxation and profit for the period respectively, on the face of the Consolidated Income Statement.

Operating profit and operating profit margin

Throughout the report operating profit is used as one of the main measures of performance, with operating profit margin being a Key Performance Indicator (KPI). Operating profit is defined as profit on ordinary activities before net finance costs, exceptional items and tax, after share of results of joint ventures. The Directors consider this to be an important measure of underlying performance of the Group. Operating profit margin is calculated as operating profit divided by total revenue. The Directors consider this to be a metric which reflects the underlying performance of the business.

	Half year ended 30 June 2019	Half year ended 1 July 2018	Year ended 31 December 2018
Profit on ordinary activities before finance costs (£m)	312.1	316.4	828.8
Adjusted for:			
Share of results of joint ventures (£m)	(0.2)	(2.1)	5.3
Exceptional items (£m)	-	30.0	46.1
Operating profit (£m)	**311.9**	**344.3**	**880.2**
Revenue (£m)	1,732.7	1,719.8	4,082.0
Operating profit margin	**18.0%**	**20.0%**	**21.6%**
Rolling 12-month operating profit* (£m)	**847.8**	**837.9**	**880.2**

* Operating profit for the 6-month period ended 31 December 2017: Profit before interest and tax: £490.4m; Share of results of joint ventures: £3.2m; Exceptional items: £nil.

Net operating assets

Net operating assets is defined as basic net assets less net cash, excluding net taxation balances and accrued dividends. Average net operating assets is the average of the opening and closing net operating assets of the 12-month period. With return on net operating assets, the Directors consider this to be an important measure of the underlying operating efficiency and performance of the Group.

£million	**30 June 2019**	1 July 2018	31 December 2018	31 December 2017	2 July 2017
Basic net assets (£m)	**3,007.6**	**2,950.6**	**3,226.8**	**3,137.3**	**2,778.9**
Adjusted for:					
Cash (£m)	(481.3)	(613.6)	(734.2)	(600.5)	(516.8)
Borrowings (£m)	89.3	88.5	90.1	88.7	87.8
Net taxation (£m)	16.1	16.9	29.2	28.6	(3.8)
Accrued dividends (£m)	350.0	340.0	-	-	300.0
Net operating assets (£m)	**2,981.7**	**2,782.4**	**2,611.9**	**2,654.1**	**2,646.1**
Average basic net assets (£m)	**2,979.1**	**2,864.8**	**3,182.1**		
Average net operating assets (£m)	**2,882.1**	**2,714.3**	**2,633.0**		

Return on net operating assets

Return on net operating assets is defined as rolling 12-month operating profit divided by average net operating assets. The Directors consider this to be an important measure of the underlying operating efficiency and performance of the Group.

	30 June 2019	1 July 2018	31 December 2018
Average net operating assets (£m)	2,882.1	2,714.3	2,633.0
Rolling 12-month operating profit (£m)	847.8	837.9	880.2
Return on net operating assets	**29.4%**	**30.9%**	**33.4%**

16. Alternative performance measures (continued)

Net operating asset turn

This is defined as total revenue divided by the average of opening and closing net operating assets, based on a rolling 12-month period. The Directors consider this to be good indicator of how efficiently the Group is utilising its assets to generate value for the shareholders.

	30 June 2019	1 July 2018	31 December 2018
Rolling 12-month revenue* (£m)	4,094.9	3,957.5	4,082.0
Average net operating assets (£m)	2,882.1	2,714.3	2,633.0
Net operating asset turn	**1.42**	**1.46**	**1.55**

* Revenue for the 6-month period ended 31 December 2017: £2,237.7 million

Tangible net assets per share

This is calculated 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. The Directors consider this to be a good measure of the value intrinsic within each ordinary share.

	30 June 2019	1 July 2018	31 December 2018
Basic net assets (£m)	3,007.6	2,950.6	3,226.8
Adjusted for:			
Accrued dividends (£m)	350.0	340.0	-
Intangible assets (£m)	(5.6)	(3.5)	(3.2)
Tangible net assets (£m)	**3,352.0**	**3,287.1**	**3,223.6**
Ordinary shares in issue (millions)	3,279.8	3,276.7	3,278.1
Tangible net assets per share (pence)	**102.2**	**100.3**	**98.3**

Net cash

Net cash is defined as total cash less total financing. This is considered by the Directors to be the best indicator of the financing position of the Group and is reconciled in Note 8.

Cash conversion

This is defined as cash generated by operations divided by operating profit, based on a rolling 12-month period. The Directors consider this measure to be a good indication of how efficiently the Group is turning profit into cash.

	30 June 2019	1 July 2018	31 December 2018
Rolling 12-month cash generated by operations* (£m)	604.4	724.7	815.4
Rolling 12-month operating profit (£m)	847.8	837.9	880.2
Cash conversion	**71.3%**	**86.4%**	**92.6%**

* Cash generated by operations for the 6-month period ended 31 December 2017: £529.7m.

Adjusted gearing

This is defined as adjusted net debt divided by basic net assets. The Directors consider this to be a more representative measure of the Group's gearing levels. Adjusted net debt is defined as net cash less land creditors.

	30 June 2019	1 July 2018	31 December 2018
Cash (£m)	481.3	613.6	734.2
Private placement loan notes (£m)	(89.3)	(88.5)	(90.1)
Net cash (£m)	**392.0**	**525.1**	**644.1**
Land creditors (£m)	(717.7)	(668.1)	(738.6)
Adjusted net debt (£m)	**(325.7)**	**(143.0)**	**(94.5)**
Basic net assets (£m)	3,007.6	2,950.6	3,226.8
Adjusted gearing	**10.8%**	**4.8%**	**2.9%**

16. Alternative performance measures (continued)

Adjusted basic earnings per share

This is calculated as earnings attributed to the shareholders, excluding exceptional items and tax on exceptional items, divided by the weighted average number of shares. The Directors consider this provides an important measure of the underlying earnings capacity of the Group. Note 7 shows a reconciliation from basic earnings per share to adjusted basic earnings per share.

17. Post balance sheet events

There were no material subsequent events affecting the Group between 30 June 2019 and the date of this announcement that need to be disclosed.

Taylor Wimpey plc
Statement of Directors' Responsibility
For the half year ended 30 June 2019

The Directors confirm that, to the best of their knowledge, these condensed consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

The interim management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R of the Disclosure and Transparency Rules, namely:

- an indication of important events that have occurred during the first half year of the financial year and their impact on the condensed set of financial statements;
- a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first half year of the financial year and any material changes in the related party transactions described in the last Annual Report.

By order of the Board

Kevin Beeston, Chair
Pete Redfern, Chief Executive
30 July 2019

INDEPENDENT REVIEW REPORT TO TAYLOR WIMPEY PLC

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the half-year ended 30 June 2019 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement and related Notes 1 to 17. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities
The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in Note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

Our responsibility
Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the half-year ended 30 June 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP
Statutory Auditor
London, United Kingdom
30 July 2019