

23 April 2020

Taylor Wimpey plc

Trading statement for the period covering 1 January 2020 to today

Taylor Wimpey plc is today releasing an update on our response to COVID-19 and our current trading to coincide with the Annual General Meeting (AGM).

Further to our update on 24 March, which announced the orderly closure of sites, show homes and sales centres, today we set out an update on trading, our strong cash position, and our planning and practical steps for a phased return to construction in May, subject to the latest Government guidance and medical advice.

Pete Redfern, Chief Executive, commented:

“Our first priority is always the health and safety of our customers, employees, subcontractors and suppliers. We took an early decision at the end of March to close our sites while we assessed in detail how to build homes without compromising on health and safety or quality. We are now confident that we have clear plans and processes in place so we can safely start back on site in a phased way beginning on 4 May.

In the period while our sites have been closed, trading has inevitably been impacted. However, we are still seeing continued demand for our homes and our sales teams have been selling homes remotely, and digitally, week to week. Cancellations represent less than 1% of our current order book. We have a strong balance sheet and have managed the business conservatively and are as well positioned as we can be in the very difficult circumstances.

The past few weeks have been unlike anything we have seen before, presenting huge challenges for businesses and individuals, and we support the measures put in place by the Government to reduce the spread of the virus and safeguard the NHS and public health. I would like to thank each and every one of our people for their outstanding efforts and commitment, and the way in which they have come together, working extremely hard not only to support the business and its performance, but to provide invaluable help to their local communities.”

Overview

- Remobilisation to start on 4 May with a phased process based on detailed new site operating protocols developed in compliance with strict social distancing requirements, on the majority of our sites in England and Wales
- Sales centres, show homes and regional offices to remain closed while we monitor latest guidance around social distancing. We will continue to provide service to customers and sell remotely and digitally
- Order book has continued to increase and as at week ending 19 April 2020, the total value stood at approximately £2,677 million (2019 week 16: £2,399 million)
- Strong balance sheet and gross cash position of c.£836 million as at 22 April 2020

Return to construction in a safe and managed way

Today we are setting out our strategy for a phased return to site construction and operating, with strict social distancing protocols. This is based on current Government and medical guidelines and will allow us to operate a sensible and well managed, slow but steady return to activity. Our own site management teams will use the week commencing 4 May to prepare sites for a new method of operating with the first subcontractors returning on the week commencing 11 May.

On 24 March we announced the orderly closing of our sites, show homes and sales centres to protect the health and safety of our customers, employees and subcontractors across the UK. While construction was deemed a permitted activity by the UK Government, we believed that it was essential to be confident that we could modify our working practices to adhere to strict social distancing guidance and this required time and careful planning. We received strong support for this early decision from all stakeholder groups, particularly our customers, employees and subcontractors.

Revised protocols and guidelines

Since then, we have worked closely with our partners, reviewing guidance issued by the Construction Leadership Council (CLC) and taken advice from the Health and Safety Executive, to assess each and every aspect of our site activities and address the changes that need to be made to fully comply with the restrictions imposed by social distancing requirements.

We are now confident that we have a clear set of detailed protocols and revised guidelines which we can operate safely, and on a sustainable basis for as long as is necessary. These protocols include a fully revised set of working practices and additional precautionary measures including modified site operational practices, revised Risk Assessments, inductions, and changes to site format, including bespoke PPE for two person tasks which we have designed in-house.

In addition, we have created the Taylor Wimpey COVID-19 Code of Conduct setting out our commitment to deliver a safe working environment for our employees and subcontractors working on site, while stating our very clear expectations of behaviours of all those visiting our sites to work. We will be regularly monitoring and enforcing these behaviours on our sites and will require all staff, subcontractors and suppliers to sign up to this Code of Conduct in advance of starting on site. This has been based on the CLC guidance document which we have positively adapted and enhanced for a housebuilding setting. We welcome the news that, going forward, the Health and Safety Executive will be monitoring safe processes in response to COVID-19 on site.

Phased remobilisation

From the week commencing 4 May 2020 we will start the process of remobilisation of construction, with the support of our site management team, in a controlled and managed way, on the majority of our sites in England and Wales. This decision is based on current Government guidance and medical advice and, if this was to tighten further, we would conduct a further review. At this stage we do not expect to start work in Scotland, until a return to construction receives the Scottish Government's support. In order to ensure that the correct behaviours are embedded, we have planned a managed and gradual site start, and as a result,

we do not expect to deliver meaningful build progress until mid-May. We will assess build output on each site based on meeting the new social distancing protocols. The phased nature of our remobilisation is key to making the necessary adjustments to site safety and to properly train our employees, suppliers and subcontractors in the new requirements and ways of working. We will also make our new working practices available to others if requested free of charge, which we believe will be useful for smaller housebuilders with limited resources.

Sales centres, show homes and customer support

We do not plan to reopen sales centres, show homes or regional offices at this time. It is likely that the decision to reopen sales centres will be closely linked to a general relaxation of conditions for non-essential retail, and will not happen until we feel able to assure the safety of our employees, subcontractors and customers.

We continue to perform urgent and critical customer care tasks and are looking to increase the number of these that we can complete under current restrictions, particularly focusing on emergency and outdoor items. This will always be subject to the ability to carry out the work safely and our customers being happy that the arrangements are right for them.

Learnings from Spanish business

Spain is now moving into the early stages of relaxation of the lockdown rules and our small Spanish business will help to provide us with an early understanding of the potential issues that may arise as we carefully recommence activities there.

Positive net sales and trading

Total Group completions (including joint ventures) in the 16 weeks to 19 April 2020 were 2,271 (2019 week 16: 2,644), reflecting the impact of our site closures. While our sales centres and show homes have remained closed, throughout the period of the lockdown we have continued to sell homes, support existing customers and progress purchases on a remote basis. Whilst new homes sales have been at lower levels, we are encouraged by the continued demand for our homes, at a time when customers have been unable to visit our sites or show homes. Since closing our sites and sales offices, cancellations have represented only 0.8% of the total order book and new sales have exceeded the number of cancellations, meaning that we have grown our order book during shutdown by more than 200 units. These sales are at prices comparable to those achieved in the first quarter of 2020, and do not contain any bulk sales.

As part of the orderly closedown of sites after 24 March, where it was deemed safe to do so, and being mindful of customers individual circumstances, we offered customers whose homes were build complete and had passed our Home Quality Inspection process the option to complete their move in the days that followed, which a number chose to do.

As a result of our new digital reservation process, our order book has continued to increase and at week ending 19 April 2020, its total value stood at approximately £2,677 million (2019 week 16: £2,399 million). This represents 10,880 homes (2019 week 16: 10,291 homes), excluding legal completions to date, of which well over half are exchanged (including affordable).

Strong balance sheet and cash position

As previously announced, we have fully drawn down our £550 million Revolving Credit Facility and as at 22 April, we had cash balances of c.£836 million. This strong liquidity position means

that our focus is very much on future opportunities rather than solely short term cash generation.

As previously announced, in light of the uncertainty caused by the pandemic, the Board took the decision to cancel the 2019 final dividend of 3.80 pence per share (c.£125 million) that was due to be paid on 15 May and the planned 2020 special dividend payment of 10.99 pence per share (c.£360 million) that was due to be paid on 10 July.

Her Majesty's Treasury has confirmed that we are eligible in principle, subject to documentation, as an issuer of the Covid Corporate Financing Facility (CCFF).

Engaged and motivated employees

We are very proud of how our employees have responded during this crisis, going above and beyond both for Taylor Wimpey and in the interests of their customers and wider communities. To support the long term sustainability of the business, we have taken the decision to utilise the Government's Coronavirus Job Retention Scheme. The decision to furlough employees has been based solely on the level of work they could meaningfully do while sites were closed, and all of our employees remain important to the future of Taylor Wimpey. To support our furloughed employees through this challenging time, we have ensured every employee remains on their full base pay and, mindful of the importance of their mental wellbeing, we are encouraging regular contact with their teams to ensure they are up to date, feel connected and ready to return to work. We are also making resources available to all employees to enable them to learn new skills and access online training.

We have also started internal masterclasses, which give our employees the opportunity to expand their knowledge sets in areas outside of their direct expertise and which also include sessions focusing on best in class production topics, which have been very popular.

Our significant investment in IT and flexible working over the last three years, has meant that we have been able to switch our operations to remote working very quickly and successfully and we continue to communicate and engage on a daily basis with all of our employees. As we plan remobilisation, we believe that this is a significant competitive advantage.

As we manage the phased return to work, we are conscious that each of our employees has different personal circumstances and we are committed to supporting them as effectively as possible. We will not be asking those who are vulnerable, shielding the vulnerable or our apprentices to return to site at this stage. We will not ask any employee or subcontractor to work in an environment where they do not feel safe.

Many of our employees have stepped forward to volunteer for the NHS and support local communities and charities. This includes our employees and partners coming together to raise £66k for the NHS, Crisis and Childline through the Taylor Wimpey Isolation Challenge. Our teams across the business have eagerly played their part in supporting our key workers and communities. On closure, our site teams distributed much needed PPE to local NHS and care homes.

We have also been running an in-house manufacturing project with employees which is supplying GP surgeries and care homes with reusable 3D printed face visors. This project has so far serviced 32 locations and we can currently add approximately four new care homes a day. From this, we have created a wider project to support care homes, procuring and

delivering basic PPE to c. 50 care homes across the country with urgent PPE needs, including 75,000 masks, 75,000 aprons and 38,000 pairs of gloves.

Strong relationships with suppliers and subcontractors

Our relationships with suppliers and subcontractors are very important to us and their support and loyalty will be key to ensuring we start back on sites in the right and most sustainable way. We have remained in constant dialogue with subcontractors and suppliers throughout this crisis and have committed to them that we will pay them promptly, we will be open and clear with our communication and provide targeted help and support to the most financially vulnerable. Our newly created £5 million subcontractor scheme, "Pay it Forward", was established to help up to 2,750 vulnerable individuals working for our subcontractors and has received excellent feedback, making a real difference where it is most needed.

Quality landbank

We maintain an active dialogue with land vendors, however, due to the increased uncertainty, we took the decision last month to put discretionary land spend on hold. We have now started to look for future land opportunities on a selective basis. At the end of March 2020, our short term landbank stood at c.78k plots (2019 equivalent period: c.79k plots). Our strategic land pipeline stood at c.137k potential plots as at the end of March 2020 (2019 equivalent period: c.128k plots). During the shutdown our land team secured the UK's first significant remote planning permission for a joint venture of around 750 homes with Waltham Forest Borough Council in East London.

Outlook

Whilst at this stage it is too early to resume guidance, we are encouraged by the resilience and confidence in our order book. We have continued to sell remotely during the shutdown period which demonstrates the strong underlying demand for our homes.

We are a cautiously run business and have come into this crisis with a strong balance sheet and net cash position.

We have continued to engage with our key stakeholders, including our employees, suppliers and subcontractors and these strong relationships leave us well positioned as we plan for the resumption of operations.

-Ends-

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Notes to editors:

Taylor Wimpey plc is a customer-focused residential developer, 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 via @TaylorWimpeyplc