Taylor Wimpey plc

Trading Update

Monday, 9 November 2020

Operator: Good morning, and welcome to the Taylor Wimpey Plc Trading Update Call. Today's conference call will be hosted by Taylor Wimpey Chief Executive, Pete Redfern, and Group Finance Director, Chris Carney, followed by a Q&A. I would now like to turn the conference over to Pete Redfern, Chief Executive. Please go ahead, sir.

Opening remarks

Pete Redfern

Chief Executive, Taylor Wimpey Plc

Thank you. And thank you everybody for joining us and apologies for the short notice. We've got a lot of people on the call, so hopefully most have managed to get here. There's quite a lot to go through, probably slightly more than a usual trading update but 2020 has been an unusual year, and as you all know, it's about three and a half months since our July sort of half year results, and so sort of quite a lot to update you on.

I'll take a fairly sort of traditional approach to the order I do things, start with the housing market, then our trading, then construction and how we're coping with current sort of COVID conditions and probably there also pick up sort of what's happening through this sort of second lockdown. Then on costs including the restructuring that you will have seen in the statement, then land buying and touch on customer care and come back to guidance, and let Chris pickup anything that I've managed to miss on the way through. And I'm confident there will be something on this occasion because there is a lot, as I say, to cover.

I think on the housing market, overall, it won't surprise you. You've seen it from sort of most commentators that the housing market has generally performed sort of pretty well over the last few months. It's returned to something like normal more quickly than I think most of us imagined. As you know through the conversations that we had through the capital raise and subsequently, we were confident about the underlying resilience of the housing market, but I don't think we would've called quite how sort of positive it's been over the last few months.

I do think though, we should get that in context, sort of, I think, it can easily be overplayed. We've not seen the market race away in price or volume terms, I think we've seen it come back to something like normal pretty quickly, and probably with more strength and resilience than we've seen for a while in the upper end of the market. And I don't mean £1 million-plus houses, I mean areas that are very important to us; good quality, good locations, sort of detached housing, family housing, which has been relatively slow over the last few years compared to a stronger first-time buyer market. We've seen some real strength in that.

Our view of price is that we've seen price move about 2% net for us. That's an underlying movement, probably a little bit better if we excluded, sort of our Care Home and NHS worker discount, which is still in our current sales. That would probably have been about 3%. That's our view of underlying kind of market price movement over the last six months or so.

I think our average selling prices moved by more than that. The average selling price in the order book, even if we remove a sort of slight positive distortion from our Central London business, the average selling price in the order book has moved about 5%. But as I say, only about 2% of that is underlying price movement and impacts sort of our forward view of margins.

Our trading through that has been robust. You can see in the statement we've tried to be pretty detailed about what we've actually seen. Cancellation rates aren't quite normal but they're materially lower than they were. Last couple of weeks have been around 19%. We would see normal as anything around sort of 14%, 15%. Not something there that concerns us, probably unsurprising given the amount of change going on in sort of peoples' lives at the moment but this remains stable. And I think I'll come back a bit to the second lockdown, but all of the comments I make about the market overall haven't changed in the last week or so. We've seen our customers generally come back to us and say, no, we want to get on with it. We haven't changed our view. We have one or two over the weekend, who said we don't think we need to do a physical visit but we're absolutely proceeding with the purchase. So we haven't seen any kind of sea change in confidence over the last few days.

I think I should spend some time on our sales rate. We've quoted it in a way which is directly comparable, but there is a slight distorting effect of Help to Buy. There are no new Help to Buy sort of sales within that sales rate. We expect to be able to use the new scheme for formal reservations from 16 December. We have, as many have, sort of engaged individually with customers. There is no commitment on that because we can't commit and they can't commit and take a formal reservation. But we have about 380 sort of informal holds, specific customers against specific plots, built up over the last six or seven weeks that relates to that Help to Buy II scheme.

But you can see from those sales rates and you know that we are selling well ahead, that we are selling well into the second quarter when the stamp duty changes sort of will have reversed and when that Help to Buy II scheme will be in effect but Help to Buy I will not. But we're still maintaining sales rates into that period. And I think in some ways in terms of market signal, that's the most important sort of piece in here, sort of our sales rate for last week for instance included 0.23 sales per week that are for the second half of last year and 0.43 for next week, the majority of which will be in quarter two. So we're still seeing really good forward confidence into next year.

Our estimate if Help to Buy II was operating today given the specific level of plots we have available and customer interest of where our sales rates would be if we had Help to Buy II sales would be more like low 0.9, so 0.9 to 0.95. That is a very sort of broad brush estimate. It's hard to be specific because obviously people who want that scheme don't want to reserve without it at the moment, so it holds it back. But I think it gives us real confidence for next year in terms of the underlying depth of demand. And I'll come back to that a little bit when we talk about guidance.

I think if I move onto construction, probably the biggest direct impact on our confidence in 2021 delivery is where we've moved on construction. When we talked to you at the end of July, we said we were operating at 80% or a bit better on average across our sites and that it was important to bear in mind that we'd only just gone back on site in Scotland and that the sites in London were still hampered.

We have gradually plugged away over the last few months. And as of today, I would say our average level of production is very, very similar to where it was in sort of first quarter of this year and what we would see as normal. There are exceptions. There are some sites which are particularly constrained and there are some sites which are running ahead of normal. But overall, we don't see that construction sort of output on a daily basis at the moment being a limiting factor. We still have to catch up. We are starting to now sort of catch up and that will still impact on next year's overall volume but that's built into our guidance.

We have also not had to constrain our construction, sort of during this second lockdown. We went very closely through the rules but we've maintained the rules that we were operating to as we came back on site in May, and actually the rules that we have to operate to today would probably be slightly lighter than that, so we still feel we're operating in a safe, responsible manner, well within the rules but able to deliver construction which is pretty much in line with normal levels.

On costs, we haven't particularly touched in the statement on underlying build cost because there wasn't a lot new to say. We're still seeing sort of very little upward build pressure. I think even given the stronger markets sort of we've still not got production for the sector as a whole up at normal levels, so there still are resources out there. We're not making a call yet on next year simply because we don't have any sort of particularly new data. So I'm sure we will come back to that in February, but at the moment very flat build cost.

And then specific cost actions that are within our own gift. We've talked for a while about sort of taking some of the additional resource out of customer service and other areas where we've made changes over the last few years as we get to deliver the level of performance and quality that we want to make sure that having got over the hump, we are then returning to an efficient model. We've seen some of that happen over the course of the last few weeks.

More significantly we've made a series of overhead restructuring changes which total on annual rates of about £15 million at a cost of about £10 million. Those are principally around head office and our London structure. And effectively what we're doing in London, and we're in consultation at the moment so sort of it's not fully finalised, but what we are looking at is merging our Central and East London business and focusing more on Greater London than the Central London price points.

I should say, and it's not stated in the statement because it's not – sort of it's not changed, but our performance on our existing Central London schemes continues to be good. We have no concerns about land write-downs in that market and no sort of issues with particular schemes. It's more a strategic view of where planning policy is and where we want the future positioning of the business to be.

But those restructuring savings are in process at the moment. Most of them started two or three weeks ago, so they've not been announced this morning but they're not yet completed as we go through that consultation process. So we obviously have to be clear on what basis we're talking about them. But we expect on that £15 million pretty much a full year's annualised savings sort of in 2021 because most of them we expect to be in effect by the end of the year.

Very importantly on land buying, we were very clear, I think, with the capital raise that we had already re-entered the land market and that even without the capital raise we would have been active in land. We got good early momentum. We had a lot of schemes that we were looking at, at that point in time, many of those have now come through the process and been either approved or contracted or both.

We have and we summarised it today sort of the total level of approvals in that period after we returned to the land market later on in the shutdown. That is about £830 million. The gross land acquisition about 70 schemes. I'm very pleased with the mix of those schemes. They are slightly more weighted than normal smaller schemes, but I want to be very clear, we are not pulling away from large schemes and there are handful of larger schemes in there. Those continue to be real assets for us. But we want a slightly different mix. And we've been saying that since the beginning of the year. And this has given the opportunity to accelerate that sort of mix shift. We expect those schemes to give us outlets through late 2022 and through 2023 and to give us real engine room for volume growth in 2023 and 2024. And there is nothing that we said through the capital raise on that we are changing.

I think in terms of the underlying metrics and where the land market sits, we have seen materially less competition through the course of the last few months. I think that was particularly true through June, July, August and early September with a stronger market. We have seen more people return to the land market, at least in part, as the autumn has gone on and I don't think that should surprise anybody given the relative strength of housing. But we were able to take some good opportunities early on.

There's a significant mix with different sort of sites in there. There are sites that came new to us completely because of the shut down and because we were there ready to do a deal and having the capital to do it. And those we saw material discounts. There were some more normal schemes that have come through our strategic land bank that show normal discounts but not additional discounts, so there's quite a big mix. But overall with our existing land bank and those acquisitions, it really underpins our confidence in returning to that 21% to 22% operating margin range that we've talked about.

I do want to pick up customer care. I'm pleased that we're passed the end now of the customer care year although still returns are coming in. We are confident of being at a 5 star level. But I think, more importantly, I'm really pleased with the level of performance on those surveys and the nine-months surveys and the customer feedback for customers who've moved in either through the lockdown or subsequent to that, I think, it's a real testament to how people have handled their communication with customers and their delivery and the fact that the quality of plots has continued to improve even whilst we've been going through all of this change.

So coming to guidance, obviously from a market point of view, sort of the key changes, pretty material upgrades to guidance for next year and a smaller upgrade for this year. This year is a bit about those higher selling price points. It's not about an underlying price movement because we have most of our order book in line for this year. It's more about the mix of plots that are coming through, and that gives us more of a sense of upside against our sort of base level forecast that we saw. But as we have always – as we had sold a majority of our plots for this year, so the impact of that on this year will be small.

But I think that and some small cost efficiencies, we expect in our guidance to absorb those £10 million of redundancy costs as well. So the underlying cost movement probably a bit better than it looks on the surface.

More importantly for next year where our focus has been, I think, the key thing is we're able to take out the low end of our guidance at this point, both based on where construction progress fits and based on where sort of underlying market has gone to. The fact that we are so well sold for next year, far better than usual, we are selling well into the second quarter and even the second half at this point and still selling well even without some of the Government incentives in place.

We're not assuming next year sales rates sort of at the 2019 levels. Strategically, we said at the beginning of the year even before COVID that we'd like to edge off those a little and that is still the case. And we're also building in a little bit of caution beyond that. But based on where we think we would be today with Help to Buy II in place, is a reasonable view of what we expect our sales rates to be next year.

So that gives us some flex. I think that has let us change our guidance from 80% to 90% of normal volumes to 85% to 90% and take the bottom end of the range out. And I think whereas sort of generally perceptions have gone towards the 80% of that range, we would say that is a reasonable range. We're not saying that we expect to be at the bottom end. So there's a broad range around that.

And I think with the cost savings coming in, a little bit of selling price coming through, we can also be sort of more positive on our margin expectations for next year as that volume adds to top line and therefore to overhead efficiency. And all of that put together leads us to sort of our upgrade to guidance to materially above the top end of the range. So an operating profit that's materially above the £626 million that's currently the top end of the range.

I'm not going to – I know you will ask many questions on this and I'm not going to apologise too strongly. I do still think it is right at this point to have a range of expectations out there both on volumes and margins. This is not about everything sort of racing ahead. It's about a return to normality more quickly than we expected. It's about self-help on construction and particularly on overhead costs. And it's about the underlying resilience of the land bank.

But I do think it's appropriate to still maintain sort of relatively wide guidance on where volumes and margin sits for next year because there are still plenty of risks and plenty of upsides against the numbers that we are giving you. But hopefully that guidance against the overall bottom line gives you confidence in where we expect to be overall and we're happy to try and fill in some of the gaps, but please understand that there are still uncertainties and sort of if we put in everything that could happen on the positive side, then inevitably we end up with a guidance that's overly stretched.

So Chris, I am pretty confident I've missed a few things in there. What have I missed?

Group Financial Position

Chris Carney

Group Finance Director, Taylor Wimpey Plc

Well, not very much, Pete. I'd just probably add that our cash guidance we think will be towards the upper end of the guidance, which was £550 million to £750 million for the year-end. Obviously, it just depends on how much we spend on land in between now and then. But apart from that, Pete, I think you've covered everything.

Pete Redfern: Thanks. I probably should – and it ties into that cash guidance and into land, probably the only area I kind of think that I meant to cover and I didn't, is that link between land and timing. We don't normally quote land on an approvals basis, but because we're re-entering the market and with real momentum, we thought it was important to give you a sense of that.

That there are – a sizeable number of those schemes are fully contracted but some of them are not and still very much working through the process and the pipeline. We expect to continue land activity at a higher than normal level. It might slow down a bit, but we're not sort of, 'Right, that capital spend we will now stop.' I think we do see opportunities out there, so we expect to continue to drive momentum.

But it will take time for that to flow through on the balance sheet. When Chris talks about land spend, he's talking about cash spend. We do expect land creditors to be a bit higher at the end of this year than they were and that's really the timing of those approvals as they come through. And we continue – we do feel in this uncertain environment, we absolutely need to have the capital base there to be able to make land creditor commitments and sort of provisional land spend commitments. So the cash will take time to flow through, but the commitments you'll see come through some in December and some through the first half of next year.

Shall we open up for questions?

Q&A

Operator: Okay, sir. Ladies and gentlemen, we will now begin the question and answer session. And as a reminder, if you wish to ask a question, please press star and one on your telephone keypad and wait for your name to be announced. Once again star and one if you wish to ask a question. And we have a couple of questions that came through. The first question comes from Aynsley Lammin. Your line is now open. Please go ahead.

Aynsley Lammin (Canaccord Genuity): Thanks. Good morning, everybody. Just a couple. Wondered if you could just elaborate a bit more on your comment that the lending market is holding up well? Just provide a bit more colour there on what you're seeing from kind of the mortgage market And then secondly just again a bit more colour, sounds like it's all holding up well, but as we're going into this lockdown, any regional differences, kind of sales rates, cancellation rates, changes early into the second lockdown? It sounds as though it's held up remarkably well, but interested in your view there. And then just thirdly, maybe one for Chris. If you could quantify what your expectation is for how much higher land creditors might be this year. Thanks.

Pete Redfern: Thanks. If I sort of pickup the first two and then obviously leave that latter one to you, Chris. I think on the lending market, it's – that and underlying interest rates have always been the key questions. And underlying interest rates obviously have been helpful. I think on the lending market, I'd say it's still hasn't – it's never quite normalised but it's been as close to normal as we could ever reasonably have wanted. Using sort of the odd lender, withdraw deals and then actually relatively quickly, reintroduce them on higher loan to values.

I think one or two lenders have been concerned that their lending books have got too big and so they've increased the pricing on deals. So it's acted as a slight balancing act to a market that probably could've been slightly stronger. But I see that as healthy. And we still see most of the mainstream lenders in the market with a broad range of deals. And most importantly of all, our customers have a choice of pretty low interest rate mortgage deals with a range of fixed rate terms. It's been supportive.

But as I say, I think there is an overall sense of the market racing away sometimes when you see press coverage, and I think that's overstated. It's normalised but with some upsides at the upper end of the market in terms of the sort of those kind of move-up customers.

And in terms of the second lockdown, I think we saw – and I'm talking about the weekend before last – we saw a reduction over that weekend in terms of immediate website sort of interest. And I think before it was clear the housing market was going to stay open, we had our customers saying, are you open or not? And particularly the respondent question is – was, 'My house that I though I was going to move into in sort of late November-December, you are still going to finish it? I am still going to be able to move in before Christmas, aren't I?' Rather than, 'Do I really want to go ahead?'

So – and I think that's been true across all regions. Obviously, the sort of structure of lockdown is very different in Wales. We did in Wales go to a virtual model only for the course of that short sort of fire break shut down. We saw sales rates reduce a bit during that, but we didn't see any kind of shift in customer confidence from people who had already kind of connected.

I think obviously we're now going into a period before Christmas when we'd expect things in terms of sales rates to slow down a bit and people are focused on moving in. But at the moment, everything we see in terms of the feedback in every region both from prospective customers and currently reserved customers is around, 'I want get on with this.' It's sort of – they are looking for more reassurance that we're not going to have to change things much than they are suddenly extremely nervous.

And I think this is true the sort of the stock market to a degree as well. I think people have almost taken comfort from the fact that we can have a second lockdown and actually it doesn't necessarily feel, unless you're in certain key sectors which are directly affected, it doesn't feel like it has that much sort of impact for many. And I think that people have taken confidence from that; if you can continue to build, then I can continue to buy.

I think there is – and I touched on it, but it is quite a complex dynamic, so I'll probably expand on it a little – this point about Help to Buy II, I don't know, and you would have to ask them yourselves if anybody has booked reservations in their sales rate or order book so far. We haven't, and we think that's right sort of because we haven't taken a deposit from people, we haven't got any kind of contractual commitments. We have a person who says, 'I'd like to buy that house at that price,' and it will probably sort of have a name on it. We say, 'We'll go hold that house,' that's what we mean when we say a hold.

I do think that's likely to what – it's holding back sales rates at the moment but it's likely to artificially boost sales rates during December but probably more likely January. We don't book those sales until they've gone right through the first round of processing. We think that there'll be a bit of a backlog there.

So I actually think of sort of what you see in our sales rates at the moment is probably artificially held back and it will probably get an artificial boost in sort of January and I think we'll be disclosing for you in sort of February what we think the actual underlying rate is because I think that will be quite important. But that is quite important in understanding our views about where the market sits at the moment and its impact on next year.

Chris Carney: And on land creditors, Aynsley, they were at £631 million at the end of June and I'd expect to see them to grow in excess of £800 million by the end of the year. It could be less depending on the timing of when land deals complete but more likely to be at or above £800 million, but still they'll remain less than 30% of the gross land balance. And even with land creditors at those levels, adjusted gearing will still be pretty low because of the cash on hand.

Aynsley Lammin: Okay. Thanks very much.

Operator: Thank you. And the next question comes from Chris Millington. Your line is now open. Please go ahead.

Chris Millington (Numis): Thank you. Morning, Pete. Morning, Chris.

Pete Redfern: Hi Chris.

Chris Millington: The rudimentary three, if I may please. Can I firstly just ask about the weighting of FY21 profits between H1 and H2? I presume we're going to see a more even profile there, but I'd love some comments around that. Second one, and I understand it's probably not really the forum but I'm going to ask it anyway, but dividends. I just wonder if you could kind of update us on where your thinking is there? What are your key considerations when thinking about the policy, particularly around specials as we look forward? And the final one I wanted to ask is outlet numbers. At what point do you see the balance tip and you start to grow them in light of that higher land spend?

Pete Redfern: Yeah. So in terms of first-half second-half weighting next year, yes, we expect to see a much more balanced business during the first half and the second half. I can't resist the temptation to add, 'Thank God!' on the end of that, but yes, it's where we expect to be. I think inevitably there's a kind of first-quarter skew because of both volume production catch up and because of stamp duty.

I do think the key question sort of from our market point of view is around, well, okay how will second quarter and beyond go? But we're seeing some early signs that are encouraging on that. But yeah, we do very much expect to see a much more even split.

And it will be our focus obviously subject to growth. In a year of growth, you naturally expect more half-two weighting, but subject to that, to maintain that sort of balance as we go through the next few years.

On dividends, we haven't changed our view. We do expect, as we did, and we said before, we do expect to pay what we consider a normal ordinary dividend next year. I have I think been pretty consistently clear on calls that we see that as normal dividend per share, as in therefore more in total as per the capital raise sort of. But we are not sort of about to get into discussions at this stage on quantum of special. We still think it's likely that the special dividend will resume in the following year.

I think – and this is not a signal about the special dividend for the following year, it's about how I see next year – I still feel the resilience we've seen in the market, where I think interest rates are now likely to sit for the long-term and tapping into new areas of demand, that we've always known we're there but have been fairly quiescent through the last few years, gives us more confidence than I've had for a few years about the underlying resilience of where house prices are. And when we're able to buy-side mid-30s operating – sorry, mid-30s return on capital and 20%-plus operating margins, then I think I see more of an investment opportunity there than I did. I also don't think the planning environment is going to get materially easier.

So I think our weighting is a little bit more towards investment than it was, and it's not about moving away from special dividends but it is about actually seeing that as an opportunity and making sure that we have the capital to continue investment where that investment adds value. And that has been a shift over the last 12 months.

COVID has given us some really good opportunities, but I think it also underlines sort of where the underlying market sits. And it has made it much more likely that interest rates will sit lower for longer. And I think the last thing I'd add to that is the very fact that at the Conservative Party conference they were starting to talk about how they help first-time buyers out sort of longer-term past the end of Help to Buy should give us confidence that Government is aware and feels a responsibility to how they help first-time buyers get on the housing ladder. That might not be Help to Buy, that might be some different structure, but I think all of those are broad positives for medium-term market.

In terms of outlet numbers, sort of – I think the one thing that has remained sort of challenging through the last few months is getting the right level of interaction with local authorities. That's not a criticism, they don't necessarily have the IT systems that we've got and they've always been resource stretched. We are still opening ours. We still expect a [inaudible], but it's definitely slowed down not because we're holding them back but because the resources aren't there on the other side.

But so we are opening sort of outlets as fast as we reasonably can and we expect to continue to do so. But I think these new sites that we're buying, we've always said it isn't going to be 2021 that they start to open, it's 2022 and it's 2023. And that hasn't changed. But I think that's – we probably have more forward momentum on that than we've had in several years. But it's still a battle, so we're going to have keep pushing it.

And as we've made sort of some of the restructuring changes, one of the drivers has been to simplify some of the other areas of the business so that our teams, our MDs and our divisional chairmen can really focus on not just buying sites but getting them through the system sort of at pace. And so our budget conversations over the last week are partly about delivery over the next year or two, but actually, the bigger focus is, how we get those sites open at pace.

Chris Millington: And just to be clear there Pete, I mean are you referring really to maybe there's a slight erosion as we go through the next year then it picks up with the new land in 2022 or stable-ish next year? Sorry to push you a bit further.

Pete Redfern: No, it's all right. I think you've just described the book ends if I'm honest, Chris. There's a chance of slight erosion just because of that pace of opening new outlets and then picking up. I think, you know, our forecast and our fight is to keep them stable through next year and then build. But I think if you look it from a next-year's budget point of view, you're actually – the outlets are already opened. So it's not about volume. It's not about volume risk. It's about then when we just start to pick up volume growth after that, that's the swing factor.

Chris Millington: Understood, that's really clear. Thank you so much.

Operator: Thank you. And the next one comes from Will Jones. Your line is now open. Please go ahead.

Will Jones (Redburn): Thank you. Good morning. A few from me please if I could. I think the first one might have a couple of sub-parts, it's really around land and working capital. So, just lots of obviously helpful data in the statement and the intro, but when I think about the 15,000 or so plots bought in Q2 and you compare that to 78,000 land bank, would you have a rough idea of how many of those will be represented in the 78,000, just ballpark please?

And obviously as a follow-on to that, in the statement you talk about the 78,000 potentially growing by 10,000 over the next year or two. Do you have a feel for how much land buying you might need, say through calendar 2021 versus replacement to obviously grow that land bank net of what you've kind of approved already? And sorry within that as well, because I'm trying to get to a view on working capital needs across the whole business in 2021, but would you highlight anything else outside of land and land creditors to be aware of for next year, obviously, I guess, WIP – there might be a normalisation maybe of WIP ratios, but anything you'd focus on for 2021 working capital outside of land?

And then there's kind of two or three hopefully a bit more simple, and perhaps this one you've kind of touched on with Chris's question then, but should we read – obviously, you've got your jump in volumes next year. You've been clear about accelerating volume growth in 2023. Is the balancing item in 2022 there, is that looking like it might be more stable or could there still be some slight growth? I guess the order book normalisation process might take a couple of years so we can take our views on sales rates and sites, but obviously, you will have quite a high looking order book probably still by, I imagine, Christmas 2021 as well.

And then the final one, sorry, was just if you could comments around the leasehold investigation with the CMA obviously the formal side of that as has come to light since you last spoke for yourselves and other companies, but anything you've learnt since then would be really helpful on that. Thank you.

Pete Redfern: Yeah, I mean, let me pick up that last one first, Will, and Chris, I'll probably need you to nudge me, or you Will, because I didn't manage to get most of those things down. So just on the leasehold investigation, there's not really a lot new that we can say, sort of we're obviously fully cooperating with that investigation providing information, but there's not new questions in that that we're aware of at this point that haven't been broadly discussed with you before. So there's not some new kind of piece that may come into the picture, so not really a lot to add.

I think in terms of the land, I can't simply because I don't have the data points to tell you the answer to how many of those plots are already in that land bank. I'm tempted to hazard a guess that it's 3,000-4,000. It's that order because I know how many sites have been contracted and would have notionally made it there, but I don't know the plot mix, so it's probably that sort of order.

But I would go back to, when we went through the capital raise and I'm pretty sure we talked about this as a range of numbers at the half year as well, what we said was, we did see this £500 million as being incremental on the land spend That was against the baseline, which would have been slightly lower than normal because of the pandemic anyway, but that through to the end of 2021 that we expected to commit, including that £500 million, about £1.7 billion worth of capital, and that equated to that growth in plot numbers of about 10,000.

And we still believe those are perfectly reasonable book ends. We talked about £500 million equating to roughly 50 sites at roughly an average of £10 million per site, which is smaller than our average site size. I think we've got £829 million over 70 sites, that's because there are one or two larger strategic ones in there, so it's slightly bigger than average, but those smaller sites are all in there.

So hopefully that gives you enough to kind of start to work through that the working capital dynamics. Though Chris you might be able to add more specific things to help Will.

Chris Carney: Yeah, I mean, in general, Will, operating assets, obviously, are going to increase over the next 12 to 18 months as that new land comes on to the balance sheet, we continue to make significant further investments. By the end of 2021, you'll see most of the incremental investment reflected in the balance sheet and as Pete said, it will deliver incremental outputs in 2022, completion growth in 2023. And I would expect to see that balance sheet reach a mature position a year or two after that.

On WIP, at the end of June, we were at £1.7 billion due to the delayed Q2 completions. That will probably drop back a bit by the end of this year as we start getting back to a more normal pattern of completions, but it's still going to be ahead of last year, which I think was £1.46 billion. And so somewhere maybe around the £1.6 billion mark depending on obviously weather and COVID and bottlenecks and stuff.

And then I'm expecting that WIP balance to be broadly stable as we go through 2021 because we'll be delivering a smoother profile of completions, as Pete touched on, than in the past. And some of the current inefficiency that is persisting from those COVID delays is going to be replaced by WIP investment from incremental outlets.

Pete Redfern: And, Will, going back to the middle part of your questions, and then you'll need to fill in what other bits we've missed, because as I said I didn't note them down, you asked about whether there is any potential for volume growth in 2022 I think? And the answer is yes, there is potential. You know, definitely. And WIP I go back to, we're not with this story steering you next year being a fully normal year. And our view about what normal should look like for this business has not changed. So and again through the capital raise, we talked about seeing 2021 as being a recovery year and 2022 as looking pretty normal.

And I think that's how we see it, and that applies to volumes and other things as well. Obviously, some of the cost savings that we've specifically taken help that a little bit, and obviously, there is still plenty of risk. But if you're asking about potential, yes, there is potential for continued volume recovery through 2022.

That's slightly different to my views of outlet driven volume growth, which I really do think 2023-2024, if you see what I mean. What's our view of ordinary underlying sales rates in a normal world? Not quite as strong as 2019, but it's not a long way behind 2019. So, you know, we still have good sized sites that are delivering really well for us on sales and margins.

So I don't think any of those longer term bits of guidance have materially changed.

Will Jones: Got it, very clear, thanks a lot.

Operator: Thank you. And the next one comes from Arnaud Lehmann. Your line is now open. Please go ahead.

Arnaud Lehmann (Bank of America): Thank you very much. Good morning, Pete. Good morning, Chris. A couple of follow-ups on my side, firstly on, I'm trying to understand your comments about Help to Buy II. What evidence do you have at this stage that the second-time buyers, who were able to use Help to Buy are not going to be able to use it anymore, are still in the market? And also for these houses that are above the caps, are you still seeing the first time buyers going for them, in your early assessment, I guess without the support of Help to Buy? That's my first question.

And just also on your comment about 2021 profits, and thank you for the guidance at such an early stage, I'm just trying to understand some of the moving parts, but basically to keep it simple, is it a reasonable assessment to assume that your gross margins or your operating margins in 2021 would be very close to 2019 levels to get to your consensus of the top end of the current consensus? Thank you.

Pete Redfern: Yeah, so on, sort of Help to Buy II, I think we are of the view that our sales rates for last week – and I'm picking one week because it's simple statistically and I don't think it's misleading– our sales rates for last week included 0.23. So, possibly a quarter of the normal sales rates that is in the second half of next year. That doesn't include any Help to Buy sales at all and that's selling well ahead.

That's not been unusual over the last few weeks and that gives the confidence that there are buyers out there who don't need or expect to use Help to Buy II and are prepared to commit regardless of stamp duty or anything else.

Chris Carney: Pete, we can just hear you, but you've gone a bit faint.

Pete Redfern: Sorry, could you hear enough of that for it to be clear or should I repeat it?

Arnaud Lehmann: I wouldn't mind if you can repeat it, please.

Pete Redfern: If you look at our sales over the last couple of weeks, and I'm picking out the statistic from last week but it is representative, we had 0.23 sales a week per week over the last week that were for the second half of next year. By definition, those won't be using Help to Buy II at all, and there will be a mix of first time buyers and move-up buyers. My guess is and I don't know this for a fact, but my guess is the vast majority of them will be people who would not expect to, want to or be able to use Help to Buy anyway, and that gives you some sense of resilience of that market.

I think the other thing I point to is the number of informal holds that we're taking, and we're not pushing them. We're not actively selling them and some of our businesses are not using them. So this is a sort of low-ball number, actually would also give you a component of about 0.23 as a sales rate on Help to Buy II just on people who would like to be able to commit and identify a plot. So that gives you confidence that first time buyers who can use the scheme are using it and aren't too offset by the price caps.

And I think the last statistic I would give, and this is a natural consequence of Help to Buy I coming to an end and Help to Buy II not being in place, our usage of Help to Buy over the last couple of weeks has dropped to about 20% sales from the high 40s, and yet we're still maintaining that 0.65 to 0.7 sales rate.

All of that says all of the customer groups are still moving forward broadly in the same level as they have been. None of it's perfect in the sense that none of it gives you absolute certainty. I think until we're actually selling with that scheme, until we're actually selling at those price points without them, we won't know for sure, but those early indicators are all quite positive.

Chris Carney: I think Arnaud had a question on margins and –

Pete Redfern: Do you want to take that one up, Chris?

Chris Carney: Yeah, whether the guidance was assuming that the gross and the operating margin was back in line with 2019. No, that's not the assumption. It's certainly closer to 2019 than 2020. But I think if you apply the revised volume guidance for 2021 of between 85% and 90% of 2019 output, and also the reasonably specific guidance that we've given on operating profit, I think you'll actually find that it ends up between where 2021 consensus currently sits and where 2019 was.

Arnaud Lehmann: Makes sense, thank you very much.

Operator: Thank you. And the next one comes from Glynis Johnson. Your line is now open. Please go ahead.

Glynis Johnson (Jefferies): Thank you. Good morning everyone. I have three if I may, but actually two of them are just hopefully quick clarifying ones. First of all, you say your guidance is based on continuation of current selling rates, but you've given us a number with Help to Buy and a number without Help to Buy, so just which number are you basing your guidance on?

Second one is just about really going back to Chris's question actually, land cash out. How much of the cash-outs for the land are already in the cash number that you've given us, and how much is still to come?

And then lastly in terms of the order book. Selling six months ahead is really quite a long way forward compared to what you and others in the industry have been doing over the past few years. Are you going to look to try and bring back that order book just to make sure that you have all the benefits of being more accurate in terms of delivery and so on, or is about derisking and keeping that order book at that five to six months and as long as possible?

Pete Redfern: I think when we talk about continuation of sales rates, broadly we're talking about with a sensible assumption of Help to Buy II being in the numbers. And so not getting back to 2019 levels and not getting back to where we would have expected 2020 to have been, if there hadn't been a pandemic, but some way towards it. So give or take 0.9, which I think if we'd got Help to Buy II at the moment even with the informal holds we've got, it is a reasonable view where we are at the moment.

And I think that also relates, and I'll leave the land/cash question to Chris, that also relates to the last question on the order book. We don't expect the order book to stay this long. We expect the order book to reduce slightly in size during the course of 2021, and we would be slightly uncomfortably if it didn't for exactly the reason that you set out. Our construction is catching up. It will probably have mostly caught up on current projections by the time we get to the half year, it should definitely have caught up by the time we get to the end of next year, and we're back in balance.

That does give us protection against the short term movements in sales rate, so if we do see a bit of weakness as we move from Q1 to Q2 then it gives us protection for that, but I still don't think it's quite the right place for us to be long term. I think I would say, our construction forecasting and construction delivery has got significantly better over the last two or three years, so some of the concerns that we did have around being able to forecast delivery properly and deliver properly to customers are reduced, but I wouldn't say they've gone away. So I still think there's a right length of order book and we're probably above the upper end through these strange circumstances.

I am with that customer service piece, I was nervous that some of the completions that happened during the post-lockdown, we’d get worse customer service score because simply plots have been delayed. In reality, that hasn't happened. We worked really hard on the communication and on the timing of that delivery and being very open with customers about where each site sits and where their plot sits, and that's actually worked very well. And I think that's reinforced our ability to communicate that compared to three or four years ago, when it was a real challenge.

But I still think the order book will naturally come back in terms of length and scale over the course of the next kind of six to nine months. And Chris, do you want to pick up on the land cash-out question?

Chris Carney: I can't give you an absolutely specific to the question, Glynis. I mean, obviously, there's a number of deals there and the timing of when they impact is variable. But what I can do is give you a feel for the basis on which the year-end guidance is based. So looking at the balance of the year, so November and December, I'm expecting the land spend to be somewhere between £200 million and £300 million in that period.

Pete Redfern: Glynis, can I just go back on the order book, and this is giving you an extra bit of data because I think it's useful and it may help others as well just to understand that dynamic and the scale, because it's significant but it's not totally out of kilter. But we would normally say a perfect order book going into any given year is about 35% of that year’s sales. Obviously it depends on the nature of plots and varies a bit from business unit to business unit, but that will be our normal kind of benchmark and until relatively recent years business have struggled to get there and then more increasingly have.

We expect our order book going into next year order of magnitude to be 50% of next year's business. So the risk then that we face market-wise is significantly reduced, and so our ability. And that's why, my comment earlier about we're not particularly dependent next year on the outlet openings that we're looking at the moment, it's about driving momentum for the following year and it's the same with the order book and the sales rate. So we have to manage that carefully with customers and communicate it well, but it does help us manage risk.

Glynis Johnson: Thank you.

Operator: Thank you. And the next question comes from Gavin Jago. Your line is now open. Please go ahead.

Gavin Jago (Barclays): Thanks. Morning to Pete. Morning, Chris. Just a couple quickly. The first one is just around I guess, Q1. I guess the bottleneck for the industry not just in terms of construction but I guess all the other businesses that you're reliant upon to get completions through, just how you're kind of managing that risk, and any concerns you might have around that.

And just a bit of clarity really, on your comment about the upper end of the market, I mean stamp duty has clearly been helping, but are you saying now that you're pretty comfortable that you're taking still pretty strong levels of reservations kind of beyond stamp duty holiday ending? Are you seeing kind of a shift in consumer patterns? And I guess kind of a sub one to that, is just any comments you've got around how the London market has been performing as well, please. Thank you.

Pete Redfern: Yeah, no, I think we are saying that we're seeing – yeah, we are taking reservations beyond the stamp duty window ending, and we're not seeing a dramatic shift in customer behaviour because of that, you know. Obviously people would like to take advantage of that window if they can, but we're not seeing it as being the deciding factor, and I wouldn't have expected it to be, you know, sort of the upper end of the market for us does not get into the highest reaches of stamp duty, so the impact is not sort of negligible but when people see, you know, sort of an overall kind of confidence in the housing market, it's a factor, but not a dominant one. Sorry, could you repeat the other question?

Gavin Jago: Yeah, the other one was just around I guess the bottleneck we might be seeing in March, for construction. I guess all the other, you know, conveyancing, white goods, and all the rest of it that you need to be operating well to get your completions through.

Pete Redfern: Yeah, and I think, you know, there are bottlenecks there. I think, you know, we see, at a granular level, you know, sort of on individual sites, you know, shortage of a kitchen unit here, and some element of white goods. It really is like that; it's very, very specific, you know, supply chain is not fully back to normal. We're not seeing any systemic risk, but it's definitely taking more of our site management teams time to make sure they've got, you know, every last element that they need. I think our overall take is it's manageable, you know, sort of that it's – and we've used the term friction a few times in the last sort of six or eight months as we've gone back to site. You know, some of the bigger concerns about would, you know, sort of the dry lining factories be on fast enough to deliver demand and those things, have reduced significantly. It is the smaller finishing items.

And, I think one of the things we were slightly concerned about a week or so ago, as the second lockdown was, you know, announced, was it's fine for there to be an announcement about construction and the housing market staying open, but if valuers aren't going out, you know, sort of, and if we're not able to do customer service roles in people's homes, then actually that creates quite a lot of friction. But, actually what we've seen is, the messaging that's gone out and how people have then behaved is, you know, that side of life is going on more or less as normal. It's an extra job to manage, but it's not at the moment causing us a risk that I think threatens, you know, sort of anything we've said today.

Gavin Jago: Okay, great. Thanks. And on London, anything to note there?

Pete Redfern: Sorry, I missed the end of that, was there an additional question there?

Gavin Jago: Yeah, just London, any comments around how the London market's been performing?

Pete Redfern: Yeah, I think you know, everything we've said about the country as a whole broadly applies to London. You know, sort of – we've not seen marked weakness in London, you know, we are continuing, as I touched on, to sell sort of well within our, you know, sort of three remaining central London schemes. You know, sort of, I think the price point piece is slightly different, you know, sort of whereas we're definitely seeing, in the wider South East, upside in sort of higher price points, I don't think that's as marked in London. In London it's stable and it's positive, but it's not seeing that sort of upside growth, and I guess you would expect that.

I still think you've got slightly more of a headwind in London, around you know, the sort of impacts of Brexit. I don't think that's impacting peoples' decisions outside London very much, at all, but I think it still is in London to some degree.

But, I think if you looked at our sales rates, our relative price movements, the level of confidence, the kind of customers who are buying, you would not see a marked difference between our London schemes, either the more expensive ones or the more sort of normal schemes, and the rest of the country.

Gavin Jago: That's very useful. Thanks gents.

Pete Redfern: No problem.

Operator: Thank you. And the next one comes from Marcus Cole, your line is now open, please go ahead.

Marcus Cole (Liberum Capital): Yes, good morning both, I hope you're both well. I've got three questions. I was just wondering what your price assumptions are for your FY21 guidance. What needs to be in place for the 2021 special dividend to be paid? And then you've made comment to the accelerating growth beyond 2023, I just wondered what you thought overall capacity was for the group now?

Pete Redfern: Okay, it's alright, I'm just making sure I note them down this time, so that after I've answered the first one I haven't completely forgot what the others are. In terms of price, our broad assumption is that prices are stable where they are today, you know, sort of – and so, we're certainly not assuming further price growth from today, nor are we assuming that prices go backwards. I would say though, and I touched on earlier, that you know, we do think it was right to have a slightly wider range, you know, sort of a more contingency in our assumptions today, than you know, we would in any normal year. So, we're not deeply sensitive to small movements in price is what I'm trying to say.

I think in terms of, and you ask about the 2021 special dividend, I am still of the view that it is unlikely we will pay a cash special dividend in 2021; it is far more likely to be 2022. And that's something we've said, you know, fairly consistently for the last five months, and hasn't changed. We expect to pay an ordinary dividend next year, and it is likely we will pay a special dividend the following year, you know, sort of once – but it's quite likely that we will announce that special dividend for the following year, sometime next year. So, that view hasn't changed.

And in terms of growth, it always depends a little bit on how you get there, the mix of sites and everything else, but in the order of 18,000. We could probably manage 19,000 but we'd have to land sort of pretty closely on things. But it's about having the sites, you know, we can flex the capacity in individual businesses at a relatively low cost investment. It's about having the right land opportunity for not chasing volume, you know, sort of, of land in any given market.

Marcus Cole: Okay, yeah, thanks very much.

Operator: Thank you. And the next question comes from Jon Bell, your line is now open, please go ahead.

Jon Bell (Deutsche): Yeah, morning Pete, morning Chris. I think various of my questions have been already asked actually, but a couple that I can ask. The first one just on stamp duty. Is it your working assumption that the stamp duty holiday comes to an end at the end of March, or is there any possibility that you could see that extended? And then secondly, perhaps you could just quickly comment on Spain. Thank you.

Pete Redfern: Yeah, thanks Jon. So, on stamp duty, our working assumption, and you know, what's behind our guidance is that it isn't extended. I do think it's a perfectly reasonable, you know, view that it might be. I just think that it would be wrong for us to, you know, sort of make our assumptions based on that, because I think it's sort of – it's not likely to be something that's decided imminently.

I think, and you know, I've had this view about Help to Buy for a while, it will depend on the strength of the market. You know, the stronger the market, you know, sort of the less likely something like that is to be extended. If this second lockdown shows real sort of weaknesses in the broader economy, I've no doubt that Government won't necessarily want to see a negative risk, you know, sort of from the housing market at the end of the first quarter, before we're through the other side of this. So it is a swing factor, it will remain a swing factor, but I see it more as a balance of risk, than you know, something we should – we should rely on.

And on Spain, Spain in many ways has had the same sort of impact from a country point of view, in the wider economy, to the UK, of COVID. The impacts on house building and our business in particular have been subtly different. In many ways, the construction impacts have been a bit less, because of the way the rules were implemented from early on and the nature of our schemes. The sales impacts, because we're essentially a second home business, have been slightly greater, because strangely enough when people can't travel to Spain, they're much less likely to make a reservation on a new house in Spain.

So, I think because of that, we do expect to deliver a decent profit in Spain, this year and next year, because the order book in the construction pipeline is longer, but it will be materially less than 2019. But, it does mean that – so the performance won't probably be quite so volatile as the UK, but 2021 won't return to normal as quickly, and 2022 is the first year when it will look much more normal, because we think we will get a sales season in the summer next year.

We've got good kind of telephone interest from people, you know, we haven't seen prices move materially or anything like that, but we think it will be when people can go back out and visit, you know, sort of through, you know, sort of next summer, that we start to see sales get back to normal and then that starts to drive a much more normal P&L for the business in 2022.

Jon Bell: Very clear, thank you.

Operator: Thank you, and the next question comes from Shane Carberry, your line is now open, please go ahead.

Shane Carberry (Goodbody): Morning guys, thanks for that, those are all very helpful, so there's actually only one question that I have left, if I may. I'm just interested in getting kind of a bit more colour, I suppose, on the kind of competitive environment for the smaller sites that you're seeing in the land market. Look, shall we take this as kind of, I suppose, evidence of some distress to kind of smaller players out there, and could that kind of lead to potential M&A opportunities? Thanks guys.

Pete Redfern: Yes, I think our view sort of on those smaller sites and those smaller players is broadly the same as it was sort of six months ago. You know, and in a broader sense, we expected our largest competitors to be, you know, sort of back in the land market by the end of the summer and that's more or less what we saw. Though still, and I think this is consistent with their comments, their pace of being back in the land market is less than it was. They have been more tentative than we have. I think with the smaller competitors, there is a wide range, so we've seen a small number who are quite active, you know, sort of particularly privately funded ones, and we've seen most who are not very active at all, as balance sheets get repaired and they get some certainty back.

I think, distress, in terms of survival distress, I think is much less likely. With the housing market getting back to normal, people can get lines of credit, you know, sort of most in the sector, including private companies are better funded than they were, you know, sort of before. So they might not be active in land today, that doesn't necessarily mean they're going to be, you know, sort of distressed in an existential sense. And I think our view of sort of acquisition opportunity remains, you know, if we can buy land in the market, without the encumbrances and uncertainty of an acquisition, if we can do the sort of diligence on a piece of land and acquire the sites that we want, then you know, looking actively at acquisitions, they have to be very much value-led opportunities, and I don't think we're seeing conditions where that's likely to make sense. So, I certainly think for us, I don't think acquisitions are likely. But I've had that view for a number of years, but it inevitably reflects a land market that is working for us.

Shane Carberry: Very clear, thanks guys.

Operator: Thank you, and the next question comes from Clyde Lewis, your line is now open, please goa head.

Clyde Lewis (Peel Hunt): Morning Pete, morning Chris, just the one from me, if I may. Pete, I think you referred to the land market, you don't expect it to get any easier, is that a view on what you think might or might not come out of the white paper on planning, at all?

Pete Redfern: Yeah, I think it's a mix – it's a mix of different things, Clyde. And I probably feel it more clearly than three months ago. It's interesting, I think we've seen a slight climate shift, and I mean in land rather than in the climate, in the South East, that is – that is positive. You know, if you look at sort of our land buying in those 14,500 plots, you will find a slightly bigger bias, actually probably more than slightly, compared to normal terms, towards the South East, but not, you know, sort of central London. And you can see that a little bit in the average price per plot, you know, they're more shorter term sites, less strategic, and they're more South East weighted. Some of that, is actually, I think, in a very general sense, there are more of the markets around London where planners are a bit more open for business and actually a bit more open to the need for growth.

Whereas I think in the North – and you know, it's shades of grey in different markets, sort of across the country – but in the North, a combination of the economics of land, you know, putting things like part L and part F costs on a – which are broadly the same per plot, in the North to where they are in the South for the same house – putting those on the value of land in the North has a much bigger proportional impact and much harder to absorb. And those – you know, we've been looking for superior returns from the acquisitions we've made. We've got them, but that's definitely been easier in the South, as we've reflected on those additional costs, than it is in the North, where it's just harder for land owners to accept.

And I think, you know, we see, in the North East and in the North West, for instance, you know, sort of some reasonably meaningful holdups, in you know, sort of the spatial planning system, and we see that less than we have done in the South East, so I do think there's a bit of a switch there, about where the opportunities are. But I think if you put all that together, I think there is, you know, change in the planning system does not immediately tend to lead to, you know, sort of a positive immediate result in terms of availability. And you put the economics and that case together, and I think there'll be a couple of years, sort of as we go in to 2022 and 2023, where we'll be glad of the sites that we've got secured and moving well through the system, because I think it could easily be a bit harder.

Clyde Lewis: Okay, thank you. The other one I had was on, actually on sort of the Government comment, that you made again, the support from the Government. I mean in terms of sort of how that dialogue with, you know, the various Government bodies has evolved over the last three to six months in particular, what would you point to, sort of again, to reinforce the comments that you made about that support being there?

Pete Redfern: I think the most important thing, which is not actually really to do with market support, is to do with how we have managed, you know, sort of through the COVID period. I think the industry has done a far, far better job of getting its actual behaviour in the right place, its communication with Government in the right place, and you know, you can see that in Government's positive desire to you know, sort of let us remain open. And clearly that's partly about economy, but actually, I think the industry had done a good job of that, and I think our conversations with Government around that as an industry are much more, you know, sort of mutual and positive than I've seen in the past. It's not that they've ever been particularly hostile but there's more trust, I think, that's grown up through that, because I think industry has generally behaved and performed pretty well and delivered what it was supposed to deliver. So, I think we can see that in detail.

But, I think the particular bit I was referring to, was you know, the

Prime Minister coming out of the conference and talking about, you know, what's a fairly speculative sort of post Help to Buy scheme, but the very fact that he sees it as appropriate to talk about that, this far in advance, I think we should take as a positive. You know, it shows that I still think there is not a huge desire in Government, particularly in the Treasury, to prolong Help to Buy past the end of 2023, but what it showed fairly clearly was that they understand that they need to have a think about, well what are our contingency options?

Clyde Lewis: Great, thank you very much.

Pete Redfern: No problem, now I mean if there's one last sort of question, very happy to take them, but it feels like we've covered most of the main things, so Dave, if we perhaps take one final sort of question, and then wrap up.

Operator: Okay, so the next one comes from Andy Murphy. Your line is now open, please go ahead.

Pete Redfern: Hi Andy.

Operator: Andy, your line is now open, please go ahead and ask your question. It seems like there's no response from Andy, would you like me to move to the next one, sir?

Pete Redfern: Yes, if there is somebody else, then let's take that.

Operator: Yes sir, it comes from Ami Galla. Your line is now open, please go ahead.

Ami Galla (Citi): Yeah, morning guys, just a quick last one from me, with the delays in processing contracts, how should we think about that risk in the reservations which are pencilled in for Q1 deliveries next year?

Pete Redfern: So, when I took – when we took some delays in processing contracts, those were around Help to Buy II, and so those would be, you know, reservations that by definition, would happen in April at the earliest, and we expect to be able to process those contracts from 16 December. So, it might impact on when those reservations get booked as, you know, when they're actually taken as reservations, but there's quite a big window, you know, sort of then through to when we would expect the completion to be, so I don't think – I don't see that as a material risk for completion timing next year.

Ami Galla: So, can I have a follow up? In terms of the excluding Help to Buy II, I mean in the wider mortgage market, I think there is a general still delay; is that not really impacting your – the reservations in the processing of your –?

Pete Redfern: Yeah, that is fair, there has been, I think, you know, and it's one of the reasons why, you know, we've been sort of reserved about our views until this week. You know, we went through with our teams in detail their outturn for this year and next, last week. And you know, to be honest, we expected to have far more sensitivity over the timing of exchanges and actually the pretty consistent feedback was, you know, yeah, it had lags, but actually you know, sort of, it wasn't a huge problem today. And they were generally getting things sort of fully exchanged and contracted, on the original completion date, or the adjusted completion date post-COVID, and it wasn't actually impacting, and that we were sort of starting to catch up.

Ami Galla: Okay, thank you, that's helpful.

Pete Redfern: Thank you. Well, if we wrap up there, because it feels like we've dealt with most of the key areas, you know, sort of and gone through most of the questions. You know, obviously we are available over, you know, the next few hours, the next few days, if there are supplemental questions and if people want to make sure that they've, you know, understood one element of what we talked about, because I am conscious that you know, ideally, you know, sort of we'd have been stood in front of you, because there's quite a lot in this particular update, and there's been a lot of moving parts, but we're very much available for further questions and discussion where needed. And all that remains is to thank you for joining us this morning and look forward to the next update around the end of the year. Cheers. Bye-bye.

Operator: Thank you, that concludes our conference for today. Thank you for joining the Taylor Wimpey Plc Trading Update call. This call has been recorded and will be available to listen, later today. Thank you.

[END OF TRANSCRIPT]