4 August 2021
Taylor Wimpey plc
Half year results for the period ended 4 July 2021

Record first half performance and excellent momentum into the medium term

Pete Redfern, Chief Executive, commented:

"We have delivered a record first half performance and a strong operating profit margin*† performance of 19.3%, which reflects tight cost discipline as well as higher completions in the period.

Our focus remains on driving further improvement in our operating profit margin and accelerated outlet-driven volume growth from 2023.

Backed by last year's equity raise we stepped up our activity in the land market before competition returned and we successfully increased our land pipeline with high-quality sites that will deliver a strong financial performance. We are progressing this land through the planning stages as expected, providing excellent momentum for growth, enhanced returns for our stakeholders and increased numbers of new homes.

We have a clear purpose to deliver high-quality homes and create thriving communities and a strategy to ensure the long term sustainability of the business. We now expect to deliver 2021 full year Group operating profit* of c.£820 million, above the top end of consensus[1], with UK completions (excluding joint ventures) expected to be towards the upper end of our guidance range of 13,200 to 14,000."

Financial highlights:

- Group completions of 7,303 homes (H1 2020: 2,771) excluding joint ventures, a record first half performance, partly due to the delayed Q4 2020 completions
- Strong margin performance with first half Group operating profit margin of 19.3% (H1 2020: (2.1)%; H1 2019: 18.0%), as a result of our strong cost and price discipline throughout the business and benefiting from increased completions
- Net cash‡ of £906.5 million, due to timing of land payments
- Acted decisively in March 2021, to announce a new cladding fire safety provision of £125 million to make apartment buildings safe and mortgageable up to EWS1 (External Wall Fire Review) guidance
- 2021 interim dividend of 4.14 pence per share (c.£151 million in total) in line with our Ordinary Dividend Policy to return c.7.5% of net assets to shareholders annually in two equal payments

Group financial highlights

	H1 2021	H1 2020	Change	FY 2020
Revenue £m	2,196.3	754.6	191.1%	2,790.2
Operating profit / (loss)* £m	424.0	(16.1)	n/a	300.3
Operating profit margin	19.3%	(2.1)%	21.4ppt	10.8%
Profit / (loss) before tax and exceptional items £m	412.5	(29.8)	n/a	274.4
Profit / (loss) before tax £m	287.5	(39.8)	n/a	264.4
Basic earnings / (loss) per share pence	6.5	(1.0)	n/a	6.3
Adjusted basic earnings / (loss) per share pence††	9.3	(0.7)	n/a	6.5
Tangible net asset value per share pence†	113.3	102.8	10.2%	110.0
Net cash £m	906.5	497.3	82.3%	719.4
Return on net operating assets**	23.0%	16.8%	6.2ppt	9.9%

UK operational highlights

- Positive momentum in the first half:
  - H1 2021 net private sales rate of 0.97 (H1 2020: 0.70)
  - Average outlets during the period of 228 (H1 2020: 237)
  - Opened 37 new outlets in the period (H1 2020: 39)
  - We expect to grow our outlet numbers by around 50 over the next 24 months
- Strong UK total order book representing 10,344 homes with a value of £2,608 million as at 4 July 2021 (28 June 2020: 11,686 homes, £2,904 million), excluding joint ventures
- At the half year, 97% forward sold for 2021 completions (H1 2020: 91%; H1 2019: 82%)
- c.14.5k plots approved during the first half (H1 2020: c.5.2k) at attractive margins and return on capital employed*** (ROCE)
- Strong growth in short term landbank by c.5k plots to c.82k plots (H1 2020: c.77k)
- Significant additions to the strategic land pipeline which stood at c.147k potential plots as at 4 July 2021 (31 December 2020: c.139k)
- Further improvement in average Construction Quality Review score to 4.65 (H1 2020: 4.31)
- 4 out of 5 star rating on Trustpilot and 92% of customers would recommend us in H1 2021 according to the Home Builders Federation 8-week customer survey
- Excellent employee survey results:
  - Health and safety continued to be the top scoring area at 97%
  - Overall employee engagement score of 91%
  - 95% of employees are proud to work for Taylor Wimpey
  - 96% of employees feel they can be their authentic self at work
- Recently included in the Financial Times inaugural list of Europe's Climate Leaders and rated by ISS ESG with prime status for our performance in ESG, the highest among the construction sector organisations it rates

First half performance overview

The UK housing market has continued to perform strongly across all our geographies in the first half of the year. Having entered 2021 with an excellent order book we have delivered a strong first half performance, benefiting, as anticipated, from delayed Q4 2020 completions and the continuing strength in the housing market. We are particularly pleased with our Group operating margin performance which was 19.3% as a result of our strong cost discipline, a slightly higher weighting of completions in the first half and our focus on optimising price and driving margin performance.

Total UK home completions (excluding joint ventures) increased to 7,219 in the first half (H1 2020: 2,713), with the comparator heavily impacted by the COVID-19 shutdown. Group revenue increased to £2,196.3 million (H1 2020: £754.6 million). Group operating profit increased to £424.0 million (H1 2020: £16.1 million loss) with operating profit margin increasing to 19.3% (H1 2020: (2.1)%).

Today we announce a 2021 interim dividend to be paid in November 2021 of 4.14 pence per share amounting to c.£151 million in total in line with our Ordinary Dividend Policy to return c.7.5% of net assets to shareholders annually in two equal payments.

UK current trading

During the first half of 2021 we have seen strong demand for homes in the UK underpinned by low interest rates, good mortgage availability and Government support for customers in the form of Help to Buy. We have continued to see high levels of demand for our homes and have built a strong forward sales position.

Our sales rate for the first half was 0.97 (H1 2020: 0.70), due to strong customer demand. There have been healthy levels of customer interest in reservations extending well beyond the end of the Stamp Duty Land Tax holiday. Cancellation numbers have remained at normal levels throughout H1 2021. The cancellation rate for H1 2021 was 14% (H1 2020: 21%; H1 2019: 14%).

Forward indicators remain robust and as at 1 August 2021, our order book value was £2,712 million (2020 equivalent period: £3,022 million), excluding joint ventures, representing 10,589 homes (2020 equivalent period: 12,014 homes). As at 1 August 2021, we were c.99% forward sold for private completions for 2021 (2020 equivalent period: c.97%; 2019 equivalent period: c.87%).

The sector has seen increased build cost and supply chain pressure in relation to some materials in the first half of 2021, however this is being fully offset by healthy levels of house price growth.

Outlook

The UK housing market remains strong, underpinned by low interest rates, good mortgage availability and Government support for customers.

We anticipate full year 2021 completions for the UK, excluding joint ventures, will be towards the upper end of our guidance range of 13,200 to 14,000 homes. We continue to expect to end 2021 on a similar number of outlets to those at the beginning of the year.

We now expect 2021 full year Group operating profit to be c.£820 million, above the top end of consensus[1].

Our 2021 year end net cash balance is anticipated to be around £700 million, subject to the timing of certain land transactions.

Looking further ahead, we have excellent momentum going into the medium term and are well positioned for accelerated volume growth from 2023. In the past 12 months we have approved a record c.32k plots in line with our medium term operating margin target of c.21-22% and at a ROCE of over 30%, taking timely advantage of the lack of competition in the land market last year. We are focused on working with our partners and local communities to progress this additional land through the planning system and expect to grow our outlets by around 50 over the next 24 months, leading to a significant increase in completions of much needed new homes from 2023. Assuming normal market conditions, the additional land we have approved over the last year will enable us to deliver volumes of 17-18k in the medium term.

Our first priority remains driving improvement in our operating profit margin, followed by this outlet driven growth. We remain focused on value, execution and driving operating margin to achieve our c.21-22% operating margin target in the medium term. We also continue to build on the long term sustainability of the business, delivering value for all our stakeholders.

[1]As published on 3 August 2021, the Company compiled consensus expectation for full year 2021 is for operating profit of £779 million with a range of £756 million to £808 million.

Alternative performance measures and other key performance indicators

* Operating profit or loss is defined as profit or loss on ordinary activities before net finance costs, exceptional items and tax, after share of results of joint ventures.

*† Operating margin is defined as operating profit or loss divided by revenue.

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

*** Return on capital employed (ROCE) is defined as rolling 12 months operating profit or loss 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 income 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 of the 12 month period .

†*** 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.

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

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

‡‡‡ 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 18 of the financial statements.

- Ends –

A presentation to investors and analysts will be hosted by Chief Executive Pete Redfern, Group Finance Director Chris Carney, and Divisional Chair of London & South East Ingrid Osborne via conference call at 8:30am on Wednesday 4 August 2021. This presentation will be webcast live on our website: www.taylorwimpey.co.uk/corporate

An on demand version of the webcast will be available on our website in the afternoon of 4 August 2021.

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Notes to editors:

Taylor Wimpey plc is a customer-focused homebuilder, operating at a local level from 23 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

Positioned for accelerated growth with enhanced returns over the medium term

In the last 12 months, following our opportunity-led equity raise, we have moved decisively to source and approve a quality land pipeline in a very attractive land market, equating to around double the plots sourced and approved in an average year, to drive accelerated volume growth in the medium term. With increased competition in the land market, as the housing market shows strength, we are now able to operate on a selective and replacement basis, further protecting future margin.

Overall, we expect the short term landbank to grow in excess of the 10k additional plots targeted at the time of the equity raise, when our short term landbank was 77k plots. We continue to expect meaningful growth in outlets in the fourth quarter of 2022 leaving us well positioned for significant growth in completions from 2023. Assuming normal market conditions, the additional land we have approved over the last year will enable us to deliver volumes of 17-18k in the medium term.

We are a quality and responsible business, with a strong culture where ESG and sustainability are integrated within our strategy and day to day working. We have a talented and committed workforce, and excellent subcontractor and supplier relationships which we have built on during the pandemic. Having simplified our focus on driving operating margin, we are now also realising the benefits of our previous investments in customer service and our people, and are embedding operational and efficiency improvements and a culture of cost discipline across the business.

Looking forward, we are in an excellent position with strong growth momentum without the need to add meaningfully to our operating structure. We are confident of achieving our medium term operating margin target of c.21-22% and delivering increased returns for our stakeholders.

Progress against our 2021 priorities

At our full year 2020 results we outlined our four key priorities:

- Operating profit margin delivery
- Bringing through new land acquisitions for volume growth in 2023/24
- Delivering consistently great build quality and customer service
- Building on our strengths in social and governance areas and new environmental strategy

We are pleased that we have made excellent progress in each of these areas:

Operating profit margin delivery

Operating profit margin is our primary performance measure and we remain confident of delivering our target operating profit margin of c.21-22% in the medium term. We have made good progress driving this with a first half margin of 19.3% (H1 2020: (2.1)%; H1 2019: 18.0%), driven by our cost and price discipline and increased volumes.

As previously announced, annualised cost savings amounting to £16 million that were identified last year are being realised this year.

With our UK businesses 99% forward sold for the year as at 1 August 2021, we remain focused on driving value over short term volume. Our long order book and the positive selling environment have allowed us to focus on price optimisation whilst maintaining strong sales rates.

Bringing through new land acquisitions for volume growth in 2023/24

In the last 12 months we have approved c.32k plots, equating to around double the number of plots sourced and approved in an average year, providing an excellent base for growth in the medium term.

Importantly, the step up in land acquisitions, sourced and transacted in a time of reduced competition in the land market, enabled us to add high-quality sites at targeted returns of c.21-22% operating margin in all our locations, including smaller sites where there is generally more competition.

We are focused on progressing new land through the planning system and expect our outlet numbers to grow by around 50 in the next 24 months, driving significant growth in completions from 2023.

Delivering consistently great build quality and customer service

It remains a key priority to deliver excellent customer service, building on the improvements we have made over recent years. We are pleased to see this reflected in our customer feedback where we have continued to operate above the 90% level required to be considered an HBF five star builder.

Build quality is fundamental to good customer service and remains a key focus for our teams. We monitor this through our independent Construction Quality Review (CQR) score which has once again improved to 4.65 out of 6 (H1 2020: 4.31). Our improvements in customer service, and fundamental build quality, a journey we started several years ago, make us a better and more sustainable business.

Building on our strengths in social and governance areas and new environmental strategy

Our purpose is 'to build great homes and create thriving communities', and we believe that all elements of ESG are critical to achieving this and to the long term sustainability of the business.

This year we were included in the Financial Times inaugural list of Europe's Climate Leaders which includes the 300 companies that have achieved the greatest reduction of greenhouse gas emissions intensity (tonnes of CO_2 per €1m revenue) between 2014 and 2019. We have also been awarded prime status by ISS ESG with a score of C+ which is the highest score among the construction sector organisations it rates.

Our culture is built on a desire to 'do the right thing'. We were pleased that once again health and safety was our top scoring area at 97% in our recent employee survey which had an overall employee engagement score of 91%. 95% of employees are proud to work for Taylor Wimpey and 95% feel Taylor Wimpey offers opportunities for employees of all backgrounds to progress.

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)

Table 1: KPIs

UK	H1 2021	H1 2020	Change	FY 2020
Customers and communities				
Customer satisfaction 8-week score 'Would you recommend?'	92%	91%	1.0ppt	92%
Customer satisfaction 9-month score 'Would you recommend?'	80%	76%	4.0ppt	78%
Build quality				
Construction Quality Review (average score / 6)	4.65	4.31	7.9%	4.45
Average reportable items per inspection	0.25	0.26	(3.8)%	0.24
Optimising our strong landbank				
Land cost as % of ASP on approvals	14.4%	20.1%	(5.7)ppt	18.3%
Landbank years	c.5.8	c.6.5	(10.8)%	c.8.1
% of completions from strategically sourced land	55%	55%	-	55%
Be the employer of choice in our industry				
Employee turnover % (voluntary) rolling 12 months	14.7%	11.1%	3.6ppt	9.4%
Number of people recruited into early talent programmes: graduates, management trainees and site management trainees rolling 12 months	60	98	(38.8)%	47
Directly employed key trades including trade apprentices	869	1,110	(21.7)%	1,038
Health and Safety Injury Incidence Rate (per 100,000 employees and contractors) rolling 12 months[†***]	193	130	48.5%	151
Best in class efficient engine room				
Net private sales rate per outlet per week	0.97	0.70	38.6%	0.76
Private legal completions per outlet	26.6	8.8	202.3%	31.5
Order book value £m	2,608	2,904	(10.2)%	2,684
Order book volume – no. of homes	10,344	11,686	(11.5)%	10,685

N.B. The 8-week 'would you recommend' score for H1 2021 relates to customers who legally completed between October 2020 and March 2021 with the comparator relating to the same period 12 months prior. The 9-month 'would you recommend' score for H1 2021 relates to customers who legally completed between October 2019 and March 2020, with the comparator relating to the same period 12 months prior.

Sales, completions and pricing

Total home completions (excluding joint ventures) increased by 166% to 7,219 (H1 2020: 2,713) including 1,158 affordable homes (H1 2020: 637), equating to 16.0% of total completions (H1 2020: 23.5%).

Our net private sales rate for the first half of the year was 0.97 homes per outlet per week (H1 2020: 0.70). Cancellation numbers have remained at normal levels in the first half of 2021, at a rate of 14% (H1 2020: 21%; H1 2019: 14%). Average selling prices on private completions increased by 6.5% to £327k (H1 2020: £307k). Our total average selling price increased by 11.2% to £299k (H1 2020: £269k), reflecting a lower proportion of affordable homes in the mix, in line with previous guidance, and house price inflation.

We have a wide range of products from one-bedroom apartments to five-bedroom homes. First time buyers accounted for 46% of total sales in the first half of 2021 (H1 2020: 50%). Investor sales continued to be at a very low level at 4% (H1 2020: 3%).

During the first half of 2021 approximately 27% of private reservations used the Help to Buy scheme (H1 2020: c.53%), as we transitioned to the new Help to Buy scheme in H1 2021.

As at H1 2021, our order book represented 10,344 homes (H1 2020: 11,686 homes; H1 2019: 10,137 homes) with an order book value of £2,608 million (H1 2020: £2,904 million; H1 2019: £2,366 million), excluding joint ventures. Our affordable order book stood at 4,428 homes at H1 2021 (H1 2020: 5,119 homes; H1 2019: 4,474 homes).

During the first half of 2021 we opened 37 new outlets (H1 2020: 39).

Customers

We were pleased to have been recognised as a five star builder in the latest customer satisfaction survey by the Home Builders Federation (HBF) in March 2021, covering the 12 months from October 2019 to September 2020. We are pleased that our average survey score for the first half of 2021 of 92%, continues to be above the 90% level required to be considered a five star builder. We continue to focus on offering excellent service with targeted improvements in our responsiveness to customer issues. We expect to benefit further from the recent roll out of the Microsoft Dynamics platform, which is providing valuable customer insights and improving the ease of doing business for both our customers and our sales and customer service teams. We also encourage customers to leave reviews on Trustpilot. We currently have a 4 out of 5 star rating with a TrustScore of 3.9 out of 5.

Delivering build quality consistently has been key to customer satisfaction. In evaluating our progress, we continue to assess a broad range of measures of quality and service. In 2019 we introduced the NHBC Construction Quality Review (CQR) score as a new KPI. In H1 2021 we scored an average of 4.65 (H1 2020: 4.31) from a possible score of 6. We aim to improve this further by ensuring our quality assurance processes are embedded at every stage of build.

We are piloting our new house type range this year, with build complete on the key pilot homes ahead of roll out. These standard house types based on our customer feedback will improve light, space, storage and flexible living with the design allowing for flexible areas for home working spaces. The new house types will help us reduce the number of stock items and improve quality and consistency of our product and are designed to more readily adapt to future changes, such as upcoming changes to parts L & F (heating and ventilation) of the Future Homes Standard.

The pandemic has altered our ways of working, providing valuable lessons on how we can continue to improve our service offering. For example, our switch to dedicated customer appointments was warmly welcomed by customers, helping us provide a better, more personalised service and we expect to mainly continue with this sales model. We will also continue to offer more flexible employee and customer contact hours, building on lessons learned during the pandemic. We continue to see Taylor Wimpey as having an important role to play in helping establish new communities through the communal infrastructure we create and the initiatives and local charities we support.

Following the recent consultation, we support the Government's New Homes Quality Code that will sit at the centre of the new arrangements being put in place by the New Homes Quality Board, including the appointment of an independent New Homes Ombudsman Service expected later this year. The new service will provide impartial rulings on unresolved customer issues and help raise standards in the wider industry.

Fire safety

In the 2020 full year results announcement in March 2021, we announced a new cladding fire safety provision of £125 million to make apartment buildings safe and mortgageable in line with the latest Royal Institute of Chartered Surveyors (RICS) EWS1 (External Wall Fire Review) guidance. Together with the existing provision in place for the removal of Aluminium Composite Material (ACM) on high rise buildings, this takes our total provisions recorded for cladding EWS1 related works to £165 million. The provision announced in March covers an estimate of the total cost of the work required to meet the updated EWS1 requirements.

Where we own the buildings, we are undertaking EWS1 assessments on the buildings and where works are required, we are procuring those works. Where a third party owns the building and we have been contacted by the freeholder or management company we are engaging with them in relation to the assessment process. We continue to make good progress in remediating the buildings identified in our original £40 million provision to cover the cost of removing and replacing ACM cladding on high rise buildings.

New Building Safety Bill and Residential Property Developer Tax

The Government published the Building Safety Bill for a second reading in Parliament on 21 July 2021. Over the last year we have consulted closely with the Government on the changes that will be implemented, and the published Bill was largely as anticipated.

We continue to engage with the Government on the proposed Residential Property Developer Tax which is being introduced to help contribute to the cost of cladding remediation work. We were involved in consultations which ran up until 22 July 2021 and we await the outcome of this consultation. The new levy is expected to be introduced in 2022.

Competition and Markets Authority (CMA) update

As we noted in our full year 2020 results announcement on 2 March, the CMA's investigation into leasehold remains open and we will continue to engage with the CMA and work with them to find a satisfactory resolution.

Land

Our high-quality landbank remains a key competitive advantage and value driver and underpins our confidence in delivering our medium term target of c.21-22% operating profit margin. We have grown our landbank by c.5k units over the past 12 months and expect our landbank to ultimately grow by over 10k units compared to the 77k plots in our landbank as at 28 June last year. We are progressing this land through the planning stages as expected, which is providing us with excellent momentum heading into the medium term. Competition in the land market has increased as the housing market has shown strong growth and, having added significantly to our landbank over the last year, we have returned to a more normal replacement level of land acquisition.

We approved c.14.5k plots during the first half of 2021 (H1 2020: c.5.2k plots) at an average operating margin in line with our medium term operating targets of c.21-22%, at ROCE of over 30% and with an average size of 392 plots.

Our short term landbank stood at c.82k plots, as at 4 July 2021 (31 December 2020: c.77k plots).

Our strategic pipeline stood at c.147k potential plots as at 4 July 2021 (31 December 2020: c.139k potential plots) which will add further growth to our short term landbank as we progress land through planning. During the first six months of 2021 we converted a further 3,232 plots from the strategic pipeline to the short term landbank (H1 2020: 2,501 plots). In the period, 55% of our completions were sourced from the strategic pipeline (H1 2020: 55%).

The average cost of land as a proportion of average selling price within the short term owned landbank remains low at 14.8% (H1 2020: 14.8%). The estimated average selling price in the short term owned landbank in H1 2021 was £300k (H1 2020: £288k).

We prioritise engaging with local communities as part of the planning and construction process and strive to make a positive impact in the wider community. In the first half of 2021, through our planning obligations, we have contributed over £184 million to the local communities in which we build (H1 2020: £92 million). This provides vital local infrastructure, affordable homes, public transport and education facilities.

Employees

With 23 regional businesses across the country, we are a significant local employer, employing on average 5,384 people (H1 2020: 6,024) directly, with thousands more working with us through subcontractors and suppliers.

Our rolling 12 months voluntary employee turnover rate remains low at 14.7% (H1 2020: 11.1%; H1 2019: 12.9%).

Our employees remain our most important resource and we were pleased to have been named in the top 50 places to work in the UK for 2021 by Glassdoor, as voted for by employees, for the fourth consecutive year.

Employee survey

Our culture is built on a desire to ‘do the right thing’ and we are pleased that this was borne out in the results of our recent employee survey and employee engagement throughout the pandemic.

Health and safety was once again our top scoring area at 97% in our recent employee survey which had an overall employee engagement score of 91%. 95% of employees are proud to work for Taylor Wimpey and 95% feel Taylor Wimpey offers opportunities for employees of all backgrounds to progress.

The employee survey also outlined slightly lower scoring areas we will work to improve such as future development opportunities and progression.

Diversity and inclusion

We recognise we have further work to do in this important area to improve the representation of different communities across our business and we are pleased that 96% of employees feel they can be their authentic self at work. We recently held our diversity and inclusion conference to share best practice and identify areas we can improve which was attended by senior leaders from across the business.

Environmental, social and governance (ESG)

Our purpose is ‘to build great homes and create thriving communities’, and we believe that all elements of ESG are critical to achieving this and to the long term sustainability of the business.

This year we were included in the Financial Times inaugural list of Europe’s Climate Leaders which includes the 300 companies that have achieved the greatest reduction of greenhouse gas emissions intensity (tonnes of CO_2 per €1m revenue) between 2014 and 2019. We have also been awarded prime status by ISS ESG with a score of C+ which is the highest score among the construction sector organisations it rates.

Environment strategy

Climate change, declining nature and other environmental problems are increasingly becoming a threat to the wellbeing of people today and future generations. Across the UK, local authorities have declared climate emergencies and the UK Government has committed to net zero emissions by 2050. We want to play our part in addressing these challenges, working with our partners to minimise the impact we have on climate change and to protect our planet for future generations.

Our business has a significant environmental footprint through the resources we use and the emissions associated with our operations, supply chain and the homes we build. We will also be affected by the physical impacts of climate change and new legislation aimed at reducing the UK’s carbon footprint. Through our operations, we can positively impact the local environment in hundreds of locations around the UK and, through the homes and places we build, we can enable our customers to live more sustainably.

At our 2020 full year results we committed to challenging, measurable targets based on science making changes to the way we work to address climate change, nature and resources and waste. These included the launch, in early 2021, of our ambitious science-based carbon reduction targets to reduce operational carbon emissions intensity by 36% by 2025 from a 2019 baseline and to reduce carbon emissions intensity from our supply chain and customer homes by 24% by 2030 from a 2019 baseline. These have been approved by the Science Based Targets initiative (SBTi) and our operational target is consistent with reductions required to keep warming to 1.5°C, the most ambitious goal of the Paris Agreement.

The roll out of our environmental strategy has progressed well, with our sustainability team delivering extensive training and engagement sessions to the business. We have also published guidance documents for the regional teams on energy and nature and we are adopting a new water policy. We are piloting approaches to carbon emissions reduction on construction sites, nature enhancement, waste, and indoor and outdoor air quality. There has been an encouraging level of engagement across the business with good progress on the inclusion of hedgehog highways and beehives on our sites, two of our key biodiversity targets.

The Future Homes Standard

The Future Homes Standard outlines new regulations aimed at making new homes more energy-efficient, Part L relates to the conservation of fuel and power, and Part F covers ventilation. These measures were delayed by COVID-19 and will come into force in June 2022 and will allow for a one year transitional period. This has given us additional time to prepare and to factor in the additional costs of the new regulation into our land purchases particularly those since March 2020.

We are also awaiting the outcome of the Government's EV (electric vehicle) charging regulations consultation with an implementation date expected of late 2021 which could have important implications in relation to charging points on new developments, and may raise potential issues regarding the overall capacity of the grid to serve future developments.

The pending Environment Act will accelerate the environmental agenda nationally. The UK's 2050 net zero emissions target will necessitate an overhaul of the UK's energy infrastructure to move away from our reliance on gas. This change is currently planned to take effect in relation to new homes from 2025 from which time gas central heating systems will no longer be permitted for use in new build homes. The transition will require significant changes in the supply chain in order to build an infrastructure capable of supporting alternative heating sources for new homes. We are assessing the potential alternative energy and technology solutions with industry partners.

Suppliers, subcontractors and partners

The health and safety of individuals on our sites will always be our number one priority. Our Injury Incidence Rate (IIR) for reportable injuries per 100,000 employees and contractors was 193 on a rolling 12 months basis to 4 July 2021 (2020 equivalent period: 130; 2019 equivalent period: 241). Whilst this remains much lower than the sector average, we continue to seek ways to further improve our safety performance across all sites and functions.

Whilst there is pressure on pricing and supply chains for certain materials such as timber and steel owing to strong global demand, healthy increases in house prices are fully offsetting build cost inflation.

Our central procurement team and logistics business continues to work closely with our supply chain to understand and track the origins of our components and subcomponents and stocking levels within the supply chain. This helps provide visibility of our materials supply, identifying and pre-empting potential bottlenecks.

We work to foster close relationships with our partners and have extensive framework agreements which gives us greater visibility over pricing and materials availability to meet our requirements. We also continue to achieve efficiency improvements through the reduction in the number of different components and by providing our partners with enhanced visibility of our build plans.

Charities

We continue to support our six national charities which are the Youth Adventure Trust, End Youth Homelessness, Crisis, CRASH, St Mungo's and Foundations Independent Living Trust. Having conducted a virtual challenge in 2020 due to COVID-19, we are pleased that this September we will restart our annual Taylor Wimpey Challenge in person which will see our teams raise funds for the Youth Adventure Trust and other charities by undertaking a series of challenges in the Peak District.

Dividends

We intend to pay a 2021 interim dividend of 4.14 pence per share in November, in line with our Ordinary Dividend Policy to return c.7.5% of net assets annually, which will be at least £250 million per annum, in two equal instalments. As we look forward, it remains our intention to return excess capital to shareholders in line with our policy.

We will review the potential level of excess capital for the 2021 financial year at the time of our 2021 full year results in March 2022, for payment in 2022.

Spain

Our Spanish business primarily sells second homes to European and international customers, with a small proportion of sales being primary homes for Spanish occupiers. The business has continued to face market disruption as a result of international travel restrictions imposed during the COVID-19 pandemic. The business has performed well against this backdrop and sales rates have recovered as restrictions have eased, with the H1 sales rate comparable with H1 2019. However, we will require the return of more normal travel before the business is able to recover to more normal levels of completions.

We completed 84 homes in the first half of 2021 (H1 2020: 58; H1 2019: 109) at an average selling price of €415k (H1 2020: €407k). Gross margin decreased to 21.1% (H1 2020: 27.0%), reflecting mix impacts. The business delivered an operating profit of £4.4 million for the first half of 2021 (H1 2020: £3.5 million), reflecting the higher completions, and an operating profit margin of 14.6% (H1 2020: 17.2%). Our total order book as at 4 July 2021 was 188 homes (28 June 2020: 209 homes). We have not seen a material impact on cancellations, and we have continued to complete on properties as expected subject to travel limitations on buyers' requirements to attend completions.

The total plots in the landbank stood at 2,762 (31 December 2020: 2,819), with net operating assets at £102.2 million (31 December 2020: £111.5 million). We continue to invest in work in progress to deliver our strong order book.

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 and form the measurement basis of the key strategic KPIs (operating margin, return on net operating assets, and cash conversion[‡‡]). A portion of executive remuneration is also directly linked to some of the APMs. Definitions and reconciliations to the equivalent statutory measures are included in note 18 of the financial statements.

Income statement

Group revenue increased to £2,196.3 million in the first half of 2021 (H1 2020: £754.6 million), reflecting the impact of site closures due to COVID-19 in the comparative period. Completions in the UK (excluding joint ventures) increased to 7,219 (H1 2020: 2,713) with UK average selling prices up 11.2% to £299k (H1 2020: £269k). Average selling prices on private completions increased by 6.5% to £327k (H1 2020: £307k) in the UK, partly due to house price inflation, with the remainder due to product and location mix.

In H1 2020 we identified and expensed £39.2 million of costs relating to the COVID-19 pandemic, with £38.3 million charged to gross profit and £0.9 million to administrative costs. These costs included unproductive site overhead costs incurred during the controlled closure and lockdown period which would ordinarily be capitalised to WIP and expensed as plots legally completed.

By the end of 2020 our sites had returned to near normal operating levels and they had adapted to operating in a COVID-secure way. As a result, no costs in relation to COVID-19 have been separately identified in H1 2021.

Group gross profit increased to £522.3 million (H1 2020: £91.0 million), representing a gross margin of 23.8% (H1 2020 12.1%). The increase in margin over the prior period was mainly driven by the lack of COVID-19 costs seen in H1 2020 (as discussed above) as well as fixed build and direct selling costs being absorbed across more completions in the current period.

Administrative costs decreased marginally to £102.1 million (H1 2020: £103.3 million).

During the period, completions from joint ventures were 70 (H1 2020: 35). The total order book value of joint ventures as at 4 July 2021 was £88 million (28 June 2020: £90 million), representing 188 homes (28 June 2020: 183). Our share of joint ventures profits in the period was £1.3 million (H1 2020: loss of £1.8 million).

Operating profit was £424.0 million (H1 2020: loss of £16.1 million), delivering an operating profit margin of 19.3% (H1 2020: (2.1)%).

In January 2021, RICS issued proposed guidance for public consultation to improve consistency of EWS1 requests. This consultation clarified the circumstances in which an EWS1 form is required. As a result of this clarified guidance the Group announced an additional £125.0 million provision to fund cladding fire safety improvements works which has been charged to exceptional items in line with our policy. The prior year exceptional charge of £10.0 million arose following a review of ongoing works to replace Aluminium Composite Material (ACM) cladding on a small number of legacy developments.

The net finance expense of £11.5 million (H1 2020: £13.7 million) principally includes imputed interest on land acquired on deferred terms, bank interest and interest on the pension scheme. The decrease compared with the prior half year is mainly due to net bank interest payable, which in H1 2020 reflected the prudent step of fully drawing down the previously unutilised £550 million revolving credit facility following the temporary closure of sites. Once construction had restarted under new operating protocols the facility was fully repaid before the end of June 2020. In addition, changes in foreign exchange rates in the year resulted in a small foreign exchange loss compared with a gain in the prior period.

Profit on ordinary activities before tax, after the exceptional charge of £125.0 million (H1 2020: £10.0 million), increased to £287.5 million (H1 2020: loss of £39.8 million). The pre-exceptional tax charge was £75.5 million (H1 2020: credit of £6.6 million). This represents an underlying tax rate of 18.3% (H1 2020: 22.1%) which includes a £2.7 million credit (H1 2020: £1.3 million credit) arising from the remeasurement, in part, of the Group's UK deferred tax assets at 25.0% following the changes to the corporation tax rates enacted by the UK Government in the first half of the year. A tax credit of £23.8 million was recognised in respect of the exceptional charge (H1 2020: £1.7 million). This resulted in a total tax charge of £51.7 million (H1 2020: credit of £8.3 million), a rate of 18.0% (H1 2020: 20.9%). Profit for the period was £235.8 million (H1 2020: loss of £31.5 million).

Basic earnings per share was 6.5 pence (H1 2020: loss per share of 1.0 pence). The adjusted basic earnings per share was 9.3 pence (H1 2020: loss per share of 0.7 pence).

Balance sheet

Net assets at 4 July 2021 increased by 3.1% to £4,140.2 million (31 December 2020: £4,016.8 million), with net operating assets** decreasing by £66.3 million to £3,198.5 million (31 December 2020: £3,264.8 million). Return on net operating assets increased to 23.0% (H1 2020: 16.8%) as the increase in average net operating assets over the twelve months ended 4 July 2021, compared with the prior twelve month period, was more than offset by the increase in operating profit over the same period. Group net operating asset turn†* was 1.31 times (H1 2020: 1.08 times, FY 2020: 0.92).

The balance sheet principally comprises work in progress and land investment, with total investment in the period increasing by £266.9 million.

Land

Land at 4 July 2021 increased by £385.4 million in the period as the Group continued to invest in land opportunities following the equity raise completed in June 2020. The increased land investment also meant that land creditors increased to £843.1 million (31 December 2020: £675.9 million) with new obligations exceeding payments in the period. Included within the gross land creditor balance is £63.4 million of UK land overage commitments (31 December 2020: £64.9 million). £394.4 million of the land creditors is expected to be paid within 12 months and £448.7 million thereafter.

At 4 July 2021 the UK short term landbank comprised 82,218 plots (31 December 2020: 77,435), with a net book value of £2.8 billion (31 December 2020: £2.5 billion). Short term owned land comprised £2.6 billion (31 December 2020: £2.4 billion), representing 59,312 plots (31 December 2020: 53,731). The controlled short term landbank represented 22,906 plots (31 December 2020: 23,704).

The value of long term owned land increased to £306 million (31 December 2020: £217 million), representing 38,745 plots (31 December 2020: 36,968), with a further total controlled strategic pipeline of 108,369 plots (31 December 2020: 101,676). Total potential revenue in the owned and controlled landbank increased to £59 billion in the period (31 December 2020: £54 billion), reflecting the overall mix of opportunities in the short term landbank and strategic pipeline.

As at 4 July 2021, in the UK, 91% of the short term owned and controlled landbank was purchased after 2009, 51% 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 14.8% (31 December 2020: 15.2%).

Work in progress (‘WIP’)

Total WIP has reduced as delayed completions from 2020 occurred in the first half of the current year. Whilst the number of outlets at 4 July 2021 were lower than at the start of the period, the average WIP per UK outlet was broadly flat at £6.5 million (31 December 2020: £6.6 million), reflecting a continuing investment in build on active sites.

Provisions and deferred tax

Provisions increased to £249.3 million (31 December 2020: £130.5 million) due to the £125.0 million cladding fire safety provision recognised in the period. There was continued utilisation of the existing ACM provision as works have been carried out and the Ground Rent Review Assistance Scheme provision as claims have been received and processed.

Our net deferred tax asset of £26.9 million (31 December 2020: £33.7 million) relates to our pension deficit, employee share schemes and the temporary differences of our Spanish business, including brought forward trading losses. The decrease in the pension deficit in the period decreased the deferred tax asset recognised, with some offset as the deferred tax asset has been remeasured, in part, at 25.0% (31 December 2020: 19.0%) following the UK enacted change in rate in the period.

Pensions

Following the 31 December 2016 triennial valuation, the Group agreed a recovery plan with the Trustee to pay deficit reduction contributions of £40.0 million per annum for the period from April 2018 to December 2020. During 2020 and in response to the site shutdowns, a temporary suspension of the agreed deficit reduction contributions was agreed with the Trustee for the three months between April and June 2020 and as a result, the recovery plan period was extended to 31 March 2021.

During 2020, the Group engaged with the Taylor Wimpey Pension Scheme ('TWPS') Trustee on the triennial valuation of the pension scheme with a reference date of 31 December 2019. In March 2021, a new funding arrangement was agreed with the Trustee that commits the Group to paying £20.0 million per annum into an escrow account between April 2021 and March 2024. The first six months of contributions between 1 April 2021 and 30 September 2021 are guaranteed. From 1 October 2021, payments into the escrow account are subject to a quarterly funding test with the first funding test having an effective date of 30 September 2021. Contributions to the escrow would be suspended should the TWPS Technical Provisions funding position at any quarter-end be 100% or more and would restart should the funding subsequently fall below 98%.

The most recent funding test at June 2021 showed a surplus of £51 million and a funding level of 102.1%. 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 £17.4 million in 2021 (2020: £37.1 million) with a further £10.0 million, as a minimum, to be paid into the escrow account (2020: nil). Further payments into escrow after September 2021 are subject to quarter-end funding tests and would amount to an additional £5.0 million being paid into escrow in 2021 if the funding level of the Scheme is less than 100% on 30 September 2021.

At 4 July 2021, the IAS 19 valuation of the Scheme was a surplus of £59.0 million (31 December 2020: deficit of £89.1 million). Due to the rules of the TWPS, any surplus cannot be recovered by the Group and therefore a deficit has been recognised on the balance sheet under IFRIC14. The deficit being equal to the present value of the remaining committed payments under the 2019 triennial valuation. No such adjustment was recognised at 31 December 2020 since the deficit on an IAS 19 accounting basis exceeded the present value of committed payments at that time. Retirement benefit obligations of £37.0 million at 4 July 2021 (31 December 2020: £89.5 million) comprise a defined benefit pension liability of £36.6 million (31 December 2020: £89.1 million) and a post-retirement healthcare liability of £0.4 million (31 December 2020: £0.4 million).

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

Net cash and financing position

Net cash increased to £906.5 million at 4 July 2021 from £719.4 million at 31 December 2020, due to strong cash generation from operating activities being partially offset by an increase in land investment, and the payment of the 2020 final dividend in the period.

Average net cash for the period was £709.9 million (28 June 2020: £241.5 million, 31 December 2020: £399.3 million).

In the 12 months to 4 July 2021, the inflow of cash from operations as a result of the improved trading led to cash conversion of 96.7% of operating profit (12 months to 28 June 2020: 46.5%).

Net cash, combined with land creditors, resulted in an adjusted gearing‡‡‡‡ of (1.5)% (31 December 2020: (1.1)%).

At 4 July 2021 our committed borrowing facilities were £649.1 million of which £550 million was undrawn. The average maturity of the committed borrowing facilities at 4 July 2021 was 3.3 years (31 December 2020: 3.8 years).

Dividends

On 14 May 2021, we returned £150.7 million to shareholders by way of a 2020 final ordinary dividend of 4.14 pence per share.

The Board has declared that a 2021 interim dividend of 4.14 pence per share is to be paid on 12 November 2021 to shareholders on the register at the close of business on 8 October 2021. The 2021 interim dividend will be paid as a cash dividend, and shareholders have the option to reinvest all of their dividend under the Dividend Re-Investment Plan (DRIP), details of which are available on our website www.taylorwimpey.co.uk/corporate.

Our intention remains to return cash generated by the business in excess of that needed by the Group to fund land investment, all working capital, taxation and other cash requirements of the business, and once the ordinary dividend has been met.

We are not proposing to return excess capital in 2021. We will review the level of excess capital and potential return in respect of 2021 at the time of the 2021 full year results in March 2022, for payment in 2022.

Going concern

The Directors remain of the view that the Group's financing arrangements and balance sheet strength provide both the necessary liquidity and covenant headroom to enable the Group to conduct its business for at least the next 12 months. Accordingly, the financial statements are prepared on a going concern basis, see note 1 of the financial statements for further details of the assessment performed.

Principal risks and uncertainties

As with any business, Taylor Wimpey's operational performance and ability to achieve its strategic objectives are subject to several 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.

The Board assesses and monitors the Principal Risks of the business regularly. Set out in the Group's Annual Report and Accounts for the year ended 31 December 2020 are details of the Principal Risks and uncertainties for the Group and the key mitigating activities used to address them at that time.

COVID-19

The impact of COVID-19 continues to be recognised across our risk environment with additional actions implemented where necessary to mitigate the impact. The Group continues to prioritise the health and safety of our employees, customers and subcontractors and has embedded COVID-19 working practices and protocols across the organisation, in line with the latest guidance from the Government and Public Health Authorities.

Principal Risks

Since the year end, the Board has changed the headings of six of the seven Principal Risks of the Group, to better reflect the risk they represent. There are no fundamental changes to the underlying nature of our Principal Risks, nor have there been any new ones added or removed. The updated Principal Risk headings, in no order of significance, are reflected below, with the December 2020 headings in brackets.

- Government policies, regulations and planning *(Government policy and planning regulations)*
- Mortgage availability and housing demand *(Impact of the market environment on mortgage availability and housing demand)*
- Availability and costs of materials and subcontractors *(Material costs and availability of subcontractors)*
- Attract and retain high-calibre employees *(Ability to attract and retain high-calibre employees)*
- Land availability *(Land purchasing)*
- Quality and reputation *(No change)*
- Health, safety and environment *(Site and product safety)*

During the past six months we have seen increases in the risk profile of two of our Principal Risks and further detail is provided below.

Government policies, regulations and planning

Our industry is facing an unprecedented level of change over the coming years; Planning Reform and the Future Homes Standard are two examples of where we need to recognise the risks associated with these significant changes. We have therefore seen an increase in the inherent risk level, but we believe the actions and mitigations we have implemented have resulted in no increase in the residual risk. We will continue to consult with government agencies and invest in R&D to help us prepare for regulation, to manage the risks of transition, to meet changing customer needs, improve efficiency and respond to social, demographic, economic and environmental trends.

Availability and costs of materials and subcontractors

The combined effects of COVID-19 and the withdrawal of the UK from the EU have impacted our supply chain, in particular resulting in shortages of both materials and site labour. Coupled with strong levels of construction, this has given rise to increasing availability and cost pressures. Consequently, we have seen an increase in both the inherent and residual risk levels and whilst we are currently delivering our planned levels of production, we expect these challenges to continue for the foreseeable future.

Except for the changes referenced above, no other changes have been made to the Group's Principal Risks as reported at 31 December 2020. Further details of the Principal Risks and the mitigations in place are outlined on pages 49 to 53 of the 2020 Annual Report and Accounts, published in March 2021, which is available at www.taylorwimpey.co.uk/corporate

Emerging Risks

The Group faces a number of emerging risks which have the potential to be significant to the achievement of our strategy. Due to their nature their impact cannot be fully understood but where possible we have put in place or are planning to put in place mitigations to reduce the level of potential risk. Emerging risks are considered as part of our established risk management process and reviewed and approved by the Board on a regular basis.

Cautionary note concerning forward looking statements

This announcement includes statements that are, or may be deemed to be, 'forward-looking statements'. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms 'believes', 'estimates', 'plans', 'projects', 'anticipates' or ‘expects’. Such statements are based on current expectations and assumptions and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from any expected future events or results expressed or implied in these forward-looking statements.

Accordingly, there are or will be important factors that could cause Taylor Wimpey plc's actual results to differ materially from those indicated in these statements. Persons receiving this announcement should not place reliance on forward-looking statements. Forward-looking statements speak only as of the date they are made and, except as required by applicable law or regulation, Taylor Wimpey plc undertakes no obligation to update these forward-looking statements. Nothing in this statement should be construed as a profit forecast.

Taylor Wimpey plc
Condensed consolidated income statement
For the half year ended 4 July 2021

£ million	Note	Half year ended 4 July 2021 Before exceptional items	(Reviewed) Half year ended 4 July 2021 Exceptional items	Half year ended 4 July 2021 Total	Half year ended 28 June 2020 Before exceptional items	(Reviewed) Half year ended 28 June 2020 Exceptional items	Half year ended 28 June 2020 Total	Year ended 31 December 2020 Before exceptional items	(Audited) Year ended 31 December 2020 Exceptional items	Year ended 31 December 2020 Total
Continuing operations										
Revenue	2	**2,196.3**	**-**	**2,196.3**	754.6	-	754.6	2,790.2	-	2,790.2
Cost of sales		**(1,674.0)**	**-**	**(1,674.0)**	(663.6)	-	(663.6)	(2,293.5)	-	(2,293.5)
Gross profit before positive contribution		**519.8**	**-**	**519.8**	90.3	-	90.3	492.1	-	492.1
Positive contribution from written down inventory		**2.5**	**-**	**2.5**	0.7	-	0.7	4.6	-	4.6
Gross profit		**522.3**	**-**	**522.3**	91.0	-	91.0	496.7	-	496.7
Net operating expenses	4	**(99.6)**	**(125.0)**	**(224.6)**	(105.3)	(10.0)	(115.3)	(204.3)	(10.0)	(214.3)
Profit/(loss) on ordinary activities before finance costs		**422.7**	**(125.0)**	**297.7**	(14.3)	(10.0)	(24.3)	292.4	(10.0)	282.4
Finance income	5	**1.2**	**-**	**1.2**	1.9	-	1.9	3.5	-	3.5
Finance costs	5	**(12.7)**	**-**	**(12.7)**	(15.6)	-	(15.6)	(29.4)	-	(29.4)
Share of results of joint ventures		**1.3**	**-**	**1.3**	(1.8)	-	(1.8)	7.9	-	7.9
Profit/(loss) before taxation		**412.5**	**(125.0)**	**287.5**	(29.8)	(10.0)	(39.8)	274.4	(10.0)	264.4
Taxation (charge)/credit	6	**(75.5)**	**23.8**	**(51.7)**	6.6	1.7	8.3	(49.1)	1.7	(47.4)
Profit/(loss) for the period		**337.0**	**(101.2)**	**235.8**	(23.2)	(8.3)	(31.5)	225.3	(8.3)	217.0
Basic earnings/(loss) per share	7			**6.5p**			(1.0)p			6.3p
Diluted earnings/(loss) per share	7			**6.5p**			(1.0)p			6.2p
Adjusted basic earnings/(loss) per share	7			**9.3p**			(0.7)p			6.5p
Adjusted diluted earnings/(loss) per share	7			**9.2p**			(0.7)p			6.5p

All of the profit/(loss) 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 4 July 2021

£ million	Half year ended 4 July 2021 (Reviewed)	Half year ended 28 June 2020 (Reviewed)	Year ended 31 December 2020 (Audited)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	**(4.3)**	6.0	5.2
Movement in fair value of hedging instruments	**3.1**	(4.9)	(4.2)
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain/(loss) on defined benefit pension schemes	**37.6**	(43.7)	(36.6)
Tax (charge)/credit on items taken directly to other comprehensive income	**(5.4)**	10.0	8.6
Other comprehensive income/(expense) for the period	**31.0**	(32.6)	(27.0)
Profit/(loss) for the period	**235.8**	(31.5)	217.0
Total comprehensive income/(expense) for the period	**266.8**	(64.1)	190.0

All of the comprehensive income/(expense) for the period is attributable to the equity holders of the Parent Company.

Taylor Wimpey plc
Condensed consolidated balance sheet
As at 4 July 2021

£ million	Note	4 July 2021 (Reviewed)	28 June 2020 (Reviewed)	31 December 2020 (Audited)
Non-current assets				
Intangible assets		**7.8**	8.1	8.1
Property, plant and equipment		**23.3**	25.3	24.0
Right-of-use assets		**28.6**	24.4	27.5
Interests in joint ventures		**75.7**	77.1	82.2
Trade and other receivables		**28.3**	42.0	26.3
Other financial assets	8	**5.0**	-	-
Deferred tax assets	6	**26.9**	37.4	33.7
		195.6	214.3	201.8
Current assets				
Inventories		**4,801.6**	4,543.4	4,534.7
Trade and other receivables		**145.6**	144.0	189.1
Tax receivables		**9.2**	-	-
Cash and cash equivalents	9	**1,005.6**	601.8	823.0
		5,962.0	5,289.2	5,546.8
Total assets		**6,157.6**	5,503.5	5,748.6
Current liabilities				
Trade and other payables		**(1,004.8)**	(901.9)	(919.3)
Lease liabilities		**(7.0)**	(7.1)	(6.4)
Bank and other loans	9	**(12.9)**	-	(13.5)
Tax payables		**(0.9)**	(23.3)	(1.1)
Provisions	12	**(96.3)**	(72.3)	(70.6)
		(1,121.9)	(1,004.6)	(1,010.9)
Net current assets		**4,840.1**	4,284.6	4,535.9
Non-current liabilities				
Trade and other payables		**(596.8)**	(449.5)	(459.8)
Lease liabilities		**(22.5)**	(17.7)	(21.6)
Bank and other loans	9	**(86.2)**	(104.5)	(90.1)
Retirement benefit obligations	10	**(37.0)**	(114.7)	(89.5)
Provisions	12	**(153.0)**	(57.3)	(59.9)
		(895.5)	(743.7)	(720.9)
Total liabilities		**(2,017.4)**	(1,748.3)	(1,731.8)
Net assets		**4,140.2**	3,755.2	4,016.8
Equity				
Share capital	13	**292.2**	292.2	292.2
Share premium		**774.7**	771.5	773.1
Own shares		**(10.4)**	(12.3)	(11.5)
Other reserves		**542.5**	543.8	543.7
Retained earnings		**2,541.2**	2,160.0	2,419.3
Total equity		**4,140.2**	3,755.2	4,016.8

Taylor Wimpey plc
Condensed consolidated statement of changes in equity
For the half year ended 4 July 2021

Reviewed half year ended 4 July 2021 £ million	Share capital	Share premium	Own shares	Other reserves	Retained earnings	Total
Balance as at 1 January 2021	292.2	773.1	(11.5)	543.7	2,419.3	4,016.8
Other comprehensive (expense)/income for the period	-	-	-	(1.2)	32.2	31.0
Profit for the period	-	-	-	-	235.8	235.8
Total comprehensive (expense)/income for the period	-	-	-	(1.2)	268.0	266.8
New share capital subscribed	-	1.6	-	-	-	1.6
Utilisation of own shares	-	-	1.1	-	-	1.1
Cash cost of satisfying share options	-	-	-	-	(1.4)	(1.4)
Share-based payment credit	-	-	-	-	6.2	6.2
Tax charge on items taken directly to statement of changes in equity	-	-	-	-	(0.2)	(0.2)
Dividends approved and paid	-	-	-	-	(150.7)	(150.7)
Total equity at 4 July 2021	**292.2**	**774.7**	**(10.4)**	**542.5**	**2,541.2**	**4,140.2**

Reviewed half year ended 28 June 2020 £ million	Share capital	Share premium	Own shares	Other reserves	Retained earnings	Total
Balance as at 1 January 2020	288.6	762.9	(17.6)	43.6	2,230.3	3,307.8
Other comprehensive income/(expense) for the period	-	-	-	1.1	(33.7)	(32.6)
Loss for the period	-	-	-	-	(31.5)	(31.5)
Total comprehensive income/(expense) for the period	-	-	-	1.1	(65.2)	(64.1)
New share capital subscribed	3.6	8.6	-	499.1	-	511.3
Utilisation of own shares	-	-	5.3	-	-	5.3
Cash cost of satisfying share options	-	-	-	-	(6.0)	(6.0)
Share-based payment credit	-	-	-	-	1.4	1.4
Tax charge on items taken directly to statement of changes in equity	-	-	-	-	(0.5)	(0.5)
Total equity at 28 June 2020	292.2	771.5	(12.3)	543.8	2,160.0	3,755.2

Audited year ended 31 December 2020 £ million	Share capital	Share premium	Own shares	Other reserves	Retained earnings	Total
Balance as at 1 January 2020	288.6	762.9	(17.6)	43.6	2,230.3	3,307.8
Other comprehensive income/(expense) for the year	-	-	-	1.0	(28.0)	(27.0)
Profit for the year	-	-	-	-	217.0	217.0
Total comprehensive income for the year	-	-	-	1.0	189.0	190.0
New share capital subscribed	3.6	10.2	-	499.1	-	512.9
Utilisation of own shares	-	-	6.1	-	-	6.1
Cash cost of satisfying share options	-	-	-	-	(8.0)	(8.0)
Share-based payment credit	-	-	-	-	7.0	7.0
Tax credit on items taken directly to statement of changes in equity	-	-	-	-	1.0	1.0
Total equity at 31 December 2020	292.2	773.1	(11.5)	543.7	2,419.3	4,016.8

Taylor Wimpey plc
Condensed consolidated cash flow statement
For the half year ended 4 July 2021

£ million	Note	Half year ended 4 July 2021 (Reviewed)	Half year ended 28 June 2020 (Reviewed)	Year ended 31 December 2020 (Audited)
Operating activities:				
Profit/(loss) on ordinary activities before finance costs		**297.7**	(24.3)	282.4
Adjustments for:				
Depreciation and amortisation		**7.7**	7.8	16.4
Pension contributions in excess of charge to the income statement		**(15.5)**	(14.8)	(33.4)
Share-based payment charge		**6.2**	1.4	7.0
Net increase in provisions excluding exceptional payments		**126.3**	8.7	19.6
Operating cash flows before movements in working capital		**422.4**	(21.2)	292.0
Increase in inventories		**(108.3)**	(423.8)	(362.2)
Decrease/(increase) in receivables		**50.6**	13.9	(19.5)
Increase/(decrease) in payables		**40.6**	(44.2)	(75.3)
Cash generated by operations		**405.3**	(475.3)	(165.0)
Payments relating to exceptional charges		**(7.3)**	(7.8)	(17.7)
Income taxes paid		**(60.0)**	(34.1)	(107.7)
Interest paid		**(2.5)**	(6.5)	(10.8)
Net cash from operating activities		**335.5**	(523.7)	(301.2)
Investing activities:				
Interest received		**1.1**	1.9	3.1
Dividends received from joint ventures		**6.9**	-	0.8
Purchase of property, plant and equipment		**(1.5)**	(2.1)	(3.1)
Purchase of software		**(1.5)**	(2.5)	(4.9)
Investment in pension scheme escrow		**(5.0)**	-	-
Amounts repaid by/(invested in) joint ventures		**0.9**	(23.7)	(19.8)
Net cash generated from/(used in) investing activities		**0.9**	(26.4)	(23.9)
Financing activities:				
Lease capital repayments		**(3.3)**	(4.0)	(8.0)
Proceeds from the issue of own shares	13	**-**	510.1	510.1
Cash received on exercise of share options		**1.4**	0.3	0.8
Proceeds from borrowings		**-**	13.5	13.5
Dividends paid		**(150.7)**	-	-
Net cash (used in)/generated from financing activities		**(152.6)**	519.9	516.4
Net increase/(decrease) in cash and cash equivalents		**183.8**	(30.2)	191.3
Cash and cash equivalents at beginning of period		**823.0**	630.4	630.4
Effect of foreign exchange rate changes		**(1.2)**	1.6	1.3
Cash and cash equivalents at end of period	9	**1,005.6**	601.8	823.0

1. Accounting policies

Basis of preparation

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK adopted international accounting standards, with future changes being subject to endorsement by the UK Endorsement Board. Taylor Wimpey plc transitioned to UK adopted international accounting standards in its consolidated financial statements on 1 January 2021. There was no impact or changes in accounting policies from the transition. The condensed consolidated financial statements have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards as adopted by the United Kingdom 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 United Kingdom. These should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2020, 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 are unaudited but have been reviewed by the Group's auditor PricewaterhouseCoopers LLP, who were appointed on 22 April 2021. A copy of the statutory accounts for year ended 31 December 2020 has been delivered to the Registrar of Companies. The auditor at the time, Deloitte LLP, 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 2020.

Going concern

Group forecasts have been prepared that have considered the Group's current financial position and current market circumstances. The forecasts were subject to sensitivity analysis including severe but plausible scenarios together with the likely effectiveness of mitigating actions.

The assessment considered sensitivity analysis based on a number of realistically possible, but severe and prolonged, changes to principal assumptions. In determining these, the Group included macro-economic and industry wide projections, as well as matters specific to the Group. To arrive at the sensitivity analysis, the Group has also drawn on experience gained managing the business through previous economic downturns and stress tested the business against a number of scenarios including:

- Volume – a decline in total volumes of c.30% from pre-COVID-19 levels, followed by a gradual recovery
- Price – a reduction in current selling prices of 20% by the end of 2022

Mitigations to this sensitivity analysis includes a reduction in land investment, a reduction in the level of production and work in progress held and optimising the overhead base to ensure it aligned with the scale of the operations through the cycle.

The Group's liquidity (defined as cash and undrawn committed facilities) was £1,556 million at 4 July 2021. The undrawn facilities of £550 million mature in February 2025 with the majority of drawn facilities having maturities more than one year after the current balance sheet date with €15 million due in December 2021 and €100 million due in June 2023. This is sufficient to absorb the financial impact of each of the risks modelled in the stress and sensitivity analysis.

Based on these forecasts, it is considered that there are sufficient resources available for the Group to conduct its business for at least the next 12 months from the date of these condensed consolidated financial statements. Consequently the condensed consolidated financial statements have been prepared on a going concern basis.

1. Accounting policies (continued)

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 or the impact of COVID-19.

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 2020, with the exception of the cladding fire safety provision that was recognised in the period.

The cladding fire safety provision was established to support building owners and leaseholders with investment to ensure their apartment buildings are safe and meet current EWS1 (External Wall Fire Review) requirements. This applies to Taylor Wimpey apartment buildings constructed over the last 20 years, including apartment buildings below 18 metres. The Group has estimated the provision based on the number of buildings that may require works under EWS1 requirements, costs to carry out the identified works and eligibility of buildings for the UK Government's Building Safety Fund. Determining the total cost of works across a number of different buildings contains inherent estimation uncertainty, it is not anticipated that any reasonable possible changes would lead to a material adjustment in the value of the provision. The scope of works may also be impacted by future industry guidance or regulations.

2. Revenue

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

£ million	**Half year ended 4 July 2021**	Half year ended 28 June 2020	Year ended 31 December 2020
Private sales	**2,012.3**	657.8	2,507.9
Partnership housing	**173.5**	92.0	269.3
Land and other	**10.5**	4.8	13.0
Total revenue	**2,196.3**	754.6	2,790.2

3. Operating segments

The Group operates in two countries, being the United Kingdom and Spain.

As part of a 2020 review of operating efficiencies the Group split its three UK divisions into five and as a result re-assessed its reporting segments in accordance with IFRS 8. It was determined that all the UK operating segments share similar economic characteristics. In making this assessment the Group has considered the key metrics that are used to monitor the performance of the segments; these have been considered over a long term period and have included historic and forecast results. The metrics focus on profitability, return on capital and other asset related measures. In addition each division builds and delivers residential homes, uses consistent methods of construction, sells homes to both private customers and local housing associations, follows a single UK sales process, is subject to the same macroeconomic factors including mortgage availability and has the same cost of capital arising from the utilisation of central banking and debt facilities. As a result, the disclosure reflects the two reportable segments of the UK and Spain, with the comparative period shown on the same basis. Revenue in Spain arises entirely on private sales.

	Half year ended 4 July 2021			Half year ended 28 June 2020			Year ended 31 December 2020		
£ million	**UK**	**Spain**	**Total**	UK	Spain	Total	UK	Spain	Total
Revenue									
External sales	**2,166.1**	**30.2**	**2,196.3**	734.3	20.3	754.6	2,726.9	63.3	2,790.2
Result									
Profit/(loss) before joint ventures, finance costs and exceptional items	**418.3**	**4.4**	**422.7**	(17.8)	3.5	(14.3)	276.6	15.8	292.4
Share of results of joint ventures	**1.3**	**-**	**1.3**	(1.8)	-	(1.8)	7.9	-	7.9
Operating profit (Note 18)	**419.6**	**4.4**	**424.0**	(19.6)	3.5	(16.1)	284.5	15.8	300.3
Exceptional items (Note 4)	**(125.0)**	**-**	**(125.0)**	(10.0)	-	(10.0)	(10.0)	-	(10.0)
Profit/(loss) before finance costs	**294.6**	**4.4**	**299.0**	(29.6)	3.5	(26.1)	274.5	15.8	290.3
Net finance costs			**(11.5)**			(13.7)			(25.9)
Profit/(loss) before taxation			**287.5**			(39.8)			264.4
Taxation (charge)/credit			**(51.7)**			8.3			(47.4)
Profit/(loss) for the period			**235.8**			(31.5)			217.0

	4 July 2021			28 June 2020			31 December 2020		
£ million	**UK**	**Spain**	**Total**	UK	Spain	Total	UK	Spain	Total
Assets and liabilities									
Segment operating assets	**4,870.1**	**170.1**	**5,040.2**	4,608.7	178.5	4,787.2	4,635.1	174.6	4,809.7
Joint ventures	**75.7**	**-**	**75.7**	77.1	-	77.1	82.2	-	82.2
Segment operating liabilities	**(1,849.5)**	**(67.9)**	**(1,917.4)**	(1,540.6)	(79.9)	(1,620.5)	(1,564.0)	(63.1)	(1,627.1)
Net operating assets	**3,096.3**	**102.2**	**3,198.5**	3,145.2	98.6	3,243.8	3,153.3	111.5	3,264.8
Net current taxation			**8.3**			(23.3)			(1.1)
Net deferred taxation			**26.9**			37.4			33.7
Net cash			**906.5**			497.3			719.4
Net assets			**4,140.2**			3,755.2			4,016.8

4. Net operating expenses and profit/(loss) on ordinary activities before finance costs

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

£ million	**Half year ended 4 July 2021**	Half year ended 28 June 2020	Year ended 31 December 2020
Administration expenses	**102.1**	103.3	206.8
Other expense	**6.1**	3.9	7.2
Other income	**(8.6)**	(1.9)	(9.7)
Exceptional items	**125.0**	10.0	10.0

Other income and expenses include 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 4 July 2021**	Half year ended 28 June 2020	Year ended 31 December 2020
Provision in relation to cladding fire safety	**125.0**	10.0	10.0
	125.0	10.0	10.0
Tax credit	**(23.8)**	(1.7)	(1.7)
Net exceptional items charged to the income statement	**101.2**	8.3	8.3

Cladding fire safety

Following the tragic fire at Grenfell Tower, the Group conducted a detailed review into all legacy and current buildings Aluminium Composite Materials (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 our 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. In 2020 the provision was increased by £10.0 million to reflect the latest cost estimates of the work to be performed.

During 2021 the Group announced its intention to support building owners and leaseholders with investment to ensure their apartment buildings are safe and meet current EWS1 (External Wall Fire Review) requirements. This applies to Taylor Wimpey apartment buildings constructed over the last 20 years, including apartment buildings below 18 metres. As a result the Group has recognised an additional £125.0 million provision and, in line with Group policy, recognised it as an exceptional item.

This is a complex and exceptional situation, but Taylor Wimpey is focused on doing the right thing for its customers. The Board has determined that the Group will fund and oversee the improvement works of apartment buildings in its ownership, regardless of eligibility for the UK Government Building Safety Fund, to make them safe and mortgageable by achieving EWS1 certification. If Taylor Wimpey no longer owns the building and it is not eligible for the Building Safety Fund, or similar support that may be announced in the future, where a freeholder produces a fair and proportionate plan for fire safety improvement works following EWS1 assessment, the Group will contribute funding to bring those buildings up to the standards required by current Royal Institution of Chartered Surveyors (RICS) EWS1 guidance. Whilst the legal responsibility continues to rest with the building owner, the Group will also provide advice and other assistance where appropriate.

5. Finance income and finance costs

Finance income:

£ million	**Half year ended 4 July 2021**	Half year ended 28 June 2020	Year ended 31 December 2020
Interest receivable	**1.2**	1.9	3.1
Foreign exchange movements	**-**	-	0.4
	1.2	1.9	3.5

Finance costs:

£ million	**Half year ended 4 July 2021**	Half year ended 28 June 2020	Year ended 31 December 2020
Interest on bank and other loans	**2.5**	5.7	8.3
Foreign exchange movements	**0.5**	(0.6)	-
	3.0	5.1	8.3
Unwinding of discount on land creditors and other items	**9.0**	9.5	19.3
Interest on lease liabilities	**0.2**	0.2	0.4
Net interest on pension liability	**0.5**	0.8	1.4
	12.7	15.6	29.4

6. Taxation

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

£ million		**Half year ended 4 July 2021**	Half year ended 28 June 2020	Year ended 31 December 2020
Current tax:				
UK:	Current year	**(49.8)**	10.8	(38.5)
	Adjustment in respect of prior years	**-**	-	(0.6)
Overseas:	Current year	**(0.6)**	(0.4)	(2.2)
	Adjustment in respect of prior years	**(0.1)**	(0.1)	-
		(50.5)	10.3	(41.3)
Deferred tax:				
UK:	Current year	**(0.3)**	(2.0)	(5.5)
	Adjustment in respect of prior years	**(0.8)**	-	(0.2)
Overseas:	Current year	**(0.1)**	-	(0.4)
	Adjustment in respect of prior years	**-**	-	-
		(1.2)	(2.0)	(6.1)
		(51.7)	8.3	(47.4)

The effective tax rate for the period is 18.0% (28 June 2020 effective tax rate: 20.9%).

Closing deferred tax on temporary differences has been calculated at the tax rates that are expected to apply for the period when the asset is realised or liability is settled. In his budget speech on 3 March 2021, the Chancellor of the Exchequer announced that the rate of corporation tax for large companies will increase to 25% from 1 April 2023 and this change has now been substantively enacted. Accordingly the temporary differences have been calculated at between 19% and 25% (28 June 2020: 19%).

The primary components of the deferred tax asset at 4 July 2021 are in relation to retirement benefit obligations (£8.7 million, 31 December 2020: £16.9 million) and losses (£6.1 million, 31 December 2020: £5.9 million).

7. Earnings/(loss) per share

	Half year ended 4 July 2021	Half year ended 28 June 2020	Year ended 31 December 2020
Basic earnings/(loss) per share	**6.5p**	(1.0)p	6.3p
Diluted earnings/(loss) per share	**6.5p**	(1.0)p	6.2p
Adjusted basic earnings/(loss) per share	**9.3p**	(0.7)p	6.5p
Adjusted diluted earnings/(loss) per share	**9.2p**	(0.7)p	6.5p
Weighted average number of shares for basic earnings/(loss) per share – million	**3,639.2**	3,305.1	3,471.2
Weighted average number of shares for diluted earnings/(loss) per share – million	**3,648.0**	3,305.1	3,473.6

Adjusted basic and adjusted diluted earnings/(loss) 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. In accordance with IAS 33, the weighted average number of shares for diluted earnings/(loss) per share are without reference to adjustments in respect of outstanding shares when the impact would be anti-dilutive.

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

£ million	**Half year ended 4 July 2021**	Half year ended 28 June 2020	Year ended 31 December 2020
Earnings for basic and diluted earnings/(loss) per share	**235.8**	(31.5)	217.0
Adjust for exceptional items	**125.0**	10.0	10.0
Adjust for tax on exceptional items	**(23.8)**	(1.7)	(1.7)
Earnings for adjusted basic and adjusted diluted earnings/(loss) per share	**337.0**	(23.2)	225.3

8. Other financial assets

Amounts in other financial assets are held in an escrow account for the benefit of the Taylor Wimpey Pension Scheme (‘TWPS’). The Trustee of the TWPS holds a charge over the escrow account. Transfers out of the escrow account (either to the TWPS or the Group) are subject to the 2019 triennial funding arrangement entered into between the Group and the Trustee and as such the funds are restricted from use by the Group for other purposes and are therefore not classified as cash or cash equivalents. Interest earned by the escrow account is retained within the escrow account.

9. 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 2021	823.0	(103.6)	719.4
Net cash flow	183.8	-	183.8
Foreign exchange	(1.2)	4.5	3.3
At 4 July 2021	**1,005.6**	**(99.1)**	**906.5**

£ million	Cash and cash equivalents	Bank and other loans	Total net cash
At 1 January 2020	630.4	(84.7)	545.7
Net cash flow	(30.2)	(13.5)	(43.7)
Foreign exchange	1.6	(6.3)	(4.7)
At 28 June 2020	601.8	(104.5)	497.3

£ million	Cash and cash equivalents	Bank and other loans	Total net cash
At 1 January 2020	630.4	(84.7)	545.7
Net cash flow	191.3	(13.5)	177.8
Foreign exchange	1.3	(5.4)	(4.1)
At 31 December 2020	823.0	(103.6)	719.4

The committed borrowing facilities are currently £649.1 million with an average maturity of 3.3 years.

10. Pensions

Following the 31 December 2016 triennial valuation, the Group agreed a recovery plan with the Trustee to pay deficit reduction contributions of £40.0 million per annum for the period from April 2018 to December 2020. During 2020 and in response to the site shutdowns, a temporary suspension of the agreed deficit reduction contributions was agreed with the Trustee for the three months between April and June 2020 and as a result, the recovery plan period was extended to 31 March 2021.

During 2020, the Group engaged with the Taylor Wimpey Pension Scheme ('TWPS') Trustee on the triennial valuation of the pension scheme with a reference date of 31 December 2019. In March 2021, a new funding arrangement was agreed with the Trustee that commits the Group to paying £20.0 million per annum into an escrow account between April 2021 and March 2024. The first six months of contributions between 1 April 2021 and 30 September 2021 are guaranteed. From 1 October 2021, payments into the escrow account are subject to a quarterly funding test with the first funding test having an effective date of 30 September 2021. Contributions to the escrow would be suspended should the TWPS Technical Provisions deficit position at any quarter-end be 100% or more and would restart should the deficit subsequently fall below 98%.

The Group continues to provide a contribution for Scheme expenses and also makes contributions via the Pension Funding Partnership.

At 4 July 2021 the IAS19 surplus was £59.0 million (31 December 2020: IAS19 deficit of £89.1 million). An IFRIC 14 deficit has been recognised at 4 July 2021, which represents the present value of future contributions under the funding plan together with distributions from the Pension Funding Partnership. This results in an IFRIC 14 deficit recognised on the balance sheet of £36.6 million (31 December 2020: IAS 19 deficit of £89.1 million). In addition there is as a post-retirement healthcare liability of £0.4 million (31 December 2020: £0.4 million).

11. Financial assets and liabilities

£ million		Carrying amount **4 July 2021**	Carrying amount 28 June 2020	Carrying amount 31 December 2020	Fair value **4 July 2021**	Fair value 28 June 2020	Fair value 31 December 2020
Financial assets							
Cash and cash equivalents	a	**1,005.6**	601.8	823.0	**1,005.6**	601.8	823.0
Land receivables	a	**14.4**	7.5	4.6	**14.4**	7.5	4.6
Other financial assets	a	**5.0**	-	-	**5.0**	-	-
Trade and other receivables	a	**95.6**	106.2	118.2	**95.6**	106.2	118.2
Mortgage receivables	b	**21.8**	30.6	26.7	**21.8**	30.6	26.7
Financial liabilities							
Bank and other loans	c	**99.1**	104.5	103.6	**100.8**	104.3	102.9
Land creditors	a	**843.1**	630.6	675.9	**843.1**	630.6	675.9
Trade and other payables	a	**593.1**	543.9	539.2	**593.1**	543.9	539.2
Lease liabilities	a	**29.5**	24.8	28.0	**29.5**	24.8	28.0

(a) 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.
(b) 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).
(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 £42.1 million (31 December 2020: £65.9 million) of non-financial assets.

Current and non-current trade and other payables includes non-financial liabilities of £165.4 million (31 December 2020: £164.0 million).

The Group has designated a financial liability in the sum of €79.0 million (31 December 2020: €79.0 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.

12. Provisions

£ million	Cladding fire safety	Leasehold	Other	Total
At 31 December 2020	28.6	59.6	42.3	130.5
Additions in the period	125.0	-	11.6	136.6
Utilised	(4.1)	(3.2)	(6.3)	(13.6)
Released	-	-	(4.0)	(4.0)
Foreign exchange	-	-	(0.2)	(0.2)
At 4 July 2021	**149.5**	**56.4**	**43.4**	**249.3**

£ million	**4 July 2021**	28 June 2020	31 December 2020
Current	**96.3**	72.3	70.6
Non-current	**153.0**	57.3	59.9
	249.3	129.6	130.5

In 2018 the Group established an exceptional provision for the cost of replacing ACM on a small number of legacy developments, which was increased by £10.0 million in 2020 to reflect the latest estimate of costs to complete the planned works. Following the guidance issued by RICS in the period the Group announced an additional £125.0 million provision to fund cladding fire safety improvements (see note 4). It is expected that around a quarter of the remaining provision will be utilised over the next twelve months.

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 £30.0 million of the provision will be utilised within the next twelve months.

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.

13. Share capital

In June 2020 the Group issued 360,265,931 ordinary shares of 1p at a price of 145p to raise total net proceeds of £510.1 million after expenses. 355,000,000 of these shares were placed via a cash box structure (the "Placing") in which the cash box entity issued redeemable preference shares in consideration for the receipt of the net cash proceeds arising from the placement of those shares. Taylor Wimpey plc ordinary shares were issued in consideration for the transfer of the redeemable preference shares, that it did not already own, of the cash box entity. It was therefore determined that the placing of those shares qualified for merger relief under section 612 of the Companies Act 2006 such that the excess of the value of the acquired shares in the cash box entity over the nominal value of the ordinary shares issued by Taylor Wimpey plc was credited to Other reserves. The remainder of the shares issued, 5,265,931, were issued via a Retail Offer open to employees and other retail investors and a Directors Subscription. The Placing was performed to allow the Group to pursue additional near term land acquisition opportunities.

The Placing, Retail and Subscription shares placed rank pari passu in all respects with the existing ordinary shares of the Company, including, without limitation, the right to receive all dividends and other distributions declared, made or paid after the date of issue.

14. 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. There have been no material changes in the nature of transactions with joint ventures, which are also related parties, since the last annual financial statements as at, and for the year ended, 31 December 2020.

15. Dividends

£ million	**Half year ended 4 July 2021**	Half year ended 28 June 2020	Year ended 31 December 2020
Approved and paid	**150.7**	-	-
Approved and accrued	**-**	-	-
Approved	**151.0**	-	-
Proposed	**-**	-	151.0

The Directors have assessed the Company's performance in the current period and approved an interim dividend of 4.14 pence per share in line with the Group's dividend policy. The dividend will be paid on 12 November 2021 to all shareholders registered at the close of business on 8 October 2021. This is expected to result in a payment of c.£151.0 million.

In accordance with IAS 10 'Events after the Reporting Period' the approved interim dividend has not been accrued in the 4 July 2021 balance sheet.

16. Share based payments

The Group recognised a share based payment expense of £6.3 million to 4 July 2021 (28 June 2020: £2.4 million), which was composed of £6.2 million in relation to equity settled schemes and £0.1 million in relation to cash settled elements (28 June 2020: £1.4 million and £1.0 million).

17. Seasonality

Weekly sales rates in some of the Group's key markets historically experience significant seasonal variation, with the highest levels of reservations usually 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.

With the impact of COVID-19 in 2020 these seasonal variations have been disrupted and the current period may not be reflective of prior period variations.

18. 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/(loss) before taxation and exceptional items and profit/(loss) 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/(loss) before taxation and profit/(loss) for the period respectively, on the face of the condensed consolidated income statement.

18. Alternative performance measures (continued)

Operating profit/(loss) and operating margin

Throughout the report operating profit/(loss) is used as one of the main measures of performance. Operating profit/(loss) is defined as profit/(loss) 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 margin is calculated as operating profit/(loss) divided by total revenue.

	Half year ended 4 July 2021	Half year ended 28 June 2020	Year ended 31 December 2020
Profit/(loss) on ordinary activities before finance costs (£m)	297.7	(24.3)	282.4
Adjusted for:			
Share of results of joint ventures (£m)	1.3	(1.8)	7.9
Exceptional items (£m)	125.0	10.0	10.0
Operating profit/(loss) (£m)	**424.0**	**(16.1)**	**300.3**
Revenue (£m)	2,196.3	754.6	2,790.2
Operating margin	**19.3%**	**(2.1)%**	**10.8%**
Rolling 12-month operating profit* (£m)	**740.4**	**522.5**	**300.3**

* Operating profit for the 6-month period ended 31 December 2019: Profit before interest and tax: £544.7m; Share of results of joint ventures: £8.2m; Exceptional items: £(14.3)m.

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	**4 July 2021**	28 June 2020	31 December 2020	31 December 2019	30 June 2019
Basic net assets (£m)	**4,140.2**	**3,755.2**	**4,016.8**	**3,307.8**	**3,007.6**
Adjusted for:					
Cash (£m)	(1,005.6)	(601.8)	(823.0)	(630.4)	(481.3)
Borrowings (£m)	99.1	104.5	103.6	84.7	89.3
Net taxation (£m)	(35.2)	(14.1)	(32.6)	38.1	16.1
Accrued dividends (£m)	-	-	-	-	350.0
Net operating assets (£m)	**3,198.5**	**3,243.8**	**3,264.8**	**2,800.2**	**2,981.7**
Average basic net assets (£m)	**3,947.7**	**3,381.4**	**3,662.3**		
Average net operating assets (£m)	**3,221.2**	**3,112.8**	**3,032.5**		

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.

	4 July 2021	28 June 2020	31 December 2020
Rolling 12-month operating profit (£m)	740.4	522.5	300.3
Average net operating assets (£m)	3,221.2	3,112.8	3,032.5
Return on net operating assets	**23.0%**	**16.8%**	**9.9%**

18. 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.

	4 July 2021	28 June 2020	31 December 2020
Rolling 12-month revenue* (£m)	4,231.9	3,363.2	2,790.2
Average net operating assets (£m)	3,221.2	3,112.8	3,032.5
Net operating asset turn	**1.31**	**1.08**	**0.92**

* Revenue for the 6-month period ended 31 December 2019: £2,608.6 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.

	4 July 2021	28 June 2020	31 December 2020
Basic net assets (£m)	4,140.2	3,755.2	4,016.8
Adjusted for:			
Accrued dividends (£m)	-	-	-
Intangible assets (£m)	(7.8)	(8.1)	(8.1)
Tangible net assets (£m)	**4,132.4**	**3,747.1**	**4,008.7**
Ordinary shares in issue (millions)	3,646.5	3,644.4	3,645.4
Tangible net assets per share (pence)	**113.3**	**102.8**	**110.0**

Net cash

Net cash is defined as total cash less total borrowings. This is considered by the Directors to be the best indicator of the financing position of the Group and is reconciled in Note 9.

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.

	4 July 2021	28 June 2020	31 December 2020
Rolling 12-month cash generated by/(used in) operations* (£m)	715.6	242.9	(165.0)
Rolling 12-month operating profit (£m)	740.4	522.5	300.3
Cash conversion	**96.7%**	**46.5%**	**(54.9)%**

* Cash generated by operations for the 6-month period ended 31 December 2019: £718.2m.

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.

	4 July 2021	28 June 2020	31 December 2020
Cash (£m)	1,005.6	601.8	823.0
Loans (£m)	(99.1)	(104.5)	(103.6)
Net cash (£m)	**906.5**	**497.3**	**719.4**
Land creditors (£m)	(843.1)	(630.6)	(675.9)
Adjusted net cash/(debt) (£m)	**63.4**	**(133.3)**	**43.5**
Basic net assets (£m)	4,140.2	3,755.2	4,016.8
Adjusted gearing	**(1.5)%**	**3.5%**	**(1.1)%**

18. 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.

19. Post balance sheet events

There were no material subsequent events affecting the Group between 4 July 2021 and the date of this announcement that need to be disclosed.

Taylor Wimpey plc
Statement of Directors' responsibility
For the half year ended 4 July 2021

The Directors confirm that these condensed consolidated interim financial statements have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and 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 six months and any material changes in the related party transactions described in the last annual report.

By order of the Board

Irene Dorner, Chairman
Pete Redfern, Chief Executive
3 August 2021

Independent review report to Taylor Wimpey plc
Report on the condensed consolidated financial statements

Our conclusion
We have reviewed Taylor Wimpey plc's condensed consolidated financial statements (the "interim financial statements") in the Half Year Results of Taylor Wimpey plc for the 6 month period ended 4 July 2021 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed
The interim financial statements comprise:

- the condensed consolidated balance sheet as at 4 July 2021;
- the condensed consolidated income statement and condensed consolidated statement of comprehensive income for the period then ended;
- the condensed consolidated cash flow statement for the period then ended;
- the condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Half Year Results of Taylor Wimpey plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the Directors
The Half Year Results, including the interim financial statements, is the responsibility of, and has been approved by the Directors. The Directors are responsible for preparing the Half Year Results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the Half Year Results based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves
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 enquiries, 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, 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.

We have read the other information contained in the Half Year Results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London
3 August 2021