Half Year Results 2021

Wednesday, 4th August 2021

Introduction and UK operational overview

Pete Redfern

Chief Executive, Taylor Wimpey plc

Thank you, everybody, for joining us. If I just give you a quick overview of what we are going to cover today, my section will probably be a little shorter than usual to give time to hear from Ingrid, who runs our London and South East division. Ingrid will also cover an update on our environmental strategy, which she has been working on, and also an update on some of our employee measures. Chris will then go on to his normal financial review, and I will sum up with priorities and outlook at the end.

Moving on to my first slide proper the half one overview, I will probably spend a fraction longer on this slide than usual and touch on more of the statistics. We think it is a great first half performance. You can see us prioritising margin growth. You will see us talk about – and I will particularly focus on towards the end – our focus on outlet-led growth from 2023 onwards.

You can see the margin performance. We will talk through the presentation about what we have seen on selling price and costs a little. I do not think the underlying dynamics will surprise you, but obviously our company-specific position on that is important. We are seeing selling price inflation fully offsetting upward pressure on build costs. I would say if you look at it today there is probably net upside there, but I think it is important just to be cautious, as we look ahead, about the balance that we expect it to continue to at least offset. However, obviously, the two dynamics do not always move exactly in line, quarter by quarter, even if they are quite closely linked.

Picking up on some of the facts and updating on land approvals, in the year to 4th July we approved 32,000 plots. That is roughly twice our normal completion run rate at the moment or a bit more. If I look back through the period of post equity raise and included the last few weeks of the previous period, which obviously was a period of peak approvals, we are at about 36,000-37,000 plots approved since we re-entered the land market ahead of our peers.

The operating profit margin in the first half was 19.3%, as I say, we are particularly pleased with, but also some of the underlying measures. At 92%, we are solidly in the five-star category on customer service.

A measure that we believe continues to be underreported and discussed: our construction quality review score has again shown a step forward with four years of improvement. We think that is a good way of measuring our underlying construction quality, which will impact both on future customer service performance, our customers' own satisfaction with their homes and also our own cost base and control going forward, so we think it is particularly important.

Moving on to the first half market backdrop slide, I will not pick up every point on this particular slide. But, looking at the customer and the market together, overall, we think continued strong demand across all regions. We have seen some normalisation in what were pretty extreme conditions in the first half. Over the last few weeks, we continue to see a pretty good performance, and we will talk through the stats. I think what will be unusual at

the moment, if you talk to any one of our regional heads, they would say the market today in July/August 2021 is materially better still than it was in 2018 and 2019. Although we are not quite in the extreme conditions for the first half in terms of forward interest, it remains at an elevated level and we remain very positive about the market conditions. As we have said many times, we connect that more with low interest rates, decent mortgage availability and a strong level of real demand from people who want to change their life and move on into a new home, rather than just the shorter-term measures.

We say on a couple of the slides, and I will try and only repeat it once: we are continuing to see very good reservation rates and customer interest for a period that is beyond any of the stamp duty windows. We have not seen, through any of the changes in stamp duty, any material downward shift so do not see that as a particularly meaningful risk.

On the regulatory side, clearly still a lot is still going on. Again, I will not comment on all of these elements. I think on the Building Safety Bill, we do not see it affecting our cost base going forward materially. Things like that, we will focus on the Construction Quality Review, for instance. We think puts us in a strong place; and things around our focus on a Taylor Wimpey standard makes it easier for us to sort of adapt to a world with the new Homes Ombudsman particularly.

On the cladding provision, I would just reiterate that we are very confident that the provision we have made is enough for us to do the work that we believe is right for our customers. We are the only major developer that has told our customers that we will do any necessary capital work to bring sort of historic blocks of apartments up to current EWS1 standards. I would say more recent announcements, since we provided that provision in February, have been positive and are more likely to reduce that scope slightly rather than to grow it. We remain very confident that we are in the right place, both financially on that position, and more importantly in terms of doing the right thing for our customers.

On the CMA leasehold process, difficult to comment. There is not a new conversation there. It is issues that we have talked about in the past, but it is difficult to comment on an ongoing process.

On land, I will come back to this in my second section. I think we do see increased competition in the land market the first half of this year and are very pleased with the number of sites that we have acquired over the last 12-15 months.

Moving on to the market performance slide, I think almost inevitably everybody's eyes will go straight to the left-hand side. We have continued to see a strong sales rate, a very normal cancellation rate – normalised from early on this year and it remains very stable.

I think it is worth picking up a couple of the sort of bullet points in particular. That shift in Help to Buy level in the first half, only 27% of completions, roughly half of it was in the first half of last year. The first half of last year elevated, so 45% perhaps might be a more normalised number, but still running well below what we have seen in any year of Help to Buy. A big chunk of that is because of transition from Scheme 1 to Scheme 2. We have obviously navigated that with a long order book without any impact on completion performance, but I do think there is also an element of it which is to do with the strength of the second-hand market, which I do believe is likely to continue into the medium term, meaning that we are slightly less dependent on Help to Buy going forward than we have

them, although I am sure 27% will be a low point. But, it gives me a little bit more confidence as we look ahead to 2023 and beyond.

I think also worth highlighting, as of today we are about 99% forward sold for completion for this year. That obviously gives us a high degree of confidence in this year's performance as we look forward. We would normally expect to get to that point late September.

Moving on to some forward-looking indicators on sales, you can see it is not a huge shift. If you look at the red line on appointments, you can see a strong first quarter and then normalising. If you compare that the last few weeks to the early period of 2020 before the pandemic hit, you can see that we are still running above that more normal level, and that first eight or nine weeks of 2020 would be a reasonable reflection of the level through 2017, 2018, 2019.

From a customer point of view, we have been doing a lot of work on our digital sales processes. We have learnt a lot over the last year. We felt we had the IT systems support and the staff who were quick to adapt to selling remotely and digitally, but we have been very focused on not losing that benefit both in terms of flexibility for our teams, flexibility for our customers, efficiency for the business. We have just launched, over the last few weeks, a new customer-facing website with significantly improved development placings of plot listings, a totally re-energised search function, a very different user experience. It also ties in, which Chris might touch on, to the internal systems that we have on the CRM side. It gives us significantly better data segments to understand our customer base and enables us to make sales prices far more scientific and far more efficient at the same time.

I will pause there and hand over to Ingrid and then, as I said, at the end I will come back and cover our priorities and the outlook. Ingrid.

London and South East overview, Environment and Social Update

Ingrid Osborne

Divisional Chair London & South East, Taylor Wimpey plc

Thanks, Pete. Good morning, everyone. My name is Ingrid Osborne. I am Divisional Chair for London and the South East. I have held that post for a little over three years now, previous to which I was the Divisional Managing Director for Central and East London, and before that the Managing Director of Central London for almost seven years. In total, I have been with the company for just shy of 20 years, having originally joined George Wimpey's graduate trainee scheme.

During my section of the presentation today, I am going to provide you some detail on the London and South East division and also give you a brief update on our environment and social strategy, with a particular insight into our recent employee survey.

Moving on to the first slide, the map on the left there gives you a sense of the operating area and how it is divided. We operate from five business units covering Inner London, Greater London and the wider South East. They are a mixture of growing businesses, well-established mature businesses. Putting out a few points for context for you, our product is roughly 70% housing and 30% apartments across the patch. The proportion of completion from Greater

London is between 15-25% across the medium-term outlook. To split that down a bit further into Outer and Inner London, we currently have only one large active outlet in Zone 1, being our Postmark scheme, which is the old post office site located between Kings Cross and Farringdon.

In Q4 last year, we undertook an overhead review across the division, which is now complete and embedded. We rationalised our structure as a result of that review and created TW London from the operations which were previously based in East London and Central London. This is working well, and we are definitely seeing the benefit of combined skill sets across our teams alongside greater efficiencies.

If I move on to the next slide, again I will highlight a few key notable areas from this slide for you. We have had a strong first half assisted, to some extent, by the Q4 2020 hangover, but also from a real focus from our teams on smoothing. We are currently operating from 43 outlets, and all the teams are extremely focused on driving the engine room processes to get new outlets open on time and on budget. It has been a busy year for us in that respect. We have already opened 14 outlets in the first half, and we are on track to open another 19 outlets in the second half.

Our operating margin is, of course, another key focus, now starting to normalise from last year with all the teams working hard, with a key focus on cost management and price optimisation to drive this higher. You can see from the slide that our sales rate shows the market has been very strong at one a week, year to date, as per our budget, with a comparatively low cancellation rate this year at 13%. As you would expect, we have very live discussions across all our outlets regularly to focus on the balance between price and rate.

Our order book is strong at £588 million. We are 94% sold for the year and continue to see strong momentum going into next year. We have not seen any material change in the market as a result of either the change in Help to Buy caps, nor the end of the SDLT holiday, with inquiry levels remaining high and appointment levels actually the highest this week since week 19. 65% of the value of our order book is post the final removal of the stamp duty holiday at the end of September, demonstrating resilience of the market.

Pleasingly, both our eight-week and nine-month customer satisfaction scores are trending upwards, and both the teams and I have been especially pleased with the improvement in our construction quality review score, which you can see by the green line on the graph currently standing at 4.5.

If I continue on to the following slide, I thought it would be useful to provide a bit more insight for you into the London and South East sales market. It is certainly something which I often get asked about, and as you would imagine, we have been keeping a very close eye on what is happening and whether or not we see any shift in buyer behaviour moving out of London.

On the ground, we are not seeing that fundamental shift. I think that the idea of the de-urbanisation is somewhat oversimplified. In fact, buyer considerations on space, on life stage, on lifestyle and so on are not particularly different to what they have always been. In fact, sales rates year to date from our three largest Greater London schemes are higher than our overall divisional sales rates. For example, our Chobham Manor scheme in Stratford stands at over two, year to date; our Greenwich Millennium village scheme is just shy of two,

year to date; and our Wick Lane scheme in Hackney is at 1.25, year to date, but is trending to two in the last four weeks.

The notable attraction of these schemes is proximity to open space. Chobham Manor sits directly next to the Olympic Park, and having visited only a couple of weeks ago, I have really noticed how much the park is maturing with great examples of well executed wildflower planting alongside lots of play areas and amenities.

Greenwich is the same. The Ecology Park in the middle of the most recent phase is often quoted as a big attraction, and speaking to customers who live there, they really enjoy the walk along the river to the O2 Centre and the transport facilities. Speaking to some of our sales executives, they told me that in fact a number of customers have relayed their appreciation for being so close to essential facilities during lockdown.

Likewise, at Wick Lane, our London teams tell me that the buyers priced out of Chobham are prepared to walk that bit further to get to the Olympic Park and the Westfield Centre it is around a ten to 15-minute walk for a lower price point, whilst still being close to what they see as a more emerging neighbourhood with price growth, proximity to the station and some funky pubs alongside the river there.

For me, I do think our customers are more interested than they have ever been in open space and also amenities, but I do not think that this means a decision between urban areas and non-urban areas, because the two are not mutually exclusive. Our customers are showing us, with their ongoing purchasing behaviour, that the popularity of London living is enduring.

We are, of course, though, conscious of other buyer priorities that we hear. Our customers regularly ask about homeworking options and especially connectivity; so, this is, of course, very high on our agenda.

I should also note that the Inner London market is different again, being much more investor-focused. Here we have seen slower rates, but certainly not stopped. Our London scheme at Postmark on release is over 50% sold; and in fact over the last few weeks, we have really started to see increased interest and secured a number of deals.

Anecdotally, the return of the universities to something more like normal is driving this renewed interest, and rentals at Postmark are extremely popular for overseas students. This, coupled with the current undersupply in Inner London, suggests positive prospects going forward for well located quality schemes like Postmark.

If I turn now to the land market on the next slide, the divisional teams have been very active in the past 12-15 months, and I have been extremely pleased with the performance, which sets us up strongly for the medium term across a broad range of really excellent sites. We have approved 7,700 plots in the division, 94% of which are under contract already, investing over $500 million. We have visibility of a strong pipeline of deals still coming through the system, around 2,000 plots close to £2 million.

I have been involved in land throughout my career at TW, and I can honestly say that the number and calibre of sites that we have been able to acquire, before the current competitive tightening of the market, is really very significant. We were able to stay active in the market when our competitors were either absent or not performing, and that was a big advantage to us at the time. But, just as importantly, I think it enabled us to build a reputation for

professionalism and reliability, which has stayed with us and given us a stronger position in a more competitive market.

We are very selective about where we spend our time, and our current position means we can afford to continue this approach into the future and retain attractive KPI. At the same time, the teams work extremely hard with local authorities and communities, getting planning through the system, getting ready to start on site and get our outlets open.

The next slide gives you a couple of examples of the sites we have secured, so the first one at the top is Gilston Village at Harlow. That is a very large site that we will share between two of our businesses. We secured that above standard benchmark rates, and our activity in that respect enabled us to secure this off-market and provides us with an excellent backbone site that we intend to open by the end of 2023.

The second scheme at the bottom there is in Hassocks, again a lovely scheme: 500 units about seven miles north of Brighton; has planning, so a relatively low-risk site. We secured that as a result of one of our competitors failing to perform, and we are currently on track to get that outlet open early in 2023 as planned.

I would like to turn out our environment strategy, a key part of the sustainability of the business, of course, and I have really enjoyed working with the team on this topic over the past 18 months.

We are very proud of what we have already been doing in this space, having recently been included in the *Financial Times* inaugural list of Europe's Climate Leaders. But, that said, with our drive to continuously improve, earlier in the year we launched our new strategy, which focuses on the three key pillars you can see here: carbon reduction; nature; and waste and resources. We wanted the strategy to be clear and easy to understand, but at the same time have challenging and clear targets with which to measure ourselves.

The rollout across the business has progressed well with internal training having been provided, and ongoing masterclass sessions happening across the business now. We have also launched a business unit innovation grants initiative to encourage good ideas and sharing of best practice.

On carbon reduction, we have now committed to science-based targets. These are an externally calculated and assessed measure of what we should be doing in order to play our part in achieving the ambitious aims of the Paris climate change agreement, which is to keep global warming at less than 1.5 degrees. We have a number of plans afoot, as you would imagine, to achieve these targets.

On nature, we are committed to increasing natural habitats and are working with Buglife and Hedgehog Street, for example, to make our properties more wildlife-friendly. We are implementing bug hotels, bee bricks and hedgehog highways across appropriate sites already this year. Buglife are championing the B-Lines, which they describe as a transport infrastructure across the UK for insects, which is a great phrase, and we are working with them to identify the sites that we control, which sit on the B-Lines, in order to join in with this fantastic initiative.

On waste and resources, we continue our focus on protecting the environment and improving efficiency with a number of trials underway and a commitment to working closely with

partners and supply chain to do more. We are really proud of what we are doing, and teams continue to embrace the challenge.

And to bring some of this to life for you, I have some examples on the following slides. So the first one, this is our site at Bordon in Hampshire, which is a joint venture with Dorchester Group. As you can see, this is an extremely large piece of land, and we sought to make the most of this opportunity. The slide here gives just a couple of bullets of the types of things we have achieved, but to note really, I think it has been such a great opportunity to create new green spaces and encourage active lifestyles. Having visited myself recently, I have to say it was lovely to see the area being well used and enjoyed by families, by residents and other members of the community. In addition, as you will see on one of the bullet points there, it has been great that the new types of bird sightings have been noted in the area than have been seen previously.

On the next slide, there are a couple of images there just to show you what a bug hotel looks like, in case you didn't know. The top slide there shows you the smaller version of the bug hotels. There are actually larger versions which can be used on areas of public open space, but these smaller ones can be used in in gardens and much smaller areas. The pollinators use the cavities and the tubes you can see in the picture there to nest and lay their eggs. The bottom image there is just an example of wildflower planting, which we are seeking to use a lot more readily across a number of our developments.

On the next slide, a couple of examples on carbon reduction. The top scheme there is our development at Coronation Square in Leyton, which we have actually just got started on. This will turn into a District Heating Network which will incorporate neighbouring developments as well, something that was really important to the local council, Waltham Forest, who are our joint venture partner on that scheme.

The image at the bottom is our Chobham Manor scheme at Stratford. This was a development where we have constructed townhouses that achieve zero regulated CO2 emissions. In doing that, we have used only on-plot measures which is pretty unusual, and those images are real so those houses are there, in use and being well used at present.

Turning finally to our social focus, we have been committed to engaging and supporting our employees, over a number of years now, to build a sustainable culture and an inspiring working environment. We are really proud of the results of this recent employee survey, which we conducted in March. We had a 91% engagement level across the business, which we thought was excellent given the backdrop of the previous 12-18 months, and demonstrates the resilience of our workforce. However, that said, we are committed to keep improving, and I will highlight some of the areas on the slide here which are of particular importance as we focus on the new post-lockdown normal.

We are unwavering on our commitment to health and safety practices, which is reflected in the responses here: 96% of our employees believe we take health and safety in the workplace seriously.

As a business, we understand the importance of creating diverse and inclusive teams, but most importantly it is about how our employees feel whilst they are at work. We were making steady progress here, which is reflected in 96% of our employees seeing employees from all cultures and backgrounds being respected and valued. In addition, we were

particularly pleased with the 96% saying they can be their authentic self at work without a need to cover identity, and this is something we feel really strongly about that really matters.

We also know we have further to go and this year, we have launched new policies such as the Menopause Policy. We have introduced three employee networks: the Menopause Affinity Group, LGBTQ+ and Working Parents to add to our BAME network. We are in the process of rolling out Respectful Workplace training to continue to build awareness across the business of inclusive behaviours.

So finally, with the challenges of the last 18 months as we get used to a new normal, we remain committed to building the resilience of our employees and particularly focusing on wellbeing and mental health. We have set out guidance on our continued commitment to agile and flexible working. We continue to offer awareness training for all employees and Mental Health First Aiders, all of which is reflected in our survey with 93% of employees knowing how to access support for mental health and wellbeing at work if wanted.

I have to say I have seen some fantastic ideas and participation in my businesses, and I am really proud of the commitment that our senior teams have to our people, so that we ensure we attract and retain the very best.

On that important note, I will hand over to Chris.

Financial review and guidance

Chris Carney

Group Finance Director, Taylor Wimpey plc

Thanks, Ingrid. Good morning, everyone. In keeping with the Olympic vibe, these results are a record performance for half one revenue and operating profit, reflecting the hard work and dedication of our team as Ingrid has just touched on.

The operating margin at 19.3% is better than expected, better than the first half of 2019, and it demonstrates both our ability to control costs and the underlying quality of our land bank. We are very pleased with the margin performance, and I will provide more detail on that in a minute.

After deducting the dividend paid in May, the profit generated over the last 12 months has increased the tangible net asset value per share to £1.13, which is a very healthy 10% increase on this time last year.

The return on net operating assets shown at the bottom of the slide is calculated on a 12-month rolling basis, and it is great to see that recover to 23%. Bear in mind, that return is after taking into account the drag impact of the continued investment in land to drive growth in 2023 and beyond.

Looking at the detail of the UK performance, it is no surprise that the record revenues have been driven by record completion volumes. You will recall this time last year, Pete and I were very clear about the site closures pushing completions originally intended for Q4 of 2020 into Q1 of this year, and that is exactly what you are seeing in these numbers. Affordable completions are running at 16% in the first half, and our guidance for the full year is

unchanged at 17%, so a slightly higher mix of affordable in the second half. Close to half of the 11% increase in average selling price is driven by the lower affordable mix in the period, compared to the first half of last year when affordable completions made up 23% of the total.

Private average selling price has increased by 6.5% since the same period last year, 3% of that is price inflation and the balance is mix including a larger share of completions from grade A quality locations. The affordable average selling prices also increased due to improved site quality and a slightly larger average unit size.

This slide shows the main components of the recovery in operating margin compared to the first half of 2020 and demonstrates why we think this is a sustainable performance and sets us up for further growth in margin in the future.

The biggest improvements coming from the areas I flagged back in March, which you can see in the two boxes. The first box includes the reversal of the £39 million of COVID-related costs booked in the first half of last year and the cost savings captured this year from the restructuring we undertook at the end of last year.

The second box shows the impact from the return to more normal levels of fixed cost recovery as volumes have improved. In addition, the margin delivered by completions in the first half benefited on average from a net market impact of 1% compared to the first half of 2020. Since the start of this year, pressure on build costs has increased due to the strength of the market and supply constraints, but that pressure is being fully offset by house price inflation, as Pete mentioned earlier.

Back in March, I set out a bridge to achieving our medium-term 21-22% margin targets. And I am pleased to confirm that we remain on track with those plans. The restructuring is complete and the savings have been realised as planned. Our excellent order book position at 99% sold for the year is helping underpin selling prices.

The land bank continues to evolve and you can see 50 bps of improvement from that in this reconciliation. And our strong land investment over the last 12 months puts us in a position to deliver a step up in volume in 2023. At the prelims, Jennie and I gave you some colour on our new house type range and CRM system. The roll-out of both are progressing in line with our expectations. And our procurement strategy and engagement with suppliers to understand their product road map is ensuring we set ourselves up to procure products that are available and whose costs remain as low as possible.

So hopefully that gives you a sense of what is underpinning our confidence in achieving our medium-term operating margin target of 21% to 22%.

Turning to the balance sheet, I think it really shows how we are setting the business up to deliver growth over the coming years. Unsurprisingly, the biggest change to the balance sheet compared to 12 months ago and something I am very pleased to report is the increase in land cost of £455 million following the deployment of the proceeds of the equity raise.

Work in progress was artificially high this time last year as a result of the site closures, so the reduction comes as no surprise, especially given the spread of the first half delivery and reduction in outlets. WIP per outlet is actually pretty much flat year-on-year.

Now bearing in mind those outlet numbers and the well-publicised constraints on materials and resources, our expectations for 2022 volumes are unchanged. We are expecting modest

volume growth in 2022. On top of that, as you know, we are expecting a land investment I mentioned a minute ago to deliver outlet growth from late 2022, which will in turn deliver significant volume growth in 2023.

Net cash at the half year was £907 million, which is higher than we have reported in the past, but I think it is important to avoid looking at cash in isolation. For me it should always be considered together with land creditors which you will note are also higher due to the increased land investment. Our philosophy on land creditors is that we do not believe it is appropriate for them to finance land assets because they have fixed maturities in the short to medium term. So we aim to keep adjusted gearing at low levels to ensure we maintain resilience and financial strength throughout the cycle.

It is also worth remembering that we are still at the relatively early stages of the growth phase and the pipeline of land approvals is still to be fully reflected on the balance sheet.

Lastly, there is some detail in the appendices on the latest funding agreement with the pension scheme trustees which was agreed in March, and worth noting that the scheme has a surplus £51 million at the end of June on a technical provisions basis and £59 million on an IAS 19 basis.

This slide shows another period of strong cash generation for the Group. The largest outflow on the slide is land, which is shown net of land recoveries on completions. The total land spend in the period amounted to £588 million. You can also see there is a 2020 final ordinary dividend of £151 million, which was paid in May.

Today, consistent with our ordinary dividend policy, we are declaring an interim dividend for this year to be paid in November of a further £151 million or 4.14p per year. And this means we will return to £301 million to shareholders in 2021.

Turning to guidance, we have previously guided UK completions in 2021 to being in a range from 13,200 to 14,000. And given the performance in the first half, the strength of our order book and ongoing build, we are now in a position to guide completions to be towards the top end of that range with half two slightly lower than half one and with 17% of the full year total being affordable homes.

And as I noted earlier, assuming stable market conditions and no additional disruption to the supply chain, we are expecting UK completions to show a modest growth in 2022. Given the strong profit performance in half one, we have upgraded our guidance for full year Group operating profit including joint ventures to be around £820 million, which is above the top end of consensus.

As a result of the increase in volume guidance and the strong cash generation today, we have updated our guidance for the year end net cash to be similar to the end of 2020 at around £700 million. As ever, that is subject to the timing of land spend. And given the pipeline of land that we are processing, it is possible net cash could end up a couple of hundred million less than that, but we will update on that in November. And there were no changes to the interest and JV guidance.

So the last thing for me to do is remind you, just in case you missed it, that our priority is getting the operating margin to 21-22% and positioning the business for accelerated outlet-

driven volumes growth from 2023. We have a plan to do that. The components of that plan are on track. And the early results are evident in the numbers we are presenting today.

And I think I will hand over to Pete.

Priorities and outlook

Pete Redfern

Chief Executive, Taylor Wimpey

Thank you, Chris. If I move straight onto my first slide which highlights the four key priorities. And Chris has mentioned the first two and touched on them. And I will spend a bit longer on them and give you a slightly different perspective.

On the margin focus, the balancing selling price and costs and our focus on growth, particularly from 2023 onwards. The other two priorities relate to broader measures within the business our desire to deliver strong and consistent customer service, consistent reliable right first-time build quality and a great employee experience and our broader social and governance focus, particularly the environmental strategy.

I would not spend very long on the last two because Ingrid has covered them in some detail. And then I will talk at the end about how we see the outlook.

So moving on to my first full slide on margin delivery. This obviously has been a big area of focus for the Group, both internally and externally. We have said several times that we feel we got the balance of this slightly wrong in 2019. It is not a big shift, but we were probably 3-4% too high on volume and 1.5-2% too lower margin. And although, the two were not entirely directly related to the risk obviously there is a relationship.

That changed in May 2019. And although it is obscured by the pandemic, our focus through the last 18 months has much returned to margin-led, and as Chris put it, and I'm going to reinforce out-led volume growth. We believe the volume growth creates value and it is the right thing for us to do from a broader social point of view but actually it has to be balanced in the right way.

Our cost control focus and systems improvements are in place. And we could really see the fruits of them in the first half. We were confident as we went through last year that we could make those changes. We could see the benefits. I think the restructuring we completed in late 2020 made a difference to our cost base, but most importantly, it just streamlined and simplified our management routes. So ownership of cost is much clearer within the business.

We believe a long order book and obviously the positive selling environment helps us. With that long order book let us focus on price optimisation but maintain a very solid sales rates. The balance of that sales rates will depend on trading conditions. But we believe that although 2019 was the peak that is still appropriate to run at a sales rate that tends to be slightly ahead of the sector, given the quality of our outlets, the fact that we don't – double head outlets, so when we are talking about an outlet there is just one Taylor Wimpey located on that that should for our large sites drive higher numbers.

Just to give you a sense sort of the balance that we have seen on cost and sales, we said that the cost inflation has been fully offset by sales price. And I touched earlier that I would say

as of today slightly more than. And I think that is quite important to understand. I think it is appropriate to be cautious as we look at the balance over the next six months, therefore that is slightly more than built in contingency against that but we continue to believe that we can achieve our margins within this environment and are highly confident and I would say more confident than six months ago given the performance that we have seen.

If I move onto the land. We said, following the equity raise, that we believe that our land bank will grow by around 10,000 units. The result of equity raise and our investment in land, that was from a level at that point in time of about 77,000 units. We continued to be very confident that that will happen as deals that we have already done flow through into the land bank. You have seen 5,000 plots of that growth happen in the first half of the year. You will see a substantial further addition in the second half of the year.

At the moment, we believe that the land bank in total will probably grow by more than the 10,000 units that we flagged at that point in time. And we have continued to be active to-date, although as Ingrid said in Ingrid comment on land about the quality and quantity of deals that we have done over the course of the last 12 months will be reflected by all of that Division Chairmen. And as we see a more competitive market at the moment, we continue to be active from a much more of a replacement basis.

We are very pleased with the quality of those sites. We have managed to rebalance the average site size, so it gives us more flex. And we are also very pleased with the geographic spread with all of our businesses making land positions over the last 12 months and putting us in a position where sort of all of our business are in a strong position if they look at the next two to three years of delivery.

I think the key focus today though should be on outlet progression. Over the last sort of 10 years, I have been very wary of giving outlet forecasts but the fact that I am giving one today should give you confidence that we have sites and the capacity to at least achieve this number. We expect our outlets to grow by around 50 over the next two months which sort of adds something around 22-23% to our current outlet numbers, and a very sort of significant growth number.

That is not assuming that we hit every single outlet and then get it through the planning process at the level that we expect to at an individual outlet level. That’s built in some sort of contingency. And that – so outlet numbers should grow a little during this year and we continue to believe we will end this year at more or less the same level as we began it. Grow a little in the first half of next year, but they will really start to accelerate in the second half 2022, which is very much aligned with the guidance that we gave at the time of the equity raise.

So we end 2023 with a significantly elevated number of outlets and actually with those outlets already up and running, and with build and completions in place, which is why we expect there to be material volume growth in 2023. Some in 2022 with the material growth expected in 2023 and be, as I said, outlet driven.

And we continue to believe that will let us deliver consistent underlying volumes of 17,000 to 18,000 at least 2,000 ahead at the level that we were running at before the equity raise, before the pandemic.

Moving onto sort of the third bullet point, which I am not going to spend a long time on because Ingrid has spent some time on some of the broader issues. But I do think, as I touched on right at the beginning, the focus across the business on underlying build quality is particularly important. And I believe stands out in the sector.

You can see customer service has broadened, and the whole industry is focusing much more effectively on customer service than it was. But I think we are unique in the level of focus, and the investment that we have made over the course of the last three to four years in build quality. And across the board, our investment in the systems, in processes, in training our people and in modernising the business in many ways, I think, are now starting to pay off. They're not always delivering immediately but we are already starting to see the benefit.

And I would touch very briefly on employees. Ingrid touched on some of our employee survey results. But also we do see a real opportunity, particularly for our employees, particularly for business use all the lessons learned and our flexibility and remote working to make the business more efficient and to give better sort of overall experience for our employees.

So moving on finally to a summary slide. Our sense is that the market conditions remain good. We believe that the resilience we have seen over the course of the last 12 months demonstrates the underlying demand in the UK and the long-term low level of interest rates and good mortgage availability, more than it illustrates the impact of shorter-term measures. And that gives us continued confidence that the market will continue to perform well over the course of the next few years.

Our strong H1 performance really does show the underlying quality of our landbank. And although we acknowledge that 2019 didn't quite go to plan, but actually the business is in good shape and our assets are in good shape and that we are perfectly capable of managing price and cost balance and showing improvement in the business.

We have upgraded 2021 expectations today with a very de-risked H2. I do want to be clear that you should not expect material volume growth in 2022. We expect that to deliver the guidance that we have given you, but we are very focused on our volume growth being driven by outlet growth and so not returning to the 2019 very high sales rates.

But significant potential to build in 2022 off 2021 performance with some volume growth and margin improvement. And then real potential in 2023 to show material growth and beyond that as well.

We believe that our land investment gives us very significant potential ahead of the sector to outperform in terms of the volumes but also to underpin that margin improvement.

And lastly, just bringing together all of the other points, we believe our sustained investment in customer service build quality and our people places the business in a strong and sustainable position.

We can move to questions please.

Q&A

Operator: Our first question comes from Brijesh Siya from HSBC, your line is now open.

Brijesh Siya (HSBC): Thank you very much. Good morning gents and Ingrid. I have two questions, if I may. The first one is on the house price inflation. So, first half was close to 3%. Considering how the market is right now, do you expect that house price inflation to nudge up further in H2? And just putting into context a 99% you are already forward sold for this year. So how the order book you think would step up in second half on house price inflation?

And the second question is on the build cost part. You helpfully pointed out that the first half kind of offset that with the house price inflation as well as cost saving. But looking at how much pressure on the material side, could you please give any kind of guidance for the full year? What kind of build cost inflation you expect?

Pete Redfern: So Brijesh, I mean, on selling prices, it obviously depends massively on both questions what time period you take. And the 2-3% effectively is that coming through completions rather than that point-to-point movement in house price inflation. And I would say that the point-to-point movement sort of from mid to late last year through to today is more like 5-6% on house price inflation. And we see that sort of level in our order book.

Given the length of the order book, it averages out of slightly lower than that, but it is certainly above the 2-3%. I think on cost price inflation, similar sort of piece. You have to got be very careful on the time scale. Cost inflation, we would say over the last 12 months has been in the range of 4-4.5%. But that has been weighted towards the last six months more than the house price inflation.

We are seeing some softening of those cost price movements, but it is early days for that yet. And it has been particularly driven as – I don't think will surprise you about materials. There is inflation in sub-contract cost but it is nothing that significant. So we are seeing that soften.

And I think as we look at the second half of the year, I expect to see positive house price inflation. I do not expect it to be as much as house price inflation over the last six to nine months. I expect to see some cost price inflation but sort of level by the end of the year probably won't have got to a fully normal level but will come back to more of a sort of normal band. But I think it is hard for us to give a forecast on them, but I can give you our view of what it is running at the moment.

Brijesh Siya: Thank you. Can I just ask one more question on London? It is very helpful that the market is booming and going back to the normal level. But can you just give a little more colour about how that market is stepping up in terms of apartments and this and this larger, single-family home? So, whether the space is a new norm and people are moving from apartment from this larger homes? So, I'm just trying to understand whether there is any kind of pressure points in the apartment segment which hasn't yet picked up compared to your business which is returning back to normal.

Pete Redfern: Yeah, I think sort of, if you are asking if we think there is a particular future price pressure to come on apartments in the London market, I do not think that is the case. I think two main reasons. As Ingrid said, we don't really believe that there is this massive exodus from either urban areas or from apartments into non-urban areas. Very difficult,

actually, for somebody who is choosing to be based in London to make a switch from apartment to a house, just finances just do not allow that to be a large-scale movement. But, it is also important to have in mind that the level of construction of new apartments in London is running at a much lower level for reasons around planning and relatively weakness in that market before the pandemic.

Actually if you look forward at the next five years, probably, there's an argument for some recovery in relative prices. I am not sure that is going happen in the next 12 months but I certainly do not see a big relative risk on apartment prices. Ingrid, anything you add to that, would you broadly agree?

Ingrid Osborne: Completely agree. The supply point is well made. That is very pertinent. But, equally, as I said, I just do not think it is as simple as everybody wanting to move out of apartment into houses. That is just not what we see happening at the moment and there is no reason to suggest that that will be fundamental shift in the near term.

Brijesh Siya: Understood. Thank you very much.

Pete Redfern: No problem.

Operator: Our next question comes from Will Jones from Redburn Partners. Your line is now open.

Will Jones (Redburn Partners): Thanks. Morning. Three, if I could please as well. Maybe you could talk please just a bit more around speed of build, build rates. Obviously, we have seen lots of talk of material shortages, more recently the pandemic issues. Just any anecdotes around that would be great. Just how you think about measuring that. Some of your peers talked to us about equivalent units in build or build rate per week, but is there a particular metric that you would like to keep on top of there?

The second, maybe, just if you could update us more generally about your availability per site in terms of product to sell and just how you are managing the issue of such a long order book. I think you said 99% sold for the year. I would imagine telling customers in August, pretty much everything is for January onwards which is fairly uncharted territory for business, how they are reacting to that proposition.

Then last, just a clarification around the approvals you have made. I noticed that plot cost of the approvals is about 14% of sales versus 20 last year which is quite a big drop down. I expect you will answer with reference to net margin but just in terms of how that should differ so much on a yearly basis would be just interesting to learn around. Thank you.

Pete Redfern: If you start answering the questions for us before you even asked them Will, then we wouldn't give you any information. Just on that last one, I mean I think if you look at a long-term trend plot cost is an interesting trend if you look at any period. Obviously, we could argue that this year's is better than last year's. That a spurious argument, the reality of the volatility depending on the mix of sites is significant both by geography and particular balance between large sites with infrastructure and small sites which are ready to run. The 20% reflected the most uncompetitive land buying that we have done in the last 15 years. And nobody else was in the market. We were very much very openly targeting small sites that were quick to market at a point when others were out of the market completely. You end up with the higher plot cost for sales but actually stronger performance on those.

The mix you have got in the first half of this year is more normalised, it includes a normal mix of strategic land, lower plot cost for sales, but on average, larger sites. So, you really see there the early post-capital raised accelerated return to market of Taylor Wimpey, changing the plot cost but also changing the speed and the measures of the sites we were able to buy.

Taking all the others together, because they are all related to construction. I think, we are very pleased with the way our teams were delivering in what is a challenging environment for them on the build side. We are getting the products that we need. We have little bottlenecks but they are little, so it causes a lot more work for our site managers. They have to be on it all the time. The connection between – you will remember that we are fairly unique in having a central distribution function that secures materials for the group and distribution them as build packs. We have found that has been hugely helpful because it gives us good group level information and a good dialogue, so we've got a team that can back up our local sourcing with suppliers if we have any constraints. That is working for us and we are pleased with where our build and our construction is. But it does mean that if you wanted to step up construction by 15% to match sales demand, it will be next to impossible in doing it and your risk to cost, quality and the pressure on the team would be quite high. It is a limiting factor, there is no doubt. It is being delivered well. I would say we are at least normal build rate per site.

We do not tend to use build rate and equivalent unit measures because they can hide a lot of ills. We look at it site by site and we look at outliers. So, we look at construction stages relative to where we are with the sales completion. We look at overall construction stages per site. But if you focus your teams purely on are they making a certain number of ticks in boxes, you can find you have got a large number of houses all of which are 30% complete and none that you can actually sell. We do not use one overall metric. We occasionally use it from an external point of view. I would say this time last year, we were showing you some of those statistics on build rates. I would say today, we are running per site at above what we would consider a normal level of construction per site, not massively but 5% above matching the long order book and the high sales rate. But it is hard the team. We are pleased with the performance but I do not want to take away from the fact that everybody in the team is having to work hard to do it and we're using the systems and materials that we have got.

In terms of then the impact of that on availability, we are [inaudible] largely on most of our sites in January and February last year. It is territory we have been charting for a little while now. I think we have become far slicker at managing the communication, the dialogue with our customers. If you look at the customer service performance, we have seen historically, long lead times impact on customer service scores. Those customer service stores at 92% for the first half. Are obviously people, many of whom reserve at different stages of the lockdown, and so have had an extended period of time from reservation to completion and have faced delays. I think that is good evidence that we are managing communication and the information with our customers well. And we are much better than we were four or five years ago. We are selling six or seven months ahead to know that the build programme can deliver. The number of sites where the build programme gets delayed at that point is significantly less than the, and the delays are less. The management and the control – and the systems that we have got to make sure that our forecast dates are reasonable, much more reliable.

If I go to the sales rate, it is interesting that the sales rate we have today for this year is exactly our targeted, budgeted sales rate. We are managing the price and turning into the market that's there. We are where we want to be.

Will Jones: Great. Thank you and just tying back on the original land cost point. I do not think the bubble chart is in the pack, it has been before and, perhaps it is in the release, apologies, but the approval in the first half of this year, are they still, in theory, creating a similar level of returns.

Pete Redfern: They are.

Will Jones: Yeah, cool.

Pete Redfern: I think, there I've said a couple of times we were going to remove the bubble chart over the course of the last couple of years, we finally have done it. Yes, they are very much at those same levels of returns, and at that upper end of that 21-22% margin range.

Will Jones: Right, thank you.

Operator: Our next question comes from Gregor Kuglitsch from UBS. Your line is now open.

Gregor Kuglitsch (UBS): Hi, good morning. Couple of questions, please, or maybe three actually. Coming on back on the volume ramp up. You have given some indication clearly for this year, next year, I think, you are seeing modest maybe 5% and then you reiterate the 17,000-18,000. So, if you could just give us a line of sight how meaningful the step up is in '23 before we reach that ambition which is beyond '23, but correct me if I am wrong.

The second question is on land. You called it out in numerous times which increased competition. Can you give us a sense compared to, maybe, six months ago, how the intake margin is evolving and what the degree of pressure is there?

Then finally, maybe, just generic question. You have, obviously, decided to make London and emphasis of today. I just wondered why that is, specifically. Was it because you thought it was interesting or are you specifically trying to call out the London is coming back?

Pete Redfern: Let me deal with the last one first, Gregor. I do not think we were particularly aiming to make London an emphasis from a strategic point of view. We think it is important for you to see a broad base of the team. Jennie has presented a number of times, so Jennie is on holiday this week. Ingrid is a key part of our team. It felt like a good opportunity for you to hear from her. And I'm conscious, we have not done a capital markets day in a while and, probably, want to wait until we can do one properly face-to-face. And so, it is more driven by wanting you to hear from the broader team and to give Ingrid a chance to talk to you than it is that we are making a strategic stake on London. We have reduced the scale of the Central London business but we still continue to believe that London and the south east is a good market and a market that we want to be in, and that we will continue to invest in. But, that should not be new news. It is more about people than it is about London.

Chris, I will go back to you at the end to pick up Gregor's volume question, and if I then pick up the land question and then hand it over to you on volume. You are right, we have called out the increased competition. I doubt that will surprise you, and it certainly does not surprise us. I think what we believe is we saw our competitors return to the land market much more gradually. One or two, actually including one larger private business came into

the market actively at the same as we did, 12 or more months ago. But others were slow until getting into late 2020, very early 2021 and then are trying to catch up. As house prices have risen, you have seen an increase in land prices. In answering your specific question, I would not flag a decrease in intake margin, but I would flag that the land prices that we were paying 12 months ago which are still coming through onto our balance sheet now are materially lower than land prices today. Land prices today reflecting a meaningful movement in house prices. As they normally would but I think, it, obviously make us particularly pleased with those acquisitions.

Chris, back to you on the volume and volume to 2023 question.

Chris Carney: Just to be clear about the trajectory. In 2021 we said we previously guided completions in the range from 13,200 to 14,000 and we are now guiding completions to be towards the top end of that range. What we are saying is for 2022 there will be modest growth on those 2021 upgraded volume. It is still too early, obviously, to be providing any formal guidance for 2023, but you can see from what we are saying in terms of the outlets and the fact that we have given you an indication on outlet growth over the next 24 months, I think that underpins an indication of what number in 2023 would be. I think, consensus currently sits at something like 15,972, so I'll be very comfortable with that number.

Gregor Kuglitsch: Thank you.

Pete Redfern: I think, all I would add is we are flagging 4-5% completion growth in 2022, and at the fact that we are saying the bigger growth comes in 2023, Chris is right. It is early for formal guidance for the number. Of course, it would depend a bit on market, but the potential and scale. Again, it is one reason we have given you the net outlet growth number, not just the number of additions we might have, the number of new openings we might have, but a net additions number to give you some sense of its potential there for 2023, but it is early to make it a specific number.

Gregor Kuglitsch: Thank you. That is helpful. Thank you.

Operator: Our next question comes from Ami Galla from CitiGroup. Your line is now open.

Ami Galla (Citigroup): Yeah, morning guys. Just a few questions from me. The first one was on the Future Home Standard and considering the direction of travel and the efficiency regulation in the industry. Do you think you would need a greater usage of timber frame in the future and is that one of the investment plans in the business going forward?

The second one, if you could give us some further colour on the ongoing discussions on developer tax levy, where is that heading?

The third one is really just a follow up on your comments around what is happening in the land market, and while intake margins are holding up, how sustainable do you think is this medium term margin guidance beyond this 2024 timeline?

Pete Redfern: Just on Future Home Standard. I think the sand has come in, but very much what we have been talking to you about very early last year. So there is no surprise for us in those. Our teams, have been working out, as the regulation has become more clear, they have been working out the exact technology.

We do expect some more timber frames. We have been building more timber frames over the course of the last three or four years. Albeit, I think that will change and it does depend on the particular house type, the location depending on weather and availability. We do not see it as being going down a wholly timber frame or even a massively timber frame route. But having the flex, to be able to use it where it is relevant is important. I have said it a couple of times; I would not rule out us investing in timber frame construction as in a timber frame factory, one of the few areas of vertical integration I think we would look at, but it still remains pretty uncertain about what the right answer is. We are doing a lot of work at the moment on different build methods, but what we have seen is a lot of people both inside the industry and suppliers of the industry making big statements about the next methodology, but then it is quickly changing and a different methodology being more effective. I have got to be honest, we are consciously watching, researching, testing and our technical guys are all over it but, actually, not quite convinced yet that we found the right best long-term answer. And that knowing what regulation is now helps but, I think, it is whether regulation changes again in 2023, that we really need to see that shift.

On land margins and going to your specific question. Does the land environment make us question sustainability of the 21-22% margin target? The short answer is no. We have said before that if we put all the maths together on the land we got at the moment, the land we bought over the last 12 or 18 months, then mathematically, our operating margin should be above that level. I think it is improvement for us to assume that is the case but, effectively, let's absorb lots of moving parts, if you see what I mean. I think we continue to believe it is the right movement and that, actually, we can absorb the ups and downs that we would expect in the market including things like regulatory changes and that shift in land market and still maintain that guidance. You would never say there is one perfect 1% range that you would never be above. We cite that guidance as being something we believe is a reasonable medium term sustainable level rather than a hail Mary we could get there and then not say there. That is the aim of it.

On the developer tax, I am afraid there is nothing new to add, I don't know if Chris if you want to say anything, but I am not sure we got any particularly new news.

Chris Carney: No, I think you would have to ask the Treasury.

Ami Galla: Thanks, thanks. That is very helpful.

Operator: Our next question comes from Marcus Cole from Liberum. Your line is now open.

Marcus Cole: Morning all, hope you are well. Just a couple of questions from me. I was just thinking with a special in mind really. Could you remind me of what your view is on what is surplus capital?

Then just to clarify. Should we expect land investment to return to replacement rate from 2023? Thanks.

Pete Redfern: Yeah, I think, yeah, so again, in reverse order picking up the land investments one. In terms of new approvals, we expect to be at more or less replacement level from here on in. But, there will be elevated additions to the land bank at least over the six months and, probably, the next 12 months just as the land we have already sourced flows through. So sat here today, just sort of, looking at 2023, I would expect to be operating at

more or less replacement level in the land market; but, obviously, that is a slightly tactical question in any one year that we'll be a bit better placed to answer as we get closer.

Sorry, could you just repeat the first question. I didn't make a note of it.

Marcus Cole: I was just thinking in terms of surplus capital. What is your view on when you return, start returning that special really?

Pete Redfern: We still continue and it is what we probably said first a year ago and repeated since. Our expectation is that we will make some sort of capital distribution in 12 months' time and basically back to where we were pre-pandemic in terms of timing of cash returns, and that we will announce that on a more normal timeline that we have done historically, so likely to be with our prelims in February next year in terms of quantum.

Marcus Cole: Okay, thank you very much.

Operator: Our next question comes from Christopher Freemantle from Morgan Stanley. Your line is now open.

Christopher Freemantle (Morgan Stanley): Hi, good morning. Just two questions. First, just to be clear on what you are saying on the margin side. You talk about the 21-22% margin guidance. Are you suggesting you can get there in 2022 already or do we need to wait until the volume ramp up comes through for us to get to that margin target? Any colour you can give on 2022 margin progression would be helpful please.

Then just on the developer levy. Is it your expectation that we are going hear more on that in the UK Government's autumn budget statement, or again, are we going to need to wait a bit longer for that? Any colour you can provide on that.

Pete Redfern: I am going to give both of those to Chris.

Christopher Freemantle: Thanks. Thanks.

Chris Carney: On the developer levy, unfortunately, fairly similar to the last answer in there. Obviously, it is under consultation at the moment, and will it appear in the autumn budget? Perhaps, I do not know, so we will just have to wait and see on that.

I think, on the margin side, for 2022, what we are saying is unchanged from what we have said previously. We expect to get back to a normalish margin in '22, similar to 2019 level, so somewhere in the range 19.5-20% but, clearly we will targeting the top end of that range and push to get something starting with a two and then, clearly, as move into 2023 and the volumes step up, then the improved recovery from those increased volumes will help the margin further.

Pete Redfern: I think, that I'd add one thing which is not about where our guidance is but it is about where our focus is; and, I think we have said but I do think it is important to stress it in relation to 2022. I would really counsel you not to go above the top end of our volume range for 2022. But, where we will be focusing is delivering that volume properly but also focusing on the margin delivery. It's upside in the margin more than it is in the volume.

That will, of course, depend on the balance of costs and selling price we have talked about first. That is where we will be focusing so that we are in a strong position – not reduce outlet numbers and burn through them too quickly, but be in a strong position for that 2023 growth.

Christopher Freemantle: Thank you.

Operator: Our next question comes from Gavin Jago from Barclays. Your line is now opened.

Gavin Jago (Barclays): Morning, everyone. Hope you are well. Just a couple from me if I could, please. The first one just around what the medium-term volume targets, and just wonder if you could put some colour around where your average sites size has moved, I guess, over the last five or six years and how much of a driver that is for meeting these new targets and how much it is maybe in the majority of the regions something Ingrid touched on earlier.

Then the second question just around the nine-month score. Again, Ingrid's part of the presentation showed what that nine-month scores progression. Is that broadly reflective of where the score is for the wider group; and if not, can you give us some colour on that please?

Pete Redfern: Yeah, on the nine-month score, there has been a meaningful improvement over six months at group level as well as in Ingrid's patch. I think, I am right in saying – I don't have the two data points in front of me , but I am thinking I am right in saying that if I look back at last year, for instance, the group was slightly ahead of the London and south east patch, and still is today, but both have moved forward materially. And we could – a bit like the build quality measures. We continue to believe that it is important to be at a five-star level on the shorter-term survey but, actually, from our customers' point of view, it is just as important, if not more so, to deliver a good nine-month satisfaction score and a good underlying build quality because, otherwise, you risk just window dressing on the shorter-term perceptions. I think if you get all three of them in a good place, then I think you are delivering overall a good customer service. That has always been our focus rather than just focusing on any one measure.

I think on outlet numbers and site size, as I said acquisitions immediately after the equity raise were a smaller average site size, that would have brought down the average a bit. It is not like a massive difference and it does not need to. I said before and I will repeat it; we have no problem with large sites. You think a large sizes once you have them open as an outlet, give a very good level of consistency, level of competition is less. We do believe you could sustain higher build rates and sales rates on them and we are proving that at the moment and by a margin. We just think we let that go a bit too far in 2019. It does not mean the underlying desire to make those sites work for us is in any sense wrong. Our average site size is probably around 290 at the moment. We tend to look at it on acquisitions rather than where it sits in the land bank, so that is why that is probably, and that is why it is slightly cautious that number. But, the key there which we have to focus on is the right balance between outlets and sales rates, hence the strong focus of outlet driven volume growth.

And why, ever so slightly begrudgingly, I am giving you an outlet growth forecast because it is really important to understand that is a key part of what is going on in the business. We have a lot of outlet growth potential in that 50 outlet growth over the next two years, isn't the end of it. I've put an element of contingency against that, what we will find is we will get those outlets. Some of them might be later, so that 50 reflects already a greater caution, but continued growth in outlets in later 2023 and 2024.

Chris Carney: And, Gavin, the nine-month score for the group is on page eight of the prelims. It is 80% converted, 76% for the first half last year, so 4% increase.

Gavin Jago: Excellent. Thanks very much gents.

Operator: That concludes our Q&A session for today. I will now hand it back over to Pete Redfern for his closing remarks.

Pete Redfern: Thank you. Thank you everybody for the time this morning and for the questions. Thank you, Ingrid, for your presentation and the extra depth that hopefully you have given people. Look forward to our next update and catching up with you then, hopefully before too long in person.

[END OF TRANSCRIPT]