



Taylor  
Wimpey | plc

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# Half Year Results Presentation

for the six months to  
4 July 2021

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4 August 2021



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# Agenda

**Introduction and UK  
operational  
overview**  
Pete Redfern

**London & South  
East overview,  
Environment and  
Social update**  
Ingrid Osborne

**Financial review  
and guidance**  
Chris Carney

**Priorities and  
outlook**  
Pete Redfern







# Introduction and UK operational overview

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Pete Redfern  
Chief Executive





# H1 2021 overview

## H1 2021 highlights

- Great H1 performance, going forward prioritising margin and then outlet led growth from 2023
- Ongoing strong housing market
- Focused on margin through cost control and price optimisation
- Selling price inflation fully offsetting upward pressure on build costs

**Plots approved  
in the year to  
4 July 2021**

c.32,000

**Operating profit  
margin\***

19.3%

**Operating profit\***

£424 million

**Group  
completions**

7,373

**8-week 'would  
you recommend'  
score\*\***

92%

**Construction  
Quality Review  
score**

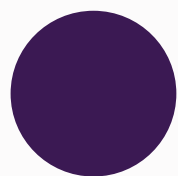
4.65

\* See definitions slide in the appendix

\*\* The 8-week 'would you recommend' score for H1 2021 relates to customers who legally completed between October 2020 and March 2021

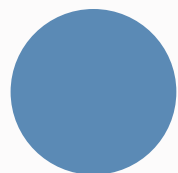


# H1 2021 market backdrop



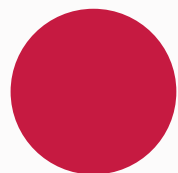
## Customer

- Continued strong customer demand across all regions
- Successful transition to next phase of Help to Buy
- Strong order book beyond Stamp Duty Land Tax holiday



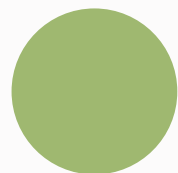
## Market

- UK housing market has continued to perform strongly across all our geographies in H1 2021
- New build supply increasing back towards pre-COVID levels
- Low interest rates, good mortgage availability, 95% mortgage guarantee scheme
- Increasing cost pressure on some build materials



## Regulatory

- New Homes Ombudsman – expected later this year
- Building Safety Bill and Residential Property Developer Tax
- Cladding provision
- CMA leasehold process



## Land

- Planning reform discussion continues
- Increased competition in land market, as housing market shows strong growth
- Planning and site processing in Local Authorities still catching up from COVID-19 delays



## Market performance – to date

	H2 2021 (w/e 1 August 2021)	H1 2021	H2 2020	H1 2020	H2 2019	H1 2019
Average outlets open	220	228	244	237	243	257
Private sales rate (net)	0.81	0.97	0.81	0.70	0.92	1.00
Private sales price £000	323	322	320	320	314	298
Cancellation rate (private)	16%	14%	19%	21%	16%	14%

- 37 new outlets opened in H1 2021 (H1 2020: 39)
- Total order book of 10,589 homes as at w/e 1 August 2021 (2020 equivalent period: 12,014)
- Help To Buy transition completed without major disruption, during the first half of 2021 approximately 27% of private reservations used the Help to Buy scheme (H1 2020: c.53%)
- 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%)
- Strong Q1 and Q2 means H2 pressure lower than normal, focus remains on good order book and WIP position going into 2022

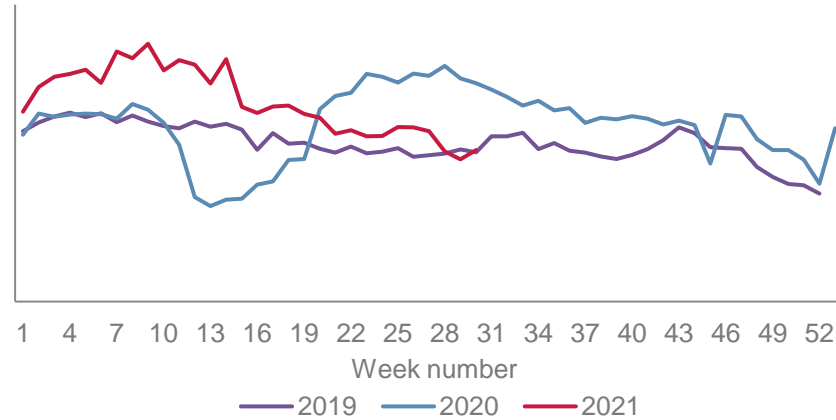
Data based on reservations excluding JVs



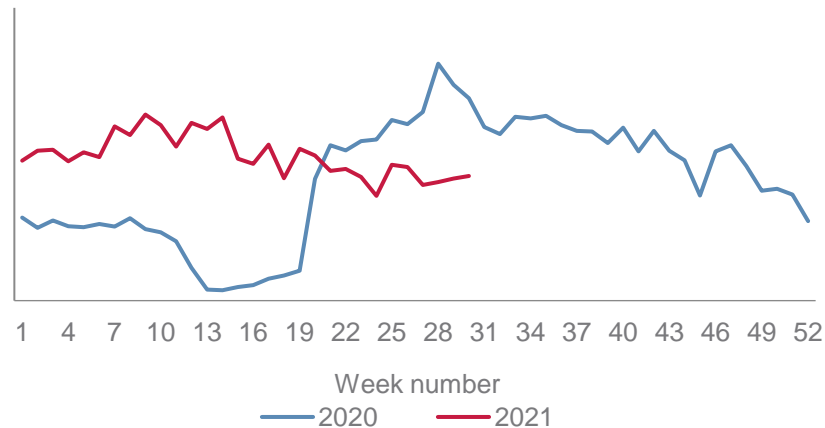
# Positive sales momentum and forward indicators

- Healthy levels of customer interest in reservations extending beyond the Stamp Duty Land Tax holiday
- Launched new customer facing website
  - Includes improved development pages, plot listings and an optimised search function
  - Delivers a vastly improved user experience
  - Source of the majority of our online leads – highly valuable tool for the company, and a vital component of our customer journey

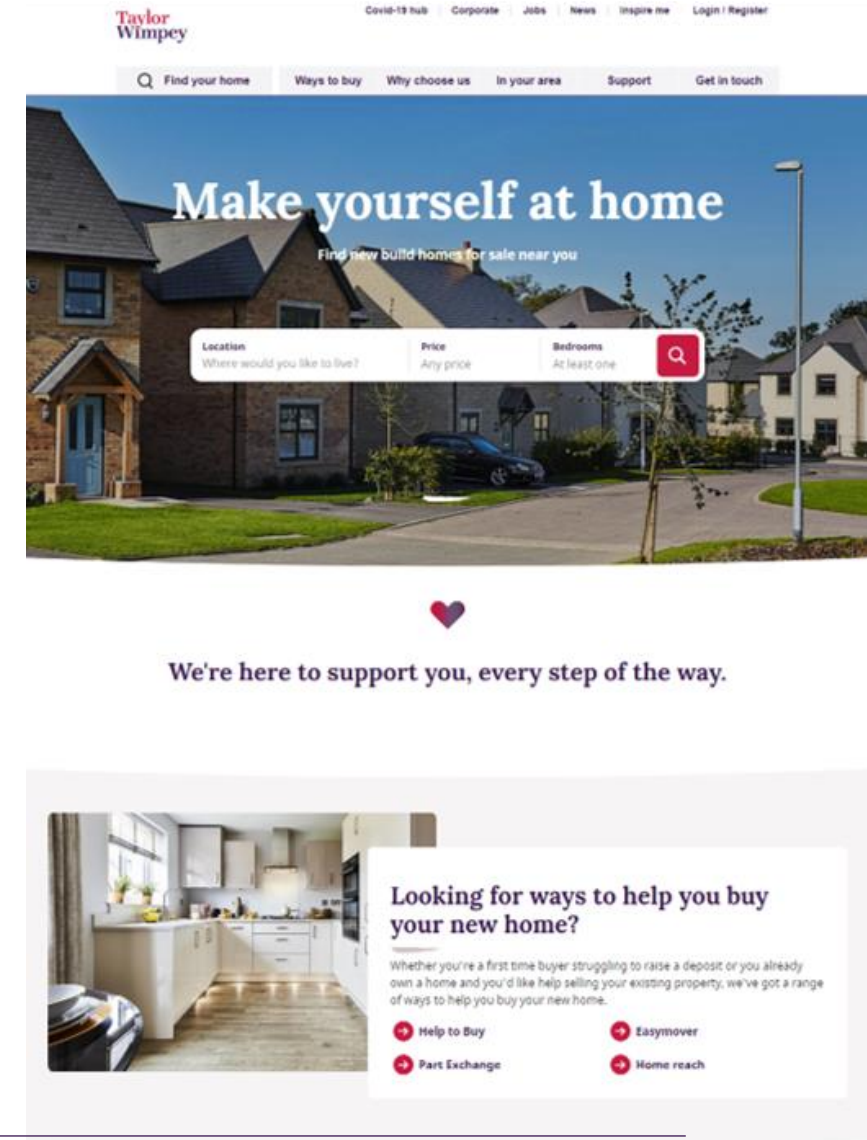
## Customer interest\*



## Appointments



\* Organic traffic i.e. traffic via a search engine, to our plot and development pages







# London & South East overview, Environment and Social update

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Ingrid Osborne

Divisional Chair London & South East



# London & South East overview, Environment and Social update



## London & South East highlights



## Environment Strategy update

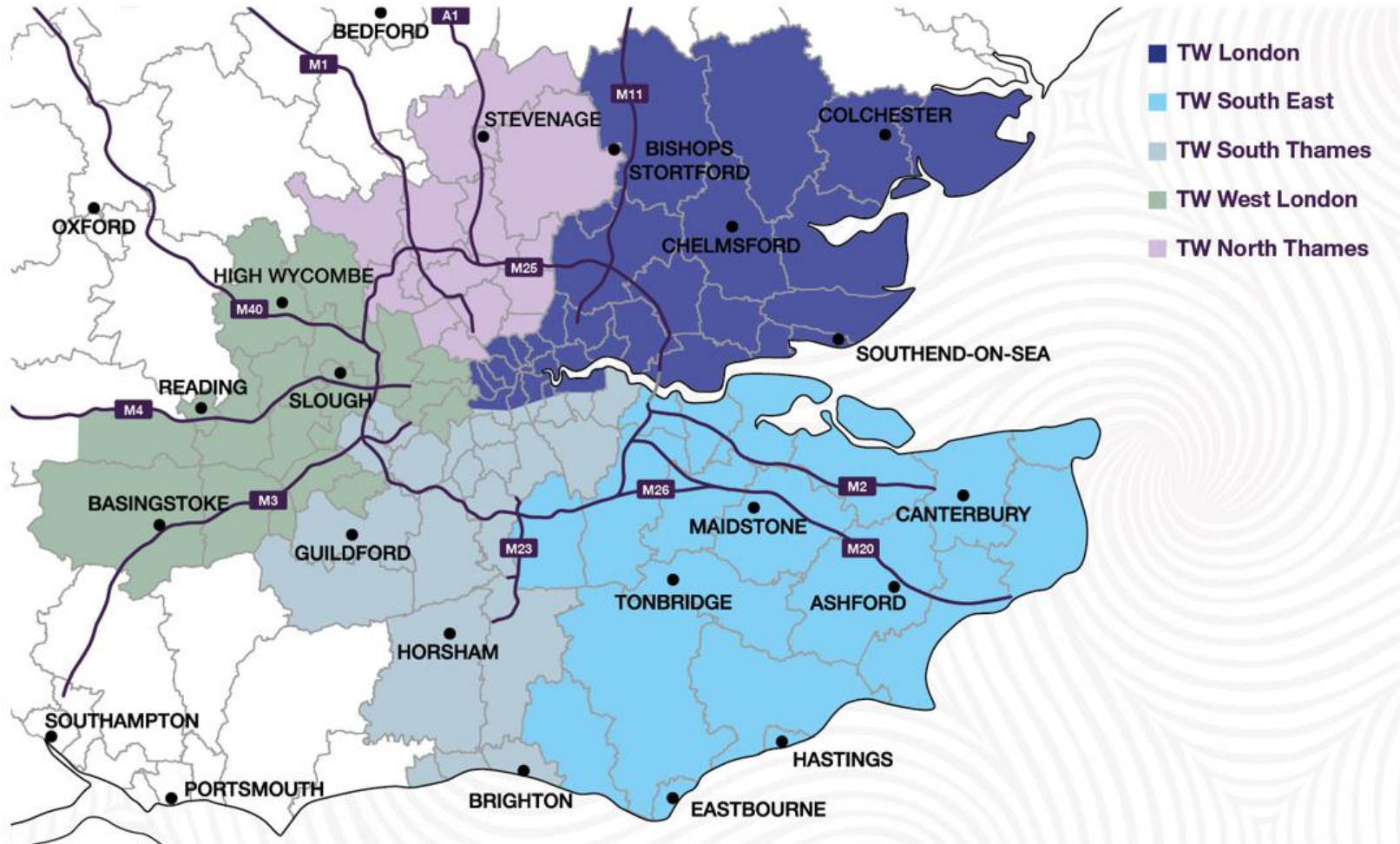


## Social



# London & South East – how we operate

## London and South East Division



- Active presence both in London and wider South East area covering 100 local authorities across 5 TW business units (BUs)
- Product includes traditional housing (70%) and apartments (30%), JVs and partnerships – mix of mature and growing BUs
- Predominantly TW run, with main contractor model at some TW London sites
- Greater London, represents 15-25% of volume over next 5 years
- TW London rationalisation complete
- Reduced current exposure to prime London

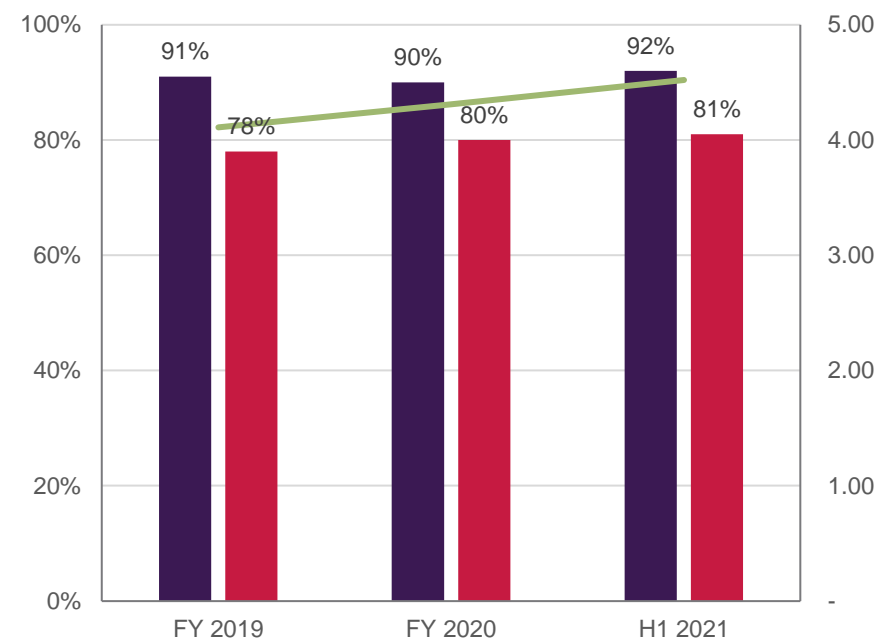
# Positive momentum in sales, customer service, quality and margin

L&SE excl. JVs	H1 2021	H2 2020	H1 2020	H2 2019	H1 2019
Private completions	1,148	1,173	427	1,559	848
Average outlets	40	48	53	52	51
Private sales rate (net)	1.00	0.69	0.71	1.03	0.91
Cancellation rate (private)	13%	23%	23%	16%	16%
Private order book volume – number of homes	1,148	1,255	1,570	1,023	1,193
Private order book value £m	588	651	808	531	544

L&SE incl. JVs	H1 2021	H2 2020	H1 2020	H2 2019	H1 2019
Operating profit margin %	18.8	15.8	(2.5)	21.4	16.0

## Customer service and quality



■ Would you recommend 8-week score \*

■ Would you recommend 9-month score \*\*

— Construction Quality Review – average score out of 6

\* The 8-week 'would you recommend' score for H1 2021 relates to customers who legally completed between October 2020 and March 2021

\*\* The 9-month 'would you recommend' score for H1 2021 relates to customers who legally completed between October 2019 and March 2020



# Sales market trends – London vs wider South East

- “De-urbanisation” is over simplified and not our experience
- London has proven resilient; micro-location and open space important; high sales rates at Chobham and Greenwich Millennium Village
- Overseas purchasers buying without viewings at certain price points, though prime London slower
- Structure of the Division enables us to benefit and react quickly as markets fluctuate



# Land market and our outstanding performance

London & South East	4 July 2021	31 December 2020	31 December 2019	31 December 2018
Short term land portfolio - plots	14,579	14,278	12,109	13,474
Short term land portfolio - years	4.7	6.4	3.4	4.1
Strategic land pipeline - plots*	26,310	21,941	21,101	18,353
Strategic land pipeline - years*	8.4	9.8	6.0	5.6

## • Land market

- Current market highly competitive though Taylor Wimpey a reliable purchaser with quality and proven execution
- Over £500 million land commitment approved since re-entering the land market (majority contracted) and Heads of Terms agreed for further 2,000 plots and c.£200 million of land commitment

## • Outlet delivery

- Planning remains challenging and working with Local Authorities on new planning framework and changing legislation
- 90% of sites already have detailed planning for 2022. Over 95% of sites are owned for 2022 delivery

Data includes JV plots

\* Excludes land with less than 50% certainty of achieving planning permission



# Land acquisition case studies



## Gilston Village, Harlow

- Strategic purchase with allocation (purchased June 2021)
- Intimate knowledge of area from other Taylor Wimpey sites, including previous acquisition from vendor
- Gilston is the largest new allocation in Hertfordshire
- 1,500 units, KPIs above benchmark rates
- Delivery split between TW North Thames and TW London over a nine year period
- Good example of a 'backbone site' (production over the longer term) – outlet open by end of 2023



## Ockley Lane, Hassocks

- Private ownership brought to market via local agent. Bought swiftly following failed performance by a competitor (purchased February 2021)
- Hassocks is seven miles north of Brighton and well positioned for the south coast, Gatwick and London
- 500 units, KPIs in line with benchmark rates
- Delivery from TW South Thames over a five year period
- Good example of a 'low risk' site (outline planning and a familiar location) – outlet open early in 2023



# Environmental strategy targets

## Carbon reduction

- Reduce operational carbon emissions intensity by 36% by 2025 from a 2019 baseline
- Reduce carbon emissions intensity from our supply chain and customer homes by 24% by 2030 from a 2019 baseline
- The Science Based Targets initiative has confirmed that these operational targets are consistent with reductions required to keep warming to 1.5°C – an externally benchmarked measure

## Nature

- Increase natural habitats by 10% on new sites from 2023
- Include our priority wildlife enhancements from 2021
  - Partnering with Hedgehog Street and Buglife
  - Working to ensure our sites include pollinator and wildlife friendly planting
- We have targeted biodiversity net gain on a number of recent planning applications

## Waste and resources

- By 2022, publish a 'towards zero waste' strategy for our sites
- Cut our waste intensity by 15% by 2025 and use more recycled materials
  - Partnering with two suppliers to reduce waste from used paint pots
  - Working to better understand packaging waste streams and work with suppliers to achieve reductions
  - Trialling a reusable alternative to temporary decking (used to prevent accidents in stairwells during construction)
  - Pallet repatriation service; pallets are collected from site and reused where possible



# Nature – TW South Thames – Prince Philip Park, Bordon, Hampshire





# Nature – TW South Thames – Prince Philip Park, Bordon, Hampshire

- Encourage an active lifestyle and accessibility for elderly residents and those with disabilities or dementia
- Seven mile 'green loop' and 'green grid' connects the whole site, enabling residents to walk and cycle to their homes, workplaces and leisure facilities
- New green spaces, a natural play area, sports pavilion, skate park and community garden opened before customers moved into their new homes
- Series of sporting and active lifestyle events have been launched, including a Parkrun, roller hockey, cricket matches, a healthy eating programme for local children, and a Golden Mile encouraging children to walk a mile a day
- Habitat enhancements: two new water bodies created to encourage a greater diversity of species particularly invertebrates and amphibians
- Areas are now suitable habitats for a wider range of birds with woodlark now recorded in the area and sightings of green woodpecker and red kites
- 100 wildlife boxes have been integrated as well as a hibernation bat roost and maternity bat roost, deadwood log piles and bug hotels



# Enhancing our communities



# Carbon reduction – TW London



## Coronation Square, Leyton

- District Heating Network will produce energy for Coronation Square and the emerging neighbourhood to the west, becoming vital infrastructure for this new piece of city



## Chobham Manor, Stratford

- Constructed exemplar townhouses achieving zero regulated CO<sub>2</sub> emissions through the use of on-plot measures only



# Employee survey

96%

Taylor Wimpey takes health and safety in the workplace seriously



96%

I see employees from all cultures and backgrounds being respected and valued in Taylor Wimpey



96%

I can be my authentic self at work without a need to cover my identity



93%

I know how to access support for mental health and wellbeing at work

Percentages are total of 'agree' and 'strongly agree' responses





# Financial review and guidance

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Chris Carney  
Group Finance Director





# Summary Group results

£m (before exceptional items)	H1 2021	H1 2020	Change	FY 2020
Revenue	2,196.3	754.6	191%	2,790.2
Gross profit	522.3	91.0	474%	496.7
Gross profit margin %	23.8	12.1	11.7ppt	17.8
Operating profit / (loss)	424.0	(16.1)	-	300.3
Operating margin %	19.3	(2.1)	21.4ppt	10.8
Profit / (loss) before tax and exceptional items	412.5	(29.8)	-	274.4
Adjusted basic earnings / (loss) per share* pence	9.3	(0.7)	-	6.5
Tangible NAV per share* pence	113.3	102.8	10.2%	110.0
Return on net operating assets* %	23.0	16.8	6.2ppt	9.9

\* See definitions slide in the appendix

## UK performance summary

	H1 2021	H1 2020	Change	FY 2020
<b>Legal completions – excl JVs</b>	<b>7,219</b>	<b>2,713</b>	<b>166%</b>	<b>9,412</b>
Private	6,061	2,076	192%	7,564
Affordable	1,158	637	82%	1,848
<b>Average selling price – excl JVs</b>	<b>299</b>	<b>269</b>	<b>11.2%</b>	<b>288</b>
Private £000	327	307	6.5%	323
Affordable £000	150	144	4.2%	146
<b>Legal completions – JVs</b>	<b>70</b>	<b>35</b>	<b>100%</b>	<b>197</b>
Share of results – JVs £m	1.3	(1.8)	-	7.9
<b>Gross profit margin %</b>	<b>23.8</b>	<b>11.6</b>	<b>12.2ppt</b>	<b>17.5</b>
<b>Operating profit / (loss) £m</b>	<b>419.6</b>	<b>(19.6)</b>	<b>-</b>	<b>284.5</b>
<b>Operating margin %</b>	<b>19.4</b>	<b>(2.7)</b>	<b>22.1ppt</b>	<b>10.4</b>



# Recovery of UK operating margin

Illustrative movements in UK operating margin H1 2020 to H1 2021	Annual change	Impact on H1 2021 income statement (ppt)
Market inflation on selling prices	3.0*	2.2
Market inflation on build cost	3.0	(1.7)
<b>Net economic benefit captured</b>		<b>0.5</b>
Market impact of landbank evolution		0.5
<b>Net market impact</b>		<b>1.0</b>
Care worker discount scheme		(0.4)
Incremental COVID-19 costs		5.3
Restructuring benefit		0.4
Direct selling and fixed elements of build costs		6.1
Net operating expenses		9.1
Share of JV profits		0.3
Other		0.3
<b>Total UK operating margin movement</b>		<b>22.1</b>

- The improvement in H1 2021 operating margin has been supported by:
  - The absence of non-recurring COVID-19 related costs
  - Cost savings arising from the 2020 restructuring
  - Increased volumes driving more efficient recovery of fixed costs
  - Increased focus on balance between price and sales rate
- Bridge to 21-22%
  - Current house price inflation and build cost inflation offsetting
  - Restructuring savings realised
  - Strong order book underpinning prices
  - Landbank evolution starting to come through
  - Land investment to deliver volume step up in 2023
  - New house type range in train
  - CRM roll-out nearing completion
  - Procurement strategy supporting both availability and cost

\* Source: Market inflation based on internal pricing data

# Summary Group balance sheet

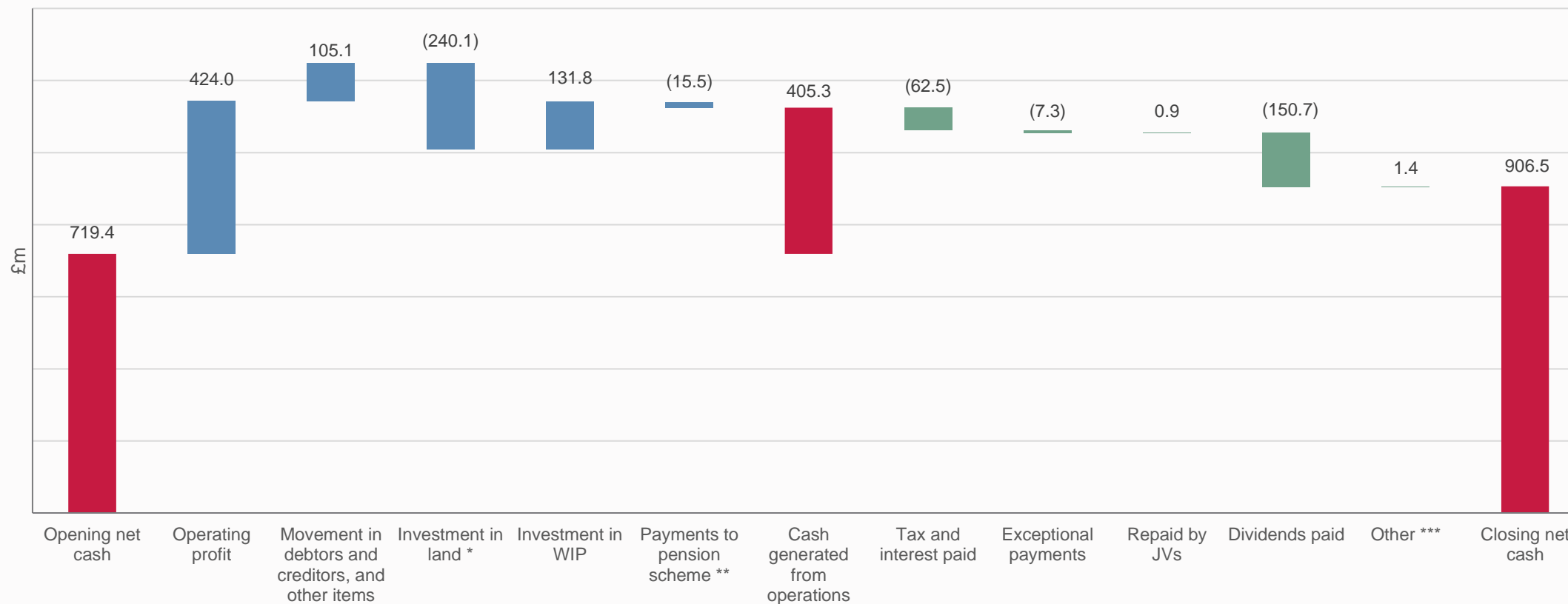
Group £m	4 July 2021	28 June 2020	Change	31 Dec 2020
Long term assets and JVs	140.4	134.9	5.5	141.8
Land	3,261.1	2,806.3	454.8	2,875.7
WIP	1,540.5	1,737.1	(196.6)	1,659.0
Debtors	173.9	186.0	(12.1)	215.4
Land creditors	(843.1)	(630.6)	(212.5)	(675.9)
Other creditors	(788.0)	(745.6)	(42.4)	(731.2)
Pensions and post retirement benefits	(37.0)	(114.7)	77.7	(89.5)
Provisions	(249.3)	(129.6)	(119.7)	(130.5)
<b>Net operating assets</b>	<b>3,198.5</b>	<b>3,243.8</b>	<b>(45.3)</b>	<b>3,264.8</b>
Tax	35.2	14.1	21.1	32.6
Net cash*	906.5	497.3	409.2	719.4
<b>Net assets</b>	<b>4,140.2</b>	<b>3,755.2</b>	<b>385.0</b>	<b>4,016.8</b>
<b>Tangible NAV per share</b>	<b>113.3p</b>	<b>102.8p</b>	<b>10.5</b>	<b>110.0p</b>

- Reduction in net operating assets of 1.4%
- Tangible NAV per share growth of 10.2%

\* See definitions slide in the appendix



# Group cashflow



\* Includes movement in land debtors and land creditors

\*\* Pension contributions in excess of charge to income statement and excluding payments into escrow

\*\*\* Includes payments into escrow

## 2021 guidance

UK completions (excl. JVs)	Expected to be towards the upper end of our guidance (13.2-14k) c.17% affordable
Group operating profit (incl. JVs)	Expected to be c.£820 million, above the top end of consensus*
Year end net cash	c.£700 million
Land	New approvals on a replacement basis
Net finance charges	c.£25 million (c.£6 million cash)
JV share of profit	c.£5 million

\* 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.



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# Priorities and outlook

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Pete Redfern  
Chief Executive



# Priorities for 2021 and 2022



Margin delivery – optimisation of selling price and an enhanced cost mindset



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



Delivering excellent customer service and consistently right build quality alongside great employee experience



Building on strengths in Social and Governance and implementing new Environmental strategy



# Margin delivery – optimisation of selling price and an enhanced cost mindset

- Returned to a margin led philosophy from late 2019
- Cost control focus and systems improvements in place and bearing fruit showing in underlying margin improvement in H1
- Restructuring completed late 2020 improving both overall cost base and simplicity of management focus on operational issues
- Long order book and positive selling environment has allowed focus on price optimisation whilst maintaining strong sales rates
- Balance will flex depending on trading conditions and outlet size



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

## Land acquisition

- Increased landbank by c.5k units in the last year, confident that our landbank will grow by >10k units as recent acquisitions flow through
- Great mix of sites secured including smaller additions, broad geographic spread and good land values before land market competition returned strongly in 2021
- Strategic land pipeline increased to 147k potential plots as at 4 July 2021 (31 December 2020: c.139k)
- Acquired 8,675 plots in the short term land market during H1 2021 (H1 2020: 2,015)
- Converted 3,232 strategic pipeline plots into the short term landbank in H1 2021 (H1 2020: 2,501)

## Outlet progression

- Progressing newly acquired land as planned to deliver high quality outlets from late 2022 for completions in 2023+
- Continue to expect to end 2021 on a similar number of outlets to those at the beginning of the year, 37 outlets opened in H1 2021, 73 outlets opened in 2020
- Plan to grow number of outlets by around 50, over the next 24 months, without adding meaningfully to our operating structure
- The additional land we have approved over the last year will enable us to deliver volumes of 17-18k per annum in the medium term



# Delivering excellent customer service and consistently right build quality alongside great employee experience

- Underlying focus on right first time build quality remains key
  - Measure and incentivise NHBC CQR score (H1 2021: 4.65; FY 2020: 4.45)
  - National standards for Taylor Wimpey build and quality benchmarks
  - Ongoing coaching and training of production teams and subcontractors
- Customer facing processes streamlined and focused
  - Aim to deliver great service and great communication
  - Roll out of new Microsoft Dynamics system allowing enhanced data tracking and automation
  - Post pandemic learning about appointment only and remote sales tools
  - Catch up on resolving issues post shutdowns well underway
- Employees
  - Balance office, site and remote working to optimise performance
  - Promote flexibility through core hour working
  - Deliver as a team and stay connected





# Outlook

- Market conditions remain good, with resilience demonstrating strength of underlying demand
- Strong TW H1 performance shows underlying quality of landbank and discipline in managing price, cost balance, with margin delivery well on track
- 2021 FY upgraded, H2 de-risked and 2022 expected to build on 2021 performance
- Major, well timed land investment expected to lead to outlet led growth and significantly enhanced returns in 2023 and beyond
- Sustained investment in customer service, build quality and employees place the business in a strong and sustainable position



# Future investor communications

- 11 November 2021 Trading update
- 13 January 2022 Trading update
- 3 March 2022 Full year results 2021



# Appendices

Half Year Results Presentation  
for the six months to 4 July 2021

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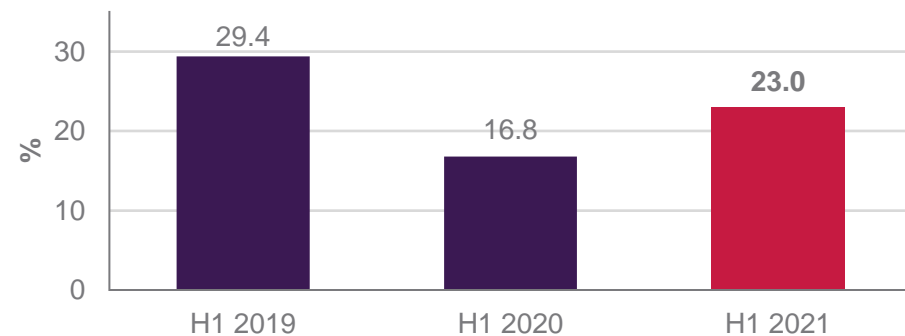
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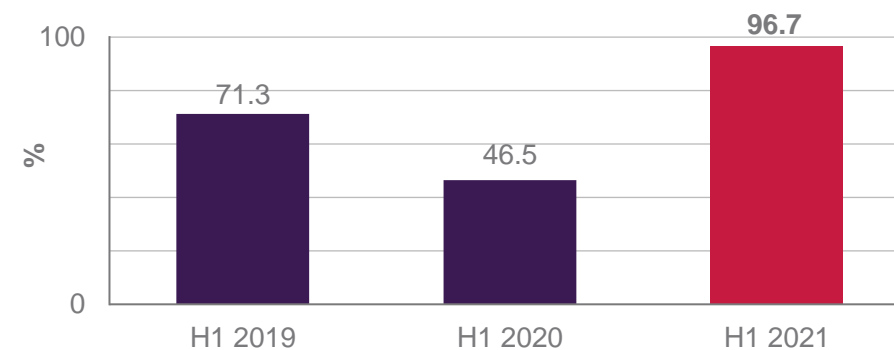


# Group financial highlights

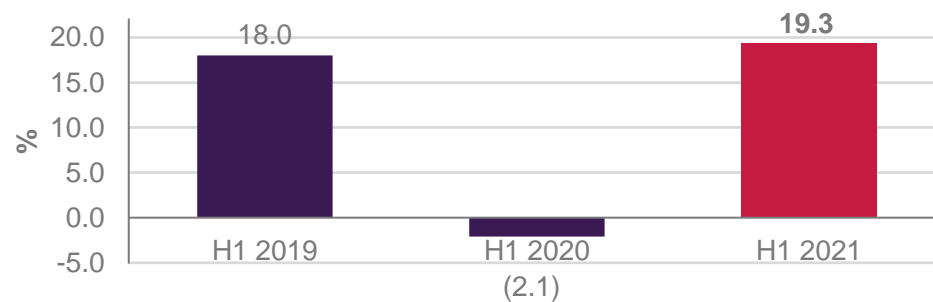
## Return on net operating assets



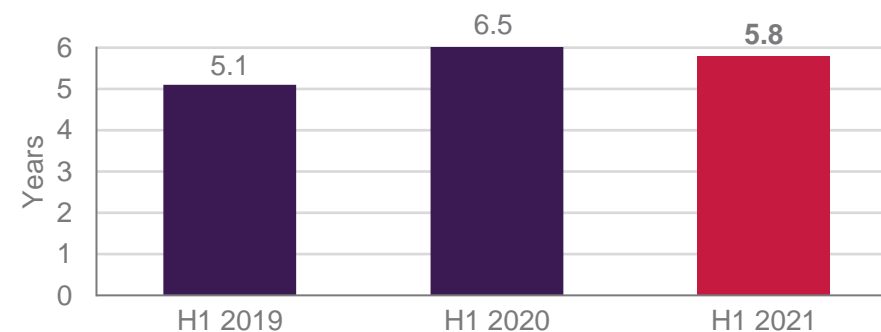
## Cash conversion\*



## Operating margin



## Landbank years



\* See definitions slide in the appendix

# H1 2021 operational performance – our KPIs

Customer	H1 2021	H2 2020	H1 2020	FY 2020
Customer satisfaction – would you recommend 8-week score %*	92	94	91	92
Customer satisfaction – would you recommend 9-month score %**	80	80	76	78
<b>Build quality</b>				
Construction Quality Review – average score out of 6	4.65	4.48	4.31	4.45
Average reportable items per inspection	0.25	0.23	0.26	0.24
<b>Land and planning</b>				
Land cost as % of ASP on approvals	14.4	17.8	20.1	18.3
Landbank years	c.5.8	c.8.1	c.6.5	c.8.1
Completions from strategically sourced land %	55	55	55	55

KPIs for UK only

\* The 8-week 'would you recommend' score for H1 2021 relates to customers who legally completed between October 2020 and March 2021, with the H1 comparator relating to the same period in the prior years

\*\* The 9-month 'would you recommend' score for H1 2021 relates to customers who legally completed between October 2019 and March 2020, with the H1 comparator relating to the same period in the prior years



# H1 2021 operational performance – our KPIs

## Efficiency

	H1 2021	H2 2020	H1 2020	FY 2020
Net private sales rate per outlet per week	0.97	0.81	0.70	0.76
Private legal completions per outlet	26.6	22.5	8.8	31.5
Order book value £m	2,608	2,684	2,904	2,684
Order book volume – number of homes	10,344	10,685	11,686	10,685

## Employee

Employee turnover (voluntary)* %	14.7	9.4	11.1	9.4
Number of people recruited into early talent programmes: graduates, management trainees and site management trainees*	60	47	98	47
Directly employed key trades people including trade apprentices	869	1,038	1,110	1,038
Health and Safety Injury Incidence Rate** (per 100,000 employees and contractors)*	193	151	130	151

KPIs for UK only

\* Rolling 12 months

\*\* See definitions slide in the appendix

# Summary income statement\*

Group £m	H1 2021	H1 2020	Change	FY 2020
Revenue	2,196.3	754.6	191%	2,790.2
Cost of sales	(1,674.0)	(663.6)	152%	(2,293.5)
<b>Gross profit</b>	<b>522.3</b>	<b>91.0</b>	<b>474%</b>	<b>496.7</b>
Net operating expenses	(99.6)	(105.3)	(5.4)%	(204.3)
<b>Profit / (loss) on ordinary activities before finance costs and tax</b>	<b>422.7</b>	<b>(14.3)</b>	-	<b>292.4</b>
Net finance cost	(11.5)	(13.7)	(16.1)%	(25.9)
Share of results of JVs	1.3	(1.8)	-	7.9
<b>Profit / (loss) before tax</b>	<b>412.5</b>	<b>(29.8)</b>	-	<b>274.4</b>
Tax (charge) / credit	(75.5)	6.6	-	(49.1)
<b>Profit / (loss) for the period</b>	<b>337.0</b>	<b>(23.2)</b>	-	<b>225.3</b>

\* Before exceptional items



# Cash flow summary

Group £m	H1 2021	FY 2020	H2 2020	H1 2020
Profit / (loss) from ordinary activities before finance costs	297.7	282.4	306.7	(24.3)
(Increase) / decrease in inventories	(108.3)	(362.2)	61.6	(423.8)
Exceptional items charge	125.0	10.0	-	10.0
Other operating items*	90.9	(95.2)	(58.0)	(37.2)
<b>Cash generated by operations</b>	<b>405.3</b>	<b>(165.0)</b>	<b>310.3</b>	<b>(475.3)</b>
Payments relating to exceptional charges	(7.3)	(17.7)	(9.9)	(7.8)
Tax paid	(60.0)	(107.7)	(73.6)	(34.1)
Interest paid	(2.5)	(10.8)	(4.3)	(6.5)
<b>Net cash from / (used in) operating activities</b>	<b>335.5</b>	<b>(301.2)</b>	<b>222.5</b>	<b>(523.7)</b>
Investing activities	0.9	(23.9)	2.5	(26.4)
Financing activities	(152.6)	516.4	(3.5)	519.9
<b>Cash flow for the period</b>	<b>183.8</b>	<b>191.3</b>	<b>221.5</b>	<b>(30.2)</b>
<b>Opening net cash</b>	<b>719.4</b>	<b>545.7</b>	<b>497.3</b>	<b>545.7</b>
Cash inflow / (outflow)**	183.8	177.8	221.5	(43.7)
Foreign exchange	3.3	(4.1)	0.6	(4.7)
<b>Closing net cash</b>	<b>906.5</b>	<b>719.4</b>	<b>719.4</b>	<b>497.3</b>

\* Includes other non-cash items, movement in receivables and payables and pension contributions (excluding payments into escrow)

\*\* Includes movements in debt balance

# Group segmental analysis

	H1 2021			H1 2020			FY 2020		
	Operating profit £m	Operating margin %	RONOA %	Operating profit/ (loss) £m	Operating margin %	RONOA %	Operating profit £m	Operating margin %	RONOA %
UK	419.6	19.4	23.2	(19.6)	(2.7)	16.4	284.5	10.4	9.7
Spain	4.4	14.6	16.6	3.5	17.2	30.4	15.8	25.0	16.7
Group	424.0	19.3	23.0	(16.1)	(2.1)	16.8	300.3	10.8	9.9



# Financing

- Net cash at 4 July 2021 of £906.5 million (31 December 2020: £719.4 million, 28 June 2020: £497.3 million)
- Cash balances of £1,005.6 million
- Adjusted gearing\* including land creditors of -1.5% (31 December 2020: -1.1%, 28 June 2020: 3.5%)
- Average net cash during H1 2021 of £709.9 million (FY 2020: £399.3 million, H1 2020: £241.5 million)
- Main borrowings and facilities:
  - £550 million Revolving Credit Facility – expiring February 2025 – fully undrawn
  - €100 million 2.02% Senior Loan Notes due June 2023
    - Used to hedge the investment in our Spanish business
  - Weighted average life of 3.3 years

\* See definitions slide in the appendix

# Shareholder returns

## Ordinary dividend

- 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
- Resumed dividend payments with 2020 final ordinary dividend of 4.14 pence per share, totalling £150.7 million, paid on 14 May 2021
- Today we have declared a 2021 interim dividend of 4.14 pence per share to be paid in November 2021, which equates to a payment of c.£151 million and will be paid as a cash dividend

## Approach to return of excess capital

- 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 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. We are not proposing to return excess capital in 2021



# Finance charges

£m	H1 2021	H1 2020	Change	FY 2020
Financial indebtedness	2.5	5.7	(56.1)%	8.3
Foreign exchange movements	0.5	(0.6)	-	-
Unwind of land creditors and other items	9.0	9.5	(5.3)%	19.3
Pensions	0.5	0.8	(37.5)%	1.4
Interest on lease liabilities	0.2	0.2	-	0.4
<b>Total</b>	<b>12.7</b>	<b>15.6</b>	<b>(18.6)%</b>	<b>29.4</b>

# Tax

Asset / (liability)	Current tax £m	Deferred tax £m	Net tax £m
As at 1 January 2021	(1.1)	33.7	32.6
Income statement*	(50.5)	(1.2)	(51.7)
SOCI / SOCIE	-	(5.6)	(5.6)
Cash paid	60.0	-	60.0
Other (including foreign exchange)	(0.1)	-	(0.1)
As at 4 July 2021	8.3	26.9	35.2

- Pre-exceptional effective tax rate of 18.3% (H1 2020: 22.1%)
- Remeasurement of UK deferred tax asset, reflecting the 25% corporate tax rate from April 2023, resulting in £4.5 million credit (£2.7 million income statement, £1.8 million SOCI/SOCIE)
- Expect future underlying tax rate to largely reflect statutory rate
- £37.1 million unrecognised Spanish temporary differences

\* Including tax on exceptional items



# Pensions

## Movement in present value of defined benefit obligations

<b>Total UK £m</b>	<b>HY 2021</b>	<b>FY 2020</b>	<b>FY 2019</b>	<b>FY 2018</b>
<b>Pre-IFRIC 14 deficit / (surplus) brought forward</b>	<b>89.1</b>	<b>(100.5)</b>	<b>(33.1)</b>	<b>(23.9)</b>
Employer contributions*	(16.4)	(37.1)	(47.1)	(34.1)
Administration cost	0.9	2.5	1.8	1.9
Interest charge / (income)	0.5	(2.5)	(1.7)	(1.1)
Increase in scheme liabilities due to GMP	-	1.2	-	16.1
Decrease in scheme liabilities due to PIE	-	-	(15.3)	-
Amounts recognised through other comprehensive income	(133.1)	225.5	(5.1)	8.0
<b>Pre-IFRIC 14 (surplus) / deficit</b>	<b>(59.0)</b>	<b>89.1</b>	<b>(100.5)</b>	<b>(33.1)</b>
Interest charge arising on IFRIC 14	-	3.9	4.9	2.2
Adjustment for IFRIC 14	95.6	(3.9)	180.1	163.9
<b>Carried forward deficit</b>	<b>36.6</b>	<b>89.1</b>	<b>84.5</b>	<b>133.0</b>

\* Includes £5.1 million paid through the Pension Funding Partnership structure

# Pension funding

£m	FY 2020	FY 2021		FY 2022	
		Min	Max	Min	Max
Deficit contributions to the Scheme	30.0	10.3	10.3	-	-
Payments to escrow	-	10.0	15.0	-	20.0
Pension Funding Partnership	5.1	5.1	5.1	5.1	5.1
Scheme expenses	2.0	2.0	2.0	2.0	2.0
<b>Total</b>	<b>37.1</b>	<b>27.4</b>	<b>32.4</b>	<b>7.1</b>	<b>27.1</b>

- Pension payments total £21.4 million in the half year (deficit contributions £10.3 million, escrow £5.0 million, PFP £5.1 million, expenses £1.0 million)
- The funding agreement for the 2019 valuation became effective 1 April 2021:
  - Contributions of up to £20.0 million per annum to be paid into a jointly-controlled escrow account between 1 April 2021 and 31 March 2024
  - First 6 months' payments totalling £10.0 million have been guaranteed. Contributions from 1 October 2021 are subject to a quarterly funding test
  - Payments into escrow are suspended if the funding level of the Scheme reaches 100% on the Technical Provisions basis and restarted if the funding level falls below 98%
  - Surplus at June 2021 of £51 million and funding level of 102.1% on Technical Provisions basis
  - Annual PFP distributions (£5.1 million) and contribution towards Scheme expenses (£2.0 million) continue to be paid



# UK completions mix

UK completions H1 2021	<£200k	£201k – £250k	£251k – £300k	£301k – £450k	£451k – £600k	£601k – £1m	>£1m	Total
Price band	23%	19%	17%	30%	7%	3%	1%	100%

UK completions	H1 2021	FY 2020	H2 2020	H1 2020	FY 2019	H2 2019	H1 2019
First time buyers	43%	40%	43%	35%	36%	36%	35%
Second time buyers	36%	35%	34%	35%	35%	35%	35%
Affordable*	17%	21%	19%	26%	24%	23%	25%
Investor	4%	4%	4%	4%	5%	6%	5%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Help to Buy	36%	42%	45%	35%	37%	37%	37%

Private completions	H1 2021	FY 2020	H2 2020	H1 2020	FY 2019	H2 2019	H1 2019
Apartments	8%	9%	10%	8%	11%	11%	11%
1 / 2 / 3 bed houses	49%	49%	48%	50%	48%	49%	47%
4 / 5 / 6 bed houses	43%	42%	42%	42%	41%	40%	42%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

\*Includes private sales to housing associations

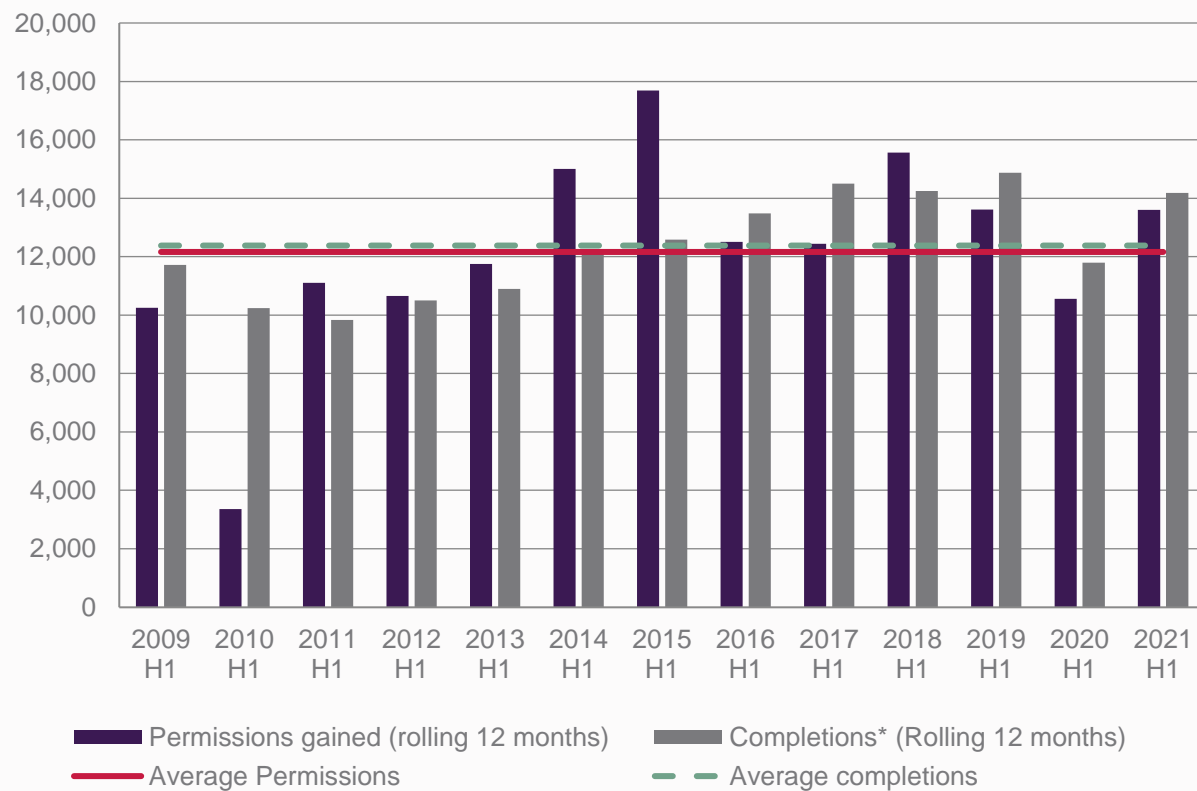
Data based on completions excluding JVs

## UK land commitments

£m	< 1 yr	1-2 yrs	2-5 yrs	5+ yrs	As at 4 July 2021	As at 31 Dec 2020
Committed cash payments in respect of unconditional land contracts	394	204	235	32	865	690
Expected cash payments in respect of conditional land contracts	129	57	130	126	442	333

- Included in unconditional land contracts at 4 July 2021 are UK overage commitments of £63 million (31 December 2020: £65 million)

# UK planning permissions

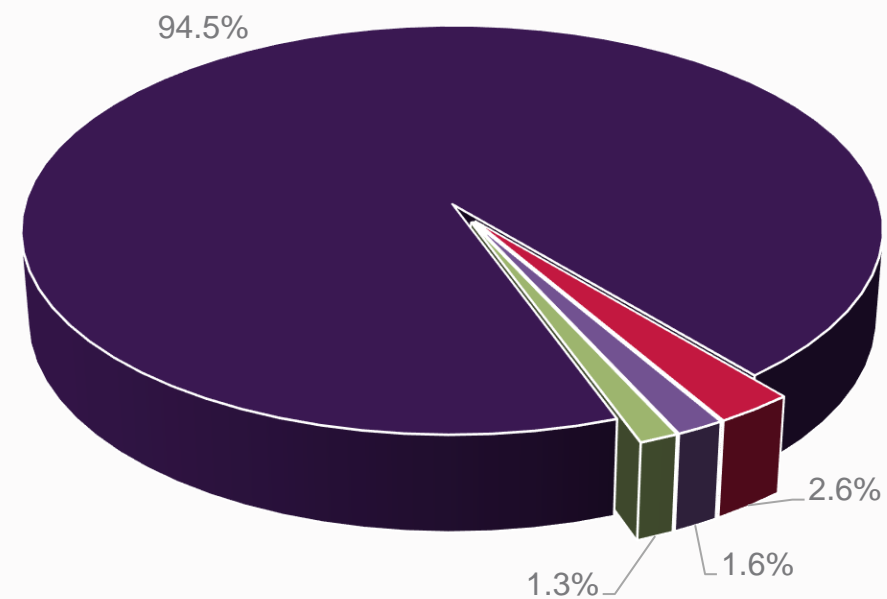


■ Average detailed planning permissions achieved - *Intake*

■ Average completions / detailed planning permissions implemented - *Output*

\* Data includes JV plots

## Sites with implementable planning permission



- Started on site as at June 2021
- Starting on site Q3 2021
- Starting on site Q4 2021
- Starting on site after 2021 or intending to sell land



# UK land pipeline

Plots	4 July 2021			31 Dec 2020
	Owned	Controlled	Total	Total
Detailed planning	40,405	2,149	42,554	42,774
Outline planning	17,738	6,461	24,199	19,777
Resolution to grant	1,169	14,296	15,465	14,884
<b>Short term</b>	<b>59,312</b>	<b>22,906</b>	<b>82,218</b>	<b>77,435</b>
<b>Short term with implementable planning</b>	<b>40,382</b>		<b>40,382</b>	<b>39,105</b>
Allocated strategic*	4,587	11,349	15,936	17,897
Non-allocated strategic*	34,158	97,020	131,178	120,747
<b>Strategic</b>	<b>38,745</b>	<b>108,369</b>	<b>147,114</b>	<b>138,644</b>
<b>Total</b>	<b>98,057</b>	<b>131,275</b>	<b>229,332</b>	<b>216,079</b>

Data includes JV plots

\* Excludes land with less than 50% certainty of achieving planning permission

# UK land portfolio – net cost

£m	4 July 2021			31 Dec 2020
	Owned	Controlled	Total	Total
Detailed planning	1,987	4	1,991	1,860
Outline planning	613	93	706	553
Resolution to grant	25	28	53	44
<b>Sub-total</b>	<b>2,625</b>	<b>125</b>	<b>2,750</b>	<b>2,457</b>
<i>plots</i>	<i>59,312</i>	<i>22,906</i>	<i>82,218</i>	<i>77,435</i>
Strategic*	306	109	415	316
<i>plots</i>	<i>38,745</i>	<i>108,369</i>	<i>147,114</i>	<i>138,644</i>
<b>Total</b>	<b>2,931</b>	<b>234</b>	<b>3,165</b>	<b>2,773</b>

## Of the short term owned and controlled land portfolio:

- 47% - post 2009 strategic land
- 44% - post 2009 short term land
- 9% - pre 2009 land

Data includes JV plots at no cost

\* Excludes land with less than 50% certainty of achieving planning permission

# UK landbank

- Land cost in short term owned landbank is 14.8% of ASP (H1 2020: 14.8%), supported by strategic pipeline conversions
- Land cost as % of ASP on H1 2021 approvals of 14.4% (H1 2020: 20.1%)
- Potential revenue in the landbank at 4 July 2021 was £58.5 billion (31 December 2020: £54.1 billion), comprising:
  - Short term land of £24.3 billion (31 December 2020: £22.6 billion)
  - Strategic land of £34.2 billion (31 December 2020: £31.5 billion)

	Land cost on balance sheet £m 4 July 2021	Number of plots 4 July 2021	Land cost on balance sheet £m 31 Dec 2020	Number of plots 31 Dec 2020
Short term owned	2,625	59,312	2,346	53,731
Short term controlled	125	22,906	111	23,704
<b>Total short term</b>	<b>2,750</b>	<b>82,218</b>	<b>2,457</b>	<b>77,435</b>
Strategic owned*	306	38,745	217	36,968
Strategic controlled*	109	108,369	99	101,676
<b>Total strategic*</b>	<b>415</b>	<b>147,114</b>	<b>316</b>	<b>138,644</b>
<b>Total landbank</b>	<b>3,165</b>	<b>229,332</b>	<b>2,773</b>	<b>216,079</b>

Data includes JV plots

\* Excludes land with less than 50% certainty of achieving planning permission



# UK sales performance

<b>Private and affordable reservations excl JV</b>	<b>H2 2021 (w/e 1 August 2021)</b>	<b>H1 2021</b>	<b>H2 2020</b>	<b>H1 2020</b>
Average outlets open	220	228	244	237
Average sales rate (net)	0.91	1.16	0.90	0.76
Average selling price £000	305	294	302	308

<b>As at</b>	<b>H2 2021 (w/e 1 August 2021)</b>	<b>4 July 2021</b>	<b>31 Dec 2020</b>	<b>28 June 2020</b>
Total order book value £m	2,712	2,608	2,684	2,904
Total order book units	10,589	10,344	10,685	11,686
ASP in total order book £000	256	252	251	249
Outlets at end of period	215	227	239	252
Order book value £m per outlet	12.6	11.5	11.2	11.5

Data based on both private and affordable reservations excluding JVs

## Spain financial summary

	H1 2021	H1 2020	Change	FY 2020
Average number of active sites	21	20	5.0%	20
Legal completions	84	58	44.8%	190
Average selling price £000	360	352	2.3%	333
Average selling price €000	415	407	2.0%	375
Revenue £m	30.2	20.3	48.8%	63.3
Operating profit £m	4.4	3.5	25.7%	15.8
Operating margin %	14.6	17.2	(2.6)ppt	25.0
Order book £m	66.0	75.7	(12.8)%	49.1
Order book units	188	209	(10.0)%	126
Net operating assets £m	102.2	98.6	3.7%	111.5
Total landbank plots*	2,762	2,791	(1.0)%	2,819

\* Landbank includes owned and controlled land

# Definitions

- Operating profit or loss is defined as profit 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.
- 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 assets is defined as net assets less net cash, excluding net taxation balances and accrued dividends.
- Return on net operating assets (RONOA) is defined as 12-month rolling operating profit or loss divided by the average of the opening and closing net operating assets.
- 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.
- Cash conversion is defined as operating cash flow divided by operating profit or loss on a rolling 12-month basis. Operating cash flow is defined as cash generated by operations before tax, interest paid and exceptional cash flows.
- Net cash is defined as total cash less total borrowings.
- Adjusted gearing is defined as adjusted net debt divided by net assets. Adjusted net debt is defined as net cash less land creditors.
- 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.