11 November 2021

Taylor Wimpey plc

Trading statement

Overview

Pete Redfern, Chief Executive, commented:

"We are pleased with performance in the second half to date, and remain on track to deliver full year 2021 results in line with previous guidance.

We have been building a strong forward order book for 2022 and continue to see good demand for our homes, supported by a positive market backdrop. Despite well-publicised industry supply chain pressures, we are managing our supply chain effectively and are benefiting from our scale and strong partner relationships. We continue to see house price inflation fully offsetting build cost inflation.

Looking ahead, market conditions remain supportive, and with the benefit of our strong land position we are well placed to deliver against our medium term targets."

UK market backdrop and trading performance

The UK housing market has remained positive in the second half of 2021 with good customer demand and mortgage availability. We expect to deliver full year results in line with our expectations, as outlined at the half year results[1].

We have achieved a strong sales rate of 0.91 homes per outlet per week in the second half of the year to date (2020: 0.76; 2019: 0.93), and 0.95 homes per outlet per week for the year to date (2020: 0.73; 2019: 0.97). Cancellation rates for the year to date have remained at normal levels, at 14% (2020: 21%; 2019: 15%).

Our outlet openings have progressed in line with our expectations, with 64 new outlets opened in the year to date (2020: 56; 2019: 76). Our sales rate has remained strong, and we are currently closing sales outlets ahead of schedule, with completions on these sites continuing into 2022. We have operated on an average of 224 sales outlets in the year to date (2020: 239; 2019: 252). We expect to grow our outlets in the second half of 2022, and to grow our outlets by around an additional 50 by mid-2023, leaving us well positioned for significant growth in completions from 2023. As at 8 November 2021, our current total order book, excluding joint ventures, stood at c.£2.8 billion (2020: c.£3.0 billion; 2019: c.£2.7 billion). Our order book represented 10,643 homes as at 8 November 2021 (2020: 11,530; 2019: 10,486).

We continue to see house price inflation fully offsetting build cost inflation. As widely reported, the industry has experienced pressures on the cost and availability of certain materials and a general shortage of drivers for haulage. There has been easing in certain areas, and going forward, we expect conditions to gradually improve as suppliers adjust to current demand levels. We continue to effectively manage these pressures, aided by our scale and strong partner relationships and agreements.

Land

During the second half of the year to the end of October, we added 5,431 plots (2020: 3,663) to the short term landbank. As at the end of October 2021, our short term landbank stood at c.84k plots (4 July 2021: c.82k) and our strategic land pipeline at c.148k potential plots (4 July 2021: c.147k). Our landbank will continue to grow as we process incremental land deals agreed following our equity raise in June 2020.

The land market remains competitive, and with the benefit of our strong land position we continue to operate on a selective and replacement basis. We remain focused on efficiently progressing recently acquired land through the planning system, positioning our business to deliver annual completions in line with our previous guidance of between 17,000 and 18,000 in the medium term.

Group financial position

We have a strong balance sheet and cash flow. We expect our year end net cash** position to remain strong, with the closing balance subject to the timing of conditional land purchases.

Outlook

Market conditions remain supportive for new build homes, with continued low interest rates, good mortgage availability, and ongoing Government support for the housing market, particularly for first time buyers.

We remain on track to deliver full year 2021 results in line with our previous guidance. We will continue to prioritise operating margin*†, our primary performance measure, and remain on track to deliver an operating margin target of c.21-22% in the medium term.

We continue to expect modest growth in completions in 2022, followed by more significant outlet driven growth in 2023.

* Operating profit 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 divided by revenue.
** Net cash is defined as total cash less total borrowings.

Note:
[1] Guidance is for 2021 full year Group operating profit* including joint ventures of c.£820 million, with UK completions (excluding joint ventures) expected to be towards the upper end of our guidance range of 13,200 to 14,000.

2020 relates to 2020 equivalent trading period and 2019 relates to 2019 equivalent trading period, unless stated.

-Ends-

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Notes to editors:

Taylor Wimpey plc is a customer-focused homebuilder, operating at a local level from 23 regional businesses across the UK. We also have operations in Spain.

For further information please visit the Group's website: www.taylorwimpey.co.uk

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