Full Year 2021 Results

Thursday, 3 March 2022

2021 Review

Pete Redfern

Chief Executive, Taylor Wimpey plc

Good morning. Welcome, and thank you for braving the Tube strike. I think we knew this week that we were going to get a lower number of people than we might otherwise have done. You can imagine from a personal point of view, it feels a bit strange having not done this face-to-face for two years, having a smaller audience because of the Tube strike, but also it is the last time I will do it and put all those together and it feels like a special occasion.

I am not going to sort of bore you with too much maudlin self piece, but I will tell you one little story, which happened only about three minutes ago. It goes back to your comment, Faeth, I thought you were going to put a suit on for this, which Faeth did not think I was going to put a suit on for this, just to be clear.

So when I came in three or four minutes ago to get mic'd up, that sort of gentleman from security on the door stopped me. And he stopped me, I think, mostly because I had a cup of coffee in my hand. And I take this is a badge of honour, just to be clear, guys at the back. I really do. He said are you with the AV guys at the back? Genuinely, I am very proud to be considered to be one of the AV guys at the back, and that he noticed. But I would not surprise any of you that I was not wearing a tie.

I will chair the Q&A at the end and I probably will say a few little bits at the end, but I would not make a big meal of it, I promise. And we do have a different structure of presentation today for reasons you will understand.

I am going focus and try and be as disciplined as possible, focusing on our 2021 review, looking back at last year. I am not going to spend a lot of time on it, and I am going to pick up particularly fire safety, which I have been spending a lot of time on personally over the last sort of few weeks, but I am going to leave a lot of the operational view, the outlook and the forward-looking pieces, for reasons you will understand, to Jennie, whose section will be probably longer than usual. But then as I say, I will come back and chair the Q&A and probably wrap up at the end.

Getting into it. 2021, I think we view as a very good year for the business, a return to normality in most of the metrics after the strangeness that was 2020. As ever, I am not going to read every word on any of these slides, and just pick out the things that to me personally are important and I want to make a point about.

The statistic that I think I will pick out most from this particular slide is that Construction Quality Review score. It is not something everybody in the industry talks about, but you'll recognise we have been talking about it consistently for a number of years. And we do believe it is a really good measure of underlying quality of construction. We all talk about the five-star review.

You'll remember, we were one of the first to talk about customer service reviews. We do think whether you are looking at it from the perspective of cladding and fire safety, future regulation, consistency in quality, reputation, actually looking at both construction quality as well as customer service is critically important.

That 4.67 won't mean a huge amount to you, but it is the best score in the industry and it has continued to progress year-on-year for the business and it is incredibly important. The second number on that slide and I am only going to pick out two. I am going to pick out two, is the short term landbank plots. That represents, and particularly if you look at the owned plots in the landbank, a 9,000 increase in plots year-on-year. That 9,000 plots is the bulk of the equity raise plots coming through, not just in approvals which we have talked about as we went through 2020 and 2021. But actually, coming through onto the balance sheet. Starting to come through in outlets, and we'll all touch on outlets I suspect during the course of the presentation, but that sets us up for the growth in the future.

And Chris will touch on, you can see that £0.5 billion standing very clearly in our own land value.

Just moving on. I am going to try and be disciplined and not talk too much about where we are today, but the housing market has been through 2021 and remains today in an incredibly strong place. Performance is good. There are no cracks that we have seen, either through the last week or so of the horror in Ukraine or through interest rate rises and signals and interest rate rises, and it remains consistently strong.

You will see our sales rates have been stronger this year than the early part of last year, but also against that, we have seen very strong price growth as well, probably stronger in early 2022 than we saw through 2021. And the business is in a strong place. And you also see, and I said we will touch on outlets. You see our outlet numbers just tick up a bit.

Now, I do think it is important. I am certainly not going to leave my colleagues with a set of unrealistic mountains to climb. We are very clear. The main growth in outlets will start to come in the second half of this year. And our messaging on that has not changed since the equity raise and it is still the same today. We do believe you will see that growth. It will drive growth in completions in 2023 and beyond. But it is a second half weighted growth, so expect reasonably stable outlets in the first half.

Just some broad views of operational progress and actually operational depth. I have already touched on the Construction Quality Review in the top left box. But the thing I am most proud of is that employee survey, and the culture of the business and the strength that gives us, particularly in a world at the moment in 2022 where hanging on to employees, keeping people motivated, getting real depth of commitment to the business's strategy and retention is key.

And you will see, all of those scores are above 90%. The one I am personally most proud of is the health and safety one. And the sort of questions that underpin that 97% is, that is the number of people who believe the business is genuine fully committed to health and safety.

But the fact that you see that depth of commitment and understanding from our employees to diversity and inclusion, to their pride in the business, I think is unique in the sector and pretty uncommon across lots of other large businesses. We are very proud of that and it makes a huge difference to what the business tends to do.

If I look at the other three collectively, one thing you may remember back in 2018 when we set out a new strategy, is as well as talking about landbank size and direction. We also talked about the importance to professionalise the business, to take what had historically been, quite variable across our sector and individual businesses from individual brands and really make sure that its attitude to quality, to service, to people that it was a properly modern business.

And I think as you see the trajectory over the last three or four years and all of those measures, it just underpins the quality of the business and its ability to deliver what it intends to do. And I would like to think that is a really clear signal that I am handing over a business that is in really good shape under the surface.

Picking out a couple of things on specifics for 2021 and operational excellence. We finished the rollout of the CRM system that we have talked about before, and you might remember Chris told you a little bit about some of the detailed benefits. It is now live. It is driving in real value in information and efficiency. And I think what it enables us to do is really look differently at how we sell and understanding our customers, understanding the links between our customers, their decisions and how we plan our sites.

I will also pull out, and again, I am going back a little bit in time, the restructuring that you may remember we did in late 2020. We took out about £16 million of costs, but I said at the time that the key shift was actually more of a cultural one about taking out a layer of management that just sharpened operational focus. And we believe you can see in the 2021 results and in the strength of the business going forward, that has really made a difference to the focus of the business on its operational performance, not just its strategic and cultural objectives.

I would also say, and Jennie has talked about this in the past and will talk about again I am sure in the future, that we have also been hugely pleased with our progress on procurement both our central procurement function, but also our engagement with the supply chain. And as we have gone through the challenges of 2021 on sort of actually finding the right supply, managing costs that has helped us hugely. But it also sets us up with some real opportunity for further value added over the course of the next few years.

Now, I would like to think on, although ESG is a relatively new term, that the underlying things that drive ESG have been embedded in Taylor Wimpey for years. And actually, one of the things we struggled with most is to draw out all the things that are happening in the business and communicate them well, because a lot of them were happening naturally before ESG became a word or a phrase that people talked about. But just picking out a couple of things.

We have already achieved a 35% reduction in emissions since 2013, larger than anybody else in the sector. We are also one of the first to set up a science-based targets across our value chain and have those approved.

But I think the key agenda for us as we look at our environmental sustainability objectives over the course of the next 12 months is not setting a net zero target and focusing on the targets. It is actually really, really working out what needs to be done to execute that, what are the challenges, what are the actual actions. And there is a lot that has gone on in 2021 to give us the underpin of that, and I expect we will be talking to you about that a lot more during 2022 and coming up with a net zero target before long. But it is the actions rather than exactly which year we think we get that matters.

And I think on social and governance, the business has always been in a good place. Our diversity and inclusion performance and the way that fits within the business is already strong.

But just picking out a couple of a things. We were pleased to close the case with the Competition and Markets Authority. I think from an investor point of view, clearly, the fact that we closed it in line with the costs that we set out five years ago. We took early action five years ago on a really difficult issue. But it is really good to see that finally closed. And as I say, within that sort of cost provision.

And on governance, I think that culture around the people, governance comes naturally to the people in Taylor Wimpey. And I think it is something that is a real key strength of the business.

I said that I will talk about fire safety. And as I say, this for me has been a key focus of the last month or so with the Government's changed focus. But before we talk about Government's changed focus, I think it is really important to remember where Taylor Wimpey is. A year ago, we said we would pay for all Taylor Wimpey buildings for the last 20 years, including particularly the buildings between 11 and 18 metres, which was a pretty unique commitment at that time and where Government is focused today, that we'll take responsibility for that work and we will pay for that work. We made a provision at that time, as you know, and ever since then we have been working with building owners to try and resolve those issues.

So actually, when in January Government said that its loan scheme for 11 to 18 metre buildings did not really work and it wanted the industry to pay for them, the key change for us was already embedded. Our conversation with Government around our own schemes has been actually very benign and relatively straightforward. We are already committed to doing that work. It is a difficult position for Government. You all know that they have set out some pretty significant asks about the industry covering the costs of buildings that we have not built ourselves.

Our view very strongly is everybody in the industry, in line with the proposal the HBF made last week, should be committing to actually resolving issues on their own buildings. But to ask the industry to match the whole of the bill for orphan buildings and overseas investors is a huge step and that is where the difficult negotiations inevitably will be.

I cannot really give you any meaningful update, except to say that HBF covers less than half of these buildings. But that less than half is a really good sample size. Through the work over the last six weeks, we have got a really good sense of how many buildings for HBF members are likely to be affected and a really good sense of the kind of costs. We do seriously question the quality of the £4 billion estimate that the Government made. We cannot get to anywhere near the number of buildings that they think are affected and that is not about disputing the amount of work that needs to be done. It is just about questioning the math on the building numbers.

The cost per building, I do not think is unreasonable. Number of buildings does not feel right. So it is the one bit of information that is hopefully a little bit comforting that I can give you is that the data we look at does not get us to that scale of number, but I think in terms of what the resolution will be is really hard to steer. So I think we are in the middle of that conversation at the moment.

But, we stand by what we said last year and we stand by what we said in January in terms of Taylor Wimpey's own buildings that actually the estimates that we have made are reasonable. When we talk about a modest provision, I would be very, very clear what we are talking about is a small number of buildings that are above 18 metres that we do not own the freehold of, that have always gone in to the building safety fund.

In reaching an overall solution, we are comfortable to pick up that cost. But, to do so unilaterally without an overall solution does not seem right, particularly when we are paying more than ten times the cost of those buildings under the RPDT over the next ten years. So we are already funding that scheme. We will be happy to withdraw from that scheme as part of an overall solution, but are unlikely to do so in isolation without a complete conclusion.

When we talk about modest cost, we do mean modest. We have not put the number up because we do not know what it is. We have not put the number up because it is a commercial negotiation in effect and actually having a number, we would dispute some of the buildings, for instance. But actually, from an investment point of view, from a forward view of cash and dividend, it is not material enough to affect your judgment. We are comfortable just to talk about scale, but just do not think it is helpful to have a specific number up.

However, we do believe that it is an industry issue. We do believe that Taylor Wimpey and one or two others are in a good place from what we have done on our own buildings, but it is a difficult problem for Government to solve.

Last of all, just looking back quickly at 2021. We delivered a strong uplift in completion volumes from the low base in 2020. However, most importantly, we delivered the completion volumes we always told you we would in a world where not many did because we were pretty realistic about the constraints on the supply side from day one.

We delivered a strong recovery in our operating margins. What we would say is a normal level of operating margin. The bottom end of what we see is a reasonable range, and Jennie will talk, I am sure, about where we see it going forward, but we are not changing our guidance.

We saw coming through onto the balance sheet, the land investment that we have been flagging for 18 months, and you can really see that as a platform for growth. We embedded the new environment strategy. It is the one that is orange on the page, but anybody who can claim their environment strategy delivers a green right now, I think, is kidding you.

I would not steal Jennie's thunder, but we launched and piloted a new house type range. That is a long process. We are coming to the end of that process and seeing it out on site. I touched on, I do think something, which is critically important and often underestimated, improved on what was already an industry-leading quality review score.

Financial Review

Chris Carney

Group Finance Director, Taylor Wimpey plc

Thanks, Pete. Good morning, everyone. These are a great set of results, which mark a swift return to strong financial performance similar in many respects to pre-COVID levels.

The 54% increase in revenue was mainly driven by a 47% increase in Group wholly-owned completions, together with improved selling prices, and I will come back to those. The gross profit margin increased to 24% as COVID-related costs were minimal and the higher completion volumes improved fixed cost recovery.

The operating margin performance is in line with the expectations that we set out in August, but an improvement on where we thought we would get to this time last year and that improvement is because we have been successful in pushing hard on price. We delivered volumes towards the top end of our guidance range. We have tightened our commercial discipline to manage our costs more effectively. I am really delighted with that margin outcome and the platform that it provides for further progress in 2022 and beyond.

The growth in tangible net asset value per share at 7.4% is after reflecting the £125 million exceptional cladding provision we announced this time last year. Return on net operating assets is just shy of 25%, is exactly where we would expect it to be at this stage of our growth journey.

On this slide, you can see the split between private and affordable completions with affordable contributing 17.6% of UK volumes in 2021. Looking forward, we expect affordable to increase to around 20% of 2022 completions. Private average selling prices increased by 2.8% year-on-year, which reflects underlying price inflation of about 4%, which you will see on the next slide, offset slightly by a higher mix of completions from Scotland and the North.

Joint ventures contributed a share of profit of £5.4 million in the year, and that is expected to increase to around £10 million in 2022.

This slide provides an illustration of the factors contributing to the movement in UK operating margin from one year to the next. You will recall that inflation on selling prices and build costs were both 3% when we presented the slide at the half year. Both have increased to around 4% for the full year, indicating they were running closer to 5% in the second half. Build cost inflation has continued to rise in 2022 and is currently running at around 6%. But, that continues to be fully offset by price inflation.

Overall, the net market impact, including landbank evolution, which I will come back to actually on the next slide, was an increase of 1.1 percentage points. The sources of the biggest improvements in margin in 2021 are the same as we reported at the half year and you can see them in the two boxes there on the slide.

The first box includes the benefits in the period from the absence of COVID related costs, but also the benefit of the restructuring actions we took in 2020, which generated saving in 2021. The second box shows the impact from the return to more normal levels of fixed cost recovery as volumes have increased. And as we look forward, we continue to expect margin to improve in 2022 and beyond, which you can see on the next slide.

Now what you should see at a glance from this slide is that we remain very confident of the business' ability to achieve higher operating margins of 21-22% in the medium term assuming a stable market.

I am very much aware that the right-hand side of the slide takes you to a range of 21.2-22.6% and not 21-22%. And in the real world, the range is a bit wider than we presented here, but the slide should continue to give you a good sense of what we see as the main drivers of margin going forward.

The start point for the bridge has been updated to reflect the current year performance, and as a consequence, both the restructuring efficiencies and the price optimisation that you have seen on previous versions of this slide are now fully captured in that starting point. The efficiency benefit associated with higher volumes has grown to become the largest component of the bridge, reflecting the fact that 2021 volumes remain 10% lower than 2019.

The increase in our short term landbank to 85,000 plots at the end of 2021 is the first stage in delivering that volume growth, and the next stage is converting that landbank to outlets, and Jennie will update you on the good progress that we are making in that respect. We remain on track for material volume growth in 2023.

Landbank evolution is the impact from trading out of older sites with cumulative inflation and regulation and replacing them with new land, where the margin on acquisition has shown improvement over the last five or so years since the Brexit referendum. Given the changes to Part L and F effective from the middle of this year and the subsequent introduction of Future Home Standards, we have been quite cautious on this. But, as you would expect, the teams will work hard to drive efficiencies as we work our way through those transitions.

Lastly, the operational improvements include the benefits of our CRM system, which as Pete said, was rolled out during 2021 and is now operational throughout the business, plus the impact of our new house type range, which will deliver improved plotting efficiency, lower build costs and be easier to build. We built prototypes in 2021. We are now plotting the new range on new sites and we have adapted them to comply with the changes to building regs, so we should expect to see that flow through fairly quickly into completions over the next couple of years.

A couple of things to pull out on the balance sheet. Land, as Pete has already said, has increased by £510 million over the course of the last year, driven by a 9,000 unit increase in the short term owned landbank as a consequence of the equity raise in 2020. Land cost represents 14.6% of the average selling price in that owned landbank which really does demonstrate the quality of our land position.

Work in progress reduced year-on-year as predicted. Last year was elevated because of the overhang of completions from the end of 2020 into Q1 2021 as a result of the site closures in Q2 2020. And that overhang generated a record half one performance in 2021 and the weighting of completions to the first half. Given the reduction in WIP coming into this year, we expect to return to a more normal weighting of completions in 2022 with approximately 45% in the first half.

Land creditors have increased by £130 million to £806 million, consistent with the increased land investment and 39% of that balance falls due for payment in 2022. And provisions, as noted earlier, have increased due to the £125 million cladding provision booked in the first half of the year.

So despite the significant investment in land, we've continued to generate very strong cash inflows with £575 million generated from operations to fund tax and exceptionals with the remainder available for distribution to shareholders over time. In 2022, we will see investment more balanced between land and WIP, as we increase the number of outlets. But when we get to 2023, we will start to see even greater cash generation from operations as the volumes increase.

The most significant non-operational outflows in 2021 were the tax and dividends, and we are expecting an effective tax rate in 2022 of 22%, which incorporates the four percent residential developer property tax kicking in from April. However, the combined effective rate will increase further to 27.5% in 2023 and 29% in 2024, following the increase in the corporation tax rate from 19% to 25% in April 2023.

This time last year, we resumed our ordinary dividend policy of paying out to shareholders approximately 7.5% of net assets each year in two equal instalments in May and November. Consistent with that policy, today, we are declaring a final dividend for 2021 of £162 million or 4.44p per share to be paid in May, subject to shareholder approval.

That brings me onto excess capital returns. I thought with this slide, it would just be useful to set out how we think about excess capital returns. As a highly cash generative business, we can deliver attractive returns to investors. Our approach to returning excess capital reflects the fact that we operate in a cyclical industry, which means that we want to maintain a strong balance sheet with low adjusted gearing.

But, at the same time, we want to ensure we are investing in the land and WIP to drive our growth. Where we have excess cash after funding that growth and paying the ordinary dividend, we will return it to shareholders.

Turning to what that means for the current year. As we look forward, we have further payments on land contracts agreed over the last 18 months and investment in WIP to support outlet openings and to drive growth in 2023 and beyond. Despite these investments, we have conservatively assessed our excess capital and have, this morning, announced £150 million excess return to shareholders.

We were specific in our January statement that it was the Board's intention to return this cash by way of a share buyback, reflecting both investors' feedback and the Board's view of the current share price. We've confirmed that intention with buyback obviously commencing today.

Then finally, moving on to the guidance slide. We have indicated for some time now, our expectations of a modest volume growth in 2022, so a low-single digit percentage increase. Within that, we are expecting a more normal half one half two weighting, with around 45% of completions in the first half. And the mix of affordable homes is expected to be approximately 20%.

With regard to margin, we are conscious of the interest rate trajectory and build cost inflation, which is running at the highest level we have seen since 2014. However, margin and quality of earnings remains our focus over volume. We are, therefore, confident of delivering a further increase in Group operating margin in 2022 towards our medium-term operating margin target, ahead of both 2021 and 2019 and in line with our previous expectations. Year-end net cash is difficult to forecast with accuracy this far out due to the variability and the timing of land spend, but our current expectation is for £600 million.

All in all, I think a very bright future for the business. We have done what we said we were going to do in 2021, and we are well set to continue to deliver on our promises in 2022.

It gives me great pleasure to hand over now to our CEO Designate, Jennie.

Operational review and outlook

Jennie Daly

Group Operations Director and CEO Designate, Taylor Wimpey plc

Morning, everyone. I was going to say I would take you for a canter through the operational overview and outlook, but given time, I think that we'll take that up to a gallop. Straight into a look at the housing market then.

Whilst we expect further increases in the base rate through 2020, we continue to see good mortgage availability at higher LTVs across a range of lenders and overall affordability remaining good.

New homes are already more energy-efficient than many older homes and the further energy savings from meeting Future Home Standards will, I believe, make our homes increasingly attractive to our customers with lower running costs and a greatly reduced environmental footprint.

The unwind of Help to Buy in March 2023 is being well-managed with usage falling in 21% to 24% of private reservations and dropping to 20% in the second half. With this and other actions such as Deposit Unlock, a circa 3% reduction in our average size of home and a gradual movement of mix reducing four, five bed towards a smaller home mix, we are well prepared for the final stages of the Help to Buy unwind.

On land, the market is increasingly competitive. However, good opportunities do remain and our teams are replacing land on a selective basis across all of our divisions. Whilst there are undoubtedly delays in the planning system, and there is the potential for further increased regulatory burdens such as design uplifts and biodiversity net gain, our teams are aware of these and factoring them into landbuying assumptions and expectations for outlet opening.

From a political perspective, there is a lot going on, and I am not going to attempt to cover it, you will be pleased to hear this morning, nor will I repeat what Pete has already said on cladding and building safety. But, I would flag the Levelling Up White Paper released in February because it includes housing as one of its key missions and included welcome housing related commitments, such as helping renters secure a path to ownership by 2030 and increasing the number of first-time buyers in all areas of the UK.

The paper also included a commitment to 300,000 new homes per year and continues some of the themes that were included in the Planning White Paper. We will expect to hear more in the spring, potentially a Planning or Levelling Up Bill.

Looking at forward indicators, the last few weeks of 2022, we see strong website activity across key measures, very consistent when compared with previous years. Website visits are roughly flat with that of what was a strong 2021, but up 5% on 2020 and 20% against 2019.

In particular, we have not seen any noticeable changes in website visits following the interest rate rise, with activity remaining in line with seasonal trends. Appointment bookings too remain consistent with 2021, which was also a very strong year.

We are currently over 60% forward sold for private completions in 2022 and continue to grow our order book into the second half of the year. As of 27 February, our total order book, excluding joint ventures, stood at £2.9 billion, just under 11,000 homes. The data reflects an underlying strength of demand for our homes underpinned by low interest rates and good mortgage lending.

So now on to landbank. During the early stages of the pandemic, we took the strategic decision to increase investment in land on an opportunistic basis. Over the 18 months to 31 December, we strengthened our landbank adding circa 29,000 new plots, including converting 9,000 units from our strategic land pipeline, overall investing £1.4 billion.

The land acquisition intake margins underpin our 21-22% operating margin target and provides us with a greater number of options amidst a competitive land environment and a sticky planning environment. These sites are distributed across all divisions and have a healthy balance of large and small sites within it. All of that means that we are able to operate selectively in today’s market.

During the year, we acquired 14,450 plots increasing the short term landbank by 8,000 plots to 85,000. The average selling price in the short term landbank increased by 4.9% to £302,000. Although Chris has already mentioned this number, I thought it is worth repeating. The average cost of land within the short term owned landbank that remains low at 14.6%.

Throughout 2020 and 2021, our teams worked incredibly hard at the front-end identifying, securing and processing a significant level of new land acquisitions to get us into what is a very strong position.

Notwithstanding some challenges in planning terms, our delivery for 2022 and 2023 is very healthy, with outlined or detailed planning on 100% of 2022 expected completions and 97% of 2023 expected completions. The pace is unrelenting however and the hard work is ongoing. Our management and operational teams are clear on the actions required to ensure we deliver and maintain the momentum for growth, positioning our business to deliver increased volume growth in the medium term.

Moving from completions to outlets now. I think this slide demonstrates again the high level of certainty we have in our outlet delivery for 2022 and the first half of 2023, which will deliver increased completions in 2023 and 2024.

We remain very focused on progressing new acquisitions through the planning and technical stages and opening quality outlets. As at the end of February, we own or control with planning or resolution to grant 88% of the sites where we intend to open an outlet in 2022, of which we have already started on site nearly a third, though as Chris has mentioned, the weighting of our opens will be later in the year. Where planning delays have been experienced, these have been factored into these forecasts.

We are pleased, of course, with the sites we secured following the equity raise, which underpin our medium-term margin targets. The decision to go early and take advantage of the market in the absence of others was one, which I believe was a good one, and particularly, given the current tightening in the market.

There are lots of additional activity during that period and I have a couple to share with you. Though I removed the locations to save the blushes of others.

This particular site was one of the very first we bought. It was initially marketed at the end of 2019. And at that time, two house builders bidding jointly were selected preferred bidders. The local team continued to monitor and reengage with the landowner in April 2020 when little progress had been made.

Our early discussions were positive but significantly strengthened by the equity raise, which gave the landowner the confidence that we would perform. At the time, I do not think that there was anyone in the market that would have been willing or indeed able to commit to this particular purchase.

In July 2020, we agreed terms on what I would call a pleasingly good level below the original bid, and the teams have made a very swift progress since. The site work commenced in July. The outlet opened in December. The first legal completions are on track for delivery in April 2022.

This is another early example, a small greenfield site on the edge of the village, a lot size and location which our local team would find highly competitive in normal circumstances. The site was under offer again to another party and a deal agreed pre-COVID lockdown.

Once again poor performance, due to funding nervousness, our local team were able to step in with an alternative, keener offer and short contract time scales. The deal was done in under two months and having built a good relationship with the vendor, we have since done another deal on adjacent land.

This site offers a good standard house type mix, a desirable location, an affordable mid-market price point and the small site provided the opportunity for the local business to increase their outlet position. The site will start in summer of 2022 with the outlet programmed for quarter one 2023.

So now I just want to run through about four slides. They are going to take quite a high-level overview and go at some pace. So I am not going to cover the detail today, but I will come back to these in the future. And of course, I am happy to take any questions that you might have.

So our strategic land pipeline is a key strength in our land position. And I think it has never been more important to have control of land, particularly when carried lightly given the current sluggish planning environment.

Strategic land gives us an all-important additional input to the short term landbank at improved margins and provides greater control over the quality of the planning permissions we receive. This is further enhanced by good visibility and prioritisation of the near-term pipeline conversions.

In the year, 50% of our completions were sourced from the strategic pipeline. We converted approximately 7,700 plots to the short term landbank and we added 6,000 net potential new plots. So I think we are in a great position. And at 145,000 plots, we have the strongest strategic pipeline in the sector with the vast majority either freehold or under option. The majority of our options have a discount opportunity range in between 10% and 20%, the overall average discount opportunity being in the region of 13%.

Pete mentioned that I would come to the new house type range and I promise not to take too long. In the year, 89% of our house completions were from the standard house type range, and I think the business is therefore very well primed to adopt and achieve the benefits of the new range. The range has been designed to be high-quality, energy-efficient, cost-effective, and safe to build. Its core design principles support: greater standardisation, simplification, and plotting efficiency benefits. And we expect to realise consistent savings in build cost. It is also being designed to: accommodate Future Home Standards, and to deliver adaptable elevations, and attractive street scenes, whilst maintaining these benefits.

Customer engagements throughout the process has ensured a range, which is customer-facing and desirable. And feedback from visitors to our prototype site have been very positive.

When we think of optimising our land asset, we are looking at achieving the optimal balance in square foot coverage, build cost, revenue, and sales rate.

And the optimum mix coverage will change from site to site, market-to-market and is also impacted by external factors such as planning and site constraints.

Those businesses that have been plotting the new range are seeing plotting efficiency improvements by around 200 to 400 square foot an acre on new sites and re-plans, gained through ease of plotting because of simplified foot plates, repetitive plot debts and efficiency accommodating in plot parking.

The coverage is not everything, and therefore having the cost-effective build, being able to deliver that kerb appeal to stimulate revenue and rate are also important features of a house type range and getting the best out of our land asset.

I think the new range has all of these attributes, including attractive product mix at competitive price points.

Again, Pete, gave early mention to supply chain. And during 2021, the sector faced supply constraints and experienced general shortage of haulage. We managed these pressures, I believe, effectively benefiting from our scale and our strong partner relationships. But, we were also able to draw on our unique logistics operation and supporting our sites during times of material constraints.

Taylor Wimpey logistics I think is a key differentiator in the sector for Taylor Wimpey, enabling us to improve site efficiency and cost effectiveness. In 2021, we relocated the logistics business to a more modern facility with room to grow in Peterborough.

At its simplest, our logistics business procures, receives, consolidates and dispatches supplies to our sites. In doing so, provides a number of wider benefits. Certainty by holding stock of high level standard components, particularly those with suppliers with poor track records and supports our sites during supply fluctuations.

Efficiency through enhanced relationships with suppliers on bulk purchase pricing, acting as a single point of delivery, ensuring increased supplier performance and reduced costs. Of course, they provide an alternative consolidated transport route for deliveries to sites, reducing our reliance on supplier deliveries and supporting efficiency with the preparation of build packs delivered to site, just-in-time for each stage of the build process.

Then looking forward, the industry will face a number of planned changes this year with the introduction of the New Homes Ombudsman and important changes to the building regulations.

Whilst there are obvious challenges, we believe that these changes offer opportunity to further strengthen our customer proposition through increased energy-efficiency combined with improved build quality, attractive modern homes and a positive customer journey, all of which will drive value.

Part L, F and O will now be very familiar to you and all come into force in June of this year, allowing a one-year transitional period for existing sites until June '23, although timings are slightly different in Scotland and Wales.

To prepare, we conducted a range of research and trials to update the technical specifications for our homes and we also undertook a range of work streams to support the operational businesses and easing the further adoption of timber frame. Further changes are then anticipated in the Future Home Standards in 2025 and we are undertaking trials of alternative technologies such as air source heat pumps in anticipation.

We are, of course, supportive of the introduction of an independent Ombudsman and in recent weeks, we have signed up to the new code. We are well placed, I believe, for these changes and with actions and processes already well aligned with those expected by the new Ombudsman.

We have been preparing for these changes for some time and this has also been reflected in our recent land buying activity, and as I said, in our internal processes. I know I have raced through those areas, but we will come back to them in the coming months and year.

We are in a strong position and an important focus for the management team will be to maintain and build on business momentum. Our timely land acquisition has set the business up for high-quality, outlet-led volume growth at a time when the market has become increasingly competitive.

Our primary performance focus remains increasing operating margin and we continue to target a number of areas to achieve this. We will stay focused on cost, operational execution, process simplification and standardisation. All core drivers of value for our business. Our management teams will be driving performance and are focused on optimising sales pricing.

Active management of supply chain through our logistics and central procurement teams offers the potential for further time and cost savings.

We will build on the things we are good at such as build quality, customer service and employee experience, and we will work on other areas such as sustainability, targeting the areas where we believe we can make the most difference to future proof our business. And I will come back to you in the early summer with more detail on the future of the business in the medium term.

And now finally from me on outlook. Despite recent rises in the base rate, interest rates remain low and there is good availability of affordable mortgages. Whilst further rises in base rate are anticipated, we expect affordability to remain robust and the monthly cost of servicing mortgage to remain attractive compared to the monthly cost of rental.

Assuming the market remains broadly stable, we continue to expect to deliver low-single-digit growth in completions in 2022 and to continue to make progress towards our operating margin target.

It is still relatively early in the year and we do continue to see cost pressures across some key materials, alongside wage inflation. However, we anticipate current build cost inflation of circa 6% in 2022, but expect sales price growth to continue to offset current build cost inflation.

The additional land we have secured has positioned the Group to deliver high quality, profitable and sustainable growth.

We believe these additional land investments differentiate our business and will result in increased outlet openings in late 2022 and material volume growth from 2023, generating additional value and compelling investor returns.

With a continued focus on execution and efficiency, we are well-placed for strong progress and to deliver enhanced shareholder value in the years ahead.

Thank you, and now back to you, Pete.

Q&A

Pete Redfern: Thanks, Jennie. Now, I did have a pen. I knew I had one somewhere, because I know there will be several multi-part questions. My chance of remembering them all is pretty slim without a pen. So I am going to chair the Q&A, but we will divide them up amongst the team, so you get a broad sense from all of us including of course from Jennie. But over to you.

Aynsley Lammin (Investec): Just two questions. Firstly, on pricing. Obviously, you highlighted 4% market price increase last year. That is lower than what I have heard from some peers and obviously compared to some of the indexes Nationwide, Halifax. Could you just explain that differences, is it mix, just a bit more colour there? And then for this year, what your expectation is for HPI? Are you pushing pricing up as we enter into the spring selling season? Maybe you could quantify that.

And then just a quick easy one, second one on the £600 million net cash expect at the end the year. Presumably that is after the £150 million share buyback.

Pete Redfern: I will definitely push the second part of the pricing question on this year's pricing and the cash question to Chris. However, just quickly dealing with the first one, I think we are comparing apples and penguins, because the 4% you picked up is the full year impact in completions of pricing, not our view of point-to-point pricing if you see what I mean. When you look at what others have said, they are always talking about point-to-point pricing.

Because the price increases came partway through the year, and with the long order book. I think our views around what actual price movements have been from 12 months from today are not particularly different to the rest of the sector as we start going through that reconciliation. Chris, this year's pricing, where we are now and then the cash question?

Chris Carney: Yeah, of course. I mean, Pete is absolutely right in terms of that 4%. It is a historic completion number, but on a spot-to-spot basis, and if you sort of looked at, I suppose mid-to late last year-to-date, we probably seen house price inflation of about 4% over that rough six-month period.

Then in the second question, I think which was, is the £600 million after the £150 million? Yes, it is.

Aynsley Lammin: Just as you go into the spring selling season, you are pushing prices up now, presumably and they are sticking quite well?

Chris Carney: Yes. And you probably heard this fairly consistently from us over the last couple of years. We have been working very hard to optimise price, and that has been consistent through pretty much all of 2020 and 2021. You can see this from the sales rate in the year-to-date, the market has been pretty strong and we have taken that opportunity to probably push price a bit harder at the start of this year than we have in the last couple of years.

Pete Redfern: Yeah, I think that is right. I think it is one of the strongest periods we have seen, and probably the big stand out positive surprise in early 2022.

Will Jones (Redburn): Three please, if I could. First is coming back to the new house type range. Are there any additional numbers you can give us around how far it can penetrate, at what rate? Are there any build cost or margin extras, if you like, associated to that or benefits?

Second is just around fire safety. We have all seen the HBF proposal, which looks I think pretty fair, more than fair to most observers, but it seems the Government wants more. What is your sense of what more they want, please?

The last one is just around thinking about the business as we go into 2023 and that large step up in volume growth that is being guided and expected. Clearly, outlets are big inputs to that. What are you doing more generally around preparing the business on processes, supplies, people, obviously execution of that we know this sector can be hard at that rate? Any further thoughts around that?

Pete Redfern: Yeah, absolutely. I mean, the house type range and the future volume growth are definitely for Jennie. I will pick up the fire safety one first.

So, yeah, I mean, we entirely agree with you that the HBF offer is a very reasonable one. I think I would say two things about how that compares to what the Government wants and what I think is realistic. As I said earlier on, we cannot give you a prediction of the end result. We are still very much in the thick of it. However, I think two bits of information, which I think are useful.

First of all, I do not necessarily think, lets be honest with the war going on in Ukraine, the coverage on it over the last week or so has been much more muted than it was before. Actually, people haven’t fully explored and really try to understand what that offer is yet in the press. I think there is a slight misunderstanding, or something that is missed in that, that is quite important, which is just a simple logic. In particular, when you are talking about this key gap, which is 11 to 18 metres, which were funded by the Government loan scheme, if HBF members are just short of half of the problem in terms of their historical buildings and HBF members sign up to do the work, and to manage and pay for the work on their own buildings, then by definition, they are covering roughly half of that gap, if you see what I mean.

I will come on to the second bit, which is we will question the £4 billion number that Government has come up with. Even if it was right, the logic of the offer is it takes half of the universal problems out of Government’s remit, and therefore I think it is a more substantive offer than necessary has been perceived if you think about it that way.

On the £4 billion number, and I think it will give you some comfort, there really is a big gap there between our bottom-up calculation with quite a large information set based on HBF buildings and there has been quite open conversation over the last six weeks around the industry about real examples and building numbers. We have a much better understanding than we have ever done before and we just cannot get anywhere near the number of buildings Government has used to calculate £4 billion.

In a sense, there is a, even in providing what Government actually wants, a proper understanding of that offer and then a proper understanding of what the actual universe of problems is, I think, gets you to a lower gap anyway. Then if the industry does take the step of removing buildings from the buildings safety fund, obviously that building safety fund, as I touched on earlier, is substantially funded by the industry.

But, anything that we take out and pay for, effectively is a contribution that Government then have towards that gap. Then you add in the obvious bit, which I would not labour around, the behaviours of cladding manufacturers and lots of the participants in the market like contractors and others, and sort of our argument will be the gap for Government actually is quite small.

Winning that argument is not going to be easy. That will be where the debate should be, and hopefully will be able over the course of the next few weeks.

Then, Jennie, house type range and volume and process and development.

Jennie Daly: Yeah. So, I mean, starting off with the new house type range. As I said, we are plotting it now. Actually, the first non-prototype sale will be in August this year. We are making good progress.

The timeline that was on the slide says majority of completions would be from the new house type range by the second half of 2024. I think that we will get some help, Will, from the Part L and F, where the teams feel that they have sufficient planning relationship to replot. We would expect to see the businesses replot. There's some additional incentive with that building reg change built in there. We might see some early uplift than we would normally expect through that.

Then to the margin point, we do think that there are benefits that will drop to margin in the new house type range and it was in Chris' bridge on margin there. We will be driving that as best we can.

Then your question on volume growth for 2023 and as you heard, we believe, that to be material sort of volume growth in 2023. I think the business is in a really good position to deliver that volume certainly in terms of overall structure and infrastructure of the business. The supply chain are already in advanced discussions with our suppliers around our aspirations and intent to uplift volume so that we can ensure that they are making their plans around ours.

As regards people, I mean, skills and resources are something that is very much on our minds. It is something that we are looking at constantly and looking at continuing to step up, what is already quite a heavy level of commitment within the business's own skills and resources to ensure that we have got the site teams to deliver that volume. Thank you.

Chris Millington (Numis): Can I just ask a first question about the post-COVID land you have bought. It is roughly about 30% of the short term landbank. As Jennie laid out, you have clearly got some good deals within there. Perhaps, I do not know, maybe you could give us a comment about how much better margins are on that vintage than what you are able to pay for today?

The second part of that question really is, I presume that is quite a big support between the 21% and 22% margin target, but obviously land being bought today is being bought in a more competitive environment. I mean, do we have a situation where margin shoots up to that level and then have to drift back down because you are not able to buy land quite so well? Sorry, quite a long-winded question, but I think you probably got the drift of it.

Second one is, we heard one of your competitors talked about potential roof tax to cover this Government liability on cladding. Do you think the land market is amenable to take some of that hit, given it is so competitive at the moment or will that hit land on you?

And then the last one is quite a straightforward one. Is Q4 weighting of completions, obviously, that was a bit of an issue back in 2019, will that now revert into a more normal mix? Can you just give us a comment on that as well?

Pete Redfern: Yeah. I will obviously take the cladding one and touch on the land as well and then pass the Q4 weighting on to Chris, but that also gives Jennie a chance to touch on the land as well.

On the roof tax one first. I mean, I heard what Dean Finch said. Just to be clear, Dean and I have talked about where we are. I think, actually, in many ways, we are quite aligned as where we stand at the moment, what we have already done as businesses. I think we share a lot of common views.

I felt he was stronger than I would have been yesterday on that. I think it is a possibility, but I do not think it is definitive. As I said earlier, it is really quite tough to call it. I do not think he is wrong. I just think it is not certain.

I do think, and I think the question is fair, given where the land environment is, the regulatory burden on land, that effectively we are already talking about in terms of, and we are passing a lot of those Part L and F costs now back, as an industry into land values. Sometimes Government has this perception that that is a never-ending pot of gold, and it is not.

I do think, and it comes about slightly to your question about land margins going forward. I do not feel comfortable just to think it is okay because it is a future roof tax, if you see what I mean. I think there is a cost there and we should be able to pass much of it on through land but not necessarily all of it.

Of course, as you all know, we have seen environments where if land prices get compressed, land supply shrinks. It is not just about the economics of each individual piece of land. It is also about land availability. It is the one thing that I felt was a bit too strong. I agree with many of the other comments that he made.

I think on land we bought, we have said several times and we talked here as we have gone through stages of land approvals. The land that we bought post equity raise was at higher margins than we were buying immediately pre-COVID crisis. It was definitely at lower land costs, because we started to build in the Part L and F costs then and that was the first time we were able to do that. I think that then led the industry. We saw real savings there.

I think we have also been clear that the housing market, which we were more positive on than others at that point in time, also recovered more strongly. Therefore, that window was quite tight. I think for us to go back and split each period into, well, in this period, it was this much higher, in that period, it is really quite difficult.

The truth is the sites we will complete houses on in 2023, will have a slug from the immediate post equity raise period, a slug from a period of the land competitiveness starts to grow and some sites that go back ten years, I think it is one of the components, and there is no doubt that the timing of those land purchases post equity raise supports our view and gives us a positive benefit against that 21-22% target.

But, it would be wrong to think that it is the only reason that we think we will get there. There are so many moving parts. It is one of the components, and it will blend in, and I do not think we will quote it as a separate number. That land though is materially cheaper than you can buy land today. That is a combination of the competitive advantage we had at the time and where prices have gone since then.

I think that also answers your question about risk that we are blending sites from a long period of time. We always have. We are blending strategic land sites with short term sites, if you see what I mean. It is a contributory factor, but it is not the only underpin of that 21-22%.

Q4 weight, and Jennie, apologies for taking the land question. I should give you this time to comment on it as well.

Jennie Daly: You crack on. Yeah, I mean the only thing that I would add is the point that I made in the presentation, Chris, which the level of activity that we have had of those 18 months does gives us choices now, given that the market is tightening. We are in a good position.

Chris Carney: Just on the weighting, Chris, I have not got the number in front of me, but I think in 2019, our half one, half two weighting was something like 41-59 and we are not guiding to that. What we are saying is 45-55, and I think if we look back over a longer period, you would see a pretty consistent number around about that level. Not quite 2019 levels.

Sam Cullen (Peel Hunt): I have got three also. The first one is on slide 16, on the margin bridge. The landbank component, that is obviously a big part of between the base case and the upside case, I guess, of the margin. What should we be looking for, rather in kind of the delta, in those land scenarios, that would mean you come at the low-end or the top end of that margin range?

The second one is going back to, I guess, broader ESG and environmental questions. Are you seeing an uptick in customers' willingness to pay up for energy efficient homes, given the energy backdrop?

Then lastly, we covered a number of times your view on the number of buildings that might be covered, being different to Governments. Are you willing to put a number on that?

Pete Redfern: Okay. I am going to take that last question, but I will leave it till the end. I mean, Chris, you will pick the margin bridge question. Jennie, do you want to pick up the ESG question on customers willingness to pay?

Jennie Daly: Yeah. I mean, let me go on that first. We are not seeing a significant move on customers' willingness to pay, but we are seeing it starting to increase in the priority of the secondary considerations. It is certainly something that they are now asking about. They are interested in the literature that we are including within our sites. I think that looking at mortgage rate availability, there are green mortgages now that are available, which Taylor Wimpey qualifies for, which would see a meaningful saving for customers.

I think with energy costs, where they are, that we are likely to see that becoming an ever-increasing area of focus for customers.

Chris Carney: On the landbank evolution, I mean, you are quite right. I was clear when I presented that we have been reasonably cautious with that slide, and I referenced Part L, F O and Future Home Standards. That is where the variability comes at in different scenarios and different outcomes in that regard.

Pete Redfern: On the number of buildings, I am going to give you a fairly clear steer on the number and then I am going to caveat it so much that you cannot actually use it to put it in a spreadsheet. The caveat is genuine. We get to a number based on, I would say, a big sample size, which is less than half in terms of the number of buildings, in fact, materially less than half. However, we get to a cost that is slightly higher because as I say, it is not about forming a fundamentally different view on the amount of work. It is about actually trying to understand what the universe is.

Why is the gap so big? This is where the caveats come in. You know that the Government has tried to push the timescale back to 30 years, and we have said in January and the only reason we have not touched on it today is because nothing has changed. Yeah, we are not seeing a problem for us in that 20 to 30-year period. I think what Chris has said, and I think it is very much still true today.

We have not had a single incoming call from on a building built by Taylor Wimpey in the 1990s, not one from a customer. This is an issue that has been going on. If there were buildings out there with real concerns in that, we would have heard. Our reticence about pushing it back 30 years is about scope creep. If you think about it and I think, to me, this is one thing that Government has not managed particularly well in the 4.5 years since Grenfell.

If you do not try to understand what you think the scale of the issue is, then you let that, then you end up with mortgage companies, insurance companies questioning buildings in the 1990s that do not have any of the same characteristics of the Grenfell building or any of the things we have learned from that and that then creates an issue in its own right.

It is not because we can see a big cost there for us between 20 and 30 years. It is because it actually opens up a whole series of questions that actually we see no evidence that they need to be opened up. Because Government is looking at a longer time frame, they come up with a bigger number. Actually, we would question whether any of the meaningful number of the buildings in that extended time frame actually have the same characteristics that they need anything like the same amount of work.

The other area where Government's estimates differ from our own, and this is why it is hard to reconcile, is the examples we have seen, that they have shown in the 1990s or even some of the more challenging ones in the 2000s, are refurbishments. They are often refurbishments of affordable housing performed by Government. They bear more characteristics of Grenfell, but they do not look anything like what Taylor Wimpey does or Persimmon does or Barratt does or anybody else. That is quite a different problem. That also will give you a sense of why the number is different.

I think the first one, how the numbers come up with, the time frame, is the bigger part numerically. Actually, those buildings that are refurbishments or office to residential conversions, for instance, which is just not something we have done, I do not think many of our similar looking peers have done is, quite significant. It is not a simple answer if you take number of buildings and multiply it by cost. Actually, a small number of sites make up quite a big part of the cost.

Even if you took all that out, there is still a big gap on the numbers. But it is why we are slightly hesitant about saying it is X, because you would be talking about slightly different things.

Ami Galla (Citi): Just two questions from me. The first one was on London. If you could touch on that demand trends that you are seeing in London today? Also have you seen a significant tick up in investor demand in London market? And broadly in terms of your view on the land market in London, how do you see that?

My second question is on the planning reforms in the country. With the Government taking a pause on it as things stand, where do you think the focus of the next phase of planning reforms would move towards?

Pete Redfern: Yeah. Jennie definitely for you on planning reforms and also on London land. I will just pick up the London housing market investors. I mean, London is smaller today for us than it ever has been, and prime London is very small at the moment. We have, and we said through the equity raise, invested in London schemes where they tend not to be very high rise and our level of investor sales has not ticked up. In fact, it has been going progressively down.

I think in London, that is partly availability. It is also, since the financial crisis, we have not really majored on investors and you set your product up for investor sales. It is just not where we are. I think our comment on the wider market would be investor sales in London have been low for the last four years and that has not really changed. For us, it is just becoming an increasingly irrelevant part of the business.

I think, as you have heard me say before, the prime London market is so divorced from the rest of the UK that I do not even think it tells us about what might happen in the wider market in the future. Then Jennie, London land and planning reforms?

Jennie Daly: Yeah. I mean, I would say as part of a balanced scorecard of a Group-wide business, we have continued to invest in sites in Greater London, but they do fit our profile of that sort of broader London base homes for Londoners, and I am not really sort of concentrating on that investor overseas market in Central London. I am reasonably comfortable with the investments that we have from a land perspective in that wider London context.

Then just picking up on planning reform, we had a bit of a false start last year with the Planning White Paper. Probably, there was a bit more on housing than we might have anticipated originally in the Levelling Up paper, but really the only guidance that we had is a reconfirmation of those 300,000 new homes a year, which is pleasing to have that.

Then a nod to shortening local plan time scales, which I think is something that we would all see as a positive move and a necessity, given the resource issues and local authorities. The infrastructure levy was referenced again. There is going to have to be some way of bringing that forward.

To Pete's point around another burden like a roof tax, around cladding, on top of an infrastructure levy on top of quite a considerable amount of other burdens. There is a point where a landowner will just say there is too much to take and there is not enough long-term return for them to actually sell their land. Then the final point was that points towards brownfield land.

The expectation is something, Ami, late spring, either a Planning Bill or a Levelling Up and Regeneration Bill to deliver some of those expectations.

Charlie Campbell (Liberum): I have got two questions. The first is on the new house types. I am just wondering whether you have adjusted the plot cost ratios in the landbank for the new house type? Or whether that could therefore drive that down as the new house type is implemented?

Secondly, I think I know the answer to this, but just to get some clarification on it. In terms of 2023 volumes, just want to understand what the planning delay risk in that. I think you have been quite clear that you have tried to factor that out. Are you expecting planning to go back to quicker, pre-COVID time periods, or are you happy with what are you budgeting for where it is now and therefore, this may be upside if planning normalises, or should we think of that as a risk to 2023?

Jennie Daly: Okay. I think on the landbank and the position on the new house type range, it is dynamic and there is a transitional process, new acquisitions, and we have been factoring the new house type range for a while. Although we are now in sort of delivery phase, we will have had planning drawings and land appraisal drawings for some time.

And as the teams, if they decide to replot, then they would be recognised if there is any sort of rebalancing. That will be looked at in the round just to whether there is a cost or a benefit in undertaking that re-plan versus just an uplift in Part L and F post June 2023.

On the planning timescales, our teams do take a realistic view of planning and rather than planning timescales, than the likely planning delays that we are going to achieve. We have taken a real-world view of those. I have to say, it is a dynamic environment and we are always re-casting those based on the live environment.

I mean I think it is fair to say that some of our teams have seen actual benefits in the planning timescales, so trying to be fair, with better efficiency and local authorities, but an equal number, if not more, finding that there are real challenges around resources and planning authorities at present.

Charlie Campbell: Can I just follow up on the plot cost? You said there is an extra 200 to 400 square feet per acre from the new house type, is that about 2%. Have I got the maths on that right?

Jennie Daly: I mean it depends on where you are starting from.

Charlie Campbell: But just on average, is at about right sort of –

Jennie Daly: Yeah, I do not think that is far out.

Pete Redfern: Thank you. As I said at the beginning, I am not going to get all sentimental and maudlin, but I would like to thank you for getting here today because I recognise that was a challenge and it is nice for me to be able to do one face-to-face before I go rather than having yet another Zoom or Teams call or sort of voice-over one.

For the analysts in the room particularly, just thank you for the engagement and the conversation and the challenge sometimes, but also the proper sensible debate over the years around what the business can do and where we are going. I hope you feel that we have always been very open with you, and I am confident that, that will continue.

Thank you for the support and the dialog and for the Taylor Wimpey people in the room, plenty of time to say goodbye, but thank you for getting here today, because it has been nice to see everybody. Thanks very much and take care.

[END OF TRANSCRIPT]