

26 April 2022

Taylor Wimpey plc

Trading statement for the period covering 1 January 2022 to today

Taylor Wimpey plc is holding its Annual General Meeting (AGM) today at 10:30am at the Crowne Plaza Hotel in Marlow, where the following comments will be made regarding current trading, financial performance, and outlook for the financial year.

UK current trading

The UK housing market remains healthy, underpinned by continued strong customer demand, low interest rates and good mortgage availability. The recent increase in interest rates, from 0.5% to 0.75%, has not impacted customer appetite and the mortgage market remains competitive, with good availability of low-cost fixed rate mortgage products.

Our net private sales rate for the year to 17 April 2022 was strong at 0.96 (2021 equivalent period: 1.00) with a cancellation rate of 14% (2021 equivalent period: 14%). We continue to see healthy levels of house price growth reflecting the strength of the market, that are offsetting labour and material cost inflation. As at 17 April 2022, our total order book value stood at approximately £2,972 million (2021 equivalent period: £2,808 million). This represents 10,957 homes (2021 equivalent period: 10,995 homes), excluding legal completions to date.

We continue to make good progress on our priorities, including improving operating profit* margin and opening new outlets to enable material volume growth in 2023. Our focus remains on delivering our operating profit margin target of 21-22% and we expect to see further progress towards this in 2022.

High-quality landbank

Our high-quality landbank continues to be a strategic differentiator for the business. At the end of March 2022, our short term landbank stood at c.87k plots (2021 equivalent period: c.82k plots) and our strategic land pipeline stood at c.145k potential plots (2021 equivalent period: c.143k plots).

Cash returns

As previously announced, we intend to pay a 2021 final ordinary dividend of 4.44 pence per share on 13 May 2022 (2020 final dividend: 4.14 pence per share), subject to shareholder approval at today's AGM, and a 2022 interim dividend of c.4.44 pence per share in November, in line with our Ordinary Dividend Policy to return c.7.5% of net assets annually, in two equal instalments. At the time of our full year results we also announced our plan to return £150 million to shareholders via a share buyback which is well underway. To date we have repurchased c.56 million shares returning c.£75 million of capital.

Cladding fire safety

We took early and proactive action in the immediate aftermath of the Grenfell tragedy to address fire safety and cladding issues because it was the right thing to do and the safety of our customers is of paramount importance. In March 2021, we committed significant further funding to bring all Taylor Wimpey apartment buildings over 11 metres, that were completed in the last 20 years, up to current EWS1 standard, irrespective of legal ownership.

In April 2022, we signed the Government's fire safety Pledge, extending this period to 30 years as well as committing to reimburse any funds allocated or used for Taylor Wimpey buildings over 18 metres from the Building Safety Fund. These additional commitments will result in a further provision for Taylor Wimpey of c.£80 million, bringing the total amounts we have provided for fire safety remediation works to c.£245 million.

We continue to believe this is an industry-wide issue involving many types of organisations, and therefore needs an industry-wide solution.

Board updates

As previously announced, Pete Redfern will today step down from the Board after nearly 15 years as Chief Executive and around 21 years in the Company. Pete successfully led Taylor Wimpey's recovery from the global financial crisis, and more recently our response to the global pandemic. The Company has returned over £2.9 billion to investors during his tenure through dividends and share buybacks.

Jennie Daly will today succeed Pete as Chief Executive, having previously served as Taylor Wimpey's Group Operations Director and a member of the Board. Jennie brings extensive senior industry experience having worked in the housebuilding and land and planning industries for almost 30 years, with excellent stakeholder relationships.

In January, we also announced that in light of upcoming changes to their commitments on other boards, Angela Knight CBE and Gwyn Burr will be stepping down from the Board following the conclusion of today's AGM. Both have provided valued counsel during their tenure on the Board and their membership of Board Committees; including Gwyn's additional valued contributions both as Chair of the Remuneration Committee and as the Board's Employee Champion. A search process for Angela and Gwyn's replacements is underway to ensure that the Board continues to hold the most appropriate balance of skills and expertise.

Outlook

Trading is in line with expectations and we remain on track to deliver against our guidance set out at our 2021 full year results in March. Whilst interest rates have risen, they remain at historically low levels and, with good availability of competitively priced mortgages, we are experiencing strong levels of customer interest.

We remain mindful of the wider uncertainty caused by the conflict in Ukraine as well as the pressures on cost of living caused by rising energy prices and other inflation, which we continue to monitor, and our focus remains on price optimisation, operational delivery and cost control. Despite the uncertainties, demand for new housing has remained resilient, demonstrating a high level of underlying demand for our homes. We continue to make progress towards our operational targets and remain confident of delivering enhanced shareholder returns.

Jennie Daly, CEO Designate, commented:

“Trading has continued to be strong, supported by a healthy market backdrop. We have also continued to make good progress against our strategic priorities, including driving growth in operating profit margin and outlet openings. Demand for our homes remains strong, with the business well positioned to deliver further progress in 2022 and beyond.

Taylor Wimpey is an outstanding business, and it is an honour to take up the role of Chief Executive today. The business is strongly positioned to deliver sector-leading growth and returns, and I am truly excited by the opportunities ahead.

My focus now and for the future is on ensuring Taylor Wimpey delivers its significant potential. I will set out my priorities to the market in May.”

Pete Redfern, Chief Executive, commented:

“It has been a privilege to lead Taylor Wimpey over the last 15 years and I’m immensely proud of what the business has achieved and the strong position it is in today. Jennie brings a wealth of experience in the housebuilding sector and will be a fantastic leader in Taylor Wimpey’s next stage of growth. I’d like to personally congratulate her as she officially takes on the role of Chief Executive.”

-Ends-

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

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Notes to editors:

Taylor Wimpey will be hosting an update for institutional investors and analysts on the afternoon of the 25 May 2022, in a London venue.

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

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

Follow us on Twitter via @TaylorWimpeyplc