3 August 2022
Taylor Wimpey plc
Half year results for the period ended 3 July 2022

Excellent first half performance: full year results now expected to be around top end of consensus range

Jennie Daly, CEO, commented:

"I am pleased to report an excellent financial and operational performance with completions in the first half slightly ahead of expectations. This was a very good performance against a strong comparator and only possible due to the hard work of our outstanding teams across the business, and I would like to thank them for their continued commitment and efforts.

While we recognise and are closely monitoring wider macro-economic and political uncertainty, housing market fundamentals remain positive, supported by an enduring supply and demand imbalance and good availability of attractively priced mortgages. Demand for our homes remains strong and we now expect full year Group operating profit to be around the top end of the current market consensus range[1].

As I set out in our Investor and Analyst Update in May, Taylor Wimpey is an outstanding business with significant potential. With a clear strategy, a renewed focus on operational excellence, and our sector leading landbank we are well positioned to build a stronger and more resilient business capable of achieving superior returns."

Group financial performance:

	H1 2022	**H1 2021**	**Change**	**FY 2021**
Revenue £m	2,076.8	2,196.3	(5.4)%	4,284.9
Operating profit* £m	424.6	424.0	0.1%	828.6
Operating profit margin*†	20.4%	19.3%	1.1ppt	19.3%
Profit before tax and exceptional items £m	414.5	412.5	0.5%	804.6
Profit before tax £m	334.5	287.5	16.3%	679.6
Basic earnings per share pence	7.2	6.5	10.8%	15.3
Adjusted basic earnings per share pence††	9.0	9.3	(3.2)%	18.0
Tangible net asset value per share pence†	120.0	113.3	5.9%	118.1
Net cash £m ‡	642.4	906.5	(29.1)%	837.0
Return on net operating assets**	24.4%	23.0%	1.4ppt	24.7%

[1] As published on 2 August 2022, the Company compiled consensus expectation for full year 2022 Group operating profit including joint ventures and excluding exceptional items is c.£905 million, with a range of £873 million to £924 million

Key highlights:

- Group completions excluding joint ventures: 6,790 homes (H1 2021: 7,303) slightly ahead of guidance
- Group operating profit margin increased to 20.4% (H1 2021: 19.3%), including some benefit from planned land sales and a strong performance from joint ventures
- On track to deliver 2022 outlet openings for further growth in 2023
- Announced 2022 interim dividend of 4.62 pence per share amounting to £163 million
- Completed a £150 million share buyback in H1 2022
- Full year Group operating profit now expected to be around the top end of the current market consensus range[1]

UK operating highlights:

- Excellent first half performance against strong comparator:
    - 50 new outlets opened in the period (H1 2021: 37), growing outlet numbers to 233 (H1 2021: 227)
    - H1 2022 net private sales rate of 0.90 (H1 2021: 0.97)
    - Growth in private average selling price (ASP) on completions of 3.1% (H1 2021: 6.5%)
- Strong total order book representing 10,102 homes, excluding joint ventures, with a value of £2,800 million as at 3 July 2022 (4 July 2021: 10,344 homes with a value of £2,608 million)
- 89% forward sold for 2022 for private completions (H1 2021: 97%) as at 3 July 2022
- Strong growth in short term landbank by c.6k plots to c.88k plots (H1 2021: c.82k)
- Continue to lead industry in average Construction Quality Review score of 4.77 (H1 2021: 4.65), highest of the volume housebuilders
- In April 2022, signed the Government's Fire Safety Pledge for Developers reaffirming our commitment that leaseholders should not have to pay for the cost of remediation and made an additional £80 million provision

Continued progress in sustainability:

- Continued strong performance by our highly experienced build teams with 62 of our Site Managers winning NHBC 'Pride in the Job' awards
- Detailed work underway to develop a net zero carbon plan to submit to the Science Based Targets initiative (SBTi) ahead of launch in 2023
- Invested £218 million in local communities via planning obligations (H1 2021: £184 million)
- Rated 4 star on TheJobCrowd and won 'Best Apprentice Company of the Year' award and top in both graduate and apprentice categories for House Building for 2022/23
- In H1 2022 we retained a 4 out of 5-star rating on Trustpilot and 92% of customers would recommend Taylor Wimpey according to the Home Builders Federation (HBF) 8-week customer survey (H1 2021: 92%)

UK current trading and outlook

The housing market continues to be resilient despite inflationary pressures in the wider economy and recent rises in the Bank of England base rate. There remains good availability of attractively priced mortgages, and we continue to see a healthy level of demand for Taylor Wimpey homes reflecting the quality of our homes and locations nationwide.

We enter the second half in a strong position. As at 31 July 2022, our total order book value was £2,893 million (2021 equivalent period: £2,712 million), excluding joint ventures, representing 10,392 homes (2021 equivalent period: 10,589 homes), of which 77% are exchanged (2021 equivalent period: 70%). As at 31 July 2022, we were c.92% forward sold for private completions for 2022 (2021 equivalent period: c.99%).

For the four weeks ended 31 July 2022 our net private sales rate is 0.57 per outlet per week. This reflects our strong order book position as we entered the second half, which has constrained availability, as well as the proactive steps we are taking to manage our order book length to deliver on pricing. Customer interest has remained strong and cancellation numbers remain at normal levels. Our forward indicators also remain positive, with appointments and enquiries continuing to be at good levels.

The sector has seen increased material and labour costs, with prevailing build cost inflation around 9-10%, however this is being fully offset by house price growth. Whilst market fundamentals remain robust, we are conscious of wider economic uncertainty and will remain agile in our approach across the business to optimise performance.

Looking ahead, we expect full year Group operating profit to be around the top end of the current market consensus range driven by strong average selling prices on completions that are expected to be 4-5% higher than last year. We continue to expect low single digit year on year growth in UK completions for 2022 and our margin guidance remains unchanged, with underlying year on year progression towards the 21-22% target range. Our 2022 year end net cash balance is anticipated to be around £600 million, subject to the timing of land transactions.

The land market continues to be very competitive and despite bottlenecks in the planning system we remain on track to increase our outlet numbers at the end of the year to support further growth in 2023 in line with our strategy, assuming market conditions remain stable.

We are committed to delivering outstanding homes in quality locations and excellent service to all our customers. We will continue to prioritise margin over volume growth and with our strong financial position, strength of landbank and sharp operational focus we remain well positioned to deliver superior returns and enhanced value for all our stakeholders.

- Ends –

A presentation to investors and analysts will be hosted by CEO Jennie Daly and Group Finance Director Chris Carney at 9am on Wednesday 3 August 2022. This presentation will be webcast live on our website: www.taylorwimpey.co.uk/corporate

An on-demand version of the webcast will be available on our website in the afternoon of 3 August 2022.

For further information please contact:

Taylor Wimpey plc Tel: +44 (0) 7826 874 461

Jennie Daly, CEO
Chris Carney, Group Finance Director
Debbie Archibald, Investor Relations
Andrew McGeary, Investor Relations

FGS Global TaylorWimpey@fgsglobal.com

Faeth Birch
Anjali Unnikrishnan
James Gray

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

Follow us on Twitter @TaylorWimpeyplc

A clear strategy to build a stronger and more resilient business

Our purpose is to build great homes and create thriving communities. The renewed focus of the business is doing this in a way that creates, enhances, and protects value through our sector leading landbank and efficient operations.

We have a clear strategy, outlined at the Investor and Analyst Update on 25 May 2022 to build a stronger and more resilient business and deliver superior returns, by focusing on four cornerstones of value:

1. Land: optimising value from our owned and controlled landbank and our sector leading strategic land pipeline

2. Operational excellence: building greater discipline through our business model to improve efficiency, protect value and ensure Taylor Wimpey is fit for the future

3. Sustainability: continuing to evolve and embed ESG throughout the business for the benefit of all our stakeholders

4. Capital allocation: reinforcing our clear and disciplined framework that balances investment for future value creation with sustainable annual dividends and excess cash returns for investors as appropriate through the cycle

We are also focused on delivering against our recently confirmed financial targets of:

Operating profit margin of 21-22%; and

Return on net operating assets of 30%

Investment case

Taylor Wimpey aims to deliver attractive long term returns for our shareholders through delivery of a strong operating margin and returns while continuing to manage risk across the economic cycle.

We are a sustainable, responsible business, differentiated by a sector leading short term landbank and strategic land pipeline with the capacity to deliver further outlet led volume growth, increased profitability and returns to shareholders.

As a highly cash generative business Taylor Wimpey is committed to paying an annual ordinary dividend of c.7.5% of net assets, complemented by additional returns of surplus capital at the appropriate time. Our Ordinary Dividend Policy has been stress tested to withstand a normal market downturn, providing shareholders with a reliable income stream.

Returns to shareholders

We intend to pay a 2022 interim dividend of 4.62 pence per share in November, in line with our 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. As we look forward, it remains our intention to return excess capital to shareholders in line with our policy.

We will review the potential level of excess capital for the 2022 financial year at the time of our 2022 full year results in March 2023, for payment in 2023.

Operational review

Our operational review is for the UK only as the majority of metrics do not apply to our Spanish business. A short summary of the Spanish business follows. The financial analysis is presented at Group level, which includes Spain, unless otherwise indicated.

Joint ventures are excluded from the operational review and Group financial review, unless stated otherwise.

Our key performance indicators (KPIs)
We have simplified our key performance indicators and aligned them to the key strategic cornerstones of future value.

UK	H1 2022	H1 2021	Change	FY 2021
Land				
Land cost as % of ASP on approvals	20.8%	14.4%	6.4ppt	16.1%
Landbank years	c.6.5	c.5.8	12.1%	c.6.1
% of completions from strategically sourced land	47%	55%	(8)ppt	50%
Operational excellence				
Construction Quality Review (average score / 6)	4.77	4.65	2.6%	4.67
Average reportable items per inspection	0.28	0.25	0.03	0.26
Health and Safety Injury Incidence Rate (per 100,000 employees and contractors) rolling 12 months[†***]	212	193	9.8%	214
Employee engagement (annual survey)	-	-	-	91%
Sustainability				
Customer satisfaction 8-week score 'Would you recommend?'	92%	92%	-	92%
Customer satisfaction 9-month score 'Would you recommend?'	78%	80%	(2)ppt	79%
Reduction in operational carbon emissions intensity (measured at end of year)	-	-	-	13%

N.B. The 8-week 'would you recommend' score for H1 2022 relates to customers who legally completed between October 2021 and March 2022 with the comparator relating to the same period 12 months prior. The 9-month 'would you recommend' score for H1 2022 relates to customers who legally completed between October 2020 and March 2021, with the comparator relating to the same period 12 months prior.

An excellent first half operational performance

Total home completions (excluding joint ventures) were 6,587 (H1 2021: 7,219) against a strong comparator which benefited from completions carried over from Q4 2020 due to delays as a result of COVID-19. This included 1,450 affordable homes (H1 2021: 1,158), equating to 22.0% of total completions (H1 2021: 16.0%).

Our net private sales rate for the first half of the year was 0.90 homes per outlet per week (H1 2021: 0.97). Cancellation numbers have remained at normal levels in the first half of 2022, at a rate of 15% (H1 2021: 14%). Average selling prices on private completions increased by 3.1% to £337k (H1 2021: £327k). Our total average selling price increased by 0.3% to £300k (H1 2021: £299k), with house price growth offset by mix impacts, principally a greater proportion of affordable housing in H1 2022 (22.0%) than the prior period (H1 2021: 16.0%).

We have a wide range of products from one-bedroom apartments to five-bedroom homes. First time buyers accounted for 43% of total sales in the first half of 2022 (H1 2021: 46%). Investor sales continued to be at a low level at 6% (H1 2021: 4%).

Help to Buy usage continued to reduce, during the first half of 2022 approximately 20% of private reservations used the Help to Buy scheme (H1 2021: c.27%). We will stop taking reservations under the scheme by the end of October and are well progressed to deliver build completions by the year end and legal completions by 31 March 2023, meeting the government deadlines.

As at H1 2022, our order book represented 10,102 homes (H1 2021: 10,344 homes) with an order book value of £2,800 million (H1 2021: £2,608 million), excluding joint ventures. Our affordable order book stood at 4,528 homes at H1 2022 (H1 2021: 4,428 homes).

During the first half of 2022 we opened 50 new outlets (H1 2021: 37).

A strong and differentiated landbank

We have an excellent short term landbank on all measures of length, weight, shape, efficiency and quality and the largest strategic land position in the sector. We have grown our short term landbank by c.6k plots over the past 12 months to c.88k plots (H1 2021: c.82k). The average cost of land as a proportion of average selling price within the short term owned landbank remains low at 14.3% (H1 2021: 14.8%). The estimated average selling price in the short term owned landbank in H1 2022 was £311k (H1 2021: £300k).

We approved c.7k plots during the first half of 2022 (H1 2021: c.14.5k plots).

Our strategic pipeline stood at c.145k potential plots as at 3 July 2022 (31 December 2021: c.145k potential plots). During the first six months of 2022 we converted a further 847 plots from the strategic pipeline to the short term landbank (H1 2021: 3,232 plots). In the period, 47% of our completions were sourced from the strategic pipeline (H1 2021: 55%).

Land cost as a percentage of average selling price on approvals rose to 20.8% in the period (H1 2021: 14.4%) reflecting more competitive market conditions as well as locational quality, and a higher proportion of smaller site sizes with more advanced planning provenance.

While we will remain active in the land market, an agile land strategy is necessary to drive and deliver the most value from our assets and we are able to be selective in our new approvals without sacrificing our focus on profitable growth, given our strong landbank position.

The land market continues to be very competitive. The planning system has encountered bottlenecks with a backlog and shortage of resources and our teams are working hard to progress our land through the planning stages in order to continue our momentum.

In addition, the sector has also seen an increase in the number of planning authorities impacted by nutrient neutrality following the Natural England announcement in March of this year which, according to the HBF, affects more than 74 local authorities and up to 120,000 new homes across England and is beginning to impact land availability in affected areas. This has the potential to cause delays to site starts and could affect up to 1,500 owned Taylor Wimpey plots expected for completion over the next five years. We are actively engaged with government, local authorities and other stakeholders seeking a resolution.

We are in a strong position to navigate these challenges given the strength and depth of our landbank and high visibility of future pipeline.

Fit for the future

We are focused on driving value from all areas of the business through sharper operational focus on key areas including increasing production efficiency and enhanced cost discipline. The housebuilding industry faces an unprecedented level of change in the next few years, through increased and far-reaching regulation including the introduction of the New Homes Ombudsman and the Future Homes Standard.

Our homes already perform much better than the average comparative second hand stock. Our current houses generally have an EPC B rating compared to an average of D for UK housing stock, which translates to significant energy savings and lower costs for our customers in running their homes as well as a lower carbon footprint. The next two phases of regulation will see us reduce carbon emissions from our homes in use by a further 31% from June 2023 and 75% from 2025.

Our new house type range was developed with the new regulations in mind and will help ease this transition. We have sold the first of our new house types this year and these are available for plotting and will be on the majority of our sites by 2025.

The Standard Assessment Procedure (SAP) is the methodology provided by the government to assess and compare the energy and environmental performance of homes. Its purpose is to provide accurate and reliable assessments of a dwelling's energy performance to enable us to meet the requirements of Part L of the building regulations. The new Part L regulations came into force on 15 June 2022, however we continue to experience issues with the new SAP software and we remain unable to conclude our future specifications until these are resolved – it is increasingly important that these issues are corrected and the complete and accurate SAP modelling software is published to ensure that the sector is prepared prior to the end of the one year transition period for existing sites in June 2023 and to enable the industry to model new sites from today. We continue to support the Future Homes Hub and engage with government to address these ongoing issues.

Looking further ahead, we will begin construction later this year on pilot homes testing solutions for the Future Homes Standard on a site in Sudbury. These homes will provide invaluable insights into the best methods for incorporating the requirements of the Future Homes Standard well ahead of its implementation in 2024 in Scotland and 2025 in England and Wales.

Customer focus

Our customer research has shown there remains a strong desire for home ownership. There are some indications that rising energy prices are causing a revaluation of energy efficiency and maintenance costs which could favour new build. There is also the continuation of the trend for greater proximity to green space and community which emerged during the pandemic, attributes that are reflected in our developments.

We were pleased to have been recognised as a five-star builder in the latest customer satisfaction survey by the HBF in March 2022, covering the 12 months from October 2020 to September 2021. Our average survey score for the first half of 2022 was 92%.

We continue to focus on offering excellent service with targeted improvements in our responsiveness to customer issues and encourage customers to leave reviews on Trustpilot. We maintained our 4 out of 5-star status on Trustpilot with a TrustScore of 4 out of 5 as at 3 July 2022.

We expect to benefit further from the recent roll out of the Dynamics platform, which is providing valuable customer insights and improving the ease of doing business for both our customers and our sales and customer service teams.

Delivering build quality consistently has been key to customer satisfaction and will be key with the upcoming introduction of the New Homes Ombudsman. In evaluating our progress, we continue to assess a broad range of measures of quality and service. Since its introduction we have led the volume housebuilders in build quality in the independently measured NHBC Construction Quality Review score. Thanks to the continued dedication of our teams, in H1 2022, we led both in terms of compliance and in terms of our average score of 4.77 (H1 2021: 4.65) from a possible score of 6, which was once again the highest of the volume housebuilders. We continue to work to ensure our quality assurance processes are embedded at every stage of build.

Our site teams have continued to perform strongly against a challenging backdrop in recent years and we are proud that in June 2022, 62 of our Site Managers won NHBC 'Pride in the Job' awards.

Fire safety

The safety of our customers is of paramount importance, and we have always been guided by this principle. Taylor Wimpey moved quickly to identify buildings affected by cladding and fire safety concerns, committing significant funding. In April 2022, we signed up to the Government's Fire Safety Pledge for Developers which reaffirmed our commitment that leaseholders should not have to pay for remediation. We have recorded total provisions of £245 million for fire safety remediation works on buildings constructed by Taylor Wimpey since 1992.

During the first half we have continued to progress work with building owners, management companies and leaseholders and remain committed to resolving these issues as soon as practicable for our customers.

Environmental, social and governance (ESG)

For Taylor Wimpey, ESG is a business imperative. Whilst positive to have been featured in the Financial Times inaugural Climate Leaders list this year, we recognise there is further work to do to play our part in helping to avert the worst effects of climate change. We are currently advancing the work streams necessary to deliver our science-based net zero carbon plan next year. This is a company-wide project with input from stakeholders across the business and which involves internal evaluation and external research to understand and quantify the risks and establish mitigations. When we have established our internal plan we will submit this to the Science Based Targets initiative for independent appraisal ahead of publication.

The health and safety of individuals on our sites will always be our number one priority. Our Injury Incidence Rate (IIR) for reportable injuries per 100,000 employees and contractors increased slightly to 212 on a rolling 12 months basis to 3 July 2022 (2021 equivalent period: 193). Whilst this remains much lower than the sector average, we continue to seek ways to further improve our safety performance across all sites and functions.

Our highly engaged and talented employees are key to driving our business forward. Our industry is facing a skills shortage so attracting and retaining high calibre people is a strategic imperative. We continue to work to attract and retain the very best talent, offering an attractive workplace, with opportunities for training and advancement.

In advance of our annual salary review process, we recently concluded a benchmarking exercise to ensure competitive levels of pay, alongside our excellent benefits package. We have been closely monitoring the impact of rising inflation and the predicted increase in fuel bills this winter on the cost of living for our employees. In addition to the benchmarking and pay review, we will make a cost of living payment of up to £1,000 for employees receiving an annual salary of up to £70,000.

We are rated 4-star on TheJobCrowd winning 'Best Apprentice Company of the Year' award and coming top in both the graduate and the apprentice categories for House Building for 2022/23.

We prioritise engaging with local communities as part of the planning and construction process and strive to make a positive impact in the wider community. In the first half of 2022, through our planning obligations, we have contributed £218 million to the local communities in which we build (H1 2021: £184 million) that provides vital local infrastructure, affordable homes, public transport and education facilities. In addition, in H1 2022 we donated and fundraised over £600,000 for charities and local community causes.

Spain

Our Spanish business primarily sells second homes to European and other international customers, with a small proportion of sales being primary homes for Spanish occupiers. The business had a strong first half, completing 203 homes in the period (H1 2021: 84) at an average selling price of €391k (H1 2021: €415k), with our total order book as at 3 July 2022 increasing to 419 homes (4 July 2021: 188 homes).

Gross margin increased to 29.7% (H1 2021: 21.1%), primarily due to the increased level of completions and timing variances on the recognition of sales commissions. This flowed through to an operating profit of £18.0 million (H1 2021: £4.4 million) and an operating profit margin of 26.7% (H1 2021: 14.6%).

The total plots in the landbank stood at 2,734 (31 December 2021: 2,779), with net operating assets at £80.1 million (31 December 2021: £108.9 million).

Group financial review of operations

Income statement

Group revenue was £2,076.8 million in the first half of 2022 (H1 2021: £2,196.3 million), reflecting the lower level of completions in the UK (excluding joint ventures) of 6,587 (H1 2021: 7,219), following the record levels in the prior period. UK average selling prices on private completions increased by 3.1% to £337k (H1 2021: £327k), primarily due to house price inflation partly offset by changes to product mix, with the increase in total UK average selling prices of 0.3% to £300k (H1 2021: £299k) being a result of the greater proportion of affordable housing in H1 2022 (22.0%) than the prior period (H1 2021: 16.0%).

Group gross profit increased to £524.5 million (H1 2021: £522.3 million), representing a gross margin of 25.3% (H1 2021: 23.8%). The increase in margin over the prior period was driven by mix of completions across the Group, an increase in land sales, and house price inflation which more than offset build cost inflation.

Net operating expenses of £189.9 million (H1 2021: £224.6 million) includes £80.0 million (H1 2021: £125.0 million) of exceptional costs relating to the cladding fire safety provision, which is detailed below. Excluding these exceptional costs the net operating expenses were £109.9 million (H1 2021: £99.6 million), which was predominantly made up of administrative costs of £111.3 million (H1 2021: £102.1 million). The increase in administrative costs over the comparative period being driven predominantly by the pay benchmarking exercise undertaken in the prior year, and associated on-costs, being in place for the full period as well as greater insurance premiums. This resulted in a profit on ordinary activities before net finance costs of £334.6 million (H1 2021: £ 297.7 million), £414.6 million (H1 2021: £422.7 million) excluding exceptional items.

During the period, completions from joint ventures were 132 (H1 2021: 70). The total order book value of joint ventures as at 3 July 2022 decreased to £46 million (4 July 2021: £88 million), representing 113 homes (4 July 2021: 188), following the increase in completions in the period.

As a result of the increased joint venture completions, at a greater average selling price and gross margin than H1 2021, our share of joint ventures' profits in the period was £10.0 million (H1 2021: £1.3 million). When including this in the profit on ordinary activities before net finance costs the resulting operating profit was £424.6 million (H1 2021: £424.0 million), delivering an operating profit margin of 20.4% (H1 2021: 19.3%).

In March 2021, we announced that we would cover the costs to bring all Taylor Wimpey apartment buildings going back 20 years from 1 January 2021, irrespective of height or whether we retain a legal interest, in line with EWS1 guidance. These costs cover cladding and the whole of the external wall systems, including balconies, and as a result of this the Group recorded an additional £125.0 million provision to fund cladding fire safety improvement works which was charged to exceptional items in line with our policy. In April 2022, we signed the Government's Fire Safety Pledge, extending this period to cover all buildings constructed by Taylor Wimpey since 1992, as well as committing to reimburse any funds allocated or used for Taylor Wimpey buildings over 18 metres from the Building Safety Fund. An increase in the provision was recognised in the period, with £80.0 million being recorded as an exceptional charge.

The net finance expense of £10.1 million (H1 2021: £11.5 million) principally includes imputed interest on land acquired on deferred terms, bank interest and interest on the pension scheme.

Profit on ordinary activities before tax increased to £334.5 million (H1 2021: £287.5 million). The pre-exceptional tax charge was £91.4 million (H1 2021: £75.5 million). This represents an underlying tax rate of 22.1% (H1 2021: 18.3%) which includes a £1.7 million credit (H1 2021: £2.7

million credit) arising from the remeasurement of the Group's UK deferred tax assets following the introduction of the new Residential Property Developer Tax. A tax credit of £17.6 million was recognised in respect of the exceptional charge (H1 2021: £23.8 million). This resulted in a total tax charge of £73.8 million (H1 2021: £51.7 million), a rate of 22.1% (H1 2021: 18.0%).

As a result, profit for the period was £260.7 million (H1 2021: £235.8 million).

Basic earnings per share was 7.2 pence (H1 2021: 6.5 pence). The adjusted basic earnings per share was 9.0 pence (H1 2021: 9.3 pence).

Balance sheet

Net assets at 3 July 2022 decreased by £39.4 million (0.9%) to £4,274.6 million (31 December 2021: £4,314.0 million), with net operating assets** increasing by £146.2 million (4.2%) to £3,596.8 million (31 December 2021: £3,450.6 million). Return on net operating assets increased to 24.4% (H1 2021: 23.0%) following the increase in operating profit over the twelve month period ended 3 July 2022, compared with the prior twelve month period. Group net operating asset turn[†*] was 1.23 times (H1 2021: 1.31).

Land

Land at 3 July 2022 increased by £250.6 million in the period to £3,636.3 million as the Group continued to selectively purchase land across all geographies. As a result, land creditors also increased to £843.7 million (31 December 2021: £806.4 million). Included within the gross land creditor balance is £50.9 million of UK land overage commitments (31 December 2021: £59.0 million). £377.4 million of the land creditors is expected to be paid within 12 months and £466.3 million thereafter.

At 3 July 2022 the UK short term landbank comprised 87,644 plots (31 December 2021: 85,376), with a net book value of £3.1 billion (31 December 2021: £2.9 billion). Short term owned land comprised £3.0 billion (31 December 2021: £2.8 billion), representing 66,574 plots (31 December 2021: 62,660). The controlled short term landbank represented 21,070 plots (31 December 2021: 22,716).

The value of long term owned land increased to £299 million (31 December 2021: £298 million), representing 37,448 plots (31 December 2021: 37,425), with a further total controlled strategic pipeline of 107,343 plots (31 December 2021: 107,809). Total potential revenue in the owned and controlled landbank increased to £61 billion in the period (31 December 2021: £59 billion).

Work in progress (WIP)

Investment in WIP has continued with total WIP increasing as 50 new outlets were opened in the UK in the first half (H1 2021: 37) and the total number of outlets increased compared with 4 July 2021. The average WIP per UK outlet also increased to £6.9 million (31 December 2021: £6.5 million).

Provisions and deferred tax

Provisions increased to £327.6 million (31 December 2021: £245.1 million) due primarily to the £80.0 million additional cladding fire safety provision recognised in the period. There was continued utilisation of the existing provision as works have been carried out. In addition, utilisation of the Ground Rent Review Assistance Scheme ('GRRAS') provision has continued as claims have been received and processed, and payments made following the agreement of voluntary undertakings with the CMA in December 2021.

Our net deferred tax asset of £24.2 million (31 December 2021: £26.2 million) relates to our pension deficit, UK provisions that are tax deductible when the expenditure is incurred, and the temporary differences of our Spanish business, including brought forward trading losses.

Pensions

During 2020, the Group engaged with the Taylor Wimpey Pension Scheme ('TWPS') Trustee on the triennial valuation of the pension scheme with a reference date of 31 December 2019. In March 2021, a new funding arrangement was agreed with the Trustee that commits the Group to paying up to £20.0 million per annum into an escrow account between April 2021 and March 2024. The first six months of contributions between 1 April 2021 and 30 September 2021 were guaranteed, totalling £10.0 million. From 1 October 2021, further payments into the escrow account are subject to a quarterly funding test with the first funding test having an effective date of 30 September 2021. Payments to the escrow are suspended should the TWPS Technical Provisions funding position at any quarter end be 100% or more and would only restart should the funding subsequently fall below 98%. The funding test at 30 September 2021 showed a funding level of 103% and therefore escrow payments were suspended on, and from, 1 October 2021.

The Group continues to provide a contribution for Scheme expenses (£2.0 million per year) and also makes contributions via the Pension Funding Partnership (£5.1 million per year). Total Scheme contributions and expenses in the period were £6.1 million (H1 2021: £16.4 million) with no further amounts paid into the escrow account (H1 2021: £5.0 million). Further payments into escrow are subject to quarter-end funding tests and would amount to an additional £5.0 million being paid into escrow each quarter if the funding test is not met at the respective quarter end. The most recent funding test at June 2022 showed a surplus of £70 million and a funding level of 103.5% and as a result no payment into escrow is due in the third quarter of 2022.

At 3 July 2022, the IAS 19 valuation of the Scheme was a surplus of £211.6 million (31 December 2021: £149.9 million). Due to the rules of the TWPS, any surplus cannot be recovered by the Group and therefore a deficit has been recognised on the balance sheet under IFRIC14. The deficit being equal to the present value of the remaining committed payments under the 2019 triennial valuation. Retirement benefit obligations of £30.4 million at 3 July 2022 (31 December 2021: £37.3 million) comprise a defined benefit pension liability of £30.1 million (31 December 2021: £37.0 million) and a post-retirement healthcare liability of £0.3 million (31 December 2021: £0.3 million).

The Group continues to work closely with the Trustee in managing pension risks, including management of interest rate, inflation and longevity risks.

Net cash and financing position

Net cash decreased to £642.4 million at 3 July 2022 from £837.0 million at 31 December 2021, due to investment in land and WIP, the payment of the 2021 final dividend and the share buyback completed in the period. Average net cash for the period was £660.0 million (4 July 2021: £709.9 million, 31 December 2021: £788.1 million).

In the twelve months to 3 July 2022, the investment in land and WIP reduced cash generated by operations and as a result led to cash conversion‡‡ of 45.2% of operating profit (12 months to 4 July 2021: 96.7%).

Net cash, combined with land creditors, resulted in an adjusted gearing‡‡‡‡ of 4.7% (31 December 2021: (0.7)%).

At 3 July 2022 our committed borrowing facilities were £637 million of which £550 million was undrawn. The average maturity of the committed borrowing facilities at 3 July 2022 was 2.4 years (31 December 2021: 2.9 years).

Dividends

On 13 May 2022, we returned £160.9 million to shareholders by way of a 2021 final ordinary dividend of 4.44 pence per share. In addition, the Group returned £150.0 million in capital by way of a share buyback in the period, buying back 116,942,362 ordinary shares, of which 25,000,000 have been retained in Treasury with the remainder cancelled.

The Board has declared that a 2022 interim dividend of 4.62 pence per share is to be paid on 18 November 2022 to shareholders on the register at the close of business on 14 October 2022. The 2022 interim dividend will be paid as a cash dividend, and shareholders have the option to reinvest all of their dividend under the Dividend Re-Investment Plan (DRIP), details of which are available on our website www.taylorwimpey.co.uk/corporate.

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 2022 at the time of the 2022 full year results in March 2023, for payment in 2023.

Going concern

The Directors remain of the view that the Group's financing arrangements and balance sheet strength provide both the necessary liquidity and covenant headroom to enable the Group to conduct its business, and meet its liabilities as they fall due, for at least the next 12 months. Accordingly, the financial statements are prepared on a going concern basis, see note 1 of the financial statements for further details of the assessment performed.

Principal risks and uncertainties

As with any business, Taylor Wimpey's operational performance and ability to achieve its strategic objectives are subject to several potential risks and uncertainties. The Board takes a proactive approach to the management of these and regularly reviews both internal and external factors to identify and assess their impact on the business. These risks and uncertainties are then managed through effective mitigating controls and the development of action plans, with the continual monitoring of progress against agreed KPIs as an integral part of the business process and core activities.

The Board assesses and monitors the Principal Risks of the business regularly. Set out in the Group's Annual Report and Accounts for the year ended 31 December 2021 are details of the Principal Risks and uncertainties for the Group and the key mitigating activities used to address them at that time.

COVID-19

Although we have seen a significant reduction in the impact of COVID-19 on our business operations following the successful UK-wide vaccination programme, it is still very much to the fore. The Group continues to prioritise the health and safety of our employees, customers and subcontractors and we believe the COVID-19 working practices and protocols embedded across the organisation, in line with the latest guidance from the Government and Public Health Authorities, enable us to conduct our business effectively and safely.

Principal Risks

During the past six months we have seen increases in the risk profile of five of our Principal Risks, with brief details provided below against each of those impacted.

Government policies, regulations and planning

Our industry is facing an unprecedented level of change ranging from far-reaching regulation such as the Future Homes Standard and the New Homes Ombudsman to short-term political uncertainty over potential governmental and party leadership changes. Whilst we continue to consult with government agencies and invest in R&D to help us prepare for regulation, the current level of uncertainty is recognised through an increase in both the inherent and residual profile of this risk.

Mortgage availability and housing demand

We are currently experiencing increasing economic and political uncertainty driven by multiple factors, for example energy price volatility, the ongoing geopolitical situation in Ukraine and post Brexit effects, which cumulatively have resulted in a 'cost of living crisis', fuelled by inflationary risks and increases in interest rates. This is putting a strain on the housebuilding industry, resulting in an increase in both the inherent and residual profile of this risk.

Availability and costs of materials and subcontractors &
Attract and retain high-calibre employees

Our expectations are that supply chain and labour challenges will continue for the foreseeable future. We continue to live with the effects of COVID-19 and the potential for new variants to develop remains. Coupled with supply chain issues driven by the geopolitical instability, continuing demand imbalance and logistical challenges, as well as increasing skilled labour shortages, the inherent and residual profile of both these risks have increased. We will continue to monitor, in particular, the situation in Ukraine for any further impact on our risk landscape.

Land availability

We remain committed to our environmental strategy, focussing on climate change, nature, resources and waste and unreservedly support all measures which have been implemented to achieve net zero. As an industry, however, we are facing increasing environmental challenges, for example, 'nutrient neutrality' which, coupled with the current economic and political uncertainty, could impact the availability of quality, affordable land in the right location. We continue to implement appropriate actions to effectively mitigate this risk, but we have seen an increase in both the inherent and residual profile of this risk over the last few months.

Except for the changes referenced above, no other changes have been made to the Group's Principal Risks as reported at 31 December 2021. Further details of the Principal Risks and the mitigations in place are outlined on pages 61 to 65 of the 2021 Annual Report and Accounts, published in March 2022.

Emerging Risks

The Group faces a number of emerging risks which have the potential to be significant to the achievement of our strategy. Due to their nature their impact cannot be fully understood but where possible we have put in place or are planning to put in place mitigations to reduce the level of potential risk. Emerging risks are considered as part of our established risk management process and are reviewed and approved by the Board on a regular basis.

Cautionary note concerning forward looking statements

This announcement includes statements that are, or may be deemed to be, 'forward-looking statements'. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms 'believes', 'estimates', 'plans', 'projects', 'anticipates' or ‘expects’. Such statements are based on current expectations and assumptions and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from any expected future events or results expressed or implied in these forward-looking statements.

Accordingly, there are or will be important factors that could cause Taylor Wimpey plc's actual results to differ materially from those indicated in these statements. Persons receiving this announcement should not place reliance on forward-looking statements. Forward-looking statements speak only as of the date they are made and, except as required by applicable law or regulation, Taylor Wimpey plc undertakes no obligation to update these forward-looking statements. Nothing in this statement should be construed as a profit forecast.

Definitions

Alternative performance measures and other key performance indicators

* 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.

** Return on net operating assets (RONOA) is defined as rolling 12 months operating profit divided by the average of the opening and closing net operating assets of the 12 month period, which is defined as net assets less net cash, excluding net taxation balances and accrued dividends.

† 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.

†† 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 asset turn is defined as 12 months rolling total revenue divided by the average of opening and closing net operating assets of the 12 month period.

†*** 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.

‡ Net cash is defined as total cash less total borrowings.

‡‡ Cash conversion is defined as operating cash flow divided by operating profit or loss on a rolling 12 month basis, with operating cash flow defined as cash generated by operations (which is before income taxes paid, interest paid and payments related to exceptional charges).

‡‡‡‡ Adjusted gearing is defined as adjusted net debt divided by net assets. Adjusted net debt is defined as net cash less land creditors.

A reconciliation of alternative performance measures to statutory measures is disclosed in note 17 of the financial statements.

Taylor Wimpey plc
Condensed consolidated income statement
For the half year ended 3 July 2022

£ million	Note	(Reviewed) Half year ended 3 July 2022 Before exceptional items	Half year ended 3 July 2022 Exceptional items	Half year ended 3 July 2022 Total	(Reviewed) Half year ended 4 July 2021 Before exceptional items	Half year ended 4 July 2021 Exceptional items	Half year ended 4 July 2021 Total	(Audited) Year ended 31 December 2021 Before exceptional items	Year ended 31 December 2021 Exceptional items	Year ended 31 December 2021 Total
Continuing operations										
Revenue	2	**2,076.8**	**-**	**2,076.8**	2,196.3	-	2,196.3	4,284.9	-	4,284.9
Cost of sales		**(1,552.3)**	**-**	**(1,552.3)**	(1,674.0)	-	(1,674.0)	(3,257.9)	-	(3,257.9)
Gross profit		**524.5**	**-**	**524.5**	522.3	-	522.3	1,027.0	-	1,027.0
Net operating expenses	4	**(109.9)**	**(80.0)**	**(189.9)**	(99.6)	(125.0)	(224.6)	(203.8)	(125.0)	(328.8)
Profit on ordinary activities before net finance costs		**414.6**	**(80.0)**	**334.6**	422.7	(125.0)	297.7	823.2	(125.0)	698.2
Finance income	5	**2.1**	**-**	**2.1**	1.2	-	1.2	2.4	-	2.4
Finance costs	5	**(12.2)**	**-**	**(12.2)**	(12.7)	-	(12.7)	(26.4)	-	(26.4)
Share of results of joint ventures		**10.0**	**-**	**10.0**	1.3	-	1.3	5.4	-	5.4
Profit before taxation		**414.5**	**(80.0)**	**334.5**	412.5	(125.0)	287.5	804.6	(125.0)	679.6
Taxation (charge)/credit	6	**(91.4)**	**17.6**	**(73.8)**	(75.5)	23.8	(51.7)	(147.9)	23.8	(124.1)
Profit for the period		**323.1**	**(62.4)**	**260.7**	337.0	(101.2)	235.8	656.7	(101.2)	555.5
Basic earnings per share	7			**7.2p**			6.5p			15.3p
Diluted earnings per share	7			**7.2p**			6.5p			15.2p
Adjusted basic earnings per share	7			**9.0p**			9.3p			18.0p
Adjusted diluted earnings per share	7			**8.9p**			9.2p			18.0p

All of the profit for the period is attributable to the equity holders of the parent company.

Taylor Wimpey plc
Condensed consolidated statement of comprehensive income
For the half year ended 3 July 2022

£ million	Half year ended 3 July 2022 (Reviewed)	Half year ended 4 July 2021 (Reviewed)	Year ended 31 December 2021 (Audited)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	**4.1**	(4.3)	(6.9)
Movement in fair value of hedging instruments	**(2.3)**	3.1	4.8
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain on defined benefit pension schemes	**2.1**	37.6	37.9
Tax credit/(charge) on items taken directly to other comprehensive income	**1.0**	(5.4)	(5.4)
Other comprehensive income for the period	**4.9**	31.0	30.4
Profit for the period	**260.7**	235.8	555.5
Total comprehensive income for the period	**265.6**	266.8	585.9

All of the comprehensive income for the period is attributable to the equity holders of the parent company.

Taylor Wimpey plc
Condensed consolidated balance sheet
As at 3 July 2022

£ million	Note	3 July 2022 (Reviewed)	4 July 2021 (Reviewed)	31 December 2021 (Audited)
Non-current assets				
Intangible assets		**5.0**	7.8	6.6
Property, plant and equipment		**20.3**	23.3	21.7
Right-of-use assets		**25.9**	28.6	26.5
Interests in joint ventures		**83.0**	75.7	85.4
Trade and other receivables		**24.2**	28.3	27.5
Other financial assets	9	**10.0**	5.0	10.0
Deferred tax assets		**24.2**	26.9	26.2
		192.6	195.6	203.9
Current assets				
Inventories		**5,309.7**	4,801.6	4,945.7
Trade and other receivables		**178.2**	145.6	168.2
Tax receivables		**14.4**	9.2	1.0
Cash and cash equivalents	8	**729.4**	1,005.6	921.0
		6,231.7	5,962.0	6,035.9
Total assets		**6,424.3**	6,157.6	6,239.8
Current liabilities				
Trade and other payables		**(1,080.2)**	(1,004.8)	(901.9)
Lease liabilities		**(8.2)**	(7.0)	(7.0)
Bank and other loans	8	**(87.0)**	(12.9)	-
Tax payables		**(3.2)**	(0.9)	(0.8)
Provisions	11	**(119.0)**	(96.3)	(125.4)
		(1,297.6)	(1,121.9)	(1,035.1)
Net current assets		**4,934.1**	4,840.1	5,000.8
Non-current liabilities				
Trade and other payables		**(594.5)**	(596.8)	(629.3)
Lease liabilities		**(18.6)**	(22.5)	(20.4)
Bank and other loans	8	**-**	(86.2)	(84.0)
Retirement benefit obligations	9	**(30.4)**	(37.0)	(37.3)
Provisions	11	**(208.6)**	(153.0)	(119.7)
		(852.1)	(895.5)	(890.7)
Total liabilities		**(2,149.7)**	(2,017.4)	(1,925.8)
Net assets		**4,274.6**	4,140.2	4,314.0
Equity				
Share capital		**291.3**	292.2	292.2
Share premium		**777.9**	774.7	777.5
Own shares	12	**(43.3)**	(10.4)	(14.6)
Other reserves		**544.3**	542.5	541.6
Retained earnings		**2,704.4**	2,541.2	2,717.3
Total equity		**4,274.6**	4,140.2	4,314.0

Taylor Wimpey plc
Condensed consolidated statement of changes in equity
For the half year ended 3 July 2022

Reviewed half year ended 3 July 2022 £ million	Share capital	Share premium	Own shares	Other reserves	Retained earnings	Total
Balance as at 1 January 2022	292.2	777.5	(14.6)	541.6	2,717.3	4,314.0
Other comprehensive income for the period	-	-	-	1.8	3.1	4.9
Profit for the period	-	-	-	-	260.7	260.7
Total comprehensive income for the period	-	-	-	1.8	263.8	265.6
New share capital subscribed	-	0.4	-	-	-	0.4
Own shares acquired and cancelled	(0.9)	-	(33.8)	0.9	(117.5)	(151.3)
Utilisation of own shares	-	-	5.1	-	-	5.1
Cash cost of satisfying share options	-	-	-	-	(4.2)	(4.2)
Share-based payment credit	-	-	-	-	7.5	7.5
Tax charge on items taken directly to statement of changes in equity	-	-	-	-	(1.6)	(1.6)
Dividends approved and paid	-	-	-	-	(160.9)	(160.9)
Total equity at 3 July 2022	**291.3**	**777.9**	**(43.3)**	**544.3**	**2,704.4**	**4,274.6**

Reviewed half year ended 4 July 2021 £ million	Share capital	Share premium	Own shares	Other reserves	Retained earnings	Total
Balance as at 1 January 2021	292.2	773.1	(11.5)	543.7	2,419.3	4,016.8
Other comprehensive (expense)/income for the period	-	-	-	(1.2)	32.2	31.0
Profit for the period	-	-	-	-	235.8	235.8
Total comprehensive (expense)/income for the period	-	-	-	(1.2)	268.0	266.8
New share capital subscribed	-	1.6	-	-	-	1.6
Utilisation of own shares	-	-	1.1	-	-	1.1
Cash cost of satisfying share options	-	-	-	-	(1.4)	(1.4)
Share-based payment credit	-	-	-	-	6.2	6.2
Tax charge on items taken directly to statement of changes in equity	-	-	-	-	(0.2)	(0.2)
Dividends approved and paid	-	-	-	-	(150.7)	(150.7)
Total equity at 4 July 2021	292.2	774.7	(10.4)	542.5	2,541.2	4,140.2

Audited year ended 31 December 2021 £ million	Share capital	Share premium	Own shares	Other reserves	Retained earnings	Total
Balance as at 1 January 2021	292.2	773.1	(11.5)	543.7	2,419.3	4,016.8
Other comprehensive (expense)/income for the year	-	-	-	(2.1)	32.5	30.4
Profit for the year	-	-	-	-	555.5	555.5
Total comprehensive (expense)/income for the year	-	-	-	(2.1)	588.0	585.9
New share capital subscribed	-	4.4	-	-	-	4.4
Own shares acquired	-	-	(4.2)	-	-	(4.2)
Utilisation of own shares	-	-	1.1	-	-	1.1
Cash cost of satisfying share options	-	-	-	-	(1.9)	(1.9)
Share-based payment credit	-	-	-	-	13.2	13.2
Tax credit on items taken directly to statement of changes in equity	-	-	-	-	0.2	0.2
Dividends approved and paid	-	-	-	-	(301.5)	(301.5)
Total equity at 31 December 2021	292.2	777.5	(14.6)	541.6	2,717.3	4,314.0

Taylor Wimpey plc
Condensed consolidated cash flow statement
For the half year ended 3 July 2022

£ million	Note	Half year ended 3 July 2022 (Reviewed)	Half year ended 4 July 2021 (Reviewed)	Year ended 31 December 2021 (Audited)
Operating activities:				
Profit on ordinary activities before finance costs		**334.6**	297.7	698.2
Adjustments for:				
Depreciation and amortisation		**7.5**	7.7	15.6
Pension contributions in excess of charge to the income statement		**(5.1)**	(15.5)	(15.2)
Share-based payment charge		**7.5**	6.2	13.2
Net increase in provisions excluding exceptional payments		**94.2**	126.3	130.0
Operating cash flows before movements in working capital		**438.7**	422.4	841.8
Increase in inventories		**(317.7)**	(108.3)	(293.2)
(Increase)/decrease in receivables		**(7.0)**	50.6	32.1
Increase/(decrease) in payables		**91.7**	40.6	(6.0)
Cash generated by operations		**205.7**	405.3	574.7
Payments relating to exceptional charges		**(11.7)**	(7.3)	(15.1)
Income taxes paid		**(83.3)**	(60.0)	(123.0)
Interest paid		**(2.4)**	(2.5)	(4.7)
Net cash from operating activities		**108.3**	335.5	431.9
Investing activities:				
Interest received		**1.9**	1.1	2.1
Dividends received from joint ventures		**1.4**	6.9	8.1
Purchase of property, plant and equipment		**(0.7)**	(1.5)	(2.5)
Purchase of software		**(0.1)**	(1.5)	(2.1)
Investment in pension scheme escrow		**-**	(5.0)	(10.0)
Amounts repaid by/(invested in) joint ventures		**11.0**	0.9	(5.9)
Net cash generated from/(used in) investing activities		**13.5**	0.9	(10.3)
Financing activities:				
Lease capital repayments		**(3.7)**	(3.3)	(6.9)
Cash received on exercise of share options		**1.3**	1.4	3.6
Purchase of own shares		**(151.3)**	-	(4.2)
Repayment of borrowings		**-**	-	(12.7)
Dividends paid		**(160.9)**	(150.7)	(301.5)
Net cash used in financing activities		**(314.6)**	(152.6)	(321.7)
Net (decrease)/increase in cash and cash equivalents		**(192.8)**	183.8	99.9
Cash and cash equivalents at beginning of period		**921.0**	823.0	823.0
Effect of foreign exchange rate changes		**1.2**	(1.2)	(1.9)
Cash and cash equivalents at end of period	8	**729.4**	1,005.6	921.0

1. Accounting policies

Basis of preparation

The condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the United Kingdom, and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority. These should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with applicable IFRSs.

The information contained in this report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The condensed consolidated interim financial statements are unaudited but have been reviewed by the Group's auditor PricewaterhouseCoopers LLP. A copy of the statutory accounts for year ended 31 December 2021 has been delivered to the Registrar of Companies. The auditor reported on those accounts, their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under sections 498 (2) or (3) of the Companies Act 2006.

The accounting policies and method of computations adopted in the preparation of these condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021.

Going concern

Group forecasts have been prepared that have considered the Group's current financial position and current market circumstances. The forecasts were subject to sensitivity analysis including severe but plausible scenarios together with the likely effectiveness of mitigating actions.

The assessment considered sensitivity analysis based on a number of realistically possible, but severe and prolonged, changes to principal assumptions. In determining these, the Group included macro-economic and industry wide projections, as well as matters specific to the Group. To arrive at the sensitivity analysis, the Group has also drawn on experience gained managing the business through previous economic downturns and stress tested the business against a number of scenarios including:

- Volume – a decline in total volumes of c.30%, followed by a gradual recovery
- Price – a reduction in current selling prices of 20%
- Costs – a one-off exceptional charge and cash cost of £150 million for an unanticipated event, change in Government regulations or financial penalty (e.g. from a cyber security breach)

Mitigations to this sensitivity analysis include a reduction in land investment, a reduction in the level of production and work in progress held and optimising the overhead base to ensure it is aligned with the scale of the operations through the cycle.

The Group's liquidity (defined as cash and undrawn committed facilities) was £1,279 million at 3 July 2022. The undrawn facilities of £550 million mature in February 2025 with the drawn facilities of €100 million (£87m) due in June 2023. This is sufficient to absorb the financial impact of each of the risks modelled in the stress and sensitivity analysis.

Based on these forecasts, it is considered that there are sufficient resources available for the Group to conduct its business, and meet its liabilities as they fall due, for at least the next 12 months from the date of these condensed consolidated interim financial statements. Consequently the condensed consolidated interim financial statements have been prepared on a going concern basis.

1. Accounting policies (continued)

Estimates and judgements

The preparation of a condensed set of financial statements requires management to make significant judgements and estimates. Management have considered whether there are any such sources of estimation or accounting judgements in preparing the condensed consolidated interim financial statements. In identifying these areas management have considered the size of the associated balance and the potential likelihood of changes due to macro-economic factors.

In preparing these condensed consolidated interim financial statements, the critical judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty, including the £80 million increase in the cladding fire safety provision in the period, were principally the same as those applied to the Group's consolidated financial statements for the year ended 31 December 2021.

2. Revenue

An analysis of the Group's revenue is as follows:

£ million	**Half year ended 3 July 2022**	Half year ended 4 July 2021	Year ended 31 December 2021
Private sales	**1,797.2**	2,012.3	3,890.3
Partnership housing	**245.0**	173.5	363.1
Land and other	**34.6**	10.5	31.5
Total revenue	**2,076.8**	2,196.3	4,284.9

3. Operating segments

The Group operates in two countries, being the United Kingdom and Spain.

The United Kingdom is split into five geographical operating segments, each managed by a Divisional Chair who sits on the Group Management Team; there are also central operations covering the corporate functions and Strategic Land. All the UK operating segments share similar economic characteristics. In making this assessment the Group has considered the key metrics that are used to monitor the performance of the segments; these have been considered over a long term period and have included historic and forecast results. The metrics focus on profitability, return on capital and other asset related measures. In addition each Division builds and delivers residential homes, uses consistent methods of construction, sells homes to both private customers and local housing associations, follows a single UK sales process and operating framework, is subject to the same macro-economic factors including mortgage availability and has the same cost of capital arising from the utilisation of central banking and debt facilities. As a result, the disclosure reflects the two reportable segments of the UK and Spain. Revenue in Spain arises entirely on private sales.

	Half year ended 3 July 2022			Half year ended 4 July 2021			Year ended 31 December 2021		
£ million	**UK**	**Spain**	**Total**	UK	Spain	Total	UK	Spain	Total
Revenue									
External sales	**2,009.4**	**67.4**	**2,076.8**	2,166.1	30.2	2,196.3	4,208.1	76.8	4,284.9
Result									
Profit before joint ventures, net finance costs and exceptional items	**396.6**	**18.0**	**414.6**	418.3	4.4	422.7	808.6	14.6	823.2
Share of results of joint ventures	**10.0**	**-**	**10.0**	1.3	-	1.3	5.4	-	5.4
Operating profit (Note 17)	**406.6**	**18.0**	**424.6**	419.6	4.4	424.0	814.0	14.6	828.6
Exceptional items (Note 4)	**(80.0)**	**-**	**(80.0)**	(125.0)	-	(125.0)	(125.0)	-	(125.0)
Profit before net finance costs	**326.6**	**18.0**	**344.6**	294.6	4.4	299.0	689.0	14.6	703.6
Net finance costs			**(10.1)**			(11.5)			(24.0)
Profit before taxation			**334.5**			287.5			679.6
Taxation charge			**(73.8)**			(51.7)			(124.1)
Profit for the period			**260.7**			235.8			555.5

	3 July 2022			4 July 2021			31 December 2021		
£ million	**UK**	**Spain**	**Total**	UK	Spain	Total	UK	Spain	Total
Assets and liabilities									
Segment operating assets	**5,368.3**	**205.0**	**5,573.3**	4,870.1	170.1	5,040.2	5,013.6	192.6	5,206.2
Joint ventures	**83.0**	**-**	**83.0**	75.7	-	75.7	85.4	-	85.4
Segment operating liabilities	**(1,934.6)**	**(124.9)**	**(2,059.5)**	(1,849.5)	(67.9)	(1,917.4)	(1,757.3)	(83.7)	(1,841.0)
Net operating assets	**3,516.7**	**80.1**	**3,596.8**	3,096.3	102.2	3,198.5	3,341.7	108.9	3,450.6
Net current taxation			**11.2**			8.3			0.2
Net deferred taxation			**24.2**			26.9			26.2
Net cash			**642.4**			906.5			837.0
Net assets			**4,274.6**			4,140.2			4,314.0

4. Net operating expenses and profit on ordinary activities before net finance costs

Profit on ordinary activities before net finance costs has been arrived at after charging/(crediting):

£ million	**Half year ended 3 July 2022**	Half year ended 4 July 2021	Year ended 31 December 2021
Administration expenses	**111.3**	102.1	211.0
Other expenses	**4.7**	6.1	13.1
Other income	**(6.1)**	(8.6)	(20.3)
Exceptional items	**80.0**	125.0	125.0

Other income and expenses include profits on the sale of property, plant and equipment, revaluation of certain shared equity mortgage receivables, pre-acquisition and abortive costs, and profit/loss on the sale of part exchange properties.

Exceptional items: £ million	**Half year ended 3 July 2022**	Half year ended 4 July 2021	Year ended 31 December 2021
Provision in relation to cladding fire safety	**80.0**	125.0	125.0
	80.0	125.0	125.0
Tax credit	**(17.6)**	(23.8)	(23.8)
Net exceptional items charged to the income statement	**62.4**	101.2	101.2

Cladding fire safety
In 2018 the Group established an exceptional provision for the cost of replacing ACM on a small number of legacy developments. During 2021 the Group announced its intention to support building owners and leaseholders with investment to ensure their apartment buildings were safe and met current EWS1 (External Wall Fire Review) requirements. This applied to Taylor Wimpey apartment buildings constructed going back 20 years from January 2021, including apartment buildings below 18 metres. As a result the Group recognised an additional £125.0 million provision in 2021 and, in line with Group policy, recognised it as an exceptional item.

In April 2022 the Group signed up to the Government’s fire safety pledge for developers, extending the period covered to all buildings constructed by the Group since 1992, as well as committing to reimburse any funds allocated or used for Taylor Wimpey buildings over 18 metres from the Building Safety Fund. In the period to 3 July 2022 the Group recognised an increase in the provision of £80.0 million, as an exceptional expense.

5. Finance income and finance costs

Finance income:

£ million	**Half year ended 3 July 2022**	Half year ended 4 July 2021	Year ended 31 December 2021
Interest receivable	**2.1**	1.2	2.4
	2.1	1.2	2.4

Finance costs:

£ million	**Half year ended 3 July 2022**	Half year ended 4 July 2021	Year ended 31 December 2021
Interest on bank and other loans	**(2.4)**	(2.5)	(5.0)
Foreign exchange movements	**(0.3)**	(0.5)	(0.8)
	(2.7)	(3.0)	(5.8)
Unwinding of discount on land creditors and other items	**(9.0)**	(9.0)	(19.2)
Interest on lease liabilities	**(0.2)**	(0.2)	(0.4)
Net interest on pension liability	**(0.3)**	(0.5)	(1.0)
	(12.2)	(12.7)	(26.4)

6. Taxation

Tax charged in the income statement is analysed as follows:

£ million		**Half year ended 3 July 2022**	Half year ended 4 July 2021	Year ended 31 December 2021
Current tax:				
UK:	Current year	**(69.1)**	(49.8)	(122.0)
	Adjustment in respect of prior years	**-**	-	2.3
Overseas:	Current year	**(2.6)**	(0.6)	(2.5)
	Adjustment in respect of prior years	**(0.5)**	(0.1)	(0.1)
		(72.2)	(50.5)	(122.3)
Deferred tax:				
UK:	Current year	**(2.4)**	(0.3)	(2.7)
	Adjustment in respect of prior years	**-**	(0.8)	(0.3)
Overseas:	Current year	**(1.0)**	(0.1)	1.2
	Adjustment in respect of prior years	**1.8**	-	-
		(1.6)	(1.2)	(1.8)
		(73.8)	(51.7)	(124.1)

The effective tax rate for the period is 22.1% (4 July 2021 effective tax rate: 18.0%).

Closing deferred tax on temporary differences has been calculated at the tax rates that are expected to apply for the period when the asset is realised or liability is settled. On 1 April 2022 a new 4% Residential Property Developer Tax, chargeable on residential development profits, came into effect. Accordingly the temporary differences have been calculated at between 23% and 29% (4 July 2021: between 19% and 25%).

The primary components of the deferred tax asset at 3 July 2022 are in relation to retirement benefit obligations, UK provisions that are tax deductible when the expenditure is incurred, and the temporary differences of our Spanish business, including brought forward trading losses.

7. Earnings per share

	Half year ended 3 July 2022	Half year ended 4 July 2021	Year ended 31 December 2021
Basic earnings per share	**7.2p**	6.5p	15.3p
Diluted earnings per share	**7.2p**	6.5p	15.2p
Adjusted basic earnings per share	**9.0p**	9.3p	18.0p
Adjusted diluted earnings per share	**8.9p**	9.2p	18.0p
Weighted average number of shares for basic earnings per share – million	**3,603.5**	3,639.2	3,639.3
Weighted average number of shares for diluted earnings per share – million	**3,613.9**	3,648.0	3,649.0

Adjusted basic and adjusted diluted earnings per share, which exclude the impact of exceptional items and the associated net tax charges, are shown to provide clarity on the underlying performance of the Group.

A reconciliation from profit from operations attributable to equity shareholders used for basic and diluted earnings per share to that used for adjusted earnings per share is shown below:

£ million	**Half year ended 3 July 2022**	Half year ended 4 July 2021	Year ended 31 December 2021
Earnings for basic and diluted earnings per share	**260.7**	235.8	555.5
Adjust for exceptional items	**80.0**	125.0	125.0
Adjust for tax on exceptional items	**(17.6)**	(23.8)	(23.8)
Earnings for adjusted basic and adjusted diluted earnings per share	**323.1**	337.0	656.7

8. Notes to the cash flow statement

Cash and cash equivalents comprise cash at bank and other short term highly liquid investments with an original maturity of three months or less.

Movement in net cash:

£ million	Cash and cash equivalents	Bank and other loans	Total net cash
At 1 January 2022	921.0	(84.0)	837.0
Net cash flow	(192.8)	-	(192.8)
Foreign exchange	1.2	(3.0)	(1.8)
At 3 July 2022	**729.4**	**(87.0)**	**642.4**

£ million	Cash and cash equivalents	Bank and other loans	Total net cash
At 1 January 2021	823.0	(103.6)	719.4
Net cash flow	183.8	-	183.8
Foreign exchange	(1.2)	4.5	3.3
At 4 July 2021	1,005.6	(99.1)	906.5

£ million	Cash and cash equivalents	Bank and other loans	Total net cash
At 1 January 2021	823.0	(103.6)	719.4
Net cash flow	99.9	12.7	112.6
Foreign exchange	(1.9)	6.9	5.0
At 31 December 2021	921.0	(84.0)	837.0

The committed borrowing facilities are currently £637.0 million (31 December 2021: £634.0 million) with an average maturity of 2.4 years (31 December 2021: 2.9 years).

9. Pensions

During 2020, the Group engaged with the Taylor Wimpey Pension Scheme ('TWPS') Trustee on the triennial valuation of the pension scheme with a reference date of 31 December 2019. In March 2021, a new funding arrangement was agreed with the Trustee that committed the Group to paying up to £20.0 million per annum into an escrow account between April 2021 and March 2024. The first six months of contributions between 1 April 2021 and 30 September 2021 were guaranteed (£10.0 million). From 1 October 2021, payments into the escrow account are subject to a quarterly funding test with the first funding test having an effective date of 30 September 2021. Payments to the escrow are suspended should the TWPS Technical Provisions deficit position at any quarter-end be 100% or more and would restart should the deficit subsequently fall below 98%. The funding test at 30 September 2021 showed a funding level of 103% and therefore payments into escrow were suspended on and from 1 October 2021.

The Group continues to provide a contribution for Scheme expenses (£2.0 million per annum) and also makes contributions via the Pension Funding Partnership (£5.1 million per annum).

At 3 July 2022 the IAS19 surplus was £211.6 million (31 December 2021: £149.9 million). An IFRIC 14 deficit has been recognised at 3 July 2022, which represents the present value of future contributions under the funding plan together with distributions from the Pension Funding Partnership. This results in an IFRIC 14 deficit recognised on the balance sheet of £30.1 million (31 December 2021: £37.0 million). In addition, there is as a post-retirement healthcare liability of £0.3 million (31 December 2021: £0.3 million).

Amounts in other financial assets are held in an escrow account for the benefit of the TWPS and the Trustee of the TWPS holds a charge over the escrow account. Transfers out of the escrow account (either to the TWPS or the Group) are subject to the 2019 triennial funding arrangement entered into between the Group and the Trustee and as such the funds are restricted from use by the Group for other purposes and are therefore not classified as cash or cash equivalents. At 3 July 2022 there was £10.0 million held in the escrow account (31 December 2021: £10.0 million). Interest earned by the escrow account is retained within the escrow account.

10. Financial assets and liabilities

£ million		Carrying amount **3 July 2022**	Carrying amount 4 July 2021	Carrying amount 31 December 2021	Fair value **3 July 2022**	Fair value 4 July 2021	Fair value 31 December 2021
Financial assets							
Cash and cash equivalents	a	**729.4**	1,005.6	921.0	**729.4**	1,005.6	921.0
Land receivables	a	**18.7**	14.4	18.7	**18.7**	14.4	18.7
Other financial assets	a	**10.0**	5.0	10.0	**10.0**	5.0	10.0
Trade and other receivables	a	**120.3**	95.6	105.0	**120.3**	95.6	105.0
Mortgage receivables	b	**14.0**	21.8	17.9	**14.0**	21.8	17.9
Financial liabilities							
Bank and other loans	c	**87.0**	99.1	84.0	**85.5**	100.8	84.8
Land creditors	a	**843.7**	843.1	806.4	**843.7**	843.1	806.4
Trade and other payables	a	**622.4**	593.1	543.3	**622.4**	593.1	543.3
Lease liabilities	a	**26.8**	29.5	27.4	**26.8**	29.5	27.4

(a) The Directors consider the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated interim financial statements approximate their fair values.

(b) Mortgage receivables relate to sales incentives including shared equity loans and are measured at fair value through profit or loss. The fair value is established based on a publicly available national house price index, being significant other observable inputs (level 2).

(c) The fair value of the €100 million fixed rate loan notes has been determined by reference to external interest rates and the Directors' assessment of the margin for credit risk (level 2).

Land receivables, mortgage receivables and trade and other receivables are included in the balance sheet as trade and other receivables for current and non-current amounts and include £49.4 million (31 December 2021: £54.1 million) of non-financial assets.

Current and non-current trade and other payables includes non-financial liabilities of £208.6 million (31 December 2021: £181.5 million).

The Group has designated a financial liability in the sum of €79.0 million (31 December 2021: €79.0 million) as a net investment hedge, equating to £68.7 million (31 December 2021: £66.4 million). The Group had no financial instruments with fair values that are determined by reference to significant unobservable inputs (level 3), nor have there been any transfers of assets or liabilities between levels of the fair value hierarchy. There are no non-recurring fair value measurements.

11. Provisions

£ million	Cladding fire safety	Leasehold	Other	Total
At 31 December 2021	144.5	53.6	47.0	245.1
Additions in the period	80.0	-	16.9	96.9
Utilised	(6.4)	(5.3)	(2.8)	(14.5)
Released	-	-	-	-
Foreign exchange	-	-	0.1	0.1
At 3 July 2022	**218.1**	**48.3**	**61.2**	**327.6**

£ million	**3 July 2022**	4 July 2021	31 December 2021
Current	**119.0**	96.3	125.4
Non-current	**208.6**	153.0	119.7
	327.6	249.3	245.1

In 2018 the Group established an exceptional provision for the cost of replacing ACM on a small number of legacy developments, which was increased by £10.0 million in 2020 to reflect the latest estimate of costs to complete the planned works. Following the guidance issued by RICS in the prior year the Group announced an additional £125.0 million provision to fund cladding fire safety improvements and in 2022 recognised a further £80.0 million (see note 4). It is expected that around a fifth of the remaining provision will be utilised over the next 12 months.

In 2017 the Group launched an assistance scheme to help certain customers restructure their ground rent agreements with their freeholder and established an associated provision of £130.0 million to fund this. Following the agreement of voluntary undertakings with the CMA the Group expects that the majority of the remaining provision will be utilised within the next 12 months.

Other provisions consist of a remedial work provision covering various obligations on a limited number of sites across the Group. Other provisions also includes amounts for legal claims and other contract-related costs associated with various matters arising across the Group, the majority of which are anticipated to be settled within a three year period; however, there is some uncertainty regarding the timing of these outflows due to the nature of the claims and the length of time it can take to reach settlement.

12. Own shares

During the period the Group purchased 116,942,362 of its own ordinary shares, of which 25,000,000 were transferred to be held in treasury and the remainder cancelled. The average share price of the purchased shares was 128.27 pence for a total cost, including expenses, of £151.3 million.

13. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed within the financial statements or related notes. There have been no material changes in the nature of transactions with joint ventures, which are also related parties, since the last annual financial statements as at, and for the year ended, 31 December 2021.

14. Dividends

£ million	**Half year ended 3 July 2022**	Half year ended 4 July 2021	Year ended 31 December 2021
Approved and paid	**160.9**	150.7	301.5
Approved and accrued	**-**	-	-
Approved	**163.0**	151.0	-
Proposed	**-**	-	162.0

The Directors have assessed the Company's performance in the current period and approved an interim dividend of 4.62 pence per share in line with the Group's dividend policy. The dividend will be paid on 18 November 2022 to all shareholders registered at the close of business on 14 October 2022. This is expected to result in a payment of c.£163 million.

In accordance with IAS 10 'Events after the Reporting Period' the approved interim dividend has not been accrued in the 3 July 2022 balance sheet.

15. Share based payments

The Group recognised a share based payment expense of £7.6 million to 3 July 2022 (4 July 2021: £6.3 million), which was composed of £7.5 million in relation to equity settled schemes and £0.1 million in relation to cash settled elements (4 July 2021: £6.2 million and £0.1 million).

16. Seasonality

Weekly sales rates in some of the Group's key markets historically experience significant seasonal variation, with the highest levels of reservations usually occurring in the spring and autumn in the UK. As such, economic weakness which affects these peak selling seasons can have a disproportionate impact on the results for the year.

This pattern of reservations tends to result in higher levels of home completions towards the end of the financial year. As a result, the Group's work in progress and debt profile exhibits peaks and troughs over the course of the financial year.

17. Alternative performance measures

The Group uses a number of Alternative Performance Measures (APMs) which are not defined within IFRS. The Directors use these measures in order to assess the underlying operational performance of the Group and, as such, these measures should be considered alongside the IFRS measures. The following APMs are referred to throughout the half year results.

Profit before taxation and exceptional items and profit for the period before exceptional items

The Directors consider the removal of exceptional items from the reported results provides more clarity on the performance of the Group. They are reconciled to profit before taxation and profit for the period respectively, on the face of the condensed consolidated income statement.

17. Alternative performance measures (continued)

Operating profit and operating margin

Throughout the report operating profit is used as one of the main measures of performance. Operating profit is defined as profit on ordinary activities before net finance costs, exceptional items and tax, after share of results of joint ventures. The Directors consider this to be an important measure of underlying performance of the Group. Operating margin is calculated as operating profit divided by total revenue.

	Half year ended 3 July 2022	Half year ended 4 July 2021	Year ended 31 December 2021
Profit on ordinary activities before net finance costs (£m)	334.6	297.7	698.2
Adjusted for:			
Share of results of joint ventures (£m)	10.0	1.3	5.4
Exceptional items (£m)	80.0	125.0	125.0
Operating profit (£m)	**424.6**	**424.0**	**828.6**
Revenue (£m)	2,076.8	2,196.3	4,284.9
Operating margin	**20.4%**	**19.3%**	**19.3%**
Rolling 12-month operating profit* (£m)	**829.2**	**740.4**	**828.6**

* Operating profit for the 6-month period ended 31 December 2020: Profit before interest and tax: £306.7m; Share of results of joint ventures: £9.7m; Exceptional items: nil.

Net operating assets

Net operating assets is defined as basic net assets less net cash, excluding net taxation balances and accrued dividends. Average net operating assets is the average of the opening and closing net operating assets of the 12-month period. With return on net operating assets, the Directors consider this to be an important measure of the underlying operating efficiency and performance of the Group.

£million	**3 July 2022**	4 July 2021	31 December 2021	31 December 2020	28 June 2020
Basic net assets (£m)	**4,274.6**	**4,140.2**	**4,314.0**	**4,016.8**	**3,755.2**
Adjusted for:					
Cash (£m)	(729.4)	(1,005.6)	(921.0)	(823.0)	(601.8)
Borrowings (£m)	87.0	99.1	84.0	103.6	104.5
Net taxation (£m)	(35.4)	(35.2)	(26.4)	(32.6)	(14.1)
Accrued dividends (£m)	-	-	-	-	-
Net operating assets (£m)	**3,596.8**	**3,198.5**	**3,450.6**	**3,264.8**	**3,243.8**
Average basic net assets (£m)	**4,207.4**	**3,947.7**	**4,165.4**		
Average net operating assets (£m)	**3,397.7**	**3,221.2**	**3,357.7**		

Return on net operating assets

Return on net operating assets is defined as rolling 12-month operating profit divided by average net operating assets. The Directors consider this to be an important measure of the underlying operating efficiency and performance of the Group.

	3 July 2022	4 July 2021	31 December 2021
Rolling 12-month operating profit (£m)	829.2	740.4	828.6
Average net operating assets (£m)	3,397.7	3,221.2	3,357.7
Return on net operating assets	**24.4%**	**23.0%**	**24.7%**

17. Alternative performance measures (continued)

Net operating asset turn

This is defined as total revenue divided by the average of opening and closing net operating assets, based on a rolling 12-month period. The Directors consider this to be good indicator of how efficiently the Group is utilising its assets to generate value for the shareholders.

	3 July 2022	4 July 2021	31 December 2021
Rolling 12-month revenue* (£m)	4,165.4	4,231.9	4,284.9
Average net operating assets (£m)	3,397.7	3,221.2	3,357.7
Net operating asset turn	**1.23**	**1.31**	**1.28**

* Revenue for the 6-month period ended 31 December 2020: £2,035.6 million

Tangible net assets per share

This is calculated 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. The Directors consider this to be a good measure of the value intrinsic within each ordinary share.

	3 July 2022	4 July 2021	31 December 2021
Basic net assets (£m)	4,274.6	4,140.2	4,314.0
Adjusted for:			
Accrued dividends (£m)	-	-	-
Intangible assets (£m)	(5.0)	(7.8)	(6.6)
Tangible net assets (£m)	**4,269.6**	**4,132.4**	**4,307.4**
Ordinary shares in issue (millions)	3,557.0	3,646.5	3,648.6
Tangible net assets per share (pence)	**120.0**	**113.3**	**118.1**

Net cash

Net cash is defined as total cash less total borrowings. This is considered by the Directors to be the best indicator of the financing position of the Group and is reconciled in Note 8.

Cash conversion

This is defined as cash generated by operations divided by operating profit, based on a rolling 12-month period. The Directors consider this measure to be a good indication of how efficiently the Group is turning profit into cash.

	3 July 2022	4 July 2021	31 December 2021
Rolling 12-month cash generated by operations* (£m)	375.1	715.6	574.7
Rolling 12-month operating profit (£m)	829.2	740.4	828.6
Cash conversion	**45.2%**	**96.7%**	**69.4%**

* Cash generated by operations for the 6-month period ended 31 December 2020: £310.3m.

Adjusted gearing

This is defined as adjusted net debt divided by basic net assets. The Directors consider this to be a more representative measure of the Group's gearing levels. Adjusted net debt is defined as net cash less land creditors.

	3 July 2022	4 July 2021	31 December 2021
Cash (£m)	729.4	1,005.6	921.0
Loans (£m)	(87.0)	(99.1)	(84.0)
Net cash (£m)	**642.4**	**906.5**	**837.0**
Land creditors (£m)	(843.7)	(843.1)	(806.4)
Adjusted net (debt)/cash (£m)	**(201.3)**	**63.4**	**30.6**
Basic net assets (£m)	4,274.6	4,140.2	4,314.0
Adjusted gearing	**4.7%**	**(1.5)%**	**(0.7)%**

17. Alternative performance measures (continued)

Adjusted basic earnings per share

This is calculated as earnings attributed to the shareholders, excluding exceptional items and tax on exceptional items, divided by the weighted average number of shares. The Directors consider this provides an important measure of the underlying earnings capacity of the Group. Note 7 shows a reconciliation from basic earnings per share to adjusted basic earnings per share.

18. Post balance sheet events

There were no material subsequent events affecting the Group between 3 July 2022 and the date of this announcement that need to be disclosed.

Taylor Wimpey plc
Statement of Directors' responsibility
For the half year ended 3 July 2022

The Directors confirm that these condensed consolidated interim financial statements have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and that the half year results include a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last Annual Report.

By order of the Board

Irene Dorner, Chairman
Jennie Daly, Chief Executive
2 August 2022

Independent review report to Taylor Wimpey plc
Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Taylor Wimpey plc's condensed consolidated interim financial statements (the "interim financial statements") in the Half Year Results of Taylor Wimpey plc for the half year ended 3 July 2022 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the Condensed consolidated balance sheet as at 3 July 2022;
- the Condensed consolidated income statement and the Condensed consolidated statement of comprehensive income for the period then ended;
- the Condensed consolidated cash flow statement for the period then ended;
- the Condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Half Year Results of Taylor Wimpey plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Half Year Results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the Directors have inappropriately adopted the going concern basis of accounting or that the Directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with this ISRE. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent review report to Taylor Wimpey plc
Report on the condensed consolidated interim financial statements (continued)

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the Directors

The Half Year Results, including the interim financial statements, is the responsibility of, and has been approved by the Directors. The Directors are responsible for preparing the Half Year Results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Half Year Results, including the interim financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Half Year Results based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the Company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
London
2 August 2022