

**17 January 2022**

**Taylor Wimpey plc**

**Trading statement for the year ended 31 December 2021**

Taylor Wimpey is issuing the following update on trading ahead of its full year results for the year ended 31 December 2021, which will be announced on 3 March 2022.

## **Overview**

Pete Redfern, Chief Executive, commented:

“We have delivered an excellent performance in 2021 and expect to report full year results in line with our expectations. Market conditions remain supportive and we continue to see strong demand for our homes. Our strategy of optimising sales rates, prices and operational excellence and efficiencies is enabling us to drive a significant improvement in operating margin<sup>\*†</sup>.

Our proactive landbuying strategy during the pandemic supported accelerated land investments at attractive margins, providing a sector-leading landbank that will support future, significant growth.

We are also very proud of our strong stakeholder commitments and continue to integrate our ambitious environmental strategy across the business.

Looking ahead, we are well placed to deliver against our targets. The outlook is positive and Taylor Wimpey is particularly well positioned. We maintain a sharp focus on delivering sustainable growth, strong profitability, and increased cash returns for shareholders over the long term.”

## **2021 performance**

Throughout 2021 we experienced strong demand for our homes underpinned by continued low interest rates and good mortgage availability. The business performed very well in the year and we will report 2021 full year results in line with expectations<sup>1</sup>, with significant improvement in operating margin, as we focused on optimising sales prices, alongside increased volume, driving strong growth in operating profit<sup>\*</sup>.

Total UK home completions (including joint ventures) increased by 47% to 14,087 in 2021 (2020: 9,609), which included 2,501 affordable homes (2020: 1,904) equating to 18% of total completions (2020: 20%). Our net private reservation rate for 2021 was 0.91 homes per outlet per week (2020: 0.76). Cancellation rates for the full year were at normal levels of 14% (2020: 20%). Average selling prices on private completions increased by 3% to £332k (2020: £323k), with the overall average selling price increasing to £300k (2020: £288k). We ended the year with an excellent order book valued at £2,550 million (31 December 2020: £2,684 million), excluding joint ventures, which represents 10,009 homes (31 December 2020: 10,685 homes).

With demand for our homes remaining strong, we closed sales outlets ahead of schedule and traded from an average of 225 outlets in 2021 (2020: 240). We enter 2022 with 228 outlets (31 December 2020: 239) and remain confident of growing our outlets meaningfully from H2 2022.

During 2021, house price inflation fully offset build cost inflation amidst wider industry pressure on the cost and availability of certain materials. Our national scale and strong partner relationships and agreements enabled us to effectively manage these pressures.

## **Land**

As at 31 December 2021, our short term landbank stood at c.85k plots (2020: c.77k plots). Our strategic land pipeline was c.145k potential plots (2020: c.139k plots).

Following our equity raise in June 2020, which enabled accelerated land buying at attractive margins, we have added c.29k new plots to the short term landbank over the last 18 months, including converting c.9k plots from our strategic land pipeline. We have also added c.16k potential new plots to our strategic pipeline. These sites are across all regions of our business and a healthy balance of large and small sites.

## **Spain current trading**

During 2021, the anticipated gradual easing of travel restrictions, allowing prospective second home buyers to travel to Spain, has resulted in an increased level of demand, particularly in the second half of the year. We completed 215 homes in 2021 (2020: 190) at an average selling price of €417k (2020: €375k). The total order book as at 31 December 2021 stood at 324 homes (31 December 2020: 126 homes).

## **Group cash position**

We ended the year with strong net cash<sup>‡</sup> of £837.0 million (31 December 2020: £719.4 million net cash), ahead of expectations due to the timing of land spend.

## **Excess cash returns**

As previously stated, our intention remains to return to shareholders all cash generated by the business that is in excess of that required to fund land investment, working capital, and other cash requirements of the business, and once the ordinary dividend has been met. The Board remains committed to such returns and will announce the level of excess cash return in respect of 2021 with the company's full year results on 3 March 2022. It is the Board's current intention to return this cash by way of a share buyback, however the final method of return will be determined at the time of the full year results in light of prevailing circumstances.

## **Delivering long term value for all stakeholders**

We have retained our focus on build quality and are the highest rated major housebuilder in the independently measured 2021 NHBC Construction Quality Review (CQR) with an average score of 4.67 out of 6 (2020: 4.45 out of 6). We continue to prioritise customer service and we expect to remain a five-star builder in the upcoming Home Builders Federation survey for 2021.

Our employees remain a key differentiator and we continue to benefit from a highly skilled, talented and engaged workforce, as reflected in our most recent employee survey with an overall employee engagement score of over 90%. During 2021 we were also accredited by the Living Wage Foundation, recognising the work we have done to encourage our partners to ensure contractors not directly on our payroll also receive the Living Wage.

We continue to integrate our ambitious environmental strategy rolled out in early 2021 which includes science-based carbon reduction targets, independently approved by the Science Based Target initiative (SBTi), as well as targets for biodiversity and waste reduction. We achieved a Gold Award in the 2021 NextGeneration Benchmark (2020: Silver).

### *Fire safety improvement works*

The safety of our customers is of paramount importance. In March 2021, we announced that we would cover the costs to bring all Taylor Wimpey apartment buildings built within the last 20 years, irrespective of height or whether we retain a legal interest, in line with current EWS1 guidance, covering cladding and the whole of the external wall systems including balconies. We have identified all Taylor Wimpey buildings both above and below 18 metres that may require works and are in active dialogue with building owners to undertake these, with work underway on many. We believe that the provision we have taken remains a reasonable estimate of these costs. We continue to believe this is an industry wide issue that needs an industry wide solution and will continue to work with Government to try to help resolve these wider issues.

### **Outlook**

We start 2022 in a very strong position with an excellent order book and are 47% forward sold for 2022 (2021: 54%). Despite wider economic uncertainty, forward indicators continue to show good underlying demand for our homes and pricing remains positive.

We are making good headway progressing land through the planning system to deliver outlet-led growth. Subject to planning, we remain well placed to meaningfully grow our outlets from H2 2022 to underpin a significant step up in volume from 2023, as previously guided.

With a strong focus on optimising sales prices, cost, process simplification and other core value drivers, we are confident in achieving our primary performance target to return the business to a 21-22% operating margin.

We continue to run the business in the long term interests of all of our stakeholders, maximising long term shareholder value whilst continuing to deliver quality homes and the highest level of customer service. With an excellent landbank and a focus on strong operational execution, the Board is confident of delivering growth and sustained shareholder value, while meeting broader stakeholder expectations in the years ahead.

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

\*† Operating margin is defined as operating profit divided by revenue.

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

Note:

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

-Ends-

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**Notes to editors:**

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

For further information, please visit the Group's website: [www.taylorwimpey.co.uk](http://www.taylorwimpey.co.uk)

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