

27 April 2023

Taylor Wimpey plc

Trading statement for the period covering 1 January 2023 to today

Signs of improving customer confidence, full year 2023 guidance reiterated

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

Jennie Daly, Chief Executive, commented:

“We have seen continued recovery in demand from the low levels experienced towards the end of 2022, supported by good mortgage availability, and have seen an incremental improvement in sales rate as the Spring selling season has progressed. While we remain cautious of continued macroeconomic uncertainty, Taylor Wimpey is a strong and agile business differentiated by our high-quality landbank and experienced teams who have a sharp focus on operational discipline.”

“On behalf of the wider management team, I would like to also take this opportunity to thank Irene Dorner who today steps down as Chair. We look forward to welcoming Robert Noel into the role, who brings with him more than 30 years' experience in the property sector.”

UK current trading

As the seasonally strong Spring selling season has progressed, we have seen an increase in the overall year to date sales rate compared to that announced on 2 March and pricing has remained resilient.

Whilst challenges remain for our customers, particularly first time buyers, targeted marketing spend has enabled us to maintain customer interest at healthy levels. There is a continued commitment by mortgage providers to lend with good levels of product availability and with rates reduced from the highs of Q4 2022. We continue to focus on addressing the needs of our customers, evolving our offering and prioritising improvements in customer service leveraging our customer relationship management system.

Our net private sales rate for the year to 23 April 2023 was 0.75 (2022: 0.97), with a cancellation rate of 15% (2022: 14%). Sales in the period include planned bulk deals and, excluding bulk deals, our net private sales rate for the year to 23 April 2023 was 0.66. As at 23 April 2023, our total order book value stood at £2,379 million (2022: £3,027 million). This represents 8,576 homes (2022: 11,119 homes).

Prevailing annualised build cost inflation remains high but is beginning to moderate from the 9-10% we reported in March, a trend we expect to continue as the year progresses.

High-quality landbank

Our high-quality landbank continues to be a differentiator. At the end of March 2023, our short term landbank stood at c.86k plots (2022: c.87k plots) and our strategic land pipeline stood at c.140k potential plots (2022: c.145k plots).

We remain highly selective in our land additions. As a result, in the year to date we have approved fewer than 500 new plots, but we remain agile and active in reviewing opportunities.

The planning backdrop remains difficult, as we have previously noted, with a lack of resource and well-known bottlenecks at various stages in the planning process.

Against this backdrop our strategic pipeline is an important benefit, and we have made good progress with the conversion of c.5k plots in the period.

Proactive actions through changing market conditions

We continue to focus on operational discipline having tightened all areas of our operations with strict work in progress control, restricted discretionary spend and significantly reduced landbuying.

We completed our consultation (announced in January) on a series of business changes, delivering annualised cost savings of £19 million, with the cost to achieve these £8 million in 2023. These changes will not affect our existing market coverage, ability to provide high-quality product and service to our customers or ability to take advantage of market opportunities should they emerge.

Dividend

As previously announced, we intend to pay a 2022 final ordinary dividend of 4.78 pence per share on 12 May 2023 (2021 final dividend: 4.44 pence per share), subject to shareholder approval at today's AGM, in line with our Ordinary Dividend Policy to return c.7.5% of net assets annually, in two equal instalments.

Outlook

Although industry sales rates remain at lower levels than in recent years, customer interest has continued to recover from the weak conditions experienced in the final quarter of 2022. We continue to expect 2023 completions to be in the range of 9,000 to 10,500, broadly equivalent to an annual net sales rate assumption of 0.5 to 0.7, with completions more weighted to the second half.

As outlined in the full year announcement, value over volume remains our key priority, together with tight cost management and WIP control. Our focus on building a strong order book will allow us to optimise price going into 2024, and, as a result, not all reservations taken between now and the end of September will be for completion in 2023.

Looking ahead, while we remain mindful of wider macroeconomic uncertainties, our business is well placed with a clear strategy focused on operational excellence and delivering value from our high-quality landbank.

Note:

2022 relates to the equivalent trading period, unless stated

-Ends-

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Notes to editors:

Taylor Wimpey plc is a customer-focused residential developer, operating at a local level from 22 regional businesses across the UK. We also have operations in Spain.

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

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