

11 January 2024

Taylor Wimpey plc

Trading statement for the year ended 31 December 2023

Taylor Wimpey is issuing the following update on trading ahead of its full year results for the year ended 31 December 2023, which will be announced on 28 February 2024.

Group operating profit expected to be at the top end of our guidance range

Jennie Daly, CEO, commented:

“We are pleased to have delivered a full year performance in line with expectations and expect to report full year operating profit at the top end of our guidance range. Despite the difficult market conditions throughout the year, we maintained a sharp operational focus and delivered a good performance.*

Looking ahead, it is encouraging to see a reduction in mortgage rates, however, in the short term the market remains uncertain and the planning backdrop extremely challenging.

Taylor Wimpey is a strong and agile business underpinned by a robust balance sheet and an excellent, well-located landbank. These attributes enable us to manage the business in all market conditions, delivering quality homes to our customers and long term value to our stakeholders. We remain confident in the attractive medium and long term fundamentals of the sector.”

2023 performance

Total Group completions (including joint ventures) were 10,848 (2022: 14,154). UK home completions (including joint ventures) were 10,438[†] (2022: 13,773), which included 2,388 affordable homes (2022: 2,920) equating to 23% of total completions (2022: 21%). Our net private reservation rate for 2023 was 0.62 homes per outlet per week (2022: 0.68). Excluding the impact of bulk deals, the net private sales rate was 0.54 (2022: 0.65). The cancellation rate for the full year was 18% (2022: 18%).

UK average selling prices on private completions increased by 5.1% to £370k (2022: £352k) with the overall average selling price increasing by 3.5% to £324k (2022: £313k). We ended the year with a lower order book valued at £1,772 million (31 December 2022: £1,941 million), excluding joint ventures, which represents 6,999 homes (31 December 2022: 7,499 homes), of which 2,565 are private (2022: 2,943) and 4,434 are affordable (2022: 4,556).

In the UK, we traded from an average of 238 outlets in 2023 (2022: 232) and ended the year with a total of 237 outlets (31 December 2022: 259).

We continue to expect full year Group operating profit to be at the top end of our guidance range of £440 million to £470 million.

As expected, prevailing build cost inflation continued to moderate throughout H2 2023 and is now running at 0-1% on new tenders. We expect underlying build cost inflation of c.4% on H1 2024 completions as inflation contained in the opening work in progress balance is realised.

Land and planning

As at 31 December 2023, our short term landbank stood at c.80k plots (2022: c.83k). Our strategic land pipeline was c.142k potential plots (2022: c.144k potential plots).

Our strong land position enabled us to continue to be highly selective in our land buying during the year and as a result, 2023 approvals were significantly lower, at c.3k plots (2022: c.7k).

The planning system remains slow and continues to impact outlet openings as material delays in planning and technical determinations persist. However, we have a high-quality, well-located landbank and our experienced teams continue to work hard to progress this land through planning.

Spain current trading

Our Spanish business performed well, completing 410 homes in the year (2022: 381) at an average selling price of €400k (2022: €383k). The total order book as at 31 December 2023 stood at 490 homes (31 December 2022: 448 homes).

Group cash position

We ended the year with a strong net cash[‡] position of £678 million (31 December 2022: £864 million net cash).

Outlook

As previously guided, we enter the year with a reduced order book. Whilst too early in the year to gauge customer behaviour, we have seen good levels of enquiries so far this year and it is encouraging to see recent mortgage rate reductions which will improve affordability.

We will continue to focus on driving value and sales performance, maintaining tight control on costs and investment in work in progress.

The planning environment remains challenging and will continue to impact outlet openings. However, as we look ahead, with a strong balance sheet and a highly experienced management team, we remain well positioned to optimise our strong landbank and strategic pipeline and remain confident in the attractive medium and long term fundamentals of the sector.

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

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

Note:

† Joint ventures completions were 82 in 2023 (2022: 222).

-Ends-

CEO Jennie Daly and Group Finance Director Chris Carney will be hosting a conference call with Q&A for analysts and investors at 8.30am on 11 January 2024. The call will be recorded and streamed live to our website:
www.taylorwimpey.co.uk/corporate/investors/results-and-reports

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Notes to editors:

Taylor Wimpey plc is a customer-focused homebuilder, 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

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