Taylor Wimpey plc

28 February 2024

Taylor Wimpey plc
Full year results for the year ended 31 December 2023

Delivering on expectations and well positioned for future growth

Jennie Daly, Chief Executive, commented:

"We delivered a good full year performance in line with expectations despite a challenging market, benefiting from our sharp operational focus, the quality of our homes and locations and a continued proactive sales effort. I would like to thank all our teams and supply chain partners for their ongoing hard work and commitment.

It is still early in the year and the macroeconomic backdrop remains uncertain, however it is encouraging to see some signs of improvement in the market, with reduced mortgage rates positively impacting affordability and customer confidence.

While the planning environment remains challenging, we have a high-quality, well-invested landbank and a strong financial position which underpins our ability to provide investors with a reliable income stream via our differentiated Ordinary Dividend Policy. Looking ahead we are well-positioned in an attractive market, with significant underlying demand for our quality homes and are poised for growth from 2025, assuming supportive market conditions."

Group financial highlights:

	2023	2022	Change
Revenue £m	3,514.5	4,419.9	(20.5)%
Operating profit* £m	470.2	923.4	(49.1)%
Operating profit margin*† %	13.4%	20.9%	(7.5)ppt
Profit before tax £m	473.8	827.9	(42.8)%
Profit before tax and exceptional items £m	473.8	907.9	(47.8)%
Profit for the year £m	349.0	643.6	(45.8)%
Basic earnings per share pence	9.9	18.1	(45.3)%
Adjusted basic earnings per share pence††	9.9	19.8	(50.0)%
Ordinary dividend per share pence[1]	9.58	9.40	1.9%
Tangible net assets value per share pence†	127.1	126.5	0.5%
Net cash‡ £m	677.9	863.8	(21.5)%

1. 2023 Final ordinary dividend of 4.79 pence per share, subject to shareholder approval and 2023 Interim dividend of 4.79 pence per share.

N.B. Definitions can be found at the end of the Group financial review

Operational highlights:

- Group completions (including JVs) of 10,848 (2022: 14,154)
- UK net private sales rate for the year of 0.62 homes per outlet per week (2022: 0.68)
- UK average selling prices on private completions up 5.1% to £370k (2022: £352k) with the overall average selling price up 3.5% to £324k (2022: £313k)
- Aligned build rates to demand changes and delivered annualised cost savings of £19 million, as announced in January 2023 to improve operating efficiency
- Opened 47 new outlets and ended the year with 237 UK outlets (31 December 2022: 259)
- Established a new timber frame facility in Peterborough to drive efficiencies and enhance security of supply

Responsible business and a leader in sustainability:

- Rated five-star for customer service in the Home Builders Federation (HBF) survey
- Continued to improve build quality with a Construction Quality Review score of 4.89 (2022: 4.81)
- Continued focus on health and safety with Annual Injury Incidence Rate (AIIR) per 100,000 employees and contractors reducing to 151 (2022: 166)
- Delivered the UK's first zero carbon ready homes scheme on a live development site in Sudbury
- Overall employee engagement score of 93% (2022: 93%), with a 69% response rate
- Contributed £405 million to our local communities across the UK (2022: £455 million)
- Reduced absolute operational carbon emissions by 35% from a 2019 baseline
- Published a Net Zero Transition Plan and our net zero targets have been independently validated by the Science Based Targets initiative
- Recognition of ESG progress: included in the Dow Jones Sustainability Europe Index and S&P Sustainability Yearbook, The Financial Times Europe's Climate Leaders list, rated A- by CDP Climate Change, AAA rating from MSCI

Current trading and outlook

Whilst still early in the year and at the beginning of the Spring selling season, current trading shows some encouraging signs of improvement with reduced mortgage rates positively impacting affordability and confidence in our customer base.

The year-to-date net private sales rate (w/e 25 February 2024) is 0.67 per outlet per week (2023 equivalent period: 0.62). The cancellation rate is 12% (2023 equivalent period: 17%) and the level of down valuations remains low.

Appointments and overall customer interest in our homes remain at good levels, supported by our quality product, site locations and focused sales and marketing efforts. However, conversions from enquiry to reservation continue to take longer when compared to pre Q2 2023.

As previously noted, we came into 2024 with a lower order book against a strong comparator. As at 25 February 2024, our total order book excluding joint ventures was £1,949 million (2023 equivalent period: £2,154 million), comprising 7,402 homes (2023 equivalent period: 8,078 homes).

Accordingly, and given prevailing market conditions, we remain focused on optimising value and currently expect 2024 UK completions (excluding JVs) to be in the range of 9.5k to 10k homes, with completions weighted 45 / 55% in favour of the second half of the year. First half operating profit margin will reflect slightly lower pricing in the order book, build cost inflation embedded in work in progress of around 4% and investment in IT and timber frame to drive operational efficiencies.

The prevailing underlying annualised build cost inflation on new tenders is c.1% and reduces to zero when taking into account the savings arising from our value improvement programme.

Despite significantly reduced land approvals over the last 18 months, our landbank as at 31 December 2023, remains very strong at c.80k plots (2022: c.83k plots) and is underpinned by the supply of our industry leading strategic land pipeline. We will remain selective in our approach to land but will be active where we see opportunities that balance risk, reward and returns to create shareholder value. We have approved an additional c.1k plots in the year-to-date as we have crystallised deals that our teams have been working on for some time.

While the constraining impact of planning on site openings is unlikely to abate in the near-term for the sector, our strong landbank and highly experienced teams who take a proactive approach to generating high-quality planning applications, ensure we are well positioned for growth from 2025, assuming supportive market conditions. As a business in a strong financial position, we also continue to provide a reliable income stream to our investors via our differentiated Ordinary Dividend Policy to return 7.5% of net assets per annum, or at least £250 million annually, throughout the cycle.

Looking ahead, Taylor Wimpey is a strong and resilient business with a strategy to manage the cycle over the longer term. We operate in an attractive market, with a significant underlying demand for the quality homes we build. We have a clear strategy focused on driving value and operational excellence while investing in the long term success and sustainability of the business.

-Ends-

A presentation to analysts will be hosted by Chief Executive Jennie Daly and Group Finance Director Chris Carney, at 9am on Wednesday 28 February 2024. 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 28 February 2024.

For further information please contact:

Taylor Wimpey plc Tel: +44 (0) 1494 885656

Jennie Daly, Chief Executive
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 22 regional businesses across the UK. We also have operations in Spain. Our purpose is to deliver great homes and create thriving communities.

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

Follow our company page on LinkedIn, Taylor Wimpey plc

2023 performance overview

2023 saw UK total housing transactions reduce substantially due to higher mortgage costs, cost of living pressures and lower consumer confidence. Trading in the first quarter of 2023 was encouraging as mortgage rates eased back from the peak of 2022. However, higher than expected inflation in the second quarter led to rate increases culminating in the base rate rising to 5.25%, well above initial market expectations. Whilst remaining high compared to recent years, mortgage rates started to fall towards the end of the year.

During 2023, we maintained strong operational focus and delivered a good financial performance against a challenging backdrop. Total Group completions (incl. JVs) were 10,848 (2022: 14,154). UK home completions (incl. JVs) were 10,438 (2022: 13,773), which included 2,388 affordable homes (2022: 2,920) equating to 23% of total completions (2022: 21%). 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).

Group operating profit of £470.2 million, was at the top end of our guidance range. Operating profit margin of 13.4% (2022: 20.9%), reflects the pressure from rising build costs, at 8.5% year on year, that were not fully offset by price growth, as well as the impact of overhead costs being recovered across fewer completions.

Profit for the year was £349.0 million (2022: £643.6 million). We continue to be highly cash generative with year end net cash of £677.9 million (2022: £863.8 million), after returning £337.9 million to investors by way of dividend.

We opened 47 new outlets in 2023 and ended the year with 237 UK outlets (31 December 2022: 259).

Competition and Markets Authority (CMA) housebuilding market study

Taylor Wimpey welcomes the CMA's final report, published on 26 February 2024, from its housebuilding market study with its focus on improving the planning system, adoption of amenities and outcomes for house buyers. Taylor Wimpey notes the new investigation opened by the CMA under the Competition Act 1998, and we will cooperate fully in relation to this.

Our purpose

Our purpose is to build great homes and create thriving communities. We believe having a shared purpose across our whole business and value chain is critical and you can see this in action every day on our sites and in our local businesses. Our purpose is not only vital for our customers but also has far reaching societal impacts of which we are extremely proud.

We build much needed homes and infrastructure, create new and enhance existing communities and strive to make a significant social and economic contribution to local economies across the UK. New housing can contribute to improved economic and social mobility, community cohesion, better health outcomes and increased educational attainment.

As a national builder operating at a local level throughout the UK, we strive to be a valuable partner to the communities we work in and welcome the responsibility that goes with this. We work hand in hand with local residents and other businesses to demonstrate the value of

what we bring, hear their aspirations and concerns and, where we can, fulfil and address these. A key part of this is a commitment to deliver on our promises and to address the things that have not gone as hoped, promptly and in the right way.

Our strategy: Building for the future

We operate in a cyclical industry, therefore the ability to navigate changing economic conditions is central to our success and we are pleased that we have been able to perform strongly in a weaker market. Our strategy is to build a stronger and more resilient business and deliver superior returns. This has been a consistent strategy for the Group over several years as we seek to manage the business through the cycle for the benefit of all stakeholders. Our strategy is centred on four strategic cornerstones: land, operational excellence, sustainability and capital allocation. These strategic cornerstones guide our principles of working but allow us to be flexible and agile even during challenging and volatile market conditions.

This approach enables us to optimise value for our stakeholders and, through our differentiated Ordinary Dividend Policy, to provide a reliable income stream for our investors through the cycle.

Given challenging market conditions in 2023, our highly experienced teams focused on driving value through all the levers available to us. Cost discipline was a core focus given the inflationary environment, and we took appropriate actions across all areas of our operations. In particular, we tightened controls across our work in progress and restricted all discretionary spend, including recruitment.

In early 2023, we delivered annualised cost savings of £19 million with a one off cost to achieve these of £8 million. We conducted a detailed review to ensure our customer offering remains competitive which targeted cost savings. We also significantly reduced land approvals in 2023. However, with our sector leading strategic land pipeline and the expertise of our teams, we benefitted from a high level of strategic conversion in the year at c.8k plots (2022: c.4k plots). Our strategic land pipeline is a key competitive advantage in a challenging planning environment and, accordingly, our short term landbank remains strong at c.80k plots (2022: c.83k plots).

While much of our focus in 2023 was on protecting value, we have continued to invest in areas that matter for the long term success and sustainability of the business.

During 2023, we opened our own timber frame facility located adjacent to our logistics function in Peterborough, to drive efficiencies, environmental benefits and enhance security of supply. In combination with our existing suppliers, our own facility will help us in our goal to increase timber frame usage to 30% of our production by 2030.

In addition, we launched our zero carbon ready prototype homes trial in Sudbury, the first trial of its kind on a live development site testing low carbon technologies.

Continuous business improvement remains fundamental to how we protect stakeholder value against a backdrop of increasing regulatory and economic demands. This includes componentisation, standardisation and modern methods of construction such as timber frame.

We are also ensuring a positive approach to continued innovation and R&D and we are pushing ourselves to be more ambitious than we have been historically in some areas, such as IT which will benefit the business in the longer term.

As we look forward in 2024 and beyond, we will continue to prioritise value over volume. Driving increased operating efficiency, cost savings and value improvement will remain a key focus for our business, but we will also continue to invest in areas that matter for the long term success and sustainability of the business to ensure we are poised for growth from 2025, assuming a supportive market.

Commitment to sustainability

Environment and net zero by 2045

We published our Net Zero Transition Plan in early 2023, with our goal to be net zero aligned in our operations by 2035 and to reach net zero carbon emissions across our value chain by 2045, ahead of the UK Government's target. Since then our net zero targets have been independently validated by the Science Based Targets initiative (SBTi), only the second housebuilder to achieve this.

We have achieved certification to the Carbon Trust's Route to Net Zero Standard, Advancing level, one of the first organisations to gain this new standard and the only housebuilder. A scope 1 and 2 carbon reduction measure was included in the incentive plans for senior leadership and regional management in 2023 to support progress on our near term carbon reduction targets.

We have been included in the Dow Jones Sustainability Europe Index and the S&P Sustainability Yearbook 2024, rated A- by CDP Climate Change and received a AAA rating from MSCI. We are a member of Next Generation, the sustainability benchmark for UK housebuilders, and received a gold rating in 2023.

Cladding fire safety

It is our long held view that leaseholders should not have to pay for the cost of remediation and our programme started several years prior to signing the Government Building Safety pledge. We voluntarily signed the Government's Building Safety Pledge for Developers in April 2022, the Welsh Government's Pact in September 2022, and the commitment letter to the Scottish Accord in June 2023.

In total, we have made provisions amounting to £245 million, which remains our best estimate of the cost of our commitments to bring affected buildings in line with the standards as set out in the agreements reached with the governments.

We have identified 214 buildings that are within the scope of our provisions, around half of which we have either remediated, started work on or expect to commence work on this year. To date, we have fully completed 38 buildings with another nine remediated and awaiting paperwork. A further 19 buildings had works underway at the end of 2023.

We have a dedicated team in place to manage our remediation programme, progress our work on these buildings as quickly as possible and to ensure high-quality delivery. It is expected, given the size and nature of the projects, the multiple stakeholders involved and

the availability of appropriately qualified consultants and contractors, that work will take around five years to complete in its entirety.

Capital allocation framework

Our priority is to maintain a strong balance sheet with low adjusted gearing. We use cash generated by the business to fund our investment in land and work in progress to support and drive future growth. Thereafter, our aim is to provide an attractive and reliable income stream to our shareholders throughout the cycle, including during a normal downturn, via an ordinary cash dividend linked to group net assets.

In line with our Ordinary Dividend Policy to return 7.5% of net assets, or at least £250 million annually, we have today announced a final ordinary dividend payment of 4.79 pence per share, which is subject to shareholder approval at the Annual General Meeting. With the 2023 interim dividend payment of 4.79 pence per share, the total ordinary dividend for the year is 9.58 pence per share or approximately £339 million.

Operational review

Our operational review focuses on the UK (unless stated otherwise) as the majority of metrics are not comparable in our Spanish business. There is a short summary of the Spanish business in the Group financial review. The financial review is presented at Group level, which includes Spain, unless otherwise indicated. Joint ventures are excluded from the operational review and are separated out in the Group financial review, unless stated otherwise.

Our Key Performance Indicators (KPIs)

Our key performance indicators align to our strategic cornerstones.

UK	2023	2022	Change
Land			
Land cost as % of ASP on approvals	15.2%	19.0%	(3.8)ppt
Landbank years	c.7.7	c.6.0	28.3%
% of completions from strategically sourced land	45%	52%	(7.0) ppt
Operational excellence			
Construction Quality Review (average score / 6)	4.89	4.81	1.7%
Average reportable items per inspection	0.28	0.32	(0.04)
Health and Safety Injury Incidence Rate (per 100,000 employees and contractors) rolling 12 months†***	151	166	(9.0)%
Employee engagement (annual survey)	93%	93%	-
Sustainability			
Customer satisfaction 8-week score ‘Would you recommend?’	92%	90%	2.0 ppt
Customer satisfaction 9-month score ‘Would you recommend?’	77%	78%	(1.0) ppt
Reduction in operational carbon emissions intensity against our 2019 baseline	5%	15%	(10.0) ppt

N.B. The 8-week 'would you recommend' score for 2023 relates to customers who legally completed between October 2022 and September 2023, with the comparator relating to the same period 12 months prior. The 9-month 'would you recommend' score for 2023 relates to customers who legally completed between October 2021 and September 2022, with the comparator relating to the same period 12 months prior.

2023 sales, completions and pricing

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%). Completions from joint ventures in the year were 82 (2022: 222). Our net private reservation rate for 2023 was 0.62 homes per outlet per week (2022: 0.68). 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 estimate that market-led house price growth for our regional mix was c.1% for completions in the 12 months to 31 December 2023 (2022: c.8%).

Underlying build cost inflation in 2023 was c.8.5% (2022: c.8%). At the start of 2024, prevailing build cost inflation is running at around 1% and reduces to zero when taking into account the savings arising from our value improvement programme.

During 2023, we continued to focus on using the levers within our control to reduce cost including retendering of site phases and a full review of specification to identify savings without impacting health and safety, quality or customer satisfaction.

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

Land

We have a strong short term landbank of c.80k plots as at 31 December 2023 (31 December 2022: c.83k). During 2023 we acquired 1,572 plots (2022: 7,716) for the short term landbank. The average cost of land as a proportion of average selling price within the short term owned landbank remains low at 13.7% (2022: 14.0%).

The average selling price in the short term owned landbank in 2023 increased by 1.6% to £327k (2022: £322k). Our focus is on progressing planning in our short term landbank to open new outlets and secure delivery from our strategic land pipeline, transferring assets to the operational business.

As at 31 December 2023, we were building on, or due to start in the first quarter of 2024, on 99.6% of sites with implementable planning.

Our strong land position has benefitted from conversions from our strategic pipeline. We saw fewer opportunities to buy land at attractive valuations in 2023 and accordingly were highly selective in land acquisition with approvals at c.3k plots (2022: c.7k). The quality of our strategic pipeline of c.142k potential plots (31 December 2022: c.144k), continues to provide differentiation offering optionality and flexibility for the foreseeable future.

Our success in developing our strong strategic pipeline means that 54% of our short term landbank has originated from this source (2022: 50%). In the year, 45% of our completions were sourced from the strategic pipeline (2022: 52%).

During 2023, we converted a further c.8k plots from the strategic pipeline to the short term landbank (2022: c.4k plots) and added a net c.6k new potential plots to the strategic pipeline (2022: c.3k).

Despite continuing delays in plan-making across the country, our high-quality strategic land pipeline remains a key strength, both as an important input to the short term landbank and in providing an enhanced supply of land with greater control over the planning permissions we receive.

Central and local government

During 2024, the UK will be holding local and mayoral elections across the country, in addition to a General Election expected in the second half of the year. We welcome the recognition from both main political parties of the importance of housebuilding to economic growth and prosperity in the UK and continue to engage with the full range of political stakeholders at every level of the business.

The planning environment continues to be very challenging with delays and resource pressures impacting housing land supply. Amendments to the National Planning Policy Framework (NPPF) announced by the Government in December include positive measures to support improved quality of design and placemaking. However, other changes, including softening of the requirement to meet local planning targets, the relaxation of the soundness test for plan-making and the removal of the need for planning authorities to maintain a five-year supply of deliverable housing sites, could result in further delays and a shortfall in the supply of sites.

We continue to engage with industry, water authorities and central and local government on the issue of Nutrient Neutrality. We have established our internal Nutrient Working Group to help our regional businesses develop effective responses to this issue.

During 2023, Biodiversity Net Gain (BNG) requirements in England were published and came into effect in February 2024. We have published guidance and have held training sessions for our regional businesses to support them to manage the risks, costs and opportunities associated with the requirements. BNG was effectively introduced via changes to the NPPF in 2018 so we have factored the associated costs into our land acquisition since that time.

Customers

Customer service was a major focus for 2023 and we are delighted to have increased our Home Builders Federation (HBF) 8-week 'would you recommend?' score to 92% (2022: 90%) and retained our five star rating. However, we have not yet seen the same increase in our 9-month score which gives us insight into how customers feel about the homes and places we build over the longer term. Our score for 2023 was 77% (2022: 78%) and we will be prioritising improvements in this area in 2024.

We encourage customers to leave reviews on Trustpilot. At the end of 2023, with 8,950 reviews, we had a 4 out of 5 star rating (end of 2022: 4 out of 5) with a trust score of 3.9 out of 5 (2022: 3.9 out of 5).

We have prioritised working with all our partners to deliver excellent customer service and leverage our customer database capabilities, in order to build a strong order book. In a more challenging market, understanding our customers is more important than ever.

We are using the data insights provided by our fully integrated customer relationship management system to better support our customers and align our marketing strategy. Our systems enable us to identify potential new leads and be proactive with our current customers, with visibility of key customer and plot dates as well as enabling us to pre-empt potential issues.

Build quality

We continue to see improvements in our build quality as measured by the NHBC CQR score, which measures build quality at key build stages. In 2023, we scored an average of 4.89 (2022: 4.81) from a possible score of six. This compares with an industry benchmark group average score of 4.67.

We aim to further improve this by ensuring our quality assurance processes are embedded at every stage of the build. We clearly communicate our quality standards to subcontractors and invest in training, process improvements and regular inspections throughout the build process to ensure consistently high standards and prevent quality issues from occurring.

Placemaking

Good placemaking ensures our teams plan, design and deliver schemes that become successful and sustainable new communities, where our customers can enjoy a good quality of life.

Access to transport and local infrastructure and facilities contributes to the success of our schemes. In 2023, we contributed £405 million to local communities in which we build across the UK via planning obligations (2022: £455 million). This funded a range of infrastructure and facilities including affordable housing, green space, community facilities, commercial and leisure facilities, transport infrastructure, heritage buildings and public art. We aim to install infrastructure at an early stage of the build process to enhance our schemes and help the new community become established quickly. We also invest in public and community transport, walkways and cycle paths. In 2023, 70% of our UK completions were within 500 metres of a public transport node and 90% were within 1,000 metres.

Employees

Health and safety

Health and safety remains our number one priority in all markets and it is the first topic covered in every Board, Group Management Team (GMT) and regional management team meeting across the country. Building sites are inherently dangerous places and so it is essential that strict safety protocols are identified, embedded, monitored and enforced and a clear, consistent and disciplined approach to safety is paramount throughout the

organisation. 98% of our employees agree that we take health and safety seriously (2022: 98%).

Our Annual Injury Incidence Rate (AIIR) for reportable injuries per 100,000 employees and contractors was 151 in 2023 (2022: 166), remaining well below both the HBF Home Builder Average AIIR of 241 and the Health and Safety Executive construction industry average AIIR of 296.

However, our commitment goes beyond industry benchmarks and we will continue to seek to improve this. Around 37% of accidents are slips, trips and falls. Our AIIR for major injuries per 100,000 employees and contractors was 65 in 2023 (2022: 68).

Culture and people

We have a strong culture at Taylor Wimpey which we and our employees are proud of. This is demonstrated in our latest employee survey with an overall employee engagement score of 93% (2022: 93%), with a 69% response rate. Our overarching value is 'do the right thing'. Our Taylor Wimpey Inspire Awards recognise our employees who go above and beyond.

We are proud of how committed our employees are to the long term success of the Company and we seek feedback from and engagement with all employees. This includes regular email updates from the Chief Executive as well as updates from the GMT and other senior management.

It is important that management is accessible and visible so in addition to regular visits to the regional businesses we operate a National Employee Forum, National Young Person's Forum and Local Employee Forums in our regional businesses, where employee representatives are able to feedback to and ask questions of members of the Board and other senior management directly.

During 2023, our voluntary employee turnover rate was 14.2% (2022: 17.7%).

We are pleased to report that Taylor Wimpey was once again recognised in the NHBC Pride in the Job Awards, achieving a total of 51 Quality Awards (2022: 62) and 13 Seal of Excellence Awards (2022: 15).

Skills

During 2023, we directly employed, on average, 4,618 people across the UK (2022: 5,140) and provided opportunities for, on average, a further 9.3k operatives (2022:11.1k) on our sites.

We recognise that building the skills of our current and future workforce is essential to address current and potential future skills gaps in our industry and subcontractor base. We continue to work closely with our partners, peer companies, industry associations and educational organisations to identify and address skills gaps and upskill our workforce and also share best practice within the industry bodies.

In 2023, we led a collaboration with five other major housebuilders to identify tangible ways in which we could address the skills shortage facing our sector, leading to the creation of a Sector Skills Plan.

We are proud of our approach to talent development at Taylor Wimpey. 45% of our regional management teams have been promoted internally and 62% of Site Managers were promoted from within the business.

We support our regional businesses to develop local links with colleges, universities and schools and encourage a diverse range of candidates to consider careers in housebuilding. In 2023, we strengthened our schools outreach programme working with a specialist company and developed our career convertors programme for ex-service personnel.

Equality, diversity and inclusion (ED&I)

We remain committed to creating a more diverse workforce and will publish our second Diversity and Inclusion Report in 2024. We have set quantitative targets to improve gender balance at all levels and to increase ethnic minority representation. Our targets are aspirational, but we believe that it is important to be ambitious and hold ourselves to account.

Our aim is to create a workplace where colleagues feel championed and supported regardless of their background and identity. By truly embracing our colleagues' diverse perspectives we can deepen our understanding of our customers and stakeholders, enhance innovation and creative thinking and continue to drive the business forward and achieve success.

Investment in ED&I is a long term commitment for Taylor Wimpey, supported by our Board, and all levels of our leadership. Alongside our successes, we remain focused on the areas we still need to progress.

Our workforce is not yet reflective of the UK's ethnic diversity. As at 31 December 2023, 5.7% of our employees were from a Black, Asian or other minority ethnic background (2022: 5.0%) and 3.7% at regional business management level (2022: 2.5%).

We had a gender mix of 66% male (2022: 67%) and 34% female (2022: 33%) across the Company. Our GMT was 33% female (2022: 38%) and our Board of Directors was 44% female (2022: 44%). Women in the GMT and direct reports to GMT rose to 28% (2022: 21%). The proportion of women in management roles across the Group rose to 38% from 30% in 2022.

We have more work to do in our regional business management teams to address gender balance. Women made up 27% of these roles in 2023 (2022: 31%). Whilst the employment freeze impacted our efforts in terms of graduate and trainee manager recruitment, our pipeline is strong, with females accounting for 62% of our graduate programme (2022: 64%).

In line with the Gender Pay Gap regulations, we calculated our 2023 gender pay gap based on data at the 'snapshot date' of 5 April 2023 and bonuses paid over the preceding 12 months. The calculations cover all staff employed by Taylor Wimpey UK Limited as at 5 April 2023. Our latest data shows that our mean gender pay gap was 6% in favour of men (2022: 2% in favour of women) and median pay gap 2% in favour of men (2022: 1% in favour of men).

The shift in our pay gap this year reflects a number of factors, including a reduction in the overall size of our workforce, more highly paid women than men leaving the business, and a reduction in commission due to market conditions which affects our sales function, which is

83% women. We will continue to focus on our programmes to increase female representation across different functions and levels of the business which will reduce the pay gap over time. More information is available online in our Diversity and Inclusion Report.

Charity partnerships

During 2023, we continued our partnership with our national charities as well as local charity partners across the UK. Our national partners are Youth Adventure Trust, Every Youth (previously End Youth Homelessness), Crisis, Magic Breakfast, and St Mungo's. In total, during 2023, we donated and fundraised c.£1 million for registered charities (2022: c.£1 million). This included supporting St Mungo's Construction Skills Training Centres to help people recovering from homelessness to gain new skills and find employment in the construction industry.

Sustainability

We recognise the importance of sustainability which is integrated throughout our business and has been incorporated as one of our four key cornerstones of strategy. Our approach encompasses environmental, social, economic and governance aspects.

Our Environment Strategy, Building a Better World, is our response to the environmental crisis and the physical and transitional risks posed by climate change. It sets out how we will play our part in creating a greener, healthier future for our customers, colleagues and communities, with ambitious targets up to 2030 focusing on climate change, increasing nature on our developments, cutting waste and improving resource efficiency.

Environment Strategy performance update

Our strategic objectives	Performance update
Climate change Achieve our science-based carbon reduction target: – Reduce operational carbon emissions intensity by 36% by 2025 from a 2019 baseline – Reduce scope 3 emissions by 52.8% per 100 sqm of completed floor area from a 2019 base year (based on a reduction of 46.2% in absolute emissions against the base year). (New Target)	Since 2019, our operational emissions intensity has decreased by 5% and absolute operational emissions have fallen by 35%. We need to re-baseline our scope 3 footprint to reflect improvements to our measurement methodology. Once this is complete we will report progress against our scope 3 target. We were not able to complete this process in 2023 but plan to do so in 2024.
Nature Increase natural habitats by 10% on new sites from 2023 and include our priority wildlife enhancements from 2021.	We have prepared our teams for the Biodiversity Net Gain (BNG) requirements which came into force in England in February 2024 with training and guidance for our land and planning, technical and strategic land teams. Some of our sites had already integrated a BNG approach ahead of 2024. We integrate nature enhancements on all suitable new sites and have started with hedgehog highways, bee bricks and bug hotels, bird and bat boxes. Since 2021, we have installed c.3.5k wildlife enhancements such as bee bricks, bug hotels, bird and bat boxes, to

	support native species and 279 sites included hedgehog highways.
Resources and waste Cut our waste intensity by 15% by 2025 and use more recycled materials. By 2022, publish a 'Towards Zero Waste' strategy for our sites.	The volume of waste produced in 2023 was 28% lower than in 2019, however our waste intensity increased by 9.8% against our 2019 baseline. We have launched our Towards Zero Waste Strategy and Action Plan to guide our approach to reducing waste.

N.B. At the time of publication, our waste data was undergoing audit by the Carbon Trust. We will publish the final audited figures on our website on completion of this process which could differ from those reported

A full summary of our Environmental Strategy and progress against targets will be published in our Annual Report and Accounts 2023 and Sustainability Summary and Data document 2023.

Climate change and net zero

Our approach to climate change aims to reduce emissions from our business and value chain, to manage the business risk, and to prepare for the impacts of climate change on our business, supply chain and customers. We take a science-based approach and aim to continually review and improve performance.

Our Net Zero Transition Plan commits us to reduce our climate footprint ahead of the UK's 2050 target. The two key commitments in our strategy are:

– Net zero aligned in our operations by 2035 (scope 1 and 2).

– Net zero emissions across our value chain by 2045 (scope 1, 2 and 3) (comprising at least a 90% absolute reduction and neutralising residual emissions).

Our target was developed with the Carbon Trust in line with the requirements of the SBTi Corporate Net Zero Standard. Our net zero target for 2045 has been validated by the SBTi confirming that it is aligned with the SBTi's 1.5°C mitigation pathways for reaching net zero by 2050 or sooner. This is currently the most ambitious designation available through the SBTi process. Our near term targets have also been validated by the SBTi. We have achieved certification to the Carbon Trust's Route to Net Zero Standard, Advancing level, and are one of the first organisations to gain this new standard and the first housebuilder.

Our Net Zero Transition Plan comprises a four-stage roadmap detailing the actions we will take to achieve our overall commitment and supporting targets, incorporating both new and existing workstreams such as the construction of low and zero carbon ready homes, increasing the use of construction materials with lower embodied carbon including timber frame, transitioning to 100% renewable electricity, reducing or replacing fossil fuels and decarbonising our fleet.

In 2023, we reduced absolute operational emissions (scope 1 and 2) by 35% against our 2019 baseline, with operational emissions intensity falling by 5% over the same period. The reduction in absolute emissions is due to a reduction in the number of completions in 2023 as well as carbon reduction measures including our use of green electricity and hybrid generators, and decarbonisation of the UK's national grid. Our emissions intensity increased by 12% year on year. While we completed fewer homes, there was only a small reduction in the number of outlets which meant we continued to use energy for site compounds, street

lighting and pumping stations as well as our fixed facilities such as IT systems, offices and our logistics warehouse. We added a carbon reduction measure to the incentive schemes for our senior and regional leadership to help drive further progress.

We report against the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in our Annual Report and Accounts. We also publish a Sustainability Summary and Data document with additional data including the Sustainability Accounting Standards Board (SASB) recommended disclosures for our sector.

Nature and resource efficiency

Our Environment Strategy targets include Biodiversity Net Gain requirements and go beyond regulation to deliver priority wildlife enhancements and wildlife friendly planting. Since 2021, we have installed c.3.5k wildlife enhancements such as bee bricks, bug hotels, bird boxes and bat boxes to support native species, and 279 sites included hedgehog highways.

Our Towards Zero Waste Strategy and action plan sets out a three year programme of action and capacity building in relation to resource use and waste across all stages of development. We are working with our suppliers to reduce waste from packaging, increase recycling and identify opportunities to increase use of sustainable and recycled materials.

ESG credentials

We participate in several global and sectoral benchmarks. We are a constituent of the Dow Jones Sustainability Europe Index and included in the S&P Sustainability Yearbook 2024. We are a part of FTSE4Good, have an AAA rating from MSCI and have received an ESG Risk Rating of Low from Sustainalytics and been included in its 2023 Top-Rated ESG Companies List. We are a member of Next Generation, the sustainability benchmark for UK housebuilders, and received a gold rating in 2023. We disclose our performance to CDP and received the following scores: CDP Climate Change A- (2022: A-), CDP Water B (2022: B), and CDP Forests C for deforestation and forest risk commodities (2022: B-).

Opportunities in green building

Over the next five years there will be significant changes to new build homes in the UK reflecting the UK's climate change targets. Our target is to reduce emissions from customer homes in use by 75% by 2030, and we are testing a range of technologies and enhanced fabric standards to achieve this.

Following the phasing in of the new Parts L, F & O of the Building Regulations in England from June 2022, Parts L & F from November 2022 for Wales and Section 6 in Scotland from February 2023, our homes have enhanced fabric standards with additional features that include wastewater heat recovery systems, triple glazing and PV panels. Collectively, this will achieve a 31% reduction in carbon emissions compared with our previous specification.

We are also preparing for the phase-out of gas central heating systems from 2025 in England and Wales, and 2024 in Scotland. In 2023, at our future homes trial in Sudbury, Suffolk, we built five zero carbon ready and fully electric homes, fitted with a range of energy efficient and low carbon technologies. We believe this is the first trial of its type in a live construction site setting. The trial also produced industry leading interactive models which will help communicate the benefits of the new technology to customers.

Over 450 stakeholders have visited the site and we have shared best practice and our lessons learnt with SMEs. Feedback from the visits and a customer focus group showed that 81% of visitors felt that the use of low carbon technologies enhances the value of new homes.

Developing our own timber frame production

A key part of our strategy is to increase the use of timber frame in our construction to 30% of our production by 2030. Alongside efficiency benefits, use of timber frame can reduce embodied carbon in materials by around 15%, compared to traditional brick and block building techniques, supporting progress towards our net zero target.

In establishing our own facility, we aim to improve the visibility and reliability of our supply and to hold our own buffer stock which can mitigate future supply chain challenges. This year the facility will produce several hundred kits and, at full capacity will be expected to produce around 3,000 kits per year.

Taylor Wimpey Logistics (TWL)

TWL provides value added services to our regional businesses primarily by providing pre-kitted build packs of products when they are needed at each build-stage of production on site. This aids production, improves speed of build and significantly reduces site traffic. The benefits of TWL can be seen in our site deliveries. TWL supplies our regional businesses 99% on time in full (OTIF), compared to receiving its supplies 87% OTIF.

Group financial review

Income statement

Group revenue was £3,514.5 million in 2023 (2022: £4,419.9 million), with Group completions, excluding JVs, being 22.7% lower at 10,766 (2022: 13,932). The UK average selling price on private completions increased by 5.1% to £370k (2022: £352k), due to both house price inflation and positive mix. The increase in the total UK average selling price was 3.5% to £324k (2022: £313k) as a result of the greater proportion of affordable housing in 2023 (23%) than the prior year (2022: 21%), and a small increase in the UK average selling price on affordable housing to £168k (2022: £166k).

Group gross profit decreased to £716.5 million (2022: £1,132.4 million), the impact of build cost inflation and fixed build and selling costs being absorbed over fewer completions, resulting in a gross margin of 20.4% (2022: 25.6%).

Net operating expenses were £248.7 million (2022: £304.9 million), the comparative including £80.0 million of exceptional costs relating to the cladding fire safety provision following the signing of the Government's Building Safety Pledge for Developers in April 2022, with no such amount in the current year. Excluding exceptional costs, the net operating expenses were £248.7 million (2022: £224.9 million), which was predominantly made up of administrative costs of £232.7 million (2022: £220.7 million). The increase in administrative costs over the comparative period was driven mainly by the non-recurring costs associated with the change programme announced at the start of the year and the annual pay review process, partially offset by a portion of the savings associated with the change programme. This resulted in a profit on ordinary activities before financing of £467.8 million (2022: £827.5 million), £467.8 million (2022: £907.5 million) excluding exceptional items.

Completions from joint ventures in the year were 82 (2022: 222). The lower level was a result of both the current market and the status of the joint ventures' developments. As a result of the decreased joint venture completions, the share of joint ventures' profit in the period was £2.4 million (2022: £15.9 million). When including this in the profit on ordinary activities before financing, the resulting operating profit was £470.2 million (2022: £923.4 million), delivering an operating profit margin of 13.4% (2022: 20.9%). The total order book value of joint ventures as at 31 December 2023 decreased to £6 million (31 December 2022: £26 million), representing nine homes (31 December 2022: 56).

The net finance income of £3.6 million (2022: £15.5 million expense) represents interest earned on deposits in the current year, more than offsetting the imputed interest on land acquired on deferred terms, bank interest and interest on the pension scheme.

Profit on ordinary activities before tax decreased to £473.8 million (2022: £827.9 million). The total tax charge for the period was £124.8 million (2022: £184.3 million), a rate of 26.3% (2022: 22.3%); the prior year included a credit of £17.6 million in respect of the exceptional charge recognised in that year and a £1.7 million credit arising from the remeasurement of the Group's UK deferred tax assets following the introduction of the new Residential Property Developer Tax. The pre-exceptional tax charge was £124.8 million (2022: £201.9 million), representing an underlying tax rate of 26.3% (2022: 22.2%).

As a result, profit for the year was £349.0 million (2022: £643.6 million).

Basic earnings per share was 9.9 pence (2022: 18.1 pence). The adjusted basic earnings per share was 9.9 pence (2022: 19.8 pence).

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 completed 410 homes (2022: 381) with the average selling price increasing to €400k (2022: €383k), due to regional mix. The total order book as at 31 December 2023 increased to 490 homes (31 December 2022: 448 homes).

Gross margin decreased to 28.1% (2022: 29.7%), due to timing variances on the recognition of sales commissions that had a positive impact on the prior year; this flowed through to an operating profit of £35.3 million (2022: £32.6 million) and an operating profit margin of 24.7% (2022: 26.2%).

The total plots in the landbank stood at 2,755 (31 December 2022: 2,544), with net operating assets** of £94.0 million (31 December 2022: £89.8 million).

Balance sheet

Net assets at 31 December 2023 increased marginally to £4,523.4 million (31 December 2022: £4,502.1 million), with net operating assets increasing by £204.2 million, 5.6%, to £3,823.7 million (31 December 2022: £3,619.5 million). Return on net operating assets** decreased to 12.6% (31 December 2022: 26.1%) primarily due to the reduction in Group operating profit in the year, and to a lesser extent by the increase in average net operating assets. Group net operating asset turn[†*] was 0.94 times (31 December 2022: 1.25), reflecting the decreased revenue in the year.

Land

Land as at 31 December 2023 decreased by £158.8 million in the year to £3,269.5 million as the highly selective approach to acquiring new land continued throughout the year, resulting in land creditors decreasing to £516.1 million (31 December 2022: £725.6 million). Included within the gross land creditor balance is £44.9 million of UK land overage commitments (31 December 2022: £43.0 million). £301.2 million of the land creditors is expected to be paid within 12 months and £214.9 million thereafter.

As at 31 December 2023, the UK short term landbank comprised 80,323 plots (31 December 2022: 82,830), with a net book value of £2.8 billion (31 December 2022: £2.9 billion). Short term owned land had a net book value of £2.7 billion (31 December 2022: £2.8 billion), representing 61,190 plots (31 December 2022: 63,088). The controlled short term landbank represented 19,133 plots (31 December 2022: 19,742).

The value of long term owned land decreased to £242 million (31 December 2022: £311 million), representing 34,319 plots (31 December 2022: 36,646), with a further total controlled strategic pipeline of 107,676 plots (31 December 2022: 107,739). Total potential revenue in the short and long term owned and controlled landbank was £61 billion (31 December 2022: £61 billion).

Work in progress (WIP)

Total WIP investment, excluding part exchange and other, increased to £1,871.0 million (31 December 2022: £1,725.9 million) due primarily to build cost inflation. This also resulted in average WIP per UK outlet to increase to £7.6 million (31 December 2022: £6.4 million).

Provisions and deferred tax

Provisions decreased to £286.7 million (31 December 2022: £290.3 million), primarily due to utilisation of the cladding fire safety provision (£16.8 million) as works have been carried out, which was offset by increases in other provisions which largely relate to remedial works on a limited number of sites around the Group.

Our net deferred tax asset of £23.4 million (31 December 2022: £26.0 million) relates to our pension deficit and UK and Spanish provisions that are tax deductible when the expenditure is incurred.

Pensions

As a result of the 31 December 2019 triennial valuation, a funding arrangement was agreed with the Trustee of the Taylor Wimpey Pension Scheme (TWPS) that committed the Group to paying up to £20.0 million per annum into an escrow account between April 2021 and March 2024. Following an initial contribution totalling £10.0 million, all further payments into the escrow account are subject to a quarterly funding test, effective from 30 September 2021. Should the TWPS Technical Provisions funding position at any quarter end be 100% or more, payments into the escrow account are suspended 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 has remained above 100% since then and therefore escrow payments were suspended on, and from, 1 October 2021. The most recent funding test at 31 December 2023 showed a surplus of £54 million and a funding level of 103.3% and as a result no payment into escrow is due in the first quarter of 2024.

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 £7.1 million (2022: £7.1 million) with no further amounts paid into the escrow account (2022: nil). At 31 December 2023, the IAS 19 valuation of the Scheme was a surplus of £76.7 million (31 December 2022: £76.6 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 IFRIC 14. The deficit is equal to the present value of the remaining committed payments under the 2019 triennial valuation. Retirement benefit obligations of £26.5 million at 31 December 2023 (31 December 2022: £29.9 million) comprise a defined benefit pension liability of £26.3 million (31 December 2022: £29.6 million) and a post-retirement healthcare liability of £0.2 million (31 December 2022: £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. The triennial valuation of the TWPS with a reference date of 31 December 2022 is in progress. Legislation requires that the valuation must be concluded by 31 March 2024.

Net cash and financing position

Net cash decreased to £677.9 million at 31 December 2023 from £863.8 million at 31 December 2022, due to the settlement of land creditors and payment of dividends in the year. Average net cash for the year was £606.6 million (2022: £595.7 million).

The decrease in completions caused cash generated from operations to decrease in the year and resulted in a cash conversion‡‡ of 61.4% of operating profit for the year ended 31 December 2023 (2022: 76.3%).

Net cash, combined with land creditors, resulted in an adjusted gearing‡‡‡‡ of (3.6)% (31 December 2022: (3.1)%).

At 31 December 2023, our committed borrowing facilities were £687 million, of which the revolving credit facility was undrawn throughout the year. In July 2023, the Group renewed its revolving credit facility, increasing it to £600 million with a maturity of July 2028 and the option to request an extension for two further years. In December 2022, the Group entered into an agreement to refinance the €100 million 2.02% senior loan notes due June 2023 with €100 million 5.08% senior loan notes due June 2030. The weighted average maturity of the committed borrowing facilities at 31 December 2023 was 4.8 years (31 December 2022: 1.9 years). The new revolving credit facility includes three sustainability-linked performance targets, which adjust the margin by a small amount. The three performance targets are: (1) reductions in scope 1 and 2 GHG emissions; (2) reductions in waste; and (3) reductions in carbon emissions of the homes we build.

Dividends

Subject to shareholder approval at the AGM scheduled for 23 April 2024, the 2023 final ordinary dividend of 4.79 pence per share will be paid on 10 May 2024 to shareholders on the register at the close of business on 2 April 2024 (2022 final dividend: 4.78 pence per share). In combination with the 2023 interim dividend of 4.79 pence per share, this gives total ordinary dividends for the year of 9.58 pence per share (2022 ordinary dividend: 9.40 pence per share).

The 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.

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 for at least the next 12 months. Accordingly, the financial statements are prepared on a going concern basis, see Note 1 of the Condensed Consolidated Financial Statements for further details of the assessment performed.

Assessment of prospects

We consider the long term prospects of the Group in light of our business model. Our strategy to deliver sustainable value is achieved through delivering high-quality homes for our customers, in the locations where people want to live, whilst carefully managing our cost base and the Group's balance sheet.

In assessing the Group's prospects and long term viability, due consideration is given to:

- The Group's current performance and the Group's financing arrangements.
- The wider economic environment and mortgage market, as well as changes to government policies and regulations, including those influenced by sustainability, climate change and the environment, that could impact the Group's business model.
- Strategy and business model flexibility, including customer dynamics and approach to land investment.
- Principal Risks associated with the Group's strategy and business model, including those which have the most impact on our ability to remain in operation and meet our liabilities as they fall due.

Further detail is provided in our Annual Report and Accounts 2023.

Viability disclosure

In accordance with the 2018 UK Corporate Governance Code, the Directors and the senior management team have assessed the prospects and financial viability of the Group for a period longer than the 12 months required for the purpose of the 'going concern' assessment.

Time period

The Directors have assessed the viability of the Group over a five-year period, taking account of the Group's current financial position, current market circumstances and the potential impact of the Principal and Emerging Risks facing the Group. The Directors have determined this as an appropriate period over which to assess the viability based on the following:

- It is aligned with the Group's bottom-up five-year budgeting and forecasting cycle.
- Five years represents a reasonable estimate of the typical time between purchasing land, its progression through the planning cycle, building out the development and selling homes to customers from it.

Five years is also a reasonable period for consideration given the following broader external trends:

- The cyclical nature of the market in which the Group operates, which tends to follow the economic cycle.
- Consideration of the impact of government policy, planning regulations and the mortgage market.
- Long term supply of land, which is supported by our strategic land pipeline.
- Changes in technology and customer expectations.

Principal Risks

The Principal Risks, to which the Group are subject, have undergone a comprehensive review by the GMT and Board in the current year. Consideration is given to the risk likelihood based on the probability of occurrence and potential impact on our business, together with the effectiveness of mitigations.

The Directors identified the Principal Risks that have the most impact on the longer term prospects and viability of the Group, and as such these have been used in the modelling of a severe but plausible downside scenario, as:

- Government policies, regulations and planning (A).
- Mortgage availability and housing demand (B).
- Availability and costs of materials and subcontractors (C).
- Quality and reputation (F).
- Cyber security (I).

A range of sensitivity analyses for these risks together with likely mitigating actions that would be adopted in response to these circumstances were modelled, including a severe but plausible downside scenario in which the impacts were aggregated together.

The impact from 'Natural resources and climate change' (H) is not deemed to be material within the five-year forecast period, as costs associated with the regulatory changes have been included in the modelling.

Assessment of viability

The Group adopts a disciplined annual business planning process involving the management teams of the UK regional businesses and Spain, and the Group's senior management, and is built on a bottom-up basis. This planning process covers a five-year period comprising a detailed budget for the next financial year, together with a forecast for the following four financial years ('forecast').

The financial planning process considers the Group's profitability and Income Statement, Balance Sheet including landbank, gearing and debt covenants, cash flows and other key financial metrics over the forecast period. These financial forecasts are based on a number of key assumptions, the most important of which include:

- Timing and volume of legal completions of new homes sold, which includes annual production volumes and sales rates over the life of the individual developments.
- Average selling prices achieved.
- Build costs and cost of land acquisitions, including the impact from the Future Homes Standard.
- Working capital requirements.
- Capital repayment plan, where we have assumed the payment of the ordinary dividend in line with the current policy, which is a minimum of £250 million or 7.5% of the Group's net assets per annum, throughout the period.

Stress testing our risk resilience

The assessment considers sensitivity analysis on a series of realistically possible, but severe and prolonged, changes to principal assumptions. In determining these we have included macroeconomic and industry-wide projections as well as matters specific to the Group.

The severe but plausible downside scenario reflects the aggregated impact of sensitivities, taking account of a further decline in customer confidence, disposable incomes and mortgage availability than has been experienced during 2023. To arrive at our stress test we have drawn on experience gained from managing the business through previous economic downturns and the COVID-19 pandemic.

We have applied the market dynamics encountered at those times, as well as the mitigations adopted, to our 2024 expectations in order to test the resilience of our business. As a result, we have stress tested our business against the following severe but plausible downside scenario, which can be attributed back to the Group's Principal Risks that have been identified as having the most impact on the longer term prospects and viability of the Group.

Volume (Principal Risk: A, B, C, F) – a further decline in total volumes of 10% in 2024 from 2023 levels, before recovering back to 2023 levels by 2026.

Price (Principal Risk: B) – a reduction to current selling prices of 10%, remaining at these levels across 2024 and 2025 before recovering to 2023 levels by 2026.

One-off costs (Principal Risk: A, F, I) – a one-off exceptional charge and cash cost of £150 million for an unanticipated event, change in government regulations or financial penalty has been included in 2024.

Within the scenario, build costs are forecast to reduce across 2024 and 2025 with lower volumes reducing demand for materials and resources and land cost remaining broadly flat as the possible increase in availability due to lower volumes is offset by a restriction in supply. An estimate for the cost of the Future Homes Standard has been assumed.

The mitigating actions considered in the model include a continued reduction in land investment, a reduction in the level of production and work in progress held and further reducing our overhead base to reflect the lower volumes.

If this scenario were to occur, the Directors also have a range of additional options to maintain financial strength, including: a more severe reduction in land spend and work in progress, the sale of assets, reducing the dividend, and/or raising debt.

At 31 December 2023, the Group had a cash balance of £765 million and access to £600 million from a fully undrawn revolving credit facility, together totalling £1,365 million. The combination of both of these is sufficient to absorb the financial impact of each of the risks modelled in the stress and sensitivity analysis, individually and in aggregate.

Confirmation of viability

Based on the results of this analysis, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the five-year period of their assessment.

Definitions

* Operating profit is defined as profit on ordinary activities before financing, exceptional items and tax, after share of results of joint ventures.
*† Operating profit 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 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 Annual Injury Incidence Rate (AIIR) 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.

The Group uses Alternative Performance Measures (APMs) as important financial performance indicators to assess underlying performance of the Group. The APMs used are widely used industry measures and form the measurement basis of the strategic financial metrics (operating margin, return on net operating assets, and cash conversion). A portion of executive remuneration is also directly linked to some of the APMs. Definitions and reconciliations to the equivalent statutory measures are included in Note 14 of the Condensed Consolidated Financial Statements.

Shareholder information

The Company's 2024 Annual General Meeting (AGM) will be held at 10:30am on 23 April 2024 in the Gerrards Suite at the Crowne Plaza Gerrards Cross, Oxford Road, Beaconsfield, HP9 2XE.

Copies of the Annual Report and Accounts 2023 will be available from 20 March 2024 on the Company's website www.taylorwimpey.co.uk/corporate. Hard copy documents will be posted to shareholders who have elected to receive them and will also be available from our registered office at Gate House, Turnpike Road, High Wycombe, Buckinghamshire, HP12 3NR from 22 March 2023.

A copy of the Annual Report and Accounts 2023 will be submitted to the National Storage Mechanism and will be available for inspection at:
https://data.fca.org.uk/#/nsm/nationalstoragemechanism

Directors' responsibilities

The responsibility statement below has been prepared in connection with the full Annual Report and Accounts for the year ended 31 December 2023. Certain parts thereof are not included within this announcement.

We confirm to the best of our knowledge that:

- the Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Strategic report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the Principal Risks and uncertainties that it faces.

This responsibility statement was approved by the Board of Directors on 27 February 2024 and is signed on its behalf by:

Robert Noel, Chair

Jennie Daly, Chief Executive

Principal Risks and uncertainties

The Board has overall responsibility for risk oversight, for maintaining a robust risk management and internal control system and for determining the Group's appetite for exposure to the Principal Risks to the achievement of its strategy. Our Annual Report and Accounts 2023 details the full governance procedures and processes for identification and subsequent monitoring of the risks undertaken by the Group.

The Audit Committee supports the Board in the management of risk and is responsible for reviewing the effectiveness of the risk management and internal control processes during the year.

The Chief Executive is primarily responsible for the management of the risks with the support of the GMT and other senior managers located in the business. In line with the 2018 UK Corporate Governance Code, the Board holds formal risk reviews at least half yearly and routinely considers risk at each Board meeting as appropriate. The formal assessment includes a robust consideration of the Principal and emerging risks to ensure they remain appropriate as well as a review of the key risks identified by the business, and their risk profile and mitigating factors. During the year, three of our Principal Risks ('Government policies, regulations and planning', 'Mortgage availability and housing demand' and 'Quality and reputation') have seen an increase in both their inherent and residual risk profiles, and our 'Cyber security' Principal Risk has seen an increase in its inherent profile. Our Principal Risks are described in more detail in the tables below.

In addition, the Board also considers emerging risks which could impact on the Group's ability to deliver its strategy. The emerging risks are those where the extent and implications are not yet fully understood but consideration has been given to the potential timeframe of occurrence and velocity of impact that these could have on the Group. As part of our risk

management process, these are monitored and reviewed on an ongoing basis and discussed and agreed by the Board.

Our emerging risks are grouped into the categories listed in the table below, which also contains some narrative description against each category indicating example focus areas into which the identified emerging risks fall.

Category	**Example focus area**
Environmental/climate	Unpredictable weather patterns
Operational/build	Adaption of building methodologies
Political/economic	Geopolitical uncertainty
Technological	Artificial intelligence
Social	Customer demographics and preferences
Governmental	Changing Government policies

The Group considers other specific risk areas recognising the increasing complexity of the industry in which it operates and which are in addition to its identified Principal Risks. We continue to monitor and mitigate the impacts on our supply chain and labour force and the overall economic market impacting mortgage availability and demand.

Our Sustainability and Climate Change Risk and Opportunity Register highlights the material risks and opportunities facing the Company in relation to sustainability and climate change. In addition, our climate change-related risks and opportunities are available as part of our 2023 CDP submission. More information is available at www.taylorwimpey.co.uk/corporate.

The Principal Risks, their mitigations and key risk indicators are detailed below:

Description	**Residual risk rating**	**Risk appetite**	**Example key risk indicators, mitigations and opportunities**
A. Government policies, regulations and planning The industry in which we operate is becoming increasingly regulated. Failure to adhere to government regulations could impact our operational performance and our ability to meet our strategic objectives. Changes to the planning system or planning delays could result in missed opportunities to optimise our landbank, affecting profitability and production delivery. Accountability Group Technical Director	Moderate	Low	**Example key risk indicators** - New government regulations (e.g. around planning and climate) - Delays in planning - Sentiment towards the industry (e.g. Cladding fire safety remediation) **Key mitigations** - Research conducted to update technical specification of our new house type range, in preparation for the Future Homes Standard (FHS), including a trial of five FHS-compliant plots - Consultation with government agencies

Director of Planning Regional Managing Directors			- Cladding fire safety remediation and signing of the Government's Building Safety Pledge for Developers - Engagement with national and local government - Working with HBF and other stakeholders - Member of Future Homes Hub **Opportunities** To build enhanced collaborative networks with stakeholders and peers, to monitor the implications of regulatory change Lead the business in addressing pressing environmental issues, including reducing our carbon footprint and targeting biodiversity

Description	Residual risk rating	Risk appetite	Example key risk indicators, mitigations and opportunity
B. Mortgage availability and housing demand A decline in the economic environment, driven by sustained growth in interest rates, increased cost of living, low wage inflation or increasing levels of unemployment, could result in tightened mortgage availability and challenge mortgage affordability for our customers, resulting in a direct impact on our volume targets. Accountability UK Sales and Marketing Director Regional Sales and Marketing Directors	Moderate	Low	**Example key risk indicators** - Interest rate increases - Levels of unemployment - Volume of enquiries/people visiting our developments - UK household spending/levels of disposable income - Loan to value metrics **Key mitigations** - Increase outlets to provide greater customer choice and flexibility to respond quickly to changing market conditions - Review of pricing and incentives offered - Monitoring external data (e.g. HBF and mortgage lenders) - Strong relationships with mainstream lenders - Work with financial services industry to ensure customers receive appropriate advice on mortgage products **Opportunities** To continue to develop strong working relationships with established mainstream

			lenders and those wishing to increase volume in the new build market.
Description	**Residual risk rating**	**Risk appetite**	**Example key risk indicators, mitigations and opportunity**
C. Availability and costs of materials and subcontractors Increase in housing demand and production or a breakdown within the supply chain may further strain the availability of skilled subcontractors and materials and put pressure on utility firms to keep up with the pace of installation, resulting in increased costs and construction delays. Accountability Supply Chain Director Procurement Director Group Commercial Director	Moderate	Low-moderate	**Example key risk indicators** - Material and trade shortages - Material and trade price increases - Level of build quality and waste produced from sites - Longer build times - Number of skilled trades **Key mitigations** - Central procurement and key supplier agreements - Supplier and subcontractor relationships - Disaster recovery and business continuity plans with all key suppliers - Buffer stock with key suppliers - Contingency plans for critical path products - Direct trade and apprenticeship programmes - Key commodity risk assessment matrix - Regular checks on all key suppliers - Monitoring of the supply chain **Opportunities** To develop and implement different build methods as alternatives to conventional brick and block.

Description	Residual risk rating	Risk appetite	Example key risk indicators, mitigations and opportunity
D. Attract and retain high-calibre employees An inability to attract, develop, motivate and retain high-calibre employees, together with a failure to consider the retention and succession of key management, could result in a failure to deliver our strategic objectives, a loss of corporate knowledge and a loss of competitive advantage. Accountability Group HR Director Every employee managing people	Low	Moderate	**Example key risk indicators** - Employee engagement score - Number of, and time to fill, vacancies - Employee turnover levels **Key mitigations** - Production Academy and Production Manager succession development programme - Schools outreach strategy - Collaboration with major organisations on sector skills plan - Graduate and apprenticeship programmes - Management training - Enhanced remote working procedures - Educational masterclasses - Salary benchmarking **Opportunities** To further develop in-house capability, expertise and knowledge.

Description	Residual risk rating	Risk appetite	Example key risk indicators, mitigations and opportunity
E. Land availability An inability to secure land at an appropriate cost, the purchase of land of poor quality or in the wrong location, or the incorrect timing of land purchases in relation to the economic cycle could impact future profitability. Accountability Divisional Chairs Regional Managing Directors Regional Land and Planning Directors Managing Director Group Strategic Land UK Business, Land and Development Director	Low	Moderate	**Example key risk indicators** - Movement in landbank years - Number of land approvals - Timing of conversions from strategically sourced land **Key mitigations** - Critically assess opportunities - Land quality framework - Engagement with national and local government - Review of land portfolio - Obtaining specialist environmental and legal advice **Opportunities** A strong balance sheet allows us to invest when land market conditions are attractive.

Description	Residual risk rating	Risk appetite	Example key risk indicators, mitigations and opportunity
F. Quality and reputation The quality of our products is key to our strategic objective of being a customer-focused business and in ensuring that we do things right first time. If the Group fails to deliver against these standards and its wider development obligations, it could be exposed to reputational damage, as well as reduced sales and increased costs. Accountability Customer Director UK Head of Production Director of Design	Moderate	Low	**Example key risk indicators** - Customer satisfaction metrics (9-month and 8-week) - Number of NHBC claims - Construction Quality Review (CQR) scores - Average reportable items per inspection found during NHBC inspections at key stages of the build **Key mitigations** - Customer-ready Home Quality Inspection - Consistent Quality Approach - Quality Managers in the business - Customer-driven strategy - Enhanced data analytics - Ombudsman readiness **Opportunities** To better understand the needs of our customers enabling increased transparency of our build profile. To lead the industry in quality standards (our CQR score) and reduce the number of reportable items identified through monitoring defects at every stage of build.

Description	Residual risk rating	Risk appetite	Example key risk indicators, mitigations and opportunity
G. Health, safety and environment The health and safety of all our employees, subcontractors, visitors and customers is of paramount importance. Failure to implement and monitor our stringent health, safety and environment (HSE) procedures and policies across all parts of the business could lead to accidents or site-related incidents, resulting in serious injury or loss of life. Accountability Head of Health, Safety and Environment Regional Managing Directors	Low	Low	**Example key risk indicators** - Increase in near misses and fatalities - Health and safety audit outcomes - Number of reportable health and safety incidents **Key mitigations** - Embedded HSE system - HSE training and inductions - Mental health training and support for all employees - Robust monitoring and reporting procedures - Utilisation of certified operatives - Identification, review and evaluation of the impact of new construction methods and materials

			Opportunities To lead the industry in health and safety and to reduce the amount and level of incidents.
Description	**Residual risk rating**	**Risk appetite**	**Example key risk indicators, mitigations and opportunity**
H. Natural resources and climate change An inability to reduce our environmental footprint, the challenges of a degraded environment including the impacts of climate change, nature loss and water scarcity on our business, supply chain scarcity due to environmental change and the increasing desire of our customers to live more sustainably could impact our reputation, ability to attract investment and obtain planning permission and the delivery of our strategic targets. Accountability Director of Sustainability Regional Managing Directors	Moderate	Low	**Example key risk indicators** - Energy use & greenhouse gas emissions - Biodiversity net gain % - Construction waste generation and waste to landfill **Key mitigations** - Net Zero Transition Plan - Published Environment Strategy - Adopted and verified science-based targets - Climate change governance, including LEAF committee and sustainability champions - Achievement of Carbon Trust Standard - HBF and investor liaison - Training and development in house and in our supply chain - External benchmarking - Collection and interpretation of data to drive relevant actions **Opportunities** Sustainable homes and developments attractive to customers. A sustainable business of choice for investors. Advantageous planning positions.
Description	**Residual risk rating**	**Risk appetite**	**Example key risk indicators, mitigations and opportunity**
I. Cyber security The Group places increasing reliance on IT to conduct its operations and the requirement to maintain the accuracy and confidentiality of its information systems and the data contained therein. A cyber-attack leading to the corruption, loss or theft of data could result in reputational and operational damage. Accountability IT Director	Moderate	Low-moderate	**Example key risk indicators** – Number of devices with critical and high open vulnerabilities – Number of devices without latest patching in place – Phishing test results – Cyber training completion statistics – Number of users with administrative privileges to critical systems **Key mitigations** - Complex passwords policy and multi-factor authentication for remote access

			- Regular security patching and penetration testing - Risky logins check - Intrusion detection and prevention systems - Suspected phishing emails process - Mandated cyber training for all staff - Cyber insurance - Dedicated Head of Cyber Security - Cyber security KPIs - Enhanced end-point protection software implemented across the IT estate - Blocked traffic originating from countries deemed a threat to the UK **Opportunities** Together with our service partners, provide a level of security to reinforce our reputation as a trusted partner.

Cautionary note concerning forward looking statements

This report contains certain forward-looking statements. These statements are made by the Directors and include statements regarding their current intentions, beliefs and expectations, based on the information available to them up to the time of their approval of this report and unless otherwise required by applicable law, the Company and its Directors undertake no obligation to update or revise these forward looking statements, nor do they accept any liability should the future results actually achieved fail to correspond to the forward-looking statements included in this report.

By their nature these forward-looking statements involve uncertainty (including both economic and business risk factors) and are subject to a number of risks since future events and circumstances can cause actual results and developments to differ materially to those anticipated. As such, these forward-looking statements should be treated with caution.

Nothing in this report should be construed as a profit forecast and does not constitute or form part of, any offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities in Taylor Wimpey plc or any other invitation or inducement to engage in investment activities and does not constitute a recommendation to sell or buy any such securities.

Consolidated Income Statement
for the year to 31 December 2023

£ million	Note	**Before exceptional items 2023**	**Exceptional items 2023**	**Total 2023**	Before exceptional items 2022	Exceptional items 2022	Total 2022
Continuing operations							
Revenue	2	**3,514.5**	–	**3,514.5**	4,419.9	–	4,419.9
Cost of sales		**(2,798.0)**	–	**(2,798.0)**	(3,287.5)	–	(3,287.5)
Gross profit		**716.5**	–	**716.5**	1,132.4	–	1,132.4
Net operating expenses	4	**(248.7)**	–	**(248.7)**	(224.9)	(80.0)	(304.9)
Profit on ordinary activities before financing		**467.8**	–	**467.8**	907.5	(80.0)	827.5
Finance income	5	**29.5**	–	**29.5**	8.6	–	8.6
Finance costs	5	**(25.9)**	–	**(25.9)**	(24.1)	–	(24.1)
Share of results of joint ventures		**2.4**	–	**2.4**	15.9	–	15.9
Profit before taxation		**473.8**	–	**473.8**	907.9	(80.0)	827.9
Taxation (charge)/credit	6	**(124.8)**	–	**(124.8)**	(201.9)	17.6	(184.3)
Profit for the year		**349.0**	–	**349.0**	706.0	(62.4)	643.6

		2023	2022
Basic earnings per share	7	**9.9p**	18.1p
Diluted earnings per share	7	**9.9p**	18.0p
Adjusted basic earnings per share	7	**9.9p**	19.8p
Adjusted diluted earnings per share	7	**9.9p**	19.7p

All of the profit for the year is attributable to the equity holders of the Parent Company.

Consolidated Statement of Comprehensive Income
for the year to 31 December 2023

£ million	Note	**2023**	2022
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(2.4)**	6.6
Movement in fair value of hedging instruments		**1.2**	(3.5)
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain on defined benefit pension schemes	10	**0.8**	3.2
Tax (charge)/credit on items taken directly to other comprehensive income	8	**(0.2)**	0.7
Other comprehensive (expense)/income for the year		**(0.6)**	7.0
Profit for the year		**349.0**	643.6
Total comprehensive income for the year		**348.4**	650.6

All of the comprehensive income for the year is attributable to the equity holders of the Parent Company.

Consolidated Balance Sheet
at 31 December 2023

£ million	Note	2023	2022
Non-current assets			
Intangible assets		**2.6**	4.2
Property, plant and equipment		**22.0**	17.3
Right-of-use assets		**37.8**	26.3
Interests in joint ventures		**70.5**	74.0
Trade and other receivables		**28.1**	12.2
Other financial assets	10	**10.3**	10.0
Deferred tax assets	8	**23.4**	26.0
		194.7	170.0
Current assets			
Inventories	9	**5,169.6**	5,169.6
Trade and other receivables		**124.4**	191.2
Cash and cash equivalents		**764.9**	952.3
		6,058.9	6,313.1
Total assets		**6,253.6**	6,483.1
Current liabilities			
Trade and other payables		**(992.8)**	(1,130.8)
Lease liabilities		**(8.8)**	(7.3)
Bank and other loans		**–**	(88.5)
Tax payables		**(1.6)**	(7.2)
Provisions		**(124.9)**	(106.7)
		(1,128.1)	(1,340.5)
Net current assets		**4,930.8**	4,972.6
Non-current liabilities			
Trade and other payables		**(295.8)**	(407.3)
Lease liabilities		**(31.0)**	(19.7)
Bank and other loans		**(87.0)**	–
Retirement benefit obligations	10	**(26.5)**	(29.9)
Provisions		**(161.8)**	(183.6)
		(602.1)	(640.5)
Total liabilities		**(1,730.2)**	(1,981.0)
Net assets		**4,523.4**	4,502.1
Equity			
Share capital		**291.3**	291.3
Share premium		**777.9**	777.9
Own shares	11	**(29.7)**	(43.1)
Other reserves		**544.4**	545.6
Retained earnings		**2,939.5**	2,930.4
Total equity		**4,523.4**	4,502.1

Consolidated Statement of Changes in Equity

for the year to 31 December 2023

£ million	Note	Share capital	Share premium	Own shares	Other reserves	Retained earnings	Total
Total equity at 1 January 2022		292.2	777.5	(14.6)	541.6	2,717.3	4,314.0
Other comprehensive income for the year		–	–	–	3.1	3.9	7.0
Profit for the year		–	–	–	–	643.6	643.6
Total comprehensive income for the year		–	–	–	3.1	647.5	650.6
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		–	–	5.3	–	–	5.3
Cash cost of satisfying share options		–	–	–	–	(5.5)	(5.5)
Share-based payment credit		–	–	–	–	14.0	14.0
Tax charge on items taken directly to statement of changes in equity	8	–	–	–	–	(1.6)	(1.6)
Dividends approved and paid	13	–	–	–	–	(323.8)	(323.8)
Total equity at 31 December 2022		291.3	777.9	(43.1)	545.6	2,930.4	4,502.1
Other comprehensive (expense)/income for the year		**–**	**–**	**–**	**(1.2)**	**0.6**	**(0.6)**
Profit for the year		**–**	**–**	**–**	**–**	**349.0**	**349.0**
Total comprehensive (expense)/income for the year		**–**	**–**	**–**	**(1.2)**	**349.6**	**348.4**
Utilisation of own shares		**–**	**–**	**13.4**	**–**	**–**	**13.4**
Cash cost of satisfying share options		**–**	**–**	**–**	**–**	**(12.6)**	**(12.6)**
Share-based payment credit		**–**	**–**	**–**	**–**	**8.9**	**8.9**
Tax credit on items taken directly to statement of changes in equity	8	**–**	**–**	**–**	**–**	**1.1**	**1.1**
Dividends approved and paid	13	**–**	**–**	**–**	**–**	**(337.9)**	**(337.9)**
Total equity at 31 December 2023		**291.3**	**777.9**	**(29.7)**	**544.4**	**2,939.5**	**4,523.4**

Consolidated Cash Flow Statement

for the year to 31 December 2023

£ million	Note	**2023**	2022
Profit on ordinary activities before financing		**467.8**	827.5
Adjustments for:			
Depreciation and amortisation		**12.7**	14.5
Pension contributions in excess of charge to the income statement		**(3.8)**	(4.8)
Share-based payment charge		**8.9**	14.0
Loss on disposal of property, plant and equipment		**0.3**	0.3
Increase in provisions excluding exceptional payments		**17.3**	90.9
Operating cash flows before movements in working capital		**503.2**	942.4
Increase in inventories		**(148.7)**	(280.4)
Decrease/(increase) in receivables		**40.2**	(9.9)
(Decrease)/increase in payables		**(105.8)**	52.9
Cash generated from operations		**288.9**	705.0
Payments related to exceptional charges		**(20.8)**	(45.9)
Income taxes paid		**(126.5)**	(176.9)
Interest paid		**(12.0)**	(4.7)
Net cash generated from operating activities		**129.6**	477.5
Investing activities:			
Interest received		**26.4**	6.9
Dividends received from joint ventures		**11.7**	3.1
Proceeds on disposal of property, plant and equipment		**–**	1.5
Purchase of property, plant and equipment		**(6.8)**	(1.7)
Purchase of software		**(0.1)**	(0.4)
Amounts (invested in)/repaid by joint ventures		**(3.8)**	24.2
Net cash generated from investing activities		**27.4**	33.6
Financing activities:			
Lease capital repayments		**(7.9)**	(7.6)
Cash received on exercise of share options		**3.0**	0.3
Purchase of own shares		**–**	(151.3)
Repayment of borrowings		**(87.0)**	–
Proceeds from borrowings		**87.0**	–
Dividends paid		**(337.9)**	(323.8)
Net cash used in financing activities		**(342.8)**	(482.4)
Net (decrease)/increase in cash and cash equivalents		**(185.8)**	28.7
Cash and cash equivalents at beginning of year		**952.3**	921.0
Effect of foreign exchange rate changes		**(1.6)**	2.6
Cash and cash equivalents at end of year	12	**764.9**	952.3

1. Basis of preparation

These results do not constitute the Group's statutory accounts for the year ended 31 December 2023 but are derived from those accounts. Statutory accounts for 2022 have been delivered to the Registrar of Companies and those for 2023 will be delivered following the Company's Annual General Meeting. The external auditors have reported on those accounts; its report was unqualified, did not contain an emphasis of matter paragraph and did not contain any statements under section 498 of the Companies Act 2006.

The consolidated financial statements are prepared in accordance with UK-adopted international accounting standards. The statutory accounts have been prepared based on the accounting policies and method of computations consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022.

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 a severe but plausible scenario 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 macroeconomic 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 further decline in total volumes of 10% in 2024 from 2023 levels, before recovering back to 2023 levels by 2026
- Price – a reduction to current selling prices of 10%, remaining at these levels across 2024 and 2025 before recovering to 2023 levels by 2026
- Costs – a one-off exceptional charge and cash cost of £150 million for an unanticipated event, change in government regulations or financial penalty has been included in 2024

Mitigations to this sensitivity analysis include a continued 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. If this scenario were to occur, the Directors also have a range of additional options to maintain financial strength, including: a more severe reduction in land spend and work in progress, the sale of assets, reducing the dividend, and/or raising debt.

At 31 December 2023, the Group had a cash balance of £765 million and had access to £600 million from a fully undrawn revolving credit facility, together totalling £1,365 million. The combination of both of these is sufficient to absorb the financial impact of each of the risks modelled in the stress and sensitivity analysis, individually and in aggregate.

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 consolidated financial statements. Consequently the consolidated financial statements have been prepared on a going concern basis.

2. Revenue

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

£ million	**2023**	2022
Private sales	**3,103.5**	3,886.1
Partnership housing	**395.6**	476.4
Land & other	**15.4**	57.4
	3,514.5	4,419.9

3. Operating segments

The Group operates in two countries, 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. The Group aggregates the UK operations into a single reporting segment on the basis that they share similar economic characteristics. 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.

	2023			2022		
£ million	**UK**	**Spain**	**Total**	UK	Spain	Total
Revenue						
External sales	**3,371.7**	**142.8**	**3,514.5**	4,295.5	124.4	4,419.9
Result						
Profit before joint ventures, finance income/(costs) and exceptional items	**432.5**	**35.3**	**467.8**	874.9	32.6	907.5
Share of results of joint ventures	**2.4**	**–**	**2.4**	15.9	–	15.9
Operating profit (Note 14)	**434.9**	**35.3**	**470.2**	890.8	32.6	923.4
Exceptional items (Note 4)	**–**	**–**	**–**	(80.0)	–	(80.0)
Profit before net finance income/(costs)	**434.9**	**35.3**	**470.2**	810.8	32.6	843.4
Net finance income/(costs)			**3.6**			(15.5)
Profit before taxation			**473.8**			827.9
Taxation charge			**(124.8)**			(184.3)
Profit for the year			**349.0**			643.6

	2023			2022		
£ million	**UK**	**Spain**	**Total**	UK	Spain	Total
Segment operating assets	**5,153.2**	**241.6**	**5,394.8**	5,222.9	207.9	5,430.8
Joint ventures	**70.5**	**–**	**70.5**	74.0	–	74.0
Segment operating liabilities	**(1,494.0)**	**(147.6)**	**(1,641.6)**	(1,767.2)	(118.1)	(1,885.3)
Net operating assets	**3,729.7**	**94.0**	**3,823.7**	3,529.7	89.8	3,619.5
Net current taxation			**(1.6)**			(7.2)
Net deferred taxation			**23.4**			26.0
Net cash			**677.9**			863.8
Net assets			**4,523.4**			4,502.1

3. Operating segments (continued)

	2023			2022		
£ million	**UK**	**Spain**	**Total**	UK	Spain	Total
Other information						
Property, plant and equipment additions	**6.6**	**0.2**	**6.8**	1.6	0.1	1.7
Right-of-use asset additions	**20.7**	**0.4**	**21.1**	7.1	0.1	7.2
Software additions	**0.1**	**–**	**0.1**	0.4	–	0.4
Property, plant and equipment depreciation	**(1.7)**	**(0.1)**	**(1.8)**	(4.2)	(0.1)	(4.3)
Right-of-use asset depreciation	**(8.9)**	**(0.3)**	**(9.2)**	(7.2)	(0.2)	(7.4)
Amortisation of intangible assets	**(1.7)**	**–**	**(1.7)**	(2.8)	–	(2.8)

4. Net operating expenses and profit on ordinary activities before financing

Profit on ordinary activities before financing for continuing operations has been arrived at after charging/(crediting):

£ million	**2023**	2022
Administration expenses	**232.7**	220.7
Other expenses	**101.7**	70.1
Other income	**(85.7)**	(65.9)
Exceptional items	**–**	80.0
Net operating expenses	**248.7**	304.9

The majority of the other income and other expenses shown above relates to the income and associated costs arising on the sale of part exchange properties. Also included in other income and other expenses are profit/loss on the sale of property, plant and equipment, the revaluation of certain shared equity mortgage receivables and abortive land acquisition costs.

Exceptional items:

£ million	**2023**	2022
Provision in relation to cladding fire safety	**–**	80.0
Exceptional items	**–**	80.0

Cladding fire safety

In 2018 the Group established an exceptional provision for the cost of replacing ACM on a small number of legacy developments, which was increased in 2020 to reflect the latest estimate of costs to complete the planned works. Following the guidance issued by RICS in 2021, the Group announced an additional £125.0 million provision to fund cladding fire safety improvements and, in line with Group policy, recognised it as an exceptional item.

In April 2022 the Group signed up to the Government's Building 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 year to 31 December 2022 the Group recognised an increase in the provision of £80.0 million, as an exceptional expense; no further amounts were recognised in the year to 31 December 2023.

4. Net operating expenses and profit on ordinary activities before financing (continued)

Profit on ordinary activities before financing has been arrived at after charging:

£ million	**2023**	2022
Cost of inventories recognised as an expense in cost of sales	**2,646.8**	3,155.7
Property, plant and equipment depreciation	**1.8**	4.3
Right-of-use asset depreciation	**9.2**	7.4
Amortisation of intangible assets	**1.7**	2.8

5. Finance income and finance costs

£ million	**2023**	2022
Interest receivable	**29.5**	8.6
	29.5	8.6

£ million	**2023**	2022
Interest on bank and other loans	**(8.3)**	(4.8)
Foreign exchange loss	**(0.5)**	–
	(8.8)	(4.8)
Unwinding of discount on land creditors and other items	**(14.8)**	(18.3)
Interest on lease liabilities	**(1.0)**	(0.4)
Net interest on pension liability (Note 10)	**(1.3)**	(0.6)
	(25.9)	(24.1)

6. Taxation charge

Tax (charged)/credited in the income statement is analysed as follows:

£ million		2023	2022
Current tax:			
UK:	Current year	**(116.6)**	(179.3)
	Adjustment in respect of prior years	**1.8**	0.5
Overseas:	Current year	**(6.7)**	(5.4)
	Adjustment in respect of prior years	**0.1**	(0.5)
		(121.4)	(184.7)
Deferred tax:			
UK:	Current year	**(2.5)**	0.4
	Adjustment in respect of prior years	**(0.2)**	(0.1)
Overseas:	Current year	**(0.7)**	(1.7)
	Adjustment in respect of prior years	**–**	1.8
		(3.4)	0.4
		(124.8)	(184.3)

Corporation tax is calculated at 27.5% (2022: 22.0%) of the estimated assessable profit for the year in the UK. This includes corporation tax at the rate of 23.5% (2022: 19.0%) for the year and residential property developer tax (RPDT) at the rate of 4.0% (2022: 4.0% with effect from 1 April 2022) on profits arising from residential property development activities. Taxation outside the UK is calculated at the rates prevailing in the respective jurisdictions. The tax charge for the prior year includes an exceptional credit of £17.6 million relating to the cladding fire safety provision.

The charge for the year can be reconciled to the profit per the income statement as follows:

£ million	2023	2022
Profit before tax	**473.8**	827.9
Tax at the UK corporation tax rate of 27.5% (2022: 22.0%)	**(130.3)**	(182.1)
Net over provision in respect of prior years	**1.7**	1.7
Net impact of items that are not taxable or deductible	**0.1**	(5.6)
Recognition of deferred tax asset relating to Spanish business	**1.0**	1.0
Other rate impacting adjustments	**2.7**	0.7
Tax charge for the year	**(124.8)**	(184.3)

7. Earnings per share

	2023	2022
Basic earnings per share	**9.9p**	18.1p
Diluted earnings per share	**9.9p**	18.0p
Adjusted basic earnings per share	**9.9p**	19.8p
Adjusted diluted earnings per share	**9.9p**	19.7p
Weighted average number of shares for basic earnings per share – million	**3,530.4**	3,564.8
Weighted average number of shares for diluted earnings per share – million	**3,537.5**	3,576.5

Adjusted basic and adjusted diluted earnings per share, which exclude the impact of exceptional items and any associated net tax amounts, are presented to provide a measure of the underlying performance of the Group. A reconciliation of earnings attributable to equity shareholders used for basic and diluted earnings per share to that used for adjusted earnings per share is shown below.

£ million	**2023**	2022
Earnings for basic and diluted earnings per share	**349.0**	643.6
Adjust for exceptional items (Note 4)	**–**	80.0
Adjust for tax on exceptional items (Note 6)	**–**	(17.6)
Earnings for adjusted basic and adjusted diluted earnings per share	**349.0**	706.0

8. Deferred tax

£ million	Share-based payments	Capital allowances	Temporary differences on overseas provisions	Retirement benefit obligations	Losses and other temporary differences	Total
At 1 January 2022	3.9	2.4	5.5	8.8	5.6	26.2
(Charge)/credit to income	(1.7)	0.4	0.2	(0.9)	2.4	0.4
Credit to other comprehensive income	–	–	–	0.7	–	0.7
Charge to statement of changes in equity	(1.6)	–	–	–	–	(1.6)
Foreign exchange	–	–	0.3	–	–	0.3
At 31 December 2022	0.6	2.8	6.0	8.6	8.0	26.0
Credit/(charge) to income	**0.2**	**(0.8)**	**(0.6)**	**(0.7)**	**(1.5)**	**(3.4)**
Charge to other comprehensive income	–	–	–	**(0.2)**	–	**(0.2)**
Credit to statement of changes in equity	**1.1**	–	–	–	–	**1.1**
Foreign exchange	–	–	**(0.1)**	–	–	**(0.1)**
At 31 December 2023	**1.9**	**2.0**	**5.3**	**7.7**	**6.5**	**23.4**

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. Accordingly, deferred tax on UK temporary differences has been calculated at 29% (31 December 2022: between 25% and 29%). Deferred tax on Spanish temporary differences has been calculated at 25% (31 December 2022: 25%).

8. Deferred tax (continued)

The net deferred tax balance is analysed into assets and liabilities as follows:

£ million	**2023**	2022
Deferred tax assets	**25.0**	27.4
Deferred tax liabilities	**(1.6)**	(1.4)
	23.4	26.0

The Group has not recognised temporary differences relating to tax losses carried forward and other temporary differences amounting to £2.0 million (2022: £2.4 million) in the UK and £19.4 million (2022: £23.8 million) in Spain. The UK temporary differences have not been recognised as they are predominantly non-trading in nature and insufficient certainty exists as to their future utilisation. The temporary differences in Spain have not been recognised due to uncertainty of sufficient taxable profits in the future against which to utilise these amounts.

At the balance sheet date, the Group has unused UK capital losses of £269.7 million (2022: £269.5 million). No deferred tax asset has been recognised in respect of the capital losses at 31 December 2023 (2022: £nil) because the Group does not believe that it is probable that these capital losses will be utilised in the foreseeable future.

9. Inventories

£ million	**2023**	2022
Land	**3,269.5**	3,428.3
Development and construction costs	**1,871.0**	1,725.9
Part exchange and other	**29.1**	15.4
	5,169.6	5,169.6

The markets in our core geographies, which are the primary drivers of our business, continue to trade positively. At 31 December 2023, the Group completed a net realisable value assessment of inventory, considering each site individually and based on estimates of sales price, costs to complete and costs to sell. At 31 December 2023, the provision held in the United Kingdom was £26.5 million (2022: £16.0 million) and £32.4 million in Spain (2022: £35.5 million).

The table below details the movements on the inventory provision recorded in the year.

£ million	**2023**	2022
1 January	**51.5**	54.8
Net additions/(utilised)	**8.0**	(5.1)
Foreign exchange	**(0.6)**	1.8
31 December	**58.9**	51.5

10. Retirement benefit obligations

Total retirement benefit obligations of £26.5 million (2022: £29.9 million) comprise a defined benefit pension liability of £26.3 million (2022: £29.6 million) and a post-retirement healthcare liability of £0.2 million (2022: £0.3 million).

Defined benefit pension scheme

The Group's defined benefit pension scheme in the UK is the Taylor Wimpey Pension Scheme (TWPS). The TWPS is a funded defined benefit pension scheme which provides benefits to beneficiaries in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on an individual member's length of service and their salary in the final years leading up to retirement or date of ceasing active accrual if earlier. Pension payments are generally increased in line with inflation. The TWPS is closed to new members and future accrual.

The Group operates the TWPS under the UK regulatory framework. Benefits are paid to members from a Trustee-administered fund and the Trustee is responsible for ensuring that the TWPS is well managed and that members' benefits are secure. Scheme assets are held in trust.

The TWPS Trustee's other duties include managing the investment of scheme assets, administration of scheme benefits and exercising of discretionary powers. The Group works closely with the Trustee to manage the TWPS. The Trustee of the TWPS owes fiduciary duties to the TWPS' beneficiaries. The appointment of the Directors to the Trustee Board is determined by the TWPS trust documentation.

The most recent triennial valuation of the TWPS was undertaken with a reference date of 31 December 2019. The result of this valuation was a Technical Provisions deficit at 31 December 2019 of £36.0 million.

In March 2021, a new funding arrangement was agreed with the TWPS 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 (£10.0 million) between 1 April 2021 and 30 September 2021 were guaranteed. 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. Contributions to the escrow are suspended should the TWPS Technical Provisions funding level at any quarter-end be 100% or more and would restart only if the funding level subsequently falls below 98%. The funding test at 30 September 2021 showed a funding level of 103% and it has remained above 98% since then and therefore escrow payments were suspended on, and from, 1 October 2021. The Group continues to contribute £5.1 million per annum from the Pension Funding Partnership and £2.0 million per annum to cover scheme expenses.

During 2023, the Group has engaged with the TWPS Trustee on the triennial valuation of the pension scheme with a reference date of 31 December 2022. At the current time, discussions are ongoing with the TWPS Trustee to agree the valuation as well as future contributions (if applicable). Legislation requires that the valuation must be concluded by 31 March 2024.

The escrow account, over which the TWPS Trustee holds a fixed charge, is recognised in other financial assets and at 31 December 2023 was £10.3 million (31 December 2022: £10.0 million), with interest earned by the escrow account being retained within 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.

On an IAS 19 accounting basis the underlying surplus in the TWPS at 31 December 2023 was £76.7 million (2022: £76.6 million). The terms of the TWPS are such that the Group does not have an unconditional right to a refund of surplus. As a result, the Group recognised an adjustment to the underlying surplus in the TWPS on an IAS 19 accounting basis of £103.0 million (2022: £106.2 million), resulting in an IFRIC 14 deficit of £26.3 million (2022: £29.6 million), which represented the present value of future contributions under the funding plan.

10. Retirement benefit obligations (continued)

In 2013, the Group introduced a £100.0 million Pension Funding Partnership that utilises the Group's show homes, as well as six offices, in a sale and leaseback structure. This provides an additional £5.1 million of annual funding for the TWPS. The assets held within the Pension Funding Partnership do not affect the IAS 19 figures (before IFRIC 14) as they remain assets of the Group, and are not assets of the TWPS. At 31 December 2023 there was £79.9 million of property and £32.7 million of cash held within the structure (2022: £75.2 million of property and £39.8 million of cash). The current terms of the Pension Funding Partnership are such that, should the TWPS be in a Technical Provisions deficit at 31 December 2028, then a bullet payment will be due to the TWPS equal to the lower of £100.0 million or the Technical Provisions deficit at that time.

The Group continues to work closely with the Trustee in managing pension risks, including management of interest rate, inflation and longevity risks. The TWPS assets are approximately 96% hedged against changes in both interest rates and inflation expectations on the scheme's long term funding basis that is currently used for investment strategy purposes. The TWPS also benefits from a bulk annuity contract which covers some of the largest liabilities in the scheme, providing protection against interest rate, inflation and longevity risk.

Accounting assumptions:

The assumptions used in calculating the accounting costs and obligations of the TWPS, as detailed below, are set by the Directors after consultation with independent actuaries. The basis for these assumptions is prescribed by IAS 19 and they do not reflect the assumptions that may be used in future funding valuations of the TWPS.

	2023	2022
At 31 December		
Discount rate for scheme liabilities	**4.60%**	4.95%
General pay inflation	**n/a**	n/a
Deferred pension increases	**2.15%**	2.30%
Pension increases	**1.90%-3.70%**	2.10%-3.65%

The table below shows the impact to the present value of scheme liabilities of movements in key assumptions.

Assumption	Change in assumption	Impact on scheme liabilities	Impact on scheme liabilities (%)
Discount rate	Decrease by 0.5% p.a.	Increase by £90m	5.4
Rate of inflation*	Increase by 0.5% p.a.	Increase by £51m	3.0
Life expectancy	Members live 1 year longer	Increase by £66m	3.9

* Assumed to affect deferred revaluation and pensioner increases in payment.

10. Retirement benefit obligations (continued)

The table below details the movements in the TWPS pension liability and assets recorded through the income statement and other comprehensive income.

£ million	Present value of obligation	Fair value of scheme assets	Asset/(liability) recognised on balance sheet
At 1 January 2023	**(1,675.9)**	**1,646.3**	**(29.6)**
Administration expenses	–	**(3.3)**	**(3.3)**
Interest (expense)/income	**(80.3)**	**79.0**	**(1.3)**
Total amount recognised in income statement	**(80.3)**	**75.7**	**(4.6)**
Remeasurement gain on scheme assets	–	**29.7**	**29.7**
Change in demographic assumptions	**27.1**	–	**27.1**
Change in financial assumptions	**(34.9)**	–	**(34.9)**
Experience loss	**(29.5)**	–	**(29.5)**
Adjustment to liabilities for IFRIC 14	**8.4**	–	**8.4**
Total remeasurements in other comprehensive income	**(28.9)**	**29.7**	**0.8**
Employer contributions	–	**7.1**	**7.1**
Employee contributions	–	–	–
Benefit payments	**105.3**	**(105.3)**	–
At 31 December 2023	**(1,679.8)**	**1,653.5**	**(26.3)**

£ million	Present value of obligation	Fair value of scheme assets	Asset/(liability) recognised on balance sheet
At 1 January 2022	(2,482.3)	2,445.3	(37.0)
Administration expenses	–	(2.3)	(2.3)
Interest (expense)/income	(44.9)	44.3	(0.6)
Total amount recognised in income statement	(44.9)	42.0	(2.9)
Remeasurement loss on scheme assets	–	(746.1)	(746.1)
Change in demographic assumptions	(20.0)	–	(20.0)
Change in financial assumptions	758.8	–	758.8
Experience loss	(73.6)	–	(73.6)
Adjustment to liabilities for IFRIC 14	84.1	–	84.1
Total remeasurements in other comprehensive income	749.3	(746.1)	3.2
Employer contributions	–	7.1	7.1
Employee contributions	–	–	–
Benefit payments	102.0	(102.0)	–
At 31 December 2022	(1,675.9)	1,646.3	(29.6)

11. Own shares

During the prior year 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.

12. 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
Balance at 1 January 2022	921.0	(84.0)	837.0
Net cash flow	28.7	–	28.7
Foreign exchange	2.6	(4.5)	(1.9)
Balance at 31 December 2022	952.3	(88.5)	863.8
Net cash flow	**(185.8)**	–	**(185.8)**
Foreign exchange	**(1.6)**	**1.5**	**(0.1)**
Balance at 31 December 2023	**764.9**	**(87.0)**	**677.9**

In December 2022, the Group entered into an agreement to refinance the €100 million loan notes maturing in June 2023. The new loan notes were issued in June 2023, maturing June 2030.

13. Dividends

£ million	**2023**	2022
Proposed		
Interim dividend 2023: 4.79p (2022: 4.62p) per ordinary share of 1p each	**169.1**	162.9
Final dividend 2023: 4.79p (2022: 4.78p) per ordinary share of 1p each	**169.4**	169.0
	338.5	331.9
Amounts recognised as distributions to equity holders		
Paid		
Final dividend 2022: 4.78p (2021: 4.44p) per ordinary share of 1p each	**168.8**	160.9
Interim dividend 2023: 4.79p (2022: 4.62p) per ordinary share of 1p each	**169.1**	162.9
	337.9	323.8

The Directors recommend a final dividend for the year ended 31 December 2023 of 4.79 pence per share (2022: 4.78 pence per share) subject to shareholder approval at the Annual General Meeting, with an equivalent final dividend charge of c.£169 million based on the number of shares in issue at the end of the year (2022: £168.8 million). The final dividend will be paid on 10 May 2024 to all shareholders registered at the close of business on 2 April 2024.

In accordance with IAS 10 ‘Events after the Reporting Period’, the proposed final dividend has not been accrued as a liability at 31 December 2023.

14. Alternative performance measures

The Group uses a number of alternative performance measures (APMs) which are not defined within UK-adopted international accounting standards. 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 statutory measures. The following APMs are referred to throughout the year end 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 tax and profit for the period, on the face of the Consolidated Income Statement.

Operating profit and operating profit margin

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

	2023	2022
Profit on ordinary activities before financing (£m)	**467.8**	827.5
Adjusted for:		
Share of results of joint ventures (£m)	**2.4**	15.9
Exceptional items (£m)	**–**	80.0
Operating profit (£m)	**470.2**	923.4
Revenue (£m)	**3,514.5**	4,419.9
Operating profit margin	**13.4%**	20.9%

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.

	2023	2022	2021
Basic net assets (£m)	**4,523.4**	4,502.1	4,314.0
Adjusted for:			
Cash (£m)	**(764.9)**	(952.3)	(921.0)
Borrowings (£m)	**87.0**	88.5	84.0
Net taxation (£m)	**(21.8)**	(18.8)	(26.4)
Accrued dividends (£m)	**–**	–	–
Net operating assets (£m)	**3,823.7**	3,619.5	3,450.6
Average basic net assets (£m)	**4,512.8**	4,408.1	
Average net operating assets (£m)	**3,721.6**	3,535.1	

Return on net operating assets

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

	2023	2022
Operating profit (£m)	**470.2**	923.4
Average net operating assets (£m)	**3,721.6**	3,535.1
Return on net operating assets	**12.6%**	26.1%

14. Alternative performance measures (continued)

Net operating asset turn

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

	2023	2022
Revenue (£m)	**3,514.5**	4,419.9
Average net operating assets (£m)	**3,721.6**	3,535.1
Net operating asset turn	**0.94**	1.25

Tangible net assets per share

This is calculated as net assets before any accrued dividends, excluding 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.

	2023	2022
Basic net assets (£m)	**4,523.4**	4,502.1
Adjusted for:		
Intangible assets (£m)	**(2.6)**	(4.2)
Tangible net assets (£m)	**4,520.8**	4,497.9
Ordinary shares in issue (millions)	**3,557.0**	3,557.0
Tangible net assets per share (pence)	**127.1**	126.5

Net cash

Net cash is defined as cash and cash equivalents less total borrowings. This is considered by the Directors to be the best indicator of the financing position of the Group. This is reconciled in Note 12.

Cash conversion

This is defined as cash generated from operations, which excludes payments relating to exceptional charges, divided by operating profit on a rolling 12 month basis. The Directors consider this measure to be a good indication of how efficiently the Group is turning profit into cash.

	2023	2022
Cash generated from operations (£m)	**288.9**	705.0
Operating profit (£m)	**470.2**	923.4
Cash conversion	**61.4%**	76.3%

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.

	2023	2022
Cash (£m)	**764.9**	952.3
Loans (£m)	**(87.0)**	(88.5)
Net cash (£m)	**677.9**	863.8
Land creditors (£m)	**(516.1)**	(725.6)
Adjusted net debt (£m)	**161.8**	138.2
Basic net assets (£m)	**4,523.4**	4,502.1
Adjusted gearing	**(3.6)%**	(3.1)%

Adjusted basic and diluted 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 in issue during the period. The Directors consider this provides an important measure of the underlying earnings capacity of the Group. Note 7 shows a reconciliation from basic and diluted earnings per share to adjusted basic and diluted earnings per share.

15. Post balance sheet events

There were no material subsequent events affecting the Group after 31 December 2023.