Full Year Results 2024

Thursday, 27 February 2025

2024 trading and market backdrop

Jennie Daly

Chief Executive, Taylor Wimpey plc

Agenda

Good morning, and welcome. Thank you for coming today. As usual, I will take you through the very brief highlights of 2024 before handing over to Chris, who will do a more thorough job around the results. I will then spend some time talking to you about what we are seeing on the ground in current trading and how we have set the business up to perform well for the year and beyond.

Delivering a good performance

I am very pleased with our 2024 performance, delivering what we said we would. I will kick off just by giving you a few of the highlights here. I am particularly delighted that we have delivered our results whilst achieving the highest construction quality scores, customer scores and overall build quality we have ever had at Taylor Wimpey. I would like to thank all of our teams and subcontractors across the Group for their hard work in achieving these results.

It has also been a year of reliable dividend payouts for our shareholders, whilst maintaining a strong balance sheet, demonstrating the way that we manage the business through the cycle. And as you already know, we are exiting the year with a strong landbank of 79,000 plots, which means that we start the year from a position of strength and are poised to take advantage of the opportunities brought by the improving planning policy background.

I know it is early days and it will take time to flow into the market, but it is a strong and welcome direction of travel.

2024 UK trading performance: stable sales rate

I showed you a similar graph to this last year, and I have just extended it to two years so that you can see the impact of borrowing costs on sales rates. This time I have excluded the bulks, just to give you a clearer picture.

While continuing to track the mortgage rate, you can see that fluctuations in rates have had less of an impact on monthly sales rates during 2024. There have, of course, been pinch points on affordability, as we saw in 2023, but at current levels we see an increasing number of people able to transact, whilst the smaller movements in volatility in rates have not particularly moved the dial.

Affordability does remain a challenge for many, especially for first time buyers, but given where we have come from, it is all moving in the right direction.

I will touch upon our customer behaviour later, but given the backdrop, we are very pleased with the 0.75 sales rate that we achieved, which includes only a small amount of pre-planned bulks. The rate, I think, underpins how we are feeling about the resilience of our customer and the underlying demand picture, which you can see in the improved order book, which is meaningfully up on last year.

With that, I will now hand on over to Chris.

Financial Review

Chris Carney

Group Finance Director, Taylor Wimpey plc

Summary Group results

Good morning, everyone. In 2024, we delivered what we said we would. Despite starting the year with a lower order book and navigating mixed market conditions, we achieved a good set of results in line with expectations.

As Jennie mentioned, we are particularly pleased with the UK sales rate of 0.75, which is 21% ahead of 2023. This not only allowed us to reach Group completions of 10,593 in 2024, but also enabled us to enter 2025 with a much stronger order book, positioning us well to improve on the £3.4 billion of revenue delivered in 2024.

As you know, we are always very disciplined on cost, and as a result, we run a lean business. However, in any period where volumes and revenue are reducing, it is particularly important to have strong cost discipline to protect margin and returns. I am pleased we have demonstrated that discipline in 2024, delivering an operating profit of £416 million.

The 2.6% reduction in tangible net asset value per share mainly relates to the additional £88 million fire safety provision we booked at the half year, together with a £14 million charge in the second half relating to the exit from our joint venture with Wandsworth Council. Both of these items are treated as exceptional. And the other results on this slide are shown before exceptional items.

UK performance summary

The quality and location of our sites, combined with the work we have done in marketing and sales targeting to improve the quality of our leads helped us to achieve stronger sales rates in every quarter of 2024 compared to 2023. This enabled us to deliver 9,972 UK completions towards the upper end of our 9,500 to 10,000 guidance range, and the blended average selling price was £319,000, also in line with our guidance.

The 3.8% reduction in private pricing was mostly related to mix, along with some underlying deflation, mainly on half one completions. As noted previously, the increase in affordable prices is the result of improvements to mix in geography, size and tenure.

Looking forward into this year, we are confident in our ability to grow volume and expect it to be weighted 45-55 in favour of the second half, similar to 2024.

For average selling prices in 2025. I expect the negative mix effect on private pricing observed in 2024 to reverse, along with a slight reversal of the positive mix effect on affordable pricing from 2024. Overall, half one should see blended average selling prices increase to around £330,000, also assisted by slightly lower proportion of affordable units in the half one mix.

UK operating profit margin

This slide aims to illustrate the various factors impacting the UK operating margin in 2024, compared to 2023. The impacts from house price inflation and build cost inflation caused a reduction in the operating margin in 2024. However, you will note both are lower over the

full year than those reported in half one, because there was no year on year change in underlying pricing and build cost for half two completions.

The 0.5% impact from landbank evolution is the same as half one, consistent with starting to trade out of some of the sites acquired in the years after the Brexit referendum, when the land market was most benign.

In most years we have a small number of land sales, which tend to be individual phases of larger sites. Those sales which are pre-planned, give us the opportunity to improve returns, reinvest the proceeds and diversify our land investments. Typically, land sales generate profit, but you would not expect them to move the dial very much on margin.

2024 was different because our land sales generated a margin of around 60%, and that improved the total UK operating margin by 50 basis points compared to 2023. Most of this benefit occurred in the first half, as we previously disclosed. And whilst there may be land sales in 2025, we are not expecting them to have a similar beneficial impact on margin.

Looking forward into 2025, despite volume growth, we are expecting the half one operating margin to be lower than in half one 2024 for the following reasons.

Firstly, we entered this year with an order book with underlying pricing on average 50 basis points lower year-on-year. Whilst we have seen some gradual improvement in pricing in the first eight weeks of this year, those plots in the opening order book with lower underlying pricing will flow through into completions in half one.

Secondly, we are not expecting land sales to have a similar beneficial impact on the margin in half one 2025. So that is a 50 basis point reduction year-on-year and 100 basis point reduction half-on-half.

Lastly, as flagged in January, we observed signs of build cost inflation returning. We now anticipate this inflation to be low single digits for 2025, primarily driven by material costs. The impact on half one will be limited, as the opening work in progress position includes very little year-on-year inflation. However, there will still be some impact in the first half, albeit at low levels.

Looking further forward into half two, it will be the pace at which interest rates reduce and how that plays through to affordability and consumer confidence, which will determine the scope for capturing improvements to house prices and, in turn, the trajectory of margins.

Summary Group balance sheet

Along with hitting our income statement guidance, I am very pleased that we have maintained a strong balance sheet and continue to invest in the business to prepare for growth. For the previous four year ends, we have reported a net cash balance in excess of our land creditors balance. This was an intentionally conservative balance sheet position, which reflected the degree of market volatility and uncertainty in the outlook.

As inflation and interest rates have reduced and the market backdrop has improved, we are confident in delivering sustained growth starting in 2025. It is appropriate, therefore, to begin returning the business to a more normal and efficient balance sheet position with low levels of adjusted gearing.

You can see we have increased our land and WIP holdings commensurate with a growth mindset. Over 65,000 plots in our short term landbank are owned, which is 7% more than last year, and over 40,000 plots in the short term landbank have detailed planning, which is 3% more than last year.

We start from a very strong position from which to drive growth, with a total of 7.8 years of supply in our short term landbank at current output levels.

Most of the decrease in the long term assets and JVs balance is due to the disposal of our Winstanley joint venture with Wandsworth Council. This mutual decision allows the Council to take a new approach to the regeneration scheme, to prioritise the delivery of affordable housing on a standalone basis. The disposal generated a loss of £13.6 million and a cash inflow of £18.5 million.

The increase in the provisions balance reflects the additional cladding provision booked in the first half, offset by spend and by the release of part of the provision to reflect it being recognised in our Greenwich Millennium Village joint venture in the period. And there is a slide in the appendices which provides the details on this.

Group cashflow

Turning to cashflow. This chart shows that the Group generated a very healthy amount of cash from operations and closed the year with a strong net cash position of £565 million. This is despite the investments made in land and WIP to drive future growth, which will increase the productivity of our 22 regional businesses in the UK and improve the asset turn.

We noted in January that we are planning to open more outlets this year than in 2024. And although the openings are weighted towards the second half, there will be upfront infrastructure spend to achieve that in half one.

I would also like to highlight the other category, which includes £29 million of spend on fire safety in 2024, which you can see in the footnote to the chart. This is expected to increase to around £100 million in 2025, now that we have more remediation projects underway. Within that figure, we are also anticipating reimbursements to the Building Safety Fund in half one of approximately £31 million.

Our capital allocation priorities

Moving on to capital allocation. No changes here, but I would like to make a few points. Taylor Wimpey is committed to maintaining a strong balance sheet. As I mentioned earlier, we consider now to be the right point in the cycle to move towards a growth oriented stance, and we do so from a position of strength. Having successfully managed the balance sheet on a conservative footing through a period of tougher trading while continuing to pay a consistent dividend to shareholders.

We can achieve growth and deliver improved asset turn and return on capital whilst maintaining our strong balance sheet, and we remain committed to doing that.

Our appetite for investment in land and WIP has, and will continue to be driven by the quality of the returns those investments can deliver. The NPPF represents a very positive change to the outlook for the supply of consented land, but at this point, supply remains constrained and there is strong competition for the sites that are out there. We do not need to invest heavily in land in 2025 in order to retain confidence in delivering growth in 2025 and 2026

and beyond. Because, as I have already said, our short term landbank provides a 7.8 year supply at current output levels. So we are not constrained by a choice between growth and value. We can be selective.

Lastly, our ordinary dividend has consistently provided a reliable return to shareholders, and we intend to continue to pay it through the cycle.

2025 guidance

Finally turning to guidance. We came into 2025 with an improved order book. Trading in the year-to-date has been ahead of the same period last year. So we are setting our UK volume guidance for 2025, excluding joint ventures at 10,400 to 10,800 completions, which represents growth of between 4% to 8% on 2024.

As I mentioned earlier, we expect UK volumes to be weighted 45-55 in favour of the second half, similar to the delivery profile in 2024, and we expect the affordable mix to be around 20%.

In terms of Group operating profit, assuming volumes around the middle of the guidance range, we expect performance to be in line with market expectations, and current consensus is £444 million for Group operating profit, including joint ventures.

Net finance charges will shift to an expense of around £20 million in 2025, and this change is mainly due to a decrease in interest receivable resulting from lower average cash balances and reduced deposit rates.

Additionally, we anticipate higher levels of imputed interest on land creditors, consistent with the increase in the land creditor balance.

Finally, we expect around a £2 million share of profit from a similar level of JV completions in 2025.

So in summary, I am very pleased with the Group's performance in 2024, delivering a strong result in what was a challenging market. Looking forward, we are fully focused on leveraging our excellent land position to drive volume growth in 2025 and beyond, which will enable us to enhance our return on capital in the future.

I will hand you back to Jennie.

Fit for the Future: Priorities for the year and outlook

Jennie Daly

Chief Executive, Taylor Wimpey plc

Underpinned by supportive fundamentals

Thank you, Chris. Okay. Before we get into how we are set up and our plans going forward, a brief look at the demand backdrop that we are facing into.

I think it has been encouraging to see how supportive lenders have been and how they have maintained competitive rates, despite some macro noise and volatility in swap rates. And we can see from their efforts to hold rates where they can that they remain committed to mortgage lending, including in the new homes sector.

Mortgage availability remains good at present, including an increased number of lenders offering higher 95% loan to value products. Unemployment remains at lower levels, and for those with larger deposits, the cost of servicing a mortgage is lower than rental costs.

Overall, we are confident that medium term drivers are robust, underpinned by a strong desire for home ownership, significant structural underlying demand and a resilient employment position.

Our IFA's are reporting a higher percentage of first time buyers in the mix, and lenders are keen to lend with good product availability, with numerous new product and lender initiatives to improve affordability, most notably increasing borrowing limits for first time buyers.

Borrowing trends continue to reflect extended mortgage terms to support affordability and customers choosing fixed rate mortgages.

Finally, we have not seen much of an impact as we might have hoped. But the increasing interest in energy efficiency and green mortgages, I think, will further support new build, given the considerable environmental advantages and lower running costs of new homes.

Our approach to driving quality leads

I have talked to you in the past about the sales funnel. The skill is in converting initial interest into actionable leads and from there to appointment and reservation. Whilst the improved market has had a positive impact on organic customer interest, which you will see on the next slide, we have not been complacent.

Our team has done quite a lot of work on improving the efficiency and user friendliness of our website, as well as the quality of our website visits through a range of initiatives and incremental improvements in our approach to marketing and sales targeting.

We have made a number of system changes and upgrades to every stage of the online experience, so we now have more targeted email communication benefiting from increased automation, and we have improved navigation and optimised the user journey through the website, including a streamlined appointments booking system.

We have also reviewed and changed our approach to where and how we use advertising channels to increase the quality of website visits. As we anticipated, this does reduce total website visits by decreasing the number of poor quality visits, and as hoped, these changes have increased the conversion from website visit to enquiry and then appointment.

To put some numbers on that for you in the first eight weeks of 2025 compared to the same period last year, our conversion rate from website visit to enquiry has increased by 7%. But more significantly, our conversion rate from website visit to appointment booked on the website has increased by 59%. This in turn is translating into an 11% increase in appointments booked via our website year-on-year and a 25% increase in web appointments per outlet year-on-year.

Improved organic customer interest and increased quality of overall traffic

Here are the familiar charts on customer interest. As you can see, we have seen an increase in organic traffic, which is up by over 30% in the first eight weeks of 2025 compared to the same period last year, reflecting the improved backdrop, which is encouraging, of course, to see.

Reflecting that quality optimisation effort that I mentioned earlier, you can see that the total website visits are down. You will also see a noticeable dip on the graphs around weeks 29 to 34 and then subsequent improvement.

There is a full explanation for this on the slide, but in short, it relates to platform changes undertaken at the time. While total appointments are down year-on-year, which captures a reduced walk in rate within that website booked appointments are up, which is what we expected from the changes that we had undertaken, and not to forget the all-important feedback from our sales teams who are corroborating the data that the commitment and proceedability of prospective customers attending appointments has improved.

Current trading

Which brings us nicely onto current trading. So you can see the year started off well from a sales perspective, with sales rates up 12% year-on-year with, and I do use the term advisedly, relative stability in the backdrop. So far every week is up on the comparable. And you will remember that this time last year was a fairly good period also, so I am pleased with the business's performance thus far.

This means that our total order book is up on last year, placing us in a good position to grow completions this year. It is not easy, our teams are continuing to work hard to grind out sales and incentives remain an important driver in gaining commitment to buy.

And on affordable housing, whilst conditions for housing associations continue to be challenged when it comes to Section 106, we are in a good place for our 2025 affordable deliveries.

Our campaign ‘Stop Waiting, Start Living’ is landing well and the feedback from customers has been excellent, encapsulating as it does, I think, a message which is clearly resonating with them. There remains a strong desire for home ownership and a sense of not wanting to wait or put buying off indefinitely.

There do remain regional differences in how the market is performing, as we outlined in January. While things continue to improve in the North, around our London and South East businesses in particular, things are feeling a bit tougher, given stretched affordability.

Though, confidence is good. Affordability is pinched in some areas, and where average selling price is higher, chains tend to be longer and more fragile. Helpfully, though, we are seeing the cancellation rate evening out.

Overall, the pricing picture has incrementally improved since the start of the year, and current pricing is now flat year-on-year.

Fit for the future

I just wanted to remind you of how we have set ourselves up. Our strategy remains consistent based on our four strategic cornerstones of: land, operational excellence, sustainability and capital allocation.

This strategy enables us to respond and adapt quickly to changing market conditions, but also to position the business to drive sustained growth and returns for all stakeholders.

In the next few slides, I am going to show you a bit more colour on how we are set up for what is hopefully the next phase of the market and a return to sustained growth.

I do not think any of you will be surprised to see that it starts with our excellent landbank, our continuing focus on driving operational performance, and then the wider measures throughout the business, all of which build our capacity for growth.

A quality landbank ready to deliver

At the outset, I am not going to make an apology for telling you yet again how great our land position is. As you know, this is key for any housebuilder and everything flows from there. We have a strong and long landbank. In future years we expect landbank years to drop as land conditions improve and volumes pick up. However, for now, having a slightly longer landbank through what we expect to be a transitional period remains an advantage.

While our landbank is quite stable, we have increased our owned share of the landbank by over 4,000 plots year-on-year, reflecting some underlying progress through the planning journey for a number of sites.

Our strategic land and pipeline is and will remain a differentiator. I will remind you of its maturity and that you cannot get to this position overnight. We have invested in our team throughout the cycle, even in times when land flowed much more freely in the open market. And this consistency is why we are confident that we will continue to drive value from our strategic land in the coming years.

The new NPPF is welcome news, and to reiterate, we are on the front foot with 26,500 plots for first principle planning already in the system, and that was as of 31st December. There are more applications being prepared across our operational businesses and strategic land to follow this year. So you can see how well we are set up.

The recent planning policy changes are excellent and are capable of delivering a step change in planning outcomes. However, we do continue to need increased resources and a focus on the implementation phase now to really drive the outcomes and the most recalcitrant into action.

Overall, the Government's ambition is good news though, and we are starting to see positive signs of this on the ground from the revised NPPF. Changing the methodology of housing need and making targets mandatory, together with the presumption in favour of sustainable development, has already had a positive impact on a couple of recent decisions and appeals, now including applications that had initially met resistance and would, but for the changed environment, have been refused and gone to appeal.

But whilst it is an improving picture, it is still a patchy one. Last year we approved 12,000 plots and completed just under 10,000 plots in the UK. As you know, we also benefited from a greater number of good value opportunities in the run up to the budget in particular, many bringing forward high quality deals on attractive terms that would otherwise have transacted in half one this year.

We expect the land market to continue to be competitive during this transitional period before the full impact of the NPFF is felt.

So with a strong landbank in place, we will continue to be opportunistic if we see attractive opportunities in the land market, but we feel no pressure.

Resilient outlets and site depth supporting volume growth in 2025 and beyond

This is a slide we showed you last year just outlining the depth of our portfolio. As you can see, there is good dispersion between small, medium and larger sites. This year we will continue to benefit from multi-year sites, meaning that we are not reliant on this year's openings for 2025 volumes.

And as a reminder, we are already on all sites from which we expect to deliver 2025 completions. And as I have said before, we will open up more outlets in 2025 than we opened in 2024, which, though weighted towards the end of the year, will support volume growth beyond 2025.

Focused on operational excellence to drive value and sustained growth

Moving on now to operational excellence. Our approach here is very much part of the business culture now, but it is worth flagging some of the ways in which we are continuing to drive marginal gains. And so stay ahead of the curve.

This is a business wide focus starting centrally with our procurement and partner strategies. The closer we can work with our suppliers, the more accurately we can drive our efficiencies, improve forecasting, and as a result, drive better deals and deal structures.

Our value improvement programme identifies opportunities for savings and productivity from our suppliers, to achieve savings in a way that protects the quality for our customers and retains the quality of our technical specifications.

Let me just give you an example or two. On materials, there were clear areas such as brick and roof tile materials and colour palettes where we found savings by identifying different products with very similar attributes but with no lesser specification. And we also removed certain materials from supplier packages entirely, where we can source these for better value directly, reducing costs.

On productivity, our central logistics function remains key to our strategy in driving efficiencies through standardisation. We are also increasing the use of our standard house types, something that we have been driving throughout the business for a number of years, with standard house types now representing 94% of 2024 house completions.

Taylor Wimpey Logistics remains key to our approach to driving efficiencies through standardisation and in the year we upgraded the Taylor Wimpey Logistics warehouse management system to drive further efficiencies and ensure we are future fit.

Overall, there are dozens of initiatives Group-wide which, though marginal individually, combined to incrementally offset cost pressure.

Prepared for future regulation

So we are, of course, always mindful of the regulatory backdrop and our approach is to prepare well ahead of changes wherever possible, and I think we are in a good place.

Mitigating action is helped by our unwavering approach to health and safety, which is our number one priority. Our partnership approach when working with subcontractors, as well as a major focus we have placed on driving build quality over recent years.

We are expecting an update on the Government's future home standards, together with transitional arrangements in the summer. And as you know, our Sudbury trial and other

ongoing developments, we are well positioned to implement the necessary changes once the Government's preferred approach is confirmed.

The same is true for changes associated with the Building Safety Act. I would emphasise our excellent CQR scores here as evidence of how well we and our subcontractor base are placed in terms of build quality standards.

Finally, in respect of the Building Safety Levy, this is expected to be published in March with a six-month transitional period. There remains a number of unknowns here. However, we are working to prepare the business for these changes and to mitigate the impact, in so far as will be possible on existing assets and to recognise the likely cost in ongoing and future land price negotiations.

The capacity built for sustained growth

We continue to look to the future and have been focused on prioritising a number of areas across the business, which will ensure that we are fit for the future and prepare our business for the next phase of the cycle and the opportunity for growth.

So first up, a reminder that we retain the capacity and the ambition to deliver higher volumes as the markets recover. Continuous business improvement is vital and will remain embedded in the way we work. Our timber frame factory is a key component in supporting efficiency and environmental performance, and though we have much to do, we are pleased with the progress and are already driving cost efficiency into this newest part of our business.

We remain a business which values its people. And as we look to sustain growth, we are focused on attracting, retaining and developing the best people with an attractive and competitive offering for our employees.

In developing our digital capabilities, we are focused on driving efficiency and productivity, freeing up employees to focus on areas of greater value to the business, such as scrutinising costs and value improvement.

We also launched Taylor Wimpey Innovate^TW this year, which is a business-wide IT upgrade to further digitise the business, including the use of AI to free up time on repetitive tasks and allow our employees to focus on more value adding activities. A good example of this can be seen in the business adoption of Copilot, with early benefits being especially seen in the quality and speed of our customer service engagement.

We will continue to leverage technology to improve our efficiency and to share best practice across the Group.

Outlook

Finally, we are really pleased that the Spring selling season has started well with good levels of demand for our quality homes. We came into 2025 with an improved order book when compared to the prior year, which puts us in a strong position to continue to grind out value where there are opportunities to do so.

With the private order book up 25% in volume, we are well set up for completion growth in 2025 and have remained focused on building our order book, which is now a total of 8,021 homes. We expect 2025 UK completions, excluding JVs, to be in the range of 10,400 to 10,800 homes, with approximately 45% occurring in the first half.

It has been a challenging couple of years, but I think we have proven to be a strong and resilient business with a clear strategy to manage the cycle, focused on driving value and operational excellence while investing in the long term success and sustainability of the business.

We are now looking forward to opportunity. With an improved planning and market backdrop, we are in a great place with a strong balance sheet, excellent landbank experienced teams to deliver sustained growth.

Let us open up for questions.

Q&A

Will Jones (Redburn Atlantic): Try three please, if you do not mind. The first just exploring the slight improvement in pricing so far this year. Should we assume from your comments that is a Midlands and North thing as opposed to South. I just wonder what scope you see for that to continue to grind higher.

Second, outlets. I appreciate you would not want to guide on numbers over the next year or so, but just I guess conceptually, medium term, when you think about the rough move you have had from 300 down to 200-ish on a landbank size that is more or less held. Do you see scope that longer term that a number closer to 300 could be achievable in a better planning world?

Perhaps linked to that really just the wider theme of asset turnover. You mentioned landbank length reducing again medium term, but are there any other levers you have in mind, perhaps around WIP or other factors that could help improve the asset turn? Again, more medium term.

Jennie Daly: Okay. Look, I will just take those in order. From a pricing perspective, we have continued to see the North strengthening and improving. It would be wrong to think that the South is not improving. We have seen some improvement there. Look, it is easy to characterise it as North and South. You know that we often say, every site on its merits, and we look at each site.

Even in some of those regions that are polarised, there are sites that are performing really well and there are sites that are perhaps experiencing a little bit more of a challenge. But generally improvement across the across the board but still weaker, as I said in my overview, in the London and South East area.

On outlets, I mean, if we are talking conceptually, almost anything is possible. From a planning perspective, we do need to see the proof in the pudding. I am anxious now to see us move off the black letter of policy and see the action on the ground. So I am really focused on that implementation phase with Government.

How the Planning and Infrastructure Bill, which we are expecting later in the Spring, progresses through the House, what those actions are that would speed up local authorities, I think is really important.

Then probably the only other variable that I would mention is viability that cumulative burden of regulation and how that plays through into overall viability will affect the number of sites that the planning system then can push out that can be viably delivered by the sector.

But if we had a freer flowing planning system, then you would expect to see outlets building. And I see no reason why Taylor Wimpey would not be taking our share of that opportunity.

Then on asset turn. I mean, we run our business tightly. We are investing in opening outlets this year, as Chris has indicated. We obviously do do some bulks, but we tend to look at those on a project by project basis. But really driving an efficient business, reducing the overall size of the landbank when planning is proving that it is appropriate to do so. I think we will all flow into the mix.

Is there anything you would add there, Chris?

Chris Carney: Yes. I mean, obviously operating asset turn is sort of at 0.9, which is the lowest it has been in the last 10 years. I think the peak was 1.6. The average is about 1.3. And I do not see any reason, as Jennie says, if the supply of consented land improves with the NPPF and we can get affordability improving to drive demand, why we cannot get back to 1.3, certainly.

Beyond that then, you need to have a number of years of consistent, sustained growth to get a shot at that.

Will Jones: [inaudible]

Jennie Daly: Look, I am really pleased with the business performance. And you can see some of the work that we are doing on marketing, trying to keep really focused on that. We talk about grinding it out. It is hard work. And the teams are doing well.

But that customer confidence remains. That is fairly fundamental to the next few months.

Allison Sun (Bank of America): Three questions from my side. First, you mentioned the balance sheet is expected to be more normalised or efficient in the future. But can you give us some colour, as in the mid-term, how you expect, let us say, cash or debt to evolve?

Second question is on sales rate versus ASP. Because I know you mentioned you want to hit a balance. But in the near term, do you guys maybe focus a little bit on the sales rate improvement before you want to hit the ASP. What is the balance exactly we are talking about here?

Lastly is on the fire safety levy. We know we have not got any details from the Government yet, but have you done any like internal estimates? How much more cost per unit could be if got launched?

Jennie Daly: Okay, I will take the last two. Chris, if you want to take the balance sheet. But on the sales rate versus ASP. I mean again I would continue to remind you that the business does not run at one speed. It is an assessment that we make on a site by site basis that the divisional chair who are in the room today, the MDs, the sales directors, constantly looking at where there is advantage.

So if we are getting a free flowing sales rate with strong demand, then we will be taking every opportunity to drive prices, it is what our sales teams are trained to do. It is not sales rate over ASP growth. It will be driving what each site can deliver on behalf of the business.

On the fire safety levy, there is really limited information and some of it is quite old because the consultations for the Building Safety Levy were undertaken in 2021 and then again in 2022, 2023. At that point, there was a putative cost of around £3,500. But it was also

indicated that it was likely to be variable across different markets. It is really hard for us to make estimates, Alison, that you have suggested.

What I can say is that our teams are entirely motivated and active running the mitigating strategies that we believe are available. So a lot of activity right across the business to limit its impact. And then balance sheet?

Chris Carney: Yes. To-date I have avoided putting a number on what low adjusted gearing means, mainly because I do not want to hamstring the business into having to perform to a specific number. It can change a bit depending on the current environment and the outlook. Yeah, I am probably not going to get drawn on exactly what low means. But if you look back through history beyond the four years that I quoted in my section, that you get a fair idea of what the typical levels are in a normal market.

Sam Cullen (Peel Hunt): I have got two, but really one. Again, it is price and volume. You have given us obviously a bit of colour on the landbank in terms of split of average site size. Can you talk around the outlets you have got at the moment and probably give us a bit more colour around the breadth and depth of those outlets, and how close they are to the optimum mix of product or house types you want on those outlets, and therefore your ability to really maximise price on those? Are you holding too many sites that are slightly long in the tooth and you would like to get off and therefore have more limited pricing power than you might have with a 0.75 sales rate? It looks optically quite high.

Then related to that, I guess you have talked about the low level of down valuations. I guess, A, how low is it? And B, should it be higher?

Jennie Daly: Yes. Okay. I mean, in terms of outlets, it is an entirely dynamic environment. We talk about the level of focus and assessment that our teams undertake when we are actually buying the land, the land quality, the assessments that we do around the demographic, affordability and work to match our mix to the local area and to maximise the level of market absorption.

But you do hit little areas, whether it is driven by planning or as you are exiting a site, you have what you have. But I think that we are resilient enough as a business and ensure that we can smooth those various sites, peaks and troughs and overlaid across the many sites that we have.

We talked at the January call that we were pleased that we had all of our sites opened at the end of the year that we needed for this year. Really good headway has been made on those. There is a mix of those across our regions, some small, some medium, some large that will operate over a long period of time. Given the proceedability of the customers that we are seeing and the fact that particularly through the last few years when we might have expected first time buyers, for example, to think about downsizing for affordability. Because we have got more mature first time buyers who have already formed households, that is not something that we are seeing a lot of. So our mix has been actually really resilient from a customer facing perspective through the last few years, and I have every expectation of it remaining so.

I think in terms of the down valuations, it is a really good question. We watch them quite carefully. I would probably describe them as they are low. But they do happen and they

happen in reasonable numbers. It is a real balance. Partly they are testing us. Are we in the right pricing. And we have lots of discussions at our management teams and again locally around pricing.

But if they cross the threshold of a number, it can be very disheartening for customers. It delays the process and actually our relationship and dialogue with lenders becomes rather self-defeating. I think that we have enough coming through, Sam, to test us and to continue to trigger the thought process of are we in the right pricing, but not so high to be a concern that we are missing the price point and missing sales opportunity and causing potential customers disadvantage in the market.

Ami Galla (Citi): A few questions from me. One was on regulation. After the June rent settlement that everyone is looking forward to from the Government, do we expect the bottlenecks on housing association take up of Section 106 to ease from there? I.e., will we see a stronger order book build on social following that, or do we need more in terms of budgetary support on the affordable side?

The second one on demand side support from the Government. Following the announcements on the mortgage guarantee scheme becoming permanent. Do you think that is it or is the Government looking for further support in other measures in the future? In terms of your conversations with the Government, is there a demand side push that is coming through at all.

One on financials. You have touched upon the investment on infrastructure up front in the first half for the outlet openings ahead. Can you give us some colour or scale of the WIP build up that we need to factor in for this year, for the outlet growth that we assume?

Maybe the last one just on build costs negotiations with the supply chain. The sort of contracts that we are getting now, is that like a 12-month fixed contract pricing, or are we getting longer term two-year visibility on terms of pricing on materials?

Jennie Daly: Okay. Quite a bit in there. Chris, I will come back to you for the financials. The rent settlement. I mean, as far as I am aware Ami, we still do not know quite the size of the rent settlement. I think the five year was the Government's proposal. I know that the sector are sector seeking a 10 year.

The longer the rent settlement period, the more confidence that the housing associations will have around their future investment profile. The longer the settlement, the better it will be from a Section 106 perspective.

Look, I do not think that the rent settlement is the silver bullet. I think it will help in the medium term, but there is probably still a need for a short term intervention, in my view, from Government. I would be looking to the ministers to issue a written ministerial statement, for example, to encourage local authorities to enter into what we call cascade negotiations so that we can keep moving in the market.

So I think that the rent settlement is important in the long end of short to medium term, but there is likely to be some more assertive intervention that is needed at the very front end.

On the demand side support, I mean, we can see the Government have been really focused on supply and supply side remains the thick end of the dialogue that we have with Government. The mortgage guarantee scheme, it is not unhelpful to have it on a permanent

basis, but we would need to see more lenders lending in the 95% loan to value area for it to really start making meaningful difference.

And although that reduces the deposit demand, it does increase the service costs of mortgage. So it is not really moving the dial.

More interesting I suppose is that the FCA are looking at reducing some of the prudence that was introduced post Great Financial Crisis and that could be helpful. But I suspect that really it is the Prudential Regulation Authority and how it is impacting the lenders that needs to move.

And on build costs negotiations, in the main we negotiate for the year. Occasionally, we get two year deals. It very much depends on the nature of the commodity for the supplier. And then in terms of our build contracts, the certainty that we can deliver to some of our subcontractors and the supply chain. So there is a mix in there, but it certainly is something that we have engaged in a number of different strategies depending on the category. Sometimes it is delay, sometimes it is around the rebate structure, sometimes it is around the fixed nature of the deal.

But we have got really good visibility now for this year around our build costs from the supplier end.

And then the WIP investment Chris?

Chris Carney: Yes. I mean, I think at the end of the year we were just under £2 billion of WIP invested. I am expecting that by the time we get to the half year, that is probably going to be between £2.1 billion and £2.2 billion, reflecting both the second half weighting of completions, but also that investment in infrastructure that I mentioned.

Aynsley Lammin (Investec): I think I have got three as well, actually. Just bringing together all the moving parts for the cashflow. Obviously, you have still got the dividend. You mentioned £100 million of building safety etc. and the interest cost going up to £20 million. What is the assumption behind that in terms of where the net cash balance is expected to fall for this year? Or maybe you prefer to see it on an average cash basis and obviously land creditors in there as well. But just interested a bit more explicit guidance around that.

Then secondly, Jennie, just interested to hear your view on whether the market needs any demand side support. If you are hearing anything from Government that that could be forthcoming or very unlikely.

Then thirdly, just on the blended ASP, Chris, I think you said going up to £330k, and I think that was mainly mix. Just wonder if you could give us split of expected private versus affordable for this year.

Jennie Daly: Okay. Do you want to take those?

Chris Carney: Yes. Okay. Yes, cashflow. Starting with cashflow. Obviously, we have not given any formal guidance for half one cash, but there are a few things to take into account. So yes, there is the £100 million expected full year cash flow on cladding. And that includes, as I said, £31 million in the first half, which is a repayment to the building safety fund.

You have got the typical pension contributions, which are £7 million a year, which are weighted £6 million to the first half, £1 million to the second half. I have already made the point about outlet openings. And I have made the reference to how WIP will trend in the first half and the fact that we have got the volumes half one, half-two weighted.

Clearly, there is a dividend out in May, which is, I think £165 million, subject to shareholder approval. So I would expect the typical reduction in half one net cash from the preceding year end, by the time we get to the end of the first half to be a bit larger this year than it would typically be, say, a reduction of somewhere between £200 million and £300 million.

That gives you a bit of a sense, Aynsley, I think, in terms of how the other pieces of the equation work. Obviously, with the usual caveat of depending on how land spend drops out.

Jennie Daly: Okay. Then on market. I mean, I think, as I have said, the engagement that the sector have had with Government have been very much supply side focused. And the actions that the Government have taken around demand side have been relatively small and not really driving material changes to the market.

I mean, I would count the conversation that we have just had around affordable housing as demand side that there is very much a call for Government to get more interventionist in this issue. Some of it may come from the spending review, but I think as I said in the shorter term more action from Government would be helpful.

We know that there is a review of Help to Buy ongoing within Government at the moment. But just to repeat the dialogue with Government is mostly focused on supply side.

Then Aynsley, sorry, your question on mix, your third question.

Aynsley Lammin: Just the mix between affordable and private for this year within the completions.

Chris Carney: Yes. So in terms of completions it is around about 20%. But I think you specifically were asking about the ASP and the £330k. Yes. Really what I was saying was, the negative mix impact that we had on private pricing from 2023 to 2024, I am expecting to reverse so that element of the pricing equation should go back to similar to the 2023 levels.

I also said that the affordable improvement in mix that we saw, that will unwind a bit. So not all the way but just a little bit. Yes. And that should get you to around about that sort of £330k.

Glynis Johnson (Jefferies): Just a few to tidy up, actually. Stealing all Chris's. When do you expect the full force of the NPPF to come, to actually be seen? Is it from basically the beginning of April onwards? Does it take six months? Does it take two years? I do not know if you want to throw in that your appeal success rate or not.

Second of all, given that you are already open on almost all of the sites that you need to deliver for this year, you talked about those sites being multi-year sites. Does that imply there is a margin mix impact that might come from that, given they are larger sites and larger sites used to be bought at higher gross margins.

Then following on from that your land cost to ASP has gone up. Can you just talk through that? I am sure there is all sorts of nuances, but if there is anything more from that.

Then lastly, again, just thinking about landbank margin. The strategic within your completions has ticked down. Are you anticipating going forward that that will tick up? Should 50% be a level that you would aspire to? Can you go beyond that?

Jennie Daly: Okay. Full force of the NPPF. It will take time. I referenced that we have seen some changes already. I think when we were speaking in January, we talked about some sites being approved that committee would normally take a few drives around the block before getting to. So we are seeing change. It is the momentum and the overall scale of the change right across the country.

I do not expect all areas to move at the same pace. It is just the nature of local politics, and some of the local constraints. But given the scale of effort the Government are putting in, what we expect to see is increasing numbers of applications going into the system. And I have been giving you visibility for some time as to how front-footed we have been as a business.

I am putting the business under quite a bit of pressure to get applications from our strategic pipeline into the system, which is why I do talk about resources. And if you think back a few years, we used to put our planning problems into two baskets: resources and the operation of the system at a local level, and resources has not gone away. The written policy word is not solving that problem. So that does need to be addressed.

On the implementation phase that I referred to, that is about clarity. It is about how are Government going to drive those decisions into local authorities and how are they going to address its uncertainties. I mean, you will have heard us speak over the years, planning is subjective. There is lots of grey areas around it. The more certainty the Government can give, as to the likely outcome of the application, the more applications that will go into the system and then hopefully be approved. And you can get that, that groundswell.

So if Government wants to deliver 1.5 million homes, they really need to get that implementation phase moving. If I was hesitant at all, that is the bit, just how muscular are the decision makers willing to be. But I can see change now. It is just how much momentum we can get in behind that.

If I think back to our discussion last year at the interims when the NPPF had just come out in consultation, it was never really going to be a 2025. It would have been the tail end of 2026 and volumes increasing beyond there. But we have got a lot in the system. We have got more going into the system. We are a business with a lot of activity ongoing at the moment.

In terms of the multi-year sites. I just want to be clear, it is not necessarily that we have opened more multi-year sites for this year. It is just that it is part of the mix and it helps us in terms of being on site and driving the volumes out. Look, our output margin is a factor of our input margins of land. We have always been really clear on that, so the mix really does matter.

Land cost for ASP going up. I do not think that is quite correct. Land costs in our short term landbank owned has actually gone down, I think from 13-point-something to 12.9%. So that has gone down. I think it is the approvals. Land costs as a percentage of ASP on approvals has gone up. And that is correct. That is at 17%.

That is just a reflection of the mix of sites that we were approving through 2024. There is a number of, a higher representation of smaller sites, for example, a representation of some sites, in very good markets, with higher land cost to ASP and some serviced. So there is a real mix in that, Glynis.

Then I think your last question was strategic land. Will it tick up? I would very much like to see it tick up. I mean, what I would say, and I remember coming to Taylor Wimpey and being told that our target for strategic land was 50% and thinking that that was unachievable because my experience from other businesses and having been involved in strategic land was that 30% was actually a really good level.

So 50% and for the length of time that the business has supported it is a real testimony to the endeavour and the investment that we have made in strategic land. We know the planning has been really challenging over the last few years. I do expect it to go back up again. I think that is certainly one of the reasons that we keep it around.

Chris Millington (Deutsche Numis): I just want to ask one really. It is just about the appropriateness of devoting 100% of your post-tax profits to dividends still. We are at a point in the cycle here where we are potentially looking at a much better planning regime. Your outlet numbers as Will touched on before, are down a third from where they used to be in 2013-2014. To build back the profits and to get that overhead recovery back to a decent level at the firm, we do need to see volumes build back and that the market may give us that.

But is it the right thing to be doing at the moment to devote so much money to the dividend? And perhaps under what environment would you look to devote more of that to investment in the business?

Chris Carney: Yes. When we set our dividend policy, we set it with the intention of paying it through the cycle. We always accepted that there would be a period where the dividend would be uncovered. We went through the capital allocation policy and our priorities in terms of keeping a strong balance sheet. Well keeping a strong balance sheet is really critical in enabling us to pay the dividend through the cycle.

Now, a typical downturn from the past is quite different to the shape of this downturn. But you can see that actually the policy has been very successful because we have had a number of years now of challenging markets, and we have emerged with a very strong balance sheet, but not just in net cash terms. We have emerged with a very strong balance sheet in terms of our landbank position.

And so we are guiding to growth in 2025. We are confident about delivering that growth. And with a 7.8 year short term supply, why would not we be confident about continuing to deliver further growth, assuming that the market is supportive.

Yes, I am delighted that actually the distribution policy has proven to be successful and sustainable. What we will never say is that it is able to be paid out, uncovered forever because that is impossible. But you would not expect us to stay where we currently are, where we have been for the last two years, forever.

Our intent is to grow the business and that will obviously improve the cash as well and cash generation.

Chris Millington: Do you not think there is a window of opportunity here to devote more capital? When Taylor Wimpey came out of the GFC it was somewhat constrained. Could you leave yourself at a disadvantage to peers who can devote more capital to growth and to expansionary land spend?

Chris Carney: Well, I would say at the moment that we are not limited in the amount of capital that we can deploy. I talked about really deploying capital. Our critical thing is the return that we can get from that. The supply of consented land is still constrained. There is still quite a lot of competition for the land that is out there.

We obviously anticipate that with the changes with the NPPF that that will improve. Absolutely, we will be well and truly ready for that. But we are under no pressure, Chris, as we have said, because we have got such a strong land position.

Alastair Stewart (Progressive Equity Research): A bit of a philosophical question for Jennie about the potential for housebuilders, plural, to seek recompense for fire safety remediation. Yesterday the Government named seven companies that they were going to investigate in the supply chain, having previously, under Michael Gove, focused overwhelmingly on the big bad housebuilders. Yesterday I saw in Construction News, sadly I did not get through the paywall, that Taylor Wimpey are suing an architect could not find out any more for that. I am just too tight.

Then I do not know if you heard a week or so ago, Michael Gove launching a possibly libel tirade on three named material producers. Put together as an industry, do you think the tide is turning from you as an industry fighting, constantly fighting, a Government now with the potential for recompense through the courts? That is one question.

Jennie Daly: Sorry. Do you have others, Alastair?

Alastair Stewart: Only one question.

Jennie Daly: Yes. I mean, look, litigation is something that probably not best discussed from the podium.

Alastair Stewart: That is why I asked philosophically and as an industry.

Jennie Daly: Look, we are a business. We do hundreds if not thousands of contracts and enter into agreements and particularly with professionals that we are expecting them to deliver good quality advice. If that advice, design, or other things is found wanting, then as our shareholders would expect, then we would look to lever the benefit of the contract.

So I do not know that particular case, but from time to time we would litigate with those that advise us.

Around the material suppliers. It has been a matter of some concern and I suppose, annoyance from the housebuilders that, as you mentioned, we each have set our own self remediation programmes and provisions that we pay a residential property developers tax, which is 4% over corporation tax. Now we have got the Building Safety Levy, which feels the third time of asking that there has been a level of inaction around the material suppliers.

We have often called on Government to ensure that those that have been found of wrongdoing are held to account for that.

We would look at it on a site by site basis. As part of our cladding remediation provision, we have not assumed that we can get recoveries, but I would not want that to be taken as we do not intend to pursue them where there are good cases to do so. That may be in the advisory chain or in the material suppliers, but that would be very much on a case by case basis. And certainly not a plural action across the sector that so far as I am aware.

Okay. Well, look, thank you very much for your attendance today. I wish you all a good day. Thank you.

[END OF TRANSCRIPT]