



# **Half Year Results 2025**

Wednesday, 30 July 2025

## Highlights

Jennie Daly

*Chief Executive, Taylor Wimpey plc*

### Agenda

Good morning, everyone. Look, good to see you all today. Just to get us started. As usual, I will take you through some of the highlights from the half, and Chris will take you through the detailed financials. Then I will come back on how we are set up and the outlook.

Firstly, underlying performance is good, delivering in the first half what we said we would. Turning to the current housing market conditions. The fundamentals underpinning demand remain good. However, the market has softened more recently and is a little bit more uncertain than we hoped for coming into the year. I will come back and talk about that a bit later. But you will have seen that we are reconfirming our guidance for the year of 10,400 to 10,800 completions.

Of course, you will also have noted the announcement this morning of an increase in the cladding and fire safety provision. Chris is going to cover this in more detail shortly with a full explanation of what has driven the increase. So just upfront from me, the topic of cladding remains very important to us, and we are 100% committed to getting this right, to doing the right thing for our customers and leaseholders and, of course, progressing the remediation works swiftly without compromising safety or quality.

Then finally, you will have seen from our release this morning that we are going to be hosting an investor and analyst event on 1<sup>st</sup> October. I think, as you know, our strategy at Taylor Wimpey is to focus on through the cycle operational delivery. As we look to the next stage of the cycle, I think now is the right time to take you through how we have set up the business for growth beyond 2025. So I hope you will all join us for that.

### First half highlights

Okay. So, turning now to our usual highlights slide. A sales rate of 0.79 per week, which is 0.73, excluding bulk, I think was a good performance against a market that was robust up to spring, but not as strong during the second quarter.

As you can see, we grew Group half one completions, including JVs by 11%. However, operating margin was impacted by an unexpected cost at a completed London development undergoing remedial works, where we stepped in to take over work of a principal contractor who has withdrawn from site due to financial difficulties.

My thanks go to our teams and subcontractors across the Group for all of their hard work in achieving today's result. And we will come back later in the presentation on how we are positioned for the future, but our strong landbank and continuing drive for high standards and customer service and quality give me significant confidence in the future.

### First half trading performance

We have characterised our overall trading performance in the first half as resilient, reflecting a good first quarter, but as I said, becoming softer during the second quarter. You can see this

Commented [VW1]: In?

reflected in the sales rate, which has not seen any benefit from the recent rate cuts. As a result, and as you would expect, we are leaning into self-help measures. We are leveraging our database. We are driving the basics. And of course, we are leveraging our very highly engaged sales teams.

We continue, however, to see the benefit of offering a quality product in the right locations and resilient customer base.

With affordability still challenging for many, especially the first time buyer, we see some fragility in chains, but I will talk more about that and what we are seeing from the market after you hear from Chris.

Finally, we are on track with outlet openings, and we have opened 23% more in the first half than in the same period last year and more outlets to open in the second half than in the first. We have already started on site for around 50% of the outlets due to open in the second half.

I will pass over to Chris.

### **Financial review**

Chris Carney

*Group Finance Director, Taylor Wimpey plc*

#### **Summary Group results**

Thanks, Jennie. Good morning, everyone. We delivered a good underlying performance in the first half of 2025. A 12% increase in Group completions helped drive a 9% uplift in revenue, which reached £1.65 billion. Both our gross and operating profit were affected by an unexpected £20 million charge, and this stems from a historic London development where defective workmanship was uncovered. The principal contractor had been undertaking remediation works, but has since withdrawn due to financial difficulties. As a result, we have provided for the cost of completing those works.

Excluding that charge, our underlying half one operating profit was £181 million, representing a margin of 10.9%, slightly ahead of the guidance we gave at full year. Including the charge, the reported operating margin stands at 9.7%, as you can see on the slide.

Tangible net asset value per share has reduced by 5.6% year on year, driven principally by the increase in our cladding provision, which I will explain in more detail shortly.

#### **First half UK performance**

Despite the softening of the market backdrop in the UK since our last update, we delivered a well balanced and resilient performance in the first half, reflecting our disciplined approach and consistent execution.

Our UK sales rate averaged 0.79, that is a 5% improvement on last year's 0.75 and helped drive a 9% increase in UK completions.

We delivered 4,894 homes, excluding joint ventures, which represents 46% of the midpoint of our full year volume guidance range.

The blended average selling price came in below our half one guidance of £330,000, and this was mainly due to the mix impact of a high value London apartment scheme moving into the second half and a higher proportion of affordable homes in half one at 21.6% of completions,

which is slightly above our full year expectation of around 20%. We anticipate a lower proportion of affordable homes in the second half, which should bring the full year mix back in line. As a result, we continue to expect a full year blended average selling price approaching £340,000.

As I mentioned on the last slide, both gross and operating profit were impacted by the unexpected £20 million charge, and you will see more detail on that on the next slide.

Overall, it was a resilient first half, which is a testament to the consistent approach of delivering high-quality homes with discipline and focus.

### **UK operating profit margin**

This slide sets out the key drivers behind the movement in our UK operating margin for the first half of 2025 compared to the same period last year.

As we outlined at the full year results, lower pricing in the opening order book and modest build cost inflation created a small drag on margin, around 70 basis points combined.

Landbank evolution also had a small impact as we continue to trade out of older high-margin sites bought in the years after the Brexit referendum. We flagged at the full year that the margin reported in half one 2024 included a positive contribution from land sales, which were margin accretive. As anticipated, that benefit has not repeated this year, resulting in a 90 basis point headwind to margin.

The most material item is the £20 million charge related to the historic London development, where that principal contractor has withdrawn from remediation works. This was not anticipated in our original guidance and has reduced half one UK operating margin by 130 basis points. We are pursuing a contractor for breach of contract.

In total, these factors account for a 300 basis point year on year reduction in operating margin. Excluding the unexpected charge, the movement is fully in line with the guidance that we set out in February.

Looking ahead to the second half, we expect stronger volumes to support improved operating leverage, which will help drive margin improvement. While build cost inflation remains modest, it will continue to exert some downward pressure on margin. Overall, assuming pricing remains stable, we are well positioned to deliver a stronger operating margin performance in half two through continued disciplined execution.

### **Building safety update**

Turning to cladding and fire safety. As part of our ongoing work to meet the Government's Remediation Action Plan deadlines, we have continued to carry out intrusive investigations and update fire risk assessments across our legacy buildings. These assessments have evolved over time, particularly as chartered fire engineers have adopted increasingly cautious interpretations of the relevant standards, especially PAS9980, which provides recommendations and guidance to fire engineers when carrying out fire risk assessments.

While our initial building assessments were carried out thoroughly based on all accessible information available at the time, many of the issues we are now identifying, particularly cavity barrier defects, are located behind external finishes such as brickwork and render. And these

areas are not visible without physically opening up the structure, which requires intrusive investigations.

As a result of these assessments, we have increased our cladding provision by £222 million in the first half. Of this, £145 million relates to confirmed or estimated cavity barrier defects, including £94 million for buildings still awaiting external fire engineer assessments. A further £39 million reflects more conservative interpretations of the PAS9980 standard, particularly in relation to timber and HPL cladding types. The remaining £38 million covers site-specific cost increases, professional fees, contingency, and an uplift in Building Safety Fund related properties.

Given the long term nature of these works, with cash outflows now expected to extend to 2030, we have applied discounting and included an allowance for build cost inflation.

Clearly today's update, reflecting the new information we have, represents a significant increase to our cladding provision. Our priority remains doing the right thing for our customers and leaseholders, completing these works as quickly and efficiently as possible without compromising on quality or safety.

Our cost assumptions now include a best estimate allowance for cavity barrier defects on buildings that have not yet been intrusively assessed, helping to reduce the risk of further material changes.

From a cash flow perspective, we still expect to spend around £100 million on cladding remediation in 2025 as previously planned. The increase in provision mainly relates to works that will take place in future years. However, as the provision is tax deductible, we anticipate lower tax payments in 2025, and this reduction is expected to more than offset the increase in remediation spend in 2026. Overall, we do not anticipate a material change to cash flows in the period to the end of 2026. That said, we remain fully committed to resolving these issues responsibly and efficiently.

### **Summary Group balance sheet**

We continue to maintain a strong and disciplined balance sheet with net assets of £4.2 billion at the end of June. Land holdings are slightly higher than June last year with owned short term plots increasing from 59,000 to 62,000, supporting future delivery. The value of land, net of land creditors is broadly flat as expected. Work in progress is up year on year, landing within the range I guided to of £2.1 billion to £2.2 billion. This reflects the second half weighting of completions and continued infrastructure investment in new outlets, positioning us well for delivery into half two and into 2026.

The increase in provisions reflects both the increase in the cladding provision and an £18 million provision related to the previously reported commitment to conclude the CMA investigation. Both items are classified as exceptional.

### **Group cash flow**

Turning to cash flow. The movement in the period reflects our commitment to position the Group for growth through investment in opening outlets and our differentiated dividend policy, which provides a much valued stable income to shareholders. We closed the half with a strong net cash position of £327 million, which is within the range that we guided to in February.

On an adjusted basis after deducting land creditors, gearing remains very low at 5%, underlying the strength of our financial position. In addition, we have extended our £600 million revolving credit facility by a further year, now maturing in July 2030, alongside our €100 million loan notes, further strengthening our long term liquidity profile.

As planned, net investment in land remains minimal, reflecting our focus to drive improved capital efficiency by growing into our strong landbank. Meanwhile, the increase in WIP reflects investment to support delivery in the second half and beyond.

Tax paid in half one did not fully reflect the increased cladding provision. So tax payments in the second half will be lower as a result. And for modelling purposes, the pre-exceptional Group effective tax rate for the full year is expected to be around 28%.

Cladding related cash outflows were lower than anticipated at £20 million due to the timing of payments to the Building Safety Fund. However, we continue to expect total cladding related cash spend for the year to be around £100 million.

Finally, we returned £165 million to shareholders through the 2024 final ordinary dividend, demonstrating our continued commitment to disciplined capital allocation.

#### **Our capital allocation priorities**

This slide will be familiar. Our capital allocation priorities are unchanged and continue to guide how we manage the business with discipline and focus. First, we maintain a strong balance sheet that is non-negotiable and underpins everything we do. Second, we invest in land and WIP to support future growth. As mentioned earlier, we have increased investment in WIP to support outlet expansion and completions in the second half and beyond.

Third, we continue to pay a sustainable ordinary dividend, returning 7.5% of net assets annually through the cycle. Today, we are announcing an interim dividend for 2025, in line with that policy, 4.67p per share payable in November.

Finally, where we have excess cash, we will return it to shareholders. We have done that consistently, and we will continue to do so at the right point in the cycle.

#### **A differentiated and reliable dividend through the cycle**

Now I think this is the right time to pause and reflect. We have had a number of questions recently about the sustainability of our Ordinary Dividend Policy, and that is entirely fair. When you have returned two thirds of your market cap to shareholders over seven years, people naturally ask, can it continue?

The answer lies in how we have planned and managed the business, not just in the last year, but over the long term. Our shareholder returns policy was introduced in 2018 and has remained unchanged since then. It is a core part of our strategy, intentionally differentiated from others in the sector and designed to deliver reliable returns through the cycle.

Since its introduction, we have returned £2.7 billion to shareholders, £1.9 billion in ordinary dividends and £840 million through specials and buybacks. That includes £1.2 billion in ordinary dividends alone since the start of 2022 as we have navigated the current downturn.

We have done that while maintaining a strong balance sheet with low adjusted gearing and a landbank with over seven years of short term supply, 82% of which at the end of June was already owned.

That has not happened by chance. It is the result of deliberate, disciplined investment decisions. We already own and have planning for all of the homes that will legally complete in 2026 and we are actively building on the sites that will deliver more than 80% of those completions. The land we are approving today is for delivery in 2028 and beyond because we already own and control everything we need for 2027.

That gives us flexibility. Depending on the quality of the opportunities available, we can adopt a replacement approach to land acquisition, maintaining capital efficiency while retaining full confidence in our ability to grow. And we know that our landbank can support that growth because the scale of our short term landbank at 76,000 plots is at a level that has previously supported significantly higher volumes of completions.

As we stand and sit here today, reflecting on both our progress and our path ahead, we remain confident that our dividend policy strikes the right balance delivering an attractive and sustainable return to shareholders while supporting the Group's continued growth.

It is a policy that aligned with our long term strategy to create value, ensuring we reward shareholders today while investing responsibly for tomorrow.

#### **2025 guidance**

Finally, turning to guidance. Our UK volume guidance remains at 10,400 to 10,800 completions. Company compiled consensus currently sits just below the midpoint of the range at 10,588, which we think is fair given the softening in the market in Q2 and uncertain outlook for the second half.

As a result of the unexpected £20 million charge outlined earlier, we are revising our full year Group operating profit guidance from £444 million to approximately £424 million, and this reflects the one-off nature of the charge and does not alter our view of the underlying strength of the business.

Expectations for net finance charges have increased to around £25 million in the year, largely due to discounting of the cladding provision.

The share of profit from joint ventures remains consistent with our previous guidance.

We expect year end net cash to be around £350 million depending on land spend timing, broadly in line with consensus.

In summary, we have delivered a first half performance that is in line with expectations on an underlying basis. The increase in cladding and fire safety provision is clearly disappointing, but our focus remains firmly on doing the right thing for our customers and leaseholders and progressing remediation works as efficiently and safely as possible.

We are well set up for the second half and beyond, and our Ordinary Dividend Policy remains fully supported by the strength of the balance sheet, our land position and our disciplined approach to capital allocation.

I will now hand you back to Jennie.

## Positioned for growth

Jennie Daly

*Chief Executive, Taylor Wimpey plc*

### Market backdrop

Thanks for that, Chris. While performance has been good in the first half, the current market is not as strong as the Spring. But if we think of the fundamentals, many do remain supportive. Unemployment remains low, and we continue to see real wage growth. For those with a loan to value of 75% or better, it remains cheaper to service a mortgage than to rent. The desire for homeownership remains high and underlying demand remains good.

There also continues to be good news in the availability of mortgages. Lenders continue to be competitive in the market and mortgage rates are marginally lower than where we entered the year. So trending in the right direction.

But all that said, there are challenges for our customers. Affordability remains a key headwind at today's rates, especially for first time buyers. Of course, interest rates have remained higher than many predicted at the start of the year.

Finally on this slide, it is notable that since the Spring, we are seeing a greater supply of second hand stock coming to the market, the most for a decade. So whole market competition is a factor.

### Current trading

The latest data reflects a very short period of time and whilst we are in a seasonally quieter Summer period, the sales rate is a bit off from the same period last year. I will talk a little bit more around the actions that we are driving as a result in the next slide. Pricing remains relatively stable and down valuations remain low. Cancellations are a bit higher reflecting, I think the fragility of chains, which in turn can be traced back to the affordability challenged first time buyer.

As previously flagged, Section 106 delivery has been more challenging, though we are in a good place for this year. The recently announced funding of £39 billion over 10 years via the Social and Affordable Housing Programme, the rent settlement and the consultation on the route to rent conversions are all very welcome. However, these will not immediately flow to increased Section 106 funding in the short term. This will remain a sector-wide issue until we have clarity and visibility of the flow through of that funding to increased appetite and commitment from Housing Associations for Section 106 affordable homes.

### Focused on driving quality leads and commitment

We are very focused on driving performance in this market. When I spoke to you in February, I flagged that we had adjusted our approach to digital marketing to drive up the quality of our leads. This work has continued throughout the period with a focus on the quality of leads and improving conversions.

Feedback from our team suggests that this change in market sentiment came post Easter. Cancellations are something of a mixed bag, but anecdotally, our teams would call out customer caution overall, and by those whose affordability is really being tested in today's environment.

The permanent mortgage guarantee scheme and the recent announcements and changes in the FCA and PRA rules are incrementally supportive. But for an affordable mortgage at today's rates, deposit building is needed. With no Government assistance for the first time buyer for the first time in 60 years, this is one of the biggest hurdles for those aiming to get on the property ladder today.

We have just launched a new nationwide summer marketing campaign, which is landing well and generating some strong levels of inquiries. The campaign emphasises the differentiation in our offering, how we are able to support customers in getting on the ladder and the benefits of new build. The campaign is aimed at driving people towards our sites to engage with our sales teams on the ground, and our offer is aimed at gaining that all-important customer commitment. Not surprisingly then, incentives remain a key part of the offer.

Chains are longer, and as you heard me say earlier, can be fragile. So we have packages available to assist the next stepper. For example, Easymover, when our experienced sales teams assist the customer in selling their home or part exchange, which our teams can use in a disciplined way as a tool to help our customers.

#### **Political and regulatory update**

As you already know, the NPPF represents a very positive step in planning opportunity and housing delivery for the sector and is an absolute must in addressing the housing crisis. However, we look to the implementation phase now in order to drive delivery. It is still relatively early and much still needs to be done, but we have seen signs of encouragement, which I will run through shortly.

Part of the implementation impetus is expected to come from the Planning and Infrastructure Bill, which we expect to streamline decision making and support the more timely delivery of planning consents. As you can see from the slide, the Bill is currently progressing through the legislative process, so moving in the right direction.

There is a lot of other regulation also making its way into operation. We have the Building Safety Levy, which is expected to come into effect from 1<sup>st</sup> October 2026 with guidance on its operation issued just earlier in July. As you would expect, we are actively preparing for its implementation in relation to both new and existing land assets and will mitigate its impacts wherever possible.

We also await the update of the Future Home Standard expected in the Autumn, which, as you know, we have been preparing for, for some time. Directionally, we are pleased with the changes underway for planning and supply side support to ensure that we have land and consents from which to deliver those much needed homes. But the demand, constrained by affordability in many areas, progress is perhaps slower than we had hoped.

#### **Delivering growth from our landbank**

Given this backdrop, it remains critical that we control the things we can to drive value for our stakeholders. And as ever, it starts with land. We continue to have a strong landbank, strategic pipeline and balance sheet. As Chris pointed out, this means that we are in a good place to grow volumes when market conditions allow and do not need any new net land investment to do so.

You will have seen from our release this morning that we will be hosting an investor and analyst event on 1<sup>st</sup> October, where we will talk to you in much greater detail on how the business is positioned to navigate the next stage of the cycle. But in advance of that, let me update you on some of the actions already underway.

For the last two years, we have been focusing on getting the business ready to deliver growth and in doing so, increase efficiency. To leverage the improving planning environment, our focus for some time has been on submitting high-quality planning applications, including assertive and enterprising applications drawn from our strategic pipeline. We currently have around 29,000 plots in planning for first principle determination, that is up from 26,500 in December, a continuation of the strategy we commenced in 2023.

We have more planning applications in preparation targeted for submission during the second half and into 2026. Whilst in the first half of the year, conversions from the strategic pipeline continue to reflect a sluggish planning system, we remain positive of the actions we have taken, and we would expect the pace to increase towards the end of 2025 and into 2026.

With that planning activity driven from our strategic pipeline as context, we will continue to be active, though selective and opportunistic in reviewing land opportunities as we remain mindful of securing and ensuring that the Group has an efficient landbank. This is reflected in the relatively modest 3,000 new plots approved in the period.

Importantly, we now own all of the land for 2026 completions, over 90% of which has detailed planning. We continue to expect to open more outlets this year than in 2024 with new outlet openings weighted towards the end of the year.

#### **Some encouraging early planning decisions**

Look, still lots to do, but we remain optimistic. Decisions are still sporadic and the time delays continue to be frustrating. This slide includes just a couple of examples by way of illustration. These are some of our earliest assertive applications and are at the smaller end of the site size, which is what I would expect to see at this stage of the planning cycle.

In Hambleton, Selby, we submitted an outline application for 110 homes in December 2023. At the time, the council could identify a five year housing land supply, but the Local Plan was not forecast to be adopted until December 2025. However, in July 2024, when it became clear that the NPPF would require a significant increase in housing requirement, the council agreed to work proactively to bring forward sites to maintain land supply.

The council became more engaged in quarter one 2025, which turned constructive in quarter two when the application was brought to committee and the scheme unanimously approved subject to Section 106.

In Buntingford, we made an assertive planning application for 200 homes, and that was submitted in February 2024. In this instance, the local plan was over five years old, and we predicted that the council did not have a five year housing land supply. Our strategy aligned to that deficit kicking in during the determination period. The scheme was initially taken to committee prior to the NPPF being confirmed in October 2024, at which time members were opposed. However, the application was returned to committee for determination in January 2025 when it was approved by a significant majority vote.

I think these applications just serve to illustrate both the benefit of our early application actions, thereby ensuring that we are in a good place to achieve early planning outcomes from the introduction of the NPPF and also how some councils are responding to the challenge of increased housing targets.

As I say, still sporadic, but with a focus by Government on the implementation phase, we hope to see more decisions like these emerging in the near term.

### **Summary and outlook**

To conclude, we are continuing to focus on operational excellence to protect and drive value and position the business for growth. We have been preparing for growth for some time. And we have been front footed with assertive and enterprising planning applications to enable us to get ahead. This, together with our strong landbank means that we have great visibility for next year and beyond.

The foundations to deliver growth have already been laid too, with Taylor Wimpey Logistics, our timber frame factory, Taylor Wimpey Manufacturing, and the work that we have done on improving service, quality and skills.

Today's market is not straightforward, but we have reiterated guidance on an underlying basis. As you would expect, we continue to drive sales and are focused on building our order book to position us best for 2026.

Subject to the market, we are well placed for growth given our strong balance sheet and excellent land bank.

Finally, as I mentioned earlier, on 1<sup>st</sup> October, given our conviction in the strong long term fundamentals of the market, we will host an investor and analyst event and take you on a deeper dive into how we have set the business up for growth beyond 2025. I look forward to seeing you all there.

Now I am happy to move to questions.

### **Q&A**

**Allison Sun (Bank of America):** Just one question from my side. Can you comment a little bit on the dynamics of affordability in north and south? Are we seeing affordability turning better or stay the same, especially for the south part of London?

**Jennie Daly:** Okay. Yes. Thank you. We are continuing to see a stronger level of affordability and demand in our northern operational areas, very much as we have described, I think probably from the last quarter of last year. North a bit easier from an affordability point of view. The south a little bit more impacted on the affordability and chains tend to be longer in the southern operating area as well.

**Ami Galla (Citigroup):** A few questions from me. The first one was on the cladding provision. Can you give us some curve on the cash spend between 2026 to 2030 of how should we expect that provision to be paid down?

The second question was on Section 106. Is there any active discussions with the Government as to how can we really unlock the current funding point that we sit with? Or do we really have

to wait for the Housing Associations to get their act together to an extent or wait for more clarity on that respect?

The last one was just on the incentives. You did touch upon how incentives are still part of the market. Can you give us some colour as to where they currently sit? And is our read right that currently we are in a seasonally quiet period. Hence, we should not read too much into the current trading trends that you recently commented.

**Jennie Daly:** Okay. I will take the Section 106 and the incentives. Chris, if you could do the cladding. Section 106, look, I think that the £39 billion is an exceptional commitment from Government, but there are quite a range of issues, as we have talked about before, within Housing Associations that they need to resolve.

I'd say it will just take some time for that to process through. Some of the larger Housing Associations we're hearing are restructuring their balance sheets and intending to get more active in the Autumn. We are not really seeing that just at this point in time. Government are actively involved in discussions as are Homes England, their agency. We would like to see a little bit more pace and urgency put into those discussions. I think that we will see this start to evolve through the Autumn. That is what we would expect.

On incentives, we are still in the range of 5% to 6% from an incentive perspective. It was probably a little bit lower in that first quarter and then eased back up again. I think particularly around elements of deposit support for first time buyers. That is a real differentiator that we have to offer to the second hand market. So really ensuring that our teams are building their incentives still to suit each individual customer.

I think you are right. It is a discrete period the last four weeks. There is a lot going on. So it is a very small period to take a read. We will be looking at customer sentiment, particularly first time buyer and affordability as we move into the Autumn. We have launched our marketing campaign to support the build into the Autumn selling season. So I am really confident that we have got the timing and the strength of that message right.

Yes, I would caution about reading too much into it. And I would lean again into the underlying fundamentals are good, and we are reiterating our guidance today. Chris?

**Chris Carney:** Yes. Ami, if you look at slide 11, then you would see that the remaining provision is £435 million. As I said, for 2025, £100 million for the full year, we had £20 million in the first half. So you need to take £80 million off that to get to the end of this year. Next year will be a bit more than £100 million. And then for the years from 2027 through to the first half of 2030, you can just taper it down gradually.

**Marcus Cole (UBS):** I have got two questions. The first is just on the landbank composition. In the appendix, it looks like there is 27,000 plots in the short term landbank without detailed planning permission. I just wondered how you think about this moving forward?

The second one is just more on commentary from some of your peers in terms of more modest sales outlet growth over the next 12 months. How should we be thinking about this for Taylor Wimpey?

**Jennie Daly:** Okay. On the 27,000, there is a range of efforts that make up that community. There are some that will be on their way to getting detailed planning permission, and that is

important. Clearly, for next year, as Chris and I have both mentioned, we have got 90% of our plots have detailed planning permission for next year. So we are in a very strong position.

Then for some of the sites that are multi-phased, we would not necessarily race to get detailed planning permission, particularly at a time when there is markets are potentially changing, in order to ensure that we are best placed then to design the mix of those schemes to fit the market. I would say two communities in there.

On the wider read across or more modest site opening, I would really like to lean into that. We are quite confident. We did a huge amount of work as a business, particularly in 2024 around land and also WIP. I am really confident in the outlets that we have got left to open at the end of this year. As we say, 50% of those we're already on and building.

We are not reliant on some of the NPPF benefits that we are talking about today. We are in a great position for 2026 with excellent visibility. We are actually in a really good place for 2027 that we own and control all the land for 2027.

When I talked to you guys this time last year, I think I did caution you not to plug in too much of NPPF benefit into this year. It is playing out. Look, we would always hope, Marcus, for better, for faster and for it to be more dominant. But it is playing out broadly as we expected. The first half decisions, you can see they were clearly in submission before the NPPF came through. We are seeing some benefit as to the way councils are determining.

I would expect to see a bit more of those early applications coming for determination in the second half. Now I would hope that they will be approved. But otherwise, we will move on to the next stage, appeal and the likewise, and more again in 2026. That takes you to really supporting volumes 2027, 2028 rather than in 2025 or 2026.

**Aynsley Lammin (Investec):** Just two questions from me. First of all, on the dividend. I mean, thinking a bit ahead to your October event, I guess. Should we read from that slide that you put up the last bullet point saying it is affordable, aligned with the strategy that we should not expect any change to the dividend policy in the upcoming event in October. So you are happy committed to that.

Then second question, just on build cost inflation. I think you said low single digit percentages. A bit more colour, any change in trends, whether material, labour side? Any insight there would be quite interesting.

**Chris Carney:** Yes, I mean, on the dividend, no, I am not expecting any change by October. Going back to that capital allocation slide, what would put that dividend under pressure? Well, the two priorities that sit before it. The non-negotiable priority of maintaining a strong balance sheet, we have got a very strong balance sheet, and we have got a very strong land position.

The second priority of investing in the business for growth. We have said really clearly that our current landbank is more than capable of delivering growth from today in the right, obviously, market conditions.

In terms of build cost inflation, yes, there is no change in terms of low single digit for 2025. Nearly all of that pressure in the first half really came from materials with suppliers seeking to pass on input cost increases. I think moving into half two, the pressure is shifting a little bit more to labour with, I think, particular pressure from ground workers, they tend to be the first. Yes, but nothing more particular to add to that.

**Will Jones (Redburn):** Three, please. First, just coming back to building safety and potentially recoveries. Have you achieved anything on the recovery front to date? Just more generally, how far evolved are you as a business on pursuing those?

Second is just around land mix within margin. I think it was a 50 bp drag in the first half. If I recall, Chris, in April, you talked about potentially being more of a help to that in the second. Is that still the case? How should we think about that potentially building into 2026? I suppose it links more widely to your land buying. If you are able to be more selective given the landbank length, are you able to just get a little bit more value in the land market based on your approvals?

Then the last was just around shared equity. I think there is a couple of the larger companies that have either launched or about to launch their own scheme. Are you giving that any thought?

**Jennie Daly:** Okay. Do you want to go?

**Chris Carney:** Yes. In terms of recoveries, we are obviously assessing, and where appropriate, bringing claims against those responsible for poor design, workmanship or material failures. Yes, no recoveries, obviously, are included in those provision values.

In terms of land mix, yes, you are right, 50 bps negative in half one. Yes, I would expect there to be a reversal of that, if you like, in half two. I suppose a net benefit from where we are in half one to half two, as we just start to get on a few more of those outlets that we have been opening at a faster rate over the last 12 months.

**Jennie Daly:** Yes, I will take the land. It is still variable. I think that as we look into the second half, there is a sense that pipeline opportunity in the market is just easing a little bit, but there is still quite a bit of competition and local hotspots. We are focusing on where we want to invest and what we want to invest in. We have been focusing more towards the smaller end of sites.

On a shared equity basis, well, we scan the market. We engage in discussions. There is a number of potential platforms that are being presented to the market at the moment. They do not tend by our assessment to be particularly good value for the customer. They come with quite a meaningful amount of cost, both for the customer and then obviously, potentially for Taylor Wimpey.

We will continue to scan the market, listen to those who are bringing forward platforms. But at this point, it is not something that we are heavily committed to.

**Alastair Stewart (Progressive Equity Research):** A couple of questions, please. First, bearing in mind, you said there was a slowing down in Q2. Is it possible to split the underlying sales rate of 0.73 for the first half into Q1 and Q2?

The second question is, could you give more colour on your comments on chains? You said they were getting longer. I mean, have you got a number of weeks comparisons? And is it predominantly second steppers first time buyers going up? Are you further up the chain, second going up to third steppers?

**Jennie Daly:** Okay. I think you will have the progressive sales.

**Chris Carney:** Yes, that is on slide six. If you look at it, it is actually 0.79 in Q1, 0.79 in Q2 to get to 0.79 for the half. But it also has the excluding bulk numbers on there for you as well.

**Jennie Daly:** In terms of colours on chains, look, we do not always have perfect visibility. It is really anecdotal in what we are hearing from our operational business. Because of maybe more challenging affordability in the south, then we are seeing longer chains and there is more reliance on transactions from some of our customers. I mean in terms of chains, our customer is likely to be the second, third stepper. Therefore, our visibility to the bottom of the chain can be a bit opaque and lack transparency.

But generally, the issue is traced back to a first time buyer at the start of the chain. Really, that just goes to underscore the importance of first time buyers to the whole of the housing market ecosystem, whether it is in the second hand market or in the new homes market.

**Zaim Beekawa (JP Morgan):** The first will be on the FCA changes for the mortgages. How helpful do you think these can be or unhelpful?

Then secondly, I think on slide 10, you have got a 60 bps impact labelled other on the operating margin. How can we think about that in H2 and maybe some indications on what those are?

**Jennie Daly:** Okay. I will leave Chris to deal with the 60 bps. The FCA, the PRA, the permanent mortgage guarantee, they are all incrementally helpful. Then really, it depends on individual circumstances. The FCA change to stress testing and bringing down effectively the exit rate stress test, I think, is helpful. The banks have moved quite quickly to embrace the FCA changes, and we can see that trickling down through the market.

The PRA changes, obviously, it is a consultation, but there is the ability for the lenders to opt in as an interim or transition period. That opportunity to lend higher loan to income multiples than the current 15%, again, is helpful. We can see that theoretically, on an assessment, that will help the customer. But really, all of that is helpful.

But really, then it does come back to how the individual customer is feeling and their own view of affordability. That is something that we are continuing to watch. So 60 bps.

**Chris Carney:** Yes. I mean that is typically a whole host of different things. But one thing that we have done quite effectively that we targeted for this first half is recovery of rebates. So yes, half on half, we have had some success there and other just general cost discipline measures that you would expect us to undertake.

**Stephen Rawlinson (Applied Value):** Two questions from me. Can you just return to the dividend for a start on that? I mean when you are modelling the business going forward and you are sticking with this dividend policy, where, if you like, the net assets are stickier than the earnings at the moment, are you heading for cash trap as we start to get into a recovery phase? You put £150 million into working capital, which is about £124 million WIP and about £26 million land in the first half, and we have seen the cash go down. The question really is, is when you are modelling the future, what point do you get to a cash trap where you cannot really take advantage of any recovery in the marketplace because you have not got the cash to do it, all other things being equal. What is going to give in that process, which I think follows on from Aynsley's question?

Can I ask a second question with regard to building safety. If I look at slide 35 in the appendix, you have increased the provision by £222 million. But you still have 56 properties out of a total

of 329 that have been in the remediation basket, if you like, when you are awaiting the report on that. When you have increased it by £222 million, have you been looking at the worst case? Have you been assuming a level of recoveries? What is going on there? Because with 56 still awaiting a report and a net 20 having gone into that basket in this first half period, it does not look promising that this is going to go down at a rate that will be acceptable to the shareholders to be content with. Could you just help us through, what your thought process is about that number and then alongside the number of properties?

**Jennie Daly:** Okay. I think, Chris, both for you.

**Chris Carney:** Yes. Okay. On the dividends, fundamentally, we are a cash generative business. The key thing that I was trying to get across was that the size of our landbank as it is historically has supported far, far greater volumes than we are delivering today. If you apply that to a model going forward, you can see that we can grow into that landbank without any net investment in land.

Yes, you would need incremental investment in WIP. But if you run the numbers, there is more than enough headroom, especially in the context of the facilities that we have to be able to cope with that.

In terms of the increase to the cladding, yes, there is a slide 35 that goes through, I think, in a fair amount of detail, the movement in the buildings. You can see that we have had movements from receipt of reports where they were previously identified by charter fire engineers as not needing works under EWS1. They now have been identified as needing work. That is the 37 movement that you referenced.

The 56, I mean, this is where we have got experience over the course of certainly the last half, where we have been moving at pace to hit the Remediation Action Plan deadlines. We have had a lot of PAS9980 surveys come in. What we are seeing is making us readjust our risk appetite in terms of that provision.

Looking at buildings and saying, "All right, if we have had a clean report from a chartered fire engineer in the past under, say, EWS1, do we think, now with our knowledge of PAS9980 and these reports that we have had more recently, do we think that is going to be the case?" That is what is driving the 56.

In terms of the actual drivers, our cost estimates for known works have proven to be very accurate. The increase is not due to underestimating previously identified issues. It is also not driven by new buildings. We have only identified two new buildings in the period with associated costs of less than £1 million. These were known buildings to us.

The main driver of the increase is the identification of more cavity barrier defects behind non-combustible bricks and render. We have also seen this evolution in chartered fire engineer assessments, particularly for timber and high pressure laminate, where updated assessments obviously now recommend works where they did not in the past.

While we have always included allowances for likely works that were based on visual inspections of buildings that are waiting to be assessed, we have now added a best estimate of £94 million for cavity barrier defects in buildings that have not yet been intrusively assessed. That should help reduce the risk of further material change.

**Peter Ajose-Adeogun (Morgan Stanley):** Just very quickly on the provisions as well. I think I am just trying to understand at what point is the risk fully removed for you? Are there buildings where maybe you would have previously classed them as fully remediated prior to the assessment and now following the assessment, actually, they do need works. Then so at what point does that risk actually go away? Or are you in a situation where you are constantly battling, I guess, a moving goalpost?

Then I guess also the longer it takes to fully remediate the portfolio, are you at risk then of standards continuing to become increasingly harsh and so then risk of further provisions going forward as maybe assessments continue to get harsher?

**Chris Carney:** Yes. Okay. Have we had properties that were remediated and then are now not remediated? Because really, what I have been talking about to date is ones that did not need any remediation and now do.

I think from memory that we do perhaps have one or two of those, but it is typically, obviously, we have designed with chartered fire engineers and all the applicable experts and removed combustible cladding from buildings. Those works have been absolutely fine. And we maybe come to do a PAS9980 a couple of years after that because we have been doing this for quite a while now. Obviously, we targeted the most high risk buildings at the start of the process.

The ones I am thinking of were, all right, well, you need to take that timber decking off the balcony that was not required when we were doing the works. These are not cases where we have stripped a building of cladding, we have put the new cladding back and now we are being told to take that cladding off. We have no instances of that. We might have small elements of work for those remediated buildings.

Yes, standards. In terms of standards, I believe our obligations are pretty well defined and attached to PAS9980 in the agreements that we have got with Government. But yes, I guess there is always some degree of risk in standards moving. But generally, I think that is.

**Jennie Daly:** They are well established. Yes. Thank you.

**Chris Millington (Deutsche Bank):** The first one is really just about the confidence and visibility you have got over your landbank. I do appreciate it is a very big landbank, but we do all know that it is outlet numbers, which are going to drive your completion. With that visibility and confidence, are you very confident we will see growth in 2026 and 2027 over the average number for 2025? That is the first one.

Second one is just about how many outlets have you got dual flags on. I know you have not got the multiple brands, but I imagine there are outlets where you are selling from more than one location on those.

The final one for me is just about adjusted gearing. I think it is one of your capital allocation policies to show low adjusted gearing. Perhaps you can talk through the bookends of where you would like to be there. Perhaps you can also weave in, Chris, that point about WIP investment for net outlet growth as well. Is the £10 million you have got on average at the moment a sensible figure for one outlet, or would it be a little bit more than that?

**Jennie Daly:** Okay. Well, the easy one first, dual flags, not very many at all. It is a very small part of our business. I am standing here trying to think of some, Chris, and I cannot.

**Chris Millington:** Half a dozen?

**Jennie Daly:** I would say less. Yes, not a big factor for us.

Earlier, I said I would lean in. I am really confident we have excellent visibility. I am very comfortable with where we are for the outlets yet to open in 2025. We have got excellent visibility into 2026. You have heard both Chris and I talk about how we are standing in terms of detailed planning permission for volumes into 2026. I would again reflect on the work that we did in 2024. You will have seen that in terms of approvals, land, the efforts that we have made through planning as well as then investment in WIP.

Then adjusted gearing, Chris?

**Chris Carney:** Yes. I get asked the question reasonably regularly, and we have resisted giving a number just because we do not want to constrain the business unnecessarily by having to perform to a specific number. But we are in a strong financial position with net cash and very low adjusted gearing. If you were to look back over the last decade, let's say, you would see that there have been periods where we have operated prudently with significantly higher adjusted gearing.

I am not suggesting that they are a target for us, but we are some way from that at the moment.

**Clyde Lewis (Peel Hunt):** I think I have got three, if I may. Spain, very strong performance in the first half. How good is that currently feeling? I suppose, how much have your expectations increased within, I suppose the last few months for the full year outcome in 2025?

Second one was on pricing. How many of your regions are, I suppose, thinking about prices going up in terms of list prices? I suppose mix that in with incentives. I mean, we are at that point in incentives where they tend not to go much higher than 5% or 6%. I am just wondering whether list prices are moving forward anywhere at all in the country at the moment.

The second one was really on the regional structure and optimum size. Maybe this is an issue for 1<sup>st</sup> October, but I am jumping in early and wondering how your thoughts about what the optimum size of each of your regions should be in terms of volumes. Given historically, it is hard to do much more than 10% or 12% growth for the business as a whole, probably applies to regions as well because they just cannot get enough people. But how long do you think it will be before you get to that optimum scale for each of those regions?

**Jennie Daly:** Okay. Well, I think that is actually a good indication of some of the questions you might like answered in October. I think that regional structure, optimum size we will talk about when we get together in October.

Just going backwards on your questions, pricing, where we think there is the capacity on a site by site basis, on a plot by plot basis, Clyde, the businesses will be pushing price where there is the opportunity to take it. It is variable, but we really do get down to that level of detail in terms of pushing.

Price and incentives is the same. It is what we think the customer needs in order to commit to purchase. If there is an opportunity for us to ease back on incentives in any particular plot or any particular site, then we will take the opportunity to do that.

I mean, on Spain, it is a strong performance that we are really pleased. The nature of the developments that we do in Spain, sort of predominantly apartments and villas, their completions tend to come in sort of in groupings. So strong performance in the first half. We are not expecting to see that into the second half.

Then it does not matter what country you are in, planning or their equivalent tends to impact. So good performance. We are delighted with Spanish performance this year, but that is a reflection of just the cadence of their developments as they have come to completion this year.

The market remains good in Spain. Last year was particularly strong, but it is still a good market.

**Sam Cullen (Peel Hunt):** Just coming back, I guess towards the dividend again. Clear, I am assuming you think the shares are undervalued at the current level. When would you think that you prefer to return capital via a buyback rather than a dividend?

**Jennie Daly:** Okay. Chris, do you want to take that?

**Chris Carney:** Yes. I mean we have an Ordinary Dividend Policy, again, I feel like I might be repeating myself, so apologies, but that is very consistent. It is clear. It is differentiated and it is consistently welcomed by our shareholders. Our capital allocation policy also allows for a return of excess cash at the appropriate points in the cycle. We have got a track record of doing that. We will continue to do it. And we will make a decision on specials versus buybacks at those points in time.

Obviously, paying a dividend does give shareholders control and those who do not need income have the choice to reinvest.

**Jennie Daly:** Okay. I think it looks like we are done in terms of questions. Fairly full Q&A this morning. Thank you for bearing with us and just a little bit warmer than usual. Thank you. Clearly, the provision is disappointing, but we are pleased with our first half performance and the underlying business performance.

Look, I think that we have still got lots of value to unlock. On that note, I really look forward to seeing you on 1<sup>st</sup> October, and we will try and regulate the heat just a little bit better. Thank you.

[END OF TRANSCRIPT]