



Full Year Results Presentation
for the year ended 31 December 2018

27 February 2019

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Agenda

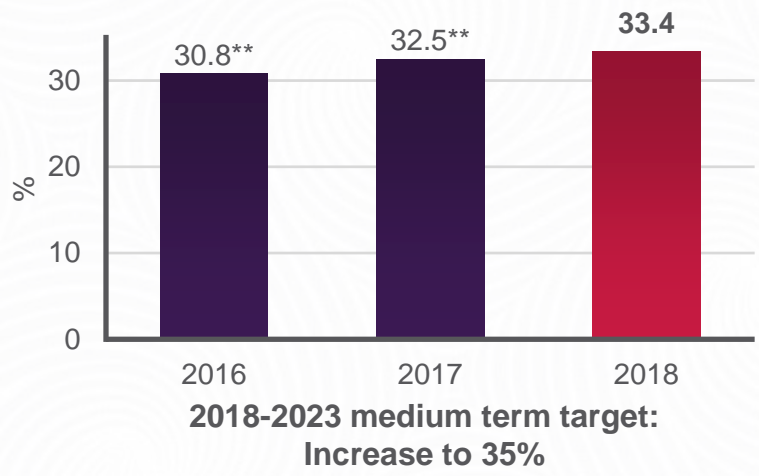


Overview and current trading

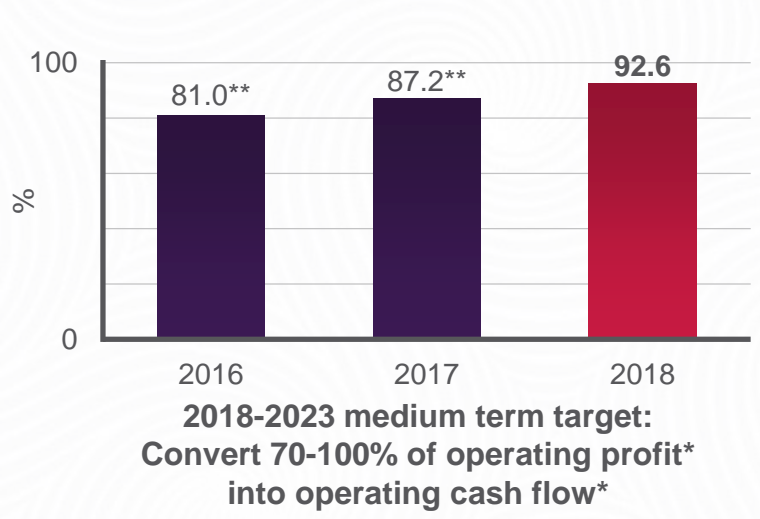
Pete Redfern
Chief Executive

Group financial highlights

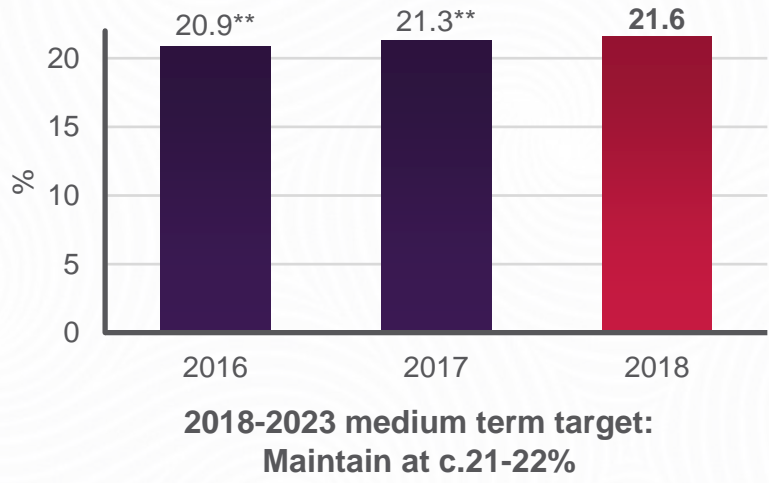
Return on net operating assets*



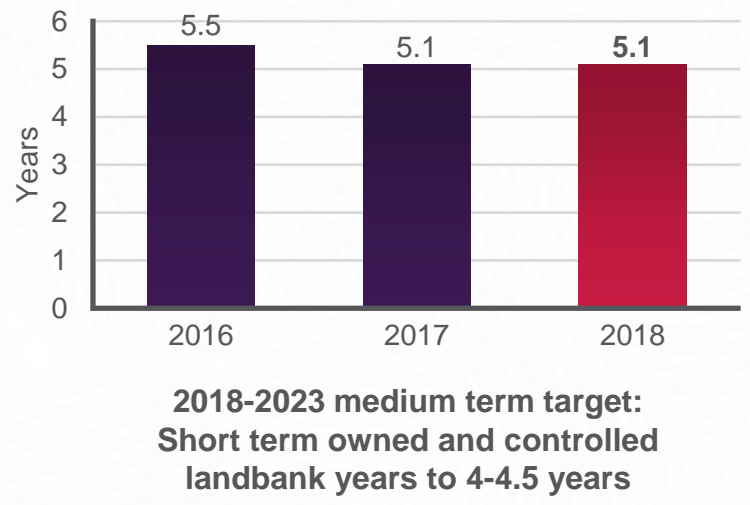
Cash conversion*



Operating profit* margin



Landbank years



* See definitions slide in the appendix

** Restated to include the impact on adoption of IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers'

New KPIs

| Customer | FY 2018 | FY 2017 |
|--|---------|---------|
| Customer satisfaction – would you recommend 8-week score % | 90 | 89 |
| Customer satisfaction – would you recommend 9-month score % | 76 | 76 |
| Build quality | | |
| Construction Quality Review – score out of 6 | 3.93 | 3.74 |
| Reportable items | 0.28 | 0.26 |
| Land and planning | | |
| Land cost as % of ASP on approvals | 19.2 | 19.8 |
| Landbank years | c.5.1 | c.5.1 |
| Completions from strategically sourced land % | 58 | 53 |
| Efficiency | | |
| Net private sales rate per outlet per week | 0.80 | 0.77 |
| Private legal completions per outlet | 41.8 | 40.4 |
| Order book value £m | 1,782 | 1,628 |
| Order book volume units | 8,304 | 7,136 |
| Employee | | |
| Employee turnover (voluntary) rolling 12 months % | 14.5 | 14.0 |
| Number of people recruited into early talent programmes: graduates, management trainees and site management trainees | 175 | 126 |
| Directly employed key trades people including trade apprentices | 748 | 581 |
| Health and Safety Annual Injury Incidence Rate (per 100,000 employees and contractors) | 228 | 152 |

KPIs for UK only

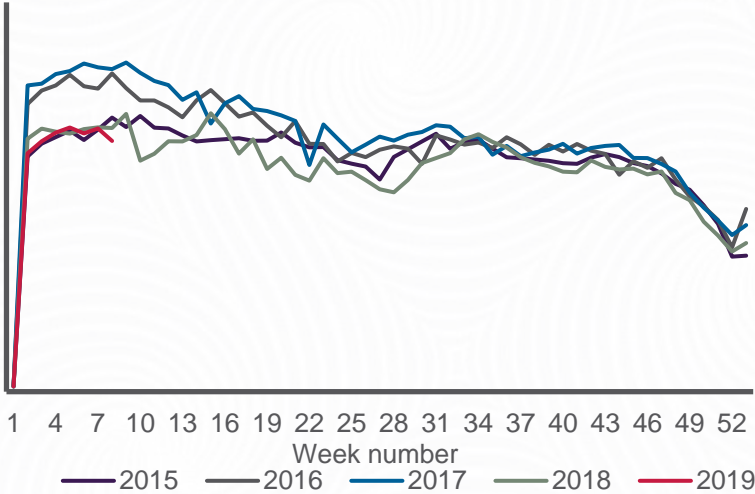
2018 market backdrop

| 2-year fixed rates | July 2017 | February 2018 | July 2018 | February 2019 |
|---------------------|---------------|---------------|---------------|---------------|
| HTB equity loan | 1.39% – 1.87% | 1.44% – 2.17% | 1.61% – 2.17% | 1.59% – 3.84% |
| 85% LTV (new build) | 1.52% | 1.64% | 1.74% | 1.69% |

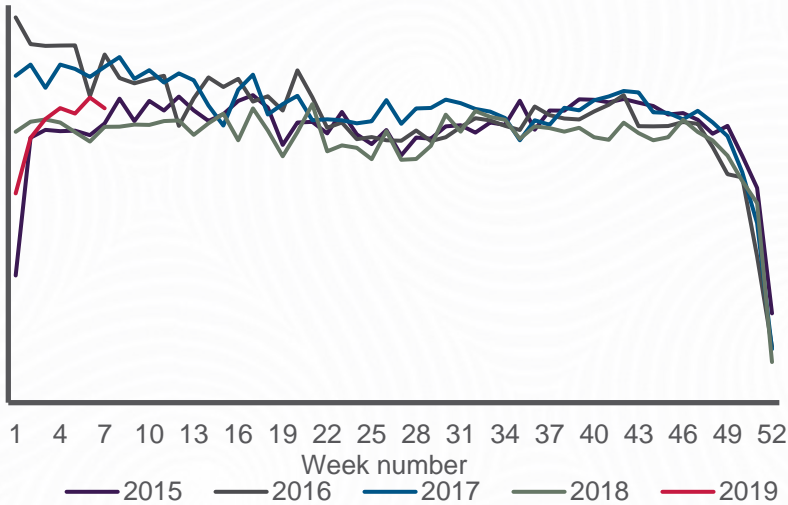
| External indicators | Significant warning range | Q3 2018 |
|--|---------------------------------------|-------------------------------|
| Forecast Real Disposable Income – change in next 12 months | < 0% or > 3% | 1.4% |
| Historic house price inflation – annual change | < 0% or > 15% cumulative over 3 years | 13.4% cumulative over 3 years |
| Affordability – house price to national average earnings ratio (Halifax) | > 5 | 5.56 |
| Funding availability from mortgage lenders (M4 lending: M4 deposits) | > 125% | 102% |
| Consumer Confidence Index – year-on-year movement | < -1 | 0.16 |

Forward market indicators very stable

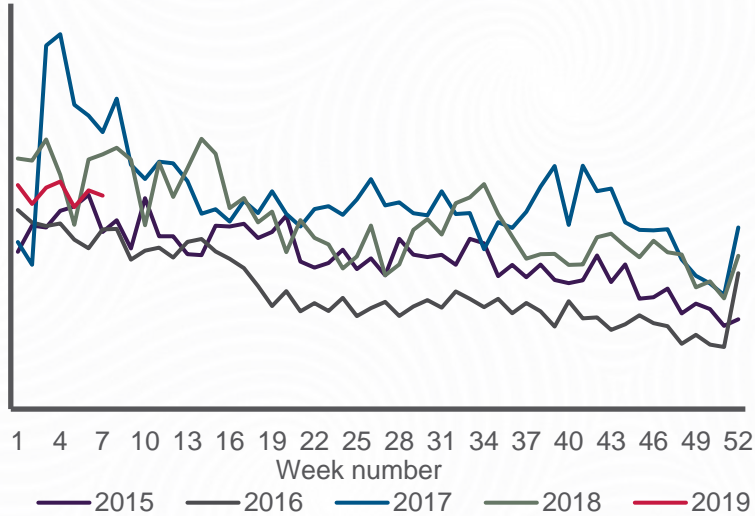
Customer interest – organic website visits



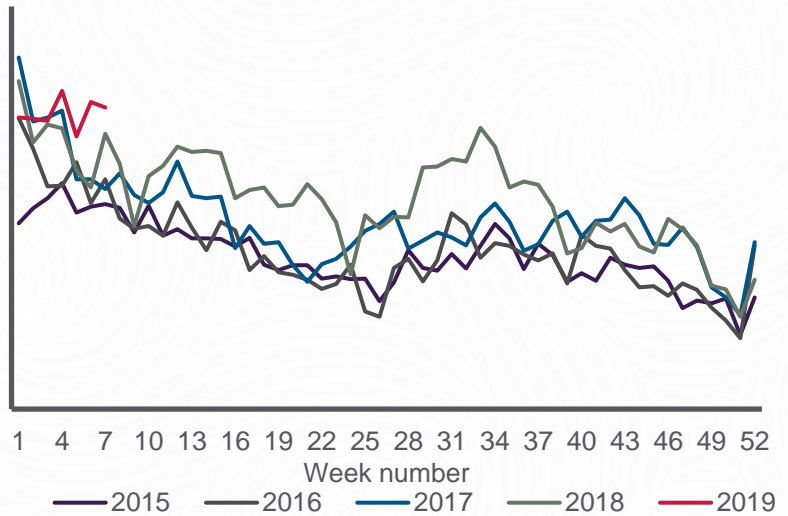
Website calls



Brochure requests



Appointments booked



UK market performance – to date

| | H1 2019 (w/e 24 Feb 2019) | H2 2018 | H1 2018 | H2 2017 | H1 2017 |
|-----------------------------|---------------------------------|---------|---------|---------|---------|
| Average outlets open | 256 | 266 | 280 | 284 | 292 |
| Private sales rate (net) | 0.99 | 0.76 | 0.83 | 0.66 | 0.87 |
| Private sales price £000 | 288 | 290 | 296 | 287 | 289 |
| Cancellation rate (private) | 12% | 15% | 13% | 15% | 11% |

- 82 new outlets opened in 2018 (2017: 109)
- 2018 private sales price excluding Central London – £283k (2017: £279k)
- 2019 sales have started well – sales rates ahead 10% year-on-year (21% including scale deal in w/e 24 February) with prices stable
- Total orderbook of 9,622 homes as at w/c 24 February 2019 (2018 equivalent period: 8,385)

Data based on reservations excluding JVs

Financial review and efficiency

Chris Carney
Group Finance Director

Summary Group results

| £m (before exceptional items) | FY 2018 | FY 2017 | Change |
|---|---------|---------|--------|
| Revenue | 4,082.0 | 3,965.2 | 2.9% |
| Gross profit | 1,074.5 | 1,031.8 | 4.1% |
| Gross profit margin % | 26.3 | 26.0 | 0.3ppt |
| Operating profit* | 880.2 | 844.1 | 4.3% |
| Operating profit* margin % | 21.6 | 21.3 | 0.3ppt |
| Profit before tax and exceptional items | 856.8 | 812.0 | 5.5% |
| Adjusted basic earnings per share* pence | 21.3 | 20.2 | 5.4% |
| Tangible NAV per share* pence | 98.3 | 95.7 | 2.7% |
| Return on net operating assets* % | 33.4 | 32.5 | 0.9ppt |

* See definitions slide in the appendix

UK performance summary

| | FY 2018 | FY 2017 | Change |
|---|---------------|---------------|----------------|
| Legal completions – excl JVs | 14,822 | 14,387 | 3.0% |
| Private | 11,421 | 11,602 | (1.6)% |
| Affordable | 3,401 | 2,785 | 22.1% |
| Average selling price – excl JVs | 264 | 264 | - |
| Private £000 | 302 | 296 | 2.0% |
| Affordable £000 | 137 | 131 | 4.6% |
| Legal completions – JVs | 111 | 154 | (27.9)% |
| Share of profit – JVs £m | 5.3 | 7.6 | (30.3)% |
| Gross profit margin % | 26.2 | 25.9 | 0.3ppt |
| Operating profit* £m | 851.0 | 817.3 | 4.1% |
| Operating profit* margin % | 21.4 | 21.1 | 0.3ppt |

* See definitions slide in the appendix

Indicative movements in UK operating profit* margin

| 2017 to 2018 | Annual change | Impact on 2018 income statement |
|---|---------------|---------------------------------|
| Market inflation on selling prices | c.2.5%** | 1.6% |
| Market inflation on build cost | c.3.5% | (1.9)% |
| Net economic benefit captured | | (0.3)% |
| Market impact of landbank evolution | | (0.5)% |
| Net market impact | | (0.8)% |
| Change in land mix | | 0.6% |
| Enhanced customer journey | | 0.2% |
| Affordable housing price | | 0.1% |
| Net operating expenses | | 0.1% |
| Land & property sales | | 0.2% |
| Share of JV profits | | (0.1)% |
| Total UK operating profit* margin movement | | 0.3% |

* See definitions slide in the appendix

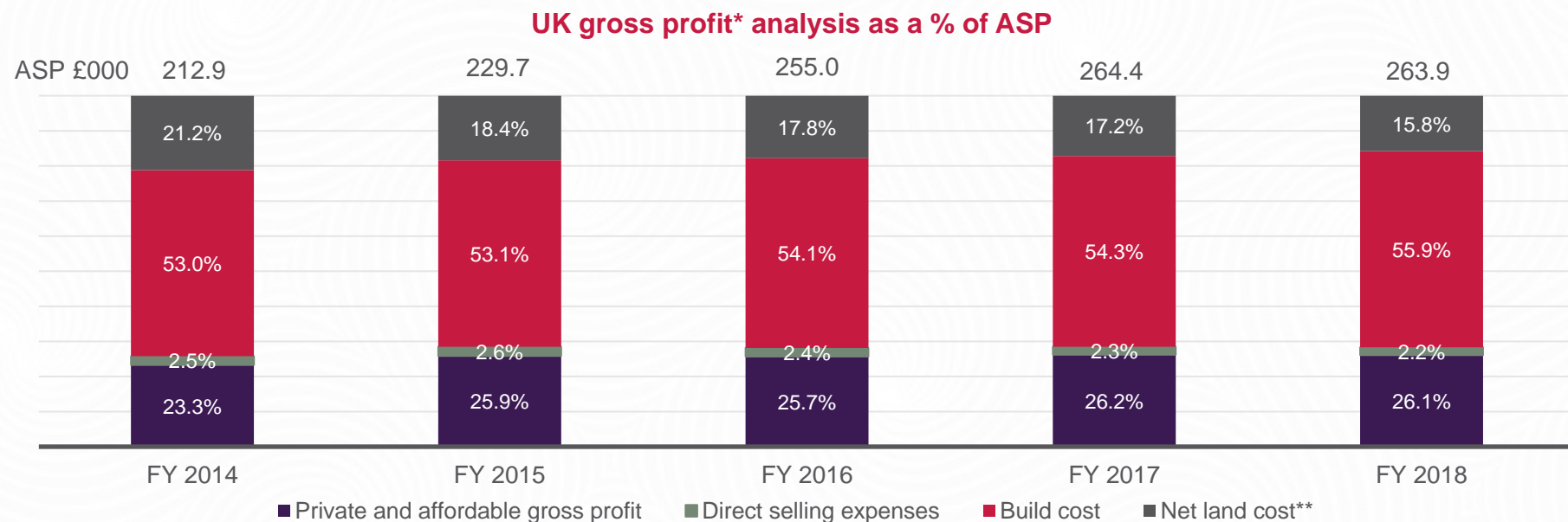
** Source: Adjusted average of Nationwide / latest data

Cost and efficiency programme update

- Delivery Excellence
 - Phase 1 (devices, drawings access, build progress entry etc) fully deployed to >800 production staff changing behaviour from laptop to mobile based activities
 - Phase 2 (call off prompts, payments, day works control etc) testing imminent with deployment anticipated for Q4
- Commercial Excellence
 - Testing underway on first four workstreams and deployment expected to commence at end of Q1 to save / redeploy c.10,000 days p.a.
 - Further workstreams in feasibility with potential to be deployed in 2019
- Groundworks procurement
 - Training for commercial staff in development for delivery in Q3
- Product standardisation
 - Increased delivery concentration via fewer standard house types targeting more efficient build and procurement
- Procurement strategy
 - Centralisation of category managers for national preferred suppliers
 - Category negotiation plans implemented to capture benefits

UK margin drivers

| £000 per unit | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 |
|---|-------------|-------------|-------------|-------------|-------------|
| ASP | 212.9 | 229.7 | 255.0 | 264.4 | 263.9 |
| Net land cost** | (45.1) | (42.4) | (45.4) | (45.4) | (41.7) |
| Build cost | (112.9) | (121.9) | (137.9) | (143.7) | (147.4) |
| Direct selling expenses | (5.3) | (6.0) | (6.2) | (6.0) | (5.9) |
| Private and affordable gross profit* | 49.6 | 59.4 | 65.5 | 69.3 | 68.9 |



* See definitions slide in the appendix

** NRV is wholly allocated to land costs in the income statement – comparable basis to peers

Exceptional items

- Total exceptional items of £46.1 million (pre-tax)
- £30.0 million provision relating to replacement of Aluminium Composite Material (ACM) cladding on certain buildings
 - One building remediated, one substantially complete and one about to start
 - Remaining spend expected to be evenly split over next two years
 - £30.0 million continues to represent management's best estimate
- £16.1 million recognised due to the impact of Guaranteed Minimum Pension (GMP) equalisation on the Group defined benefit pension scheme
 - High Court judgement handed down in 2018 requires pension trustees to equalise GMP element of members' benefits and allow for the additional obligation in the scheme liabilities
 - The initial estimate of GMP obligation is charged to the income statement
 - Impact of subsequent changes in assumptions recognised in reserves
 - No direct impact on balance sheet deficit because of IFRIC 14

Summary Group balance sheet

| Group £m | 31 Dec 2018 | 31 Dec 2017 | Change |
|---------------------------------------|----------------|----------------|---------------|
| Long term assets and JVs | 100.2 | 77.6 | 22.6 |
| Land | 2,757.7 | 2,684.5 | 73.2 |
| WIP | 1,430.5 | 1,391.2 | 39.3 |
| Debtors | 190.4 | 182.3 | 8.1 |
| Land creditors | (738.6) | (639.1) | (99.5) |
| Other creditors | (824.4) | (816.0) | (8.4) |
| Pensions and post retirement benefits | (133.6) | (64.8) | (68.8) |
| Provisions | (170.3) | (161.6) | (8.7) |
| Net operating assets* | 2,611.9 | 2,654.1 | (42.2) |
| Tax | (29.2) | (28.6) | (0.6) |
| Net cash* | 644.1 | 511.8 | 132.3 |
| Net assets | 3,226.8 | 3,137.3 | 89.5 |
| Tangible NAV per share* | 98.3p | 95.7p | 2.6p |

- Reduction in net operating assets* of 1.6%
- Net asset growth* pre-dividend distribution of 18.8%
- Tangible NAV per share* growth of 2.7%

* See definitions slide in the appendix

Strong balance sheet and long term financing

- Short term owned and controlled landbank of 75,995 units which represents 5.1 years supply
- Land cost as % of ASP in short term owned landbank at 15.2%
- Land creditors at £739 million represent 27% of the gross land value
- Group cash conversion* of 93%
- Adjusted gearing* including land creditors of 2.9% (2017: 4.1%)
- £550 million Revolving Credit Facility extended by one year now expiring February 2024
- Weighted average life of committed facilities increased to 5.0 years
- Average net cash* balance during 2018 of £260 million

* See definitions slide in the appendix

Land creditor matrix

| Total UK net land creditors: £716 million | | Micro location – position within macro location | | | |
|---|--------|---|-----|----|----|
| | | A | B | C | D |
| Macro location – city, broken down by major suburb, town, village or rural area | Q1 – A | 16% | 27% | 0% | 0% |
| | Q2 – B | 11% | 35% | 5% | 0% |
| | Q3 – C | 1% | 5% | 0% | 0% |
| | Q4 – D | 0% | 0% | 0% | 0% |

Pension fund contributions

- Funding update as at 31 December 2018
 - Technical provisions deficit of £144 million and funding level of 93.9% (including GMP of 1%)
 - Deficit contributions of £40 million per year re-instated from January 2019 until the earlier of full funding or Q4 2020
 - Funding level is re-assessed quarterly

- Total contributions for 2019 expected to be £47.1 million (2018: £34.1 million) consisting of:
 - £40 million deficit contributions
 - £5.1 million Pension Funding Partnership
 - £2 million scheme expenses

Historic UK cash generation

| £m | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 |
|--|---------|---------|---------|---------|---------|
| Cash generated by operations before land spend | 990 | 1,005 | 1,210 | 1,401 | 1,405 |
| Land spend | (831) | (592) | (612) | (685) | (612) |
| Cash generated by operations | 159 | 413 | 598 | 716 | 793 |

Continued cash generation potential even in a downturn

| | | Private ASP change | | | | |
|--|---------------------------|--------------------|-----------|-----------|-----------|-----------|
| | | 0% | -5% | -10% | -15% | -20% |
| Illustrative cash generated per UK legal completion (£000) | Average selling price | 264 | 252 | 241 | 229 | 217 |
| | Build cost | (147) | (147) | (147) | (147) | (147) |
| | Direct selling expenses | (6) | (6) | (6) | (6) | (6) |
| | Net cash generated | 111 | 99 | 88 | 76 | 64 |

| | | | Private ASP change | | | | |
|---|------|----------------|---------------------------|-------|-------|------|------|
| | | | Volume change (2018 base) | | | | |
| | | | 0% | -5% | -10% | -15% | -20% |
| Illustrative UK cash from operations (£m) | 0% | (14,822 units) | 1,449 | 1,271 | 1,108 | 930 | 753 |
| | -10% | (13,340 units) | 1,285 | 1,125 | 978 | 818 | 658 |
| | -20% | (11,858 units) | 1,120 | 978 | 848 | 705 | 563 |
| | -30% | (10,375 units) | 956 | 831 | 717 | 593 | 468 |

Excludes investment in replacement land and assumes costs per unit are unchanged in all scenarios

UK Housing revenue less build costs, direct selling expenses and net operating expenses, based on the indicated volume and ASP change. Assumes all cash flows occur within a single financial year. Does not consider impact on other cashflows such as interest and tax paid. This is for illustrative purposes only and does not constitute a forecast.

High confidence in ordinary dividend

- Ordinary dividend (c.7.5% of net assets) expected to be paid through the cycle
- Stress tested against various downside scenarios (including a 20% price and 30% volume reduction)
- Excess cash will continue to be returned to shareholders in the form of special dividends

Robust performance as a foundation for future strength

- Focus on medium term targets 2018-2023
 - Increase of return on net operating assets* to 35%
 - Maintaining operating profit* margins at c.21-22%
 - Cash conversion* of between 70 and 100% of operating profit* into operating cash flow*
 - Increased landbank efficiency – reducing length of short term owned and controlled landbank years by c.1 year to 4-4.5 years

| Group strategic goals | FY 2018 | FY 2017 | FY 2016 |
|--|---------|---------|---------|
| Return on net operating assets* % | 33.4 | 32.5** | 30.8** |
| Operating profit* margin % | 21.6 | 21.3** | 20.9** |
| Cash conversion* % | 92.6 | 87.2** | 81.0** |
| Short term owned and controlled landbank years | c.5.1 | c.5.1 | c.5.5 |
| Dividends paid £m | 499.5 | 450.5 | 355.9 |
| Net operating asset turn* | 1.55 | 1.53 | 1.48 |
| Net asset annual growth (pre-cash distribution)* % | 18.8 | 23.7 | 19.6 |

* See definitions slide in the appendix

** Restated to include the impact on adoption of IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers'

Operations and land

Jennie Daly
Group Operations Director

New KPIs

| Customer | FY 2018 | FY 2017 |
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| Customer satisfaction – would you recommend 8-week score % | 90 | 89 |
| Customer satisfaction – would you recommend 9-month score % | 76 | 76 |
| Build quality | | |
| Construction Quality Review – score out of 6 | 3.93 | 3.74 |
| Reportable items | 0.28 | 0.26 |
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| Number of people recruited into early talent programmes: graduates, management trainees and site management trainees | 175 | 126 |
| Directly employed key trades people including trade apprentices | 748 | 581 |
| Health and Safety Annual Injury Incidence Rate (per 100,000 employees and contractors) | 228 | 152 |

KPIs for UK only

Customer service

Customer satisfaction (Would you recommend?) 8-week score

FY 2018 average

FY 2017 average

Taylor Wimpey UK Ltd

90%

89%

North

91%

90%

Central and South West

90%

87%

London and South East

91%

89%

9-month scores*

Customers moved in
Oct 17-Sep 18

Customers moved in
Oct 16-Sep 17

Recommend

76%

76%

Quality

75%

77%

% problems (<11)

58%

60%

Repair standard

68%

69%

Service after

59%

58%

Development

86%

88%

Overall CSM score

70%

71%

* Surveys completed by customers 9 months after completion, year to date

Build quality

- Getting it 'right first time' – ensuring the quality and consistency of all homes, without excessive checking or remedial action
- Right first time build quality
 - NHBC Construction Quality Reviews (CQR)
 - Quality Assurance Journey
 - Home Quality Inspection (HQI)
- Efficient and predictable build times
 - House type standardisation
 - Standardisation of build process
- Partnering agreements across the supply chain
- Reduce bottlenecks
 - Increased direct trades and directly employed apprentices
- Consistent Quality Approach (CQA)
 - Delivering homes above NHBC standards
 - Working towards a customer facing version
 - Important step towards the New Homes Ombudsman

UK land pipeline

| Plots | 31 Dec 2018 | | | 31 Dec 2017 |
|---|---------------|----------------|----------------|----------------|
| | Owned | Controlled | Total | Total |
| Detailed planning | 40,919 | 3,077 | 43,996 | 46,320 |
| Outline planning | 10,396 | 8,223 | 18,619 | 19,931 |
| Resolution to grant | 1,964 | 11,416 | 13,380 | 8,598 |
| Short term | 53,279 | 22,716 | 75,995 | 74,849 |
| Short term with implementable planning | 40,795 | - | 40,795 | 42,094 |
| Allocated strategic* | 4,013 | 11,529 | 15,542 | 16,121 |
| Non-allocated strategic* | 28,341 | 83,534 | 111,875 | 101,124 |
| Strategic | 32,354 | 95,063 | 127,417 | 117,245 |
| Total | 85,633 | 117,779 | 203,412 | 192,094 |

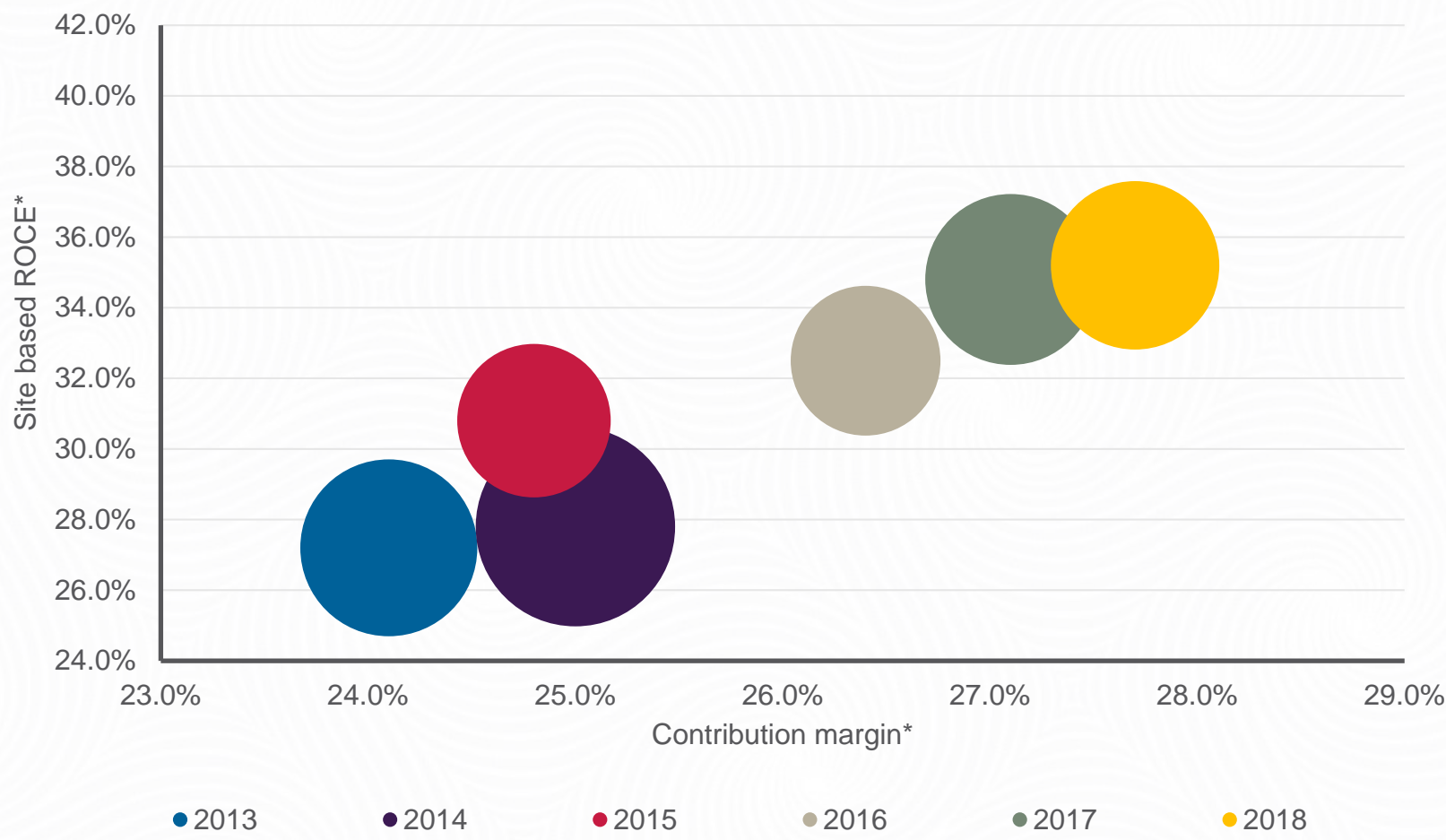
- Acquired 8,841 plots in the short term land market during 2018 at c.27% contribution margin**
- Converted 7,619 strategic pipeline plots into the short term landbank in 2018
- 58% of 2018 completions were sourced from the strategic land pipeline

Data includes JV plots

* Excludes land with less than 50% certainty of achieving planning permission

** See definitions slide in the appendix

Quality of land acquisitions



At current costs and current selling prices in year of acquisition
* See definitions slide in the appendix

Land market and politics

■ Short term land market

- Mixed signals – little change for smaller sites though slower to complete, whilst larger opportunities some cause for pause
- Anxiety to get deals done, but agents and owners reluctant to go back to market
- Careful relationship management as some vendors will withdraw in the short term or proceed to planning themselves
- Timing of planning and nervousness in market pricing has brought more promoter sites to the market
- Competition in small and mid-range sites remains with pressure on margins
- Increased HA and LA activity

■ London market

- Uncertainty in the market - deals slow to exchange
- Office developers are becoming more competitive outstripping residential values in some locations
- GLA's drive for affordable housing (combined with CIL) and the inclusion of viability review mechanisms eroding land opportunities

Land market and politics

■ Strategic land market

- TW focus on one-to-one opportunities through structured site searches, and more effective relationships
- Market remains competitive
- “Hybrid” agreements (part option / part promotion) have increased where competition is high
- Noticeable pressure on minimum prices
- In competitive situations our specialist resource, strength and delivery credentials continue to be valued by landowners and agents
- Competition from promoters remains strong particularly on mid-range sites

■ Devolution

- Deals include: Greater Manchester, Sheffield City Region, West Midlands, Cornwall, North East, West Yorkshire, Tees Valley, Liverpool City Region, Cambridgeshire / Peterborough, West of England
- Impacts (both devolved and non-devolved) authorities when reviewing economic growth strategy, strategic plan making, funding and delivery of infrastructure and services including housing
- Greater autonomy of planning powers and decision making at local level
- Increased opportunity but also risk of delay to delivery and long term policy objectives and commitments

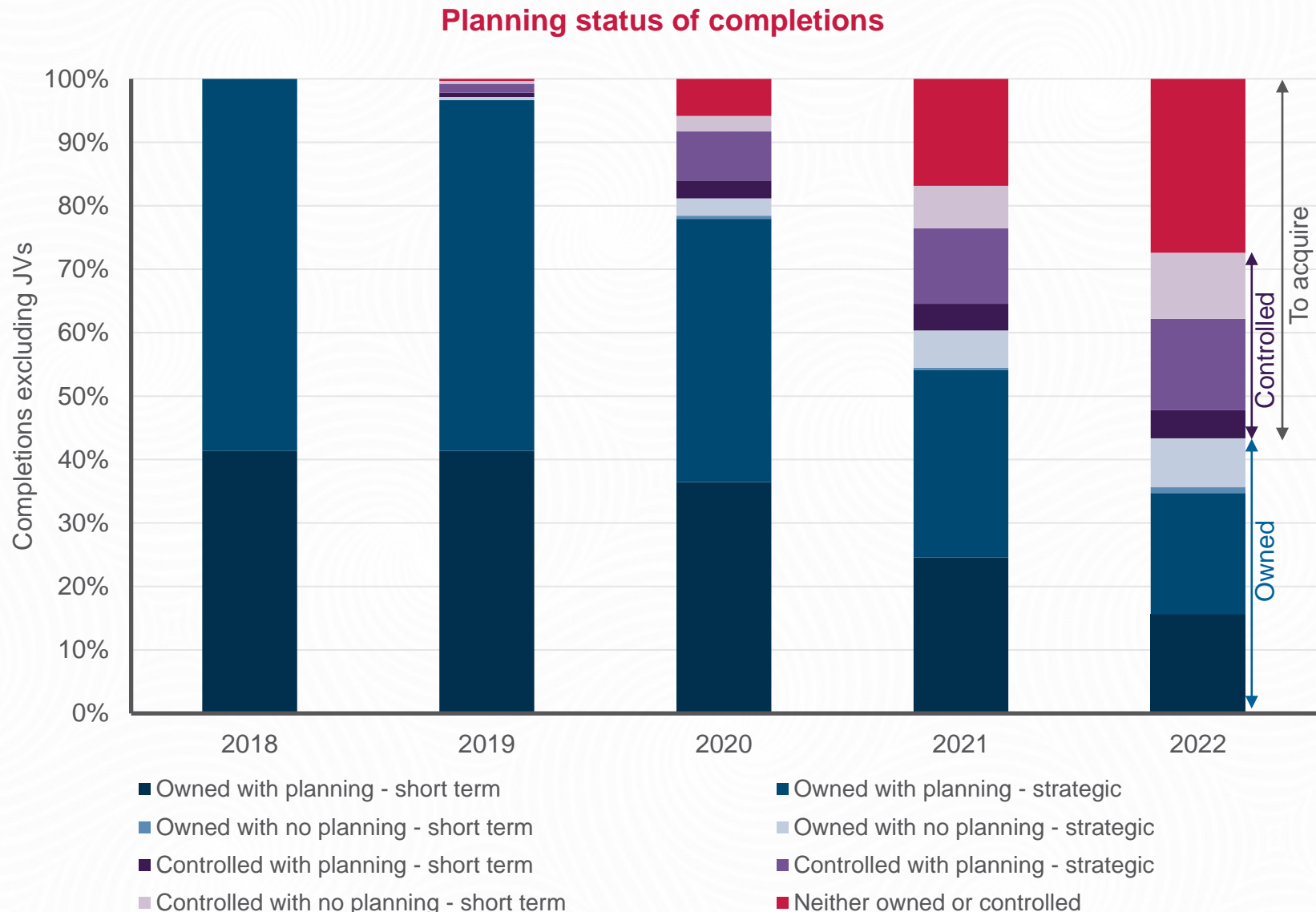
Help to Buy – a manageable adjustment

| Homes England Region | Help to Buy price cap** | First time buyers using Help to Buy as a % of total 2018 private completions | % within price cap |
|------------------------|-------------------------|--|--------------------|
| North East | £186,100 | 31% | 51% |
| North West | £224,400 | 38% | 71% |
| Yorkshire & The Humber | £228,100 | 44% | 77% |
| East Midlands | £261,900 | 44% | 66% |
| West Midlands | £255,600 | 39% | 67% |
| East of England | £407,400 | 47% | 93% |
| London | £600,000 | 42% | 100% |
| South East | £437,600 | 51% | 93% |
| South West | £349,000 | 37% | 93% |
| Total* | | 43% | 82% |

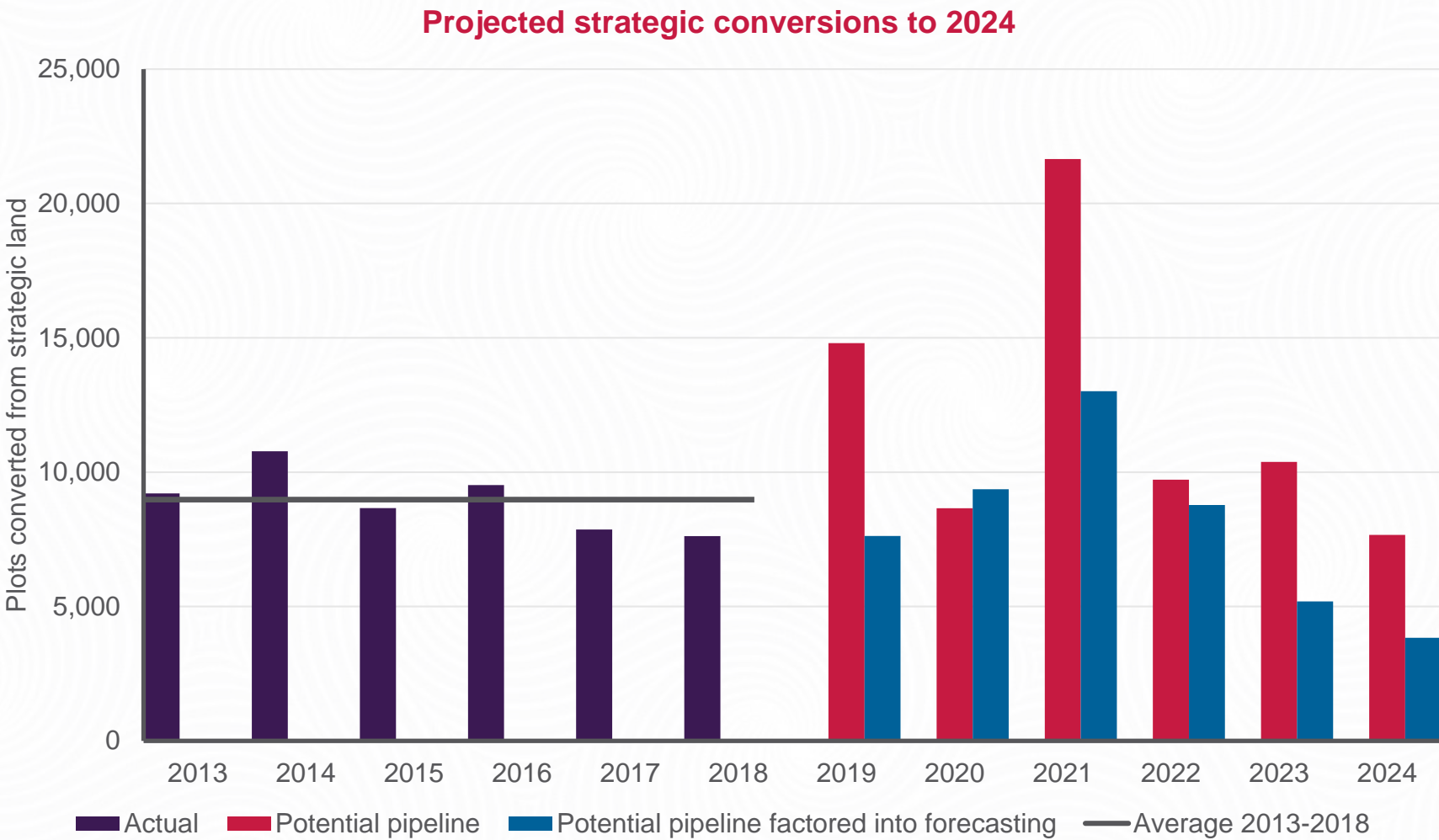
* Excludes Scotland and Wales which are not affected by the announced changes to the Help to Buy Equity Loan Scheme

** Regional price caps for properties sold under Help to Buy Equity Loan scheme from April 2021 to March 2023

Planning for future outlets



Profile of future strategic land BU conversions



Making the most of large sites

| | No. of outlets* FY 2018 | Private sales rate per outlet FY 2018 | No. of outlets* H1 2018 | Private sales rate per outlet H1 2018 |
|--------------------|----------------------------|---|----------------------------|---|
| Super large (751+) | 30 | 1.08 | 32 | 1.20 |
| Large (376-750) | 44 | 0.96 | 47 | 0.94 |
| Medium (201-375) | 76 | 0.84 | 73 | 0.86 |
| Small (1-200) | 123 | 0.64 | 128 | 0.69 |
| Total | 273 | 0.80 | 280 | 0.83 |

| | No. of factories* FY 2018 | Private build rate per factory FY 2018 | No. of factories* H1 2018 | Private build rate per factory H1 2018 |
|--------------------|---------------------------------|--|---------------------------------|--|
| Super large (751+) | 46 | 0.83 | 45 | 0.76 |
| Large (376-750) | 53 | 0.83 | 54 | 0.75 |
| Medium (201-375) | 84 | 0.78 | 80 | 0.75 |
| Small (1-200) | 124 | 0.74 | 127 | 0.70 |
| Total | 307 | 0.78 | 306 | 0.73 |

* Average in period

Outlook and strategy

Pete Redfern
Chief Executive

Short to medium term outlook (1-2 years)

- Near term uncertainty over the Brexit process and its impact on confidence and the economy
- Robust actual sales performance outside London and highest price points
- Strong lending supply, and low interest rates maintain affordability
- Additional land market opportunities (particularly on larger sites) driven by that uncertainty and nervousness amongst buyers and sellers alike

| Limiting or risk factors | Opportunities |
|----------------------------------|--|
| Developer confidence | Strength of demand and cost / availability of mortgage finance |
| Outlet timing | Land availability |
| Materials, people and production | Capital availability and acquisition returns |
| Flat pricing | Under utilised larger sites |
| Consumer confidence | Strategic land strength |

Medium to long term outlook (3-10 years)

- Underlying housing demand likely to remain above supply
- Interest rates the likely cyclical trigger, with manageable Help to Buy changes a risk
- Anticipate trend of increasing requirements for service and quality
- Land and planning supply likely to remain ahead of industry ability to process

Limiting or risk factors

Normal cyclical risk – interest rates
Outlet timing
Materials, people and production
Political and customer expectations

Opportunities

Strength of demand
Land availability
TW strategic pipeline and people
Ability to improve processes and invest in people
Additional routes to market to satisfy need for homes

Strategy overview – what are we trying to achieve?

- Deliver great performance now, but proactively create the strongest possible business for taking advantage of opportunities and risks to come
- Get things right for our customers, because:
 - ...it is the right thing to do
 - ...it lowers risk in a changing environment
 - ...it is a massive motivator for our changing employee base
 - ...we can create sector leading growth potential

2019 customer priorities

- Based on customer feedback
 - Delivering the basics – build quality and after sales service
 - Helping to create and sustain vibrant communities
- To add value
 - Creative placemaking
 - New house type range
 - Enhanced digital interaction
- To broaden routes to market
 - Build order book with case by case sensible scale deals
 - Early PRS and rent to buy trials through Major Developments

Strategy overview – what are we trying to achieve?

- Continuously improve in areas of sustainable advantage
 - Being the employer of choice in the industry
 - Strategic land and the acquisition and management of large sites
 - Right first time build quality
 - Place and community development

- Remove historic bottlenecks rather than just firefight them
 - Invest in people and skills
 - Develop enhanced IT and processes
 - Reduce site opening issues by relationship and process management

Investment proposition

- Strong near term performance and significant dividend
- Balance sheet robustness, efficiency and ongoing cash generation potential
- Open, honest and full communication
- Enhanced relationships with customers, communities and policy makers
- Improved efficiency and consistency of delivery
- Ability to respond quickly to market opportunities
- Leading long term bottom line growth potential
- Creation of brand value by a different housebuilding approach
- Scope for increased future cash generation

Dividend security and growth

- Ordinary dividend scaled to be sustainable in 'normal' downturn
- All of our internal planning has special dividends for 2020 and 2021 at 2019 levels 'plus inflation'
- Balance sheet strength, length of landbank and depth of strategic land mean in most scenarios the special dividend will take priority over land purchases
- Special dividend well covered by cash, for example c.£1 billion cash generation before reinvestment in case where price and volume fall by 10%
- Would never rule out a part of future unannounced special dividends being allocated to share buy backs, either opportunistically if share price is low or as part of the long term return strategy

Summary

- Short term macro outlook uncertain...but trading good
- All sensible risk mitigation in place 'will not bet the farm' for short term gain
- 2019 expect broadly stable volume and financial metrics cf 2018
- Potential for volume growth into 2020 and 2021 remains meaningful
- Future margins show balance of pressures and upsides
- Delivering strong performance now and creating significant future value potential



Future investor communications

- 25 April 2019 AGM and trading update
- 31 July 2019 Half year results
- 13 November 2019 Trading update

Taylor Wimpey plc

Full Year Results Presentation
for the year ended 31 December 2018

Appendices

Summary income statement*

| Group £m | FY 2018*** | FY 2017** | Change | H1 2018 |
|---|----------------|----------------|-------------|--------------|
| Revenue | 4,082.0 | 3,965.2 | 2.9% | 1,719.8 |
| Cost of sales | (3,007.5) | (2,933.4) | 2.5% | (1,274.8) |
| Gross profit | 1,074.5 | 1,031.8 | 4.1% | 445.0 |
| Net operating expenses | (199.6) | (195.3) | 2.2% | (98.6) |
| Profit on ordinary activities before finance costs and tax | 874.9 | 836.5 | 4.6% | 346.4 |
| Net finance cost | (23.4) | (32.1) | (27.1)% | (13.3) |
| Share of results of JVs | 5.3 | 7.6 | (30.3)% | (2.1) |
| Profit before tax | 856.8 | 812.0 | 5.5% | 331.0 |
| Tax charge | (162.3) | (151.7) | 7.0% | (61.9) |
| Profit for the period | 694.5 | 660.3 | 5.2% | 269.1 |

* Before exceptional items

** FY 2017 numbers have been restated to include the impact on adoption of IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers'

*** FY 2018 reflects the adoption of IFRS 9, IFRS 15 and IFRS 16 'Leases'

Summary of impact of IFRS 16 on FY 2018

- The Group has chosen to early adopt IFRS 16 'Leases' from 1 January 2018
- IFRS 16 requires all assets previously classified as operating leases to be capitalised along with an associated liability equal to the present value of the lease commitment
- The modified retrospective approach adopted by the Group means there is no restatement of prior period numbers. The transition to IFRS 16 resulted in a £1.5 million reduction in reserves, recognised in 2018
- The impact on the FY 2018 results and financial position of the Group are as follows:

| £ million | Right-of-use assets | Lease liabilities | Other* | Retained earnings (decrease) |
|---|---------------------|-------------------|--------------|------------------------------|
| Adjustments on transition at 1 January 2018 | 26.5 | (28.5) | 0.5 | (1.5) |
| Movements in the period | 0.6 | 1.1 | (1.8) | (0.1) |
| At 31 December 2018 | 27.1 | (27.4) | (1.3) | (1.6) |

* Other includes trade and other receivables, trade and other payables, provisions and deferred tax assets

Summary of impact of restatements 31 December 2017

- The impact of the accounting standards adopted in 2018 on the Group's 31 December 2017 income statement** and key metrics is as follows:

| Group £m | Published | IFRS 9 impact | IFRS 15 impact | Restated |
|---|----------------|------------------|-------------------|----------------|
| Revenue | 3,965.2 | - | - | 3,965.2 |
| Cost of sales | (2,932.2) | - | (1.2) | (2,933.4) |
| Gross profit | 1,033.0 | - | (1.2) | 1,031.8 |
| Net operating expenses | (199.4) | 2.9 | 1.2 | (195.3) |
| Profit on ordinary activities before finance costs and tax | 833.6 | 2.9 | - | 836.5 |
| Net finance costs | (29.2) | (2.9) | - | (32.1) |
| Share of results of JVs | 7.6 | - | - | 7.6 |
| Profit before tax | 812.0 | - | - | 812.0 |
| Gross profit* margin % | 26.1% | - | (0.1)% | 26.0% |
| Operating profit* margin % | 21.2% | 0.1% | - | 21.3% |
| Return on net operating assets* % | 32.4% | 0.1% | - | 32.5% |

* See definitions slide in the appendix

** Before exceptional items

There is no impact on the balance sheet on adoption of IFRS 9 or IFRS 15

Cash flow summary

| Group £m | FY 2018 | H2 2018 | H1 2018 | FY 2017 |
|--|--------------|--------------|--------------|--------------|
| Profit from ordinary activities before finance costs* | 828.8 | 512.4 | 316.4 | 706.5 |
| (Increase) / decrease in inventories | (1.7) | 185.3 | (187.0) | (61.7) |
| Exceptional items | 46.1 | 16.1 | 30.0 | 130.0 |
| Other operating items** | (57.8) | (93.4) | 35.6 | (38.9) |
| Cash generated by operations | 815.4 | 620.4 | 195.0 | 735.9 |
| Payments relating to exceptional charges | (25.9) | (17.0) | (8.9) | - |
| Tax paid | (139.6) | (75.5) | (64.1) | (126.7) |
| Interest paid | (8.6) | (4.8) | (3.8) | (5.1) |
| Net cash* from / (used in) operating activities | 641.3 | 523.1 | 118.2 | 604.1 |
| Investing activities | 8.7 | 29.6 | (20.9) | 4.6 |
| Financing activities | (516.2) | (433.2) | (83.0) | (460.2) |
| Cash flow for the period | 133.8 | 119.5 | 14.3 | 148.5 |
| Net cash* b/f | 511.8 | 525.1 | 511.8 | 364.7 |
| Cash inflow / (outflow) | 133.8 | 119.5 | 14.3 | 148.5 |
| FX and fair value adjustments | (1.5) | (0.5) | (1.0) | (1.4) |
| Closing net cash* | 644.1 | 644.1 | 525.1 | 511.8 |

* See definitions slide in the appendix

** Includes other non-cash items, movement in receivables and payables and pension contributions

Group segmental analysis

| | FY 2018 | | | FY 2017** | | |
|---|-------------------------|-------------------------------|-------------|-------------------------|-------------------------------|-------------|
| | Operating profit* £m | Operating profit* margin % | RONOA* % | Operating profit* £m | Operating profit* margin % | RONOA* % |
| North | 307.1 | 21.6 | 36.6 | 294.9 | 22.1 | 35.6 |
| Central and South West | 344.7 | 25.6 | 45.3 | 318.0 | 24.6 | 43.0 |
| London and South East incl. Central London | 270.6 | 22.4 | 25.9 | 271.4 | 22.0 | 25.9 |
| Corporate | (71.4) | - | - | (67.0) | - | - |
| UK | 851.0 | 21.4 | 33.1 | 817.3 | 21.1 | 32.1 |
| Spain | 29.2 | 28.0 | 49.3 | 26.8 | 28.5 | 52.4 |
| Group | 880.2 | 21.6 | 33.4 | 844.1 | 21.3 | 32.5 |

* See definitions slide in the appendix

** FY 2017 numbers have been restated to include the impact on adoption of IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers'

North Division – segmental analysis

| As at 31 Dec 2018 | Scotland, North East and North Yorkshire | North West and Yorkshire | Midlands | North Division FY 2018 | North Division FY 2017 |
|--|---|--------------------------------|----------|------------------------------|------------------------------|
| Number of outlets | 57 | 40 | 38 | 135 | 143 |
| Private sales rate (net) | 0.76 | 0.78 | 0.69 | 0.75 | 0.72 |
| Completions | 2,507 | 2,035 | 1,889 | 6,431 | 6,076 |
| Average selling price on completions £000 | 218 | 208 | 233 | 219 | 217 |
| Net operating assets* £m | 374.7 | 214.7 | 250.1 | 839.5 | 840.7 |

Data based on completions excluding JVs

* See definitions slide in the appendix

Central and South West Division – segmental analysis

| As at 31 Dec 2018 | East and Central | Wales and West | Central and South West Division FY 2018 | Central and South West Division FY 2017 |
|---|------------------|----------------|---|---|
| Number of outlets | 43 | 29 | 72 | 83 |
| Private sales rate (net) | 0.83 | 0.95 | 0.88 | 0.87 |
| Completions | 2,923 | 2,336 | 5,259 | 5,135 |
| Average selling price on completions £000 | 269 | 230 | 252 | 250 |
| Net operating assets* £m | 394.0 | 379.5 | 773.5 | 749.8 |

Data based on completions excluding JVs

* See definitions slide in the appendix

London and South East Division – segmental analysis

| As at 31 Dec 2018 | South East excl. London market† | London market† | London and South East Division FY 2018 | London and South East Division FY 2017 |
|--|------------------------------------|-------------------|---|---|
| Number of outlets | 33 | 16 | 49 | 52 |
| Private sales rate (net) | 0.84 | 0.72 | 0.80 | 0.77 |
| Completions | 2,187 | 945 | 3,132 | 3,176 |
| Homes transferred to other Group entities (for rent to buy) | 14 | - | 14 | - |
| Average selling price on completions £000 | 306 | 538 | 376 | 378 |
| Net operating assets* £m | 502.0 | 532.8 | 1,034.8 | 1,056.7 |

Data based on completions excluding JVs

* See definitions slide in the appendix

† The London market includes the area inside the M25

Net private sales by price band

| Net private sales | <£200k | £201k-£250k | £251k - £300k | £301k - £450k | £451k-£600k | £601k - £1m | >£1m | Total |
|------------------------|--------------|--------------|---------------|---------------|-------------|-------------|-----------|---------------|
| North | 1,911 | 1,527 | 1,131 | 857 | 58 | 7 | - | 5,491 |
| Central and South West | 513 | 673 | 729 | 1,404 | 202 | 16 | - | 3,537 |
| London and South East | 62 | 252 | 330 | 945 | 437 | 191 | 66 | 2,283 |
| Total | 2,486 | 2,452 | 2,190 | 3,206 | 697 | 214 | 66 | 11,311 |

| | | | | | | | | |
|--------------|------------|------------|------------|------------|-----------|-----------|-----------|-------------|
| Total | 22% | 22% | 19% | 28% | 6% | 2% | 1% | 100% |
|--------------|------------|------------|------------|------------|-----------|-----------|-----------|-------------|

UK market performance – affordable homes

| | H1 2019 (w/e 24 Feb 2019) | 31 Dec 2018 | 31 Dec 2017 | Change |
|--------------------------------|---------------------------------|-------------|-------------|--------|
| Average outlets open | 256 | 273 | 287 | (4.9%) |
| Affordable order book £m | 593 | 605 | 400 | 51.3% |
| Affordable order book units | 4,355 | 4,452 | 3,159 | 40.9% |
| Affordable order book ASP £000 | 136 | 136 | 127 | 7.1% |

Data based on reservations excluding JVs

Central London market performance

| | H1 2019 (w/e 24 Feb 2019) | H2 2018 | H1 2018 | H2 2017 | H1 2017 |
|-----------------------------|---------------------------------|---------|---------|---------|---------|
| Average outlets open | 6 | 7 | 8 | 8 | 8 |
| Private sales rate (net) | 0.42 | 0.36 | 0.47 | 0.24 | 0.41 |
| Private sales price £000 | 976 | 1,092 | 896 | 962 | 1,147 |
| Cancellation rate (private) | 9% | 39% | 12% | 26% | 18% |

Data based on reservations excluding JVs

Tax

| £m Asset / (liability) | Current tax | Deferred tax | Net tax |
|------------------------|-------------|--------------|---------|
| As at 1 Jan 2018 | (57.9) | 29.3 | (28.6) |
| Adoption of IFRS 16 | - | 0.3 | 0.3 |
| Income statement* | (152.3) | (1.8) | (154.1) |
| SOCI / SOCIE | 0.9 | 12.7 | 13.6 |
| Cash paid | 139.6 | - | 139.6 |
| Forex | (0.2) | 0.2 | - |
| As at 31 Dec 2018 | (69.9) | 40.7 | (29.2) |

- Pre-exceptional underlying tax rate of 18.9% (2017: 18.7%)
- Expect future underlying tax rate to largely reflect statutory rate
- Deferred tax balance primarily relates to pension deficit and Spanish losses
- £47.8m unrecognised Spanish temporary differences
- Six anticipated UK tax instalment payments in 2020 (2019: four) arising from change in UK tax regime for very large companies

* Including tax on exceptional items

Pensions

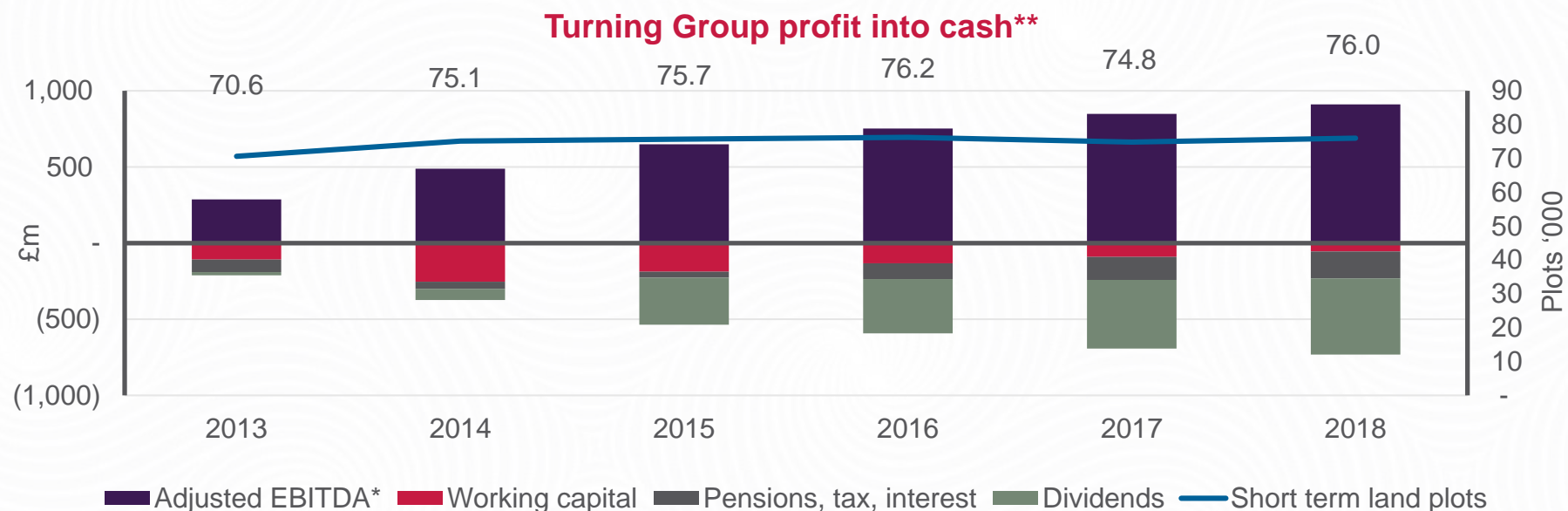
Movement in present value of defined benefit obligations

| Total UK £m | FY 2018 | FY 2017 | FY 2016 | FY 2015 |
|---|---------------|---------------|--------------|--------------|
| IAS 19 (surplus) / deficit brought forward | (23.9) | 232.7 | 177.1 | 182.4 |
| Employer contributions* | (34.1) | (23.1) | (23.1) | (23.1) |
| Administration cost | 1.9 | 3.0 | 3.3 | 3.2 |
| Interest cost | 1.1 | 5.9 | 6.1 | 6.0 |
| Increase in scheme liabilities due to GMP | 16.1 | - | - | - |
| Actuarial changes and asset performance | 8.0 | (242.4) | 69.3 | 8.6 |
| IAS 19 (surplus) / deficit | (30.9) | (23.9) | 232.7 | 177.1 |
| Adjustment for IFRIC 14 | 163.9 | 87.6 | - | - |
| Carried forward deficit | 133.0 | 63.7 | 232.7 | 177.1 |

* Includes £5.1 million paid through the Pension Funding Partnership structure in 2018 (2017: £5.1 million)

Cash management

| UK metrics | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 |
|------------------------|---------|---------|---------|---------|---------|
| Completions (excl JVs) | 12,294 | 13,219 | 13,808 | 14,387 | 14,822 |
| Total sq ft per unit | 998 | 1,029 | 1,021 | 1,013 | 1,017 |
| ASP £ per sq ft | 213 | 223 | 250 | 261 | 259 |
| Build cost £ per sq ft | 113 | 118 | 135 | 142 | 145 |
| Land cost £ per sq ft | 45 | 41 | 44 | 45 | 41 |
| % private apartments | 18% | 13% | 14% | 16% | 12% |
| WIP turn* | 3.33x | 3.10x | 3.00x | 2.95x | 2.95x |



* See definitions slide in the appendix

** Excludes cash payments in respect of exceptional items

Dividend payment profile

| Paid (or to be paid) pence per share | FY 2019*** | FY 2018 | FY 2017 | Change FY 2017 to FY 2018 |
|---|-------------------|----------------|----------------|--|
| Ordinary dividend* | c.7.6 | 4.9 | 4.6 | 6.5% |
| Special dividend** | c.10.7 | 10.4 | 9.2 | 13.0% |
| Total | c.18.3 | 15.3 | 13.8 | 10.9% |

| Paid (or to be paid) £m | FY 2019*** | FY 2018 | FY 2017 | Change FY 2017 to FY 2018 |
|------------------------------------|-------------------|----------------|----------------|--|
| Ordinary dividend* | c.250 | 160 | 150 | 6.7% |
| Special dividend** | c.350 | 340 | 301 | 13.0% |
| Total | c.600 | 500 | 451 | 10.9% |

- Final ordinary dividend of 3.8 pence per share will be paid on 17 May 2019 (c.£125 million) subject to AGM approval
- Special dividend of c.£350 million will be paid on 12 July 2019 subject to AGM approval
- The Board confirms its intention to keep the mechanics of how the Company will pay special dividends, including the merits of undertaking a share buyback at some point in the future should it become appropriate to do so, under regular review

* Includes interim and final dividends

** Additional cash returns for the year

*** 2019 is indicative, subject to shareholder approval

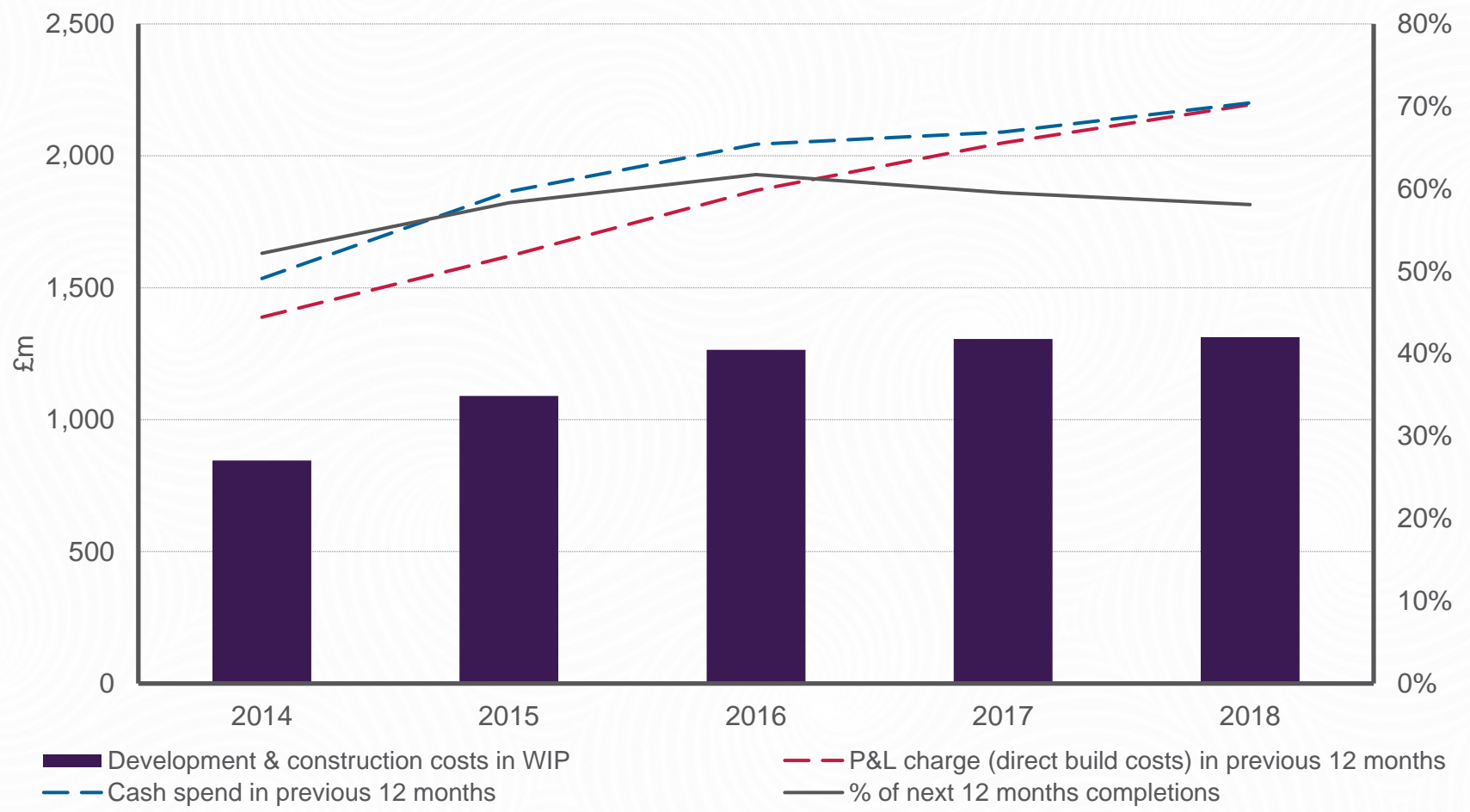
UK land commitments

| £m | < 1 yr | 1-2 yrs | 2-5 yrs | 5+ yrs | 2018 total | 2017 total |
|--|--------|---------|---------|--------|------------|------------|
| Committed cash payments in respect of unconditional land contracts | 353 | 198 | 184 | 14 | 749 | 650 |
| Expected cash payments in respect of conditional land contracts | 117 | 92 | 69 | 89 | 367 | 337 |

- Included in unconditional land contracts at 31 December 2018 are UK overage commitments of £102 million (2017: £117 million)

Managing UK working capital

WIP cash spend vs P&L charge



Data based on completions excluding JVs

Movement in Group net assets

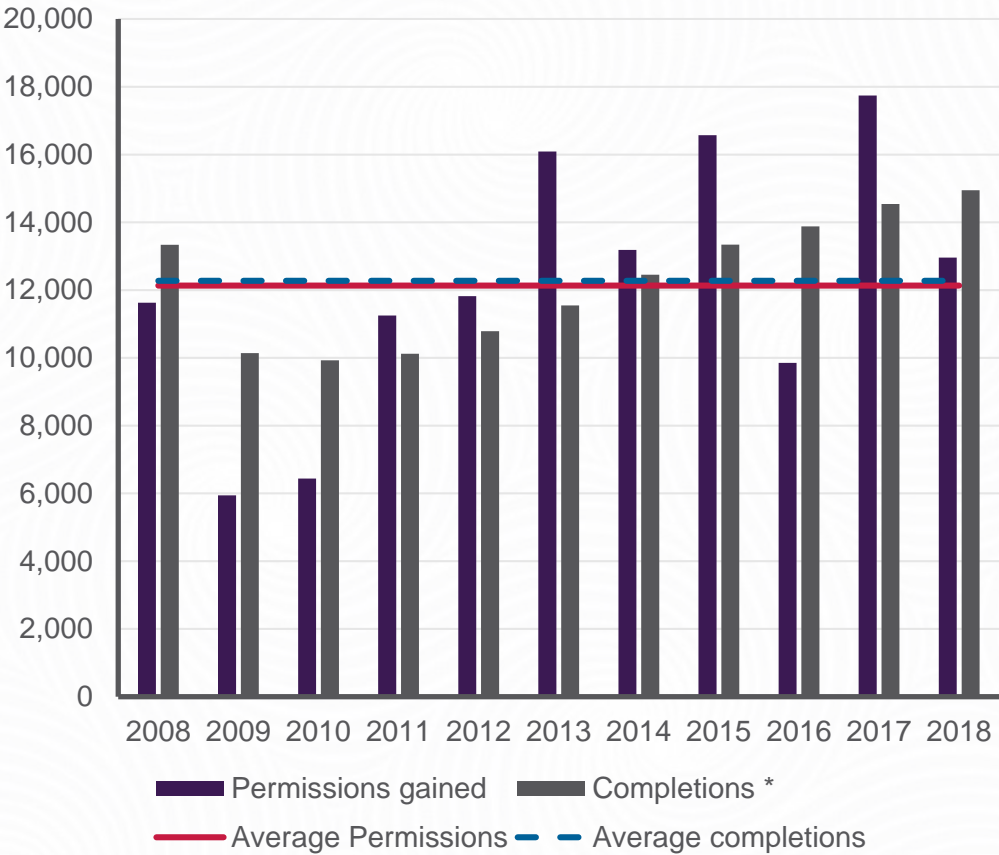
| | 31 Dec 2018 £m | 31 Dec 2017 £m | Breakdown of movement % |
|---|-------------------|-------------------|-------------------------------|
| Opening net assets | 3,137.3 | 2,900.3 | N/A |
| Pre-exceptional net earnings | 694.5 | 660.3 | 22.1% |
| Net impact of exceptional items | (37.9) | (105.0) | (1.2)% |
| Actuarial (losses) / gains after tax | (69.6) | 128.3 | (2.2)% |
| Net share scheme and other movements | 2.0 | 3.9 | 0.1% |
| Returns to shareholders | (499.5) | (450.5) | (15.9)% |
| Closing net assets | 3,226.8 | 3,137.3 | 2.9% |
| Add back returns to shareholders | 499.5 | | 15.9% |
| Closing net assets pre returns to shareholders | 3,726.3 | | 18.8% |

UK net operating assets*

| £m | 31 Dec 2018 | 31 Dec 2017 |
|------------------------------|----------------|----------------|
| Fixed assets | 51 | 27 |
| Investment in JVs | 48 | 51 |
| Land | 2,659 | 2,596 |
| WIP | 1,363 | 1,337 |
| Total inventories | 4,022 | 3,933 |
| Debtors | 189 | 180 |
| Land creditors | (716) | (618) |
| Other creditors | (744) | (750) |
| Total creditors | (1,460) | (1,368) |
| Pension liability and PRMA | (134) | (65) |
| Provisions | (167) | (159) |
| Net operating assets* | 2,549 | 2,599 |

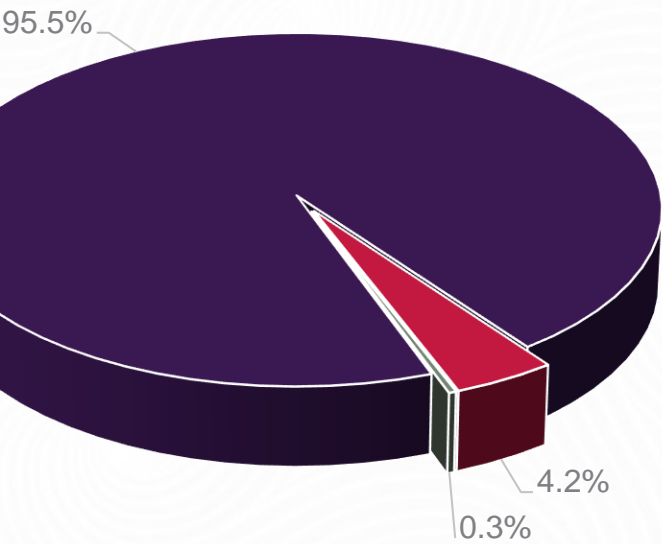
* See definitions slide in the appendix

UK planning permissions



- Average detailed planning permissions achieved - *Intake*
- Average completions / detailed planning permissions implemented - *Output*

Sites with implementable planning permission



- Started on site as at 31 December 2018
- Starting on site Q1 2019
- Starting on site Q2 2019

* Data includes JV plots

Financing

- Net cash* at 31 Dec 2018: £644.1 million (31 Dec 2017: £511.8 million)
- Adjusted gearing (net debt* plus land creditors): 2.9% (31 Dec 2017: 4.1%)
- Average net cash* during 2018: £259.6 million (2017: £186.5 million)
- Borrowings and facilities:
 - £550 million Revolving Credit Facility
 - Fully undrawn during 2018
 - Expiring February 2024 following a recent extension
 - €100 million Senior Loan Notes due June 2023
 - Issued 28 June 2016 at a fixed coupon of 2.02% p.a. and is being used to hedge the investment in our Spanish business
 - Weighted average life of 4.2 years now extended to 5.0 years

* See definitions slide in the appendix

Finance charges

| £m | FY 2018 | FY 2017* | Change |
|--|-------------|-------------|----------------|
| Financial indebtedness | 5.2 | 6.0 | (13.3)% |
| Foreign exchange movements | 1.0 | 0.1 | - |
| Unwind of land creditors and other items | 18.5 | 20.9 | (11.5)% |
| Pensions | 1.1 | 5.9 | (81.4)% |
| Interest on IFRS 16 leases | 0.5 | - | - |
| Total | 26.3 | 32.9 | (20.1)% |

* FY 2017 numbers have been restated to include the impact on adoption of IFRS 9 'Financial Instruments'

UK land portfolio – net cost

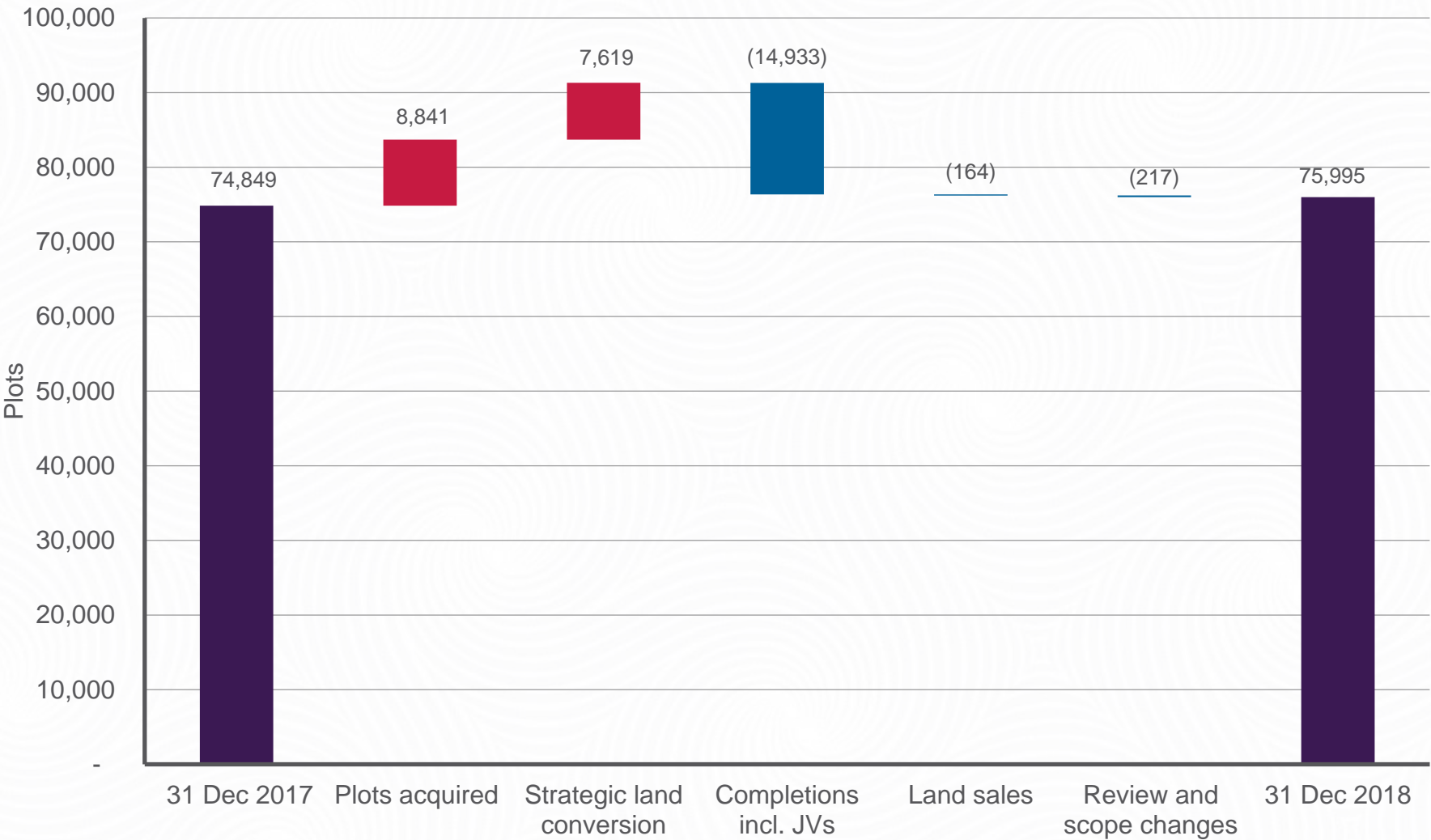
| £m | 31 Dec 2018 | | | 31 Dec 2017 |
|---------------------|---------------|---------------|----------------|----------------|
| | Owned | Controlled | Total | Total |
| Detailed planning | 1,909 | 25 | 1,934 | 1,884 |
| Outline planning | 328 | 145 | 473 | 496 |
| Resolution to grant | 27 | 27 | 54 | 42 |
| Sub-total | 2,264 | 197 | 2,461 | 2,422 |
| <i>plots</i> | <i>53,279</i> | <i>22,716</i> | <i>75,995</i> | <i>74,849</i> |
| Strategic | 100 | 85 | 185 | 159 |
| <i>plots</i> | <i>32,354</i> | <i>95,063</i> | <i>127,417</i> | <i>117,245</i> |
| Total | 2,364 | 282 | 2,646 | 2,581 |

Of the short term owned and controlled land portfolio:

- 51% - post 2009 strategic land
- 35% - post 2009 short term land
- 14% - pre 2009 land

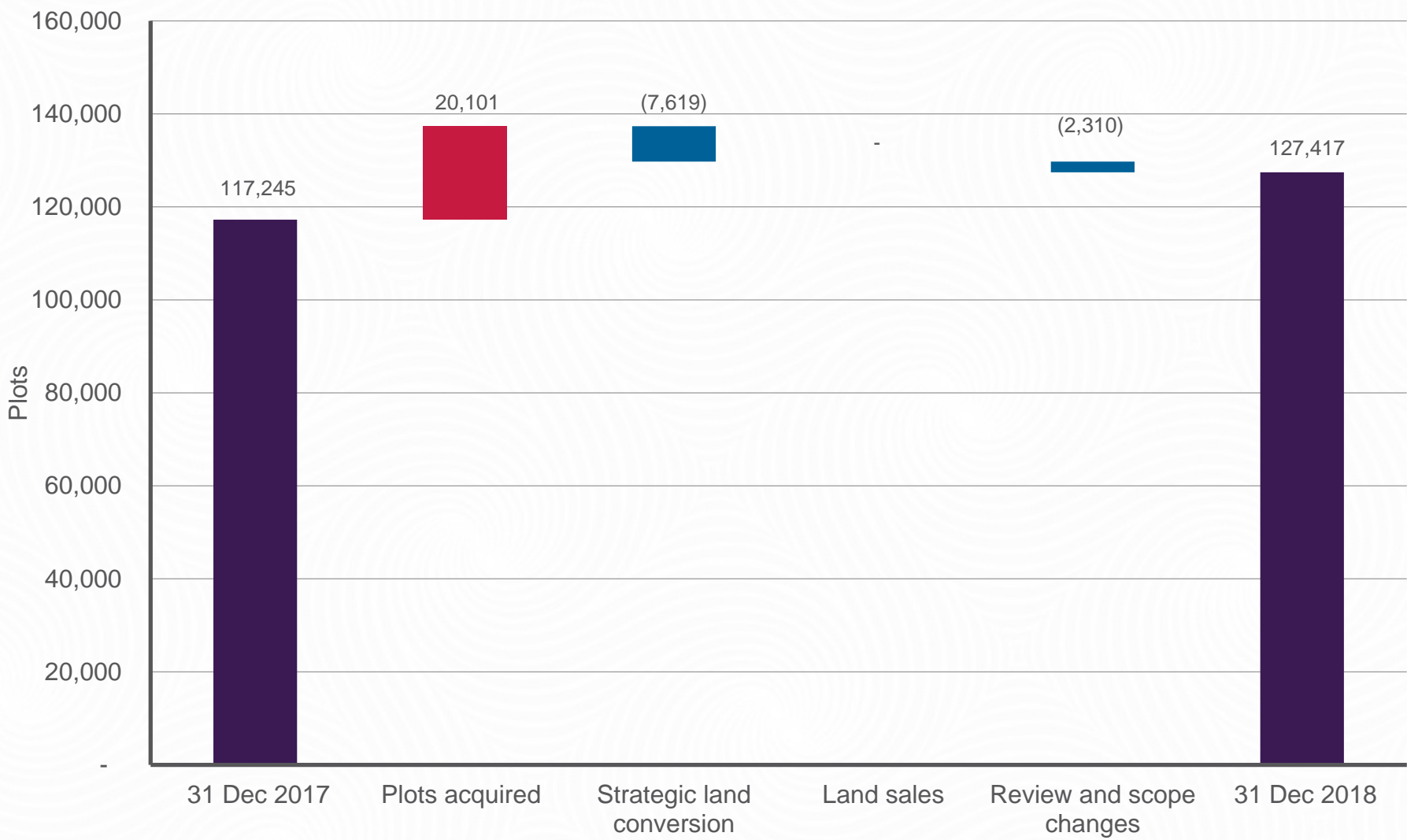
Includes JV plots at no cost, excludes land with less than 50% certainty of achieving planning permission
NRV is wholly allocated to land, comparable basis to peers

UK short term landbank



Data includes JV plots

UK strategic pipeline



Excludes land with less than 50% certainty of achieving planning permission
Data includes JV plots

UK landbank

- Land cost in short term owned landbank is 15.2% of ASP (2017: 14.8%), supported by strategic pipeline conversions
- Land cost as % of ASP on 2018 approvals 19.2% (2017: 19.8%)
- Potential revenue in the landbank at 31 Dec 2018 was £50 billion (31 Dec 2017: £47 billion), comprising short term land of £21 billion (31 Dec 2017: £21 billion) and strategic land of £29 billion (31 Dec 2017: £26 billion)
- In the year we achieved a 0.5 percentage points margin upside on completions from land acquired since 2009, compared with the expected margin at the point of acquisition

| | Land cost on balance sheet £m 31 Dec 2018 | Number of plots 31 Dec 2018 | Land cost on balance sheet £m 31 Dec 2017 | Number of plots 31 Dec 2017 |
|-------------------------|---|--------------------------------|---|--------------------------------|
| Short term owned | 2,264 | 53,279 | 2,338 | 56,619 |
| Short term controlled | 197 | 22,716 | 84 | 18,230 |
| Total short term | 2,461 | 75,995 | 2,422 | 74,849 |
| Strategic owned* | 100 | 32,354 | 90 | 26,836 |
| Strategic controlled* | 85 | 95,063 | 69 | 90,409 |
| Total strategic* | 185 | 127,417 | 159 | 117,245 |
| Total landbank | 2,646 | 203,412 | 2,581 | 192,094 |

Data includes JV plots

* Excludes land with less than 50% certainty of achieving planning permission

North Division - land

| As at 31 Dec 2018 | Scotland, North East and North Yorkshire | North West and Yorkshire | Midlands | North Division FY 2018 | North Division FY 2017 |
|--|---|--------------------------------|----------|------------------------------|------------------------------|
| Short term owned and controlled land portfolio plots | 12,933 | 8,121 | 7,955 | 29,009 | 27,821 |
| Land portfolio years | 5.2 | 4.0 | 4.2 | 4.5 | 4.6 |
| Cost per plot £000* | 29.2 | 24.8 | 37.4 | 30.0 | 31.0 |
| ASP in short term owned land portfolio £000 | 233 | 212 | 236 | 228 | 219 |
| Average land cost as a % of ASP | 12.5% | 11.7% | 15.8% | 13.2% | 14.2% |
| Strategic land plots (> 50% probability) | 33,860 | 19,616 | 14,911 | 68,387 | 63,550 |

* Based on short term owned plots. NRV is wholly allocated to land, comparable basis to peers

Central and South West Division - land

| As at 31 Dec 2018 | East and Central | Wales and West | Central and South West Division FY 2018 | Central and South West Division FY 2017 |
|--|------------------|----------------|---|---|
| Short term owned and controlled land portfolio plots | 17,100 | 16,412 | 33,512 | 32,788 |
| Land portfolio years | 5.9 | 7.0 | 6.4 | 6.4 |
| Cost per plot £000* | 36.2 | 35.6 | 35.9 | 32.1 |
| ASP in short term owned land portfolio £000 | 293 | 265 | 279 | 264 |
| Average land cost as a % of ASP | 12.4 | 13.4% | 12.9% | 12.2% |
| Strategic land plots (> 50% probability) | 15,739 | 24,938 | 40,677 | 36,159 |

* Based on short term owned plots. NRV is wholly allocated to land, comparable basis to peers

London and South East Division - land

| As at 31 Dec 2018 | South East excl. London market [†] | London market [†] | London and South East Division FY 2018 | London and South East Division FY 2017 |
|---|--|-------------------------------|---|---|
| Short term owned and controlled land portfolio plots | 10,603 | 2,871 | 13,474 | 14,240 |
| Land portfolio years | 4.8 | 2.7 | 4.1 | 4.3 |
| Cost per plot £000* | 63.3 | 119.5 | 77.0 | 74.9 |
| ASP in short term owned land portfolio £000 | 265 | 743 | 384 | 412 |
| Average land cost as a % of ASP | 23.9% | 16.1% | 20.1% | 18.2% |
| Strategic land plots (> 50% probability) | 15,853 | 2,500 | 18,353 | 17,536 |

* Based on short term owned plots, including share of JVs. NRV is wholly allocated to land, comparable basis to peers

[†] The London market includes the area inside the M25

Site size of strategic land conversions

| | Number of strategic land plots in planning as at end of 2018 | Number of strategic land sites in planning as at end of 2018 |
|--------------------|---|---|
| Super large (751+) | 6,735 | 6 |
| Large (376-750) | 4,358 | 9 |
| Medium (201-375) | 1,398 | 5 |
| Small (1-200) | 3,697 | 33 |
| Total | 16,188* | 53 |

| Strategically sourced sites | 2018 completions | 2018 conversions | 2017 completions | 2017 conversions |
|-----------------------------|---------------------|---------------------|---------------------|---------------------|
| Super large (751+) | 2,018 | 1,814 | 2,004 | 3,470 |
| Large (376-750) | 1,407 | 1,772 | 1,094 | 1,891 |
| Medium (201-375) | 1,649 | 2,296 | 1,364 | 598 |
| Small (1-200) | 3,636 | 1,737 | 3,296 | 1,904 |
| Total | 8,710 | 7,619 | 7,758 | 7,863 |

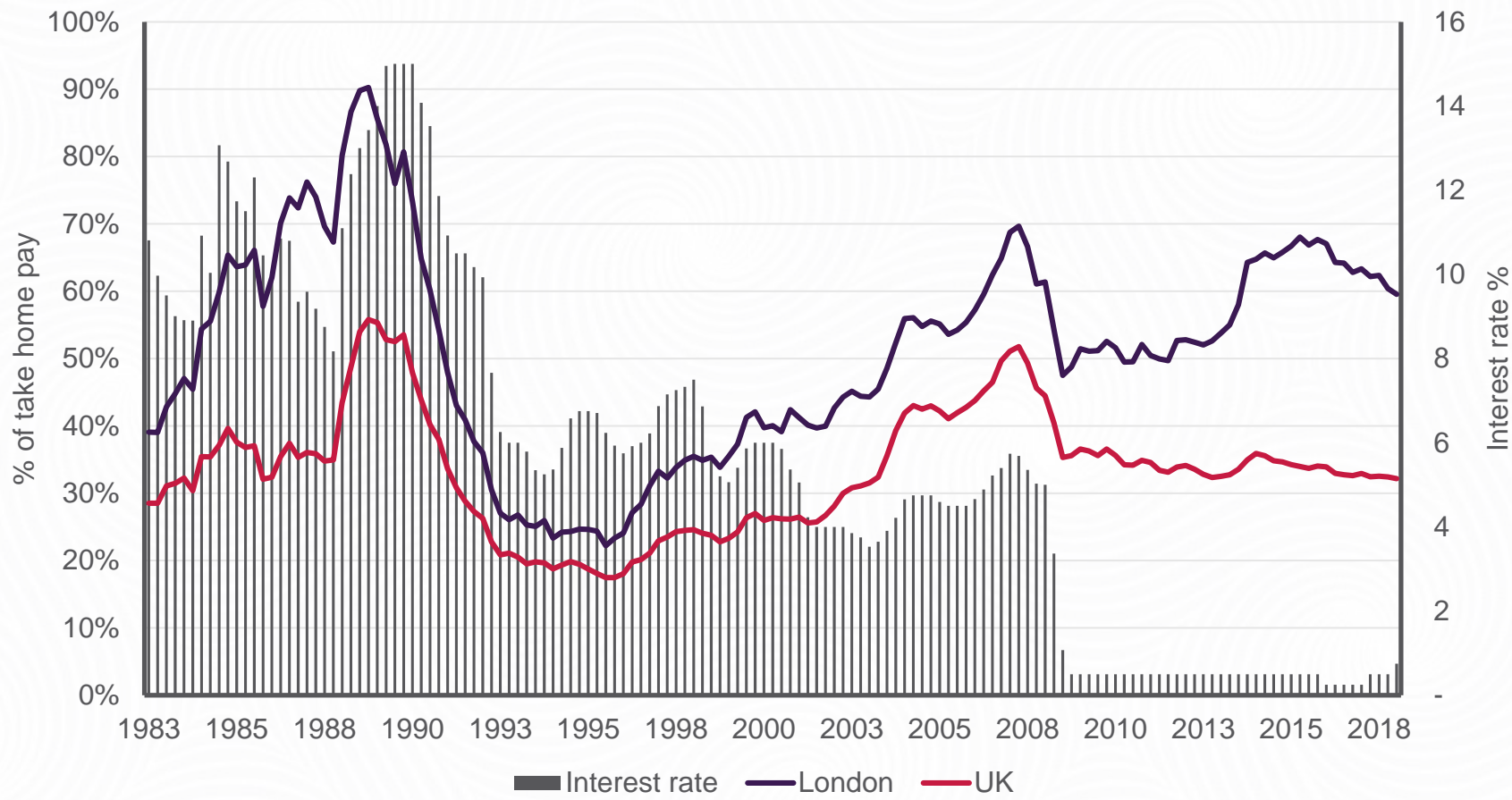
* Includes three appeal sites, representing 325 plots

Land disposals

| Proceeds £m | FY 2018 | FY 2017 |
|--------------|-------------|-------------|
| UK | 56.4 | 39.0 |
| Spain | 0.2 | 0.5 |
| Total | 56.6 | 39.5 |

| Gross profit £m | | |
|-----------------|-------------|-------------|
| UK | 17.6 | 11.0 |
| Spain | (1.6) | (0.3) |
| Total | 16.0 | 10.7 |

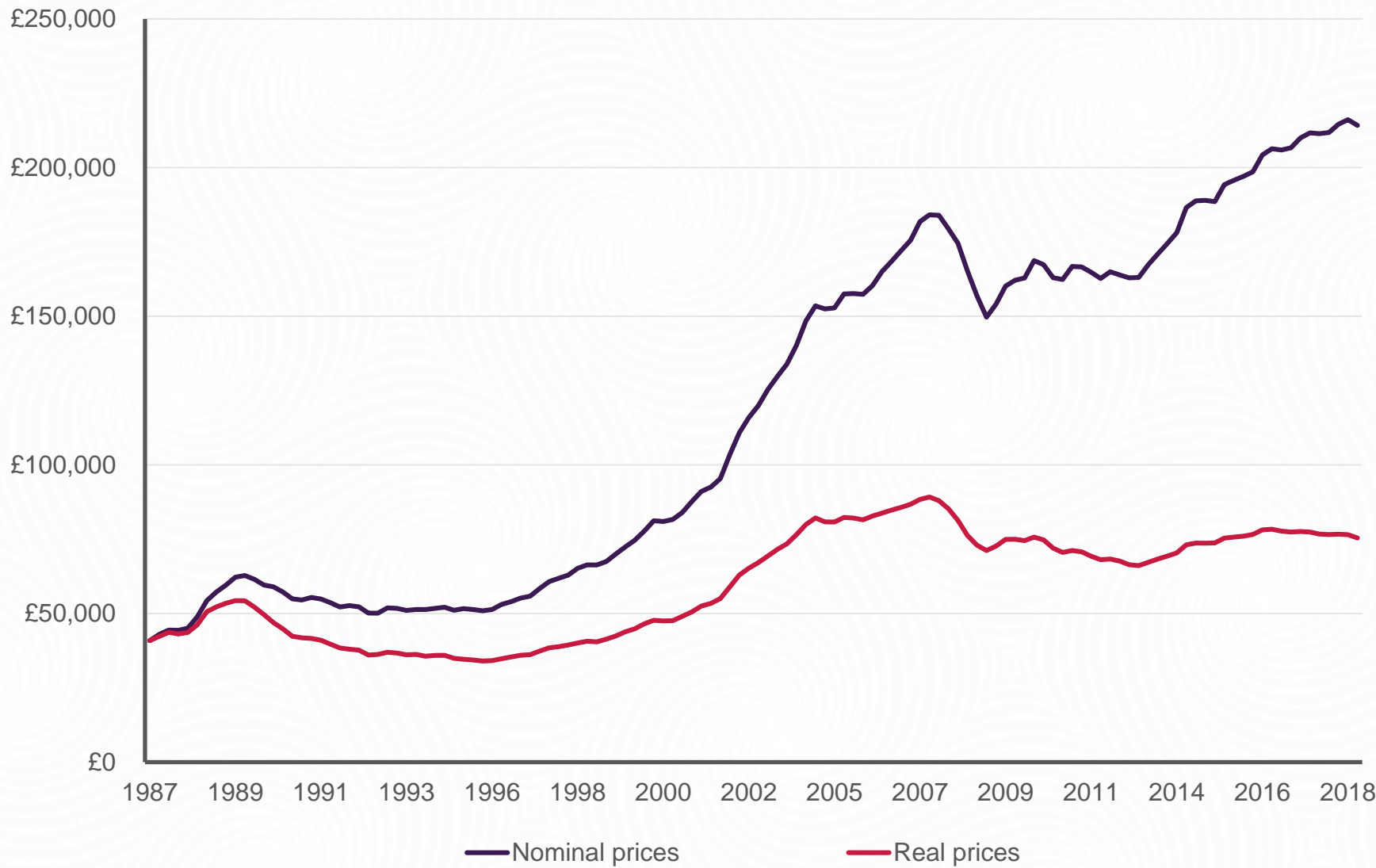
FTB mortgage payments as % of pay / interest rates



■ FPC recommend to stress test assuming Bank Rate increases to 4%

Source: Nationwide / Bank of England
2018 Q3 interest rate rise 2 August 2018
Updated to Q3 2018

Real house prices



Source: Nationwide – Nominal house prices

UK customer segmentation

| Total reservations | FY 2018 | H2 2018 | H1 2018 | FY 2017 | H2 2017 | H1 2017 |
|---------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| First time buyers | 34% | 33% | 35% | 41% | 40% | 42% |
| Second time buyers | 31% | 30% | 32% | 39% | 37% | 40% |
| Affordable | 30% | 31% | 29% | 17% | 20% | 14% |
| Investor | 5% | 6% | 4% | 3% | 3% | 4% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% |
| Help to Buy* | 36% | 34% | 38% | 43% | 42% | 45% |

Data based on reservations excluding JVs

- Help to Buy Equity Loan Scheme

UK product mix

| Private completions | FY 2018 | H2 2018 | H1 2018 | FY 2017 | H2 2017 | H1 2017 |
|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Apartments | 12% | 14% | 10% | 16% | 16% | 15% |
| 1 / 2 / 3 bed houses | 48% | 47% | 49% | 47% | 47% | 48% |
| 4 / 5 / 6 bed houses | 40% | 39% | 41% | 37% | 37% | 37% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% |

Data based on completions excluding JVs

UK sales performance

| | H1 2019 (w/e 24 Feb 2019) | H2 2018 | H1 2018 | H2 2017 | H1 2017 |
|----------------------------|---------------------------------|---------|---------|---------|---------|
| Average outlets open | 256 | 266 | 280 | 284 | 292 |
| Average sales rate (net) | 1.07 | 1.09 | 1.16 | 0.84 | 1.02 |
| Average selling price £000 | 278 | 244 | 254 | 260 | 265 |

| As at | H1 2019 (w/e 24 Feb 2019) | 31 Dec 2018 | 1 July 2018 | 31 Dec 2017 | 2 July 2017 |
|--------------------------------|---------------------------------|----------------|----------------|----------------|----------------|
| Total order book value £m | 2,170 | 1,782 | 2,175 | 1,628 | 2,111 |
| Total order book units | 9,622 | 8,304 | 9,241 | 7,136 | 8,741 |
| ASP in total order book £000 | 226 | 215 | 235 | 228 | 242 |
| Outlets at end of period | 254 | 256 | 278 | 278 | 296 |
| Order book value £m per outlet | 8.5 | 7.0 | 7.8 | 5.9 | 7.1 |

Data based on both private and affordable reservations excluding JVs

Spain financial summary

| | FY 2018 | FY 2017 | Change |
|--------------------------------|---------|---------|----------|
| Average number of active sites | 21 | 18 | 16.7% |
| Legal completions | 342 | 301 | 13.6% |
| Average selling price £000 | 304 | 311 | (2.3)% |
| Average selling price €000 | 344 | 352 | (2.3)% |
| Revenue £m | 104.2 | 94.2 | 10.6% |
| Operating profit* £m | 29.2 | 26.8 | 9.0% |
| Operating profit* margin % | 28.0 | 28.5 | (0.5)ppt |
| Order book £m | 110.8 | 106.4 | 4.1% |
| Order book units | 284 | 329 | (13.7)% |
| Net operating assets* £m | 63.0 | 55.3 | 13.9% |
| Total landbank plots** | 2,479 | 2,675 | (7.3)% |

* See definitions slide in the appendix

** Landbank includes owned and controlled land

Definitions

- Operating profit is defined as profit on ordinary activities before net finance costs, exceptional items and tax, after share of results of joint ventures.
- Adjusted basic earnings per share represents earnings attributed to the shareholders of the parent, excluding exceptional items and tax on exceptional items, divided by the weighted average number of shares in issue during the period.
- Net operating assets is defined as net assets less net cash, excluding net taxation balances and accrued dividends.
- Return on net operating assets (RONOA) is defined as 12-month rolling operating profit divided by the average of the opening and closing net operating assets.
- Tangible net assets per share is defined as net assets before any accrued dividends excluding goodwill and intangible assets divided by the number of ordinary shares in issue at the end of the period.
- Net operating asset turn is defined as 12-month rolling total revenue divided by the average of opening and closing net operating assets.
- WIP turn is defined as total revenue divided by the average of opening and closing work in progress. Based on rolling 12 months.
- Gross profit is defined as revenue, less total build costs, less total land costs net of impairment provision and less direct selling expenses.
- Contribution margin is defined as revenue less direct build costs, less gross land costs and less direct selling expenses. Contribution margin excludes the impact of supplier rebates, land provision utilisation and discounting of deferred land commitments.
- Profit from ordinary activities before finance costs is defined as profit on ordinary activities before net finance costs and tax, and before share of results of joint ventures.
- Cash conversion is defined as operating cash flow divided by operating profit on a rolling 12-month basis.
- Operating cash flow is defined as cash generated by operations before tax, interest paid and exceptional cash flows.
- Net asset annual growth (pre-cash distributions) is defined as the percentage change between closing net assets pre accrued and paid returns to shareholders, on a rolling 12-month basis, and closing net assets on a rolling 12-month basis from the comparative period.
- EBITDA is defined as operating profit before depreciation and software amortisation. Adjusted EBITDA includes cashflows relating to fixed assets and joint ventures.
- Return on capital employed (ROCE) is defined as 12-month rolling operating profit divided by average capital employed calculated on a monthly basis over the period.
- Net cash / (debt) is defined as total cash less total financing.
- Adjusted gearing is defined as adjusted net debt divided by net assets. Adjusted net debt is defined as net cash less land creditors.