2 August 2023
Taylor Wimpey plc
Half year results for the period ended 2 July 2023

Resilient first half performance with completions slightly ahead of our expectations

Jennie Daly, Chief Executive, commented:

"The first half of the year has been characterised by variable market conditions including substantially higher mortgage rates. While this has inevitably impacted our results, I am pleased that we have delivered a resilient performance with first half completions slightly ahead of our expectations. This performance is testament to the hard work of our teams on the ground and our strong focus on operational excellence and tight cost management.

As we move into the second half of the year, our focus remains on optimising all areas of our operations as we continue to support our customers during this uncertain period. With a healthy orderbook and strong underlying interest for our well-located, high-quality homes, we expect full year UK completions excluding joint ventures to be in the range of 10,000 to 10,500, the upper end of our previous guidance.

Taylor Wimpey is a strong, sustainable and agile business underpinned by a robust balance sheet and an excellent landbank. We remain well positioned to manage the business through near term challenges while maximising value in the medium to long term."

Group financial highlights:

	H1 2023	**H1 2022**	**Change**	**FY 2022**
Revenue £m	1,637.1	2,076.8	(21.2)%	4,419.9
Operating profit* £m	235.6	424.6	(44.5)%	923.4
Operating profit margin*†	14.4%	20.4%	(6.0)ppt	20.9%
Profit before tax and exceptional items £m	237.7	414.5	(42.7)%	907.9
Profit before tax £m	237.7	334.5	(28.9)%	827.9
Basic earnings per share pence	5.0	7.2	(30.6)%	18.1
Adjusted basic earnings per share pence††	5.0	9.0	(44.4)%	19.8
Tangible net assets per share pence†	126.7	120.0	5.6%	126.5
Net cash £m ‡	654.9	642.4	1.9%	863.8
Return on net operating assets**	19.7%	24.4%	(4.7)ppt	26.1%

Key highlights:

- Group completions of 5,120 homes (H1 2022: 6,922)
- Group operating profit margin of 14.4% (H1 2022: 20.4%), reflecting a lower level of completions and the impact of build cost inflation which was not fully offset by house price inflation for the period
- Announced 2023 interim dividend of 4.79 pence per share (H1 2022: 4.62 pence per share) amounting to £169 million (H1 2022: £163 million), in line with our stated Ordinary Dividend Policy to return 7.5% of net assets annually
- Full year UK completions excluding JVs now expected to be in the range of 10,000 to 10,500, at the upper end of our previous guidance with full year Group operating profit including JVs expected to be between £440 million and £470 million
- Ended the period with net cash of £654.9 million (H1 2022: £642.4 million)
- Renewed revolving credit facility in July 2023, increasing it to £600 million and extending maturity to July 2028. The new facility includes sustainability linked performance measures

First half UK operational highlights:

- Delivered a net private sales rate of 0.71 (H1 2022: 0.90) for the first half, which was 0.62 excluding bulk deals (H1 2022: 0.88)
- Total order book representing 7,866 homes, excluding joint ventures, with a value of £2,147 million as at 2 July 2023 (3 July 2022: 10,102 homes with a value of £2,800 million)
- Total UK average selling price increased by 6.7% to £320k (H1 2022: £300k), reflecting house price growth and positive mix impacts
- Operated from 244 average outlets during the period (H1 2022: 228) and ended the period with 235 outlets (H1 2022: 233)
- Short term landbank as at 2 July 2023 of c.83k plots (31 December 2022: c.83k plots) in high-quality locations where customers want to live
- Strategic land pipeline of c.140k potential plots (31 December 2022: c.144k potential plots)
- Further improved quality with average Construction Quality Review score of 4.90 (H1 2022: 4.77)

Sustainable, responsible business:

- Published our Net Zero Transition Plan in March 2023 outlining the steps we will take to be net zero by 2045, five years ahead of the Government's target
- Successfully launched our zero carbon ready homes trial in Sudbury, the first of its kind on a live development site
- Continued focus on health and safety with rolling 12 months[†***] Injury Incidence Rate (per 100,000 employees and contractors) of 136 (H1 2022: 212)
- Highly experienced build teams with 51 of our Site Managers winning NHBC Pride in the Job Quality Awards
- Major contributor to the regions in which we operate generating employment and investing £210 million in local communities via planning obligations (H1 2022: £218 million)
- Five-star builder and 90% of customers would recommend Taylor Wimpey according to the Home Builders Federation (HBF) 8-week customer satisfaction survey (H1 2022: 92%) and retained a 4 out of 5 star rating on Trustpilot
- Continued to work on fire safety remediation and signed the Scottish Safer Buildings Accord. Our existing total provision of £245 million remains unchanged

Resilient performance against a variable market backdrop

In the first half, we continued to drive performance across the business and have delivered completions slightly ahead of our expectations, against a variable market backdrop. We saw an encouraging start to the year with demand in the traditionally strong spring selling season recovering from the low levels of Q4 2022 and with mortgage rates reducing from the highs of late 2022.

However, market conditions weakened in the second quarter as the Bank of England responded to higher than expected inflation by increasing the base rate from 4.5% to 5% in June, which drove an increase in the cost of mortgages towards the end of the half. We are working to proactively support our customers through changing market conditions, utilising our Microsoft Dynamics customer relationship management system (CRM) to drive further enhancements in the sales process.

Against a challenging market we have delivered a robust sales rate of 0.71 (H1 2022: 0.90) reflecting our high-quality locations, the hard work of our teams, and our focus on effective customer engagement. Excluding bulk deals, our net private sales rate for the first half was 0.62 (H1 2022: 0.88).

We have maintained our commitment to operational excellence, tightly controlling costs whilst continuing to invest in the long term sustainability of the business, for example in developing zero carbon ready homes.

UK current trading and outlook

For the four weeks ended 30 July 2023, at the start of the seasonally quieter third quarter, our net private sales rate was 0.47 per outlet per week (2022 equivalent period: 0.57). The cancellation rate for the same period was 24% (2022 equivalent period: 19%).

As at the week ended 30 July 2023, our total order book value was £2,175 million (2022 equivalent period: £2,893 million), excluding joint ventures, representing 7,900 homes (2022 equivalent period: 10,392 homes), of which 77% are exchanged (2022 equivalent period: 77%).

Whilst increased mortgage costs are impacting affordability for our customers, we continue to see strong underlying interest. However, reservations are below the levels we have experienced in recent years. Pricing has remained resilient, and the level of down valuations continues to be low. Our focus remains on building as strong an order book as possible to allow us to optimise price going into 2024.

In terms of costs, we have seen some moderation in the rate of material and labour cost inflation, with prevailing annualised build cost inflation on new tenders now around 6% compared to around 9-10% at the start of the year. We expect to continue to see inflation moderate as the year progresses.

Planning remains extremely challenging and is likely to impact the future delivery of new homes across our industry. Our experienced teams continue to work hard to progress our land through the planning stages.

We expect full year UK completions excluding joint ventures to be in the range of 10,000 to 10,500, at the upper end of our previous guidance and we expect Group operating profit including joint ventures to be in the range of £440 million to £470 million. Our 2023 year end net cash balance is anticipated to be in the range of £500 million to £650 million.

Looking ahead, we remain well positioned with a strong balance sheet, high-quality landbank in desirable locations where our customers want to live, and strong and experienced teams. Our differentiated Ordinary Dividend Policy based on returning 7.5% of net asset value is also designed to give investors increased certainty of a reliable income stream throughout the cycle.

- Ends –

A presentation to investors and analysts will be hosted by Chief Executive Jennie Daly and Group Finance Director Chris Carney at 8:30am on Wednesday 2 August 2023. This presentation will be webcast live on our website: www.taylorwimpey.co.uk/corporate

An on-demand version of the webcast will be available on our website in the afternoon of 2 August 2023.

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Notes to editors:

Taylor Wimpey plc is a customer-focused homebuilder, operating at a local level from 22 regional businesses across the UK. We also have operations in Spain.

For further information please visit the Group’s website: www.taylorwimpey.co.uk

Follow us on Twitter @TaylorWimpeyplc

Overview: optimising performance in a challenging market

The UK housing market experienced changing conditions during the first half of 2023. In the early months, there were signs of stabilisation with mortgage rates reducing from the highs of late 2022 and an encouraging improvement in our sales rates compared to the prior quarter. In the second quarter, higher than expected inflation led the Bank of England to raise interest rates. Against this backdrop, lenders raised their mortgage rates impacting the cost of borrowing for our customers.

Throughout this period, we have maintained a strong operational focus and delivered a resilient financial performance for the first half of 2023 with Group completions slightly ahead of our expectations. Group completions, excluding joint ventures, were 5,082 (H1 2022: 6,790), with total Group revenue of £1,637.1 million (H1 2022: £2,076.8 million). Group operating profit was £235.6 million (H1 2022: £424.6 million), with an operating profit margin of 14.4% (H1 2022: 20.4%), reflecting lower completions and the impact of increased build cost inflation which was not fully offset by house price growth in the period. Profit for the half year was £175.7 million (H1 2022: £260.7 million).

We ended the period with net cash of £654.9 million (H1 2022: £642.4 million), after returning £168.8 million in cash to investors by way of dividend.

As previously announced, we underwent a change programme at the start of the year which will reduce annualised overheads by £19 million, and we maintain tight control on discretionary spend across the business.

We continue to work hard to support our customers in these uncertain times, responding proactively with our customer proposition and to the change in circumstances for first time buyers. We have also trained our staff to enable them to operate more effectively in a challenging landscape which has positioned us well for the current market.

In particular, our teams have worked closely with our customers utilising our CRM system to better understand their requirements. This has enabled higher quality lead generation and greater ability to respond to customer preferences by our sales teams.

More of our customers are adapting to the challenging backdrop by extending their mortgage terms. For example, according to data provided by an independent financial advisor relating to H1 2023, 27% of our first time buyers are taking mortgage terms of over 36 years compared to 7% in 2021. For second time buyers, those taking out mortgages with durations of over 30 years has increased to 42%, compared to 28% in 2021.

We are closely monitoring the market and while incentives are at around 5%, we have maintained pricing discipline.

The planning backdrop remains extremely challenging and is likely to impact industry delivery of new homes. There continues to be widespread bottlenecks in an under resourced planning system leading to a significant backlog of applications. Our experienced teams continue to work hard to progress our land through the planning stages.

We remain active in reviewing opportunities, though highly selective in our land additions and, as a result, approved c.1.4k plots during the first half of 2023 (H1 2022: c.7k plots).

We operated from an average of 244 outlets during the period (H1 2022: 228), ending the period with 235 outlets (H1 2022: 233). Going forward, outlet numbers will reflect the planning backdrop, and our appetite to add new land.

As we look further ahead, we continue to operate our business to create and protect long term stakeholder value, enhancing and developing value from our strong landbank and developing the homes of the future to ensure we are playing our part in tackling climate change. During the period we have developed the industry's first research concept testing low carbon technologies through multi-specification prototype homes on a live development site.

We continued to progress our timber frame factory in Peterborough during the first half, which is currently being fitted out, with production due to commence later in the year with first kits delivered to sites early next year. We also continue to seek further cost efficiencies in central procurement through our strategy of standardisation and simplification and by leveraging Taylor Wimpey Logistics (TWL).

There remains a major supply and demand imbalance in UK housing, with significant underlying demand for new homes. Taylor Wimpey has an important role to play in addressing the shortfall in housing and the medium to long term market opportunity remains highly attractive. Taylor Wimpey is a strong, sustainable and agile business with a sharp operational focus, strong balance sheet and an excellent, well-located landbank. We are well positioned to manage the business through near term challenges while maximising value in the medium to long term.

Four cornerstones of strategy

As previously stated, our strategy is built on four strategic cornerstones ensuring an agile response to market conditions and investment in the long term sustainability of the business:

1. Optimising value from our high-quality owned and controlled landbank and strategic land pipeline

2. Driving operational excellence through our business to improve efficiency, protect value and ensure Taylor Wimpey is fit for the future

3. Embedding sustainability across the Group for the benefit of all our stakeholders

4. Delivering reliable investor returns with a clear and disciplined framework, balancing investment for future value creation with returning value to shareholders

Delivering on our 2023 priorities

In our full year announcement in March, we outlined our priorities for 2023. These have been communicated to all our employees by our Chief Executive and members of the senior management team in a Company-wide roadshow, and are understood throughout the business:

- Continue to develop and evolve our customer offering ensuring an appropriate balance between sales rate and price, whilst further improving customer service
- Continue to ensure tight cost management and work in progress (WIP) control, aligning build to sales rates on a site-by-site basis
- Focus on building a strong order book to allow us to optimise price going into 2024
- Further step up our efforts and focus on implementation and communication of our Net Zero Transition Plan across our business

Customers

Delivering build quality consistently remains key to customer satisfaction and we improved our average CQR score to 4.90 (H1 2022: 4.77) and had the highest compliance score of the volume housebuilders. Our site teams have continued to perform strongly against a challenging backdrop in recent years and we are proud that in June 2023, 51 of our Site Managers won NHBC Pride in the Job Quality Awards.

We were pleased to have been recognised as a five-star builder in the latest 8-week customer satisfaction survey by the HBF in March 2023, covering the 12 months from October 2021 to September 2022. Our average 8-week customer satisfaction survey score for the first half of 2023 was 90% (H1 2022: 92%). We recognise that there are areas where we can do better and improving our customer service continues to be a key area of focus for us this year, in particular targeting improvements in our responsiveness to customer issues.

We encourage customers to leave reviews on Trustpilot and have maintained our 4 out of 5-star status on Trustpilot with a TrustScore of 3.9 out of 5 as at 30 June 2023.

Our continuous improvement initiative for our sales and customer service activities, includes optimising the use of our CRM system to target benefits for sales and customer service such as improved monitoring and responsiveness as well as enhanced management information in relation to our customer service.

In the interests of improved delivery for our customers we have also agreed new scope of work contracts with all our subcontractors that establish higher standard service level agreements (SLAs). This will ensure that there is greater clarity and consistency of service levels from our subcontractors that aligns with our values and should result in a better level of service and responsiveness for our customers. This will free up time for our site teams, improve quality assurance and cost savings, along with providing greater certainty of budgets, enabling our teams to focus on the absorption of additional workload associated with legislative changes and transition of early customer care responsibility.

Through the first half we proactively engaged with the Competition and Markets Authority (CMA) on its housing market study.

Operational discipline and cost management

Since last year we have tightened the thresholds for the release of working capital to ensure that we are aligning our investment to current levels of demand in order to protect value. This has been communicated throughout the business and all our employees understand the need to minimise costs in the current environment.

Our focus on operational excellence and cost efficiency spans all areas of our operations, including design, procurement, production, and sales. We have worked to continually improve management information for our teams to ensure we are benchmarking costs across the business and have a consistent approach and guidance on price negotiations. This includes increased checks and automatic notifications at various stages of our processes.

We continue to target savings in procurement through standardisation to help offset build cost increases as well as the consolidation of stock keeping units, resulting in savings from stock efficiency, benefits in installation, and increasing economies of scale and are working hard with our partner suppliers on value improvement initiatives. This includes driving synergies with our internal logistics business, TWL.

We launched our suburban standard apartment range at the beginning of May 2023 that will drive savings over the next three to four years. These will also result in improved quality, a more consistent customer offering, more efficient use of land and better planning outcomes.

Taken together, small incremental changes in our operations are driving meaningful efficiencies throughout the business and we are constantly assessing new products and ways of working across our sites. For example, we now use a proprietary reusable stairwell system (which covers the gap in the stairwell to safely allow work to be completed on upper floors at early build stages) which reduces timber waste and delivers efficiencies.

Building a strong order book

Our focus remains on building as strong an order book as possible to allow us to optimise price going into 2024. While our teams are focused on optimising sales, they understand the importance that price discipline and building our forward order book play in protecting value.

Net zero

For Taylor Wimpey, sustainability is a business imperative. In March, we delivered our Net Zero Transition Plan and this year we are prioritising its communication and implementation across the business. The plan will see us become net zero in our operations by 2035 and across our value chain by 2045, five years ahead of the Government's target.

A key stage of this plan is delivering zero carbon ready homes in time to meet Future Homes Standard regulation due in 2025. The regulation will see us delivering a 75-80% carbon reduction from homes in use, compared to the previous standard.

We recently launched our pilot homes testing possible solutions for the Future Homes Standard on a site in Sudbury. This is the industry's first research concept testing low carbon technologies through multi-specification prototype homes on a live development site. The prototypes are helping identify new ways to increase the energy efficiency of our homes as well as identifying and overcoming the challenges to achieve this at scale. The homes were completed by Taylor Wimpey employees and our subcontract partners to allow us to best capture the lessons learned in making our homes net zero ready. These homes are providing invaluable insights into the best methods for incorporating the requirements of the Future Homes Standard well ahead of its implementation.

In June 2023, we were pleased to host investors and analysts on a site visit to the Sudbury trial plots and a series of further stakeholder visits are taking place over the coming weeks. There will then be a period of assessment and testing before the homes are marketed for sale to customers later this year. The performance of the homes will continue to be monitored following sale, allowing us to collate valuable data and customer feedback.

We will continue to innovate and work with our supply chain partners, trialling new low carbon products and fabrics as part of our coordinated R&D approach to preparing our business for the 2025 Future Homes Standard.

Returns to shareholders

We have an established, differentiated Ordinary Dividend Policy aimed at providing investors with visibility of the income stream they can expect throughout the cycle including during a normal downturn, via an ordinary cash dividend. Our Ordinary Dividend Policy is to pay out 7.5% of net assets or at least £250 million annually throughout the cycle. This policy has been stress tested to withstand conditions beyond what we would consider a normal downturn, including up to a 20% fall in house prices and 30% decline in volumes. In line with our Ordinary Dividend Policy, we today announce a 2023 interim dividend of 4.79 pence per share payable in November.

Operational review

Our operational review is for the UK only as the majority of metrics do not apply to our Spanish business. A short summary of the Spanish business follows in the Group financial review. The financial analysis is presented at Group level, which includes Spain, unless otherwise indicated.

Joint ventures are excluded from the operational review and Group financial review, unless stated otherwise.

Our key performance indicators (KPIs)

UK	H1 2023	H1 2022	Change	FY 2022
Land				
Land cost as % of ASP on approvals	12.9%	20.8%	(7.9)ppt	19.0%
Landbank years	c.7.0	c.6.5	7.7%	c.6.0
% of completions from strategically sourced land	46%	47%	(1)ppt	52%
Operational excellence				
Construction Quality Review (average score / 6)	4.90	4.77	2.7%	4.81
Average reportable items per inspection	0.28	0.28	-	0.32
Health and Safety Injury Incidence Rate (per 100,000 employees and contractors) rolling 12 months	136	212	(35.8)%	166
Employee engagement (annual survey)	-	-	-	93%
Sustainability				
Customer satisfaction 8-week score 'Would you recommend?'	90%	92%	(2)ppt	90%
Customer satisfaction 9-month score 'Would you recommend?'	79%	78%	1ppt	78%
Reduction in operational carbon emissions intensity (measured at end of year)	-	-	-	15%

N.B. The 8-week 'would you recommend' score for H1 2023 relates to customers who legally completed between October 2022 and March 2023 with the comparator relating to the same period 12 months prior. The 9-month 'would you recommend' score for H1 2023 relates to customers who legally completed between October 2021 and March 2022, with the comparator relating to the same period 12 months prior.

Resilient first half operational performance against mixed backdrop

Total home completions (excluding joint ventures) were 4,854 (H1 2022: 6,587). This included 1,111 affordable homes (H1 2022: 1,450), equating to 22.9% of total completions (H1 2022: 22.0%).

Our net private sales rate for the first half of the year was 0.71 homes per outlet per week (H1 2022: 0.90). The cancellation rate in the first half was 16% (H1 2022: 15%). Average selling prices on private completions increased by 8.6% to £366k (H1 2022: £337k), reflecting house price inflation and positive mix impacts. Our total average selling price increased by 6.7% to £320k (H1 2022: £300k), reflecting a slightly higher proportion of affordable sales in the total than the comparable period.

We have a wide range of products from one-bedroom apartments to five-bedroom homes. First time buyers accounted for 35% of total private reservations in the first half of 2023 (H1 2022: 43%). Investor sales continued to be at a low level at 3% (H1 2022: 6%).

As at H1 2023, our order book represented 7,866 homes (H1 2022: 10,102 homes) with an order book value of £2,147 million (H1 2022: £2,800 million), excluding joint ventures. Our affordable order book stood at 4,190 homes at H1 2023 (H1 2022: 4,528 homes).

During the first half of 2023 we opened 13 new outlets (H1 2022: 50), reflecting our reduced land buying and owing to the difficulties in the planning system.

A strong and differentiated landbank

We have an excellent short term landbank and strategic land pipeline.

Land market conditions remain challenging, and we continue to be cautious in our approach.

As at 2 July 2023 our short term landbank stood at c.83k plots (H1 2022: c.88k plots). The average cost of land as a proportion of average selling price within the short term owned landbank remains low at 13.3% (H1 2022: 14.3%). The estimated average selling price in the short term owned landbank in H1 2023 was £343k (H1 2022: £311k).

Our strategic pipeline stood at c.140k potential plots as at 2 July 2023 (31 December 2022: c.144k potential plots). During the first six months of 2023 we converted a further c.6k plots from the strategic pipeline to the short term landbank (H1 2022: 847 plots). In the period, 46% of our completions were sourced from the strategic pipeline (H1 2022: 47%).

Land cost as a percentage of average selling price on approvals decreased to 12.9% in the period (H1 2022: 20.8%) reflecting our highly selective approach to land acquisition.

Planning remains extremely challenging and is likely to impact industry delivery of new homes. There continue to be widespread bottlenecks in an under resourced planning system leading to a significant backlog of applications.

Our teams continue to work hard to progress our land through the planning stages. We are in a strong position to navigate these challenges given the strength and depth of our landbank and high visibility of our future pipeline.

Employees

The health and safety of individuals on our sites will always be our number one priority. Our Injury Incidence Rate (IIR) for reportable injuries per 100,000 employees and contractors to 2 July 2023 on a rolling 12 month basis was 136 (2022 equivalent period: 212). We continue to seek ways to further improve our safety performance across all sites and functions.

Our highly engaged and talented employees are key to driving our business forward. Our industry is facing a skills shortage so attracting and retaining high calibre people is a strategic imperative.

We have continued to focus on good communication throughout the business, a priority identified by our employees in the latest employee survey, building on our culture and making sure all teams are fully up to date on our progress and aligned on our goals. In May, our Chief Executive conducted an all-employee roadshow to update on progress against the business priorities and focus areas to improve operational and financial performance.

We continue to improve the accessibility of our learning and development (L&D) resources for all employees and actively encourage their development. The L&D resources are available to all employees on our Intranet alongside details of the opportunities and resources that are available for different career pathways, and how to access them. We have launched a Line Manager Development Programme, offering a wider range of development pathways, for various career stages.

Following the release of our first Equality Diversity and Inclusion (EDI) report in March, we conducted our fourth annual EDI conference in July, which was held virtually to allow all employees to attend. The theme of the conference was 'Action Changes Things' and internal and external presenters covered a wide range of topics to provide real and practical information that employees could take away and action.

Creating thriving communities

Our purpose is to build great homes and create thriving communities. Achieving our purpose means building homes and places that enhance people's quality of life, foster local community relationships and which bring economic growth and skilled employment. The housebuilding sector is a key creator of jobs and economic activity throughout the country. We make a major contribution to the regions in which we operate directly through the employment created on our sites and indirectly through the economic benefit our activities generate for the wider supply chain such as shops, leisure, places of employment and other industries that benefit from our operations.

We prioritise engaging with local communities as part of the planning and construction process and strive to make a positive impact in the wider community. In the first half of 2023, through our planning obligations, we have contributed £210 million to the local communities in which we build (H1 2022: £218 million) which provides vital local infrastructure, affordable homes, public transport and education facilities. In H1 2023 we donated and fundraised over £0.6 million for charities and local community causes.

Fire safety

The safety of our customers is of paramount importance, and we have always been guided by this principle. It is our long held view that leaseholders should not have to pay for the cost of fire safety remediation and our priority has always been to ensure that customers in Taylor Wimpey buildings have a solution to cladding remediation. We took early and proactive action, committing significant funding and resources to address fire safety and cladding issues on all affected Taylor Wimpey apartment buildings.

In 2022, we signed up to the Government's Building Safety Pledge for Developers and the Welsh Government Building Safety Developer Remediation Pact which reaffirmed our commitment that leaseholders should not have to pay for fire safety remediation. In the first half of 2023 we also signed the Scottish Safer Buildings Accord.

Prior to signing these, we had already begun working on affected Taylor Wimpey buildings and we have provided a total of £245 million for fire safety remediation works on buildings constructed by Taylor Wimpey since 1992.

During the first half we continued to progress work with building owners, management companies and leaseholders and we remain committed to resolving these issues as soon as practicable for our customers.

Group financial review

Income statement

Group revenue was £1,637.1 million in the first half of 2023 (H1 2022: £2,076.8 million), with Group completions, excluding JVs, being 25.2% lower at 5,082 (H1 2022: 6,790) following a slow down in the UK housing market during the latter half of 2022. UK average selling price on private completions increased by 8.6% to £366k (H1 2022: £337k), due to both house price inflation and positive mix. The increase in total UK average selling price was 6.7% to £320k (H1 2022: £300k) as a result of the greater proportion of affordable housing in H1 2023 (23%) than the prior period (H1 2022: 22%), and a decrease in the UK average selling price on affordable housing to £166k (H1 2022: 169k).

Group gross profit decreased to £353.9 million (H1 2022: £524.5 million), representing a gross margin of 21.6% (H1 2022: 25.3%) with fixed build and selling costs being absorbed across fewer completions.

Net operating expenses were £118.0 million (H1 2022: £189.9 million), the comparative including £80.0 million of exceptional costs relating to the cladding fire safety provision following the signing of the Government's Building Safety Pledge for Developers in April 2022, with no such amount in the current half. Excluding exceptional costs the net operating expenses were £118.0 million (H1 2022: £109.9 million), which was predominantly made up of administrative costs of £116.5 million (H1 2022: £111.3 million). The increase in administrative costs over the comparative period was driven mainly by the non-recurring costs associated with the change programme announced earlier in the year, which totalled £8 million, and the annual pay review process, partially offset by a portion of the savings associated with the change programme. This resulted in a profit on ordinary activities before financing of £235.9 million (H1 2022: £334.6 million), £235.9 million (H1 2022: £414.6 million) excluding exceptional items.

During the period, completions from joint ventures were 38 (H1 2022: 132). The lower level was a result of both the current market and the status of the joint ventures' developments. As a result of the decreased joint venture completions our share of joint ventures' results in the period was a £0.3 million loss (H1 2022: £10.0 million profit). When including this in the profit on ordinary activities before financing the resulting operating profit was £235.6 million (H1 2022: £424.6 million), delivering an operating profit margin of 14.4% (H1 2022: 20.4%). The total order book value of joint ventures as at 2 July 2023 decreased to £22 million (31 December 2022: £26 million), representing 40 homes (31 December 2022: 56).

The net finance income of £2.1 million (H1 2022: £10.1 million expense) principally includes imputed interest on land acquired on deferred terms, bank interest and interest on the pension scheme, all being more than offset by interest earned on deposits following the increase in interest rates.

Profit on ordinary activities before tax decreased to £237.7 million (H1 2022: £334.5 million). The total tax charge for the period was £62.0 million (H1 2022: £73.8 million), a rate of 26.1% (H1 2022: 22.1%), the prior period included a credit of £17.6 million in respect of the exceptional charge recognised in that period and a £1.7 million credit arising from the remeasurement of the Group's UK deferred tax assets following the introduction of the new Residential Property Developer Tax. The pre-exceptional tax charge was £62.0 million (H1 2022: £91.4 million) representing an underlying tax rate of 26.1% (H1 2022: 22.1%).

As a result, profit for the period was £175.7 million (H1 2022: £260.7 million).

Basic earnings per share was 5.0 pence (H1 2022: 7.2 pence). The adjusted basic earnings per share was 5.0 pence (H1 2022: 9.0 pence).

Spain

Our Spanish business primarily sells second homes to European and other international customers, with a small proportion of sales being primary homes for Spanish occupiers. The business completed 228 homes (H1 2022: 203) with average selling price reducing to €374k (H1 2022: €391k), due to regional mix. The total order book as at 2 July 2023 increased marginally to 451 homes (31 December 2022: 448 homes).

Gross margin was flat at 29.8% (H1 2022: 29.7%), this flowed through to an operating profit of £19.7 million (H1 2022: £18.0 million) and an operating profit margin of 26.6% (H1 2022: 26.7%).

The total plots in the landbank stood at 2,350 (31 December 2022: 2,544), with net operating assets** at £80.7 million (31 December 2022: £89.8 million).

Balance sheet

Net assets at 2 July 2023 increased marginally to £4,509.2 million (31 December 2022: £4,502.1 million), with net operating assets increasing by £223.2 million (6.2%) to £3,842.7 million (31 December 2022: £3,619.5 million). Return on net operating assets decreased to 19.7% (3 July 2022: 24.4%) following the reduction in Group operating profit in the period coupled with the increase in average net operating assets over the 12 month period ended 2 July 2023, compared with the prior 12 month period. Group net operating asset turn[†*] was 1.07 times (3 July 2022: 1.23).

Land

Land as at 2 July 2023 decreased by £66.2 million in the period to £3,362.1 million as the cautious and opportunistic approach to acquiring new land continued throughout the period resulting in land creditors decreasing to £588.0 million (31 December 2022: £725.6 million). Included within the gross land creditor balance is £44.0 million of UK land overage commitments (31 December 2022: £43.0 million). £356.1 million of the land creditors is expected to be paid within 12 months and £231.9 million thereafter.

As at 2 July 2023 the UK short term landbank comprised 83,411 plots (31 December 2022: 82,830), with a net book value of £2.9 billion (31 December 2022: £2.9 billion). Short term owned land comprised £2.9 billion (31 December 2022: £2.8 billion), representing 62,726 plots (31 December 2022: 63,088). The controlled short term landbank represented 20,685 plots (31 December 2022: 19,742).

The value of long term owned land decreased to £245 million (31 December 2022: £311 million), representing 34,344 plots (31 December 2022: 36,646), with a further total controlled strategic pipeline of 105,990 plots (31 December 2022: 107,739). Total potential revenue in the short and long term owned and controlled landbank increased to £62 billion in the period (31 December 2022: £61 billion).

Work in progress (WIP)

Total WIP investment, excluding part exchange and other, increased to £1,906.6 million (31 December 2022: £1,725.9 million) due to build cost inflation and completions weighted to the second half of the year. This also resulted in average WIP per UK outlet to increase to £7.8 million (31 December 2022: £6.4 million).

Provisions and deferred tax

Provisions decreased to £288.0 million (31 December 2022: £290.3 million) following utilisation of the cladding fire safety provision (£6.9 million) as works have been carried out as well as utilisation of the Ground Rent Review Assistance Scheme ('GRRAS') provision (£1.1 million). Provision utilisation was partially offset by increases in other provisions which largely relate to remedial works on a limited number of sites around the Group.

Our net deferred tax asset of £22.6 million (31 December 2022: £26.0 million) relates to our pension deficit, UK provisions that are tax deductible when the expenditure is incurred, and the temporary differences of our Spanish business, including brought forward trading losses.

Pensions

As a result of the 31 December 2019 triennial valuation, a funding arrangement was agreed with the Trustee of the Taylor Wimpey Pension Scheme ('TWPS') that committed the Group to paying up to £20.0 million per annum into an escrow account between April 2021 and March 2024. Following an initial contribution totalling £10.0 million all further payments into the escrow account are subject to a quarterly funding test, effective from 30 September 2021. Should the TWPS Technical Provisions funding position at any quarter end be 100% or more, payments into the escrow account are suspended and would only restart should the funding subsequently fall below 98%. The funding test at 30 September 2021 showed a funding level of 103% and has remained above 100% since then and therefore escrow payments were suspended on, and from, 1 October 2021.

The Group continues to provide a contribution for Scheme expenses (£2.0 million per year) and also makes contributions via the Pension Funding Partnership (£5.1 million per year). Total Scheme contributions and expenses in the period were £6.1 million (H1 2022: £6.1 million) with no further amounts paid into the escrow account (H1 2022: nil). Further payments into escrow are subject to quarter-end funding tests and would amount to an additional £5.0 million being paid into escrow each quarter if the funding test is not met at the respective quarter end. The most recent funding test at 30 June 2023 showed a surplus of £51 million and a funding level of 103% and as a result no payment into escrow is due in the third quarter of 2023.

At 2 July 2023, the IAS 19 valuation of the Scheme was a surplus of £95.6 million (31 December 2022: £76.6 million). Due to the rules of the TWPS, any surplus cannot be recovered by the Group and therefore a deficit has been recognised on the balance sheet under IFRIC 14. The deficit is equal to the present value of the remaining committed payments under the 2019 triennial valuation. Retirement benefit obligations of £25.3 million at 2 July 2023 (31 December 2022: £29.9 million) comprise a defined benefit pension liability of £25.1 million (31 December 2022: £29.6 million) and a post-retirement healthcare liability of £0.2 million (31 December 2022: £0.3 million).

The Group continues to work closely with the Trustee in managing pension risks, including management of interest rate, inflation and longevity risks. The triennial valuation of the TWPS with a reference date of 31 December 2022 is in progress.

Net cash and financing position

Net cash decreased to £654.9 million at 2 July 2023 from £863.8 million at 31 December 2022, due to the reduction in land creditors and payment of the 2022 final dividend. Average net cash for the period was £633.4 million (3 July 2022: £660.0 million, 31 December 2022: £595.7 million).

Whilst cash generated from operations decreased in the period, a strong second half of 2022 resulted in a cash conversion[‡‡] of 70.1% of operating profit for the 12 months ending 2 July 2023 (12 months to 3 July 2022: 45.2%).

Net cash, combined with land creditors, resulted in an adjusted gearing[‡‡‡] of (1.5)% (31 December 2022: (3.1)%).

At 2 July 2023 our committed borrowing facilities were £636 million of which £550 million was undrawn throughout the period. In December 2022 the Group entered into an agreement to refinance the €100 million 2.02% senior loan notes due June 2023 with €100 million 5.08% senior loan notes due June 2030. In July 2023 the Group renewed its revolving credit facility, increasing it to £600 million with a maturity of July 2028 and the option to request an extension for two further years. The weighted average maturity of the committed borrowing facilities at 2 July 2023 was 2.3 years (31 December 2022: 1.9 years), taking into account the new facility this increases to 5.3 years. The new revolving credit facility includes three sustainability linked performance measures, which only have an impact on finance costs. The three performance measures are: (1) science-based target aligned scope 1 & 2 emissions reductions; (2) waste intensity reduction; and, (3) improving the sustainability of our homes.

Dividends

On 12 May 2023, we returned £168.8 million to shareholders by way of a 2022 final ordinary dividend of 4.78 pence per share. The Board has declared that a 2023 interim dividend of 4.79 pence per share is to be paid on 17 November 2023 to shareholders on the register at the close of business on 13 October 2023. The dividend will be paid as a cash dividend, and shareholders have the option to reinvest all of their dividend under the Dividend Re-Investment Plan (DRIP), details of which are available on our website www.taylorwimpey.co.uk/corporate.

Going concern

The Directors remain of the view that the Group's financing arrangements and balance sheet strength provide both the necessary liquidity and covenant headroom to enable the Group to conduct its business for at least the next 12 months. Accordingly, the financial statements are prepared on a going concern basis, see note 1 of the financial statements for further details of the assessment performed.

Principal risks and uncertainties

As with any business, Taylor Wimpey's operational performance and ability to achieve its strategic objectives are subject to several potential risks and uncertainties. The Board takes a proactive approach to the management of these and regularly reviews both internal and external factors to identify and assess their impact on the business. These risks and uncertainties are then managed through effective mitigating controls and the development of action plans, with the continual monitoring of progress against agreed KPIs as an integral part of the business process and core activities.

The Board assesses and monitors the Principal Risks of the business regularly. Set out in the Group's Annual Report and Accounts for the year ended 31 December 2022 are details of the Principal Risks and uncertainties for the Group and the key mitigating activities used to address them at that time.

Principal Risks

Whilst a degree of stability has returned during the past six months, the current climate continues to present challenges, with increasing regulatory focus and ongoing political and economic uncertainty. We continue to assess all relevant factors as part of our risk management process and have determined that there have been small increases in the inherent and residual risk profiles of three of our Principal Risks; 'Mortgage Availability and Housing Demand', 'Quality and Reputation' and 'Cyber Security'. As with all our Principal Risks, we continually monitor them to ensure they remain appropriate, and to ensure that we implement any additional mitigations deemed necessary in order to effectively manage them within our risk tolerance levels.

Except for those referenced above, no other changes have been made to the Group's Principal Risks as reported at 31 December 2022. Further details of the Principal Risks and the mitigations in place are outlined on pages 75 to 79 of the 2022 Annual Report and Accounts, published in March 2023, which is available at 2022 in review・Taylor Wimpey

Emerging Risks

The Group faces a number of emerging risks which have the potential to be significant to the achievement of our strategy. Due to their nature, their impact cannot be fully understood but where possible we have put in place or are planning to put in place mitigations to reduce the level of potential risk. Emerging risks are considered as part of our established risk management process and reviewed and approved by the Board on a regular basis.

Cautionary note concerning forward looking statements

This announcement includes statements that are, or may be deemed to be, 'forward-looking statements'. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms 'believes', 'estimates', 'plans', 'projects', 'anticipates' or 'expects'. Such statements are based on current expectations and assumptions and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from any expected future events or results expressed or implied in these forward-looking statements.

Accordingly, there are or will be important factors that could cause Taylor Wimpey Plc's actual results to differ materially from those indicated in these statements. Persons receiving this announcement should not place reliance on forward-looking statements. Forward-looking statements speak only as of the date they are made and, except as required by applicable law or regulation, Taylor Wimpey Plc undertakes no obligation to update these forward-looking statements. Nothing in this statement should be construed as a profit forecast.

Definitions

* Operating profit is defined as profit on ordinary activities before financing, exceptional items and tax, after share of results of joint ventures.
*† Operating profit margin is defined as operating profit divided by revenue.
** Return on net operating assets (RONOA) is defined as rolling 12 months operating profit divided by the average of the opening and closing net operating assets of the 12 month period, which is defined as net assets less net cash, excluding net taxation balances and accrued dividends.
† Tangible net assets per share is defined as net assets before any accrued dividends excluding goodwill and intangible assets divided by the number of ordinary shares in issue at the end of the period.

†† Adjusted basic earnings per share represents earnings attributed to the shareholders of the parent, excluding exceptional items and tax on exceptional items, divided by the weighted average number of shares in issue during the period.

†* Net operating asset turn is defined as 12 months rolling total revenue divided by the average of opening and closing net operating assets of the 12 month period.

†*** The Injury Incidence Rate (AIIR) is defined as the number of incidents per 100,000 employees and contractors, calculated on a rolling 12 month basis, where the number of employees and contractors is calculated using a monthly average over the same period.

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

‡‡ Cash conversion is defined as operating cash flow divided by operating profit on a rolling 12 month basis, with operating cash flow defined as cash generated by operations (which is before income taxes paid, interest paid and payments related to exceptional charges).

‡‡‡ Adjusted gearing is defined as adjusted net debt divided by net assets. Adjusted net debt is defined as net cash less land creditors.

A reconciliation of alternative performance measures to statutory measures is disclosed in note 17 of the financial statements.

Taylor Wimpey plc
Condensed consolidated income statement
For the half year ended 2 July 2023

£ million	Note	(Reviewed) Half year ended 2 July 2023 Before exceptional items	(Reviewed) Half year ended 2 July 2023 Exceptional items	(Reviewed) Half year ended 2 July 2023 Total	(Reviewed) Half year ended 3 July 2022 Before exceptional items	(Reviewed) Half year ended 3 July 2022 Exceptional items	(Reviewed) Half year ended 3 July 2022 Total	(Audited) Year ended 31 December 2022 Before exceptional items	(Audited) Year ended 31 December 2022 Exceptional items	(Audited) Year ended 31 December 2022 Total
Continuing operations										
Revenue	2	**1,637.1**	**-**	**1,637.1**	2,076.8	-	2,076.8	4,419.9	-	4,419.9
Cost of sales		**(1,283.2)**	**-**	**(1,283.2)**	(1,552.3)	-	(1,552.3)	(3,287.5)	-	(3,287.5)
Gross profit		**353.9**	**-**	**353.9**	524.5	-	524.5	1,132.4	-	1,132.4
Net operating expenses	4	**(118.0)**	**-**	**(118.0)**	(109.9)	(80.0)	(189.9)	(224.9)	(80.0)	(304.9)
Profit on ordinary activities before financing		**235.9**	**-**	**235.9**	414.6	(80.0)	334.6	907.5	(80.0)	827.5
Finance income	5	**13.2**	**-**	**13.2**	2.1	-	2.1	8.6	-	8.6
Finance costs	5	**(11.1)**	**-**	**(11.1)**	(12.2)	-	(12.2)	(24.1)	-	(24.1)
Share of results of joint ventures		**(0.3)**	**-**	**(0.3)**	10.0	-	10.0	15.9	-	15.9
Profit before taxation		**237.7**	**-**	**237.7**	414.5	(80.0)	334.5	907.9	(80.0)	827.9
Taxation (charge)/credit	6	**(62.0)**	**-**	**(62.0)**	(91.4)	17.6	(73.8)	(201.9)	17.6	(184.3)
Profit for the period		**175.7**	**-**	**175.7**	323.1	(62.4)	260.7	706.0	(62.4)	643.6
Basic earnings per share	7			**5.0p**			7.2p			18.1p
Diluted earnings per share	7			**5.0p**			7.2p			18.0p
Adjusted basic earnings per share	7			**5.0p**			9.0p			19.8p
Adjusted diluted earnings per share	7			**5.0p**			8.9p			19.7p

All of the profit for the period is attributable to the equity holders of the parent company.

Taylor Wimpey plc
Condensed consolidated statement of comprehensive income
For the half year ended 2 July 2023

£ million	Half year ended 2 July 2023 (Reviewed)	Half year ended 3 July 2022 (Reviewed)	Year ended 31 December 2022 (Audited)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	**(5.0)**	4.1	6.6
Movement in fair value of hedging instruments	**2.4**	(2.3)	(3.5)
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain on defined benefit pension schemes	**0.8**	2.1	3.2
Tax (charge)/credit on items taken directly to other comprehensive income	**(0.2)**	1.0	0.7
Other comprehensive (expense)/income for the period	**(2.0)**	4.9	7.0
Profit for the period	**175.7**	260.7	643.6
Total comprehensive income for the period	**173.7**	265.6	650.6

All of the comprehensive income for the period is attributable to the equity holders of the parent company.

Taylor Wimpey plc
Condensed consolidated balance sheet
As at 2 July 2023

£ million	Note	2 July 2023 (Reviewed)	3 July 2022 (Reviewed)	31 December 2022 (Audited)
Non-current assets				
Intangible assets		**3.2**	5.0	4.2
Property, plant and equipment		**16.6**	20.3	17.3
Right-of-use assets		**26.8**	25.9	26.3
Interests in joint ventures		**73.1**	83.0	74.0
Trade and other receivables		**12.7**	24.2	12.2
Other financial assets	9	**10.1**	10.0	10.0
Deferred tax assets		**22.6**	24.2	26.0
		165.1	192.6	170.0
Current assets				
Inventories		**5,288.1**	5,309.7	5,169.6
Trade and other receivables		**164.4**	178.2	191.2
Tax receivables		**-**	14.4	-
Cash and cash equivalents	8	**740.4**	729.4	952.3
		6,192.9	6,231.7	6,313.1
Total assets		**6,358.0**	6,424.3	6,483.1
Current liabilities				
Trade and other payables		**(1,083.5)**	(1,080.2)	(1,130.8)
Lease liabilities		**(8.4)**	(8.2)	(7.3)
Bank and other loans	8	**-**	(87.0)	(88.5)
Tax payables		**(11.0)**	(3.2)	(7.2)
Provisions	11	**(125.3)**	(119.0)	(106.7)
		(1,228.2)	(1,297.6)	(1,340.5)
Net current assets		**4,964.7**	4,934.1	4,972.6
Non-current liabilities				
Trade and other payables		**(327.7)**	(594.5)	(407.3)
Lease liabilities		**(19.4)**	(18.6)	(19.7)
Bank and other loans	8	**(85.5)**	-	-
Retirement benefit obligations	9	**(25.3)**	(30.4)	(29.9)
Provisions	11	**(162.7)**	(208.6)	(183.6)
		(620.6)	(852.1)	(640.5)
Total liabilities		**(1,848.8)**	(2,149.7)	(1,981.0)
Net assets		**4,509.2**	4,274.6	4,502.1
Equity				
Share capital		**291.3**	291.3	291.3
Share premium		**777.9**	777.9	777.9
Own shares	12	**(35.3)**	(43.3)	(43.1)
Other reserves		**543.0**	544.3	545.6
Retained earnings		**2,932.3**	2,704.4	2,930.4
Total equity		**4,509.2**	4,274.6	4,502.1

Taylor Wimpey plc
Condensed consolidated statement of changes in equity
For the half year ended 2 July 2023

Reviewed half year ended 2 July 2023 £ million	Note	Share capital	Share premium	Own shares	Other reserves	Retained earnings	Total
Balance as at 1 January 2023		291.3	777.9	(43.1)	545.6	2,930.4	4,502.1
Other comprehensive (expense)/income for the period		-	-	-	(2.6)	0.6	(2.0)
Profit for the period		-	-	-	-	175.7	175.7
Total comprehensive (expense)/income for the period		-	-	-	(2.6)	176.3	173.7
Utilisation of own shares		-	-	7.8	-	-	7.8
Cash cost of satisfying share options		-	-	-	-	(10.0)	(10.0)
Share-based payment credit	15	-	-	-	-	4.4	4.4
Dividends approved and paid	14	-	-	-	-	(168.8)	(168.8)
Total equity at 2 July 2023		**291.3**	**777.9**	**(35.3)**	**543.0**	**2,932.3**	**4,509.2**

Reviewed half year ended 3 July 2022 £ million	Note	Share capital	Share premium	Own shares	Other reserves	Retained earnings	Total
Balance as at 1 January 2022		292.2	777.5	(14.6)	541.6	2,717.3	4,314.0
Other comprehensive income for the period		-	-	-	1.8	3.1	4.9
Profit for the period		-	-	-	-	260.7	260.7
Total comprehensive income for the period		-	-	-	1.8	263.8	265.6
New share capital subscribed		-	0.4	-	-	-	0.4
Own shares acquired and cancelled	12	(0.9)	-	(33.8)	0.9	(117.5)	(151.3)
Utilisation of own shares		-	-	5.1	-	-	5.1
Cash cost of satisfying share options		-	-	-	-	(4.2)	(4.2)
Share-based payment credit	15	-	-	-	-	7.5	7.5
Tax charge on items taken directly to statement of changes in equity		-	-	-	-	(1.6)	(1.6)
Dividends approved and paid	14	-	-	-	-	(160.9)	(160.9)
Total equity at 3 July 2022		291.3	777.9	(43.3)	544.3	2,704.4	4,274.6

Audited year ended 31 December 2022 £ million	Note	Share capital	Share premium	Own shares	Other reserves	Retained earnings	Total
Balance as at 1 January 2022		292.2	777.5	(14.6)	541.6	2,717.3	4,314.0
Other comprehensive income for the year		-	-	-	3.1	3.9	7.0
Profit for the year		-	-	-	-	643.6	643.6
Total comprehensive income for the year		-	-	-	3.1	647.5	650.6
New share capital subscribed		-	0.4	-	-	-	0.4
Own shares acquired and cancelled	12	(0.9)	-	(33.8)	0.9	(117.5)	(151.3)
Utilisation of own shares		-	-	5.3	-	-	5.3
Cash cost of satisfying share options		-	-	-	-	(5.5)	(5.5)
Share-based payment credit	15	-	-	-	-	14.0	14.0
Tax charge on items taken directly to statement of changes in equity		-	-	-	-	(1.6)	(1.6)
Dividends approved and paid	14	-	-	-	-	(323.8)	(323.8)
Total equity at 31 December 2022		291.3	777.9	(43.1)	545.6	2,930.4	4,502.1

Taylor Wimpey plc
Condensed consolidated cash flow statement
For the half year ended 2 July 2023

£ million	Note	Half year ended 2 July 2023 (Reviewed)	Half year ended 3 July 2022 (Reviewed)	Year ended 31 December 2022 (Audited)
Operating activities:				
Profit on ordinary activities before financing		**235.9**	334.6	827.5
Adjustments for:				
Depreciation and amortisation		**6.0**	7.5	14.5
Pension contributions in excess of charge to the income statement		**(4.4)**	(5.1)	(4.8)
Share-based payment charge		**4.4**	7.5	14.0
Loss on disposal of property, plant and equipment		**0.3**	-	0.3
Net increase in provisions excluding exceptional payments		**5.9**	94.2	90.9
Operating cash flows before movements in working capital		**248.1**	438.7	942.4
Increase in inventories		**(232.9)**	(317.7)	(280.4)
Decrease/(increase) in receivables		**23.7**	(7.0)	(9.9)
(Decrease)/increase in payables		**(23.3)**	91.7	52.9
Cash generated by operations		**15.6**	205.7	705.0
Payments relating to exceptional charges		**(8.0)**	(11.7)	(45.9)
Income taxes paid		**(55.2)**	(83.3)	(176.9)
Interest paid		**(2.7)**	(2.4)	(4.7)
Net cash (used in)/from operating activities		**(50.3)**	108.3	477.5
Investing activities:				
Interest received		**12.4**	1.9	6.9
Dividends received from joint ventures		**8.2**	1.4	3.1
Proceeds on disposal of property, plant and equipment		**-**	-	1.5
Purchase of property, plant and equipment		**(0.3)**	(0.7)	(1.7)
Purchase of software		**-**	(0.1)	(0.4)
Amounts (invested in)/repaid by joint ventures		**(6.6)**	11.0	24.2
Net cash generated from investing activities		**13.7**	13.5	33.6
Financing activities:				
Lease capital repayments		**(3.9)**	(3.7)	(7.6)
Cash received on exercise of share options		**0.1**	1.3	0.3
Purchase of own shares		**-**	(151.3)	(151.3)
Repayment of borrowings		**(87.0)**	-	-
Proceeds from borrowings		**87.0**	-	-
Dividends paid		**(168.8)**	(160.9)	(323.8)
Net cash used in financing activities		**(172.6)**	(314.6)	(482.4)
Net (decrease)/increase in cash and cash equivalents		**(209.2)**	(192.8)	28.7
Cash and cash equivalents at beginning of period		**952.3**	921.0	921.0
Effect of foreign exchange rate changes		**(2.7)**	1.2	2.6
Cash and cash equivalents at end of period	8	**740.4**	729.4	952.3

Taylor Wimpey plc
Notes to the condensed consolidated interim financial statements
For the half year ended 2 July 2023

1. Accounting policies

Basis of preparation

The condensed set of consolidated interim financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the United Kingdom, and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority. These should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with applicable IFRSs.

The information contained in this report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The condensed consolidated interim financial statements are unaudited but have been reviewed by the Group's auditor PricewaterhouseCoopers LLP. A copy of the statutory accounts for year ended 31 December 2022 has been delivered to the Registrar of Companies. The auditor reported on those accounts, their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under sections 498 (2) or (3) of the Companies Act 2006.

The accounting policies and method of computations adopted in the preparation of these condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022.

Going concern

Group forecasts have been prepared that have considered the Group's current financial position and current market circumstances. The forecasts were subject to sensitivity analysis including severe but plausible scenarios together with the likely effectiveness of mitigating actions.

The assessment considered sensitivity analysis based on a number of realistically possible, but severe and prolonged, changes to principal assumptions. In determining these, the Group included macro-economic and industry wide projections, as well as matters specific to the Group. To arrive at the sensitivity analysis, the Group has also drawn on experience gained managing the business through previous economic downturns and stress tested the business against a number of scenarios including:

- Volume – a decline in total volumes of 30% from 2022 levels
- Price – a reduction to current selling prices of 10% for un-reserved homes
- Costs – a one-off exceptional charge and cash cost of £150 million for an unanticipated event, change in Government regulations or financial penalty has been included in 2024

Mitigations to this sensitivity analysis include a reduction in land investment, a reduction in the level of production and work in progress held and optimising the overhead base to ensure it is aligned with the scale of the operations through the cycle. We also have a range of additional options to maintain our financial strength, including: a more severe reduction in land spend and work in progress, the sale of assets, reducing the dividend, and or raising debt.

At 2 July 2023, the Group had a cash balance of £740 million and had access to £550 million from a fully undrawn revolving credit facility, which was replaced in July 2023 with a £600 million revolving credit facility, together totalling £1,340 million. The combination of both of these is sufficient to absorb the financial impact of each of the risks modelled in the stress and sensitivity analysis, individually and in aggregate.

Based on these forecasts, it is considered that there are sufficient resources available for the Group to conduct its business, and meet its liabilities as they fall due, for at least the next 12 months from the date of these condensed consolidated interim financial statements. Consequently the condensed consolidated interim financial statements have been prepared on a going concern basis.

1. Accounting policies (continued)

Estimates and judgements

The preparation of a condensed set of consolidated interim financial statements requires management to make significant judgements and estimates. Management have considered whether there are any such sources of estimation or accounting judgements in preparing the condensed consolidated interim financial statements. In identifying these areas management have considered the size of the associated balance and the potential likelihood of changes due to macro-economic factors.

In preparing these condensed consolidated interim financial statements, the critical judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were principally the same as those applied to the Group's consolidated financial statements for the year ended 31 December 2022.

2. Revenue

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

£ million	**Half year ended 2 July 2023**	Half year ended 3 July 2022	Year ended 31 December 2022
Private sales	**1,443.0**	1,797.2	3,886.1
Partnership housing	**184.3**	245.0	476.4
Land and other	**9.8**	34.6	57.4
Total revenue	**1,637.1**	2,076.8	4,419.9

Taylor Wimpey plc
Notes to the condensed consolidated interim financial statements (continued)
For the half year ended 2 July 2023

3. Operating segments

The Group operates in two countries, being the United Kingdom and Spain.

The United Kingdom is split into five geographical operating segments, each managed by a Divisional Chair who sits on the Group Management Team; there are also central operations covering the corporate functions and Strategic Land. All the UK operating segments share similar economic characteristics. In making this assessment the Group has considered the key metrics that are used to monitor the performance of the segments; these have been considered over a long term period and have included historic and forecast results. The metrics focus on profitability, return on capital and other asset related measures. In addition each Division builds and delivers residential homes, uses consistent methods of construction, sells homes to both private customers and local housing associations, follows a single UK sales process and operating framework, is subject to the same macro-economic factors including mortgage availability and has the same cost of capital arising from the utilisation of central banking and debt facilities. As a result, the disclosure reflects the two reportable segments of the UK and Spain. Revenue in Spain arises entirely on private sales.

	Half year ended 2 July 2023			Half year ended 3 July 2022			Year ended 31 December 2022		
£ million	**UK**	**Spain**	**Total**	UK	Spain	Total	UK	Spain	Total
Revenue									
External sales	**1,563.0**	**74.1**	**1,637.1**	2,009.4	67.4	2,076.8	4,295.5	124.4	4,419.9
Result									
Profit before joint ventures, finance income/(costs) and exceptional items	**216.2**	**19.7**	**235.9**	396.6	18.0	414.6	874.9	32.6	907.5
Share of results of joint ventures	**(0.3)**	**-**	**(0.3)**	10.0	-	10.0	15.9	-	15.9
Operating profit (Note 17)	**215.9**	**19.7**	**235.6**	406.6	18.0	424.6	890.8	32.6	923.4
Exceptional items (Note 4)	**-**	**-**	**-**	(80.0)	-	(80.0)	(80.0)	-	(80.0)
Profit before net finance income/(costs)	**215.9**	**19.7**	**235.6**	326.6	18.0	344.6	810.8	32.6	843.4
Net finance income/(costs) (Note 5)			**2.1**			(10.1)			(15.5)
Profit before taxation			**237.7**			334.5			827.9
Taxation charge (Note 6)			**(62.0)**			(73.8)			(184.3)
Profit for the period			**175.7**			260.7			643.6

	2 July 2023			3 July 2022			31 December 2022		
£ million	**UK**	**Spain**	**Total**	UK	Spain	Total	UK	Spain	Total
Assets and liabilities									
Segment operating assets	**5,319.3**	**202.6**	**5,521.9**	5,368.3	205.0	5,573.3	5,222.9	207.9	5,430.8
Joint ventures	**73.1**	**-**	**73.1**	83.0	-	83.0	74.0	-	74.0
Segment operating liabilities	**(1,630.4)**	**(121.9)**	**(1,752.3)**	(1,934.6)	(124.9)	(2,059.5)	(1,767.2)	(118.1)	(1,885.3)
Net operating assets	**3,762.0**	**80.7**	**3,842.7**	3,516.7	80.1	3,596.8	3,529.7	89.8	3,619.5
Net current taxation			**(11.0)**			11.2			(7.2)
Net deferred taxation			**22.6**			24.2			26.0
Net cash (Note 8)			**654.9**			642.4			863.8
Net assets			**4,509.2**			4,274.6			4,502.1

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

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

£ million	**Half year ended 2 July 2023**	Half year ended 3 July 2022	Year ended 31 December 2022
Administration expenses	**116.5**	111.3	220.7
Other expenses	**37.5**	27.0	70.1
Other income	**(36.0)**	(28.4)	(65.9)
Exceptional items	**-**	80.0	80.0
Net operating expenses	**118.0**	189.9	304.9

The majority of the other income and other expenses shown above relates to the income and associated costs arising on the sale of part exchange properties. These are shown gross with the comparatives updated to be disclosed on the same basis (grossing up each by £22.3 million for the period ended 3 July 2022). Also included in other income and other expenses are profit/loss on the sale of property, plant and equipment, the revaluation of certain shared equity mortgage receivables and abortive land acquisition costs.

Exceptional items: £ million	**Half year ended 2 July 2023**	Half year ended 3 July 2022	Year ended 31 December 2022
Provision in relation to cladding fire safety	**-**	80.0	80.0
	-	80.0	80.0
Tax credit	**-**	(17.6)	(17.6)
Net exceptional items charged to the income statement	**-**	62.4	62.4

Cladding fire safety

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

In April 2022 the Group signed up to the Government's Building Safety Pledge for Developers, extending the period covered to all buildings constructed by the Group since 1992, as well as committing to reimburse any funds allocated or used for Taylor Wimpey buildings over 18 metres from the Building Safety Fund. In the year to 31 December 2022 the Group recognised an increase in the provision of £80.0 million, as an exceptional expense; no further amounts were recognised in the period to 2 July 2023.

5. Finance income and finance costs

Finance income:

£ million	**Half year ended 2 July 2023**	Half year ended 3 July 2022	Year ended 31 December 2022
Interest receivable	**13.2**	2.1	8.6
	13.2	2.1	8.6

Finance costs:

£ million	**Half year ended 2 July 2023**	Half year ended 3 July 2022	Year ended 31 December 2022
Interest on bank and other loans	**(2.7)**	(2.4)	(4.8)
Foreign exchange movements	**(0.3)**	(0.3)	-
	(3.0)	(2.7)	(4.8)
Unwinding of discount on land creditors and other items	**(7.1)**	(9.0)	(18.3)
Interest on lease liabilities	**(0.3)**	(0.2)	(0.4)
Net interest on pension liability	**(0.7)**	(0.3)	(0.6)
	(11.1)	(12.2)	(24.1)

6. Taxation

Tax charged in the income statement is analysed as follows:

£ million		**Half year ended 2 July 2023**	Half year ended 3 July 2022	Year ended 31 December 2022
Current tax:				
UK:	Current year	**(56.1)**	(69.1)	(179.3)
	Adjustment in respect of prior years	**0.3**	-	0.5
Overseas:	Current year	**(3.6)**	(2.6)	(5.4)
	Adjustment in respect of prior years	**0.4**	(0.5)	(0.5)
		(59.0)	(72.2)	(184.7)
Deferred tax:				
UK:	Current year	**(1.6)**	(2.4)	0.4
	Adjustment in respect of prior years	**(0.1)**	-	(0.1)
Overseas:	Current year	**(1.3)**	(1.0)	(1.7)
	Adjustment in respect of prior years	**-**	1.8	1.8
		(3.0)	(1.6)	0.4
		(62.0)	(73.8)	(184.3)

The effective tax rate for the period is 26.1% (3 July 2022 effective tax rate: 22.1%).

Closing deferred tax on temporary differences has been calculated at the tax rates that are expected to apply for the period when the asset is realised or liability is settled. On 1 April 2022 a new 4% Residential Property Developer Tax, chargeable on residential development profits, came into effect. Accordingly deferred tax on UK temporary differences has been calculated at 29% (3 July 2022: between 23% and 29%). Deferred tax on Spanish temporary differences has been calculated at 25% (3 July 2022: 25%).

The primary components of the deferred tax asset at 2 July 2023 are in relation to retirement benefit obligations, UK provisions that are tax deductible when the expenditure is incurred, and the temporary differences of our Spanish business, including brought forward trading losses.

7. Earnings per share

	Half year ended 2 July 2023	Half year ended 3 July 2022	Year ended 31 December 2022
Basic earnings per share	**5.0p**	7.2p	18.1p
Diluted earnings per share	**5.0p**	7.2p	18.0p
Adjusted basic earnings per share	**5.0p**	9.0p	19.8p
Adjusted diluted earnings per share	**5.0p**	8.9p	19.7p
Weighted average number of shares for basic earnings per share – million	**3,528.8**	3,603.5	3,564.8
Weighted average number of shares for diluted earnings per share – million	**3,536.8**	3,613.9	3,576.5

Adjusted basic and adjusted diluted earnings per share, which exclude the impact of exceptional items and the associated net tax charges, are shown to provide clarity on the underlying performance of the Group.

A reconciliation from profit from operations attributable to equity shareholders used for basic and diluted earnings per share to that used for adjusted earnings per share is shown below:

£ million	**Half year ended 2 July 2023**	Half year ended 3 July 2022	Year ended 31 December 2022
Earnings for basic and diluted earnings per share	**175.7**	260.7	643.6
Adjust for exceptional items	**-**	80.0	80.0
Adjust for tax on exceptional items	**-**	(17.6)	(17.6)
Earnings for adjusted basic and adjusted diluted earnings per share	**175.7**	323.1	706.0

8. Notes to the cash flow statement

Cash and cash equivalents comprise cash at bank and other short term highly liquid investments with an original maturity of three months or less.

Movement in net cash:

£ million	Cash and cash equivalents	Bank and other loans	Total net cash
At 1 January 2023	952.3	(88.5)	863.8
Net cash flow	(209.2)	-	(209.2)
Foreign exchange	(2.7)	3.0	0.3
At 2 July 2023	**740.4**	**(85.5)**	**654.9**

£ million	Cash and cash equivalents	Bank and other loans	Total net cash
At 1 January 2022	921.0	(84.0)	837.0
Net cash flow	(192.8)	-	(192.8)
Foreign exchange	1.2	(3.0)	(1.8)
At 3 July 2022	729.4	(87.0)	642.4

£ million	Cash and cash equivalents	Bank and other loans	Total net cash
At 1 January 2022	921.0	(84.0)	837.0
Net cash flow	28.7	-	28.7
Foreign exchange	2.6	(4.5)	(1.9)
At 31 December 2022	952.3	(88.5)	863.8

In December 2022 the Group entered into an agreement to refinance the €100 million loan notes maturing in June 2023, the new loan notes were issued in June 2023, maturing June 2030. The committed borrowing facilities at period end were £635.5 million (31 December 2022: £638.5 million) with a weighted average maturity of 2.3 years (31 December 2022: 1.9 years). Subsequent to period end the revolving credit facility was renewed, increasing the total facility to £600 million and with a maturity of July 2028, this increases the weighted average maturity of facilities to 5.3 years. The Group's financing facilities contain the usual financial covenants including minimum interest cover and maximum gearing. The Group met these requirements throughout the period and up to the date of the approval of these condensed consolidated interim financial statements.

9. Pensions

During 2020, the Group engaged with the Taylor Wimpey Pension Scheme ('TWPS') Trustee on the triennial valuation of the pension scheme with a reference date of 31 December 2019. In March 2021, a new funding arrangement was agreed with the Trustee that committed the Group to paying up to £20.0 million per annum into an escrow account between April 2021 and March 2024. The first six months of contributions between 1 April 2021 and 30 September 2021 were guaranteed (£10.0 million). From 1 October 2021, payments into the escrow account are subject to a quarterly funding test with the first funding test having an effective date of 30 September 2021. Payments to the escrow are suspended should the TWPS Technical Provisions deficit position at any quarter-end be 100% or more and would restart should the deficit subsequently fall below 98%. The funding test at 30 September 2021 showed a funding level of 103% and has remained above 100% since then and therefore escrow payments were suspended on, and from, 1 October 2021.

The Group continues to provide a contribution for Scheme expenses (£2.0 million per annum) and also makes contributions via the Pension Funding Partnership (£5.1 million per annum).

At 2 July 2023 the IAS19 surplus was £95.6 million (31 December 2022: £76.6 million). An IFRIC 14 deficit has been recognised at 2 July 2023, which represents the present value of future contributions under the funding plan together with distributions from the Pension Funding Partnership. This results in an IFRIC 14 deficit recognised on the balance sheet of £25.1 million (31 December 2022: £29.6 million). In addition, there is as a post-retirement healthcare liability of £0.2 million (31 December 2022: £0.3 million).

Amounts in other financial assets are held in an escrow account for the benefit of the TWPS and the Trustee of the TWPS holds a charge over the escrow account. Transfers out of the escrow account (either to the TWPS or the Group) are subject to the 2019 triennial funding arrangement entered into between the Group and the Trustee and as such the funds are restricted from use by the Group for other purposes and are therefore not classified as cash or cash equivalents. At 2 July 2023 there was £10.1 million held in the escrow account (31 December 2022: £10.0 million) with interest earned by the escrow account being retained within the escrow account.

10. Financial assets and liabilities

£ million		Carrying amount 2 July 2023	3 July 2022	31 December 2022	Fair value 2 July 2023	3 July 2022	31 December 2022
Financial assets							
Cash and cash equivalents	a	**740.4**	729.4	952.3	**740.4**	729.4	952.3
Land receivables	a	**14.7**	18.7	16.3	**14.7**	18.7	16.3
Other financial assets	a	**10.1**	10.0	10.0	**10.1**	10.0	10.0
Trade and other receivables	a	**112.9**	120.3	136.4	**112.9**	120.3	136.4
Mortgage receivables	b	**8.1**	14.0	10.2	**8.1**	14.0	10.2
Financial liabilities							
Bank and other loans	c	**85.5**	87.0	88.5	**82.6**	85.5	87.2
Land creditors	a	**588.0**	843.7	725.6	**588.0**	843.7	725.6
Trade and other payables	a	**643.0**	622.4	639.9	**643.0**	622.4	639.9
Lease liabilities	a	**27.8**	26.8	27.0	**27.8**	26.8	27.0

(a) The Directors consider the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated interim financial statements approximate their fair values.
(b) Mortgage receivables relate to sales incentives including shared equity loans and are measured at fair value through profit or loss. The fair value is established based on a publicly available national house price index, being significant other observable inputs (level 2).
(c) The fair value of the €100 million fixed rate loan notes has been determined by reference to external interest rates and the Directors' assessment of the margin for credit risk (level 2).

Land receivables, mortgage receivables and trade and other receivables are included in the balance sheet as trade and other receivables for current and non-current amounts and include £41.4 million (31 December 2022: £40.5 million) of non-financial assets.

Land creditors and trade and other payables are included in the balance sheet as trade and other payables for current and non-current amounts and include £180.2 million (31 December 2022: £172.6 million) of non-financial liabilities.

The Group has designated a financial liability in the sum of €79.0 million (31 December 2022: €79.0 million) as a net investment hedge, equating to £67.5 million (31 December 2022: £69.9 million). The Group had no financial instruments with fair values that are determined by reference to significant unobservable inputs (level 3), nor have there been any transfers of assets or liabilities between levels of the fair value hierarchy. There are no non-recurring fair value measurements.

11. Provisions

£ million	Cladding fire safety	Leasehold	Other	Total
At 31 December 2022	208.7	23.5	58.1	290.3
Additions in the period	-	-	8.0	8.0
Utilised	(6.9)	(1.1)	(2.2)	(10.2)
Foreign exchange	-	-	(0.1)	(0.1)
At 2 July 2023	**201.8**	**22.4**	**63.8**	**288.0**

£ million	**2 July 2023**	3 July 2022	31 December 2022
Current	**125.3**	119.0	106.7
Non-current	**162.7**	208.6	183.6
	288.0	327.6	290.3

In 2018 the Group established an exceptional provision for the cost of replacing ACM on a small number of legacy developments, which was increased by £10.0 million in 2020 to reflect the latest estimate of costs to complete the planned works. Following the guidance issued by RICS the Group announced an additional £125.0 million provision to fund cladding fire safety improvements and in 2022 recognised a further £80.0 million (see Note 4). It is expected that up to a third of the remaining provision will be utilised over the next 12 months.

In 2017 the Group launched an assistance scheme to help certain customers restructure their ground rent agreements with their freeholder and established an associated provision of £130.0 million to fund this. Following the agreement of voluntary undertakings with the CMA the Group expects that the majority of the remaining provision will be utilised within the next 12 months.

Other provisions consist of a remedial work provision covering various obligations on a limited number of sites across the Group. Other provisions also includes amounts for legal claims and other contract-related costs associated with various matters arising across the Group, the majority of which are anticipated to be settled within a three year period; however, there is some uncertainty regarding the timing of these outflows due to the nature of the claims and the length of time it can take to reach settlement.

12. Own shares

During the prior period the Group purchased 116,942,362 of its own ordinary shares, of which 25,000,000 were transferred to be held in treasury and the remainder cancelled. The average share price of the purchased shares was 128.27 pence for a total cost, including expenses, of £151.3 million.

13. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed within the financial statements or related notes. There have been no material changes in the nature of transactions with joint ventures, which are also related parties, since the last annual financial statements as at, and for the year ended, 31 December 2022.

14. Dividends

£ million	**Half year ended 2 July 2023**	Half year ended 3 July 2022	Year ended 31 December 2022
Approved and paid	**168.8**	160.9	323.8
Approved and accrued	**-**	-	-
Approved	**169.0**	163.0	-
Proposed	**-**	-	169.0

The Directors have assessed the Company's performance in the current period and approved an interim dividend of 4.79 pence per share in line with the Group's dividend policy. The dividend will be paid on 17 November 2023 to all shareholders registered at the close of business on 13 October 2023. This is expected to result in a payment of c.£169 million.

In accordance with IAS 10 'Events after the Reporting Period' the approved interim dividend has not been accrued in the 2 July 2023 balance sheet.

15. Share based payments

The Group recognised a share based payment expense of £5.5 million to 2 July 2023 (3 July 2022: £7.6 million), which was composed of £4.4 million in relation to equity settled schemes and £1.1 million in relation to cash settled elements (3 July 2022: £7.5 million and £0.1 million).

16. Seasonality

Weekly sales rates in some of the Group's key markets historically experience significant seasonal variation, with the highest levels of reservations usually occurring in the spring and autumn in the UK. As such, economic weakness which affects these peak selling seasons can have a disproportionate impact on the results for the year.

This pattern of reservations tends to result in higher levels of home completions towards the end of the financial year. As a result, the Group's work in progress and debt profile exhibits peaks and troughs over the course of the financial year.

17. Alternative performance measures

The Group uses a number of Alternative Performance Measures (APMs) which are not defined within IFRS. The Directors use these measures in order to assess the underlying operational performance of the Group and, as such, these measures should be considered alongside the IFRS measures. The following APMs are referred to throughout the half year results.

Profit before taxation and exceptional items and profit for the period before exceptional items

The Directors consider the removal of exceptional items from the reported results provides more clarity on the performance of the Group. They are reconciled to profit before taxation and profit for the period respectively, on the face of the condensed consolidated income statement.

17. Alternative performance measures (continued)

Operating profit and operating margin

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

	Half year ended 2 July 2023	Half year ended 3 July 2022	Year ended 31 December 2022
Profit on ordinary activities before financing (£m)	235.9	334.6	827.5
Adjusted for:			
Share of results of joint ventures (£m)	(0.3)	10.0	15.9
Exceptional items (£m) (Note 4)	-	80.0	80.0
Operating profit (£m)	**235.6**	**424.6**	**923.4**
Revenue (£m) (Note 2)	1,637.1	2,076.8	4,419.9
Operating margin	**14.4%**	**20.4%**	**20.9%**
Rolling 12-month operating profit* (£m)	**734.4**	**829.2**	**923.4**

* Operating profit for the 6-month period ended 31 December 2021: Profit before interest and tax: £400.5m; Share of results of joint ventures: £4.1m; Exceptional items: nil.

Net operating assets

Net operating assets is defined as basic net assets less net cash, excluding net taxation balances and accrued dividends. Average net operating assets is the average of the opening and closing net operating assets of the 12-month period. With return on net operating assets, the Directors consider this to be an important measure of the underlying operating efficiency and performance of the Group.

£million	**2 July 2023**	3 July 2022	31 December 2022	31 December 2021	4 July 2021
Basic net assets (£m)	**4,509.2**	**4,274.6**	**4,502.1**	**4,314.0**	**4,140.2**
Adjusted for:					
Cash (£m)	(740.4)	(729.4)	(952.3)	(921.0)	(1,005.6)
Borrowings (£m)	85.5	87.0	88.5	84.0	99.1
Net taxation (£m)	(11.6)	(35.4)	(18.8)	(26.4)	(35.2)
Accrued dividends (£m)	-	-	-	-	-
Net operating assets (£m)	**3,842.7**	**3,596.8**	**3,619.5**	**3,450.6**	**3,198.5**
Average basic net assets (£m)	**4,391.9**	**4,207.4**	**4,408.1**		
Average net operating assets (£m)	**3,719.8**	**3,397.7**	**3,535.1**		

Return on net operating assets

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

	2 July 2023	3 July 2022	31 December 2022
Rolling 12-month operating profit (£m)	734.4	829.2	923.4
Average net operating assets (£m)	3,719.8	3,397.7	3,535.1
Return on net operating assets	**19.7%**	**24.4%**	**26.1%**

17. Alternative performance measures (continued)

Net operating asset turn

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

	2 July 2023	3 July 2022	31 December 2022
Rolling 12-month revenue* (£m) (Note 2)	3,980.2	4,165.4	4,419.9
Average net operating assets (£m)	3,719.8	3,397.7	3,535.1
Net operating asset turn	**1.07**	**1.23**	**1.25**

* Revenue for the 6-month period ended 31 December 2021: £2,088.6 million

Tangible net assets per share

This is calculated 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. The Directors consider this to be a good measure of the value intrinsic within each ordinary share.

	2 July 2023	3 July 2022	31 December 2022
Basic net assets (£m)	4,509.2	4,274.6	4,502.1
Adjusted for:			
Intangible assets (£m)	(3.2)	(5.0)	(4.2)
Tangible net assets (£m)	**4,506.0**	**4,269.6**	**4,497.9**
Ordinary shares in issue (millions)	3,557.0	3,557.0	3,557.0
Tangible net assets per share (pence)	**126.7**	**120.0**	**126.5**

Net cash

Net cash is defined as total cash less total borrowings. This is considered by the Directors to be the best indicator of the financing position of the Group and is reconciled in Note 8.

Cash conversion

This is defined as cash generated by operations divided by operating profit, based on a rolling 12-month period. The Directors consider this measure to be a good indication of how efficiently the Group is turning profit into cash.

	2 July 2023	3 July 2022	31 December 2022
Rolling 12-month cash generated by operations* (£m)	514.9	375.1	705.0
Rolling 12-month operating profit (£m)	734.4	829.2	923.4
Cash conversion	**70.1%**	**45.2%**	**76.3%**

* Cash generated by operations for the 6-month period ended 31 December 2021: £169.4m.

Adjusted gearing

This is defined as adjusted net debt divided by basic net assets. The Directors consider this to be a more representative measure of the Group's gearing levels. Adjusted net debt is defined as net cash less land creditors.

	2 July 2023	3 July 2022	31 December 2022
Cash (£m)	740.4	729.4	952.3
Loans (£m)	(85.5)	(87.0)	(88.5)
Net cash (£m)	**654.9**	**642.4**	**863.8**
Land creditors (£m)	(588.0)	(843.7)	(725.6)
Adjusted net cash/(debt) (£m)	**66.9**	**(201.3)**	**138.2**
Basic net assets (£m)	4,509.2	4,274.6	4,502.1
Adjusted gearing	**(1.5)%**	**4.7%**	**(3.1)%**

17. Alternative performance measures (continued)

Adjusted basic earnings per share

This is calculated as earnings attributed to the shareholders, excluding exceptional items and tax on exceptional items, divided by the weighted average number of shares. The Directors consider this provides an important measure of the underlying earnings capacity of the Group. Note 7 shows a reconciliation from basic earnings per share to adjusted basic earnings per share.

18. Post balance sheet events

Other than the renewal of the revolving credit facility in July 2023 (see Note 8), there were no material subsequent events affecting the Group between 2 July 2023 and the date of this announcement.

Taylor Wimpey plc
Statement of Directors' responsibility
For the half year ended 2 July 2023

The Directors confirm that these condensed consolidated interim financial statements have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and that the half year results include a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

By order of the Board

Robert Noel, Chair
Jennie Daly, Chief Executive
1 August 2023

Independent review report to Taylor Wimpey plc
Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Taylor Wimpey plc's condensed consolidated interim financial statements (the "interim financial statements") in the Half year results of Taylor Wimpey plc for the half year ended 2 July 2023 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the Condensed consolidated balance sheet as at 2 July 2023;
- the Condensed consolidated income statement and the Condensed consolidated statement of comprehensive income for the period then ended;
- the Condensed consolidated cash flow statement for the period then ended;
- the Condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Half year results of Taylor Wimpey plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Half year results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the Directors have inappropriately adopted the going concern basis of accounting or that the Directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent review report to Taylor Wimpey plc
Report on the condensed consolidated interim financial statements (continued)

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the Directors

The Half year results, including the interim financial statements, is the responsibility of, and has been approved by the Directors. The Directors are responsible for preparing the Half year results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom’s Financial Conduct Authority. In preparing the Half year results, including the interim financial statements, the Directors are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Half year results based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the Company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom’s Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
London
1 August 2023