Taylor Wimpey plc

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Short term update

- Issued trading update on 19 September
- UK market remains surprisingly stable
  - Net sales rates above a relatively weak 2010 comparative
  - Sales rates picked up a couple of weeks earlier than seasonal norm
  - Pricing remains stable
  - Monitoring carefully through the autumn given ongoing economic uncertainty and restricted mortgage availability
- Continue to prioritise margin improvement ahead of volume growth
  - Remain on course for double-digit UK operating margins in 2012
- Interim Management Statement will be issued on 7 November

Strategy development

- Have completed the corporate level actions
  - Strong balance sheet
  - UK focused
- Have been setting the scene on strategy in recent announcements
  - Maximise the value from each home completion
  - Will not return to ‘feed the machine’ mentality
  - Far more active approach to managing the cycle
  - Active management of land portfolio is the key driver of value creation
  - Efficient ‘engine-room’ to protect and enhance value through build stage
  - Best in class sales and marketing processes

Implications for volume

- Won’t return to volume-driven mentality of last cycle, BUT
  - This does not mean that we will not grow volumes from current level
- Volume growth to come through naturally from:
  - New sites as planning consents optimised
  - Uplift in sales rates as market recovers
- See c.14,000 plots as a soft cap on volume, even in strong markets
  - Growing beyond this requires entry into weaker sub-markets

10 year comparison?

	TW H1 2011	GW FY2001
Annual UK completions	9,865	11,537
UK average active outlets	303	350
UK operating margin %	9.3	12.4
Short term landbank length (years)	6.6	3.5
Land on balance sheet in line with sector average	✓	✗
Strategic landbank depth	High	Low
Dependence on oven ready land	Low	High
UK focused?	✓	✗
Gearing %	9.1	50.1

- Learned lessons of the last cycle
- Still have to deliver, but now have the tools to do so

Managing the cycle

- Can't mitigate the impact of the cycle if you don't try
  - Won't get it absolutely right, but close enough is good enough
- Three key factors to flex in line with the cycle:
  - Level of land investment
  - Scale of debt
  - Operational risk/overheads
- Look to generate cash when land markets become heated
  - Began cash generation phase too late in the last cycle
- Aim to deliver through the cycle return on net operating assets of at least 15%
- Align dividend/shareholder return policy to strategy
  - Will provide more detail with full year results

Strategic land – a core part of land strategy

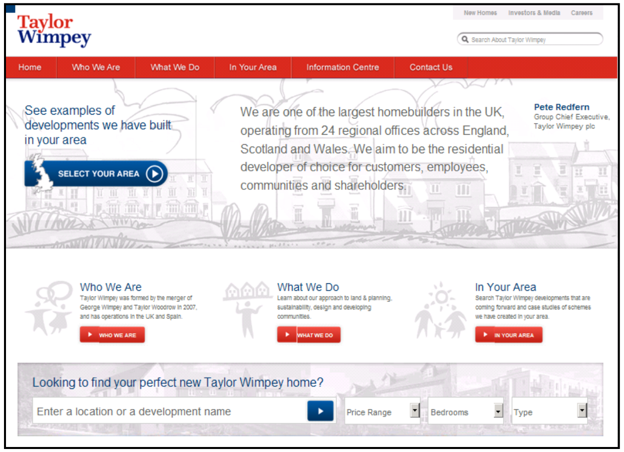
- c.19,000 gross acres
- 77,788 weighted plots
  - Recognition based on current view of greater than 50% chance of obtaining planning
  - 37% owned, 63% optioned
- 41% of our short term land portfolio was sourced from strategic land
- H1 2011 highlights include:
  - Acquired 764 acres from UK Coal with potential for c4,000 plots
  - Obtained resolution to grant for 872 homes at Church Crookham, Hants
  - Obtained resolution to grant for 527 homes at Brackley, Northants
- Deliver significant margin enhancement over short term sites
  - Typical margin enhancement of 5-15 percentage points

Update on planning policy

- Intends to shift power from central Government to local communities & councils, and enhance local democracy
- Localism Bill currently at Report Stage in the House of Lords:
  - A radical reboot of the planning system
  - Changes to social housing policies
  - Amendments to Community Infrastructure Levy (CIL)
  - Community empowerment
  - Introduction of incentives
- National Planning Policy Framework:
  - Strong emphasis on growth
  - Local plan driven
  - Robust evidence base
  - Viability testing
  - The right land to be developed
  - 5 year housing land supply plus 20%
  - Presumption in favour of sustainable development
  - Existing environmental protection maintained
  - The document has to be read as whole rather than in sections

Taylor Wimpey’s response

- **Community Engagement & Consultation**
  - Make a step change from consultation to engagement
  - Community engagement framework - to be applied throughout the business
  - Bring the sales process forward
- **Communication**
  - To be more open and transparent
  - Online consultation and information for new sites
  - ‘About TW’ website and brochure launched
  - Forge stronger working relationships
- **Culture Change & Training**
  - Develop communications and consultation skills
  - Local focus



Intended benefits of our response

- Supports our aim to lead the sector in planning and community engagement
- To reduce commercial and planning risk
- Gain sustainable planning consents early
- To develop our brand
- Raise awareness of the positives of homebuilding
- To comprehensively satisfy statutory requirements for consultation

Operational improvement

- Successfully delivered significant value recovery and improvement over the past four years:
  - Build cost savings being £25m of £70m UK merger synergies
  - Additional 10% dwelling structure cost savings
  - Significant margin recovery and improvement through value engineering of sites
- Focus going forward on efficient, effective 'engine room':
  - Consistent processes with strong control environment
  - New IT system will deliver process efficiencies and enhanced benchmarking
- Culture of adding value at every opportunity
  - Protecting and improving the cost base
  - Delivering added value on both existing and new land

Overhead initiatives

- Root and branch review of overhead cost base undertaken
  - Included comparison with competitors
- Will continue to run higher overheads where it adds value
  - Existing 24 business units is right number, with scope for growth as market recovers
- Merger of Corporate and UK Head Office complete
  - Savings of c.£3m in 2011*
- Short and medium term projects identified
  - Expect to deliver overhead savings of £10m in 2012*
  - Anticipate savings of £20m by 2014*
  - Savings expected from implementation of new IT system

* relative to FY2010 base

Conclusion & summary

- UK market remains surprisingly stable
- Will take a far more active approach to managing the cycle
- Aim to deliver through the cycle return on net operating assets of at least 15%
- Align dividend/shareholder return to strategy
- Strong strategic land portfolio, delivering higher margins
- Ongoing operational improvement
- Anticipate additional overhead savings of £20m by 2014*
- Aim to lead the sector in planning and community engagement
- Still have to deliver, but now have the tools to do so

* relative to FY2010 base

Q & A

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