



13 May 2014

**Taylor Wimpey plc  
Analyst and Investor Day  
New medium term financial targets for 2015-2017**

We continue to believe that the clear and effective strategy announced in 2011 is appropriate for the medium and long term. Having delivered on our key objectives over the last few years, this strategy gives us the confidence to announce a new and enhanced set of financial targets for the period from 2015 to 2017, whilst we continue to improve the quality of the business.

These are to be presented to analysts and institutional investors at a scheduled event this afternoon, followed by a site visit to the first of the Olympic Park neighbourhoods, Chobham Manor. The presentation materials will be published on our website [www.taylorwimpey.com](http://www.taylorwimpey.com) afterwards.

The event will also include a brief update on current trading in the UK, which remains in line with the positive trends outlined at our Annual General Meeting on 17 April, as well as a series of presentations from senior management on our landbank, strategic pipeline and London business.

**Housing market update**

The UK housing market continues to perform strongly with sales rates and pricing at the upper end of our expectations. We believe that the recent introduction of new regulations following the Mortgage Market Review, which require detailed checks on borrowers and imposes additional responsibilities for lenders, is a positive move for the long term health of the market, and we do not expect these changes to adversely impact our business. Consumer confidence continues to be high.

**Strategy and medium term targets**

Since we first communicated our strategy in 2011, we have consistently outperformed the pace of improvement that we set and we are confident that by the end of 2015, we will have met or exceeded each of our key financial targets. During this time we have continued to improve the quality of our landbank, through disciplined land buying and importantly the record conversion of plots from our strategic land pipeline. In 2014, we now expect to deliver an operating margin\* increase of at least 300 basis points, and a return on net operating assets\*\* of at least 20%.

We remain disciplined and focused on the long term, continuing to target improvement across all measures to deliver the best quality and sustainable returns for our shareholders. Our strategy has not changed and neither have our key strategic financial objectives which were purposefully set as through the cycle measures:

- Earn top quartile operating margins
- Deliver at least a 15% return on net operating assets through the cycle

- Grow net assets by 10% per annum on average (including returns to shareholders) through the cycle

These long term targets remain appropriate, however we are currently operating in a much improved housing market, and the strength and quality of our landbank and strategic pipeline, gives us the confidence to set additional challenging medium term targets across each of these financial objectives. These new targets, each of which apply for the period from 2015 to 2017, are to achieve:

- An average operating margin of 20% over the three year period
- A return on net operating assets of at least 20% per annum
- An average increase in net assets (including returns to shareholders) of 15% per annum over the three year period

We have also added a further financial target which we believe is an important measure of delivery for this phase of the cycle. This is focused on converting a high proportion of our profitability into cash, reflecting the move from the strong investment phase of the last four years to a new phase focused on delivery. This new target, again applying for the period from 2015 to 2017, is to achieve:

- An average conversion of at least 65% of operating profit into operating cash flow\*\*\* over the three year period

In addition to these targets, we will continue to invest in the business to ensure a growing and sustainable future for 2018 and beyond.

As we previously announced, we remain committed to return a strong additional cash flow to investors over the medium term, starting with £50 million in July 2014 and £200 million in July 2015. Future payments have the potential to exceed £200 million per annum. These returns will be set on an annual basis, in line with the cash generation of the business.

\*Operating profit is defined as profit on ordinary activities from continuing operations before finance costs and exceptional items, after share of results of joint ventures.

\*\*Return on net operating assets is defined as operating profit divided by the average of the opening and closing net operating assets, which is defined as capital employed plus intangibles less tax balances.

\*\*\*Operating cash flow is defined as cash generated by operations (before taxation and interest) as defined in the Notes to our Annual Report and Accounts.

-Ends –

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Notes to editors:

Taylor Wimpey plc is a UK-focused residential developer which also has operations in Spain. Our vision is to become the UK's leading residential developer for creating value and delivering quality.

For further information, please visit the Group's website

[www.taylorwimpey.co.uk](http://www.taylorwimpey.co.uk)