

28 June 2010

## **Taylor Wimpey plc Trading Update**

Taylor Wimpey plc is issuing the following update on trading ahead of its Half Year Results for the period ending 4 July 2010, which will be announced on 3 August 2010.

The Group as a whole continues to perform in line with our expectations in a gradually improving, but still uncertain, trading environment.

### **UK Housing**

The UK housing market has maintained an encouraging level of stability since our Interim Management Statement on 29 April. Mortgage availability has improved slowly since the start of the year.

Private sales rates for the year to date remain broadly in line with those achieved in the first half of 2009 at an average of 0.58 sales per site per week, net of cancellations (H1 2009: 0.61). We saw a slight softening in sales around the time of the General Election, although sales performance has strengthened in recent weeks. Our order book remains strong and we are now 83% sold for our full year targeted completions.

Our focus remains on achieving price improvement rather than increasing volume, and prices on reservations have shown a further slight improvement since our Interim Management Statement. Cancellation rates remain at historic low levels, with the year to date average running at 16% (H1 2009: 19%).

We expect to complete around 4,650 homes in the first half of the year (H1 2009: 4,702) at an average selling price of approximately £167k (H1 2009: £153k).

We had an average of 297 active outlets for the year to date (H2 2009 average: 322) and expect a similar level in the second half. We have continued to be active but selective in the land market, and have concluded a number of deals, as sellers targeted completion before the expected changes to Capital Gains Tax. We will remain cautious about the scale and pricing of our land buying whilst the broader economic uncertainty remains.

### **North America Housing**

Pricing in our US markets has remained stable in 2010 to date. Year to date sales rates for North America are in line with the equivalent period in 2009, albeit from a reduced average number of active outlets of 136 for this year to date (H2 2009 average: 174). In the US, the average sales rate per site per week, net of cancellations, is 0.43 for the year to date (H1 2009: 0.46).

Our business in Canada continues to perform strongly. It has delivered a significant improvement in net sales per site per week to 1.18 for the year to date against 1.00 for the first half of 2009. Our Canadian business also makes a strong contribution to our North America order book and we are now 78% sold for expected 2010 completions.

We expect to complete approximately 1,800 homes in North America in the first half of the year (H1 2009: 1,933) at an average selling price of around US\$300k (H1 2009: US\$275k).

Activity levels in the US land markets continue to increase as we see focus for land buying broaden from short term assets to the medium term and longer term. We remain focused on selective deals where we can earn strong returns over the medium term.

### **Spain & Gibraltar Housing**

We expect to complete approximately 75 homes in the first half of the year (H1 2009: 72) at an average selling price of around £233k (H1 2009: £288k).

### **Group financial position**

We expect to have reduced net debt to approximately £650 million at the period end (31/12/2009: £750.9 million), including the effect of accelerating selected creditor payments from the second half to take advantage of available operating cashflow covenant headroom.

The consultation period in respect of the proposed cessation of the defined benefit accrual in the George Wimpey Staff Pension Scheme is now complete and the scheme will close to future accrual on 31 August 2010.

### **Outlook**

We believe that the underlying shortfall of new build housing and the strong levels of demand will continue to underpin pricing in the housing market in the UK. In the short term, however, with ongoing political and economic uncertainty, we continue to run the business on a cautious basis, with selective land investment and an ongoing focus on costs and cash. In the medium term, we remain concerned that the shortage of consented land will artificially constrain the recovery in industry volumes and this will be exacerbated by the impact and timing of changes in planning policy following the General Election. Although the recent UK Budget did not contain new measures that we would expect to have a detrimental impact on the housing market, we remain concerned regarding future spending reviews that could impact on housing initiatives, particularly the level of Social Housing Grant.

In the US, we continue to expect volatility in key market metrics over the next few months as the distorting impact of the cessation of the Homebuyer Tax Credit unwinds. We do, however, remain of the view that clearer signs of a sustainable recovery will become apparent towards the end of this year. The Canadian market has continued to perform well and we expect market conditions to remain robust for the foreseeable future.

Our active cost reduction, high quality landbank and strong order book position us well to continue to increase sales and profitability as markets recover.

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Notes to editors:

Taylor Wimpey plc builds homes in the UK, North America, Spain and Gibraltar. It aims to be the homebuilder of choice for customers, employees, shareholders and communities.

For further information, please visit the Group's website:  
[www.taylorwimpeyplc.com](http://www.taylorwimpeyplc.com)