

# Bellway PLC Trading Statement

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Bellway plc

Trading Update

6 August 2009

Bellway is today updating the market as to the outcome of the financial year ended 31 July and outlining current trading and expectations.

During the course of the year the Group legally completed the sale of 4,380 homes (2008 - 6,556), the average selling price of which was circa GBP154,000 (2008 - GBP169,729). Market conditions have been extremely difficult since spring 2008, however, in the southern region, conditions proved to be more robust especially in our North London, Essex and Thames Gateway divisions. Consequently some 60% of the Group's legal completions have been derived from this region. In the north, our Yorkshire, North West and Midlands divisions have experienced sustained weakness throughout the last twelve months.

Sales incentives per unit, in the form of discounting, shared equity and part exchange have been widely used but, encouragingly, have not increased over the last few months. The part exchange stock has now reduced to GBP9.4 million from GBP40.6 million at the beginning of August 2008. The fall of 9.3% in our average selling price was primarily as a result of these incentives and a higher percentage of social housing sales. It is anticipated that the operating margin will be around 6% - 7% and no further asset write down is envisaged provided current market conditions continue.

Cash generated has exceeded the Board's target of reducing debt by GBP100 million from GBP218 million at 31 July 2008, with net bank debt now standing at GBP37 million, comfortably within our current committed facilities of GBP370 million. Bellway is now looking to selectively increase work in progress spend on existing developments, where stock levels have fallen, as well as increasing the number of new outlets. In addition, in recent weeks the Group has been successful in contracting to acquire land, predominantly in our southern divisions, at prices the Board believes will deliver attractive margins. We will continue to invest selectively to increase our land bank as attractive opportunities become available provided, of course, that the market remains stable.

With the summer season upon us, our divisions are seeing the traditional decline in visitors to sites but the current sales rate being achieved is encouragingly ahead of management's expectations. The order book at 31 July of reservations for future completion stands at GBP368 million (2008 - GBP370 million) and in unit terms is equivalent to approximately 58% of the anticipated outcome for the year ending 31 July 2010.

Notwithstanding the extreme market conditions experienced over the last eighteen months, the Group has retained a national coverage and remains in a strong position to grow should markets improve, especially given its robust balance sheet and low gearing.

Bellway plc will announce its preliminary results on Tuesday 13 October 2009.

Certain statements in this announcement are forward-looking statements which are based on Bellway plc's expectations, intentions and projections regarding its future performance, anticipated events or trends and other matters that are not historical facts. Such forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as "aim", "anticipate",

"target", "expect", "estimate", "intend", "plan", "goal", "believe", or other words of similar meaning. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. Given these risks and uncertainties, prospective investors are cautioned not to place undue reliance on forward-looking statements. Forward-looking statements speak only as of the date of such statements and, except as required by applicable law, Bellway plc undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

FOR FURTHER INFORMATION PLEASE CONTACT:

JOHN WATSON, CHIEF EXECUTIVE & ALISTAIR LEITCH, FINANCE DIRECTOR FROM 7AM  
ONWARDS ON 0191 2170717

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(END) Dow Jones Newswires

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