
Bellway p.l.c.

**Analyst Presentation
for half year ended 31 January 2011**

Highlights

- Homes sold up 3.8% to 2,332
- Turnover up 13.1% to £407.9m
- 8.1% increase in ASP to £168.4k
- Operating margin up 80bps to 6.9%
- Profit before tax up 26.3% to £24.0m
- Earnings per share - 15.3p
- Only £6.7m net bank debt
- Net asset value - 866p
- Interim dividend – 3.7p

Turnover

for the 6 months ended 31 January

	2011	2010	
Homes Sold	2,332	2,247	3.8%
Average Sales Price	£168,428	£155,871	8.1%
Housing Turnover	£392.8m	£350.2m	12.2%
Other Turnover	£15.1m	£10.6m	42.5%
Total Turnover	£407.9m	£360.8m	13.1%

Sales Statistics

for the 6 months ended 31 January

	2011	2010	
Private Housing			
Homes sold	1,784	1,766	1.0%
Average SP	£180,812	£167,214	8.1%
Social Housing			
Homes sold	548	481	13.9%
Average SP	£128,112	£114,225	12.2%
Houses	64%	55%	
Apartments	36%	45%	

Sales Statistics

for the 6 months ended 31 January

Selling price

Up to £100,000

£100,001 to £150,000

£150,001 to £200,000

£200,001 to £250,000

Over £250,000

Average Sq. feet per home

Average Selling Price per Sq foot

2011

14%

37%

25%

13%

11%

948

£178

2010

19%

39%

25%

8%

9%

849

£183

Operating Performance

for the 6 months ended 31 January

	2011	2010
Gross Margin	12.4%	11.1%
Admin Expenses	5.5%	5.0%
Operating Margin	6.9%	6.1%
Operating Profit	£28.1m	£22.1m

Finance Expense

for the 6 months ended 31 January

	2011	2010
Net Interest Payable / (Receivable)	£ 1.5m	(£ 0.3m)
Employee Benefits	£ 0.2m	£ 0.4m
Land Creditors / Other Debtors - IAS39	£ 1.5m	£ 2.0m
Other interest	(£ 0.1m)	-
Preference Dividend	<u>£ 1.0m</u>	<u>£ 1.0m</u>
Finance Expense	£ 4.1m	£ 3.1m
Average cash	£29.6m	£27.3m

Earnings and Dividends

for the 6 months ended 31 January

	2011	2010
Profit before tax	£ 24.0m	£ 19.0m
Effective taxation rate	22.9%	26.3%
Average no. of ordinary shares	120.7m	120.6m
Earnings per share	15.3p	11.6p
Dividend per ordinary share	3.7p	3.3p

Capital Employed

as at

	31 January 2011 £m	31 July 2010 £m
Fixed Assets	16.5	15.9
Stocks	1,190.5	1,148.7
Debtors	90.5	82.2
Net cash	-	65.7
Creditors	(166.4)	(195.8)
Land Creditors	<u>(57.7)</u>	<u>(61.9)</u>
CAPITAL EMPLOYED	<u>1,073.4</u>	<u>1,054.8</u>

Stocks

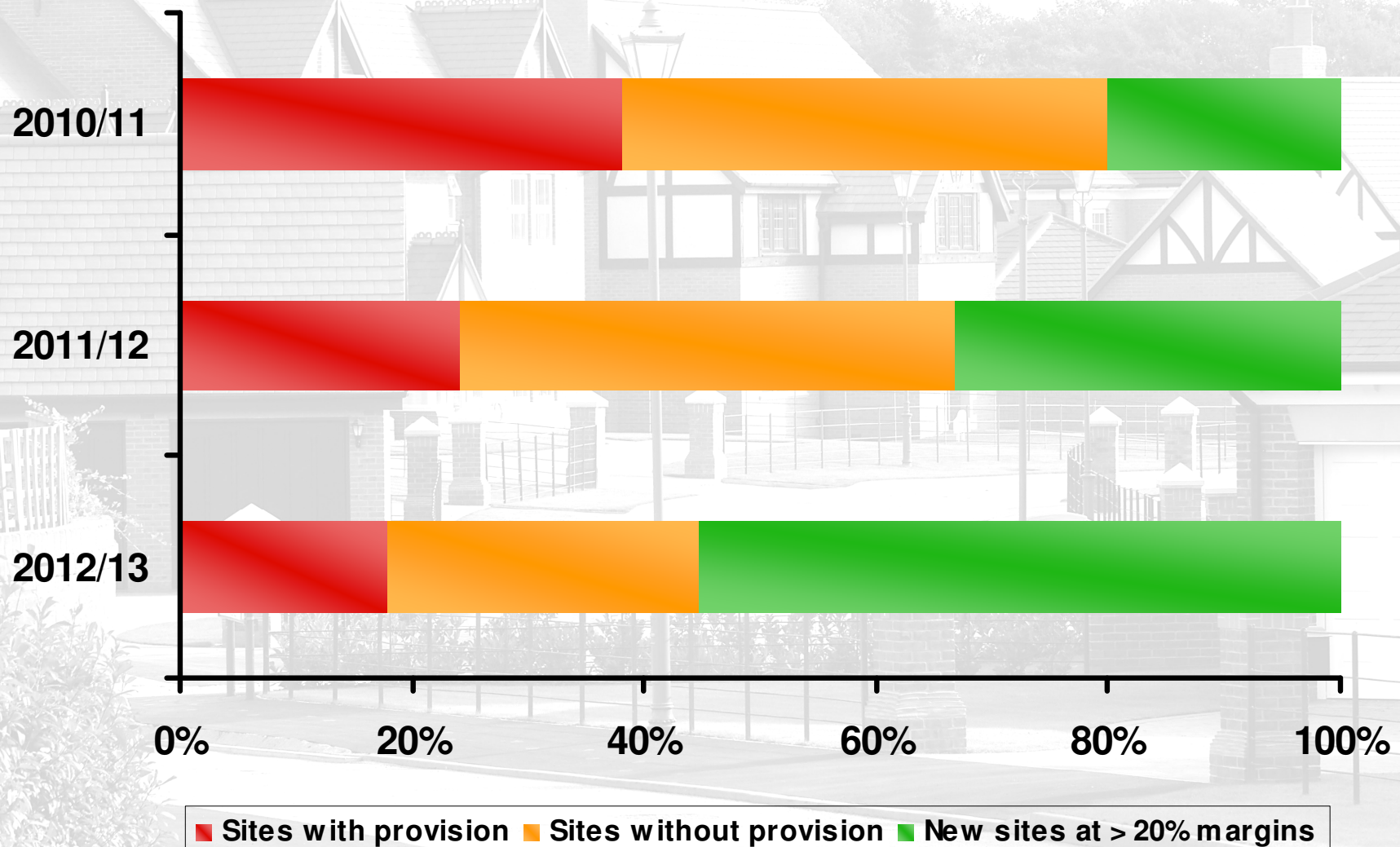
as at

	31 January 2011 £m	31 July 2010 £m
Land with Planning	690.7	619.5
Land pending Planning	51.0	105.5
Work in Progress	383.3	370.9
Showhomes	40.9	37.8
Part Exchange Stock	<u>24.6</u>	<u>15.0</u>
TOTAL	1,190.5	1,148.7

Land with Planning

	Plots	Cost £m	Average Plot Cost £k
B/f August 2010	17,602	619.5	35.2
Sold	(2,332)	(101.5)	43.5
	<hr/> 15,270	<hr/> 518.0	<hr/> 33.9
Net purchases	3,413	172.7	50.6
C/f January 2011	18,683	690.7	37.0

Site Mix



Finance

as at

Net (borrowings)* / cash

Gearing*

Net Assets

Net Asset Value per Ordinary Share

* excluding £20m preference capital

31 January
2011

(£6.7m)

0.6%

£1,046.7m

866p

31 July
2010

£65.7m

Nil

£1,034.8m

856p

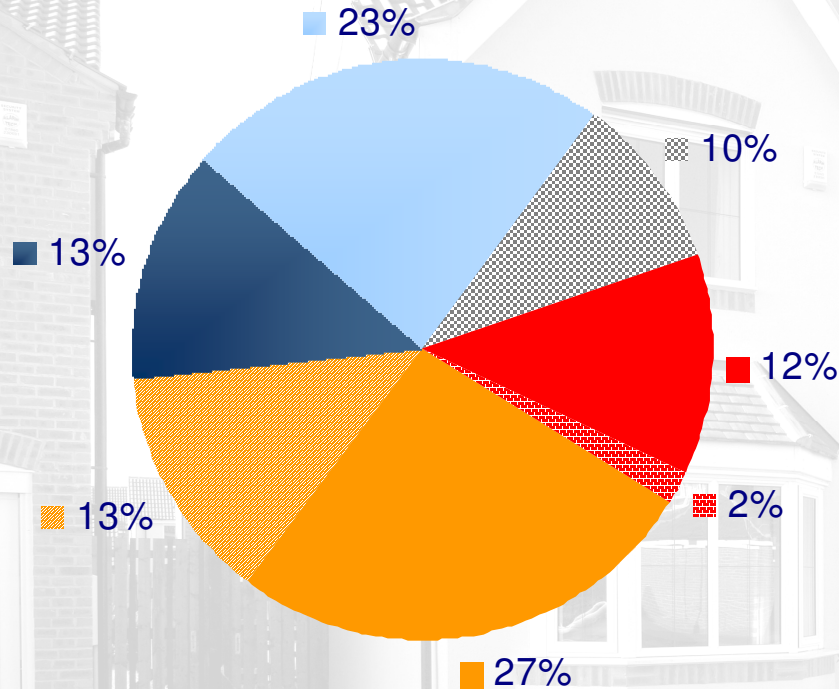
Housing Market in H1

- Housing market remained difficult
- Generally the south was stronger than the north
- Incentives still needed but the mix changed as Government initiatives fell away

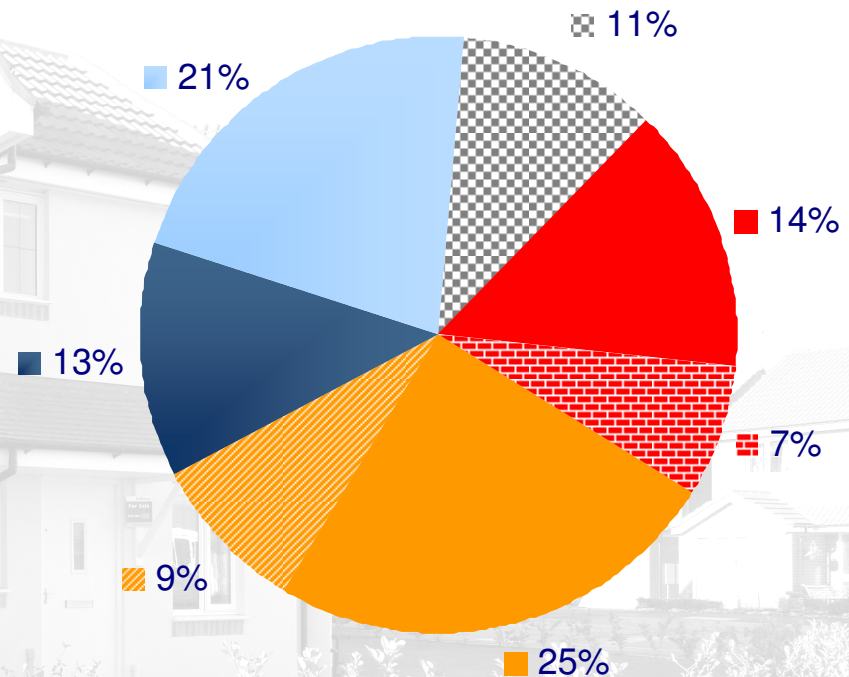
Completion Analysis

for the 6 months ended 31 January

2011



2010



Second Time Buyers

- Other Second Time Buyers
- Part Exchange

Shared Equity

- Homebuy Direct
- Opening Doors

Other Buyers

- Unassisted First Time Buyers
- Investor
- Housing Association

Sales Statistics

for the 6 months ended 31 January

North

Homes sold

Average SP

2011

1,186

£145,174

2010

927

£136,653

27.9%

6.2%

South

Homes sold

Average SP

1,146

£192,493

1,320

£169,367

-13.2%

13.7%

Land Buying

Land spend

- £130m expended on land acquisition

Plots owned with planning

- Increased to 18,683 plots
- 3,413 plots added to the land bank

Plots pending planning

- 2,662 plots have successfully obtained a planning permission in the period

Land Bank

3 levels to our land bank

Plots owned with planning

Plots pending planning

Total plots

Long term potential plots

31 January
2011

18,683

13,000

31,683

> 2,800

31 July
2010

17,602

15,000

32,602

> 2,800

Heads of terms agreed on further 4,000 plots

Sales and Margin Growth

- Increasing average selling price as the mix changes to more family housing
- Increasing outlets
- Now operating from 200 outlets compared with 185 at the start of this year
- Selling off plan remains difficult – completed units increased to 590
- Operating from 30 recently acquired high margin sites

Cost Base

- Some minor material cost increases proposed
- Sub contract costs will probably not fall further and have remained static in the period
- Costs have remained neutral, but
- Build costs have fallen by between £7k and £9k since start of recession
- Costs will come under pressure due to carbon reduction targets

Market Place

- Reservations 80 per week in first 6 months
- In the 6 weeks since 1 February reservations averaged 119 per week – up 7%
- Order book currently £479.2m - up 10%
- 66% of order book contracted
- ASP in order book of £173.4k – up 8%
- 700 reservations for 2011/12

Summary

- Last year's volumes now secured
- Target completions raised by around 5%
- Low gearing and £380m of bank facilities
- Future growth to come from:-
 - Rising volume
 - Growing average selling price due to mix changes
 - Improving margins as we improve the site mix