
Bellway p.l.c.

**Analyst Presentation
for year ended 31 July 2011**

Highlights

- Volumes up 7.1% to 4,922
- Average selling prices up 7.6% to £175,613
- Turnover up 15.3% to £886.1 m
- Operating margin increased by 180 bps to 8.5%
- Profit before tax up 51.2% to £67.2 m
- Net asset value – 888 p
- 5,406 plots added to land bank
- Net cash of £3.4 m
- Forward order book - £426.8 m
- Final dividend increased 31% to 8.8 p

Notes

Turnover

for the year ended 31 July

	2011	2010	% change
Homes Sold	4,922	4,595	7.1%
Average Sales Price	£175,613	£163,175	7.6%
Housing Turnover	£864.4m	£749.8m	15.3%
Other Turnover	£21.7m	£18.5m	17.3%
Total Turnover	£886.1m	£768.3m	15.3%

Notes

Sales Statistics

for the year ended 31 July

	2011	2010	% change
Private Sales	3,843	3,652	5.2%
Average SP	£191,492	£173,273	10.5%
Social Housing	1,079	943	14.4%
Average SP	£119,057	£124,068	-4.0%
Houses	66%	61%	
Apartments	34%	39%	

Notes

Sales Statistics

for year ended 31 July

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

15%

36%

21%

13%

15%

931

£189

2010

16%

37%

26%

10%

11%

912

£179

Notes

Operating Performance

for the year ended 31 July

	2011	2010
Gross Margin	13.5%	11.7%
Admin Expenses	5.0%	5.0%
Operating Margin	8.5%	6.7%
Operating Profit	£75.2m	£51.3m

Notes

Finance Expense

for the year ended 31 July

	2011	2010
Net Interest Payable (inc. fees)	£2.8m	£0.8m
Other	(£0.2m)	(£0.8m)
Employee Benefits	£0.4m	£0.4m
Land Creditors	£3.1m	£4.5m
Preference Dividend	<u>£1.9m</u>	<u>£1.9m</u>
Finance Cost	£8.0m	£6.8m
Average borrowings / (cash)	£5.7m	(£42.1m)

Notes

Earnings and Dividends

for the year ended 31 July

	2011	2010
Profit before tax	£67.2m	£44.4m
Earnings per share	41.5p	29.7p
Dividend per ordinary share	12.5p	10.0p
Average no. of Ordinary Shares	120.7m	120.6m
Effective Taxation Rate	25.3%	19.4%

Notes

Capital Employed

as at 31 July

	2011 £m	2010 £m
Fixed Assets	17.9	15.9
Stocks	1,270.3	1,148.7
Shared equity	33.5	32.7
Debtors	65.9	49.5
Net Cash	3.4	65.7
Creditors	(214.5)	(195.8)
Land Creditors	<u>(83.2)</u>	<u>(61.9)</u>
CAPITAL EMPLOYED	<u>1,093.3</u>	<u>1,054.8</u>
NAV	888p	856p
ROACE	7.0%	4.9%

Notes

Stocks

as at 31 July

	2011 £m	2010 £m
Land with Planning	646.9	619.5
Land pending Planning	114.8	105.5
Work in Progress	439.7	370.9
Showhomes	45.6	37.8
Part Exchange Stock	<u>23.3</u>	<u>15.0</u>
TOTAL	1,270.3	1,148.7

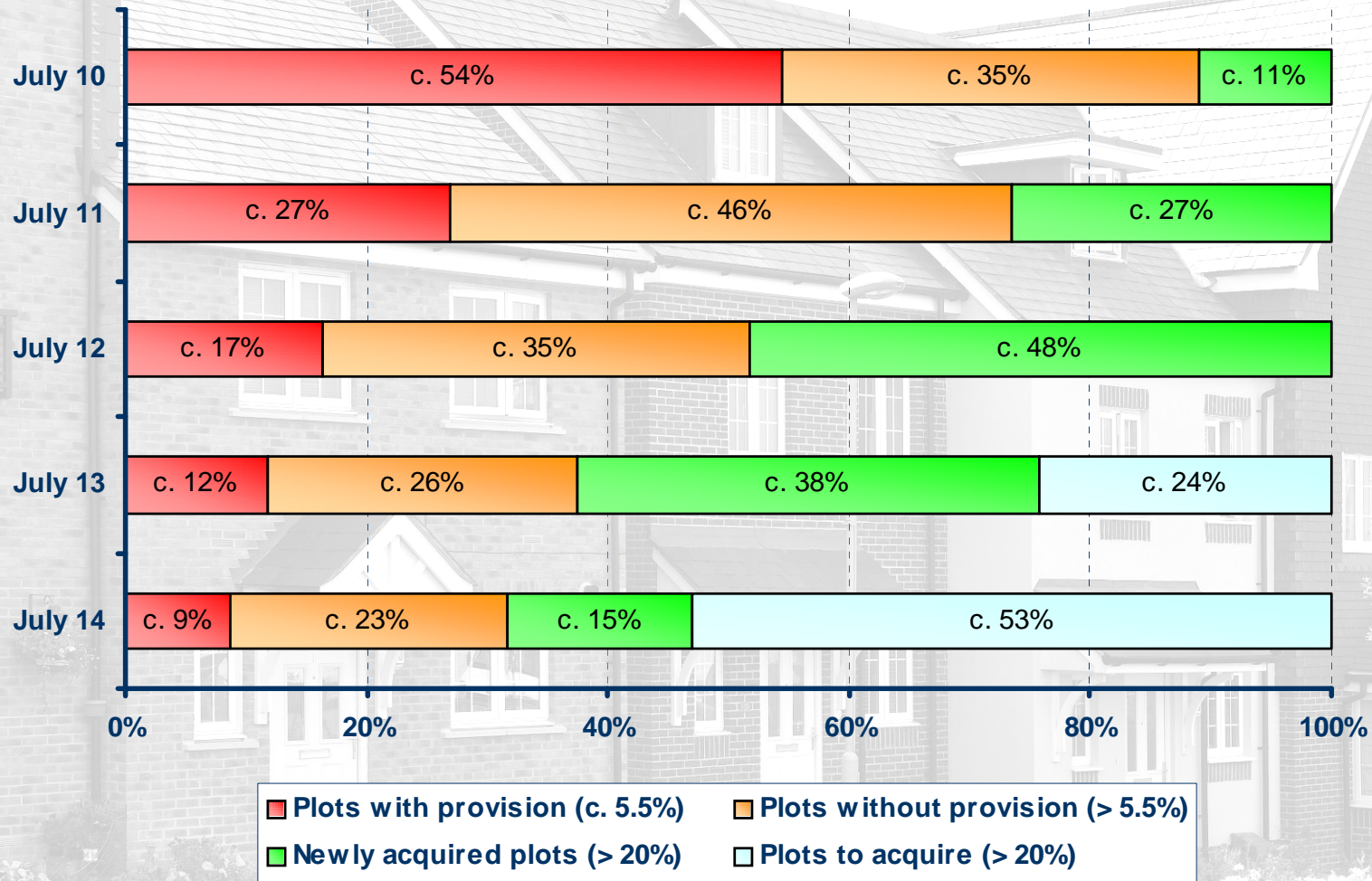
Notes

Land with Planning

	Plots	Cost £m	Average Plot Cost £k
B/f August 2010	17,602	619.5	35.2
Sold	(4,922)	(216.4)	44.0
	12,680	403.1	31.8
Bought	5,406	243.8	45.1
C/f July 2011	18,086	646.9	35.8

Notes

Anticipated completion mix



Notes

Growing profitability

- Three pronged attack:-
 - Higher volumes
 - Higher average selling prices
 - Improving operating margins



Notes

Higher volumes

- 45 new outlets opened during the year
- Average outlets during the year 195 vs 183 last year
- Completed stock units increased to 768 from 500
- Show homes increased to 252 units from 222

Notes

Sales statistics

for the year ended 31 July

	2011	2010	% change
North Homes sold	2,345	1,985	18.1%
Average SP	£144,447	£140,690	2.7%
South Homes sold	2,577	2,610	-1.3%
Average SP	£203,973	£180,277	13.1%

Notes

Capacity to grow

- 7 divisions producing less than 350 units
- Capacity to increase output to around 6,000 homes without significant increase in overhead
- Outlets set to increase by 5% in 2011/12 to 215

Notes

Higher average selling prices

- Increased by 7.6% due to change in mix
- Demand for apartments in and around London remains strong
- Upmarket units in prime locations will deliver units this year
- Less apartments in the north

Notes

Incentives

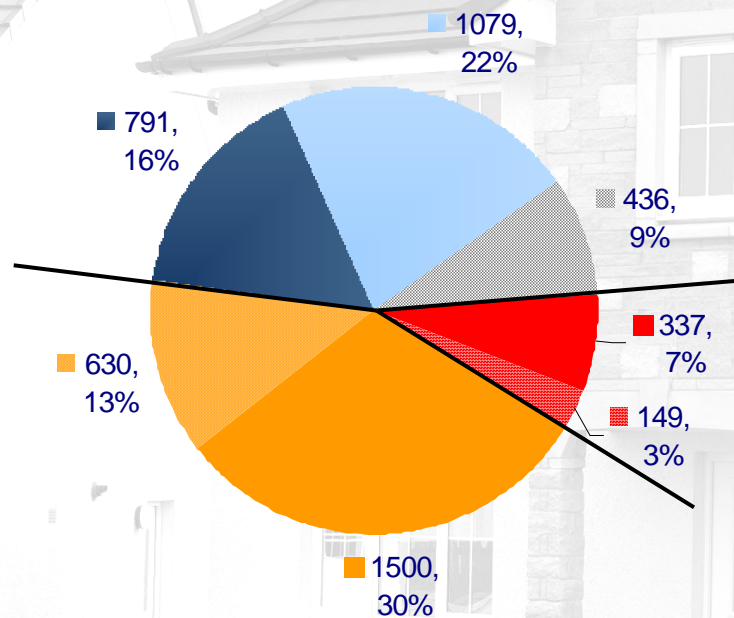
- Incentive levels similar to last year
- Reliance on shared equity sales has fallen to 10% from 18% in the previous year
- Attracted 800 buyers by making a contribution towards their deposit

Notes

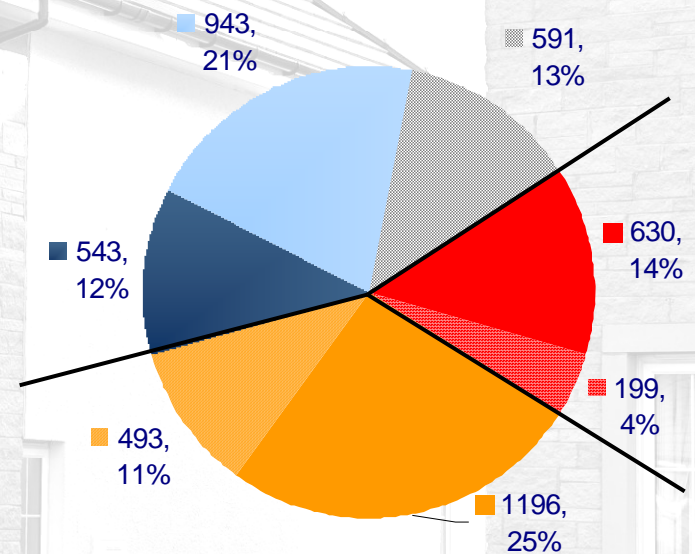
Completion Analysis

for the year ended 31 July

2011



2010



Second time buyers

- Other Second Time Buyers
- Part ex used as an incentive

Shared equity

- Bellway shared equity
- Homebuy Direct

Other buyers

- Housing Association
- Unassisted First Time Buyers
- Investor

Notes

Improving operating margins

- Growing percentage of production from newly acquired land
- 40% of land with planning acquired post autumn 2008
- Over a quarter of completions from newly acquired plots

Notes

Cost base

- Build cost down 8% compared to 3 years ago
- No labour rate increases at present
- Majority of materials on a fixed price basis for 12 months or more
- New technology creates cost pressure
- New cost pressures addressed at land acquisition stage

Notes

Land Buying

Land spend

- £250m spend on land and land creditors

Plots owned with planning

- Increased to 18,086 plots
- 5,406 plots added to the land bank:-
 - 1,370 new additions
 - 4,036 plots promoted from pipeline where planning permission obtained in the period

Notes

Land Buying



Planned elevation at Canal View South, Stepney

“Oven ready” site at Radcliffe School, Milton Keynes



Notes

Land Bank

3 levels to our land bank

	2011	2010
Plots owned with planning	18,086	17,602
Plots pending planning	13,000	15,000
Total plots	31,086	32,602
Long term potential plots	> 3,600	> 2,800

Heads of terms agreed on further 3,500 plots

Notes

Market place


- In first 9 weeks:-
 - Sales volumes up 11%
 - Sales value up 21%
- Consumer confidence remains fragile
- Order book up by 6% to £418.8 m representing 2,364 plots at end of September

Notes

Summary

- Balance sheet strength will allow further investment in sales outlets
- We can continue 3 pronged attack:-
 - Volume growth
 - Average selling price growth
 - Margin growth

Notes



Certain statements in this presentation are forward-looking statements which are based on Bellway p.l.c.'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 p.l.c. undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.