

Bellway p.l.c.

Pre-Close Trading Update and Board Changes

7 August 2012

Bellway p.l.c. is today issuing a pre-close trading update for the financial year ended 31 July 2012 and is also updating the market on forthcoming Board changes.

Trading Update

The Group has completed the sale of 5,226 homes, an increase of 6.2% compared with the previous year's total of 4,922, with this growth being derived primarily from completions of private homes, which have risen by 13.4% to 4,358 (2011 – 3,843). The greater proportion of private completions, combined with other changes in product and geographical mix, have resulted in the average selling price increasing by more than 6% from £175,613 to around £187,000. The operating margin for the full year will be at least 11% (2011 – 8.5%), representing continued growth compared with the 10.1% achieved in the first half of the financial year and, as a result, profit before tax will be modestly ahead of current consensus of £98 million.

The demand for new homes has remained resilient throughout the year and this, combined with investment in new site openings, has resulted in the Group securing an average of 101 reservations per week (2011 – 93), an improvement of almost 9% on the previous financial year. The enhanced reservation rate has been achieved with no overall increase in average sales incentives, whilst simultaneously restricting the use of shared equity schemes to less than 7% of reservations taken. The Government's NewBuy scheme has contributed 133 reservations in the 20 weeks since its launch on 12 March 2012. The longer-term effectiveness of this incentive, however, remains dependent on lenders' product affordability and credit scoring criteria.

Total reservations in the nine weeks since the Interim Management Statement ('IMS') on 8 June have followed the usual seasonal slowdown but remain ahead of the same period last year. The order book has grown in value by 3.4% to £441.2 million (2011 – £426.8 million), representing 2,533 homes (2011 – 2,497 homes).

The Group has continued to be active in the land market, especially in the south of England, having spent £305 million on land and land creditors (2011 – £250 million) with heads of terms agreed on a further 4,650 plots. As a consequence, the Group ended the year with net bank debt of £41 million (2011 – £3.4 million net cash). With committed bank facilities of £300 million, Bellway is well placed to pursue further opportunities in the land market, whilst maintaining strict disciplines in terms of both return on capital and margin.

Against this background, and assuming stability in both the mortgage market and employment conditions, the Group is in a strong position to continue to deliver its strategy of growth in volume, average selling price and operating margin through a combination of changes in mix and the introduction of newly acquired higher margin land.

Board Changes

The current Non Executive Chairman Howard Dawe, who has been with the Group since 1961, is to retire on 31 January 2013. He will be succeeded in this role by the current Chief Executive, John Watson, who will be stepping down from his current role on the same date, thereby continuing his 34 years service with the Group. John will be replaced as Chief Executive with effect from 1 February 2013 by Ted Ayres.

Ted has spent his whole career in the construction and housebuilding industry, having occupied senior roles within the Group since joining Bellway in January 2002. These roles have included Managing Director of Thames Gateway division, Southern Regional Chairman, and latterly, the Board position of Operations Director.

The Board would like to wish John and Ted every success in their new roles and would like to thank Howard for all his efforts on behalf of the Group over the last fifty years, wishing him and his family a long and well deserved retirement.

The Group will announce its Preliminary Results for the year ended 31 July 2012 on Tuesday 16 October 2012.

FOR FURTHER INFORMATION PLEASE CONTACT:

JOHN WATSON, CHIEF EXECUTIVE AND KEITH ADEY, FINANCE DIRECTOR FROM 7:30 ONWARDS ON 0191 217 0717.

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