

# Bellway p.l.c. Trading Update

## 7 February 2012

Bellway is today updating the market as to trading in the six months from 1 August 2011 to 31 January 2012, prior to the announcement of the Interim Results for that period on Tuesday 27 March.

During the period the Group completed the sale of 2,455 homes (2011 – 2,332), an increase of 5%, driven by completions of private sales, which have risen by a healthy 15%. This increase in the proportion of private completions, combined with other changes in mix, has resulted in the average selling price of all completions increasing by 8.7% to around £183,000 (2011 – £168,428). The Board expects that the average selling price will grow further, albeit at a slower rate, during the remainder of the financial year.

The operating margin continues its improvement and is set to reach double digits for the six months to 31 January (2011 – 6.9%). This rate of improvement has now slowed and although the operating margin should continue to grow, it will do so at a more sustainable pace.

Around £105 million has been spent on land and land creditors in the period and whilst net debt at the end of January is around £12 million, the Group still retains facilities of £300 million, which expire in tranches up to November 2016.

Since 1 August reservations have averaged around 89 per week from 205 sites compared to 80 per week from 185 sites last year. Whilst incentives are used widely, this increase has been achieved despite reducing the use of shared equity as an incentive to only 5% of reservations taken. The Group now enters the second half of the year with an order book of £423 million (2011 – £402 million), having already reserved or legally completed 83% of this year's target.

The spring selling season is about to commence and last year provides a challenging comparison in terms of reservations. Nevertheless, with visitor levels up by around 20% since the beginning of January and with the Government's new 'Mortgage Indemnity Guarantee' (MIG) scheme about to be launched, early indications are that the housing market remains resilient. To what extent this resilience is sustainable can be better assessed at the end of March when the Group announces its Interim Results.

### **FOR FURTHER INFORMATION PLEASE CONTACT:**

**JOHN WATSON, CHIEF EXECUTIVE & KEITH ADEY, FINANCE DIRECTOR FROM 7.30 AM ONWARDS ON 0191 217 0717**

*Certain statements in this announcement 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.*