
Bellway p.l.c.

Results Presentation
for year ended 31 July 2012

- Homes sold up 6.2% to 5,226
- ASP up 6.3% to £186,648
- Total turnover up 13.3% to £1,004.2m
- Operating margin up 290 bps to 11.4%
- Profit before tax up 56.8% to £105.3m
- Net asset value increased to 933p
- Earnings per share increased by 57.8% to 65.5p
- Net bank debt of £40.6m
- Forward order book - £438.4m
- Final dividend up 59% to 14.0p

Turnover



For the year ended 31 July

	2012	2011	%
Homes sold	5,226	4,922	6.2%
Average sales price	£186,648	£175,613	6.3%
Housing turnover	£975.4m	£864.4m	12.8%
Other turnover	£28.8m	£21.7m	32.7%
Total turnover	£1,004.2m	£886.1m	13.3%

Sales statistics



For the year ended 31 July

	2012	2011	%
Private housing			
Homes sold	4,358	3,843	13.4%
Average selling price	£200,287	£191,492	4.6%
Social housing			
Homes sold	868	1,079	(19.6%)
Average selling price	£118,171	£119,057	(0.7%)

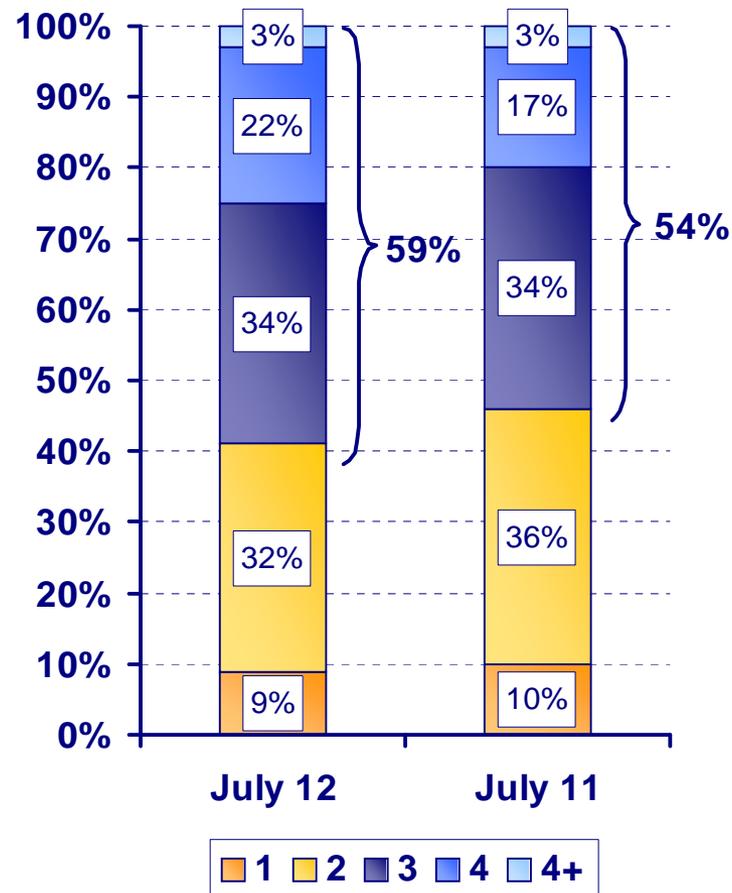
Sales statistics



For the year ended 31 July

	2012	2011
Houses vs Flats		
Houses	69%	66%
Apartments	31%	34%
Size		
Av. Sq. feet / home	951	931
ASP / square foot	£196	£189

Bedroom analysis



Sales statistics

For the year ended 31 July

Selling price	2012	2011
Up to £100,000	15%	15%
£100,001 to £150,000	30%	36%
£150,001 to £200,000	22%	21%
£200,001 to £250,000	14%	13%
Over £250,000	19%	15%

Operating performance



For the year ended 31 July

	2012	2011
Gross margin	16.1%	13.5%
Admin. expenses	(4.7%)	(5.0%)
Operating margin	11.4%	8.5%
Operating profit	£114.6m	£75.2m

Finance expense



For the year ended 31 July

	2012	2011
Net bank interest payable inc. fees	£4.7m	£2.8m
Preference dividend	£1.9m	£1.9m
Land creditors / debtors – IAS 39	£3.0m	£3.1m
Employee benefits	£0.5m	£0.4m
Other interest	(£0.8m)	(£0.2m)
Net finance expense	£9.3m	£8.0m
Average net bank debt	£21.9m	£5.7m

Earnings and dividends



For the year ended 31 July

	2012	2011
Profit before tax	£105.3m	£67.2m
Effective taxation rate	24.7%	25.3%
Earnings per share	65.5p	41.5p
Dividend per ordinary share	20.0p	12.5p
Dividend cover	3.3	3.3
Average number of ordinary shares	121.0m	120.7m

Capital employed



as at

	31 July 2012	31 July 2011
Fixed assets	£21.2m	£17.9m
Stocks	£1,399.8m	£1,270.3m
Shared equity	£35.1m	£33.5m
Debtors	£74.4m	£65.9m
Net cash	-	£3.4m
Pension deficit	(£111.5m)	(£8.4m)
Creditors	(£204.7m)	(£206.1m)
Land creditors	(£120.6m)	(£83.2m)
Capital employed	£1,193.7m	£1,093.3m
NAV	933p	888p
ROACE	10.1%	7.0%

as at

	31 July 2012	31 July 2011
Land with planning	£687.6m	£646.9m
Land pending planning	£165.3m	£114.8m
Work in progress	£479.5m	£439.7m
Showhomes	£45.5m	£45.6m
Part exchange stock	£21.9m	£23.3m
Total	£1,399.8m	£1,270.3m

Land with planning



	Plots	Cost	Average plot cost
Brought forward 1 August 2011	18,086	£646.9m	£35.8k
Sold	(5,226)	(£243.4m)	£46.6k
	12,860	£403.5m	£31.4k
Net purchases	4,776	£284.1m	£59.5k
Carried forward 31 July 2012	17,636	£687.6m	£39.0k

Shared equity



as at

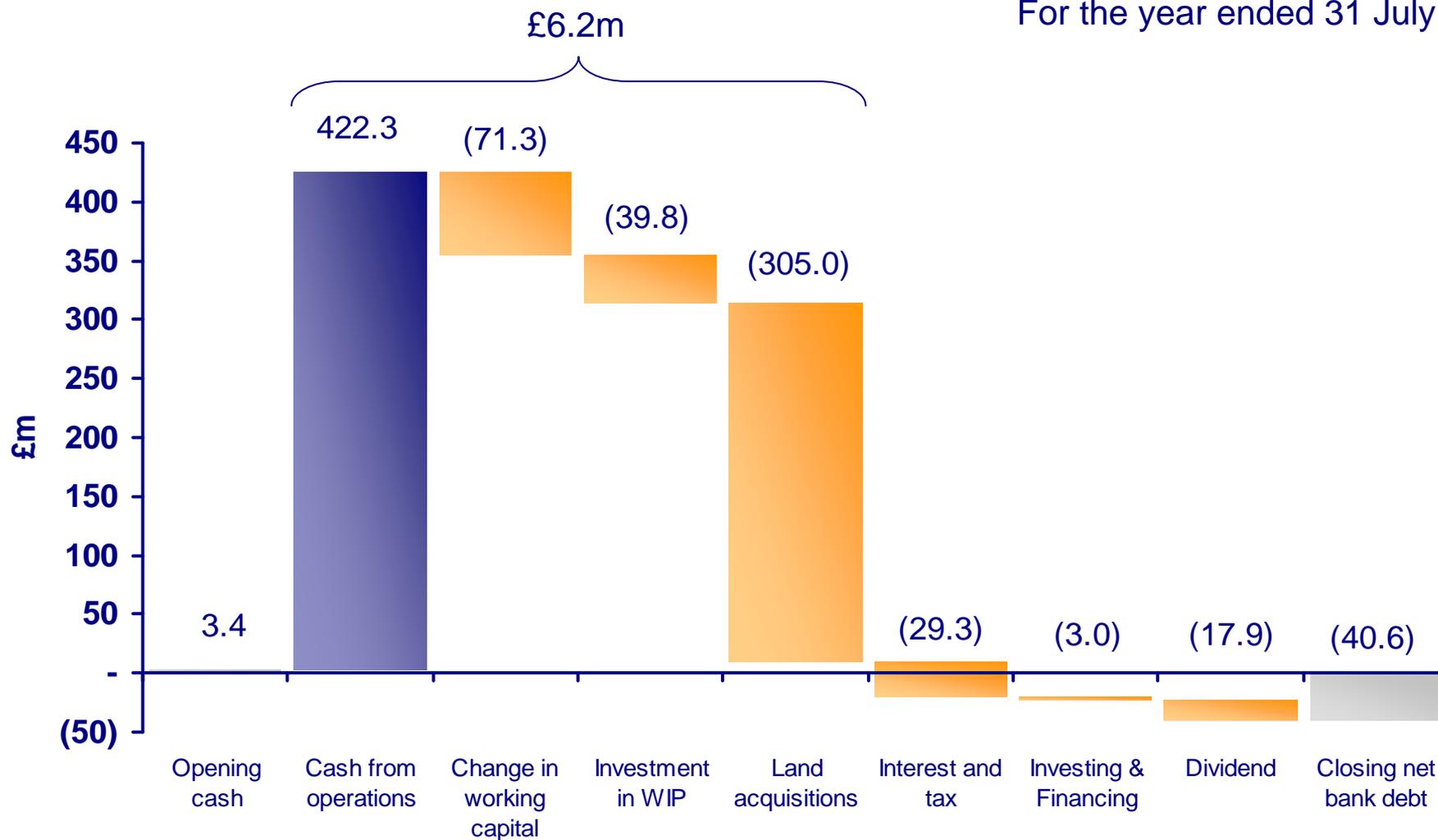
	31 July 2012	31 July 2011
Number of assets owned	2,728	2,428
Book value (BV)	£35.1m	£33.5m
Original loan (OL)	£74.6m	£69.5m
BV / OL	47%	48%
Cumulative redemptions to date (units)	232	201
Cumulative redemption proceeds as % of OL	72%	73%

as at

	31 July 2012	31 July 2011
Net bank (borrowings) / cash	(£40.6m)	£3.4m
Preference debt	(£20.0m)	(£20.0m)
Net debt	(£60.6m)	(£16.6m)
Gearing	5.3%	1.5%
Net assets	£1,133.1m	£1,073.3m

Cash flow

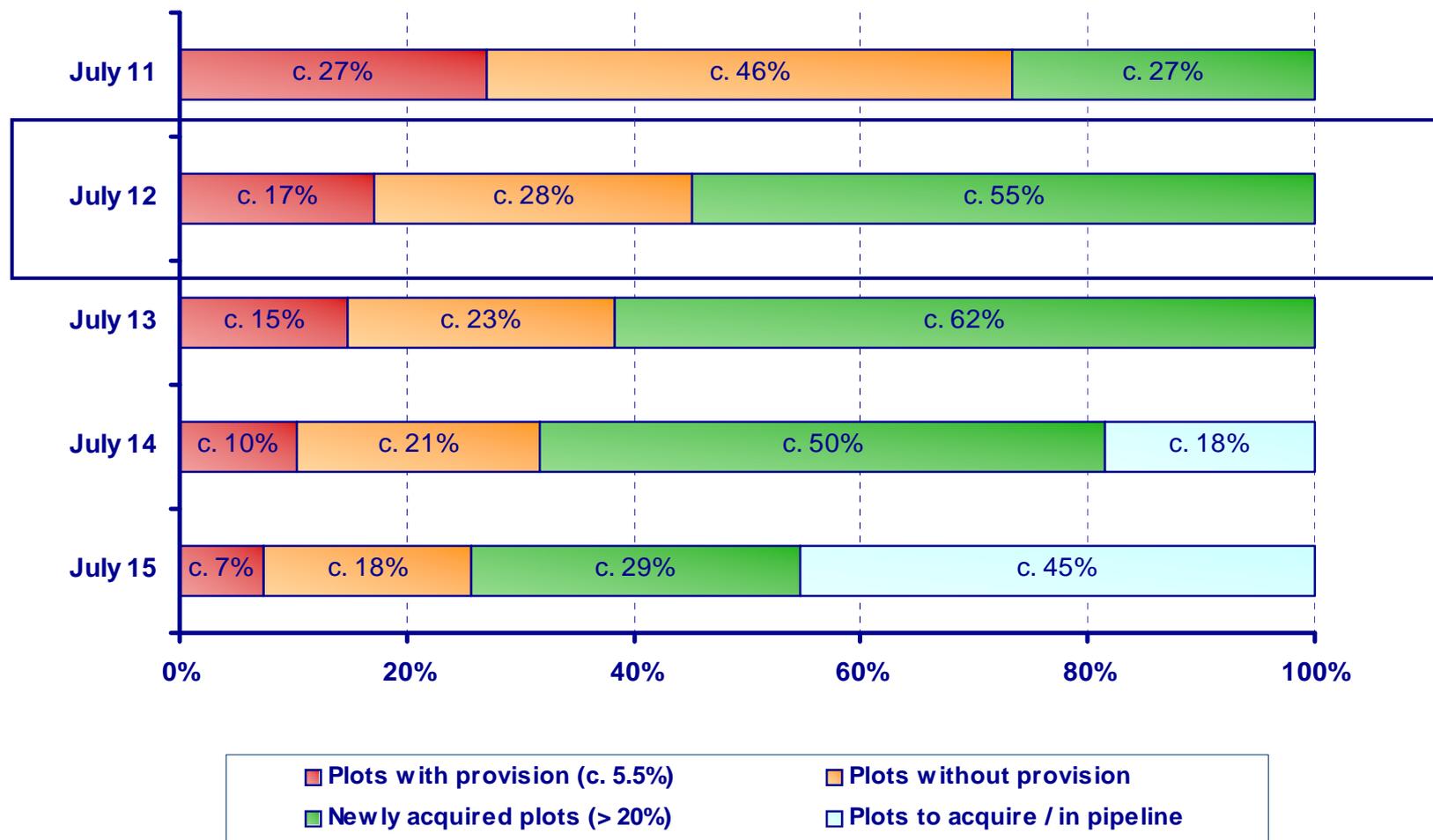
For the year ended 31 July



Anticipated completion mix



For the year ended 31 July

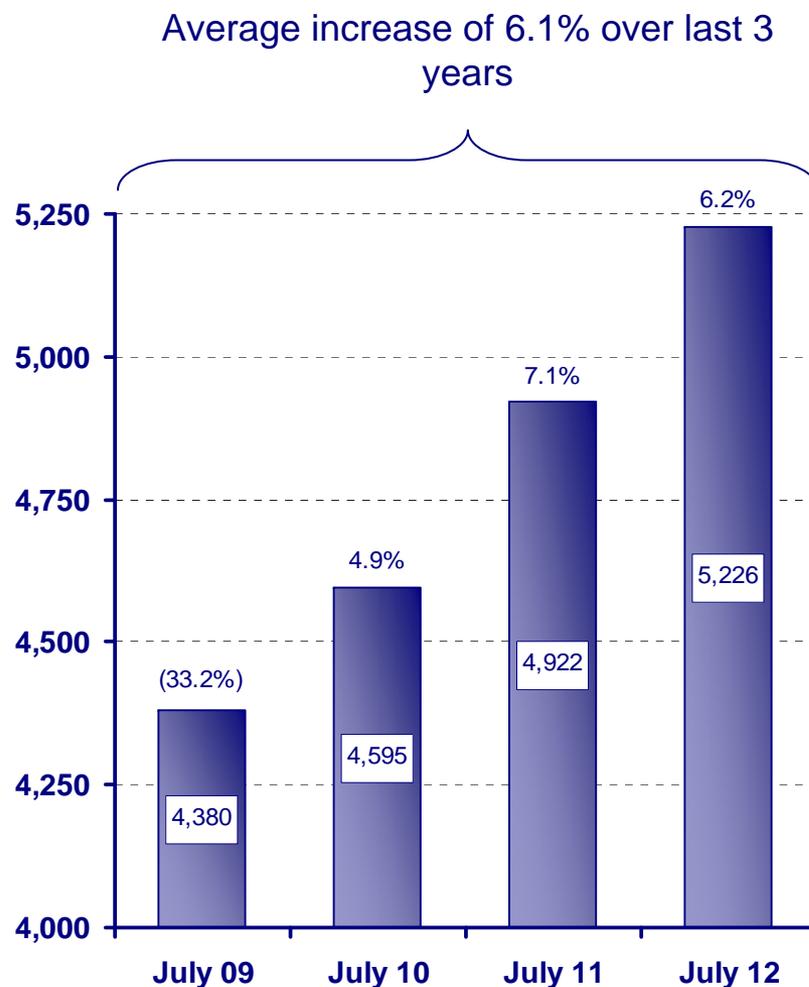


- Improvement in shareholder return achieved by maintaining annual dividend payment and;

- Capital and earnings growth through continuation of three pronged strategy of increasing:-
 - Volumes
 - Average selling prices
 - Operating margins

Volume growth

- Average outlets up from 195 to 208
- Private completions up by 13.4% driven by stronger southern market
- Volume increase achieved despite fall in social completions

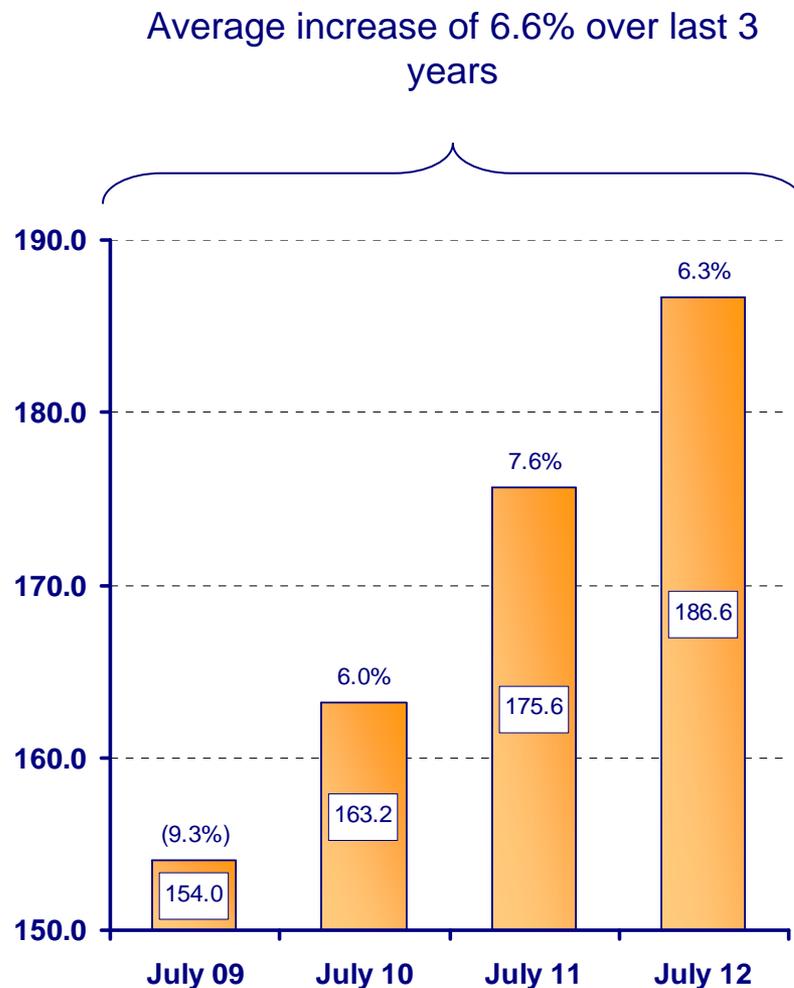


- Aim to increase output again this year
- Five divisions with volume of 350 or less
- Hope to increase outlets and hence volume by around 5%

- Existing capacity of 6,500 units
- Growth without compromising capital disciplines or significantly increasing overhead
- Geographical expansion beyond 13 existing divisions as market permits

ASP growth

- Growth due to changes in product and geographical mix
- 63% of housing turnover from south
- Over 900 homes completed in London boroughs



ASP growth - Hale Village



- 140 private units.
- Adjacent Tottenham Hale underground.
- Site acquired in July 2010 with DPP.
- Hope to be off site by July 2013.
- 10 storey development.
- 1, 2 and 3 bedroom apartments.
- £210k average selling price.



- Northern ASP strengthened by:-
 - Completions from recent land acquisitions, especially in north west
 - Fewer housing association completions

- Looking ahead more changes in mix should lead to further ASP growth

Sales summary



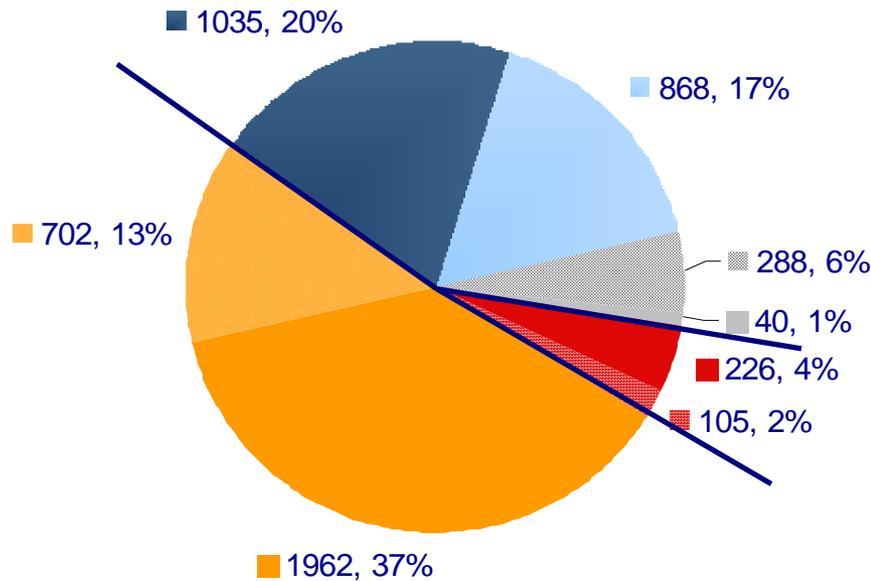
For the year ended 31 July

	2012	2011	%
North			
Homes sold	2,375	2,345	1.3%
Average selling price	£151,376	£144,447	4.8%
South			
Homes sold	2,851	2,577	10.6%
Average selling price	£216,031	£203,973	5.9%

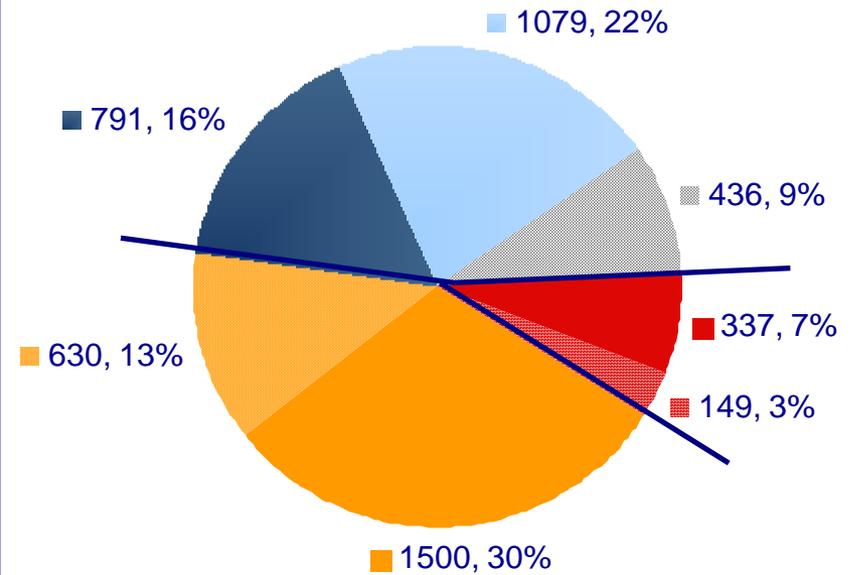
Completion analysis

For the year ended 31 July

2012



2011



Second time buyers

- Other second time buyers
- Part exchange used as an incentive

Shared equity

- Bellway shared equity
- Homebuy / First Buy

Other buyers

- Housing association
- Unassisted first time buyers
- Investor
- NewBuy

- Strong control of administrative costs
- Stable build costs
- 55% of legal completions from newly acquired land

- Overall costs are stable
- Labour cost base up 0.5% to 1%
- Some material cost pressures
- Regulatory cost pressures going forward must be accounted for in land acquisition

- £305m expended on land

- 4,776 added to top tier of land bank
 - 2,304 plots acquired with DPP

 - 2,472 plots promoted from pipeline



Cable factory in Southampton

Aerial view of site



Barking Riverside



Aerial view showing photo voltaic roofs

Barking Riverside street scene



as at

	31 July 2012	31 July 2011
3 levels to our land bank		
DPP: Plots owned with planning	17,636	18,086
Pipeline: Plots pending planning	13,500	13,000
Total plots	31,136	31,086
Strategic: Long term potential plots	>3,900	>3,600

Heads of terms agreed on further 4,700 plots

- Averaged 101 sales per week – up 8.6%
- Cancellation rates stable at 13%
- In first 9 weeks:-
 - Sales volumes up 7.3%
 - Sales value up 10.8%

- NewBuy has accounted for 6.3% of reservations since launch
- Effect of government lending initiatives still unknown
- Order book now at £438.4m representing 2,486 plots
- 55% of order book contracted

The Water Tower, Lambeth Bellway

