

Bellway p.l.c.
Trading Update
7 February 2013

Bellway is today updating the market with regard to its trading performance for the six months ended 31 January 2013, prior to the announcement of the Interim Results on Tuesday 26 March.

The Group has completed the sale of 2,597 homes (2012 - 2,455), an increase of 5.8% compared to the same period last year. The average selling price of homes sold has increased by 2.3% to £187,000 (2012 - £182,753), derived from continuing changes in product and geographic mix. The Board anticipates that the average selling price will continue its upward trend for the remainder of this financial year.

The operating margin continues to advance, primarily due to the increasing proportion of completions arising from higher margin land, acquired since the downturn. As a result, the Board expects that the operating margin will exceed 12.5% for the first six months of the year (2012 - 10.1%) and will continue to improve throughout the rest of the financial year.

With bank facilities of £300 million, the Group retains its ability to take advantage of opportunities in the land market and has expended £145 million on land and land creditors (2012 - £105 million) in the six months to 31 January. As a consequence, the Group ended the period with modest net bank debt of £75 million. The Board continues to focus on those opportunities which meet the Group's minimum requirements in respect of return on capital and gross margin and has, accordingly, agreed heads of terms on a further 4,500 plots.

The demand for new homes remains resilient with the Group having recorded an average of 97 reservations per week since 1 August (2012 - 89), an increase of 9%, arising mainly from continued investment in new sales outlets. Customers' ability to access higher loan to value mortgage finance through the NewBuy and MI New Home mortgage indemnity schemes has also benefitted the weekly sales rate, with these schemes having accounted for 11% of reservations taken. The use of other incentives continues to be used widely, although the use of shared equity has been restricted to only 3% of reservations in the period (2012 - 5%).

The order book at 31 January 2013 stands at 2,467 units (2012 - 2,359), representing a value of £453 million (2012 - £423 million). With 82% of the full year target now secure, the Board expects to achieve volume growth of around 5% in the current financial year, assuming reservations over the spring selling season follow their usual upward trend. The Group is therefore well placed to deliver further growth in profit and shareholder return through its continuing strategy of growth in volume, average selling price and operating margin.

FOR FURTHER INFORMATION PLEASE CONTACT:

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