

**Bellway p.l.c.**

## **Pre-Close Trading Update**

**Thursday 8 August 2013**

Bellway p.l.c. is today issuing a pre-close trading update for the financial year ended 31 July 2013.

### **Market and Trading**

The new homes market has benefitted from improving consumer confidence throughout the year, having been supported by government schemes in the form of NewBuy and Help to Buy.

Visitor numbers have risen and reservations have exceeded expectations, averaging 128 per week (2012 – 101), an increase of 27% compared with the previous year. The sales rate has improved since the introduction of Help to Buy, with this scheme having been used in 830 reservations since its launch.

All geographic regions have seen improved performance with the Group continuing to benefit from its presence in the London market, where 19% of reservations have been taken during the year.

### **Results**

The Group has legally completed the sale of 5,652 homes (2012 – 5,226), an increase of 8.2% compared with the previous year. The average selling price of homes sold has increased by 3% to around £193,000 (2012 – £186,648) with the result that housing revenue is expected to be around £1,090m (2012 – £975m), an increase of around 12%.

There is some evidence that house prices on more recent land acquisitions, especially in the south of England, are modestly ahead of initial acquisition assumptions. This has not, however, had any measurable effect on the growth in the Group's average selling price which has largely been achieved through continuing changes in product mix.

The operating margin continues to improve, driven by a growing proportion of completions from higher margin land, acquired since the downturn. Whilst there are some indications of minor cost pressures at a local level, these have not had a significant effect on the Group's operating margin which will exceed the 11.4% achieved last year by around 200 basis points.

## Land

The Group has continued its disciplined approach to land acquisition, having expended £300m on land and land creditors, on sites that meet the Group's minimum acquisition criteria with respect to gross margin and return on capital employed. In addition, the Group has heads of terms agreed on a further 4,100 plots.

As at 31 July 2013, Bellway had thirteen operating divisions. Since 1 August, the Group has opened two new divisions, with these being located in Manchester and the Thames Valley. The Group therefore has significant operational capacity for future volume growth. This should be achieved through ongoing investment in land, provided that opportunities continue to be identified that meet or exceed the Group's acquisition criteria.

The Group ended the year with net bank debt of only £6m and this, combined with limited exposure to historic shared equity schemes, a relatively insignificant pension deficit and a discerning use of land creditors, ensures that the Group retains its balance sheet strength to continue its expansion, should existing market conditions prevail.

## Outlook

The resilience in consumer demand has allowed the Group to build a strong order book comprising 3,525 plots (2012 – 2,533) with a value of £679.5m (2012 – £441.2m), representing an increase in value of 54% on the previous year. The strength of the order book provides the Board with reason for optimism for future volume growth.

Further growth in volume and margin, together with a continuing focus on return on capital employed, combined with a progressive dividend policy, should enable the Group to deliver further enhancements in shareholder value.

The preliminary results for the year ended 31 July 2013 will be announced on Tuesday 15 October.

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

**TED AYRES, CHIEF EXECUTIVE AND 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.*