



Results Presentation

Half year ended 31 January 2016



Agenda



1. Strategic update
2. Finance review
3. Operating review
4. Current trading and outlook
5. Questions and answers
6. Appendices

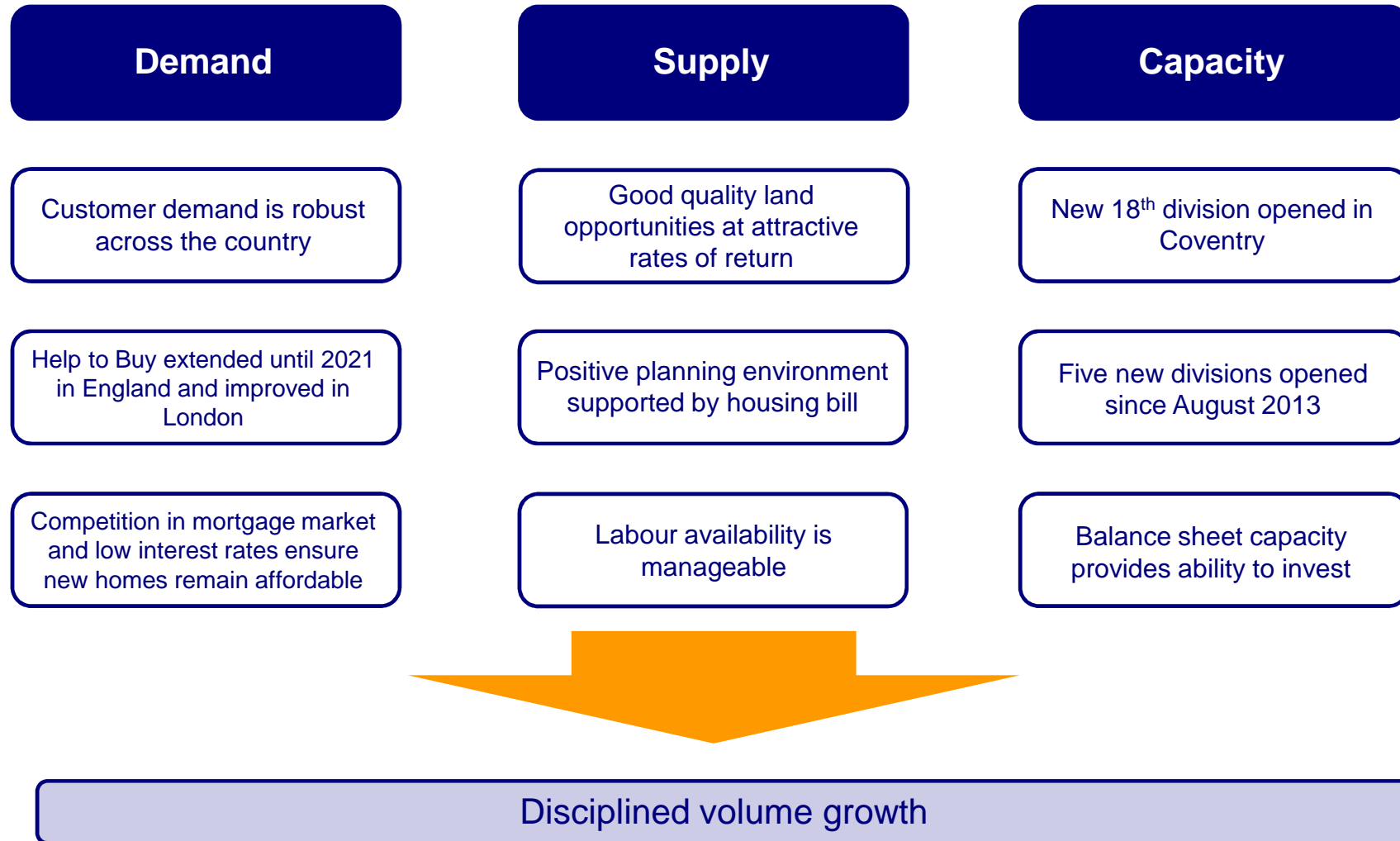


Strategic update

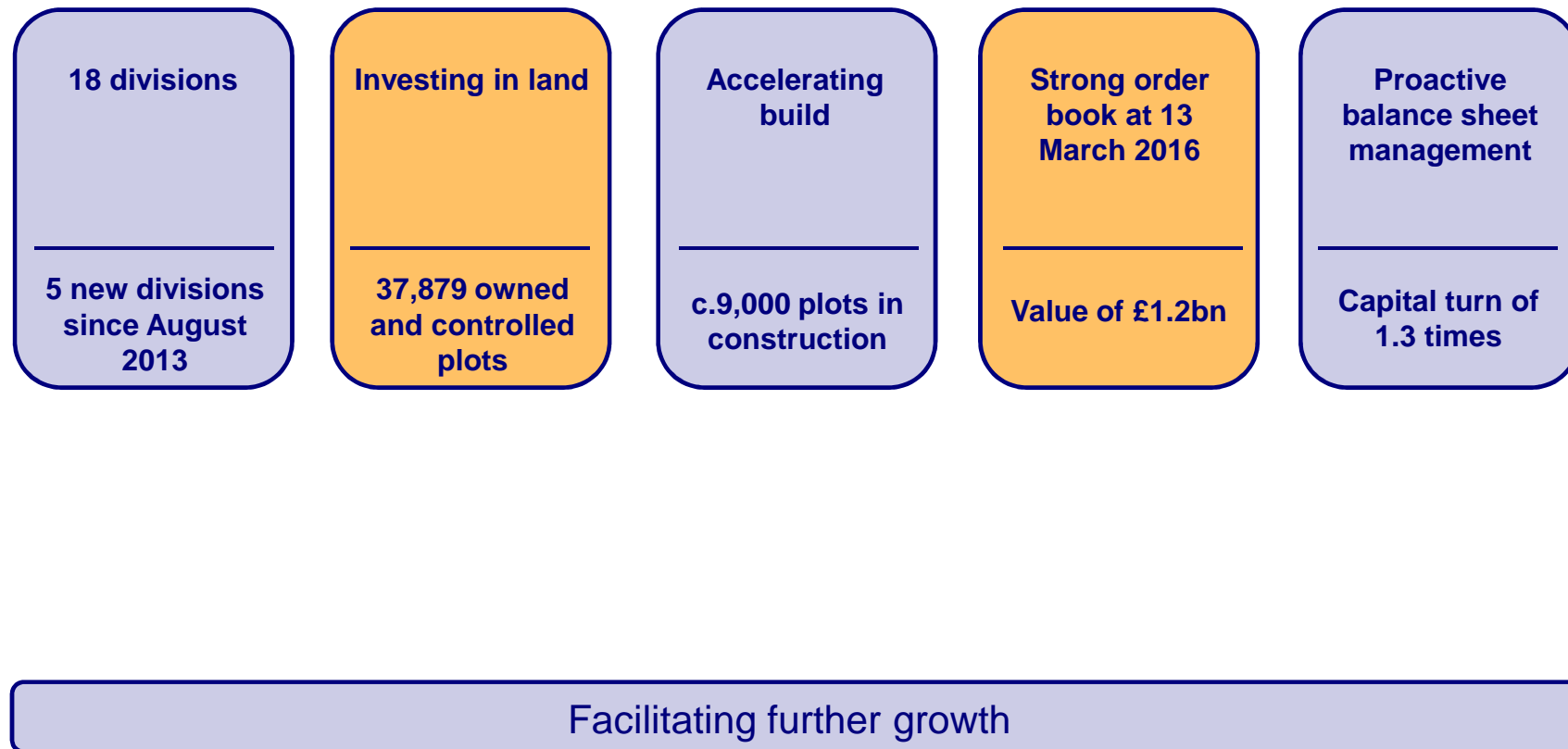


Ted Ayres
Chief Executive

Consistent strategy for growth



Operational highlights



Delivering substantial value



Volume growth

A strong focus on
return on capital

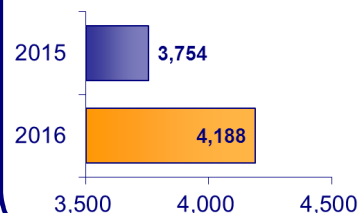
Progressive dividend
policy

Reinvestment in the
business is growing
the net asset value



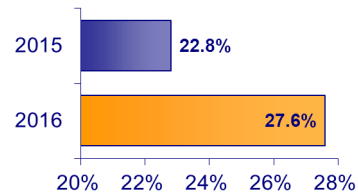
+ 11.6%

No. of homes sold



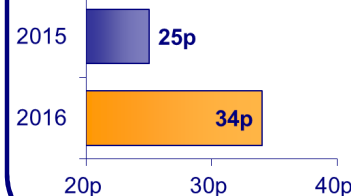
+ 480 bps

Return on capital



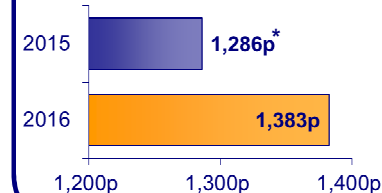
+ 36.0%

Interim dividend



+ 7.5% since July '15

Net asset value



43.7% increase in earnings per share to 148.7p

* Comparative figure at 31 July 2015

Finance review



Keith Adey
Finance Director

Group results



For the half year ended 31 January

	2016		2015		Mvt
Revenue	£1,084.9m		£831.2m		30.5%
Gross profit	£272.4m	25.1%	£195.3m	23.5%	+160 bps
Administrative expenses	(£39.9m)	(3.7%)	(£29.6m)	(3.6%)	34.8%
Operating profit	£232.5m	21.4%	£165.7m	19.9%	+150 bps
Share of result of JVs	(£0.2m)		-		-
Net finance expense	(£5.7m)		(£6.8m)		(16.2%)
Profit before taxation	£226.6m		£158.9m		42.6%
Taxation expense	(£44.5m)		(£32.5m)		36.9%
Profit after taxation	£182.1m		£126.4m		44.1%

Strong revenue growth



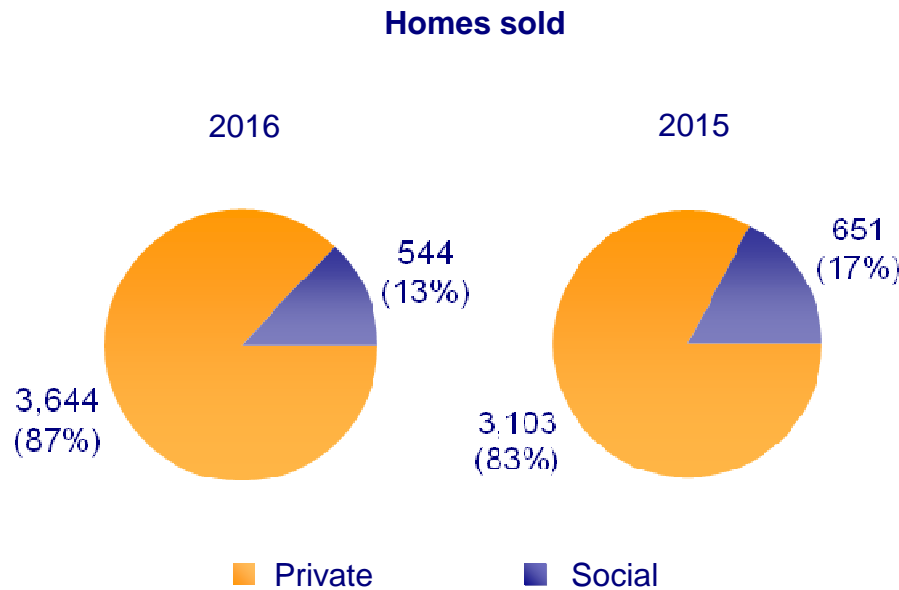
For the half year ended 31 January

	2016	2015	Mvt
Homes sold	4,188	3,754	11.6%
Average selling price	£257,280	£219,343	17.3%
Housing revenue	£1,077.5m	£823.4m	30.9%
Non housing revenue	£7.4m	£7.8m	(5.1%)
Total revenue	£1,084.9m	£831.2m	30.5%

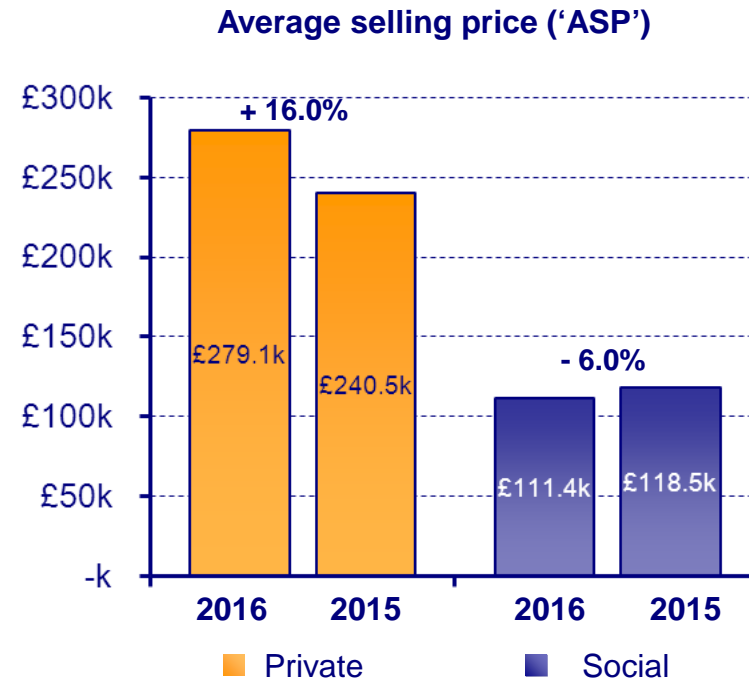
Housing revenue: social mix



For the half year ended 31 January



- Social housing completions expected to be >15% of total for full year.



- Private ASP is c.1% to 2% ahead of budget.

Further analysis showing homes sold and ASP is included in appendix 2

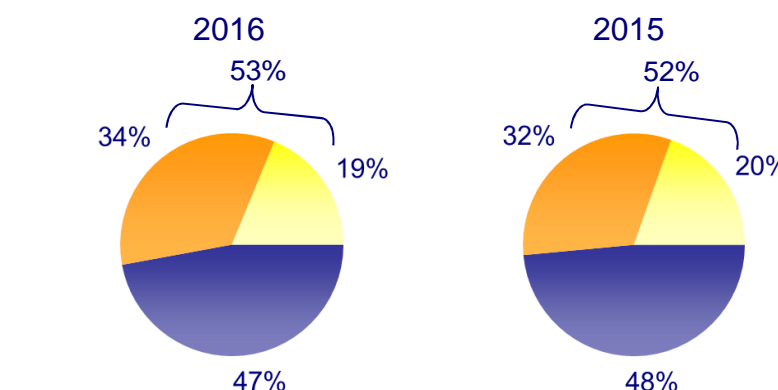
Housing revenue: geographic mix



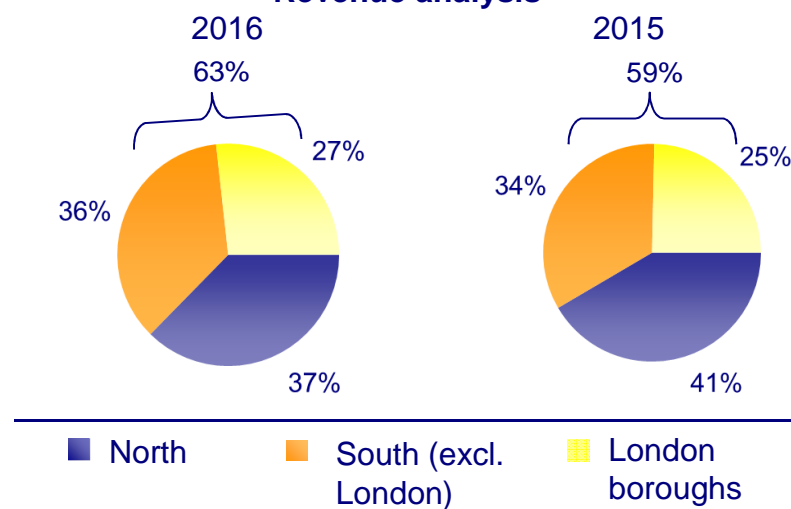
	2016	2015	Mvt
North			
Homes sold	1,973	1,822	8.3%
Average selling price	£204,107	£187,777	8.7%
South (inc. London)			
Homes sold	2,215	1,932	14.6%
Average selling price	£304,643	£249,112	22.3%
London boroughs			
Homes sold	786	734	7.1%
Average selling price	£366,764	£276,896	32.5%

For the half year ended 31 January

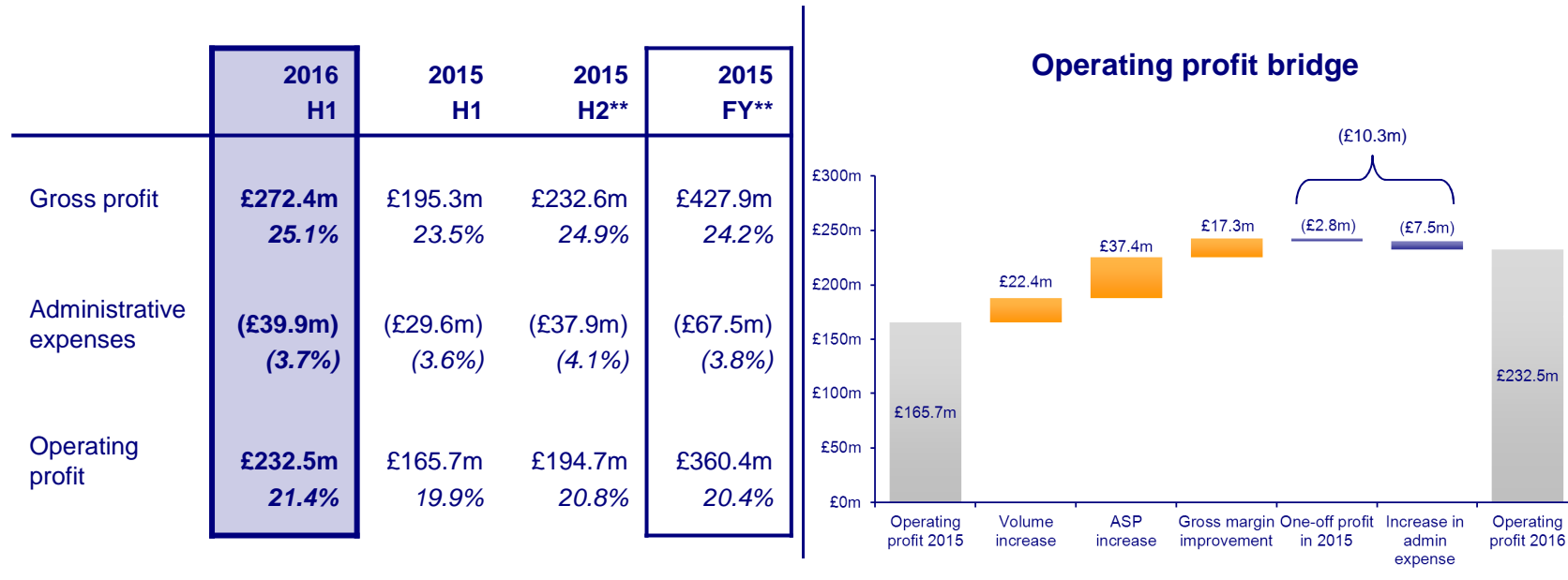
Completion analysis



Revenue analysis



Record operating performance



- Gross margin of 25.1% is influenced by good quality land, strong cost control and historical house price inflation.
- Operating margin for full year should approach 22%.
- Capacity for volume growth should generate further profit growth.

** Pre-exceptional

Net finance expense



For the half year ended 31 January

	2016	2015	Mvt
Net bank interest payable inc. fees	£2.1m	£3.3m	(36.4%)
Non bank interest:	£3.6m	£3.5m	2.9%
Made up of:-			
Land creditors / debtors – IAS 39	£3.7m	£3.5m	5.7%
Pension cost	£0.1m	£0.1m	-%
Other interest	(£0.2m)	(£0.1m)	100%
Total	£5.7m	£6.8m	(16.2%)

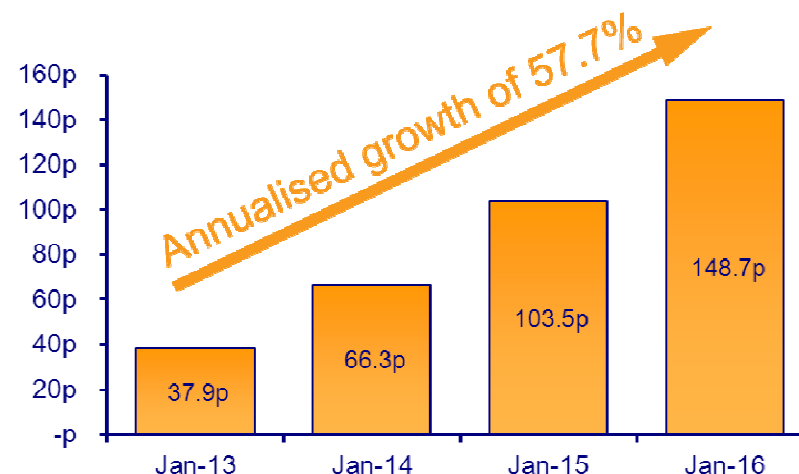
- Bank facilities increased from £400m to £500m.
- Bellway can remain opportunistic and obtain best value when buying land.

Substantial earnings growth **Bellway**

For the half year ended 31 January

	2016	2015	Mvt
Profit before tax	£226.6m	£158.9m	42.6%
Taxation	(£44.5m)	(£32.5m)	36.9%
<i>Effective tax rate</i>	19.6%	20.5%	
Profit after tax	£182.1m	£126.4m	44.1%
Earnings per share	148.7p	103.5p	43.7%

EPS growth



Half year profits now exceed those achieved in the **full year** to July 2007

Balance sheet



	31 January 2016	As at 31 July 2015
Assets		
Fixed assets	£14.7m	£16.4m
Investment in joint ventures	£4.4m	£29.0m
Inventory	£2,334.8m	£2,135.3m
Debtors	£76.0m	£67.2m
Assets held for sale	£26.2m	£-m
	£2,456.1m	£2,247.9m
Liabilities		
Pension deficit	(£6.1m)	(£7.5m)
Creditors	(£420.5m)	(£433.4m)
Land creditors	(£275.7m)	(£192.6m)
	(£702.3m)	(£633.5m)
Capital employed	£1,753.8m	£1,614.4m

Inventory



As at

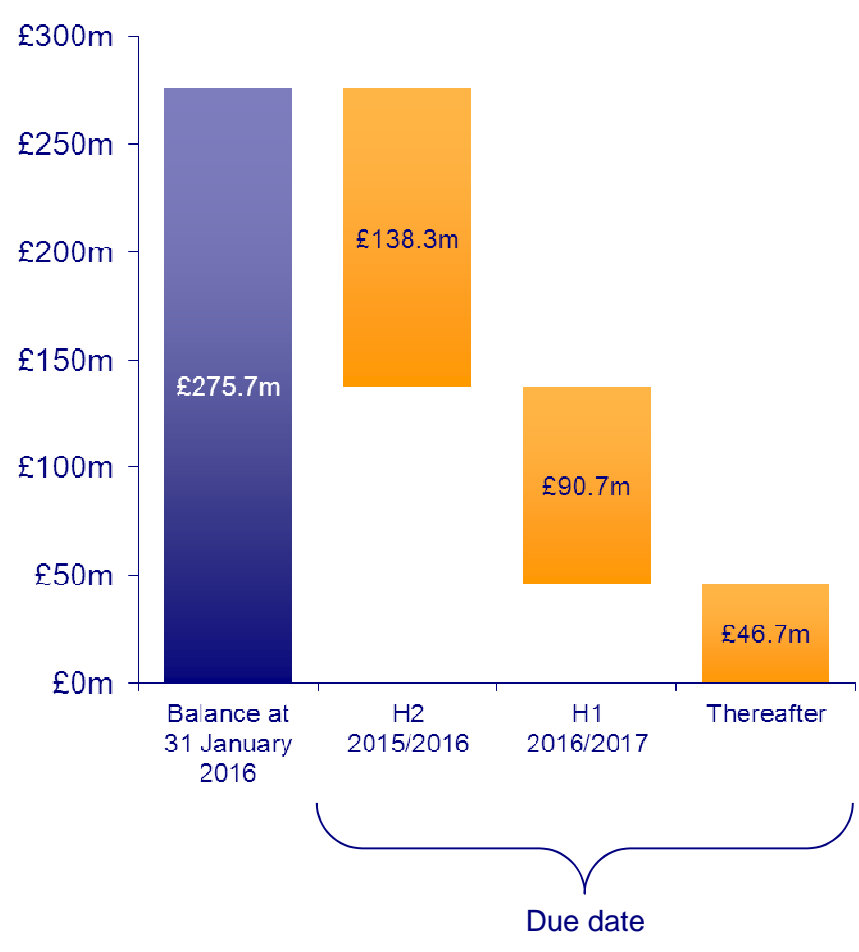
	31 January 2016	31 July 2015	Mvt
Total land	£1,464.7m	£1,296.9m	£167.8m
Made up of:-			
DPP: land with detailed planning permission	£1,165.5m	£1,040.9m	£124.6m
Pipeline and strategic land	£299.2m	£256.0m	£43.2m
Work in progress	£792.0m	£763.7m	£28.3m
Showhomes	£61.2m	£57.5m	£3.7m
Part exchange stock	£16.9m	£17.2m	(£0.3m)
Total	£2,334.8m	£2,135.3m	£199.5m

Land with detailed planning permission



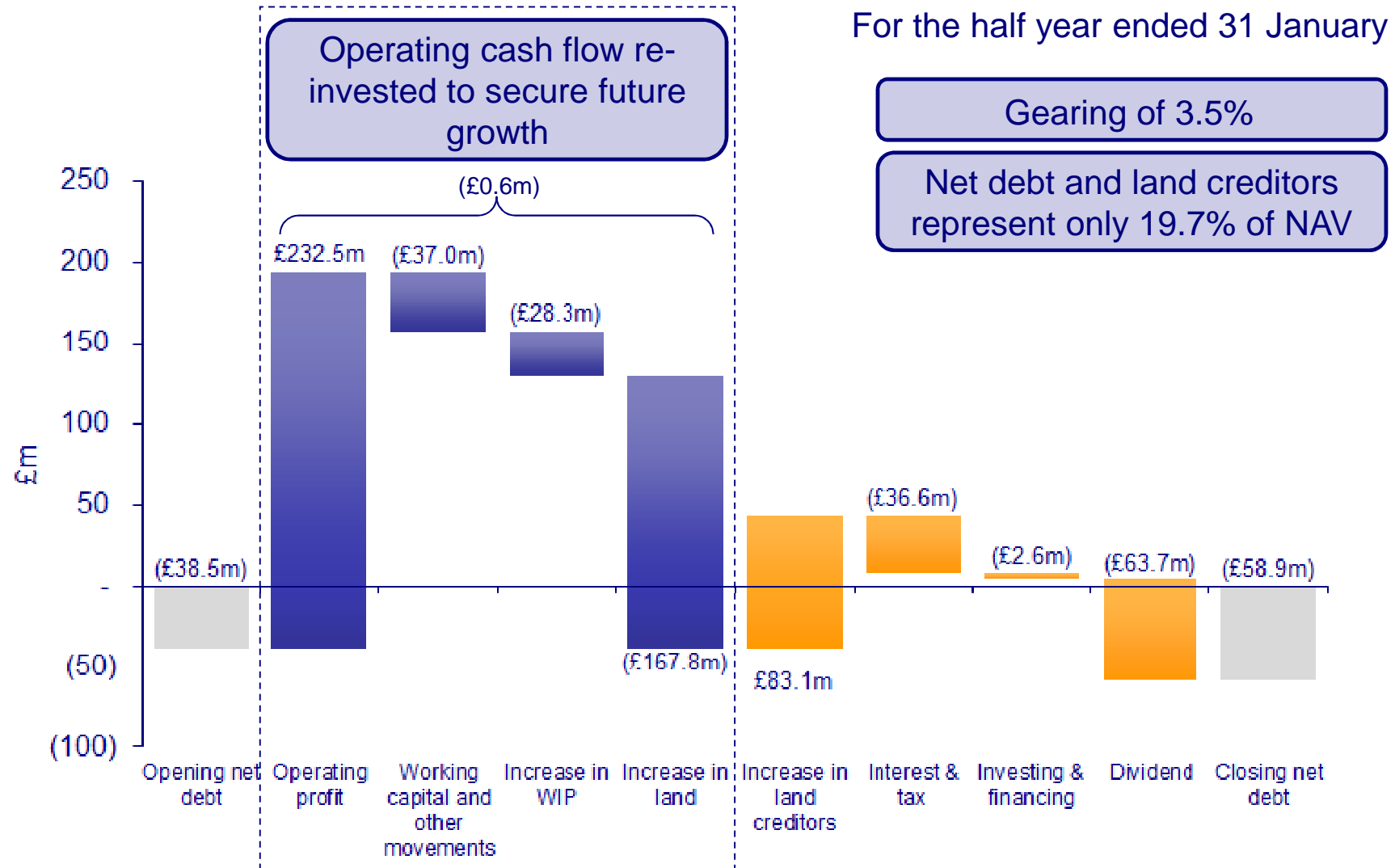
	Plots	Cost	Average plot cost
Brought forward 1 August 2015	21,411	£1,040.9m	£48.6k
Sold	(4,188)	(£229.2m)	£54.7k
Net purchases	5,856	£353.8m	£60.4k
Carried forward 31 January 2016	23,079	£1,165.5m	£50.5k

Land creditors



- Increase of £83m reflects additional land buying activity.
- Land creditors are often a more cost effective form of finance than bank debt.

Cash flow



Further RoCE improvement

- RoCE is key metric when appraising land.
- Accelerated disposal of underperforming assets, e.g. shared equity debt and Barking Riverside.
- Careful consideration of sites with several years duration.
- Focus on sales rates not just price.
- Two outlets used on large sites helped by new Ashberry brand.

	31 January 2016	31 January 2015
Capital turn	1.28	1.15
RoCE	27.6%	22.8%
RoCE (inc. land creditors)	24.2%	19.9%

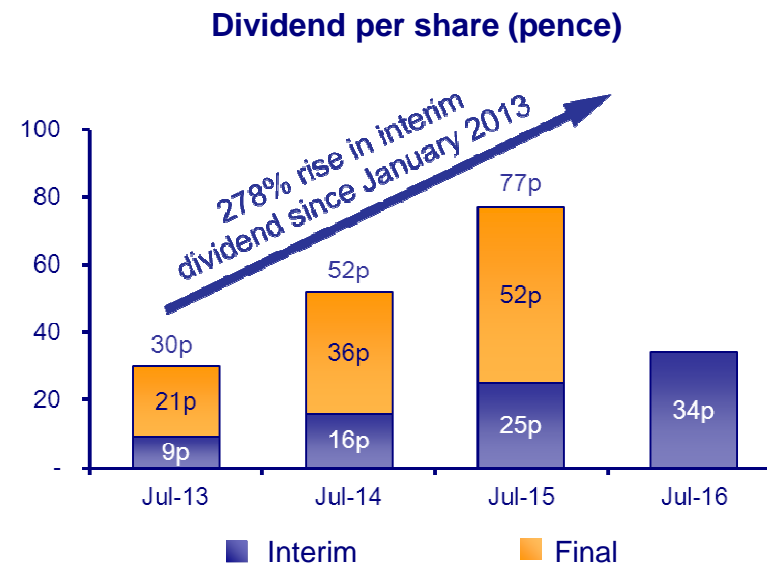
Transparent balance sheet structure

Dividend



- Compounding effect of reinvesting earnings has resulted in 36% growth in interim dividend.
- Focus on growth, not yield, is delivering enhanced value for shareholders.
- Expect full year dividend cover of around 3 times **pre-exceptional** earnings with usual 1:2 split between interim and final.
- Flexible dividend policy.

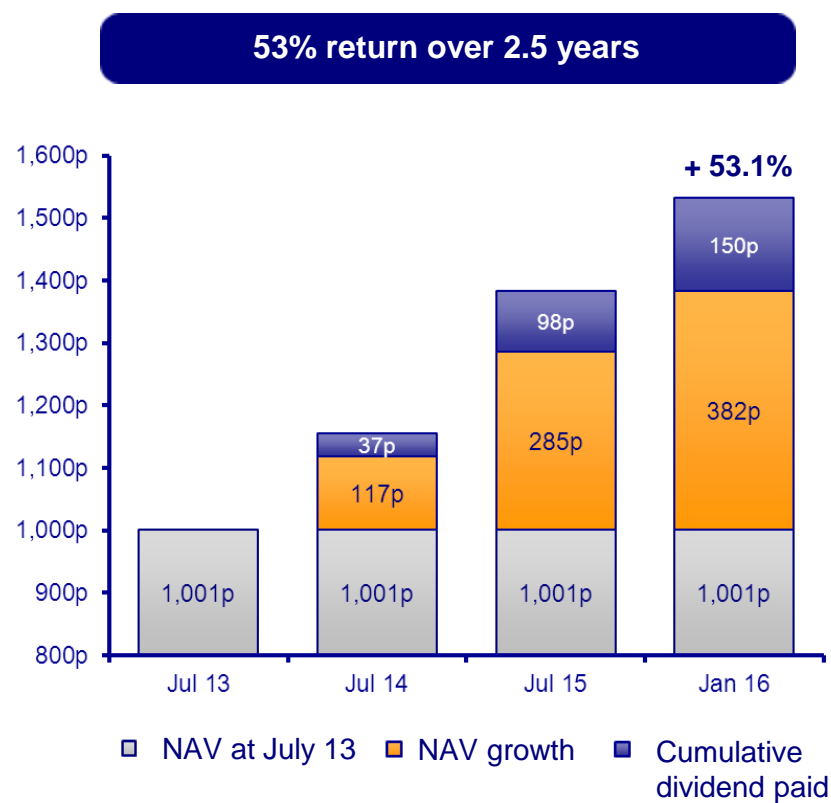
	31 January 2016	31 January 2015	Mvt
Dividend	34.0p	25.0p	36.0%



Value creation



As at



	31 January 2016	31 July 2015	Mvt
NAV	1,383p	1,286p	7.5%

	31 January 2016	31 January 2015	Mvt
RoE	22.3%	18.0%	430 bps

Further value creation for shareholders

Operating review



Ted Ayres
Chief Executive

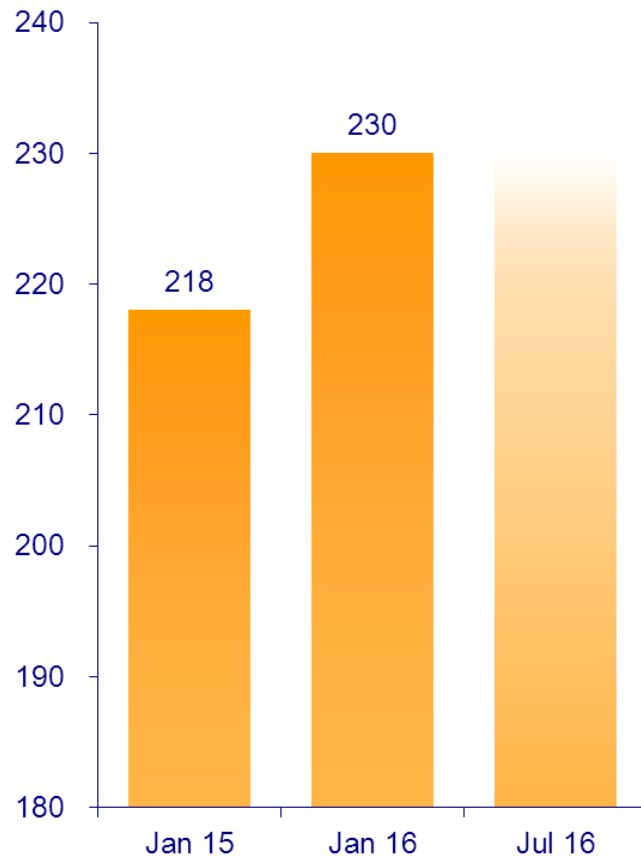
Trading review



	2016	2015	Mvt
Weekly sales rate			
H1	156	139	12.2%
Weekly sales rate			
North	75	62	21.0%
South	81	77	5.2%
Total	156	139	12.2%

- Strong performance in north influenced by new outlets in primary locations.
- Timing of outlets in London affects southern sales rate.
- Help to Buy represents 30% of sales and is helping maintain a low level of incentives.
- Extension of Help to Buy in Scotland and Wales beyond 2016 provides certainty over future sales rates.
- Cancellation rate low at just 11% - reflects customer confidence.

Average active outlets



- In H1 opened 44 new outlets with the closure of 49.
- Investment in new divisions should result in a further 45 new outlets in H2 with the expected closure of 40.
- Five new divisions opened since August 2013 - all have capacity for further outlet growth.

- Ashberry is intended to improve sales rates.
- Drives improving site RoCE.
- Regional Chairmen control sales price releases to manage competition between divisions.
- Completed 14 units at Ibstock.
- Ashberry has improved sales rate from 30 to in excess of 60 per annum.
- Positive customer feedback with reassurance that Ashberry is part of Bellway group.
- Ashberry to be used on six more sites in near future.
- Not a justification for buying larger sites.



- Sales demand is resilient.
- Exposure is predominantly in zone 2 and beyond.
- Around half of London plots in land bank have a private average selling price < £500 psf – well within the scope of Help to Buy.
- 23 active sites and 23 expected to open in next 12 to 24 months.
- 25% of capital employed in London.
- Development opportunities remain available with attractive returns.



Barking Riverside

- Barking Riverside reviewed as a result of focus on RoCE.
- Relieved of substantial infrastructure funding requirements.
- Interest in Barking sold in March 2016.
- Fair value of consideration is £43.5m.
- New option to draw down 2,600 plots on commercial terms.
- Proceeds will be reinvested in higher return land opportunities.
- One-off exceptional profit of £17.3m will be included in H2 results.

Barking Riverside



10,800 new homes

Material costs

- Cost pressures relatively benign.
- Easing of availability of materials in supply chain.

Sub-contract costs

- Reduced volatility in sub-contract labour rates.
- New sub-contractors introduced to complement existing base.

Over 9,000 plots under production

Cost base up around 3%

- Land market still attractive.
- Average intake gross margin around 23%.
- Competition from large housebuilders and better funded regional players outside London.
- Within London, private equity developers and RSLs compete for land.
- Larger sites available in the market place but we remain disciplined.

Planning environment



	2016
Brought forward at 1 August '15	21,411
Already controlled: DPP obtained in the period	4,349
Bought with benefit of DPP	1,507
Total additions	5,856
Sold	(4,188)
Plots with implementable DPP at 31 Jan '16	23,079

- Previously controlled plots promoted from 'pipeline'
- Represents 74% of additions to land with DPP

- Positive planning environment with around 250,000 planning permissions per year.
- Strengthened strategic land department.
- Expect to enter into more option agreements to support longer term land bank.

Land bank



As at

	31 January 2016	31 July 2015
Owned and controlled plots	37,879	36,211
Made up of:-		
DPP: plots with detailed planning permission	23,079	21,411
Pipeline: plots pending an implementable DPP	14,800	14,800
Strategic plots	> 6,600	> 6,000

Strategic plots are **only** those long term plots which currently have a positive planning status

Heads of terms agreed on a further **4,700** plots as at 31 January 2016.

Current trading and outlook

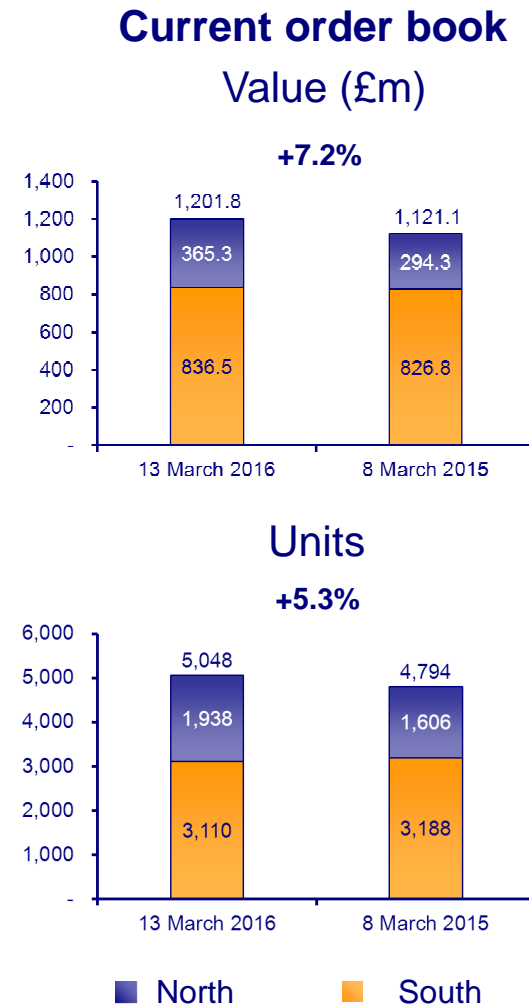


Ted Ayres
Chief Executive



Current trading and order book **Bellway**

- Sales up 37% to 209 per week in period since 1 February.
- Positively affected by recent release of London developments.
- Help to Buy in London has generated significant interest.
- Order book at 13 March increased to £1.2 bn.



- New housing bill should accelerate introduction of starter homes and streamline planning process.
- Anticipate further divisional expansion in current market conditions.
- Intend to deliver volume growth of at least 10% in this financial year.

Sustained, long term returns

Questions and answers



Saxon Fields, Bicester, Oxfordshire

Appendices

1. Guidance
2. Geographic analysis
3. London presence
4. Product analysis
5. Buyer analysis
6. ASP analysis
7. Order book at 31 January
8. Land supply
9. Strategic land
10. Land bank glossary



Appendix 1 – Guidance



	31 July 2016
ASP growth	Around 10%
Volume growth	At least 10%
Operating margin	Approaching 22%
Average bank debt	Around £125m
Social completions	>15%
Dividend	3 x cover

Appendix 2 – Geographic analysis



Unit completions

For the half year ended 31 January

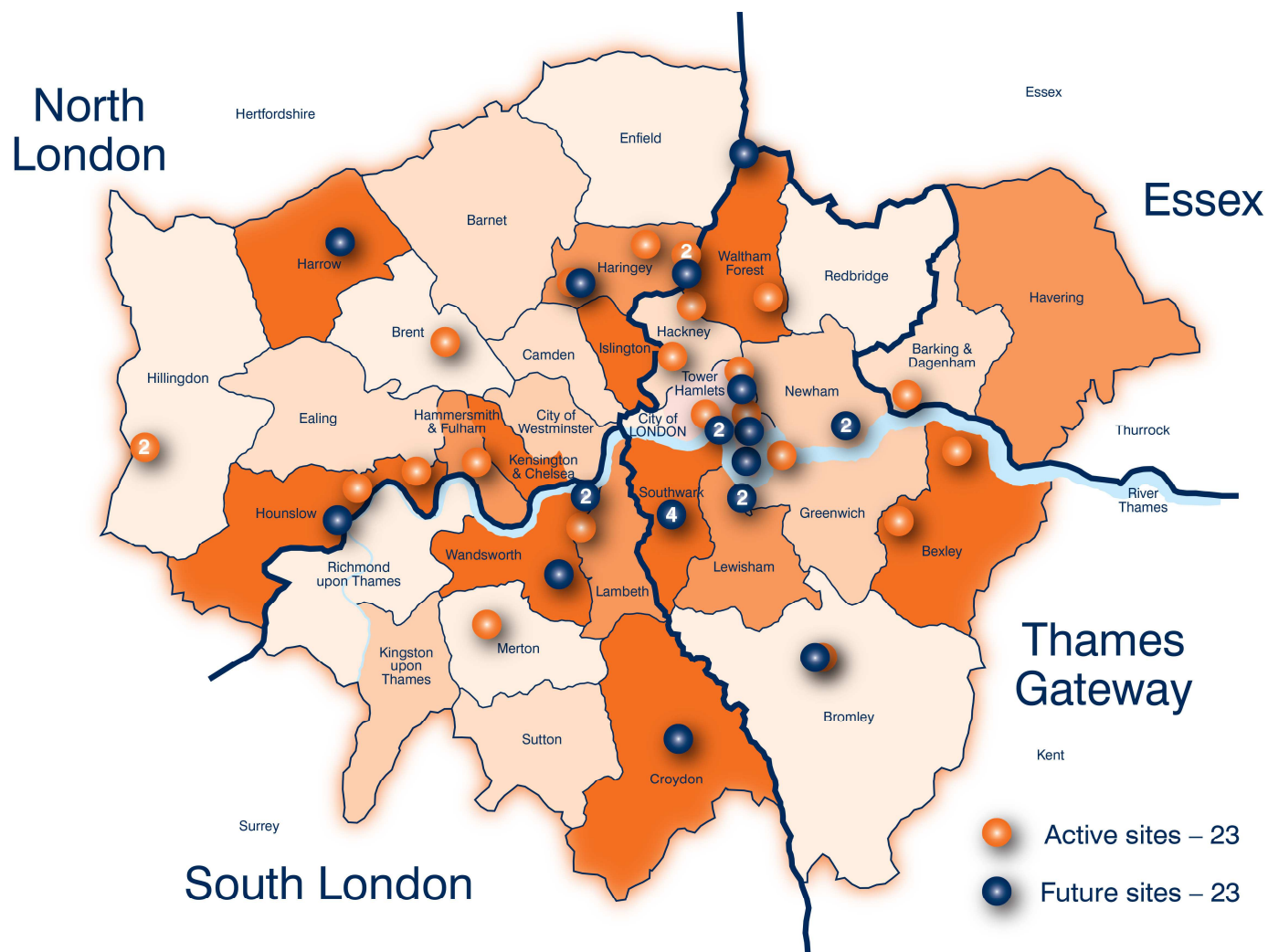
	Private		Social		Total	
	2016	2015	2016	2015	2016	2015
	No.	No.	No.	No.	No.	No.
North	1,704	1,569	269	253	1,973	1,822
South	1,940	1,534	275	398	2,215	1,932
Total	3,644	3,103	544	651	4,188	3,754

Average selling price

	Private		Social		Total	
	2016	2015	2016	2015	2016	2015
	£000	£000	£000	£000	£000	£000
North	222.1	203.9	90.3	87.8	204.1	187.8
South	329.1	277.9	132.1	138.0	304.6	249.1
Group	279.1	240.5	111.4	118.5	257.3	219.3



Appendix 3 – London presence

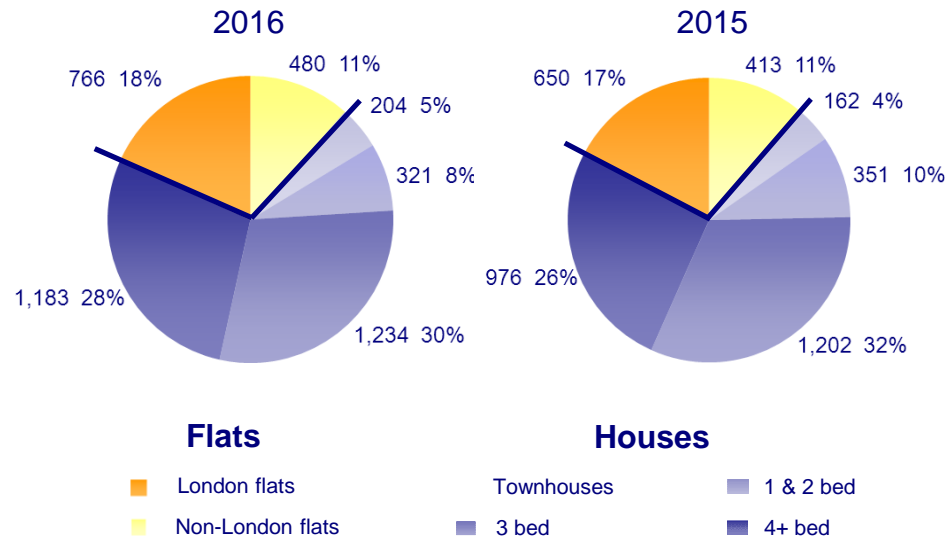


Appendix 4 – Product analysis



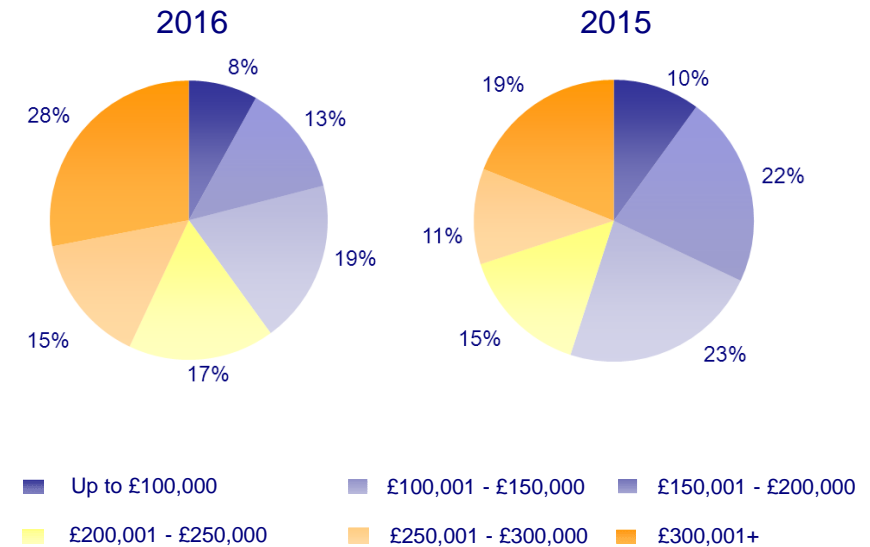
For the half year ended 31 January

Product mix analysis



- London flats still perform well.
- Continued focus on traditional family housing outside of London.

Selling price analysis

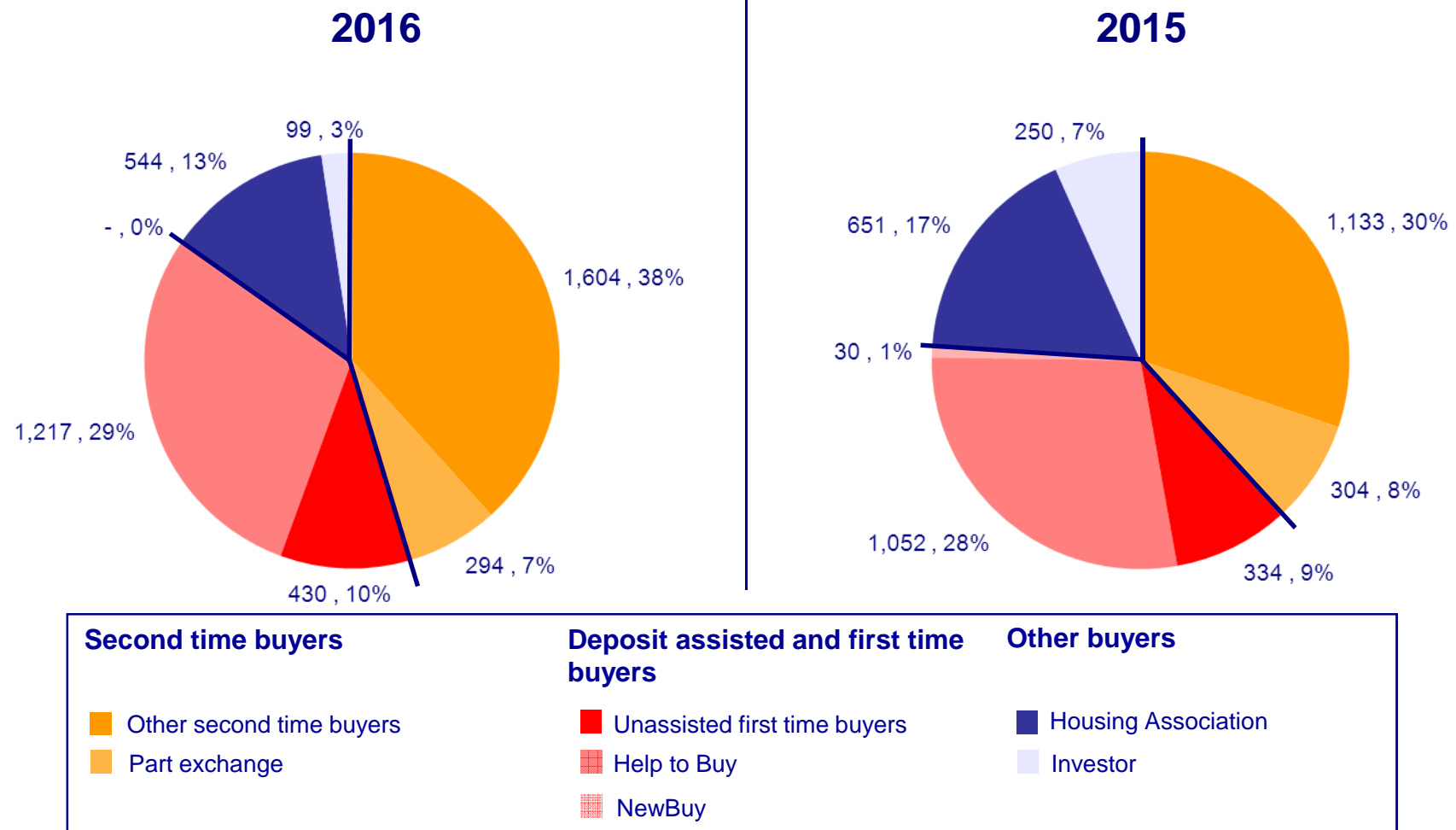


- High value London apartments have influenced the ASP bandings in the period.

Appendix 5 – Buyer analysis



For the half year ended 31 January



Appendix 6 – ASP analysis



For the half year ended 31 January

ASP / square foot (£)									
	2016			2015			Mvt		
	Private	Social	Total	Private	Social	Total	Private	Social	Total
North	197	115	188	184	110	176	7.1%	4.5%	6.8%
South - made up of:-	349	158	328	293	174	272	19.1%	(9.2%)	20.6%
London	483	276	480	371	255	356	30.2%	8.2%	34.8%
Non-London	285	153	265	253	147	232	12.6%	4.1%	14.2%
Group average	271	138	257	234	149	222	15.8%	(7.4%)	15.8%

- ASP in London influenced by completion of a number of higher value apartment blocks.

Appendix 7 – Order book as at 31 January



As at

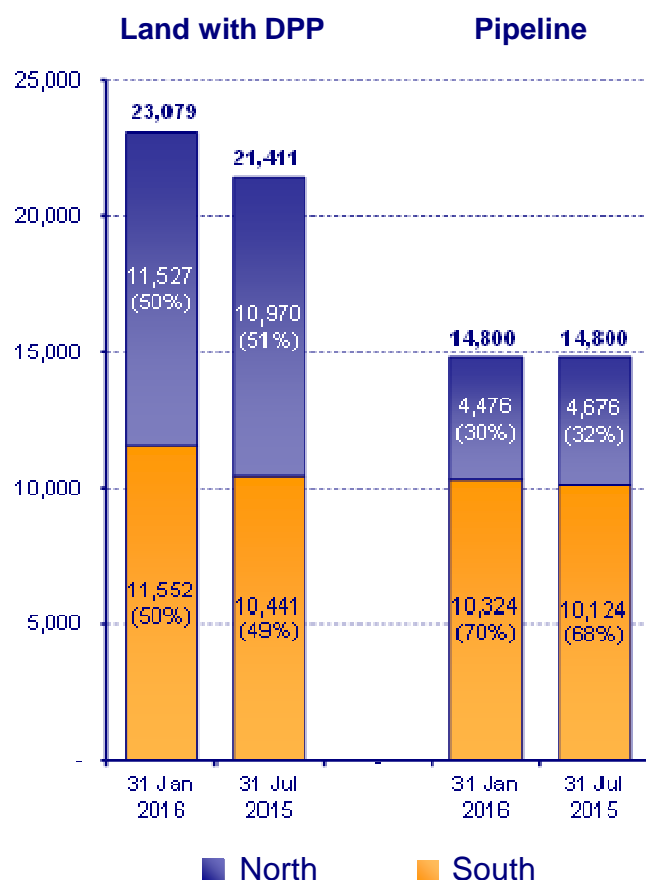
	31 January 2016			31 January 2015			Movement		
	Private	Social	Total	Private	Social	Total	Private	Social	Total
At 1 August	3,305	1,263	4,568	3,164	1,199	4,363	4.5%	5.3%	4.7%
Reservations	3,291	763	4,054	2,948	656	3,604	11.6%	16.3%	12.5%
Completions	(3,644)	(544)	(4,188)	(3,103)	(651)	(3,754)	17.4%	(16.4%)	11.6%
At 31 January	2,952	1,482	4,434	3,009	1,204	4,213	(1.9%)	23.1%	5.2%

Appendix 8 – Land supply



As at 31 January

Owned and controlled land (plots)

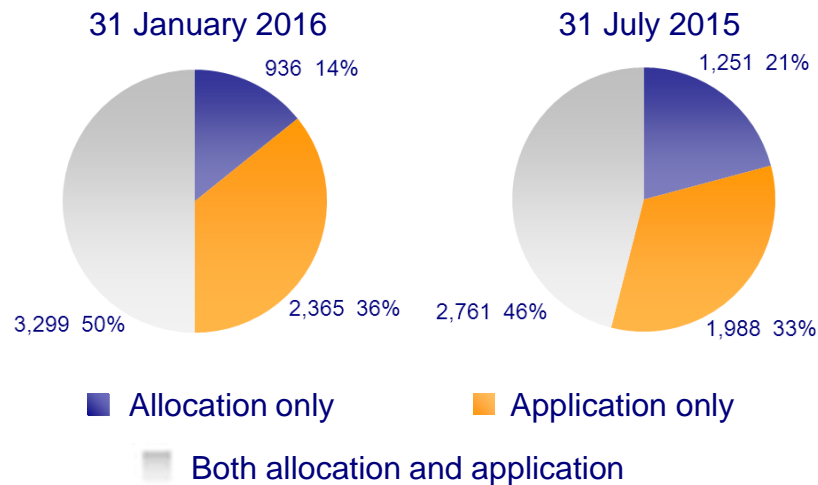


- Balanced geographic land bank.
- 4.5 years supply at current output.

Appendix 9 – Strategic land

As at

Strategic land by category



- >6,600 plots with positive planning status.
- Bolstered divisional land teams.

Owned and controlled plots

- **DPP:** Plots owned or unconditionally contracted by the Group where there is an implementable **detailed planning permission**.
- **Pipeline:** Plots owned or controlled by the Group pending an implementable detailed planning permission, with development generally expected to commence within the next three years.

Strategic plots

- **Strategic:** Long term plots which currently have a positive planning status and are typically held under option.