

# Bellway p.l.c.

## Annual General Meeting and Trading Update

Tuesday 13 December 2016

Bellway p.l.c. is holding its Annual General Meeting today, at 2pm and is issuing a Trading Update relating to the 18 week period from 1 August 2016 to 4 December 2016.

### Highlights

- Strong sales performance with a 7% increase in the reservation rate to 176 per week (2015 – 165).
- Housing completions for the full year to 31 July 2017 are expected to increase by around 5%.
- Continued investment in high quality sites to secure further growth, with £263 million expended on land and land creditors (2015 – £235 million).
- As previously announced, the Board is recommending a final dividend of 74.0p per share (2015 – 52.0p per share), which will result in a record full year dividend for the year ended 31 July 2016 of 108.0p per share (2015 – 77.0p per share).

### Ted Ayres, Chief Executive, commented:

“The Group has made an encouraging start to the financial year and customer demand for new homes continues to be robust. The strength of the underlying housing market supports further growth and this, together with Bellway’s strong balance sheet and significant operational capacity, ensures that the Group is well positioned to continue its disciplined growth strategy.”

### Market and current trading

The mortgage market is competitive and the recent reduction in the Bank of England base rate has helped to ensure that buying a new home is still affordable. The Government’s Help to Buy equity loan scheme, which has been used in 37% of reservations (2015 – 29%), remains an important initiative, assisting creditworthy customers with a 5% deposit to obtain access to cost effective mortgage finance.

In the context of this positive market backdrop, since 1 August the Group has taken an average of 176 reservations per week (2015 – 165), an increase of 7% compared to the same period last year, supported by the opening of 46 new trading outlets. Customer interest is strong, with site visitor numbers and ‘hits’ to the Group’s website both ahead of last year. The cancellation rate remains low at just 11% (2015 – 10%).

The pricing environment is firm across the country in those areas where the Group has a presence, with sales prices achieved on reservations in line with expectations. In London, where Bellway’s focus continues to be on affordably priced new homes, prices have remained stable and demand robust.

## Land buying and financial position

Whilst remaining mindful of the longer term uncertainty as a result of the vote to leave the EU, the positive autumn trading performance has given the Board reassurance to cautiously recommence the Group's programme of land acquisition, following a brief planned hiatus in the weeks after the referendum. As a result, the Group has contracted to acquire 40 new sites (2015 – 37 sites) and has spent £263 million on land and land creditors (2015 – £235 million). The average forecast gross margin on land contracted is ahead of historical industry norms, based on expected costs and selling prices at the time of entering into the land contracts.

The Group retains a cautious approach towards debt and as at 4 December had net bank debt of £168 million (6 December 2015 – £136 million), representing modest gearing of around 8% (6 December 2015 – around 8%).

## Growing shareholder value

The proposed final dividend of 74.0p per ordinary share (2015 – 52.0p), if approved at today's AGM, will be paid to shareholders on 11 January 2017. This will bring the total dividend for the year ended 31 July 2016 to 108.0p (2015 – 77.0p), an increase of 40.3% compared to the prior year. This record dividend payment will mean that the Group will have returned over £290 million to shareholders in respect of the past three financial years. This has been achieved in addition to growing the net asset value by almost £650 million over the same period, through reinvestment of earnings back into the business to secure future growth. Taken together, dividends paid plus the growth in net asset value, represents an increase in value of over 70% from the July 2013 net asset value per share of 1,001p.

## Outlook

Trading performance in the current financial year has been encouraging and the Board now expects that the Group should be able to deliver volume growth of around 5%, assuming customer confidence is maintained and there follows the usual seasonal rise in demand throughout the forthcoming Spring selling season.

Over recent years, Bellway has invested significantly in high quality land and work in progress and has grown its operational structure to nineteen divisions, which have a capacity to deliver around 11,000 new homes per annum. The investment has been achieved whilst maintaining a strong balance sheet and this, together with the supportive market fundamentals, ensures that the Group is well positioned to continue its disciplined, long term growth strategy.

A Trading Update will be issued on Tuesday 7 February 2017 following the conclusion of the six month trading period ending 31 January 2017.

## FOR FURTHER INFORMATION PLEASE CONTACT:

**TED AYRES, CHIEF EXECUTIVE AND KEITH ADEY, FINANCE DIRECTOR FROM 7:00 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.*