Interim Results

Released : 24 Mar 2010 07:00

RNS Number : 0401J
Bellway PLC
24 March 2010

NATIONAL HOUSEBUILDER BELLWAY p.l.c. TODAY, WEDNESDAY 24 MARCH, ANNOUNCE THEIR INTERIM RESULTS FOR THE HALF YEAR ENDED 31 JANUARY 2010.

HIGHLIGHTS

- Completed sales of 2,247 homes (2009 - 2,014)
- Average price achieved £155,871 (2009 - £156,146)
- Total Group turnover of £360.8m (2009 - £320.2m)
- Profit/(loss) before taxation £19.0m (2009 - loss £48.6m)
- Interim dividend 3.3p (2009 - 3.0p)
- Net cash of £60.9m
- Net asset value per ordinary share 842p (31 July 2009 - 834p)
- Earnings per share 11.6p (2009 - loss 30.5p)

Chairman Howard Dawe said "Bellway successfully completed the sale of 2,247 homes in the six months ended 31 January 2010, an increase of 11.6%" and "it is encouraging therefore to report an operating margin of 6.1% achieved in the period."

Furthermore "Despite the challenges………the Board has continued its policy of paying dividends and is particularly pleased to increase the interim dividend payment by 10% to 3.3 pence per ordinary share."

He concluded "Bellway is well placed to benefit from a housing market that should gradually improve over time."

FOR FURTHER INFORMATION, PLEASE CONTACT JOHN WATSON, CHIEF EXECUTIVE OR ALISTAIR LEITCH, FINANCE DIRECTOR.

WEDNESDAY 24 MARCH - MONDAY 29 MARCH
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THEREAFTER: 0191 217 0717

CHAIRMAN'S STATEMENT

As previously announced, Bellway successfully completed the sale of 2,247 homes in the six months ended 31 January 2010, an increase of 11.6% over the same period in 2009. The average price of these homes was £155,871, a slight reduction on £156,146 achieved in 2009. Other revenue for the period was £10.6 million (2009 - £5.7 million), generating total revenue for the Group of £360.8 million (2009 - £320.2 million), an increase of 12.7%. After reviewing the carrying value of the Group's land holdings there are no exceptional items. It is encouraging therefore to report an operating margin of 6.1% achieved in the period, resulting in an operating profit of £22.1 million. This compares to an operating loss, after exceptional items, of £36.8 million in 2009. There is a net finance charge of £3.1 million (2009 - £11.7 million) which results in profit before tax of £19.0 million compared to a loss before tax of £48.6 million in the same period last year. Earnings per ordinary share are 11.6 pence (2009 - loss 30.5 pence).

At the end of January, the Group had a net cash position of £60.9 million bolstered by our share placing in August which netted £43.7 million after costs, and having spent £76 million on land and land creditors in the period. Land owners' aspirations and the planning process are still barriers to quick delivery but a further 3,250 plots have Heads of Terms already agreed and are being progressed, albeit more slowly than anticipated, to ownership. The net asset value per ordinary share now stands at 842 pence (31 July 2009 - 839 pence).

Dividend

Despite the challenges the housebuilding industry has faced over the last few years, the Board has continued its policy of paying dividends and is particularly pleased to increase the interim dividend payment by 10% to 3.3 pence per ordinary share. This extends an uninterrupted record of dividend payments since flotation in 1979, a unique position when compared to our peers, reflecting the Board's confidence in the business. The dividend, which is covered 3.5 times, will be paid on Thursday 1 July 2010 to all shareholders on the Register of Members on Friday 21 May 2010. The ex dividend date is Wednesday 19 May 2010.

Trading

During the period, the divisions completed 1,766 (2009 - 1,635) private sales with a further 481 (2009 - 379) sales to housing associations. The northern and southern regions both increased their output in the period with the best performance coming from our North London division where 283 homes were sold.

Reservations since 1 August 2009 have remained broadly consistent on a week to week basis at around 85 per week to 31 January 2010. Since 1 February and up until 14 March reservations are similar to the same period in 2009 at around 111 per week. Consequently, the Group has secured its initial sales target of repeating last year's volume output of 4,380 and now expects to deliver an additional 150 - 200 homes in the year to 31 July 2010. The order book currently stands at £435.4 million (2009 - £370.0 million) and includes over 900 homes for 2010/2011. Whilst the Board has been encouraged by visitor levels and subsequent sales activity on our sites in recent weeks, first time buyers in particular find it difficult to access the mortgage market without large deposits and therefore accounted for only 13% of sales, significantly down on the historic norm of around 25%. Part exchange stock at 31 January was £10.0 million (31 July 2009 - £8.0 million) and continues to be a successful selling tool when used at the appropriate time in the sales process.

Currently, Bellway is trading from 180 sites but expects to increase this in the coming months taking the number up to around 200 in twelve months' time, of which 40 should come from sites bought since the onset of the recession.

Outlook

Whilst the market stabilised during the latter part of 2009, concerns still exist regarding unemployment, mortgage availability and the outcome of the imminent General Election. However, with the backing of a strong balance sheet and a positive cash position today of around £72 million, Bellway will be concentrating in the coming months on land acquisition and selectively increasing work in progress, with a particular emphasis on the southern divisions where the market appears to be at a more advanced stage of recovery. These actions should assist in returning the operating margin towards a more normal level and the Board believes therefore that Bellway is well placed to benefit from a housing market that should gradually improve over time.

H C Dawe
Chairman

23 March 2010

CONDENSED GROUP INCOME STATEMENT

	Notes	**Half year ended 31 January 2010 £m**	Half year ended 31 January 2009 £m	Year ended 31 July 2009 £m
Revenue		**360.8**	320.2	683.8
Cost of sales		**(320.8)**	(337.0)	(663.0)
Analysed as:				
Cost of sales before exceptional item		**(320.8)**	(270.7)	(596.7)
Impairment of inventories	4	**-**	(66.3)	(66.3)
Cost of sales		**(320.8)**	(337.0)	(663.0)
Gross profit / (loss)		**40.0**	(16.8)	20.8
Administrative expenses		**(17.9)**	(20.0)	(41.5)

Operating profit / (loss)			**22.1**	(36.8)	(20.7)

Analysed as:				
Operating profit before exceptional item		**22.1**	29.5	45.6
Impairment of inventories	4	**-**	(66.3)	(66.3)
Operating profit / (loss)		**22.1**	(36.8)	(20.7)

Finance income			**1.4**	2.8	4.9
Finance expenses			**(4.5)**	(14.5)	(20.7)
Share of loss of equity accounted entities			**-**	(0.1)	-
Profit / (loss) before taxation			**19.0**	(48.6)	(36.5)
Income tax (expense) / credit		3	**(5.0)**	13.6	9.1
Profit / (loss) for the period			**14.0**	(35.0)	(27.4)
Earnings / (loss) per ordinary share [i]	**- Basic**		**11.6p**	(30.5p)	(23.9p)
	- Diluted		**11.6p**	(30.5p)	(23.9p)
Dividend per ordinary share		5	**3.3p**	3.0p	9.0p
Non-GAAP measures					
Underlying earnings per share [ii]	**- Basic**		**11.6p**	11.1p	17.7p
	- Diluted		**11.6p**	11.1p	17.6p

i Earnings / (loss) per share calculated in accordance with IAS 33 'Earnings per share'
ii Underlying earnings per share excludes exceptional items and the associated tax credit (see note 4)

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

	Note	**Half year ended 31 January 2010 £m**	Half year ended 31 January 2009 £m	Year ended 31 July 2009 £m
Actuarial gains / (losses) on defined benefit pension scheme		**1.6**	(1.6)	0.3
Tax on items taken directly to other comprehensive income	3	**(0.4)**	0.4	(0.1)
Net income / (expense) recognised directly in other comprehensive income		**1.2**	(1.2)	0.2
Profit / (loss) for the period		**14.0**	(35.0)	(27.4)
Total comprehensive income / (expense) for the period		**15.2**	(36.2)	(27.2)

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

	Note	**Ordinary share capital £m**	**Share premium £m**	**Other reserves £m**	**Retained earnings £m**	**Total £m**	**Minority interest £m**	**Total equity £m**
Half year ended 31 January 2010								
At 1 August 2009		14.4	117.2	1.5	832.0	965.1	(0.1)	965.0
Total comprehensive income for the period		-	-	-	15.2	15.2	-	15.2
Dividends on equity shares		-	-	-	(7.2)	(7.2)	-	(7.2)
Shares issued	6	0.7	43.2	-	-	43.9	-	43.9
Credit in relation to share options and tax thereon		-	-	-	1.8	1.8	-	1.8
Purchase of own shares		-	-	-	(1.3)	(1.3)	-	(1.3)

At 31 January 2010	**15.1**	**160.4**	**1.5**	**840.5**	**1,017.5**	**(0.1)**	**1,017.4**

Half year ended 31 January 2009							
At 1 August 2008	14.3	117.0	1.5	868.4	1,001.2	(0.1)	1,001.1
Total comprehensive expense for the period	-	-	-	(36.2)	(36.2)	-	(36.2)
Dividends on equity shares	-	-	-	(6.9)	(6.9)	-	(6.9)
Credit in relation to share options and tax thereon	-	-	-	0.5	0.5	-	0.5
Purchase of own shares	-	-	-	(0.1)	(0.1)	-	(0.1)
At 31 January 2009	14.3	117.0	1.5	825.7	958.5	(0.1)	958.4
Year ended 31 July 2009							
At 1 August 2008	14.3	117.0	1.5	868.4	1,001.2	(0.1)	1,001.1
Total comprehensive expense for the year	-	-	-	(27.2)	(27.2)	-	(27.2)
Dividends on equity shares	-	-	-	(10.4)	(10.4)	-	(10.4)
Shares issued	0.1	0.2	-	-	0.3	-	0.3
Credit in relation to share options and tax thereon	-	-	-	1.3	1.3	-	1.3
Purchase of own shares	-	-	-	(0.1)	(0.1)	-	(0.1)
At 31 July 2009	14.4	117.2	1.5	832.0	965.1	(0.1)	965.0

CONDENSED GROUP BALANCE SHEET

	Note	**At 31 January 2010 £m**	At 31 January 2009 £m	At 31 July 2009 £m
ASSETS				
Non-current assets				
Property, plant and equipment		**7.4**	9.9	8.3
Investment property		**7.7**	5.5	7.4
Investments in equity accounted entities		**-**	0.1	-
Other financial assets		**29.0**	13.5	20.8
Deferred tax assets		**6.5**	9.0	7.3
		50.6	38.0	43.8
Current assets				
Inventories		**1,158.0**	1,319.3	1,211.4
Corporation tax receivable		**-**	-	9.8
Trade and other receivables		**49.9**	70.9	41.7
Cash and cash equivalents		**140.9**	98.2	43.2
		1,348.8	1,488.4	1,306.1
Total assets		**1,399.4**	1,526.4	1,349.9
LIABILITIES				
Non-current liabilities				
Interest bearing loans and borrowings		**(100.0)**	(275.0)	(100.0)
Retirement benefit obligations		**(9.0)**	(14.8)	(11.9)
Land and other payables		**(30.5)**	(41.8)	(26.9)
		(139.5)	(331.6)	(138.8)
Current liabilities				
Interest bearing loans and borrowings		**-**	(22.0)	-
Trade and other payables		**(237.0)**	(214.4)	(246.1)
Corporation tax payable		**(5.5)**	-	-
		(242.5)	(236.4)	(246.1)
Total liabilities		**(382.0)**	(568.0)	(384.9)
Net assets		**1,017.4**	958.4	965.0

	Note			
EQUITY				
Issued capital		**15.1**	14.3	14.4
Share premium		**160.4**	117.0	117.2
Other reserves		**1.5**	1.5	1.5
Retained earnings		**840.5**	825.7	832.0
Total equity attributable to equity holders of the parent	6	**1,017.5**	958.5	965.1
Minority interest		**(0.1)**	(0.1)	(0.1)
Total equity		**1,017.4**	958.4	965.0

CONDENSED GROUP CASH FLOW STATEMENT

	Note	**Half year ended 31 January 2010 £m**	Half year ended 31 January 2009 £m	Year ended 31 July 2009 £m
Cash flows from operating activities				
Profit / (loss) for the period		**14.0**	(35.0)	(27.4)
Depreciation charge		**1.0**	1.3	2.2
Profit on sale of property, plant and equipment		**(0.1)**	-	-
Loss on sale of investment properties		**-**	-	0.1
Finance income		**(1.4)**	(2.8)	(4.9)
Finance expenses		**4.5**	14.5	20.7
Share based payment charge		**1.8**	0.5	1.3
Income tax expense / (credit)	3	**5.0**	(13.6)	(9.1)
Decrease in inventories		**53.4**	184.6	293.2
Increase in trade and other receivables		**(16.4)**	(16.4)	(22.7)
Decrease in trade and other payables		**(9.1)**	(96.7)	(69.5)
Cash inflow from operations		**52.7**	36.4	183.9
Interest paid		**(1.8)**	(12.0)	(14.6)
Income tax refunded		**10.6**	20.9	23.6
Net cash inflow from operating activities		**61.5**	45.3	192.9
Cash flows from investing activities				
Acquisition of property, plant and equipment		**(0.1)**	(0.2)	(0.1)
Acquisition of investment property		**(0.5)**	(1.4)	(3.4)
Proceeds from sale of property, plant and equipment		**0.1**	0.6	0.7
Proceeds from the sale of investment property		**0.2**	-	-
Interest received		**1.1**	1.6	1.3
Net cash inflow / (outflow) from investing activities		**0.8**	0.6	(1.5)
Cash flows from financing activities				
Decrease in bank borrowings		**-**	(50.0)	(247.0)
Proceeds from the issue of share capital	6	**43.9**	-	0.3
Purchase of own shares by employee share option plans		**(1.3)**	(0.1)	(0.1)
Dividends paid	5	**(7.2)**	(6.9)	(10.7)
Net cash inflow / (outflow) from financing activities		**35.4**	(57.0)	(257.5)
Net increase / (decrease) in cash and cash equivalents		**97.7**	(11.1)	(66.1)
Cash and cash equivalents at beginning of period		**43.2**	109.3	109.3
Cash and cash equivalents at end of period		**140.9**	98.2	43.2

NOTES

1. **Basis of preparation and accounting policies**
   These condensed financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU. They do not include all of the information required for full annual financial statements and should be read in conjunction with the Group's Annual Report and Accounts for the year ended 31 July 2009.

These condensed financial statements are unaudited and were approved by the Board of Directors on 23 March 2010.

The comparative figures for the financial year ended 31 July 2009 are not the Group's statutory financial statements for that year. Those financial statements have been reported on by the Group's auditors and delivered to the registrar of companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The accounting polices applied by the Group in these condensed financial statements are not materially different to those applied by the Group in its Annual Report and Accounts for the year ended 31 July 2009. The Group adopted the following standards and interpretations during the current financial period; IFRS 8 "Operating Segments", IAS 23 (Amendment) "Borrowing Costs", IAS 27 (Amendment) "Consolidated and Separate Financial Statements", IFRS 2 (Amendment) "Share-Based Payment", IAS 32 (Amendment) "Financial Instruments: Presentation", IAS 1 (Amendment) "Presentation of Financial Statements", and IFRIC 14 - IAS 19 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction". The adoption of these standards and interpretations has not had a material effect on the Group's profit for the period or equity. Further details on these standards and interpretations are included on page 51 of the Annual Report and Accounts for the year ended 31 July 2009.

2. Revenue/segmental analysis

The Board has reviewed the requirements of IFRS 8 "Operating Segments", including consideration of the internal reporting and components of the Group it regularly reviews to assess performance and to make decisions on how resources are allocated. The adoption of this standard has not altered the Group's reportable segments. The Group's operating segments have similar economic characteristics, product types, construction processes and types of customers, and have therefore been aggregated into one reportable segment which is UK housebuilding. As the Group has a single reportable segment no secondary segmentation is required.

3. Taxation

The taxation (expense) / credit for the half years ended 31 January 2010 and 31 January 2009 is calculated by applying the Directors' best estimate of the annual effective tax rate to the profit / (loss) for the period.

4. Exceptional items

Exceptional items are those which, in the opinion of the Board, are material by size or nature, non-recurring, and of such significance they require separate disclosure on the face of the income statement.

A full review of inventories was performed as at 31 January 2010 and the carrying cost of land was compared to the net realisable value. Net realisable value represents the estimated selling price (in the ordinary course of business) less all estimated costs of completion and overheads. No further exceptional land write downs or land write backs were required as a result of this review.

The exceptional charge of £66.3m for the year ended 31 July 2009 is explained in note 5 of the Group's Annual Report and Accounts for the year ended 31 July 2009.

5. **Dividends**

	Half year ended 31 January 2010	Half year ended 31 January 2009	Year ended 31 July 2009
	£m	£m	£m
Final dividend paid for the year ended 31 July 2009 of 6.0p per share (2008 - 6.0p)	**7.2**	6.9	6.9
Interim dividend paid for the year ended 31 July 2009 of 3.0p per share	**-**	-	3.5
	7.2	6.9	10.4
Proposed interim dividend for the year ending 31 July 2010 of 3.3p per share (2009 - 3.0p)	**4.0**	3.4	-

The proposed interim dividend was approved by the Board of Directors on 23 March 2010 and has not been included as a liability at the balance sheet date.

6. Shares issued

On 6 August 2009 the Group announced the successful placing of 5,747,648 new ordinary shares of 12.5p each (the "Placing Shares") at a price of 779p per Placing Share, raising net proceeds of £43.7 million. The Placing Shares issued represent approximately 5.0% of the Company's issued ordinary share capital prior to the Placing.

The Placing Shares are credited as fully paid and rank equally in all respects with the existing ordinary shares of Bellway, including the right to receive all dividends and other distributions declared, made or paid in respect of such shares after the date of the issue of the Placing Shares.

7. Related party transactions

There have been no related party transactions in the first six months of the current financial year which have materially affected the financial position or performance of the Group.

Related parties are consistent with those disclosed in the Group's Annual Report and Accounts for the year ended 31 July 2009.

8. Half year report

The condensed financial statements were approved by the Board of Directors on 23 March 2010 and copies are being posted to all shareholders. Further copies are available on application to the Company Secretary, Bellway p.l.c., Seaton Burn House, Dudley Lane, Seaton Burn, Newcastle upon Tyne, NE13 6BE and are also available on our website at www.bellway.co.uk.

Principal risks and uncertainties

The directors consider that the principal risks and uncertainties which could have a material impact on the Group's performance in the remaining six months of the financial year remain the same as those stated on pages 24 and 25 of our Annual Report and Accounts for the year ended 31 July 2009 which is available on our website at www.bellway.co.uk.

Statement of directors' responsibilities

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU;
- the interim management report includes a fair review of the information required by:

  a. DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  b. DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Group during that period; and any changes in the related party transactions described in the last annual report that could do so.

The Directors of Bellway p.l.c. are listed in the Annual Report and Accounts for the year ended 31 July 2009. David G Perry retired as a non-executive director on 15 January 2010. John A Cuthbert was appointed a non-executive director on 1 November 2009.

For and on behalf of the Board of Directors

John K Watson
Chief Executive

23 March 2010

Certain statements in this announcement are forward-looking statements which are based on Bellway plc'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 plc undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.