NATIONAL HOUSEBUILDER BELLWAY p.l.c. TODAY, WEDNESDAY 25 MARCH, ANNOUNCES INTERIM RESULTS FOR THE HALF YEAR ENDED 31 JANUARY 2020

Results

Robust financial performance driven by strong volume growth

	Half year ended 31 January 2020	Half year ended 31 January 2019	Movement
Revenue	£1,541.4m	£1,488.0m	+3.6%
Gross profit	£356.5m	£377.5m	(5.6%)
Gross margin	23.1%	25.4%	(230 bps)
Operating profit	£297.2m	£319.8m	(7.1%)
Operating margin	19.3%	21.5%	(220 bps)
Profit before taxation	£291.8m	£313.9m	(7.0%)
Earnings per share	194.4p	207.5p	(6.3%)
Interim dividend per share	Nil	50.4p	(100.0%)
Net asset value per share ('NAV')[1]	2,467p	2,189p	+12.7%
Return on capital employed[1]	19.9%	24.2%	(430 bps)

Coronavirus ('COVID-19')

- The unprecedented challenge and uncertainty presented by COVID-19 will result in a period of substantial disruption.
- Our priority is the health and wellbeing of our employees, subcontractors and customers and we are making every effort to ensure that the Group's operating divisions, construction sites and sales offices are as safe as possible.
- There is a significant risk to production capability and customer demand in the weeks and months ahead.
- There is also a threat to liquidity across the wider economy and the Board is therefore taking immediate action to preserve the strength and resilience of the balance sheet. This includes a pause in new site acquisitions and a re-prioritisation of production expenditure to focus on plots which are in the later stages of construction programmes.
- In addition, the decision to pay an interim dividend will be postponed until later in the calendar year, when there is more certainty with regards to the economic outlook.
- These measures are designed to preserve liquidity without impacting upon the long-term health and operational capacity of the business.

Solid results coupled with a strong balance sheet

- The trading period was successful with housing completions rising by 6.3% to a record 5,321 homes (2019 – 5,007).
- Total revenue increased by 3.6% to £1,541.4 million (2019 – £1,488.0 million).
- The operating margin was in line with expectations at 19.3% (2019 – 21.5%), following moderation, as previously guided, to a more normalised level.
- The Group has a strong balance sheet with net cash of £4.6 million[1] (2019 – net bank debt of £26.6 million) and committed bank facilities of £545 million, providing a robust financial foundation.
- Longer term, the Group has the ability to be highly cash generative should we enter a prolonged period in which land and WIP spend are curtailed.

Continued operational strength

- Delivery of a programme of outlet openings in good quality locations and strong demand for new homes resulted in the private reservation rate rising by 11.0% to 151 per week (2019 – 136), with the overall reservation rate rising by 6.0% to 194 per week (2019 – 183).

- A continued focus on quality and customer care should ensure that the Group is recognised as a five-star homebuilder[2] for the fourth year in succession.

- Our 'Artisan Collection' standard house type range, which embodies our focus on quality and will enable further long-term cost savings through standardisation, is progressing well, having been plotted across 128 developments (2019 – 53 developments).

- Continued investment in land, with 7,005 plots contracted in the period (2019 – 5,980 plots), contributing to the number of plots within the owned and controlled land bank rising by 4.3% to 44,077 plots (2019 – 42,261 plots).

Current trading and outlook

- In the six weeks since 1 February, reservations increased by 7.3% to 278 per week (2019 – 259 per week) confirming encouraging underlying customer sentiment for new build housing.

- Reservations have fallen in the past two weeks as the introduction of measures to delay the spread of COVID-19 inevitably affect demand.

- Substantial order book, with a value of £1,515.8 million[1] at 8 March 2020 (10 March 2019 – £1,485.2 million), comprising 5,772 homes (10 March 2019 – 5,724 homes).

- The outlook will be determined by the U.K.'s ability to recover from the threat posed by COVID-19. Looking beyond this risk, Bellway has a strong balance sheet and a good operational capacity to continue supplying much needed new homes in the future.

1 Bellway uses a range of statutory performance measures and alternative performance measures when reviewing the performance of the Group against its strategy. Definitions of the alternative performance measures, and a reconciliation to statutory performance measures, are included in note 10.
2 As measured by the Home Builders' Federation Customer Satisfaction survey.
3 All figures relating to completions, order book, reservations, cancellations, average selling price and land exclude the Group's share of its joint ventures.

Analyst and investor conference call and webcast

There will be an analyst and investor presentation via webcast, hosted by Jason Honeyman, Group Chief Executive and Keith Adey, Group Finance Director, at 9.30am today. To join the presentation, go to the Bellway p.l.c. corporate website, www.bellwayplc.co.uk. There is also a facility to join the presentation and Q&A session via a conference call. Participants should dial +44 (0) 330 336 9411 and use confirmation code 6225531. A playback facility will be available shortly after the presentation has finished.

For further information, please contact:-

Jason Honeyman, Group Chief Executive
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Chairman's Overview

Commenting on the results, Chairman, Paul Hampden Smith, said:

COVID-19

The unprecedented uncertainty arising as a result of COVID-19 presents a real and ongoing threat to the wider economy and our society which will result in all businesses experiencing a significant period of disruption. First and foremost, every effort is being made to safeguard our employees, customers and wider stakeholders, with measures such as home working and intensified cleaning regimes already implemented across the organisation.

The introduction of social distancing measures, together with the effect that this has on consumer confidence, will mean that there will be a slowdown in production and sales activity in the weeks and possibly months ahead. Our focus, therefore, is to secure the liquidity of the Group and to maintain the strength of the balance sheet, thereby ensuring the long-term health of the business.

Bellway starts this global crisis from a robust position, with a solid, ungeared balance sheet at 31 January 2020. Nonetheless, ensuring liquidity requires the Board to prepare for a potential 'lockdown' scenario in which completions could be severely delayed, but historic obligations still fall due. We have therefore introduced a moratorium on all new land contracts and production expenditure will be focussed on plots which are approaching completion.

In addition, the Board will adopt a prudent and cautious approach towards shareholder returns, prioritising cash generation over the coming months. As a result, the decision to pay an interim dividend has been postponed until later in the calendar year when there should be more certainty with regards to the economic outlook. This is a responsible approach given the present circumstances and it will help to ensure the continued health of the balance sheet. Longer term, our fundamental view of the business still envisages an opportunity for growth.

A robust six-month trading period

In respect to the period under review, Bellway continued to make a significant contribution to the supply of much needed new homes, delivering a record number of housing completions and further building upon the growth achieved in the same period last year. The strong growth in volume was a result of continued investment in new outlets and the market demand for reasonably priced, good quality housing. Notwithstanding the growth in completions, earnings reduced by 6.3% to 194.4p per share (2019 – 207.5p), primarily as the prior year, as previously highlighted, benefited from an unusually high selling price and gross margin contribution from our flagship development, 'The Residence' in Nine Elms, Battersea.

As a leading, national housebuilder, our operations are underpinned by a long-term and responsible approach, through which we endeavour to create a positive experience for our stakeholders. A continued focus on quality remains integral to how Bellway operates, and to this end, we expect to maintain our status as a five-star homebuilder[2] for a fourth successive year. In addition, our recently launched Bellway Academy will help to ensure that our trainees, graduates, apprentices and site personnel have the right skills to enable the Group to continue building good quality new homes in the future.

Group Chief Executive's Operating Review

COVID-19

We are taking the threat posed by this virus very seriously and our immediate focus is to ensure the health and safety of our employees, subcontractors and customers. In addition, we have been adapting our business continuity plans to deal with the evolving risk. Group functional heads have been meeting on a daily basis to prioritise actions, including the introduction of measures that should help us to continue supporting customers and maintain a sales presence. We have also extended our remote working capability to enable a large number of employees to work from home.

We are ever mindful that the Government imposed preventative measures to slow down the spread of the virus are likely to detrimentally affect both production and sales activity on our developments.

Housing market

During the period the new build housing market continued to benefit from favourable conditions. There was strong demand for reasonably priced, good quality homes, supported by a positive employment environment and low interest rates. In addition, the Government's Help to Buy scheme provided valuable access to affordable mortgage products for those with at least a 5% deposit.

Against this backdrop and notwithstanding the uncertainty which normally moderates housing demand in the run up to a general election, customer sentiment remained resilient throughout the period. To help capture this demand for new housing, Bellway made further investment into new sites, increasing the average number of active outlets by 4.6% to 274 (2019 – 262). As a result, the private reservation rate increased by 11.0% to 151 per week (2019 – 136) and total reservations increased by 6.0% to 194 per week (2019 – 183), a record performance for a first half trading period. The cancellation rate remained low at just 13% (2019 – 13%), reflecting positive consumer sentiment.

The pricing environment remained firm, albeit with some ongoing and previously reported challenges in relation to higher priced homes across the broader housing market. Bellway has limited exposure at this higher end, with under 3% of completions above the Help to Buy threshold of £600,000 (2019 – 5%). There remains upward pressure across the wider sector in relation to construction costs, however, the Group continues to pursue several initiatives to help mitigate these cost increases.

Trading

The table below shows completions and average selling prices for the first six months of the year, illustrating the split between North, South, private and social homes sold:-

	Homes sold (number)						**Average selling price (£000)**					
	Private		**Social**		**Total**		**Private**		**Social**		**Total**	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
North	**2,253**	2,097	**378**	345	**2,631**	2,442	**280.3**	260.8	**112.0**	112.2	**256.1**	239.8
South	**1,824**	1,831	**866**	734	**2,690**	2,565	**384.3**	417.8	**173.3**	164.5	**316.3**	345.3
Group	**4,077**	3,928	**1,244**	1,079	**5,321**	5,007	**326.8**	333.9	**154.7**	147.8	**286.6**	293.8

The total number of homes sold rose by 6.3% to 5,321 (2019 – 5,007), with good on-site construction progress resulting in the number of social homes sold rising by 15.3% to 1,244 (2019 – 1,079).

Our Ashberry brand continues to perform well, accounting for 5.2% of completions (2019 – 5.1%). The use of this second brand enables the Group to sell from more than one outlet on our larger sites, thereby increasing the overall rate of sale. Not only does this help increase the supply of new homes, it also leads to an improved return on capital employed on these larger developments.

Geographically, demand was strong across the country during the period. Divisions operating in a variety of locations, from Essex through to Manchester and Scotland have performed well, with a strong focus on good quality, affordably priced homes.

Whilst there have been good opportunities for investment in London, the Board has reduced invested capital over recent years to focus on growth elsewhere within the Group. Nonetheless, London remains an integral part of our business, accounting for 6% of completions (2019 – 10%). The reduction in homes sold is mainly as a result of a lower contribution from our site 'The Residence' at Nine Elms, in Battersea. This development is now almost fully traded out, with 20 apartments completed in the period (2019 – 125) at an average selling price of £761,308 (2019 – £828,528). The Group achieved an overall average selling price in London of £428,410 (2019 – £502,970), reflecting its focus on more affordable areas in the outer zones, such as our developments at Poplar, Bexleyheath and Hornchurch, where demand is strong.

Across the wider Group, the average selling price moderated slightly to £286,570 (2019 – £293,832), with the reduction mainly reflecting the stronger rate of growth in lower value social homes, together with the reduced contribution from our site at Nine Elms. The overall average selling price, excluding completions from Nine Elms, rose by 1.7% to £284,778 (2019 – £280,142).

Housing revenue rose by 3.6% to £1,524.8 million (2019 – £1,471.2 million), representing the eleventh successive year in which an increase has been achieved, over which period the annualised growth rate has been 15.4%. In addition, the Group recognised other revenue of £16.6 million (2019 – £16.8 million), which principally includes the disposal of freehold reversionary interests on apartment schemes. As the legislative outlook evolves, this is unlikely to form a recurring source of other income in the years ahead.

Total revenue, including both housing revenue and other income, rose by 3.6% to £1,541.4 million (2019 – £1,488.0 million).

Operating performance and driving down costs

The gross margin, at 23.1% (2019 – 25.4%), remained high in a historical context and broadly in line with the future margin expected to be achieved on recent land acquisitions, as assessed at the time of purchase. The reduction, which was in line with expectations, was mainly attributable to the non-recurring contribution from our development at Nine Elms in the prior period. In addition, in the absence of house price inflation and with industrywide build cost increases running at around 3% per annum, there continued to be a moderating effect on the gross margin.

Whilst cost pressures remain a facet of the wider industry, Bellway is making good progress in relation to several cost control initiatives. These include the roll out of the 'Artisan Collection' standard house type range, the implementation of COINS, an industry leading accounting and valuation system and the deployment of BWY2020, a two year group-wide cost saving initiative.

The 'Artisan Collection' standard house type range, which will enable Bellway to achieve design, engineering and procurement savings, is now plotted across 128 developments (2019 – 53 developments). The first completed Artisan homes were delivered in Birmingham in October 2019 and up to 300 completions are expected in the current financial year.

Bellway is currently consulting with the Government in respect of new building regulations that could become effective for sites where construction commences from Autumn 2020. These evolving standards are intended to improve the energy efficiency of new homes, whilst encouraging lower carbon heating solutions. The estimated cost of achieving these standards, which is being included into financial appraisals on new land contracts, is likely to be £3,000 to £4,000 per plot, depending upon the outcome of the consultation. Any changes that arise will be incorporated into the specification of our Artisan Collection homes, thereby ensuring that Bellway is able to leverage on its Group buying power and deploy a group-wide, cost effective design solution.

The roll out of COINS is progressing well and is expected to be complete by the end of the calendar year. The improved management information that this will offer, particularly in relation to site based commercial information, will provide a meaningful opportunity to improve benchmarking across different divisions. As a result, Bellway will be able to improve purchasing power and more readily realise cost savings from standard specifications.

The BWY2020 cost initiative is nearing completion and has reinforced the strong culture of cost control across the business. Over 50 practical initiatives have been put into place, with monthly case studies and 'how-to' guides published to share best practice across the Group.

Administrative expenses rose marginally to £56.7 million (2019 – £54.8 million), representing 3.7%[1] of revenue (2019 – 3.7%). Operating profit was £297.2 million (2019 – £319.8 million) and the operating margin was 19.3% (2019 – 21.5%), following the trend in the gross margin.

Earnings

The net finance expense was £5.9 million (2019 – £7.3 million), a slight reduction on the prior period, mainly reflecting a lower average net debt[1] position.

Profit before taxation was £291.8 million (2019 – £313.9 million) and the taxation charge of £52.5 million (2019 – £58.8 million) represented an effective tax rate of 18.0% (2019 – 18.7%). This is broadly in line with the standard rate of corporation tax of 18.3% (2019 – 19.0%), although the recent budget announcement will mean that both the effective and standard rate of corporation tax will increase in the second half of the financial year.

Basic earnings per share was 194.4p (2019 – 207.5p).

Return on capital employed

Return on capital employed was 19.9%[1] (2019 – 24.2%), with the reduction mainly reflecting the normalisation of the operating margin, together with further investment into construction-based work-in-progress in the period. When including land creditors, a source of long-term debt, as part of the capital base, return on capital employed was 18.2%[1] (2019 – 21.5%). This is a strong overall level of return which reflects the quality of the Group's land investments.

Notwithstanding a lowly geared balance sheet, post-tax return on equity remained high at 16.1%[1] (2019 – 19.4%).

Strengthening the brand

Bellway is proud to be recognised as a five-star homebuilder[2] in the Home Builders' Federation Customer Satisfaction survey and fully expects to achieve this accolade for the fourth year in succession. The Group's long-term approach to growing the business and focus on quality continues to ensure that high levels of customer satisfaction are at the core of what we do, and that the Bellway brand is one in which customers can trust.

Several additional initiatives are also in place under the banner of 'Customer First', an internal campaign to help ensure that standards remain high across the Group. These include a focus on improving an extended range of metrics, such as Construction Quality Review and NHBC reportable incident scores. Bellway performs well compared to industry norms in both measures, which are designed to maintain a high-quality standard in the homes that we build.

Going forward, we are working with external partners to improve customer experience further and have also initiated investment in a customer care software system. This will help improve management of the post-completion service which we currently offer our customers.

In terms of brand awareness, we continue to invest in our new website, and we are increasing our presence on a range of digital social media platforms. Along with our Customer Relationship Management system, this investment continues to produce results, with visitors to our website increasing by 30% in the period.

Attracting talent for the longer term

Ensuring that we continue to deliver good quality new homes and a high level of customer satisfaction is dependent upon us having the right people with the right skills working at Bellway. As such, successfully attracting, developing and retaining talent throughout the organisation is key for future business growth.

In that regard, Bellway takes its responsibility to train and develop employees across a variety of disciplines seriously. The launch of the 'Great Careers Built with Us' graduate training programme, has been well received, with 38 new graduates joining the Group in January 2020. This new scheme operates across all disciplines within the business, including construction, land, planning, finance and technical, thereby providing graduates with an insight across the whole housebuilding process. As a result of this ongoing investment in people, 8% of employees were engaged in 'learning and earning' development roles at 31 January (2019 – 6%).

Encouraging and supporting a diverse workforce remains important to Bellway, so the Group continues to implement several initiatives around equality, diversity and inclusion across the business. The number of women in construction roles is increasing and there are now 18 female site managers and assistant site managers (2019 – 11). We are working to further increase this towards our initial target of 50 and we have also developed our own internal training programme in relation to equality, diversity and inclusion. As a result of our actions in this area, we were delighted to be recognised in the FT Diversity Leaders 2020 company list.

Commitment to operating in a responsible way

The focus on being a responsible homebuilder under the Bellway4Good banner continues, addressing the three ‘pillars’ of the ‘environment’, ‘construction’ and ‘society and economy’. This commitment ensures that the growth the Group delivers is achieved in an ethical and sustainable manner, for all stakeholders across the business.

Under ‘environment’, the focus on energy efficiency and carbon reduction continues. For a third year in succession, 100% of construction compounds were fitted with energy saving devices. In addition, we are extending our existing programme of sourcing renewable energy for site compound electrical supplies to include office electrical supplies, wherever possible.

Within ‘construction’, we are working to limit waste per home constructed, incorporating initiatives such as reusing crushed rubble on sites for paving and roads. In addition, Bellway recently joined the Supply Chain Sustainability School which will enable us to benefit from shared best practice across the industry in addressing sustainability.

Our charitable donations to Cancer Research UK (‘CRUK’) under the ‘society and economy’ pillar continue at pace. At the end of January total donations to CRUK, raised by Bellway employees and business partners since launching our partnership over three years ago, amounted to £1.5 million. We continue to match employee fundraising for charities of their choice, and we offer a payroll giving scheme for those who want to participate.

Land and planning

The land market provided opportunities to buy sites in good quality locations. A moratorium has been introduced on all new land contracts, however, investment will resume once the challenges faced by COVID-19 in the wider economy have been overcome. During the period, the Group contracted to acquire 7,005 plots (2019 – 5,980 plots) across 41 sites (2019 – 45 sites), with a value of £408.2 million (2019 – £386.9 million).

The expected average selling price on the contracted plots, based on today’s values, is around £275,000, slightly lower than the underlying average selling price achieved in the period. The intention of this land buying approach is to ensure that future sales outlets offer our customers an affordable product, with less reliance on Help to Buy. This should help to mitigate any potential downward effect on sales rates that may arise as the Help to Buy rules change in the new calendar year. The average gross margin of the land acquired is expected to be around 23%, again based on the selling prices and anticipated costs at the time of acquisition.

Also included within the land buying activity are a small number of larger sites, such as the 464 home development acquired at Great Dunmow in Essex. Sites like this, acquired with the benefit of an outline planning permission, provide an opportunity to extend the land supply in areas with an established track record of high demand. At the same time, Bellway can increase output of new homes through the use of dual sales outlets in conjunction with our Ashberry brand. The Group can carefully invest in larger sites of this nature without increasing the overall risk profile of the business.

The table below analyses the Group’s land holdings:-

	31 January 2020	31 January 2019
Owned and controlled plots		
DPP: plots with implementable detailed planning permission	**25,277**	27,561
Pipeline: plots pending an implementable DPP	**18,800**	14,700
Total owned and controlled plots	**44,077**	42,261
Strategic plots	**25,700**	21,400
Total land bank	**69,777**	63,661

Overall the Group has 44,077 plots (2019 – 42,261 plots) within its owned and controlled land bank, a rise of 4.3%, with 25,277 of these plots (2019 – 27,561 plots) benefiting from an implementable detailed planning permission. In addition, all land is in place to meet next year’s anticipated legal completion forecast.

Strategic land is an area in which the Group has invested and allocated further resource in recent years and as such, the number of plots within our strategic land bank continues to grow, with the strategic land bank at 31 January comprising some 25,700 plots (2019 – 21,400 plots).

Net cash and financial position

The Group has a strong balance sheet and continues to be cash generative, producing £54.3 million from operations (2019 – £56.9 million) after taking into consideration increased amounts invested in land, net of land creditors, and work in progress. Longer term, the Group has the ability to be highly cash generative in a period in which land and WIP spend are curtailed.

Taxation payments were £119.8 million (2019 – £57.0 million), higher than last year, following a one-off change in legislation accelerating the timing of quarterly payments. Dividend payments were £123.1 million (2019 – £116.8 million). This, together with interest payments of £1.7 million (2019 – £4.2 million) and other minor cash outflows of £6.3 million (2019 – £4.5 million), resulted in the Group ending the period with a net cash balance of £4.6 million[1] (2019 – net bank debt of £26.6 million), reflecting an ungeared[1] position (2019 – gearing of 1.0%).

Land creditors, a long-term source of finance, reduced to £274.9 million (2019 – £294.5 million). Total long-term debt, including net cash/(bank debt) and land creditors, reduced to £270.3 million (2019 – £321.1 million), resulting in adjusted gearing of 8.9%[1] (2019 – 11.9%). This favourable position highlights the Group's balance sheet resilience and financial flexibility.

NAV growth and dividend

The successful execution of our ongoing growth strategy has resulted in the net asset value per share rising by 12.7% to 2,467p[1] (2019 – 2,189p) over the past twelve months.

Our dividend policy takes into consideration the Group's operational capability of delivering further, long-term compounding growth. At the same time, preserving the resilience of the balance sheet at a time when liquidity could be severely restricted throughout the wider UK economy is of paramount importance. As ever, the Board adopts a cautious and responsible attitude to dividend payments and therefore approaches the coming months with a reduced risk appetite given the evolving threat presented by COVID-19.

Accordingly, notwithstanding Bellway's strong, cash generative trading performance in the period, the decision to pay an interim dividend will be postponed until later in the calendar year (2019 – 50.4p per share). This does not change the Group's ability to continue paying dividends over the medium-term, beyond this period of heightened uncertainty. It is a prudent approach, intended to preserve cash over the coming months, at a time when potential new restrictions on economic activity could adversely affect expected cash receipts.

Recent trading

In the six weeks since 1 February, trading was strong, with the weekly reservation rate rising by 7.3% to 278 per week (2019 – 259 per week).

Consequently and further to the 3.6% revenue growth achieved in the six months to 31 January 2020, the value of the order book at 8 March 2020 was a sizeable £1,515.8 million[1] (10 March 2019 – £1,485.2 million) and comprised 5,772 homes (10 March 2019 – 5,724 homes).

Reservations have fallen in the past two weeks as the introduction of measures to delay the spread of COVID-19 inevitably affect demand.

Outlook

Given the risks presented by COVID-19, it is difficult to predict the effect that they will have on completion numbers in the foreseeable future, although output for the full financial year will reduce compared to previous guidance. The Group has a strong balance sheet with net cash at 31 January, low land creditors and committed bank facilities of £545 million, placing it in a strong position to withstand the likely disruption.

Beyond the present uncertainty, industry fundamentals remain positive, with continued underlying demand for affordably priced new homes. The evolving economic landscape will provide challenges in the future, however, our robust balance sheet and flexible capital structure, ensures that Bellway remains well positioned to continue supplying much needed new homes.

Jason Honeyman
Group Chief Executive

24 March 2020

Condensed Group Income Statement

	Note	**Half year ended 31 January 2020 £m**	Half year ended 31 January 2019 £m	Year ended 31 July 2019 £m
Revenue		**1,541.4**	1,488.0	3,213.2
Cost of sales		**(1,184.9)**	(1,110.5)	(2,423.0)
Gross profit		**356.5**	377.5	790.2
Other operating income		**86.5**	78.2	169.9
Other operating expenses		**(89.1)**	(81.1)	(175.5)
Administrative expenses		**(56.7)**	(54.8)	(109.7)
Operating profit		**297.2**	319.8	674.9
Finance income	3	**0.2**	0.3	0.6
Finance expenses	3	**(6.1)**	(7.6)	(15.0)
Share of result of joint ventures		**0.5**	1.4	2.1
Profit before taxation		**291.8**	313.9	662.6
Income tax expense	4	**(52.5)**	(58.8)	(124.0)
Profit for the period *		**239.3**	255.1	538.6
Earnings per ordinary share – Basic	5	**194.4p**	207.5p	437.8p
Earnings per ordinary share – Diluted	5	**193.7p**	206.8p	436.4p
Dividend per ordinary share	6	**Nil**	50.4p	150.4p

Condensed Group Statement of Comprehensive Income

	Note	**Half year ended 31 January 2020 £m**	Half year ended 31 January 2019 £m	Year ended 31 July 2019 £m
Profit for the period		**239.3**	255.1	538.6
Other comprehensive (expense)/income				
Items that will not be recycled to the income statement:				
Remeasurement (losses)/gains on defined benefit pension plans		**-**	(2.5)	1.3
Income tax on other comprehensive expense/(income)	4	**-**	0.4	(0.2)
Other comprehensive (expense)/income for the period, net of income tax		**-**	(2.1)	1.1
Total comprehensive income for the period *		**239.3**	253.0	539.7

* All attributable to equity holders of the parent.

Condensed Group Statement of Changes in Equity

	Note	Issued capital	Share premium	Capital redemption reserve	Other reserves	Retained earnings	Total equity
		£m	£m	£m	£m	£m	£m
Half year ended 31 January 2020							
Balance at 1 August 2019		15.3	175.8	20.0	1.5	2,708.6	2,921.2
Total comprehensive income for the period							
Profit for the period		-	-	-	-	239.3	239.3
Other comprehensive income **		-	-	-	-	-	-
Total comprehensive income for the period		-	-	-	-	239.3	239.3
Transactions with shareholders recorded directly in equity:							
Dividends on equity shares	6	-	-	-	-	(123.1)	(123.1)
Credit in relation to share options and tax thereon	4	-	-	-	-	1.5	1.5
Total contributions by and distributions to shareholders		-	-	-	-	(121.6)	(121.6)
Balance at 31 January 2020		**15.3**	**175.8**	**20.0**	**1.5**	**2,826.3**	**3,038.9**
Half year ended 31 January 2019							
Balance at 1 August 2018		15.3	173.7	20.0	1.5	2,346.6	2,557.1
Total comprehensive income for the period							
Profit for the period		-	-	-	-	255.1	255.1
Other comprehensive expense **		-	-	-	-	(2.1)	(2.1)
Total comprehensive income for the period		-	-	-	-	253.0	253.0
Transactions with shareholders recorded directly in equity:							
Dividends on equity shares	6	-	-	-	-	(116.8)	(116.8)
Purchase of own shares		-	-	-	-	(0.5)	(0.5)
Credit in relation to share options and tax thereon	4	-	-	-	-	1.0	1.0
Total contributions by and distributions to shareholders		-	-	-	-	(116.3)	(116.3)
Balance at 31 January 2019		15.3	173.7	20.0	1.5	2,483.3	2,693.8
Year ended 31 July 2019							
Balance at 1 August 2018		15.3	173.7	20.0	1.5	2,346.6	2,557.1
Total comprehensive income for the period							
Profit for the period		-	-	-	-	538.6	538.6
Other comprehensive income **		-	-	-	-	1.1	1.1
Total comprehensive income for the period		-	-	-	-	539.7	539.7
Transactions with shareholders recorded directly in equity:							
Dividends on equity shares	6	-	-	-	-	(178.9)	(178.9)
Purchase of own shares		-	-	-	-	(0.5)	(0.5)
Shares issued		-	2.1	-	-	-	2.1
Credit in relation to share options and tax thereon	4	-	-	-	-	1.7	1.7
Total contributions by and distributions to shareholders		-	2.1	-	-	(177.7)	(175.6)
Balance at 31 July 2019		15.3	175.8	20.0	1.5	2,708.6	2,921.2

** An additional breakdown is provided in the Condensed Group Statement of Comprehensive Income.

Condensed Group Balance Sheet

	Note	**At 31 January 2020 £m**	At 31 January 2019 £m	At 31 July 2019 £m
ASSETS				
Non-current assets				
Property, plant and equipment		**35.2**	29.6	29.8
Financial assets and equity accounted joint arrangements		**50.5**	46.6	49.9
Deferred tax assets	4	**1.4**	0.9	0.7
Retirement benefit assets		**2.9**	-	2.8
		90.0	77.1	83.2
Current assets				
Inventories		**3,581.2**	3,423.4	3,477.6
Trade and other receivables		**157.8**	112.4	127.9
Cash and cash equivalents	7	**24.6**	33.4	201.2
Corporation tax receivable		**0.7**	-	-
		3,764.3	3,569.2	3,806.7
Total assets		**3,854.3**	3,646.3	3,889.9
LIABILITIES				
Non-current liabilities				
Retirement benefit obligations		**-**	(1.3)	-
Trade and other payables		**(95.4)**	(101.2)	(97.2)
Deferred tax liabilities	4	**(2.2)**	(2.3)	(2.2)
		(97.6)	(104.8)	(99.4)
Current liabilities				
Interest-bearing loans and borrowings	7	**(20.0)**	(60.0)	-
Corporation tax payable		**-**	(63.0)	(66.3)
Trade and other payables		**(697.8)**	(724.7)	(803.0)
		(717.8)	(847.7)	(869.3)
Total liabilities		**(815.4)**	(952.5)	(968.7)
Net assets		**3,038.9**	2,693.8	2,921.2
EQUITY				
Issued capital		**15.3**	15.3	15.3
Share premium		**175.8**	173.7	175.8
Capital redemption reserve		**20.0**	20.0	20.0
Other reserves		**1.5**	1.5	1.5
Retained earnings		**2,826.3**	2,483.3	2,708.6
Total equity		**3,038.9**	2,693.8	2,921.2

Condensed Group Cash Flow Statement

	Note	**Half year ended 31 January 2020 £m**	Half year ended 31 January 2019 £m	Year ended 31 July 2019 £m
Cash flows from operating activities				
Profit for the period		**239.3**	255.1	538.6
Depreciation charge		**3.1**	2.7	5.8
Finance income	3	**(0.2)**	(0.3)	(0.6)
Finance expenses	3	**6.1**	7.6	15.0
Share-based payment expense		**1.1**	1.1	1.6
Share of post-tax result of joint ventures		**(0.5)**	(1.4)	(2.1)
Income tax expense	4	**52.5**	58.8	124.0
Increase in inventories		**(103.6)**	(151.8)	(206.0)
(Increase)/decrease in trade and other receivables		**(30.0)**	4.1	(11.9)
Decrease in trade and other payables		**(113.5)**	(119.0)	(45.3)
Cash inflow from operations		**54.3**	56.9	419.1
Interest paid		**(1.9)**	(4.4)	(7.9)
Income tax paid		**(119.8)**	(57.0)	(119.3)
Net cash (outflow)/inflow from operating activities		**(67.4)**	(4.5)	291.9
Cash flows from investing activities				
Acquisition of property, plant and equipment		**(4.3)**	(2.5)	(5.1)
Proceeds from sale of property, plant and equipment		**-**	0.2	0.1
Increase in loans to joint ventures		**(0.5)**	(1.7)	(5.8)
Repayment of loans by joint ventures		**0.4**	-	1.4
Interest received		**0.2**	0.2	0.5
Net cash outflow from investing activities		**(4.2)**	(3.8)	(8.9)
Cash flows from financing activities				
Increase in bank borrowings		**20.0**	60.0	-
Payment of lease liabilities		**(1.9)**	-	(3.5)
Proceeds from the issue of share capital on exercise of share options		**-**	-	2.1
Purchase of own shares		**-**	(0.5)	(0.5)
Dividends paid	6	**(123.1)**	(116.8)	(178.9)
Net cash outflow from financing activities		**(105.0)**	(57.3)	(180.8)
Net (decrease)/increase in cash and cash equivalents		**(176.6)**	(65.6)	102.2
Cash and cash equivalents at beginning of period		**201.2**	99.0	99.0
Cash and cash equivalents at end of period	7	**24.6**	33.4	201.2

Notes

1. Basis of preparation and accounting policies

Bellway p.l.c. is a company incorporated in England and Wales.

These condensed consolidated interim financial statements are unaudited and were authorised for issue by the Board on 24 March 2020.

This condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

The comparative figures for the financial year ended 31 July 2019 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditor and delivered to the registrar of companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor 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 directors consider that the Group is well placed to manage business and financial risks in the current economic environment and have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, accordingly they continue to adopt the going concern basis in preparing these condensed consolidated interim financial statements.

The annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. As required by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the year ended 31 July 2019.

The Group adopted the following amendments and improvement for the first time in these financial statements:

- Amendments to IFRS 9: Prepayment Features with Negative Compensation.
- IFRIC 23 Uncertainty over Income Tax Treatments.
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures.
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement.
- Annual Improvements to IFRS Standards 2015-2017 Cycle.

The adoption of these amendments and improvement has not had a material effect on these financial statements.

2. Segmental analysis

The executive Board (the Chief Operating Decision Maker as defined in IFRS 8 ‘Operating segments’) regularly reviews the Group’s performance and balance sheet position at both a consolidated and divisional level. Each division is an operating segment as defined by IFRS 8 in that the executive Board assess performance and allocates resources at this level. All of the divisions have been aggregated in to one reporting segment on the basis that they share similar economic characteristics including:

- National supply agreements are in place for key inputs including materials.
- Debt is raised centrally and the cost of capital is the same at each division.
- Sales demand at each division is subject to the same macroeconomic factors, such as mortgage availability and Government policy.

Notes (continued)

3. Finance income and expenses

	Half year ended 31 January 2020 £m	Half year ended 31 January 2019 £m	Year ended 31 July 2019 £m
Interest receivable on bank deposits	**0.2**	0.1	0.4
Interest on fair value through profit or loss	**-**	0.1	0.1
Other interest income	**-**	0.1	0.1
Finance income	**0.2**	0.3	0.6
Interest payable on bank loans and overdrafts	**2.2**	3.3	6.7
Interest on deferred term land payables	**3.6**	4.1	7.8
Interest payable on leases	**0.3**	-	0.5
Other interest expense	**-**	0.2	-
Finance expenses	**6.1**	7.6	15.0

4. Income tax expense

The effective rate of taxation for the period is 18.0% (2019 – 18.7%). The taxation charge for the period is calculated by applying the standard corporation tax rate of 18.3% (2019 – 19.0%) to the profit before taxation adjusted for non-taxable items and enhanced deductions.

The deferred tax assets and liabilities held by the Group are valued at 17.0%, the substantively enacted corporation tax rate that will be effective when they are expected to be realised.

In 2016, the UK Government enacted legislation to reduce the main rate of UK corporation tax to 19.0% from 1 April 2017 and 17.0% from 1 April 2020. However, the UK Prime Minister recently announced an intention for the planned corporation tax reduction to 17.0% to be postponed indefinitely. Whilst it is expected that legislation to this effect will be enacted in the coming months, as this had not been enacted or substantively enacted as at 31 January 2020, the deferred tax assets/liabilities have been calculated based on a 17.0% rate.

5. Earnings per ordinary share

Basic earnings per ordinary share is calculated by dividing earnings by the weighted average number of ordinary shares in issue during the six month period (excluding the weighted average number of ordinary shares held by the Bellway Employee Share Trust (1992) which are treated as cancelled).

Diluted earnings per ordinary share uses the same earnings figure as the basic calculation. The weighted average number of shares has been adjusted to reflect the dilutive effect of outstanding share options allocated under employee share schemes where the market value exceeds the option price. Diluted earnings per ordinary share is calculated by dividing earnings by the diluted weighted average number of ordinary shares.

Reconciliations of the earnings and weighted average number of shares used in the calculations are outlined below:

	Earnings 2020 £m	**Weighted average number of ordinary shares 2020 Number**	**Earnings per share 2020 p**	Earnings 2019 £m	Weighted average number of ordinary shares 2019 Number	Earnings per share 2019 p
For basic earnings per ordinary share	**239.3**	**123,119,444**	**194.4**	255.1	122,940,947	207.5
Dilutive effect of options and awards		**443,288**	**(0.7)**		421,192	(0.7)
For diluted earnings per ordinary share	**239.3**	**123,562,732**	**193.7**	255.1	123,362,139	206.8

Notes (continued)

6. Dividends on equity shares

Amounts recognised as distributions to equity holders in the period:

	Half year ended 31 January 2020 £m	Half year ended 31 January 2019 £m	Year ended 31 July 2019 £m
Final dividend for the year ended 31 July 2019 of 100.0p per share (2018 – 95.0p)	**123.1**	116.8	116.8
Interim dividend for the year ended 31 July 2019 of 50.4p per share (2018 – 48.0p)	**-**	-	62.1
	123.1	116.8	178.9
Proposed interim dividend for the year ending 31 July 2020 of nil per share (2019 – 50.4p)	**-**	62.0	123.1

7. Analysis of net cash

	At 1 August 2019 £m	Cash flows £m	**At 31 January 2020 £m**
Cash and cash equivalents	201.2	(176.6)	**24.6**
Bank loans	-	(20.0)	**(20.0)**
Net cash	201.2	(196.6)	**4.6**

8. 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 2019.

9. Seasonality

In common with the rest of the UK housebuilding industry, activity occurs throughout the year, but is subject to the two main house selling seasons of spring and autumn. As these seasons fall in separate half years, the Group’s financial results are not usually subject to significant seasonal variations.

Notes (continued)

10. Alternative performance measures

Bellway uses a variety of alternative performance measures ('APMs') which, although financial measures of either historical or future performance, financial position or cash flows, are not defined or specified by IFRSs. The directors use a combination of APMs and IFRS measures when reviewing the performance, position and cash of the Group.

The APMs used by the Group are defined below:

- **Administrative expenses as a percentage of revenue** – This is calculated as the total administrative overheads divided by total revenue. The directors consider this to be an important indicator of how efficiently the Group is managing its administrative overhead base.

- **Net finance expense** – This is finance expenses less finance income. The directors consider this to be an important measure when assessing whether the Group is using the most cost effective source of finance.

- **Dividend cover** – This is calculated as earnings per ordinary share for the period divided by the dividend per ordinary share relating to that period. At the half year the dividend per ordinary share is the proposed interim ordinary dividend, and for the full year it is the interim dividend paid plus the proposed final dividend. The directors consider this to be an important indicator of the proportion of earnings paid to shareholders and reinvested in the business.

- **Net asset value per share ('NAV')** – This is calculated as total net assets divided by the number of ordinary shares in issue at the end of each period. The directors consider this to be a proxy when reviewing whether value, on a share by share basis, has increased or decreased in the period.

- **Capital employed** – Capital employed is defined as the total of equity and net bank debt. Equity is not adjusted where the Group has net cash. The directors consider this to be an important indicator of the operating efficiency and performance of the Group.

- **Return on capital employed ('RoCE')** – This is calculated as operating profit divided by the average capital employed. Average capital employed is calculated based on opening and half year capital employed. The calculation is shown in the table below. The directors consider this to be an important indicator of whether the Group is achieving a sufficient return on its investments.

	31 January 2020			31 January 2019		
	Capital employed	**Land creditors**	**Capital employed including land creditors**	Capital employed	Land creditors	Capital employed including land creditors
	£m	**£m**	**£m**	£m	£m	£m
Operating profit	**297.2**		**297.2**	319.8		319.8
Capital employed/land creditors:						
Opening	**2,921.2**	**297.9**	**3,219.1**	2,557.1	365.4	2,922.5
Half year	**3,038.9**	**274.9**	**3,313.8**	2,720.4	294.5	3,014.9
Average	**2,980.1**	**286.4**	**3,266.5**	2,638.7	330.0	2,968.7
Annualised return on capital employed	**19.9%**		**18.2%**	24.2%		21.5%

- **Order book** – This is calculated as the total expected sales value of current reservations that have not legally completed. The directors consider this to be an important indicator of the likely future operating performance of the Group.

Notes (continued)

- **Post-tax return on equity** – This is calculated as profit for the period divided by the average of the opening and half year net assets. The directors consider this to be a good indicator of the operating efficiency of the Group.

	31 January 2020 £m	31 January 2019 £m
Profit for the period	**239.3**	255.1
Net assets:		
Opening	**2,921.2**	2,557.1
Half year	**3,038.9**	2,693.8
Average	**2,980.1**	2,625.4
Annualised post-tax return on equity	**16.1%**	19.4%

- **Net cash** – This is the cash and cash equivalents less bank debt. The directors consider this to be a good indicator of the financing position of the Group. This is reconciled in note 7.

- **Capital invested in land, net of land creditors, and work in progress** – This is calculated as shown in the table below. The directors consider this as an indicator of the net investment by the Group in the period to achieve future growth.

	31 January 2020 £m	**31 July 2019 £m**	**Movement £m**	31 January 2019 £m	31 July 2018 £m	Movement £m
Land	**2,068.3**	**2,004.4**	**63.9**	2,033.0	2,011.9	21.1
Work in progress	**1,333.2**	**1,298.2**	**35.0**	1,236.1	1,115.1	121.0
Increase in capital invested in land and work in progress in the period			**98.9**			142.1
Land creditors	**(274.9)**	**(297.9)**	**23.0**	(294.5)	(365.4)	70.9
Increase in capital invested in land, net of land creditors, and work in progress in the period			**121.9**			213.0

- **Gearing** – This is calculated as net bank debt divided by total equity. The directors consider this to be a good indicator of the financial stability of the Group.

- **Adjusted gearing** – This is calculated as the total of net bank debt/cash and land creditors divided by total equity. The directors believe that land creditors are a source of long-term finance so this provides an alternative indicator of the financial stability of the Group.

- **Average net debt** – This is calculated by averaging the net debt/cash position at 1 August and each month end during the period. The directors consider this to be a good indicator of the financing position of the Group throughout the period.

Principal risks and uncertainties

A risk register is maintained detailing all of our potential risks, categorised between strategic, operational, financial and compliance and reputational risks. The risk management processes are set up to ensure all aspects of the business are considered, from strategy through to business execution and including any specialist business areas.

The risk register is reviewed on a regular basis as part of the management reporting process, resulting in the regular assessment of each risk, its severity and any required mitigating actions. The severity of risk is determined based on a defined scoring system assessing risk impact and likelihood.

A summary of principal risks is reported to management, the Audit Committee and the Board, which is mainly, but not exclusively, comprised of risks considered to be outside of our risk appetite after mitigation. This summary is reviewed throughout the year, with the Board systematically considering the risks taking into account any changes which may have occurred. Once a year, via the Audit Committee, the Board determines whether the system of risk management is appropriately designed and operating effectively.

We have identified the following principal risks to our business:

Risk and description	Strategic relevance	KPIs	Mitigation	Change in period
Land Inability to source suitable land at appropriate gross margins and RoCE.	▪ Insufficient land would affect our volume growth targets. ▪ Failure to buy land at the right margin would have a detrimental effect on future returns.	▪ Land bank (with DPP). ▪ Number of homes sold. ▪ RoCE. ▪ Gross margin. ▪ EPS.	▪ Budgeting and forecasting of growth targets to ensure land bank supports strategic target. ▪ Pre-purchase due diligence and viabilities on all proposed land purchases. ▪ Authorisation of all land purchases in accordance with Group procedures and our Approvals Matrix.	No change.
Planning Delays and complexity in the planning process.	▪ Failure to obtain planning within appropriate timescales would have a detrimental impact on our growth prospects and have an adverse effect on returns.	▪ EPS. ▪ RoCE. ▪ Number of plots acquired directly in land bank with an implementable DPP. ▪ Number of plots converted from medium term pipeline to land with DPP. ▪ Number of plots in our pipeline land bank. ▪ Number of plots identified in our strategic land bank with a positive planning status.	▪ Group and divisional planning specialists provide advice and support to the divisions to assist with securing planning permissions. ▪ Management of immediate, medium-term and strategic land to maintain an appropriate balance of land in terms of quantity and location.	No change.
Construction resources Shortage of appropriately skilled subcontractors and shortages of building materials at competitive prices.	▪ Failure to secure required and appropriate resources causes delays in construction, impacting the ability to deliver volume growth targets. ▪ Pricing pressure would impact returns.	▪ Number of homes sold. ▪ Customer satisfaction score. ▪ Employee turnover. ▪ EPS.	▪ Systems are in place to select, appoint, monitor, manage and build long-term relationships with our subcontractors. ▪ Competitive rates and prompt payment for our subcontractors. ▪ Group-wide purchasing arrangements are in place. ▪ Continued review and monitoring of supplier and subcontractor performance.	No change.

Health and safety There are significant health and safety risks inherent in the construction process.	▪ In addition to the moral obligation and the requirement to act in a responsible manner, injuries to any individual while at one of our business locations would delay construction and could result in criminal prosecution, civil litigation and reputational damage.	▪ Number of RIDDOR seven day lost time accidents per 100,000 site operatives. ▪ NHBC health and safety benchmark. ▪ NHBC Health and Safety Awards.	▪ The Board considers health and safety issues at every meeting. ▪ Regular visits to sites by senior management (independent of our divisions) and external consultants to monitor health and safety standards and performance against the health and safety policies and procedures.	No change.
External environment There are a number of external factors that could affect our ability to generate sales, including but not limited to: ▪ Economic factors, especially house price inflation and interest rates. ▪ Mortgage availability. ▪ Government housing policy.	▪ The ultimate impact of these external factors would be on the ability to sell houses and apartments and on returns.	▪ Number of homes sold. ▪ Forward order book. ▪ Reservations rate. ▪ Customer satisfaction score. ▪ EPS. ▪ RoCE.	▪ Ongoing monitoring of key business metrics and development of action plans as necessary. ▪ Product range and pricing strategy determined based on regional market conditions. ▪ Use of sales incentives, such as part-exchange, to encourage the selling process. ▪ Use of Government-backed schemes to encourage home ownership.	No change.
External environment Uncertainty over Brexit and the future impact on the economy could significantly impact our ability to deliver our strategic objectives.	▪ The uncertainty that currently exists in relation to Brexit and the economy has resulted in splitting out the risk associated with Brexit due to the potential impact on our business.	▪ Number of homes sold. ▪ Forward order book. ▪ Reservations rate. ▪ EPS. ▪ RoCE.	▪ While outside of our direct control, we continue to monitor business performance and build a robust future-proof business with a solid strategy and sound financial controls.	No change.
Human resources Inability to attract and retain appropriate people.	▪ Failure to attract and retain people with appropriate skills will affect our ability to perform and deliver our volume growth target.	▪ Employee turnover. ▪ Number of graduates and apprentices. ▪ Number of people who have worked for the Group for 10 years or more. ▪ Training days per employee. ▪ Senior management gender split.	▪ Continued development of the Group Human Resources function and implementation of our people strategy. ▪ Monitoring and review of staff turnover and feedback from exit interviews. ▪ Competitive salary and benefits packages which are regularly reviewed and benchmarked. ▪ Succession plans in place and key person dependencies identified and mitigated. ▪ Increased level of training provided to employees. ▪ Trainee Assistant Site Manager apprenticeship training programme in place. ▪ Increased number of graduates and apprentices.	No change.
IT and security Failure to have suitable systems in place and appropriate back up, contingency plans and security policies.	▪ Poor performance of our systems would affect operational efficiency, profitability and our control environment.	▪ EPS.	▪ Group-wide systems are in operation which are centrally controlled with an outsourced support function in place. ▪ Continued investment in systems. ▪ Regular review and testing of our security measures, contingency plans and IT security policies. ▪ Group-wide Cyber Security Committee in place.	No change.

Legal and regulatory compliance Failure to comply with legislation and regulatory requirements, including changes to Building Regulations, Fire Safety Regulations and leasehold reform legislation as a result of ongoing Government consultations.	▪ Lack of appropriate procedures and compliance would result in delays in land development, construction and sales completions plus possible re-work to sites, all of which could have a detrimental impact on profitability and reputation, potentially leading to financial penalties and other regulatory consequences. ▪ We await the outcome of the Government's review under the Building Safety Programme. We are cooperating with the CMA regarding their leasehold investigation into the sale of homes in the new build housing market and await the Government's detailed proposals and leasehold reform legislation.	▪ Volume growth. ▪ EPS. ▪ Number of homes sold. ▪ RoCE. ▪ Gross margin.	▪ In-house expertise from Group Company Secretariat, Legal, Health and Safety and Technical functions who advise and support divisions on compliance and regulatory matters. ▪ Consultation with Government agencies, specialist external legal advisors and subject matter experts (e.g. fire safety consultants) including ongoing cooperation with the CMA. ▪ Strengthened Group-wide policies, procedures and training for key regulatory matters. ▪ Continual monitoring and review of changes to legislation and regulation, including any supporting guidance and advice notes. ▪ Continual liaison with the HBF on regulation and compliance matters.	No change.
COVID-19 Uncertainty over the impact of COVID-19 on the Group's operational and financial performance.	▪ Disruption to business activities as a result of Government imposed restrictions or closures, high levels of staff/subcontractor absence and decreased customer footfall will ultimately impact the Group's liquidity. ▪ Supply chain issues and materials shortages would lead to construction and completion delays.	▪ EPS. ▪ Number of homes sold. ▪ RoCE. ▪ Gross margin. ▪ Order book value. ▪ Land bank (with DPP). ▪ Operating margin. ▪ Dividend per ordinary share. ▪ Operating profit. ▪ Net asset value per ordinary share. ▪ Employee turnover. ▪ Reservations rate.	▪ Ongoing monitoring of developments relating to the outbreak at Group level, with a COVID-19 Strategy Group established and a protocol issued to staff based on latest Government advice. ▪ Liquidity action plan developed including central management of legal completions, committed bank facilities and restricted spend on land and WIP. ▪ Resilient balance sheet with net cash at 31 January 2020. ▪ Postponement of decision to pay an interim dividend. ▪ Business resilience plans covering working practices and arrangements for staff, subcontractors and customers implemented across divisions, sales offices and sites.	New risk.

The Group continues to invest in its control environment, with a significant IT implementation project and developments to both IT and business processes ongoing. The risks associated with these changes, including those relating to the adjustment of employees to new processes, are regularly monitored by management and the Board.

Statement of directors' responsibilities

We confirm that to the best of our knowledge:

- the condensed consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU;

- the Half Year Report 2020 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 2019.

For and on behalf of the Board

Jason Honeyman
Chief Executive

Registered number 1372603
24 March 2020

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.