

Bellway p.l.c.

Annual General Meeting and Interim Management Statement

Friday 13 December 2013

Strong performance against a backdrop of resilient consumer demand

Bellway p.l.c. is today holding its Annual General Meeting and is issuing an Interim Management Statement relating to the eighteen week period from 1 August 2013 to 30 November 2013.

At today's AGM, the Chairman, Mr John Watson, will say:-

Market and current trading

Bellway has continued to see strong customer demand for new homes, aided by low interest rates and wider accessibility to higher loan to value mortgages. The average number of active outlets has increased by 5% to 224 and reservations, net of cancellations, have risen to an average of 144 per week, an increase of 43% compared to the same period last year.

Whilst a variety of sales incentives continue to be used, the relatively low deposit requirements and competitive pricing of Help to Buy mortgages remain attractive to consumers, resulting in this incentive being used in 31% of reservations taken.

These favourable conditions, together with a strong brought forward order book at 31 July, should mean that the rate of increase in legal completions will be more heavily weighted towards the first half of the year, with the Board anticipating a rise of over 20% for the six months ending 31 January 2014.

The average selling price of legal completions in the period has benefited from the sale of a number of particularly high value apartments in London. As a consequence, the Board expects that the Group's average selling price will increase to around £205,000 in the first six months of the financial year.

Firm control of both construction and administrative costs, combined with a growing number of completions derived from recently acquired, higher margin land, ensures that the Group is able to deliver ongoing growth in both operating profit and margin, with the latter expected to exceed 15% in the year ending 31 July 2014.

Land buying and financial position

Whilst there is growing competition for land, especially in and around the south east of the country, the Group's land teams have continued to identify opportunities that meet or exceed our minimum criteria in respect of both gross margin and return on capital employed. To that extent, the Group has spent £121 million on land and land creditors and has agreed heads of terms on a further 4,000 plots with a value of £220 million.

Bellway continues to be highly cash generative and at 30 November, had net cash of £74 million, reflecting in part a higher number of legal completions in the first eighteen weeks of the financial year. The Group has subsequently renewed a £25 million rolling credit facility, on favourable terms, thereby maintaining bank facilities of £300 million.

This strong cash position, combined with a strong pipeline of future land acquisitions, should ensure that the Group is well placed to deliver further volume growth.

Dividend

The recommended final dividend of 21.0 pence per ordinary share (2012 – 14.0 pence), if approved at today's AGM, will be paid to shareholders on 15 January 2014. This will bring the total dividend for the year to 30.0 pence per ordinary share, representing a 50% increase on the prior year, thereby further enhancing return for shareholders.

Outlook

Bellway's operational and balance sheet capacity ensures that it is well positioned to pursue its strategy of volume growth, subject to meeting the Group's minimum return on capital requirements in respect of land acquisition. This disciplined approach to growing the business, together with the Group's progressive and flexible dividend policy, should ensure that Bellway is able to deliver further enhancements in shareholder value.

A pre-close Trading Update will be issued on Tuesday 11 February 2014 following the conclusion of the six month trading period ending 31 January 2014.

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.