

Bellway p.l.c.

Trading Update

Tuesday 11 February 2025

Bellway p.l.c. ('Bellway' or the 'Group') is today issuing a trading update for the six months ended 31 January 2025 (the 'period') ahead of its Interim Results announcement on Tuesday 25 March 2025.

Highlights

- Growth in total housing completions of 11.9% to 4,577 homes (2024 – 4,092) at an average selling price of £310,600 (2024 – £309,278).
- The private reservation rate per outlet per week increased by 18.6% to 0.51 (2024 – 0.43), including a contribution from bulk sales of 0.06 (2024 – 0.03).
- The Group has a high-quality land bank and operated from an average of 248 outlets in the period (2024 – 243).
- The forward order book at 31 January 2025 comprised 4,726 homes (2024 – 3,970 homes), with a value of £1,311.5 million³ (2024 – £1,012.5 million).
- In line with previous guidance, the Group is on track to deliver full year volume output of at least 8,500 homes (31 July 2024 – 7,654 homes) with output weighted towards the first half.
- Bellway has a strong and well-capitalised balance sheet, with modest net debt of £8.0 million⁴ (2024 – net cash of £76.6 million), in line with the Board's expectations.

Jason Honeyman, Group Chief Executive, commented:

"Bellway has delivered a strong first half performance in challenging market conditions. While mortgage interest rates have increased modestly since the autumn, customer demand has remained robust, and the Group has a healthy order book to support our targeted growth in volume output for the full year.

The Group has a strong balance sheet and land bank, and we remain very well-positioned to capitalise on future growth opportunities while continuing to play an important role in meeting the growing need for new homes across the country."

Results and trading

The Group entered the current financial year with a strengthened forward order book which supported an 11.9% increase in volume output to 4,577 homes (2024 – 4,092). In line with our expectations, the average selling price was slightly ahead of the prior year period at £310,600 (2024 – £309,278) and housing revenue increased by 12% to over £1.42 billion (2024 – £1,265.6 million).

The private reservation rate was strongly ahead of the prior year period at 127 per week (2024 – 105), with this set against a weak comparator when mortgage rates were more elevated. The private

reservation rate per outlet per week increased by 18.6% to 0.51 (2024 – 0.43), including a contribution of 0.06 from bulk sales (2024 – 0.03). While we did not experience a typical seasonal step-up in reservations during the autumn, trading was stable throughout the first half and pricing has remained firm across our regions. The overall reservation rate rose by 14.3% to 160 per week (2024 – 140) and the cancellation rate reduced to a normalised level of 14% (2024 – 16%).

The Group traded from an average of 248 outlets during the period (2024 – 243) and was operating from 245 outlets as at 31 January 2025. We remain on track to open over 30 new outlets in the second half of the financial year and continue to expect to operate from an average of around 245 outlets for the full financial year (31 July 2024 – 245).

The forward order book at 31 January 2025 comprised 4,726 homes (2024 – 3,970 homes), with a value of £1,311.5 million³ (2024 – £1,012.5 million).

Land investment

Bellway has a high-quality land bank, and our experienced teams have continued with a disciplined and targeted approach to land acquisition. The Group contracted to purchase 5,246 owned and controlled plots (2024 – 1,237 plots) across 32 sites (2024 – 9 sites) during the period with a total contract value of £378.2 million (2024 – £103.4 million). In addition, our strategic land bank has been further strengthened to support our long-term growth ambitions, with the Group entering into option agreements to buy 11 sites (2024 – 10 sites).

Financial position

The Group has a strong and well-capitalised balance sheet, and we remain focused on maintaining financial resilience through the cycle. Net debt at 31 January 2025 was modest and in line with expectations at £8.0 million⁴ (2024 – net cash of £76.6 million) and our adjusted gearing⁵, inclusive of land creditors, remains low (2024 – 4.7%).

Outlook

Supported by our healthy order book, the Group remains on track to deliver full year volume output of at least 8,500 homes (31 July 2024 – 7,654 homes) with output weighted towards the first half. We continue to expect the full year average selling price to be around £310,000 (31 July 2024 – £307,909) and the underlying operating margin to approach 11.0%⁶ (31 July 2024 – 10.0%).

While we have been encouraged by a seasonal pick-up in customer enquiries and reservation rates in the early weeks of the current spring selling season, we remain mindful of the sensitivity of customer demand to mortgage affordability and the evolving economic backdrop.

The long-term fundamentals of the UK housebuilding industry remain positive, and we welcome the Government's reforms to the planning system to drive a marked increase in the supply of new homes across the country. We remain confident that, given the Group's operational strengths and land bank depth, Bellway remains very well-placed to deliver volume growth in the years ahead to support ongoing value creation for shareholders.

Notes:

- 1 All figures relating to completions, order book, reservations, cancellations, and average selling price exclude the Group's share of its joint ventures unless otherwise stated.
- 2 Comparatives are for the half-year ended 31 January 2024 or as at 31 January 2024 ('2024') unless otherwise stated.
- 3 Order book is the total expected sales value of reservations that have not legally completed.
- 4 Net (debt)/cash is cash plus cash equivalents, less debt financing.
- 5 Adjusted gearing is the total of net (debt)/cash and land creditors divided by total equity.
- 6 Underlying operating margin is operating profit before net legacy building safety expense and exceptional items divided by total revenue.

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