

# Progressive Property & Construction Daily



1 March 2022: TPK, LORD | News - bridge shelved due to cost challenges

A round-up of market statements, news, economics and views from the property and construction sectors

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## Company news

**Travis Perkins** (TPK, 1,462p, £3,142m mkt cap)

Leading UK builders' merchant and owner of Toolstation. FY (Dec) results. Rev +24%, £4,587m; adj PBT, £310m (FY 20, £81m); stat PBT £306m (-£20m); adj EPS, 107p (21p); div, 38p (0p). Net debt pre-IFRS16, £87m, 0.2x EBITDA (£40m, 0.1x); post-IFRS16, £605m, 1.2x (£1,397m, 2.0x); adj ROCE exc property profits, 12.1x (4.9x).

*Trading:* "Strong revenue performance driven by enhanced customer proposition and robust recovery in key market segments". LFL rev +25.4% and 14.4% ahead of 2019. "Excellent performance in Merchanting resulting from volume growth, improved operational focus and a streamlined cost base; another strong year for Toolstation with the UK rollout accelerated and scale building in Europe". Group refocused with Wickes demerged and Plumbing & Heating business sold. *Outlook:* "Although macroeconomic uncertainties remain, the Group's lead indicators for the year ahead are encouraging with improved levels of housing transactions, the continued move to hybrid working arrangements and year-on-year growth in new housing developments expected to support volumes in the Group's core trade markets. Given robust end market demand and a positive start to the new year, the Group remains confident of making further progress in 2022. Over the longer term, the requirement to expand and decarbonise the UK housing stock offers significant growth opportunities. Government policy remains supportive across all sectors, recognising the essential role that construction will play in delivering a sustainable UK economy".

**Lords Group Trading** (LORD, 98p, £155m)

Building materials distributor. Acquisition of Northern builders' merchant AWLC for a total consideration of £23.1m. This consists of £19.5m on completion and a deferred consideration of £3.6m payable in equal annual instalments over the next five years. The acquisition is to be funded from existing cash resources and debt facilities and immediately earnings accretive. Both key senior management and its 77 employees will be joining Lords, ensuring continuity of local knowledge and customer relationships. Established in 1964 and family owned until a management buyout in 2017, A.W. Lumb is a leading independent builders' merchant operating in the North of England from depots in Dewsbury and Tamworth. A.W. Lumb has a general merchandising service, with offerings in building materials, garden landscaping, timber & joinery and roofing products. The business also provides a specialist offering in drylining and insulation to housebuilders. A.W. Lumb's customers include several well-known house builders, civil engineering contractors, local authorities, plasterers and smaller developers. In the year to 30 June 2021, AWLC generated revenues of £43.3m, EBITDA of £3.9m and PBT of £3.8m. As at 30 June 2021 AWCL had pro forma net assets of £10.1m, £1.9m of pro forma net cash and freehold property with a market value of £4.6m. *Outlook:* "This acquisition is a major milestone in our growth and supports our stated ambition to reach £500m revenue by 2024".

## In other news ...

**Cost inflation.** Contractors pull bids for £4m Clyde Bridge project, in the face of materials and labour inflation, ConstructionEnquirer.com ([link](#)). South Lanarkshire Council has been forced back reconsider the project after both its first and second-ranked bidders for a road bridge replacement revealed the eleventh hour that they could not deliver to the promised cost. The unnamed winning bidder to replace Clyde Bridge, near Carstairs Junction, withdrew its tender blaming steel and cement cost inflation. The 90m steel bridge replacement for a weakened concrete structure was originally tendered with a £3.8m cost estimate by the council. **Viewpoint:** Although modest in value, this symbolises the range of projects facing 'viability' constraints have widened from residential and commercial into infrastructure.

*Prices are as at the previous day's close.*

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