

Progressive Property & Construction Daily



19 July 2022: KIE | Construction vacancies ease

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

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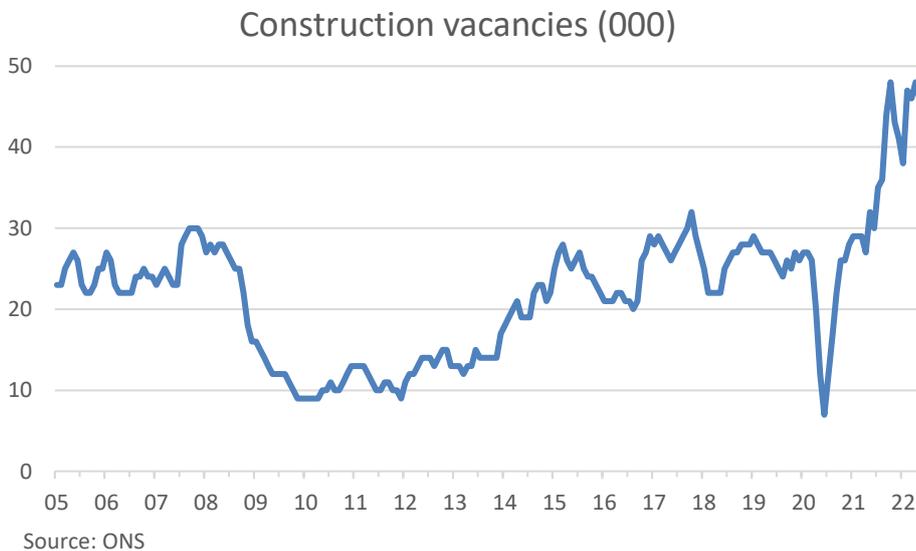
Company news

Kier Group (KIE, 75p, £336m)

Hybrid construction, property and services group. FY (Jun) trading update. *Guidance:* “Full year results are anticipated to be in-line with the Board’s expectations. This reflects a strong operational performance despite inflationary pressure which the company remains confident it can continue to mitigate going forward. These results also reflect the cost savings realised in responding to the anticipated reduced volumes in the Construction division during the financial year”. A net cash position in-line with the Board’s expectations, is expected for the FY22 year-end; average month-end net debt for FY 22 has reduced from £432m to less than £220m year over year [H1 22, £191m] as a result of the capital raise, the sale of Kier Living and cash generation. This was partially impacted by a reduction of £38m in the average month-end supply chain finance facility balance (‘KEPS’), repayment of the remaining HMRC Government support and the cash impact of adjusting items, largely relate to ongoing restructuring costs in the Construction division and fire cladding claims. The group’s supplier payment days have improved from 34 to 33 days over the last 6 months. On 1 July 2022, the Group repaid the remainder of its KEPS facility and is reviewing options for an improved facility. *Trading:* YE order book +26% to over £9.7bn “reflecting a significant number of contract wins across all divisions”. *Outlook:* “The Group remains confident in achieving its medium-term targets” including £4-4.5bn revenue and c 3.5% adj op margin.

Economic data

Employment. Vacancies in the construction industry, based on a rolling three-month average, slipped for the second straight month to 44,000 for April – June, down from a peak of 48,000 in February to April (below). Overall job vacancies in the UK in the latest period totalled 1,294,000, an increase of 6,900 from the previous quarter. These formed part of today’s employment statistics, which showed the UK employment rate at 75.9%, 0.4% higher than the previous three-month period but 0.7% lower than before the pandemic; the unemployment rate was 3.8%, 0.1% lower than the previous three-month period, and 0.2% points below pre-Covid levels. **Viewpoint:** If continued, this suggests some pressure may come off labour costs in the coming months.



Prices are as at the previous day's close.

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