

Progressive Property & Construction Daily



21 July 2022: CSP, HWDN, BRCK | Housing transactions decline | News – Sizewell nuclear station gains planning green light

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

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Company news

Countryside Partnerships (CSP, 252p, £1,260m mkt cap)

Leading mixed-tenure housebuilder. Previously called Countryside Properties, before concentrating on its mixed-tenure operations. Q3 (Jun) trading update. *Guidance:* “FY 22 guidance unchanged at approximately £150m adj op profit. We remain on track to deliver our previously communicated target of £450m asset realisation from the exit of the Legacy business and have realised £174m to date at the end of June”. *Trading:* “We have made solid progress in Q3 and have a strong forward order book as we move into Q4, our most significant trading quarter of the year, in which approximately 40% of annual completions are expected”. Partnerships completions broadly unchanged from prior year at 817 homes (Q3 21, 818); Partnerships adj rev +20%, £219m; group net reservation rate +30%, 1.04 per site/week. Forward order book +60% Y/Y, £1,910m, up 60%; 99% forward sold for FY 22. Net debt, £74.8m; weekly debt, £72.6m. “Q3 trading reflected good progress towards an exclusively Partnerships business and continued to show improvement in operating performance since the first quarter. Partnerships South and Home Counties continued to perform well, there has been a solid year-on-year improvement in the Midlands and the North division is beginning to demonstrate a recovery from the challenges experienced at the start of the year”. *Strategy:* Following a review of the group's manufacturing facilities, the Board has taken the decision to exit its site in Bardon, one of its three modern methods of construction (‘MMC’) factories and a reduction in the run-rate of losses is expected. A review of cost savings across the business has identified at least £15m of annual savings and

delivery is well underway. “On 13 June 2022, the Board announced its decision to conduct a formal sale process for the group. The preparatory work is progressing well and further announcements regarding the timing and formal launch of the process will be made as appropriate. The search for a new CEO is continuing and we will update the market in due course”.

Howden Joinery Group (HWDN, 629p, £3,541m)

UK’s largest supplier of kitchens and joinery products to trade customers, primarily small local builders. HY results. Rev +16%, £913m; op margin, 16.3% (HY 21, 15.8%); PBT +22%, £145m; EPS +20%, 19.6p; interim div +9.3%, 4.7p; net cash £250m (£476m). Outlook: “We are making good progress on our strategic initiatives and will continue to invest in these and bring forward some capital investments that underpin our leading market positions and that will drive future earnings. Howdens has good momentum going into the second half of the year which includes our all-important peak trading period. We will continue to manage inflationary pressures according to market conditions to achieve the right balance between pricing and volume. We are confident in our resilient business model while recognising that we will be trading against record revenue comparatives. While watchful of market conditions and consumer sentiment, the group remains on track with its outlook for the full year”.

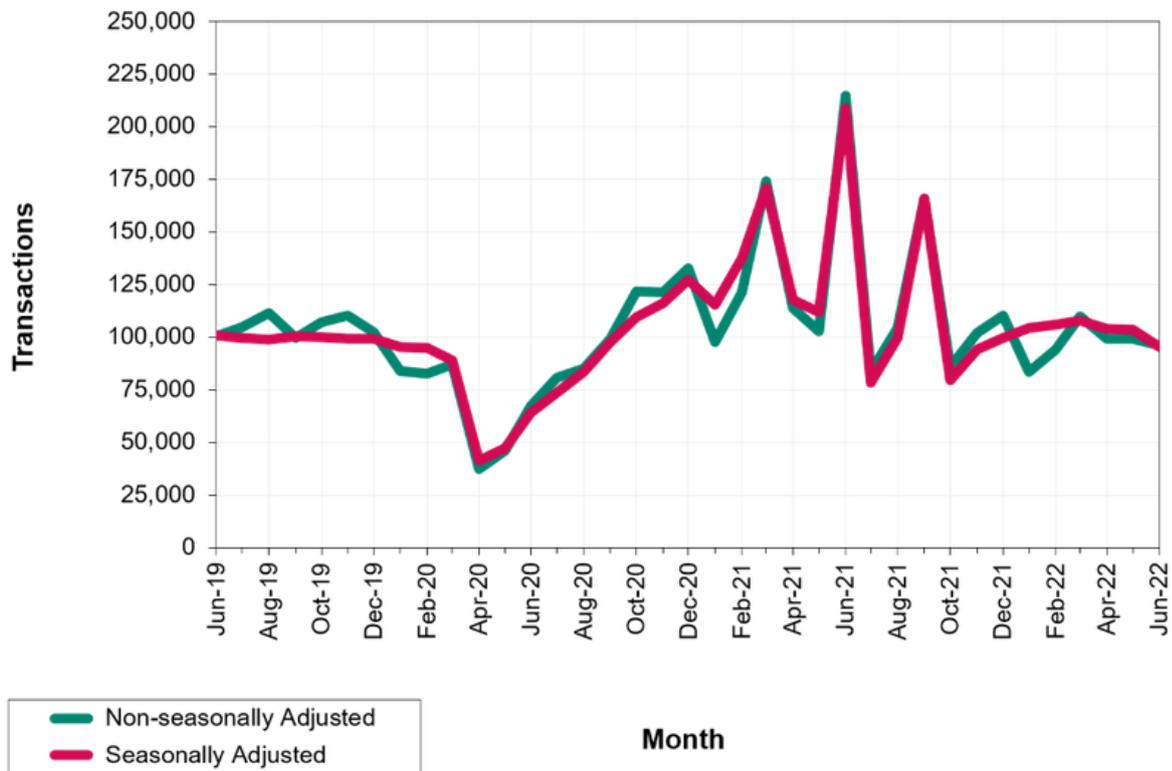
Brickability Group (BRCK, 75p, £222m)

Construction materials distributor. FY (Mar) results. Rev +187%, £520m; adj PBT +131%, £34.7m; stat PBT +64%, £18.4m; adj EPS +81%, 10.1p; div +54%, 3.0p; net cash, £0.4m (YE 21, net debt £7.3m). Trading: “The year saw the group move into new segments within the market, increase our import and distribution capacity, expand our customer and client base and build upon our existing product portfolio, all of which has enabled us to capitalise and respond to the strong demand across our sectors and achieve our key operational and financial objectives”. Outlook: “Trading in the first quarter of FY 23 has been very encouraging and, as a result of the contribution from the group's acquisitions at and following year end, the group is well positioned to modestly exceed market expectations for the current financial year”. Review and progression of acquisition opportunities ongoing.

Economic data

Housing. UK residential transactions in June totalled 95,420, 54.3% lower than June 21, the last month of the full Stamp Duty Holiday and 7.9% lower seasonally adjusted than May 22, according to the latest data from HMRC ([link](#)). **Viewpoint:** A big Y/Y fall would be expected, but the M/M decline, if continued, strongly suggests interest rate hikes and political turmoil are taking some of the momentum out of market activity levels.

Figure 1: Non-seasonally adjusted and seasonally adjusted UK residential property transactions by month between June 2019 and June 2022.



In other news

Infrastructure. Sizewell C has moved a step closer to starting construction after the Government gave planning consent for the nuclear power station project in Suffolk, ConstructionEnquirer.com ([link](#)). The decision to grant development consent on Wednesday by business secretary Kwasi Kwarteng ran against independent Planning Inspectorate advice because of concerns over the plant’s impact on protected species and habitats, and the long-term water supply at the site. Negotiations with the Government on raising funds for the project are continuing and the key Financial Investment Decision is expected next year. Other approvals required before the project can begin construction include a Nuclear Site Licence from the Office for Nuclear Regulation and permits from the Environment Agency. But planning consent was seen as the major hurdle to clear.



Prices are as at the previous day's close.

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