

Progressive Property & Construction Daily



27 July 2022: UTG, IBST, BREE

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

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Company news

Unite Group (UTG, 1,180p, £4,721m mkt cap)

Owner, manager and developer of UK student accommodation. HY (Jun) results. Adj earnings +32%, £96.0m; adj EPS+32%, 24.0p; interim div +69%, 11.0p; net debt, £1,172m (HY 21, £1,501m); LTV, 30% (30%). *Outlook:* University applications for 2022/23 up 7% on pre-pandemic levels, with record application rate for school leavers and significant demographic growth over the next decade; reservations ahead of pre-pandemic levels at 92% (2021/22: 83%, 2020/21: 82%, 2019/20: 91%). “Confident of achieving 97% occupancy and rental growth of 3.5-4.0% for 2022/23 (previously 3.0-3.5%)”. Targeting rental growth of 4-5% for 2023/24

ibstock (IBST, 180p, £726m)

UK’s largest brickmaker. HY (Jun) results. Rev +28%, £259m; adj EBITDA margin 27.3% (HY 21, 27.1%); PBT +32%, £51m; adj EPS +43%, 11.3%; interim div +32%, 3.3p; net debt, £36m (£53m). *Trading:* “Strong first half performance, despite industry-wide inflation and supply chain challenges, resulting in robust profit and cash generation, and giving [us] confidence for the full year. Demand robust in new build residential, RMI and infrastructure markets. Revenue increased with strong volume growth supported from inventories, alongside material pricing benefit”. *Outlook:* “Trading in the early weeks of the second half remains encouraging, with resilient demand across end markets. Backed by strong forward order visibility, we expect good year on year

progress in H2, despite capacity slightly below H1 due to phasing of planned shutdowns and some inventory rebuild. We expect to maintain tight control of costs, and retain our dynamic pricing strategy against a backdrop of ongoing cost inflation. Energy price risk is well mitigated with over 90% of energy requirements for H2 2022 now secured and approaching 50% secured for 2023. The Board now expects to deliver adjusted EBITDA for 2022 modestly ahead of expectations”.

Breedon Group (BREE, 71p, £1,208m)

UK and Ireland aggregates group. HY (Jun) results. Rev +12%, £671m; u-lying EBIT margin, 10.0% (HY 21, 9.2%); adj PBT +25%, £60.9m; stat PBT +29%, £59.5m; adj EPS +106%, 2.9p; div +40%, 0.7p; net debt, £208m (HY 21, £242m). *Trading*: “Volume normalising as expected, compared with Covid-recovery inflated H1 2021”.

Guidance: “Our customers' order books are healthy, the mechanism for passing through cost increases has traction and enquiry levels are encouraging. We therefore expect to deliver underlying EBIT at the top end of the range of consensus expectations”.

Prices are as at the previous day's close.

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