

Progressive Property & Construction Daily



20 September 2022: SPR, BOOT, KGF | Fortnight ahead

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

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Company research

Springfield Properties (SPR, 111p, £132m mkt cap) – *SPR is a client of PERL*

Scotland's only quoted housebuilder. FY (May) results. Total completions +28%, 1,242 (Private +27%; AH +12% and PRS +145%); rev +19% to £257m; adj PBT +12%, £20.8m; stat PBT +10%, £19.8m; adj EPS +9.3%, 15.8p; div +7.8% to 6.2p; IFRS 16 net debt, £20.8m (YE 21, £38.1m). Link to Progressive Equity Research note: [Record result against inflationary backdrop](#).

"Springfield Properties, Scotland's only quoted housebuilder, has delivered record FY22 results despite supply chain pressures, with homes completed rising 28%. Adjusted PBT rose 12% to £20.8m, 5% below our estimate mainly due to challenges in Affordable Housing (AH), while Private Housing continued to perform strongly. However, the Scottish Government's temporary freeze on rents will inevitably impact AH and Private Rental Sector (PRS) volumes, necessitating us to trim our PBT by 9% and 8% respectively for FY23E and FY24E. Despite this force majeure, we remain confident in Springfield's longer-term outlook."

Company news

Henry Boot (BOOT, 270p, £360m)

Land Promotion, property investment & development and construction group. HY (Jun) results. Rev +12%, £144m; PBT +68%, £38.8m; EPS +71%, 24.1p; interim div +10%, 2.7p; net debt, £42.8m (£43.5m); NAV, 297p (267p). *Trading:* “Strong performance in residential land sales and industrial development activity”. ROCE 10.1% (June (H1 21, 6.3%). Land sales +51%, 3,447 plots, including 2,170 at Didcot; land bank unch, 92,981. Property - committed developments of £262m, with 73% pre-sold or pre-let. Construction – rev +22%; order book, 52% of FY 23 secured. Stonebridge Homes - 96% of secured of annual sales target of 200 units for FY 22. *Outlook:* “The group has begun the second half of 2022 positively and, whilst performance is expected to be heavily H1 22 weighted, we anticipate achieving a year-end ROCE in the upper half of our target range of 10%-15%. We are also building up forward sales for 2023 and beyond. Hallam Land has exchanged on 1,282 residential plots, which will complete in 2023/24. In HBD, we have 73% of our committed programme pre-let or pre-funded and have taken advantage of strong pricing in industrial. Stonebridge Homes is making the most of strong demand and has already secured 21% of pre-sales for 2023. We continue to mitigate against supply restrictions plus associated cost inflation as well as a planning system, which is becoming more complex to navigate. Our strong balance sheet, low gearing and a portfolio rich with opportunity leave us in a good position. Moreover, we continue to have confidence in the long-term strength of our markets, our people’s high level of commitment and skills, plus our ability to grow and realise clear strategic objectives”.

Kingfisher (KGF, 247p, £4,859m)

Owner of home improvement stores across France and Europe, including B&Q in UK. HY (Jun) results. Rev - 4.1%, £6.8bn; adj PBT -29%, £472m; stat PBT -30%, £474m. UK & Ireland: rev -9.8%, £3.2bn (B&Q, -12%; Screwfix, -4.4%); retail profit -41%, £339m – “reflecting very strong prior year comparatives”. *Outlook:* “H1 performance and current trading in Q3 consistent with FY 22/23 adjusted pre-tax profit guidance of c.£770m, as set out at the start of this year.”

Fortnight ahead

Construction & property: company and economic news

September

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Bank of England	Mortgage approvals

Sources: Companies, Factset, ShareCast.com, Progressive Equity Research

Prices are as at the previous day's close.

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