

# Progressive Property & Construction Daily



18 October 2022: BWY, IBST, HICL | News – Stamp Duty cuts survive in Hunt’s ‘mini-budget’ reversals

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

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## Company news

**Bellway** (BWY, 1,826p, £2,255m mkt cap)

Top five UK house housebuilder. FY (Jul) results. Completions +11%, 11,198; prices +2.6%, £314k; rev +13%, £3,537m; u-lying op margin, 18.5% (17.0%); adj PBT +22%, £650m; stat PBT -36%, £304m; net legacy building safety expense, £346m (FY 21, £52m); adj EPS +20%, 421p; div +19%, 140p; net assets per share +2.4%, 2,727p; net cash -26%, £245m. *Trading:* Ave weekly private reservations, 170 (169). Land bank +13%, 97,706 plots. *Current trading:* “Elevated demand since the start of the pandemic has moderated”. For nine weeks since 1 August, weekly reservations -12%, 191. Fwd sales, 2 Oct +6.5%, £2,094m. “Pricing has remained firm”. *Outlook:* “Given the current economic backdrop, the range of potential outcomes for underlying operating margin in financial year 2023 is wider than the prior year. The result will be partly supported by our substantial order book and, assuming current prices and volume output similar to last year, we expect the underlying operating margin for the current financial year to be over 18%. The strengthened overall land bank enables the Group to reinforce its disciplined financial land buying criteria in the year ahead, while retaining its long-term capacity to grow volume output to over 16,000 homes per annum”. Overall average selling price in

current year anticipated at c. £300k (FY 22, £314k). “The moderation from 2022 primarily reflects a higher proportion of social housing completions”.

### **lbstock** (IBST, 1,152p, £598m)

UK’s largest brickmaker. Q3 (Sep) trading update. *Guidance*: “The Board now expects FY 22 performance to be above its previous expectations. Trading ahead of our expectations in the third quarter with robust demand patterns and strong operational performance. Effective management of the cost base, including energy costs, and resilience in our business model have supported performance. We expect to maintain strong control of costs, and retain our dynamic pricing strategy against a backdrop of ongoing cost inflation”. Clay – volumes in the third quarter were marginally above the comparative prior year period. The energy price surcharge remained in place, which enabled the recovery of cost inflation. Group’s energy price risk management strategy continues to be effective in mitigating significant volatility in energy markets: our energy requirements are now well covered for the 2022 year and cover for 2023 almost 50% of projected network needs. The strategic growth investments at the Atlas and Aldridge factories are progressing well and are on track to start commissioning as expected from the end of 2023. Concrete – performance was in line with expectations, with volumes broadly similar to the comparative prior year period. Volumes of walling stone were modestly above the comparative prior year period, offset by slightly lower floor beam volumes. “Following operational challenges in the first half of the year, we have seen encouraging improvement in our roof tile output with sequential quarterly margin progression”. Futures – “Following the asset acquisition in H1, the integration of Telling GRC is progressing well and as expected. During the third quarter, we strengthened further our capabilities through the acquisition of Generix, a non-combustible façade systems business. This acquisition represents a further strategic step in broadening the range of façade systems offered within Futures”. Net Debt to EBITDA for FY 22 year projected to remain towards the bottom end of group target range.

### **HICL Infrastructure** (HICL, 161p, £3,279m)

Listed infrastructure investment group with diversified portfolio of 117 investments in UK, Europe and N America. Net asset value. NAV (Sep), 164.3p, +0.7% vs 163.1 (Mar). Reflects positive portfolio performance, current and forecast inflation and negative impacts from discount rates and dividends paid. HY results, 23 November.

## **In other news ...**

**Post ‘mini-budget’**. Former Chancellor Kwasi Kwarteng’s Stamp Duty reductions were among the few tax cuts to survive in yesterday’s emergency statement from Jeremy Hunt, BBC ([link](#)).

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

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