

# Progressive Property & Construction Daily



24 January 2023: BOOT, SUR, OTMP | News – Redrow to ‘offer heat pumps as standard’

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

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## Company news

**Henry Boot** (BOOT, 246p, £329m mkt cap)

Land Promotion, property investment & development and construction group. FY (Dec) trading update.

**Guidance:** The group achieved “best ever financial results on an underlying profit basis, which excludes unrealised valuation movements on investment property. In line with the fall of UK commercial property values, the investment portfolio reduced in value, resulting in the Group expecting profit before tax for the year ended 31 December 2022 to be slightly below market expectations. Whilst it’s too early to predict the outturn for 2023 at this stage, the group expects this year to be more challenging than 2022”. YE 22 net debt, c. £49m (YE 21, £44m), “remaining at the lower end of our targeted gearing range of 10 - 20%”. **Trading:** Hallam Land Management - Strategic target of selling 3,500 plots pa exceeded, with sales materially higher than in the prior year primarily due to a major disposal of 2,170 plots to Taylor Wimpey and Persimmon Homes at Didcot. The total land portfolio has increased to 95,407 plots (2021: 92,667) of which 9,325 plots have planning. “The planning environment is becoming increasingly challenging which supports demand for the 9,325 approved plots in HLM’s portfolio.”. Henry Boot Developments completed developments with a GDV of £117m (HBD share £83m; FY 21m, HBD share £68m), of which 92% have been pre-let or pre-sold. “Whilst the investment market has slowed, occupational demand continues to hold up with the group experiencing robust appetite for high-quality industrial space”. Stonebridge Homes delivered 175 completions (FY 21, 120). “Demand for SBH homes, whilst reducing from the record levels experienced in the middle of last year, has

also proven resilient since the year end". The construction businesses "traded ahead of expectations" in 2022, with Henry Boot Construction trading in line with management expectations, delivering its order book for 2022 "despite a challenging environment with regard to labour and material supplies, beginning the year with 68% of the 2023 order book secure". *Outlook:* "We remain convinced, however, that in the medium term our three key markets, and the resilience of our business model, will allow us to continue to meet our strategic growth and return ambitions. FY results, 21 March.

#### **Sureserve Group** (SUR, 85p, £141m) – *PERL provides research services to Shore Capital on this stock*

Social housing energy services group. FY (Sep) results. Continuing basis: rev +27%, £275m; adj PBT ++42%, £16.0m; stat PBT (continuing and discontinuing) £13.9m (FY 21, £13.8m); adj EPS (cont.) +37%, 8.1p; div, 0p (0p); net cash, £23.3m (£16.4m). *Trading:* divisional EBITA margin, 6.1% (5.7%); orders +18%, £594m; average contract length, 6 years (5 years). *Outlook:* "The shift to longer term contracts that we have seen gives us confidence in the year ahead and beyond. We remain focused on pursuing a strategy of both organic growth and acquisitions to increase our presence in the gas heating and renewables sectors, and our acquisition of CorEnergy has proven to be a successful addition to our renewables expertise. The group [is] well placed to support our clients through the energy transition, and deliver against our ambition to double our sales and further improve net margins and earnings per share within the next four years".

#### **OnTheMarket** (OTMP, 73p, £55m)

Agent-backed residential property portal. CFO appointment. Tom Carter has agreed to join after a six month notice period with his current employer, from AIM-listed Brand Architekts Group, an international beauty brand business, where he has been CFO since 2020. Simon Bullock has been appointed as Interim CFO with immediate effect to provide the finance function with experienced leadership between Clive Beattie's departure on 27 January 2023.

## In other news ...

**ESG.** Top 10 housebuilder Redrow has announced that all of its new detached homes developments will use air source heat pumps and underfloor heating as standard, as part of its plan to achieve net zero carbon by 2050, Property Week ([link](#), paywall).

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

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