

# Progressive Property & Construction Daily



13 March 2023: BWY, RDW, HERC

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

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## Company news

### **Bellway** (BWY, 2,099p, £2,592m mkt cap)

Top five UK house housebuilder. Signing of the Self-Remediation Terms with the Department for Levelling Up, Housing and Communities (DLUHC). “Bellway signed the Building Safety Pledge in April 2022, and the subsequent signing of the SRT has converted the principles of the Pledge into a binding agreement between Government and the Group. The Board has taken the decision that the signing of the SRT is in the best interests of both shareholders and residents of affected schemes, while also having regard to the consequences of not doing so under the Government's proposed Responsible Actors Scheme. The RAS is expected to become law in the near future, and it will give the Government the power to prevent developers who have not signed the SRT from commencing developments for which they have planning permission, and from receiving building control approval for construction that is underway. The Board has determined that the terms of the SRT will not result in any movement in the Group’s legacy building safety improvements provision. The SRT also includes a requirement to reimburse DLUHC for the costs of remediation already carried out through the Government's Building Safety Fund and their ACM Fund. To date, DLUHC has paid out £22.8m through these funds in relation to works carried out on Bellway legacy buildings, the costs of which have been fully provided for in the prior financial year. As previously announced, in the period between 2017 and up to 31 July 2022, the group has set aside £514m to remediate legacy apartment blocks in England, Scotland and Wales. Bellway retains a strong balance sheet with net cash of £292m as at 31 January and committed debt facilities of £530m. In this regard, the Group is well placed to meet its commitments under

the SRT and importantly, the expected level and timings of the costs will not be detrimental to Bellway's long-term strategic priorities".

#### **Redrow** (RDW, 471p, £1,557m)

Top 10 UK housebuilder. Fire Safety Self Remediation Terms. "Redrow confirms that it has signed the Self Remediation Contract. As referred to in our Interim Statement, the Self Remediation Contract widens builders' responsibilities regarding potential remediation work which may need to be undertaken. Although this would mean an increase to our Building Safety provision, we do not expect this increase to be substantial. Regardless of the Self Remediation Contract formalities, we are proceeding with the remediation of the buildings concerned".

#### **Hercules Site Services** (HERC, 40p, £25m)

Technology enabled labour supply company for the UK infrastructure sector. AGM statement. *Guidance:* "Following a year where we delivered 50% growth in turnover ... the directors believe another such year of similar growth lies ahead, and we are excited at the prospects for Hercules in both the near and mid-term as we seek to grow the business both organically and via selective acquisitions". *Trading:* "Trading in the current financial year has begun positively. As well as increased momentum on the HS2 rail project from London to Birmingham, we expect further growth to come from new contracts for our Labour Supply, Suction Excavator and Civil Projects divisions, driven by the buoyant conditions in the infrastructure market at present. Our recent fundraise provides us with additional working capital to enable us to meet the strong demand for our services we are experiencing. we look forward to building on the momentum we have achieved in terms of monetising our digital services. With regards to potential acquisitions, we are progressing discussions with potential targets and look forward to updating the market at the appropriate time". *Outlook:* "The Board remains confident about the outlook. We have to navigate through the current challenging economic climate similar to other UK businesses, but we are experiencing unprecedented demand for our services due to the multi-billion-pound infrastructure commitments made by the UK government and private enterprises". HY results, 5 June.

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

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