Progressive Property & Construction Daily

23 March 2023: CRST, INL, GFRD, SFE, WIX

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

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Company news

Crest Nicholson Holdings (CRST, 208p, £533m mkt cap)

South East focused mixed tenure housebuilder. AGM statement. Sales rate, past 11 weeks, 0.52 per site per week, from 0.35 for the 11 weeks from 1 November, which "reflects the ongoing and steady recovery in overall consumer confidence and housing market activity since the start of the year. Average selling prices have remained robust. The market is clearly softer than the previous two years of trading, however it remains resilient. Build cost inflation remains a challenge for housebuilders. Since the start of the year, we have seen subcontractors starting to anticipate a lower level of build activity which is now being reflected in a greater competitive intensity for work and pricing. We continue to expect that the overall basket of high single-digit percentage build cost inflation will recede during 2023". Cladding remediation provision of £141m remains. *Outlook:* "While the economic outlook remains uncertain the housing market has continued to demonstrate its relative resilience. The Board remains confident in Crest Nicholson's ability to create value through the development of its attractive land portfolio and its plans to expand into new regions, which is on track and progressing well. The housing market fundamentals remain strong and the Group continues to benefit from a strong balance sheet which gives it flexibility to trade in tougher market conditions". HY results, 8 June.

Inland Homes (INL, 7.25p, £16m)

Leading brownfield developer, housebuilders and partnership housing group, focused on South and South East. Update on related party matters; timetable for audit of accounts; potential fund raise. "On 1 March 2023 the Company announced that it had become aware of certain related party issues of which the Board was not informed at the relevant times. PricewaterhouseCoopers was appointed as the Group's auditor on 3 August 2022. The final audit of the results for the year ended 30 September 2022 commenced in November 2022. Following resignations of three Non-Executive Directors and the related party issues announced in outline on 1 March 2023, both the Board and PwC concluded that they would require further time to review these matters and required the Company to commission an independent report on the related party issues and any other relevant matters. Matthew Robinson and Trevor Sawyer have since been appointed to the Board as independent non-executive directors. The Non-Executive directors and PwC have explored options for completing the audit and a practical solution involving suitable internal management procedures along with an independent review, has been identified. Once completed these procedures will be audited by PwC. The Board is now in the final stages of commissioning an independent report from a third party which will confirm details of the transactions in question as well as update the Company's internal registers. As a result of these matters, the Company will not be in a position to publish its audited results before the 31 March 2023 deadline stipulated in the AIM Rules. Consequently, trading in the Company's shares will be suspended at 7.30 am on 3 April 2023. The Company intends to request a restoration of trading in its shares on publication of its FY22 audited results. Separately the Company announces that it is contemplating a fund raising of up to £5m, to be implemented at 10p per share, being the nominal value of the Company's shares. It has received indicative support for around half of this amount and is progressing discussions in this regard."

Galliford Try Holdings (GFRD, 172p, £185m)

UK construction and infrastructure services group. Contract. Reappointed by the Southern Construction Framework to the £4.5bn SCF Construct Framework, which provides a procurement route for construction services to local authorities and public sector bodies across the south of England.

Safestyle UK (SFE, 29p, £40m)

UK manufacturer, recycler and distributor of window, door and roofline PVC products. FY (Dec) results. Rev +7.7%, £154m; u-lying loss before tax, £4.4m (FY 21, +£7.6m); stat PBT -£8.8m (+£6.0m); EPS, -4.7p (+3.5p); div, 0.5p (interim, 0.4p; final, 0.1p; FY 21, total, 0p); net cash, £8.0m (£12.1m). *Trading:* Implemented £5m strategic investment programme, including return to TV advertising, driving 6ppts (46%) increase in unprompted brand awareness over 2021. Market share (as measured by Fensa) increased by 0.2ppts to 8.0% versus FY 21. *Outlook:* "The trading context of the UK economy and consumer confidence remains challenging. January order intake was in line with management's expectations but, February and March to date have been slower than anticipated. Board now expects revenue to be below current expectations and full year underlying profitability to be at least £2.0m, as a balance is struck between driving sales and the levels of investment made into the business. The medium-term strategic objectives remain unchanged. As the national value player in a historically-proven resilient sector, we are well-placed to attract consumers in these tougher economic times, increase market share and also make progress towards our medium-term financial and strategic objectives".

Wickes Group (WIX, 145p, £376m)

UK DIY retail chain. FY (Dec) results. Rev +1.8%, £1,562m; adj PBT -11%, £75.4m; stat PBT -38%, £40.3m; adj EPS -12%, 23.8p; div nc, 10.9p; net cash, pre-IFRS16, £99m (FY 21, £123m). *Outlook:* "In the first 11 weeks of 2023 trading has been in line with our expectations. Core sales are moderately behind the same period last year, with Trade sales in growth and DIY continues to normalise. In DIFM, delivered sales are slightly ahead year on year due to the elevated order book; ordered sales are in line with the same period in 2022. Whilst we are mindful of the macroeconomic backdrop, we remain confident in our ability to drive further market share gains given the strength of our proposition and improvements we have made to our offer. We have efficiency plans in place which will offset inflationary pressures in 2023, with the exception of energy costs which as previously indicated will be £10m higher than in 2022".

Prices are as at the previous day's close.