

Progressive Property & Construction Daily



27 March 2023: SFR, BLV, INL, SRC | News – BBC homes in on rental ‘crisis’ | Fortnight ahead

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

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Company research

Severfield (SFR, 62p, £192m mkt cap) – *SFR is a client of PERL*

Britain’s leading structural steel group, with sales to Europe and a rapidly growing Indian JV. Trading update and Capital Markets Event. *Guidance:* “Performance in the second half of the 2023 financial year [to 31 March] has been strong and we expect to deliver a full year result in line with our previous expectations”. Capital Markets Event this afternoon will focus on the group’s new divisional structure, opportunities for expansion in Europe, including this month’s acquisition of Dutch fabricator VSCH, and the Project Horizon digital transformation programme. Link to Progressive Equity Research note, [Outlook confirmed ahead of investor teach-in](#):

“Severfield, the UK’s leading structural steel specialist, has signalled ahead of today’s Capital Markets Event that a strong second-half performance confirms that FY23 results should be in line with its previous expectations. The acquisition of Dutch fabricator Voortman Steel Construction Holding (VSCH), announced on 15 March, also prompted us to increase estimates for the following two years (see note). Today’s event will include a focus on opportunities in Europe, while the Indian JV continues its profitable growth.”

Company news

Belvoir Group (BLV, 166p, £m)

Franchised lettings agency group. FY (Dec) results. Rev +14%, £33.7m; PBT -2%, £9.1m; EPS -2.5%, 19.9p; +6%, 9.0p; net cash, £1.2m (FY 21, £1.3m). *Trading:* Management service fees (MSF) +2%, £11.0m (of which, £0.2m net from acquisitions); Lettings +3%, £8.2m (77% of total); Sales -6%, £2.3m. Acquired Mr and Mrs Clarke for £0.5m in March and The TIME Group for £4.5m in May. *Outlook:* "The Autumn Statement somewhat reassured borrowers and lenders. This has seen a return to the market of many mortgage products with strong competition between lenders pushing mortgage rates back down. At the same time, the reduction in house prices since August has helped to improve affordability. The level of sales instructions and mortgage applications to date in 2023 have shown signs of improvement, up 9% and 21% respectively, compared with Q4 2022. Given the lead time from instruction to completion of a house sale and from mortgage application to drawdown can be up to five months, the improvement in activity so far in H1 is not likely to flow through into financial performance until H2. Our property franchisees benefit from significant recurring lettings revenue that contributes around 56% of gross profit and our financial services advisers have substantial client books from which to offer remortgages and other financial products, so are not entirely reliant on new mortgage business. The Board is confident that the resilience and diversity of Belvoir's business model will enable the Group to perform well against the market as a whole in 2023 and beyond, despite the current challenging market conditions". AGM, 18 May. **Viewpoint:** An interesting vignette from the virtual results meeting was that CEO Dorian Gonsalves revealing he'd recently been offered a re-mortgage at a rate of 3.99% (at 60% LTV); in October he'd been offered 6.25% on an equivalent product. He's still holding out for a further reduction before taking up an offer. It wasn't so long ago that financial pundits were cautioning that all mortgages were heading north of 6%.

Inland Homes (INL, 5.2p, £12m)

Leading brownfield developer, housebuilders and partnership housing group, focused on South and South East. Contracts conditionally exchanged to sell 31 affordable homes to Eastlight Community Homes for £6.5m to be satisfied in cash on completion. The sale forms part of Inland's Templar Green development where planning permission was obtained for over 70 new homes set within a generous landscaped setting. Completion will take place in phases over the coming months as the units are completed.

SigmaRoc (SRC, 54p, £373m)

Heavy construction materials group active in the UK, Channel Islands and Benelux. FY (Dec) results. Rev +98%, £538m (+19% LFL); EBITDA +106%, £102m; EBITDA margin, 18.9% (FY 21, 18.1%); PBT +134%, £62.7m; EPS +49%, 8.0p; div, 0p (0p); net debt, £194m (£164m). *Trading:* LFL volume growth of 1%, "despite softer demand conditions through the year in certain markets". U-lying EBITDA margin, excluding energy and other 'pass through' costs, 21.8% (20.4%). Annualised efficiency improvements, £5m. Three acquisitions completed for a net initial cash consideration of £44.6m with average multiple of 7x EBITDA funded from operational cash flow. Deploying £12m of the £30m equity fundraise in February on two businesses across Europe, with work ongoing to deploy the remainder. New divisional structure implemented with regional head coordinating activities of platforms captured within the region. *Outlook:* "Trading in the early part of FY 23 has been encouraging, with overall performance for January and February in line with expectations. The group has

made good progress in executing its capital investment pipeline. We are very optimistic about prospects for 2023 and expect to deliver further improvement over what was a very successful 2022". AGM, 25 April.

In other news ...

Rental market. The BBC will this week intensify its focus on the UK's 'renting crisis' with a series of special programming under the 'Rental Health' banner ([link](#)). Radio 4, 5 Live and BBC News will run a series of programmes and its effect on the overall cost-of-living. **Viewpoint:** This has been a growing focus for the BBC and will, no doubt, attract the attention of ministers in a government previously obsessed with home ownership.

Fortnight ahead

Construction & property: company and economic news

March

28	Bellway (BWY)	FY results
	Marlowe (MRL)	Capital markets event
29	Michelmersh Brick Holdings (MBH)	FY results
	Sureserve Group (SUR)	Capital markets day
	Bank of England	Mortgage approvals
30	Nationwide	House prices
31	ONS	GDP
5	Lords Group Trading (LORD)	FY results
6	Halifax	House prices
	S&P Global	Construction PMI

Sources: Public announcements, Factset, ShareCast.com, Progressive Equity Research

Prices are as at the previous day's close.

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