

# Progressive Property & Construction Daily



21 May 2024: FORT, WJG, BWY, VTY, EPWN, KGF

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

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## Company research

**Forterra** (FORT, 176p, £375m mkt cap) – *FORT is a client of PERL*

UK's second largest brick producer and leading building materials producer. AGM. Link to Progressive Equity Research note, [Guidance maintained amid early signs of uplift](#):

*“Today’s AGM statement reaffirms Forterra’s FY24E guidance despite a continuation of ‘challenging’ conditions, made worse by record rainfall. The group expects a greater H2 weighting than previously guided, but has seen improved demand for front-end housebuilding materials, including foundations products. This tallies with our belief that housebuilders have re-entered the land market and plan to increase production as early as Q2.”*

**Watkin Jones** (WJG, 54p, £138m) – *WJG is a client of PERL*

Residential for rent developer and manager in the build-to-rent (BTR) and student accommodation sectors. HY (Mar) results. Link to Progressive Equity Research note, [Guidance unchanged as investment rekindles](#):

*“Watkin Jones has maintained its FY24E guidance following today’s results for the six months to 31 March, which showed operating profit more than doubling. The group continues to expect a heavy H2 weighting as it has focused on operational performance while the forward-funding market has*

*remained largely on hold, pending further clarity on the direction of interest rates. Sentiment is now gradually improving, according to the group."*

## Company news

### **Bellway** (BWY, 2,780p, £3,307m)

Top five UK house housebuilder. Directorate changes. Group Finance Director Keith Adey has advised the Board that, following a career that has spanned over 15 years with Bellway and over 12 years in the current role, and after much careful consideration, "the time is right to step down from his role and from the Board. Keith intends to retire from full-time executive work once a successor has been appointed". A thorough recruitment process will now be undertaken. Throughout this process Keith will remain committed as Group Finance Director until an appropriate candidate has been appointed and a suitable handover has taken place which the Board expects to be early in 2025. Simon Scougall will be appointed to join the Board in the newly created executive role of Chief Commercial Officer on 1 August. Simon has held a number of senior positions within Bellway for over 13 years and is currently the Group General Counsel and Company Secretary and a member of the Group Executive Committee.

### **Vistry Group** (VTY, 1,307p, £4,438m)

Formed from the mergers of Bovis Homes and housebuilding and partnerships divisions of **Galliford Try** (GFRD) and **Countryside Partnerships**; currently transitioning to a high volume, high ROCE partnerships model. Vistry selected by Sovereign Network Group to construct and deliver a 100% partner funded development at Merrick Place in Ealing worth £157m. The residential-led scheme will create 575 new mixed-tenure homes along with commercial floorspace across four separate buildings, and will include affordable homes for rent, shared ownership and PRS. The development will be a car-free zone, featuring 926 designated spaces for bicycle parking and two dedicated servicing bays, located on Merrick Road.

### **Epwin Group** (EPWN, 89p, £126m)

Low maintenance building products manufacturer. *Guidance:* "Current trading remains in line with the Board's expectations and the group remains confident of delivering underlying operating profit for the year in line with recently increased market consensus expectations [consensus u-ying op profit, £25.8m], as well as making further strategic and operational progress". *Trading:* "The group continues to carefully manage the balance between volume and margin, with revenues to date behind a strong prior year, as expected. This has been driven by the impact of lower PVC input prices on levied surcharges and macroeconomic headwinds which, as widely reported across the sector, continue to affect demand from housing construction and the RMI markets. *Outlook:* "The group's broad product range, diverse customer base and operations, longstanding supplier relationships and strong balance sheet continue to provide a large measure of resilience against any short-term changes in market conditions. The medium to long-term drivers of Epwin's end markets remain positive, with the UK still facing a shortage of new and affordable housing, an ageing and underinvested housing stock and increasing concern about the quality of social housing. Environmental concerns are driving legislation and initiatives that will require improvements to homes on a larger scale than simply essential maintenance, with

the need to decarbonise the UK housing stock and improve the energy efficiency of homes”. *Capital allocation*: “The Board will continue to monitor the progress of the buyback programme and, whilst there is no guarantee that the extended programme will be completed in full, it is currently envisaged that it will end no later than 30 September”. To date 0.8 million shares have been purchased since the extension at an aggregate cost of £0.7m.

### **Kingfisher** (KGF, 264p, £4,922m)

Owner of home improvement stores across France and Europe, including B&Q in UK. Q1 (Apr) trading update. *Guidance*: “Full year guidance is unchanged. We expect FY 25 adjusted PBT of c. £490m - £550m and free cash flow of c. £350m - £410m”. *Trading*: Q1 sales -0.3%, £3.3bn (+0.3%, constant currency, -0.9% LFL). UK & Ireland – “Market share gains made at B&Q supported by strong e-commerce and TradePoint sales; share gains and positive LFL at Screwfix”. France – “Sales in line with our expectations. Castorama and Brico Dépôt performing broadly in line with weaker market”. Poland – “improved sales trend supported by stronger market”.

*Prices are as at the previous day’s close. Where quoted, net debt is pre-IFRS16 (excluding leases) unless otherwise stated.*

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