

Progressive Property & Construction Daily



24 May 2024: GFRD, MGNS, KINO | Economics – Architect turn positive for first time in 10 months | News – Lords attempts to rush through leasehold reform bill on last Parliament sitting before Election | Fortnight ahead

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

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Company news

Galliford Try Holdings (GFRD, 275p, £282m mkt cap) – CORRECTION

UK construction and infrastructure services group. Yesterday's post contained a typo; the group's upgraded revenue target is, of course, £2.2bn, rather than the less demanding £.2bn. Corrected excerpt ...

The new 2030 targets are: revenue, £2.2bn [previous 2026 target, £1.6bn; FY 23 result, £1.4bn], "maintaining disciplined contract selection and robust risk management in resilient market sectors"; divisional op margin, 4.0% [3.0%; 2.4%], "through a focus on both top and bottom line growth and accelerated growth in our higher-margin adjacent market businesses"; cash, "retain a strong balance sheet and operating cash generation"; dividends cover, 1.8x [unchanged].

Viewpoint: Galliford's new targets formed the centrepiece of yesterday afternoon's capital markets event for investors. For listed companies, it's always worth considering running these periodically. With a few caveats: there should always be something worth talking about, not just because "it's time we had another" (in Galliford's case, there was the extended strategy and the addition of a new Affordable Housing business now that the no-compete clause with **Vistry Group** (VTY) has lapsed); it needn't be an exhaustive trawl through all group activities (in addition to AH, there was an eclectic focus on various aspects, including the small but

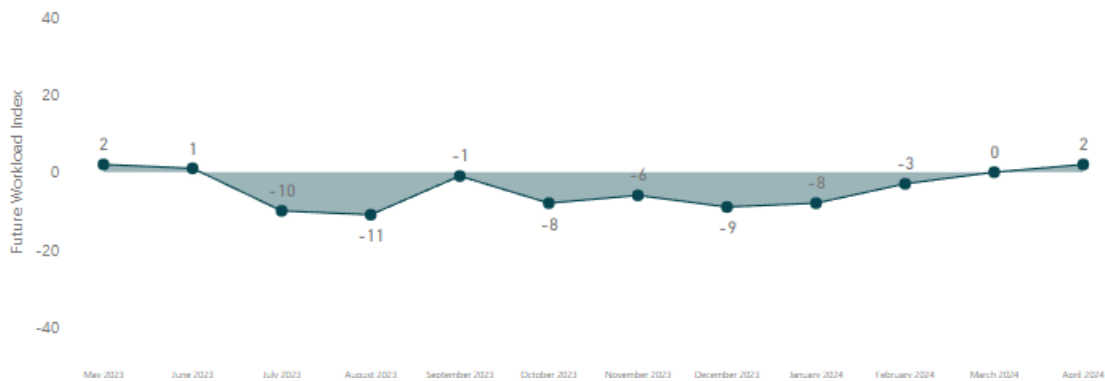
potentially exciting Oak Specialist Services and a presentation by the head of HR on why the group – like all construction companies, a people business – claims half the staff churn rate of the industry as a whole); and, related to the last point, these events should present a broad range of management tiers, not just CEO and CFO. **Morgan Sindall** (MGNS) adopted another approach two days earlier: the equivalent of a ‘speed dating’ session at which investors and analysts could meet the MDs of all the group to question, chat and gossip, with CEO John Morgan maintaining a very low profile – less choreographed, but equally worthwhile.

Kinovo (KINO, 56p, £35m)

Property services provider, formerly Bilby, specialising in compliance and sustainability. Trading update (a more detailed version, as predicted on 2 May, when FY (Mar) 24 guidance was raised). *Guidance:* (Continuing operations) Rev +2.2%, £64.1m; EBITDA +23%, £6.7m [both previously notified]; adj PBT +25%, £6.1m; net cash, £0.4m (FY 23, £1.1m). *Trading:* “Strong progress during the period has been underpinned by the ongoing implementation of our key strategic objectives to accelerate organic growth through our three key pillars as well as investing in our people, leveraging efficiencies through collaborative support functions, and consolidating our geographic position. As previously announced, certain planned workstreams in FY24 had experienced some client related administrative delays but these works are now underway”. Discontinued operations – Seven of DCB Kent’s nine projects have either achieved practical completion or have been concluded with the penultimate site due to conclude by early July and the Company remains in discussions regarding the final project which is currently due to be completed in 2026. The anticipated financial liabilities for DCB currently remain in line with those disclosed on 8 March. *Outlook:* “Our strategic repositioning to focus on the three pillars of Regulation, Regeneration and Renewables works continues to yield results, and the investments we have made across the business, in our people and our capabilities, are generating strong returns. Underpinned by key regulatory and legislative drivers, we remain confident in our growth trajectory”. FY results, 9 July.

Economic data

Architectural workloads. Architects have become more positive on their outlook for the first time in 10 months, according to the latest [Royal Institute of British Architects](#) monthly trade survey. The RIBA Future Trends survey for April recorded a positive +2 net balance on the headline industry workload index for the first time since June 2023, ending the longest period of expected decline since the survey began in 2009. Over the next three months, 19% of practices expect workloads to increase, 17% expect them to decrease, and 63% expect them to stay the same. The outlook for the private housing, commercial and community all improved. **Viewpoint:** A decent long-term lead indicator, for non-residential construction workload trends.



In other news ...

Politics – leasehold reform bill. Will it, won't it pass? Final push to pass leasehold reform bill before UK election, [Financial Times](#) (paywall). House of Lords to debate measures increasing transparency on service charges today, the last day that Parliament sits before General Election. (Previous media sources had indicated the bill would be dropped, but the FT reports that upper house announced late on Thursday that it would consider the bill during the final hours of the 'wash-up' period when legislation can be rushed through.) The bill makes big changes to the system of leases under which about 5 million homeowners in England have rights to their property for a fixed period, and often pay fees and ground rents to a freeholder. The measures include banning most new leasehold houses, making it easier for leaseholders to buy out or extend their lease and increasing transparency around service charges.

Fortnight ahead

Construction & property: company and economic news

May

28	Genuit Group (GEN)	AGM
30	Nationwide BS	House prices (TBC)
31	Bank of England	Mortgage approvals (09:30)
	HMRC	Housing transactions (09:30)

June

3	Hercules Site Services (HERC)	HY results
4	Billington Holdings (BILN)	AGM
5	ONS	Building materials stats
6	Mitie Group (MTO)	FY results (09:30, Shard)

	S&P Global	Construction PMI
7	Halifax	House prices
	The Property Franchise Group (TPFG)	AGM

Sources: Public announcements, ShareCast.com, Progressive Equity Research. Most are released at 07:00 unless otherwise stated.

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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