

Progressive Property & Construction Daily



23 April 2020: TW., VTY, NMCN, KLR, EPWN; The march back to sites gathers pace

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

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Company comments

Two top five housebuilders leading the way back to sites and demonstrating homes can be sold remotely

Taylor Wimpey (TW., 135p, £4,422m mkt cap)

Top three housebuilder by volume. Trading statement. *Trading:* “While our sites have been closed, trading has inevitably been impacted. However, we are still seeing continued demand for our homes and our sales teams have been selling homes remotely, and digitally, week to week”. Orders at week ending 19 April +12% compared with 2019 week 16, c. £2,677 m; cancellations represent less than 1% of current order book. Group completions in the 16 weeks to 19 April -14%, 2,271, reflecting temporary site closures, and at “prices comparable to those in Q1 20”. *Actions:* Remobilisation on the majority of sites in England and Wales to start on 4 May with a phased process based on detailed new site operating protocols with strict social distancing, based on current Government guidance and medical advice. Sales centres and regional offices to remain closed while latest guidance around social distancing is monitored. Group will continue to provide service to customers and sell remotely and digitally. *Outlook:* “Whilst at this stage it is too early to resume guidance, we are encouraged by the resilience and confidence in our order book”. *Finances and dividends:* Fully drawn down £550m RCF and, at 22 April, cash balances of c.£836m. “This strong liquidity position means that our focus is very much on future opportunities rather than solely short-term cash generation”. As previously announced, 2019 final dividend that was due to be paid on 15 May and the planned 2020

special dividend payment that was due to be paid on 10 July both cancelled. Eligible in principle as an issuer of the Treasury's Covid Corporate Financing Facility. [Further to 24 Mar and 1 Apr updates.]

Vistry Group (VTY, 727p, £1,579m)

Top five housebuilder, formed from the merger of Bovis Homes and housebuilding divisions of Galliford Try. FY (Dec) results. Covid-19 update. *Trading:* Since the lock down commenced 212 gross private reservations taken, 132 net of cancellations; exchanged on 170 homes and legally completed a total of 193 private sales. Levels of website traffic and prospects remain strong, an indication of the continued underlying demand. *Actions:* Decision taken to recommence work on c.90% of Partnership sites and a significant number of housing sites from 27th April. In March, all executive directors, the wider senior leadership team, chairman and the non-executive directors volunteered a 20% reduction in base salary and fees, effective from 1 April. *Finances and dividends:* As at 21 April net debt was below group's expectations at £440m; committed banking facilities of £770m with well spread maturities out to 2027. Second interim dividend previously postponed. [Further to 25 Mar update.]

nmcn (NMCN, p, £m) – *NMCN is a client of PERL*

Construction and engineering services company. FY (Dec) results and further Covid-19 update.

nmcn delivered a 32% rise in underlying PBT for year to December but, as highlighted in its Covid-19 update of 14 April, it withdrew financial guidance and suspended its final dividend among measures to preserve its strong net cash and "emerge as a strong contender in its markets". The company is working on projects equivalent to up to 70% of its normal workload. We are seeing increasing evidence of the Government's commitment to restart construction sites as soon as possible, particularly in infrastructure and other core nmcn areas. [Link to Progressive Equity Research note.](#)

Keller Group (KLR, p, £m)

World's largest ground engineering group, with 56% exposure to North America. Q1 trading and Covid-19 update. *Trading:* Notwithstanding Covid-19, the March result was less impacted than expected and the performance for the quarter as a whole was "better than our expectations, and materially better than the prior year". *Trading in April* remains mixed, with APAC and EMEA currently impacted more than North America, which varies significantly by state. *Actions:* Broad range of cost and cash saving measures, including voluntary 20% cut in salaries and fees for board and senior management. *Outlook:* Once current national and regional restrictions on travel and work are lifted, group would expect to return to work on the majority of those contracts currently being affected and the order book in the near term remains largely unaffected. *Finances:* As at the end of March, net debt was £251m, on a bank covenant IAS 17 basis, equating to a net debt to EBITDA ratio of 1.3x. Undrawn committed and uncommitted borrowing facilities totalling £238m. *Dividends:* "The board will keep the appropriateness of paying the final dividend under review until the rescheduled AGM [postponed from 21 May to 30 Jun], with a final decision dependant on the prevailing circumstances at the time. [Further to 25 Mar update.]

Epwin Group (EPWN, 69p, £98m)

Low maintenance building products manufacturer. FY (Dec) results. Rev unch, £282m; adj PBT -1.2%, £17.0m; adj EPS -6.8%, 9.6p; div -64%, 1.75p (final dividend previously withdrawn). Net debt £16.4m (YE 19, £24.8m); net debt/EBITDA 0.6x (0.9x). *Actions:* Operations paused on 25 Mar. *Outlook:* guidance previously suspended. [Further to 25 Mar update.]

In other news ...

Construction industry leaders are now in talks with the Local Government Association to facilitate the **extension of permitted working hours for construction sites** across the country, constructionenquirer.com ([link](#)). The talks, involving Build UK, come amid growing tension among subcontractors and main contractors about productivity and delivery deadlines for work packages on sites. Also, on same site, Site workers want free parking in London to avoid tube ([link](#)).

Chestertons does thousands of **virtual viewings** and agrees hundreds of new tenancies, Property Industry Eye ([link](#)).

CRH (CRH, 2,292p, £17,988m), Irish-European-US building materials producer and distributor, getting a bit of a ticking-off on BBC Radio 4 **Today programme** for paying dividends while furloughing staff at tax payer expense.

Prices are as at the previous day's close.

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