

# Progressive Property & Construction Daily



29 May 2020: SHI, MRL

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

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## Company comments

### **SIG** (SHI, 28p, £166m)

Supplier of energy efficiency and specialist building materials to trade customers across Europe. FY (Dec) 19 results; proposed £150m equity raise and new strategic investor; and new growth strategy. *Equity raise:* The group intends to raise approximately £150m in new equity in the coming weeks. Clayton, Dubilier & Rice has agreed to invest up to £85m, with a guaranteed minimum of £73m, conditional on c.£150m of equity being raised; SHI's largest shareholder, has confirmed that it is fully supportive. After a two tranche equity raise, CD&R is expected to hold approximately 25% of the total enlarged share capital. *Results:* Loss before tax from continuing operations of £113m (2018, PBT £10m), after £128m of Other items, including £91m of impairment of goodwill and other intangibles. YE 19 pre-IFRS 16 net debt £163m (YE 18, £189m); YE 19 £455m post-IFRS 16; FY 19 u-lying pre-IFRS 16 net debt/EBITDA 2.1x (FY 18, 1.7x). No final div. *Trading:* now returning to pre COVID-19 levels in most of operating companies. Cash at bank, 30 April, £155m, net debt of £114m, following receipt of the sale proceeds of Air Handling division. *Strategy:* Sweeping management changes include appointment today of Ian Ashton, ex Low & Bonar, as CFO. Growth strategy "to return to profitable growth and win back market share" includes "customer-centric strategy that reprioritises sales ... [which] gives priority to re-connecting and refreshing relationships with suppliers, customers, the local communities". Mid-term aims: op margin of c.5% within the group's operating companies; a group operating margin of c.3%, trending towards c.5% in the longer term; headline financial leverage of <1.5x; div cover of 2-3x, once appropriate leverage has been achieved.

**Marlowe** (MRL, 495p, £228m)

Safety and compliance provider to commercial properties. Acquisition of Deminos Consulting, Gateshead-based provider of subscription-based HR & employment law compliance services to a range of SMEs across the UK. The total consideration for the business is expected to be £0.7m. The business will be integrated into Law At Work, the Group's HR, employment law and health and safety compliance operation. In the year to July 2019, Deminos generated revenues of £1.0m and EBITDA of £0.2m.

*Prices are as at the previous day's close.*

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