

Progressive Property & Construction Daily



24 September 2020: SHI, UAI; Housing transactions continue to recover; Chancellor's Winter Economic Plan to be unveiled

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

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Company news

SIG (SHI, 27p, £165m)

Supplier of energy efficiency and specialist building materials to trade customers across Europe. HY (Jun) results. Rev -24%, £818m; u-lying loss before tax £53.7m (HY 19 PBT, £17.4m); stat LBT £125m (PBT, £2m); u-lying EPS -9.1p (+2.1p); div 0p (1.25p); net debt, pre-IFRS 16, £90m (£158m). *Trading in period:* "Trading in H1 was significantly impacted by Covid-19, particularly in March and April during the most severe lockdown period in the majority of markets. Trading was better than anticipated during the peak lockdown months of March to May, compared to our initial estimates of the possible Covid-19 impact". LFL revenue in March and April were down 38% Y/Y; May, -36%; June, -8%. "Profitability improved materially during May and June, albeit the group was still loss making overall". *Current trading:* Group sales in July and August were encouraging although down year on year, and market share losses during 2019, particularly in the UK distribution business, will take time to recover. *Outlook:* "In the short term, significant economic uncertainty remains in all of our markets, although government stimulus for the construction sector, notably in the UK, is welcome. The board now expects full year sales to be moderately higher than guided in May. H2 is expected to remain loss making, but at a lower rate than the first despite some increased pressure on gross margin in the UK. In aggregate H2 is expected to generate a cash outflow".

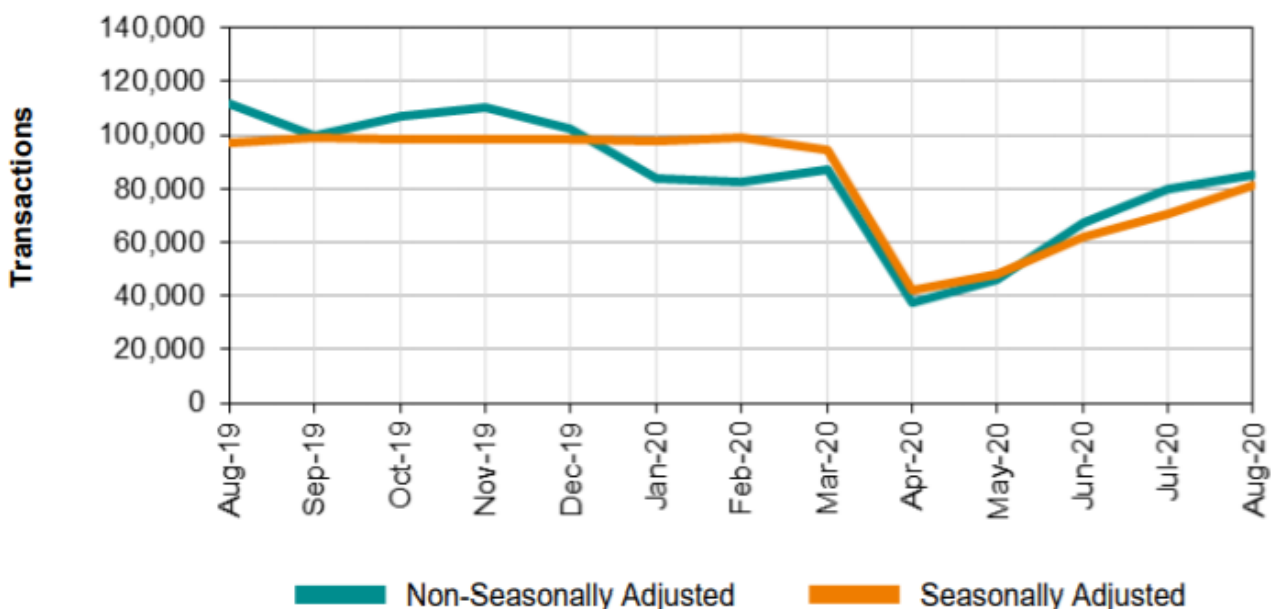
U and I Group (UAI, 57p, £71m)

Specialist regeneration developer and investor. Progress update on £200m GDV trading scheme on the outskirts of Tunbridge Wells in Kent. All planning matters have been addressed by the planning committee and the scheme is only subject to the resolution of Highways Mitigation measures and completion of the standard procedural and judicial review process. The Kingstanding site will transform 30 acres of unused land into “a thriving new business community that will address the severe shortfall of office and industrial space in the area, whilst also providing local infrastructure improvements”. It includes c.800,000 sq ft of flexible warehouse and office accommodation centred around a parkland landscape. U+I and the landowner are in detailed discussions with a potential occupier for a significant part of the scheme. The project will deliver some initial land improvement and development profits for U+I in FY2021. The group expects additional development profits as further phases are developed.

Economic data

Housing transactions rose for the fourth consecutive month in August, according to yesterday’s data from HMRC ([link](#)). Completed UK transactions across the UK rose by 15.6% to 81,280 on a seasonally-adjusted basis between July and August, with the Y/Y decline narrowing to -16.3% SA and -23.9%, non-SA. England saw the lowest NSA decline, -21.1%; with Wales, -38.8%; Scotland, -37.6%; N Ireland, -37.5%.

Total UK residential property transactions by month.



In other news ...

Chancellor Rishi Sunak will outline his 'Winter Economy Plan' to the House of Commons at 11.45 today, in place of the cancelled Autumn Budget. It appears that it will concentrate on jobs, in particular the replacement of the furloughing scheme, which ends at the end of October. However, one area of potential interest for the sector is whether there will be any specific announcements on, for instance, whether the Stamp Duty holiday – largely responsible for the housing transactions rise, above – will be extended beyond March.

Prices are as at the previous day's close.

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