

# Progressive Property & Construction Daily



9 November 2020: TW, CWD, BREE, AUK

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

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## Company news

### **Taylor Wimpey** (TW., 123p, £4,494m)

UK number two housebuilder by volume. Trading update (early, was scheduled for Wednesday). *Guidance:* “On track to deliver FY 2020 results towards the upper end of market expectations. Assuming the market remains broadly stable, we expect to deliver 2021 operating profit materially above the top end of the current consensus range”. *Current trading:* “The trading backdrop remains resilient”; sales rate, 0.76 homes per outlet per week in the second half of the year to date (2019: 0.93) and 0.73 YTD (0.97); homes being sold on many sites for completions in Q2 2021 and beyond [after Help to Buy transition and end of Stamp Duty holiday]. Total order book +11%, £3.0bn. As a result of the equity raise in June, the group “assertively” re-entered the land market at the end of Q2 and to “take advantage of increased opportunities”. Since then, it has authorised c.£826m of gross land purchases, comprising 70 sites and c.14,500 plots, which is “significantly ahead of our normal rate of acquisition” and in line with group’s target margin. *Finances and dividends:* YE net cash expected to be towards upper end of £550 - 750m guidance, subject to the timing of conditional land purchases. As previously stated, dividend payments are expected to be recommenced in 2021, starting with the payment of the 2020 final dividend. The group will review the special dividend in 2021 for payment in 2022.

### **Countrywide** (CWD, 145p, £73m)

Estate, lettings and property/financial services agents. Indicative approach from rival estate agent chain **Connells** to acquire the entire share capital of the Countrywide, for 250p per share in cash. This compares with a scheme proposed by private equity group **Alchemy** on 22 October, which comprised a recapitalisation and equity raise of c. £90m, including a tender offer for up to 10.3 million shares at 180p [prior day share price, 184p], which would result in Alchemy holding c. 50 - 68% of the enlarged share capital. Countrywide states that the Connells approach is at an early stage and that Connells has indicated that any offer is conditional upon, amongst other things, completion of confirmatory due diligence and the recommendation of the Countrywide board; there can be no certainty that an offer will be made, nor as to the terms of any such offer, should one be made. The Countryside board has taken the decision to postpone the general meeting to approve the proposed Alchemy transaction until further notice.

### **Breedon Group** (BREE, 76p, £1,286m)

UK and Ireland aggregates group. Acquisition update. Agreed disposal of certain assets to Tillicoultry Quarries for £12.2m on a cash and debt free basis. The 14 sites to be divested include 10 ready-mixed concrete plants and an asphalt plant and associated aggregates depot in England, and two quarries and a cement terminal in Scotland. The earnings of the assets being disposed of are not material to Breedon. It is divesting these assets at the direction of the Competition and Markets Authority in order to address the CMA's concerns relating to Breedon's purchase of assets from global cement group **Cemex**.

### **Aukett Swanke Group** (AUK, 1.2p, £2m)

UK's only quoted architect, active in UK, Middle East and Europe. FY (Sep) trading update. *Guidance:* The group returned to profitability in the first half. However, Covid-19 has impacted the second half such that it now expects to report a small loss for the full year. Cash at 30 September was £992k (YE 19: £1.15m). After deducting the final balance due on the Group's long-term loan, net funds increased to £837k (£820k). *Outlook:* "Whilst the board is comfortable with the group's response to the ongoing pandemic, in terms of cost containment, it remains cautious on the pace and scale of future projects".

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

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