

# Progressive Property & Construction Daily



1 June 2021: SPR, RNWH, MRL, BREE, HICL | Fortnight ahead

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

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## Company research

**Springfield Properties** (SPR, 150p, £153m mkt cap) – *SPR is a client of PERL*

Scotland's only quoted housebuilder. Trading update. Link to Progressive Equity Research note, ["Excellent" H2 sales drive FY2021E upgrades](#).

*We have raised our FY2021E PBT and EPS estimates by almost 20% and cut our net debt projections following an unscheduled trading update, which guided to profits "significantly ahead of market expectations", driven by "excellent" private housing activity and land sales. At this point we are not changing our FY2022E and 2023E estimates but expect the risk is on the upside and will re-examine these following the scheduled update in July.*

## Company news

**Renew Holdings** (RNWH, 636p, £500m)

Engineering services group supporting UK infrastructure. Acquisition. Wholly owned subsidiary QTS Group has acquired Rail Electrification Limited for a total cash consideration of up to £5.3m. The initial consideration for the Acquisition was £3.0m in cash, with further deferred cash payments of up to £2.3m payable between now and September 2024, conditional upon the achievement of certain targets. Based in Scotland, REL is a leading provider of high-quality services and Road Rail Plant associated with the installation and commissioning of Overhead Line Electrification in both the light and heavy rail infrastructure sectors across the UK. REL brings highly complementary capabilities to Renew's existing rail offering and will enable the Group to further capitalise on the planned increased level of investment by Network Rail into rail electrification. As part of the UK Government's commitment to delivering a carbon neutral rail network by 2040 for England and Wales and by 2035 for Scotland, it is estimated that there will be around 15,000 single track kilometres of new electrification carried out across Network Rail's controlled infrastructure over this period.

#### **Marlowe** (MRL, 788p, £608m)

Safety and compliance provider to commercial properties. Acquisition of ACL, a provider of fire safety and security services, for an enterprise value of up to £7.3m. Founded in 1984, ACL is based in Surrey and employs approximately 80 staff. The acquisition provides attractive synergies with Marlowe's testing, inspection and certification activities. For the year ended 30 April 2020, ACL generated adj PBT of £1.2m and stat PBT of £0.6m on revenue of £10.7m. Net assets at 30 April 2020 were £0.8m. The total enterprise value will comprise an upfront cash consideration of £6.0m in addition to performance-related contingent consideration of up to approximately £1.3m following the first year of ownership.

#### **Breedon Group** (BREE, 108p, £1,824m)

UK and Ireland aggregates group. Acquisition Micromix (Northern) which trades as Express Minimix, a 'mini mix' concrete operator based out of Durham. The company operates a fleet of 25 mixer trucks, specialising in delivering small loads of ready-mixed concrete and screeds to commercial and domestic customers across the North of England and parts of Scotland. Express Minimix complements Breedon's existing mini mix businesses, which currently operate throughout the Midlands, East Anglia and parts of Southern England. It will draw material from Breedon's local ready-mixed concrete plants and extend the group's reach across the north of the UK.

#### **HICL Infrastructure** (HICL, 173p, £3,351m)

Listed infrastructure investment group with diversified portfolio of 117 investments in UK, Europe and N America. Publication of 2021 Sustainability report, available on HICL's website and includes a review of its sustainability performance; details of the climate change impact assessment that was undertaken on the company's portfolio; illustration of its commitment in action via case studies; and an outline of next steps.

## **Fortnight ahead**

## Construction & property: company and economic news

### June

3	Michelmersh Brick Co (MBH)	AGM
4	OnTheMarket (OTMP)	FY results
	Markit	UK/EU construction PMI
7	Sirius Real Estate (SRE)	FY results
8	Driver Group (DRV)	HY results
9	Urban Logistics REIT (SHED)	FY results
10	RICS	Residential Market Survey
11	Stenprop (STP)	FY results

Sources: Companies, Sharecast, Factset, Progressive Equity Research

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

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