

Progressive Property & Construction Daily



13 July 2021: KIE, HWDN, BLND

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

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Company news

Kier Group (KIE, 130p, £579m mkt cap)

Hybrid construction, property and services group. FY (Jun) trading update. *Guidance:* “Trading since our half year results continued to be resilient and consequently full year results are anticipated to be moderately ahead of the Board's expectations”. This reflects “strong operational performance and ... the numerous cost savings realised in responding to the reduced volumes caused by Covid-19”. The FY 21 adj operating margin is expected to be c. 3%. The group “continues to win new business on terms and at rates which reflect the bidding discipline and risk management introduced under the Performance Excellence programme”. *Finances:* The group expects to have generated positive adjusted operating cash flow for FY 21. Following the c. £350m proceeds from the capital raise and sale of Kier Living, the group expects to report a net debt / cash position at the year end, better than the Board's previous expectations. Ave month-end net debt for FY 21 remained at a level similar to the average month-end net debt for FY 20 due to the Group's receipt of the capital raise and Kier Living sale proceeds arriving in the final months of the year. *Outlook:* The group is confident of its medium-term targets of: revenue, £4.0 - 4.5bn; adj op margin, c. 3.5%; sustainable net cash position; and sustainable dividend policy with dividend cover of around three times earnings across the cycle.

Howden Joinery Group (HWDN, 852p, £5,090m)

UK's largest supplier of kitchens and joinery products to trade customers, primarily small local builders. HY (Jun) trading update. *Guidance*: "A strong first half performance, ahead of our expectations with revenue of almost £785m (FY 20: £465m; FY 19: £653m)". Howden Joinery UK depot revenue increased to approximately £764m which, compared to the first half of 2019, was an increase of 19.8% and by 15.3% on a same depot basis. "Since the period end, this pattern of trade has continued and we remain cautiously optimistic in our outlook for the second half and our all-important peak trading period". *Outlook*: "Whilst we are aware of the economic uncertainties that we face and the tough comparators from the second half of 2020, we remain confident in our business model for the future. Accordingly, we are currently expecting pre-tax profits of around £300m for 2021 as a whole [FY 20, £185m; FY19, £261m]". HY results, 22 July.

British Land Company (BLND, 520p, £4,817m)

Leading UK commercial property investment, development and services group. Operational update. "Strong operational performance", with 183,000 sq ft campus lettings in the first quarter and a further 419,000 sq ft under offer. Across the Retail portfolio, footfall and sales were 86% and 94% of pre-pandemic levels in the seven weeks since the reopening of indoor hospitality on 17 May. 85% of June 2021 rent collected to date; Offices, 99%, Retail, 71%; Retail collection was 24ppt ahead of rent collection at the same point for the December quarter and 17ppt ahead of the same point for the March quarter. *Outlook*: "With lockdown restrictions lifting, we have seen a notable improvement in activity across our markets. On our retail parks, footfall and sales are close to pre pandemic levels, rents are stabilising with recent deals in line with March ERV and there are indications that retail park values are starting to rise as more investors target the market. At Storey, our flexible workspace offer, activity is above pre pandemic levels. Elsewhere on our Campuses, we see good occupier interest for new and refurbished space, which we expect to be supportive of office rents and values as we move through the year".

Prices are as at the previous day's close.

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