

# Progressive Property & Construction Daily



16 July 2021: SRC, HSV, SGRO | Architects' outlook improving but shortages starting to delay projects | Fortnight ahead

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

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## Company news

### **SigmaRoc** (SRC, 90p, £250m mkt cap)

Heavy construction materials group active in the UK, Channel Islands and Benelux. Proposed reverse takeover and placing. Conditional agreement announced to acquire the entire issued capital of Nordkalk Oy, a wholly-owned subsidiary of Rettig Group Oy, for a total consideration of c. €470m subject to certain adjustments including in respect of cash, debt and working capital (c. £402m). SigmaRoc has since yesterday successfully raised c. £260m before expenses via the issue of 306 million new ordinary shares at a price of 85p per share. The consideration will be satisfied by a combination of €270m (c. £231m) from the proceeds of the placing, the drawdown of €150m under a new £305m banking facility and the issue of €50m new Ordinary Shares to Rettig Group at the Placing Price. Nordkalk was established in 1898 and has expanded across Northern Europe to become the leading limestone company in the region. It generated €67m underlying EBITDA and €61m net operating cash flow for the year ended 31 December 2020 and has achieved EBITDA margins in excess of 15% for the last 15 years, with an underlying FY2020 EBITDA margin of 24.2%.

### **Homeserve** (HSV, 936p, £3,145m)

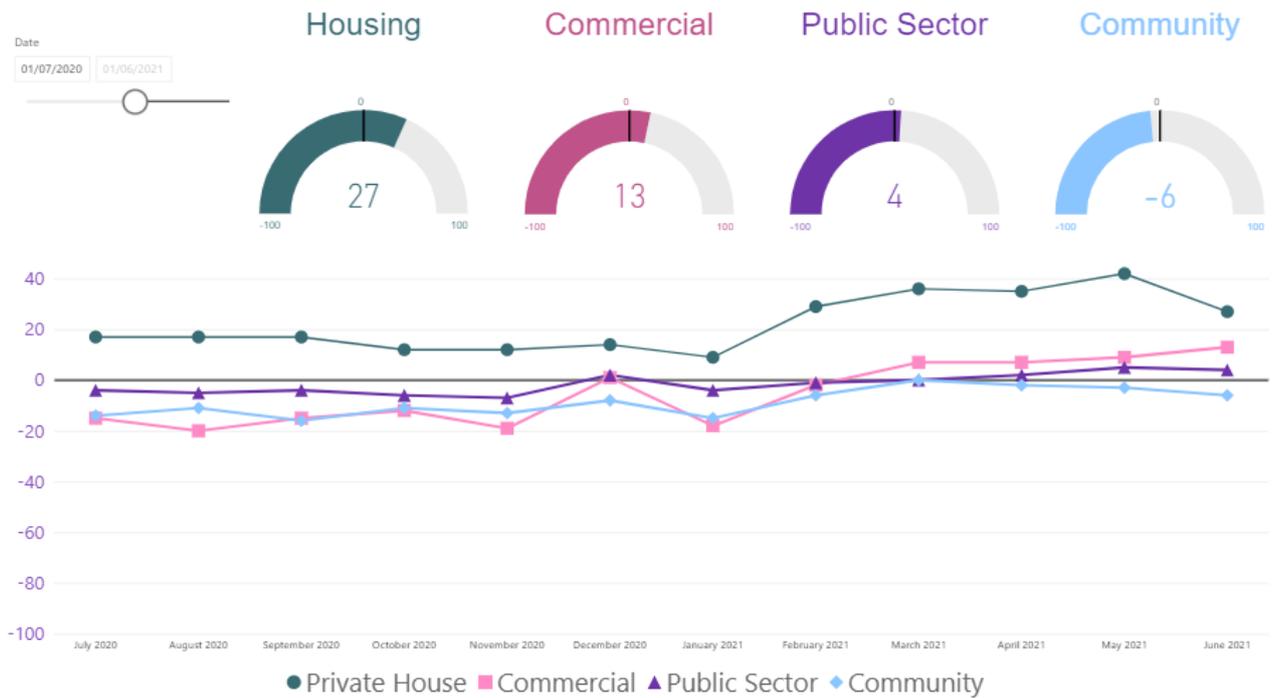
International home repairs and improvements provider. AGM trading update. “During this traditionally quieter period, product usage remains strong across the business, with claims frequencies in Membership and consumer usage in Home Experts still high. The outlook for the full year remains in line with the guidance given at its full year results on 18 May. HomeServe continues to see strong growth in its North American Membership & HVAC business and as expected, Home Experts is on track to reach profitability in this financial year. In UK Membership & HVAC, a transformation programme is under way to create a more diversified, efficient digital business, and return to stable growth. The Group's Continental European Membership & HVAC businesses, and its joint venture in Japan, continue to make good progress. The Board remains confident in the Group's prospects and continues to expect to deliver an acceleration in performance in FY22 compared to FY 21”. HY (Sep) results on 16 November 2021.

### **Segro** (SGRO, 1,168p, £14,019m)

UK's leading owner and developer of warehouses and industrial space, also active in Europe. Disposal. Sale agreed of a portfolio of six Italian urban warehouses for €128m to AXA IM Alts. The stores, located in Florence, Burago, Padua, Parma and Verona, have a total floor space of 56,000 sq m. “The warehouses within this portfolio are located outside our core markets so we have chosen to capitalise on buoyant market conditions to sell this portfolio at a price materially ahead of December 2020 book value. We will be recycling the capital into exciting opportunities in other parts of Italy”.

## Economic news

**Architects workload.** Optimism over future workload among architects rose from a net balance of +30 in May to +31 in June (38% expecting increase minus 7% a decrease), according to the latest RIBA Future Trends Workload ([link](#)). Housing remains the strongest sector, but the index fell from +42 to +27; Commercial rose from +9 to +13; Public Sector and Community remain weak (see below). However, 63% of architects now say that materials shortages are causing delays on site with a quarter adding that jobs are being put on hold as a result. **Viewpoint:** Architectural workload is one of the longest lead indicators of construction activity, and this supports the view that shortages are not only a headache on site, but could actually be delaying the start of projects.



## Fortnight ahead

### Construction & property: company and economic news

#### July

19 Rightmove	House prices
20 T Clarke (CTO)	HY results
21 The Unite Group (UTG)	HY results
22 Breedon Group (BREE)	HY results
Howden Joinery Group (HWDN)	HY results
27 OnTheMarket (OTMP)	AGM
29 Segro (SGRO)	HY results
Bank of England	Mortgage approvals
30 Nationwide	House prices

Sources: Companies, Sharecast, Factset, Progressive Equity Research

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

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