

Progressive Property & Construction Daily



3 September 2021: BKG, VTY, ECEL | Fortnight ahead

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

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Company news

The Berkeley Group Holdings (BKG, 4,767p, £5,801m mkt cap)

London-focused residential developer and urban regeneration group. AGM statement. Guidance: “The first four months of this new financial year have seen a continuation of the resilient market conditions reported with our FY results in June. The gradual easing of lock-down restrictions has been accompanied by a gradual firming of the London market as anticipated. Outside London, the market has remained robust. Underlying reservations at this stage are in line with those achieved in the two years prior to the pandemic. Sales pricing has remained above business plan levels, which is offsetting building materials cost inflation and cancellations have been at normal rates. Berkeley therefore remains on track to meet its profit guidance and deliver a pre-tax profit for the year at or above the £518m reported for the year ended 30 April 2021. We anticipate profit to be weighted more to the first half of this financial year and forward sales to be around the year-end level of £1.7bn at the half year; the final figure will depend upon the number of completions achieved between now and 31 October, as well as the level of reservations over this period”. *Trading:* “While the sales market has been resilient, the operating environment remains challenging. As reported in the wider market, and in line with our year-end results update, we have continued to experience inflationary pressure in build costs during this period, principally through materials, and we are

mindful of ongoing issues in the supply chain and labour market resulting from Brexit and the pandemic”.

Vistry Group (VTY, 1,177p, £2,615m)

Formed from the merger of Bovis Homes and housebuilding and partnerships divisions of **Galliford Try** (GFRD). Commitment to carbon reduction targets. Vistry's first net zero regulated carbon emission homes about to be handed over. Group is working with the University of Exeter to develop future climate scenarios to respond to the requirements of the Taskforce for Climate Related Financial Disclosure. Meaningful and measurable sustainability criteria will be incorporated into executive remuneration from 2022. Two new senior appointments this year are a Group Sustainability Manager and Group Design and Sustainability Manager. A roadmap has been developed using the UK Green Building Council definition for net zero carbon: 1. Zero Carbon 'Ready' by 2025: This will be the Future Homes Standard of 75-80% reduction in carbon emission (from 2013 Part L baseline); 2. Net Zero Carbon Homes (in-use) by 2030: The designed carbon emission rate is 'zero' for regulated energy with grid de-carbonisation for unregulated energy; 3. Net Zero Carbon Homes (Construction) from 2040: Carbon emissions associated with building homes are zero, including the emissions from the building's products and construction operations.

Eurocell (ECEL, 267p, £298m)

UK retailer and manufacturer, recycler of PVC windows and doors. HY (Jun) results. Rev +80%, £168m (+23% vs H1 19); adj PBT, £14.2m (H1 20, -£8.6m; £10.4m); stat PBT, £14.2m (-£16.5m; -£1.5m); adj EPS, 14.2p; interim div, 3.2p (0p; 3.2p); net cash, pre-IFRS 16, £1.3m (£23.5m net debt; £36.7m net debt). *Trading*: “Surcharge successfully recovering higher raw material costs, but dilutive to gross margin percentage. Trading performance in July and August has continued to be robust. With the industry close to capacity and lead times growing, we are becoming more confident that these market conditions will continue for the foreseeable future”. *Guidance*: “Notwithstanding very tight supply chains, labour and transport availability, the Board is now again raising its expectations for the full year”.

Fortnight ahead

Construction & property: company and economic news

September

6	Belvoir (BLV)	HY results
	Markit	UK and Eurozone Construction PMI
7	Vistry Group (VTY)	HY results
	Michelmersh Brick Hdgs	HY results
9	U and I Group (UAI)	AGM
	RICS	Residential Market Survey

10	ONS	Construction output
13	Henry Boot (BOOT)	HY results
	M Winkworth (WINK)	HY results
14	Springfield Properties (SPR)	FY results
16	Galliford Try Hdgs (GFRD)	FY results

Sources: Companies, Sharecast, Factset, Progressive Equity Research

Prices are as at the previous day's close.

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