

Progressive Property & Construction Daily



21 September 2021: TPK, SHI, KGF, BILN, NEXS | Pimlico Plumbers sells out to US private equity

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

NOTE: This marketing communication has been produced by Progressive Equity Research Limited (PERL) and is a Minor Non-monetary Benefit. It does not contain investment recommendations. The views expressed are those of the research department of PERL. To view the Progressive Property & Construction Daily archive click [here](#). For Progressive research on Property & Construction companies click [here](#).

Company news

Travis Perkins (TPK, 1,690p, £3,803m mkt cap)

Leading UK builders' merchant and owner of Toolstation. Satisfaction of Plumbing & Heating disposal conditions, commencement of share buy-backs and payment of special dividend. The disposal to HIG Capital, for £325m, which was announced on 20 May, is expected to complete on c. 30 September. Travis will fulfil its intention to distribute the net proceeds of the P&H Disposal to shareholders through a combination of a special dividend and a share buyback programme. The special dividend of c. £79m, 35p per share is scheduled to be paid on 5 November to shareholders on the register at 6pm on 1 October; the shares will be marked ex dividend on 30 September.

SIG (SHI, 50p, £589m)

Supplier of energy efficiency and specialist building materials to trade customers across Europe. HY (Jun) results. Rev +32%, £1,108m; u-lying PBT, £3.0m (H1 20, £53.8m loss); stat PBT, -£1.6m (-£125m); u-lying loss per share, 0.3p (-9.1p); div, 0p (0p); pre-IFRS 16 net debt, £57.5m (£90.0m). *Outlook:* The Return to Growth strategy "is a successful approach for building back our market share and profitability. The strong revenue growth across our broad product offering, together with disciplined margin management, has been key to

delivering an earlier and stronger profit than previously anticipated. Trading in July and August has continued to be solid and we expect continued profit improvement through H2 2021, despite the ongoing impact of material shortages and cost price inflation. As a result, providing the disruption from these headwinds does not worsen, we now anticipate full year underlying operating profit will be ahead of our prior expectations”.

Kingfisher (KGF, 368p, £7,770m)

Owner of home improvement stores across France and Europe, including B&Q in UK. HY (Jul) results. UK & Ireland sales +28% Y/Y (B&Q, +29%; Screwfix, +27%); Q3 to date, -1.9% (-4.2%; +2.5%). Growth slowed slightly in July (relative to May and June) due to unseasonal weather conditions in the UK and France. Since the period end, the two-year growth rate “reflects resilient levels of demand in all markets, particularly the UK & Ireland, despite the unseasonal weather conditions continuing into August in the UK and France. Notwithstanding this good start to the third quarter, we remain mindful of continued uncertainty related to Covid.” Screwfix's expansion in the UK & Ireland is being accelerated, and the first Screwfix stores will open in France in 2022.

Billington Holdings (BILN, 298p, £39m)

UK structural steel fabrication and construction group. HY (Jun) results. Rev +15%, £37.7m; EBITDA +8.8%, £1.7m; PBT +25%, £0.8m; EPS +24%, 5.1p; no interim dividend, consistent with prior years; net cash, £12.1m (H1 20, £16.1m). *Trading:* “The Group continued to face challenges, both from the impact of the pandemic and raw material price increases, together with supply constraints for certain materials and labour”. During the first half the structural steel business operated at near full capacity for much of the period. “Whilst the Group operates many fixed price supply contracts and has arrangements in place to mitigate some of the increases, we have suffered escalation in consumables and ancillary products that we have not been able to pass on. Prices appear to be stabilising, however, government infrastructure-based stimulus packages across the globe and the development of HS2 in the UK are providing further demand led inflationary pressures and are restricting the supply of certain steel products”. *Outlook:* “Whilst the overall market is challenging, the Directors believe the outlook is encouraging. The order book is at a consistently high level, comprising both delayed and new projects and the Group has good visibility of significant future prospects. We anticipate a further improvement in financial performance in the second half, although the precise outturn for the year will be dependent on the timing of certain contracts, combined with any effects from continuing material price inflation and supply constraints. I remain confident in the long term prospects for the Group”.

Nexus Infrastructure (NEXS, 232p, £105m)

Real estate investment trust (REIT). Provider of infrastructure services, utilities connections and smart energy. Capital markets day, focused on the group's smart energy business, eSmart Networks. Nexus estimates that eSmart's total addressable market is forecast to be in excess of £9.2bn by 2030. It has a current forward orderbook at £13.5m (FY 20, £3.8m) and visibility over a pipeline of more than £400m. In FY 20 the business generated revenue of £2.2m, which is expected to grow to in excess of £10.0m in 2021. Management expects it to be profitable at the operating level in FY 21.

In other news

Pimlico Plumbers, the London-based company founded by high profile entrepreneur Charlie Mullins, has been sold to US home services group Neighborly. The acquisition will expand private equity group KKR-owned Neighborly to encompass nine countries. The deal is expected to be worth between £125m and £145m, according to a source, with Mullins selling his 90% stake. His son Scott will retain a stake of about 10% and will remain chief executive, according to the FT. Pimlico generates annual revenue of almost \$70m, and has more than 400 staff. The company was founded by Mullins in 1979 with a second-hand van and a bag of tools and since then he has gained a high profile, opposing Brexit and considering standing for London Mayor.

Prices are as at the previous day's close.

Copyright 2021 Progressive Equity Research Limited ("PERL"). All rights reserved. PERL provides professional equity research services. All information used in the publication of this communication has been compiled from publicly available sources that are believed to be reliable; however, PERL does not guarantee their accuracy or completeness. Opinions contained in this communication represent those of the research department of PERL at the time of publication. PERL is authorised and regulated by the Financial Conduct Authority (FCA) of the United Kingdom (registration number 697355).

This communication is provided for information purposes only, and is not a solicitation or inducement to buy, sell, subscribe, or underwrite securities or units. Investors should seek advice from an Independent Financial Adviser or regulated stockbroker before making any investment decisions. PERL does not make investment recommendations. Any valuation given in a research note is the theoretical result of a study of a range of possible outcomes, and not a forecast of a likely share price. PERL does not undertake to provide updates to any opinions or views expressed in this document.

This communication has not been approved for the purposes of Section 21(2) of the Financial Services & Markets Act 2000 of the United Kingdom. It has not been prepared in accordance with the legal requirements designed to promote the independence of investment research. It is not subject to any prohibition on dealing ahead of the dissemination of investment research.

PERL does not hold any positions in the securities mentioned in this email. However, PERL's directors, officers, employees and contractors may have a position in any or related securities mentioned in this email. PERL or its affiliates may perform services or solicit business from any of the companies mentioned in this email.

The value of securities mentioned in this communication can fall as well as rise and may be subject to large and sudden swings. In addition, the level of marketability of the shares mentioned in this communication may result in significant trading spreads and sometimes may lead to difficulties in opening and/or closing positions. It may be difficult to obtain accurate information about the value of securities mentioned in this email. Past performance is not necessarily a guide to future performance.