

Progressive Property & Construction Daily



1 November 2021: LAND, UAI, INL, SHI, MTO | News - 16% hike in cement prices planned; JCB to pioneer hydrogen-fuelled diggers

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

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Company news

Land Securities Group (LAND, 687p, £5,094m mkt cap)

Leading UK commercial property investment, development and management group ('Landsec'). Recommended all cash offer for mixed use regeneration developer and investor, **U and I Group** (UAI, 86p, £108m) at 149p per share. It values U+I at c. £190m and represents a premium of 73% to the previous close. The combination will benefit from "U+I's front-end development capabilities, placemaking skills and portfolio of core regeneration projects which require funding with Landsec's development expertise and strong balance sheet". The acquisition will accelerate Landsec's October 2020 strategy to recycle investment to drive growth and higher returns including urban opportunities in London and other major regional cities. U+I's operations focus on London, Manchester and Dublin. The U+I directors, who own c. 3.6% of the group's shares, voted unanimously in favour of the proposal and Landsec has received letters of intent to vote in favour from investors representing c. 32% of U+I's shares.

Inland Homes (INL, 47p, £107m)

Leading brownfield developer, housebuilders and partnership housing group, focused on South and South East. FY (Sep) trading update. *Guidance:* "trading performance for the year ended 30 September 2021 is

expected to be in line with market expectations". *Trading*: "The group has made significant progress this year in the delivery of its strategic priorities, namely reducing net debt and extending the maturity of the Group's borrowing facilities, maximising the value of land, growing its capital light asset management division and sustaining the high demand from its target first-time buyer market for high-quality homes". Net debt reduced by 20% to £118m; record turnover of £195m (FY 20, £148m); housebuilding revenue £56.5m (£23.8m); private home completions, 216 (96); partnership housing income "substantially ahead of previous year". *Outlook*: "We continue to see sustained demand from investors, build to rent operators, registered providers and private house buyers for our land, the new homes we build and the Group's planning and building expertise. We look forward to reporting further progress on our strategic priorities in the year ahead".

Howden Joinery Group (HWDN, 920p, £5,445m)

UK's largest supplier of kitchens and joinery products to trade customers, primarily small local builders. Trading update. *Guidance*: "As a result of the recent exceptionally strong trading performance, the company now expects FY 21 PBT to be around the top end of current analyst forecasts". *Trading*: The strong performance in H1, which benefited from "exceptional factors" of pent-up demand, ability to pass on higher input costs and "product availability compared with shortages elsewhere in the market" have continued into the second half. UK depots for periods 7 - 11 increased by 20.8% Y/Y and 19.2% on a same depot basis. UK revenue YTD +37.7% vs 2020 and +28.3% vs 2019; on the same basis, International is +39.2% and 51.0% respectively. FY results, 24 February.

SIG (SHI, 52p, £614m)

Supplier of energy efficiency and specialist building materials to trade customers across Europe. Proposed refinancing, involving a proposed offering to €300m senior notes and new £50m revolving credit facility, to repay existing private placement notes and credit facilities and fund cash on the balance sheet for general corporate purposes.

Mitie Group (MTO, 65p, £934m)

UK facilities management group. Acquisition of Rock Power Connections, a leading independent connections provider for up to £14.5m. Rock has nationwide coverage and specialises in the design and installation of new high voltage electricity supplies, the renewal of industrial and commercial customers' electrical assets up to 132kV, and the EV charging installation for non-residential blue-chip customers. Mitie has already delivered several thousand EV charging points for a broad range of customers and end-users. The consideration comprises an initial payment of £10m, with two deferred payments in aggregate of up to £4.5m by the end of FY 23, "linked to stretching performance targets". The acquisition, which will be funded from existing facilities, is forecast to be accretive to earnings in the first 12 months of ownership. For the year ended 31 December 2020, Rock reported revenue of £7.4m and operating profit of £0.4m. "Performance so far this year has been well ahead of that achieved in 2020, with significant growth expected to continue into the future, based on both a current order book which is underpinned by long-term framework agreements, and access to Mitie's clients".

In other news ...

Materials prices. Major cement producers are planning to raise prices by 16% jump from the end of this year, taking the annual increase to 30%, ConstructionEnquirer ([link](#)).

ESG. Construction plant manufacturer JCB has signed a deal to buy billions of pounds of green hydrogen, defined as hydrogen produced using renewable energy, BBC ([link](#)). JCB will take 10% of the green hydrogen made by the Australian firm Fortescue Future Industries and make it become the UK's largest supplier of the clean fuel. Production, mostly done outside the UK, is expected to begin early next year. JCB and a firm called Ryze Hydrogen would then distribute it in the UK.

Prices are as at the previous day's close.

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