

SPRINGFIELD PROPERTIES

PERSONAL & HOUSEHOLD GOODS

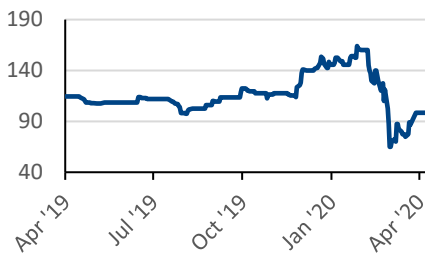
27 April 2020

SPR.L

98p

Market Cap: £96.3m

SHARE PRICE (p)



12m high/low 164p/65p

Source: LSE Data

KEY DATA

Net (Debt)/Cash	£(29.6)m
Enterprise value	£125.9m
Index/market	AIM
Next news	Trading update, Jul
Shares in Issue (m)	97.8
Chairman	Sandy Adam
Chief Executive	Innes Smith
Finance Director	Michelle Motion

COMPANY DESCRIPTION

Scotland's only quoted housebuilder, admitted to AIM in 2017, building over 1,000 private and affordable homes a year

www.springfield.co.uk

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New bank facility for “most extreme scenario”

Scotland's only quoted housebuilder has agreed an additional term loan, on similar terms to its existing facility and which the Board estimates will provide it with sufficient headroom to withstand the “most extreme of a range of highly stressed modelling scenarios: a full year shutdown”. It has also outlined a range of mitigating actions and strong contracted revenues.

- New facility modelled for most draconian scenario.** Springfield today announced it has agreed an additional £18m, 12-month, term loan with Bank of Scotland, increasing its total credit facility to £85m. The loan is on similar terms to the existing facility. The Board has modelled a range of cash flow scenarios involving different lengths of shutdown and various mitigating actions. This satisfied it that this additional support gives Springfield headroom for even the most unlikely event of a 12-month shutdown, while assuming punctual payment of employees and supply chains. The Scottish Parliament continues to ban construction work, but major housebuilders in England are returning to site; we surmise that successful remobilisation might prompt a change of stance in Scotland.
- Preserving cash.** New and previously outlined mitigating actions include: the cancellation of the interim dividend (notified on 24 March); the furloughing of over 90% of the workforce; the delay or cancellation of future land purchases; and curtailment of all non-essential spend. Executive and Non-Executive Directors have agreed to a voluntary 50% reduction in base salary until further notice, and at least until sales recommence, with 30% deferred and 20% forgone. All senior managers have agreed to a 20% voluntary reduction over the same period.
- Strong forward pipeline.** Contracted revenue from private and affordable housing now totals over £110m, including £44m of largely constructed private housing, much of which would have handed over to clients in April and May and are contracted under the Scottish missive system and are underpinned by the banks' three-month extension to mortgage offers. The affordable housing revenue of £66m is from contracts underway.
- Strong fundamentals for company and Scottish market.** Beyond the Covid-19 outbreak, we continue to believe the Scottish market offers significant growth in volumes and prices, due to relative under-supply and affordable pricing. Springfield's proactive multi-tenure approach was strengthened by the recent collaboration with Sigma Capital, which offers growth with modest capital requirement.

FYE MAY (£M)	2015	2016	2017	2018	2019
Revenue	84.3	90.8	110.6	140.7	190.8
Adj EBITDA	4.3	6.8	8.6	11.7	18.6
Fully Adj PBT	3.1	5.1	6.7	9.8	16.5
Fully Adj EPS (p)	0.0	57.1	9.2	10.7	13.9
EV/Sales (x)	1.5x	1.4x	1.1x	0.9x	0.7x
EV/EBITDA (x)	29.2x	18.6x	14.6x	10.7x	6.8x
PER (x)	0.0x	1.7x	10.7x	9.2x	7.1x

Source: Company Information and Progressive Equity Research estimates

This publication should not be seen as an inducement under MiFID II regulations.

Please refer to important disclosures at the end of the document.

Financial Summary: Springfield Properties

Year end: May (£m unless shown)

	2015	2016	2017	2018	2019
PROFIT & LOSS					
Revenue	84.3	90.8	110.6	140.7	190.8
Adj EBITDA	4.3	6.8	8.6	11.7	18.6
Adj EBIT	3.8	6.1	7.8	10.6	17.0
Reported PBT	(0.5)	5.1	6.7	9.2	16.0
Fully Adj PBT	3.1	5.1	6.7	9.8	16.5
NOPAT	3.1	4.9	6.3	8.6	13.8
Reported EPS (p)	0.0	57.1	9.2	10.0	13.3
Fully Adj EPS (p)	0.0	57.1	9.2	10.7	13.9
Dividend per share (p)	0.0	0.0	2.8	3.7	4.4
CASH FLOW & BALANCE SHEET					
Operating cash flow	(2.4)	(5.9)	3.2	14.4	16.0
Free Cash flow	(4.1)	(7.7)	0.6	10.9	10.7
FCF per share (p)		(107.9)	1.0	14.8	11.2
Acquisitions	0.0	0.0	0.0	(15.3)	(20.9)
Disposals	0.1	0.0	0.5	0.1	0.4
Shares issued	0.1	0.1	0.1	42.2	0.0
Net cash flow	0.5	(0.2)	8.8	3.7	(9.0)
Overdrafts / borrowings	21.4	30.6	41.5	27.3	32.6
Cash & equivalents	0.0	0.0	8.3	12.0	3.1
Net (Debt)/Cash	(21.4)	(30.6)	(33.2)	(15.3)	(29.6)
NAV AND RETURNS					
Net asset value	26.2	29.2	32.4	79.0	88.5
NAV/share (p)			443.3	82.0	91.9
Net Tangible Asset Value	26.2	29.2	32.4	78.4	86.9
NTAV/share (p)			443.3	81.4	90.2
Average equity	26.2	27.7	30.8	55.7	83.8
Post-tax ROE (%)	(3.9%)	14.7%	17.4%	13.2%	15.4%
METRICS					
Revenue growth		7.7%	21.8%	27.2%	35.6%
Adj EBITDA growth		57.4%	26.8%	36.4%	58.8%
Adj EBIT growth		61.6%	28.2%	35.9%	60.1%
Adj PBT growth		65.0%	31.2%	46.1%	69.2%
Adj EPS growth			(83.9%)	17.1%	29.1%
Dividend growth		N/A	N/A	32.1%	18.9%
Adj EBIT margins	4.5%	6.7%	7.1%	7.6%	8.9%
VALUATION					
EV/Sales (x)	1.5	1.4	1.1	0.9	0.7
EV/EBITDA (x)	29.2	18.6	14.6	10.7	6.8
EV/NOPAT (x)	40.5	25.9	19.9	14.6	9.1
PER (x)		1.7	10.7	9.2	7.1
Dividend yield	N/A	N/A	2.8%	3.8%	4.5%
FCF yield		(109.5%)	1.0%	15.0%	11.3%

Source: Company information and Progressive Equity Research estimates

Disclaimers and Disclosures

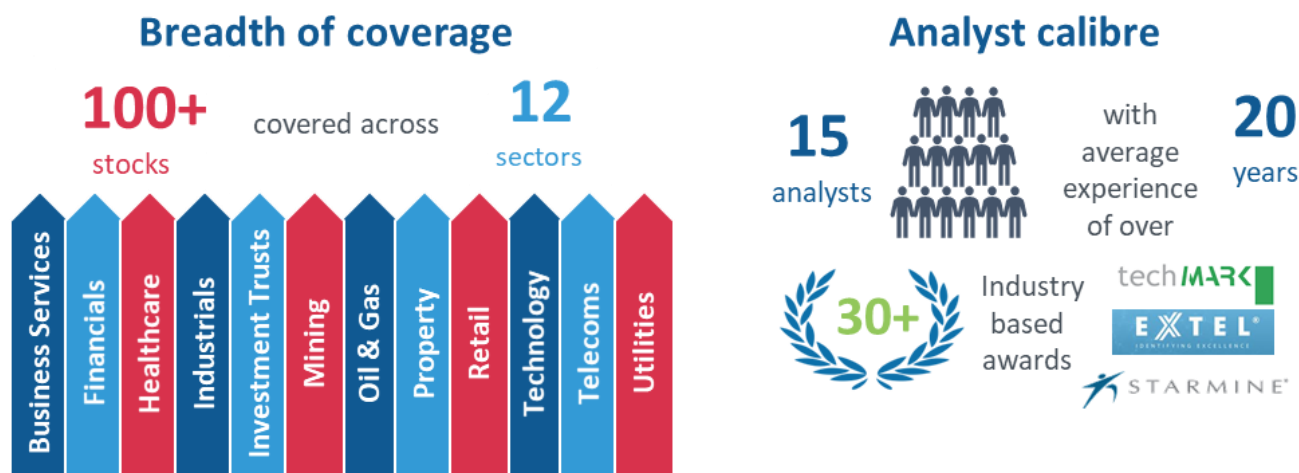
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