

SPRINGFIELD PROPERTIES

HOME CONSTRUCTION

8 July 2025

SPR.L

101p

Market Cap: £119.2m

SHARE PRICE (p)



12m high/low

111p/82p

Source: LSE Data (priced as at prior close)

KEY DATA

| | |
|---------------------|------------------------|
| Net (debt)/cash | £(21.0)m (at 31/05/25) |
| Enterprise value | £140.2m |
| Index/market | AIM |
| Next news | FY results, Sep (TBC) |
| Shares in issue (m) | 119.0 |
| Chairman | Sandy Adam |
| CEO | Innes Smith |
| CFO | Iain Logan |

COMPANY DESCRIPTION

Springfield Properties, Scotland's only quoted housebuilder, is focused on delivering private and affordable housing.

www.thespringfieldgroup.co.uk

SPRINGFIELD PROPERTIES IS A RESEARCH CLIENT
OF PROGRESSIVE

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Debt reduction accelerates ahead of plan

Springfield confirms in today's trading update that it expects adjusted PBT for the year to 31 May 2025 will be in line with market expectations and that year-end net bank debt has been reduced in excess of market expectations. We trim our slightly higher than consensus FY25E PBT by 2.3% but cut our projected year-end net bank debt from £33.3m to £21.0m.

- **Land sales cash accelerated.** The sale of land to Barratt Redrow – a key element of the strategic decision to focus on the North of Scotland (page 2) – has mitigated the lower private housing completions and brought net debt down earlier than anticipated. The Group's focus on removing its bank debt has accelerated with the receipt of a payment from Barratt that was originally scheduled for March 2026, leading to a year-end net bank debt position of £21m (31 May 2024: £39.9m).
- **Sales rate stable but selling time longer.** The Group expects to report a 5.3% increase in revenue to £280m, driven primarily by significant growth in land sales, including via its agreement with Barratt Redrow. In private housing, as previously noted by Springfield and other housebuilders, sales continued to be impacted by 'subdued market conditions'. Reservation rates remained stable compared with the second half of FY24. While reservation rates have remained steady, private housing completions have been slightly lower than anticipated, due to a lengthening of the sales cycle.
- **'Much stronger terms' for affordable.** In affordable housing, there has been a year-on-year increase in revenue in line with market expectations and a significant improvement in gross margin, which returned to double digits. The improvement in gross margin was primarily due to the completion of low-margin legacy contracts at the end of FY24 and the contracts delivered in FY25 'having much stronger commercial terms'.
- **Forecasts reprofiled for FY25, identical for FY26E and FY27E.** We trim our FY25 PBT estimate to £20.3m from £20.8m. This is mainly due to a reduction in our expected Private housing profit, largely offset by an increase in profits from land sales. We make no changes to P&L or net bank debt for FY26E or FY27E. We anticipate more details on 'advanced discussions with key stakeholders about how to meet the demand for the new housing required' in the North at the FY results.

| FYE MAY (£M) | 2023 | 2024 | 2025E | 2026E | 2027E |
|------------------------|-------|-------|-------|-------|-------|
| Revenue | 332.1 | 266.5 | 279.9 | 262.0 | 226.0 |
| Fully Adj PBT | 16.0 | 10.6 | 20.3 | 14.1 | 14.9 |
| Fully Adj EPS (p) | 10.4 | 6.8 | 12.4 | 8.7 | 9.2 |
| Dividend per share (p) | 0.00 | 1.00 | 1.50 | 2.50 | 4.50 |
| PER (x) | 9.6x | 14.8x | 8.1x | 11.6x | 11.0x |
| Dividend yield (%) | N/A | 1.0% | 1.5% | 2.5% | 4.5% |
| EV/EBITDA (x) | 6.0x | 6.8x | 4.9x | 6.6x | 7.3x |

Source: Company Information and Progressive Equity Research estimates.

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Scottish market underpinned by long-term growth prospects and a distinctive home-buying model. Springfield offers a differentiated and lower-risk model

Springfield in brief: unique model in resilient market

Springfield was founded as a housebuilder by current chairman Sandy Adam in Moray in the 1990s and it was admitted to AIM in October 2017. We continue to believe that economic and political dynamics are likely to support growth in housebuilding volumes and prices in Scotland, where values have lagged most of the UK. With a refocus on the North of Scotland and with significant land holdings in the area, Springfield is well placed to capitalise on the opportunities across the region. See our [Springfield research section](#) on Progressive's website.

- **Long term, a more attractive market?** While there have been challenges across the UK housing market, we remain upbeat on Scottish opportunities. Scotland lags England in the proportion of homes owned privately and the Scottish Government has declared a 'housing emergency' and remains committed to a target to build 110,000 affordable homes by 2031-32, reinforced by the Budget announcement for financial year 2025-26. House prices in Scotland are more affordable in relation to incomes than in almost any other UK region. While the introduction of rent caps has recently deterred investment into build to rent, latest ministerial announcements on the forthcoming Housing Bill including the removal of the temporary rent cap, suggest that the future policy environment could attract PRS investors back to Scotland.
- **Scottish missive system.** With buyers legally bound much earlier than in England and Wales, the missive system offers high revenue visibility and a secure income stream.
- **A distinctive model.** Springfield has a differentiated business model that focuses on two differing markets, both of which have high demand and, arguably, a lower risk profile: family housing and affordable housing (the latter is provided both as part of planning requirements in the private housing division as well as in its own right in the affordable housing division). Springfield buys land mainly 'off market' at more attractive prices than in the mainstream market, preferring more complex long-term projects, demonstrated particularly in its 'village' sites.
- **New strategy focuses on North.** Springfield unveiled a new strategy focusing on the North of Scotland at its 17 February interim results (see [Profits head north. Debt heading south](#)). It sold a large portion of its land in the 'Central Belt' to Barratt Redrow and the two groups are also in non-binding discussions regarding the sale of additional future land holdings on a number of sites. This will allow Springfield to be net cash positive by FY27E and to focus its operations in the North, where it has significant land holdings and opportunities. The region stands to benefit from major economic growth brought by the Inverness & Cromarty Firth Green Freeport and investment by Scottish and Southern Electricity Networks (SEN).
- **Distinctive village communities.** A cornerstone of Springfield's strategy is a focus on its mid-sized village communities. All of these are set in a rural context but close to fast-growing cities. The Group currently has three active Village developments in Dundee, Perth and Elgin. A factor in Springfield's success in securing these sites has been its close co-operation with local councils and other stakeholders; a key differentiator for the group, in our view. While the new strategy places a focus on the North, the Group remains committed to delivering its active villages, including Bertha Park in Perth and Dykes of Gray in Dundee
- **Evolving ESG credentials.** Springfield has had a longstanding commitment to ESG and an inherent culture of looking after people and the environment. The Group published its first formal ESG Strategy in 2022 with updates reported annually.

Financial Summary: Springfield Properties

Year end: May (£m unless shown)

| PROFIT & LOSS | 2023 | 2024 | 2025E | 2026E | 2027E |
|--------------------------------------|-------------|-------------|--------------|--------------|--------------|
| Revenue | 332.1 | 266.5 | 279.9 | 262.0 | 226.0 |
| Adj EBITDA | 23.2 | 20.5 | 28.8 | 21.3 | 19.1 |
| Adj EBIT | 20.7 | 17.9 | 25.5 | 18.3 | 16.2 |
| Reported PBT | 15.3 | 9.7 | 20.0 | 13.1 | 12.4 |
| Fully Adj PBT | 16.0 | 10.6 | 20.3 | 14.1 | 14.9 |
| NOPAT | 16.4 | 14.2 | 19.1 | 13.7 | 12.2 |
| Reported EPS (p) | 10.2 | 6.4 | 12.6 | 8.1 | 7.3 |
| Fully Adj EPS (p) | 10.4 | 6.8 | 12.4 | 8.7 | 9.2 |
| Dividend per share (p) | 0.0 | 1.0 | 1.5 | 2.5 | 4.5 |
| CASH FLOW & BALANCE SHEET | 2023 | 2024 | 2025E | 2026E | 2027E |
| Operating cash flow | 8.1 | 44.5 | 43.3 | 32.9 | 33.6 |
| Free Cash flow | 1.4 | 36.2 | 32.7 | 24.9 | 28.3 |
| FCF per share (p) | 1.2 | 30.6 | 27.6 | 21.0 | 23.9 |
| Acquisitions | (21.4) | (12.1) | (12.0) | (8.0) | (3.0) |
| Disposals | | | | | |
| Net cash flow | (7.5) | 6.0 | 18.9 | 14.7 | 21.5 |
| Overdrafts / borrowings | | | | | |
| Cash & equivalents | | | | | |
| Net (Debt)/Cash, post-IFRS 16 | (67.7) | (45.4) | (26.5) | (11.8) | 9.8 |
| Net (Debt)/Cash, pre-IFRS 16 | (61.8) | (39.9) | (21.0) | (6.2) | 15.3 |
| NAV AND RETURNS | 2023 | 2024 | 2025E | 2026E | 2027E |
| Net asset value | 150.6 | 158.2 | 171.3 | 178.7 | 183.6 |
| NAV/share (p) | 127.1 | 133.3 | 144.4 | 150.6 | 154.7 |
| Net Tangible Asset Value | 144.7 | 152.5 | 166.6 | 174.7 | 180.2 |
| NTAV/share (p) | 122.1 | 128.5 | 140.4 | 147.2 | 151.9 |
| Average equity | 135.1 | 150.8 | 160.1 | 169.4 | 177.9 |
| Post-tax ROE (%) | 8.9% | 5.0% | 9.3% | 5.7% | 4.9% |
| METRICS | 2023 | 2024 | 2025E | 2026E | 2027E |
| Revenue growth | 29.2% | (19.8%) | 5.0% | (6.4%) | (13.7%) |
| Adj EBITDA growth | (4.5%) | (11.6%) | 40.4% | (25.9%) | (10.3%) |
| Adj EBIT growth | (8.4%) | (13.4%) | 42.1% | (28.1%) | (11.5%) |
| Adj PBT growth | (23.1%) | (34.0%) | 91.7% | (30.4%) | 5.7% |
| Adj EPS growth | (31.6%) | (35.1%) | 83.7% | (30.4%) | 5.7% |
| Dividend growth | (100.0%) | N/A | 50.0% | 66.7% | 80.0% |
| Adj EBIT margins | 6.2% | 6.7% | 9.1% | 7.0% | 7.2% |
| VALUATION | 2023 | 2024 | 2025E | 2026E | 2027E |
| EV/Sales (x) | 0.4 | 0.5 | 0.5 | 0.5 | 0.6 |
| EV/EBITDA (x) | 6.0 | 6.8 | 4.9 | 6.6 | 7.3 |
| PER (x) | 9.6 | 14.8 | 8.1 | 11.6 | 11.0 |
| Dividend yield (%) | N/A | 1.0% | 1.5% | 2.5% | 4.5% |
| P/NAV (x) | 0.79 | 0.75 | 0.70 | 0.67 | 0.65 |
| FCF yield | 1.2% | 30.4% | 27.5% | 20.9% | 23.7% |

Source: Company information and Progressive Equity Research estimates

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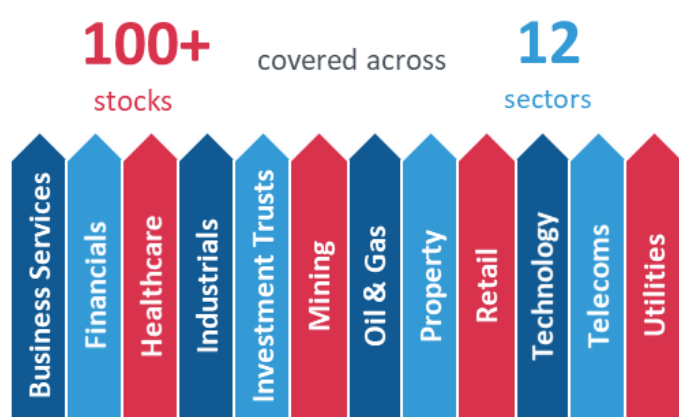
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