

# SPRINGFIELD PROPERTIES

## PERSONAL & HOUSEHOLD GOODS

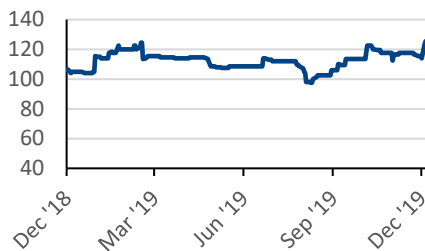
18 December 2019

SPR.L

128p

Market Cap: £123.3m

### SHARE PRICE (p)



12m high/low 128p/98p

Source: LSE Data

### KEY DATA

Net (Debt)/Cash	£(41.6)m
Enterprise value	£165m
Index/market	AIM
Next news	HY results, 25 Feb 2020
Shares in Issue (m)	96.3
Chairman	Sandy Adam
Chief Executive	Innes Smith
Finance Director	Michelle Motion

### COMPANY DESCRIPTION

Scotland's only quoted housebuilder, admitted to AIM in 2017 and building over 1,000 private and affordable homes pa  
[www.springfield.co.uk](http://www.springfield.co.uk)

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## Biggest 'village' development granted consent

Scotland's only quoted housebuilder has taken a further step in growing its distinctive 'village' development strategy with the announcement today that its fourth example, at Durieshill, Stirling, has been granted planning consent. The company's largest to date, it will feature Springfield's multi-tenure capabilities, providing private, affordable and private rented homes.

- The 3,042-home village development has been granted planning consent, subject to completing a Section 75 agreement (the Scottish equivalent of England's Section 106 'planning gain' requirement) with Stirling Council. It is Springfield's largest development to receive planning permission to date and is believed to be one of the largest yet approved in Scotland.
- The 593 acre site is located less than a mile south of Stirling, within the commuter belt for Glasgow and Edinburgh. It has an estimated gross development value of c. £650m. Durieshill will have a mix of private, affordable and private rented (PRS) homes and will include community facilities such as a primary school, secondary school and library, a 30-unit care facility for the elderly and commercial units.
- Work is expected to start in late autumn 2020 and take over 20 years to complete. The first homeowners are expected to move in during CY 2022.
- We view the village approach as being one of Springfield's 'USPs', as detailed in our initiation note, *Local hero*, 12 February 2019. We believe Springfield stands to benefit from Scotland's under-supply of private and affordable housing – with the latter reflecting not only planning requirements on private-led developments, but also the company's partnerships housing associations and councils to supply affordable homes in their own right and has established with Sigma Capital a JV to supply the nascent Scottish PRS market.
- Yesterday Springfield issued its HY trading statement indicating trading was in line with expectations. [Link to note](#).

FYE MAY (£M)	2018	2019	2020E	2021E	2022E
Revenue	140.7	190.8	216.0	240.4	255.2
Adj EBITDA	11.7	18.6	21.8	24.4	26.2
Fully Adj PBT	9.8	16.5	18.6	20.8	22.6
Fully Adj EPS (p)	10.7	13.9	15.5	17.4	18.9
EV/Sales (x)	1.2x	0.9x	0.8x	0.7x	0.6x
EV/EBITDA (x)	14.1x	8.9x	7.5x	6.8x	6.3x
PER (x)	11.9x	9.2x	8.2x	7.3x	6.8x

Source: Company Information and Progressive Equity Research estimates

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

**Financial Summary: Springfield Properties**

Year end: May (£m unless shown)

	2018	2019	2020E	2021E	2022E
<b>PROFIT &amp; LOSS</b>					
Revenue	140.7	190.8	216.0	240.4	255.2
Adj EBITDA	11.7	18.6	21.8	24.4	26.2
Adj EBIT	10.6	17.0	20.3	22.8	24.6
Reported PBT	9.2	16.0	18.6	20.8	22.6
Fully Adj PBT	9.8	16.5	18.6	20.8	22.6
NOPAT	8.6	13.8	16.4	18.5	19.9
Reported EPS (p)	10.0	13.3	15.6	17.5	19.0
Fully Adj EPS (p)	10.7	13.9	15.5	17.4	18.9
Dividend per share (p)	3.7	4.4	5.2	5.5	6.0
<b>CASH FLOW &amp; BALANCE SHEET</b>					
Operating cash flow	14.4	16.0	6.8	14.4	16.2
Free Cash flow	10.9	10.7	0.3	6.9	8.3
FCF per share (p)	14.8	11.2	0.3	7.2	8.6
Acquisitions	(15.3)	(20.9)	(8.0)	(2.0)	0.0
Disposals	0.1	0.4	0.0	0.0	0.0
Shares issued	42.2	0.0	0.0	0.0	0.0
Net cash flow	3.7	(9.0)	(12.0)	(0.1)	2.9
Overdrafts / borrowings	27.3	32.6	45.1	45.6	45.6
Cash & equivalents	12.0	3.1	3.5	3.9	6.8
Net (Debt)/Cash	(15.3)	(29.6)	(41.6)	(41.8)	(38.8)
<b>NAV AND RETURNS</b>					
Net asset value	79.0	88.5	99.2	111.0	123.9
NAV/share (p)	82.0	91.9	103.0	115.2	128.6
Net Tangible Asset Value	78.4	86.9	97.6	109.3	122.2
NTAV/share (p)	81.4	90.2	101.3	113.5	126.9
Average equity	55.7	83.8	93.9	105.1	117.4
Post-tax ROE (%)	13.2%	15.4%	16.0%	16.0%	15.6%
<b>METRICS</b>					
Revenue growth	N/A	35.6%	13.2%	11.3%	6.2%
Adj EBITDA growth	N/A	58.8%	17.2%	11.6%	7.5%
Adj EBIT growth	N/A	60.1%	18.8%	12.5%	8.0%
Adj PBT growth	N/A	69.2%	12.2%	12.1%	8.7%
Adj EPS growth	N/A	29.1%	12.0%	12.1%	8.7%
Dividend growth	N/A	18.9%	18.2%	5.8%	9.1%
Adj EBIT margins	7.6%	8.9%	9.4%	9.5%	9.6%
<b>VALUATION</b>					
EV/Sales (x)	1.2	0.9	0.8	0.7	0.6
EV/EBITDA (x)	14.1	8.9	7.5	6.8	6.3
EV/NOPAT (x)	19.1	11.9	10.1	8.9	8.3
PER (x)	11.9	9.2	8.2	7.3	6.8
Dividend yield	2.9%	3.4%	4.1%	4.3%	4.7%
FCF yield	11.6%	8.7%	0.2%	5.6%	6.8%

Source: Company information and Progressive Equity Research estimates

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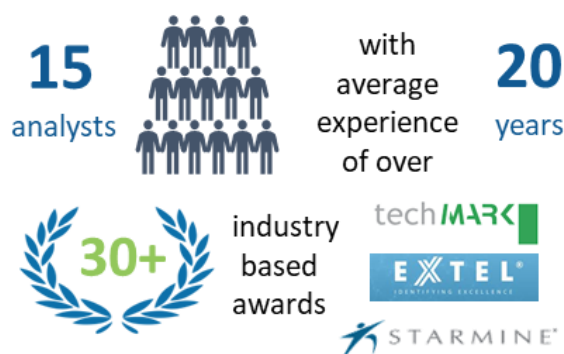
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