

8 July 2020



Springfield Properties plc
("Springfield" or the "Group")

Trading Update

Springfield Properties plc (AIM: SPR), a leading housebuilder in Scotland offering private and affordable housing, provides the following update on trading for the year ended 31 May 2020 and the impact of COVID-19.

As previously announced, Springfield entered the second half of 2019/20 with a strong order book of contracted revenue for the period to 31 May 2020 and was experiencing good growth across the business prior to the COVID-19 outbreak. However, as a result of the lockdown, Springfield was unable to complete the delivery of homes scheduled to take place in April and May 2020, which for the previous two years accounted for 30% of annual revenue. As a consequence, the majority of private completions anticipated for Q4 2019/2020 were postponed into the new financial year. Notwithstanding the lack of sales in the last two months of the year, the Group was able to achieve the same level of revenue in affordable housing as the prior year. Overall, the Group now expects to report revenue for full year 2019/20 of approximately £144m (2018/19: £190.8m). The Group is pleased to note that it expects to report an improvement in gross margin for 2019/20 over the prior year and profit before tax of at least £9m (2018/19: £16.0m).

The Group recommenced operations on site from 15 June 2020 and construction activity has now resumed on every site, along with all sales offices reopening on 29 June 2020, with COVID-19 safe-working protocols in place. The number of reservations received in the first week following the reopening was the highest number of reservations Springfield has ever recorded in a one-week period – and substantially higher than normal for this time of year. The Group has also commenced handing over homes that were nearing completion prior to lockdown. As a result, the Group expects Q1 2020/21 sales to be significantly higher than the equivalent period last year.

In addition to the recent reservations, Springfield's order book of contracted revenue currently stands at over £110m. This includes £44m of largely constructed private housing, much of which was due to be handed over to clients in April and May 2020. These homes are contracted under the Scottish missive system and the Group has only had one cancellation since lockdown. The affordable housing element consists of £66m from construction contracts already underway.

Whilst the Group anticipates robust sales for Q1 2020/21, and is experiencing a strong increase in demand, performance for the remainder of the year is reliant upon operations remaining open with no further COVID-19 disruption.

The Group has maintained a robust financial position throughout the pandemic. Springfield has a total credit facility of £85m and net debt at 7 July 2020 amounted to £69.4m. Of the total credit facility, the £18m that was secured in April 2020 has been fully drawn, but is not currently being utilised. With operations having recommenced, the Group delivering against a strong order book for near-term revenue as well as experiencing significant customer demand, management anticipates a reduction in the net debt position.

Innes Smith, CEO of Springfield, said: "Our priority has always been – and remains – the health and safety of our workforce and customers, and we have taken important measures to protect this. Nonetheless, after several months of closure, we are delighted to have reopened to a record week of reservations – reflecting pent up demand and increased desirability for the type of private housing Springfield offers. Multiple industry reports have commented on the shifting interests of homeowners as a result of lockdown, with people wanting larger homes, with gardens, located within commuting distance of cities, which is the kind of developments we create. At the same time, the shortage of affordable housing in Scotland has become even more acute and, thanks to the strength of our partnerships, we are well-positioned to help provide new homes to meet this demand. As we now focus on delivering our strong order book of contracted revenue, while also expanding our sales pipeline, I would like to thank our workforce and customers for their support during this time and we look forward to continuing to provide great places for people to live."

The Group will provide further details at the time of its full year results announcement, which is expected to be issued in October 2020.

Enquiries

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