

## Significant debt reduction, strategically repositioned

8 July 2025

Today's full year trading update confirms that Springfield will report PBT for FY25 in line with market expectations and that net bank debt will be significantly lower than previously forecast. The highlight of the year was undoubtedly the significant and profitable land sale to Barratt Redrow, announced in February, which will eliminate net bank debt by FY27, whilst paving the way for a strategic refocusing on the North of Scotland. In our view, Springfield is uniquely positioned to support the material increase in housing demand expected in this region over the medium term. Valuation is undemanding at 0.7x Price/ Book (a meaningful discount to the peer group average of 0.9x). We reiterate our 150p Fair Value estimate.

### Land sales driving growth and strategic progress

Group revenue is expected to be £280m (+5% year on year) driven primarily by significant growth in land sales. This is lower than our previous forecast (£314m) as a result of a slight delay to the completion of two land sales and the trading environment within private housing. The impact on PBT has been offset by higher-than-expected land profits (see page 2). Springfield was able to reduce bank debt faster than expected to £21m at the year end (previous forecast c.£32m) following receipt of a payment from Barratt Redrow (Barratt) that was originally scheduled for March '26.

### Private market subdued, Affordable recovery confirmed

Private housing reservation rates have remained stable compared to H2'24 but there has been a lengthening of the sales cycle, particularly from existing homeowner buyers, meaning that private housing completions have been slightly lower than anticipated. Affordable housing has delivered year-on-year revenue growth in line with expectations and a significant improvement in gross margin, which returned to double digits. This follows the completion of low margin legacy contracts in the prior year, with FY25 contracts being on much stronger commercial terms.

### Land sales the key driver of profit growth

As announced in February, Springfield agreed to sell c.2,480 plots across six sites in Central Scotland to Barratt. The sale of five sites has now been completed with the sixth expected to complete in the coming weeks. This has driven the substantial increase in PBT during the year (>+90%). The Group has continued its non-binding discussions over the potential sale of further future land holdings.

#### Company data

EPIC	SPR.L
Price (last close)	100p
52 weeks Hi/Lo	113p/81p
Market cap	£120m
ED Fair Value / share	150p
Net cash / (debt) 2024A	(£39.9m)
Avg. daily volume (3m)	142k

#### Share price, p



Source: investing.com

#### Description

Springfield Properties is one of Scotland's leading housebuilders.

It has an enviable track record of growth and profitability and a reputation for building high quality homes in attractive locations. Springfield has a large, high quality landbank in Scotland, including significant holdings in the Highlands and Moray, which are expected to benefit from a significant increase in housing demand over the coming years.

#### Next event

Full year results September 2025

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#### Key financials & valuation metrics

Year to 31 May (£m)	2023A	2024A	2025E	2026E	2027E
Sales	332.1	266.5	280.0	280.0	229.4
EBITDA	23.2	20.5	28.5	21.2	19.2
Adjusted PBT	16.0	10.6	20.3	14.0	14.9
FD EPS (p)	10.4	6.8	12.4	8.5	9.0
DPS (p)	0.0	1.0	1.5	2.5	4.5
Net Cash/(Debt)*	-67.7	-45.4	-26.5	-13.5	10.1
Net Cash/(Debt)**	-61.8	-39.9	-20.9	-7.9	15.6
P/E	9.3x	14.3x	7.8x	11.4x	10.7x
EV/EBITDA	7.9x	7.8x	5.0x	6.1x	5.5x
Price/ Book	0.8x	0.8x	0.7x	0.7x	0.6x
Dividend yield	0.0%	1.0%	1.5%	2.6%	4.6%

Source: Company data, Equity Development estimates, Priced at 14/02/25 \*inc. leases \*\* exc. leases

## Updating forecasts to reflect divisional trends

Group revenue is expected to be £280m, representing 5% growth year on year, driven primarily by the significant growth in land sales, including the Barrat deal. This is £34m lower than our previous forecast (£314m) as a result of a slight delay to the completion of two land transactions (combined sales value £23m) and the more subdued trading environment within private housing (£11m). The impact on profit from these two factors has been offset by higher-than-expected land profits and therefore our FY25 PBT forecast is in line with previous expectations at £20.3m (versus £21.0m previously).

We make no meaningful changes to our FY26 or FY27 forecasts aside from increasing revenue in FY26 to reflect the completion of the two delayed land transactions mentioned above. The profit impact of these two is expected to be relatively modest and we therefore leave our FY26 profit forecasts unchanged. We summarise the high-level changes in the table below, with additional segmental detail to follow when the full year results are reported in September.

Forecast changes									
Year to 31 May	2025(E)			2026(E)			2027(E)		
	Revised	Old	Change	Revised	Old	Change	Revised	Old	Change
Revenue £m	280.0	314.5	-11.0%	280.0	257.4	8.8%	229.4	229.7	-0.1%
PBT (underlying) £m	20.3	21.0	-3.1%	14.0	14.0	0.2%	14.9	15.0	-0.4%
EPS fully diluted p	12.4	12.8	-3.1%	8.5	8.5	0.2%	9.0	9.1	-0.4%
Dividend p	1.5	1.5	0.0%	2.5	2.5	0.0%	4.5	4.5	0.0%
Net cash/ (debt) £m	-26.5	-38.0	-30.3%	-13.5	-13.0	3.6%	10.1	10.6	-4.8%
Net cash/ (debt) ex. leases £m	-21.0	-32.5	-35.5%	-7.9	-7.5	6.2%	15.6	16.1	-3.2%
Net assets £m	172.5	172.4	0.0%	181.5	181.7	-0.1%	189.9	189.8	0.1%
NAV per share (£)	1.40	1.40	0.0%	1.47	1.47	-0.1%	1.53	1.53	0.1%

Source: Company data, Equity Development estimates

## Uniquely positioned for North of Scotland opportunity

As announced at the time of the interim results, Springfield entered into an agreement in February to sell c.2,480 plots across six sites in Central Scotland to Barratt ([Transformational land sale to eliminate debt](#)). This deal will enable Springfield to pay down all bank debt and become net cash positive by FY27.

The land sale also marks Springfield's strategic re-focus on the North of Scotland, an area that will see major investment in renewable energy projects and infrastructure upgrades over the next decade, which will require a material increase in housing delivery, which Springfield is very well placed to support. One key example is the development of the [Inverness and Cromarty Firth Green Freeport](#), which is expected to create more than 10,000 jobs locally, across the Highlands and Moray, with £6.5bn in planned investment over a period of 25 years. The Highland Council estimates that 24,000 new homes will be required to cater for the anticipated population growth.

We recently joined an investor visit to the region, which included an overview of the investment being made and the opportunities at the Inverness and Cromarty Firth Green Freeport, one of the UK's largest ongoing infrastructure projects.

### Recent investor visit to Ardersier Port



Source: Company LinkedIn

Springfield was founded in the North of Scotland and already has one of the largest land banks across Moray and the Highlands, as well as an excellent reputation for building high quality homes under the Springfield and Tulloch Homes brands.

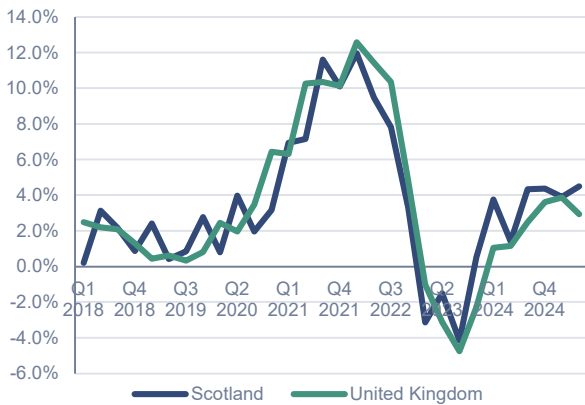
During the year, Springfield was engaged in advanced discussions with key stakeholders about how to meet the expected demand for new housing. Springfield also continues to make progress in securing options over land in the region and was able to submit a number of plots in response to the Highland Council's call for new sites to be allocated for housing development in their forthcoming Local Plan.

## House price inflation in Scotland outperforming wider UK

Nationwide's UK house price index for June (released 1<sup>st</sup> July) pointed to a slowdown in the rate of annual house price growth to 2.1%, from 3.5% in May. Prices declined by 0.8% month on month, which Nationwide linked partly to weaker demand following the increase in stamp duty at the start of April. Nevertheless, they still expect activity to pick up as the summer progresses.

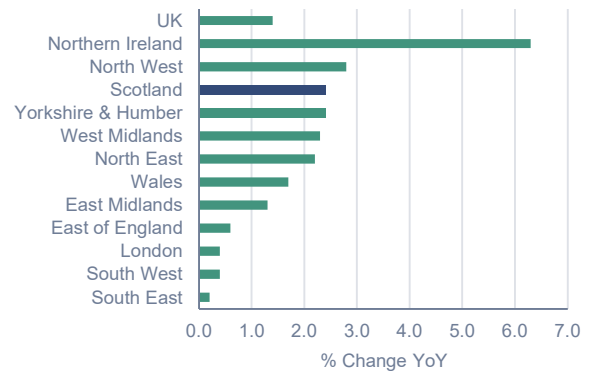
Nationwide's regional data for Q2'25 (to end June) highlights a more positive trend for Scotland, with a 4.5% increase in house prices in Q2'25 compared to 2.9% for the UK as a whole.

### Quarterly house price inflation (Nationwide)



Source: Nationwide, ED analysis

### June '25 house price inflation by region (Zoopla)

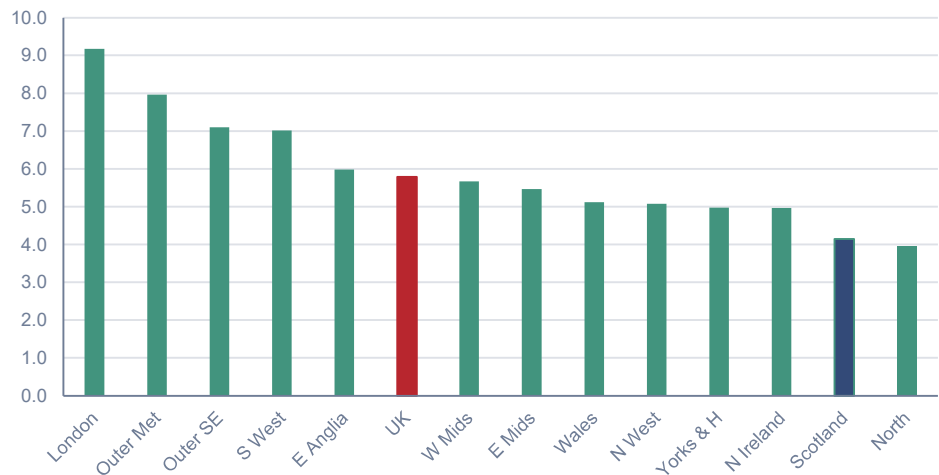


Source: Zoopla, ED analysis

Zoopla's data for June tells a similar story, with a slowdown in house prices in the wider UK, but a brighter picture in Scotland (and Northern Ireland/ the North of England). They note a marked increase in sales volumes (at a four year high) with increased supply of properties acting as a brake on house price inflation.

Zoopla noted that they are seeing modest house price declines for more expensive properties (>£500k) in contrast to increasing prices for more affordable properties. This should support the outlook for pricing in Scotland, given the relative affordability of the region, as shown in the chart below. The average house price/ earnings ratio for sales in Scotland is currently 4.1x, well below the UK average of 5.6x.

### House price earnings ratio by region (affordability indicator)



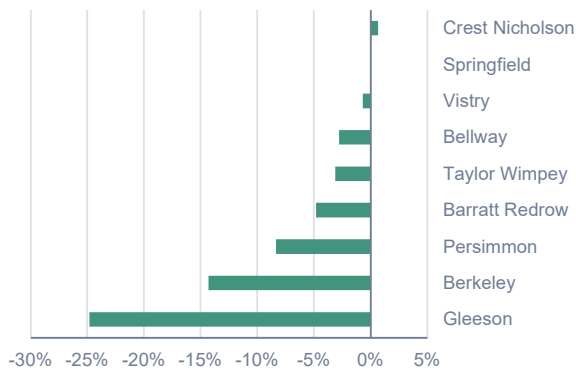
Source: Nationwide House price index Q2'25, Equity Development analysis

### Peer group valuation metrics

Company	Share Price £	Market Cap £m	P/E (FY1)	P/E (FY2)	EV/EBITDA (FY1)	EV/EBITDA (FY2)	P/TBV (LTM)	Div Yield (NTM)
Barratt Redrow	4.33	6,166	15.4x	12.3x	9.8x	7.8x	1.0x	3.8%
Bellway	26.12	3,098	15.7x	13.5x	10.4x	9.1x	0.9x	2.5%
Crest Nicholson	1.81	463	20.1x	13.2x	11.9x	9.1x	0.7x	2.0%
MJ Gleeson	3.88	227	13.9x	11.4x	8.3x	7.2x	0.8x	2.6%
Persimmon	12.11	3,875	12.7x	10.8x	7.8x	6.8x	1.2x	5.2%
<b>Springfield</b>	<b>0.97</b>	<b>115</b>	<b>7.7x</b>	<b>11.1x</b>	<b>6.3x</b>	<b>8.4x</b>	<b>0.7x</b>	<b>2.1%</b>
Taylor Wimpey	1.13	4,008	13.3x	11.0x	7.6x	6.5x	0.9x	8.3%
The Berkeley Group	36.00	3,541	11.0x	10.7x	7.2x	7.0x	1.0x	4.6%
Vistry	6.18	2,011	10.6x	8.4x	5.7x	5.1x	1.0x	1.9%
<b>Mean Average</b>			<b>13.4x</b>	<b>11.4x</b>	<b>8.3x</b>	<b>7.4x</b>	<b>0.9x</b>	<b>3.7%</b>
<b>Median Average</b>			<b>13.3x</b>	<b>11.1x</b>	<b>7.8x</b>	<b>7.2x</b>	<b>0.9x</b>	<b>2.6%</b>

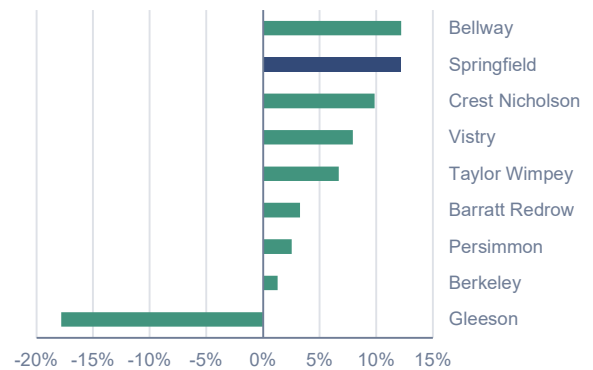
Source: Koyfin, ED analysis (priced at 03/07/25)

### One month share price performance



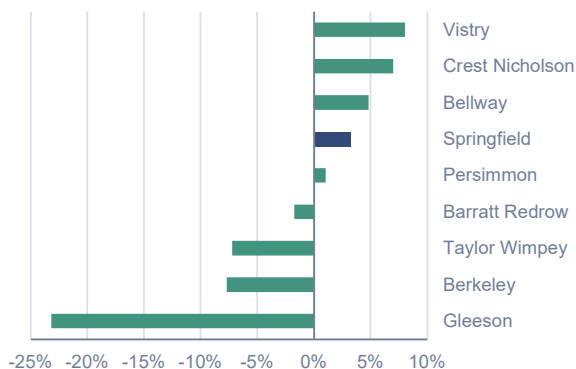
Source: Koyfin, ED analysis (priced at 03/07/25)

### Three months share price performance



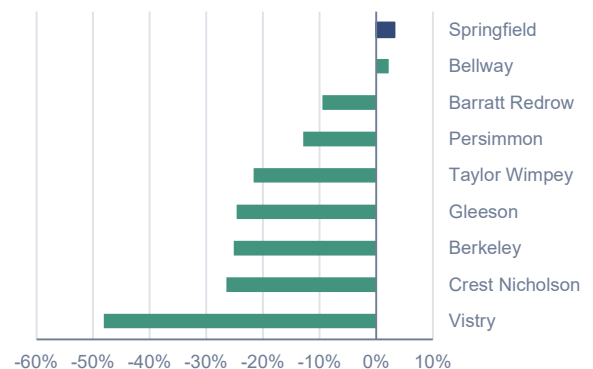
Source: Koyfin, ED analysis (priced at 03/07/25)

### Year to date share price performance



Source: Koyfin, ED analysis (priced at 03/07/25)

### One year share price performance



Source: Koyfin, ED analysis (priced at 03/07/25)

Income statement							
Year to 31 May (£m)	2021(A)	2022(A)	2023(A)	2024(A)	2025(E)	2026(E)	2027(E)
<b>Group revenue</b>	<b>216.7</b>	<b>257.1</b>	<b>332.1</b>	<b>266.5</b>	<b>280.0</b>	<b>280.0</b>	<b>229.4</b>
% growth	50%	19%	29%	-20%	5%	0%	-18%
% 2 Year CAGR	7%	33%	24%	2%	-8%	3%	-9%
COGS	-177.9	-214.0	-284.2	-223.1	-228.0	-237.8	-191.9
% growth	52%	20%	33%	-21%	2%	4%	-19%
% of revenue	82%	83%	86%	84%	81%	85%	84%
<b>Gross profit</b>	<b>38.8</b>	<b>43.1</b>	<b>48.0</b>	<b>43.4</b>	<b>52.0</b>	<b>42.2</b>	<b>37.4</b>
% growth	42%	11%	11%	-9%	20%	-19%	-11%
% margin	18%	17%	14%	16%	19%	15%	16%
Admin expenses	-17.2	-19.1	-25.4	-23.9	-23.5	-21.0	-18.2
% of revenue	8%	7%	8%	9%	8%	7%	8%
Other operating income	0.4	0.4	0.7	1.0	0.0	0.0	0.0
<b>Adj. EBITDA</b>	<b>22.0</b>	<b>24.4</b>	<b>23.2</b>	<b>20.5</b>	<b>28.5</b>	<b>21.2</b>	<b>19.2</b>
% growth	52%	11%	-5%	-12%	39%	-26%	-9%
% margin	10%	10%	7%	8%	10%	8%	8%
Depreciation	-2.2	-1.7	-2.3	-2.3	-2.3	-2.3	-2.3
Amortisation	-0.1	-0.2	-0.3	-0.3	-0.7	-0.7	-0.5
<b>Adj. EBITA</b>	<b>19.8</b>	<b>22.5</b>	<b>20.7</b>	<b>17.9</b>	<b>25.5</b>	<b>18.2</b>	<b>16.4</b>
% growth	63%	14%	-8%	-13%	42%	-29%	-10%
% margin	9%	9%	6%	7%	9%	7%	7%
Net interest	-1.2	-1.8	-4.7	-7.3	-5.2	-4.2	-1.5
<b>Adj. PBT</b>	<b>18.5</b>	<b>20.8</b>	<b>16.0</b>	<b>10.6</b>	<b>20.3</b>	<b>14.0</b>	<b>14.9</b>
% growth	82%	12%	-23%	-34%	92%	-31%	7%
% margin	9%	8%	5%	4%	7%	5%	7%
Other Items/Exceptionals	-0.6	-1.1	-0.7	-0.9	-0.3	-1.0	-2.5
<b>Reported PBT</b>	<b>17.9</b>	<b>19.7</b>	<b>15.3</b>	<b>9.7</b>	<b>20.0</b>	<b>13.0</b>	<b>12.4</b>
Effective tax	-4.2	-3.7	-3.3	-2.2	-5.0	-3.5	-3.7
Exceptional tax	0.0	0.0	0.1	-0.1	0.1	0.3	0.6
Effective tax rate (%)	23%	18%	21%	21%	25%	25%	25%
<b>Adj. PAT</b>	<b>14.3</b>	<b>17.0</b>	<b>12.7</b>	<b>8.4</b>	<b>15.3</b>	<b>10.5</b>	<b>11.2</b>
PAT	13.7	15.9	12.1	7.5	15.0	9.3	8.1

Source: Company historic data, Equity Development estimates

**Cash flow statement**

Year to 31 May (£m)	2021(A)	2022(A)	2023(A)	2024(A)	2025(E)	2026(E)	2027(E)
<b>Adj. EBITA</b>	<b>19.8</b>	<b>22.5</b>	<b>20.7</b>	<b>17.9</b>	<b>25.5</b>	<b>18.2</b>	<b>16.4</b>
Depreciation	2.2	1.7	2.3	2.3	2.3	2.3	2.3
Amortisation of intangible fixed asset	0.1	0.2	0.3	0.3	0.7	0.7	0.5
Gain on disposal of PPE	0.0	0.0	-0.3	0.0	0.0	0.0	0.0
Exceptionals	-0.6	-1.1	-0.7	-0.9	-0.3	-1.0	-2.5
Other non-cash	0.4	0.5	0.7	-0.2	0.0	0.0	0.0
Working Capital Movement	35.2	-4.7	-14.5	25.1	5.8	27.8	17.0
<b>Operating Cash Flow</b>	<b>57.0</b>	<b>19.0</b>	<b>8.4</b>	<b>44.5</b>	<b>34.0</b>	<b>48.0</b>	<b>33.7</b>
Net Interest	-1.3	-1.6	-3.8	-6.5	-5.2	-4.2	-1.5
Tax	-4.2	-3.5	-2.9	-1.8	-5.0	-3.5	-3.7
<b>Net Operating Cash Flow</b>	<b>51.5</b>	<b>13.9</b>	<b>1.7</b>	<b>36.2</b>	<b>23.8</b>	<b>40.3</b>	<b>28.5</b>
<i>Purchase of PPE</i>	<i>-0.2</i>	<i>-0.5</i>	<i>-0.5</i>	<i>-0.2</i>	<i>-0.5</i>	<i>-0.5</i>	<i>-0.5</i>
<i>Proceeds from sale of PPE</i>	<i>0.2</i>	<i>0.2</i>	<i>0.4</i>	<i>0.3</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
Total Net Capex	0.0	-0.2	-0.1	0.1	-0.5	-0.5	-0.5
<b>Equity Free Cash Flow</b>	<b>51.5</b>	<b>13.7</b>	<b>1.6</b>	<b>36.3</b>	<b>23.3</b>	<b>39.8</b>	<b>28.0</b>
M&A	0.3	-43.9	-22.0	-12.1	-2.1	-25.0	-1.5
Dividend	-3.3	-6.3	-5.6	0.0	-1.2	-1.8	-3.0
Share Issue	2.2	22.0	0.0	0.0	0.0	0.0	0.0
Lease additions	-0.7	-2.8	-4.0	-1.9	-0.7	0.0	0.0
FX/Other	0.0	0.0	0.5	0.0	-0.4	0.0	0.0
<b>Net Change in Net Debt</b>	<b>50.1</b>	<b>-17.3</b>	<b>-29.5</b>	<b>22.2</b>	<b>19.0</b>	<b>13.0</b>	<b>23.5</b>
<b>Net Debt – BOP – inc leases</b>	<b>-70.9</b>	<b>-20.8</b>	<b>-38.1</b>	<b>-67.7</b>	<b>-45.4</b>	<b>-26.5</b>	<b>-13.5</b>
<b>Net Debt – EOP – inc leases</b>	<b>-20.8</b>	<b>-38.1</b>	<b>-67.7</b>	<b>-45.4</b>	<b>-26.5</b>	<b>-13.5</b>	<b>10.1</b>

Source: Company historic data, Equity Development estimates

<b>Balance sheet</b>							
<b>Year to 31 May (£m)</b>	<b>2021(A)</b>	<b>2022(A)</b>	<b>2023(A)</b>	<b>2024(A)</b>	<b>2025(E)</b>	<b>2026(E)</b>	<b>2027(E)</b>
<b>Non-Current assets</b>							
PPE	4.5	5.8	7.8	7.2	6.1	5.8	5.5
Intangible assets	1.6	5.8	6.0	5.7	5.0	4.3	3.8
Investments	0.0	0.5	0.0	0.0	0.0	0.0	0.0
Accounts receivable	5.4	5.6	5.0	5.0	5.0	5.0	5.0
Other	0.5	2.1	1.8	1.8	1.8	1.8	1.8
<b>Sub-total NCAs</b>	<b>12.1</b>	<b>19.9</b>	<b>20.6</b>	<b>19.7</b>	<b>17.9</b>	<b>16.9</b>	<b>16.1</b>
<b>Current Assets</b>							
Inventories and WIP	156.8	230.1	277.6	244.3	201.3	185.5	176.5
Trade and other receivables	23.7	21.4	22.6	26.4	56.4	41.4	26.4
Tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalents	15.8	16.4	8.9	14.9	24.4	24.4	24.4
<b>Sub-total Cas</b>	<b>196.3</b>	<b>267.8</b>	<b>309.1</b>	<b>285.6</b>	<b>282.1</b>	<b>251.3</b>	<b>227.3</b>
<b>Total Assets</b>	<b>208.4</b>	<b>287.7</b>	<b>329.7</b>	<b>305.3</b>	<b>299.9</b>	<b>268.1</b>	<b>243.3</b>
<b>Current Liabilities</b>							
Trade and other payables	-51.6	-68.5	-57.0	-49.6	-42.4	-39.4	-32.4
Provisions	0.0	-0.8	-1.3	-2.0	-1.4	-1.5	-1.0
Corporation tax	-0.9	-0.3	-0.4	-1.3	-0.5	-0.5	-0.5
Leases	-0.8	-1.3	-1.9	-1.6	-1.6	-1.6	-1.6
Borrowings	-34.0	0.0	0.0	-54.8	-45.4	-32.3	-8.8
Deferred consideration	0.0	-6.1	-11.8	-7.3	-26.5	-1.5	0.0
<b>Sub-total CLs</b>	<b>-87.3</b>	<b>-77.0</b>	<b>-72.3</b>	<b>-116.7</b>	<b>-117.8</b>	<b>-76.9</b>	<b>-44.4</b>
<b>Non-current liabilities</b>							
Borrowings	0.0	-50.5	-70.7	0.0	0.0	0.0	0.0
Leases	-1.9	-2.7	-4.0	-4.0	-4.0	-4.0	-4.0
Provisions	-1.2	-1.8	-2.1	-4.3	-2.8	-3.0	-2.6
Deferred taxation	-2.9	-3.7	-3.6	-3.0	-2.9	-2.8	-2.5
Deferred/Contingent consideration	-3.9	-8.5	-26.3	-19.1	0.0	0.0	0.0
<b>Sub-total NCLs</b>	<b>-9.9</b>	<b>-67.2</b>	<b>-106.7</b>	<b>-30.3</b>	<b>-9.7</b>	<b>-9.8</b>	<b>-9.1</b>
<b>Total Liabilities</b>	<b>-97.2</b>	<b>-144.2</b>	<b>-179.0</b>	<b>-147.0</b>	<b>-127.5</b>	<b>-86.7</b>	<b>-53.4</b>
<b>NET ASSETS</b>	<b>111.2</b>	<b>143.5</b>	<b>150.6</b>	<b>158.2</b>	<b>172.5</b>	<b>181.5</b>	<b>189.9</b>
Minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>SHAREHOLDERS FUNDS</b>	<b>111.2</b>	<b>143.5</b>	<b>150.6</b>	<b>158.2</b>	<b>172.5</b>	<b>181.5</b>	<b>189.9</b>

Source: Company historic data, Equity Development estimates

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