

Galliford Try plc

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Galliford Try slumps as it raises capital and reports profit drop after Carillion collapse

Galliford Try plc (LON:GFRD) shares plunged as the UK construction group announced plans to raise £150mln from investors as it took a hit following the collapse of Carillion PLC (LON:CLLN).

The company said Carillion's demise has increased its cash commitments on a joint venture by more than £150mln. The joint venture, which also includes Balfour Beatty plc (LON:GFRD), is for the Aberdeen Western Peripheral Route road project.

Shares fell 19% to 793p in morning trading.

READ: Galliford Try and Balfour to take £85mln hit from Carillion's collapse
Galliford now expects construction of the Aberdeen venture to be completed this summer, having fallen behind schedule.

Carillion entered compulsory liquidation last month after failing to secure a rescue deal in talks with lenders and the government, leaving many of its contracts in doubt.

Galliford said while it has sufficient financial resources to meet its obligations, including the estimated impact of Carillion's failure, it would involve diverting capital away from its Linden Homes and Partnerships and Regeneration businesses.

It therefore intends to raise capital in the coming weeks to "strengthen further the group's balance sheet and ensure that the group's businesses can continue to pursue their respective growth opportunities that were set out in the 'Strategy to 2021' announced in February 2017".

Carillion collapse hits profits

An exceptional charge of £25mln stemming from Carillion's collapse led to an 11% decline in pre-tax profit to £56.3mln in the first half through December 2017.

Excluding the one-off charge, however, pre-tax profit rose 29% to £81.3mln as revenue rose 14% to £1.5bn.

The company's housebuilding division, Linden, delivered 1,587 completions, up from 1,491 last year. Revenue at Linden increased 7% to £436.8mln.

"The market continues to be positive, underpinned by good mortgage availability, the government's ongoing commitment to Help-to-Buy, and the recent stamp duty cut for first-time buyers," said chief executive Peter Truscot.

The affordable homes unit, Partnerships and Regeneration, saw revenue jump 55% to £223.5mln, while the construction business achieved an 11% rise in revenue to £823.6mln.

Price: £6.90

Market Cap: £766.13 m

1 Year Share Price Graph



Share Information

Code: GFRD

Listing: AIM

52 week High Low
1117 499.6

Sector: Builders and building materials

Website: www.gallifordtry.co.uk

Company Synopsis:

Galliford Try PLC provides construction services throughout the United Kingdom and is a house builder across the South of England, Midlands and Eastern counties with an affordable housing and regeneration business. The company offers a range of construction services across the United Kingdom with specific sector expertise in education, health, commercial, leisure, interiors and facilities management.

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Galliford brings forward dividend cover

Galliford said it has brought forward plans to increase its dividend cover to two times pre-exceptional earnings per share to the current year through June.

For the first half, it declared a dividend of 28p per share, up from 32p a year ago.

"While we remain cautious of the impact of the current political uncertainty and the medium-term outlook for the macro-economy, we believe our focused strategy, strong order book and disciplined approach will deliver further growth and shareholder value," Truscot said.

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