

# Galliford Try plc

17:55 16 Apr 2019

## Galliford Try shares crumble on huge profit warning

Galliford Try PLC (LON:GFRD) shares crumbled on Tuesday as the housebuilder warned a writedown of various contracts in its construction business will dent annual profits by up to £40mIn.

The massive profit warning sent shares down by 16.6% in early deals to 604.8p, taking Galliford to the bottom of the FTSE 250.

**READ: Crest Nicholson nabs Galliford Try boss**

The housebuilder is to undertake a strategic review of its construction business which would see it 'reassess' some of its current contracts, notably the £1.3bn Queensferry Crossing in Scotland, which is running well over budget.

There was no change to the 58km-long link road it recently finished in Aberdeen, on which it booked a £26mIn loss in the first-half of its financial year.

"The board expects that the outcome of this assessment will reduce the group's full year post-exceptional profit before tax by £30-£40mIn below the current consensus analysts' forecast," read Tuesday's statement.

**Ex-CEO left at end of March**

According to company data, analysts had been expecting an adjusted pre-tax profit of around £156mIn this year.

The decision to write down contracts and cut guidance comes just a few weeks after former chief executive Peter Truscott left for rival Crest Nicholson PLC (LON:CRST) and was replaced by finance boss Graham Prothero.

The conclusions of the review are expected to be finalised within the next few weeks, and an update will be included in a trading update next month.

**Analysts thought crossing has been completed**

"Galliford Try has announced that it is undertaking a strategic view of construction, most likely as new CEO Graham Prothero takes his position," said City broker Liberum in a note to clients.

"The upshot is that construction will likely to become smaller in future, which is positive, but that this comes at an exceptional cost of £30-40mIn (c27-36p per share).

This exceptional should be a genuine one-off [as it] mainly relates to the Queensferry Crossing, which we thought had been completed.

"The statement says that guidance for June 2019 average net debt is unchanged, which means there was contingency built into that.

"Shares look very cheap even before any fall, on a 25% discount to our target of 970p."

**Price:** 566p

**Market Cap:** £62566900000M

### 1 Year Share Price Graph



### Share Information

**Code:** GFRD

**Listing:** AIM

**52 week** **High** **Low**  
1,117.00p 499.60p

**Sector:** Construction & Materials [T3]

**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.*

action@proactiveinvestors.com.au

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts, journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +61 (0)2 9280 0700 [action@proactiveinvestors.com.au](mailto:action@proactiveinvestors.com.au)

### No investment advice

The information on this Site is of a general nature only. It does not take your specific needs or circumstances into consideration, so you should look at your own financial position, objectives and requirements and seek financial advice before making any financial decisions. You acknowledge and understand that neither the Company, its related bodies corporate, the information providers or their affiliates will advise you personally about the nature, potential value or suitability of any particular security, portfolio of securities, transaction, investment strategy, or other matter. You should read our FSG and any other relevant disclosure documents and if necessary seek persona advice prior to making any investment decision.

You understand and agree that no Content (as defined below) published on the Site constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person.

You understand that in certain circumstances the Company, its related bodies corporate, the information providers or their affiliates may have received, or be entitled to receive, financial or other consideration in connection with promoting, and providing information about, certain entities on the Site and in communications otherwise provided to you.

You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate. From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.

Before you act on any general advice we provide, please consider whether it is appropriate for your personal circumstances.