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Interserve cheap, but not cheap enough, says Liberum

Liberum has chopped its price target for Interserve PLC (LON:IRV) following the construction and support services group's half-year results last week.

The £100m company crashed into the red in the opening six months of 2018 as it carries out a major overhaul of its business, a process which has seen it exit non-core businesses and renegotiate onerous contracts.

Half-year loss

For the six months ended June 30, Interserve posted a pre-tax loss of £6.0m, compared to a profit of £24.9m in the year-ago period.

"There were crumbs of comfort at H1; EBIT was in line, the Energy for Waste guidance seemed on track and net debt was better," read a note to clients.

"However, there are plenty of worries; EPS was hit by the higher interest charge and EfW could still surprise negatively. This is a highly leveraged and risky situation and a rights issue is needed, despite the prospect of disposals."

The City broker kept its 'hold' recommendation in place but cut its price target to 63p from 90p.

Interserve shares dipped 1.1% to 61.9p in mid-morning trading.

1 Year Share Price Graph



December 2018 January 2019 March 2019

Share Information

Code: IRV
Listing: LSE
Sector: Business & education services
Website: www.interserveplc.co.uk

Company Synopsis:

Interserve Plc is a services, maintenance and building company. The Company provide services across the whole life of many types of buildings and infrastructure, such as hospitals, schools, offices, shopping centres, airports, industrial plant, bridges, waterworks or roads.

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