

MJ Gleeson

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MJ Gleeson sees half-year profit soar by over 60% on solid demand for its homes

MJ Gleeson PLC (LON:GLE) saw its shares rise on Thursday as the low-cost housebuilder reported rising first-half profits and revenue as its buyers seemingly shrugged aside any caution over Brexit and the uncertain outlook for the UK economy.

The FTSE Small Cap firm, which sells homes to people on lower incomes in the Midlands and North of England, reported a 62.8% rise in pre-tax profit to £22.3 mln for the half-year ended 31 December 2018, as revenues jumped by 52.8% to £118.3mln.

READ: MJ Gleeson's half-year results to be significantly ahead of prior year's The company said the total number of units sold in 2018 rose to 691, up from 593 at the same stage a year earlier, with the average selling price in the period increasing by 2.4% to £127,400, up from £124,400 in the first-half of 2017, reflecting modest price increases and the effect of plot mix and development mix.

Dermot Gleeson, the housebuilder's chairman, commented: "The Group has once again delivered an excellent performance, increasing operating profit in both divisions."

He added: "Gleeson Homes' growth plans remain on track. We see no signs of customer caution and demand remains robust."

The company rewarded shareholders with a 27.8% hike in the interim dividend to 11.5p per share.

Price targets hiked

In response to the strong results, City broker Liberum Capital raised its share price target for MJ Gleeson to 845p from 835p and reiterated a 'buy' rating on the stock.

In a note to clients, Liberum's analysts said: "Management expects full-year profits at least in line with expectations and we leave PBT estimates unchanged. However, with seven strategic sites being marketed and a very strong order book in Homes, we are very confident in our H2 expectations."

They added: "Gleeson easily warrants its premium to the other housebuilders as it is delivering 3-4x faster volume growth without absorbing cash significantly and at much lower risk."

Meanwhile, fellow broker Peel Hunt increased its target price for MJ Gleeson to 715p from 630p, retaining a 'hold' rating on the stock.

In late morning trading, MJ Gleeson shares were 3.4% higher at 766p.

Price: 804

Market Cap: £439 m

1 Year Share Price Graph



Share Information

Code: GLE

Listing: LSE

52 week	High	Low
	940	600

Sector: Real Estate

Website: mj.gleeson-homes.co.uk

Company Synopsis:

MJ Gleeson plc specialises in urban housing regeneration and strategic land trading. Within these activities, we employ people with outstanding skills which we are determined to improve continuously and to deploy ever more widely and effectively for the benefit of our customers, our shareholders and society at large.

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