

Van Elle Holdings

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Van Elle warns on profits but encouraged by cost-cutting, order book

Shares in ground engineer Van Elle Holdings PLC (LON:VANL) jumped on Friday in spite of a profit warning on the back of recent contract delays.

The UK-focused construction services group revealed that sales in the year to 30 April are likely to come in 3% lower-than-expected as economic uncertainty in the past quarter had weighed, in particular on the infrastructure sector.

READ: Cracks widen at Van Elle as order delays hit specialist division
While volumes in the fourth quarter have been the strongest in the financial year, along with encouraging progress in winning work, the awarding of "some" contracts and the start dates of others have been delayed by clients.

The lower sales is expected to result in the group adjusted profit before tax to be "slightly below the lower end of the range of market expectations", Van Elle said.

Brighter news was to be had elsewhere, with greater cost savings than previously guided as streamlining efforts under new chief Mark Cutler's three-phase transformation programme continued, while margins in the Piling business were said to be improving and better cash management has seen net debt shrink below previous forecasts.

Going into the new year, some Smart Motorway contract wins and improved levels of housing sector work lifted the order book to £35mln, up from £25mln a year before, with hopes for a further £25mln of contracts.

Despite the market uncertainty, with fourth quarter run-rate expected to "remain solid into the forthcoming year" the board said it was "very encouraged" that Cutler's improvements were "generating tangible operational and commercial benefits".

House broker Peel Hunt saw "rays of hope" from the work pipeline improvements and changes brought in by Cutler, upping its rating on its client to 'add' from 'hold' after the 40%-plus fall in the share price since the start of the year.

Van Elle shares had rallied more than 10% to 48.96p by mid-morning, reversing almost all their decline over the past month.

-- Adds broker rating change --

Price: 55p

Market Cap: £44M

1 Year Share Price Graph



June 2018 December 2018 June 2019

Share Information

Code: VANL

Listing:

52 week	High	Low
	95.00p	41.00p

Sector: Construction & Materials

Website: www.van-elle.co.uk

Company Synopsis:

Over the past 32 years, Van Elle has established a reputation for delivering high quality piling and ground engineering solutions throughout the British Isles and overseas. Steady year-on-year growth further confirms Van Elle's position as the most successful and largest piling and ground stabilisation contractor in the UK.

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