

Kier Group PLC

08:40 17 Jun 2019

Kier to axe 1,200 jobs and sell non-core businesses as part of overhaul

Kier Group PLC (LON:KIE) has kicked off a restructuring plan that involves axing 1,200 jobs, suspending dividend payments and selling non-core businesses amid speculation about increased pressure on its finances.

In reaction shares fell by more than 9% to 118p in morning trading.

The UK construction group aims to deliver cost savings of about £55m from fiscal year 2021 through the overhaul of the business.

READ: Kier fears reappear as credit insurers withdraw support, housebuilding price disappoints

Kier expects to spend about £56m between 2019 and 2021 on its turnaround efforts.

The decision to streamline operations comes after the company launched a strategic review of the business in April, weeks after chief executive Haydn Mursell was effectively ousted by shareholders.

New boss Andrew Davies said on Monday that he would take actions to simplify the group, better allocate capital resources and identify additional steps to improve cash generation and reduce average net debt.

"By making these changes, we will reinforce the foundations from which our core activities can flourish in the future, to the benefit of all of our stakeholders," he said.

Asset disposals and dividend suspension

Kier plans to sell or substantially exit its housebuilding, property development, facilities management and environmental services businesses.

The group said it would suspend its dividend payments for the 2019 and 2020 financial years as it warned its net debt is running at around £420m to £450m at the end of each month, higher than analysts expected.

Peel Hunt put its 'buy' rating on the shares under review following the announcement.

The broker said: "Despite the asset value, reassurance over trading and evidently supportive customers, the uncertainties around the period-end debt position results in us placing our estimates under review ahead of the July debt update."

Speculation over financial position

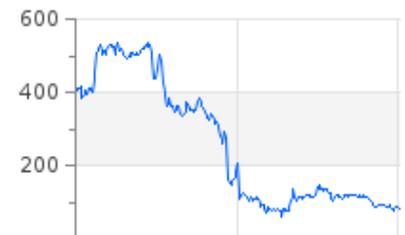
The company has been the subject of speculation over its financial health.

Last week The Times reported that two trade credit insurers withdrew credit insurance from the contractor, although other providers are understood to be continuing to provide coverage.

Price: 80.8

Market Cap: £130.99 m

1 Year Share Price Graph



December 2018 June 2019 December 20

Share Information

Code: KIE

Listing: LSE

52 week	High	Low
	547	58.4

Sector: Builders and building materials

Website: www.kier.co.uk

Company Synopsis:

Kier Group is engaged in construction, support services, residential and commercial property development, and infrastructure project investment. The company is organised in five divisions. The construction segment comprises Kier Regional and Kier Construction.

action@proactiveinvestors.com

As credit insurance insures suppliers from potential losses, creditors could demand Kier pay them quicker, putting the group's finances under even more pressure.

Kier issued a profit warning earlier this month, blaming lower-than-expected sales in its building division as well as "volume pressures" in its highways, utilities and housing maintenance arms.

-- Adds details, share price and broker comment --

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 +44 (0)207 989 0813 action@proactiveinvestors.com

No investment advice

The Company is a publisher. You understand and agree that no content 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 the Content on the Site is provided for information purposes only, and none of the information contained on the Site constitutes an offer, solicitation or recommendation to buy or sell a security. You understand that the Company receives either monetary or securities compensation for our services. We stand to benefit from any volume which any Content on the Site may generate.

You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value, suitability or profitability of any particular security, portfolio of securities, transaction, investment, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including Company-related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. 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.

The Site does not, and is not intended to, provide investment, tax, accounting, legal or insurance advice, and is not and should not be construed as providing any of the foregoing. You should consult an attorney or other relevant professional regarding your specific legal, tax, investment or other needs as tailored to your specific situation.