

North of Scotland powering growth prospects

17 February 2026

Springfield's interims highlight growth in revenue (+2%) and adjusted profit before tax (+8%), as well as a significant year on year reduction in net debt, a solid performance in the context of recent market uncertainty. With signs of improving buyer confidence, full year expectations are reiterated, whilst the Group has made significant strategic progress, culminating in the recent agreement with SSEN Transmission. This is the first major deal with an infrastructure provider in the North of Scotland, where Springfield is uniquely positioned to support an expected doubling in housing demand over the next decade.

Given Springfield's strategic momentum, unique positioning and attractive medium term growth prospects, we increase our Fair Value / share estimate to 170p (from 160p), equating to 1.2x Price/ Book.

Growth driven by strong performance in Affordable Housing

Affordable Housing was the single largest contributor to growth in the period (+26% to £25.8m) and Springfield has now delivered or contracted most of our FY26 revenue forecast. Profitable land sales also played a part, principally the final site sale under last year's agreement with Barratt Redrow. This more than offset lower revenue in Private Housing, where completions reduced, in line with expectations. Pricing continued to firm in Affordable and Private Housing, whilst gross margin dipped to 15.8% (short term factors in private housing and lower gross margin on land sales).

Improving sentiment supports full year outlook

Springfield is on track to deliver FY26 results in line with expectations. In recent weeks, there have been signs of improving consumer confidence with the expectation of further interest rate cuts, which should support an increase in private housing activity. In Scotland, house price inflation is running ahead of UK average, supported by greater affordability than most of the UK.

Strategic momentum in North of Scotland

The North of Scotland is expected to see a doubling of housing output over the next decade to support a generational investment in energy infrastructure projects, which will underpin the UK's future energy security. In December, Springfield signed an agreement with SSEN Transmission for the delivery of nearly 300 homes at six sites in the North of Scotland and we would expect further projects to follow.

Company data

EPIC	SPR.L
Price (last close)	129p
52 weeks Hi/Lo	135p/83p
Market cap	£154m
ED Fair Value / share	170p
Net cash / (debt) 2025A	(£20.9m)
Avg. daily volume (3m)	27k

Share price, p



Source: investing.com

Description

Springfield Properties is one of Scotland's leading housebuilders.

It has an enviable track record of growth and profitability and a reputation for building high quality homes in attractive locations. Springfield has a large, high quality landbank in Scotland, including significant holdings in the Highlands and Moray, which are expected to benefit from a significant increase in housing demand over the coming years.

Next event

Trading update - July 2026

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Key financials & valuation metrics

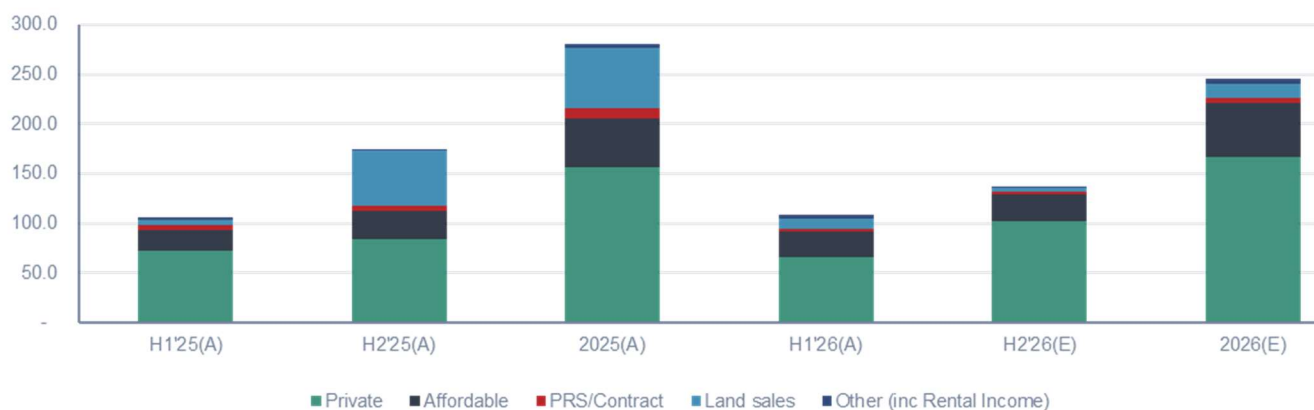
Year to 31 May (£m)	2024A	2025A	2026E	2027E	2028E
Sales	266.5	280.6	245.0	220.7	206.0
EBITDA	20.5	27.6	18.3	17.7	23.3
Adjusted PBT	10.6	20.1	12.6	13.4	19.0
FD EPS (p)	6.7	12.1	7.6	8.0	11.4
DPS (p)	1.0	2.0	3.0	4.5	5.0
Net Cash/(Debt)*	(45.4)	(26.4)	(15.5)	(26.0)	(26.4)
Net Cash/(Debt)**	(39.9)	(20.9)	(10.0)	(20.5)	(20.9)
P/E	19.1x	10.7x	17.0x	16.1x	11.3x
EV/EBITDA	9.7x	6.5x	9.3x	10.2x	7.7x
Price/ Book	1.0x	1.0x	0.9x	0.9x	0.9x
Dividend yield	0.8%	1.6%	2.3%	3.5%	3.9%

Source: Company data, Equity Development estimates, Priced at 16/02/26 *inc. leases ** exc. leases

Revenue and profit growth in H1'26, on track for FY

Springfield's interims confirm growth in revenue (+2%) and adjusted profit before tax (+8%), a solid performance in the context of a period of market uncertainty, particularly around the UK Budget. Net bank debt of £39.6m is significantly lower than at the same point last year (£62.9m) and the Group has made significant strategic progress, culminating in the signing of an agreement with SSEN Transmission for the delivery of nearly 300 homes in the North of Scotland.

Revenue growth in H1; well-positioned for full year



Source: Company data, Equity Development estimates

Financial highlights

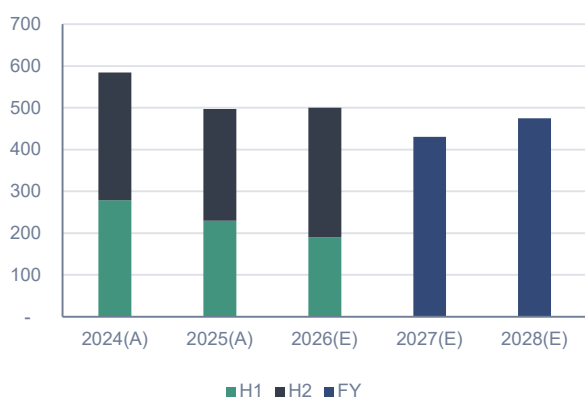
- Revenue increased by 2% to £108.0m driven by a strong performance in Affordable Housing
- Profitable land sales also played a part, increasing to £9.8m (H1'25: £5.1m), principally the final site sale under last year's agreement with Barratt Redrow
- Gross margin dipped to 15.8% (H1'25: 17.7%), with a lower gross margin on land sales and private housing in this period
- Admin expenses reduced substantially to £11.6m (H1'25: £12.4m) despite the inflationary backdrop, reflecting effective cost control as well as the impact of restructuring around the Group's new strategy
- Adjusted operating profit reduced by 13% to £5.6m but Adjusted PBT increased by 8% to £4.1m, following a £1m year on year reduction in finance costs (significant reduction in bank debt, lower interest rates)
- Net bank debt at the period end was £39.6m, significantly lower than the £62.9m at November '24.
- Springfield has secured a new revolving credit facility for three years until August 2028 with a facility limit of £77.5m, reducing in 12 months to £47.5m alongside a £2.5m overdraft facility
- The Group expects to deliver underlying growth for the full year (excluding the exceptional contribution of last year's land sales) and full year expectations have been reiterated in a confident outlook statement

Private Housing – buyer confidence returning

Private Housing revenue reduced by 9% to £65.4m during the period. As expected, private completions reduced year on year to 190 (H1'25: 230) but this was partially mitigated by a c.10% increase in the average selling price to £344k (H1'25: £313k). The reservation rate was slightly lower than in H1'25, which is consistent with the experience of the wider housebuilding industry, reflecting market uncertainties in the run up to the UK Budget at the end of November. This had an impact on the time and cost of site completion, creating a drag on gross margins (15.1% vs 16.3% in H1'25).

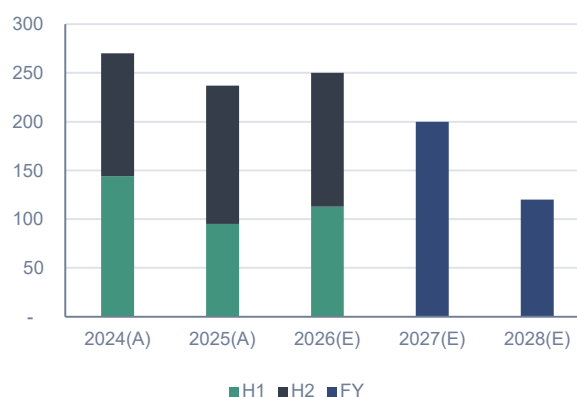
Post Budget, there are signs of improving consumer confidence, which should support an increase in private housing revenue in the second half. **We note a number of positive market indicators in Scotland (house price inflation running above UK average, greater affordability than most of the UK) as well as specific growth drivers underpinning demand in the North of Scotland.** See charts on following pages.

Private housing completions



Source: Company data, Equity Development estimates

Affordable housing completions



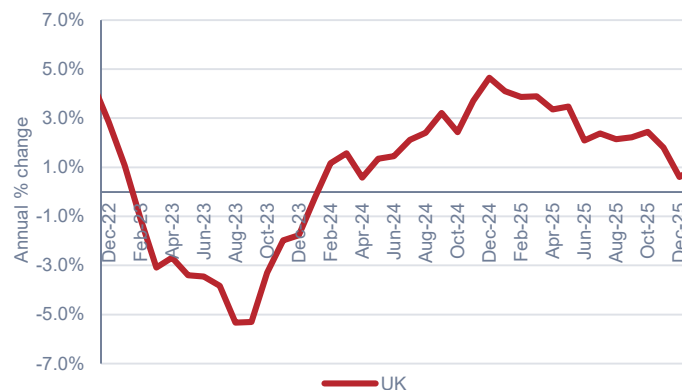
Source: Company data, Equity Development estimates

Affordable Housing – FY26 revenue now fully secure

Affordable housing revenue increased by 26% to £25.8m. Affordable completions increased to 113 (H1'25: 95) and the average selling price increased to £228k (H1'25: £215k). Springfield has now delivered or contracted almost all of our forecast FY26 revenue. This business is now performing well with a consistent 14% gross margin, reflecting the significant need for new housing within this market segment. The Scottish government has committed a record £926m for affordable housing in the next financial year, to support the long-standing commitment to provide 110,000 affordable homes by 2032.

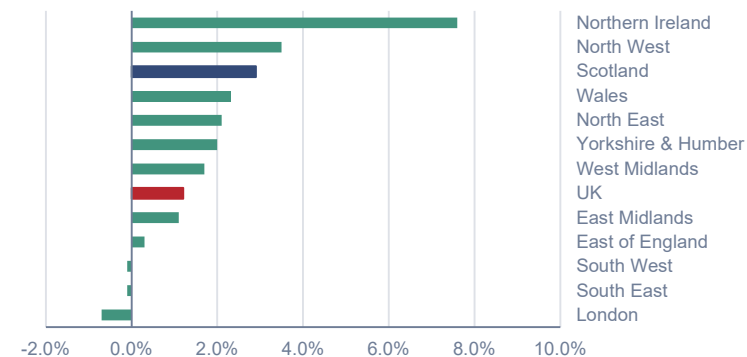
House price inflation in the UK remains positive but eased towards the end of 2025

Monthly house price index (Nationwide)



Source: Nationwide, Equity Development

December '25 house price index (Zoopla)



Source: Zoopla, Equity Development

House price inflation in Scotland has outpaced the wider UK in every quarter for the last two years, but Scotland remains more affordable than nearly all other regions of the UK

Quarterly house price index (% change YOY)



Source: Nationwide, Equity Development:

Average house price/ earnings ratio (Q4'25)

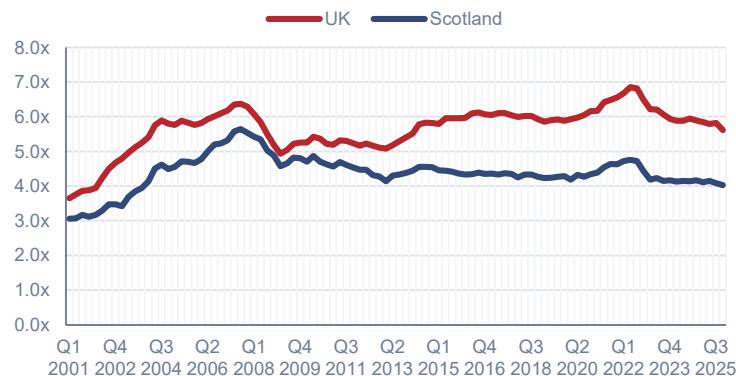


Source: Nationwide, Equity Development

Average house price/ earnings ratio (25 years)

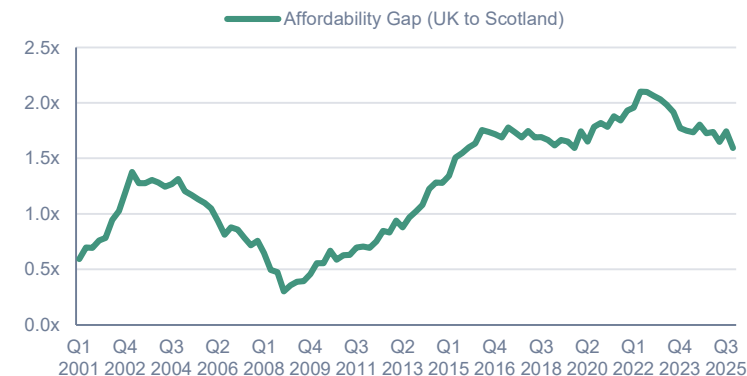
Scotland has always been more affordable on a house price/ earnings basis than the UK average, which is stretched by high house prices in London

Over the past 25 years, this affordability gap has increased (chart on RHS)



Source: Nationwide, Equity Development

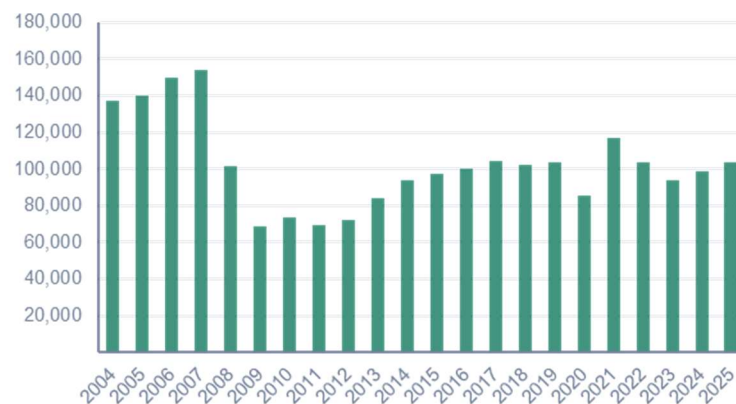
Affordability gap (HP/E in UK minus HP/E in Scotland)



Source: Nationwide, Equity Development

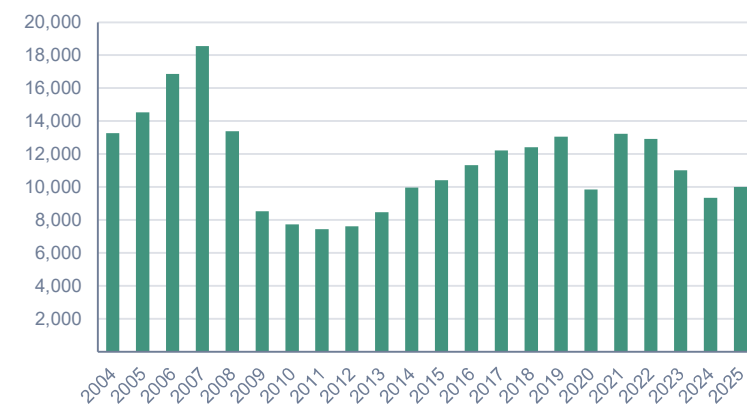
Annual residential property sales in Scotland

Housing transaction volumes in Scotland are substantially lower than historic levels, which suggests underlying growth potential



Source: Registers of Scotland

Annual newbuild residential property sales in Scotland



Source: Registers of Scotland

To support this generational investment in energy infrastructure in the North of Scotland, The Highland Council is targeting a doubling of housing output over the next decade

Strategic momentum in North of Scotland

As previously announced, post period end, Springfield signed an agreement with SSEN Transmission for the delivery of 293 homes at six sites across the Highlands, Moray and Aberdeenshire. This is the Group's first such agreement with a major infrastructure provider and opens up a new and innovative revenue stream to the Group. To support this generational investment in infrastructure in the North of Scotland, The Highland Council is targeting the delivery of 24,000 homes, a doubling of housing output over the next decade. We discussed this in some detail in our note in December ([Milestone agreement with SSEN](#)).

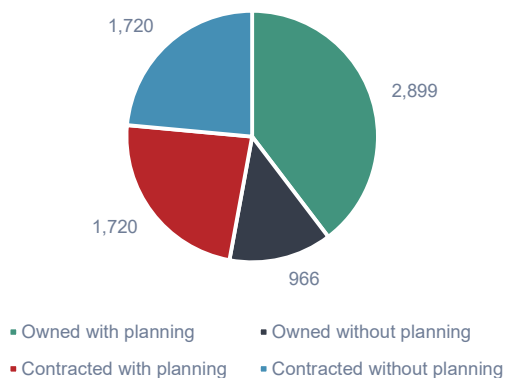
Under the initial agreement, Springfield will provide enabling works to prepare selected sites before construction commences. SSEN will fund these site-opening costs. Springfield and SSEN Transmission then intend to enter a further agreement for the build and lease of the housing. The homes will be delivered on a phased basis over the next three years and will be leased for an initial four-year period. The homes will accommodate workers on energy upgrade projects in the North of Scotland, which will contribute to the UK's future energy security.

At the end of the lease period, the Group will have several options, including making the houses available for private sale, or sale to private rental sector providers and affordable housing providers to create a lasting legacy for the communities.

Substantial land bank supports long term growth plans

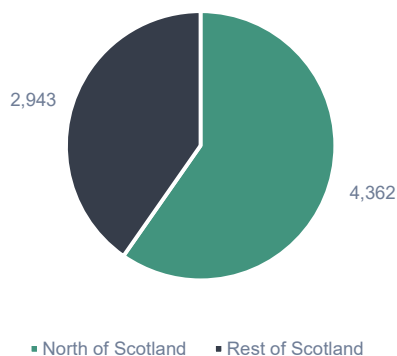
Springfield's owned and contracted landbank comprises 7,305 plots, of which 63% have planning permission, equating to 9 years of activity.

Landbank equates to 9 years of activity



Source: Company

North of Scotland accounts for 60% of Landbank



Source: Company

In addition, Springfield has established a significant strategic landbank with options over 6,293 plots, of which 4,652 are in the North of Scotland. In FY25, the Group submitted c.1,400 acres of land (equating to over 10,000 plots) for consideration in response to the Highland Council's call for new sites to be allocated for housing development in their forthcoming Local Development Plan.

Attractively valued at <1x Price/ Book

We believe Springfield is uniquely positioned to support the significant growth in housing demand anticipated in the North of Scotland, through the delivery of private and affordable housing, and now through a new build and lease model with infrastructure providers. We expect this to underpin the Group's medium term growth plans, whilst the near-term outlook should be supported by improving consumer confidence, falling interest rates and the relative affordability of housing in Scotland.

Peer group valuation metrics

Company	Share Price £	Market Cap £m	P/E (FY1)	P/E (FY2)	EV/EBITDA (FY1)	EV/EBITDA (FY2)	P/TBV (LTM)	Div Yield (NTM)
Barratt Redrow	3.88	5,484.79	13.1x	10.8x	8.7x	6.9x	0.9x	4.0%
Bellway	27.58	,223.50	14.5x	12.0x	9.6x	8.3x	0.9x	2.8%
Crest Nicholson	1.68	430.65	16.5x	12.3x	9.4x	7.7x	0.6x	2.5%
MJ Gleeson	3.56	207.68	11.6x	8.9x	7.2x	5.7x	0.7x	3.0%
Persimmon	15.09	4,837.09	15.5x	14.5x	9.8x	9.2x	1.5x	4.2%
Springfield	1.30	154.89	17.1x	15.7x	9.7x	9.7x	0.9x	2.3%
Taylor Wimpey	1.15	4,086.47	14.6x	14.9x	8.8x	9.0x	1.0x	7.9%
The Berkeley Group	43.18	4,079.50	12.9x	12.5x	8.4x	8.3x	1.1x	2.8%
Vistry	7.37	2,349.00	13.1x	11.0x	6.9x	6.4x	1.1x	0.8%
Mean Average			14.3x	12.5x	8.7x	7.9x	1.0x	3.4%
Median Average			14.5x	12.3x	8.8x	8.3x	0.9x	2.8%

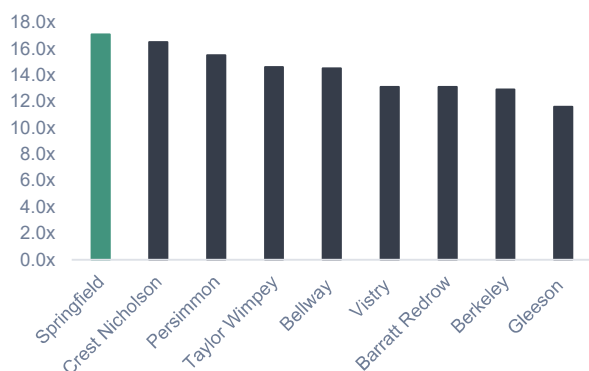
Source: Koyfin, consensus estimates priced at 11/02/26

We note that the Group's recent land sales have been achieved at 1.2x Price/ Book, which provides strong underpinning

Springfield's shares have performed well over recent periods but remain attractively valued, in our view, trading on just 0.9x Price/ Book Value, lower than the sector average of 1.0x. Given the improving market dynamics and Springfield's strong medium term growth outlook, we remain of the view that the shares should trade on a premium to peers. We note that the Group's recent land sales have been achieved at 1.2x Price/ Book, which provides strong underpinning and highlights the value in the landbank, which supports at least 9 years of activity.

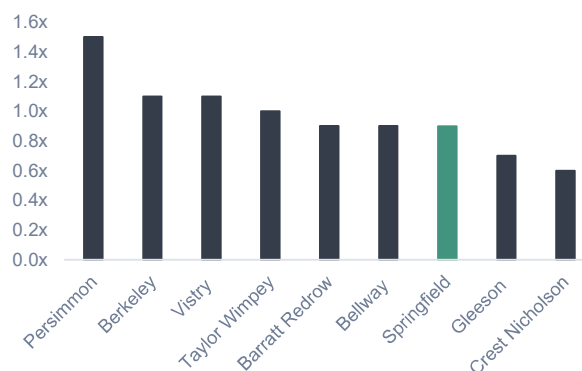
We increase our Fair Value estimate to 170p per share (from 160p), which equates to 1.2x Price/ Book Value for FY26.

Peer group P/E rating (FY1)



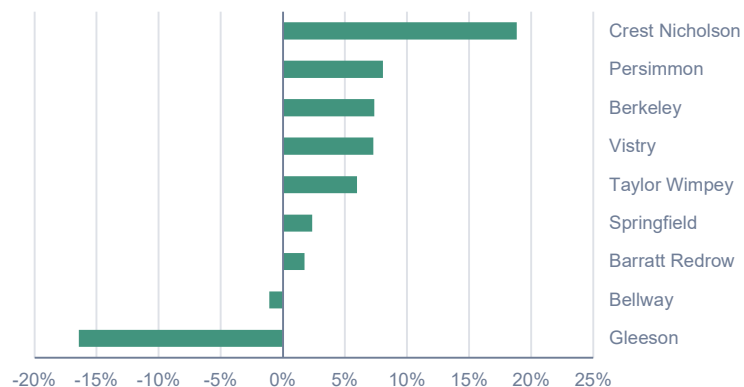
Source: Koyfin, consensus estimates priced at 11/02/26

Peer group P/TBV rating (LTM)



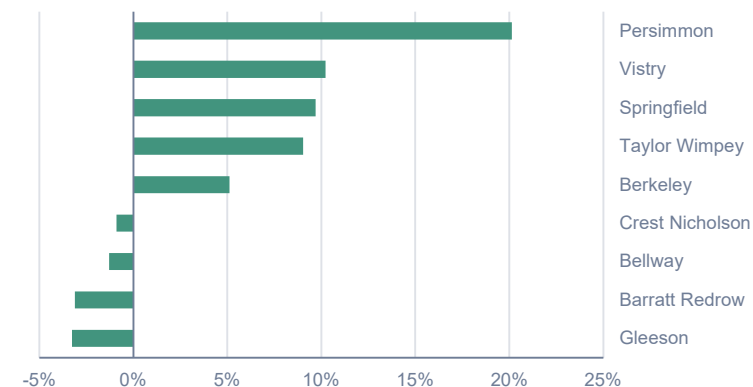
Source: Koyfin, consensus estimates priced at 11/02/26

One-month share price performance



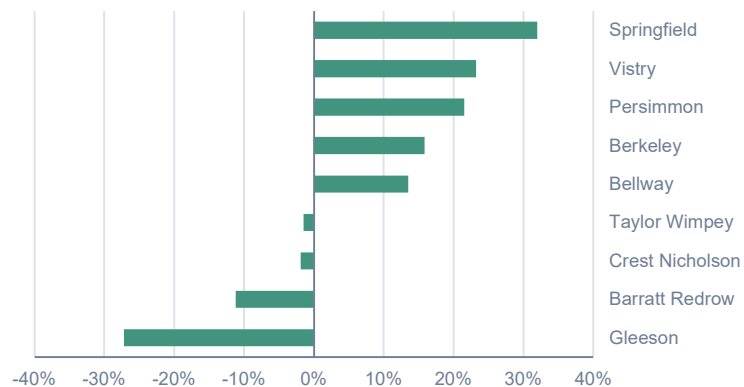
Source: Koyfin

Three-month share price performance

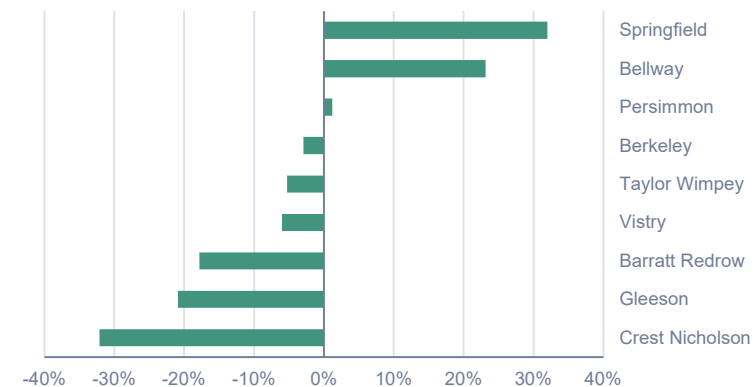


Source: Koyfin

One-year share price performance



Three-year share price performance



Income statement

Year to 31 May (£m)	2022(A)	2023(A)	2024(A)	2025(A)	2026(E)	2027(E)	2028(E)
Group revenue	257.1	332.1	266.5	280.6	245.0	220.7	206.0
% growth	19%	29%	-20%	5%	-13%	-10%	-7%
% 2 Year CAGR	33%	24%	2%	-8%	-4%	-11%	-8%
COGS	-214.0	-284.2	-223.1	-228.4	-206.5	-184.0	-166.7
% growth	20%	33%	-21%	2%	-10%	-11%	-9%
% of revenue	83%	86%	84%	81%	84%	83%	81%
Gross profit	43.1	48.0	43.4	52.1	38.5	36.8	39.3
% growth	11%	11%	-10%	20%	-26%	-5%	7%
% margin	17%	14%	16%	19%	16%	17%	19%
Admin expenses	-19.1	-25.4	-23.9	-25.2	-20.4	-19.3	-16.2
% of revenue	7%	8%	9%	9%	8%	9%	8%
Other operating income	0.4	0.7	1.0	0.7	0.2	0.2	0.2
Adj. EBITDA	24.4	23.2	20.5	27.6	18.3	17.7	23.3
% growth	11%	-5%	-12%	35%	-34%	-4%	32%
% margin	9%	7%	8%	10%	7%	8%	11%
Depreciation	-1.7	-2.3	-2.3	-2.1	-2.0	-1.5	-1.5
Amortisation	-0.2	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3
Adj. EBITA	22.5	20.7	17.9	25.2	16.0	15.9	21.5
% growth	14%	-8%	-14%	41%	-36%	-1%	35%
% margin	9%	6%	7%	9%	7%	7%	10%
Net interest	-1.8	-4.7	-7.3	-5.2	-3.4	-2.5	-2.5
Adj. PBT	20.8	16.0	10.6	20.1	12.6	13.4	19.0
% growth	12%	-23%	-34%	90%	-37%	6%	42%
% margin	8%	5%	4%	7%	5%	6%	9%
Other Items/Exceptionals	-1.1	-0.7	-0.9	-1.0	-1.0	-2.5	-0.8
Reported PBT	19.7	15.3	9.7	19.0	11.6	10.9	18.2
Effective tax	-3.7	-3.3	-2.2	-5.0	-3.2	-3.3	-4.7
Exceptional tax		0.1	-0.1	-0.1	25%	63%	20%
Effective tax rate (%)	18%	21%	21%	25%	25%	25%	25%
Adj. PAT	17.0	12.7	8.3	15.1	9.5	10.0	14.2
PAT	15.9	12.1	7.5	14.1	8.2	6.9	13.2

Source: Company historic data, Equity Development estimates

Cash flow statement

Year to 31 May (£m)	2022(A)	2023(A)	2024(A)	2025(A)	2026(E)	2027(E)	2028(E)
Adj. EBITA	22.5	20.7	17.9	25.2	16.0	15.9	21.5
Depreciation	1.7	2.3	2.3	2.1	2.0	1.5	1.5
Amortisation of intangible fixed asset	0.2	0.3	0.3	0.3	0.3	0.3	0.3
Gain on disposal of PPE	0.0	-0.3	0.0	0.0	0.0	0.0	0.0
Exceptionals	-1.1	-0.7	-0.9	-1.0	-1.0	-2.5	-0.8
Other non-cash	0.5	0.7	-0.2	0.9	0.0	0.0	0.0
Working Capital Movement	-4.7	-14.5	25.1	6.3	6.0	-3.0	-2.0
Operating Cash Flow	19.0	8.4	44.5	33.7	23.3	12.2	20.5
Net Interest	-1.6	-3.8	-6.5	-5.0	-3.4	-2.5	-2.5
Tax	-3.5	-2.9	-1.8	-3.7	-3.2	-3.3	-4.7
Net Operating Cash Flow	13.9	1.7	36.1	25.1	16.8	6.3	13.2
Purchase of PPE	-0.5	-0.5	-0.2	-0.2	-0.5	-0.3	-0.3
Proceeds from sale of PPE	0.2	0.4	0.3	0.2	0.0	0.0	0.0
Total Net Capex	-0.2	-0.1	0.1	0.1	-0.5	-0.3	-0.3
Equity Free Cash Flow	13.7	1.6	36.2	25.2	16.3	6.0	12.9
M&A	-43.9	-22.0	-12.1	-2.9	-3.0	-13.0	-8.0
Dividend	-6.3	-5.6	0.0	-1.2	-2.4	-3.6	-5.4
Share Issue	22.0	0.0	0.0	0.0	0.0	0.0	0.0
Lease additions	-2.8	-4.0	-1.9	-1.7	0.0	0.0	0.0
FX/Other	0.0	0.5	0.1	-0.4	0.0	0.0	0.0
Net Change in Net Debt	-17.3	-29.5	22.2	19.0	10.9	-10.5	-0.4
Net Debt at start of year – inc. leases	-20.8	-38.2	-67.7	-45.4	-26.4	-15.5	-26.0
Net Debt at end of year – inc. leases	-38.2	-67.7	-45.4	-26.4	-15.5	-26.0	-26.4
Add back leases	4.0	5.9	5.5	5.5	5.5	5.5	5.5
Net bank debt	-34.1	-61.8	-39.9	-20.9	-10.0	-20.5	-20.9

Source: Company historic data, Equity Development estimates

Balance sheet

Year to 31 May (£m)	2022(A)	2023(A)	2024(A)	2025(A)	2026(E)	2027(E)	2028(E)
Non-Current assets							
PPE	5.8	7.8	7.2	6.8	5.3	4.1	2.9
Intangible assets	5.8	6.0	5.7	5.4	5.1	4.8	4.5
Investments	0.5	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	5.6	5.0	5.0	11.2	11.2	5.2	5.2
Other	2.1	1.8	1.8	1.9	1.9	1.9	1.9
Sub-total NCAs	19.9	20.6	19.7	25.3	23.5	16.0	14.5
Current Assets							
Inventories and WIP	230.1	277.6	244.3	224.2	210.2	223.2	239.2
Trade and other receivables	21.4	22.6	26.4	41.1	38.1	40.1	23.1
Tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalents	16.4	8.9	14.9	9.4	9.4	9.4	9.4
Sub-total Cas	267.8	309.1	285.6	274.7	257.7	272.7	271.7
Total Assets	287.7	329.7	305.3	300.0	281.2	288.7	286.2
Current Liabilities							
Trade and other payables	-68.5	-57.0	-49.6	-56.1	-45.1	-51.1	-51.1
Provisions	-0.8	-1.3	-2.0	-1.9	-1.9	-1.9	-1.9
Corporation tax	-0.3	-0.4	-1.3	-2.8	-2.8	-2.8	-2.8
Leases	-1.3	-1.9	-1.6	-1.4	-1.4	-1.4	-1.4
Borrowings	0.0	0.0	-54.8	-30.3	-19.4	-29.9	-30.3
Deferred consideration	-6.1	-11.8	-7.3	-7.5	-4.5	-3.0	0.0
Sub-total CLs	-77.0	-72.3	-116.7	-99.8	-74.9	-89.9	-87.3
Non-current liabilities							
Trade and other payables	0.0	0.0	0.0	-1.6	-1.6	-1.6	-1.6
Borrowings	-50.5	-70.7	0.0	0.0	0.0	0.0	0.0
Leases	-2.7	-4.0	-4.0	-4.2	-4.2	-4.2	-4.2
Provisions	-1.8	-2.1	-4.3	-3.9	-3.9	-3.9	-3.9
Deferred taxation	-3.7	-3.6	-3.0	-2.9	-2.9	-2.9	-2.9
Deferred/Contingent consideration	-8.5	-26.3	-19.1	-16.5	-16.5	-5.0	0.0
Sub-total NCLs	-67.2	-106.7	-30.3	-28.9	-28.9	-17.4	-12.4
Total Liabilities	-144.2	-179.0	-147.0	-128.7	-103.8	-107.3	-99.7
NET ASSETS	143.5	150.6	158.2	171.3	177.3	181.3	186.4
Minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SHAREHOLDERS FUNDS	143.5	150.6	158.2	171.3	177.3	181.3	186.4

Source: Company historic data, Equity Development estimates

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