Springfield Properties

Strong foundations for long-term profit growth

15 September 2026

Springfield's FY26 results confirm a resilient trading performance in a year of significant strategic progress. The strength of cash generation was a clear highlight, eliminating all bank debt and paving the way for the recently announced share buyback programme. It was also a milestone year for Springfield in the North of Scotland, which saw the Group enter into an agreement with a major energy infrastructure provider for the build and lease of almost 300 homes. Springfield's shares continue to trade at a c.30% discount to current year NAV, which in our view fails to reflect the Group's unique positioning and growth potential. We reiterate our 175p/ share Fair Value estimate.

Resilient FY26 performance, slightly ahead of expectations

Good progress was made in Private and Affordable housing, with revenue and gross margins advancing in both divisions. Group revenue decreased by 13.2% to £243.7m as expected, following the significant contribution from land sales in the comparative period. Springfield ended the year with net cash of £1.2m, a material improvement on the net bank debt peak of £93m in Nov'23.

Milestone year in North of Scotland

FY26 was a milestone year for Springfield in the North of Scotland, which saw the Group enter into an agreement with a major energy infrastructure provider for the build and lease of almost 300 homes to accommodate workers involved in the upgrade of the national electricity transmission grid. The detailed works agreements are expected to follow in the relatively near term. This innovative new model underpins expectations for the coming years, after reflecting some minor forecast changes within this note (PBT trimmed by 3%/5% in FY27/FY28).

Maximising value of landholdings in Central Scotland

The Board has taken the decision - in light of the strength of the balance sheet - to develop its remaining landholdings in Central Scotland rather than pursue their sale. This is intended to maximise the value of the land bank without constraining the opportunities in the North of Scotland. In our view, Springfield is uniquely positioned amongst the UK housebuilders, given the strong fundamentals of the Scottish housing market, particularly in the North of Scotland, where demand is well underpinned by major energy and infrastructure investment over the next decade.

Key financials & valuation metrics

Year to 31 May (£m)	2025A	2026A	2027E	2028E	2029E
Sales	280.6	243.7	219.6	218.0	239.9
EBITDA	27.6	18.0	17.6	23.0	23.5
Adjusted PBT	20.1	12.9	13.0	18.0	19.0
FD EPS (p)	12.1	8.0	7.8	10.9	11.6
DPS (p)	2.0	3.0	4.5	4.8	5.0
Net Cash/(Debt)*	-26.4	-3.7	-25.2	-25.0	-24.8
Net Cash/(Debt)**	-20.9	1.2	-20.3	-20.1	-19.9
P/E	8.7x	13.1x	13.5x	9.6x	9.1x
EV/EBITDA	5.5x	7.2x	8.6x	6.6x	6.4x
Price/Book	0.8x	0.8x	0.7x	0.7x	0.7x
Dividend yield	1.9%	2.9%	4.3%	4.6%	4.8%

*Source: Company data, Equity Development estimates, Priced at 10/09/26 *inc. leases ** exc. leases*

Company data

EPIC	SPR.L
Price (last close)	106p
52 weeks Hi/Lo	135p/89p
Market cap	£127m
ED Fair Value / share	175p
Net debt 2026A	(£3.7m)
Avg. daily volume (3m)	127,000

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 - December 2026

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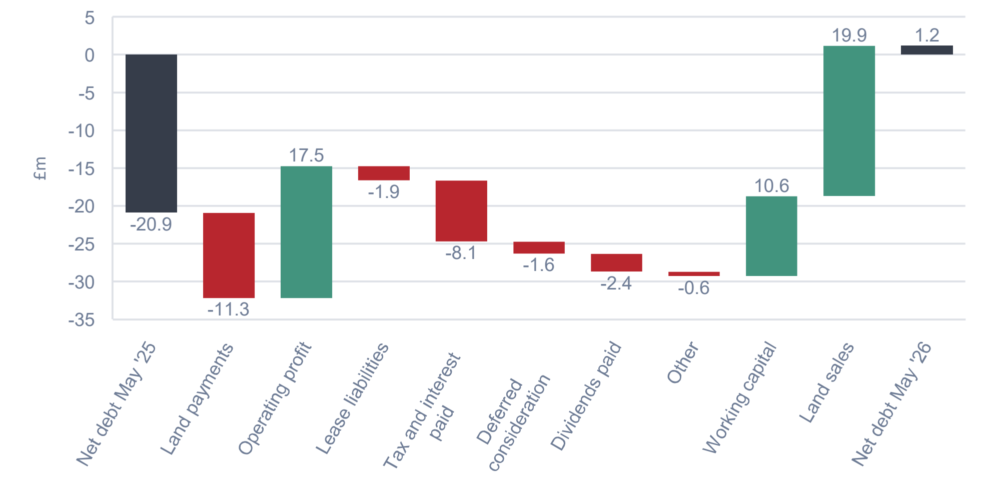
Resilient performance and strong cash generation

Springfield reported a resilient performance in FY26, slightly ahead of our expectations (PBT 2% ahead of forecast, adjusted EPS 6% ahead). Good progress was made in Private and Affordable housing, with revenue and gross margins advancing in both divisions. As expected, Group results were lower than the prior year, which benefited from an exceptional contribution from land sales.

Strong cash generation has been a recurring feature of Springfield's results over the past three years and the Group ended FY26 in a net cash position for the first time (from a net debt peak of £93m in Nov'23).

Strong cash generation – net cash position at year end



Source: Company, Equity Development analysis

Continued progress post period end supports share buyback programme

Further progress has been made since the year-end with the sale of a site in Central Scotland for £12.0m, marking the conclusion of the Group's land disposal programme. The strength of the balance sheet supported the announcement of a share buyback programme last month.

Financial highlights

- Good growth in Private (+6%) and Affordable (+10%) housing revenue, a resilient performance in the context of broader market challenges for UK housebuilders
- Revenue decreased by 13.2% to £243.7m (ED forecast: £245.0m) as expected, following the significant contribution from land sales in the comparative period
- Springfield completed profitable land sales of £14.1m during the year (FY25: £60.5m), principally relating to the final site under the Barratt Redrow agreement announced in 2025
- Gross margin reduced to 16.4% (FY25: 18.6%), in line with expectations and slightly ahead of the FY24 comparative (16.3%)
- Overheads were well managed, reducing by 8.0% year on year to £25.4m, reflecting ongoing cost control
- Adjusted PBT reduced to £12.9m, slightly ahead of forecast (ED forecast: £12.6m)
- Net bank debt was eliminated during the period as Springfield ended the year with net cash of £1.2m (excluding leases), compared to the prior year net debt position of £20.9m
- The full year dividend has increased by 50% to 3.0p, in line with expectations, which we consider attractive, complemented by additional shareholder returns from the new share buyback programme

Milestone year in North of Scotland

FY26 was a milestone year for Springfield in the North of Scotland, which saw the Group enter into an initial agreement with a major energy infrastructure provider for the build and lease of almost 300 homes over six sites across the Highlands, Moray and Aberdeenshire.

The detailed works agreements are in negotiation and are expected to be structured broadly as follows:

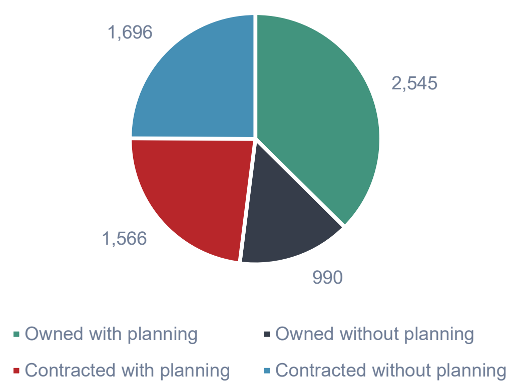
- Springfield receives a significant payment on handover of the homes, followed by a recurring monthly rental income for the duration of the lease (four years)
- Once handed over by Springfield, the furnished and serviced homes will accommodate workers on the energy upgrade projects
- At the end of the lease period, as well as transferring some homes to affordable housing providers, Springfield will have a number of options, including making homes available for private housing sales or for sale to private rented sector providers

Springfield is continuing to explore opportunities with other infrastructure providers on a similar basis to support energy infrastructure projects and this remains a highly attractive long-term opportunity, which Springfield is uniquely well positioned to address.

Land Bank provides nine years of visibility

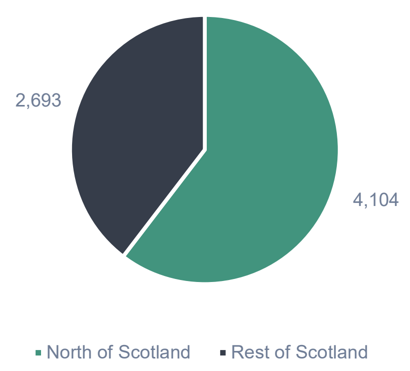
As of 31st May 2026, the Group had a total of 3,535 owned plots, of which 72% had planning permission, and 3,262 contracted plots of which 48% had planning permission. The total owned and contracted land bank equated to nine years of activity and had a gross development value of £1.8bn.

Land bank provides strong visibility



Source: Company

Unique position in North of Scotland



Source: Company

In addition, Springfield has a large strategic land bank comprising options over 6,211 plots at the year end, of which 4,570 are in the North of Scotland, providing a substantial longer-term pipeline.

Maximising value of landholdings in Central Scotland

Whilst the North of Scotland is expected to be the Group's principal growth driver, the Board has taken the decision - considering the strength of the balance sheet - to develop its remaining landholdings in Central Scotland rather than pursue their sale. This is intended to maximise the value of the land bank without constraining the opportunities in the North of Scotland.

New FY29 forecasts reflect build and lease dynamics

We have made some modest changes to our FY27 and FY28 forecasts, refreshing our divisional assumptions having reviewed the FY26 outturn. There is a limited impact on Group forecasts, with PBT trimmed by 3%/5% in FY27/FY28.

Our net debt expectations are unchanged, but we do reflect the share buyback programme, assuming £5m of investment over the next two years.

Forecast changes

Year to 31 May	2026(A)	2026(E)		2027(E)	2027(E)		2028(E)	2028(E)		2029(E)
	Reported	Forecast	Variance	Revised	Old	Change	Revised	Old	Change	New
Revenue £m	243.7	245.0	-0.5%	219.6	220.7	-0.5%	218.0	206.0	5.8%	239.9
PBT (underlying) £m	12.9	12.6	2.1%	13.0	13.4	-2.8%	18.0	19.0	-5.0%	19.0
EPS fully diluted p	8.0	7.6	6.0%	7.8	8.0	-2.8%	10.9	11.4	-4.3%	11.6
Dividend	3.0	3.0	0.0%	4.5	4.5	0.0%	4.8	5.0	-4.0%	5.0
Net cash/ (debt) £m	-3.7	-4.5	-17.2%	-25.2	-26.0	-3.0%	-25.0	-26.4	-5.2%	-24.8
Net debt ex. leases £m	1.2	1.0	19.7%	-20.3	-20.5	-1.0%	-20.1	-20.9	-3.8%	-19.9
Net assets £m	179.0	177.2	1.0%	181.3	181.2	0.1%	186.0	186.3	-0.2%	193.7
NAV per share £	1.42	1.42	-0.1%	1.45	1.45	0.1%	1.50	1.49	0.6%	1.58

Source: Company data, Equity Development estimates

Our new FY29 forecasts include the impact of the build and lease agreement with a major energy infrastructure provider for the delivery of almost 300 homes over six sites in the North of Scotland.

This new model brings a material contribution from rental revenues into the Group results during FY28 and FY29 in particular (see charts on next page) with the potential sale of these properties falling after the current forecast horizon. The construction phase is working capital consumptive, but the construction costs are recovered in cash from the partner on handover of the properties. The P&L impact of this handover payment is recognised over the life of the lease. Springfield will then receive monthly rental payments but will be responsible for the ongoing cost of servicing the accommodation.

Build and lease model in North of Scotland

Source: Company

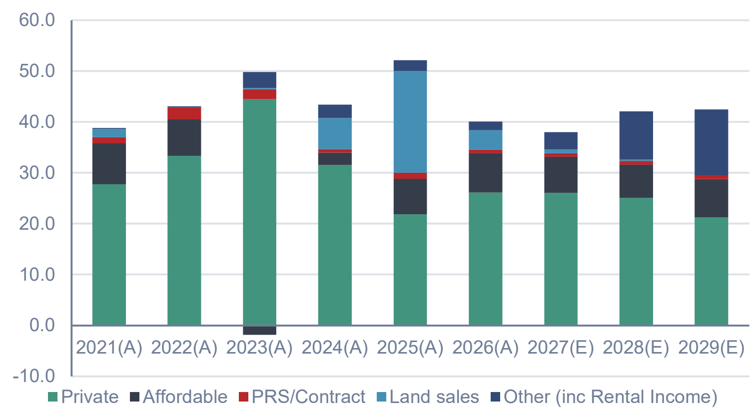
FY26 shows growth in Private and Affordable revenue but lower land sales

Note: Rental income becomes significant contributor from 2028E/2029E

Revenue by business stream (£m)

Source: Company historic data, ED forecasts and analysis

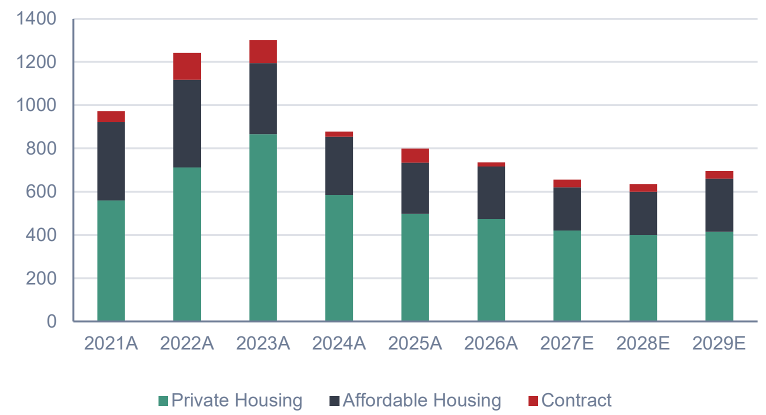
Gross profit by business stream (£m)



Source: Company historic data, ED forecasts and analysis

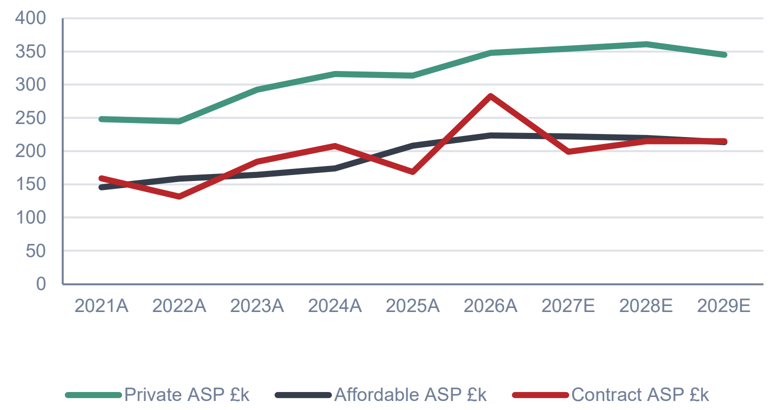
Home completions' trend reflects lower number of active sites and evolution of model in North of Scotland

Home completions by division (units)



Source: Company historic data, ED forecasts and analysis

Average selling price by division (£k)



Source: Company historic data, ED forecasts and analysis

Long-term profit growth, attractive valuation

In our view, Springfield is uniquely positioned amongst the UK housebuilders, given the strong fundamentals of the Scottish housing market (good affordability, house price inflation) and Springfield's strategic focus on the North of Scotland, where demand is underpinned by major energy and infrastructure investment over the next decade.

We consider this an attractive differentiator, given current headwinds in the broader UK housing market (subdued demand, potential interest rate increases).

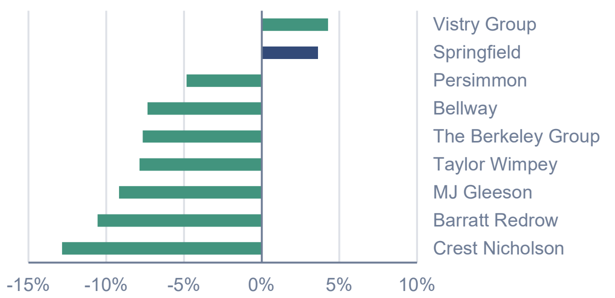
Peer group valuation metrics

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	2.94	4,102	10.4x	12.2x	6.7x	7.7x	0.7x	1.2%
Bellway	20.36	2,292	11.0x	12.5x	7.3x	8.5x	0.7x	3.5%
Crest Nicholson	0.59	151	N/A	N/A	N/A	21.0x	0.2x	0.4%
MJ Gleeson	2.57	150	20.1x	10.9x	9.5x	6.4x	0.5x	3.4%
Persimmon	11.14	3,577	11.2x	11.0x	7.4x	7.3x	1.0x	5.6%
Springfield	1.06	126	13.5x	9.6x	8.6x	6.6x	0.8x	4.3%
Taylor Wimpey	0.80	2,801	15.4x	14.6x	9.1x	8.8x	0.7x	3.7%
The Berkeley Group	33.56	3,078	11.7x	12.0x	7.5x	8.1x	0.8x	1.6%
Vistry	2.62	831	6.3x	5.9x	3.3x	3.3x	0.4x	0.0%
Mean Average			**12.5x**	**11.1x**	**7.4x**	**8.6x**	**0.6x**	**2.6%**
Median Average			**11.5x**	**11.5x**	**7.5x**	**7.7x**	**0.7x**	**3.4%**

Source: Koyfin, priced at 10/09/26

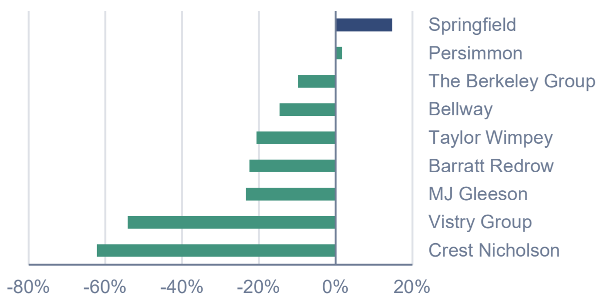
Springfield's shares continue to trade at a c.20% discount to reported Net Asset Value (and a 30% discount to forecast NAV), which in our view fails to reflect the Group's unique positioning and growth potential. We reiterate our 175p/ share Fair Value estimate.

One month share price performance



Source: Koyfin, priced at 11/09/26

One year share price performance



Source: Koyfin, priced at 11/09/26

Income statement

Year to 31 May (£m)	2023(A)	2024(A)	2025(A)	2026(A)	2027(E)	2028(E)	2029(E)
Group revenue	**332.1**	**266.5**	**280.6**	**243.7**	**219.6**	**218.0**	**239.9**
% growth	29%	-20%	5%	-13%	-10%	-1%	10%
% 2 Year CAGR	24%	2%	-8%	-4%	-12%	-5%	5%
COGS	-284.2	-223.1	-228.4	-203.7	-181.6	-175.9	-197.5
% growth	33%	-21%	2%	-11%	-11%	-3%	12%
% of revenue	86%	84%	81%	84%	83%	81%	82%
Gross profit	**48.0**	**43.4**	**52.1**	**40.0**	**38.0**	**42.0**	**42.4**
% growth	11%	-10%	20%	-23%	-5%	11%	1%
% margin	14%	16%	19%	16%	17%	19%	18%
Admin expenses	-25.4	-23.9	-25.2	-23.2	-21.2	-19.8	-19.7
% of revenue	8%	9%	9%	10%	10%	9%	8%
Other operating income	0.7	1.0	0.7	1.1	0.8	0.8	0.8
Adj. EBITDA	**23.2**	**20.5**	**27.6**	**18.0**	**17.6**	**23.0**	**23.5**
% growth	-5%	-12%	35%	-35%	-2%	31%	2%
% margin	7%	8%	10%	7%	8%	11%	10%
Depreciation	-2.3	-2.3	-2.1	-1.9	-2.0	-2.0	-2.0
Amortisation	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3
Adj. EBITA	**20.7**	**17.9**	**25.2**	**15.8**	**15.3**	**20.7**	**21.2**
% growth	-8%	-14%	41%	-37%	-3%	36%	2%
% margin	6%	7%	9%	6%	7%	10%	9%
Net interest	-4.7	-7.3	-5.2	-2.9	-2.3	-2.7	-2.2
Adj. PBT	**16.0**	**10.6**	**20.1**	**12.9**	**13.0**	**18.0**	**19.0**
% growth	-23%	-34%	90%	-36%	1%	39%	5%
% margin	5%	4%	7%	5%	6%	8%	8%
Other Items/Exceptionals	-0.7	-0.9	-1.0	-0.9	-1.7	-0.5	-0.8
Reported PBT	**15.3**	**9.7**	**19.0**	**11.9**	**11.3**	**17.5**	**18.2**
Effective tax	-3.3	-2.2	-5.0	-2.7	-3.3	-4.5	-4.8
Exceptional tax	0.1	-0.1	-0.1	-0.2	43%	13%	20%
Effective tax rate (%)	21%	21%	25%	21%	25%	25%	25%
Adj. PAT	**12.7**	**8.3**	**15.1**	**10.1**	**9.8**	**13.5**	**14.3**
PAT	12.1	7.5	14.1	9.4	7.6	12.9	13.3

Source: Company historic data, Equity Development estimates

Cash flow statement

Year to 31 May (£m)	2023(A)	2024(A)	2025(A)	2026(A)	2027(E)	2028(E)	2029(E)
Adj. EBITA	**20.7**	**17.9**	**25.2**	**15.8**	**15.3**	**20.7**	**21.2**
Depreciation	2.3	2.3	2.1	1.9	1.5	1.5	1.5
Amortisation of intangible fixed asset	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Gain on disposal of PPE	-0.3	0.0	0.0	0.0	0.0	0.0	0.0
Exceptionals	-0.7	-0.9	-1.0	-0.9	-1.7	-0.5	-0.8
Other non-cash	0.7	-0.2	0.9	0.5	0.0	0.0	0.0
Working Capital Movement	-14.5	25.1	6.3	19.2	-4.8	-4.0	-9.0
Operating Cash Flow	**8.4**	**44.5**	**33.7**	**36.7**	**10.6**	**18.0**	**13.2**
Net Interest	-3.8	-6.5	-5.0	-3.2	-2.3	-2.7	-2.2
Tax	-2.9	-1.8	-3.7	-4.8	-3.3	-4.5	-4.8
Net Operating Cash Flow	**1.7**	**36.1**	**25.1**	**28.6**	**5.1**	**10.8**	**6.3**
Purchase of PPE	-0.5	-0.2	-0.2	-1.0	-0.3	-0.3	-0.3
Proceeds from sale of PPE	0.4	0.3	0.2	0.2	0.0	0.0	0.0
Total Net Capex	-0.1	0.1	0.1	-0.8	-0.3	-0.3	-0.3
Equity Free Cash Flow	**1.6**	**36.2**	**25.2**	**27.9**	**4.8**	**10.5**	**6.0**
M&A	-22.0	-12.1	-2.9	-1.6	-20.7	-2.0	0.0
Dividend	-5.6	0.0	-1.2	-2.4	-3.6	-5.4	-5.7
Share Issue	0.0	0.0	0.0	0.1	-2.0	-3.0	0.0
Lease additions	-4.0	-1.9	-1.7	-1.3	0.0	0.0	0.0
FX/Other	0.5	0.1	-0.4	0.0	0.0	0.0	0.0
Net Change in Net Debt	**-29.5**	**22.2**	**19.0**	**22.7**	**-21.5**	**0.2**	**0.2**
Net Debt at start of year – inc. leases	-38.2	-67.7	-45.4	-26.4	-3.7	-25.2	-25.0
Net Debt at end of year – inc. leases	**-67.7**	**-45.4**	**-26.4**	**-3.7**	**-25.2**	**-25.0**	**-24.8**
Add back leases	5.9	5.5	5.5	4.9	4.9	4.9	4.9
Net bank debt	**-61.8**	**-39.9**	**-20.9**	**1.2**	**-20.3**	**-20.1**	**-19.9**

Source: Company historic data, Equity Development estimates

Balance sheet

Year to 31 May (£m)	2023(A)	2024(A)	2025(A)	2026(A)	2027(E)	2028(E)	2029(E)
Non-Current assets							
PPE	7.8	7.2	6.8	6.9	5.7	4.5	3.3
Intangible assets	6.0	5.7	5.4	5.2	4.9	4.6	4.3
Investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	5.0	5.0	11.2	5.0	0.0	0.0	0.0
Other	1.8	1.8	1.9	1.7	1.7	1.7	1.7
Sub-total NCAs	**20.6**	**19.7**	**25.3**	**18.7**	**12.2**	**10.7**	**9.2**
Current Assets							
Inventories and WIP	277.6	244.3	224.2	218.3	246.6	284.6	284.6
Trade and other receivables	22.6	26.4	41.1	37.6	31.6	37.6	36.6
Tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalents	8.9	14.9	9.4	24.2	24.2	24.2	24.2
Sub-total Cas	**309.1**	**285.6**	**274.7**	**280.0**	**302.3**	**346.3**	**345.3**
Total Assets	**329.7**	**305.3**	**300.0**	**298.7**	**314.5**	**357.0**	**354.5**
Current Liabilities							
Trade and other payables	-57.0	-49.6	-56.1	-59.7	-57.2	-57.2	-47.2
Deferred income	0.0	0.0	0.0	0.0	-14.0	-54.0	-54.0
Provisions	-1.3	-2.0	-1.9	-2.1	-2.1	-2.1	-2.1
Corporation tax	-0.4	-1.3	-2.8	-0.9	-2.0	-2.0	-2.0
Leases	-1.9	-1.6	-1.4	-1.3	-1.3	-1.3	-1.3
Borrowings	0.0	-54.8	-30.3	0.0	-21.5	-21.3	-21.1
Deferred consideration	-11.8	-7.3	-7.5	-20.7	-2.0	0.0	0.0
Sub-total CLs	**-72.3**	**-116.7**	**-99.8**	**-84.7**	**-100.1**	**-137.9**	**-127.7**
Non-current liabilities							
Trade and other payables	0.0	0.0	-1.6	0.0	0.0	0.0	0.0
Borrowings	-70.7	0.0	0.0	-23.0	-23.0	-23.0	-23.0
Leases	-4.0	-4.0	-4.2	-3.6	-3.6	-3.6	-3.6
Provisions	-2.1	-4.3	-3.9	-4.2	-4.2	-4.2	-4.2
Deferred taxation	-3.6	-3.0	-2.9	-2.3	-2.3	-2.3	-2.3
Deferred/Contingent consideration	-26.3	-19.1	-16.5	-2.0	0.0	0.0	0.0
Sub-total NCLs	**-106.7**	**-30.3**	**-28.9**	**-35.1**	**-33.1**	**-33.1**	**-33.1**
Total Liabilities	**-179.0**	**-147.0**	**-128.7**	**-119.8**	**-133.2**	**-171.0**	**-160.8**
NET ASSETS	**150.6**	**158.2**	**171.3**	**179.0**	**181.3**	**186.0**	**193.7**
Minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SHAREHOLDERS FUNDS	**150.6**	**158.2**	**171.3**	**179.0**	**181.3**	**186.0**	**193.7**

Source: Company historic data, Equity Development estimates

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