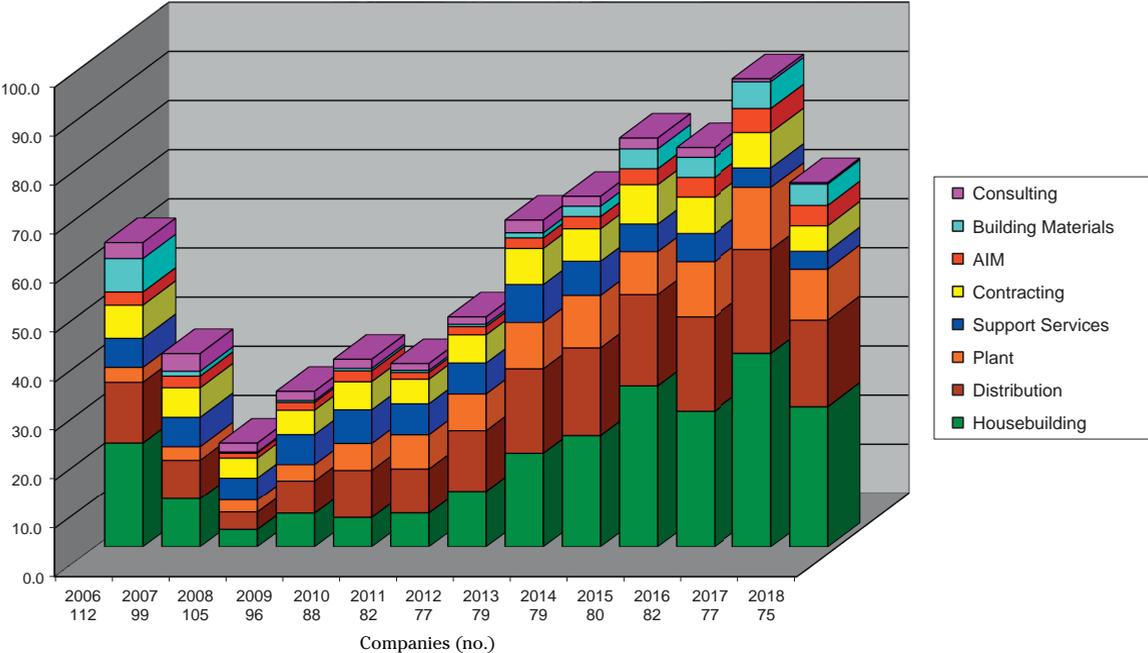


BVL's UK Construction & Building Sector - by value - 2006 through 2018 (\$bn)



Building Value Limited's **UK Construction & Building Sector Index** provides a unique analysis of the publicly-listed UK construction and building industry. It is not available anywhere else.

At 31 December 2018, the Index was worth £74.4 billion - which, unsurprisingly, showed a drop of 22.1% in the year - and only eight companies from a total constituency of 75 (2017: 77) rose in 2018. This was also the worst fall since 2008 (minus 46%) and, in the nine years 2009 through 2017 inclusive, seven was positive with only two marginally negative. The BVL Index, of course, was not alone in experiencing a bumpy 2018 i.e. the **FTSE 100**, **FTSE 250** and **All Share Indices** all showed annualised falls of 12.5%, 15.6% and 13.0% respectively in the year. Note, too, that six (down from seven) of the 75 BVL Index companies are FTSE 100 constituents, including four housebuilders, Barratt, Berkeley, Taylor Wimpey and Persimmon.

In terms of its **evolution** since 2006, the Sector hit bottom at the end of 2008 (as the Global Financial Crisis percolated) with a value of £21.4 billion. This was followed by a dramatic recovery, particularly in 2009 (+49%) and 2013 (+42%), while in 2017 the increase in value was 17%. Also note that, 12 years ago, in 2006, there were 112 constituents of the Index - against 75 now. Last year, too, we said goodbye to Carillion (spectacularly) and Havelock Europa (administration).

In terms of the **spread of value**, at the end of 2018, two Sub-sectors continue to dominate i.e. Housebuilding (39% of £74.4 billion); and Distribution (24%); and, yet, they account for only 13% and 5% respectively of the total number (75) of companies. Note, too, that all Sub-sectors declined, with Housebuilding worst at minus 28%.

There are also 15 companies (2017: 21) with a market value of **£1 billion or more** (including three worth more than £5 billion) which, together, account for 79% of the total value but only 20% of Index constituents. At the other extreme, 26 companies (34% of the total number) are worth less than £100 million and account for just 2% of the Sector's total value.

On individual winners and losers in 2018, the renamed **NMCN plc** (aka North Midland Construction) was in first place with a 58% rise in its share price and value - whilst at the other extreme were **Carillion** (a household name) and **Havelock** which both failed and, thus, lost 100%; and there was support from **Interserve** with a drop of 89% in 2018.

Our Index excludes a net **12 non-UK domiciled** groups (2017: 12) listed on the London Stock Exchange with a total value of £46.5 billion at 31 December 2018 i.e. a decline of 18% year-on-year (2017: +6%) despite a stronger US Dollar. The two largest of these are CRH (£17 billion and minus 16%) and Saint Gobain (£15 billion and minus 29%).



the independent strategic advisor to the building, construction, real estate & support services sectors

Happy New Year

from

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