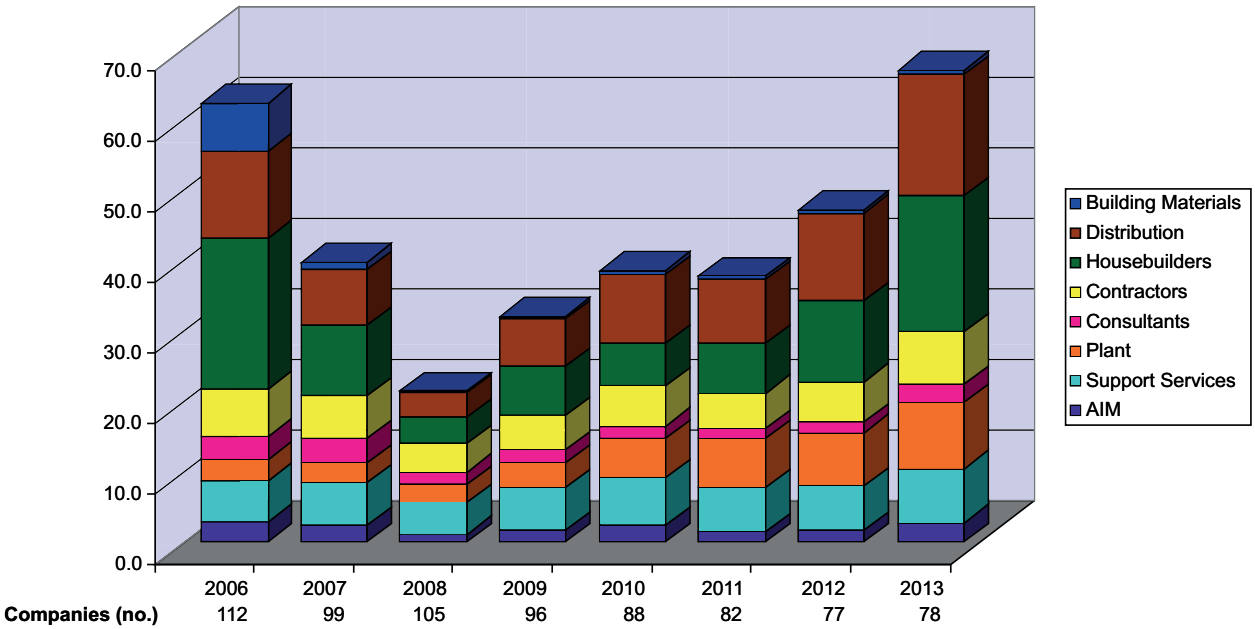


# ANATOMY OF A RECESSION:

BVL's UK Construction & Building Sector - by value - 2006 through 2013 (\$bn)



**The Building Value UK Construction & Building Sector Index** provides a unique snapshot of the wider UK construction and building industry and, without it, you would have to access several individual sector classifications (as determined by the Financial Times and Institute of Actuaries); none of which is wholly representative.

This year, too, we have cast a retrospective to those heady pre-recession days of **2006**. The good news is that the Industry - £66.9 billion at 31 December **2013** - is finally worth more than it was at the end of 2006 (£62.2 billion); albeit that the number of listed participants has shrunk from 112 to 78 (2012: 77).

For the record, it hit bottom at the end of 2008 (in the wake of Lehman Brothers going bust) with a value of £21.4 billion. A step change followed in 2009 with a 49% rise and then a fifth was added in 2010, before marking time in 2011 (false dawn). **Two stellar years** followed with gains of +25% and +42% in 2012 and 2013 respectively. In turn, this would now place the Industry at number six in the FTSE 100 after GlaxoSmithKline and ahead of British American Tobacco. In 2012, it was 8th. Note, too, that the FTSE 100 rose by just 14% in 2013.

When comparing 2006 and 2012 by **Sub-sector**, half of them are higher than seven years ago: Support Services (+30%); Plant (a staggering +211%); Contractors (+9%); and Distribution (+39%). This means four are negative: Aim (-1%); Consultants (-20% and led by acquisitions); Housebuilding (-10%); and Building Materials (which has lost nine tenths of its value since 2006; again, through acquisitions).

In terms of the **spread of value**, two Sub-sectors dominate i.e. Housing (29%); and Distribution (26%); and, yet they only account for 10% and 5%, respectively, of the total number of companies here.

There are also 10 companies with a market value of **more than £1 billion** which account for 60% of the total value but only 13% of the participants. At the other extreme 35 companies (45%) are worth less than £100 million and account for just 2% of Industry value.

On winners and losers in 2013, **Michelmersh Brick Holdings** is in first place with a share price gain of 236%, while at the other extreme, **Silverdell** has had its listing cancelled and “it is not anticipated that shareholders will receive any return for the shares they hold”. In addition, there was an outstanding IPO from Crest Nicholson which was (re)listed in February and closed the year with a 66% gain.

Our Index excludes **12 non-UK domiciled groups** (2012: 13) listed on the London Stock Exchange with a total value of £39.4 billion at year end; and this was up 20% year on year. The largest of these is Saint Gobain (£18.4 billion) and the company which departed, **Prosperity Minerals**, is a Building Value client. It was taken over by its parent, Prosperity International (803:HK), at 130 pence per share in the autumn at a 109% premium to its 31 December 2012 closing price.



the independent strategic advisor to the building materials, construction and support services sectors

Happy New Year  
from  
Tony Williams and Directors

Head Office: Suite 206 Empire Square West, Empire Square, London SE1 4NL, ENGLAND

Telephone: +44 (0) 207 357 8887 Mobile: +44 (0) 7810 883 145

Email: [awilliams@buildingvalueltm.com](mailto:awilliams@buildingvalueltm.com) Website: [www.buildingvalueltm.com](http://www.buildingvalueltm.com)

and in Scandinavia:

18 Gammeltäppsvägen, 792 90 Sollerön, SWEDEN

Telephone: +46 (0) 250 21105 Mobile: +46 (0) 70 2998367

Email: [awilliams@buildingvalueld.com](mailto:awilliams@buildingvalueld.com) Website: [www.buildingvalueld.com](http://www.buildingvalueld.com)