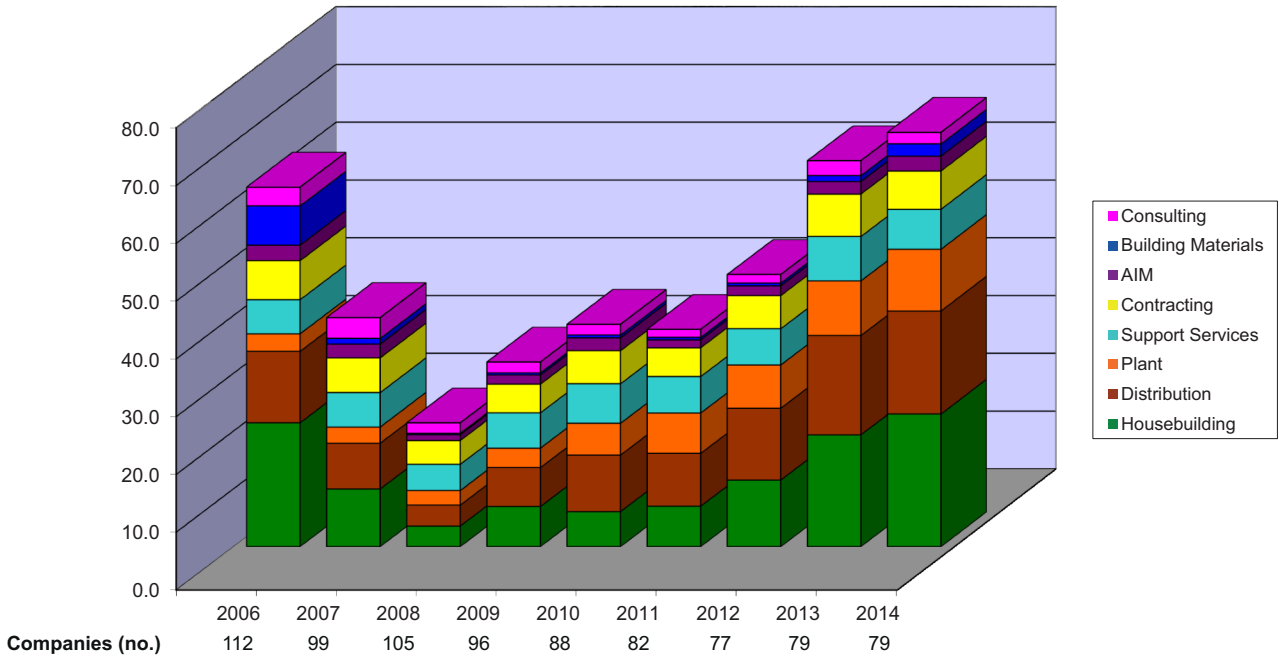


BVL's UK Construction & Building Sector - by value - 2006 through 2014 (\$bn)



Building Value Limited's **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.

At 31 December 2014, the Index was worth £71.7 billion (+7% year-on-year) and comprised a net 79 constituents (2013: 79). Okay, 2014 was not the stellar year that 2013 was (+42%) but, **in relative terms**, it was very good i.e. a 7% increase in value compares with the FTSE 100's minus 3% and the All Share Index's minus 2%; even the FTSE 250 could only manage +1%.

In terms of its **evolution** since 2006, too, the Sector 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 (a false dawn). **Two outstanding years** followed with gains of +25% and +42% in 2012 and 2013 respectively. Last year, we labelled the chart "Anatomy of a Recession". Also note that, in 2006, there were 112 constituents.

In terms of the **spread of value**, at the end of 2014, two Sub-sectors dominate i.e. Housebuilding (32% of £72 billion); and Distribution (25%); and, yet, they only account for 10% and 5% respectively of the total number (79) of companies here. Housebuilding was also the best performing Sub-sector last year with a 19% rise in value; and it now boasts three FTSE 100 stocks in Persimmon, Barratt and Taylor Wimpey. The worst Sub-sector was Consulting with a net 14% dip.

There are also 18 companies (2013: 10) with a market value of **£1 billion or more** (including six worth more than £4 billion) which, together, account for 81% of the total value but only 23% of Index constituents. At the other extreme, 29 companies (37% of the total) are worth less than £100 million and account for just 1% of the Sector's total value.

There was also a welcome return to publicly listed status for Polypipe and Epwin, whilst, amongst a number of other machinations, Hyder Consulting was acquired by Arcadis - against stiff competition - for £296 million and a rich EBITDA exit multiple of 12.5 times.

On individual winners and losers in 2014, **Northern Bear** is in first place with a share price gain of 77%, whilst at the other extreme, **Superglass Holdings** was worst with an 89% nominal deficit (the Company also took the wooden spoon in 2012).

Our Index excludes **12 non-UK domiciled groups** (2013: 12) listed on the London Stock Exchange with a total value of £39.8 billion at 31 December 2014 (+3% year-on-year). The largest of these is Saint Gobain (£19.9 billion and +10%), with CRH in second place (£11.5 billion and +5%).



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@buildingvalueltld.com Website: www.buildingvalueltld.com

and in Scandinavia:

18 Gammeltäppsvägen, 792 90 Sollerön, SWEDEN

Telephone: +46 (0) 250 21105 Mobile: +44 (0) 7810 883 145

Email: awilliams@buildingvaluelt.com Website: www.buildingvaluelt.com