

VAN ELLE

CONSTRUCTION & MATERIALS

23 July 2025

VANL.L

38.5p

Market Cap: £41.7m

SHARE PRICE (p)



12m high/low

44p/32p

Source: LSE Data (priced as at prior close)

KEY DATA

Net (debt)/cash	£1.11m (at 30/04/25)
Enterprise value	£40.5m
Index/market	AIM
Next news	AGM, 25 September
Shares in issue (m)	108.2
Chairman	Frank Nelson
CEO	Mark Cutler
CFO	Graeme Campbell

COMPANY DESCRIPTION

Van Elle is the UK's largest ground engineering contractor, focused on markets including housing and infrastructure.

www.van-elle.co.uk

VAN ELLE IS A RESEARCH CLIENT OF PROGRESSIVE

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Focusing on growth sectors after 'in-line' FY25

Van Elle delivered a 'resilient' performance for the year to 30 April 2025 in the face of 'challenging' conditions and previously highlighted regulatory disruptions. Adjusted PBT on a continuing basis, excluding the discontinuing Canadian business, declined 21% but was 1.5% ahead of our estimate. The ground engineering contractor 'remains confident in achieving market expectations' for FY26; we have trimmed our adjusted PBT, which is ahead of consensus, but continue to expect accelerating growth driven by markets including energy, bolstered by the new VolkerWessels partnership.

- **'Resilient' performance, slightly ahead of estimate.** Revenue declined by 6.2% to £130.5m, in line with our continuing estimate. Underlying PBT declined from £6.7m to £5.3m; this was slightly ahead of our previous forecast, which included the loss-making Canadian rail business that has been announced as discontinued (see Figure 1, page 2 for reconciliation). Net cash, pre-leases, moved from £5.5m to £1.1m, slightly ahead of our £1.0m estimate. The dividend was held at 1.2p (our estimate 1.3p). We view this as a resilient performance, reflecting 'disciplined cost control and operational focus' in a highly competitive market, worsened by [industry-wide approval delays](#) by the Building Safety Regulator (BSR).
- **'Confident' in achieving FY26 market expectations.** The group is confident of achieving market consensus of £6.4m underlying PBT. We prudently reduce our estimate to £6.5m from £7.0m (Figures 3-5), but believe this could be exceeded, given growth in energy, water and defence sectors – underpinned by Van Elle's £10m industrial order for Sheffield Forgemasters to support defence manufacturing (page 2). We make no significant headline changes to FY27E and maintain our FY26E and FY27E dividend forecasts.
- **Attractive growth markets.** Residential markets are currently subdued, but we believe affordable housing and build-to-rent in particular should benefit from government support, and its recent action is starting to address BSR delays. With the acquisition of Albion in October 2024 and yesterday's announcement of a strategic partnership with VolkerWessels, Van Elle continues to add exposure to more attractive growth markets of energy, datacentres and industrial.
- **Early-mover advantage in priority markets.** Van Elle, which listed on AIM in 2016, has targeted what we argue are the government's high-priority sectors of housebuilding, water and energy transmission (page 6).

FYE APR (£M)	2023	2024	2025	2026E	2027E
Revenue	148.7	139.1	130.5	141.1	162.3
Fully Adj PBT, pre-excep.	5.3	6.7	5.3	6.5	9.9
Fully Adj EPS (p)	4.4	4.5	3.5	4.5	6.8
Dividend per share (p)	1.2	1.2	1.22	1.4	1.8
PER (x)	8.8x	8.6x	11.1x	8.6x	5.6x
EV/EBITDA (x)	3.4x	2.8x	2.9x	2.8x	2.2x
Dividend yield	3.1%	3.1%	3.1%	3.6%	4.7%

Source: Company Information and Progressive Equity Research estimates.

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Figure 1: Reconciliation of our FY25 adjusted PBT estimate on continuing basis

YE April (£m)	FY24	FY25E
Previous actual/forecast	5.15	3.52
Add back Canadian losses, discontinued	1.39	1.67
Adjusted actual/forecast, continuing	6.54	5.18
Actual, continuing	6.66	5.26
<i>Difference with FY25E forecast (%)</i>		1.5%

Source: Company Information and Progressive Equity Research estimates

- **Strong Specialist work during FY25.** The results included strong performances in Specialist Piling and UK Rail, offset by weaker volumes in General Piling (affected by BSR approving residential tower designs) and Ground Engineering Services. Following a comprehensive strategic review, the Canadian subsidiary is now treated as a discontinued operation. The successful acquisition of Albion Drilling Group in October 2024 significantly enhanced the group's technical offering and expanded its footprint in Scotland, with a strong focus on energy sector growth.
- **Outlook boosted by defence order.** FY26 revenue will be supported by piling work the group has started on its largest industrial project for several years, a machining facility for [Sheffield Forgemasters](#), acquired by the MoD in 2021, which will cover 30,000 sq m (Fig 2).
- **'Symbiotic' partnerships boost prospects.** On 22 July, the group announced a long-term partnership with VolkerWessels UK that includes the acquisition of the concrete piling assets of VolkerGround Engineering. The two will work together closely, with the capacity and technical expertise to deliver optimal solutions across the water, energy, defence, industrial and rail sectors. We see this as a similar 'symbiotic' partnership to that with Galliford Try, including acquiring Rock & Alluvium assets, in October 2023.

Figure 2: CGI of Sheffield Forgemasters' new facility



Source: Sheffield Forgemasters, BBC

Figure 3: Van Elle – Divisional performance, FY23-27E

YE April (£m)	2023	2024	2025	2026E	2027E	H1 24	H2 24	H1 25	H2 25
External revenue									
General Piling	54.8	56.7	46.0	55.0	63.3	25.4	31.3	23.0	23.0
Change (%)	40.7%	3.4%	-18.8%	20.0%	15.0%	-13.4%	22.7%	5.0%	-26.6%
Specialist Piling & Rail	46.6	43.5	46.1	46.1	53.0	20.3	23.1	23.2	22.9
Change (%)	1.8%	-6.7%	6.1%	0.0%	15.0%	-18.0%	6.2%	-10.0%	-1.1%
Ground Eng. Services	47.1	38.3	38.1	40.0	46.1	22.1	16.3	18.7	19.4
Change (%)	17.5%	-18.6%	-0.5%	5.0%	15.0%	-16.9%	-20.7%	5.0%	19.5%
Head office	0.2	0.6	0.2	-	-	0.4	0.2	0.2	0.0
Group revenue	148.7	139.1	130.5	141.1	162.3	68.2	70.9	65.2	65.3
Change (%)	19.1%	-6.5%	-6.2%	8.2%	15.0%	-15.6%	4.4%	-4.5%	-7.9%
Underlying op profit									
General Piling	3.4	5.2	0.6	2.9	3.4	1.8	3.4	0.5	0.1
Margin (%)	6.2%	9.2%	1.4%	5.3%	5.3%	7.2%	10.8%	2.1%	0.6%
Specialist Piling & Rail	2.2	2.6	5.3	4.6	5.8	0.5	2.1	2.0	3.3
Margin (%)	4.8%	6.0%	11.5%	10.0%	11.0%	2.4%	9.1%	8.4%	14.6%
Ground Eng. Services	3.6	0.9	0.9	2.0	3.5	1.8	(0.8)	0.3	0.6
Margin (%)	7.7%	2.4%	2.3%	5.0%	7.5%	8.0%	-5.2%	1.7%	2.8%
Head office	(3.5)	(1.8)	(1.3)	(2.8)	(2.5)	(1.4)	(0.4)	(0.7)	(0.6)
Underlying op profit	5.8	6.9	5.5	6.7	10.1	2.7	4.2	2.1	3.4
Margin (%)	3.9%	5.0%	4.2%	4.8%	6.2%	3.9%	6.0%	3.2%	5.3%
Exceptionals	0.1	0.5	(0.6)	-	-	-	0.5	(0.1)	(0.5)
Net interest	(0.5)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.1)	(0.0)	(0.2)
PBT, reported	5.4	7.1	4.6	6.5	9.9	2.5	4.7	1.9	2.8
Add back exceptionals	(0.1)	(0.5)	0.6	-	-	0.1	(0.4)	0.2	0.5
PBT, pre-exceptionals	5.3	6.7	5.3	6.5	9.9	2.6	4.2	2.1	3.3

Source: Company information and Progressive Equity Research estimates

Figure 4: Van Elle – P&L, per share data, FY19-27E

YE April (£m)	2019	2020	2021	2022	2023	2024	2025	2026E	2027E
Revenue	88.5	84.4	84.4	124.9	148.7	139.1	130.5	141.1	162.3
COGS	(60.3)	(61.8)	(62.4)	(90.8)	(108.6)	(96.9)	(90.0)	(97.7)	(113.7)
Gross profit	28.2	22.6	22.0	34.1	40.1	42.2	40.4	43.4	48.7
Operating expenses	(22.9)	(22.8)	(22.6)	(29.7)	(34.3)	(35.3)	(34.9)	(36.7)	(38.5)
Operating profit	5.2	(0.3)	(0.6)	4.4	5.8	6.9	5.5	6.7	10.1
Exceptionals	(0.7)	(1.4)	(0.2)	-	0.1	0.5	(0.6)	-	-
Interest	(0.5)	(0.6)	(0.6)	(0.8)	(0.5)	(0.2)	(0.2)	(0.2)	(0.2)
PBT, reported	4.0	(2.2)	(1.4)	3.6	5.4	7.1	4.6	6.5	9.9
<i>U-lying tax rate (%)</i>	<i>19.5</i>	<i>(42.6)</i>	<i>(1.3)</i>	<i>46.9</i>	<i>11.4</i>	<i>27.9</i>	<i>28.9</i>	<i>25.0</i>	<i>25.0</i>
Reported tax	(0.8)	(0.2)	(0.0)	(1.7)	(0.7)	(1.8)	(1.5)	(1.6)	(2.5)
Discontinued, post-exc						(1.0)	(1.3)		
Net attrib. profit	3.2	(2.5)	(1.4)	1.9	4.7	4.3	1.8	4.9	7.5
PBT, pre-exceptionals	4.8	(0.8)	(1.0)	3.7	5.3	6.7	5.3	6.5	9.9
EBITDA	9.6	4.4	4.4	9.8	11.9	14.5	13.9	14.7	18.4
YE shares (million)	80.0	106.7	106.7	106.7	106.7	106.8	108.2	108.2	108.2
Ave shares (million)	80.0	81.5	106.7	106.7	106.7	106.7	107.2	108.2	108.2
Dil. shares (million)	80.0	81.5	106.7	106.7	107.1	107.9	108.3	109.3	109.3
EPS, basic (p)	4.0	(3.0)	(1.3)	1.7	4.4	4.0	1.7	4.5	6.9
EPS, adj (p)	4.8	(1.4)	(1.0)	2.9	4.4	4.5	3.5	4.5	6.9
EPS, dil, adj (p)	4.8	(1.4)	(1.0)	2.9	4.4	4.5	3.5	4.5	6.8
DPS - declared (p)	2.0	-	-	1.0	1.2	1.2	1.2	1.4	1.8
Dividend cover (x)	2.4	na	na	2.9	3.7	1.2	1.3	3.8	3.5
NAV (p)	52.6	42.4	41.2	43.7	47.4	50.0	50.3	53.6	58.9
TNAV (p)	49.7	41.0	37.7	40.1	44.0	45.9	46.1	48.9	54.0
FCFPS (p)	7.0	6.8	0.9	3.5	4.4	6.4	6.7	6.0	5.4

Source: Company information and Progressive Equity Research estimates

Figure 5: Van Elle – Adjusted cashflow, summary balance sheet, FY19-27E

YE April (£m)	2019	2020	2021	2022	2023	2024	2025	2026E	2027E
Operating profit	5.2	(0.3)	(0.6)	4.4	5.8	6.9	5.5	6.7	10.1
Depreciation	4.3	4.5	4.8	5.3	6.0	7.5	8.3	8.0	8.2
Intangible amort.	0.0	0.1	0.1	0.1	0.1	0.1	0.1	-	-
Other, non-cash	(0.6)	0.3	(0.3)	0.2	0.4	0.1	(2.9)	-	-
Working cap changes	0.5	3.5	(3.4)	(1.5)	(2.3)	(4.4)	(2.7)	(3.5)	(2.0)
Operating cash flow	9.5	8.1	0.8	8.4	10.0	10.2	8.3	11.2	16.4
Capex	(2.0)	(1.9)	(1.2)	(4.6)	(5.6)	(3.6)	(1.1)	(5.0)	(7.9)
Interest	(0.5)	(0.0)	0.0	(0.1)	(0.1)	0.2	0.1	(0.2)	(0.2)
Tax	(1.4)	(0.7)	1.4	-	0.3	-	-	0.5	(2.5)
Free cashflow	5.6	5.5	1.0	3.7	4.7	6.8	7.2	6.5	5.8
Acquisitions	(0.0)	(0.4)	(0.1)	(0.2)	(0.1)	(2.5)	(3.4)	(0.5)	(0.3)
Dividends - paid	(2.6)	(0.8)	-	-	(1.5)	(1.3)	(1.3)	(1.4)	(1.7)
Share issues	-	6.3	-	-	-	0.0	-	-	-
Other financing	(5.8)	(6.4)	(4.5)	(5.1)	(4.2)	(4.2)	(3.0)	-	-
Change in net cash	(2.9)	4.2	(3.7)	(1.5)	(1.1)	(1.2)	(0.5)	4.7	3.8
Summary balance sheet									
Intangible fixed assets	2.3	1.5	3.8	3.8	3.7	4.4	4.6	5.1	5.4
Tangible fixed assets	38.5	39.4	39.1	39.5	40.1	42.2	36.9	33.9	33.5
Working capital	6.9	3.8	14.2	15.4	17.4	21.6	19.5	20.8	22.8
Provisions, others	(1.4)	(0.3)	(11.4)	(12.3)	(19.5)	(20.8)	(7.0)	(7.0)	(7.0)
Net cash/(debt) ¹	12.2	12.2	8.5	7.0	8.9	5.5	1.1	5.8	9.6
Net assets/SHF	42.1	45.2	44.0	46.6	50.6	53.4	54.5	58.0	63.8
<i>Net cash inc leases</i>	<i>0.9</i>	<i>(1.7)</i>	<i>0.1</i>	<i>2.7</i>	<i>0.6</i>	<i>(4.0)</i>	<i>0.7</i>	<i>4.5</i>	

Source: Company information and Progressive Equity Research estimates. 1 Pre-IFRS 16 leases

Van Elle in brief: foundations for long-term growth

Ground engineering and foundations are the earliest stages in construction – and especially required in the UK’s national priority sectors of housebuilding, water and power infrastructure.

Van Elle appears to be strongly positioned to provide, literally, the foundations for early-stage recovery in housing and infrastructure construction, due to its position at the ‘front end’ of the construction process. Labour’s announcement of sweeping new planning reforms within four days of its general election victory is firmly aimed at boosting activity in both sectors. The group’s technical capabilities, customer relationships and balance sheet strength place it at the forefront of some of the sectors with the fastest growth. See our [initiation note](#).

- **Front-end exposure.** Van Elle provides piling and other ground engineering services, as well as specialist product systems for housebuilding and infrastructure construction. These are among the earliest activities to benefit from an upturn in activity. We believe revenue should grow in the short, medium and long term from, initially, recovery in existing largely cyclical markets (particularly housebuilding) and then the emergence of large new markets, especially in the water and power sectors.
- **Housebuilders gear up production.** An early increase in Van Elle’s markets is most likely to come from rising housing starts. The underlying housing market appears to have been recovering since around October, pointing to a likely rise in starts during CY 2024. Labour’s ambitious housebuilding targets should fuel further long-term growth. Housebuilding provided 41% of group revenue in FY24. Van Elle offers the innovative Smartfoot modular foundations system, which speeds up delivery on site, while its specialism in brownfield sites looks aligned to Labour aims.
- **Longer-term structural drivers.** Van Elle has targeted water and power transmission as long-term growth sectors. These, with housing, are absolute ‘must have’ rather than ‘nice to have’ national priorities. In Van Elle’s other traditional market of transportation, growing priorities are ‘decarbonising’ and improving the resilience of the existing network in the face of climate change. The group offers other innovative products, such as ScrewFast prefabricated foundations.
- **Midterm growth strategy on track.** Van Elle has strong positions in the UK water and energy sectors – boosted by the acquisition in October of [Albion Drilling](#) and eight-year partnership with [Wood Transmission & Distribution](#) – offer a ‘significant opportunity for growth in the medium term’. The group ‘remains confident’ in delivering its medium-term financial targets of 5%-10% pa revenue growth, 6%-7% operating margin and 15%-20% ROCE. It has also entered into strategic partnerships with construction groups Galliford Try and VolkerWessels UK, in which Van Elle acquired ground engineering equipment of both.
- **Strong balance sheet and customer alignment.** Van Elle ended FY25 with net funds (pre-leases) of £1.1m. There is increasing evidence that major clients are requiring their supply chains to demonstrate strong balance sheets. Van Elle has strong relationships with major infrastructure contractors, offering inroads into new sectors.

Financial Summary: Van Elle

Year end: April (£m unless shown)

PROFIT & LOSS	2023	2024	2025	2026E	2027E
Revenue	148.7	139.1	130.5	141.1	162.3
Adj EBITDA	11.9	14.5	13.9	14.7	18.4
Adj EBIT	5.8	6.9	5.5	6.7	10.1
Reported PBT	5.4	7.1	4.6	6.5	9.9
Fully Adj PBT, pre-exceptional	5.3	6.7	5.3	6.5	9.9
NOPAT	5.1	5.0	3.9	5.0	7.6
Reported EPS (p)	4.4	4.0	1.7	4.5	6.9
Fully Adj EPS (p)	4.4	4.5	3.5	4.5	6.8
Dividend per share (p)	1.2	1.2	1.2	1.4	1.8
CASH FLOW & BALANCE SHEET	2023	2024	2025	2026E	2027E
Operating cash flow	10.0	10.2	8.3	11.2	16.4
Free Cash flow	4.7	6.8	7.2	6.5	5.8
FCF per share (p)	4.4	6.4	6.7	6.0	5.4
Acquisitions	(0.1)	(2.5)	(3.4)	(0.5)	(0.3)
Disposals	N/A	N/A	N/A	N/A	N/A
Shares issued	0.0	0.0	0.0	0.0	0.0
Net cash flow	(1.1)	(1.2)	(0.5)	4.7	3.8
Overdrafts / borrowings inc leases	2.7	0.6	(4.0)	0.7	4.5
Cash & equivalents	8.9	6.0	7.2	11.9	15.7
Net (Debt)/Cash, pre-IFRS 16	8.9	5.5	1.1	5.8	9.6
NAV AND RETURNS	2023	2024	2025	2026E	2027E
Net asset value	50.6	53.4	54.5	58.0	63.8
NAV/share (p)	47.4	50.0	50.3	53.6	58.9
Net Tangible Asset Value	46.9	49.0	49.9	52.9	58.4
NTAV/share (p)	44.0	45.9	46.1	48.9	54.0
Average equity	48.6	52.0	53.9	56.2	60.9
Post-tax ROE (%)	9.6%	8.3%	3.4%	8.7%	12.2%
METRICS	2023	2024	2025	2026E	2027E
Revenue growth	19.1%	(6.5%)	(6.2%)	8.2%	15.0%
Adj EBITDA growth	22.0%	22.0%	(4.6%)	6.3%	24.8%
Adj EBIT growth	32.2%	19.4%	(20.5%)	22.6%	50.7%
Adj PBT growth	47.3%	25.9%	(21.1%)	24.1%	52.3%
Adj EPS growth	57.7%	1.8%	(22.4%)	29.6%	52.3%
Dividend growth	19.1%	0.0%	0.0%	16.7%	28.6%
Adj EBIT margins	3.9%	5.0%	4.2%	4.8%	6.2%
VALUATION	2023	2024	2025	2026E	2027E
EV/Sales (x)	0.3	0.3	0.3	0.3	0.2
EV/EBITDA (x)	3.4	2.8	2.9	2.8	2.2
EV/NOPAT (x)	7.9	8.1	10.4	8.0	5.3
PER (x)	8.8	8.6	11.1	8.6	5.6
Dividend yield	3.1%	3.1%	3.1%	3.6%	4.7%
FCF yield	11.4%	16.6%	17.5%	15.7%	13.9%

Source: Company information and Progressive Equity Research estimates

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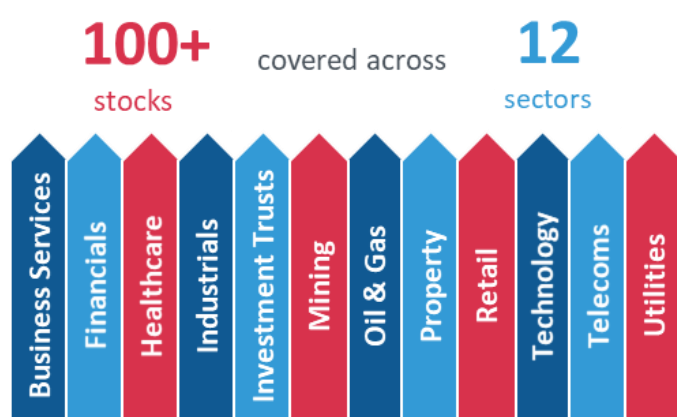
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Breadth of coverage



Analyst calibre

