

VAN ELLE

CONSTRUCTION & MATERIALS

22 September 2025

VANL.L

37p

Market Cap: £40m

SHARE PRICE (p)



12m high/low

44p/32p

Source: LSE Data (priced as at prior close)

KEY DATA

Net (debt)/cash	£1.1m (at 30/04/25)
Enterprise value	£38.9m
Index/market	AIM
Next news	H1 trading update, Dec
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

ANALYSTS

Alastair Stewart

+44 (0) 20 7781 5308

astewart@progressive-research.com



Project delays reduce short-term prospects

Van Elle has indicated that FY26E trading and profits for the year to 30 April will be 'materially below' market expectations and below the prior year as contract delays have meant the expected improvement across the ground engineering group's core markets has 'yet to materialise'. We cut our profitability assumptions for FY26E and FY27E, but with the latter reduction possibly over-conservative given the 14% uplift in the order book over the three months to 31 July.

- Spending and building safety delays postpone recovery.** Ahead of the AGM on 25 September, the statement concedes 'challenging trading conditions experienced throughout FY25 continued into the new financial year. The expected improvement across the group's core sectors is yet to materialise, attributable to spending constraints and delays to contract starts across all sectors, particularly related to Building Safety Act (BSA) approvals for high-rise residential buildings'. Slow processing of applications at the Building Safety Regulator (BSR) has been widely reported sector-wide, particularly impacting residential blocks in London.
- P&L estimate changes.** We maintain our FY26E revenue estimate but cut underlying PBT from £6.5m to £3.0m, reflecting downward pressure on the gross margin, taking it from 30.8% to 28.3%. For FY27E, the main impact has been on revenue, which we have – possibly over-prudently – reduced to £145m from £162m, lowering PBT from £9.9m to £6.0m, with both cuts illustrating the operational gearing of the business.
- Net cash and dividend cut.** We reduce our net cash estimates, pre-IFRS16 leases, from £5.8m and £9.6m, respectively, for FY26E and FY27E to £3.0m and £5.0m. In light of the tougher environment, we have assumed it likely the dividend will be held at 1.2p, rather than rise to 1.4p then 1.8p.
- Possibly over-conservative.** We believe the FY27E cuts in particular may be over-conservative and are based on no improvement in markets. However, the order book has risen to £47.3m at 31 July from £41.5m on 30 April. The statement adds: 'The medium-term outlook remains very positive, with significant opportunities in the growing energy and water sectors, where good early progress is being made'. We have observed mounting evidence of government actions to shorten BSR consent times.
- 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 2).

FYE APR (£M)	2023	2024	2025	2026E	2027E
Revenue	148.7	139.1	130.5	141.1	145.4
Fully Adj PBT, pre-exc	5.3	6.7	5.3	3.0	6.0
Fully Adj EPS (p)	4.4	4.5	3.5	2.0	4.1
Dividend per share (p)	1.2	1.2	1.2	1.2	1.2
PER (x)	8.5x	8.3x	10.7x	18.1x	9.0x
EV/EBITDA (x)	3.3x	2.7x	2.8x	3.5x	2.7x
Dividend yield	3.2%	3.2%	3.2%	3.2%	3.2%

Source: Company Information and Progressive Equity Research estimates.

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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 benefit from 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, although BSR delays are currently holding back high-rise residential. 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 the [Van Elle section](#) in Progressive Equity Research's website.

- **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.
- **Housebuilding growth opportunity.** An early increase in Van Elle's markets is most likely to come from rising housing starts. Despite recent volatility in starts, Labour's ambitious housebuilding targets should fuel further long-term growth. Housebuilding provided 40% of group revenue in FY25. 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.
- **Mid-term growth strategy on track.** Van Elle has strong positions in the UK water and energy sectors – boosted by the acquisition in October 2024 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. The group is in the process of exiting its Canadian rail activities
- **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	145.4
Adj EBITDA	11.9	14.5	13.9	11.3	14.5
Adj EBIT	5.8	6.9	5.5	3.3	6.3
Reported PBT	5.4	7.1	4.6	3.0	6.0
Fully Adj PBT, pre-exc	5.3	6.7	5.3	3.0	6.0
NOPAT	5.1	5.0	3.9	2.5	4.7
Reported EPS (p)	4.4	4.0	1.7	2.1	4.2
Fully Adj EPS (p)	4.4	4.5	3.5	2.0	4.1
Dividend per share (p)	1.2	1.2	1.2	1.2	1.2
CASH FLOW & BALANCE SHEET	2023	2024	2025	2026E	2027E
Operating cash flow	10.0	10.2	8.3	8.5	13.3
Free Cash flow	4.7	6.8	7.2	3.7	3.6
FCF per share (p)	4.4	6.4	6.7	3.4	3.4
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)	1.9	2.0
Overdrafts / borrowings inc leases	2.7	0.6	(4.0)	(2.1)	(0.1)
Cash & equivalents	8.9	6.0	7.2	9.1	11.1
Net (Debt)/Cash, pre-IFRS 16	8.9	5.5	1.1	3.0	5.0
NAV AND RETURNS	2023	2024	2025	2026E	2027E
Net asset value	50.6	53.4	54.5	55.4	58.6
NAV/share (p)	47.4	50.0	50.3	51.2	54.1
Net Tangible Asset Value	46.9	49.0	49.9	50.3	53.2
NTAV/share (p)	44.0	45.9	46.1	46.5	49.2
Average equity	48.6	52.0	53.9	54.9	57.0
Post-tax ROE (%)	9.6%	8.3%	3.4%	4.1%	7.9%
METRICS	2023	2024	2025	2026E	2027E
Revenue growth	19.1%	(6.5%)	(6.2%)	8.2%	3.0%
Adj EBITDA growth	22.0%	22.0%	(4.6%)	(18.6%)	28.9%
Adj EBIT growth	32.2%	19.4%	(20.5%)	(40.3%)	92.0%
Adj PBT growth	47.3%	25.9%	(21.1%)	(43.4%)	101.2%
Adj EPS growth	57.7%	1.8%	(22.4%)	(40.8%)	101.2%
Dividend growth	19.1%	0.0%	0.0%	0.0%	0.0%
Adj EBIT margins	3.9%	5.0%	4.2%	2.3%	4.3%
VALUATION	2023	2024	2025	2026E	2027E
EV/Sales (x)	0.3	0.3	0.3	0.3	0.3
EV/EBITDA (x)	3.3	2.7	2.8	3.5	2.7
EV/NOPAT (x)	7.6	7.8	10.0	15.8	8.2
PER (x)	8.5	8.3	10.7	18.1	9.0
Dividend yield	3.2%	3.2%	3.2%	3.2%	3.2%
FCF yield	11.9%	17.3%	18.2%	9.2%	9.1%

Source: Company information and Progressive Equity Research estimates

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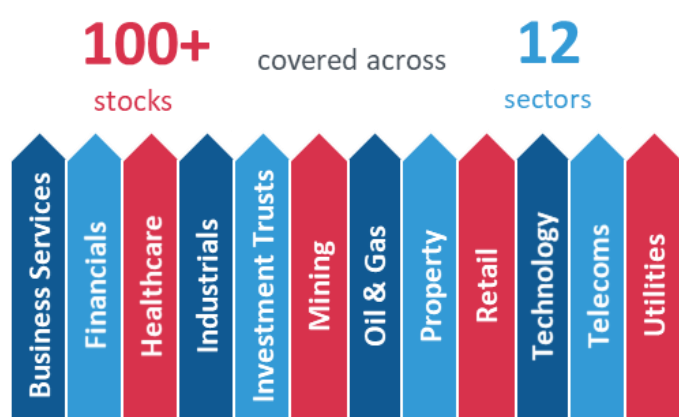
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