

NEXUS INFRASTRUCTURE CONSTRUCTION

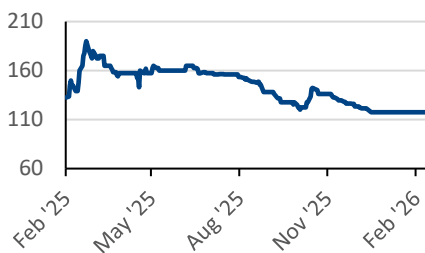
26 February 2026

NEXS.L

118p

Market Cap: £10.6m

SHARE PRICE (p)



12m high/low

190p/118p

Source: LSE Data (priced as at prior close)

KEY DATA

Net (debt)/cash	£10.9m (at 30/09/25)
Enterprise value	-£0.3m
Index/market	AIM
Next news	HY trading update, Apr
Shares in issue (m)	9.0
Chairman	Richard Kilner
Chief Executive	Charles Sweeney
Finance Director	Dawn Hillman

COMPANY DESCRIPTION

Civil engineering and infrastructure services for housebuilders, focused in the South-East and London

www.nexus-infrastructure.com

NEXUS INFRASTRUCTURE IS A RESEARCH CLIENT
OF PROGRESSIVE

ANALYSTS

Alastair Stewart

+44 (0) 20 7781 5308

astewart@progressive-research.com



www.progressive-research.com

Order book up 62%, reinforcing FY26E outlook

Nexus Infrastructure has maintained FY26 guidance of a return to modest profitability following its FY25 results to 30 September, which demonstrated a solid pick-up in revenue and gross profit in the second half. We are not changing our estimates at this point, but believe the civil engineering specialist's exposure to the 'front end' of the construction process should make it an early beneficiary of a post-Budget recovery.

- FY25 gross profit beats expectations.** Revenue rose 16% to £65.9m, in line with expectations. Gross profit increased by 34% to £10.3m, 7.2% ahead of our estimate, with the margin rising from 13.5% to 15.6%. Revenue in H2 was 15% ahead of H1 and gross profit rose c.25% in H2 vs H1. First- and second-half gross margins were 14.9% and 16.1%, respectively.
- Expenses hold back bottom line.** FY25 operating expenses, before impairments and a one-off claim receipt of £1.8m in FY24, rose from £9.6m to £11.5m, partly reflecting the Coleman acquisition, and were ahead of our £10.7m, leading to a slightly greater adjusted loss before tax of £1.8m (Progressive, £1.4m). The FY dividend was held at 3.0p, as expected, and net cash declined from £12.8m to £10.9m, as announced in the 23 October trading update, reflecting working capital increasing in line with the group's growth strategy.
- Order book jumps 62%.** We maintain our FY26E estimates, which assume revenue growing by a further 20% and a further increase in the gross margin to 15.8% – which should offset a further rise in overheads, leading to a modest profit before tax. The outlook appears underpinned by a 62% increase in the order book – excluding Coleman, which stands to benefit from 'AMP8' water infrastructure spending: 'Coleman has marked an important strategic step, broadening the group into higher-margin sectors and reinforcing long-term growth potential.' We intend to introduce estimates for FY27 following the interim results in May, and we expect to see a significant demonstration of positive operational gearing.
- Overview: 'Front end' of housebuilding and critical infrastructure.** Nexus, via its principal trading business Tamdown, is a leading provider of civil engineering services, principally to major housebuilders. It is at the 'front end' of the construction process, specialising in civil engineering, and the group is aiming to expand its activities to critical infrastructure, including water, flood protection and energy, initially boosted by Coleman (page 3).

FYE SEP (£M)	2022	2023	2024	2025	2026E
Revenue	98.4	88.7	56.7	65.9	79.1
Fully Adj PBT	-0.9	-5.0	-0.7	-1.8	0.1
Fully Adj EPS (p)	-2.2	-34.5	-7.3	-20.1	0.6
Dividend per share (p)	1.00	3.00	3.00	3.00	3.25
PER (x)	N/A	N/A	N/A	N/A	190.3x
EV/EBITDA (x)	-0.2x	0.1x	-0.1x	-0.2x	-0.1x
Dividend yield	0.9%	2.6%	2.6%	2.6%	2.8%

Source: Company Information and Progressive Equity Research estimates.

This publication should not be seen as an inducement under MiFID II regulations.

Please refer to important disclosures at the end of the document.

Figure 1: P&L and per share data

Year-end September (£m)	FY22	FY23	FY24	FY25	FY26E	H1 24	H2 24	H1 25	H2 25
Revenue	98.4	88.7	56.7	65.9	79.1	25.8	30.9	30.6	35.3
Gross profit	9.9	6.0	7.7	10.3	12.5	3.5	4.2	4.6	5.7
Operating expenses	(10.2)	(10.8)	(7.8)	(11.5)	(12.0)	(4.8)	(3.1)	(5.7)	(5.9)
Operating profit	(0.3)	(4.8)	(0.2)	(1.3)	0.5	(1.3)	1.1	(1.1)	(0.2)
Exceptionals	-	(3.6)	(2.1)	(0.6)	-	-	(2.1)	(0.5)	(0.1)
Interest	(0.6)	(0.2)	(0.5)	(0.6)	(0.4)	(0.2)	(0.3)	(0.3)	(0.3)
PBT, reported	(0.9)	(8.5)	(2.8)	(2.4)	0.1	(1.5)	(1.3)	(1.9)	(0.5)
Tax	(0.1)	0.0	-	0.0	(0.0)	0.0	(0.0)	-	0.0
Discontinued	3.7	67.3	-	-	-	-	-	-	-
Net attrib. profit	2.7	58.8	(2.8)	(2.4)	0.1	(1.4)	(1.3)	(1.9)	(0.5)
PBT, pre-exc & impairments	(0.9)	(5.0)	(0.7)	(1.8)	0.1	(1.5)	0.8	(1.4)	(0.5)
EBITDA	1.7	(2.5)	2.5	1.4	3.6	0.1	2.4	0.2	1.2
Ave. dil. shares (million)	46.1	24.6	9.0	9.0	9.0	9.0		9.0	
EPS, basic (p)	6.0	239.0	(30.6)	(26.3)	0.6	(15.9)		(20.6)	
EPS, pre-exc & impair. (p)	(2.2)	(34.5)	(7.3)	(20.1)	0.6	(15.9)		(15.1)	
DPS - declared (p)	1.0	3.0	3.00	3.00	3.25	1.0	2.0	1.0	2.0
Dividend cover (x)	na	na	(2.4)	(6.7)	0.2				
NAV (p)	74.9	365.4	331.9	302.4	300.4	349.5		311.2	
TNAV (p)	69.8	339.2	305.7	262.8	260.9	323.3		260.5	
FCFPS (p)	21.0	(30.9)	(4.0)	34.2	(16.5)	(51.1)		9.2	
Net debt, pre-IFRS16	4.6	14.6	12.8	10.9	9.2	9.2		9.6	
Net assets	34.1	33.0	30.0	27.3	27.1	31.6		28.1	
<i>Change in revenue, Y/Y (%)</i>	<i>27.2%</i>	<i>-9.9%</i>	<i>-36.0%</i>	<i>16.2%</i>	<i>20.0%</i>	<i>-49.4%</i>	<i>-18.0%</i>	<i>18.5%</i>	<i>14.3%</i>
<i>Gross margin (%)</i>	<i>10.1%</i>	<i>6.7%</i>	<i>13.5%</i>	<i>15.6%</i>	<i>15.8%</i>	<i>13.5%</i>	<i>13.5%</i>	<i>14.9%</i>	<i>16.1%</i>
<i>Operating margin (%)</i>	<i>-0.3%</i>	<i>-5.4%</i>	<i>-0.3%</i>	<i>-1.9%</i>	<i>0.6%</i>	<i>-4.9%</i>	<i>3.6%</i>	<i>-3.6%</i>	<i>-0.5%</i>

Source: Company Information and Progressive Equity Research estimates.

Nexus in brief: leading force in civil engineering

Nexus Infrastructure, via its principal trading business Tamdown, is a leading provider of civil engineering services, principally to major housebuilders. The acquisition of Coleman Construction & Utilities in October 2024 took the group into the growing water sector, in line with its strategy of expanding into critical infrastructure, also including water, flood protection and energy. See our initiation note, *Engineered to lead housebuilding revival*.

- **Broad range of civil engineering services.** The group's activities comprise a wide range of civil engineering services, including earthworks, roads, drainage and foundations. These activities are currently weighted towards the opening of new housebuilding sites.
- **Recent history.** Nexus has been operating for over 45 years. In February 2023, it completed the disposal of TriConnex (utilities connection for housebuilders) and eSmart Networks (power connections for industrial and commercial customers) to private investment group FitzWalter Capital for a cash consideration of £78m; c.£61m was subsequently returned to shareholders by way of a tender offer. FY24 results to September showed a greatly reduced loss, but with better-than-expected year-end cash. The acquisition in October of Coleman Construction & Utilities, which takes Nexus into the critical water sector, should also reinforce the outlook, in our view.
- **Leading housebuilding customers.** Clients include the UK's top five listed housebuilders – Barratt Developments, Vistry Group, Taylor Wimpey, Persimmon and Bellway – as well as leading private groups including Bloor Homes, partnership specialist Keepmoat and housing associations. The group operates mainly in London and the Southeast.
- **Multi-year opportunities.** The most immediate prospects, we believe, are housebuilders increasing the number of new sites they open. This was already looking likely, evidenced by accelerated land buying, but has been given added impetus by the new Labour government's commitment to build 1.5 million homes in the current parliament. The acquisition of Coleman demonstrates evidence of its strategy of diversifying into vital infrastructure. We have previously argued that water and energy were the most urgent national priorities. Longer term, a major opportunity could be Labour's plans for 'new towns', given Tamdown's experience in large, complex sites. A start on these would probably require at least five years for land assembly and planning.
- **Technical, financial and operational strengths.** Tamdown has a broad range of technical abilities, a strong brand and well-established relationships with most of the leading housebuilders. This sector is going through a process of consolidation (including the Barratt-Redrow merger), adding demand for the group's capabilities in large, complex, multi-phase developments, in which the largest developers predominate. The group's robust balance sheet is of increasing importance for major customers, amid a rash of supply-chain failures afflicting the wider industry.
- **Fragmented industry structure.** Competition is fragmented among Tamdown's smaller peers, but we expect a phase of consolidation, either through loss of market share, company failures or M&A. With diversification a key pillar of its strategy, we would anticipate acquisition activity in the short to medium term, and believe targets would aim to create value by adding complementary skills or market opportunities

Financial Summary: Nexus Infrastructure

Year end: September (£m unless shown)

	2022	2023	2024	2025	2026E
PROFIT & LOSS					
Revenue	98.4	88.7	56.7	65.9	79.1
Adj EBITDA	1.7	(2.5)	2.5	1.4	3.6
Adj EBIT	(0.3)	(4.8)	(0.2)	(1.3)	0.5
Reported PBT	(0.9)	(8.5)	(2.8)	(2.4)	0.1
Fully Adj PBT	(0.9)	(5.0)	(0.7)	(1.8)	0.1
NOPAT	(0.3)	(4.8)	(0.2)	(1.3)	0.5
Reported EPS (p)	6.0	239.0	(30.6)	(26.3)	0.6
Fully Adj EPS (p)	(2.2)	(34.5)	(7.3)	(20.1)	0.6
Dividend per share (p)	1.00	3.00	3.00	3.00	3.25
CASH FLOW & BALANCE SHEET					
Operating cash flow	(2.4)	(7.3)	0.5	4.4	(0.4)
Free Cash flow	9.6	(7.6)	(0.4)	3.1	(1.5)
FCF per share (p)	21.0	(30.9)	(4.0)	34.2	(16.5)
Acquisitions	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	60.2	0.0	(3.9)	0.0
Shares issued/(purchased)	0.0	(60.5)	0.0	0.0	0.0
Net cash flow	(5.3)	(9.5)	(1.8)	(2.9)	(1.7)
Net (debt)/cash, post IFRS16	(7.9)	3.0	1.6	(0.6)	(2.3)
Cash & equivalents	4.6	14.6	12.8	10.9	9.2
Net (debt)/cash, pre-IFRS 16	4.6	14.6	12.8	10.9	9.2
NAV AND RETURNS					
Net asset value	34.1	33.0	30.0	27.3	27.1
NAV/share (p)	74.9	365.4	331.9	302.4	300.4
Net Tangible Asset Value	31.8	30.6	27.6	23.7	23.6
NTAV/share (p)	69.8	339.2	305.7	262.8	260.9
Average equity	33.1	33.1	33.6	31.5	28.7
Post-tax ROE (%)	8.2%	8.2%	175.1%	(8.8%)	(8.3%)
METRICS					
Revenue growth	27.2%	(9.9%)	(36.0%)	16.2%	20.0%
Adj EBITDA growth	N/A	(242.1%)	(200.3%)	(43.8%)	157.5%
Adj EBIT growth	N/A	1426.0%	(96.7%)	707.0%	(137.4%)
Adj PBT growth	N/A	445.5%	(86.0%)	161.5%	(104.1%)
Adj EPS growth	N/A	1442.1%	(78.9%)	176.2%	(103.1%)
Dividend growth	(50.0%)	200.0%	0.0%	0.0%	8.3%
Adj EBIT margins	(0.3%)	(5.4%)	(0.3%)	(1.9%)	0.6%
VALUATION					
EV/Sales (x)	0.00	0.00	-0.01	0.00	0.00
EV/EBITDA (x)	-0.2	0.1	-0.1	-0.2	-0.1
EV/NOPAT (x)	1.0	0.1	2.1	0.3	-0.7
PER (x)	N/A	N/A	N/A	N/A	190.3
Dividend yield	0.9%	2.6%	2.6%	2.6%	2.8%
FCF yield	17.9%	(26.3%)	(3.4%)	29.1%	(14.0%)

Source: Company information and Progressive Equity Research estimates

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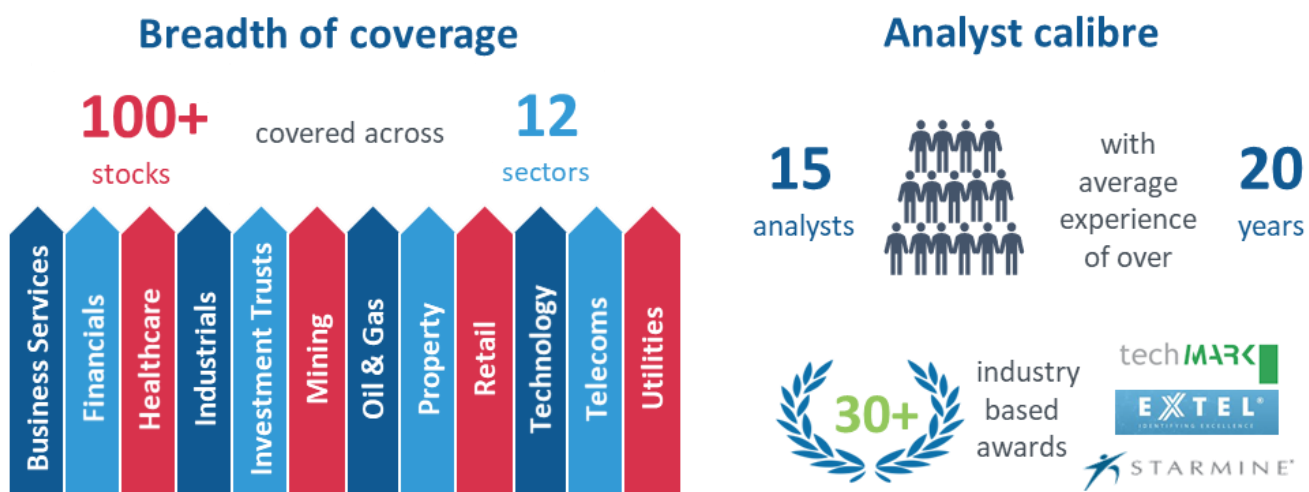
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To arrange a meeting with the management team, or for further information about Progressive, please contact us at:
+44 (0) 20 7781 5300
info@progressive-research.com