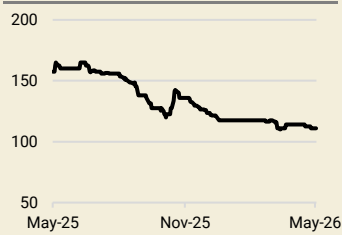


Corporate

Share Price	111.0p
Market Cap	£10.0m
Shares in Issue	9.0m
12m Trading Range	108p – 179p
Free Float	42.0%
Next Event	FY results – Mar 27

Price performance (p)



Source: FactSet

Financial forecasts

Y/E 30 Sep (£'m)	FY23A	FY24A	FY25A	FY26E
Revenue	88.7	56.7	65.9	78.9
yoy growth (%)	(9.9)	(36.1)	16.2	19.7
Adj. EBITDA	(5.4)	0.7	1.6	3.4
Adj. EBIT	(7.7)	(1.9)	(1.1)	0.5
Adj PBT	(7.9)	(2.5)	(1.6)	0.1
EPS (p) ful dil	(31.9)	(27.5)	(18.1)	1.0
DPS (p)	3.0	3.0	3.0	3.3
Net cash/(debt) (ex. leases)	14.6	12.8	10.9	8.9
P/E	n/a	n/a	n/a	105.9
EV/EBITDA (x)	n/a	12.3	6.7	3.8
Div yield (%)	2.7	2.7	2.7	3.0

Source: Audited accounts and Zeus estimates

Nexus Infrastructure is a Nomad and Broker client of Zeus

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# Nexus Infrastructure

## NEXS LN - Construction & Materials

### H1 FY26 shows resilience in a challenging market

Today Nexus announced a solid set of results despite an exceptionally wet winter and a challenging market backdrop, with H1 FY26 revenue growing 5.6% to £32.3m. Gross profit came in at c. £4.9m, implying a gross margin of 15.1%, 20bps ahead of H1 FY25. Loss before tax of £1.1m was marginally lower than H1 FY25, indicating good progress towards a return to profitability. While net cash remains strong at £8.5m, it is 22.0% lower than FY25 year-end due to seasonal working capital drag as activity ramped up after a quieter winter period, Zeus expect this to normalise by year-end. We leave FY26 forecasts unchanged assuming c. 20% revenue growth to c. £79m supported by continued orderbook momentum, standing at £88m (FY25: £83.4m). Nexus remaining on track against FY26 estimates is highly encouraging, but revenues are expected to be H2 weighted due to the weather-related delays in H1. Economic visibility across the sector is reduced with housebuilding activity remaining subdued, AMP8 spending delayed and the on-going conflict in the Middle East impacting costs, supply chains and consumer sentiment. Having said this, today's statement demonstrates a resilient performance with the increase in orderbook underpinning confidence in FY26 estimates. On FY26 estimates, Nexus trades on just 3.8x EV/EBITDA, an attractive entry point for exposure to volume recovery and the upcoming infrastructure investment cycle.

- ◆ **Tamdown showing positive momentum in a tough market:** Tamdown has continued its positive performance into FY26 increasing its orderbook by c. 9.0% to £88m (H1 FY25: £80.8m) and growing revenue to £29.1m (H1 FY25: £27.8m). This is despite an unusually wet winter and sluggish end markets, evidenced by a recent six-year low construction PMI reading. The orderbook includes several multi-phase developments, providing good earnings visibility and underpinning Zeus' expectations of c. 20% revenue growth in FY26.
- ◆ **Coleman stands to benefit from AMP8 ramp up:** The acquisition of Coleman has diversified Nexus' revenue streams into structural growth markets such as Water and Rail that are backed by multi-year capex programmes. With Coleman generating c. 90% of revenue from the water sector, intentions by Water Companies regarding the AMP8 spending cycle are important. We understand that AMP8 projects are still in the early feasibility stage and spending is expected to ramp up later in the year. While spending is taking longer than expected to materialise, Coleman has nevertheless delivered an improved performance of £3.1m revenue (H1 FY25: £2.8m). Zeus continue to expect a meaningful acceleration in revenue during FY26 as new contract wins come through and existing projects convert from design to construction phase.
- ◆ **Forecasts unchanged:** Zeus leave FY26 unchanged assuming 20% growth in revenue to £78.9m and a return to profitability. Given the high level of macro uncertainty, we have not included FY27 forecasts and we will reassess at the year-end.
- ◆ **Valuation underpinned by strong balance sheet:** Trading on just 3.8x EV/EBITDA in FY26, with a yield of 2.7%, we continue to believe this fails to reflect Tamdown's role as an early beneficiary of the housebuilding recovery and Coleman's exposure to the infrastructure investment cycle. While the timing of recovery is uncertain. with reduced visibility due to the Middle East conflict, Nexus has maintained a strong balance sheet that will allow the Group to weather near-term disruption. We reiterate our fair value estimate of 265p against the latest close of 111.0p, derived from a peer analysis, DCF and upside scenario.

## H1 FY26 results

On a like-for-like basis, H1 FY26 revenue increased 5.6% to £32.3m driven by improved performance from both Tamdown and Coleman. Gross margin improved slightly by 20bps to 15.1%, helped by a larger contribution from Coleman which operates at a materially higher gross margin of 27.8%. Profitability also improved, with the operating loss before exceptionals reducing to £0.8m (H1 FY25: £1.1m), reflecting ongoing operational discipline. The balance sheet remains robust, with net cash of £8.5m (H1 FY25: £9.6m), supporting working capital requirements as activity ramps through the year and enabling the board to maintain its dividend policy, declaring an interim dividend of 1.0p consistent with previous years.

### Exhibit 1: H1 FY26 results summary

For period ending 31 March (£'m)	H1 FY26A	H1 FY25A	Var (%)
Revenue	32.3	30.6	5.6
Gross profit	4.9	4.6	6.8
Gross margin (%)	15.1	14.9	0.2pp
EBITDA	0.6	0.2	242.4
EBIT	(0.8)	(1.1)	n/a
EBIT margin (%)	(2.6)	(3.6)	1.0pp
PBT	(1.1)	(1.4)	n/a
Adj. dil. EPS (GBp)	(11.9)	(20.6)	n/a
Net cash (excl. leases)	8.5	9.6	(11.5)

Source: Company data, Zeus

# The Numbers

## Exhibit 2: Income statement

Year to 30 Sept (£'m)	FY21A	FY22A	FY23A	FY24A	FY25A	FY26E
Revenue	77.3	98.4	88.7	56.7	65.9	78.9
Growth (%)	-	27.2	(9.9)	(36.1)	16.2	19.7
Cost of sales	(71.3)	(88.5)	(82.7)	(49.0)	(55.7)	(66.4)
<b>Gross profit</b>	<b>6.0</b>	<b>9.9</b>	<b>6.0</b>	<b>7.7</b>	<b>10.3</b>	<b>12.5</b>
Gross margin (%)	7.8	10.1	6.7	13.5	15.6	15.9
Admin expenses (excl. D&A)	(7.6)	(8.7)	(8.4)	(7.0)	(10.2)	(10.5)
Receivable impairment	-	-	(2.9)	(1.8)	0.2	-
Other income	0.1	-	-	1.8	1.3	1.3
<b>Adj. EBITDA</b>	<b>(1.5)</b>	<b>1.2</b>	<b>(5.4)</b>	<b>0.7</b>	<b>1.6</b>	<b>3.4</b>
EBITDA margin (%)	n/a	1.3	n/a	1.2	2.4	4.3
D&A	(1.1)	(1.5)	(2.3)	(2.6)	(2.7)	(2.9)
<b>Adj. EBIT</b>	<b>(2.6)</b>	<b>(0.3)</b>	<b>(7.7)</b>	<b>(1.9)</b>	<b>(1.1)</b>	<b>0.5</b>
EBIT margin (%)	n/a	n/a	n/a	n/a	n/a	0.6
Net interest income / (costs)	(0.4)	(0.6)	(0.2)	(0.5)	(0.6)	(0.4)
<b>Adj. PBT</b>	<b>(3.0)</b>	<b>(0.9)</b>	<b>(7.9)</b>	<b>(2.5)</b>	<b>(1.6)</b>	<b>0.1</b>
Tax charge	(0.1)	(0.1)	-	-	-	-
Effective tax rate (%)	3.1	12.0	(0.6)	-	-	-
<b>Adj. PAT</b>	<b>(3.1)</b>	<b>(1.0)</b>	<b>(7.8)</b>	<b>(2.5)</b>	<b>(1.6)</b>	<b>0.1</b>
<b>Adjusted to reported memo</b>						
<b>Adj. PAT</b>	<b>(3.1)</b>	<b>(1.0)</b>	<b>(7.8)</b>	<b>(2.5)</b>	<b>(1.6)</b>	<b>0.1</b>
Exceptional costs	1.3	-	(0.6)	(0.3)	(0.8)	-
Tax effect of exceptionals	-	-	-	-	-	-
<b>Reported PAT (cont.)</b>	<b>(1.8)</b>	<b>(1.0)</b>	<b>(8.5)</b>	<b>(2.8)</b>	<b>(2.4)</b>	<b>0.1</b>
PAT from discount. Operations	4.8	3.7	67.3	-	-	-
<b>Total comprehensive income</b>	<b>3.0</b>	<b>2.7</b>	<b>58.8</b>	<b>(2.8)</b>	<b>(2.4)</b>	<b>0.1</b>
Adj. Cont. EPS - Basic	(6.7)	(2.2)	(31.9)	(27.5)	(18.1)	1.0
<b>Adj. Cont. EPS - Diluted</b>	<b>(6.6)</b>	<b>(2.2)</b>	<b>(31.9)</b>	<b>(27.5)</b>	<b>(18.1)</b>	<b>1.0</b>

Source: Company data, Zeus

## Exhibit 3: Balance sheet

Year to 30 Sept (£'m)	FY21A	FY22A	FY23A	FY24A	FY25A	FY26E
PPE	19.6	5.5	5.4	5.1	4.6	5.0
Right of use assets	2.4	12.6	11.4	10.3	11.2	10.3
Goodwill	2.4	2.4	2.4	2.4	3.6	3.6
<b>Non-current assets</b>	<b>24.4</b>	<b>20.4</b>	<b>19.2</b>	<b>17.7</b>	<b>19.4</b>	<b>18.9</b>
Inventories	2.5	-	-	-	-	-
Trade and other receivables	38.2	30.4	24.1	21.8	19.3	22.7
Contract assets	19.1	8.1	2.8	2.6	2.0	3.6
Corporate tax assets	0.1	-	-	-	-	-
Cash and cash equivalents	29.5	4.6	14.6	12.8	10.9	8.9
Assets held for sale	-	57.4	-	-	-	-
<b>Current assets</b>	<b>89.4</b>	<b>100.6</b>	<b>41.6</b>	<b>37.3</b>	<b>32.2</b>	<b>35.2</b>
<b>Total assets</b>	<b>113.7</b>	<b>121.0</b>	<b>60.8</b>	<b>55.0</b>	<b>51.7</b>	<b>54.1</b>
Borrowings	(2.1)	-	-	-	-	-
Trade and other payables	(33.9)	(21.7)	(15.5)	(13.6)	(11.7)	(12.7)
Contract liabilities	(33.5)	(3.5)	(0.6)	(0.3)	(0.4)	(1.8)
Lease liabilities	(1.1)	(1.7)	(1.8)	(1.5)	(1.6)	(1.7)
Corporate tax liabilities	-	-	(0.0)	(0.0)	(0.2)	(0.2)
Liabilities associated with assets held for sale	-	(49.1)	-	-	-	-
<b>Current liabilities</b>	<b>(70.6)</b>	<b>(76.0)</b>	<b>(17.9)</b>	<b>(15.4)</b>	<b>(13.9)</b>	<b>(16.4)</b>
Borrowings	(9.4)	-	-	-	-	-
Lease liabilities	(1.5)	(10.8)	(9.8)	(9.6)	(9.9)	(9.8)
Deferred tax liabilities	(0.2)	(0.1)	-	-	-	-
<b>Non-current liabilities</b>	<b>(11.0)</b>	<b>(10.9)</b>	<b>(9.8)</b>	<b>(9.6)</b>	<b>(10.4)</b>	<b>(10.3)</b>
<b>Total liabilities</b>	<b>(81.6)</b>	<b>(86.9)</b>	<b>(27.8)</b>	<b>(25.0)</b>	<b>(24.3)</b>	<b>(26.7)</b>
<b>Net assets</b>	<b>32.1</b>	<b>34.1</b>	<b>33.0</b>	<b>30.0</b>	<b>27.3</b>	<b>27.3</b>
<b>Equity and reserves</b>						
Share capital	0.9	0.9	0.2	0.2	0.2	0.2
Share premium	9.4	9.4	9.4	9.4	9.4	9.4
Retained earnings	21.8	23.8	23.4	20.4	17.7	17.7
<b>Total equity</b>	<b>32.1</b>	<b>34.1</b>	<b>33.0</b>	<b>30.0</b>	<b>27.3</b>	<b>27.3</b>

Source: Company data, Zeus

## Exhibit 4: Cashflow

Year to 30 Sept (£'m)	FY21A	FY22A	FY23A	FY24A	FY25A	FY26E
PBT (cont. & discount. Operations)	3.8	3.5	58.8	(2.8)	(2.4)	0.1
Net finance expense	0.4	0.6	0.2	0.5	0.6	0.4
Depreciation	1.6	2.0	2.3	2.6	2.7	2.9
SBP	0.6	0.4	0.7	-	-	0.2
Profit on disposal of PPE	(1.3)	-	(0.6)	(0.2)	0.0	-
Gain on sale of subsidiaries	-	-	(67.3)	-	-	-
Changes in working capital	(1.7)	(8.9)	(1.3)	0.2	2.5	(2.6)
<b>Cash flow from operations</b>	<b>3.4</b>	<b>(2.4)</b>	<b>(7.3)</b>	<b>0.5</b>	<b>3.4</b>	<b>1.0</b>
Interest paid	(0.4)	(0.2)	(0.6)	(0.7)	(0.7)	(0.6)
Tax paid	(0.3)	(0.6)	0.2	-	(0.2)	-
<b>Net cash flow from operations</b>	<b>2.7</b>	<b>(3.2)</b>	<b>(7.6)</b>	<b>(0.2)</b>	<b>2.5</b>	<b>0.4</b>
Net purchase of fixed assets	(5.8)	12.8	(0.4)	(0.3)	(0.3)	(1.3)
Sale of discontinued operations	-	-	60.2	-	-	-
Investment in acquisition	-	-	-	-	(2.7)	-
Interest received	-	0.0	0.4	0.2	0.2	0.2
<b>Net cash flow from investing activities</b>	<b>(5.8)</b>	<b>12.8</b>	<b>60.2</b>	<b>(0.1)</b>	<b>(2.9)</b>	<b>(1.1)</b>
Dividends paid	(0.3)	(1.1)	(0.1)	(0.3)	(0.3)	(0.3)
Drawdown of term loan	3.5	-	-	-	-	-
Drawdown on HP facility	-	0.6	-	-	-	-
Share buybacks	-	-	(60.6)	-	-	-
Repayment of term loan	(1.5)	(11.7)	-	-	-	-
Principle element of lease repayments	(1.4)	(2.8)	(1.5)	(1.2)	(1.2)	(1.0)
Net proceeds from share issuance	-	-	-	-	-	-
<b>Net cash flow from financing activities</b>	<b>0.4</b>	<b>(14.9)</b>	<b>(62.1)</b>	<b>(1.5)</b>	<b>(1.4)</b>	<b>(1.3)</b>
<b>Net change in cash and equivalents</b>	<b>(2.6)</b>	<b>(5.3)</b>	<b>(9.5)</b>	<b>(1.8)</b>	<b>(1.9)</b>	<b>(2.0)</b>
Cash at the start of the year	32.1	29.5	24.2	14.6	12.8	10.9
<b>Cash at the end of the year</b>	<b>29.5</b>	<b>24.2</b>	<b>14.6</b>	<b>12.8</b>	<b>10.9</b>	<b>8.9</b>
Borrowings	(11.4)	-	-	-	-	-
<b>Net (debt) / cash (excl. leases)</b>	<b>18.1</b>	<b>24.2</b>	<b>14.6</b>	<b>12.8</b>	<b>10.9</b>	<b>8.9</b>
Lease liabilities	(2.6)	(12.5)	(11.6)	(11.2)	(11.5)	(11.5)
<b>Net (debt) / cash</b>	<b>15.5</b>	<b>11.7</b>	<b>3.0</b>	<b>1.6</b>	<b>(0.6)</b>	<b>(2.6)</b>

Source: Company data, Zeus

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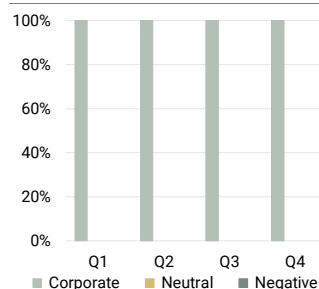
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Recommendation distribution at 31 March 2026 Source: Zeus

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Nomad & Joint Broker	24
Broker	15
Joint Broker	24
Financial Adviser & Broker	3
Financial Adviser	1
Research client	8

At 31 March 2026 Source: Zeus

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