

Hargreaves Services expects strong half year results across all divisions

County Durham's Hargreaves Services plc says its on track to deliver revenue and profit growth in upcoming half yearly results to the end of November.

The multi-services business, which includes environmental, industrial and property activities, said it had seen improvements across each of its three divisions, including its German raw material sourcing joint venture. An update to the London Stock Exchange detailed how Hargreaves has benefited from a sizeable HS2 contract that includes earth moving works.

Across its services division, the group said 50 contracts – most containing cost increase-proofing clauses – provided resilience and reliable profit streams in the face of what it called “current economic uncertainty”. It also pointed to underlying contracts performing well.

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In Germany, where Hargreaves jointly operates metal recycling and carbon fuels facilities, trading conditions were said to have softened. However, the group's joint venture with HRMS expects to deliver results ahead of the same period last year. It reiterated that “limited visibility” within the business and some uncertainty in German industrial markets made picture for second half results less clear.

And in its land division, a disposal of 4.5 acres at Hargreaves' flagship Blindwells site in Scotland generated £3.4m thanks to a deal with Ogilvie Homes. The group said the deal represented the site's long term revenue generating

scope.

Investors were also told that by the end of the period under review, Hargreaves held cash and cash equivalents of £18.1m, compared to £13.8m at the end of May. Additional plant required for the HS2 contract meant the group had leasing debt of £30.6m, compared to £18.4m at the end of May.

In its statement, Hargreaves said: “The board anticipates reporting a strong set of results for the period, with both revenue and profit before tax expected to be higher than in the comparative period. Improvement has occurred in each of the three business segments, Services, Hargreaves Land and HRMS (German Joint Venture).”

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