Watkin Jones posts a loss due to remediation works and plans to drop historic name after 200 years

Builder Watkin Jones swung to a half year loss due to future costs to deal with remediation works and also revealed it planned to drop its historic name after 200 years.

The Bangor-based company that specialises in student blocks and built-to-rent housing posted half year revenues to March 31 2022 of £193m – up 8% on the previous year.

However following a review of all buildings over 11 metres tall developed by the company over the last 30 years, Watkin Jones has recognised an exceptional charge of £28m for the potential costs of the remediation work required in the new UK Government Building Safety Act.

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This is expected to be incurred over seven years. This is in addition to the £15m cladding provision set aside in 2020 which was to cover the remediation of all schemes with ACM (aluminium composite material) or (high pressure laminate) HPL cladding which were still within the original limitation period.

The £28m cancelled out the company's profits for the first half of the financial year with a pre-tax loss of £16.6m (2021 H1: £25.8m profit).

Watkin Jones also announced it would change its name. That dates back to the 1791 when it was founded by carpenter Huw

Jones.

The company stayed in the family for generations but was listed on the AIM market of the London Stock Exchange in 2016. Mark Watkin Jones stepped down as CEO in 2018 with Richard Simpson becoming the first person outside the family to lead the business.

Now the board is set to change that name.

It said: “As the business has evolved and widened its activities, the Board intends to change the corporate and trading name to better reflect today’s broader business. Further details will be released in due course.”

The overall forecast for the company remains very positive.

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Richard Simpson, Chief Executive Officer of Watkin Jones, said: "We are continuing to build on the positive momentum from the second half of last year and have demonstrated operational resilience through the strength of our business model.

"The sale today of a major portfolio of PBSA schemes to EQT, a new institutional investor to the sector, with ongoing management provided by our Fresh business, underlines the attraction of our end-to-end offer for institutional capital targeting UK residential for rent. Our pro-active management of build costs and sales values has ensured that our overall development margins are maintained, and we are confident going into the second half."

"We note the recent passing of the Building Safety Act. Whilst it is unclear as to the exact remedial works that will be required, we have taken an exceptional charge of £28 million. We expect these remedial costs to be incurred over a period of up to seven years."

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