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## Business

# Interserve shrugs off problems in UK construction

By Rhiannon Bury

INTERSERVE, the building maintenance company, increased profits last year despite a rocky performance from its construction arm.

Pre-tax income rose 28pc to £79.5m in the 12 months to December 31, as problems at the group's UK construction business, caused by supply chain failures and pricing pressures, were offset by better trading in other areas, such as support services and overseas markets. Revenues climbed 10pc to £3.2bn.

Chief executive Adrian Ringrose said: "This is a set of results which has been played out against a mixed backdrop. Our facilities management and probation services are performing well, and the underperformance from our construction arm was expected."

He said that while trading in the Middle East remained strong last year, low oil prices "creates uncertainties in our markets". However, the UK construction business is expected to pick up.

The company also missed a target set in 2010 to double its earnings per share by 2015. Instead, earnings grew 68pc during the five-year period, held back by weak economic growth and government austerity, chairman Norman Blackwell said.

"We are proud of these results, which reflect the transformation in the business over that period in much more difficult markets than we or others had anticipated," he said. "At a time when many in our sectors have faced financial difficulties, we continued to grow our dividend every year."

Interserve provides building maintenance and construction services for firms such as London Underground, B&Q, Superdrug, BS Stanford, BP, Shell, and the Dubai Aviation City Corporation. It also works with further education and probation services.

The business had previously warned that the new national living wage, to be introduced in April, will result in higher employment costs.

The outsourcing group employs more than 80,000 people worldwide, and some 15,000 of those are working on the minimum wage in the UK. Of those, roughly 10,000 will be directly affected by the changes. The new minimum wage will affect Interserve's UK support services division, which accounted for just over half of group revenues last year.

Mr Ringrose said: "Overall, we expect 2016 to be broadly steady compared to 2015 as underlying growth is restrained by the impact of a slower order intake following an election year and the impact of the national living wage. However, we expect to return to growth in 2017, underpinned by our strong positions in attractive markets."

Interserve said it was considering selling its equipment services business, which provides items for infrastructure and building projects, and is undertaking a strategic review of the division to see where it fits into the company as a whole.

Interserve increased its final dividend by 6pc to 16.4p, taking the total dividend for the year to 24.3p.

# Barratt hails Help to Buy home scheme as pre-tax profits climb 40pc

By Rhiannon Bury

BARRATT Developments has become the latest housebuilder to report increased profits, as Government initiatives to help buyers continue to push up demand for new homes.

Pre-tax profits rose 40pc to £295m in the six months to December, helped

by improved mortgage availability and schemes to get first-time buyers onto the property ladder. Revenues climbed 19pc to £1.88bn.

Barratt completed a total of 7,626 homes in the half-year period, up 9.4pc compared with a year earlier. That was a rate of 260 a week, after a 0.5pc increase in the number of transactions

completed in the UK last year.

David Thomas, Barratt chief executive, said: "In line with our strategy, we have stepped up the number of completions in the first half, and we did this in a disciplined way, both financially and operationally, without compromising on the quality of the homes we're building. "In the past five years we have in-

creased annual output by more than 53pc, built more than 71,700 homes and approved the investment of more than £4.4bn in new land for housing."

The Government's Help to Buy programme, which provides mortgage guarantees and equity for certain buyers, was helping to support the market, Mr Thomas said.

Lending to buyers in the new-build sector strengthened in the half-year, as competition in the mortgage market remained robust.

Barratt increased its interim dividend by 25pc to 6p, and expects that over the two-year period to November 2017 it will have returned £678m in cash to shareholders.



MONTY FRESCH/EVERETT COLLECTION

**Chequered history** New Scotland Yard, the headquarters of the Metropolitan Police since 1967, is to be demolished after planning permission was granted for a residential, office and retail scheme on the site in Victoria. The Met Police will move to The Embankment later this year. Developer Northacre will rename the site Ten Broadway.

## BUSINESS BULLETIN

### Samarco bosses charged over Brazil dam deaths

Top executives at BHP Billiton's joint venture in Brazil have been charged with manslaughter after a burst dam killed 19 people. Brazilian authorities charged six executives of Samarco, owned by BHP and Vale, with "qualified homicide", the equivalent of involuntary manslaughter in UK law. Those accused include Samarco's president, Ricardo Vescovi. Investigators claim that a string of failures surrounding the dam's maintenance caused the tragedy.

### Unilever appoints Bayer CEO as new chairman

Unilever has appointed the chief executive of German pharmaceutical firm Bayer as its new chairman. Marijn Dekkers will join Unilever in April, when current chairman Michael Treschow steps down following the company's annual general meeting. Mr Treschow has held the position for nine years. Mr Dekkers said he was "honoured" to be joining Unilever, adding that it is "a great business, with great brands and an unequalled global reach".

### Apax to sell 23pc stake in £3.6bn Auto Trader

Apax Partners is to sell a 23pc stake in Auto Trader less than a year after the car classifieds advertiser floated on the stock market. Apax will place the shares at between 360p and 375p, but will retain a 1.8pc holding. Apax first purchased a stake in Auto Trader from Guardian Media Group in 2007. It bought a further 50.1pc holding from GMG in 2014, in a deal that valued Auto Trader at £1.75bn including debt. Auto Trader was listed in March last year and is now valued at £3.6bn.

### Serco extends contract to run Australian prison

Serco has extended a contract to run Australia's largest prison for another five years. The British company will operate Acacia Prison, a 1,395-bed medium-security male facility, until May 2021. Serco, which has run the prison since 2006, said the contract extension was worth £166m. The agreement contains an option to increase prisoner numbers by a further 100. Rupert Soames, Serco's chief executive, said the deal "is not only an endorsement of the work our team at Acacia do, but also of Serco's ability as a prison operator".