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Hargreaves Services

Industrials

31 July 2026

Repositioned for the infrastructure decade

Hargreaves Services enters FY27 with over 70% of budgeted Services revenue already contracted and a board reiterating confidence in the outlook. FY26 saw a 93.8% y-o-y increase in underlying PBT to £34.0m, with reported PBT reaching £40.3m, a 12-year high. Services now generates 94% of revenue, while legacy land and German assets are being divested and cash returned to shareholders. In addition, £32.6m was returned during the year through dividends and a fully subscribed £20m tender offer at 850p.

Contracted visibility on the UK infrastructure cycle

Services delivered a fifth consecutive year of double-digit growth, with revenue up 35.0% to £329.9m and underlying PBT up 27.0% to £20.2m, a 31.7% CAGR since FY21. This reflects a pivot from solid fuels to environmental and infrastructure work (total waste management generated £15.6m in FY26 from zero in FY23) moving it into structurally growing, recurring markets. The order book now exceeds 75 long-term contracts averaging 3.6 years, with over 90% inflation protected, representing more than 70% of FY27 and 51% of FY28 Services revenue. Growth is driven by major schemes, including Sizewell C, HS2 and a first position on Lower Thames Crossing as well as new wins at Drax and Fortis IBA. Net margin eased to 6.1% (FY25: 6.5%) on lower-margin aggregate supply.

Disposal proceeds returned to shareholders

Hargreaves Land lifted underlying PBT to £12.5m (FY25: £2.3m) on the first two renewable energy land disposals, generating £15.6m of initial proceeds. The five remaining near-term schemes are independently valued at £9.1m (£3.3m of book value), while the residential pipeline has grown to 31 schemes and 12,014 plots. Separately, two Blindwells plot sales were completed in FY26 for £20.8m combined (500+ families on site). Germany contributed £6.3m post-tax (FY25: £4.1m) and remitted £6.6m of cash. With £21.6m of cash, no bank debt beyond £40.4m of asset-backed leases and ROCE doubling to 14.8%, returns look affordable.

Valuation: Forward multiples reflect one-off earnings

Hargreaves trades on a current P/E of 10.1x and EV/EBITDA of 6.1x, rising to 16.4x and 6.8x for FY27e, respectively. Consensus expects FY27 revenue to fall 17%, while EBITDA only 10%, implying the revenue not expected to recur carries below-average margins, consistent with FY26's lower-margin aggregate supply. On a one-year forward basis, it trades at a premium to peer group averages of 11.1x (P/E) and 5.7x (EV/EBITDA) and to its own five-year P/E average of 13.7x, while being slightly below its 7.2x historical EV/EBITDA average. Catalysts include land realisations above book, the German strategic review and continued order-book conversion.

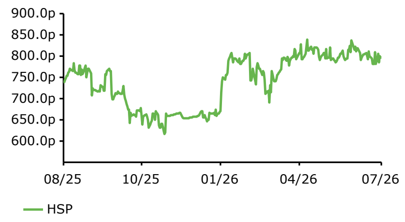
Consensus estimates

Year end	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (£)	DPS (£)	P/E (x)	Yield (%)	EV/EBITDA (x)
5/26	351.4	36.6	34.0	0.79	0.40	10.1	5.0	6.1
5/27e	292.0	33.0	17.8	0.49	0.41	16.4	5.1	6.8
5/28e	305.0	33.5	18.6	0.51	0.42	15.7	5.3	6.7

Source: LSEG Data & Analytics. Note: PBT is underlying PBT.

Price	800.00p
Market cap	£246m

Share price performance



Share details

Code	HSP
Listing	AIM
Shares in issue	30.7m
Net cash/(debt) as at 31 May 2026	£21.6m

Business description

Hargreaves Services is a diversified industrial services and property development group operating across the UK, South-East Asia and Europe, providing materials handling, logistics, engineering and environmental services, alongside brownfield land regeneration.

Bull points

- Over 70% of FY27 Services revenue contracted, more than 90% of the book inflation protected.
- A structural pivot from solid fuels to environmental and infrastructure work anchors demand in growing, recurring end-markets.
- Services earns strong returns on only £9.6m of capital employed, funding dividends and buybacks.

Bear points

- High customer concentration (top five clients accounting for 61% of Services revenue).
- Consensus expects underlying PBT to roughly halve in FY27 as one-off items do not repeat.
- The German JV remains exposed to weak pig iron pricing, and the zinc plant does not commission until early 2028.

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