MGNS Morgan Sindall Group plc

Morgan Sindall lifts 2026 outlook and launches £75m buyback

Following the Trading and Outlook for 2026 · 5 November 2026

SHARE BUYBACK	AVERAGE NET CASH	CONSTRUCTION MARGIN	HOUSING CAPITAL
£75m	£400m	3.5%-4.0%	c.£550m to £580m
▲ up to £75m, expected to complete toward the end of 2027	▲ 1 January to 4 November, against £362m a year earlier	full-year margin expected at the upper end of this target range	▲ average capital employed, from £500-580m previously

Share price, past 12 months

Daily close; latest price as at 16:29 on 4 November 2026 · Ticker Data API



Morgan Sindall's trading update today raised its 2026 outlook to slightly ahead of previous expectations and announced a share buyback of up to £75m. Construction is significantly ahead of expectations, Fit Out remains strong and Infrastructure expects double-digit profit growth. Partnership Housing profits, however, are now expected to fall below previous expectations while the division uses more capital than the earlier guidance allowed for. The group expects 2027 results to remain in line with current expectations, not ahead of them.

The buyback follows average daily net cash of £400m from 1 January to 4 November, but that is not all freely available cash: £51m relates to joint operations or designated supplier payments, and the daily low was £273m. The investment case rests on whether stronger contract profits convert into cash while housing absorbs capital. Secured orders support the rest of 2026; the next full-year accounts will show more about working capital, housing returns and the cash available as repurchases proceed.

Contracting strength absorbs a housing setback

Morgan Sindall earns money from Fit Out, Construction and Infrastructure work alongside its housing and mixed-use partnerships. In Trading and Outlook for 2026, published on 5 November, the group raised its full-year outlook despite weaker Partnership Housing profits. That mix matters: strength in the contracting divisions is offsetting a business whose customers face low confidence and affordability pressures.

Construction secured positions on all five lots of Pagabo's £5bn Major Works Framework, while two Great Grid Partnership energy projects have entered construction. The energy projects have moved beyond planning; a framework position, by contrast, gives access to potential work, not £5bn of Morgan Sindall revenue.

2026 TRADING UPDATE	VALUE	CHANGE
Pagabo framework	£5bn	Positions secured on all five lots
Energy projects in construction	two	Moved into construction phase

Sources: Trading and Outlook for 2026, 5 November 2026

Construction drives the modest group upgrade

Construction now expects materially higher, double-digit profit growth, significantly ahead of previous expectations. Its full-year operating margin should reach the upper end of the 3.5%-4.0% medium-term range, although revenue is progressing towards £1.5bn, not promised to reach it this year. Fit Out expects a result slightly ahead of its £139.9m profit in 2025. Infrastructure still expects double-digit profit growth, but its previous guidance has not changed.

Those gains must also cover a weaker Partnership Housing result and another expected Mixed Use Partnerships loss similar to 2025's (£5.3m). The raised group outlook follows a first half in which adjusted pre-tax profit increased by 21% to £116.1m. It is evidence of sustained contracting performance, though the group has given no new numerical full-year profit forecast.

FIGURE	VALUE	CHANGE
Fit Out prior-year profit FY 2025	£139.9m	FY 2026 expected slightly ahead
Construction margin target FY 2026 outlook	3.5%-4.0%	Margin expected at upper end
Mixed Use prior-year loss FY 2025	(£5.3m)	Similar loss expected for FY 2026
Adjusted pre-tax profit H1 2026	£116.1m	+21%

Sources: Trading and Outlook for 2026, 5 November 2026; Announcements and guidance, 23 July 2026

The cash buffer is substantial, not wholly surplus

Average daily net cash from 1 January to 4 November rose to £400m from £362m in the comparable period. The lowest daily balance was £273m. Of the average, £51m relates to money in jointly controlled operations or held for designated supplier payments; the announcement does not give the equivalent breakdown for the low day. The difference between average and low shows why neither figure alone measures cash available for a buyback.

The historical cash record offers some reassurance. In 2025, £187m of operating cash flow exceeded £175m of after-tax profit; after £16.0m of capital expenditure, it covered £65.8m of dividends paid and £40.7m of buybacks. Those figures do not establish 2026 cash conversion. Following the buyback announcement, guidance for full-year average daily net cash is £390m - £400m, below July's expectation of more than £400m. The full-year accounts will need to show working-capital movements and how much liquidity remains available at the low point.

FIGURE	VALUE	CHANGE
Average daily net cash 1 January to 4 November 2026	£400m	£362m in the comparable prior-year period
Lowest daily net cash 1 January to 4 November 2026	£273m	
Joint-operation or designated cash 1 January to 4 November 2026 average	£51m	Included in average daily net cash
Operating cash flow 2025	£187m	

Sources: Trading and Outlook for 2026, 5 November 2026; Cash flow (tagged accounts), 2025-12-31

Housing returns must catch up with its capital

Partnership Housing profits are now expected below previous expectations, while its forecast average capital employed has moved to c.£550m to £580m from £500-580m previously. More capital earning less profit puts the division's return on capital under pressure. Management expects the Government's Your First Home scheme to support first-time buyer demand from next year and into 2028; that benefit is a prospect, not part of the current trading result.

Mixed Use Partnerships started seven projects in the first nine months and plans three more by year-end. Starts concentrated in the second half bring upfront costs, contributing to the expected full-year loss. Across the group, secured orders underpin the remainder of 2026, while the outlook for 2027 remains in line with current expectations. Project starts, housing demand and returns on the capital already committed will show how much of that visibility becomes profit.

FIGURE	VALUE	CHANGE
Housing average capital employed FY 2026 outlook	c.£550m to £580m	from £500-580m previously
Mixed Use project starts First nine months of 2026	seven	Further three planned by year-end

Sources: Trading and Outlook for 2026, 5 November 2026

The earnings multiple needs a cash qualification

At the 4,140p close on 4 November, the shares stood at about 11 times 2025 adjusted earnings per share of 370p. The higher 2026 group outlook could improve that earnings comparison, but no numerical full-year earnings forecast accompanies the announcement. The buyback of up to £75m begins on 5 November and is expected to finish toward the end of 2027, so its effect on the share count will emerge over time.

A cash-adjusted earnings multiple would imply more precision than the available figures support. Average net cash is not a year-end balance, part of it relates to joint operations or designated supplier payments,

and housing still requires substantial capital. The relevant test is how much cash remains after contract working capital, partnership investment and ordinary dividends while the buyback runs.

FIGURE	VALUE	CHANGE
Adjusted earnings per share FY 2025	370 pence_per_share	
Share buyback From 5 November 2026 toward the end of 2027	£75m	Up to this amount

Sources: Results for the Full Year ended 31 December 2025, 25 February 2026; Trading and Outlook for 2026, 5 November 2026

The rebound has yet to repair the longer trend

The shares closed at 4,140p on 4 November, having recovered from 3,816p on 20 October. Trading volume rose into the announcement, but the price remained below its 200-day moving average of 4,530.73p. A moving average smooths daily prices to show the broader trend; this one had not yet turned upwards.

A sustained move through the repeatedly tested 4,449.81p area on strong volume would provide firmer evidence that the rebound can last. A fall below support around 3,985.04p, particularly if followed by a new low, would weaken that reading. Price action does not establish whether the housing recovery or the cash returns will arrive as expected.

The case for and against

FOR

The case for rests on delivery across several contracting businesses. Construction is significantly ahead of expectations, Infrastructure expects double-digit profit growth, and Fit Out remains strong enough for the group to raise its 2026 outlook despite housing weakness. Secured orders support the rest of the year, two energy projects are already in construction, and the 2025 accounts show that operating cash flow covered both capital expenditure and shareholder returns.

AGAINST

The case against starts with the return on capital in Partnership Housing. Expected profit has fallen while average capital employed is set to rise, and the benefit anticipated from Your First Home lies in 2027 and 2028. Construction margins leave room for cost or delivery problems to matter. The £273m cash low also makes it unsafe to treat the £400m average as wholly surplus, especially while the buyback proceeds and the group has not raised its 2027 outlook.

WHAT TO WATCH

The full-year results must show whether stronger contract profit turned into operating cash and whether housing earned an adequate return on its larger capital base. Subsequent updates can establish whether Pagabo opportunities become funded work and whether the energy projects hold their expected margins. Cash lows and the net share count during the buyback, alongside housing demand into 2027, will distinguish durable growth from a strong contracting year that has temporarily covered weaker partnership returns.

Risks

- Partnership Housing may keep more capital tied up while earning less profit if affordability pressures persist or the expected first-time buyer demand arrives slowly.
- Cost overruns, labour pressure or partner insolvency could erode contracting margins; the 2025 annual report names partner insolvency as a principal risk.
- Average net cash may overstate cash available for shareholder returns if contract working capital or partnership investment rises as the buyback proceeds.
- Framework appointments may not convert into funded projects on the timetable needed to support 2027 expectations.

THE OTHER VIEW

The stronger reading is that the contracting divisions have already demonstrated their ability to absorb a housing downturn: the group has raised 2026 expectations, secured work covers the rest of the year, and historical operating cash flow supports the balance sheet. If partnership capital requirements ease as management expects and housing demand improves from 2027, the buyback could accompany growth without weakening contract liquidity.

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