

Delivering Engineering Services to UK Infrastructure



2013 Results

Renew Holdings plc – Results Presentation: Year ended 30th September 2013

Brian May
John Samuel

Chief Executive
Group Finance Director



Renew Holdings plc

Through our branded businesses we

- provide multidisciplinary engineering services nationwide through our directly employed workforce where we maintain & develop UK infrastructure focused in the Energy, Environmental & Infrastructure markets
- carry out specialised building projects in two discrete markets in the South East

Financial results

- Record results
- Record order book of £416m, 26% increase
- 28% increase in Engineering Services order book to £301m
- Engineering Services revenue up 9% to £232m
- Group operating profit increased by 9% to £11.2m
- Strong cash generation has delivered net cash position of £2.8m
- Dividend increased by 14%

Income statement

Year ended	30 Sept 2013		30 Sept 2012	
	£m		£m	
Revenue	<u>334.6</u>		<u>337.4</u>	
Operating profit	11.2	3.4%	10.3	3.0%
Net finance costs	<u>(0.5)</u>		<u>(0.3)</u>	
Profit before exceptional items	10.7		10.0	
Exceptional items	0.5		(1.1)	
Amortisation	<u>(0.5)</u>		<u>(0.5)</u>	
Profit before taxation	10.7		8.4	
Taxation	<u>(1.8)</u>		<u>(1.3)</u>	
Profit after taxation	<u>8.9</u>		<u>7.1</u>	
EPS pre amortisation	14.8p		13.9p	
Dividend per share	3.6p		3.15p	

Exceptional items

Year ended	30 Sept 2013	30 Sept 2012
	£m	£m
Gain on sale of land at Rugby	9.2	-
Write down of USA land	(4.9)	-
Losses on closed Building businesses	(2.8)	-
Building redundancy costs	(0.3)	(1.1)
Provision for storm damage	(0.5)	-
Lewis acquisition costs	<u>(0.2)</u>	<u>-</u>
Total exceptional gain/(loss)	<u>0.5</u>	<u>(1.1)</u>

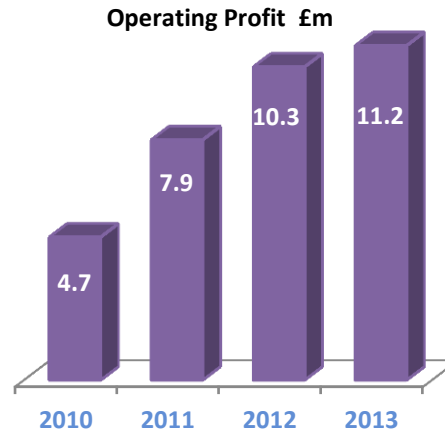
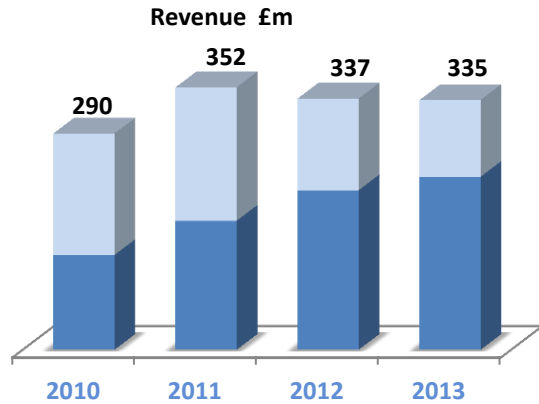
Balance sheet

	30 Sept 2013	30 Sept 2012
	£m	£m
Intangible assets	37.0	29.2
Property, plant & equipment	8.7	4.7
Deferred tax assets (net)	<u>1.6</u>	<u>2.2</u>
	<u>47.3</u>	<u>36.1</u>
Current assets	80.1	83.9
Current liabilities	<u>(115.2)</u>	<u>(105.1)</u>
Net current liabilities	<u>(35.1)</u>	<u>(21.2)</u>
Cash	5.3	2.0
Term loan	(2.5)	(7.5)
Long term liabilities	(2.7)	(1.4)
Pension schemes (net)	<u>(2.0)</u>	<u>0.9</u>
Net assets	<u><u>10.3</u></u>	<u><u>8.9</u></u>

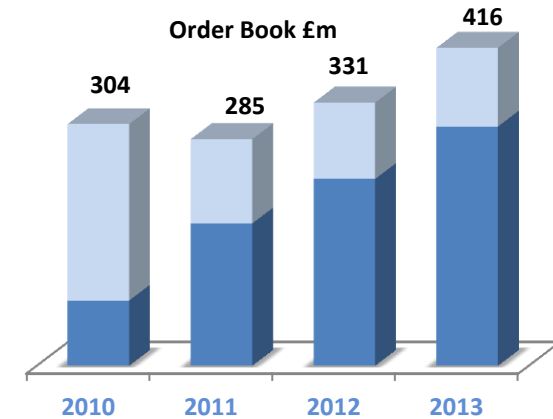
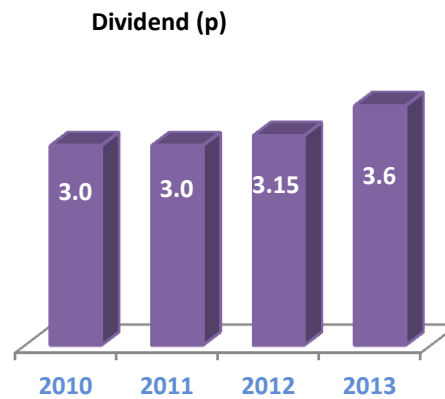
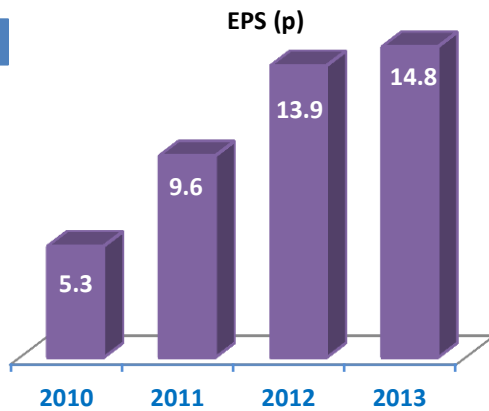
Cash flow statement

	£m
Opening cash balance at 1 Oct 2012	2.0
Group operating profit prior to exceptional items and amortisation	11.2
Depreciation & share based payments	1.4
Net cash inflow from exceptional items	8.9
Acquisition of Lewis including costs	(8.2)
Working capital movement	2.4
Term loan repayments	(5.0)
Capital expenditure and finance leases	(1.6)
Pension scheme contributions	(3.3)
New shares issued on option exercise	0.1
Dividends, interest and taxation	<u>(2.6)</u>
Closing cash balance at 30 September 2013	5.3
Term loan	<u>(2.5)</u>
Net cash at 30 September 2013	<u>2.8</u>
Net debt at 30 September 2012	<u><u>(5.5)</u></u>

Group financial track record



Building
Engineering



All figures are shown prior to exceptional items and amortisation charges

Specialist Building performance

Y/E 30 Sept	2013	2012
	£m	£m
Revenue	102.5	123.1
Operating Profit	2.1 2.0%	2.1 1.7%
Order Book	115	96

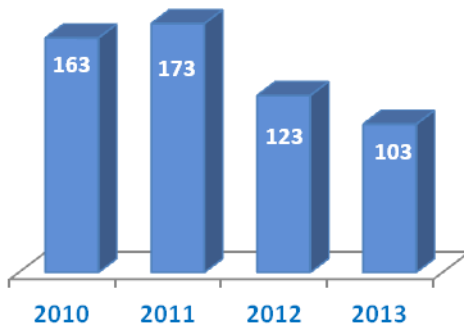
83% of revenue secured for 2014

Strategy

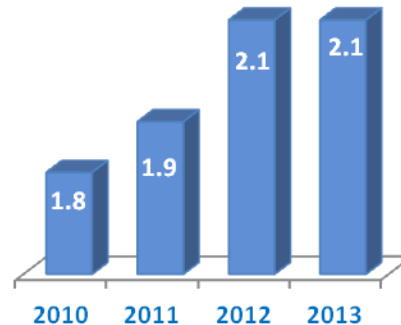
Through contract selectivity

- deliver stable earnings
- generate positive working capital
- mitigate risk

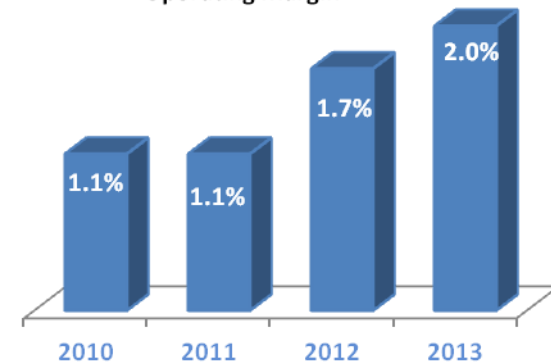
Revenue £m



Operating Profit £m



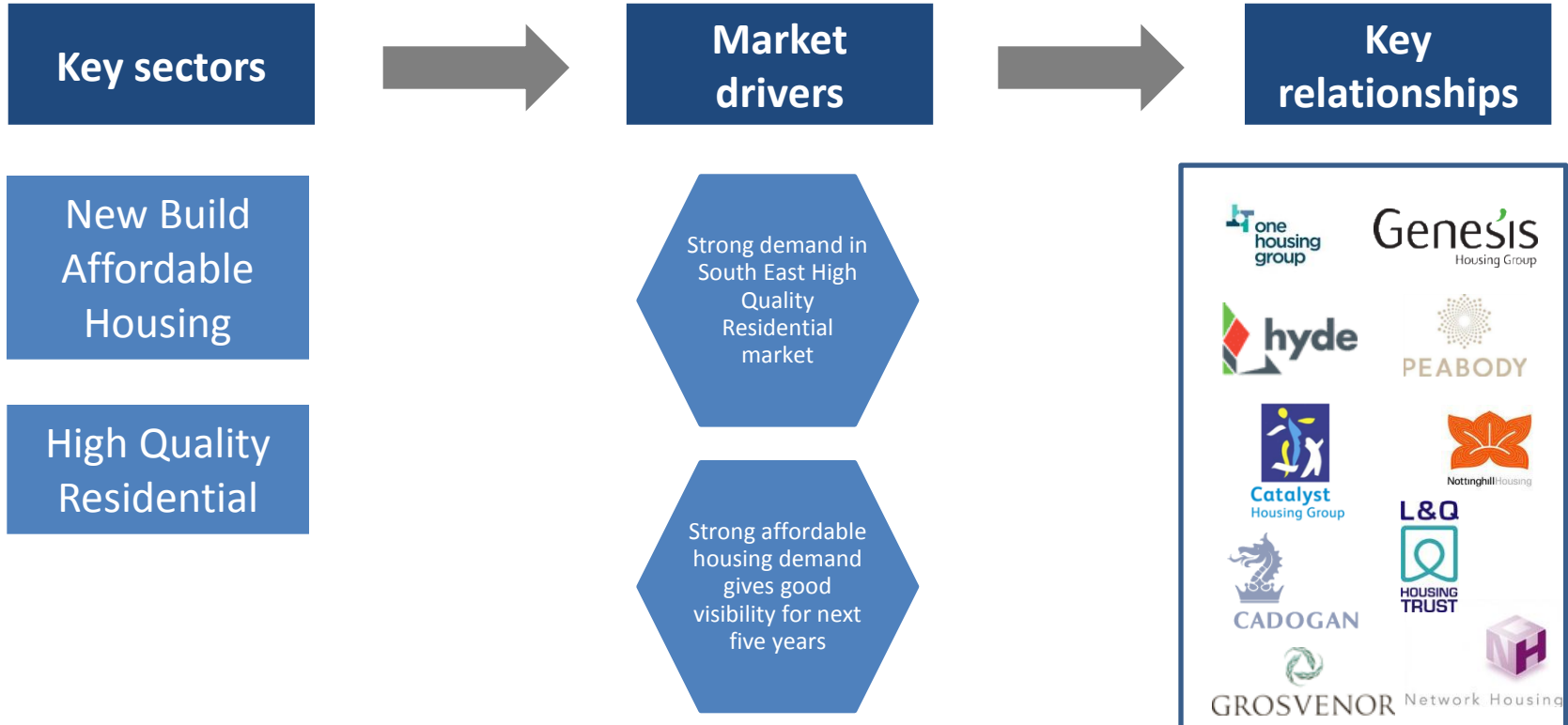
Operating Margin



All figures are shown prior to exceptional items

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Specialist Building



Specialist Building



High Quality Residential

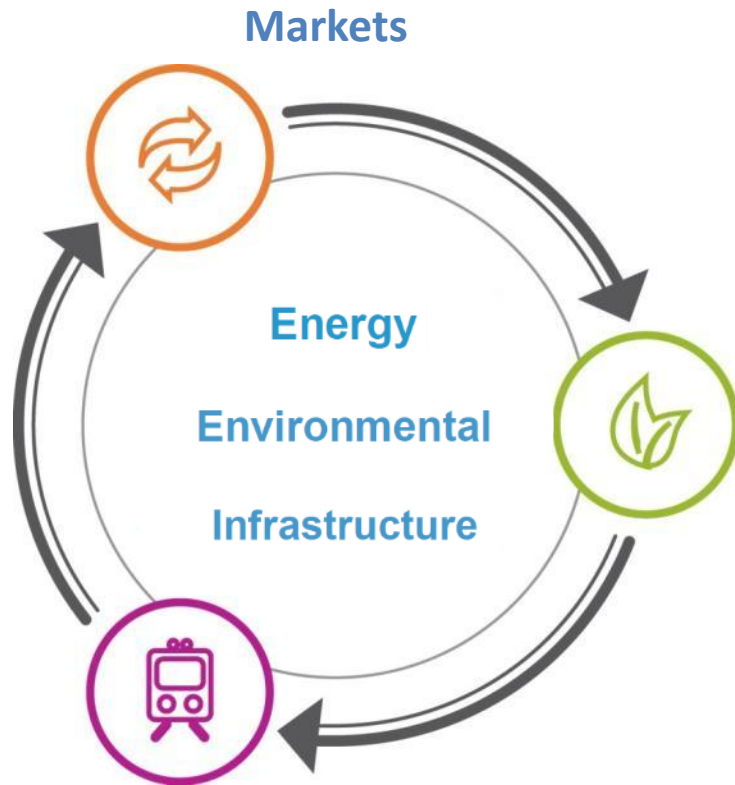
- Leading provider with specialism in technically challenging temporary works
- Revenue fully secured for 2014
- Continued strong level of opportunities in this robust market

New Build Affordable Housing

- Leading contractor in the South East
- Relationships with 16 leading Housing Associations providing access to £700m annual spend
- 76% of revenue secured for 2014



Engineering Services



Brands

 AMCO *rail*



 AMCO *engineering*



 seymour



Engineering Services

Engineering Markets

- Highly regulated, high barriers to entry, critical to UK economy
- Essential maintenance & renewal to keep assets working
- Accessing clients' operating budgets
- Expenditure backed by secured funding

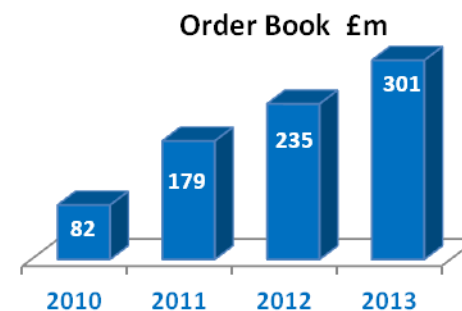
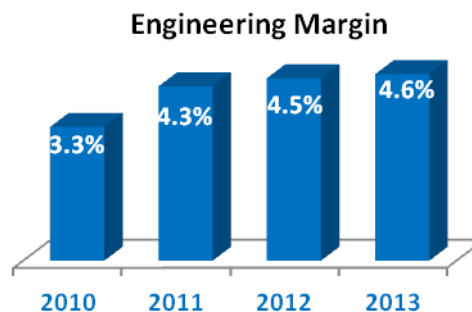
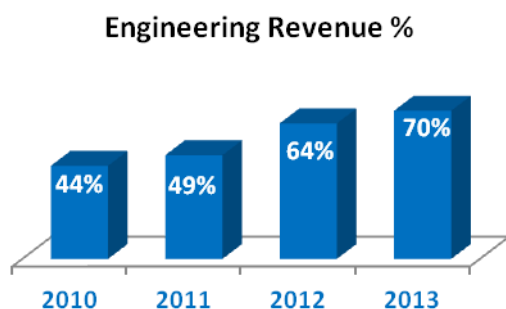
Business Differentiators

- Brand strength
- Directly employed multiskilled workforce
- Local experienced delivery teams
- Long term relationships established through responsiveness

Engineering Services performance

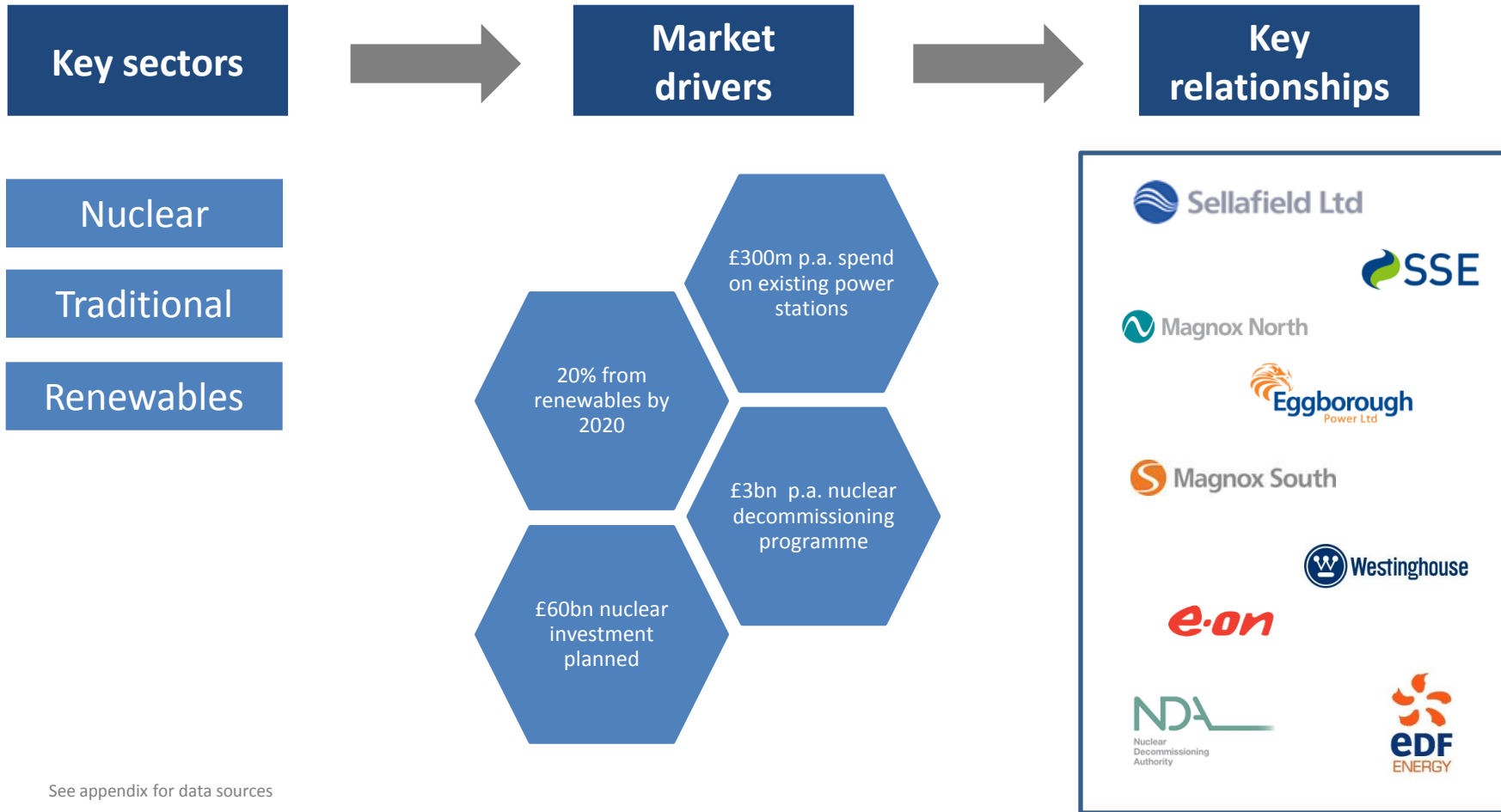
Y/E 30 Sept	2013	2012	2011	2010
	£m	£m	£m	£m
Revenue	232.4	214.1	172.8	127.4
Operating Profit	10.6	9.6	7.5	4.2
Margin	4.6%	4.5%	4.3%	3.3%
Order Book	301	235	179	82

- 6% organic growth in 2013
- Order book increased by 28%
- 83% of revenue secured for 2014



*all figures are shown prior to exceptional and amortisation charges

Energy



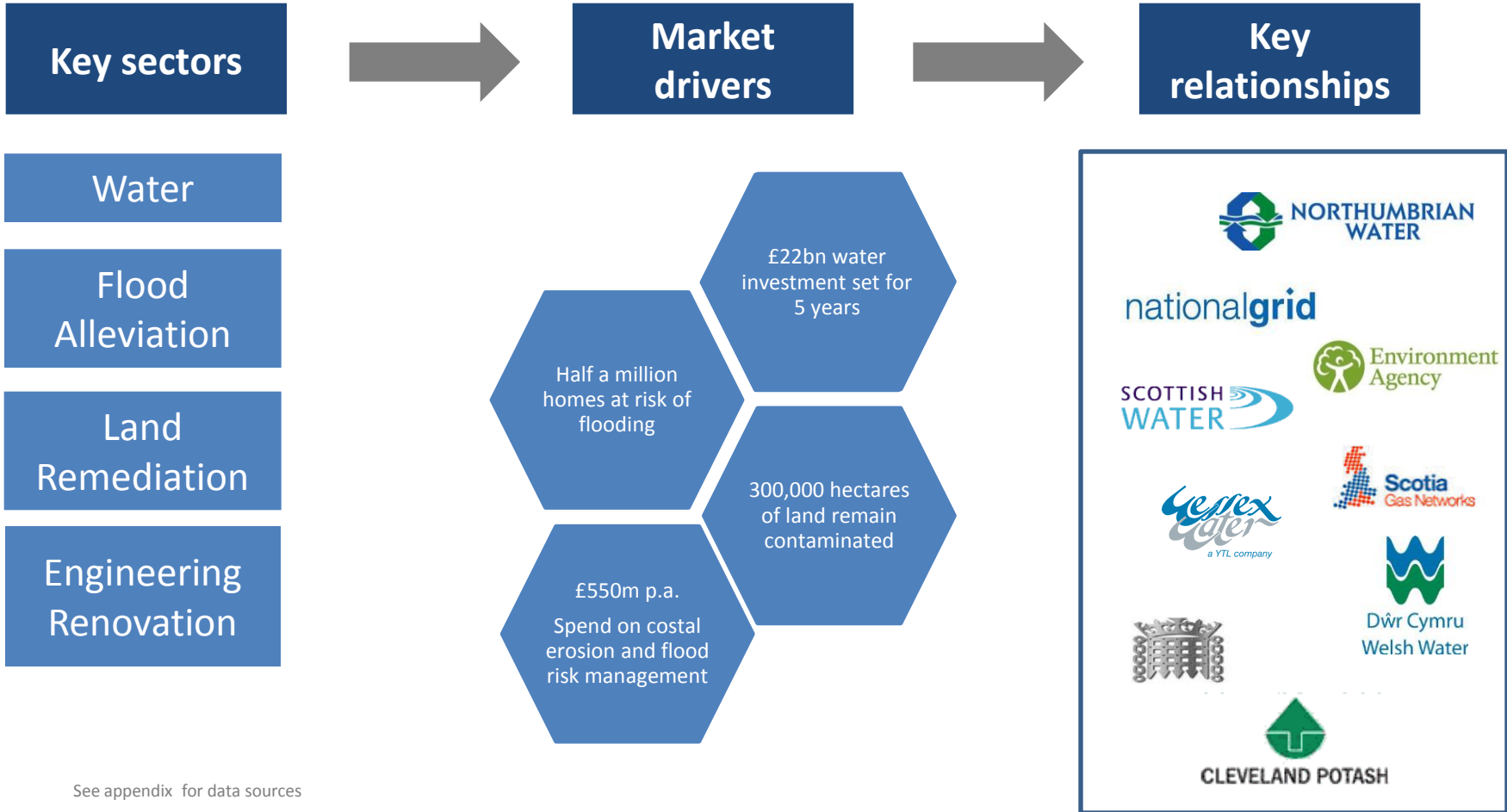
See appendix for data sources

Energy



- Active on 15 energy sites including 9 nuclear licenced sites across the Nuclear Decommissioning Authority's estate
- Leading position at Sellafield as largest mechanical and electrical contractor with 9 frameworks
- 16% increase in nuclear order book to £126m
- Reappointed as 1 of 3 participants to the Multi Discipline Site Works framework delivering packages up to £280m over 4 years – still aligned to Production Operations Support
- Continued support to major programmes at Sellafield including £60m on Evaporator D
- Maintaining existing UK energy facilities provides ongoing workload
- Renewable schemes providing opportunities in wind, biomass and hydroelectric
- Opportunity in New Nuclear

Environmental



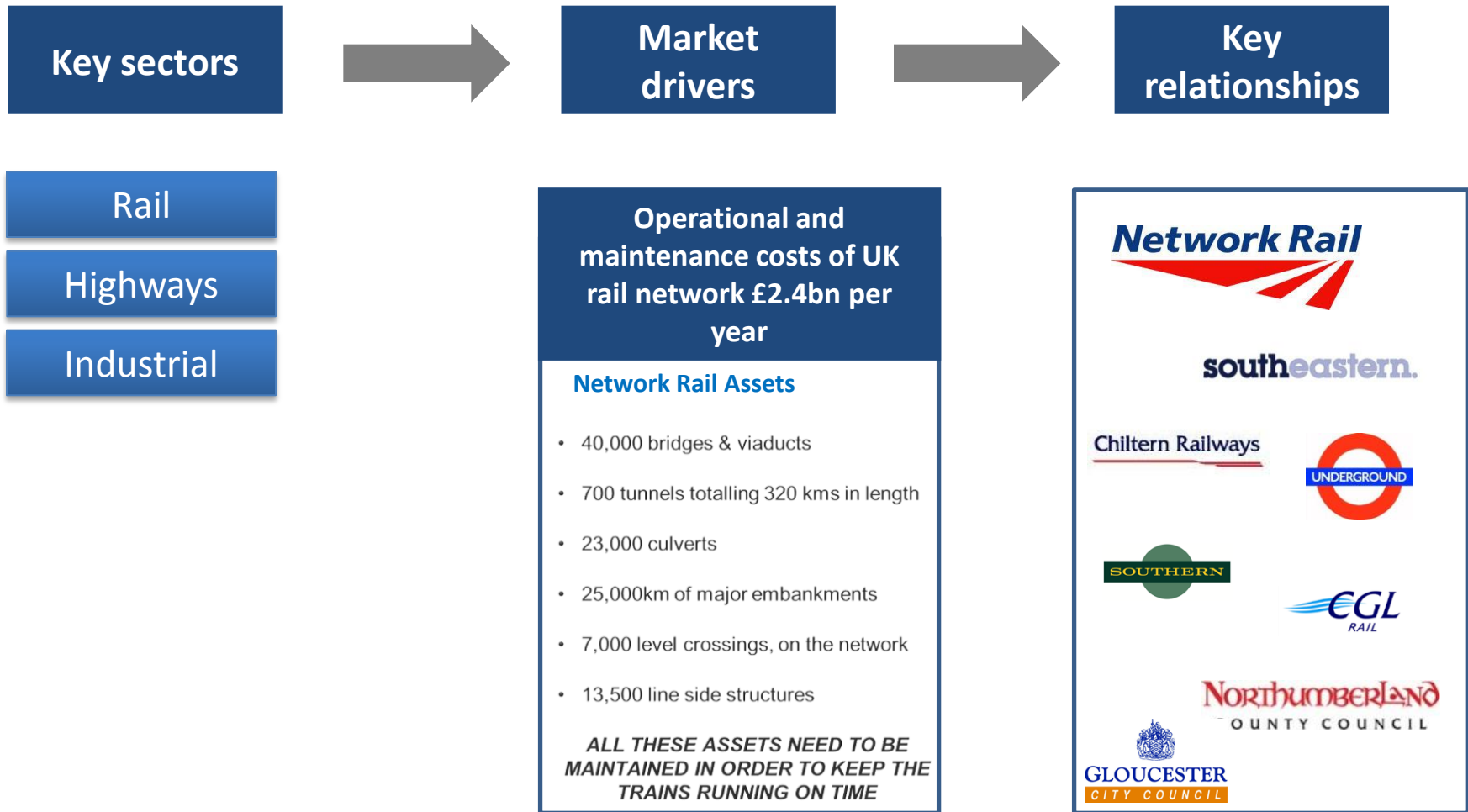
See appendix for data sources

Environmental



- Order book up 79% to £59m, including £20m from Lewis
- Acquisition of Lewis provides framework positions with Wessex & Welsh Water
- Rated no 1 contractor by Northumbrian, Wessex & Welsh Water
- Preferred supplier to NWL on accelerated flood prevention, in addition to 7 maintenance frameworks
- Appointed to Environment Agency minor works frameworks nationwide
- Appointed to 5 year remediation framework with Scotia Gas Networks
- Awarded first insitu treatment project in the UK for chromium contaminated ground water
- Awarded £9.5m cast iron roof restoration contract at Palace of Westminster

Infrastructure



See appendix for data source

Infrastructure



- Only national provider of engineering maintenance services for Network Rail
- Increased market share due to responsiveness
- 4,000 tasks carried out under Asset Management frameworks
- Specialism in tunnels continues to provide opportunities, awarded the £12m Holme Tunnel project
- 36% increase in order book to £101m
- Network Rail agreed funding plan for next 5 years provides excellent visibility

Our growth strategy

- Key provider of Engineering Services in the UK's Energy, Environmental and Infrastructure markets
- Focus on non-discretionary spend, asset support, maintenance and renewals
- Direct delivery model through strong local brands
- Long term relationships established through responsiveness
- Continued organic growth combined with selective acquisitions

Outlook

- Positioned in robust markets
- Record forward order book
- Net cash position
- Successful acquisition record
- Targets and ambitions over next 3 years
 - Group revenue in excess of £500m
 - Engineering operating margins of 5%

Appendix

Data sources

- Nuclear Decommissioning Authority, Business Plan 2012–2015 (March 2012)
- National Renewable Energy Action Plan for the United Kingdom, Article 4 of the Renewable Energy Directive (2009/28/EC)
- Department of Energy & Climate Change, UK Renewable Energy Roadmap (July 2011)
- OFWAT, Future water and sewerage charges 2010-15: Final determinations (November 2009)
- National Audit Office, Department for Communities and Local Government, Financial viability of the social housing sector: introducing the Affordable Homes Programme (July 2012)
- Environment Agency, Investing for the future, Flood and coastal risk management in England, A long-term investment strategy (2009)
- Environment Agency, Reporting the evidence, Dealing with contaminated land in England and Wales, A review of progress from 2000-2007 with Part 2A of the Environmental Protection Act (January 2009)
- Office of Rail Regulation 31st October 2013 Britain's railways between 2014 and 2019 – ORR's final determination