

# Delivering Engineering Services to UK Infrastructure



2013 Interim Results Presentation  
Six months to 31 March 2013

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Chief Executive  
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Delivering Engineering Services to UK Infrastructure through our branded businesses nationwide.

Renew provides multidisciplinary engineering services to maintain and develop UK infrastructure focused in the Energy, Environmental and Infrastructure markets.

## Our Engineering markets

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- 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

## Our Engineering business differentiators

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

## Financial results

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- Record interim results
- Record order book of £361m, 19% increase
- 14% increase in Engineering Services order book to £261m
- Second half forecast revenue fully secured
- Good cash generation and reduction in net debt
- Interim dividend increased by 5%

# Income statement

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6 months ended	31 March 2013		31 March 2012	
	£m		£m	
Revenue	152.4		182.4	
Operating profit	5.2	3.4%	4.8	2.6%
Net finance costs	(0.3)		(0.2)	
Amortisation	(0.3)		(0.3)	
Profit before taxation	4.6		4.3	
Taxation	(1.1)		(1.1)	
Profit after taxation	3.5		3.2	
EPS pre amortisation	6.20p		5.65p	
Dividend per share	1.10p		1.05p	

## Balance sheet

	31 March 2013	30 September 2012	31 March 2012
	£m	£m	£m
Intangible assets	28.9	29.2	30.2
Property, plant & equipment	4.4	4.7	4.6
Deferred tax assets (net)	1.6	1.8	1.4
	<b>34.9</b>	35.7	36.2
Current assets	74.5	83.9	96.6
Current liabilities	(96.0)	(105.1)	(117.1)
Net current liabilities	(21.5)	(21.2)	(20.5)
Cash	1.8	2.0	3.1
Term loan	(5.0)	(7.5)	(10.0)
Long term liabilities	(1.3)	(1.4)	(1.1)
Pension schemes (net)	2.9	1.3	2.8
Net assets	<b>11.8</b>	8.9	10.5



# Cash flow statement

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	2013
	£m
<b>Opening cash balance at 1 Oct 2012</b>	<b>2.0</b>
Group operating profit prior to exceptionals and amortisation	5.2
Depreciation & share based payments	0.6
Net interest paid	(0.2)
Working capital movement	0.0
Term loan repayments	(2.5)
Capital expenditure (net)	(0.2)
New finance leases	0.2
Finance lease repayments	(0.3)
Pension scheme contributions	(1.7)
Dividends	(1.3)
<b>Closing cash balance at 31 March 2013</b>	<b>1.8</b>
Term loan	(5.0)
<b>Net debt at 31 March 2013</b>	<b>(3.2)</b>
Net debt at 31 March 2012	(6.9)

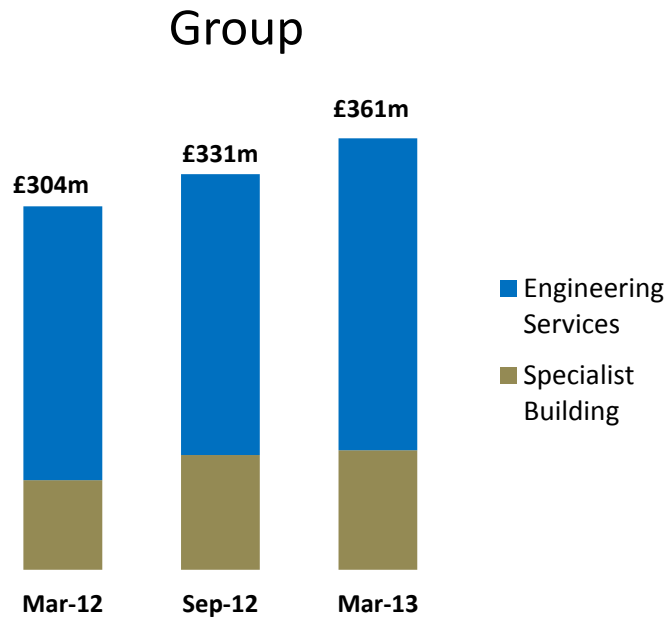
## Sector performance

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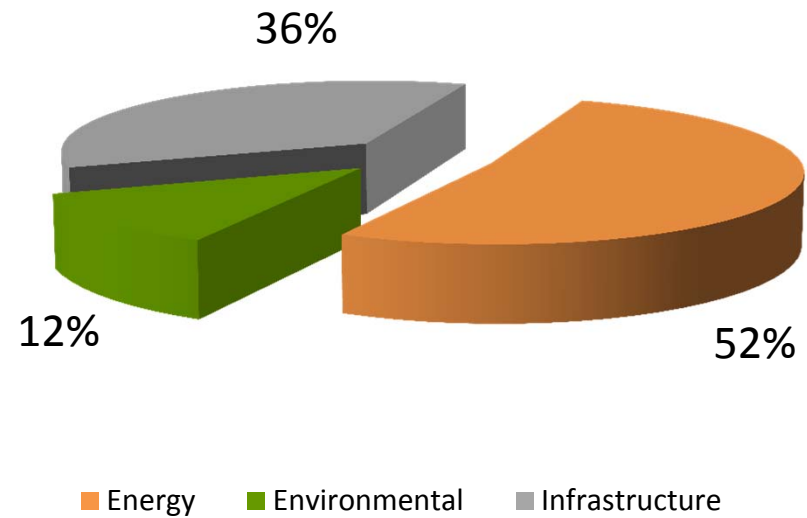
6 months ended	Engineering Services		Specialist Building	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	£m	£m	£m	£m
Revenue	<b>110.4</b>	105.3	<b>42.0</b>	76.8
Operating Profit	<b>4.9</b>	4.6	<b>1.0</b>	1.0
Operating margin	<b>4.4%</b>	4.4%	<b>2.4%</b>	1.3%

- Engineering Services - Revenue growth of 4.8%, 72% of Group total  
- Operating profit growth of 6.5%, 83% of Group total
- Specialist Building - Operating profit maintained on reduced revenue

# Order book

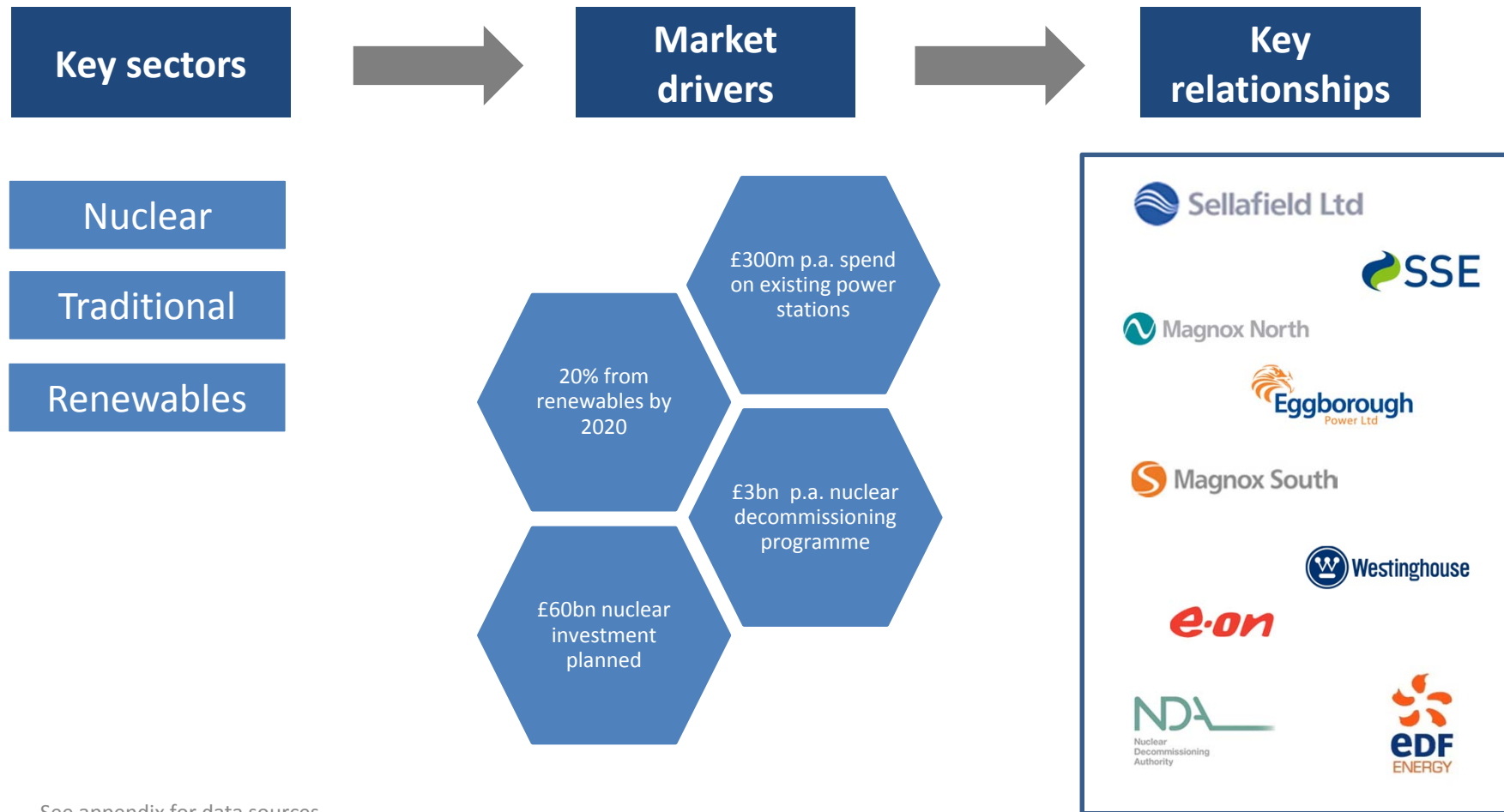


## Engineering Services £261m



- Record order book
- Conservative order recognition
- Three quarters of Engineering order book derived from frameworks

# Our markets - Energy



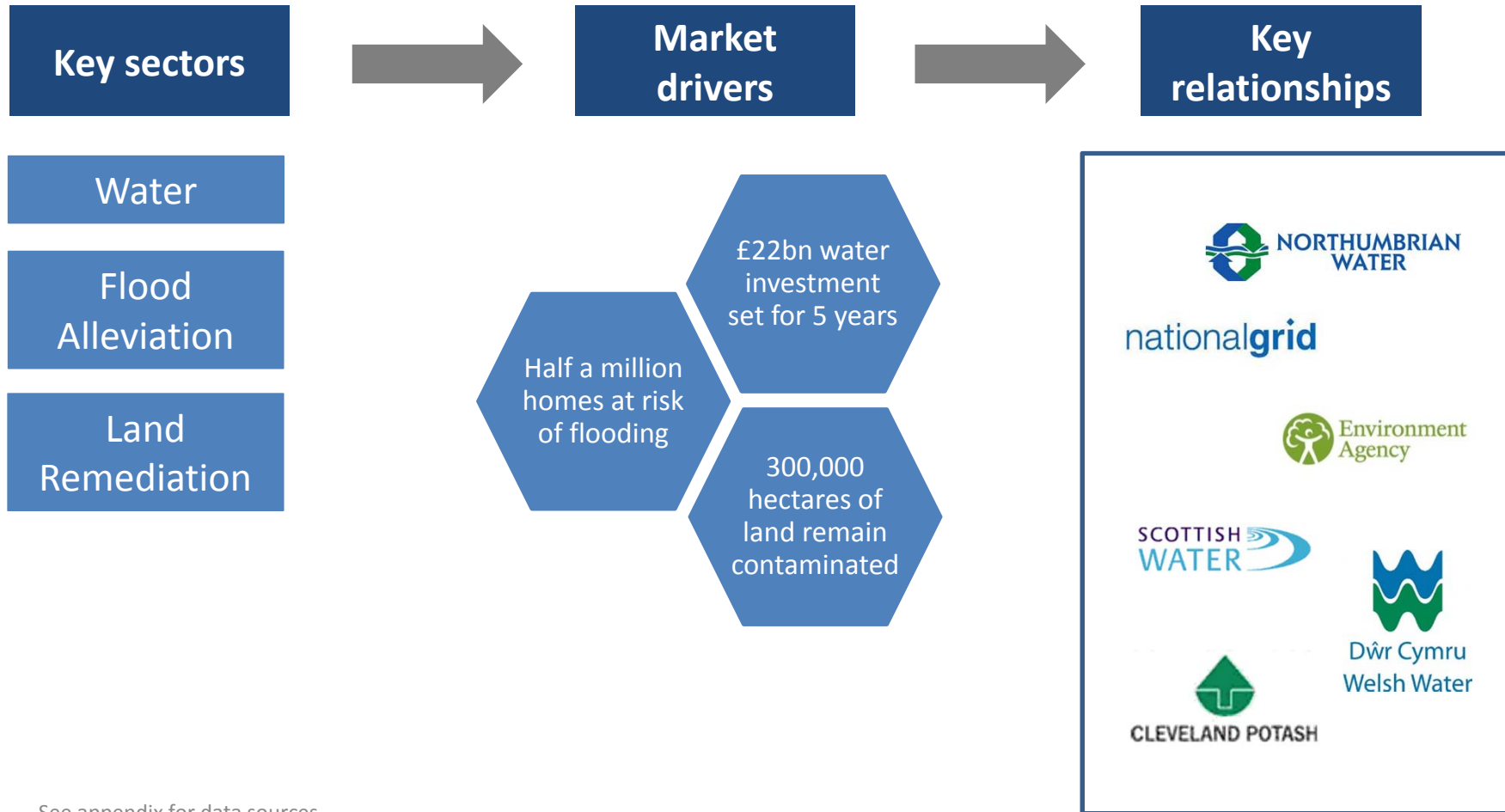
See appendix for data sources



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- Well positioned on 9 nuclear licenced sites across the Nuclear Decommissioning Authority's estate
  - Leading position at Sellafield as largest mechanical and electrical contractor
  - First Sellafield contractor to receive Supply Chain Accreditation
  - 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 5 traditional power generation plants
  - 2 hydroelectric schemes for Scottish Water currently at the design and manufacture stage

## *Our markets - Energy*

# Our markets - Environmental



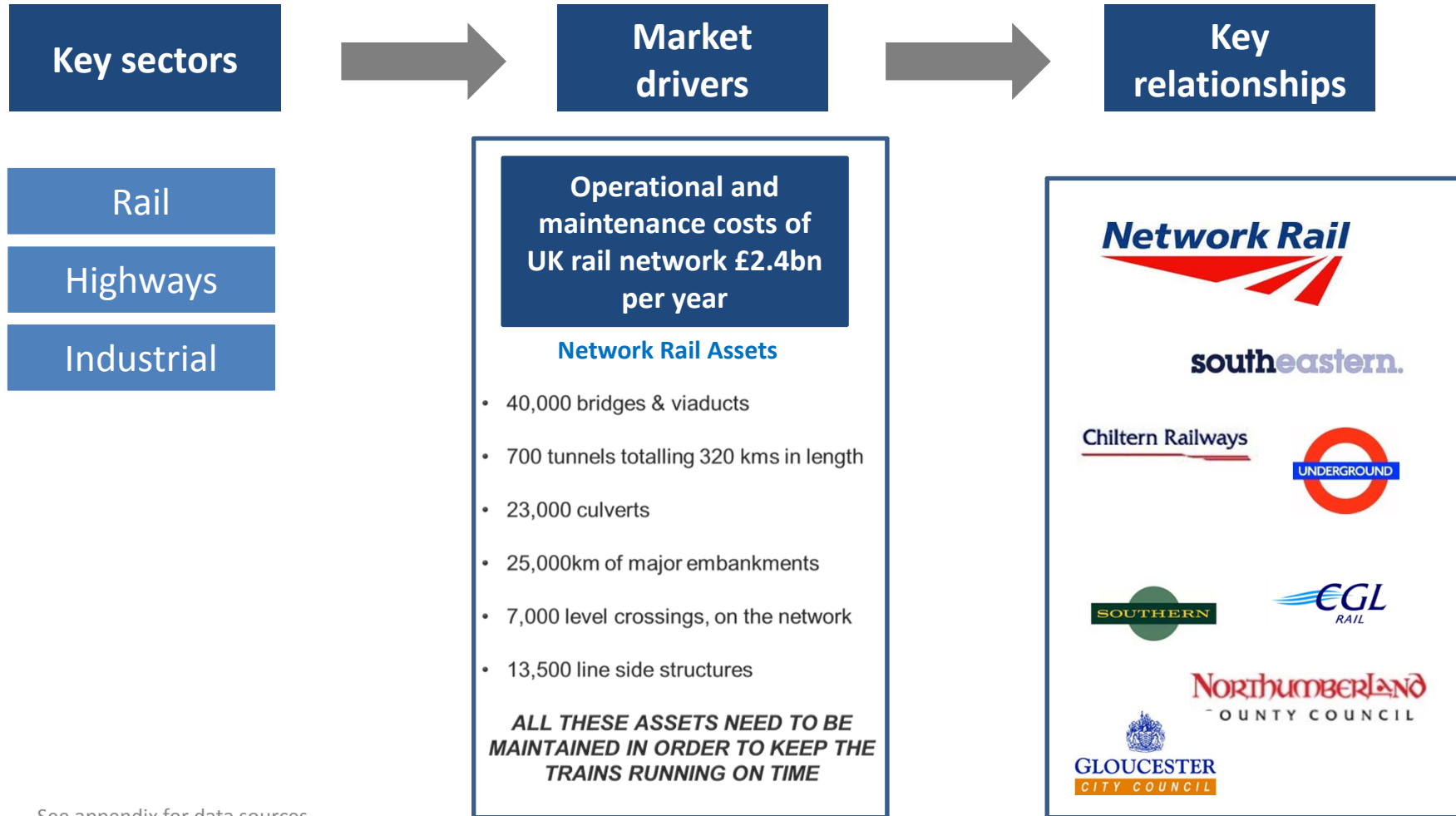
See appendix for data sources



- Further awards on the 10 year AMP 5 Major Waste Water Project framework for Northumbrian Water
- 54% increase in revenue on 6 non-discretionary maintenance frameworks
- Awarded second contract with Northumbrian Water utilising specialist skills in trunk mains cleansing – total value now £12m
- Further works secured under National Grid and Environment Agency frameworks
- £3m Luneside land remediation project secured

## *Our markets - Environmental*

# Our markets - Infrastructure



See appendix for data sources

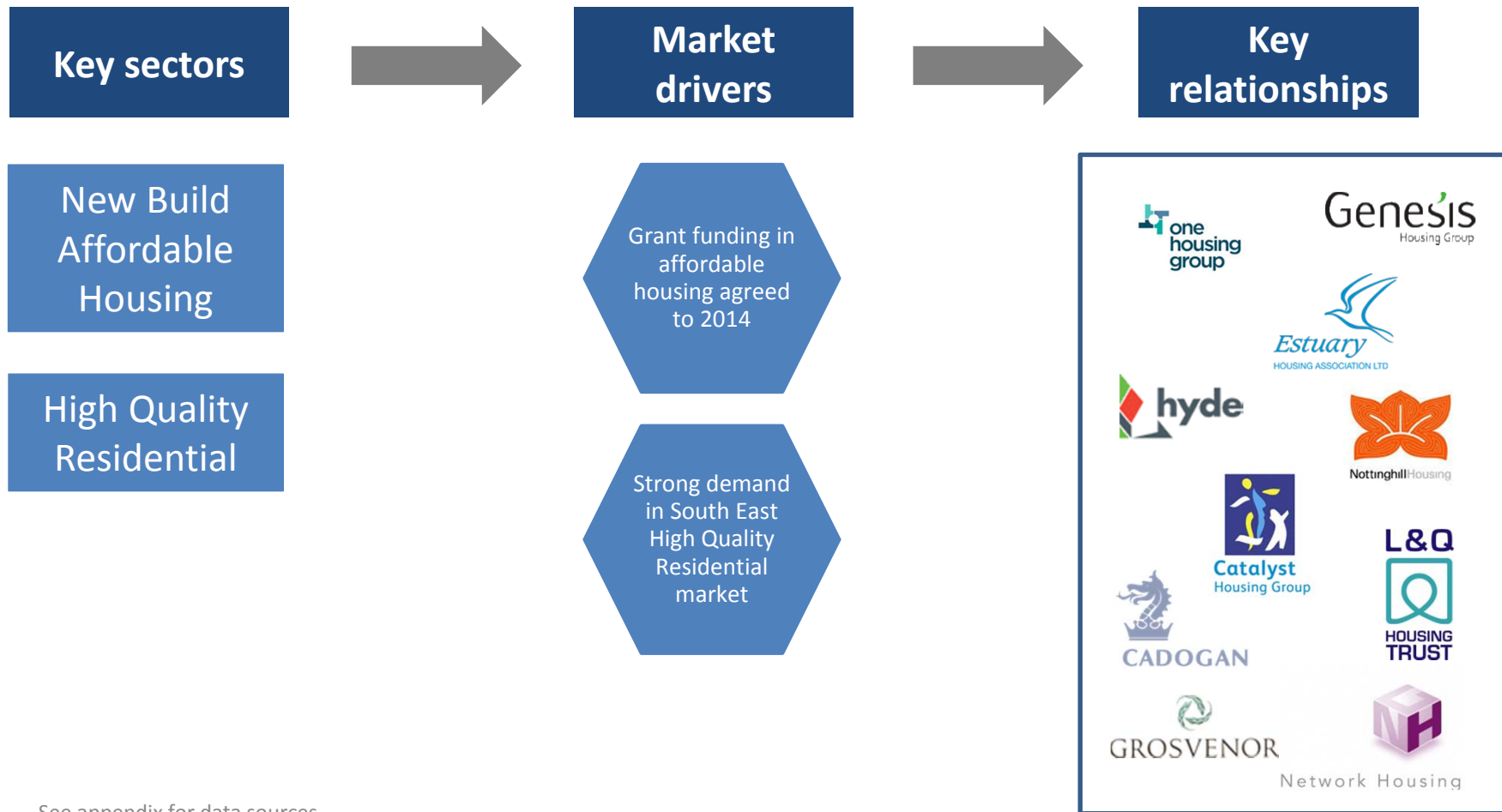




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- Only national provider of engineering maintenance services for Network Rail
  - Increasing revenue from BCDP and asset management frameworks
  - Increase in provision of 24 hour emergency response services nationally across all 10 Network Rail routes
  - Responsiveness to emergencies leading to involvement in long term solutions
  - Specialism in tunnels continues to provide opportunities, recently awarded enablement phase for the Holme Tunnel major works project

## *Our markets - Infrastructure*

# Our markets – Specialist Building



See appendix for data sources



## **New Build Affordable Housing**

- Leading contractor in the South East
- 14 framework agreements with leading Housing Associations providing access to £700m annual spend
- Strong level of forward opportunities

## **High Quality Residential**

- Leading provider with specialism in technically challenging temporary works
- £24m of awards in period
- Continued strong level of opportunities in this robust market

*Our markets – Specialist Building*

## Our growth strategy

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- 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

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- Positioned in robust markets
- Strong pipeline of forward work
- Compelling opportunities for growth
- Continued reduction in net debt
- Board confident in full year outcome

# Appendix

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## 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)