



Supporting UK Infrastructure



Renew Holdings plc

Results for the year ended 30 September 2015

Brian May Chief Executive

John Samuel Group Finance Director



## Highlights

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- Record results
- Engineering Services revenue up 15% to £441m
- EPS growth of 25% to 26p
- Dividend increased by 40% to 7p
- Strong order book of £502m, increase of 14%
- 11% increase in Engineering Services order book to £400m



## Income statement

Year ended	30-Sep-15 £m		30-Sep-14 £m		
<b>Revenue</b>	<b>519.6</b>		464.5		+12%
<b>Operating profit</b>	<b>20.4</b>	<b>3.9%</b>	16.4	3.5%	+24%
Net finance costs	(0.7)		(0.3)		
<b>Profit before exceptional items and amortisation</b>	<b>19.7</b>		16.1		+22%
Exceptional items	-		(0.8)		
Amortisation	(3.6)		(2.2)		
<b>Profit before taxation</b>	<b>16.1</b>		13.1		
Taxation	(2.9)		(2.7)		
<b>Profit after taxation</b>	<b>13.2</b>		10.4		
<b>EPS pre exceptional items and amortisation</b>	<b>26.0 p</b>		20.8 p		+25%
<b>Dividend per share</b>	<b>7.0 p</b>		5.0 p		+40%

## Balance sheet

Year ended	30-Sep-15 £m	30-Sep-14 £m
Intangible assets	60.3	63.8
Property, plant & equipment	13.1	14.1
Deferred tax assets (net)	0.8	2.0
	<u>74.2</u>	<u>79.9</u>
Current assets	104.0	90.6
Current liabilities	(153.6)	(133.8)
Net current liabilities	<u>(49.6)</u>	<u>(43.2)</u>
Cash	10.7	5.6
Term loan	(15.5)	(21.7)
Long term liabilities	(6.7)	(7.9)
Pension schemes (net)	11.9	1.2
<b>Net assets</b>	<u><u>25.0</u></u>	<u><u>13.9</u></u>

## Cash flow statement

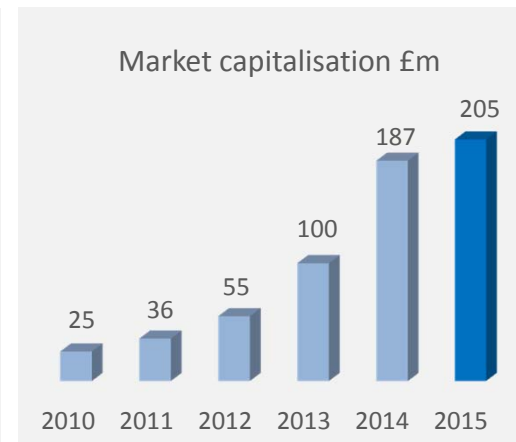
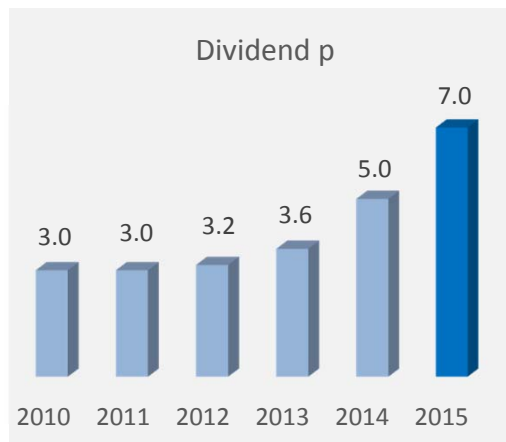
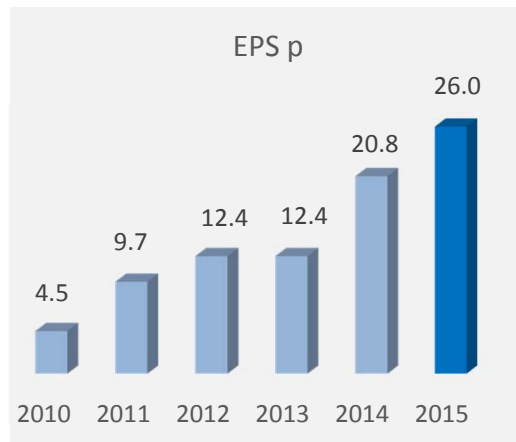
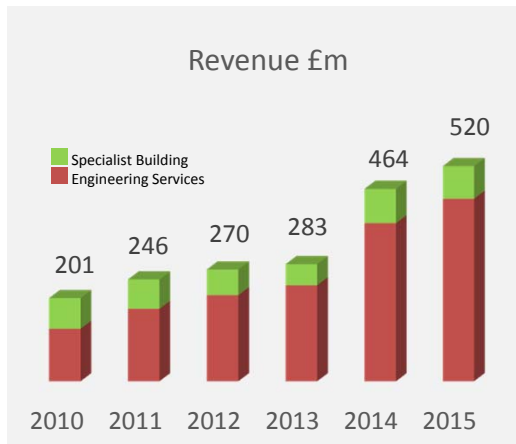
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	£m
<b>Opening cash balance at 1 October 2014</b>	5.6
Group operating profit prior to exceptional items and amortisation	20.4
Depreciation & share based payments	5.0
Working capital movement	4.0
Net cash outflow on discontinued activities	(2.3)
Term loan repayments	(6.2)
Capital expenditure and finance leases	(4.2)
Pension scheme contributions	(4.0)
Dividends	(3.5)
Interest and taxation	<u>(4.1)</u>
<b>Closing cash balance at 30 September 2015</b>	10.7
Term loan at 30 September 2015	<u>(15.5)</u>
<b>Net debt at 30 September 2015</b>	<u>(4.8)</u>
Net debt at 30 September 2014	<u>(16.1)</u>





## Group financial track record



All figures are shown prior to exceptional items and amortisation charges and excluding discontinued businesses



## Renew Holdings plc

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Through our branded businesses we

- Provide multidisciplinary engineering services nationwide through our directly employed workforce where we maintain & develop UK infrastructure in the Energy, Environmental and Infrastructure markets
- Carry out High Quality Residential projects in London and the Home Counties specialising in major structural engineering works

# Engineering Services



Energy



Environmental



Infrastructure

## Our subsidiary businesses

Our independently branded subsidiary businesses, supported by the strength of the Renew Holdings group, deliver Engineering Services aligned to our clients' local needs, where regional knowledge and specialist expertise provide a differentiator.

**forefront**

**AMCO** rail

CLARKE  
telecom



**AMCO** engineering



seymour  
civil engineering



## Engineering Services

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### 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

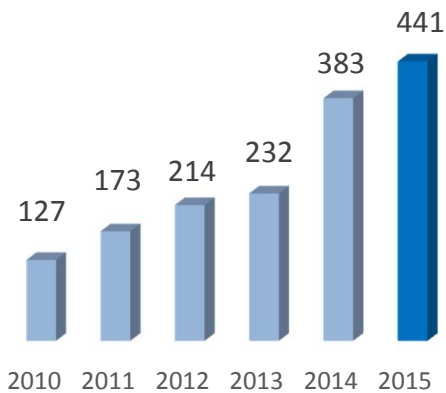
- Brand strength
- Directly employed multiskilled workforce
- Local experienced delivery teams
- Long term relationships established through responsiveness

## Engineering Services performance

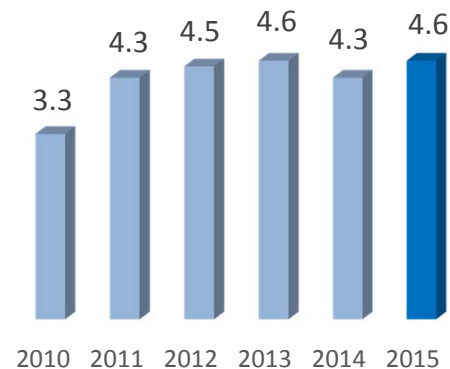
Y/E 30 Sept	<b>2015</b>	2014	2013	2012	2011	2010
	<b>£m</b>	£m	£m	£m	£m	£m
Revenue	<b>440.5</b>	382.5	232.4	214.1	172.8	127.4
Operating profit	<b>20.1</b>	16.3	10.6	9.6	7.5	4.2
Margin	<b>4.6%</b>	4.3%	4.6%	4.5%	4.3%	3.3%
Order book	<b>400</b>	361	301	235	179	82

- 22% underlying organic growth in 2015
- Order book increased by 11%
- 66% of revenue secured for 2016

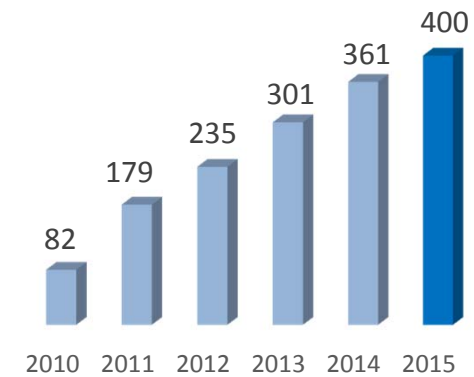
Engineering revenue £m



Engineering margin %

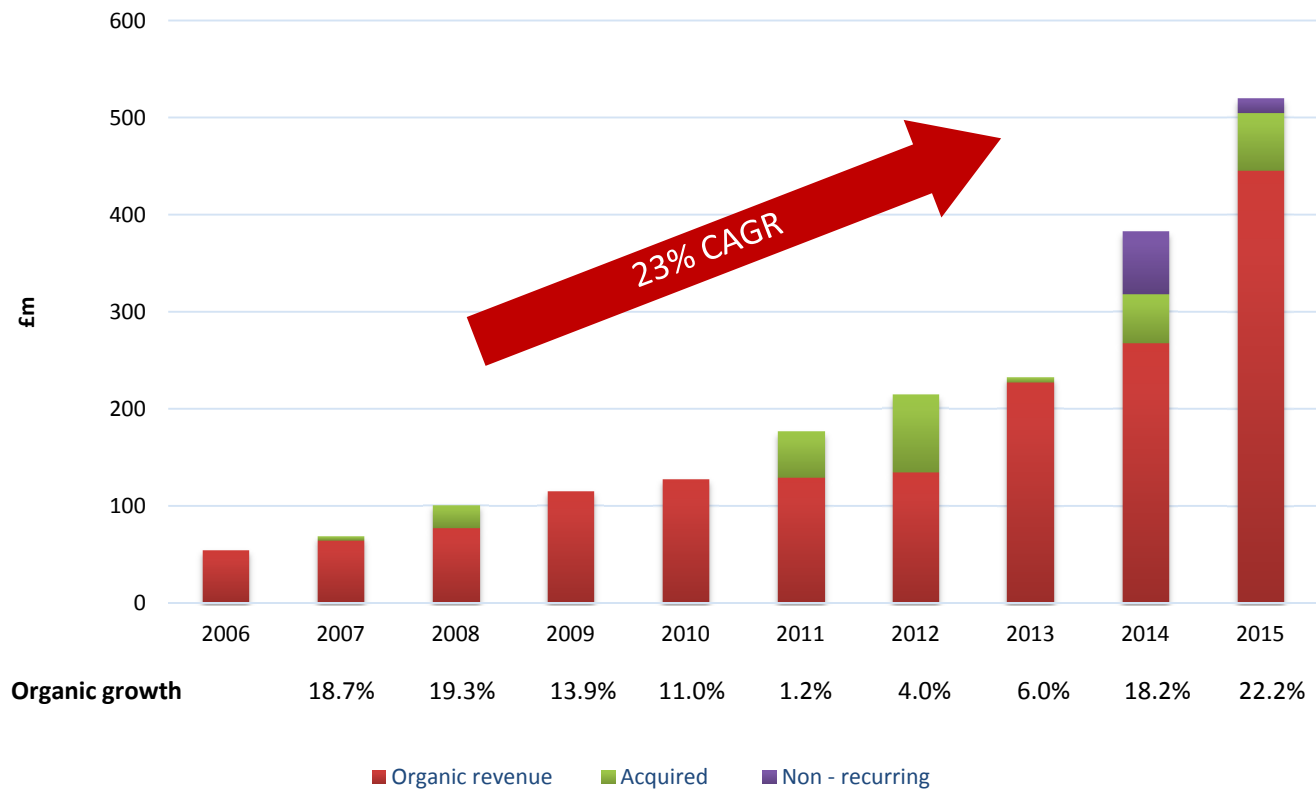


Order book £m



## Engineering Services revenue growth

Average organic growth rate of 12.7% per annum over last 9 years



# Energy

## Our services

Multidisciplinary engineering support

Maintaining and decommissioning nuclear facilities

Thermal / renewable energy facility maintenance

Low and medium pressure gas mains replacement



## Our opportunities

£3bn p.a. nuclear decommissioning programme

£60bn new nuclear investment

Potential "energy gap" requiring long term maintenance of existing facilities

Increase in renewables to meet 15% target by 2020

Cast iron gas mains replacement on 30/30 programme by 2032





## Energy



- Active on 15 nuclear licenced sites across the Nuclear Decommissioning Authority's estate
- Appointed as sole provider on £30m four year Magnox E,C&I framework across 10 sites
- Leading position at Sellafield as largest M&E contractor with 11 frameworks
- Increased work on the £70m per annum extended MDSW framework – activity aligned to Production Operations Support plus new workstream
- Further increase in scope on Evaporator D which will now exceed £100m in total value
- Developing relationship with increased revenue for Westinghouse at Springfields and Heysham
- Slow start to gas replacement frameworks now gaining momentum with long term visibility of programme
- Opportunities in New Nuclear at Hinkley, Wylfa and Moorside

# Environmental

## Our services

Supporting the water industry maintaining and renewing networks in clean and waste water

Providing multidisciplinary support to flood risk management programmes

Providing remediation solutions to clean up contaminated land



## Our opportunities

£3.2bn investment programme in AMP6 for Northumbrian, Wessex and Welsh Water

£2.3bn Defra spending plans on coastal and river flood risk management

Estimated 300,000 hectares of contaminated land provides opportunity to meet housing requirements



nationalgrid



Dŵr Cymru  
Welsh Water



## Environmental



- Leading contractor with Northumbrian, Wessex and Welsh Water through 12 frameworks
- Increased volume of flood alleviation projects for Northumbrian Water in 2015
- Appointed to 5 year, £14m per annum, AMP 6 Sewerage Repairs and Maintenance framework for Northumbrian Water
- Completion of major grid scheme for Wessex Water
- Positioned as key supplier of emergency works for Welsh Water
- Increasing revenue for Environment Agency through a 4 year £10m MEICA framework and 4 minor works frameworks extended for 2 years
- Land remediation frameworks with National Grid, Magnox and Viridor
- Third phase of Palace of Westminster cast iron roof repair project awarded

# Infrastructure

## Our services

Multidisciplinary services to provide “off-track” renewal and maintenance of Network Rail assets

Planned, reactive and emergency maintenance services to ensure rail network is fully operational

Multidisciplinary services to the wireless network infrastructure market



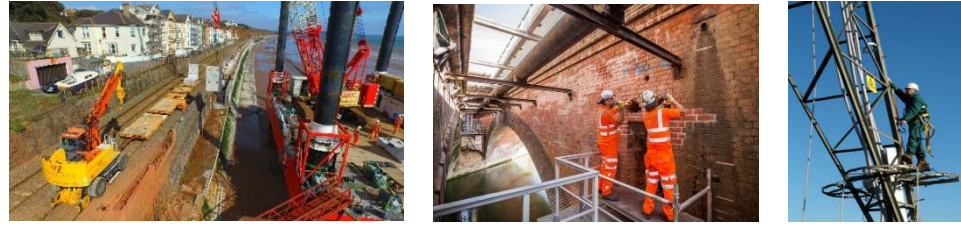
## Our opportunities

£38bn Network Rail spending plans agreed until March 2019 (CP5)

Increasing wireless capacity to meet consumer demand for mobile data, particularly 4G



## Infrastructure



- Network Rail has 30,000 infrastructure assets including bridges, viaducts, tunnels, culverts, embankments, level crossing and line side structures
- Increasing visibility of projects through the sole supply CP5 Rail Infrastructure Project frameworks active until 2019
- £26m Dawlish sea defence works complete, now awarded similar £5m scheme at Saltcoats
- Asset management frameworks, extended to 2017, carrying out infrastructure maintenance works
- 24 hour national emergency response service across rail network
- Responsiveness recognised by award of National Rail “Maintenance Team of the Year”
- Corporate activity in mobile telecoms sector has caused disruption but continuing consumer demand drives infrastructure requirement

## Specialist Building performance

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Y/E 30 Sept	<b>2015</b>		2014	
	<b>£m</b>		£m	
Revenue	<b>79.5</b>		82.1	
Operating profit	<b>2.3</b>	2.9%	2.2	2.6%
Order book	<b>102</b>		78	

- Sector focused on High Quality Residential market in London and the South East
- Order book increased by 31%
- Strategy remains to deliver stable earnings through contract selectivity and risk management

## Specialist Building

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- Walter Lilly positioned as a luxury brand in the High Quality Residential market
- Specialism in engineering solutions to extend properties below ground and carry out major structural alterations provides market differentiator
- £85m of awards in the period with continued strong level of opportunities in this robust market
- Revenue fully secured for 2016
- Procurement predominantly negotiated and 2 stage

## Growth strategy

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### Our strategic priorities

To be a key provider of Engineering Services in our target markets

Focus on asset support, maintenance and renewals programmes with non-discretionary funding

Expand our direct delivery model through strong local brands

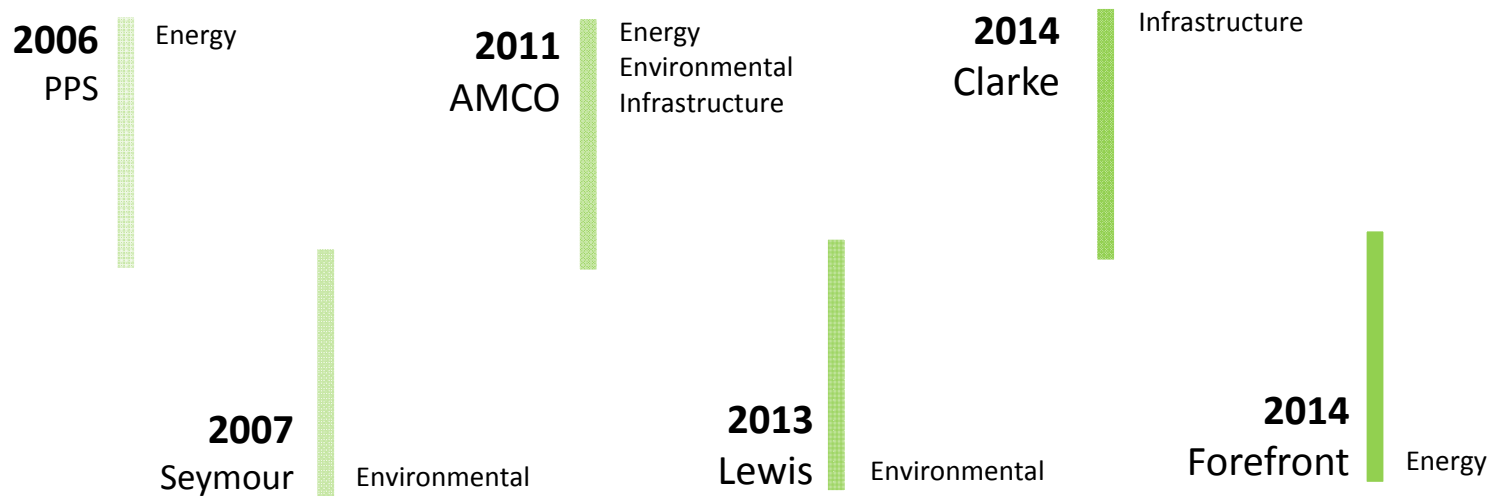
Establish long term relationships through responsiveness to clients' needs

Continue to deliver organic growth combined with selective complementary acquisitions



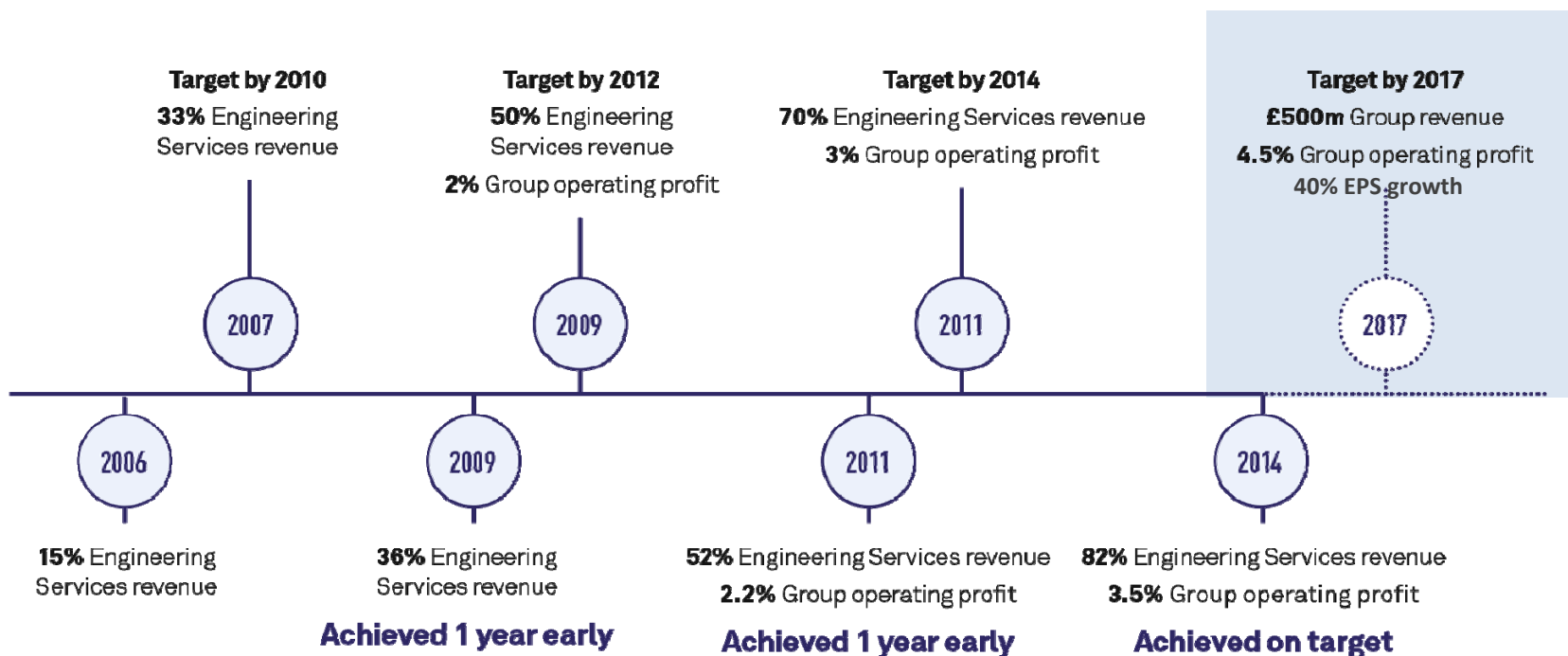
## Acquisition record

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- All acquisitions funded without recourse to shareholders
- Since 2006 – market capitalisation increased more than six fold
- Quality potential acquisitions identified across all Engineering markets

## Strategic targets



# Outlook

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## References

- 1 Nuclear Decommissioning Authority, *Business Plan – financial year beginning April 2014 to financial year ending March 2017* (April 2014)
- 2 HM Government, *Industrial strategy: government and industry in partnership, The UK's Nuclear Future* (2013)
- 3 Department of Energy & Climate Change, *UK Renewable Energy Roadmap* (July 2011)
- 4 Health and Safety Executive, *Enforcement Policy for the iron mains risk reduction programme 2013–2021*
- 5 Environment, Food and Rural Affairs Committee, *Winter floods 2013–14: Government response to the Committee's First Report of Session 2014–15* (October 2014)
- 6 Homes and Communities Agency, *Corporate Plan 2014–18* (July 2014)
- 7 Network Rail Limited, *Annual report and accounts 2014* (June 2014)
- 8 Ofcom, *Consumer experiences of mobile phone calls* (August 2014)