

Renew Holdings plc

2015 Interim Results

Six months to 31 March

Brian May
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Chief Executive
Group Finance Director



renew

Highlights

- Record interim results
- Engineering Services revenue up 24% to £210m
- Organic growth of 14% achieved in the period in Engineering Services
- Strong order book of £471m, increase of 28%
- Second half forecast revenue fully secured
- 25% increase in Engineering Services order book to £382m
- Interim dividend increased by 50% to 2.25p (2014: 1.5p)

Income statement

6 months ended	31-Mar-15	% Increase	31-Mar-14
	£m		£m
Revenue	<u>252.1</u>	+21%	<u>207.6</u>
Operating profit	<u>9.8</u>		<u>8.1</u>
Net finance costs	<u>(0.3)</u>		<u>(0.1)</u>
Profit before amortisation	<u>9.5</u>	+19%	<u>8.0</u>
Amortisation	<u>(1.8)</u>		<u>(0.7)</u>
Profit before taxation	<u>7.7</u>		<u>7.3</u>
Taxation	<u>(1.6)</u>		<u>(1.6)</u>
Profit after taxation	<u>6.1</u>		<u>5.7</u>
EPS pre amortisation charges	12.24p	+20%	10.23p
Interim dividend per share	2.25p	+50%	1.5p

Balance sheet

	31-Mar-15	31-Mar-14
	£m	£m
Intangible assets	59.3	36.3
Property, plant & equipment	14.1	9.6
Deferred tax assets (net)	1.0	1.8
	<u>74.4</u>	<u>47.7</u>
Current assets	105.8	97.0
Current liabilities	(143.3)	(133.0)
Net current liabilities	<u>(37.5)</u>	<u>(36.0)</u>
Cash	4.7	8.1
Term loan	(18.6)	–
Long term liabilities	(7.0)	(4.9)
Pension schemes	3.1	(1.1)
Net assets	<u><u>19.1</u></u>	<u><u>13.8</u></u>

Cash flow statement

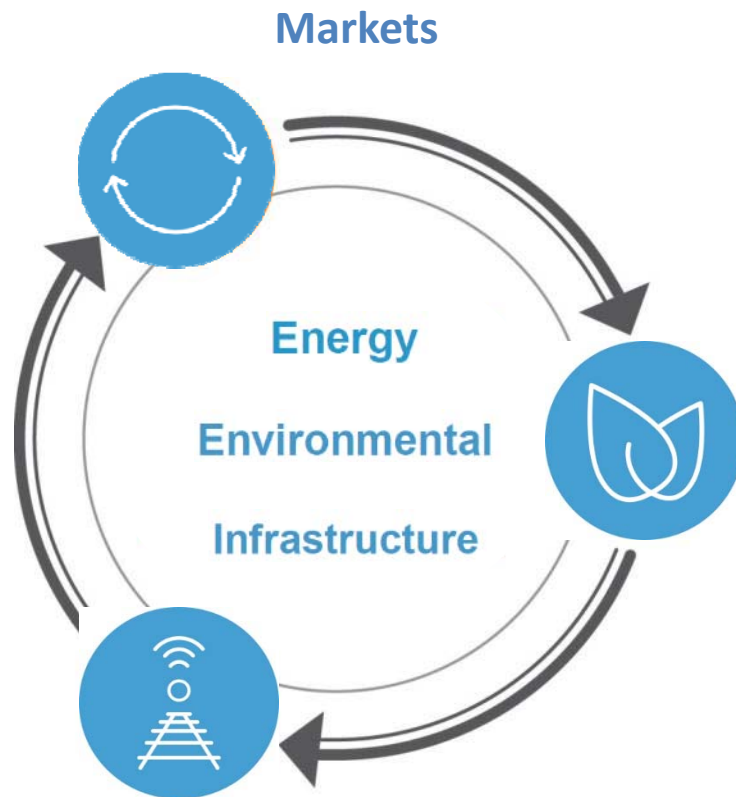
	£m
Opening cash balance at 1 October 2014	5.6
Group operating profit prior to amortisation	9.8
Depreciation	2.2
Non cash share option charge	1.1
Sale of 50% of Allenbuild Ltd (net of costs)	1.1
Working capital movement	(3.9)
Term loan repayments	(3.1)
Capital expenditure	(0.5)
Finance lease repayments	(1.6)
Pension scheme contributions	(1.7)
Interest paid	(0.4)
Taxation paid	(1.7)
Dividends	(2.2)
Closing cash balance at 31 March 2015	<u>4.7</u>
Net debt at 31 March 2015	<u>(13.9)</u>
Net debt at 30 September 2014	<u>(16.1)</u>

Renew Holdings plc

Through our branded business we

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

Engineering Services



Brands

AMCO rail



AMCO engineering



forefront
UTILITIES.COM



Engineering Services

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

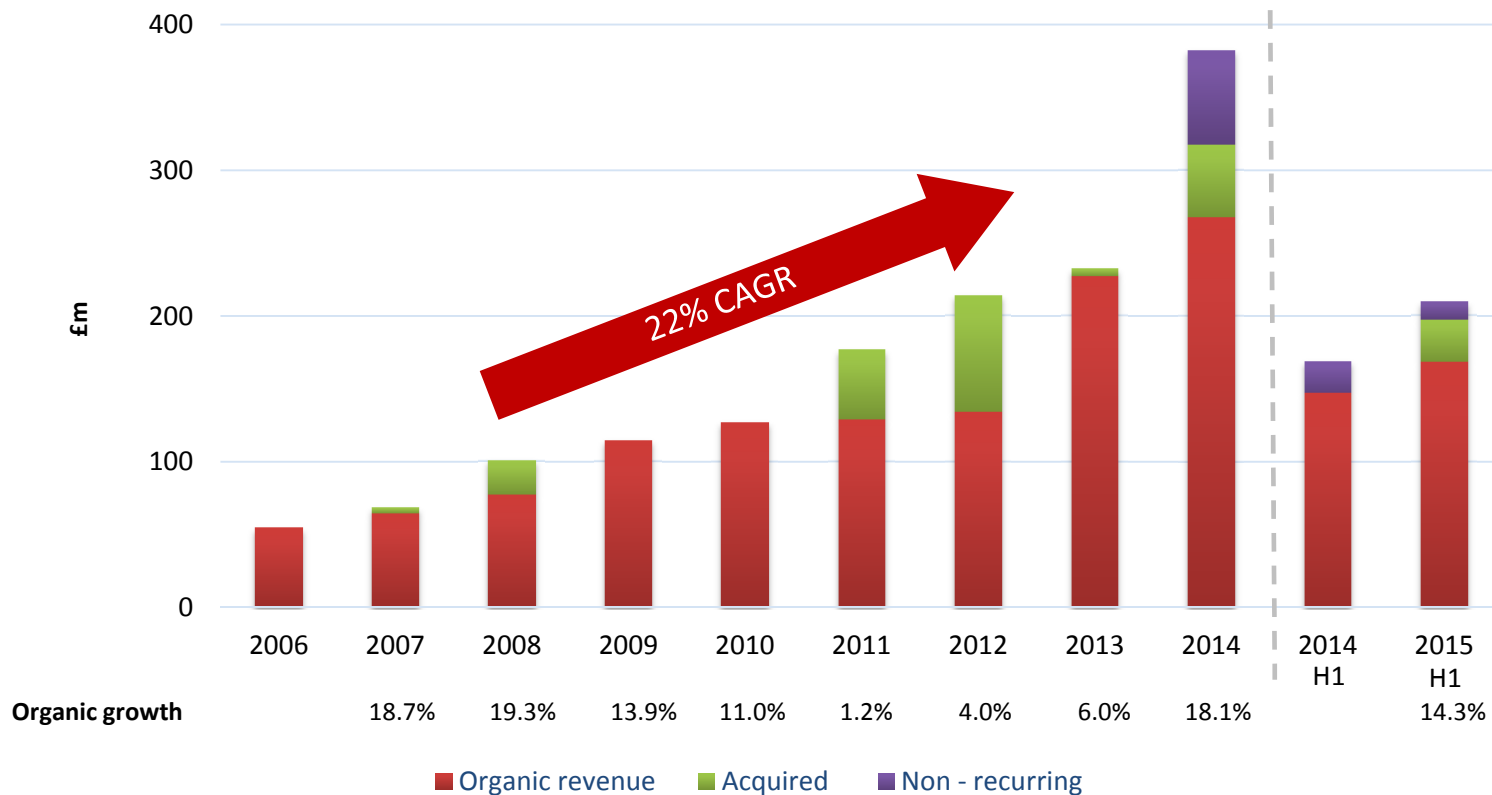
- Brand strength
- Directly employed multiskilled workforce
- Local experienced delivery teams
- Long term relationships established through responsiveness

Engineering Services performance

6 months ended	31-Mar-15	31-Mar-14
	£m	£m
Revenue	209.8	169.2
Operating profit	9.7	7.8
Operating margin	4.6%	4.6%
Order book	382	306

- 14% organic growth (adjusted for acquisitions and non-recurring revenue)
- Margin improvement expected in H2, target 5% by 2017
- Order book increased by 25%
- Revenue fully secured for 2015

Engineering Services revenue growth



Average organic growth rate of 11.5% per annum over last 8 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 13 nuclear licenced sites across the Nuclear Decommissioning Authority's estate
- Leading position at Sellafield as largest M&E contractor with 10 frameworks
- Increased work on the £70m per annum MDSW framework, recently extended for 2 years – activity aligned to Production Operations Support
- Increased revenue for Westinghouse at Springfields and Heysham
- Appointed as sole provider on £30m four year Magnox E,C&I framework
- Reappointed by E.ON for wind farm maintenance at Deucheran Hill
- New hydro schemes for Welsh Water and SSE
- Opportunities in the decommissioning of gas holder sites
- Opportunities remain in New Nuclear

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



- Continue as a leading contractor with Northumbrian, Wessex & Welsh Water
- New appointment to 5 year, £14m per annum, AMP 6 Sewerage Repairs and Maintenance Framework for Northumbrian Water
- Commenced 4 year £10m MEICA framework as sole supplier for northern region of Environment Agency with other minor works frameworks extended for 2 years
- Palace of Westminster cast iron roof repair project providing further opportunities
- Expertise in moving structures with refurbishment of Woolwich Ferry linkspans

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 needs of customers demand for mobile data, particularly 4G



Infrastructure



- 7 CP5 rail Infrastructure Project frameworks secured in 2014 - £450m over 5 years
- 6 Asset Management rail frameworks in the process of being extended until April 2017
- 24 hour national emergency response service across rail network
- Additional £12m non-recurring Dawlish sea defence project in the period
- New framework for Telefonica's northern wireless network

Specialist Building performance

6 months ended	31-Mar-15	31-Mar-14
	£m	£m
Revenue	42.5	38.4
Operating profit	1.0	1.3
Operating margin	2.5%	3.5%
Order book	89	63

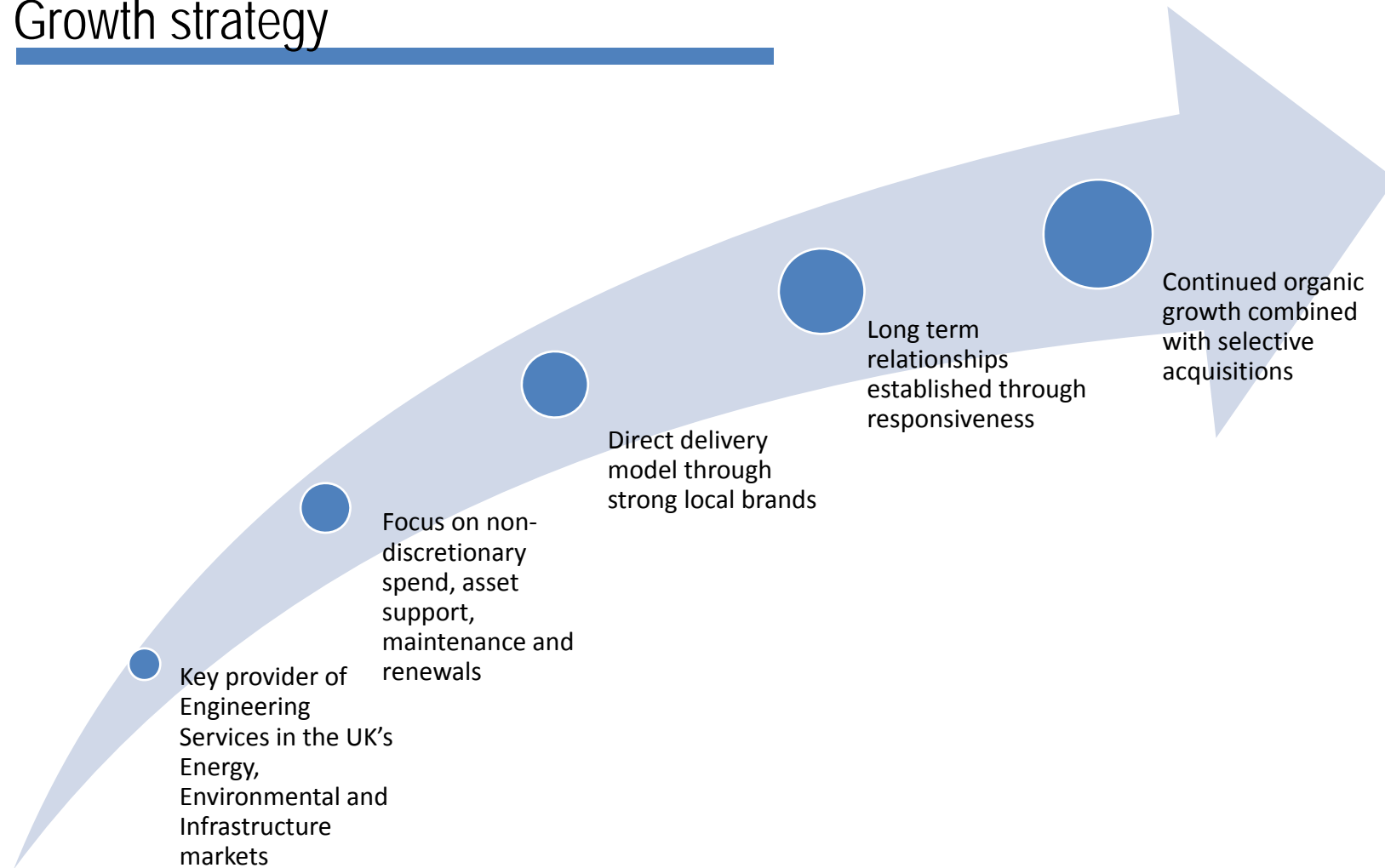
- Margin returned to normalised level following final account settlements in comparative period
- Order book increased by 41%
- Revenue fully secured for 2015
- Strategy remains to deliver stable earnings through contract selectivity and risk management

Specialist Building

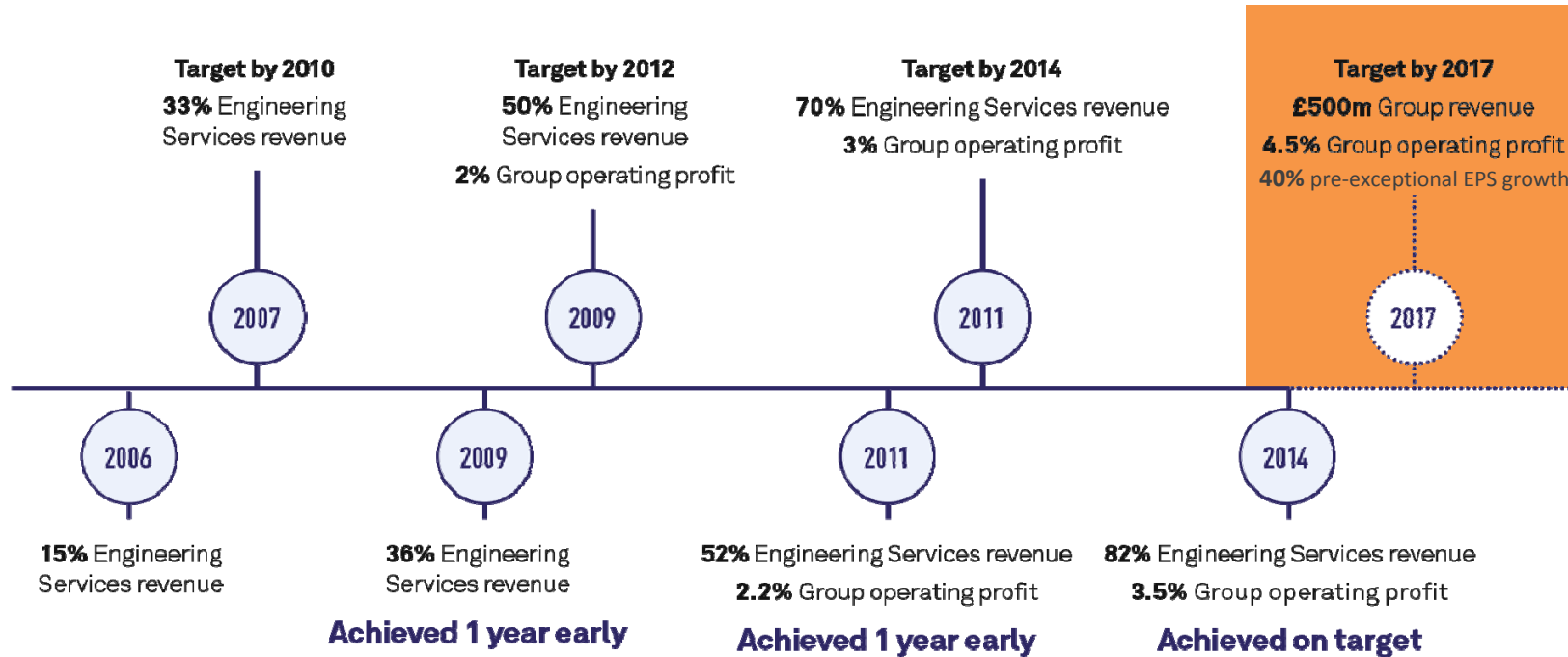


- Walter Lilly positioned as a luxury brand in the High Quality Residential market
- Specialism in engineering solutions to extend properties below ground and carry out major structural alterations provides market differentiator
- £54m of awards in the period with continued strong level of opportunities in this robust market
- Revenue fully secured for 2015
- Procurement predominantly negotiated and 2 stage

Growth strategy



Strategic targets



Outlook

Well positioned in robust markets

Further good organic growth

Record forward order book

Further reduction in net debt

Board confident in full year outcome

Appendix

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