



SUPPORTING UK INFRASTRUCTURE

PRELIMINARY RESULTS YEAR ENDED 30 SEPTEMBER 2016

PAUL SCOTT

CHIEF EXECUTIVE

JOHN SAMUEL

GROUP FINANCE DIRECTOR

HIGHLIGHTS

- Record results
- Operating profit up 8% to £22m
- Operating margin up 8% to 4.2%
- EPS growth of 5% to 27.4p
- Dividend increased by 14% to 8p
- Engineering Services order book of £421m, increase of 5%
- Acquisition of Giffen post year end

INCOME STATEMENT

Year ended	30 Sep 16 £m		30 Sep 15 £m	
Revenue	525.7		519.6	
Operating profit	22.0	4.2%	20.4	3.9%
Net finance income/(costs)	0.3		(0.7)	
Profit before amortisation	22.3		19.7	
Amortisation	(2.9)		(3.6)	
Profit before taxation	19.4		16.1	
Taxation	(4.7)		(2.9)	
Profit after taxation	14.7		13.2	
EPS pre amortisation	27.4p		26.0p	+5%
Dividend per share	8.0p		7.0p	+14%

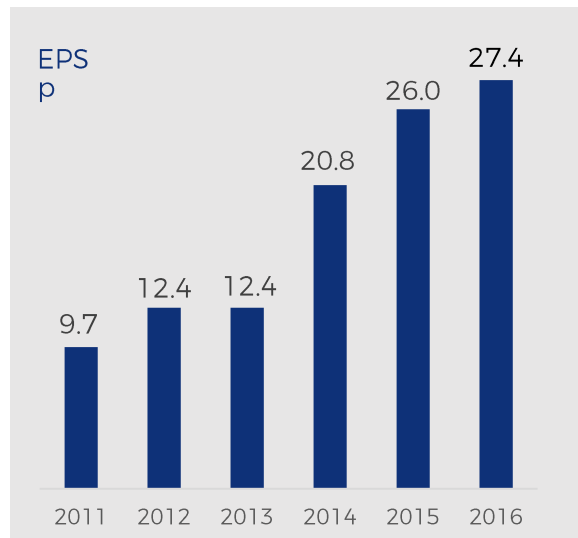
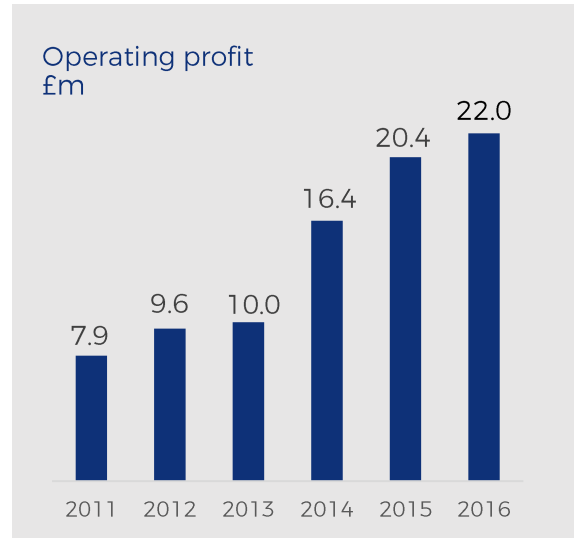
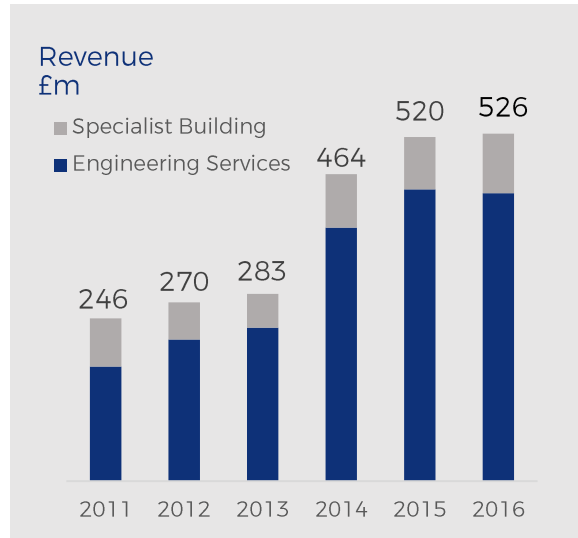
BALANCE SHEET

Year ended	30 Sep 16 £m	30 Sep 15 £m
Intangible assets	57.5	60.3
Property, plant & equipment	13.7	13.1
Deferred tax assets (net)	0.9	0.8
	<u>72.1</u>	<u>74.2</u>
Current assets	100.4	104.0
Current liabilities	(154.3)	(153.6)
Net current liabilities	<u>(53.9)</u>	<u>(49.6)</u>
Cash	14.1	10.7
Term loan	(9.3)	(15.5)
Long term liabilities	(6.2)	(6.7)
Net assets prior to pension schemes	<u>16.8</u>	<u>13.1</u>
Pension schemes (net)	4.6	11.9
Net assets	<u>21.4</u>	<u>25.0</u>

CASH FLOW STATEMENT

	£m
Opening cash balance at 1 October 2015	10.7
Group operating profit prior to amortisation	22.0
Depreciation & share based payments	5.1
Working capital movement	3.1
Net cash outflow on discontinued activities	(6.1)
Term loan repayments	(6.2)
Acquisition of NDS	(0.2)
Capital expenditure	(5.1)
Finance leases and sale of plant	1.6
Pension scheme contributions	(4.7)
Dividends	(4.6)
Interest and taxation	(1.5)
Closing cash balance at 30 September 2016	<u>14.1</u>
Term loan at 30 September 2016	(9.3)
Net cash at 30 September 2016	<u>4.8</u>
Net debt at 30 September 2015	<u>(4.8)</u>

GROUP FINANCIAL HISTORY



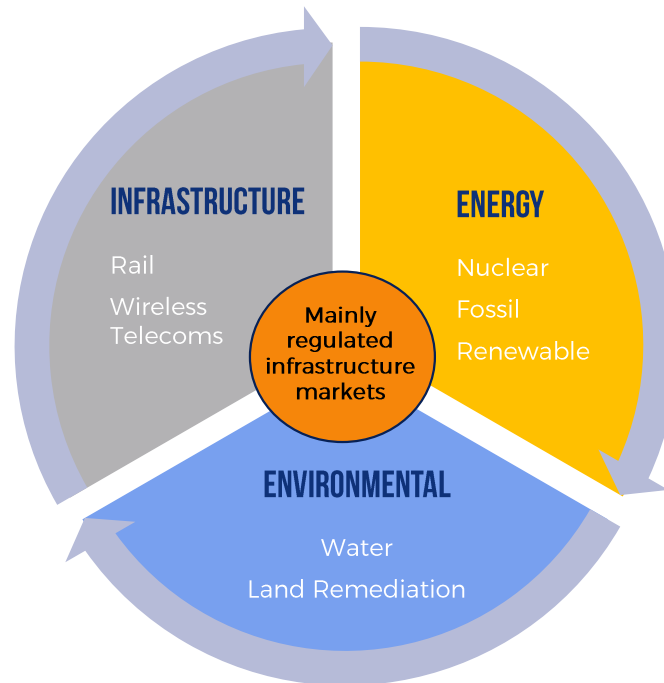
OUR BUSINESS

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

SUBSIDIARY BUSINESSES



MARKETS

- Mainly regulated markets with high barriers to entry
- Critical UK infrastructure
- Essential maintenance and renewals to support operational assets
- Non-discretionary spending through clients operating budgets

BUSINESS STRENGTHS

- Directly employed, highly skilled workforce
- Experienced teams, local delivery
- Long-term relationships established through responsiveness

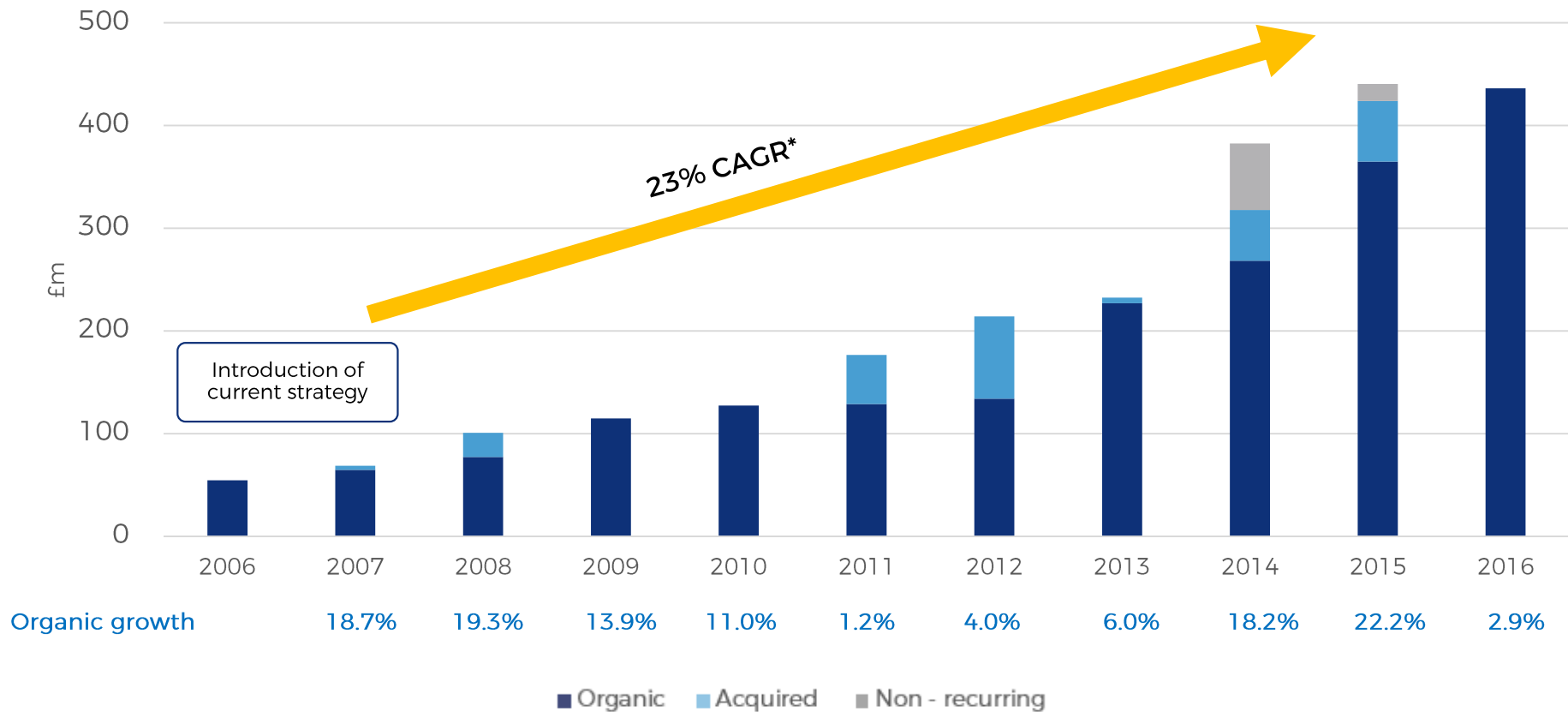
ENGINEERING SERVICES

Y/E 30 Sept	2016		2015
£m			
Revenue	436.2		440.5
Operating profit	21.5		20.1
Margin	4.9%	+7%	4.6%
Order book	421	+5%	400

- Underlying organic growth rate of 3% (£17m non-recurring Rail revenue in 2015)
- Margin improvement up 7% to 4.9%
- Order book up 5% to £421m

ENGINEERING SERVICES REVENUE GROWTH

Average organic growth rate of 11.7% per annum over the last 10 years



Year ending 30 September
*CAGR excludes non-recurring activity

ENERGY

Our services

- Multidisciplinary engineering support
- Maintaining and decommissioning nuclear facilities
- Fossil / renewable energy facility maintenance
- Medium pressure gas mains replacement

Our opportunities

- UK Nuclear Decommissioning Provision estimate of £70bn
- £3bn p.a. nuclear decommissioning programme
- Potential “energy gap” requiring long term maintenance of existing facilities
- Cast iron gas mains replacement on 30/30 programme by 2032

Our clients



ENERGY

- Active on 14 of 17 sites across the Nuclear Decommissioning Authority's estate
- At Sellafield:
 - Largest M,E&I contractor
 - Appointed to £500m, 10 year Decommissioning Delivery Partnership Framework including lead appointment to the Retrievals and Decommissioning Programme
 - MDSW - Expanded scope to include Magnox Swarf Storage Silo Programme
 - Appointed to 10 year Tanks and Vessels Framework
- Acquisition of Nuclear Decontamination Services Ltd expands our capabilities
- Second year of £30m, 4 year Magnox E,C&I framework, sole provider across 10 sites
- Relationship with Westinghouse at Springfields strengthened - appointment to new framework
- Performance of our gas business remains below expectation
 - Focus on higher margin large diameter medium pressure work
 - Appointment to 5 year, £45m medium pressure major works framework with SGN
- Opportunities in New Nuclear at Hinkley, Wylfa and Moorside



ENVIRONMENTAL

Our services

- Supporting the water industry by maintaining and renewing networks in clean and waste water
- Providing multidisciplinary support and emergency reactive works including flood risk management programmes
- Providing solutions to remediate contaminated land

Our opportunities

- £3.2bn investment programme in AMP6 for Northumbrian Water, Wessex Water and Welsh Water
- £2.3bn Defra spending plans on coastal and river flood risk management to 2021
- In England and Wales approximately 300,000 hectares of land could potentially be affected by historical contamination

Our clients



nationalgrid



ENVIRONMENTAL

- **Northumbrian Water:**
 - Work continues on 5 year, £14m pa, AMP6 Sewerage Repairs and Maintenance Framework
- **Wessex Water:**
 - Appointment to £350m, AMP6 Civils and EMI Delivery Partners Framework to 2020
- **Welsh Water:**
 - Good progress on the Pressurised Pipelines Framework and Major and Minor Civils Frameworks
 - Key supplier through Emergency Reactive Framework
- **Environment Agency:**
 - Year 2 of 4 year £10m MEICA framework (Northern Region) including emergency response works
 - Appointment to additional MEICA framework in the South East
- **Land remediation for Magnox and National Grid including £11m scheme for Glasgow City Council**
- **Palace of Westminster:**
 - Good progress on the second of four cast iron roof repair projects
 - Work underway on 4 year Courtyards Conservation Framework



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
- Mechanical, electrical and power services provider to the rail industry
- Multidisciplinary services to the wireless network infrastructure market

Our opportunities

- £38bn Network Rail spending plans agreed until March 2019 (CP5)
- Approximate investment of £2.4bn per annum to maintain and renew London Underground’s assets
- Continued investment in the 4G networks

Our clients



INFRASTRUCTURE

- A major provider of engineering services to Network Rail
 - We maintain and renew infrastructure assets including bridges, viaducts, tunnels and culverts
- 7 sole supply CP5 Rail Infrastructure frameworks
- 5,000+ individual infrastructure maintenance tasks delivered on 6 Asset Management frameworks
- Major structures renewals and sole civil maintenance contractor in Scotland
- 24/7 national emergency response service across the rail network
- Appointed to the 3-year, £15m Historic Railways Estate Works Framework for Highways England and a 5-year framework for Abellio
- Improved performance in our wireless telecoms business driven by the expansion of 4G services



GIFFEN ACQUISITION

- A specialist mechanical, electrical and power services provider within the railway environment
- Direct delivery organisation, employing 123 staff and skilled operatives
- Clients include Network Rail, London Underground and a number of Train Operating Companies
- Four frameworks with Network Rail and six frameworks with London Underground
- Enables the Group to offer an expanded range of services on the rail and underground networks
- Cost - £5m for the equity and £2m to redeem private equity owners debt
- Expected revenue for Y/e 30 Sept 16 of £22m and an adjusted PBT of £0.7m



SPECIALIST BUILDING

Y/E 30 Sept	2016		2015	
£m				
Revenue	90.5		79.5	
Operating profit	2.3	2.5%	2.3	2.9%
Order book	95		102	



- Walter Lilly positioned as a luxury brand in the London High Quality Residential market
- Specialism in major structural engineering alterations provides a key differentiator
- Revenue fully secured for 2017
- Strategy remains to deliver stable earnings through contract selectivity and risk management



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

2017 TARGETS

£500m Group revenue

4.5% Group operating profit

40% EPS growth from 2014 base of 20.8p

OUTLOOK



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