



ENGINEERING INFRASTRUCTURE

FOR THE FUTURE



Renew Holdings plc

Preliminary results for the year ended 30 September 2017

Paul Scott
Sean Wyndham-Quin

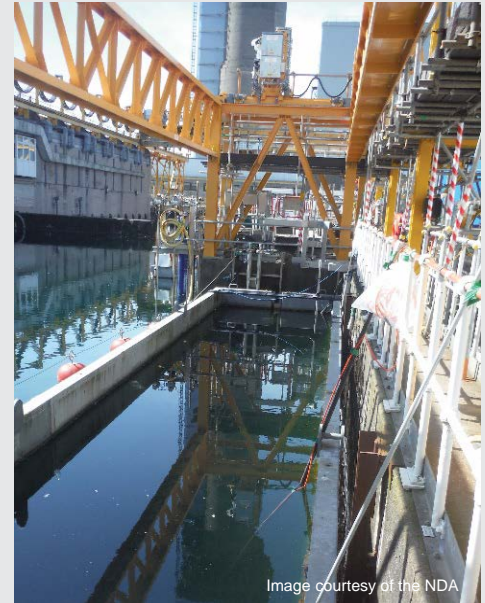
Chief Executive
Director

Highlights

STRONG RESULTS FOR THE YEAR

- Revenue increased 7% to £560.8m (2016: £525.7m)
- Operating margin increased 10% to 4.6% (2016: 4.2%)*
- Engineering Services order book increased 4% to £438m (2016: £421m)
- Dividend per share increased by 13% to 9.0p (2016: 8.0p)
- Acquisition of Giffen Holdings Limited
- Board changes

*Operating profit and operating margin are stated prior to impairment, amortisation and exceptional items



Income statement

	30 Sep 17 £m	30 Sep 16 £m
Revenue	560.8	525.7
Operating profit*	25.6	22.0
Net finance (costs)/income	(0.3)	0.3
Impairment, amortisation and exceptional items	(9.0)	(2.9)
Profit before taxation	16.3	19.4
Taxation	(3.9)	(4.8)
Profit after taxation	12.4	14.6
EPS*	33.4p	27.4p
Dividend per share	9.0p	8.0p

*Operating profit and EPS are stated prior to impairment, amortisation and exceptional items

Impairment, amortisation and exceptional items

	30 Sep 17 £m	30 Sep 16 £m
Impairment charge re Forefront	5.8	-
Amortisation charges	2.3	2.9
Redundancy and restructuring costs re Forefront	0.7	-
Acquisition costs re Giffen	0.2	-
Total	<u>9.0</u>	<u>2.9</u>

Balance sheet

As at	30 Sep 17 £m	Restated* 30 Sep 16 £m
Intangible assets	60.7	57.5
Property, plant & equipment	13.5	13.7
Deferred tax assets (net)	1.5	0.9
	<hr/> 75.7	<hr/> 72.1
Current assets	121.2	100.4
Current liabilities	(173.1)	(153.5)
Net current assets	<hr/> (51.9)	<hr/> (53.1)
Cash	7.0	14.1
Term loan	(3.1)	(9.3)
Long term liabilities	(5.3)	(6.2)
Net assets prior to pension schemes	<hr/> 22.4	<hr/> 17.6
Pension schemes (net)	5.7	3.3
Net assets	<hr/> 28.1	<hr/> 20.9

* The 2016 Balance Sheet has been restated following a prior year adjustment to deferred tax in relation to the Lovell Pension Scheme

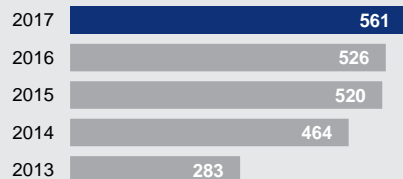
Cash flow statement

	£m
Opening cash balance at 1 October 2016	14.1
Group operating profit prior to impairment, amortisation and exceptional items	25.6
Depreciation & share based payments	4.7
Capital expenditure	(3.9)
Finance leases	0.2
Working capital movement	(5.0)
Net cash outflow on discontinued activities	(2.1)
Term loan repayments	(6.2)
Acquisition of Giffen	(7.2)
Pension scheme contributions	(5.3)
Dividends	(5.2)
Interest and taxation	(2.7)
Closing cash balance at 30 September 2017	7.0
Term loan at 30 September 2017	(3.1)
Net cash at 30 September 2017	3.9
Net cash at 30 September 2016	4.8

Group financial history

Revenue £m

£560.8m



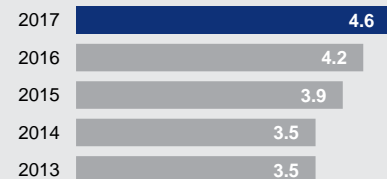
Operating profit* £m

£25.6m



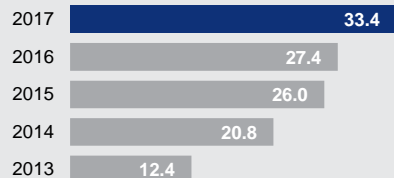
Operating margin* %

4.6%



EPS* p

33.4p



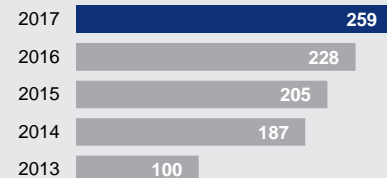
Dividend p

9.0p



Market capitalisation £m

£259m



*Operating profit, operating margin and EPS are stated prior to impairment, amortisation and exceptional items and exclude the results of discontinued operations

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



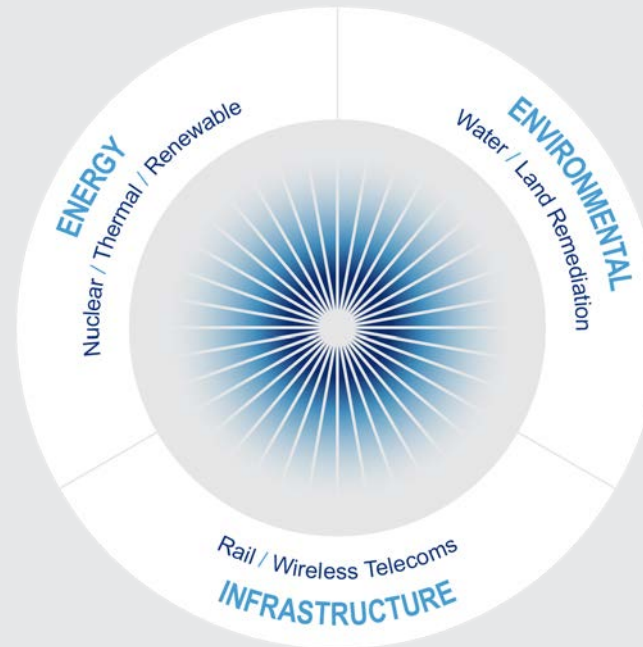
REGULATED MARKETS

MARKETS

- High barriers to entry
- Critical UK infrastructure
- Essential maintenance and renewals to support operational assets
- Non-discretionary spending through clients' operating budgets

STRENGTHS

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



SUBSIDIARY BUSINESSES

 **AMCO**

 **GIFFEN GROUP**

 **LEWIS**

 **CLARKE telecom**

 **VHE**

 **forefront UTILITIES.COM**

 **SEL**

 **seymour CS&I ENGINEERING**



OPERATIONAL REVIEW

Engineering Services

	2017 £m	Change %	2016 £m
Revenue	452.3	+4	436.2
Operating profit*	25.1	+17	21.5
Margin*	5.6%	+14	4.9%
Order book	438	+4	421



Engineering Services
operating profit* £m

£25.1m



*Operating profit and operating margin are stated prior to impairment, amortisation and exceptional items

Engineering Services

ENERGY

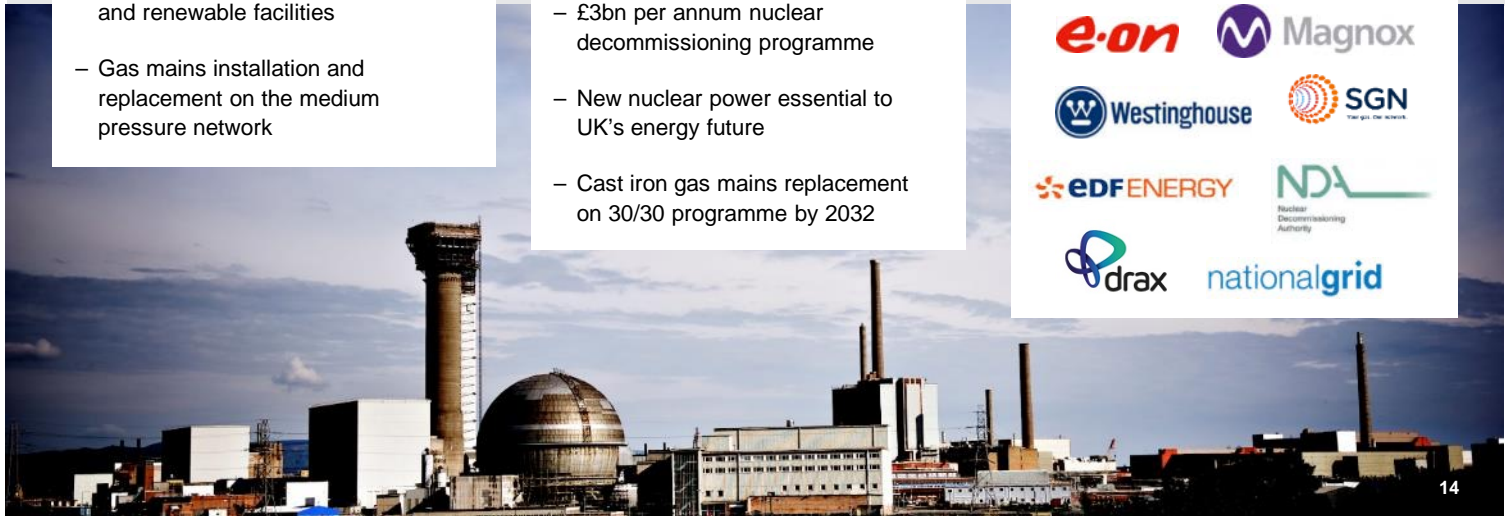
OUR SERVICES

- Multidisciplinary engineering support to nuclear facilities
- Engineering maintenance to thermal and renewable facilities
- Gas mains installation and replacement on the medium pressure network

OUR OPPORTUNITIES

- UK Nuclear Decommissioning Provision current estimate £70bn over 120 years
- £3bn per annum nuclear decommissioning programme
- New nuclear power essential to UK's energy future
- Cast iron gas mains replacement on 30/30 programme by 2032

OUR CLIENTS



Energy

- Contracted on sites that command over 90% of the Nuclear Decommissioning Authority's ("NDA") circa £3bn annual site expenditure
- At Sellafield, which commands around 74% of the NDA's annual site expenditure, we
 - remain the largest M&E contractor
 - are positioned on key frameworks associated with high hazard risk reduction
 - experienced increasing demand on the ten-year Decommissioning Delivery Partnership Framework estimated at £500m with the headroom to increase to £1.5bn to 2025
 - are strongly positioned for participation in future major project programmes
- Gas business is now focused on the large diameter, medium pressure market



ENVIRONMENTAL

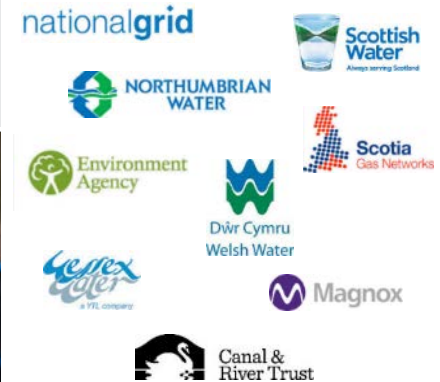
OUR SERVICES

- Maintaining and renewing both clean and wastewater networks
- Emergency reactive works including flood risk management programmes
- Maintaining waterway assets
- 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
- £150m per annum investment by Canal and River Trust on maintaining and repairing the waterways
- In England and Wales approximately 300,000 hectares of land potentially affected by historical contamination

OUR CLIENTS



Environmental

- Increased activity in the current AMP6 investment period
 - Sewerage Repairs and Maintenance Framework for Northumbrian Water
 - AMP6 Civils and EMI Capital Delivery Partners Framework for Wessex Water
 - Reappointed to seven year Pressurised Pipelines Framework advertised at £329m for Welsh Water
 - Major Civils Framework and Capital Delivery Alliance Civils contracts for Welsh Water
- Appointed as sole supplier on the national seven year MEICA Framework for Canal and River Trust
- Sole provider to the Environment Agency on MEICA Framework Northern Region and four national minor works frameworks
- Major land remediation scheme at Sighthill for Glasgow City Council
- Palace of Westminster Courtyards Conservation Framework extended to 2025 and work continues on the cast iron roof restoration



INFRASTRUCTURE

OUR SERVICES

- Multidisciplinary engineering support providing renewal and maintenance of Network Rail assets
- Mechanical, electrical and power services provider to the rail industry
- Multidisciplinary services to the wireless network infrastructure market

OUR OPPORTUNITIES

- £41bn Network Rail spending plans agreed until March 2019 (CP5)
- £48bn funding for CP6 (2019-2024)
- Investment in maintaining and renewing London Underground's assets
- Continued investment in 4G roll out programmes

OUR CLIENTS



Infrastructure

- Leading provider of infrastructure services to Network Rail as well as working for London Underground and Train Operating Companies
- Working for Network Rail
 - 6 Asset Management frameworks
 - *circa 5,000 individual tasks nationally in the year*
 - 7 sole supply CP5 Infrastructure Projects frameworks
 - *circa 300 larger schemes in the year*
 - 24/7 emergency reactive service across the rail network
 - Major structures renewals and sole civils maintenance contractor in Scotland
- Giffen acquisition broadens our service offering ahead of CP6
- Wireless Telecoms activities include 4G installation services



Specialist Building

	2017 £m	2016 £m
Revenue	106.8	90.5
Operating profit	2.4	2.3
Margin	2.3%	2.6%
Order book	73	95

- Focus on high quality residential market in London and the home counties
- Specialism in major structural engineering works
- Order book can vary from period to period
- Strategy remains to deliver stable earnings through contract selectivity and risk management



Our strategic priorities

ESTABLISHED AND PROVEN STRATEGY



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



Our strategic priorities

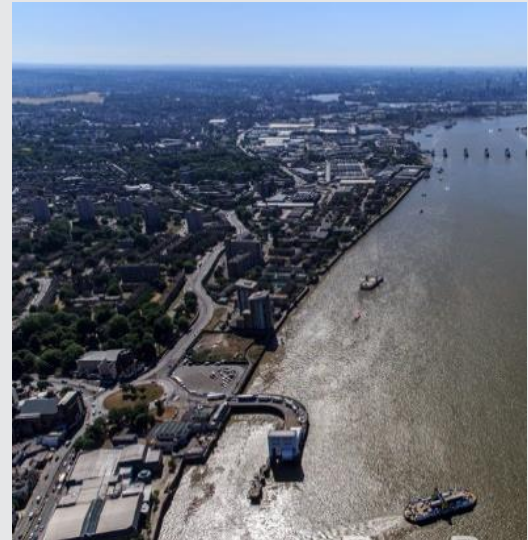
DELIVERING GROWTH

– Organic growth

- Expand service offering
- Increase market share
- Improve Group operating margin

– Acquisitive growth

- Engineering Services focused
- Selective acquisitions across our target markets



OUTLOOK

Well
positioned
for next
financial
year



Bank debt to be fully repaid by 31 March 2018



Strong order book



Board confident of further strong financial results

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References

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