



SUPPORTING UK INFRASTRUCTURE

2017 INTERIM RESULTS – SIX MONTHS ENDED 31 MARCH

PAUL SCOTT
JOHN SAMUEL

CHIEF EXECUTIVE
GROUP FINANCE DIRECTOR



HIGHLIGHTS

- Record results
- Revenue up 9% to £289.4m
- Operating profit up 15% to £12.1m
- Operating margin 4.2% (2016: 4.0%)
- Engineering Services order book up 5% to £435m
- £7m acquisition of Giffen
- Interim dividend increased by 13% to 3p

INCOME STATEMENT

6 months ended	31-Mar-17	Increase	31-Mar-16
	£m	%	£m
Revenue	<u>289.4</u>	9	<u>265.1</u>
Operating profit	<u>12.1</u>	15	<u>10.5</u>
Net finance costs	<u>(0.1)</u>		<u>(0.2)</u>
Profit before exceptional items and amortisation charges	<u>12.0</u>	16	<u>10.3</u>
Exceptional items and amortisation charges	<u>(7.2)</u>		<u>(1.5)</u>
Profit before taxation	<u>4.8</u>		<u>8.8</u>
Taxation	<u>(2.1)</u>		<u>(1.8)</u>
Profit after taxation	<u>2.7</u>		<u>7.0</u>
EPS before exceptional items and amortisation charges	15.49p	16	13.31p
Interim dividend per share	3.00p	13	2.65p

EXCEPTIONAL ITEMS AND AMORTISATION CHARGES

6 months ended	31-Mar-17	31-Mar-16
	£m	£m
Acquisition costs re Giffen	0.2	-
Impairment charge re Forefront	<u>5.8</u>	<u>-</u>
Total exceptional items	6.0	-
Amortisation charges	<u>1.2</u>	<u>1.5</u>
	<u>7.2</u>	<u>1.5</u>

BALANCE SHEET

	31-Mar-17	30-Sep-16	31-Mar-16
	£m	£m	£m
Intangible assets	62.3	57.5	59.0
Property, plant & equipment	13.2	13.7	14.1
Deferred tax assets	1.2	0.9	1.1
	<u>76.7</u>	<u>72.1</u>	<u>74.2</u>
Current assets	99.5	100.4	102.5
Current liabilities	<u>(151.7)</u>	<u>(154.3)</u>	<u>(149.9)</u>
Net current liabilities	<u>(52.2)</u>	<u>(53.9)</u>	<u>(47.4)</u>
Cash	2.7	14.1	8.2
Term loan	(6.2)	(9.3)	(12.4)
Long term liabilities	(5.5)	(6.2)	(5.7)
Pension schemes (net of deferred tax)	6.5	4.6	13.8
Net assets	<u><u>22.0</u></u>	<u><u>21.4</u></u>	<u><u>30.7</u></u>

CASH FLOW STATEMENT

	£m
Opening cash balance at 1 October 2016	14.1
Group operating profit prior to exceptional items and amortisation charges	12.1
Depreciation	2.1
Non cash share option charge	1.2
Acquisition of Giffen including fees	(7.2)
Working capital movement	(7.2)
Outflow re discontinued activities	(1.5)
Term loan repayments	(3.1)
Capital expenditure	(1.4)
New finance leases	0.7
Finance lease repayments	(1.4)
Pension scheme contributions	(2.3)
Interest, tax and dividends	(3.4)
Closing cash balance at 31 March 2017	2.7
Net debt at 31 March 2017	(3.5)
Net cash at 30 September 2016	4.8
Net debt at 31 March 2016	(4.2)

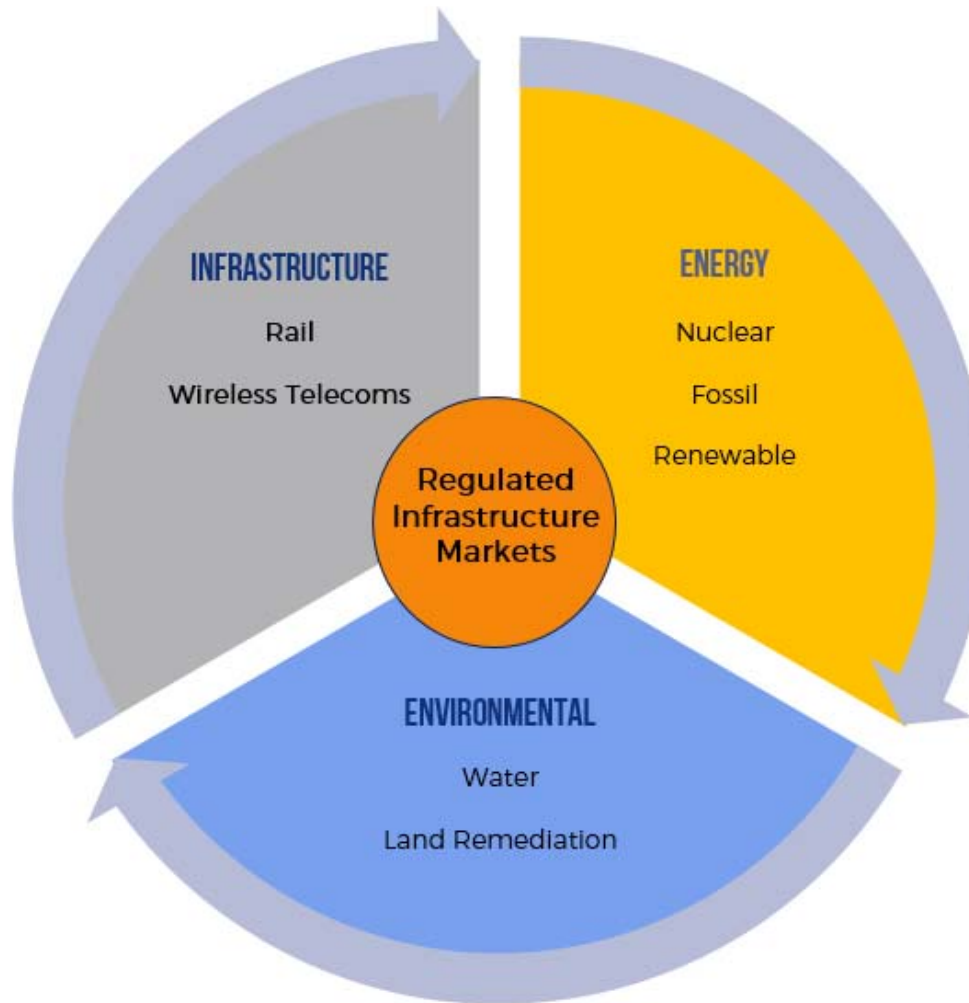
OUR BUSINESS

- 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

- AMCO
- GIFFEN GROUP
- LEWIS
- CLARKE telecom
- VHE
- forefront UTILITIES.COM
- seymour civil engineering
- SEL



MARKETS

- 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

6 months ended	31-Mar-17	Increase	31-Mar-16
	£m	%	£m
Revenue	234.3	6	221.3
Operating profit*	11.9	14	10.4
Operating margin	5.1%	9	4.7%
Order book	435	5	416

* Operating profit is stated prior to exceptional items and amortisation charges

ENERGY

Our services

- Multidisciplinary engineering support to nuclear facilities
- Engineering maintenance to fossil and renewable facilities
- Gas main 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
- Cast iron gas mains replacement on 30/30 programme by 2032

Our clients



ENERGY



Image courtesy of the NDA

- Active on 12 of 17 sites across the Nuclear Decommissioning Authority's estate
- Increasing demand on the 10 year Decommissioning Delivery Partnership Framework at Sellafield (estimated at £500m) with headroom to increase to £1.5bn over the term to 2025
- Largest M&E contractor on site, focused on supporting operational and new plants in waste treatment, reprocessing, decontamination, decommissioning and clean up operations
- Engaged on numerous high priority, long-term programmes and frameworks across the Sellafield site
- Appointed to a new contract on the Low Level Waste Repository at Drigg
- Sole provider to Magnox on national E,C&I framework which runs to 2021
- Repositioning of gas business, now entirely focused on large diameter medium pressure work

ENVIRONMENTAL

Our services

- Maintaining and renewing networks in clean and waste water
- 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 potentially affected by historical contamination

Our clients

nationalgrid



ENVIRONMENTAL



- Good progress on the AMP6 Sewerage Repair and Maintenance Framework for Northumbrian Water
- Increased workload for Wessex Water on AMP6 Civils and EMI Delivery Partners Framework
- High demand for Welsh Water on the Pressurised Pipelines, Reactive, Major and Minor Civils Frameworks
- Sole provider on Environment Agency MEICA Framework (Northern Region) to 2019
 - supporting over 600 flood control and water management sites
 - four other national minor works EA frameworks
- Appointed as sole supplier on the national 7 year MEICA Framework for Canal and River Trust
 - supporting around 1,000 assets including swing bridges, lock gates, sluices and pumping stations
- Land remediation activities include a major scheme at Sighthill for Glasgow City Council
- Good progress with further growth opportunities anticipated at the Palace of Westminster

INFRASTRUCTURE

Our services

- Multidisciplinary engineering support providing “off-track” 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

- £38bn Network Rail spending plans agreed until March 2019 (CP5)
- Investment in maintaining and renewing London Underground’s assets
- Continued investment in the 4G roll out programmes

Our clients



INFRASTRUCTURE



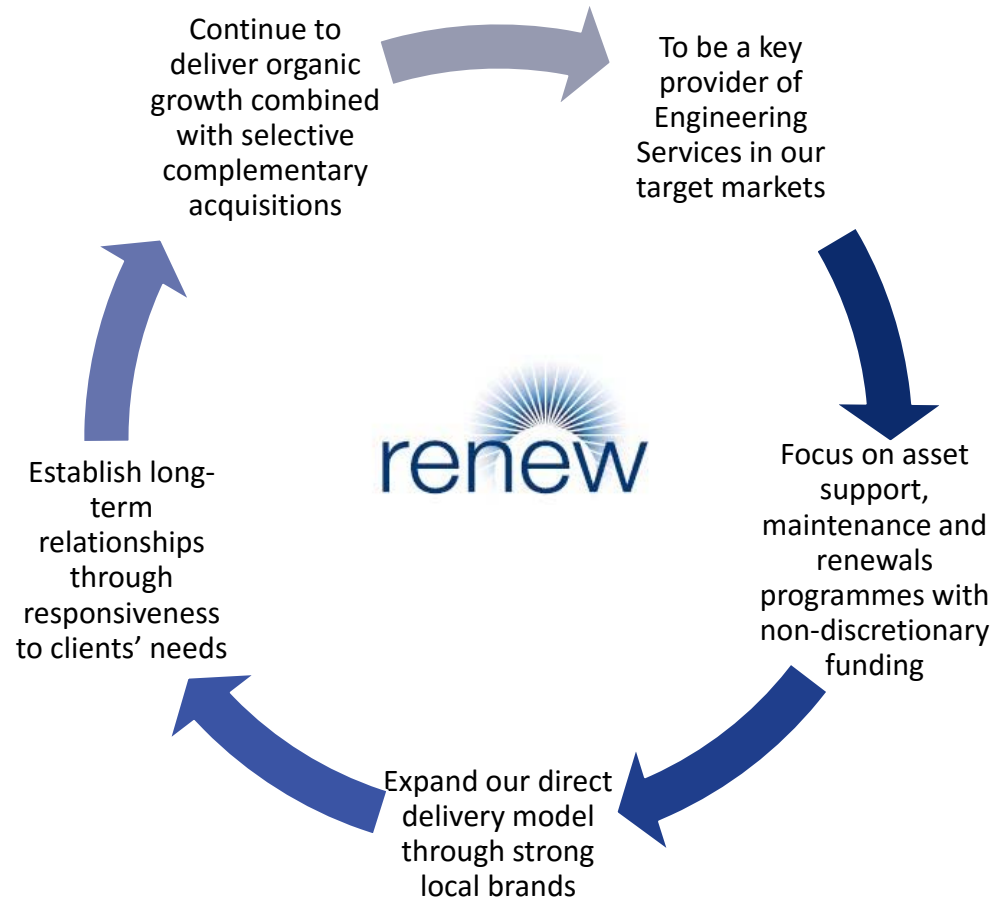
- Major provider of infrastructure services to Network Rail as well as working for London Underground and Train Operating Companies
- 24/7 emergency reactive service across the rail network
- 7 sole supply CP5 Rail Infrastructure Projects frameworks
- 6 Asset Management frameworks - high volume of individual infrastructure maintenance tasks
- Major structures renewals and sole civil maintenance contractor in Scotland
- Acquisition of Giffen Holdings Ltd broadens our offering to Network Rail
- Wireless telecoms business driven by the continuing roll out of 4G services

SPECIALIST BUILDING

6 months ended	31-Mar-17	31-Mar-16
	£m	£m
Revenue	53.6	44.4
Operating profit	1.2	1.1
Operating margin	2.2%	2.4%
Order book	82	99

- Focus on luxury High Quality Residential market in London and the Home Counties
- Specialism in major structural engineering works
- Revenue fully secured for 2017
- Strategy remains to deliver stable earnings through contract selectivity and risk management

OUR STRATEGIC PRIORITIES



OUTLOOK

- Strategy proven and established
- Engineering support services for UK infrastructure remains our focus
- Well positioned in regulated markets, with long term non discretionary spending programmes
- Board confident of delivering full year results in line with market expectations

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REFERENCES

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