



ENGINEERING **INFRASTRUCTURE** FOR THE FUTURE

AGENDA

INTRODUCTION

Paul Scott

Chief Executive Officer

RAIL IN RENEW

Andries Liebenberg

Executive Director

INTRODUCTION TO QTS

Alan McLeish

Managing Director

NEW & EMERGING MARKETS

Tom de la Motte

Infrastructure Director

SUMMARY & OUTLOOK

Paul Scott

Chief Executive Officer

Q&A

ON TRACK TO DELIVER

AGM UPDATE

- Trading for the first quarter of the year in line with the Board's expectations
- Group order book **£570m**
(31 December 2017: £511m)
- Engineering Services order book **£522m**
(31 December 2017: £433m)
- Net debt and cash generation in line with the Board's expectations
- Control Period 6 (CP6) Frameworks success
- QTS continues to perform in line with management expectations

£570m

Group order book

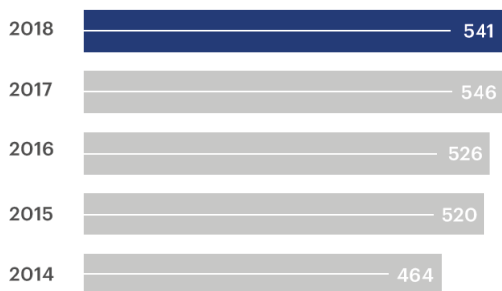
£522m

Engineering Services order book

FINANCIAL TRACK RECORD

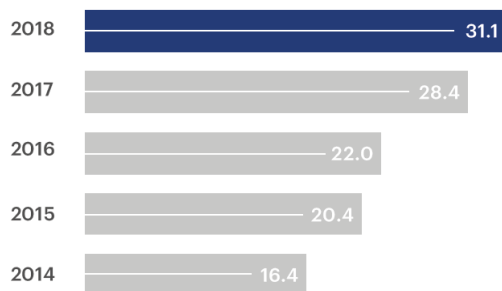
REVENUE £M

£541m



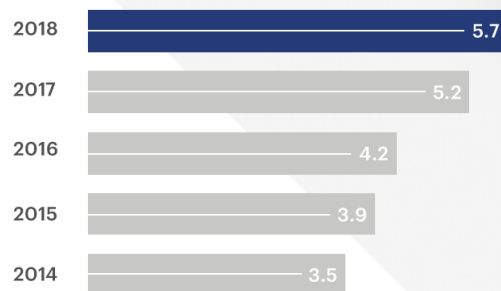
ADJUSTED OPERATING PROFIT £M

£31.1m



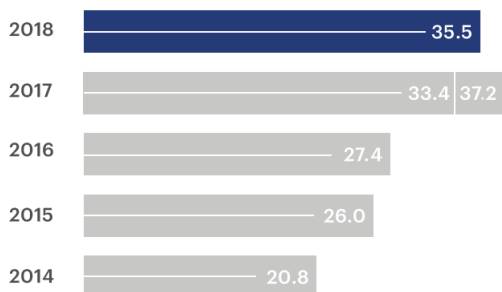
ADJUSTED OPERATING MARGIN %

5.7%



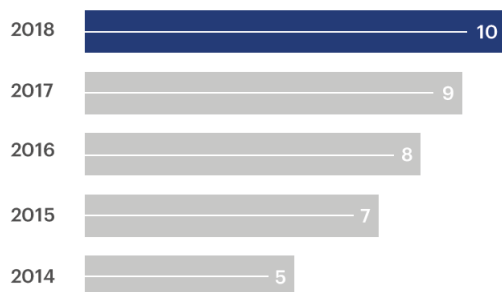
ADJUSTED EPS P

35.5p



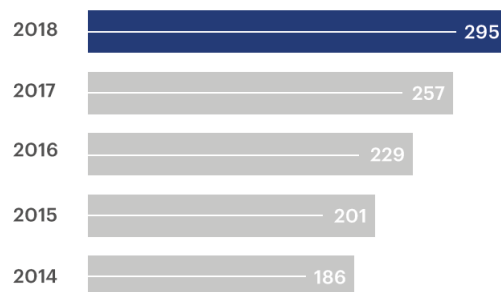
DIVIDEND P

10p



MARKET CAPITALISATION £M

£295m



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

OUR BUSINESS

Through our branded businesses we:

- Provide multidisciplinary engineering services nationwide through our directly employed workforce where we maintain and renew 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 >95% OF OPERATING PROFIT



ENERGY



ENVIRONMENTAL



INFRASTRUCTURE

SPECIALIST BUILDING



HIGH QUALITY RESIDENTIAL

ENGINEERING SERVICES

REGULATED MARKETS

MARKETS

- Critical UK infrastructure
- High barriers to entry
- Essential maintenance and renewals
- Non-discretionary operating budgets

STRENGTHS

- Wide range of complementary engineering services
- Long-term relationships established through responsiveness
- Revenue underpinned by long-term frameworks
- National coverage, local delivery
- Directly employed, highly skilled workforce

ENERGY

Nuclear / Thermal / Renewable

ENVIRONMENTAL

Water / Land Remediation

INFRASTRUCTURE

Rail / Wireless Telecoms

Our established brands

AMCO GIFFEN

CLARKE
telecom

LEWIS

QTS

SEL

seymour
civil engineering

VHE

ENGINEERING SERVICES

ENERGY

OUR SERVICES

- Multidisciplinary engineering support to nuclear facilities
- Engineering maintenance to thermal and renewable facilities

OUR OPPORTUNITIES

- UK nuclear decommissioning provision current estimate £121bn over the next 120 years¹
- £3bn per annum nuclear decommissioning programme¹
- Low carbon generation essential to the UK's energy future

£121bn

UK nuclear decommissioning provision

Our clients



ENGINEERING SERVICES

ENVIRONMENTAL

OUR SERVICES

- Maintaining and renewing clean and wastewater networks
- Flood risk management programmes including emergency reactive works
- Maintaining waterway assets
- Contaminated land remediation
- Specialist restoration

OUR OPPORTUNITIES

- Long-term opportunities through the AMP7 programme
- £2.3bn Defra spending plans on coastal and river flood risk management to 2021²
- Demand for land and environmental regulations continue to drive remediation opportunities
- Long-term refurbishment works at Palace of Westminster

£2.3bn

Defra spending plans on coastal and river flood risk management to 2021

Our clients



ENGINEERING SERVICES

INFRASTRUCTURE

OUR SERVICES

- Multidisciplinary engineering support providing renewal and maintenance services across the national rail network
- Multidisciplinary engineering services to the wireless network infrastructure market

OUR OPPORTUNITIES

- Network Rail £48bn agreed spending plan for CP6 (2019–2024)³
- Maintaining and renewing train operators' and London Underground's assets
- Integration of HS2 with existing rail infrastructure
- Long-term 4/5G investment programmes

£48bn

Agreed spending plan for CP6

Our clients



ENGINEERING INFRASTRUCTURE FOR THE FUTURE **RAIL IN RENEW**

ANDRIES LIEBENBERG

RAIL IN RENEW

OVERVIEW

AMCO·GIFFEN **QTS**

- Complementary capabilities
- National coverage
- Multidisciplinary service offering

Over
25 years'
experience in the rail sector

Direct delivery
2,000+
engineering support staff
and multi-skilled operatives

RENEW'S RAIL HISTORY

2011

Acquisition
of Amco

2014

Appointed to
CP5 frameworks

2016

Acquisition
of Giffen

2017

Merged Amco
and Giffen
(AmcoGiffen)

2018

Acquisition
of QTS

2019

Appointed to
CP6 frameworks

RAIL IN RENEW

WHAT WE DO

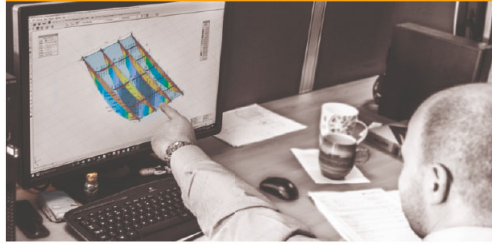
SAFE OPERATIONS IN CHALLENGING ENVIRONMENTS



SPECIALIST PLANT



IN-HOUSE DESIGN AND FABRICATION



DIRECT DELIVERY MODEL



24/7 RESPONSIVE SERVICE



SPECIALIST MARKET KNOWLEDGE



INVESTMENT IN SKILLS AND LABOUR



PLANNED AND REACTIVE MAINTENANCE SERVICES



NATIONAL COVERAGE



WIDE RANGE OF INTEGRATED ENGINEERING CAPABILITIES



RAIL IN RENEW

NETWORK RAIL – CONTROL PERIOD 5 → CONTROL PERIOD 6

Network Rail CP5
(2014–2019)
Investment plan
£41bn³

17%
increase

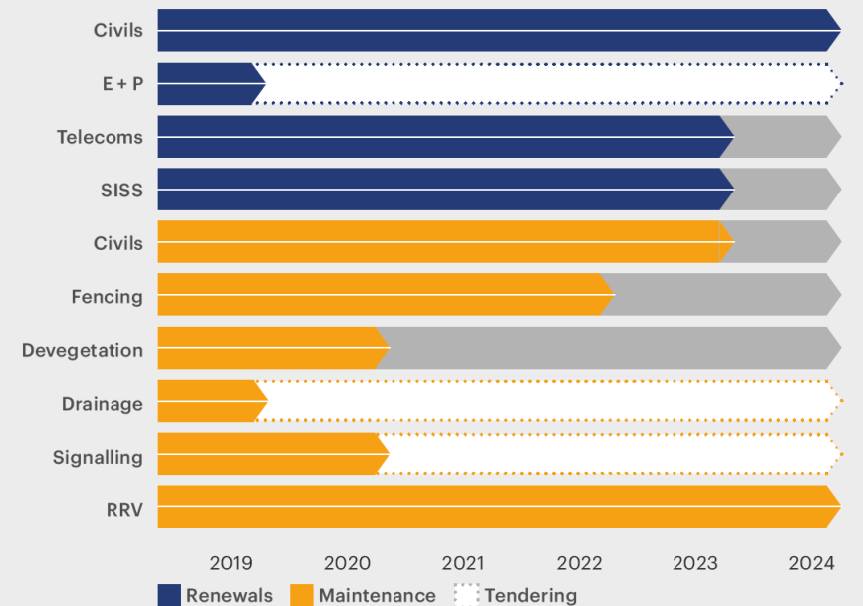
Network Rail CP6
(2019–2024)
Investment plan
£48bn³

Increase in
addressable market

c.25%

rise in operations,
maintenance, support
and renewals in CP6 vs CP5³

Our framework positions with Network Rail



RAIL IN RENEW

NETWORK RAIL – MAINTENANCE – OUR NATIONAL COVERAGE

Our maintenance frameworks:

- Operational on every route
- April 2018 – March 2024

Network Rail assets

30,000 bridges, tunnels and viaducts
23,000 culverts
25,000 major embankments
7,000 level crossings
13,500 line side structures
20,000 miles of track

Source: Network Rail

c.8,000

Average annual remits

c.£17,000

Average remit value



RAIL IN RENEW

NETWORK RAIL – RENEWALS – OUR NATIONAL COVERAGE

Our renewals frameworks:

- Operational in every region

Our recently renewed CP6 frameworks

- SNE
 - Geotechnical Earthworks £100m
 - Multidisciplinary Renewals £190m
- National
 - SISS £185m
 - Telecoms £150m



RAIL IN RENEW

OTHER RAIL CLIENTS

LONDON UNDERGROUND

- Signalling
- Depot works
- Lighting and power

TRAIN OPERATING COMPANIES

- Platform extensions
- Station renewals
- Lighting and power

ELECTRIFICATION

- Midland Mainline
- Transpennine
- Scotland



RAIL IN RENEW

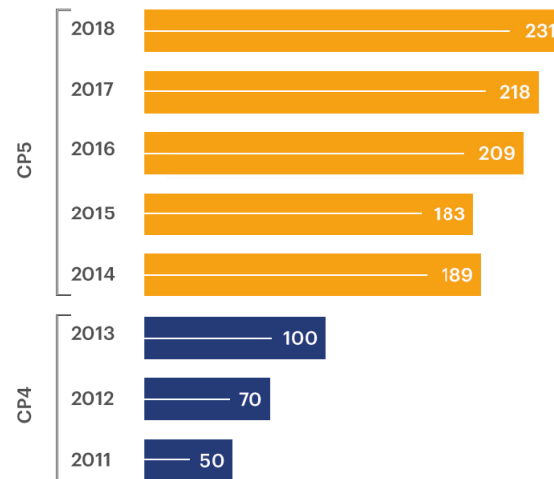
ORGANIC GROWTH OPPORTUNITIES

- Network Rail CP6 framework opportunities
- Digital Railway
- Electrification
- Train Operating Companies
- High Speed 2

£450m

awarded for digital signalling in the National Productivity Investment Fund⁴

REVENUE GROWTH IN RAIL (£m)



ENGINEERING
INFRASTRUCTURE
FOR THE FUTURE

INTRODUCTION TO QTS

ALAN MCLEISH

INTRODUCTION TO QTS



ORIGINS



Alan McLeish on the tools



The first QTS Unimog

“I started QTS in 1992, with a £300 family loan.”

1992

Business founded by Alan McLeish

1996

First RRV purchased

2008

First Network Rail contract

2014

Won positions on CP5

2018

Sale of QTS to Renew Holdings

2019

Awarded CP6 frameworks

INTRODUCTION TO QTS

WHAT WE DO TODAY

QTS is a leading UK rail specialist.

OUR DIFFERENTIATORS

- Specialist RRV plant
- Direct delivery – highly skilled multidisciplined workforce
- Range of complementary in-house capabilities
- National coverage



OUR WIDE RANGE OF SERVICES



Civil asset management



Geotechnical and earthworks



Fencing



Devegetation



Drainage, plant hire and training

INTRODUCTION TO QTS

SPECIALIST PLANT

- Significant investment in owned plant
- In-house engineering innovation
- Driving operational and safety improvements

**“only plant of its type,
developed in house.”**



INTRODUCTION TO QTS

SINCE JOINING RENEW

- Integration has gone extremely well
 - Financial performance in line with expectations
-
- Framework awards:
 - 10 CAM framework renewals extending geography
 - 5-year CP6 Geotechnical & Earthworks framework
 - 8-year National RRV framework for Network Rail
-
- Collaboration within Renew:
 - Drainage
 - OHL isolations
 - Devegetation
 - RRV plant hire

5-year

CP6 Geotechnical & Earthworks framework

8-year

National RRV framework for Network Rail



INTRODUCTION TO QTS

OPPORTUNITIES FOR FURTHER GROWTH

FENCING

- Animal incursion
- Trespassing
- Theft
- HS2

DEVEGETATION

- Reduce delays
- Safety
- HS2

INNOVATION

- RRV
- Geotechnical
- Further collaboration within Renew

ACROSS THE RAIL NETWORK

20,000+

miles of track across England, Scotland and Wales

Source: Network Rail

150+

years – the age of most of the infrastructure slopes on the rail network

190,000+

earthwork assets including embankments, soil cuttings and rock cuttings

ENGINEERING
INFRASTRUCTURE
FOR THE FUTURE

**NEW & EMERGING
MARKETS**

TOM DE LA MOTTE

UK INFRASTRUCTURE ADDRESSABLE MARKETS

ENERGY

Nuclear

- New Nuclear
- Decommission
- Asset Care

Transmission & Distribution

- R&M
- Overhead Lines
- Substations
- Cabling
- EV & Battery Storage

Generation

- Thermal
- Renewable
- Maintain & Operate
- R&M

ENVIRONMENTAL

Water

- R&M
- Networks
- Process
- Metering
- MEICA

Flood & Coastal

- Prevention
- Alleviation
- Asset Maintenance
- Coastal Defences

Remediation

- Reclamation
- Site Clearance
- Bio-remediation

INFRASTRUCTURE

Rail

- Renewals
- Maintenance
- Track
- Signalling
- Electrification

Aviation

- R&M
- Taxiways & Runways
- Parking
- AGL

Telecoms

- R&M
- Wireless & Fixed Networks
- Mobile Installations

Defence

- Airfields
- Security Installations
- R&M
- Utilities

Highways

- Enhancements
- Renewal & Maintenance
- Systems & Lighting
- Structures

UK INFRASTRUCTURE ADDRESSABLE MARKETS



TARGET MARKET

HIGHWAYS MAINTENANCE

OVERVIEW

KEY PART OF UK'S TRANSPORT STRATEGY

- Supports economic growth
- Improves safety outcomes
- Mitigates environmental impact
- Provides a more free-flowing network

UK ROAD ASSETS

- 243,000 miles of A&B Roads
- 2,300 miles of motorway
- 72,000 structures
- 215,000 technology assets

Source: Department for Transport

ROAD PERIOD 1 2015–2020⁴

£15.2bn

STRATEGIC ROAD NETWORK

Motorways & trunk roads managed by Highways England

£11.6bn

PRIMARY ROAD NETWORK

A Roads & minor roads managed by local authorities



TARGET MARKET

HIGHWAYS MAINTENANCE

STRATEGIC ALIGNMENT

- Nationally critical infrastructure
- Significant spend on asset support, renewals & maintenance
- Regulated frameworks with non-discretionary funding
- Direct delivery model and regional structure essential

MARKET POTENTIAL

2018 AUTUMN BUDGET⁵

c.£29bn for Road Investment Strategy 2 (2020–2025)

NATIONAL PRODUCTIVITY INVESTMENT FUND (2019–2023)⁴

£200m Autonomous Vehicles **£600m** Ultra Low Emission Vehicles

£246m Battery Technology

INITIAL FOCUS

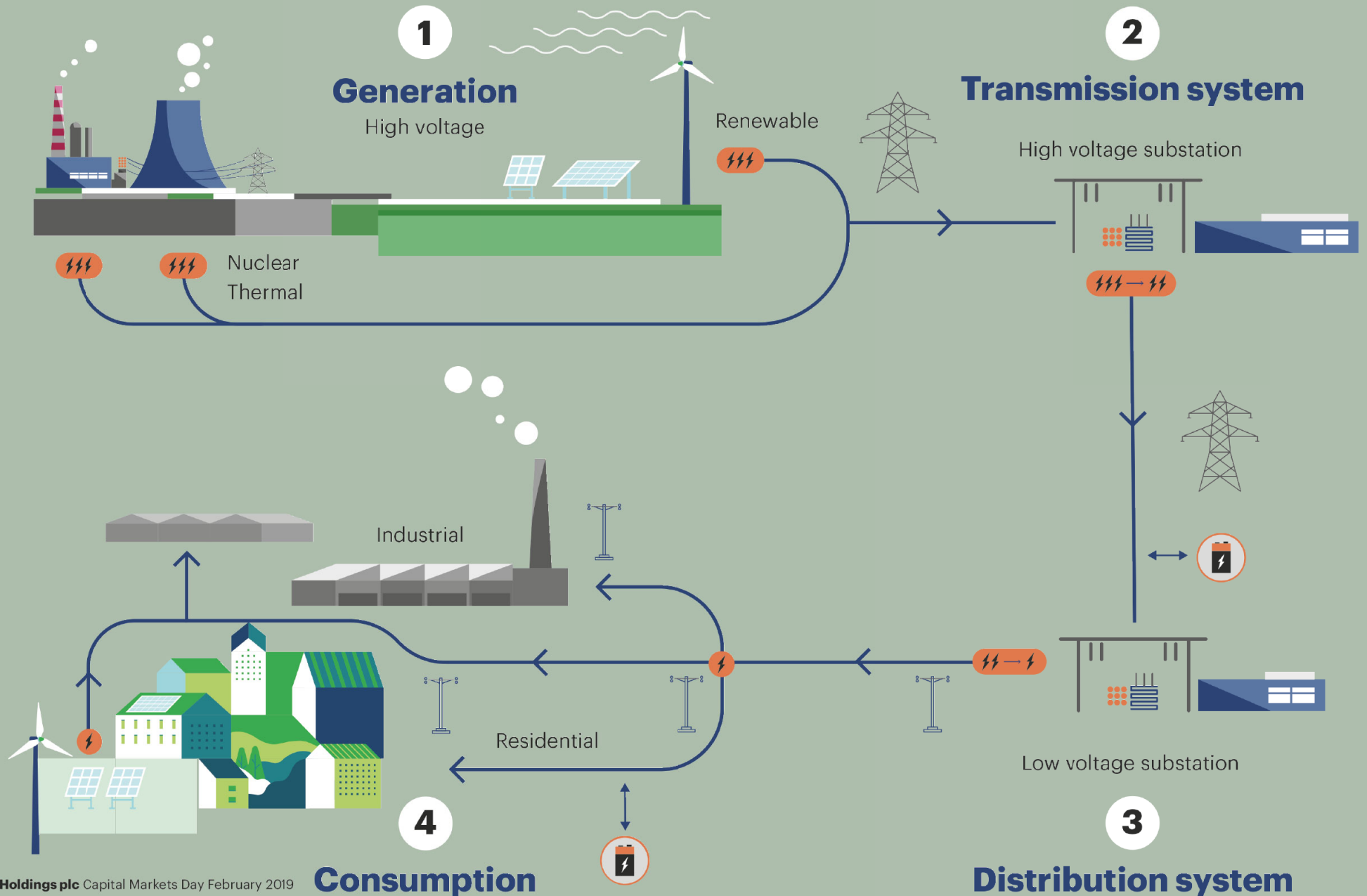
RENEWALS & MAINTENANCE

- Structures repairs & maintenance
- Highway improvements
- Drainage remediation
- Smart traffic systems
- Street lighting



TARGET MARKET

TRANSMISSION & DISTRIBUTION



TARGET MARKET

TRANSMISSION & DISTRIBUTION

STRATEGIC ALIGNMENT

- Nationally critical infrastructure
- Significant spend on asset support, renewals & maintenance
- Regulated frameworks with non-discretionary funding
- Direct delivery with high barriers to entry

MARKET POTENTIAL

40GW of new power generation needed by 2030⁶

£37bn of Ofgem funding to enhance electricity network (2013–2023)⁷

DfIT support for **£3bn** of electric vehicle & battery storage projects⁸

£400m for the Charging Infrastructure Investment Fund in Autumn 17 Budget⁹

INITIAL FOCUS

RENEWALS & MAINTENANCE

- Grid & substation maintenance
- Overhead line installation & maintenance
- Electric Vehicle Charging Points
- Battery Storage



ENGINEERING INFRASTRUCTURE FOR THE FUTURE

SUMMARY & OUTLOOK

PAUL SCOTT

OUR ESTABLISHED AND PROVEN STRATEGIC PRIORITIES

STRATEGIC PRIORITIES

To be a key provider of engineering services in our target markets

ENGINEERING

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

NON-DISCRETIONARY

Expand our direct delivery model through strong local brands

DIRECT DELIVERY

Establish long-term relationships through responsiveness to clients' needs

RESPONSIVE

Continue to deliver organic growth combined with selective complementary acquisitions

GROWTH

CONCLUSION

STRATEGY

We have a clear and proven strategy

GROWTH

Strong growth prospects for our broad range of Engineering Services

OPPORTUNITIES

Opportunities in new and emerging UK Infrastructure markets

KEY MARKET

Rail is a key market

- Successful integration of QTS
- Our addressable market is growing (c.25% in CP6 for Network Rail)
- Wider customer base and service offering
- Framework renewal success

SOLID FOUNDATIONS FOR GROWTH AND GOOD MOMENTUM

Q&A

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- ⁴ Department for Transport, Transport Investment Strategy: Moving Britain Ahead (July 2017).
- ⁵ HM Treasury Autumn Budget 2018 (October 2018).
- ⁶ NIC's National Infrastructure Assessment (July 2018).
- ⁷ Ofgem R110-1 PCFM (November 2018).
- ⁸ www.gov.uk/government/news/5-billion-of-energy-investment-projects-announced-as-the-board-of-trade-meets-in-wales (November 2018).
- ⁹ HM Treasury Autumn Budget 2017 (November 2017).