



Renew Holdings plc

2014 Interim Results Presentation

Six months to 31 March 2014

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John Samuel

Chief Executive
Group Finance Director



Highlights

- Record interim results
- Strong order book of £427m, increase of 18%
- 17% increase in Engineering Services order book to £306m
- Second half forecast revenue fully secured
- Engineering Services revenue up 53% to £169m
- Acquisition of Clarke Telecom
- Interim dividend increased by 36% to 1.5p (2013: 1.1p)

Renew Holdings plc

Through our branded businesses we

- provide multidisciplinary engineering services nationwide through our directly employed workforce where we maintain & develop UK infrastructure focused in the Energy, Environmental & Infrastructure markets
- carry out specialist building projects in two discrete markets in the South East

Income statement

6 months ended	31 March 2014	% Increase	31 March 2013
	£m		£m
Revenue	<u>225.8</u>	+48%	<u>152.4</u>
Operating profit	7.8 3.4%	+59%	4.9 3.2%
Net finance costs	<u>(0.2)</u>		<u>(0.3)</u>
Profit before amortisation charges	7.6	+65%	4.6
Amortisation charges	<u>(0.7)</u>		<u>(0.3)</u>
Profit before taxation	6.9	+60%	4.3
Taxation	<u>(1.5)</u>		<u>(1.1)</u>
Profit after taxation	<u>5.4</u>		<u>3.2</u>
EPS pre amortisation charges	<u>9.80p</u>	+69%	<u>5.79p</u>
Interim dividend per share	<u>1.5p</u>	+36%	<u>1.1p</u>

Balance sheet

	31 March 2014	30 Sept 2013	31 March 2013
	£m	£m	£m
Intangible assets	36.3	37.0	28.9
Property, plant & equipment	9.6	8.7	4.4
Deferred tax assets (net)	1.8	2.0	1.5
	<u>47.7</u>	<u>47.7</u>	<u>34.8</u>
Current assets	98.3	80.1	74.5
Current liabilities	(134.3)	(113.5)	(95.4)
Net current liabilities	<u>(36.0)</u>	<u>(33.4)</u>	<u>(20.9)</u>
Cash	8.1	5.3	1.8
Term loan	–	(2.5)	(5.0)
Long term liabilities	(4.9)	(4.2)	(1.8)
Pension schemes	(1.1)	(2.6)	2.7
Net assets	<u>13.8</u>	<u>10.3</u>	<u>11.6</u>

Cash flow statement

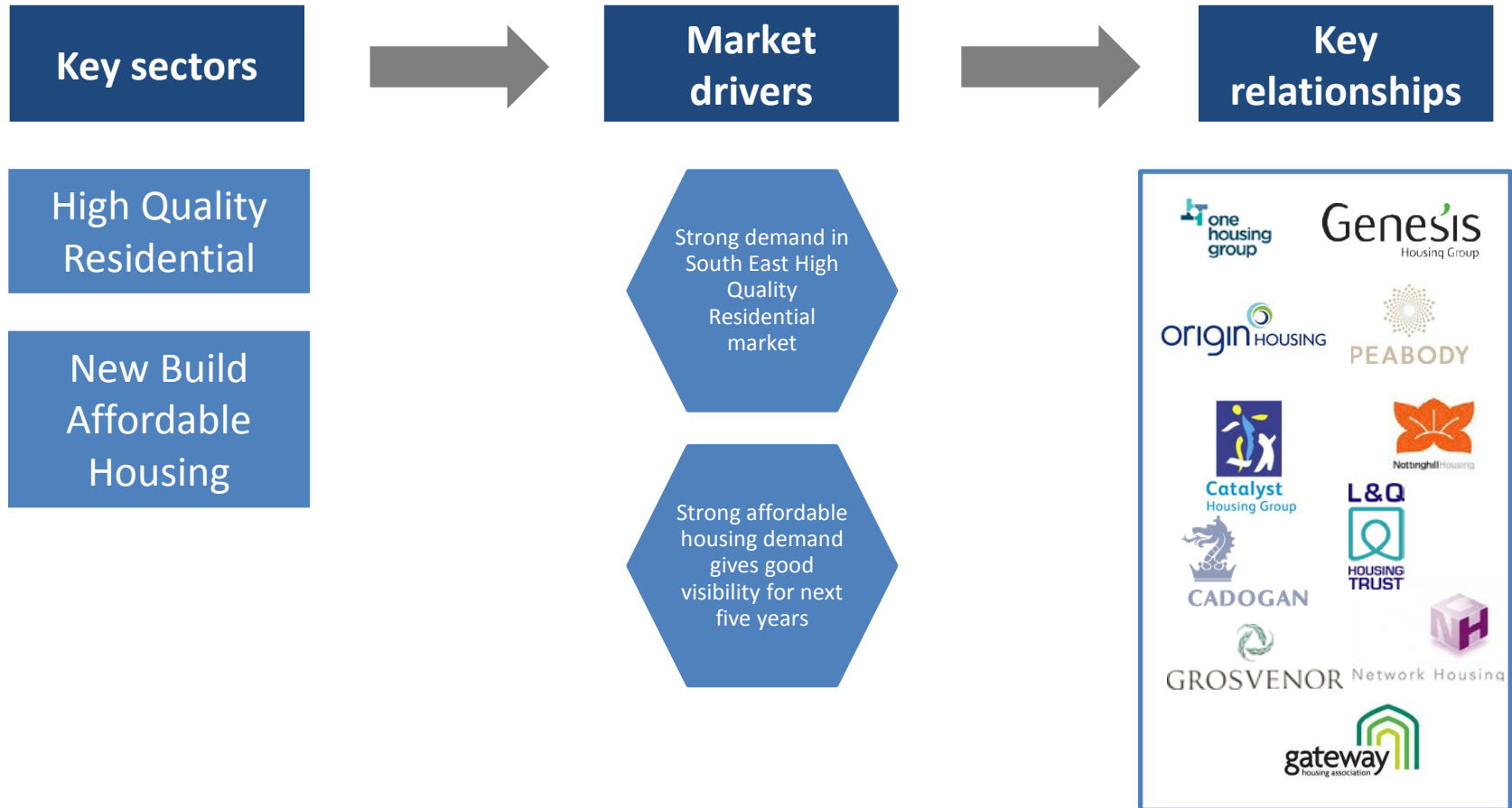
	£m
Opening cash balance at 1 Oct 2013	5.3
Group operating profit prior to amortisation charges	7.8
Depreciation	1.2
Working capital movement	1.0
Term loan repayments	(2.5)
Capital expenditure	(0.6)
Finance leases repayments	(0.9)
Pension scheme contributions	(1.5)
Interest paid	(0.1)
Taxation paid	(0.2)
New shares issued on option exercise	0.1
Dividends	<u>(1.5)</u>
Closing cash balance at 31 March 2014	<u>8.1</u>
Net debt at 31 March 2013	<u>(3.2)</u>

Specialist Building performance

6 months ended	31 March 2014	31 March 2013
	£m	£m
Revenue	56.6	42.0
Operating Profit	1.0	1.0
Operating Margin	1.8 %	2.4 %
Order Book	121	100

- Margin returned to normalised level following low revenue in comparative period
- Revenue fully secured for 2014
- Strategy remains to deliver stable earnings, generating positive working capital and mitigating risk

Specialist Building



Specialist Building



High Quality Residential

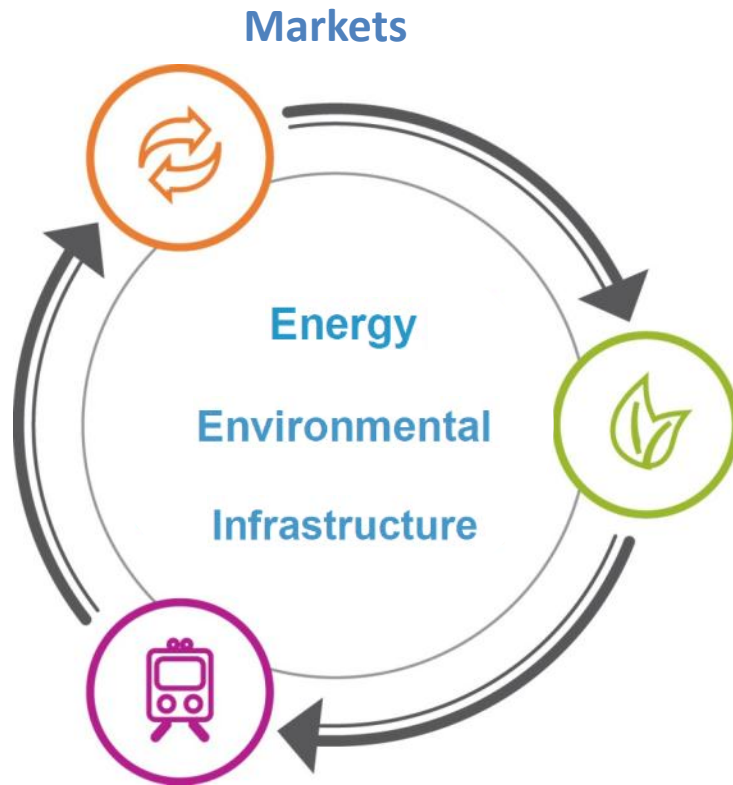
- Specialism in technically challenging temporary works
- £28m of projects secured in the period
- Continued strong level of opportunities in this robust market

New Build Affordable Housing

- Leading contractor in the South East
- Relationships with 16 Housing Associations providing access to £700m annual spend



Engineering Services



Brands

AMCO *rail*



AMCO *engineering*



seymour



CLARKE
telecom

Engineering Services

Engineering 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

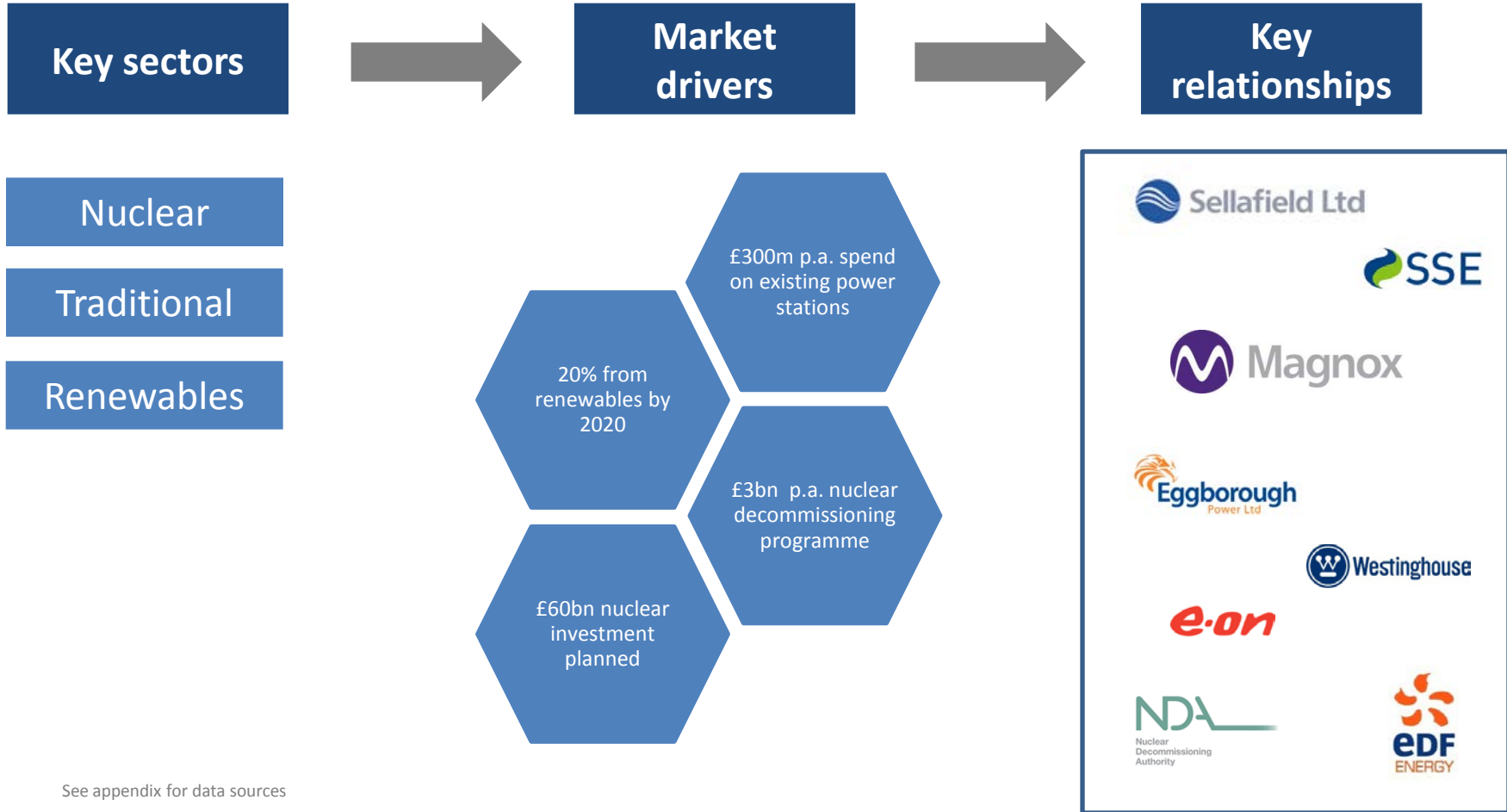
- Brand strength
- Directly employed multiskilled workforce
- Local experienced delivery teams
- Long term relationships established through responsiveness

Engineering Services performance

6 months ended	31 March 2014	31 March 2013
	£m	£m
Revenue	169.2	110.4
Operating Profit	7.8	4.9
Operating Margin	4.6 %	4.4 %
Order Book	306	261

- 40% organic growth (20% due to emergency works for Network Rail)
- Further margin improvement, target 5% by 2017
- Order book increased by 17%
- Revenue fully secured for 2014

Energy



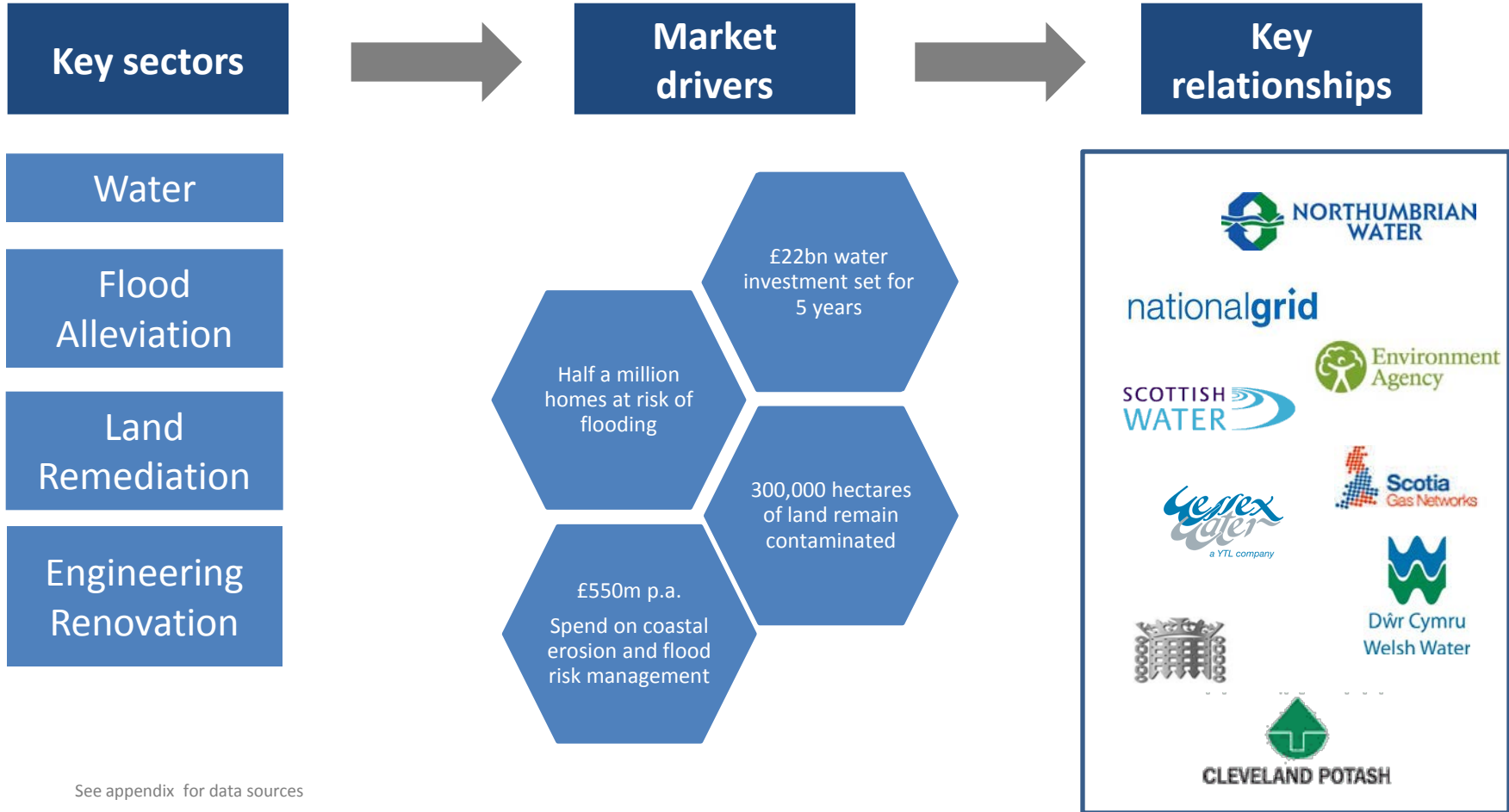
See appendix for data sources

Energy



- Active on 15 energy sites including 9 nuclear licenced sites across the Nuclear Decommissioning Authority's estate
- Leading position at Sellafield as largest mechanical and electrical contractor with 9 frameworks
- Record revenue in Nuclear driven by accelerated spend and market share gain
- Increased level of activity on the Multi Discipline Site Works framework delivering packages up to £280m over 4 years – still aligned to Production Operations Support
- Continued support to major programmes at Sellafield including £70m on Evaporator D
- Increased activity on Springfields including lead position on new waste processing facility
- Continued maintenance services to wind turbine facilities including broadening offer into offshore
- Opportunity in New Nuclear

Environmental



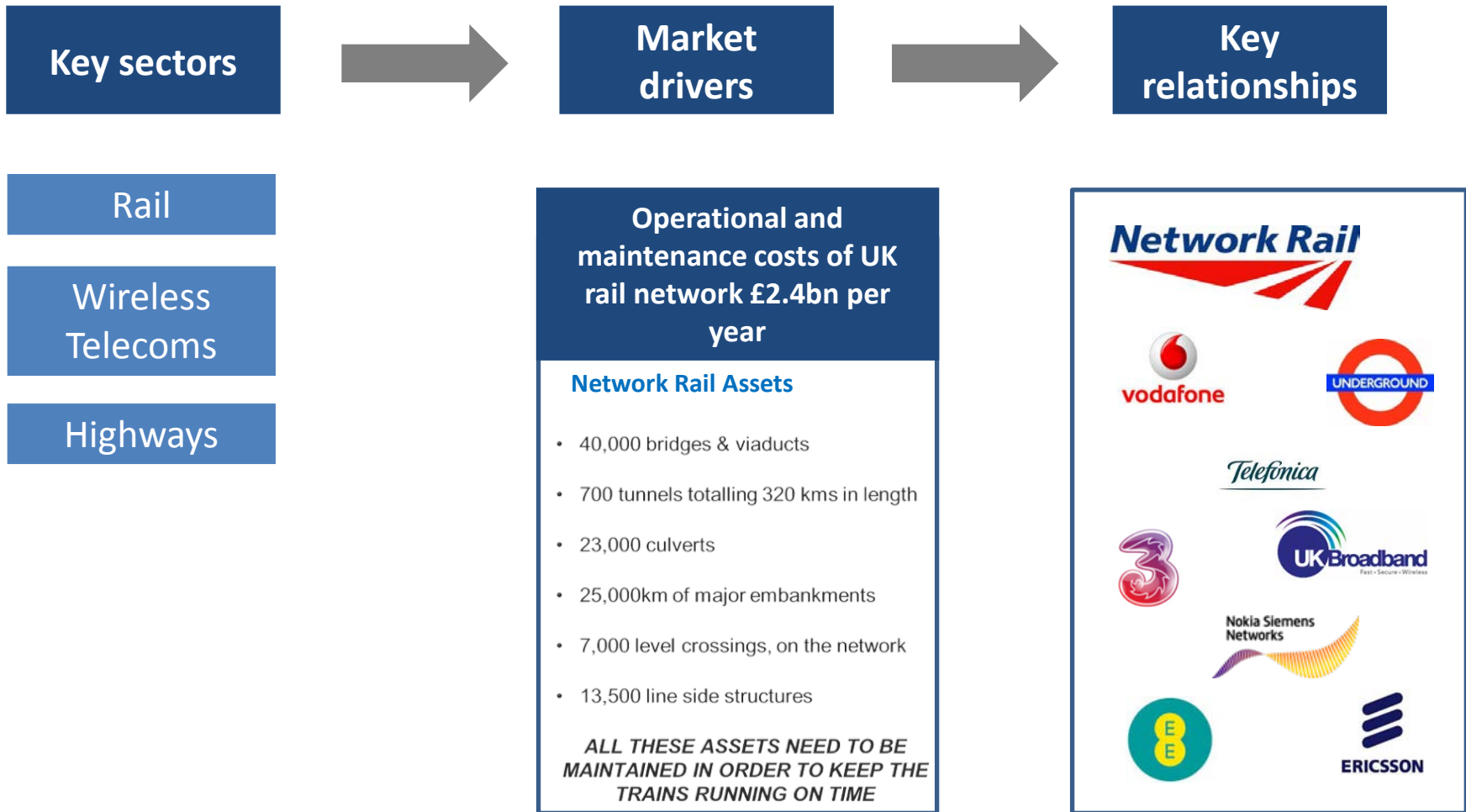
See appendix for data sources

Environmental



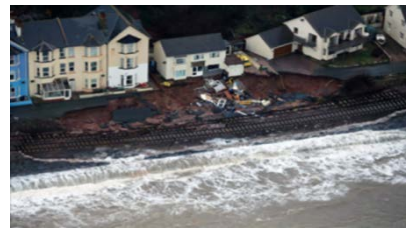
- Lewis fully integrated into Group and performing well
- Continue to be rated No 1 contractor by Northumbrian, Wessex & Welsh Water
- Good progress on accelerated flood prevention works for Northumbrian Water with Trunks Mains Maintenance framework also renewed
- Projects awarded under Water Supply Grid Improvement scheme for Wessex Water in addition to existing frameworks
- Awarded 4 year MEICA framework for Northern Region of Environment Agency as sole supplier
- Increased level of spend in flood protection and alleviation
- Awarded ironwork restoration of Kings Cross gasholders

Infrastructure



See appendix for data source

Infrastructure



- Only national provider of engineering maintenance services for Network Rail
- Increased activity due to responsiveness
- £20m increased workload in emergency works due to severe weather
- Achieved early completion of Dawlish reinstatement
- Successful completion of Holme Tunnel & Whiteball Tunnel
- Network Rail agreed funding plan for next 5 years provides excellent visibility
- Acquisition of Clarke Telecom

Clarke Telecom

- Engineering services business providing wireless telecoms infrastructure delivery since 2000
- Services include site acquisition and design, construction, installation, site optimisation, site maintenance and decommissioning
- Services through framework agreements
- Relationships with all the UK's cellular network operators and major network equipment manufacturers



Clarke Telecom financial performance

Year ended 31 October 2013:

- Revenue of £32.9m
- Normalised operating profit of £2.3m (7%)

Outlook:

- Renew expects Clarke to grow its 2014 revenue by approximately 5%
- Normalised operating profit margin percentage to be maintained

Acquisition of Clarke Telecom

- Acquired entire issued share capital for total cash consideration of £17m
- Acquisition funded from the Group's cash resources and £12m four year term loan from HSBC Bank plc
- Strong experienced management team remain with the business
- Employs approximately 200 highly skilled personnel
- Managing Director, Nigel Newton, reporting to Renew's Engineering Services Director, Paul Scott
- Clarke's financial performance both cash generative and accretive to Renew's Engineering Services operating margin

Market opportunity for Clarke Telecom

- Wireless telecoms infrastructure market is experiencing growth
- Demand for mobile internet access and communications is outstripping capability and capacity of existing mobile network infrastructure
- Introduction of 4G services
- Growing need for network operators to increase infrastructure, upgrade existing networks and decommission redundant assets
- Excellent growth opportunities for Clarke

Our growth strategy

- Key provider of Engineering Services in the UK's Energy, Environmental and Infrastructure markets
- Focus on non-discretionary spend, asset support, maintenance and renewals
- Direct delivery model through strong local brands
- Long term relationships established through responsiveness
- Continued organic growth combined with selective acquisitions

Outlook

- Well positioned in robust markets
- Organic & acquisitive growth
- Strong forward order book
- Good cash generation
- Board confident in full year outcome

Appendix

Data sources

- Nuclear Decommissioning Authority, Business Plan 2012–2015 (March 2012)
- National Renewable Energy Action Plan for the United Kingdom, Article 4 of the Renewable Energy Directive (2009/28/EC)
- Department of Energy & Climate Change, UK Renewable Energy Roadmap (July 2011)
- OFWAT, Future water and sewerage charges 2010-15: Final determinations (November 2009)
- National Audit Office, Department for Communities and Local Government, Financial viability of the social housing sector: introducing the Affordable Homes Programme (July 2012)
- Environment Agency, Investing for the future, Flood and coastal risk management in England, A long-term investment strategy (2009)
- Environment Agency, Reporting the evidence, Dealing with contaminated land in England and Wales, A review of progress from 2000-2007 with Part 2A of the Environmental Protection Act (January 2009)
- Office of Rail Regulation 31st October 2013 Britain's railways between 2014 and 2019 – ORR's final determination