



# Engineering for a better tomorrow

Renew Holdings plc  
Interim results for the half year ended 31 March 2024

Paul Scott                      Chief Executive Officer  
Sean Wyndham-Quin      Chief Financial Officer

## Record results

- Record trading performance
- M&A momentum continues with the acquisitions of TIS and Route One\*
- Organic growth of 16.9%
- Framework success in Rail and Water
- Interim dividend increased by 5.5% to 6.33p (2023: 6.00p)

### Our subsidiaries

AMCO GIFFEN

Clarke  
Telecom

seymour  
civil engineering

envolve  
Infrastructure

SEL

QTS

BROWNE

VHE

Carnell

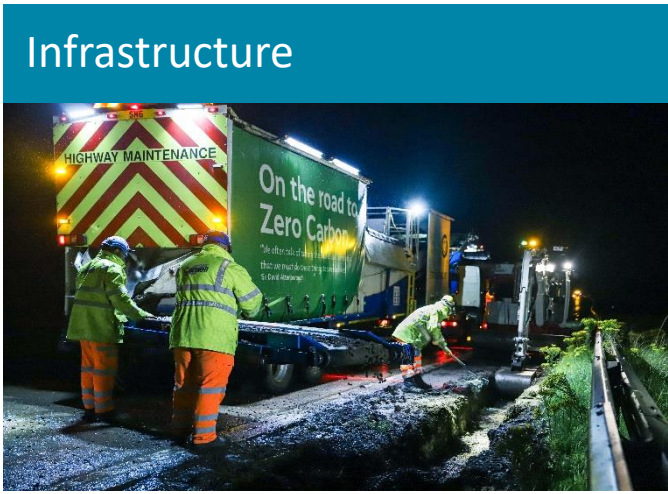
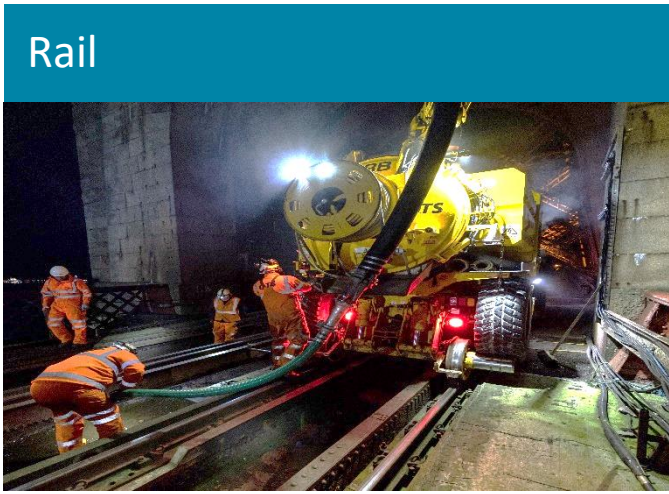
ENISCA

WALTER LILLY  
1924

\*Post period end

# Our business

- We provide multidisciplinary, mission-critical engineering services nationwide through our directly employed workforce where we maintain and renew UK infrastructure
- We carry out High Quality Residential, Landmark and Science projects in London and the South East



## Our investment case

### Differentiated and resilient low-risk business model

- Our subsidiary businesses operate across a diversified range of markets.
- Critical asset maintenance and renewals services that are not dependent on large, capital-heavy contract awards, providing a lower risk profile.
- Supported by the commercial terms and short task execution periods within our frameworks, we continue to successfully manage the industry-wide material shortages and inflation challenges effectively.

### Value-accretive model of compounding earnings

- Proven history of shareholder value creation through consistent execution of our strategy to deliver reliable capital growth.
- A track record of organic growth and M&A in high margin, high growth end markets, twinned with strong cash generation and shareholder returns.
- 17% CAGR (2011 – 2023)

### Exposed to attractive long-term, non-discretionary structural growth drivers

- We operate in markets underpinned by resilient, long-term growth dynamics and committed regulatory spending periods, with maintenance and renewals expenditure continuing to increase.
- We deliver the day-to-day renewal and maintenance tasks required to keep critical networks operational.
- The UK government reaffirmed its commitment to infrastructure with a £600bn<sup>1</sup> investment

### Market leading position, expertise and capabilities

- Our businesses work in markets with high barriers to entry which demand a highly skilled, experienced workforce and a proven track record of safe delivery.
- We continue to develop our range of specialist skills enabling us to provide a more efficient and valuable service to our clients.

### Ideally poised to benefit from green infrastructure investment

- Our purpose-led ESG approach enables us to add value to our customers through investment in innovation and technology, assisting in the delivery of the UK's net-zero carbon target by 2050.

### Strong long-term growth prospects

- The Group is committed to growing the business in its chosen markets both organically and through selective complementary acquisitions whilst maintaining a disciplined approach to capital allocation and risk.
- Track record of delivering consistent, sustainable growth across all our financial metrics.

# Financial review



## Income statement

	<b>31-Mar 2024 £m</b>	31-Mar 2023 £m
Revenue	<b>552.8</b>	471.8
Operating profit*	<b>33.1</b>	28.3
Net finance costs	<b>(0.2)</b>	(0.6)
Profit before exceptional items and amortisation	<b>32.9</b>	27.7
Amortisation and exceptional items	<b>(2.6)</b>	(1.4)
Profit before taxation	<b>30.3</b>	26.3
Taxation	<b>(7.6)</b>	(5.4)
Profit from continuing activities	<b>22.7</b>	20.9
Loss from discontinued activities	<b>(1.8)</b>	(0.9)
Profit for the period	<b>20.9</b>	20.0
EPS*	<b>31.3p</b>	27.4p
Dividend per share	<b>6.3p</b>	6.0p

- Revenue increased by 17.2% to £552.8m (HY23: £471.8m)
  - Includes excellent organic growth of 16.9%
  - High demand in Rail and Water including emergency reactive call outs
- Operating profit\* increased by 17.0% to £33.1m (HY23: £28.3m)
- Adjusted\* operating profit margin of 6.0% (HY23: 6.0%)
  - Engineering Services margin of 6.9%
- EPS\* increased by 14.2% to 31.3p (HY23: 27.4p)

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

## Balance sheet

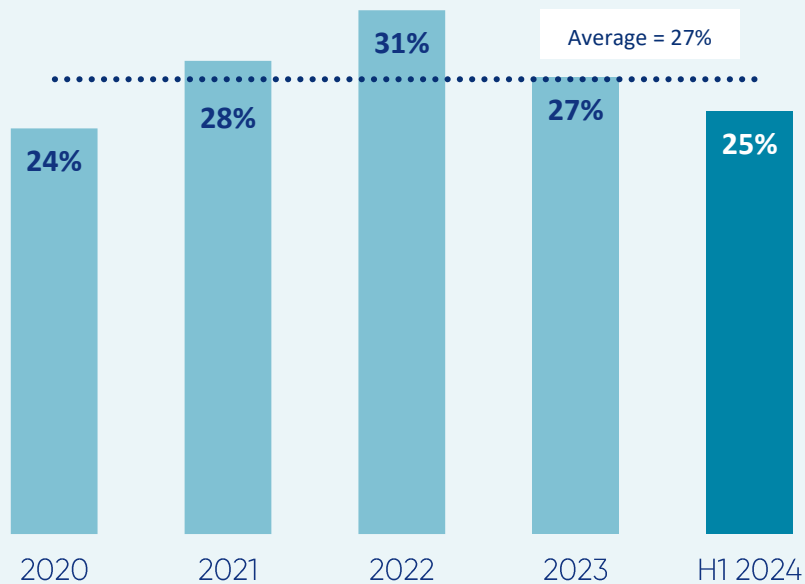
	<b>31-Mar</b>	31-Mar
	<b>2024</b>	2023
	<b>£m</b>	£m
Intangible assets	<b>175.9</b>	179.7
Property, plant & equipment	<b>22.3</b>	18.3
Right of use assets	<b>21.6</b>	17.4
Deferred tax (liability) (net)	<b>(7.9)</b>	(7.8)
	<b>211.9</b>	207.6
Current assets	<b>204.8</b>	177.1
Current liabilities	<b>(233.0)</b>	(217.8)
Net current assets	<b>(28.2)</b>	(40.7)
Net cash	<b>42.5</b>	17.0
Long term liabilities	<b>(36.9)</b>	(24.5)
Net assets prior to pension schemes	<b>189.3</b>	159.4
Pension schemes (net)	<b>1.0</b>	0.7
Net assets	<b>190.3</b>	160.1

- Pre IFRS16 net cash of £42.5m (2023: £17.0m)  
– *IFRS16 net cash £22.7m (2023: £0.9m)*
- £80m RCF secured until November 2026 providing significant acquisition firepower  
– *Margin 180bps*
- Pension true-up calculations are reaching conclusion providing positive progress towards fully de-risking the balance sheet
- Increased provision against discontinued, historic liabilities in Allenbuild:  
– *£0.5m cash outflow in year (2023: £0.6m)*  
– *Provision increased to £8.8m (Sep 2023: £7.5m)*
- Acquisition of TIS and post period end acquisition of Route One  
– *Total enterprise value of £9.7m*

## Return on capital

ROCE

25%

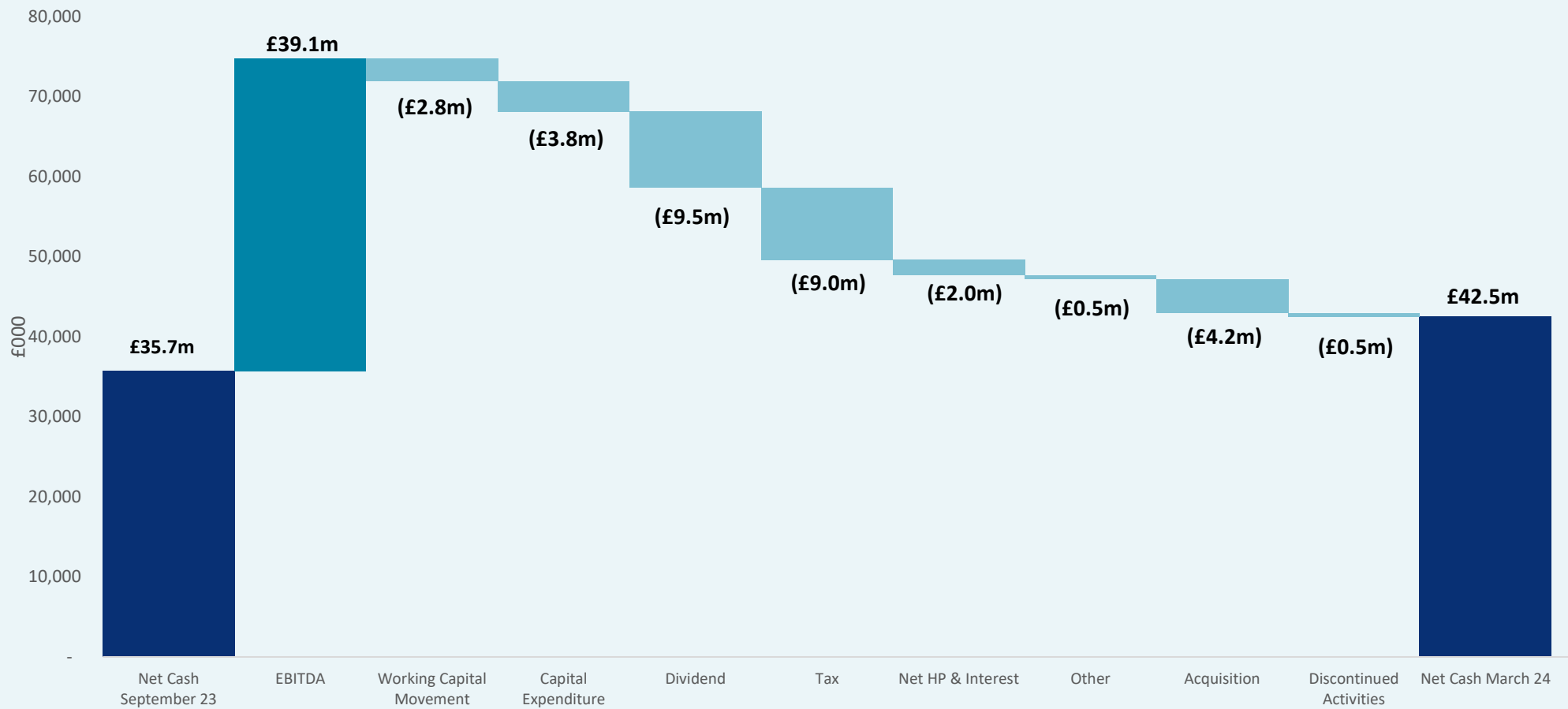


\*ROCE = Adjusted LTM EBIT over average capital employed

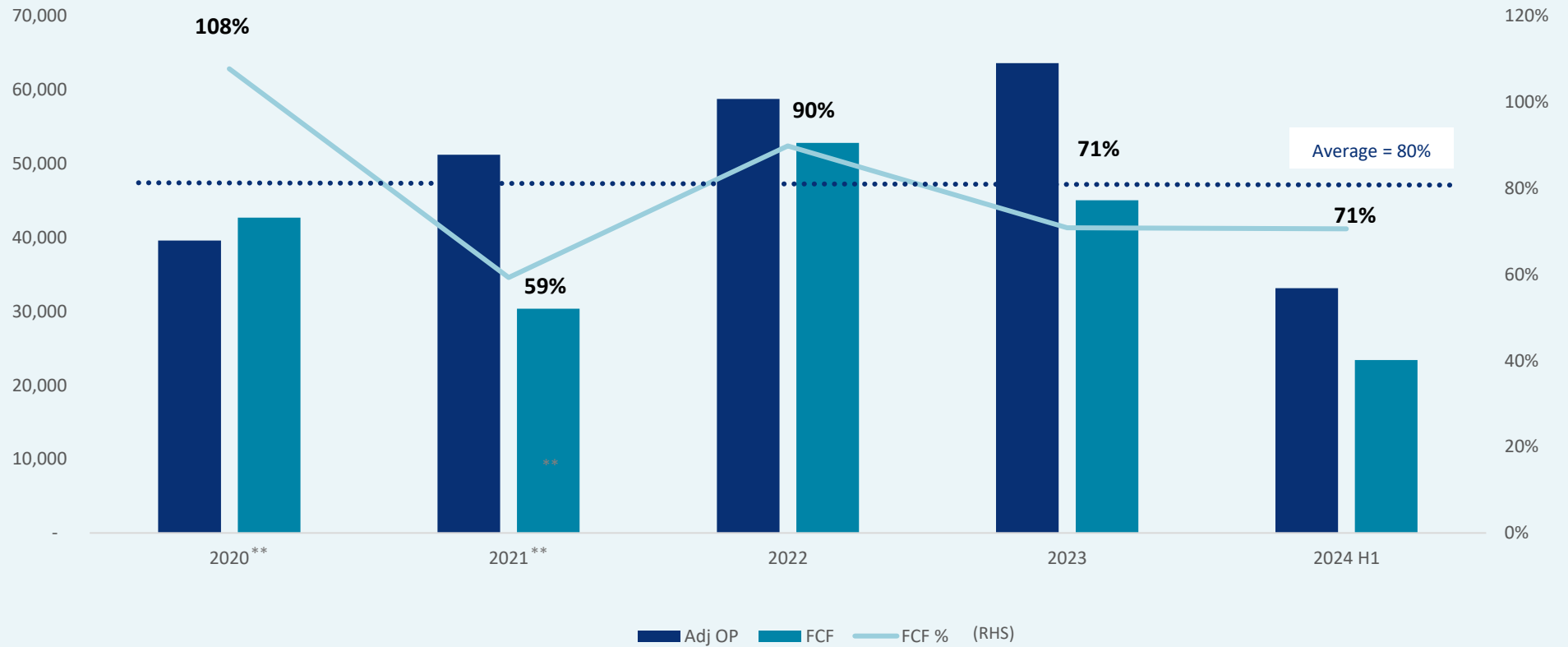
- Consistent high return on capital reflecting asset light model
- Slight reduction on ROCE in the period due to increasing net cash position and increase in corporation tax



# Cash flow bridge



# Free cash flow conversion\*

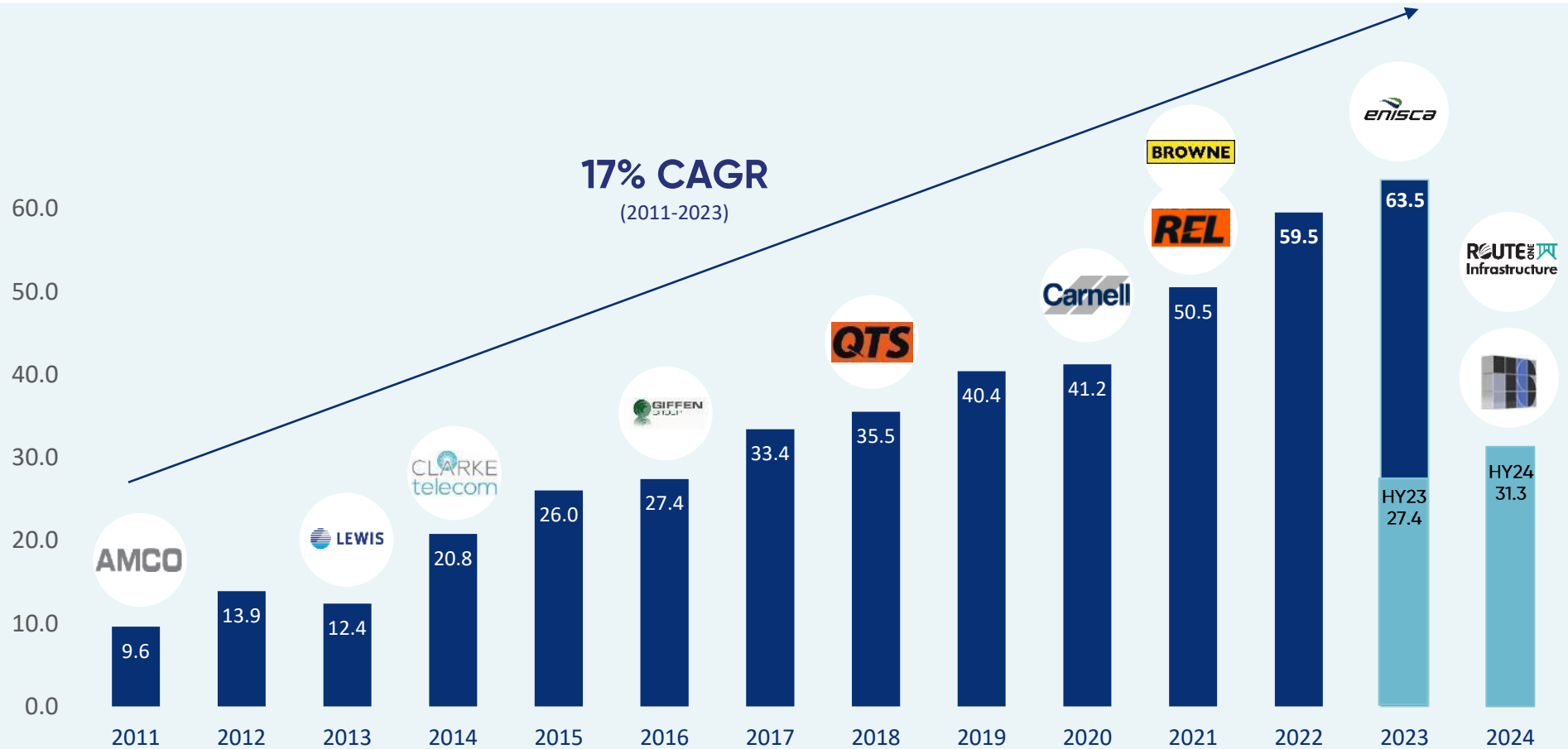


\*From continuing operations

\*\*FY20 and FY21 FCF impacted by Covid-19 VAT deferral and repayment.

FCF = EBITDA (inc. lease depreciation) – Working capital – Provisions – net capex (inc. lease principal payments) - pension – cash exceptional charges – cash interest – cash tax

## Adjusted EPS track record



# M&A: The opportunity

*Consolidate fragmented market, expand service offerings, enter new sectors*

## Current Sectors – acquisitions to expand existing service offering

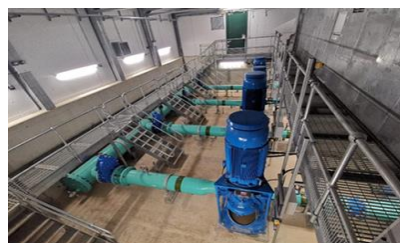
## New Sectors – identifying additional verticals to diversify business

Rail	Energy	Environmental	Infrastructure	Energy Transmission & Distribution	Renewables
Improve offering ahead of CP7 & support decarbonisation	Support growth in New Nuclear and PPP programme	Increase water offering ahead of AMP8 and consider opportunities in the flood and coastal infrastructure market	Widen scope of services within highways, telecoms and aviation	Working directly for distribution Network Operators and Transmission Operators	Targeting a range of new opportunities

## Capability expansion through M&A



**Acquired: June 2021**  
Overhead line capability combined with existing rail skills positions the business strongly for decarbonisation opportunities



**Acquired: November 2022**  
Acquisition of MEICA capabilities increases opportunities in the water sector ahead of AMP8



**Acquired: October 2023**  
Doubles the Group's specialist nuclear manufacturing capacity to target significant new opportunities in the civil nuclear market



**Acquired: April 2024**  
Expands the Group's Highways capabilities. Route One provides end-to-end solutions for bridge deck maintenance and protection

# Operational review



# Rail



## £45.4bn<sup>2</sup>

Control Period 7 investment  
(2024-2029)

### Our services

- Essential multidisciplinary engineering support providing maintenance and renewal services across the national rail network
- 24/7 emergency support provision

- Strong momentum and record revenues
- Success in securing & extending Network Rail CP7 frameworks
- Stronger position in CP7 than CP6
- Emergency response to significant weather events

# Rail growth opportunity

## Control period 7 (2024-2029)

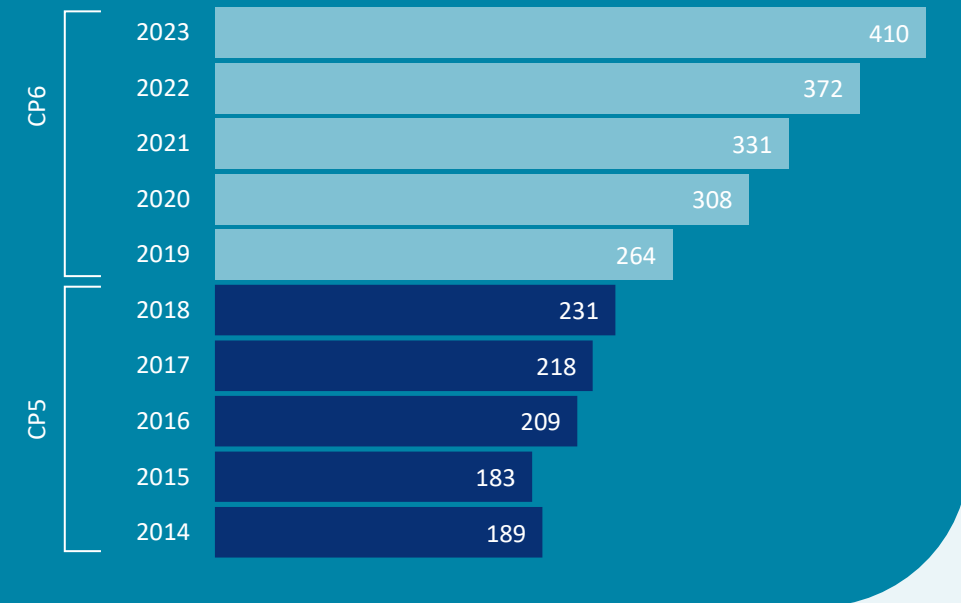
Total commitment

**£45.4bn<sup>2</sup>**

Addressable market

**£31.9bn**

### Revenue growth in rail (£m)



## Major Regional frameworks

Number of principal frameworks:

- North West & Central (9)
- Eastern (9)
- Wales and Western (9)
- Southern (6)
- Scotland (11)

### 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



# Infrastructure



## £27.4bn<sup>3</sup>

Road Investment Strategy 2  
(2020-2025)

### Our services

- Multidisciplinary engineering support providing maintenance and renewal services across the strategic highway network
- Multidisciplinary engineering services to the wireless network infrastructure market
- Civil engineering services to the aviation industry

### Highways

- Acquisition of Route One Infrastructure (April 2024)
  - *Expands our services ahead of RIS3*
- Operating nationally on Scheme Delivery Frameworks

### Aviation

- Expanding customer base
  - New framework with Leeds Bradford Airport

### Wireless Telecoms

- Wide range of services for all major network operators
- Developing non-core routes to markets



# Energy



## £4bn<sup>4</sup>

Approximate NDA\* spend per annum

### Our services

- Multidisciplinary engineering support to nuclear facilities
- Decommissioning, asset care, maintenance, new build support and specialist manufacturing
- Mechanical, electrical and instrumentation services

### Nuclear

- Expanding position at Sellafield through contract awards
- Developing our civil nuclear customer base
- Acquisition of TIS doubles specialist manufacturing capacity
- Long-term sustainable demand for nuclear grade components

### EV Infrastructure

- Growing momentum with fleet and charge point operators

\*Nuclear Decommissioning Authority

# Environmental



## £51bn<sup>5</sup>

AMP7 (2020-2025)

### Our services

- Maintaining and renewing clean and wastewater networks and waterway assets
- Civils and MEICA specialisms
- Flood risk management programmes
- 24/7 emergency reactive works
- Specialist restoration and land remediation

### Water

- Strong momentum and record revenues
- AMP8:
  - New framework successes and extensions
  - Expanded client base ahead of AMP8
  - Ongoing procurement process
- Engaged by 10 of the 12 combined waste and water companies

### Flood and Coastal

- More urgent need for increased investment
- Further framework successes with the Environment Agency



# High Quality Residential, Landmark and Science



## One hundred year heritage

### Our services

- Prestigious private residential refurbishment
  - Landmark schemes
  - Development of research and laboratory schemes
  - Specialist restoration
- 
- Medical Research Council Framework at Harwell
  - Ongoing Defra frameworks
  - Diligent approach to contract selectivity
  - Prestigious landmark awards



# Sustainability - The Renew Resilience Plan



## Take climate action

- Increase use of energy from "green" tariffs
- Improvements in electric and hybrid company car options
- Move our commercial fleet to low carbon

## Our targets

- 100% of energy we use will be derived from 'green' energy tariffs
- Gas oil reduction ratio
- 80% of our commercial fleet will be low carbon by 2030

## Our progress

- Retained our LSE Green Economy Mark
- Trialling the use of alternative, cleaner energy sources to power our sites
- Procurement of electrical & hybrid vehicles across our businesses



## Operate responsibly

- Reduce our Lost Time Incident Frequency Rate (LTIFR)
- Reduce the amount of waste sent to landfill
- Mandatory waste broker
- Improve our gender pay gap

## Our targets

- 95% of eligible waste diverted from landfill
- 0 Lost Time Incident Frequency Rate ("LTIFR")

## Our progress

- Regular Safety, Environmental, Management and Quality events
- Increased amount of waste diverted from landfill



## Build social value

- Commitment to community projects
- Focus on STEM engagement within our communities

## Our targets

- 1 working day per employee assisting community projects (hours)
- 50 STEM events supported

## Our progress

- Undertook a range of initiatives including volunteering and community support
- STEM and education events supported



## Empower our people

- Improve the rate of response to our employee surveys
- Increase the number of mental health first aiders
- Continuous focus on employee development

## Our targets

- 70% employee survey response rate
- 1:20 mental health first aiders
- 4.5 training days per employee

## Our progress

- Continued bespoke leadership development programme
- Diversity and inclusion forums

Quantitative performance against targets will be set out at the full year.

# Summary



## Outlook

- Continued focus on long-term, non-discretionary spending programmes
  - *Compelling £600bn UK infrastructure investment commitment*
- Climate resilience driving networks investment priority
- Expanded services and geography in existing markets
- Strengthened order book of £898m providing good visibility
- Significant organic growth opportunities in existing markets
- Good M&A pipeline supported by a strong balance sheet
- Positive momentum going into H2



# Appendix





## Segmental analysis

### Engineering Services

For the six months ended 31 March

	<b>2024</b>	<b>2023</b>
	<b>£m</b>	<b>£m</b>
Revenue	<b>505.4</b>	435.8
Operating profit*	<b>35.1</b>	29.7
Operating margin*	<b>6.9%</b>	6.8%
Order book	<b>831</b>	780

### Specialist Building

For the six months ended 31 March

	<b>2024</b>	<b>2023</b>
	<b>£m</b>	<b>£m</b>
Revenue	<b>47.4</b>	36.0
Operating profit	<b>0.8</b>	0.5
Operating margin	<b>1.7%</b>	1.4%
Order book	<b>67</b>	110

\*Operating profit and margin are stated prior to amortisation and exceptional items

## Amortisation and exceptional items

For the six months ended 31 March

	<b>2024</b>	<b>2023</b>
	<b>£m</b>	<b>£m</b>
Amortisation	<b>2.5</b>	3.0
Goodwill remeasurement	-	(2.2)
Acquisition of TIS (2023:Enisca)	<b>0.1</b>	0.6
<b>Total</b>	<b>2.6</b>	1.4

## Our differentiated business model

### Markets with committed regulatory funding

- Visible, reliable and resilient revenue via maintenance and renewal programmes within long-term regulatory spending periods
- The UK Government committed to a record £600bn<sup>1</sup> investment in the UK's infrastructure from 2023-2028

### Delivering mission-critical infrastructure services across the UK

- Exposure to core infrastructure markets underpins business model strengths
- Providing 24/7 specialist engineering solutions to keep the nation's infrastructure operational

### Low-risk, non-discretionary maintenance and renewals

- Lower financial and contractual risk profile than those delivering large capital-led enhancement schemes with short durations
- Capital-light, opex-led maintenance and renewals model
- Commercial terms within our contracts protect against inflation

### Operating in complex, challenging and highly regulated environments

- End markets with high barriers to new entrants requiring specialist skillsets
- Ensuring compliance through an embedded safety culture

### Highly skilled, directly employed workforce

- High-quality engineering expertise
- Responsiveness, control and agility
- Reduced exposure to sub-contractor pricing volatility

### Proven track record of compounded earnings growth and strong cash generation

- Differentiated investment case based on resilience of business model, structurally attractive end markets and scope for further growth as infrastructure spend increases
- 17% EPS CAGR 2011-2023

### Committed to adding value through innovation and collaboration

- Investing in innovation to deliver superior and more sustainable customer service solutions
- Combining the capabilities of our branded businesses unlocks additional growth opportunities

The Government committed to a record

**£600bn<sup>1</sup>**

**investment in the UK's infrastructure between 2023-2028**

## Leveraging organic growth through collaboration



Overhead Line capability (OLE) combined with existing rail skills positions the business strongly for decarbonisation opportunities



Successfully awarded fencing framework with Welsh Water (DCWW)



Collaborating on AMP8 water procurement strategy



Collaborating on heritage restoration schemes



Collaboration between AmcoGiffen and Carnell resulting in successful award of National Highways Restraint Framework



Collaborative opportunities with South East Water and Essex & Suffolk (Northumbrian)



Collaborating on water schemes for Yorkshire Water and Welsh Water (DCWW)



Delivering EV charging infrastructure to Network Rail sites

## References

- 1 HM Treasury, Spring Budget 2024 – March 2024
- 2 Network Rail, Our delivery plan for Control Period 7 1 April 2024 to 31 March 2029
- 3 UK Government Department for Transport, Planning ahead for the Strategic Road Network - December 2021
- 4 UK Government Nuclear Decommissioning Authority Business Plan 1 April 2024 to 31 March 2027
- 5 Ofwat PR19 final determinations, Overview of companies' final determinations - December 2019

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