



ENGINEERING FOR A BETTER TOMORROW

Renew Holdings plc

Preliminary results for the year ended 30 September 2024

Paul Scott
Sean Wyndham-Quin

Chief Executive Officer
Chief Financial Officer



renew

INTRODUCTION

A YEAR OF FURTHER PROGRESS



AMCO GIFFEN

Clarke Telecom

QTS

seymour

Carnell

BROWNE

SEL

EXCALON

Full Circle.

envolve³

Infrastructure

*Following disposal of Walter Lilly post period end the order book only includes Engineering Services and the financial statements have been amended to excluded its trading result from profit for the year from continuing activities. Its result has been included in discontinued activities. All FY23 comparatives have been restated accordingly, in compliance with IFRS 5.

INTRODUCTION

OUR DIFFERENTIATED BUSINESS MODEL

Rail



Infrastructure



Energy



Environmental



Across all of these sectors we...

Are in markets with committed regulatory funding

Deliver mission-critical infrastructure services across the UK

Carry out low-risk, non-discretionary maintenance and renewals

Utilise a highly skilled, directly employed workforce

Operate in complex, challenging and highly regulated environments

Have a proven track record of compounded earnings growth and strong cash generation

Are committed to adding value through innovation and collaboration

The Government has committed to a record **£600bn investment** in the UK's infrastructure, 2023-2028¹

FINANCIAL REVIEW



FINANCIAL REVIEW

HIGHLIGHTS

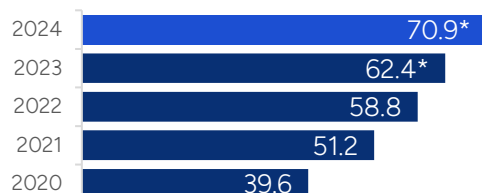
Group revenue

£1,057m



Adjusted operating profit

£70.9m



Adjusted EPS¹p

65.9p



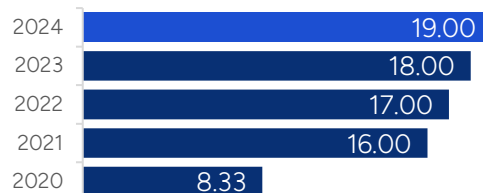
Adjusted operating margin

6.7%



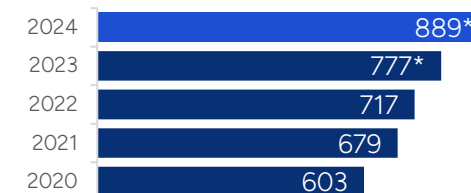
Dividend per share

19.00p



Engineering Services order book¹ £m

£889m



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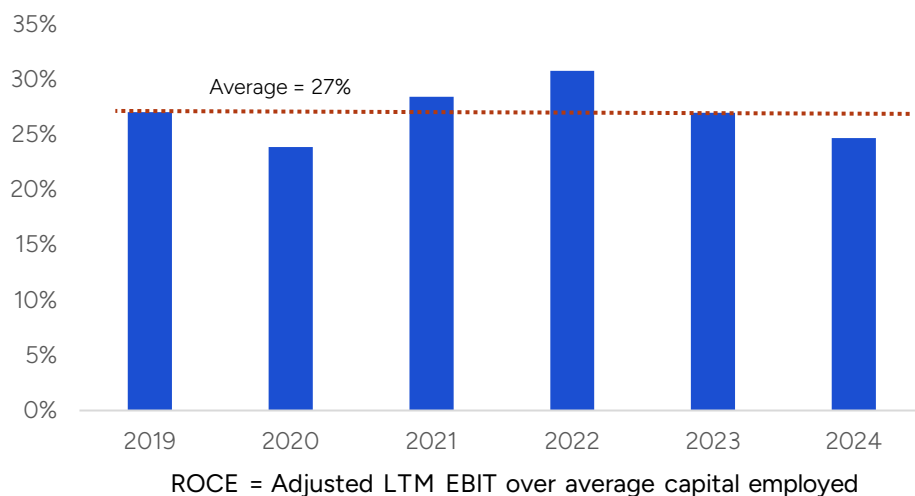
FINANCIAL REVIEW

INCOME STATEMENT

	FY24* £m	FY23* £m
Revenue	1,057.0	887.6
Operating profit	70.9	62.4
Net finance costs	(1.0)	(0.9)
Profit before exceptional items and amortisation	69.9	61.4
Exceptional items and amortisation	(9.7)	(4.6)
Profit before taxation	60.2	56.8
Taxation	(16.2)	(10.7)
Profit after taxation	44.0	46.1
EPS	65.9	62.3

- Revenue increased by 19.1% to £1,057m* (2023: £887.6m*)
– *Organic revenue growth of 16.6% in the year*
- Operating profit increased by 13.8% to £70.9m (2023: £62.4m*)
- Adjusted operating profit margin of 6.7% (2023: 7.0%*)
- EPS increased by 5.8% to 65.9p (2023: 62.3p*)
- Final dividend of 12.67p (2023: 12.00p)
– *Full year dividend of 19.00p (2023: 18.00p)*

ROCE



- FY24 ROCE 25% (FY23: 27%)
- 5-year average ROCE of 27%
- Slight reduction in ROCE in the period principally due to timing of acquisitions
- Consistent high return on capital reflect asset light model

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FINANCIAL REVIEW

BALANCE SHEET

For the year ended 30 September	FY24* £m	FY23* £m
Intangible assets	195.1	176.7
Property, plant and equipment	25.6	19.4
Right of use assets	24.2	19.1
Investment in joint ventures	3.8	4.0
Deferred tax (liability) (net)	(9.1)	(6.7)
	239.6	212.5
Current assets	190.1	192.3
Current liabilities	(203.1)	(228.7)
Net current liabilities	(13.0)	(36.4)
Cash	28.2	35.7
Assets held for sale (net)	(9.5)	-
Long-term liabilities	(40.3)	(33.4)
Net assets prior to pension schemes	205.0	178.4
Pension schemes (net)	1.4	1.0
Net assets	206.4	179.4

- Pre IFRS16 net cash £25.7m (2023: £35.7m)
– *IFRS16 net cash £1.1m (2023: £18.0m)*
- £120m RCF secured until November 2026 providing significant acquisition firepower
– *Margin 180bps*
– *Commitment fee 35bps*
- The disposal of Walter Lilly required its assets and liabilities to be reclassified in the FY23 and FY24 balance sheet as assets held for sale.
- Work continues on pension true-up calculations required before a buy-out can take place
- Increased provision against discontinued, historic liabilities in Allenbuild:
– *£0.9m cash outflow in year (2023: £1.3m)*
– *Provision increased to £10.0m (2023: £7.5m)*
- Post year-end:
 - Acquisition of Full Circle Ltd for £50.5m on 7 October 2024
 - Walter Lilly sold on 4 October 2024 – no ongoing liabilities

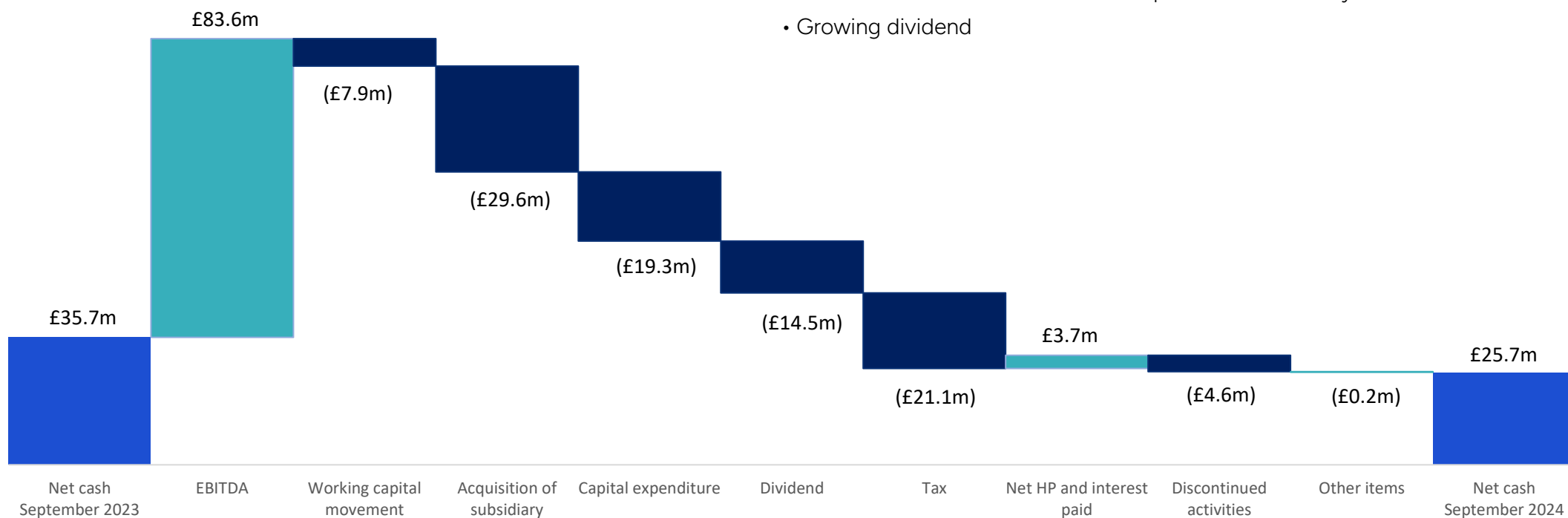
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FINANCIAL REVIEW

CASH FLOW BRIDGE

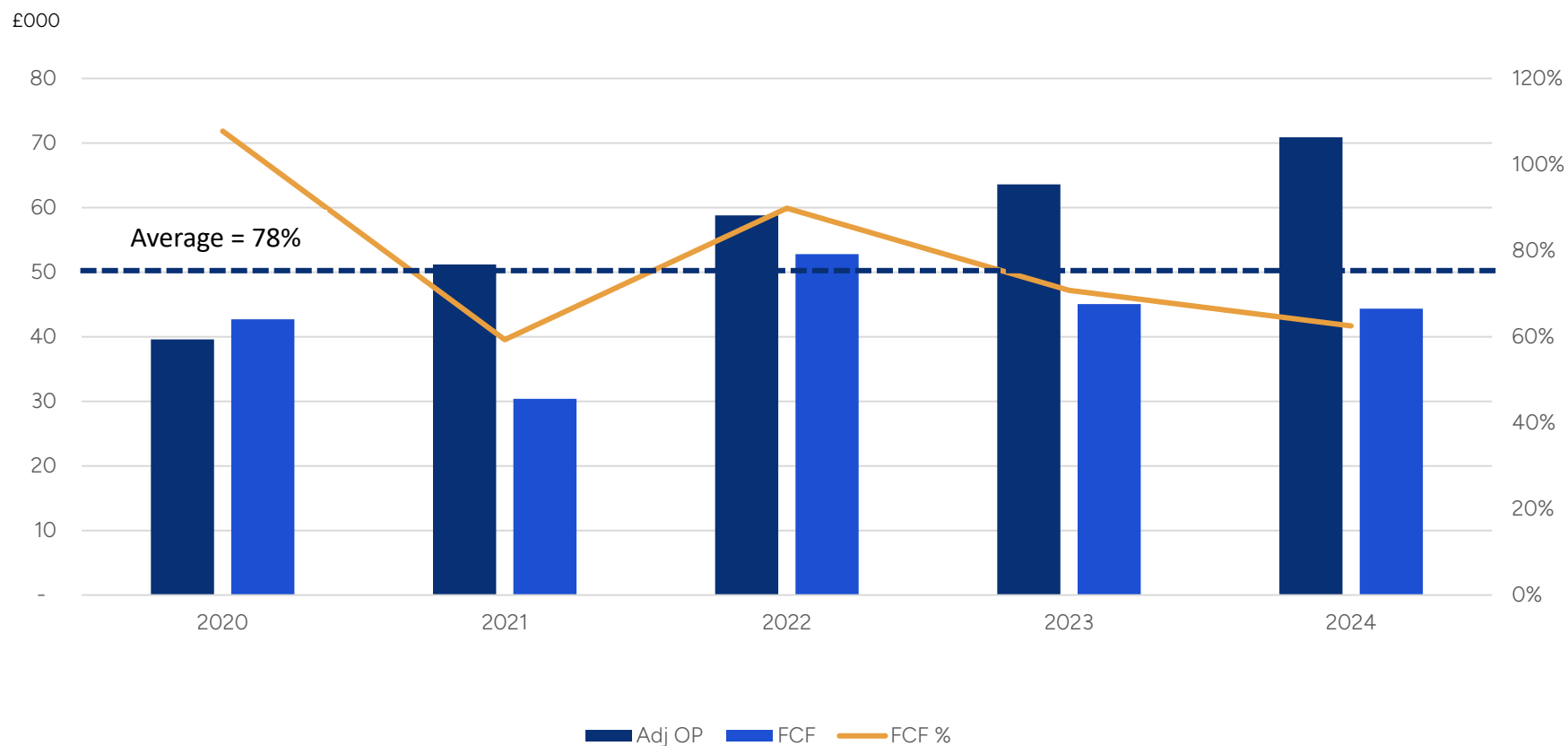
Strong cash generation supporting growth strategy

- Strong cash generation
- Acquisition of TIS, Route One and Excalon during the year
- Continued investment in innovative plant and machinery
- Growing dividend



FINANCIAL REVIEW

FREE CASH FLOW CONVERSION*



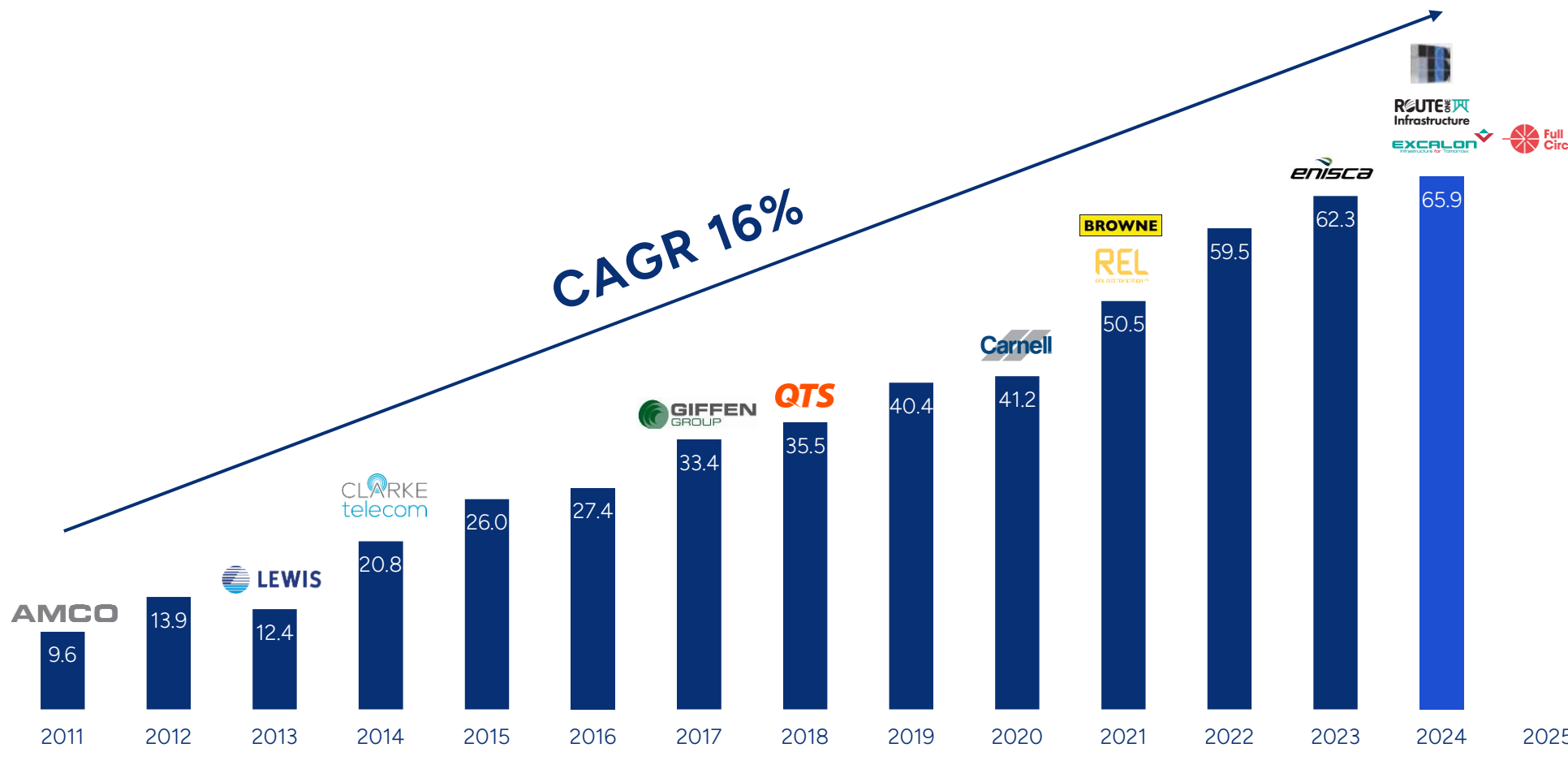
* From continuing operations.

** 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

FINANCIAL REVIEW

ADJUSTED EPS* TRACK RECORD

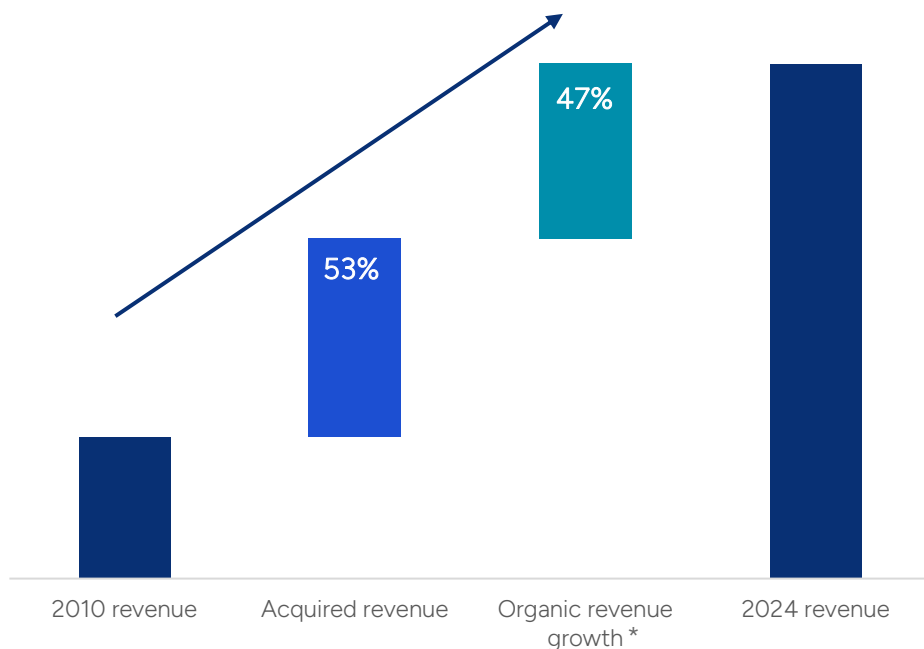


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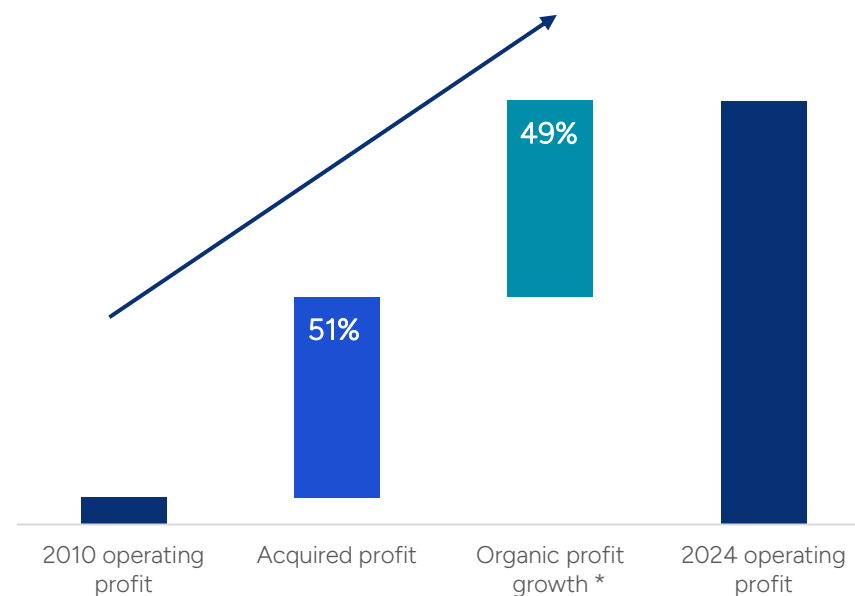
FINANCIAL REVIEW

A BALANCED APPROACH TO M&A AND ORGANIC GROWTH

Revenue growth drivers



Profit growth drivers



*All growth from acquisitions that occurs after the date of the acquisition is treated as organic.

MARKET AND OPERATIONAL REVIEW

A photograph of a worker wearing a dark hard hat and a high-visibility safety vest. The worker is positioned on the left side of the frame. A large, semi-transparent blue circle is overlaid on the right side of the image, partially obscuring the worker's face and the background. The background is a blurred industrial or construction site. The text 'MARKET AND OPERATIONAL REVIEW' is overlaid in large, white, bold, sans-serif capital letters on the left side of the image, partially overlapping the worker's head and the blue circle.

MARKET AND OPERATIONAL REVIEW

END MARKETS UNDERPINNED BY NON-DISCRETIONARY LONG-TERM RENEWAL & MAINTENANCE PROGRAMMES

Rail



c.£7.7bn*

Annual Addressable Market

- Network Rail CP7 £6.4bn*
- TOC's & LA rail spend £0.3bn*
- TRU, MMLE, Midlands Hub £1.0bn*

85 Total current frameworks

Infrastructure



c.£5.6bn*

Annual Addressable Market

- RIS3 and LA R&M £4.1bn*
- Telecoms £1.4bn*
- Aviation £0.1bn*

73 Total current frameworks

Energy



c.£9.2bn*

Annual Addressable Market

- Transmission & distribution £3.8bn*
- Nuclear £1.9bn*
- Onshore wind UK & Europe £3.5bn*

28 Total current frameworks

Environmental



c.£8.0bn*

Annual Addressable Market

- AMP8 £7.0bn*
- EA £0.8bn*
- CRT £0.2bn*

60 Total current frameworks

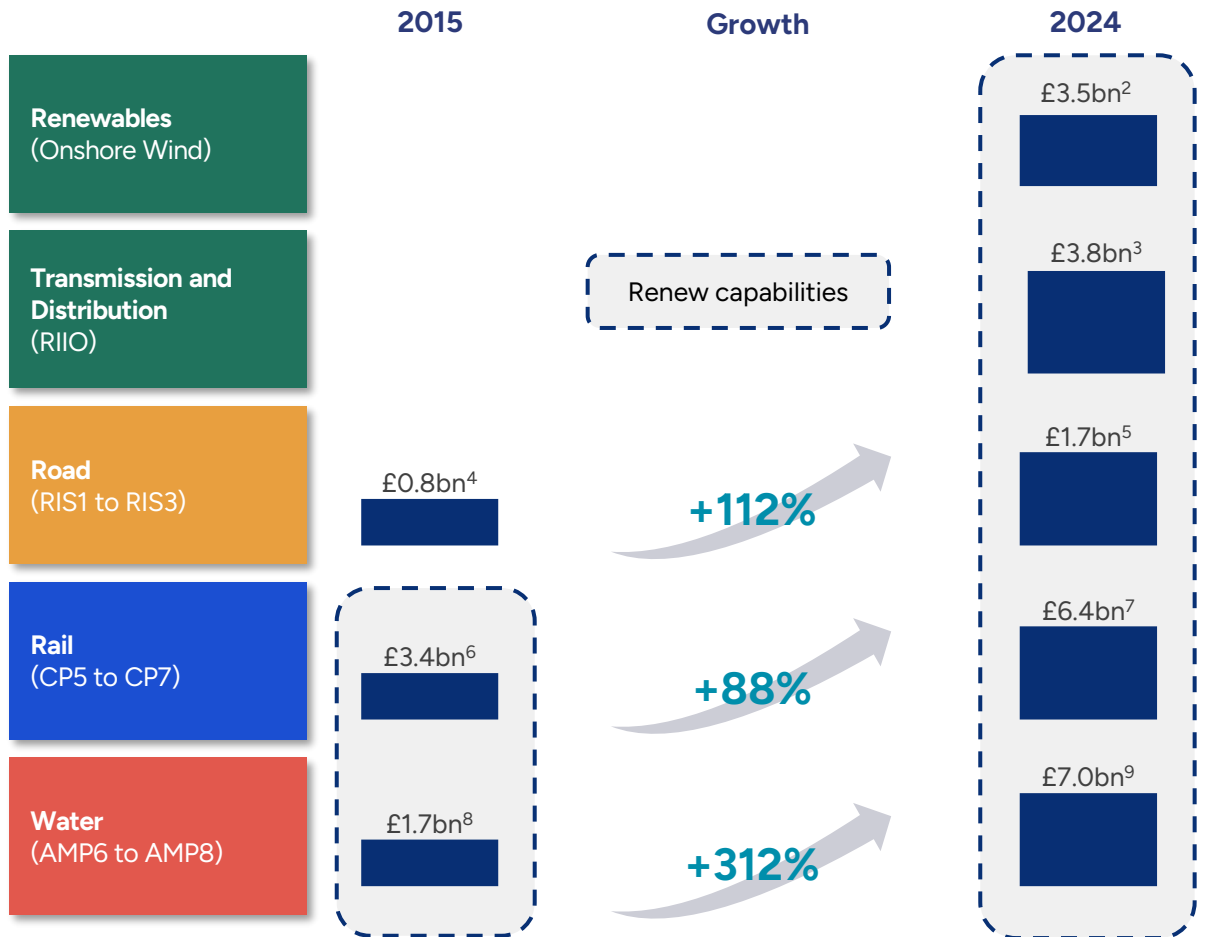
Annual addressable market **c.£31bn** focused on operating budgets

*Above figures are derived from management assessment of annual addressable markets from publicly available sources

MARKET AND OPERATIONAL REVIEW

RENEWAL AND MAINTENANCE IS A GROWING MARKET AND INHERENTLY LOWER RISK THAN CAPEX BUDGETS

Growth in renewal and maintenance spend



Renew's engineering revenue £0.4bn

£1.1bn

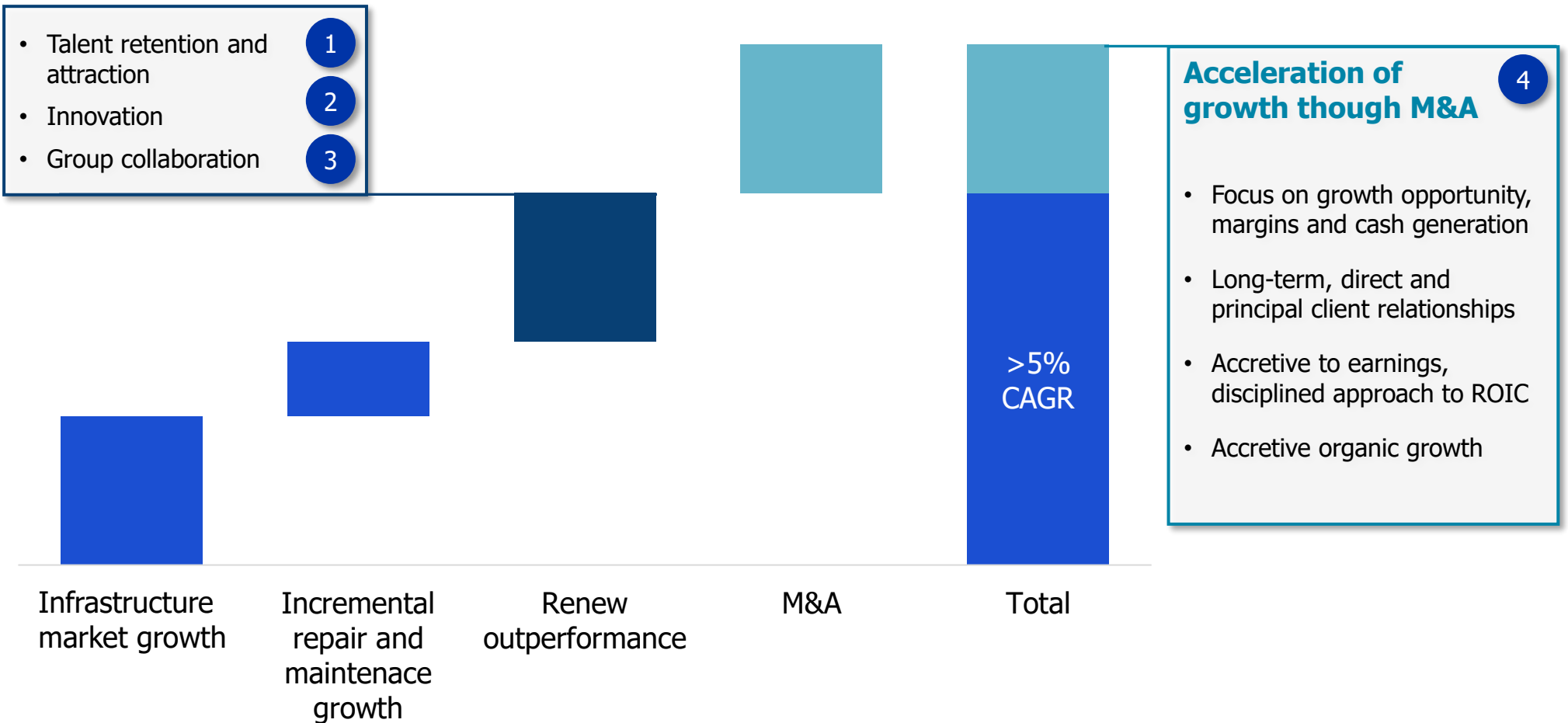
Renew's number of frameworks 98

246

<p>£75k</p> <p>Average highways task value</p>	<p>£30k</p> <p>Average rail task value</p>	<p>£223k</p> <p>Average water task value</p>
<p>The focus on the latest National Highways ("NH") strategy is likely to be on renewals and maintenance with NH budget expected to double.</p>		
<p>Significant proportional increase in Network Rail R&M committed spend addressing aging assets and climate vulnerability.</p>		
<p>Ofwat draft determination anticipates a total spend of £88bn with a significantly increased emphasis on renewing and maintaining the network.</p>		

MARKET AND OPERATIONAL REVIEW

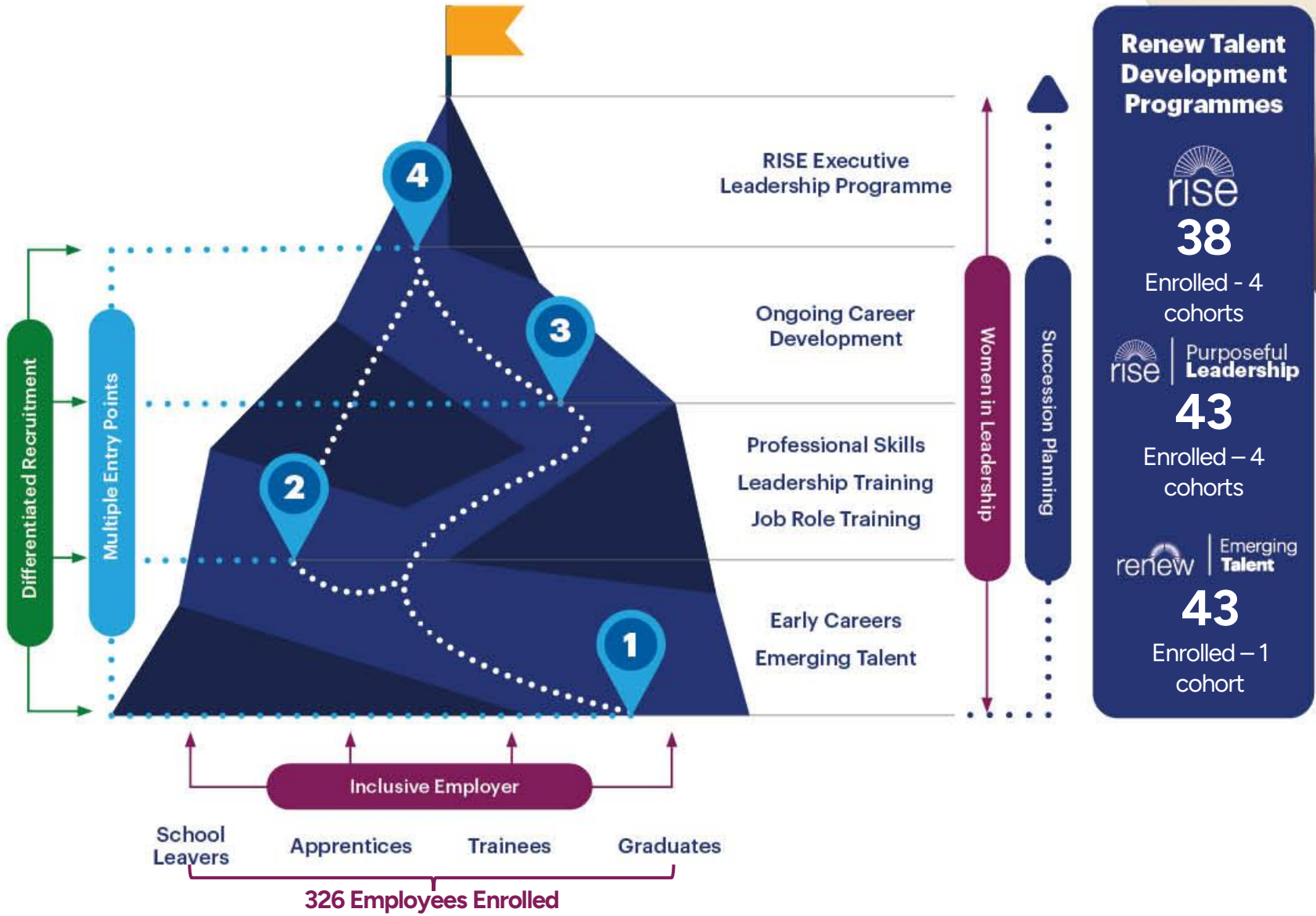
OUR GROWTH LEVERS TO DRIVE MARKET OUTPERFORMANCE



MARKET AND OPERATIONAL REVIEW

1 TALENT RETENTION AND ATTRACTION

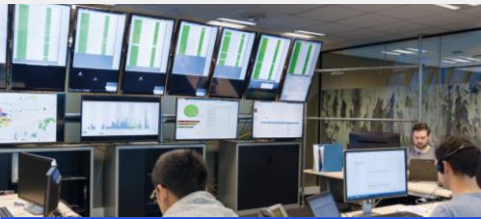
- RESOURCING FUTURE GROWTH OPPORTUNITIES



MARKET AND OPERATIONAL REVIEW

2 INNOVATION STRENGTHENING MARKET COMPETITIVENESS

Predictive Maintenance



- Wind turbine management
- SmartScan
- Storm overflow monitoring

Inspections & Monitoring



- Wind turbine blade monitoring
- 3D rail condition monitoring
- Rail embankment stability

Rail Operations



- Megavac
- MegaChipper
- COSS Academy

Road Operations



- StoneMaster
- SafetyCAM
- Find and Fix

Increasing Efficiency

Mega Chipper
10x faster delivery

Enhancing resilience

Early intervention
at Combined Sewer
Overflows

Reducing carbon

7.1t of CO² saved per km
of filter drain recycling

Improving safety

55% reduction in speeding
through roadworks

MARKET AND OPERATIONAL REVIEW

3 DRIVING ORGANIC GROWTH THROUGH COLLABORATION

Overhead Line Electrification



ARO

National Grid Transmission Framework



AMCO·GIFFEN
EXCALON
Infrastructure for Tomorrow

National Highways Road Restraint Framework



AGC

MEICA complementing existing capabilities



sbewater

£165m of frameworks won through collaboration over the last 3 years

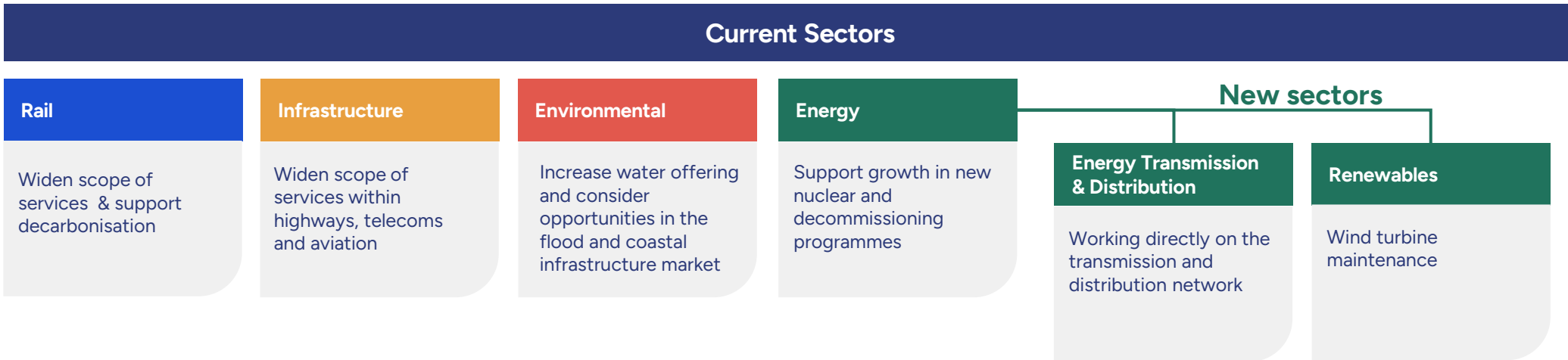
Accelerating access to new markets

Leveraging broader service capabilities

MARKET AND OPERATIONAL REVIEW

4 M&A: THE OPPORTUNITY

Consolidate fragmented markets, expand service offering, enter new sectors



What we look for – key M&A attributes

- 1 Engineering Services with opex focused budgets
- 2 Highly attractive finances with EBIT up to £50m, operating margins >5%, a strong cash generative working capital model and inflation resilience
- 3 Long term, direct, principal client relationships preferably engaged via frameworks
- 4 Preferably a direct delivery model
- 5 Complementary bolt on or standalone brand in markets with high barriers to entry

Capability expansion through M&A

ROUTE Infrastructure **Acquired: April 2024**
 Attractive specialist engineering business, providing end-to-end solutions for bridge deck maintenance and protection

EXCALON **Acquired: June 2024**
 Expansion into attractive electricity transmission and distribution market, specialising in provision of high voltage infrastructure

Full Circle **Acquired: October 2024**
 Entry into onshore wind services market, specialist provider of repair, maintenance and monitoring services in the UK and Europe

MARKET AND OPERATIONAL REVIEW

4 ACQUISITION OF EXCALON – ENTRY INTO THE ELECTRICITY DISTRIBUTION MARKET



Strong fundamentals

Excellent strategic fit and entry into a new market with a leading, well established and highly regarded brand

Specialist in the provision of high voltage and extra high voltage infrastructure services which are growing in demand

Experienced management team and numerous long-term frameworks with UK Distribution Network Operators

An exciting opportunity to accelerate growth

Leverage Renew brand, operational excellence and collaborative opportunities to support growth

Compelling, long-term market growth drivers underpinned by the critical need to upgrade and reinforce the distribution and transmission network

Pipeline of organic growth opportunities with existing distribution customers, including geographical expansion. Opportunities to expand into transmission

£24m
Enterprise Value

8x
EBITDA multiple

£4m
EBIT Earnout target (2026)

7%
Sustainable EBIT margin

Integration largely complete

MARKET AND OPERATIONAL REVIEW

4 ACQUISITION OF FULL CIRCLE – ENTRY INTO THE HIGHLY ATTRACTIVE ONSHORE WIND ENERGY MARKET



Strong fundamentals

High quality earnings, underpinned by leading capabilities and pan European reach

Compelling, long-term market growth drivers underpinned by net zero commitments

Strong pipeline through 'preferred partner' status, and an experienced management team

Long-term attractive growth opportunities

Leverage Renew operational excellence and additional capabilities to accelerate organic growth

Renew balance sheet will support both organic and inorganic growth ambitions

Well invested attractive platform to take advantage of a highly fragmented market in the UK & Europe

£51m
Enterprise Value

10x
EBITDA multiple

> £30m
Annualised revenue

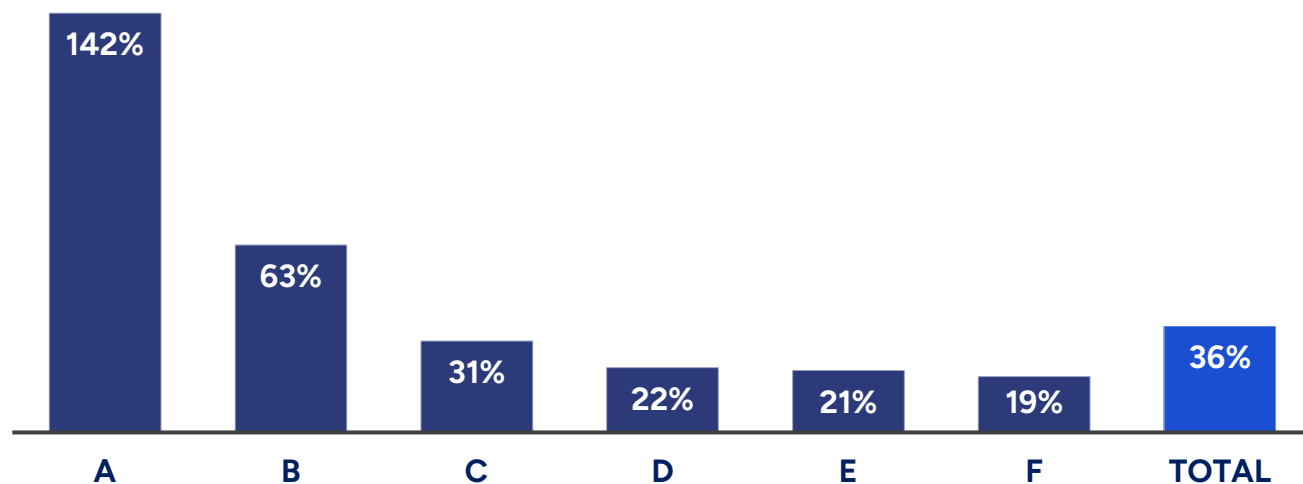
14%
Sustainable EBIT margin

Integration progressing well

OPERATIONAL REVIEW

4 GENERATING VALUE THROUGH M&A

FY24 Acquisition EBIT ROI¹



Principal subsidiaries acquired since 2010

¹ EBIT ROI is calculated as FY24 operating profit for each business over acquisition costs. It includes all principal subsidiaries acquired since 2010 but excludes Excalon and Full Circle which did not make a contribution (or full contribution) in FY24 and would therefore not produce a meaningful calculation. Bolt-on's were not included because their contribution is not separately reported.

x11
Track record of high-quality acquisitions over 14 years

£192m
invested in principal acquisitions with only **£60m of new equity** raised over that period

<x1
Net Debt: EBITDA did not exceed 1x over that period

50%
average EBIT ROI

OUR COMMITMENT TO ESG



OUR COMMITMENT TO ESG

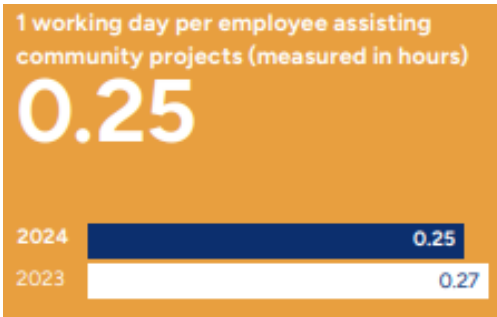
OUR COMMITMENTS

THE RENEW RESILIENCE PLAN

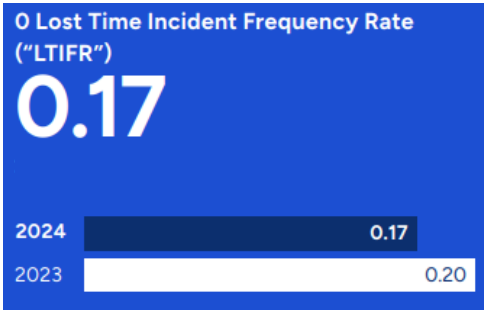
Our approach to ESG is structured around four essential commitments, ensuring we uphold our stakeholders' environmental, social, and governance values.



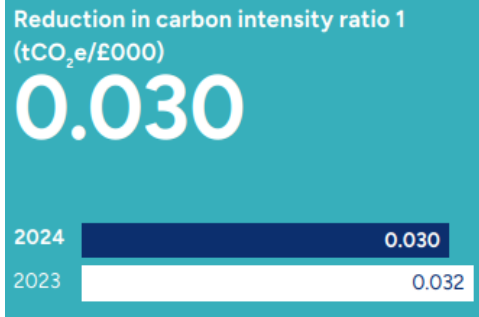
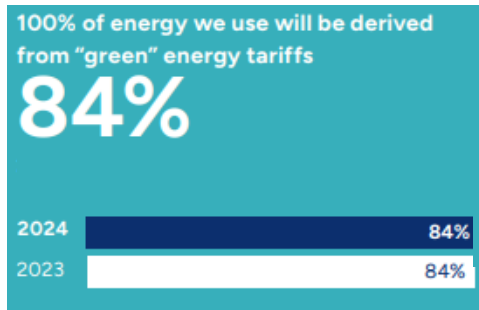
Build social value



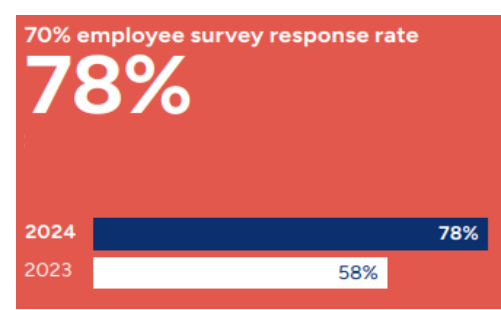
Operate responsibly



Take climate action



Empower our people



SUMMARY

SUMMARY

OUR COMPOUNDING MODEL

£20m-£40m

Average acquisition

M&A

Organic Growth

>5%

Organic growth

renew

>60%

Cash conversion

Free Cashflow

Stable Margins

>6.5%

Adjusted operating margin

Average 5 Year ROCE

27% ROCE

Significant growth opportunities across our markets

SUMMARY

OUTLOOK



Now a pure play engineering services provider



End markets underpinned by non-discretionary, long-term renewal and maintenance demand



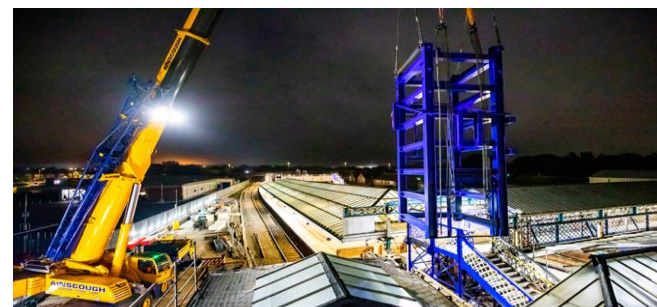
Asset performance and reliability driving prioritisation of funding



New growth opportunities with entry into renewables and electricity distribution and transmission markets



Good M&A pipeline supported by a strong balance sheet



Strong order book moving into 2025

APPENDIX



APPENDIX

REFERENCES

- 1 <https://www.gov.uk/government/publications/autumn-budget-2024/autumn-budget-2024-html#rebuilding-britain-1>
- 2 Management assessment of available opportunity.
- 3 <https://www.ofgem.gov.uk/energy-policy-and-regulation/policy-and-regulatory-programmes/network-price-controls-2021-2028-riio-2>
- 4 <https://www.gov.uk/government/collections/road-investment-strategy>
- 5 Management assessment of available opportunity.
- 6 <https://www.networkrail.co.uk/wp-content/uploads/2019/06/Delivery-Plan-for-Control-Period-5.pdf>
- 7 <https://www.networkrail.co.uk/wp-content/uploads/2024/03/Network-Rail-CP7-GB-Delivery-Plan.pdf>
- 8 https://www.ofwat.gov.uk/wp-content/uploads/2022/01/PR14_Review_Paper_Jan_2022.pdf
- 9 <https://www.ofwat.gov.uk/wp-content/uploads/2024/07/PR24-DD-sector-summary.pdf>

APPENDIX

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