



Severfield Full Year Results

30 March 2024



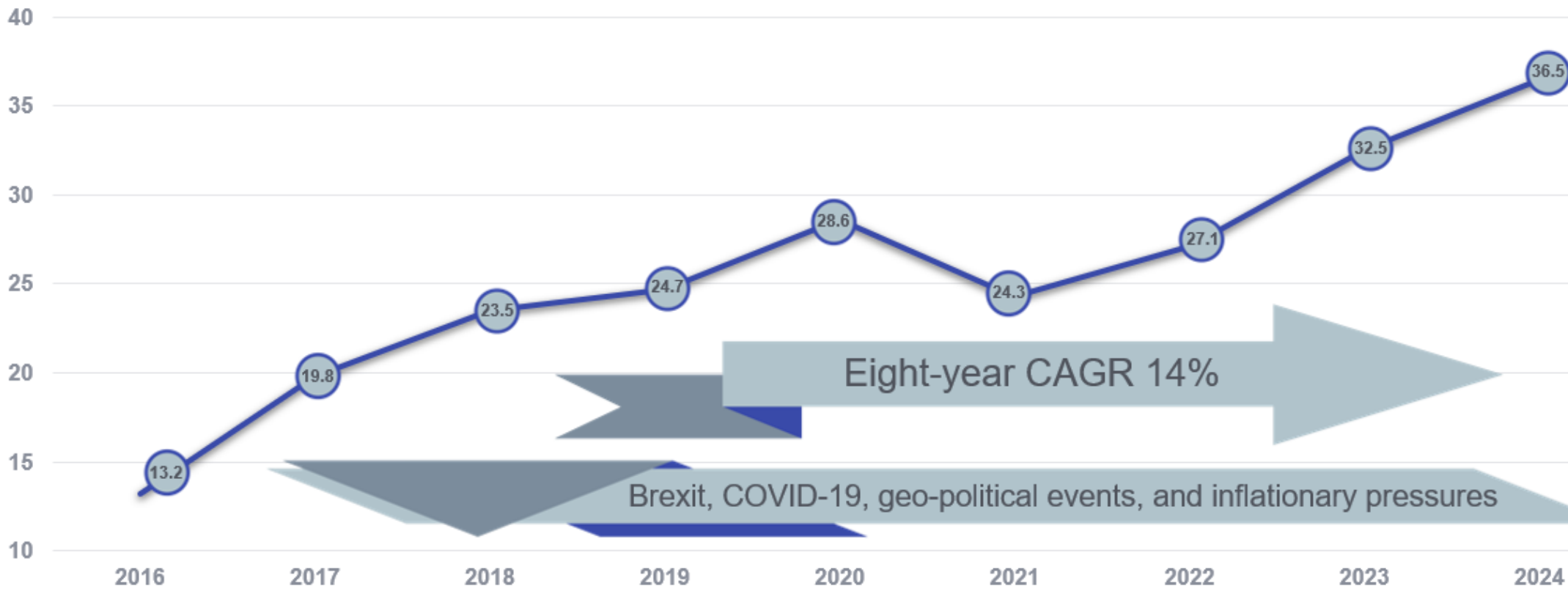
Alan Dunsmore

Chief Executive Officer

Resilient performance and profit growth



PBT £m





Headlines

- Revenue of £463m – lower revenue reflected softer market conditions in 2024
- Underlying profit before tax up 13% to £36.5m – ahead of expectations
- Net debt of £9.4m reflects operating cash conversion of 110%
- High-quality diversified UK and Europe order book of £478m (Nov 2023: £482m) includes higher proportion of European work
- Momentum and value is building in JSSL – increased share of profit of £2m, record EBITDA of over £13m, Gujarat expansion expected to start in H2
- Record India order book of £181m (Nov 2023: £165m)
- Underlying basic EPS up 5% at 8.9p per share
- Total dividend up 9% at 3.7p per share – 10 consecutive years of progressive dividends

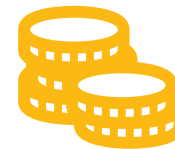


Adam Semple

Chief Financial Officer



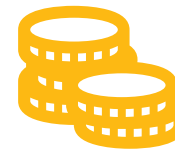
Group: ahead of expectations



£m	FY24	FY23	Change
Revenue	463.5	491.8	-6%
Underlying operating profit (before JVs and associates)	37.7 8.1%	33.1 6.7%	+14%
Results of JVs and associates	2.0	1.9	+0.1
Net finance expense	(3.1)	(2.5)	(0.6)
Underlying profit before tax	36.5	32.5	+13%
Tax	(9.0)	(6.3)	(2.7)
Underlying profit after tax	27.5	26.2	+5%

- Return on capital employed (ROCE) was 17.5% (2023: 15.8%)

Core Construction: continued profit growth



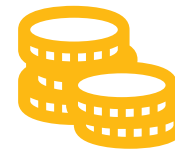
£m	FY24	FY23	Change
Revenue	449.2	476.8	-6%
Underlying operating profit	37.4	33.7	+11%
Underlying profit before tax	37.4	33.7	+11%
Revenue:			
Commercial and Industrial (C&I)	361.8	382.1	-5%
Nuclear and Infrastructure (N&I)	87.4	94.7	-8%

Revenue: C&I – decrease driven by distribution market conditions in 2024 and pause at Sunset Studios offset by VSCH
 N&I – decrease driven by infrastructure market conditions in 2024 and normal nuclear timing differences

Operating profit: Up 11% driven by good contract execution and VSCH

Strategic target: C&I – revenue growth in line with GDP, enhanced by stronger European market position, with margins of 8-10%
 N&I – medium term target to grow revenues to £125m+, with margins of 8-10%

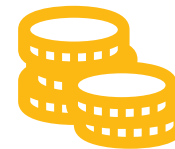
Modular Solutions: margins improving



£m	FY24	FY23	Change
Revenue	21.5	22.8	-6%
Underlying operating profit	0.3	(0.6)	+0.9
Share of profit of CMF	0.1	0.5	-0.4
Underlying profit before tax	0.4	(0.1)	+0.5

- **Revenue and operating profit:** slight decrease in revenue but improved mix of higher margin Severstor work reflected in profits
- **CMF:** lower profit mainly reflects under-recovery of overheads as new facility ramps up
- **Strategic target:** medium term target to grow revenue (SMS and CMF) to between £75m and £100m with 10% margins

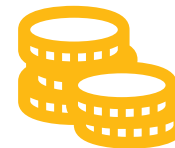
India: value continues to grow



£m	FY24	FY23	Change
Revenue	130.8	137.7	-5%
EBITDA	13.2	11.5	+15%
Operating profit	10.5 8.0%	8.9 6.5%	+18%
Finance expense	(5.5)	(5.5)	–
Profit before tax	5.0	3.4	+47%
Group share after tax (50%)	1.9	1.3	+46%

- Excellent performance and another record result – EBITDA of £13m
- Profit performance driven by consistent project execution and improved contract mix
- Output remains high at 100,000 tonnes (2023: 108,000 tonnes)

Non-underlying items



£m

Cash impacting items:

Legacy employment tax charge (including interest)

VSCH acquisition costs

Non-cash impacting items:

Asset impairment charges – Sherburn

Amortisation of acquired intangible assets

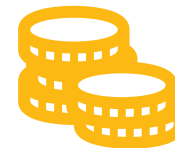
Other acquisition – related (credits)/charges

Total non-underlying items

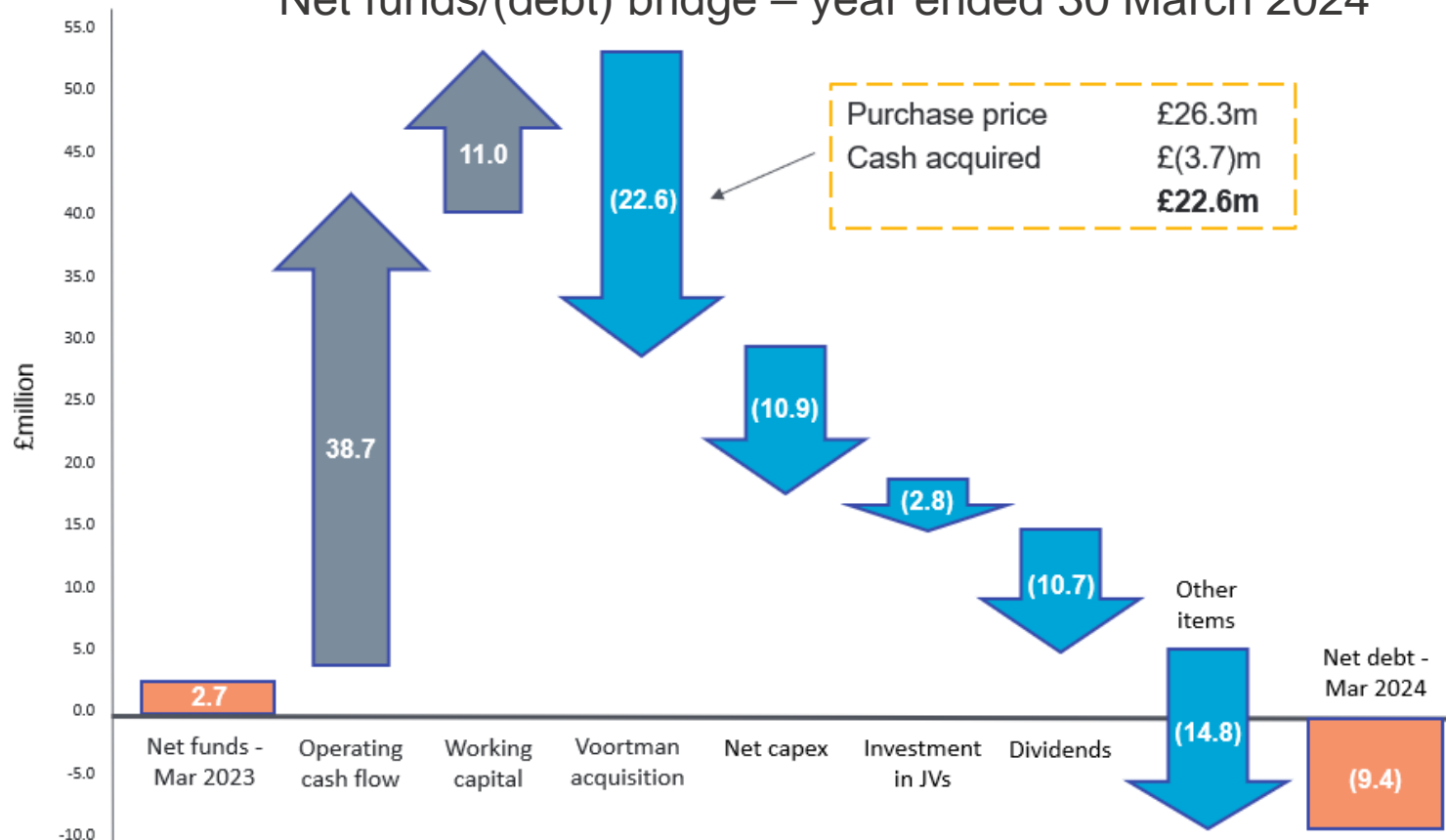
	FY24	FY23
Legacy employment tax charge (including interest)	4.4	–
VSCH acquisition costs	–	1.8
	4.4	1.8
Asset impairment charges – Sherburn	4.5	–
Amortisation of acquired intangible assets	5.4	3.4
Other acquisition – related (credits)/charges	(0.8)	0.2
	9.1	3.6
Total non-underlying items	13.5	5.4

- Legacy employment tax charge – assessment raised by HMRC for historical income tax and NIC liabilities which we are disputing. Issue arises from certain procedural matters associated with a change in tax legislation back in 2016.
- Asset impairment charges – relate to Modular Solutions leasehold facility in Sherburn where the landlord has terminated the lease.

Cash flow: investment to support growth



Net funds/(debt) bridge – year ended 30 March 2024



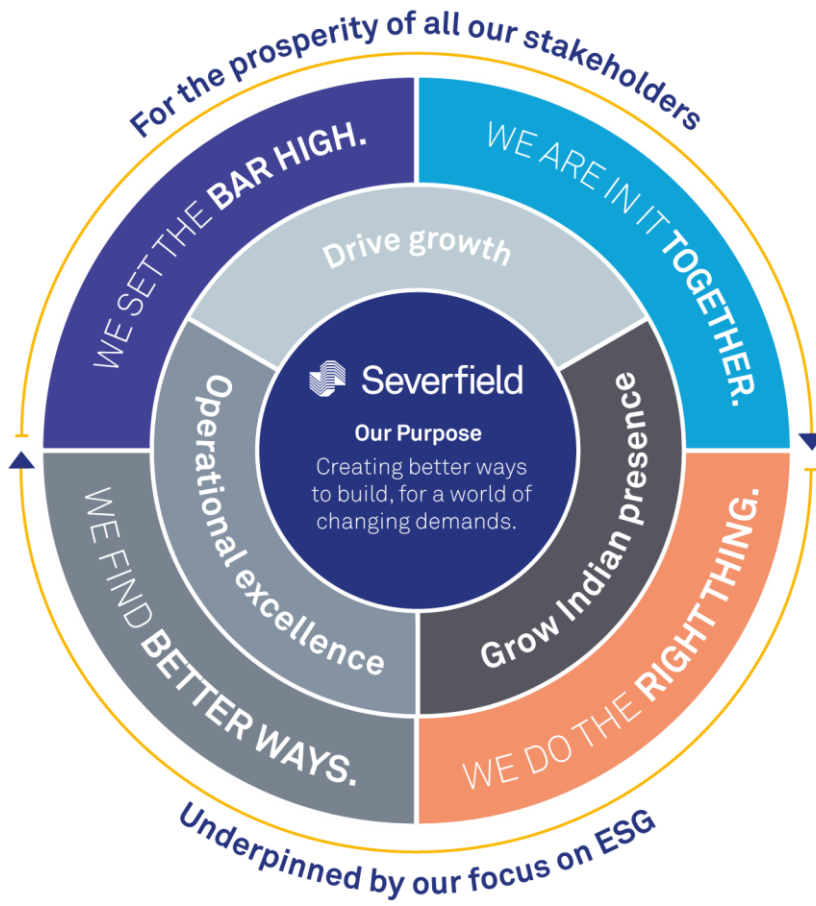
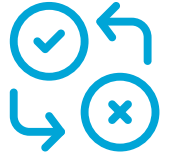
- Operating cash inflow of £38.7m – operating cash conversion of 110%
- Working capital inflow of £11.0m – year-end working capital was 4% of revenue
- Capital expenditure of £11.3m – mainly new and upgraded equipment for our factories
- £10m share buyback launched in April 2024



Alan Dunsmore

Chief Executive Officer

Our successful strategy is unchanged



Drive growth

- Well positioned in growth markets which are driving the green energy transition
- Stronger market position in Europe – acquisition of VSCH now combined with existing European operations
- New frameworks and contracts in N&I – green infrastructure and transport
- Growth in Modular Solutions – new products, expansion of CMF

Operational excellence

- Digital transformation through Project Horizon – system development, automation and AI
- Driving manufacturing and throughput improvements
- Innovation – including engineering solutions

Grow Indian presence

- Benefitting from strong economic growth and structural shift from concrete to steel in India
- Numerous identified growth opportunities including those in near markets like Saudi Arabia
- Expansion expected to start in H2 – continue to build value in JSSL

Project Horizon

Digital transformation and automation

- Successfully delivered key initial projects
- Established solid foundations for future long-term projects
- Grown and embedded our dedicated project team – self-funded through annual savings to date

Completed projects with realised savings and efficiencies

- Automated quality assurance system (SAM) to improve tracking and client reporting
- Integration of pricing, design and production databases to drive production and planning efficiencies
- New systems for purchase order approvals

Completed 'foundational' projects

- Construction site asset and construction resource tracking tools
- Use of barcoding for steel to improve traceability through production and onto sites

Reminder of our ESG credentials

Environmental

- CDP score of 'A' for leadership on climate change
- 'AAA' MSCI rating maintained for third year running
- Net Zero targets to reduce GHG emissions now verified by SBTi
- Maintained carbon neutral accreditation for manufacturing, office and construction operations
- FT climate leaders listing – included for fourth consecutive year
- Net Zero targets (scope 1 and 2) established for 2040

Social

- Gold membership of 'The 5% Club'
- 100% of our workforce is paid at least the Real Living Wage
- Delivering 'social value' is helping us to win work
- Safety statistics show further improvement and are industry leading



Achilles

Carbon Zero Certified

Powered by
Toitū Envirocare



SUSTAINABLE
DEVELOPMENT
GOALS

GOLD

SUPPLY CHAIN SUSTAINABILITY
SCHOL

CLIMATE GROUP
STEELZERO

A strong proactive approach is increasingly important to competitive advantage



UK and Europe



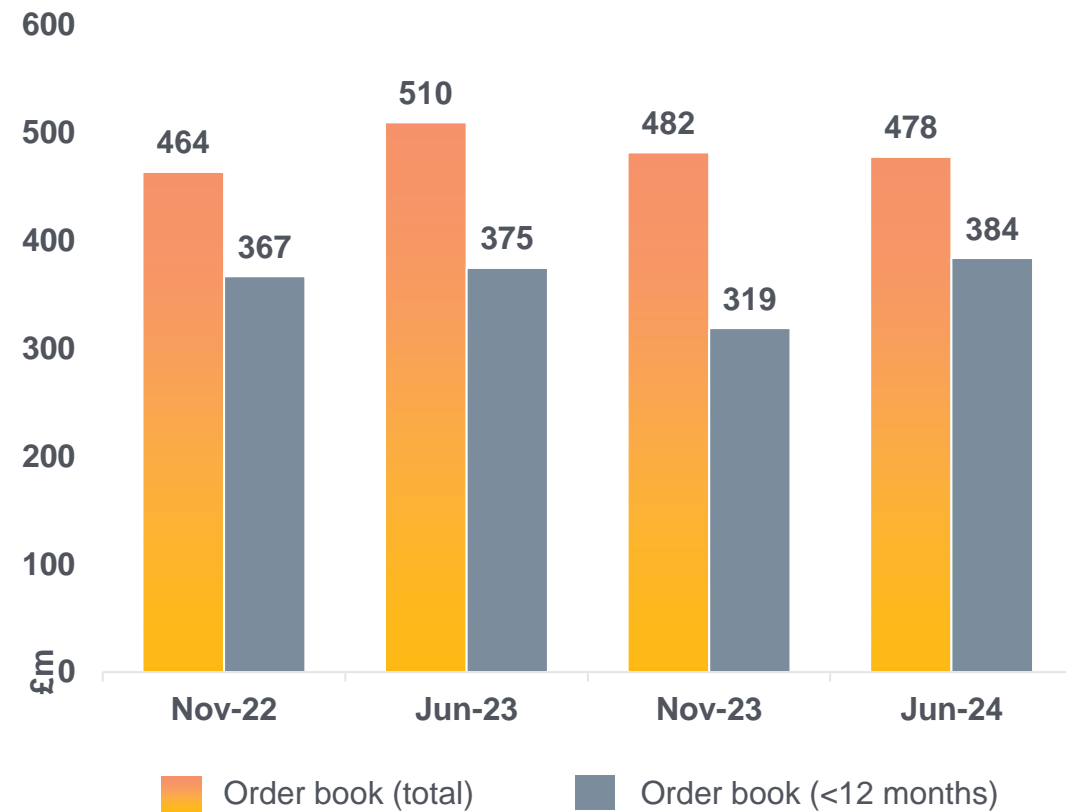
General market themes

- Market conditions are showing signs of improvement
 - Good project opportunities in the UK, as well as in Europe where we are making good progress with our European growth strategy
 - Increased tendering in distribution and infrastructure sectors – pricing remains competitive for some projects
 - Steel supply continues to remain stable
 - Prominent position in sectors with positive long-term growth trends including those which are driving the green energy transition
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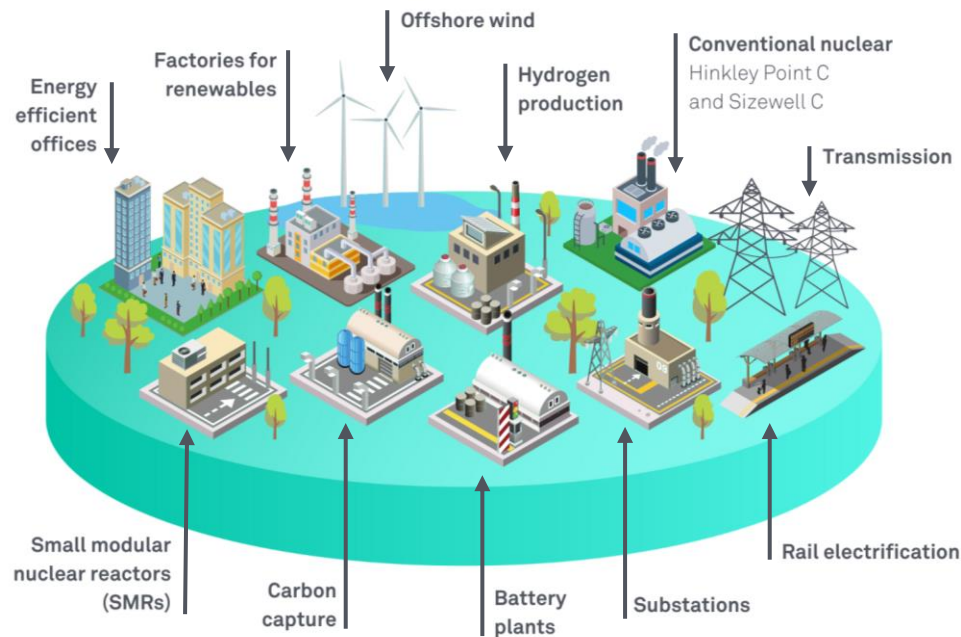


High-quality UK and Europe order book

Divisional mix (£m)	Jun-24	Nov-23
Group	478	482
Commercial and Industrial	312	326
Nuclear and Infrastructure	160	152
Modular Solutions	6	4
UK	68%	87%
Europe and Ireland	32%	13%



Growth markets: Green energy transition



The electrification of the economy presents numerous opportunities for Severfield

Transmission

- National Grid's connection reform initiative accelerating connections to the grid (£20bn of ASTI projects)
- Transmission frameworks in the UK and Europe

Nuclear

- Opportunities at Hinkley Point C, Sizewell C and in Europe

Battery plants

- Large facilities being planned or considered in the UK and Europe
- Envision 2 in Sunderland, NorthVolt in Sweden, JLR in Somerset

Factories for renewables / offshore

- Manufacturing facilities for renewables (SeAH Wind ongoing)
- Hornsea offshore wind farm
- Modular housings for offshore applications and switchgear

Onshore substations and SMRs

- Onshore substations for wind connecting offshore energy to grid
- Siemens / Moray / Eastern Green Link / LionLink
- SMR opportunities

New capacity / repurposing

- New carbon capture facilities – e.g. Keadby 3
- Conversion of existing facilities – e.g. Petroineos to Grangemouth conversion



Commercial and Industrial Order book

	Jun-24 £312m	Nov-23 £326m	Future trend for Severfield
Industrial	38%	51%	■
Commercial offices	23%	32%	▲
Distribution	7%	3%	▲
Data centres and other	30%	9%	■
Stadia and leisure	1%	3%	▲
Health and education	1%	2%	▲
Retail	—	—	▲
TOTAL	100%	100%	
UK	52%	83%	
Europe and Ireland	48%	17%	

- New orders secured for data centres, factories, a petrochemical project, commercial offices, and distribution centres. Additional work at SeAH and Envision
- Increased proportion of work in Europe
- Demand for projects in support of the green energy transition (battery plants, factories for renewables, energy efficient buildings)
- Stadia and leisure projects, TV and film studios, and data centres driven by AI
- Clients and supply chain value balance sheet strength
- Large, complex projects in pipeline play to Group's core competencies



Commercial and Industrial

A stronger position in Europe



Growing the European order book and building a varied client base in Europe, and leveraging our UK scale and experience



VSCH, which has recently been combined with our existing European operations, is integrating well and has adopted the Severfield brand, increasing our visual identity in Europe



Developing our capabilities that align with European markets that have strong growth potential – battery plants, data centres, residential, power and energy



New service offerings including turnkey offering for SMEs and upgrading electricity grid infrastructure to access new markets



Continued quality manufacturing and consistent project delivery



Strong pipeline and building momentum – clear potential for further market consolidation and future growth in Europe

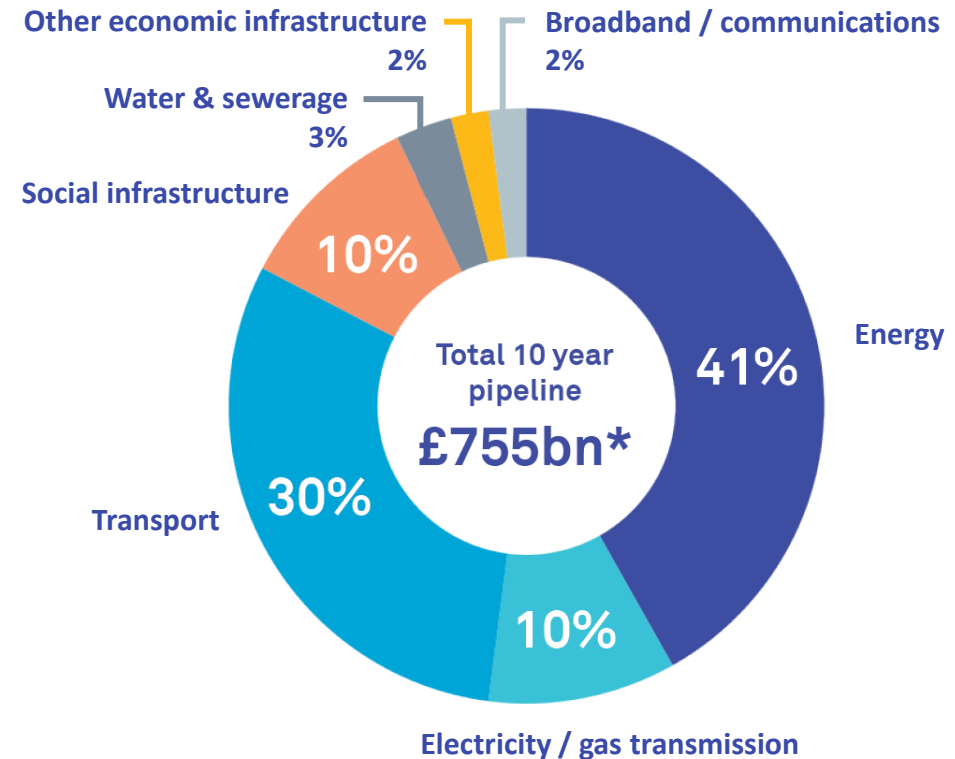


Nuclear and Infrastructure

Projected UK infrastructure investment pipeline

Decade of infrastructure investment

Infrastructure Project Authority (IPA) planned and projected investment in the pipeline by sector 2023/24 to 2032/33



*Includes green energy transition projects and other growth markets such as road and rail projects (including HS2)

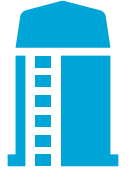


Nuclear and Infrastructure

Order book

	Jun-24 £160m	Nov-23 £152m	Future trend for Severfield
Transport infrastructure	54%	54%	■
Nuclear	44%	41%	▲
Power and energy	2%	5%	▲
TOTAL	100%	100%	

- New orders for bridges and ancillary steelwork at Hinkley under frameworks
- Growing scope of work at Sellafield – Key Delivery Partner (KDP) on long term PPP framework
- Political support remains for infrastructure investment including HS2 at Euston, Northern Powerhouse Rail, and energy infrastructure
- Pipeline of opportunities in nuclear (new build, decommissioning, and defence), rail, HS2 and green energy transition
- Group capabilities aligned to strong infrastructure growth



Severfield Modular Solutions

Consists of Severfield Modular Solutions (SMS) and Construction Metal Forming (CMF) JV.
SMS consists of three business areas:

Severstor

Specialist higher margin equipment housings for critical electrical equipment and switchgear.

Critical electrical equipment housing

Specialist buildings

Supply chain

Raw material fabrication and systems for the modular industry including steel cassettes and frames (hot and cold rolled steel capabilities).

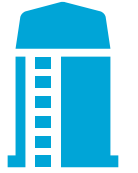
Steel components for modular homes and buildings

Bulk handling solutions

Repeatable higher margin products including silo discharging systems.

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Growth opportunities



Severstor

- Addressable market increasing >£100m – driven by Net Zero targets and green energy transition
- Repeat orders with blue chip clients in power, rail, oil and gas sectors
- Growing pipeline in renewables and data storage driven by AI
- Few competitors of scale

Supply chain

- Market growth in supply of modular buildings for education, healthcare, and modular homes
- Opportunities for steel sub-assemblies, systems for temporary accommodation and other buildings, factory-built houses
- Competition is sub-scale and struggling to adapt to demands and growth of the modular market

Bulk handling solutions

- Established foothold in UK water treatment sector and expanding Indian paint manufacturing sector
- Growth opportunities in chemical and food processing, waste water treatment and paint
- Global potential – UK, India, US and beyond

India



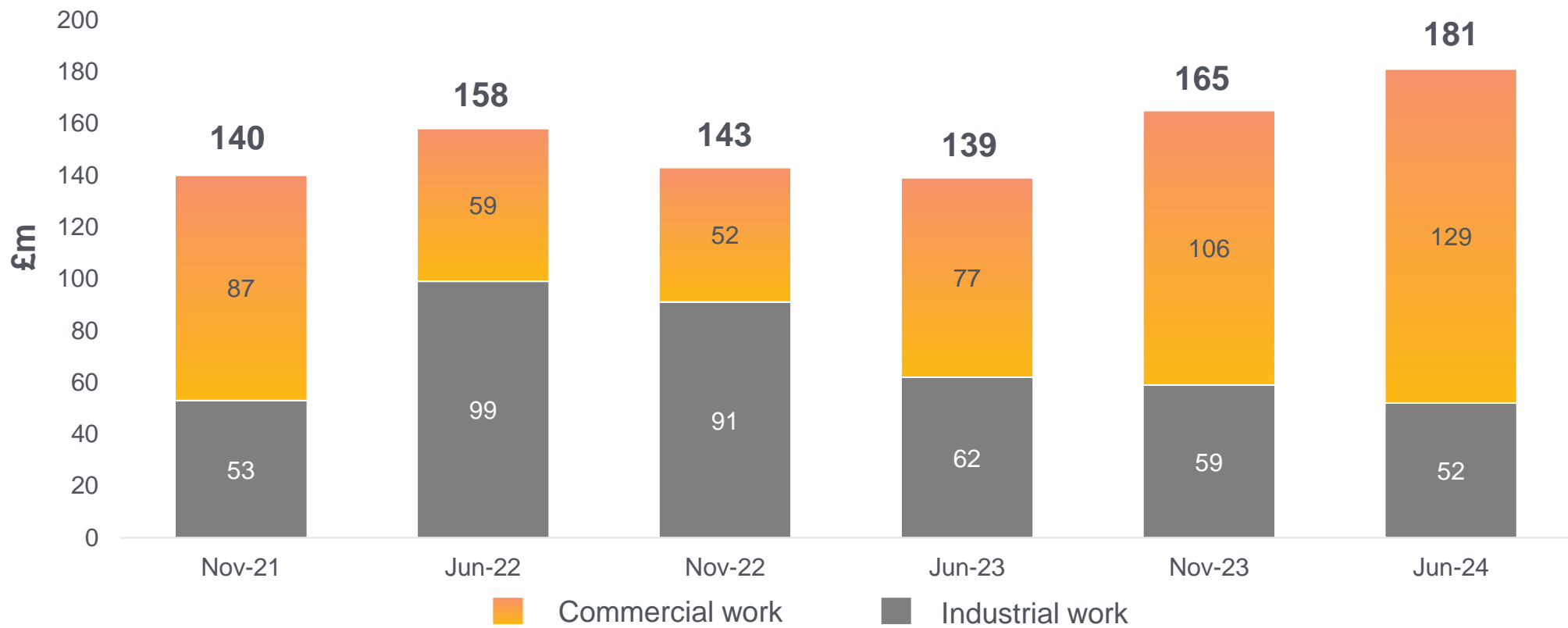
Building value in India



- Momentum and value is building in JSSL
- Record order book of £181m and high-quality projects in the pipeline
- Numerous growth opportunities both in India and in near markets such as Saudi Arabia
- Gujarat land for expansion now acquired – work on new manufacturing facility to commence in H2
- Sales and estimating teams and supply chain partnerships being strengthened to support expansion of business
- GDP expected to grow from \$3.5 trillion in 2023 to \$7.5 trillion by 2030, making India the world's third largest economy
- Steel in construction expected to grow from c.5m tonnes in 2020 to 14-15m tonnes in 2028 with increasing bias towards factory made steel



Record India order book





Increasing demand in target sectors





Summary and outlook

- Successful strategy is unchanged
- Strong, high-quality order books provide good profit visibility through 2025
- Expectations for 2025 financial year are unchanged
- Well positioned to win work in markets with positive long-term growth including those driving the green energy transition
- Very encouraging economic outlook in India and significant value creation opportunities



Q&A



Appendices



A compelling investment case

Exciting growth prospects

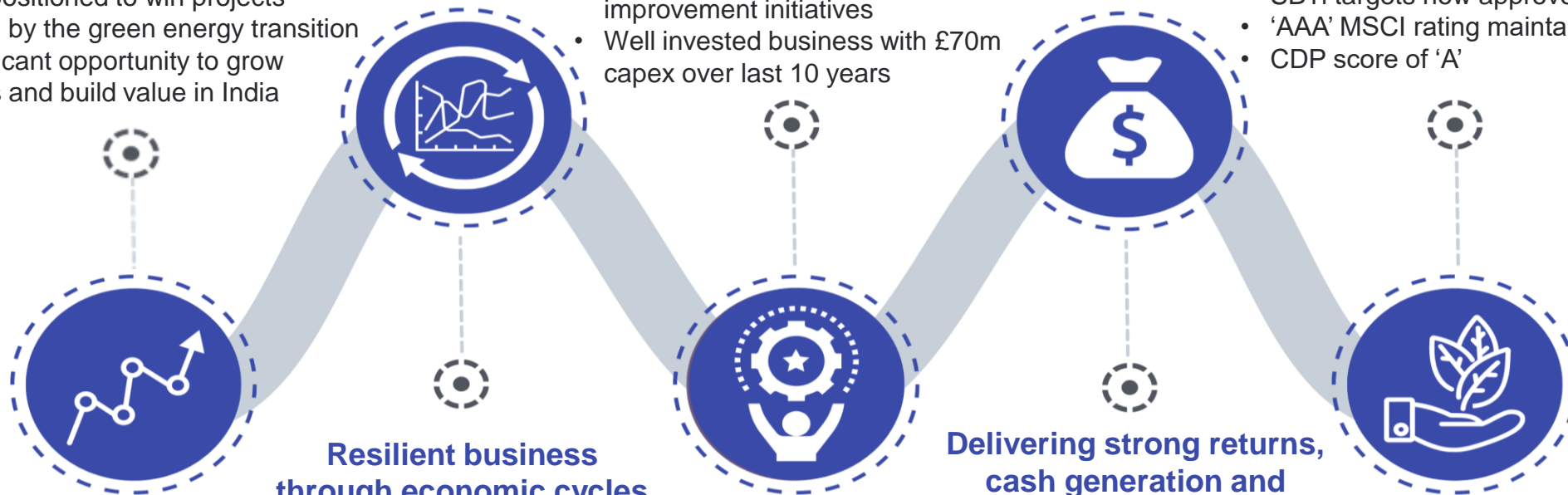
- Aligned to sectors with strong growth potential in UK and Europe
- Well positioned to win projects driven by the green energy transition
- Significant opportunity to grow profits and build value in India

Built on a platform of operational excellence

- Continued momentum from Project Horizon and operational improvement initiatives
- Well invested business with £70m capex over last 10 years

All underpinned by a strong focus on sustainability

- Internal roadmap to Net Zero by 2040
- SBTi targets now approved
- 'AAA' MSCI rating maintained
- CDP score of 'A'



Resilient business through economic cycles

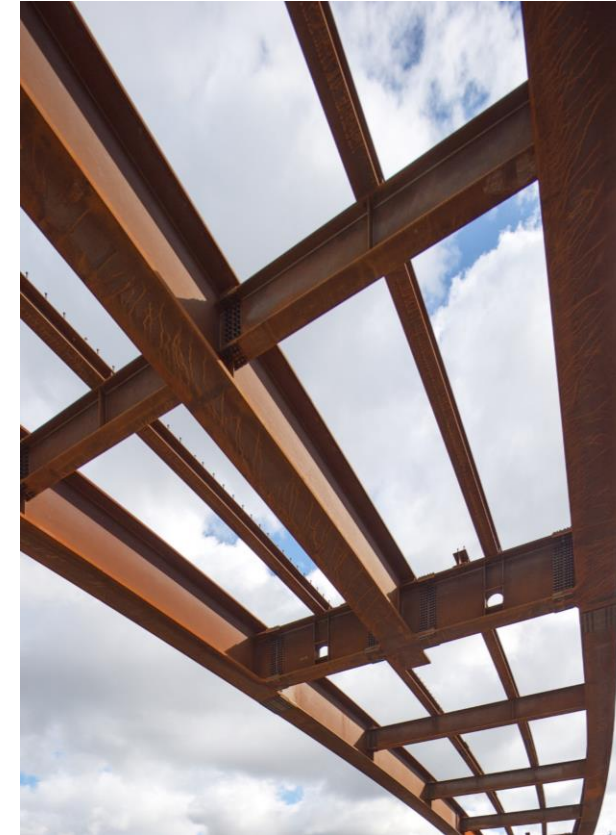
- Sector, geographical and client diversity
- Good earnings visibility from high-quality order book and pipeline opportunities

Delivering strong returns, cash generation and progressive dividend

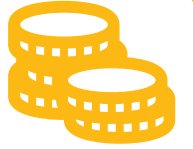
- Five-year average ROCE >15%
- Typically convert >85% of profits into cash

Severfield at a glance

- UK and Europe's leading structural steel group
 - UK steel market: circa 900,000 tonnes
 - Strong market position in Europe
 - Fabrication facilities offer c.150,000 tonnes capacity
 - Established blue chip client base
 - Reputation for high-quality service and delivery
 - High barriers to entry
- Delivering on well-defined strategic goals and performance targets
 - Strategy unchanged – based on growth, both organic and through selective acquisitions
 - Good momentum with digital transformation (Project Horizon), operational improvements and ESG initiatives
 - Market sector, geographical and client diversity
- Strong shareholder returns profile
 - Cash generative business model
 - Strong balance sheet position
 - Progressive dividend policy
- Track record of consistent and resilient performance

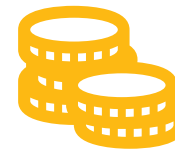


Balance sheet



£m		30 Mar 2024	25 Mar 2023
Non-current assets		259.3	228.4
Current assets	Inventories	11.6	13.2
	Trade and other receivables	89.1	109.8
	Cash and cash equivalents	13.8	11.3
	Current tax asset	4.6	2.3
		119.1	136.6
Total assets		378.4	365.0
Liabilities	Trade and other payables	(91.8)	(105.1)
	Borrowings (includes IFRS 16 leases)	(42.5)	(22.3)
	Retirement benefit obligations	(11.5)	(12.9)
	Deferred tax liabilities	(11.8)	(7.0)
		(157.6)	(147.3)
Net assets		220.8	217.7

India: summary of net investment

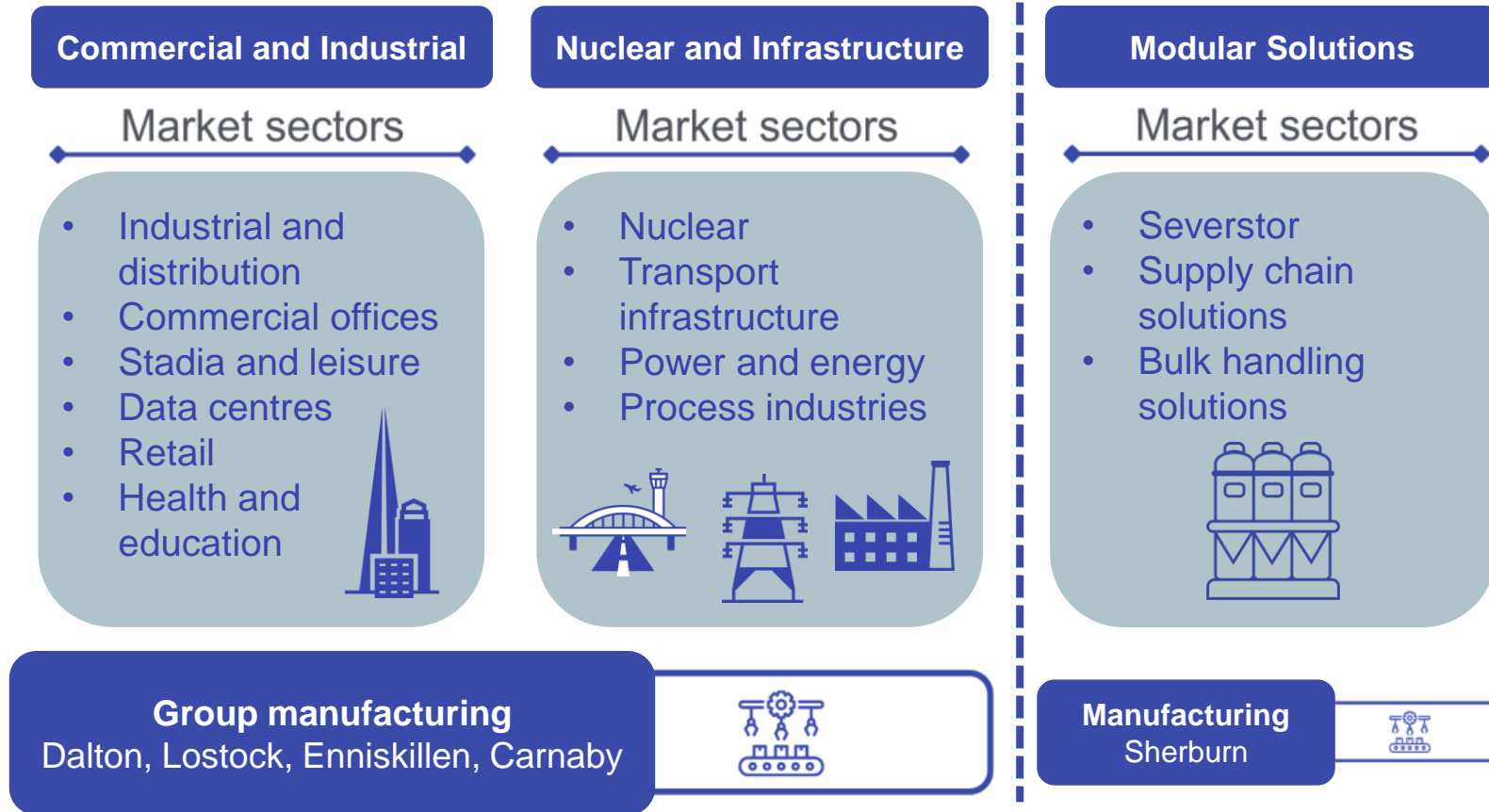


£m

Equity invested by Severfield since 2009		26.3 (Matched by JSW)
Severfield share of losses at 25 March 2023	(4.3)	
Severfield share of profits for the period	1.9	
Severfield net investment at 30 March 2024		23.9

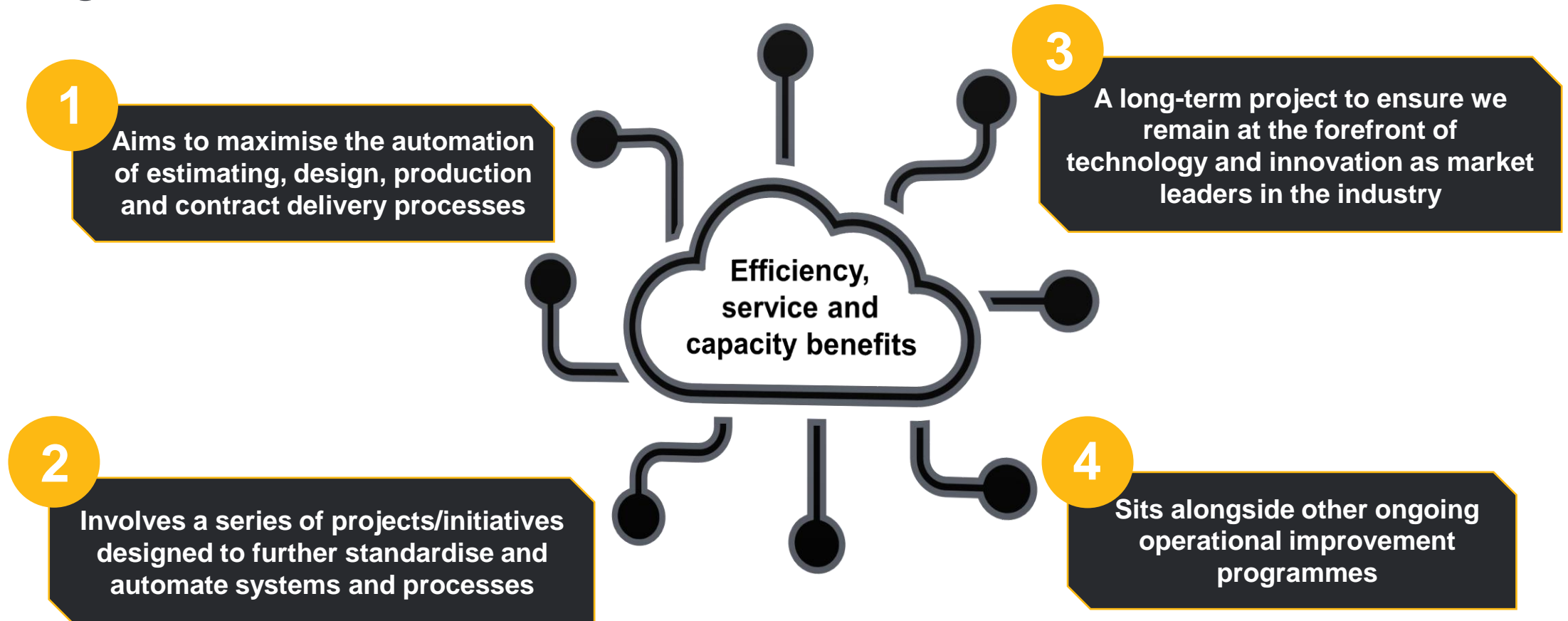


Divisional structure



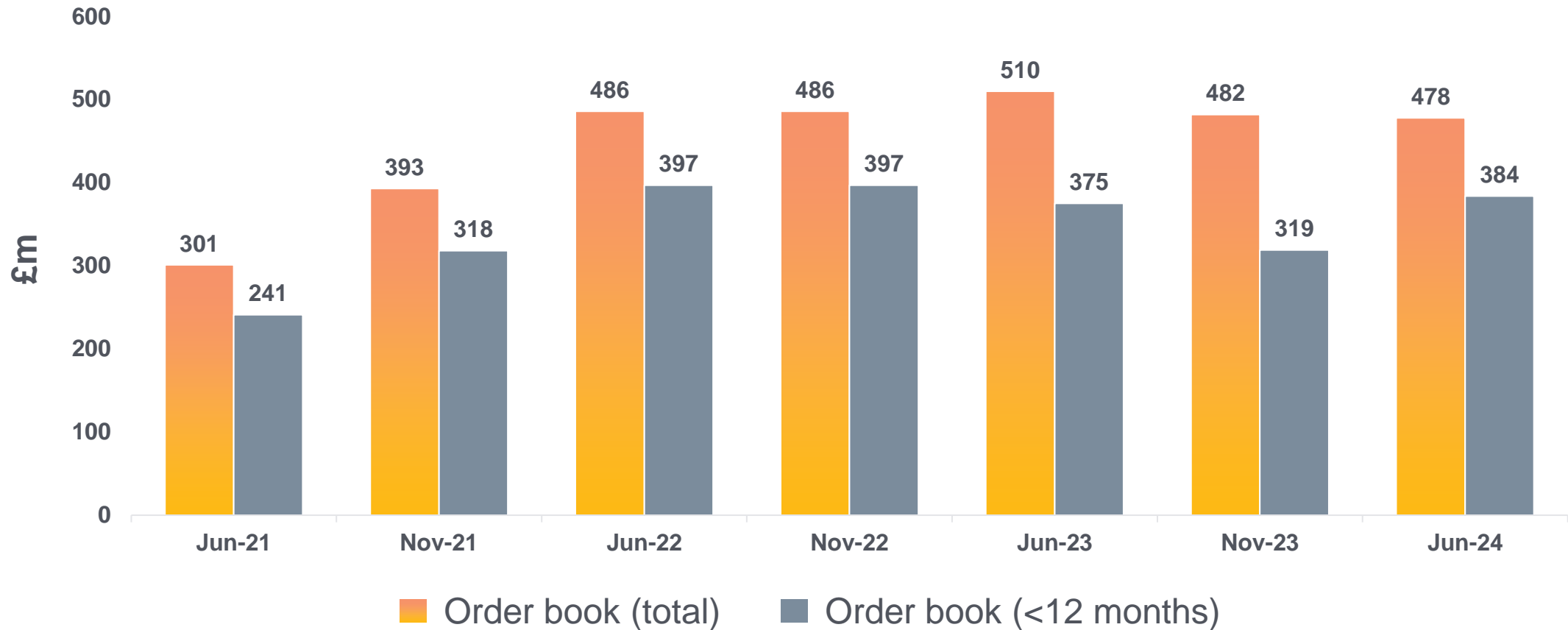
Project Horizon

Digital transformation and automation



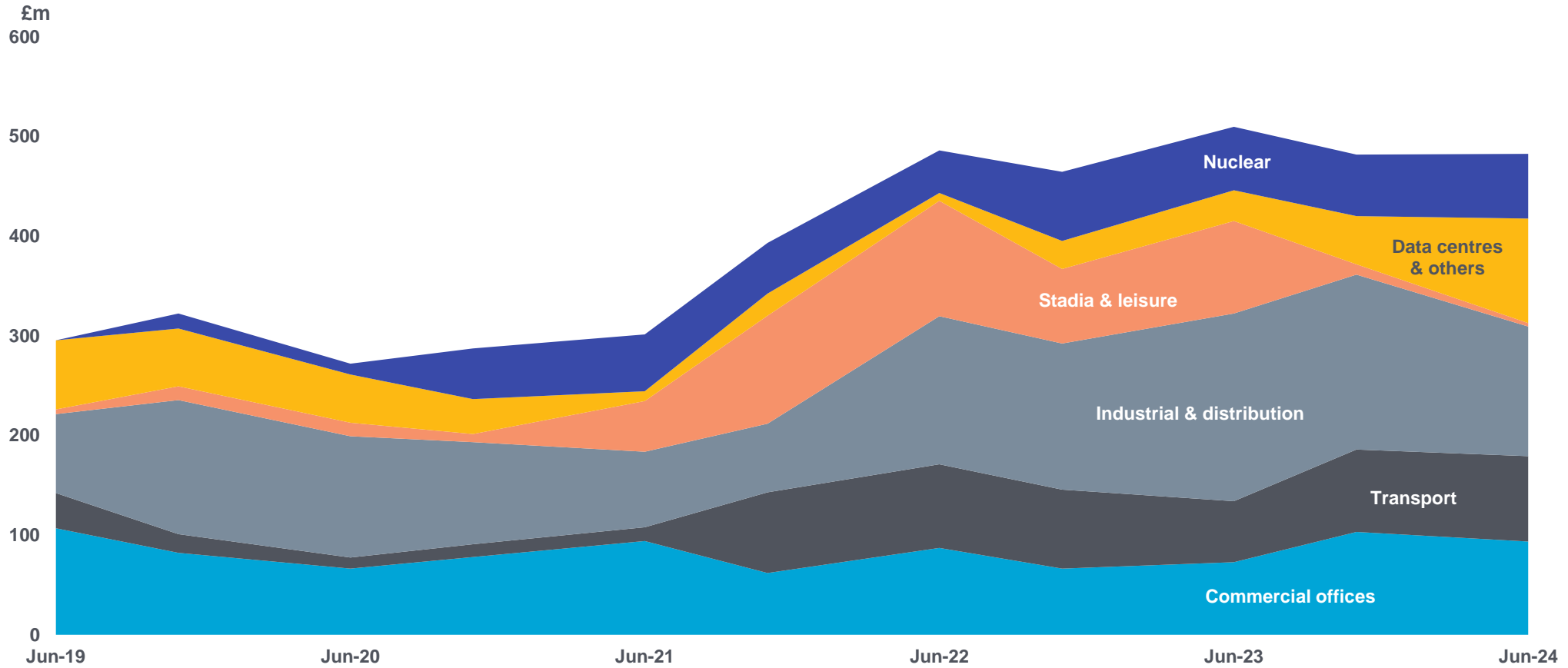


High-quality UK and Europe order book





Diversified UK and Europe order book



Growth markets: green energy transition

Transmission towers and equipment are produced by the Nuclear and Infrastructure division

Large structures and halls for the Commercial and Industrial division



Modular skids and transformer equipment using existing DeHaven solutions in VSCH

Modular buildings for housing critical equipment and switchgear

The electrification of the economy presents numerous opportunities for Severfield



Metal decking and studs



Purlins and rails



Load bearing framing





Severfield Modular Solutions

Severstor



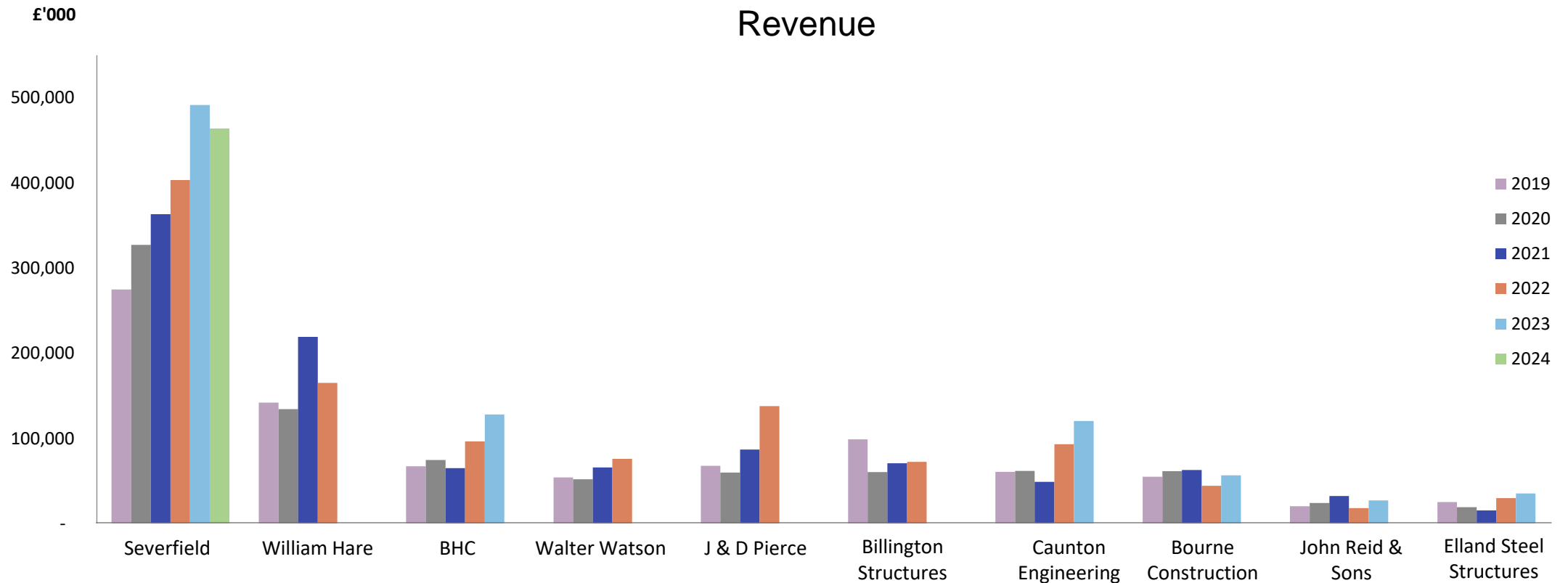
Supply chain solutions



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Competitors



Shareholder analysis summary



JO Hambro Capital Management	9.56%
M&G Investment Management Ltd	9.20%
Chelverton Asset Management	7.22%
Unicorn Asset Management	6.76%
Threadneedle Asset Management Ltd	5.06%
Aberforth Partners	4.75%
Invesco (including Perpetual and Trimark)	4.51%
Jupiter Asset Management Ltd	3.16%
Raymond James Investment Services Ltd	2.97%
Interactive Investor Services Ltd	2.56%