



# Interim Results

30 September 2016



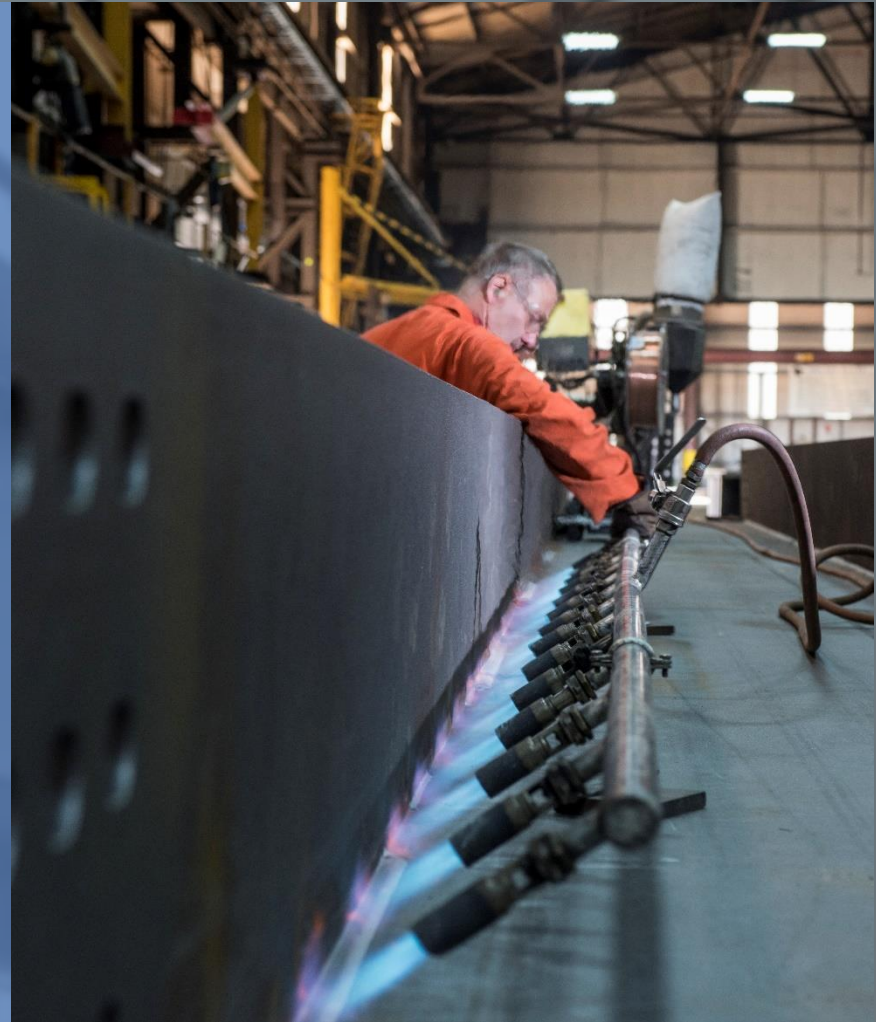
**Ian Lawson**  
Chief Executive Officer



- Underlying profit before tax up **69%** at **£8.1m**
- Revenue at **£118.2m**
- Continued strong cash performance with net funds of **£24.4m**
- UK order book strong at **£315m**
- Stable performance from our Indian business
- India order book at **£35m**
- Underlying basic EPS at **2.25p**
- Interim dividend up 40% at **0.7p** per share
- Full year forecast to be comfortably **ahead of expectations**
- On track with our target to **double underlying profit before tax** over the next four years



- Implementation of **more efficient factory processes**
- Investment in **new machinery** for our factories
- 50% purchase of CMF
- **Improved contract execution** on site
- Earlier contract involvement
- **Improved dialogue** with our clients



- **Brexit**
  - Currently no contracts cancelled or delayed
- **Steel prices**
  - Good supply coming from UK and Europe
  - Steel price increases, caused by rise in commodity pricing, but only to levels of 2 years ago
- **Pipeline**
  - Steady demand across our main sectors
  - Europe becoming more of an opportunity

**Alan Dunsmore**  
Finance Director



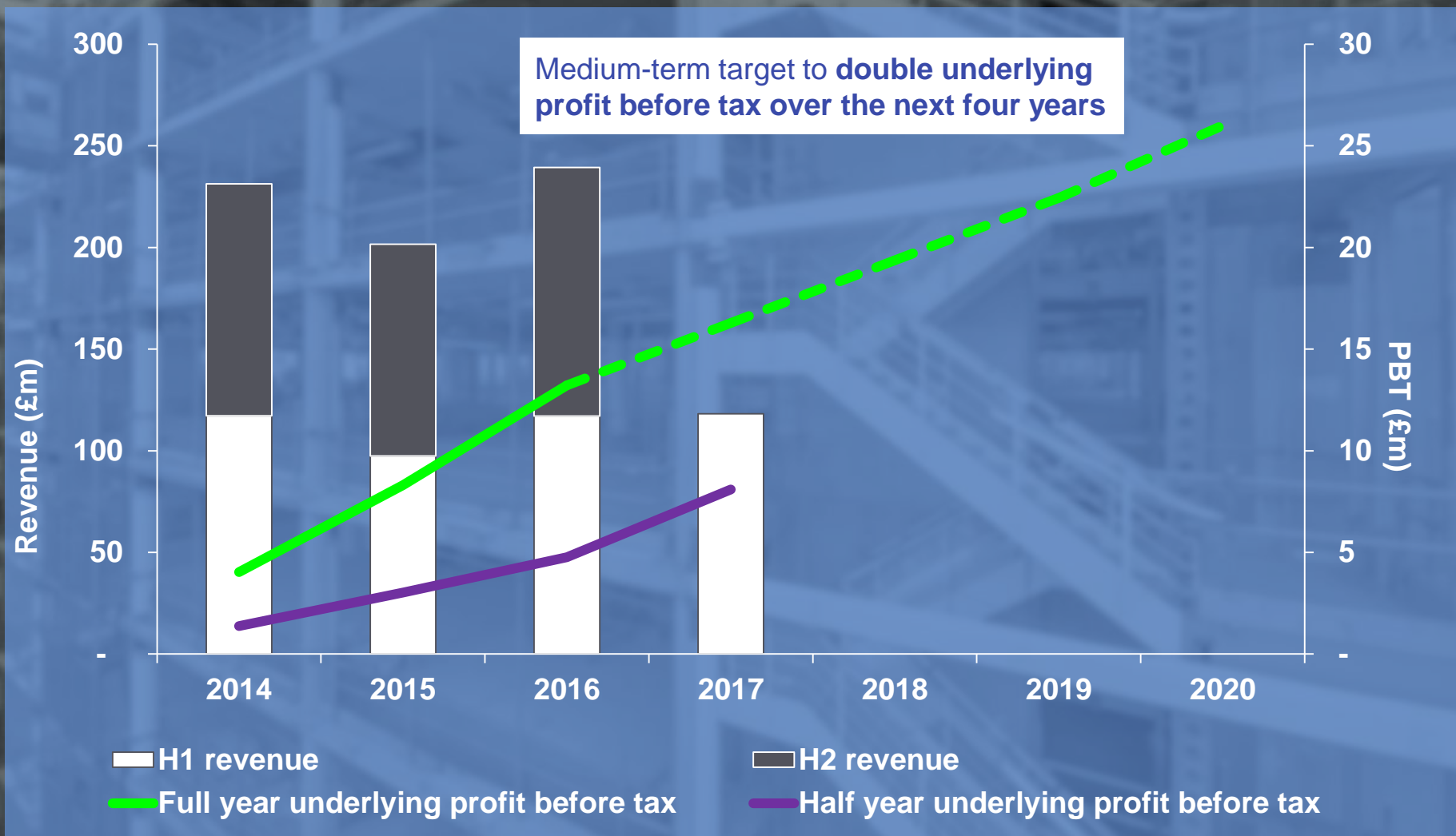


# Income statement



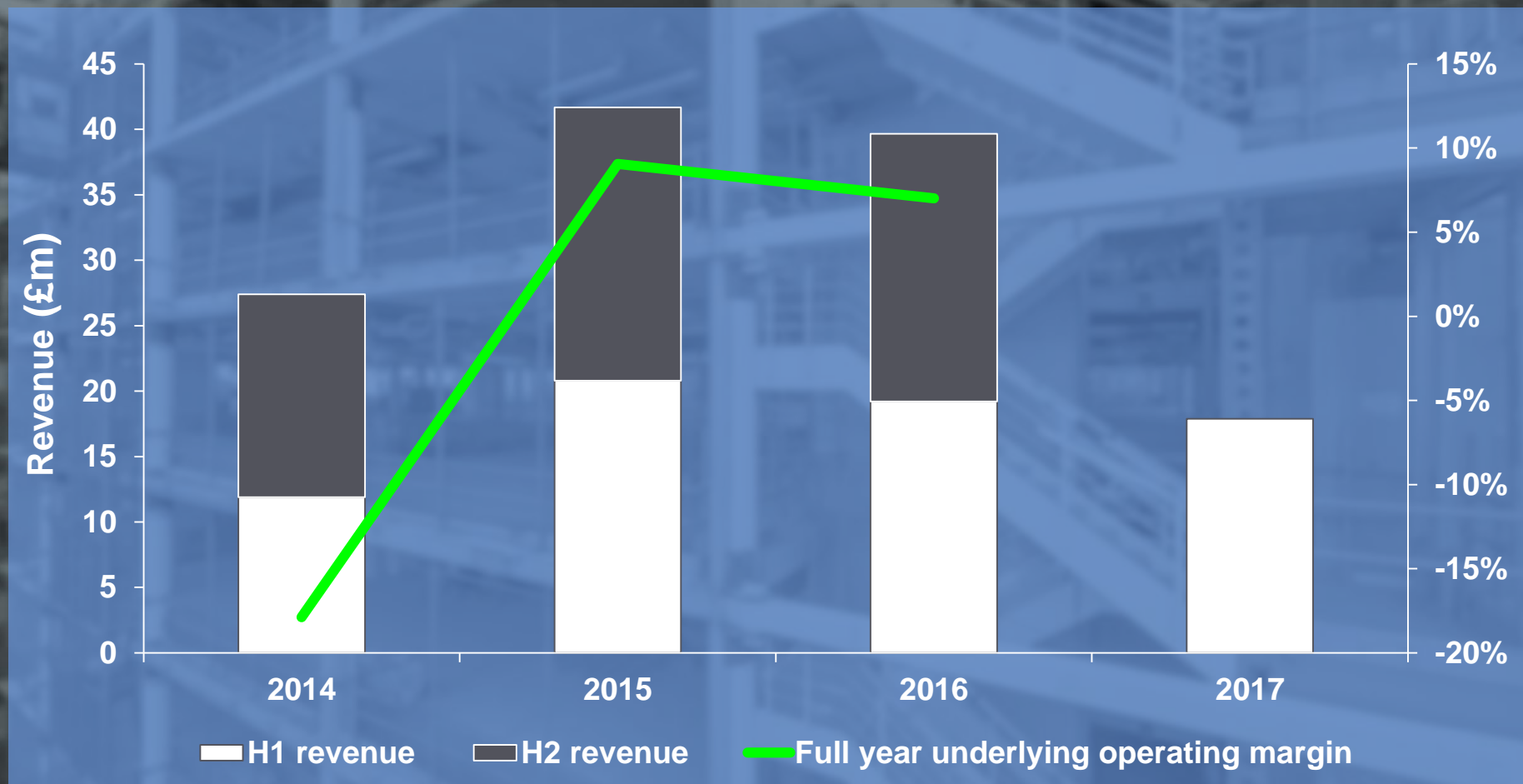
(£m)	6 months to 30 Sept 2016	6 months to 30 Sept 2015
Revenue	118.2	117.1
Underlying Group operating profit (before JVs and associates)	8.2 7.0%	5.0 4.3%
Results of JVs and associates	-	(0.1)
Net finance expense	(0.1)	(0.1)
Underlying profit before tax	8.1	4.8
Tax	(1.4)	(0.8)
Underlying profit after tax	6.7	3.9

# Revenue and profit





# Financial highlights - India



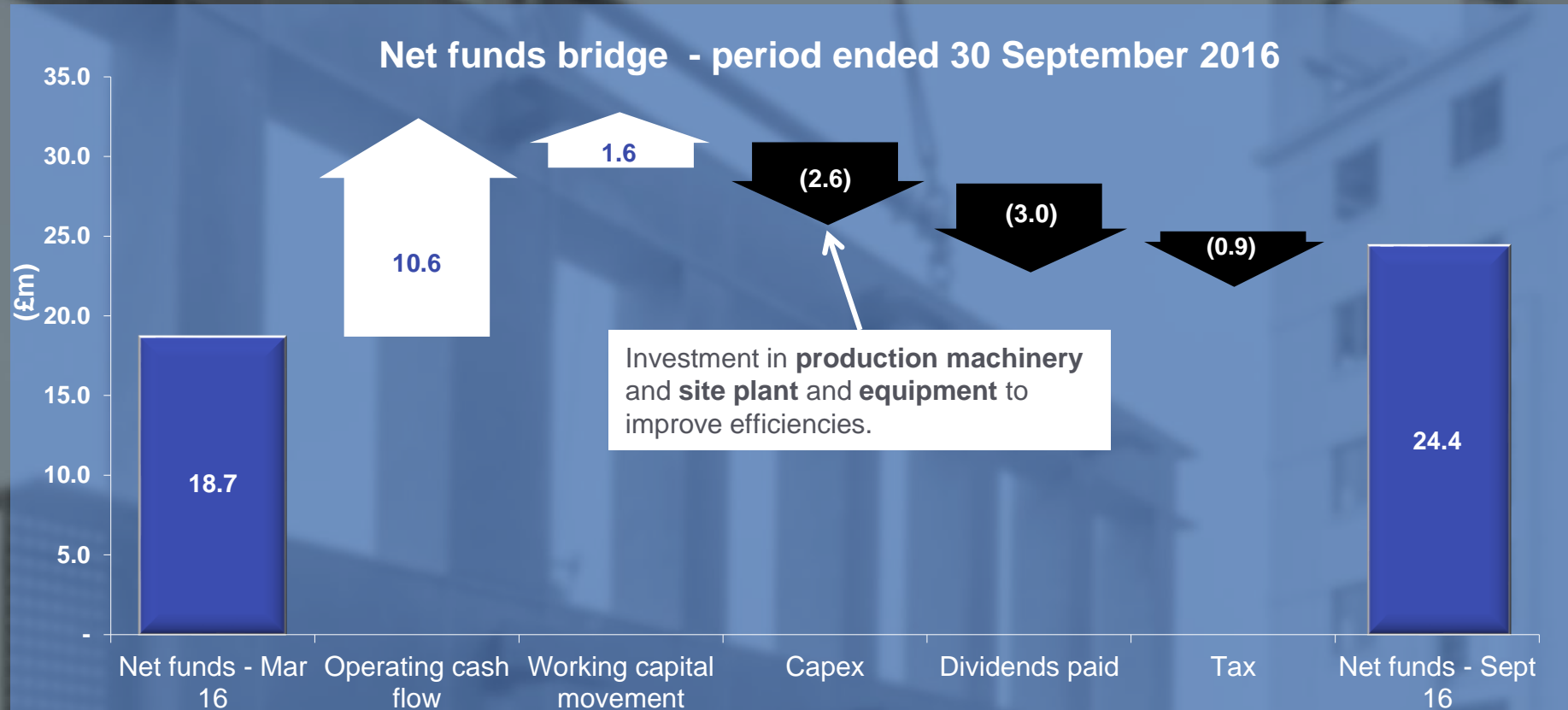
- Production 21,000 tonnes (2015: 18,000 tonnes)
- Order book £35m
- Financing costs result in reported net share of loss
- Debt repayment continued

# Balance sheet



(£m)	30 Sept 2016	31 Mar 2016
<b>Non-current assets</b>	<b>147.6</b>	<b>149.3</b>
<b>Current assets:</b>		
<b>Inventories</b>	<b>7.0</b>	<b>5.3</b>
<b>Trade and other receivables</b>	<b>57.7</b>	<b>50.7</b>
<b>Cash and cash equivalents</b>	<b>24.7</b>	<b>19.0</b>
	<b>89.4</b>	<b>75.0</b>
<b>Total assets</b>	<b>237.1</b>	<b>224.3</b>
<b>Less:</b>		
<b>Current liabilities</b>	<b>(68.0)</b>	<b>(58.0)</b>
<b>Borrowings</b>	<b>(0.5)</b>	<b>(0.6)</b>
<b>Retirement benefit obligations</b>	<b>(22.6)</b>	<b>(14.6)</b>
<b>Deferred tax liabilities</b>	<b>(0.5)</b>	<b>(2.9)</b>
<b>Total liabilities</b>	<b>(91.6)</b>	<b>(76.1)</b>
<b>Net assets</b>	<b>145.5</b>	<b>148.2</b>

# Cash flow



Operating cash conversion of 118%

Working capital target 4-6% of annualised revenue

RCF facility of £25m with HSBC and National Australia Bank - matures in July 2019

Financing capacity - Accordion facility of £20m available at Group's request



- Good net funds position will be maintained on balance sheet
- Group's business model generates consistent cash flows
- Future cash flows will be used to:
  - Support working capital requirements and investment for growth
  - **Grow core dividend** progressively
  - Support further **strategic investment** opportunities
  - Provide **additional returns to shareholders**
- All capital investment will meet strict investment criteria

**Ian Lawson**  
Chief Executive Officer





# Market sectors

*Power and energy*



*Stadia and leisure*



*Health and education*



*Industrial and distribution*



*Retail*



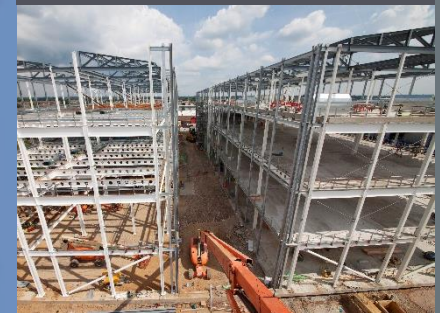
*Commercial offices*



*Transport*

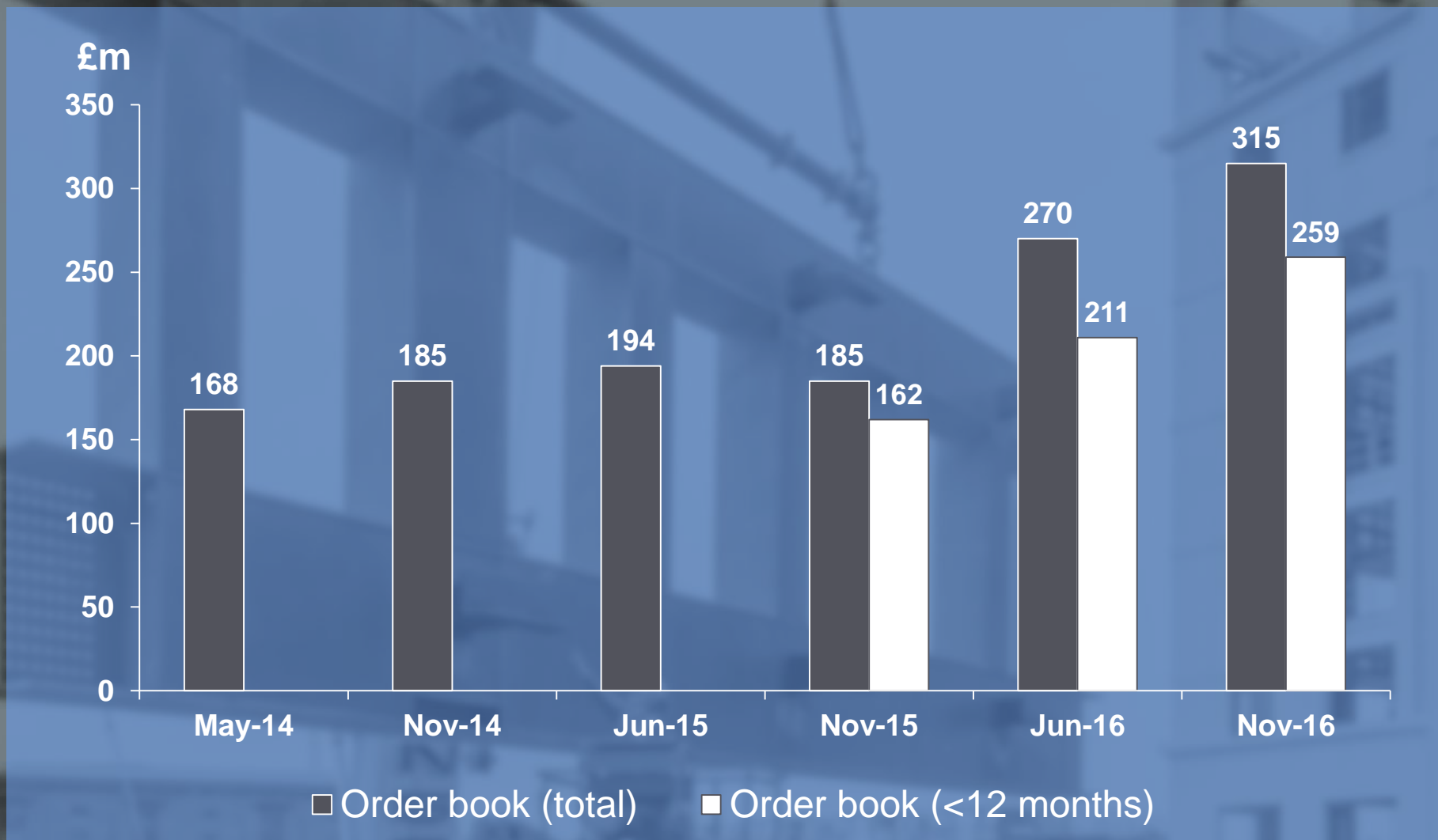


*Data centres and other*





# High quality order book



# Current major projects

*Distribution Centre, Doncaster*



*Retractable roof at No1 Court, Wimbledon*



*One Angel Court, London*





# Current major projects



*Covanta Waste to Energy Plant, Dublin*



*Bracknell Shopping Centre*

*Kings College Hospital, London*



*Tottenham Hotspur FC Stadium*

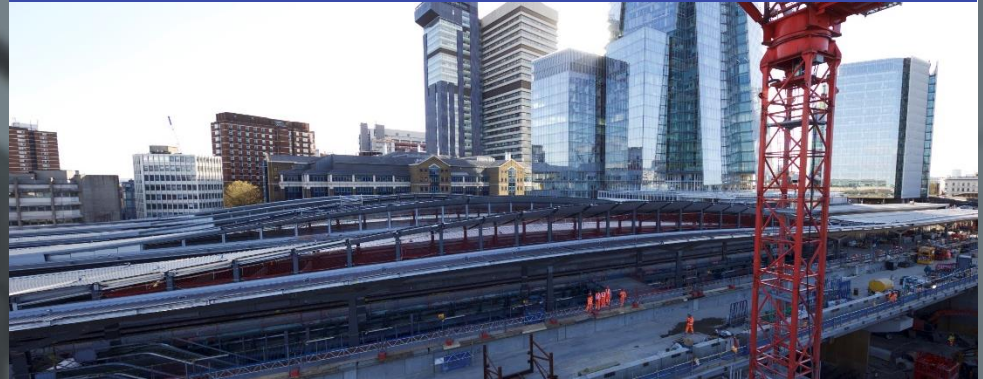


# Current major projects











*London Development Project*

*London Bridge Station Canopies*



*Ordsall Chord, Manchester*



Sector	Jun 2016 £270m	Nov 2016 £315m	Future Trend
Commercial offices	39%	52%	
Stadia and leisure	27%	24%	
Industrial and distribution	11%	10%	
Transport	9%	5%	
Power and energy	5%	3%	
Retail	4%	3%	
Health and education	3%	2%	
Data centres and other	2%	1%	

# Prospects



*60 London Wall*

*One Nine Elms, London*

*Four Ashes Park, Wolverhampton*



# Prospects



*Shard Place*

*Manchester Engineering Campus Development (MECD)*

*Brentford Stadium, London*

*Croxley Rail Link Bridge*

- Indian economy continues to show **GDP growth of circa 7%**
- **Interest rates have reduced to 6.25%** but **cost of borrowing still high at 9-11%**
- **Introduction of GST tax system** (target date - April 2017) is expected to facilitate investment and overall economic growth
- Government continues with many construction/infrastructure initiatives. Not yet created the expected stimulation but seen as buffer period of loading policies for future growth



# Current projects - India

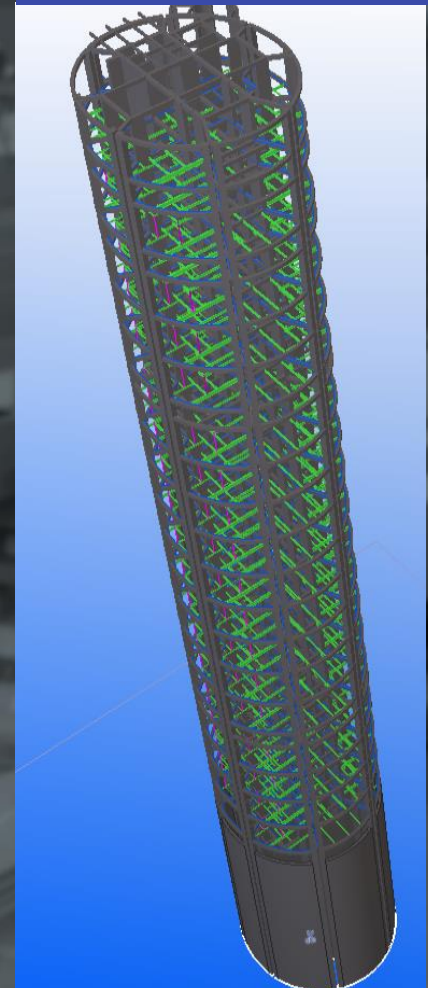
*BCH - Hospital*



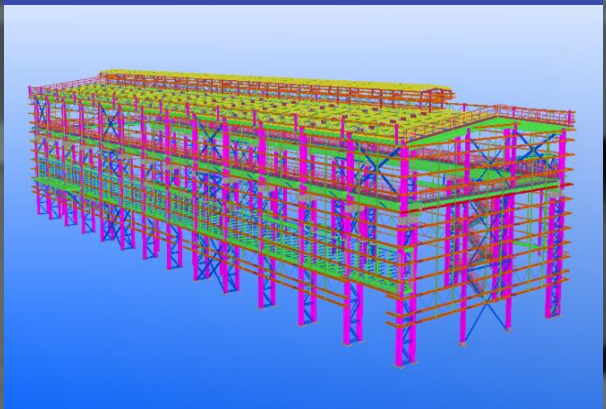
*Advant IT Park*



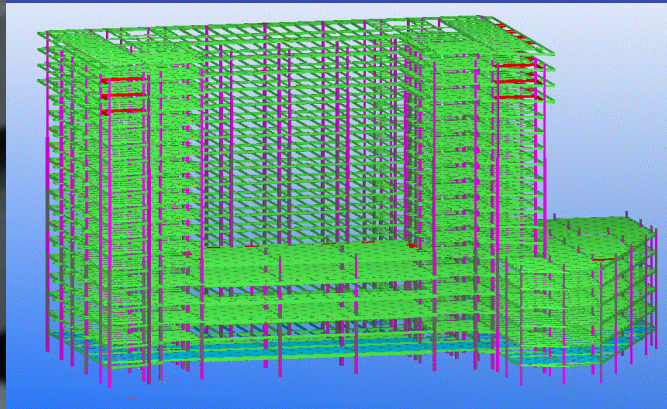
*Sesan Tower*



*JSW Oxygen Plant*



*BCH - Shopping Complex*





# Group outlook, providing real shareholder value Severfield

- **Strong results**

- Order book of **£315m**
- Strong profit performance and improving margins
- Good cash generation
- India stable

- **Market place**

- Good pipeline of opportunities in our core sectors
- Large scale infrastructure projects coming through
- Exchange rate gives stronger opportunity in Europe
- Clients seeking early specialist involvement

- **Strategy on track**

- Operational execution continues to improve
- Investment in technology and equipment
- Seeking new market sectors
- Building value in India

**On target to double underlying profit before tax over the next four years**

For more information:

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