



# Severfield

## Interim Results

30 September 2017





**Alan Dunsmore**  
Acting Chief Executive Officer





# Highlights

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- **Underlying profit before tax up 59% at £12.9m**
- Revenue up 16% at £137.1m
- **Continued strong cash generation with net funds of £31.4m**
- UK order book at £245m
- **Improved profit from Indian business – Group share £0.1m**
- India order book at £79m
- **Underlying basic EPS up 56% at 3.50p**
- Interim dividend up 29% at 0.9p per share



## Market conditions - UK

- Modest economic growth expected to be reflected in construction markets
- Pipeline of potential orders remains good
- Further opportunities identified in Europe and the Republic of Ireland





**Adam Semple**  
Acting Group Finance Director

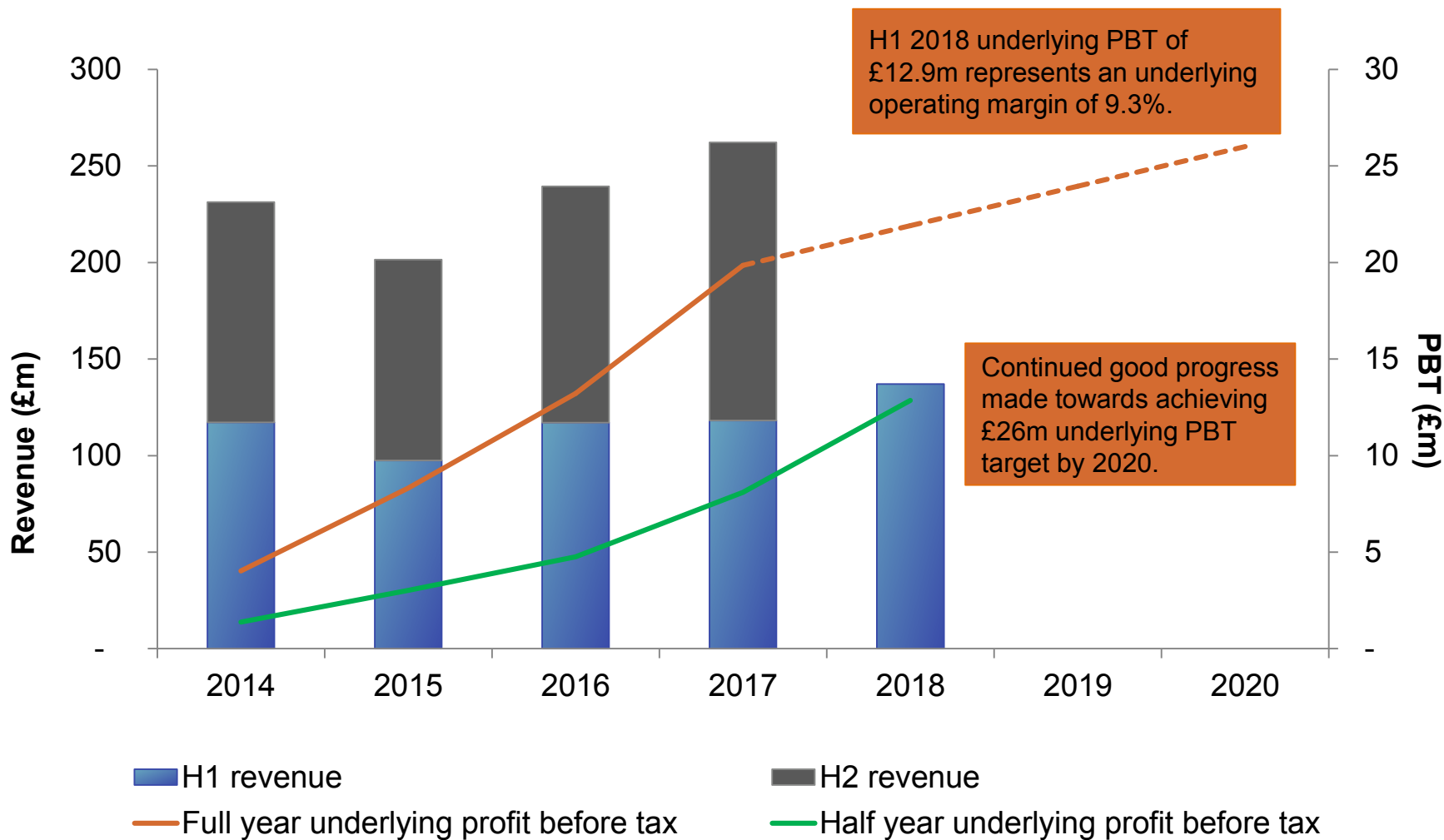


# Income statement

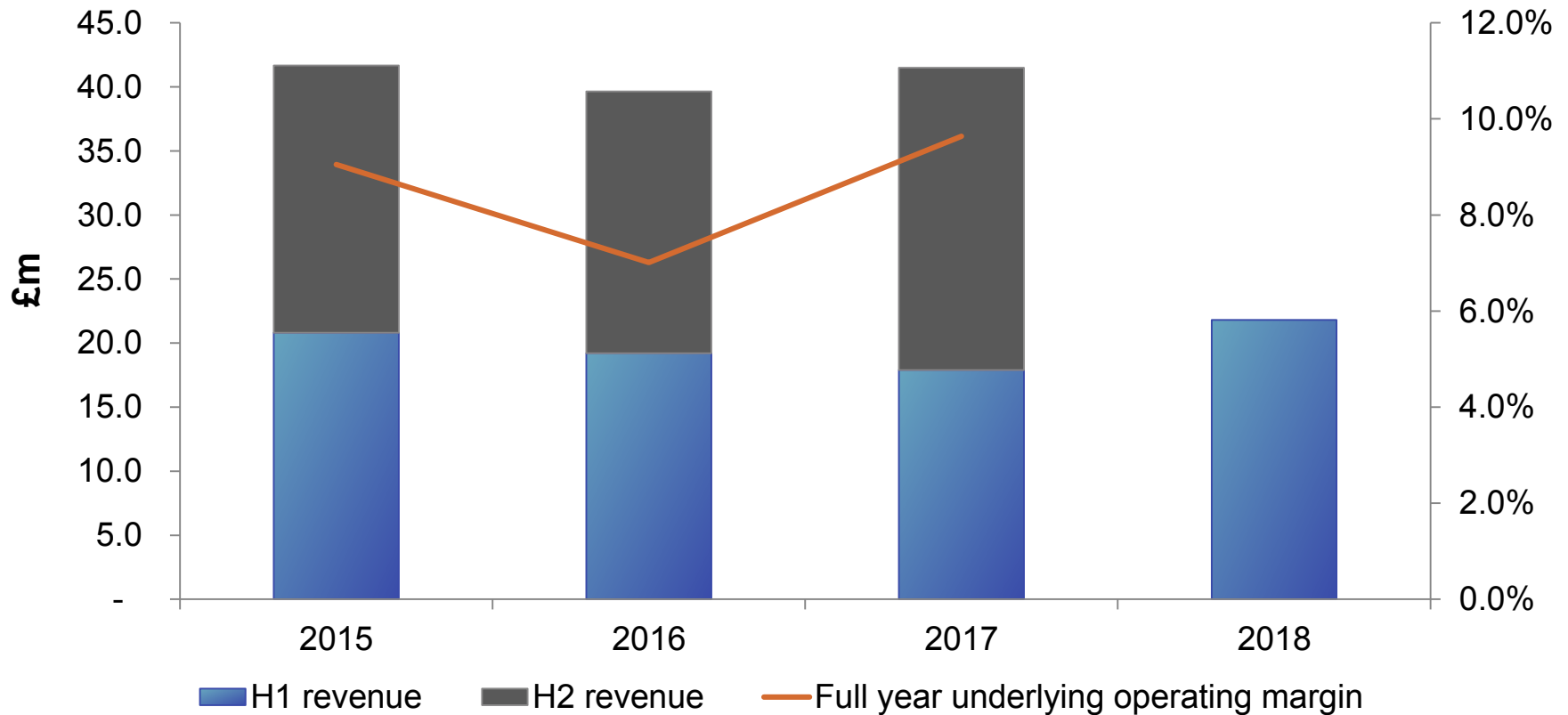


£m	6 months to 30 Sept 2017	6 months to 30 Sept 2016
<b>Revenue</b>	<b>137.1</b>	<b>118.2</b>
<b>Underlying Group operating profit (before JVs and associates)</b>	<b>12.7</b> 9.3%	<b>8.2</b> 7.0%
<b>Results of JVs and associates</b>	<b>0.3</b>	<b>-</b>
<b>Net finance expense</b>	<b>(0.1)</b>	<b>(0.1)</b>
<b>Underlying profit before tax</b>	<b>12.9</b>	<b>8.1</b>
<b>Tax</b>	<b>(2.4)</b>	<b>(1.4)</b>
<b>Underlying profit after tax</b>	<b>10.5</b>	<b>6.7</b>

# Revenue and profit



# Financial highlights - India



- Share of profit of £0.1m (2016: loss of £0.2m)
- Production 24,000 tonnes (2016: 21,000 tonnes)
- Order book of £79m
- Term loan of £10.6m repaid in June

# Balance sheet

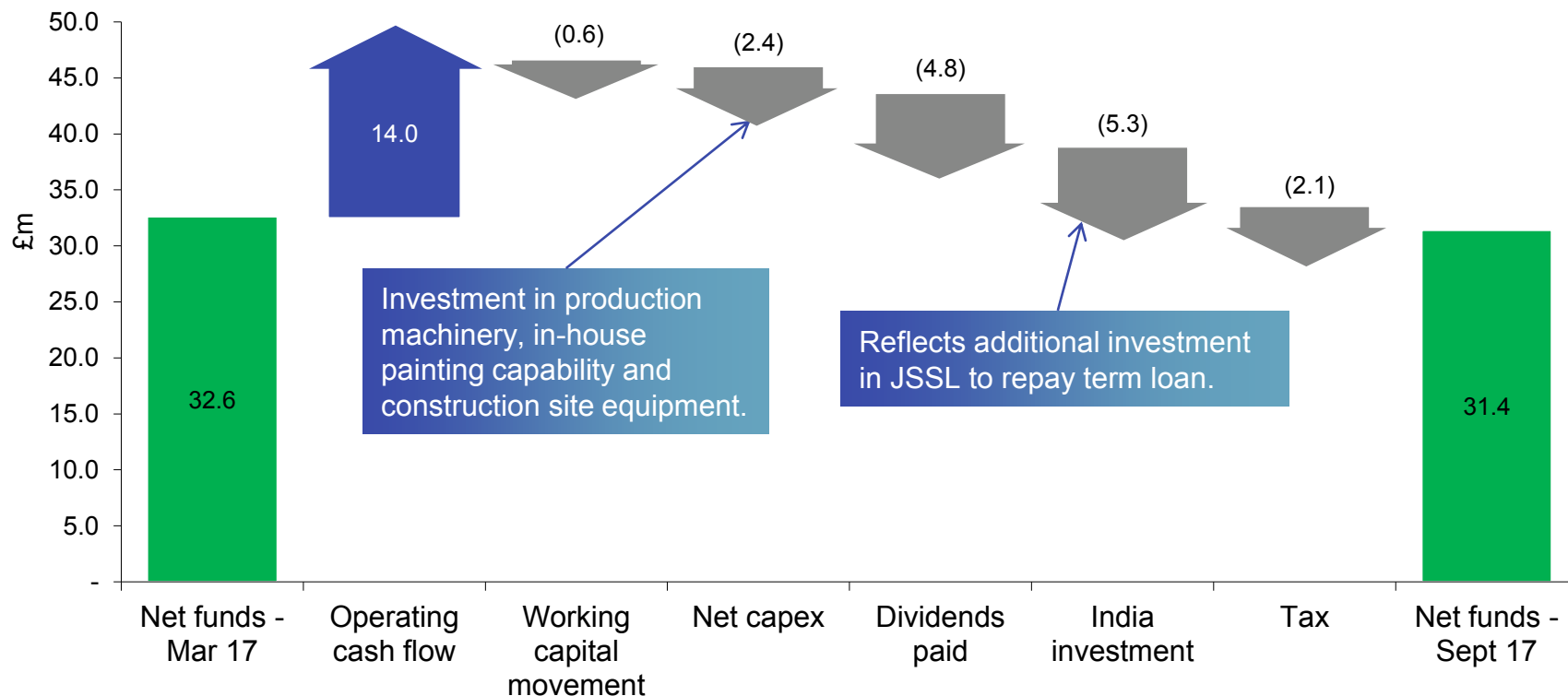


£m	30 Sept 2017	31 Mar 2017
<b>Non-current assets</b>	<b>153.4</b>	<b>148.3</b>
<b>Current assets:</b>		
<b>Inventories</b>	<b>6.4</b>	<b>7.8</b>
<b>Trade and other receivables</b>	<b>52.4</b>	<b>66.5</b>
<b>Cash and cash equivalents</b>	<b>31.6</b>	<b>32.8</b>
	<b>90.4</b>	<b>107.1</b>
<b>Total assets</b>	<b>243.8</b>	<b>255.4</b>
<b>Less:</b>		
<b>Current liabilities</b>	<b>(62.6)</b>	<b>(78.5)</b>
<b>Borrowings</b>	<b>(0.3)</b>	<b>(0.4)</b>
<b>Retirement benefit obligations</b>	<b>(20.2)</b>	<b>(21.4)</b>
<b>Deferred tax liabilities</b>	<b>(0.8)</b>	<b>(0.9)</b>
<b>Total liabilities</b>	<b>(83.9)</b>	<b>(101.2)</b>
<b>Net assets</b>	<b>159.9</b>	<b>154.2</b>

# Cash flow



## Net funds bridge - period ended 30 September 2017



- RCF facility of £25m with HSBC and Yorkshire Bank matures in 2019 (accordion facility of £20m available at Group's request).



**Alan Dunsmore**  
Acting Chief Executive Officer



# Market sectors



*Power and energy*



*Stadia and leisure*



*Health and education*



*Industrial and distribution*



*Retail*



*Commercial offices*



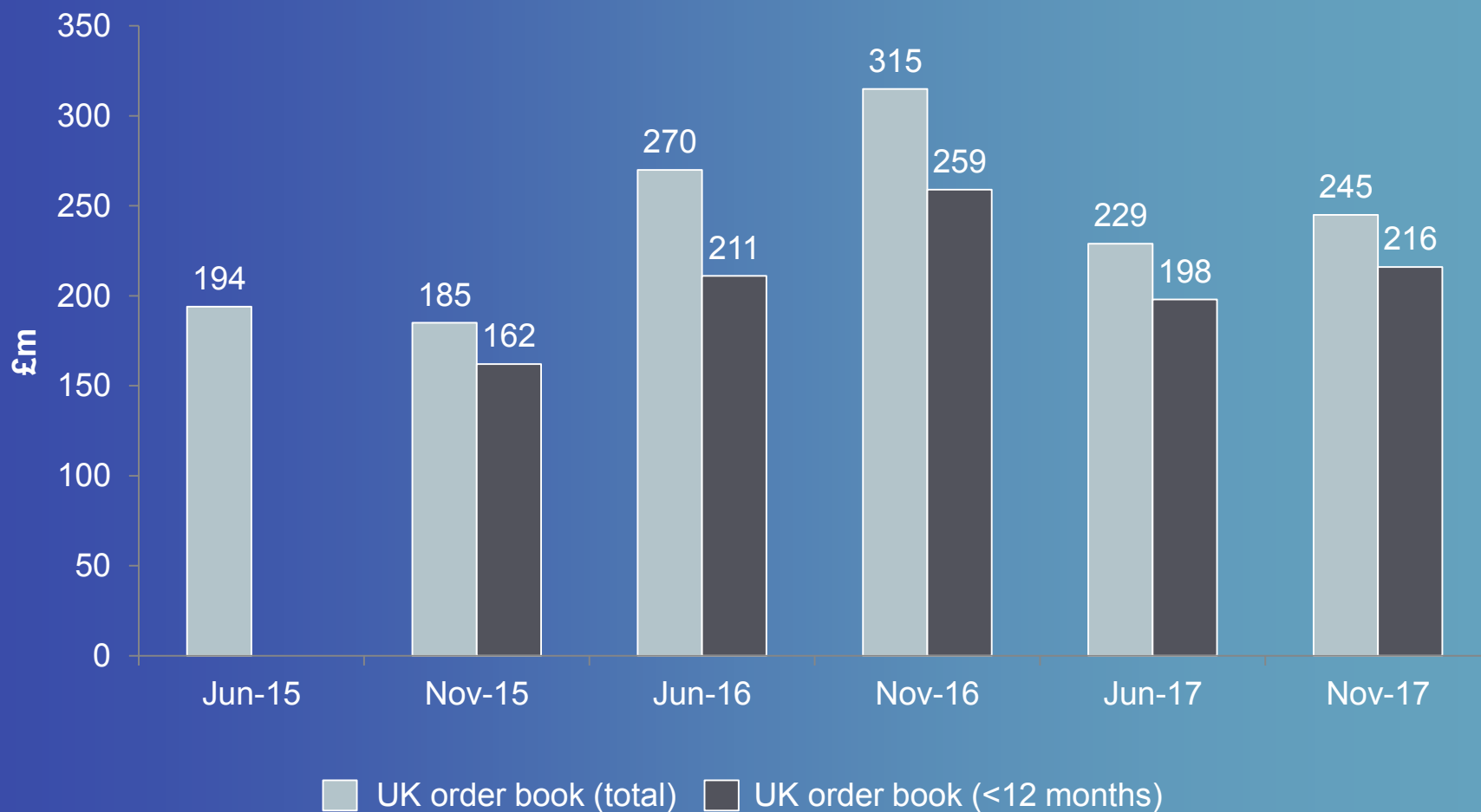
*Transport*



*Data centres and other*



# High quality UK order book





# Current major projects

## Endorsing Severfield's leading market position

*Central Square Office Block, Cardiff Exchange*



*London Development Project*



*22 Bishopsgate, London*



*Ferrybridge Multifuel 2 Power Station*



*Tottenham Hotspur FC Stadium*





# Current major projects

## Endorsing Severfield's leading market position

*Shard Place, London*



*V&A Museum, Dundee*



*Coal Drops Yard, London*



*Wimbledon No.1 Court*





# Current major projects

## Endorsing Severfield's leading market position

*S2, King's Cross*



*Snowhill, Birmingham*



*Ordsall Chord, Greater Manchester*



*60 London Wall, London*



# UK order book



Sector	Nov 2017 £245m	Jun 2017 £229m	Future Trend
Commercial offices	43%	54%	
Data centres and other	18%	1%	
Stadia and leisure	14%	23%	
Health and education	7%	1%	
Industrial and distribution	6%	9%	
Retail	6%	1%	
Transport	5%	7%	
Power and energy	1%	4%	

# Prospects



## *KGX1, London*



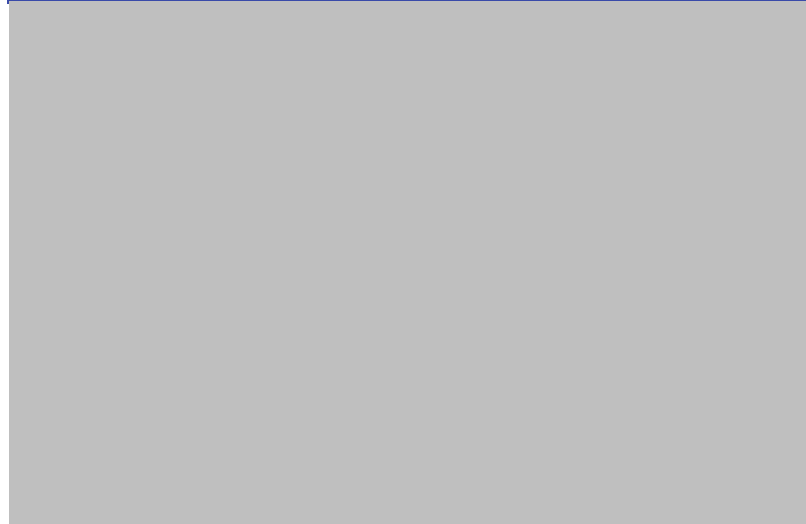
## *Avonmouth Energy from Waste Plant*



## *2 New Bailey Square, Salford*



## *Brent Cross Retail Development Expansion*



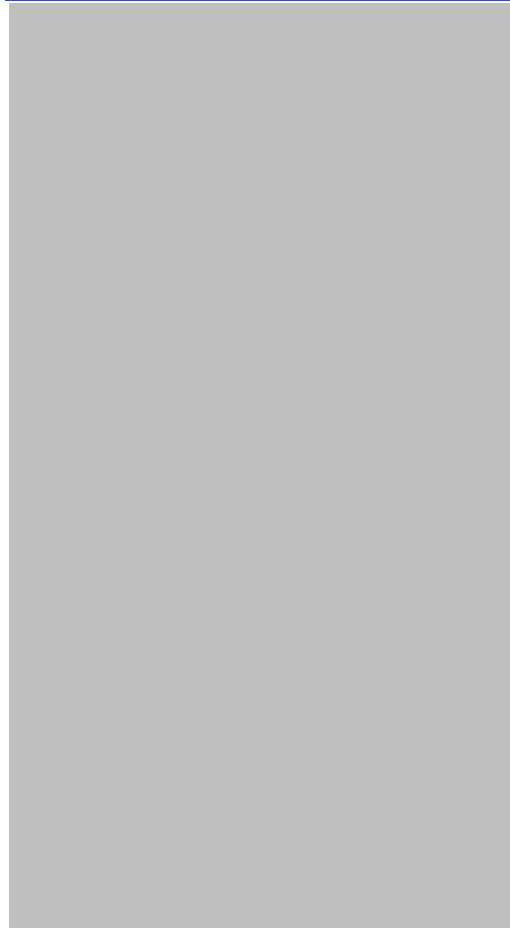
# Prospects



*One Crown Place, London*



*103 Colmore Row, Birmingham*



*Cardiff Interchange*



*Schipol Airport Extension, Amsterdam*



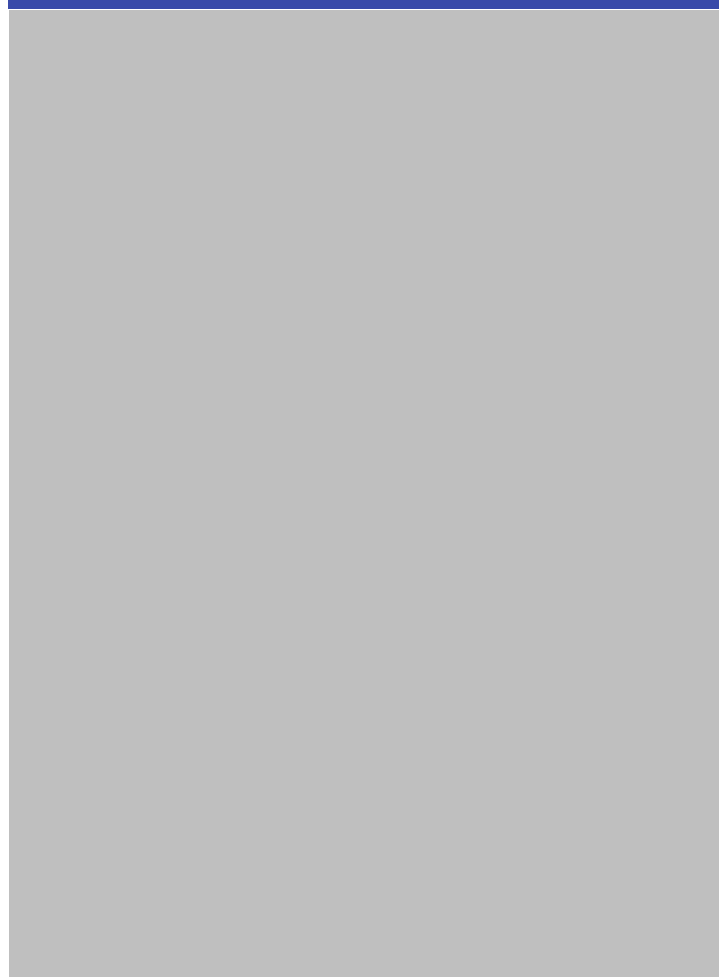
# Prospects



## *Casement Park, Belfast*



## *80 Fenchurch Street, London*



## *Bristol Arena*





# India - overview

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- GDP growth remains strong
- Government continuing to reshape economy to stimulate investment
- Market conversion activity continues
- Continued strong order book with good mix of projects
- Additional equity now invested to repay term loan - £0.5m full year profit benefit
- New market opportunities including residential solution

# Current projects - India



Intel MLCP, Bangalore



JSW Coal Conveyor, Dolvi



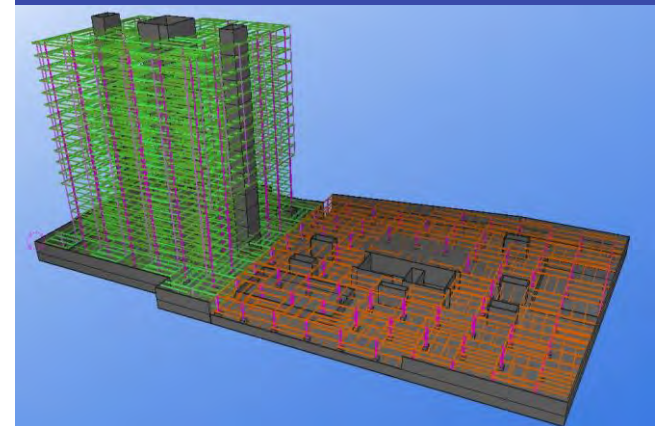
Advant IT Park, Noida



Office Building, Bangalore



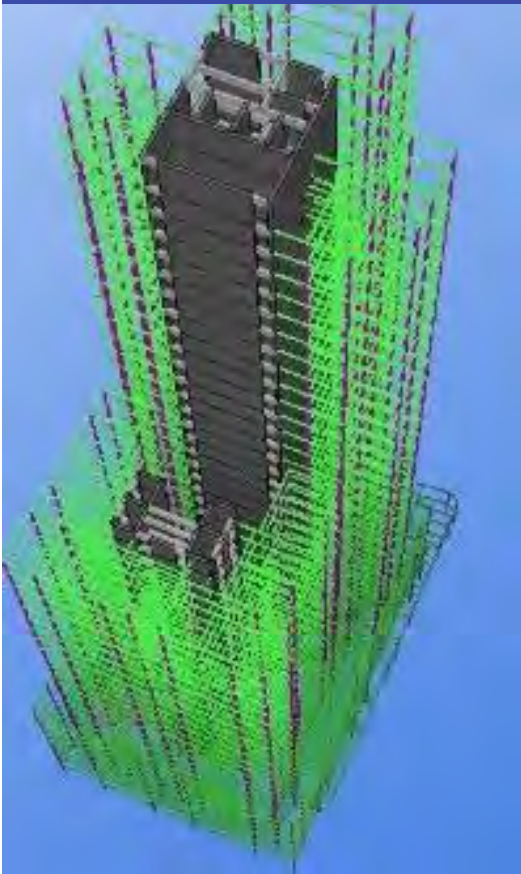
Phoenix Neuland, Hyderabad



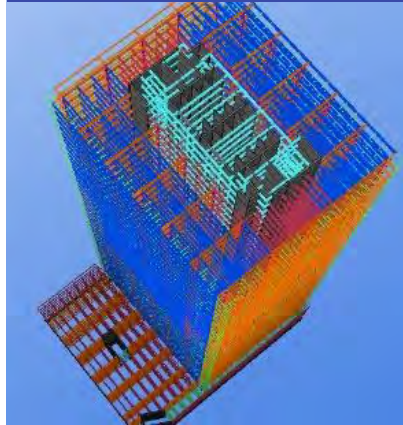
# Prospects - India



*Earth Enclave, Mumbai*



*K Raheja Commercial, Mumbai*



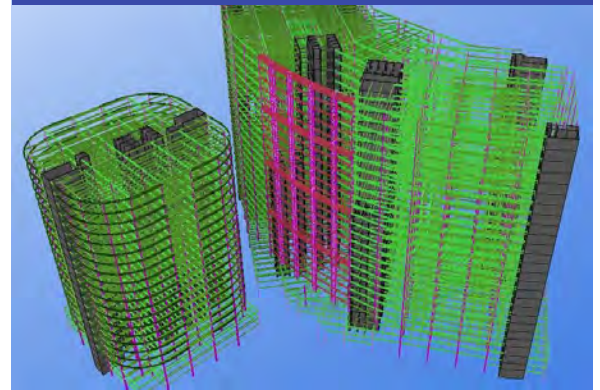
*India Trade Promotion Organisation, Delhi*



*India International Convention Centre, Delhi*



*Commercial Project, Hyderabad*





# Group strategic priorities

## Organic growth

### Smarter, safer, more sustainable

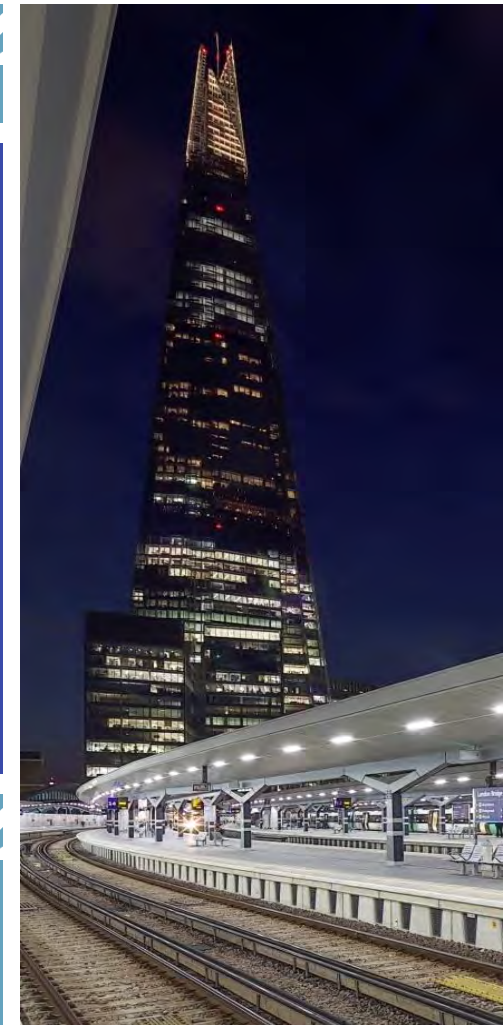
- Innovation
- Systems
- People
- Productivity
- Risk management, control and safety

### Recent developments

- More cold rolled products including purlins
- Development of European pipeline
- Residential solution being market tested
- Optimisation of steel footprint in North Yorkshire
- New steel processing operation established

## Our vision

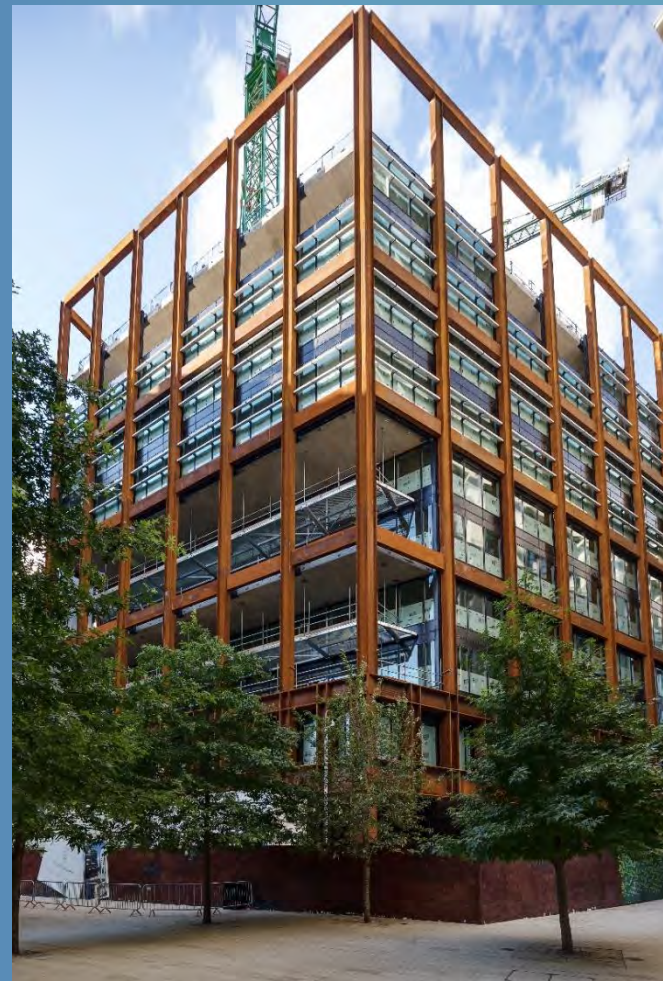
To be recognised as **world-class leaders in structural steel**, known for our ability to deliver any project, to the highest possible standards





# Summary

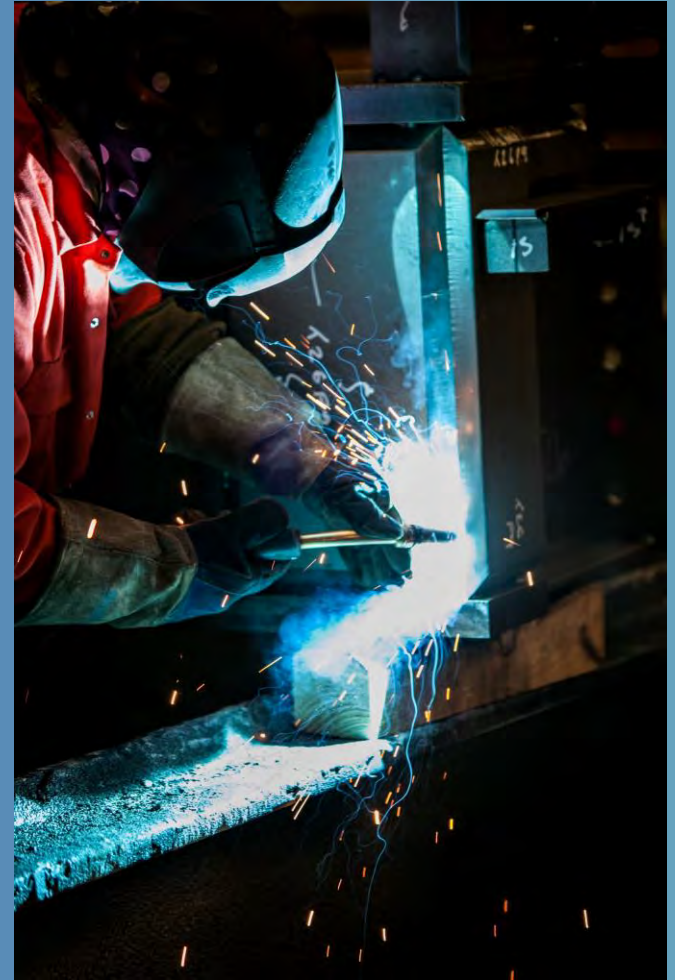
- Strong half year results with:
  - Increased revenue
  - Excellent profit growth
  - Good cash generation
- Progressive dividend policy
- Operational improvements benefiting underlying operating margins
- Full year results expected to be comfortably ahead of our previous expectations





# Outlook

- High quality order book of £245m, of which £216m is for delivery over next 12 months
- Good UK pipeline of opportunities
- Joint venture in India with £79m order book and reduced debt provides platform for future growth
- Continued delivery against strategic target of doubling pre-tax profit to £26m by 2020



# Q&A

For more information:

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