



Severfield

Interim Results

30 September 2019





Alan Dunsmore

Chief Executive Officer

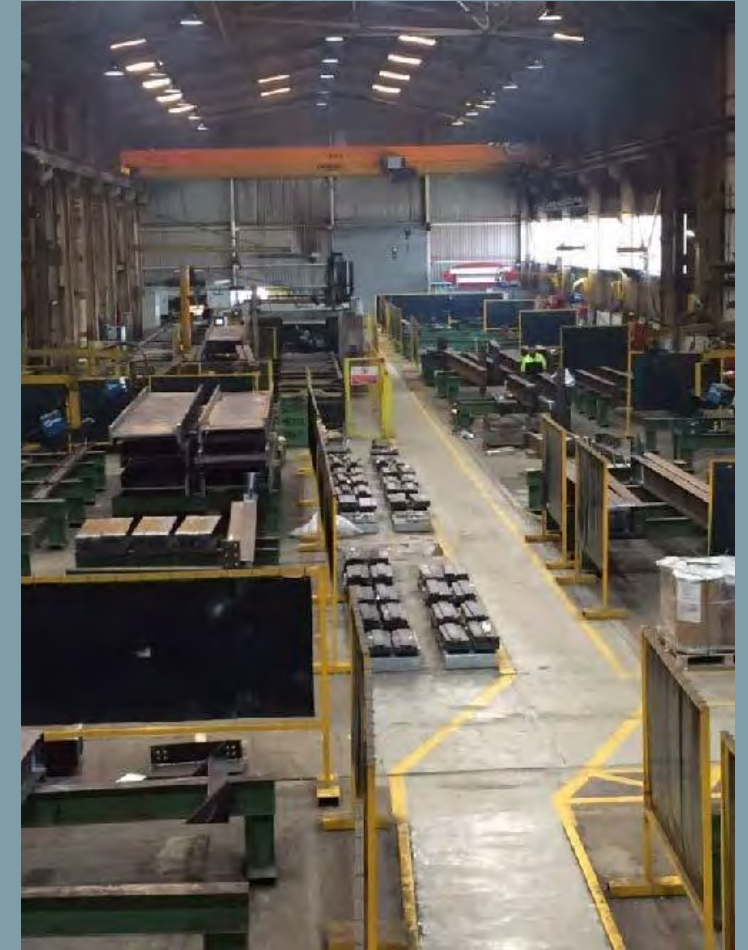


Highlights

- Revenue of £131.7m and underlying profit before tax of £8.2m in line with expectations, current trading remains good with a number of large ongoing contracts expected to deliver stronger H2 profits
- UK and Europe order book at £323m including £20m for Harry Peers
- Good cash generation with net funds of £22.5m
- Share of profit from India has more than trebled at £1.3m
- India order book at £134m, factory expansion on course for completion by end of FY20
- Underlying basic EPS of 2.3p
- Interim dividend up 10% at 1.1p per share
- Post period-end acquisition of Harry Peers & Co Limited

Acquisition of Harry Peers & Co

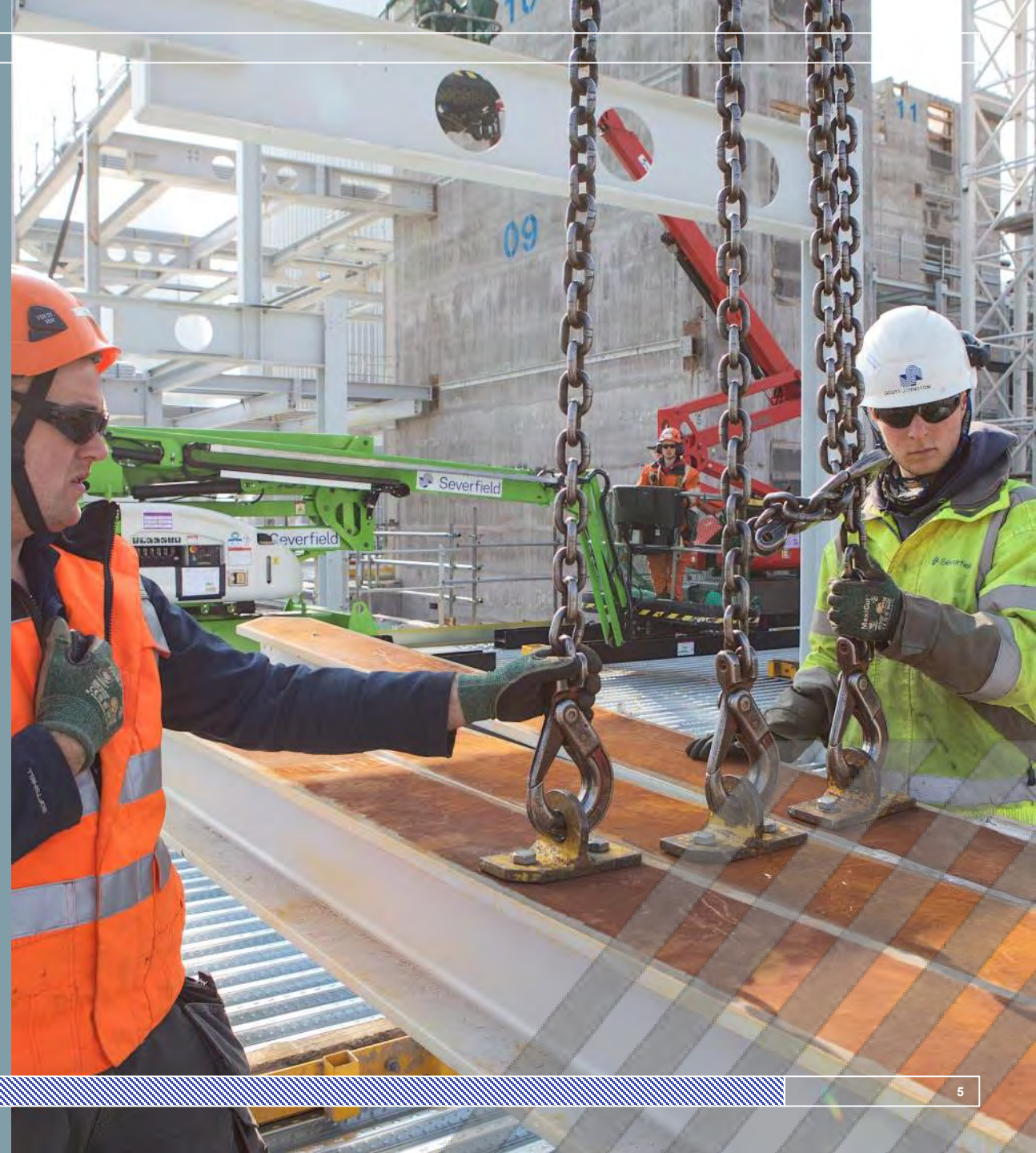
- Acquisition of Harry Peers & Co Limited ('Peers') completed on 1 October 2019
- Peers is a leading full service steelwork business focusing on the nuclear, process industries and power generation sectors
- Initial net cash consideration of £18m, on a cash and debt free basis, funded by a term loan of £14m and cash reserves of £4m
- Potential contingent consideration of up to £7m payable in late 2020, if certain financial and operational targets are achieved
- Acquisition will expand and extend Severfield's current capabilities into attractive complementary market sectors, broaden its market exposure and enhance its areas of expertise





Adam Semple

Group Finance Director



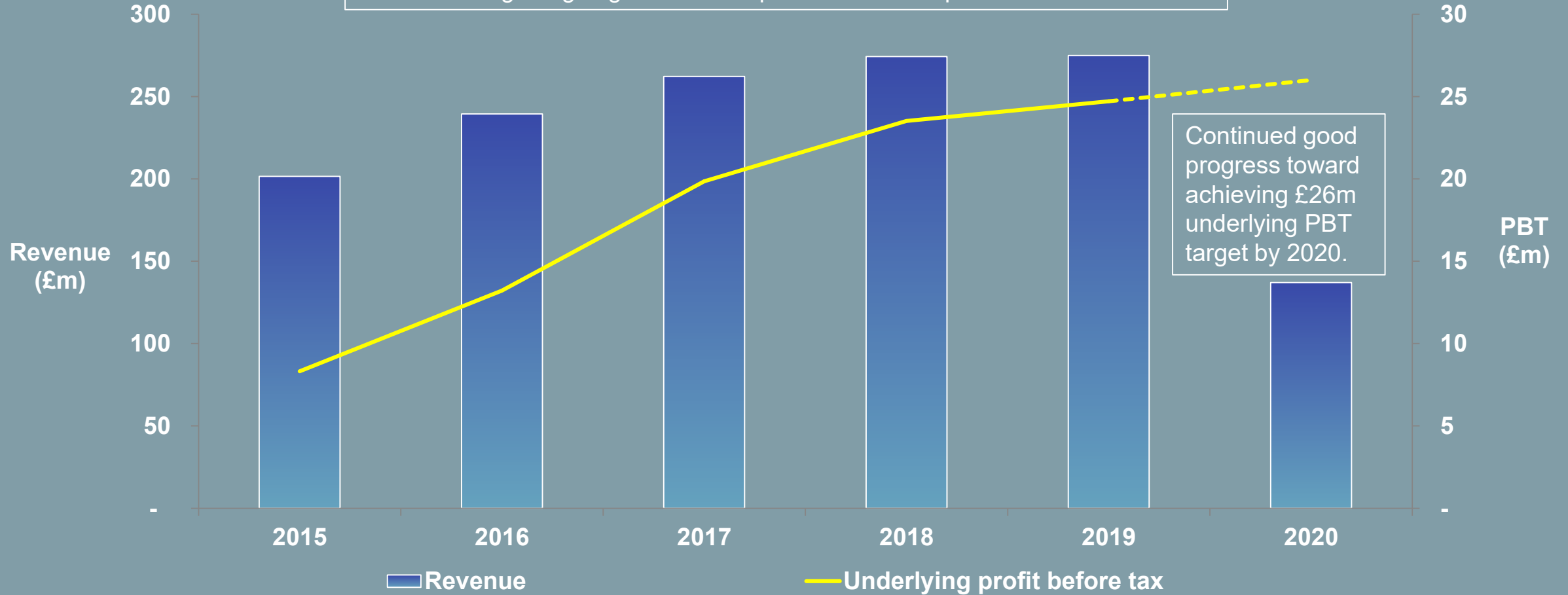
Group income statement

£m	6 months to 30 Sept 2019	6 months to 30 Sept 2018
Revenue	131.7	149.1
Underlying operating profit (before JVs and associates)	7.0	12.5
Results of JVs and associates	1.5	0.7
Net finance expense	(0.3)	(0.1)
Underlying profit before tax	8.2	13.1
Tax	(1.3)	(2.3)
Underlying profit after tax	6.9	10.8

- IFRS 16 adoption from 1 April 2019 – reclassification of £0.2m between operating profit and finance expenses

Revenue and profit

H1 2020 underlying PBT of £8.2m, H2 profits expected to be stronger with a number of large ongoing contracts expected to deliver profits



India income statement

£m	6 months to 30 Sept 2019	6 months to 30 Sept 2018	12 months to 31 Mar 2019
Revenue	56.3	31.8	84.1
Operating profit	4.8 8.5%	2.2 7.0%	5.4 6.4%
Finance expense	(1.3)	(1.1)	(2.2)
Profit before tax	3.5	1.1	3.2
Tax	(0.9)	(0.3)	(0.9)
Profit after tax	2.6	0.8	2.4
Group share after tax (50%)	1.3	0.4	1.2

- Expanding market position reflected in revenue growth and order book of £134m (June 2019: £134m)
- Expansion to increase capacity by 30,000 tonnes to 90,000 tonnes on course for completion by end of 2020 financial year

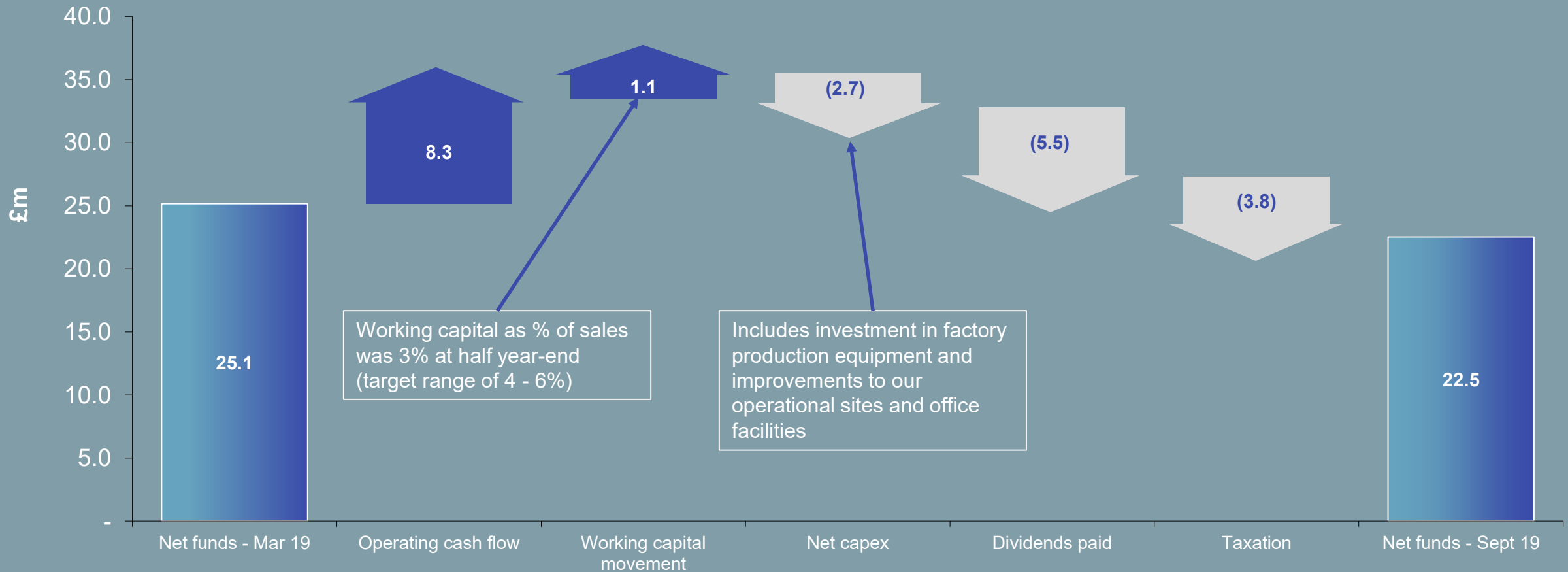
Balance sheet

£m		30 Sept 2019	31 Mar 2019
Non-current assets		176.1	163.0
Current assets	Inventories	8.1	8.9
	Trade and other receivables	55.9	57.9
	Cash and cash equivalents	22.3	25.0
	Current tax asset	0.9	-
		87.2	91.8
Total assets		263.3	254.8
Liabilities	Current liabilities	(57.6)	(58.6)
	Borrowings (includes IFRS 16 leases)	(11.9)	-
	Retirement benefit obligations	(24.4)	(20.0)
	Deferred tax liabilities	(0.3)	(1.2)
Total liabilities		(94.2)	(79.8)
Net assets		169.1	175.0

- IFRS16 adoption from 1 April 2019 – new right of use asset of £10.8m and lease liability of £11.9m included in balance sheet at 30 September 2019. Profit impact is immaterial.

Cash flow

Net funds bridge – period ended 30 September 2019





Alan Dunsmore

Chief Executive Officer



Market sectors



Power and energy



Stadia and leisure



Health and education



Industrial and distribution



Nuclear



Retail



Commercial



Transport



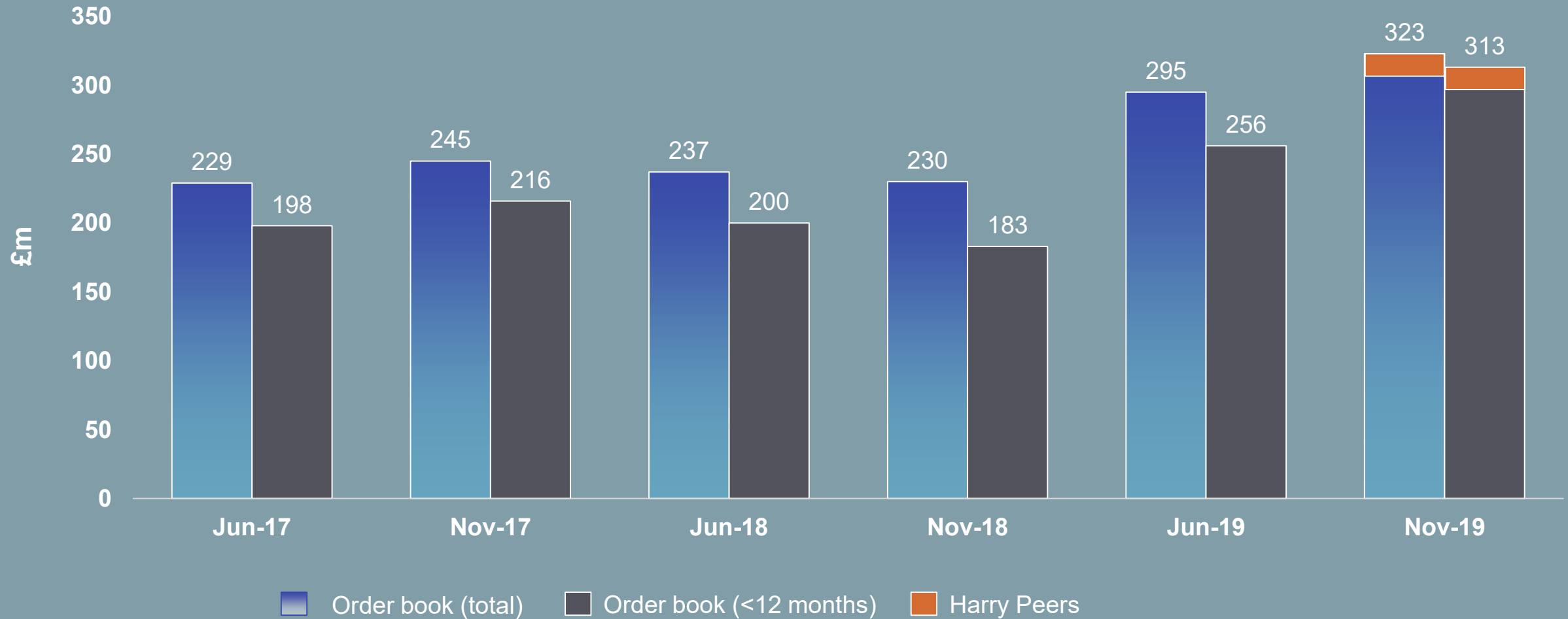
Data centre and other



Process industries



High quality order book

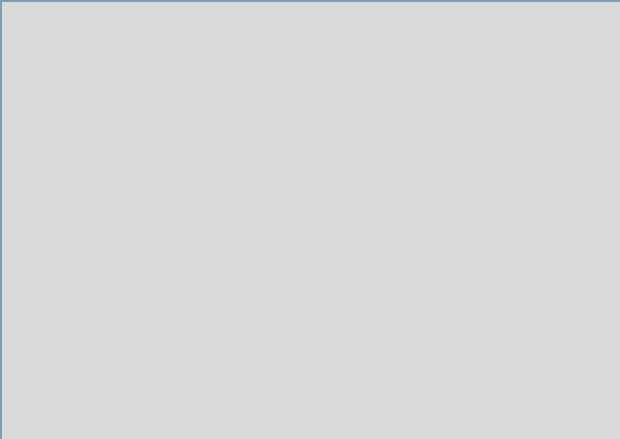


Current major projects

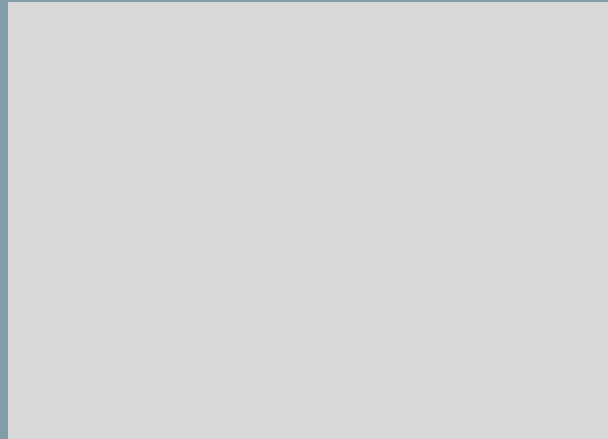
Endorsing Severfield's leading market position



TwentyTwo London



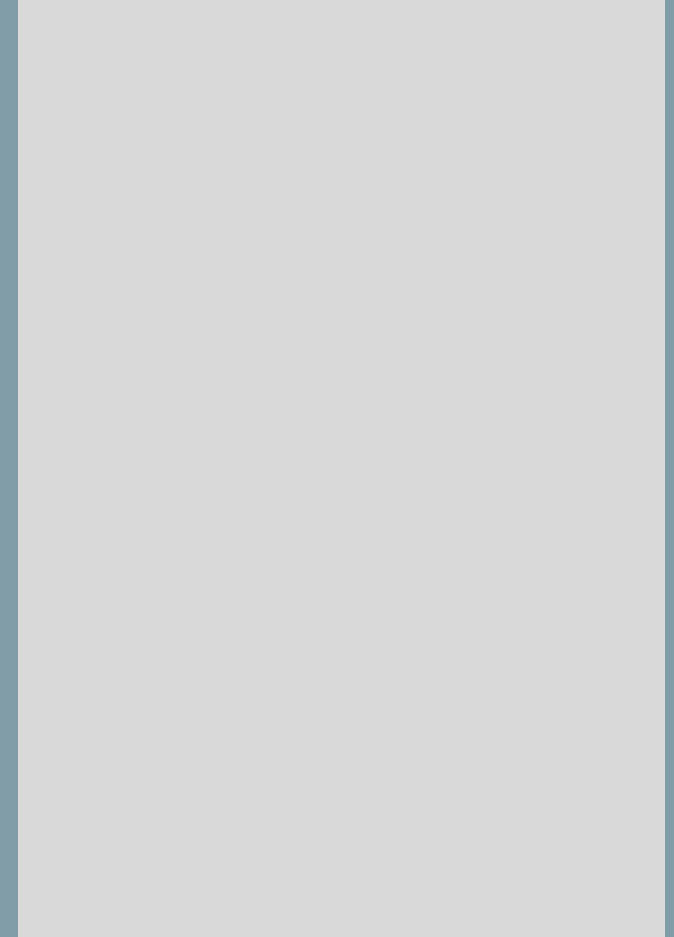
ESS Lund Sweden



103 Colmore Row Birmingham



Data Centre Dublin



One Braham London

Current major projects

Endorsing Severfield's leading market position

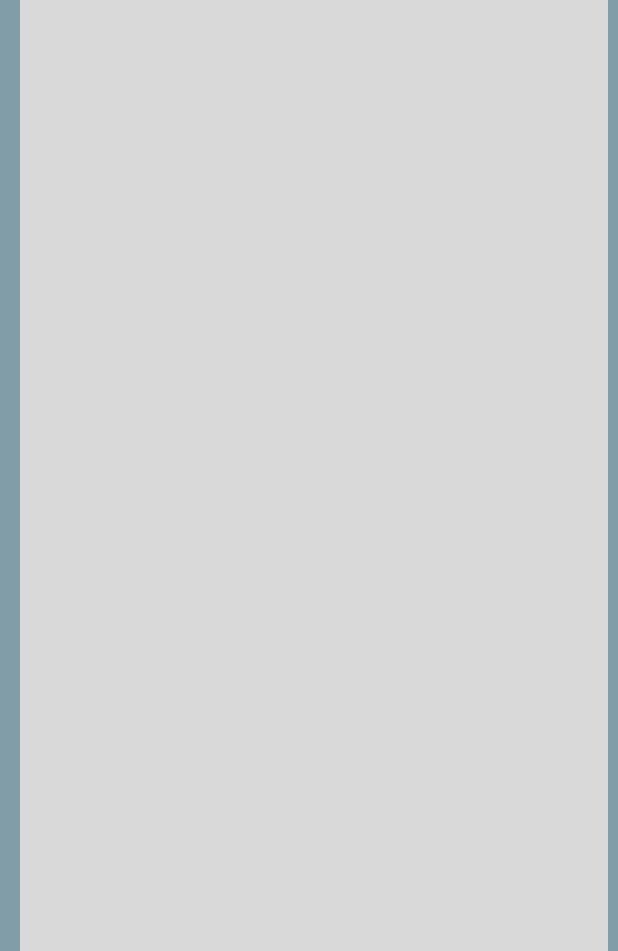
Google Headquarters King's Cross, London



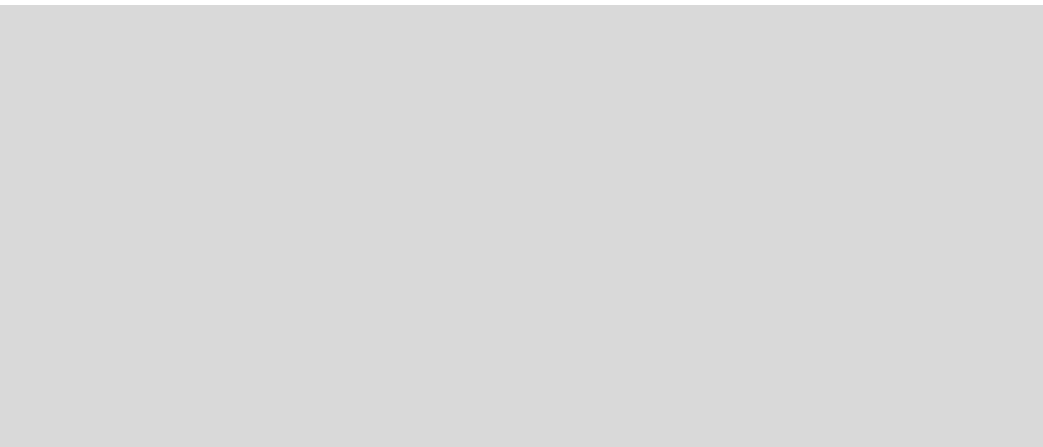
60 London Wall London



Unity Square Nottingham













Lords Cricket Ground London



Distribution Centre Darlington

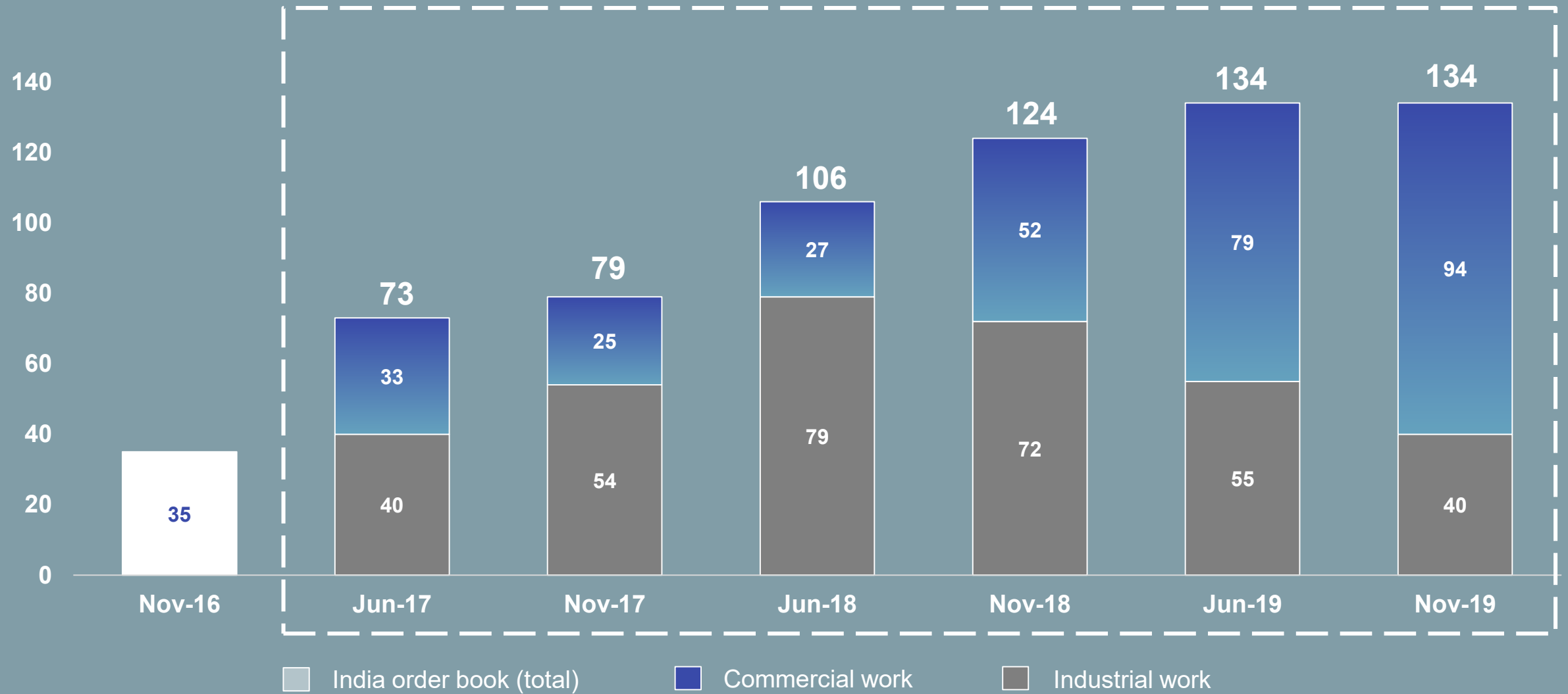


UK and Europe order book

Sector	Nov 2019 £323m	Jun 2019 £295m	Future Trend
Industrial and distribution	42%	26%	
Commercial offices	25%	36%	
Data centres and other	16%	22%	
Transport	5%	12%	
Nuclear	5%	-	
Stadia and leisure	4%	2%	
Health and education	1%	2%	
Process industries	1%	-	
Power and energy	1%	-	
Retail	-	-	

UK	53%	63%
Europe and Republic of Ireland	47%	37%

India order book



Current major projects - India

IKEA Bangalore



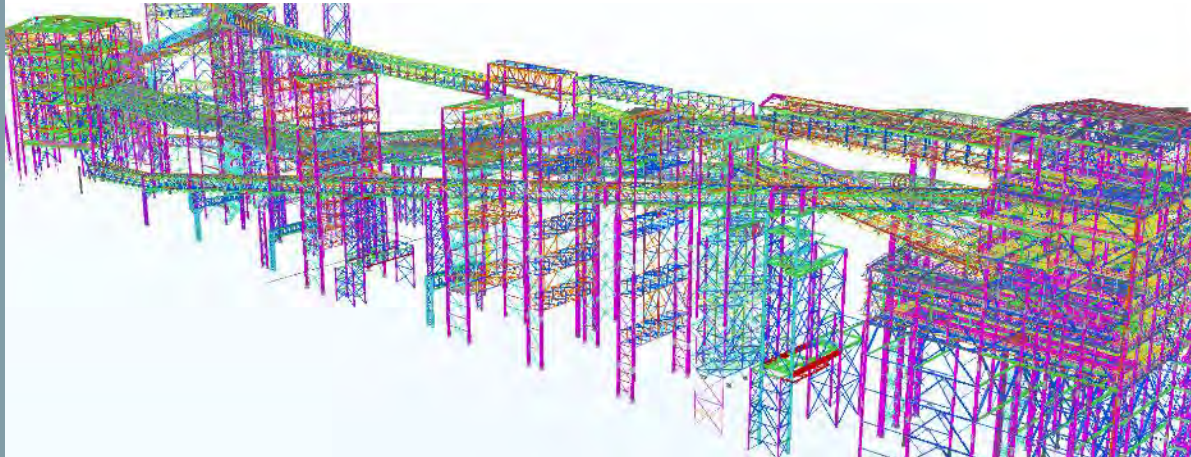
Sattva Knowledge Park Hyderabad



Phoenix Aquila Hyderabad



JSW RMHS II Dolvi



JSW Pellet Plant 2 Dolvi



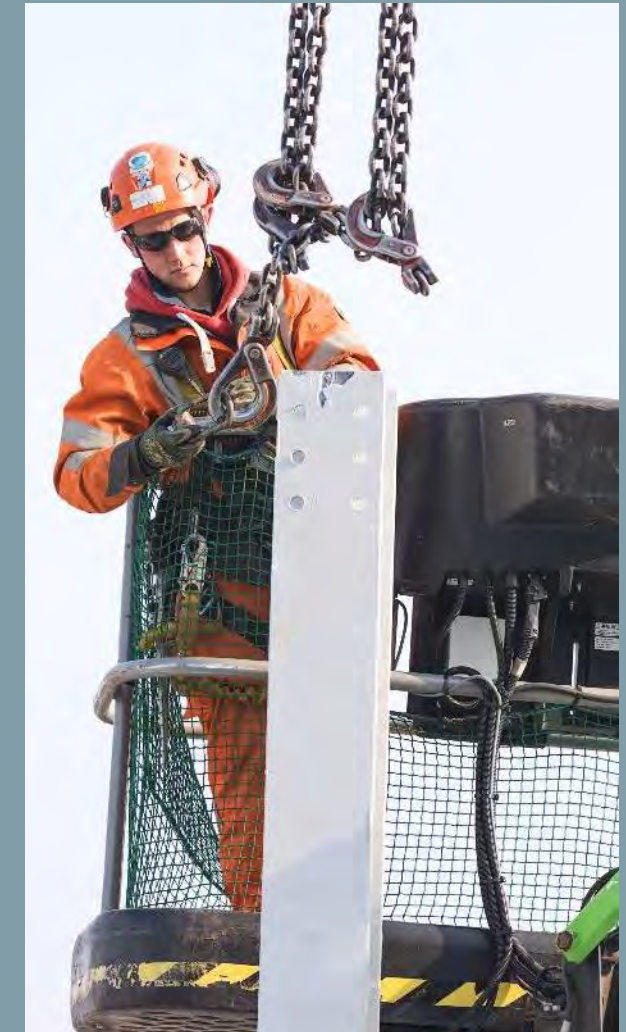
Driving future growth

New revenue streams

- Acquisition of Harry Peers
 - Nuclear, process industries and power sectors
 - Capability in modular steel offerings
- European business
 - First contract (ESS Lund) in delivery phase
 - Developing its growing high-quality pipeline
 - Assisting UK operations with European work
- Severfield (Products & Processing)
 - Orders being delivered to expanding customer base
 - Focus on further developing pipeline of opportunities
 - New product lines being added
- Residential solution – several potential opportunities but longer gestation period
- CMF – more cold rolled products

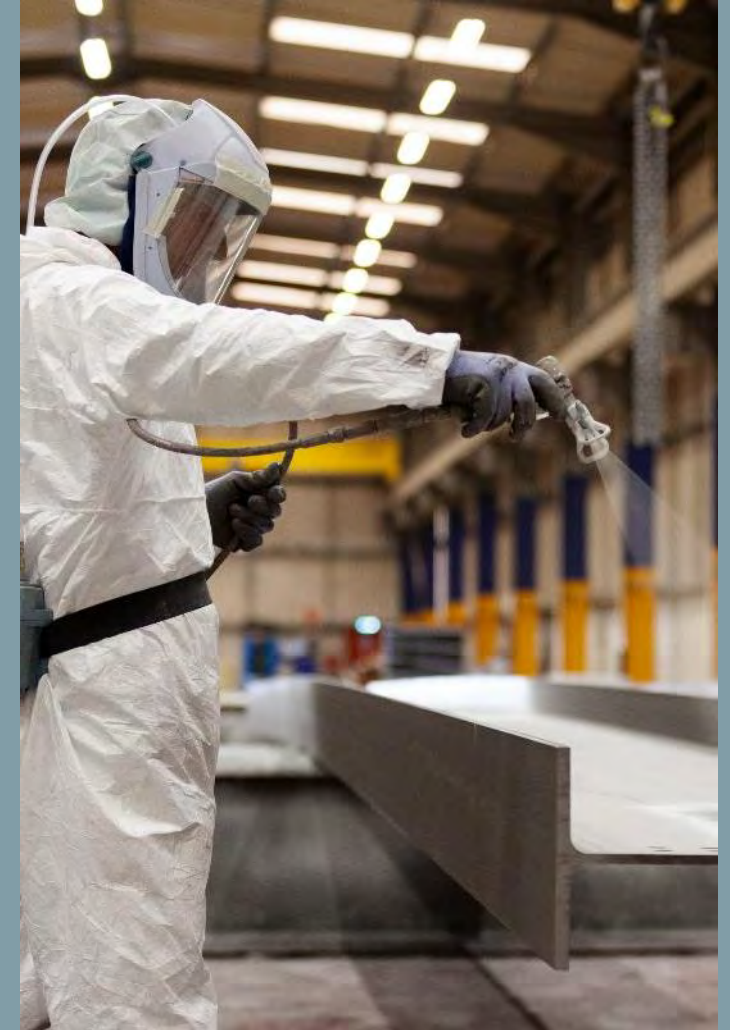
Smarter, Safer, more Sustainable

- ‘SSS’ operational improvement initiatives form part of continuous improvement cycle, with increased focus on manufacturing efficiency
- Innovation
- Systems
- People
- Risk management, control and safety



Summary and outlook

- First half results in line with expectations
- Good operational and strategic progress with:
 - Strong cash position
 - Continued progress with ‘SSS’ initiatives with an increased focus on manufacturing efficiency
 - Post period-end acquisition of Harry Peers & Co Limited
- High quality UK and Europe order book of £323m, of which £313m is for delivery over next 12 months
- Stable pipeline of opportunities with UK market softness being offset by opportunities in Europe and Republic of Ireland
- Expanding joint venture in India with strong first half performance and order book of £134m providing platform for further growth
- 2020 full year results expected to be in line with expectations



Q&A

