

Interim results

30 September 2021



Alan Dunsmore

Chief Executive Officer



Headlines

- Revenue up 5% to £195.9m
- Underlying profit before tax up 23% at £10.3m
- Strong balance sheet with cash balances of £11.1m – net debt of £6.7m, including acquisition loans of £17.8m
- Record UK and Europe order book of £393m – good profit visibility through FY23
- Return to profitability for India – share of profit of £0.3m
- Strong and growing India order book of £140m
- Interim dividend up 9% at 1.2p per share

Market conditions

UK and Europe

- Tendering and pipeline activity remain very encouraging
- Opportunities in industrial and distribution (battery plants and distribution centres), transport infrastructure, nuclear and data centre sectors
- Expectations are unchanged despite ongoing supply chain and inflationary pressures for us and our clients

India

- Market showing clear signs of recovery from second wave of Covid-19
- Strong and growing underlying demand for structural steel
- Business very well-positioned to take advantage of an improving economy



Adam Semple
Group Finance Director



Group income statement

£m

	6 months to 30 Sept 2021	6 months to 30 Sept 2020
Revenue	195.9	186.0
Underlying operating profit (before JVs and associates)	10.2	9.5
Share of results of JVs and associates	0.6	(0.6)
Net finance expense	(0.5)	(0.4)
Underlying profit before tax	10.3	8.4
Tax	(2.0)	(1.7)
Underlying profit after tax	8.3	6.7

India income statement

£m

	6 months to 30 Sept 2021	6 months to 30 Sept 2020	12 months to 31 Mar 2021
Revenue	41.2	23.1	48.0
Operating profit	2.3 5.6%	- -	1.6 3.3%
Finance expense	(1.6)	(1.6)	(3.4)
Profit/(loss) before tax	0.7	(1.6)	(1.8)
Tax	(0.1)	0.3	0.4
Profit/(loss) after tax	0.6	(1.3)	(1.4)
Group share after tax (50%)	0.3	(0.7)	(0.7)

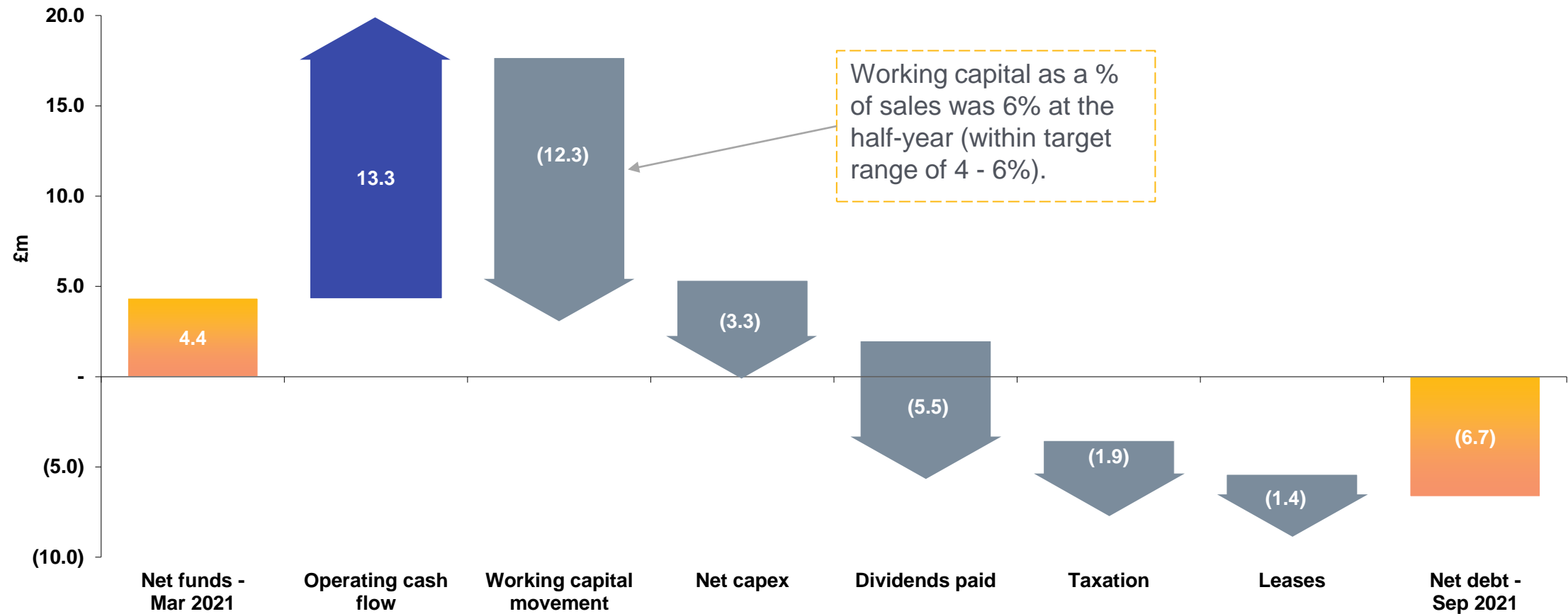
- India order book of £140m (June 2021: £140m)
- Production of 25,000 tonnes (H1 2020: 18,000 tonnes)

Balance sheet

£m		30 Sept 2021	31 Mar 2021
Non-current assets		229.0	230.1
Current assets	Inventories	9.1	10.2
	Trade and other receivables	88.8	68.9
	Cash and cash equivalents	11.1	25.0
	Current tax asset	0.2	3.6
		109.2	107.7
Total assets		338.2	337.8
Liabilities	Trade and other payables	(91.4)	(88.4)
	Borrowings (includes IFRS 16 leases)	(28.7)	(31.9)
	Retirement benefit obligations	(20.4)	(22.4)
	Deferred tax liabilities	(5.2)	(4.2)
Total liabilities		(145.7)	(146.9)
Net assets		192.5	190.9

Cash flow

Net funds bridge – period ended 30 September 2021





Alan Dunsmore

Chief Executive Officer



Strategic progress

- A more balanced and resilient business
 - Market sector, geographical and client diversification
 - Aligned with market sectors with strong growth potential including industrial, distribution and transport infrastructure
- Strong focus on client service and making our business better for all stakeholders
- Quality of earnings demonstrated by successful navigation of previous periods of Brexit and Covid-19 market softness
- Overall Group strategy is unchanged



Google HQ, King's Cross, London

Group strategy

Growth

- Organic and through selective acquisitions
- Harry Peers
 - nuclear, power and process industries sectors
- DAM Structures
 - propping, railway and steel piling markets
 - early-stage access to clients and contracts
- European business
 - new geographies and markets
- Modular construction
 - Severfield (Products & Processing) – Severstor, Rotoflo and new modular product ranges
 - CMF – expansion underway, more cold rolled products

Operational improvements

- Manufacturing efficiency and throughput
- Innovation – including engineering solutions
- Digital transformation, including systems development
- People, risk management, ESG, health and safety

India

- Growth and building value in JSSL



A worker in an orange high-visibility suit and helmet is working on a large industrial structure, possibly a heat exchanger or boiler. The worker is wearing safety glasses and gloves, and is focused on the task. The background shows a complex network of pipes and structural elements.

Reducing our carbon emissions

Sustainability

Our achievements

- Certified as carbon neutral for manufacturing and construction operations
- Signatory of SteelZero – customer led initiative to speed up transition to net zero steel industry
- Signatory of United Nations ‘Race to Zero’ campaign
- Included in 2021 Financial Times listing of Europe’s Climate Leaders

Our commitments

- Established targets to reduce Scope 1 and 2 emissions by 25% by 2025 against a 2018 baseline (in line with a 1.5 degree world)
- Net zero target (Scope 1 and 2) established for 2040

Green infrastructure investment

**Expert capability
to deliver for a
net zero world**



A close-up photograph of two hands in business attire (sleeves and cuffs visible) pointing at a detailed technical map or blueprint spread out on a table. One hand holds a blue pen, and the other points with the index finger. The map features various lines, grids, and text, typical of engineering or architectural plans. In the background, a rolled-up blueprint is visible.

UK and Europe

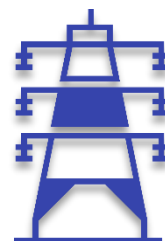
Market sectors



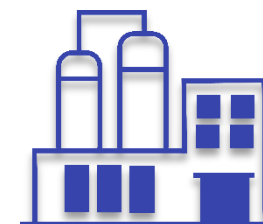
Commercial



Stadia and leisure



Power and energy



Process industries



Industrial and distribution



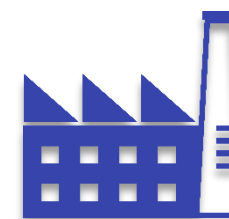
Retail



Transport



Health and education

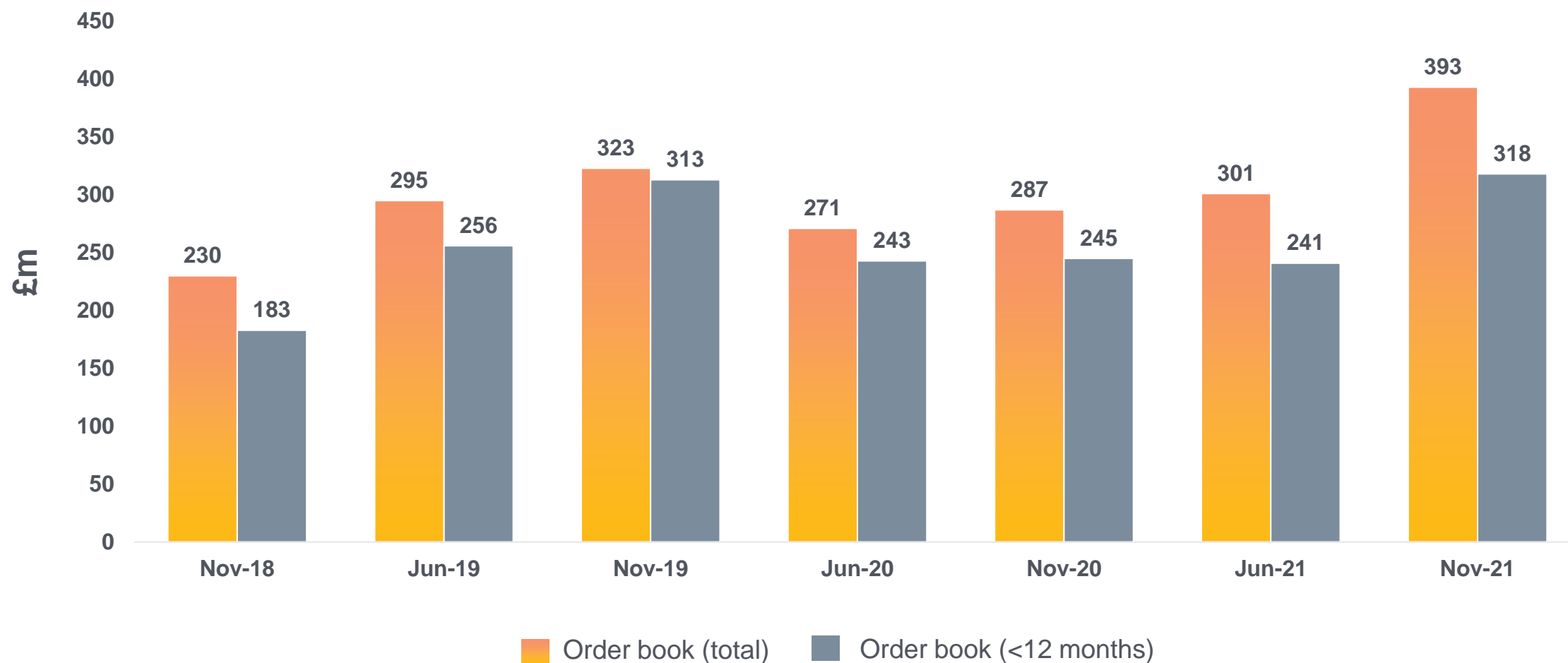


Nuclear



Data centres

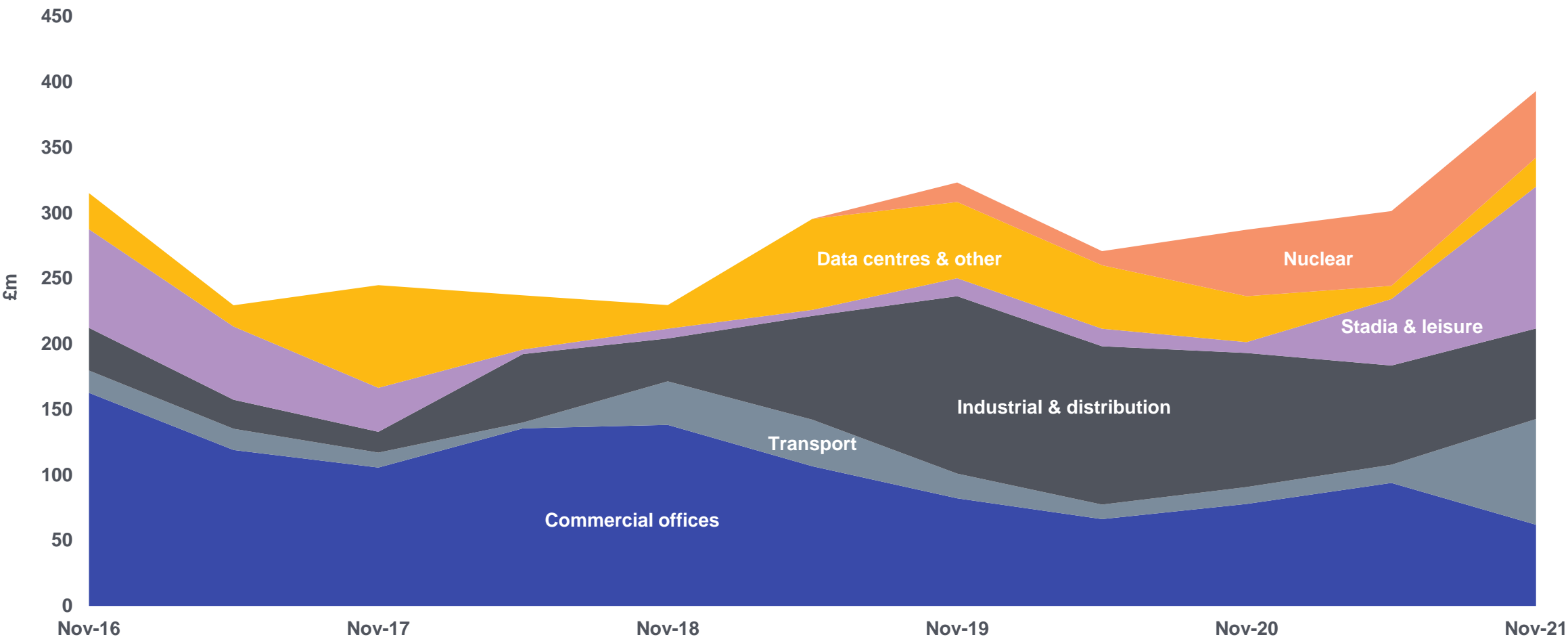
Diversified UK and Europe order book



Diversified UK and Europe order book

Sector	Nov 2021 £393m	Jun 2021 £301m	Future trend for Severfield
Stadia and leisure	28%	15%	▼
Transport	20%	4%	➤
Industrial and distribution	18%	28%	▲
Commercial offices	16%	27%	▲
Nuclear	13%	19%	▲
Power and energy	3%	-	▲
Data centres and other	2%	5%	▲
Process industries	-	1%	▲
Health and education	-	1%	➤
Retail	-	-	➤
UK	95%	84%	
Europe and Republic of Ireland	5%	16%	

Order book balance



HS2

A decade of infrastructure investment

Phase 1	Status	Opportunity
London to Birmingham	Underway	Four main stations <ul style="list-style-type: none">• London Euston• Old Oak Common• Birmingham Interchange• Birmingham Curzon Street
	Consortia <ul style="list-style-type: none">• BBV (Balfour Beatty, Vinci)• SCS (Skanska, Costain, Strabag)• EK (Eiffage Genie, Kier)• Align (Bouygues, VolkerFitzpatrick, SRA)	Bridges <ul style="list-style-type: none">• Around 70 structures
Phase 2	Status	Opportunity
Birmingham to Crewe	2022+	Stations and bridges



- DAM Structures – access to HS2 ‘early stage’ work and piling and OLE work
- Order book includes HS2 bridge packages of c. £30m

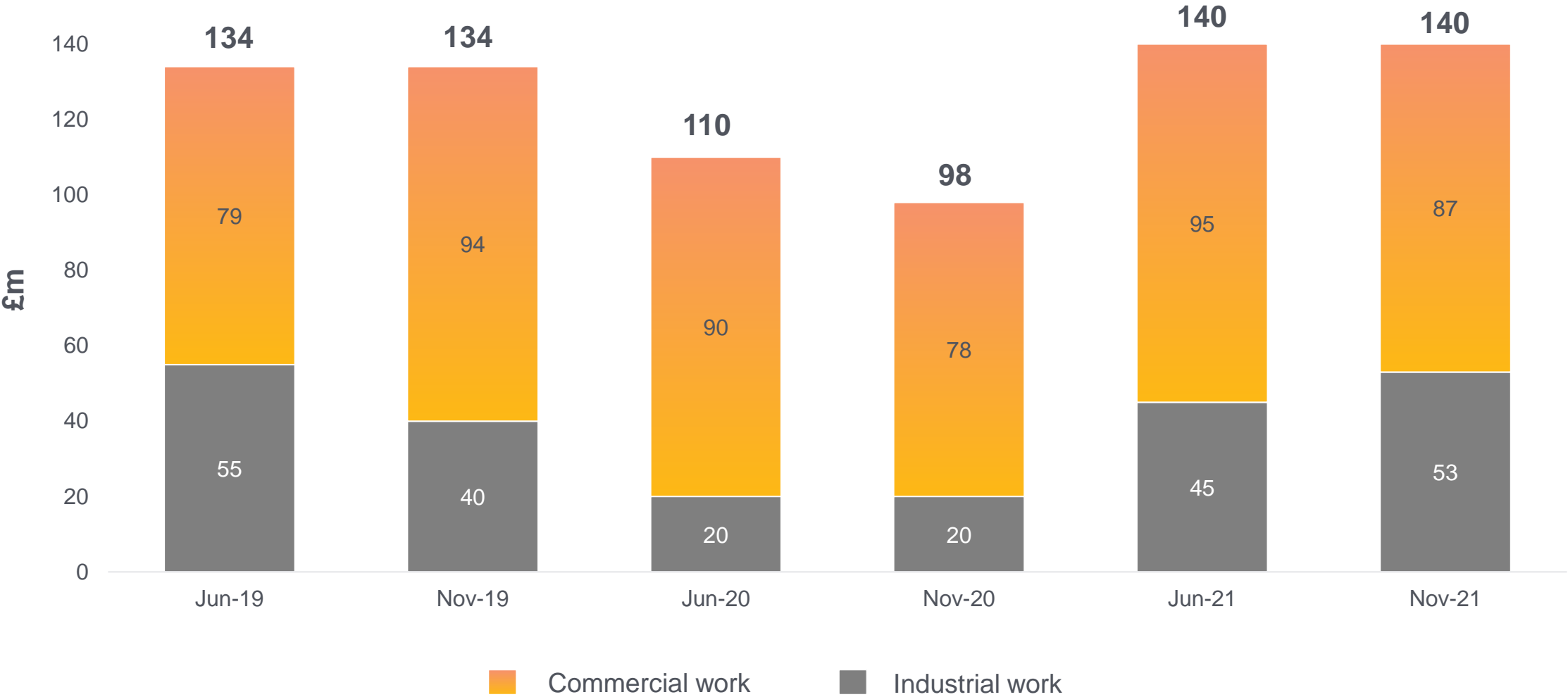


India

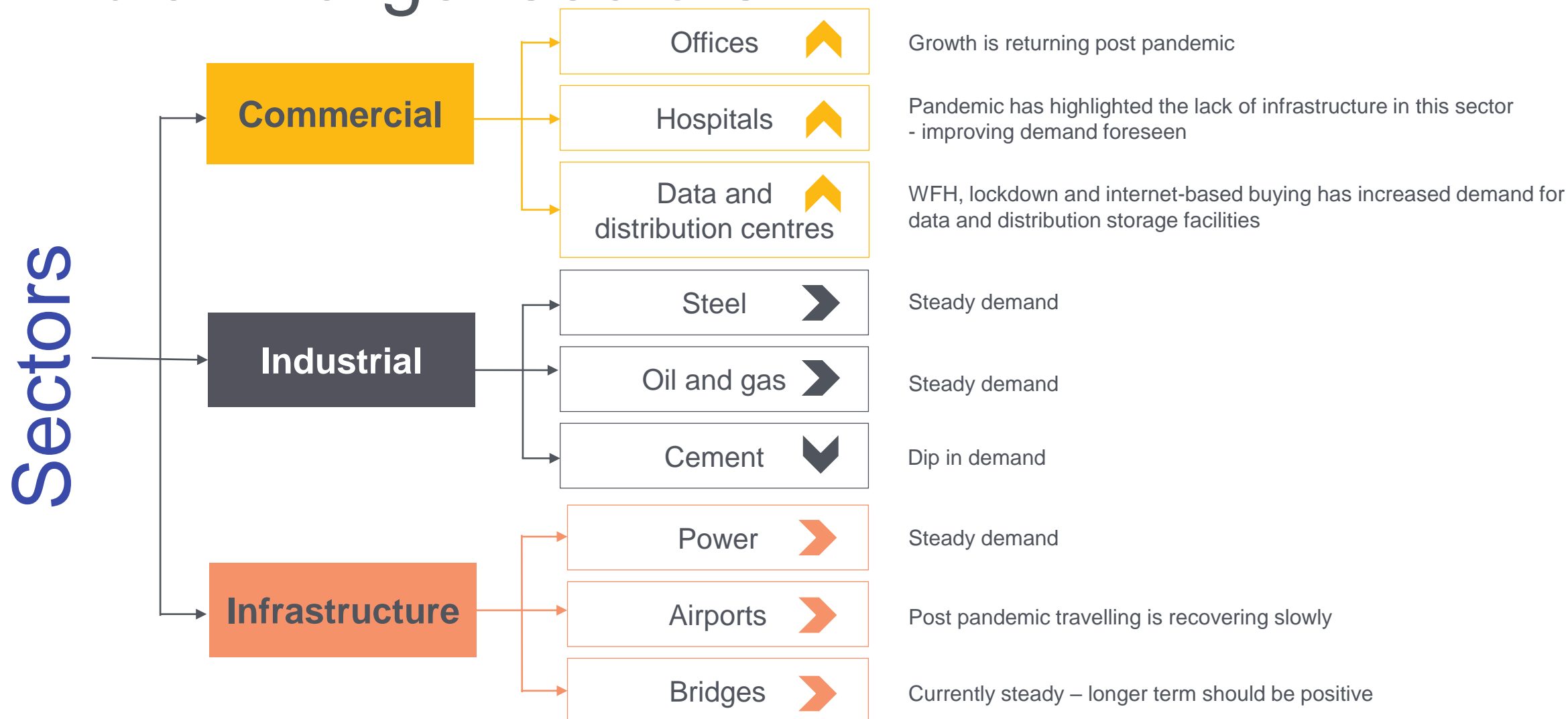
India - overview

- Business continues to recover well from second wave of Covid-19
- Return to profitability in H1 – Group share of profit is £0.3m
- Strong and growing underlying demand for structural steel in India – healthy order book of £140m – growing order pipeline
- Continued development of strategic alliances with clients (nominated steelwork contractor) for commercial, data centre and healthcare projects
- Share of steel in construction remains below other developing countries
- Evaluating options to purchase land for future expansion – supported by strong long term growth projections and continued market conversion
- Business is very well positioned to take advantage of improving economy

India order book



India – target sectors



Summary and outlook

- Good first half performance building on positive momentum
 - Revenue up 5%
 - Underlying profit before tax up 23%
 - Interim dividend up 9%
 - Continued operational and strategic progress
- Record UK and Europe order book of £393m – good visibility of earnings through FY23
- Tendering and pipeline activity remain very encouraging
- India order book of £140m – strong and growing demand for structural steel in India
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