



# Severfield Capital Markets Day

Lord's Cricket Ground, Monday 27 March 2023





Introduction

**Alan Dunsmore**  
Chief Executive Officer



# Today's Agenda



14:15      Trading Update and Introduction  
*Alan Dunsmore, Chief Executive Officer*

14:25      Lord's Cricket Ground  
*Sam Wright, Architect*

14:40      Severfield Commercial & Industrial  
*Rob Evans, Divisional Managing Director*

14:55      Severfield Nuclear & Infrastructure  
*Stuart Mitchell, Sales & Estimating Director*

15:15      Severfield Modular  
*Alan Dunsmore, Chief Executive Officer*

15:25      Financial Overview  
*Adam Semple, Chief Financial Officer*

15:40      Q&A

15:50      *Tea & Coffee Break*

16:05      Project Horizon  
*Alan Dunsmore, Chief Executive Officer*

16:15      Voortman Acquisition and  
Severfield Europe  
*Alan Dunsmore, Chief Executive Officer*

16:30      Q&A



# A Compelling Investment Case



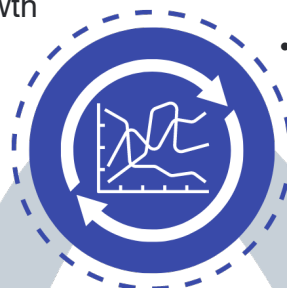
## Exciting growth prospects

- Aligned to sectors with strong growth potential in the UK and Europe
- Significant opportunity to grow profits in India



## Resilient business through economic cycles

- Sector, geographical and client diversity
- Good earnings visibility from record order book and strong pipeline



## Built on a platform of operational excellence

- Continued momentum from operational improvement initiatives
- Well invested business with >£50m CAPEX over the last eight years



## Delivering strong returns, cash generation and progressive dividend

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



## All underpinned by a strong focus on sustainability

- Internal roadmap to net zero by 2040
- Top UK construction business in FT climate change listing





# Trading Update



- Strong H2 performance – expect to deliver full year results in line with expectations
- Record UK and Europe order book of £508m
- Consistently high level of future opportunities in the UK and continental Europe
- Selected as one of two ‘Key Delivery Partners’ at Sellafield as part of their long term Programme and Project Partners (PPP) framework
- India order book of £146m
- Outlook is positive – high quality order books give us good forward visibility through FY24





# Lord's Cricket Ground

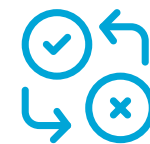
Sam Wright, Architect



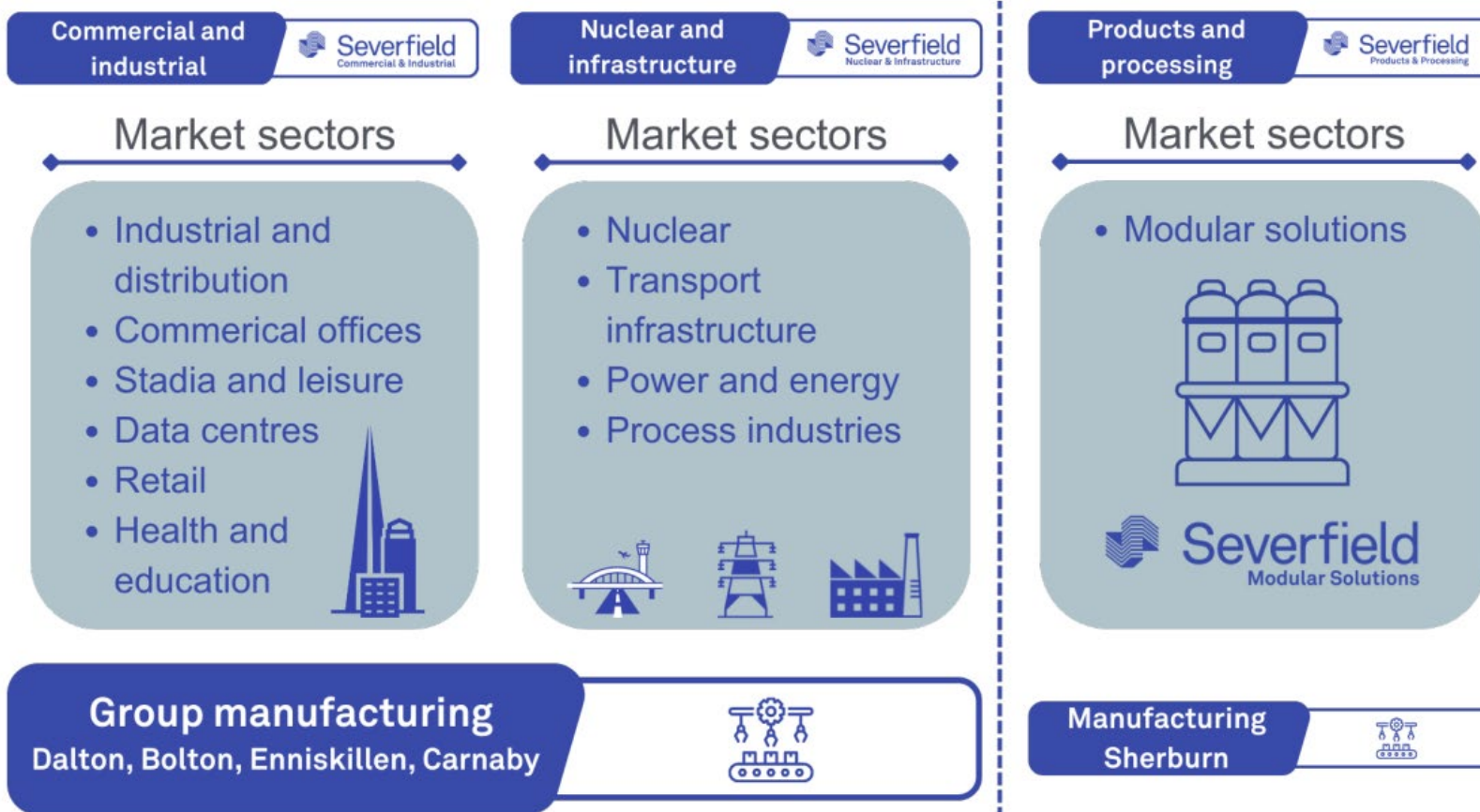


Severfield Commercial & Industrial  
**Rob Evans**  
Divisional Managing Director

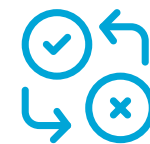




# Our New Divisional Structure







# Severfield Commercial & Industrial

Single points of contact  
for all projects

All round better service  
to our clients

Greater focus on our  
internal resource

Increased oversight and support

Enhanced market competitiveness

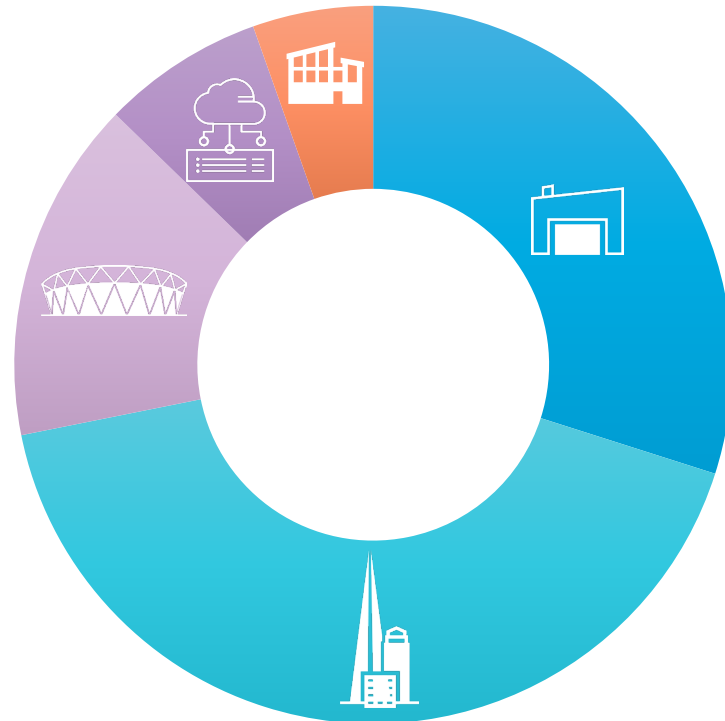
A more unified approach to project delivery, Health & Safety, and  
ESG on all of our projects





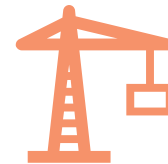
# Severfield Commercial & Industrial Order Book

- Industrial and Distribution →
- Commercial Offices →
- Stadia and Leisure →
- Data Centres →
- Other





# Severfield Commercial & Industrial Projects Underway



## Industrial and Distribution

### Envision Battery Plant

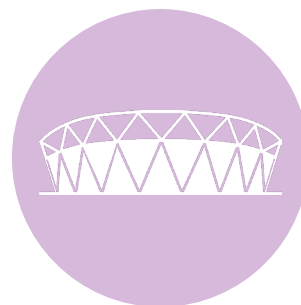
**Client:** Wates Construction  
**Tonnage:** 16,000  
**Location:** Sunderland  
**Start:** 2022



## Commercial Offices

### 81 Newgate Street

**Client:** Mace  
**Tonnage:** 4,400  
**Location:** London  
**Start:** 2023



## Stadia and Leisure

### Everton FC Stadium

**Client:** Laing O'Rourke  
**Tonnage:** 12,500  
**Location:** Liverpool  
**Start:** 2022



## Data Centres

### P4 Data Centre

**Client:** McLaren Construction  
**Tonnage:** 1,200  
**Location:** Peterborough  
**Start:** 2023

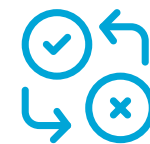


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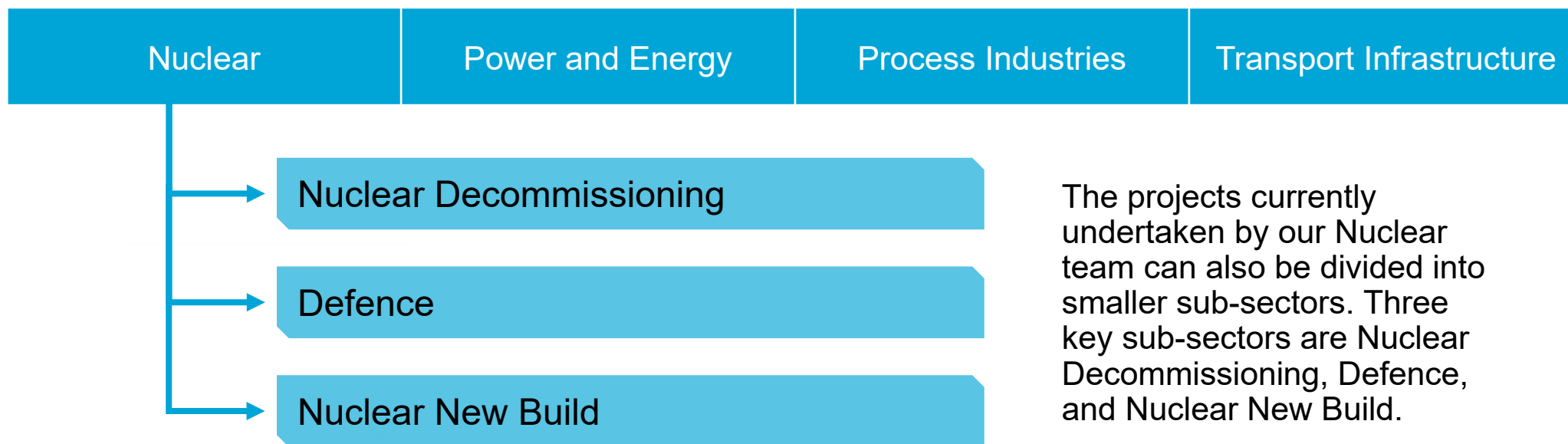
Severfield Nuclear & Infrastructure  
**Stuart Mitchell**  
Sales & Estimating Director





# Severfield Nuclear & Infrastructure

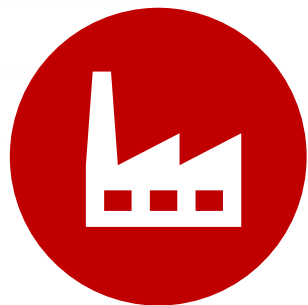
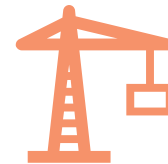
Our Nuclear & Infrastructure division operates in four main sectors:





# Severfield Nuclear & Infrastructure

## Nuclear Projects Underway



### Nuclear Decommissioning

#### Sellafield SRP

**Client:** Sellafield  
**Contract Value:** £15m  
**Location:** Cumbria



### Defence

#### Awe Project Mensa

**Client:** AWE  
**Contract Value:** c.£55m  
**Location:** Aldermaston



### Nuclear New Build

#### GE-V41

**Client:** General Electric  
**Contract Value:** £25m  
**Location:** Hinckley Point



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# Being Part of a Framework

## The Sellafeld Programme and Project Partners (PPP)

### What is the Sellafeld PPP framework?

- Enterprise model for sophisticated, long-term relationships.
- Developed using the Institute of Civil Engineers (ICE) 'Project 13' approach.

### How will it work?

- Key Delivery Partners (KDP) are appointed to deliver the scope of the programme through a number of contracts.
- NEC 4 contracts with a profit for performance model built into the T's & C's.

### Who awards KDP contracts?

- KDP contracts are awarded by Lot Partners in consultation with Sellafeld.
- The contractors contending for the KDP slots will have to tender and demonstrate the right skill set and attitude to be awarded a place on the framework.

### The benefits



Long-term opportunity



Risk and opportunity share



Certainty of cost recovery



Reduced competition for work



# Being Part of a Framework

## The Sellafield Programme and Project Partners (PPP)



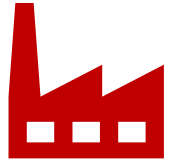
- The PPP currently comprises of 25 major projects over a remaining 17-year period, with the overall forecast spend for the PPP is £7bn over the lifetime of the framework.
- KDP2 Structural Steelwork is worth an estimated £250m split between two Lot Partners, with an average anticipated total spend of £13.5m per annum.
- Profit on the framework will be split into nominal profit and incentivised profit.
- The framework will give us a platform to build a satellite office in the West Cumbria area.





# Nuclear Decommissioning

Current Project: Sellafield Product and Residue Store Reprocessing Plant (SRP)



**Client:** Sellafield

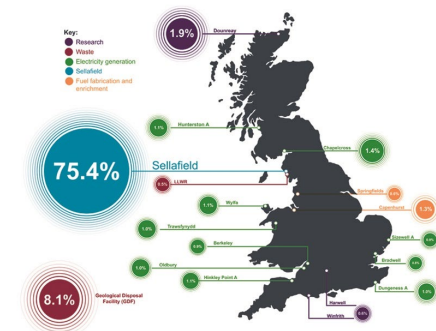


**Contract Value:** £15m



**Location:** Cumbria

- The Sellafield site houses all the UK's plutonium, also known as Special Nuclear Material (SNM).
- The SRP facility will take the SNM, decant it from its current degrading package and re-house it into a new 3-part, 100 year can.
- Severfield are providing internal and external steelwork, plus the cladding.
- SRP is expected to cost £1.5bn and is due for completion in 2027.
- The contract is a hybrid NEC 3 Option A (off-site) and Option C (on-site).



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# Defence

## Current Project: Atomic Weapons Establishment (AWE) – Project Mensa



**Client:** AWE



**Contract Value:** £55m\*



**Location:** Aldermaston

\*Current project account value, March 2023

- The new £1.8bn facility at AWE is designed and built to assemble and disassemble the current and future nuclear warheads.
- The state-of-the-art facility will replace the existing warhead bunkers known as 'gravel gerties' located at the AWE site in Burghfield.
- Severfield has provided structural steel for several different elements of this project, the most notable of which are the 40m tall catenary towers.



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# Nuclear New Build

Current Project: GE-V41



**Client:** General Electric (GE)



**Contract Value:** £25m



**Location:** Hinkley Point, Somerset

- Designing, fabricating, and erecting over 2,200 tonnes of access platforms and mechanical handling steel.
- The steelwork will provide access, materials handling, cable support, and pipe support to the two Arabelle 1,770MW (1.7GW) steam turbines and associated generation equipment.
- Unique flat pack delivery system for the V41 steelwork, reducing work at height and on site storage space to almost zero, providing a greater degree of cost and programme certainty.



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Severfield Modular  
**Alan Dunsmore**  
Chief Executive Officer



# Severfield Modular



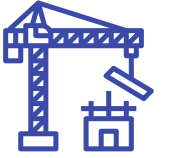
Severfield Products &  
Processing (SPP)

Construction Metal Forming  
(CMF) J.V.



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# Severfield Modular



Severfield modular comprises three business areas:

## Severstor

Specialist 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 incl. steel cassettes and frames.

Steel components for modular homes and buildings

## Bulk Handling Solutions

Repeatable products including silo discharging systems.

Rotoflo



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# Severstor



## Market Position and Growth Opportunities

- Severstor is a bespoke integrated module that houses critical electrical equipment and systems to safety critical industries.
- Historically strong target sectors include power, oil and gas, and rail, with growth sectors related to renewable energy and data storage.
- Accessible market increasing > £ 100M – driven by Net Zero targets.
- Few competitors of scale, with the majority turning over <£10m.
- Severfield's scale and reputation for quality is helping position Severstor as the supplier of choice for key clients, the largest of the electrical equipment manufacturers.



# Supply Chain

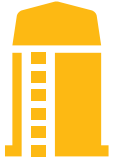
## Market Position and Growth Opportunities

- Opportunities to supply the modular sector with steel sub-assemblies and systems for factory built houses, temporary buildings, and temporary accommodation.
- Opportunity being driven by the market growth in the supply of modular homes and modular buildings for education and healthcare.
- As the market matures, customers are seeking greater scale, reliability and quality in the supply chain, which Severfield can offer.
- The competition is largely sub scale and many are struggling to adapt to the demands and growth of modular.
- Severfield has cold and hot rolled steel capabilities within the Group giving a competitive advantage.
- Repeatable systems present the opportunity for competitive advantages through investment in automation.





# Bulk Handling Solutions



## Market Position and Growth Opportunities

- Severfield offers the unique and high performance silo discharge unit 'Rotoflo' at the heart of its design and supply service for bulk handling solutions.
- Offering innovative design coupled with high performance products.
- Rotoflo positions Severfield as the supplier of choice for the handling of difficult bulk materials where alternative dischargers struggle to perform.
- Severfield has quickly established a strong foothold in the India paint manufacturing sector and UK water treatment sector, where Rotoflo is already proven.
- With growth in the paint manufacturing sector, future growth target sectors include chemical processing, food processing, and waste water treatment.
- Sustained growth potential in the existing markets of the UK, India, US, and Australia - with global potential beyond this.

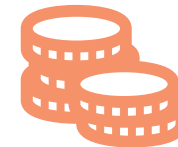


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Financial Overview  
**Adam Semple**  
Chief Financial Officer





# Divisional Characteristics

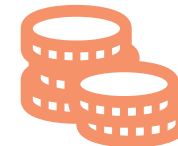
|                           | Core Construction Operations                                    |   | Modular Solutions  |
|---------------------------|---|---|--|
|                           | Commercial & Industrial   | Nuclear & Infrastructure  |  |
| Number of employees       | c.1,250   | c.200   | c.200 (including CMF)  |
| Contract length           | c.6-12 months   | c.12-36 months  | c.6 months   |
| Contract size             | Varied (from £1m - £80m)  |   | £0.1m - £3m  |
| End clients               | Mainly private sector   | Mainly public sector  | Private and public sector                                    |
| Revenues                  | £330m+  | £65m+ (timing can vary)   | £50m+*   |
| Margins                   | 8-10%<br>(6-8% with current high steel prices)                  |   | 10-15%<br>(currently c.break even)                           |
| Operating cash conversion | >85%  |   | >85%   |
| Growth profile            | GDP driven organic revenue growth<br>(and Voortman acquisition) | Medium term revenue target £125m+<br>(doubling of FY22 revenue) | Medium term revenue target £75m - £100m                      |
|                           | Operational improvements  | Non-cyclical market growth                                      | Margin improvement to 10%+ (increased volume and better mix) |
|                           | Potential acquisitions  | Operational improvements  | Potential acquisitions                                       |
|                           |   | Potential acquisitions  |  |

\*Proforma – includes non-consolidated CMF revenues



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# Segmental Information



| £m                                 | FY22 ACTUAL                  |                          |             |                   |            |               |             |
|------------------------------------|------------------------------|--------------------------|-------------|-------------------|------------|---------------|-------------|
|                                    | Core Construction Operations |                          |             | Modular Solutions | India      | Central Items | Total       |
|                                    | Commercial & Industrial      | Nuclear & Infrastructure | Total       |                   |            |               |             |
| External revenue                   | 329                          | 64                       | 393         | 10                | -          | -             | 404         |
| Inter-segment revenue              | -                            | -                        | -           | 4                 | -          | (4)           | -           |
| <b>Total revenue</b>               | <b>329</b>                   | <b>64</b>                | <b>393</b>  | <b>14</b>         |            | <b>(4)</b>    | <b>404</b>  |
| <b>Underlying operating profit</b> |                              |                          | <b>28.3</b> | <b>(1.4)</b>      |            |               | <b>26.9</b> |
| <i>Underlying operating margin</i> |                              |                          | 7.2%        | (9.9%)            |            |               | 6.7%        |
| <b>Joint ventures:</b>             |                              |                          |             |                   |            |               |             |
| JSSL                               |                              |                          |             |                   | 0.8        |               | 0.8         |
| CMF                                |                              |                          |             | 0.6               |            |               | 0.6         |
| Finance costs                      |                              |                          |             |                   |            | (1.1)         | (1.1)       |
| <b>PBT</b>                         |                              |                          | <b>28.3</b> | <b>(0.9)</b>      | <b>0.8</b> | <b>(1.1)</b>  | <b>27.1</b> |

Based on results for year ended 26 March 2022.

Previously disclosed as one segment in 2022 annual report – new segmental disclosure will take effect from 1<sup>st</sup> April 2023 (Financial Year 2024)

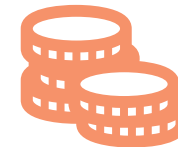
Return On Capital Employed ('ROCE') OF 14% in FY22



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# Modular Solutions



| £m   | FY22 ACTUAL       |              |              |
|--|-------------------|--------------|--------------|
|  | Modular Solutions |              |              |
|  | SPP               | CMF          | Total        |
| <b>Revenue</b>                                   | <b>14</b>         | <b>35</b>    | <b>50</b>    |
| <b>Operating profit</b>                          | <b>(1.4)</b>      | <b>4.2</b>   | <b>2.8</b>   |
| <b>Operating margin</b>                          | <b>(9.9%)</b>     | <b>11.8%</b> | <b>5.6%</b>  |
| <i>Distribution to JV partners (split 50:50)</i> |                   | (2.8)        | (2.8)        |
| <b>PBT</b>                                       | <b>(1.4)</b>      | <b>1.4</b>   | <b>-</b>     |
| Tax @ 20%  |                   | (0.3)        | (0.3)        |
| Less JV partner interests (50%)                  |                   | (0.6)        | (0.6)        |
| <b>Included in Severfield PBT</b>                | <b>(1.4)</b>      | <b>0.6</b>   | <b>(0.9)</b> |

- Proforma Modular Solutions position showing combined CMF and SPP results
- Demonstrates combined revenue of c.£50m+ operating profit of c.£3m in FY22
- Medium term revenue target of £75m - £100m

## PBT benefit to Severfield

£m

SPP (1.4)

### CMF:

Profits 0.6

Profit distribution – 50% share 1.4 [Included in Group operating profit]

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0.6



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Project Horizon  
**Alan Dunsmore**  
Chief Executive Officer



# Project Horizon

1

Aims to maximise the automation of estimating, design, production and contract delivery processes

2

Involves a series of projects/initiatives designed to further standardise and automate systems and processes

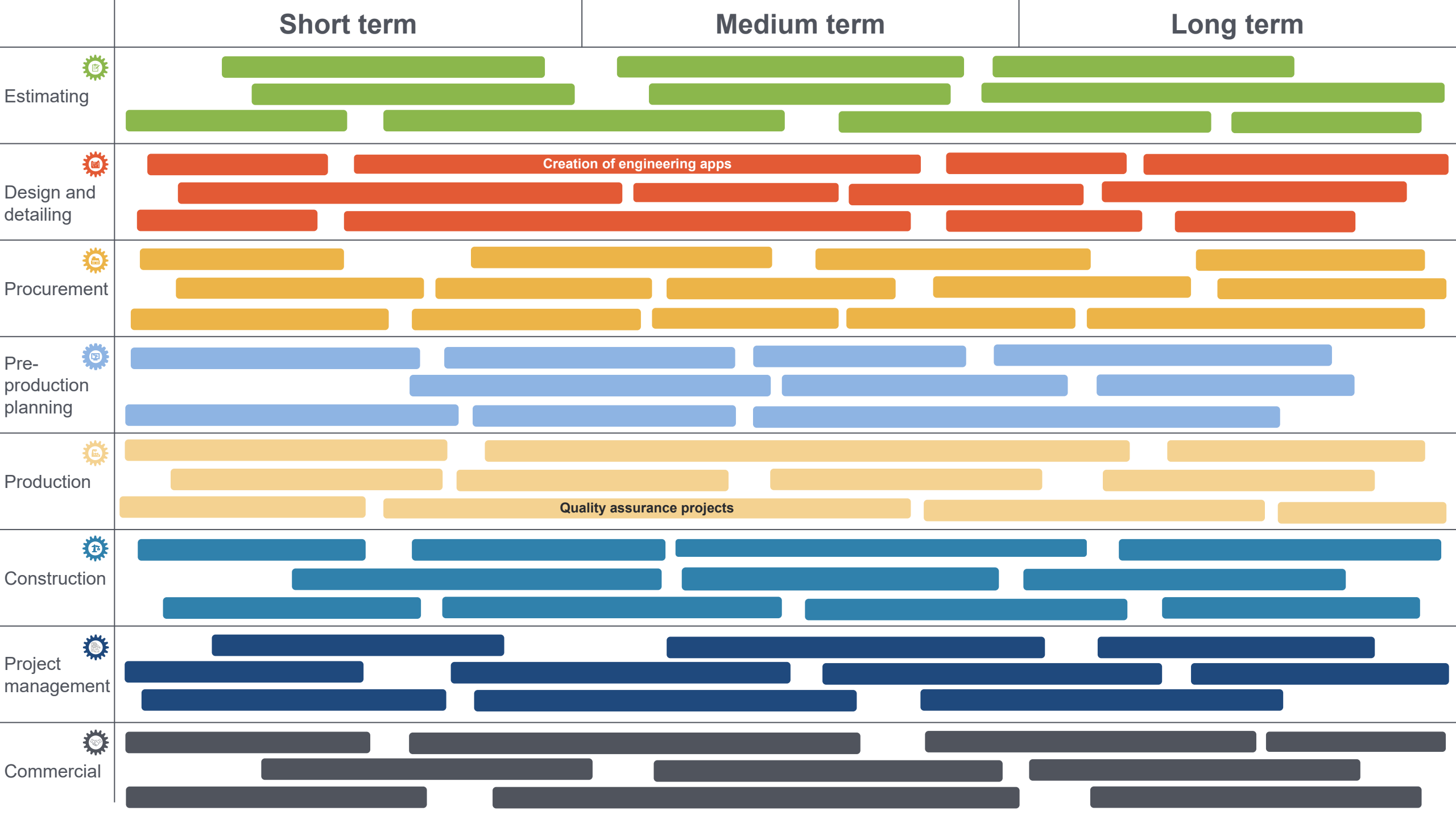
Efficiency,  
service and  
capacity benefits

3

A long-term project to ensure we remain at the forefront of technology and innovation as market leaders in the industry

4

Sits alongside other ongoing operational improvement programmes





# Creation of engineering apps

Gemini 

Client enquiry and project specification



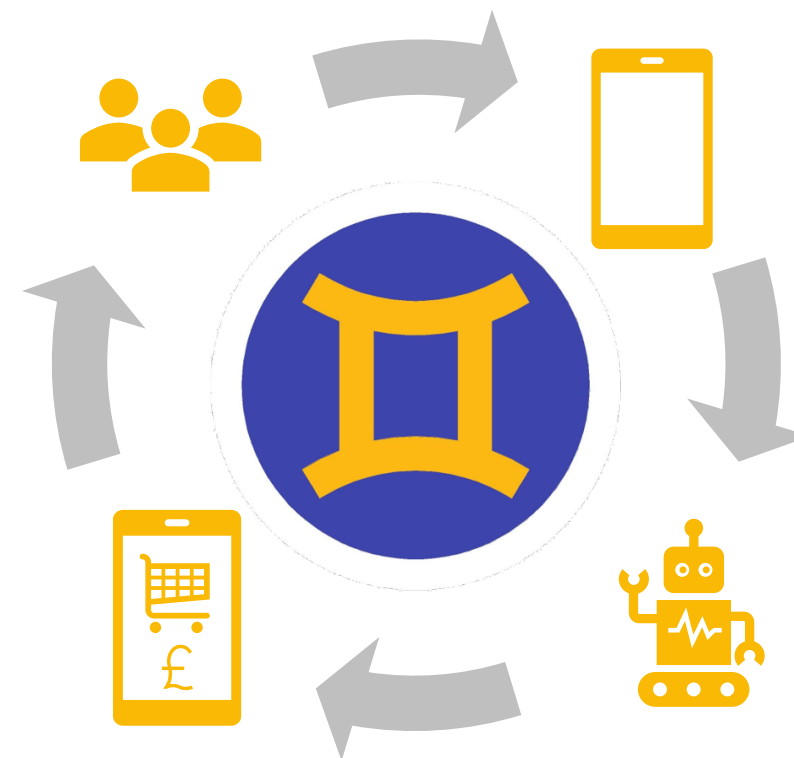
Gemini automation (design, detailing and pricing)



Rapid response issued to the client



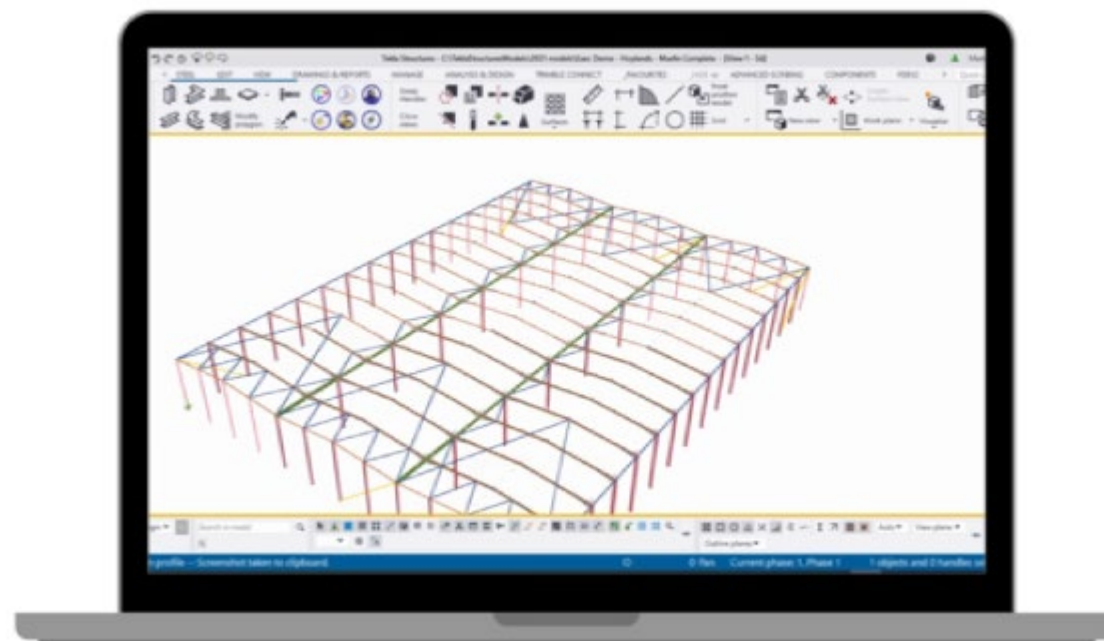
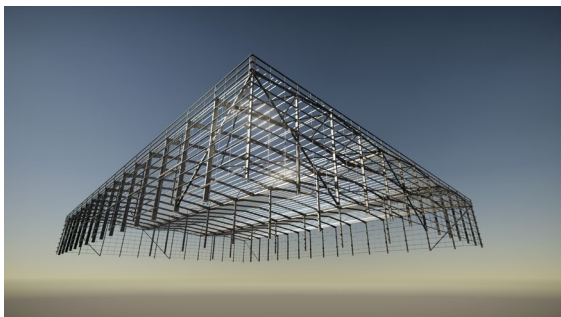
Generated design used in procurement process



# Creation of engineering apps



Gemini 



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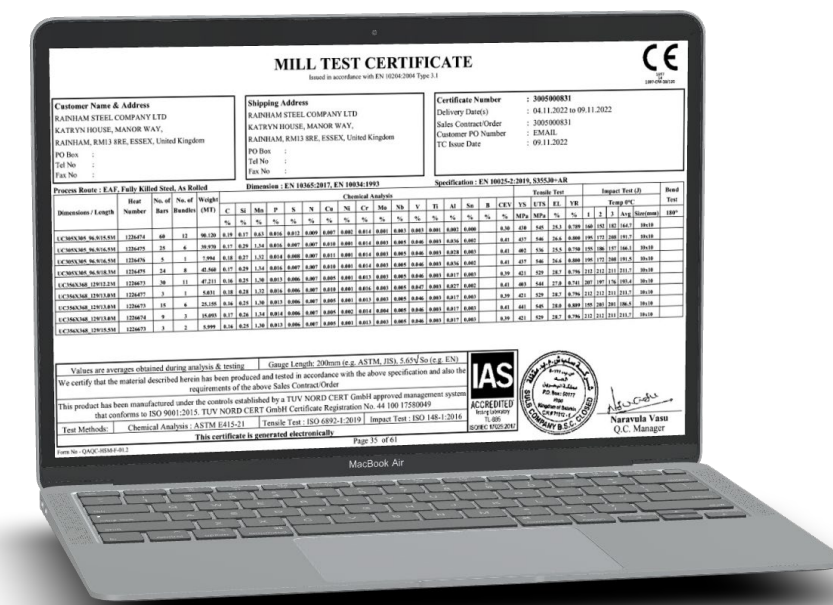


# Quality assurance projects

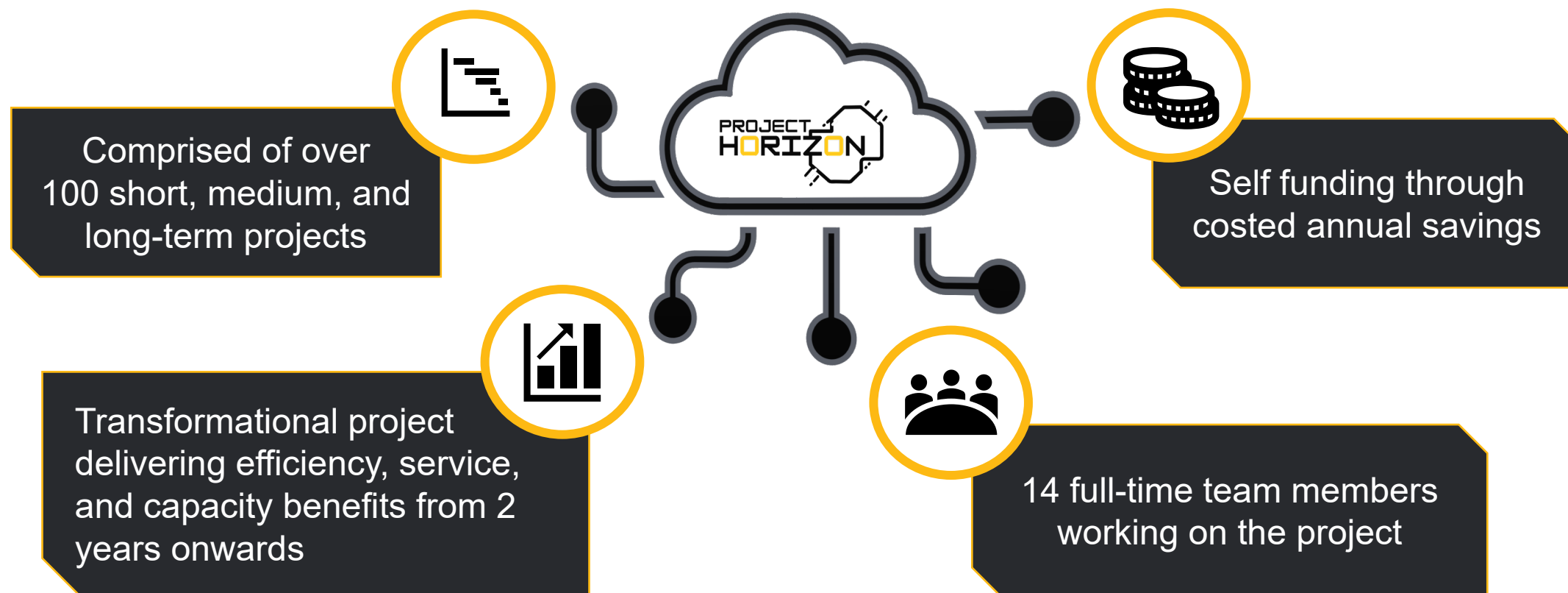
## SAM Implementation



## QA Test Certificate Scanning



# Summary





Voortman Acquisition and  
Severfield Europe  
**Alan Dunsmore**  
Chief Executive Officer



# Voortman Acquisition

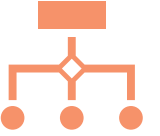


- The acquisition of Voortman Steel Construction Holding B.V. (VSCH) was announced on 15 March 2023, with an expected completion date of 3rd April 2023, subject to Dutch Works Council approval.
- VSCH is a market-leading Dutch steel fabrication company, focusing on the industrial, commercial, and residential sectors.
- In 2021, VSCH recorded revenue of €74m and a normalised EBITDA of €4.5m. A normalised EBITDA of between €4.5m and €5.5m was achieved over the last three years.
- Net cash consideration of €24m on a cash and debt-free basis, funded by a term loan of €21m and cash reserves of €3m.
- This acquisition provides us with a tangible manufacturing presence in Europe, growth opportunities through access to new clients, and a platform to offer a wider range of services to existing clients.
- VSCH will provide us with access to a growing European market and will open up attractive opportunities including access to the high-growth electricity and distribution sector, and capabilities in Design & Build (turnkey) solutions for simpler structures.
- This acquisition will enable future collaboration on robot technology, proprietary fabrication software, and bespoke equipment with Voortman machinery manufacturing business with which it is co-located.

\*EBITDA and PBT have been 'normalised' in FY21 and FY22 to remove the effects of sharply rising steel prices (which VSCH were unable to pass onto customers for a short period of time) following the start of the Ukrainian war.










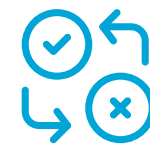
# Operating Model

- VSCH has two bases, one in the East (Rijssen) and one in the West (Maassluis) of the Netherlands, employing c.150 people and operating mainly nationally.
- VSCH operates across three business units with different market focuses:

|                                 | Description  | Sectors                                 | Role             | Client Examples   |
|---------------------------------|--|---|------------------|---|
| <b>Steel Construction (VSC)</b> | Engineers, manufacturers, delivers, and assembles structures <b>for larger and more complex</b> projects across a number of sectors, mostly acting as a subcontractor for contractors. | Industrial<br>Commercial<br>Residential | Sub-contractor   |    |
| <b>Design &amp; Build (VDB)</b> | Offers <b>tailor-made turnkey buildings</b> to clients with fairly simple building requirements in the industrial and commercial sectors.  | Industrial<br>Commercial                | Turnkey provider |    |
| <b>De Haven (VDH)</b>           | Engineers, manufactures, delivers, and assembles steel structures for the <b>energy sector</b> . VDH supplies <b>steel structures for substations</b> to network operators.            | Energy & Utilities                      | Sub-contractor   |  |

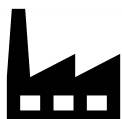


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# Capabilities

VSCH Key Differentiators:



## Efficient production

Strong cooperation between VSCH's machine and construction departments allows for highly efficient production. This will continue under Severfield ownership.



## Engineering capabilities

VSCH has the capabilities to take on larger and/or more specialised projects with extensive requirements for quality and safety.



## Business Values

VSCH is well-recognised in the markets for its values, honesty, quality, and reliability which make it a dependable partner for many.

- VSCH is renowned in the Netherlands for its in-house knowledge, innovation, and expertise.
- The business is well-invested with modern and highly efficient production facilities, generating output of 15,000 – 20,000 tonnes per annum depending on mix.
- VSCH commands a 'Top 5' position in the Dutch market with a c.8% market share – no single competitor has >10% market share.
- VSCH is one of only a few companies to offer design and build (turnkey) solutions for simpler structures.



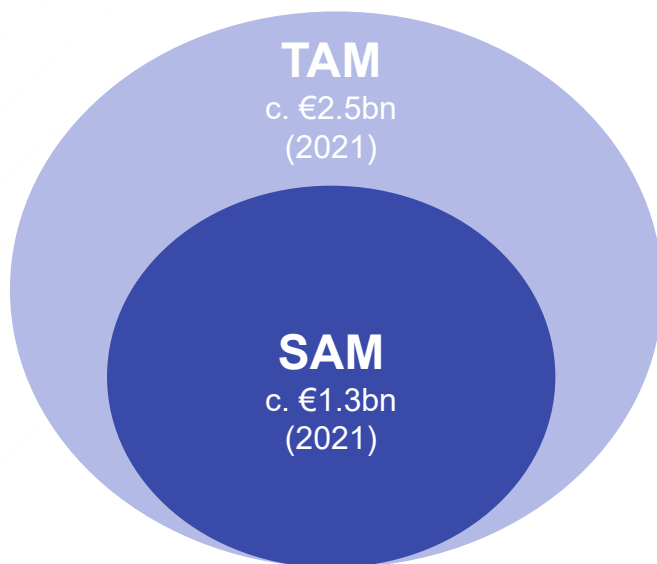
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# Market Size

VSCH's serviceable market size is €1.3bn (in 2021), mainly the Dutch construction market focusing on the industrial and commercial sectors.

## Total vs serviceable addressable market (NL)



Source: CBS, CapitalIQ, EIB, Expert Interviews, Strategy & Analysis

## Total addressable market (TAM)

The TAM includes all sectors:



Industrial



Commercial



Residential



Energy & Utilities



Infrastructure

## Serviceable addressable market (SAM)

The SAM includes:



Industrial

- Logistics
- Manufacturing



Commercial

- Offices
- Retail
- Health and education



Residential

- High rise
- Apartments (up to six floors)



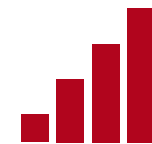
Energy & Utilities

- Electricity distribution



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# Growth Opportunities



- Opportunities for further growth in the Netherlands and into neighbouring EU countries.
- Further market diversification and access to European customers with international footprints for Severfield to leverage its scale.



- Opportunity to grow this turnkey offering serving SMEs and smaller projects in the Netherlands and other EU countries.
- Adds new capabilities to Severfield's offering, also providing opportunities for growth in the UK.



- Macro energy and transition trend is driving demand for upgrading and expanding the electricity network – high growth expected over the next 5-10 years.
- Credentials and experience in this sector could be used in other new markets where similar trends apply.





# Severfield in Europe



2017

Severfield Europe BV established in the Netherlands.



2019 - 2021

Development of order book and pipeline against difficult market backdrop (Brexit and Covid). Building strategic contracting alliances.



2023

Acquisition of VSCH providing a tangible presence in Europe.



2018

New office opened in Zevenbergen, Netherlands.  
First projects won: European Spallation Source, Sweden (€20m)  
Cooltoeren, Rotterdam (€1m).



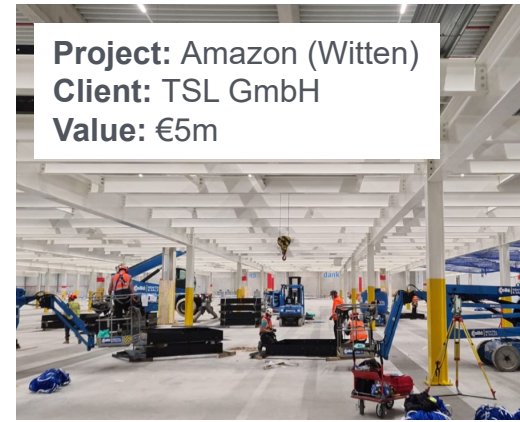
2022

Pipeline rebounds strongly – ramping up investment that was delayed due to Covid.



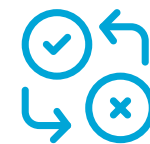
Severfield

# Projects Undertaken



Severfield





# European Market

Preferred geographies (best fit for market growth, culture, and competition) are Northern Europe (Netherlands, Belgium, Germany, Switzerland) and Scandinavia (Sweden, Finland, Norway, Denmark).

Target sectors:

- Commercial\*
- Industrial and Distribution\* (incl. battery plants)
- Data Centres
- Stadia
- Power and Energy\*
- Residential\*
- Transport Infrastructure

\*Sectors addressed by VSCH acquisition





# Pipeline Opportunities

## Industrial and Distribution

- Battery plants to support zero carbon vehicle production.
- Data centres – changing IT landscape continues to drive demand.
- Factories – Covid postponed projects are being resumed and construction of ‘green’ factories to support sustainable manufacturing.
- Food storage and distribution facilities.

## Health and Education

- Ageing society, income development and innovations drive demand for healthcare buildings including pharma.

## Residential

- Housing shortages and challenges high on government agendas – large number of residential towers planned.

## Bridges

- Replacement of older bridges is planned – requires ‘Design & Build’ solutions.

## Power and Energy

- Nuclear energy plants, bio mass investments, and electricity network investment is expected.





# Summary



Growing the Severfield brand and building a varied client base in Europe, and using the scale and experience we have in the UK to give us an advantage there.



Acquisition of VSCH (due for completion in early April) provides Severfield with a tangible manufacturing footprint in Europe.



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



New service offerings to access new markets and continued quality manufacturing and consistent project delivery.



Strong pipeline and a build in momentum that shows clear potential for further market consolidation and growth in Europe over the next few years.



Conclusion

**Alan Dunsmore**  
Chief Executive Officer



# Driving growth and competitive advantage across a European Market



Market leading structural steel group

End markets with strong long-term growth potential, including nuclear, infrastructure, and other projects to support low carbon economy

Project Horizon reinforces Group's relative cost, service, and competitive advantages

European expansion opportunities, both organic and inorganic, materially enhanced by VSCH acquisition

Strong proactive approach and commitment to sustainability is increasingly important to our competitive advantage

Proven business model delivering strong operational and financial performance



# Questions?

