



Supporting UK Infrastructure



Renew Holdings plc

2016 Interim Results – Six months to 31 March

Brian May	Chief Executive
Paul Scott	Engineering Services Director
John Samuel	Group Finance Director

Highlights

- Record interim results
- Engineering Services revenue up 6% to £221m
- Strong order book of £515m, increase of 9%
- 9% increase in Engineering Services order book to £416m
- Second half forecast revenue fully secured
- Interim dividend increased by 18% to 2.65p (2015: 2.25p)
- Board changes

Income statement

6 months ended	31-Mar-16 £m	Increase %	31-Mar-15 £m
Revenue	<u>265.1</u>	+ 5%	<u>252.1</u>
Operating profit	<u>10.5</u>	+ 7%	<u>9.8</u>
Net finance costs	<u>(0.2)</u>		<u>(0.3)</u>
Profit before amortisation	<u>10.3</u>	+ 9%	<u>9.5</u>
Amortisation charges	<u>(1.5)</u>		<u>(1.8)</u>
Profit before taxation	<u>8.8</u>		<u>7.7</u>
Taxation	<u>(1.8)</u>		<u>(1.6)</u>
Profit after taxation	<u>7.0</u>		<u>6.1</u>
EPS pre amortisation charges	13.31p	+ 9%	12.24p
Interim dividend per share	2.65p	+ 18%	2.25p

Balance sheet

	31-Mar-16 £m	30-Sep-15 £m	31-Mar-15 £m
Intangible assets	59.0	60.3	62.1
Property, plant & equipment	14.1	13.1	13.0
Deferred tax assets	1.1	0.8	2.3
	<u>74.2</u>	<u>74.2</u>	<u>77.4</u>
Current assets	102.5	104.0	105.6
Current liabilities	(149.9)	(153.6)	(145.5)
Net current liabilities	<u>(47.4)</u>	<u>(49.6)</u>	<u>(39.9)</u>
Cash	8.2	10.7	4.7
Term loan	(12.4)	(15.5)	(18.6)
Long term liabilities	(5.7)	(6.7)	(7.0)
Pension schemes	13.8	11.9	2.5
Net assets	<u><u>30.7</u></u>	<u><u>25.0</u></u>	<u><u>19.1</u></u>

Cash flow statement

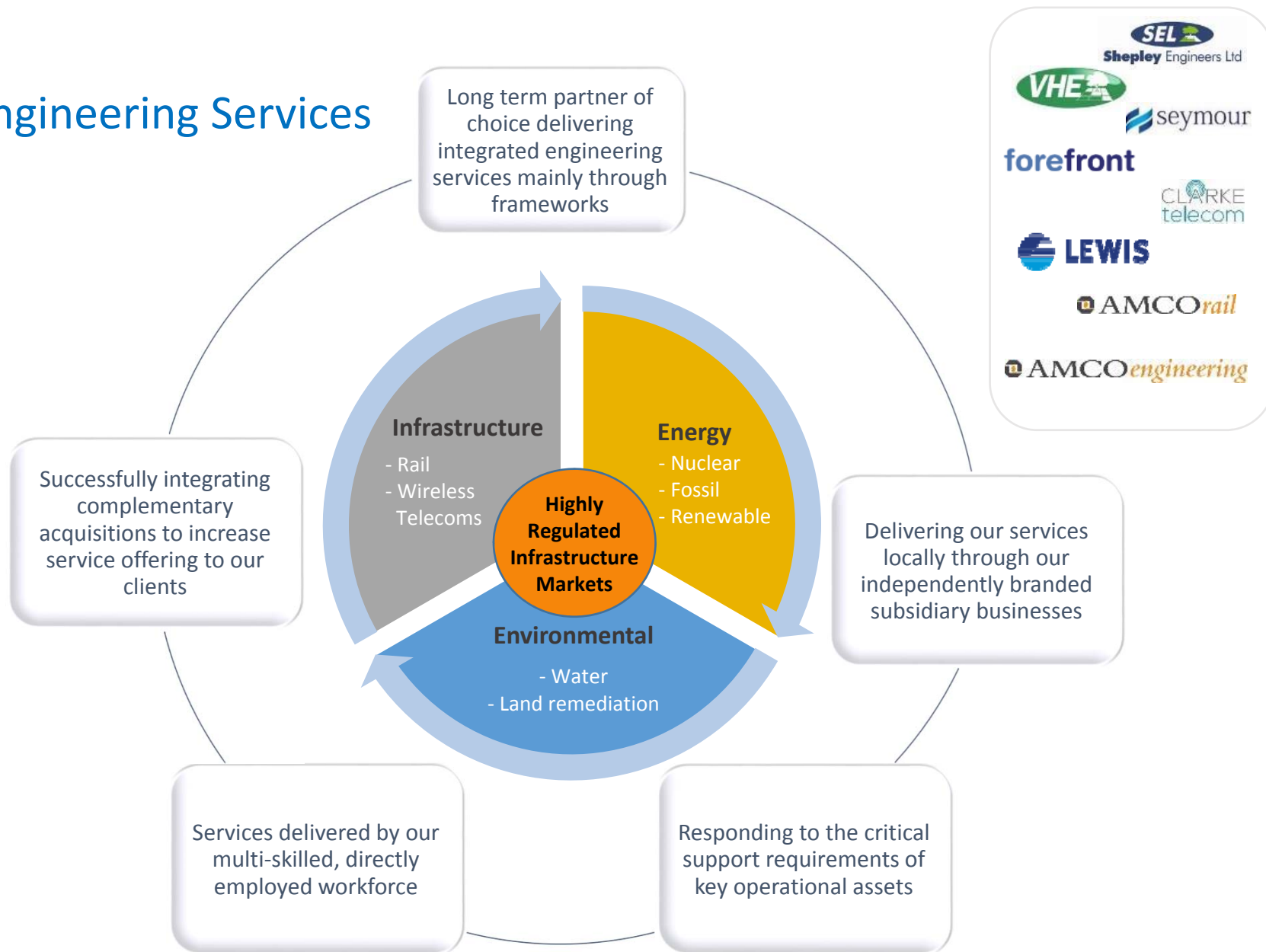
	£m
Opening cash balance at 1 October 2015	10.7
Group operating profit prior to amortisation charges	10.5
Depreciation	2.0
Non cash share option charge	1.5
Acquisition of Nuclear Decontamination Services Ltd	(0.2)
Working capital movement	(4.2)
Term loan repayments	(3.1)
Capital expenditure	(1.1)
Finance lease repayments	(1.6)
Pension scheme contributions	(2.3)
Interest paid	(0.2)
Taxation paid	(0.8)
Dividends	(3.0)
Closing cash balance at 31 March 2016	<u>8.2</u>
Net debt at 31 March 2016	<u>(4.2)</u>
Net debt at 30 September 2015	<u>(4.8)</u>
Net debt at 31 March 2015	<u>(13.9)</u>

Strategy

Through our branded businesses we

- Provide multidisciplinary engineering services nationwide through our directly employed workforce where we maintain & develop UK infrastructure in the Energy, Environmental and Infrastructure markets
- Carry out High Quality Residential projects in London and the Home Counties specialising in major structural engineering works

Engineering Services

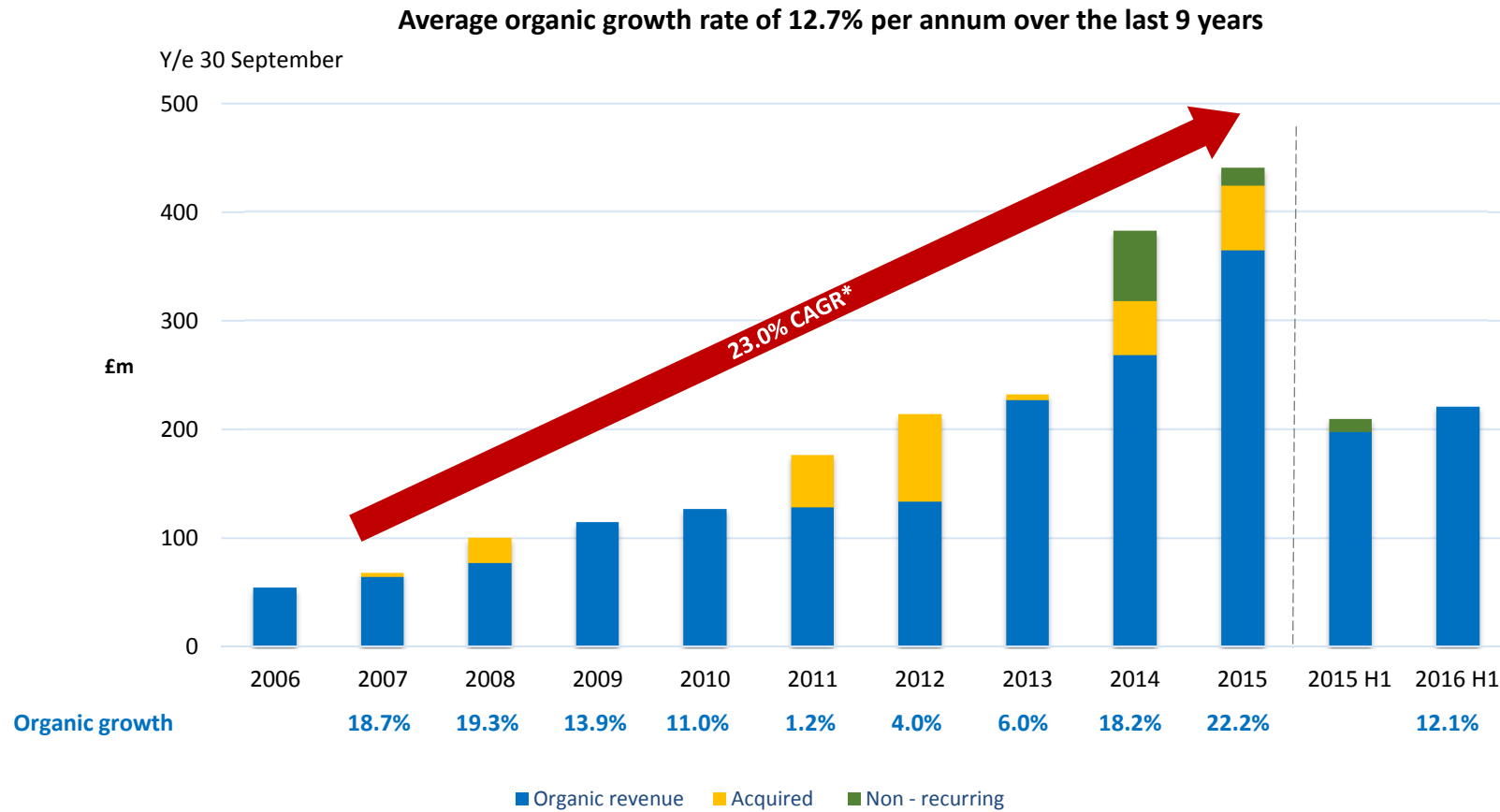


Engineering Services performance

6 months ended	31-Mar-16 £m	31-Mar-15 £m
Revenue	221.3	209.8
Operating profit	10.4	9.7
Operating margin	4.7%	4.6%
Order book	416	382

- 12% organic growth (adjusted for non-recurring revenue)
- Further margin improvement expected in H2
- Order book increased by 9%
- Revenue fully secured for 2016

Engineering Services revenue growth



*CAGR excludes non recurring activity

Energy

Our services

Multidisciplinary engineering support

Maintaining and decommissioning nuclear facilities

Fossil / renewable energy facility maintenance

Low and medium pressure gas mains replacement



Our opportunities

UK Nuclear Decommissioning Provision in excess of £70 billion

£3bn p.a. nuclear decommissioning programme

Potential “energy gap” requiring long term maintenance of existing facilities

Increase in renewables to meet 15% target by 2020

Cast iron gas mains replacement on 30/30 programme by 2032



Energy



- Active on 14 of 17 sites across the Nuclear Decommissioning Authority's estate
- At Sellafield:
 - Largest M&E contractor with 11 frameworks
 - Appointed to £500m, 10-year Decommissioning Delivery Partnership Framework
 - Increased work on the MDSW framework – activity aligned to Production Operations Support including new workstream
- Acquisition of Nuclear Decontamination Services Ltd expands our capabilities
- Sole provider on £30m, four year Magnox E,C&I framework, on 10 sites
- Performance in our gas operations remains below expectation. We are moving our focus to large diameter medium pressure activity where we have market visibility to 2032.
- Opportunities in New Nuclear at Hinkley, Wylfa and Moorside

Environmental

Our services

Supporting the water industry maintaining and renewing networks in clean and waste water

Providing multidisciplinary support and emergency reactive works including flood risk management programmes

Providing remediation solutions to clean up contaminated land



Our opportunities

£3.2bn investment programme in AMP6 for Northumbrian, Wessex and Welsh Water

£2.3bn Defra spending plans on coastal and river flood risk management to 2021

Estimated 300,000 hectares of contaminated land provides opportunity to meet housing requirements



Dŵr Cymru
Welsh Water



Environmental



- Northumbrian Water:
 - Work continues on 5-year, £14m per annum, AMP 6 Sewerage Repairs and Maintenance framework
 - Working through the Major Waste Water, Clean Water & Maintenance and Trunk Mains Cleaning frameworks
- Wessex Water:
 - Relationship strengthened with appointment to £350m, AMP 6 Civils and EMI Delivery Partners Framework to 2020
 - Continued involvement on the Integrated Grid Programme and a range of civil engineering schemes
- Welsh Water:
 - Increased activity on the Pressurised Pipelines Framework and the Major Civils Framework
 - Work continues on the Emergency Reactive Framework where we are a key supplier
- Environment Agency:
 - Good progress on the £10m, Environment Agency MEICA framework for the Northern region
 - Our emergency response services led to works on Fosse Barrier in the centre of York and in the North West
- Land remediation for National Grid and Magnox as well as £11m scheme secured for Glasgow City Council
- Appointment to 4-year Courtyards Conservation framework at the Palace of Westminster where work is currently underway on the second of four cast iron roof projects

Infrastructure

Our services

Multidisciplinary services to provide “off-track” renewal and maintenance of Network Rail assets

Planned, reactive and emergency maintenance services to ensure rail network is fully operational

Multidisciplinary services to the wireless network infrastructure market



Our opportunities

£38bn Network Rail spending plans agreed until March 2019 (CP5)

Increasing wireless capacity to meet consumer demand for mobile data, particularly 4G



Infrastructure



- We operate as one of the largest infrastructure providers to Network Rail where we maintain and renew infrastructure assets including bridges, viaducts, tunnels, culverts and embankments
- Good visibility provided by 7 sole supply CP5 Rail Infrastructure frameworks and 6 Asset Management frameworks carrying out infrastructure maintenance works
- Major structures renewals and sole maintenance contractor in Scotland where work includes £5m coastal line protection scheme at Saltcoats
- 24 hour national emergency response service across the rail network, emergency works undertaken at Lamington Viaduct and completed ahead of schedule
- Appointed to the 3-year, £15m Historic Railways Estate Works Framework for Highways England
- Performance in our wireless telecoms operations is profitable and in line with budget. Consumer demand for improved mobile connectivity is driving expansion of 4G services

Specialist Building performance

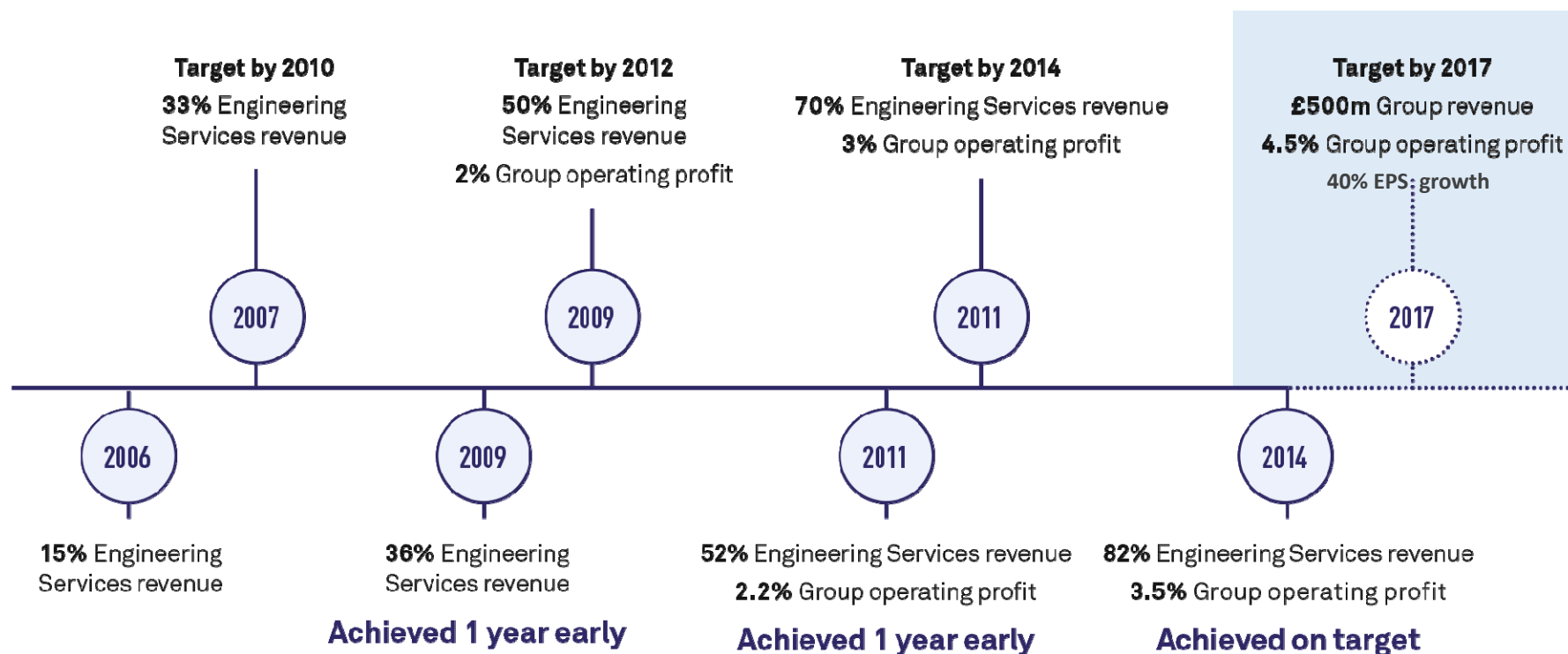
6 months ended	31-Mar-16	31-Mar-15
	£m	£m
Revenue	44.4	42.5
Operating profit	1.1	1.0
Operating margin	2.4%	2.5%
Order book	99	89

- Walter Lilly positioned as a luxury brand in the High Quality Residential market focused in London and the Home Counties
- Specialism in major structural engineering alterations provides a market differentiator
- Revenue fully secured for 2016 with good visibility for 2017
- Strategy remains to deliver stable earnings through contract selectivity and risk management

Growth strategy



Strategic targets



2017 targets achievable without further acquisitions

Outlook



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