



ENGINEERING INFRASTRUCTURE FOR THE FUTURE

Renew Holdings plc
Preliminary results for the year ended 30 September 2018



Paul Scott
Sean Wyndham-Quin

Chief Executive Officer
Chief Financial Officer

Highlights

STRONG RESULTS

- Operating profit up 9.6% to £31.1m (2017: £28.4m)*
- Further improvement in operating profit margin to 5.7% (2017: 5.2%)*
- Engineering Services operating profit up 19.3% to £32.5m (2017: £27.3m)*
- Successful acquisition of QTS
- Group order book at £558m (2017: £511m)
- Full year dividend up 11.1% to 10.0p per share (2017: 9.0p)

*Operating profit and margin are stated prior to impairment, amortisation and exceptional items



RENEW IN 2018

2018 has been strategically a very important year for the Group. We have further strengthened our position as a leading provider of Engineering Services, delivering essential maintenance and renewals tasks across our markets.



JANUARY 2018
David Forbes appointed as Chairman.



APRIL 2018
Re-awarded our 5-Year renewal and maintenance frameworks with Network Rail adding a number of positions in the South East.



FEBRUARY 2018
Disposal of gas subsidiary, Forefront.

MARCH 2018

Awarded the Environment Agency's 5-year Flood and Coastal Risk Management Frameworks in the North, Central and South West Hubs.



APRIL 2018
Major dam safety schemes delivered at Llanishen and Talybont for Welsh Water.



MAY 2018

Acquisition of QTS for £80m. QTS is a provider of specialist services to the rail industry which include civil engineering, geotechnical services, fencing and devegetation.

JUNE 2018

Awarded Signaling Maintenance Frameworks for Network Rail.



AUGUST 2018

Over 10 million hours without a reportable lost time event at Sellafield.

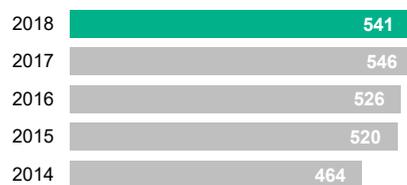


Image courtesy of the NDA.

Financial highlights

Revenue £m

£541m



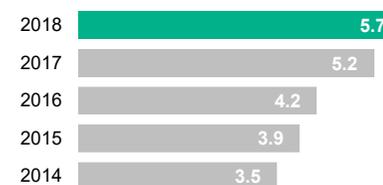
Adjusted operating profit £m

£31.1m



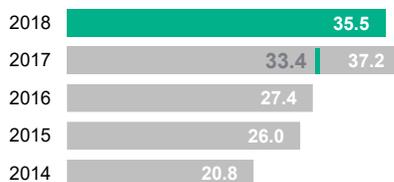
Adjusted operating margin %

5.7%



Adjusted EPS p

35.5p



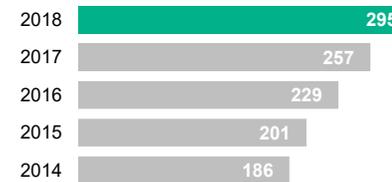
Dividend p

10p



Market capitalisation £m

£295m



*Operating profit, margin and EPS are stated prior to impairment, amortisation and exceptional items

Income statement

For the year ended 30 September 2018

	2018	2017
	£m	**restated £m
Revenue	541.5	545.9
Operating profit*	31.1	28.4
Net finance costs	(0.8)	(0.3)
Impairment, amortisation and exceptional items	(15.6)	(8.3)
Profit before taxation	14.7	19.8
Taxation	(5.5)	(4.5)
Profit after taxation	9.2	15.3
EPS*	35.5p	37.2p
Dividend per share	10.0p	9.0p

*Stated prior to impairment, amortisation and exceptional items

** The prior year comparators have been restated following the reclassification of two discontinued subsidiary undertakings

Impairment, amortisation and exceptional items

For the year ended 30 September 2018

	2018	2017
	£m	£m
Impairment charge re Forefront	6.9	5.8
Loss on disposal of Forefront	3.0	-
Amortisation charges	4.2	2.3
Acquisition costs re QTS/Giffen	1.5	0.2
Total	15.6	8.3

Balance sheet

For the year ended 30 September 2018

	2018 £m	2017 £m
Intangible assets	121.3	60.7
Property, plant & equipment	19.7	13.5
Deferred tax (liability)/asset (net)	(1.2)	1.5
	139.8	75.7
Current assets	132.7	121.2
Current liabilities	(182.2)	(173.1)
Net current assets	(49.5)	(51.9)
Cash	9.2	7.0
Term loan	(30.6)	(3.1)
Long term liabilities	(6.7)	(5.3)
Net assets prior to pension schemes	62.2	22.4
Pension schemes (net)	13.3	5.7
Net assets	75.5	28.1

Cash flow statement

For the year ended 30 September 2018

	2018	2017
	£m	**restated £m
Opening cash balance at 1 October 2017	7.0	14.1
Group operating profit prior to impairment, amortisation and exceptional items	31.1	28.4
Depreciation & share based payments	3.9	4.5
Capital expenditure	(3.3)	(3.9)
Finance leases	0.1	0.2
Working capital movement	(9.1)	(8.2)
Net cash inflow/(outflow) on discontinued activities	0.8	(1.7)
Term loan repayments	(7.5)	(6.2)
Acquisition of QTS/Giffen	(77.4)	(7.0)
New loan and equity raised for acquisition	78.3	-
Pension scheme contributions	(5.7)	(5.2)
Dividends	(6.3)	(5.2)
Interest and taxation	(2.7)	(2.8)
Closing cash balance at 30 September 2018	9.2	7.0
Term loan at 30 September 2018	(30.6)	(3.1)
Net (debt)/cash at 30 September 2018	(21.4)	3.9
Net cash at 30 September 2017	3.9	4.8

** The prior year comparators have been restated following the reclassification of two discontinued subsidiary undertakings

OUR BUSINESS

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

REGULATED MARKETS

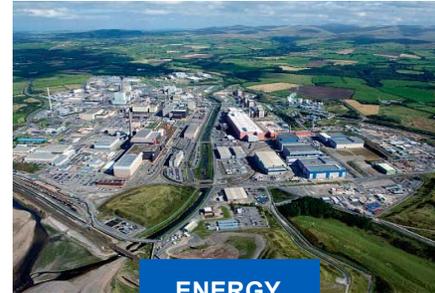
MARKETS

- Critical UK infrastructure
- High barriers to entry
- Essential maintenance and renewals
- Non-discretionary operating budgets



ENVIRONMENTAL

Water / Land Remediation



ENERGY

Nuclear / Thermal / Renewable



INFRASTRUCTURE

Rail / Wireless Telecoms

STRENGTHS

- Wide range of complimentary engineering services
- Long-term relationships established through responsiveness
- Revenue underpinned by long-term frameworks
- Experienced teams, local delivery
- Directly employed, highly skilled workforce

Our established brands

AMCO GIFFEN

CLARKE
telecom

LEWIS

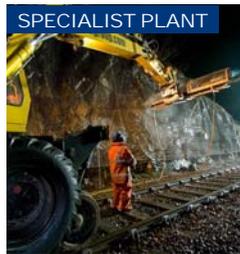
seymour

SEL

QTS

VHE

How we deliver value



OPERATIONAL REVIEW



Engineering Services

For the year ended 30 September 2018

	2018	2017
	£m	restated £m
Adjusted revenue*	467.3	435.3
Operating profit*	32.5	27.3
Operating margin*	7.0%	6.3%
Order book	511	438

*Revenue, operating profit and operating margin are stated prior to impairment, amortisation and exceptional items

Renew Holdings plc Preliminary results for the year ended 30 September 2018

Engineering Services



OUR SERVICES

- Multidisciplinary engineering support to nuclear facilities
- Engineering maintenance to thermal and renewable facilities

OUR OPPORTUNITIES

- UK nuclear decommissioning provision current estimate £121bn over the next 120 years
- £3bn per annum nuclear decommissioning programme
- New nuclear power essential to UK's energy future

OUR CLIENTS



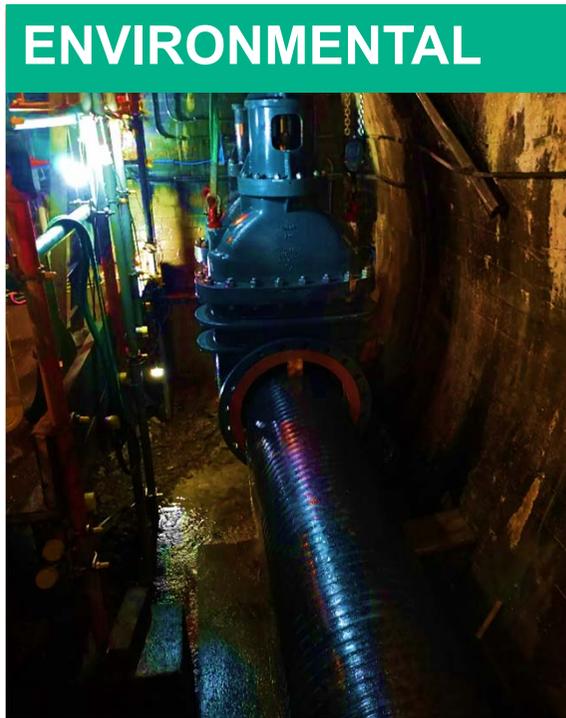
See Appendix for sources

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ENERGY

- At Sellafield:
 - largest employer of mechanical, electrical and instrumentation trades
 - supporting operational plant, decommissioning, decontamination, waste management and new major projects
 - long-term decommissioning frameworks including the 10-year Decommissioning Delivery Partnership programme
 - strongly positioned for future long-term opportunities
- Engineering support for the Astute Class Nuclear Submarine Programme for BAE Systems
- Preferred contractor for Westinghouse at Springfields
- Engineering support for the low level waste nuclear repository
- Non-discretionary operational support at 7 Magnox sites
- Long-term engineering maintenance at 7 thermal power stations
- New 4-year electrical maintenance framework at Drax

Engineering Services



OUR SERVICES

- Maintaining and renewing clean and wastewater networks
- Flood risk management programmes including emergency reactive works
- Maintaining waterway assets
- Contaminated land remediation
- Specialist restoration

OUR OPPORTUNITIES

- Ofwat estimates c£44bn will be spent on maintaining and improving services over AMP6
- £2.3bn Defra spending plans on coastal and river flood risk management to 2021
- Demand for land and environmental regulations continue to drive remediation opportunities

OUR CLIENTS



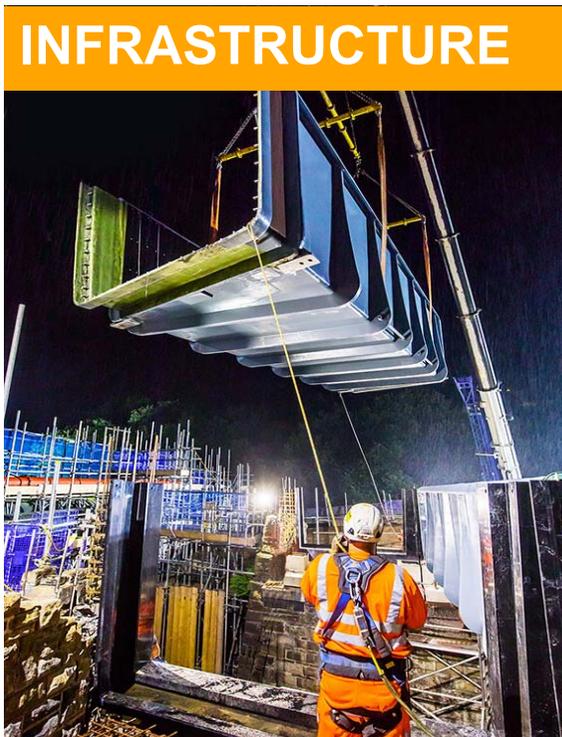
See Appendix for sources

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ENVIRONMENTAL

- Welsh Water:
 - Major Civils and Pressurised Pipelines Frameworks
 - Capital Delivery Alliance Civils contracts
 - 24/7 Emergency reactive works
 - New expertise in dam safety
- Working for Wessex Water on the AMP6 Civils & EMI Capital Delivery Partners Framework
- New client - Bristol Water
- Awarded EA 5-year Flood and Coastal Risk Management Frameworks (North, Central and South West)
- Sole provider on the Northern EA's MEICA Framework, 2-year extension on South East framework
- Canal and River Trust's waterway assets maintained through 7-year MEICA framework
- Remediation frameworks with SGN and National Grid, new clients include Leeds City Council and Yorkshire Wildlife Park
- Courtyard Conservation Framework and Cast Iron Roof Restoration at the Palace of Westminster

Engineering Services



OUR SERVICES

- Multidisciplinary engineering support providing renewal and maintenance services across the national rail network
- Multidisciplinary engineering services to the wireless network infrastructure market

OUR OPPORTUNITIES

- Network Rail £48bn agreed spending plan for CP6 (2019-2024)
- Maintaining and renewing London Underground's assets
- Integration of HS2 with existing rail infrastructure
- Long-term 4/5G investment programmes

OUR CLIENTS



See Appendix for sources

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INFRASTRUCTURE

- Rail:
 - Organically and acquisitively expanded our capabilities in rail
 - New 6-year Network Rail CAM frameworks on 7 of the 8 routes (6 single source)
 - Electrification and plant frameworks in the Scotland and London North Eastern routes for Network Rail
 - New signalling frameworks in Kent and Sussex
 - Specialist E&P for London Underground through 5 frameworks
 - Strategic partner to SPL on the Midland Mainline Electrification Programme
 - 4-year civil engineering framework for Transport for Wales

- Wireless Telecoms:
 - New frameworks for Telefonica in the North and London
 - Expanded our customer base to work on BT Link and the Emergency Services Network
 - New 5-year National Telecommunications Framework for Network Rail

- Integration has gone extremely well
- Financial performance in line with expectations
- Framework renewals in line with expectations:
 - 10 CAM framework renewals extending geography
 - New 8-year RRV framework for Network Rail
- Increase in demand on Thameslink Resilience Programme
- Working collaboratively within Renew - drainage, OHL isolations and devegetation



Civil asset management



Geotechnical and earthworks



Fencing



Devegetation



Drainage, plant hire and training

Specialist Building

For the year ended 30 September 2018

	2018 £m	2017 £m
Revenue	74.2	106.8
Operating profit	0.6	2.4
Operating margin	0.8%	2.3%
Order book	48	73



- Strategy remains focused on contract selectivity and risk management
- High quality residential market in London and the home counties
- Specialism in complex structural engineering works

Our established and proven strategic priorities

1 To be a key provider of engineering services in our target markets

2 Focus on asset support, maintenance and renewals programmes with non-discretionary funding



3 Expand our direct delivery model through strong local brands



4 Establish long-term relationships through responsiveness to clients' needs

5 Continue to deliver organic growth combined with selective complementary acquisitions

Outlook

- Long-term growth prospects in regulated markets
- Focus on essential renewal and maintenance of critical infrastructure
- Increased opportunities from expanded range of services
- Strong order book underpinned by a solid foundation of frameworks
- Good momentum going into 2019 and beyond



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Appendix

- Slide 18 Nuclear Decommissioning Authority, Nuclear Provision: the cost of cleaning up Britain's historic nuclear sites (12 July 2018)
HM Government Industrial strategy: government and industry in partnership The UK's Nuclear Future (2013)
- Slide 20 Ofwat PR14 Setting price controls for 2015-20 Overview (December 2014)
Department for Environment Food and Rural Affairs, Reducing the risks of flooding and coastal erosion: An investment plan (December 2014)
- Slide 22 Network Rail - Strategic Business Plan Summary (9 February 2018)