

**Renew Holdings plc**

2019 Interim results – six months ended 31 March

**Paul Scott** Chief Executive Officer  
**Sean Wyndham-Quin** Chief Financial Officer



# ENGINEERING INFRASTRUCTURE FOR THE FUTURE

# HIGHLIGHTS

- Record Group results driven in particular by excellent organic growth in Rail including strong contribution from QTS
- Operating margin\* increased to 6.1% (2018: 5.0%) reflecting our continued focus on quality of earnings
- Engineering Services order book of £531m (Sept 18: £511m)
- Significant frameworks secured in Energy & Infrastructure
- Interim dividend increased by 15% to 3.83p (2018: 3.33p) demonstrating the Board's confidence in the Group's future prospects

# RECORD INTERIM RESULTS

\* 2019 adjusted results are shown prior to amortisation and the 2018 results are shown prior to amortisation & exceptional items

# INCOME STATEMENT

## 6 MONTHS ENDED

	31 Mar 19 £m		31 Mar 18 (restated**) £m	
Revenue	<b>301.0</b>		262.2	
Operating profit*	<b>18.4</b>	6.1%	13.2	5.0%
Net finance cost	<b>(0.7)</b>		(0.3)	
Profit before amortisation and exceptional items	<b>17.7</b>		12.9	
Exceptional items	—		(9.9)	
Amortisation	<b>(3.3)</b>		(0.6)	
Profit before taxation	<b>14.4</b>		2.4	
Taxation	<b>(2.7)</b>		(2.3)	
Profit after taxation	<b>11.7</b>		0.1	
Adjusted EPS*	<b>19.2p</b>		16.7p	
Interim dividend per share	<b>3.8p</b>		3.3p	

\* 2019 adjusted results are shown prior to amortisation and the 2018 results are shown prior to amortisation & exceptional items

\*\* The prior year comparatives are restated for the reclassification of subsidiary undertaking as a discontinued business

# BALANCE SHEET

AS AT

	31 Mar 19 £m	31 Mar 18 £m
Intangible assets	<b>118.0</b>	53.2
Property, plant & equipment	<b>20.2</b>	11.9
Deferred tax liabilities (net)	<b>(0.8)</b>	(2.6)
	<b>137.4</b>	62.5
Current assets	<b>122.3</b>	105.8
Current liabilities	<b>(168.4)</b>	(149.7)
Net current liabilities	<b>(46.1)</b>	(43.9)
Cash	<b>9.0</b>	(2.5)
Term loan	<b>(26.2)</b>	—
Long term liabilities	<b>(7.2)</b>	(4.9)
Net assets prior to pension schemes	<b>66.9</b>	11.2
Pension schemes (net)	<b>15.2</b>	11.3
Net assets	<b>82.1</b>	22.5

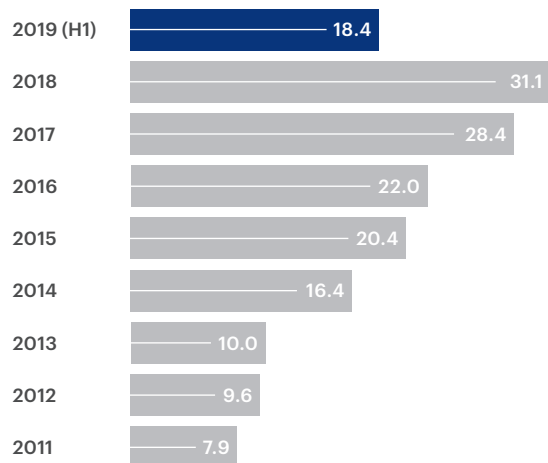
# CASH FLOW STATEMENT

	£m
<b>Opening cash balance at 1 October 2018</b>	<b>9.2</b>
Group operating profit prior to amortisation	18.4
Depreciation & share based payments	2.4
Capital expenditure	(3.5)
Finance leases	1.1
Working capital movement	(4.7)
Net cash inflow on discontinued activities	1.6
Term loan repayments	(4.4)
Pension scheme contributions	(2.8)
Dividends	(5.0)
Interest and taxation	(3.3)
<b>Closing cash balance at 31 March 2019</b>	<b>9.0</b>
<b>Net debt at 31 March 2019</b>	<b>(17.2)</b>
Net debt at 30 September 2018	(21.4)
Net debt at 31 March 2018	(2.5)

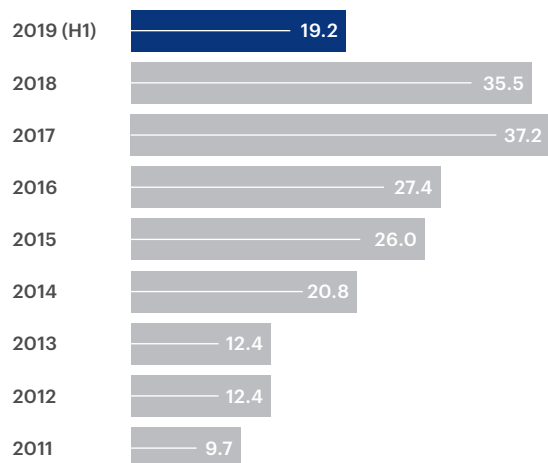
# GROWTH AND GEARING

- Track record of delivering earnings growth whilst maintaining conservative gearing

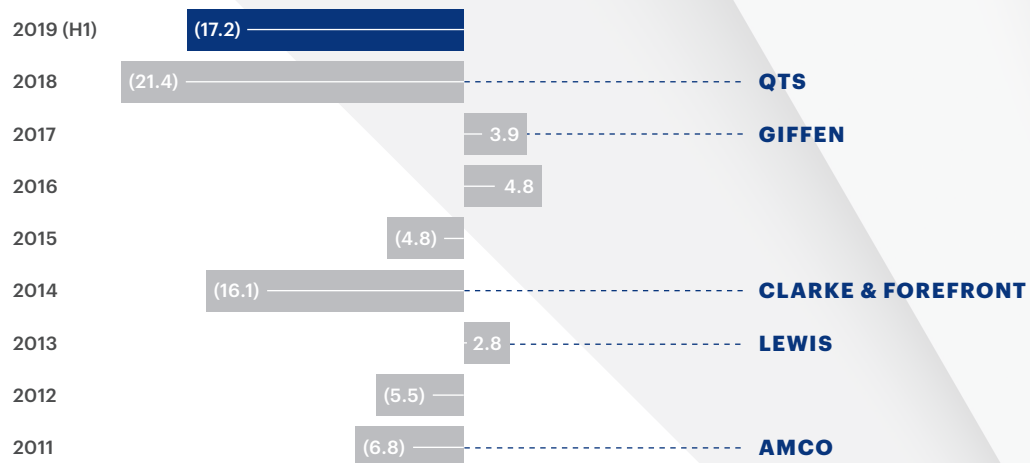
## ADJUSTED OPERATING PROFIT\*



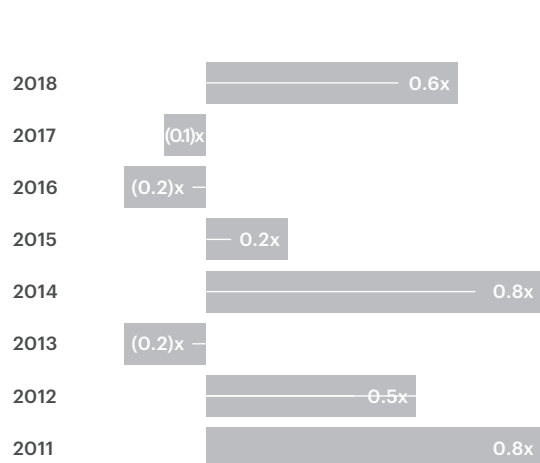
## ADJUSTED EPS\*



## NET CASH / (DEBT)



## NET DEBT: EBITDA\*



\* Adjusted results are shown prior to amortisation and exceptional items

# OUR BUSINESS

## THROUGH OUR BRANDED BUSINESSES WE:

- Provide multidisciplinary engineering services nationwide through our directly employed workforce where we maintain and renew UK infrastructure in the Energy, Environmental and Infrastructure markets
- Undertake High Quality Residential and science projects in London and the Home Counties

### ENGINEERING SERVICES >95% OF OPERATING PROFIT



**ENERGY**



**ENVIRONMENTAL**



**INFRASTRUCTURE**

### SPECIALIST BUILDING



**HIGH QUALITY RESIDENTIAL**

# ENGINEERING SERVICES

## REGULATED MARKETS

### MARKETS

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

### STRENGTHS

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

**ENERGY**

Nuclear / Thermal / Renewable

**ENVIRONMENTAL**

Water / Land Remediation

**INFRASTRUCTURE**

Rail / Wireless Telecoms

## Our established brands

AMCO GIFFEN

CLARKE  
telecom

LEWIS

QTS

SEL

seymour  
civil engineering

VHE



# ENGINEERING SERVICES

## 6 MONTHS ENDED

	31 Mar 19 £m	31 Mar 18 £m
Revenue	<b>281.6</b>	226.1
Operating profit*	<b>19.1</b>	12.9
Operating margin*	<b>6.8%</b>	5.7%
Order book	<b>531</b>	472

**↑25%**  
revenue

**8%**  
organic growth

**↑48%**  
operating profit\*

**↑13%**  
order book

\* 2019 adjusted results are shown prior to amortisation and the 2018 results are shown prior to amortisation & exceptional items

# ENGINEERING SERVICES

# ENERGY

## 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<sup>1</sup>
- c.£3bn per annum nuclear decommissioning programme<sup>1</sup>
- Low carbon generation essential to the UK's energy future

**£121bn**  
UK nuclear decommissioning provision<sup>1</sup>

## Our clients



# ENGINEERING SERVICES

## ENERGY

- At Sellafield:
  - largest employer of mechanical, electrical and instrumentation trades
  - supporting operational plant, decontamination, decommissioning & waste management
  - long-term frameworks include the ten-year Decommissioning Delivery Partnership programme
  - strongly positioned for future long-term opportunities
- Appointed to a major seven year decommissioning services framework for new client Dounreay Site Restoration Ltd
- Increasing demand on BAE Systems' nuclear submarine programme
- Engaged by Westinghouse at Springfields & Sizewell 'B' and by Magnox at a number of sites
- Secured initial orders for new client at Hinkley Point 'C'
- Long-term maintenance at a number of thermal power stations including a four-year framework at Drax



# ENGINEERING SERVICES

# ENVIRONMENTAL

## 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

- Long-term opportunities through the AMP7 programme
- Long-term investment on flood and coastal defences
- Demand for land and environmental regulations continue to drive remediation opportunities
- Long-term conservation works at Palace of Westminster

# c.£1bn

Environment Agency estimates as average annual investment required to 2065 for flood and coastal defences<sup>2</sup>

## Our clients



# ENGINEERING SERVICES

## ENVIRONMENTAL

- Welsh Water:
  - Pressurised Pipelines and Major Civils Frameworks
  - Capital Delivery Alliance Civils contracts
  - 24/7 emergency reactive works
  - Expertise in dam safety
- Working for Wessex Water on the AMP6 Civils & EMI Capital Delivery Partners Framework
- Awarded a number of schemes for new client Bristol Water
- Environment Agency (Flood and Coastal Risk Management):
  - Awarded the South East FCRM regional framework and extension to the Northern framework as well as operating in the Central and South West regions
  - Secured further extension on the Northern MEICA framework as well as operating on the South East framework
- Awarded three-year Sluice Gate Renewals Framework for new client Peel Ports
- Awarded further land remediation projects for long-term customer Harworth Estates
- Increasing restoration activity associated with the Cast Iron Roof and Elizabeth Tower at the Palace of Westminster



# ENGINEERING SERVICES

# INFRASTRUCTURE

## OUR SERVICES

- Multidisciplinary engineering support providing maintenance and renewal services across the national rail network
- 24/7 emergency support provision
- Multidisciplinary engineering services to the wireless network infrastructure market

## OUR OPPORTUNITIES

- Network Rail £48bn agreed spending plan for CP6 (2019–2024)<sup>3</sup>
- Maintaining and renewing assets for Train Operating Companies and London Underground
- Integration of HS2 with existing rail infrastructure
- Long-term 4/5G investment programmes

**£48bn**  
agreed spending plan for CP6<sup>3</sup>

**c.25%**  
rise in operations, maintenance,  
support and renewals spend  
in CP6 vs CP5<sup>3</sup>

## Our clients



# ENGINEERING SERVICES

## INFRASTRUCTURE

- Network Rail maintenance:
  - Operational on every route
  - Operating on six-year Civils Asset Management (maintenance) frameworks
  - Renewed five-year national drainage frameworks
  - Renewed eight-year national RRV framework
- Network Rail renewals:
  - Operational in every region
  - Awarded five-year Multidisciplinary Renewals Framework in SNE
  - Awarded five-year RCDF Geotechnical & Earthworks framework in SNE
  - New National Station Information and Surveillance Services and Telecoms frameworks
- London Underground:
  - Specialist electrical, plant and power schemes through five frameworks
  - Awarded the first of five Depot Control System schemes
- Strategic partner on the Midland Mainline Electrification Programme
- Continued investment in 4G and appointed to our first 5G related programme



# SPECIALIST BUILDING

## 6 MONTHS ENDED

	31 Mar 19 £m	31 Mar 18 £m
Revenue	<b>19.4</b>	35.3
Operating profit	<b>0.3</b>	0.9
Operating margin	<b>1.5%</b>	2.5%
Order book	<b>49</b>	68

- Awarded a number of schemes for repeat clients in the science sector
- Focus remains on contract selectivity and risk management



# OUR ESTABLISHED AND PROVEN STRATEGIC PRIORITIES

STRATEGIC PRIORITIES				
<ul style="list-style-type: none"> <li>To be a key provider of engineering services in our target markets</li> </ul>	<ul style="list-style-type: none"> <li>Focus on asset support, maintenance and renewals programmes with non-discretionary funding</li> </ul>	<ul style="list-style-type: none"> <li>Expand our direct delivery model through strong local brands</li> </ul>	<ul style="list-style-type: none"> <li>Establish long-term relationships through responsiveness to clients' needs</li> </ul>	<ul style="list-style-type: none"> <li>Continue to deliver organic growth combined with selective complementary acquisitions</li> </ul>
<b>ENGINEERING</b>	<b>NON-DISCRETIONARY</b>	<b>DIRECT DELIVERY</b>	<b>RESPONSIVE</b>	<b>GROWTH</b>

## OUTLOOK

- Long-term organic growth prospects in regulated markets
- Focus on non-discretionary renewal and maintenance of critical infrastructure
- Increasing opportunities from expanded range of customers and services
- Order book underpinned by a solid foundation of frameworks including CP6 rail frameworks
- Board confidence in full year results

# GROWTH PROSPECTS IN REGULATED MARKETS

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# APPENDIX

## REFERENCES:

1. NDA Business Plan 1 April 2019 to 31 March 2022 (March 2019)
2. Environment Agency Research and analysis Long-term investment scenarios (LTIS) 2019 (Updated May 2019)
3. Network Rail – Strategic Business Plan Summary (9 February 2018)