Renew Holdings plc
Preliminary results for the year ended 30 September 2021

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

Working together

Engineering Infrastructure for a sustainable future

Record results

- Record performance reflecting strengths of the Group
- Strong cash flow and continued EPS[1] growth
- Organic growth of 19%
- Acquisition of Browne and REL
- Final dividend of 11.17p (2020: 8.33p)

Full year dividend

16p

Engineering Services order book[1]

£679m

[1] Renew uses a range of statutory performance measures and alternative performance measures when reviewing the performance of the Group against its strategy. Definitions of the alternative performance measures, and a reconciliation to statutory performance measures, are included the appendix.

Our engineering markets

Rail	Infrastructure	Energy	Environmental
Rail	Highways Wireless Telecoms	Nuclear Decommissioning Generation and networks	Water Specialist restoration and land remediation

Our subsidiaries

AMCO·GIFFEN
CLARKE telecom
seymour civil engineering
LEWIS
SEL
QTS
BROWNE
VHE
Carnell
WALTERLILLY 1924

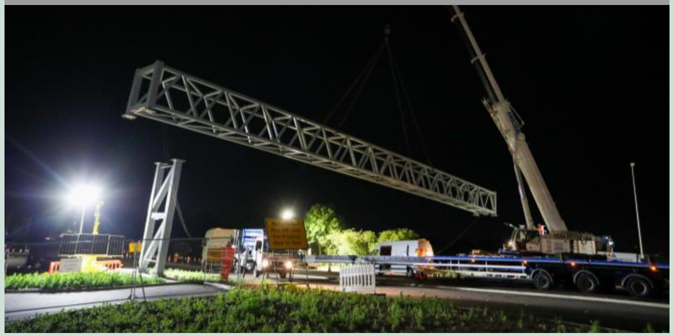
Our business

Our branded businesses

- Provide multidisciplinary, mission-crtical engineering services nationwide through our directly employed workforce where we maintain and renew UK infrastructure
- Carry out High Quality Residential and science projects in London and the home counties

Rail

Infrastructure



Energy

Environmental

Specialist building

Our differentiated business model

Markets with committed regulatory funding

- Visible, reliable and resilient revenue via maintenance and renewal programmes within long-term regulatory spending periods
- The UK Government committed to a record £650bn[2] investment in the UK's infrastructure from 2020-2025

Delivering mission-critical infrastructure services across the UK

- Exposure to core infrastructure markets underpins business model strengths
- Providing 24/7 specialist engineering solutions to keep the nation's infrastructure operational

Low-risk, non-discretionary maintenance and renewals

- Lower financial and contractual risk profile than those delivering large capital-led enhancement schemes
- Capital-light, opex-led maintenance and renewals model

Operating in complex, challenging and highly regulated environments

- End markets with high barriers to new entrants requiring specialist skillsets
- Ensuring compliance through an embedded safety culture

Highly skilled, directly employed workforce

- High-quality engineering expertise
- Responsiveness, control and agility
- Reduced exposure to sub-contractor pricing volatility

Proven track record of compounded earnings growth and strong cash generation

- Differentiated investment case based on resilience of business model, structurally attractive end markets and scope for further growth as infrastructure spend increases

Committed to adding value through innovation

- Investing in innovation to deliver superior and more sustainable customer service solutions

The UK Government committed to a record

£650bn[2]

investment in the UK's infrastructure from 2020-2025

Financial review

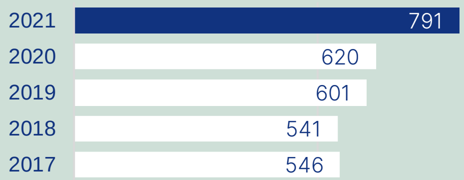
Working together

Engineering Infrastructure for a sustainable future

Track record

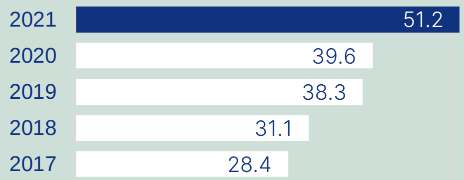
Group revenue[1]

£791.0m



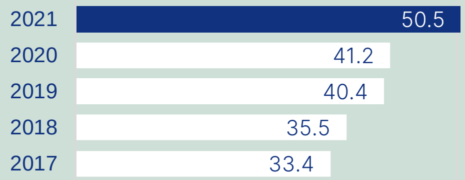
Adjusted operating profit[1]

£51.2m



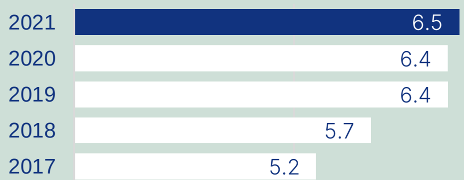
Adjusted EPS[1]

50.5p



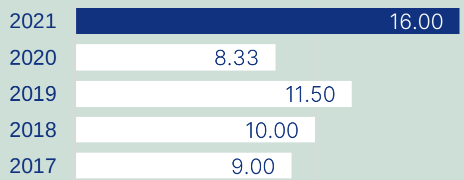
Adjusted operating margin[1]

6.5%



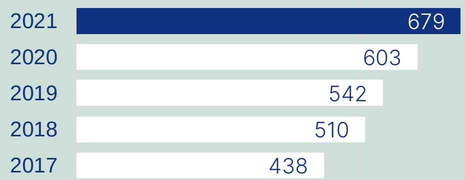
Dividend

16.00p



Engineering Services order book[1]

£679m



1 Renew uses a range of statutory performance measures and alternative performance measures when reviewing the performance of the Group against its strategy. Definitions of the alternative performance measures, and a reconciliation to statutory performance measures, are included in the appendix.

Financial highlights

- Group revenue[1] of £791.0m (2020: £620.4m)
    - 19% organic revenue growth
- Adjusted operating profit[1] up 29.3% to £51.2m (2020: £39.6m)
- Adjusted operating profit margin[1] 6.5% (2020: 6.4%)
- Adjusted EPS[1] up 22.6% to 50.5p (2020: 41.2p)
- Contractual positions currently protecting us from material and labour cost inflation

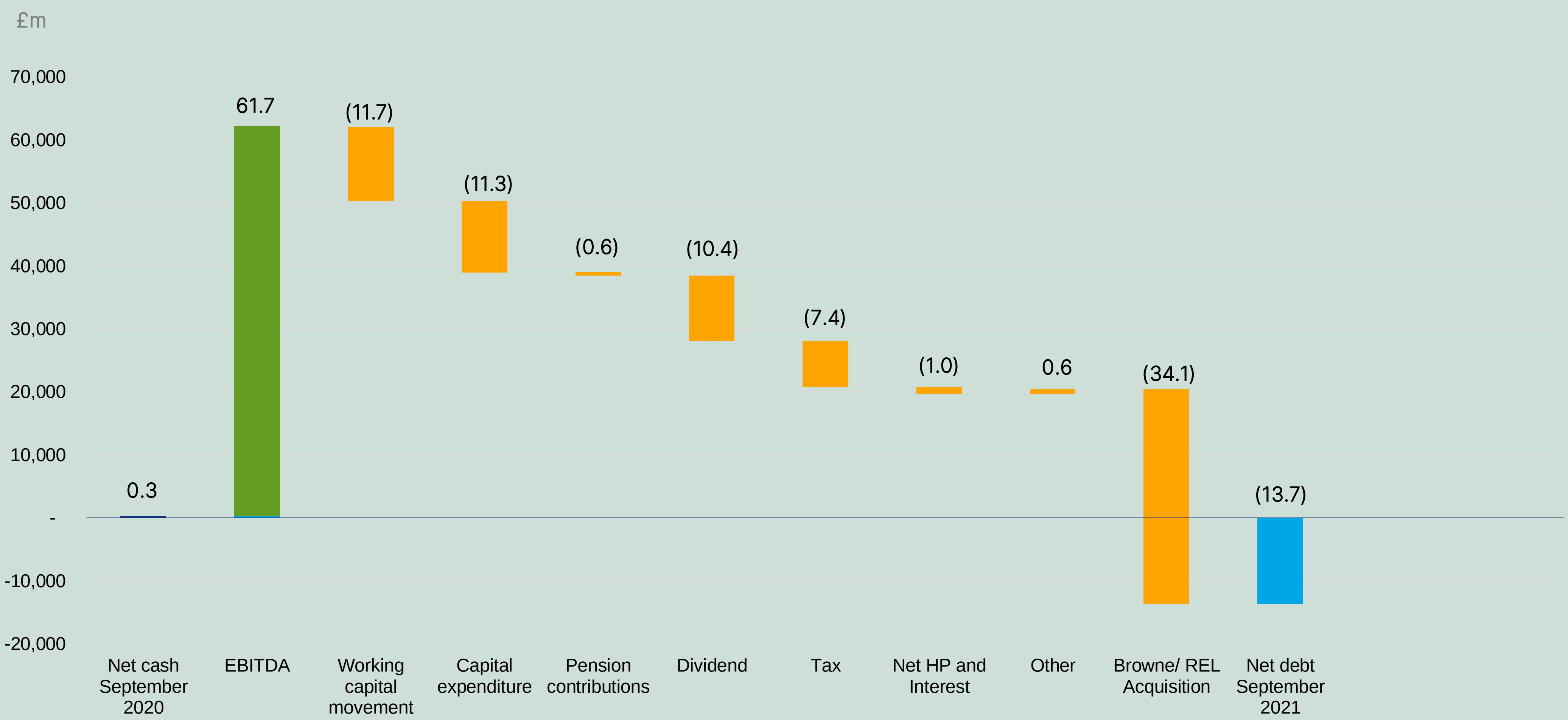
1 Renew uses a range of statutory performance measures and alternative performance measures when reviewing the performance of the Group against its strategy. Definitions of the alternative performance measures, and a reconciliation to statutory performance measures, are included in the appendix.

Financial highlights

- Net debt[1] £13.7m (Sep 20: net cash £0.3m)
  - £34.1m of acquisition costs in FY21
  - Balance outstanding on the QTS term loan of £4.4m – will be fully repaid in March 2022
  - Deferred VAT of c.£17m fully repaid in year
  - Net debt: EBITDA ratio significantly lower than 1x
- Refinanced working capital facilities in January 2020
  - £44.2m RCF expiring in January 2024 and £10m unsecured overdraft
  - Headroom to support acquisitive growth strategy
- Buy-in of Lovell Pension Scheme Liabilities in November 2020
  - Significant de-risking of balance sheet
  - Accelerate buy-in of remaining Amco Scheme liabilities
- ROCE OF 28% & ROIC of 29% – significantly ahead of WACC

1 Renew uses a range of statutory performance measures and alternative performance measures when reviewing the performance of the Group against its strategy. Definitions of the alternative performance measures, and a reconciliation to statutory performance measures, are included in the appendix.

Cash flow bridge



Adjusted EPS[1] track record

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net debt EBITDA	0.8	0.5	-0.3	0.8	0.2	-0.2	-0.1	0.6	0.2	0.0	0.2

1 Renew uses a range of statutory performance measures and alternative performance measures when reviewing the performance of the Group against its strategy. Definitions of the alternative performance measures, and a reconciliation to statutory performance measures, are included in the appendix.

Operational review

Working together

Engineering Infrastructure for a sustainable future

Rail

£53bn[4]

Investment in Control Period 6

Our services

- Essential multidisciplinary engineering support providing maintenance and renewal services across the national rail network
- 24/7 emergency support provision

Our opportunities

- Network Rail £53bn[4] agreed spending plan for CP6 (2019-2024)
- Decarbonisation agenda (rail electrification)
- Integration of HS2 with existing rail infrastructure

- Over 50 CP6 frameworks
- Acquisition of Rail Electrification Limited – integrating well
- New positions on
  - Southern Buildings and Civils Framework
  - Structures Integrity Framework in the South
  - Fencing and devegetation CP6 frameworks
- Significant 24/7 emergency response
- Innovative solutions in geotechnical, earthworks, devegetation and drainage

For references see appendix

Infrastructure

£24bn[5]
Road Investment Strategy 2 ("RIS2")

£30bn[6]
Investment for gigabit-capable broadband speeds

Our services

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

Our opportunities

- Government committed to increased roads infrastructure expenditure, focus on maintenance and renewals
- £24bn[5] of RIS2 funding
- £30bn[6] Investment for gigabit-capable broadband speeds
- £5bn[7] investment in 5G rollout

Highways

- Awarded five lots on National Highways SDF framework worth £147m over six years
- Three lots will be delivered through collaboration - Carnell and AmcoGiffen
- Awarded two positions on the 7 year Technical Surveys and Testing Framework

Wireless Telecoms

- Consolidated our position on VM02's 5G services frameworks
- Secured new frameworks with Cornerstone and 3UK
- Working alongside EE and BT to remove Huawei equipment from the networks by 2027

For references see appendix

Energy

£3bn[10]

Nuclear Decommissioning Authority spend per annum

Our services

- Multidisciplinary engineering support to nuclear facilities
- Decommissioning, asset care, maintenance, new build support and specialist manufacturing
- Mechanical, electrical and instrumentation services

Our opportunities

- UK nuclear decommissioning provision current estimate £124bn[9]
- £3bn[10] NDA annual expenditure
- UK net-zero target

- Recovery complete following impact of Covid-19
- Well established, long-term framework relationships at Sellafield
  - Collaborating on significant future growth opportunities
- Progress and further opportunities at Hinkley Point "C"
- Civil nuclear customers now include LLW, Springfields and Dounreay
- Future opportunities at Magnox and in new nuclear

For references see appendix

Environmental

£51bn[3]
Estimated spend in AMP7

£5.2bn[11]
UK Government 6-year flood defence investment

Our services

- Maintaining and renewing clean and wastewater networks and waterway assets
- Flood risk management programmes
- 24/7 emergency reactive works
- Specialist restoration and land remediation

Our opportunities

- £51bn[3] estimated spend in AMP7
- £5.2bn[11] 6-year flood defence investment
- Long-term conservation works at the POW

- Acquisition of Browne, a water-focused engineering services business
  - Integrated well and trading in line with expectations
- New clients - Thames Water, Affinity Water, South East Water and Southern Water
- Continue to work for Wessex Water, Bristol Water, Yorkshire Water and Welsh Water
- Strengthened relationships with Environment Agency, Scottish Canals and NRW
- Scope of works expanded at the POW

For references see appendix

Science and High Quality Residential

Our services

- Development of research and laboratory schemes
- Prestigious private residential refurbishment
- Specialist restoration

Our opportunities

- Increased Government investment in research facilities
- Opportunities in the High Quality Residential market in London and the Home Counties

- Focus on contract selectivity and risk management
- Work continues on science schemes for Defra and the MRC
- Awarded a landmark scheme for one of the London Palaces
- Continue to work on a number of High Quality Residential schemes

For references see appendix

Our commitment to ESG

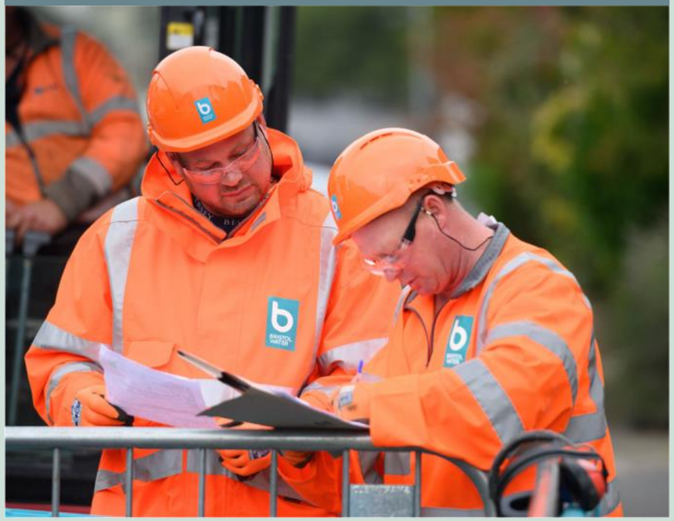
Working together

Engineering Infrastructure for a sustainable future

A better, more sustainable future

Our purpose-led approach

- Sustainability strategy reported in five key areas
- Adding value to our customers through our sustainable innovation
- Supporting the UK's net-zero target
- Reporting under the Streamlined Energy and Carbon Reporting regulations



Support local communities

Customer value

Climate action

Working together for a sustainable future

Engage our people

Operate responsibly

Our commitments

Customer engagement

- Continue to improve our customer survey response rate
- Increase revenue from repeat customers
- Help our customers meet their regulatory obligations
- Add value through innovation

Customer value

Carbon emissions

- Increase use of energy from "green" tariffs
- Improvements in electric and hybrid company car options
- Move our commercial fleet to low carbon

Climate action

Our 2021 progress

41%
Customer survey response rate in 2021
(2021 target 50%)

100%
Retention of key framework customers
(2021 target 100%)

33%
Of energy from "green" tariffs in 2021
(2022 target 100%)

100%
Of company car schemes with electric/ hybrid option
(2022 target 100%)

1%
Low carbon commercial fleet
(2030 target 80%)

Our commitments

Operate responsibly

Health and safety
- Reduce our Accident Frequency Rate

Materials and waste
- Reduce the amount of waste sent to landfill
- Mandatory waste broker

Equality, diversity and inclusion
- Improve our gender pay gap

Engage our people

Employee engagement
- Improve the rate of response to our employee surveys

Employee wellbeing
- Increase the number of mental health first aiders

Training and development
- Continuous focus on employee development

Our 2021 progress

0.14
Accident Frequency Rate
(2021 target 0)

88%
Of eligible* waste diverted from landfill
(2022 target 95%)
* Non-hazardous

46%
Employee survey response rate
(2021 target 70%)

1:20
Mental health first aiders
(2021 target 1:50)

4.0
Number of training days per employee
(2021 target 4.5)

Our commitments

Charitable giving

- Commitment to community projects

Future skills

- Focus on STEM engagement within our communities

Support local communities

Our 2021 progress

During the year, the Covid-19 pandemic has greatly impacted the frequency with which our employees have been able to engage in community events.

0.30
Working hours per employee assisting community projects (2021 target 24)

15
STEM events supported (2021 target 50)

Reducing carbon emissions

A number of our businesses are utilising all-electric vehicles including at Carnell where, as a leading delivery partner, it will be helping National Highways build on its existing progress to achieve its ambition of net zero carbon for maintenance and construction by 2040.

AmcoGiffen recently successfully trialled an alternative combined sustainable fuel and battery power system on site. The initiative used a generator, powered by hydrotreated vegetable oil, emitting cleaner exhaust emissions, that charged a battery storage unit during the day and switched off at night allowing the site to run on battery.

The trial reduced carbon emissions by around 90% and the battery storage unit reduced overall fuel consumption and generator run time by 49% as well as reducing air emissions, improving air quality and eliminating noise pollution. AmcoGiffen is now mandating that all sites will use this system where relevant and practical.

Volunteers continue Enfield Lock enhancements

A team of volunteers from J Browne's Enfield office completed refurbishment works on Enfield Lock on the River Lee Navigation. This section of canal, which J Browne has adopted through the Canal and River Trust, is a significant habitat for wildlife. The section has a houseboat community nearby and the towpaths are regularly used by the local community for dog walking.

Our investment case

Differentiated low-risk business model

- Our subsidiary businesses operate across a diversified range of markets.
- Critical asset maintenance and renewals services that are not dependent on large, capital-heavy contract awards, providing a lower risk profile.

Value-accretive model of compounding earnings

- Proven history of shareholder value creation through consistent execution of our strategy to deliver reliable capital growth.
- A track record of organic growth and M&A in high margin, high growth end markets, twinned with strong cash generation and shareholder returns.

Exposed to attractive long-term, non-discretionary structural growth drivers

- We operate in markets underpinned by resilient, long-term growth dynamics and committed regulatory spending periods, with maintenance and renewals expenditure continuing to increase.
- We deliver the day-to-day renewal and maintenance tasks required to keep critical networks operational.

Market-leading position, expertise and capabilities

- Our businesses work in markets with high barriers to entry which demand a highly skilled, experienced workforce and a proven track record of safe delivery.
- We continue to develop our range of specialist skills enabling us to provide a more efficient and valuable service to our clients.

Ideally poised to benefit from green infrastructure investment

- Our purpose-led ESG approach enables us to add value to our customers through investment in innovation and technology, assisting in the delivery of the UK's net-zero carbon target by 2050.

Strong long-term growth prospects

- The Group is committed to growing the business in its chosen markets both organically and through selective complementary acquisitions whilst maintaining a disciplined approach to capital allocation and risk.

Outlook

- Positive momentum going into FY22 with a strong order book
- Well positioned to capitalise on the compelling growth opportunities that exist across our end markets
  - Spending plans underpinned by strategic national needs and regulatory obligations
  - Continued focus on visible, long-term, non-discretionary spending programmes
- Acquisitive growth opportunities in existing and complementary markets
- Ideally poised to benefit from green infrastructure investment

Appendix

Working together

Engineering Infrastructure for a sustainable future

Income statement

For the year ended 30 September		2021 £m	2020 £m	
Revenue		791.0	620.4	
Operating profit*	*6.5%*	51.2	39.6	6.4%
Net finance costs		(0.4)	(0.8)	
Profit before exceptional items and amortisation		50.8	38.8	
Exceptional items and amortisation		(10.1)	(6.7)	
Profit before taxation		40.7	32.1	
Taxation		(8.6)	(5.8)	
Profit after taxation		32.1	26.3	
EPS*		50.5p	41.2p	
Dividend per share		11.7p	8.3p	

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

Exceptional items and amortisation

For the year ended 30 September	2021 £m	2020 £m
Amortisation	6.5	5.5
Acquisition costs	0.8	1.2
GMP equalisation and past service cost deficit	2.8	-
	10.1	6.7

Balance sheet

For the year ended 30 September	2021 £m	2020 £m
Intangible assets	168.9	147.8
Property, plant and equipment	16.3	14.8
Right of use assets	17.2	17.5
Investment in joint ventures	5.7	-
Deferred tax (liability) (net)	(5.6)	(2.3)
	202.5	177.8
Current assets	162.1	135.1
Current liabilities	(207.7)	(192.4)
Net current liabilities	(45.6)	(57.3)
Cash	(9.4)	13.4
Term loan	(4.3)	(13.1)
Long term liabilities	(18.8)	(18.6)
Net assets prior to pension schemes	124.4	102.2
Pension schemes (net)	0.4	18.2
Net assets	124.8	120.4

Cash flow statement

For the year ended 30 September	2021 £m
Opening cash balance at 1 October 2020	13.4
EBITDAE	61.7
Interest	(0.8)
Capital expenditure	(10.5)
Working capital movement	(11.7)
Pension scheme contributions	(0.6)
Dividends	(10.4)
Tax	(7.3)
Net HP and interest	(1.0)
Term loan repayment	(8.8)
Acquisitions	(34.1)
New equity	0.7
Closing debt balance at 30 September 2021	(9.4)
Term Loan at 30 September 2021	(4.3)
Net debt at 30 September 2021	(13.7)

Engineering Services

For the year ended 30 September	2021 £m	2020 £m
Revenue	706.7	577.2
Operating profit[1]	51.5	40.8
Operating margin[1]	7.3%	7.1%
Order book	679	603

Specialist Building

For the year ended 30 September	2021 £m	2020 £m
Revenue	84.4	43.2
Operating profit	1.6	1
Operating margin	1.9%	2.3%
Order book	70	89

References

1 Renew uses a range of statutory performance measures and alternative performance measures when reviewing the performance of the Group against its strategy. Definitions of the alternative performance measures, and a reconciliation to statutory performance measures, are included in the appendix.

2 Infrastructure and Projects Authority, Analysis of the National Infrastructure and Construction Pipeline 2021, August 2021

3 Ofwat PR19 final determinations, December 2019

4 Network Rail Delivery Plan, Control Period 6, High Level Summary, 26 March 2020

5 HM Treasury, Autumn budget and spending review 2021, October 2021

6 Department for Digital, Culture, Media & Sport, Delivering a gigabit-capable UK: Gigabit Infrastructure Subsidy, 1 June 2021

7 Department for Digital, Culture, Media & Sport, Project Gigabit, Phase One Delivery Plan, 19 March 2021

8 Gov.uk press release, Government breakthrough on £500 million support package to boost rural mobile coverage, 11 March 2021

9 Nuclear Decommissioning Authority, Nuclear Provision: the cost of cleaning up Britain's historic nuclear sites, 4 July 2019

10 Nuclear Decommissioning Authority, Draft Business Plan, 1 April 2021 to 31 March 2024, 7 December 2020

11 HM Government, Flood and coastal erosion risk management, Policy Statement, July 2020

Alternative performance measures ("APMs")

Renew uses a variety of alternative performance measures ('APM') which, although financial measures of either historical or future performance, financial position or cash flows, are not defined or specified by IFRSs. The Directors use a combination of APMs and IFRS measures when reviewing the performance, position and cash of the Group. The Directors believe that APMs provide a better understanding of the underlying trading performance of the business because they remove the impact of non-trading related accounting adjustments. The APMs used by the Group are defined below:

Net Cash/(Debt) - This is the cash and cash equivalents less bank debt. This measure is visible in Note 32 in the Annual Report & Accounts. The Directors consider this to be a good indicator of the financing position of the Group.

Adjusted operating profit (£51.211m) and adjusted profit before tax (£50.822m) - Both of these measures are reconciled to total operating profit and total profit before tax on the face of the consolidated income statement. The Directors consider that the removal of exceptional items and amortisation provides a better understanding of the underlying performance of the Group. The equivalent GAAP measures are operating profit (£41.141m) and profit before tax (£40.752m).

Adjusted operating margin (6.5%) - This is calculated by dividing operating profit before exceptional items and amortisation of intangible assets (£51.211m) by group revenue including share of joint venture (£790.995m) both of which are visible on the face of the income statement. The Directors believe that removing exceptional items and amortisation from the operating profit margin calculation provides a better understanding of the underlying performance of the Group. The equivalent GAAP measure is operating profit margin (5.2%) which is calculated by dividing operating profit (£41.141m) from group revenue including share of joint venture (£790.995m).

Adjusted earnings per share (50.51p) - This measure is reconciled to the earnings per share calculation based on earnings before exceptional items and amortisation in Note 7. The Directors believe that removing exceptional items and amortisation from the EPS calculation provides a better understanding of the underlying performance of the Group.

Group Revenue (£790.995m) - This measure is visible on the face of the income statement as Revenue: Group including share of joint venture.

Group order book, Engineering Services order book and Specialist Building order book - This measure is calculated by the Directors taking a conservative view on secured orders and visible workload through long-term frameworks.

Engineering Services revenue (£706.682m) - This measure is visible in Note 2 business analysis as Engineering Services Revenue including share of joint venture. The Directors consider this to be a good indicator of the underlying performance of the Group's Engineering Services business.

Adjusted Engineering Services operating profit (£51.526m) - This measure is visible in Note 2 business analysis as Engineering Services operating profit before exceptional items and amortisation of intangible assets. The Directors consider this to be a good indicator of the underlying performance of the Group's Engineering Services business. The GAAP equivalent measure is engineering services operating profit (£42.456m) which is also visible in Note 2.

Adjusted Engineering Services operating profit margin (7.3%) - This is calculated in the same way as adjusted operating profit margin but based on the adjusted Engineering Services operating profit (£51.526m) and the Engineering Services revenue (£706.682m) figures as set out above. The equivalent GAAP measure is engineering services operating profit margin (6.0%) which is calculated by dividing engineering services operating profit (£42.456m) from engineering services revenue including share of joint venture (£706.682m).

Disclaimer

No representation or warranty, expressed or implied, is made or given by or on behalf of Renew Holdings plc (the "Company") or any of its Directors or any other person as to the accuracy, completeness or fairness of the information contained in this presentation and no responsibility or liability is accepted for any such information. This presentation does not constitute an offer of securities by the Company and no investment decision or transaction in the securities of the Company should be made on the basis of the information contained in this presentation. The presentation contains certain information (for example, financial information and internal trading data) which the Company's management believes may assist in understanding the performance of the Renew Holdings plc group (the "Group"). However, none of the information in the presentation has been audited. Further, this presentation may include or imply statements or information that are, or may be deemed to be, "forward-looking statements". These forward-looking statements may use forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should". By their nature, forward looking statements involve risks and uncertainties and recipients are cautioned that any such forward-looking statements are not guarantees of future performance. The Company's and the Group's actual results and performance may differ materially from the impression created by the forward-looking statements or any other information in this presentation. The Company undertakes no obligation to update or revise any information contained in this presentation, except as may be required by applicable law and regulation. Nothing in this presentation is intended to be, or intended to be construed as, a profit forecast or a guide as to the performance, financial or otherwise, of the Company or the Group whether in the current or any future financial year. This presentation and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person