Severfield

Severfield plc
Interim report
for the six months ended 30 September 2020

DELIVERING SUSTAINABLE GROWTH FROM A STRONG FOUNDATION

Directors and advisers

Alan Dunsmore
Chief executive officer

Adam Semple
Group finance director

Ian Cochrane
Chief operating officer

Derek Randall
Executive director and managing director at JSW Severfield Structures

Kevin Whiteman
Non-executive chairman (appointed 3 September 2020)

Alun Griffiths
Senior independent director (chairman of the remuneration committee)

Tony Osbaldiston
Non-executive director (chairman of the audit committee)

Louise Hardy
Non-executive director

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Highlights

Revenue
£186.0m
(2019: £131.7m)

Underlying* operating profit (before JVs and associates)
£9.5m
(2019: £7.0m)

Operating profit (before JVs and associates)
£8.1m
(2019: £7.0m)

Underlying* profit before tax
£8.4m
(2019: £8.2m)

Profit before tax
£6.6m
(2019: £8.2m)

Underlying* basic earnings per share
2.2p
(2019: 2.3p)

Basic earnings per share
1.7p
(2019: 2.3p)

Interim dividend per share
1.1p
(2019: 1.1p)

- Revenue up 40% to £186.0m (2019: £131.7m)
- Underlying* profit before tax up 3% to £8.4m (2019: £8.2m), despite the impact of COVID-19
- Good cash generation resulting in period-end net funds (excluding IFRS 16 lease liabilities**) of £19.5m (31 March 2020: £16.4m), including the outstanding acquisition loan of £10.5m for Harry Peers
- Interim dividend of 1.1p per share (2019: 1.1p per share), reflects our confidence in the outlook and our strong balance sheet and cash position
- Over 80 projects undertaken during the period in the UK, Ireland and continental Europe in diverse market sectors including industrial and distribution, data centres, nuclear and commercial offices
- UK and Europe order book of £287m at 1 November 2020 (1 June 2020: £271m), includes new nuclear orders secured by Harry Peers
- Share of loss from Indian joint venture ('JSSL') of £0.7m (2019: profit of £1.3m), reflecting the impact of COVID-19
- India order book of £98m at 1 November 2020 (1 June 2020: £110m)

COVID-19

- UK and Europe – factories are fully operational, all construction sites are open, underlying operations are performing well
- Tendering and pipeline activity remain very encouraging despite more competitive pricing and some client investment decisions taking longer than normal
- Additional resilience provided by our market sector, geographical and client diversity
- India – opening up of the economy from lockdown is progressing slowly, well placed to win more work once improved market clarity returns
- Strong balance sheet and cash position, sufficient committed funding in place until 2023 and cash generative business model
- Improved visibility of second half and full year outturn – any disruption related to the new UK lockdown restrictions is not expected to be material to FY21 profitability
- Optimistic in our outlook beyond FY21 – based on order book strength, encouraging pipeline, strong balance sheet position, expertise in managing complex projects and long-standing client relationships

* Underlying results are stated before non-underlying items of £1.8m (2019: £nil) consisting of the amortisation of acquired intangible assets of £1.4m and acquisition-related expenses of £0.4m

** The Group excludes IFRS 16 lease liabilities from its measure of net funds / debt as they are excluded from the definition of net debt as set out in the Group's borrowing facilities

Interim statement 2020

Introduction

The first half of the financial year has undoubtedly been a challenging period due to the impact of COVID-19, but it has also highlighted the many strengths of the Group including the benefit of the strategic and operational progress made in recent years, the additional resilience provided by our market sector, geographical and client diversity, the skill and adaptability of our workforce and our strong balance sheet position.

Despite the headwinds of COVID-19, the Group has performed strongly in the period. This is reflected in an increased UK and Europe order book, increased revenues and good cash generation, which has enabled us to pay a final dividend for the 2020 financial year, a decision which was deferred at the time of the 2020 year-end results, pending greater visibility of the impact of COVID-19.

As expected, in the UK and Europe, the disruption experienced by the Group as a result of COVID-19, both on its sites and within its factories, impacted profitability, particularly in the first quarter of the financial year. Notwithstanding this, overall activity levels have increased since the beginning of the first lockdown in March and our operations are currently performing well, with activity levels having returned to pre-lockdown levels in the second quarter of the 2021 financial year. In India, the disruptive effects of COVID-19 have been greater, with the prolonged effect of the nationwide lockdown and the developing impact of the pandemic on the Indian economy resulting in JSSL recording a loss in the first half of the financial year. Despite these issues in the UK and in India, the half year results show an increase in Group profit before tax compared to the prior period, mainly due to the relatively low, contract timing-related, profit in the first half of the previous year.

Our clients have continued to regularly place orders, resulting in a UK and Europe order book of £287m (1 June 2020: £271m), providing the Group with a strong future workload. We remain very encouraged by the current level of tendering and pipeline activity across the Group despite evidence of some investment decisions taking longer than normal. We continue to see a good number of opportunities, albeit at competitive prices, in our key market sectors, including in the industrial and distribution, nuclear, data centre, infrastructure and stadia and leisure sectors.

In India, the opening up of the economy is progressing slowly and disruption to JSSL's operations is likely to continue over a period of several months with a corresponding impact on trading and profitability. JSSL's order book has held up well at £98m (1 June 2020: £110m), and this contains a good mix of higher margin commercial work. JSSL's pipeline of potential orders continues to include several commercial projects for key developers and clients with whom it has established strong relationships.

The impacts of COVID-19 are unavoidable, but they are also likely to be short lived, and we remain optimistic in our outlook. We continue to be well placed to win work in the diverse range of market sectors and geographies in which we operate and across a wide client base, providing us with extra resilience and the ability to increase our market share, in line with our strategic ambitions.

COVID-19

The Group responded quickly and decisively to the COVID-19 pandemic and has, to date, coped well with the challenges presented by COVID-19. The Group's factories are fully operational, and we are working on site across all our operations in the UK and Europe. Despite the further national lockdown restrictions in England, announced in early November, we are encouraged by the government's stated approach that construction activity should continue during this period and, accordingly, any disruption related to these new restrictions is not expected to be material to the Group's current year performance.

In managing our response to COVID-19, the primary focus has been on the health, safety and wellbeing of all employees, clients and the wider public, together with protecting the financial strength of the Group. All our factories and sites have implemented new operating procedures, in accordance with national government, devolved administration and industry guidance, including changes to working practices, enhanced levels of cleaning, additional hygiene facilities and social distancing.

The Group's balance sheet and cash position remains strong. Since 31 March 2020, the Group has continued to operate in a net funds position, maintaining significant amounts of cash headroom in banking facilities, which mature in October 2023.

Cash management remains a priority and our strong financial position has been carefully managed during the current uncertain period whilst ensuring that we continue to support our supply chain partners. All PAYE liabilities and other discretionary tax deferrals are now fully up to date, except for VAT payments of £3m, which have been deferred by HMRC until the 2022 financial year. Our strong financial position also means that, whilst we furloughed some of our workforce in the first quarter of the 2021 financial year, all of whom have since returned to work, we have not and will not be claiming for support under any employee-related government support packages including the Coronavirus Job Retention Scheme. In addition, borrowings of £15m, originally drawn down in late March under the Group's revolving credit facility ('RCF') as a precautionary measure in response to the COVID-19 outbreak, have now been repaid.

Financials

Revenue of £186.0m (2019: £131.7m) represents an increase of £54.3m compared to the prior period. This predominately reflects the relative increase in order flow and production activity during the period, together with the additional revenue for Harry Peers, which was acquired in October 2019. This increase in activity commenced in the second half of the previous year, based on the step change in the size of the order book at that time (1 November 2019: £323m).

Underlying operating profit (before JVs and associates) was £9.5m (2019: £7.0m) and includes the disruptive effects of COVID-19, which particularly impacted the Group in the first quarter of the year. This profit represents an increase of £2.5m over the prior period mainly due to the relatively low, contract timing-related, profit in the first half of the previous year. The results for 2020 were unusually less first-half weighted, with several large contracts delivering stronger profits during the second half of the previous year.

The share of results of JVs and associates in the first half of the year was a loss of £0.6m (2019: profit of £1.5m). This includes a share of loss from the Indian joint venture of £0.7m (2019: £1.3m), reflecting the impact of COVID-19 on JSSL's trading and profitability. The share of results of JVs and associates also includes those of Construction Metal Forming ('CMF') Limited, which has contributed a share of profit for the Group of £0.1m (2019: £0.2m).

The Group's underlying profit before tax was £8.4m (2019: £8.2m), an increase of 3 per cent compared to the previous period. The statutory profit before tax, which includes both underlying and non-underlying items, was £6.6m (2019: £8.2m).

Non-underlying items for the period of £1.8m (2019: £nil) consisted of the amortisation of acquired intangible assets of £1.4m (2019: £nil) and acquisition-related expenses of £0.4m (2019: £nil). The amortisation of acquired intangible assets represents the amortisation of customer relationships, order books and brand name, which were identified on the acquisition of Harry Peers. These assets are being amortised over a period of 18 months to five years.

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An underlying tax charge of £1.7m is shown for the period (2019: £1.3m). This tax charge is recognised based upon the best estimate of the average effective income tax rate on profit before tax for the full financial year and equates to the UK statutory rate of 19 per cent.

Underlying basic earnings per share is 2.2p (2019: 2.3p). This calculation is based on the underlying profit after tax of £6.7m (2019: £6.9m) and 306,860,362 shares (2019: 304,920,295 shares) being the weighted average number of shares in issue during the period. Basic earnings per share, which is based on the statutory profit after tax, is 1.7p (2019: 2.3p). There are no contingent shares outstanding under share-based payment schemes and, accordingly, there is no difference between basic and diluted earnings per share.

Net funds (excluding IFRS 16 lease liabilities) at 30 September 2020 were £19.5m (31 March 2020: £16.4m) following the payment of the final dividend (£5.5m). This represents cash of £29.8m offset by the outstanding term loan of £10.5m for the Harry Peers acquisition. Operating cash flow for the period before working capital movements was £11.8m (2019: £8.3m). Net working capital decreased by £3.1m (£0.1m excluding the deferred VAT payments of £3m) in the period and, excluding advance payments, period-end net working capital represented approximately two per cent of revenue (31 March 2020: three per cent), which is better than our well-established target range of four to six per cent.

Capital expenditure of £1.8m (2019: £2.8m) represents the continuation of the Group's capital investment programme. This predominantly consisted of ongoing expansion to our Dalton production facility, including new equipment for our fabrication lines, and improvements to our site and office facilities. Depreciation in the period was £3.0m (2019: £2.6m), of which £0.8m (2019: £0.8m) relates to right-of-use assets under IFRS 16.

The Group's net defined benefit pension liability at 30 September 2020 was £23.0m, an increase of £4.3m from the year-end position of £18.7m. The deficit has increased largely because of a reduction in the discount rate, which reflects the significant fall in bond yields over the past six months, together with higher long-term inflation assumptions. This has been partially offset by higher than expected returns on the scheme's assets and by ongoing deficit contributions. The triennial funding valuation of the scheme is in progress, with a valuation date of 31 March 2020.

The Group has a £25m revolving credit facility ('RCF') with HSBC Bank and Yorkshire Bank, which matures in October 2023. The RCF, of which £10m is available as an overdraft facility, continues to include an additional accordion facility of £20m, which allows the Group to increase the aggregate available borrowings to £45m. In light of the COVID-19 pandemic and the impact on the Group's performance in the half year, the directors have reconsidered the Group's medium-term cash forecasts and conducted stress-test analysis on these projections in order to assess the Group's ability to continue as a going concern. Having also made appropriate enquiries, the directors consider it reasonable to assume that the Group has adequate resources to continue for the foreseeable future and, for this reason, have continued to adopt the going concern basis in preparing the interim financial statements.

Dividend

The board considers the dividend to be a very important component of shareholder returns. Accordingly, based on its current assessment of the performance of the business, the outlook for the year and our strong balance sheet and cash position, the board has decided to maintain the interim dividend at 1.1p per share (2019: 1.1p per share).

Board change

As announced with our full year results on 19 June 2020, John Dodds, Non-Executive Chairman, retired from the board at the conclusion of the AGM in September, having served for ten years, including nine years as chairman. Kevin Whiteman, who has been on the board since 2014, succeeded John as Non-Executive Chairman.

UK and Europe review

The Group's main activities continue to be the design, fabrication and construction of structural steel for construction projects, and more than 80 live projects were worked on during the period. Major projects include a large industrial facility, which includes a bespoke paint package, and a large data centre, both in the Republic of Ireland, a large data centre in Finland, large distribution facilities in the UK and Germany, the new stadium works at Fulham F.C. and the redevelopment of Lord's Cricket Ground (Compton and Edrich stands). We have also continued our work on the new Google Headquarters at King's Cross, together with a number of mid-sized office developments, both in London and the UK regions (including another project at King's Cross, Bankside Yards and the Assembly Buildings in Bristol).

The future success of the Group is also determined by the quality of the secured workload and our discipline to maintain contract selectivity irrespective of economic conditions. Despite the challenges associated with COVID-19, we have secured a significant value of new work and variations to existing contracts over the past six months, resulting in a UK and Europe order book at 1 November 2020 that stands at £287m (1 June 2020: £271m), of which £245m is for delivery over the next 12 months. This provides the Group with a strong future workload well into the 2022 financial year.

The order book contains a healthy mix of projects across a diverse range of sectors including industrial and distribution, nuclear, data centres, transport infrastructure and commercial offices. Significant awards include new nuclear orders secured by Harry Peers, a number of large distribution facilities in the UK, several mid-sized office developments, including one in Glasgow and our first HS2 bridge package, following the HS2 Notice to Proceed issued by the UK Government in April. Our European business has also secured a distribution facility in the Netherlands, along with proving its continued benefit to our UK operations when tendering for and executing projects in Europe. In terms of geographical spread, of the order book of £287m, 68 per cent represents projects in the UK, with the remaining 32 per cent representing projects for delivery in Europe and the Republic of Ireland (1 June 2020: 54 per cent in the UK, 46 per cent in Europe and the Republic of Ireland).

We recognise that certain investment decisions may continue to be delayed in some of our sectors as clients and developers address the ongoing effects of COVID-19. In the short term, whilst this has the potential to impact the timing of construction programmes and contract awards, it also creates opportunities for us to help clients deliver changes to these programmes more quickly and efficiently. Despite the challenges of COVID-19, we are very encouraged by the current level of tendering and pipeline activity across the Group and the quality of the enquiries received remains good. We continue to see a good number of opportunities, albeit at more competitive prices given the current market conditions, in our key market sectors, including in the industrial and distribution, data centres, nuclear, transport infrastructure and stadia and leisure sectors. Opportunities exist in these sectors both in the UK and in Europe, where we have demonstrated our ability to win more work, supported by our European business. We remain well placed to win work in the diverse range of market sectors and geographies in which we operate and across a wide client base, providing us with extra resilience and the ability to increase our market share.

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In March, the UK government announced its five-year plan, which will provide funding of £640 billion for UK infrastructure projects including future work for HS2 and investment programmes for Highways England. The National Infrastructure and Construction Procurement Pipeline, published in June, clarified how projects worth up to £37 billion would be brought to market over the next 12 months, with the remaining details expected to be released later this year as part of the National Infrastructure Strategy. The UK government has stated that the infrastructure and construction sectors are vital to the recovery of the economy from the impact of COVID-19, and part of its New Deal plan, is accelerating spending on £5 billion of infrastructure projects. We continue to make good progress with several of these significant infrastructure opportunities, particularly in the transport sector with HS2, and remain well positioned to win work in this sector given the Group's historical track record in transport infrastructure and our in-house bridge capability.

Although the UK has now ceased to be a member of the EU and is in a transition period, the nature of its future trading relationship with the EU remains uncertain. We continue to monitor developments in this area and we have plans in place to mitigate, where possible, the impact of leaving the EU on the fulfilment of orders in the Republic of Ireland and continental Europe and on our supply chain.

The sale of British Steel to Jingye Group ('Jingye'), China's third largest privately owned steel producer, in March 2020, has helped to provide much needed stability to the steel supply market in the UK. We remain encouraged by Jingye's stated intention to invest over £1 billion in British Steel over the next decade, which includes several furnace upgrades (including the development of an electric arc furnace in Teesside). Notwithstanding this, we continue to regularly review our steel supply arrangements and already have strong ongoing relationships with several other supply chain partners, including those in continental Europe and local stockholders in the UK.

The UK margin performance continues to reflect improvements to our operational execution. This includes the benefits from our programme of projects categorised under the banner of 'Smarter, Safer, more Sustainable' ('SSS'). These initiatives continue to focus on improving many aspects of our internal operations, including the application of Lean manufacturing techniques, optimisation of factory processes and production flows, quality control and cost reduction programmes.

During the period, we have continued the roll out of new software systems including data analytics, dashboards, workflow management and project-specific commercial and operational tools to better inform decision-making and improve efficiencies both in our factories and on our construction sites. This includes the use of these systems on mobile devices to capture information at the point of use and to provide live information to operatives. We have also taken further steps to improve the integration of key systems, better automate work flows and have implemented a new coatings management system at Dalton covering improvements to the specification, management and application of paint systems, which can be both complex and bespoke.

We continue to devote skilled resource to reviewing and responding to developing technologies (including virtual reality and digital technologies). As part of our digital transformation initiative, we are making good progress with the automation of repetitive tasks, including in our approach to design, and in reducing our reliance on paper-based information. COVID-19 has tested our ability to respond quickly to an ever-changing situation and we will look to harness the speed at which we have adapted to new ways of working, including the adoption of Microsoft Teams in a short space of time at the start of the pandemic.

We continue to invest in and streamline our factories, particularly at our main production centre in Dalton, where we are continuing to upgrade and expand our fabrication capability to improve the output and efficiency of these operations. We are also investing over £1m in the current financial year on weld fume management systems to ensure that our employees continue to work in a safe factory environment. These improvements form part of the Group's ongoing capital investment programme, taking our capital investment in the Group to over £40m over a six-year period.

Harry Peers

Harry Peers is integrating well into our core operations and we are seeing good opportunities to grow the business as we expand and extend the Group's current capabilities into attractive complementary market sectors. The business continues to secure high-quality orders and we have good visibility of a strong order pipeline including in the growing nuclear sector, in which Peers commands a niche, well-established and trusted position with a high calibre customer base. The business has also demonstrated capability in modular structural steel offerings, which we will look to develop across its wider product range. As part of the SSS programme, we are also focussing on certain operational initiatives including investment in technology-driven enhancements to make the business more competitive and efficient, and to support the development of our client service offering.

In addition to the initial consideration of £18.9m, a further performance-based consideration of up to £7m is payable contingent upon certain financial and operational targets for the period ended 31 August 2020. We are in the process of finalising this completion exercise and expect to settle this obligation early in the 2021 calendar year.

Severfield (Products & Processing)

Notwithstanding the disruption caused by COVID-19, Severfield (Products & Processing) ('SPP'), has continued to secure and successfully deliver a number of orders to its expanding customer base, together with providing subcontract fabrication packages (including general fabrication, trusses, bracing and stairs) to assist other Group companies in the delivery of larger projects. During the period, we have continued to grow and invest in the business and have maintained our focus on business development. This includes our new 'Severstor' and 'Seversilo' modular product ranges, which we are developing organically. We have now already secured several 'Severstor' orders, which we are in the process of delivering to a new, expanding customer base. We also see opportunities to further develop the product range of the business, playing to our strengths in general fabrication and our previous record in modular construction.

Medium to high-rise residential construction

In recent periods, we have also been targeting potential organic opportunities in medium to high-rise residential construction, where we have developed a steel solution in what has traditionally been a concrete-dominated sector. Despite this being more of a 'slow burn' than originally anticipated due to longer than expected client gestation periods, exacerbated by the COVID-19 situation, discussions with a number of interested parties remain ongoing and this opportunity continues to be progressed in the background.

India

The COVID-19 pandemic continues to impact the Indian joint venture, where the effects of the virus have been more significant than in the UK and Europe. In light of the prolonged effect of the nationwide lockdown and the developing impact of COVID-19 on the Indian economy, JSSL's operations were severely disrupted in the first half of the financial year. This is evident in the Group's after-tax share of loss of £0.7m (2019: share of profit of £1.3m). The loss reflects a reduction in JSSL's revenue to £23.1m, compared to £56.3m in the previous period, and a break-even operating margin, compared with 8.5 per cent in the previous period. Financing expenses of £1.6m (2019: £1.3m) turn JSSL's operating result into a loss before tax for the period of £1.6m (2019: profit before tax of £3.5m).

The opening up of the economy from lockdown is progressing slowly and disruption to JSSL's operations is likely to continue over a period of several months, although we expect the impact of this disruption on trading and profitability in H2 to be less than that evidenced in H1. Despite COVID-19, JSSL's order book has held up well at £98m (1 June 2020: £110m), and this contains a good mix of higher margin commercial work. JSSL's pipeline of potential orders continues to include several commercial projects for key developers and clients with whom it has established strong relationships. JSSL is also in the process of developing formal strategic alliances with certain key clients, mainly for commercial, data centre and healthcare projects, leaving the business well placed to win more work once improved market clarity returns to India.

Despite the current period of uncertainty, we remain positive about the long-term development of the Indian market and of the value creation potential of JSSL, especially considering the political, commercial, social and technological changes made in India over recent years, the government's ongoing focus on simplifying regulations and the 'ease of doing business', and the significant expansion of the business already evidenced to date.

Safety, health and the environment ('SHE')

During this challenging period, we have continued to run our operations safely, in line with national and local government and Construction Leadership Council guidelines, ensuring that we remain focussed on 'safety first', a core value for the Group. This is vital to our continued success and a key differentiator in the market, both to our clients and to our employees. Mental health has also been at the forefront of our approach throughout this time, recognising the impact that COVID-19 is having on all our employees.

A new platform for reporting SHE incidents and completing inspections is in final development, aiming to build on existing reporting processes and further improving data analysis. Our SHE management system continues to be developed to drive a Group approach. We have maintained our ISO 45001 and 14001 certifications, along with additional client and sector specific certifications.

Following the success of our inaugural event in November 2019, we launched our second safety awards in August 2020 and have seem an increase in nominations, which will be judged in November with the winners being announced in December. How we celebrate these achievements will be decided in the new year in line with the COVID-19 guidelines at that time.

Our behavioural safety programme continues with tangible improvements evidenced in both attitudes to safety and safety culture across all areas of the business. We will continue to strive for an exemplar safety culture through engagement, communication, support and clear objectives.

Our sustainability committee is developing a wider governance and strategy framework that will cover all areas of our sustainability policy, encompassing health and safety, people and communities, environment and economic delivery. The framework will also establish how we monitor and manage risks and opportunities, and the metrics and targets we plan to report against, ultimately aligning ourselves with the Task Force on Climate-related Financial Disclosure ('TCFD') guidance.

All construction materials have some environmental impact and when assessing sustainability, it is important to measure all of steel's impacts, including the atmosphere, the environment, means of disposal, and durability. Steel manufacturing continues to improve its energy use and levels of greenhouse gas emissions and steel products exhibit a decisive life cycle advantage versus many other construction materials (including concrete) since they can continually be recycled. Our structures can last for many years, making them cost-effective as well as sustainable and since steel is often fabricated off-site, it can reduce on-site labour, cycle time and construction waste. From a sustainability perspective, we believe that steel offers a durable, cost-effective and sustainable choice for construction, and our ‘Smarter, Safer, more Sustainable’ (‘SSS’) initiatives continue to focus on our environmental impact through our Lean manufacturing techniques and cost and waste reduction programmes.

Summary and outlook

The Group responded quickly and decisively to the COVID-19 pandemic and has, to date, coped well with the challenges presented by COVID-19, performing strongly in the period. This is reflected in an increased UK and Europe order book, increased revenues and good cash generation, which has enabled us to pay a final dividend in September and declare an unchanged interim dividend. Our strategy remains unchanged, based on growth, both organic and through selective acquisitions, operational improvements and creating value in our Indian joint venture, JSSL.

Despite COVID-19, we remain optimistic about the future. We have a strong order book, which supports trading throughout much of H2 and into FY22, an encouraging pipeline of opportunities, a strong balance sheet position, expertise in managing complex projects and good long-standing client relationships. This leaves us well placed to win work in the diverse range of market sectors and geographies in which we operate and across a wide client base, providing us with extra resilience and the ability to increase our market share.

There is now greater clarity of the extent of the impact of COVID-19 on the current year’s performance and, on the assumption of no further significant business interruptions arising from any widespread and prolonged secondary lockdown, we expect to improve upon our first half profitability in the second half of the financial year.

Finally, I would like to pay tribute to our people for their continued support and for keeping our business operating so well during a very challenging period. As always, their health and wellbeing remains our number one priority.

Alan Dunsmore
Chief executive officer
24 November 2020

Consolidated income statement

	Six months ended 30 September 2020 (unaudited)		
	Underlying £000	Non-underlying £000	Total £000
Revenue	186,031	–	186,031
Operating costs	(176,539)	(1,421)	(177,960)
Operating profit before share of results of JVs and associates	9,492	(1,421)	8,071
Share of results of JVs and associates	(623)	–	(623)
Operating profit	8,869	(1,421)	7,448
Net finance expense	(447)	(429)	(876)
Profit before tax	8,422	(1,850)	6,572
Taxation	(1,719)	352	(1,367)
Profit for the period	6,703	(1,498)	5,205
Earnings per share:			
Basic	2.18p	(0.48)p	1.70p
Diluted	2.18p	(0.48)p	1.70p

Six months ended 30 September 2019 (unaudited)			Year ended 31 March 2020 (audited)		
Underlying £000	Non-underlying £000	Total £000	Underlying £000	Non-underlying £000	Total £000
131,749	–	131,749	327,364	–	327,364
(124,747)	–	(124,747)	(300,386)	(2,294)	(302,680)
7,002	–	7,002	26,978	(2,294)	24,684
1,466	–	1,466	2,355	–	2,355
8,468	–	8,468	29,333	(2,294)	27,039
(278)	–	(278)	(712)	(514)	(1,226)
8,190	–	8,190	28,621	(2,808)	25,813
(1,278)	–	(1,278)	(4,959)	(439)	(5,398)
6,912	–	6,912	23,662	(3,247)	20,415
2.27p	–	2.27p	7.74p	(1.06)p	6.68p
2.27p	–	2.27p	7.70p	(1.06)p	6.64p

Consolidated statement of comprehensive income

	Six months ended 30 September 2020 (unaudited) £000	Six months ended 30 September 2019 (unaudited) £000	Year ended 31 March 2020 (audited) £000
Actuarial (loss)/gain on defined benefit pension scheme*	**(4,957)**	(4,958)	255
Losses taken to equity on cash flow hedges	**(916)**	(1,446)	(1,403)
Reclassification adjustments on cash flow hedges	**455**	206	(410)
Exchange difference on foreign operations	**(26)**	(22)	(34)
Tax relating to components of other comprehensive income*	**942**	843	(184)
Other comprehensive income for the period	**(4,502)**	(5,377)	(1,776)
Profit for the period from continuing operations	**5,205**	6,912	20,415
Total comprehensive income for the period attributable to equity shareholders of the parent	**703**	1,535	18,639

* These items will not be subsequently reclassified to the consolidated income statement.

Consolidated balance sheet

	At 30 September 2020 (unaudited) £000	At 30 September 2019 (unaudited) £000	At 31 March 2020 (audited) £000
ASSETS			
Non-current assets			
Goodwill	**70,714**	54,712	70,714
Other intangible assets	**6,230**	–	7,375
Property, plant and equipment	**88,160**	84,821	88,864
Right-of-use assets	**9,494**	10,781	10,140
Interests in JVs and associates	**26,066**	25,800	26,690
	200,664	176,114	203,783
Current assets			
Inventories	**6,119**	8,108	6,856
Contract assets, trade and other receivables	**68,345**	55,853	74,612
Current tax asset	**1,963**	891	1,640
Cash and cash equivalents	**29,802**	22,327	44,338
	106,229	87,179	127,446
Total assets	**306,893**	263,293	331,229
LIABILITIES			
Current liabilities			
Trade and other payables	**(79,531)**	(57,256)	(84,366)
Financial liabilities – borrowings	**(3,500)**	–	(19,375)
Financial liabilities – leases	**(1,086)**	(1,838)	(1,502)
Derivative financial instruments	**(1,612)**	(282)	(1,135)
	(85,729)	(59,376)	(106,378)
Non-current liabilities			
Retirement benefit obligations	**(23,022)**	(24,420)	(18,688)
Financial liabilities – borrowings	**(7,000)**	–	(8,750)
Financial liabilities – leases	**(9,513)**	(10,016)	(9,729)
Deferred tax liabilities	**(2,795)**	(344)	(4,009)
	(42,330)	(34,780)	(41,176)
Total liabilities	**(128,059)**	(94,156)	(147,554)
NET ASSETS	**178,834**	169,137	183,675
EQUITY			
Share capital	**7,689**	7,648	7,648
Share premium	**87,292**	87,254	87,292
Other reserves	**281**	1,448	1,402
Retained earnings	**83,572**	72,787	87,333
TOTAL EQUITY	**178,834**	169,137	183,675

Consolidated statement of changes in equity

	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
At 1 April 2020	**7,648**	**87,292**	**1,402**	**87,333**	**183,675**
Total comprehensive income for the period	**–**	**–**	**(487)**	**1,190**	**703**
Ordinary shares issued*	**41**	**–**	**–**	**–**	**41**
Equity settled share-based payments	**–**	**–**	**(634)**	**572**	**(62)**
Dividends paid	**–**	**–**	**–**	**(5,523)**	**(5,523)**
At 30 September 2020 (unaudited)	**7,689**	**87,292**	**281**	**83,572**	**178,834**

* The issue of shares represents shares allotted to satisfy the 2017 Performance Share Plan award, which vested in June 2020.

	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
At 1 April 2019	7,600	87,254	3,819	76,334	175,007
Changes in accounting policy	–	–	–	(1,110)	(1,110)
Restated total equity at 1 April 2019	7,600	87,254	3,819	75,224	173,897
Total comprehensive income for the period	–	–	(1,262)	2,797	1,535
Ordinary shares issued*	48	–	–	–	48
Equity settled share-based payments	–	–	(1,109)	259	(850)
Dividends paid	–	–	–	(5,493)	(5,493)
At 30 September 2019 (unaudited)	7,648	87,254	1,448	72,787	169,137

* The issue of shares represents shares allotted to satisfy the 2016 Performance Share Plan award, which vested in June 2019.

	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
At 1 April 2019	7,600	87,254	3,819	76,334	175,007
Changes in accounting policy	–	–	–	(895)	(895)
Restated total equity at 1 April 2019	7,600	87,254	3,819	75,439	174,112
Total comprehensive income for the year	–	–	(1,847)	20,486	18,639
Ordinary shares issued*	48	38	–	–	86
Equity settled share-based payments	–	–	(570)	259	(311)
Dividends paid	–	–	–	(8,851)	(8,851)
At 31 March 2020 (audited)	7,648	87,292	1,402	87,333	183,675

* The issue of shares represents shares allotted to satisfy the 2016 Performance Share Plan award, which vested in June 2019 and the 2017 and 2018 Sharesave schemes.

Consolidated cash flow statement

	Six months ended 30 September 2020 (unaudited) £000	Six months ended 30 September 2019 (unaudited) £000	Year ended 31 March 2020 (audited) £000
Net cash flow from operating activities	**12,506**	6,626	21,980
Cash flows from investing activities			
Proceeds on disposal of property, plant and equipment	**90**	128	267
Purchases of land and buildings	**–**	–	(1,519)
Purchases of other property, plant and equipment	**(1,553)**	(2,796)	(4,945)
Purchases of intangible assets	**(276)**	–	–
Investment in subsidiary entity, net of cash acquired	**–**	–	(13,390)
Net cash used in investing activities	**(1,739)**	(2,668)	(19,587)
Cash flows from financing activities			
Interest paid	**(477)**	(251)	(598)
Dividends paid	**(5,523)**	(5,493)	(8,851)
Proceeds from shares issued	**41**	–	86
Proceeds from borrowings	**–**	–	29,000
Repayment of borrowings	**(17,625)**	–	(875)
Repayment of obligations under finance leases	**–**	(49)	–
Repayment of lease liabilities	**(775)**	(817)	(1,796)
Loans issued to JVs and associates	**(944)**	–	–
Net cash used in financing activities	**(25,303)**	(6,610)	16,966
Net (decrease)/increase in cash and cash equivalents	**(14,536)**	(2,652)	19,359
Cash and cash equivalents at beginning of period	**44,338**	24,979	24,979
Cash and cash equivalents at end of period	**29,802**	22,327	44,338

Notes to the condensed consolidated interim financial information

1) General information

Severfield plc ('the Company') is a company incorporated and domiciled in the UK. The address of its registered office is Severs House, Dalton Airfield Industrial Estate, Dalton, Thirsk, North Yorkshire, YO7 3JN.

The Company is listed on the London Stock Exchange.

The condensed consolidated interim financial information does not constitute the statutory financial statements of the Group within the meaning of section 435 of the Companies Act 2006. The statutory financial statements for the year ended 31 March 2020 were approved by the board of directors on 17 June 2020 and have been delivered to the registrar of companies. The report of the auditors on those financial statements was unqualified, did not draw attention to any matters by way of emphasis and did not contain any statement under section 498 of the Companies Act 2006.

The condensed consolidated interim financial information for the six months ended 30 September 2020 has been reviewed, not audited, and was approved for issue by the board of directors on 23 November 2020.

2) Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 September 2020 has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. The condensed consolidated interim financial information should be read in conjunction with the statutory financial statements for year ended 31 March 2020, which have been prepared in accordance with International Financial Reporting Standards ('IFRS') adopted for use in the European Union and therefore comply with Article 4 of the EU IAS regulation.

At 30 September 2020, the Group's net funds were £19.5m, comprising cash of £29.8m offset by the outstanding term loan of £10.5m for the Harry Peers acquisition. The Group has a £25m revolving credit facility ('RCF') with HSBC and Yorkshire Bank that matures in October 2023. The RCF, of which £10m is available as an overdraft facility, includes an additional accordion facility of £20m, which allows the Group to increase the aggregate available borrowings to £45m. Throughout the year and up to the date of approval of the interim financial statements, the Group has operated in a net funds position, maintaining significant amounts of headroom in its financing facilities and associated covenants.

In determining whether the Group's condensed consolidated interim financial information can be prepared on the going concern basis, the directors considered the factors likely to affect its future development, performance and its financial position, including cash flows, liquidity position and borrowing facilities and the risks and uncertainties relating to its business activities for a period of 12 months following the date of approval of the interim financial statements.

The following factors were considered as relevant and included in the severe but plausible downside sensitivities:

- The impact of COVID-19 on the Group's profits and cash flows;
- The UK and Europe order book and the pipeline of potential future orders;
- The Group's 'Smarter, Safer, more Sustainable' business improvement programme, which continues to deliver tangible benefits during the period; and
- The Group's net funds position and its bank finance facilities, which are committed until October 2023, including both the level of those facilities and the covenants attached to them.

2) Basis of preparation continued

Consequently, having considered all the factors impacting the Group's business, including certain downside sensitivities, the directors are satisfied that the Group will be able to operate within the terms and conditions of its financing facilities for at least 12 months from the approval of the condensed Group interim financial statements. For this reason, the directors continue to adopt the going concern basis in preparing the condensed consolidated interim financial information.

3) Accounting policies

Except as described below, the accounting policies applied in preparing the condensed consolidated interim financial information are consistent with those used in preparing the statutory financial statements for the year ended 31 March 2020.

Taxes on profits in interim periods are accrued using the tax rate that will be applicable to expected total annual profits.

New and amended standards and interpretations need to be adopted in the first interim financial statements issued after their effective date (or date of early adoption).

There are no new IFRSs and IFRICs that are effective for the first time for the six months ended 30 September 2020 that have a material impact on the Group.

4) Risks and uncertainties

The principal risks and uncertainties which could have a material impact upon the Group's performance over the remaining six months of the year ending 31 March 2021, other than as disclosed below, have not changed significantly from those disclosed on pages 78 to 86 of the strategic report included in the annual report for the year ended 31 March 2020. The annual report is available on the Company's website www.severfield.com. These risks and uncertainties include, but are not limited to:

- Health and safety
- The commercial and market environment within which the Group operates (including Brexit)
- COVID-19
- Information technology resilience
- Mispricing a contract (at tender)
- Failure to mitigate onerous contract terms
- Supply chain
- The Indian joint venture
- People

Notes to the condensed consolidated interim financial information

5) Segmental analysis

In accordance with IFRS 8, the Group has identified its operating segments with reference to the information regularly reviewed by the executive committee (the chief operating decision maker ('CODM')) to assess performance and allocate resources. On this basis, the CODM has identified one operating segment (construction contracts) which, in turn, is the only reportable segment of the Group.

The constituent operating businesses have been aggregated as they have businesses with similar products and services, production processes, types of customer, methods of distribution, regulatory environments and economic characteristics. Given that only one operating and reporting segment exists, the remaining disclosure requirements of IFRS 8 are provided within the consolidated income statement and balance sheet.

There has been no change in the basis of segmentation or in the basis of measurement of segment profit or loss in the period.

6) Seasonality

There are no seasonal variations which impact the split of revenue between the first and second half of the financial year. Underlying movements in contract timing and phasing, which are an ongoing feature of the business, will continue to drive moderate fluctuations in half yearly revenues.

7) Non-underlying items

	At 30 September 2020 £000	At 30 September 2019 £000	At 31 March 2020 £000
Operating costs	**(1,421)**	–	(2,294)
Finance expense	**(429)**	–	(514)
Non-underlying items before tax	**(1,850)**	–	(2,808)
Tax on non-underlying items	**352**	–	(439)
Non-underlying items after tax	**(1,498)**	–	(3,247)

Non-underlying items consisted of the amortisation of acquired intangible assets of £1,421,000 (2019: £nil) identified on the acquisition of Harry Peers in the period year and the finance expense associated with the unwinding of the discounted contingent consideration of £429,000 (2019: £nil).

Non-underlying items have been separately identified to provide a better indication of the Group's underlying business performance. They have been separately identified as a result of their magnitude, incidence or unpredictable nature. These items are presented as a separate column within their consolidated income statement category. Their separate identification results in a calculation of an underlying profit measure in the same way as it is presented and reviewed by management.

8) Taxation

The income tax expense reflects the estimated underlying effective tax rate of 19 per cent on profit before taxation for the Group for the year ending 31 March 2021.

9) Dividends

	Six months ended 30 September 2020 £000	Six months ended 30 September 2019 £000	Year ended 31 March 2020 £000
2019 final – 1.8p per share	–	5,493	5,493
2020 interim – 1.1p per share	–	–	3,358
2020 final – 1.8p per share	5,523	–	–
	5,523	5,493	8,851

The directors have declared an interim dividend in respect of the six months ended 30 September 2020 of 1.1p per share (2019: 1.1p per share), which will amount to an estimated dividend payment of £3,384,000 (2019: £3,358,000). This dividend is not reflected in the balance sheet as it will be paid after the balance sheet date.

10) Earnings per share

Earnings per share is calculated as follows:

	Six months ended 30 September 2020 £000	Six months ended 30 September 2019 £000	Year ended 31 March 2020 £000
Earnings for the purposes of basic earnings per share being net profit attributable to equity holders of the parent company	5,205	6,912	20,415
Earnings for the purposes of underlying basic earnings per share being underlying net profit attributable to equity holders of the parent company	6,703	6,912	23,662
Number of shares	Number	Number	Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	306,860,362	304,920,295	305,428,749
Effect of dilutive potential ordinary shares and under share plans	–	–	1,701,466
Weighted average number of ordinary shares for the purposes of diluted earnings per share	306,860,362	304,920,295	307,130,215
Basic earnings per share	1.70p	2.27p	6.68p
Underlying basic earnings per share	2.18p	2.27p	7.74p
Diluted earnings per share	1.70p	2.27p	6.64p
Underlying diluted earnings per share	2.18p	2.27p	7.70p

Notes to the condensed consolidated interim financial information

11) Property, plant and equipment

During the period, the Group acquired land and buildings of £nil (2019: £nil) and other property, plant and equipment of £1,553,000 (2019: £2,796,000). The Group also disposed of other property, plant and equipment for £90,000 (2019: £128,000) resulting in a profit on disposal of £14,000 (2019: £31,000).

12) Intangible assets

During the period, the Group acquired intangible assets of £276,000 (2019: £nil), relating to product licences.

13) Net funds

The Group's net funds are as follows:

	At 30 September 2020 £000	At 30 September 2019 £000	At 31 March 2020 £000
Cash and cash equivalents	29,802	22,327	44,338
Unamortised debt arrangement costs	152	202	177
Borrowings	(10,500)	–	(28,125)
Net funds (excluding IFRS 16 lease liabilities)	19,454	22,529	16,390
IFRS 16 lease liabilities	(10,599)	(11,854)	(11,231)
Net funds	8,855	10,675	5,159

The Group excludes IFRS 16 lease liabilities from its measure of net funds/debt as they are excluded from the definition of net debt as set out in the Group's borrowing facilities.

14) Fair value disclosures

The Group's financial instruments consist of borrowings, cash, items that arise directly from its operations and derivative financial instruments. Cash and cash equivalents, trade and other receivables and trade and other payables generally have short terms to maturity. For this reason, their carrying values approximate to their fair values. The Group's borrowings relate to amounts drawn down against its revolving credit facility and amounts outstanding under the term loan, the carrying amounts of which approximate to their fair values by virtue of being floating rate instruments.

Derivative financial instruments are the only instruments valued at fair value through profit or loss and are valued as such on initial recognition. These are foreign currency forward contracts measured using quoted forward exchange rates and yield curves matching the maturities of the contracts. These derivative financial instruments are categorised as level 2 financial instruments, which are financial assets and liabilities that do not have regular market pricing, but whose fair value can be determined based on other data values or market prices.

14) Fair value disclosures continued

The fair values of the Group's derivative financial instruments which are marked-to-market and recorded in the balance sheet were as follows:

	At 30 September 2020 £000	At 30 September 2019 £000	At 31 March 2020 £000
Liabilities			
Foreign exchange contracts	**(1,612)**	(282)	(1,135)

15) Net cash flow from operating activities

	Six months ended 30 September 2020 £000	Six months ended 30 September 2019 £000	Year ended 31 March 2020 £000
Operating profit from continuing operations	**7,448**	8,468	27,039
Adjustments:			
Depreciation of property, plant and equipment	**2,181**	1,864	3,928
Right-of-use asset depreciation	**789**	762	1,585
Gain on disposal of other property, plant and equipment	**(14)**	(31)	(68)
Amortisation of intangible assets	**1,421**	–	1,421
Movements in pension scheme liabilities	**(623)**	(510)	(1,029)
Share of results of JVs and associates	**623**	(1,466)	(2,355)
Share-based payments	**(62)**	(802)	(311)
Operating cash flows before movements in working capital	**11,763**	8,285	30,210
Decrease in inventories	**737**	807	2,059
Decrease/(increase) in receivables	**7,186**	1,240	(12,174)
(Decrease)/increase in payables	**(4,816)**	119	7,898
Cash generated from operations	**14,870**	10,451	27,993
Tax paid	**(2,364)**	(3,825)	(6,013)
Net cash flow from operating activities	**12,506**	6,626	21,980

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and demand deposits and other short-term highly liquid investments with a maturity of three months or less.

Notes to the condensed consolidated interim financial information

16) Related party transactions

There have been no changes in the nature of related party transactions as described in note 31 on page 194 of the annual report for year ended 31 March 2020, and there have been no new related party transactions that have had a material effect on the financial position or performance of the Group in the six months ended 30 September 2020 except as stated below.

During the period, the Group provided services in the ordinary course of business to its Indian joint venture, JSW Severfield Structures ('JSSL') and in the ordinary course of business contracted with and purchased services from its UK joint venture, Construction Metal Forming Limited ('CMF'). The Group's share of the retained loss in JVs and associates of £623,000 for the period reflects a loss from JSSL of £718,000 (2019: profit of £1,297,000) and a profit from CMF of £95,000 (2019: £169,000).

In June 2020, an initial investment of £944,000 was made by the Group (matched by our JV partner) to fund the initial stages of the expansion of CMF's operating facilities.

During the period, the Group contracted with and purchased services from MET Structures, amounting to sales of £750,000 (2019: £nil) and purchases of £572,000 (2019: £nil). The amount due from MET Structures at 30 September 2020 was £611,000 (2019: £nil). MET Structures shares common directors with the Group.

17) Contingent liabilities

Liabilities have been recorded for the directors' best estimate of uncertain contract positions, known legal claims, investigations and legal actions in progress. The Group takes legal advice as to the likelihood of success of claims and actions and no liability is recorded where the directors consider, based on that advice, that the action is unlikely to succeed, or that the Group cannot make a sufficiently reliable estimate of the potential obligation.

The Group also has contingent liabilities in respect of other issues that may have occurred, but where no legal or contractual claim has been made and it is not possible to reliably estimate the potential obligation.

The Company and its subsidiaries have provided unlimited multilateral guarantees to secure any bank overdrafts and loans of all other Group companies. At 30 September 2020 this amounted to £nil (2019: £nil). The Group has also given performance bonds in the normal course of trade.

18) Cautionary statement

The Interim Management Report ('IMR') has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. The IMR should not be relied on by any other party or for any other purpose.

The IMR contains certain forward-looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report but such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

19) Statement of directors' responsibilities

The directors confirm that, to the best of their knowledge, the condensed consolidated interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union, and that the interim report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely:

- An indication of important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated interim financial information, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- Material related party transactions that have occurred in the first six months of the financial year and any material changes in the related party transactions described in the last annual report and financial statements.

During the six months ended 30 September 2020, John Dodds retired as chairman of the Group. Kevin Whiteman was appointed to the role of chairman at the conclusion of the AGM on 3 September 2020. There have been no other changes in directors of Severfield plc as listed in the annual report for the year ended 31 March 2020.

The maintenance and integrity of the Severfield plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the board

Alan Dunsmore
Chief executive officer
24 November 2020

Adam Semple
Group finance director
24 November 2020

Independent review report to Severfield plc

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2020, which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2020 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

David Morritt
for and on behalf of KPMG LLP
Chartered Accountants
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LS1 4DA
24 November 2020

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