

Full Year Results

26 March 2022





Alan Dunsmore

Chief Executive Officer



A compelling investment case

Exciting growth prospects

- Aligned to sectors with strong growth potential in UK and Europe
- Significant opportunity to grow profits in India



Resilient business through economic cycles

- Sector, geographical and client diversity
- Good earnings visibility from record order book and strong pipeline



Built on a platform of operational excellence

- Continued momentum from operational improvement initiatives
- Well invested business with >£50m CAPEX over last eight years



Delivering strong returns, cash generation and progressive dividend

- Five year average ROCE >15%
- Typically convert >85% of profits into cash

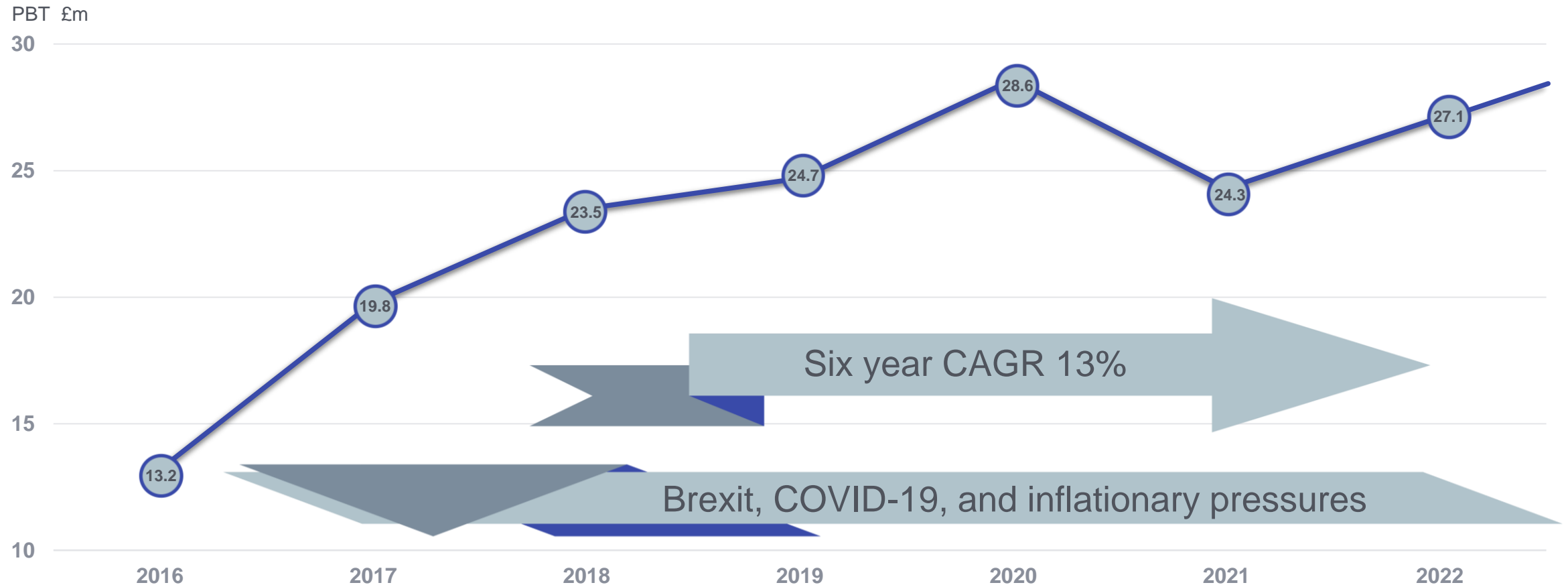


All underpinned by a strong focus on sustainability

- Internal roadmap to net zero by 2040
- Top UK construction business in FT climate change listing



Resilient profit performance



- Combined profits of over £160m in the last 7 years

Headlines

- Revenue up 11% to £403.6m
- Underlying profit before tax up 11% to £27.1m – demonstrates our resilience in challenging market conditions
- Net debt of £18.4m – reflects normalisation of working capital, inflation and higher steel purchases
- Record UK and Europe order book of £486m – good earnings visibility through 2023
- Return to profitability for India – group share of profit of £0.8m
- Strong and growing India order book of £158m
- Underlying basic EPS up 12% at 7.2p per share
- Total dividend up 7% to 3.1p per share
- Expectations for 2023 are unchanged despite current inflationary pressures



Adam Semple
Group Finance Director



Group income statement

£m

	12 months to 26 Mar 2022	12 months to 27 Mar 2021
Revenue	403.6	363.3
Underlying operating profit (before JVs and associates)	26.9 6.7%	25.5 7.0%
Results of JVs and associates	1.3	(0.4)
Net finance expense	(1.1)	(0.8)
Underlying profit before tax	27.1	24.3
Tax	(4.8)	(4.5)
Underlying profit after tax	22.3	19.8

India income statement

£m

	12 months to 26 Mar 2022	12 months to 27 Mar 2021
Revenue	100.3	48.0
Operating profit	5.2 5.2%	1.6 3.3%
Finance expense	(3.3)	(3.4)
Profit / (loss) before tax	1.9	(1.8)
Tax	(0.4)	0.4
Profit / (loss) after tax	1.5	(1.4)
Group share after tax (50%)	0.8	(0.7)

- Production of 58,000 tonnes (2021: 35,000 tonnes)

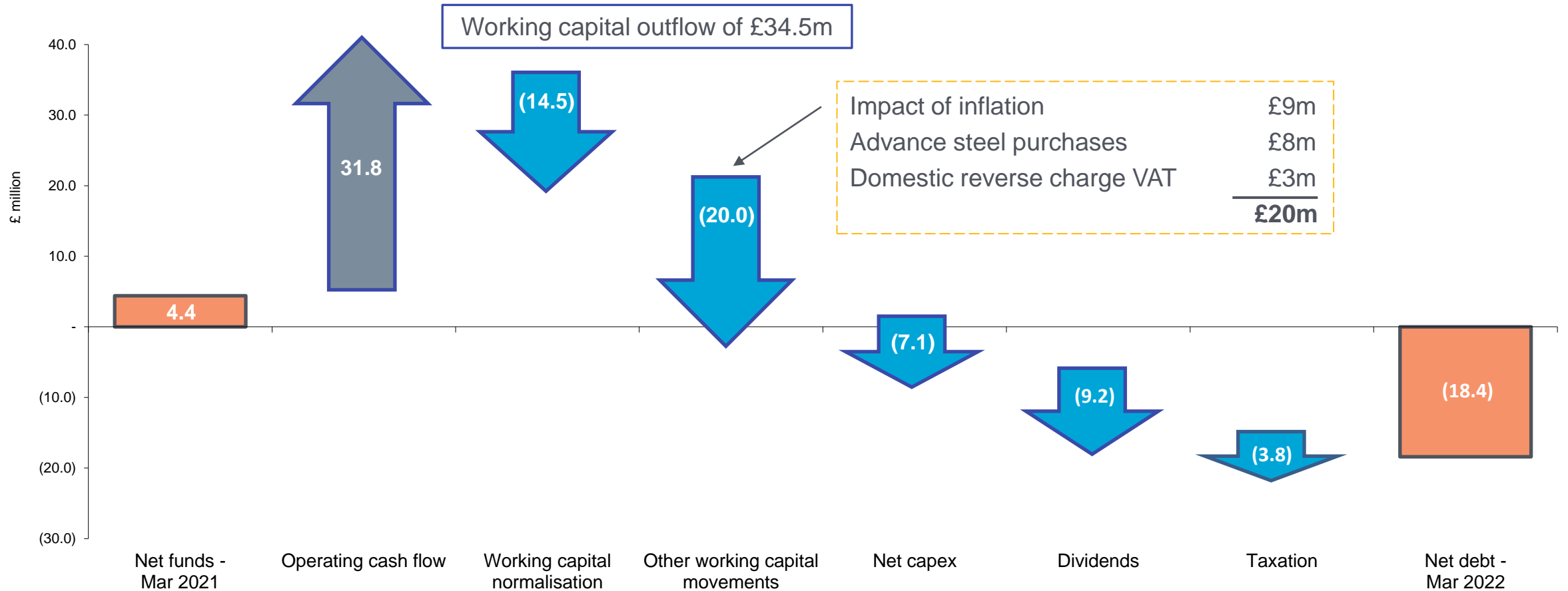
Balance sheet

£m		26 Mar 2022	27 Mar 2021
Non-current assets		230.0	230.1
Current assets	Inventories	18.0	10.2
	Trade and other receivables	118.5	68.9
	Cash and cash equivalents	-	25.0
	Current tax asset	4.2	3.6
Total assets		140.7	107.7
Total assets		370.7	337.8
Liabilities	Trade and other payables	(114.7)	(88.4)
	Borrowings (includes IFRS 16 leases)	(30.5)	(31.9)
	Retirement benefit obligations	(14.4)	(22.4)
	Deferred tax liabilities	(7.2)	(4.2)
Total liabilities		(166.8)	(146.9)
Net assets		204.0	190.9

- Successful completion of new £50m RCF maturing in December 2026

Cash flow

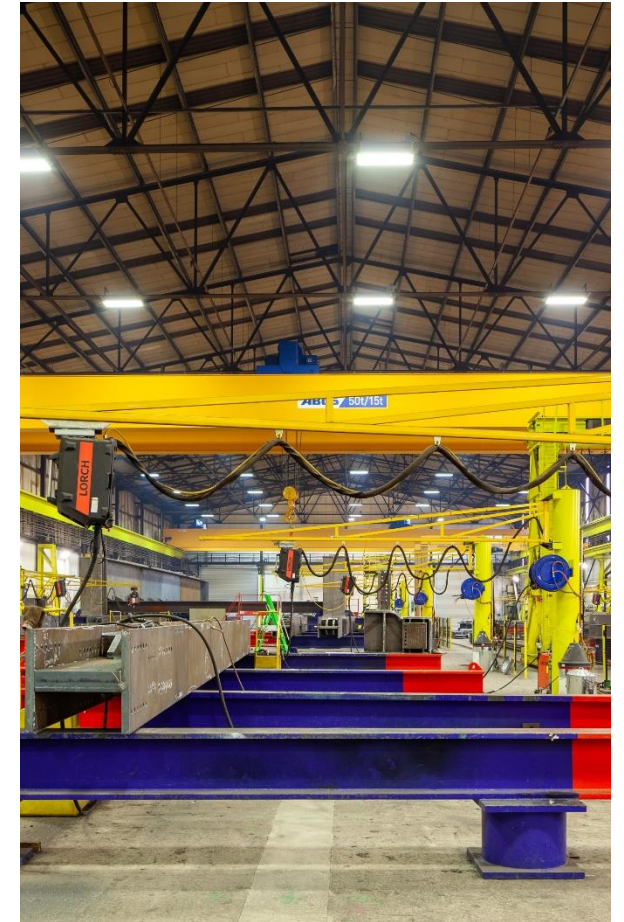
Net debt bridge – year ended 26 March 2022



Summary of investment

Capital investment	£m
Site improvements and new production machinery	2.7
Purchase of land	2.5
Construction site equipment (including cranes)	2.2
Total	7.4

- Return on capital employed ('ROCE') was 13.5% in 2022 (13.6% in 2021)
- Average ROCE has exceeded 15% over last five years





Strategy and market backdrop

Our successful strategy is unchanged

Growth

- **Organic and through selective acquisitions**
- **Nuclear and infrastructure**
 - Nuclear – green infrastructure transition
 - Rail expansion and electrification – bridges, piling, OLE
- **Europe**
 - Growing pipeline post COVID-19
- **Modular construction**
 - Severstor and new modular product ranges
 - Expansion of CMF in progress – more cold rolled products

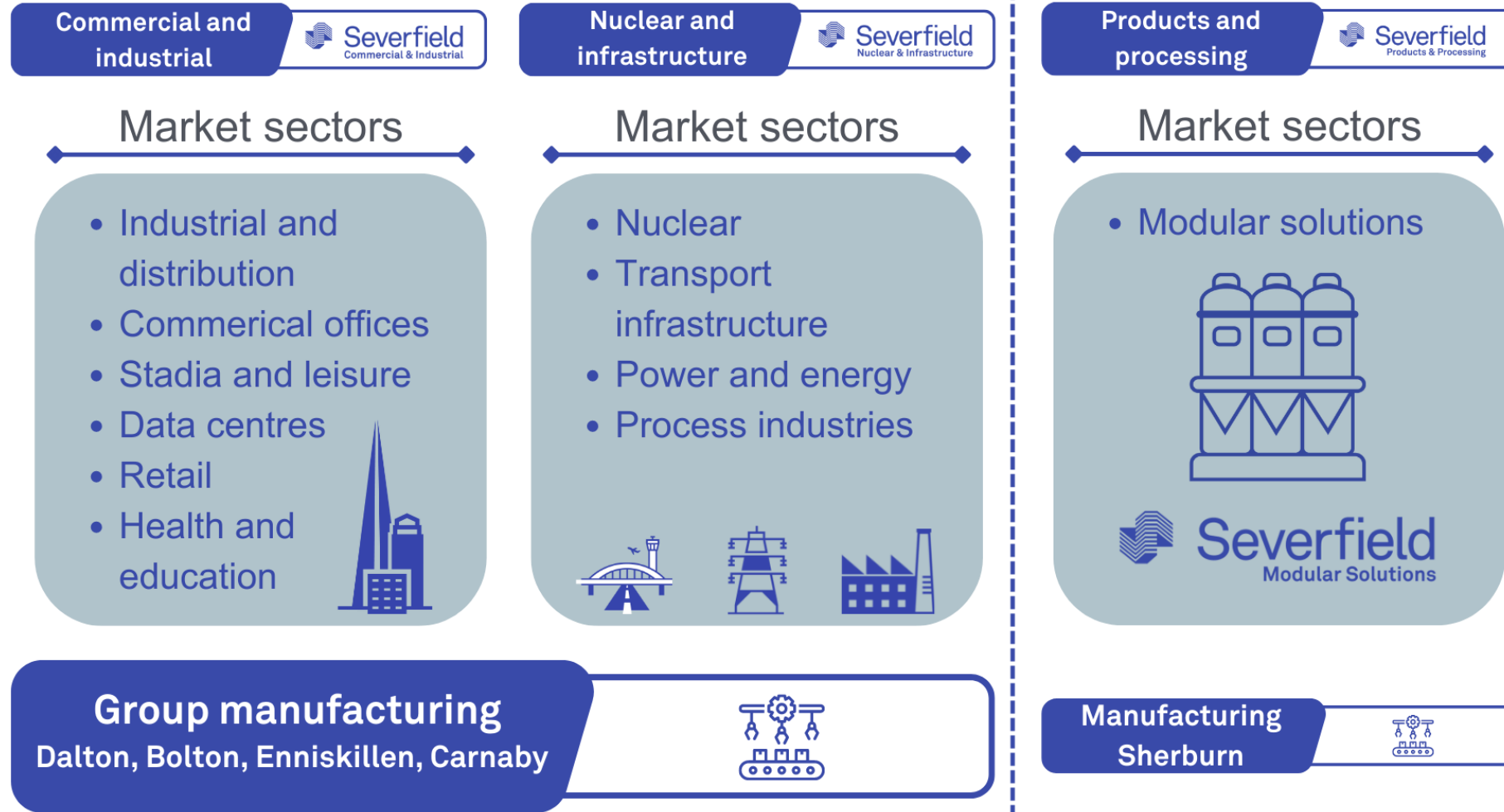
Operational improvements

- **Manufacturing efficiency and throughput**
- **Digital transformation – system development and modernisation**
- **Innovation – including engineering solutions**
- **People, risk management, ESG, health and safety**

India

- **Growth and building value in JSSL**

New divisional structure – UK and Europe



- Optimises our operations to market dynamics they face – a better platform to fulfil strategic growth aspirations

Our sustainable momentum

Our achievements

- Top UK construction business in 2022 Financial Times climate change listing
- CDP score of 'A-' for leadership on climate change awarded in 2022, maintained 'A' score in CDP supplier engagement rating
- Certified as carbon neutral for manufacturing and construction operations

Our commitments

- Net zero target (scope 1 and 2) established for 2040

Strong proactive approach is increasingly important to competitive advantage

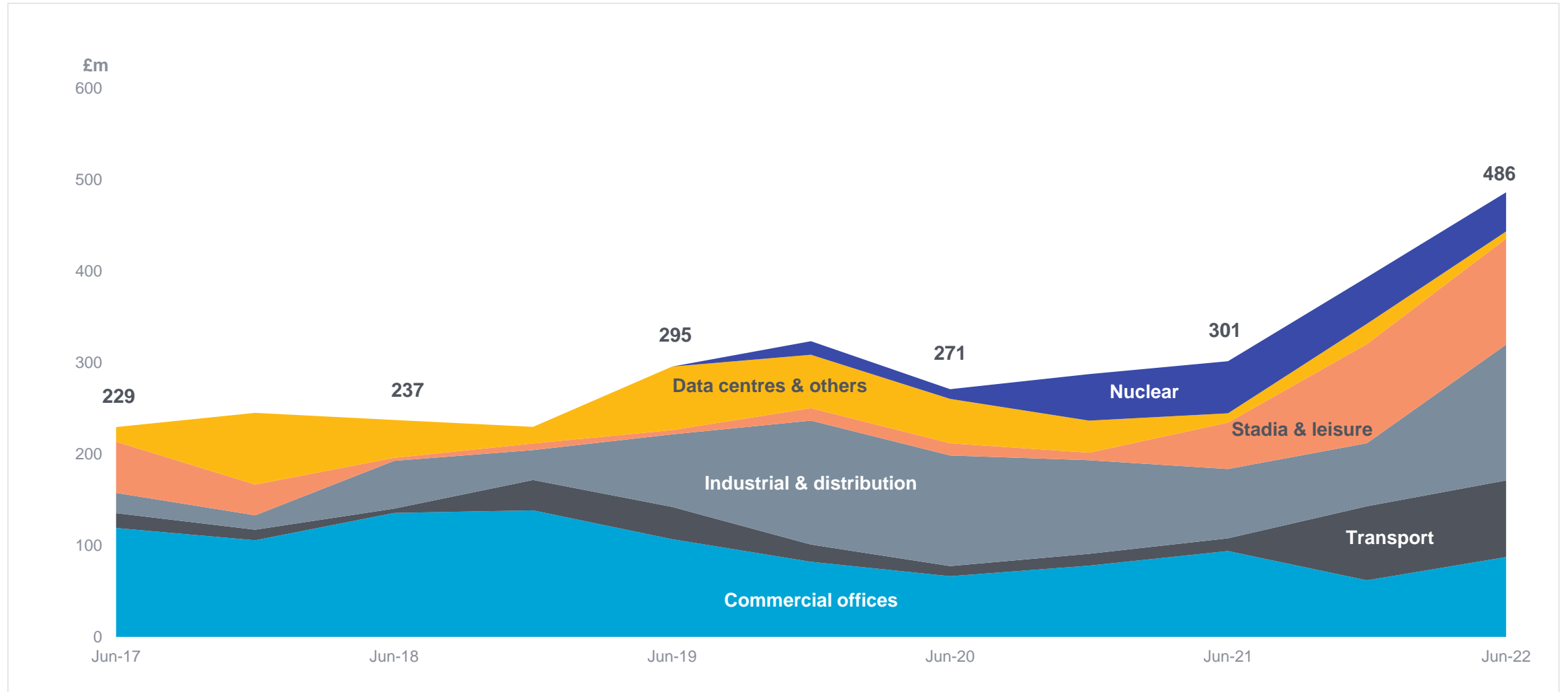
Market conditions – inflation

- Inflation and supply issues for us and our clients throughout 2022:
 - Steel price increases
 - Increased prices, longer lead times and supply restrictions for other raw materials
 - Tighter labour markets
- No significant disruption to operations
- Cost impact being well managed through:
 - Contractual protection
 - Operating efficiencies
 - Higher selling prices
 - Forward purchasing
- Pressures expected to continue in 2023 – continue to minimise the impact













UK and Europe

Diversified UK and Europe order book



Diversified UK and Europe order book

Division / sector	Jun-22 £486m	Nov-21 £393m	Future trend for Severfield
Commercial and industrial			
Industrial and distribution	31%	18%	
Stadia and leisure	24%	28%	
Commercial offices	18%	16%	
Data centres and other	1%	2%	
Health and education	—	—	
Retail	—	—	
TOTAL	74%	64%	
Nuclear and infrastructure			
Transport infrastructure	17%	20%	
Nuclear	8%	12%	
Power and energy	—	3%	
Process industries	—	—	
TOTAL	25%	35%	
Severfield products and processing	1%	1%	
UK	96%	95%	
Europe and Ireland	4%	5%	

Future UK infrastructure pipeline

HS2

NUCLEAR

DECARBONISATION



- Phase 1 (London to Birmingham) underway
Four main stations
70 bridges
- Phase 2 (Birmingham to Crewe) 2022+
Stations and bridges



- Sellafield decommissioning
- Hinkley Point ancillary work
 - Sizewell C
- Energy security strategy – Great British Nuclear
- Multi-billion upgrade and modernisation programme

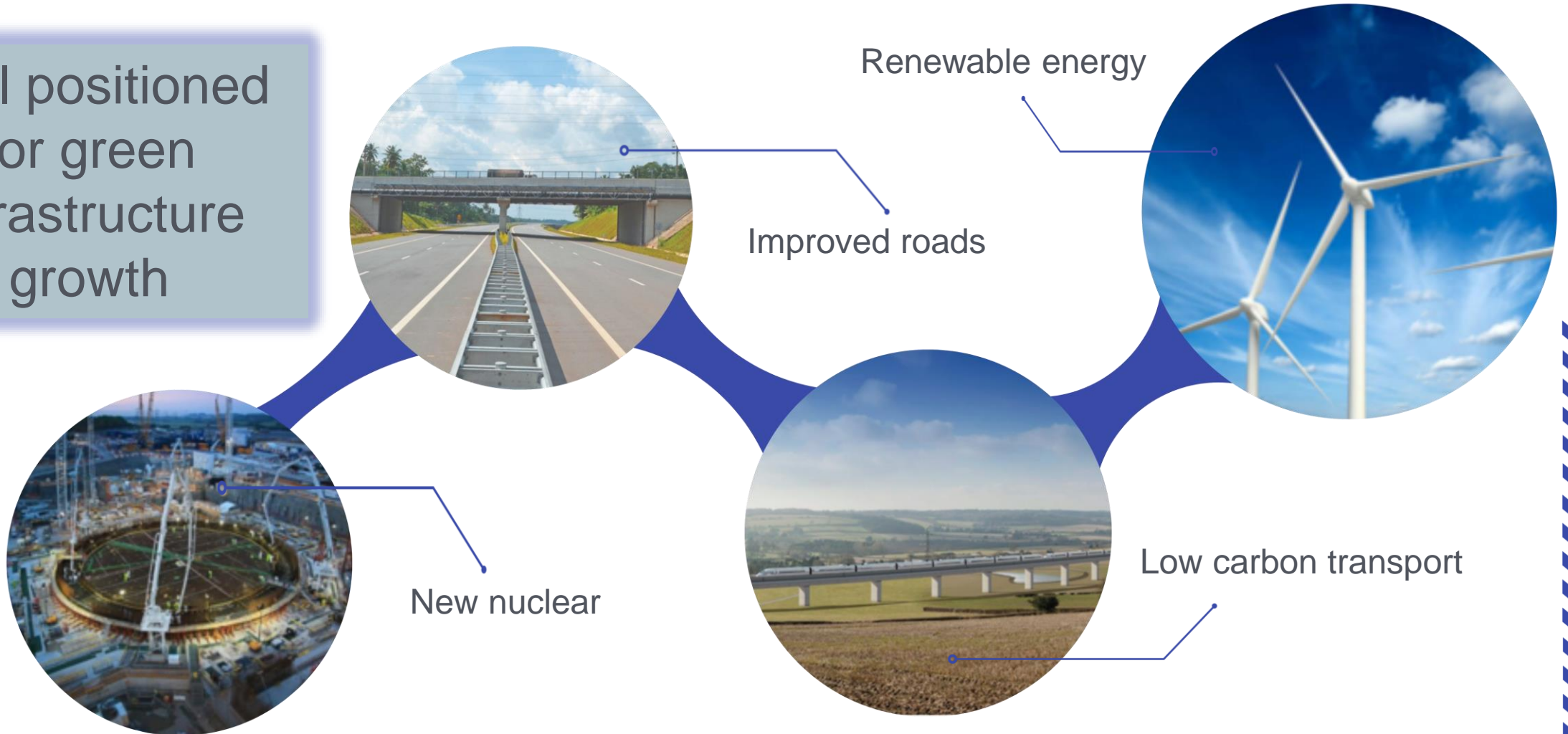


- Integrated Rail Plan
Northern Powerhouse Rail
Transpennine upgrades
- Network Rail CP6 and CP7
Rail electrification
Piling and OLE work
- Smart motorways and low emission roads zones
- RIS2 60% larger than RIS1
- Road tunnels and bridges

A golden age of infrastructure – UK Government plans investment of £650bn in next ten years

Green infrastructure investment

Well positioned
for green
infrastructure
growth



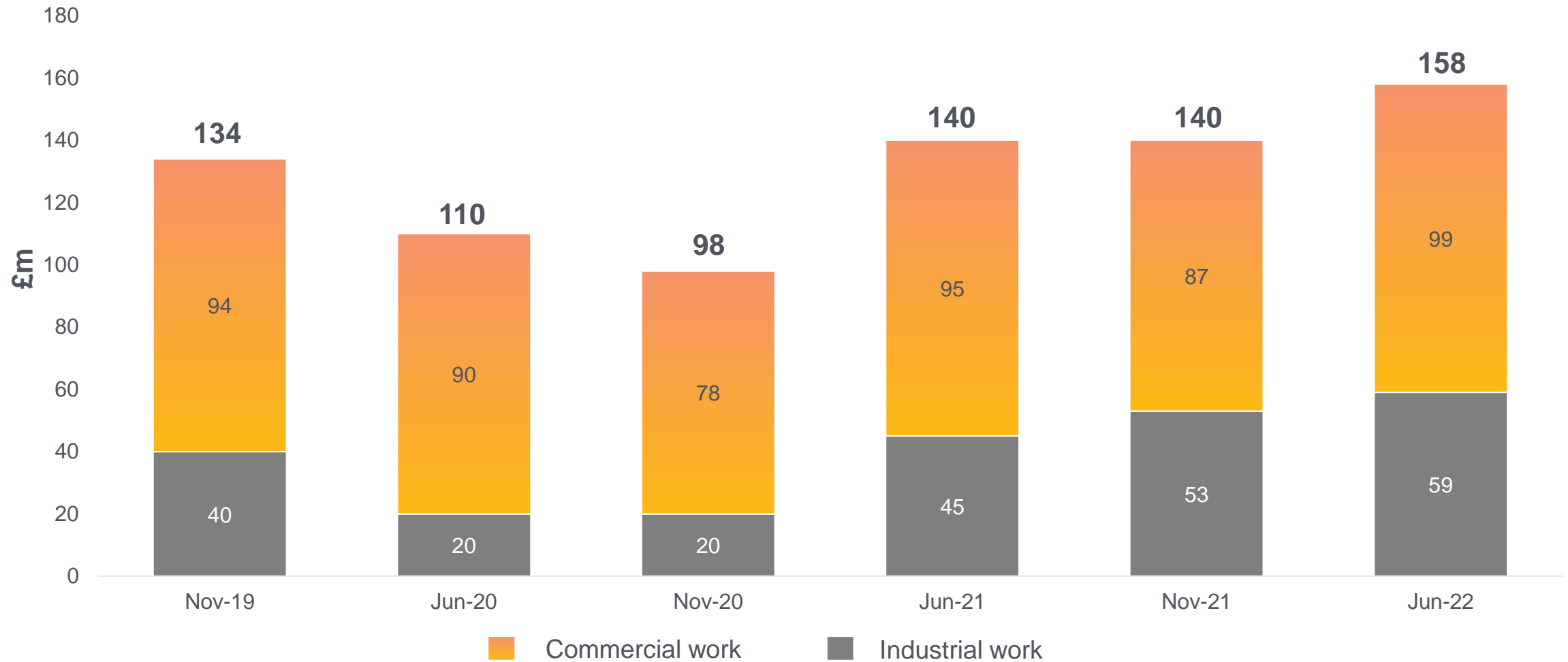
India



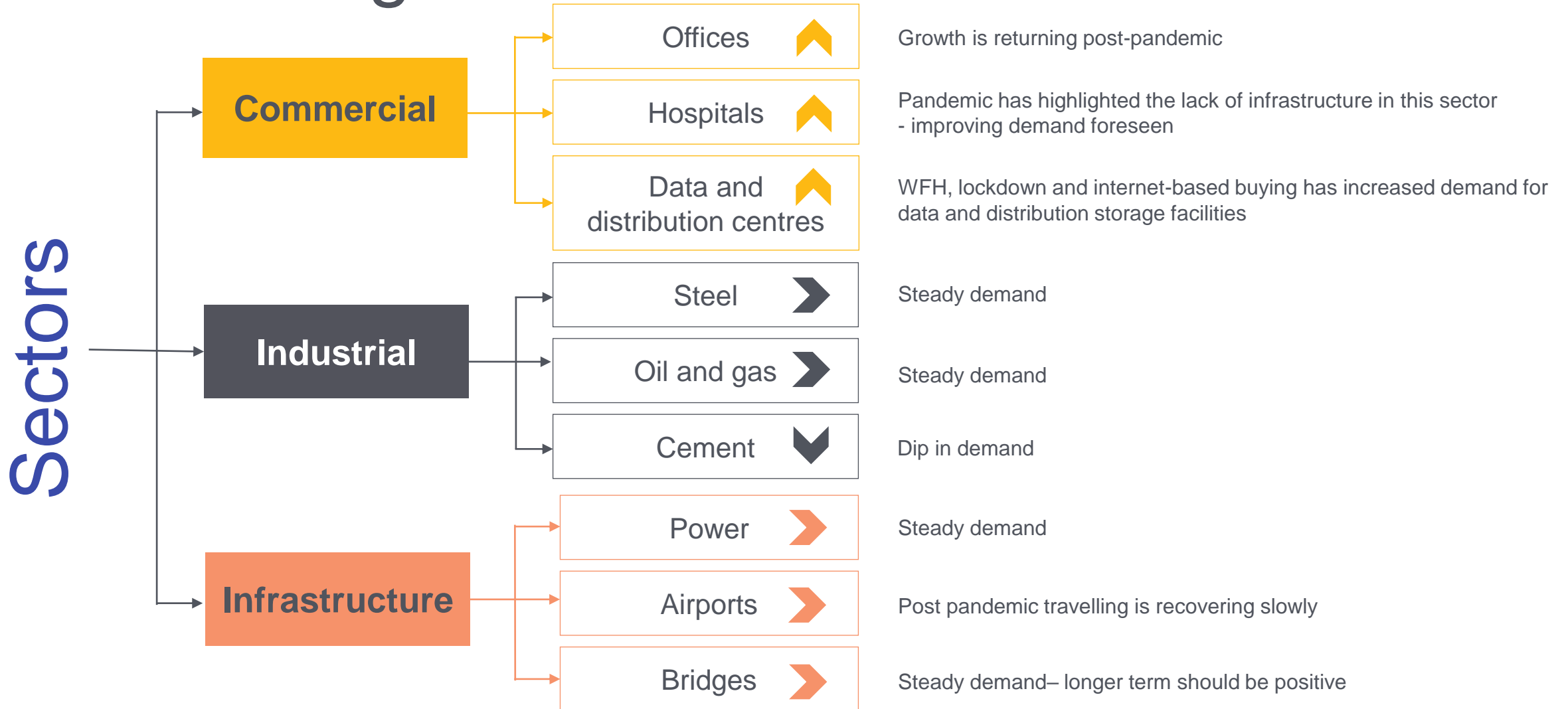
India – overview

- Return to profitability despite COVID-disrupted start to year
- Group share of profit is £0.8m – revenue growth and margin improvement
- Strong order book of £158m and growing order pipeline
- Strong and growing demand for structural steel – share of steel in construction remains below other developing countries
- Steel in construction expected to grow from 5m tonnes in 2020 to 14m tonnes in 2030 with an increasing bias towards factory made steel
- Land identified for next phase of expansion – work to start in next 6 months

India order book

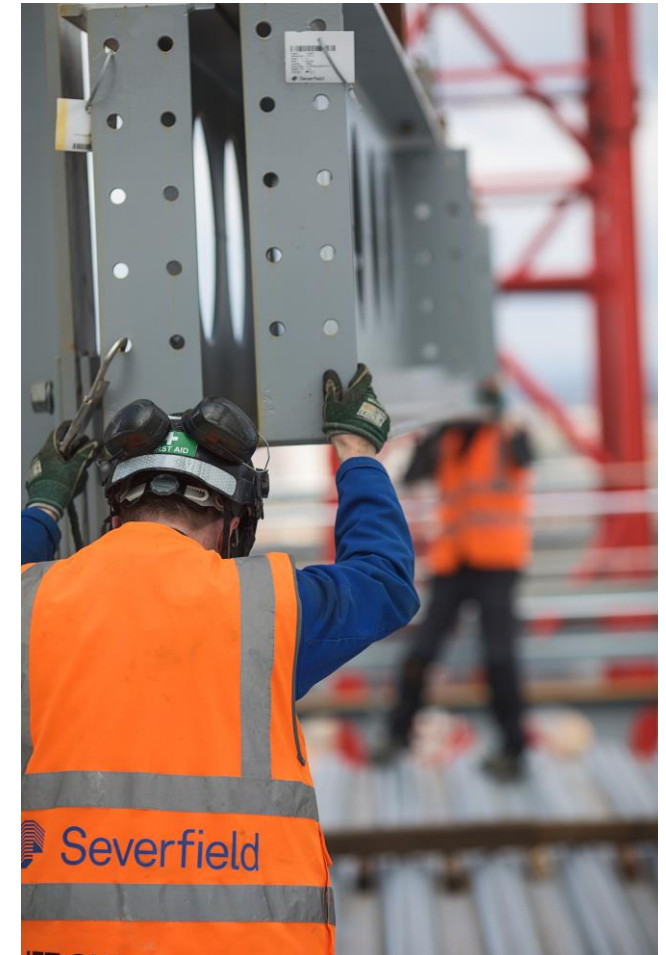


India – target sectors



Summary

- Results demonstrate resilience in challenging times:
 - Revenue and profits up 11%
 - Increased final dividend
 - Healthy balance sheet allows us to make right long-term decisions
- Continued progress with operational improvements and ESG initiatives
- New simplified divisional structure for UK and Europe operations – three new divisions aligned with chosen market sectors



Outlook

- Strategy remains unchanged
- Strong order books provide good profit visibility through 2023
- Tendering and pipeline activity remains encouraging in UK and Europe, and in India
- Inflationary and supply chain pressures remain a challenge, but are being well managed
- Expectations for 2023 are unchanged despite challenging macro-economic backdrop