Severfield Full Year Results

29 March 2025

Severfield

SEVERFIELD PLC
FY25 FULL YEAR RESULTS

HEADLINES

Headlines

- Revenue of £450.9m
- Underlying profit before tax of £18.1m reflects challenging market conditions in 2025
- Underlying basic EPS of 4.3p per share
- Net debt of £43.1m reflects bridge remedial costs incurred in FY25 – year end facility headroom was c.£30m, leverage of 1.2x
- Diversified UK and Europe order book of £444m (Nov 2024: £410m) – good visibility of future workload
- Continued strategic progress in India – despite lower FY25 profits, record India order book of £240m (Nov 2024: £197m), new Gujarat facilities expected to be operational in FY26

Financing and funding update

- Successful amendment and extension of banking facilities until December 2027 provides enhanced liquidity and financial flexibility
- Enhanced focus on cash generation and conservation:
  - Careful working capital management
  - Acceleration of tax refunds from HMRC
  - Reduction in planned capex and disposal of surplus assets
  - Bridge insurance settlement now agreed
  - Suspension of final dividend – we aim to resume dividends promptly and remain committed to our progressive dividend policy
- Share purchase option agreement with JSW Steel to sell up to 24.9% of JSSL for up to £20m – provides financial flexibility

Bridge remedial works

- We identified 12 ongoing or completed bridge projects not compliant with client weld specification requirements – issue was reported in HY results
- Programme of bridge remedial works is progressing as expected
- Issue has not affected the safety of any operational bridges
- Non-underlying charge of £32.5m represents:
  - Net testing and remedial costs of £23.4m – estimated cash costs of £43.4m offset by insurance recoveries of £20.0m as settlement now agreed with insurers
  - Other bridge-related costs of £9.1m provided for – our assumption is that any further costs will remain with the respective third parties
- New bridge orders have recently been secured and work on ongoing bridges is continuing for a variety of clients in accordance with required specification

Current market backdrop

- Market for structural steelwork in UK & Europe remains subdued:
  - Tighter prices continue to impact our profitability in the short-term
  - Some projects not being awarded or progressing within normal timescales
  - Anticipated recovery in some sectors has been slower than expected albeit tendering activity has improved recently
  - We continue to see some good projects coming to market particularly for FY27
- Our position as the UK's largest and most diverse structural steelwork specialist provides a strong competitive advantage
- Well-positioned in markets in UK & Europe with positive long-term growth trends (including green energy transition and infrastructure) – our strategic growth targets are unchanged
- Significant growth opportunities in India – new markets being targeted – very encouraging outlook for structural steel

SEVERFIELD PLC
FY25 FULL YEAR RESULTS

FINANCIALS

Classification: Official

Group

£m	FY25	FY24	Change
Revenue	**450.9**	463.5	-3%
Underlying operating profit (before JVs and associates)	**21.7** **4.8%**	37.7 8.1%	-42%
Results of JVs and associates	**0.1**	2.0	-1.9
Net finance expense	**(3.7)**	(3.1)	-0.6
Underlying profit before tax	**18.1**	36.5	-50%
Tax	**(5.2)**	(9.0)	+3.8
Underlying profit after tax	**12.9**	27.5	-53%
Underlying EPS	**4.3p**	8.9p	-52%
Dividend per share	**1.4p**	3.7p	-2.3p

Core construction

£m	FY25	FY24	Change
Revenue	**435.4**	449.2	-3%
Underlying operating profit	**21.3**	37.4	-43%
Underlying profit before tax	**21.3**	37.4	-43%
Revenue:			
Commercial and Industrial (C&I)	**349.6**	361.8	-3%
Nuclear and Infrastructure (N&I)	**85.9**	87.4	-2%

Revenue: C&I – decrease driven by slightly lower levels of output – FY25 was impacted by delay to Agratas, FY24 by cancellation of Sunset Studios

N&I – broadly flat revenue reflects subdued market conditions

Operating profit: Lower profits reflected tighter pricing and delays to project opportunities including Agratas in Q4

Strategic target: C&I – revenue growth in line with GDP with margins of 8-10%

N&I – to grow revenues to £125m+ with margins of 8-10%

Modular Solutions

£m	FY25	FY24	Change
Revenue	**24.2**	21.5	+13%
Underlying operating profit	**0.4**	0.3	+0.1
Share of profit of CMF	–	0.1	-0.1
Underlying profit before tax	**0.4**	0.3	+0.1

Revenue and operating profit: slight increase in both revenue and profits – another year of progress – further growth in client base, order book and pipeline

CMF: break even profit position reflects market conditions and delay to Agratas decking package in Q4

Strategic target: to grow revenue (SMS and CMF) to between £75m and £100m with 10% margins

India

£m	FY25	FY24	Change
Revenue	**103.3**	130.8	-21%
EBITDA	**7.1**	13.2	-46%
Operating profit	**4.5** 4.3%	10.5 8.0%	-57%
Finance expense	**(4.2)**	(5.5)	+1.3
Profit before tax	**0.3**	5.0	-95%
Group share after tax (50%)	**0.1**	1.9	-95%

- Lower revenue and profit reflects short-term delays to existing and expected projects (including a large project secured in FY25 but delayed to FY26) plus sub-optimal mix of sub-contracted work
- Lower than expected output of 64,000 tonnes (FY24: 100,000 tonnes) – FY26 output expected to increase significantly supported by record order book

Non-underlying items

£m	FY25	FY24
Cash impacting items:		
Bridge testing and remedial costs (net of insurance)	**23.4**	–
Other bridge-related costs	**9.1**	–
Other (including redundancy and severance costs)	**2.9**	–
Legacy employment tax (credit)/charge (including interest)	**(1.4)**	4.4
	34.0	4.4
Non-cash impacting items:		
Amortisation of acquired intangible assets	**2.6**	5.4
Asset impairment charge	–	4.5
Other credits	**(1.0)**	(0.8)
	1.6	9.1
Total non-underlying items	**35.6**	13.5

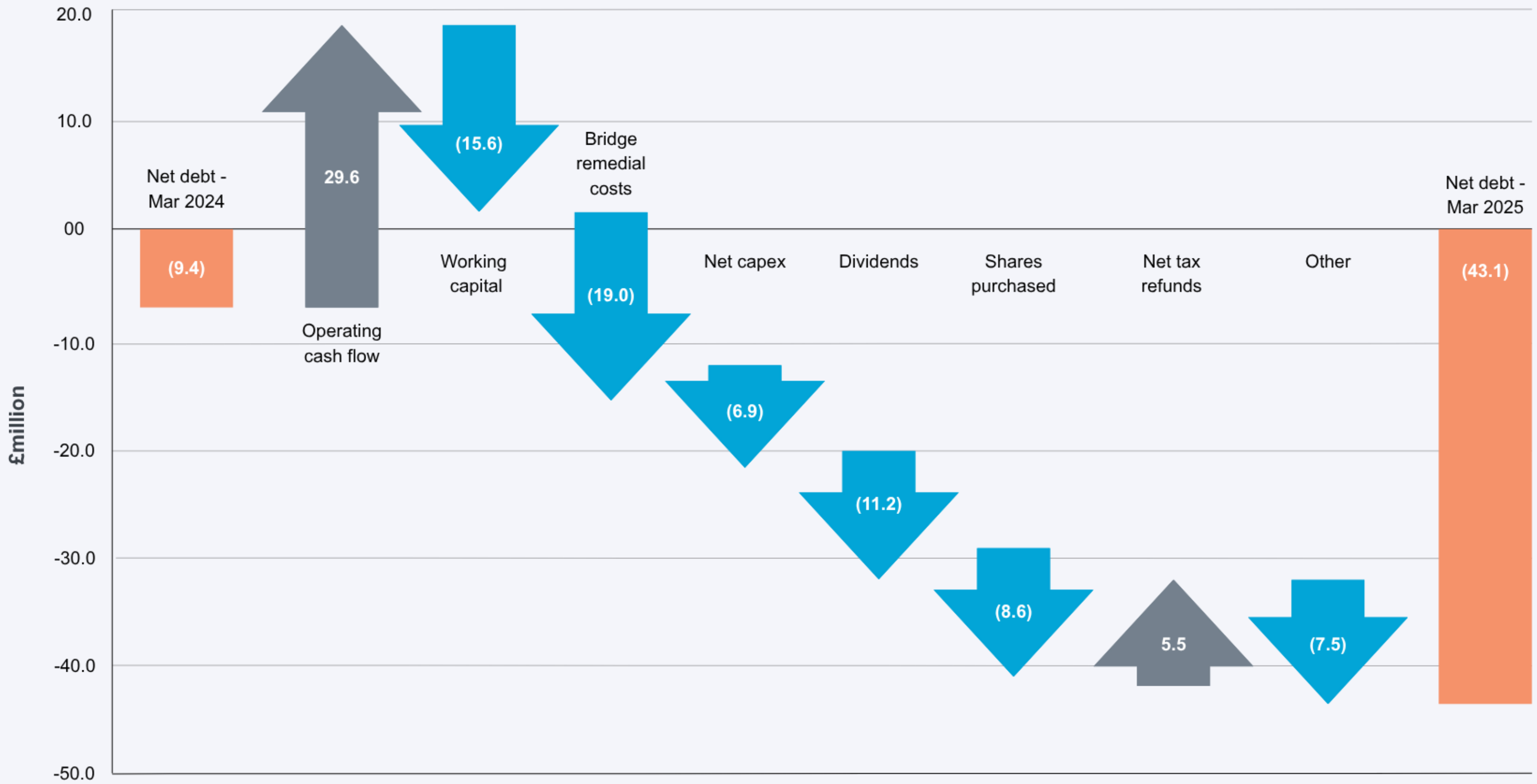
- Legacy employment tax issue – final settlement reached in FY25
- Other bridge related costs include provisions against receivables following payment delays and increased uncertainty over recoverability, and provisions for potential claims

Balance sheet

	£m	29 Mar 2025	28 Sep 2024
	Non-current assets	**254.3**	259.3
Current assets	Inventories	**11.8**	10.9
	Trade and other receivables	**116.5**	101.3
	Cash and cash equivalents	**15.5**	9.4
	Current tax asset	**2.8**	7.0
		146.6	128.6
	Total assets	**400.9**	387.9
Liabilities	Trade and other payables	**(120.2)**	(120.7)
	Borrowings (includes IFRS 16 leases)	**(79.3)**	(39.6)
	Retirement benefit obligations	**(6.9)**	(9.1)
	Deferred tax liabilities	**(11.5)**	(11.8)
		217.9	(181.2)
	Net assets	**183.0**	206.7

- Suspension of final dividend – we aim to resume dividends promptly and remain committed to our progressive dividend policy

Cash flow



- FY26 guidance – net debt expectation unchanged at c.£45m – includes stable working capital position, capex of c.£5m

- Working capital outflow of £15.6m – reflects expected unwinding of advance payments – year end working capital was 6% of revenue
- Bridge remedial cash costs of £19m incurred in FY25 – remaining cash costs to be incurred in FY26 and FY27
- Insurance proceeds of £20m are expected to be received in H1 FY26 – future bridge costs now offset by insurance

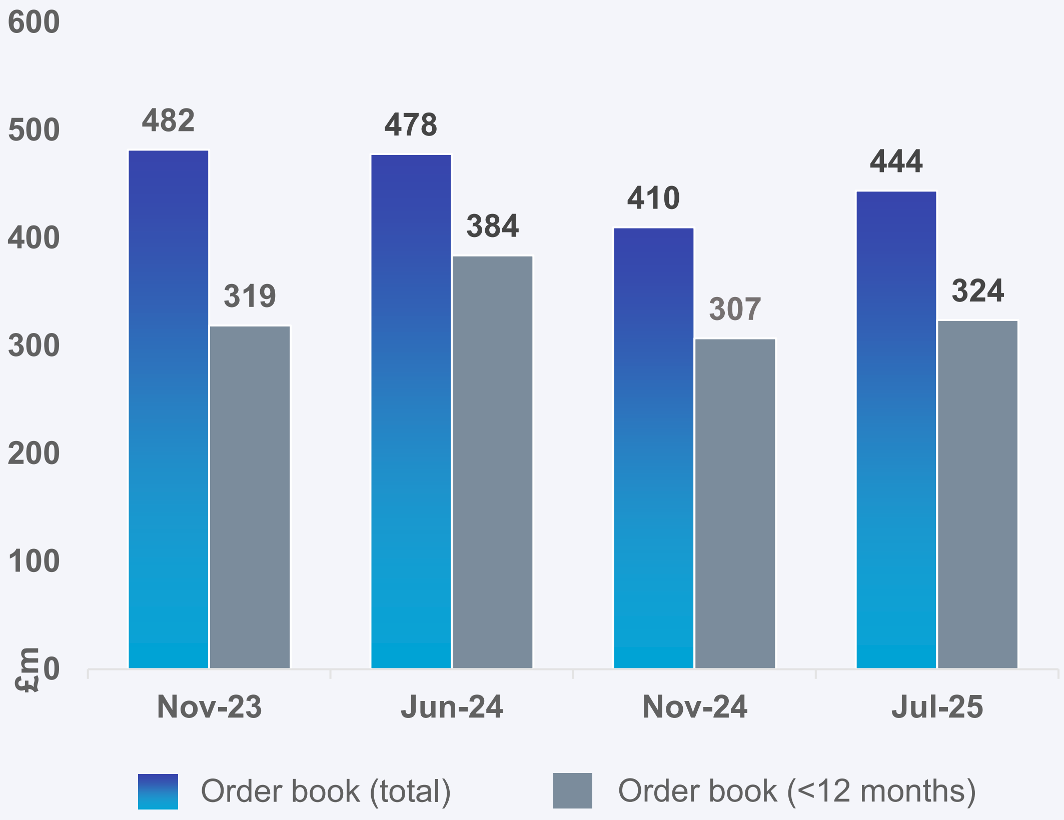
Classification: Official

SEVERFIELD PLC
FY25 FULL YEAR RESULTS

UK AND EUROPE

Diversified UK and Europe order book

Divisional mix (£m)	Jul-25	Nov-24
Group	444	410
Commercial and Industrial	214	202
Nuclear and Infrastructure	224	201
Modular Solutions	6	7
UK	78%	71%
Europe and Ireland	22%	29%



Commercial and industrial

Order book

	Jul-25 £214m	Nov-24 £202m	Future trend for Severfield
Commercial offices	35%	37%	
Industrial	35%	27%	
Data centres and other	26%	29%	
Distribution	2%	5%	
Stadia and leisure	1%	1%	
Health and education	1%	1%	
Retail	—	—	
TOTAL	**100%**	**100%**	
UK	61%	50%	
Europe and Ireland	39%	50%	

- New orders secured for industrial facilities, commercial offices, data and distribution centres
- Continued strong European order book – good pipeline and building momentum
- Demand for projects in support of the green energy transition (battery plants, supporting infrastructure for renewables, energy efficient buildings)
- Opportunities for data centres driven by AI, and large commercial offices in London

Group strengths

- Our position as the UK's largest and most diverse structural steelwork specialist provides a strong competitive advantage
- Large, complex projects play to our core competencies

Nuclear and Infrastructure
Order book

	Jul-25 £224m	Nov-24 £201m	Future trend for Severfield
Transport infrastructure	48%	44%	^
Nuclear	23%	32%	^
Power and energy	19%	24%	^
Process Industries	10%	—	–
TOTAL	**100%**	**100%**	

- Government is committed to growing the UK economy through infrastructure spend
- Pipeline of opportunities in energy (including nuclear), transport and defence (including green energy transition)
- Offshore wind – new order for Hornsea 3 (Orsted) is a major step into renewables market – more near-term opportunities
- Large energy transmission project for TenneT in the Netherlands – further opportunities in Europe

Group strengths

- Group capabilities aligned to strong infrastructure growth
- End-to-end capabilities and complex infrastructure experience

A decade of UK infrastructure growth

Market enablers

- 2024 10-year infrastructure strategy
- 2025 spending review and 10-year UK infrastructure plan: pipeline certainty
- Planning and infrastructure bill: major project acceleration
- National wealth fund: investing in industries of the future
- Workforce development and skills: training and skilled immigration
- Leveraging private investment: derisking and incentivising

Government backed growth markets

Energy
- Great British Energy – £8.3 billion funding
- Onshore wind – ban lifted
- Offshore wind – quadruple capacity by 2030
- Sizewell C, SMRs and fusion energy

Transport
- Rail – Great British Railways
- Upgrade transport networks – HS2, East West Rail Link, Midlands Rail Hub, TransPennine Route Upgrade, CP7
- Aviation – new opportunities emerging
- EV – further opportunities

Defence
- Spending rising to 2.5% of GDP, 3% by 2030, 5% by 2035
- Strategic Defence Review
- New opportunities including munitions factories

Government committed to growing the economy through infrastructure

Modular solutions

Severstor

- Addressable market increasing >£100m
- Growth markets – renewables and data centre infrastructure
- Opportunities in power, rail, oil and gas sectors

Supply chain

- Market growth in supply of modular structures – education, healthcare and modular homes
- Opportunities for steel sub-assemblies, building systems and factory-built structures

Bulk handling solutions

- Growth opportunities in expanding Indian paint manufacturing sector, chemical and food processing and waste water treatment
- Global potential – UK, India, US and beyond

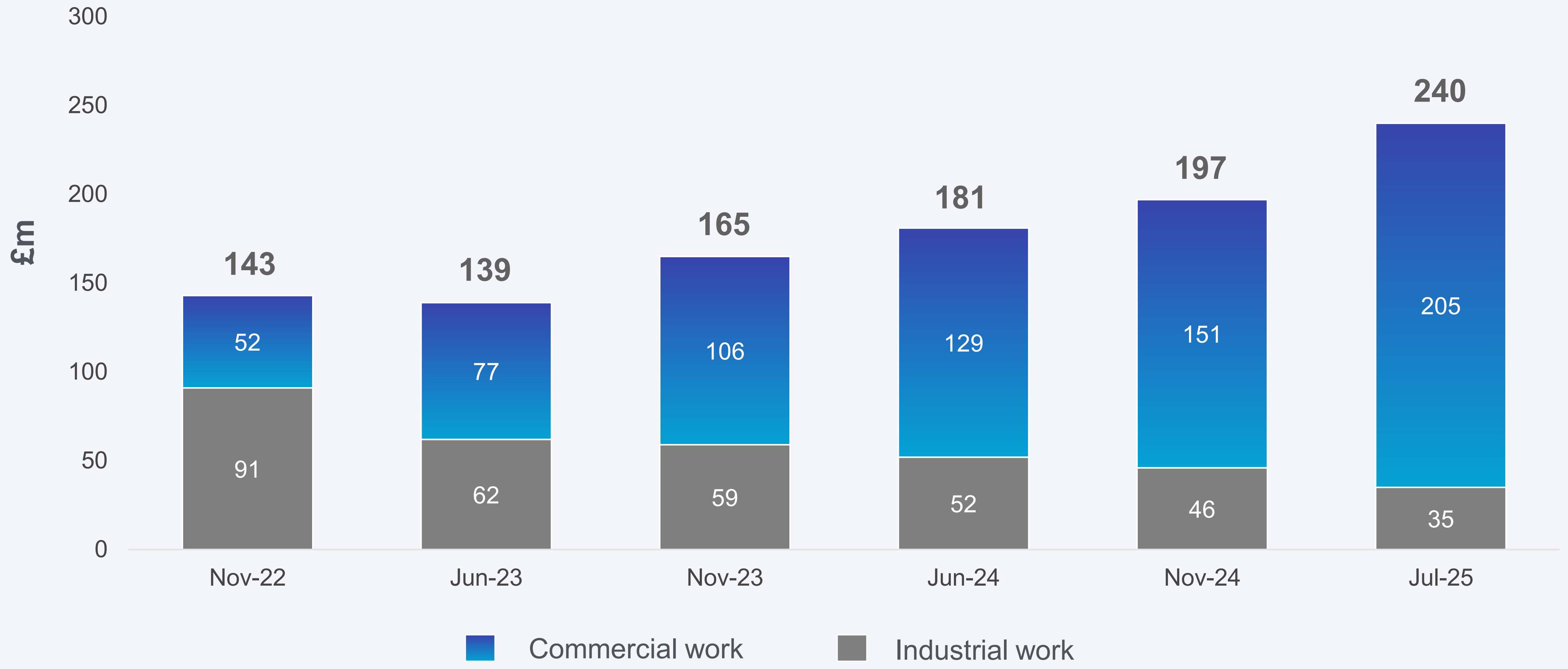
SEVERFIELD PLC
FY25 FULL YEAR RESULTS

INDIA

Building value in India

- Record order book of £240m and high-quality projects in the pipeline
- Numerous growth opportunities in India and in new sectors and export markets such as Saudi Arabia
- Expansion at new Gujarat site is underway – new production facilities expected to be operational in FY26 – in-house capacity increased to 184,000 tonnes
- Sales and estimating teams and supply chain subcontractor partnerships being strengthened to support expansion
- Construction sector and the use of steel in construction continues to grow strongly – GDP expected to grow from £3.5 trillion in 2023 to £7.5 trillion by 2030, becoming the world’s third largest economy

India order book



Summary

- Market for structural steelwork remains subdued but tendering activity has improved recently
- Order books remain large and diversified
- Bridge remedial costs now assessed for all affected projects and insurance settlement agreed
- Enhanced focus on cash generation and conservation
- Expansion in India is underway – new production facilities expected to be operational in FY26
- Successful extension of banking facilities to December 2027

Outlook

- Our position as the UK's largest and most diverse structural steelwork specialist provides a strong competitive advantage
- We continue to see good projects coming to market, particularly for FY27
- Well positioned to win work in markets with positive long-term growth trends including green energy transition and infrastructure
- Very encouraging outlook for India and significant value creation opportunities
- Expectations for FY26 are unchanged

Q&A

Appendices

A compelling investment case

Exciting growth prospects

- Aligned to sectors with strong growth potential in UK and Europe
- Well positioned to win projects in support of low carbon economy
- Significant opportunity to grow profits and build value in India

Resilient business through economic cycles

- Sector, geographical and client diversity
- Good earnings visibility from order books and pipeline opportunities

Built on a platform of operational excellence

- Continued momentum from Project Horizon and operational improvement initiatives
- Well invested business with >£60m CAPEX over last 10 years

Delivering strong returns, cash generation and progressive dividend

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

All underpinned by a strong focus on sustainability

- Internal roadmap to Net Zero by 2040
- SBTi targets approved
- Named in FT climate change listing for fifth year running

Severfield at a glance

- UK and Europe's leading structural steel group
  - UK steel market: circa 900,000 tonnes
  - Strong market position in Europe
  - Fabrication facilities offer c.150,000 tonnes capacity
  - Established blue chip client base
  - Reputation for high-quality service and delivery
  - High barriers to entry

- Delivering on well-defined strategic goals and performance targets
  - Strategy unchanged – based on growth, both organic and through selective acquisitions
  - Good momentum with digital transformation (Project Horizon), operational improvements and ESG initiatives
  - Market sector, geographical and client diversity

- Strong shareholder returns profile
  - Cash generative business model
  - Strengthened balance sheet position
  - Progressive dividend policy

- Track record of consistent and resilient performance

Our purpose, values, and strategy

Drive growth

- Well positioned in markets with positive long-term growth trends (green energy transition)
- Stronger market position in Europe
- Growth in N&I – energy and transport infrastructure
- Growth in Modular Solutions – new products, expansion of CMF

Operational excellence

- Digital transformation through Project Horizon – system development, automation and AI
- Driving manufacturing and throughput improvements
- Innovation – including engineering solutions

Grow Indian presence

- Benefitting from strong economic growth and structural shift from concrete to steel in India
- Numerous identified growth opportunities including those in near markets like Saudi Arabia
- Expansion now underway – continue to build value in JSSL

India: summary of net investment

£m			
Equity invested by Severfield since 2009		26.3	(Matched by JSW)
Severfield share of losses at 30 March 2024	(2.4)		
Severfield share of profits for the year	0.1	(2.3)	
Impact of FX		(4.5)	
Severfield net investment at 29 March 2025		19.5	

Divisional structure

Commercial and Industrial

Market sectors

- Industrial and distribution
- Commercial
- Stadia and leisure
- Data centres
- Retail
- Health and education

Nuclear and Infrastructure

Market sectors

- Nuclear
- Transport infrastructure
- Power and energy
- Process industries

Modular Solutions

Market sectors

- Severstor
- Supply chain solutions
- Bulk handling solutions

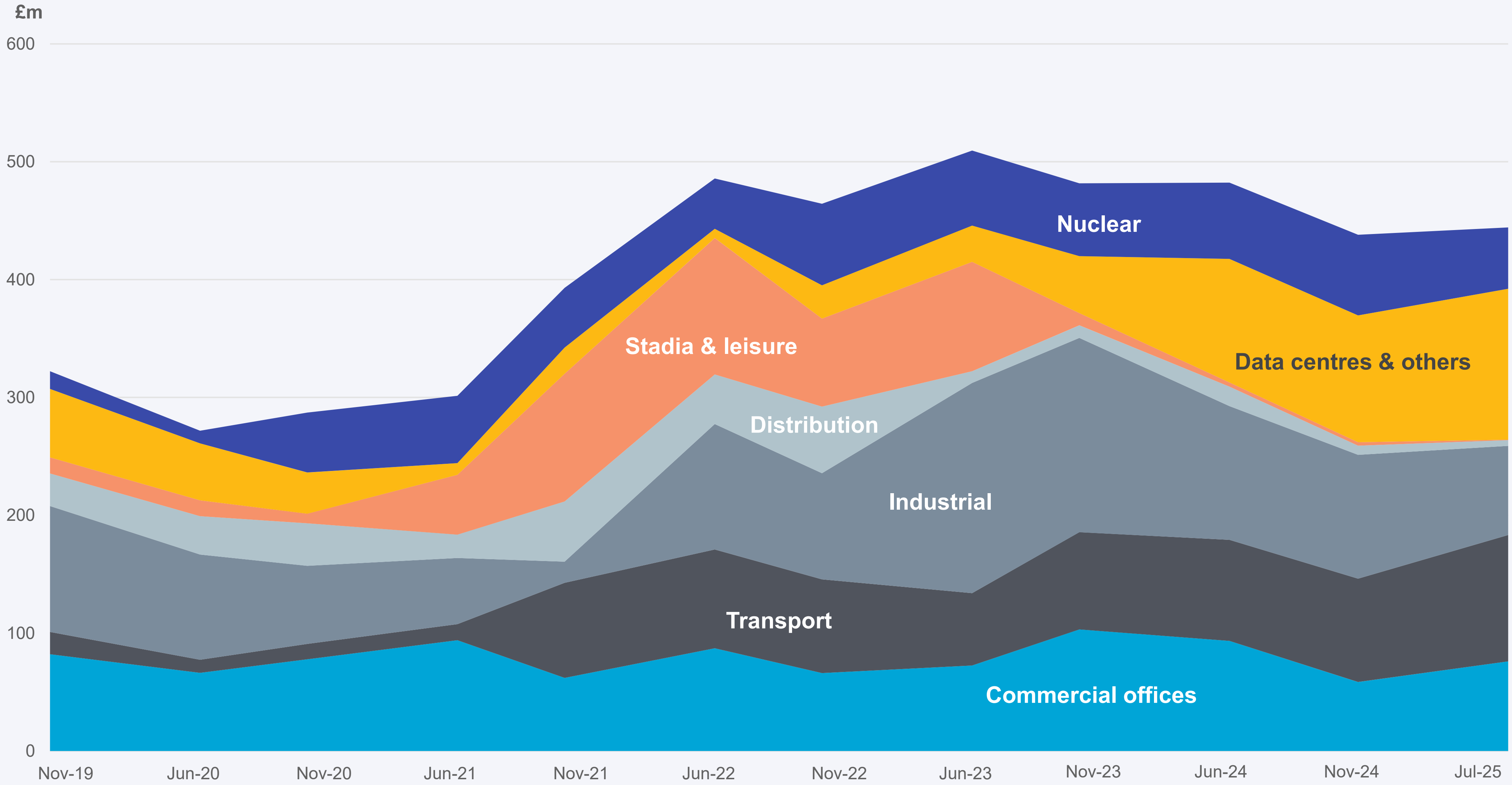
Group manufacturing
Dalton, Lostock, Ballinamallard, Carnaby, Rijssen

Manufacturing
Sherburn

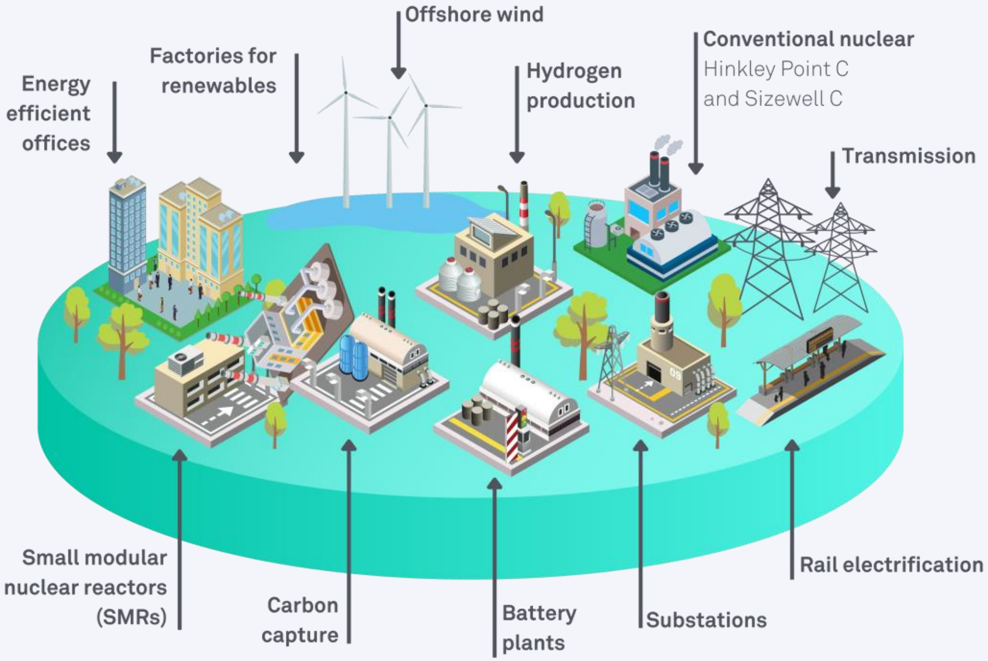
- Divisional structure aligns our businesses with the markets we serve and our growing customer base

Diversified UK and Europe order book

Diversified UK and Europe order book



Growth markets:
Green energy transition



The electrification of the economy presents numerous opportunities for Severfield

Transmission

- £60bn+ of investment in network infrastructure is required in the UK by 2030 to facilitate the connection of new offshore power generation and other renewable energy sources
- Transmission frameworks in the UK and Europe

Nuclear

- Conventional nuclear - Hinkley Point C, Sizewell C, opportunities in Europe
- Small nuclear reactors (SMRs) / fusion opportunities

Battery plants

- Large facilities being planned and considered in the UK and Europe
- Agratas in Somerset, Envision 2 in Sunderland, European opportunities

Wind

- Offshore and onshore wind including Hornsea 3
- Supporting infrastructure – manufacturing facilities, substations, modular housings for application and switchgear

New capacity/repurposing

- New build – including Net Zero Teesside, Connah's Quay, Morlais tidal project
- Upgrades and conversions – retrofitting existing facilities with carbon capture and storage technology – Grangemouth, Stanlow, Immingham, Teesside

Growth markets: green energy transition

Transmission towers and equipment are produced by the Nuclear and Infrastructure division

Large structures and halls produced by the Commercial and Industrial division

Modular skids and transformer equipment using existing DeHaven solutions in Europe

Modular buildings for housing critical equipment and switchgear

The electrification of the economy presents numerous opportunities for Severfield

India: increasing demand in target sectors

Sector	Segment	Outlook
Commercial	Offices	Growth is expected to remain strong in the medium-term – developments in steel construction continuing to improve
	Data centres	Data consumption continues to grow due to AI and digital data consumption – expected to continue in medium-term and improve beyond
	Distribution	Increased demand for warehouse storage facilities – expected to continue in medium-term with demand exceeding supply
Infrastructure	Railways	Increased demand – significant government investment planned to develop multi-modal railway hubs – steel is the material of choice
	Bridges	Increased demand – infrastructure development and replacement of old bridges is needed – significant development planned under the dedicated freight corridor
Industrial	Steel	Increased demand – most large players are continuing with ambitious expansion plans and have more planned in the future
	Cement	Demand is good as market grows – factory made steel continues to grow but only for selected applications
	Other industrial	Strong demand and positive outlook – government schemes have incentivised investments in manufacturing sector – large investments are planned

Severfield Modular Solutions

Severstor
Electrical equipment and switchgear modules

Power
Rail
Nuclear
Oil and gas
Data centres

Modular frames
Modular building frames

Education
Healthcare
MOD
MOJ
Data centres

Material handling (Rotoflo)
Powder and bulk solid handling

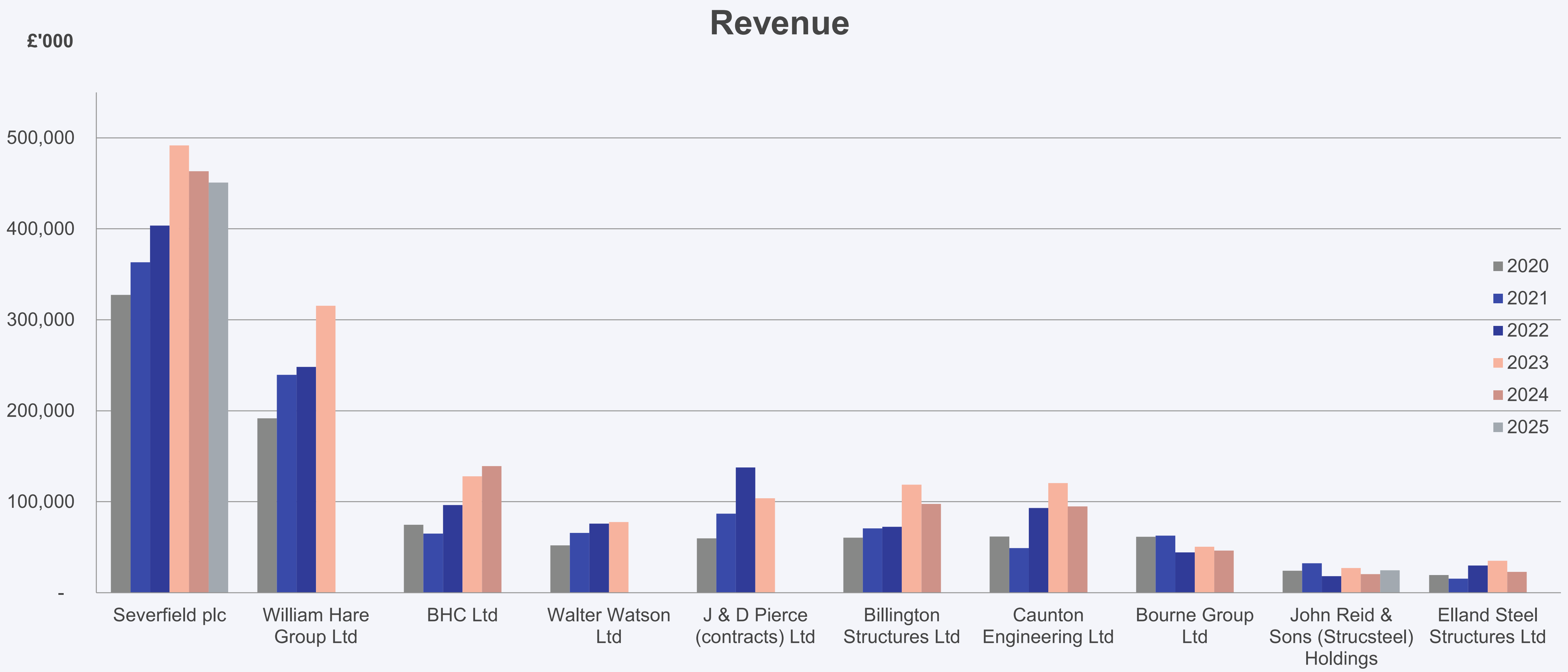
Chemical
Food processing
Water treatment

Metal decking and studs

Purlins and rails

Load bearing framing

Competitors



Classification: Official

Shareholder analysis summary

JO Hambro Capital Management	**11.64%**
M&G Investment Management	**9.53%**
Unicorn Asset Management	**6.54%**
Aberforth Partners	**6.20%**
Chelverton Asset Management	**5.92%**
Artemis Investment Management	**5.60%**
Hargreaves Lansdown Asset Management	**4.77%**
Interactive Investor Services	**3.89%**
Threadneedle Asset Management	**3.20%**
Jupiter Asset Management	**2.80%**