



Severfield

Interim Results

30 September 2020





Alan Dunsmore

Chief Executive Officer





Highlights

- Revenue up 40% at £186.0m
- Underlying profit before tax up 3% at £8.4m – despite the impact of COVID-19
- Good cash generation resulting in net funds of £19.5m, including outstanding acquisition loan of £10.5m for Harry Peers
- UK and Europe order book of £287m
- Share of loss from India of £0.7m reflecting COVID-19 related disruption to operations
- India order book is stable at £98m
- Underlying basic EPS of 2.2p
- Interim dividend maintained at 1.1p per share



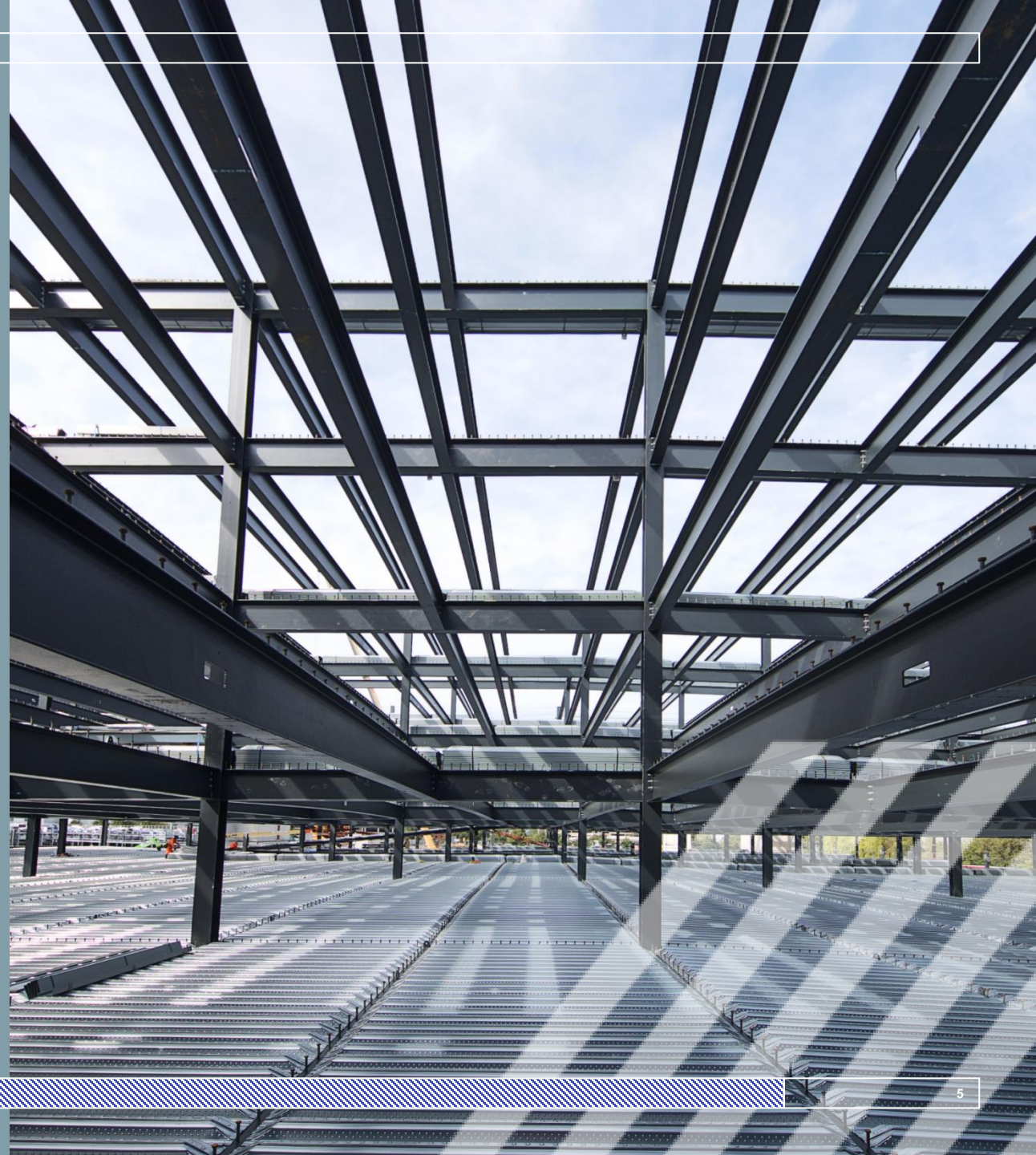
COVID-19

- UK and Europe – factories are fully operational, all construction sites are open, underlying operations performing well
- Strong balance sheet and cash position, sufficient committed funding in place until 2023 and cash generative business model
- Tendering and pipeline activity remain very encouraging
- Pricing is more competitive and some client investment decisions taking longer than normal
- Additional resilience provided by our market sector, geographical and client diversity
- India – economy opening up slowly, JSSL well placed to win more work once improved market clarity returns
- No claims made under government support packages - including furlough scheme
- Optimistic in our outlook for FY21 and beyond



Adam Semple

Group Finance Director





Group income statement

£m	6 months to 30 Sept 2020	6 months to 30 Sept 2019
Revenue	186.0	131.7
Underlying operating profit (before JVs and associates)	9.5	7.0
Results of JVs and associates	(0.6)	1.5
Net finance expense	(0.4)	(0.3)
Underlying profit before tax	8.4	8.2
Tax	(1.7)	(1.3)
Underlying profit after tax	6.7	6.9

- Improved visibility of second half and full year outturn
- Market guidance reinstated (assuming no material impact from further lockdowns)



India income statement

£m	6 months to 30 Sept 2020	6 months to 30 Sept 2019	12 months to 31 Mar 2020
Revenue	23.1	56.3	109.3
Operating profit	-	4.8	9.3
	-	8.5%	8.5%
Finance expense	(1.6)	(1.3)	(2.9)
(Loss) / profit before tax	(1.6)	3.5	6.4
Tax	0.3	(0.9)	(1.9)
Profit after tax	(1.3)	2.6	4.5
Group share after tax (50%)	(0.7)	1.3	2.2

- India order book of £98m (June 2020: £110m)
- Production of 18,000 tonnes (H1 2019: 50,000 tonnes)



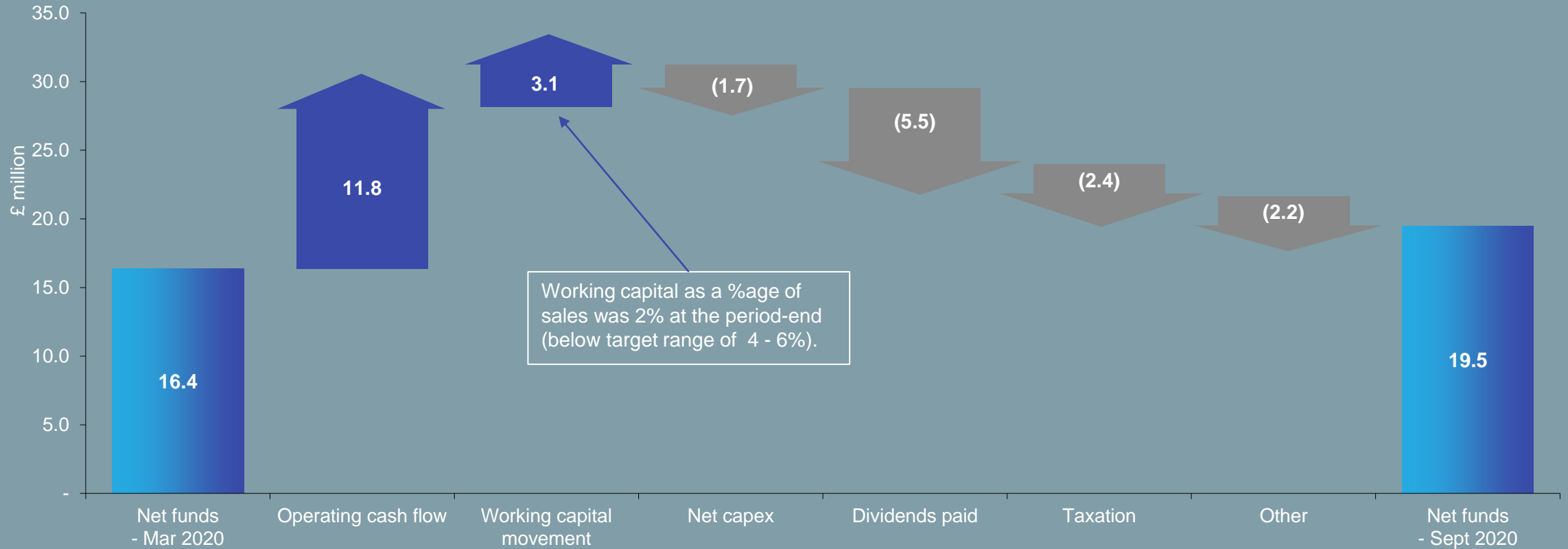
Balance sheet

£m		30 Sept 2020	31 Mar 2020
	Non-current assets	200.7	203.8
Current assets	Inventories	6.1	6.9
	Trade and other receivables	68.3	74.6
	Cash and cash equivalents	29.8	44.3
	Current tax asset	2.0	1.6
		106.2	127.4
	Total assets	306.9	331.2
Liabilities	Current liabilities	(81.2)	(85.4)
	Borrowings (includes IFRS 16 leases)	(21.1)	(39.4)
	Retirement benefit obligations	(23.0)	(18.7)
	Deferred tax liabilities	(2.8)	(4.0)
	Total liabilities	(128.1)	(147.5)
	Net assets	178.8	183.7



Cash flow

Net funds bridge – period ended 30 September 2020





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Chief Executive Officer





Group strategy

Growth

- Both organic and through selective acquisitions
- European business – new geographies and markets
- Severfield (Products & Processing) – new product ranges including ‘Severstor’ and ‘Seversilo’
- Harry Peers – nuclear, process industries and power sectors – modular steel offerings
- CMF – expansion underway – more cold rolled steel products

Operational improvements

- Manufacturing efficiency
- Innovation
- Digital transformation, including systems
- People
- Risk management, control, health and safety

India

- Growth and creating value in JSSL

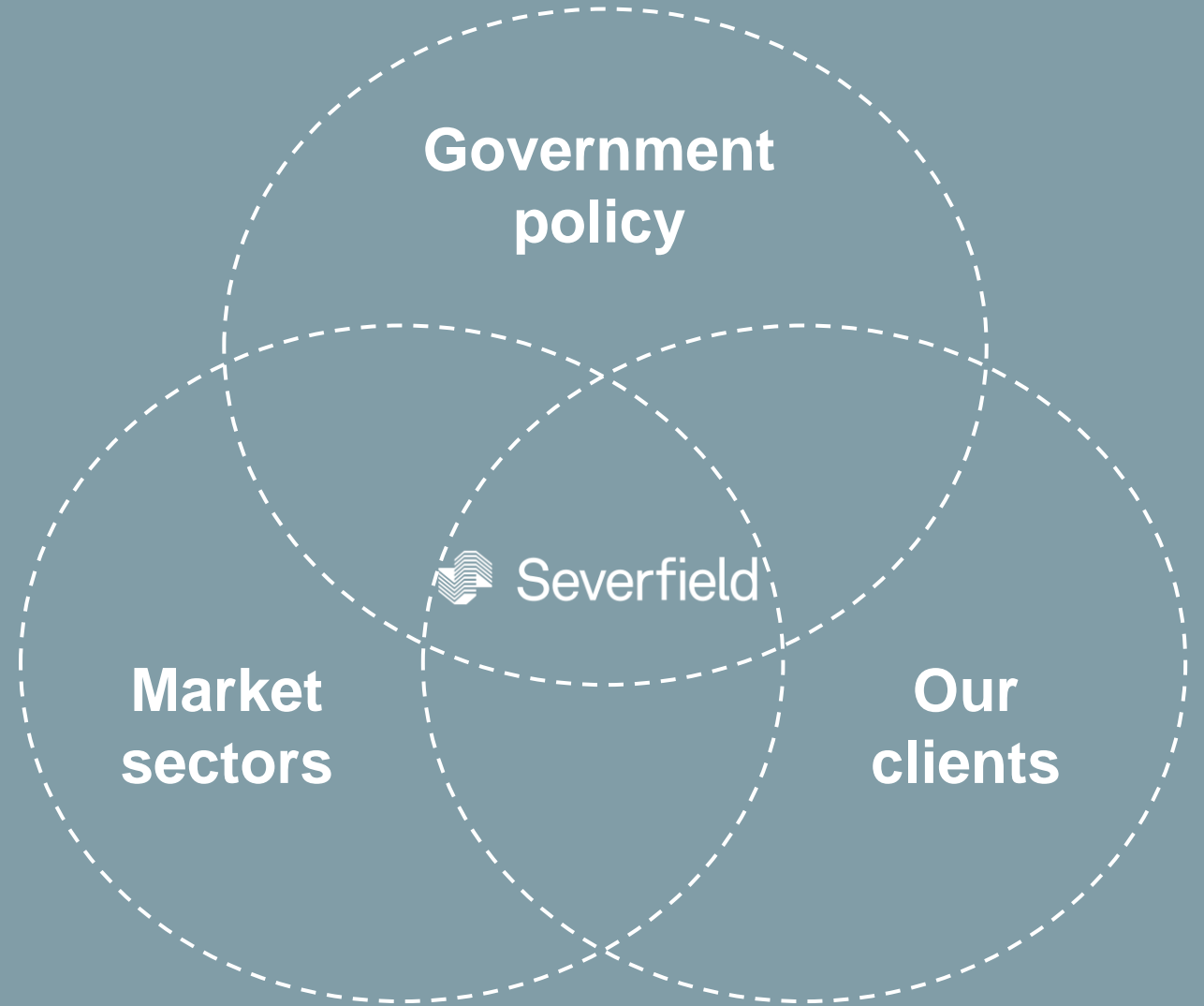


SMARTER, SAFER MORE SUSTAINABLE
securing our future



Responding to the 'new normal'

Our capability and agility to respond to the post COVID-19 market dynamics is greater than it has ever been before





Market sectors

Power and energy



Stadia and leisure



Health and education



Industrial and distribution



Nuclear



Retail



Commercial



Transport



Data centre and other

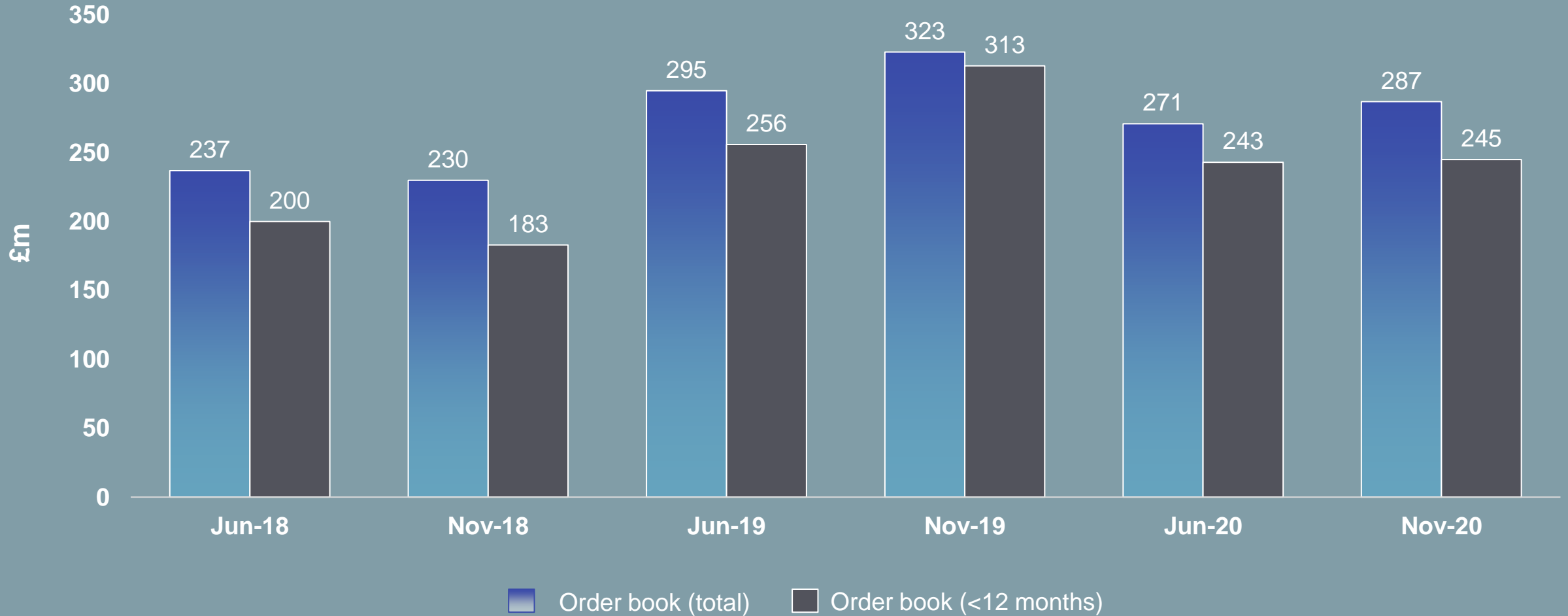


Process industries





High quality UK and Europe order book





Current major projects

Endorsing Severfield's leading market position

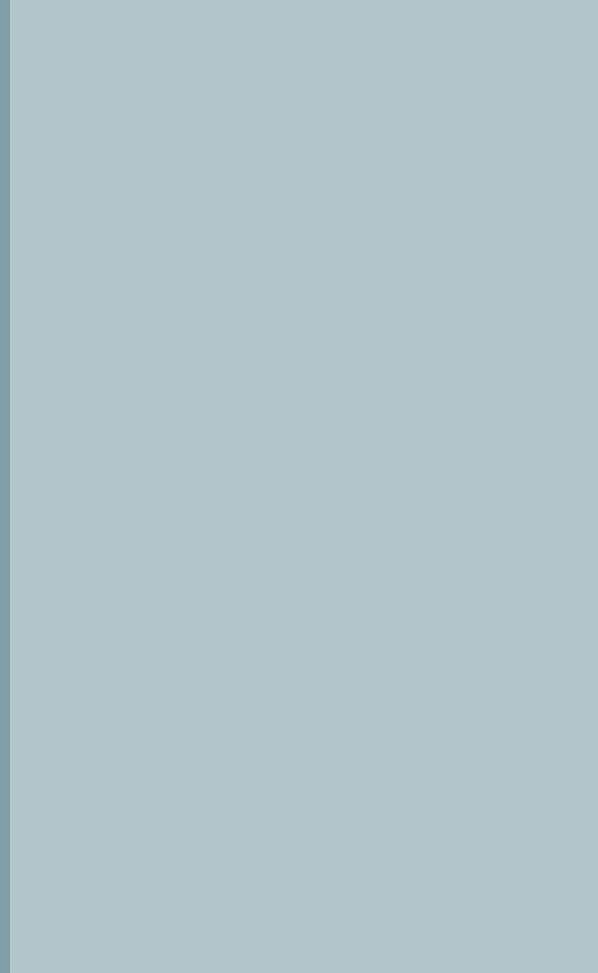
Google Headquarters King's Cross London



Lord's Cricket Ground London



Argyle Street Glasgow



Fulham Football Club Riverside Stand Development London



One Sherwood Street London





Current major projects

Endorsing Severfield's leading market position

Distribution Centre Swindon



ESS Lund Sweden



Logistics Operations Centre Solihull



Data Centre Dublin



Bankside Yards London



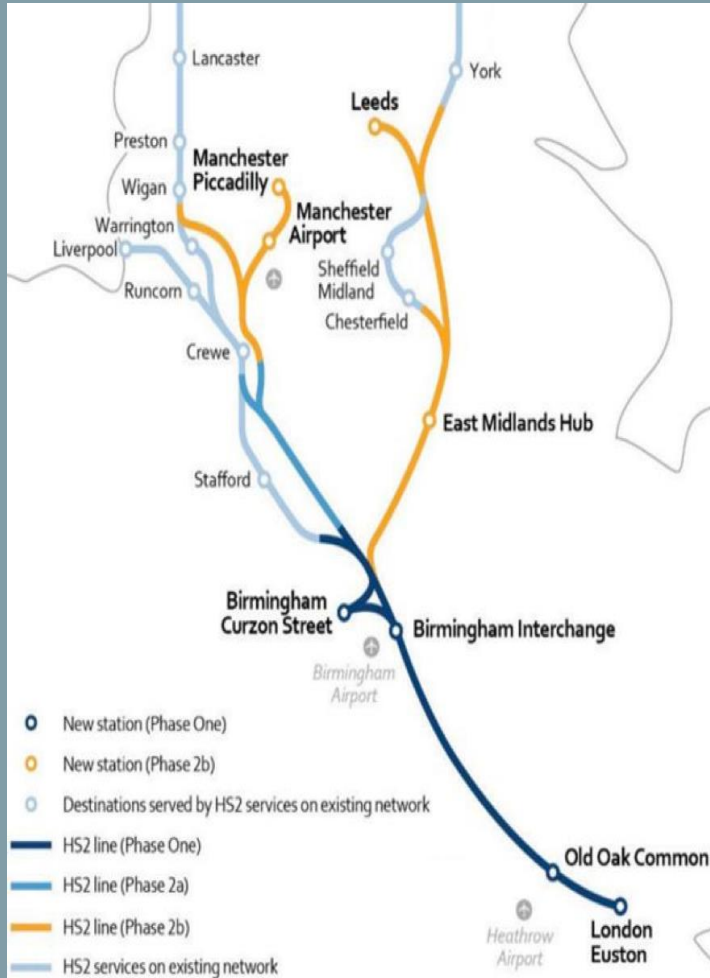


UK and Europe order book

Sector	Nov 2020 £287m	Jun 2020 £271m	Future Trend
Industrial and distribution	36%	45%	→
Commercial offices	27%	24%	→
Nuclear	17%	4%	→
Data centres and other	11%	15%	→
Transport	5%	4%	↗
Stadia and leisure	3%	5%	↗
Process industries	1%	1%	↗
Power and energy	-	1%	↗
Retail	-	1%	→
Health and education	-	-	→
UK	68%	54%	
Europe and Republic of Ireland	32%	46%	



HS2 – a decade of infrastructure investment



Phase 1

Status

Opportunity

London to Birmingham

Underway

Consortia

- BBV (Balfour Beatty, Vinci)
- SCS (Skanska, Costain, Strabag)
- EK (Eiffage Genie, Kier)
- Align (Bouyges, VolkerFitzpatrick, SRA)

Four main stations

- London Euston
- Old Oak Common
- Birmingham Interchange
- Birmingham Curzon Street

Bridges

- Around 70 structures

Phase 2

Status

Opportunity

Birmingham to Crewe

2022+

Stations and bridges

Phase 3

Status

Opportunity

Manchester and Leeds (under government review)

-

-

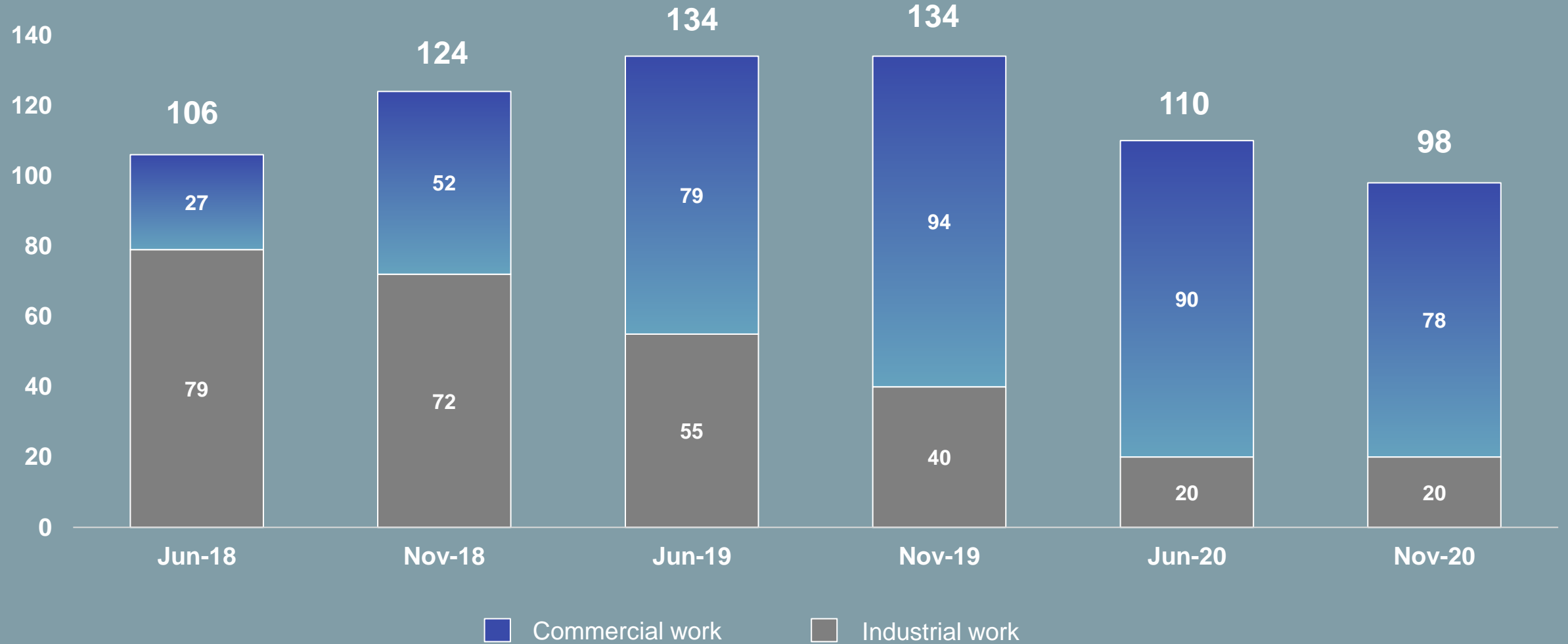


India - overview

- COVID-19 continues to disrupt operations
- First half share of loss reflects lower activity levels and impact of site closures and remobilisation
- All projects remain ongoing but opening up of economy from lockdown is progressing slowly
- Slower pipeline conversion and some delayed decision making from clients
- Order book is stable at £98m, close to pre-pandemic levels
- Good order pipeline which includes a number of commercial projects for key developers and established clients
- Key initiatives include development of strategic alliances with clients (nominated steelwork contractor) for commercial, data centre and healthcare projects
- Share of steel in construction remains well below other developing countries
- We remain positive about the long-term development of the Indian market and value creation potential of JSSL



India order book





Current major projects - India

Data Centre Navi Mumbai

A large grey rectangular area intended for project details.

Phoenix Centaurus Hyderabad

A large grey rectangular area intended for project details.

Phoenix Business HUB Hyderabad

A large grey rectangular area intended for project details.

Sattva Knowledge Park Hyderabad

A large grey rectangular area intended for project details.

JSW Conveyors Dolvi

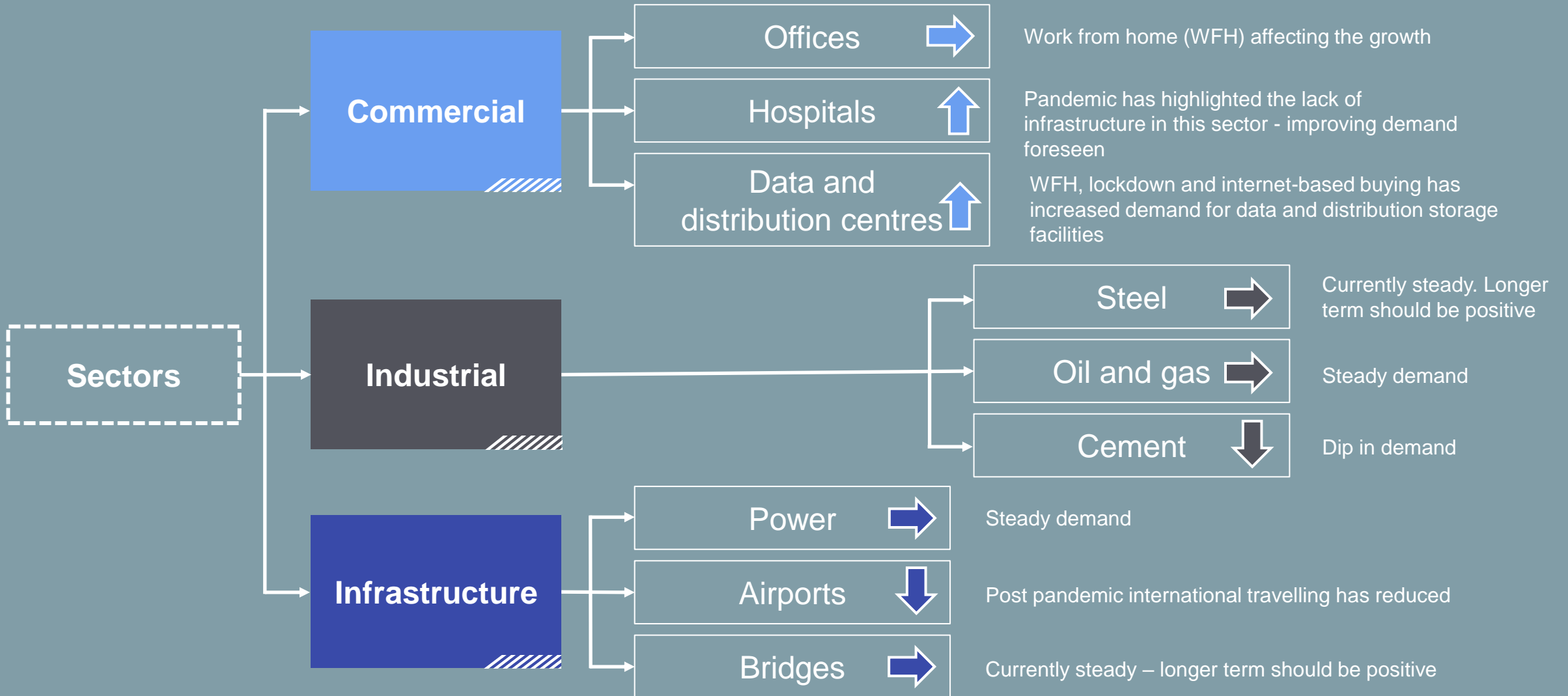
A large grey rectangular area intended for project details.

IKEA Bengaluru

A large grey rectangular area intended for project details.



India – target sectors





Summary and outlook

- Strong H1 despite the disruptive impact of COVID-19
 - Revenue up 40%, underlying profit before tax up 3%
 - Strong cash position allows us to make the right long-term decisions
 - Continued progress with ‘SSS’ operational improvement initiatives
 - Harry Peers integrating well
 - Interim dividend maintained
- High quality UK and Europe order book of £287m of which £245m is for delivery over next twelve months
- India order book of £98m, close to pre-pandemic levels
- Tendering and pipeline activity remain very encouraging despite more competitive pricing and some client investment decisions taking longer than normal
- Additional resilience provided by market sector, geographical and client diversity
- Improved visibility of H2 and full year outturn - assumes no material impact from further lockdowns

