



Severfield

Full Year Results

31 March 2017





Alan Dunsmore
Acting Chief Executive Officer





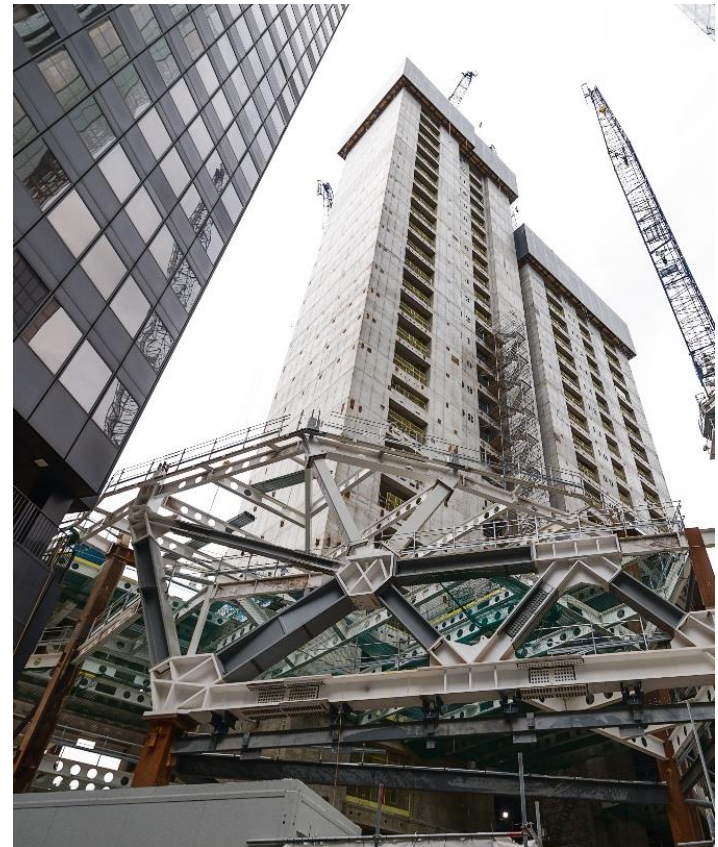
Highlights

- **Underlying profit before tax up 50% at £19.8m**
- Revenue up 10% at £262.2m
- **Continued strong cash generation with net funds of £32.6m**
- UK order book at £229m
- **First profit from Indian business – Group share £0.2m**
- India order book at £73m
- **Underlying basic EPS up 51% at 5.53p**
- Final dividend of 1.6p per share
- **Good progress made towards 2020 profit target of £26m**



Market conditions - UK

- Modest economic growth expected to be reflected in construction markets
- Past 12 months have seen an unusual flow of four major projects at the same time. This is now normalising
- Pipeline remains steady
- Steel supply situation has become more stable in the past year





Adam Semple
Acting Group Finance Director

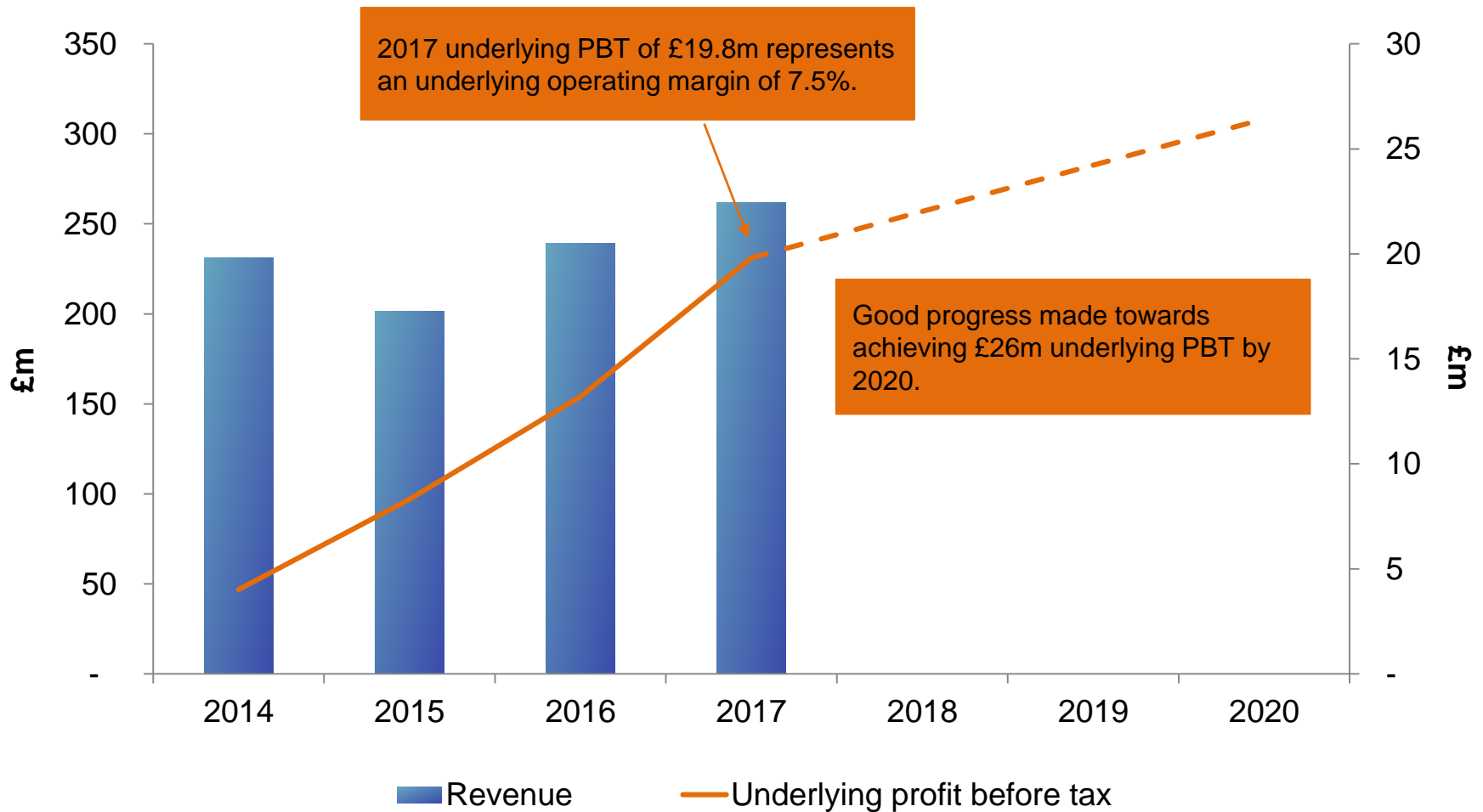




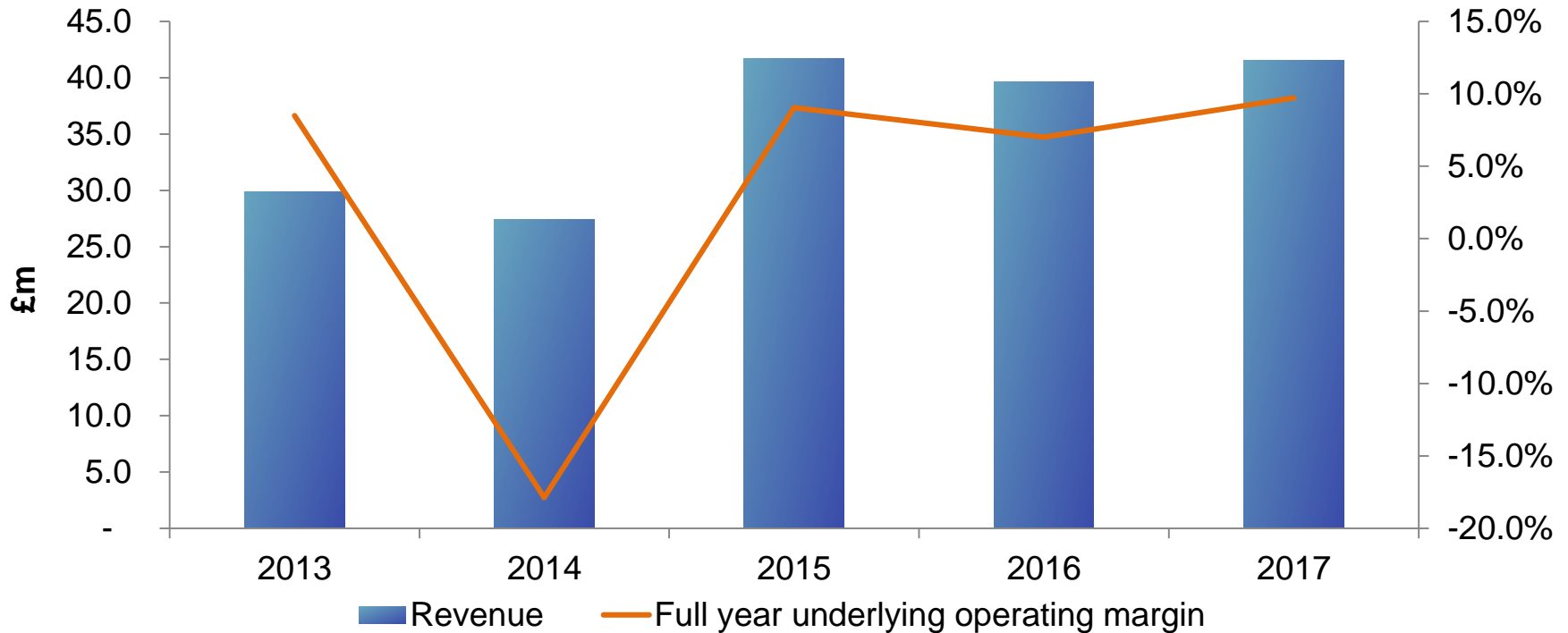
Income statement

(£m)	12 months to 31 Mar 2017	12 months to 31 Mar 2016
Revenue	262.2	239.4
Underlying Group operating profit (before JVs and associates)	19.6 7.5%	13.7 5.7%
Results of JVs and associates	0.5	(0.2)
Net finance expense	(0.2)	(0.2)
Underlying profit before tax	19.8	13.2
Tax	(3.3)	(2.3)
Underlying profit after tax	16.5	10.9
Return on capital employed ('ROCE')	14.6%	9.7%

Revenue and profit



Financial highlights - India



- Share of profit of £0.2m (move to profit for the first time)
- Production 45,000 tonnes (2016: 36,000 tonnes)
- Order book of £73m
- Term loan of £10.6m being repaid post year-end
- £14m of working capital borrowings remain



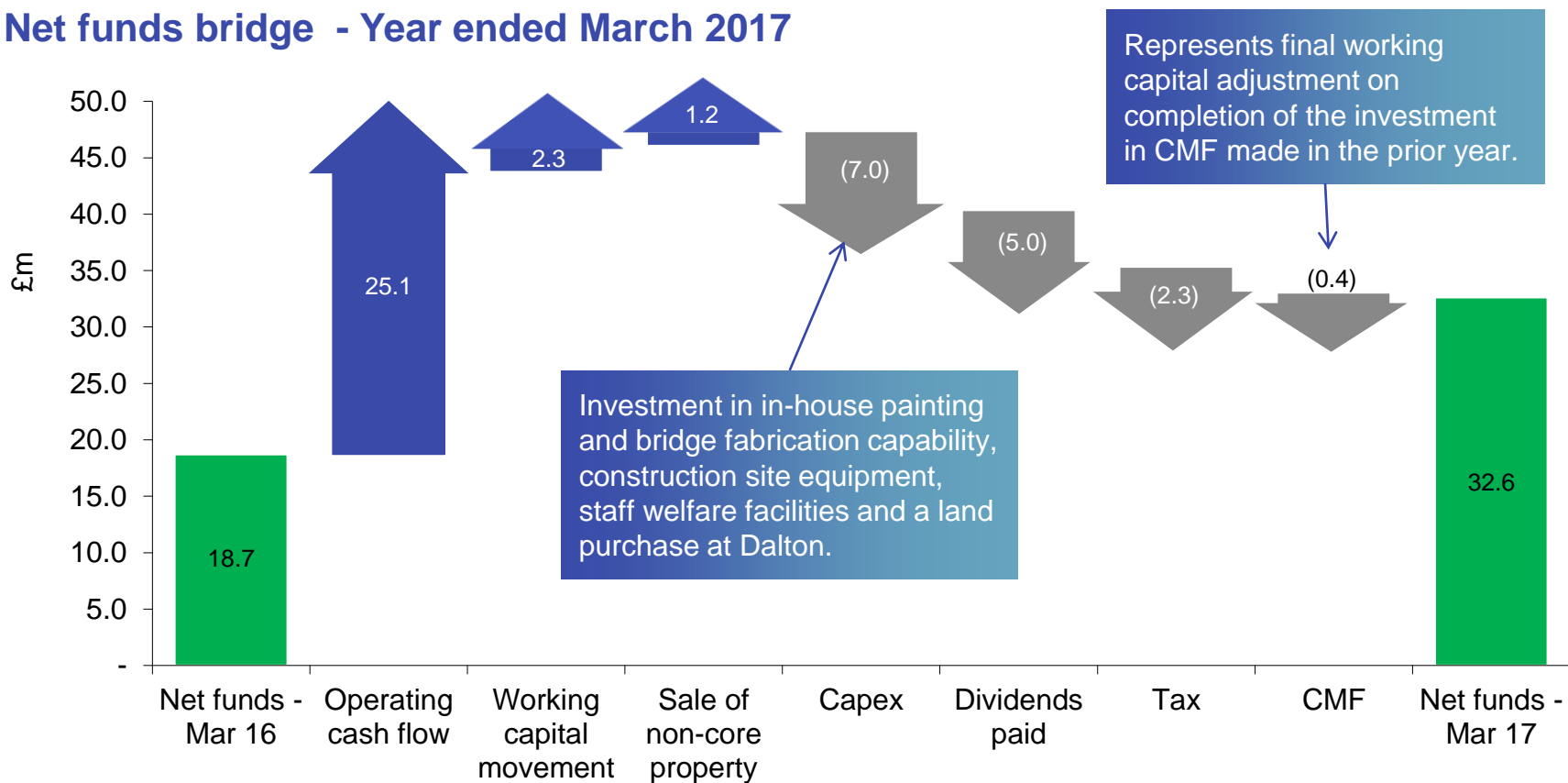
Balance sheet

£m	31 Mar 2017	31 Mar 2016
Non-current assets	148.3	149.3
Current assets:		
Inventories	7.8	5.3
Trade and other receivables	66.5	50.7
Cash and cash equivalents	32.8	19.0
	107.1	75.0
Total assets	255.4	224.3
Less:		
Current liabilities	(78.5)	(58.0)
Borrowings	(0.4)	(0.6)
Retirement benefit obligations	(21.4)	(14.6)
Deferred tax liabilities	(0.9)	(2.9)
Total liabilities	(101.2)	(76.1)
Net assets	154.2	148.2



Cash flow

Net funds bridge - Year ended March 2017

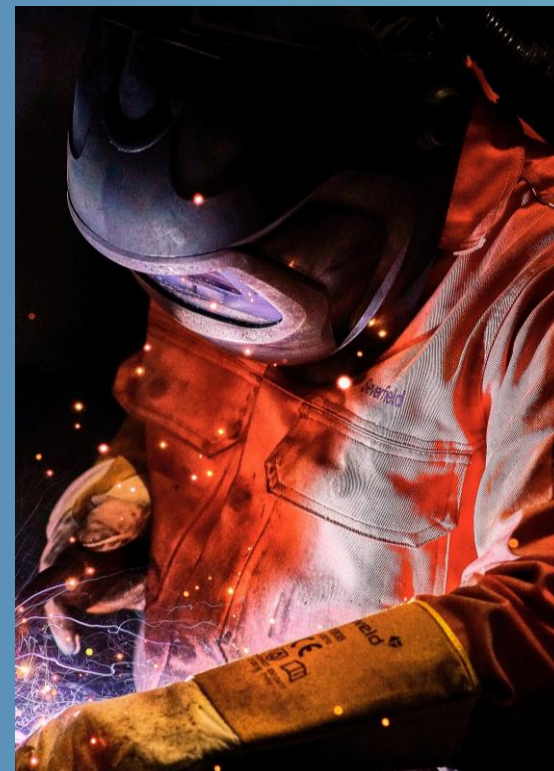


- Operating cash conversion of 112% (2016: 150%)
- RCF facility of £25m with HSBC and Yorkshire Bank (accordion facility of £20m available at Group's request - matures in July 2019)



Summary of investment

Capital investment	£m
In-house painting capability	0.9
Bridge fabrication facility	0.9
Other factory production-related equipment	1.2
Construction site equipment	1.2
Staff welfare facilities	0.5
Dalton land purchase	1.1
Other	1.2
Total	7.0



- Return on capital employed ('ROCE') was 14.6% in 2017 (9.7% in 2016)
- ROCE now exceeds target of 10% over whole economic cycle



Alan Dunsmore
Acting Chief Executive Officer



Market sectors



Power and energy



Stadia and leisure



Health and education



Industrial and distribution



Retail



Commercial offices



Transport

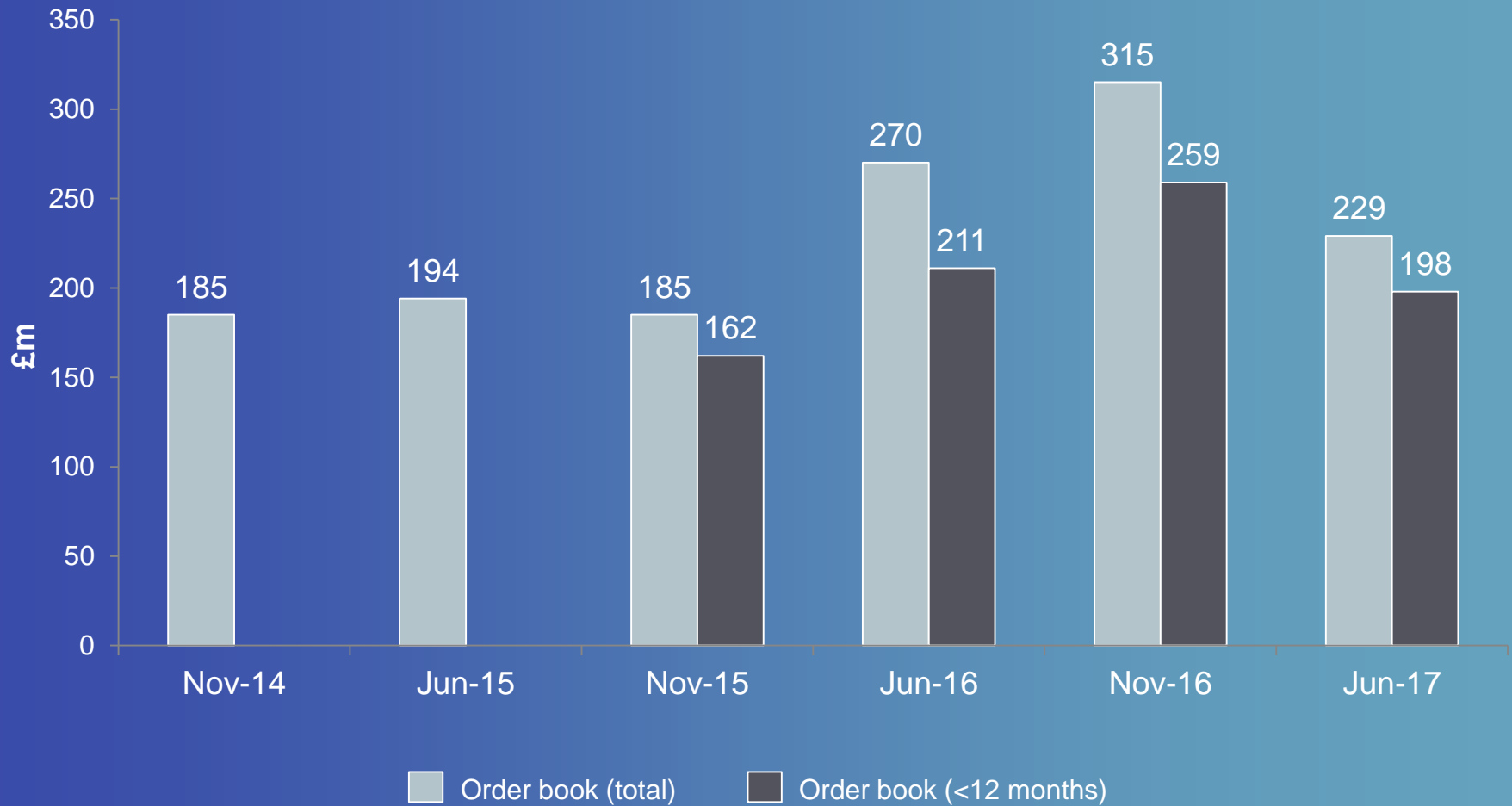


Data centres and other





High quality order book





Current major projects

London Bridge Station Canopies



22 Bishopsgate, London



Covanta Power Station, Dublin



Tottenham Hotspur FC Stadium



Current major projects

UPS Warehouse, Essex



Coal Drops Yard, London



Wimbledon No.1 Court



Current major projects



London Development Project

Verde, SW1



Ordsall Chord, Greater Manchester





UK order book

Sector	Jun 2017 £229m	Nov 2016 £315m	Future Trend
Commercial offices	54%	52%	
Stadia and leisure	23%	24%	
Industrial and distribution	9%	10%	
Transport	7%	5%	
Power and energy	4%	3%	
Retail	1%	3%	
Health and education	1%	2%	
Data centres and other	1%	1%	

Prospects



The Factory, Manchester

Manchester Engineering Campus Development (MECD)

Retail Project, Motherwell

Prospects



One Crown Place, London

103 Colmore Row, Birmingham

Central Square Office Block, Cardiff Exchange

Test Lane, Southampton

Prospects



Casement Park, Belfast

80 Fenchurch Street, London

60 London Wall, London



India - overview

- GDP growth remains strong
- Government continuing to reshape economy to stimulate investment
- Market conversion activity continues
 - along with focus on appropriate T&Cs
- Business learning to manage higher level of contract timing movements
- Agreement with joint venture partner to invest additional equity to repay term loan



Current projects - India

Advant IT Park, Noida



Hospital, Kerala



Shopping Complex, Kerala



Intel SRR4, Bangalore



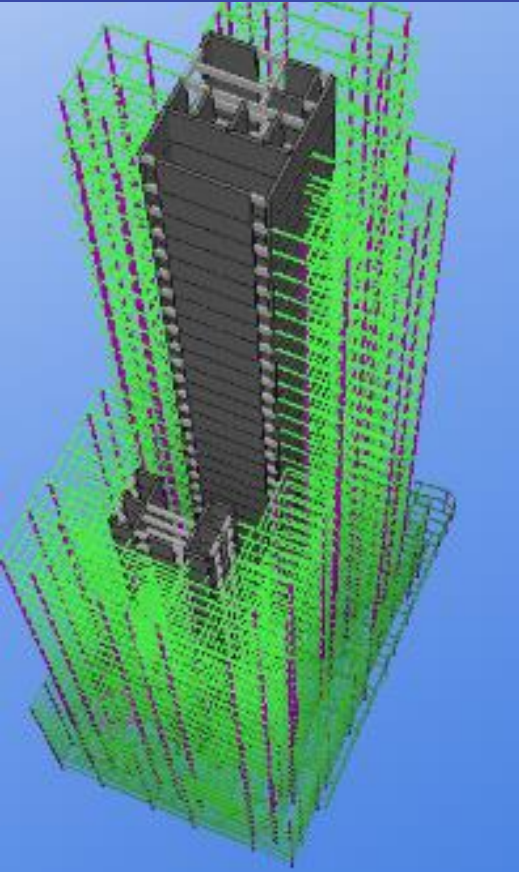
Altair, Colombo



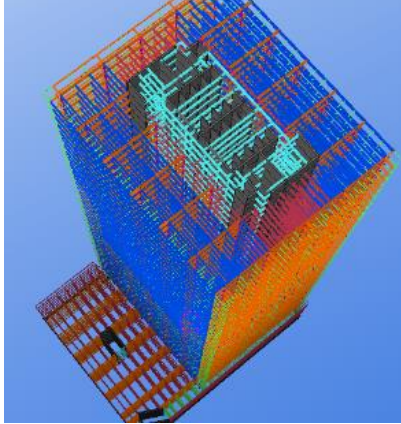
Prospects - India



Earth Enclave, Mumbai



K Raheja Commercial, Mumbai



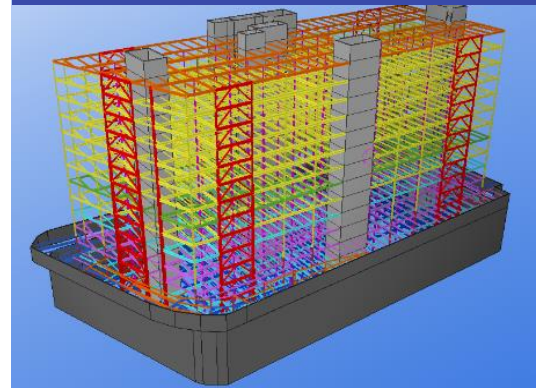
India Trade Promotion Organisation, Delhi



Telangana Police HQ, Hyderabad



Hospital, Ghana





Group strategic priorities

Our vision

To be recognised as **world-class leaders in structural steel**, known for our ability to deliver any project, to the highest possible standards

Smarter, safer, more sustainable

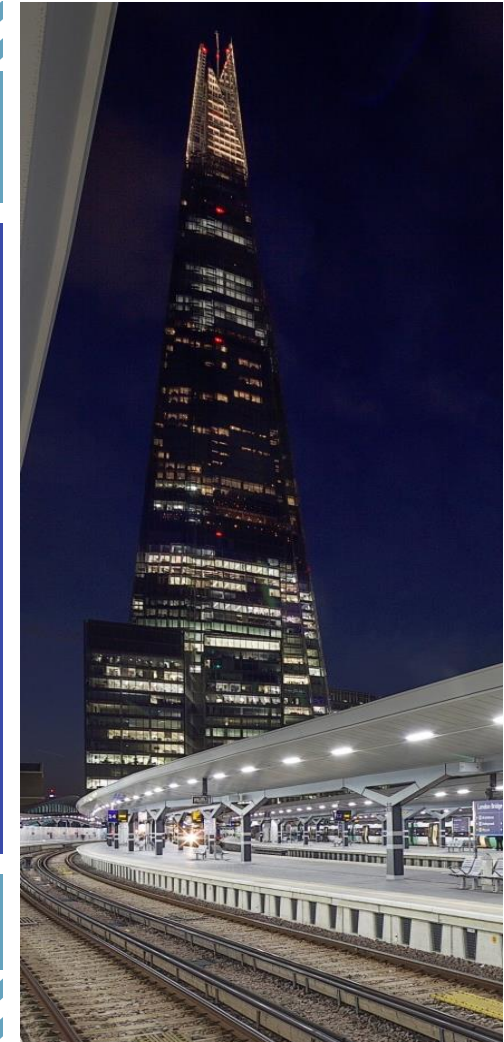
- Innovation
- Systems
- People
- Productivity
- Risk management, control and safety

New business

- **New products**
 - Cold formed products; purlins, more to follow
- **New geographical markets**
 - European Business Development Director recruited
- **New sectors**
 - Continue to be researched

Strategic target

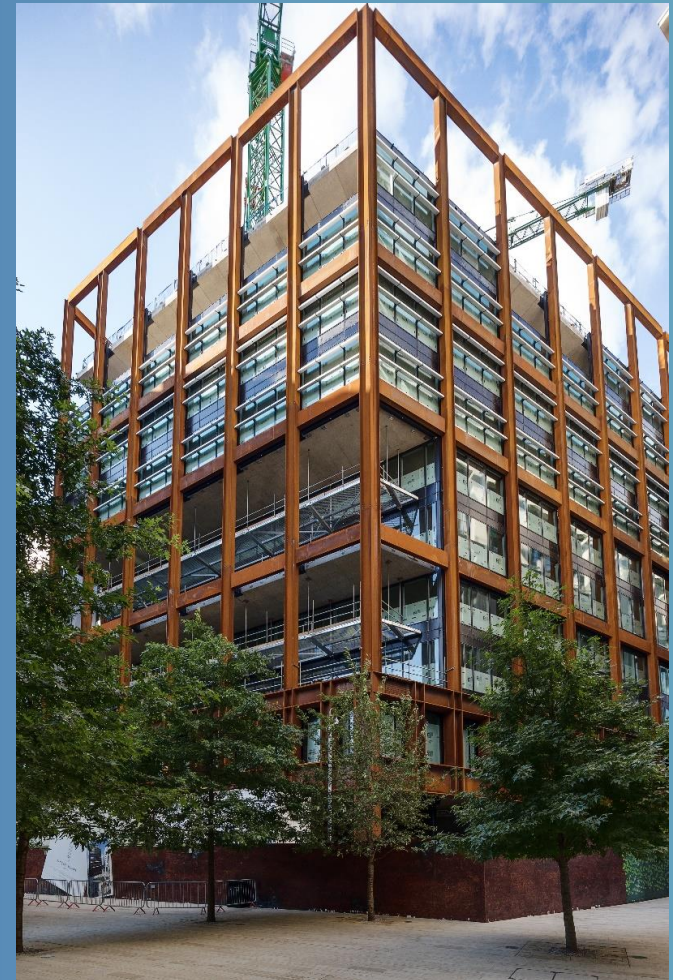
Profit before tax of **£26m** by 2020





Summary and outlook

- **Another year of strong results**
- **Continuing stability of market**
- **Strategy implementation delivering clear benefits**
- **Further investment in India with increased share of profits**
- **On track to double profit before tax by 2020**



Q&A

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Adam Semple – Acting Group Finance Director

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