



Severfield

Full Year Results

31 March 2018





Alan Dunsmore
Chief Executive Officer





Highlights

- **Revenue up 5% at £274.2m**
- Underlying profit before tax up 19% at £23.5m
- **Continued strong cash generation with net funds of £33.0m**
- UK order book at £237m
- **Improved India order book of £106m reflects positive market developments**
- Improved profitability of Indian business – Group share £0.5m
- **Underlying basic EPS up 15% at 6.4p**
- Proposed final dividend of 1.7p per share
- **Proposed special dividend of 1.7p per share**
- Continued good progress made towards 2020 strategic profit target of £26m

Market conditions



- Modest economic growth expected to be reflected in UK construction markets
- Pipeline of UK potential orders remains good
- Further opportunities identified in Europe and the Republic of Ireland





Adam Semple
Group Finance Director

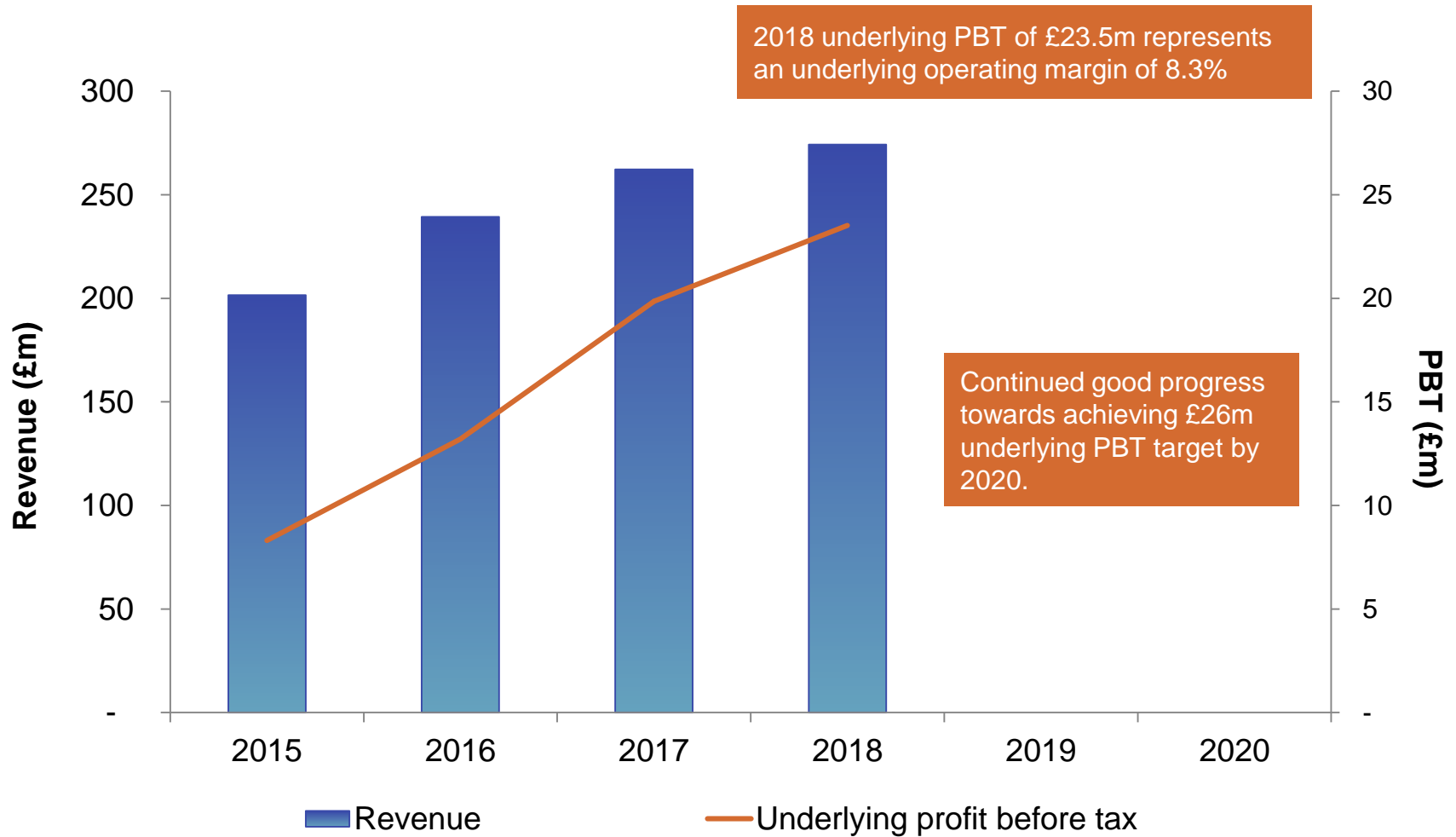


Group income statement



£m	12 months to 31 Mar 2018	12 months to 31 Mar 2017
Revenue	274.2	262.2
Underlying Group operating profit (before JVs and associates)	22.9 8.3%	19.6 7.5%
Results of JVs and associates	0.9	0.5
Net finance expense	(0.2)	(0.2)
Underlying profit before tax	23.5	19.8
Tax	(4.4)	(3.3)
Underlying profit after tax	19.1	16.5
Return on capital employed ('ROCE')	16.5%	14.6%

Revenue and profit

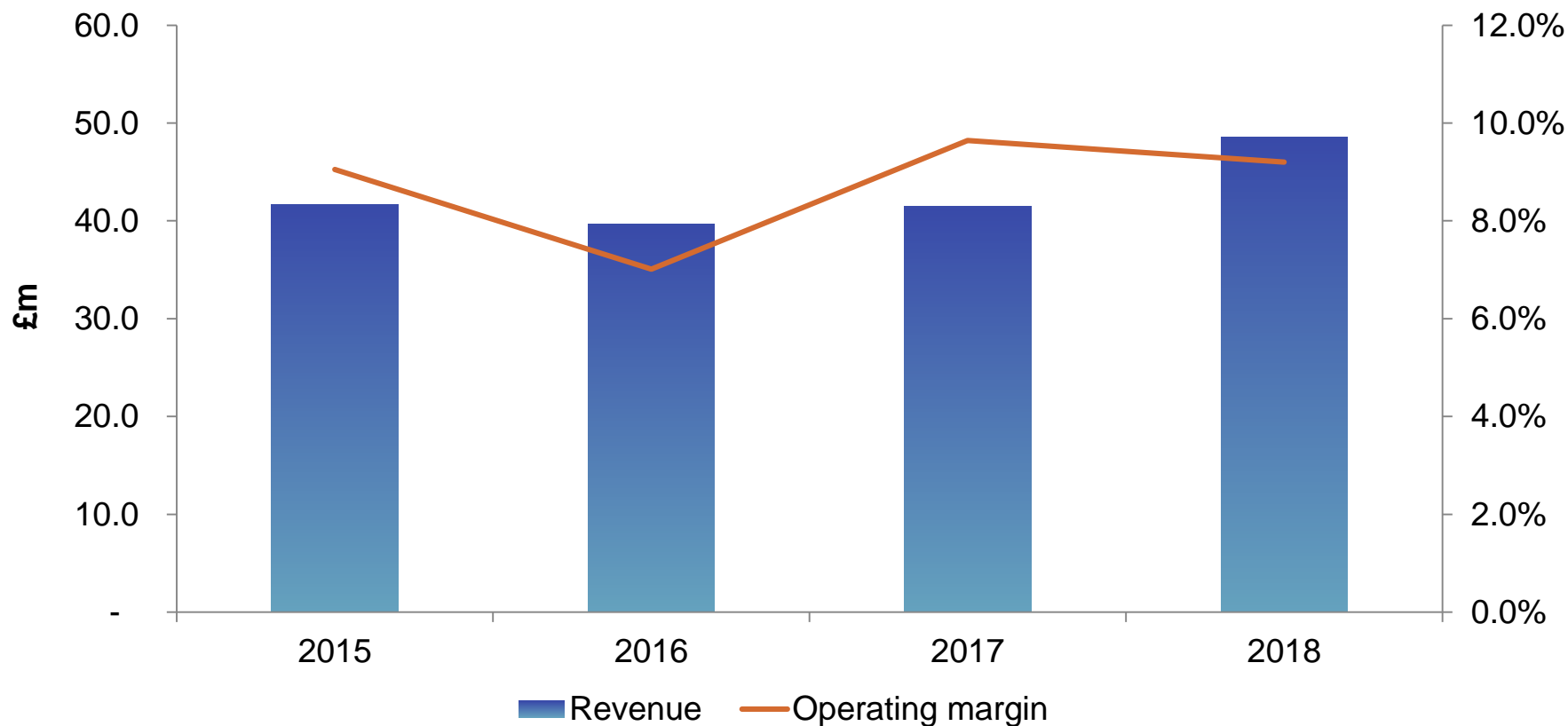


India income statement



£m	12 months to 31 Mar 2018	12 months to 31 Mar 2017	12 months to 31 Mar 2016
Revenue	48.6	41.5	39.7
Operating profit	4.5 9.2%	4.0 9.7%	2.8 7.1%
Finance expense	(3.1)	(3.6)	(3.8)
Profit before tax	1.4	0.4	(1.0)
Tax	(0.4)	(0.1)	0.3
Profit after tax	1.0	0.3	(0.7)
Group share after tax (50%)	0.5	0.2	(0.3)

Financial highlights - India



- Production 46,000 tonnes (2017: 45,000 tonnes)
- Order book of £106m (Nov 2017: £79m)
- Term debt of £11m repaid in June 2017
- £6m of working capital borrowings remain



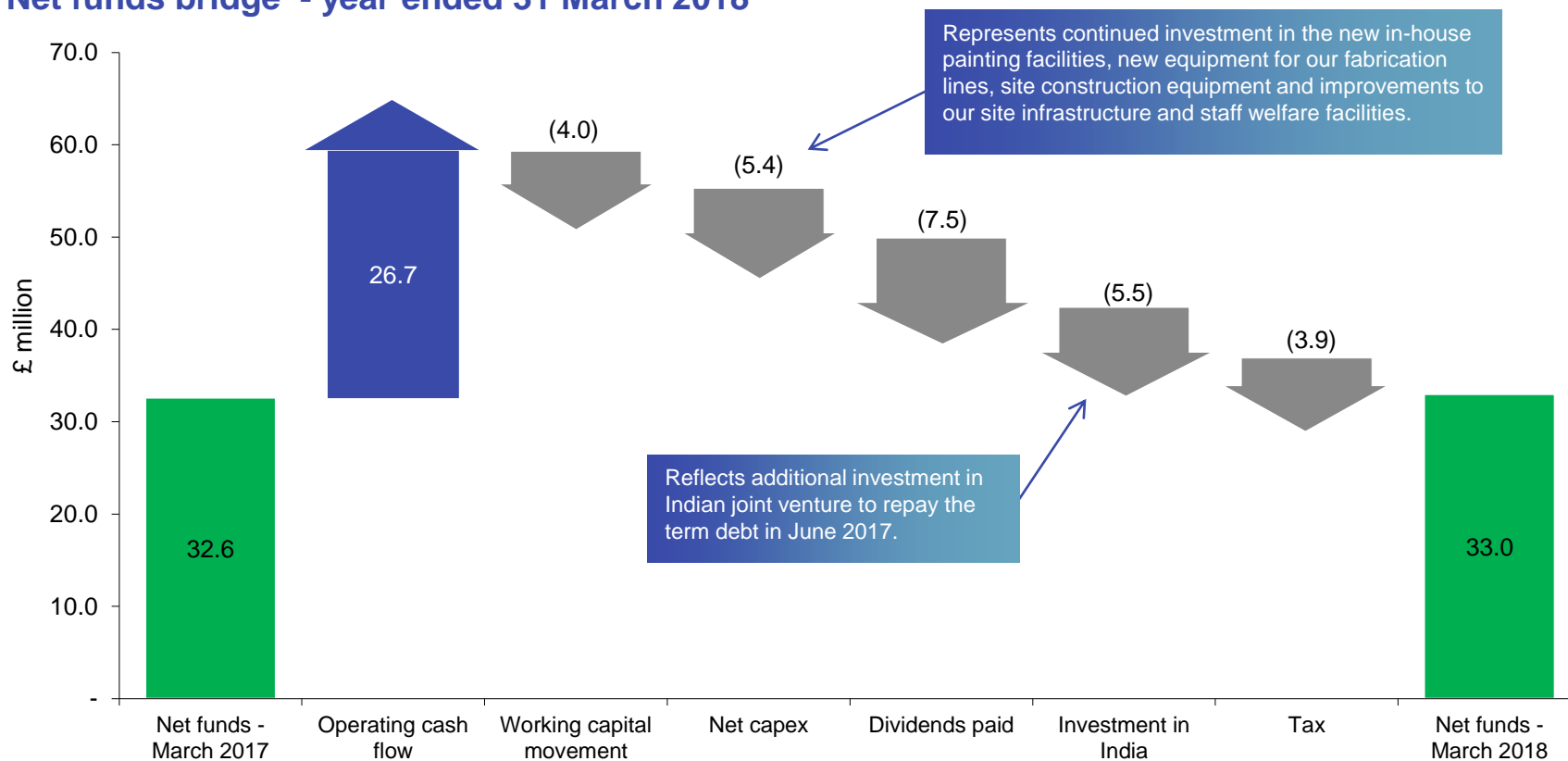
Balance sheet

£m	31 Mar 2018	31 Mar 2017
Non-current assets	154.5	148.3
Current assets:		
Inventories	9.6	7.8
Trade and other receivables	56.5	66.5
Cash and cash equivalents	33.1	32.8
	99.2	107.1
Total assets	253.7	255.4
Less:		
Current liabilities	(65.9)	(78.5)
Borrowings	(0.2)	(0.4)
Retirement benefit obligations	(17.2)	(21.4)
Deferred tax liabilities	(1.4)	(0.9)
Total liabilities	(84.7)	(101.2)
Net assets	169.0	154.2

Cash flow



Net funds bridge - year ended 31 March 2018





Summary of investment

Capital investment	£m
Factory machinery and production-related equipment	2.9
Construction site equipment	0.9
Staff welfare facilities	0.9
In-house painting capability	0.7
Dalton trailer park	0.5
Other	0.5
Total	6.4



- Return on capital employed ('ROCE') was 16.5% in 2018 (14.6% in 2017)
- ROCE exceeds target of 10% over whole economic cycle



Alan Dunsmore
Chief Executive Officer



Market sectors



Power and energy



Stadia and leisure



Health and education



Industrial and distribution



Retail



Commercial offices



Transport

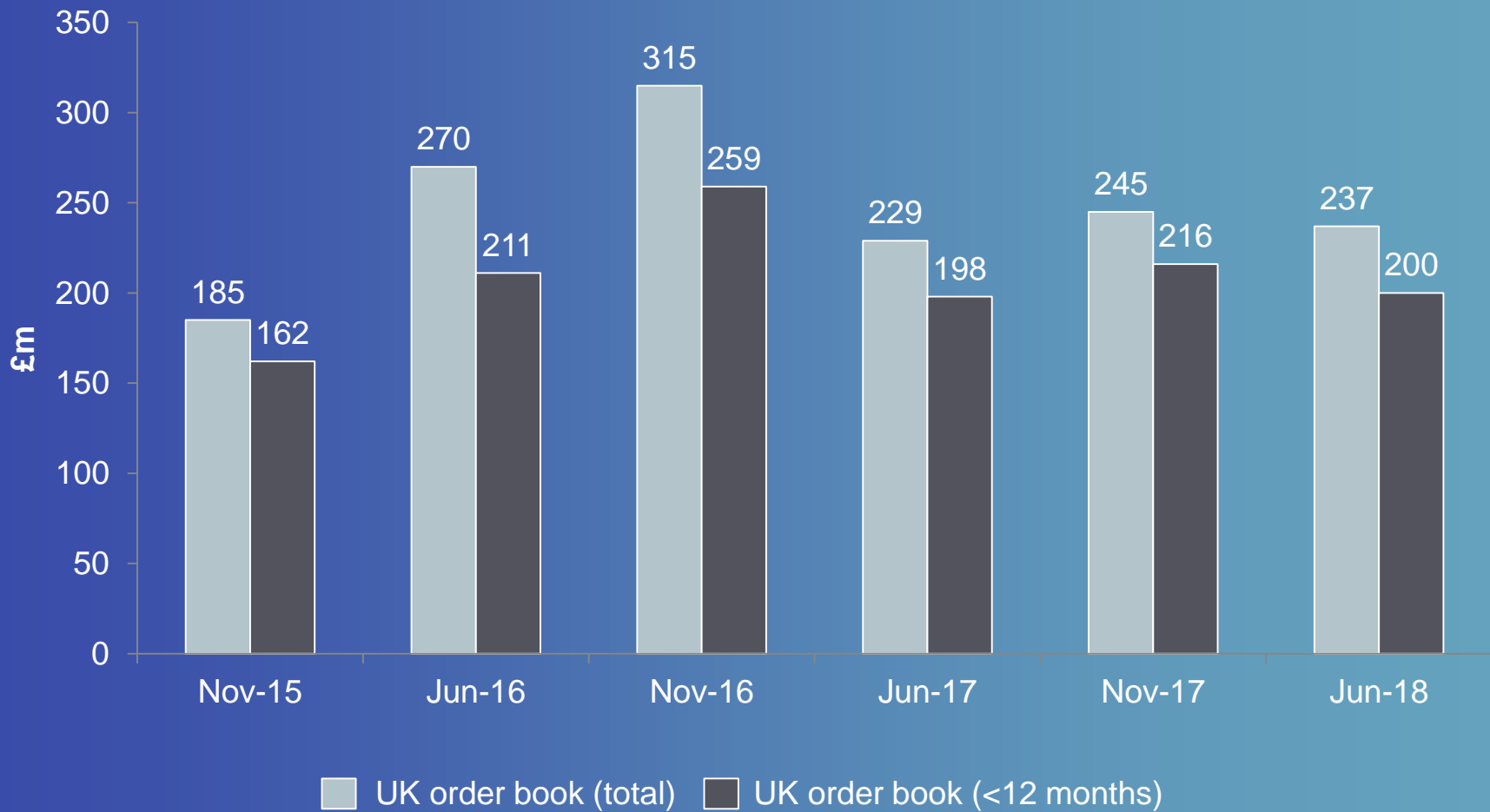


Data centres and other





High quality UK order book





Current major projects

Endorsing Severfield's leading market position

JLR Gaydon Triangle, Midlands



Three Snowhill, Birmingham



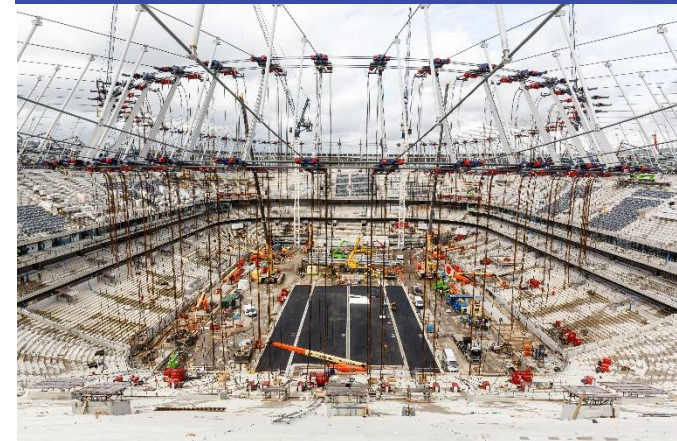
22 Bishopgate, London



Ferrybridge Multifuel 2 Power Station



Tottenham Hotspur FC Stadium





Current major projects

Endorsing Severfield's leading market position

KGX1, London



Southbank Place, London



Wimbledon No.1 Court



Ordsall Chord





UK order book

Sector	Jun 2018 £237m	Nov 2017 £245m	Future Trend
Commercial offices	56%	43%	
Industrial and distribution	22%	6%	
Data centres and other	8%	18%	
Health and education	5%	7%	
Retail	4%	6%	
Stadia and leisure	2%	14%	
Transport	2%	5%	
Power and energy	1%	1%	

Prospects



2 New Bailey Square, Salford



Cardiff Interchange



Casement Park, Belfast



Prospects



135 Broadgate, London



103 Colmore Row, Birmingham



One Braham, London





India - overview

- GDP growth remains strong. India is developing fast and modernisation is wanted by people, especially the educated younger generation
- Legislation changes such as goods and services tax ('GST'), real estate regulatory authority ('RERA') and health care building standards are all assisting growth and ease of doing business
- Much greater realisation by developers and construction supply chain of the benefits of steel in construction. Interest is growing across many sectors
- Strong order book and positive forward outlook (including residential solution)

Current major projects - India



Phoenix - Aquila



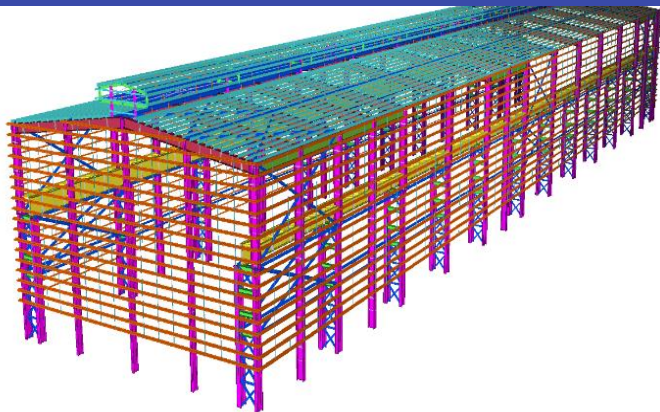
TATA Cancer Hospital



National Cancer Institute



JSW – Pellet Plant, Dolvi



Prospects - India



State Secretariat's Office, Amravati



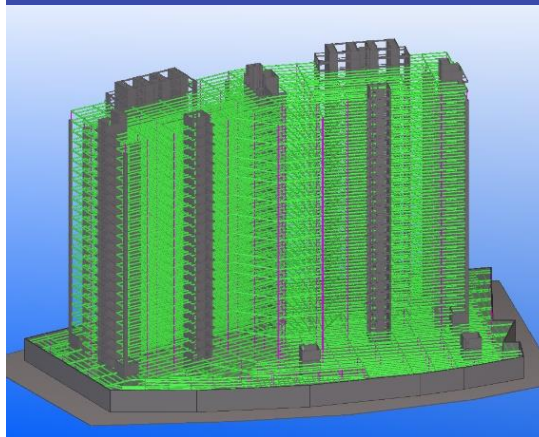
MG Setu, Patna



Sattva Knowledge Park



Hiranandani - TCS



Phoenix - Centaurus





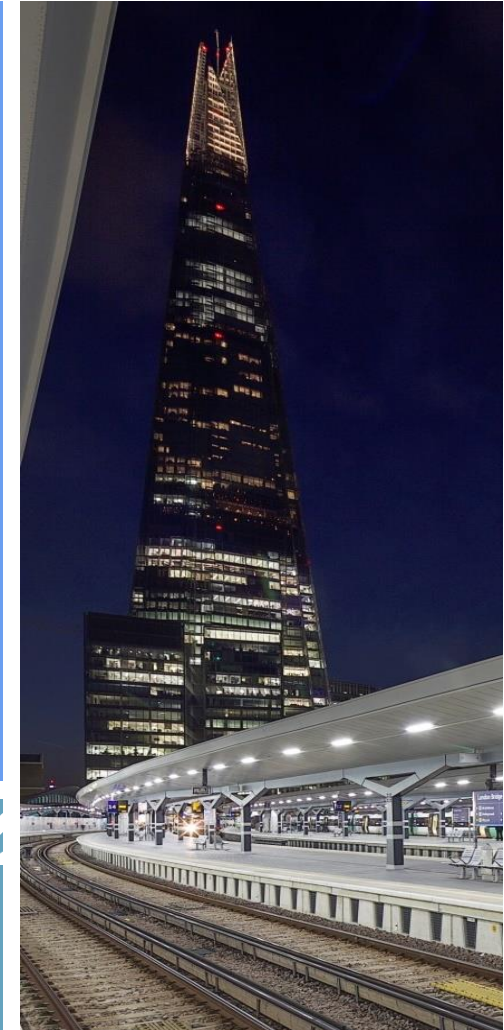
Driving future growth

New revenue streams

- European projects
- Residential solution
- Severfield (Products & Processing)
- More cold rolled products, including purlins

Smarter, safer, more sustainable

- Innovation
- Systems
- People
- Productivity
- Risk management, control and safety
- Optimisation of steel footprint in North Yorkshire now completed



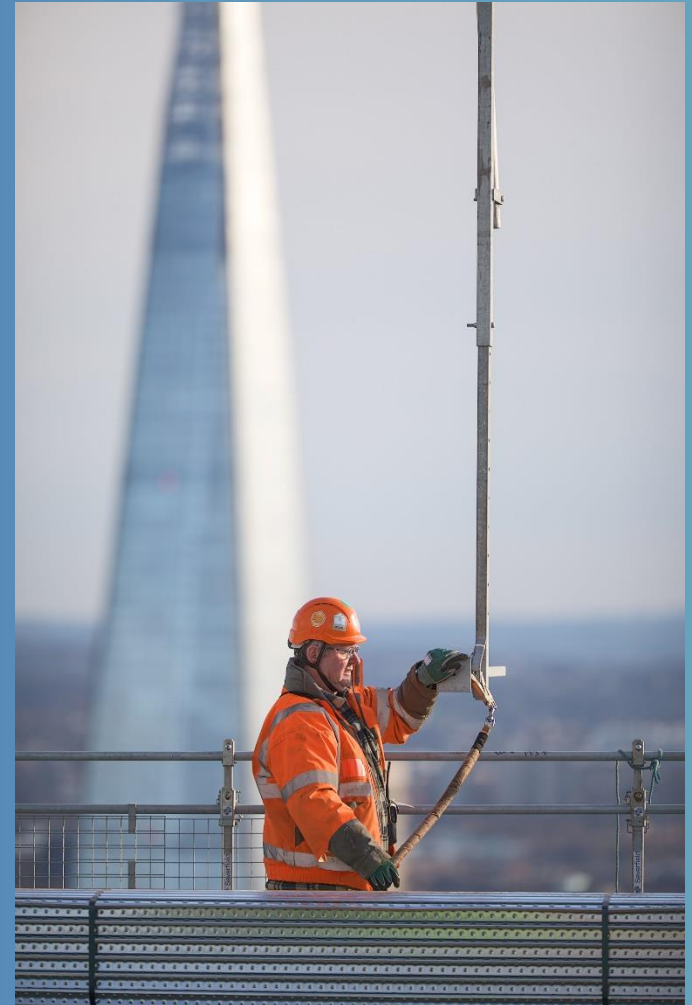
Our vision

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

Summary



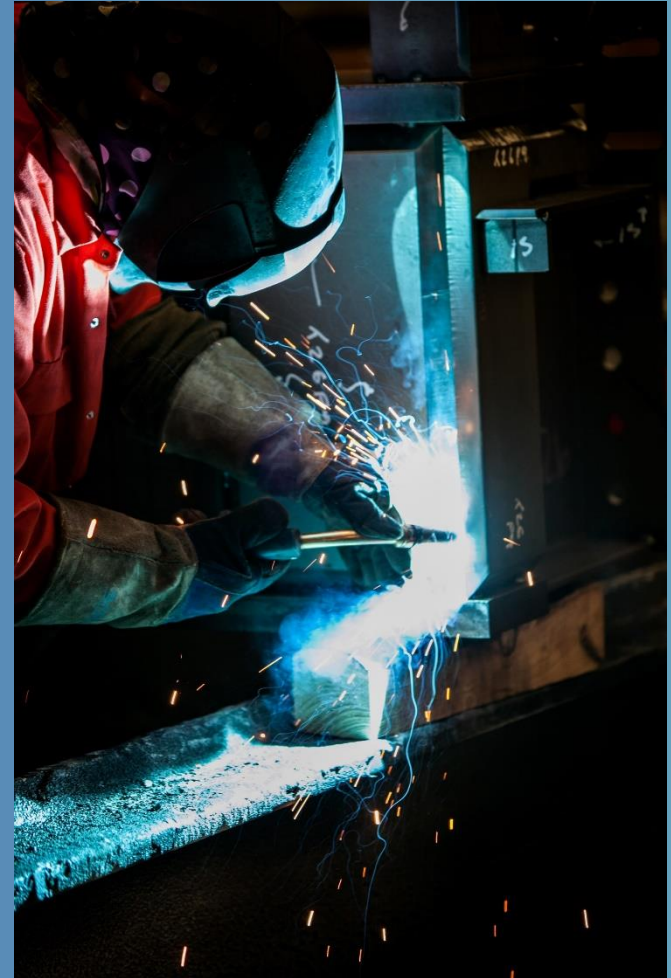
- Strong annual results with:
 - Increased revenue
 - Excellent profit growth
 - Good cash generation
- Strategy implementation benefiting underlying operating margins
- Progressive dividend policy and special dividend for 2018



Outlook



- High quality order book of £237m, of which £200m is for delivery over next 12 months
- Good UK pipeline of opportunities
- Joint venture in India with £106m order book and reduced debt provides platform for future growth
- Continued delivery against strategic profit target of £26m by 2020



Q&A

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