



Severfield

Full Year Results

31 March 2019





Alan Dunsmore
Chief Executive Officer





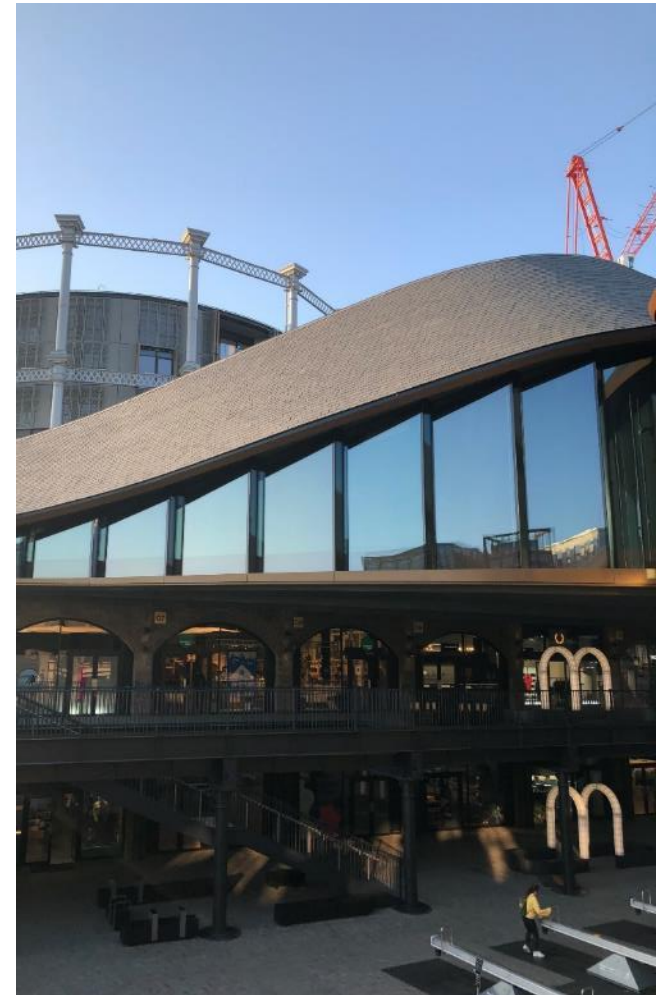
Highlights

- **Revenue of £274.9m – a nine year high for the Group**
- Underlying profit before tax up 5% at £24.7m
- **Year-end net funds of £25.1m after 2018 special dividend and equity investment in India for factory expansion**
- UK and Europe order book at £295m includes first orders from new European business
- **India order book of £134m reflects step change in market position, factory expansion now underway**
- Share of profit from India up 140% at £1.2m
- **Underlying basic EPS up 5% at 6.7p**
- Total dividend increased by 8% to 2.8p per share
- **Ongoing operational and strategic progress**

Market conditions



- UK market conditions softer in recent months
- Evidence of some UK investment decisions being delayed in certain market sectors
- Success in securing more work in continental Europe and the Republic of Ireland
- Pipeline of potential future orders remains good





Adam Semple
Group Finance Director

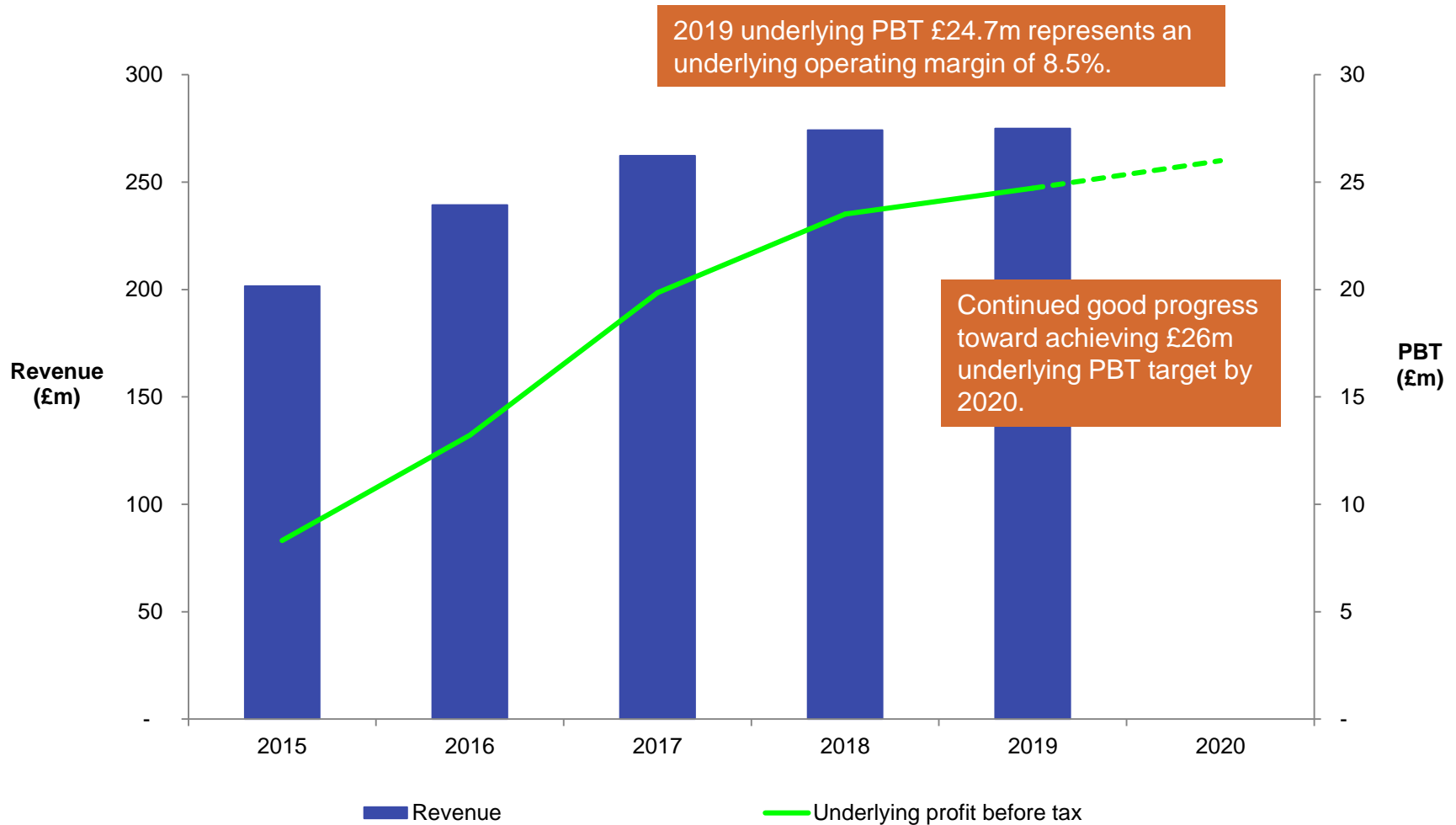


Group income statement



£m	12 months to 31 Mar 2019	12 months to 31 Mar 2018
Revenue	274.9	274.2
Underlying Group operating profit (before JVs and associates)	23.3 8.5%	22.9 8.3%
Results of JVs and associates	1.7	0.9
Net finance expense	(0.2)	(0.2)
Underlying profit before tax	24.7	23.5
Tax	(4.5)	(4.4)
Underlying profit after tax	20.2	19.1

Revenue and profit



India income statement



£m	12 months to 31 Mar 2019	12 months to 31 Mar 2018
Revenue	84.1	48.6
Operating profit	5.4 6.4%	4.5 9.2%
Finance expense	(2.2)	(3.1)
Profit before tax	3.2	1.4
Tax	(0.9)	(0.4)
Profit after tax	2.4	1.0
Group share after tax (50%)	1.2	0.5

- Expanding market position reflected in revenue growth and order book of £134m (November 2018: £124m)
- Expansion now underway to increase in-house capacity by 30,000 tonnes to 90,000 tonnes



Balance sheet

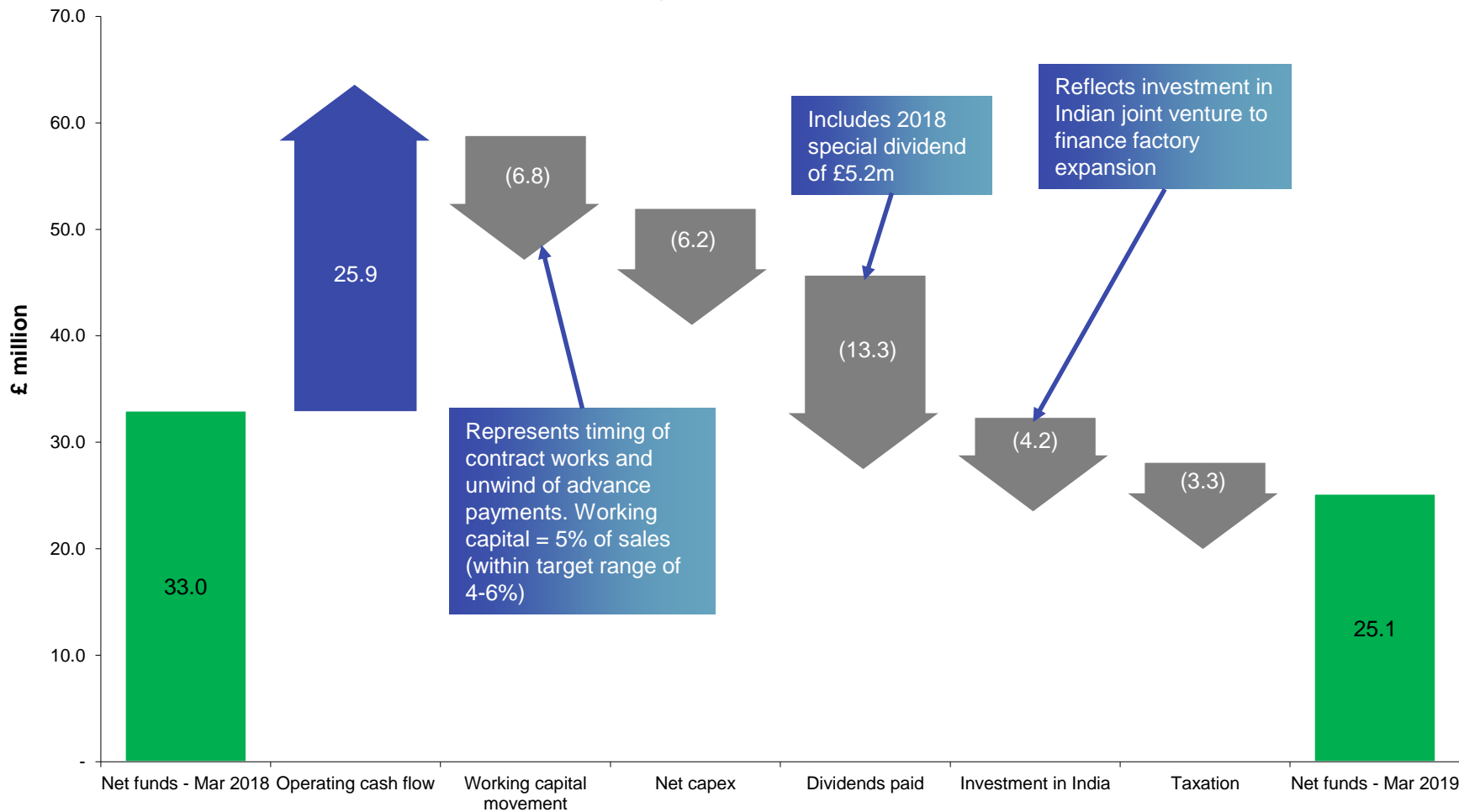
£m	31 Mar 2019	31 Mar 2018
Non-current assets	163.0	154.5
Current assets:		
Inventories	8.9	9.6
Contract assets, trade and other receivables	57.9	56.5
Cash and cash equivalents	25.0	33.1
	91.8	99.2
Total assets	254.8	253.7
Less:		
Current liabilities	(58.6)	(65.9)
Borrowings	-	(0.2)
Retirement benefit obligations	(20.0)	(17.2)
Deferred tax liabilities	(1.2)	(1.4)
Total liabilities	(79.8)	(84.7)
Net assets	175.0	169.0

- IFRS16 adoption from 1 April 2019 – new right of use asset of c.£11m and lease liability of c.£12m brought on balance sheet. Profit impact is immaterial.

Cash flow



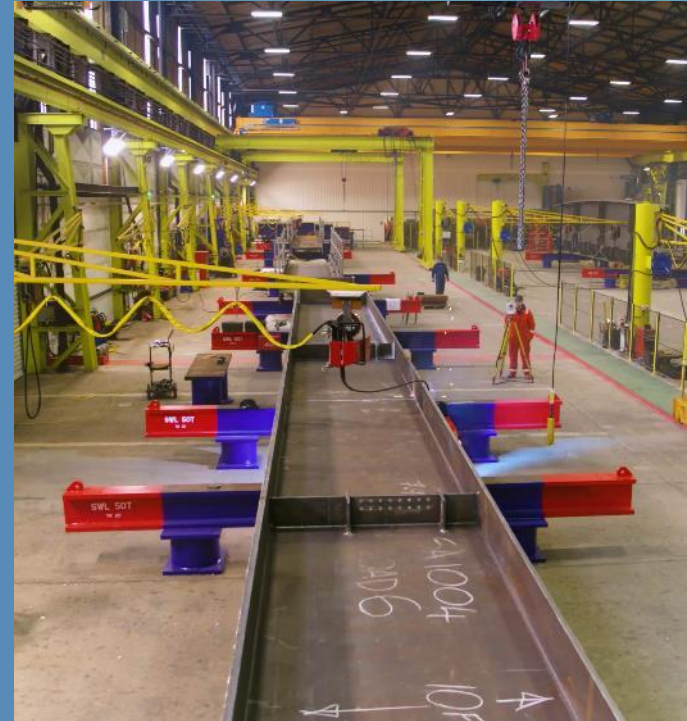
Net funds bridge – year ended 31 March 2019





Summary of investment

Capital investment	£m
Factory machinery and production-related equipment	4.7
Other factory and site enhancements	1.9
Construction site equipment	0.4
Total	7.0



- Return on capital employed ('ROCE') was 15.7% in 2019 (16.5% in 2018)
- 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

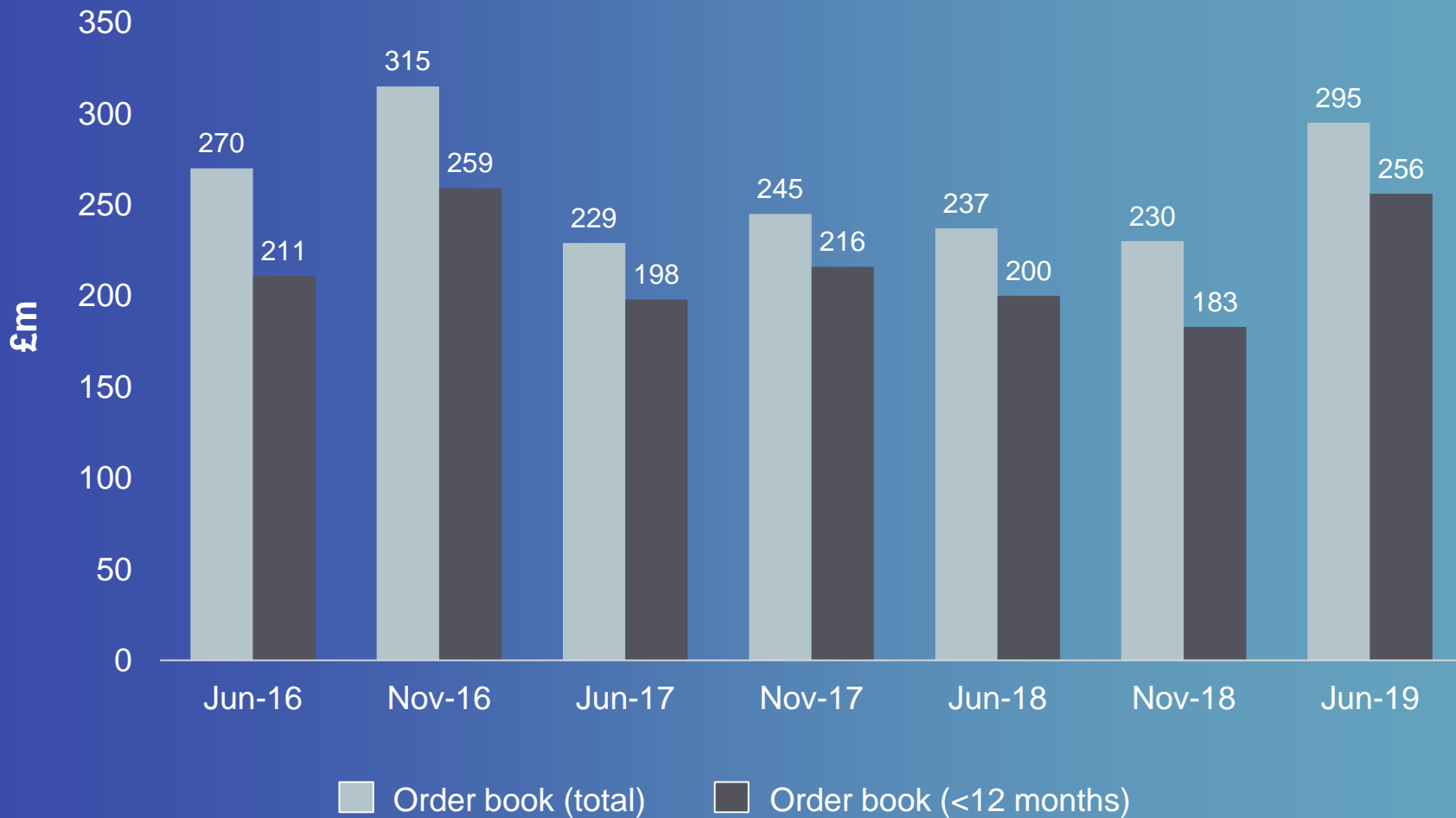


Data centres and other





High quality order book





Current major projects

Endorsing Severfield's leading market position

22 Bishopgate, London



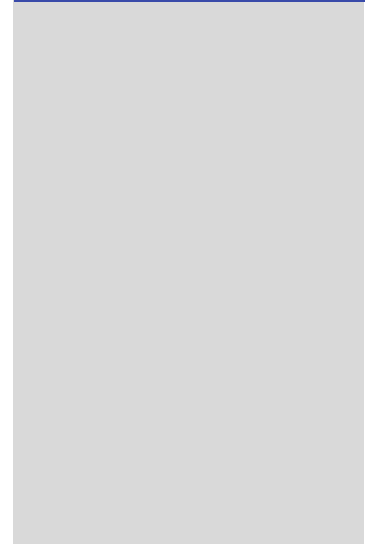
Three Snowhill, Birmingham



Chiswick Park Footbridge



One Braham, London



St Giles Circus, London



Tottenham Hotspur FC Stadium





Current major projects

Endorsing Severfield's leading market position

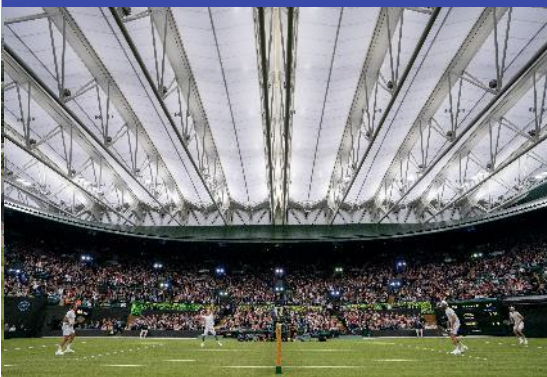
KGX1, London



Manchester Engineering Campus Development



Wimbledon No.1 Court



ESS Lund, Sweden



Unity Square, Nottingham





UK and Europe order book

Sector	Jun 2019 £295m	Nov 2018 £230m	Future Trend
Commercial offices	36%	60%	→
Industrial and distribution	26%	14%	→
Data centres and other	22%	1%	→
Transport	12%	15%	→
Stadia and leisure	2%	3%	↗
Health and education	2%	5%	→
Retail	-	2%	↗
Power and energy	-	-	↗
UK	63%	99%	→
Europe and Republic of Ireland	37%	1%	→

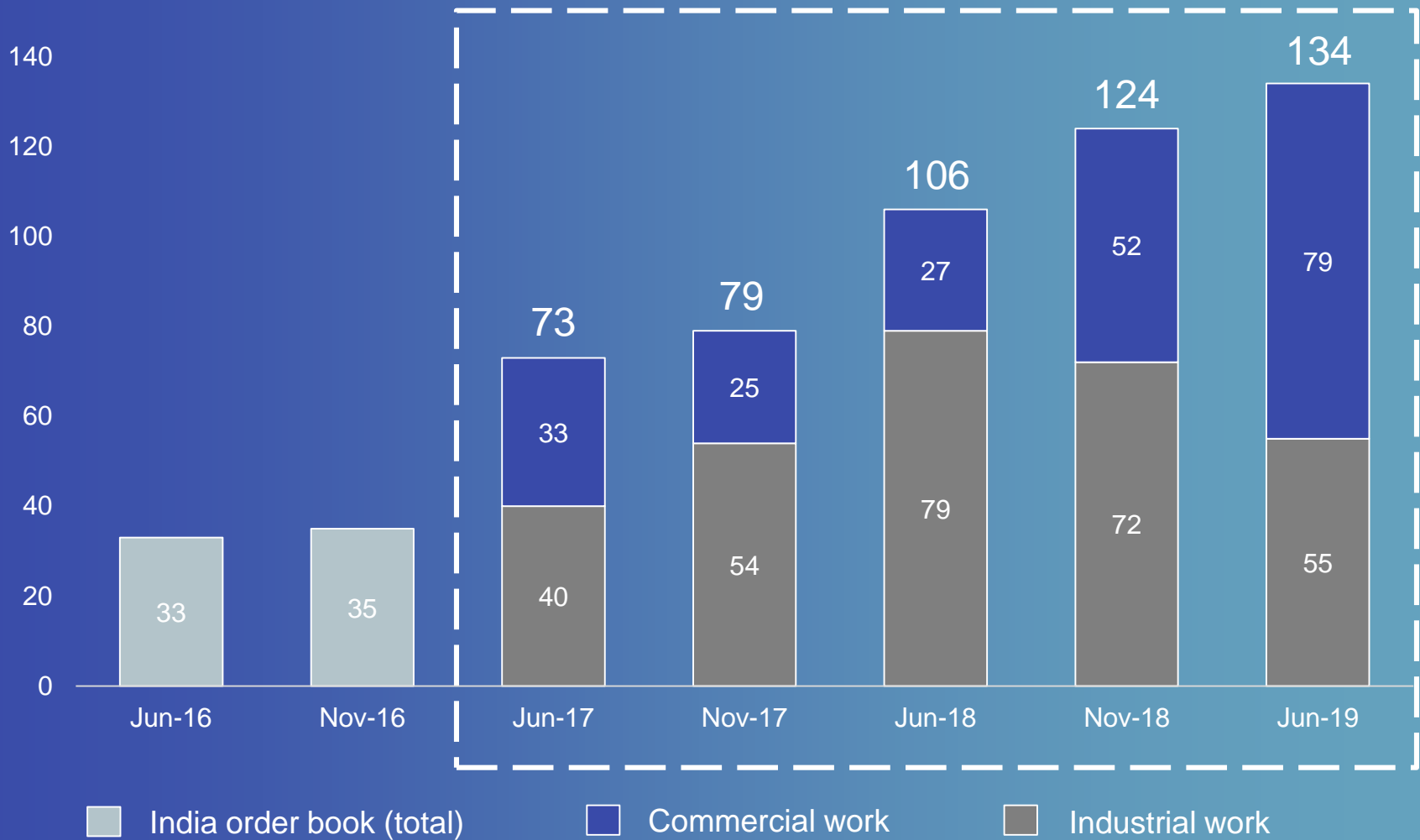


India - overview

- **India market is expanding and we are now seeing clear signs of the conversion of the market from concrete to steel**
- Steel share of market remains well below other developing world economies
- **GDP is moving closer to £3 trillion per annum. GDP growth is strong at c.6% and it is predicted that GDP will rise to £10 trillion per annum by 2030**
- Various government initiatives focusing on simplifying regulations, the ‘ease of doing business’ and improving construction standards are helping to stimulate growth in construction
- **Step change in market position reflected in 2019 results. Positive market outlook is supported by expansion of Bellary facility, which is expected to be completed in late FY20**
- Business maintains strong ‘first mover’ advantage



India order book



Current major projects - India



Phoenix - Aquila



Sattva Knowledge Park, Hyderabad



Phoenix - Centaurus



JSW Dolvi Projects – HSM2, SMS2 & Pellet Plant



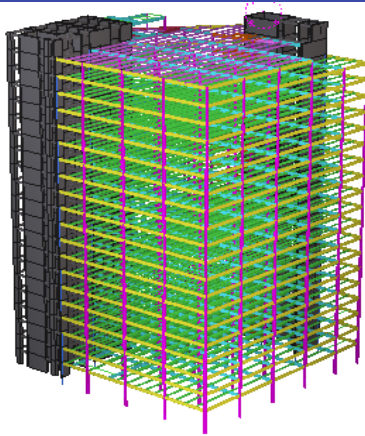
National Cancer Institute



Prospects - India



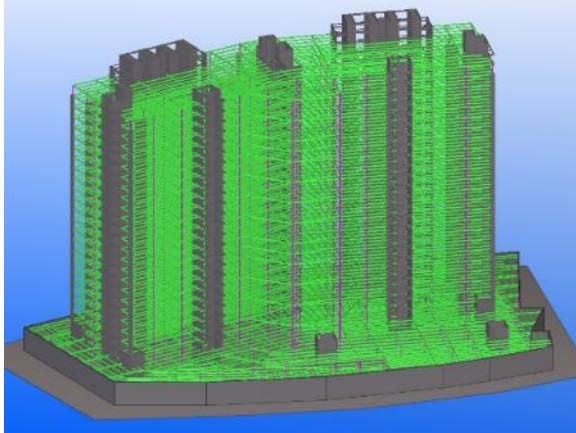
DLF - Hyderabad



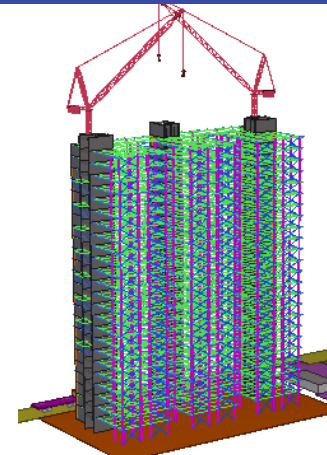
IKEA - Bangalore



Hiranandani - TCS



BDD Redevelopment - Mumbai





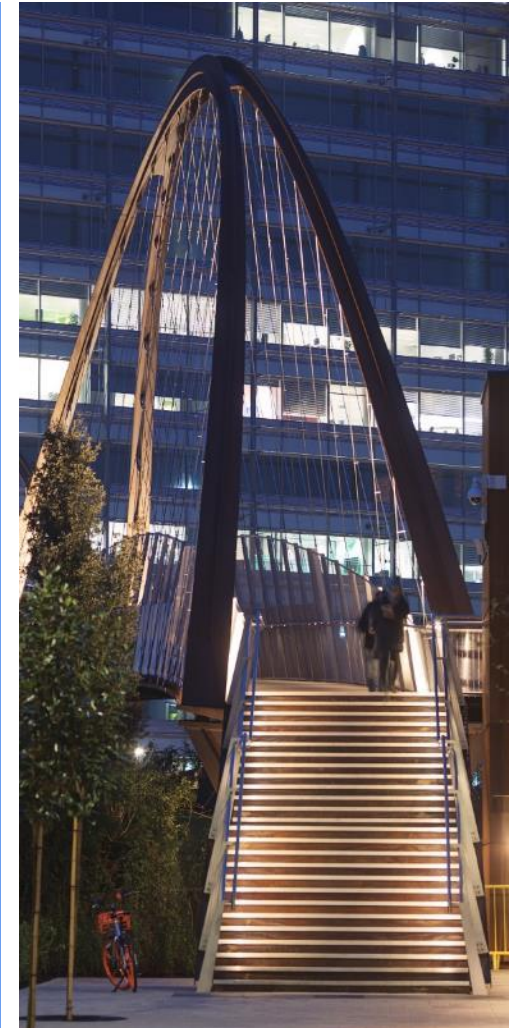
Driving future growth

New revenue streams

- European business
 - First orders now secured
 - Growing high-quality pipeline
 - Assisting UK operations with increased pipeline of European work
- Severfield (Products & Processing)
 - Orders being successfully delivered
 - Growing order book but market conditions challenging
 - Improving intelligence on customers and competitors
- Residential solution
 - Pipeline continues to be developed
 - Pushing for first order
- CMF – more cold rolled products

Smarter, Safer, more Sustainable

- Innovation
- Systems
- People
- Risk management, control and safety
- 'SSS' operational improvement initiatives embedded in businesses
- Optimised steel footprint in North Yorkshire now running at scale





Summary

- Good results with:
 - Continued profit growth
 - Strong cash position
- Strategy and implementation benefitting operating profits
- Significant strategic progress made in continental Europe and India
- Progressive dividend policy and increased final dividend





Outlook

- High quality UK and Europe order book of £295m, of which £256m is for delivery over next 12 months
- Good pipeline of opportunities with current UK market softness being offset by opportunities in Europe and Republic of Ireland
- Expanding Indian market position reflected in order book of £134m providing platform for significant future revenue and profit growth
- Considerable positive momentum now provides platform for further operational and strategic progress



Q&A

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