



TOTAL FOUNDATION SOLUTIONS.

VAN ELLE HOLDINGS PLC

INTERIM RESULTS

31 OCTOBER 2023





MARK CUTLER | CHIEF EXECUTIVE OFFICER

GRAEME CAMPBELL | CHIEF FINANCIAL OFFICER

AGENDA

RESULTS OVERVIEW

FINANCIAL REVIEW

CURRENT TRADING AND OUTLOOK

**THE
UK'S LARGEST
GEOTECHNICAL
ENGINEERING
CONTRACTOR**

RESULTS OVERVIEW

- Resilient performance in challenging market conditions, delivering an operating margin of 3.9%, consistent with FY2023
- Total revenues 16% below H1 FY23 at £68.2m (FY23: 80.8m) - comparative period benefitting from stronger end markets
- Total operating profit of £2.7m (H1 FY23: £3.5m)
- Good progress in the development of growth opportunities in the energy and water sectors
- Cash of £9.0m at 31 October 2023, with minimal debt and an £11m undrawn funding facility creating significant liquidity headroom
- Established and commenced trading in Canada, for which costs have been absorbed in the Period, including the impact of some initial delays to expected work volumes
- Growing innovation investment, aligned to its growth markets, is reflected in a stronger research and development claim reported in other operating income
- Interim dividend of 0.4 pence is declared

GROUP INCOME STATEMENT

	H1 FY2024 £m	H1 FY2023 £m
Revenue	68.2	80.8
Gross profit	20.7 30.3%	20.6 25.5%
Operating profit	2.7	3.5
Finance costs	(0.2)	(0.2)
Profit before tax	2.5	3.3
EPS	1.6p	2.6p

- High prior year revenues driven primarily by several significant commercial projects in central London
- Softer market conditions in the period has resulted in reduced revenues in H1 FY23
- Improved gross margin performance in the period with all divisions delivering strong operational performance
- Inflationary pressures continue to adversely affect the cost base, particularly through wage inflation
- Whilst Canada is in the establishment phase, a prudent approach has been taken to carried forward losses, impacting EPS by c. 0.6p
- No non-underlying costs in the period

GENERAL PILING

	H1 FY2024 £m	H1 FY2023 £m
Revenue	25.4	29.3
Operating profit	1.8	2.3

- Decline in revenues of 13% against a strong comparative period
- Growth in residential and infrastructure, offset by reduced levels of commercial construction
- Market conditions remained highly competitive
- Acquisition of Rock and Alluvium Ltd on 30 November 2023, strengthens Southeast presence and brings c.£11.6m order book into the Group



CFA piles installed at North London Heat and Power Plant

SPECIALIST PILING & RAIL

	H1 FY2024 £m	H1 FY2023 £m
Revenue	20.3	24.8
Operating profit	0.5	1.1

- Revenues decreased by 18% due to softer market conditions
- Improved order intake towards the end of the period, with Specialist Piling expected to operate at capacity in H2
- Revenues in Rail impacted by the final year of CP6
- TransPennine Route Upgrade starts early 2024
- Initial delays to work volumes in Canada following the announced delay of the ONxpress Toronto Metro expansion project to late 2025



King Post Wall Piles UC Columns for the Faversham to Dover Priority improvement project

GROUND ENGINEERING SERVICES

	H1 FY2024 £m	H1 FY2023 £m
Revenue	22.1	26.6
Operating profit	1.8	2.5

- Revenues decreased by 17% in the period
- Demand for housing reduced from Q2, as expected
- Diverse customer base across partnership/affordable/private housebuilders
- Overall demand for new build housing expected to remain strong with market recovery expected in FY2025
- Strata reported further growth with increased revenue of £4.1m (H1 FY23: £3.5m)
- Progress in infrastructure work, particularly in the highways sector and on HS2 ground investigation projects



Smartfoot modular ground beams on the site of the former Llanrumney High School

BALANCE SHEET

	31 Oct 2023 £m	30 Apr 2023 £m	31 Oct 2022 £m
Fixed assets (including intangible assets)	45.5	45.6	44.7
Net working capital	9.3	9.9	12.4
Net (debt)/funds	1.9	0.4	(2.6)
Deferred consideration	-	(0.8)	(1.2)
Taxation and provisions	(5.7)	(5.1)	(4.8)
Net assets	51.0	50.0	48.5

Note: Net working capital and taxation and provisions are stated net of claim liabilities and associated insurance assets

- Continued investment in the Group's rig and transport fleet - £2.5m net capex in the period
- Working capital reduction due to reduced volumes
- Net funds continue to increase with increased cash and reduced debt as at the period end
- Final payments in respect of the acquisition of ScrewFast made in the period
- Increased deferred tax liabilities due to utilisation of tax losses and the capital allowances full expenses scheme
- Return on capital employed of 10.0% (H1 FY23: 11.2%)

NET FUNDS

	31 Oct 2023 £m	30 Apr 2023 £m	31 Oct 2022 £m
Asset backed lending facility	-	-	(3.0)
HP lease liabilities	(0.1)	(1.4)	(1.9)
IFRS 16 property and vehicle lease liabilities	(7.0)	(7.2)	(6.0)
Total borrowings	(7.1)	(8.5)	(10.9)
Cash and cash equivalents	9.0	8.9	8.4
Net (debt)/funds	1.9	0.4	(2.5)
Net funds excl. IFRS 16 property and vehicle lease liabilities	8.9	7.5	3.5

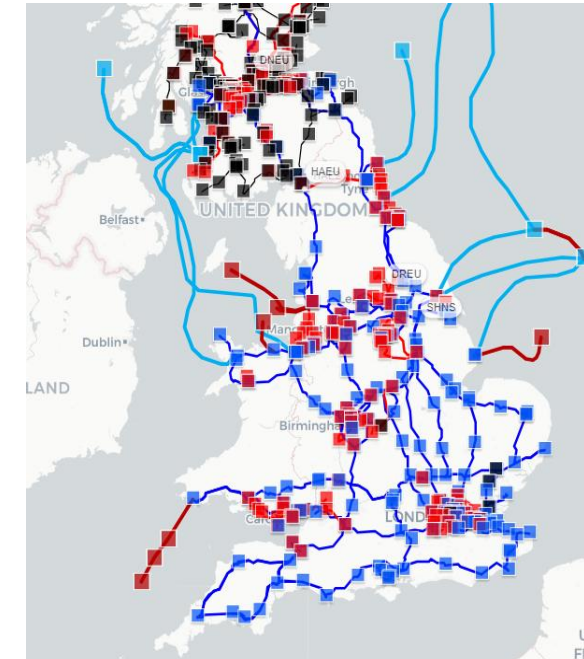
- £11m asset back lending facility undrawn throughout the period
- Early repayment of 2 hire purchase agreements in the summer resulting in minimal debt financing at the period end
- Healthy cash balance and significant liquidity headroom remaining
- Well within leverage mid-term target of <1.5 times EBITDA

CURRENT TRADING AND OUTLOOK

- Short term market conditions expected to remain challenging
 - Lower Housing volumes will be offset with a recovery in Specialist Piling activity levels
 - Work volumes in the rail sector will dip in the transition to Control Period 7 but are expected to be offset by the Group's framework position on the TransPennine Route Upgrade
- Core markets continue to have a positive medium-term outlook despite current macro-economic impacts
 - Significant growth opportunities in the high-voltage power sector, supporting the development of the UK's electricity transmission networks as well as the water sector
 - Rock and Alluvium represents a strategic and complementary acquisition for the Group in H2 and integration is progressing well
 - 5-year trading agreement with Galliford Try provides significant future opportunities
- Full year FY24 results expected to be in line with market expectations

ENERGY SECTOR 2024 - 2030

- Electricity demand to double by 2050 as hydrocarbon usage declines
- Urgent requirement for grid connections, ageing transmission and distribution assets and energy security
- £100bn plus Ofgem commitment to accelerate delivery
- Generation capacity to increase to 40GW by 2040; 4x current capacity
- Integrated GI, civils and foundations offering
- c.£200m bid pipeline in frameworks with existing customers



**MORGAN
SINDALL**
INFRASTRUCTURE

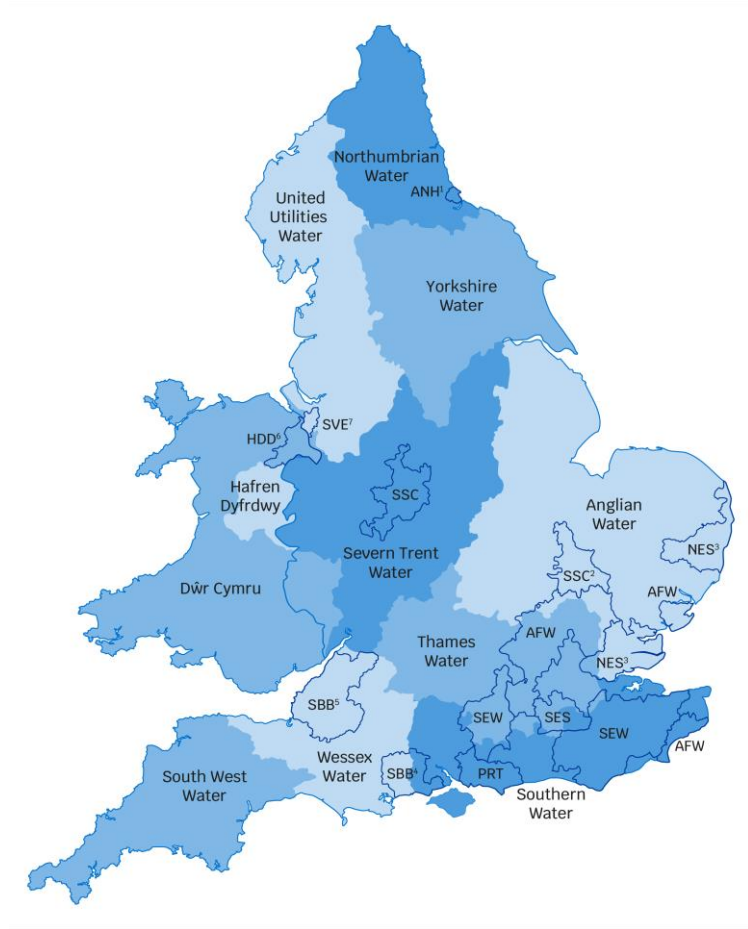
wood.

keltbray

MURPHY
WORLD-CLASS INFRASTRUCTURE

WATER SECTOR 2024 - 2030

- AMP8 2025-2031 is a £96bn investment plan
- Double that of AMP7
- Largest water investment programme in Europe
- Integrated GI, civils and foundations offering
- Bid pipeline c.£100m



STATISTICS

	H1 2024	H1 2023	FY 2023
Financial measures			
Revenue (£m)	68.2	80.8	148.7
Gross profit %	30.3%	25.5%	27.0%
Overheads % (underlying)	27.5%	21.2%	23.6%
Net capital expenditure (£'m)	2.5	3.5	6.0
Order book @ Period end (£'m)	32.7	49.0	30.8
Operational measures			
Number of rigs	132	124	133
Average rig utilisation %	54%	63%	61%
Average rig utilisation % (excl. Rail)	56%	68%	65%
Total contracts delivered	526	626	1,022
Enquiries	1,959	2,083	4,047
Employee measures			
RIDDOR accident frequency rate (AFR)	0.19	0.23	0.19
Average employees	635	645	648
Number of apprentices/trainees	29	32	34
Total training days delivered	1,960	1,730	4,014

Q&A



DISCLAIMER

This presentation has been prepared by or on behalf of Van Elle Holdings plc (“Van Elle”). The information set out in this presentation is not intended to form the basis of any contract. By attending (whether in person, by telephone or webcast) this presentation or by reading the presentation slides, you agree to the conditions set out below. This presentation (including any oral briefing and any question-and-answer session in connection with it) is for information only. The presentation is not intended to, and does not constitute, represent or form part of any offer, invitation, inducement or solicitation of any offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval in any jurisdiction. It must not be acted on or relied on in connection with any contract or commitment whatsoever. It does not constitute a recommendation regarding any securities. Past performance, including the price at which Van Elle’s securities have been previously bought or sold and the past yield on Van Elle’s securities, cannot be relied on as a guide to future performance. Nothing herein should be construed as financial, legal, tax, accounting, actuarial or other specialist advice. The release, presentation, publication or distribution of this presentation in jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about and observe any applicable requirements. It is your responsibility to satisfy yourself as to the full observance of any relevant laws and regulatory requirements. Any failure to comply with applicable requirements may constitute a violation of the laws and/or regulations of any such jurisdiction. In addition, in the United Kingdom, this presentation is being made available only to persons who fall within the exemptions contained in Article 19 and Article 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”). This presentation is not intended to be available to, and must not be relied upon, by any other person. Nothing in this presentation constitutes investment advice and any recommendations that may be contained herein have not been based upon a consideration of the investment objectives, financial situation or particular needs of any specific recipient. None of Van Elle, its shareholders, subsidiaries, affiliates, associates, or their respective directors, officers, partners, employees, representatives and advisers (the “Relevant Parties”) makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this presentation, or otherwise made available, nor as to the reasonableness of any assumption contained in such information, and any liability therefore (including in respect of direct, indirect, consequential loss or damage) is expressly disclaimed. No information contained herein or otherwise made available is, or shall be relied upon as, a promise, warranty or representation, whether as to the past or the future and no reliance, in whole or in part, should be placed on the fairness, accuracy, completeness or correctness of such information. Unless expressly stated otherwise, no statement in this presentation is intended as a profit forecast or estimate for any period and no statement in this presentation should be interpreted to mean that cash flow from operations, free cash flow, earnings or earnings per share for Van Elle for the current or future financial years would necessarily match or exceed the historical published cash flow from operations, free cash flow, earnings or earnings per share of Van Elle. Statements of estimated cost savings relate to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, any cost savings referred to may not be achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated.

By attending the presentation to which this document relates and/or by accepting this document you will be taken to have represented, warranted and undertaken that you have read and agree to comply with the contents of this notice. This presentation contains forward-looking statements concerning the financial condition, results of operations and businesses of Van Elle. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management’s current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward-looking statements include, among other things, statements concerning the potential exposure of Van Elle to market risks and statements expressing management’s expectations, beliefs, estimates, forecasts, projections and assumptions including as to future potential cost savings, synergies, earnings, cash flow, return on average capital employed, production and prospects. These forward-looking statements are identified by their use of terms and phrases such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “objectives”, “outlook”, “probably”, “project”, “will”, “seek”, “target”, “risks”, “goals”, “should” and similar terms and phrases. There are a number of factors that could affect the future operations of Van Elle and could cause those results to differ materially from those expressed in the forward-looking statements included in this presentation, including (without limitation): (a) changes in demand for Van Elle’s products; (b) currency fluctuations; (c) loss of market share and industry competition; (d) risks associated with the identification of suitable potential acquisition properties and targets, and successful negotiation and completion of such transactions; and (e) changes in trading conditions. All forward-looking statements contained in this presentation are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Readers should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as at the specified date of the relevant document within which the statement is contained. Van Elle does not undertake any obligation to publicly update or revise any forward-looking statement as a result of new information, future events or other information. In light of these risks, results could differ materially from those stated, implied or inferred from the forward-looking statements contained in this presentation. Certain financial data has been rounded. As a result of this rounding, the totals of data presented in this presentation may vary slightly from the actual arithmetic totals of such data.