

TOTAL FOUNDATION SOLUTIONS.

VAN ELLE HOLDINGS PLC

FULL YEAR RESULTS 30 APRIL 2022





MARK CUTLER | CHIEF EXECUTIVE OFFICER

GRAEME CAMPBELL | CHIEF FINANCIAL OFFICER

AGENDA

RESULTS OVERVIEW

FINANCIAL REVIEW

STRATEGY AND OUTLOOK

RESULTS OVERVIEW

- Record activity levels and revenues delivered in the year
- 48% revenue growth to £124.9m (41% growth after adjusting for the impact of the acquisition of ScrewFast)
- Strong growth across all divisions, with several important strategic contract/framework appointments:
 - Appointed to the 10-year Smart Motorways Programme Alliance framework
 - Commenced work on the Core Valley Lines rail network
 - Appointed to the TransPennine Route Upgrade framework early in FY23
- Success in passing on most supply chain cost increases, but some disruption caused by the lack of availability of raw materials
- Underlying operating profit of £4.4m (FY21: loss of £0.6m)
- Capital invested of £4.9m, funded from cash reserves – includes the addition of 8 rigs to the fleet
- Strong balance sheet with significant reduction in debt to £1.1m (excl. IFRS 16 lease liabilities)
- Net funds position at 30 April 2022 of £5.9m (excl. IFRS 16 lease liabilities)
- Final dividend of 1p recommended

GROUP INCOME STATEMENT

| | 2022 £m | 2021 £m |
|-----------------------------------|-------------------|------------|
| Revenue | 124.9 | 84.4 |
| Gross profit | 34.1 | 22.0 |
| | 27.3% | 26.1% |
| EBITDA | 9.8 | 4.2 |
| Operating profit / (loss) | 4.4 | (0.8) |
| Finance costs | (0.8) | (0.6) |
| Profit / (loss) before tax | 3.6 | (1.4) |
| | 2022 p | 2021 p |
| EPS | 1.7 | (1.3) |
| Adjusted EPS* | 2.7 | (1.2) |

- Record revenues delivered following post-pandemic market recovery
- Revenue growth in all divisions – 41% after adjusting for the impact of the acquisition of ScrewFast
- Gross margin % improved despite the impact from supply chain challenges
- Share-based payments reclassified to ‘underlying’ in FY22
- Net non-underlying costs of £nil in the year (FY21: £0.1m)
- Finance costs impacted by the early settlement of ScrewFast hire purchase and loan agreements (c.£0.1m)
- Stable order book at 30 June 2022 of £39.0m (30 April 2022: £39.0m)

* Adjusted earnings per share is stated before non-underlying items of £nil (2021: £0.1m) and the one-off deferred tax charge of £1.1m relating to the enacted change to the future corporation tax rate (19% to 25%).

GENERAL PILING

| | 2022 £m | 2021 £m |
|------------------|------------|------------|
| Revenue | 39.0 | 27.3 |
| Operating profit | 1.8 | 0.3 |

- 43% revenue growth including several larger projects
- Successful delivery of projects in London, utilising deep CFA technical capability and expertise
- Gross margins impacted by supply chain challenges, particularly due to the higher proportions of raw material used in this segment
- Strong growth in rigid inclusions workload to £3.1m in FY22
- Improved contract execution delivered improved gross margin % in the year
- Stable order book carried into FY23



SPECIALIST PILING & RAIL

| | 2022 £m | 2021 £m |
|------------------|------------|------------|
| Revenue | 45.8 | 29.3 |
| Operating profit | 3.0 | 1.0 |

- 56% revenue growth (30% growth after adjusting for the impact of the ScrewFast acquisition)
- Expanded offering to include sheet piling (with a major flood protection scheme on the A40 completed in the year) and rail ancillary civils capability
- ScrewFast integrated into the Specialist Piling division
- Appointed to the Smart Motorway Programme Alliance framework
- Strong momentum in rail revenue recovery following a subdued first half of FY22
- Commenced piling work on the Core Valley Lines electrification works and appointed to the TransPennine Route Upgrade framework shortly after year end



GROUND ENGINEERING SERVICES

| | 2022 £m | 2021 £m |
|------------------|------------|------------|
| Revenue | 40.0 | 27.6 |
| Operating profit | 2.1 | 0.2 |

- Revenue growth of 45%, with very high levels of activity from housebuilders throughout the year
- Steady improvement in operational efficiencies within the price-competitive residential sector
- Margins impacted by supply chain price inflation and lack of availability of certain raw materials
- Increased ground investigation revenues in Strata, with further progress under Highways England GI framework and HS2 activity
- Strong order book carried forward into FY23



BALANCE SHEET

| | 2022 £m | 2021 £m |
|--|-------------|-------------|
| Fixed assets (including intangible assets) | 43.4 | 42.8 |
| Net working capital | 8.1 | 6.9 |
| Net (debt)/funds | 0.1 | (1.7) |
| Deferred consideration | (1.2) | (1.5) |
| Taxation and provisions | (3.8) | (1.9) |
| Net assets | 46.6 | 44.6 |

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

- Capital investment in plant and equipment of £4.9m in the year
- Working capital increase due to the significant increase in activity levels, particularly in H2.
- Deferred consideration represents estimated future amounts payable for ScrewFast
- Increase in taxation and provisions liability includes:
 - restatement of deferred tax liabilities to future corporation tax rate (£1.1m); and
 - Utilisation of carried forward tax losses in the year (£0.4m)

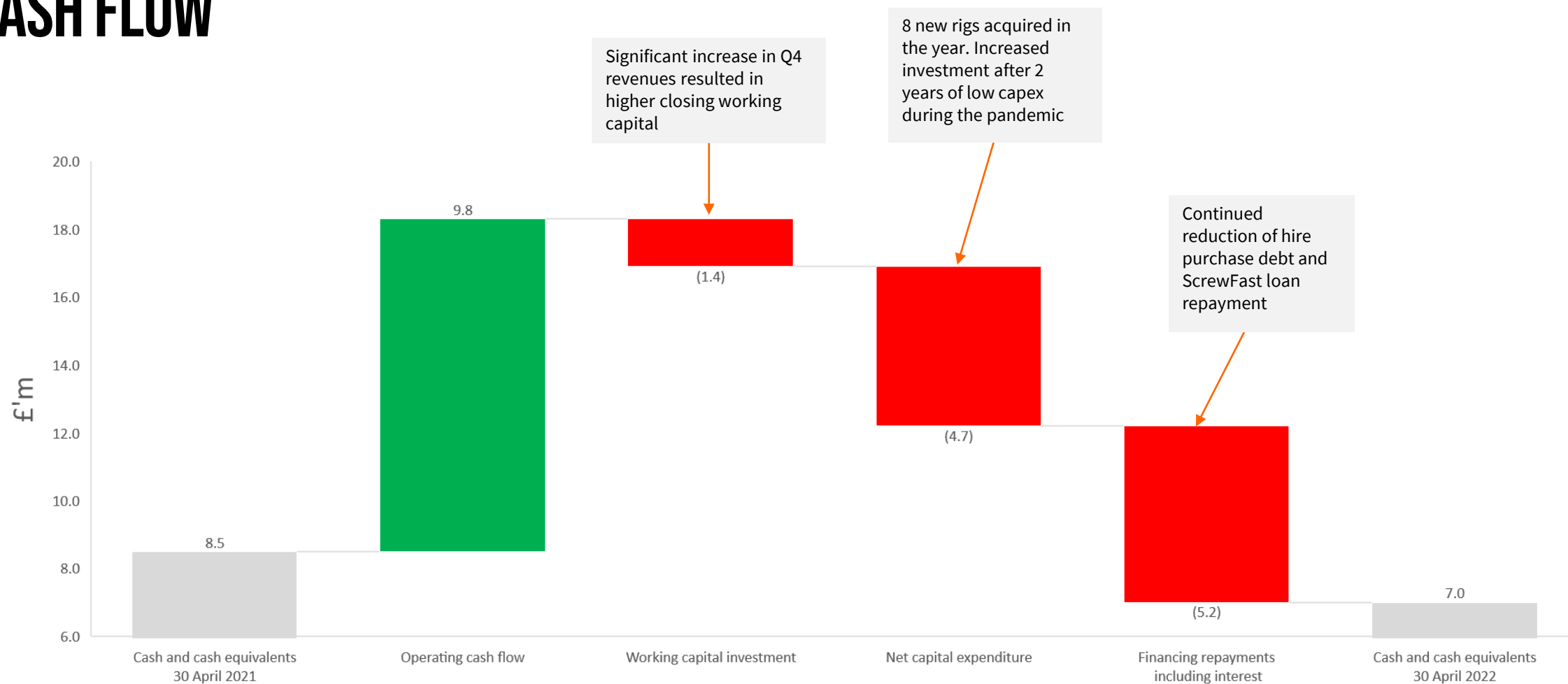
NET FUNDS

| | 2022 £m | 2021 £m |
|---|------------|--------------|
| Bank loans | - | (0.8) |
| Lease liabilities | (6.9) | (9.4) |
| Total borrowings | (6.9) | (10.2) |
| Cash and cash equivalents | 7.0 | 8.5 |
| Net funds / (debt) | 0.1 | (1.7) |
| Net funds excl. IFRS 16 property and vehicle lease liabilities | 5.9 | 3.7 |

| | |
|---------------------------------------|-------|
| Lease liabilities: | £m |
| Lease liabilities at 30 April 2021 | 9.4 |
| Hire purchase principal debt repaid | (2.9) |
| IFRS 16 lease repayments | (0.7) |
| New IFRS 16 vehicle lease liabilities | 1.1 |
| Lease liabilities at 30 April 2022 | 6.9 |

- Bank loans of £0.8m introduced on acquisition of ScrewFast were fully repaid in the year
- Hire purchase principal debt repayment of £2.9m includes a settlement of £0.4m relating to ScrewFast agreements introduced on acquisition
- Total hire purchase debt remaining of £1.1m
- IFRS 16 lease liabilities of £5.8m split between property leases (£3.8m) and vehicle leases (£2.0m)

CASH FLOW



STRATEGIC PROGRESS - HIGHLIGHTS

- Further improvement in employee engagement scores from our annual employee survey
- Full review of employee remuneration and benefits, with improvement to terms targeted at employee engagement and retention
- Doubling of internal training days delivered, compared to FY21
- Further progress in developing improved long-term customer relationships, with a number of frameworks awarded in the year
- Integration of ScrewFast into the Specialist Piling division, with aligned management and operational delivery teams
- Expansion of the Group's operational capabilities with excellent growth delivered in sheet piling, vibro and rigid inclusions, and the development of an ancillary civils capability in the Rail division
- Further reduction in Group debt, with all capital expenditure in the year funded from cash resources. Outstanding hire purchase debt as at 30 April 2022 is £1.1m, and a funding facility of up to £11m remains available

CURRENT TRADING AND OUTLOOK

- Strong momentum in H2 has continued into the first quarter of FY23
- All divisions continuing to operate at high activity levels
- Supply chain challenges remain a concern, although product availability is showing some signs of improving
- Input cost inflation (including wages) is being managed as far as possible through contract pricing mechanisms
- Positive long-term outlook in core markets, particularly in the infrastructure sector
- Improved pipeline of rail work by FY25
- Order book at 30 June 2022 of £39.0m (30 April 2022: £39.0m)
- Good progress is being made in order to achieve the medium-term financial targets and on track to deliver FY23 market expectations

CONFIDENT IN ACHIEVING OUR MEDIUM TERM FINANCIAL TARGETS BY FY2025

Medium term financial targets

Opportunities

- Positive market conditions in all sectors, especially infrastructure and housing
- Diversified capabilities (e.g. ScrewFast, sheet piling, ground improvement, minor civils) creating larger scale, longer term opportunities
- Increasing trend towards modern methods of construction (Smartfoot and ScrewFast)
- Activity growth in the Rail sector; market prospects transformed since CP5; key frameworks secured including TRU
- Smart Motorway Alliance – a 10 year partnership, providing potential recurring annual revenues c.£20m by FY2025
- HS2 phase 1 peak piling activity 2023-2025, currently bidding for phase 2
- Additional bolt-on acquisitions to supplement organic growth and expand in-house capabilities and expertise
- Business efficiency projects – further significant scope to improve systems and processes

5-10%
REVENUE GROWTH

7-8%
OPERATING MARGIN

15-20%
ROCE

<1.5x
LEVERAGE

Challenges & Responses

- Material prices and wages inflation – covered by framework contract provisions or passed to customers through dynamic pricing structures
- Resource retention – increase apprentices (target 50, currently 36), management and leadership programmes launch in Oct 23
- Growth in working capital while maintaining £5-£6m pa capex – £11m ABN facility available and undrawn
- Precast concrete and steel manufacturing capacity – expansion of facilities in east midlands being progressed
- CP6-CP7 mobilisation dip – signalling and electrification frameworks span the gap, multiple international opportunities being assessed
- Customer credit risk – credit insurance in place for 2022 onwards

Enablers

STRENGTHENED MANAGEMENT TEAM, IMPROVED OPERATING MODEL

BREADTH OF SPECIALIST TECHNIQUES AND INVESTED RIG FLEET

DIVERSE END MARKETS AND STRATEGIC CUSTOMER BASE

STATISTICS

| | 2022 | 2021 |
|---|-------|-------|
| Financial measures | | |
| Revenue (£m) | 124.9 | 84.4 |
| Gross profit % | 27.3% | 26.1% |
| Overheads % (underlying) | 24.1% | 27.4% |
| Capital expenditure (£'m) | 4.9 | 2.1 |
| Order book (£'m) | 39.0 | 23.5 |
| Operational measures | | |
| Number of rigs | 122 | 115 |
| Average rig utilisation %* | 65% | 51% |
| Average rig utilisation % (excl. Rail)* | 71% | 58% |
| Total contracts delivered | 1,085 | 1,020 |
| Enquiries | 4,576 | 4,702 |
| Employee measures | | |
| RIDDOR accident incident rate (AIR) | 6.4 | 13.9 |
| RIDDOR accident frequency rate (AFR) | 0.28 | 0.59 |
| Average employees | 577 | 517 |
| Number of apprentices/trainees | 36 | 30 |
| Total training days delivered | 2,862 | 1,398 |

*Rig utilisation calculated on a net book value weighted average basis

Q&A



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