

# TOTAL FOUNDATION SOLUTIONS.

**VAN ELLE HOLDINGS PLC**

**INTERIM RESULTS**

**31 OCTOBER 2021**





**MARK CUTLER | CHIEF EXECUTIVE OFFICER**

**GRAEME CAMPBELL | CHIEF FINANCIAL OFFICER**

# AGENDA

RESULTS OVERVIEW

FINANCIAL REVIEW

STRATEGY AND OUTLOOK

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

# RESULTS OVERVIEW

- Core markets recovered strongly following the relaxation of pandemic related restrictions
- Strong activity levels seen in the last quarter of FY2021 have continued throughout H1 of FY2022
- Revenues of £60.1m (H1 FY21: £38.3m)
- Group trading profitably and in excess of pre-pandemic comparative revenue and operating profit levels
- Operating profit of £2.3m (H1 FY21: £0.4m operating loss)
- Rail business has seen an improvement in contract activity towards the end of the period which has continued into Q3
- ScrewFast performing in line with expectations at the time of acquisition
- Improved order book of £39.1m at 31 December 2021 (31 October 2021: £34.5m)
- Cash at 31 October 2021 of £6.3m (30 April 2021: £8.5m) reflecting a normalisation of working capital, planned capital expenditure and reduction of Group debt



# GROUP INCOME STATEMENT

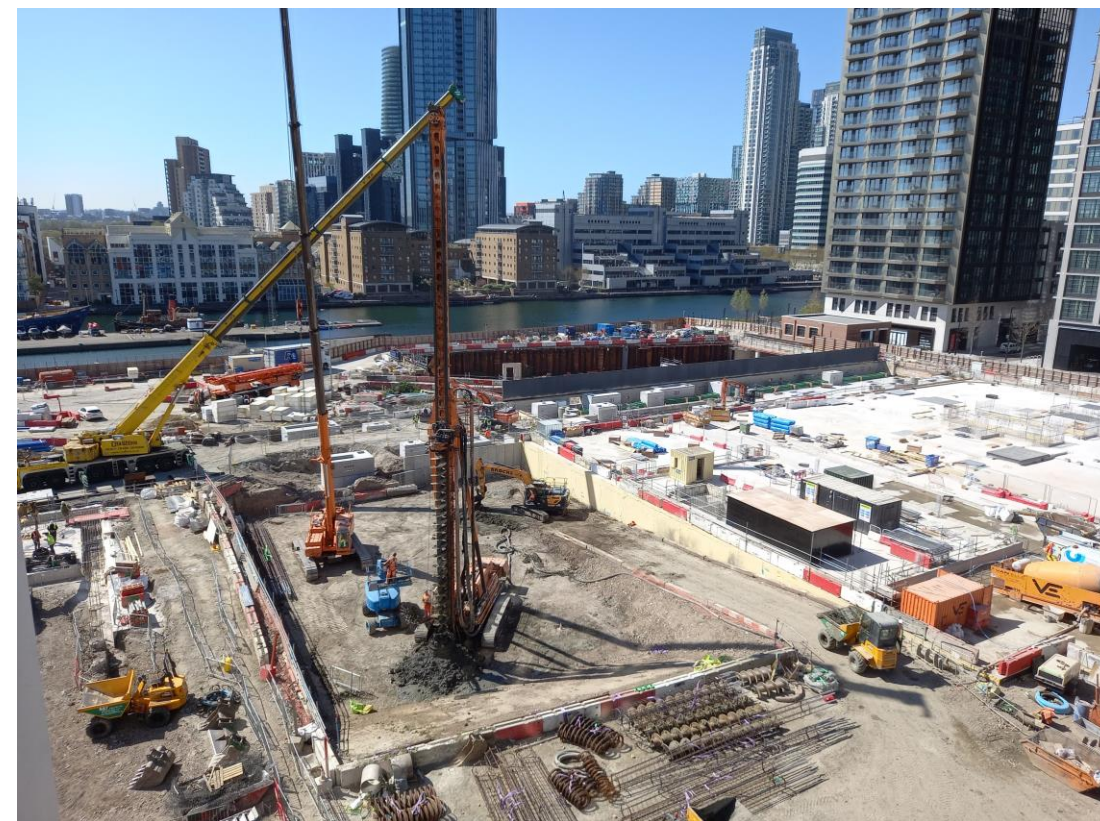
	<b>H1 FY2022 £m</b>	H1 FY2021 £m	H1 FY2020 £m
<b>Revenue</b>	<b>60.1</b>	38.3	48.5
<b>Gross profit</b>	<b>17.1</b>	10.6	13.2
	<b>28.5%</b>	27.7%	27.2%
<b>Operating profit / (loss)</b>	<b>2.3</b>	(0.4)	1.2
Finance costs	<b>(0.4)</b>	(0.3)	(0.3)
<b>Profit / (loss) before tax</b>	<b>1.9</b>	(0.7)	0.9

- Revenue significantly ahead of the previous period following relaxation of pandemic related restrictions
- Adverse impacts of supply chain challenges and labour inflation on margin; offset by
- Improved plant utilisation to 62% (H1 FY2021: 37%) improving recovery against plant costs
- Additional administrative expenses due to:
  - resource costs required to manage higher activity levels;
  - ScrewFast cost base
- No non-underlying costs in the period
- Share based payments reclassified to ‘underlying’
- Order book improved to £39.1m at 31 December 2021, up 13% since the previous update (31 October 2021: £34.5m)

# GENERAL PILING

	H1 FY2022 £m	H1 FY2021 £m	H1 FY2020 £m
Revenue	18.1	13.8	17.7
Operating profit	0.9	0.2	0.2

- Revenue in the previous period heavily impacted by Covid, particularly in Q1 of FY2021
- Increase in revenue supported by further growth in rigid inclusions capability
- Margin impacted by industry-wide supply chain challenges and price increases, mitigated at an operational level where possible
- Increased activity has resulted in improved operating profit



Deep CFA piling at Wood Wharf Development in London

# SPECIALIST PILING & RAIL

	H1 FY2022 £m	H1 FY2021 £m	H1 FY2020 £m
Revenue	22.1	12.7	14.0
Operating profit/(loss)	1.6	0.8	0.3

- Rapid recovery in Specialist Piling revenues following the first lockdown
- Capacity expansion with additions to rig fleet during the period
- Drill and grout stabilisation capability delivered strong revenue growth
- ScrewFast acquisition strengthened the Group's position in growing infrastructure markets
- Rail recovery slower than other business units but improved contract activity levels towards the end of the period
- Electrification of Core Valley Lines work commenced in H2 FY2022



Emergency works at Newington in Kent

# SCREWFEST FOUNDATIONS

- Acquisition of ScrewFast Foundations Limited on 1 April 2021
- Strengthened the Group's position in growing infrastructure markets
- ScrewFast solutions complemented existing breadth of capabilities
- Contributed £4.1m of revenue to the Group in H1 FY2022
- Appointment to the Smart Motorways Alliance provides significant long-term opportunity under 10 year framework
- Diversified pipeline of opportunities beyond highways established to mitigate impact of recent pause in Smart Motorways projects
- Integration is progressing well
- Business performing in line with expectations at the time of acquisition





# GROUND ENGINEERING SERVICES

	H1 FY2022 £m	H1 FY2021 £m	H1 FY2020 £m
Revenue	19.8	11.7	16.9
Operating profit/(loss)	1.2	(0.1)	0.8

- Revenue in previous period heavily impacted due to Covid
- Post-Covid activity levels in housebuilding sector high, resulting in strong revenue growth
- Improved performance also driven by geographical expansion and improved operational efficiency
- Further investment in Vibro rigs supported revenue growth
- Strata continues to make progress in the infrastructure sector under Highways England Ground Investigation Framework
- Good progress made in the target growth area of Rail ground investigation



Housing development at Whaley Bridge, Derbyshire

# BALANCE SHEET

	31 OCT 2021 £m	30 APR 2021 £m	31 OCT 2020 £m
Fixed assets (including intangible assets)	42.8	42.8	38.6
Net working capital	9.3	6.9	7.3
Net (debt)/funds	(2.0)	(1.7)	0.6
Deferred consideration	(1.5)	(1.5)	-
Taxation and provisions	(3.0)	(2.5)	(1.8)
<b>Net assets</b>	<b>45.6</b>	<b>44.7</b>	<b>44.7</b>

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

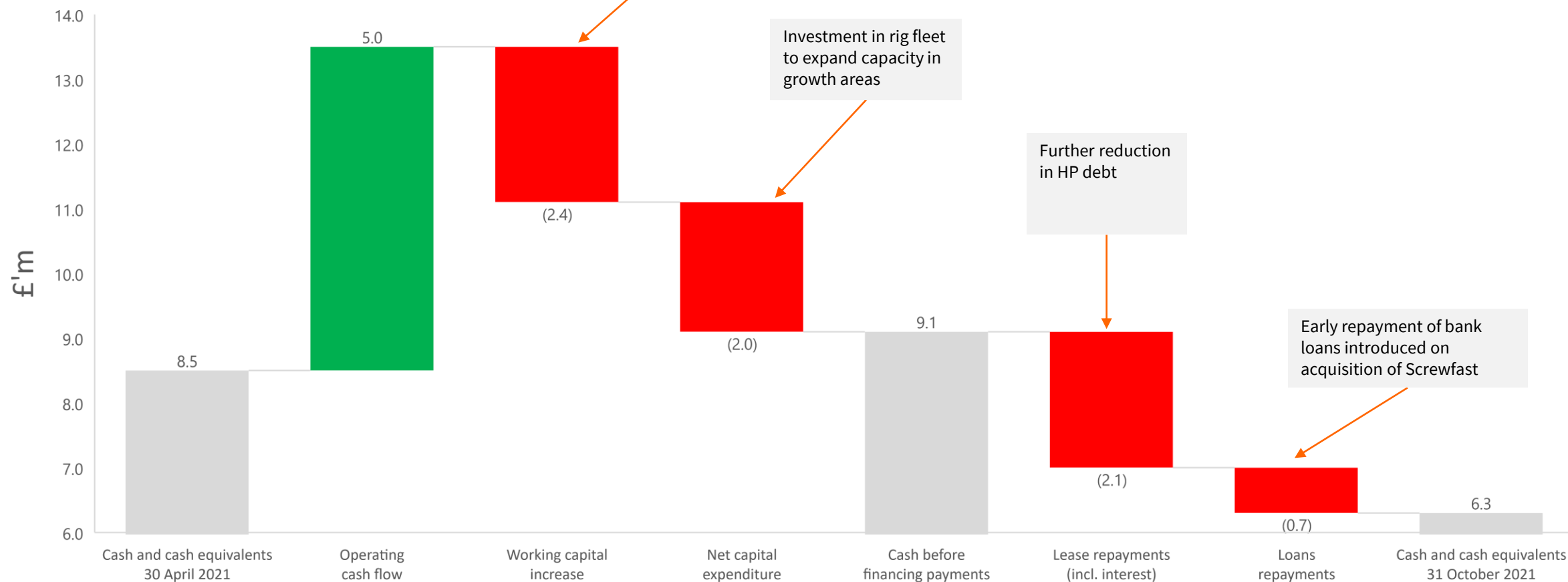
- Fixed assets maintained with investments in growth areas
- Working capital increase due to higher activity levels and certain creditor payments made under shorter payment terms to secure materials given current supply chain challenges
- Deferred consideration represents estimated future amounts payable for ScrewFast
- Deferred tax liabilities rebased due to change to future corporation tax rates

# NET FUNDS

	31 OCT 2021 £m	30 APR 2021 £m	31 OCT 2020 £m
Bank loans	(0.2)	(0.8)	-
HP lease liabilities	(2.7)	(4.0)	(5.3)
IFRS 16 property and vehicle lease liabilities	(5.4)	(5.4)	(3.9)
Total borrowings	(8.3)	(10.2)	(9.2)
Cash and cash equivalents	6.3	8.5	9.8
<b>Net (debt)/funds</b>	<b>(2.0)</b>	<b>(1.7)</b>	<b>0.6</b>
<b>Net funds excl. IFRS 16 property and vehicle lease liabilities</b>	<b>3.5</b>	<b>3.7</b>	<b>4.5</b>

- Repayment of £0.6m of bank loans from the acquisition of ScrewFast
- Further reduction in HP debt in the period (FY18 £15.6m, FY19 £11.2m, FY20 £7.4m)
- Capital expenditure in the period financed through cash resources
- IFRS 16 property and vehicle lease debt maintained at £5.5m (30 April 2021 £5.4m)

# CASH FLOW





# CURRENT TRADING AND OUTLOOK

- Positive H1 exit-rate momentum has carried into H2 of FY2022
- Improved levels of demand across the core markets expected to remain in the medium term
- Higher levels of Rail contract activity has continued into the third quarter and is expected to remain into FY2023
- Investment in infrastructure, including the decarbonisation/electrification of the rail network, where the Group has established a market-leading position, is expected to continue in the longer term
- Supply chain challenges and wage inflation expected to persist into FY2023
- Healthy order book underpins confidence in performance for the remainder of the financial year
- Trading for the full year expected to be ahead of market expectations
- Board intends to reinstate dividend payments, commencing with a final, full year dividend for FY2022

# STATISTICS

	H1 2022	H1 2021	FY 2021
<b>Financial measures</b>			
Revenue (£m)	60.1	38.3	84.4
Gross profit %	28.5%	27.6%	26.1%
Overheads % (underlying)	24.9%	24.3%	27.4%
Capital expenditure (£'m)	2.0	0.3	2.1
Order book (£'m)	34.5	18.4	28.1
<b>Operational measures</b>			
Number of rigs	118	115	115
Average rig utilisation %*	62%	37%	51%
Average rig utilisation % (excl. Rail)*	68%	40%	58%
Total contracts delivered	604	492	1,020
Enquiries	2,350	2,301	4,702
<b>Employee measures</b>			
Workforce hazard reports	892	635	1,718
Average employees	586	513	517
Number of apprentices/trainees	34	30	30
Total training days delivered	1,365	399	1,398

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

# Q&A



# WELL POSITIONED IN STRONG END MARKETS

## Revenue by sector

### RESIDENTIAL

43%

## Diverse customer base



Taylor  
Wimpey



## Positive long term dynamics

- Structural housing shortage
- Off-site/modular solutions
- Modern methods and standardised construction

## Medium term financial targets

5-10%

REVENUE GROWTH

### INFRASTRUCTURE

36%



HS2

- Major committed funding programmes in highways and rail led by decarbonisation agenda
- HS2 direct and indirect impact
- Exportable niche rail specialisms

7-8%

OPERATING MARGIN

15-20%

ROCE

### REGIONAL CONSTRUCTION

21%



MORGAN  
SINDALL



- Increased regional investment via established frameworks
- Logistics market growth
- Competitor drag to HS2
- Distressed regional competitors

<1.5x

LEVERAGE

## Enablers

DIVERSE SECTOR COVERAGE AND STRATEGIC CUSTOMER BASE

BREADTH OF SPECIALIST TECHNIQUES AND INVESTED RIG FLEET

NEW MANAGEMENT TEAM, IMPROVING OPERATING MODEL



# 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.