

TOTAL FOUNDATION SOLUTIONS.

VAN ELLE HOLDINGS PLC

INTERIM RESULTS

31 OCTOBER 2023





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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	H1 FY2023
	£m	£m
Revenue	68.2	80.8
Gross profit	20.7	20.6
	30.3%	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

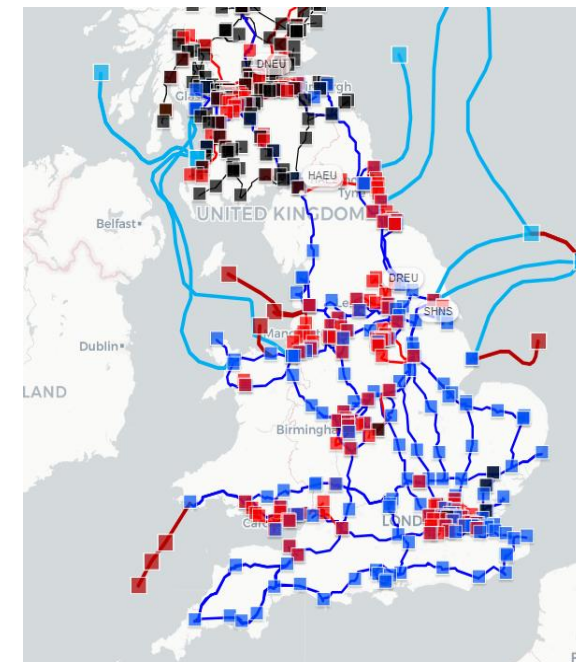


CURRENT TRADING AND OUTLOOK

- 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



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wood.

keltbray

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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

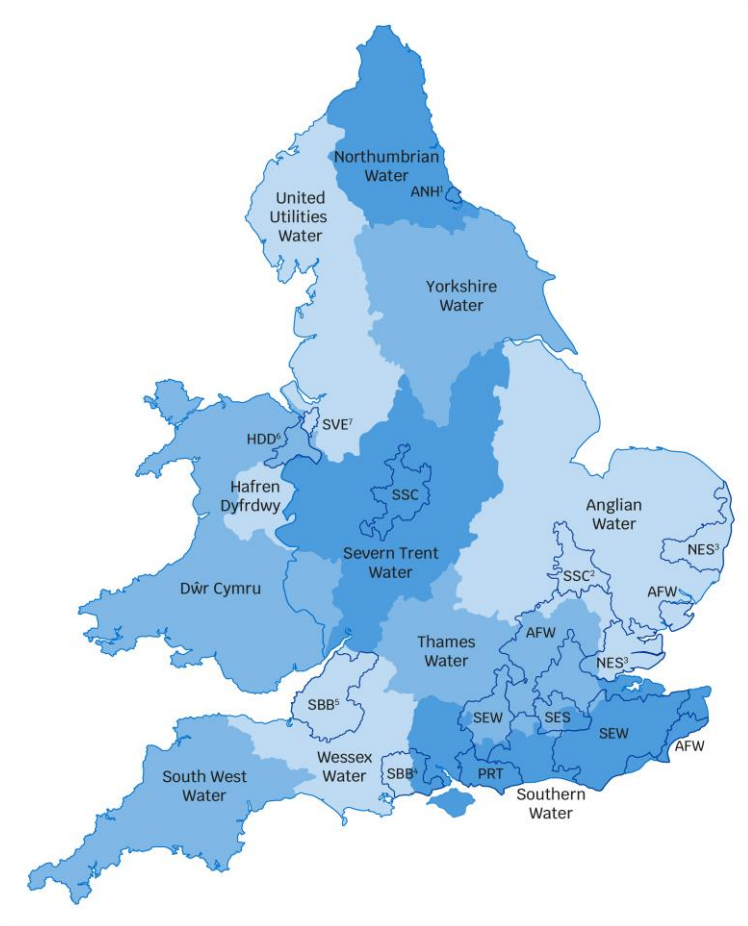
GallifordTry

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MOTT MACDONALD
BENTLEY



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



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