

Renew Holdings reports a record H1, strong cash generation and resilient trading

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Renew (AIM: RNWH), the engineering services group supporting UK infrastructure, says it has delivered another record trading period.

The company has announced its interim results for the six months ended 31st March 2020. It's seen strong cash generation and trading performance, inclusive of the contribution from the acquisition of Carnell Support Services in January 2020. The integration of the business has progressed well and the results are in line with the Board's expectations.

*Renew uses a range of statutory performance measures and alternative performance measures when reviewing the performance of the Group against its strategy. Definitions of the alternative performance measures, and a reconciliation to statutory performance measures, are included in the Group's 2019 Annual Report and Accounts.

- Engineering Services revenue grew 4% to £293.1m (2019: £281.6m)
- Engineering Services adjusted operating profit* increased by 7% to £20.5m (2019: £19.1m)
- Increase in Engineering Services order book to £591m (2019: £531m)
- Net debt of £16.1m (2019: £17.2m) Headroom in our available facilities of c.£55m plus £15m uncommitted accordion facility
- Broadened service offering into the Highway market, following the acquisition of Carnell
- Resilient in the face of Covid-19, with approx. 80% of activities continuing during the crisis. Interim dividend payment suspended, as stated in the trading update on 1 April 2020

David Forbes, Chairman of Renew, said: "Our strong trading performance and cash generation in the first half of the year, is reflective of the reliable long-term nature of the UK infrastructure markets in which we

operate, a strategy reinforced in the Government's latest Budget when they committed to investing £640bn in infrastructure over the next 5 years.

"Where we are able to satisfy the requirements of the Covid-19 safety guidelines, we continue to work closely with our customers directly delivering essential network services. In total, approximately 80% of our activities have continued during the crisis as they are deemed critical to the Covid-19 response. Following the UK Government's recovery strategy launched on 10 May 2020, we are addressing immediate opportunities to remobilise the remaining 20% of our operations and we anticipate this positive momentum will continue.

"The strength of the Group's position in its markets and the essential nature of the work we undertake gives the Board confidence that Renew remains well placed to play a significant role in the long-term opportunities that will emerge across UK infrastructure, a sector that will play an important role in rebuilding our economy.

"The Board and I would like to take this opportunity to thank all of our colleagues who have continued to deliver our essential services during this difficult time."

Rail update

As a major provider of infrastructure services to Network Rail nationally, Renew support the day-to-day operation of the network by directly delivering essential asset maintenance through its long-term CP6 frameworks.

When the lockdown restrictions were imposed in March, its largest customer Network Rail confirmed their intention to proceed with all Renew's planned works where it was able to comply with the UK Government's Covid-19 safety guidelines. The company has experienced limited site closures to-date and in some cases have taken the opportunity to deliver some schemes ahead of plan while the network has been running at limited capacity. It remains operational in all Network Rail routes and regions where, during April and into May, it has seen activity levels similar to those experienced prior to the pandemic's impact.

During the period Renew has secured new positions on the CP6 Wales and Western 5-year Renewals frameworks across all 5 lots, where workers will deliver a programme of engineering services to assets across the rail network including bridges, embankments, tunnels and electrification & plant. It has also been awarded a further rail drainage framework in Scotland, complementing its existing rail drainage framework positions. It continues to operate on the Multidisciplinary Renewals and Geotechnical & Earthworks 5-year frameworks in Scotland as well as on existing frameworks for Slab Track in Scotland and for Station Information & Security Systems and Telecoms nationally. It provides a range of integrated services across the rail network which include civils asset management, signalling, fencing, revegetation and drainage.

In response to the effects of Storm Ciara and Storm Dennis in February 2020, which flooded rail and road networks across the country, the company has seen significant and sustained demand for its emergency support services across the most severely impacted locations in Wales, North West and Central, Eastern

and Scotland. Working around the clock, despite the challenging weather conditions and remote locations, teams undertook vital works to ensure the integrity and safety of the railway for passengers and freight customers, minimising disruption and protecting community transport links. Works included repairs to a major landslide between Thornhill and Dumfries in Scotland and slope failure repairs at Auldgirth, Scotland. Emergency repairs were also undertaken on the Glasgow South Western Line following a significant landslip and at a number of locations on the Hereford to Newport Line in South Herefordshire.

Through its framework agreements with London Underground, it delivers specialist electrical, plant and power schemes. In addition to these frameworks workers are also undertaking a number of depot control system and major depot refurbishment schemes. Work on Merseyrail's Principal Contractors 3-year framework and on the Transport for Wales STRIDE framework continues.

In the period the company was awarded its first project to deliver a temporary compound for HS2. It is in negotiations to provide further compounds as part of a larger programme to establish around 100 similar facilities over the next 2 years.

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