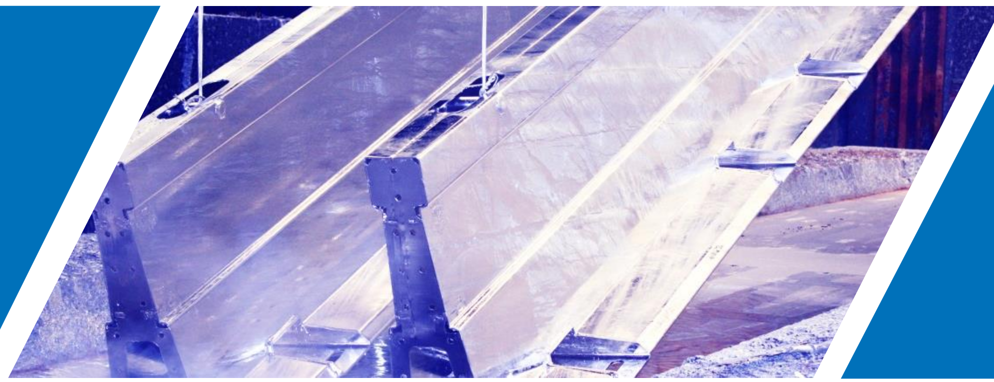
2016 Preliminary Results

8 March 2017

Derek Muir Group Chief Executive

Mark Pegler Group Finance Director



Hill & Smith Holdings PLC

Key messages

- **Another excellent year**
  - Record revenue & profitability
  - Organic revenue growth 5% (at constant currency)
  - Operating profit* up 17% (at constant currency)
  - Operating margin* 13.1%, up 110bps
- **Strategic actions driving growth and returns**
  - Five acquisitions completed in 2016
  - Non-US Pipe Supports restructuring completed, ahead of target cost / timeframe
- **Positive outlook**

Proposed final dividend 17.9p, up 32%

* All references to profit measures in this presentation refer to underlying profits, which exclude certain non-underlying items as detailed in the Appendices on page 25

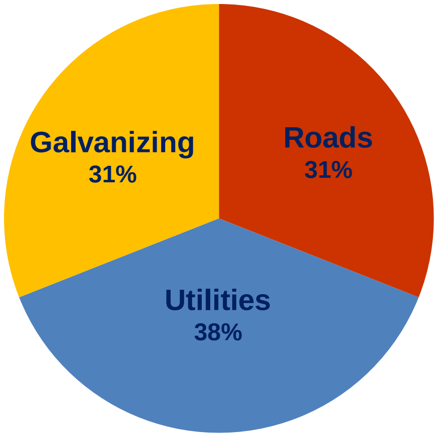
Results summary

FX impact:
- Revenue +ve £27.9m
- Operating profit +ve £4.4m

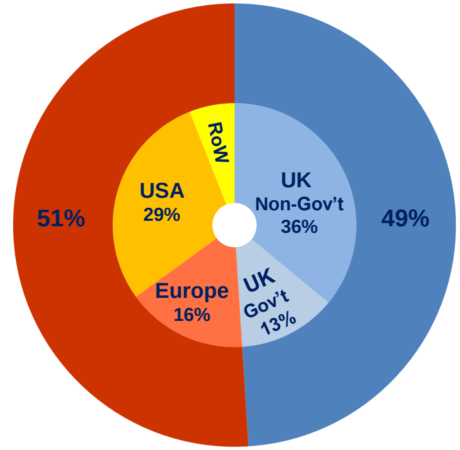
	2016	+/-	2015	
Revenue (£m)	**540.1**	↑ 16%	467.5	Organic growth 5% (at constant currency)
Operating profit (£m)	**70.6**	↑ 26%	56.0	Organic growth 8% (at constant currency)
Operating margin (%)	**13.1**	↑ 110bps	12.0	Strategic investment and portfolio management driving returns
Profit before tax (£m)	**68.0**	↑ 28%	53.0	
Earnings per share (p)	**65.9**	↑ 27%	51.7	Interest and tax broadly neutral
Dividend (p)	**26.4**	↑ 28%	20.7	Progressive dividend policy maintained – 14th successive year

Segment and geographical analysis

Revenue: £540.1m
By segment

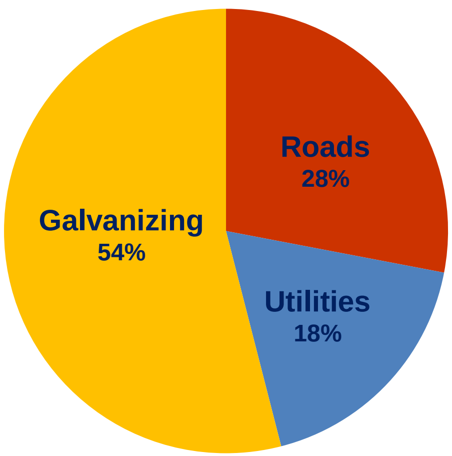


Revenue: £540.1m
By end market geography

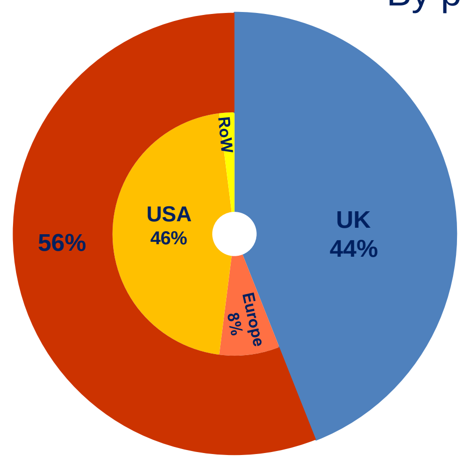


A well balanced business:
products,
markets &
geographies

Operating Profit: £70.6m
By segment



Operating Profit: £70.6m
By plant location



Utilities

	2016	2015	Organic Growth
Revenue (£m)	**207.6**	193.9	-
Operating profit (£m)	**13.0**	10.5	(10%)
Operating margin	**6.3%**	5.4%	90bps

- Overview
  - UK mixed – strong prior year comparatives
  - Good performance in US transmission substation operation
  - US Pipe Supports improved H2 – outlook encouraging
- Portfolio management
  - ET Techtonics (US composites) acquired January
  - Technocover (UK water treatment/security access) acquired July
- Non-US Pipe Supports restructuring complete
  - UK/Thailand closed; Indian facility expanded
  - Net non-underlying charge £7.8m; net cash impact *c.*£1.5m
  - Operating loss 2016: £1.1m (2015: loss £3.0m)

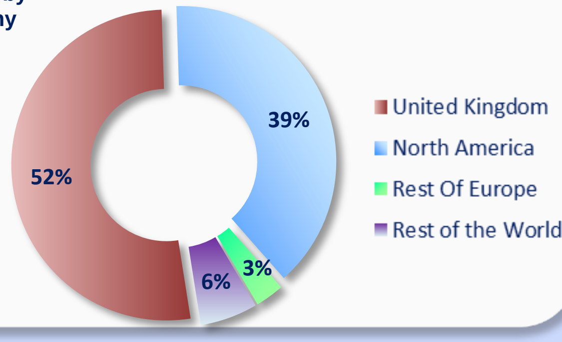
£m	**Revenue**	**Operating Profit**
2015	**193.9**	**10.5**
F/X	10.5	0.9
Acquisitions	6.7	0.8
Non-US Pipes	(3.4)	1.9
Organic	(0.1)	(1.1)
2016	**207.6**	**13.0**

2016 Revenue

£207.6m **Flat organically**

UK	**up 1%**	**£110m**
USA	**down 1%**	**£45m**
US Pipe Supports	**flat**	**£39m**

Revenue by geography



Roads

	2016	2015	Organic Growth
Revenue (£m)	**168.1**	131.6	17%
Operating profit (£m)	**19.6**	16.0	21%
Operating margin	**11.7%**	12.2%	-50bps

- UK (70% of revenue)
  - Government's Road Investment Strategy underpinning spend
  - High utilisation of temporary rental barrier; further 10km investment
  - Spend strong across product portfolio – VMS, parapets, lighting
- International (30% of revenue)
  - Scandinavia disappointing
  - Good progress with temporary barrier in Australia / USA
- Portfolio Management
  - UK - Hardstaff Barriers acquired May
    - Signature lighting columns acquired August
  - Sweden - FMK barriers acquired April
  - Exit from Indian roads market

complementary and enhances product suite

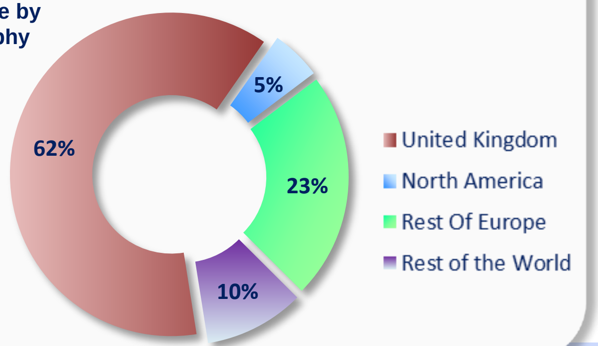
£m	Revenue	Operating Profit
2015	**131.6**	**16.0**
F/X	4.0	0.2
Acquisitions	10.1	-
Organic	22.4	3.4
2016	**168.1**	**19.6**

2016 Revenue

£168.1m **Up 17% organically**

UK	**up 9%**	**£115m**
International	**up 36%**	**£53m**

Revenue by geography



Galvanizing

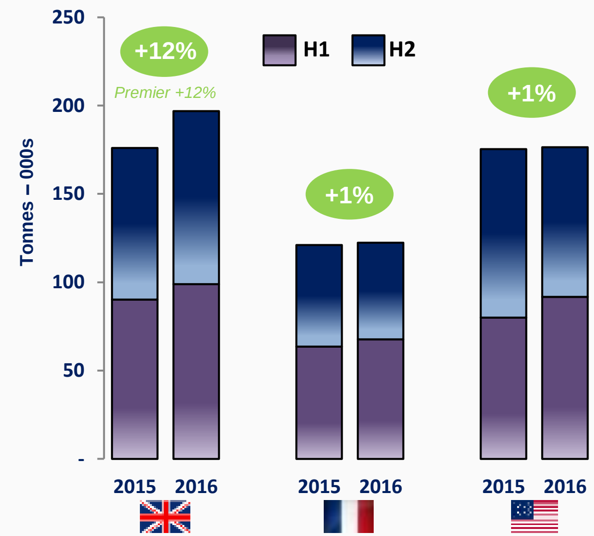
	2016	2015	Organic Growth
Revenue (£m)	**164.4**	142.0	-
Operating profit (£m)	**38.0**	29.5	8%
Operating margin	**23.1%**	20.8%	230bps

- UK
  - LFL volume maintained despite lower internal work; market share gain
  - Focus on returns driving improved profitability and margin
  - Premier integrated and performing well
- France
  - Volumes +1% in a challenging market; market share gain
  - Actions to reduce cost base aiding improved profitability
- USA
  - Another exceptional performance
  - Volumes +1% despite strong H2 comparatives in 2015
  - Solar and LNG projects key drivers; bridge & highway disappointing
  - Well positioned for potential US infrastructure investment

£m	Revenue	Operating Profit
2015	**142.0**	**29.5**
F/X	13.4	3.3
Acquisitions	8.6	2.6
Organic	0.4	2.6
2016	**164.4**	**38.0**

2016 Tonnes Galvanized

496,000 tonnes Up 5%



Foreign exchange sensitivities

	2016	2015	% Change
Average rates			
Euro	**1.22**	1.38	(12)
US$	**1.35**	1.53	(12)
Closing rates			
Euro	**1.17**	1.36	(14)
US$	**1.23**	1.48	(17)

Ready reckoner for translation impact of movement in FX rates

Sensitivity to +/- 1 cent move in:	Revenue	Operating profit
Euro	+/- £0.5m	+/- £50k
US$	+/- £1.4m	+/- £280k

Impact on FY 2016	Revenue	+ve £27.9m (6%)
	Operating profit	+ve £4.4m (8%)

Projection for FY 2017*	Revenue	+ve £21.7m or 4%
	Operating profit	+ve £4.1m or 6%

* Compares impact on 2016 results of using exchange rates at 3 March 2017 (£1 = $1.22 and £1 = €1.16) versus average exchange rates for 2016

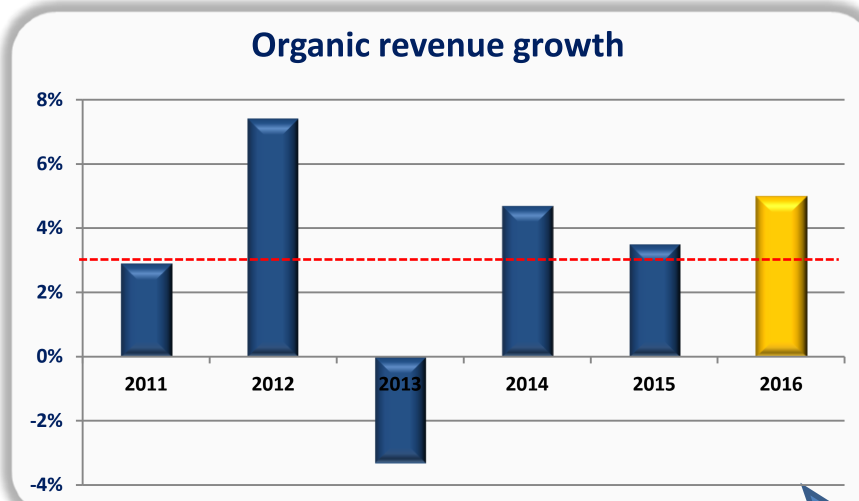
Free cash flow and net debt

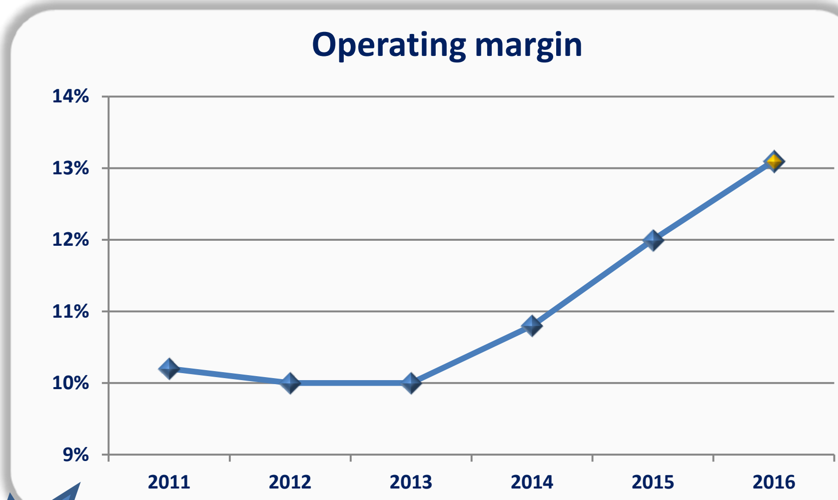
£m	2016	2015
Underlying Operating Profit	**70.6**	56.0
Depreciation and amortisation	**18.4**	16.4
Underlying EBITDA	**89.0**	72.4
Other non-cash items	**1.4**	0.8
Working capital	**(3.8)**	(2.5)
Capital expenditure (net)	**(20.9)**	(14.8)
Underlying operating cash flow	**65.7**	55.9
Restructuring spend	**(1.5)**	(0.5)
Provisions/Pension	**(2.3)**	(3.1)
Interest paid (net)	**(2.8)**	(3.0)
Tax paid	**(15.7)**	(12.6)
Statutory free cash flow	**43.4**	36.7
Dividends	**(16.2)**	(14.1)
Acquisitions/disposals	**(39.2)**	(17.6)
Share issues/other (net)	**(1.6)**	(0.1)
Net cash flow	**(13.6)**	4.9
Note: F/X impact	**(6.9)**	(0.4)

- Underlying cash conversion 93%; 8-year average +90%
  - Working capital 14.2% of sales (2015: 14.3%)
- Capex 1.2 times depreciation/amortisation
  - 2017 guidance *c.*£25m (1.3 times)
- Restructuring spend net £1.5m
  - Non-US Pipe Supports £0.9m (further £1.6m in 2017)
- Acquisitions £37.4m (plus £1.8m costs)
  - UK (Hardstaff, Technocover & Signature) £32.5m
  - Overseas (ET Techtonics & FMK) £4.9m
- Headline RCF 'amended and extended' May 2016
  - 2-year extension to April 2021
- Net debt: EBITDA 1.2 times (2015: 1.2 times)
  - Ratio maintained despite acquisition spend

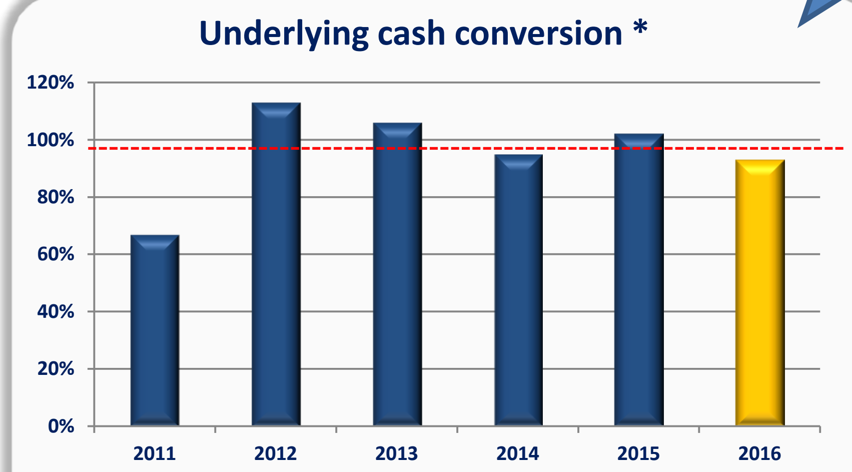
£m	2016	2015
Net debt	**112.0**	91.5

Strategic KPI's

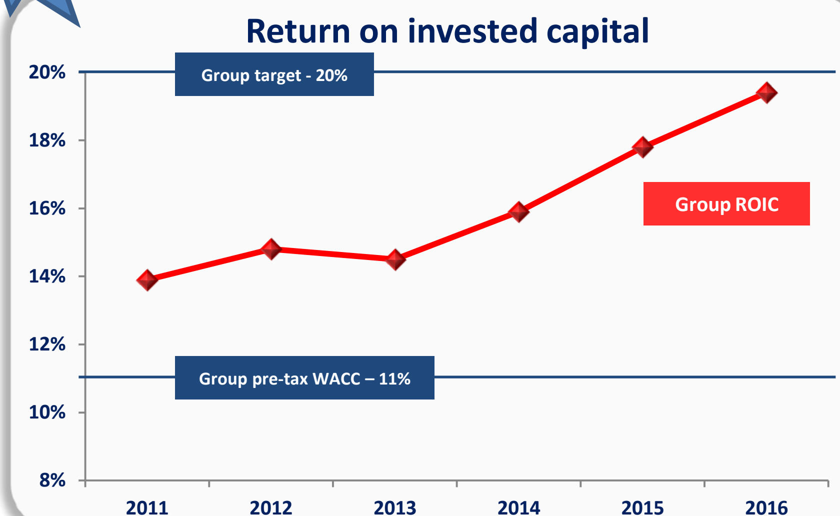




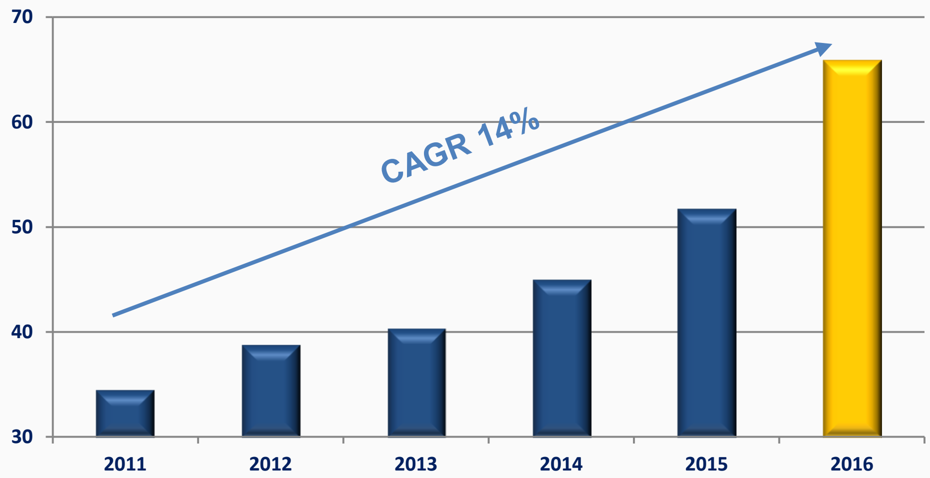
----- 6-Yr Average



*excluding strategic capex

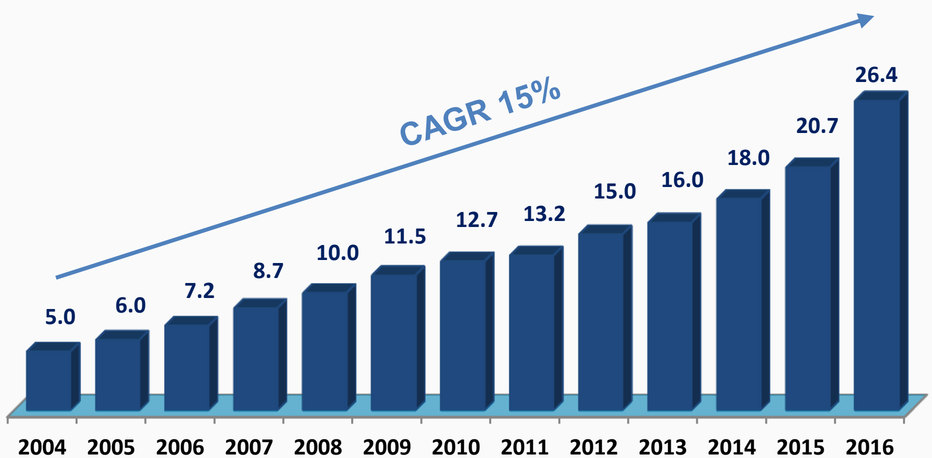


Earnings and Dividend



Dividend (p)

	2016	2015		
Interim dividend per share	**8.5p**	7.1p	↑	20%
Final dividend per share	**17.9p**	13.6p	↑	32%
Total dividend per share	**26.4p**	20.7p	↑	28%



Dividend

- 14 successive years of dividend growth
- Central to strategy and TSR ethos
- UEPS increase of 27% - dividend up 28%
- Target cover ratio *c.*2.5 times

Strategy and Outlook

Derek Muir

UK Infrastructure

ENERGY

- MASS Visirail Guard at Hinkley Point C
- Solar projects reinvigorated using battery storage
- Energy from Waste opportunities

RAIL

- CP5 – markets remain strong
- Five year security upgrade on electrification and renewals
- HS2 – Royal Assent – Construction to start 2017
- New train depots for Crossrail

AMP6

- AMP6 projects have been slow to start
- Flood alleviation a priority
- Water treatment plant security a focus

SECURITY

- Increased demand for hostile vehicle mitigation products
- Improvement to reservoirs/water treatment plants
- Increased site security
  - power plants
  - border security
  - data centres
  - oil & gas depots
  - airports
  - football stadiums
  - Government buildings
  - outdoor events

Highways England: Road Investment Strategy ('RIS')

Temporary Safety Barrier

Crash Cushions

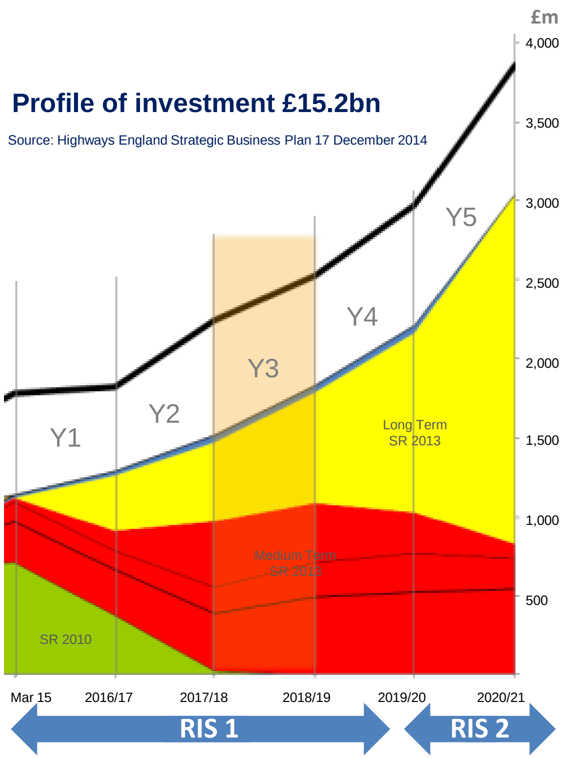
Permanent Safety Barrier

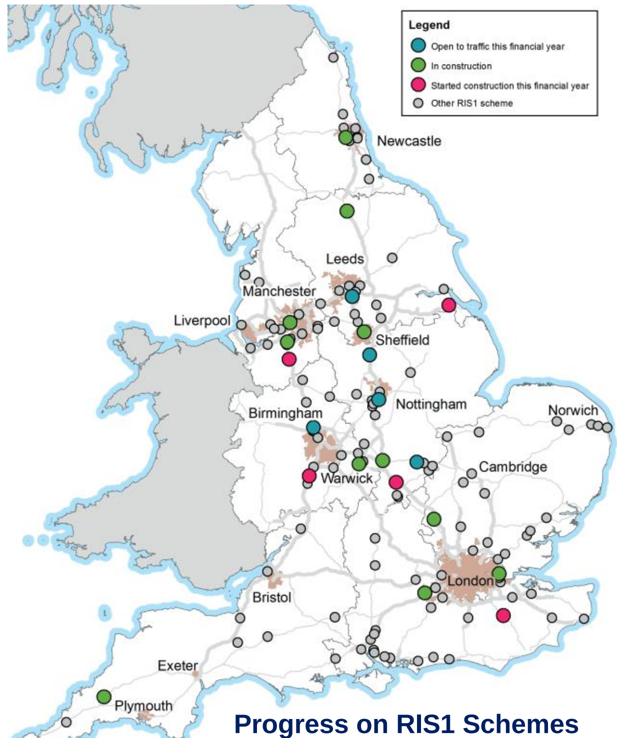
Variable Message Signs

Taper Signs

Profile of investment £15.2bn

Source: Highways England Strategic Business Plan 17 December 2014





Progress on RIS1 Schemes

Source: Department for Transport RIS post 2020: planning ahead

Highways England Chief Executive Jim O'Sullivan:

"The £15bn Road Investment Strategy remains on track, and funding for RIS2 has been secured…a new £7bn roads framework is to be launched for the balance of work in RIS1."

Source: Construction News 25 July 2016

"We have added around 100 lane miles of much-needed motorway capacity since April 2015, currently have 17 schemes in construction and are providing funding towards eight schemes which will help deliver thousands of new jobs and homes."

Source: Infrastructure Intelligence 6 February 2017

US Infrastructure

HIGHWAYS

- Fixing America's Surface Transportation ('FAST') Act
- $305bn five year bill to 2020
- Long-term funding certainty and project visibility
- Existing DoT projects delayed to benefit from FAST
- Year 2 spending on track
- Further investment in Zoneguard fleet

RENEWABLES

- 5 year extension to solar investment tax credits (ITC)
- Utility sector ITC to increase by 73%
- Demand to steadily increase over period
- Large projects bid for Q2 17

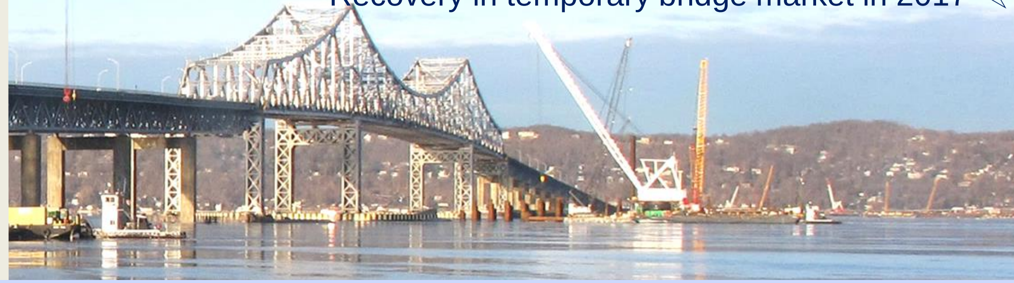
President Trump's $1 trillion investment to transform America's crumbling infrastructure

UTILITIES

- Steady pipeline of CCGT power plants
- Power transmission investment continues
- Increased substation renewal
- Keystone Pipeline
- Waste water treatment plants
- LNG terminals delayed

BRIDGES

- ARTBA's 2017 Bridge Report
  - 56,000 structurally compromised
  - 13,000 need replacing
- Delaware River turnpike closed
- North East Rapid Bridge Replacement Program Year 3 of PPP
- Recovery in temporary bridge market in 2017



2016 Acquisitions

Acquired 20 January 2016
Acquisition cost: £1.4m
Revenue: £1.5m*

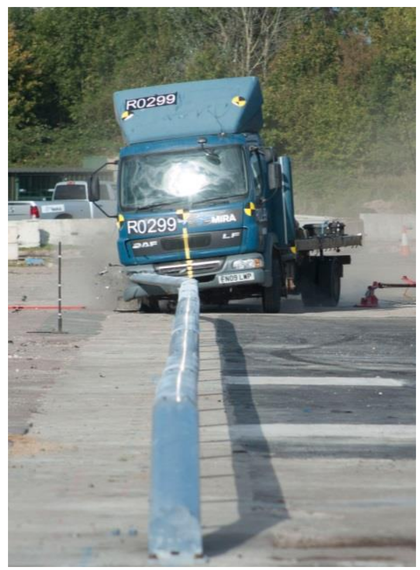
ET Techtonics is the US leader in the design and manufacture of composite bridges.

- Integrated into Creative Pultrusions
- 5-year framework with Fairfax County
- 83 bridges shipped in 2016

Acquired 1 April 2016
Acquisition cost : £3.3m
Revenue: £3.9m*

FMK designs and manufactures safety barriers, noise reduction screens and bridge parapets for the Scandinavian market.

- Integrated into ATA
- New median barrier successfully tested
- Major contact wins in Sweden/Norway £6m backlog



Acquired 3 August 2016
Acquisition cost : £12.6m
Revenue: £14.8m*

Signature specialises in the development, manufacture, installation and maintenance of street lighting columns, road sign and traffic management systems.

- Integrated into Mallatite
- 5 sites condensed to 3
- Headcount reduced by 41
- 5-year bus route maintenance contract

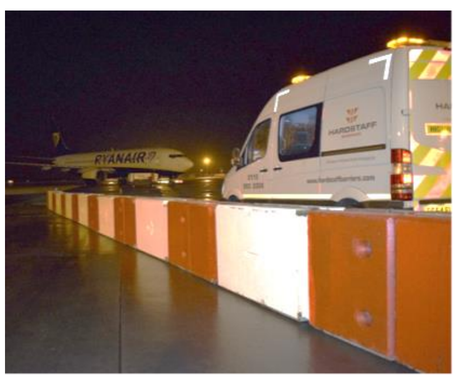
* At acquisition

2016 Acquisitions

Acquired 13 May 2016
Acquisition cost: £10.4m
Revenue: £3.8m*

Hardstaff Barriers specialises in the sale and rental of fully tested temporary and permanent pre-cast concrete barriers for protection on roadworks and of critical infrastructure in vulnerable locations across the UK and Europe.

- Integrated with Asset VRS (Zoneguard rentals)
- Increase in hostile vehicle mitigation products
- Improved concrete barrier utilisation



Acquired 13 July 2016
Acquisition cost: £9.2m
Revenue: £12.9m*

Technocover specialises in the development, manufacture, installation and maintenance of high security access products for the utilities markets.

- Introduced security fencing to water authorities
- Developed new range of covers tested and approved to Loss Prevention Certification Board ('LPCB') Issue 7 Level 4
- Strategic partnership with other Group companies

* At acquisition

Hostile Vehicle Mitigation

Temporary Safety Barrier Investment

USA

- 16.7km existing rental fleet
  - 9km investment in 2017
- 23.5km sales in 2016

UK

- 270km Zoneguard/Varioguard existing rental fleet
  - 5km investment in 2016
  - 10km investment in 2017
- 30km concrete barrier rental fleet
  - 10km investment in 2017

Manufacturing facilities: UK & USA

AUSTRALIA

- 5.5km rental fleet investment in 2016
  - 5km investment in 2017
- 26.1km sales in 2016

SWEDEN

- 5km rental fleet investment in 2016
  - 5km investment in 2017
- 9.4km concrete barrier rental fleet

Outlook

UTILITIES

- US/UK infrastructure investment outlook strong
- Pipe Supports delivering improved profitability and returns

ROADS

- UK Road Investment Strategy underpinning spend
- Opportunities to grow International businesses

GALVANIZING

- US/UK operations in sweet spot of infrastructure plans

OVERALL

- Positive outlook in major end markets

"…2017 is expected to be a year of progress."

Disclaimer

Cautionary statement

This presentation contains forward looking statements which are made in good faith based on the information available at the time of its approval. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a number of risks and uncertainties that are inherent in any forward looking statement which could cause actual results to differ materially from those currently anticipated. Nothing in this document should be regarded as a profits forecast.

Appendices

Business Segments

hs INFRASTRUCTURE
- hs UTILITIES
- hs ROADS

hs GALVANIZING
- USA
- FRANCE
- UK

Segment analysis

£m	2016	Organic	M&A	Non-US Pipes	FX	2015
Utilities						
Revenue	**207.6**	(0.1)	6.7	(3.4)	10.5	193.9
Underlying operating profit	**13.0**	(1.1)	0.8	1.9	0.9	10.5
Margin	***6.3%***					*5.4%*
Roads						
Revenue	**168.1**	22.4	10.1	-	4.0	131.6
Underlying operating profit	**19.6**	3.4	-	-	0.2	16.0
Margin	***11.7%***					*12.2%*
Galvanizing						
Revenue	**164.4**	0.4	8.6	-	13.4	142.0
Underlying operating profit	**38.0**	2.6	2.6	-	3.3	29.5
Margin	***23.1%***					*20.8%*
Group						
Revenue	**540.1**	22.7	25.4	(3.4)	27.9	467.5
Underlying operating profit	**70.6**	4.9	3.4	1.9	4.4	56.0
Margin	***13.1%***					*12.0%*

Non-underlying items

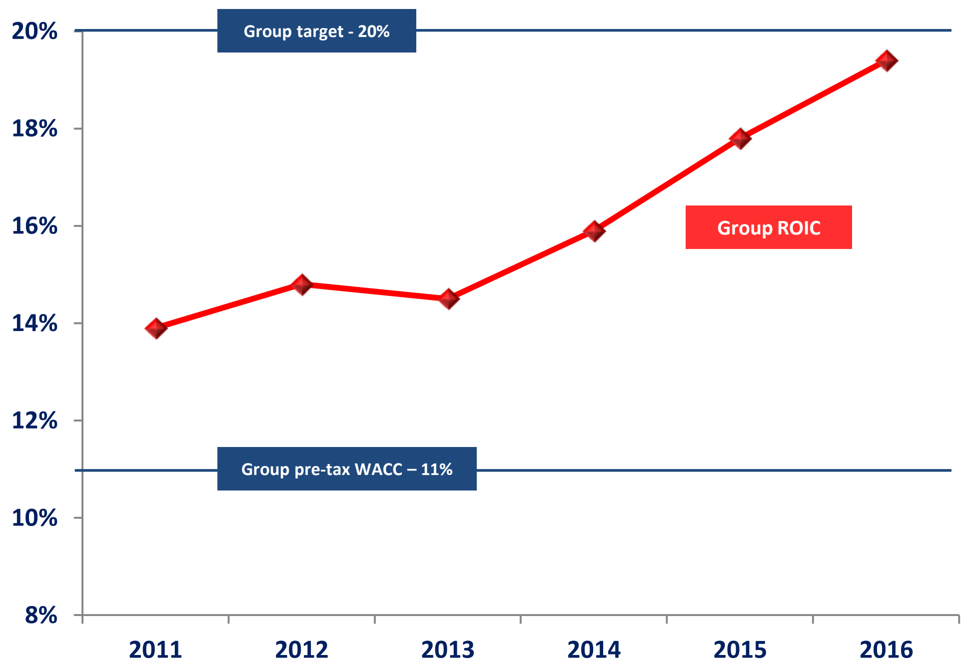
£m	2016	2015
Operating items		
Business reorganisation costs	**(10.5)**	(0.3)
Acquisition costs	**(1.8)**	(1.0)
Amortisation of acquisition intangibles	**(2.6)**	(1.6)
Impairment of acquisition intangibles	**(4.1)**	(15.7)
(Loss)/Profit on property sales	**-**	(0.1)
Pension settlement gains	**0.2**	-
	(18.8)	(18.7)
Financing costs		
Net pension interest	**(0.5)**	(0.7)
Refinancing expense amortisation	**(0.4)**	(0.4)
	(19.7)	(19.8)
Cash in year	**(3.3)**	(1.1)
Future cash	**(2.1)**	-
Non cash	**(14.3)**	(18.7)
	(19.7)	(19.8)

Non-US Pipes	7.8
India Roads	1.9
Signature	0.8
	10.5

Goodwill impairments:
2016 – CA Traffic
2015 – Paterson Group

Return on Invested Capital

ROIC%
before tax



Group	2016	2015
Operating Profit (£m)	70.6	56.0
Av. Invested Capital (£m)	363.3	314.8
ROIC %	19.4	17.8

Divisional (%)	2016	2015
Utilities	15.3	13.0
Roads	21.7	22.1
Infrastructure Products	18.6	17.4
Galvanizing	20.2	18.2

Margin

	Margin		
	2016 %	2015 %	Target Range %
Infrastructure Products	**8.7**	8.1	8 – 11
- Utilities	**6.3**	5.4	7 – 11
- Roads	**11.7**	12.2	9 – 13
Galvanizing Services	**23.1**	20.8	19 – 22
Group	**13.1**	12.0	11 –14

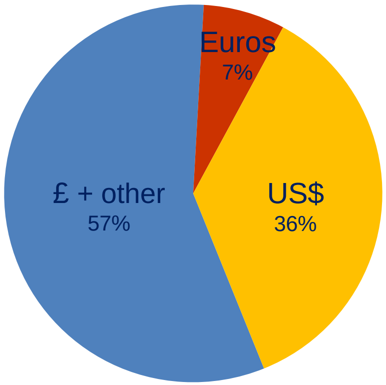
- Roads within target range
- Galvanizing marginally ahead of target range
- Utilities improving – 7.3% excluding Non-US Pipe Supports

Availability and usage of debt facilities

£m	Net Debt	Facility
Committed	**127.6**	234.9
On demand	**-**	11.4
Cash	**(15.6)**	-
	112.0	246.3

Maturity		
On demand	2017 to 2020	2021
	0.6	234.3
11.4		

Net Debt by Currency



- Facilities provide significant headroom
  - Net debt : EBITDA 1.2 times (covenant 3 times); Interest cover 33 times (covenant 4 times)
  - Principal RCF committed to April 2021 (following 2-year extension in May 2016)
- Target net debt : EBITDA range between 1.5 to 2.0 times