2021 Interim Results

Creating sustainable infrastructure and safe transport through innovation

11 August 2021

Key messages

- **Strong H1 trading performance:**
  - Good recovery in trading across all divisions, with return to Group margin target range
  - Ahead of 2019: +6% revenue and +9% operating profit organic constant currency growth
  - Ongoing raw material inflation and labour shortages have been successfully managed
- **Continued focus on improving the quality of the portfolio:**
  - Acquisition of Prolectric, a UK market leader in off-grid solar energy solutions
  - Closure of loss-making variable message sign business
  - Disposal of loss-making security access cover business
- **Group remains highly cash generative with a strong balance sheet**
- **Interim dividend of 12.0p declared**
- **Full year guidance increased**

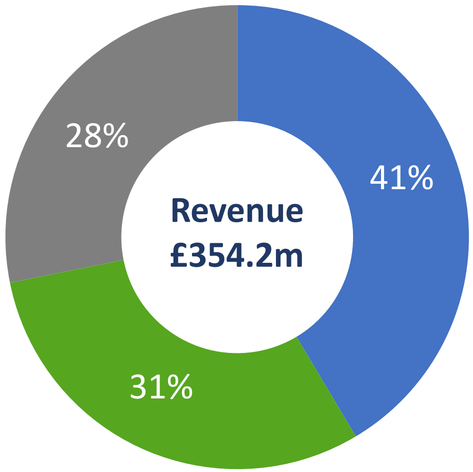
Results summary

	H1 2021	H1 2020	Reported +/-	Organic Constant Currency (OCC)^ +/-
Revenue (£m)	**354.2**	315.6	+12%	+16%
Operating profit (£m)	**42.5**	26.8	+59%	+73%
Operating margin (%)	**12.0**	8.5	+350bps	+390bps
Profit before tax (£m)	**39.2**	22.8	+72%	
Earnings per share (p)	**38.5**	23.1	+67%	
Dividend (p)	**12.0**	9.2	+30%	

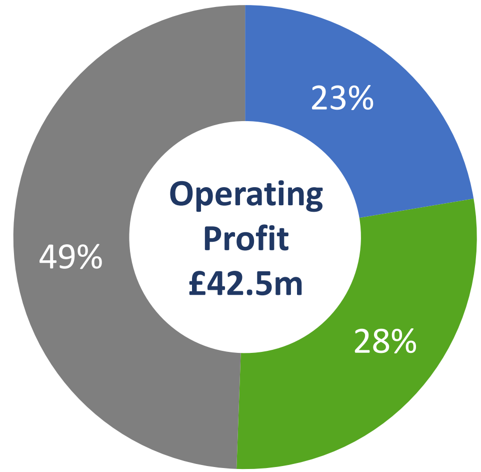
^ *Adjusted for the effect of acquisitions, disposals and foreign exchange movements*

H1 2021 at a glance

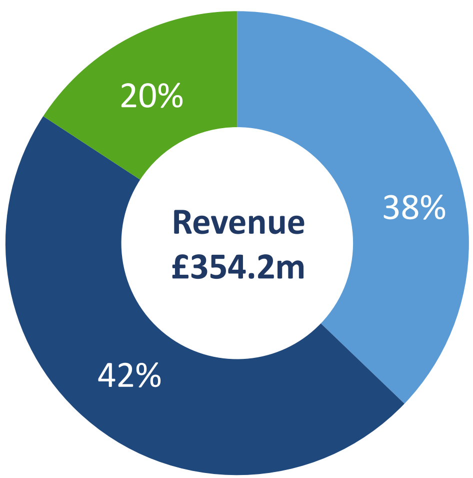
By division



- Roads & Security
- Utilities
- Galvanizing

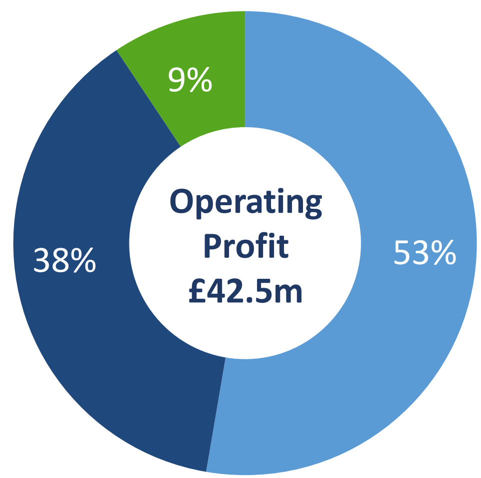


By end market geography



- US
- UK
- Rest of World

By plant location



Roads & Security

	H1 2021	H1 2020	OCC change
Revenue (£m)	146.8	128.2	+15%
Operating profit (£m)	9.5	4.3	+138%
Operating margin (%)	6.5%	3.4%	

UK Roads

- Temporary rental barrier operated as expected with lower utilisation
- Commencement of first RIS2 Smart Motorway scheme in June 2021
- Good demand for permanent barrier; strong recovery in wider UK roads portfolio
- Acquisition of Prolectric, a UK market leader in off-grid solar energy solutions
- Closure of loss-making UK variable message sign business

US Roads

- Continued high demand for temporary safety barrier and crash attenuators
- Actions taken to offset steel and freight cost inflation
- Investment in barrier fleet and manufacturing capacity to support future growth

Other International Roads

- Sweden restructuring progressing; refining areas of market focus
- Robust performance in France and Australia

UK Security

- Security barrier rentals recovering as high-profile events resume in UK
- Data centre perimeter security solutions market remains strong
- Disposal of loss-making security access cover business
- Subdued market outlook for HVM solutions, resulting in £10.8m goodwill impairment

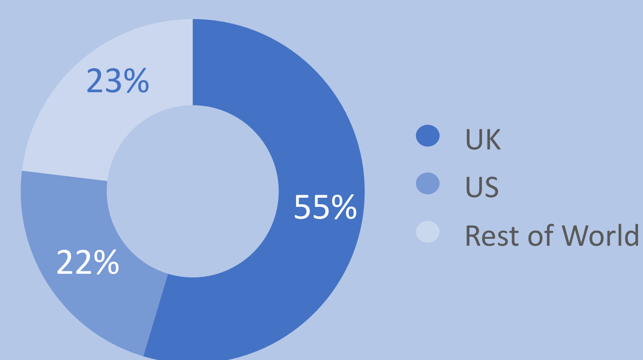
£m	Revenue	Operating Profit
H1 2020	128.2	4.3
F/X	(2.5)	(0.4)
M&A	2.1	0.2
Organic	19.0	5.4
H1 2021	146.8	9.5

H1 2021 Revenue

£146.8m 15% OCC increase

UK Roads	up 18%	£62.4m
US Roads	up 15%	£32.4m
International Roads	down 3%	£23.1m
UK Security	up 29%	£28.9m

Revenue by end geography



Utilities

	H1 2021	H1 2020	OCC change
Revenue (£m)	107.7	101.4	+14%
Operating profit (£m)	12.0	8.2	+64%
Operating margin (%)	11.1%	8.1%	

£m	Revenue	Operating Profit
H1 2020	101.4	8.2
F/X	(6.8)	(0.9)
Organic	13.1	4.7
H1 2021	107.7	12.0

UK

- Markets for UK building products have recovered strongly
- Good demand in industrial flooring for large data centre and distribution centre projects

US

- High demand for engineered composite solutions including fire resistant utility poles, waterfront protection and mass transit infrastructure
- Electricity distribution substation business faced short-term challenges due to steel cost inflation and customer delays; encouraging outlook driven by requirement to upgrade ageing infrastructure

Engineered Supports

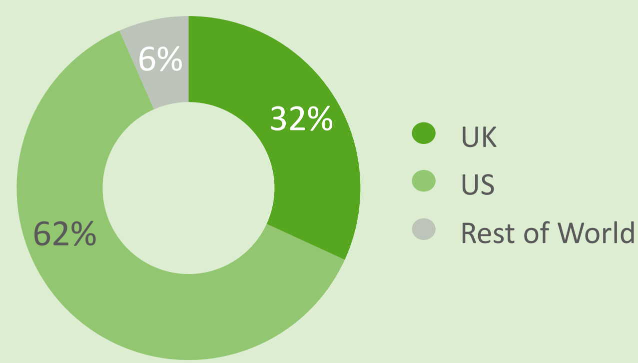
- India delivered strong first half performance despite COVID-19 challenges; increasing demand for products to support transition towards cleaner energy
- US performance supported by a strong rebound in commercial construction
- Expansion of US seismic restraint device manufacturing capability to support future growth

H1 2021 Revenue

£107.7m 14% OCC increase

UK	up 30%	£36.7m
US	up 1%	£49.0m
Engineered Supports (US/India)	up 22%	£22.0m

Revenue by end geography



Galvanizing

	H1 2021	H1 2020	OCC change
Revenue (£m)	99.7	86.0	+21%
Operating profit (£m)	21.0	14.3	+59%
Operating margin (%)	21.1%	16.6%	

£m	Revenue	Operating Profit
H1 2020	86.0	14.3
F/X	(3.5)	(1.1)
Organic	17.2	7.8
H1 2021	99.7	21.0

Overall

- Strong recovery in trading compared to H1 2020 which was impacted by COVID-19
- 11% increase in total volumes of steel galvanised across the Group vs H1 2020
- Revenues and profits ahead of 2019 levels

UK: 99k tonnes ↑25%

- Strong recovery supported by construction and housing markets
- Focus on higher margin, lower volume business benefiting operating margins

US: 71k tonnes ↓6%

- 6% revenue growth and strong improvement in operating profit reflecting benefits of pricing actions, product mix and value-added services
- Challenges with labour availability and customer project delays due to component shortages and steel cost inflation
- Positive outlook with infrastructure spend levels remaining robust across wide sectoral spread of markets

France: 65k tonnes ↑ 14%

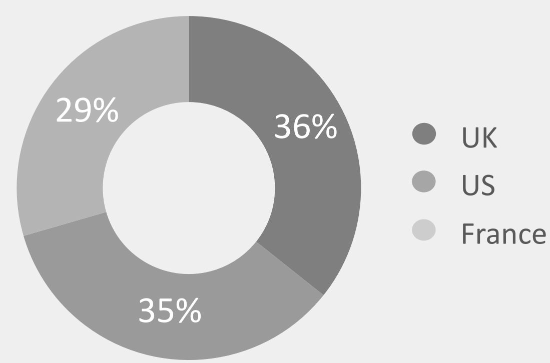
- Good recovery compared to H1 2020 which was impacted by COVID-19 related closures

H1 2021 Revenue

£99.7m 21% OCC increase

UK	up 34%	£35.4m
US	up 6%	£34.7m
France	up 29%	£29.6m

Revenue by end geography



Cash generation and financial position

£m	HY 2021	HY 2020
Underlying operating profit	42.5	26.8
Depreciation and amortisation	16.4	16.8
Underlying EBITDA	58.9	43.6
Working capital	(15.3)	18.3
Capital expenditure (net)	(10.0)	(12.3)
Repayments of lease liabilities	(5.0)	(5.4)
Movements in provisions / other	(2.7)	(0.6)
Underlying operating cash flow	25.9	43.6
Underlying cash conversion ratio (%)	*61%*	*163%*
Restructuring spend (net)	(0.6)	(0.3)
Pension deficit payments	(1.9)	(1.7)
Interest paid (inc. IFRS 16)	(2.5)	(3.3)
Tax paid	(9.2)	(10.0)
Free cash flow	11.7	28.3
Dividends	(7.3)	(8.4)
Acquisitions/disposals	(12.3)	-
Lease movements under IFRS 16	(2.2)	4.4
Share issues/other (net)	-	0.4
Net cash flow	(10.1)	24.7
FX impact	1.7	(4.8)
Net debt	154.6	195.4

- **Group continues to be highly cash generative**
  - 61% cash conversion reflective of H1 trading patterns; expect improvement in H2
- **Working capital outflow £15.3m** (2020: £18.3m inflow)
  - Reflects higher level of trade receivables due to increased trading activity
  - Debtor days: 55 days (Dec 2020: 54 days)
- **Capex 1.0 times depreciation/amortisation**
  - Gross spend of £10.7m
  - FY 2021 capex guidance c£30m-£35m
- **Allocation of capital to portfolio enhancing acquisitions**
  - £11.8m relating to acquisition of Prolectric
- **Significant liquidity headroom and leverage capacity**
  - Net debt to EBITDA: 1.1 times (covenant < 3.0 times)
  - Interest cover 22.8 times (covenant > 4.0 times)
  - £216.4m headroom against borrowing facilities
  - Facilities have medium to long maturities (95% Dec 2023 onwards)

Capital allocation and dividends

Effective deployment of capital to support growth ambitions: H1 2021 ROIC improved to 16.3%

Organic Growth

- Allocation of capital to higher return, higher growth markets
- Expect to allocate *c.*50% of FY21 capex to growth opportunities

Acquisitions

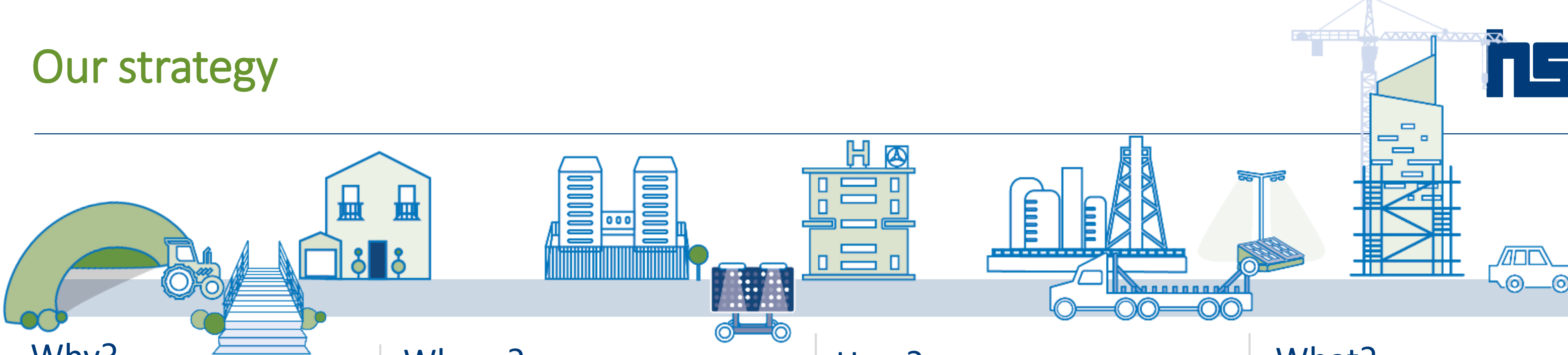
- Strong cash generation provides continued financial capacity
- Aim to enhance quality of portfolio with each iteration
- Targeting higher gross margins and long-term growth
- Acquisition of Prolectric in March 2021

Progressive Dividend

- 2021 Interim dividend: 12p per share
- Focus on maintaining sustainable and progressive dividend policy
- Target underlying dividend cover 2.5 times

Group ROIC target : >17%

Our strategy



Why?

Creating sustainable infrastructure and safe transport through innovation

Where?

1 Macro drivers
Increasing population, urbanisation, climate change, increasing health & safety regulations

2 Market drivers
Sustainable materials, decarbonisation, infrastructure safety, enabling technology, Vision Zero

3 Applications & niches
Systematic process:
1. Select niches
2. Assessment of businesses

How?

Autonomous operating model
- Autonomy/agility/proximity to market
- Premium on talent
- Innovation

Organic growth

Portfolio management
- Disciplined M&A
- Possible selective disposals

Financial model
- Organic profit growth/strong cash
- Conservative financial leverage
- Allocate capital to high growth/returns opportunities (M&A and organic)
- 2.5x underlying earnings dividend policy

What?

Superior long-term stakeholder value

Sustainability – our products and services make the world better

ESG Steering team established

- Role is to demystify ESG for the operating companies: translating our ESG plans into common sense initiatives, near-term targets and actions
- Plan to add a Head of Sustainability role in next nine months

Governance of ESG

- Signed up to Science Based Targets initiative Business Ambition for 1.5°C
- TCFD compliant by year end

H&S Materiality study

- We consulted 38 stakeholders: customers, investors, suppliers, our major lending bank and a diverse range of our employees
- Compared the output to SASB's materiality maps

Resultant focus areas

1. Sustainable products
2. GHG emissions and energy reduction
3. Health & Safety
4. Talent development and employment practices
5. Engagement, diversity and inclusion
6. Climate risks to, and opportunities for, our business
7. Ethical conduct

Strategy update

- **Portfolio reshaping**
  - Multiple initiatives to rebuild the M&A pipeline following the change in criteria
  - Prolectric acquired in March is meeting our expectations
  - Announced the closure of loss-making VMS
  - June disposal of loss-making Technocover for £2.2m
  - Internal re-organisation of three businesses to accelerate organic growth

Strategy update continued

- **People**
  - Andrew Park joined as Chief People Officer
  - Good progress on adding another Group President and Head of Health & Safety
  - Added cyber security resource, early stages of adding a Head of Sustainability
- **Innovation**
  - Launched an innovation initiative in July
  - A series of workshops for new and in-flight development programmes
  - Aims to teach and share best practice and develop a common language
- **Operating company strategies**
  - Moved from a three-year planning cycle to annual
  - Significant ambition shown by our operating companies

Focus markets

Galvanizing
- Protects and extends the life of infrastructure
- Allows steel to be recycled
- US growth higher than Europe due to lower market penetration and US infrastructure spend

Roads
- Bipartisan US infrastructure bill
- UK strategic road investment spend (RIS2)
- US temporary barrier market
- Smarter road work zones

Composites
- Strong environmental credentials
- Good acceptance and growing penetration in industrial applications, increasing acceptance in sustainable buildings
- US electrical T&D
- UK rail applications

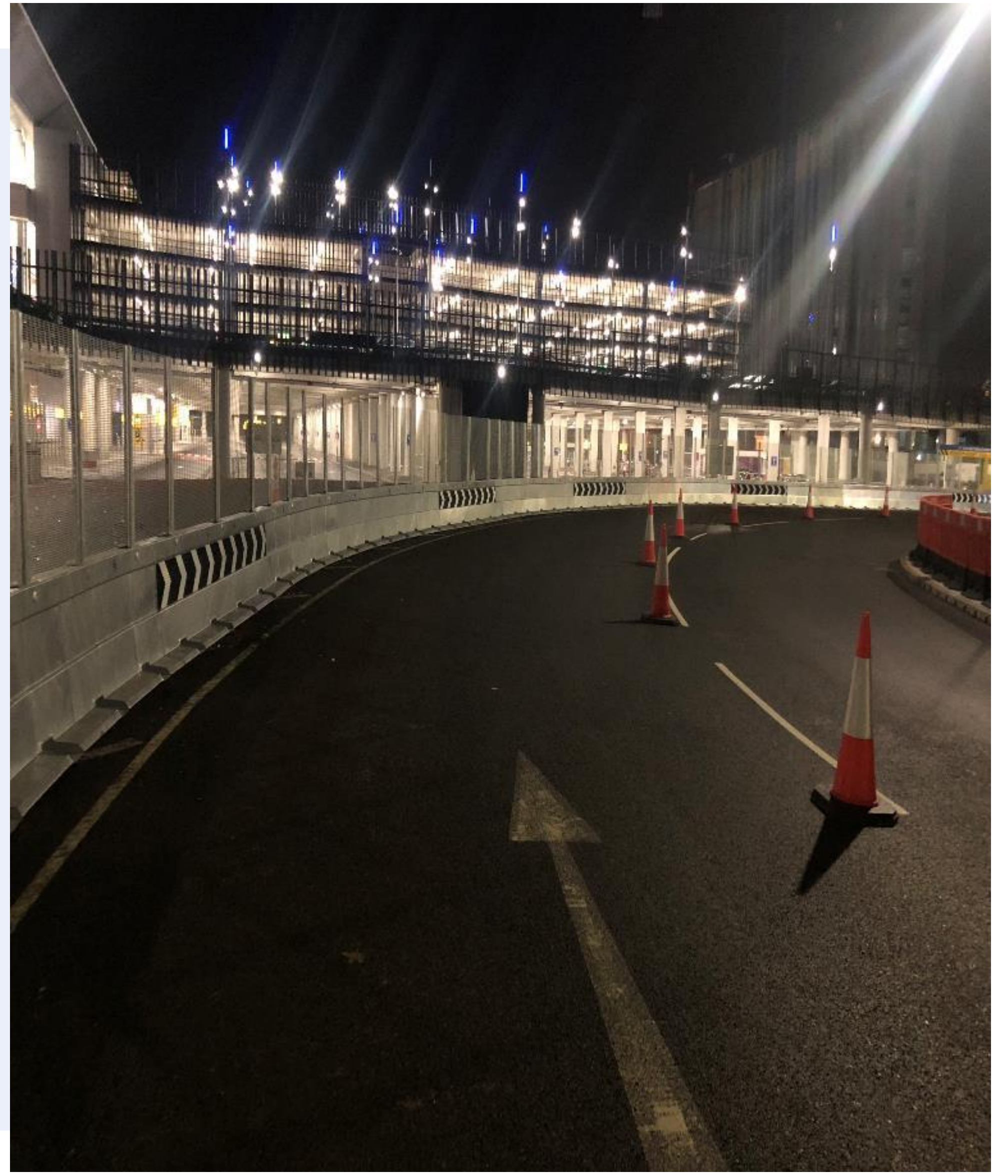
Outlook

Short term

- FY2021 outlook positive, operating profit expected to be slightly ahead of current analyst range
- Mindful of ongoing raw material cost inflation and labour availability uncertainty
- Awaiting outcome of UK parliamentary review on benefits and safety of Smart Motorway schemes

Medium to long term

- US businesses well placed to take advantage of opportunities arising from a potential US infrastructure bill
- UK Government's commitment to £27.4bn RIS2 (2020-25) supports future growth
- Outlook for infrastructure spend remains positive



Summary

- Our purpose is becoming embedded into our working lives, aligning us with long term drivers and medium term market stimuli
- Strong trading performance against 2020 and 2019 comparators reflects the resilience of our markets and our effective operational execution
- Confidence in our outlook has enabled us to increase 2021 operating profit guidance
- Good progress of improving the quality of the portfolio with one acquisition and two exits
- Significant liquidity headroom and leverage capacity to support future growth opportunities
- Increased focus on talent and innovation with incentives aligned to organic growth


(M1)
City

Appendices

Portfolio management

Continue strategy of thoughtful acquisitions and selective disposals

Preferred Application Characteristics

- Fits purpose
- Strong long term market drivers
- Market niches: strong barriers to entry or highly regulated
- Non-discretionary spend

Business Performance

- Gross margins at or above Group average
- Credible plan to deliver organic profit growth every year for the next five years
- Strong growth history/consistency
- Strong cash generation
- Assessment of businesses

Target Characteristics

- Growth and strategic rationale for acquisition
- Utilise our extensive domain knowledge to de-risk new-to-H&S technology acquisitions
- Offer is a small part of a high stakes system
- Good level of IP or high domain knowledge
- Scalable
- Ambitious management and a strong cultural fit

prolectric

Off-grid solar solutions

Why did we acquire Prolectric?

- A clear fit with our purpose
- Backed by strong macro drivers (increasing population, urbanisation, climate change) and market drivers (decarbonisation, infrastructure safety, enabling technology)
- Strong historical profit growth, clear and credible plan for future growth
- Brings robust solar capability to the Group
- Enhances the Group's remote monitoring know-how

Why do customers value Prolectric?

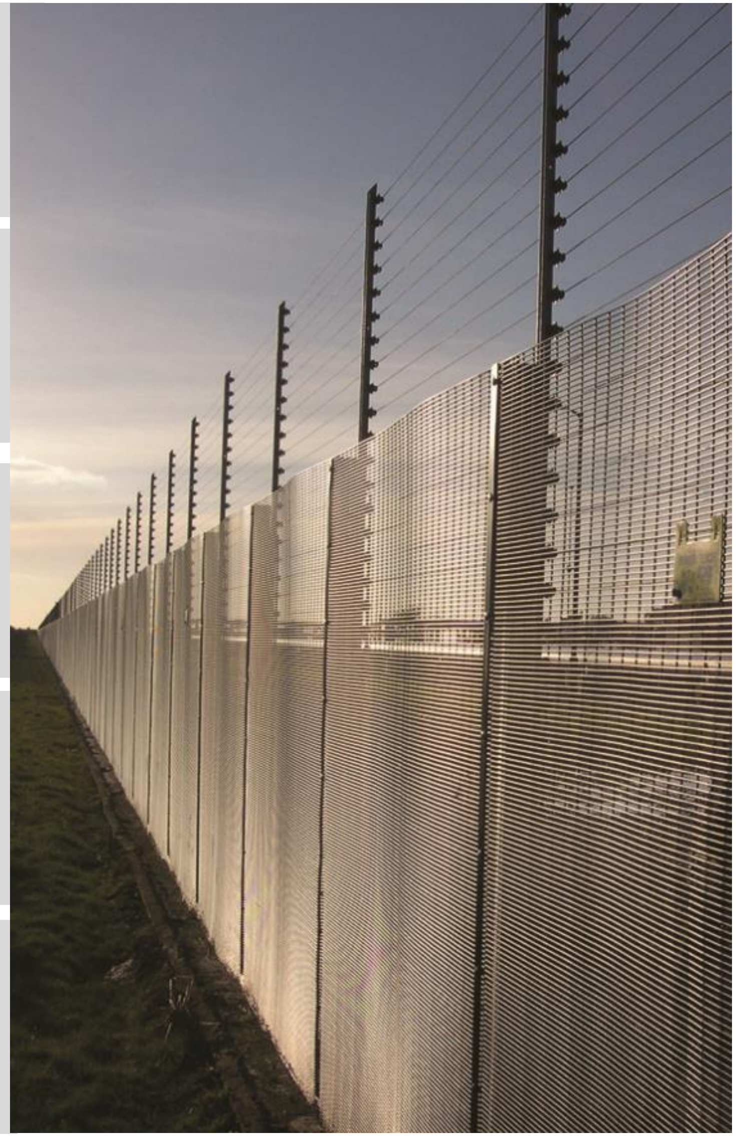
- Financial savings versus diesel alternatives
- Measurable carbon dioxide savings (via on-line portal)
- Field proven, remotely monitored solar solution

Financials

- £12.0m initial consideration, with up to £5.7m deferred consideration
- Gross margins and ROS above the Group average

Financial guidelines

>3%	Organic revenue growth
12%-15%	Group operating margin
>17%	Return on invested capital
>90%	Underlying cash conversion
1.5 -2x	Net Debt to EBITDA



Operating margin

	Margin H1 2021 %	Margin H1 2020 %	Target Range %
Roads & Security	6.5	3.4	9 – 13
Utilities	11.1	8.1	8 – 11
Galvanizing	21.1	16.6	19 – 22
Group	12.0	8.5	12 – 15

- Strong recovery in margins, with Group margin now within target range
- Roads & Security increase driven by good recovery in UK and France and improvement in Security businesses
- Utilities ahead of prior year and target range due to strong performance in US composites and recovery in Engineered Supports
- Galvanizing within target range, strong recovery versus COVID impacted H1 2020

Segment analysis

£m	H1 2021	Organic	M&A	FX	H1 2020
Roads & Security					
Revenue	**146.8**	19.0	2.1	(2.5)	128.2
Underlying operating profit	**9.5**	5.4	0.2	(0.4)	4.3
Margin	***6.5%***				*3.4%*
Utilities					
Revenue	**107.7**	13.1	-	(6.8)	101.4
Underlying operating profit	**12.0**	4.7	-	(0.9)	8.2
Margin	***11.1%***				*8.1%*
Galvanizing					
Revenue	**99.7**	17.2	-	(3.5)	86.0
Underlying operating profit	**21.0**	7.8	-	(1.1)	14.3
Margin	***21.1%***				*16.6%*
Group					
Revenue	**354.2**	49.3	2.1	(12.8)	315.6
Underlying operating profit	**42.5**	17.9	0.2	(2.4)	26.8
Margin	***12.0%***				*8.5%*

Non-underlying items

£m	H1 2021	H1 2020
Operating items		
Business reorganisation costs	(2.9)	-
Acquisition costs	(0.5)	(0.2)
Amortisation of acquisition intangibles	(3.0)	(3.1)
Impairment of goodwill/other assets	(11.2)	-
Loss on disposal of subsidiary	(0.8)	-
	(18.4)	(3.3)
Cash in year (net)	0.7	-
Future cash	(2.8)	(0.2)
Non cash	(16.3)	(3.1)
	(18.4)	(3.3)

Return on Invested Capital

Divisional (%)	H1 2021	H1 2020
Roads & Security	8.0	7.1
Utilities	24.0	18.1
Galvanizing	21.8	16.8

Group	H1 2021	H1 2020
Operating profit (£m)	85.6	72.9
Average invested capital (£m)	525.1	560.2
ROIC %	16.3	13.0

ROIC is defined as **underlying operating profit** for the last 12 months, divided by **average invested capital**.

Invested capital is defined as the sum of intangible assets, property, plant and equipment, right-of-use lease assets, inventories, trade and other receivables, and trade and other liabilities.

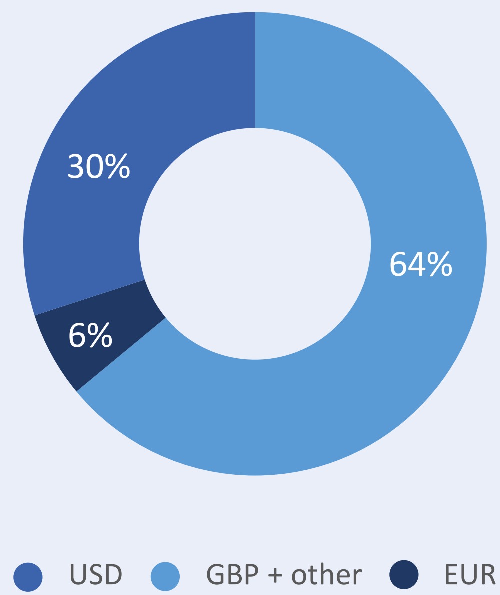
Availability and usage of debt facilities

£m	Net Debt	Facility
Committed	**134.9**	324.6
On demand	**1.6**	13.4
Cash	**(14.9)**	-
Net borrowings	**121.6**	338.0
IFRS 16	**35.9**	-
IFRS 9	**(2.9)**	-
Reported net debt	**154.6**	338.0

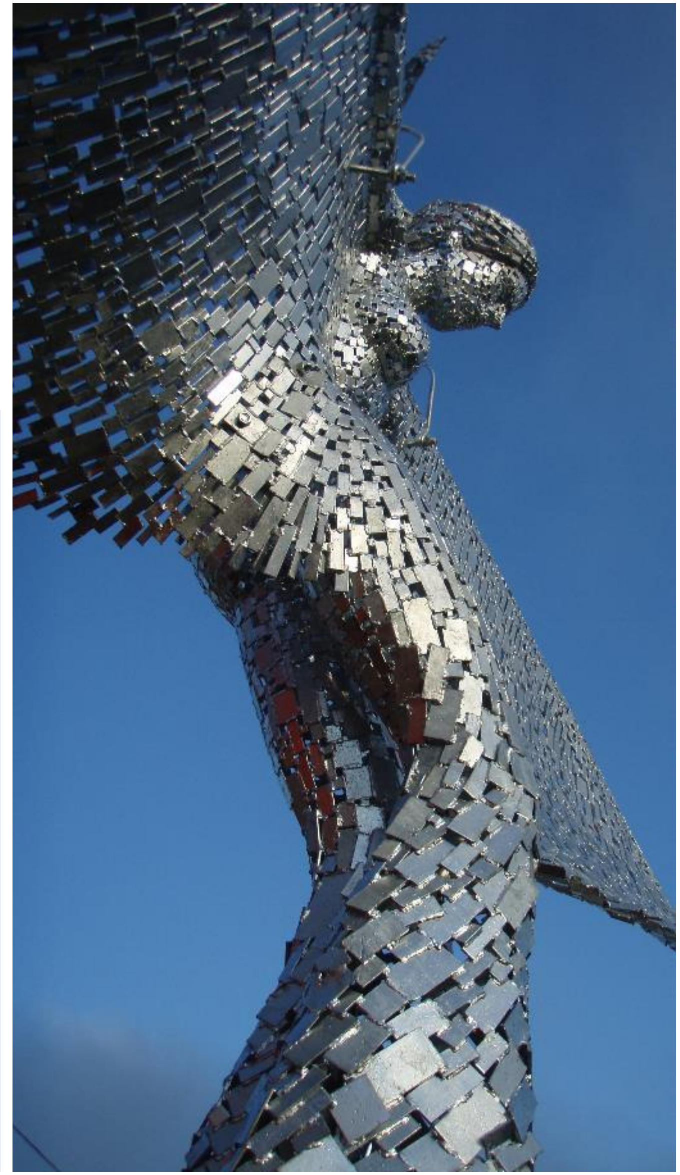
Maturity			
On demand	2021 to 2022	Dec 2023	2026 / 2029
	0.8	273.1	50.7
13.4			

£216.4m total headroom

Net Debt by currency
(exc. IFRS 16)



- **Principal debt facilities have medium to long maturities**
  - Revolving credit facility in place until December 2023
  - Senior notes: $70m unsecured notes mature 2026/29
  - Average cost of debt at 30 June 2021 c.2.3%
- **Facilities provide significant headroom of £216.4m**
  - Net debt : EBITDA 1.1 times (covenant 3 times); Interest cover 22.8 times (covenant 4 times)
  - Target net debt: EBITDA range between 1.5 and 2.0 times



Foreign exchange sensitivities

	H1 2021	H1 2020	Change
Average rates			
Euro	**1.15**	1.14	↑ 1%
US$	**1.39**	1.26	↑ 10%
Closing rates			
Euro	**1.17**	1.10	↑ 6%
US$	**1.38**	1.24	↑ 11%

Impact on HY 2021	Revenue	-ve £12.8m or 4%
	Operating profit	-ve £2.4m or 9%

Ready reckoner for FY translation impact of FX rate movements

Sensitivity to +/- 1 cent move in:	FY Revenue	FY Operating profit
Euro	+/- £0.7m	+/- £0.1m
US$	+/- £2.0m	+/- £0.4m

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 publication. 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.