

Annual General Meeting

1 September 2021



Alan Dunsmore

Chief Executive Officer

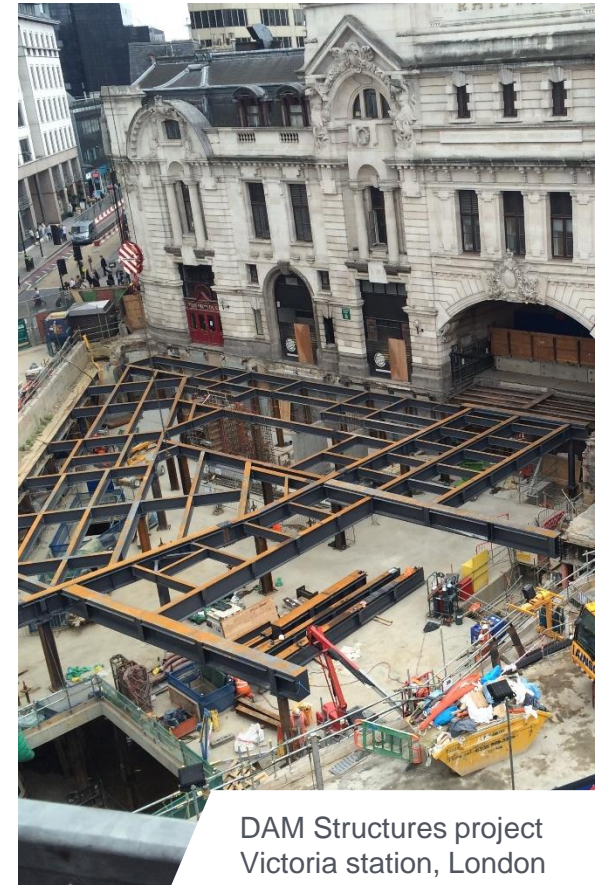


Highlights

- Revenue up 11% at £363.3m
- Underlying profit before tax of £24.3m, demonstrates resilience against Covid-19 backdrop
- Acquisition of DAM Structures for initial consideration of £12m, deferred consideration of £7m in FY22, contingent consideration of up to £8m payable over five years
- Good cash generation resulting in cash balances of £25.0m – net funds of £4.4m, including acquisition loans of £20.7m
- UK and Europe order book of £376m including £13m for DAM Structures
- Share of loss from India of £0.7m, reflecting Covid-19 impacted loss in H1 and break-even profit position in H2
- India order book of £135m reflects strong underlying demand for structural steel
- Underlying basic EPS of 6.4p per share
- Total dividend maintained at 2.9p per share despite lower FY21 profits – reflects confidence in outlook

Acquisition of DAM Structures

- Acquisition of DAM Structures (DAM) completed on 26 February 2021
- DAM is an innovative steel fabrication company with access to propping, railway and steel piling markets
- Initial consideration of £12m, on a cash and debt-free basis, funded by a term loan repayable over five years
- Deferred consideration of £7m payable in April 2022 and contingent consideration of up to £8m payable over five years if certain work-winning targets are achieved
- Acquisition will give us immediate access to attractive, complementary market sectors with strong growth potential, including HS2 and Network Rail work
- Ability to establish relationships and contracts at an earlier stage in site development with new and existing customers



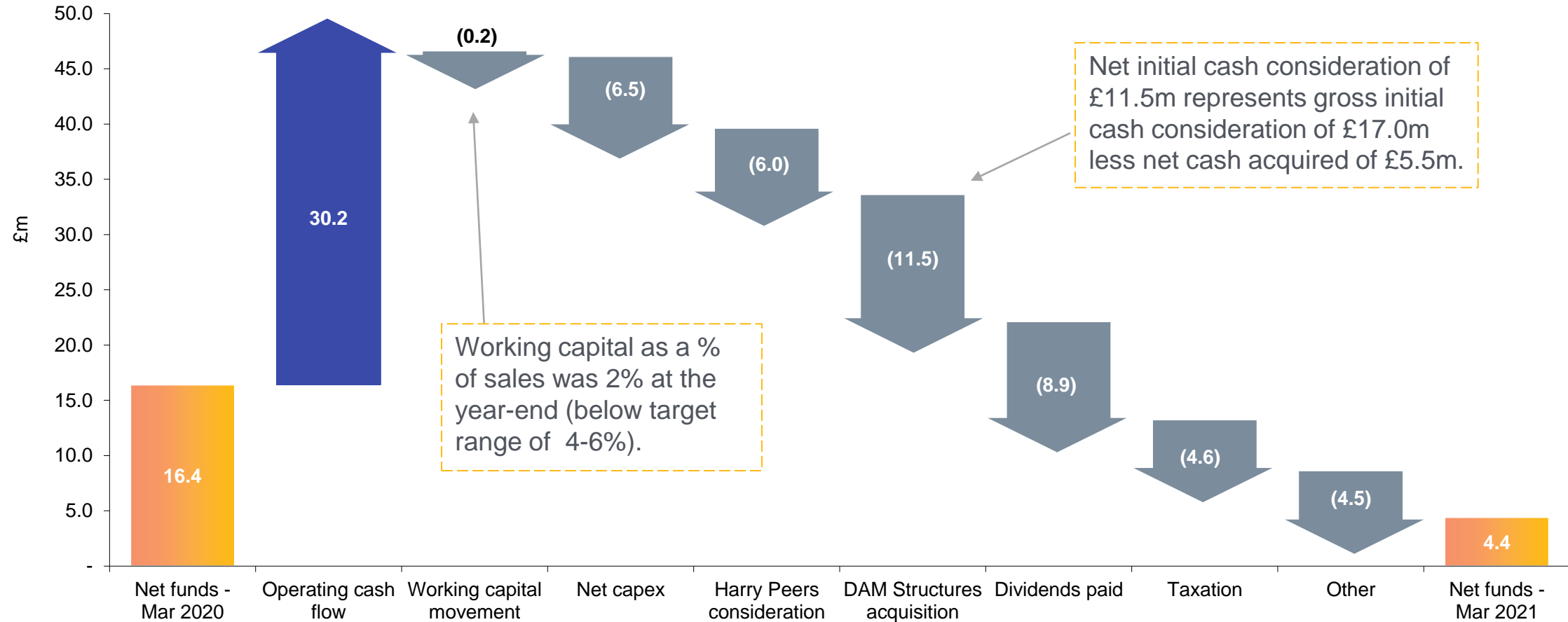
Group income statement

£m

	12 months to 31 Mar 2021	12 months to 31 Mar 2020
Revenue	363.3	327.4
Underlying operating profit (before JVs and associates)	25.5 7.0%	27.0 8.2%
Results of JVs and associates	(0.4)	2.4
Net finance expense	(0.8)	(0.7)
Underlying profit before tax	24.3	28.6
Tax	(4.5)	(5.0)
Underlying profit after tax	19.8	23.6

Cash flow

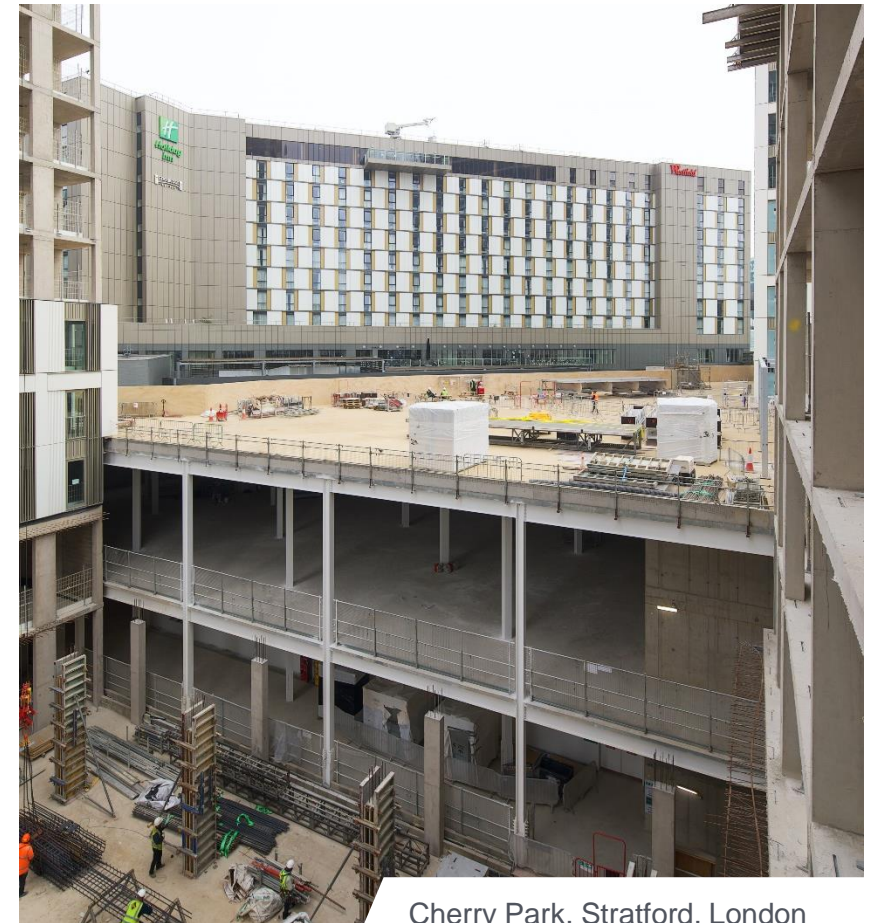
Net funds bridge – year ended 31 March 2021



Strategic evolution

3 years of further progress

- Revenue growth of 30% from £270m to £360m
- Acquisition of Harry Peers and DAM Structures
- Established Severfield (Products & Processing) and European business
- Indian joint venture expansion – 100,000 tonnes capacity from Bellary facility
- ‘SSS’ operational improvements (including 2018 restructuring of North Yorkshire factory operations) have benefited margins
- Continued cash generation and maintained progressive dividend policy

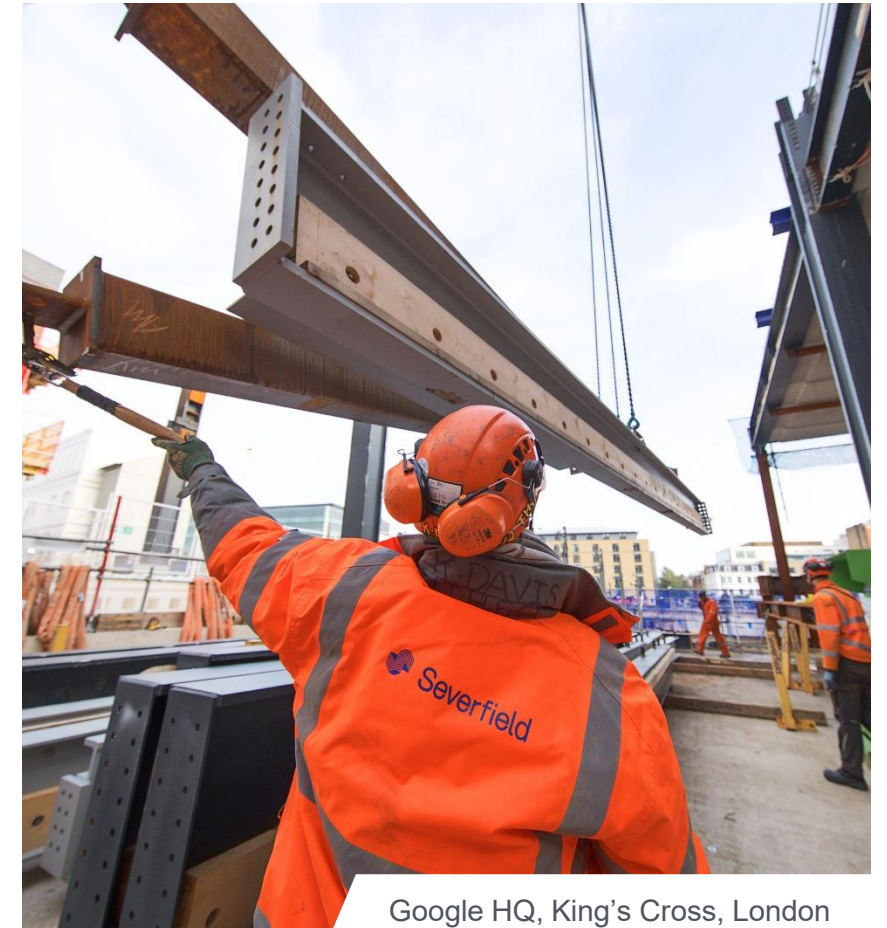


Cherry Park, Stratford, London

Strategic evolution

3 years of further progress

- Successfully navigated headwinds of Brexit and Covid-19
- More balanced and resilient business:
 - Market sector, geographical and client diversification
 - Market sectors increased from 8 to 10
 - Less reliant on any one geography or market sector including London commercial
 - Aligned with market sectors with strong growth potential including infrastructure



Group strategy

Growth

- Organic and through selective acquisitions
- European business
 - new geographies and markets
- Harry Peers
 - nuclear, power and process industries sectors
 - modular steel offerings
- DAM Structures
 - propping, railway and steel piling markets
 - early-stage access to clients and contracts
- Severfield (Products & Processing)
 - ‘Severstor’ and ‘Rotoflo’
 - new modular product ranges
- CMF
 - expansion underway
 - more cold rolled steel products

Operational improvements

- Manufacturing efficiency/Lean techniques
- Innovation – including engineering solutions
- Digital transformation, including systems development
- People, risk management, ESG, health and safety

India

- Growth and building value in JSSL

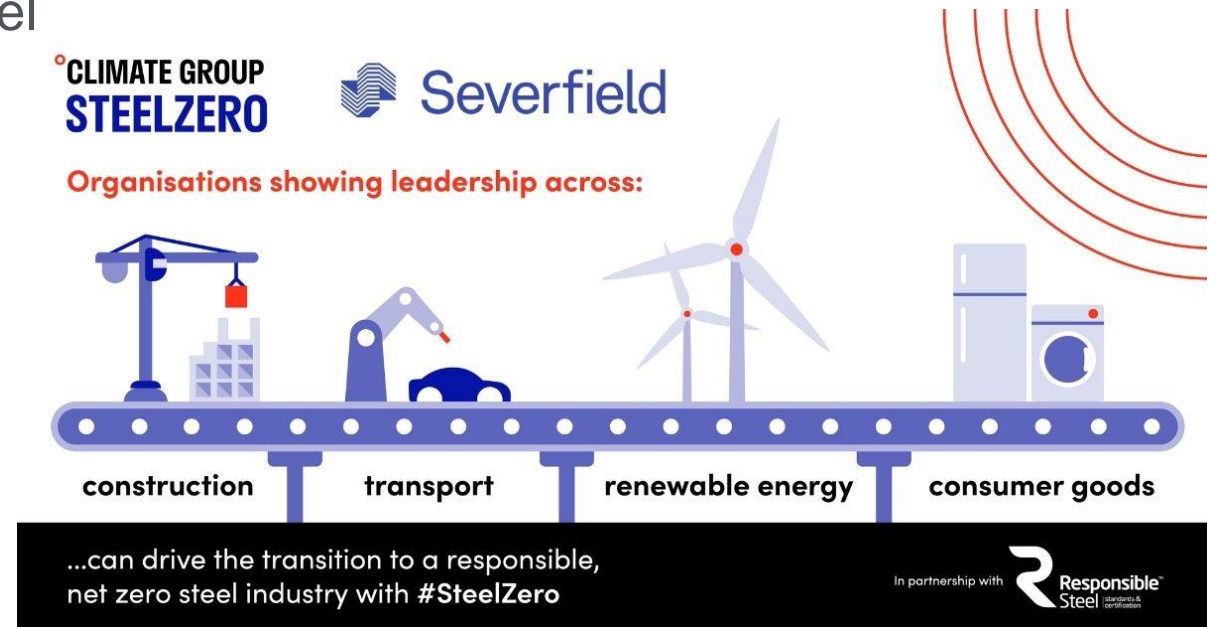




Reducing our carbon emissions

SteelZero – building a sustainable future

- Global initiative to speed up transition to a net zero steel industry
- Led by international non-profit organisations, The Climate Group and ResponsibleSteel
- Customer-led initiative by steel supply chain to drive a major shift in the market for responsible sourcing and production of steel
- Being signed up to by an increasing number of UK and international steel buyers
- Severfield is committing to transition to buying, specifying or stocking 100% net zero steel by 2050 (with interim targets of 50% to be achieved by 2030)



Our ESG momentum

Our achievements

- Reduced reported GHG emissions by 8% since 2020 and 53% since 2015 (and by 21% since 2020 and 64% since 2015 using a market-based approach)
- Included in Financial Times inaugural listing of Europe's climate leaders
- Maintained CDP rating of 'B', ahead of construction sector average, and awarded 'A' in CDP supplier engagement rating
- 73% green electricity used in our factories (with a commitment to increase to 100%)
- In August 2021, achieved our current year target to be accredited as carbon neutral for our manufacturing and construction operations by the Carbon Trust

A new sustainability framework

- Developed new sustainability strategy together with targets and KPIs to monitor progress
- Materiality assessment undertaken to confirm sustainability priorities and UN Sustainable Development Goals chosen to align with priority areas

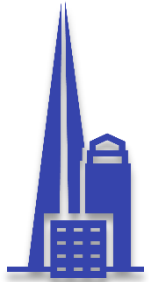
Our commitments

- New targets to reduce scope 1 and 2 GHG emissions by 25% by 2025, against a 2018 baseline (based on Paris Agreement which seeks to limit global warming to below 1.5 degrees Celsius)



UK and Europe

Market sectors



Commercial



Stadia and leisure



Power and energy



Process industries



Industrial and distribution



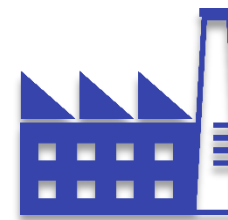
Retail



Transport



Health and education

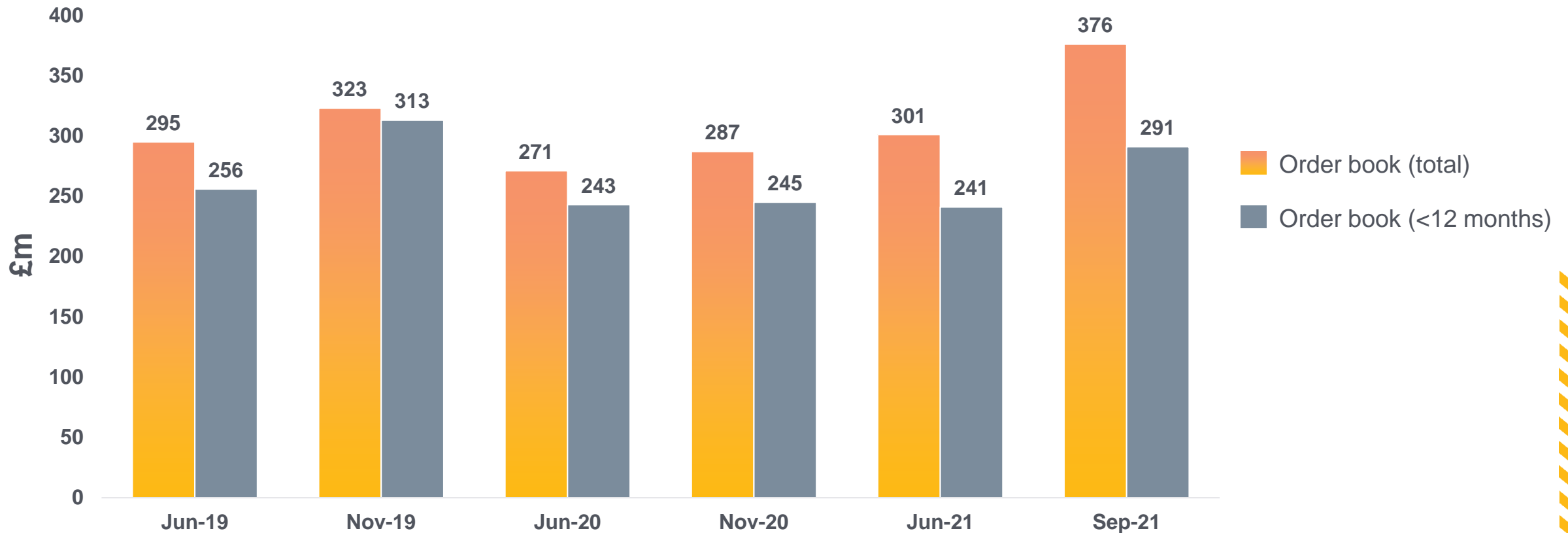


Nuclear



Data centres

High quality UK and Europe order book



- DAM Structures order book of £13m at 1 September 2021

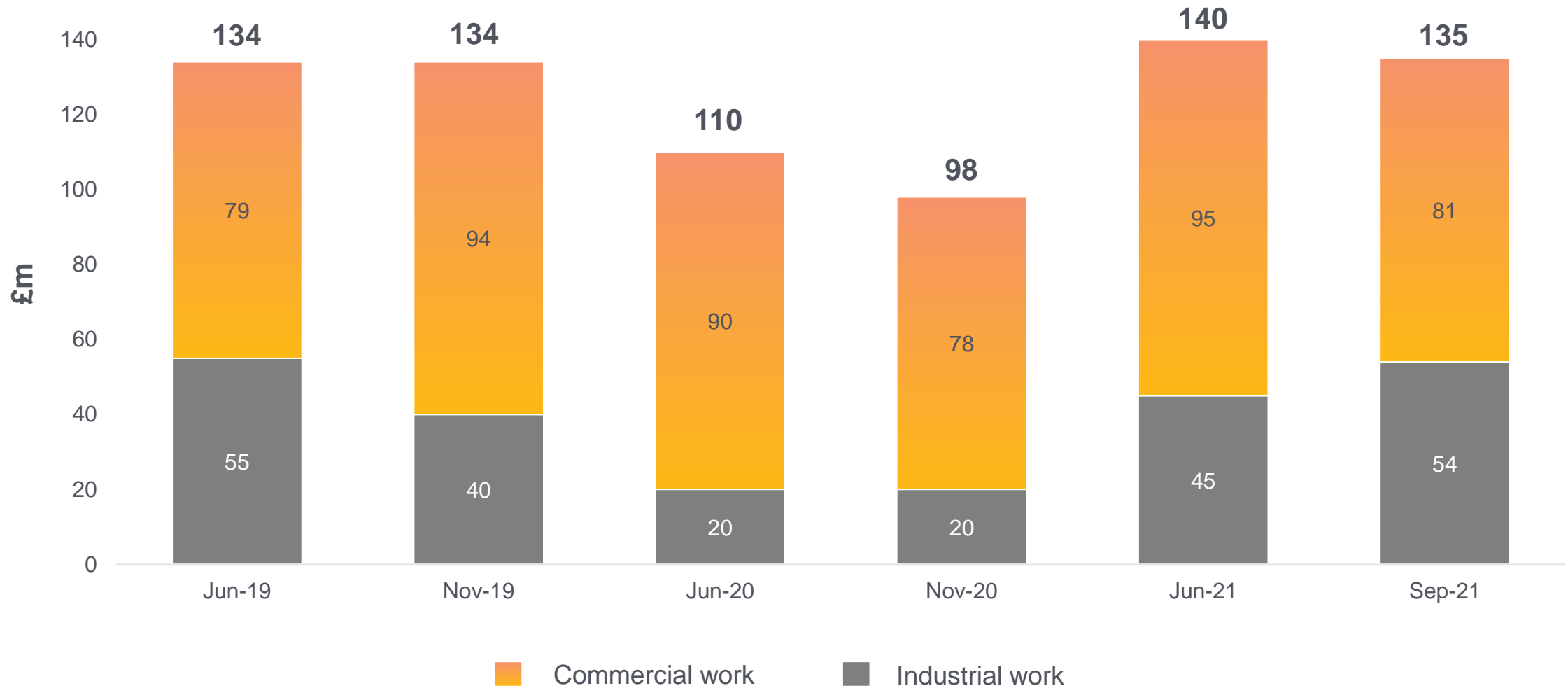
India



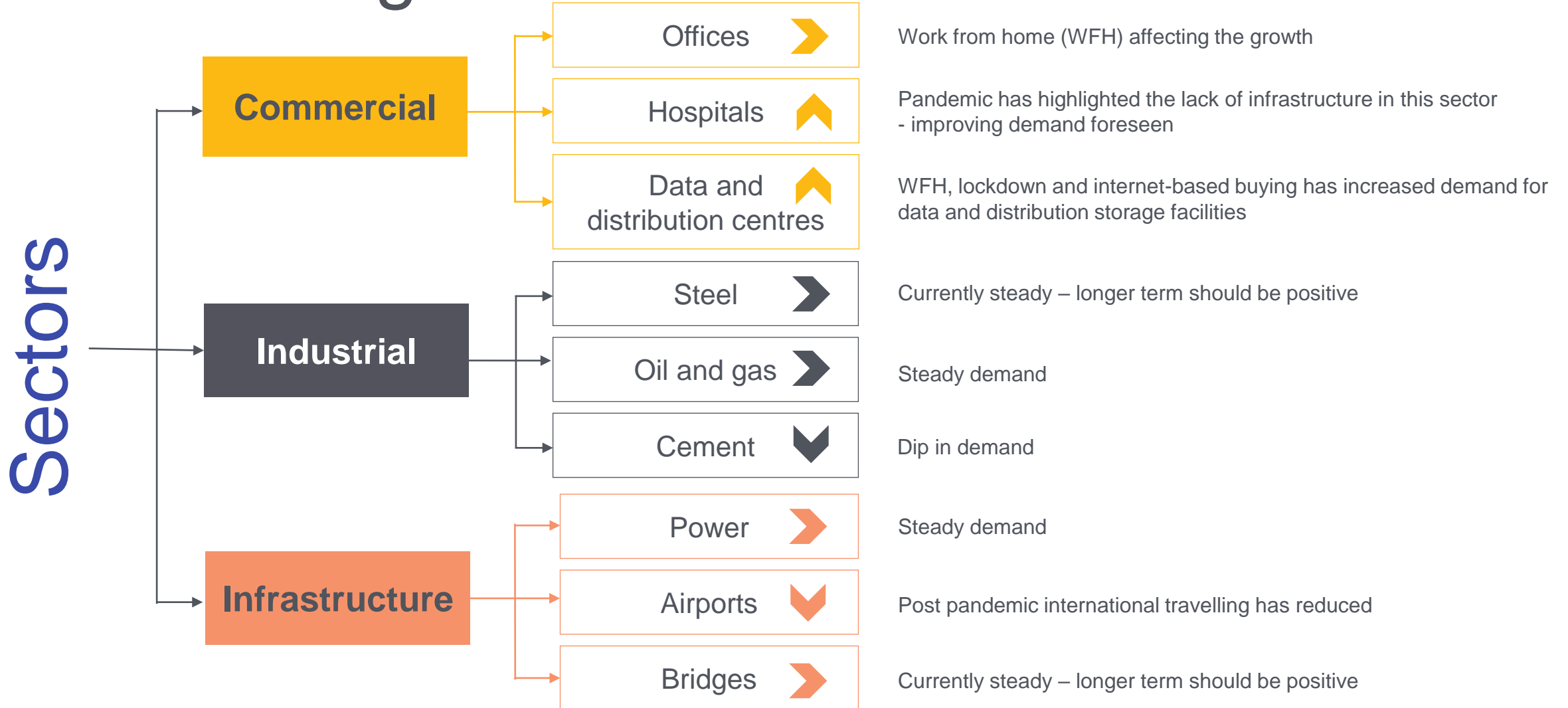
India - overview

- Share of loss in FY21 reflects Covid-19 impacted loss in H1 and break-even profit position in H2
- Strong underlying demand for structural steel in India – clients continue to place orders – order book of £135m at 1 September 2021
- Good order pipeline, including commercial projects for key developers and established clients
- Key initiatives include development of strategic alliances with clients (nominated steelwork contractor) for commercial, data centre and healthcare projects
- Share of steel in construction remains below other developing countries
- Business is very well positioned as the market continues its recovery from the second wave of COVID-19 – we remain positive about long-term development of market and further value creation potential of JSSL

India order book

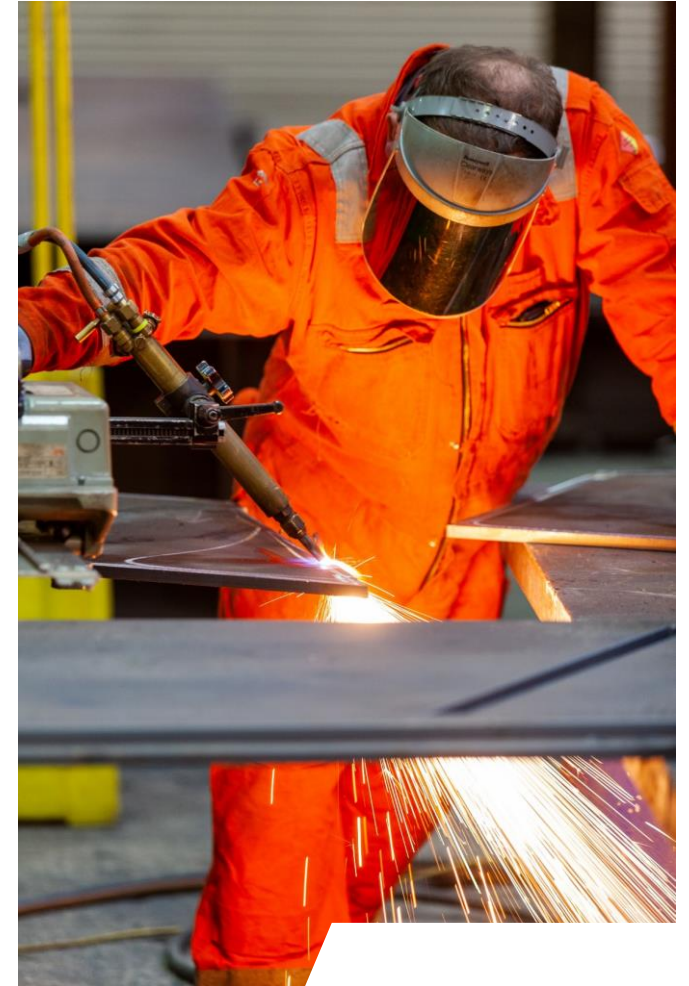


India – target sectors



Summary

- Results demonstrate resilience against Covid-19:
 - Revenue up 11%, resilient profit performance
 - Good cash generation and strong balance sheet allows us to make the right long-term decisions
 - Final dividend maintained
- Significant strategic progress, including acquisition of DAM Structures
- Continued progress with ‘SSS’ operational improvements
- New sustainability strategy launched with commitment to be operationally carbon neutral in 2021 calendar year



Outlook

- Strategy remains unchanged
- Balanced, high quality UK and Europe order book of £376m – £291m for delivery over next 12 months
- Tendering and pipeline activity remain very encouraging, albeit at tighter prices
- India order book of £135m – we remain positive about the long-term development of the market and further value creation potential of JSSL
- A balanced business – resilience provided by market sector, geographical and client diversity
- Optimistic outlook – considerable positive momentum provides platform for further operational and strategic progress

