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Severfield PLC
30 July 2024

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Severfield plc
('the Company' or 'the Group')
AGM trading update - trading in line with expectations

Severfield plc, the market-leading structural steel group, announces the following trading update, ahead of today's Annual General Meeting ('AGM').

Current trading and outlook

Trading since the start of the financial year has been as expected and the Group remains on track to deliver a result for 2025 which is in line with its expectations. The Group's cash and balance sheet position remains strong. Our businesses remain well-positioned to win work in markets with positive long-term growth trends, providing us with a strong platform to fulfil our strategic growth aspirations.

UK and Europe

The Group is pleased with the continuing high quality of the UK and Europe order book which stands at £460m at 1 July (1 June: £478m), of which £369m is for delivery over the next 12 months. The order book remains well-diversified and contains a good mix of projects across the Group's key market sectors. The composition of the order book reflects the continued strengthening of our market position in Europe, with 32 per cent of the order book representing projects in continental Europe and Ireland (1 June: 32 per cent).

As highlighted in our 2024 full year results announcement in June, market conditions are showing signs of improvement although pricing remains competitive for some projects in our shorter cycle sectors, including in the distribution sector. Looking further ahead, our businesses remain well-positioned to win work in markets with positive long-term growth trends including those which are driving the green energy transition. These include opportunities in both our Commercial and Industrial division and our Nuclear and Infrastructure division, such as battery plants, energy efficient buildings, manufacturing facilities for renewable energy and offshore wind projects together with work in the transport, nuclear and power and energy sectors given our capability to deliver major infrastructure projects. We are also seeing a strong demand for data centres in the UK and EU, fuelled by cloud computing, 5G and the recent advancement of Artificial Intelligence ('AI') applications.

India

India's construction sector continues to grow strongly, a position which is evident in the Indian order book of £181m at 1 July (1 June: £181m), which contains a good mix of higher margin commercial work of 72 per cent (1 June: 71 per cent). The expanding market picture is also reflected in an improving pipeline of potential orders with numerous growth opportunities identified in target markets, including in near markets such as Saudi Arabia. To support this expected market growth, we have agreed with our joint venture partner, JSW, to accelerate expansion plans for the business, with some new factory capacity increases expected to be completed in H2. Momentum and value are building in JSSL and the business is well positioned to take advantage of a very encouraging outlook for the Indian economy and a strong underlying demand for structural steel.

Share buyback programme update

In April 2024, the Group announced a share buyback programme to repurchase up to £10m of ordinary shares, subject to market conditions. The board is satisfied with the progress of this buyback programme, with a total of 2,577,383 shares purchased and cancelled to date, at a cost of £1.9m.

Half year results

The Group will announce its financial results for the half year ending 28 September 2024 on Tuesday 26 November 2024.

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Notes to AGM statement:

except as otherwise stated '2024' refers to the 53-week period ended 30 March 2024 and '2025' refers to the 52-week period ending 29 March 2025. The Group's accounts are made up to an appropriate weekend date around 31 March each year.

Notes to editors:

Severfield is the UK's market leader in the design, fabrication and construction of structural steel, with a total capacity of c.150,000 tonnes of steel per annum. The Group has seven sites, c.1,900 employees and expertise in large, complex projects across a broad range of sectors. The Group also has an established presence in the expanding Indian market through its joint venture partnership with JSW Steel (India's largest steel producer).

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