

VIEW FROM THE CHAIR



“Despite the challenging market conditions, the Group has delivered another year of strong performance – testament to the talent of our people and success of our strategy”

KEVIN WHITEMAN
NON-EXECUTIVE CHAIR

2024 was another strong year for the Group, reflecting the quality of our operations and the talent and commitment of our people. Despite some market headwinds, the diversified nature of our operations and our market-leading positions have enabled us to continue making significant strategic progress, particularly in Europe. The Group continues to win new, high-quality work across all areas of the business and this gives us a strong platform for success in future years.

The Group's underlying¹ profit before tax grew by 12 per cent to £36.5m (2023: £32.5m), ahead of our previous expectations, and this has been supported by strong cash generation with operating cash conversion in the year of 110 per cent (2023: 145 per cent). Our strong cash position and positive cash flow supports the Group's future growth by enabling us to make the best decisions and by giving potential clients assurance of our long-term solvency and availability of cash resources. Statutory operating profit, which includes non-underlying items, was £26.4m (2023: £30.2m).

Our total dividend for the year has increased by 9 per cent to 3.7p per share, reflecting our results, strong balance sheet and the board's confidence in the Group's long-term prospects. Furthermore, encouraged by our cash position, we launched our share buyback programme in April 2024 to repurchase up to £10m of our ordinary shares, to further enhance returns to our shareholders.

Board changes

This is my last report to you as Chair of Severfield and I am pleased to be handing over to Charlie Cornish with the Group in a strong position and in good hands. Charlie joined the board as a non-executive director in May 2024 and will succeed me as Chair when I step down from the board at the AGM on 30 July 2024, having completed my nine-year tenure. 2024 also saw the retirement of Tony Osbaldiston after nine years on the board, and the departures of Rosie Toogood, who took up a senior executive role at Wates, a major customer, and Ian Cochrane, previously our Chief Operating Officer, who left us to pursue other interests. I thank them all for contributions to the board and to the Group's success.

Markets and strategy

In the UK and Europe, we have a prominent position in market sectors with strong growth potential. Our Nuclear and Infrastructure division is well-placed to meet the demand for ongoing state-backed investment, including the requirement for clean and domestically generated energy, such as nuclear power, and improved transport infrastructure. In our Commercial and Industrial division, we continue to see some significant opportunities, both in the UK and continental Europe, where we are making good progress with our European growth strategy, supported by the acquisition of VSCH. This includes projects in support of a low-carbon economy such as battery plants, energy efficient buildings, manufacturing facilities for renewable energy and offshore wind projects, together with data centres, where demand is being fuelled by the growth in Artificial Intelligence applications.

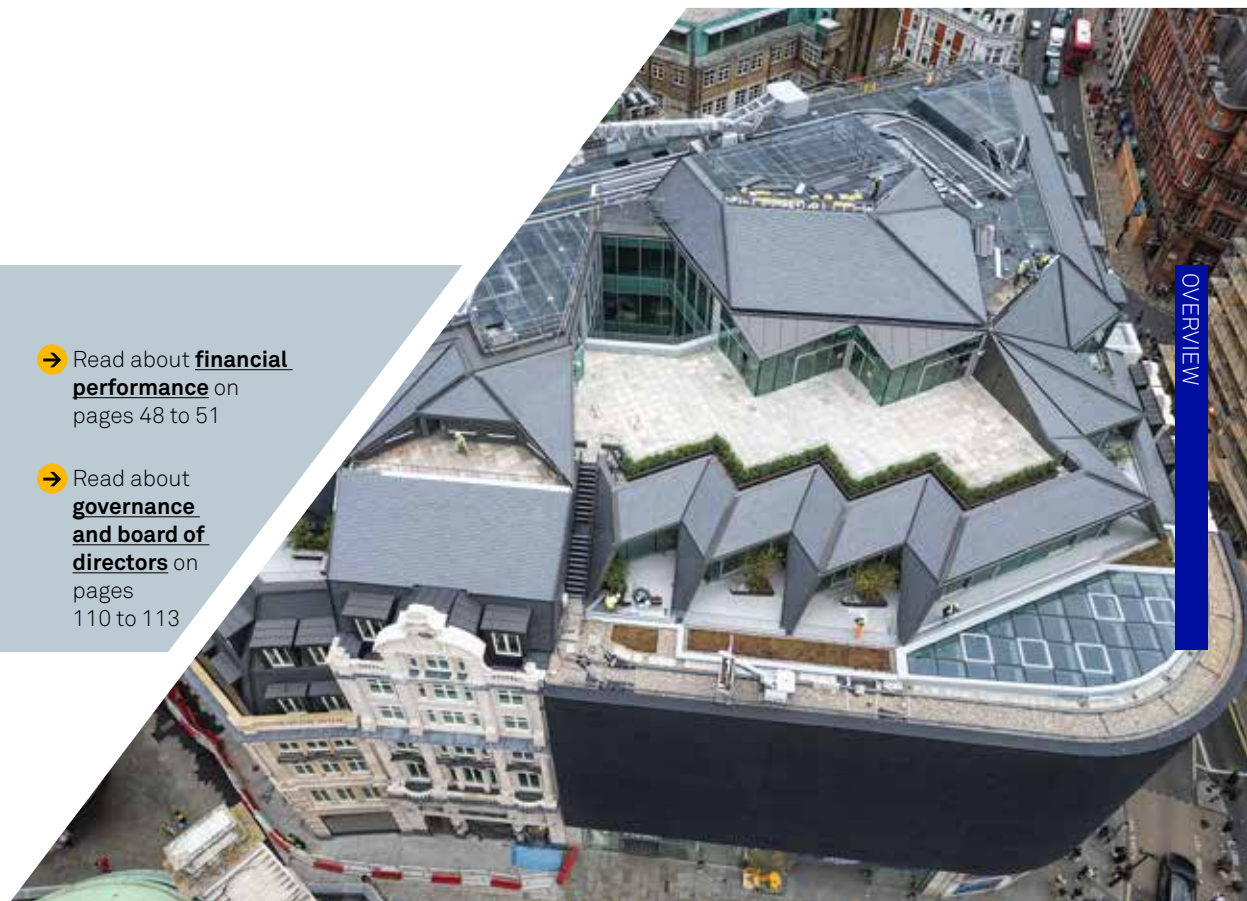
Creating value in JSSL remains a key strategic objective of the board. In India, momentum is building and a growing order book and pipeline, and the large number of identified growth opportunities reflect a continuing strong demand for structural steel.

→ Read about **strategy** on pages 30 to 33

→ Read about **financial performance** on pages 48 to 51

→ Read about **operating performance** on pages 40 to 47

→ Read about **governance and board of directors** on pages 110 to 113



With these foundations, and with the land in Gujarat, to develop a new manufacturing facility and to expand the geographical footprint of the business, now secured, the business is very well-positioned to take advantage of a strongly growing economy, which will drive the success and long-term value of the business.

A responsible business

The health, safety and wellbeing of our employees remains paramount and is our number one priority. Encouragingly, we have seen a further reduction in our injury rates and have achieved our targets for the year, supported by the ongoing roll out of our Safer@Severfield behavioural safety programme. Our injury frequency rate ('IFR') of 1.23, compares favourably to 1.61 in 2023, and our accident frequency rate ('AFR') has reduced to 0.12, compared to 0.14 in 2023. Despite this good performance, we are not complacent and we are in the process of adopting positive leading indicators to drive further corrective behaviours in our workforce in the future.

During the year, we progressed our efforts to measure and reduce our carbon emissions and I am proud to say that we have achieved a CDP A score for our leadership on climate change mitigation, and retained our AAA environmental, social and governance (ESG) rating from MSCI for the third year running. We have also received validation of our science-based targets, have been verified and accredited as carbon neutral for the fourth year running and have, once again, been recognised in the Financial Times listing of Europe's climate leaders, which showcases corporate progress in fighting climate change.

We have maintained our focus on social value, which has been delivered through a range of Group initiatives such as supporting local supply chain partners, fundraising and volunteering schemes, through paying our colleagues at or above the real living wage, and 'earning and learning' through our gold membership of 'The 5% Club', including increasing our intake of annual apprentices.

Looking forward

Whilst there remains some uncertainty in the wider economy, we are seeing an improvement in market conditions. We have strong order books spread across a wide range of sectors and geographies and are well-positioned in markets with excellent long-term opportunities. As I prepare to step down as Chair, I am pleased to be leaving a business in great shape, which is performing strongly, and which has a clear strategy for further sustainable growth. It has been an absolute privilege to be the Chair of Severfield. It is a unique and dynamic business, driven by the commitment and talent of its outstanding people, who have been key to the Group's enduring success. I leave behind a strong and entrepreneurial management team, led by Alan Dunsmore, with whom I have thoroughly enjoyed working. Finally, I would like to personally thank all of my board colleagues, the shareholders and the wider Severfield team for their continued support over the years.

KEVIN WHITEMAN
NON-EXECUTIVE CHAIR

19 JUNE 2024

¹ See note 33 for APM definitions