

Investec Investor Conference

November 2020

Delivering intelligent
protection solutions



Hill & Smith Holdings PLC



Stock Code HILS



An international group with leading positions in global niche infrastructure markets, principally in the UK and USA

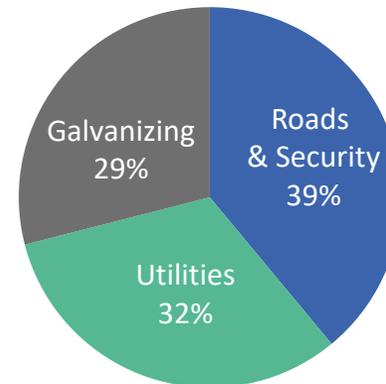
Our mission is to deliver sustainable profitable growth through the supply of Infrastructure Products and Galvanizing Services

Company Profile

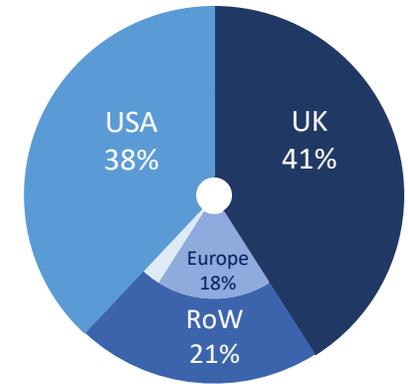
Headquarters	Solihull, UK
2019 Revenue	£694.7m
Market Cap	£1bn
Countries of Operation	6
Number of Sites	77
Total Employees	c.4,350

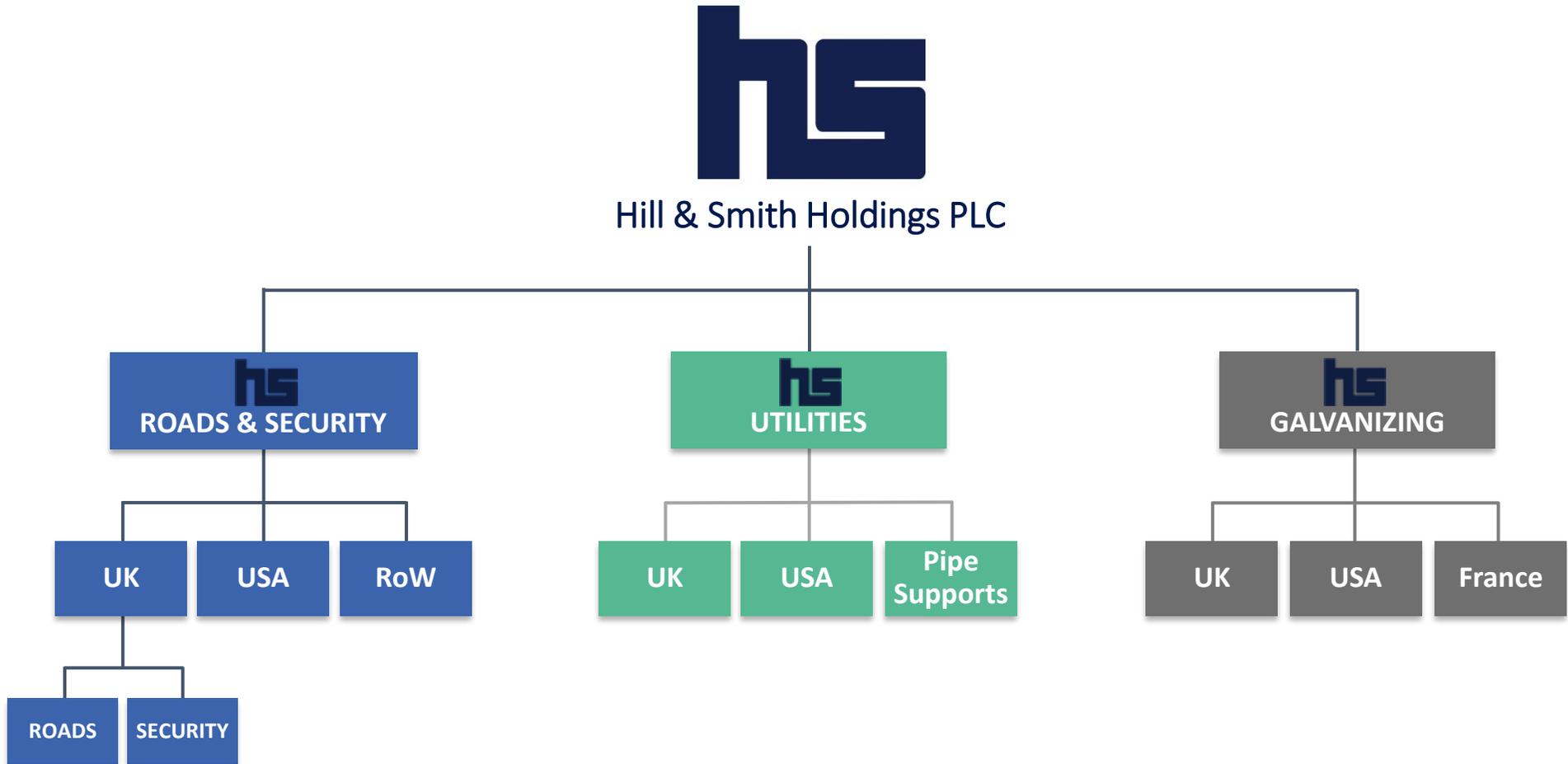
2019 Revenue

By segment



By end market geography





2019 Revenue £275.3m

UK Roads

H&S Ltd
 Permanent barrier
 Concrete arches and steel structures
 Barrier protection and cladding systems

Asset VRS
 Temporary barrier (steel & concrete)
 Crash cushions

Mallatite
 Lighting Columns
 Street furniture
 Signs & bollards

Varley & Gulliver
 Bridge Parapets
 Passive safety poles
 Edge Protection

VMS Group
 Strategic highway VMS signs
 Urban signage
 Rail signals

US Roads

H&S Inc
 Temporary barrier (Zoneguard)
 Crash cushions
 Trailers & Cones

International Roads

H&S Pty (Australia)
 Temporary barrier (Zoneguard)

ATA (Sweden)
 Traffic Management Products
 Infrastructure
 Rental and Flagmen

Conimast (France)
 Architectural Lighting

Security

ATG Access
 HVM Bollards
 Blockers
 Wire rope barrier (Bristorm)

Barkers
 Mesh & Pallisade fencing
 Stronguard high security fencing
 Gates

Technocover
 Secure covers
 Security enclosures
 Building hardening

Parking Facilities Ltd
 Cantilever Gates
 Rising barriers
 Blockers

Hardstaff
 National Barrier Asset
 Events and Crowd protection
 Temporary physical security



2019 Revenue £222.3m

UK Utilities

Lionweld
*Industrial Flooring
Walkways
Handrail Systems*

US Utilities

Creative Composites Group
*Fiberglass reinforced polymer (FRP)
composite products*

Pipe Supports

Carpenter & Paterson USA
*Pipe supports and hangers
Vibration isolation & seismic restraint
products*



Birtley
*Composite residential doors
Steel lintels
Builders' metalwork*

V&S Utilities
*Electricity substation structures
Tubular steel utility poles
Structural steel fabrication*

Bergen Pipes India
*Pipes supports for industrial , commercial,
power generation and cryogenic sectors*



2019 Revenue £197.1m

UK

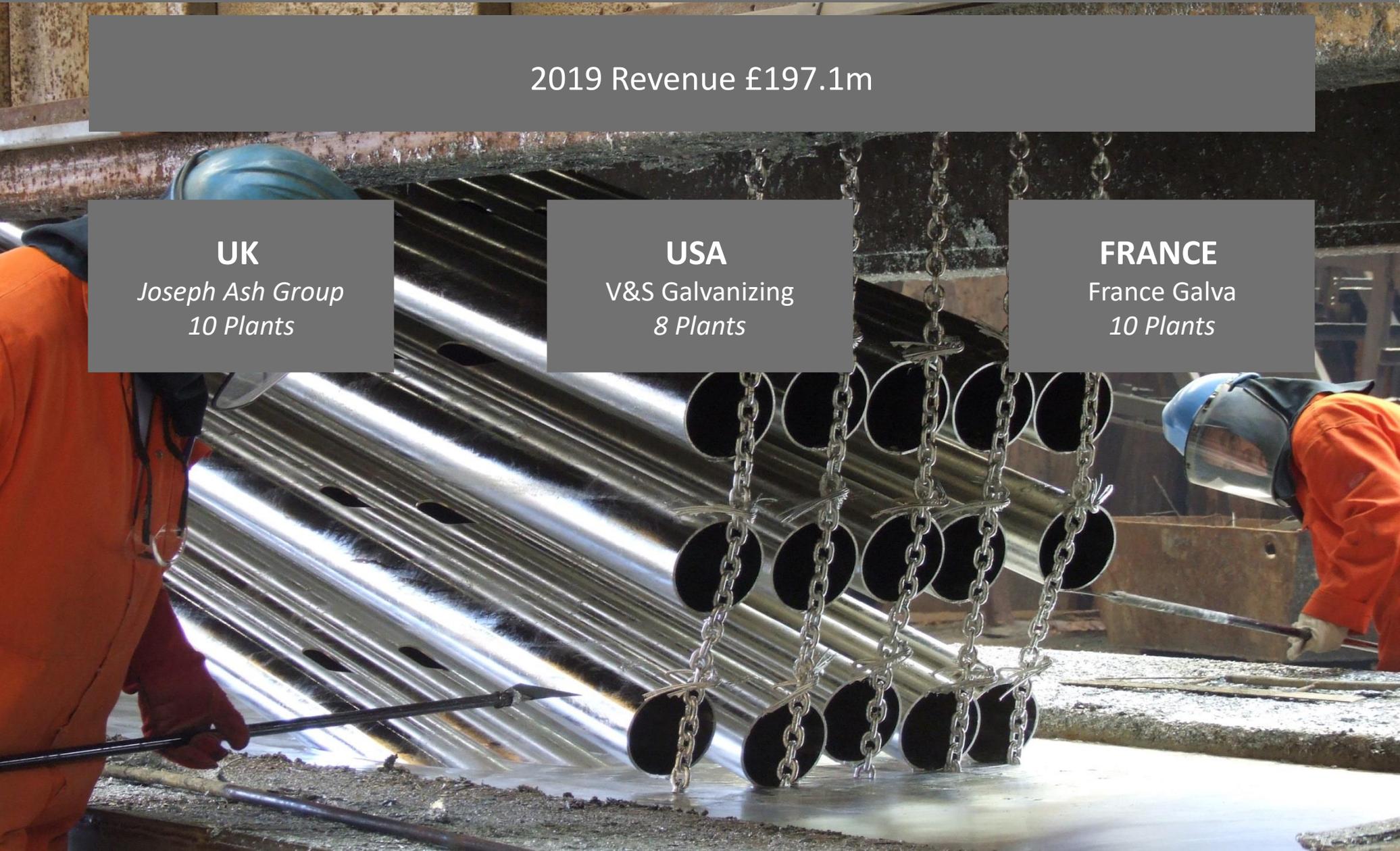
*Joseph Ash Group
10 Plants*

USA

*V&S Galvanizing
8 Plants*

FRANCE

*France Galva
10 Plants*



An organic and acquisitive growth strategy that maintains a strong margin and cash performance

Strong cash generation & sustainable financial leverage

Capital allocation to higher growth and return markets

Acquisitions to enhance growth

Progressive earnings and dividend growth

A disciplined strategy that delivers superior long term shareholder value

- **Entrepreneurial culture**
 - Agile and entrepreneurial culture in business units
 - Decentralised management structure
 - Close to local market conditions; responsive to opportunities
- **Portfolio Management**
 - Active portfolio management to drive higher returns
 - Organic growth supplemented with complementary acquisitions to create new growth opportunities
 - Monitor businesses; restructuring or divestment
- **Geographical Expansion**
 - Leading positions in Infrastructure Products and Galvanizing Services; major presence in UK and US
 - Target geographies where Governments are investing in upgrades or renewals to infrastructure
- **Revenue Growth and Targeted Returns**
 - Mid-single digit organic revenue growth
 - Increase operating margins; Group target range 12% to 15%
 - ROIC target range 17% to 20%
 - Underlying cash conversion target 90%



Outcome

A strong track record, over many years, of profitable growth, cash generation and increasing returns to shareholders



■ ROADS & SECURITY

- UK: Road Investment Strategy 2
- US: Federal infrastructure spend plans
- Collaborative security partnerships
- Data centre perimeter security
- Strong product development programme



■ UTILITIES: US Composites Group

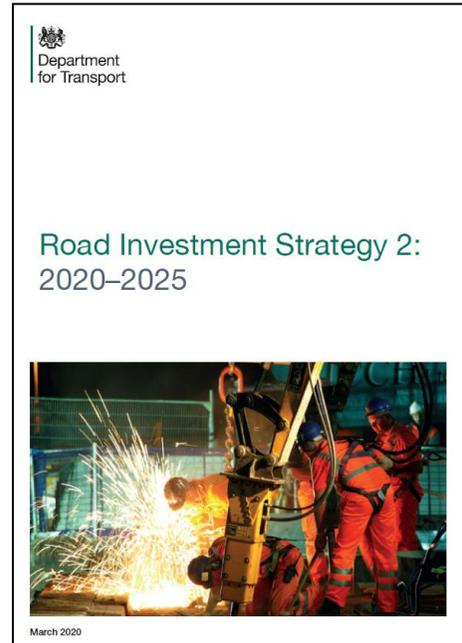
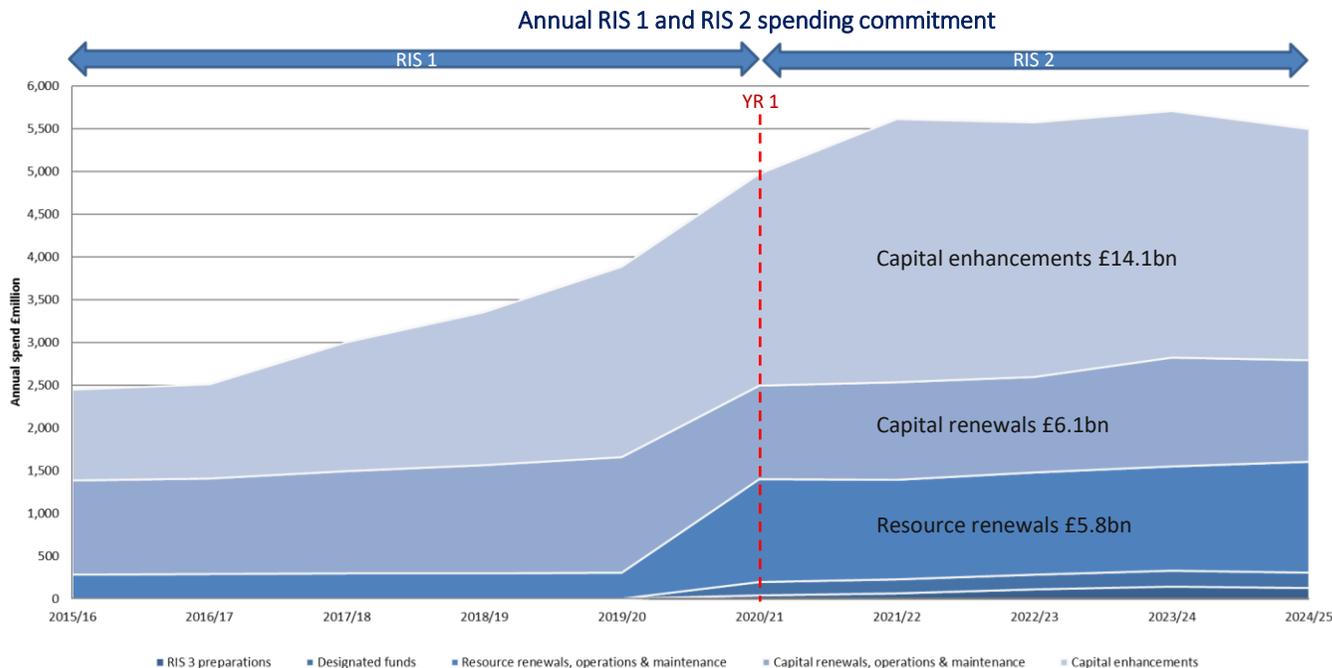
- Market expected to grow 8-10% over next 5 years
- Key drivers: product awareness & performance characteristics
- Broad range of end markets, including:
 - Waterfront protection
 - Utility transmission poles
 - OEM



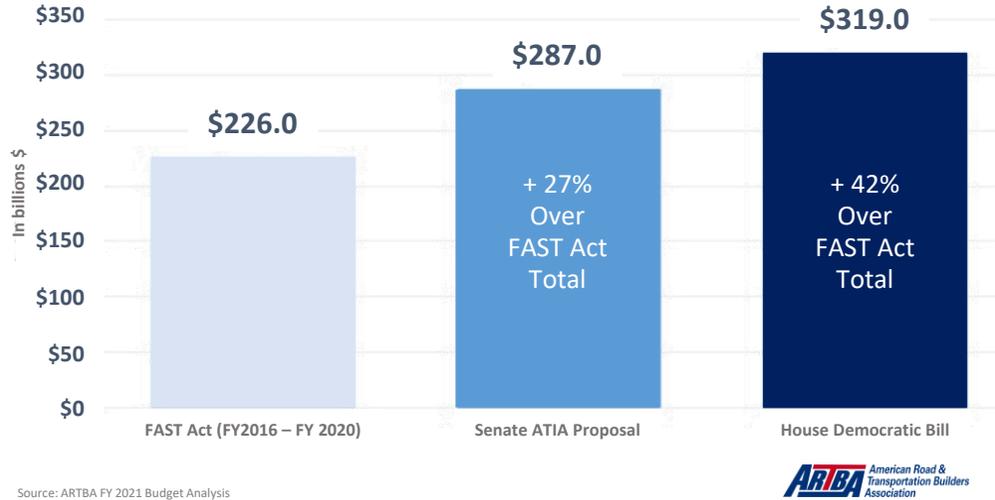
■ GALVANIZING: US

- Growth in US infrastructure spend
- Key drivers: product substitution from paint
- Organic growth opportunities:
 - Gain market share through customer service & technical expertise
 - Increased footprint through new plant construction
- Acquisition opportunities

- UK Government commitment to ring-fence English Vehicle Excise Duty for roads spending, announcing National Roads Fund of £28.8bn between 2020-2025
- March 2020 Government publications:
 - Road Investment Strategy 2: 2020-2025 ('RIS 2')
 - Total budget £27.4bn; £2.1bn more than originally anticipated
 - £450m for 1,000 miles of safety barrier replacement
 - Review of Smart Motorways Safety:
 - Commitment from Government to new, shorter standard spacing for emergency stopping places, leading to increased demand for signs
 - Scheme start dates deferred to 2021



Comparison of Federal-Aid Highway Proposals, FY 2020-FY 2025



Federal

- 5-year Fixing America’s Surface Transportation (FAST) Act ended in September 2020. One year extension granted to September 2021
- Bipartisan support for increase in spending on US road infrastructure but pathway uncertain
- Proposals range between 27% and 42% above FAST Act spend

State

- States have increased fuel tax to fund road improvements

MASH tested attenuators



Zoneguard



Work zone safety products



Portable Variable Message Signs





Drivers for growth



Regulations

From 1 January 2020, all temporary barrier manufactured must be MASH compliant. Several states are promoting the reduced carbon footprint of portable steel barrier



Partnerships

Develop and leverage existing regional partnerships and identify strong partners in targeted and developing states



Geographic Expansion

New markets presenting significant growth opportunities include California, Florida and Texas

Zoneguard® is the most widely used temporary steel barrier in the USA. It is MASH compliant and offers several benefits over traditional concrete barrier systems:

- 750 linear feet per truckload
- 20+ year life span
- Reduced anchoring
- Less installation time

- Increasing demand for data storage is driving a significant growth in data centre construction
- Data centre space:
 - 30% provided by hyperscale cloud operators in their own buildings
 - 70% provided by large data centre operators leasing space to hyperscalers
- 176* Hyperscale data centres currently under construction or in planning globally
- **ALL** require a secure hostile vehicle mitigation (HVM) perimeter solution
- H&S Security has a full range of products to provide the solution including security fencing, bollards, blockers and gates



Hyperscalers



facebook.

amazon

Google



Microsoft

Data centre operators



EQUINIX

GLOBAL SWITCH



colt
Data Centre Services



DIGITAL REALTY

Perimeter security packages c.£1m per Data Centre

* Source: Synergy Research report July 2020



- Market expected to grow 8 - 10% over next 5 years through greater product awareness and acceptance
- Product benefits include:
 - Strength: greater tensile strength than steel and high dielectric strength
 - Lightweight: 80% lighter than steel
 - Corrosion resistant: will not rust, spall or rot
 - Lower environmental impact: will not leach and has a low embodied energy
- Substitution from traditional materials expected to drive growth well ahead of GDP
- Customers value our technical talent in terms of design, engineering and manufacturing / fabrication capabilities, with the ability to supply large projects whilst maintaining quality
- Introduction of the 1st industry standard Load Resistance Factor Design (LRFD) will help expedite utilization of products into structural applications
- Significant opportunities in waterfront infrastructure renewal and storm protection due to high energy absorbing capacity
- Utility poles and cross arms gaining significant traction to increase grid reliability based on overall fire performance

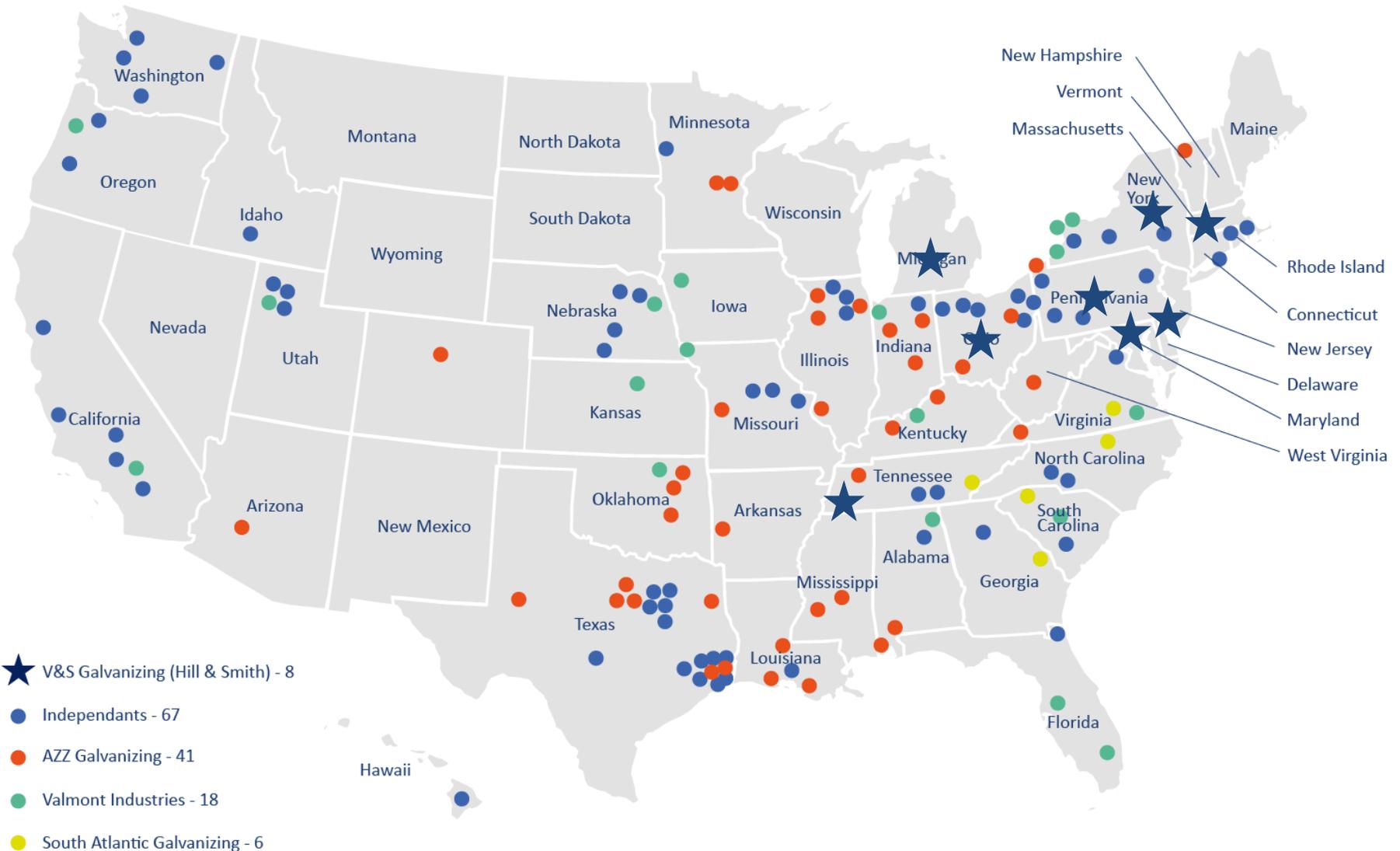


Broad range of growth opportunities:

- Cooling towers
- Access walkways
- Waterfront protection
- Lightweight vehicles
- Utility poles & cross arms



V&S Galvanizing: 3rd largest galvanizing group in the US



Quality

- Ability to provide hot-dip galvanizing services for projects large and small without compromising quality
- Specialization in duplex coatings (Colorzinq®)
- Modern facilities with experienced management

Service

- Communication and delivery above the competition
- Strategic locations in densely populated areas and/or geographic crossroads
- Focus on timely delivery
- Value added services beyond coatings (assembly, packaging, storage, fabrication)
- “Can do” attitude to accommodate customer requirements

Technical expertise

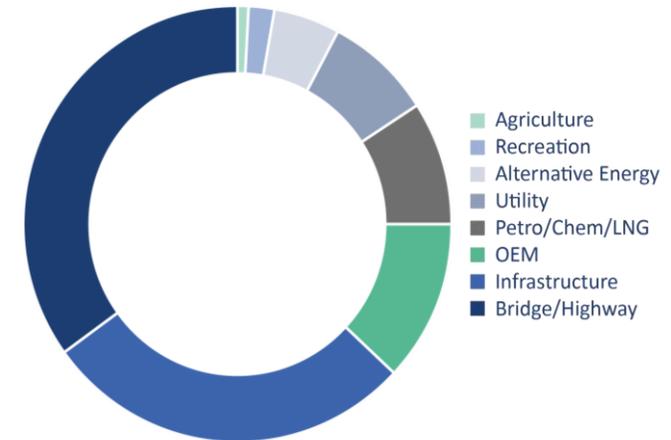
- Facilities constructed to V&S blueprint, maximising process efficiency
- Experienced personnel with an in-depth understanding of the galvanizing process



- Domestic steel produced in USA: 87m US tons (per American Institute of Iron & Steel)
- Steel in USA market with potential to be galvanized: 14.6m US tons*
- Hot-dip galvanized steel production in USA in 2019: 4.9m US tons*
- 2019: V&S galvanized 182,348 US tons (4% market share of tons galvanized)

**Estimates from American Galvanizers' Association (AGA)*

V&S market segments (tons galvanized)

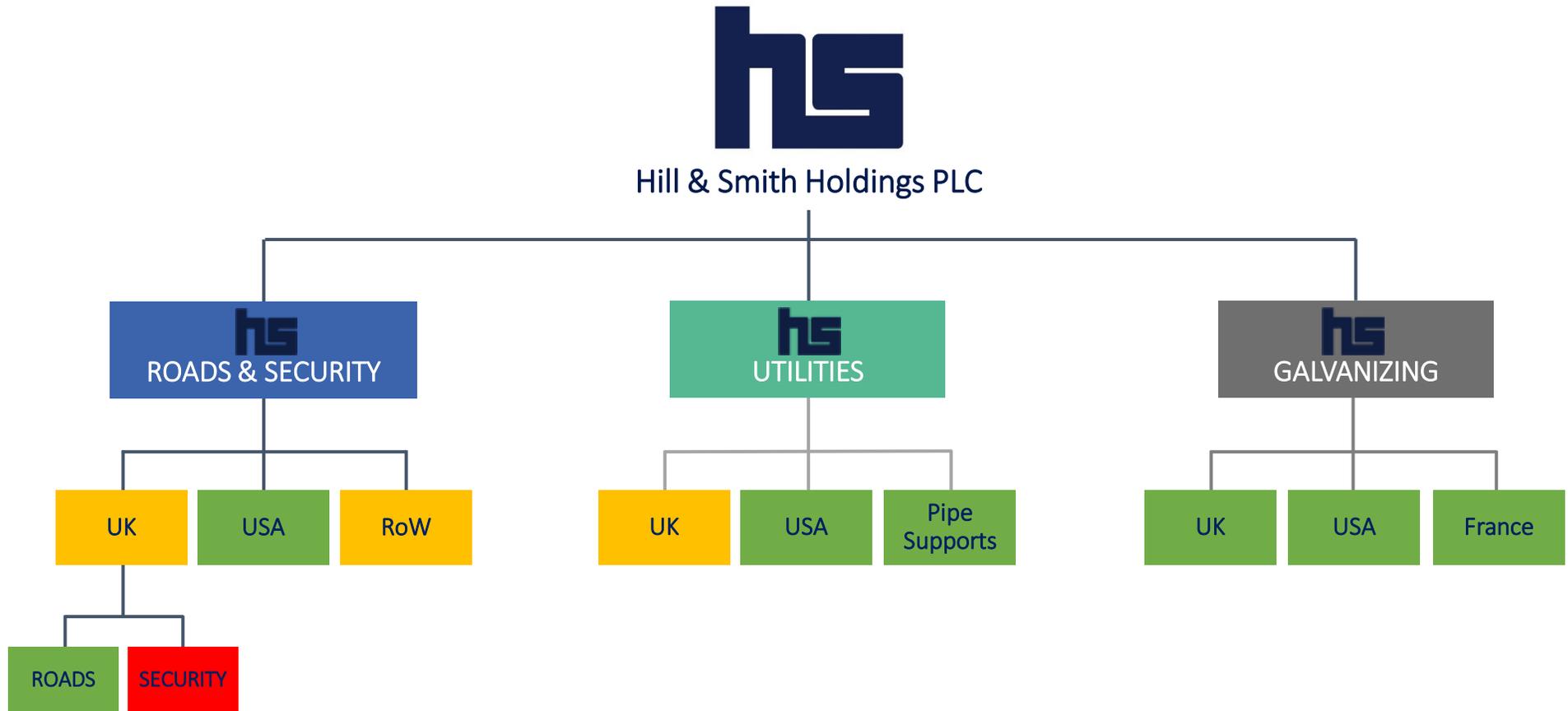


Growth drivers

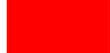
- Infrastructure spend continues to grow across a wide range of US markets
- Substitution for paint and other coatings is increasing, due to both cost and environmental factors
- Markets are increasingly focussed on sustainability and full life cycle cost; galvanizing outlasts other comparable coatings
- US geographical spread presents opportunities to increase footprint to meet higher market demand
- Market consolidation can be achieved through acquisitions



- **Current Trading**
 - Encouraging recovery in trading during the four month period to 31 October 2020 (“the period”)
 - Revenue 3% lower than same period last year
 - Underlying operating profits ahead due to improved margins and tight cost control across all divisions
- **Roads & Security**
 - Smart motorway schemes expected to commence in H2 2021
 - Extension of Federal road funding bill (FAST Act) for an additional year is encouraging
 - Security continues to experience challenges due to COVID-19 restrictions on public gatherings and customer delays
- **Utilities**
 - Strong performance with operating profits ahead of same period last year
 - US composites and power transmission businesses continue to see good levels of demand
 - Encouraging recovery in UK building products and industrial flooring businesses
- **Galvanizing**
 - Volumes recovering from weakness in Q2 2020, 6% lower than same period last year
 - Operating profits at similar levels to prior year
- **Financial Position and Liquidity**
 - Group continues to be cash generative with robust balance sheet
 - Net debt £158m as at 30 October 2020. £37m improvement from 30 June 2020 due to strong trading performance and effective management of working capital and capex
 - £219m of headroom against borrowing facilities as at 30 October 2020



COVID-19 market effect in the near term:

-  Limited/no impact
-  Some impact
-  Significant impact

ROADS & SECURITY

- 5-year RIS 2 underpins UK demand
- Growth opportunities in US market; well positioned for future spending bill
- Gradual progress in other international markets
- Longer term Security growth prospects remain strong

UTILITIES

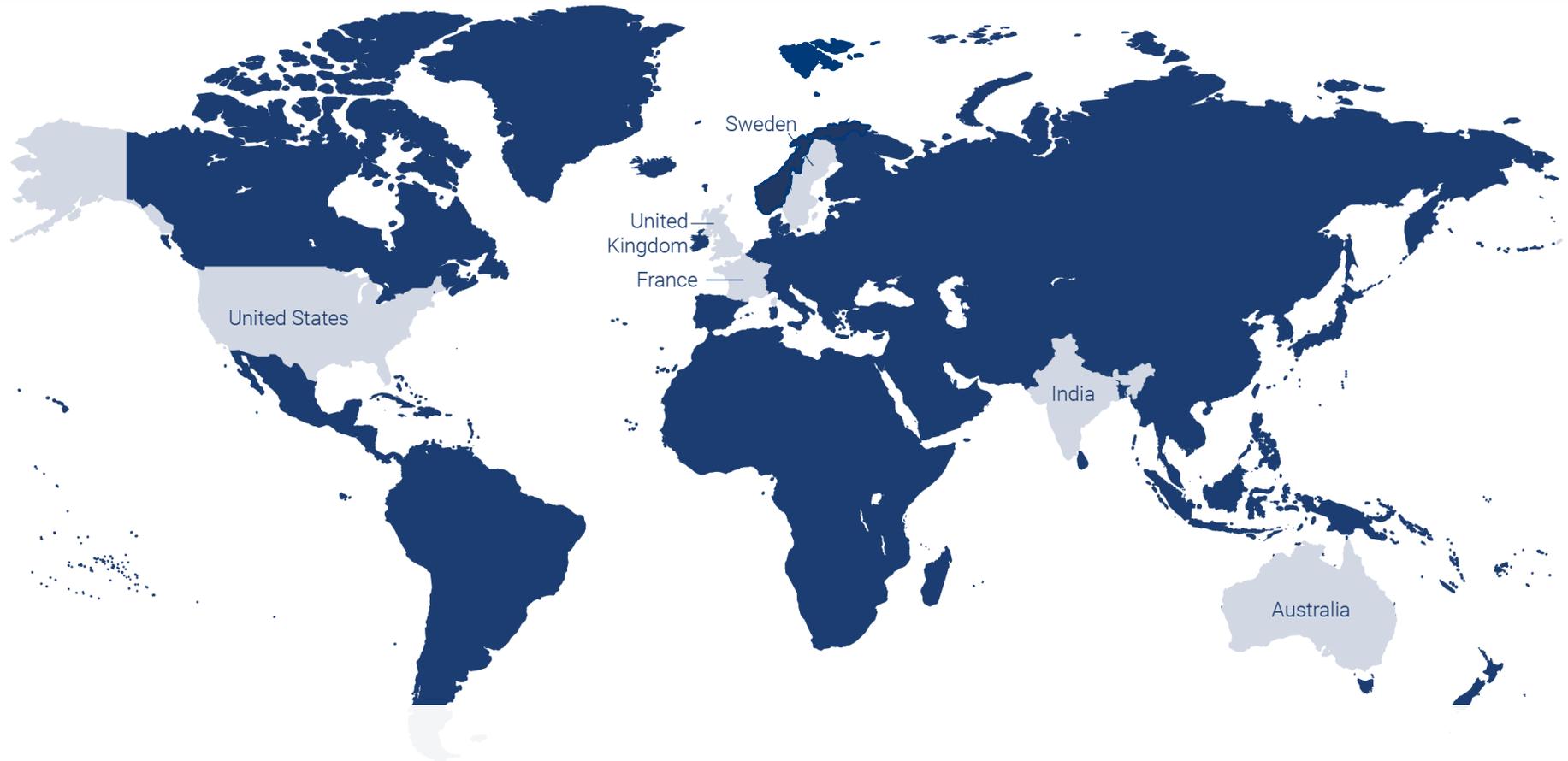
- Gradual improvements in UK as market activity resumes
- Continued growth opportunities in US, particularly in Composites
- Pipe Supports stable; focussing on profitability and returns

GALVANIZING

- UK: improvements in demand as end markets recover
- US: infrastructure outlook encouraging across our core markets
- France: market competitive; focus on pricing and efficiencies

“Outlook for infrastructure spend remains positive”

Appendices



AUSTRALIA: office in Queensland for the development of our wire rope and safety barrier products.

FRANCE: where we have ten galvanizing plants and a lighting column business.

INDIA: manufacturing facility for pipe supports.

SWEDEN: location of our road safety barrier and signage business.

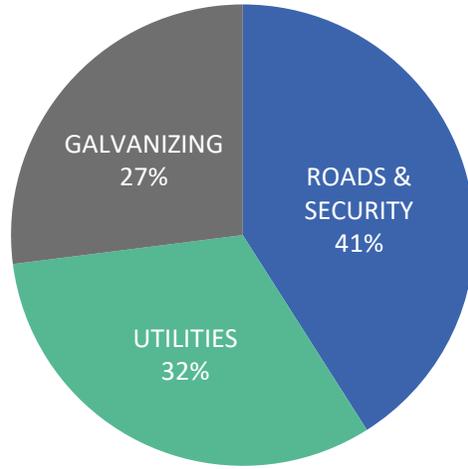
UK: head office and various locations covering our main infrastructure products businesses and network of 10 galvanizing plants.

USA: location of our roads business, 8 galvanizing plants, utilities businesses and our pipe support business and glass reinforced composite profiles group.

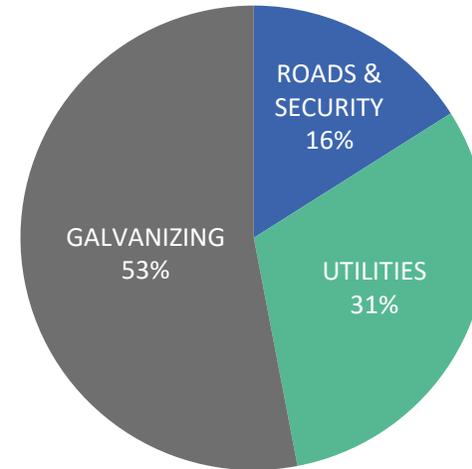
Total sites: 77

26 USA | 28 UK | 23 RoW

Revenue by segment: £315.6m

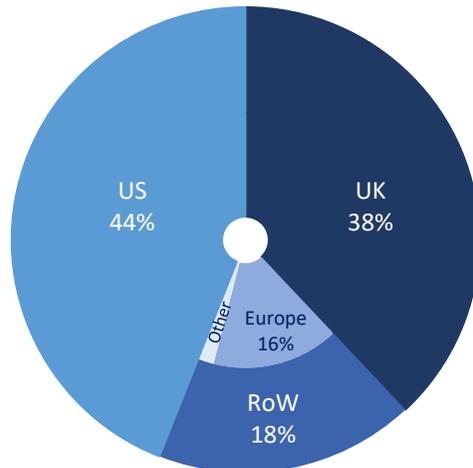


Operating Profit by segment: £26.8m

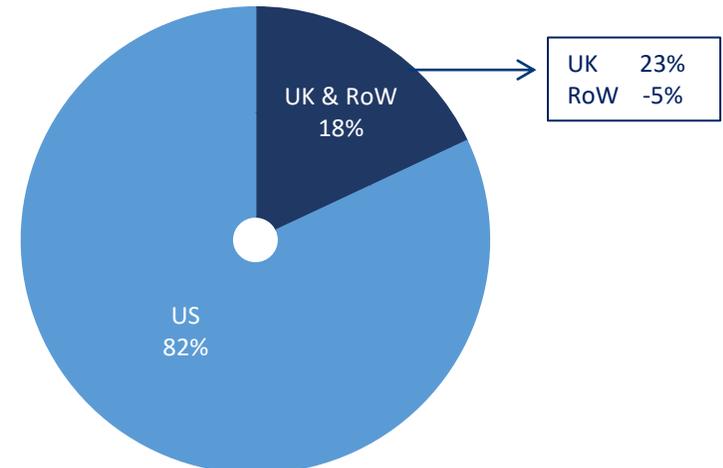


A well balanced business: products, markets and geographies

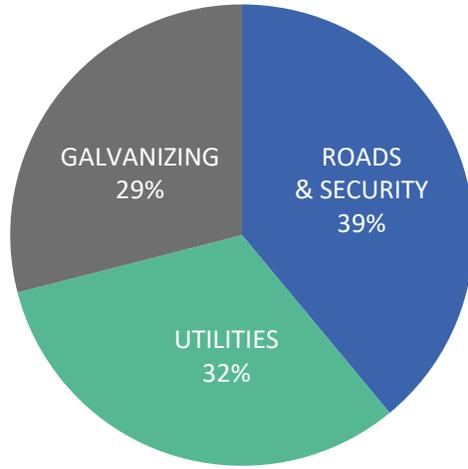
Revenue by end market geography: £315.6m



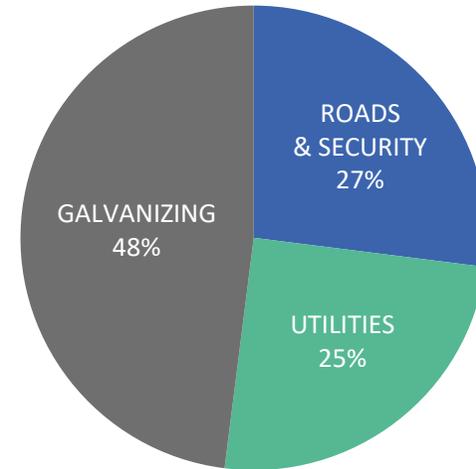
Operating Profit by plant location: £26.8m



Revenue by segment: £694.7m

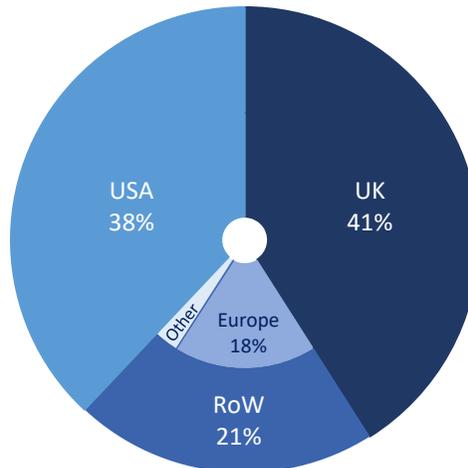


Operating Profit by segment: £86.3m

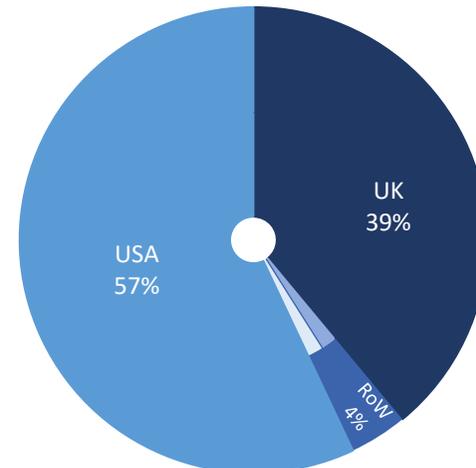


A well balanced business: products, markets and geographies

Revenue by end market geography: £694.7m



Operating Profit by plant location: £86.3m



3% - 5%

Organic revenue growth

12% - 15%

Operating margins

17% - 20%

Return on invested capital (inc. IFRS 16)

Cash

90% underlying cash conversion
Net debt: EBITDA 1.5 – 2 times

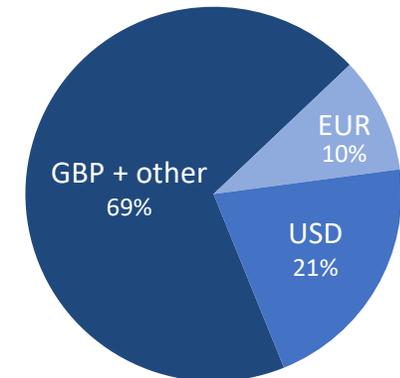


£m	Net Debt 30/6/20	Facility
Committed	183.4	341.8
On demand	-	14.5
Cash	(20.5)	-
Net borrowings	162.9	356.3
IFRS 16	36.3	-
IFRS 9	(3.8)	-
Reported net debt	195.4	356.3

Maturity			
On demand	2020 to 2023	2024	2026 / 2029
14.5	0.9	284.4	56.5

£193.4m total headroom

Net Debt by currency
(exc. IFRS 16)



- Principal debt facilities have long maturities

- Revolving credit facility in place until January 2024
- Senior notes: \$70m unsecured notes mature 2026/29
- Average cost of debt at 30 June 2020 c.2.2%

- Facilities provide significant headroom of £193.4m

- Net debt : EBITDA 1.7 times (covenant 3 times); Interest cover 15.7 times (covenant 4 times)
- Target net debt: EBITDA range between 1.5 to 2.0 times

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.