Our refreshed strategy

PAUL MCNERNEY
CHIEF EXECUTIVE

> By focusing on areas where our engineering expertise and delivery capability provide a clear competitive advantage, we are creating a more agile, resilient and higher-return business for the future.

Having spent my first eight months with the Group, I have been deeply impressed by the strength of Severfield's engineering capability, long-standing client relationships and proven delivery track record. The Group also benefits from a well-diversified business across sectors, geographies and clients, reducing exposure to individual market cycles, whilst operating in markets supported by long-term structural demand. These qualities provide a strong foundation for future growth and reinforce my confidence in the opportunities ahead.

Building on these strengths, we have undertaken a comprehensive review of the business and refined our strategy with a clear focus on project selectivity, margin progression, cash generation and disciplined capital allocation. The refreshed strategy prioritises sectors and projects where our engineering expertise, delivery capability and client relationships provide a clear competitive advantage. By strengthening our contract selectivity and focusing on higher-quality revenue, we aim to deliver improved margins, stronger cash generation and sustainable long-term value for shareholders.

The Group's refreshed strategy targets four principal goals:

- Delivering profitable growth through improved margin quality, disciplined project selection and strong cash conversion
- Reinforcing our position as the leading engineering partner for complex, high-value projects, where delivery certainty is critical
- Building a high-performance culture – where our people are safe, engaged and accountable for operational excellence
- Doing good and building communities to deliver lasting value

Each strategic goal builds on our core strengths in engineering excellence and delivery certainty, underpinned by a highly skilled workforce aligned to consistent execution. This provides a strong foundation to deliver focused growth whilst making a positive contribution across our core markets and communities.

The Group is driving a disciplined shift away from prioritising volume towards selecting the right work in the right markets and in the right sectors with a greater emphasis on margin progression and cash generation. This is supported by a transition to a more flexible, capital-light business model, incorporating increased use of strategic partnerships. The Group is therefore transitioning from a fabrication-led model towards a more integrated, flexible and capital-efficient delivery approach, enabling it to capture greater value through expanded services and delivery capabilities.

Driving improvements in margin quality, cash and returns in the medium term

The Group's strategy is expected to deliver improved performance through a number of clearly defined drivers:

- Improved sector mix: increasing exposure to higher-value growth sectors where the Group has a clear competitive advantage
- Disciplined project selection: improving the quality and consistency of earnings
- Cost and productivity actions: supporting efficiency and margin improvement across the business
- Flexible, capital-light delivery: enhancing scalability, reducing capital intensity and improving returns
- Scaling India: delivering strong growth and increasing operating leverage, driving a growing contribution to Group performance

Together, these drivers support the Group's medium-term ambition to deliver the following:

- Revenue of c.£500m-£550m
- Sustainable operating margin of 7-8%
- Underlying profit before tax of £40-50m (including £10m from India JV)
- ROCE >15%
- Leverage 1.0x – 1.5x
- Cash conversion in excess of 90%
- A sustainable dividend, underpinned by cash generation and a disciplined financial framework

Our integrated service offering

The Group is evolving beyond a traditional linear, manufacturing-led delivery model to a broader, more integrated service proposition, combining internal capability with strategic delivery partners across the following four service offerings:

- Design & Engineering
- Manufacturing
- Delivery
- Project Management

This new proposition allows the Group to engage earlier, stay involved for longer and ultimately capture greater value across the project lifecycle whilst supporting improved margin progression and stronger cash generation through a more capital-efficient delivery model.

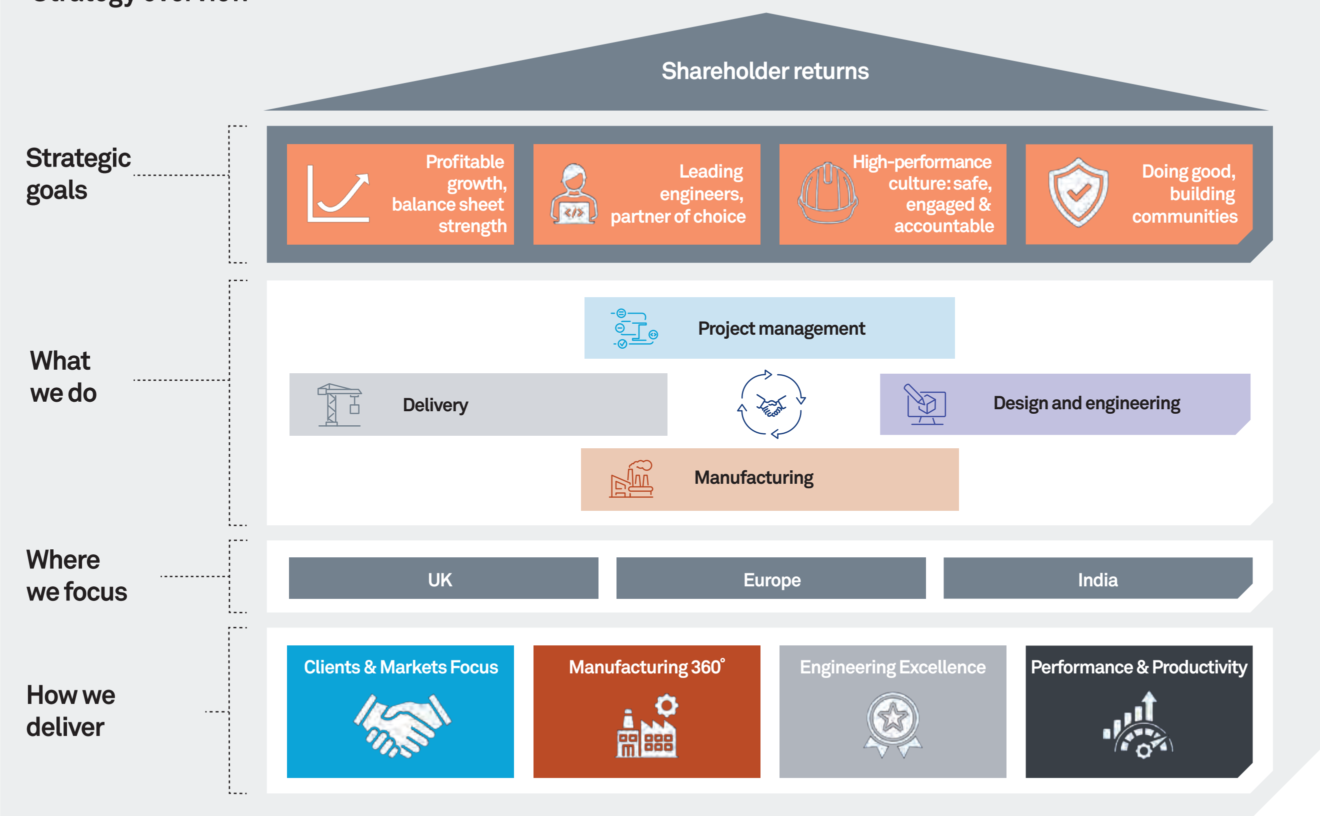
We are already making strong progress against this approach, with integrated delivery opportunities underway, including our work with Ørsted on the Hornsea 3 offshore wind farm. We are also developing new partnerships to broaden our service offering and access new market opportunities. For example, we have recently entered into a partnership with energy infrastructure provider GEG Global, creating a framework for collaboration on future projects.

Focused geographic and sector exposure

The Group continues to prioritise its core markets of the UK, Europe and India, reinforcing its established position whilst focusing on opportunities aligned with its capabilities:

- UK – improving sector mix and margin quality through focus on higher-growth, higher-margin sectors with complex engineering requirements
- Europe – expanding exposure to large and growing markets, through a disciplined capital light delivery model, supporting long-term growth and diversification
- India – scaling a rapidly growing platform through a strong joint venture, driving increasing contribution to Group growth and profitability

Strategy overview



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Our refreshed strategy continued

This combination of integrated services and targeted geographic focus supports higher-quality growth, improved margin potential and increasing contribution from higher-value activities in the medium term.

A. Markets (UK)

The Group will apply a disciplined approach to project selection in the UK, focusing on complex projects with attractive margin characteristics. Emphasis will be placed on projects where barriers to entry are high, and where scale, complexity and delivery certainty and speed are critical to client outcomes. In the UK, our sectors include commercial, industrial and defence, transport Infrastructure (including bridges), nuclear, stadia and leisure, data centres and power, energy and processing. This approach supports improved sector mix, stronger margins and more consistent project delivery.

B. Markets (Europe)

In Europe, the Group is well positioned to increase its exposure to complex projects in large and growing markets. Activity is focused on sectors, which include energy, transport, commercial, industrial and nuclear, with opportunities varying by country.

The business operates through a flexible delivery model that leverages both local presence and expertise, such as that found in the Netherlands, with our proven global experience in successfully delivering major projects. This provides a platform for disciplined and efficient expansion into additional European markets in the medium term, supporting long-term growth and diversification.

C. Markets (India)

The Group's joint venture with JSW Steel ('JSW'), JSW Severfield Structures Limited ('JSSL') allows favourable access to the large and rapidly expanding Indian market, combining Severfield's engineering and project delivery expertise with JSW's strong local market position and industrial capabilities.

The joint venture is currently focused on delivering structural steel solutions across key sectors including commercial, industrial, infrastructure and data centres, with value creation today primarily driven through full-service delivery as well as leveraging contract manufacturing. This is supported by an increasingly flexible delivery model, including the use of selected subcontractors and the potential to expand capacity in the medium term. This positions the business to scale efficiently in line with market demand and as such, JSSL is expected to form an increasingly important contributor to Group growth and profitability over the medium term.

Strategic goals

- Profitable growth, balance sheet strength
- Leading engineers, partner of choice
- High-performance culture: safe, engaged & accountable
- Doing good, building communities

Transformation enablers

Clients & Markets Focus

Better connecting client needs with technical and operational capabilities

Manufacturing 360°

Optimising manufacturing performance and production capability

Engineering Excellence

Strengthening technical capability, innovative solutions and market leadership

Performance & Productivity

Improving agility, controls, cash generation and cost competitiveness

Underpinned by our focus on sustainable outcomes and ESGs (People, Planet, Partners)

Delivering performance through transformation

Our execution of the strategy is supported by a transformation programme to improve margin quality, cash generation and operational performance across the Group.

Initial progress includes improved factory utilisation, increased use of delivery partners, and over £3m of annualised cost savings delivered through structural and process improvements. The transformation programme has the following key components:

1. Clients & Markets Focus

Better connecting client needs with our technical and operational capability

The Group is strengthening its client engagement model to improve visibility of opportunities and enable earlier involvement in project development. This includes a more coordinated, country-led structure and a dedicated Clients & Markets function, supporting deeper relationships, improved opportunity selection and a clearer understanding of client requirements.

2. Manufacture 360°

Optimising manufacturing performance and production capability

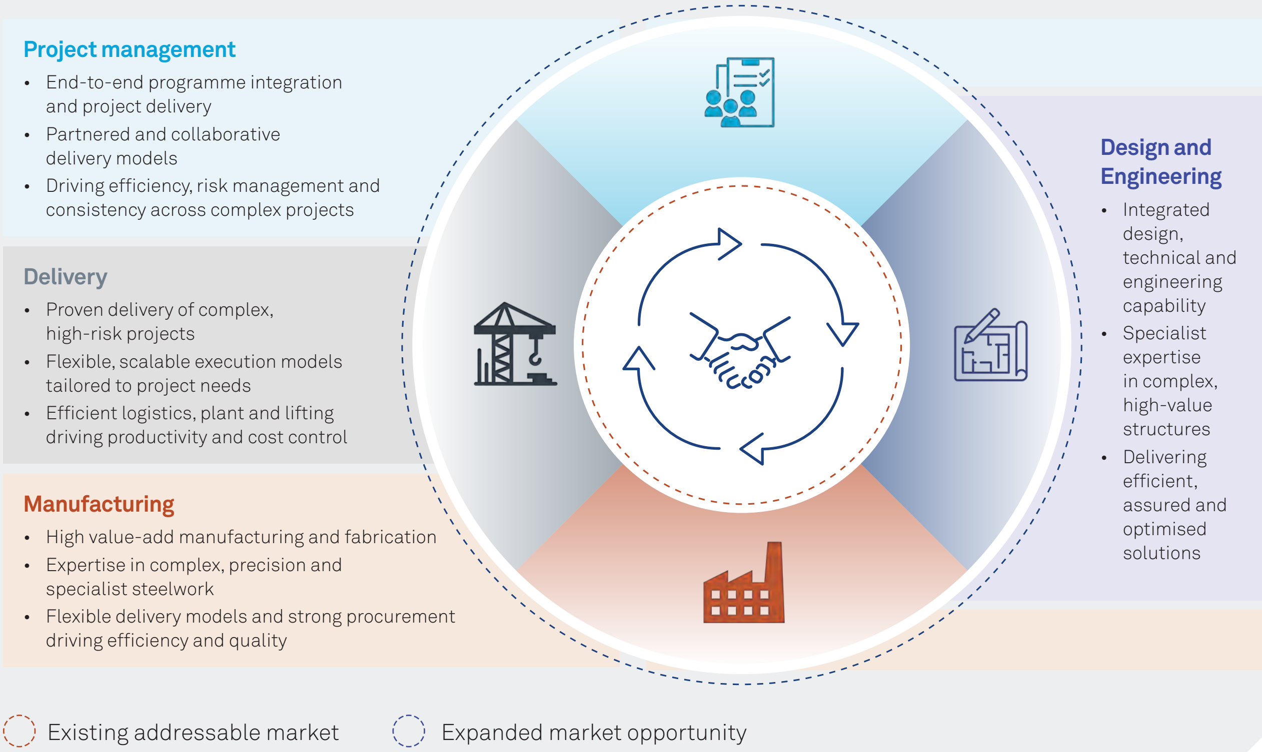
To support the evolution of the Group's service offering and delivery model, the manufacturing strategy is being refined to enhance utilisation, improve flexibility and maintain strong quality standards. Key priorities include optimising factory utilisation, increasing the use of delivery partners and making targeted investments in our production capability.

Manufacturing capacity will be actively managed in line with demand, with increased use of strategic delivery partnerships supporting a more flexible and capital-efficient model. This includes aligning manufacturing capability more closely with key geographic markets, particularly in Europe, to improve efficiency and support growth.

The Group will continue to invest selectively to retain critical capability and value-add activities, including enhancements to paint and protection capacity at Dalton. This balanced approach supports improved efficiency, greater agility, more consistent financial performance and aligns production more closely with market requirements.

As part of the ongoing strategic review, the Group is assessing how best to optimise its manufacturing footprint and geographic alignment.

What's New – Opportunity to expand our existing offering



Our refreshed strategy continued

3. Engineering Excellence

Strengthening technical capability, innovative solutions and market leadership

Engineering capability remains a core differentiator for the Group, supporting the delivery of complex and technically demanding projects across its core markets. The refreshed strategy places greater emphasis on strengthening this capability through targeted investment in skills, standardisation and a more rigorous approach to execution and governance, supporting access to higher-value projects, improved delivery consistency and stronger margin quality.

4. Performance and Productivity

Improving agility, controls, cash generation and cost competitiveness

The Group is progressing a focused programme of initiatives to improve operational efficiency and optimise its cost base across all service lines. This includes process improvements, organisational simplification and targeted cost reduction actions, supported by digitalisation and investment in technology.

These actions are already delivering results, with over £3m annualised cost savings achieved to date, and are expected to support ongoing margin improvement, cash discipline and enhanced competitiveness.

Together, these initiatives support improved margin quality, stronger cash generation and more consistent delivery across the Group.

Outcome

The execution of this strategy supports higher-quality growth, improved margins, stronger cash generation, driven by disciplined project selection, a broader integrated service offering and a more flexible, capital-light delivery model, underpinning the Group's medium-term ambition to deliver significant growth in profitability.

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Case study

SeAH Monopile Facility

Severfield provided an impressive 35,000 tonnes of structural steelwork for the giant monopile factory on Teesside for SeAH Wind, a subsidiary of South Korean steel manufacturer SeAH. This is one of the **largest monopile facilities in the world**, measuring an impressive 810m x 210m, and it has created an estimated 750 direct jobs and a further 1,500 jobs in the supply chain. This superstructure is one of the **largest projects** we've worked on to date in the UK.

Read more: www.severfield.com/projects/seah-monopile-facility