

# Severfield

## Full year trading update disappoints

Trading conditions have not improved as hoped for in the second half of the current financial year, which has resulted in a reduction in Severfield's expected outcome for FY25. This weakness is reflected in our revised FY26 estimates. Given the uncertainty, Severfield has cancelled the share buyback programme and, at the end of March, it is likely to have c £25–30m of headroom in its banking arrangements. Furthermore, given the implied reduction in EPS, we have taken the opportunity to rebase the dividend at 1.5p, from 3.7p, implying cover of 2x in FY26e, while offering a yield of 6.8%.

Year end	Revenue (£m)	PBT (£m)	EPS (p)	DPS (p)	P/E (x)	Yield (%)
3/23	491.8	32.5	8.38	3.40	2.6	15.4
3/24e	463.5	36.5	8.85	3.70	2.5	16.7
3/25e	449.6	18.1	4.56	1.50	4.8	6.8
3/26e	449.6	10.1	2.53	1.50	8.8	6.8

Note: PBT and EPS are on an underlying, diluted, company basis, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

## Second half of FY25 remains tough

The market backdrop for Severfield has been challenging in both the UK and Europe for some time and so far there are no signs of improvement, with pricing remaining tighter for longer than expected, squeezing margins and resulting in some project opportunities being delayed or cancelled. This includes a large project that was due to commence in January 2025, but which has been deferred until FY26.

## Order book remains elevated, but below peak

The company's order book had slipped from £410m on 1 November (with £307m due in the next 12 months) to £403m (£281m due in next 12 months) as at 1 February. This level is below the peak of £507m in March 2023, but is comfortably higher than the November 2018–2021 average of £308m.

## Update on bridge remedial work expected soon

Severfield continues to progress with bridge remedial works and this appears to be going to plan. Discussions with affected clients, relevant industry authorities, insurers and other stakeholders are ongoing and Severfield is hoping to update the market in the 'coming weeks'. The company usually reports its preliminary results in June so this may be an appropriate time to expect news.

## Forecasts reduced, reflecting underlying conditions

Given the headwinds, Severfield anticipates that FY25 PBT is likely to be in the range of £18–20m, with lower profit contributions, offset by internal cost-saving initiatives. The company anticipates that FY25 net debt (pre-IFRS) will be in the range of £45–50m, implying £25–30m of headroom on banking arrangements. We have updated our forecasts accordingly. Finally, given the implied reduction in EPS to c 3.0p in FY26, we have reduced the dividend payout for FY25e and FY26e to 1.5p, from 3.7p in FY24. This implies dividend cover of 2x in FY26e and saves c £6m pa in annual dividend payments. Given the move in the share price, this revised dividend gives rise to a yield of 6.8%.

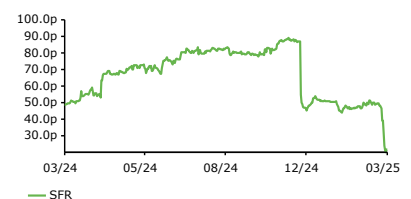
## Full year trading update

General industrials

7 March 2025

<b>Price</b>	<b>22.10p</b>
<b>Market cap</b>	<b>£68m</b>
Shares in issue	296.2m
Code	SFR
Primary exchange	LSE
Secondary exchange	N/A

### Share price performance



%	1m	3m	12m
Abs	(51.8)	(50.6)	(52.6)
52-week high/low		87.1p	25.4p

### Business description

Severfield is a market-leading UK structural steelwork fabricator operating across a broad range of market sectors, now with a Dutch subsidiary. An Indian facility undertakes structural steelwork projects for the local market in a joint venture with India's largest steel producer, JSW Steel.

### Next events

Preliminary results	Mid-June 2025
H1 trading update	October 2025

### Analyst

Andy Murphy +44 (0)20 3077 5700

[industrials@edisongroup.com](mailto:industrials@edisongroup.com)

[Edison profile page](#)

**Severfield is a research client of Edison Investment Research Limited**

## Valuation

### Exhibit 1: Revised full year estimates

	2024	2025			2026		
£m		Old	New	% chg	Old	New	% chg
Revenue	463.5	500.6	449.6	-10.2%	510.6	449.6	-11.9%
YoY % change	-5.7%	14.0%	-3.0%	-	2.0%	0.0%	-
EBITDA - Edison basis	46.1	37.6	28.7	-23.6%	39.7	21.5	-45.9%
YoY % change	14.2%	5.6%	-37.7%	-	5.6%	-25.2%	-
Underlying operating profit	39.6	30.6	21.7	-29.0%	32.7	14.5	-55.7%
YoY % change	13.4%	6.0%	-45.2%	-	6.9%	-33.3%	-
PBT (Underlying, pre exceptionals)	36.5	27.1	18.1	-33.1%	28.4	10.1	-64.5%
YoY % change	12.5%	6.5%	-50.4%	-	4.8%	-44.4%	-
EPS - Underlying, diluted (p)	8.9	6.8	4.6	-32.9%	7.6	2.5	-66.8%
YoY % change	5.5%	6.9%	-48.5%	-	11.8%	-44.6%	-
DPS (p)	3.7	3.7	1.5	-59.5%	3.7	1.5	-59.5%
YoY % change	8.8%	5.6%	-59.5%	-	0.0%	0.0%	-
Net (debt)/cash (pre IFRS 16)	(9.4)	(42.6)	(45.8)	7.4%	(43.6)	(46.2)	6.0%
YoY % change	N/A	-27.2%	387.5%	-	2.3%	1.0%	-

Source: Edison Investment Research and company data

**Exhibit 2: Financial summary**

	£'m	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
Year end 31 March		IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
<b>INCOME STATEMENT</b>										
<b>Revenue</b>		<b>274.9</b>	<b>327.4</b>	<b>363.3</b>	<b>403.6</b>	<b>491.8</b>	<b>463.5</b>	<b>449.6</b>	<b>449.6</b>	<b>458.6</b>
<b>EBITDA</b>		<b>28.6</b>	<b>33.3</b>	<b>29.6</b>	<b>33.4</b>	<b>40.4</b>	<b>46.1</b>	<b>28.7</b>	<b>21.5</b>	<b>30.6</b>
<b>Normalised operating profit</b>		<b>24.9</b>	<b>29.3</b>	<b>25.1</b>	<b>28.2</b>	<b>35.0</b>	<b>39.6</b>	<b>21.7</b>	<b>14.5</b>	<b>23.6</b>
<b>Operating profit (U/L, Company basis, inc JVs)</b>		<b>24.9</b>	<b>29.3</b>	<b>25.1</b>	<b>28.2</b>	<b>35.0</b>	<b>39.6</b>	<b>21.7</b>	<b>14.5</b>	<b>23.6</b>
Amortisation of acquired intangibles		0.0	(1.4)	(2.8)	(5.2)	(3.3)	(5.4)	(2.6)	(5.2)	(5.2)
Exceptionals		0.0	(1.4)	0.0	(0.2)	(1.5)	(7.8)	(20.0)	0.4	0.4
Share-based payments		(0.1)	(0.3)	0.6	1.0	3.4	0.4	1.0	1.0	1.0
Other		0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Reported operating profit</b>		<b>24.8</b>	<b>26.7</b>	<b>22.9</b>	<b>23.8</b>	<b>33.6</b>	<b>26.8</b>	<b>0.1</b>	<b>10.7</b>	<b>19.8</b>
Net Interest		(0.2)	(0.7)	(0.8)	(1.1)	(2.5)	(3.1)	(3.6)	(4.4)	(4.9)
Exceptionals		0.0	(0.5)	(0.4)	(0.7)	(0.6)	(0.3)	(0.4)	(0.4)	(0.4)
<b>Profit Before Tax (norm)</b>		<b>24.7</b>	<b>28.6</b>	<b>24.3</b>	<b>27.1</b>	<b>32.5</b>	<b>36.5</b>	<b>18.1</b>	<b>10.1</b>	<b>18.7</b>
<b>Profit before tax (U/L, Company basis)</b>		<b>24.7</b>	<b>28.6</b>	<b>24.3</b>	<b>27.1</b>	<b>32.5</b>	<b>36.5</b>	<b>18.1</b>	<b>10.1</b>	<b>18.7</b>
<b>Profit Before Tax (reported)</b>		<b>24.7</b>	<b>25.8</b>	<b>21.1</b>	<b>21.0</b>	<b>27.1</b>	<b>23.0</b>	<b>(4.9)</b>	<b>4.9</b>	<b>13.5</b>
Reported tax		(4.5)	(5.4)	(3.8)	(5.4)	(5.5)	(7.1)	1.2	1.3	(4.7)
<b>Profit After Tax (norm)</b>		<b>20.2</b>	<b>23.2</b>	<b>20.5</b>	<b>21.7</b>	<b>26.9</b>	<b>29.4</b>	<b>19.3</b>	<b>11.4</b>	<b>14.0</b>
<b>Profit After Tax (reported)</b>		<b>20.2</b>	<b>20.4</b>	<b>17.3</b>	<b>15.6</b>	<b>21.6</b>	<b>15.9</b>	<b>(3.7)</b>	<b>6.2</b>	<b>8.8</b>
Minority interests		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Discontinued operations		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income (normalised)</b>		<b>20.2</b>	<b>23.2</b>	<b>20.5</b>	<b>21.7</b>	<b>26.9</b>	<b>29.4</b>	<b>19.3</b>	<b>11.4</b>	<b>14.0</b>
<b>Net income (reported)</b>		<b>20.2</b>	<b>20.4</b>	<b>17.3</b>	<b>15.6</b>	<b>21.6</b>	<b>15.9</b>	<b>(3.7)</b>	<b>6.2</b>	<b>8.8</b>
Basic average number of shares outstanding (m)		303.1	305.4	307.3	308.8	309.5	307.1	295.0	296.2	296.2
EPS - basic reported (p)		6.7	6.7	5.6	5.1	7.0	5.2	(1.3)	2.1	3.0
EPS - basic normalised (p)		6.7	7.6	6.7	7.0	8.7	9.6	6.5	3.8	4.7
EPS - diluted normalised (p)		6.6	7.6	6.7	7.0	8.6	9.5	6.5	3.8	4.7
<b>EPS - (U/L, diluted, company basis) (p)</b>		<b>6.6</b>	<b>7.7</b>	<b>6.4</b>	<b>7.2</b>	<b>8.4</b>	<b>8.9</b>	<b>4.6</b>	<b>2.5</b>	<b>4.7</b>
Dividend (p)		2.8	2.9	2.9	3.1	3.4	3.7	1.5	1.5	2.0
Revenue growth (%)		N/A	19.1	11.0	11.1	21.9	(5.7)	(3.0)	0.0	2.0
EBITDA Margin (%)		10.4	10.2	8.1	8.3	8.2	10.0	6.4	4.8	6.7
Normalised Operating Margin (%)		9.1	9.0	6.9	7.0	7.1	8.6	4.8	3.2	5.1
<b>BALANCE SHEET</b>										
<b>Fixed Assets</b>		<b>163.0</b>	<b>203.8</b>	<b>230.1</b>	<b>230.1</b>	<b>228.4</b>	<b>259.3</b>	<b>276.3</b>	<b>275.7</b>	<b>275.5</b>
Intangible Assets		54.7	78.1	95.4	92.5	89.3	104.0	99.3	103.0	102.5
Tangible Assets		84.0	88.9	91.7	91.4	92.1	96.4	99.4	98.4	97.4
Investments & other		24.3	36.8	43.0	46.1	47.0	58.9	77.6	74.3	75.6
<b>Current Assets</b>		<b>91.8</b>	<b>127.4</b>	<b>107.7</b>	<b>140.7</b>	<b>136.6</b>	<b>119.1</b>	<b>163.0</b>	<b>169.7</b>	<b>170.5</b>
Stocks		8.9	6.9	10.2	18.0	13.2	11.6	12.1	13.5	13.8
Debtors		57.1	74.6	67.8	117.9	109.7	88.3	131.7	137.1	137.6
Cash & cash equivalents		25.0	44.3	25.0	0.0	11.3	13.8	13.8	13.8	13.8
Other		0.8	1.6	4.6	4.8	2.3	5.3	5.3	5.3	5.3
<b>Current Liabilities</b>		<b>(58.6)</b>	<b>(106.4)</b>	<b>(85.4)</b>	<b>(123.3)</b>	<b>(109.0)</b>	<b>(91.5)</b>	<b>(128.5)</b>	<b>(128.1)</b>	<b>(130.4)</b>
Creditors		(57.7)	(84.4)	(77.8)	(111.7)	(102.7)	(78.9)	(116.0)	(115.5)	(117.9)
Tax and social security		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Short term borrowings		0.0	(19.4)	(5.9)	(5.9)	(4.2)	(6.2)	(6.2)	(6.2)	(6.2)
Other		(1.0)	(2.6)	(1.7)	(5.7)	(2.2)	(6.3)	(6.3)	(6.3)	(6.3)
<b>Long Term Liabilities</b>		<b>(21.2)</b>	<b>(41.2)</b>	<b>(61.4)</b>	<b>(43.5)</b>	<b>(38.3)</b>	<b>(54.4)</b>	<b>(88.8)</b>	<b>(87.2)</b>	<b>(79.5)</b>
Long term borrowings		0.0	(8.8)	(14.9)	(9.0)	(4.8)	(13.8)	(50.2)	(50.7)	(45.0)
Other long term liabilities		(21.2)	(32.4)	(46.5)	(34.5)	(33.5)	(40.6)	(38.6)	(36.6)	(34.6)
<b>Net Assets</b>		<b>175.0</b>	<b>183.7</b>	<b>190.9</b>	<b>204.0</b>	<b>217.7</b>	<b>232.6</b>	<b>222.0</b>	<b>230.1</b>	<b>236.0</b>
Minority interests		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Shareholders' equity</b>		<b>175.0</b>	<b>183.7</b>	<b>190.9</b>	<b>204.0</b>	<b>217.7</b>	<b>232.6</b>	<b>222.0</b>	<b>230.1</b>	<b>236.0</b>
<b>CASH FLOW</b>										
Op Cash Flow before WC and tax		28.7	36.3	34.0	40.5	45.6	54.3	32.6	28.0	37.1
Working capital		(7.9)	(2.2)	(0.2)	(34.5)	13.8	11.0	(6.8)	(7.2)	1.6
Exceptional & other		0.0	(2.3)	(3.5)	(5.4)	(4.8)	(8.7)	(22.6)	(4.8)	(4.8)
Tax		(3.4)	(6.0)	(4.6)	(3.8)	(3.5)	(7.3)	(0.8)	3.6	(6.7)
Other		(2.8)	(3.8)	(0.2)	(2.4)	(0.8)	(4.2)	(1.9)	(3.5)	(4.5)
<b>Net operating cash flow</b>		<b>14.6</b>	<b>22.0</b>	<b>25.3</b>	<b>(5.7)</b>	<b>50.3</b>	<b>45.1</b>	<b>0.5</b>	<b>16.1</b>	<b>22.8</b>
Capex		(6.3)	(6.2)	(6.5)	(5.0)	(6.2)	(10.9)	(8.7)	(4.7)	(4.7)
Acquisitions/disposals		(4.2)	(13.4)	(19.9)	(0.5)	(8.5)	(26.5)	(1.5)	(1.5)	(1.5)
Net interest		(0.4)	(0.6)	(0.7)	(1.1)	(2.5)	(3.2)	(3.6)	(4.4)	(4.9)
Equity financing		1.7	0.1	0.4	0.9	0.0	(3.1)	(9.3)	1.0	1.0
Dividends		(13.4)	(8.9)	(8.9)	(9.2)	(9.9)	(10.7)	(11.4)	(4.4)	(4.4)
Other		0.1	(1.8)	(1.8)	(2.2)	(2.1)	(2.6)	(2.5)	(2.5)	(2.5)
<b>Net Cash Flow</b>		<b>(7.8)</b>	<b>(8.8)</b>	<b>(12.0)</b>	<b>(22.8)</b>	<b>21.1</b>	<b>(12.0)</b>	<b>(36.4)</b>	<b>(0.4)</b>	<b>5.7</b>
<b>Opening net debt/(cash), pre-IFRS 16</b>		<b>(33.0)</b>	<b>(25.2)</b>	<b>(16.4)</b>	<b>(4.4)</b>	<b>18.4</b>	<b>(2.7)</b>	<b>9.4</b>	<b>45.8</b>	<b>46.3</b>
Other non-cash movements		0.0	0.0	0.0	0.0	0.0	(0.1)	0.0	0.0	0.0
<b>Closing net debt/(cash), pre-IFRS 16</b>		<b>(25.2)</b>	<b>(16.4)</b>	<b>(4.4)</b>	<b>18.4</b>	<b>(2.7)</b>	<b>9.4</b>	<b>45.8</b>	<b>46.3</b>	<b>40.5</b>

Source: Severfield, Edison Investment Research

Distributed by London South East

---

## General disclaimer and copyright

This report has been commissioned by Severfield and prepared and issued by Edison, in consideration of a fee payable by Severfield. Edison Investment Research standard fees are £60,000 pa for the production and broad dissemination of a detailed note (Outlook) following by regular (typically quarterly) update notes. Fees are paid upfront in cash without recourse. Edison may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

**Accuracy of content:** All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. Opinions contained in this report represent those of the research department of Edison at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

**Exclusion of Liability:** To the fullest extent allowed by law, Edison shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out or in connection with the access to, use of or reliance on any information contained on this note.

**No personalised advice:** The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

**Investment in securities mentioned:** Edison has a restrictive policy relating to personal dealing and conflicts of interest. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report, subject to Edison's policies on personal dealing and conflicts of interest.

Copyright 2025 Edison Investment Research Limited (Edison).

---

## Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Crown Wealth Group Pty Ltd who holds an Australian Financial Services Licence (Number: 494274). This research is issued in Australia by Edison AU and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by Edison AU is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument.

---

## New Zealand

The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (i.e. without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision.

---

## United Kingdom

This document is prepared and provided by Edison for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document.

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

---

## United States

Edison relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Edison does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.