



Investment Profile

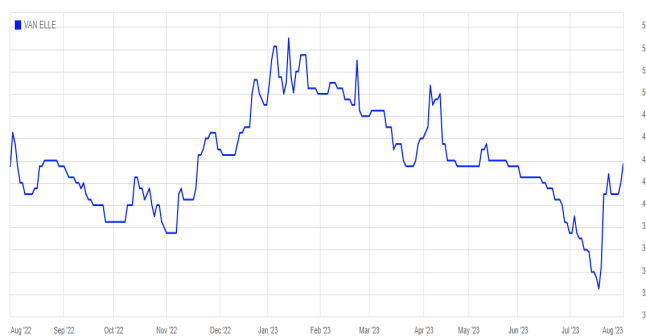
1. All divisions operating profitably with increased rig utilisation levels
2. Strategy of organic growth supported by targeted bolt-on acquisitions and international rail expansion
3. Strong asset backed balance sheet and significant liquidity headroom
4. Strong Board with industry pedigree
5. Strength through market diversification and breadth of offering in growth markets with high levels of repeat business
6. Improving operating margins, ROCE and a record of exceeding market financial expectations since recovery

Share Information

Ticker	AIM: VANL
Share Price (GB pence)	42.5
Shares in issue (m)	107
Market Cap (£m)	45.5
12m Hi/Low (GB pence)	56.0/31.0

(Source: The London Stock Exchange, August 2023)

12-Month Share Price



(Source: The London Stock Exchange, August 2023)

Major Shareholders (as of April 2023)

Name	%
Ruffer LLP	19.42
Otus Capital Management	19.18
Premier Fund Managers Limited	10.39
Close Brothers Asset Management	6.04
NR Holdings	5.63
Harwood Capital LLP	5.51
Janus Henderson	3.96

(Source: company website)

Company Overview

Since 1984, Van Elle has been providing first-class ground engineering services to a wide variety of customers across the Residential, Infrastructure, and Regional Construction markets, helping it become the UK's largest contractor in its industry, a position the Company has held since 2018.

Van Elle's range of services cover every aspect of ground engineering; taking clients from initial investigation work, design and engineering, through to completion - using a diverse range of techniques, a direct workforce of over 600 employees and the UK's largest and best invested piling rig fleet.

Throughout Van Elle's history, it has created a strong reputation across its core services, which have been built on high-quality, technical expertise, innovation, safety and successful delivery for customers.

Improved market conditions, increased utilisation and a diversified offering underpinned by a strong NAV provide a positive backdrop for growth as the Company builds on its recent development, with a focus on cash generation and margin improvement.



Van Elle has been laying the foundations for long-term success, transforming the business by improving margins, expanding its customer base, and strengthening the management team.

What's New?

Headline numbers show continued momentum with **revenue of £148.7m, up 19%** on the preceding year and **profit before tax up by 49% over FY2022 to £5.4m**. The balance sheet remains strong, with net funds of £7.5m at 30 Apr 23, and a significant undrawn borrowing facility - meaning the Group can act decisively to make targeted bolt on acquisitions without the need for dilutive placings.

The Group continues to invest strategically with **capital expenditure totalling £6.2m for the period**. This represents a significant increase over the previous three years following prudent cash management during the pandemic, and has focused on **upgrading or replacing ageing rigs, investing in new rigs to meet growth opportunities and renewal of the Group's HGV fleet**, in line with the Company's long-term replacement and renewal strategy. It also enables expansion in key strategic growth areas such as rail, ground improvement and sheet piling.

The Group's **core markets offer positive outlook in the medium to long term with a strong pipeline of opportunities across all divisions**, including the high voltage power sector and geographical expansion of its rail capability. To widen the specialist rail engineering opportunities available and provide some protection against the cyclical nature of UK rail investment, a Canadian subsidiary has been established, based in Toronto, for which the first framework delivery contracts are expected to commence in Q2 FY2024.

Van Elle is well positioned to benefit from opportunities across its breadth of end markets and diverse customer base, and the Board therefore **remains confident in the delivery of the medium-term strategy targets of 5-10% annual revenue growth, 6-7% operating profit margin and 15-20% ROCE**.

The Markets

Van Elle operates in three core markets - all offering growth opportunities and potential for margin improvement. Notwithstanding timing uncertainties, **growth in the highways, rail and power sectors is expected to more than compensate for short term reduced volumes in the housing markets and will continue to improve operating margins.**

The Residential market (38% of revenue) continues to offer growth opportunities for the Company within the context of the structural housing shortage in the UK. The increased demand for offsite construction alongside Van Elle's modern equipment positions the Company well for growth in this sector.

Van Elle also has a strong position in the Infrastructure market (42% of revenue). The Group benefits from major committed funding programmes in highways, rail, energy and utilities in line with regulated investment programmes and the government's decarbonisation and levelling up agendas. Van Elle has long-term frameworks in place where it anticipates its services will be used by main contractors to provide additional capacity for the high workloads required to meet the project deadlines.

The Company's position in the Regional Construction market (20% of revenue), covers general private and public sector building and developer-led markets across the UK. Van Elle has benefitted significantly from growth in the industrial and logistics market and has increased its investments in regional areas where other regional competitors have struggled. Competitors have also shifted their attention towards HS2, presenting Van Elle with a strong opportunity to satisfy sectoral demand.

Van Elle Canada

In early 2023 the Group established Van Elle Canada Inc. to **capitalise on international opportunities and mitigate the impact of the cyclical nature of the UK's rail sector**, opening an avenue to create growth and build further resilience into the business model.

Van Elle is uniquely positioned to **leverage its market-leading capabilities in a less mature market ahead of major rail infrastructure and electrification programmes in Ontario.**

Early works will primarily involve freight line projects, piling work, temporary crossing installations and culvert relocations/replacements for the passenger network. **It has taken delivery of the first piling RRVs, employed a local team, opened a local depot and is due to commence work in Ontario in July.**

Forecasts (Source: Zeus)

	April '23 (Actual)	April '24 (E)	April '25 (E)	April '26 (E)
Sales (£m)	148.7	130.7	140.1	145.8
PBT adj. (£m)	5.4	5.0	6.0	7.2
EPS adj. (p)	4.4	3.5	4.2	5.0
DPS (p)	1.2	1.2	1.4	1.7

For more information email: vanelle@walbrookpr.com

Tel: 020 7933 8780; web: www.walbrookpr.com

Key Newsflow

Jul: Final Results, Analyst Briefing & Investor Pres

Apr: Trading Update

Mar: Block Listing Application

Feb: Mello Monday Investor Presentation

Jan: Interim Results, Analyst Briefing & Investor Pres

Nov 22: Trading Update

Management Team

Mark Cutler, Chief Executive Officer

Mark is a chartered civil engineer with over 25 years' experience in the infrastructure, construction and utility sectors, and has held various senior leadership roles with major UK contractors. These senior roles include being Managing Director of Balfour Beatty and Morgan Est, as well as CEO of Barhale.



Graeme Campbell, Chief Financial Officer

Graeme joined from Severfield plc, and was previously CFO of Engenco Ltd, an ASX listed company. Having qualified as a Chartered Accountant in 2000, Graeme has held various senior finance roles across a range of industrial businesses.



Meet Van Elle plc

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