

Date: 30 May 2018

**Nexus Infrastructure plc (“Nexus”)
Interim results for the six months ended 31 March 2018**

Strong fundamentals

Nexus, a leading provider of essential infrastructure services to the UK housebuilding and commercial sectors, today announces its interim results for the six months ended 31 March 2018.

Highlights:

- Group Revenue up 3.8% to £62.9m (H1 2017: £60.6m)
- Operating profit up 14.6% to £3.5m (H1 2017: £3.1m)
- Profit before tax up 15.3% to £3.4m (H1 2017 £3.0m)
- Group Order book increased by 30% to £234.1m (H1 2017: £180.7m)
 - Tamdown: Order book up 18% to £118.4m (H1 2017: £100.5m)
 - TriConnex Order book up 44% to £115.7m (H1 2017: £80.2m)

Divisional performances:

- Tamdown: Revenues up 2.4% to £47.9m (H1 2017: £46.8m)
 - The gross margin for the period at 16.3% (H1 2017: 15.9%) is in line with margins recorded in the preceding financial years.
 - Operating margin increased 110 bps to 5.2% (H1 2017: 4.1%), and operating profit increased by 30.4% to £2.5m (H1 2017: £1.9m)
- TriConnex: Revenues up 8.4% to £15.0m (H1 2017 £13.9m)
 - The gross margin for the period improved by 20 bps to 34.1% (H1 2017: 33.9%)
 - Operating margin improved by 20bps to 12.9% (H1 2017: 12.7%)

Strong balance Sheet:

- 38.5% growth in net assets of £18.3m at 31 March 2018 (2017: £13.2m)
- Net cash of £7.4m (2017: £10.3m)
- A 4.8% increase in interim dividend declared of 2.2p per share (H1 2017: 2.1p per share)

eSmart Networks launch:

- Launch of quality end to end solution to design, install and connect rapid electric vehicle charging points for a variety of customers such as charge point network operators, local authorities, vehicle OEMs, direct B2B and direct B2C.
- Wholly owned division of Nexus with investment to date of £0.2m
- Secured £0.5m of contracts for installation of rapid charging units in both the South East and the Midlands

Mike Morris, Chief Executive of Nexus, commented:

“We are reporting revenues and profits ahead of H1 last year and a current order book of £234.1m, which positions the Group well for future growth. Our recent trading statement identified some industry-driven timing issues from within the TriConnex business, which we are addressing.

The underlying demand factors in UK housebuilding are still strong and Nexus commands an established market position, from which we will continue to pursue our growth strategy. Against this background, the Board is optimistic on the outlook for the business.”

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Notes to Editors:

Nexus is a leading provider of essential infrastructure services to the UK housebuilding and commercial sectors. The Group is comprised of: Tamdown, a provider of specialised infrastructure services; TriConnex which designs, installs and connects utility networks to properties on new residential and commercial developments; and eSmart Networks which focuses on EV and smart grid infrastructure.

Tamdown has a well-established market position having been in operation for over 40 years and currently counts amongst its customers nine of the top ten largest UK housebuilders. TriConnex was established in 2011 to take advantage of deregulation in the utilities market with the goal of being recognised as the UK's leading independent provider of utility connections to new developments.

eSmart Networks was set up in 2018 to focus on the opportunities within the electric vehicle charging market, along with battery storage and specialised distribution network works to enable smart grid solutions.

Business and Financial Review

I am pleased to announce the interim results for the six months ended 31 March 2018. The Group has recorded revenue and profitability ahead of the performance in H1 2017 and has continued to successfully secure work, with the order book increasing to £234.1m, an increase of 30% year on year, all of which support the Company's ability to maintain its growth journey and progressive dividend policy. During the period Nexus has invested in an electric vehicle charging start-up, eSmart Networks, which designs and installs rapid ev charging points.

Group revenue increased 3.8% to £62.9m (H1 2017: £60.6m), with group operating profits increasing by 14.6% to £3.5m (H1 2017: £3.1m), driven by improved profitability within Tamdown.

The Group's balance sheet remains strong with net assets standing at £18.3m at 31 March 2018 compared to £13.2m at 31 March 2017. Included within the net assets balance is Cash and Cash Equivalents of £14.8m (H1 2017: £19.7m) and net cash was £7.4m (H1 2017: £10.3m).

Tamdown

Tamdown provides a range of specialised infrastructure and engineering services to the UK housebuilding sectors, with operations focused on the South East of England and London.

Revenue for Tamdown increased by 2.4% to £47.9m (H1 2017: £46.8m). Growth was limited as, in common with the rest of our industry, we experienced disruption from the poor weather in March, which impacted the phasing of some of our work. Despite this short term disruption, the Board expects the outturn for Tamdown's operating profit for 2018 to be in line with its expectations and ahead of 2017.

The gross margin for the period at 16.3% (H1 2017: 15.9%) is in line with the overall margins recorded in the preceding financial years.

Operating margin increased 110 bps to 5.2% (H1 2017: 4.1%), and operating profit increased by 30.4% to £2.5m (H1 2017: £1.9m).

The market for Tamdown continues to be active and competitive, with the Company continuing to build on its strong market position with the order book increasing 17.8% year on year to £118.4m (H1 2017: £100.5m) and a 9.3% increase in the first half of the financial year.

Tamdown has an established market position, providing quality services to a broad range of UK housebuilders. The structural undersupply of the housing market continues, which provides confidence that our customers will continue to demand our services.

TriConnex

TriConnex designs, installs and connects gas, electricity, water and fibre networks on new residential and commercial developments, with operations in the South East, South Midlands and South West of England.

Revenue for TriConnex increased by 8.4% to £15.0m (H1 2017: £13.9m). The gross margin for the period improved by 20 bps to 34.1% (H1 2017: 33.9%).

Operating profit increased by 9.8% to £1.9m (H1 2017: £1.8m) with the operating margin improving by 20 bps to 12.9%.

TriConnex has continued to be successful in securing orders, with the order book increasing by 44% year on year to £115.7m (H1 2017: £80.2m) and a 22.6% increase in the first half of the financial year.

As stated in the trading update in April 2018, despite the significant increase in the order book it is expected that the revenues and operating profit for 2018 will be in line with 2017, due to the conversion of orders into revenue taking longer than in previous years. TriConnex is engaged at the very early stage of developments with its customers, and often secures contracts prior to land acquisition. These contracts generally contribute to revenue over four to five years. The increase in the order book illustrates that customers continue to be active, however schemes are taking longer to get to start on site, primarily due to the increase in pre-commencement conditions set by the local authorities slowing the preparation of sites prior to construction. The increased order book provides good long term visibility, but the delays in getting on site have created a lag in the conversion of the order book into revenue and profits.

eSmart Networks

eSmart Networks, a wholly owned division of Nexus, has been created to take advantage of the significant expected growth in electric vehicles and thus the need for charging points to power them. eSmart Networks will provide a quality end to end solution of design, installation and connection of rapid electric vehicle charging points for a variety of customers such as charge point network operators, local authorities, vehicles OEMs, direct B2B and direct B2C. We consider that this market has considerable growth opportunity and is supported by Government with £400m to fund a national charging network and subsidise vehicle purchases.

The investment to date, consisting of administrative expenses, all of which have been expensed, totals £0.2m. The Board expects the revenue contribution in H2 2018 to approach approximately £1.0m and the net start up investment to be £0.6m in the current financial year.

eSmart Networks has been successful in securing £0.5m of contracts for installation of rapid charging units in both the South East and the Midlands.

Dividend and Dividend timetable

In the light of these results and our confidence in the future, the Board is declaring an interim dividend of 2.2 pence per share, an increase of 4.8% over the prior year (H1 2017: 2.1 pence per share).

The interim dividend will be paid on 13 July 2018 to shareholders on the register at close of business on 15 June 2018. The shares will go ex-dividend on 14 June 2018.

The Board aims to maintain a progressive dividend policy.

Financial Overview

Income statement

Group revenue increased 3.8% to £62.9m (H1 2017: £60.6m), with revenue growth in both Tamdown and TriConnex.

Group gross profit increased 6.5% to £12.9m (H1 2017: £12.1m), with the gross margin increasing 60 bps to 20.6% (H1 2017: 20.0%).

The Group's operating profit, even with the inclusion of the costs of eSmart Networks, increased 14.6% to £3.5m (H1 2017: £3.1m). Net finance costs totalled £0.1m (H1 2017: £0.1m) resulting in profit before tax increase of 15.3% to £3.4m (H1 2017: £3.0m).

The tax charge for the period was £0.7m (H1 2017: £0.6m) reflecting an effective rate of 19.6% (H1 2017: 20%). The profit after tax increased by £0.4m to £2.8m (H1 2017: £2.4m).

Balance Sheet and Cash Flow

The Group's balance sheet remains strong with net assets standing at £18.3m at 31 March 2018 compared to £13.2m at 31 March 2017. Working capital grew by £5.2m since 31 March 2017, with inventories increasing £1.0m, receivables increasing £1.6m and payables decreasing £2.6m. Included within the net assets balance is Cash and Cash Equivalents of £14.8m (H1 2017: £19.7m), with net cash totalling £7.4m (2017: £10.3m).

In line with the prior year, operating cash flow utilised £8.5m (H1 2017: £8.9m) of cash in the period. The Board expects that working capital will reduce in H2 2018, as occurred in H2 2017, resulting in operating cash flows in H2 2018 being cash generative. Dividends and other financing activities consumed £2.9m in the first half (H1 2017: £4.0m).

Risks and Uncertainties

The Group is subject to a number of risks and uncertainties as part of its activities. The Board regularly considers these and seeks to ensure that appropriate processes are in place to identify, control and monitor these risks. The Directors consider that the principal risks and uncertainties facing the Group are those outlined on pages 22 to 24 of the Report and Accounts for the year ended 30 September 2017.

Summary and Outlook

The Group is in a strong position to deliver growth. The fundamental market drivers for our businesses are positive in both the short and medium term. The order book has continued to grow to record levels in all businesses. Against this background, the Board is optimistic on the outlook for the business and is confident the Group will deliver on its growth strategy.

Mike Morris

Chief Executive Officer

**Condensed consolidated statement of total comprehensive income
For the six months to 31 March 2018**

	Note	Unaudited Six months to 31 March 2018 £'000	Unaudited Six months to 31 March 2017 £'000	Audited Year ended 30 September 2017 £'000
Revenue		62,920	60,644	135,034
Cost of sales		(49,985)	(48,498)	(107,793)
Gross profit		12,935	12,146	27,241
Administrative expenses		(9,413)	(9,073)	(17,910)
Operating profit before exceptional items		3,522	3,073	9,331
Exceptional items		-	-	(1,714)
Operating profit		3,522	3,073	7,617
Finance income		17	50	70
Finance expense		(125)	(163)	(304)
Profit before tax		3,414	2,960	7,383
Taxation	3	(670)	(592)	(1,554)
Profit for the period		2,744	2,368	5,829
Earnings per share (pence per share)				
Basic	5	7.20	6.27	15.40
Diluted	5	6.86	6.16	15.01

**Condensed consolidated statement of financial position
at 31 March 2018**

	Note	Unaudited Six months to 31 March 2018 £'000	Unaudited Six months to 31 March 2017 £'000	Audited Year ended 30 September 2017 £'000
Non-current assets				
Property, plant and equipment		7,263	4,823	7,795
Goodwill		2,361	2,361	2,361
Other investments		55	60	55
Total non-current assets		9,679	7,244	10,211
Current assets				
Inventories		2,501	1,519	924
Trade and other receivables		39,046	37,419	37,841
Cash and cash equivalents		14,818	19,663	27,066
Total current assets		56,365	58,601	65,831
Total assets		66,044	65,845	76,042
Current liabilities				
Borrowings	6	2,000	2,000	2,000
Trade and other payables		39,753	42,297	49,909
Corporation tax		181	247	39
Total current liabilities		41,934	44,544	51,948
Non-current liabilities				
Borrowings	6	5,400	7,400	6,400
Net obligations under finance lease/hire purchase agreements		358	597	619
Deferred tax liabilities		62	102	62
Total non-current liabilities		5,820	8,099	7,081
Total liabilities		47,754	52,643	59,029
Net assets		18,290	13,202	17,013
Equity attributable to equity holders of the Company				
Share capital		762	755	762
Retained earnings		17,528	12,447	16,251
Total equity		18,290	13,202	17,013

**Condensed consolidated statement of changes in equity
For the six months to 31 March 2018**

	Share capital	Retained earnings	Total
	£'000	£'000	£'000
Equity at 1 October 2016 (Audited)	755	12,621	13,376
Transactions with owners			
Dividend paid	-	(2,677)	(2,677)
Share-based payment charge		135	135
	-	(2,542)	(2,542)
Total comprehensive income			
Profit for the period	-	2,368	2,368
	-	2,368	2,368
Equity at 31 March 2017 (Unaudited)	755	12,447	13,202
Transaction with owners			
Dividend paid	-	(799)	(799)
Share-based payment charge	-	1,142	1,142
Issue of share capital	7	-	7
	7	343	350
Total comprehensive income			
Profit for the period	-	3,461	3,461
	-	3,461	3,461
Equity at 30 September 2017 (Audited)	762	16,251	17,013
Transaction with owners			
Dividend paid	-	(1,600)	(1,600)
Share-based payment charge	-	133	133
	-	(1,467)	(1,467)
Total comprehensive income			
Profit for the period	-	2,744	2,744
	-	2,744	2,744
Equity at 31 March 2018 (Unaudited)	762	17,528	18,290

Condensed consolidated statement of cash flows
For the six months to 31 March 2018

	Unaudited Six months to 31 March 2018 £'000	Unaudited Six months to 31 March 2017 £'000	Audited Year ended 30 September 2017 £'000
Cash flow from operating activities			
Profit before tax	3,414	2,960	7,383
Adjusted by:			
(Profit)/loss on disposal of plant and equipment	(2)	(19)	20
Share-based payment charge	133	135	1,277
Loss on disposal of investment	-	-	5
Finance expense (net)	108	113	234
Depreciation of property, plant and equipment	672	652	1,400
Operating profit before working capital charges	4,325	3,841	10,319
Working capital adjustments:			
Increase in trade and other receivables	(1,205)	(4,007)	(4,428)
Increase in inventories	(1,577)	(1,092)	(497)
Decrease in trade and other payables	(10,090)	(7,610)	(63)
Cash (utilised)/generated from operating activities	(8,547)	(8,868)	5,331
Interest paid	(125)	(166)	(304)
Taxation paid	(527)	(1,152)	(2,363)
Net cash flows from operating activities	(9,199)	(10,186)	2,664
Investing activities			
Purchase of property, plant and equipment	(245)	(536)	(4,061)
Proceeds from disposal of plant and equipment	107	360	629
Interest received	17	50	70
Net cash used in investing activities	(121)	(126)	(3,362)
Cash flow from financing activities			
Dividend payment	(1,600)	(2,677)	(3,476)
Repayment of loans	(1,000)	(1,000)	(2,000)
Repayment of finance leases/hire purchase agreements	(328)	(340)	(759)
Issue of share capital	-	-	7
Net cash used in financing activities	(2,928)	(4,017)	(6,228)
Net change in cash and cash equivalents	(12,248)	(14,329)	(6,926)
Cash and cash equivalents at the beginning of the period	27,066	33,992	33,992
Cash and cash equivalents at the end of the period	14,818	19,663	27,066

**Notes to the condensed consolidated financial statements
For the six months to 31 March 2018**

1. Basis of preparation and accounting policies

The interim report of the Group for the six months ended 31 March 2018 has been prepared in accordance with IAS 34 “Interim Financial Reporting” and International Financial Reporting Standards (“IFRS”) as adopted for use in the European Union (“EU”) and in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority.

The interim report does not constitute financial statements as defined in Section 434 of the Companies Act 2006 and is neither audited nor reviewed. It should be read in conjunction with the Report and Accounts for the year ended 30 September 2017, which is available on request from the Group’s registered office, 1 Tamdown Way, Braintree, Essex, CM7 2QL, or can be downloaded from the website www.nexus-infrastructure.com.

The comparative information for the financial year ended 30 September 2017 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been reported on by the Company’s auditor and delivered to the Registrar of Companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters which the auditor drew attention by the way of emphasis without qualifying their report and (iii) did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

The interim report has been prepared on the basis of the accounting policies as set out in the Report and Accounts for the year ended 30 September 2017. There have been no standard, amendments or interpretations issued which are relevant or effective in this interim report.

Going Concern

In determining the appropriate basis of preparation of the interim report, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the interim report.

Notes to the condensed consolidated financial statements (continued)
For the six months to 31 March 2018

2. Segmental analysis

The Group is organised into the following three operating divisions under the control of the Executive Board, which is identified as the Chief Operating Decision Maker as defined under IFRS 8: Operating Segments:

- Tamdown
- TriConnex
- eSmart Networks

All of the Groups operations are carried out entirely within the United Kingdom.

Segment information about the Group's operations is presented below:

	Unaudited Six months to 31 March 2018 £'000	Unaudited Six months to 31 March 2017 £'000	Audited Year ended 30 September 2017 £'000
Revenue			
Tamdown	47,880	46,771	105,565
TriConnex	15,040	13,873	29,469
eSmart Networks	-	-	-
Total revenue	62,920	60,644	135,034
Gross profit			
Tamdown	7,809	7,442	17,282
TriConnex	5,126	4,704	9,959
eSmart Networks	-	-	-
Total profit	12,935	12,146	27,241
Operating profit			
Tamdown	2,505	1,921	7,210
TriConnex	1,942	1,768	3,490
eSmart Networks	(211)	-	-
Group administrative expenses	(714)	(616)	(1,369)
Operating profit before exceptional items	3,522	3,073	9,331
Exceptional items	-	-	(1,714)
Total operating profit	3,522	3,073	7,617
Net finance cost	(108)	(113)	(234)
Profit before tax	3,414	2,960	7,383
Taxation	(670)	(592)	(1,554)
Total comprehensive income for the period	2,744	2,368	5,829

Notes to the condensed consolidated financial statements (continued)
For the six months to 31 March 2018

2. Segmental analysis (continued)

Balance sheet analysis of business segments:

	Unaudited 31 March 2018		
	Assets	Liabilities	Net Assets
	£'000	£'000	£'000
Tamdown	30,631	21,912	8,719
TriConnex	15,014	18,124	(3,110)
Group	5,581	7,718	(2,137)
Net Cash	14,818	-	14,818
	66,044	47,754	18,290

	Unaudited 31 March 2017		
	Assets	Liabilities	Net Assets
	£'000	£'000	£'000
Tamdown	29,454	25,306	4,148
TriConnex	14,193	17,828	(3,635)
Group	2,535	9,509	(6,974)
Net Cash	19,663	-	19,663
	65,845	52,643	13,202

	Audited 30 September 2017		
	Assets	Liabilities	Net Assets
	£'000	£'000	£'000
Tamdown	28,255	29,817	(1,562)
TriConnex	15,125	20,193	(5,068)
Group	5,596	9,019	(3,423)
Net Cash	27,066	-	27,066
	76,042	59,029	17,013

3. Taxation

Taxation has been calculated for the six months ended 31 March 2018 at the estimated effective tax rate of 20%.

4. Dividends

On the 9 March 2018 the Company paid a final dividend for the year ended 30 September 2017 of £1.6m

	Unaudited	Unaudited	Audited
	Six months to	Six months to	Year ended
	31 March	31 March	30 September
	2018	2017	2017
	£'000	£'000	£'000
Final dividend for the year ended 30 September 2016 of 3.5 pence per share	-	2,677	2,677
Interim dividend for the year ended 30 September 2017 of 2.1 pence per share	-	-	799
Final dividend for the year ended 30 September 2017 of 4.2 pence per share	1,600	-	-
	1,600	2,677	3,476

Amounts recognised as distributions to equity holders:

Final dividend for the year ended 30 September 2016 of 3.5 pence per share	-	2,677	2,677
Interim dividend for the year ended 30 September 2017 of 2.1 pence per share	-	-	799
Final dividend for the year ended 30 September 2017 of 4.2 pence per share	1,600	-	-
	1,600	2,677	3,476

Notes to the condensed consolidated financial statements (continued)
For the six months to 31 March 2018

5. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following date:

	Unaudited Six months to 31 March 2018 £'000	Unaudited Six months to 31 March 2017 £'000	Audited Year ended 30 September 2017 £'000
Profit for the period attributable to equity shareholders	2,744	2,368	5,829
Weighted average number of shares in issue for the year	38,117,850	37,757,850	37,844,645
Effect of dilutive potential ordinary shares:			
Share options	1,898,036	694,750	999,124
Weighted average number of shares for the purpose of diluted earnings per share	40,015,886	38,452,600	38,843,769
Basic earnings per share (pence per share)	7.20	6.27	15.40
Diluted earnings per share (pence per share)	6.86	6.16	15.01

6. Borrowings

	Unaudited Six months to 31 March 2018 £'000	Unaudited Six months to 31 March 2017 £'000	Audited Year ended 30 September 2017 £'000
Current	2,000	2,000	2,000
Non-current	5,400	7,400	6,400

The Company entered into a £12.0m five-year facility with Allied Irish Bank in December 2015. The loan is secured over the whole of the Company's undertaking and assets and by way of cross guarantee from other Group undertakings. The loan carries interest at LIBOR plus between 2.25%.

7. Related party transactions

There have been no significant changes in the nature and amount of related party transactions since the last Report and Accounts as at, and for the year ended 30 September 2017.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated in full on consolidation.

Statement of Directors' responsibilities

The Directors confirm that, to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union; and
- the interim management report includes a fair review of the information required by DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
- the interim management report includes a fair review of the information required by DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual Report and Accounts that could do so.

Signed on 29 May 2018 on behalf of the Board

Mike Morris
Chief Executive Officer

Alan Martin
Chief Financial Officer