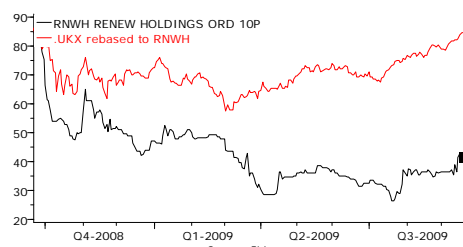


Renew Holdings PLC 39.0p

Outcome of OFT Investigation

22 September 2009

Share Price: 39.0p



Source – Fidessa

12m High: 85.75p

12m Low: 26.5p

Market Cap: £23.3m

Shares in Issue: 59.9m

Gearing: N.A

Interest Cover: N.A

EPIC Code: RNWH.L

Sector: Household Goods & Home Construction

Market: London AIM

Nominated Advisor & Broker: Brewin Dolphin Investment Banking

PR: College Hill

Website: www.renewholdings.com

Description: Delivers specialist engineering and construction services.

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Specialist Engineering and Building contractor, Renew Holdings, has today received the decision on an Office of Fair Trading (“OFT”) investigation into bid rigging, including cover pricing.

Cover pricing is the practice of firms colluding with competitors in a tender by submitting prices intended to be too high to win the contract being tendered for. The prospective customer, unaware of the collusive behaviour, believes that the submitted price is a realistic indicator of market prices, and ultimately may end up paying a higher price than might otherwise have been the case.

Cover pricing is illegal and in breach of the Competition Act 1998. The Statement of Objections issued by the OFT in 2008 was made against 112 construction companies and, while originating in the East Midlands covered Yorkshire and Humberside and elsewhere. Cover pricing is distinguishable from bid rigging in that no direct financial gain is made – often a cover price is only submitted in order not to win business. It is a widespread practice, in fact the OFT has said that up to 1,000 firms have been identified as involved in cover pricing.

Under the Competition Act 1998 the OFT has the ability to fine firms engaging in cover pricing up to 10% of their annual turnover. As it turns out, 103 firms have been fined on average 1.14% of their annual global turnover.

In Renew’s case, a fine of **£0.5m** has been levied jointly and severally against Allenbuild, one of Renew’s subsidiaries, and against Renew. An additional **£3.0m** fine has been levied jointly and severally against Bullock Construction Ltd, a former subsidiary of Renew, which was sold in September 2005, and Renew. In total the two fines amount to **£3.5m, less than 1%** of Renew’s 2008 turnover. Renew, which as at the end of March 2009 held **£17.5m in cash** will have the option of paying by installments over 3 years.

Renew is taking legal advice on the probability of appealing against the level of the Allenbuild fine. In the case of Bullock, the company is taking advice on appealing the OFT’s findings. Renew’s Board, none of whom were with the company at the time of the alleged offending, are completely unaware of the circumstances surrounding the alleged infringement, and there are no records remaining within the Group.

Y/E	Sales	Declared Profit	Adjusted Profit	Adjusted EPS*	P/E ratio	Div	Yield
Sept	£m	£m	£m	p.	X	p.	%
2007A	348.1	7.4	7.4	12.3	3.2	1.8	4.6
2008A	390.6	6.7	9.5	11.4	3.4	3.0	7.7
2009E	334.2	1.7	5.5	6.7	5.8	3.0	7.7
2010E	304.4	4.5	4.8	5.8	6.7	3.0	7.7

*Adjusted EPS after adding back exceptional items

Renew Holdings PLC

22 September 2009

Interestingly, of the 103 firms fined, 86 received significant reductions (as much as 50%) in their fines for admitting liability. In the case of Allenbuild two admissions in respect of cover pricing activities in 2003 and 2004 were made but no leniency discount appears to have been given.

No employees connected with the infringements are still employed by Renew and reinforced group wide tendering procedures were introduced immediately following the commencement of the OFT investigation.

In the case of Bullock, which relates back to the year 2000, a complete lack of records held by Renew, and a new management team made any such admission by Renew impossible.

While the case might yet be appealed, and it seems to us that there is reason to do so, it is at the least pleasing to know the OFT's decision and to see the fines imposed are at the lower end of the potential scale.

Renew Holdings PLC

22 September 2009

Management	Major Shareholders
Chairman: Roy Harrison	Gartmore Investment Ltd 16.0%
Chief Executive: Brian May	Octopus Asset Management 10.3%
Group Finance Director: John Samuel	Johan Claesson connected Holdings 6.6%
	Hargreave Hale Ltd 5.5%
	Brewin Dolphin Ltd 5.0%
	Rensburg Sheppards Investment Mgmt Ltd 4.1%
	Glynn Merrett & Family 3.9%
	Ruffer LLP 3.8%
	JP Morgan Chase & Co 3.5%
	BSPF Trustee Ltd & Corus Engineering Steels Trustee Ltd 3.2%
Key Dates	Key Milestones
Next Full Year Results: November 2009	1876 YJ Lovell founded by Young James Lovell
AGM: January 2010	1968 YJ Lovell plc lists as a public company
Next Interim Results: May 2010	2001 YJ Lovell plc renamed Montpellier Group plc
	2005 Montpellier Group renamed Renew Holdings plc
	2007 Acquires Seymour Civil Engineering Contractors
	2008 Seymour acquires C&A Pumps

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