



"We have an excellent pipeline of opportunities and are driving high levels of tendering activity, which puts us in a positive position to take advantage of the medium and long-term growth opportunities in UK infrastructure."

Alex Vaughan Chief Executive Officer

Adjusted Operating Profit

£40.1m

+ 10.5%

See [costain-fy-2023-results-rns-final.pdf](#) for definitions of terms used in this factsheet.

Adjusted Operating Margin

3.0%

+ 40bps

Adjusted Basic EPS

12.2p

+ 23.2%

Free Cash Flow

£72.0m

-1.2%

TRANSPORTATION

Within the Transportation division, we support key customers such as Government transport agencies, as well as local and devolved authorities and private regulated bodies. We report results in three sectors: Road, Rail and Integrated Transport.

Reported and Adjusted Revenue of £943.1m was down 9.9% against the prior year, as a result of the rephasing and rescoping of contracts.

Adjusted Operating Margin was 3.0%, unchanged year-on-year.

NATURAL RESOURCES

Within the Natural Resources division, we work with privately-owned utility, water and sewerage companies, with energy companies, and in defence, with several public and private sector organisations. We report results in three sectors: Water, Energy, and Defence and Nuclear Energy.

Adjusted Revenue £388.9m was an increase of 3.7% against prior year, driven by increased activity levels in Defence and Nuclear Energy, and Water.

Adjusted Operating Profit of £21.8m was up £6.8m, and operating margin was 5.6%, 1.6 percentage points higher year-on-year.

RISK MANAGEMENT

The accurate assessment and management of risk and uncertainty is central to our strategy. This is achieved through rigorous risk management and commercial control throughout our operations in three key areas:

- A disciplined approach to contract selection, which includes robust commercial and legal reviews, proactive shaping of procurement approaches with our customers, and a rigorous multi-stage gating process.
- Commercial and operational assurance, which includes project level controls, our Operational Excellence Model, management oversight of forecasts, and cross-disciplinary contract review meetings.
- Strategic supply chain partners, with application of robust supply chain management processes.

OUTLOOK

Our expectations for further progress in 2024 remain unchanged.

As a result of our continued strategic and operational development, we remain on track to deliver an adjusted operating margin run-rate of 3.5% during the course of 2024 and 4.5% during the course of 2025, in line with our ambition to deliver margins in excess of 5.0%.

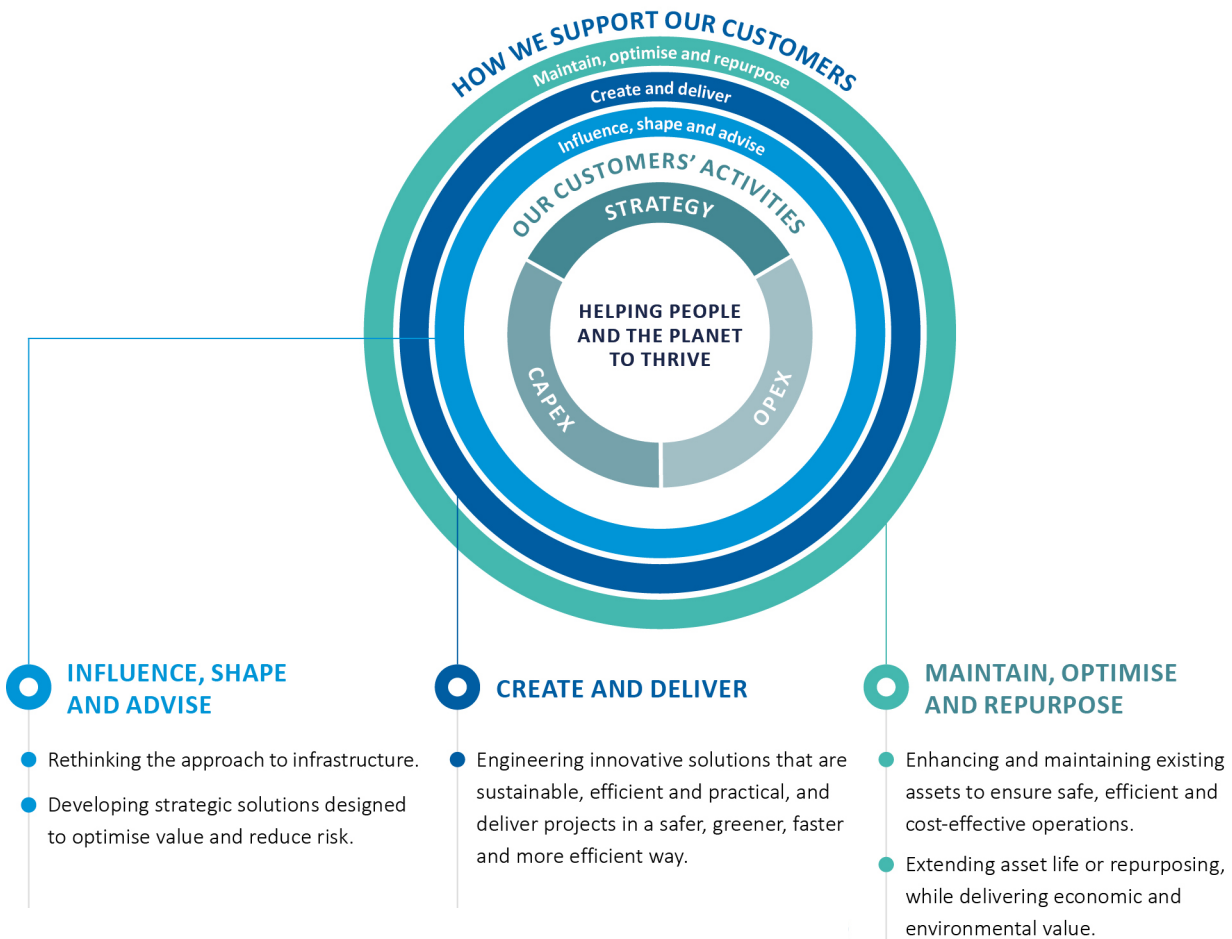
We remain mindful of the macro-economic and geopolitical backdrop and its importance for near-term government priorities and timing of spending.

Notwithstanding this, with our increasingly broad high-quality customer base, further improvements to our operational performance, opportunities for higher-margin business, strong cash position and clear strategic priorities, we are well positioned for further growth in profits and cash generation.

OUR BUSINESS MODEL

We work to shape, create and deliver pioneering infrastructure solutions for our customers.

We develop strategic solutions to optimise value and reduce risk; engineer innovative solutions that are sustainable, efficient and practical, and deliver projects in a safer, greener, faster and more efficient way.



OUR AMBITION

Revenue and operating profit growth, with an adjusted operating profit margin run-rate of 3.5% during the course of 2024, rising to 4.5% during 2025, and in excess of 5.0% thereafter. We form strategic relationships with Tier 1 customers, forging long-term partnerships which deliver their business plans. We have enacted a Transformation programme within Costain to streamline our organisational structure, digitise to increase efficiencies and refine our procurement processes.

OUR STAKEHOLDERS

We collaborate more closely than ever with customers, partners, communities, wider industry and shareholders to make meet today's infrastructure demands.

CONTACT

irinfo@costaingroup.com

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