



Costain Group PLC
20 July 2022

Trading in line with expectations with strong cash performance

Costain announces a trading update for the six months ended 30 June 2022, ahead of its interim results scheduled for 24 August 2022.

Operating performance: strong delivery and inflation resilience

The Group has delivered a good performance in the first half, with revenue ahead of market expectations¹, reflecting the inflation recovery mechanisms built into contracts as we passed through increased costs with higher prices, together with increased volumes delivering revenue growth in Transportation and Natural Resources. We expect revenue for the full year to be ahead of market expectations.

Adjusted operating profit for the first half of 2022 is in line with management's expectations, with absolute profitability increasing year-on-year. We expect first half 2022 adjusted operating margin to be flat year-on-year, reflecting the continuing progress in the business offsetting inflation impacts. Supply chain pressures have been well managed ensuring a strong and robust operational performance across our contracts.

Our expectations for full year 2022 reported and adjusted operating profit are unchanged and we continue to expect good growth year-on-year.

Cash performance: ahead of expectations

Cash performance in the first half has been strong, driven by efficient working capital management and operating performance. Net cash at 30 June 2022 is around £95m, ahead of market expectations and we expect to deliver further positive net cash during the second half of the year.

Market performance: delivering against strategy

The Group's four chosen markets of Transport, Water, Energy and Defence continue to offer growth opportunities.

Transportation continues to operate well across our HS2, other Rail and Highway activities with a high volume of tender activity for further road and rail programmes, and aviation frameworks. In the period we have secured contracts including the first phase of the Lancaster South scheme and the TfL Piccadilly line design, and we are delivering growth on our Highways RDP programme.

Water performance is stable with good visibility across our five-year water AMP7 programmes for Anglian Water, Severn Trent Water, Southern Water, Thames Water and United Utilities, while Tideway continues to perform to plan.

Energy has shown good revenue growth in our design and programme management consultancy activities, building our position in energy transition, with wins including the bp

net zero contract at Teesside and our first framework appointment by Shell. Our contracts with Cadent, EDF and Sellafield continue to perform strongly.

Defence includes key programme management contracts for our clients such as AWE and Babcock at Devonport, and is delivering increased revenue growth across our current defence portfolio.

Alex Vaughan, Chief Executive Officer, commented: *"I am pleased with our performance in the first half of the year as we continue to generate strong free cash flow, deliver against our strategy and meet our customers' needs across our four markets. Our continued progress, supported by a strong order book and pipeline, gives us confidence for the remainder of the year and beyond."*

⁽¹⁾ First half market expectations are based on research from Investec, Liberum, Numis Securities and Peel Hunt.

Enquiries

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Notes to editors

Costain helps to improve people's lives by creating connected, sustainable infrastructure that enables people and the planet thrive. We shape, create and deliver pioneering solutions that transform the performance of the infrastructure ecosystem across the UK's transport, energy, water, and defence markets.

We are organised around our customers anticipating and solving their challenges and helping to improve performance. By bringing together our unique mix of construction, consulting and digital experts we engineer and deliver sustainable, efficient and practical solutions.