



Introduction to Costain

Q2 2025

Together we
shape, create, deliver



Key figures at a glance

Major contractor delivering critical infrastructure to support the UK's needs and growth

Market Capitalisation

c. £285m
As at 31 Mar 2025

Monthly Average No. of employees

c. 3,200
(c. 14,500 incl. subcontractors)
During 2024

Forward Work Position

£5.4bn
As at 31 Dec 2024

Revenue

c. £1.25bn
12 months to 31 Dec 2024

Adjusted EBIT

£43.1 m (3.4% margin)
12 months to 31 Dec 2024

Adjusted EPS

14.6p
12 months to 31 Dec 2024

Free Cash Flow

£27.1m
12 months to 31 Dec 2024

Net Cash

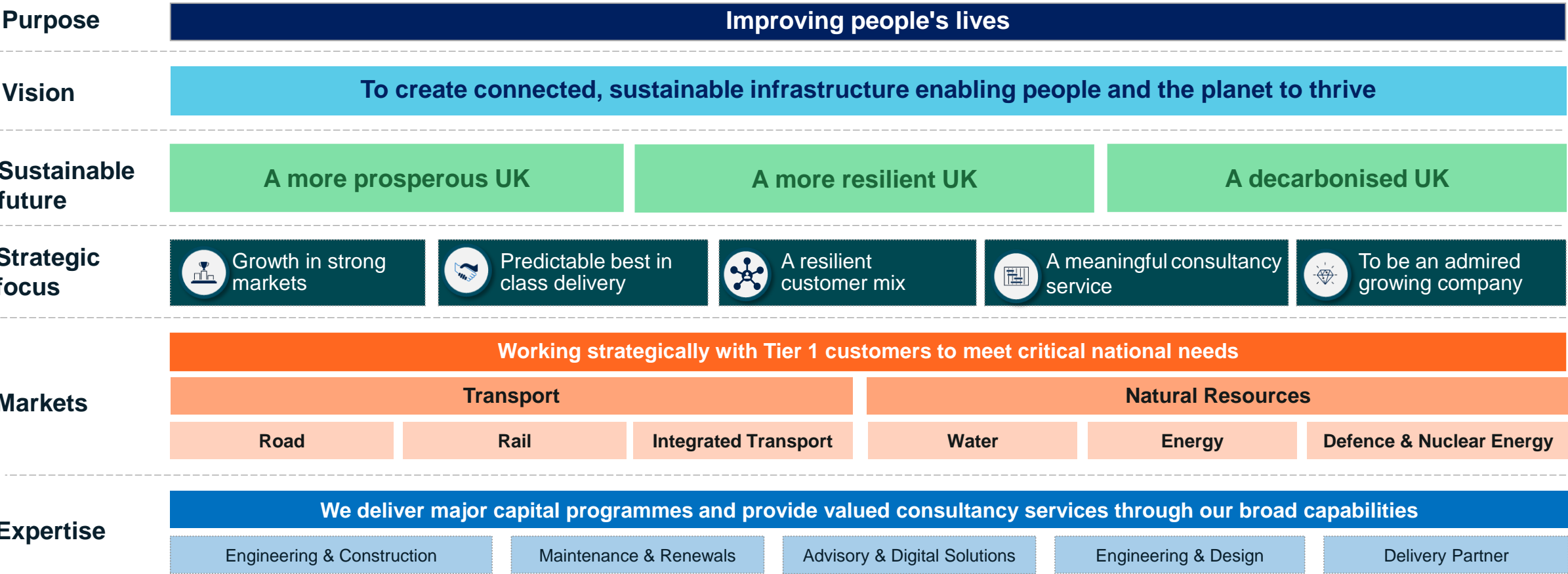
£158.5m
As at 31 Dec 2024

DPS

2.4p
12 months to 31 Dec 2024

Our business

Creating a sustainable future



Significant investment planned in our chosen markets

Strategic outcome-based five-year investment plans

	Committed investment	Investment period	2025	2026	2027	2028	2029	2030	
National Highways	£27bn	2020-2025	RIS2	RIS3					
High Speed Rail	£45-54bn	2018–2030	Phase 1 (London–West Midlands)						
Integrated Rail Plan	£54bn	2022-2050	IRP						
Network Rail	£43bn	2024-2029	CP7					CP8	
Local and regional transport	c£20bn	2022–2032	City Regional Sustainable Transport Settlements (CRSTS)						
	c£8bn	2023–2026	TfL 2024 Business Plan						
Aviation	£8bn+	2022-2030	Airport expansion						
Water	£104bn	2025-2030	AMP7	AMP8					
Energy	£12bn	2020-2030	10-Point Plan						
	£30bn	2021–2031	RIIO-2		RIIO-3				
	£23bn	2023-2028	RIIO-ED2 (Electricity Distribution)			RIIO-ED3			
Defence	£289bn	2023-2028	Defence Equipment Plan						
	£27bn	2024-2029	Defence Infrastructure Organisation						
Nuclear	£12bn	2024-2027	NDA*						
	c£20bn	2025-2035	Sizewell C ²						

*NDA – Nuclear Decommissioning Authority

- These investment plans are not all addressable by Costain and there are market opportunities which do not fall under these investment plans available to the Group. The estimates are as of 31 December 2024.
- Final Investment Decision (FID) is expected later in 2025

Supporting our customers across their full ecosystems

Broad end-to-end service offer enhances value to our customers and our margins



Construction solutions through major capital delivery

A leading capital delivery partner for complex infrastructure, grounded in 160 years of experience



Thames Tideway



Road

- Collaborate across our customer and supply chain to create a solution that reduces risk, enhances reputation and leaves a positive impact on society, the environment and the local community
- Our experts work with customers across their asset lifecycle to shape, create and deliver in addition to operate and optimise
- Serving long-standing Tier 1 customers



HS2



AMP 8 Water Frameworks



Heathrow



TfL

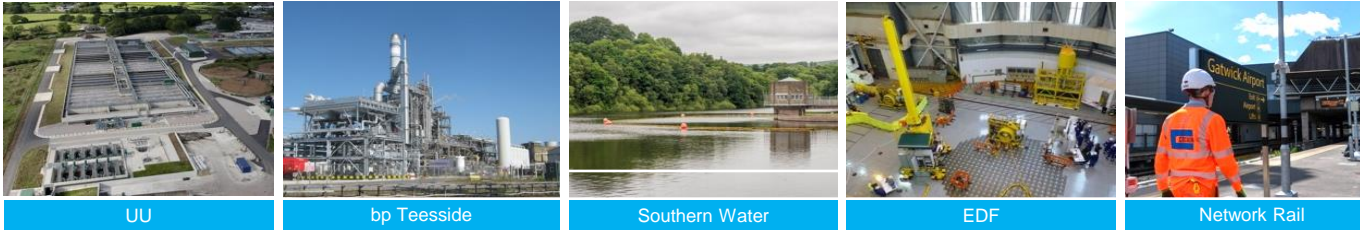
Building a meaningful consultancy service

Leveraging our core expertise in complex programme delivery

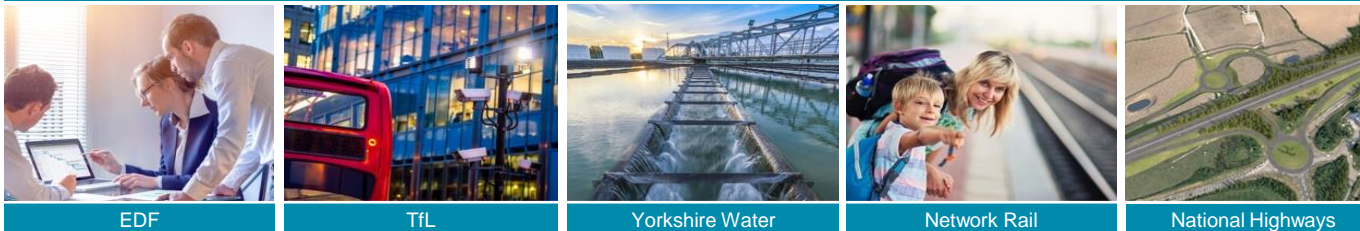
Delivery Partner



Engineering & Design Services



Advisory & Digital Solutions

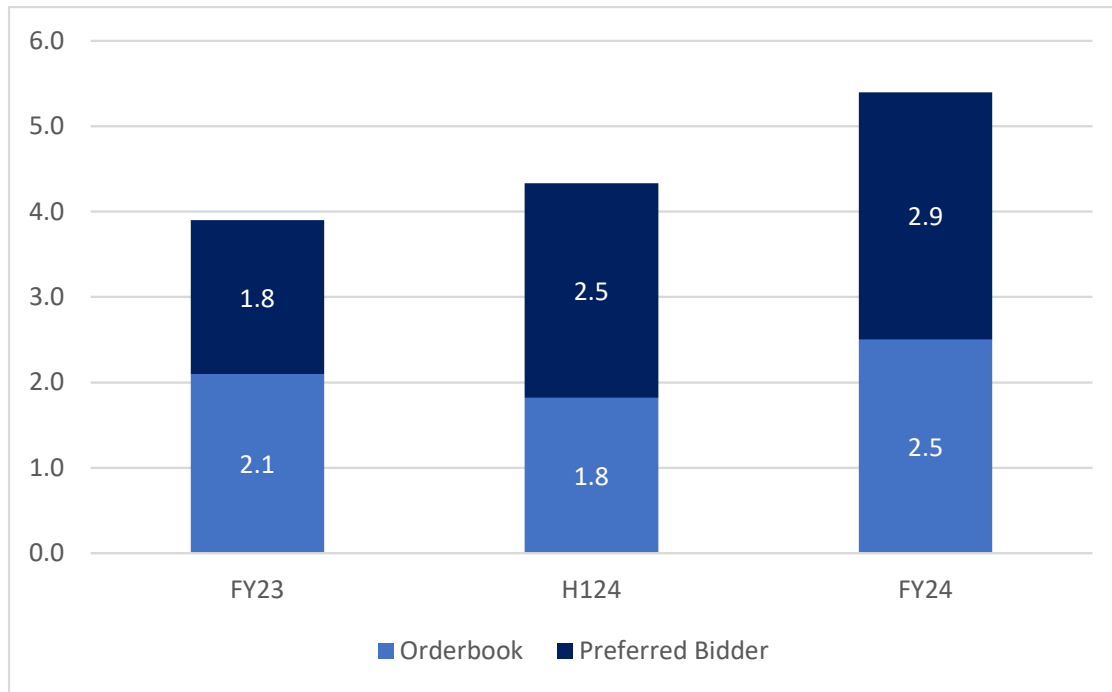


- A leading delivery partner overseeing our customers' major infrastructure programmes
- A growing design and project controls/P3M expert
- An energy process engineering expert
- A valued advisor where innovation, project management and problem-solving skills are highly valued
- Our focus is on improving and transforming infrastructure performance such as situational intelligence and digital twins
- Consultancy services contributed around 12% of Group revenue in FY24

Record increase in quality forward work position

Well-positioned to deliver ongoing progress in FY25 and FY26, with a step change in performance in FY27

Forward Work Position



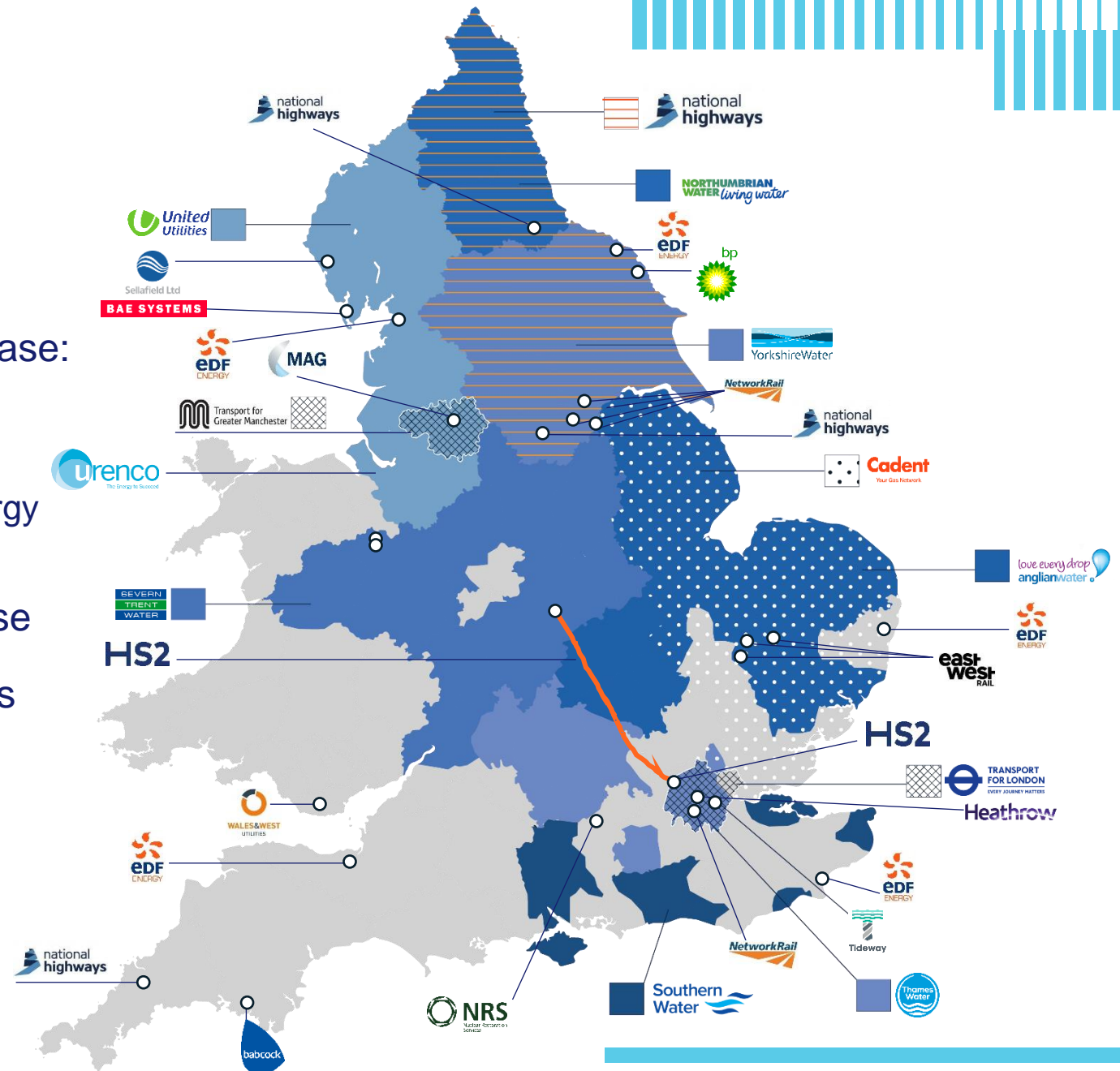
Forward work is the total of order book and preferred bidder book which includes revenue from contracts which are partially or fully unsatisfied and probable revenue from Water and other frameworks included at allocated volume.

- Forward work position of £5.4bn, a record increase of £1.5bn on FY23
- Contract wins across all sectors and significant growth in Water and Rail
- More than 4x FY24 annual revenue
- Ongoing shift towards the preferred bidder book away from the order book as we continue to secure long-term framework positions
- The preferred bidder book includes contracts in Water, Energy, Defence and Nuclear Energy, Road and Integrated Transport, including Heathrow
- Improving risk profile

Diverse range of forward work

Focussed on broadening our customer mix

- We have an increasingly diverse customer base:
 - Major series of wins in water (AMP8 & AMP9)
 - Increasing presence at Heathrow
 - Growing energy, and defence and nuclear energy
 - Growing consultancy revenue
- Mix of revenue contributing to margin increase
- Increasing revenue duration from frameworks
- Pipeline of bidding remains strong
- Improving risk profile



Predictable best in class delivery

Effective risk management & operational excellence is improving the quality of the business



No single stage fixed price contracts, predominantly target cost contracts where scope of work, design and cost are developed and agreed with the client

Underpins margin targets and the quality of forward work position



Financial performance & capital allocation

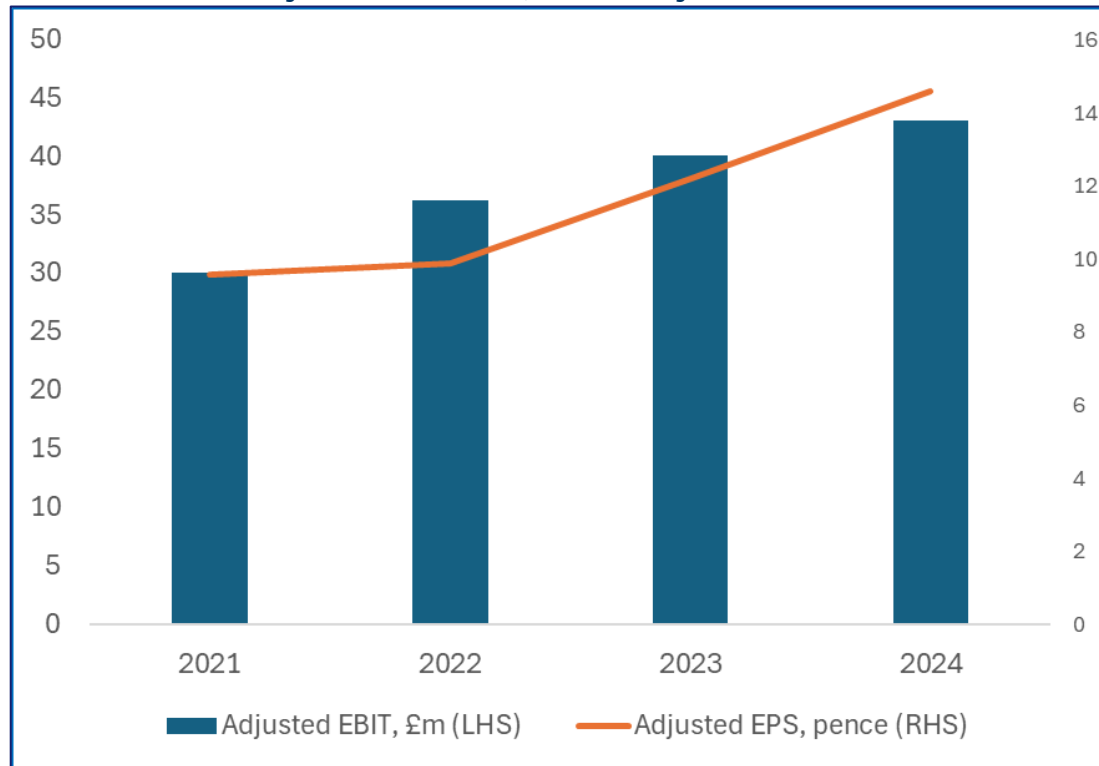
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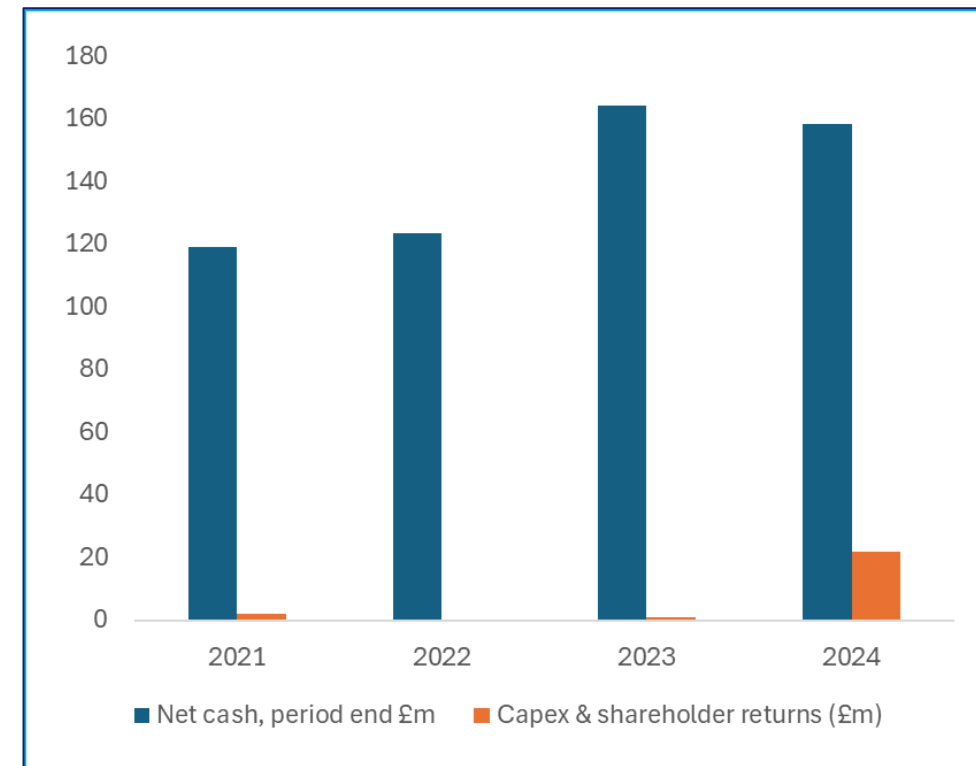
Strong financial performance and position

Double-digit CAGR in adjusted EBIT, adjusted EPS and net cash since 2021

Improving profitability
13% Adj. EBIT CAGR, 15% Adj. EPS CAGR



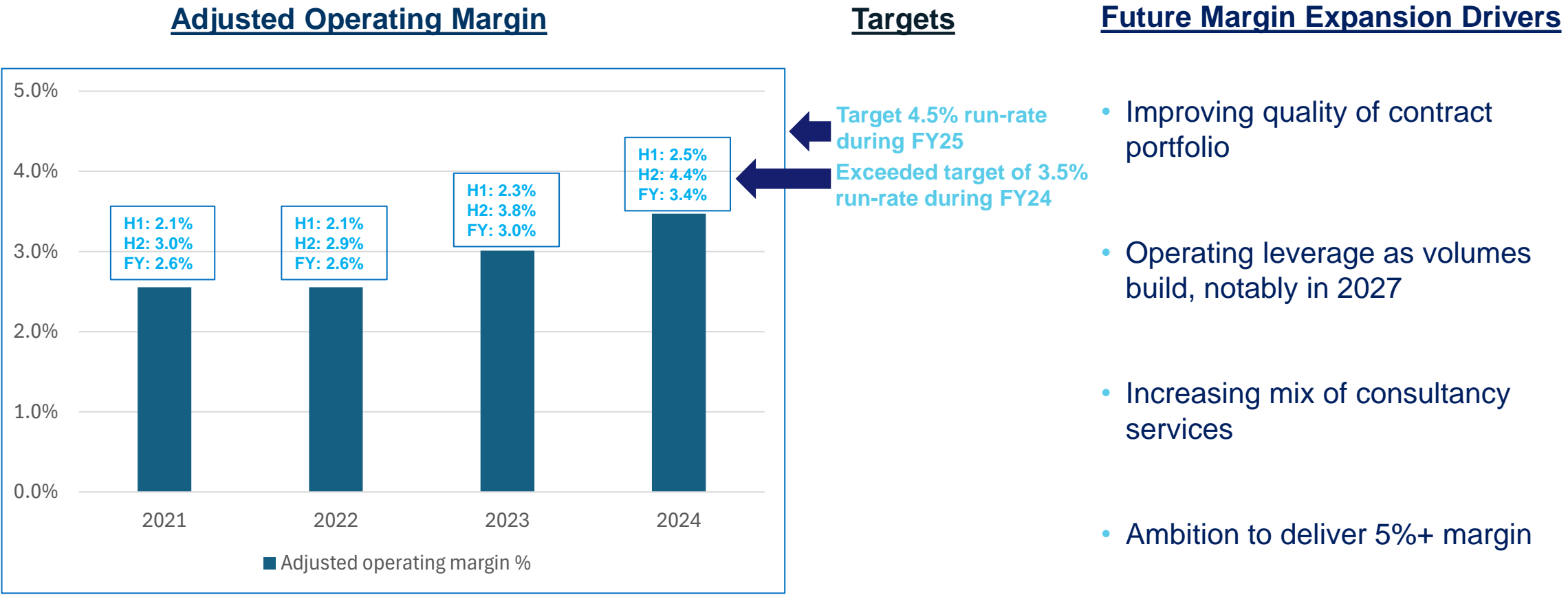
Strengthened balance sheet
10% Net Cash CAGR



Enabled resumption of dividend in FY23 followed by a £10m share buyback and doubling of dividend in FY24

Delivering on margin expansion targets

On target to deliver 4.5% margin run-rate during FY25



Capital allocation

Strengthening of financial position is enabling greater capital allocation optionality

- **Invest in growth:** focus has been on people and process transformation; emphasis now on systems investment
- **Progressive dividend:** target 3x cover over time, as and when dividend parity arrangement allows (under review with pension scheme trustee)
- **Selective M&A:** retain optionality to pursue strategic investments to enhance our ability to support customers
- **Return surplus capital to shareholders:** £10m share buyback in H2 2024, will continue to review options



Financial guidance

Ongoing progress expected in FY25/26 with step-change in performance in FY27

- FY25 adjusted operating profit expected to be in line with market expectations (range £44.8m - £48.8m, average £46.5m)
- On track to meet margin target of 4.5% run-rate during FY25
- Net cash at end FY25 expected to be in line with market expectations (c. £180m)
- **High quality forward work position drives confidence in future, with ongoing progress in FY25 and FY26 and step-change in performance in FY27**





Summary

Together we
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We are building a differentiated market position

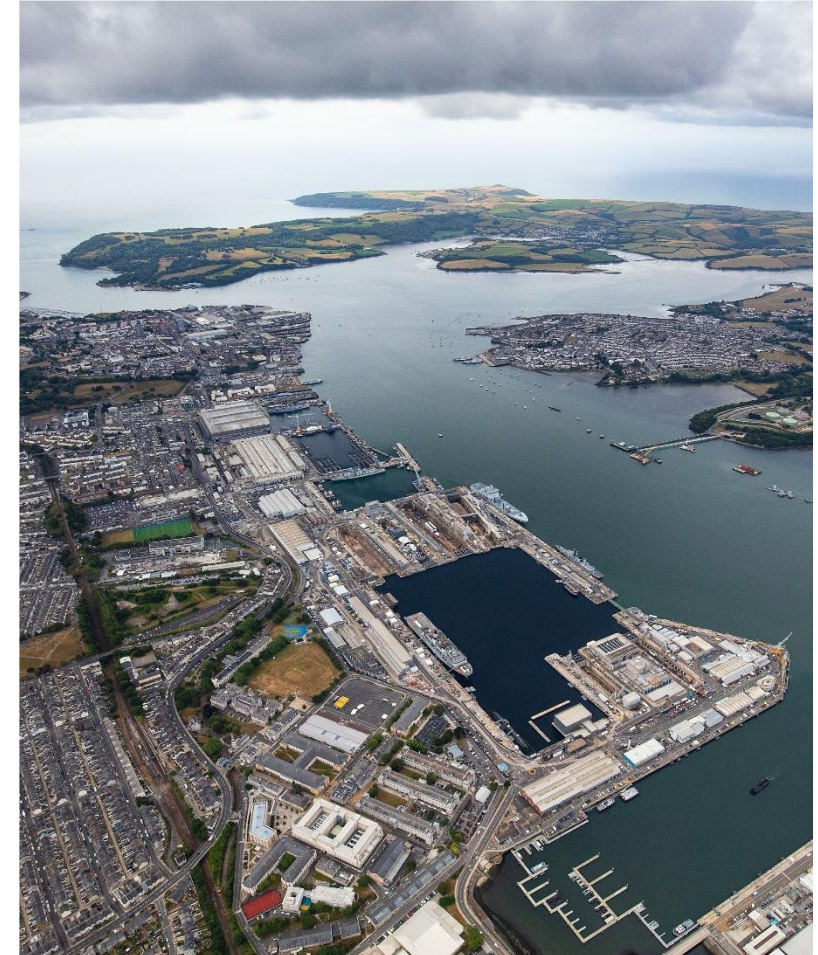
Improving quality of contract and customer portfolio

We **focus our expertise in four selected infrastructure markets** of transportation, water, energy and defence.

All offer **attractive growth prospects**, and we benefit from:

- **Long-term customer relationships** built on 160 years of experience
- **Broad end-to-end service offering**, which enhances value to our customers
- **Effective risk management**, which is driving **predictable best-in-class delivery and higher margins**

Resulting in **improved diversification and resilience of our customer base** and a **higher quality business**.



Clear path to earnings growth and enhanced shareholder returns

Return to top line growth, increasing capital allocation optionality

Potential to continue double digit EBIT CAGR through 2027*:

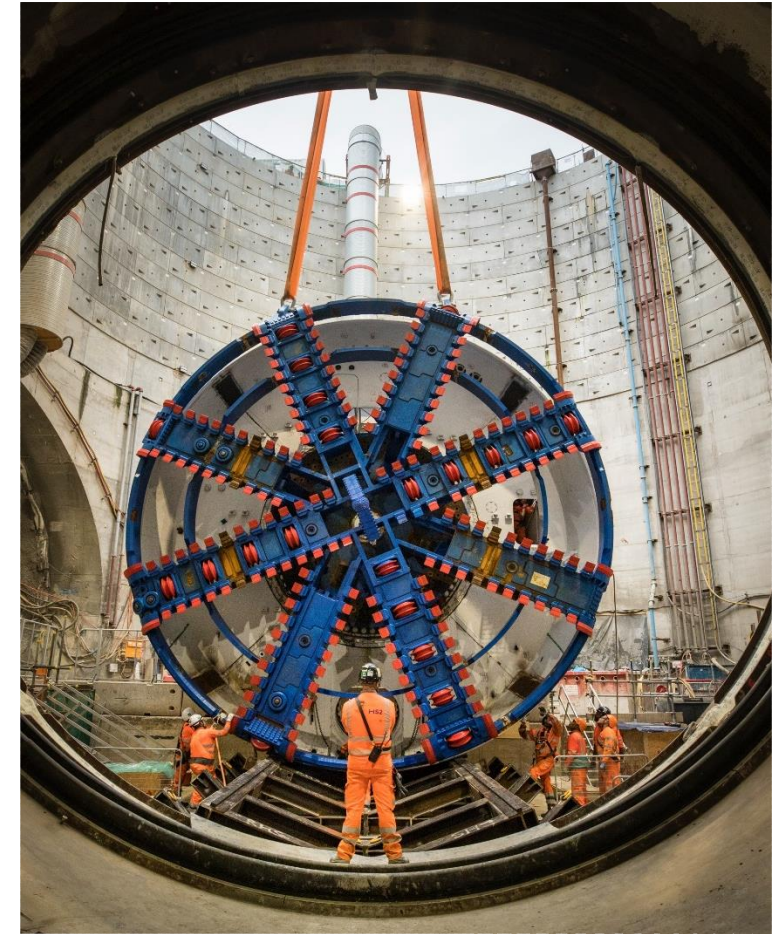
- Further earnings progress expected in FY25 and FY26
- Step-change in forward work position in FY24 expected to deliver a step-change in revenue in FY27

Capital allocation priorities:

- Invest for growth (e.g. systems, capabilities and expertise)
- Progressive dividend (target 3x cover vs. 6x cover today)
- Selective M&A
- Return surplus capital to shareholders (e.g. buyback in H2 24)

Next 12 months capital allocation focus:

- Review dividend parity rule and other pension scheme options





Conclusion

Strategy is delivering, Group is financially strong and increasingly confident in future

Clear strategy is improving the quality of the business

- Broadening and deepening our long-term customer base through our construction and consultancy service mix, with wins such as bp, Sizewell C, Urenco and new customers in water
- Record increase in high-quality forward work position of £1.5bn to £5.4bn, covering diverse range of infrastructure programmes
- Growing margins and reducing risk through effective risk management and predictable best in class delivery, improving contract mix and growing consultancy; delivered on FY24 margin target, on track to deliver FY25 margin target

Delivering strong financial performance

- Adjusted EBIT and adjusted EPS CAGRs of 13% and 15% respectively since FY21
- Net cash balance improved from £119m at end FY21 to £159m at end FY24 (10% CAGR)
- Resumed dividend payments in FY23, followed by £10m share buyback and doubling of dividend in FY24

Increasingly confident in the Group's prospects

- UK's infrastructure requires approximately £2 trillion investment over the next 25 years, with at least 50% expected from the private sector
- Government has a commitment to invest in the UK's essential infrastructure and will publish its initial 10-year strategy in June 2025
- We are financially strong and have improved the quality, size and longevity of our forward work position; this will enable us to deliver ongoing progress in FY25 and FY26, with a step-change in performance in FY27

Cautionary forward-looking statements

This presentation contains certain statements that are forward-looking statements based on current expectations and reasonable assumptions. Various known and unknown risks, uncertainties and other factors may cause actual results to differ from any future results or developments expressed or implied from the forward-looking statements.

Each forward-looking statement speaks only as of the date of this document. The Group accepts no obligation to publicly revise or update these forward-looking statements or adjust them to future events or developments, whether as a result of new information, future events or otherwise, except to the extent legally required.



Appendices

Together we
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Creating a sustainable future

Steadfast in our commitment to ESG

- Well-placed to meet customers' expectations and offer the best solutions
- Supports winning new work and business growth
- Attract and retain the best team, who are motivated by our purpose to improve people's lives
- Continue to be a positive partner to our local communities, our relationship built on mutual trust
- Live up to our core values

2024 Sustainability highlights



100%

relevant contracts produced
of a carbon baseline,
reduction target and plan



0.11

Lost Time Injury Rate
(LTIR)



41%

of our spend with SMEs



100%

of relevant contracts
have biodiversity
net gain plans



£410k

community investment
(sum of charitable
giving and employee
volunteering hours)



20

point increase in our
engagement score, retaining
our one star 'Very Good'
company to work for status



95%

of employees feel health
and safety is taken
seriously



PAS2080

2023 standard update has
been verified with BSI



46

average Considerate
Constructors Scheme
score (out of 50)

Major recent contract awards announced

Customer	Nature of work & services	Estimated value
Urenco	Programme delivery partner for Urenco's infrastructure investment at its Capenhurst facility. Costain selected by Urenco to deliver major growth programme Costain	Not disclosed
HS2	Deliver high voltage power supply systems along the route from Birmingham to London Siemens and Costain JV wins HS2 Systems Contract	c. £300m
HS2	Deliver tunnel and lineside mechanical & electrical systems Costain Wins New HS2 Systems Contract	c. £400m
TfL	Gallows Corner Flyover design & build, design work on Piccadilly line, support for CCTV services Costain appointed to deliver major London road upgrade Costain	Not disclosed
Southern Water	AMP8 framework: water & wastewater asset upgrade work Costain wins AMP8 framework with Southern Water	c. £500m
United Utilities	AMP8 framework: water & wastewater asset upgrade work Costain Secures New AMP8 Framework Agreement	c. £400m
Northumbrian Water	AMP8 framework: water & wastewater asset upgrade work, with five-year extension option AMP8 Water Framework Win with NWG & Trading Update	c. £670m (across 12 yrs)
Teeside Carbon Capture Project (BP East Coast Cluster)	One of 9 partners for engineering, procurement, and construction framework contracts (following earlier FEED contract) Key Partner for Landmark Carbon Capture Project	c. £4bn across 9 partners

FY 24 financial highlights

Another strong financial performance, with record growth in forward work position

Financial Summary	FY 24 £m	FY 23 £m	Change %
Revenue	1,251.1	1,332.0	(6.1)%
Adjusted operating profit ⁽¹⁾	43.1	40.1	7.5%
Adjusted operating profit ⁽¹⁾ margin	3.4%	3.0%	0.4pp
Reported operating profit/(loss)	31.1	26.8	16.0%
Reported profit/(loss) before tax	36.5	30.9	18.1%
Adjusted basic earnings per share ⁽²⁾	14.6p	12.2p	19.7%
Reported basic earnings/(loss) per share	11.3p	8.1p	39.5%
Dividend per share	2.4p	1.2p	100.0%
Net Cash Balance ⁽³⁾	158.5	164.4	(£5.9m)
Forward Work Position ⁽⁴⁾	£5.4bn	£3.9bn	£1.5bn

- Group revenue of £1,251m, a reduction on the prior period reflecting the timing of contract starts and completions
- Group adjusted operating profit up 7.5% to £43.1m reflecting an increased operating margin in both divisions
- Group adjusted operating margin up 40bps to 3.4% (H2 24 adjusted operating margin of 4.4%)
- Group reported profit before tax up 18.1% to £36.5m
- Adjusted basic earnings per share (EPS) up 19.7% to 14.6p
- Doubling year-on-year of full year dividend per share to 2.4p
- Net cash in line with expectations at £158.5m after £10m share buy back
- Record increase of £1.5bn in high-quality forward work position to £5.4bn

1. Adjusted operating profit and adjusted operating profit margin are adjusted metrics and exclude the impact of contract adjustments and other items totalling £12.0m (FY 23: £13.3m).

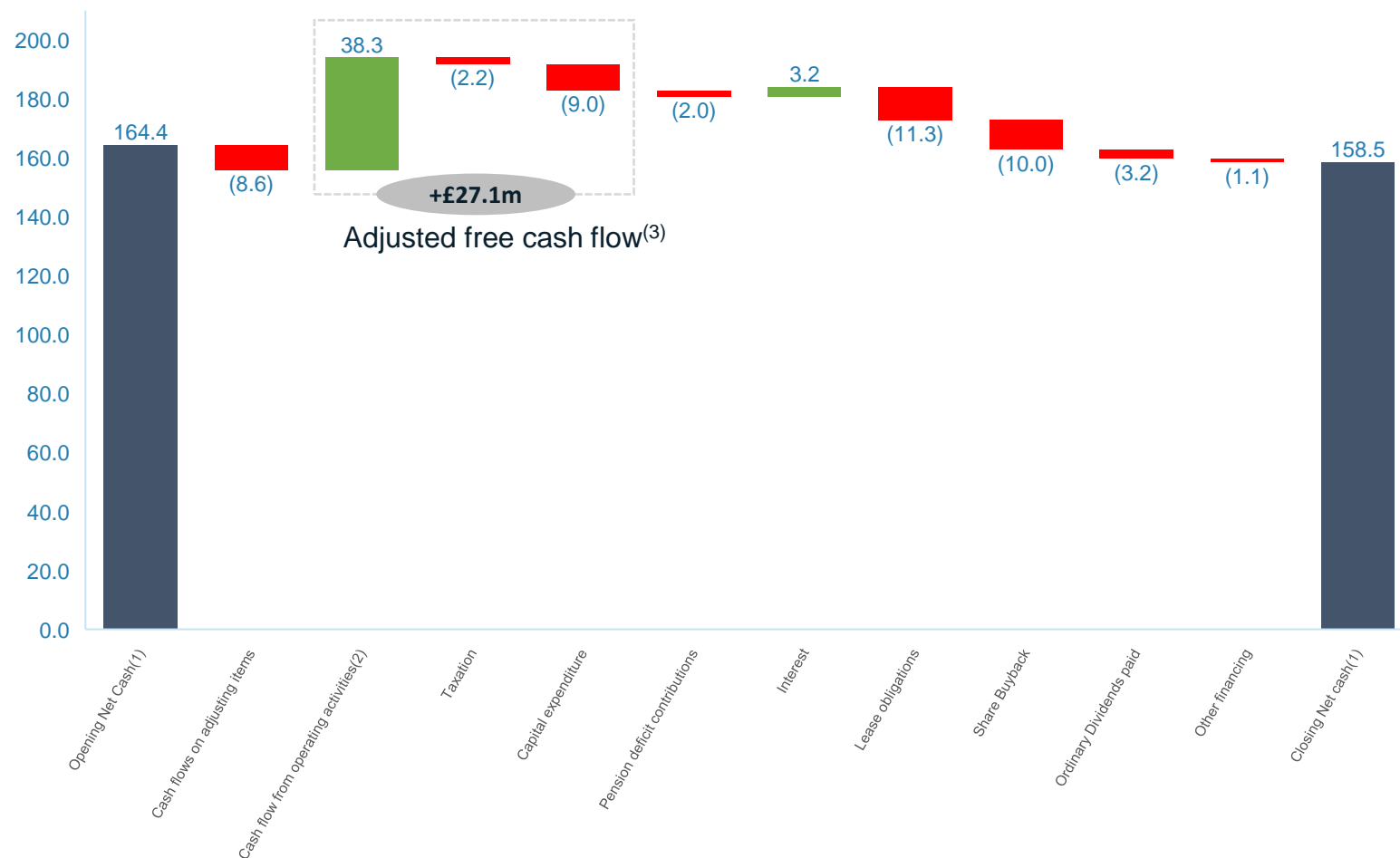
2. Adjusted Basic earnings per share is an adjusted metric and excludes the impact of contract adjustments and other items, net of tax, totalling £9.0m (FY 23: £11.4m).

3. Net cash is defined as cash and cash equivalents less interest-bearing borrowings (excluding leases under IFRS 16 and net of unamortised arrangement fees) and excluding cash and cash equivalents - with restrictions.

4. Forward work is the total of order book and preferred bidder book which includes revenue from contracts which are partially or fully unsatisfied and probable revenue from water and other frameworks included at allocated volume.

FY 24 cash walk

Continued strong adjusted free cash flow



- Adjusted free cash flow of £27.1m
- Closing net cash position of £158.5m, which included the costs of our £10m share buyback programme which concluded in November 2024
- Capital expenditure from investing in upgrading our HR system to increase efficiencies within the business and also in office moves
- We expect our FY 25 year-end net cash position to be in line with current market expectations of around £180m
- During FY 24 we paid 98% of invoices within 60 days (FY 23: 98%). In January 2025, Costain was re-confirmed as one of the fastest-paying lead contractors in construction

1. Net cash is defined as cash and cash equivalents less interest-bearing borrowings (excluding leases under IFRS 16 and net of unamortised arrangement fees) and excluding cash and cash equivalents - with restrictions.

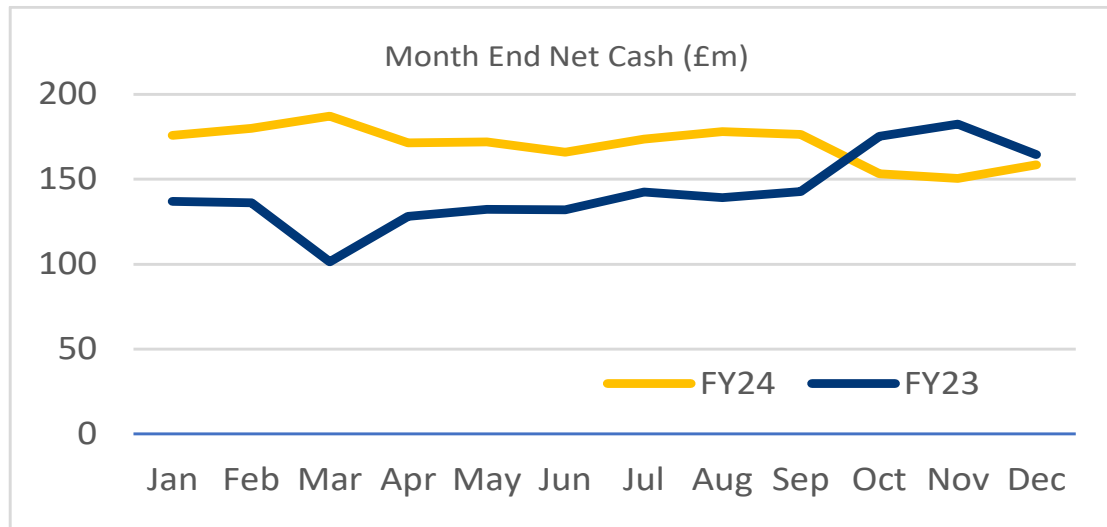
2. Excluding adjusting items, interest, taxation and pension deficit contributions, shown separately, and excluding cash flows on cash and cash equivalents - with restrictions.

3. Adjusted free cash flow is an adjusted metric and is defined as cash from operations, excluding cash flows relating to adjusting items and pension deficit contributions, less taxation and capital expenditure and excluding cash and cash equivalents - with restrictions. See slide 32 for detailed calculation.

Strong balance sheet

Continued growth in average cash levels during FY 24

Net Cash £m	FY 24	FY 23
Cash	95.8	105.2
Cash held at joint ventures	62.7	59.2
Loans	0.0	0.0
	158.5	164.4
Average month end net cash	169.8	141.4



- No drawdown of RCF.
- Average month-end net cash balance during the period was £169.8m, higher than FY 23 of £141.4m.
- Average week-end net cash balance during the period £164.3m, higher than FY 23 of £141.0m.
- Significant headroom on bonding facilities at 31 December 2024
 - Facility £270m (FY 23 £270m)
 - Utilisation £65.3m (FY 23 £69.9m)
- Banking facilities with an agreed maturity date of September 2026
 - RCF £85m
 - Surety & Bank Bonding Facilities £270m

Consensus forecasts

Based on analyst forecasts following FY 24 results release on 11 March 2025

	FY 25	FY 26	FY 27
Revenue (£m)	1,230.3	1,268.3	1,406.7
Adjusted EBIT (£m)	46.5	50.8	57.6
Adjusted PBT (£m)	50.5	54.5	61.0
Adjusted EPS (pence)	14.0	15.0	16.9
DPS (pence)	2.6	3.0	3.6
Net cash (£m)	181.1	206.2	236.9

Consensus based on average of Investec, Panmure Liberum, Deutsche Numis, Peel Hunt, Cavendish and Berenberg forecasts



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