Sustainable Growth

Proactive Investors presentation – November 2021

GallifordTry

Highlights

Established our platform for growth.

- Excellent culture; aligned teams.
- Strong foundations of risk management and contract discipline.

Performance ahead of target.

- Returned to profitability and reinstated dividend.
- Strong financial foundation for future.

Confident in delivering sustainable growth.

- Strategy update: Sustainable Growth.
- Strong demand in our chosen markets.

£1,125m
Revenue
(FY20: pre-exceptional £1,090m)

2.0%
Divisional operating margin
(FY20: pre-exceptional loss 5.0%)

£11.4m
Profit before tax
(FY20: pre-exceptional loss £59.7m)

9.5p
Earnings per share
(FY20: pre-exceptional loss 47.7p)

£164m
Average month-end cash
(FY20: £141m)

4.7p
Dividend per share
(FY20: nil)

Strong balance sheet

- Well-capitalised, with continued balance sheet strength driven by growth in net cash and expansion in PPP asset valuations.
- Robust cash position.
  - Average month-end cash £164m.
  - No debt.
  - No pension liability.
- PPP portfolio valued at £49.1m.
  - Generated interest income of £3.9m.

c£100m
Minimum daily cash

£49.1m
PPP asset portfolio

Balance sheet £m	30 June 2021	30 June 2020
Intangible assets & goodwill	**82.9**	85.0
PPP & other investments	**49.1**	40.7
Other non-current assets	**38.4**	32.1
Working capital		
Working capital	**(242.1)**	(211.3)
IFRS 16	**(19.2)**	(22.3)
Total	**(261.3)**	(233.6)
Net cash	**216.2**	197.2
Other	**8.8**	(0.9)
Total net assets	**134.1**	**120.5**
Average month end cash	**164.0**	140.8[1]

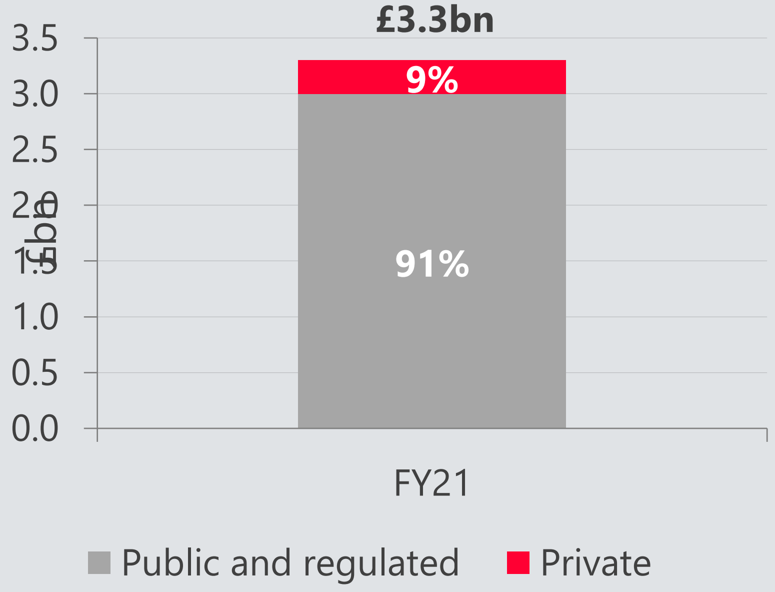
[1] January to June 2020.

Robust order book

By client type

- Predominantly public and regulated sector work providing stability and maturity of procurement.
- Key sectors which align to our risk appetite.
- High-quality order book based on disciplined risk management.

Order book by client type



Order book by sector

Building	Total £1.92bn
Education	£530m
Defence and custodial	£389m
Health	£300m
FM	£403m
Commercial	£298m

Infrastructure	Total £1.35bn
Highways	£512m
Environment	£836m

90%
Work secured for FY22 (FY20: 90%).

87%
Work in frameworks (FY20: 90%).

<£20m
Median contract size in Building.

Sustainable dividends

- Capital allocation.
  - Support sustainable growth and strategic opportunities.
  - Maintain strong balance sheet.
  - Pay sustainable dividends.
- Final dividend declared.
  - Excellent financial performance.
  - FY21 furlough monies repaid.
  - Strong balance sheet, supported by cash and PPP assets.
  - No pension liability to fund.
  - High quality order book.
  - Encouraging outlook.

4.7p

Dividend per share (FY20: nil)

2.0x[1]

Dividend cover (FY20: n/a)

2.0 - 2.5x

Dividend cover policy

[1] Covered by earnings from continuing operations.

Update on current trading

Announced 12 Nov 2021

- Operations are performing well
  - Continuing to manage inflation and supply challenges
  - Maintaining a strong cash position
  - Margins in line with Board's expectations
- Pipeline of new opportunities that align to our strategy
- Confident in meeting objectives for the current financial year

Contract wins include:

£1.6bn

Buildings business appointed to LHC Public Buildings, Construction and Infrastructure PB3 framework

£3.5bn

Highways business appointed to HE Scheme Delivery Framework

£56m

Buildings business appointed to Secklow Gate Milton Keynes project

Sustainable Growth

A people-orientated, progressive culture driven by our values.

- Health and safety
- Our people

Deliver excellence for our clients.

- Clients
- Supply chain

Progressive culture

Quality and innovation

Strategy

Deliver high-quality buildings and infrastructure in a socially responsible way and provide a sustainable return for our shareholders

Socially responsible delivery

Sustainable financial returns

Protect the environment and create greater social value for communities.

- Environment and climate change
- Communities

Earn a sustainable return on the value we deliver.

Drivers of market growth

UK's drive to build back better

Market drivers	How our alignment positions us to benefit
Investment in the UK's social and economic infrastructure	Key contractor for public and regulated sectors.
Levelling up agenda	National coverage with local relationships and supply chain. Committed to creating greater social value.
Urgency of climate crisis	Net zero carbon commitments. Support clients' carbon objectives through our carbon toolkit.
Innovation and productivity	Digital strategy and adoption of Modern Methods of Construction.

Our chosen markets

- Government spending plans mobilised.
- Excellent position across our 52 national and regional frameworks.
- Sectors closely aligned to market drivers.

Public sector strategic programme spend

Education
£4.8bn

Highways
£28.8bn

Defence and custodial
£12.1bn

Environment
£15.0bn

Health
£11.7bn

Focused risk management

Assessing and managing risks and uncertainties is the central element of our process and business strategy

Contract selection	Robust review and approval pre-contract to avoid onerous risks.	Board approval required for all bids over £25m or other risk factors.	Technical, commercial and financial parameters applied.
Commercial control and reporting	Project level controls and management oversight of project forecasts.	Monthly cross-disciplinary contract review meetings on all projects.	Standardised monitoring and reporting; commercial health checks.

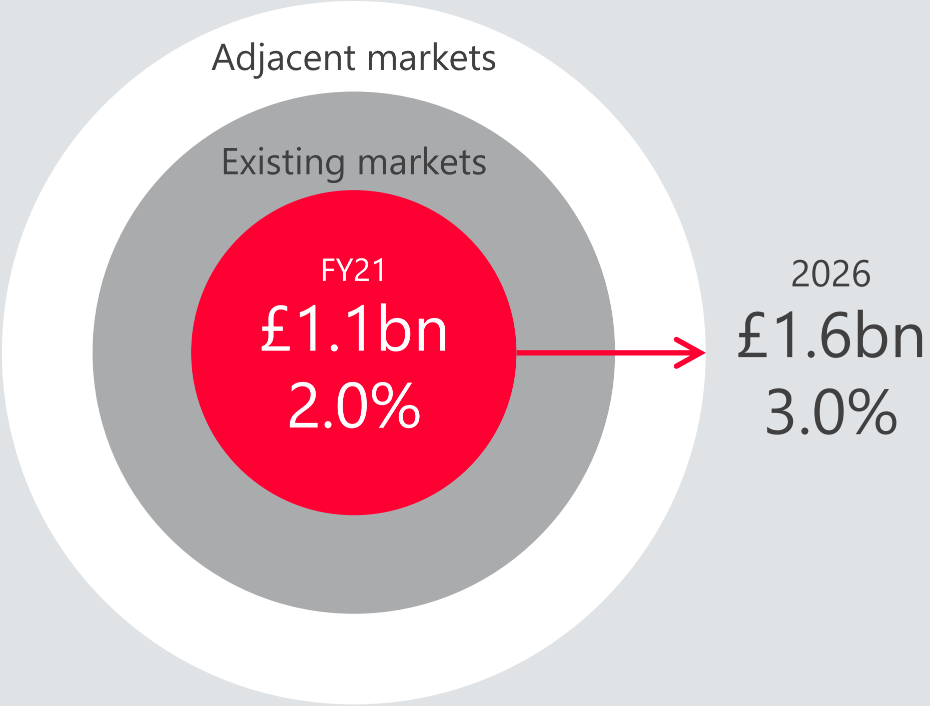
Delivering Sustainable Growth

- Disciplined growth in existing markets.
- Develop complementary adjacent market opportunities.
- Maintain focus on risk management and commercial discipline.

- Continue to invest in our capabilities

	Progressive culture - People
	Quality and innovation - Digital
	Socially responsible delivery - Low carbon etc

Sustainable Growth



Resulting in sustainable financial performance

Objective	2026 target
Focus on bottom line margin growth.	**Divisional operating margin growth to 3.0%.**
Disciplined contract selection and sustainable revenue growth.	**Revenue growth towards £1.6bn.**
Maintain strong balance sheet.	**Operating cash generation.**
Sustainable dividends.	**Dividend cover of 2.0-2.5x.**

nmcn water acquisition

- Excellent strategic fit with our existing business that:
  - Accelerates our growth through established frameworks with new clients.
  - Complements our existing geography.
  - Adds to our order book.
- It extends our capabilities in the design and MEICA elements of the business, which will further drive growth across the Environment BU.
  - Builds on our ability to support clients achieve low carbon project outcomes.
- The addition of a skilled and capable team of people strengthens our own talent pool, during a period of growth.
- Integration progressing well.

Our sustainability commitments

Strategic priorities	Sustainability pillars	Ambition		FY21
Progressive culture	Health and safety	Accident Frequency Rate	No harm	0.08
		Lost Time Incident Rate	No harm	0.26
	Our people	Early careers as a % of total employees	YoY increase	7.2%
		Women as a % of total employees	YoY increase	23.0%
		Employee advocacy increase	YoY	New measure
Socially responsible delivery	Environment and climate change	Scope 1 and 2 carbon emissions (CO_2e tonnes)	Net zero by 2030	8,881
		Scope 3 carbon emissions (CO_2e tonnes) 2045	Net zero by	New measure
		Waste intensity (tn/£100k revenue)	YoY reduction	7.6
	Communities	Social value as a % of turnover increase	YoY	New measure
		CCS performance above industry ave	>38 and	40.6 (industry ave. 38.0)
Quality and innovation	Clients	% of repeat business in order book	>80%	92%
		% of full year planned revenue secured at start of the financial year >85%		90%
	Supply chain	% of business unit core trades spend with Aligned subcontractors 80%	70%-	59%

- FTSE4Good member.
- Customer satisfaction 8.15/10 and NPS of 78.
- Above industry average Considerate Constructors Score.
- 8 RoSPA awards.
- Net zero carbon commitments.
- Refreshed behavioural safety programme.

Summary

Confident in our Sustainable Growth strategy

- Excellent financial position.
- High quality order book.
- Great pipeline of opportunities.
- Embedded risk management culture.
- Well positioned to address target growth markets.
- Confident of achieving 2026 targets.

Questions & answers

Carronflats Sewer Scheme, Grangemouth

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