Sustainable Growth

Proactive One2One Virtual Forum
October 2022

GallifordTry

Engine for Sustainable Growth

Highlights

Strong progress on Sustainable Growth Strategy

- Excellent operational performance.
- Collaborative client and supply chain relationships.
- Strategic acquisitions broaden our capabilities.

On track to deliver our strategic targets

- Excellent culture and ingrained approach to risk management.
- High-quality order book provides confidence for FY23.
- Pipeline driven by investment in economic and social infrastructure.

Improving shareholder returns

- Full year dividend per share increased 70%.
- Strong balance sheet enables additional capital returns.

£1,237m
Revenue up 10% (FY21:£1,125m)

2.4%
Divisional operating margin up 0.4ppt (FY21:2.0%)

£19.1m[1]
Profit before tax up 68% (FY21: £11.4m[2])

16.0p
Earnings per share up 68% (FY21: 9.5pp)

£174m
Average month-end cash (FY21: £164m)

8.0p
Dividend per share up 70% (FY21: 4.7p)

[1] Pre-exceptional.
[2] From continuing operations.

Strong balance sheet

- Well-capitalised.
- Continued balance sheet strength driven by net cash and PPP assets.
- Robust cash position.
  - Improved average month-end cash of £174m.
  - No debt.
  - No pension liability.
- PPP portfolio valued at £47.5m.
  - Generated interest income of £3.9m.

Balance sheet £m	30 June 2022	30 June 2021
Intangible assets & goodwill	**97.0**	82.9
PPP & other investments	**47.5**	49.1
Other non-current assets	**45.9**	38.4
Working capital		
Working capital	**(255.5)**	(237.6)
IFRS 16	**(24.8)**	(19.2)
Total	**(280.3)**	(256.8)
Net cash	**218.9**	216.2
Other	**3.1**	4.3
Total net assets	**132.1**	**134.1**
Average month-end cash	**174**	164

Capital allocation

Prioritising a strong balance sheet

Supporting operational requirement

- Competitive advantage in chosen markets, providing confidence to clients and supply chain.
- Accelerate growth of adjacent market opportunities.
- Enables strategic and bolt-on opportunities to enhance capabilities.

Mitigating market risks

- Maintain cash reserves to mitigate any adverse market conditions.
- Support disciplined approach and focus on risk management throughout economic cycle.

Regular and sustainable returns

- Dividends will grow with earnings.
- Full year dividend policy improved to 2.0x cover.

Ongoing review of requirements

- Additional shareholder returns of excess cash, when appropriate.

Increasing dividends

- Excellent financial performance.
- Strong balance sheet, supported by cash and PPP assets.
- No pension liability to fund.
- High-quality order book.
- Encouraging outlook.
- Dividend declared in line with stated cover policy.
- Aggregate cash and PPP assets of £221m towards upper end of requirements of £175m-£250m.
- Inaugural additional capital returns programme through share buyback.

8.0p UP 70%

Dividend per share (FY21: 4.7p)

2.0x[1]

Dividend cover (FY21: 2.0x[1])

£15m

Share buyback initiated

[1] Covered by pre-exceptional earnings from continuing operations.

Sustainable Growth Strategy

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

Health and safety

Our people

Protect the environment and create greater social value for communities.

Environment and climate change

Communities

Progressive culture

Quality and innovation

Socially responsible delivery

Sustainable financial returns

Strategy

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

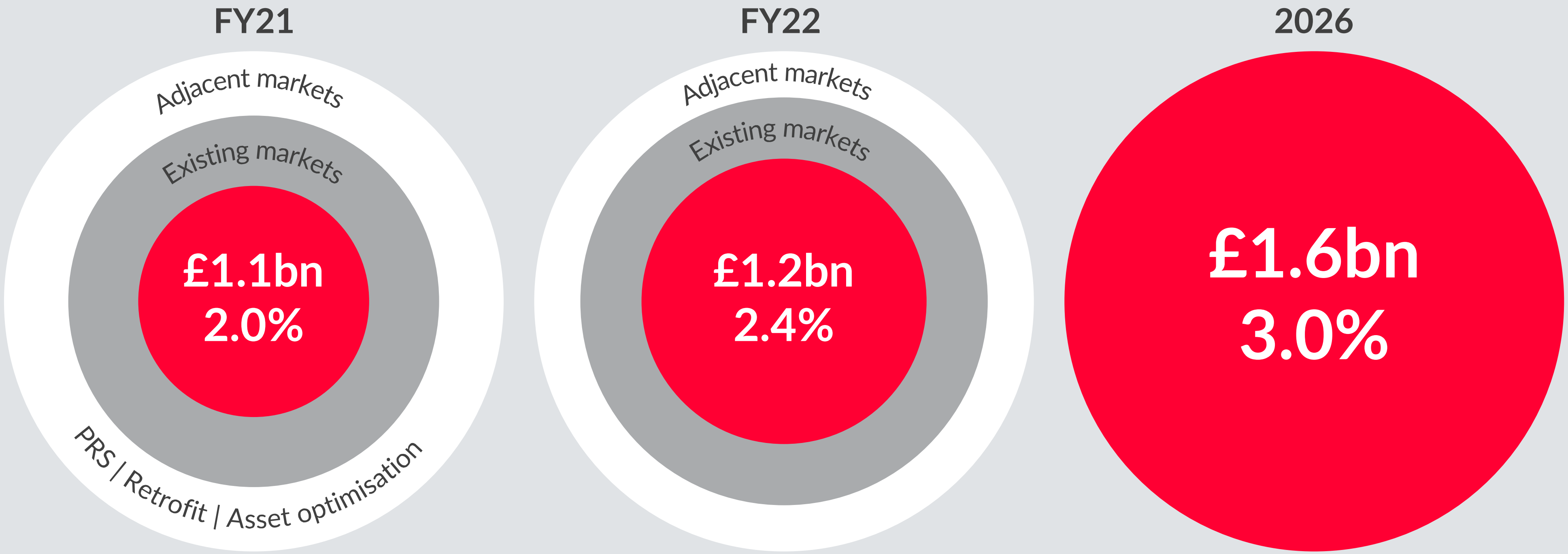
Deliver excellence for our clients.

Clients

Supply chain

Earn a sustainable return on the value we deliver.

Delivering Sustainable Growth



Resilient market outlook

Investment in the UK's social and economic infrastructure

- Key contractor for public and regulated sector clients, with 91% of our order book in these areas.
- Our core sectors reflect the UK's drive to recover from the pandemic and are positioned to grow.
- Investment in digitalisation and innovation supports the UK's productivity.

Levelling up agenda

- National footprint and local relationships support UK's drive to tackle regional and local inequalities.

Urgency of climate crisis

Three-pronged approach:

- Supporting clients with their carbon objectives.
- Our own journey to net zero.
- Equipping supply chain to support requirements.

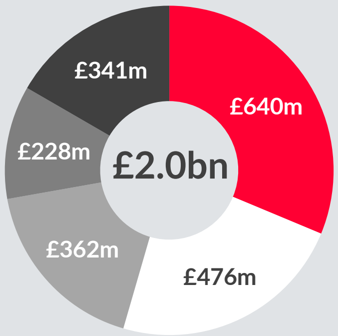
Inflation, labour and materials

- Contractual protections.
- Proactive relationships with supply chain.
- Prompt payment.
- Early planning and procurement.

Examples of funding streams

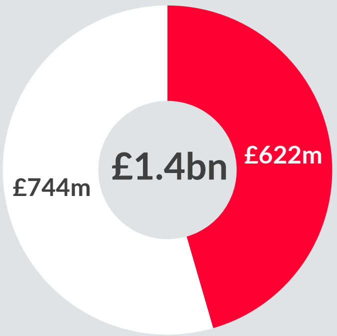
New Hospitals Programme £3.7bn	Road Investment Strategy 2 £27bn	DfE Rebuilding Programme £4bn	Transforming Cities Fund £1.3bn	Learning Estate Investment Programme £2bn	Defence Estate Optimisation Programme £4bn	AMP8 c£50bn	Public Sector Decarbonisation Scheme £1.4bn

Robust £3.4bn order book



Building order book

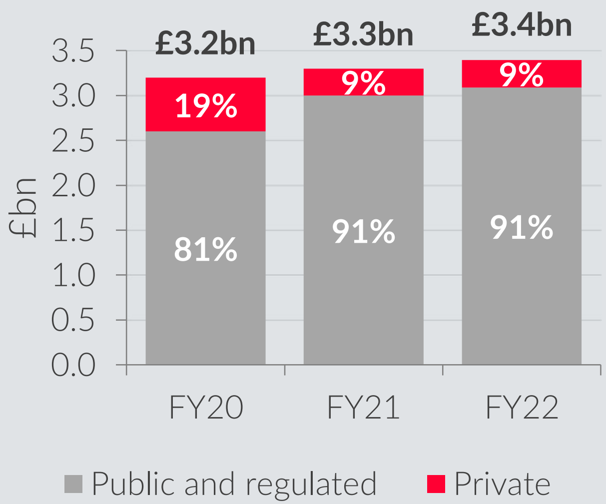
- Education
- Defence and custodial
- FM
- Health
- Commercial and other



Infrastructure order book

- Highways
- Environment

Order book by client type



94%
Repeat clients for FY22 (FY21: 92%).

90%
Work secured for FY23 (For FY22: 90%).

<£20m
Median contract size in Building.

Summary

Sustainable Growth Strategy progressing well

- Strong foundations to deliver profitable growth.
- Favourable pipeline in chosen markets.
- Robust balance sheet strength supports our operations.
- Sustainable and growing dividends supplemented by additional capital returns.
- Confident outlook for strong FY23 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.

Questions & answers

Marjorie McClure School, Chislehurst

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