Strong momentum Continuing growth

Half year results to 31 December 2023

6 March 2024

Agenda

Half year results to 31 December 2023

Highlights

Financial review

Operational progress

Q&A

Grantham Southern Relief Road

Bill Hocking

Chief Executive

Delivering on our strategic plan

A strong foundation

- Embedded culture of risk management.
- All businesses performing well; supported by our fourth acquisition in adjacent markets.
- Strong growth in revenue and profit, and a robust balance sheet.

Confident outlook

- Excellent position in chosen sectors.
- High-quality order book beyond 2026 and long-term pipeline of opportunities.
- Confidence in FY24 performance.

£819m
Revenue
(HY23: £679m)
UP 21%

2.5%
Divisional operating margin (HY23: 2.3%)
UP 0.2 PPT

£15.6m
Profit before tax[1]
(HY23: £11.7m)
UP 33%

13.2p
Earnings per share[1]
(HY23: 8.8p)
UP 50%

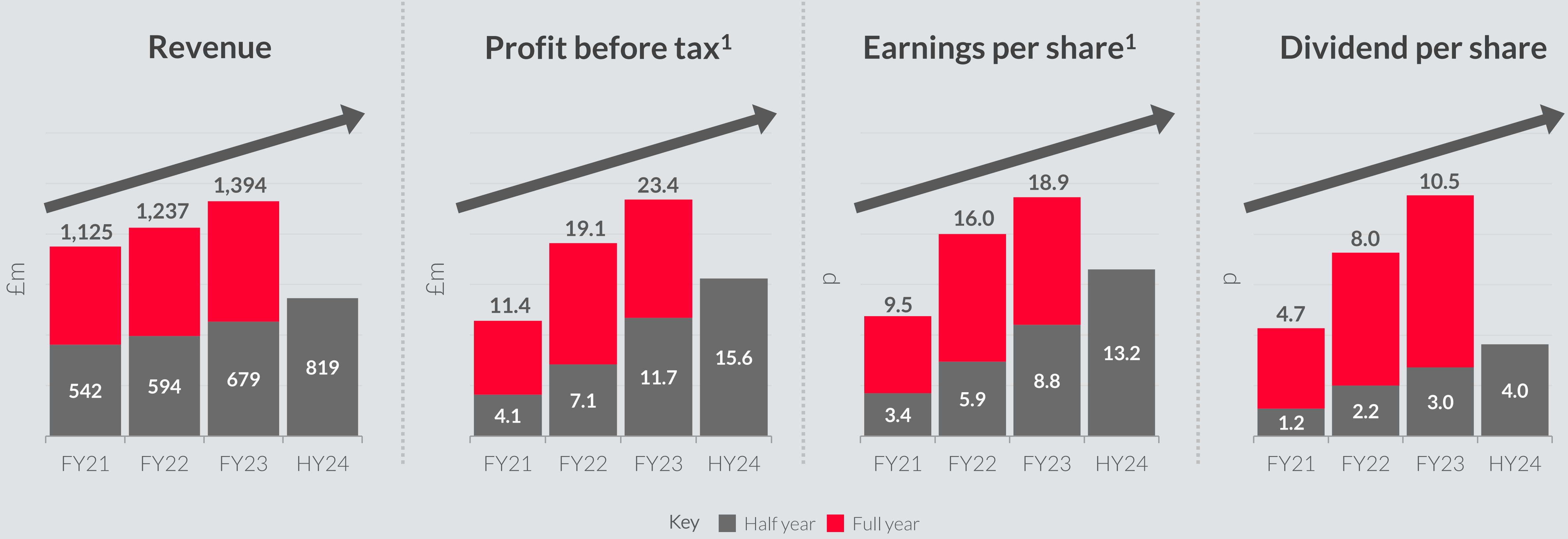
4.0p
Interim dividend
(HY23: 3.0p)
UP 33%

£150m
Average month-end cash
(FY23: £135m)
UP 11%

[1] Pre-exceptional items.

Positive earnings momentum

Consistent and profitable growth



[1] Pre-exceptional items and FY23 stated before one-off contract settlement of £2.8m announced on 8 June 2023.

Andrew Duxbury

Group Finance Director

A compelling investment case

High-quality business operating in robust markets generating growing returns

Robust market opportunity

Excellent position in chosen sectors.

Non-cyclical demand driven by ageing infrastructure, growing population and climate change.

Strategy for growth in adjacent markets with higher margins.

Increasing barriers to entry.

Rigorous risk management

Embedded culture of assessing and managing risk.

Rigorous contract selection and delivery.

High-quality, well bid order book; robust pipeline.

Broad, risk managed portfolio.

A progressive culture

Attract, retain and develop employees who share our vision, values and purpose.

Focus on quality and innovation, using digitalisation.

Embedded ESG strategy.

Strong financial position

Track record of financial delivery.

Strong balance sheet; no debt or pension liabilities.

Margin growth.

Increasing shareholder returns.

Strong performance

- Controlled revenue growth across both divisions.
- Improved operating margins in both divisions driving strong increase in profit.
- Exceptional costs of £2.6m related to digital investment; new systems are now live.
- Tax rate will normalise towards standard rate.
- EPS growth benefiting from the share buyback.

	HY24	HY23	Var
Revenue	**£819m**	£679m	+20.6%
Operating profit before amortisation[1] (£m)	**£14.1m**	£10.8m	+30.6%
Profit before tax[1] (£m)	**£15.6m**	£11.7m	+33.3%
Earnings per share[1] (p)	**13.2p**	8.8p	+50.0%

[1] Pre-exceptional items.

Segmental analysis

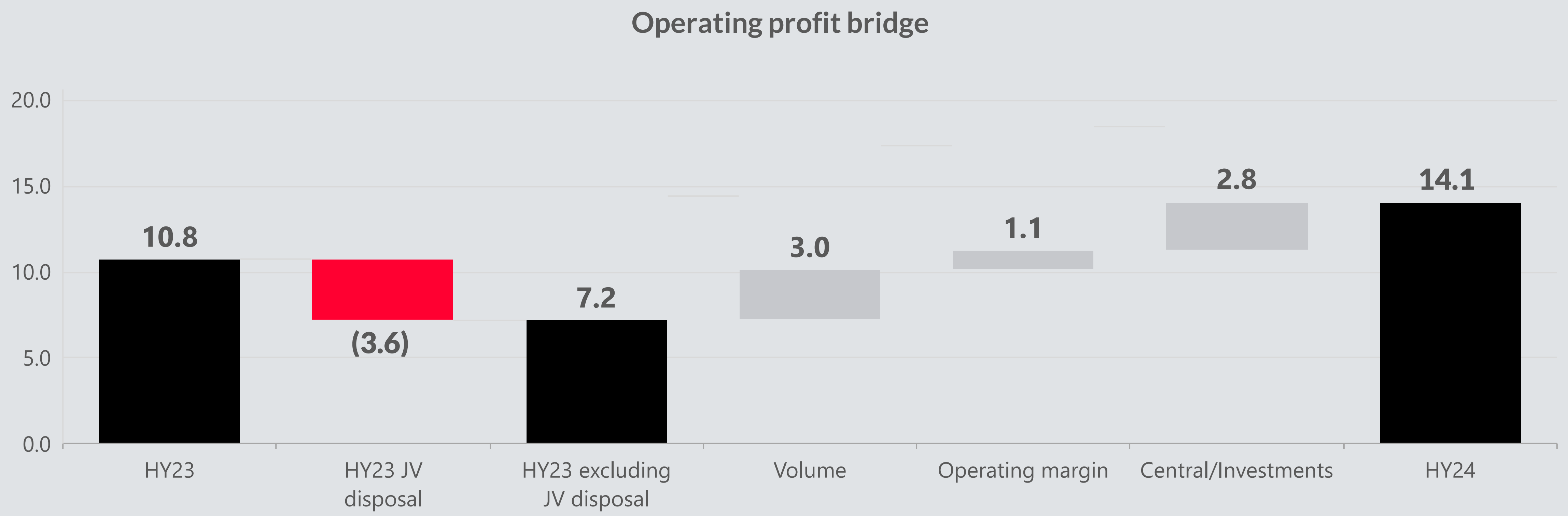
- Revenue growth in each division.
  - Building benefiting from new contract awards through 2023.
  - Infrastructure growth driven by water sector.
  - Investments concluded first Private Rented Sector (PRS) development.
- Margin growth in Building and Infrastructure demonstrates high-quality contract delivery.
- Investments profit includes first PRS development; HY23 included one-off £3.6m JV disposal.
- Central costs reduced as anticipated.

£m	HY24	HY23	Var
Revenue	**819.1**	679.2	20.6%
Building	**446.0**	399.7	11.6%
Infrastructure	**362.0**	276.6	30.9%
Investments	**11.1**	2.9	282.8%

	HY24	HY23	Var
Operating profit[1] (£m)	**14.1**	10.8	+£3.3m
Building	**10.6**	9.3	+£1.3m
Infrastructure	**9.3**	6.5	+£2.8m
Investments	**0.3**	1.5	£(1.2)m
Central	**(6.1)**	(6.5)	£0.4m
Operating margin (%)			
Building	**2.4**	2.3	+0.1ppt
Infrastructure	**2.6**	2.3	+0.3ppt
Combined divisional	**2.5**	2.3	+0.2ppt

[1] Excluding amortisation of intangibles. Pre-exceptional.

Increasing operating profit



Stated before amortisation and exceptional items

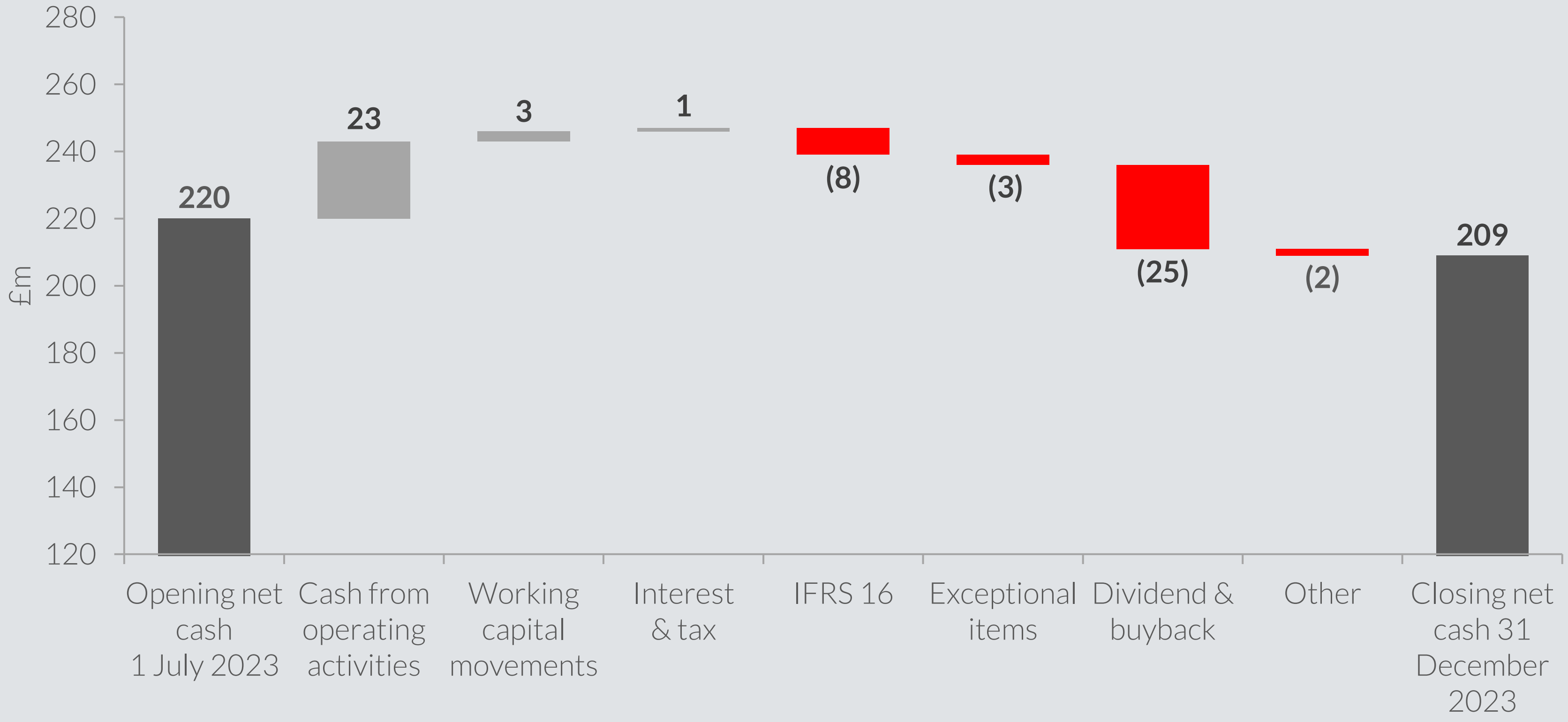
Strong balance sheet

- Well-capitalised.
- Continued balance sheet strength driven by net cash and PPP assets.
- Robust cash position.
  - Average month-end cash of £150m.
  - No debt.
  - No pension liability.
  - Generating interest income.
- PPP portfolio valued at £43.5m.
  - Annuity income stream of c£4m per annum.

Balance sheet £m	31 Dec 2023	30 June 2023
Intangible assets & goodwill	**98.8**	98.3
PPP & other investments	**43.5**	44.6
Other non-current assets	**61.9**	61.3
Working capital	**(270.4)**	(268.5)
IFRS 16	**(42.7)**	(39.1)
Net cash	**209.2**	220.2
Other	**2.0**	1.8
Total net assets	**102.3**	118.6
Average month-end cash	**150**	135

Robust cash performance

Average month-end cash £150m



97%

of invoices paid in 60 days, exceeding PPC requirement of 95%

24

average days to pay

How we allocate capital

Prioritising a strong balance sheet

Strong balance sheet to support operations

- Competitive advantage.
- Gives confidence to clients and supply chain.
- Supports disciplined approach to project selection.
- Mitigates against any adverse market conditions.

Average month-end cash £150m

Net interest income £2.7m

Reinvest in the business

- Enables strategic and bolt-on acquisitions to enhance capabilities.
- Accelerates adjacent market opportunities.
- Ability to invest in technology and training to drive quality and efficiency.

Four acquisitions since 2021

Significant digital upgrade

Sustainable dividend policy

- Dividend will increase with earnings growth.
- Delivering sustainable returns to shareholders.

33% increase in interim dividend per share

Dividend cover policy set at 1.8x

Return excess cash

- Consider cash requirements for future growth.
- Return excess cash to shareholders when appropriate.

£15m share buyback in 2023

12.0p special dividend in October 2023

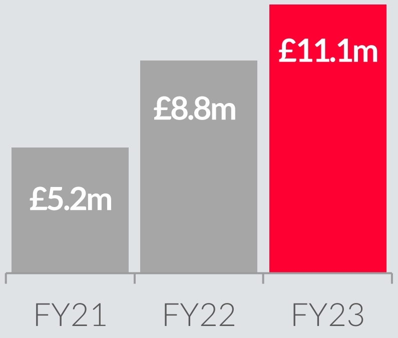
Summary

- Excellent first half year, building on the robust foundations of the business.
- Interim dividend increased.
- Confident in FY24 outlook, supported by high-quality order book and strong balance sheet.
- Well-placed to continue to deliver sustainable growth.

4.0p

Interim dividend
(HY23: 3.0p)

UP 33%



Ordinary dividends over three years

£25.1m
23.2p

£27m

Excess cash returned through buyback and special dividend since October 2022

Sustainable Growth

"Secure outlook with high-quality and focused order book.

Bill Hocking, Chief Executive

Stroud sewerage replacement scheme

Our engine for Sustainable Growth

Growth via existing markets

Building.

Highways.

Environment (including Water).

Growth via adjacent markets

Private Rented Sector (PRS).

Capital maintenance and asset optimisation within the existing Environment sector.

Green retrofit.

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 with specific risk factors or with a value of over £25m.	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.

Drivers of operational improvement

Embedded in our strategy

Environment: carbon | biodiversity | resources

69%	reduction in Scope 1 and 2 carbon emissions since 2012*
89%	of our company car fleet is electric/plug-in hybrid
94.5%	Waste diverted from landfill
2030	Net zero by 2030 within our operations and by 2045 across all operations

Social: No harm | Talent | Community

0.07	Accident Frequency Rate
86%	Employee advocacy score
No1	Graduate Employer in Construction/Civil Engineering
£328m	Social and local economic value delivered
24	days taken on average to pay suppliers

Governance and reporting

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

CDP
DRIVING SUSTAINABLE ECONOMIES

MSCI ESG RATINGS AAA

clearassured BRONZE

disability confident EMPLOYER

*Excluding acquisitions.

Drivers of margin improvement

Robust risk management and selective approach to pursuing contracts.

Increasing capabilities in higher-margin adjacent markets.

Retain high-quality supply chain.

Focus on quality, right first-time principles, reducing time and cost of rework.

Digital tools and processes to drive quality, efficiency and carbon savings.

Adopting Modern Methods of Construction.

Underpinned by an excellent team of people.

Off-site manufacturing

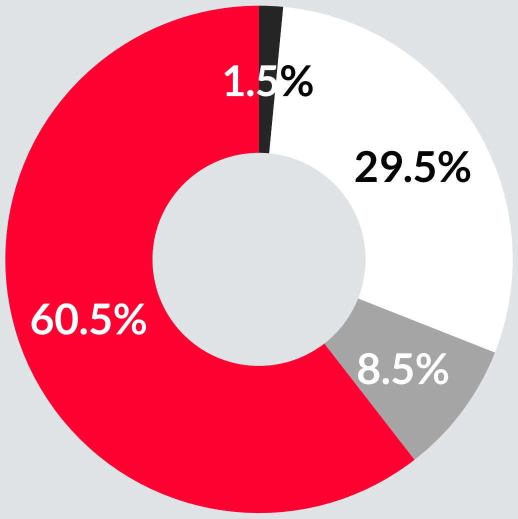
An example from the Custodial sector

Supporting our Sustainable Growth Strategy

- Faster delivery.
- Increased programme certainty – eg weather, site conditions.
- Reduction in on-site labour.
- Reduction in health and safety risk.
- Better quality control and lower risk of defects/rework.
- Reduction in energy consumption, emissions and waste across transportation and construction.

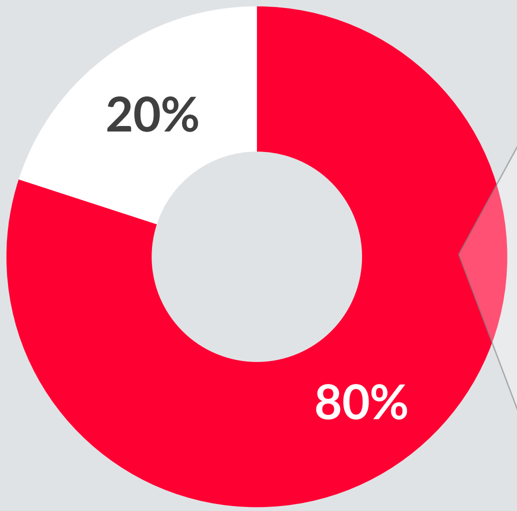
Quality-based work-winning

Order book procurement route



■ Single-stage ■ Two-stage
■ Negotiated ■ Target/cost plus

Indicative scoring criteria



Scoring criteria

■ Non-financial

■ Financial

Management	20%
Project delivery	19%
Health, Safety and Environment	6%
Quality	9%
Sustainability and carbon	8%
Social value	8%
Contract management	10%

Drivers of revenue growth

Ageing social and economic infrastructure.

Growing population.

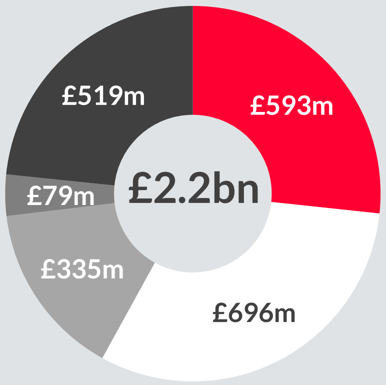
Climate change.

Leading position in frameworks and sectors.

Acquisitions.

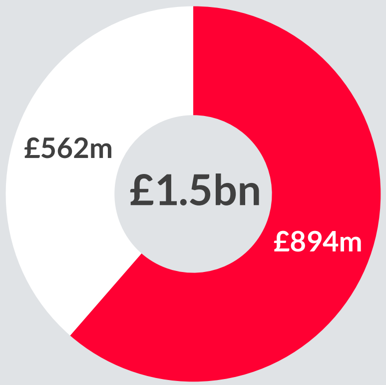
Maturing procurement and sector attitudes

High-quality £3.7bn order book



Building
order book

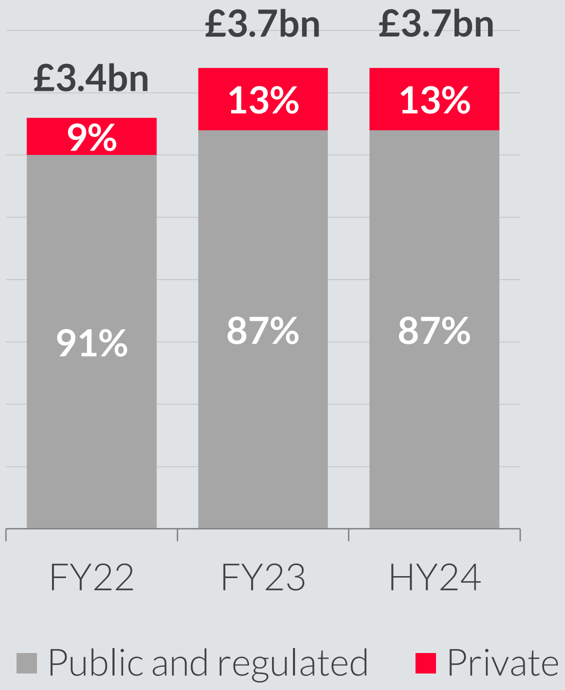
- Education
- Defence and custodial
- FM
- Health
- Commercial and other



Infrastructure
order book

- Environment
- Highways

Order book by client type



88%
Repeat clients for HY24

98%
Work secured for FY24

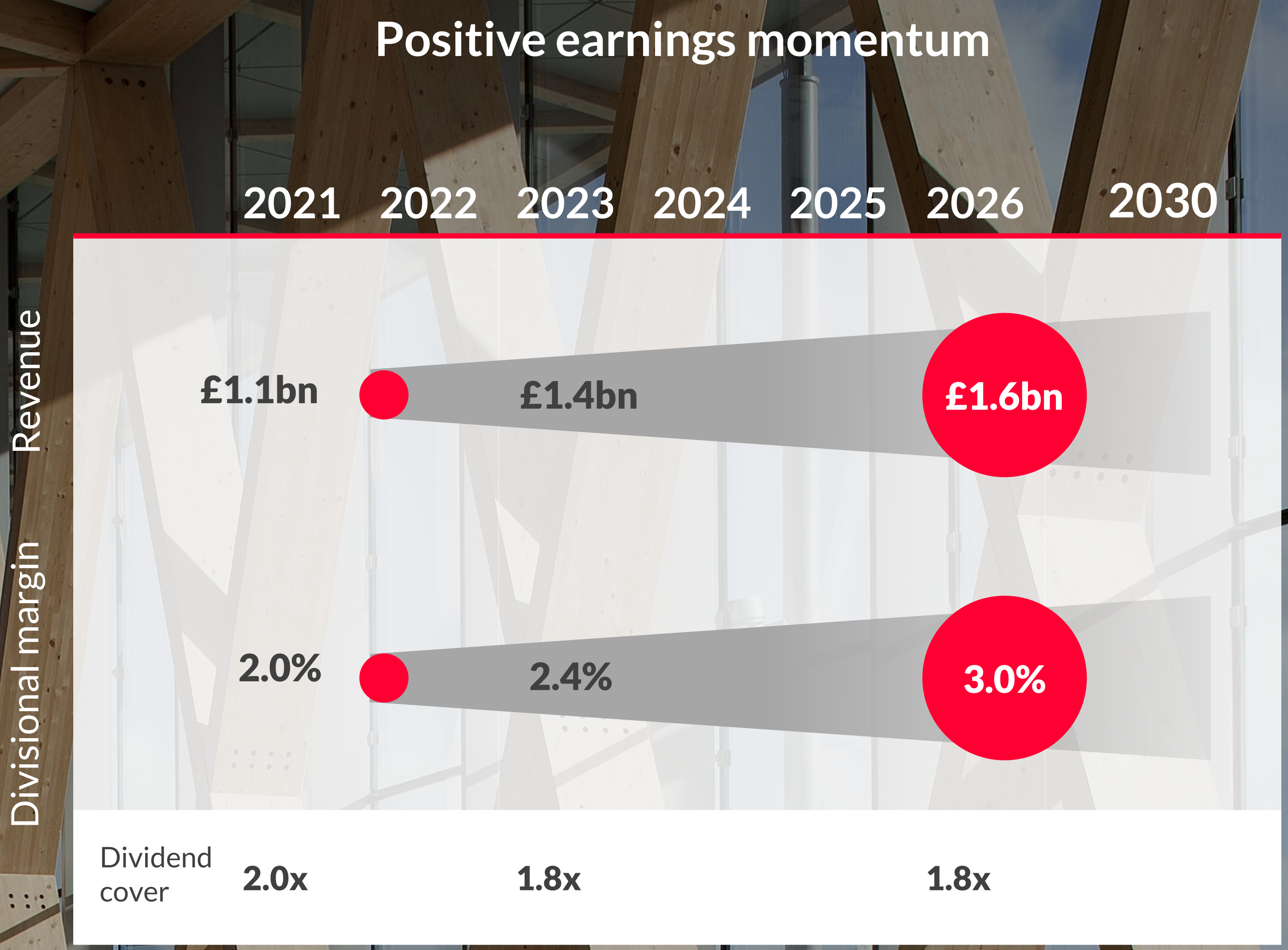
83%
Work secured for FY25

54%
Work secured for FY26

£380m
Specialist Services including FM

Confident outlook

- Secure outlook with £3.7bn high-quality and focused order book.
- Excellent visibility over future revenue with 98% and 83% of projected FY24 and FY25 revenue secured.
- Successful Sustainable Growth Strategy.
- Capital Markets Event on 23 May 2024.



Questions

Bill Hocking

Chief Executive

Andrew Duxbury

Group Finance Director

Appendices

1. A platform for sustainable growth
2. Sustainable Growth Strategy
3. Why we target frameworks
4. Forward order book
5. Contract types
6. PPP Investments valuation

Appendices

1. A platform for sustainable growth

2016-2020
RETAIN, IMPROVE, DELIVER
Focus on culture and embedding best practices.

2020-2021
TRANSITIONAL YEAR
Establishing GT as a leading standalone construction group.

2021-2026
SUSTAINABLE GROWTH STRATEGY
Controlled margin and revenue growth.

Appendices

2. Sustainable Growth Strategy

Growth via existing markets

Building.
Highways.
Environment (including Water).

Growth via adjacent markets

Private Rented Sector (PRS).
Capital maintenance and asset optimisation within the existing Environment sector.
Green retrofit.

Appendices

3. Why we target frameworks

Improved risk and favourable outcomes

- Improved risk allocation:
  - Established and well-understood terms and conditions.
  - Long-term client relationships.
  - Predictable behaviours.
  - Certainty in tendering and typically reduced cost of tenders.
- Frameworks allow strategic planning:
  - Long-term visibility.
  - Continuous improvement.
  - Enhanced project outcomes.

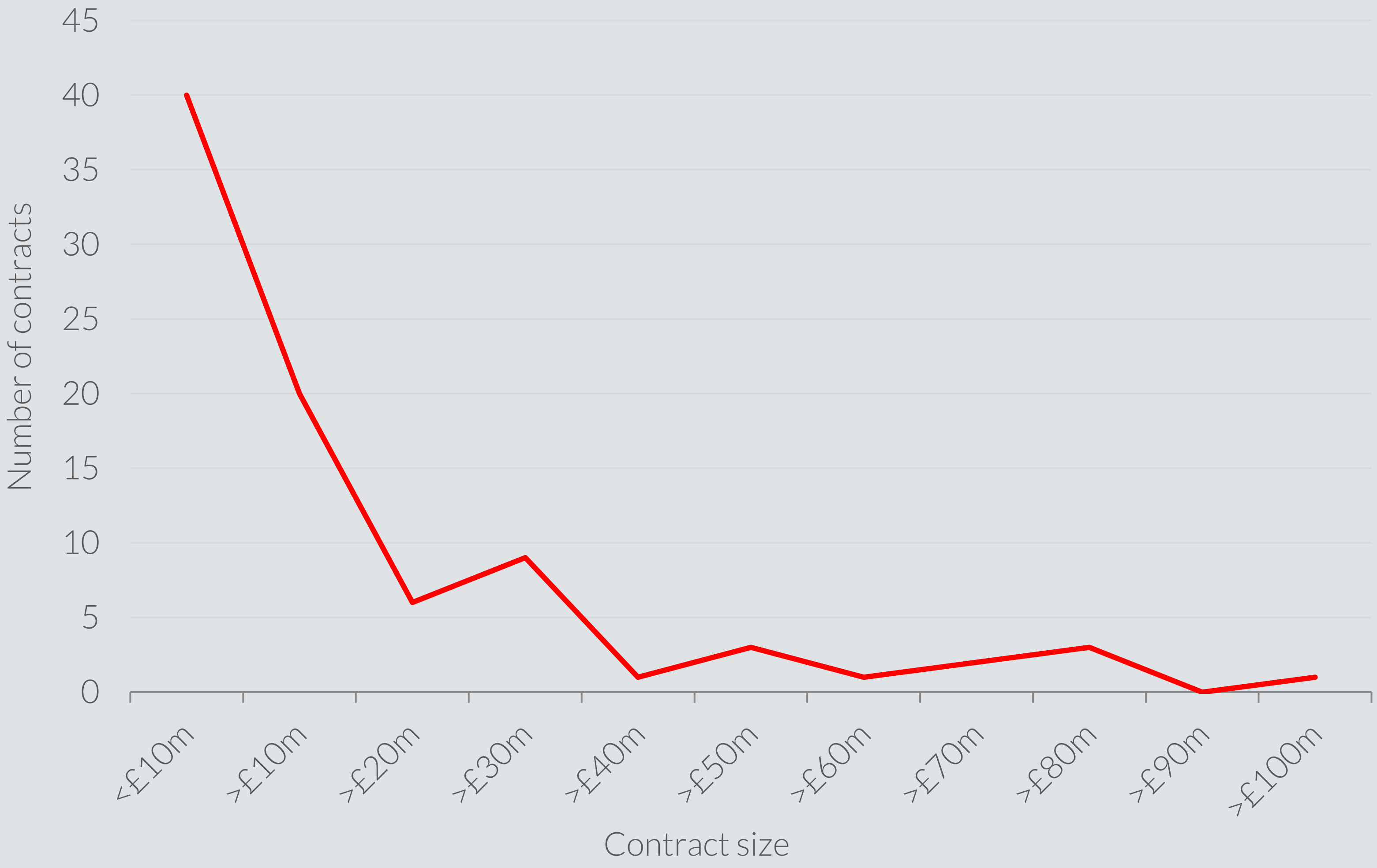
A5630 Anstey Road, awarded as part of the Midlands Highways Alliance framework

Appendices

4. Forward order book

- <£20m average contract size.

Forward order book distribution – Building (excluding FM)



Appendices

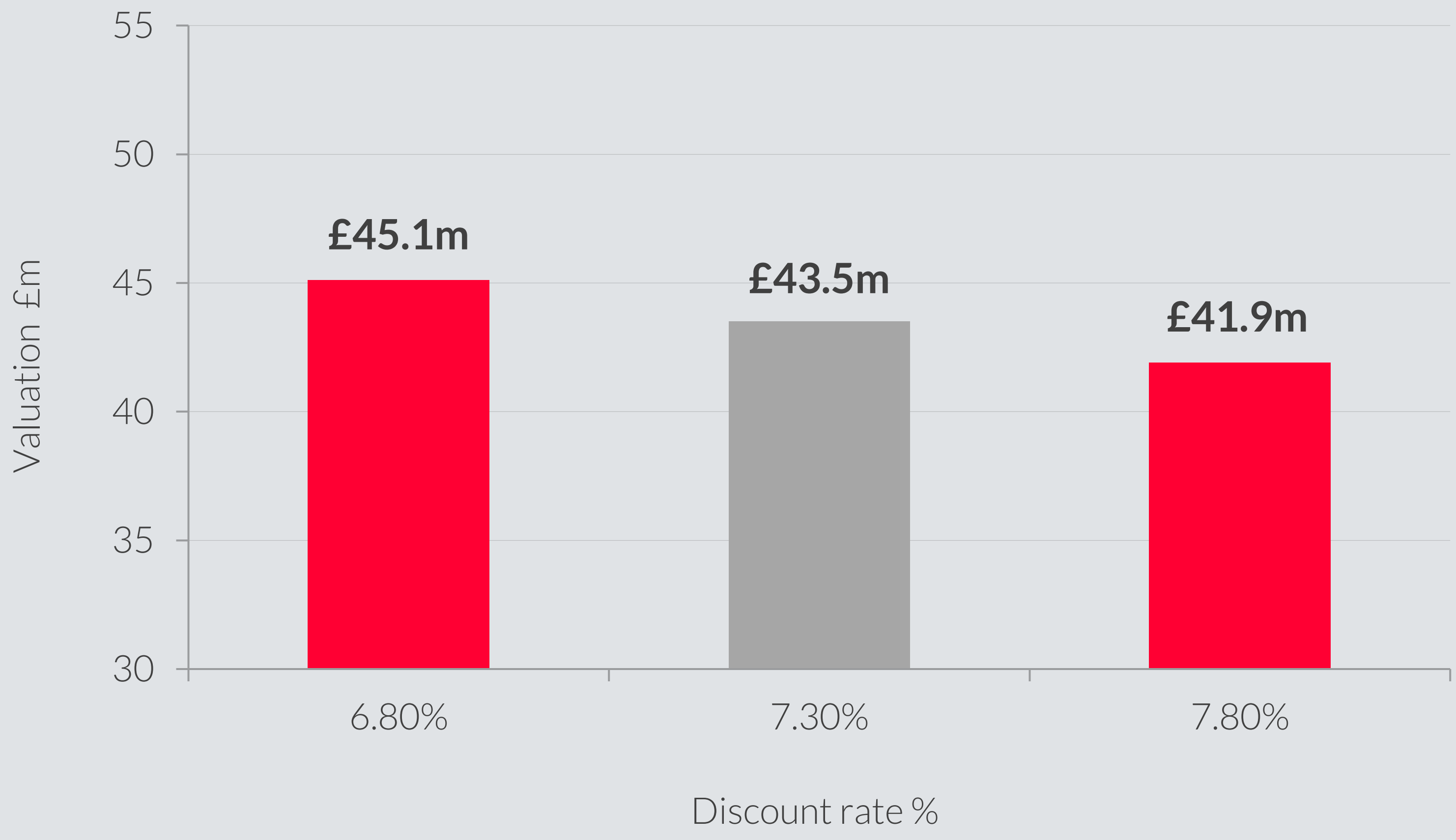
5. Contract types

Target cost/cost reimbursable	Where an overall target contract value is agreed with the client, including margin, risk and inflation contingencies, and the actual cost of the work plus agreed fee is paid by the client. Any cost savings or overspends against the target are shared between the client and contractor.
Fixed-price	Where the final price and programme is negotiated on a sole basis following early involvement, resulting in a fixed-price for a defined scope at point of final contract award.

Appendices

6. PPP Investments valuation

PPP Investments valuation



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