Delivering Sustainable Growth

ShareSoc Webinar

22 March 2023

GallifordTry

Headlines

Sustainable Growth Strategy progressing well

- Controlled growth in revenue and profit.
- All businesses performing well.
- Acquisitions have enhanced our capabilities.
- Strong balance sheet.
- Progress on ESG commitments.

Excellent pipeline; confident outlook

- Strong order book and robust pipeline across our markets.
- Collaborative client and supply chain relationships.
- Risk management embedded within culture.
- Confidence in 2023 performance.
- On track to deliver 2026 targets.

Delivering increasing shareholder returns

£11.7m
Profit before tax[1]
(HY22: £7.1m)
UP 65%

2.3%
Divisional operating margin
(HY22: 2.2%)
UP 0.1 ppt

3.0p
Interim dividend
(HY22: 2.2p)
UP 36%

£3.5bn
Order book
(HY22:£3.4bn)
UP £0.1bn

[1] Pre-exceptional items.

A compelling investment case

High-quality business operating in robust markets generating growing returns

Robust market opportunity

- Market leading position and growth opportunity across chosen sectors.
- Strategy for growth in adjacent markets with higher margins.
- High-quality, well bid order book; robust pipeline.
- Increasing barriers to entry.

The right culture to deliver our strategy

- People-orientated business – focused on attracting, retaining and developing employees who share our vision, values and purpose.
- Embedded culture of assessing and managing risk with rigorous contract selection and delivery.

Strong financial position

- Track record of financial delivery.
- Strong balance sheet; no debt or pension liabilities.
- Earnings growth and attractive shareholder returns.

Clear strategic direction

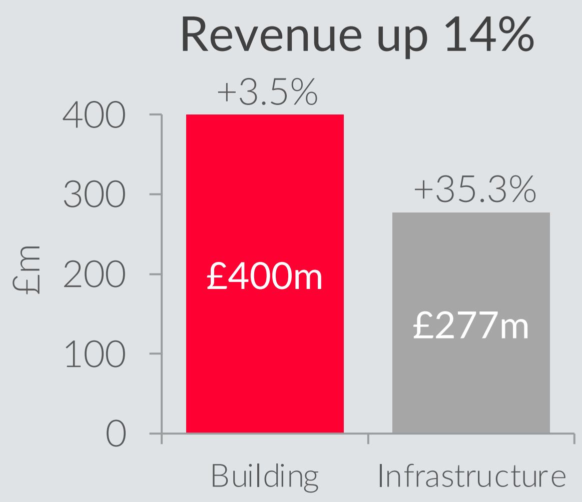
- Focus on people and culture; quality and innovation; and embedded ESG metrics
- Future margin growth target.
- Increasing shareholder returns.

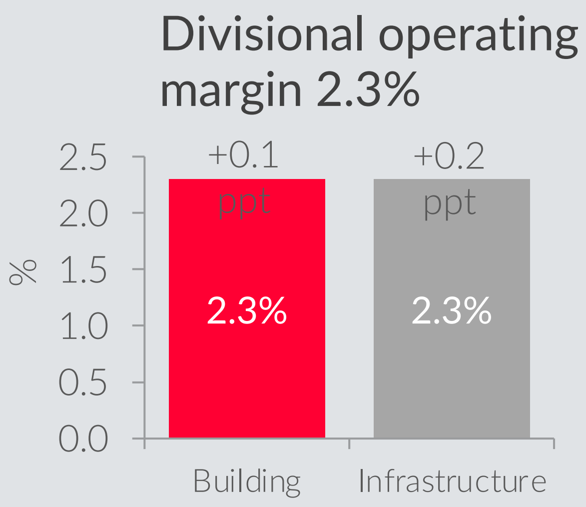
Strong operational performance

- Controlled revenue growth particularly in Infrastructure.
- Operating margin progress in both divisions, demonstrating quality of contract portfolio.
- Profit before tax includes £3.6m disposal of joint venture investment, slightly increased Central Costs and higher interest income.
- Exceptional costs of £4.5m related only to digital investment.
- Tax normalising towards standard rate.

	HY23	HY22	Var
Revenue	£679m	£594m	+14%
Operating profit[1] before amortisation	£10.8m	£6.9m	+57%
Profit before tax[1]	£11.7m	£7.1m	+65%
Earnings per share[1]	8.8p	5.9p	+49%

[1] Pre-exceptional items.





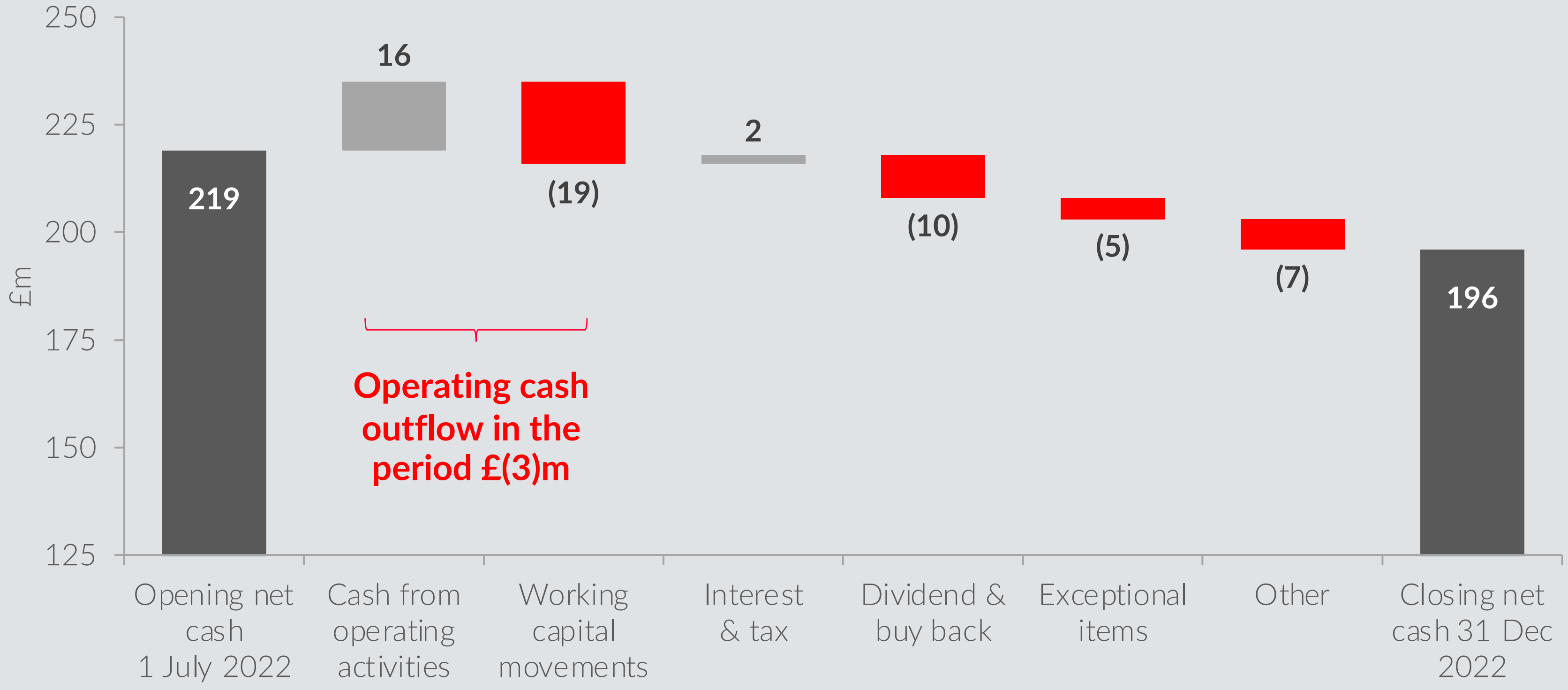
Strong balance sheet

- Well-capitalised.
- Robust cash position.
  - Average month-end cash of £154m.
  - No debt.
  - No pension liability.
- PPP portfolio valued at £46m.
- Interest income of £2m in the half year.

Balance sheet £m	31 Dec 2022	30 June 2022
Intangible assets & goodwill	**100.5**	97.0
PPP & other investments	**46.1**	47.5
Other non-current assets	**48.1**	45.9
Working capital		
Working capital	**(238.4)**	(255.5)
IFRS 16	**(27.9)**	(24.8)
Total	**(266.3)**	(280.3)
Net cash	**195.8**	218.9
Other	**3.1**	3.1
Total net assets	**127.3**	132.1
Average month-end cash	**154**	174

Robust cash performance

Average month-end cash £154m



98%

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

26

average days to pay

89%

of invoices to suppliers with less than 50 employees paid in 30 days

Prioritising capital allocation

A strong balance sheet

Maintain strong balance sheet

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

Average month-end cash £154m

Invest in the business

- Enables strategic and bolt-on opportunities to enhance capabilities.
- Accelerates adjacent market opportunities.
- Investment in digital capabilities.

MCS and Ham Baker acquisitions.

Sustainable shareholder returns

- Dividends will grow with earnings.
- Full year dividend policy set at 2.0x cover.

HY EPS up 49%[1]
HY DPS up 36%

Return excess cash

- Additional shareholder returns of excess cash, when appropriate.

£15m share buyback underway

[1] Pre-exceptional items.

Shareholder returns

Increasing returns with improved performance

- Dividend policy driven by strong balance sheet, financial performance and outlook.
- Annual dividend covered 2.0x by earnings.
- Interim dividend declared 3.0p; 36% increase from HY22.
- Inaugural £15m additional capital returns programme underway.

3.0p

Interim dividend
(HY22: 2.2p)

UP 36%

2.0x

Annual dividend cover policy

£15m

Share buyback

Robust market outlook

Ongoing 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 are providing opportunities to grow.
- Investment in digitalisation and innovation supports the UK's productivity.
- National footprint and local relationships support construction plans across the UK.

Significant opportunity for decarbonisation

Three-pronged approach:

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

Improving macroeconomic conditions

- Contractual protections against inflation.
- Proactive relationships with supply chain.
- Early planning and procurement.

Managing the macroeconomic environment

Theme	Our approach	Outcomes
Inflationary pressures	Strong client relationships and effective risk management; pricing-in inflation.	→ Margin improved to 2.3%.
Supply chain failure	Robust partner selection; understanding their challenges and drivers and providing an appropriate level of support.	
Materials availability	Early planning and procurement; maintain matrices of key materials; healthy cash position enables us to buy ahead of time.	→ Prompt payment.
Skills shortage	Investment in careers programme and expanding talent pools.	→ Stable churn rate at 11.7%. → Early careers population 6.3%.
Macroeconomic uncertainty	Selective about markets, public sector focus, targeting frameworks, strong visible pipeline leading to a high-quality order book.	→ High-quality order of £3.5bn.

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

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

Deliver excellence for our clients.

- Clients
- Supply chain

Earn a sustainable return on the value we deliver.

Growth via existing and adjacent markets

Underpinned by sustainability commitments

Growth via existing markets in

- Building (education, health, defence and custodial, FM and commercial).
- Highways.
- Environment.

2026 targets
Revenue

£1.6bn

Margin

3.0%

Growth via adjacent markets in

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

clearassured BRONZE

The JobCrowd TOP COMPANIES FOR GRADUATES TO WORK FOR 2022/23

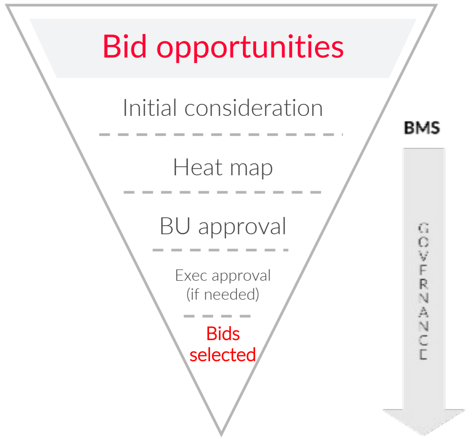
UK Net Zero Carbon Buildings Standard

CONTRACTOR AND SUPPLIER PARTNER CONSIDERATE CONSTRUCTORS SCHEME

WIA WINNER 2022 CONTRACTOR OF THE YEAR Galliford Try

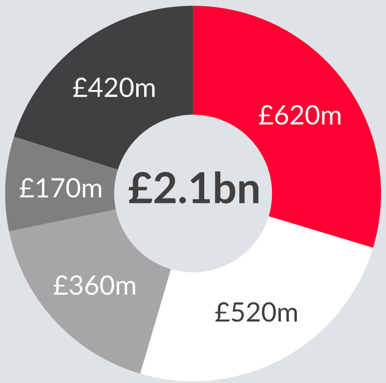
Focused risk management

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 risk factors or 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.

Robust £3.5bn order book

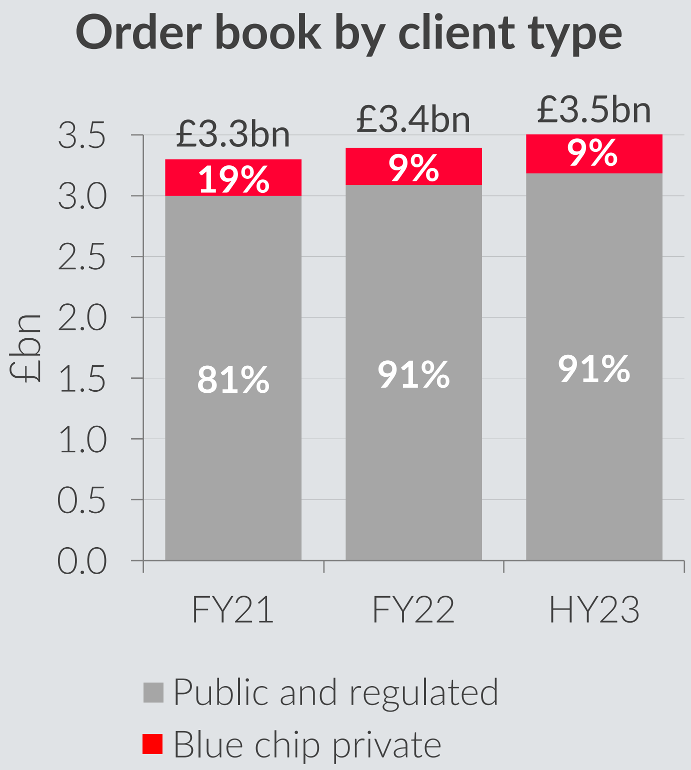


Building order book

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

Infrastructure order book

- Highways
- Environment



79%

Work secured for FY24 (HY22: 81%).

87%

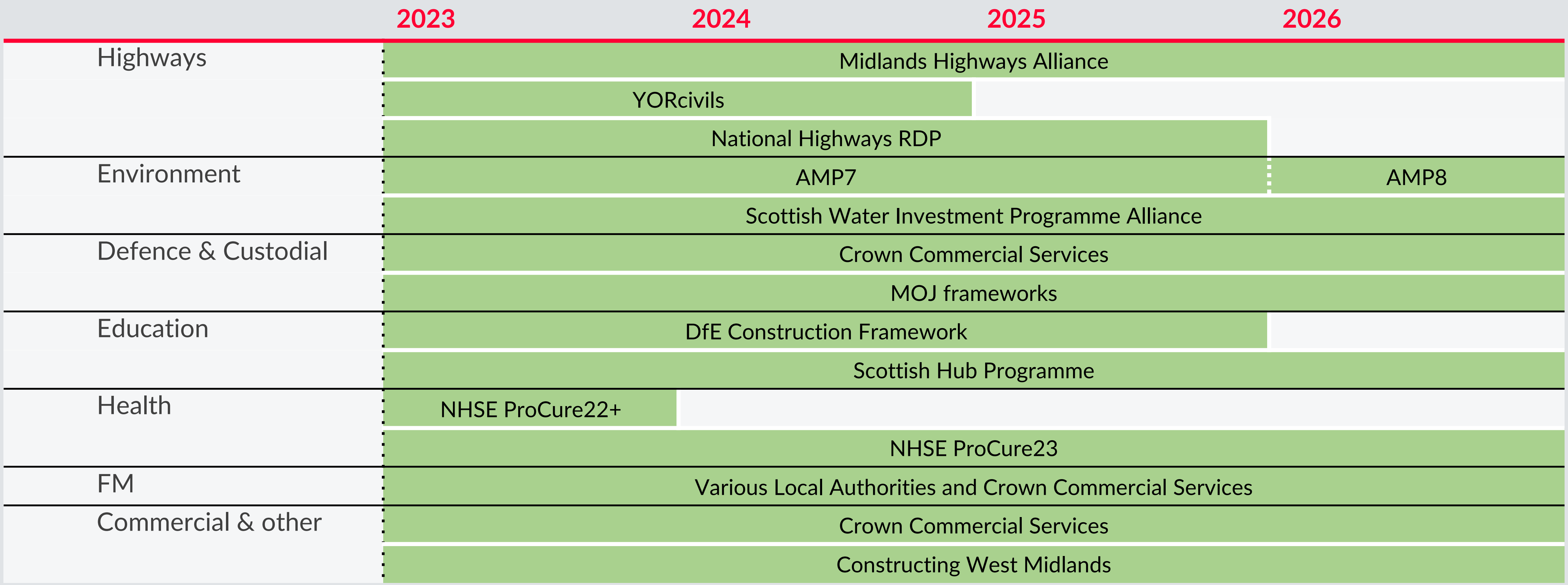
Work in frameworks (HY22: 87%).

£20m

Median contract size in Building.

Good forward visibility

Examples of our framework positions



Summary

Sustainable Growth Strategy progressing well

- Continuing to deliver profitable growth.
- Strong pipeline in chosen markets, with right risk profile.
- Robust balance sheet strength supports our operations.
- Sustainable and growing investor returns.
- Confident outlook for strong FY23 performance as well as 2026 targets.

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