



Delivering Sustainable Growth

Half year results to 31 December 2022

8 March 2023


GallifordTry

An aerial photograph of a roundabout under construction. The roundabout is partially paved and has several cars and construction vehicles on it. In the background, there is a river and some buildings. The text 'Agenda' is overlaid on the top left of the image.

Agenda

Half year results to 31 December 2022

Headlines

Financial review

Strategic progress

Q&A

Bill
Hocking

Chief Executive

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 tax¹
(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.

Financial review



Andrew
Duxbury

Finance Director

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.

Continued delivery of financial targets

- Strong performance delivered.
- Further progress on divisional operating margin.
- Increased profit before tax.
- Growing shareholder returns.
- Confident in FY23 outlook, with guidance increased to upper end of analysts' estimates.

£679m

Revenue
(HY22: £594m)



2.3%

Divisional operating
margin (HY22: 2.2%)



£11.7m

Profit before tax¹
(HY22: £7.1m)



8.8p

Earnings per share¹
(HY22: 5.9p)



3.0p

Interim dividend
(HY22: 2.2p)



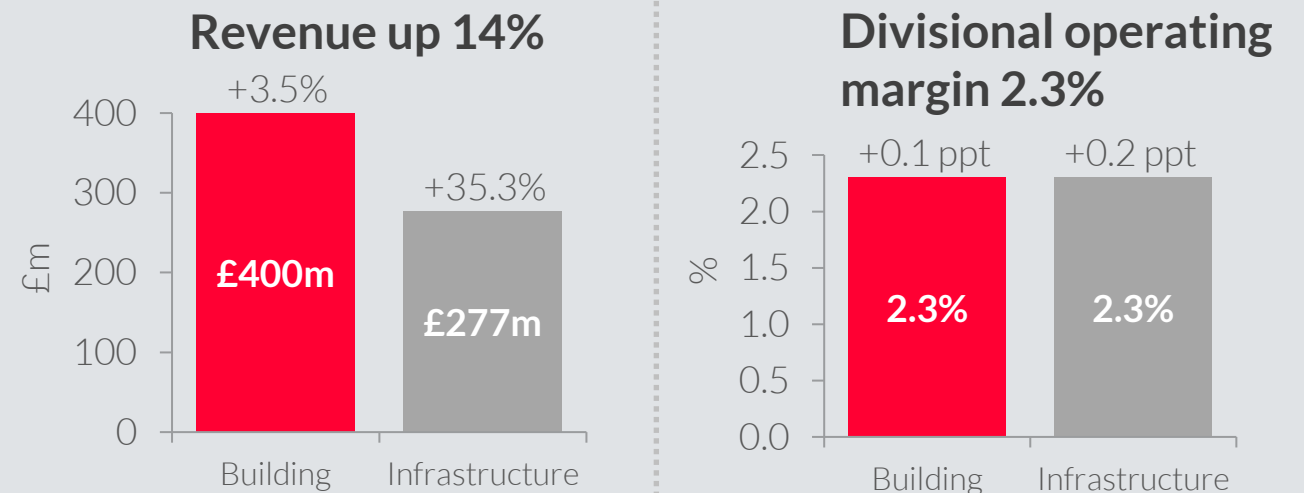
¹ Pre-exceptional items.

Strong operational performance

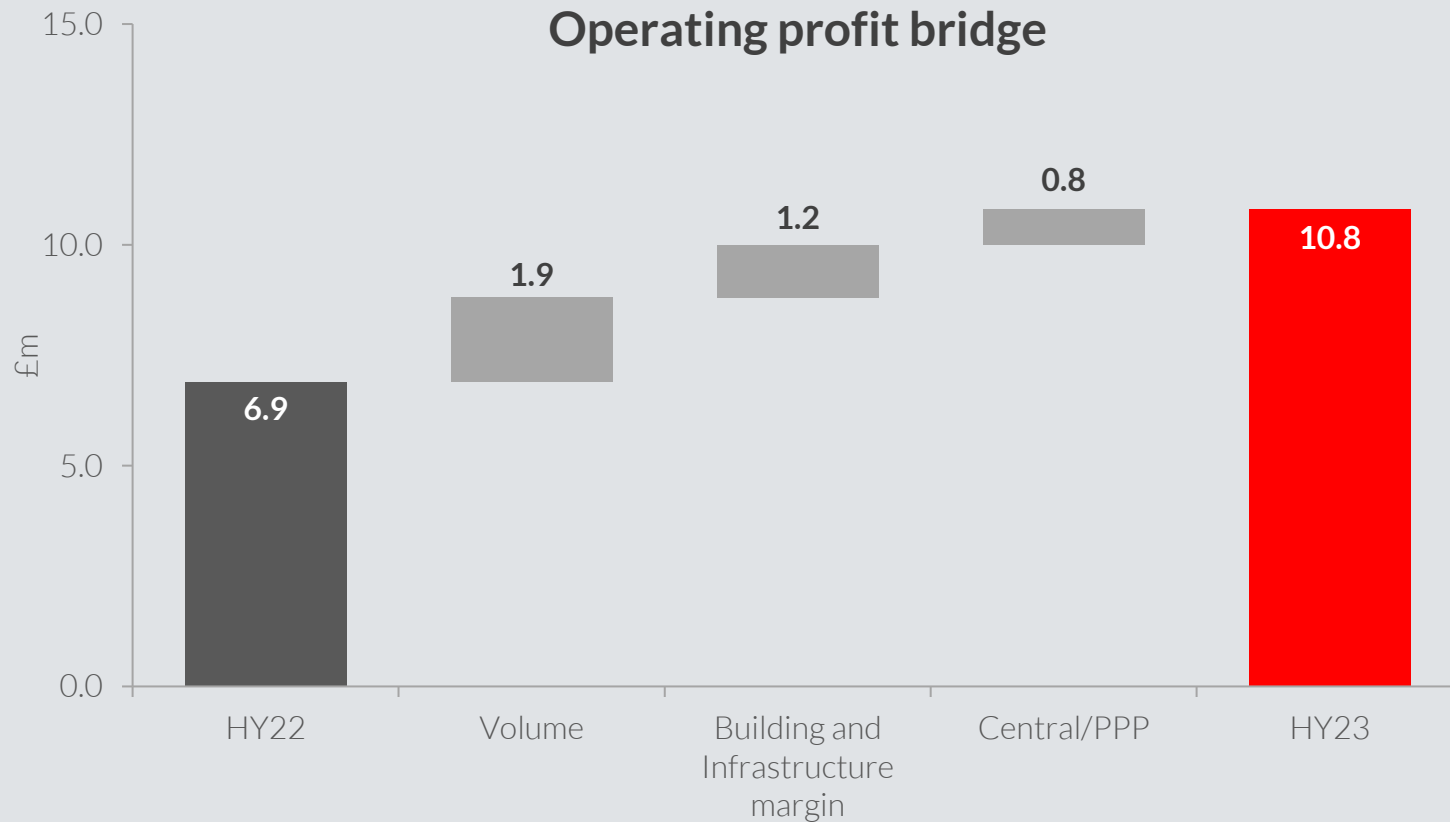
- Controlled revenue growth particularly in Infrastructure.
- Operating margin progress in both divisions, demonstrating quality of contract portfolio.
- Profit before tax includes £3.6m disposal of joint venture investment, slightly increased Central Costs and higher interest income.
- Exceptional costs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



Improving operating profit



- Reflection of quality in order book.
- Focus on efficient contract delivery including:
 - Investment in our teams.
 - Digital investment and modern methods of construction.
 - Engagement with clients and supply chain.
- Margin improvement driving £1.2m operating profit increase.

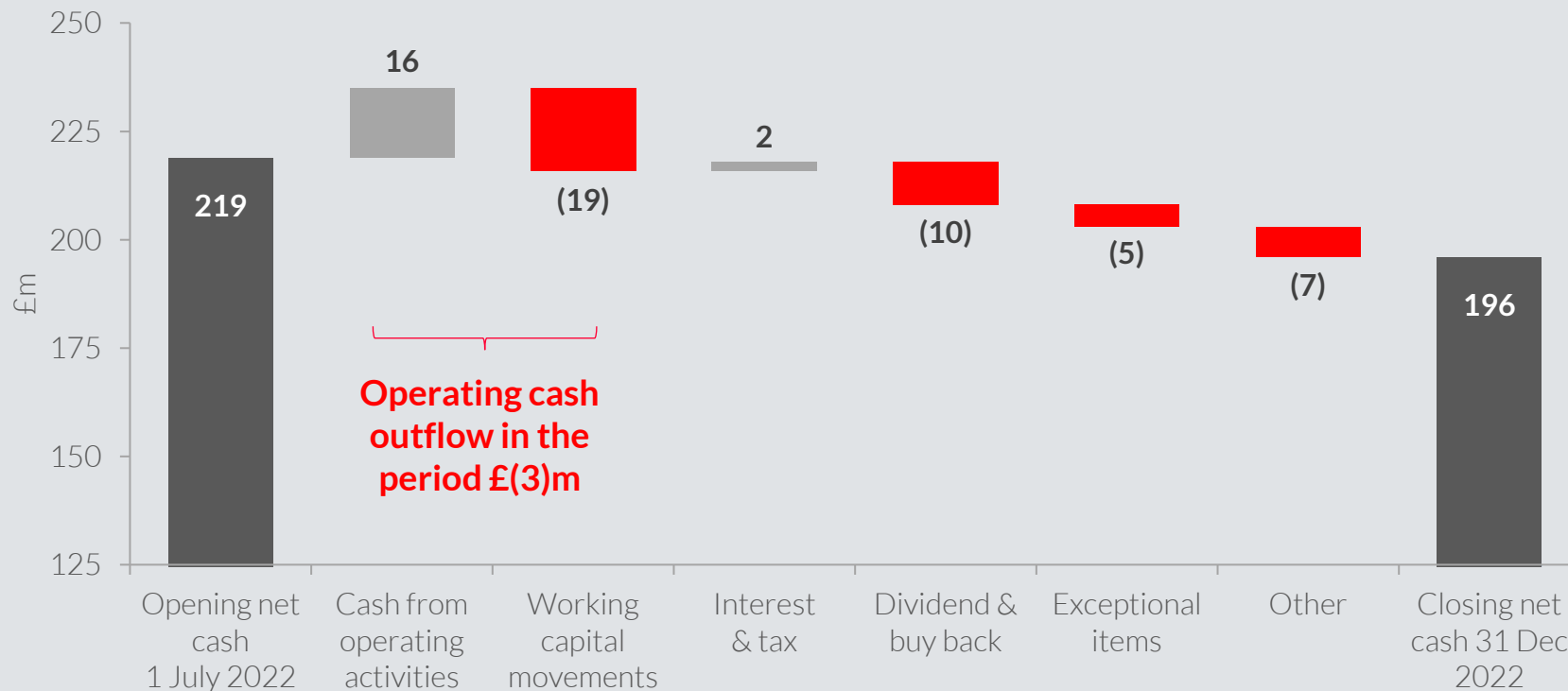
Strong balance sheet

- 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 IFRS 16	(238.4)	(255.5)
	(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



Strategic progress

Bill
Hocking

Chief Executive



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



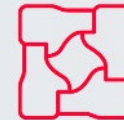
Communities



Progressive culture



Socially responsible delivery



Quality and innovation



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.

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.



UK Net Zero Carbon
Buildings Standard

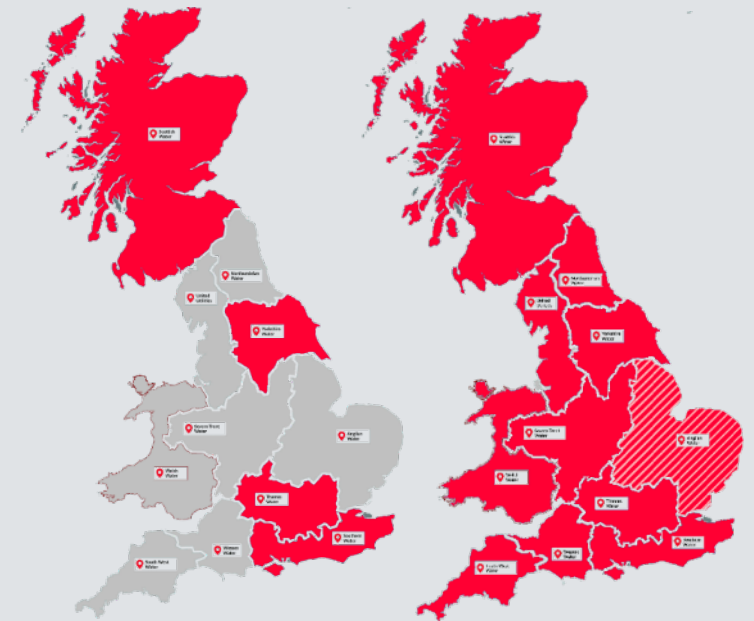


Accelerating opportunities in adjacent markets

Environment

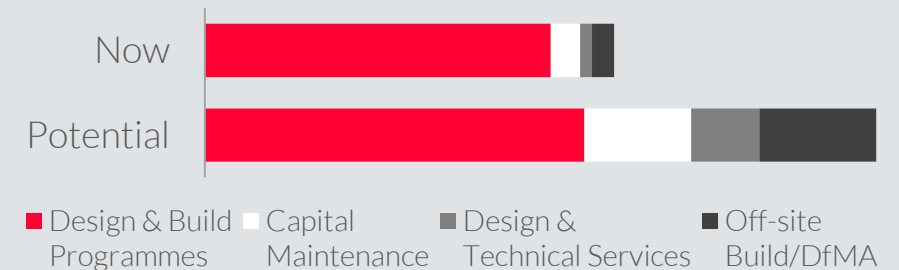
Capital maintenance & asset optimisation

- Key market growth opportunity.
 - Identified as an adjacent market opportunity in Sustainable Growth Strategy.
 - Our progress has been accelerated through acquisition.
- We are now one of the biggest players in the sector.
 - Three complementary acquisitions have enhanced our offering.
 - Increased our geographic coverage through established frameworks.
 - End-to-end service proposition, supported by off-site manufacturing capability.
- We are uniquely positioned to help our clients meet their challenges:
 - Improved resilience of client assets.
 - Increased efficiency and optimisation of their assets.
 - Achieving their net zero carbon targets.
- All of which underpins our margin growth target.



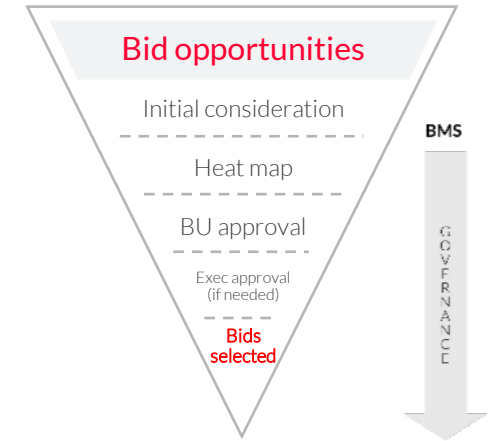
Key: ■ AMP7 D&B frameworks ■ Capital maintenance only

Galliford Try growth potential



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

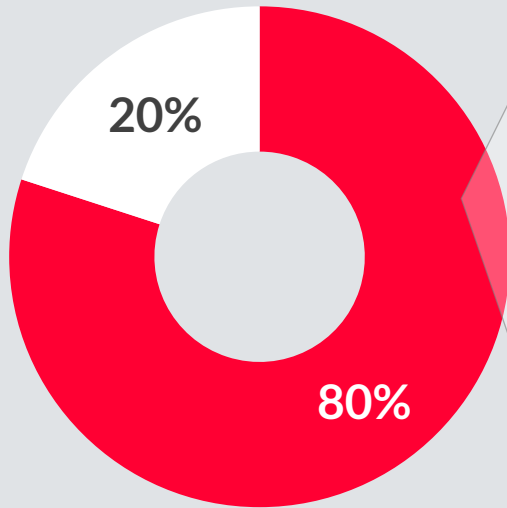
Project level controls and management oversight of project forecasts.

Monthly cross-disciplinary contract review meetings on all projects.

Standardised monitoring and reporting; commercial health checks.

Quality-driven work-winning

Indicative scoring criteria



Scoring criteria

- Non-financial
- Financial

Management	24%
Project delivery	20%
Health, Safety and Environment	6%
Quality	6%
Sustainability and carbon	6%
Social value (local investment)	8%
Contract management	10%



*People-orientated,
progressive culture*



Quality and innovation

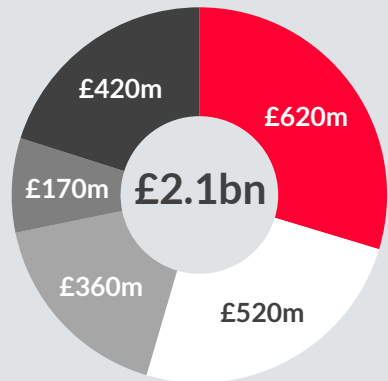


*Socially responsible
delivery*



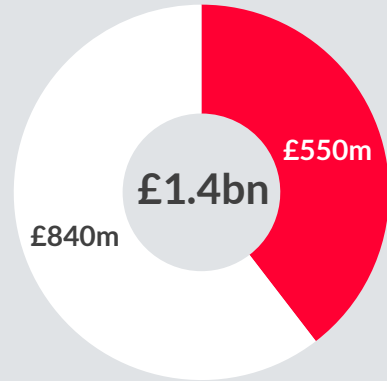
*Sustainable financial
returns*

Robust £3.5bn order book



Building order book

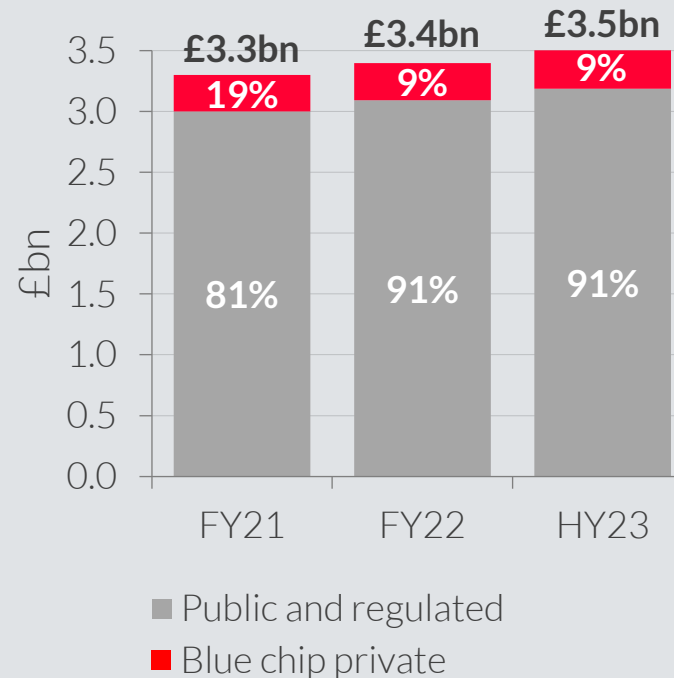
- Education
- Defence and custodial
- FM
- Health
- Commercial and other



Infrastructure order book

- Highways
- Environment

Order book by client type



79%

Work secured for FY24 (HY22: 81%).

87%

Work in frameworks (HY22: 87%).

£20m

Median contract size in Building.

Advantages of working in frameworks

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.
- Aligned objectives.
- Greater efficiencies.
- Continuous improvement.
- Enhanced project outcomes.



Good forward visibility

Examples of our framework positions

	2023	2024	2025	2026
Highways	Midlands Highways Alliance			
	YORcivils			
	National Highways RDP			
Environment	AMP7			AMP8
	Scottish Water Investment Programme Alliance			
Defence & Custodial	Crown Commercial Services			
	MOJ frameworks			
Education	DfE Construction Framework			
	Scottish Hub Programme			
Health	NHSE ProCure22+			
	NHSE ProCure23			
FM	Various Local Authorities and Crown Commercial Services			
Commercial & other	Crown Commercial Services			
	Constructing West Midlands			

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





Appendices

1. Sustainable Growth Strategy

2. Segmental analysis

3. PPP Investments valuation

4. Supply chain payment

5. Forward order book

6. Contract types

Appendices

1. Sustainable Growth Strategy

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



Health and safety: Prioritising health, safety and wellbeing and ensuring no harm to anyone linked with our operations.



Our people: Creating an inclusive environment and progressive culture that enables all individuals to reach their potential.

Protect the environment and create greater social value for communities.



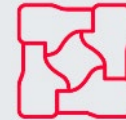
Environment and climate change: Adopting sustainable resourcing and consumption practices and taking measures to mitigate carbon production and climate change to protect our environment and biodiversity.



Communities: Making a positive impact in communities where we operate by delivering greater social value and improving lives.



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: Delivering lower carbon, superior buildings and infrastructure with a better social footprint for clients in our chosen markets through a focus on innovation, digitalisation and quality.



Supply chain: Aligning our supply chain with our culture and creating collaborative relationships that deliver best practice, innovation and sustainable outcomes for clients, communities and the environment.

Earn a sustainable return on the value we deliver.

- Taking a disciplined approach to selecting the work we take on and carefully managing risk at every stage of the project.
- Delivering strong, predictable cash flows and margin improvement.
- Generating increasing shareholder returns.

Appendices

2. Segmental analysis

£m	HY23	HY22	Var
Revenue	679.2	594.0	+14%
Building	399.7	386.2	+3%
Infrastructure	276.6	204.4	+35%
PPP Investments	2.9	3.4	-15%

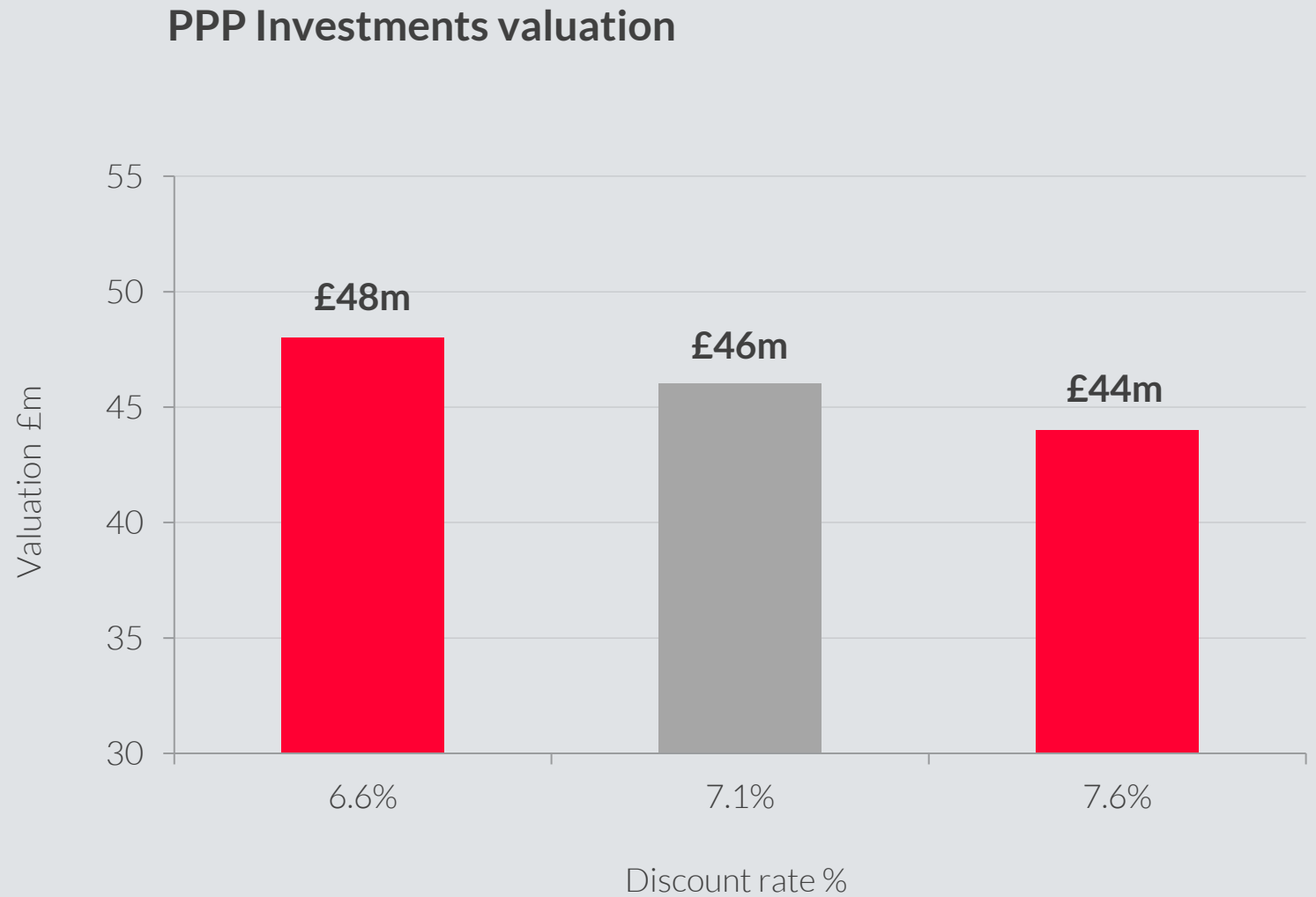
	HY23	HY22	Var
Operating profit¹(£m)	10.8	6.9	+3.9m
Building	9.3	8.4	+0.9m
Infrastructure	6.5	4.3	+2.2m
PPP Investments	1.5	(0.5)	+2.0m
Central	(6.5)	(5.3)	-1.2m

Operating margin (%)			
Building	2.3	2.2	+0.1ppt
Infrastructure	2.3	2.1	+0.2ppt
Combined divisional	2.3	2.2	+0.1ppt

¹ Excluding amortisation of intangibles. Pre-exceptional.

Appendices

3. PPP Investments valuation



Appendices

4. Supply chain payment

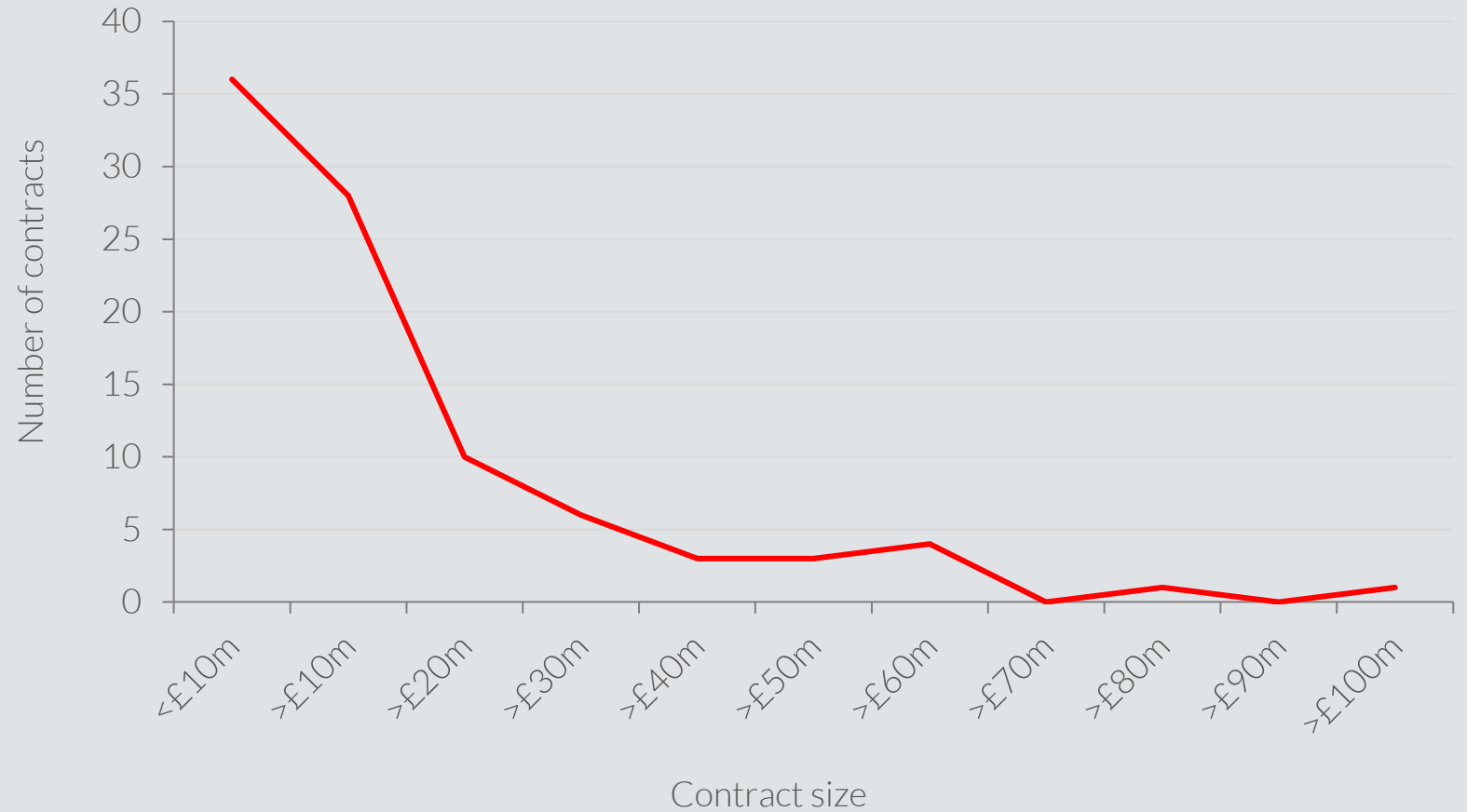
6 months to 31 Dec 22	Average days to pay	Invoices paid to terms	Invoices paid in 60 days
Galliford Try Construction Ltd	26	89%	99%
<i>Compared to 31 Dec 2021</i>	28	92%	98%
Galliford Try Infrastructure Ltd	23	90%	98%
<i>Compared to 31 Dec 2021</i>	21	94%	98%

Appendices

5. Forward order book

- £20m average contract size.

Forward order book distribution – Building (excluding FM)



Appendices

6. 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.



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