

# *Introduction & business update*

**Analyst visit: M1 & Belvedere**

*Andrew Wyllie, Chief Executive*

*Stephen Wells, Group Strategy & Business  
Development Director*

30 June & 1 July 2010

**‘Choosing Costain’**

# Summary itinerary

Wednesday, 30 June

1830hrs 'Welcome'

1840 hrs Presentation:  
'Market investment'

1900 hrs Presentation:  
'Crossrail & the Rail Sector'

1945 hrs Drinks & dinner

Thursday, 1 July

0800 hrs Depart for M1  
J10-13 Site: Presentations  
& site tour

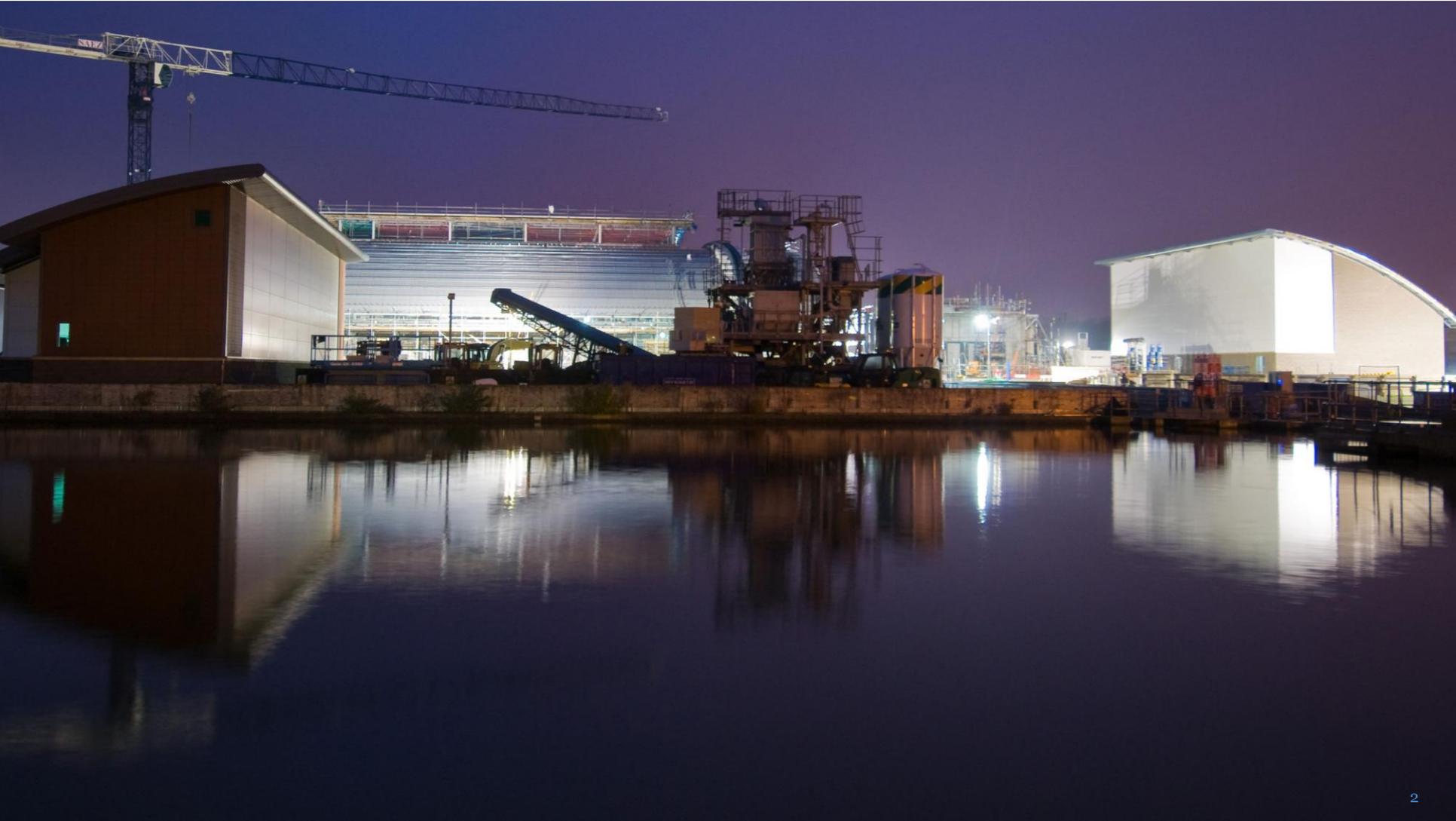
1130 hrs Travel to RRRL  
EfW Facility, Belvedere

1300 hrs Arrive RRRL EfW  
- lunch

1345 hrs Presentations &  
site tour

1630 hrs Depart site for  
Belvedere railway station

# Andrew Wyllie, Chief Executive



# Objectives for this visit

Meet the  
teams

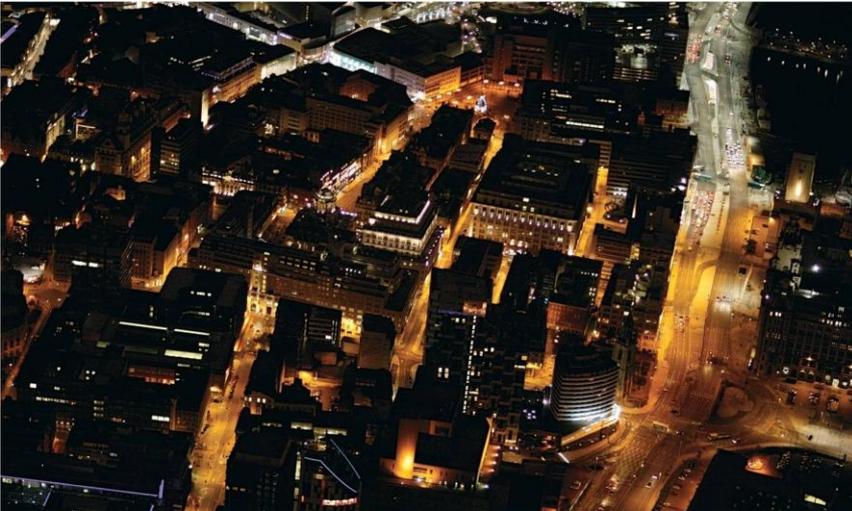
See solutions  
in action



# ‘Choosing Costain’: A strategy for further profitable growth

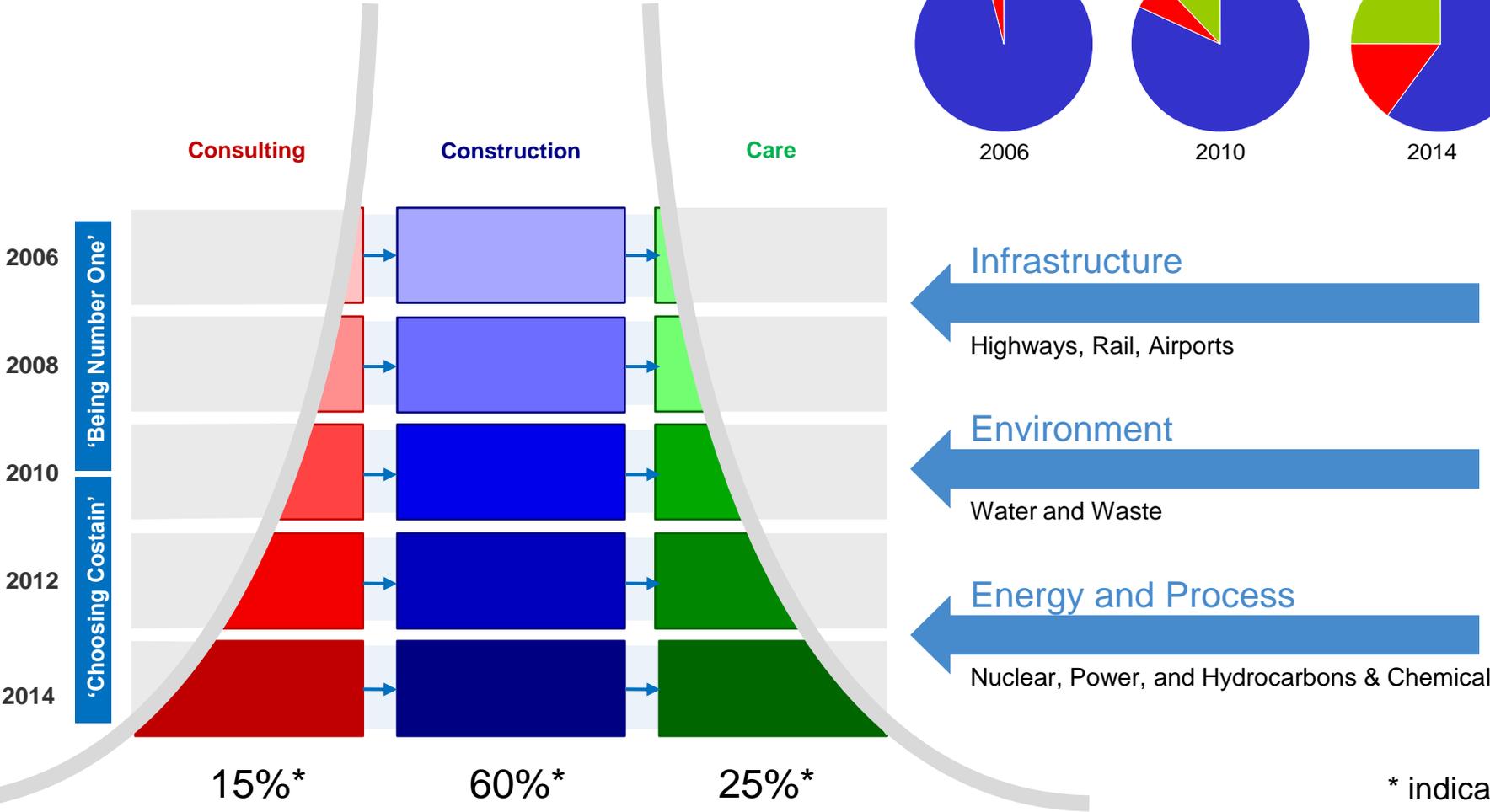
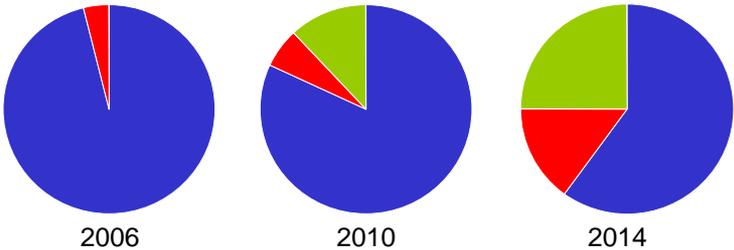
- ‘Being Number One’ strategy, implemented since 2006, established Costain as one of UK’s leading engineering and construction companies
- ‘Choosing Costain’ is the Group’s next stage of development, in line with changes to industry over the next decade
- A focus on three growth markets:
  - **Infrastructure:** particularly Highways, Rail and Airports
  - **Environment:** particularly Water and Waste
  - **Energy and Process:** particularly Nuclear, Power and Hydrocarbons & Chemicals
- Targeting blue-chip customers whose major spending plans are underpinned by regulation, legislation or strategic national priorities
- Developing core strengths
  - **Consulting:** one of the fastest growing areas of the Costain business
  - **Construction:** strong market position with world class expertise in delivering complex projects
  - **Care:** operations and maintenance, already accounts for 13% of our order book

# Vital decisions made for UK infrastructure



# Strategy to meet key market trends

Changing Revenue Profile\*



\* indicative

# Trading update 30 June 2010

- The Group is continuing to perform in-line with the Board's expectations.
- Costain has again demonstrated its resilience in an uncertain economic environment.
- The Group's operations continue to benefit from its strategy to focus on targeted blue chip customers whose major spending plans are underpinned by strategic national needs.
- Significant new contract awards this year include Managed Motorways, MAC 14, Crossrail Portals and Welsh Water AMP5.
- The Group has a forward order book of £2.5 billion.
- Circa £1.0 billion of work secured for 2010.
- In addition, Preferred Bidder positions of over £500 million.
- The Group has maintained its strong net cash position of in excess of £100 million, and has no significant borrowings.

# Stephen Wells, Group Strategy & Business Development Director

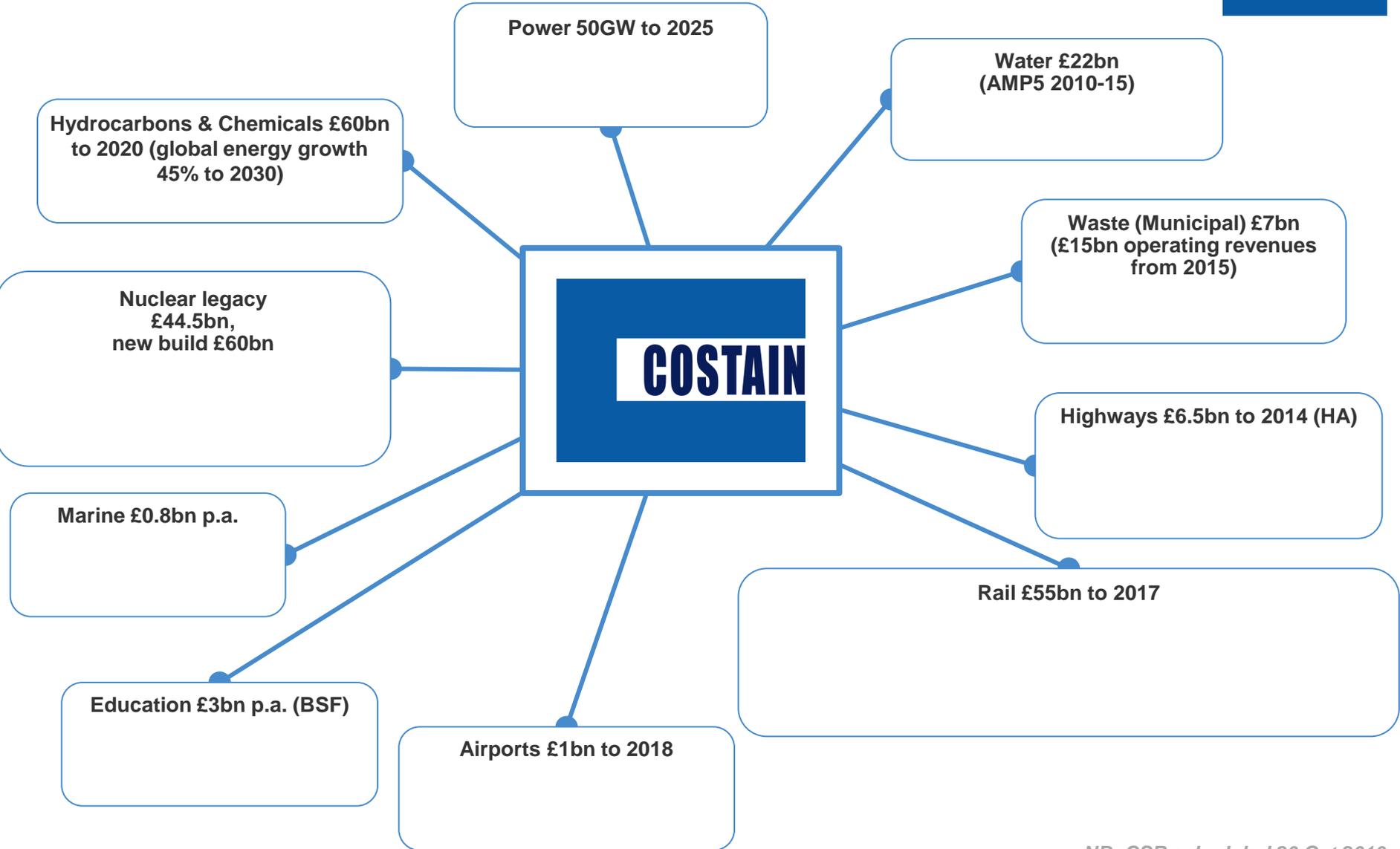
**COSTAIN**



# Post-budget environment

- Significant spend set to continue in target markets
- As anticipated, spending will be driven by strategic priorities
- Customers require “more for less” solutions
- Costain is well positioned to meet these changing customer needs

# Anticipated investment March 2010



NB: CSR scheduled 20 Oct 2010

# Anticipated investment June 2010

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**Hydrocarbons & Chemicals £60bn to 2020 (global energy growth 45% to 2030)**  
Private sector funded & driven

**Power 50GW to 2025**  
Private sector funded (clean coal, CCGT, renewables)

**Water £22bn (AMP5 2010-15)**  
Ofwat set tight 5 yr target on spend in Nov 2009

**Nuclear legacy £44.5bn:** NDA & PBO's demonstrating savings  
**new build £60bn:** Carbon floor price, IPC (son of), European owner operators, investment returns & confidence in UK is crucial

**Waste (Municipal) £7bn (£15bn operating revenues from 2015)**  
EU Directives prevail. PFI r solution remains key enabler

**Marine £0.8bn p.a.**  
Public and private schemes stalled

**Highways £6.5bn to 2014 (HA)**  
ECI's remain in progress, value engineering solutions are key to drive efficiency savings

**Education £3bn p.a. (BSF)**  
PfS believe existing LEP's will remain CSR is key

**Airports £1bn to 2018**  
Private & CAA funding. Value engineering is key

**Rail £55bn to 2017**  
(NR, TfL, Crossrail)  
- DfT positive re. Crossrail, £2bn savings mooted by designers  
- NR enhancements programme being reviewed for £4bn savings (ORR)  
- LUL (TfL) schemes proceeding

## In summary

- Significant spend set to continue in target markets
- As anticipated, spending will be driven by strategic priorities
- Customers require “more for less” solutions
- Costain is well positioned to meet these changing customer needs

*“Projects with a significant economic return to the country will be prioritised . . . . .”*

*(Chancellor George Osborne’s Budget, 22 June 2010)*

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