Carillion is the largest supplier of infrastructure services to Network Rail, for which it won contracts worth £600 million in 2014.
Robust first-half performance

First-half performance in line with expectations
- effective strategy and business model
- return to revenue growth
- margin discipline remains a key area of focus
- underlying profit growth
- underlying profit from operations fully cash-backed

Major contract mobilisations progressing well

High-quality order book
- total orders plus probable orders remains strong at £17.1bn
- record 96% revenue visibility for 2015
- pipeline of opportunities increased to £40.5bn

Further enhanced support services offering in Canada with the acquisition of Outland Group

Gradual improvement in market conditions has continued into 2015

Interim dividend increased by 2% to 5.7p

Full-year expectations unchanged and well positioned for medium term

WELL POSITIONED FOR FULL YEAR AND MEDIUM TERM
Financial highlights

RETURNED TO REVENUE GROWTH WITH RESULTS IN LINE WITH EXPECTATIONS

- Strong revenue growth of 21% to £2.3bn (2014: £1.9bn)
  - growth in support services, Middle East construction services and UK construction services

- Underlying profit from operations\(^{(1)}\) up 16% to £112.5m (2014: £97.4m)
  - increased contributions from support services, PPP projects and Middle East construction services

- Total Group underlying operating margin\(^{(2)}\) 5.1% (2014: 5.5%)
  - reflects expected impacts of contract mobilisation costs and margin in construction services (excluding the Middle East) trending down towards a more normal level

- Underlying pre-tax profit\(^{(3)}\) up 11% to £84.5m (2014: £75.9m) and underlying earnings per share\(^{(4)(5)}\) up 8% to 15.9p (2014: 14.7p)
  - after higher non-cash interest costs

---

(1) After Joint Ventures net financial expense and taxation charge of £1.3m and £1.5m (2014: £3.9m and £1.1m) respectively and before intangible amortisation of £8.2m (2014: £8.4m)
(2) Before Joint Ventures net financial expense, Joint Ventures taxation charge, intangible amortisation and non-operating items of £1.5m (2014: Nil)
(3) After Joint Ventures taxation charge and before intangible amortisation, non-operating items and fair value movements in derivative financial instruments of £7.3m (2014: Nil)
(4) Before intangible amortisation, non-operating items and fair value movements in derivative financial instruments
(5) Based on weighted average number of shares of 430.2m (2014: 430.1m). Period end number of shares 430.3m (2014: 430.3m)
Financial highlights

INTERIM DIVIDEND INCREASED BY 2% AND CONTINUING TO INVEST IN PPP PROJECTS AND BOLT-ON ACQUISITIONS

- Reported pre-tax profit £67.5m (2014: £67.5m) and reported earnings per share 12.7p (2014: 13.2p)
  - after intangible amortisation and derivative movements amounting to £15.5m (2014: £8.4m)
- Underlying operating cash conversion 101% (2014: 127%)
- Net borrowing reflected an increase in non-operating cash outflows and usual first-half phasing of profit
  - average £486.5m (31 December 2014: £450.7m)
  - period end £199.6m (31 December 2014: £177.3m)
  - after an outflow of £34.9m for investments in business acquisitions and PPP projects
- £1.3bn of committed funding available
- Interim dividend up 2% to 5.7p (2014: 5.6p) and covered 2.8 times (2014: 2.6 times)
Income Statement

UNDERLYING PROFIT BEFORE TAXATION UP 11%

<table>
<thead>
<tr>
<th>£m</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying Group operating profit</td>
<td>98.4</td>
<td>82.9</td>
</tr>
<tr>
<td>Share of results of Joint Ventures</td>
<td>14.1</td>
<td>14.5</td>
</tr>
<tr>
<td>Underlying profit from operations⁽¹⁾</td>
<td>112.5</td>
<td>+16%</td>
</tr>
<tr>
<td>Group net interest</td>
<td>(28.0)</td>
<td>(21.5)</td>
</tr>
<tr>
<td>Underlying profit before taxation⁽²⁾</td>
<td>84.5</td>
<td>+11%</td>
</tr>
<tr>
<td>Intangible amortisation and derivative movements</td>
<td>(15.5)</td>
<td>(8.4)</td>
</tr>
<tr>
<td>Non-operating items</td>
<td>(1.5)</td>
<td>-</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>67.5</td>
<td>67.5</td>
</tr>
<tr>
<td>Group taxation</td>
<td>(8.3)</td>
<td>(7.7)</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>59.2</td>
<td>59.8</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>(4.5)</td>
<td>(3.2)</td>
</tr>
<tr>
<td>Profit attributable to Carillion shareholders</td>
<td>54.7</td>
<td>56.6</td>
</tr>
<tr>
<td>Total Group underlying operating margin</td>
<td>5.1%</td>
<td>5.5%</td>
</tr>
</tbody>
</table>

⁽¹⁾ After Joint Ventures net financial expense and taxation charge of £1.3m and £1.5m (2014: £3.9m and £1.1m) respectively and before intangible amortisation of £8.2m (2014: £8.4m).

⁽²⁾ After Joint Ventures taxation charge and before intangible amortisation, non-operating items of £1.5m (2014: Nil) and fair value movements in derivative financial instruments of £7.3m (2014: Nil)
## Cash flow

### UNDERLYING PROFIT FROM OPERATIONS FULLY CASH BACKED

<table>
<thead>
<tr>
<th>£m</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying Group operating profit</td>
<td>98.4</td>
<td>82.9</td>
</tr>
<tr>
<td>Depreciation and other non-cash items</td>
<td>(0.1)</td>
<td>15.0</td>
</tr>
<tr>
<td>Working capital(1)</td>
<td>6.1</td>
<td>21.3</td>
</tr>
<tr>
<td>Dividends received from Joint Ventures</td>
<td>8.7</td>
<td>4.3</td>
</tr>
<tr>
<td>Underlying cash flow from operations</td>
<td>113.1</td>
<td>123.5</td>
</tr>
<tr>
<td>Deficit pension contributions</td>
<td>(22.2)</td>
<td>(19.1)</td>
</tr>
<tr>
<td>Rationalisation costs</td>
<td>(2.2)</td>
<td>(5.9)</td>
</tr>
<tr>
<td>Interest, tax and dividends</td>
<td>(75.5)</td>
<td>(66.4)</td>
</tr>
<tr>
<td>Net capital expenditure</td>
<td>(1.1)</td>
<td>(11.1)</td>
</tr>
<tr>
<td>Acquisitions and disposals</td>
<td>(34.9)</td>
<td>(10.6)</td>
</tr>
<tr>
<td>Other</td>
<td>0.5</td>
<td>1.2</td>
</tr>
<tr>
<td>Change in net borrowing</td>
<td>(22.3)</td>
<td>11.6</td>
</tr>
<tr>
<td>Net borrowing at 1 January</td>
<td>(177.3)</td>
<td>(215.2)</td>
</tr>
<tr>
<td>Net borrowing at 30 June</td>
<td>(199.6)</td>
<td>(203.6)</td>
</tr>
</tbody>
</table>

- Underlying profit from operations fully cash-backed with cash conversion of 101% (2014: 127%)

(1) Including net proceeds from the sale of PPP investments
### Balance sheet

**STRONG BALANCE SHEET WITH £1.3 BILLION OF FUNDING TO DELIVER STRATEGIC OBJECTIVES**

<table>
<thead>
<tr>
<th>£m</th>
<th>June 2015</th>
<th>December 2014</th>
<th>June 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment</td>
<td>132.8</td>
<td>140.9</td>
<td>136.5</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>1,645.7</td>
<td>1,610.8</td>
<td>1,544.8</td>
</tr>
<tr>
<td>Investments</td>
<td>156.7</td>
<td>139.9</td>
<td>150.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,935.2</td>
<td>1,891.6</td>
<td>1,831.9</td>
</tr>
<tr>
<td>Inventories, receivables and payables</td>
<td>(352.3)</td>
<td>(351.6)</td>
<td>(332.1)</td>
</tr>
<tr>
<td>Net retirement benefit liability (net of tax)</td>
<td>(355.9)</td>
<td>(406.2)</td>
<td>(304.7)</td>
</tr>
<tr>
<td>Other</td>
<td>(93.0)</td>
<td>(62.0)</td>
<td>(22.8)</td>
</tr>
<tr>
<td><strong>Net operating assets</strong></td>
<td>1,134.0</td>
<td>1,071.8</td>
<td>1,172.3</td>
</tr>
<tr>
<td>Net borrowing</td>
<td>(199.6)</td>
<td>(177.3)</td>
<td>(203.6)</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td>934.4</td>
<td>894.5</td>
<td>968.7</td>
</tr>
<tr>
<td><strong>Average net borrowing</strong></td>
<td>(486.5)</td>
<td>(450.7)</td>
<td>(402.7)</td>
</tr>
</tbody>
</table>

- £1.3bn of available funding to support delivery of strategic objectives
## Segment results

**GOOD PERFORMANCE IN ALL BUSINESS SEGMENTS**

### Support services
- Public Private Partnership (PPP) projects: £1,238.5m (2014: £1,100.8m)
- Middle East construction services: £82.5m (2014: £95.5m)
- Construction services (excluding Middle East): £611.1m (2014: £462.1m)
- Total: £2,258.6m (2014: £1,871.0m)

### Public Private Partnership (PPP) projects
- Revenue: £326.5m (2014: £212.6m)
- Underlying profit from operations: £(10.4)m (2014: £(10.8)m)
- Operating margin: 4.7% (2014: 5.0%)

### Middle East construction services
- Revenue: £611.1m (2014: £462.1m)
- Underlying profit from operations: £19.3m (2014: £19.2m)
- Operating margin: 3.2% (2014: 4.2%)

### Construction services (excluding Middle East)
- Revenue: £1,238.5m (2014: £1,100.8m)
- Underlying profit from operations: £58.3m (2014: £55.3m)
- Operating margin: 4.7% (2014: 5.0%)

### Group costs and Joint Venture interest and tax
- Underlying profit from operations: £112.5m (2014: £97.4m)
- Operating margin: 5.1% (2014: 5.5%)

- Directors’ valuation of PPP investment portfolio at a 9% discount rate increased to £52m (31 December 2014: £48m) despite the sale of £44m of equity at an average discount rate of 7%
- Good opportunities to replenish PPP portfolio

---

(1) Before intangible amortisation of £8.2m (2014: £8.4m)
(2) After Group unallocated costs of £7.6m (2014: £5.8m)
Financial results summary

PERFORMANCE REFLECTS BENEFITS OF OUR STRATEGY

- Returned to revenue growth with 21% increase to £2.3bn (2014: £1.9bn)
- Underlying profit from operations\(^{(1)}\) up 16% to £112.5m (2014: £97.4m)
- Underlying pre-tax profit\(^{(2)}\) up 11% to £84.5m (2014: £75.9m) and underlying earnings per share\(^{(3)}\) up 8% to 15.9p (2014: 14.7p)
- Underlying operating cash conversion 101% (2014: 127%)
- Net borrowing in line with expectations

\(^{(1)}\) After Joint Ventures net financial expense and taxation charge of £1.3m and £1.5m (2014: £3.9m and £1.1m) respectively and before intangible amortisation of £8.2m (2014: £8.4m)

\(^{(2)}\) After Joint Ventures taxation charge and before intangible amortisation, non-operating items of £1.5m (2014: Nil) and fair value movements in derivative financial instruments of £7.3m (2014: Nil)

\(^{(3)}\) Before intangible amortisation, non-operating items and fair value movements in derivative financial instruments
Strategy, culture and business model

POSITIONING OUR BUSINESSES IN GROWTH MARKETS

Integrated solutions based on 3 core capabilities

- Support services
- FM & Maintenance
- Asset creation & whole-life management
- Project Finance
- Private Finance
- Construction

Creating value

- Relationships
  - Long-term partnerships with customers and suppliers
  - Measured by Net Promoter Score
- Resources
  - Excellent people with long-term Carillion experience
  - Integrated solutions
  - Sustainability
  - First-class supply chain based on category management
- Processes
  - High standards of corporate governance
  - Centralised operating platform, enables efficiency, visibility and control
  - Strong risk management

Value for Customers and Shareholders
First-half 2015 revenue by geography

TOTAL GROUP REVENUE £2.3BN, UP 21%

**UK**

£1,600m - 71%
(2014: £1,365m - 73%)

- Support services: 34%
- Public Private Partnership (PPP) projects: 4%
- Construction services: 62%

**Canada**

£281m - 12%
(2014: £245m - 13%)

- Support services: 24%
- Public Private Partnership (PPP) projects: 5%
- Construction services: 71%

**Middle East**

£378m - 17%
(2014: £261m - 14%)

- Support services: 13%
- Public Private Partnership (PPP) projects: 87%
- Construction services: 327
Major contract mobilisations in 2015

PROGRESSING WELL AND IN LINE WITH EXPECTATIONS

**Next Generation Defence contracts**

- Won all five contracts for which we bid
- Start dates ranged from late 2014 to early 2015
- FM services for over 70,000 MoD buildings
- Worth over £1.0bn to Carillion over initial 5-year terms
- Potential to extend to 10 years, worth up to £2.5bn
- Leading technical and national delivery capability
- Sustainability a key differentiator

**FM services for public sector prisons**

- £200m, 5-year contract
- Start date 1 June 2015
- Potentially extendable to 7 years, worth up to £280m
- Hard and soft FM services for over 50 public sector prisons
- Capabilities to provide integrated solutions
- High quality, value for money, sustainability
**Growth market sectors**

**UK, CANADA, MIDDLE EAST**

### Support services

**H1 2015 revenue** £1.3bn

**UK & Canada**
- Infrastructure services
  - Roads
  - Power distribution
  - Telecoms
- Property FM

**UK**
- Rail infrastructure services

**Canada & Middle East**
- Infrastructure services
  - Oil & gas
  - Natural resource industries
  - Energy services
  - Property FM

**Canada**
- Acquisition of Outland gives entry to remote-site services market

### Public Private Partnerships (PPP)

**H1 2015 revenue** £0.1bn

**UK**
- £6bn capital investment to 2020
- £39m still to be invested in three financially closed projects
- Preferred bidder for Midlands Priority Schools project\(^{(1)}\) with £5m equity investment
- Preferred bidder for Midland Metropolitan Hospital\(^{(2)}\) with £16m equity investment

**Canada**
- Over £30bn capital investment to 2030
- £6m still to be invested in one financially closed project
- Preferred bidder for two projects with up to £10m of equity to be invested

**Shortlisted projects**
- Shortlisted for four projects in UK and Canada with potential equity investments totalling £55m

- \(^{(1)}\) Achieved financial close in August 2015
- \(^{(2)}\) Appointed preferred bidder in August 2015

### Construction services

**H1 2015 revenue** £0.9bn

**UK & Canada - PPP**
- Health
- Roads
- Rail
- Airports

**UK**
- Defence
- Private sector relationship customers

**Canada**
- Over £30bn capital investment to 2030
- £6m still to be invested in one financially closed project
- Preferred bidder for two projects with up to £10m of equity to be invested

**Middle East**
- Oman
- Dubai – Expo 2020
- Qatar – 2022 World Cup
• Acquired 100% interest in Outland Group in May 2015

• Leading provider of remote site services
  – accommodation
  – camp management
  – catering
  – maintenance

• Strong positions in mining, forestry, utilities, defence, gas and oil sectors

• Outland is working in, or bidding for contracts in, 9 of Canada’s 13 Provinces & Territories

• Further enhances support services offering and prospects for growth in Canada

• Cash consideration of up to £63m depends on financial performance of Outland and will be paid in instalments between 2015 and 2019
Order book and probable orders

RECORD REVENUE VISIBILITY OF 96% FOR 2015

New first-half orders and probable orders

£1.0bn
(2014: £3.2bn)

Total orders plus probable orders

£17.1bn
(31 December 2014: £18.6bn)

- 84% of orders plus probable orders in support services and PPP projects (31 December 2014: 82%)

- Order book of £16.0bn, plus probable orders of £1.1bn totalling £17.1bn (31 December 2014: £18.6bn)

- In addition, we have frameworks with a potential value to Carillion of £2.5bn

- Total revenue visibility (1) for 2015 of 96%
  (2014: 93% for 2014)

**Notes:**

(1) Based on expected revenue and secure and probable orders, which exclude variable work, frameworks and re-bids.

- **Support services** £13.3bn 78%
  (31 Dec 2014: £14.1bn: 76%)

- **Public Private Partnership (PPP) projects** £1.0bn 6%
  (31 Dec 2014: £1.2bn: 6%)

- **Middle East construction services** £0.9bn 5%
  (31 Dec 2014: £0.9bn: 5%)

- **Construction services** (excluding the Middle East) £1.9bn 11%
  (31 Dec 2014: £2.4bn: 13%)
Support services

SIGNIFICANT SUCCESSES IN 2015

Support services

• Smart Motorways, £238m\(^{(1)}\)
  – Carillion is a framework supplier to Highways England for installing Smart Motorway technology and systems

• SCAPE
  – sole support services framework contractor for Local Authorities
  – potential value of up to £1.5bn over 6 years

• UK Government FM Agreement
  – one of only 3 framework contractors selected for all categories ie Total FM, Hard FM and Soft FM
  – total framework value £1.3bn to £4.1bn over 4 years

(1) Classified as a probable order at 30 June 2015 and became a secure order in July 2015
Public Private Partnership projects

SIGNIFICANT SUCCESSES IN 2015

- Financial close on Midlands Priority Schools Programme\(^{(1)}\), £5.5m of equity plus £187m of construction and support services revenue

- Preferred bidder for
  - Midland Metropolitan Hospital\(^{(2)}\), £16m of equity and £437m of construction and support services revenue
  - North Battleford Hospital, Canada\(^{(3)}\), up to £5m of equity and up to £65m of construction and support services revenue
  - Stanton Hospital, Canada\(^{(2)}\), up to £5m of equity and up to £100m of support services revenue

\(^{(1)}\) Classified as a probable order at 31 December 2014 and became a secure order in August 2015
\(^{(2)}\) Became a probable order post 30 June 2015
\(^{(3)}\) Classified as a probable order at 30 June 2015
SIGNIFICANT SUCCESSES IN 2015

UK construction

• Triplets, Kings Cross, London £140m(1)
• Barts Square, London, £91m(1)
• A5-M1 Link, £85m(1)
• Great Arundel Court, London, £100m(2)

Middle East construction

• La Mer, Dubai, £155m(1) (Al Futtaim Carillion JV)
• BP Khazzan Gas project(3), Oman, £80m

(1) Classified as a probable order at 31 December 2014 and became a secure order in H1 2015
(2) Became a probable order post 30 June 2015
(3) Classified as a probable order at 30 June 2015 and became a secure order in H2 2015
Substantial high-quality pipeline

SIGNIFICANT OPPORTUNITIES FOR FURTHER PROGRESS

Pipeline opportunities

£40.5bn at 30 June 2015
(31 December 2014: £39.2bn)

- **Support services** £11.7bn 29% 
  (2014: £11.1bn: 29%)

- **Public Private Partnership (PPP) projects** £3.6bn 9% 
  (2014: £2.5bn: 6%)

- **Middle East construction services** £15.7bn 39% 
  (2014: £15.4bn: 39%)

- **Construction services** (excluding the Middle East) £9.5bn 23% 
  (2014: £10.2bn: 26%)

£bn

<table>
<thead>
<tr>
<th>Year</th>
<th>Support Services</th>
<th>Public Private Partnership</th>
<th>Middle East Construction Services</th>
<th>Construction Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>25.7</td>
<td>33.1</td>
<td>15.2</td>
<td>9.8</td>
</tr>
<tr>
<td>2011</td>
<td>32.5</td>
<td>33.1</td>
<td>15.2</td>
<td>9.8</td>
</tr>
<tr>
<td>2012</td>
<td>35.2</td>
<td>35.2</td>
<td>15.2</td>
<td>9.8</td>
</tr>
<tr>
<td>2013</td>
<td>37.5</td>
<td>37.5</td>
<td>15.2</td>
<td>9.8</td>
</tr>
<tr>
<td>2014</td>
<td>39.2</td>
<td>11.1</td>
<td>15.4</td>
<td>10.2</td>
</tr>
<tr>
<td>2015</td>
<td>40.5</td>
<td>11.7</td>
<td>15.7</td>
<td>9.5</td>
</tr>
</tbody>
</table>

31 December 2014: 40.5bn

30 June 2015: 40.5bn

Pipeline opportunities

£40.5bn at 30 June 2015
(31 December 2014: £39.2bn)
Delivering on our strategy

WELL POSITIONED FOR FULL YEAR AND MEDIUM TERM

- Strong growth in first-half revenue and underlying pre-tax profit
- Strong operating cash flow
- Selective approach to contracts and focus on cost management remain essential to margin discipline
- Order book plus probable orders remains strong
- Growing pipeline of contract opportunities
- Expect pace of work winning to increase in second half
- Strong balance sheet
- On track to deliver full-year revenue growth with profit and earnings in line with expectations
- Well positioned for medium term
Al Futtaim Carillion has a £130 million contract to build the Four Seasons Hotel in Abu Dhabi that is due for completion in 2016.