

Costain Group PLC ("Costain" or "the Group")

AGM and Interim Management Statement

Costain announces its Interim Management Statement covering the period from 1 January 2012 to the current date, ahead of its AGM to be held later today.

Overview

Following on from its strong performance in 2011, the Group is continuing to perform well and trading is in line with the Board's expectations.

The Group is undergoing significant and ongoing transformation as a result of the successful implementation of its "Choosing Costain" strategy. That strategy is focussed on building the Group into one of the UK's top engineering solutions providers, delivering services for blue chip customers whose major spending plans are underpinned by strategic national priorities, regulatory commitments or essential maintenance requirements in chosen sectors.

A core component of this has been the broadening of the skills and capabilities across the full asset life cycle demanded by our customers. Consequently, the services we now offer to our customers, and the composition of our earnings, are being transformed as we continue to broaden the business through the implementation of our strategy. Currently 25% of our 2012 order book now comes from support services activities and this will continue to grow.

In this context, Costain in 2011 made two acquisitions both of which have been successfully integrated and are providing a broader range of opportunities for the Group. The enhanced capability provided by Promanex enabled the Group to win a £60m operations and maintenance contract from new customer the Oil & Pipelines Agency earlier this year.

Order book

We have continued to secure new orders and extend existing contracts and the order book currently stands at £2.4 billion, of which over 90% is repeat orders from our blue chip customers. In addition, the Group has preferred bidder positions of circa £400 million.

To date over £800 million of revenue has been secured for 2012.

The level of tendering activity in the Group's targeted markets of Infrastructure, Environment and Energy & Process is high.

Pension

As reported earlier this year, as part of the ongoing management of the pension scheme, the Group completed the transfer of two PFI equity investments valued at £20.3 million into The Costain Pension Scheme. Additionally, the Group has made an Enhanced Transfer Value and Pension Increase Exchange offer to the members, and this process is due for completion later this month.

Financial Position

There has been no material change in the robust financial status of the Group, which continues to have a strong net cash position of in excess of £100 million, and has no significant borrowings.

Dividend

As announced with the preliminary results, reflecting another successful year and our continuing confidence in the long-term prospects for the Group, the Board is recommending at today's AGM an increased final dividend of 6.75 pence per share (2010: 6.25 pence per share). This brings the total for the year to 10.0 pence per share (2010: 9.25 pence per share), an increase of 8%.

Outlook

Whilst market conditions remain uncertain, the Group has strong financial resources and is delivering on its clear strategy. Accordingly, the Board remains confident of meeting its expectations in 2012 and is committed to delivering its ambition of doubling profits in the medium term.

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