



Proposed £100 million Capital Raising

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Costain Group PLC

Proposed £100 million Capital Raising by way of Firm Placing and Placing and Open Offer of 166,666,667 New Ordinary Shares at 60 pence per share

Further to the Company's announcement on 11 March 2020, Costain is pleased to announce that it proposes to raise gross proceeds of approximately £100 million by way of a Firm Placing and Placing and Open Offer of, in aggregate, 166,666,667 New Ordinary Shares at an issue price of 60 pence per New Ordinary Share.

The Firm Placing and the Placing are being conducted by way of an accelerated bookbuild process (the "**Bookbuild**"), which will be launched immediately following this announcement (the "**Announcement**") and is subject to the terms and conditions set out in the Appendix to this Announcement (which forms part of this Announcement) (the "**Appendix**").

Liberum Capital Limited ("**Liberum**") and Investec Bank plc ("**Investec**") are each acting as Joint Global Coordinator, Joint Bookrunner and Joint Corporate Broker and HSBC Bank plc ("**HSBC**") is acting as Joint Global Coordinator and Joint Bookrunner.

Key Highlights

- Intention to raise gross proceeds of approximately £100 million through a Firm Placing and Placing and Open Offer:
 - £80 million to be raised through the Firm Placing; and
 - £20 million to be raised through the Placing and Open Offer.

- ASGC, a leading UAE based construction group, has committed to invest £25 million in the Capital Raising.

- The Group intends to use the net proceeds from the Capital Raising for general corporate purposes, allowing Costain to:
 - demonstrate its increased financial capacity to clients, providing a competitive advantage in a sector where clients and suppliers are increasingly scrutinising their partners' balance sheets;
 - take advantage of business growth opportunities through the investment required in bid costs and innovation and technology, enhancing the execution of the Group's Leading Edge strategy to grow higher value services with increased margins; and
 - provide the financial capacity to support the requirements of clients and partners for joint operation delivery structures and project bank accounts where appropriate.

- Banking partners have agreed, subject to the completion of the Capital Raising, to extend the Group's existing debt facilities to 24 September 2023. The renewed facilities, in addition to the Capital Raising, will give additional balance sheet strength.

- 133,348,799 New Ordinary Shares will be issued through the Firm Placing at the Offer Price to raise gross proceeds of approximately £80.0 million and 33,317,868 New Ordinary Shares will be issued through the Placing and Open Offer at the Offer Price to raise gross proceeds of approximately £20.0 million.

- The Offer Price represents a discount of 20.1% to the Closing Price of 75.1 pence per Ordinary Share on 6 May 2020 (being the last Business Day prior to the publication of this announcement).

- The Capital Raising is fully underwritten by the Joint Bookrunners and is conditional upon, among other things, the approval of Costain Shareholders at a general meeting of the Company which will take place at 5.00 p.m. on 27 May 2020.

- The Directors intend to subscribe for an aggregate of 362,498 New Ordinary Shares through the Firm Placing.

- The Company will shortly be publishing a Prospectus in connection with the Capital Raising and will be convening a General Meeting to approve certain matters necessary to implement the Capital Raising.

The Firm Placing and the Placing are being conducted by way of the Bookbuild on the Company's behalf by the Joint Bookrunners. The Bookbuild will open with immediate effect following this announcement. The Firm Placing Shares and Open Offer Shares, when issued, will be fully paid and will rank *pari passu* in all respects with the Existing Ordinary Shares.

ASGC has entered into a binding commitment to purchase 41,666,666 New Ordinary Shares at the Offer Price pursuant to the Firm Placing, representing an investment of £25.0 million. On completion of the Capital Raising, ASGC will hold approximately 15.2% of the Group's Enlarged Share Capital.

The Bookbuild is expected to close no later than 4.00 p.m. on 7 May 2020, subject to acceleration. Timing of the closing of the Bookbuild and allocations are at the discretion of the Joint Bookrunners and the Company. Details of the results of the Firm Placing and the Placing will be announced as soon as practicable after the close of the Bookbuild.

If a Placee is entitled to participate in the Open Offer by virtue of being a Qualifying Shareholder it will be able to apply to subscribe for Open Offer Shares under the terms and conditions of the Open Offer. Unless otherwise agreed with the Joint Bookrunners, any participation by a Placee as a Qualifying Shareholder in the Open Offer will not reduce such Placee's commitment in respect of its placing participation.

Your attention is drawn to the detailed terms and conditions of the Firm Placing and Placing described in Appendix 2 to this announcement (which forms part of this announcement).

Capitalised terms used but not otherwise defined in the text of this announcement are defined in Appendix 1 of this announcement.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	Date
Record Time for entitlements under the Open Offer	6.00 p.m. 4 May 2020
Announcement of the Capital Raising and publication of the Prospectus	7 May 2020
Posting of the Prospectus, Form of Proxy and Application Form	11 May 2020
Ex-Entitlements Date for the Open Offer	11 May 2020
Latest time and date for receipt of Forms of Proxy or electronic proxy appointments	5.00 p.m. on 25 May 2020
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instruction (as appropriate)	11.00 a.m. on 27 May 2020
General Meeting	5.00 p.m. on 27 May 2020
Results of the Capital Raising announced through a Regulatory Information Service	28 May 2020
Admission and commencement of dealings in New Ordinary Shares	by 8.00 a.m. on 29 May 2020

This announcement contains inside information for the purposes of article 7 of EU Regulation 596/2014. The person who arranged the release of this announcement on behalf of Costain was Tracey Wood, General Counsel and Company Secretary.

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The New Ordinary Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, or state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the Capital Raising or the accuracy or adequacy of these terms and conditions. Any representation to the contrary is a criminal offence in the United States.

This announcement does not constitute a recommendation concerning any investor's options with respect to the Capital Raising. The price of shares and any income expected from them may go down as well as up and investors may not get back the full amount invested upon disposal of the shares. Past performance is no guide to future performance. The contents of this announcement are not to be construed as legal, business, financial or tax advice. Each investor or prospective investor should consult his, her or its own legal adviser, business adviser, financial adviser or tax adviser for legal, financial, business or tax advice.

The New Ordinary Shares to be issued or sold pursuant to the Firm Placing and Placing and Open Offer will not be admitted to trading on any stock exchange other than the London Stock Exchange.

Neither the content of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, this announcement.

Information to Distributors

Solely for the purposes of Article 9(8) of the Delegated Directive regarding the responsibilities of manufacturers under the product governance requirements contained within: (a) the "MiFID II Product Governance Requirements, and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Placing Shares have been subject to the Target Market Assessment. Notwithstanding the Target Market Assessment, distributors should note that: the price of the Placing Shares may decline and investors could lose all or part of their investment; the Placing Shares offer no guaranteed income and no capital protection; and an investment in the Placing Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Capital Raising. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Placing Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Placing Shares and determining appropriate distribution channels

Costain Group PLC

Proposed £100 million Capital Raising by way of Firm Placing and Placing and Open Offer of 166,666,667 New Ordinary Shares at 60 pence per share

1. Introduction to the Capital Raising

The Company today announces that it proposes to raise approximately £100 million (approximately £93.0 million net of expenses) by way of a Firm Placing and Placing and Open Offer of, in aggregate, 166,666,667 New Ordinary Shares at an issue price of 60 pence per New Ordinary Share. 133,348,799 New Ordinary Shares will be issued through the Firm Placing and 33,317,868 New Ordinary Shares will be issued through the Placing and Open Offer on the basis of 4 New Ordinary Shares for every 13 Existing Ordinary Shares.

ASGC has entered into a binding commitment to purchase 41,666,666 New Ordinary Shares at the Offer Price pursuant to the Firm Placing, representing an investment of £25.0 million. On completion of the Capital Raising, ASGC will hold approximately 15.2% of the Group's Enlarged Share Capital. Further information on ASGC is provided in section 12 below.

The Offer Price represents a discount of 20.1% to the Closing Price of 75.1 pence per Ordinary Share on 6 May 2020 (being the last Business Day before the announcement of the Capital Raising).

The Capital Raising has been fully underwritten by the Joint Bookrunners, subject to the conditions set out in the Placing Agreement.

The Capital Raising is conditional upon, among other things, the approval of the Resolution at the General Meeting. Costain has received irrevocable undertakings from certain Directors who are Existing Ordinary Shareholders in respect of approximately 0.45% of Costain's existing issued share capital to vote in favour of the Resolution to be proposed at the General Meeting.

A Prospectus containing further information on the Capital Raising, including full details of how Shareholders can participate in the Open Offer, is expected to be published later today.

2. Introduction to the Group

Costain is one of the UK's leading smart infrastructure solutions companies, operating across the strategically important transportation, water, energy and defence markets, helping clients improve their business performance by increasing capacity,

improving customer service, enhancing resilience, decarbonising and delivering increased productivity and efficiency.

Through its Transportation and Natural Resources divisions, the Group is providing and developing a comprehensive and integrated range of innovative services across the whole life-cycle of infrastructure assets through consultancy, asset optimisation, digital technology and complex programme delivery.

Costain's strategy is to focus on key markets working with blue-chip clients whose major spending plans are underpinned by strategic national needs, regulatory commitments, legislation or essential performance requirements, which are benefitting from significant increases in committed spend.

The Directors believe that the Group is one of only a limited number of companies providing the integrated capability that is required to meet the changing needs of major UK infrastructure clients and their markets. In order to compete effectively for new business from such clients, maintaining a strong and flexible balance sheet is a pre-requisite.

The Group has a strong order book of £4.2 billion (including £1.1 billion relating to HS2) as at 31 December 2019, significantly underpinning its medium term growth and cash flow. Revenue visibility is high, with over 90% of annual revenue typically generated from existing blue chip clients and approximately £940 million of revenue secured for 2020.

Essential, large and growing markets

The Directors believe that the Group's markets are evolving rapidly and positioned for accelerated growth as Costain's clients adapt their business strategies and investment priorities to best respond to key market demands for increased capacity, improved resilience, growing efficiency, decarbonisation and enhanced customer service.

The new UK Government recognises the important role that infrastructure plays in supporting a growing and globally competitive economy and has significantly increased its commitment to invest in long-term UK infrastructure programmes, with its 2019 manifesto plan for "national renewal" underpinned by an additional £100 billion of infrastructure spend. Evidence of the scale of the UK's critical investment programme includes:

- in Transportation: the UK Government is committed to investing in a fundamental upgrade of the UK's transport infrastructure. The Group expects that over the next five years more than £28.8 billion will be invested on England's strategic and local road network, £5.5 billion will be spent in capital investment and renewals by Transport for London, around £125 billion on other rail investment and approximately £7 billion on increasing airport capacity;
- in Water: the regulator, OFWAT, is driving investment to improve water quality standards, supply resilience, decarbonisation and efficiency of operations. Water companies have pledged to spend more than £50 billion on delivering and improving services over the next 5 years;
- in Energy: it is estimated that £138 billion will be invested by 2028 in new UK energy infrastructure to meet forecast energy demands and the UK Government has now committed to the very significant investment required to deliver a net zero carbon target by 2050, which Costain believes will transform energy generation in the UK; and
- in Defence: the UK Government has committed £186 billion to a 10-year equipment and facilities upgrade programme.

The Directors believe that the Group's addressable market across its target sectors is approximately £23 billion per annum, creating a significant growth opportunity for the Group.

Alongside the scale of this planned investment, Costain's major clients are changing the nature of their investment to meet and address the challenges outlined above. Examples include:

- in a joined-up approach, the UK Government, regulators and clients demanding greater innovation to address these challenges, collectively spending in excess of £1 billion in the short and medium term with their suppliers to unlock new solutions;
- in developing new public transport plans, resilience, energy and digital solutions, clients increasing their consultancy spend, with that directly addressable by Costain increasing to approximately £1.8 billion per annum;
- investment to address the effects of the climate change crisis, with the water industry investing £13 billion to reduce carbon emissions and improve supply resilience, and transport networks investing to overcome extreme weather events including heatwaves, storms and flooding that damaged infrastructure and halted thousands of services across the UK in 2019;
- enhancing asset management practices recognising that underlying infrastructure that will be used in 30-years' time already exists today, and that it is therefore essential that these assets are efficiently utilised, maintained and enhanced; and
- increasing levels of investment in Highways England's "Digital roads" programme, Network Rail's "Digital Rail" programme, water companies' "Digital Water" programmes and the use of smart meters within the energy sector as a result of digital technology being regarded as an all-encompassing solution for improved efficiency and enhanced performance.

3. Costain's Leading Edge strategy

Strategically, the Directors believe that as a result of its unique client focus, Costain is well-positioned to benefit from these long term positive market dynamics.

Costain's Leading Edge strategy, launched in 2019, closely aligns its services to meet the changing needs of its markets and clients and differentiates the Group through its long-term strategic client relationships and ability to meet their wider, evolving needs.

Overall, the ambition of the Leading Edge strategy is to broaden the Group's services provided to clients, accelerate the deployment

of higher margin activities and deliver a divisional operating profit margin in the range of 6 to 7% over the medium term.

The Directors believe the strategy will see Costain:

- shaping new solutions as a leading innovation partner and thought leader;
- supporting clients' business improvement as a valued adviser and consultant;
- investing in technology and being an insightful digital technology integrator;
- optimising the performance of clients' existing infrastructure assets; and
- delivering complex capital programmes in new ways.

During 2019 Costain secured approximately £1.7 billion of new work across the range of its services, and benefits from an order book including:

Formal contracts - construction delivery phase

- M1 Smart motorway programme
- A19 Testo's roundabout
- Thames Tideway Tunnel - East
- Peterborough & Huntingdon (National Grid)

Early Contractor Involvement (ECI phase)

- HS2 Southern section main works (which has, since April 2020, moved from the ECI phase to the construction delivery phase)
- Highways England routes to market
- M6 smart motorways

Framework contracts

- Water AMP frameworks
- Sellafield DDP framework

Service based contracts

- United Utilities Maintenance Services
- Highways England maintenance contracts, areas 4, 12 & 14
- East Sussex highway services

Consultancy and technology contracts

- Over 150 new commissions
- Over 30 long-term frameworks

In addition, to improve the Group's business competitiveness and returns, a programme of robotic process automation, reduction in management levels and improved operational effectiveness has been put in place. This programme is targeting £20 million per year in efficiency gains within three years to underpin investment in the business and support the implementation of Costain's strategy.

The successful delivery of Costain's strategy relies on its highly skilled and experienced employees (approximately 3,400 people, over one third of whom are working in consultancy and technology roles).

4. Costain's track record

From 2014 to 2018, Costain delivered a compound annual growth rate of 16.3% in underlying operating profit, an improvement in underlying operating profit margin from 2.6% to 3.5% and approximately £208 million of cash flow from operating activities, at an average cash conversion of over 100%. This strong cash flow performance, in addition to the capital raising in 2014, has allowed Costain to make significant investment in the business, whilst continuing to provide stakeholders with regular, attractive capital returns.

Operationally, the Directors believe that Costain has a disciplined approach to risk management in contract bidding, contract delivery and health and safety, which is embedded in the business from the bottom up and fundamental to its culture.

In summary, over 2014 to 2019 Costain has:

- invested over £60 million in acquisitions which have transformed the Group's consulting and technology offerings;
- invested £15 million in permanently improving payment terms of its suppliers;
- invested an additional amount of approximately £45 million to fund working capital requirements, predominately representing the transition to largely target cost, cost reimbursable contracts;
- successfully won a series of major long-term contracts, resulting in joint venture and project bank account balances increasing by approximately £40 million;
- paid approximately £70 million in dividends to Shareholders; and
- significantly improved the position of the Company's pension scheme by contributing over £70 million to the scheme.

2019 was a challenging year for the Group. Whilst the underlying performance of the Group remained in line with management expectations, the Group's net cash position was impacted by a number of market factors and performance on certain contracts:

Market dynamics:

- the Group implemented revised processes to ensure that suppliers are paid promptly, with the average time taken to pay invoices reducing to 34 days, moving into line with sector best practice, from 58 days (in the same period in 2018), reducing cash held by £15.0 million; and
- structural market changes, including the level of cash held in joint operations and project bank accounts, have increased the Group's general working capital requirements.

Contract performance:

- the arbitration outcome in respect of the A465 Contract reduced the net cash balance by £37.0 million;
- the arbitration outcome relating to Diamond Light Source Limited which reduced the net cash balance by £9.7 million; and
- delays to the start of new contracts and a contract cancellation, reduced the level of profit for 2019 by approximately £16.0 million.

In addition, in relation to the contract for the upgrade of National Grid's Peterborough and Huntingdon compressor stations, the timing of the increased forecast costs and contract receipts is expected to have a working capital impact during the period of the contract.

In 2019, the Group continued to have a positive net cash position, which as at 31 December 2019, was £64.9 million (2018: £118.8 million). Of this, approximately £35.0 million (2018: £30.0 million) reflects positive timing receipts and payments at the year end which reversed in the early part of 2020. Included within the Group's year end net cash position is £83.5 million of cash in joint operations (2018: £84.5 million). The average month end net cash for 2019 was £41.2 million for the period (2018: £77.1 million), of which £78.3 million was average month-end net cash in joint operations (2018: £83.4 million). Before taking the Capital Raising into account, the Group expects to maintain a positive average month-end net cash balance (including cash in joint operations) in 2020, increasing going forward.

In April 2020:

- HS2 granted Costain's joint venture company, Skanska Costain Strabag, notice to proceed to full detailed and design construction of Phase 1 of the HS2 railway in area south as part of the main works contract;
- Costain was awarded a £210 million design and build contract by Highways England to upgrade an existing section of the A30 north of Truro, Cornwall; and
- Costain was appointed as one of the six partners in the £4.5 billion Smart Motorway Programme Alliance, a newly created alliance which will deliver critical capacity and safety improvements.

5. Background to, and reasons for, the Capital Raising

Costain's markets have changed significantly over the last five years which has led to a change in the nature of the relationship between Costain, its clients and its suppliers. Costain has successfully positioned itself to compete effectively for new business and work in strong partnerships with its clients, resulting in a transition to a structurally increased working capital requirement.

Specifically:

- Costain's major clients are continuing to consolidate their supply chains as they seek to derive business improvement and transformation by working in more strategic and collaborative relationships with key suppliers - as a consequence, Costain's clients are highly focused on appointing financially strong and stable partners as their reliance on those partners has increased;
- there has been an increase in the use of joint operation delivery structures and project bank accounts, as clients and

partners respond to the impact of the well-documented failure of certain contractors in the sector by requiring increased direct control over their financial risk profiles - this has resulted in an increase in the level of Costain's balance sheet cash being held in such joint operation structures and project bank accounts, rather than being freely available for the Group to use for general working capital purposes; and

- the introduction of the Prompt Payment Code whereby contractors are required to pay their suppliers earlier has also resulted in higher working capital requirements - in response, Costain has implemented revised processes to ensure that suppliers are paid promptly, with the average time taken to pay invoices reduced to 34 days from 58 days.

The Board believes there is a significant opportunity for the Group to capitalise on the growing infrastructure market opportunities available to the Group, in line with the Group's strategy. Also, having a strong balance sheet has become increasingly important to Costain's clients and other stakeholders. For these reasons and to provide additional headroom in the current environment to effectively manage working capital flows in the business, the Board has concluded that the Capital Raising, which will strengthen the Group's balance sheet, is in the best interests of the Group.

The UK Government's 2020 Budget, announced on 11 March 2020, confirmed that around £640 billion of gross capital investment will be provided for roads, railways, communications, schools, hospitals, and power networks across the UK by 2024-25. This has further reaffirmed the Board's belief that Costain is well-positioned for future growth.

6. Use of proceeds

The Group intends to use the proceeds from the Capital Raising for general corporate purposes, allowing Costain to:

- demonstrate its increased financial capacity to clients, providing a competitive advantage in a sector where clients and suppliers are increasingly scrutinising their partners' balance sheets;
- take advantage of business growth opportunities through the investment required in bid costs and innovation and technology, enhancing the execution of the Group's Leading Edge strategy to grow higher value services with increased margins; and
- provide the financial capacity to support the requirements of clients and partners for joint operation delivery structures and project bank accounts where appropriate.

Costain is also pleased that its banking partners have agreed, subject to the completion of the Capital Raising, to extend the Group's existing debt facilities to 24 September 2023. The renewed facilities, in addition to the Capital Raising, will give Costain additional balance sheet strength, enhancing further its ability to compete effectively and deliver its Leading Edge strategy.

7. A clear and focused capital allocation framework

Evidence of financial strength and robust financial management are pre-requisites for qualification to win new work with Costain's major clients, and therefore the Group intends to maintain a robust balance sheet, a high net asset base, positive net current assets, a net cash balance and bank facilities available for working capital and investment purposes.

A key element in the successful implementation of the Group's Leading Edge strategy will continue to be the efficient allocation of capital. The Board regularly reviews the appropriate allocation with regard to the following priorities:

- maintaining a strong and flexible balance sheet, typically with a net cash position;
- ensuring that the Group can effectively exploit available growth opportunities, deliver on its ongoing obligations, including making regular returns to shareholders, and address the Group's legacy pension contribution commitments; and
- ensuring an appropriate mix of equity, banking and bonding facilities to align the composition and structure of the Group's funding with its prevailing strategic and investment priorities.

Specifically, Costain will target the following financial metrics:

- a net asset base of at least £200 million;
- a current asset ratio of greater than 1.3x;
- a high positive net cash balance; and
- no structural debt.

The Board believes that its approach to the optimal deployment of capital will generate value for all stakeholders on an efficient and equitable basis.

8. Update on COVID-19

The Company has assessed, and continues to assess, the potential for disruption caused by COVID-19 and has put plans and measures in place to enable the business to respond to what is an evolving situation. This includes a daily meeting, by telephone, of the Company's senior management team to gather latest updates across the Group's business and the wider economy and to reflect on the best possible information and UK Government and other guidance available to the Company, and then to take actions to best mitigate new developments.

The Group has taken various actions to mitigate the financial impact of COVID-19 and protect the Group's cash position; the Group has made reductions to the Group's cost base, deferred capital expenditure, PAYE and VAT payments and the board and senior leadership team have agreed a 30% reduction in salaries and directors' fees for up to three months. In addition to this and in order to safeguard jobs across the Group, Costain has made use of the UK Government's job retention scheme by furloughing the affected workforce, ensuring an effective and timely remobilisation when conditions improve. The Group has also put in place appropriate measures to manage the potential financial impact, as currently assessed, of such remobilisation.

The Group operates in the transportation, water, energy and defence markets, where outside of London the UK Government and the Group's clients are encouraging a business as usual approach, with necessary safe working practices, which is focused on the continued access to, and operation of, essential national infrastructure, which is paramount to the UK Government's response strategies. The Group continues to engage in active discussions with its clients to establish what work can and should both start and continue with appropriate safety measures in place.

Whilst the Group's way of operating has adapted and is likely to need to continue to adapt over the coming months, based on the facts as they stand as at the date prior to publication of this announcement, the Board anticipates that it will continue to be able to take steps to mitigate certain significant impacts from COVID-19 on the financial performance of the business.

A robust response to safeguard client and employee health and wellbeing

The Group continues to monitor and adhere to the UK Government's advice relating to COVID-19 and has implemented early preventative measures to safeguard the health and wellbeing of its workforce. In February 2020, Costain established a Coronavirus Steering Group comprising senior managers across the Group's business to ensure, amongst other things, that (i) the business is, and continues to be, appropriately prepared to respond to developments relating to the developing COVID-19 situation; (ii) the business is following the Group crisis management procedures to ensure that all communications are centralised and co-ordinated; and (iii) an agile response is prepared in case of further necessary changes in approach.

The Group has robust business continuity procedures in place, covering all aspects of its operations, which are regularly tested and audited to ensure they remain fit for purpose. These formal operating procedures have been deployed which include daily operational calls across the business to ensure the Group is able to manage risks and assess the commercial and operational effectiveness across the business.

A geographically diverse business operating across over 160 sites in the UK

Costain has a highly skilled and experienced workforce comprising approximately 3,400 people, with over one third working in consultancy and technology. All employees who can work from home are now doing so and have the technology and capabilities to continue to service the Group's clients. Most office based staff and employees in consultancy and technology roles already have and regularly use this infrastructure. For those who are recognised as essential workers providing critical work on construction sites, the Group has put in place strict measures to ensure their health and safety, which comply as a minimum with the UK Government's prescriptive guidance as to social distancing at work.

In addition, Costain's operations are based at over 160 locations across the UK and therefore the Group has some geographical, multi-site protection from the temporary closure of some of the sites at or from which the Group operates (including onsite construction activities in London such as Crossrail and HS2), management of supply chain and the ability to flex a mobile workforce.

As the Group has significant operations across the UK's transport infrastructure, such mobile workforce may also enable the Group to accelerate certain works in the event that peak demand on the transportation network is reduced for a period during the COVID-19 outbreak.

A strategy focused on continued access to and operation of essential national infrastructure

Costain's strategy is underpinned by long term strategic relationships with blue-chip clients whose major spending plans are underpinned by strategic national needs, regulatory commitments, legislation or essential performance requirements. The significant majority of the Group's work is driven by strategic national need and, as noted above, the UK Government and the Group's clients are encouraging a business as usual approach which is focused on the continued access to, and operation of, essential national infrastructure.

The Group's integrated capability will also enable the Group to support its clients through what is a continuously changing environment arising from COVID-19.

Costain has strategically transitioned to a portfolio where the vast majority of its contracts are a form of target cost and cost reimbursable contracts which provide the Group with contractual protection in relation to the impact of COVID-19. Notwithstanding such contractual protection, Costain is committed to working with its clients to minimise the time and cost impact associated with the operation of essential national infrastructure. The Group is responding to the requirements of its clients, including in a limited number of cases, temporary cessation of any site operations at their request.

Strategic supply chain partners

A high proportion of the Group's workforce are employed by the Group's supply chain partners. The Group is therefore working closely with those partners to ensure that there is continuity in the delivery of their operations, a safe working environment and effective management of the workforce.

Generally, a high proportion of the Group's supplies come from the UK. Bulk materials such as concrete, aggregate and steel remain unaffected as these materials are supplied from UK sources and there is currently enough stockholding in the UK. Most of these supplies will be provided through local supply chains and therefore any issues, if they arise, could be managed regionally.

There is more uncertainty with componentry which is sourced from outside the UK and could be affected by restricted trade and border closures. This has not had a significant impact on Costain's operations to date but all areas of supply are being kept under review as part of response to COVID-19 as described above.

9. Working capital and importance of the vote

9.1 Working capital statement

The Company is of the opinion that, taking into account its existing available facilities and the net proceeds of the Capital Raising, the working capital available to the Group is sufficient for its present requirements, that is, for at least the next 12 months following the date of this announcement.

9.2 Impact of COVID-19

In making the above statement the Directors draw to the attention of Shareholders and potential investors that COVID-19, the impact of which is unprecedented, has introduced an additional uncertainty in respect of the forecast period.

The reasonable worst case projections prepared by the Directors, which include sensitivities for COVID-19, show that there is no liquidity shortfall or covenant breach in the 12 month period following the date of this announcement. However, given that there remains an additional uncertainty as to the overall impact of COVID-19 on the Group and its business, the Directors believe it is necessary to draw Shareholders' (and those who may invest in the Ordinary Shares) attention to the assumptions underpinning the COVID-19 sensitivities.

9.3 COVID-19 reasonable worst case assumptions

In determining the potential impact resulting from COVID-19, the Group assumed an extended 6 month period of disruption in its activities arising from social distancing and lock-down measures (whether on a continuous or intermittent basis). This assumption would result in the following impacts to the Group's business against the Directors' expectations for that 6 month period:

- a 56% reduction in profit contribution in respect of complex delivery works;
- a 10% reduction in profit contribution in respect of higher margin services (on the basis that such higher margin services can be provided by personnel working from home); and
- a 43% reduction in new work to be obtained.

9.4 Basis of working capital statement

The working capital statement in this announcement has been prepared in accordance with the ESMA Recommendations relating to working capital statements, and the technical supplement to the FCA Statement of Policy published 8 April 2020 relating to the COVID-19 crisis.

9.5 Importance of the vote

Although there is no working capital shortfall under the reasonable worst case scenario, the headroom on the leverage covenants contained in the Group's facilities is limited from June 2020 absent the net proceeds from the Capital Raising. Therefore, in the event that the net proceeds from the Capital Raising are not received, there is a risk that the leverage covenants are breached from June 2020 if actual performance is below the reasonable worst case projections.

The Group has a good and supportive relationship with its finance providers, as evidenced by the amendment and restatement agreements entered into on 10 March 2020 in respect of each of the Group's facilities agreements, bonding facilities agreements and surety facilities agreements. The amendment and restatement agreements are subject to a number of conditions, including completion of the Capital Raising. In the event that the Capital Raising did not proceed and there was a breach of the leverage covenants, the Group would seek covenant waivers from its lenders but there can be no assurance that such waivers would be granted, in which case the Group's lenders would have the right to withdraw immediately the Group's facilities and demand repayment of any drawings on the facilities.

Under these circumstances, the Group may have insufficient cash resources to repay the lenders in the event that the facilities were withdrawn and/or to continue trading and the Group could be forced into insolvent liquidation.

Accordingly, as described above, your Board believes that the Capital Raising and the Resolution are in the best interests of the Company and its Shareholders as a whole and recommends that you vote in favour of the Resolution, as the Costain Directors intend to do in respect of their own beneficial holdings.

10. Pensions

In accordance with the requirement for a triennial review, a full actuarial valuation of the Costain Pension Scheme was carried out as at 31 March 2019. The Costain Pension Trustee and the relevant members of the Costain Group have agreed the terms of the 2019 Recovery Plan based on the actuarial valuation as at 31 March 2019. The 2019 Recovery Plan replaces the 2016 Recovery Plan.

Under the terms of the 2019 Recovery Plan, from 1 April 2020 to 31 January 2029, the Costain Group is required to make: (i) cash contributions of £10.2 million per annum (increasing annually with the Consumer Price Index) (the "**Shortfall Correction Contribution**"); and (ii) if, in any year, the total dividend amount paid by Costain exceeds the Shortfall Correction Contribution, an additional contribution equal to such excess. Any additional payments in this regard would have the effect of reducing the recovery period in the agreed plan.

11. Dividends and dividend policy

Recognising the importance to the Group of maintaining a strong and growing capital base, following the Capital Raising, Costain will target a dividend cover of around three times underlying earnings, taking into account the free cash flow generated in the period.

Consistent with the rationale for the Capital Raising, and with Costain's response to COVID-19, the Company will not pay a final dividend in respect of the year ended 31 December 2019, therefore resulting in a total dividend paid for the year, including the interim dividend, of 3.8 pence per share (2018: 15.15 pence). The first dividend to be paid under the new policy is expected to be, subject to

the circumstances at the time, an interim dividend for the six months ending 30 June 2020, payable in October 2020.

The New Ordinary Shares issued pursuant to the Capital Raising will rank *pari passu* in all respects with the Ordinary Shares and rank full for all dividends and other distributions declared in respect of the ordinary share capital of Costain.

12. ASGC

Established in 1989 and headquartered in Dubai, ASGC is a leading, privately owned, vertically integrated construction group with a focus on delivering turn-key special projects in the UAE, and more recently Egypt and Africa.

ASGC provides its services across diverse sectors including residential, commercial, industrial, leisure, hospitality, healthcare, transportation and social infrastructure. The ASGC Group is a contractor to governments and blue-chip private enterprises, delivering landmark projects such as the Coca-Cola Arena in Dubai, expansion and improvement works for Dubai International Airport, expansion of the Dubai Mall, the Waldorf Astoria on the Palm Jumeirah as well as several pavilions for Dubai EXPO 2020.

ASGC is majority owned by its founders, Mohamed Saif Bin Shafar, Emad Azmy and Mohammed Al Sayyah, who remain its chairman, vice chairman and a non-executive director respectively. Having grown progressively over the last three decades, ASGC today has more than 17,000 employees and an annual turnover in excess of \$1 billion.

ASGC believes it has developed a strong and differentiated position in its core geographies by applying the latest technological advancements to become more productive, efficient, and cost-effective in the way it delivers projects for its customers. ASGC shares Costain's vision that remaining at the forefront of the industry requires the integration of "digital" into each phase of its operations, including through its already active use of 3D/4D modelling, drones video surveillance and analytics, technologies such as RFID, GPS and Blebeaconing, ERP solutions and Cloud-based technologies.

ASGC has monitored closely developments in the UK infrastructure and construction markets over an extended period of time, leveraging its experience and expertise as a successful growth company in the sector in its core operating geographies, and its presence on the ground through its UK subsidiary. ASGC believes there are significant long-term, structural growth opportunities in UK infrastructure and that Costain is strongly positioned to take advantage, underpinned by the benefits of the Capital Raising. Through the discussions on its financial investment in Costain, ASGC believes it is developing a strong and collaborative working relationship with the Costain Directors and executive management, and looks forward to assisting appropriately in Costain's future success.

13. Irrevocable undertakings and Directors' participation

Certain Costain Directors who hold interests in Ordinary Shares have irrevocably undertaken to vote in favour of the Resolution to be proposed at the General Meeting to approve the Capital Raising and related matters in respect of a total of 490,845 Ordinary Shares, representing, in aggregate, approximately 0.45% of Costain issued share capital.

In addition, the Directors intend to subscribe for an aggregate of 362,498 New Ordinary Shares through the Firm Placing, representing approximately 0.13% of the Company's Enlarged Share Capital following the Capital Raising.

14. Summary of the principal terms and conditions of the Capital Raising

Costain proposes to raise £100.0m (before expenses) in aggregate by way of the Capital Raising, comprising £80.0m (before expenses) by way of the Firm Placing and £20.0m (before expenses) by way of the Placing and Open Offer. Accordingly, 133,348,799 New Ordinary Shares will be placed with the Firm Placees subject to, and in accordance with, the Placing Agreement and 33,317,868 New Ordinary Shares will be issued pursuant to the Placing and Open Offer, representing, in aggregate 60.6% of the Enlarged Share Capital, at the Offer Price of 60 pence per Ordinary Share. The Firm Placing Shares are not subject to clawback and are not part of the Placing and Open Offer.

The Offer Price of 60 pence per New Ordinary Share represents an effective 20.1% discount to the Closing Price of 75.1 pence on 6 May 2020, being the Business Day prior to the announcement of the Capital Raising. The Offer Price has been set by the Directors following their assessment of market conditions and following discussions with a number of institutional investors. The Directors are in agreement that the level of discount and method of issue are appropriate to secure the investment necessary.

The Capital Raising is conditional upon the following:

- the Resolution being passed by Shareholders at the General Meeting;
- Admission becoming effective by not later than 8:00 a.m. on 29 May 2020 (or such later time and/or date (being not later than 8.00 a.m. on 12 June 2020) as the Company and the Banks may agree); and
- the Placing Agreement having become unconditional in all respects.

Accordingly, if any such conditions are not satisfied, or, if applicable waived, the Capital Raising will not proceed and any Open Offer Entitlements and Excess Open Offer Entitlements admitted to CREST will thereafter be disabled.

The necessary shareholder approvals for the Capital Raising will be sought at the General Meeting to be held at 5.00 p.m. on 27 May 2020, the full details of which will set out in the Notice of General Meeting at the end of the Prospectus, which is expected to be published later today..

The Capital Raising is being fully underwritten by the Bookrunners, subject to the conditions set out in the Placing Agreement.

Application will be made for the New Ordinary Shares to be admitted to listing on the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission of the New Ordinary Shares will become effective and dealings in the New Ordinary Shares will commence at 8.00 a.m. on 29 May 2020 (whereupon an announcement will be made by the Company to a Regulatory Information Service).

The New Ordinary Shares will, in aggregate, represent approximately 60.6% of the Company's issued Ordinary Shares following Admission of the New Ordinary Shares.

A cash box structure will be used for the issue of the New Ordinary Shares pursuant to the Capital Raising.

15. Dilution

If a Qualifying Shareholder who is not a Placee does not take up any of his or her Open Offer Entitlements or Excess Open Offer Entitlements, such Qualifying Shareholder's holding, as a percentage of the Enlarged Share Capital, will be diluted by 60.6% as a result of the Capital Raising. If a Qualifying Shareholder who is not a Placee takes up his or her Open Offer Entitlements in full (and assuming he or she does not participate in the Excess Application Facility), such Qualifying Shareholder's holding, as a percentage of Enlarged Share Capital, will be diluted by 48.5% as a result of the Firm Placing. Subject to certain exceptions, Shareholders in the United States and the Restricted Jurisdictions will not be able to participate in the Open Offer and will therefore experience dilution as a result of the Capital Raising.

16. The Firm Placing

The Joint Bookrunners have severally agreed, pursuant to the Placing Agreement, to use reasonable endeavours to place, as agents of the Company, the Firm Placing Shares with ASGC, certain institutional investors and the Costain Directors (the "**Firm Placees**") at the Offer Price. The Firm Placing Shares represent approximately 80.0% of the New Ordinary Shares and 48.5% of the Enlarged Share Capital. The Firm Placees will not be able to participate in the Open Offer in respect of their allocation of Firm Placing Shares. The Firm Placing is conditional upon, amongst other things, the passing of the Resolution.

The Firm Placing will raise gross proceeds of approximately £80 million (which includes ASGC's investment of £25 million).

17. The Placing and Open Offer

The Joint Bookrunners have severally agreed, pursuant to the Placing Agreement, to use reasonable endeavours to conditionally place, as agents of the Company, the Placing Shares with new and existing institutional investors at the Offer Price. The Placing Shares represent approximately 20.0% of the New Ordinary Shares and 12.1% of the Enlarged Share Capital. The Placing Shares will be subject to clawback to satisfy valid applications under the Open Offer.

Qualifying Shareholders have the opportunity under the Open Offer to subscribe for Open Offer Shares at the Offer Price, payable in full on application and free of expenses, pro rata to their existing shareholdings, on the following basis:

4 Open Offer Shares for every 13 Existing Ordinary Shares

held by them and registered in their names at the Record Time and so in proportion to any other number of Existing Ordinary Shares then held, rounded down to the nearest whole number of Open Offer Shares, and otherwise on the terms and conditions as will be set out in the Prospectus (which is expected to be published later today) and, in the case of Qualifying Non-CREST Shareholders, the Application Form. Any fractional entitlements to Open Offer Shares will be disregarded in calculating Qualifying Shareholders' Open Offer Entitlements and will be aggregated and made available under the Excess Application Facility.

Excess Application Facility

Qualifying Shareholders are also being given the opportunity to apply for Excess Open Offer Shares at the Offer Price through the Excess Application Facility. If applications under the Excess Application Facility are received for more than the number of Excess Open Offer Shares available following take up of Open Offer Entitlements, applications will be scaled back at the Company's absolute discretion. Applications under the Excess Application Facility shall be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that your application for Excess Open Offer Shares will be met in full or in part or at all.

Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST, and be enabled for settlement, the Open Offer Entitlements and Excess Open Offer Entitlements will not be tradeable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim. New Ordinary Shares for which application has not been made under the Open Offer (including the Excess Application Facility) will not be sold in the market for the benefit of those who do not apply under the Open Offer (including the Excess Application Facility) and Qualifying Shareholders who do not apply to take up their entitlements will have no rights nor receive any benefit under the Open Offer. Any New Ordinary Shares which are not applied for under the Open Offer (including the Excess Application Facility) will be allocated to the Placing Placees pursuant to the Placing, with the proceeds ultimately accruing for the benefit of the Company.

The Placing and Open Offer will raise gross proceeds of approximately £20 million.

18. The New Ordinary Shares

The New Ordinary Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Ordinary Shares. The New Ordinary Shares will be created under the Companies Act and the legislation made thereunder, will be issued in registered form and will be capable of being held in both certificated and uncertificated form.

Approval of the creation and issue of the New Ordinary Shares will be sought at the General Meeting. A summary of the Resolution to be proposed at the General Meeting in connection with the creation and issue of the New Ordinary Shares is set out in section 20 below.

19. Settlement, listing and dealings of the New Ordinary Shares

Applications will be made to the FCA for the New Ordinary Shares to be admitted to the Official List with a premium listing and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective and that dealings for normal settlement in the New Ordinary Shares will commence on the London Stock Exchange by 8.00 a.m. on 29 May 2020.

The Existing Ordinary Shares are already admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities and to CREST. It is expected that all of the New Ordinary Shares, when issued and fully paid, will be capable of being held and transferred by means of CREST. The New Ordinary Shares will trade under ISIN GB00B64NSP76.

20. General Meeting

The Company is closely monitoring developments relating to the current outbreak of COVID-19, including the related public health guidance and legislation issued by the UK Government. The UK Government has prohibited public gatherings of more than two people and non-essential travel, save in certain limited circumstances.

In light of these measures, the General Meeting will be run as a closed meeting and Shareholders will not be able to attend in person. The Company will make arrangements such that the legal requirements to hold the meeting can be satisfied through the attendance of a minimum number of Directors and employees and the format of the meeting will be purely functional.

Shareholders are therefore strongly encouraged to submit a proxy vote in advance of the meeting. Details on how to submit your proxy vote by post, online or through CREST are set out in Notice of General Meeting. Given the current restrictions on attendance, Shareholders are encouraged to appoint the chair of the meeting as their proxy rather than a named person who will not be permitted to attend the meeting.

This situation is constantly evolving, and the UK Government may change current restrictions or implement further measures relating to the holding of general meetings during the affected period. Any changes to the General Meeting (including any change to the location of the General Meeting) will be communicated to shareholders before the meeting through our website at www.Costain.com and, where appropriate, by announcement made by the Company to a Regulatory Information Service.

Resolution

The Capital Raising is subject to a number of conditions, including Shareholders' approval of the Resolution to be proposed at the General Meeting. Notice convening the General Meeting to be held at 5.00 p.m. on 27 May 2020 at Costain House, Vanwall Business Park, Maidenhead, Berkshire, SL6 4UB will be set out at the end of the Prospectus, which is expected to be published later today. Shareholders are being asked to vote on, amongst other things, the Resolution in order to provide the Directors with the necessary authority and power under the Companies Act to proceed with the Capital Raising. The Capital Raising is conditional on the passing of the Resolution; if the Resolution is not approved at the General Meeting, the Company will be unable to complete the Capital Raising.

The Resolution authorises the Directors to allot up to 167m Ordinary Shares, representing approximately 153.9% of the Company's current issued share capital as at 5 May 2020 at a discount of 20.1% to the Closing Price of 75.1 pence on 6 May 2020, being the Business Day prior to the announcement of the Capital Raising. This will enable the Company to allot sufficient Ordinary Shares to satisfy its obligations in connection with the Capital Raising. This authority will expire at the conclusion of the next annual general meeting of the Company in 2020. The authority granted under the Resolution is in addition to the authority to allot Ordinary Shares which was granted to the Directors at the Company's annual general meeting in 2019, which the Directors have no present intention of exercising and which will expire on the Company's next annual general meeting unless previously revoked or varied by the Company.

As at today's date, the Company holds no Ordinary Shares in treasury.

21. Actions to be taken

Full details of the terms and conditions of the Open Offer and the procedure for application and payment will be set out in the Prospectus, which is expected to be published later today.

If Costain Shareholders are in any doubt as to the action they should take, they are recommended to seek their own personal financial advice immediately from their stockbroker, bank manager, solicitor, accountant, fund manager or other independent financial adviser authorised under FSMA if they are in the United Kingdom or, if they are not, from another appropriately authorised independent financial adviser.

22. Recommendation and voting intentions

The Board believes that the Capital Raising and the Resolution are in the best interests of the Company and its Shareholders as a whole. Accordingly, Costain Directors unanimously recommend that you vote in favour of the Resolution, as the Costain Directors who are Existing Ordinary Shareholders intend to do in respect of their own beneficial holdings

CAPITAL RAISING STATISTICS

Offer Price	60 pence per New Ordinary Share
Basis of Open Offer	4 New Ordinary Share for every 13 Existing Ordinary Shares ¹
Number of Existing Ordinary Shares ²	108,283,074
Discount of New Ordinary Shares to the Closing Price on 6 May 2020 (being the Business Day prior to the announcement of the Capital Raising)	20.1%
Number of New Ordinary Shares to be issued pursuant to the	166,666,667

Capital Raising

Number of New Ordinary Shares to be issued by the Company pursuant to the Firm Placing	133,348,799
Number of New Ordinary Shares to be issued by the Company pursuant to the Placing and Open Offer	33,317,868
Number of Ordinary Shares in issue immediately following Admission	274,949,741
New Ordinary Shares as a percentage of the Enlarged Share Capital immediately following Admission	60.6%
Estimated gross proceeds of the Capital Raising ³	£100.0 million
Estimated net proceeds of the Capital Raising (after deduction of expenses) ^{3,4}	£ 93.0 million

Notes:

(1) Fractions of New Ordinary Shares will not be allotted to Shareholders in the Open Offer and fractional entitlements under the Open Offer will be rounded down to the whole nearest number of New Ordinary Shares.

(2) In issue as at 5 May 2020.

(3) Unless otherwise stated, for the purposes of the table above and this announcement, the number of New Ordinary Shares to be issued under the Capital Raising is stated on the assumption that no further Ordinary Shares are issued as a result of the exercise of any options under any share plan, or otherwise, between the date of the Prospectus (when published) and the relevant time. In addition, the gross and net proceeds of the Capital Raising have been calculated on the basis that 133,348,799 New Ordinary Shares are issued under the Firm Placing and that 33,317,868 New Ordinary Shares are issued under the Placing and Open Offer.

(4) Expenses are expected to be approximately £7.0 million (exclusive of VAT).

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Each of the times and dates in the table below is indicative only and may be subject to change. The times and dates set out in the expected timetable of principal events below and mentioned throughout this document may be adjusted by the Company in which event details of the new times and dates will be notified to the London Stock Exchange and, where appropriate, Qualifying Shareholders. References to times in this announcement are to London time unless otherwise stated. If you have any queries on the procedure for acceptances and payment, you should contact the shareholder helpline on 0371 384 2849 (overseas callers should use +44 (0)121 415 0264) between 9.00 a.m. and 5:00 p.m. Monday to Friday (excluding English and Welsh public holidays). Calls to the shareholder helpline from outside the United Kingdom will be charged at applicable international rates.

	Date
Record Time for entitlements under the Open Offer	6.00 p.m. 4 May 2020
Announcement of the Capital Raising and publication of the Prospectus	7 May 2020
Posting of the Prospectus, Form of Proxy and Application Form	11 May 2020
Ex-Entitlements Date for the Open Offer	11 May 2020
Open Offer Entitlements and Excess Open Offer Entitlements credited to stock accounts of Qualifying CREST Shareholders in CREST	as soon as practicable after 8.00a.m. on 12 May 2020
Recommended latest time for requesting withdrawal of Open Offer Entitlements from CREST	4.30 p.m. on 20 May 2020
Latest time and date for depositing Open Offer Entitlements into CREST	3.00 p.m. on 21 May 2020
Latest time and date for splitting of Application Forms (to satisfy bona fide market claims only)	3.00 p.m. on 22 May 2020
Latest time and date for receipt of Forms of Proxy or electronic proxy appointments	5.00 p.m. on 25 May 2020
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instruction (as appropriate)	11.00 a.m. on 27 May 2020

General Meeting**5.00 p.m. on 27 May 2020**

Results of the Capital Raising announced through a Regulatory Information Service

28 May 2020

Admission and commencement of dealings in New Ordinary Shares**by 8.00 a.m. on 29 May 2020**

New Ordinary Shares credited to CREST accounts (uncertificated holders only)

by 8.00 a.m. on 29 May 2020

Expected despatch of definitive share certificates (where applicable)

on or around 9 June 2020

Notes:

- (A) Each of the times and dates set out in the above timetable and mentioned in this announcement, the Prospectus (when published), the Application Form and in any other document issued in connection with the Capital Raising is subject to change by the Company (with the agreement of, in certain instances, Rothschild & Co and the Joint Bookrunners), in which event details of the new times and dates will be notified to the FCA and, where appropriate, to Shareholders.
- (B) Any reference to a time in this announcement is to London time, unless otherwise specified.
- (C) The ability to participate in the Open Offer is subject to certain restrictions relating to Shareholders with registered addresses or located or resident in countries outside the UK, details of which are set out in Part X (Overseas Shareholders) of the Prospectus, which is expected to be published later today.

APPENDIX I: DEFINITIONS

The following definitions apply throughout this announcement unless the context requires otherwise:

'Admission'	means the admission of the New Ordinary Shares to the premium listing segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange;
'Application Form'	means the personalised application form on which Qualifying Non-CREST Shareholders may apply for New Ordinary Shares under the Open Offer;
'ASGC'	means ASGC Construction L.L.C.;
'ASGC Group'	means ASGC and its subsidiaries and subsidiary undertakings;
'Banks'	means the Joint Bookrunners and Rothschild & Co, and 'Bank' means any one of them;
'Bookbuild'	means the accelerated bookbuild by which the Firm Placing and the Placing are being conducted;
'Business Day'	means any day (other than a Saturday or Sunday) on which banks generally are open for business in London (other than solely for settlement and trading in Euro);
'Capital Raising'	means the Firm Placing and the Placing and Open Offer;
'Closing Price'	means 75.1 pence per Ordinary Share on 6 May 2020 (being the last Business Day prior to the publication of this announcement);
'Company'	means Costain Group PLC;

'Conditions'	means all conditions to the obligations of the Banks included in the Placing Agreement;
'Costain'	means Costain Group PLC;
'Costain Directors'	means the directors of Costain, and 'Costain Director' means any one of them;
'Costain Shareholders'	means holders of Ordinary Shares;
'CREST'	means the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in the CREST Regulations);
'CREST member'	means a person who has been admitted by Euroclear as a system-member (as defined in the Uncertificated Securities Regulations);
'CREST Regulations'	means the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended from time to time;
'Delegated Directive'	means the Commission Delegated Directive 2017/593;
'EEA'	means the European Economic Area;
'Enlarged Share Capital'	means the expected issued ordinary share capital of the Company immediately following the issue of the New Ordinary Shares pursuant to the Capital Raising;
'Equity Placings'	means the Firm Placing and the Placing;
'Euroclear'	means Euroclear U.K. & Ireland Limited;
'Excess Application Facility'	means the arrangement pursuant to which Qualifying Shareholders may apply for New Ordinary Shares in excess of their Open Offer Entitlements;
'Excess Open Offer Entitlements'	means, in respect of each Qualifying CREST Shareholder, the conditional entitlement to apply for Excess Open Offer Shares under the Excess Application Facility, which are subject to allocation in accordance with the Prospectus;
'Excess Open Offer Shares'	means the New Ordinary Shares which Qualifying Shareholders will be invited to acquire pursuant to the Excess Application Facility;
'Existing Ordinary Shares'	means the Ordinary Shares in issue as at the date of this announcement;
'Existing Ordinary Shareholders'	means holders of Existing Ordinary Shares;
'FCA'	means the Financial Conduct Authority;
'FCA Handbook'	the FCA's Handbook of Rules and Guidance, as amended from time to time;
'Firm Placee'	means any person that has conditionally agreed to subscribe for Firm Placing Shares;
'Firm Placing'	means the conditional placing by the Joint

	Bookrunners, as agents of and on behalf of Costain, of the Firm Placing Shares on the terms and subject to the conditions contained in the Placing Agreement;
'Firm Placing Shares'	means the 133,348,799 New Ordinary Shares which are to be issued pursuant to the Firm Placing;
'FSMA'	means the Financial Services and Markets Act 2000, as amended;
'General Meeting'	means the general meeting of Costain to be held on 27 May 2020, or any adjournment thereof, to consider and, if thought fit, to approve the Resolution;
'Group'	means Costain Group PLC;
'HSBC'	means HSBC Bank plc;
'Indemnified Person'	of any person means its affiliates (as defined in Rule 501(b) under the Securities Act) and each person, if any, who controls any Bank within the meaning of Section 15 of the Securities Act or Section 20 of the US Exchange Act of 1934, as amended, and any such person's respective affiliates, subsidiaries, branches, associates and holding companies, and in each case their respective directors, employees, officers and agents;
'Investec'	means Investec Bank plc;
'Joint Bookrunners'	means HSBC, Investec and Liberum;
'Joint Global Coordinators'	means the Joint Bookrunners;
'Liberum'	means Liberum Capital Limited;
'Listing Rules'	means the rules and regulations made by the FCA under FSMA and contained in the FCA's publication of the same name;
'London Stock Exchange'	means London Stock Exchange plc;
'MHP'	means MHP Communications;
'MiFID II'	means EU Directive 2014/65/EU on markets in financial instruments, as amended;
'MiFID II Product Governance Requirements'	means MiFID II, Articles 9 and 10 of the Delegated Directive and local implementing measures;
'New Ordinary Shares'	means 166,666,667 new Ordinary Shares to be issued by the Company pursuant to the Capital Raising;
'Non-Voting Deferred Share'	means the non-voting deferred shares of 49p each to be created pursuant to the Subdivision;
'Offer Price'	means 60 pence per New Ordinary Share;
'Official List'	means the list maintained by the FCA;
'Open Offer'	means the conditional invitation to Qualifying

	Shareholders to subscribe for the Open Offer Shares at the Offer Price on the terms and subject to the conditions to be set out in the Prospectus and in the case of Qualifying Non-CREST Shareholders only, the Application Form;
'Open Offer Entitlements'	means entitlements to subscribe for the Open Offer Shares, allocated to a Qualifying Shareholder pursuant to the Open Offer;
'Open Offer Shares'	means the 33,317,868 New Ordinary Shares for which Qualifying Shareholders are being invited to apply to be issued pursuant to the terms of the Open Offer;
'Ordinary Shares'	means an ordinary share in the capital of the Company (including, if the context requires, the New Ordinary Shares), being, prior to the Subdivision, an Existing Ordinary Share and, following the Subdivision, an ordinary share of 1p each in the capital of the Company;
'the Order'	means the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended;
'Overseas Shareholders'	means Costain Shareholders who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom;
'Placee'	means any person who is invited to and chooses to participate in the Firm Placing and/or the Placing;
'Placing'	means the conditional placing, by the Joint Bookrunners, as agents of and on behalf of the Company, of the Open Offer Shares to Placing Placees subject to clawback pursuant to the Open Offer, on the terms and subject to the conditions contained in the Placing Agreement;
'Placing Agreement'	means the placing agreement dated 7 May 2020 between the Company and the Banks;
'Placing Placee'	means any person that has agreed to subscribe for Open Offer Shares issued in connection with the Placing subject to clawback to satisfy valid applications by Qualifying Shareholders under the Open Offer;
'Placing Proof'	means for the purposes of the Firm Placing and the Placing the draft prospectus dated 30 April 2020 prepared by, and relating to, the Company;
'Placing Shares'	means the New Ordinary Shares proposed to be issued by the Company pursuant to the Firm Placing and the Placing;
'PRA'	means the Prudential Regulation Authority;
'Prospectus'	means the prospectus (when published), comprising a circular and a prospectus relating to the Company for the purpose of the Capital Raising and Admission;
'Prospectus Regulation Rules'	means the prospectus regulation rules made by the FCA pursuant to Part VI of FSMA (as

	set out in the FCA Handbook), as amended;
'Qualifying CREST Shareholders'	means Qualifying Shareholders holding Ordinary Shares in uncertificated form;
'Qualifying Non-CREST Shareholders'	means Qualifying Shareholders holding Ordinary Shares in certificated form;
'Qualifying Shareholders'	means holders of Ordinary Shares on the register of members of the Company at the Record Time with the exclusion of the Restricted Shareholders;
'Record Date'	means 6.00 p.m. on 4 May 2020;
'Record Time'	means 6.00 p.m. on 4 May 2020;
'Regulations'	means the Proceeds of Crime Act 2002, the Terrorism Act 2000, the Terrorism Act 2006 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and the Criminal Justice (Money Laundering and Terrorism Financing) Act 2010 and any related or similar rules, regulations or guidelines, issued, administered or enforced by any government agency having jurisdiction in respect thereof;
'Regulation S'	means Regulation S under the Securities Act;
'Resolution'	means the resolution to be proposed at the General Meeting as set out in the 'Notice of the General Meeting';
'Restricted Jurisdiction'	means any jurisdiction, including but not limited to Australia, Canada, Japan, Switzerland, New Zealand, the Republic of South Africa and the United States of America, where the extension or availability of the Capital Raising (and any other transaction contemplated thereby) would (i) result in a requirement to comply with any governmental or other consent or any registration filing or other formality which Costain regards as unduly onerous, or (ii) otherwise breach any applicable law or regulation;
'Restricted Shareholders'	means, subject to certain exceptions, Shareholders who have registered addresses in, who are incorporated in, registered in or otherwise resident or located in, the United States or any other Restricted Jurisdiction;
'Rothschild & Co'	means N.M. Rothschild & Sons Limited;
'Rules'	means the rules of the FCA Handbook;
'Securities Act'	means the US Securities Act of 1933, as amended;
'Shareholders'	means Costain Shareholders;
'Subdivision'	means the sub-division of each Existing Ordinary Share into one ordinary share of 1p each and one Non-Voting Deferred Share of 49p each;
'Target Market Assessment'	means the product approval process that the

Placing Shares have been subject, which has determined that such Placing Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all eligible distribution channels for dissemination of the Placing Shares, each as set out in this announcement, as are permitted by MiFID II;

'UK' or 'United Kingdom'	means the United Kingdom of Great Britain and Northern Ireland;
'Uncertificated Securities Regulations'	means the Uncertificated Securities Regulations (2001) S.I. 2001/3755; and
'US' or 'United States' or 'United States of America'	means the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

Unless otherwise indicated in this announcement, all references to '£', 'GBP', 'pounds', 'pound sterling', 'sterling', 'p', 'penny' or 'pence' are to the lawful currency of the UK

APPENDIX II

TERMS AND CONDITIONS OF THE FIRM PLACING AND PLACING

IMPORTANT INFORMATION ON THE FIRM PLACING AND PLACING FOR INVITED PLACEEES ONLY.

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE FIRM PLACING OR THE PLACING. THE TERMS AND CONDITIONS SET OUT HEREIN ARE FOR INFORMATION PURPOSES ONLY AND ARE ONLY DIRECTED AT, AND BEING DISTRIBUTED TO, PERSONS WHOSE ORDINARY ACTIVITIES INVOLVE THEM IN ACQUIRING, HOLDING, MANAGING AND DISPOSING OF INVESTMENTS (AS PRINCIPAL OR AGENT) FOR THE PURPOSES OF THEIR BUSINESS AND WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND ARE: (A) IF IN A MEMBER STATE OF THE EUROPEAN ECONOMIC AREA ("EEA"), PERSONS WHO ARE QUALIFIED INVESTORS WITHIN THE MEANING OF ARTICLE 2(E) OF REGULATION (EU) 2017/1129 (THE "PROSPECTUS REGULATION") ("QUALIFIED INVESTORS"); (B) IF IN THE UNITED KINGDOM, PERSONS WHO FALL WITHIN THE DEFINITION OF "INVESTMENT PROFESSIONALS" IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE "ORDER") OR ARE PERSONS FALLING WITHIN ARTICLE 49(2) OF THE ORDER AND WHO ARE QUALIFIED INVESTORS; OR (C) ANY OTHER PERSON TO WHOM IT MAY OTHERWISE LAWFULLY BE COMMUNICATED AND, IN EACH CASE, WHO HAVE BEEN INVITED TO PARTICIPATE IN THE FIRM PLACING AND/OR THE PLACING BY THE JOINT BOOKRUNNERS (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS").

THE TERMS AND CONDITIONS SET OUT HEREIN MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY PERSON WHO HAS RECEIVED OR IS DISTRIBUTING THESE TERMS AND CONDITIONS MUST SATISFY THEMSELVES THAT IT IS LAWFUL TO DO SO. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THESE TERMS AND CONDITIONS RELATE IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. THESE TERMS AND CONDITIONS DO NOT THEMSELVES CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN THE COMPANY.

THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND THE SECURITIES MAY NOT BE OFFERED, SOLD, TRANSFERRED OR DELIVERED, DIRECTLY OR INDIRECTLY IN, INTO OR WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. THERE WILL BE NO PUBLIC OFFERING OF THE SECURITIES IN THE UNITED STATES.

EACH PLACEE SHOULD CONSULT WITH ITS OWN ADVISERS AS TO LEGAL, TAX, BUSINESS AND RELATED ASPECTS OF AN ACQUISITION OF PLACING SHARES (AS SUCH TERM IS DEFINED BELOW).

Unless otherwise defined in these terms and conditions, capitalised terms used in these terms and conditions shall have the meaning given to them in this announcement.

If a person indicates to the Joint Bookrunners that it wishes to participate in the Firm Placing and/or the Placing by making an oral or written offer to acquire Firm Placing Shares pursuant to the Firm Placing and/or Open Offer Shares pursuant to the terms of the Placing it will be deemed to have read and understood these terms and conditions and the announcement of which it forms part and the Placing Proof in their entirety and to be making such offer on the terms and conditions, and to be providing the representations, warranties, indemnities, agreements and acknowledgements, contained in these terms and conditions. In particular, each such Placée represents, warrants and acknowledges that:

1. it is a Relevant Person and undertakes that it will acquire, hold, manage and dispose of any of the Placing Shares that are allocated to it for the purposes of its business only;
2. in the case of a Relevant Person in the United Kingdom who acquires any Placing Shares pursuant to the Equity Placings, it is a person who has professional experience in matters relating to investments and who falls within the definition of "investment professionals" in Article 19(5) of the Order or who falls within Article 49(2) of the Order and it is a "Qualified Investor";
3. in the case of a Relevant Person in a member state of the EEA who acquires any Placing Shares pursuant to the Equity Placings, it is a Qualified Investor;
4. it is acquiring the Placing Shares for its own account or is acquiring the Placing Shares for an account with respect to which it exercises sole investment discretion and has the authority to make and does make the representations, warranties, indemnities, agreements and acknowledgements, contained in these terms and conditions;
5. it understands (or, if acting for the account of another person, such person understands) the resale and transfer restrictions set out in this appendix; and
6. it is and, at the time the Placing Shares are acquired, will be outside the United States, and acquiring the Placing Shares in an offshore transaction in accordance with Rule 903 and Rule 904 of Regulation S for its own account or purchasing the Placing Shares for an account with respect to which it exercises sole investment discretion.

These terms and conditions do not constitute an offer to sell or issue or the invitation or solicitation of an offer to buy or acquire Placing Shares in the United States or any other jurisdiction where to do so may be unlawful, including, without limitation, Australia, Canada, Japan, New Zealand, Switzerland, the Republic of South Africa, the United States or any other Restricted Jurisdiction.

These terms and conditions and the information contained herein are not for release, publication or distribution, directly or indirectly, in whole or in part, to persons in Australia, Canada, Japan, New Zealand, Switzerland, the Republic of South Africa, the United States or any other Restricted Jurisdiction.

In particular, the Placing Shares referred to in these terms and conditions have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and the Placing Shares may not be offered or sold directly or indirectly in, into or within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Placing Shares will only be offered and sold in offshore transactions pursuant to Regulation S under the Securities Act. There will be no public offering of the Placing Shares in the United States. Subject to certain exceptions, no offering of the Placing Shares will be made in the United States. The Placing Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, or state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the Equity Placings or the accuracy or adequacy of these terms and conditions. Any representation to the contrary is a criminal offence in the United States.

The distribution of these terms and conditions and the offer and/or placing of Placing Shares in certain other jurisdictions may be restricted by law. No action has been taken by the Joint Bookrunners or the Company that would permit an offer of the Placing Shares or possession or distribution of these terms and conditions or any other offering or publicity material relating to the Placing Shares in any jurisdiction where action for that purpose is required, save as mentioned above. Persons into whose possession these terms and conditions come are required by the Joint Bookrunners and the Company to inform themselves about and to observe any such restrictions.

Each Placee's commitments will be made solely on the basis of the information set out in this announcement and the Placing Proof. Each Placee, by participating in the Equity Placings, agrees that it has neither received nor relied on any other information, representation, warranty or statement made by or on behalf of any of the Joint Bookrunners or the Company and none of the Joint Bookrunners, the Company, or any person acting on such person's behalf nor any of their respective affiliates has or shall have liability for any Placee's decision to accept this invitation to participate in the Equity Placings based on any other information, representation, warranty or statement. Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Equity Placings. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

No undertaking, representation, warranty or any other assurance, express or implied, is made or given by or on behalf of any Joint Bookrunner or any of its affiliates, their respective directors, officers, employees, agents, advisers, or any other person, as to the accuracy, completeness, correctness or fairness of the information or opinions contained in the Placing Proof and the Prospectus (when published), this announcement or for any other statement made or purported to be made by any of them, or on behalf of them, in connection with the Company or the Equity Placings and no such person shall have any responsibility or liability for any such information or opinions or for any errors or omissions. Accordingly, save to the extent permitted by law, no liability whatsoever is accepted by any Joint Bookrunner or any of their respective directors, officers, employees or affiliates or any other person for any loss howsoever arising, directly or indirectly, from any use of this announcement or such information or opinions contained herein or otherwise arising in connection with the Placing Proof and the Prospectus (when published).

These terms and conditions do not constitute or form part of, and should not be construed as, any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any Placing Shares or any other securities or an inducement to enter into investment activity, nor shall these terms and conditions (or any part of them), nor the fact of their distribution, form the basis of, or be relied on in connection with, any investment activity. No statement in this announcement is intended to be nor may be construed as a profit forecast and nor should any such statement be interpreted to mean that the Company's profits or earnings per share for any future period will necessarily match or exceed historical published profits or earnings per share of the Company.

Proposed Firm Placing of Firm Placing Shares and Placing of Open Offer Shares subject to clawback in respect of valid applications by Qualifying Shareholders pursuant to the Open Offer

Placees are referred to these terms and conditions, this announcement and the Placing Proof containing details of, inter alia, the

Equity Placings. These terms and conditions, this announcement and the Placing Proof have been prepared and issued by the Company, and each of these documents is the sole responsibility of the Company.

The issue of the Placing Shares is to be effected by way of a cash box placing. The Company will allot the Placing Shares to Placees in consideration for the transfer to the Company by Investec of certain shares in a Jersey incorporated subsidiary of the Company, certain of which shares in the Jersey company Investec shall be obliged to subscribe for using the proceeds of the Equity Placings (net of any agreed commissions and expenses).

Applications will be made to the FCA for admission of the Placing Shares to listing on the premium listing segment of the Official List of the FCA and to the London Stock Exchange for admission of the Placing Shares to trading on its main market for listed securities.

Firm Placing

The Firm Placing Shares are not subject to clawback and do not form part of the Placing and Open Offer. The Firm Placing is subject to the same conditions and termination rights which apply to the Placing and Open Offer.

The Joint Bookrunners have severally agreed, pursuant to the Placing Agreement, to use reasonable endeavours to place, as agent for the Company, the Firm Placing Shares at the Offer Price with Placees. With effect from the completion of the institutional Bookbuild, to the extent that any Placee fails to take up any or all of the Firm Placing Shares which have been allocated to it or which it has agreed to take up at the Offer Price, the Joint Bookrunners have severally agreed, on the terms and subject to the conditions in the Placing Agreement, to take up such Firm Placing Shares at the Offer Price.

Subject to the conditions below being satisfied, it is expected that Admission will become effective on 29 May 2020 and that dealings for normal settlement in the Firm Placing Shares will commence at 8.00 a.m. on the same day. The Firm Placing Shares, when issued and fully paid, will be identical to, and rank *pari passu* with, the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on the Existing Ordinary Shares by reference to a record date on or after Admission.

The Firm Placees will not be entitled to participate in the Open Offer in respect of Firm Placing Shares.

The Firm Placing is conditional, inter alia, upon:

- (i) the Resolution being passed by Shareholders at the General Meeting;
- (ii) Admission becoming effective by not later than 8.00 a.m. on 29 May 2020 (or such later time and/or date (being not later than 8.00 a.m. on 12 June 2020) as the Company and the Banks may agree); and
- (iii) the Placing Agreement having become unconditional in all respects.

Conditional Placing and Open Offer

The Joint Bookrunners have severally agreed, pursuant to the Placing Agreement, to use reasonable endeavours to conditionally place, as agent for the Company, all the Open Offer Shares at the Offer Price with Placees. The commitments of Placees in the Placing are subject to clawback in respect of valid applications for Open Offer Shares by Qualifying Shareholders pursuant to the Open Offer. To the extent that placees cannot be found for all of the Open Offer Shares which are not applied for in respect of the Open Offer or any Placing Placee fails to take up any or all of the Open Offer Shares which are not applied for in respect of the Open Offer and which have been allocated to it, the Joint Bookrunners have severally agreed, on the terms and subject to the conditions in the Placing Agreement, to take up such Open Offer Shares at the Offer Price.

Qualifying Shareholders are being given the opportunity to apply for the Open Offer Shares at the Offer Price on and subject to the terms and conditions of the Open Offer, pro rata to their holdings of Existing Ordinary Shares on the Record Date. Fractions of Open Offer Shares will be rounded down to the nearest whole number. Qualifying Shareholders are also being given the opportunity to apply for Excess Open Offer Shares at the Offer Price through the Excess Application Facility. If applications under the Excess Application Facility are received for more than the number of Excess Open Offer Shares available following take up of Open Offer Entitlements, applications will be scaled back at the Company's absolute discretion. Applications under the Excess Application Facility shall be allocated in such manner as the Costain Directors may determine, in their absolute discretion, and no assurance can be given that an application for Excess Open Offer Shares will be met in full or in part or at all.

The New Ordinary Shares issued under the Placing and Open Offer, when issued and fully paid, will be identical to, and rank *pari passu* with, the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on the Existing Ordinary Shares after Admission.

Subject to the conditions below being satisfied, it is expected that Admission will become effective on 29 May 2020 and that dealings for normal settlement in the Open Offer Shares will commence at 8.00 a.m. on the same day.

The Placing and Open Offer are conditional, inter alia, upon:

- (i) the Resolution being passed by Shareholders at the General Meeting;
- (ii) Admission becoming effective by not later than 8.00 a.m. on 29 May 2020 (or such later time and/or date (being not later than 8.00 a.m. on 12 June 2020) as the Company and the Banks may agree); and
- (iii) the Placing Agreement having become unconditional in all respects.

The full terms and conditions of the Open Offer will be contained in the Prospectus to be issued by the Company in connection with the Open Offer and Admission. The Prospectus to be issued by the Company will be approved by the FCA under section 87A of the FSMA and made available to the public in accordance with Rule 3.2 of the Prospectus Regulation Rules made under Part VI of the

FSMA.

Bookbuild of the Equity Placings

Commencing today, the Joint Bookrunners will be conducting the Bookbuild to determine demand for participation in the Equity Placings. The Joint Bookrunners will seek to procure Placees as agent for the Company as part of this Bookbuild. These terms and conditions give details of the terms and conditions of, and the mechanics of participation in, the Equity Placings.

The Joint Bookrunners and the Company shall be entitled to effect the Equity Placings by such alternative method to the Bookbuild as they may agree between them.

Principal terms of the Bookbuild

- a. By participating in the Equity Placings, Placees will be deemed to have read and understood this announcement, these terms and conditions and the Placing Proof in their entirety and to be participating and making an offer for any Placing Shares on these terms and conditions, and to be providing the representations, warranties, indemnities, agreements, acknowledgements and undertakings, contained in these terms and conditions.
- b. The Joint Bookrunners are arranging the Equity Placings severally, and not jointly, nor jointly and severally, as agents of the Company.
- c. Participation in the Equity Placings will only be available to persons who are Relevant Persons and who may lawfully be and are invited to participate by any of the Joint Bookrunners. The Joint Bookrunners and their respective affiliates are entitled to enter bids as principal in the Bookbuild.
- d. To bid in the Bookbuild, Placees should communicate their bid by telephone or in writing to their usual sales contact at any Joint Bookrunner. Each bid should state the aggregate number of Firm Placing Shares and Open Offer Shares which the Placee wishes to acquire or the total monetary amount which it wishes to commit to acquire Placing Shares at the Offer Price. Bids may be scaled down by the Joint Bookrunners on the basis referred to in paragraph (k) below.
- e. The Bookbuild is expected to close no later than 4.00 p.m. on 7 May 2020 but may close earlier or later, at the discretion of the Joint Bookrunners and the Company. The timing of the closing of the books and allocations will be agreed between the Joint Bookrunners and the Company following completion of the Bookbuild. The Joint Bookrunners may, in agreement with the Company, accept offers to acquire Placing Shares that are received after the Bookbuild has closed.
- f. An offer to acquire Placing Shares in the Bookbuild will be made on the basis of these terms and conditions (which shall be deemed to be incorporated in such offer) and the Placing Proof and will be legally binding on the Placee by which, or on behalf of which, it is made and will not be capable of variation or revocation.
- g. Subject to paragraph (e) above, the Joint Bookrunners reserve the right not to accept an offer to acquire Placing Shares, either in whole or in part, on the basis of allocations agreed with the Company and may scale down any offer to acquire Placing Shares for this purpose.
- h. If successful, each Placee's allocation will be confirmed to it by the Joint Bookrunners following the close of the Bookbuild. Oral or written confirmation (at the Joint Bookrunners' discretion) from the Joint Bookrunners to such Placee confirming its allocation will constitute a legally binding commitment upon such Placee (who at that point will become a Placee), in favour of the Joint Bookrunners and the Company to acquire the number of Placing Shares allocated to it (and in the respective numbers of Firm Placing Shares and Open Offer Shares (subject to clawback) so allocated) on the terms and conditions set out herein (which shall be deemed to be incorporated in such legally binding commitment). Each Placee will have an immediate, separate, irrevocable and binding obligation, owed to the Joint Bookrunners, to pay to the Joint Bookrunners (or as the Joint Bookrunners may direct) as agent for the Company in cleared funds an amount equal to the product of the Offer Price and the sum of the number of Firm Placing Shares and, once apportioned after clawback (in accordance with the procedure described in the paragraph entitled "*Placing Procedure*" below), the Open Offer Shares, which such Placee has agreed to acquire.
- i. Each Placee's allocation and commitment together with settlement arrangements will be confirmed by an electronic contract note and/or electronic trade confirmation issued to such Placee by one of the Joint Bookrunners in due course.
- j. The Company will make a further announcement detailing the number of Placing Shares to be issued. It is expected that such announcement will be made as soon as practicable after the close of the Bookbuild.
- k. Subject to paragraphs (g) and (h) above, the Joint Bookrunners reserve the right not to accept bids or to accept bids, either in whole or in part, on the basis of allocations determined at the Joint Bookrunners' discretion and may scale down any bids as the Joint Bookrunners may determine, subject to agreement with the Company. The acceptance of bids shall be at the Joint Bookrunners' absolute discretion, subject to agreement with the Company.
- l. Irrespective of the time at which a Placee's allocation(s) pursuant to the Equity Placings is/are confirmed, settlement for all Placing Shares to be acquired pursuant to the Firm Placing will be required to be made at the time specified and all Placing Shares to be acquired pursuant to the Placing will be required to be made at the later time specified, on the basis explained below under the paragraph entitled "*Registration and Settlement*".
- m. Commissions are payable to Placees in respect of the Placing. No commissions are payable to Placees in respect of the Firm Placing.
- n. By participating in the Bookbuild, each Placee agrees that its rights and obligations in respect of the Firm Placing and/or the Placing will terminate only in the circumstances described below and will not be capable of rescission or termination by the Placee. All obligations under the Equity Placings will be subject to the fulfilment of the conditions referred to below under the paragraph entitled "*Conditions of the Equity Placings and Termination of the Placing Agreement*".

- o. To the fullest extent permissible by law, no Joint Bookrunner nor any of its affiliates nor any of its or their respective affiliates' agents, directors, officers or employees, respectively, shall have any liability to Placees (or to any other person whether acting on behalf of a Placee or otherwise). In particular, no Joint Bookrunner nor any of its affiliates nor any of its or their respective affiliates' agents, directors, officers or employees, respectively, shall have any liability (including, to the extent permissible by law, any fiduciary duties) to Placees (or to any person whether acting on behalf of a Placee or otherwise) in respect of the Joint Bookrunners' conduct of the Bookbuild or of such alternative method of effecting the Equity Placings as the Joint Bookrunners and the Company may agree.

Conditions of the Equity Placings and Termination of the Placing Agreement

Placees will only be called on to acquire Placing Shares if the obligations of the Banks under the Placing Agreement have become unconditional in all respects and the Banks have not terminated the Placing Agreement prior to Admission.

The Joint Bookrunners' obligations under the Placing Agreement in respect of the Firm Placing and the Placing and Open Offer are conditional upon, inter alia:

- (a) the Prospectus being approved pursuant to the Prospectus Regulation Rules by the FCA not later than 5.00 p.m. on 7 May 2020;
- (b) Admission occurring not later than 8.00 a.m. on 29 May 2020 (or such later time and/or date (being not later than 8.00 a.m. on 12 June 2020) as the Company and the Banks may agree);
- (c) the passing of the Resolution (without material amendment) at the General Meeting on 27 May 2020 (or such later date as the Banks may agree) and the Resolution remaining in force;
- (d) the warranties given by the Company to the Banks as contained in the Placing Agreement being (in the good faith opinion of a Bank) true, accurate and not misleading on and as of the date of the Placing Agreement and at all times between the date of the Placing Agreement and Admission, by references to the facts and circumstances from time to time subsisting, save where such non-compliance is not, in the good faith opinion of a Bank, material in the context of the Capital Raising, Admission or the underwriting of the New Ordinary Shares;
- (e) the agreements and/or waivers entered into by the Company and/or its subsidiaries with the Company's lenders and pension scheme trustees referred to in the announcement titled "Fully Underwritten Capital Raising of up to £100 million" made by the Company on 11 March 2020 not having been terminated and remaining in full force and effect and no event or circumstance arising which would result in the Company being in breach of any terms of such agreements and/or waivers;
- (f) there not having occurred, in the opinion of a Bank (acting in good faith), a material adverse change (as such term is defined in the Placing Agreement) at any time prior to Admission; and
- (g) there not having occurred any event referred to in Article 23 of the Prospectus Regulation and/or Article 18 of Regulation (EU) 2019/979 arising between the time of publication of the Prospectus and Admission and no supplementary prospectus being required to be published by or on behalf of the Company prior to Admission.

The Placing Agreement can be terminated at any time before Admission by any Bank by giving notice to the Company in certain circumstances, including (but not limited to): (a) where any of the relevant Conditions in the Placing Agreement are not satisfied at the required times (unless waived); (b) where there has been a breach by the Company of any of the undertakings in the Placing Agreement or any of the representations and warranties given by the Company in the Placing Agreement is or has become untrue, inaccurate or misleading, which in the good faith opinion of a Bank, is material in the context of the Capital Raising, Admission or the underwriting of the New Ordinary Shares; (c) in the good faith opinion of a Bank, the occurrence of a material adverse change; or (d) the occurrence of a force majeure event.

If any Condition has not been satisfied, has not been waived by the Banks or has become incapable of being satisfied (and is not waived by the Banks as described below) or if the Placing Agreement is terminated, all obligations under these terms and conditions will automatically terminate. By participating in the Equity Placings, each Placee agrees that its rights and obligations hereunder are conditional upon the Placing Agreement becoming unconditional in all respects in respect of the Firm Placing (in respect of Firm Placing Shares acquired under the Firm Placing) and/or in respect of the Placing (in respect of Open Offer Shares acquired under the Placing) and that its rights and obligations will terminate only in the circumstances described above and will not be capable of rescission or termination by it after oral or written confirmation by the Joint Bookrunners (at the Joint Bookrunners' discretion) following the close of the Bookbuild.

The Banks may in their absolute discretion in writing waive fulfilment of certain of the Conditions in the Placing Agreement or extend the time provided for fulfilment of such Conditions. Any such extension or waiver will not affect Placees' commitments as set out in these terms and conditions.

By participating in the Equity Placings each Placee agrees that the exercise by the Company or any Bank of any right or other discretion under the Placing Agreement shall be within the absolute discretion of the Company and each Bank (as the case may be) and that neither the Company nor any Bank need make any reference to such Placee (or to any other person whether acting on behalf of any Placee or otherwise) and that neither the Company nor any Bank shall have any liability to such Placee (or to any other person whether acting on behalf of any Placee or otherwise) whatsoever in connection with any such exercise.

Neither the Company nor any Bank shall have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision made by the Banks as to whether or not to waive or to extend the time and/or date for the fulfilment of any condition in the Placing Agreement and/or whether or not to exercise any such termination right.

Withdrawal Rights

Placees acknowledge that their acceptance of any of the Placing Shares is not by way of acceptance of the public offer made in the

Prospectus and (if applicable) the Application Form but is by way of a collateral contract and as such section 87Q of the FSMA does not entitle Placees to withdraw in the event that the Company publishes a supplementary prospectus in connection with the Firm Placing and Placing and Open Offer or Admission. If, however, a Placee is entitled to withdraw, by accepting the offer of a placing participation, the Placee agrees to confirm their acceptance of the offer on the same terms immediately after such right of withdrawal arises.

Placing Procedure

Placees shall acquire the Firm Placing Shares and Open Offer Shares to be issued pursuant to the Equity Placings (after clawback) and any allocation of the Firm Placing Shares and Open Offer Shares (subject to clawback) to be issued pursuant to the Equity Placings will be notified to them on or around 7 May 2020 (or such other time and/or date as the Company and the Joint Bookrunners may agree).

Placees will be called upon to acquire, and shall acquire, the Open Offer Shares only to the extent that valid applications by Qualifying Shareholders under the Open Offer are not received by 11.00 a.m. on 27 May 2020 or if applications have otherwise not been deemed to be valid in accordance with the Prospectus and the Application Form.

Payment in full for any Firm Placing Shares and Open Offer Shares so allocated in respect of the Equity Placings at the Offer Price must be made by no later than 27 May 2020 (or such other date as shall be notified to each Placee by the relevant Joint Bookrunner) on the closing date for the Firm Placing and the closing date for the Open Offer, respectively (or such other time and/or date as the Company and the Joint Bookrunners may agree). The Joint Bookrunners will notify Placees if any of the dates in these terms and conditions should change, including as a result of delay in the posting of the Prospectus, the Application Forms or the crediting of the Open Offer Entitlements in CREST or the production of a supplementary prospectus or otherwise.

Registration and Settlement

Settlement of transactions in the Placing Shares following Admission will take place within the CREST system, subject to certain exceptions. The Joint Bookrunners and the Company reserve the right to require settlement for, and delivery of, the Placing Shares to Placees by such other means that they deem necessary if delivery or settlement is not possible within the CREST system within the timetable set out in the Placing Proof and/or Prospectus or would not be consistent with the regulatory requirements in the Placee's jurisdiction. Each Placee will be deemed to agree that it will do all things necessary to ensure that delivery and payment is completed in accordance with either the standing CREST or certificated settlement instructions which they have in place with the relevant Joint Bookrunner.

Settlement for the Equity Placings will be on a T+2 and delivery versus payment basis and settlement is expected to take place on or around 29 May 2020. Each Placee is deemed to agree that if it does not comply with these obligations, the Joint Bookrunners may sell any or all of the Placing Shares allocated to it on its behalf and retain from the proceeds, for its own account and benefit, an amount equal to the aggregate amount owed by the Placee. By communicating a bid for Placing Shares, each Placee confers on the Joint Bookrunners all such authorities and powers necessary to carry out any such sale and agrees to ratify and confirm all actions which the Joint Bookrunners lawfully take in pursuance of such sale. The relevant Placee will, however, remain liable for any shortfall below the aggregate amount owed by it and may be required to bear any stamp duty or stamp duty reserve tax which may arise upon any transaction in the Placing Shares on such Placee's behalf.

Acceptance

By participating in the Equity Placings, a Placee (and any person acting on such Placee's behalf) irrevocably acknowledges, confirms, undertakes, represents, warrants and agrees (as the case may be) with the Banks and the Company, the following:

1. in consideration of its allocation of a placing participation, to acquire at the Offer Price for any Placing Shares comprised in its allocation for which it is required to acquire pursuant to these terms and conditions, subject in respect of the conditional Placing only to clawback of the Open Offer Shares in respect of valid applications from Qualifying Shareholders in the Open Offer;
2. it has read and understood this announcement (including these terms and conditions) and the Placing Proof in their entirety and that it has neither received nor relied on any information given or any investigations, representations, warranties or statements made at any time by any person in connection with Admission, the Equity Placings, the Company, the New Ordinary Shares, or otherwise, other than the information contained in this announcement (including these terms and conditions) and the Placing Proof that in accepting the offer of its placing participation it will be relying solely on the information contained in this announcement (including these terms and conditions) and the Placing Proof, receipt of which is hereby acknowledged, and undertakes not to redistribute or duplicate such documents;
3. its oral or written commitment will be made solely on the basis of the information set out in this announcement, the Placing Proof and the information publicly announced to a Regulatory Information Service by or on behalf of the Company on or prior to the date of this announcement, such information being all that such Placee deems necessary or appropriate and sufficient to make an investment decision in respect of the Placing Shares and that it has neither received nor relied on any other information given, or representations or warranties or statements made, by any Bank or the Company nor any of their respective affiliates and no Bank nor the Company will be liable for any Placee's decision to participate in the Firm Placing and/or the Placing based on any other information, representation, warranty or statement;
4. the content of this announcement, these terms and conditions and the Placing Proof are exclusively the responsibility of the Company and agrees that no Bank nor any of its affiliates nor any person acting on behalf of any of such persons will be responsible for or shall have liability for any information, representation or statements contained therein or any information previously published by or on behalf of the Company, and no Bank nor the Company nor any of their respective affiliates or any person acting on behalf of any such person will be responsible or liable for a Placee's decision to accept its placing participation;
5. (i) it has not relied on, and will not rely on, any information relating to the Company contained or which may be contained in any research report or investor presentation prepared or which may be prepared by any Bank or any of its affiliates; (ii) no

Bank nor any of its affiliates nor any person acting on behalf of any of such persons has or shall have any responsibility or liability for public information relating to the Company; (iii) no Bank nor any of its affiliates nor any person acting on behalf of any of such persons has or shall have any responsibility or liability for any additional information that has otherwise been made available to it, whether at the date of publication of such information, the date of these terms and conditions or otherwise; and that (iv) no Bank nor any of its affiliates nor any person acting on behalf of any of such persons makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of any such information referred to in (i) to (iii) above, whether at the date of publication of such information, the date of this announcement or otherwise;

6. it has made its own assessment of the Company and has relied on its own investigation of the business, financial or other position of the Company in deciding to participate in the Equity Placings, and has satisfied itself concerning the relevant tax, legal, currency and other economic considerations relevant to its decision to participate in the Firm Placing and/or the Placing;
7. it is acting as principal only in respect of the Equity Placings or, if it is acting for any other person: (i) it is duly authorised to do so and has full power to make the acknowledgments, representations and agreements herein on behalf of each such person; (ii) it is and will remain liable to the Company and the Joint Bookrunners for the performance of all its obligations as a Placee in respect of the Equity Placings (regardless of the fact that it is acting for another person); (iii) if it is in the United Kingdom, it is a person who has professional experience in matters relating to investments and who falls within the definition of "investment professionals" in Article 19(5) of the Order or who falls within Article 49(2) of the Order and it is a "qualified investor" within the meaning of Article 2(e) of the Prospectus Regulation; (iv) if it is in a member state of the EEA, it is Qualified Investor; and (v) if it is a financial intermediary, as that term is used in Article 2(d) of the Prospectus Regulation, the Placing Shares acquired by it in the Equity Placings are not being acquired on a non-discretionary basis for, or on behalf of, nor will they be acquired with a view to their offer or resale to persons in a member state of the EEA or to which the Prospectus Regulation otherwise applies in circumstances which may give rise to an offer of shares to the public, other than their offer or resale to qualified investors or in circumstances in which the prior consent of the Joint Bookrunners has been given to the offer or resale;
8. if it has received any "inside information" (as defined in the market abuse regulation No. 596/2014) about the Company in advance of the Equity Placings, it has not (i) dealt in the securities of the Company; (ii) encouraged or required another person to deal in the securities of the Company; or (iii) disclosed such information to any person, prior to the information being made generally available;
9. it has complied with its obligations in connection with money laundering and terrorist financing under the Regulations and, if it is making payment on behalf of a third party, it has obtained and recorded satisfactory evidence to verify the identity of the third party as may be required by the Regulations;
10. it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to the Placing Shares in circumstances in which section 21(1) of FSMA does not require approval of the communication by an authorised person;
11. it is not acting in concert (within the meaning given in the City Code on Takeovers and Mergers) with any other Placee or any other person in relation to the Company;
12. it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Placing Shares in, from or otherwise involving the United Kingdom;
13. it and any person acting on its behalf is entitled to acquire the Placing Shares under the laws of all relevant jurisdictions and that it has all necessary capacity and has obtained all necessary consents and authorities to enable it to commit to this participation in the Equity Placings and to perform its obligations in relation thereto (including, without limitation, in the case of any person on whose behalf it is acting, all necessary consents and authorities to agree to the terms set out or referred to in these terms and conditions);
14. unless otherwise agreed by the Company (after agreement with the Joint Bookrunners), it is not, and at the time the Placing Shares are acquired will not be, subscribing for and on behalf of a resident of Australia, Canada, Japan, New Zealand, Switzerland, the Republic of South Africa, the United States of America or any other Restricted Jurisdiction and further acknowledges that the Placing Shares have not been and will not be registered under the securities legislation of any Restricted Jurisdiction and, subject to certain exceptions, may not be offered, sold, transferred, delivered or distributed, directly or indirectly, in or into those jurisdictions;
15. it does not expect the Banks to have any duties or responsibilities towards it for providing protections afforded to clients under the Rules or advising it with regard to the Placing Shares and that it is not, and will not be, a client of any of the Banks as defined by the Rules. Likewise, any payment by it will not be treated as client money governed by the Rules;
16. any exercise by a Bank of any right to terminate the Placing Agreement or of other rights or discretions under the Placing Agreement or the Equity Placings shall be within that Bank's absolute discretion and no Bank shall have any liability to it whatsoever in relation to any decision to exercise or not to exercise any such right or the timing thereof;
17. neither it, nor the person specified by it for registration as a holder of Placing Shares is, or is acting as nominee(s) or agent(s) for, and that the Placing Shares will not be allotted to, a person/person(s) whose business either is or includes issuing depository receipts or the provision of clearance services and therefore that the issue to the Placee, or the person specified by the Placee for registration as holder, of the Placing Shares will not give rise to a liability under any of sections 67, 70, 93 and 96 of the Finance Act 1986 (depository receipts and clearance services) and that the Placing Shares are not being acquired in connection with arrangements to issue depository receipts or to issue or transfer Placing Shares into a clearance system;
18. it has the funds available to pay for, and will make payment to the Joint Bookrunners (as the Joint Bookrunners may direct) for, the Placing Shares allocated to it in accordance with the terms and conditions of this announcement on the due times

and dates set out in this announcement, failing which the relevant Placing Shares may be sold to or placed with other persons on such terms as the Joint Bookrunners determine in their absolute discretion without liability to the Placee and on the basis that such Placee will remain liable for any shortfall below the net proceeds of such sale and the placing proceeds of such Placing Shares and may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties due pursuant to the terms set out or referred to in this announcement) which may arise upon the sale of such Placee's Placing Shares on its behalf;

19. the person who it specifies for registration as holder of the Placing Shares will be (i) itself or (ii) its nominee, as the case may be, and acknowledges that the Banks and the Company will not be responsible for any liability to pay stamp duty or stamp duty reserve tax (together with interest and penalties) resulting from a failure to observe this requirement; and each Placee and any person acting on behalf of such Placee agrees to participate in the Equity Placings on the basis that the Placing Shares will be allotted to a CREST stock account of one of the Joint Bookrunners who will hold them as nominee on behalf of the Placee until settlement in accordance with its standing settlement instructions with it;
20. where it is acquiring Placing Shares for one or more managed accounts, it is authorised in writing by each managed account to acquire Placing Shares for that managed account;
21. if it is a pension fund or investment company, its acquisition of any Placing Shares is in full compliance with applicable laws and regulations;
22. it has not offered or sold and will not offer or sell any New Ordinary Shares to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in the United Kingdom within the meaning of section 85(1) of the FSMA;
23. it has not offered or sold and will not offer or sell any New Ordinary Shares to persons in any member state of the EEA prior to Admission except to persons whose ordinary activities involve them acquiring, holding, managing or disposing of investments (as principal or agent) for the purpose of their business or otherwise in circumstances which have not resulted and will not result in an offer to the public in any member state of the EEA within the meaning of the Prospectus Regulation;
24. participation in the Equity Placings is on the basis that, for the purposes of the Equity Placings, it is not and will not be a client of any Bank and that no Bank has any duties or responsibilities to it for providing the protections afforded to such Bank's clients nor for providing advice in relation to the Equity Placings nor in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement or the contents of these terms and conditions;
25. to provide the Banks with such relevant documents as they may reasonably request to comply with requests or requirements that either they or the Company may receive from relevant regulators in relation to the Equity Placings, subject to its legal, regulatory and compliance requirements and restrictions;
26. any agreements entered into by it pursuant to these terms and conditions shall be governed by and construed in accordance with the laws of England and Wales and it submits (on its behalf and on behalf of any Placee on whose behalf it is acting) to the exclusive jurisdiction of the English courts as regards any claim, dispute or matter arising out of any such contract, except that enforcement proceedings in respect of the obligation to make payment for the Placing Shares (together with any interest chargeable thereon) may be taken by the Banks in any jurisdiction in which the relevant Placee is incorporated or in which any of its securities have a quotation on a recognised stock exchange;
27. to fully and effectively indemnify and hold harmless the Company and the Banks and each of their respective Indemnified Persons from and against any and all losses, claims, damages, liabilities and expenses (including legal fees and expenses) (i) arising from any breach by such Placee of any of the provisions of these terms and conditions and (ii) incurred by any Indemnified Person arising from the performance of the Placee's obligations as set out in these terms and conditions;
28. in making any decision to acquire Placing Shares: (i) it has knowledge and experience in financial, business and international investment matters as is required to evaluate the merits and risks of acquiring the Placing Shares; (ii) it is experienced in investing in securities of this nature and is aware that it may be required to bear, and is able to bear, the economic risk of, and is able to sustain a complete loss in connection with, the Placing; (iii) it has relied on its own examination, due diligence and analysis of the Company and its affiliates taken as a whole (including the markets in which the Group operates) and the terms of the Equity Placings (including the merits and risks involved); (iv) it has had sufficient time to consider and conduct its own investigation with respect to the offer and purchase of the Placing Shares, including the legal, regulatory, tax, business, currency and other economic and financial considerations relevant to such investment; and (v) will not look to the Banks, any of their respective affiliates or any person acting on their behalf for all or part of any such loss or losses it or they may suffer;
29. the Banks and the Company and their respective affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and undertakings which are irrevocable; and
30. its commitment to acquire Placing Shares will continue notwithstanding any amendment that may in future be made to the terms and conditions of the Firm Placing and/or the Placing, and that Placees will have no right to be consulted or require that their consent be obtained with respect to the Company's or the Joint Bookrunners' conduct of the Firm Placing and/or the Placing.

Please also note that the agreement to allot and issue Placing Shares to Placees (or the persons for whom Placees are contracting as agent) free of stamp duty and stamp duty reserve tax in the UK relates only to their allotment and issue to Placees, or such persons as they nominate as their agents, direct from the Company for the Placing Shares in question. Such agreement assumes that such Placing Shares are not being acquired in connection with arrangements to issue depositary receipts or to transfer such Placing Shares into a clearance service. If there were any such arrangements, or the settlement related to other dealing in such Placing Shares, stamp duty or stamp duty reserve tax may be payable, for which neither the Company nor the Banks would be responsible and Placees shall indemnify the Company and the Banks on an after-tax basis for any stamp duty or stamp duty

reserve tax paid by them in respect of any such arrangements or dealings. Furthermore, each Placee agrees to indemnify on an after-tax basis and hold each of the Banks and/or the Company and their respective affiliates harmless from any and all interest, fines or penalties in relation to stamp duty, stamp duty reserve tax and all other similar duties or taxes to the extent that such interest, fines or penalties arise from the unreasonable default or delay of that Placee or its agent. If this is the case, it would be sensible for Placees to take their own advice and they should notify the relevant Bank accordingly. In addition, Placees should note that they will be liable for any capital duty, stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the UK by them or any other person on the acquisition by them of any Placing Shares or the agreement by them to acquire any Placing Shares.

Selling Restrictions

By participating in the Equity Placings, a Placee (and any person acting on such Placee's behalf) irrevocably acknowledges, confirms, undertakes, represents, warrants and agrees (as the case may be) with the Banks and the Company, the following:

1. it is not a person who has a registered address in, or is a resident, citizen or national of, a country or countries, in which it is unlawful to make or accept an offer to acquire Placing Shares;
2. it has fully observed and will fully observe the applicable laws of any relevant territory, including complying with the selling restrictions set out herein and obtaining any requisite governmental or other consents and it has fully observed and will fully observe any other requisite formalities and pay any issue, transfer or other taxes due in such territories;
3. if it is in the United Kingdom, it is a person who has professional experience in matters relating to investments and who falls within the definition of "investment professionals" in Article 19(5) of the Order or who falls within Article 49(2) of the Order and it is a Qualified Investor;
4. if it is in a member state of the EEA, it is a "Qualified Investor";
5. it is a person whose ordinary activities involve it (as principal or agent) in acquiring, holding, managing or disposing of investments for the purpose of its business and it undertakes that it will (as principal or agent) acquire, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business;
6. it is and, at the time the Placing Shares are purchased, will be outside the United States, purchasing in an offshore transaction pursuant to Regulation S;
7. none of the Placing Shares have been or will be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States; and
8. it (on its behalf and on behalf of any Placee on whose behalf it is acting) has (a) fully observed the laws of all relevant jurisdictions which apply to it; (b) obtained all governmental and other consents which may be required; (c) fully observed any other requisite formalities; (d) paid or will pay any issue, transfer or other taxes; (e) not taken any action which will or may result in the Company or the Banks (or any of them) being in breach of a legal or regulatory requirement of any territory in connection with the Equity Placings; (f) obtained all other necessary consents and authorities required to enable it to give its commitment to acquire the relevant Placing Shares; and (g) the power and capacity to, and will, perform its obligations under the terms contained in these terms and conditions.

Miscellaneous

If a Placee is entitled to participate in the Open Offer by virtue of being a Qualifying Shareholder it will be able to apply to subscribe for Open Offer Shares under the terms and conditions of the Open Offer. Unless otherwise agreed with the Joint Bookrunners, any participation by a Placee as a Qualifying Shareholder in the Open Offer will not reduce such Placee's commitment in respect of its placing participation.

The Company reserves the right to treat as invalid any application or purported application for Placing Shares that appears to the Company or its agents to have been executed, effected or dispatched from the United States or any other Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of the share certificates of Placing Shares in, or in the case of a credit of Open Offer Entitlements to a stock account in CREST, to a CREST member whose registered address would be in, the United States, any other Restricted Jurisdiction or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates or make such a credit.

When a Placee or person acting on behalf of the Placee is dealing with any of the Joint Bookrunners, any money held in an account with any of the Joint Bookrunners on behalf of the Placee and/or any person acting on behalf of the Placee will not be treated as client money within the meaning of the rules and regulations of the FCA made under the FSMA. The Placee acknowledges that the money will not be subject to the protections conferred by the client money rules; as a consequence, this money will not be segregated from the Joint Bookrunners' money in accordance with the client money rules and will be used by each Joint Bookrunner in the course of its own business; and the Placee will rank only as a general creditor of the relevant Joint Bookrunner.

Times

Unless the context otherwise requires, all references to time are to London time. All times and dates in these terms and conditions may be subject to amendment. The Joint Bookrunners will notify Placees and any persons acting on behalf of the Placees of any changes.

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