

Costain Board and senior leadership team agree 30% reduction in salaries and directors' fees for up to 3 months

March 31, 2020



Costain has revealed details of the impact of COVID-19 and the measures it is taking to safeguard its future.

The company provides infrastructure for the rail industry from major station projects to multi-disciplinary rail projects.

On-site construction activities which represents 30% of its revenues – including Crossrail and HS2 enabling works – have been paused during the coronavirus crisis.

In managing its response to COVID-19, Costain has outlined four priorities:

- Doing the right thing for society.
- Ensuring the safety and wellbeing of its workforce, supply chain partners, clients and the communities it works in.
- Continuing to support clients in the delivery of their critical national services.
- Protecting the financial strength of the company.

Costain says all employees who can work from home are now doing so and those recognised as essential workers are working in compliance, as a minimum, with the Government's prescriptive guidance to social distancing at work.

Among the measures to mitigate the financial impact of COVID-19 the company is:

- Making reductions to cost base and deferring capital expenditure.
- Taking advantage of the opportunity to defer PAYE and VAT payments.
- The Board and senior leadership team have agreed a 30% reduction in salaries and directors' fees for up to three months.

To safeguard jobs across Group it will make use of the Government's job retention scheme, and will 'furlough' the affected workforce, ensuring immediate remobilisation when conditions improve.

The Board had already taken the decision not to pay a final dividend in respect of the year ended 31 December 2019 at the time of its results on 11 March 2020.

As at 26 March 2020, the Group had £40m of cash, £90m share of cash in project bank accounts and joint operations and £166m of drawn debt. In addition, the Group has a further £71m of bank debt facilities.

Alex Vaughan, chief executive officer, said: "I would like to thank everyone who is supporting our business through this challenging period and in particular all our workforce who continue to work so professionally, as they always do, in supporting each other and meeting our clients' critical needs.

"We are continually monitoring and implementing the necessary measures to safeguard those who continue to work on essential projects across the UK. Our priorities remain their safety and wellbeing, doing the right thing for society, continuing to support our clients and protecting the financial strength of the Group.

"I am confident that the steps we are taking to manage our business through this uncertainty will ensure we are well placed to respond strongly once our operations can full resume."

Photo credit: Shutterstock