

# J Murphy & Sons: Strong financial performance in a challenging year alongside renewed sustainability commitments

June 30, 2021



J. Murphy & Sons Limited, the specialist engineering and construction company, has announced financial results for the year ended 31 December 2020.

Financial and operational highlights

- Improved, year-on-year increase in operating profit of £12.9m (2019: £1.1m) following a strong performance across the business
- Significant improvement in net cash reserves at £173.8m (2019: £71.1m)
- Total Group revenue up 26.5% in 2020 to £1,113.8m (2019: £875.2m), driven by strong contract momentum across the business
- Key contract wins across the business as a result of the Group's focused approach across core sectors of water, transport, construction & property, power and natural resources
- Launched updated sustainability strategy committing it to;
  - Investing £75 million over the next five years in state of the art, environmentally friendly plant, equipment and vehicles
  - Achieving a 50% net reduction in emissions by 2025
  - Becoming Carbon Net Zero by 2030 and Net Positive by 2050
  - Diverting 100% of avoidable waste from landfill by 2026
  - Utilising 100% renewable electricity across the business by 2025
  - Planting 5,000 trees per year, including 1 for every new starter at the firm.
- Decisive action taken to meet the challenges posed by COVID-19 to safeguard its people and projects, resulted in minimal disruption to operations and enabled continued investment in the business
- Positive start to 2021 with robust order book of over £1.6bn, providing strong visibility over remainder of the year with 60% of target secured for 2022 and 23% for 2023
- Sustainable growth plan remains focused on a disciplined approach to broadening capabilities in chosen sectors

Commenting on the results, CEO John Murphy said: "Despite the challenges of the COVID-19 pandemic, Murphy delivered a strong financial performance across all of our key markets and geographies, underlining the resilience of our business model, the quality of our client relationships and our improvements in contract selection and project controls.

"This performance is thanks to the commitment of our staff, the support from our supply chain and the flexibility of our clients and I want to thank to everyone who has come together during such a challenging period.

"In line with our purpose of improving lives by delivering world class infrastructure safely and reliably, we have also launched our updated sustainability strategy, focusing on two main areas of addressing Climate Action and Social Value. We have made firm commitments to deliver targeted and specific actions, helping our clients deliver responsibly and leaving a positive legacy on the communities where we work.

"The momentum we generated last year has continued into 2021 and we have strong visibility over the remainder of the year, as we continue to deliver vital infrastructure that is essential to our economies across the markets where we operate."

## 2020 Overview

During 2020, total Group revenue, including the jointly controlled entities, increased to £1,113.1m (2019:

£880.2m) due to an overall rise in activity across the business. The Group delivered a strong, year-on-year increase in operating profit of £12.9m (2019: £1.1m), driven by focussing on the basics of safer, reliable and more sustainable delivery across its operations.

In response to the uncertainty at the start of the COVID-19 pandemic, the Group's immediate priority was to safely protect its people and projects, both onsite and in support office locations. Social distancing measures and robust safety protocols were put in place and sustained across our sites, while staff who were able to work remotely were encouraged to do so. Its colleagues all played a vital role in meeting the challenges posed by COVID19, demonstrating remarkable resilience and commitment. The action taken to meet the challenges posed by COVID19 resulted in minimal disruption to the business.

2020 also saw the business generate positive cashflow and significantly improve its cash position, ending the year with net cash reserves of £173.8m (2019: £71.1m). This was mainly driven by improvements in commercial discipline which has reduced amounts recoverable on contracts despite the increase in activity.

### Sustainability

The Group says its overarching purpose is to deliver projects that improve lives. During 2020, the Group updated its sustainability strategy to support that vision, focusing on the two main areas of addressing Climate Action and Social Value.

To address climate action, the Group plans to invest £75 million over the next five years in state of the art, environmentally-friendly plant, equipment and vehicles as part of a broader vision to achieve a 50% net reduction in emissions and as part of a broader journey to becoming Carbon 'Net Positive' by 2050. It says its social value goal is focused on leaving a positive legacy in communities. It also focuses on making Murphy a great place to work, by attracting more talent through apprentice programs like Kickstart or more actively promoting careers in STEM subjects.

By 2026 the Group aims to divert 100% of avoidable waste from landfill while using 100% renewable electricity across the business. Murphy will also plant 5,000 trees per year, including 1 for every new starter at the firm.

### Current trading

The first half of 2021 has seen the Group build on the strong momentum it generated in 2020. This, alongside the Group's order book strength which, at period, stood at over £1.6bn, means that Murphy has entered the second half of the year with strong revenue visibility over the remainder of 2021, with both 2022 and 2023 underpinned by 60% and 23% revenue visibility respectively.

### Outlook and Strategy

The Group's strategy remains predominantly unchanged with management focused on pursuing the right opportunities in its core sectors and maintaining a strong balance sheet that will underpin organic growth, while simultaneously prioritising the ability to deliver safely, reliably and sustainably with respect for the

environment.

The performance of the Group in 2020, combined with the strong start to 2021, means that Murphy is well-placed to deliver on these longer-term ambitions.

The Group's emphasis on recruiting and developing its own people including significant ongoing investment in graduates and apprentices; building on the skills and expertise in its core sectors; and the Net Zero Carbon opportunities that its commitments to climate action and social value provide, will underpin its growth ambitions to continue delivering world class infrastructure for its clients.

Combined with the Group's prudent approach and the investments being made across the business, J. Murphy & Sons Limited has a solid foundation on which to build for a sustainable and successful future.

*Photo credit: Murphy*