



Presentation to Analysts

June 2004

Agenda



- Introduction
 - Justin Atkinson, Chief Executive



- Current trading
 - James Hind, Finance Director



- Efficiencies and new technologies
 - Wolfgang Sondermann, Managing Director, Continental Europe & Overseas



- Smart acquisitions and controlled organic growth
 - Bob Rubright, Managing Director, North America



- Summing up
 - Justin Atkinson, Chief Executive



Strategy

- To continue to enhance our international leadership in specialist ground engineering

- by
 - Organic growth
 - existing territories
 - new territories
 - new technologies

- by
 - Acquisitions

- in
 - United States
 - fragmented market
 - Europe (incl. UK)
 - South East Asia



Current Trading



- half year anticipated to be in line with expectations
- US performance underpinned by strong Suncoast recovery
 - price of strand continues to rise
 - Hayward Baker picked up in Q2
- Europe and Overseas performed well in mixed market conditions
 - Portuguese restructuring costs
- Makers impacted by contract losses in discontinued areas
 - expected to return to profitability during 2004
- order book at around 4 months' sales

Guidance



- US \$ translation impact: 5¢ change in average rate = £0.5m
- H1:H2 profit split in 2004 consistent with earlier years
 - typically 35% - 40% in H1
- usual cash outflow in H1 exacerbated by Suncoast working capital requirement
- gross capex will be less than in 2003
- improved UK result should lower effective tax rate BUT higher proportion of profit expected from US



Keller's Growth Formula
Efficiencies and New
Technologies

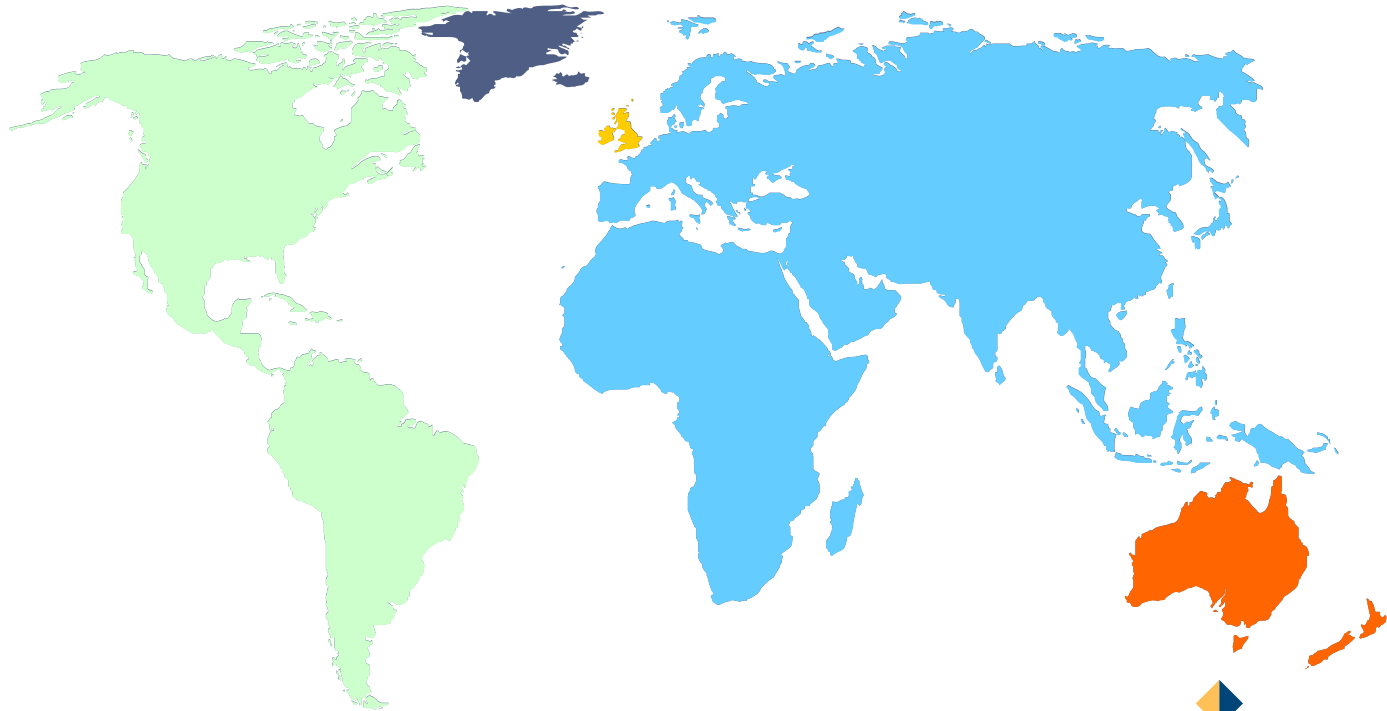
Wolfgang Sondermann
Managing Director
Continental Europe and Overseas

June 2004

Ground Engineering Worldwide

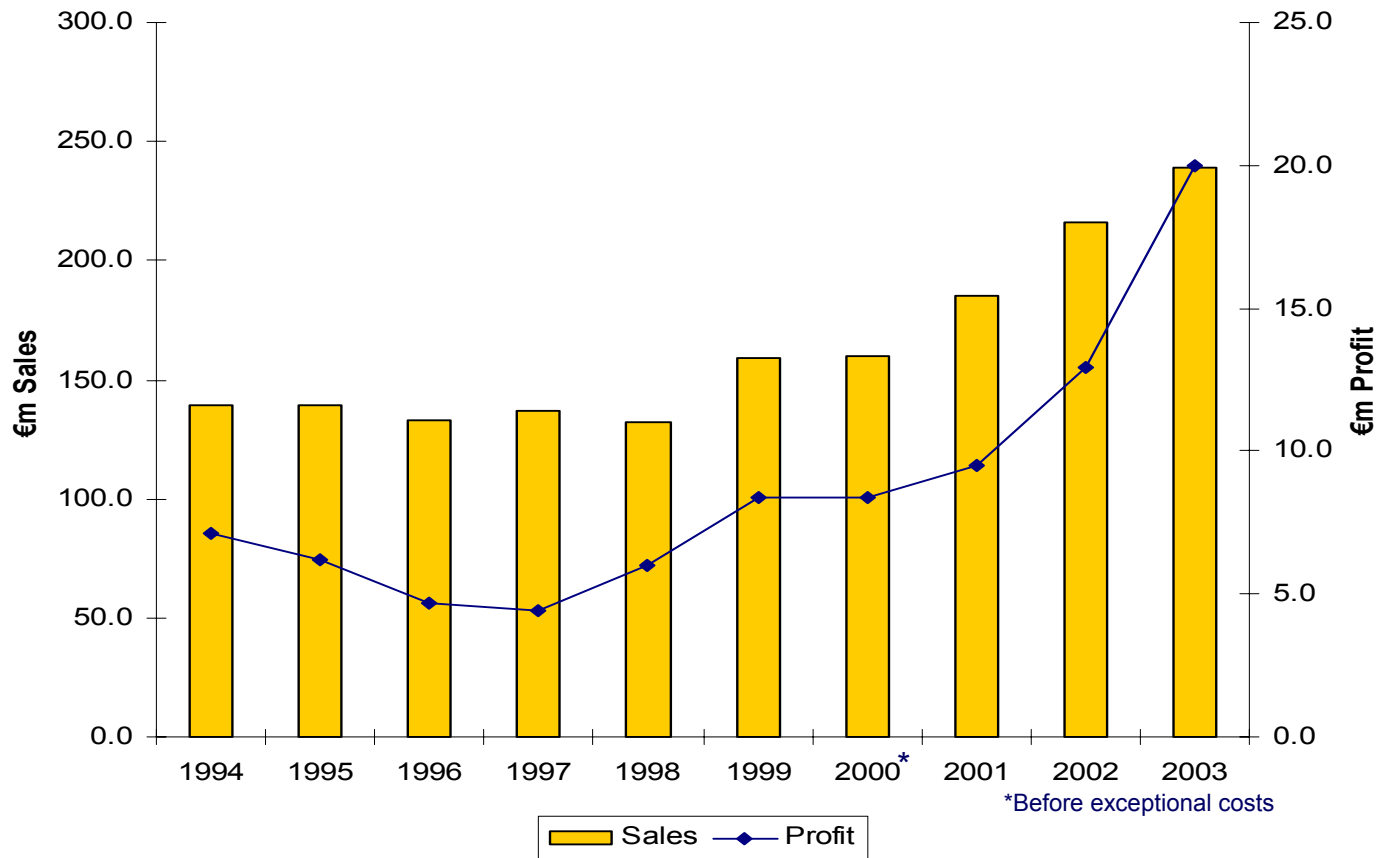


The Americas	United Kingdom	Continental Europe and Overseas	Australia
Keller Foundations Inc., USA	Keller Ltd., UK	Keller Holding GmbH, Germany	Keller Australia Pty Ltd Australia



Continental Europe & Overseas

Ten year track record

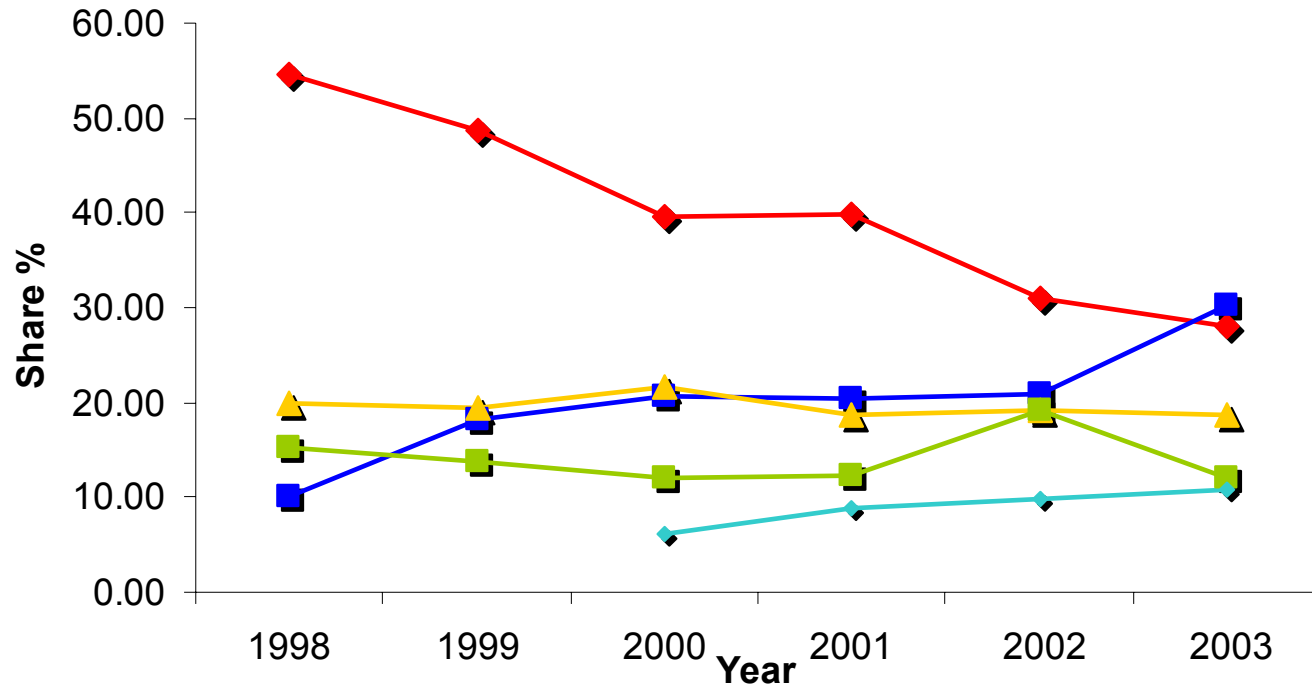


- German sales decline 24% (€21m) 1995-2003
- Keller-Terra first full year, 2003



Continental Europe & Overseas

Share of business units' sales



Central Europe South West Europe South East Europe Overseas Division Dev Bus



Efficiencies

What makes the difference in competitive markets?

Cost Leadership

Keller Core Competence in Cost Leadership

- close to clients with local offices; high technical reputation and competence
- strong decentralised technical competence to find best technology at lowest costs
- handling of small to medium sized jobs to the benefit of the client
- strong logistical power through centralised equipment allocation
- strong centralised financial, risk control and reporting functions



Efficiencies

What has Keller done to improve competitiveness in the past?



- reduction of labour costs through automation
- substitution of traditional products by transfer of cheaper products to new markets
- increase of productivity by redesign of equipment and re-engineering of production processes
- focus on core products in which Keller has high technical competence
- ongoing training of engineering staff



Efficiencies

An example in the German construction market

1. Market environment

- construction sector depressed since 1995 (30%+ decline)
- decrease in public spending in the last 4 to 5 years without increase in alternatives like PPP/BOT projects
- investors search only for low cost solutions

2. Challenges

- offer the cheapest solution
- find technical alternatives which fit requirements and save cost and time
- short delivery periods immediately after contract awards with adequate timing, logistics, equipment



Efficiencies

An example in the German construction market

3. Keller advantages in this environment

- experienced staff to design, estimate and deliver technical alternatives
- ground improvement methods require special experience and technical design capabilities
- ground improvement methods are normally a cheaper alternative to piling
- strong R&D capabilities and reputation to introduce new technologies and substitution products
- proper risk management to select projects with adequate risk/profit ratio

4. Results

- kept cost base in line with declining sale volume
- German business has remained profitable since 1996/1997



New Technologies

What is the target with developing/improving technologies?

Product Leadership

Challenges

- improvement in productivity
- reduction of mobilisation/demobilisation costs
- reduction of wear and tear costs
- reduction of maintenance time and cost
- reduction of repair time
- improvement of design, minimise over-engineering

New Technologies

New stronger and faster vibrator S 700 for vibro compaction works

- improvement of penetration by 50% compared to S 340
- improvement of productivity by 75% compared to S 340
- improvement of maintenance, increase in productivity
- reduced costs in wear and tear, cheaper materials
- improvement of repair by using components as tips, couplers, wearing plates, etc



New Technologies



New vibrocat and bottom feed vibrator for vibro replacement works

- improvement of productivity by more than 50%
- improvement of mob/demob time by more than 100%
- improvement of transportation → whole equipment as one piece without assembling/dismantling of parts
- improvement of production process by remote control automation



New Technologies



New Lime-C-shuttle and mixing tools

- improved effectiveness of dry mixing with improved mixing process (quality assurance)
- reduction in material consumption by improved feeding mechanism
- reduction in mobilisation and preparation time with labour saving appliance



New Technologies



New mixing plants for concrete-vibro columns

- independence from external concrete/material supply
- just-in-time mixing of material, reduction of over consumption, wastage
- reduction of material costs, independence from transport problems

New Technologies



New products/processes introduced to new markets in the past

- Lime Column Method (dry mixing) → Continental Europe, SEA
- Compaction grouting → Continental Europe, North Africa
- Controlled Modular Columns → North Africa
- Super jet grouting → Continental Europe, America
- Wet mixing/ jet grouting → Continental Europe



New Technologies

How do we introduce new technologies?

- Group Technology Committee improves transfer of information between business areas (knowledge engineering)
- regular product line meetings to transfer technical design requirements, advantages against substitution products
- international J.V. agreements with first applications in new markets
- central technical equipment development/design as an expert point of information
- support by knowledge holder in marketing, contracting, operations



New Technologies

How do we transfer technologies?

■ Initial step

- Internal information transfer of technical knowledge (design) technical limitations, quality assurance
- estimation of costs, productivity, equipment requirements
- marketing options, advantages, disadvantages against existing products in the new market

■ 2nd step

- promotion of product by presentations
- J.V. quotations
- J.V. performance

■ 3rd step

- licence agreements, technical and logistical support



New Technologies

Benefits of Technology Transfers

- more alternatives to find best solution for the client's benefit to protect cost leadership in recessive markets
- short cut for introduction of new technologies into new markets
- effective utilisation of R&D resources to cover more opportunities
- protection of market leadership by increase in Kellers' technology reputation





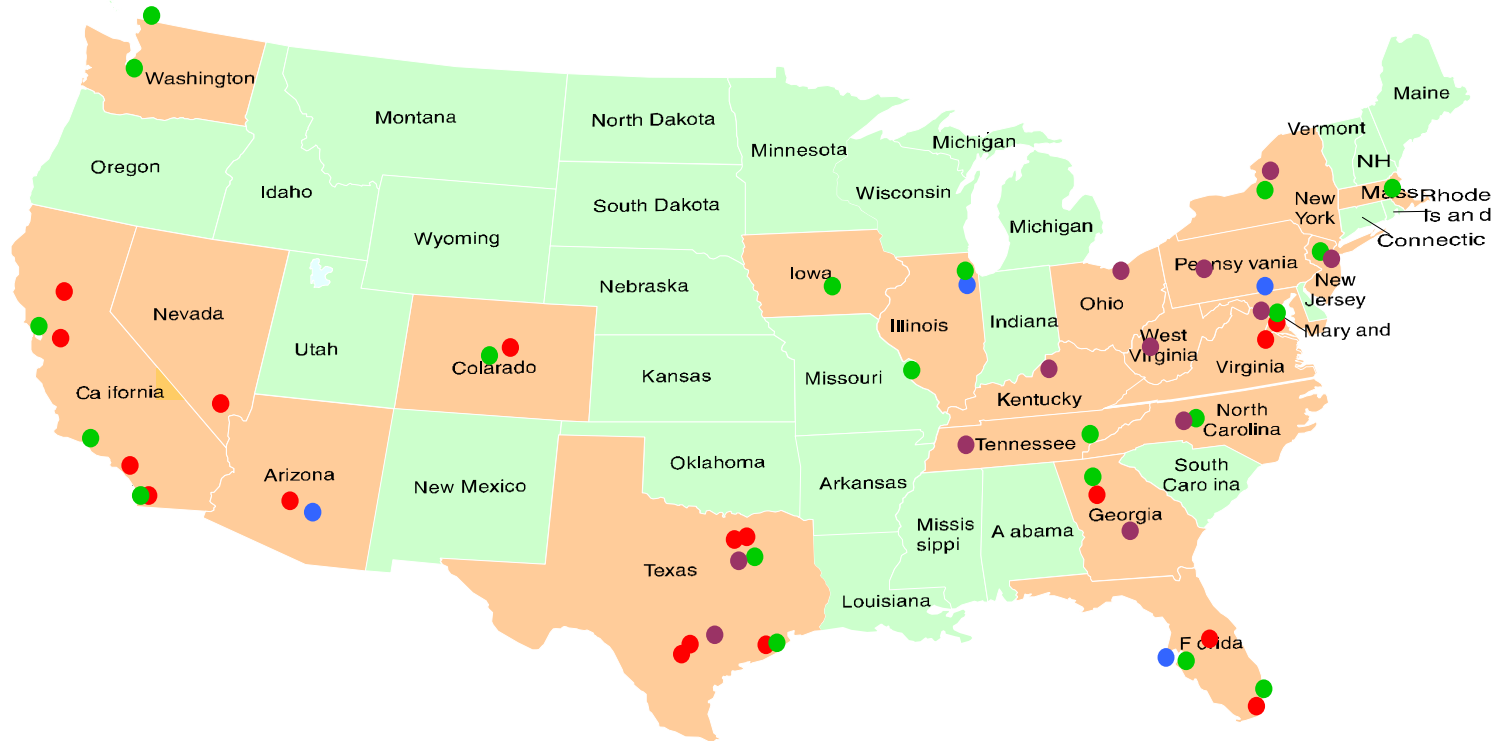
Keller's Growth Formula Smart Acquisitions and Controlled Organic Growth

Bob Rubright
Managing Director
Keller North America

June 2004



No. 1 US Ground Engineering Specialist



● Suncoast

● Case

● Hayward Baker

● McKinney



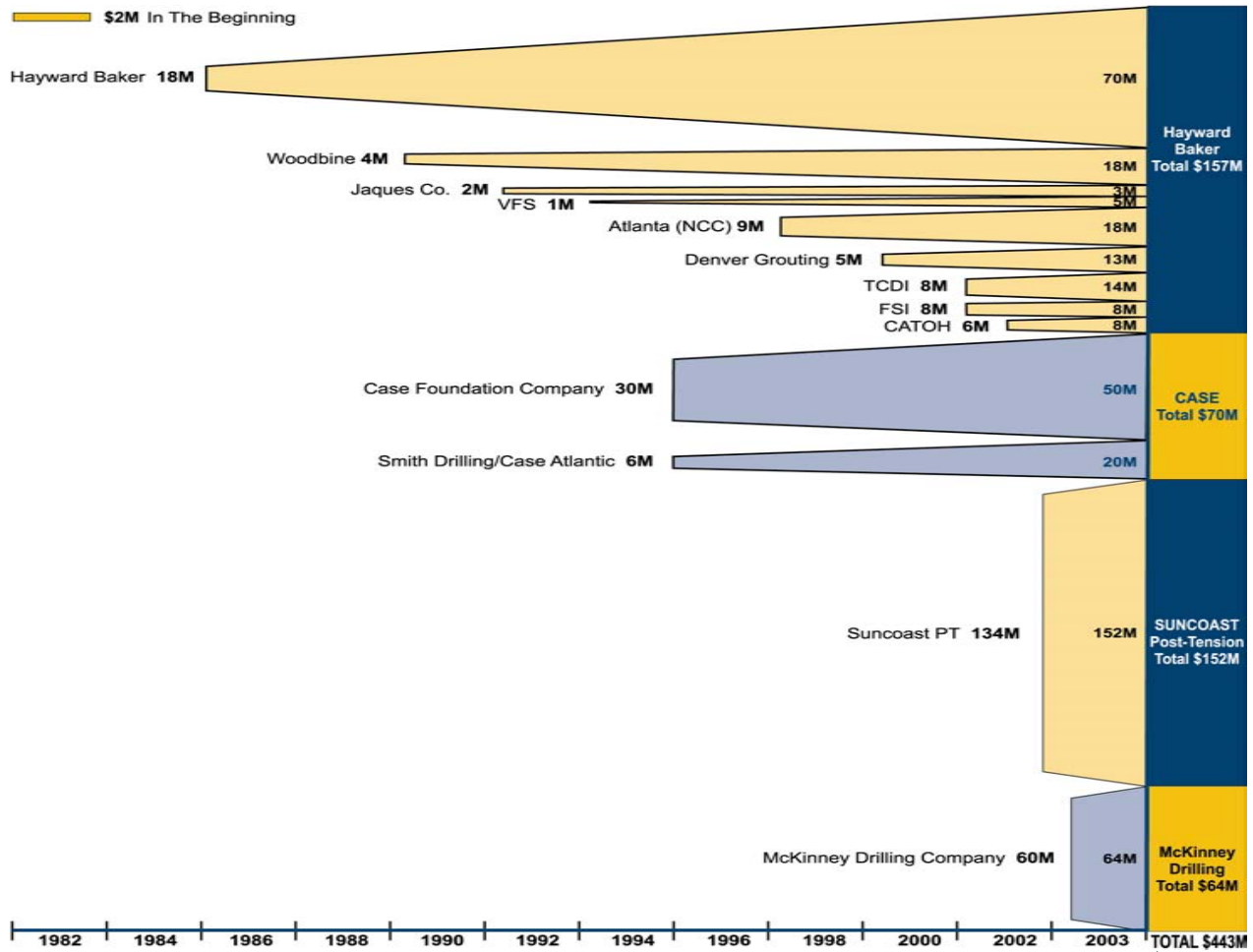
Keller North America 2003



- a \$450m business in 2003
- operating profit of \$31.6M...7.1% on turnover
- a synergistic mix of 13 acquisitions and controlled organic growth



Keller North America 2003



Keller North America: 1982 – 2003



- Keller has done an outstanding job of acquiring and growing businesses, especially in the US

- How have we done it?



Keller's Formula for Growth

#1 Pick a future winner

#2 Pay attention to culture

#3 Structure for growth

#4 Empowerment, with strong controls



#1 – Pick a Future Winner

Hayward Baker: A key Keller acquisition, has been the foundation for 8 'bolt-ons' and significant organic growth



#1 – Pick a Future Winner

- a sound business premise
 - Hayward Baker proved to be the ‘delivery vehicle’ for other Keller technology in the US
- people who are passionate about the business ... but don't own it!
 - a core of energetic employees, truly excited about their company and its prospects
- weaknesses in Keller's areas of strength
 - Keller's strong financial controls were essential for the growth of Hayward Baker over the years
- extensive due diligence performed by Keller... gives invaluable insight for future dealings
 - all of the bolt-on acquisitions have been extensively vetted by Keller's managers



#1 – *Pick a Future Winner*

The Rest of the Story...

- Hayward Baker has proved to be one of the best of Keller's acquisitions by growing almost tenfold through bolt-ons and organic growth
- premium margins and prestigious contracts have made Hayward Baker the envy of the industry
- geographic presence extended across the USA



#2 – *Pay Attention to Culture*

- always respect the culture of the business being acquired
- the leading cause of failure in acquisitions which fail to live up to expectations is the improper handling of ‘cultural’ issues
- Keller works hard to understand cultural issues before committing to the deal
- we then develop a strategy for dealing with the issues



#2 – Pay Attention to Culture

McKinney: An example of cultural differences



#2 – Pay Attention to Culture

McKinney Drilling Co.

- acquired at the end of 2002
- 2003 sales of \$64M
- 'family' owned since 1938
- a drilled shaft business very different from Case, Keller's other US drilled shaft business
- after extensive visits and discussions, Keller decided to run the business on a stand-alone basis



#2 – Pay Attention to Culture

The Rest of the Story...

- acquisition disturbance impacted early results followed by a clear improvement
- second year on-budget and a positive, succession driven reorganisation plan in effect



#3 – *Structure for Growth*

- Growth from synergies
 - cross fertilisation of products and customers
 - benefits of increased financial strength and expertise
 - shared technical and R&D support
 - cost efficiencies
- Organic growth
 - developing new markets
 - opening of new offices



#3 – *Structure for Growth*

TCDI – Synergy from a bolt-on acquisition



#3 – *Structure for Growth*

TCDI — Synergy from a ‘bolt-on’ acquisition.

- acquired in August, 2000: 2003 sales of \$12M
- General Manager was a minority owner (15%) who wanted to be part of Hayward Baker
- added other Keller technologies and financial strength to the strong local presence of the acquisition target
- TCDI fully assimilated into Hayward Baker
- continues to earn some of the best margins in the group



#3 – *Structure for Growth*

Suncoast PT – A bright future through organic growth



#3 – *Structure for Growth*

Suncoast PT— *A bright future through organic growth*

- acquired in September 2001
- 2003 sales of \$153M
- organic growth opportunities:
 - demographics/geographic expansion
 - building code changes
 - technology transfer
- Suncoast is expanding its locations and professional staff to capitalise on the growth



#4 – Empowerment, with Strong Controls

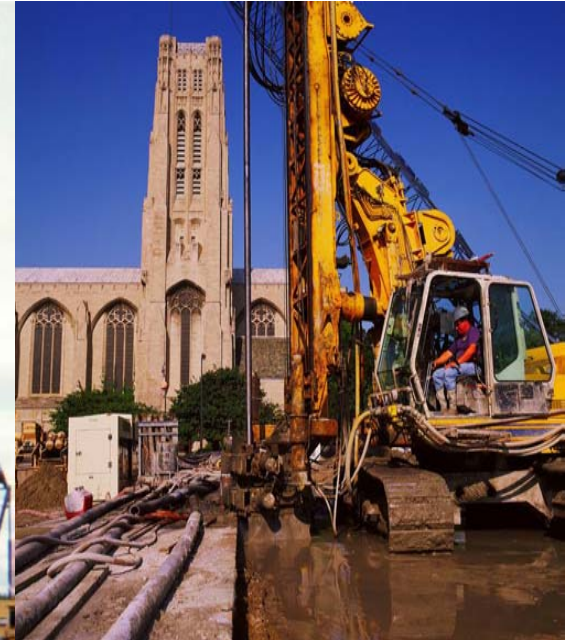


- Keller's highly decentralized structure allows decisions to be taken locally and improves responsiveness
- good people usually make good decisions when empowered to do so
- the quality of our people is one of the keys to our competitive edge
- Keller has been able to institute strong controls without stifling initiative or drive



#4 – Empowerment, with Strong Controls

Case Foundation Company — *Living up to its potential from within*



#4 – Empowerment, with Strong Controls



Case Foundation Company— *Living up to its potential from within*

- acquired in 1994
- 2003 sales of \$71M
- before acquisition, Case management was distracted by failed diversification attempts
- Keller's long term view, strong controls and incentives for key managers re-established a winning attitude



Keller's Growth Formula



- smart acquisitions and controlled organic growth
- pick a future winner
- pay attention to culture
- structure for growth
- empowerment, with strong controls



Summing up



- growth enabled by effective business model
 - solid organic growth record
 - new markets and new offices
 - strong track record of acquisition success
 - continued focus on technical innovation
 - transfer around Group's network
 - cost leader in mature markets
- A yellow downward-pointing arrow icon, indicating a result or conclusion.
- good long term record of growth in EPS and DPS