



Interim results
Half year ended 30 June 2004

August 2004

Profit and Loss Account

£m	Half Year 2004	Half Year 2003	% Change	Full Year 2003
Turnover	294.1	278.7	+6%	567.5
Operating profit*	13.3	14.9	-11%	32.8
Interest	(2.1)	(2.1)		(4.1)
Profit before tax*	11.2	12.8	-13%	28.7
Exceptional items	-	(0.7)		(3.1)
Amortisation	(1.4)	(1.9)		(10.8)
	9.8	10.2		14.8
Taxation	(4.4)	(4.1)		(10.7)
Profit after tax	5.4	6.1		4.1
Minority interests	(0.9)	(1.0)		(1.8)
	4.5	5.1		2.3
Adjusted earnings per share*	9.2p	11.6p	-21%	24.1p
Dividend per share	3.6p	3.45p	+4.3%	10.4p

* before amortisation of intangibles and 2003 exceptionals

- Adverse currency impact of £18m on turnover and £1.1m on PBT
- Makers loss of £0.8m (2003: £0.4m profit)
- Half year effective tax rate* up to 39% (H1 2003: 33%)



Operating Profit and Margin

(before amortisation of intangibles and 2003 exceptionals)



£m	Half Year 2004		Half Year 2003		Full Year 2003	
	Operating Profit	Margin	Operating Profit	Margin	Operating Profit	Margin
UK	(0.3)	-0.6%	0.9	1.6%	0.5	0.5%
USA	9.2	6.9%	9.1	7.0%	19.3	7.1%
Europe/Overseas	5.0	5.7%	5.5	6.9%	13.8	8.4%
Australia	0.9	4.7%	0.8	6.6%	2.0	7.2%
	14.8	5.0%	16.3	5.8%	35.6	6.3%
Central costs	(1.5)		(1.4)		(2.8)	
	13.3	4.5%	14.9	4.8%	32.8	5.8%

- Makers loss of £0.8m (2003: £0.4m profit)
- Group margin excluding Makers was 5.4% (2003: 5.9%)
- Suncoast margins restored
- Europe/Overseas margin affected by German performance and £0.4m restructuring costs in Portugal



Balance Sheet

£m	June 2004	June 2003	Dec 2003
Goodwill/intangibles	58.1	66.6	57.0
Tangible assets	79.3	83.6	82.2
	137.4	150.2	139.2
Stocks	21.8	17.4	16.9
Debtors	161.9	152.7	137.9
Creditors	(129.1)	(116.9)	(113.0)
Working capital	54.6	53.2	41.8
Provisions/long-term creditors	(8.9)	(8.5)	(8.7)
Capital employed	183.1	194.9	172.3
Tax/dividends	(13.0)	(10.1)	(11.9)
Deferred consideration	(1.3)	(3.2)	(2.1)
Net debt	(71.8)	(76.8)	(60.7)
Net assets	97.0	104.8	97.6



Cash Flow Statement

£m	Half Year 2004	Half Year 2003	Full Year 2003
Cash from operating activities	6.3	9.9	40.0
Capital expenditure - net	(5.5)	(7.5)	(13.4)
Financing costs	(3.9)	(2.4)	(5.0)
Taxation	(1.4)	(5.8)	(12.8)
Dividends	(4.4)	(4.4)	(6.5)
Free cash flow	(8.9)	(10.2)	2.3
Acquisitions	(2.8)	0.2	0.4
Share issues	-	0.1	0.1
Exchange differences	0.6	1.1	4.5
Net debt brought forward	(60.7)	(68.0)	(68.0)
Net debt carried forward	(71.8)	(76.8)	(60.7)

- Usual H1 outflow exacerbated by Suncoast additional working capital requirement



2004 Guidance

- 2004 H1: H2 profit split consistent with earlier years
 - typically 35%-40% in H1
- Translation impact
 - US\$ 5c change = £0.5m impact
 - € 5c change = £0.4m impact
- Full year tax rate similar to last year
- Working capital inflow in H2
- Net debt expected to reduce in H2 in line with usual seasonality



North America

Results

£m	Half Year 2004	Half Year 2003	% Change £	% Change \$	Full Year 2003
Sales	133.1	130.6	+2%	+15%	270.4
Operating profit	9.2	9.1	+1%	+14%	19.3
Operating margin	6.9%	7.0%			7.1%
\$ exchange rate	1.82	1.61			1.64



North America

Highlights

- Margins restored at Suncoast
 - Selling price increases implemented
 - Increased volumes
 - Operating costs reduction
 - Continued expansion outside Texas
 - Renewed raw material cost pressures
- Improved second quarter result from Hayward Baker
 - Actions taken to improve Western Region performance
- Good H1 for Case and McKinney
 - Continuing progress on integration of McKinney



North America

Current position on steel and cement

■ Steel Products

- Steel strand and rebar prices increased in H1
- Recent sharp increase in steel scrap
- Further selling price increases to be implemented in H2

■ Cement Shortages

- A regional rather than a national problem
- Florida, California and North East most affected
- Not significantly affecting Keller to date
 - Small average contract size limits risk
 - Price escalation clauses sought on larger bids



Continental Europe & Overseas

Results

£m	Half Year 2004	Half Year 2003	% Change £	% Change €	Full Year 2003
Sales	87.9	78.8	+ 12%	+ 14%	165.2
Operating profit	5.0	5.4	- 8%	- 6%	13.8
Operating margin	5.7%	6.9%			8.4%
€ exchange rate	1.49	1.46			1.45



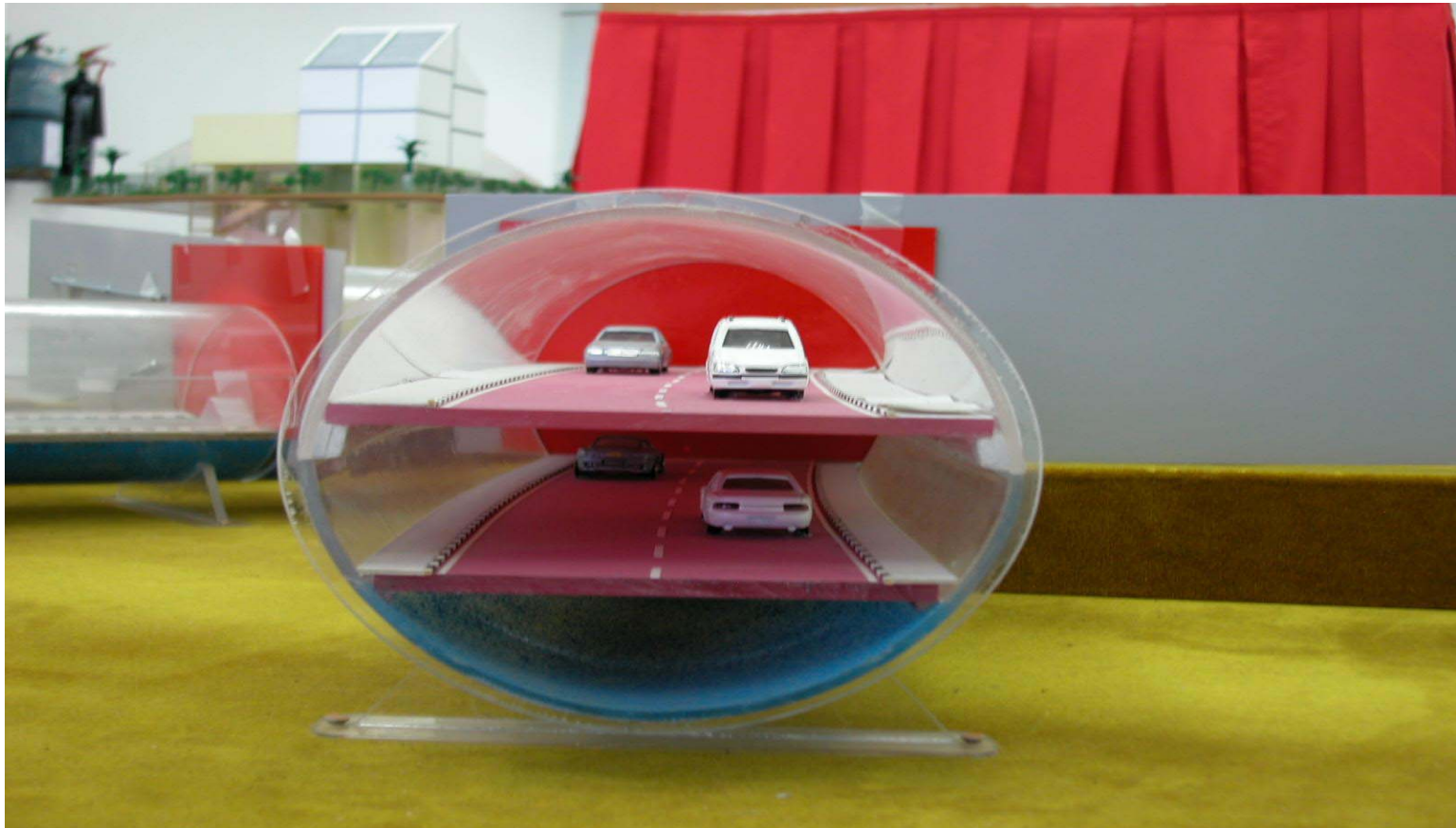
Continental Europe & Overseas

Highlights

- Strong result from Keller-Terra in Spain
- Action taken to cut costs in Portugal
- Continued geographical expansion in Italy and Poland
- Market share maintained in Germany on reduced margins
- Remaining 50% of LCM in Sweden purchased for £2.5m
- Strong contribution from Malaysia
 - Organic expansion of new products



Storm water management and road tunnel project Kuala Lumpur, Malaysia



Grouting to reduce water ingress



Micropile wall and jet grouting in low headroom



Keller has now successfully extended its product range in Malaysia



United Kingdom

Highlights

- Makers result improved in the second quarter
 - H1 adversely affected by old contracts in discontinued areas
 - Volumes increased in the Social Housing business
 - Business more focused; management strengthened; morale improved
- KGE sales declined, reflecting withdrawal from heavy piling in 2003
 - Foundation support division had a particularly good H1



Australia

Results

	Half Year 2004	Half Year 2003	% Change £	% Change AU\$	Full Year 2003
Sales	18.3	12.2	+ 50%	+ 41%	27.9
Operating profit	0.9	0.8	+ 8%	+ 1%	2.0
Operating margin	4.9%	6.6%			7.2%
\$ exchange rate	2.47	2.62			2.52

Highlights

- Good contributions from both Franki and Vibropile
- Lower margins on big contracts in H1
- Ground engineering subsidiary making progress



Strategy

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

- By
- Organic growth
 - Existing or new territories
 - New technologies

- Acquisitions

- In
- United States
 - Europe (inc UK)
 - South East Asia

- Examples in H1:
 - Suncoast growth outside Texas
 - New offices
 - New products in existing markets
 - Increased investment in LCM



Current Trading and Prospects



- Unchanged outlook in our main markets
- Suncoast experiencing renewed raw material cost pressures
- Makers expected to return to sustained profitability in H2
- Solid order book at around four months' sales
- Anticipate full-year performance in line with expectations



Appendix

August 2004

Ground Engineering Worldwide



Activities

- Specialty grouting
- Ground improvement
- Caisson & piling in specific
- Post-tension concrete

Applications

- Control of building settlement
- Groundwater control
- Cavity filling
- Seismic risk protection
- Foundation support
- Foundation support
- Earth retention
- Slab-on-grade foundations
- High rise structures



Ground Engineering Worldwide



Makers

- Refurbishment
- Local authority housing
- Car parks
- Water related structures



Geographical Coverage – US



Geographical Coverage - Europe



Geographical Coverage – ROW



Business Model



- Technological leadership, specialised equipment and people



- Autonomous and well incentivised business units

- Regionalisation offers clients a local presence



- Contract mix spreads risk and enhances margins



- Acquisitions sourced and integrated on a local basis



Competitive positioning



- Competition

- Global
- National
- Local



- No UK or US quoted peer



- Specialist contractor (people and equipment)



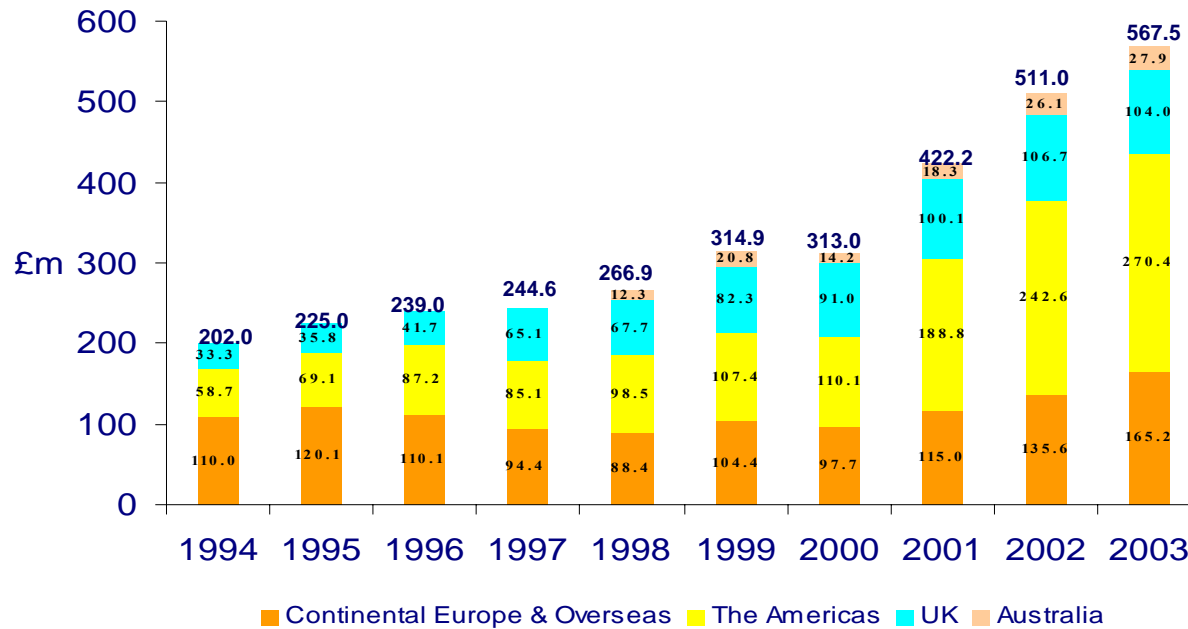
- Balanced contract portfolio



Ten Year Track Record



Turnover 1994 - 2003



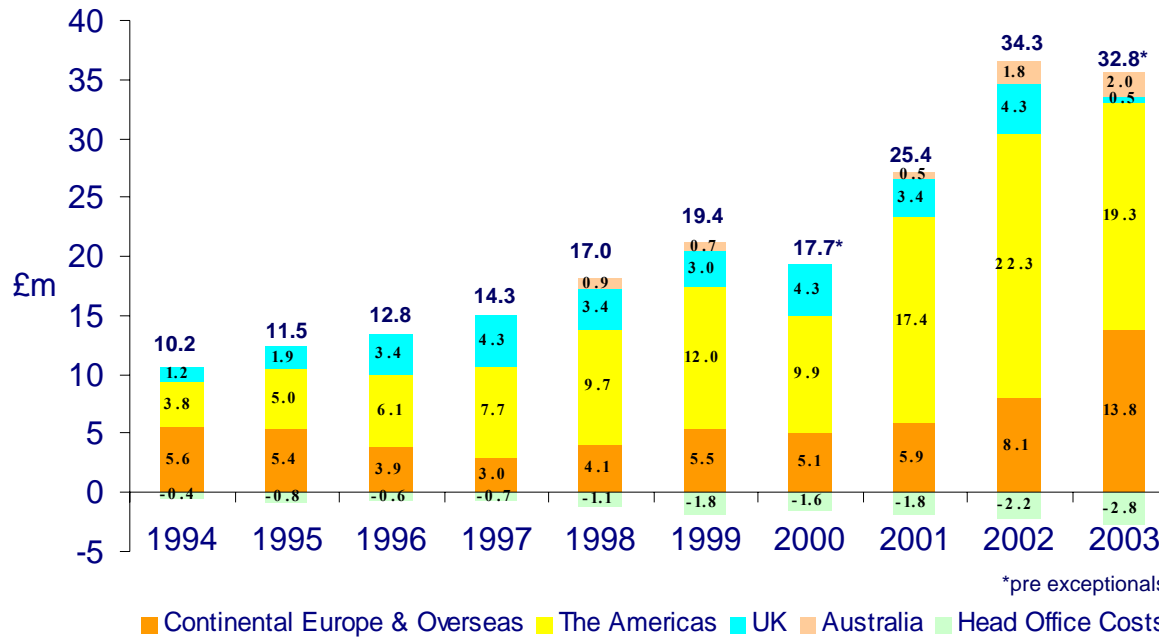
■ 12% compound growth in turnover 1994 - 2003



Ten Year Track Record



Operating Profit 1994 - 2003



■ 14% compound growth in operating profit 1994 - 2003

