Keller Group plc

Interim Results
Half year ended 30 June 2006

August 2006

Highlights

- Sales of £450.0m (2005: £335.0m) up 34%, mainly organic
- Record H1 operating margin of 7.9% (2005: 5.2%)
- Good first time contributions from recent acquisitions
- Profit before tax up 114% to £33.4m (2005: £15.6m)
- Earnings per share up 135% to 30.3p (2005:12.9p)
- Interim dividend increased by 11% to 4.2p (2005: 3.8p)
- £9.6m acquisition of Piling Contractors in Australia announced last week

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Profit and Loss Account

£m	June 2006	June 2005	% change	Full Year 2005
Turnover	**450.0**	**335.0**	**+34%**	**731.0**
Operating profit	**35.7**	**17.6**	**+103%**	**53.1**
Interest	(2.3)	(2.0)		(4.3)
Profit before tax	**33.4**	**15.6**	**+114%**	**48.8**
Taxation	(13.1)	(6.2)		(19.8)
Profit after tax	20.3	9.4		29.0
Minority interests	(0.4)	(1.0)		(1.7)
	19.9	8.4		27.3
Earnings per share	**30.3p**	**12.9p**	**+135%**	**41.8p**
Dividends per share (declared)	**4.2p**	**3.8p**	**+11%**	**12.0p**

- 26% like-for-like organic growth
- Average US$ rate of $1.79 (2005: $1.87)
- Results helped by £5m of one-off claims income and benign winter weather in US
- Effective tax rate 39% (2005 full year: 41%)

Regional Analysis

£m	June 2006			June 2005		
	Sales	Operating Profit	Margin	Sales	Operating Profit	Margin
UK	60.0	0.9	1.4%	46.1	0.4	0.9%
USA	241.1	27.8	11.5%	177.7	13.6	7.6%
Europe/Overseas	125.8	7.0	5.6%	93.8	4.6	4.9%
Australia	23.1	2.2	9.7%	17.4	0.7	4.1%
	450.0	**37.9**	**8.4%**	**335.0**	**19.3**	**5.8%**
Central costs	-	(2.2)		-	(1.7)	
	450.0	**35.7**	**7.9%**	**335.0**	**17.6**	**5.2%**

- Sales growth of > 30% in all geographic regions
- Record underlying Group first-half operating margin
- Excellent result from all four US businesses
- Strong growth across Europe & Overseas

Half Year Trends

	2004		2005		2006
	H1	**H2**	**H1**	**H2**	**H1**
Sales	294.1	301.8	335.0	396.0	450.0
Sales Growth (1)	*13%*	*10%*	*15%*	*31%*	*31%*
Operating Profit:					
Reported	13.2	20.7	17.6	35.5	35.7
Adjustments (2)(3)	-	-	-	(7.0)	(8.0)
Normalised	13.2	20.7	17.6	28.5	27.7
Operating Margin:					
Reported	4.5%	6.9%	5.2%	9.0%	7.9%
Normalised	4.5%	6.9%	5.2%	7.2%	6.2%

(1) Sales growth over comparable prior year period on a constant currency basis

(2) 2005 H2 adjustment an estimate of “exceptional” profits on large US contracts

(3) 2006 H1 adjustments an estimate of one-off claims income and benign US winter weather

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Group Balance Sheet

£m		June 2006		June 2005		December 2005
Goodwill/intangibles		58.9		53.5		55.7
Property, plant & equipment		93.5		79.7		90.4
		152.4		**133.2**		**146.1**
Inventories	25.7		23.7		24.4	
Debtors	236.0		182.3		194.6	
Creditors	(204.3)		(144.3)		(168.5)	
Working capital		**57.4**		**61.7**		**50.5**
Capital employed		**209.8**		**194.9**		**196.6**
Long term creditors		(12.8)		(3.7)		(6.5)
Employee benefits		(15.5)		(15.6)		(21.1)
Tax		(7.3)		(11.5)		(10.9)
Net debt		(47.6)		(65.3)		(40.9)
Net assets		**126.6**		**98.8**		**117.2**

- Year on year reduction in working capital, despite strong sales growth
  - working capital ratios continue to improve
- UK pension scheme one-off £4m contribution in H1

Cash Flow Statement

£m	June 2006	June 2005	Full Year 2005
Cash from operating activities	**28.8**	**13.8**	**73.4**
Capex – net	(11.9)	(3.7)	(13.9)
Tax	(15.9)	(5.9)	(18.8)
Interest	(2.2)	(1.8)	(3.8)
Free Cash Flow	**(1.2)**	**2.4**	**36.9**
Dividends*	(6.2)	(5.7)	(8.1)
Acquisitions	(5.9)	(1.9)	(7.8)
Net cash flow	**(13.3)**	**(5.2)**	**21.0**
Other	6.6	(1.4)	(3.2)
Opening net debt	(40.9)	(58.7)	(58.7)
Closing net debt	**(47.6)**	**(65.3)**	**(40.9)**

* Includes dividends paid to minorities

- Cash from operations stated after £4.0m one-off pension contribution
- Increased capex reflects recent strong organic growth
- Acquisitions in 2006 mainly relates to Phi
- £9.6m spent on Piling Contractors in August 2006

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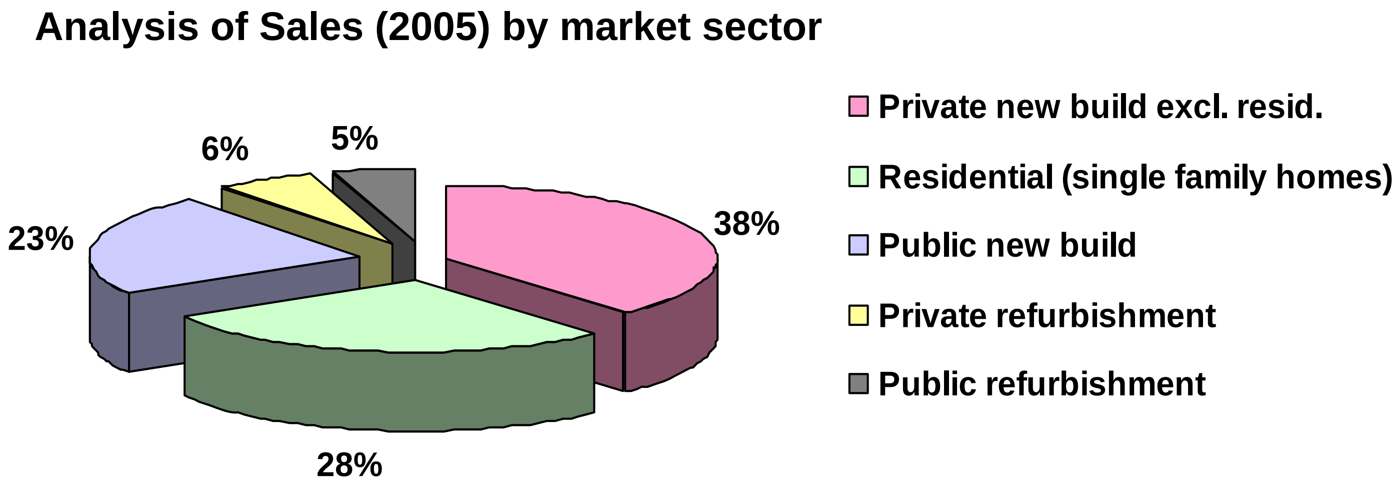
2006 Guidance

- Excellent start to H2
  - aiming to repeat exceptional 2005 H2
  - full-year result expected to exceed current expectations
- US $ translation impact: 5c change in average rate – circa £1.5m
  - budgeted rate £1 = US $1.85
- Expected effective tax rate of circa 39%
- Working capital inflow in H2
- Net debt to reduce by year end in line with usual seasonality

North American Markets



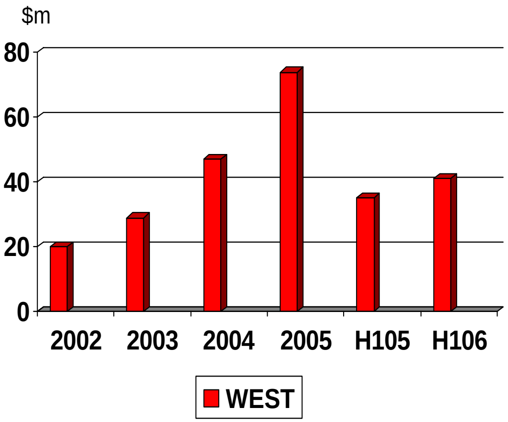
- Growth in commercial and public infrastructure sectors remains strong
- National slowdown in US residential market, but:
  - New-build permits* indicate continued growth in Texas
  - Market-leading position and product substitution opportunities
- Demographic forecasts imply a positive long-term outlook for all US construction

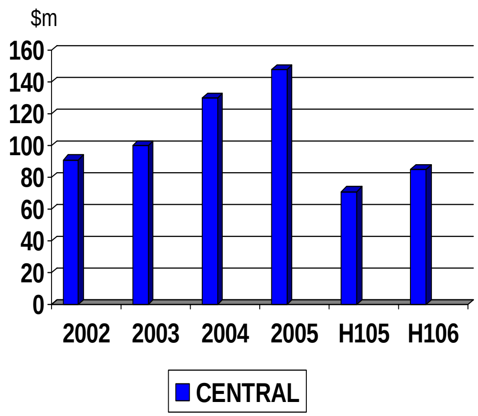
**US Census Bureau June 2006 year to date, housing permits for one-unit structures*

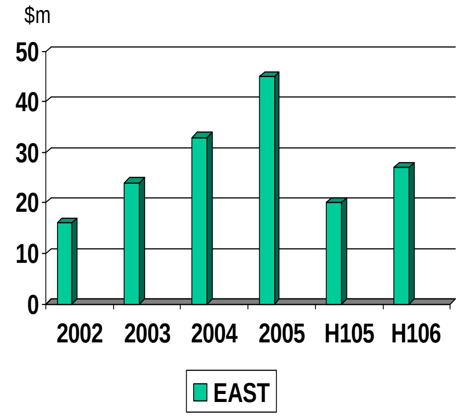
North America – Highlights

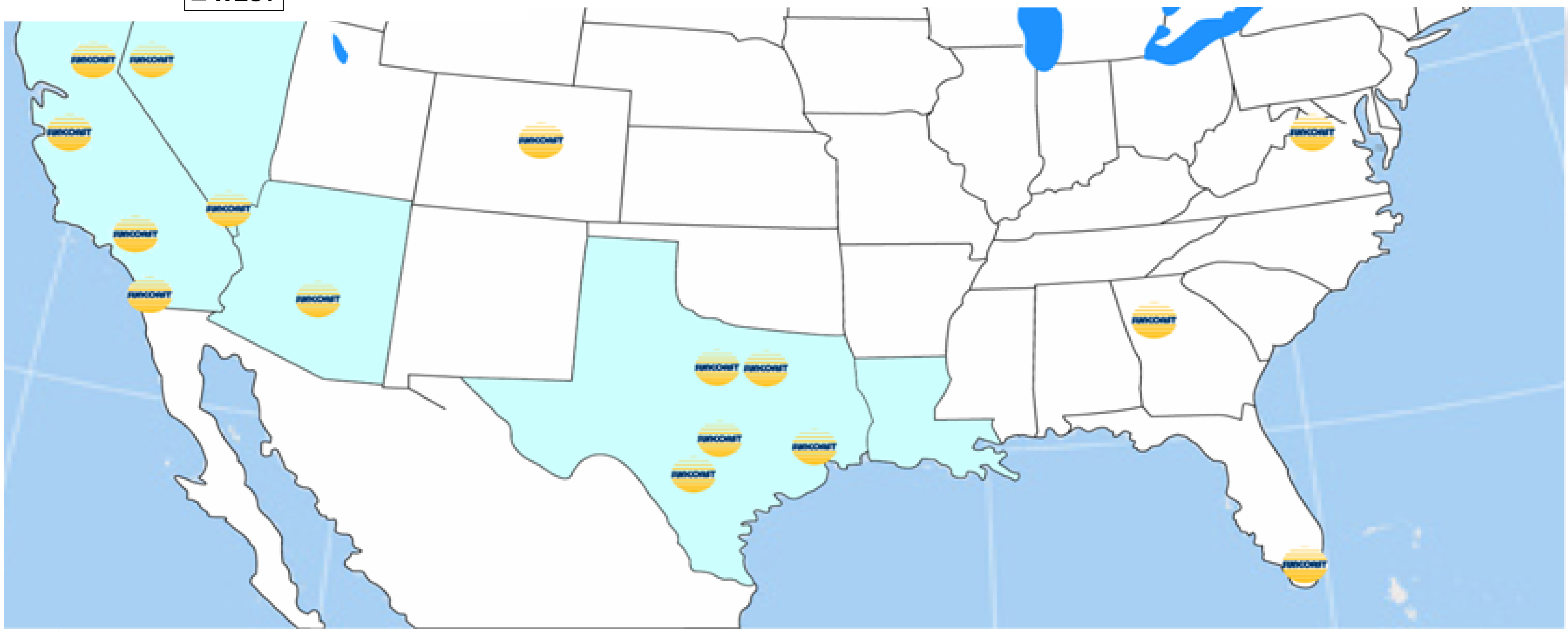
- All four businesses performed well in good market conditions
  - market share gains and significant margin enhancement
- Hayward Baker regions all performed very well
  - contribution from Donaldson surpassed expectations
- Good progress on large Case contracts
- Excellent performance from McKinney
  - synergies with Case continue to develop
- Suncoast sales significantly up on H1 2005
  - both slab-on-grade and commercial high rise products

Suncoast – Regional Growth









= Slab on grade States

North America – Case Studies

Hayward Baker
Dry soil mixing
Levee reconstruction
Buras, Louisiana

Hayward Baker
Dry soil mixing & jet grouting
New flood defence gates
New Orleans, Louisiana

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North America – Case Studies

Case
Large diameter piles
Goldman Sachs HQ
Lower Manhattan, NY

Europe & Overseas – Highlights

- Improved performance from Germany reflecting strengthening market
- Excellent result in France, in a buoyant market
- Further strong sales growth in Spain
  - some margin slippage in H1
- Sales in Eastern Europe up 50% on H1 2005
- Middle East working at full capacity

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Europe & Overseas – Case Studies

Keller-Terra, ground improvement with stone columns,
Campa de los Ingleses, Bilbao

Artist's impression of Universal (oil) Terminal,
Jurong Island, Singapore

Vibro compaction in progress at Universal Terminal,
Jurong Island, Singapore

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United Kingdom

- Makers result improved from H2 2005
  - cost base reduced in spite of increased volumes
  - Martech division sold

- Good performance from KGE
  - foundation support division very busy
  - geotechnical division quieter, but outlook improving
  - good first time contribution from Phi

United Kingdom - Phi

Timber crib wall during construction

Blackwood retail development, Gwent

- KGE's exisiting earth retention division now integrated into Phi
- Good national coverage
- Cross-selling products with the other KGE divisions

Australia

- Excellent first half
  - very strong market conditions
  - sales up 30% on H1 2005
  - operating profit trebled

- Ground engineering business, in its third year, trading profitably
  - illustrates transfer of skills & technology across regions

- Acquisition of Piling Contractors in August
  - strong in sectors where Keller was under-represented
  - consolidates market leadership in Australia

Australia – Piling Contractors

Bored piles
Inner northern busway
Brisbane

Various piling
Major road/bridges
Northern NSW

Strategy

- **Our strategic intent**
  - To continue our long term track record of growth within specialist ground engineering markets

- **Our current position**
  - The undisputed market leader in North America & Australia
    - Keller has < 20% market share of fragmented U.S. market
  - A market leader in many European countries
  - Leading position in ground improvement in many Middle & Far East countries

- **Our strategic execution**
  - Continued organic growth
    - regional expansion and transfer of technology
  - Selective acquisitions

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Recent Acquisitions > £5m

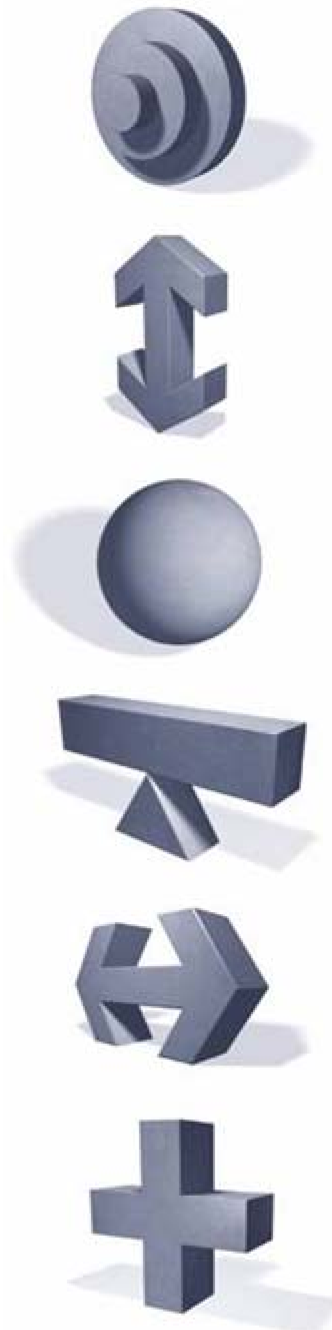
Company	Date acquired	Total investment	Sales in year of acquisition	Forecast sales in 2006	CAGR
Suncoast	Oct 2001	$90m	$134m	$300m	18%
Keller-Terra*	Dec 2002	€14m	€22m	€75m	36%
McKinney	Dec 2002	$30m	$60m	$105m	15%
Donaldson	Sep 2005	$12m	$40m	$50m	25%
Phi	Apr 2006	£6m	£10m	n/a	n/a
Piling Contractors	Aug 2006	A$28m	A$50m	n/a	n/a

* 51% owned

- Excellent organic growth achieved post acquisition

Outlook

- US commerical and infrastructure markets continue to grow
  - Suncoast growth beginning to slow
- Other main markets remain good
- Further bolt on acquisition opportunities going forward
- Group order book about six months’ budgeted sales
- 2006 will be another outstanding year



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Appendix

Ground Engineering Worldwide

Activities

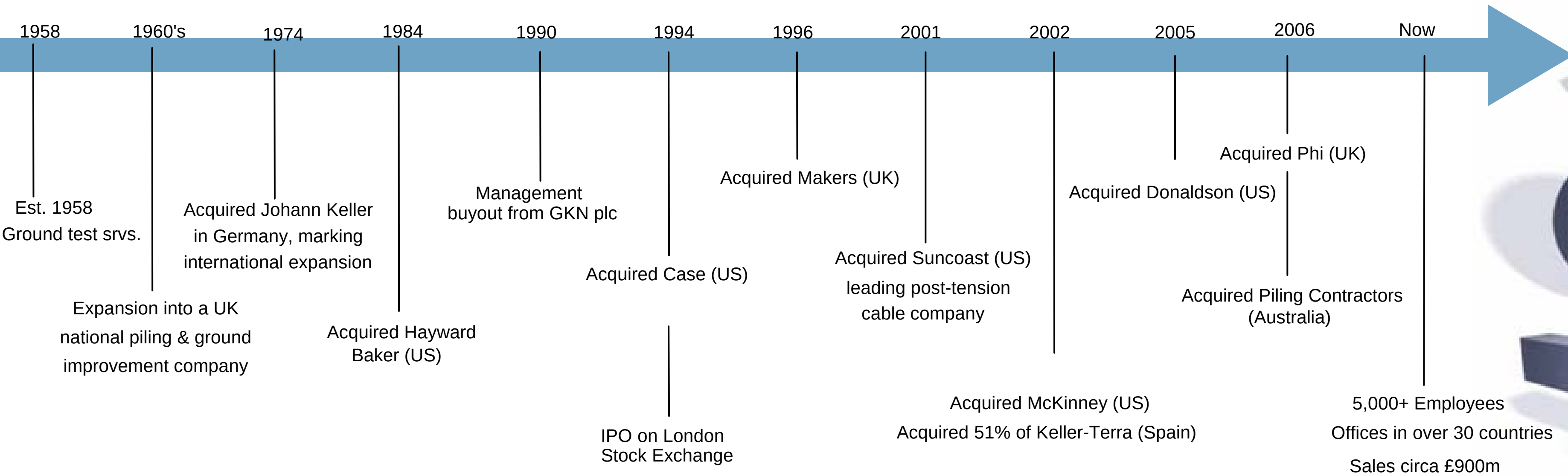
- Piling (35%)*
- Ground improvement (25%)*
- Speciality grouting (14%)*
- Post-tension concrete (20%)*
- Structural refurbishment (6%)*

Applications

- Foundation support
- Earth retention
- Seismic risk protection
- Foundation support
- Control of building settlement
- Groundwater control
- Slab-on-grade foundations
- High rise structures
- Local authority housing
- Concrete repair; car parks, water

*% of 2005 turnover

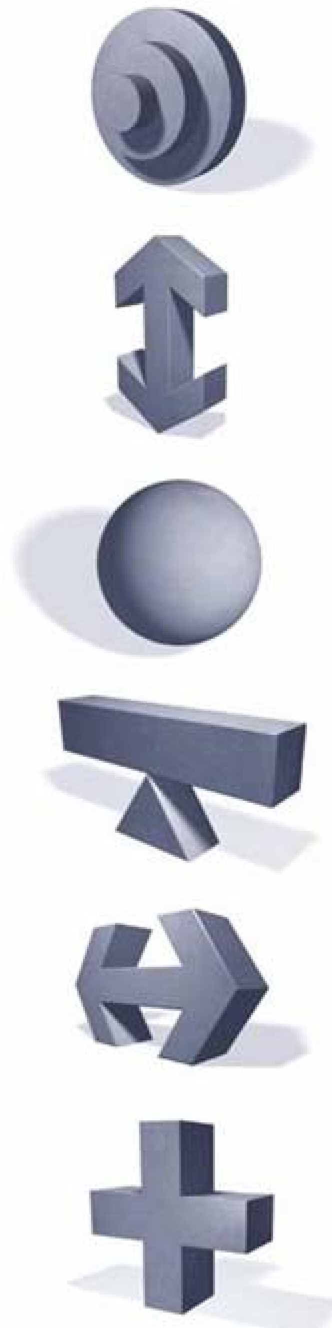
Keller's History



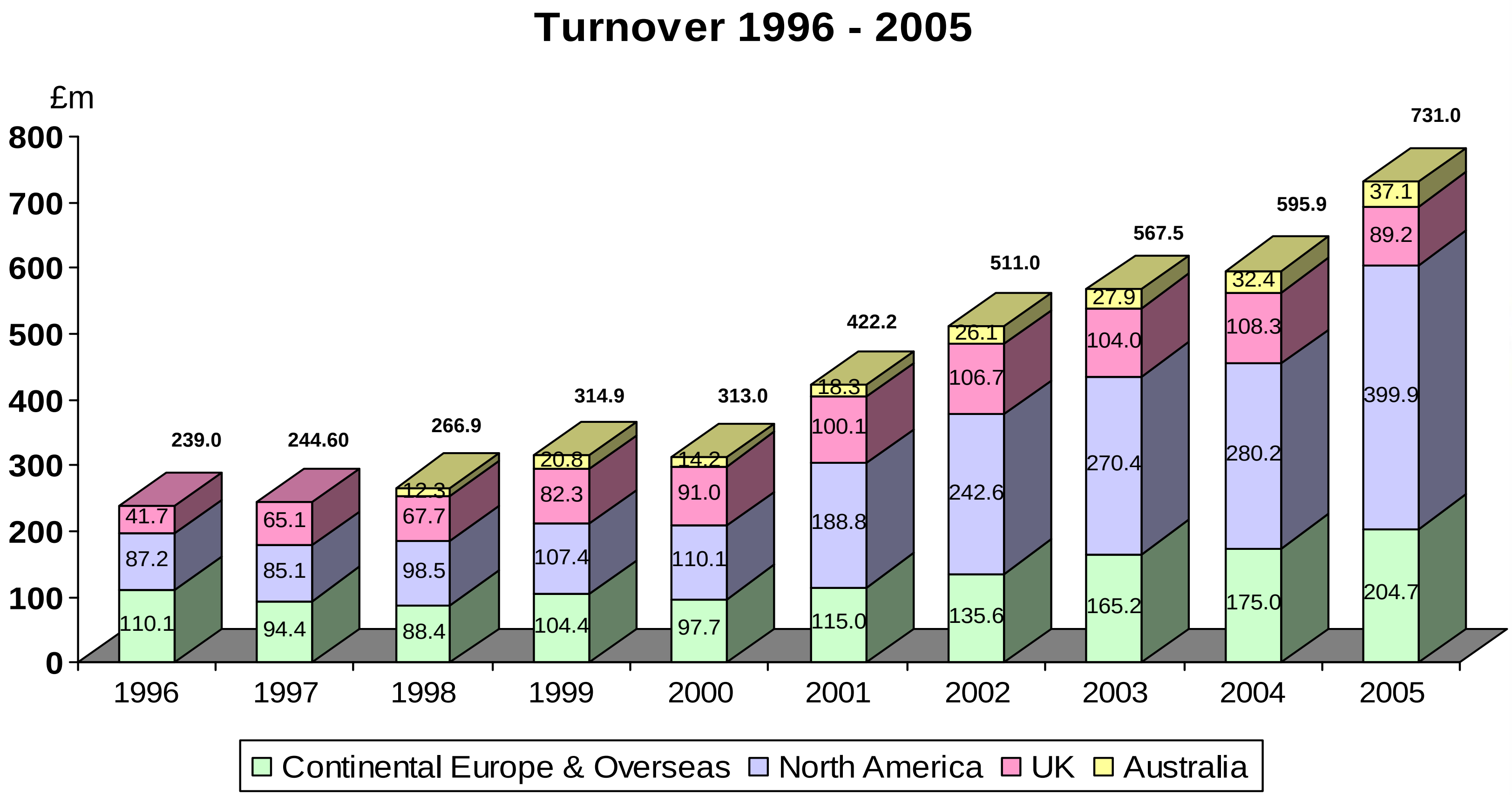
- Only larger and most recent acquisitions shown

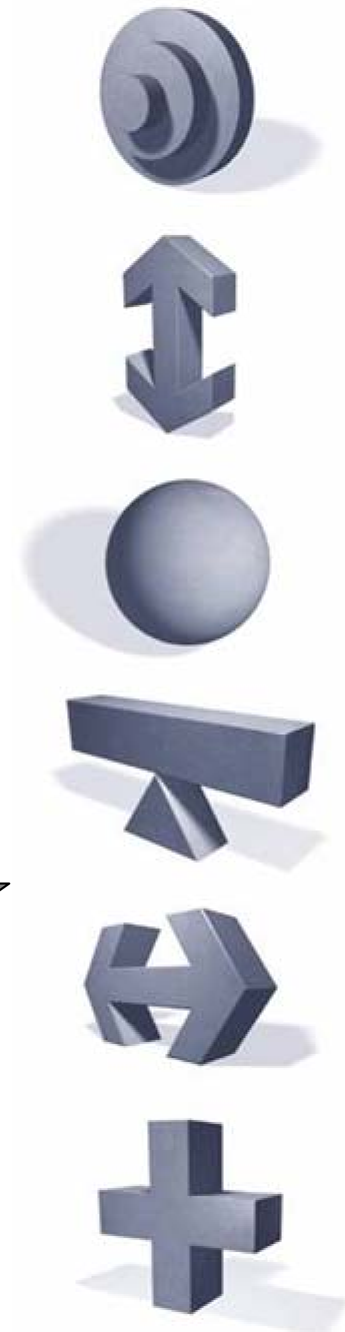
Our Business Model

- Specialist with a tight focus
- Experienced people with deep industry knowledge
- Global business, but with strong local knowledge
- Well balanced with broad markets and customer base
- Broad range of industry-leading technologies and processes
- Good long-term growth record and prospects



Financial Performance





- Compound annual growth rate of 13%

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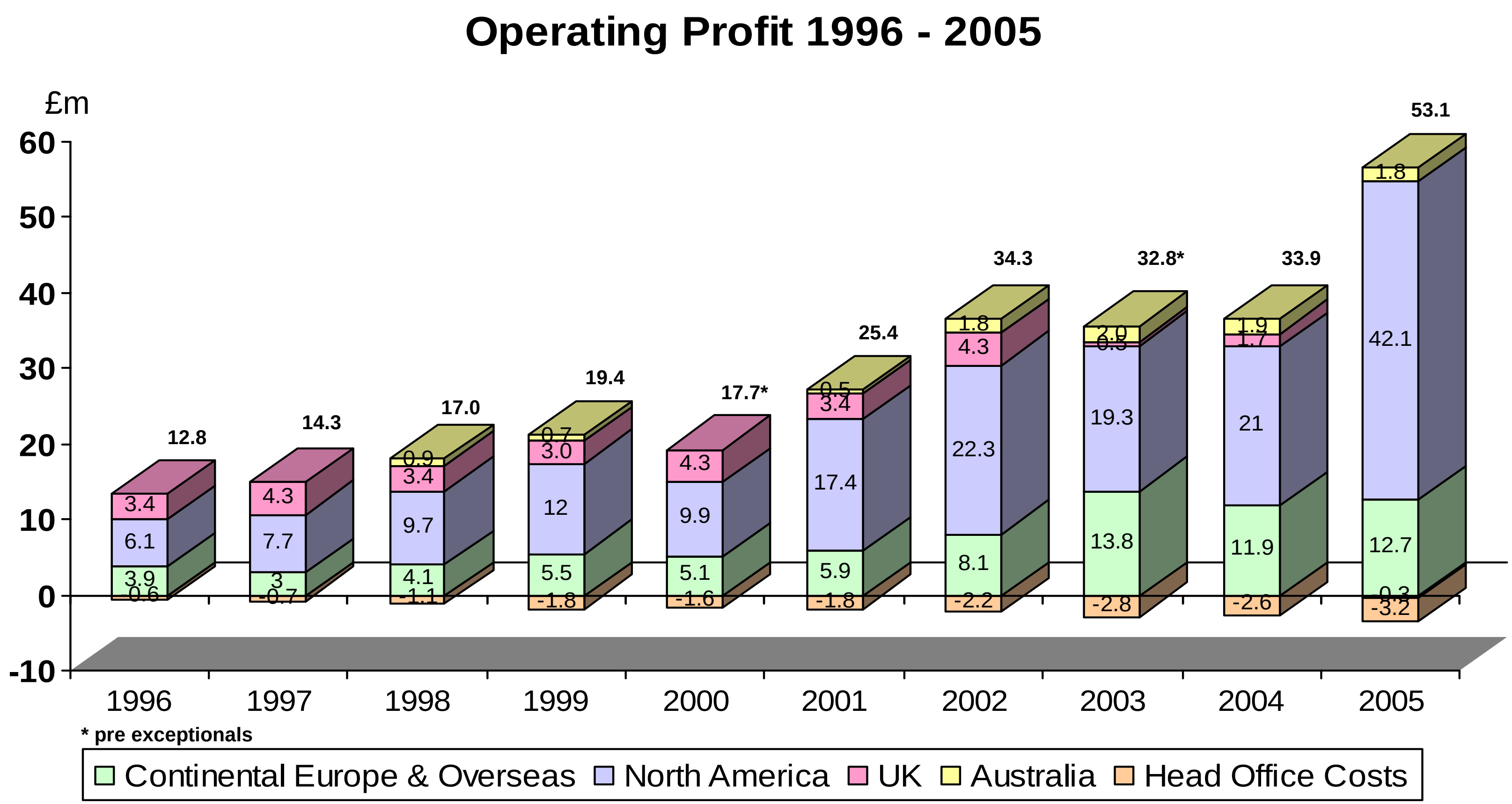
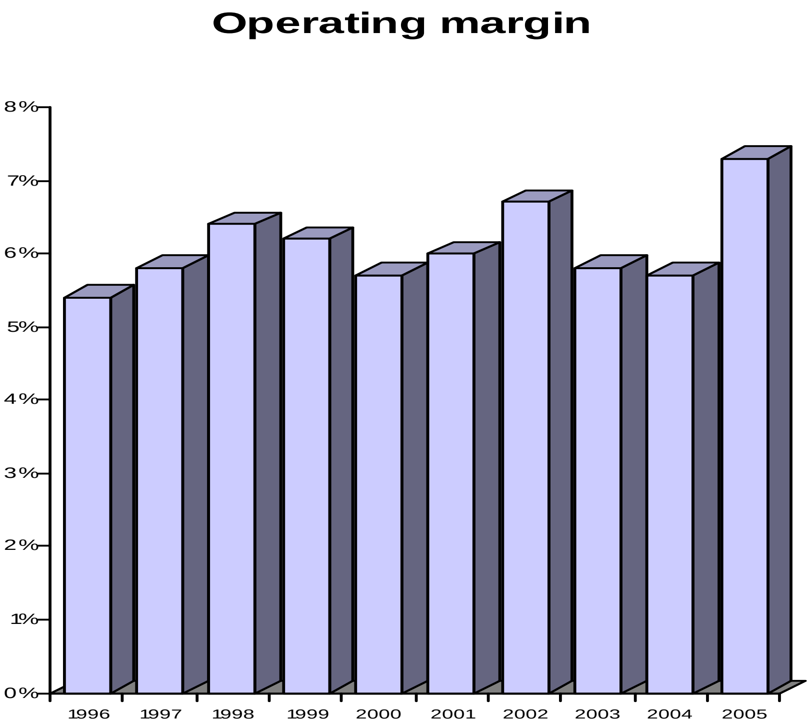
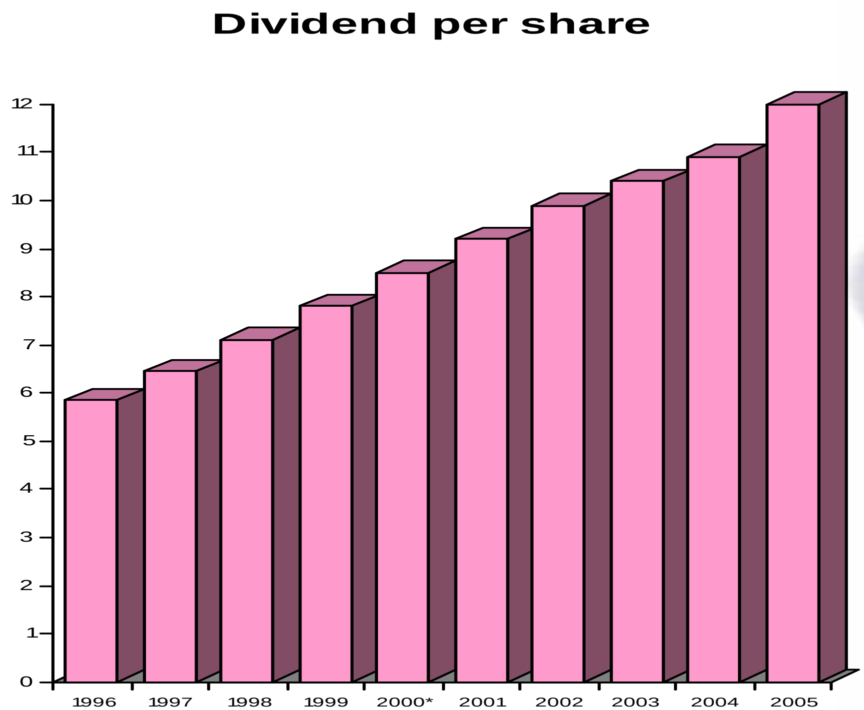
Financial Performance (cont)



- Compound annual growth rate of 17%

Financial Performance (cont)





- Industry leading margins
- Uninterrupted dividend growth