

Keller Group plc

Interim Results

Half year ended June 2009



Highlights

- Revenue* of £552.6m (2008: £568.7m) down 3%
 - Profit before tax* of £41.0m (2008: £54.2m)
 - Cash flow from operations £40.1m (2008: £43.6m)
 - Net debt of £95.3m, 0.7 times annualised EBITDA
 - Over £100m of unutilised bank facilities
 - Basic earnings per share* down 18% to 42.1p (2008: 51.6p)
 - Interim dividend per share increased by 5% to 7.25p (2008: 6.9p)
 - Expectations for the full year remain unchanged
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Group Income Statement

Continuing operations

£m	June 2009	June 2008	% change	Full Year 2008
Revenue	552.6	568.7	- 3%	1,196.6
Operating profit	42.8	56.1	-24%	119.4
Interest	(1.8)	(1.9)		(6.2)
Profit before tax	41.0	54.2	-24%	113.2
Tax	(13.1)	(17.9)		(35.9)
Profit after tax	27.9	36.3	-23%	77.3

Constant currency basis
 - revenue down 19%
 - operating profit down 36%

EBITDA £60.1m (2008 H1: £65.8m)

Average exchange rates
 - US\$1.49 (2008 H1: \$1.98)
 - €1.12 (2008 H1: €1.29)

Effective tax rate 32%
 (2008 FY: 32%)



Group Income Statement (continued)

£m	June 2009	June 2008	% change	Full Year 2008
Profit after tax*	27.9	36.3		77.3
Discontinued operation (post tax)	-	(1.2)		(1.7)
	27.9	35.1		75.6
Minority interests	(1.0)	(2.2)		(4.8)
Attributable to shareholders	26.9	32.9		70.8
Earnings per share from continuing operations	42.1p	51.6p	-18%	111.1p
Earnings per share	42.1p	49.9p		108.6p
Dividends per share	7.25p	6.9p	+ 5%	20.7p

2008 discontinued losses relate to Makers

Minority interests mainly Saudi Arabia and Spain

Interim dividend up 5%



Operating Profit & Margin

	June 2009			June 2008*		
£m	Revenue	Op Profit	Margin	Revenue	Op Profit	Margin
UK	30.7	(0.4)	(1.3)%	44.8	2.2	4.9%
US	268.0	18.6	6.9%	245.5	22.1	9.0%
CEMEA	191.1	20.4	10.7%	204.4	23.8	11.6%
Australia	62.8	6.2	9.9%	74.0	10.7	14.4%
	552.6	44.8	8.1%	568.7	58.8	10.3%
Central costs	-	(2.0)		-	(2.7)	
	552.6	42.8	7.7%	568.7	56.1	9.9%

Like-for-like organic revenue down 21%

- UK 31%
- US 21%
- CEMEA 20%
- Australia 17%

Further deterioration at Suncoast

CEMEA margins still high by historic standards



Group Balance Sheet

£m	June 2009	June 2008	Dec 2008	
Goodwill/intangibles	99.9	83.3	111.8	Comparisons impacted by exchange rates
Property/plant/equipment	237.5	181.3	254.7	
Other non-current assets	12.0	14.7	12.5	
	349.4	279.3	379.0	
Inventories	41.8	41.9	50.9	Extra focus on working capital and cash collection
Debtors	328.6	320.2	364.4	
Creditors	(266.3)	(281.9)	(266.3)	
Working capital	104.1	80.2	92.2	
Capital employed	453.5	359.5	471.2	Gearing of 33% (2008 H1: 32%)
Other liabilities/provisions	(32.9)	(20.5)	(48.8)	
Retirement benefits	(17.2)	(13.9)	(13.6)	
Tax	(16.0)	(15.2)	(21.6)	
Net debt	(95.3)	(74.4)	(84.6)	
Net assets	292.1	235.5	302.6	



Group Cash Flow Statement

£m	June 2009	June 2008	Dec 2008
Cash from operating activities*	40.1	46.0	143.5
Discontinued operation	-	(2.4)	(5.1)
Capex – net	(23.1)	(29.5)	(65.2)
Tax	(14.5)	(11.9)	(27.9)
Interest	(2.2)	(1.9)	(4.1)
Free cash flow	0.3	0.3	41.2
Dividends	(11.3)	(10.2)	(15.9)
Acquisitions	(7.6)	(2.5)	(14.1)
Other	(3.6)	(8.5)	(20.6)
Net cash flow	(22.2)	(20.9)	(9.4)
Opening net debt	(84.6)	(54.5)	(54.5)
Exchange movements	11.5	1.0	(20.7)
Closing net debt	(95.3)	(74.4)	(84.6)

Last 12 months' cash from continuing operations 101% of EBITDA
(2008 H1: 93%)

Underlying capex down 33%

2009 acquisitions spend is deferred consideration



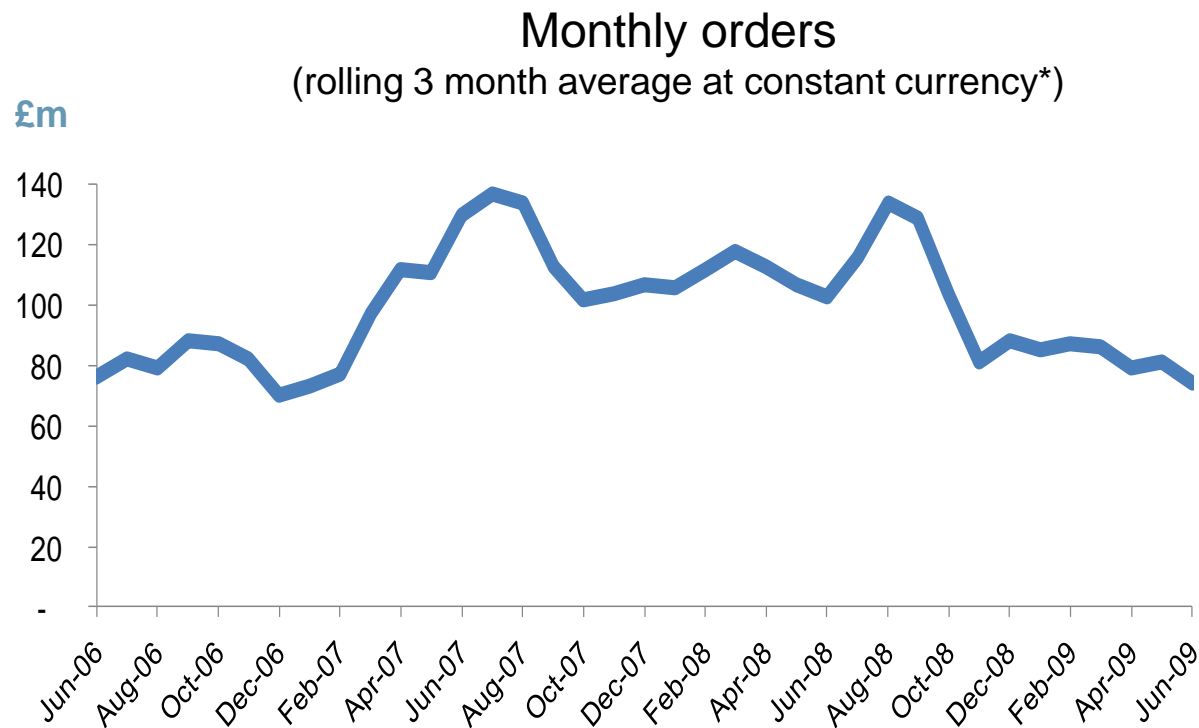
Group Financing Position

- Over £200m of committed Group facilities, mainly:
 - £65m and £80m revolving credit facilities, expiring July 2010 and June 2011 respectively
 - to date, £65m facility not used
 - US\$100m private placement
 - US\$30m repayable 2011, US\$70m repayable 2014
- Comfortably within key financial covenants
- More than £50m of other facilities held locally

Key Financial Covenants

<i>Test</i>	<i>Status</i>
Net debt < 3x EBITDA	0.7x
EBITDA interest cover > 4x	22x
Net Assets > £78m	£292.1m

Group Orders



Last six months' orders down 22% on H1 2008

Current order book 12% below last year in constant currency

- 8% below Dec 2008

Order intake expected to remain at current levels

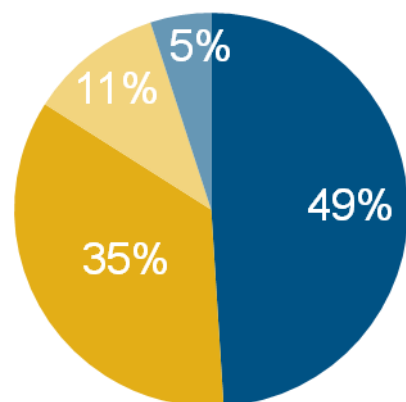


2009 Guidance

- Order intake expected to remain at current levels
 - a few encouraging signs in markets
 - commercial construction further to fall in many markets, particularly the US
- Pricing to come under further pressure in most geographies
 - effect on margins offset to some extent by cost reduction
- Usual H2 profit weighting not expected
- Expected full-year effective tax rate of 32%
- Full year capex below £40m

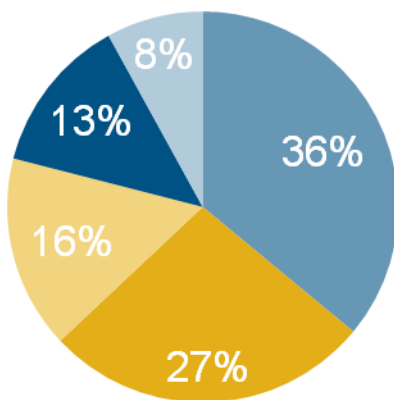
Group Analysis of Revenue

Revenue by Geography
Total Revenue £553.6m



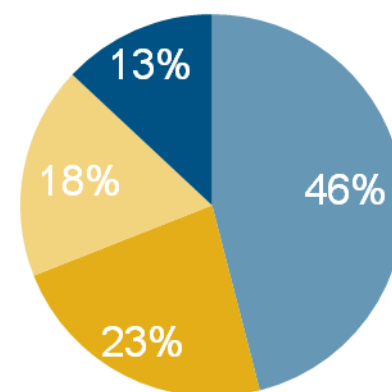
- US
- CEMEA
- Australia
- UK

Revenue by Product
Total Revenue £553.6m



- Piling
- Ground Improvement
- Anchors/Nails/Minipiles
- Speciality Grouting
- Post-tension Concrete

Revenue by End Market
Total Revenue £553.6m

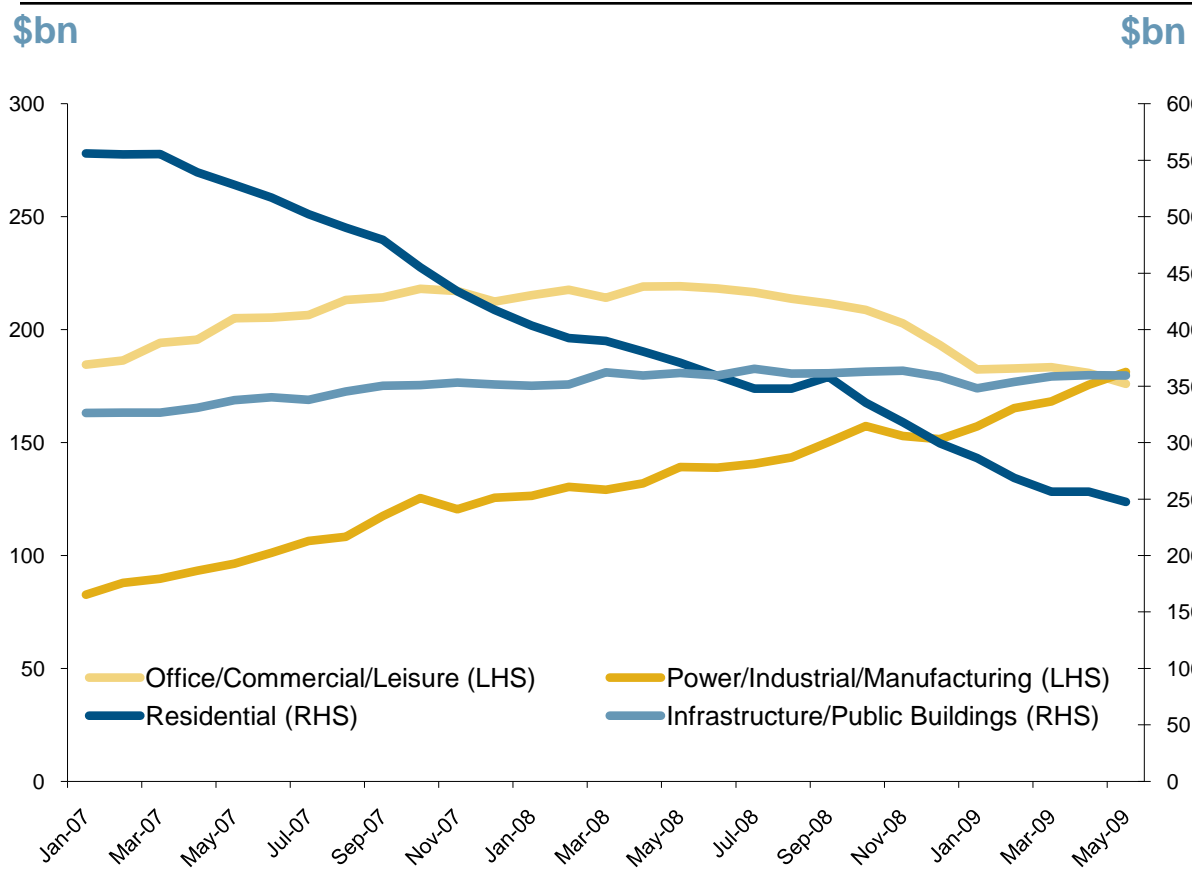


- Infrastructure/Public Buildings
- Power/Industrial/Manufacturing
- Office/Commercial/Leisure
- Residential



• Broadly based business by geographies, products and end markets

US Construction Market Analysis



Total US construction market down 12% year on year

- Infrastructure/Public Buildings (37% of total) - 1%

- Residential (26%) - 33%
-may be levelling out

- Power/Industrial/Manufacturing (19%) + 30%

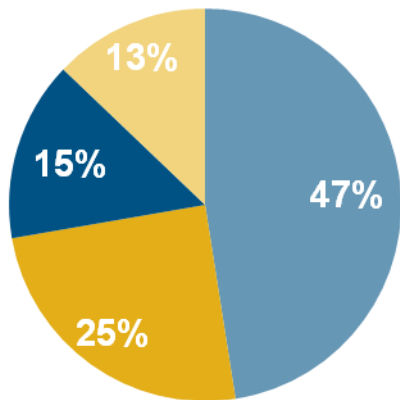
- Office/Commercial/Leisure (18%) - 20%
-further deterioration to come



North America Analysis of Revenue

H1 2009 Revenue

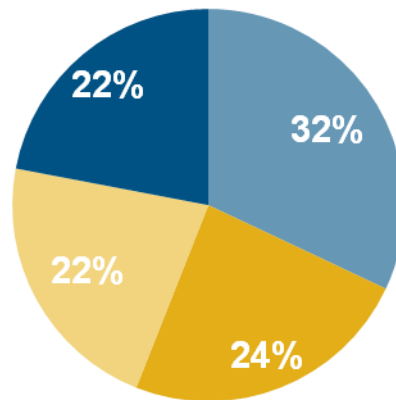
Total revenue £268m



- Infrastructure/Public Buildings
- Power/Industrial/Manufacturing
- Residential
- Office/Commercial/Leisure

2008 FY Revenue

Total revenue £532m



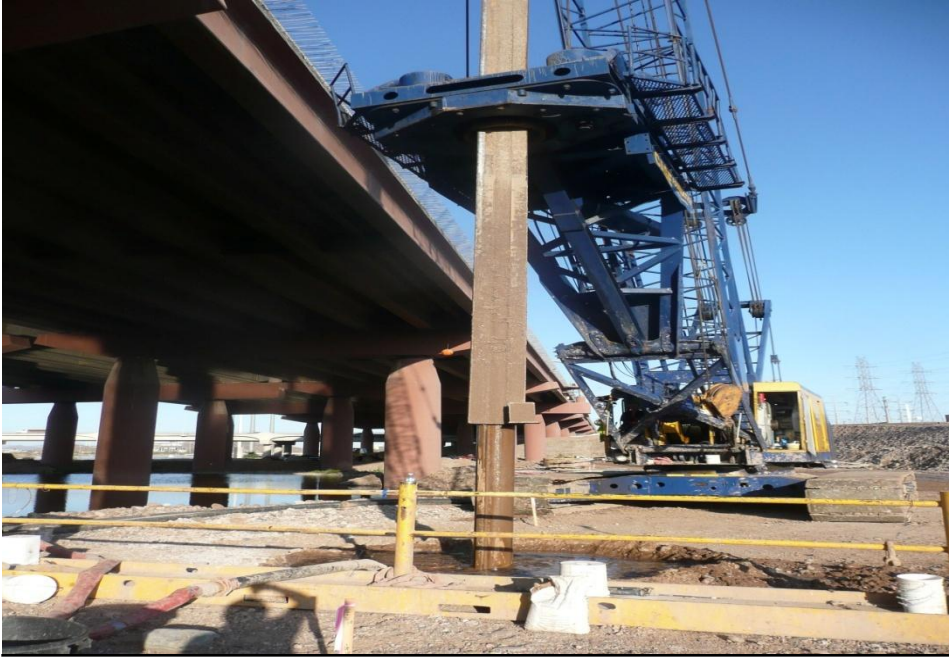
- Infrastructure/Public Buildings
- Power/Industrial/Manufacturing
- Office/Commercial/Leisure
- Residential

Infrastructure/Public Buildings exposure now nearly 50% up from circa one third in 2008

Power/Industrial/Manufacturing share increased again to 25% of revenue

Residential and Office/Commercial /Leisure exposure now less than 30% of revenue (nearly 60% in 2007)

North America Highlights



Widening of freeway, Phoenix

Piling for new bridges

Continued successful strategy of pooling resources to undertake large and complex projects

Focus on value-engineered and cost-effective solutions to clients' problems

Continuing to target the buoyant power sector has led to further growth in this sector

Continued expansion of geographical presence

Suncoast has continued to cut costs in line with volume declines

North America Case Studies



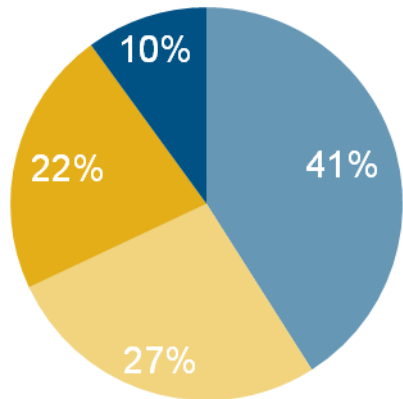
Remedial work at the Wolf Creek Dam, Kentucky
Drilling and grouting to cut off water seepage



New power line near Salt Lake City
Piling for the tower foundations

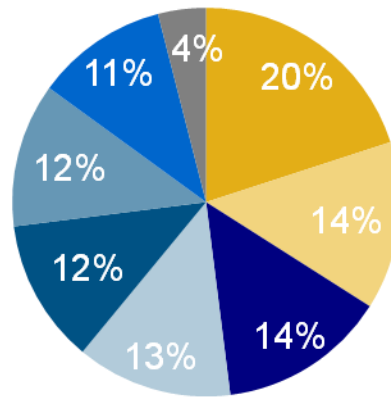
CEMEA¹ Analysis of Revenue

H1 2009 Revenue by End Market
Total Revenue £191.1m



- Infrastructure/Public Buildings
- Office/Commercial/Leisure
- Power/Industrial/Manufacturing
- Residential

H1 2009 Revenue by Region
Total Revenue £191.1m



- Eastern Europe
- France
- Germany
- Other
- Middle East
- Spain
- Austria
- Asia

Strong performance in the Infrastructure/Public Buildings sector

Residential exposure just 10%

As expected, Eastern Europe now largest revenue generating area



CEMEA Highlights



Road upgrade near Stockholm, Sweden
Ground improvement using dry soil mixing

Operating margins held up well at 10.7%
(2008: 11.6%)

In Germany and Austria our regional
network protected market share and profits

A decline in the domestic market in France
offset by growth in its Algerian operations

Our Spanish business remains profitable
despite further volume declines

Good results from Eastern Europe and the
Middle East

Further product expansion in India

CEMEA Case Studies

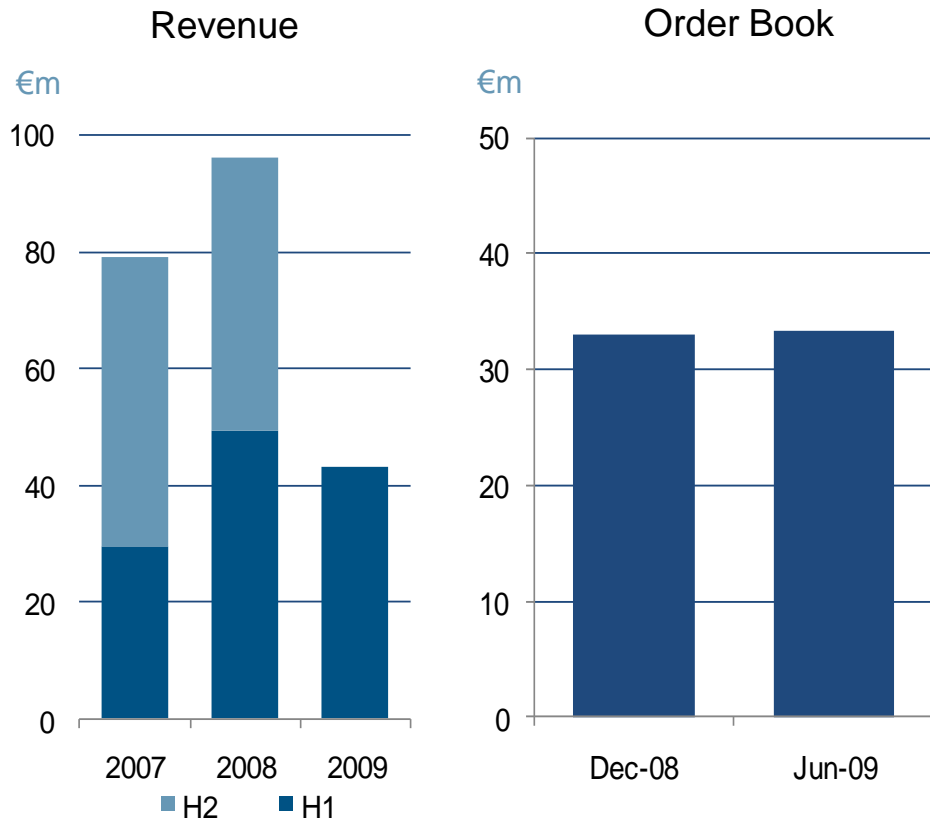


New railway tunnel, Southern Austria
Bored piles, anchors, nails & shotcrete



New Delhi Metro, India
Removable anchors as part of retaining wall system

Eastern Europe

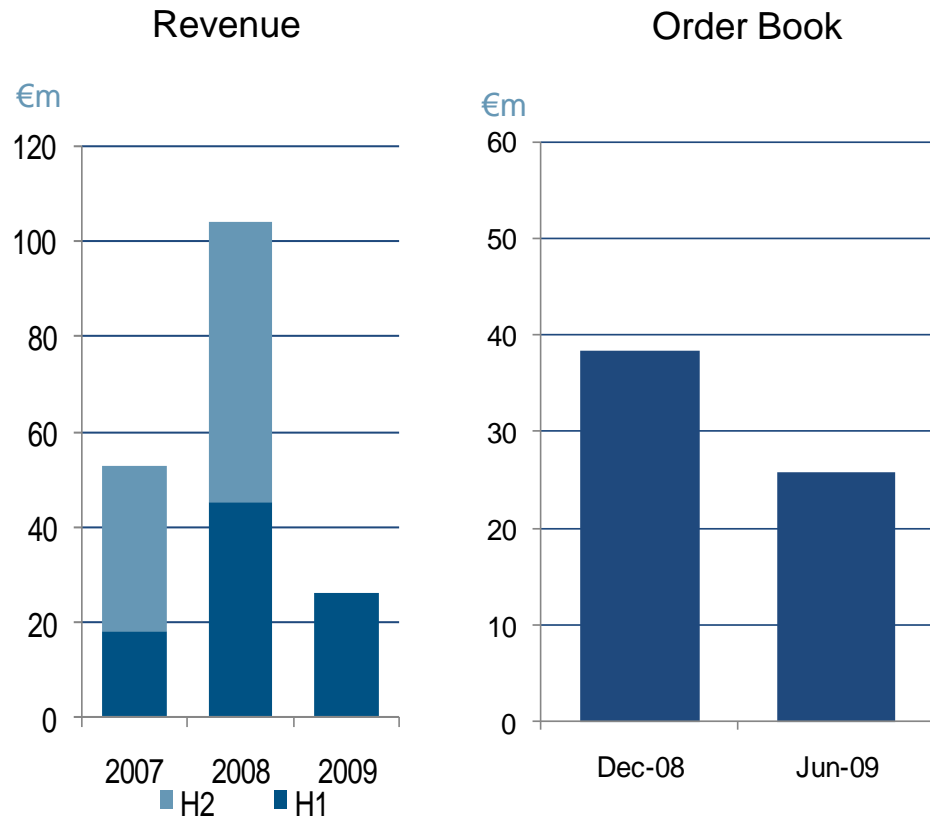


Revenue down circa 13% after weak first quarter

- > 60% of revenue generated in Poland
- > 50% of Polish revenue relates to Infrastructure/Public Buildings
- increased competition has put more pressure on margins

Order book maintained at high level of December 2008

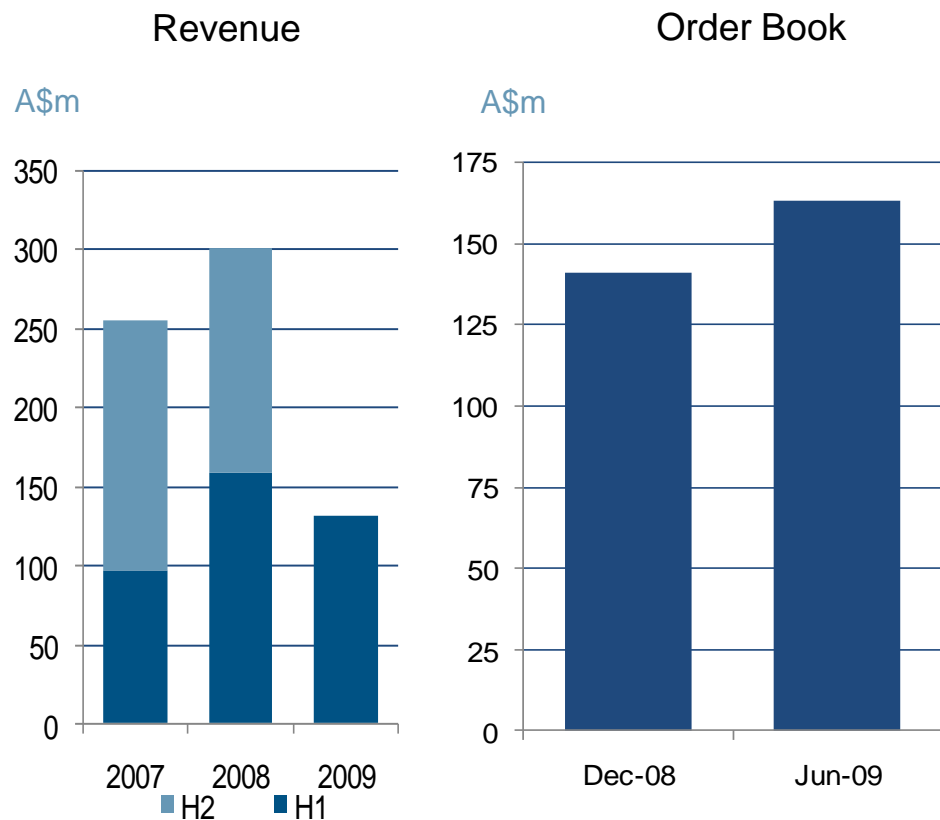
Middle East



Region has been particularly badly hit by the economic slowdown

- tendering remains high but contract awards scarce
- revenues down by circa 45%
- majority of the work in Abu Dhabi
- operating margins remain very good
- margin pressure expected in H2
- some piling rigs transferred to India

Australia



Revenue down 17% but A\$50m of Gateway project revenue in 2008 H1

Order book 16% ahead of December 2008 underpinned by large drilling and grouting bulk infill contract

- 8km motorway upgrade in Queensland
- J.V. between Piling Contractors and Keller Ground Engineering
- significant input from Group resources in US/Europe

Australia Highlights



Rapid Growth Project, Western Australia
Bored and driven piles for iron ore rail line

Investment in public infrastructure remains high but the commercial sector has continued to deteriorate

In H1 56% of revenue was in the Infrastructure/Public Buildings sector with 23% in Power/Industrial/Manufacturing

Typical projects include

- Infrastructure: road and rail
- Resources: aluminium, iron ore, coal

UK Highlights



Widening of the M1 to four lanes, Nottinghamshire
Soil nailing for stabilising embankments

Market showed few signs of improvement in H1

- recession particularly impacting smaller schemes
- too early to report a sustained recovery in the housing sector
- further actions reduced overheads by £2m p.a. at a cost of £0.5m
- notable successes in infrastructure and Olympics-related work

Outlook

- Conditions in most of our markets remain tough
 - nothing to indicate an increase in privately-financed construction project starts
 - expect to see further deterioration in the US commercial sector
 - further margin pressure expected
- Order intake down 22% on a like-for-like basis
- Expectations for the full year remain unchanged and within the current range of market expectations
- Over the longer term, will be in good shape to take full advantage of market upturn

Appendix

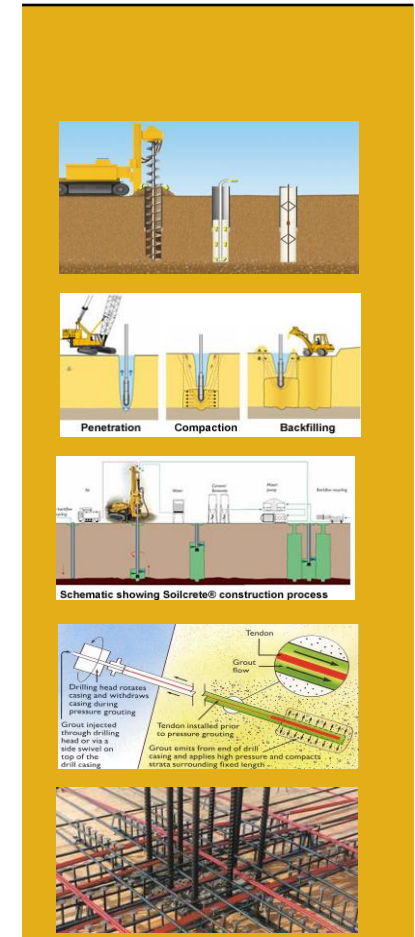


Introduction to Keller

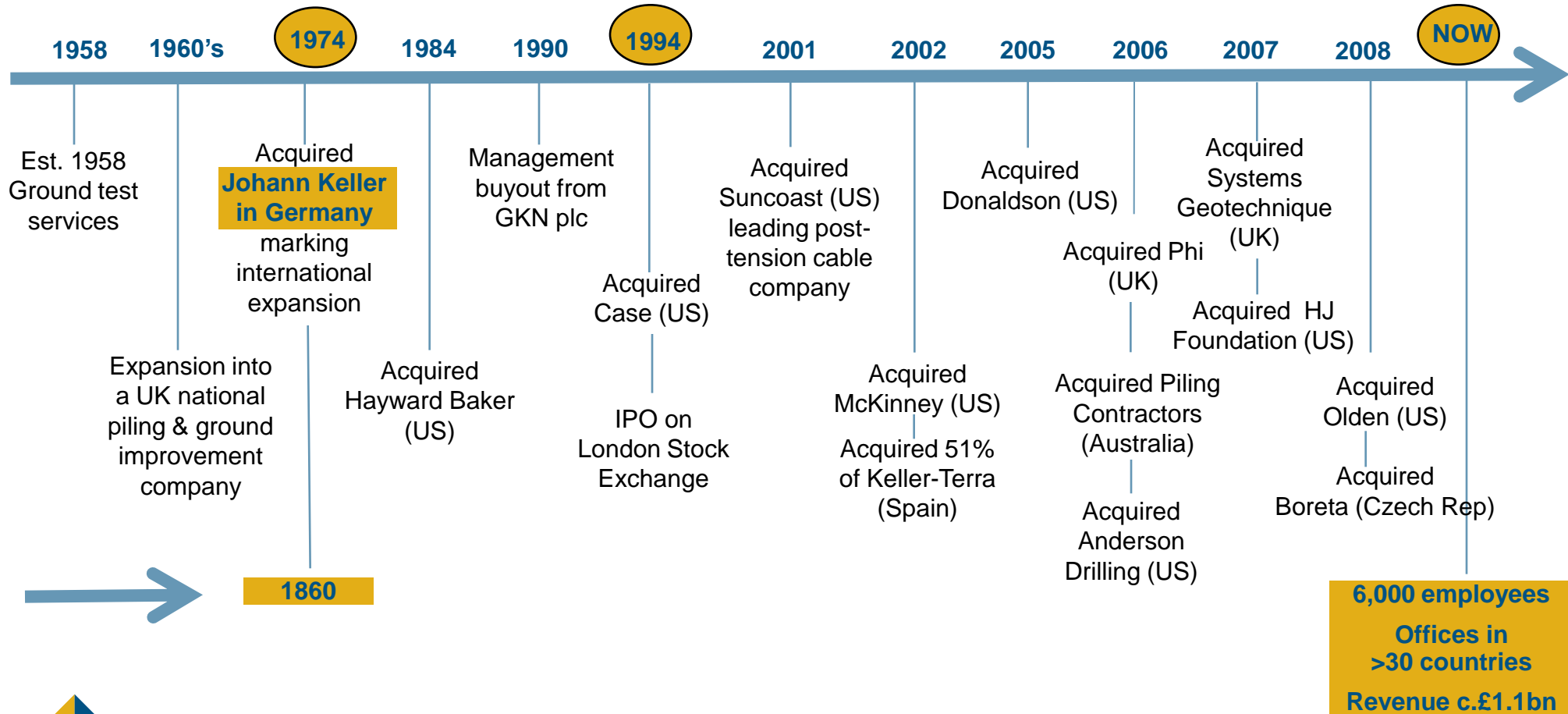
- The world's largest independent ground engineering contractor
 - ground engineering is a small, niche sub-sector of construction
- Unrivalled geographic coverage, working in around 40 countries
- Works as a subcontractor for main contractors or sometimes for end clients
- Typical contracts are
 - short duration
 - less than £500k
 - across the construction spectrum

Ground Engineering Worldwide

Activities	% of 2008 revenue	Regions of use	Applications
Piling	36 %	US/UK Eastern Europe Middle East Australia	Foundation support Earth retention
Ground improvement	26 %	US/UK Continental Europe Middle East & Asia Australia	Foundation support Seismic risk protection
Speciality Grouting	15 %	US/UK Continental Europe Asia Australia	Control of building settlement Groundwater control
Anchors, Nails, Minipiles	14 %	US/UK Continental Europe Asia	Excavation support Slope protection Underpinning
Post-tension concrete	9 %	US	Slab-on-grade foundations High rise structures



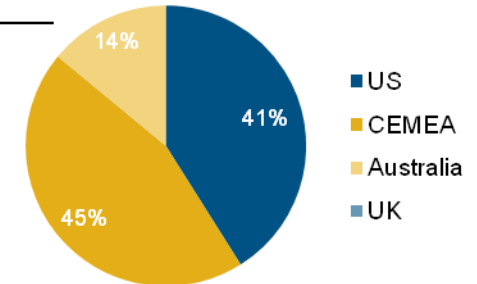
History of Keller



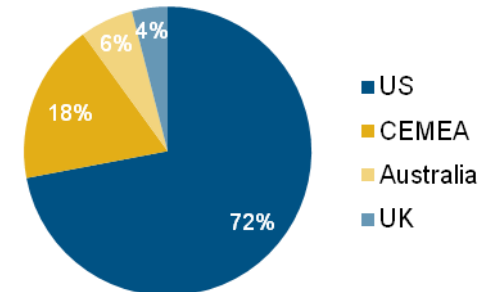
Business Model

- A very broadly based business by
 - geographies and products
 - customers and end markets
 - individual contracts (circa 8,500 in 2008)
- Strong control framework but with local empowerment
 - global and local benefits
- Continuous innovation
 - manufacture own equipment for ground improvement products
 - successfully transfer technology around the Group
 - offer design and build capability and alternative solutions
- A good track record of acquisitions
 - synergistic effects help grow the turnover and profit

Profit by Geography*
2009 H1



Profit by Geography*
2006



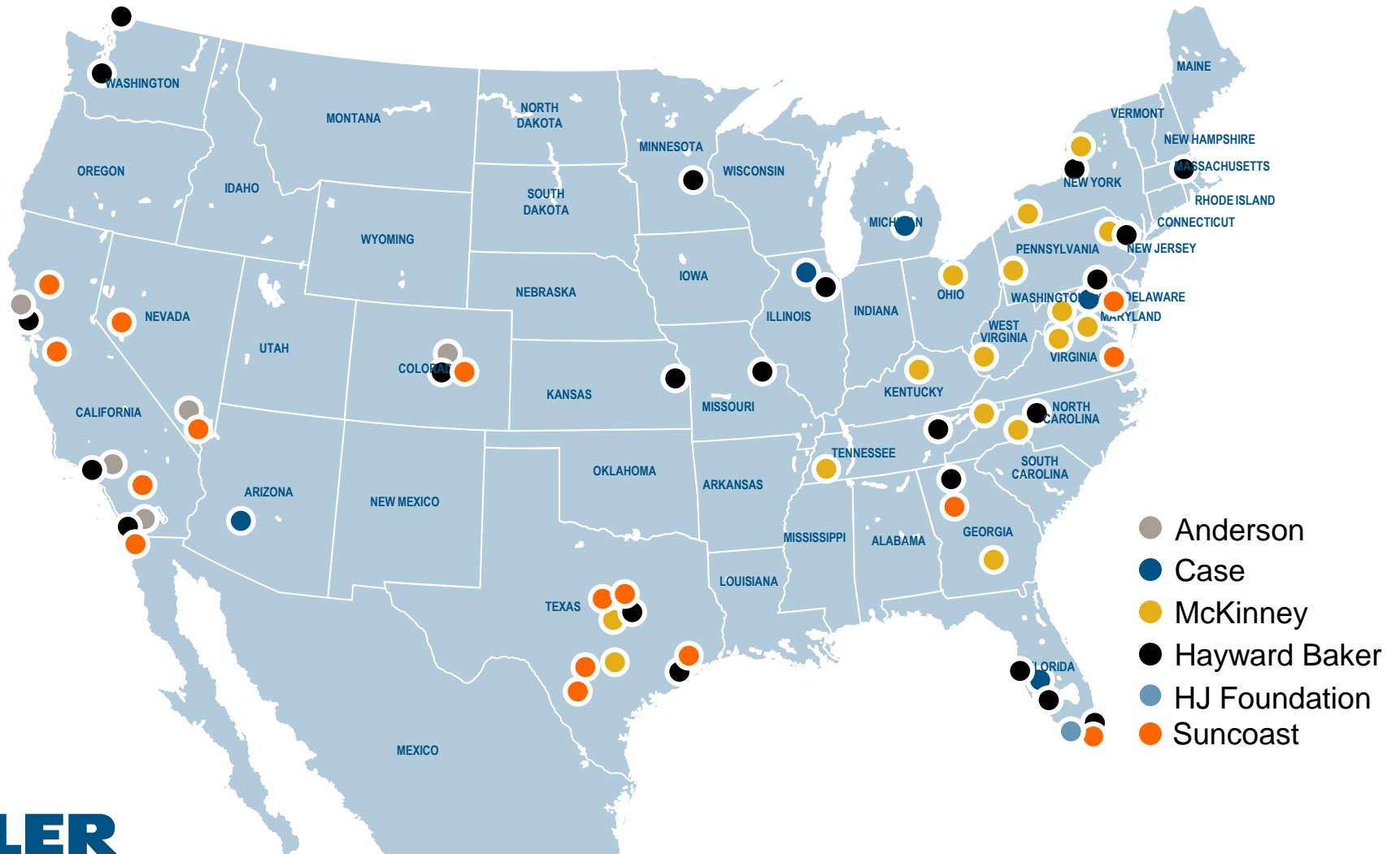
Strategy

Keller is the world's largest independent ground engineering contractor with leading market positions in many countries

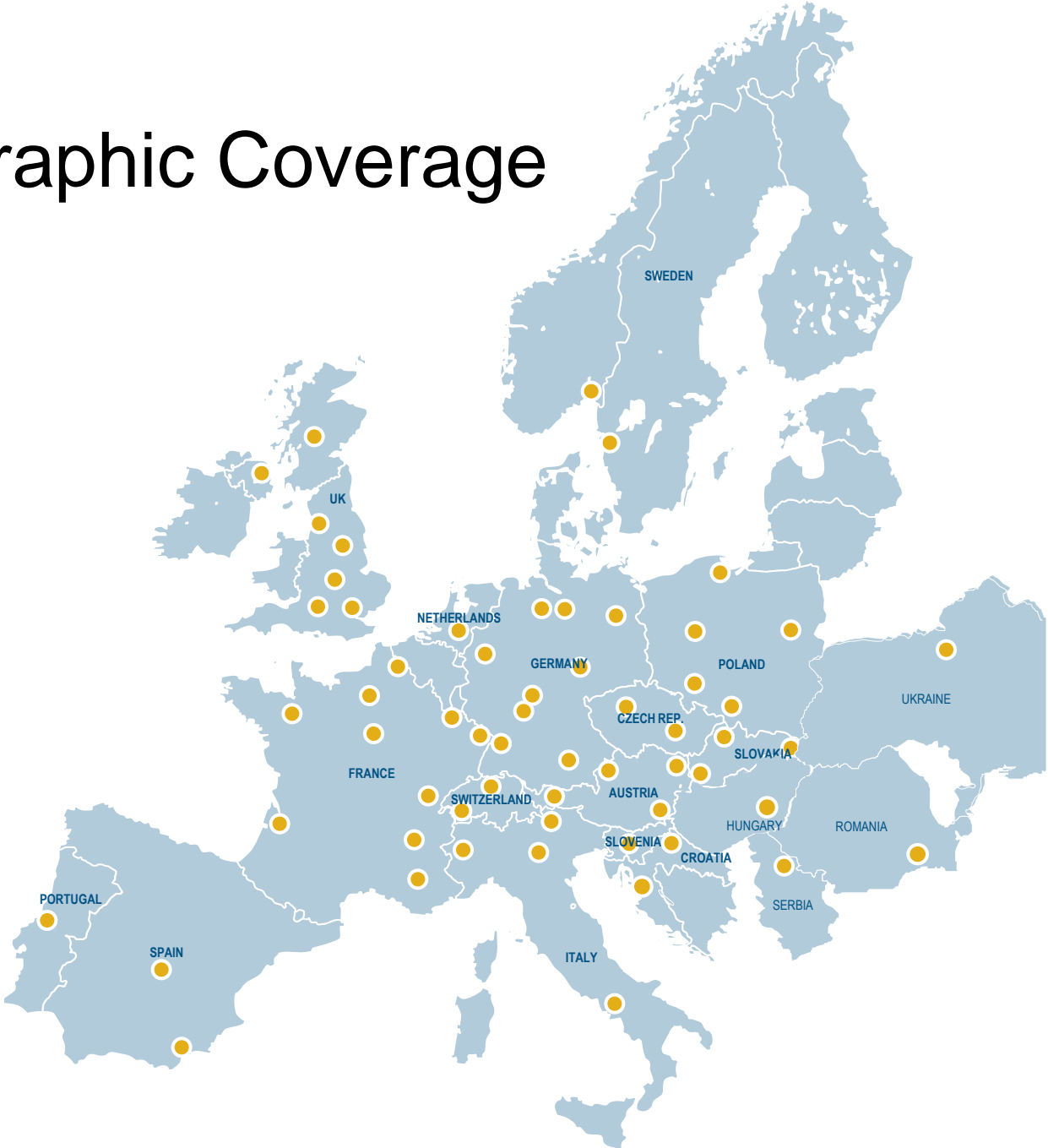
- Market Drivers
 - more pressure to build on brownfield/marginal land
 - more ambitious development and infrastructure projects
- Our Objective
 - to extend our global leadership in specialist ground engineering through:
 - organic growth, particularly in emerging markets
 - targeted acquisitions
- Our Execution
 - transfer of technologies across our geographic regions
 - expansion into new geographic regions
 - acquisition and development of new technologies and techniques



US Geographic Coverage

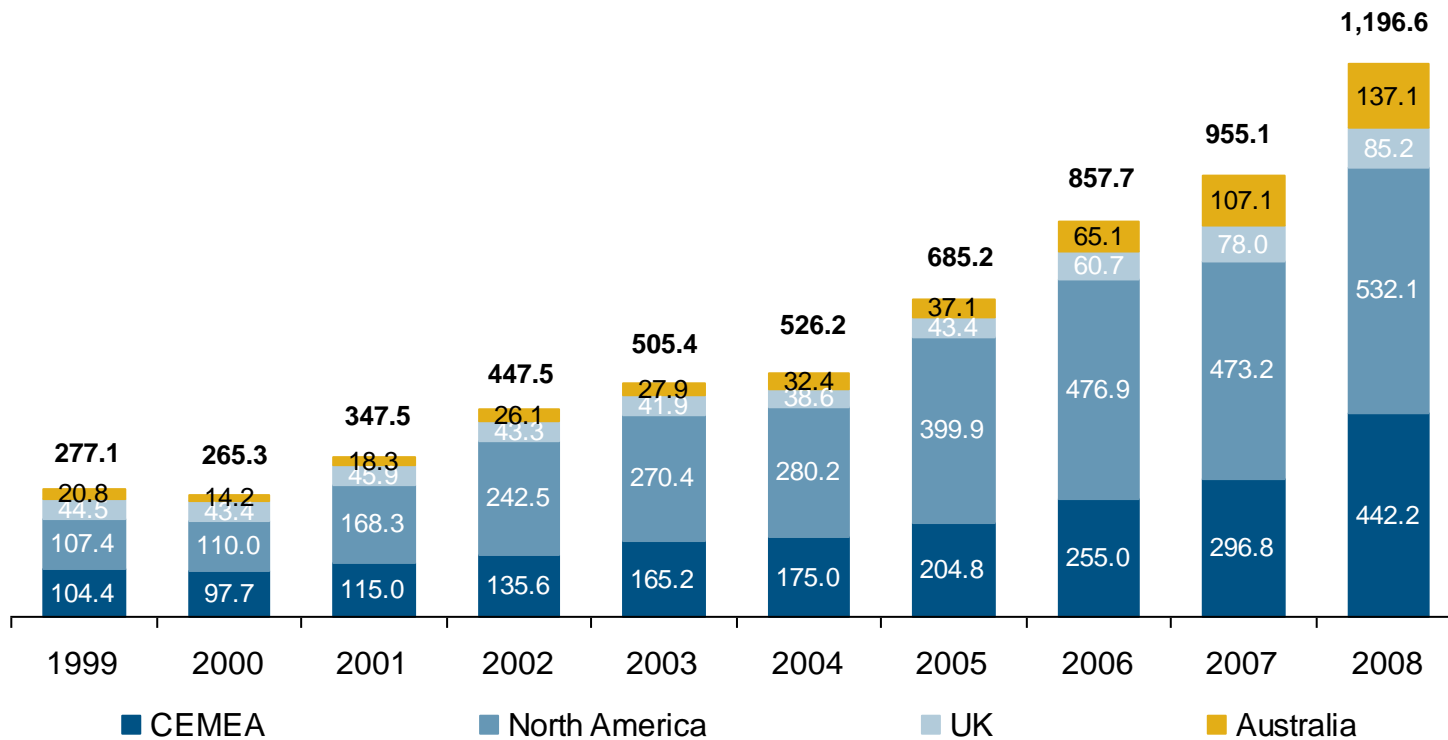


Europe Geographic Coverage



Ten Year Track Record

Revenue 1999 – 2008 (£m)
(Continuing Operations)

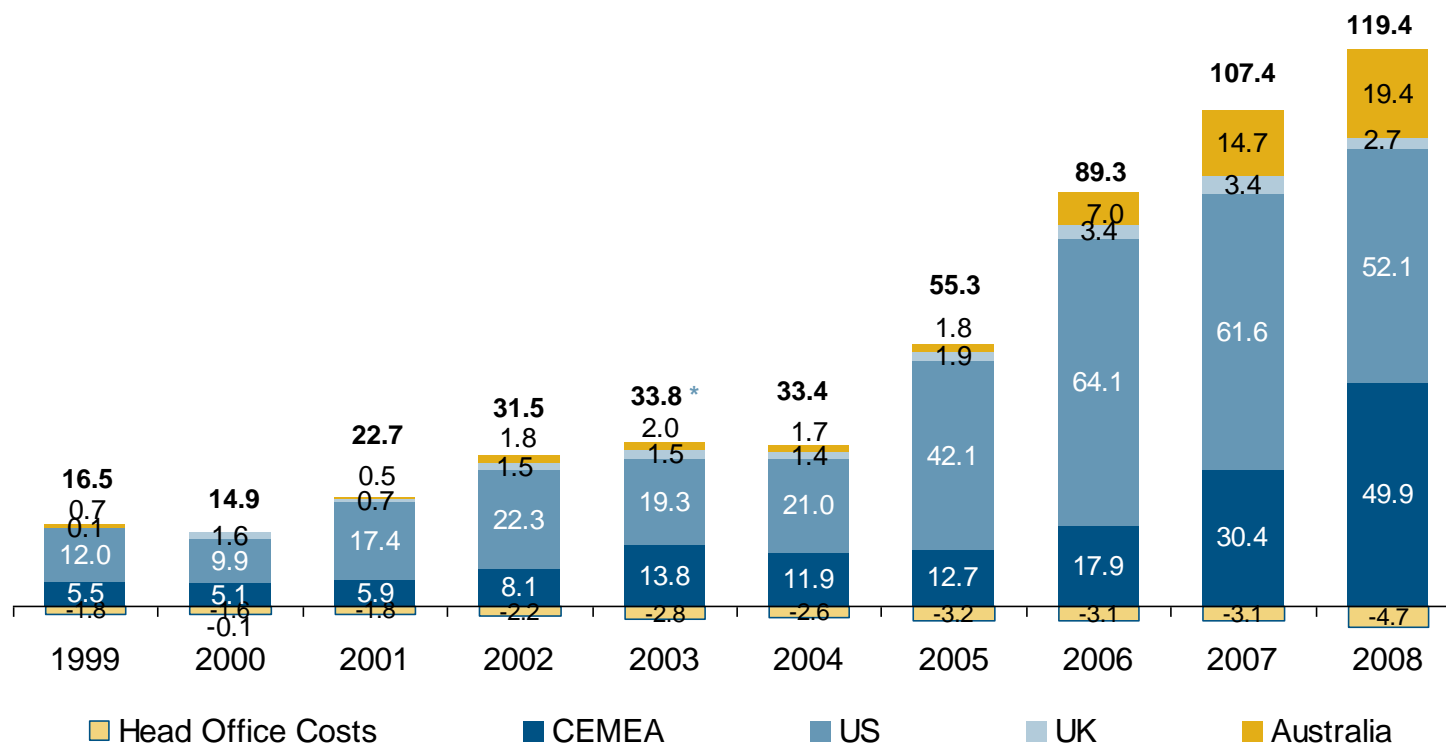


Compound annual growth rate of 18%



Ten Year Track Record

Operating Profit 1999 – 2008 (£m)
(Continuing Operations)

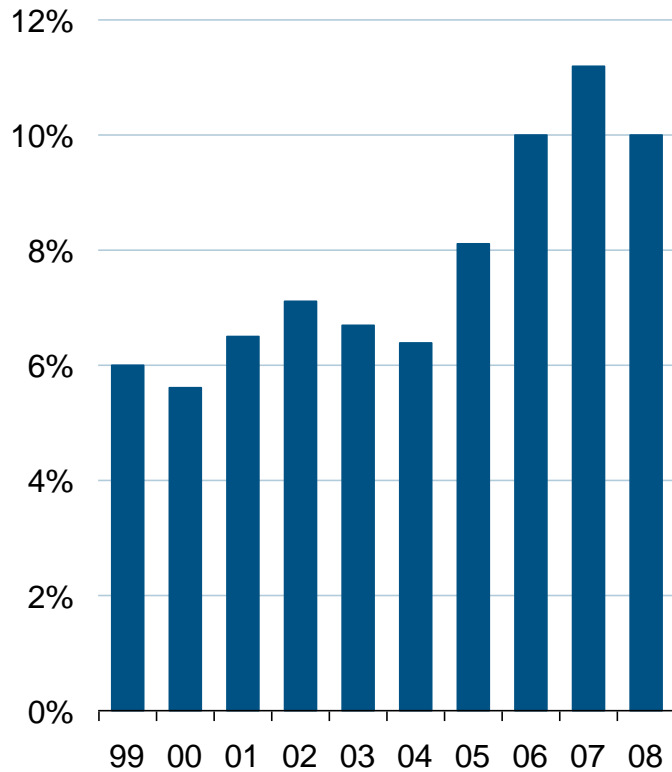


Compound annual growth rate of 25%

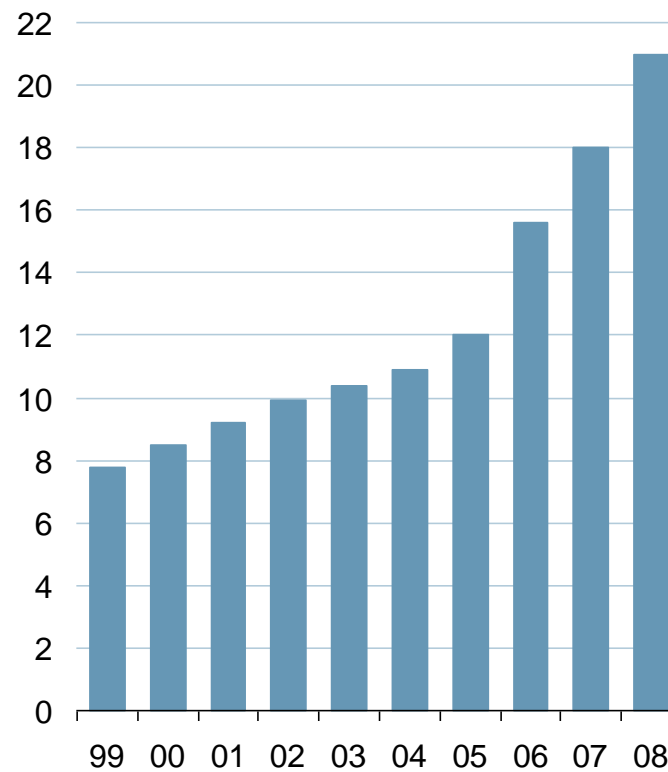


Operating Margins and Dividends

Operating margin*



Dividends per share



Average margins through the cycle increasing over time

Progressive dividend policy maintained



*from continuing operations 34

