

Keller Group plc

Preliminary Results 2008

March 2009



Highlights

- Revenue* of £1,196.6m (2007: £955.1m), up 25%
- Like-for-like organic revenue growth of 12%
- Excellent operating margin* of 10% (2007: 11.2%)
- Earnings per share* up 14% to 111.1p (2007: 97.6p)
- Total dividend for the year of 20.7p (2007: 18.0p), up 15%
- Cashflow from continuing operations represents 99% of EBITDA
- Net debt of £84.6m (2007: £54.5m) after £20.7m of adverse currency movements; committed facilities of £225m with substantial covenant headroom



Group Income Statement

Continuing operations

£m	2008	2007	% change
Revenue	1,196.6	955.1	+25%
Operating profit	119.4	107.4	+11%
Net finance costs	(6.2)	(4.2)	
Profit before tax	113.2	103.2	+10%
Tax	(35.9)	(35.9)	
Profit after tax	77.3	67.3	+15%

Constant currency basis

- revenue up 14%
- operating profit flat

Average exchange rates

- US\$1.86 (2007: \$2.00)
- €1.26 (2007: €1.46)

Effective tax rate 32%
(2007: 35%)



Group Income Statement (continued)

£m	2008	2007	% change
Profit after tax	77.3	67.3	+15%
Discontinued operation (post tax)	(1.7)	(10.5)	
	75.6	56.8	
Minority interests	(4.8)	(2.8)	
Attributable to shareholders	70.8	54.0	
Earnings per share from continuing operations	111.1p	97.6p	+14%
Earnings per share	108.6p	81.8p	
Dividends per share	20.7p	18.0p	+15%

Discontinued losses relate to Makers legacy issues

Minority interests mainly Saudi Arabia and Spain

Dividend policy
-15% annual growth, subject to 3x cover

3.3% of shares repurchased in 2008



Operating Profit & Margin*

	2008			2007		
£m	Revenue	Op Profit	Margin	Revenue	Op Profit	Margin
UK	85.2	2.7	3.2%	78.0	3.8	4.9%
USA	532.1	52.1	9.8%	473.2	61.6	13.0%
CEMEA	442.2	49.9	11.3%	296.8	30.4	10.2%
Australia	137.1	19.4	14.2%	107.1	14.7	13.7%
	1,196.6	124.1	10.4%	955.1	110.5	11.6%
Central costs	-	(4.7)		-	(3.1)	
	1,196.6	119.4	10.0%	955.1	107.4	11.2%

Like-for-like organic revenue growth of 12%

- UK 10%
- USA 0%
- CEMEA 28%
- Australia 17%

Suncoast represents vast majority of US profit decrease

Record margins in CEMEA and Australia



Group Balance Sheet

£m	2008	2007
Goodwill/intangibles	111.8	80.8
Property, plant & equipment	254.7	155.8
Other non-current assets	12.5	13.7
	379.0	250.3
Inventories	50.9	26.9
Debtors	364.4	273.6
Creditors	(323.1)	(237.4)
Working capital	92.2	63.1
Capital employed	471.2	313.4
Other liabilities/provisions	(48.8)	(24.9)
Retirement benefits	(13.6)	(13.9)
Tax	(21.6)	(8.6)
Net debt	(84.6)	(54.5)
Net assets	302.6	211.5

Balance sheet carrying values increased by significant weakening of sterling over 2008

Year end exchange rates

- US\$1.45 (2007: \$2.00)

- €1.03 (2007: €1.36)

Working capital ratios improved again

Gearing of 28% (2007: 26%)



Group Cash Flow Statement

£m	2008	2007
Cash from continuing operating activities	143.5	127.4
Discontinued operation	(5.1)	(10.2)
Capex – net	(65.2)	(47.1)
Tax	(27.9)	(32.0)
Interest	(4.1)	(4.0)
Free cash flow	41.2	34.1
Dividends	(15.9)	(12.3)
Acquisitions	(14.1)	(34.5)
Other	(20.6)	(2.3)
Net cash flow	(9.4)	(15.0)
Opening net debt	(54.5)	(38.6)
Exchange movements	(20.7)	(0.9)
Closing net debt	(84.6)	(54.5)

Cash from continuing operations 99% of EBITDA (2007: 101%)

Underlying capex increase of £11.4m targeting growth opportunities

Acquisitions mainly Olden and Boreta

Other includes £17.5m of share buy-backs



Group Financing Position

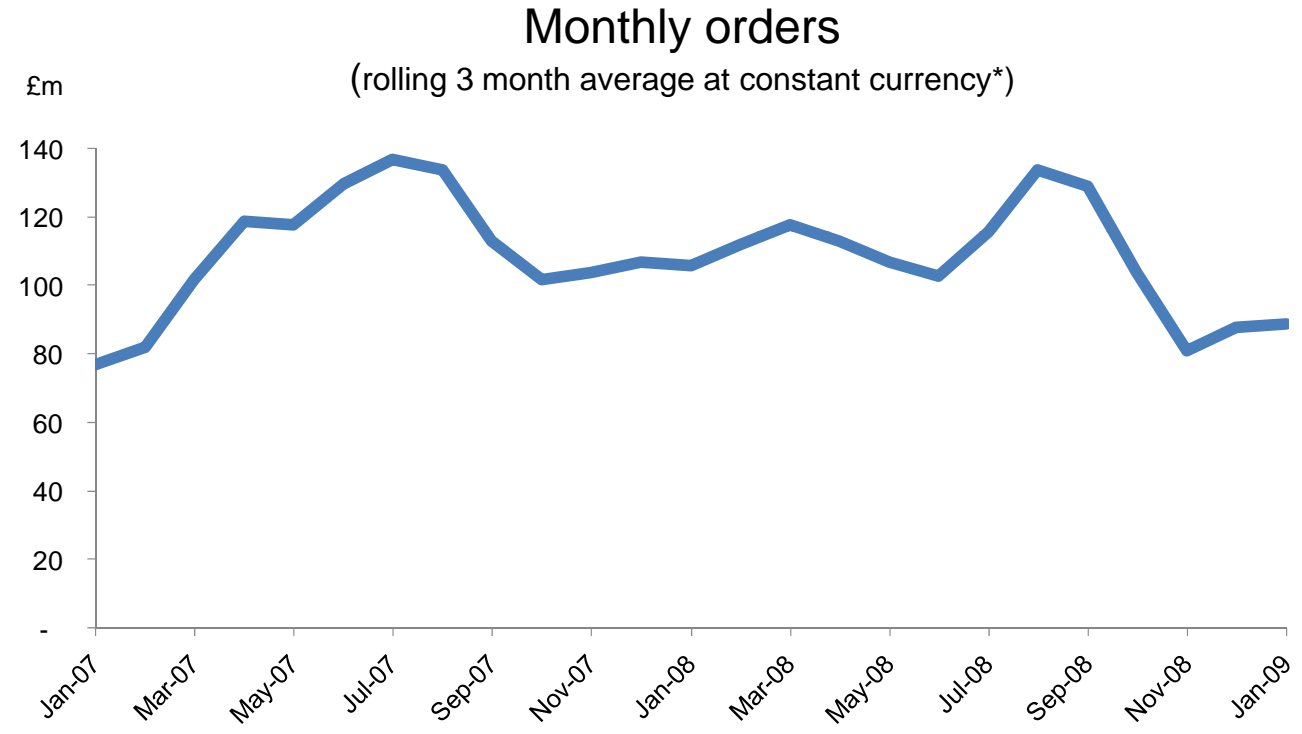
- £225m of committed Group facilities, mainly
 - £65m and £80m revolving credit facilities, expiring July 2010 and June 2011 respectively
 - to date, £65m facility not used
 - US\$100m private placement
 - US\$30m repayable 2011, US\$70m repayable 2014
- Comfortably within key financial covenants
- A further £75m of other facilities held locally

Key Financial Covenants

<i>Test</i>	<i>Status</i>
Net debt < 3x EBITDA	0.6x
EBITDA interest cover > 4x	23.2x
Net Assets > £78m	£302.6m



Group Orders



Last six months' orders down around 20% from previous six months'

Current order book down around 10% from last year in constant currency terms – slightly up in sterling terms



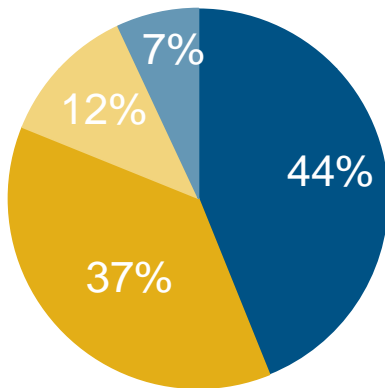
*at current exchange rates 8

2009 Guidance

- Local currency revenue expected to be significantly down in some countries
 - especially US, Middle East, UK
- Currency benefits likely to broadly offset this decrease (at current rates)
- Lower volumes will lead to further pressure on margins
- Expected effective tax rate of 32%
- Capital expenditure of around £40m
- £8m of deferred consideration payable, mainly in H1

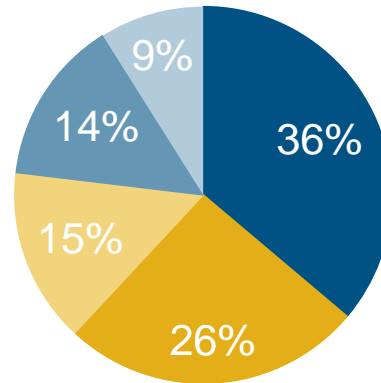
Group Analysis of Revenue

Revenue by Geography
Total Revenue £1,197m



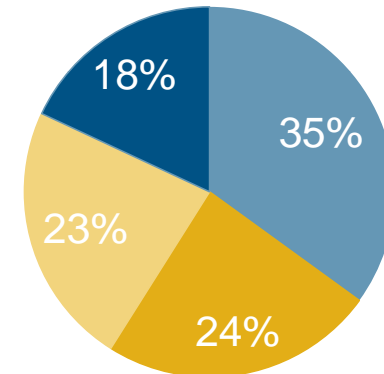
- US
- CEMEA
- Australia
- UK

Revenue by Product
Total Revenue £1,197m



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

Revenue by End Market
Total Revenue £1,197m



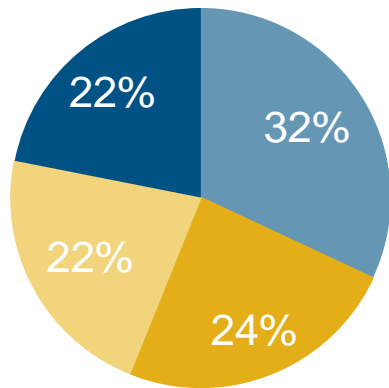
- Infrastructure/Public Buildings
- Office/Commercial
- Power/Industrial/Manufacturing
- Residential



• Broadly based business by geographies, products and end markets

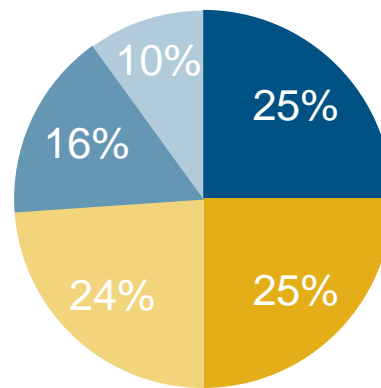
North America Analysis of Revenue

2008 Revenue by End Market
Total revenue £532m



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

2008 Revenue by Region
Total revenue £532m



- Central (inc Texas)
- North East (inc New York)
- South East (inc Florida)
- West Coast (inc California)
- Mid West (inc Chicago)

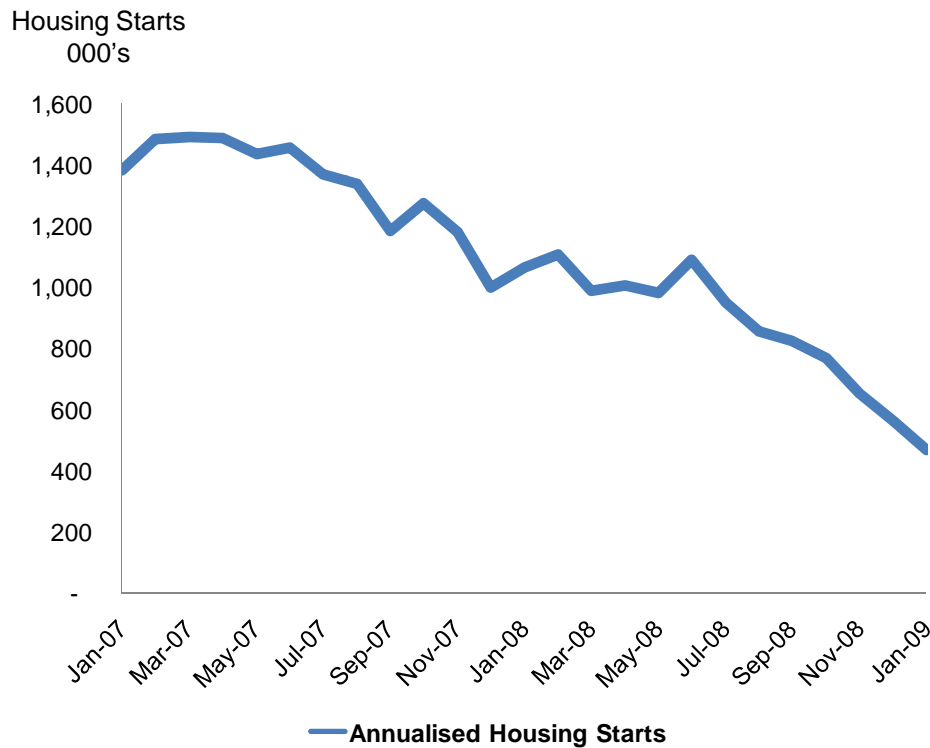
Residential and office/commercial exposure now 46%, down from 58% in 2007

Strong growth in power, industrial and manufacturing reflecting strength of the market

Excellent geographical profile serving every corner of the US



United States Market Analysis



January 2009 housing starts down to 20% of 2006 monthly peak

Housing now 34% of the construction market (2006: 54%)

In 2008 private non residential market grew by 15% (2007: 18%)

Power and Manufacturing: 48%
Commercial (3%)

Public construction market grew by 7% in 2008 (2007: 13%)



North America Highlights



Wind farm, Oregon
Dynamic compaction

Another excellent performance from Hayward Baker

- continued expansion of product range
- good mix between large and small contracts

Solid performance from the piling businesses

- continued synergies between companies
- HJ's CFA technique making progress outside Florida

Breakeven result at Suncoast

- focus on preserving cash, tight cost control and reducing overheads

North America Olden Acquisition



Dallas Area Rapid Transport System, Texas
Retaining wall with soil nails

Olden acquired in Q4 for US\$13m

- annualised revenue of circa \$35m
- leading earth retention contractor in Texas
- preferred supplier of retention solutions to the Texas D of T
- 75% of revenue comes from the public sector
- asset-backed acquisition

North America Case Studies



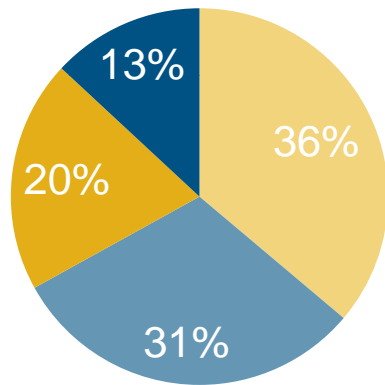
Lake Okeechobee, Florida
Strengthening of dyke using TRD technology



Extension at hospital, New York
Compaction grouting to densify soils

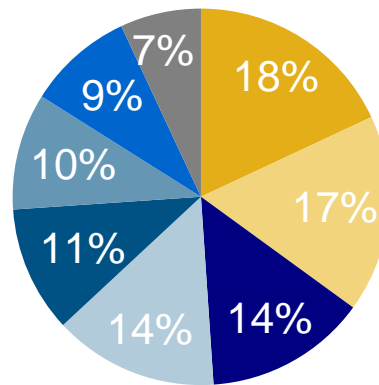
CEMEA¹ Analysis of Revenue

2008 Revenue by End Market
Total Revenue £442m



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

2008 Revenue by Country
Total Revenue £442m



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

Strong growth within industrial and manufacturing sector

Residential exposure remains at circa 10%

Very good geographical balance covering more than 20 countries



¹CEMEA = Continental Europe, Middle East & Asia 16

CEMEA Highlights



Pedang Besar Railway, Malaysia

Ground improvement supporting a new electrified double track

Excellent organic growth with a record operating margin of 11.3%

Good performance in Continental Europe from Germany, France & Austria

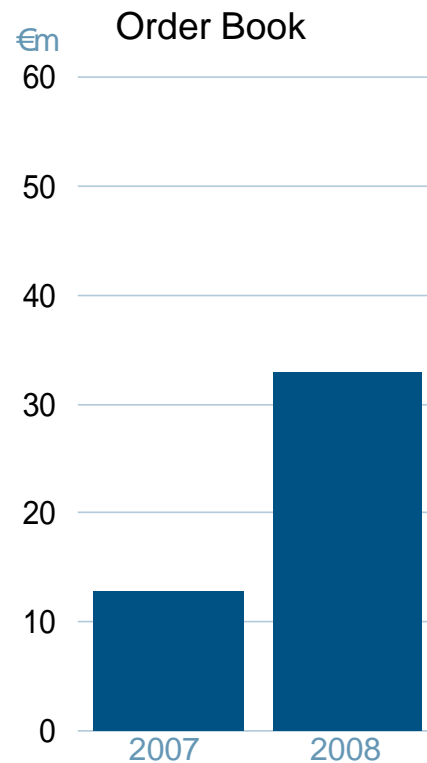
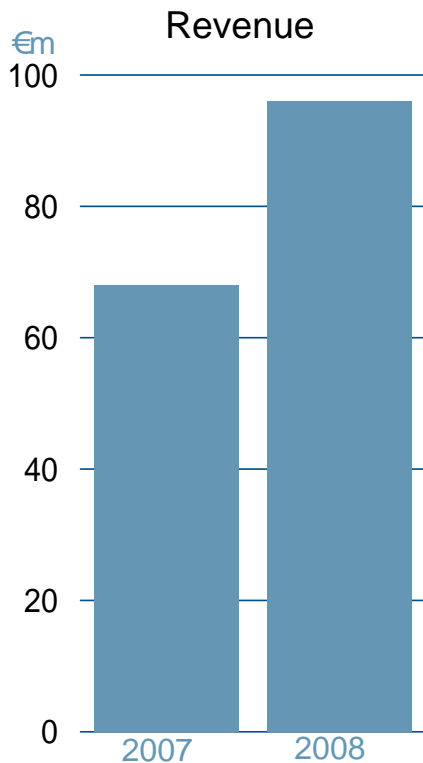
– Spanish revenue off circa 20% but the business remains profitable

Strong growth in Eastern Europe and the Middle East

Doubling of revenue and profit by Asia

– Expansion of product range in India

Eastern Europe



Revenue increased by more than 40% to nearly €100m

- circa 60% in Poland
- Polish zloty weakened against the euro by 20% in 2008

Boreta acquired in Q4 for €8m

- complements existing Czech operations
- another step in building a heavy foundations business in Eastern Europe

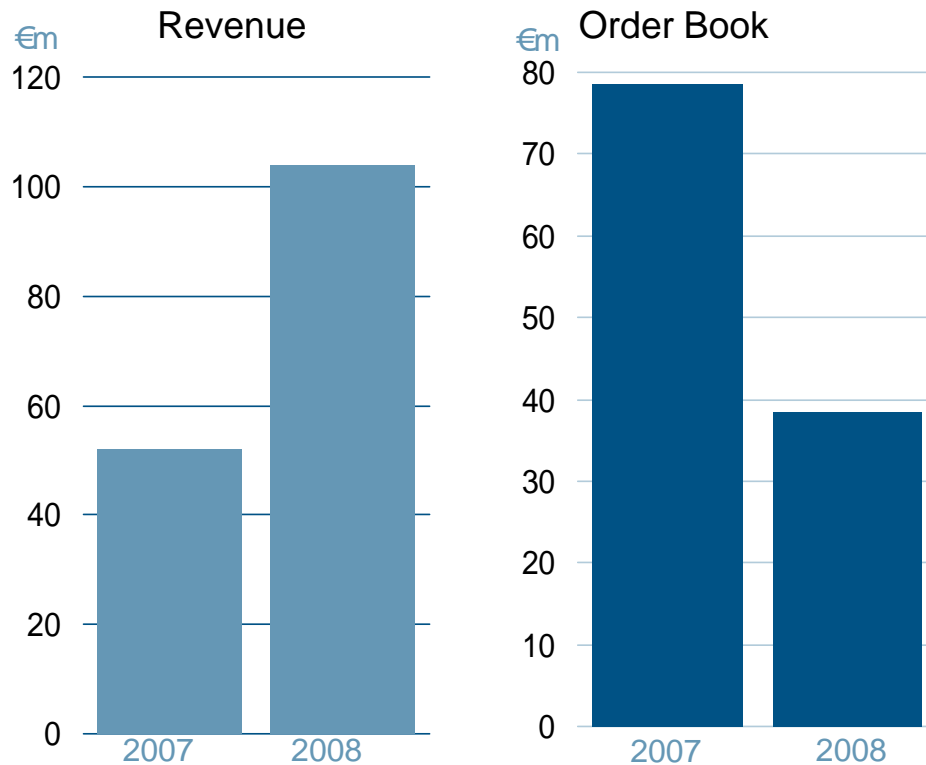
Year end order book increased significantly

- mainly infrastructure projects in Poland

Continued growth expected in 2009



Middle East



Revenue almost doubled to circa €100m

- circa 40% of revenue from Saudi Arabia and circa 35% from the UAE
- several large contracts in both countries

Shift in revenue from Dubai to Abu Dhabi

- Dubai one third of UAE revenue in 2008 (two thirds in 2007)

Year end order book halved

- no current work in Dubai
- better prospects in Abu Dhabi, Saudi Arabia and Bahrain

CEMEA Case Studies



Eastern Europe
New S8 Expressway, Warsaw
Diaphragm walls and Jet grouting



Middle East
Khalifa Bin Zayed National Stadium, Abu Dhabi
Piling and Ground improvement

Australia Highlights



New bridge in central Brisbane, Queensland

Bored piling over water

Another excellent performance with revenue and operating profit both up by circa 20%

- more than 50% of revenue from infrastructure projects
- around A\$60m of revenue from the Gateway project

All four businesses contributed strongly
– wide product offering in the market place

Deterioration in the commercial sector in H2 2008

Infrastructure projects in Queensland still coming on stream

UK Highlights



Foundations for Olympic Main Stadium, London
Driven piles, CFA piles and Vibro concrete columns

Circa 80% of profit earned in H1

- significant deterioration in market conditions

Recent acquisitions strengthened the product offering and management

Steps taken to cut the cost base in Q4

- £1.3m of annual costs taken out of the business
- headcount reduction of 60

Capital Expenditure



Capex increased significantly in the last two years to continue growth

- targeted at Eastern Europe, the Middle East and Australia

£7m of 2008 increase is due to exchange rate movements

Growing rapidly in heavy foundations which requires more expensive equipment

Replacement programmes have improved efficiencies

2009 capex will be around £40m



Outlook

- Tougher conditions in most of our markets
 - experiencing a move to more publicly financed work
 - techniques, people and equipment not sector specific
 - actions taken to reduce cost base
 - further measures will be taken as necessary
- Current order book down around 10% on a like-for-like basis
 - slightly ahead in sterling terms
- Well placed to weather the current conditions
 - broad geographical and product spread
 - strong balance sheet
- Expect to outperform the general construction markets over the medium/long term

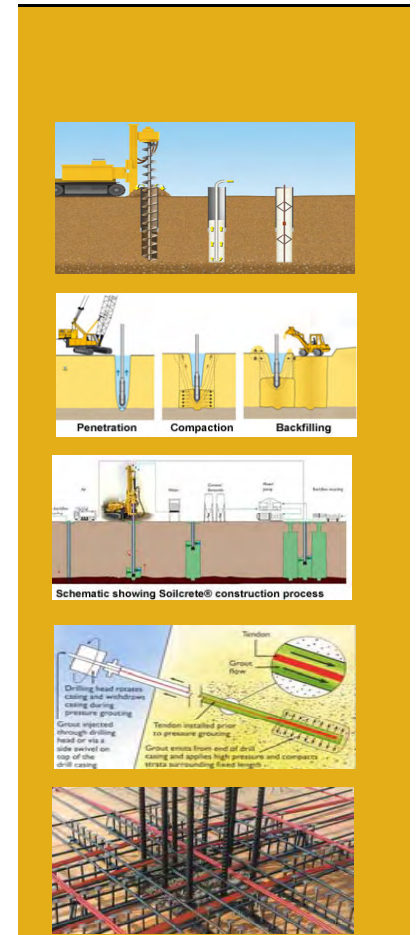


Appendix

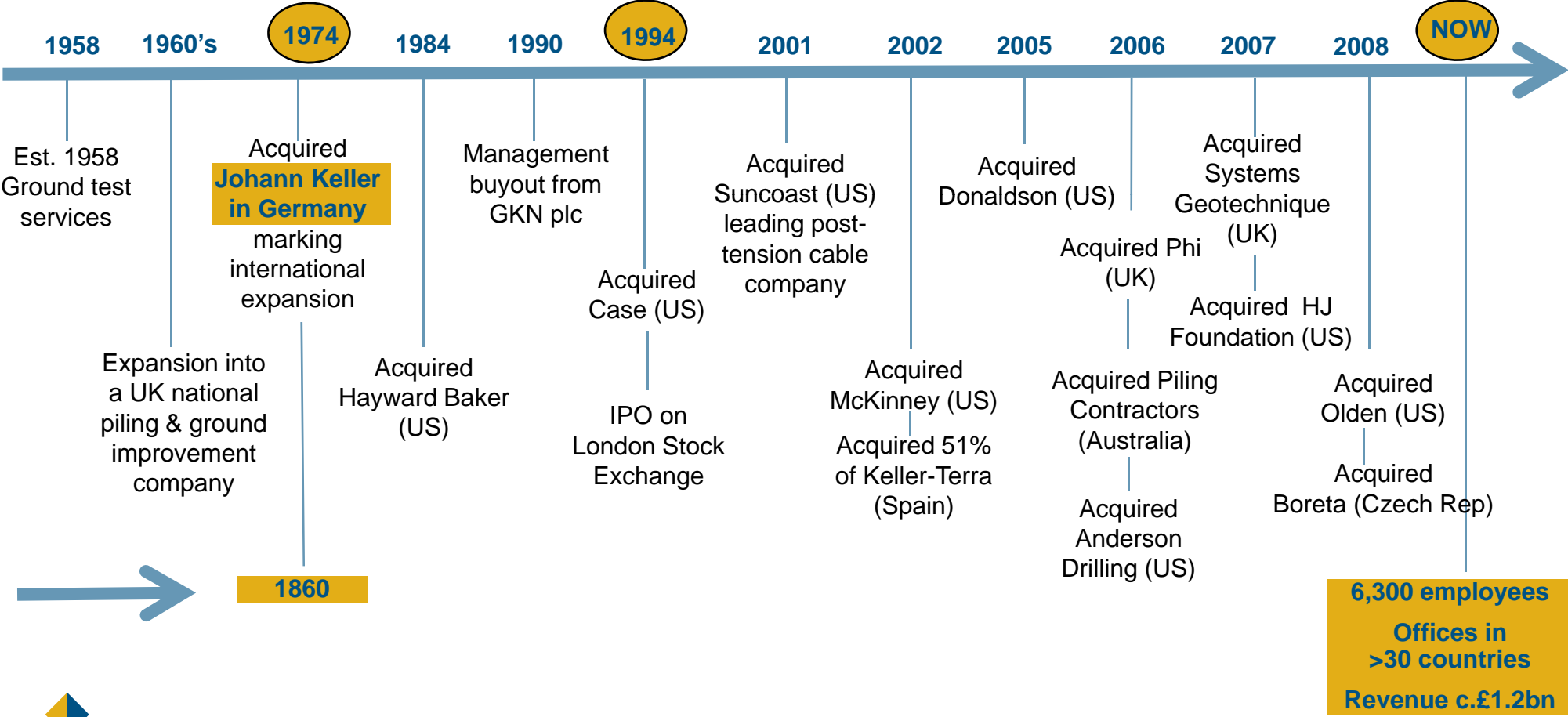


Ground Engineering Worldwide

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



Keller's History



Strategy

Keller is the world's largest and most profitable 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

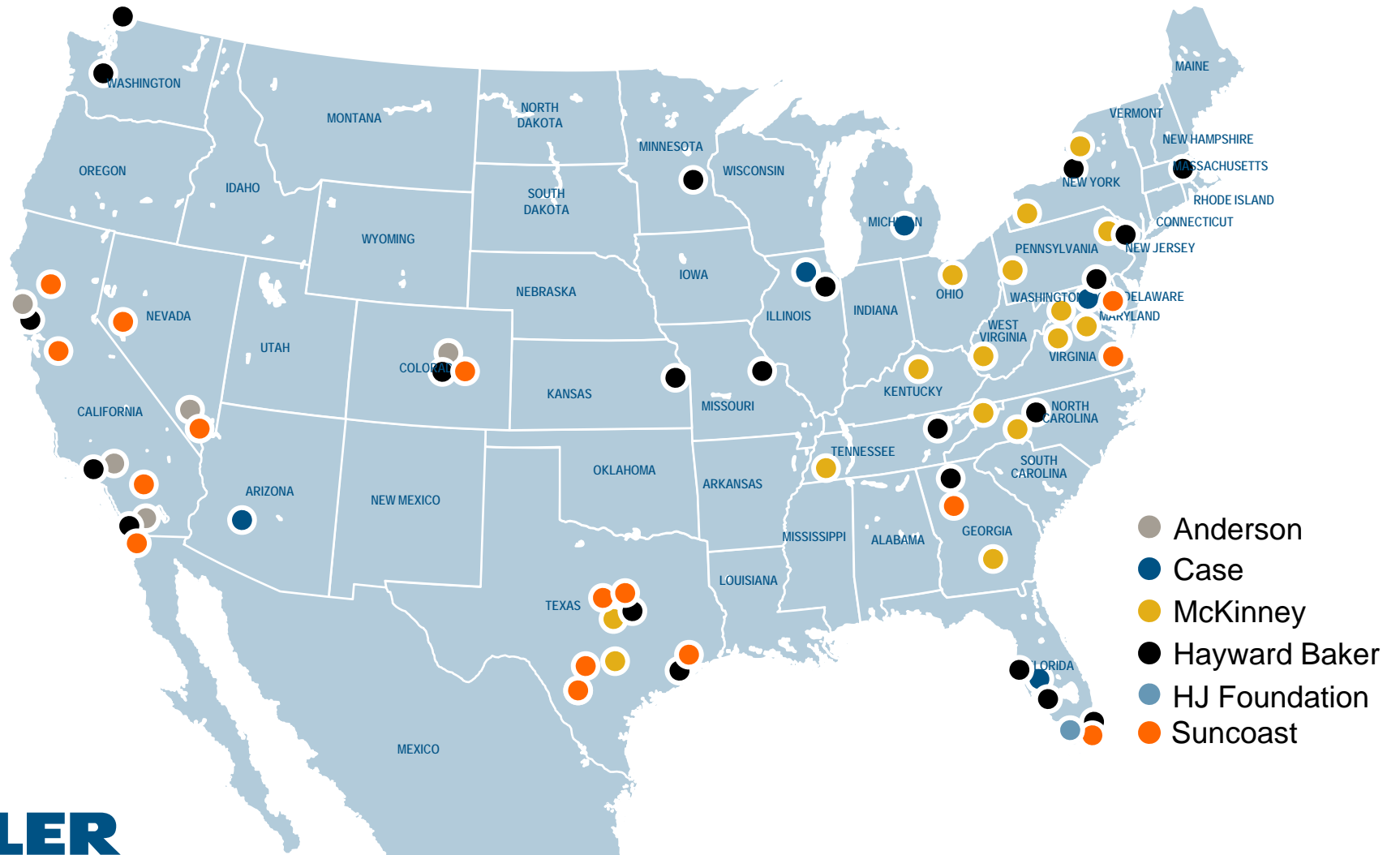
- To extend our global leadership in specialist ground engineering through:
 - Organic growth, particularly in growing markets
 - Targeted acquisitions

- Our Execution

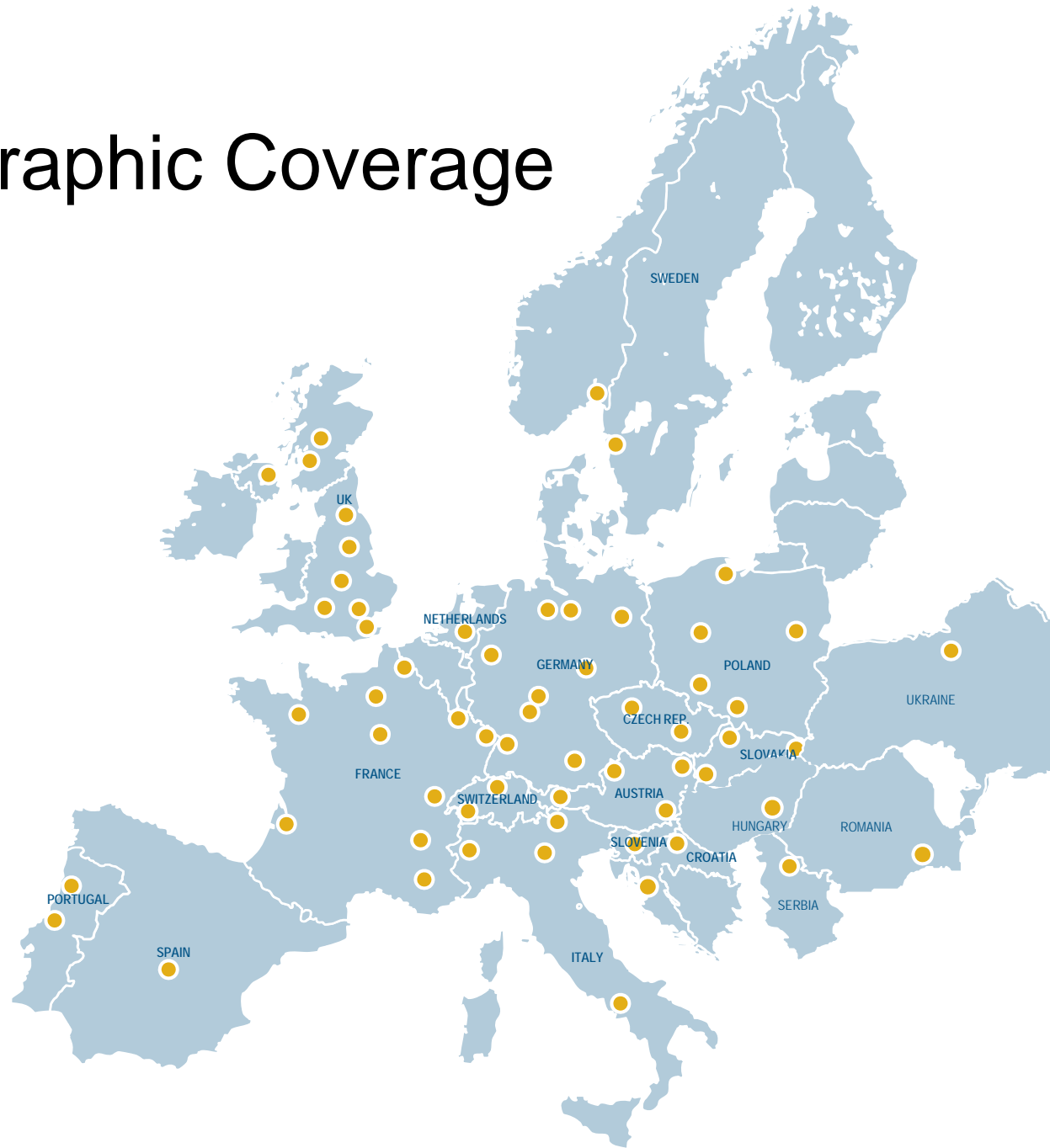
- Transfer of technologies across our geographic regions
 - Expansion into new geographic regions
 - Acquisition and development of new technologies and techniques
-



US Geographic Coverage

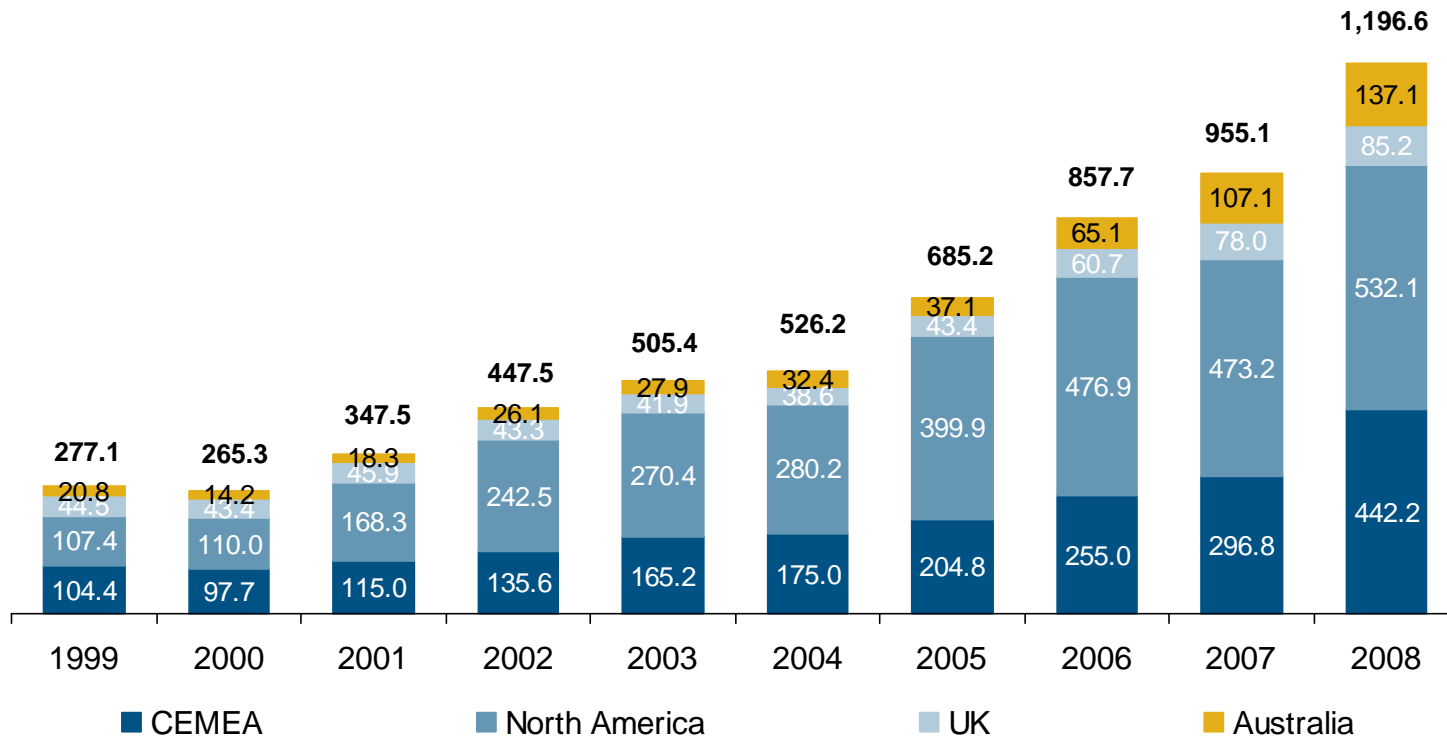


Europe Geographic Coverage



Ten Year Track Record

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

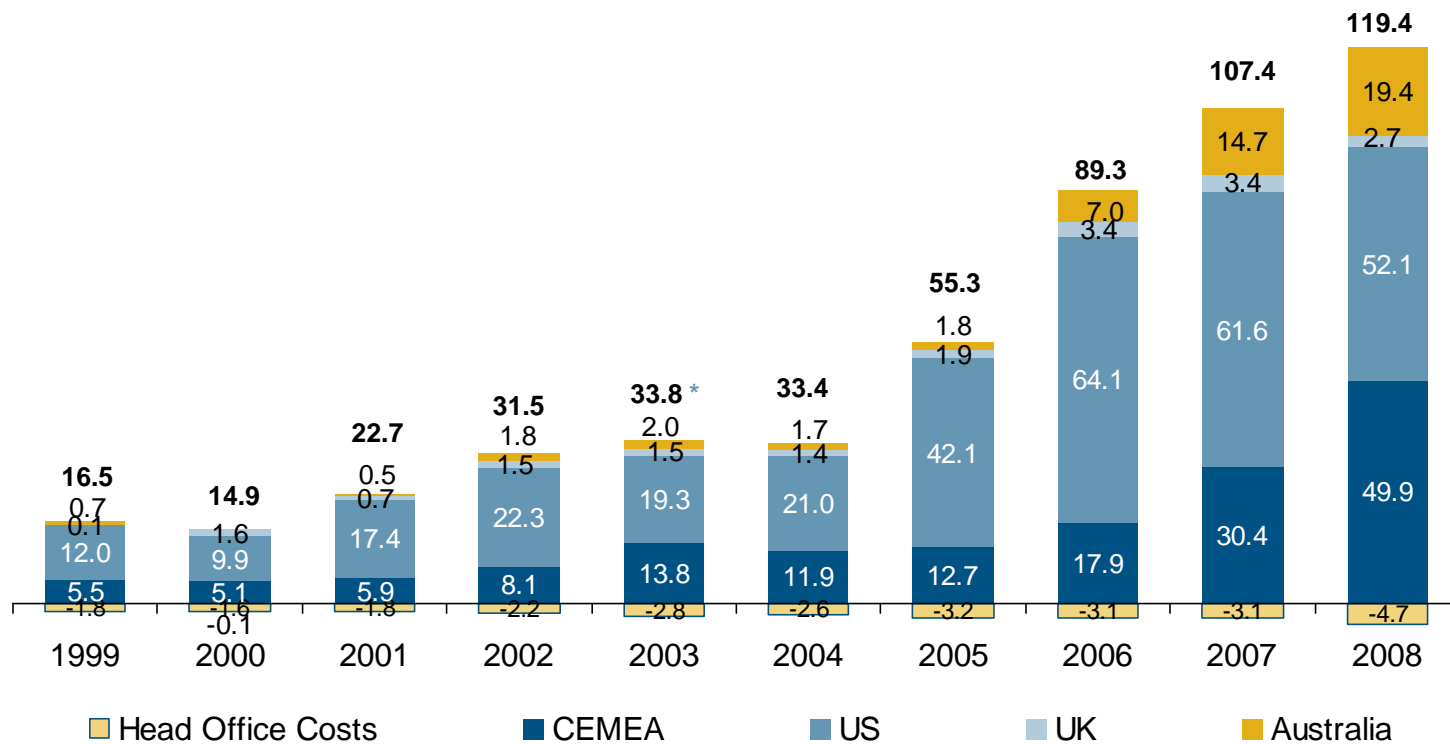


Compound
annual growth
rate of 18%



Ten Year Track Record

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

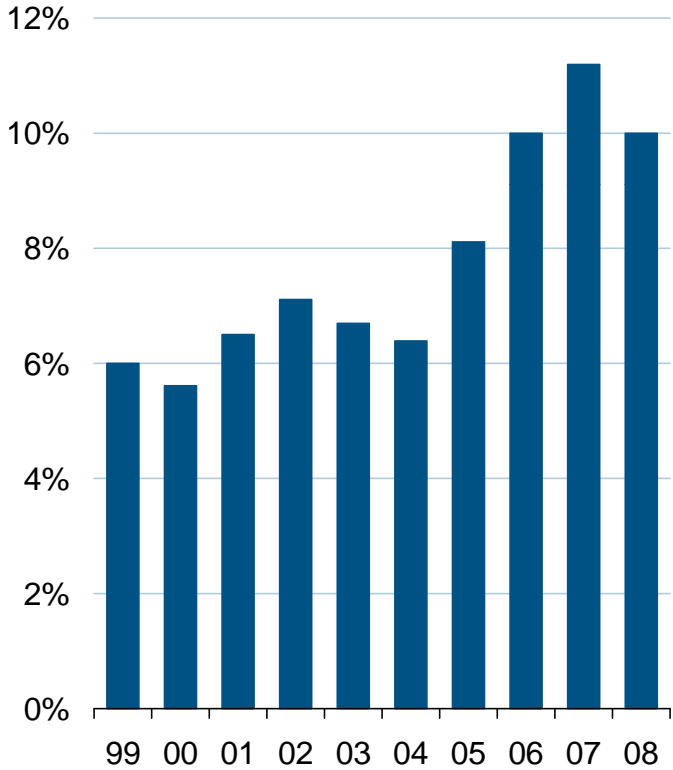


Compound annual growth rate of 25%

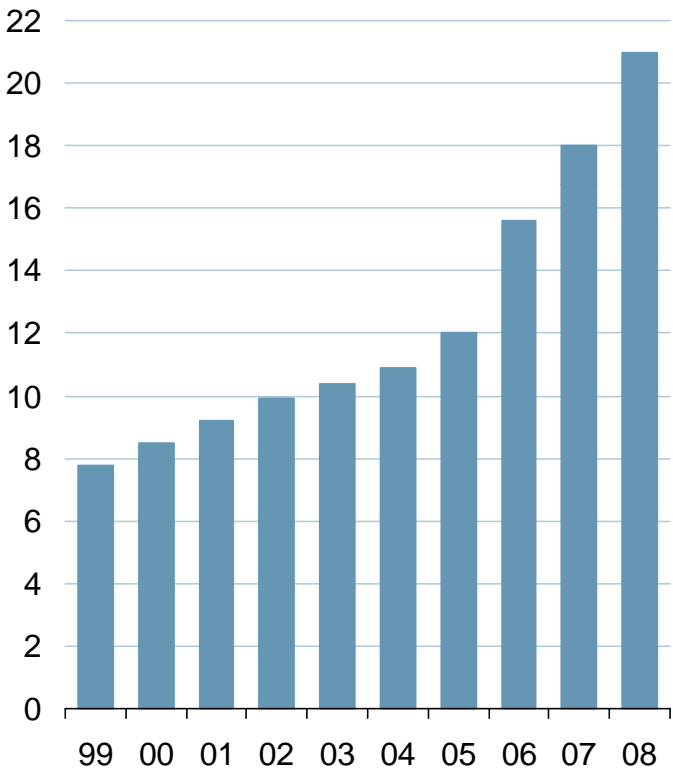


Financial Performance

Operating margin*



Dividend per share



Dividend policy
- 15% annual growth subject to 3x cover



*from continuing operations 33

