Keller Group plc
Full Year Results 2010
February 2011

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Highlights

- 38% of revenue from Australia and developing markets
  - compares to 13% five years ago
  - total of £404m up from £276m in 2009
- Acquisition of Waterway in Australia and Nilex in the US
- £70.3m of cash generated from operations
- Year end net debt of £94.0m (1.1x EBITDA)
- Refinancing completed in December; committed facilities now £240m, with substantial covenant headroom
- Total dividend per share of 22.8p, up 5%
- Order book up 13% on last year

Group Income Statement

£m	2010	2009	% change
Revenue	**1,068.9**	1,037.9	+3%
EBITDA	**85.0**	113.2	-33%
Operating profit*	**43.3**	77.3	-44%
Net finance costs	(3.7)	(2.6)	
Profit before tax*	**39.6**	74.7	-47%
Tax	(11.0)	(22.6)	
Profit after tax*	**28.6**	52.1	-45%

Constant currency basis
- revenue down 1%
- operating profit down 50%

Average exchange rates
- US$1.55 (2009: $1.57)
- €1.17 (2009: €1.12)
- A$1.68 (2009: A$1.99)

Effective tax rate 28% (2009: 30%)

*before goodwill impairment

Group Income Statement (continued)

£m	2010	2009	% change
Profit after tax	28.6	52.1	-45%
Goodwill impairment (post tax)	(17.1)	-	
	11.5	52.1	
Minority interests	(0.3)	(1.7)	
Attributable to shareholders	11.2	50.4	
Earnings per share before goodwill impairment	44.0p	78.8p	-44%
Earnings per share	17.3p	78.8p	
Dividends per share	22.8p	21.75p	+5%

Goodwill impairment relates to Suncoast and Keller-Terra

- £21.8m before tax

Dividends up 5%

- 1.9x covered by underlying earnings

Operating Profit & Margin*

	2010			2009		
£m	Revenue	Op Profit	Margin	Revenue	Op Profit	Margin
UK	49.6	(2.5)	(5.0%)	57.6	0.5	0.9%
USA	425.2	6.9	1.6%	467.0	32.2	6.9%
CEMEA	400.3	22.4	5.6%	386.4	33.6	8.7%
Australia	193.8	19.1	9.9%	126.9	16.6	13.1%
	1,068.9	**45.9**	**4.3%**	1,037.9	82.9	8.0%
Central costs	-	(2.6)		-	(5.6)	
	1,068.9	**43.3**	**4.1%**	1,037.9	77.3	7.4%

Constant currency revenues down 1%
- UK - 14%
- US - 10%
- CEMEA + 3%
- Australia + 29%

Operating profit stated after £3.8m of one-off costs
- mainly Suncoast, UK, Spain & France

US result impacted by loss at Suncoast

*before goodwill impairment

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Group Balance Sheet

£m	2010		2009	
Goodwill/intangibles		106.8		119.1
Property, plant & equipment		275.0		264.4
Other non-current assets		16.1		12.7
		397.9		396.2
Inventories	32.9		37.4	
Receivables	334.6		299.9	
Payables	(260.8)		(252.3)	
Working capital		106.7		85.0
Capital employed		504.6		481.2
Other liabilities/provisions		(50.4)		(44.3)
Retirement benefits		(20.1)		(20.2)
Tax		(9.3)		(14.6)
Net debt		(94.0)		(78.8)
Net assets		330.8		323.3

Comparisons impacted by different year-end exchange rates
- US$1.55 (2009: $1.59)
- €1.17 (2009: €1.11)
- A$1.52 (2009: A$1.78)

Continuing focus on working capital
- receivables increase reflects higher Q4 sales
- receivables ratio improved year on year

Gearing of 28% (2009: 24%)

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Group Cash Flow Statement

£m	2010	2009
Cash from operating activities	**70.3**	123.2
Capex – net	(28.6)	(35.5)
Interest	(4.0)	(4.5)
Tax	(10.2)	(30.0)
Free cash flow	**27.5**	53.2
Acquisitions	(23.4)	(34.7)
Dividends	(14.9)	(17.4)
Other	(0.1)	(2.0)
Net cash flow	**(10.9)**	(0.9)
Opening net debt	(78.8)	(84.6)
Exchange movements	(4.3)	6.7
Closing net debt	**(94.0)**	(78.8)

Cash from operations 83% of EBITDA (2009: 109%)

Capex concentrated on growth markets

Acquisitions spend largely Waterway and Nilex

Dividends down as lower payments to minorities

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Group Financing Position

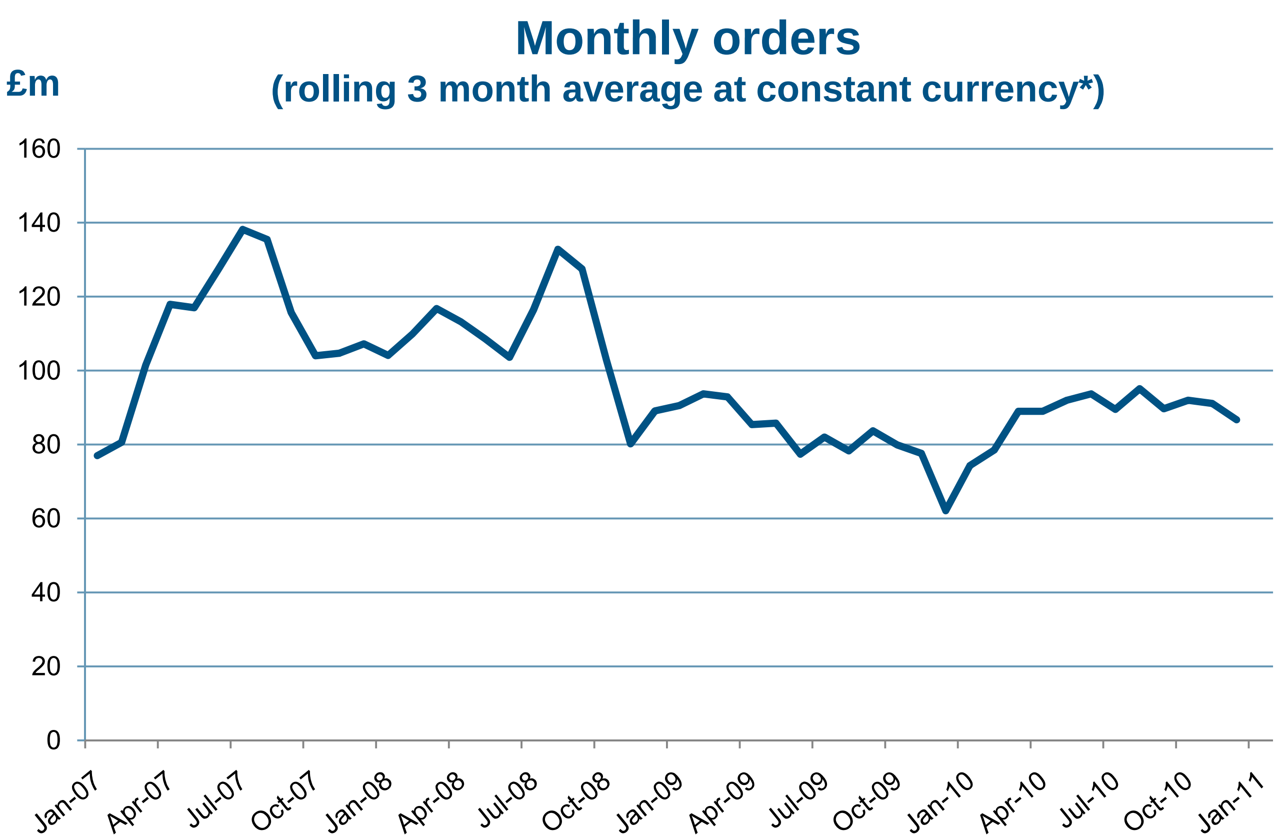
- Bank refinancing completed in December 2010
  - new £170m facility expiring April 2015
  - extra 100bp margin
  - other key terms broadly unchanged
- $30m of $100m US private placement expires in 2011
  - $70m in 2014
- Comfortably within key financial covenants
- A further £43m of other facilities held locally

Key Financial Covenants

Test	*Status**
Net debt < 3x EBITDA	1.5x
EBITDA interest cover > 4x	23x
Net Assets > £200m	£331m

** calculated on a covenant basis*

Group Orders



2010 order intake consistently above 2009 from March onwards

− averaging just over £90m/month

Current order book 13% up from last year in constant currency

*at 2010 average exchange rates

2011 Guidance

Trading

- Expect steady revenue growth for the Group as a whole
- Margins in the US and Western Europe will remain under pressure
- Australia unlikely to repeat 2010 result
- Uncertainty in Middle East and North Africa

Financial

- Underlying interest charge up by nearly £2m
- Expected effective tax rate of 28%
- Capex broadly in line with depreciation

Strategy

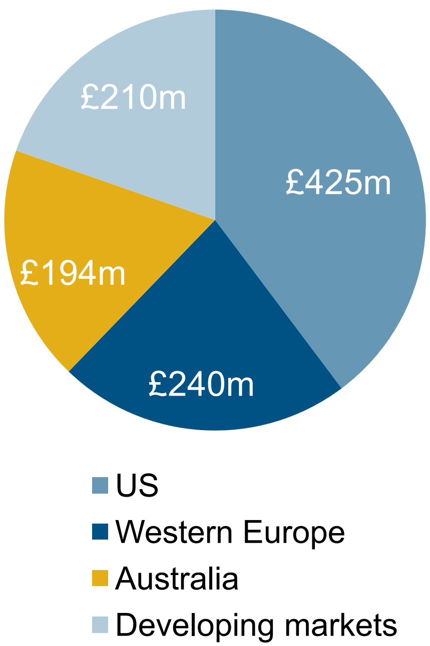
- Our Objective
  - to extend our global leadership in specialist ground engineering

- Our Execution
  - expansion into new higher growth geographic regions
  - acquisition and development of new technologies and techniques
  - transfer of technologies and techniques within our current geographic regions

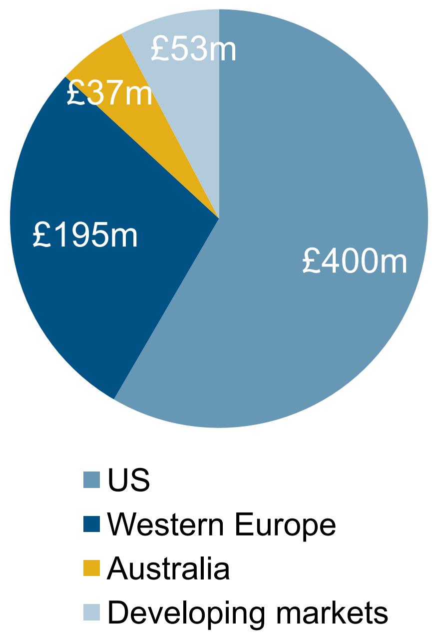
- Progress in 2010
  - investment and growth in India, South East Asia and Brazil
  - acquisition of Waterway and Nilex
  - further extension of our range of technologies in a number of markets

Strategy – Geographic Diversification

2010 Revenue
Total revenue £1,069m



2005 Revenue
Total revenue £685m



Revenue from Australia and developing markets up from £90m to £404m in five years

- circa 30% of growth from acquisitions, 70% organic

Now represents 38% of Group revenue

- up from 13% in 2005

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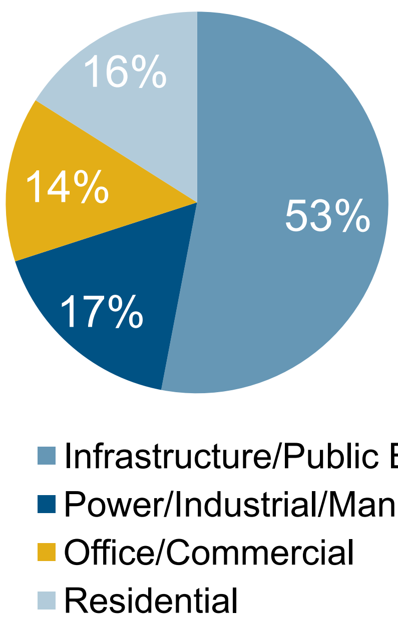
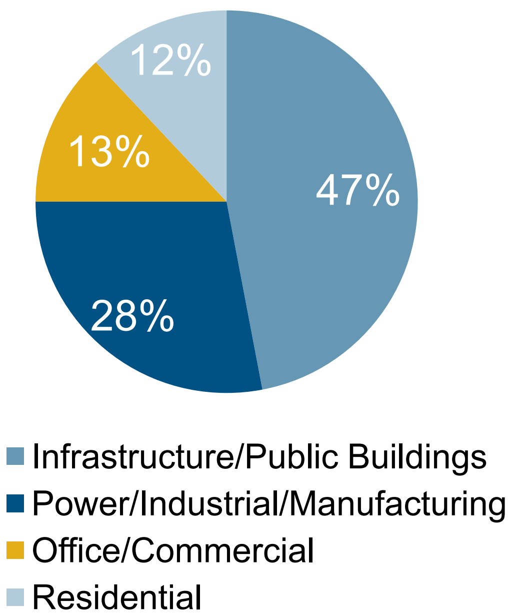
Group Analysis of Revenue

2010 Revenue by End Market
Total revenue £1,069m



2009 Revenue by End Market
Total revenue £1,038m



Keller operates across all sectors of the construction industry

In all four divisions:

- Infrastructure/Public Buildings revenue increased
- Power/Industrial/ Manufacturing revenue down significantly

Residential share increased by full year of Resource Piling

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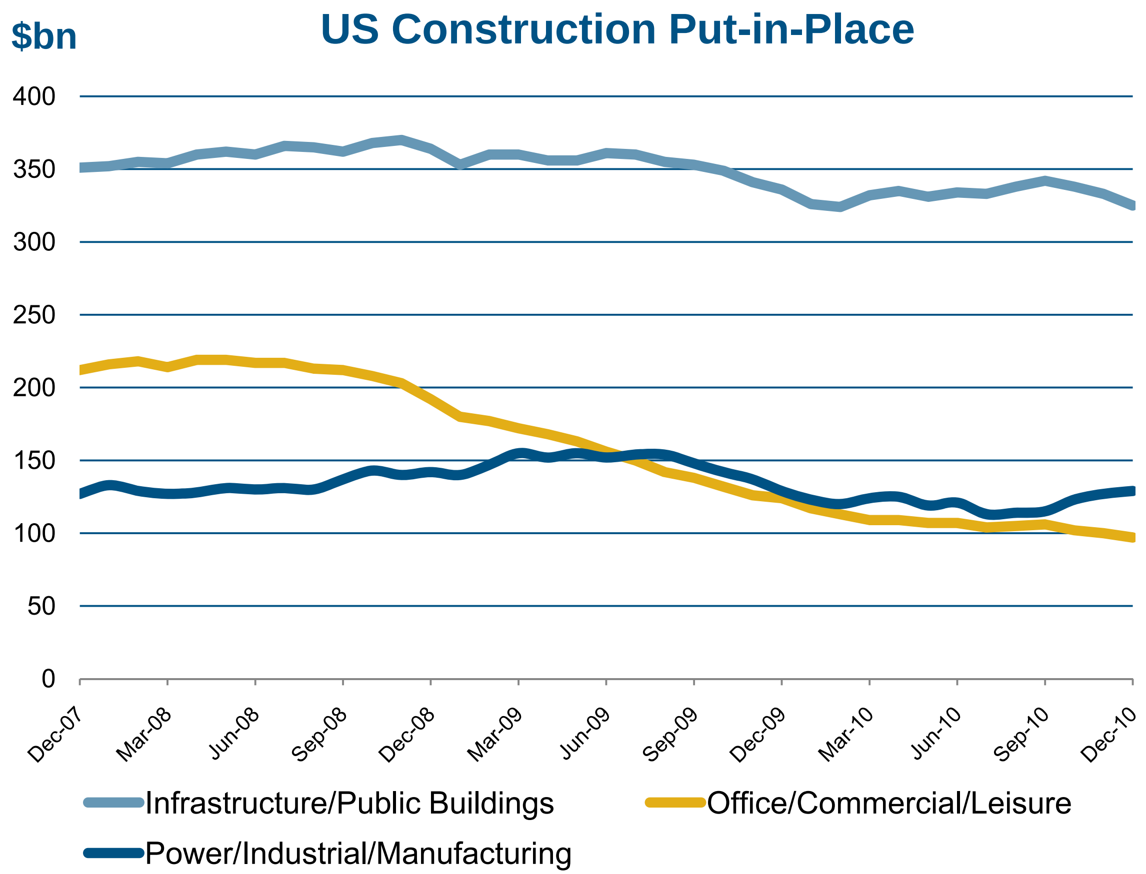
US Non-residential Construction Market



Total US non-residential construction market down 14% in 2010

Infrastructure/Public Buildings down 7%
- first annual decline in >20 years

Office/Commercial/Leisure down 30%
- more than halved since peak

Power/Industrial/Manufacturing down 14%
- Power down 7%

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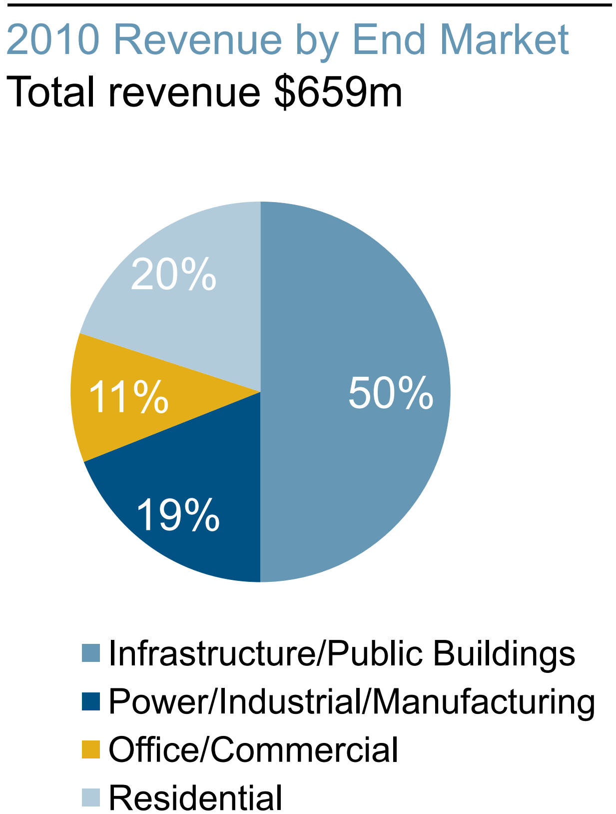
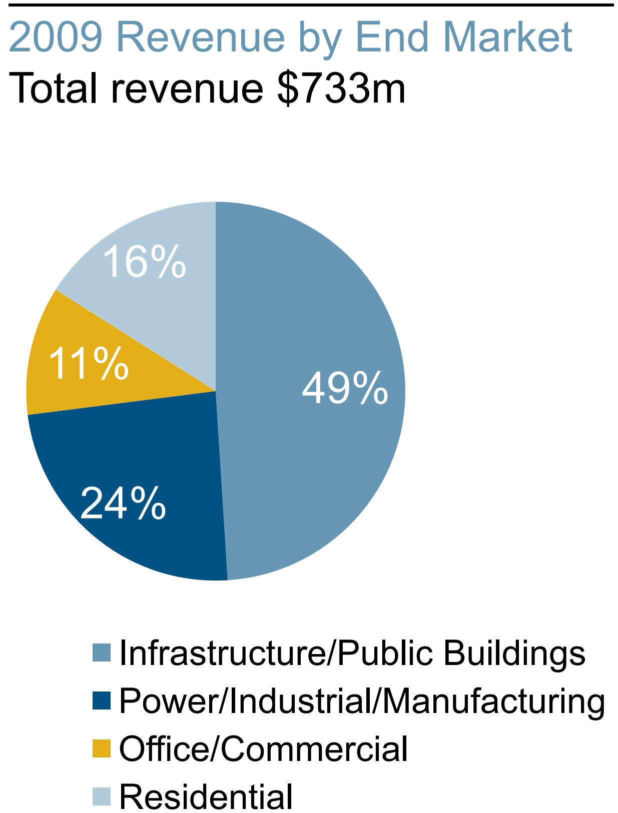
Source: US Census Bureau, January 2011

US Analysis of Revenue





Infrastructure/Public Buildings market the most important sector

Significant change in mix since recession

– 2007: Infrastructure/ Public Buildings only 22%

US Foundations

Double tracking of rail bridge

Abo Canyon, New Mexico

Moderate revenue growth in H2
- margins still under pressure
- overcapacity remains

Conditions vary by region
- California and Florida most difficult
- better conditions in the North East

Keller companies continue to extract synergies
- two largest 2010 jobs were internal JVs

January order book up 12% on last year

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US Case Studies

Slope protection for Government building

Washington DC

Grouting at Thornton Composite Reservoir

Chicago, Illinois

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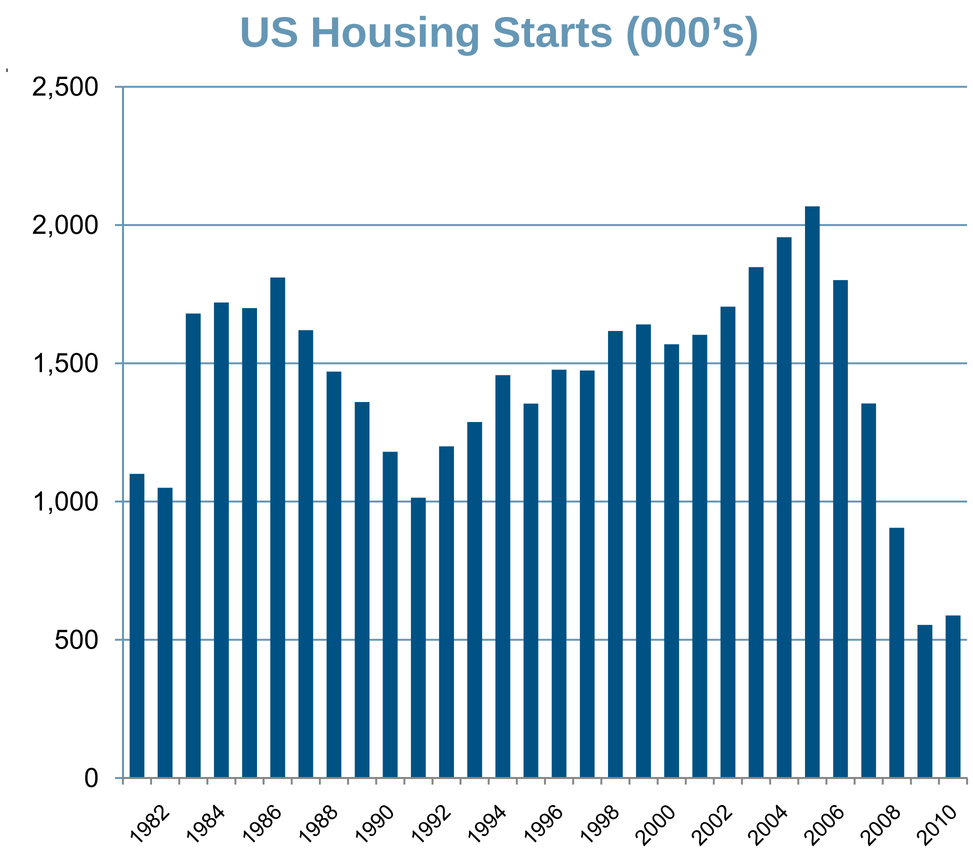
US Suncoast



2010 starts 72% off 2005 peak

- just over half the troughs of 1982 and 1991

Increase on 2009 due to first time buyer tax credit offered until April

- since May starts back down to 2009 levels

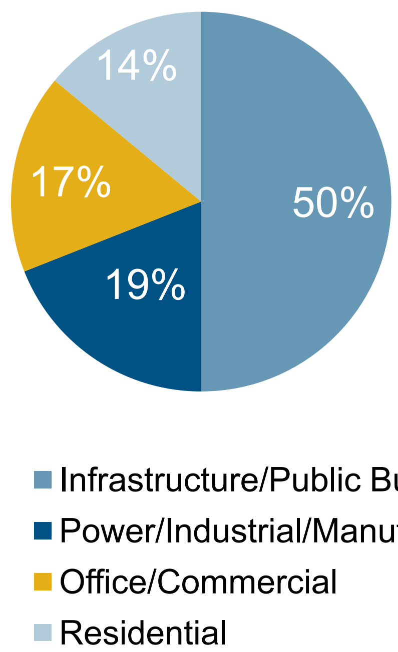
Suncoast recorded a loss

- headcount reduced by a further 25%
- more office closures

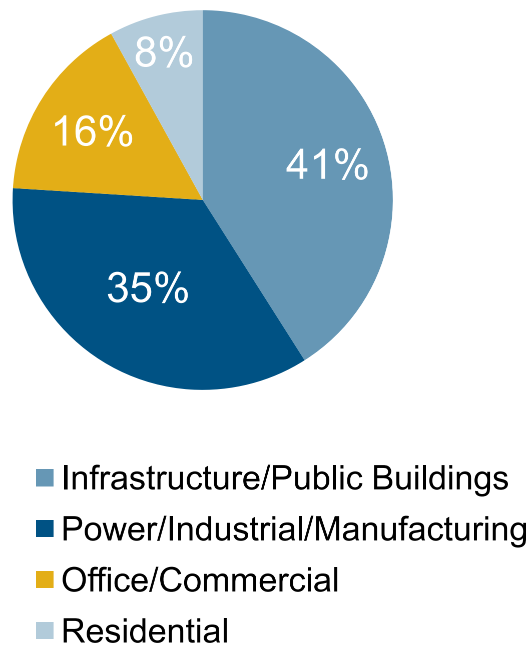
Source: US Census Bureau, Housing Starts

CEMEA[1] Analysis of Revenue

2010 Revenue by End Market
Total revenue €468m



2009 Revenue by End Market
Total revenue €433m



Infrastructure/Public Buildings revenue very robust

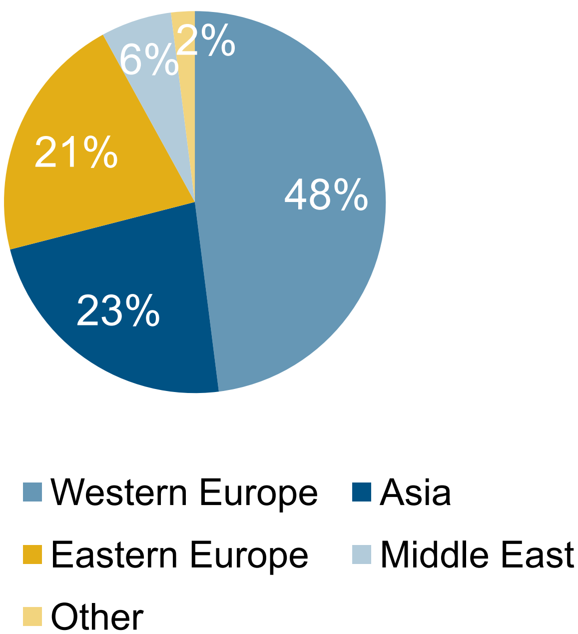
Significant decline in Power/Industrial/ Manufacturing revenue

[1]CEMEA = Continental Europe, Middle East & Asia

CEMEA[1] Analysis of Revenue

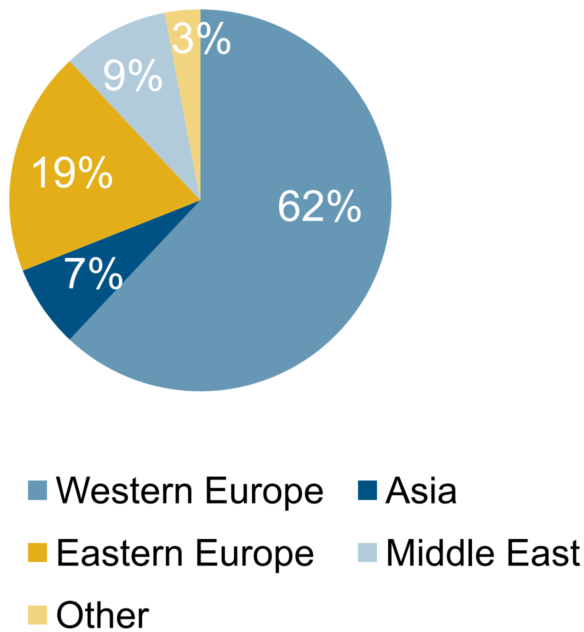
2010 Revenue by Region

Total revenue €468m



2009 Revenue by Region

Total revenue €433m



Significant decrease in major Western European countries, most notably France

Asian growth helped by full year of Resource Piling

Poland two thirds of Eastern Europe

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[1]CEMEA = Continental Europe, Middle East & Asia

CEMEA Highlights

Emergency landslide repair

A6 Motorway, Spain

Excellent progress in Asia
- Singapore, Malaysia and India all had record revenue and profit

Poland continues to grow and expand its product offering

Very difficult markets in Western Europe
- Germany the best market
- significant restructuring/downsizing in France and Spain

No improvement in the Middle East

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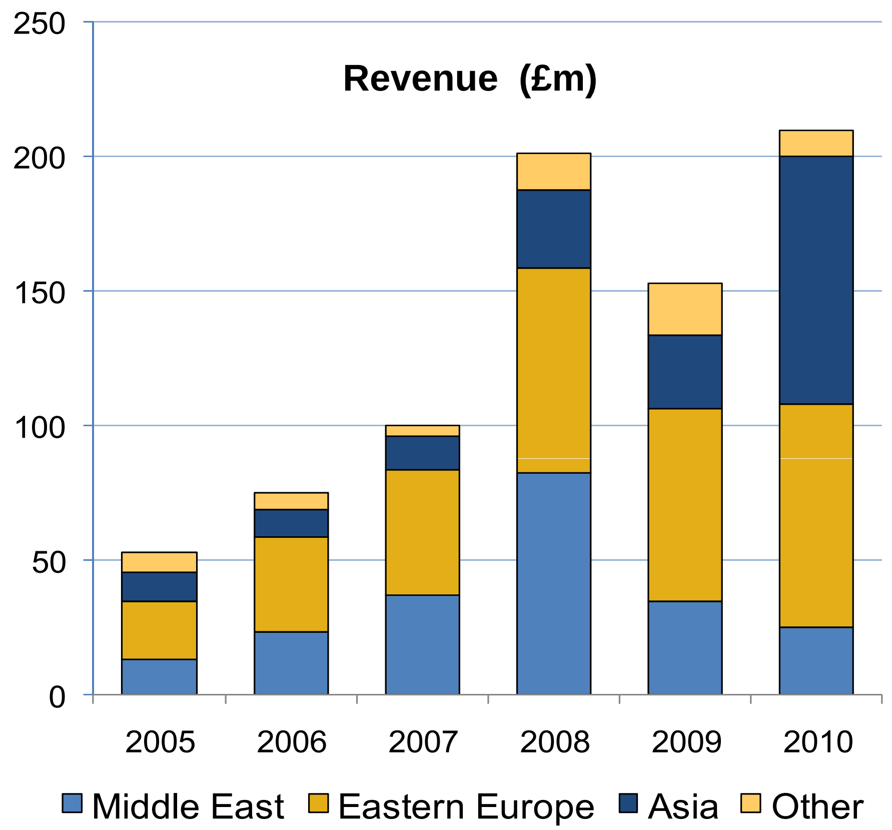
CEMEA – Developing Markets



Revenue quadrupled in five years
- despite significant decline in the Middle East

Excellent progress in Asia
- comprises Singapore, India, Malaysia and Vietnam

Poland two thirds of Eastern Europe
- current Polish order book at record levels

Other mainly North Africa and Brazil

CEMEA Case Studies

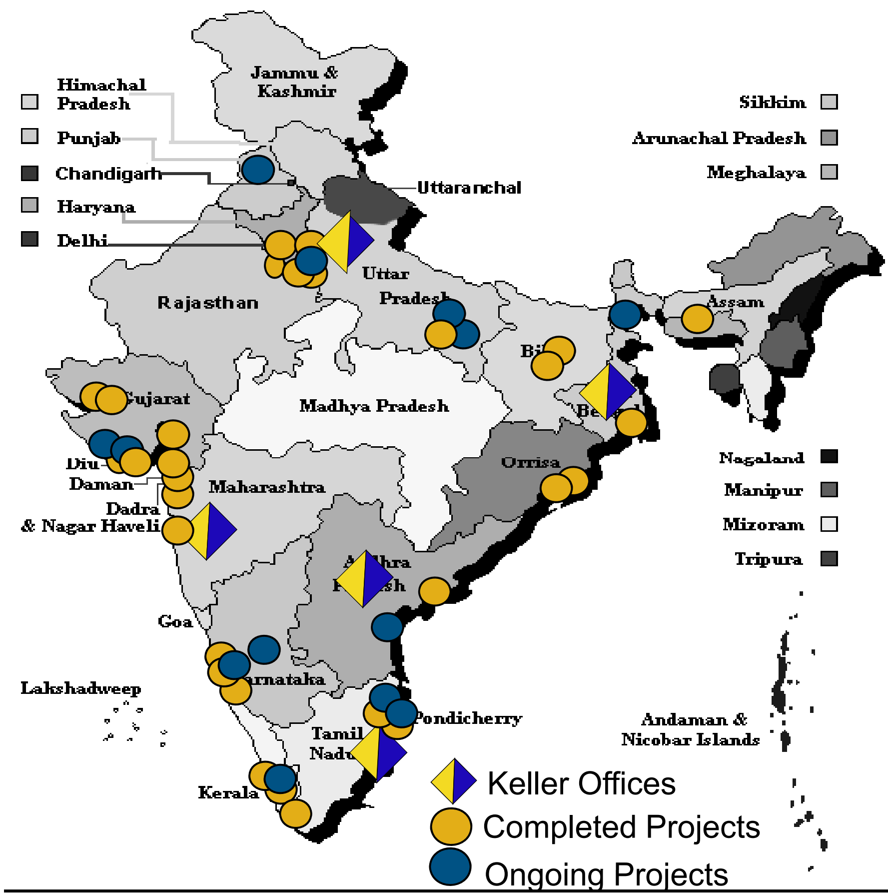
Ground improvement

A4 Motorway, Poland

Foundations for fabrication yard

Pipavav Shipyard, India

Developing Markets Case Study - India



Initial jobs used Keller's ground improvement technologies

- steadily extended product offering
- now also offer piling, grouting & anchors

Grew significantly in 2010

- revenue trebled to £16m at good margins
- employees up from about 150 to over 300
- equipment transferred from Middle East

Concentrating on large infrastructure and industrial jobs

Challenge is to continue growing whilst managing the risks of rapid expansion

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Australia Highlights

Various piling methods

Freemantle Port, WA

Australian businesses had another excellent year

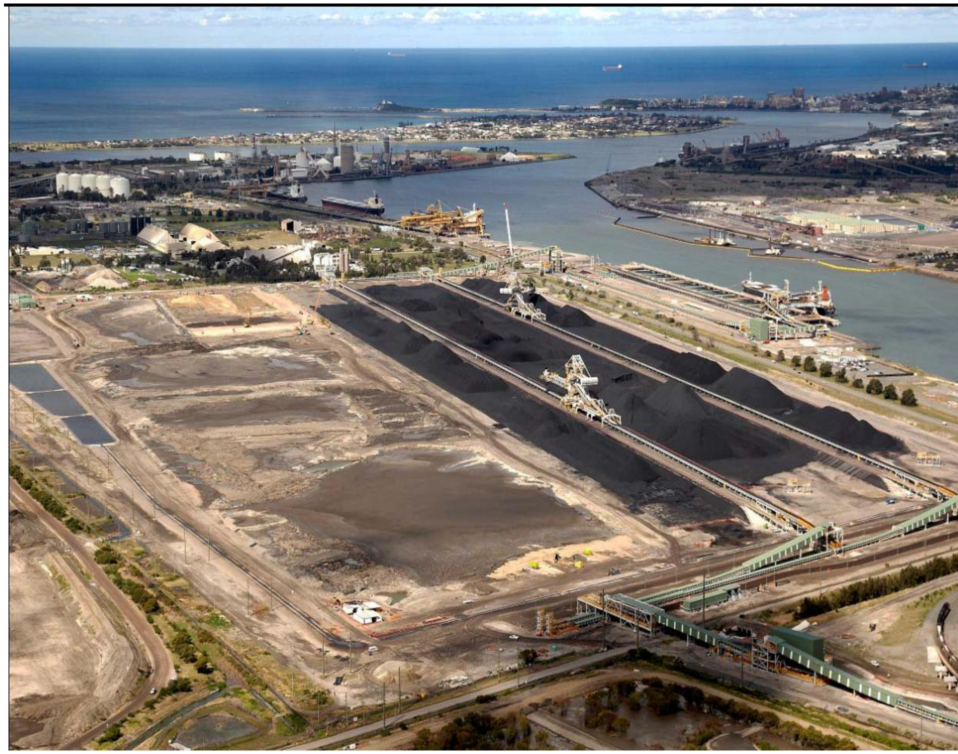
Public spending and resources sector remain strong
− together > 70% of Keller’s revenue

Integration of Waterway on plan

2011 activity likely to decrease
− a lull in the market
− some disruption from floods

Several large projects being tendered for 2012

Australia – Case Studies



Dynamic replacement & soil mixing

Newcastle, NSW

Wharf upgrade

Sydney, NSW

UK Highlights

Retaining wall

Olympic Park, London

Market remains very difficult

Further redundancies and reorganisation
- cost of £1m

H1 2011 will be challenging

H2 2011 will benefit from Crossrail and Victoria Station upgrade

Outlook

- Contract awards in H2 continued to be ahead of 2009
  - order book 13% up on last year
- US and Western European markets remain depressed
  - overcapacity will keep pressure on margins
- Impact of unrest in Middle East/North Africa uncertain
- Australian fundamentals remain strong
  - 2011 likely to be quieter than 2010 and 2012
- Growth opportunities in developing markets

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Appendix

Introduction to Keller

- **The world's largest independent ground engineering contractor**
  - ground engineering is a small, niche sub-sector of construction
  - growing faster than construction, reflecting:
    - more pressure to build on brownfield and marginal land
    - more ambitious development and infrastructure projects
- **Unrivalled geographic coverage, working in around 40 countries**
  - clear market leader in US and Australia
  - well established businesses in most West European countries
  - growing in developing markets
- **Generally work as a subcontractor for main contractors**
- **Typical contracts are**
  - short duration and less than £500k
  - across the construction spectrum

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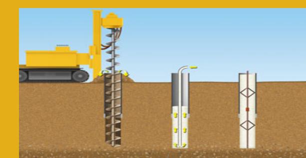
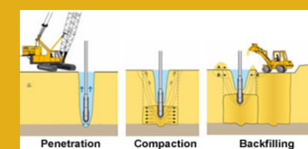
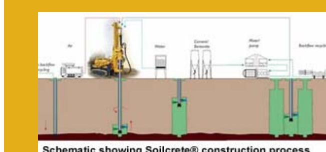
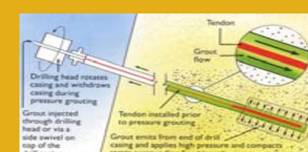
Ground Engineering Worldwide

Activities	% of 2010 revenue	Regions of use	Applications
Piling	41%	US/UK Eastern Europe Middle East & Asia Australia	Foundation support Earth retention
Ground improvement	20%	US/UK Continental Europe Middle East & Asia Australia	Foundation support Seismic risk protection
Speciality Grouting	17%	US/UK Continental Europe Asia Australia	Control of building settlement Groundwater control
Anchors, Nails, Minipiles	16%	US/UK Continental Europe Asia	Excavation support Slope protection Underpinning
Post-tension concrete	6%	US	Slab-on-grade foundations High rise structures









History of Keller

1860 → Johann Keller in Germany

- **1958** – Est. 1958 Ground test services
- **1960's** – Expansion into a UK national piling & ground improvement company
- **1974** – Acquired **Johann Keller in Germany** marking international expansion
- **1984** – Acquired Hayward Baker (US)
- **1990** – Management buyout from GKN plc
- **1994** – Acquired Case (US); IPO on London Stock Exchange
- **2001** – Acquired Suncoast (US)
- **2002** – Acquired McKinney (US); Acquired 51% of Keller-Terra (Spain)
- **2006** – Acquired Phi (UK); Acquired Piling Contractors (Australia); Acquired Anderson Drilling (US)
- **2007** – Acquired Systems Geotechnique (UK); Acquired HJ Foundation (US)
- **2008** – Acquired Olden (US); Acquired Boreta (Czech Rep)
- **2009** – Acquired Resource Piling (Singapore)
- **2010** – Acquired Waterway Constructions (Australia)
- **NOW** – **>6,000 employees** / **Offices in >30 countries** / **Revenue >£1bn**

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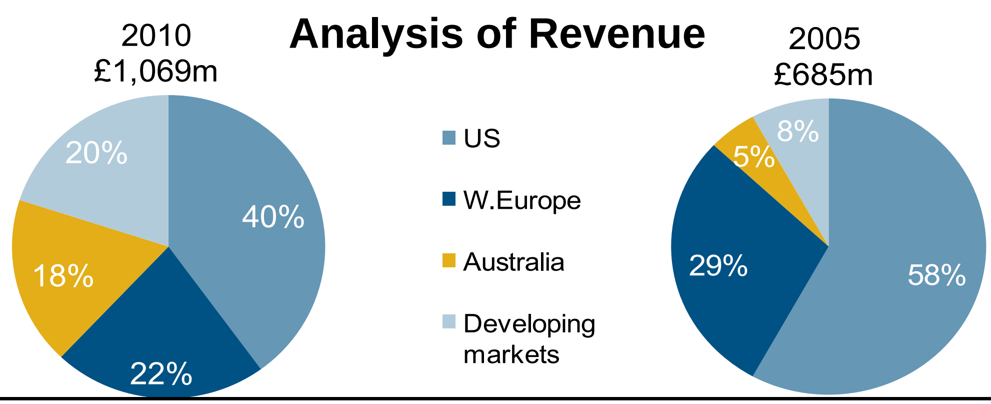
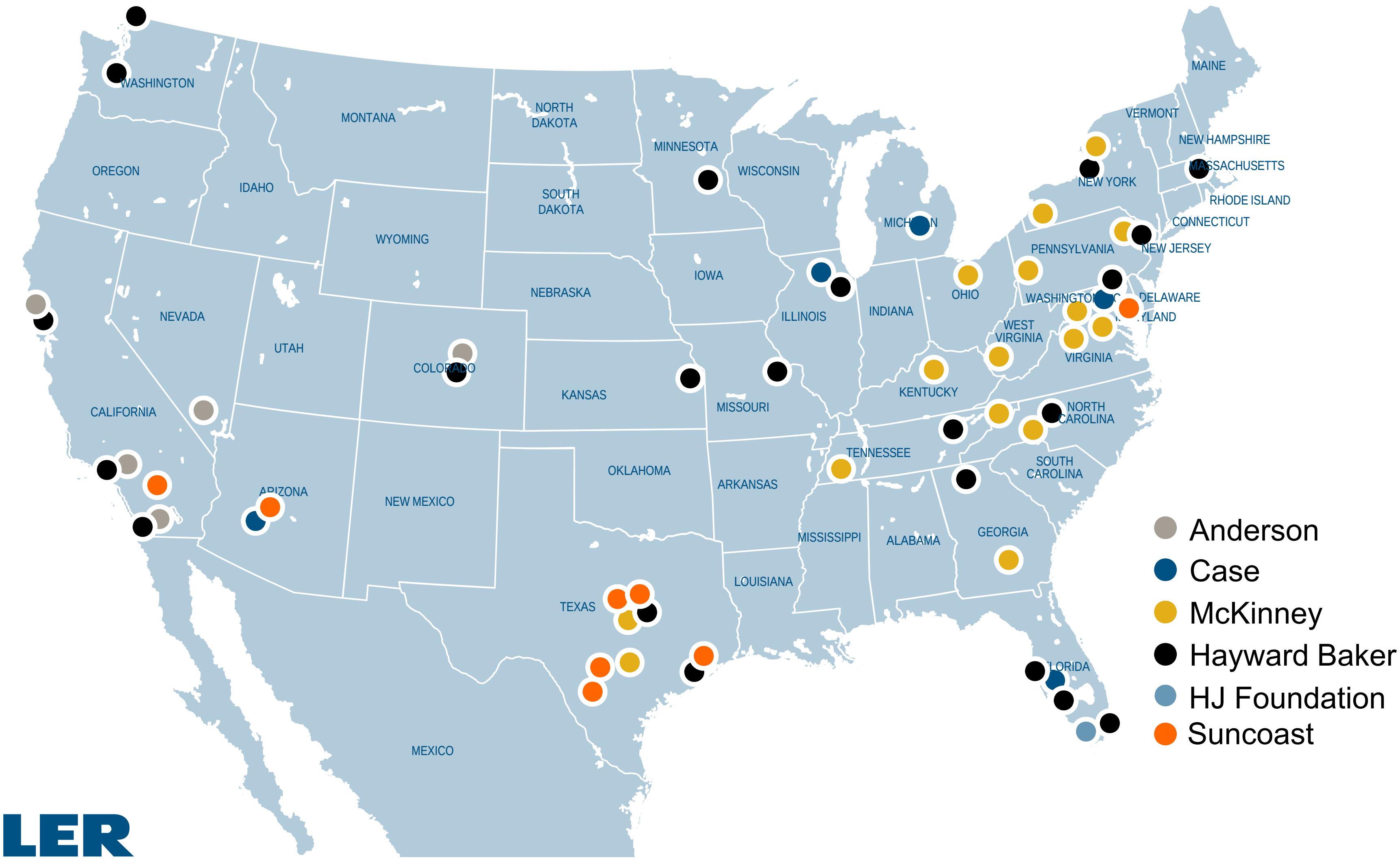
Only larger and most recent acquisitions shown

Strategy

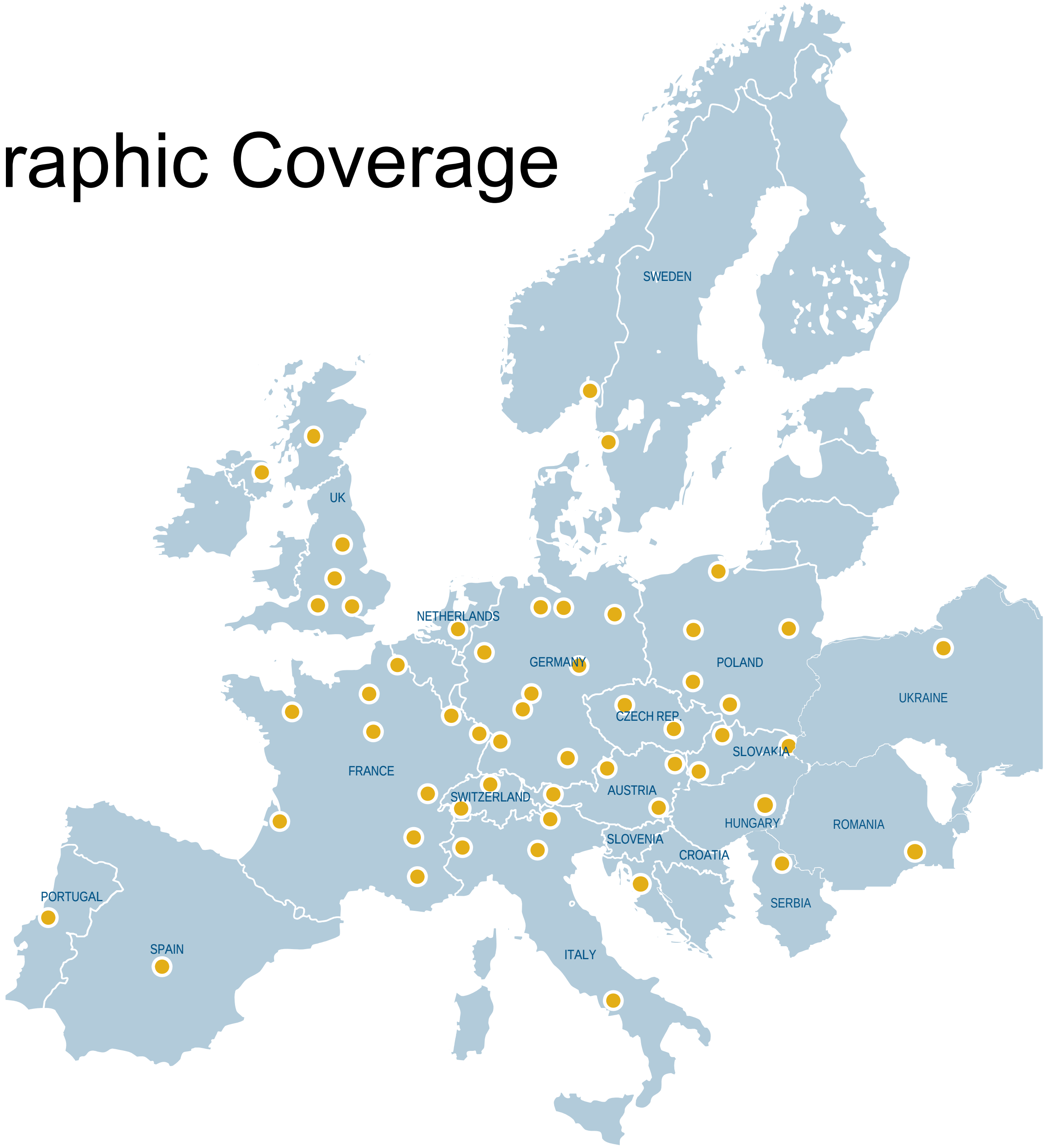
- Our Objective
  - to extend our global leadership in specialist ground engineering through:
    - organic growth, particularly in developing markets
    - targeted acquisitions
- Our Execution
  - transfer of technologies and techniques within our current geographic regions
  - offering design and build capability and alternative solutions
  - expansion into new higher growth geographic regions
  - acquisition and development of new technologies and techniques



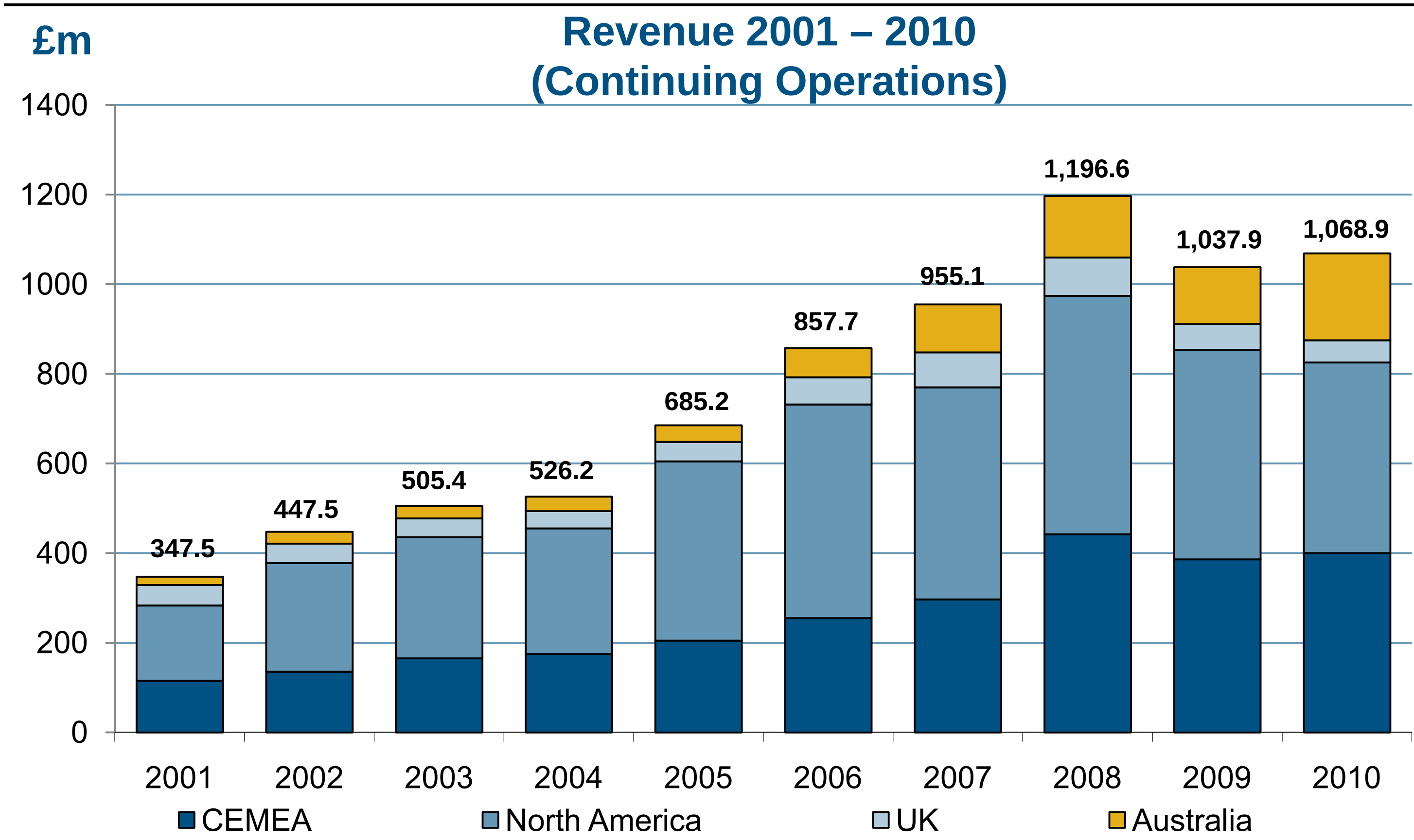
US Geographic Coverage



Europe Geographic Coverage

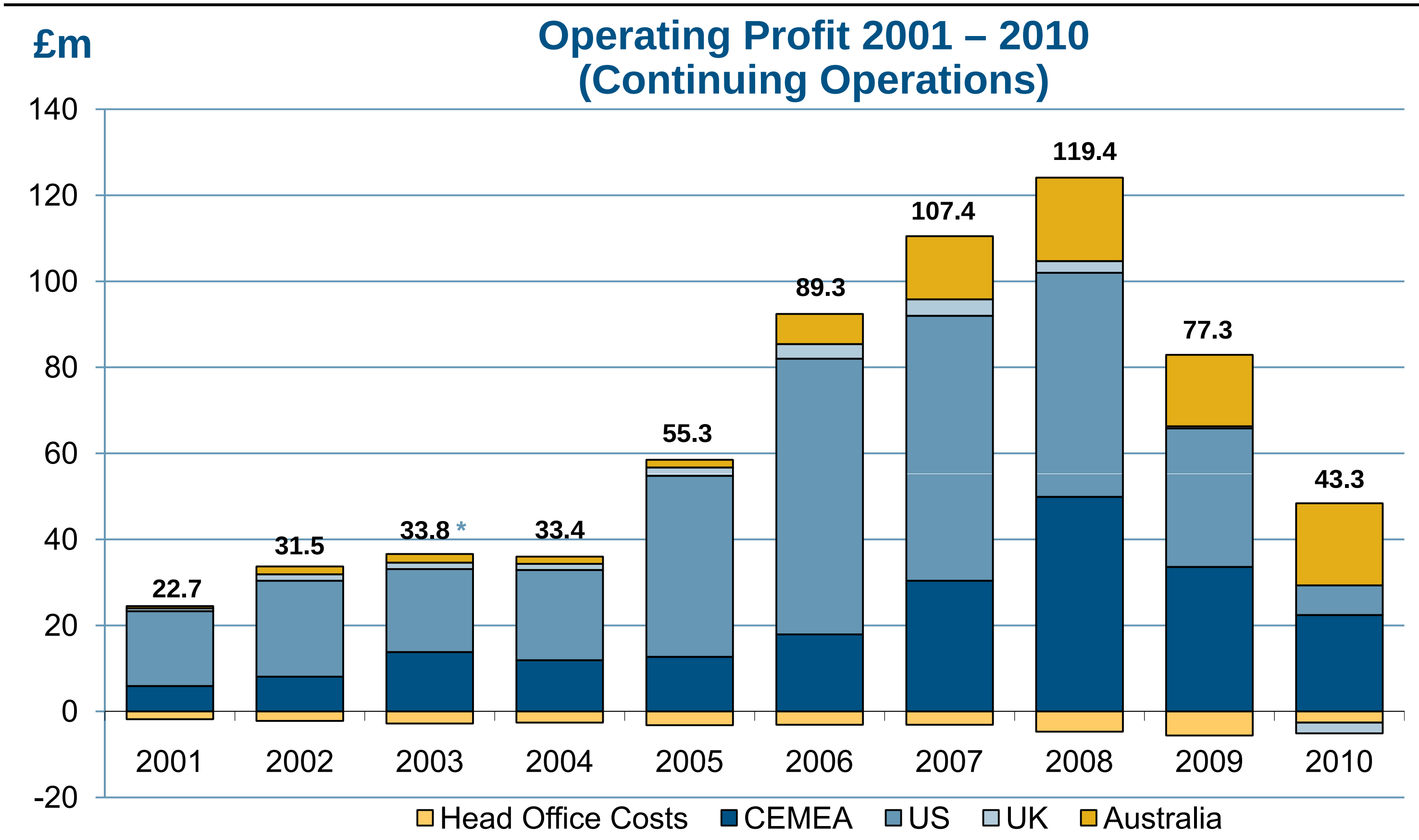


Ten Year Track Record



Compound annual growth rate of 13%

Ten Year Track Record



Compound annual growth of 8%

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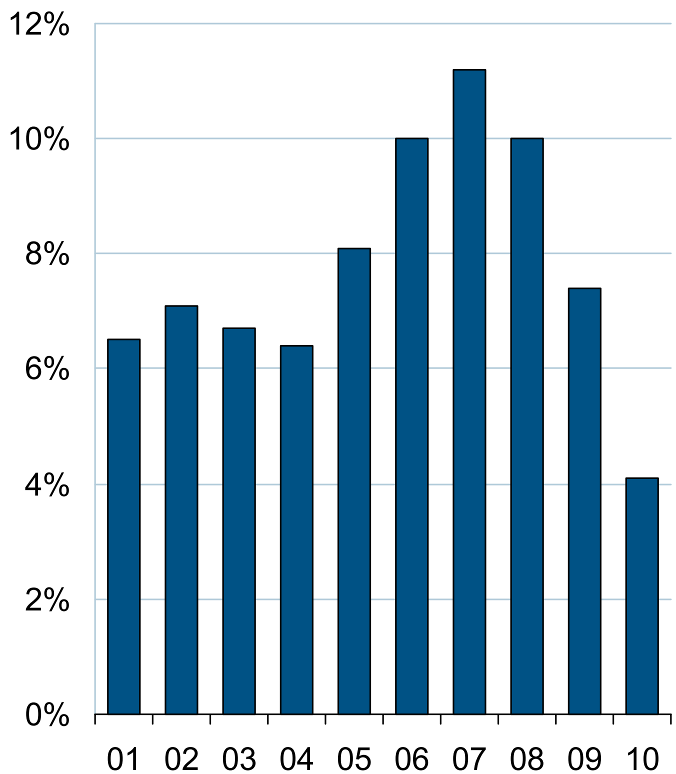
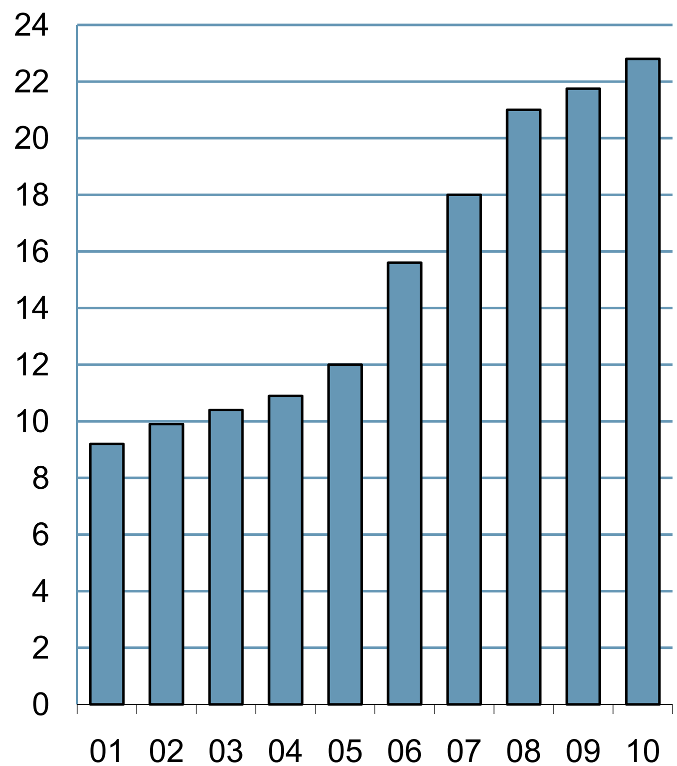
*pre-exceptionals

Financial Performance

Operating margin*



Dividend per share (pence)



Operating margin at historic low

Dividend increased every year since flotation in 1994

*from continuing operations

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