

# Keller Group plc Capital Markets Day

16 October 2012



## Keller EMEA



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- Overview of Keller EMEA
- Market conditions and outlook
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# Keller EMEA - Overview

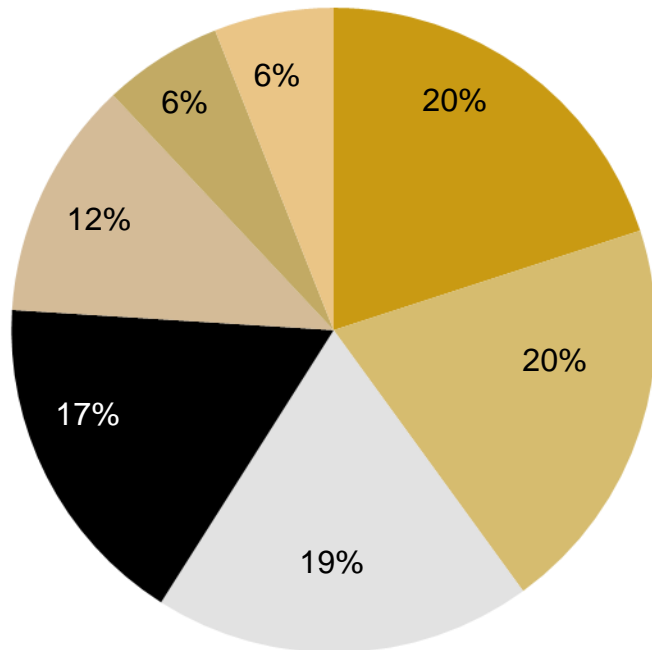
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- Established businesses in all major European markets; present in Middle East and North Africa
- Managed as seven separate business units
- Clear market leader in ground improvement
  - Full service foundation business in selected markets
- Employing around 2,800 people, culturally diverse
- In each country local management
  - Central co-ordination of IT/HR/finance/legal etc.
- ~ 2000 contracts a year, more than 50% design and build
  - Average contract size of €160k



# EMEA Revenue by Region

## Current split of revenue



- Central Europe
- South East Europe
- North West Europe
- North East Europe
- France/ North Africa
- Middle East
- Iberia

Highly diversified geographically

Reduced revenues in challenging markets such as Iberia, France and Middle East

Focus on strong markets in central regions of Europe

Local management from region/country

# Keller EMEA – Competitive Advantages

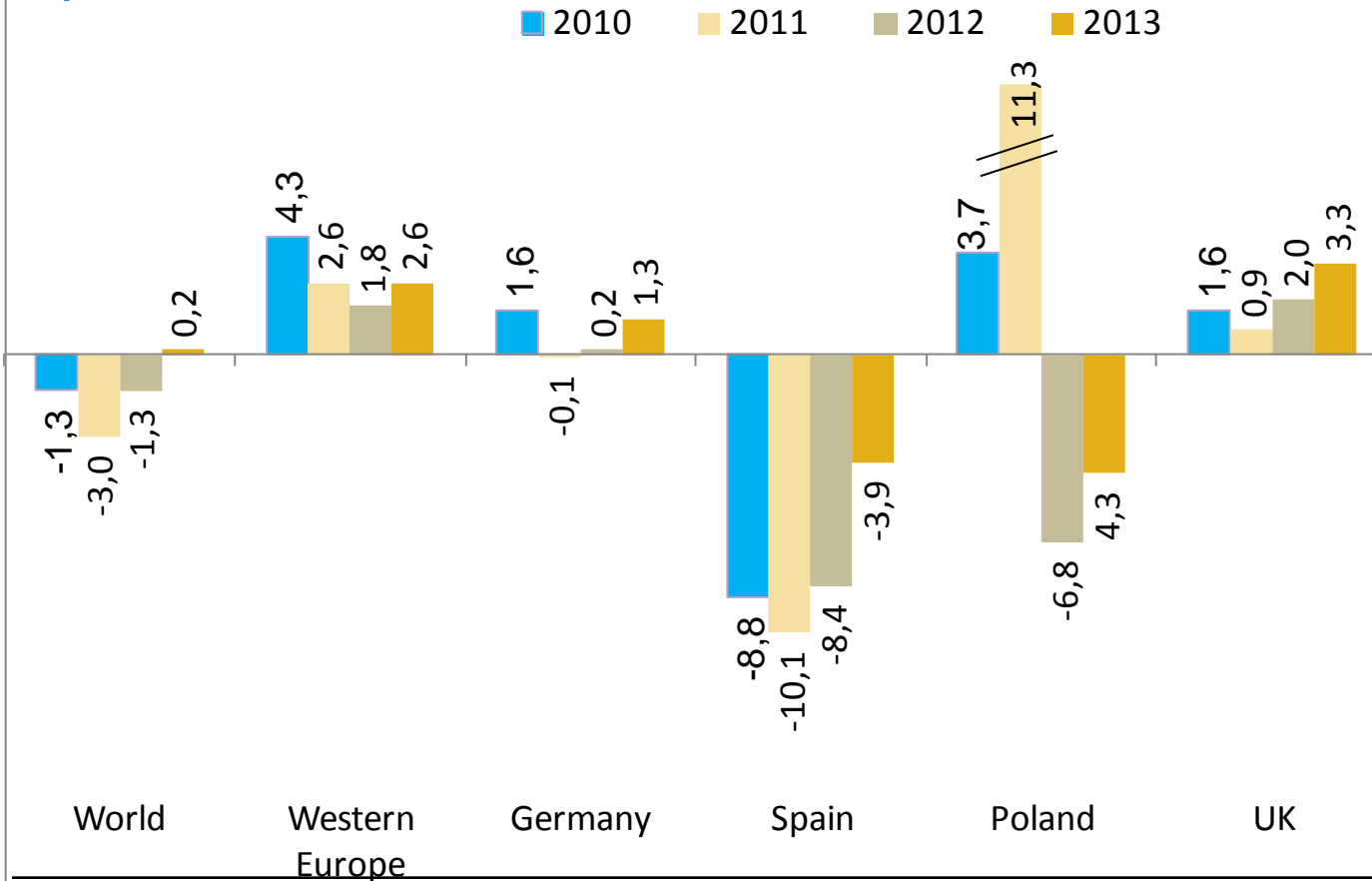


## Added Value:

- Engineering = design of alternative solutions
- Reputation with many customers (international)
- Part of a larger group = brand value
- Scale = capacity
- Productivity = reliable but competitive supplier

# Outlook for Major European Construction Markets

In per cent



Stable growth rate for Western Europe expected

After strong years of growth Poland currently shows a declining construction market

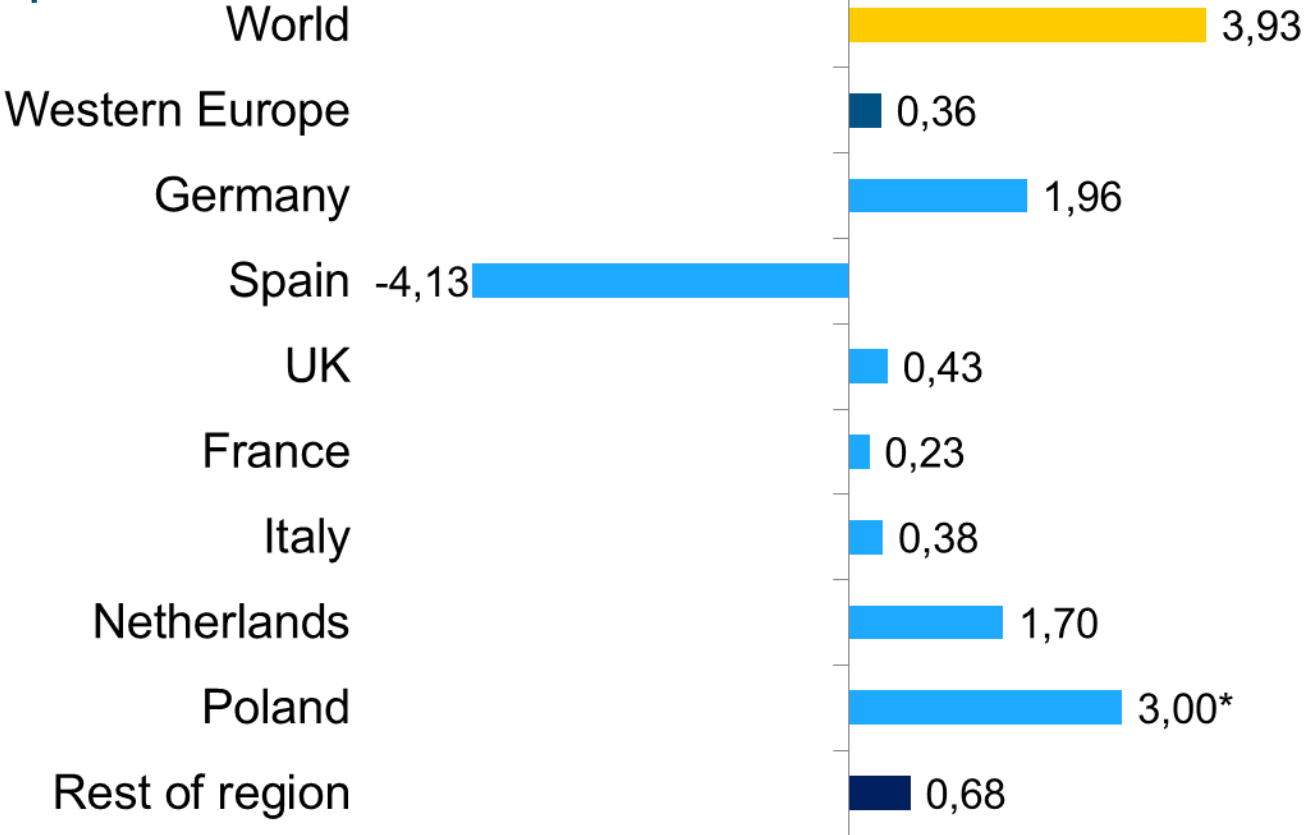
Spain's construction market will decline further



Source: International Construction, September 2012  
Serwis Inwestorski, June 2012; own estimate

# Outlook for Infrastructure, 2011 - 2016

In per cent



Only slow growth expectation for European infrastructure projects until 2016

Growth potential in Germany and the Netherlands

Further decline expected in Spain

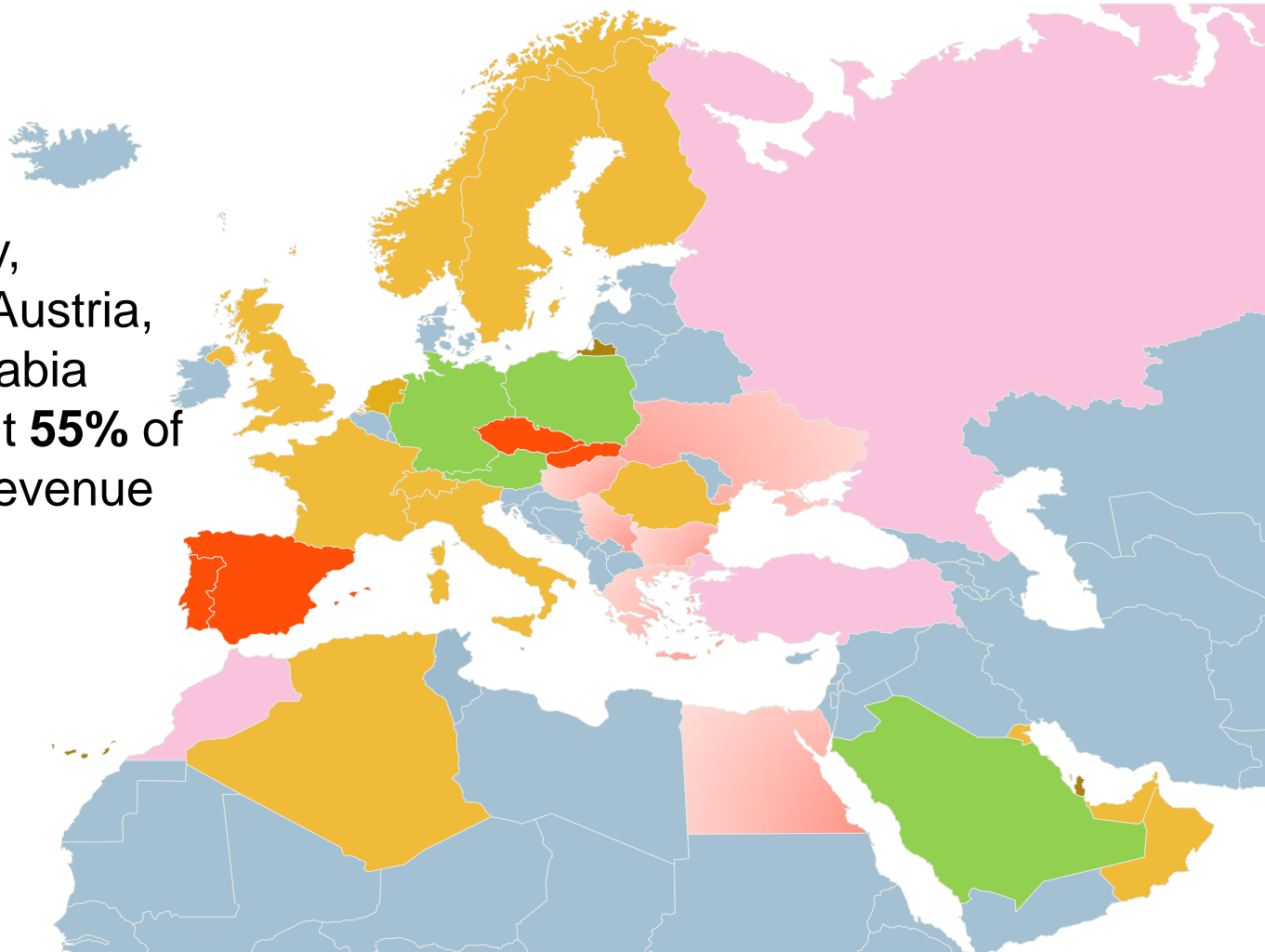
All other markets remain stable



Source: International Construction, September 2012  
 \*Own estimate for Poland

# Keller's positioning in EMEA

Germany,  
Poland, Austria,  
Saudi Arabia  
represent **55%** of  
current revenue



Stable  
construction  
markets

Countries  
with low  
expectations

Countries where  
restructuring  
required

Single  
opportunities



# Summary Market Outlook

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- Recent data indicate that EMEA's construction markets as a whole may be improving
- Significant differences within Europe
  - Germany expected to stay stable
  - Iberia remains challenging
  - Poland still preparing complex projects
  - UK dependent on large key projects
- Middle East shows increasing number of large projects reaching execution
- Interesting spot projects in Africa, Central and South America

# Adjusting to Current Market Conditions

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## Measures taken/ongoing

- Focus on stable markets
- In challenging markets, structures reduced to a minimum
- Structured cost-cutting initiatives in all regions
- Careful contract selection
- Further improvements in risk management
- Selective overseas opportunities exploited (French and Spanish speaking territories)
- Middle East - changes in management
- Closer co-operation between EMEA businesses

## Results

- Results improved since May 2012
- Poorly-performing contracts significantly reduced
- Significant cost savings achieved
  - Circa €5m in year to date
  - On top of over €10m of cost savings in recent years
- On track to achieve a profit in the full year

# Success Factors in Key Markets

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- Germany
  - Responsive and competitive on smaller contracts, combined with large project capability
  - Continued expansion of project offering (e.g. complex excavation pits)
- Poland
  - Strong technical office key to winning work despite fierce competition
  - Excellent track record on large infrastructure jobs; major projects in Gdansk and S8 motorway underway
- Austria
  - Centre of excellence for anchors, nails and minipiles
  - Market leading positions in grouting techniques, excavation pits
- UK
  - Transferred technology and know-how key to winning large infrastructure projects
- Middle East
  - Revitalisation of our well-established business

# London infrastructure upgrade

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Specialty grouting, Victoria Station Upgrade  
London, UK  
Contract value: £37m



Compensation grouting, Crossrail  
London, UK  
Contract value: £20m (Keller's share)

# Tunnel Gdansk, Poland



Contract value: €36m

Redesign key to winning the project

Geotechnical work involving more than 10 units for jet grouting, large diameter piling and uplift anchors

# Chile: Harbour Remediation after 2010 Earthquake

technology transfer + local partner



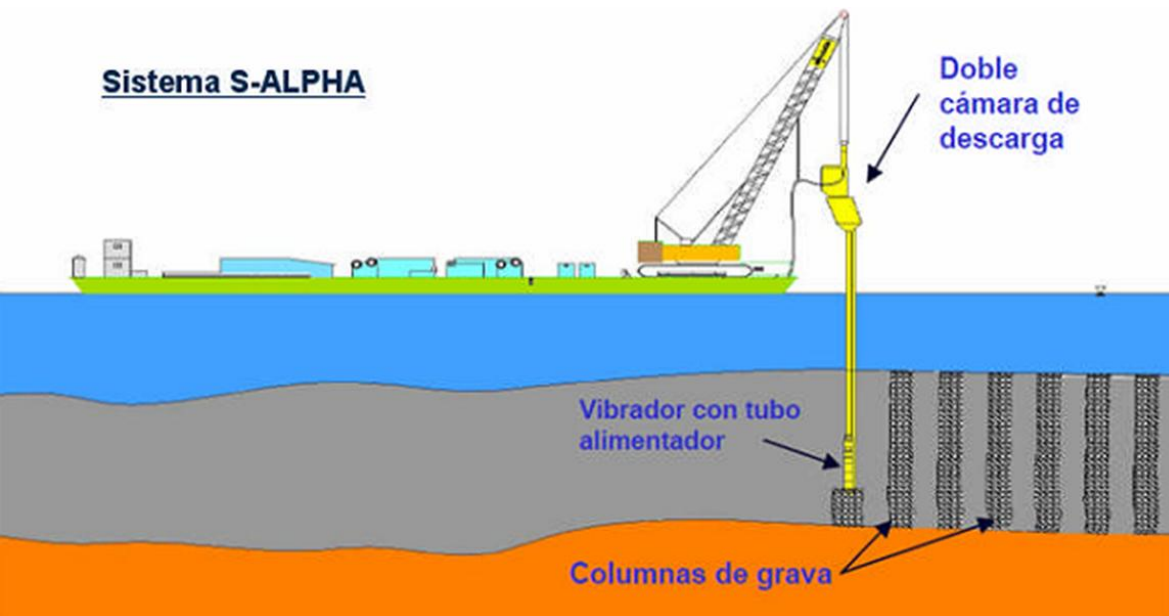
## ASMAR TALCAHUANO

### STONE COLUMNS – OFF SHORE:

S-ALPHA HYDRAULIC SYSTEM

CRANE: MANITOWOK 999 (275t)

Sistema S-ALPHA



# Erzin, Turkey



First job in Turkey

Contract value: €10m

900 MW power plant

3 vibrocats and 12 piling rigs

# Summary

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- Europe
  - Defend strong market positions in Germany, Austria, Poland
  - Adapt elsewhere, as required
  - Complete range of geotechnical services
  - Innovation, centres of excellence
- Middle East
  - Building expertise for large complex projects
  - Teaming up with successful main contractors
- Focus on promising markets = transfer of resources



