

Keller Group plc Capital Markets Day

16 October 2012



Keller North America



Contents

- Overview of Keller North America
- Hayward Baker: A day in the life...
- Market conditions and outlook
- Major opportunities and challenges
- Summary



Keller North America - Overview



- **The US Market Leader in Geotechnical Construction**
 - 2011 foundation sales of \$638m
 - ENR ranks Keller as 3.5x larger than our closest competitor although in a highly fragmented industry
 - The most complete set of product offerings of any contractor in the US market
 - Circa 2,300 employees based in 50 offices across the US to respond in highly regionalized markets
 - Circa 3,000 contracts per year, many design build, resulting in unrivalled market penetration

Keller North America – Foundation Business Overview

 <p>HAYWARD BAKER Geotechnical Construction KELLER</p>	<p>The largest of our US foundation businesses with national reach focused on ground improvement, grouting and earth retention markets</p>
 <p>CASE FOUNDATION Deep Foundation Specialists KELLER</p>	<p>Our “heavy” drilled shaft business focused on larger, more technically challenging national drilled shaft projects (average job size \$1m)</p>
 <p>McKinney Drilling Company A KELLER Company</p>	<p>Our “base business” drilled shaft business focused on light and medium duty drilled shaft projects in regional / local markets</p>
 <p>HJ FOUNDATION A KELLER Company</p>	<p>Our Florida based CFA business acquired to spread the CFA technology to our other foundation businesses</p>





**SUNCOAST
POST-TENSION**
A Keller Company



Keller's market leading supplier of post – tension materials to the construction Industry



- **The US market leader in Post Tension Products**

- 2011 sales of \$116m

- Residential Slab-on-Ground (SOG) PT Market

- PT SOG concentrated in the Sunbelt including Texas, Arizona and California

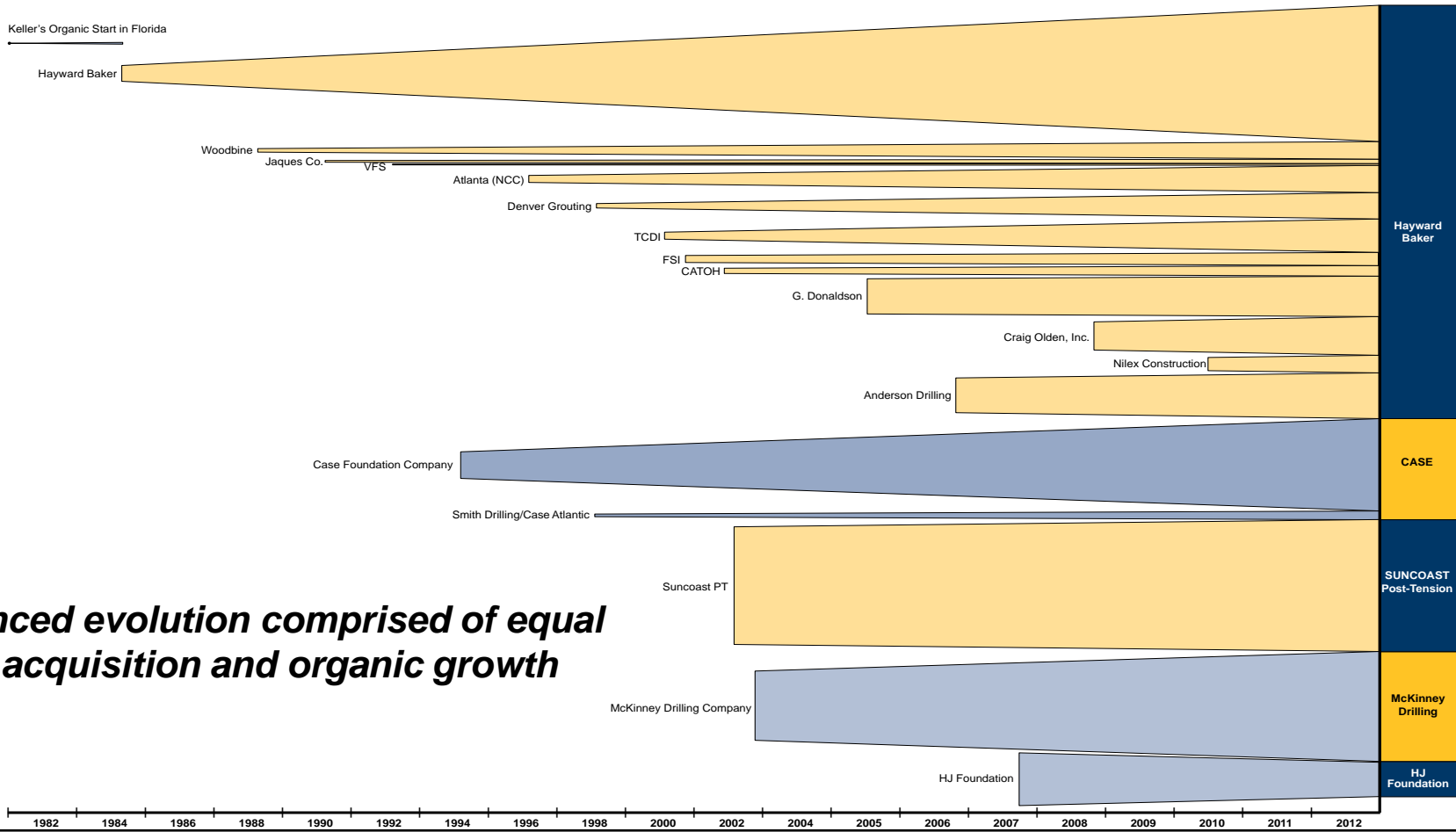
- High Rise Residential and Commercial PT Market

- Concentrated on high rise offices, condominiums and apartment and parking garages throughout the US

- Currently shipping circa 800,000 linear feet of engineered and pre-cut strand every day



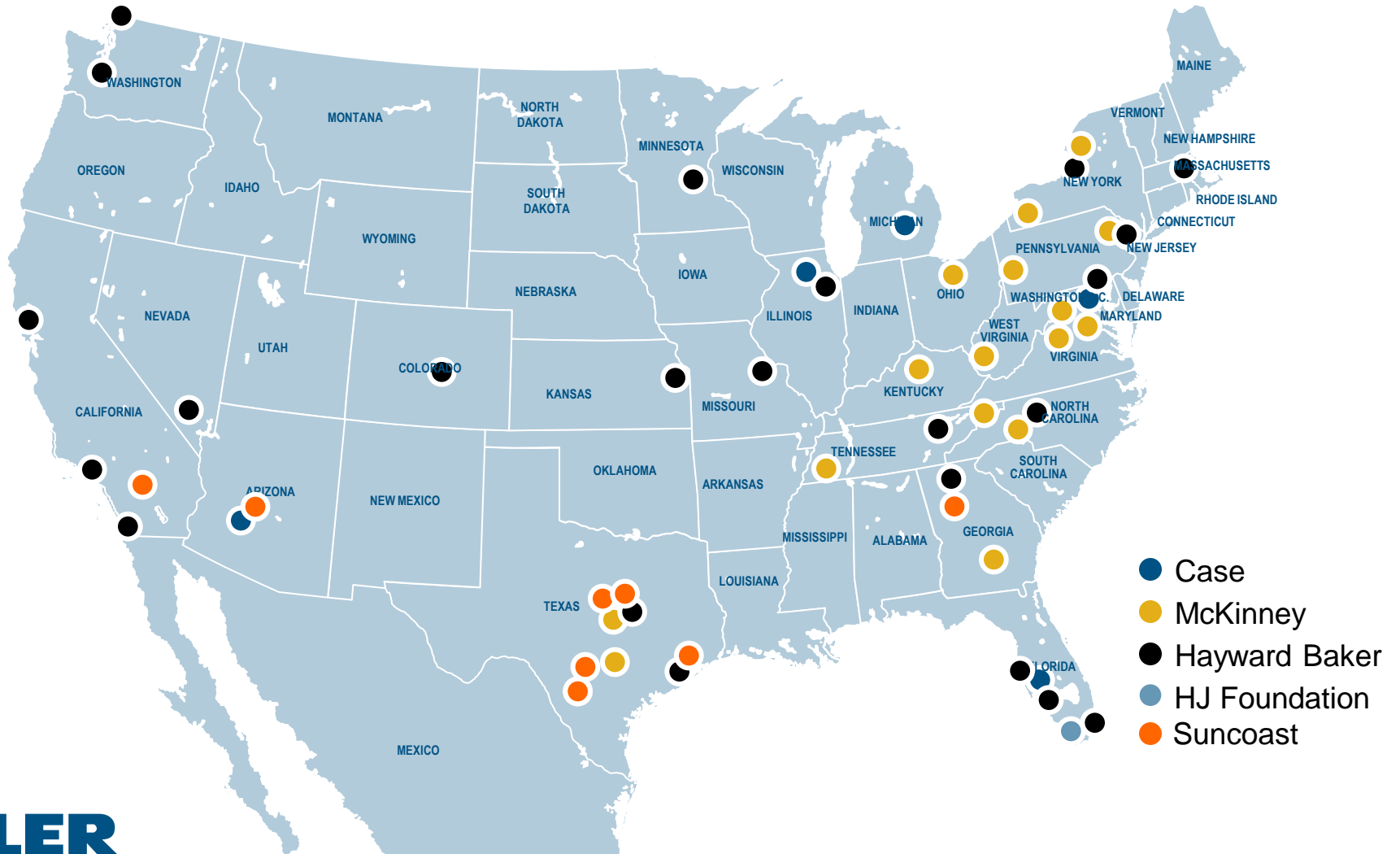
Keller North America – Evolution of the Business



A balanced evolution comprised of equal part acquisition and organic growth



US Geographic Coverage



Keller North America – Competitive advantages

- The only truly “national” US geotechnical contractor competing on a local/ regional basis
 - ***Keller leverages the best of being big with the best of being small***
 - ***The best of being small***
 - 50 regional offices allow Keller to be responsive and competitive in local markets
 - Market decisions made “close to the ground” by highly experienced managers with real accountability
 - A real entrepreneurial culture allowing Keller to compete in an industry dominated by entrepreneurs
 - Earnings spread over 3,000 contracts with an average value of circa \$200k means:
 - Flexibility to shift between hot markets
 - Limited risk exposure on individual contracts



Keller North America – Competitive advantages

- The only truly “national” US geotechnical contractor competing on a local/ regional basis
 - *Keller leverages the best of being big with the best of being small*
 - *The best of being **big***
 - Ability to team up across divisional and company lines to tackle big opportunities and challenging jobs
 - Brand recognition unrivalled by local/regional players
 - Financial strength unrivalled by most competitors
 - Best practice and technical exchange across the Keller Group
 - Shared market data across all North American businesses
 - Centralised services including legal, HR, insurance, finance, marketing to support the business
 - “GroundWorks”, our US Keller-wide ERP rolling out in 2012



Video - Hayward Baker: a day in the life

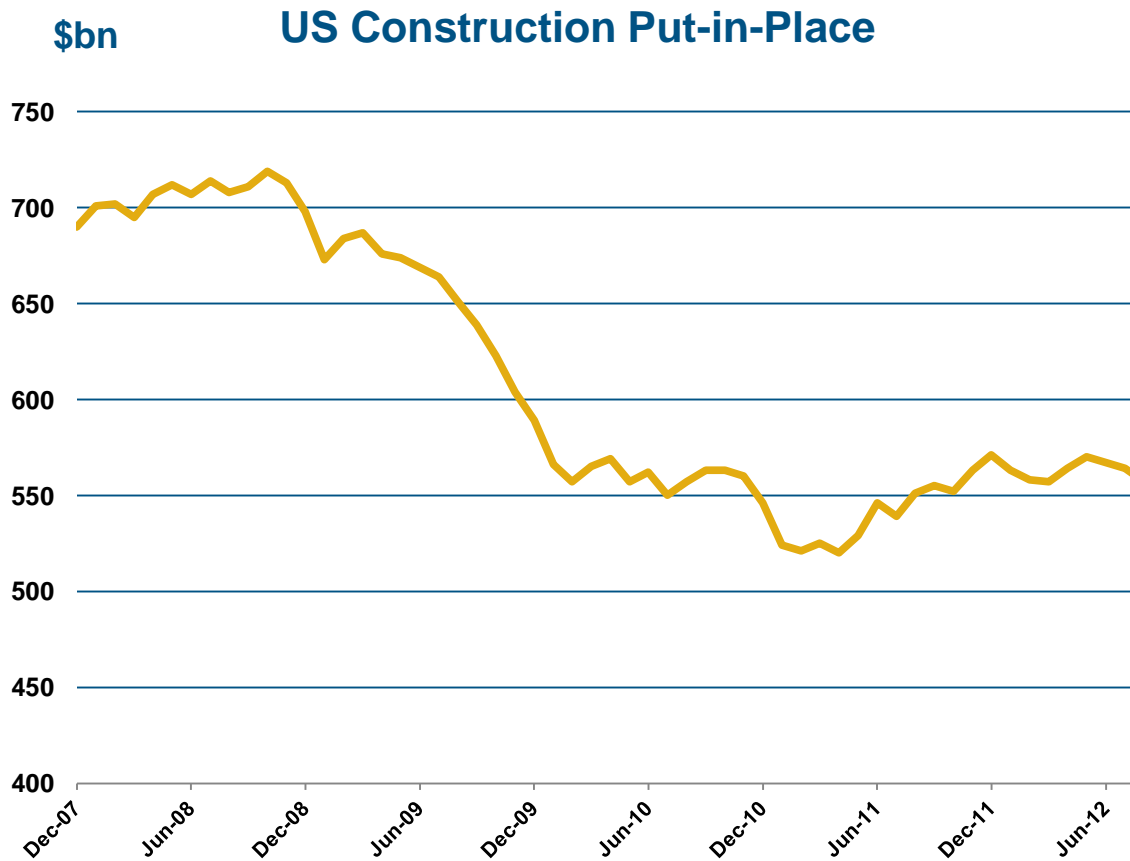


Click to play video - (not available offline).

Summary: Market Outlook

- The broad US economic outlook
 - ***The good news:***
 - Housing prices have rebounded 2% over last 12 months
 - Net worth to disposable income slowly recovering from the trough in early 2009
 - Consumer Confidence Index (The Conference Board) improved in September; “despite continuing economic uncertainty, consumers are slightly more optimistic than previous months”
 - ***The bad news:***
 - Unemployment and underemployment still stubbornly high
 - Presidential election uncertainty...can either winner overcome ideological gridlock?
 - The “Fiscal Cliff” – automatic tax increases and spending cuts unless a lame-duck congress can agree on action after the election and before 1 January

US Non-residential Construction Market



Total US non-residential construction market up 8% YTD Aug 2011 to Aug 2012 with increases across most categories

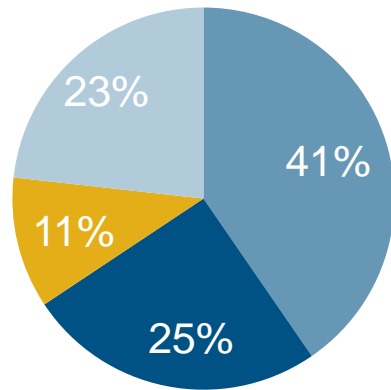
- Power and related construction remains strong; up 31%
- Manufacturing up 26%
- Highway and Street construction showing steady growth despite public funding concerns; up 4% from last year
- Most other categories of public construction down



North America Revenue by End Market

H1 2012

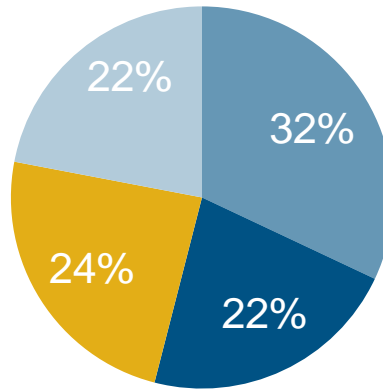
Total revenue \$427m



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

FY 2008

Total revenue \$990m

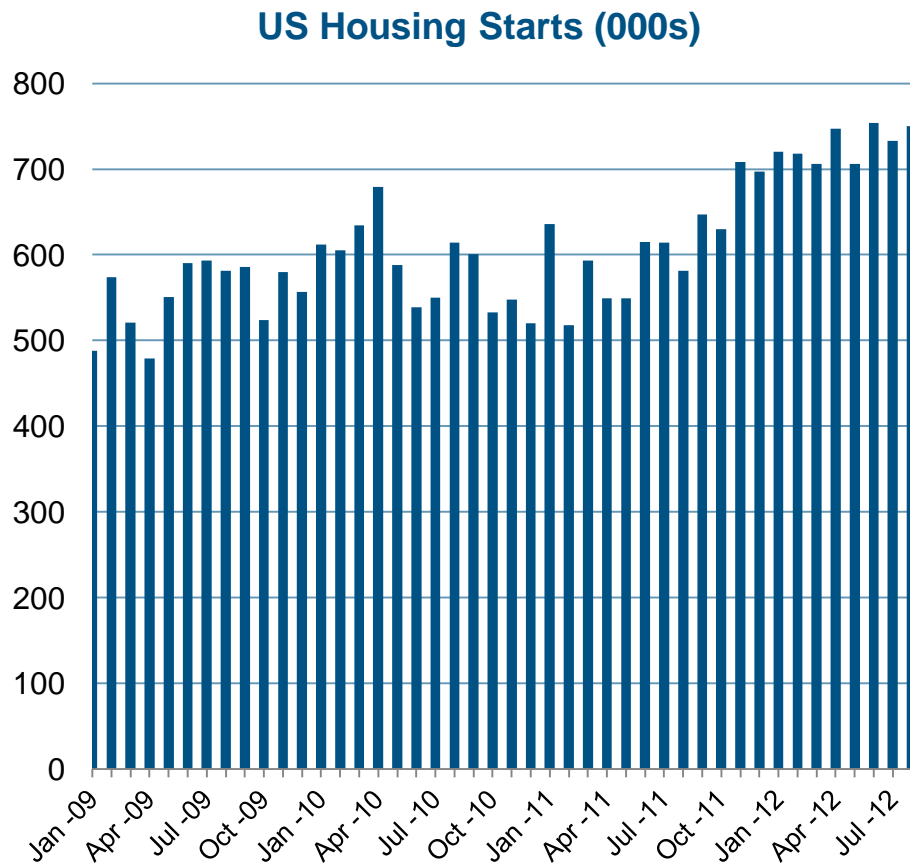


- Infrastructure/Public Buildings
- Power/Industrial/Manufacturing
- Office/Commercial
- Residential

- Relative movements largely reflect US construction spend
- Keller has the flexibility to move where the money is being spent
- Keller also enjoys a healthy mix of remedial and new construction



North America: Suncoast



- US housing starts appear to have begun slow recovery
 - at or above 700k for last 10 months
- Overhang of foreclosed properties now less of an issue
- New homes inventory at an all-time low
- Mortgage rates at all-time lows
- Home prices have finally stabilized and are now ticking upward
- Significant regional variations
 - Texas and California represented 23% of all permits in 2011....good for Suncoast



Source: US Census Bureau, Housing Starts

Summary: Market Outlook

- Non-Residential Construction up 8% year on year
- FMI Non-Residential Construction Survey:
 - Backlogs up but participants very guarded about prospects for the coming year
 - Expectation of more bankruptcies as weaker firms are weeded out to the benefit of stronger firms
- At Keller:
 - Revenue up circa 15% in 2012
 - Margins (as % of sales) on an improving trend
 - Suncoast comfortably “in the black” for the first time since 2008
- Conclusion:
 - The non-residential market appears to be improving but the outlook remains very tentative primarily against the uncertain backdrop of the broader US economy and public finances
 - Keller appears to be outperforming the broader US construction sector

Opportunities: Transmission Lines



Case and McKinney on the \$41m PSE&G Contract in New Jersey

US Transmission Line Expansion

- Significant expenditure expected to extend over circa 5 years
- National line contractors with the need for extensive local resources to install their foundations matches well with Keller's profile
- 2011 Sales circa \$10m
- 2012 Sales circa \$80m
- Much of this work being done by internal Keller JVs

Opportunities: Canada Expansion



Hayward Baker on the \$6m Suncor Wick Drain Contract

The Canadian Market

- Keller's foundation businesses have gained significant traction in recent years
 - By following our US customers to their Canadian projects
 - Kinder Morgan
 - Suncor
 - By teaming with Canadian specialists to offer more sophisticated solutions
 - Geo-Foundations
 - Petrifond
- Sales in 2010 of circa \$10m
- Sales in 2012 of circa \$40m

Opportunities: Small Contracts



Florida Residential Sinkhole Repair Market

- Hayward Baker re-levels and prevents further settlement to houses affected by sinkhole activity in central Florida
- Sinkhole market strategy includes:
 - Uniformed “single mission” field crew
 - A dedicated sales team which emphasises HB’s service focus
 - Local TV commercials
- A 2012 “local” base business expected to yield revenue of circa \$20m at good margins on 200 contracts



Keller North America: Summary

- Keller is the market leader in geotechnical construction
 - 3.5x larger than our closest competitor
 - Only truly national player
- Suncoast well positioned to benefit from a recovery in the US residential market
- US construction markets generally appear to be recovering
 - Despite weakness in publicly funded construction
- Keller outperforming the broader US construction sector



