

Keller Group plc

Interim Results

Half year ended June 2012



Highlights

- Much improved Group result, with three out of four regions ahead of last year
 - revenue up by 13%
 - operating profit more than doubled
- Continued market recovery in the US, the Group's biggest single market
 - US revenue up by 27% in constant currency
- Good progress on business improvement initiatives
- Net debt of £118.9m (2011: £127.8m), representing 1.5x annualised EBITDA
- Interim dividend maintained at 7.6p per share
- Strong order book, 27% ahead of this time last year
 - work to be executed in next 12 months up by around 20%



Group Income Statement

£m	H1 2012	H1 2011	%change	FY2011
Revenue	613.8	545.5	+13%	1154.3
EBITDA	35.0	27.9	+25%	71.4
Operating profit	13.3	6.4	+108%	28.9
Net finance costs	(2.3)	(3.0)		(7.0)
Profit before tax	11.0	3.4	+224%	21.9
Tax	(3.1)	(0.9)		(5.5)
Profit after tax	7.9	2.5	+216%	16.4
Minority interests	0.1	0.5		(0.5)
Attributable to shareholders	8.0	3.0		15.9
Earnings per share	12.4p	4.6p	+170%	24.8p
Dividends per share	7.6p	7.6p		22.8p

Revenue up 12% on a constant currency basis

Average exchange rates:

- US\$1.58 (H1 2011: \$1.62)
- €1.22 (H1 2011: €1.15)
- A\$1.53 (H1 2011: A\$1.55)
- S\$1.99 (H1 2011: S\$2.03)

Effective tax rate 28%
- H1 2011: 27%

Unchanged dividend



Operating Profit and Margin

	H1 2012			H1 2011		
£m	Revenue	Op Profit	Margin	Revenue	Op Profit	Margin
North America	270.1	7.6	2.8%	207.9	(1.8)	(0.9)%
EMEA ¹	160.6	(2.8)	(1.7%)	191.3	3.2	1.7%
Asia	59.0	6.1	10.3%	38.6	3.3	8.5%
Australia	124.1	4.5	3.6%	107.7	3.5	3.2%
	613.8	15.4	2.5%	545.5	8.2	1.5%
Central items	-	(2.1)		-	(1.8)	
	613.8	13.3	2.2%	545.5	6.4	1.2%

Constant currency revenue up 12%

- N America: +27%
- EMEA: -11%
- Asia: +50%
- Australia: +13%

Suncoast: back in profit

EMEA: Q2 profit after large Q1 loss



¹EMEA = Europe, Middle East & Africa

Group Balance Sheet

£m	June 2012	June 2011	Dec 2011
Goodwill/intangibles	99.3	107.2	100.6
Property/plant/equipment	253.0	270.2	266.1
	352.3	377.4	366.7
Inventories	40.3	39.2	37.3
Receivables	375.7	360.5	334.7
Payables	(270.4)	(263.7)	(252.2)
Working capital	145.6	136.0	119.8
Capital employed	497.9	513.4	486.5
Retirement benefits	(17.5)	(20.8)	(17.7)
Tax	(12.4)	(4.4)	(12.1)
Other assets/liabilities	(27.9)	(33.9)	(27.4)
Net debt	(118.9)	(127.8)	(102.5)
Net assets	321.2	326.5	326.8

Comparisons impacted by exchange rates

Continued focus on cash collection and working capital - receivables up by less than revenue

Gearing of 37% (June 2011: 39%)



Group Cash Flow Statement

£m	H1 2012	H1 2011	FY 2011
Cash generated from operations	9.0	0.2	54.8
Capex – net	(12.5)	(15.5)	(37.4)
Tax	(2.4)	(6.2)	(3.8)
Interest	(2.4)	(2.4)	(5.1)
Free cash flow	(8.3)	(23.9)	8.5
Dividends	(9.8)	(10.1)	(15.8)
Acquisitions	-	(0.2)	(0.2)
Net cash flow	(18.1)	(34.2)	(7.5)
Opening net debt	(102.5)	(94.0)	(94.0)
Exchange movements	1.7	0.4	(1.0)
Closing net debt	(118.9)	(127.8)	(102.5)

Cash from operations includes usual seasonal working capital outflows

Last 12 months' cash from operations represents 81% of EBITDA (H1 2011: 70%)



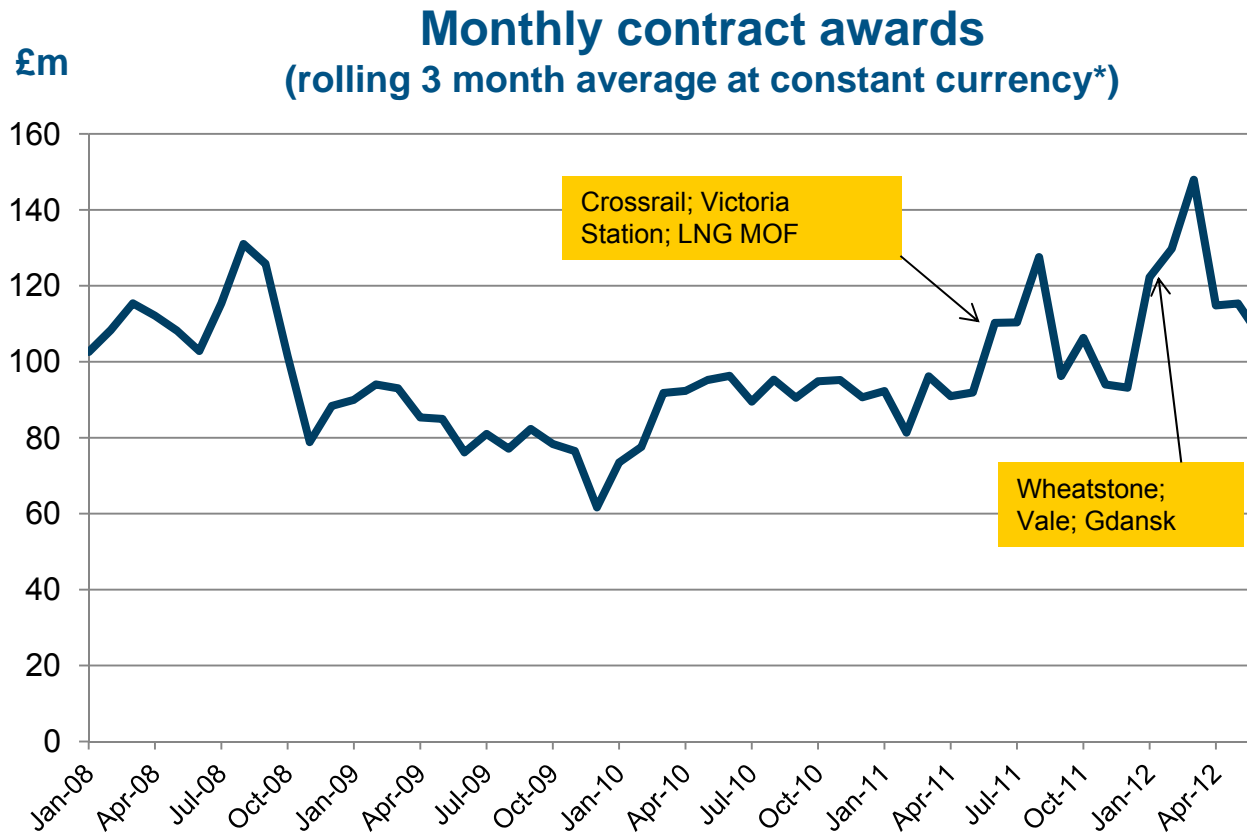
Group Financing Position

- Over £230m of committed facilities, mainly:
 - £170m bank facility expiring April 2015
 - US\$70m private placement, repayable October 2014
- Comfortably within all financial covenants
- Further £75m of uncommitted facilities

Key Financial Covenants	
Test	Status*
Net debt < 3x EBITDA	1.8x
EBITDA interest cover > 4x	12x
Net assets > £200m	£321m
* Calculated on a covenant basis	



Group Contract Awards



Record H1 contract awards helped by a number of major projects

June order book 27% up from last year at constant currency

Excluding work over one year away, up about 20%



2012 Guidance

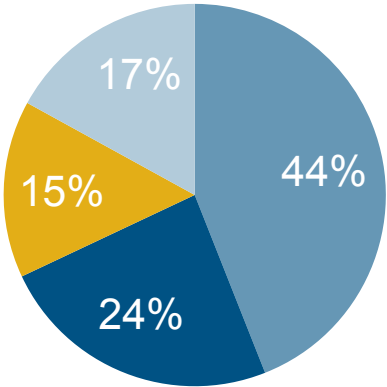
- Full year now expected to be slightly ahead of previous expectations
- Main driver is much improved US performance
 - extent of H1 year on year improvement will not be repeated in H2
 - remain cautious about 2013
- EMEA to be profitable in full year
 - Poland to have a much better H2
- Expected effective tax rate of 28%
- Capex to be around £35m



Group Revenue by End Market

H1 2012

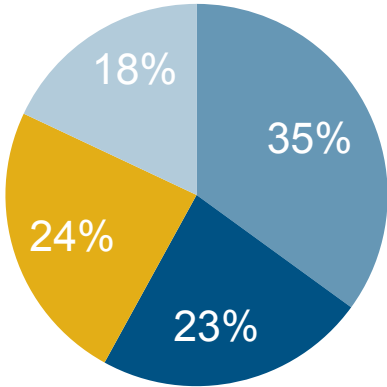
Total revenue £614m



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

FY 2008

Total revenue £1,197m



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

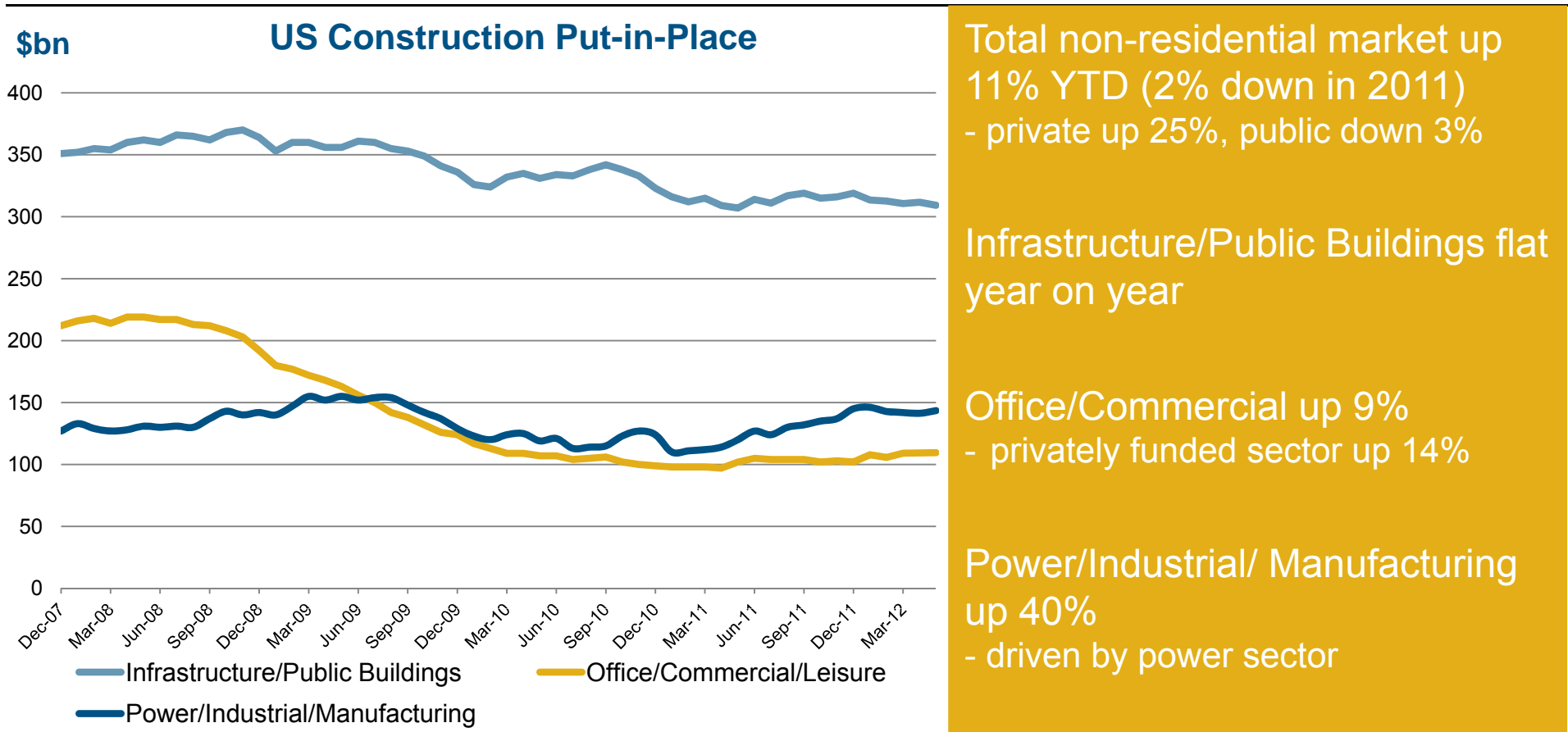
Keller operates across all sectors of the construction market

Infrastructure/Public Buildings consistently the largest sector
 - reflects construction spending generally

Always underweight in residential
 - typically requires fewer foundations



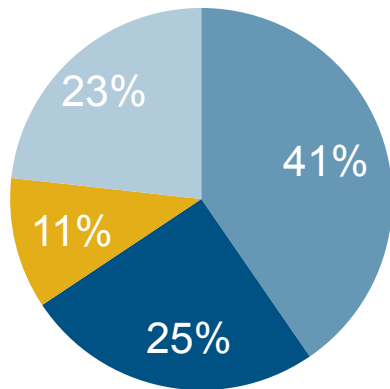
North America Non-residential Construction Market



North America Revenue by End Market

H1 2012

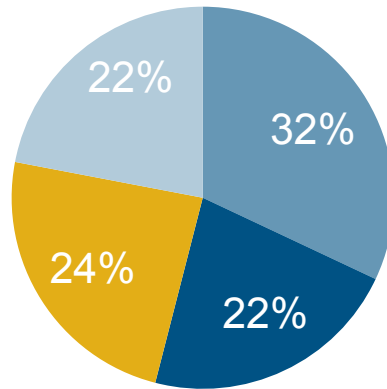
Total revenue \$427m



- 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 reflect US construction spend

Infrastructure/Public Buildings revenue up 10% vs 2008
- all others down

Office/Commercial revenue down 60%



North America Foundations



Piling, solar energy project

California, US

Excellent revenue growth as construction markets continue to improve

Markets remain competitive but margins starting to increase

Results gradually improving at Hayward Baker

- management refocusing the business
- increasing position in Canada

Strong turnaround at McKinney

Significant progress in transmission line strategy

- Texas and the North East are strong markets
- Case and McKinney both benefitting



North America Case Studies



Piling, transmission line project

New Jersey, US

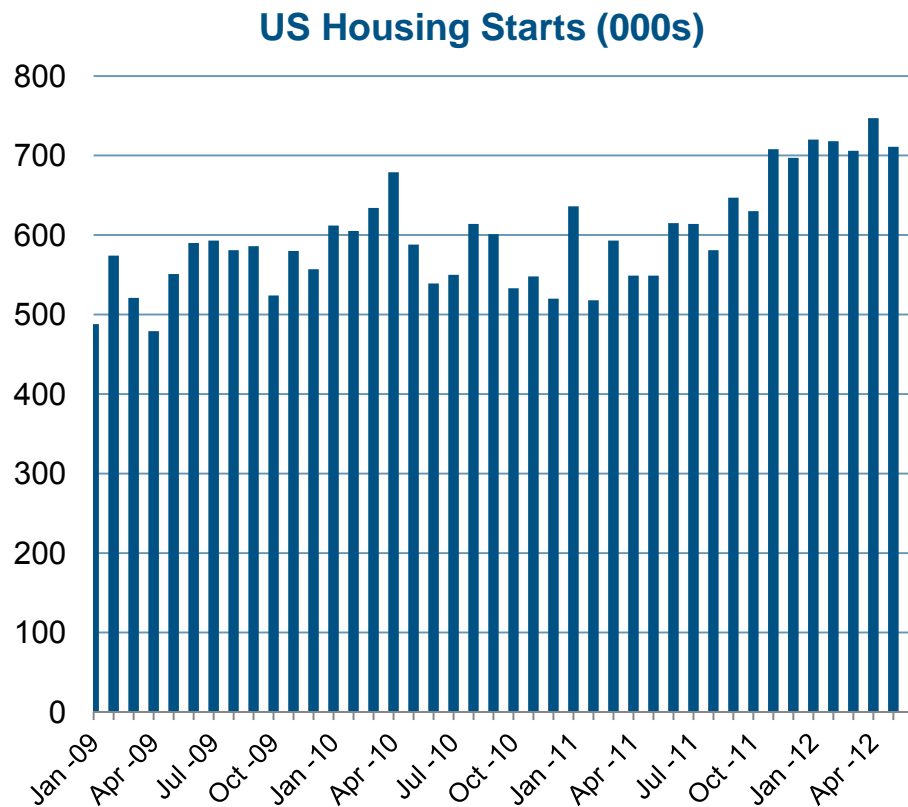


Soil mixing, tank expansion project

Alberta, Canada



North America Suncoast



US housing starts appear to have begun slow recovery

- at or above 700k for last 8 months
- April 2010 peak due to first time buyer tax credit

Overhang of foreclosed properties now less of an issue

Significant regional variations
- Texas strong; good for Suncoast

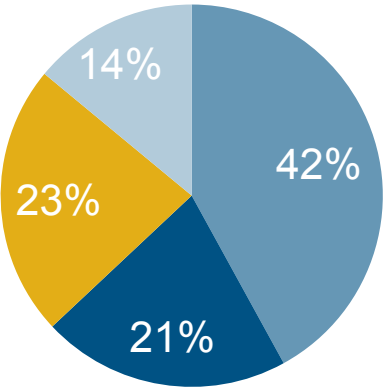


Source: US Census Bureau, Housing Starts

EMEA¹ Revenue by End Market

H1 2012

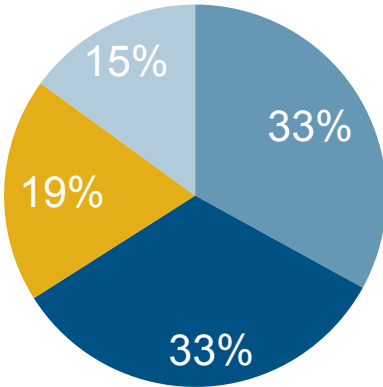
Total revenue €196m



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

FY 2008

Total revenue €629m



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

Revenue from Infrastructure/ Public Buildings most resilient

- still 20% down since 2008

Total revenue down circa 40% since 2008

- Poland only large country with higher revenue than in 2008
- Middle East down 75%

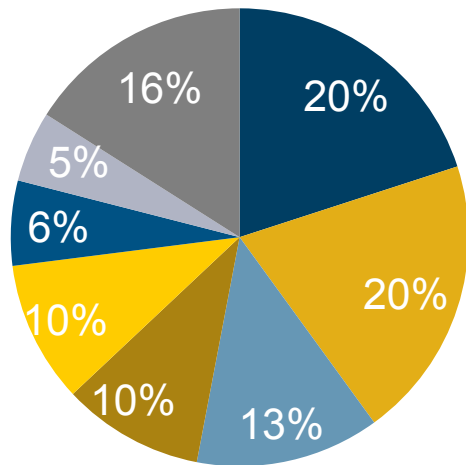


¹EMEA = Europe, Middle East & Africa

EMEA¹ Regional Split

H1 2012 Revenue by Region

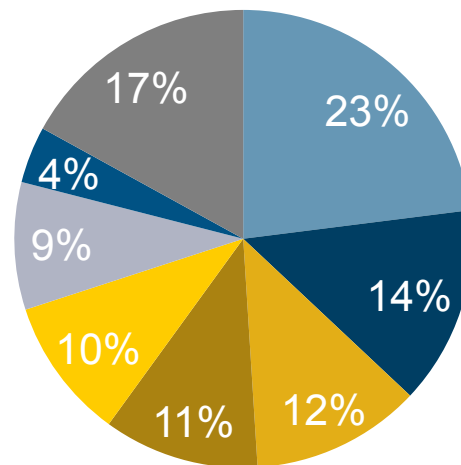
Total revenue €196m



■ Germany ■ UK
■ Poland ■ Austria
■ France ■ Middle East
■ Spain ■ Other

H1 2011 Revenue by Region

Total revenue €220m



■ Poland ■ Germany
■ UK ■ Austria
■ France ■ Spain
■ Middle East ■ Other

Over 50% of H1 revenue from Germany, UK & Poland

Trading in the Middle East remains relatively subdued

Extending product range in Brazil

Equipment being redeployed to most active markets



¹EMEA = Europe, Middle East & Africa

EMEA Highlights



Soilcrete columns, road tunnel

Gdansk, Poland

Another good performance from Germany
- extending product range

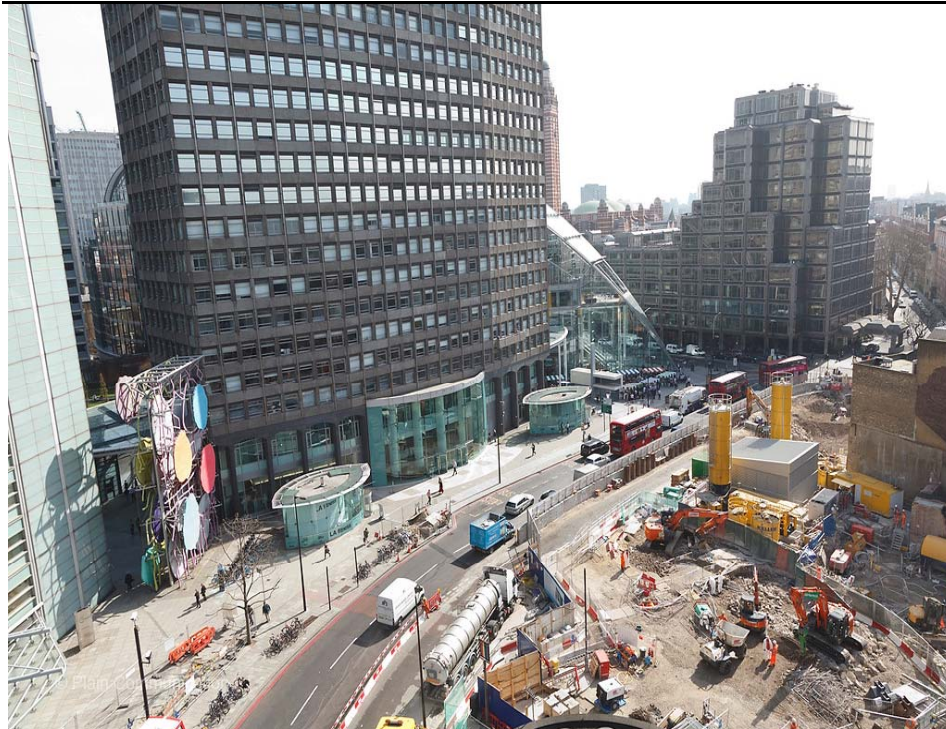
Improving position in Poland after quiet Q1
- major Gdansk road tunnel job now progressing well

Spanish markets continue to decline
- revenues now 80% down on peak

Cost reduction programme in southern and eastern Europe countries

Underlying UK market is difficult
- results underpinned by Victoria Station and Crossrail projects

EMEA Case Studies



Specialty grouting, Victoria Station Upgrade

London, UK

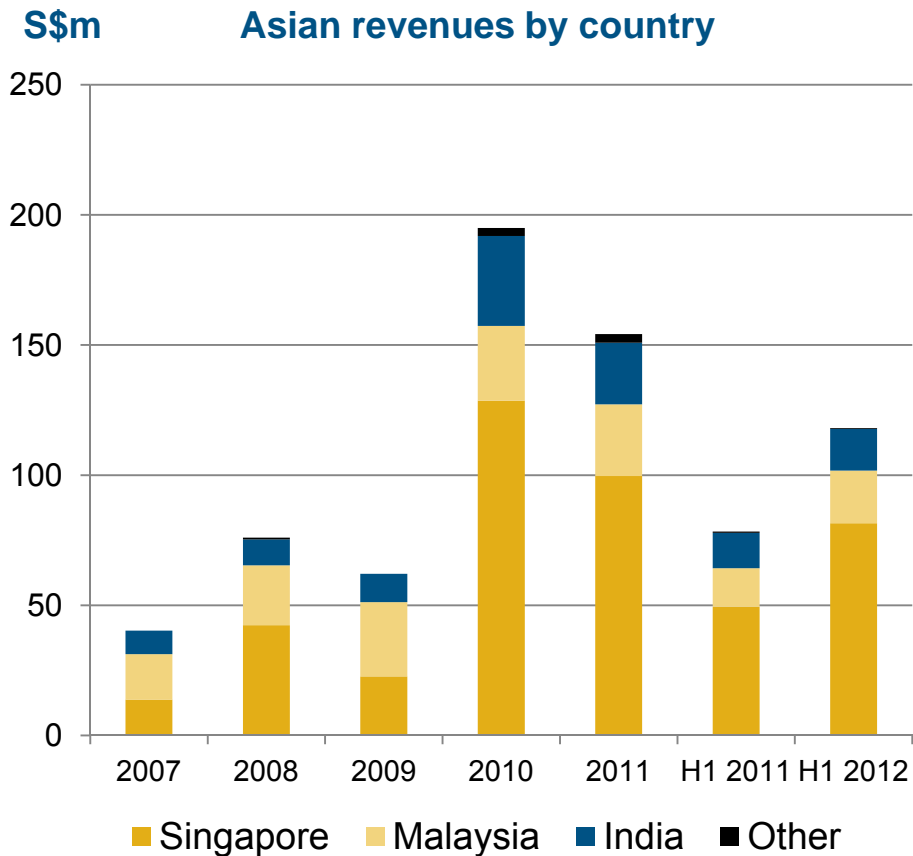


Compensation grouting, Crossrail

London, UK



Asia Highlights



Resource Piling acquired late 2009

Lumpy growth inevitable given large contracts

Higher margins than Group average

Targeting Vietnam and Indonesia



Asia Highlights



Piling and ground improvement, iron ore distribution facility

Lumut, Malaysia



Strong turnaround from Resource Piling
- Singapore market has rebounded
- management team strengthened

Ground improvement business in Singapore also performed well

Large contract in Malaysia on track
- now started piling operations with Group support

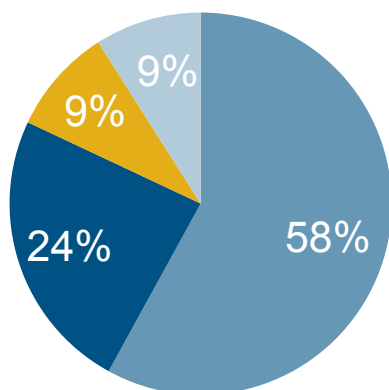
Further infrastructure work in Malaysia expected

India traded well in H1
- product range now successfully expanded
- careful project selection and risk management necessary

Australia Revenue by End Market

H1 2012

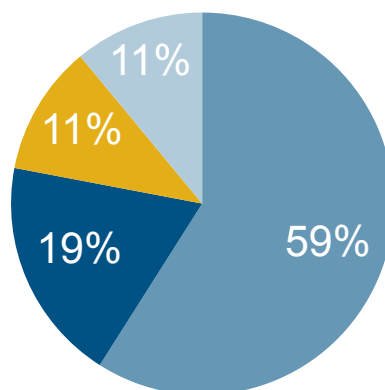
Total revenue A\$190m



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

H1 2011

Total revenue A\$168m



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

The “two speed” economy continues

- resource and related sectors remain very strong
- commercial and infrastructure markets are much weaker

Resources now around one third of our business



Australia Highlights



Offshore piling, materials offloading facility

Queensland, Australia

Good turnaround at Piling Contractors

- strong focus on contract selection
- more efficient use of equipment

Strong H1 performance from Waterway

- excellent momentum on LNG MOF in Queensland

Wheatstone to start in H1 2013

Significant opportunities remain in the resources sector



Business Improvement

- Increase revenue and profit from large contracts
 - more large projects underway than at any previous time
 - major projects won this year in Australia, Malaysia, Poland and US
- Accelerate technology transfer
 - piling transfer to India, Malaysia and Brazil
 - bottom feed technology transfer to Australia
- Reinforce risk management
 - new Technology & Best Practice Group; procedures reviewed and enhanced
- Focus on certain regional markets
 - good progress on US transmission lines and Canada



Outlook

- Continued improvement in the US construction market
 - caution needed on sustainability of recent growth given macro backdrop
- Challenging outlook for Europe
- Asian prospects remain positive
- Two speed economy continues in Australia
- Total order book up 27%
- Stronger second half expected
 - seasonal improvements and positive impact from major projects

Appendix



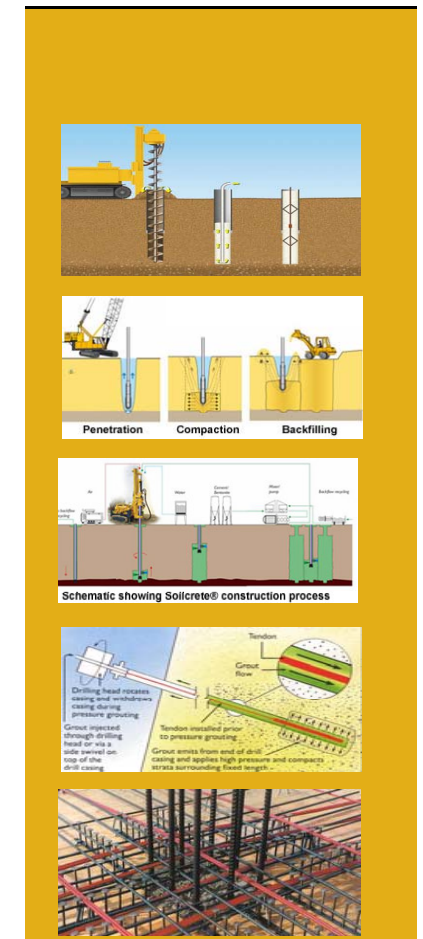
Introduction to Keller

- **The world's largest independent ground engineering contractor**
 - ground engineering is a small, niche sub-sector of construction
 - sector 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 over 30 countries**
 - clear market leader in US, Australia and Poland
 - 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

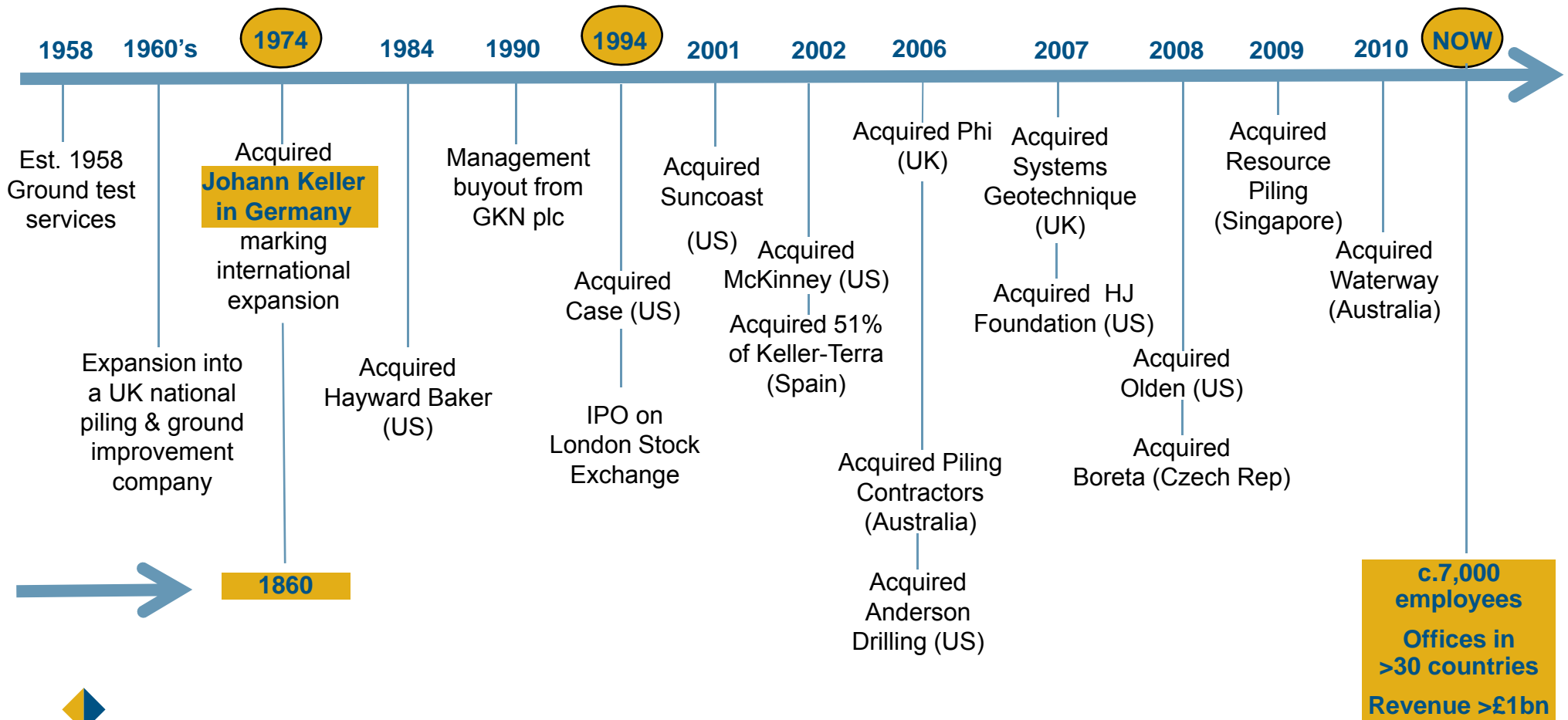


Ground Engineering Worldwide

Activities	% of 2011 revenue	Regions of use	Applications
Piling	38%	North America/UK Eastern Europe Middle East Asia & Australia	Foundation support Earth retention
Ground improvement	26%	North America EMEA Asia Australia	Foundation support Seismic risk protection
Speciality Grouting	15%	North America Europe Asia Australia	Control of building settlement Groundwater control
Anchors, Nails, Minipiles	15%	North America Europe Asia	Excavation support Slope protection Underpinning
Post-tension concrete	6%	North America	Slab-on-grade foundations High rise structures



History of Keller



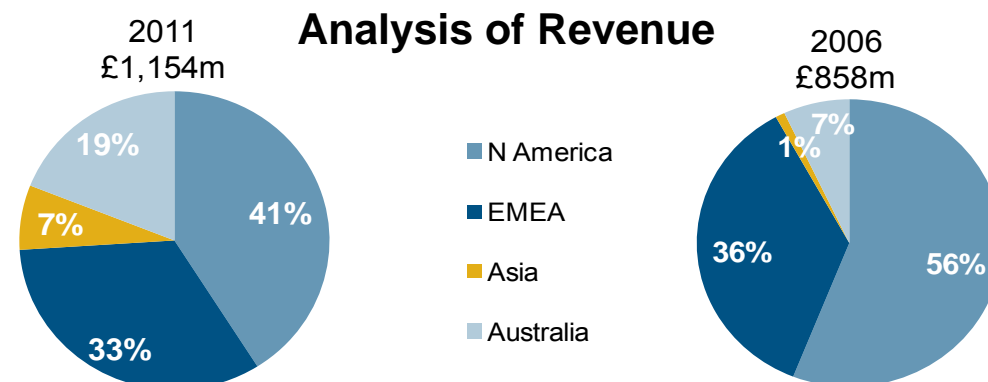
Strategy

- Our Objective

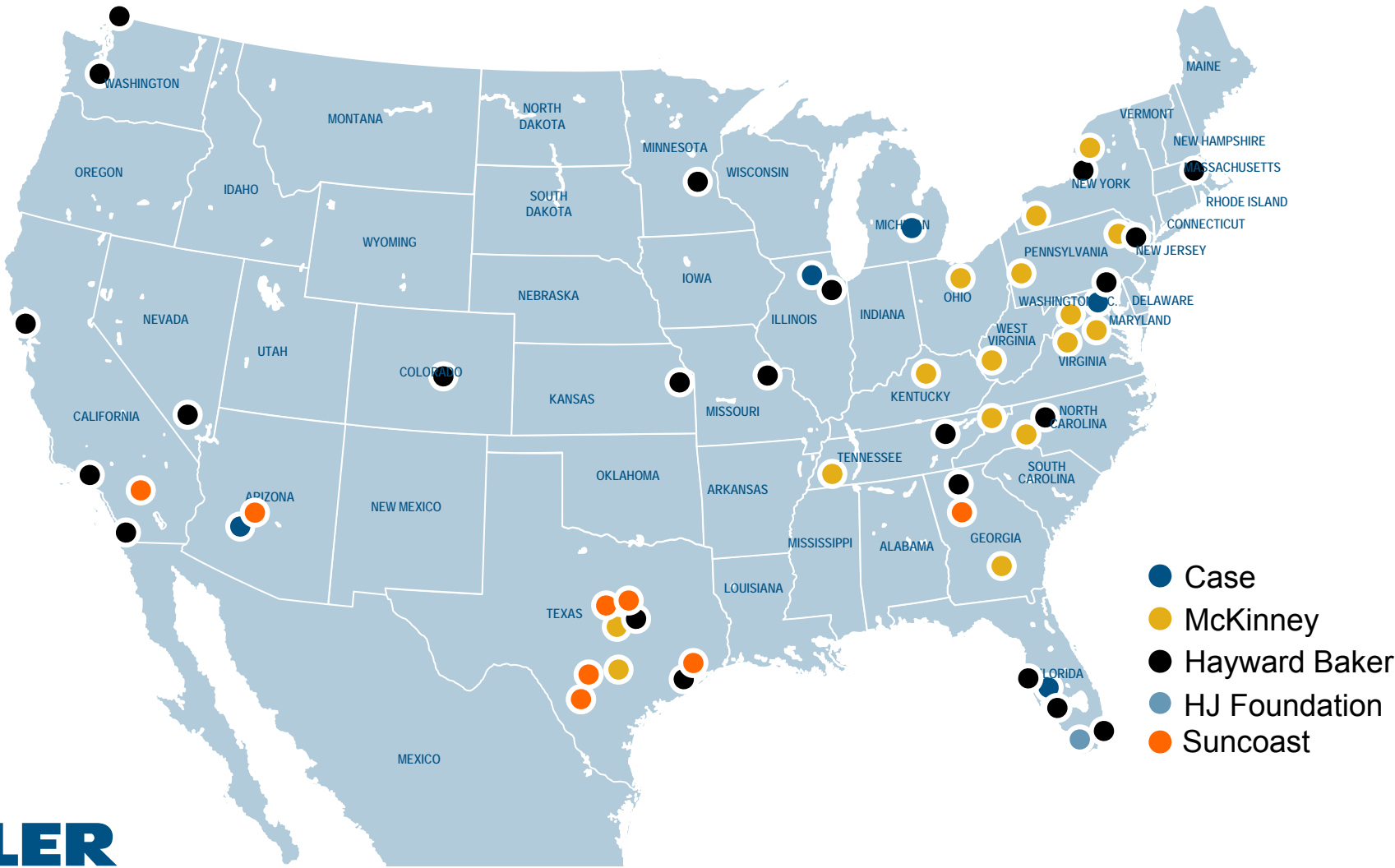
- to extend our global leadership in specialist ground engineering through:
 - organic growth, particularly in developing markets
 - targeted acquisitions

- Our Execution

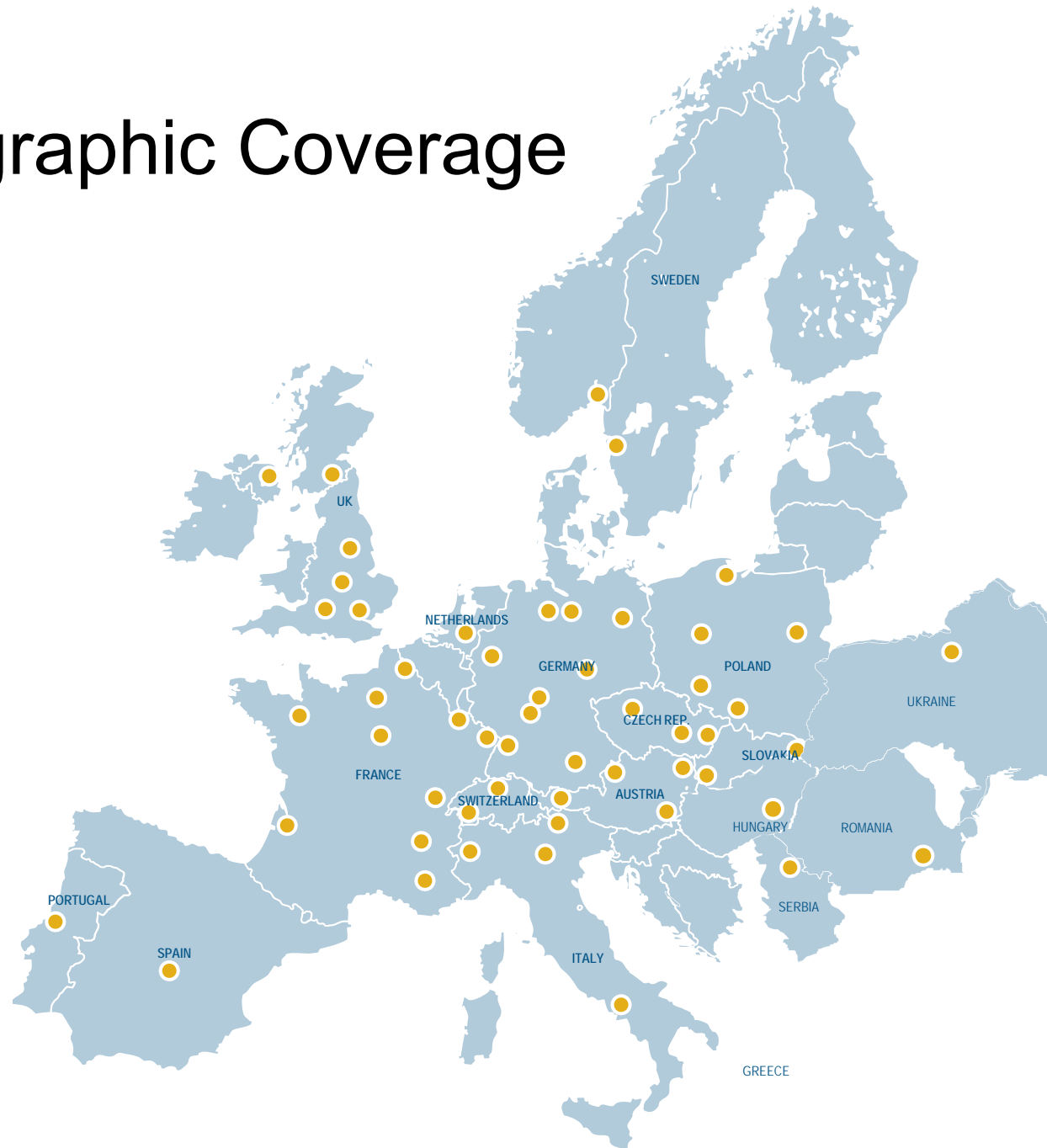
- transfer of technologies and techniques within our current geographic regions
- offering design and build capability and alternative solutions
- expansion into new higher growth geographic regions
- acquisition and development of new technologies and techniques



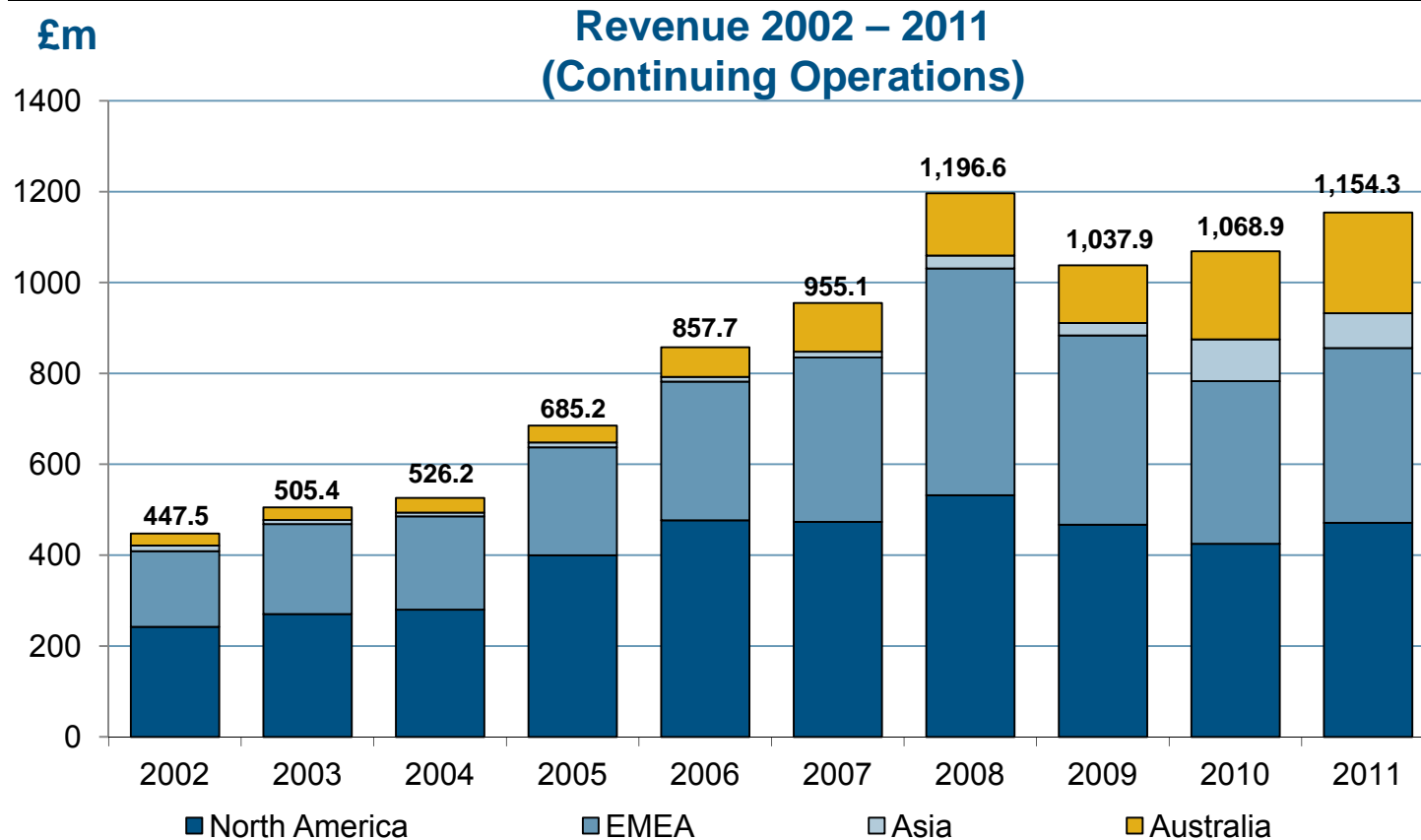
US Geographic Coverage



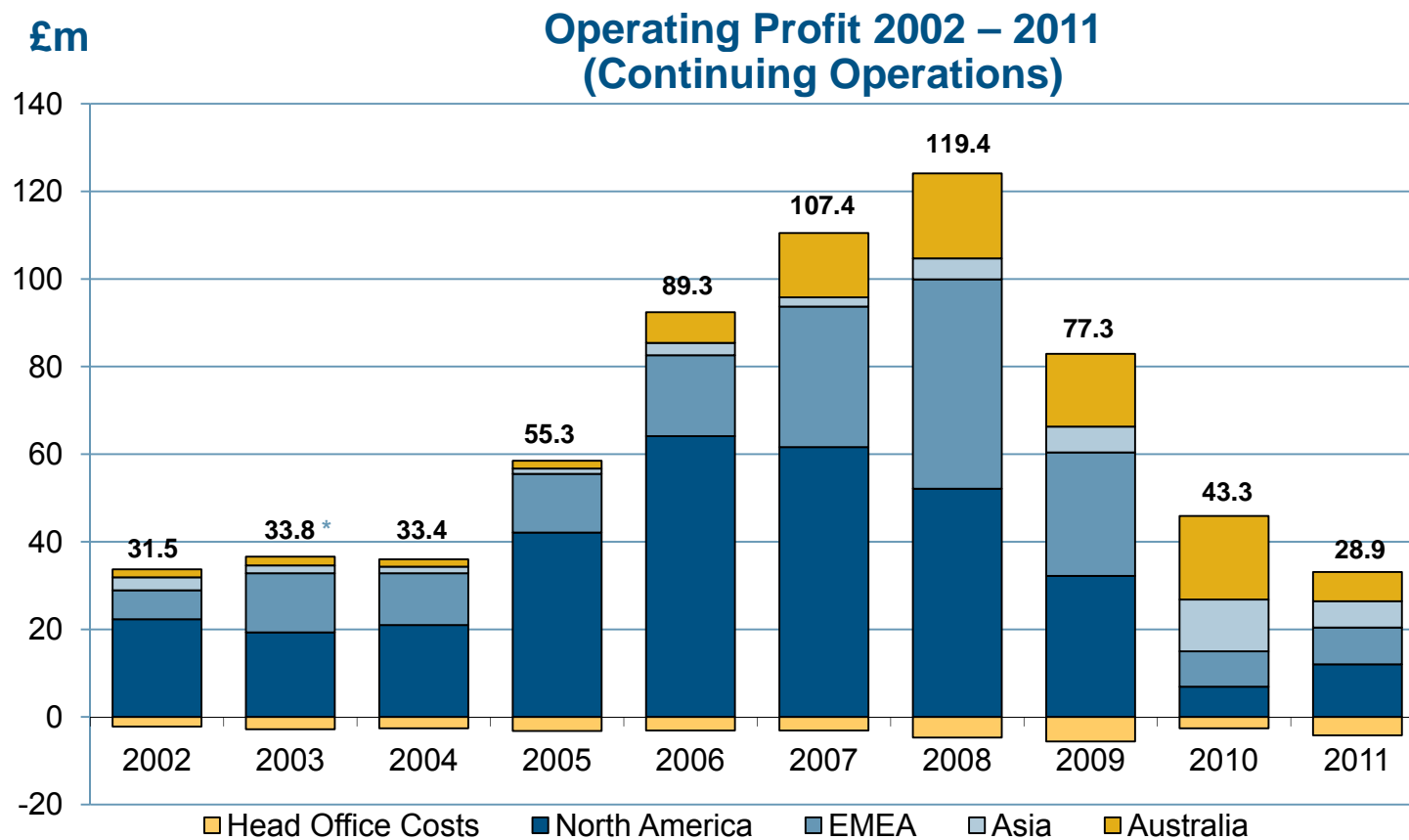
Europe Geographic Coverage



Ten Year Track Record

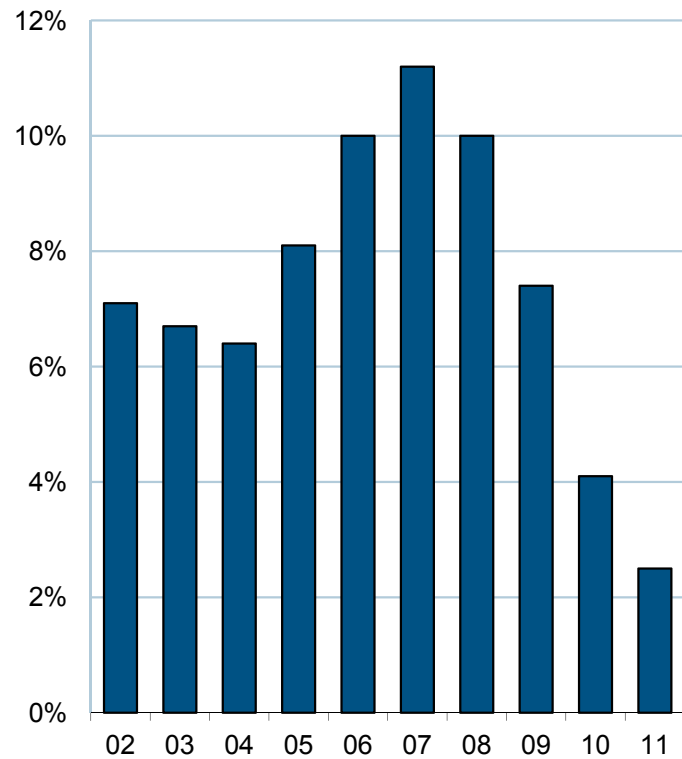


Ten Year Track Record

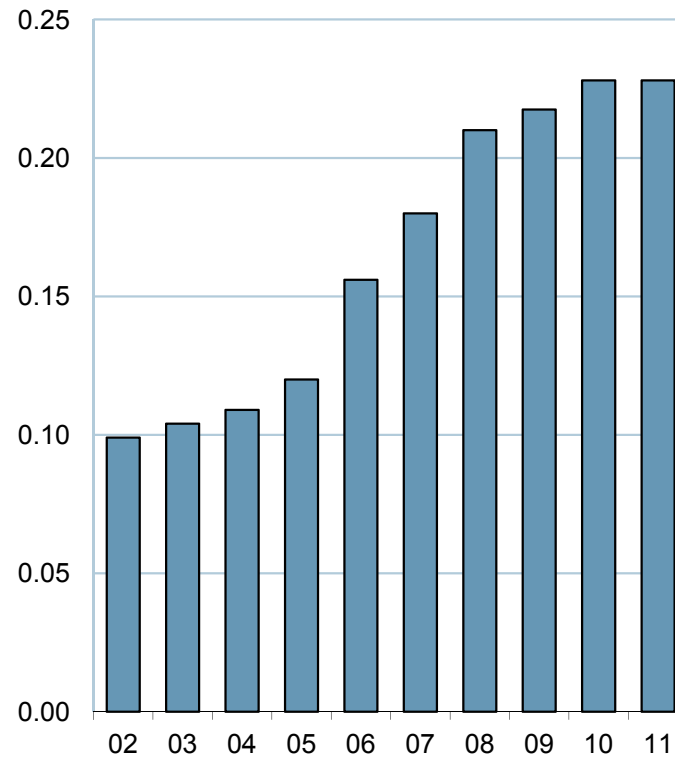


Financial Performance

Operating margin*



Dividend per share (pence)



Operating margin at historic low

Dividend increased every year since 1994 flotation until 2011



*from continuing operations

