Keller Group plc

Full Year Results 2012

March 2013

Highlights

- Record revenue of £1,317.5m (2011: £1,154.3m), up 14%
- Profit before tax doubled to £43.5m (2011: £21.9m)
- Business improvement initiatives yielding good results
- Earnings per share of 45.9p (2011: 24.8p)
- Strong cash generation
  - year-end net debt of £51.2m (2011: £102.5m)
  - represents 0.6x EBITDA (2011: 1.4x)
- Total dividend maintained at 22.8p
  - dividend cover of 2.0x (2011: 1.1x)

Group Income Statement

£m	2012	2011	%change
Revenue	1,317.5	1,154.3	+14%
EBITDA	91.9	71.4	+29%
Operating profit	48.3	28.9	+67%
Net finance costs	(4.8)	(7.0)	
Profit before tax	43.5	21.9	+99%
Tax	(13.5)	(5.5)	
Profit after tax	30.0	16.4	+83%
Minority interests	(0.5)	(0.5)	
Attributable to shareholders	29.5	15.9	
Earnings per share	45.9p	24.8p	+85%
Dividends per share	22.8p	22.8p	

Revenue up 16% on a constant currency basis

Average exchange rates:
- US$1.58 (2011: US$1.60)
- €1.23 (2011: €1.15)
- S$1.98 (2011: S$2.01)
- A$1.53 (2011: A$1.55)

Effective tax rate 31% (2011: 25%)
- increase reflects mix of profits

Unchanged dividend to improve cover

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Operating Profit & Margin

	2012			2011		
£m	Revenue	Op Profit	Margin	Revenue	Op Profit	Margin
N America	581.9	32.0	5.5%	471.1	12.0	2.5%
EMEA	358.6	2.2	0.6%	384.8	8.4	2.2%
Asia	118.6	9.5	8.0%	76.7	6.0	7.8%
Australia	258.4	8.7	3.4%	221.7	6.7	3.0%
	1,317.5	**52.4**	**4.0%**	**1,154.3**	**33.1**	**2.9%**
Central costs	-	(4.1)		-	(4.2)	
	1,317.5	**48.3**	**3.7%**	**1,154.3**	**28.9**	**2.5%**

Constant currency revenues up 16%
- N America +22%
- EMEA -0.3%
- Asia +52%
- Australia +15%

EMEA H2 profit of £5.0m after H1 loss of £2.8m

Group Balance Sheet

£m	2012		2011	
Goodwill/intangibles		97.2		100.6
Property, plant & equipment		248.5		266.1
Other non-current assets		14.9		15.8
		360.6		382.5
Inventories	41.3		37.3	
Receivables	347.1		334.7	
Payables	(290.8)		(252.2)	
Working capital		**97.6**		119.8
Capital employed		**458.2**		502.3
Other liabilities/provisions		(39.6)		(43.2)
Retirement benefits		(18.2)		(17.7)
Tax		(13.5)		(12.1)
Net debt		(51.2)		(102.5)
Net assets		**335.7**		326.8

Year-end exchange rates:

- US$1.62 (2011: US$1.55)
- €1.22 (2011: €1.19)
- S$1.98 (2011: S$2.00)
- A$1.56 (2011: A$1.52)

Working capital down despite increase in revenue

- all ratios showing improvement

Gearing of 15% (2011: 31%)

Group Cash Flow Statement

£m	2012	2011
Cash generated from operations	**108.4**	**54.8**
Capex – net	(32.7)	(37.4)
Interest	(4.1)	(5.1)
Tax	(10.7)	(3.8)
Free cash flow	**60.9**	**8.5**
Acquisitions	-	(0.2)
Dividends	(15.4)	(15.8)
Other	1.7	-
Net cash flow	**47.2**	**(7.5)**
Opening net debt	(102.5)	(94.0)
Exchange movements	4.1	(1.0)
Closing net debt	**(51.2)**	**(102.5)**

Cash from operations 118% of EBITDA (2011: 77%)

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Group Financing Position

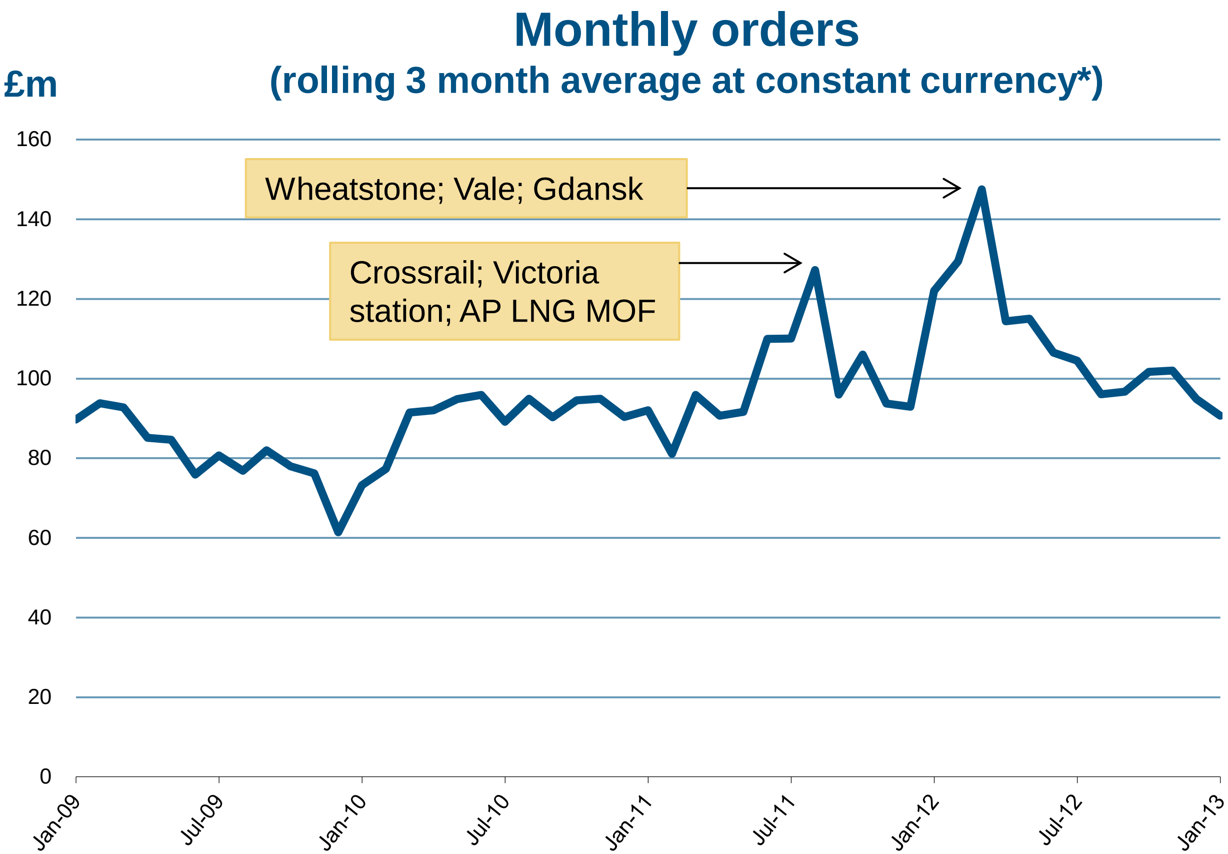
- Over £250m of committed facilities, mainly:
  - £170m bank facility expiring April 2015
  - US$70m private placement, payable October 2014
  - US$40m private placement, payable August 2018
- Comfortably within all financial covenants
- A further £49m of uncommitted facilities

Key Financial Covenants

Test	***Status****
Net debt < 3x EBITDA	0.8x
EBITDA interest cover > 4x	17.5x
Net assets > £200m	£335.7m

** Calculated on a covenant basis*

Group Order Intake



Recent order intake at healthy levels

No major (>£20m) projects awarded in H2 2012

Excluding work over a year out, order book similar to last year

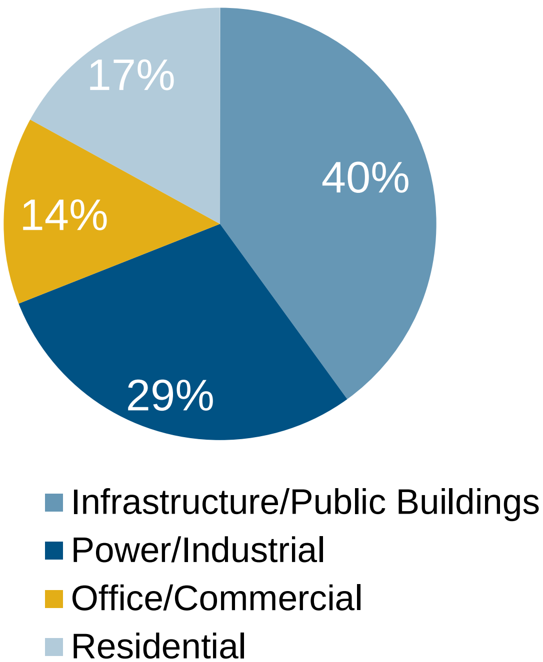
*at 2012 average exchange rates

2013 Guidance

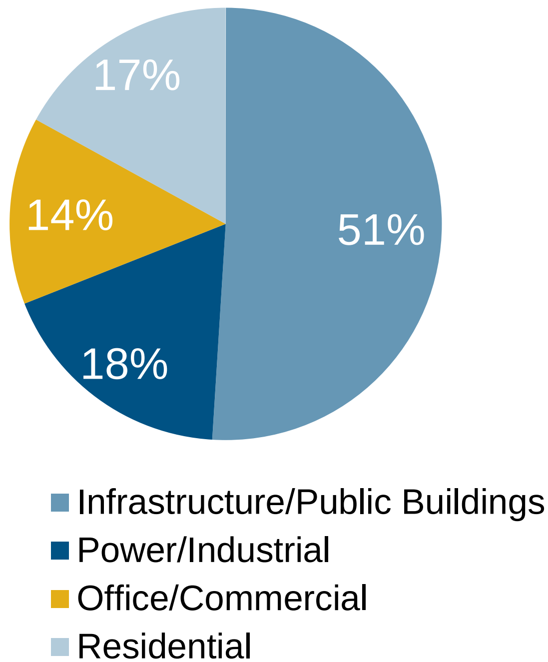
- Major projects unlikely to repeat at the same level in 2013
- Business improvement initiatives will deliver margin benefit
- Usual seasonal H2 bias
- Expected effective tax rate of 31%
- Capex to be around £40m

Group Revenue by End Market

2012 Revenue by End Market
Total revenue £1,318m



2011 Revenue by End Market
Total revenue £1,154m

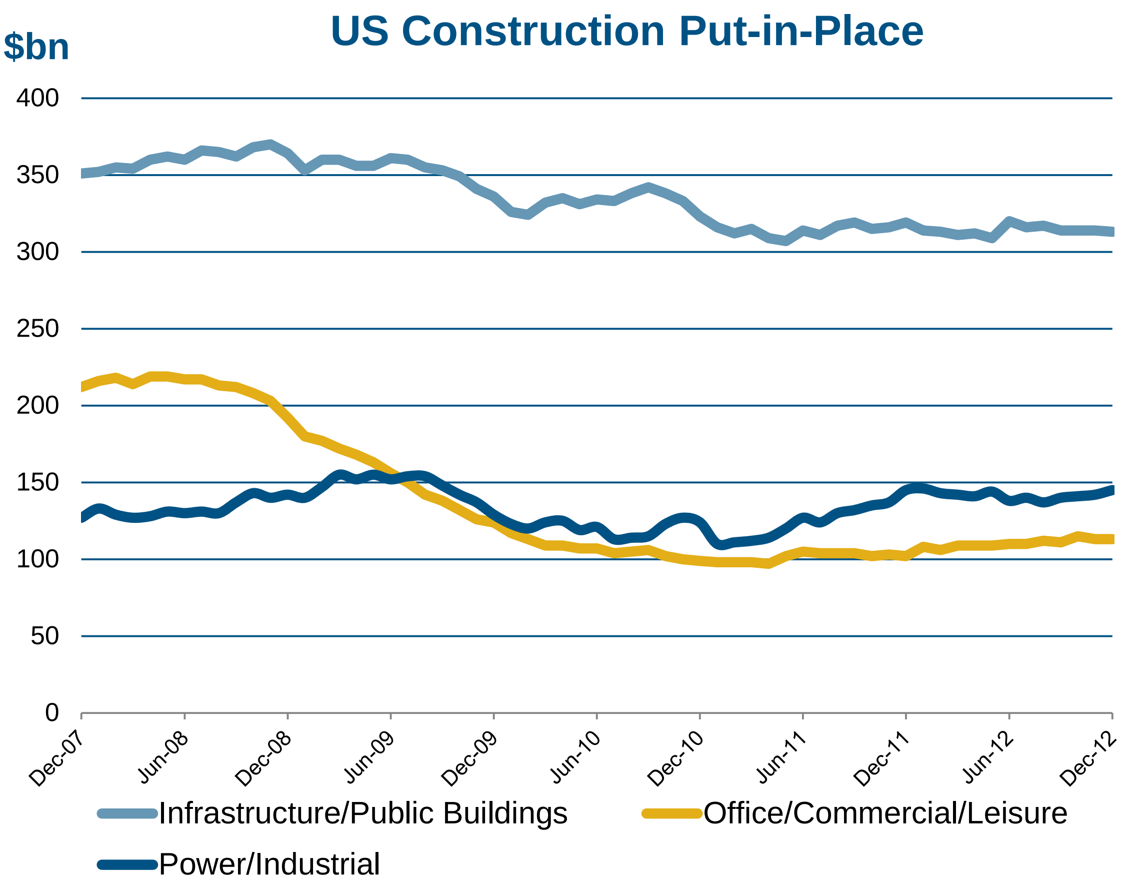


Keller operates across all sectors of the construction industry

Infrastructure/Public Buildings the largest sector

Significant increase in Power/Industrial across the Group

US Non-residential Construction Market



Total US non-residential market up 6% in 2012 (2% down in 2011)

- private up 15%, public down 2%

Infrastructure/Public Buildings flat following two years of decline

Office/Commercial up 7%

- privately funded segment up 9%

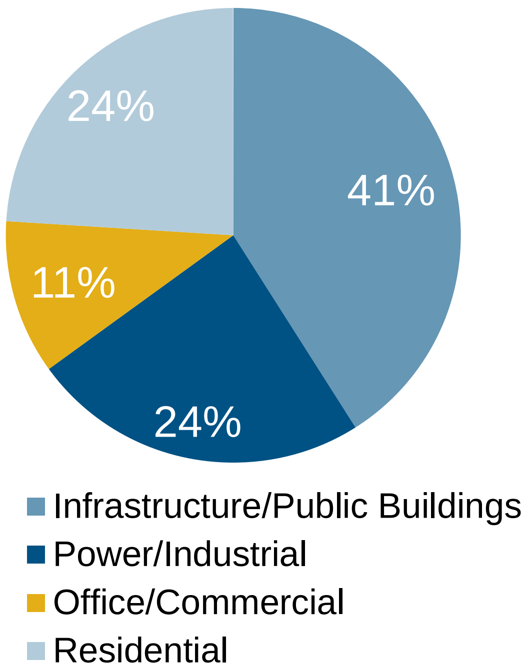
Power/Industrial up 22%

- driven mainly by Power

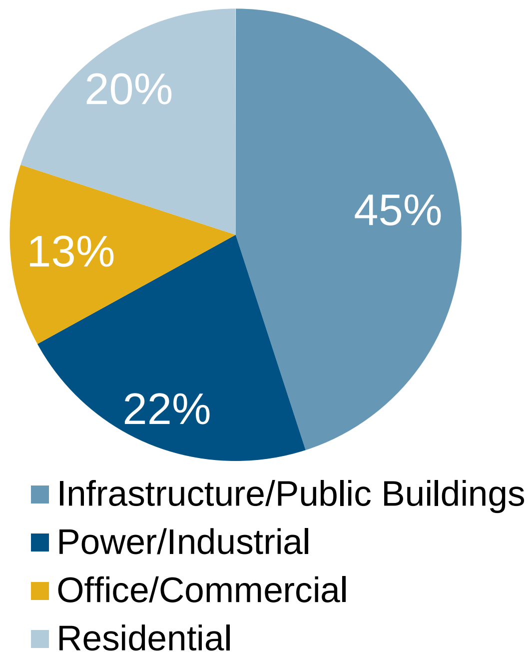
Source: US Census Bureau, February 2013

North America Revenue by End Market

2012 Revenue by End Market
Total revenue $919m



2011 Revenue by End Market
Total revenue $754m



Infrastructure/Public Buildings less dominant
- down from 50% in 2010

Power/Industrial very robust
- Power represents more than half

Office/Commercial flat in dollar terms

Residential revenue up 47%

North America - Foundations

Piling, condominiums

Miami, USA

Revenue up 20%

Margin improved to 5.9% (2011: 3.2%)
- business refocusing
- targeting of growth segments

Good results from transmission-line projects
- revenue up to c.$75m (2011: < $10m)

Pick-up in Miami market benefits HJ

Further organic growth in Canada

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Geo-Foundations

Jet grouting, rail grade separation project

Toronto, Canada

Toronto-based geotechnical specialist, acquired Jan 2013

Design-build solutions across the construction market
- principally serves eastern Canada

Offers micro-piling, ground anchors, specialty grouting services
- still relatively new techniques in Canadian market

Increasing market acceptance + Hayward Baker products/input = significant growth prospects

North America Case Studies

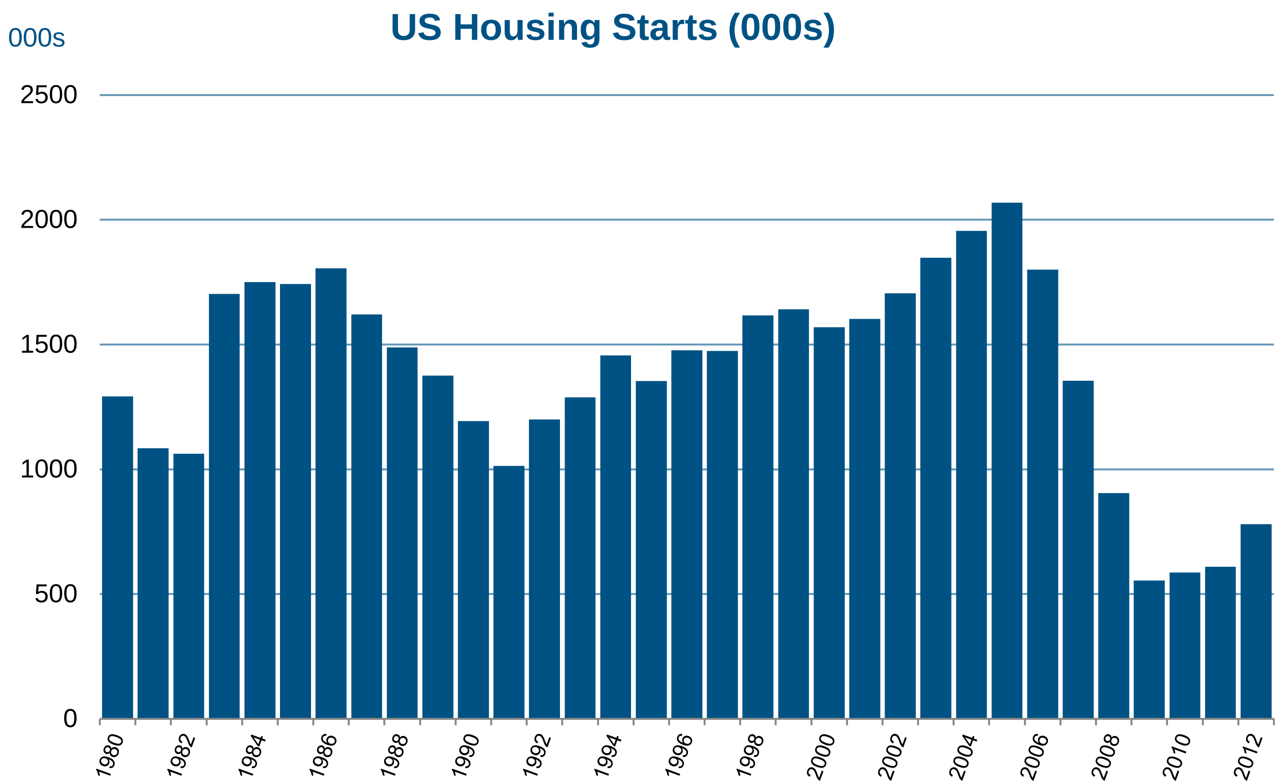
Piling, transmission line project

New Jersey, USA

Post-tension slab on grade

Texas, USA

North America - Suncoast

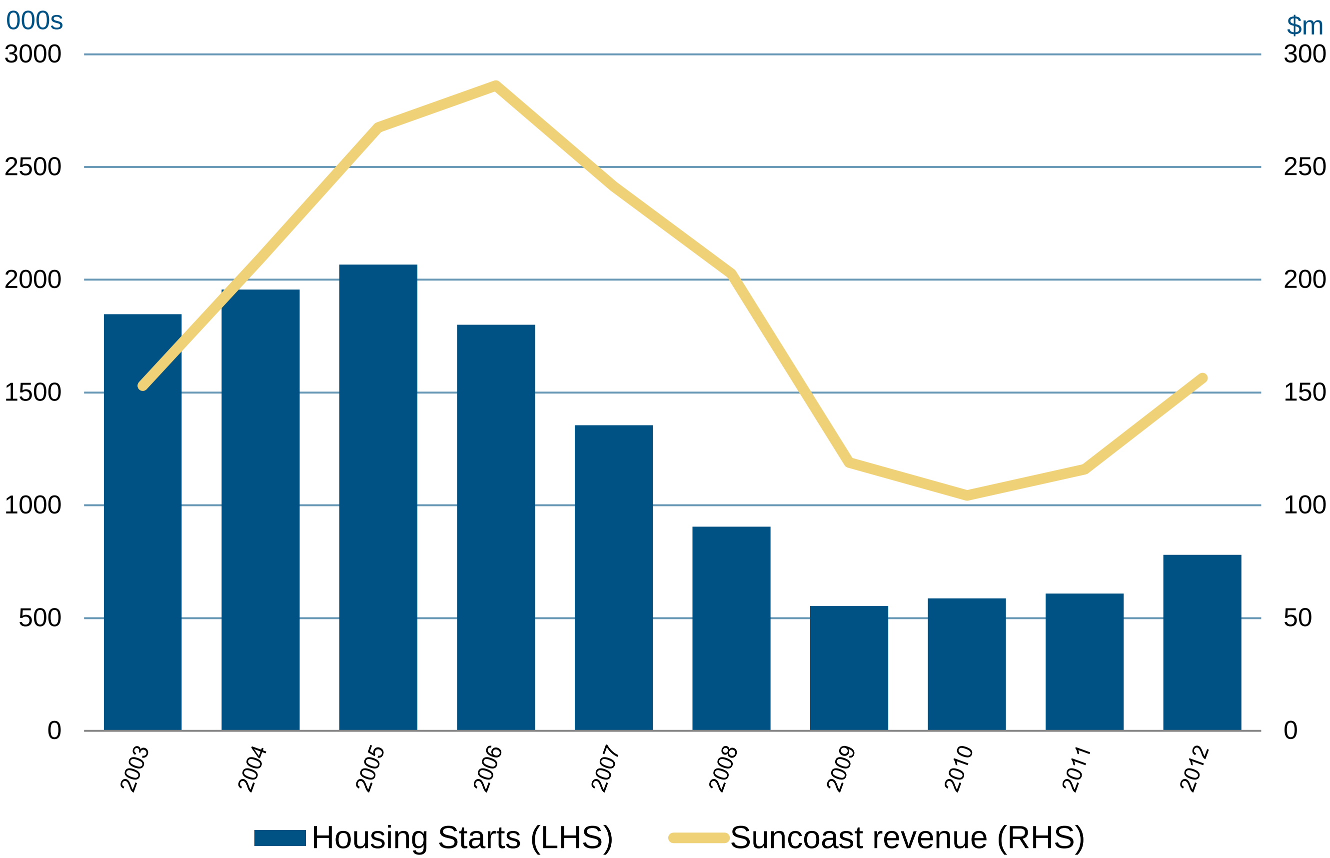


US housing starts continue to improve

- still well below long term norm

Source: US Census Bureau Housing Starts

North America - Suncoast



Much improved outcome at Suncoast

- revenue up 35%
- return to profit after five years

Steady increase in production

Reaping rewards of earlier restructuring

- significantly lower cost base
- improved operational efficiency

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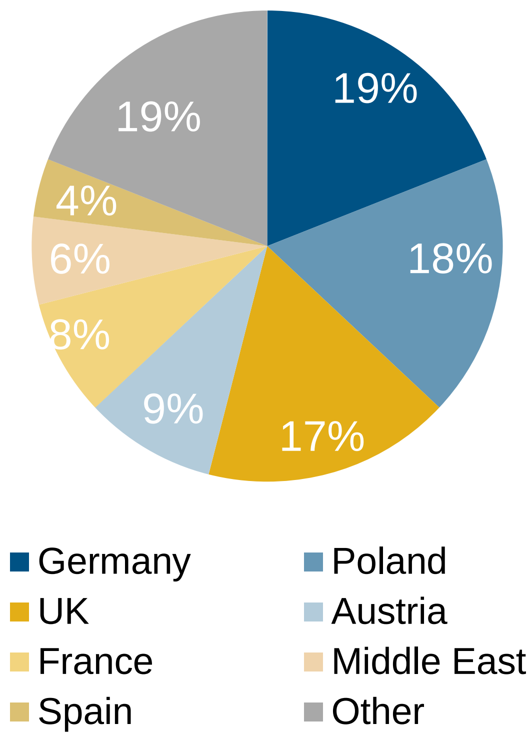
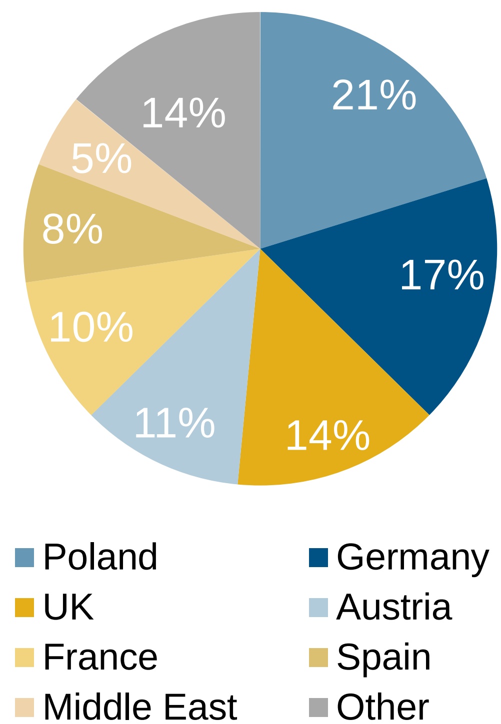
Source: US Census Bureau Housing Starts / Keller

EMEA[1] Regional Split

2012 Revenue by Region
Total revenue €441m



2011 Revenue by Region
Total revenue €443m



Over half of revenue from Germany, Poland and UK

Southern European markets distressed
- France/Spain now only 12% (2007: 29%)

Middle East still relatively subdued in 2012

Equipment redeployed to more active markets

[1]EMEA = Europe, Middle East & Africa

EMEA Highlights

Vibro replacement, gas plant

Al Jubail, Saudi Arabia

Cost reductions and efficiency improvement measures
- first-half loss converted to full-year profit

Good progress on large infrastructure projects
- Gdansk Tunnel
- Victoria Station
- Crossrail

Well executed first project in Turkey

Middle East now starting to get busier

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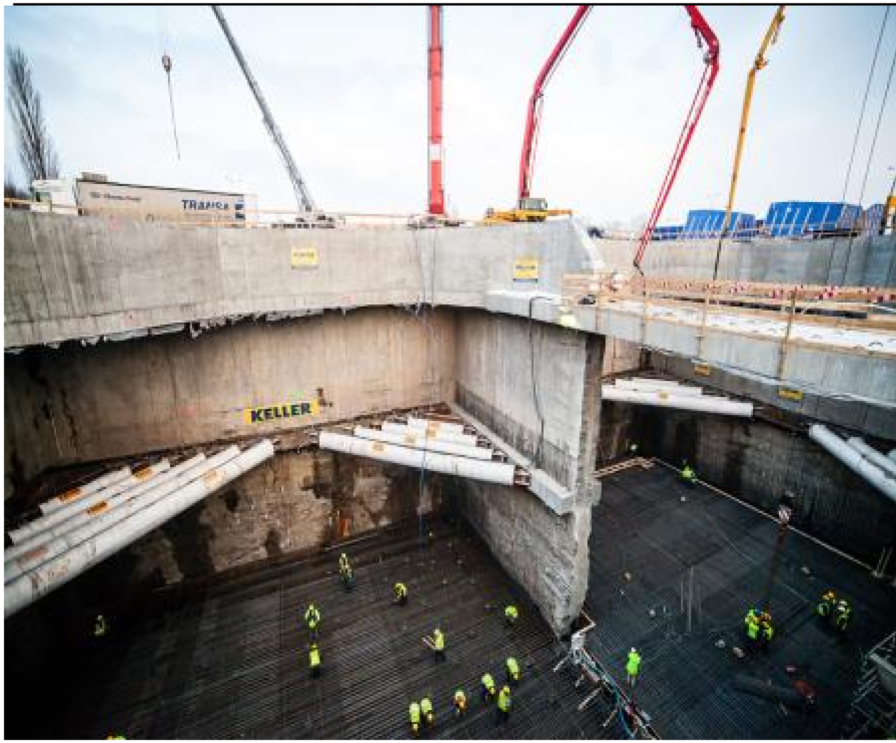
EMEA Case Studies



Excavated TBM chamber, road tunnel

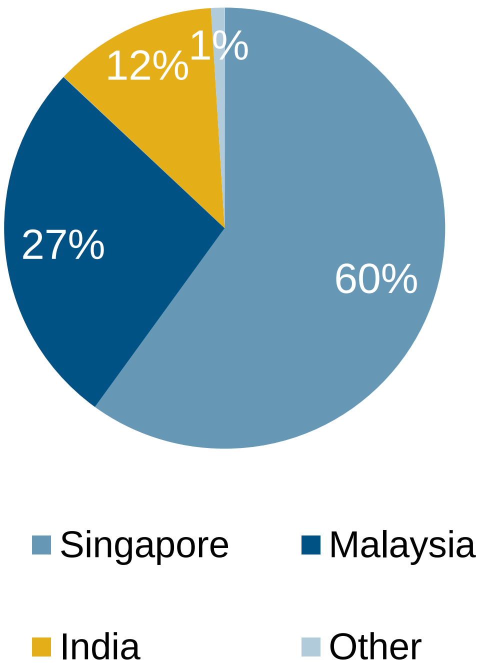
Gdansk, Poland

Specialty grouting, Victoria Station Upgrade

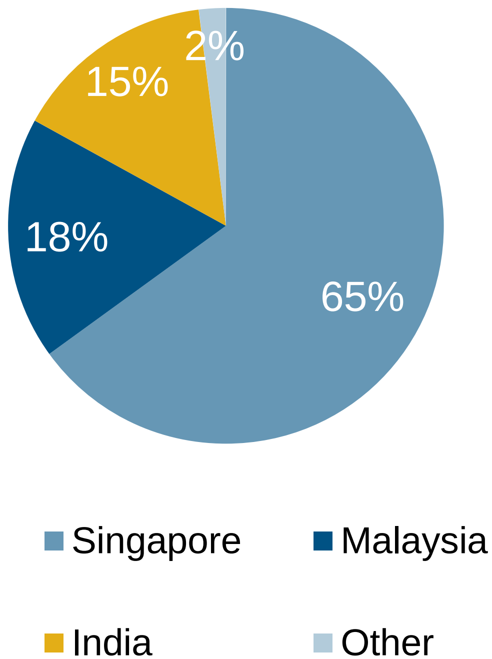
London, UK

Asia Regional Split

2012 Revenue by Country
Total revenue S$235m



2011 Revenue by Country
Total revenue S$154m



Malaysia share up to 27% (2011: 18%)

- strong contribution from Vale contract

India share reduced, reflecting general economic slowdown

- consolidation likely in 2013 before long-term growth resumes

Asia Highlights

Off-shore piling, iron ore distribution facility

Lumut, Malaysia

Excellent result from Malaysia

- first piling contract in Malaysia (Vale) successfully completed
- second large piling contract now underway

Much improved result from Resource Piling

- greater co-operation with other Keller companies

First large job won in Hong Kong for many years

India trading profitably/cash positive in difficult trading conditions

Australia Highlights

Off-shore piling, materials offloading facility

Queensland, Australia

Best-ever year for Waterways

- excellent performance on APLNG MOF
- demonstrates value added from acquisitions

Piling Contractors back in profit

Iron-ore related projects setback; coal and LNG unaffected

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Australia – Wheatstone

Testing of side-loaders

for Wheatstone, Australia

A$180m contract for on-shore piling supply and installation

Repetitive piling process, but with challenging logistics
- remote site with difficult climatic conditions
- major steel tube supply from Korea

Successful test piling complete and major supply contracts awarded

Mobilisation now expected June 2013

Business Improvement Initiatives

- Three major business improvement initiatives announced last year
  - increasing our revenue and profit from large projects
  - further improvement of the Group’s risk management
  - accelerating our global transfer of technologies

- Additional focus on regional initiatives already in progress, including:
  - significantly increased sector focus on US transmission lines
  - expansion in Brazil, Canada and India

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Business Improvement Initiatives - Progress

- More revenue and profit from large projects than ever before
- Refreshed risk management processes
  - fewer poorly-performing contracts
  - improvement in the Group’s operating margin
- Introduced piling into Brazil and Malaysia
- Transferred more plant and equipment between regions
  - reduced capital expenditure
- Significantly increased market share in US transmission-line work
- Developed the business in Canada
  - organic growth in Canada
  - acquisition of Geo-Foundations

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Outlook

- Varied economic conditions expected across our global markets
  - North America – continued strengthening, building on residential recovery
  - Europe – recovery unlikely in the near term
  - good opportunities in Australia and Asia
- Contract awards remain at a healthy level
  - order book at end Jan similar to one year earlier
- 2013 expected to be another year of progress

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Appendix






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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 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

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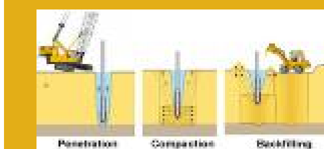
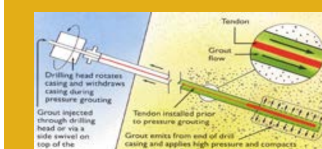
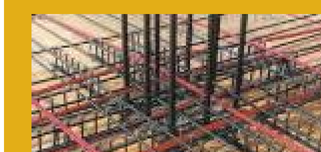
Ground Engineering Worldwide

Activities	% of 2012 revenue	Regions of use	Applications
Piling	44%	North America/UK Eastern Europe Middle East Asia & Australia	Foundation support Earth retention
Ground improvement	22%	North America EMEA Asia Australia	Foundation support Seismic risk protection
Speciality Grouting	13%	North America Europe Asia Australia	Control of building settlement Groundwater control
Anchors, Nails, Minipiles	13%	North America Europe Asia	Excavation support Slope protection Underpinning
Post-tension concrete	8%	North America	Slab-on-grade foundations High rise structures







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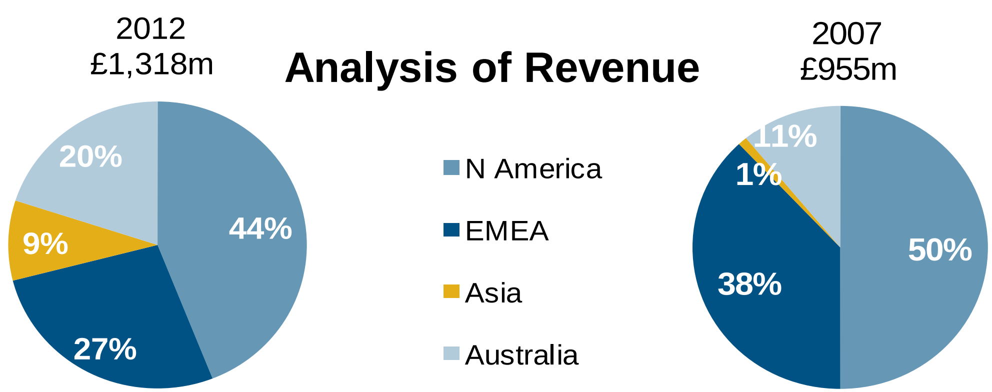
History of Keller

- **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
  - **1860**
- **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)
- **2013** – Acquired Geo-Foundations Contractors Inc (Canada)
- **NOW**
  - **c.7,000 employees**
  - **Offices in >30 countries**
  - **Revenue £1.3bn**

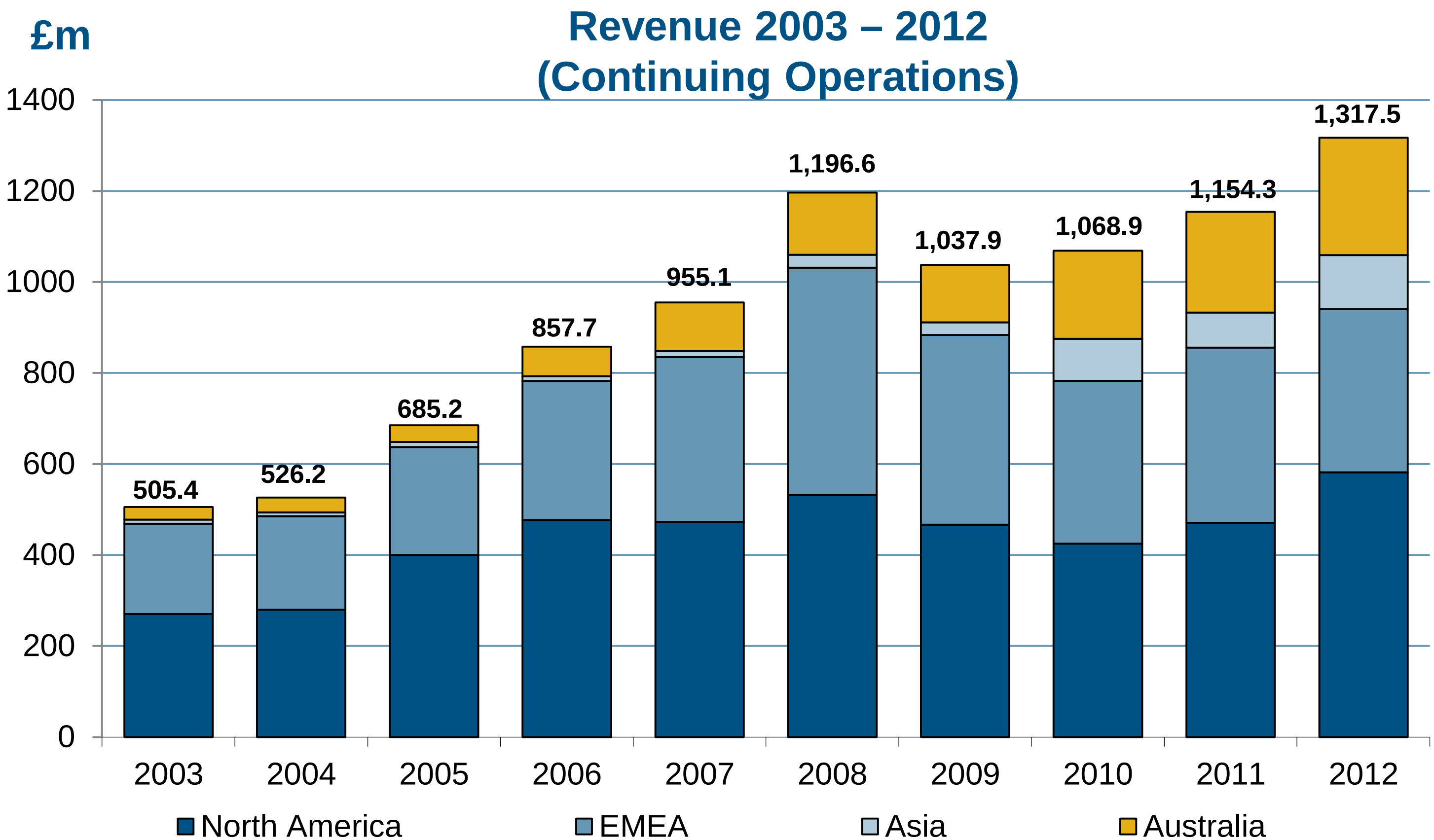
Only larger and most recent acquisitions shown

Strategy

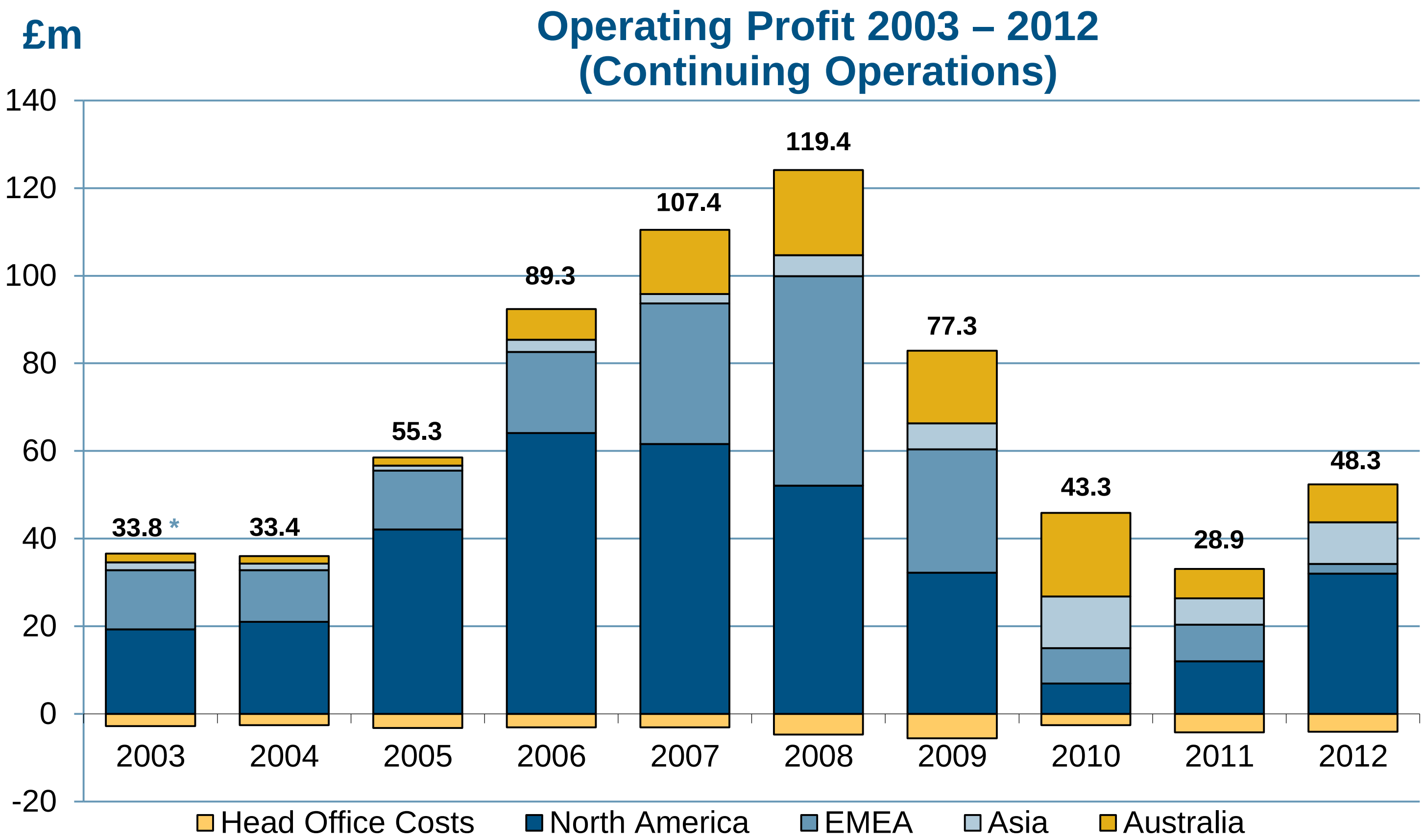
- Our Objective
  - to extend our global leadership in specialist ground engineering through:
    - organic growth, particularly in developing markets
    - targeted acquisitions
- Our Execution
  - transfer of technologies and techniques within our current geographic regions
  - offering design and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



Ten Year Track Record

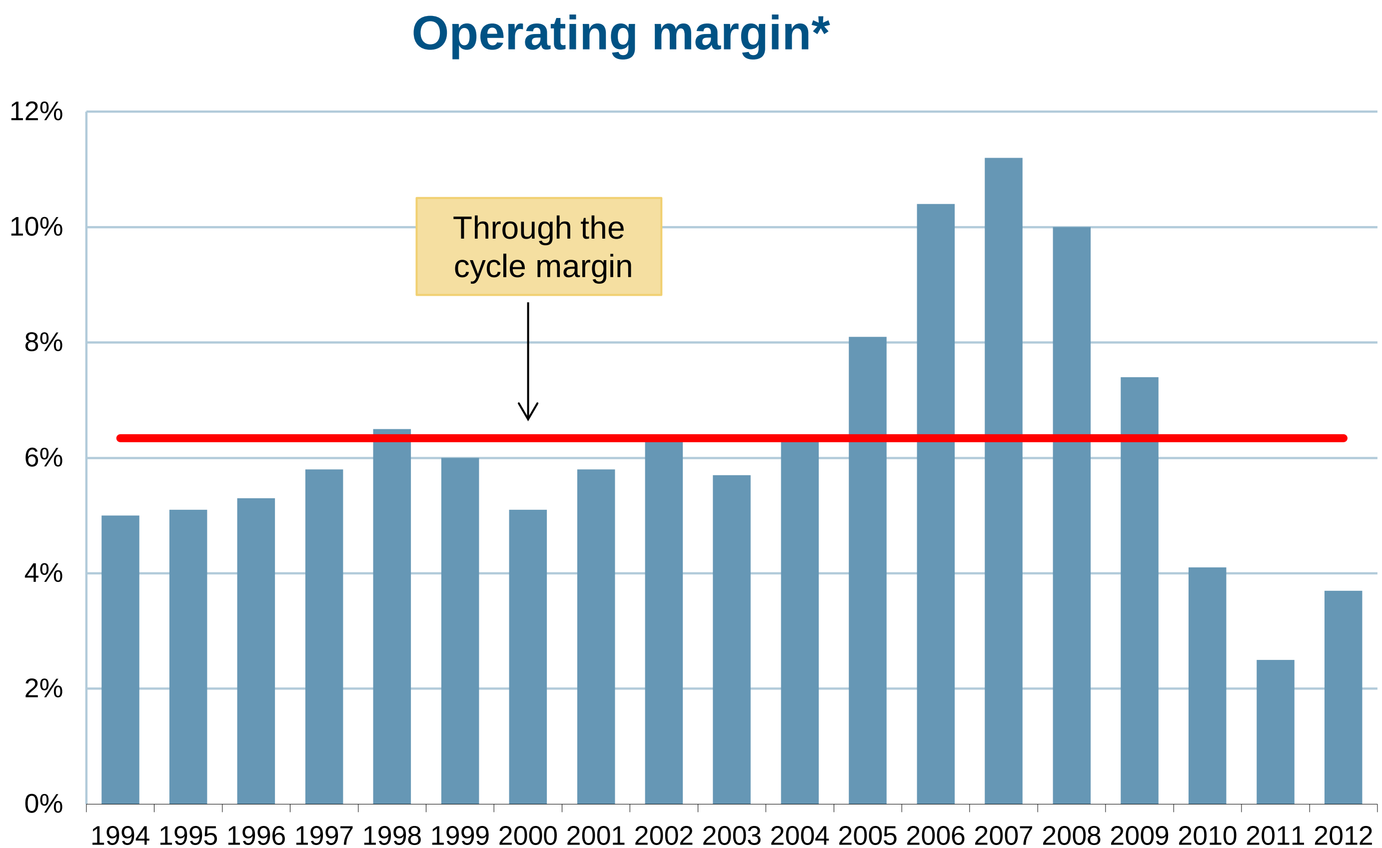


Ten Year Track Record



*pre-exceptionals

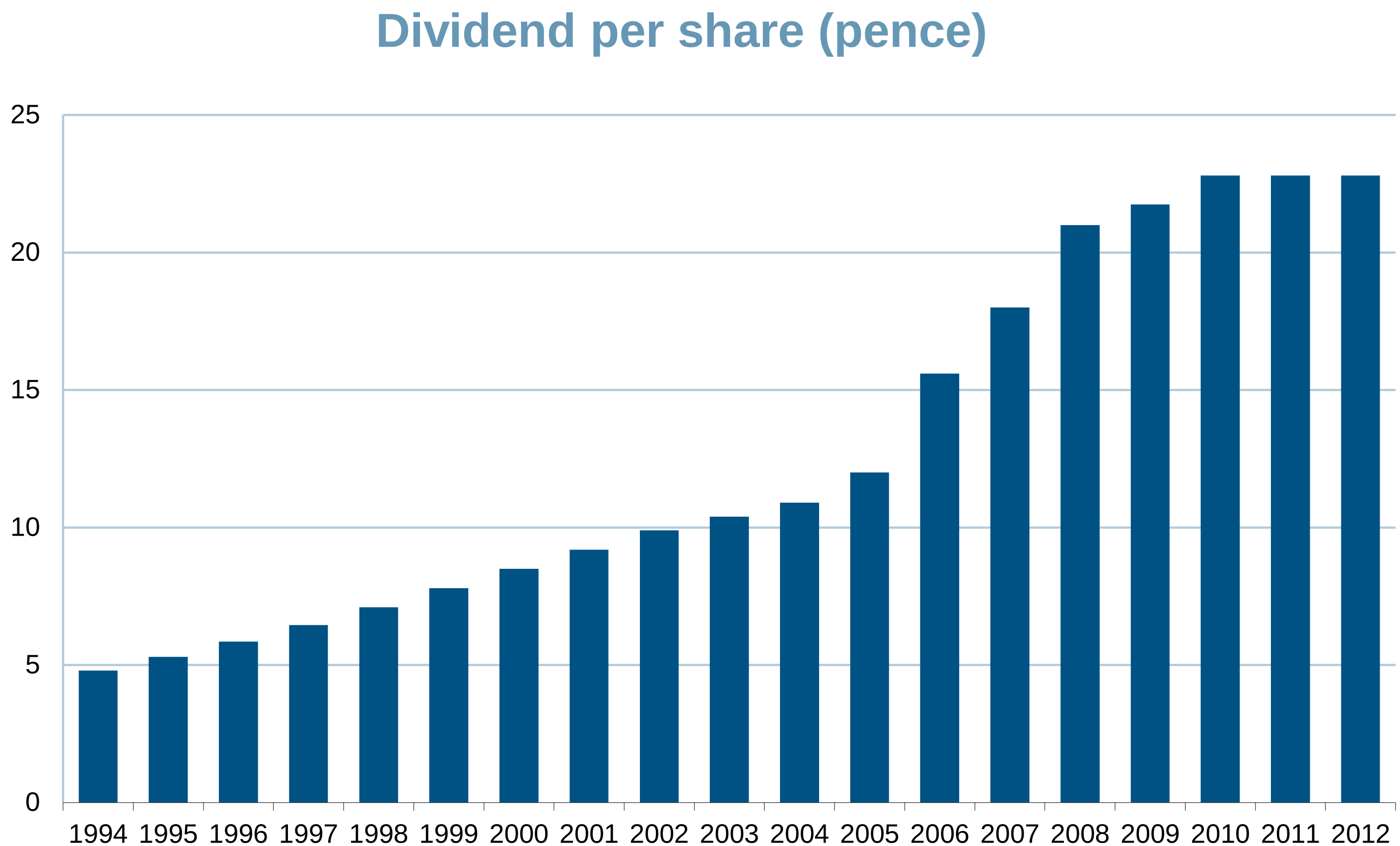
Operating Margin Trend



Operating margin recovering from historic low

*pre-exceptionals and from continuing operations

Dividend



Dividend increased every year since 1994 flotation until 2011

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