

Keller Group plc

Interim Results

Half year ended June 2013



Highlights

- Revenue up 5% and operating profit* more than doubled
- Strong margin improvement reflects:
 - successful completion of major projects
 - cost reduction measures
 - business improvement initiatives
- Cash generated from operations of £30.2m (2012: £9.0m)
- Completion of North American Piling acquisition gives the Group a market-leading position in Canada
- Interim dividend increased by 5% to 8.0p per share (2012: 7.6p)



* before exceptional items

Group Income Statement*

£m	H1 2013	H1 2012	% change	FY2012
Revenue	644.6	613.8	+5%	1,317.5
EBITDA	51.4	35.0	+47%	91.9
Operating profit	28.6	13.3	+115%	48.3
Net finance costs	(1.8)	(2.3)		(4.8)
Profit before tax	26.8	11.0	+144%	43.5
Tax	(8.3)	(3.1)		(13.5)
Profit after tax	18.5	7.9	+134%	30.0
EBITDA %	8.0%	5.7%		7.0%
Operating profit %	4.4%	2.2%		3.7%

Revenue up 3% on a constant currency basis

Average exchange rates:

- US\$1.54 (H1 2012: \$1.58)
- S\$1.92 (H1 2012: S\$1.99)
- €1.18 (H1 2012: €1.22)
- A\$1.52 (H1 2012: A\$1.53)

Further progress towards 6% target EBIT margin

Effective tax rate 31%
- FY 2012: 31%



* before exceptional items

Group Income Statement

£m	H1 2013	H1 2012	% change	FY 2012
Profit after tax*	18.5	7.9	+134%	30.0
Exceptional items	(9.4)	-		-
Minority interests	(0.3)	0.1		(0.5)
Attributable to shareholders	8.8	8.0		29.5
Earnings per share*	28.1p	12.4p	+127%	45.9p
Dividends per share	8.0p	7.6p	+5%	22.8p

Exceptional items comprise:

- £4.9m acquisition costs
- £4.5m Waterway earnout

Interim dividend up 5% to 8.0p per share



* before exceptional items

Operating Profit and Margin*

£m	H1 2013			H1 2012		
	Revenue	Op Profit	Margin	Revenue	Op Profit	Margin
North America	308.0	16.5	5.4%	270.1	7.6	2.8%
EMEA ¹	185.5	1.8	1.0%	160.6	(2.8)	(1.7%)
Asia	44.4	4.8	10.8%	59.0	6.1	10.3%
Australia	106.7	8.8	8.2%	124.1	4.5	3.6%
	644.6	31.9	4.9%	613.8	15.4	2.5%
Central items	-	(3.3)		-	(2.1)	
	644.6	28.6	4.4%	613.8	13.3	2.2%

Constant currency

revenue up 3%

- N America: +11%
- EMEA: +13%
- Asia: -27%
- Australia: -15%

Results benefitted from:

- completion of major projects
- business improvement initiatives
- cost reduction measures

* before exceptional items

¹EMEA = Europe, Middle East & Africa



Group Balance Sheet

£m	June 2013	June 2012	Dec 2012
Goodwill/intangibles	100.2	99.3	97.2
Property/plant/equipment	251.9	253.0	248.5
	352.1	352.3	345.7
Inventories	65.6	40.3	41.3
Receivables	390.0	375.7	347.1
Payables	(327.3)	(270.4)	(290.8)
Working capital	128.3	145.6	97.6
Capital employed	480.4	497.9	443.3
Retirement benefits	(20.2)	(17.5)	(18.2)
Tax	(8.3)	(12.4)	(13.5)
Other assets/liabilities	(40.5)	(27.9)	(24.7)
Net debt	(24.5)	(118.9)	(51.2)
Net assets	386.9	321.2	335.7

Comparisons impacted by exchange rates

Continued focus on cash collection

- working capital down on last year
- receivables up by less than revenue

Net debt shown after proceeds of 9.9% share placing



Group Cash Flow Statement

£m	H1 2013	H1 2012	FY 2012
Cash generated from operations	30.2	9.0	108.4
Capex – net	(19.0)	(12.5)	(32.7)
Tax	(14.7)	(2.4)	(10.7)
Interest	(1.9)	(2.4)	(4.1)
Free cash flow	(5.4)	(8.3)	60.9
Dividends	(10.0)	(9.8)	(15.4)
Acquisitions	(11.5)	-	-
Other	57.6	-	1.7
Net cash flow	30.7	(18.1)	47.2
Opening net debt	(51.2)	(102.5)	(102.5)
Exchange movements	(4.0)	1.7	4.1
Closing net debt	(24.5)	(118.9)	(51.2)

Cash from operations includes usual seasonal working capital outflows

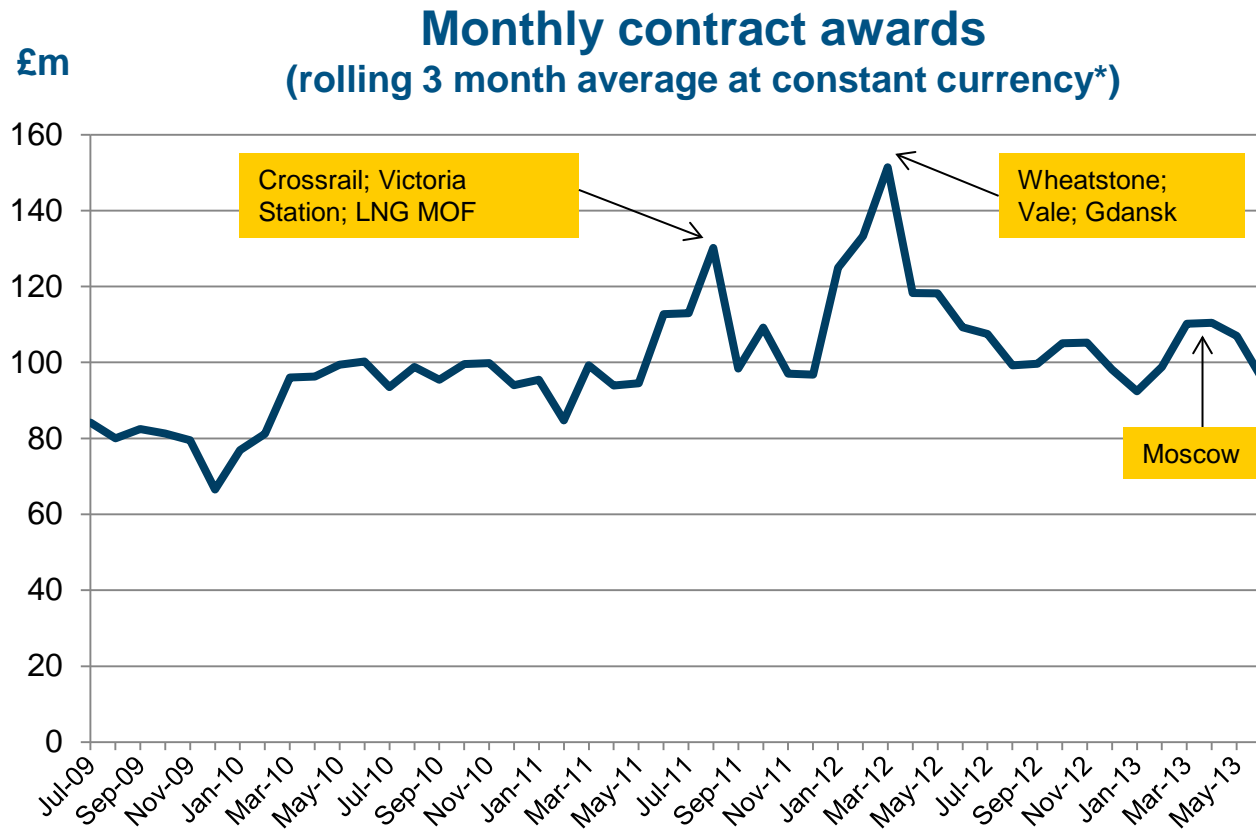
Last 12 months' cash from operations represents 120% of EBITDA (H1 2012: 81%)

Acquisitions spend is GeoFoundations and 49% minority in Spain

Comfortably within all financial covenants



Group Contract Awards



Order intake generally steady
– slower in last two months

One major contract awarded in Russia (£35m)

Work in hand for next 12 months slightly below 2012



2013 Guidance

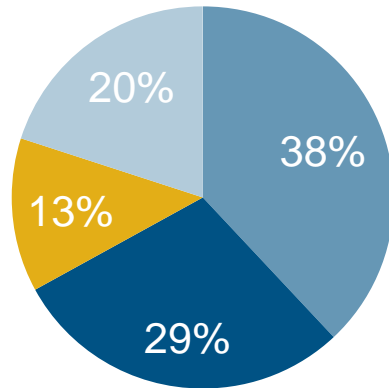
- H2 revenue flat vs H2 2012 (ex acquisitions)
 - Business improvement initiatives will continue to deliver margin benefit
 - £5m Waterway deferred consideration payable in H2
 - Capex to be around £40m
 - Impact in H2 from acquisition of North American Piling (“NAP”)
 - completed 12 July 2013
 - initial consideration of C\$227.5m (max C\$320m if 3-year earnout targets met)
 - net proceeds of £57.6m from equity placing
 - proforma opening net debt: EBITDA of 1.5x on a covenant basis
 - as previously guided, NAP not expected to repeat exceptional 2012/13 performance
 - Expected full-year average shares of 67.9m
-



Group Revenue by End Market

H1 2013

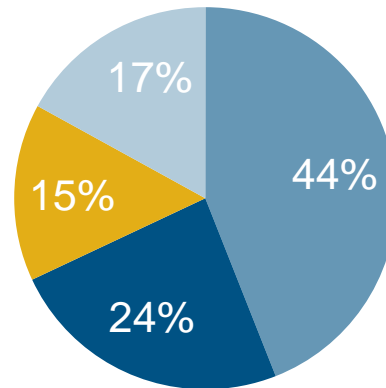
Total revenue £645m



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

H1 2012

Total revenue £614m



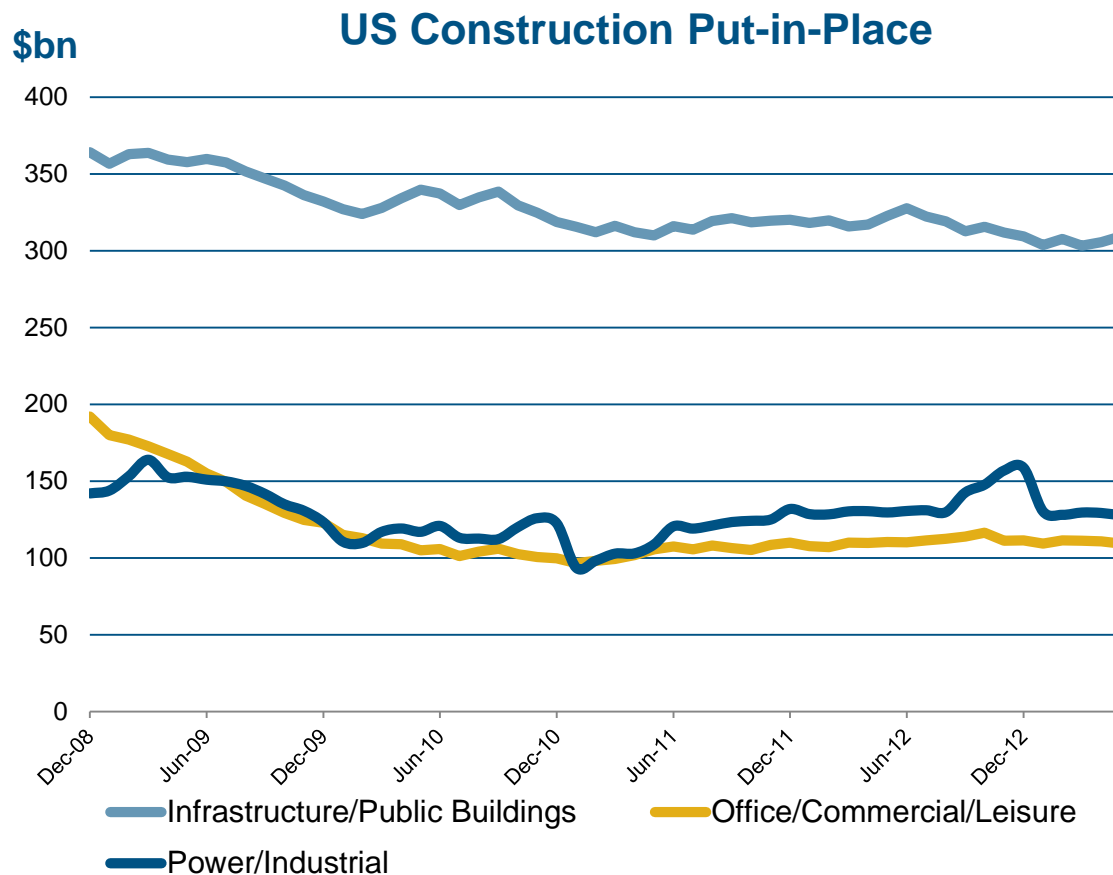
- Infrastructure/Public Buildings
- Power/Industrial/Manufacturing
- Office/Commercial
- Residential

Keller operates across all sectors of the construction market

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

Office/Commercial tends to have fewer large contracts

US Non-residential Construction Market



Total US non-residential market down 2% YTD (11% up in H1 2012)

- private up 1%, public down 5%

Infrastructure/Public Buildings down 4% YTD

Office/Commercial/Leisure up 1% YTD

- privately funded segment up 8%

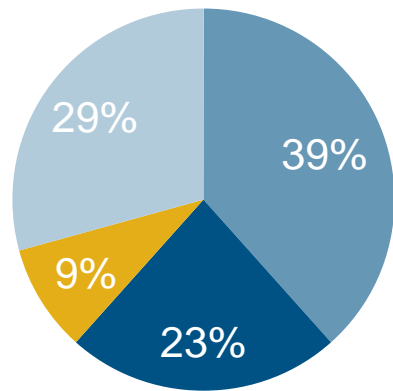
Power/Industrial flat



North America Revenue by End Market

H1 2013

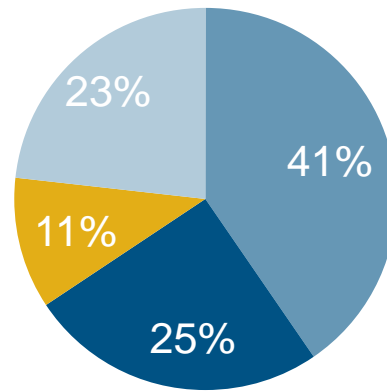
Total revenue \$474m



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

H1 2012

Total revenue \$427m



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

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

Power/Industrial still robust

Increase in Residential due to strong Suncoast and HJ performance



North America Foundations



Piling, residential tower

Philadelphia, US

Margin increase despite markets remaining competitive

Strong performance by Case, McKinney and HJ

Several large projects reached/nearing completion

- PSE&G and NSTAR transmission lines
- University of Chicago Research Institute
- Thornton Quarry

Olden & HB Wick Drains having an excellent year



North American Piling Acquisition



Piling, marina refurbishment

Vancouver, Canada

Market-leading foundations business in Canada

- positioned in growth markets offering attractive margins
- builds on Keller's existing presence in Canada

Expands Keller's presence in the relatively underdeveloped Canadian geotechnical market

Increases exposure to North American energy and resources sector



North America Case Studies



Piling, bridge over river

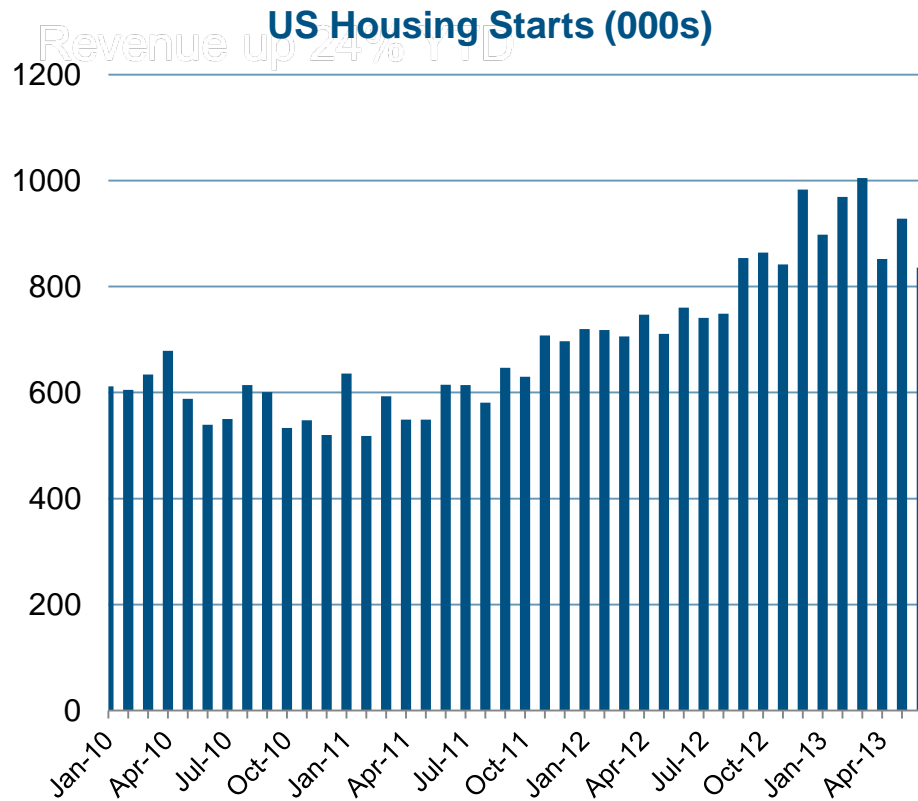
Reno, US



Earth retention, road toll lanes

Dallas, US

North America Suncoast



Housing starts continue to improve but still not at pre-2008 levels

Houston high-rise market buoyant

Suncoast revenue up 24% YTD

Continued margin improvement after return to profit in 2012

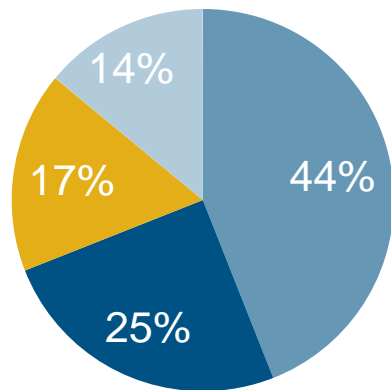
Plans to re-start fabrication in Miami in H2



EMEA¹ Revenue by End Market

H1 2013

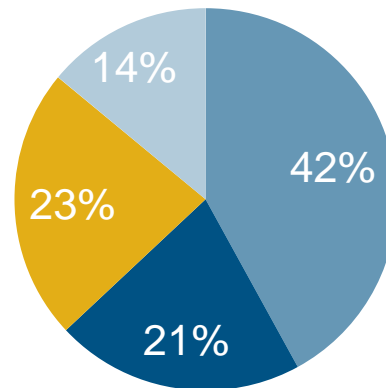
Total revenue €219m



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

H1 2012

Total revenue €196m



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

Infrastructure/Public Buildings remains strong due to large projects

- Gdansk Tunnel
- Victoria Station
- Crossrail

Revenues still significantly below 2008 levels

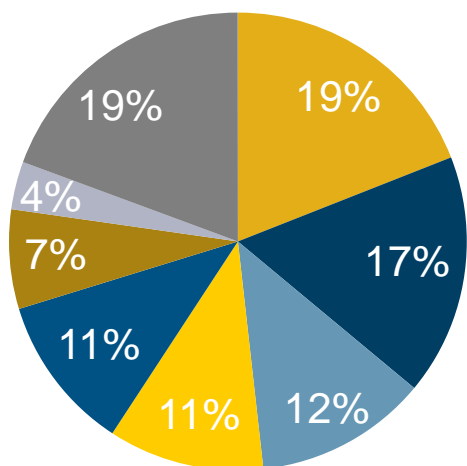


¹EMEA = Europe, Middle East & Africa

EMEA¹ Regional Split

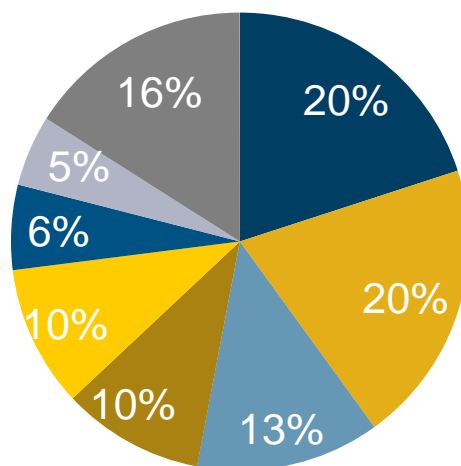
H1 2013 Revenue by Region

Total revenue €219m



H1 2012 Revenue by Region

Total revenue €196m



UK continues to be underpinned by large infrastructure projects

Strong performance in Germany despite difficult trading conditions

Investment in the Middle East starting to improve



¹EMEA = Europe, Middle East & Africa

EMEA Highlights



Piling, river flood protection

River Danube, Austria

Markets remain difficult, particularly in Southern Europe

Cost reductions and efficiency improvement measures

- H1 2013 profit after H1 loss in 2012

Large infrastructure projects continue to progress well

Mobilising on £35m contract in Moscow

Good contract selection following established international clients

EMEA Case Studies



Piling, access shafts for sewage system

Muharraq, Bahrain

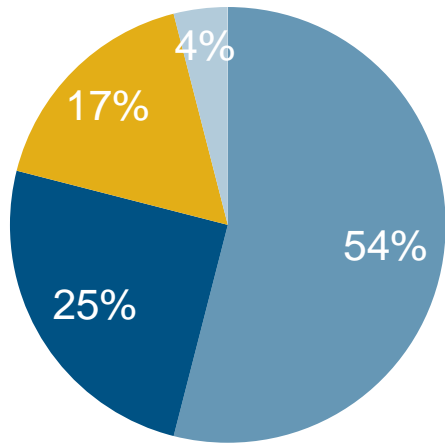


Ground improvement, rail maintenance workshop

Tangiers, Morocco

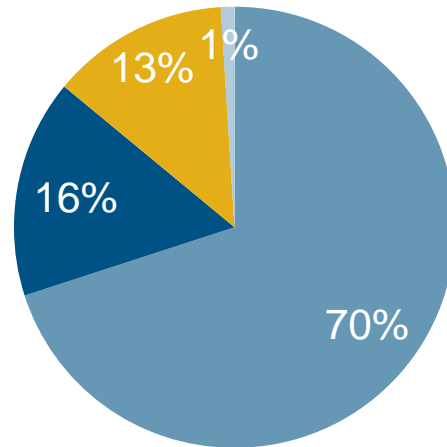
Asia Regional Split

H1 2013 Revenue by Country
Total revenue S\$85m



■ Singapore ■ Malaysia
■ India ■ Other

H1 2012 Revenue by Country
Total revenue S\$117m



■ Singapore ■ Malaysia
■ India ■ Other

Mixed market conditions

- Singapore quiet
- Malaysia remains buoyant
- India challenging

Projects in Hong Kong and Indonesia increasing regional presence

Asia Highlights



Ground improvement, airport link road

Hong Kong

Singapore volumes down but with reasonable margins

- better H2 expected

Strong contribution from Malaysia

- successful completion of Vale contract
- now established as a piling contractor
- several MRT projects

Trading environment in India very challenging but risks well managed

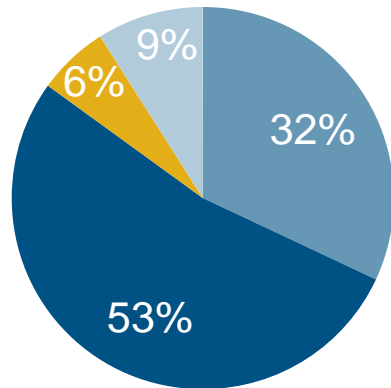
- will hold back growth in the short term

Good start on Hong Kong project

Australia Revenue by End Market

H1 2013

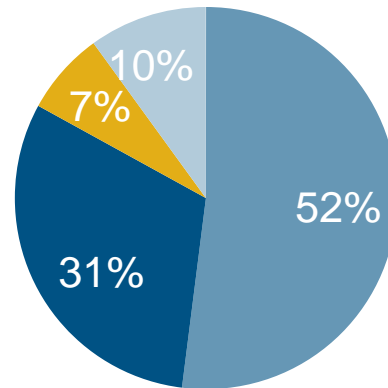
Total revenue A\$162m



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

H1 2012

Total revenue A\$190m

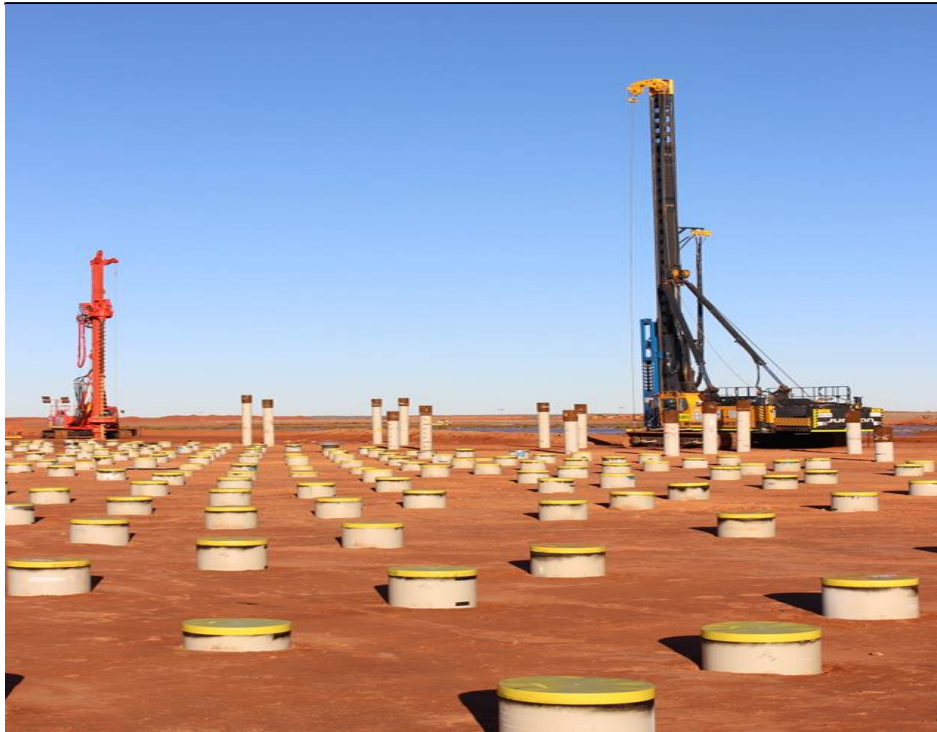


- Infrastructure/Public Buildings
- Power/Industrial/Manufacturing
- Office/Commercial
- Residential

Australian revenue by segment significantly impacted by major projects

Office/Commercial and Residential segments remain very quiet

Australia Highlights



Piling, LNG processing plant

Wheatstone, Australia

Very strong performance from Waterway

- exceptional finish on A\$159m (£105m) AP LNG MOF joint venture

Other parts of the business subdued in H1

- expected to improve during H2

Recent award of a large ground improvement contract for a stadium in Perth

A\$180m Wheatstone project underway and going to plan

Business Improvement

- Increase revenue and profit from large contracts
 - more significant portion of revenue coming from large projects
 - major project won this year in Russia
 - Accelerate technology transfer
 - piling transfer to Malaysia and Brazil
 - wick drains transfer to Australia
 - Reinforce risk management
 - tangible benefits from enhanced risk management procedures
 - Focus on targeted regional markets
 - major acquisition in Canada, contracts in Hong Kong and Indonesia
-



Outlook

- Conditions in our global construction markets remain mixed
 - US market improving slowly
 - Europe and Australia remain challenging
 - Asian markets mixed
- Like-for-like revenue in H2 broadly flat
- Improved margin expected, taking us closer to 6% target
 - careful contract selection
 - further benefit from business improvement initiatives
- Full-year results towards the top end of current market expectations

Appendix



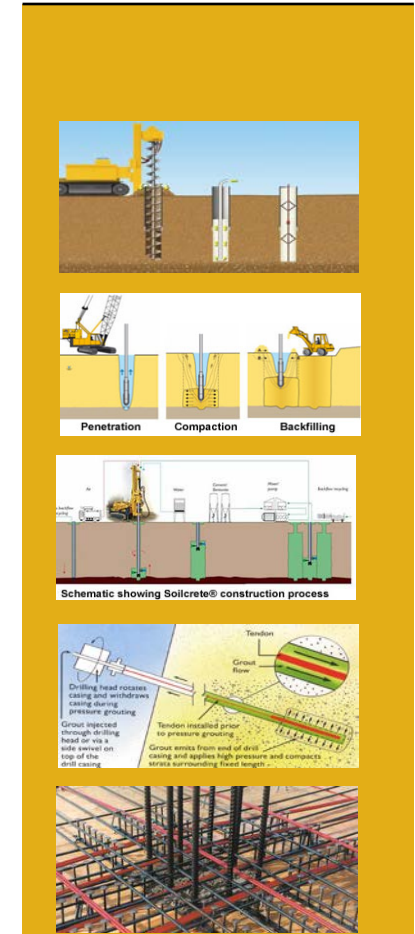
Introduction to Keller

- **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, Canada, 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

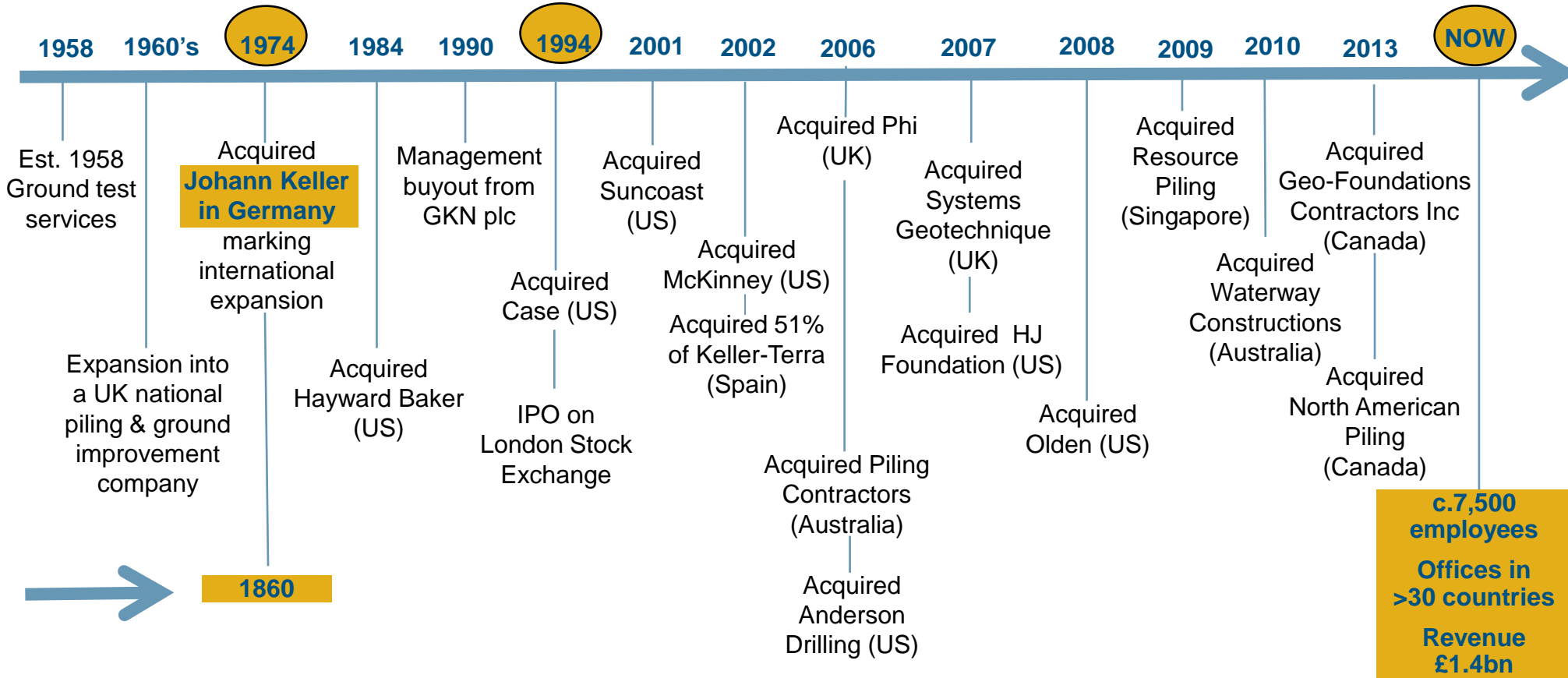


Ground Engineering Worldwide

Activities	% of 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



History of Keller



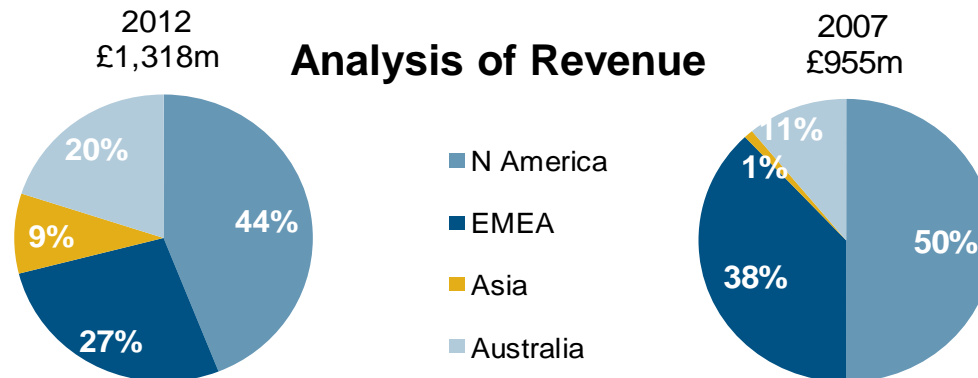
Strategy

- Our Objective

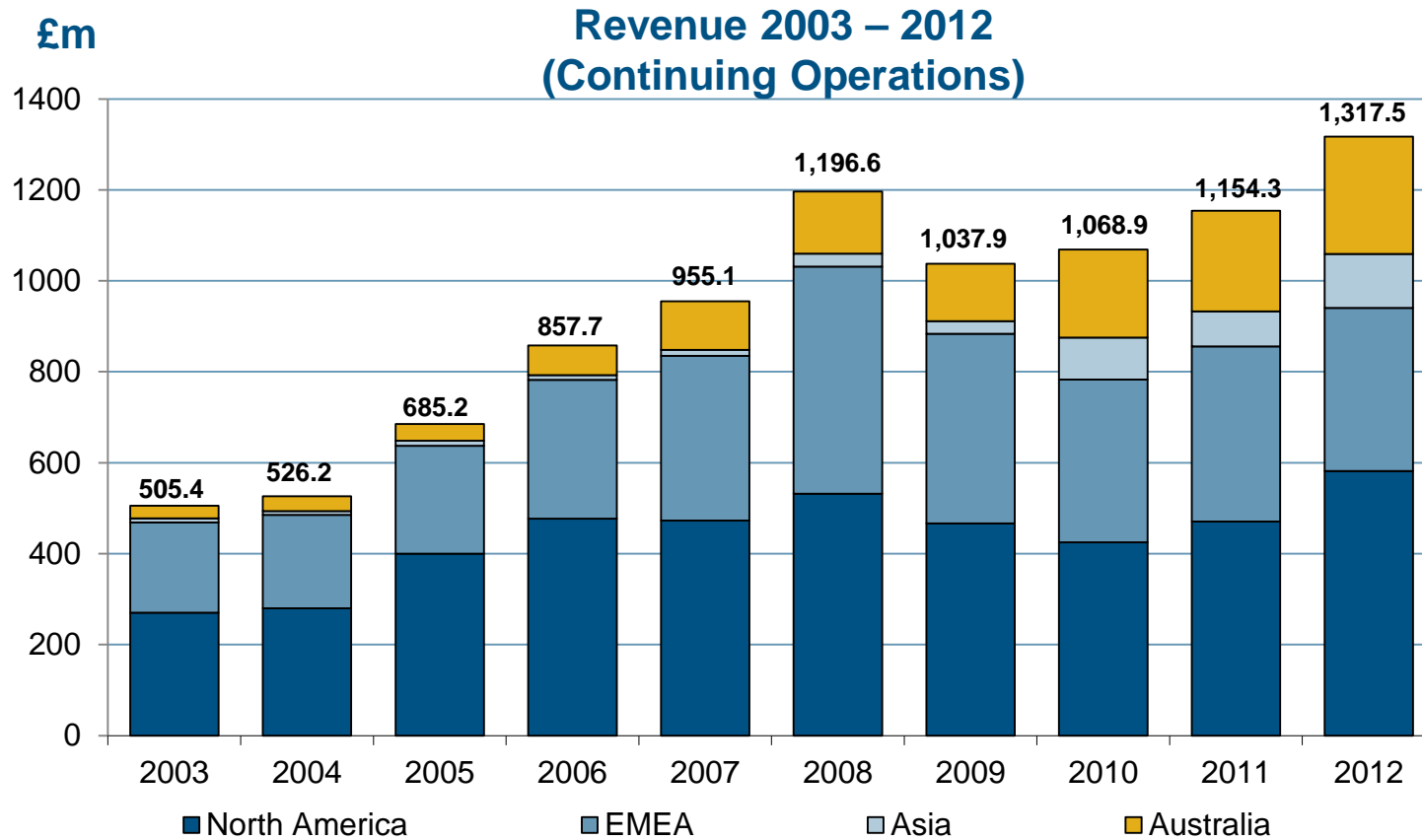
- to extend our global leadership in specialist ground engineering through:
 - organic growth, particularly in developing markets
 - targeted acquisitions

- Our Execution

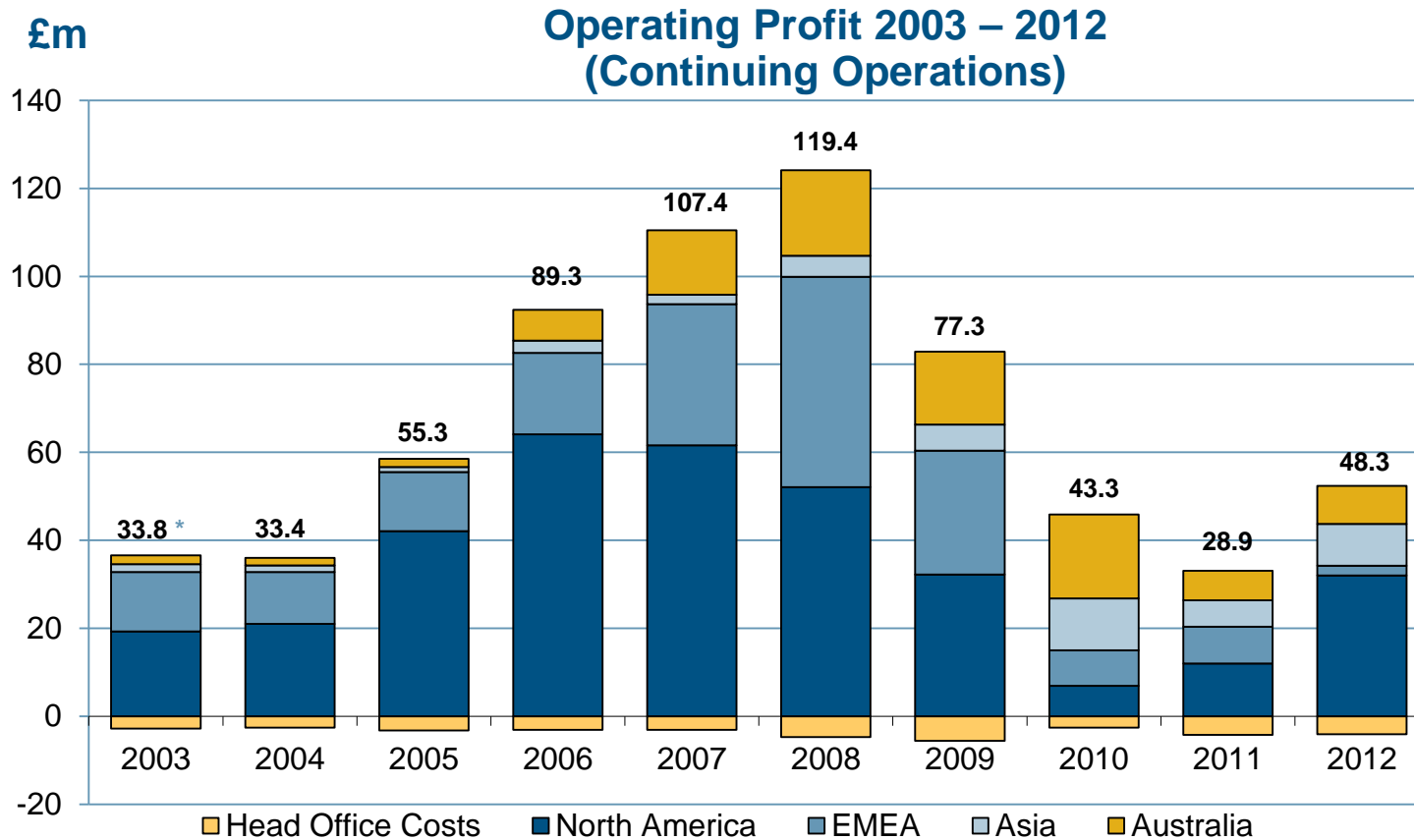
- transfer of technologies and techniques within our current geographic regions
- offering design and build capability and alternative solutions
- expansion into new higher growth geographic regions
- acquisition and development of new technologies and techniques



Ten Year Track Record

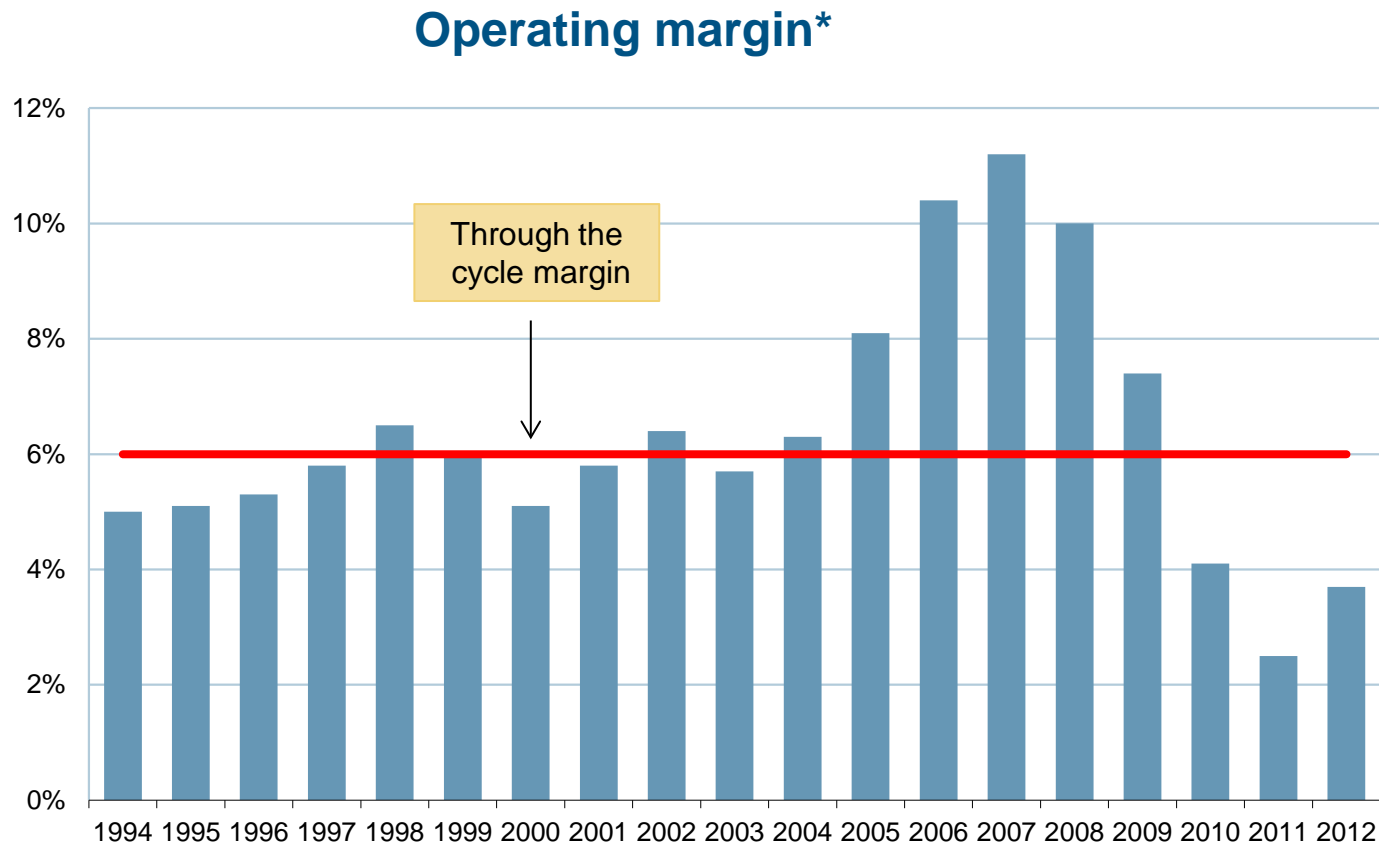


Ten Year Track Record



*pre-exceptionals

Operating Margin Trend



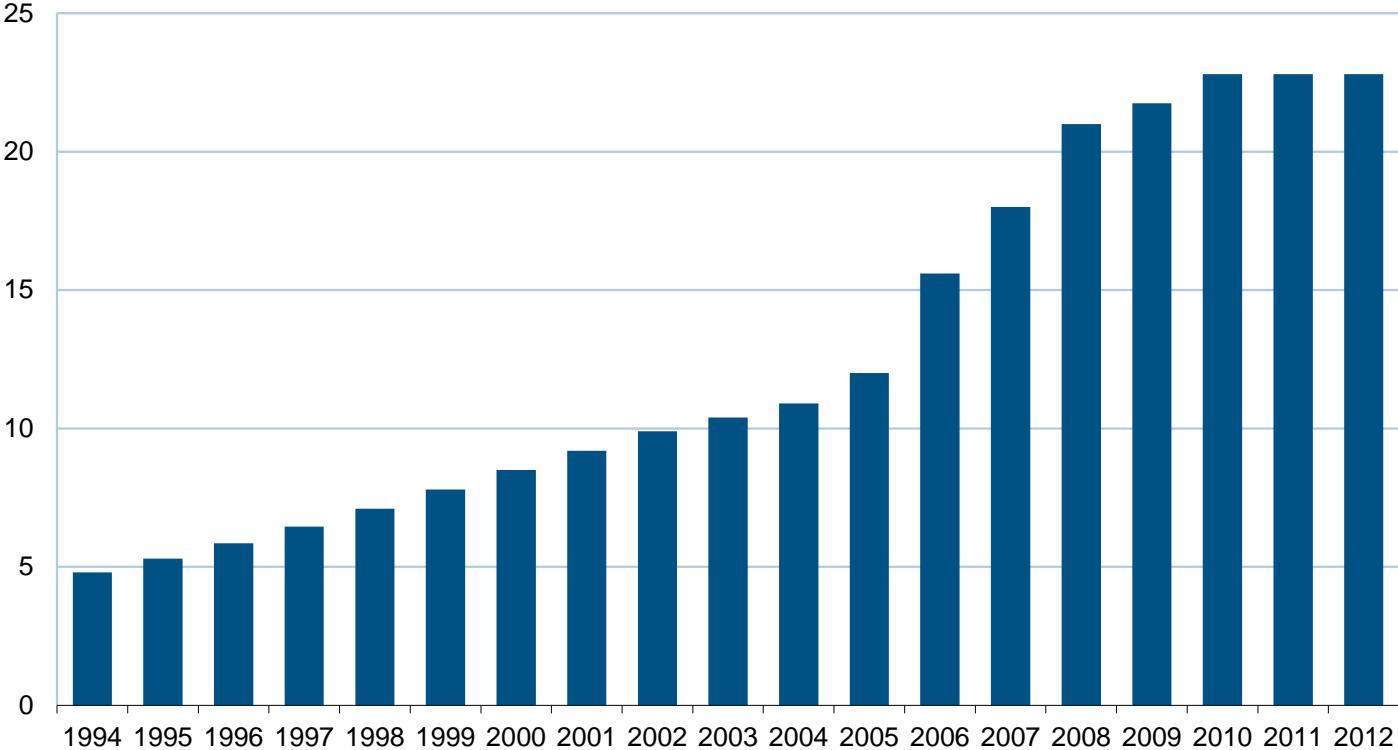
Operating margin recovering from historic low



*pre-exceptionals and from continuing operations

Dividend

Dividend per share (pence)



Dividend increased every year since 1994 flotation until 2011



