

**Keller Group plc**  
**Interim Results for 2022**

2 August 2022



# Building the foundations for a sustainable future



# Cautionary statements

This document contains certain 'forward looking statements' with respect to Keller's financial condition, results of operations and business and certain of Keller's plans and objectives with respect to these items.

Forward looking statements are sometimes, but not always, identified by their use of a date in the future or such words as 'anticipates', 'aims', 'due', 'could', 'may', 'should', 'expects', 'believes', 'intends', 'plans', 'potential', 'reasonably possible', 'targets', 'goal' or 'estimates'. By their very nature forward-looking statements are inherently unpredictable, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future.

There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, changes in the economies and markets in which the group operates; changes in the regulatory and competition frameworks in which the group operates; the impact of legal or other proceedings against or which affect the group; and changes in interest and exchange rates.

For a more detailed description of these risks, uncertainties and other factors, please see the Risk Management approach and Principal Risks section of the Strategic Report.

All written or verbal forward looking statements, made in this document or made subsequently, which are attributable to Keller or any other member of the group or persons acting on their behalf are expressly qualified in their entirety by the factors referred to above. Keller does not intend to update these forward-looking statements.

Nothing in this document should be regarded as a profits forecast.

This document is not an offer to sell, exchange or transfer any securities of Keller Group plc or any of its subsidiaries and is not soliciting an offer to purchase, exchange or transfer such securities in any jurisdiction. Securities may not be offered, sold or transferred in the United States absent registration or an applicable exemption from the registration requirements of the US Securities Act of 1933 (as amended).

# Agenda

---

01 Summary

---

02 Financial results

---

03 Business update

---

04 Summary and outlook

---

05 Questions and answers

---



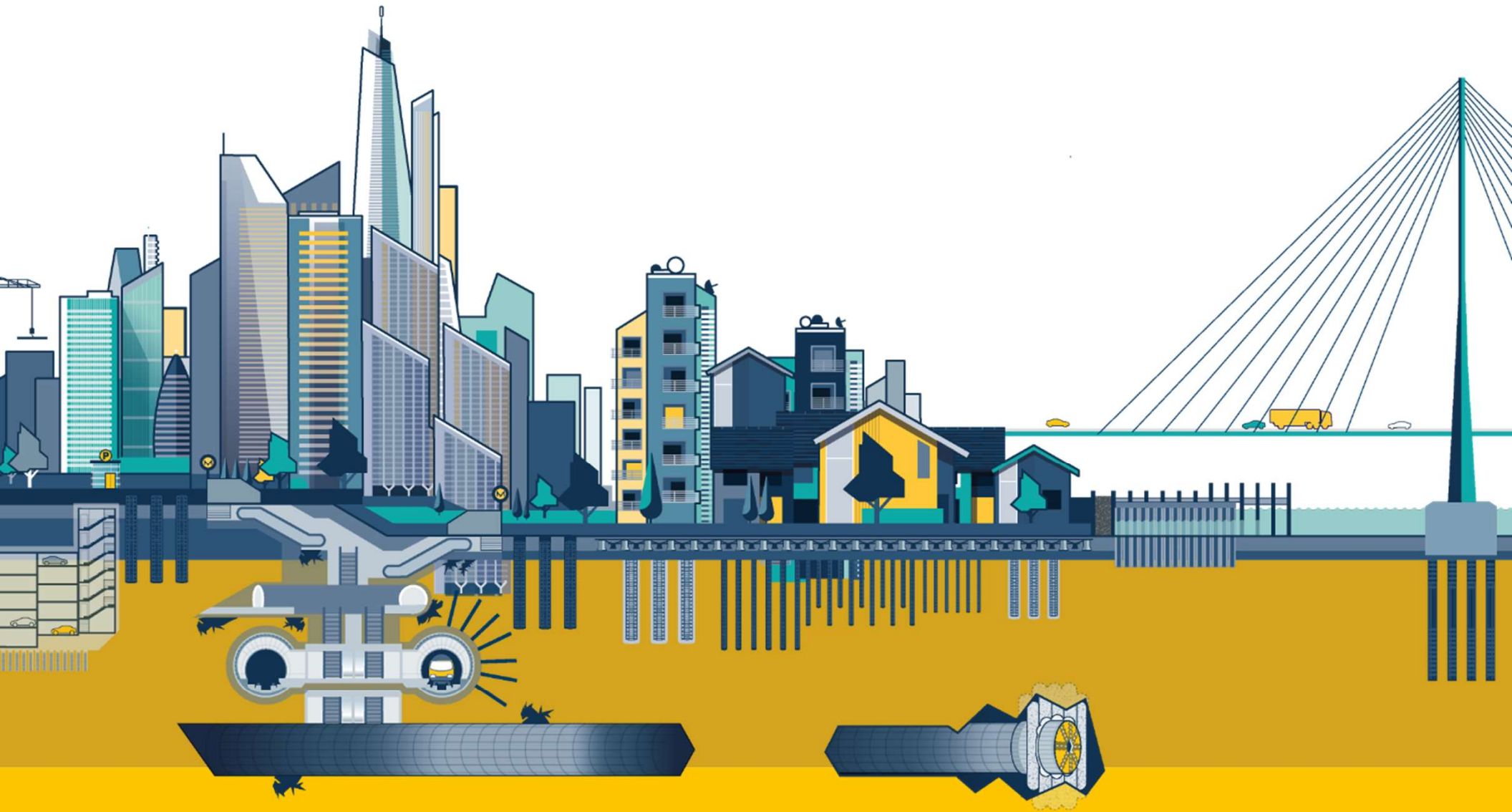
# Summary

Revenue	Underlying operating profit	Underlying operating margin	Underlying diluted EPS	Order book	Dividend
<b>£1,337.4m</b> +36% (+31% CC)	<b>£49.6m</b> +26% (+19% CC)	<b>3.7%</b> Down from 4.0%	<b>46.5p</b> +31%	<b>£1.6bn</b> (+22% CC)	<b>13.2p</b> +5% YoY

- Record H1 performance, despite the current macroeconomic challenges
- Revenue of £1,337.4m (+31% CC): benefiting from FX, acquisitions, inflation pass-through, and organic growth in all three divisions.
- Record underlying operating profit of £49.6m (+19% CC): the revenue drivers above offsetting residual inflationary pressures and the adverse impact of materials shortages and other operational challenges
- Net debt<sup>1</sup> of £194.0m, ND/EBITDA leverage ratio 1.1x (H1 21: 0.7x) driven by working capital investment and acquisition consideration, well within our target range of 0.5x - 1.5x
- AFR<sup>2</sup> increased slightly to 0.09 from 0.08, driven by small number of LTIs<sup>3</sup> in Europe. NA and AMEA continued to show improvement, with zero injuries reported in AMEA
- Continued successful strategy execution: bolt-on acquisition in NA and restructuring of specific BU's within Europe and AMEA
- Mobilising in preparation for work on major new contract on the prestigious NEOM project in Saudi Arabia; we are well positioned with the potential to generate contract revenues in the hundreds of million pounds in future years
- Record order book of £1.6bn (+22%): increased volume and quality across much of Group, underpinning H2
- We expect to deliver expectations for FY 2022, with our usual increase in trading momentum and moderate H2 weighting
- Interim dividend +5% to 13.2p. Builds on our uninterrupted record of maintaining or increasing the dividend since flotation in 1994. The Board is also reviewing a further increase to the final dividend

CC = Constant currency. <sup>1</sup> IAS 17 lender covenant basis. <sup>2</sup> AFR = Accident Frequency Rate. <sup>3</sup> LTI = Lost Time Injury

# Financial results



# Summary income statement

	H1 2022			H1 2021		
	Underlying	Non-underlying	Total	Underlying	Non-underlying	Total
<b>Revenue</b>	<b>1,337.4</b>	<b>-</b>	<b>1,337.4</b>	984.1	-	984.1
Operating costs	(1,288.7)	(6.1)	(1,294.8)	(944.9)	(6.3)	(951.2)
Amortisation of acquired intangibles	-	(5.8)	(5.8)	-	(0.4)	(0.4)
Other operating income	-	0.7	0.7	-	0.7	0.7
Share of post-tax profits from JVs	0.9	(0.7)	0.2	0.3	-	0.3
<b>Operating profit</b>	<b>49.6</b>	<b>(11.9)</b>	<b>37.7</b>	39.5	(6.0)	33.5
Operating profit margin (%)	3.7%	-	2.8%	4.0%	-	3.4%
Net finance costs	(5.0)	-	(5.0)	(4.3)	-	(4.3)
<b>Profit/(loss) before tax</b>	<b>44.6</b>	<b>(11.9)</b>	<b>32.7</b>	35.2	(6.0)	29.2
Taxation	(10.7)	2.4	(8.3)	(9.5)	0.6	(8.9)
Profit/(loss) for the period	33.9	(9.5)	24.4	25.7	(5.4)	20.3
Diluted earnings per share (p)	46.5		33.5	35.6		28.2
Interim dividend per share (p)	13.2		13.2	12.6		12.6

# Summary income statement - underlying

	H1 2022	H1 2021
	Underlying	Underlying
<b>Revenue</b>	<b>1,337.4</b>	984.1
Operating costs	(1,288.7)	(944.9)
Share of post-tax profits from JVs	0.9	0.3
<b>Operating profit</b>	<b>49.6</b>	39.5
Operating profit margin (%)	3.7%	4.0%
Net finance costs	(5.0)	(4.3)
<b>Profit/(loss) before tax</b>	<b>44.6</b>	35.2
Taxation	(10.7)	(9.5)
Profit/(loss) for the period	33.9	25.7
Diluted earnings per share (p)	46.5	35.6
Interim dividend per share (p)	13.2	12.6

<b>Revenue</b>		<b>£m</b>
H1 2021		984.1
FX		34.3
North America		245.1
Europe		62.2
AMEA		<u>11.7</u>
H1 2022		<u>1,337.4</u>

<b>Operating profit</b>	
FX	7%
Organic / constant currency	<u>19%</u>
Total	<u>26%</u>

<b>Net financing costs</b>	
£0.7m increase due to increased average borrowings and higher interest rates	

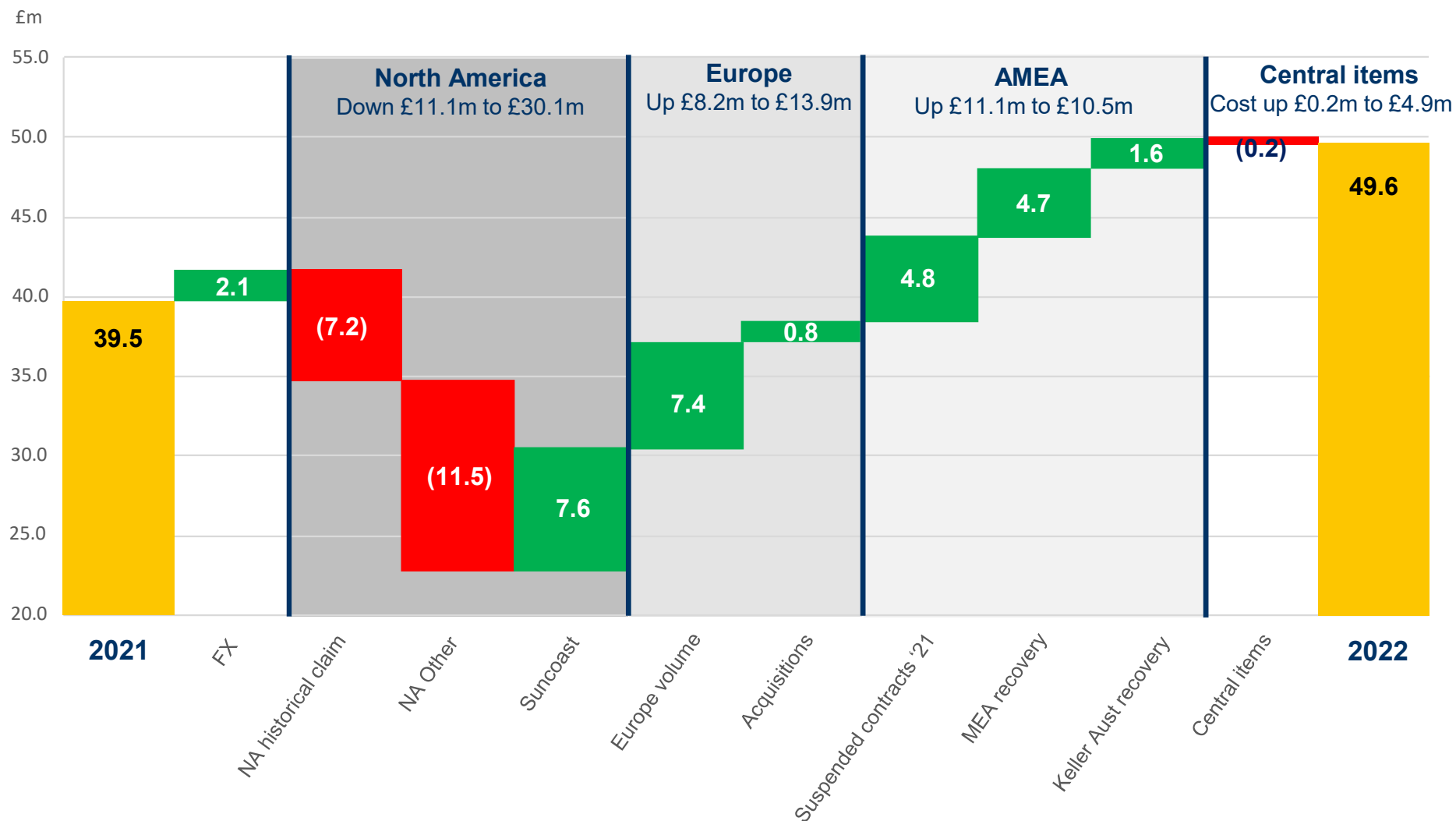
  

<b>Taxation</b>	
Effective tax rate for 2022 25% (2021 27%).	

<b>Dividend up 5%</b>	
Board recommendation	13.2
Earnings cover	3.5x

# Underlying operating profit bridge H1 2021 to H1 2022



# Summary income statement – non-underlying

	H1 2022		
	Underlying	Non-underlying	Total
<b>Revenue</b>	1,337.4	-	1,337.4
Operating costs	(1,288.7)	(6.1)	(1,294.8)
Amortisation of acquired intangibles	-	(5.8)	(5.8)
Other operating income	-	0.7	0.7
Share of post-tax profits from JVs	0.9	(0.7)	0.2
<b>Operating profit</b>	<b>49.6</b>	<b>(11.9)</b>	<b>37.7</b>
Operating profit margin (%)	3.7%	-	2.8%
Net finance costs	(5.0)	-	(5.0)
<b>Profit/(loss) before tax</b>	<b>44.6</b>	<b>(11.9)</b>	<b>32.7</b>
Taxation	(10.7)	2.4	(8.3)
Profit/(loss) for the period	33.9	(9.5)	24.4
Diluted earnings per share (p)	46.5		33.5
Interim dividend per share (p)	13.2		13.2

Non-underlying operating costs		£m
Exceptional contract dispute		(3.5)
ERP costs		(1.2)
Restructuring		(1.2)
Other		(0.2)
<b>Total</b>		<b>(6.1)</b>

Amortisation of acquired intangibles		£m
RECON		(5.2)
Moretrench Industrial		(0.3)
Other		(0.3)
<b>Total</b>		<b>(5.8)</b>

# Cash flow

£m	H1 2022	H1 2021		2022	2021
Underlying operating profit	49.6	39.5			
Depreciation, amortisation and impairment	48.5	44.5			
<b>Underlying EBITDA</b>	<b>98.1</b>	<b>84.0</b>			
Non-cash items	(1.1)	(0.7)			
(Increase)/decrease in working capital	(93.2)	3.9			
(Decrease) in provisions and retirement benefit liabilities	(9.7)	(7.1)			
Net capital expenditure	(23.4)	(26.4)			
Additions to right-of-use assets	(12.3)	(10.6)			
<b>Free cash flow before interest and tax</b>	<b>(41.6)</b>	<b>43.1</b>			
<b>Free cash flow before interest and tax to underlying operating profit</b>	<b>(84%)</b>	<b>109%</b>			
Net interest paid	(2.8)	(4.3)			
Cash tax paid	(2.4)	(11.9)			
<b>Free cash flow</b>	<b>(46.8)</b>	<b>26.9</b>			
Dividends paid to shareholders	—	(16.8)			
Proceeds from issue of share capital	(1.2)	—			
Acquisitions	(15.6)	—			
Non-underlying items	(1.7)	(1.7)			
Right-of-use assets / lease liability modifications	(4.4)	0.8			
Foreign exchange movements	(14.7)	2.5			
<b>Movement in net debt</b>	<b>(84.4)</b>	<b>11.7</b>			
<b>Opening net debt</b>	<b>(193.3)</b>	<b>(192.5)</b>			
<b>Closing net debt</b>	<b>(277.7)</b>	<b>(180.8)</b>			

<b>Depreciation/Capex</b>		2022	2021
Net capex/Depreciation		74%	83%
Gross capex/Depreciation		80%	95%

<b>Working capital</b>		2022	2021
Increase in inventories		(28.3)	(20.3)
Increase in receivables		(121.9)	(59.5)
Increase in payables		57.0	83.7
(Inc)/dec in working capital		(93.2)	3.9

<b>Cash tax</b>	
Difference is due to timing and phasing of tax payments throughout the year in 2021 vs 2022.	

<b>Net debt – Covenant basis</b>		£m
Reported net debt		277.7
Lease liability (excl legacy leases)		(83.7)
Covenant basis		194.0
Leverage ratio		1.1x

# Balance sheet

£m	H1 2022	FY 2021 (Audited)	H1 2021
Intangibles incl. goodwill	<b>149.1</b>	141.4	116.9
<b>Managed assets</b>			
Tangible fixed assets	<b>468.1</b>	443.4	417.7
Debtors and inventory	<b>849.9</b>	664.1	598.2
Other assets	<b>131.4</b>	108.9	113.6
<b>Total managed assets</b>	<b>1,449.4</b>	1,216.4	1,129.5
<b>Other liabilities</b>	<b>(826.0)</b>	(721.6)	(654.1)
	<b>772.5</b>	636.2	592.3
<b>Funded by</b>			
Net debt	<b>277.7</b>	193.3	180.8
Shareholders' funds	<b>494.8</b>	442.9	411.5
<b>Total</b>	<b>772.5</b>	636.2	592.3

Intangibles incl. goodwill	£m
Opening	141.4
Acquisition	2.7
Amortisation acquired	(5.8)
Amortisation other	(0.3)
FX	<u>11.1</u>
Closing	<u>149.1</u>

Tangible fixed assets	£m
Opening	443.4
Capital expenditure	26.6
Right-of-use additions	12.4
Acquisition	0.3
Disposals/transfers	5.9
Depreciation of fixed assets	(34.8)
Depreciation of ROU assets	(13.4)
FX	<u>27.7</u>
Closing	<u>468.1</u>

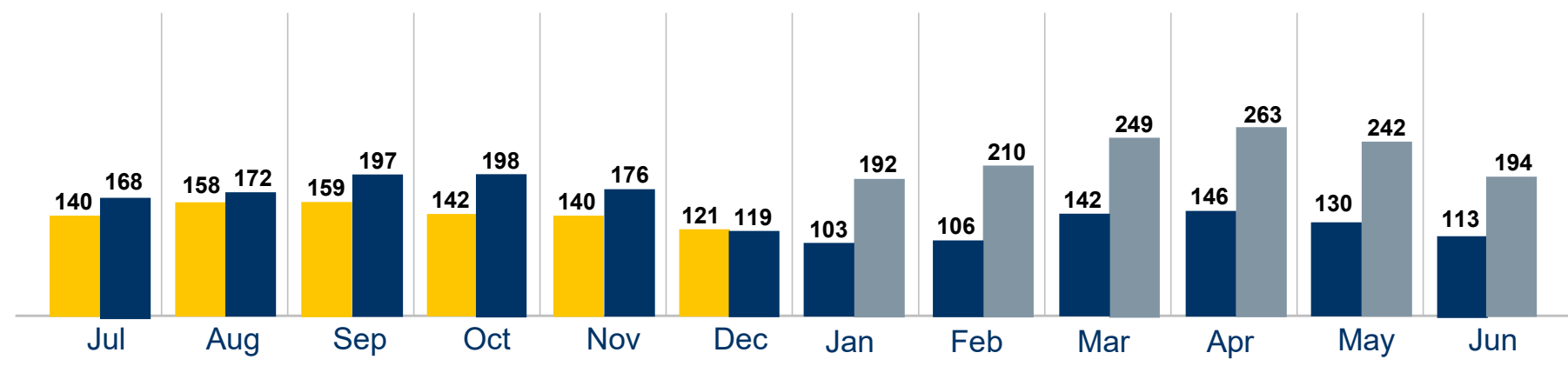
Debtors and inventory	£m
Opening	664.1
Volume / performance	122.2
Acquisition & disposals	4.0
FX	<u>59.6</u>
Total	<u>849.9</u>

Other liabilities	£m
Opening	721.6
Volume / performance	61.0
Acquisition	2.9
FX	<u>40.5</u>
Total	<u>826.0</u>

Net debt	£m
Net debt (IAS 17 lender covenant)	194.0
Lease liability (ex legacy leases)	<u>83.7</u>
Total	<u>277.7</u>

# Net debt profile (£m)

2020 2021 2022



- Net debt (IAS17 lender covenant) of £194.0m increased by £80.6m, up 71% (H1 2021: £113.4m), driven by working capital and acquisition consideration
- Average month end net debt of £217.8m, up 76% (H1 2021: £123.4m)
- Minimum headroom on primary banking facility in the period £75.6m (cash balance at that time was £89.4m)
- The Group operated well within all covenant limits:
  - Leverage (net debt to EBITDA) at period end was 1.1x, well within the limit of 3.0x and leverage target of 0.5x-1.5x
  - Interest cover (EBITDA to net finance charges) at period end was 27.5x, well above the minimum of 4.0x
- Committed funding facilities comprise the £375m syndicated revolving credit facility expiring November 2025 and a \$75m private placement repayable in December 2024
- The Group had undrawn borrowing facilities of £215.7m comprising £162.7m committed and £53.0m uncommitted, as well as cash and cash equivalents of £85.8m
- The Group had no material discounting or factoring in place during the year

# Financial modelling considerations

	H1 2022 experience	H2 2022 consideration
<b>Trading/profit</b>		
<b>NA Suncoast profit</b>	Strong residential volume offset by steel price increase for high rise	Expected macro driven reduction in resi volume; no further impact from steel price increases
<b>Large projects</b>	NA: RECON, Hampton Rd; Europe: HS2	NA: RECON, Hampton Rd; Europe: HS2
<b>Portfolio action</b>	Acquisition of GKM Consultants; exit non-core geos in Europe Div.	Disciplined pursuit of suitable bolt-ons, continued portfolio refinement
<b>Operating profit %</b>	Margin softened	Margin improving versus H1
<b>Operating profit phasing</b>	Moderate H2 bias	Moderate H2 bias in H2
<b>Interest</b>	Higher rate on larger net debt	H2 higher largely driven by increased rates
<b>Tax rate</b>	25%	25%
<b>FX (USD/EUR/SGD)</b>	Average 1.30 / 1.19 / 1.77	Macro dependent
<b>Cash/debt</b>		
<b>Net capex</b>	Broadly in-line with depreciation	Broadly in-line with depreciation
<b>Working capital</b>	Outflow following increased activity	Outflow following increased activity
<b>Leverage (IAS 17)</b>	1.1x	Target leverage is c1.0x

# Business update



# Safety performance

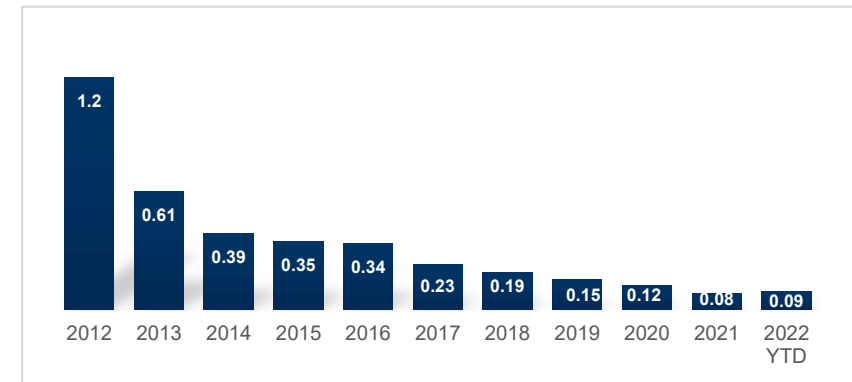
## Performance

- AFR increased to 0.09 per 100,000 hours
- TRIR increased to 0.83 per 100,000 hours
- Demonstrates we cannot be complacent

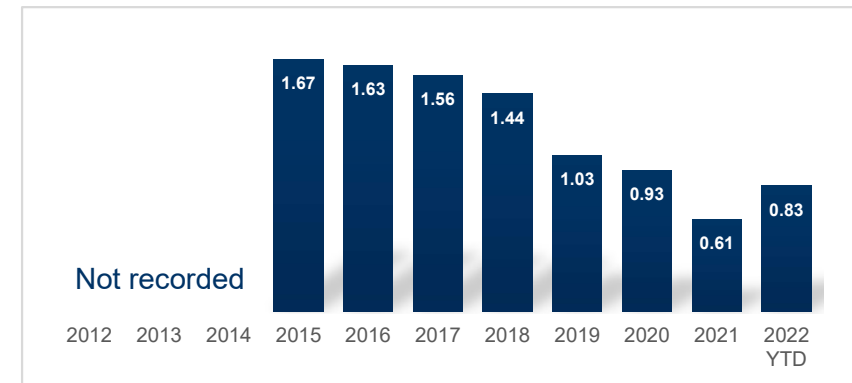
## Actions

- Upgraded induction programme establishes a common set of higher expectations
- Continued focus on 'near miss' reporting
- Emphasis on leadership site safety visits
- Installation of 'blind spot' cameras on all Keller owned foundation rigs
- Virgin Pulse, global health challenge, to encourage our employees to stay active and healthy (Wellbeing)
- Continued support of UNICEF

## Accident Frequency Rate



## Total Recordable Incident Rate



# Journey to net zero



## Scope 1 Fuel Net zero by 2040

- Developing fleet decarbonisation strategy, analysing existing fleet and trialling technologies (HVO fuel, renting electric rigs where available)
- Forming industry partnerships to develop Electric and Hydrogen rigs
- Trialling carbon saving opportunities on site
- Led on the production of the geotechnical sector's first carbon reduction guide



## Scope 2 Electricity Net zero by 2030

- Completed energy efficiency audits in Europe, with North America and AMEA in Q3
- Keller UK and KGS, our in-house equipment manufacturer, are already net zero through Green Energy tariffs and other business units have similar plans where its available
- Other measures are also being implemented eg installation of solar panels and LED lighting



## Scope 3 Operational Net zero by 2050

- More than 550 engineers trained on use of carbon calculator
- Measuring Scope 3 emissions is challenging without a platform for data collection and this is being built into the new D365 system
- Carbon comparison between conforming and Keller alternatives is being done for selected projects

**Total Scope 2 emissions have decreased by more than 20%, double our target of 10% (compared to 2019, baseline year)**

# Order book increased to a record £1.6bn

## Geographic mix (Full order book)

Group<sup>1</sup>

**£1.6bn** +22%

North America<sup>1</sup>

**£927.2m** +26%

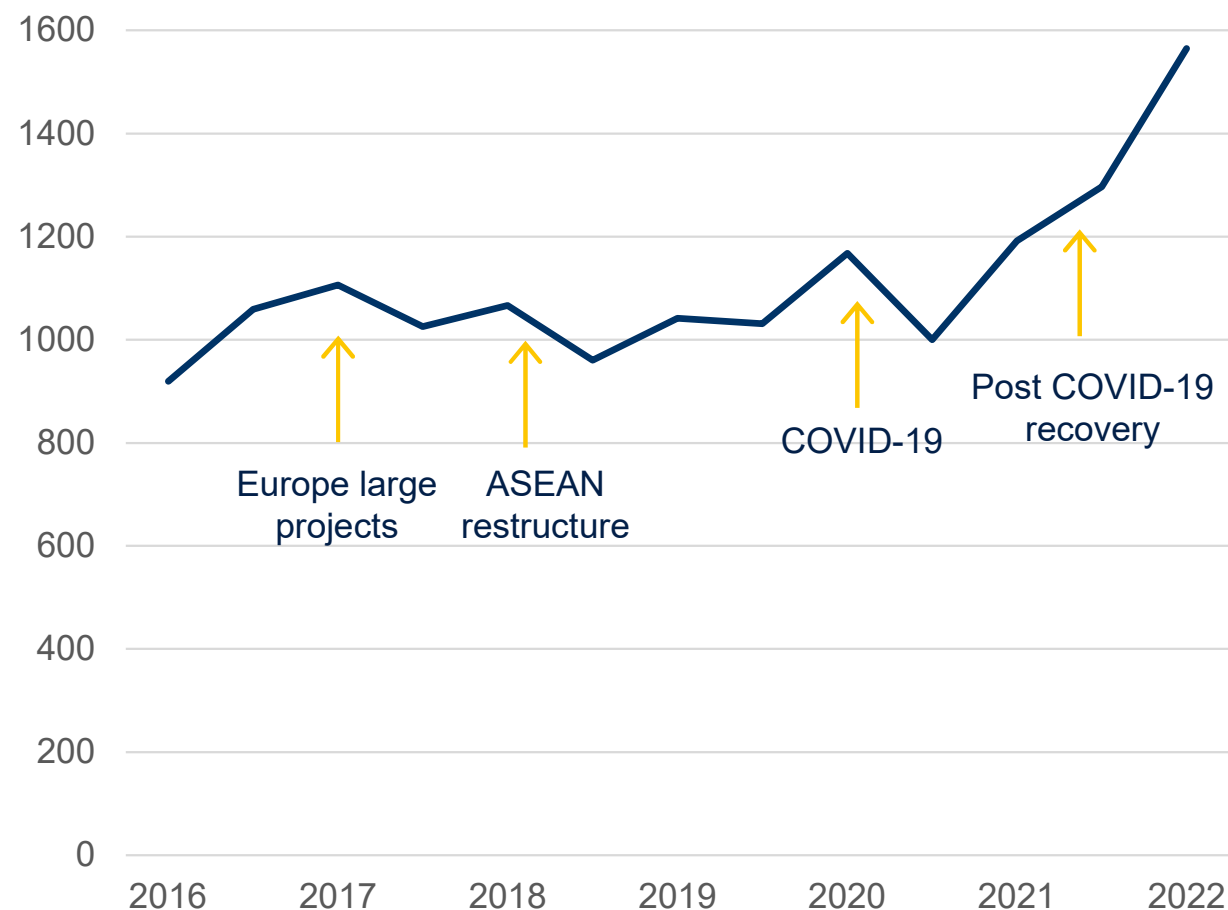
Europe<sup>1</sup>

**£390.5m** +5%

AMEA<sup>1</sup>

**£247.4m** +44%

## Order book (£m)



<sup>1</sup>Prepared on a constant currency basis versus H1 2021

# North America

## Operating review

£m	H1 2022 £m	H1 2021 £m	Constant currency
Revenue	865.7	581.7	+39%
Underlying operating profit	30.1	38.4	-27%
Underlying operating margin	3.5%	6.6%	-310bps
Order book <sup>1</sup>	927.2	735.7	+26%

<sup>1</sup>Comparative order book stated at constant currency

- Revenue +39% ( +22% excl. RECON acquisition), driven by pass-through of inflation, price increases at Suncoast and improved trading
- Operating profit -27% driven by the drivers of revenue above, a £7m claim resolution in the prior period, the residual unrecovered inflation, inefficiency caused by material shortages, and operational challenges / project losses
- Suncoast performed strongly with increased demand continuing in the residential sector. New high-rise contracts reflected market increases in steel prices
- Moretrench Industrial reported high levels of activity. RECON performed strongly. The £120m contract to develop an energy facility on the Gulf Coast is progressing well
- The order book strengthened to £927.2m, +26% reflecting the improved momentum across all the North American business units



Aria Reserve  
Miami, USA

# Europe

## Operating review

£m	H1 2022	H1 2021	Constant currency
Revenue	297.6	242.0	+26%
Underlying operating profit	13.9	5.7	+144%
Underlying operating margin	4.7%	2.4%	+230bps
Order book <sup>1</sup>	390.5	373.2	+5%

<sup>1</sup>Comparative order book stated at constant currency

- Revenue +26% and underlying operating profit +144% driven by a recovery post COVID-19 and the response to disruption triggered by the war in Ukraine
- The AFR increased to 0.28 from 0.17 driven by small number of LTIs
- South-East Europe and Nordics delivered revenue and operating profit growth, largest gains in Austria, Italy, Slovakia and the Czech Republic
- UK revenue and profit growth driven by the core foundations business and continued good delivery on HS2
- Central Europe increased revenue and profit driven by a number of large projects
- North-East Europe continued to be profitable despite being the most affected by the war in Ukraine (both from a financial and humanitarian perspective)
- The order book at the end of the period was £390.5m, +5%, strengthened by the c£35m Tangenvika bridge project in Norway (work will start in 2023)



# AMEA

## Operating review

£m	H1 2022	H1 2021	Constant currency
Revenue	174.1	160.4	+7%
Underlying operating profit	10.5	0.1	n/a
Underlying operating margin	6.0%	0.1%	+590bps
Order book <sup>1</sup>	247.4	171.6	+44%

<sup>1</sup>Comparative order book stated at constant currency

- Revenues +7% to £174.1m and underlying operating profit increased to £10.5m primarily driven by the recovery in trading post COVID-19
- Austral continued to deliver revenue and profit growth after securing resource related projects across the country following the completion of Cape Lambert project
- Australia significantly increased its trading activity delivering on the order book back-log. Heavy rains on the East coast in Q2 temporarily impacted profitability
- ASEAN has experienced continued market softness, region continuing to feel impacts of COVID. Expect an improving trend in H2
- India business performed strongly and is experiencing high tendering levels with a number of large industrial infrastructure projects in the pipeline
- Middle East and Africa delivered strong performance. Mozambique LNG project remains suspended
- Mobilising on major new contract on the prestigious NEOM project in Saudi Arabia; we are well positioned with the potential to generate contract revenues in the hundreds of million pounds in future years
- The order book was £247.4m, +44% (excl. benefit of NEOM)



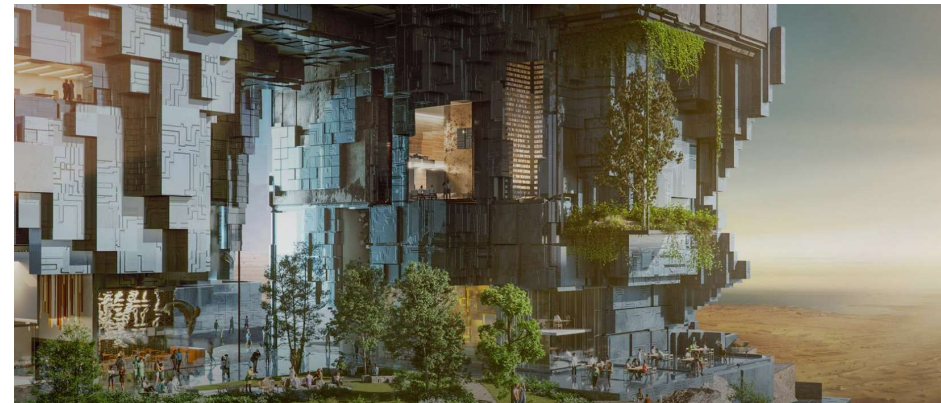
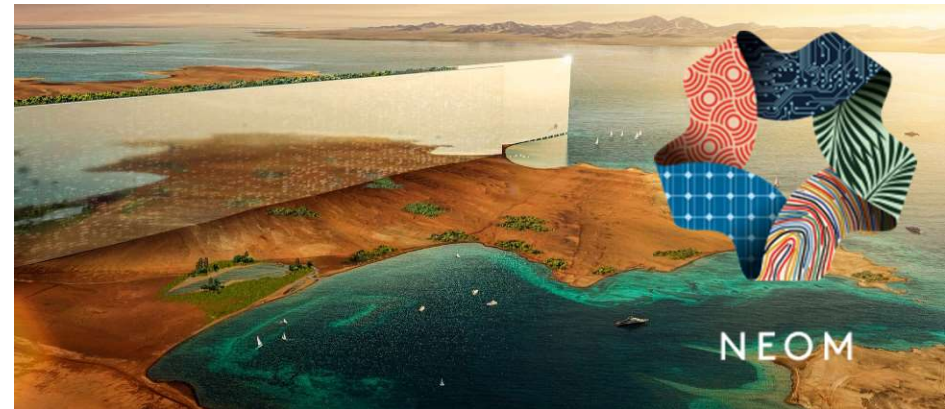
# Our Strategy

To be the preferred international geotechnical specialist contractor focused on sustainable markets and attractive projects, generating long term value for our stakeholders

Our local businesses will leverage the group's scale and expertise to deliver engineered solutions and operational excellence, driving market share leadership in our selected segments

# NEOM, Saudi Arabia

- Keller is one of a small number of geotechnical contractors to have been selected to work on the prestigious NEOM project
- The first element is 'The Line', a 170-kilometre-long mega-city
- Keller has signed an umbrella Framework Agreement and is mobilising for the first works order which has an expected value to Keller of around £50m, depending upon the final call off
- Further works orders are expected to be awarded later in the year and has the potential to become a material project for the group in the medium term, generating hundreds of millions of pounds in future years

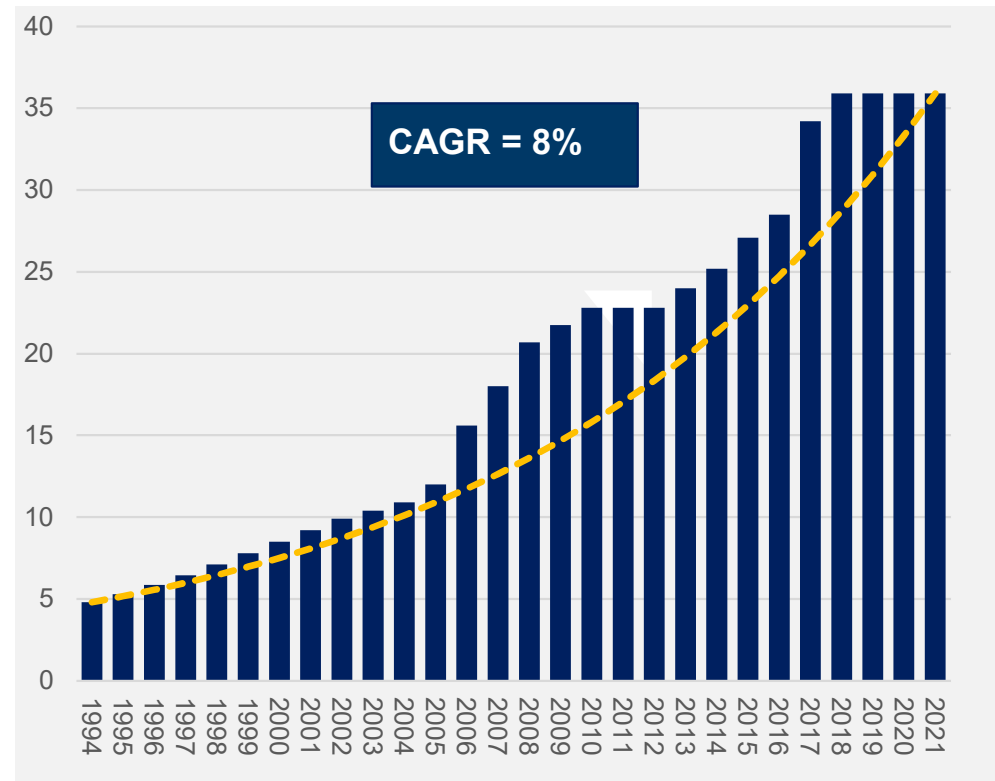


# Keller pedigree and performance in a recession

Resilience through historical recessions and the pandemic is evidenced by continuous and growing dividends for 28 years

- Diverse revenues by geography and sector
- Sustainable margins, passing on inflationary pressures
- Positive working capital cycle
- Strong balance sheet, low leverage and strong bank syndicate
- Well placed to execute selective and opportunistic M&A
- Highly skilled and experienced management team
- Strong governance
- Focused multi-scenario strategy

Dividend per share (p)



# Summary and outlook



# Summary and outlook

## Summary

- Record H1 performance
- Strong growth despite the current macroeconomic and operational challenges
- Continued execution of strategy through bolt-ons and restructuring
- Mobilising for work on prestigious NEOM project
- Order book of £1.6bn at record level
- Interim dividend +5% builds on uninterrupted record since flotation

## H2 outlook

- Macroeconomic uncertainty set to continue
- The group has structural recession resilient characteristics
- Record order book underpins H2 performance
- FY performance anticipated to be in-line with our expectations for growth year-on-year
- Board is reviewing a further increase to the final dividend

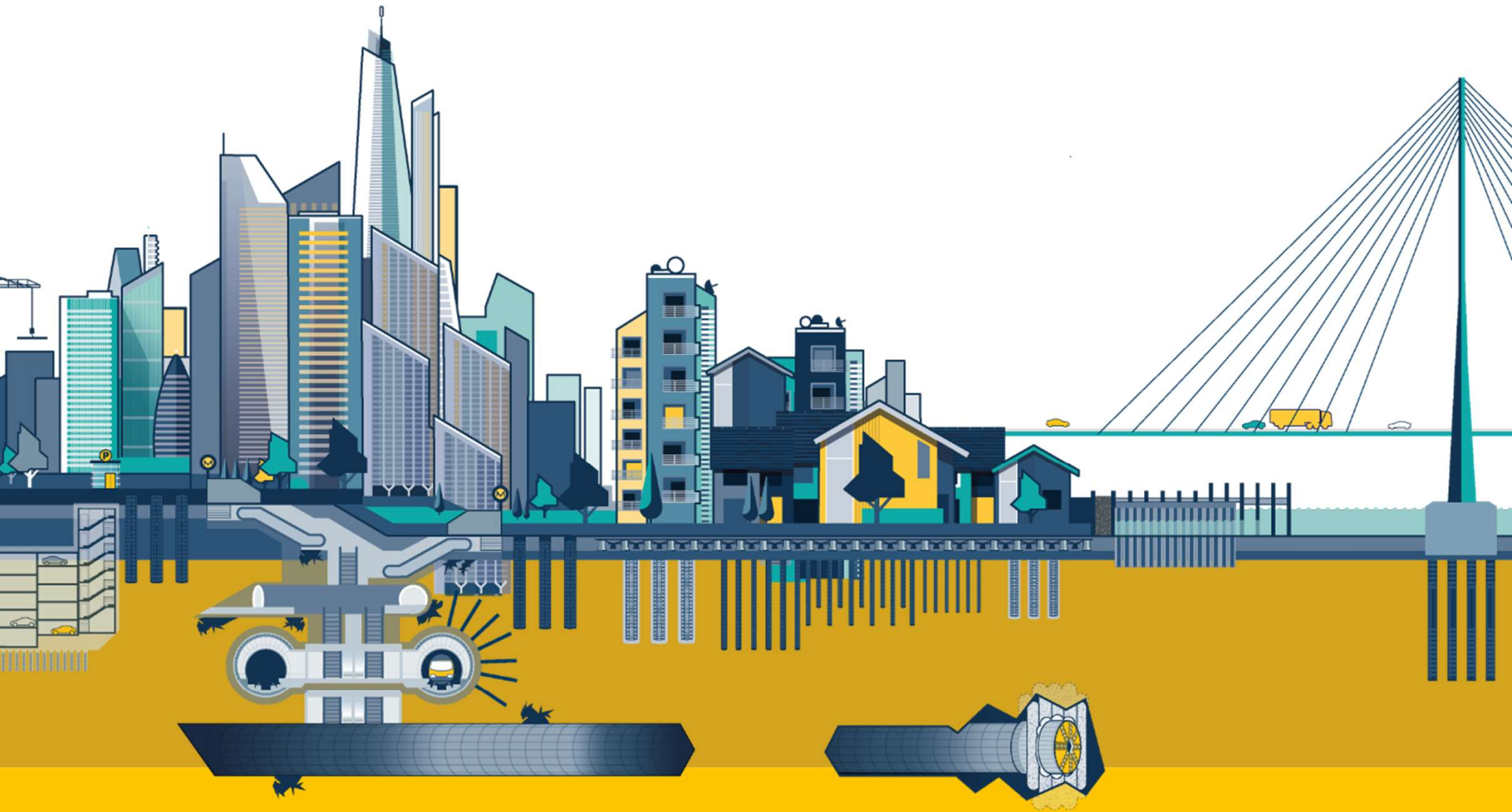
**The long term fundamentals continue to be strong; we remain optimistic about our future trading prospects and strategic opportunities**



# Questions and answers



# Keller overview



# Keller today

Every day millions of people around the world live, work and play on ground prepared by Keller

## Our purpose

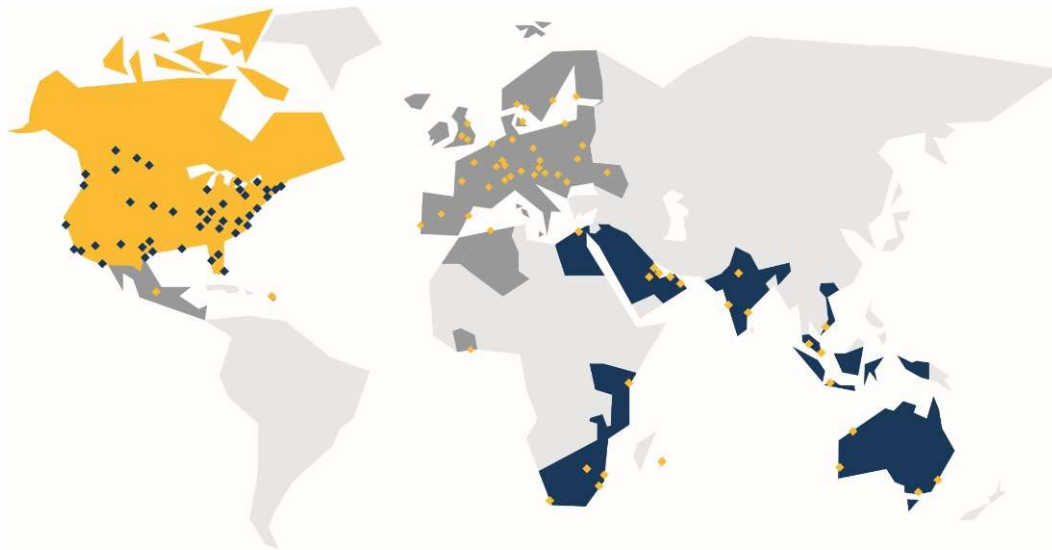
To build the foundations for a sustainable future

## Our vision

To be the leading provider of specialist geotechnical solutions

## Our values

Integrity  
Collaboration  
Excellence



---

## Three divisions

---

## 19 business units

---



**180**  
branches



**2.2bn**  
revenue pa

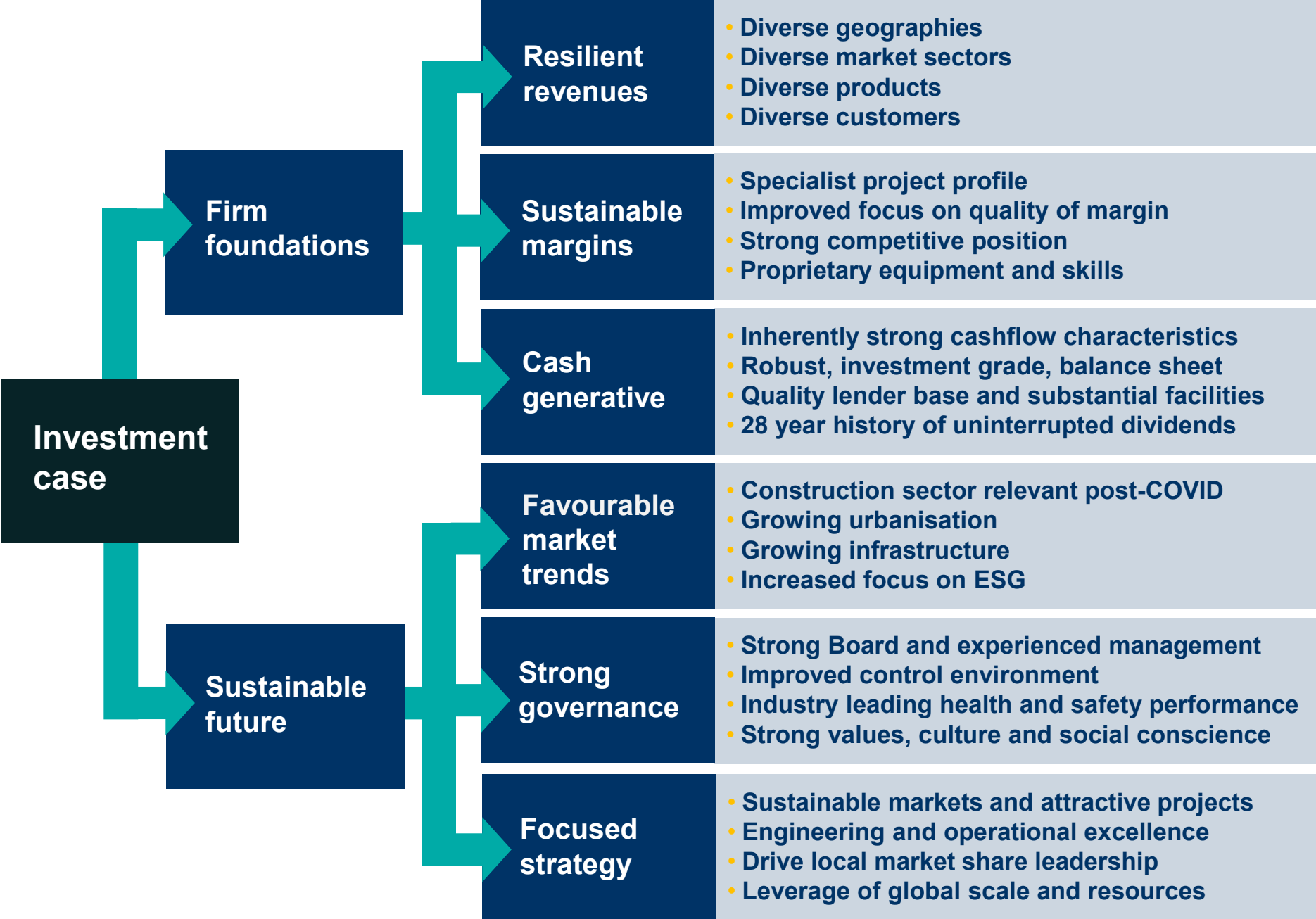


**c10,000**  
employees



**6,000**  
contracts pa

# Building the foundations for a sustainable future



# Case study:

## ASEAN infrastructure projects in 2021

Keller is helping construct major infrastructure projects that drive economies and improve millions of lives

### Indonesia

- Foundations for a major high-speed railway
- Secured significant contract for a power plant in Java
- Foundations for a liquid natural gas plant using 6,000 bored piles and 700 corrugated sheet piles

### Malaysia

- Ground improvement for a large petrochemical plant
- Ground improvement for a mass rapid transport system

### Singapore

- Embankment support for rapid transit system using soil mixing for first time



# Case study: Keller brings RemediaClay® to Europe

Keller has completed the trial of its newly patented RemediaClay® technology on two 100m stretches of a small road in France

- Clay soils that swell and shrink due to moisture cause structural foundation damage and often need underpinning
- RemediaClay® is an alternative, potentially cheaper solution
- Developed by Keller in the US, it involves injecting soils with a potassium and ammonium ion solution
- This reacts with the clay and makes it less sensitive to swelling
- The technology has passed rigorous safety and environmental tests to satisfy European regulators



**As climate change increasingly affects clays causing more problems in roads and structures, its remediation is becoming more important. RemediaClay® could open up a major new market**

# Case study:

## Keller Canada: A clear plan for the future

Business has seen remarkable turnaround over the last 18 months and is now a profitable, focused company

Acquired in 2013 during oil boom; oil price, contracts and revenue fell a few years later

### Actions taken

- Restructured the business
- Appointed new leader
- Aligned strategy and key processes
- Developed a national team that shares resources
- Right sized equipment fleet
- Bid work where we have competitive advantage
- Built collaboration with other North American business units
- Looking at acquisitions where they make sense including Subterranean (Manitoba) Ltd in October 2021



**A great team, lower overhead, a clear strategy and a larger footprint in our target markets, have helped deliver a record profit in 2021**

# Case study: High Speed 2 (HS2) carbon reduction

Keller is testing carbon-cutting measures on HS2

## Initiatives include:

- Running static plant with electricity rather than diesel
- Replacing diesel with hydrotreated vegetable oil (HVO) in drilling rigs reducing CO2 by 90 percent
- Optimised design of some foundational elements to reduce use of cement
- Reduced diaphragm wall panel thickness from 1.2m to 1m without compromising quality
- Reduced cement consumption when grouting rock fissures by using cement bentonite rather than microfine cement grout, and targeting largest fissures
- Recycled and reused waste bentonite when installing bored piles, reducing amount to landfill and emissions associated with its transport



**Team has now produced and shared carbon reduction guide with the rest of Keller**

# Case study:

## Lean improvements mean significant savings

Keller's Lean team has been helping business units make small changes with a big impact

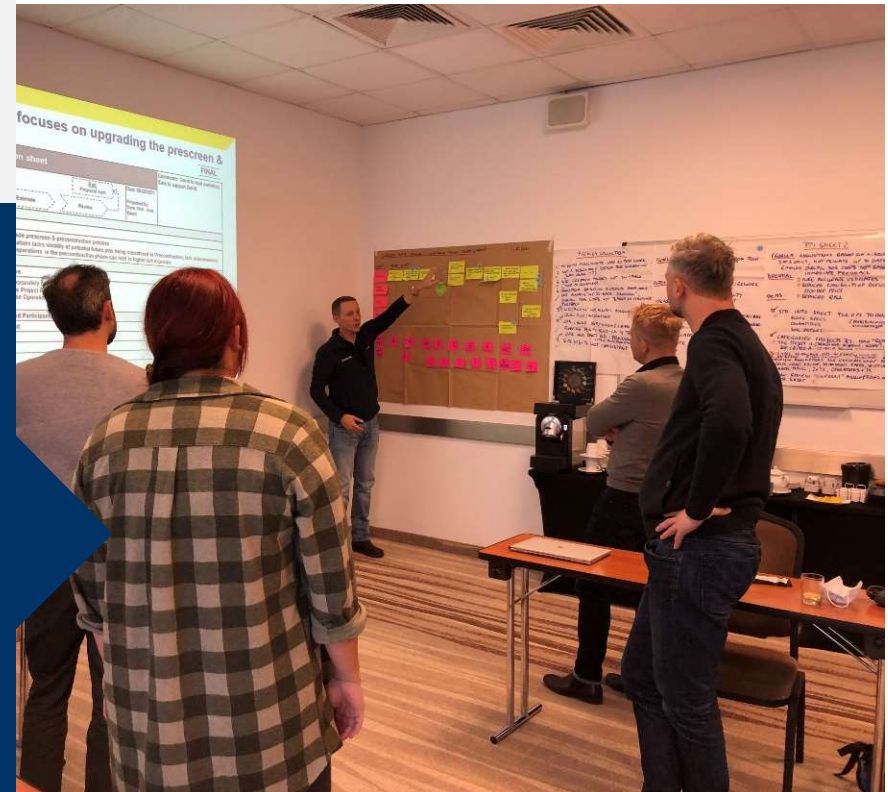
**Spain:** Improving site documentation has saved six hours per project or 20 days a year

**Norway:** Simplifying the registration process for sending people to site from other countries has reduced the time it takes by 60 percent

**UK:** Time-saving app allows teams to photograph material delivery tickets, rather than fill out spreadsheets, and quickly share receipts with accounts team

**France:** Improving process for checking suitability of concrete when delivered to site has avoided costly rework

**Germany:** Fitting sensors to excavators has removed the need for manual hole-depth measurement, reducing downtime and safety risk

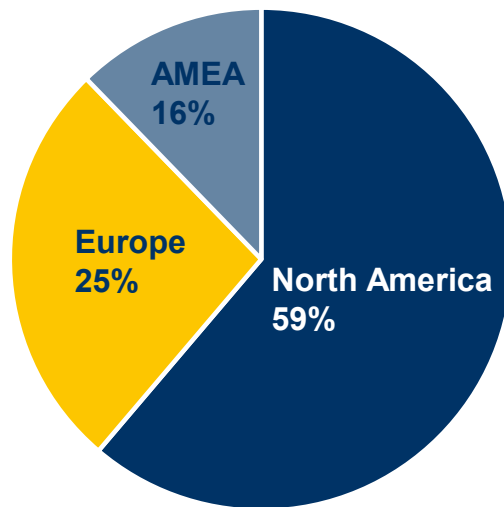


To ensure best practices are shared, Keller's Lean leaders produce formal reports and get together monthly to discuss progress and share ideas

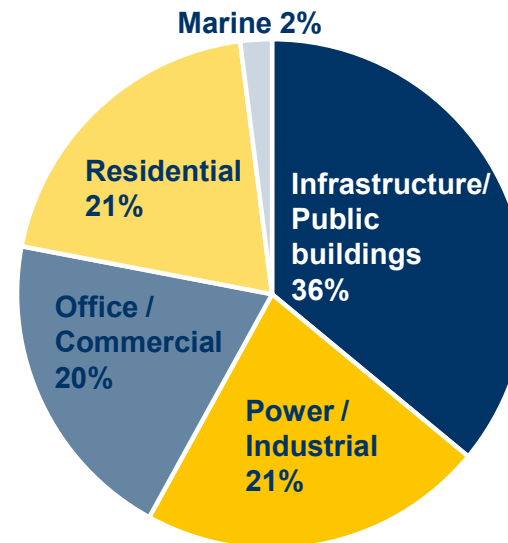
# Well balanced in terms of geography and sector

- Operating globally in a number of sectors gives us the resilience to trade through national cyclicality
- Good access to all markets with no overweight exposure
- Geopolitically secure

Revenue by geography (2021)



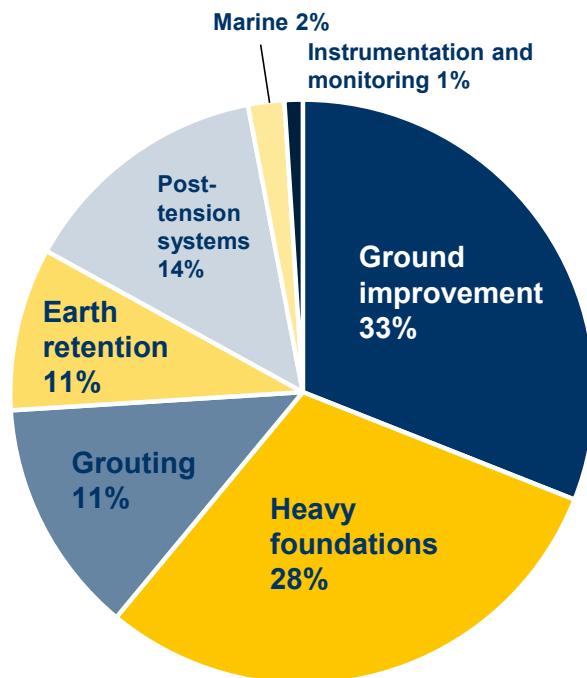
Revenue by sector (2021)



# The best solutions

- Projects often require a variety of techniques
- With access to our global knowledge base and industry leading product portfolio, our engineers can design the best solutions that reduce materials, cost and time for our clients
- Our project management capabilities mean we can also integrate other subcontractors and deliver ‘turnkey’ contracts reducing the interfaces and risk for our customers

Revenue by application (2021)

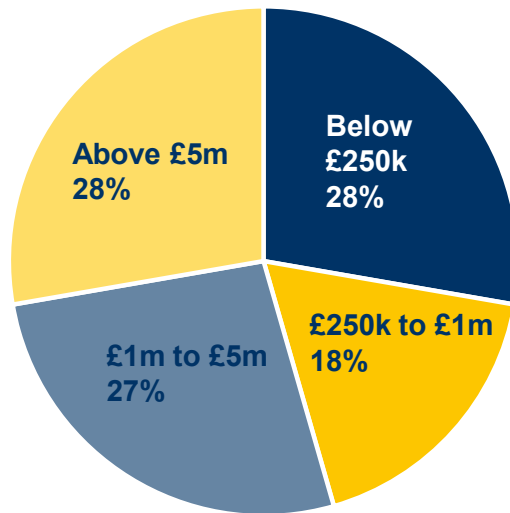


<b>Ground improvement</b> <ul style="list-style-type: none"> <li>• Vibro</li> <li>• Rigid inclusions</li> <li>• Dynamic improvement</li> <li>• Soil mixing</li> <li>• Consolidation</li> </ul>	<b>Heavy foundations</b> <ul style="list-style-type: none"> <li>• Driven piles</li> <li>• Micropiles</li> <li>• Bored piles /drilled shafts</li> <li>• Continuous flight auger</li> </ul>	<b>Grouting</b> <ul style="list-style-type: none"> <li>• Jet grouting</li> <li>• Compensation grouting</li> <li>• Compaction grouting</li> </ul>	<b>Earth retention</b> <ul style="list-style-type: none"> <li>• Anchors and soil nails</li> <li>• Subsurface walls</li> <li>• Modular retaining walls</li> </ul>
<b>Post-tension systems</b> <ul style="list-style-type: none"> <li>• Slab on ground</li> <li>• High rise structures</li> </ul>	<b>Marine</b> <ul style="list-style-type: none"> <li>• Wharf construction, maintenance and repair</li> <li>• Bridge construction</li> <li>• Civil works</li> </ul>	<b>Instrumentation and monitoring</b> <ul style="list-style-type: none"> <li>• Environmental</li> <li>• Geotechnical</li> <li>• Structural</li> <li>• Software</li> </ul>	

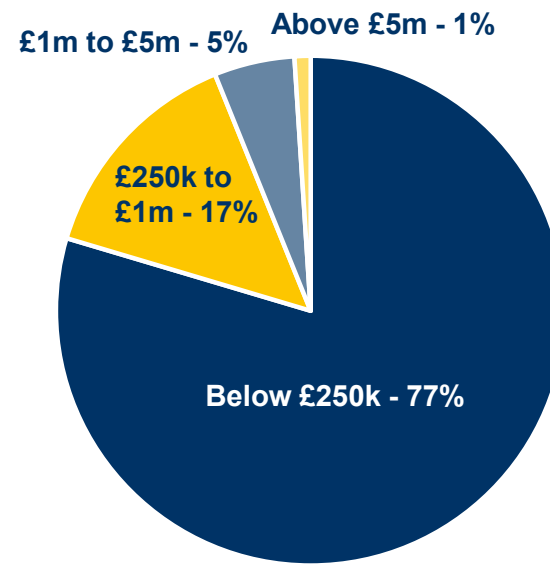
# Diverse customer base

- Our large client spread means we're not overly reliant on certain customers
- Contracts over £5m revenue make up around 1% of the number of contracts, but account for 28% of total revenue

Revenue by contract size (2021)



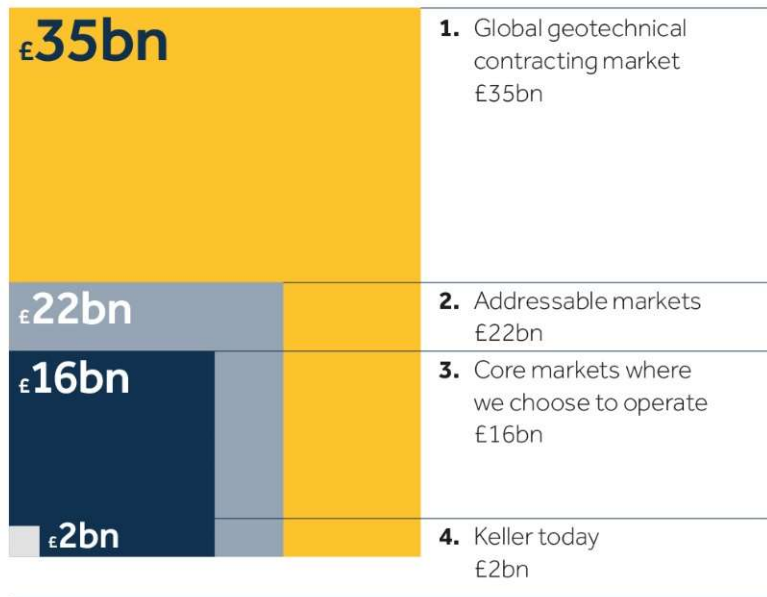
Number of contracts (2021)



Includes Moretrench Industrial and Suncoast

# Geotechnical market size

## Market size

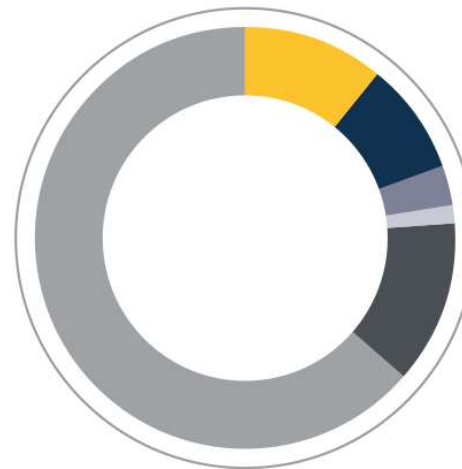


Non-addressable markets are mainly China, North and South Korea, Japan and Russia.

1 USD = 0.75 GBP

Global construction market €8,500bn 2020

## Market share



- Keller
- Soletanche/Bachy/Menard
- Bauer (contracting)
- Trevi (contracting)
- General contracting-owned
- Country/regional specific, smaller players

Sources: Keller accounts. IHS Global Insight, GlobalData and other local sources

# Carbon scopes

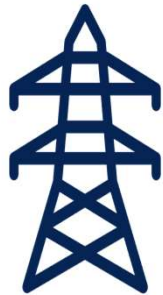
189,686 tonnes CO<sub>2</sub>e last year (Scope 1 and 2)



**183,112**

**Scope 1**

Direct emissions  
(eg fuel use  
on site)



**6,574**

**Scope 2**

Indirect electricity  
emissions



**Not tracked**

**Scope 3**

**Operational  
(Client)**  
> 80% of site  
emissions for cement-  
based solutions



**Scope 3**

**Operational (Keller)**  
Transport of materials,  
business travel and  
waste disposal

*All figures in tCO<sub>2</sub>e*

# Specialist versus generalist business model

## Project lifespan



### Ground engineering

- Early stage
- Lower cyclicity
- Specialist design capability
- A mix of contracts
- Higher margin
- Resource base

### General contractor

#### General construction

- Longer, larger projects
- National focus
- Higher cyclicity
- Integration of multiple suppliers and subcontractors
- Low asset base
- Low to negative working capital

# Market demand trends play to our strengths

**01** Urbanisation and more large-scale development projects



More than half the world's population lives in cities, and 65m people will be added to the urban population every year

**02** Increasing land shortage, driving a need to use more brownfield and marginal land



More than 450,000 brownfields in the US alone

**03** Infrastructure renewal and expansion eg road, rail, power



World will need to spend \$57 trillion on infrastructure by 2030 to keep up with global GDP growth

**04** Increasing demand from customers for complete solutions not just products



More demand for early involvement, partnership and collaboration throughout the construction supply chain

**05** Increasing technical complexity



Rising number of governments and clients are mandating the use of BIM for their projects

Sources: OECD - Regions and Cities at a Glance 2018; US Environmental Protection Agency 2018; The McKinsey Global Institute 2018. Amounts are stated in US dollars.

# Factors to consider in geotechnical engineering

## Site conditions

- Sand, silt, clay, rock, organic
- Loose, soft, stiff, hard, porous
- Deep, shallow, cavities
- Water levels (high, low)

## Requirements

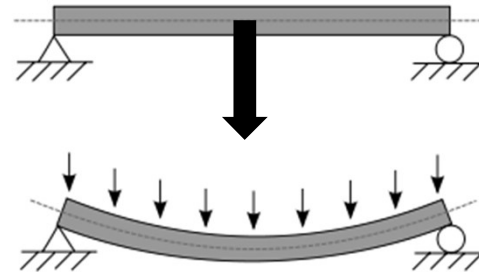
- Performance (allowable settlements)
- Schedule
- Cost

## Loading conditions

- Spread, low intensity
- Slender, high intensity, sensitive
- Seismic loading and liquefaction
- Dynamic, wind

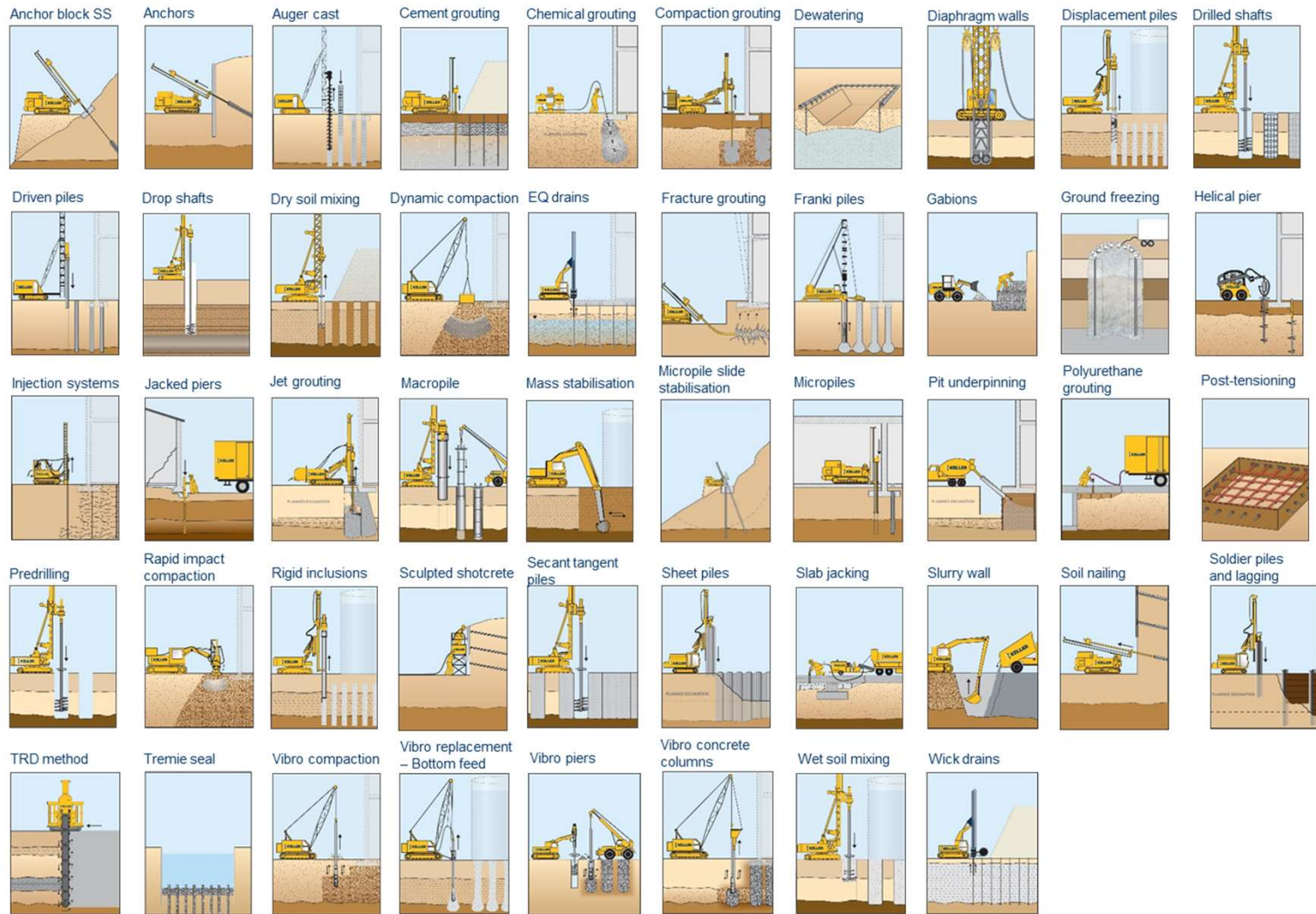
## Constraints

- Neighbouring buildings
- Noise, vibration
- Utilities, other underground structures



# Full product range

Right combination of products leads to **optimal solutions** for the soil conditions and structure type



# Value engineering

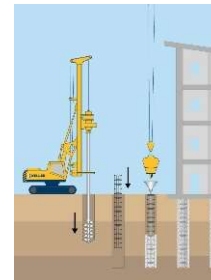
Employ around **1,500 geotechnical engineers worldwide**; over 200 focused purely on design

50% of our projects are 'design and build' where value engineering can **reduce cost by up to 40% and save time**

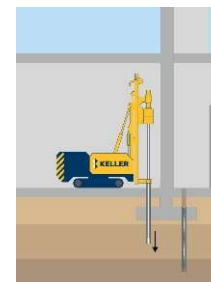


## Carolina Panthers Practice Facility

- 700,000ft<sup>2</sup> facility for professional football team
- Challenging rock and soil conditions
- Keller solution used variety of drilled shaft modifications, tie-down anchors, and micropiles, saving around \$2.3m and 1.5 months



Drilled shafts



Micropiles



Amounts are stated in US dollars.

# The equipment advantage

## Large fleet and design and manufacture capability

### Keller total fleet

- Total equipment fleet is 1,250 rigs
  - The largest foundation equipment fleet in the world

---

### Keller manufactured fleet

- We manufacture specialist equipment in Germany
- Available only to Keller
- 20% of our projects are executed using Keller equipment



# The people advantage

Enabling high performance by investing in our people and expertise

## Learning and development programmes

- Project Manager Academy
- Field Supervisor Academy
- Business Development Academy

---

## Emerging talent

- More than 100 graduates, 50 apprentices and 80 interns
- Pitcairn Engineering Scholarship

---

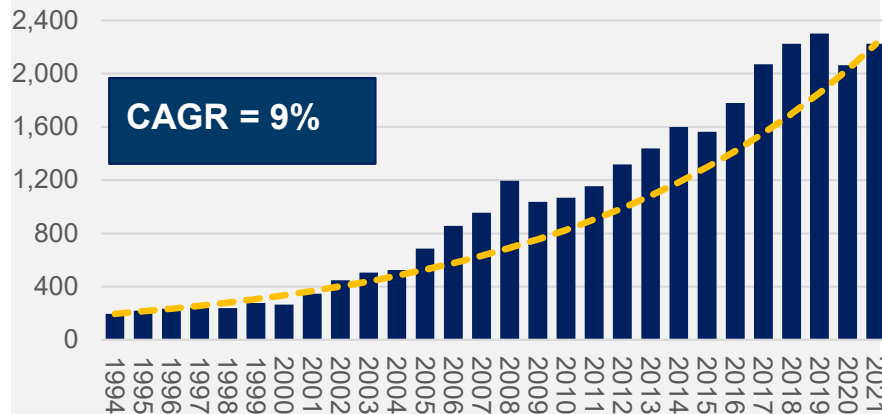
## Geotechnical expertise

- Global product teams
- Leading role in geotechnical industry

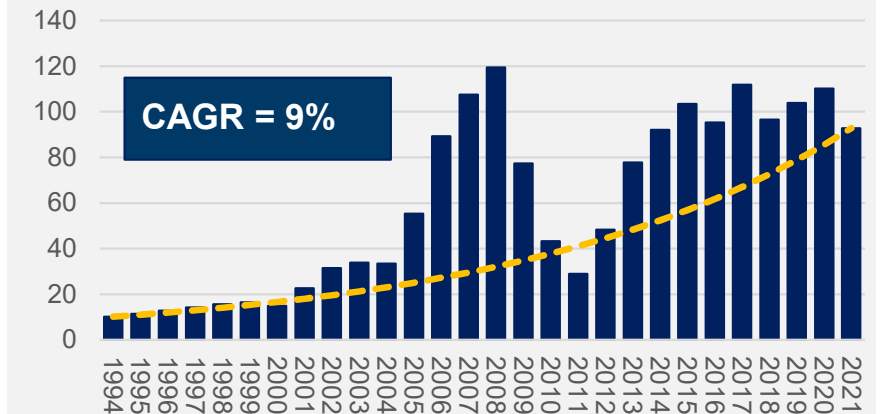


# Financial performance since listing in 1994

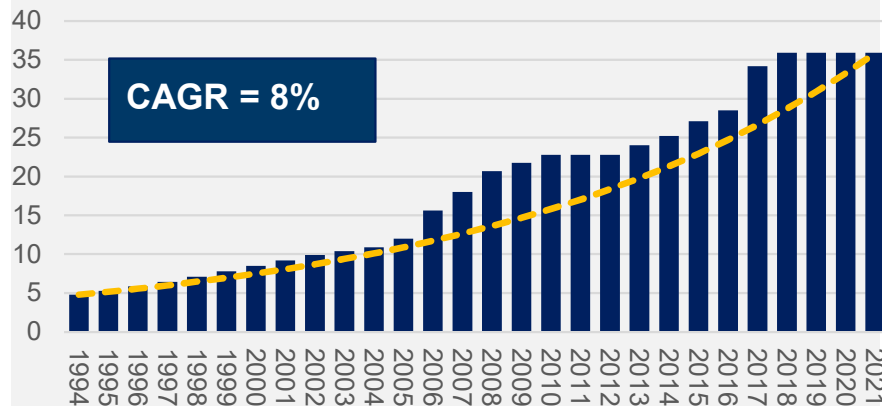
Revenue (£m)



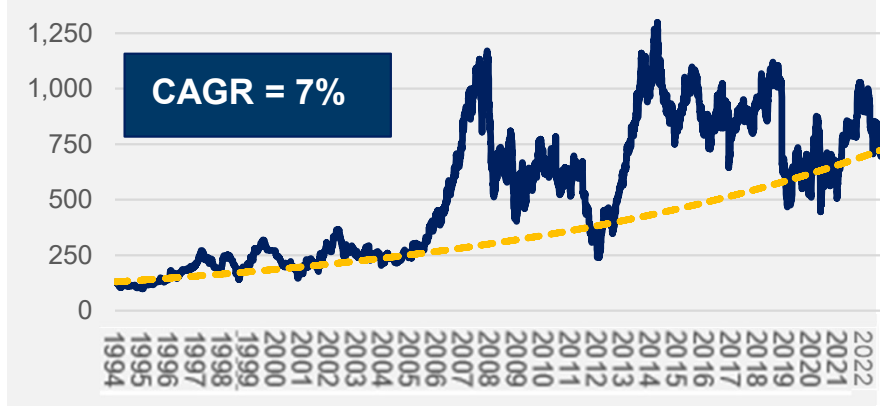
Underlying operating profit (£m)



Dividend per share (p)



Share price (p)



**TSR of 10.4% CAGR vs. 7.0% FTSE All Share CAGR** (source: Datastream, 26 July 2022)

# Keller fact sheet

- Established 1860, now world's largest geotechnical specialist contractor globally
  - Revenue by division: North America 59%; Europe 25%; AMEA 16%; (only <5% of business in UK)
  - Revenue by sector: Infrastructure/Public buildings 36%, Power/Industrial 21%; Residential 21% Office/Commercial 20%; Marine 2%
  - Room to grow:
    - Global geotechnical contracting market - £35bn
    - Core geotechnical contracting markets where Keller operates - £16bn (excludes China, Japan, Korea and Russia)
    - Keller today c£2bn – a 13% share of the markets in which we operate
  - Operate in 40 countries, across five continents
  - Three divisions, 19 business units, 180 branches
  - About 10,000 employees, of which around 1,500 are geotechnical engineers
  - Over 1,250 rigs and cranes globally - the largest foundation equipment fleet in the world
  - 20% of our projects are executed using specialist Keller equipment
  - On average we work on c6,000 contracts per year
- About 50% of our contracts are design and build, 50% are build only
  - Contracts over £5m revenue make up around 1% of the number of contracts, but account for 28% of total revenue
  - Typical contract value range £25k to £10m
  - On average c25 sites mobilised every day, across the world
  - We typically spend a few weeks on site (smaller projects) with up to two years for large projects
  - We have over 50 techniques or products, with eight major product groups
  - Product split: Ground improvement 33%; Heavy foundations 28%; Earth retention 11%; Grouting 11%; Post-tension systems 14%; Marine 2%; Instrumentation and monitoring 1%
  - Industry trends are favourable to Keller: Urbanisation/large scale development, Brownfield/marginal land, Infrastructure renewal, Complete Solutions, Technical complexity
  - We are the leading consolidator in the industry – more than 24 acquisitions since 2000
  - Strong safety focus, AFR 0.07 in 2021
  - Keller supports the UN Global Compact and aims to adhere to its 10 principles in the areas of anticorruption, environment, human rights and labour

# Investor Relations contact



**Caroline Crampton**  
**Group Head of Investor Relations**

+44 20 7616 7575

[caroline.crampton@keller.com](mailto:caroline.crampton@keller.com)