

Keller Group plc

Interim Management Statement

Keller Group plc (“Keller” or “the Group”), the international ground engineering specialist, today issues an Interim Management Statement, covering the period from 1 July 2014 to 16 November 2014.

Overview of Markets

In North America, which accounts for about half of the Group’s revenue, the US construction market continues to increase steadily whilst in Canada we have seen no improvement in investment in the resources markets which underpin much of that country’s economy. European markets as a whole remain difficult with few signs of improvement, whilst early signs of a recovery in the commercial and infrastructure sectors in Australia have dissipated in recent months. Our Asian construction markets are generally busy. The Board’s expectation of the Group’s results for the full year remains in line with current market expectations.

Trading

Overall trading for the Group in the four months to the end of October has been in line with expectations, with both revenue and operating profit ahead of the comparable period in 2013.

After a strong first half for contract awards, order intake has been somewhat slower in recent months and the value of the like-for-like order book at the end of October, for work to be executed over the next 12 months, is slightly behind the same time last year.

Financial Position

There has been no material change in the financial position of the Group since the announcement on 4 August 2014 of the Group’s results for the half-year ended 30 June 2014.

In early October, the Group successfully secured US\$125m of seven and ten year debt in the US private placement market on attractive terms. US\$50m of this was drawn down on 9 October and was used to repay a maturing tranche of US private placement debt and the balance will be taken out on 16 December.

Exceptional item – contract dispute

On 30 July 2014, the Group announced an exceptional charge in relation to a contract dispute in the UK, expected to be around £30m. Despite extensive efforts by senior management to actively progress matters in the resulting litigation, there have been no material developments. The Group continues to manage this matter closely and will update the market as appropriate.

Divisional Review

North America

The improving US construction market continues to contribute to a strong performance from the Group's US businesses. Year to date revenue and profits are ahead of the comparable period last year in all of our US businesses and, at the end of October, the order book was close to record levels.

Due to current market conditions, however, margins in Canada remain under pressure. Since the half year, we have further reduced overhead costs at Keller Canada and successfully merged Geo-Foundations, a business based in Ontario acquired at the beginning of 2013, with Keller Canada's Toronto business.

Europe, Middle East and Africa (EMEA)

Conditions in our European construction markets remain challenging. Whilst there are signs of improvement in the construction markets in the UK and Poland, these are not replicated elsewhere. Overall, however, the results of our businesses in Europe remain ahead of last year, demonstrating the benefits of the Group's business improvement measures.

Franki Africa is performing in line with expectations and we see strong medium term prospects for the business. The Middle East has some good opportunities, but remains very competitive. We continue our prudent expansion in Latin America, with Brazil the key focus.

Asia

Our businesses in Asia are performing well. Trading in Singapore is on track whilst the recent acquisition of the Anshah business in Malaysia has offered a number of new opportunities. The trading environment remains challenging in India, but we have started to see some signs of improvement in both the construction market and our business.

Australia

The piling contract for the on-shore LNG processing plant at Wheatstone in Western Australia is now virtually complete. At around A\$220m, the contract is Keller's largest ever and the excellent progress to date is testament to the Group's ability to harness its resources to undertake large and complex projects. The order intake in Australia has slowed significantly since July, as a result of which we have initiated a number of cost saving measures. Whilst we are now expecting a difficult first half in 2015, there remain a number of major prospects in the latter part of the year and into 2016.

Summary

Justin Atkinson, CEO of Keller, said, "We continue to expect the Group's results for the full year to be in line with current market expectations. Looking ahead, conditions in our largest market, the US, are encouraging and, across the Group, there are a number of exciting and large projects at various stages in the bidding process".

Keller will publish a pre-close full year statement on 19 December 2014 and announce its preliminary full year results on 2 March 2015.

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Cautionary Statement

This announcement contains forward looking statements which are made in good faith based on the information available at the time of its approval. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a number of risks and uncertainties that are inherent in any forward looking statement which could cause actual results to differ materially from those currently anticipated. Nothing in this document should be regarded as a profits forecast.

Notes to Editors

Keller is the world's largest independent ground engineering specialist, providing technically advanced and cost-effective foundation solutions to the construction industry. With annual revenue of £1.6bn, Keller has approximately 9,000 staff world-wide.

Keller is the clear market leader in North America, Australia and Southern Africa; it has prime positions in most established European markets; and a strong profile in many developing markets.