Keller Group 2026 Interim Results

Good morning, everybody, and welcome to the presentation of Keller's half-year results for 2026. I'm James Roath, and I'm the chief executive. Before I get on to the main business of the day, very sadly, since our full-year results, you'll know that my predecessor, Michael Speakman, sadly passed away at Easter.

And I wanted to take this opportunity to pay a final tribute to him. The results that you see today and many of the themes that come out in terms of just how great a business Keller is lead directly from Mike's work with the management team. And the changes that were made in the last five or six years have been fundamental, in my belief, to how Keller has performed.

So very sad. The business will always remember Mike, but he did an absolutely superb job with Keller. So on with the presentation for today.

Firstly, the cautionary statements, which I'm sure is a slide that you're all very familiar with. For our agenda this morning, I'm gonna take you through a snapshot of our results before handing over to David Burke, our CFO, who'll take you through the financials in more detail. I'm then gonna return to give you some greater colour around our divisions, a view of the outlook, and a reminder of our strategy.

As I think you'll all know, we're gonna be holding a capital markets day on the 14th of October, and there we'll cover our strategy and growth plans in a lot more detail. And then finally, we're gonna finish with a Q&A. So a very brief results summary.

The Keller Group continues to deliver record financial performance, with H1 2026 being no exception. In fact, 2026 is on course to be the group's fourth record year in a row. Revenues are up 11% overall due to significant increases in both North America and APAC.

EMEA is holding steady despite the Middle East conflict and a tough Q1 due to the winter weather. Operating margin was also up on 2025, leading to an impressive 17% increase in underlying operating profit. Overall, H1 is a good demonstration of our geographic and sector agnosticism, where we've pivoted to key growth markets and high demand subsectors to drive top line growth whilst continuing to maintain our margin discipline.

I'm now gonna hand over to David for a more comprehensive overview of this excellent financial performance. Stop coughing. Thank you, James.

And good morning, everybody. Welcome to another excellent reporting period. The key highlight for the first six months is again the power of our portfolio.

North America, after going backwards in 2025, is powering forwards. Whilst EMEA is down on revenue, it is picking up on profit, and APAC is up on revenue but flat on profit. This slide shows nine of our most prominent financial KPIs and the performance of H1 2026 compared to H1 2025.

Included in the appendix is a slide in a similar format that tracks these KPIs over the last four full years to 2025. For H1 2026, the picture remains very healthy. With the underlying fundamentals of the business continuing the upward trajectory we've demonstrated over recent years.

The most striking feature is the level of growth momentum with all KPIs improving against last year at quite a healthy clip. So let's look at some detail. This slide sets out the underlying P&L for the half year.

Looking at revenue, we have excellent revenue growth of 11% on a constant currency basis against a market backdrop that hasn't exactly been stable. In the box on the right, you can see North America is the driver, albeit APAC is also growing from a smaller base, given the buoyant foundations markets in Australia. EMEA is down, but driven particularly by bad weather in Q1, fewer major projects and less revenue coming through from the Trigena project in 2026.

Our underlying operating profit increased by 17.1% on a constant currency basis and we increased the margin rate to 7.3%. This again demonstrates the resilience of our portfolio where weaker pockets are offset by areas of strength. I will bridge that operating profit performance in the next slide. Net finance costs are slightly reduced given we have been net cash for most of H1 and the USPP cost is static.

Taxation is at an effective rate of 23%, similar to last year. The underlying earnings per share has increased by 22%, driven by the improved underlying profitability and the impact of the share buyback. The board has agreed an interim dividend of 28.7 pence, an increase of 57%.

This increase is driven by our revised policy announced in March to be in the range of 2.5 to 3.5 times for the full year dividend and assumes we will be at three times cover for the full year with 35% paid at the interim. We will now move on to the operating profit bridge slide. Moving from left to right, starting with half year 2025, underlying operating profit of 102.6 million.

There is an FX impact of 1.9 million due to the dollar weakness against sterling compared to half year 2025. Coming to the North America division first, which is up 14.1 million versus H1 last year. This is an 18% increase in a market where not everything is trending in an upward direction.

The principal driver is the foundation's business with data centre and infrastructure sectors driving this phenomenal growth. However, within foundations block, we've had challenges with the Miami residential markets, seeing weakness with projects shifting to the right. This Miami business within foundations had been defying the broader residential trend for a number of years.

However, concern over interest rates and broader macro uncertainty seem to have made developers more tentative. We hope this is a pause rather than a downward trend. Some courses up on a low 2025 base.

This is the local team squeezing profitability out of what continues to be a sluggish residential market generally. The combined more trench recon business is down after a strong last year. Recon has performed well executing a sizable LNG project, but the main client for more trench continues to limit investment given the impact the Iran war is having on its input costs.

Now turning to Europe and Middle East where operating profit was up 4.2 million despite the reduction in revenue. The Middle East defied the market backdrop with improved volumes and profitability despite a temporary pause due to the Iran war. This is predominantly driven by the UAE with strong volumes and a change order on the Trigena project also helping.

Elsewhere, the market sluggishness of Europe continues. However, the team continue to execute well, increasing profitability and retaining a decent margin level. The exited businesses delta relates to the Mauritius and Seychelles business we exited and represents losses not repeating.

We call out the UK separately given the challenges in the market with high levels of competition and a low level of opportunities giving rise to pricing pressure. In the APAC division, Austral continues to perform strongly offset by the Australia Foundation business which is up on revenue which reduced profitability due to Queensland weather, the impact of project settlements in 25 not repeating and price pressure as the business transitions between transport and new operations. We also see opportunities in energy data centres and defence.

Moving to the next slide, I'll cover off non-underlying items. The analysis box shows the items that make up the 5.4 million split between cash and non-cash items. We continue to invest in the ERP programme and are getting close with the final build.

We are entering into a phase of extensive acceptance testing that will lead to the pilot in Canada in early 2027 followed by the subsequent rollout across the globe. The restructuring costs relates to the group's finance transformation programme which is now focused on North America. I'll now move on to talk about cash.

Cash generation does tend to skew towards the second half of the year with historic H1 levels being much lower and 2026 will be no exception. Whilst free cash flow has marginally increased, the conversion rate has reduced driven by increased working capital and capex levels as the business grows. This is offset by a lower tax spend due to the change in the rules in respect of US R&D deductions in 2025.

Below free cash flow, the major increases are driven by the return of cash to shareholders with the increased dividend and increased level of share buybacks at the half year. At the half year, we are at 32.4 million through the 100 million buyback with the balance being what was left of 50 million buyback in 2025 being purchased in 2026. In the bottom right, we highlight the reconciliation to net debt on an IAS 17 covenant basis to 15.9 million.

This slide shows the monthly profile of net cash stroke debt. You can see for the majority of H1 2026, we were net cash with the final dividend payout in June pushing us to net debt. We expect the profile for the remainder of this year to be pretty similar to 2025 and hitting circa 30 million net cash level after the impact of the share buyback by the year end.

Our funding facilities are in a comfortable position from a quantum and tenor perspective. We have headroom of circa 655 million. This is a very resilient position and along with our cash generating capacity gives us confidence as we look to the future at organic and inorganic opportunities.

It is worth reiterating our margin performance and our confidence in sustaining margins above 7%. This is underpinned by the portfolio resilience referred to earlier, and our continued focus and discipline and control in our bidding and execution activities. This is a snapshot of our order book with growth in North America, including the I-40 project driving the 20% increase.

We have called out the I-40 project separately due to its scale and multi-year duration, which will underpin future years revenue rather than the current year. James will talk more about the divisional movement later. Finally for me, a slide on capital allocation.

We remain committed to this framework that we laid out in March. So no change here other than the value of numbers for H1 2026. We continue to prioritise the business first through working capital and CapEx, then continuing the dividends and finally the balance between capital spent on M&A and further shareholder returns through share buybacks.

That's it for me. Thank you for your attention. I'll now pass you back to James who will take you through the operational review section.

Thanks, David. Our H1 2026 results demonstrate perfectly some of the key strengths of the group. Keller continues to showcase the power of our portfolio.

And these are a record set of results driven particularly by volumes of infrastructure and data centre work alongside superb Austral performance. But they do also come in the context of a slow South Florida market, one of our normally strongest performers. They come in the context of challenging volumes for more trench who had an excellent 2025.

And they come in the context of a thriving but highly competitive Australia foundations market. Keller's geographic portfolio aligned to our market leading portfolio of products and techniques that enable us to win both small and large jobs is proving again to be a winning combination. On top of this, the quality of our people is ensuring that margins are maintained despite teams being very busy.

Much of this is possible because the business has the scale to support itself where required and advancements in the last few years have transformed internal collaboration. I'm going to cover our USI 40 project shortly, which is a perfect example of how all this comes together to deliver fantastic results for customers and for Keller. Safety also remains a strength and as market leader Keller sets the standard in our industry.

However, we're not complacent and our forthcoming annual safety week is our opportunity to remind each other of this. Now I'd like to cover a bit of subsector analysis. We're going to cover more of this at the capital markets day, but I wanted to give a bit more colour at these results because I think it really illustrates the power of Keller's portfolio, our sector agnosticism and our ability to pivot to the latest mega trends.

This slide illustrates the top five subsectors for the group and for each of our three regions. The arrow denotes the trend versus H1 2025. Importantly, the top five represent less than 40% of group revenue.

And I think that illustrates the breadth of our subsector coverage. Aside from this, I'm sure nobody is surprised by the surge in data centres. They now represent the largest subsector for the whole group with 9% of group revenue compared with 3% in 2025.

Excluding Suncoast from the revenue numbers, they're more than 15% of our US revenue year to date. Data centres are also in second place in the APAC division driven by new buildings in Australia. While we do expect the data centre trend to continue, I also have great confidence in Keller's ability to pivot to whichever construction mega trends exist in our market.

Another notable trend on this slide relates to the decline in multifamily residential. Largely because of Miami, this held up in 2025, despite an overall tough US residential market. However, in 2026, as David just said, we've seen major developments delayed and the revenue in this subsector declining by approximately a third.

All other top five group sectors were up with mining in APAC particularly impressive due to Austral's strong performance. Now look at the regions in a little bit more detail. As David has already said, North America delivered a record first half performance with revenue up 16.7% to 984.4 million and operating profit up 17.7% to 93.8 million both at constant currency levels and margin steady at nine and a half percent.

Growth has been driven by underlying volumes across our foundations business, especially within data centres as we've just heard, but also in high value major infrastructure projects such as I-40, the Hudson River tunnels and the Second Avenue subway extension. Data centre demand is a true mega trend. We've done more of these projects in H1 of 2026 than we did in the whole of 2025.

Again, Keller's ability to pivot fast growth subsectors remains a key differentiator. The resultant standout contributions from our Southeast, our Central and North and our Canada business units through strong project execution and commercial management of the increased volumes more than offset Q1 weather disruption and the softer South Florida residential market. Again, as David said, Recon delivered a strong performance on a major Gulf Coast LNG project offsetting the softer more trench training.

The order book is also up strongly to 1.367.9 million reflecting our major infrastructure awards and in particular the I-40 highway remediation expansion. The data mega centre trend, sorry, the data centre mega trend continues representing just over 100 million pounds of our work in hand. And finally, Sunco stayed resilient despite weaker residential markets through diversification and disciplined cost management.

We are confident on the outlook for the remainder of 2026 in North America with that record work in hand and a healthy pipeline leaving us well positioned for continued profitable growth and strong cash generation in H2. And now a little more in depth look at I-40. So I-40 is the largest project by quite a distance in Keller's history.

The job is to reconstruct the highway from the Tennessee state line to North Carolina following significant damage caused by Hurricane Helene in 2024. The multiple complex techniques required illustrate both the enormous technical expertise that exists in our business and the ability to marshal the resources required to deliver at scale. I think Keller has been transformed in this respect over the past few years with the One Keller initiative, a major factor in bringing the full power of the business to opportunities.

This is a multi-year project involving a range of techniques critical to restoring to full operation a vital piece of American infrastructure. Moving on then to EME. Revenue in EME was down 5.2% to 396.1 million at constant currency level.

Strong Scandinavia volumes due to the Lulia project that we talked about at full year were offset by Q1 weather disruption and fewer large projects than in H1 of 2025. Underlying operating profit was up 28% to 19.2 million with margin improved to 4.8% from 3.6% driven by Middle East profit growth despite the conflict and also by strong European execution. The poor margin NEOM contract from 2025 has also not been repeated in 2026.

Overall, the Middle East has seen resilient trading and profit growth despite the ongoing conflict. We've prioritised staff safety throughout and a brief productivity dip in March has been offset by a strong start to the year and a solid Q2. As we look ahead, Western Europe remains subdued with government infrastructure and defence spend yet to materialise.

The UK market remains particularly challenging with volume and profits down. The order book is very healthy though and it's supported by smaller jobs such as the two residential projects I saw recently on a trip to Warsaw. These are very much the bread and butter of KELA, particularly in Europe.

Overall, the order book is up 16.5% to 396.7 million and we therefore expect continued improved trading in H2 supported by higher Q3 volumes and a very healthy tendering pipeline. Finally, in APAC, APAC revenue was up 22.8% to 227.5 million, driven by excellent momentum in Austral and record volumes at Keller Australia. Underlying operating profit was broadly flat at 13.8 million due to margin pressures in Keller Australia and the non-repeat of prior year project closure settlements.

Austral continues to thrive with revenue and profit both up. I witnessed firsthand earlier this year the impressive civil works this business does in the mining sector and tendering volumes for complex high value civil and nearshore marine projects for late 26 and 27 remain high. Indeed, we will be announcing today that Austral has won a project at Parker Point worth circa 90 million Australian dollars, which will go into our order book at the full year.

Keller Australia has record revenues on the back of strong public spending demand in areas such as hospitals and data centres, but profit has been impacted by pricing pressure as well as unusually severe Queensland weather. In Keller Asia, revenue and profit were broadly flat with India expected to see volume growth in H2 after a slow start and with investment expected in the market. Our Singapore business is benefiting from growing construction demand such as the new Terminal 5 at Changi Airport that I and our executive team visited back in March.

The team is confident of maintaining recent momentum despite the order book being 18.9% lower at 174.6 million. This is mainly due to a strong comparable period in 2025 where Austral won several major marine contracts. We still have solid work in hand, good pipeline visibility and supportive market conditions, and we expect the order book to pick up in H2 and it certainly helps with that recent win from Austral.

So the summary and outlook, beginning with our strategy for long-term value. Clearly we'll be using the Capital Markets Day to outline our strategic plans in much greater detail. The structure we will use is the same as I described for our 2025 four-year results.

I believe passionately that the power of Keller's geographic and product portfolio multiplied by the excellence of our people and their performance can deliver a highly attractive pipeline of opportunities. During the event, we'll use both Keller and market data to illustrate why this is the case and to be clear on our growth ambitions. We've continued to make progress on all of our 2026 priorities.

As David said, as an example, our new ERP will be ready for rollout at the start of 2027, beginning with Canada, and I've hired a new Chief People Officer, Matt Stripe, to bring real impetus to our talent agenda. But clearly much more to follow in October. Hope to see you all there.

For the summary and outlook, the record results I think largely speak for themselves. We've continued our focus on commercial discipline and operational execution and volumes clearly, particularly in the US, have been really strong. The H1 2026 results are a testament to this.

We've got strong momentum entering H2 with performance as ever weighted to the second half. We remain confident in achieving our recently upgraded FY26 market expectations. Data centres prove that the business can pivot to growth sectors, and we remain confident that this trend is going to continue for some time.

But even more so, we remain confident in Keller's ability to pivot to whichever construction megatrends exist in our markets at any given time. Our balance sheet remains very strong with the optionality to grow both organically and inorganically through bolt-on acquisitions. And I look forward to sharing much more of these plans with you in October at our Capital Markets Day.

And with that, we'll pass to a Q&A. Thank you. Thanks very much.

Thanks. Ainsley Lammin from Investec. I think I've just got three, please.

I wonder if you could just give a bit more colour on the kind of data centre megatrends you talk about in terms of where is that kind of all across the US, so we're at the very early stages of that. Do you expect that to get bigger and bigger over the next kind of 12, 18 months? Second question, maybe mainly on the US as well, just any comment around cost, inflation, whether cement, steel, our energy cost, or whether anything's changed on energy cost. And then third question, just on the EME margin, is that step up more of a function of kind of better execution of some of those bigger projects or is actually some structural improvement that we should expect to be sustained in that division? Thanks.

Shall I take the first one and you take the second too? Yeah, that's fine. So data centres are pretty much all over the US. There doesn't seem to be a particular trend and there doesn't seem to be a particular trend in terms of rural or urban either.

They pop up everywhere. We like them when they're in challenging geological conditions, because they require more of Keller's expertise to make them happen. And in terms of the cycle, I think we believe the projections and I think the number that I've heard quoted is $650 billion to be spent on data centres.

And I think we're still relatively early in that cycle. So all the noises at the moment coming out in the US or the trend will continue. Yeah, in terms of cost inflation, I mean, as we've always said in the past, we are a short order business.

So we get the opportunity to re-price if things do increase. And if we have longer term projects, then we always insist on some form of protection, whether it is an escalation clause or we'll price escalation into the job as well. So actually we're not seeing that much impact even with the fuel costs.

We did a bit of an exercise in the early part of the year to understand what the impact from the Iran war was. Actually it didn't turn out to be that material at all. So we feel reasonably comfortable with that.

EMI margin, I think it's a combination of a few things. I think one aspect is the fact that the Tajina project, which we provided for fully in 24 came through as revenue in 25 with no margin. So that's not repeating in 26.

So that gives the margin a bump. But also the fact that the UAE has had good volume through its business and at a reasonable margin rate that has helped as well. And I think the other aspect with the rest of the business is even though the market is sluggish, they are executing very well.

And you can see there's even a bump in profitability from the rest of the business, despite that the fact that the market isn't great. So there probably is a bit more to go on EMI margin, particularly if the market turns.

Clyde Lewis at Peel Hunt.

I think I've got about half a dozen, but I'll do half of them now and come back later. Canada, no mention at all on the North American slide. So it'd be interesting to get an update on where you are there and how that business is performing.

The second one on acquisitions. Is there anything in the pipeline at the moment? Are you getting close to anything? And has your, I suppose, geographical preferences changed at all? And the third one, I suppose, going back to Ainsley's question on data centres. It's missing from that top five list in Europe.

Is there nothing happening in European markets in terms of data centres? Or are you just not in that market at the moment? Sorry? I can do the Canada. You wanna do Canada, yeah. Yeah, I think Canada from a couple of years back has actually transformed its delivery.

It had a very good year in 20, in 25, and it continues to be. That's why it doesn't feature in that bridge slide is because it's had two good half years in a row. So there is a lot of infrastructure working on in Canada.

And we actually visited some sites in Toronto when we were there a couple of weeks back. Very solid performance in that business. Yeah, it was a really inspiring bit.

I mean, we have lots of young talent all around the world, but Canada in particular, we have some really talented engineers and they're working on big projects for the Toronto Metro. But good note, we'll bring it out a bit more in the capital markets day. From an M&A perspective, I think the first thing to say is, and I can't keep saying I'm new, right? I think that's just about run out.

But this has been my first 12 months with the business. And I think before doing any acquisitions, big or small, you want to take some time to just really understand where we're at. And also, as you've seen from the numbers, the organic growth is terrific.

So I think we can afford to be patient with M&A. I still believe, and we'll talk about it more at the capital markets day, I still believe that there are opportunities in certain geographies to accelerate our organic growth through using some bolt-on inorganic acquisitions. We do have a pipeline and we are actively looking at things, but I want to make sure that they really do make a difference to the business and don't disrupt that, the fantastic momentum that we've currently got.

Data centres, that's a very good challenge. And again, I think that's something that we can pick up in the capital markets. We just aren't seeing the same level of opportunities in Europe for Keller as we are in Australia or in the US.

I honestly don't know to what degree that's to do with how many are being built versus Keller's market positioning. I suspect less are being built, but we'll pick that up and provide a bit more analysis at the capital markets day.

Morning, Ben Barrow, RBC.

First one just on the order book. You've called out that the duration has extended. Is that just the I40 piece or is there anything else to that? And can you also chat through the current visibility the group has? Within that second question, early days, but thoughts on growth heading into 27, is there any early indication there, particularly in North America? Third, just on the group as it stands today, I think the narrative has been that you're content with the areas that you are for now, but from a divestment perspective, is there anything that could be done there to further streamline the group? Thanks.

Do you want me to do the order book? Sure. Yeah, so yeah, I think we are at pains to say the I40 project, whilst it will chew through a good piece of that 380 million of that signed up contract in 26, there's an equal spread into 27 and 28. And I think other than that, the nature of the order book remains pretty similar.

In terms of visibility, we do tend to chew through two thirds of the order book in six months and then the balance gets made up by stuff that comes in and goes out during that reporting period. We don't see any change in that, but from a momentum perspective, we are seeing good tendering levels that continues and we've no reason to believe that things are gonna drop off as we go into 2027. In terms of growth, I'm gonna completely duck under that bouncer.

We'll tell you that at the capital markets day. We know how enthusiastically the market is waiting to hear some of those thoughts on growth. And from a group perspective, I'm really happy with where we are.

I mean, from a geographic perspective, David alongside Mike have, in my view, done a terrific job of focussing us in on the markets where we can really make a difference, get paid, collect the cash and contract sensibly. I'm happy with our geographic splits. And from a business perspective, I mean, yes, more trench as an example has had a bit of a difficult year because of the Middle East conflict, but it had an amazing 2025.

And Austral goes from strength to strength and recon's having a very good 2026. So I think there's enough diversity without it being too much, right? Diversity in the portfolio. So I'm pretty happy with where we are.

Yeah, and you'll have seen in EMEA where we drop out of say sales and Mauritius, we continue to look at areas like that. There's not too much left in terms of small areas to drop off. But yeah, we continue to look at it, but I don't think there's anything material left.

And the model, the way that the model has been set up, we're still able, particularly in Europe, we're still able to pivot to countries where there are opportunities with customers that particularly want us to go there. So as an example, we've done a job recently in Iceland. We don't have a branch in Iceland.

We don't have a team in Iceland, but it was a particular customer that wanted us to support them. So our Nordics team supported in Iceland. So within the model we have, we can do that, but I don't think we need to go around putting any more flags in countries.

Hey guys, I'm Jamie Murray from Bank of America. T

wo questions from me. First one is what are the key bottlenecks that you're seeing especially in North America where the opportunity is clearly vast and how are you managing that? And then secondly, just another step at the order book, clearly 1.9 billion is an unbelievable record that you guys achieved.

How much of that is gonna be executed in the next six months versus beyond? So in terms of bottlenecks, look, it's always the same in this business, it's people. And it's to a degree, it's the operational executional people, depending on what the job is. Sometimes the rig operators can be very specialist and there's a pinch point there.

Superintendents, the sort of site supervisors is always an area where there's quite a battle for talent in the industry. And then even though there's a good pipeline of engineers coming out of particularly US universities, there's still quite some work to do to get those people in and to get them trained up and to get the right experience. So when I referenced earlier about our new CPO, that's part of having a, Keller does a good job at it at the moment, but I think we can do better in terms of planning that talent pipeline and planning those investments in people.

So we'll be doing more of that. Kit's not a problem, particularly in the US, you can rent kit and rent equipment. So in terms of what we're doing about it, it is keeping up with that organic piece.

This isn't a business where I could just go out and tell the team to recruit another thousand people so that we can do more work. But I'm not even sure we'd necessarily want to, right? We want to grow cautiously with the volume that's there. And then in terms of the order book, as David said, we burned through, you should sort of take I-40 out, which we've publicly disclosed what I-40, the value of I-40 and then assume that the rest of it is relatively normal profile, which is that we burned through about two thirds in the first six months.

We actually burned through around 35 to 40% in the first three months, which I think one of the things when we talk in these results presentations, we like to talk a lot about the big jobs, right? Because the big jobs are the exciting ones. They're the ones that sort of capture people's imagination. But the reality is that Keller's average size job is somewhere between half a million and a million quid.

So we are still, it's why I said in the presentation, the jobs I saw in Warsaw, they are very much the bread and butter of what Keller does. So 35, 40% being burned inside the first three months shows you how quickly that order book turns. And historically, we'd have somewhere between 10 and 20%, 10 and 15 maybe, that is more than 12 months.

That's the bit that I-40 will skew. We'll have a bit more in that pot because it goes into 27 and even into 2028. So I would take off I-40 and then assume that our normal profile exists.

Even with that Austral job that I mentioned a minute ago, you know, that's a decent sized job, but that's Austral already exist in those numbers I just quoted and they do tend to have, they're one of the ones that has a longer burn because they're bigger contracts with large organisations. But the second half of-

Clyde from Peel Hunt - Second half, part two, is the tough ones. Probably one for David, did I miss the figure that you've got left to spend on the ERP programme? Apologies if I did, but if not, could you let us know what that is? Second one around working capital.

How should we think about the dynamics around inflows, outflows, probably outflows as the business grows going forward? So it'd be useful to get an update on that. Have you got any material claim settlements to come in the second half of the year? So I suspect those are all yours, David. And the final one's probably for James around.

The US businesses, I mean, we were talking about outsized performing, probably about as well as it's ever done. You've made it into a proper holistic unit. Is there anything you can take from that and apply it to Europe and Australia in particular? I suppose I'm thinking about that.

And you just haven't had a chance yet to do it. Okay, let me pick up. You didn't miss the number in terms of ERP because I didn't mention it.

Yeah, and I think as I said, where we are with it is we're pretty close with the final build and doing extensive acceptance testing at this time, which we continue to run for the rest of the year. And then the plan is to launch in Canada now. And I think we've got to come to a choice as to how quickly we then roll it out.

And I think that will drive a cost element. And I think we've got to make a choice around that because we could do simultaneous rollouts in different parts of the world, or we could just sequentially do it, which would be a lower cost but longer time. We do think there is significant benefit for us in terms of getting it in as quickly as possible.

So I think the ultimate cost associated with the ERP is still something that we need to have that conversation about how we go about the final rollout. And a lot of the work that we'll do in Canada in the first three months in terms of testing that system and process will drive that decision. Working capital, yeah, I think you're absolutely right in terms of, I would link it to the growth of the business.

And you'll see that there has been an outflow in the first half compared to this time. Last year, I think the I-40 has a bit of an impact because there is inventory on that. There's quite a high material content and that has bumped our inventory cost up.

But yeah, I use the normal metrics in terms of linking it to the growth of the business. Material claim settlements in the second half, I don't expect anything. I mean, there is, we do have a claims register and frankly, nothing is in that register that will, I don't think will lend from a material perspective in the second half.

Never say never, and we've had situations where clients do go, okay, let's settle, but there's nothing in the forecast in that respect. And then your question about US performance is a great question. So I would say that One Keller, Mike and David's One Keller programme has been pretty universally successful.

So I think some of the history that existed in the US also existed in Europe with different regions and countries not particularly working very well together. And that's not what I see now. There's a very collaborative approach.

Of course, the one advantage that the US has that I'd like Europe to have more of is scale. And so we're massive in the US and we have a good number of people and therefore I think that drives an overall higher capability. So some more scale in Europe would be good.

I think in Australia, yes, there are also opportunities, but we're already on the road with that because Keller Australia and Austral work a lot more together than I think they have done in the past. We've seen quite a lot of bids recently. So though Austral is more of a civils business, more of almost a general contractor, and they're experts in particularly in nearshore marining, nearshore marine, there are elements where Keller Australia can come in and work with them.

So we're seeing quite a bit more of that. And then I think the final opportunity for us is really, and this is mostly to do with how busy they are rather than how willing they are, but there is such capability in our US business that I think they can help the other regions a bit more with some of the things we do. And in fact, we've started a little bit of that in APAC where there've been some US defence opportunities in certain parts of the world that are in that region.

And we've seen more partnering up between the US business and our other regions to drive opportunity. Yeah, just to, I think there is a bit of a difference, a structural difference between North America and Europe as well in terms of the regulatory environment. One regulatory environment in the US.

So that's one factor, I think, because you have different regulations in France and Germany. You can't move a driller from France to Germany very easily. He's got to have German papers in order to do that.

So that's one difference. And then I think the level of vertical integration as well as a bit of a factor in terms of pricing. Not much vertical integration in the US and a lot of it in Europe, which makes things very, very competitive.

We've just got three questions have come in on the webcast to finish off the Q&A. The first one is from Bruno Berry from West Yorkshire Pension Fund. And he's asked, the UK is a relatively small part within Keller.

Any thoughts about the prospect for this market? Level of competition or M&A opportunities? And then two final questions have come in from Rob Chantry at Berenberg. Could you give us some more colour on the economic characteristics of data centres just in terms of resources needed, timings, length of bidding? And then the final question, having been involved in the I-40 project, has that opened up any broader scope for major projects, deals in terms of bidding capability, technical capability and just understanding of the process around major projects in the US?

Yeah, so I think if we start with the UK, look, we're domiciled in the UK, right? And it's a difficult market for everybody. And the vertical integration that David's just described is probably the UK has got some of the most of it in the world.

But it is an important market because of where we are. And where we're domiciled. But I think we see there remain opportunities in the UK, particularly at the more ground improvement end of things rather than the straight foundations.

So we're committed to the market and we see those opportunities. And sooner or later, we believe that the UK market will turn and that there will be investments in infrastructure. So it's worth waiting for that.

In terms of the data centres, so we talked at full year about the number of jobs we've done and how much revenue is, and it's quite easy to remember because it was basically 100 jobs for 100 million of revenue. So even I can work out the math for the average size of the job is. I think we've seen a slight uptick this year.

I think the average size of the job has come from a million, sort of a million and a half. I think that's skewed by one or two projects where they've been a bit more complex. But in general, the thing to remember about what we do as a business is that what is being built is not the differentiating factor for the size of the job for us.

The differentiating factor is the geology, is what we're building or the ground that we're preparing. So a warehouse or a data centre can have a completely different bill for improvement ground engineering in one geography versus another geography. And that's got nothing to do with what's being built on them.

And the same applies just in case there's a follow-up question, which is around margin. Margins are not dictated by the subsector. Margins are much more about what technique are we applying to the job and how complex is it? And therefore, what is the range of competition that we would have for a particular job? But one thing I would say about data centres, which makes them particularly attractive for us, not universally, but in a lot of cases, schedule is incredibly important.

Everybody is in a real hurry to get these data centres put up. And when schedule becomes the most important thing to a client, and we have to balance resources to meet that schedule, you do tend to find that margins are a little higher. So it's not universally the case with data centres, but I would say schedule being important is more prevalent in data centres than it is perhaps in other subsectors.

And then lastly, on I-40, look, we already do a lot with roads. That's why we've got that job, because we have a lot of knowledge of it. I do think it demonstrates Keller's ability to do really big jobs.

And I think that pre-1 Keller, Keller probably couldn't have done the I-40 job. It probably would have been too big. But now that we have an organisation that has all the different branches and the different regions work very collaboratively with each other, we're able to share resources and meet the demands of a large project like that.

That'll definitely be useful for us in terms of referencing, I'm sure, because we'll get positive reputation from doing something like I-40. Important to say, though, that that doesn't mean that we go to a strategy of wanting, you know, that bigger is better. Because as I said earlier, Keller bread and butter is those smaller jobs, and the smaller jobs drive the utilisation of our people and the utilisation of our kit.

So whilst we want larger jobs, we wouldn't want to only be a large job business because that drives your productivity and your efficiency in too lumpy a way. So yes, great to have the reputation, great to have the opportunity to do more large projects, but definitely wouldn't want to just be a major project business. That wouldn't be a good route to go down.

Okay, well, I'm conscious that this is a very busy week for reporting, so let you all go. Thank you very much for joining us today. We're obviously delighted with our excellent performance in the first half.

Hopefully it's come across how much we think it reflects the strength of our geographic diversification and just our sector agnostic. Keller is supported, of course, by the brilliant people that we have out in the business. And as I've said a few times and ducked a few questions, we look forward to discussing our strategy in more detail at the Capital Markets Day in October, on the afternoon of the 14th of October in this very building, James.

Thank you very much. Thanks a lot.