Keller Group plc

Interim Results

Half year ended June 2011

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Highlights

- Results in line with expectations at the time of the IMS in May
- Revenue up by 10%
- Profitability impacted by floods in Australia and geopolitical issues in the Middle East and North Africa
- Revenue from Australia and developing markets up by 23% to £216.0m, continuing the success of our strategy of geographic diversification
- Net debt of £127.8m (2010: £121.5m); gearing of 39% (2010: 40%)
- Interim dividend maintained at 7.6p per share
- Order book 14% ahead of this time last year

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Group Income Statement

£m	H1 2011	H1 2010	% change	FY 2010
Revenue	**545.5**	496.9	+10%	1,068.9
EBITDA	**27.9**	33.4	-16%	85.0
Operating profit*	**6.4**	13.7	- 53%	43.3
Net finance costs	(3.0)	(2.4)		(3.7)
Profit before tax*	**3.4**	11.3	-70%	39.6
Tax	(0.9)	(3.2)		(11.0)
Profit after tax*	**2.5**	8.1	-69%	28.6

Revenue up 10% on a constant currency basis
- up 7% ex acquisitions

Average exchange rates
- US$1.62 (H1 2010: $1.53)
- €1.15 (H1 2010: €1.15)
- A$1.56 (H1 2010: $1.71)

Effective tax rate 27%
- H1 2010: 28%
- FY 2010: 28%

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*before 2010 goodwill impairment

Group Income Statement (continued)

£m	H1 2011	H1 2010	% change	FY 2010
Profit after tax*	**2.5**	8.1	-69%	28.6
Goodwill impairment (post tax)	-	-		(17.1)
	2.5	8.1		11.5
Minority interests	0.5	(0.1)		(0.3)
Attributable to shareholders	**3.0**	8.0		11.2
Earnings per share before goodwill impairment	**4.6p**	12.5p	-63%	44.0p
Earnings per share	4.6p	12.5p	-63%	17.3p
Dividends per share	**7.6p**	7.6p	0%	22.8p

Minority interest mainly Spain, Saudi Arabia and Algeria

Interim dividend maintained

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*before 2010 goodwill impairment

Operating Profit and Margin

£m	H1 2011 Revenue	H1 2011 Op Profit	H1 2011 Margin	H1 2010 Revenue	H1 2010 Op Profit	H1 2010 Margin
UK	22.7	(2.0)	(8.7)%	28.1	(0.1)	(0.4)%
US	207.9	(1.8)	(0.9)%	198.0	(1.0)	(0.5)%
CEMEA	207.2	8.5	4.1%	190.1	9.3	4.9%
Australia	107.7	3.5	3.3%	80.7	8.0	9.9%
	545.5	**8.2**	**1.5%**	496.9	16.2	3.3%
Central costs	-	(1.8)		-	(2.5)	
	545.5	**6.4**	**1.2%**	496.9	13.7	2.8%

Constant currency revenue up 10%
- UK: - 20%
- US: + 11%
- CEMEA: + 8%
- Australia + 22%

H1 2011 impacted by
- Australian floods
- disturbance in Middle East and North Africa
- estimated combined impact of circa £7m

Group Balance Sheet

£m	June 2011		June 2010		Dec 2010	
Goodwill/intangibles		107.2		128.0		106.8
Property/plant/equipment		270.2		261.3		275.0
		377.4		389.3		381.8
Inventories	39.2		37.8		32.9	
Receivables	360.5		313.6		334.6	
Payables	(263.7)		(248.5)		(260.8)	
Working capital		**136.0**		102.9		106.7
Capital employed		**513.4**		492.2		488.5
Retirement benefits		(20.8)		(19.0)		(20.1)
Tax		(4.4)		(9.2)		(9.3)
Other assets/liabilities		(33.9)		(36.5)		(34.3)
Net debt		(127.8)		(121.5)		(94.0)
Net assets		**326.5**		306.0		330.8

Comparisons impacted by exchange rates

Continued focus on cash collection and working capital

- receivables up by less than sales

Gearing of 39% (June 2010: 40%)

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Group Cash Flow Statement

£m	**H1 2011**	H1 2010	FY 2010
Cash from operating activities	**0.2**	15.0	70.3
Capex – net	(15.5)	(12.4)	(28.6)
Tax	(6.2)	(7.3)	(10.2)
Interest	(2.4)	(1.0)	(4.0)
Free cash flow	**(23.9)**	(5.7)	27.5
Dividends	(10.1)	(9.7)	(14.9)
Acquisitions	(0.2)	(22.2)	(23.4)
Other	-	(0.4)	(0.1)
Net cash flow	**(34.2)**	(38.0)	(10.9)
Opening net debt	(94.0)	(78.8)	(78.8)
Exchange movements	0.4	(4.7)	(4.3)
Closing net debt	**(127.8)**	(121.5)	(94.0)

Cash from operations includes normal seasonal working capital outflow

Last 12 months' cash from operations 70% of EBITDA (H1 2010: 113%)

Capex mainly in developing markets and Australia

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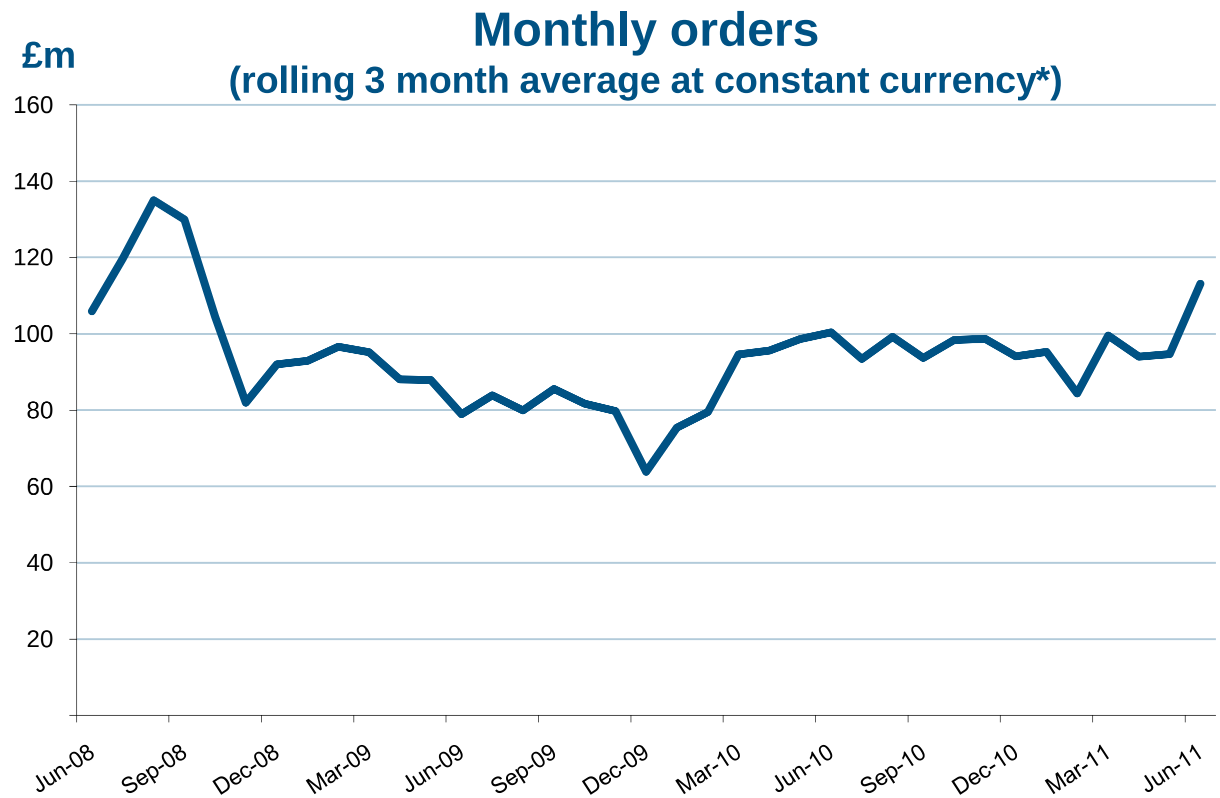
Group Financing Position

- Over £230m of committed facilities
  - £170m bank facility expiring April 2015
  - $100m US private placement
- $30m of US private placement expires in October 2011
  - $70m in 2014
- Comfortably within key financial covenants
- A further £47m of facilities held locally

Key Financial Covenants	
Test	Status*
Net debt < 3x EBITDA	1.9x
EBITDA interest cover > 4x	18x
Net assets > £200m	£317m

*Calculated on a covenant basis

Group Order Intake



2011 orders averaging £90m per month until June

- June boosted by two very large orders

Order book 14% up on last June at constant currency

*at current exchange rates

2011 Guidance

Trading

- Mature markets of US & Western Europe remain difficult with no easing of pressure on margins
- Better H2 prospects in developing markets and Australia
- H1 result materially impacted by external events
  - means 2011 profit much more second half weighted than normal

Financial

- Expected effective tax rate of 27%
- Capex broadly in line with depreciation

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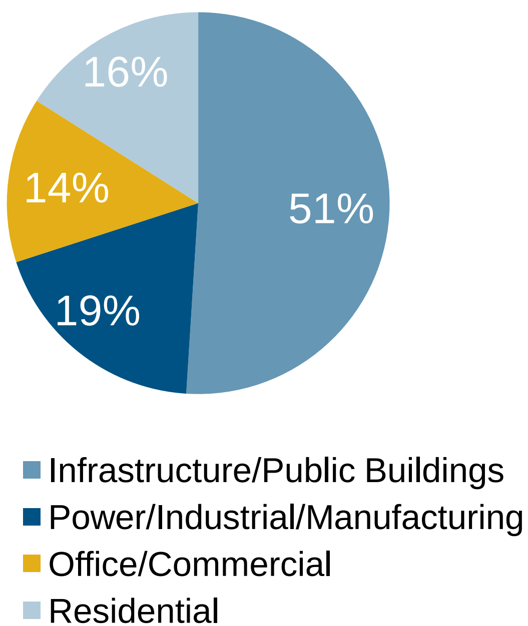
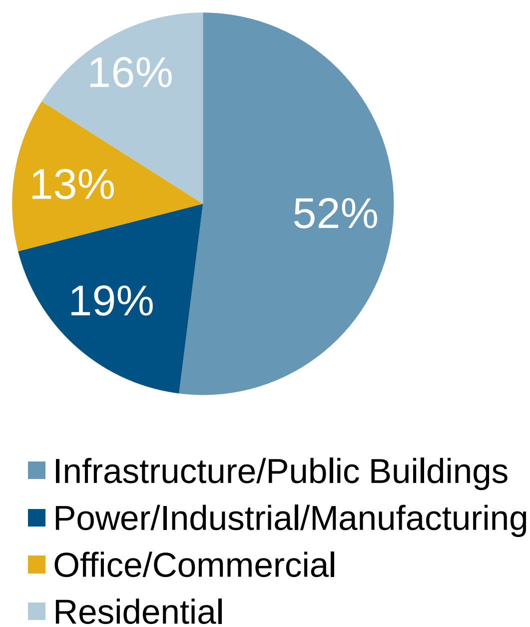
Group Revenue by End Market

H1 2011
Total revenue £546m



H1 2010
Total revenue £497m

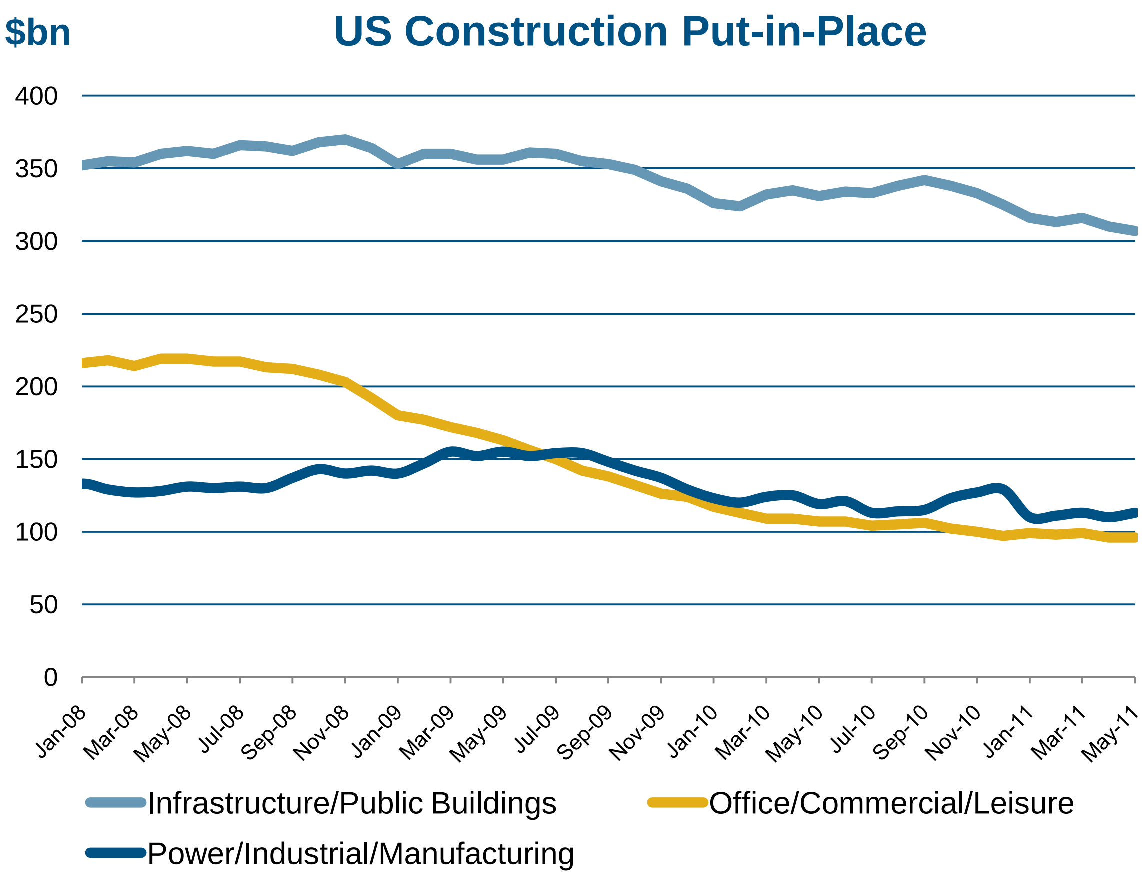


Keller operates across all sectors of the construction industry

Infrastructure/Public Buildings remains by far the largest sector

Split consistent year on year

US Non-residential Construction Market



Total US non-residential construction market down 6% year to date

Infrastructure/Public Buildings down 6%
- further fall following first annual decline in >20 years in 2010

Office/Commercial/Leisure down 12%
- down about 60% since peak

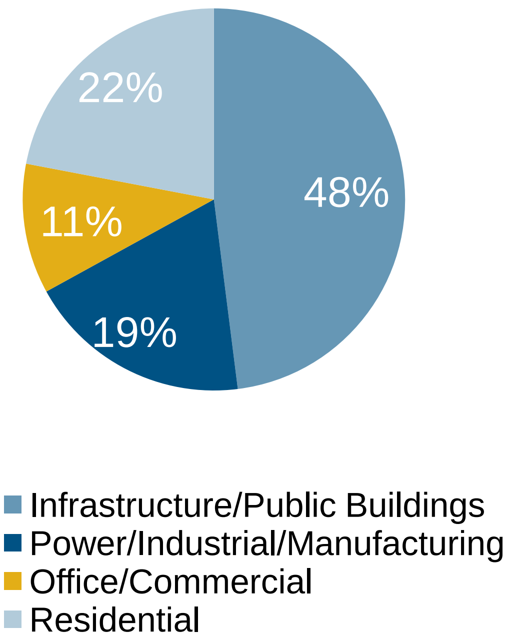
Power/Industrial/Manufacturing down 3%
- power up 11%

Source: US Census Bureau, July 2011

US Revenue by End Market

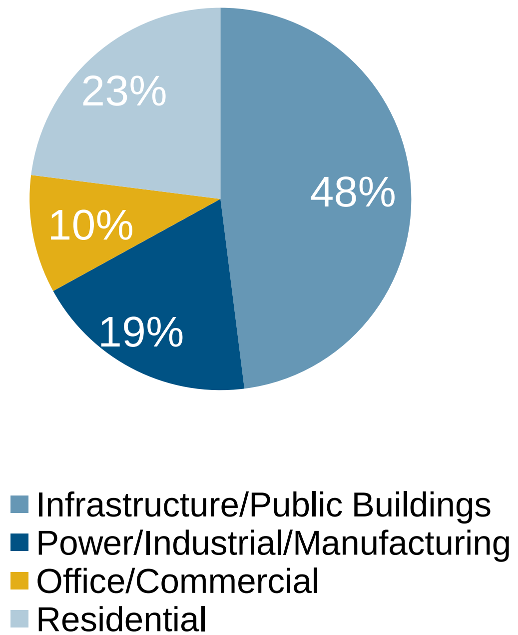
H1 2011

Total revenue $337m



H1 2010

Total revenue $303m



Infrastructure/Public Buildings the most important sector

Significant mix change in recent years

- Infrastructure/Public Buildings only 22% in 2007
- Commercial/Residential represented much higher proportions

US Foundations Highlights

Ground improvement for airline industrial facility

North Charleston, South Carolina

Good revenue growth in H1
- mainly attributable to Hayward Baker
- Texas market performing strongly

Over capacity remains an issue
- margins remain under pressure

Actions taken at Hayward Baker & McKinney
- change of management at underperforming HB western region
- review undertaken within McKinney business

Order book similar to last year
- now working on two large power projects

US Foundations Case Studies

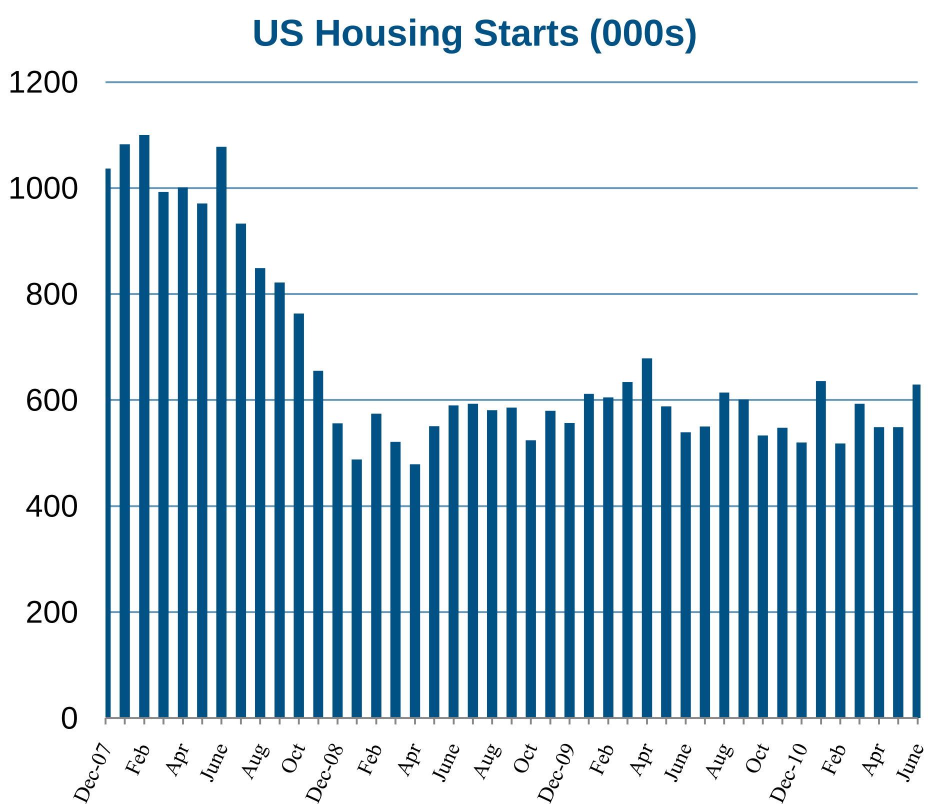
Bored piling at nuclear power plant

Augusta, Georgia

CFA piling at oil refinery

Whiting, Indiana

US Suncoast



US housing starts appear to have stabilised

- 500k – 600k range for 30 months
- April 2010 peak due to first time buyer tax credit
- June 2011 starts at 629k

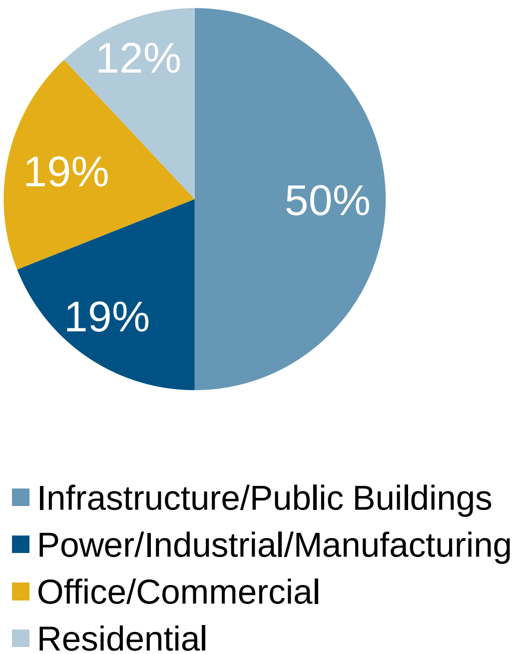
Overhang of foreclosed properties remains an issue

Significant reduction in loss position from last year

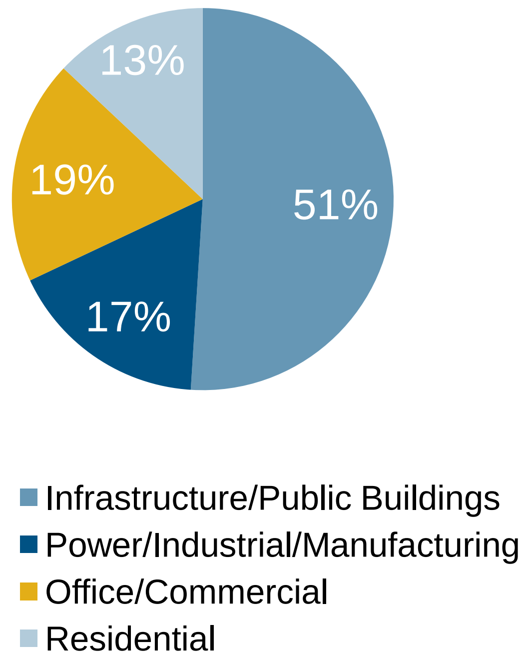
Source: US Census Bureau, Housing Starts

CEMEA[1] Revenue by End Market

H1 2011
Total revenue €238m



H1 2010
Total revenue €219m



No major movements in revenue by end markets

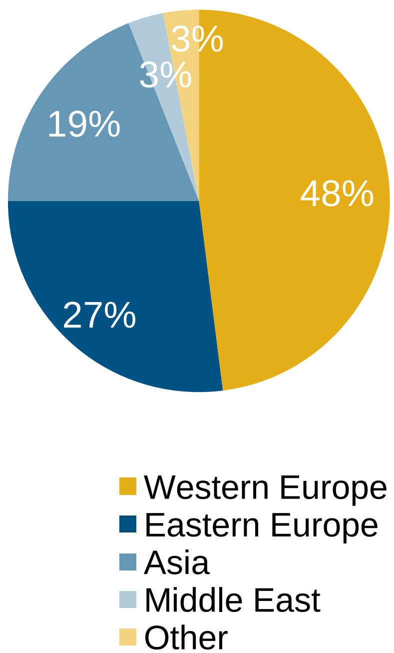
Infrastructure/Public Buildings segment remains the largest sector – up from 41% in H1 2009

Residential remains the smallest sector

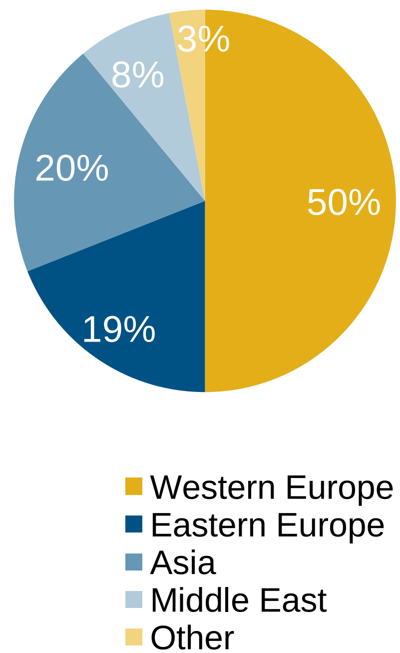
[1]CEMEA = Continental Europe, Middle East & Asia

CEMEA Revenue by Geography

H1 2011
Total revenue €238m



H1 2010
Total revenue €219m



CEMEA covers a wide range of geographies

Significant increase in Eastern Europe revenue

Western Europe now less than half of CEMEA revenue

Middle East now only 3% of CEMEA revenue

CEMEA Highlights

Bored piling for bridge

A1 motorway, Poland

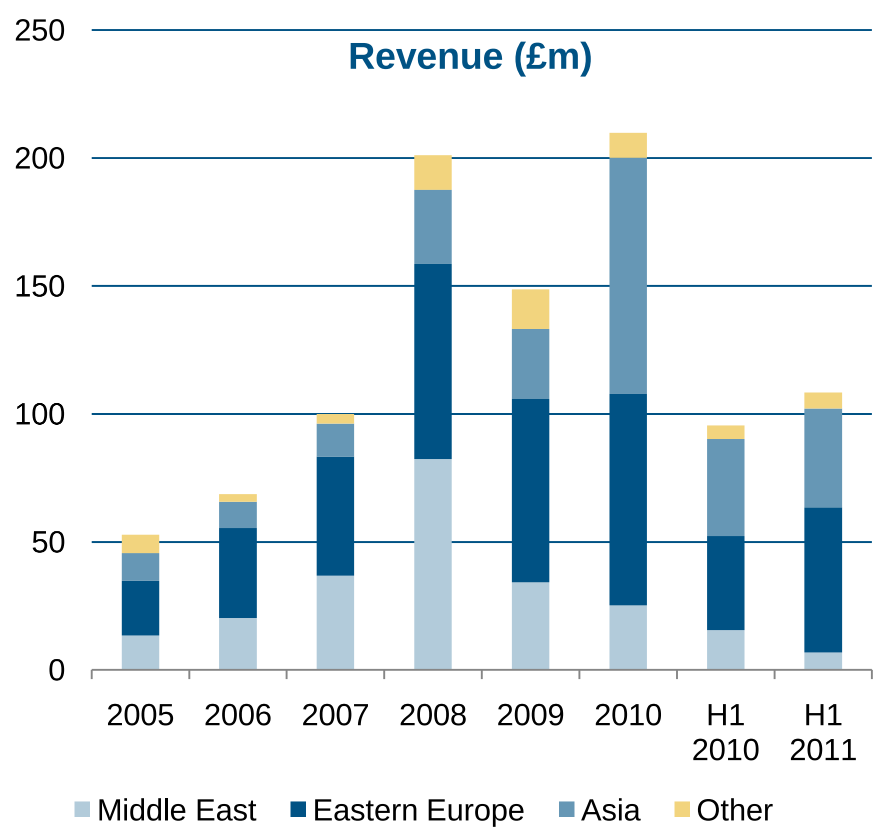
Record first-half revenue and operating profit from Poland
- infrastructure market remains strong

Good performance from our Asian operations
- careful targeting of jobs in India

Markets in Western Europe remain challenging
- France & Spain both profitable after actions taken in H2 2010
- Germany performed relatively well

Middle East & N Africa severely disrupted by geopolitical issues

Developing Markets Highlights



Continued progress in developing markets
- revenue up 4x to 2010
- revenue up 13% in H1

Poland represents over 75% of Eastern Europe

Further progress made in Asia
- opened up office in Hyderabad to extend geographical reach in India

Other represents North Africa and Brazil
- working on a significant industrial facility in Brazil

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Developing Markets Case Studies

Ground improvement for iron ore stockyard facility

Close to Rio de Janeiro, Brazil

Anchors for new metro

Bangalore, India

Australia Highlights

Ferry terminal reconstruction

Brisbane, Australia

Australian construction market moving at two speeds
- resource and related infrastructure market remains strong
- underlying market is relatively slow

Q1 results adversely affected by the flooding in Queensland
- Q2 results much better

Benefits now been seen from Waterway acquisition
- Waterway awarded large contract at LNG facility

Australia Highlights

- Geographical expansion from Australia
  - relevelling structures in Christchurch, New Zealand
  - Mobilising for LNG project in Papua New Guinea

- Excellent order book

- Several sizeable projects in the pipeline

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UK Highlights


Artist impression of new Victoria Station concourse

Victoria Station, London

Underlying market remains very difficult

Further restructuring undertaken combining yard facilities
- Q2 result showed an improvement on Q1 result

Award of significant grouting job for Victoria Station upgrade
- work will commence in late 2011

Outlook

- Little change in key construction markets since May IMS
  - US and Western Europe markets challenging but stable
  - Australia and developing markets offer good opportunities
- Intense competition in mature markets keeps pressure on margins
- Recent contract awards have increased order book by 14% on last year
- Much stronger second half expected
  - usual seasonal improvements
  - mobilisation on several large jobs

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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 around 40 countries**
  - clear market leader in US and Australia
  - well established businesses in most West European countries
  - growing in developing markets

- **Generally work as a subcontractor for main contractors**

- **Typical contracts are**
  - short duration and less than £500k
  - across the construction spectrum

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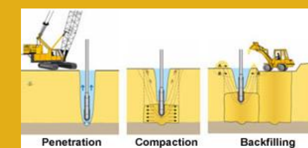
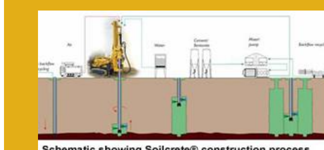
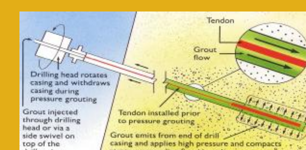
Ground Engineering Worldwide

Activities	% of 2010 revenue	Regions of use	Applications
Piling	41%	US/UK Eastern Europe Middle East & Asia Australia	Foundation support Earth retention
Ground improvement	20%	US/UK Continental Europe Middle East & Asia Australia	Foundation support Seismic risk protection
Speciality Grouting	17%	US/UK Continental Europe Asia Australia	Control of building settlement Groundwater control
Anchors, Nails, Minipiles	16%	US/UK Continental Europe Asia	Excavation support Slope protection Underpinning
Post-tension concrete	6%	US	Slab-on-grade foundations High rise structures







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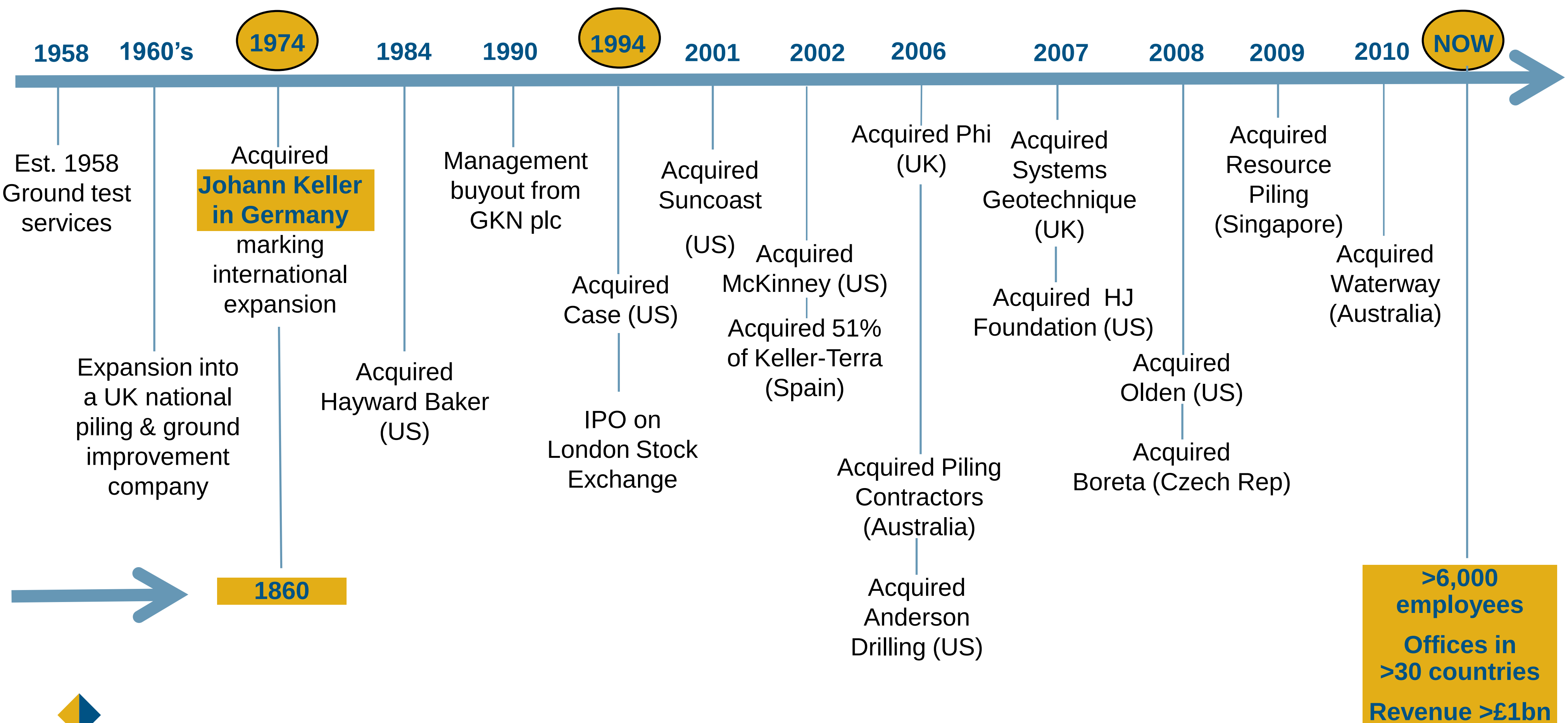
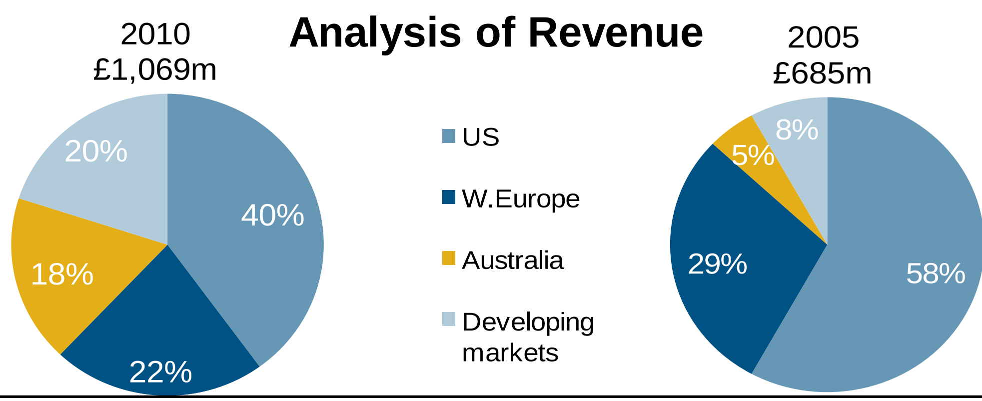
History of Keller



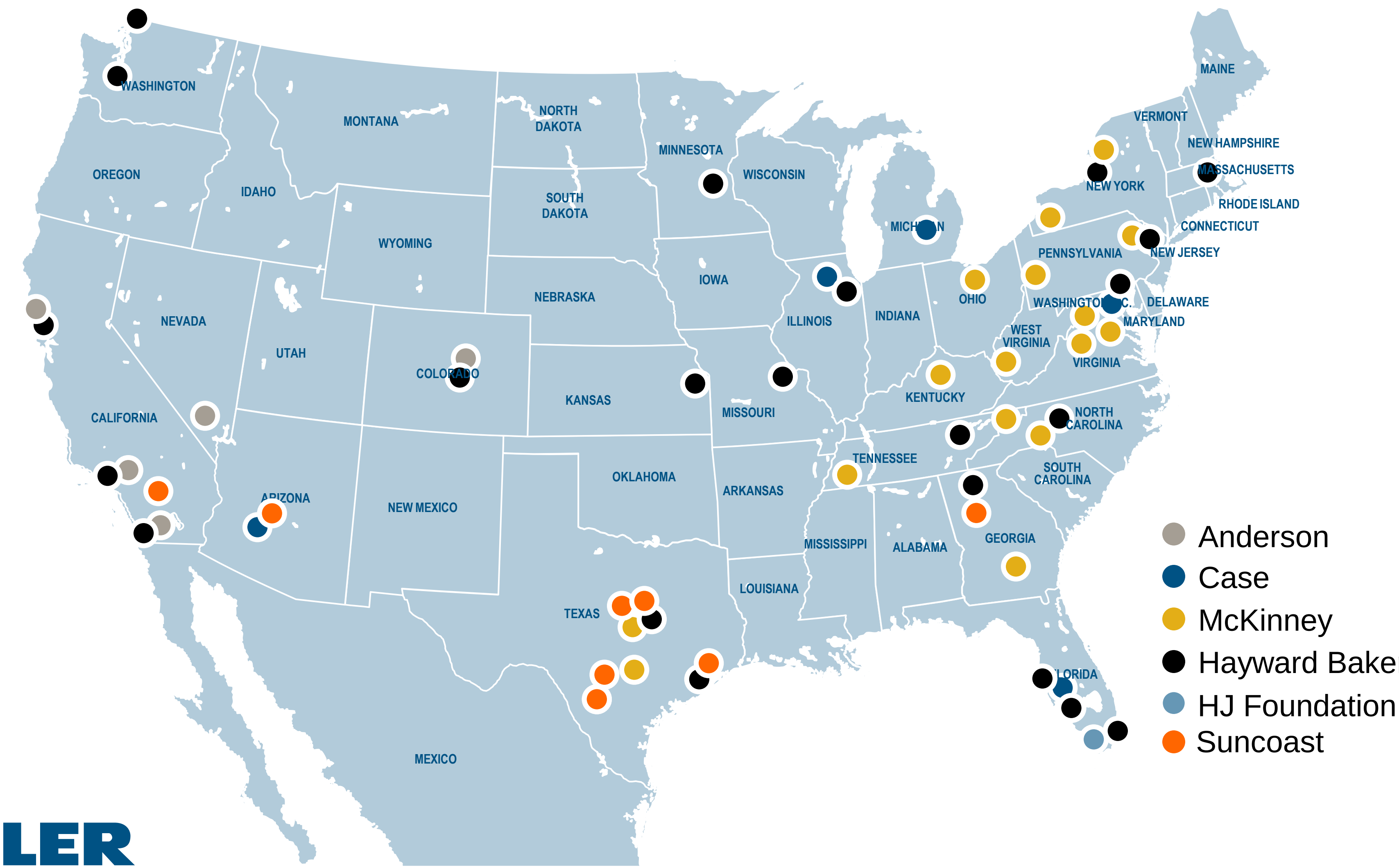
Only larger and most recent acquisitions shown

Strategy

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



US Geographic Coverage



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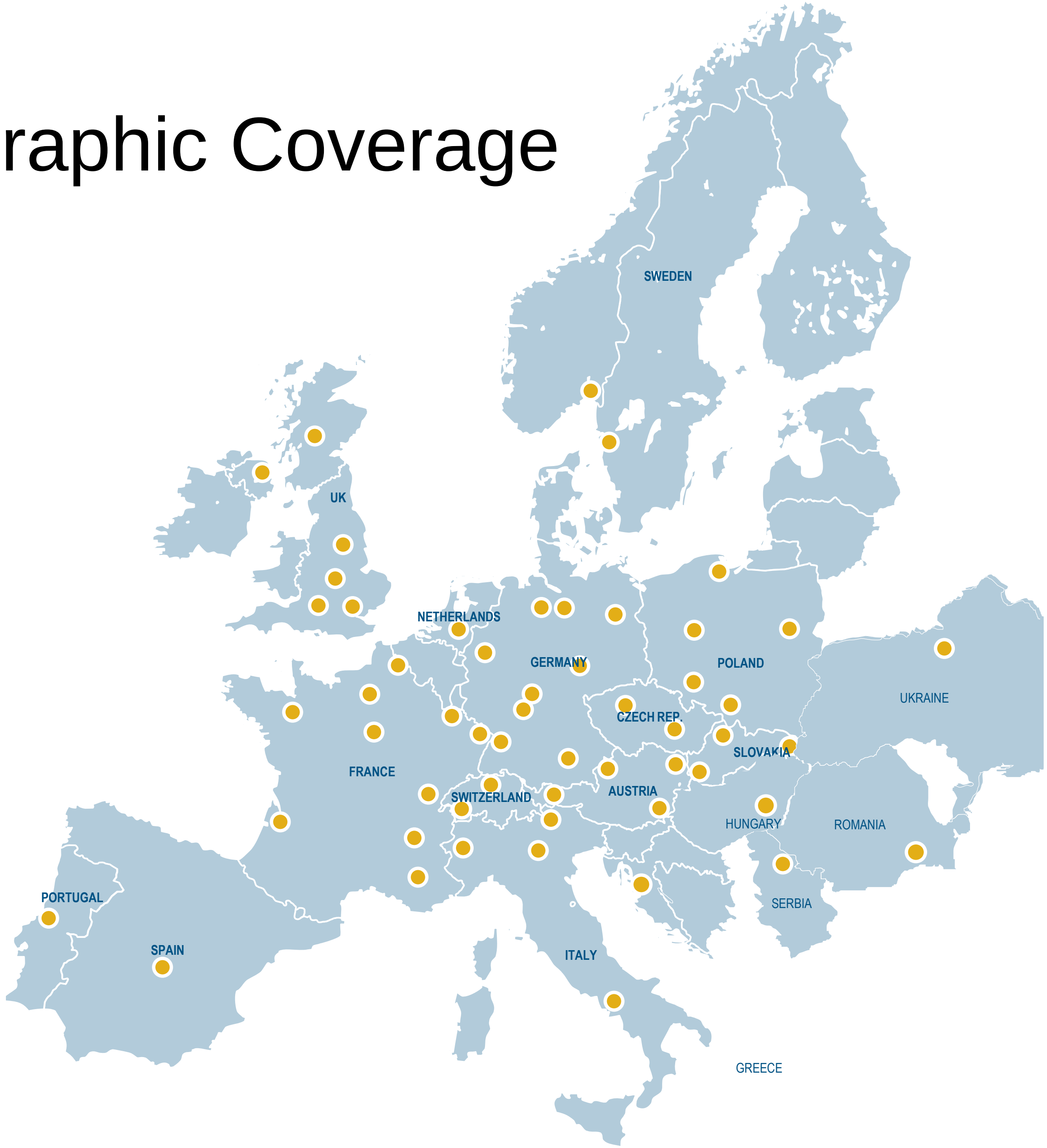
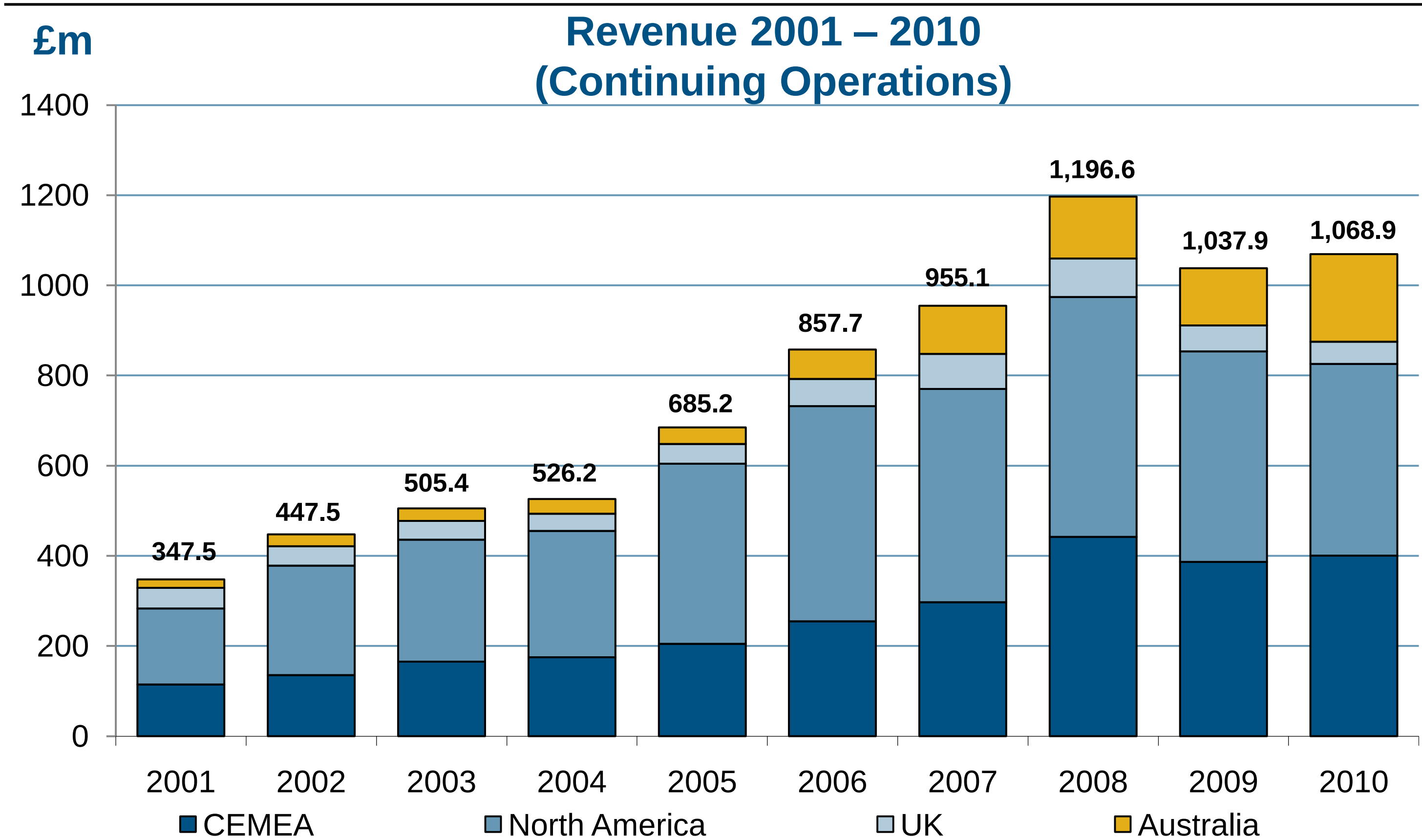
Europe Geographic Coverage

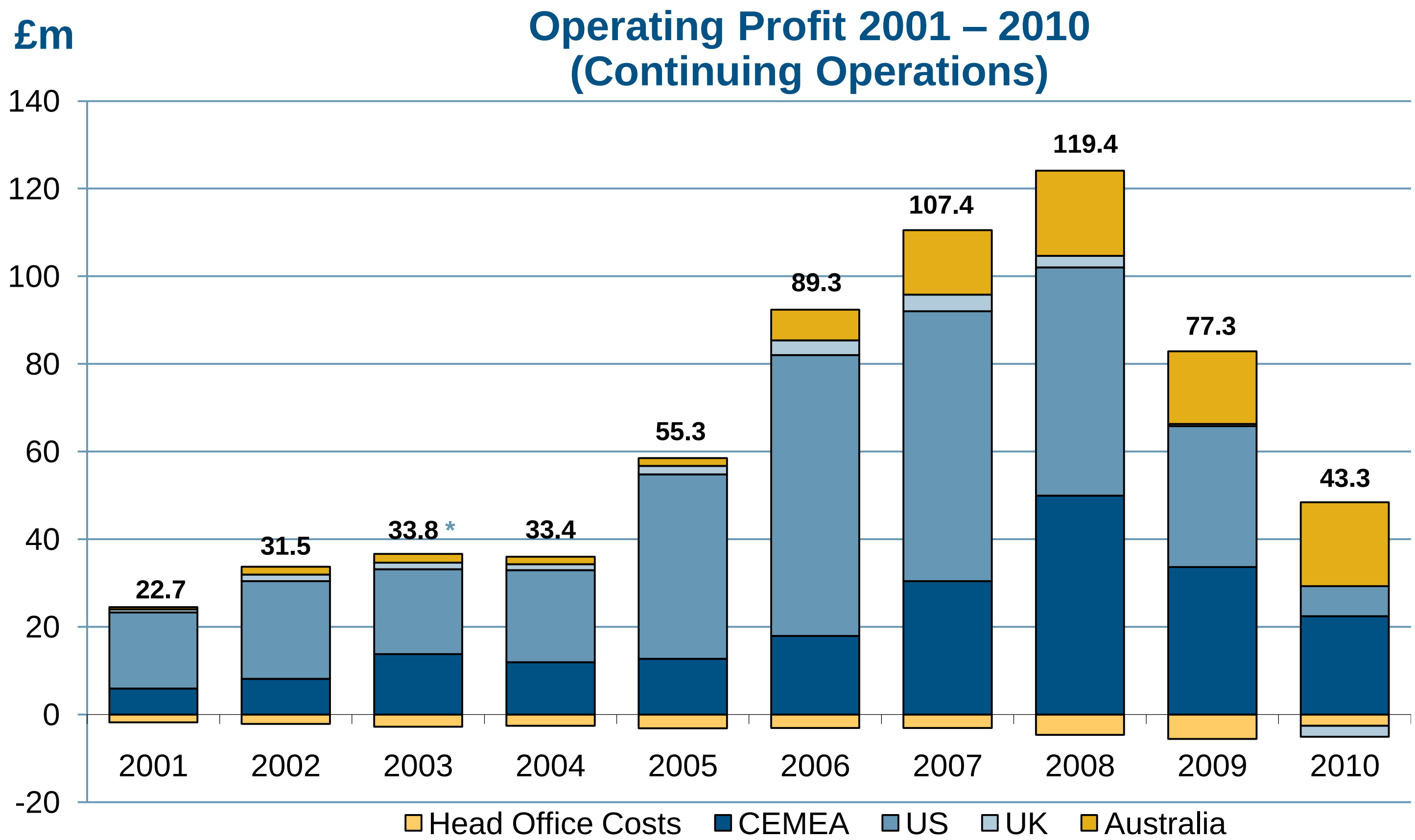


Ten Year Track Record



Compound annual growth rate of 13%

Ten Year Track Record

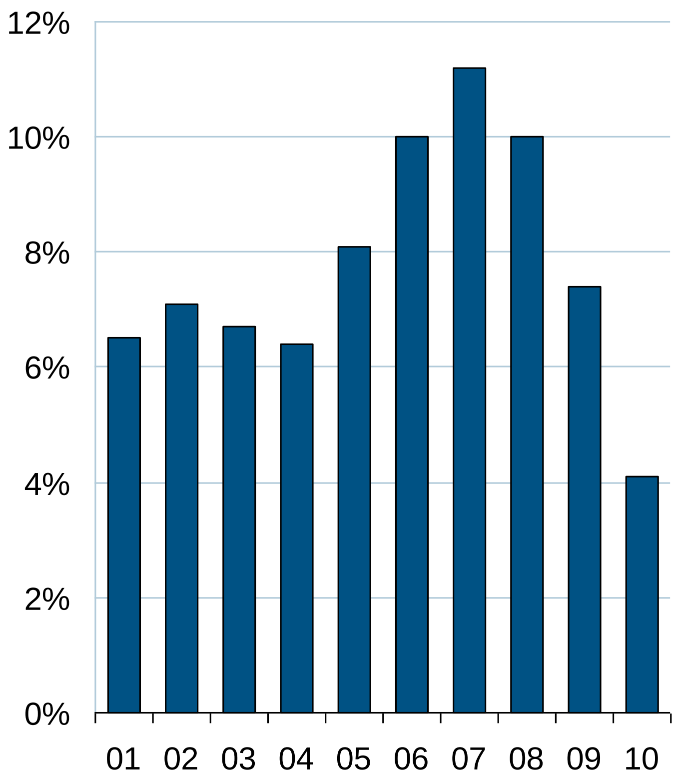


Compound annual growth of 8%

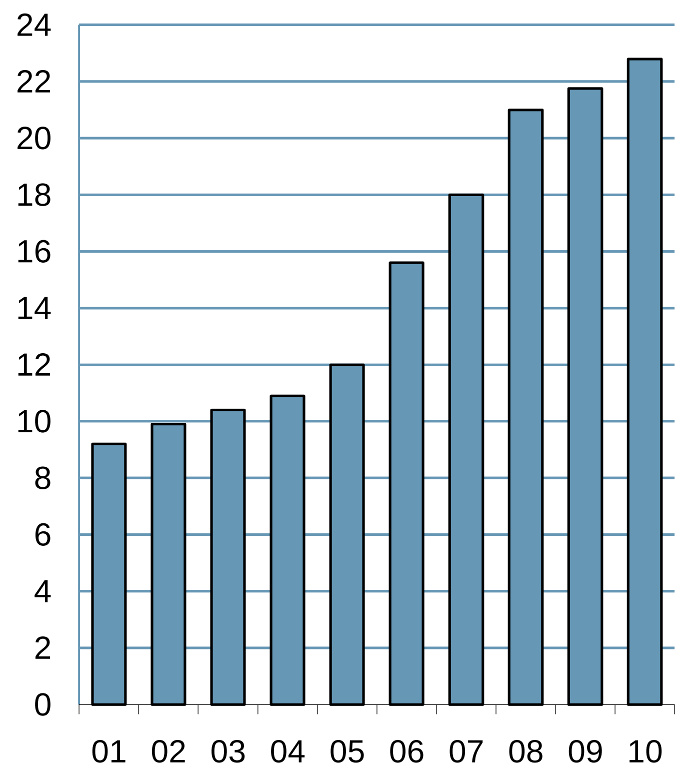
*pre-exceptionals

Financial Performance

Operating margin*



Dividend per share (pence)



Operating margin at historic low

Interim dividend maintained in 2011

*from continuing operations

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