



Interim results
Half year ended 30 June 2002

August 2002

Highlights

- ◆ Another record set of Keller results
 - ◆ PBT up 41%
 - ◆ EPS up 38%
- ◆ Strong cash generation and interest cover
- ◆ Continued strong performance from US Foundation businesses
- ◆ Positive result from Europe and Overseas
- ◆ Suncoast performing to expectations
- ◆ Continued bolt-on acquisitions programme
- ◆ Management strengthened to ensure further growth
- ◆ Strong order book and outlook



Contents

- ◆ Financial results
- ◆ Geographic and segmental review
- ◆ Recent bolt-on acquisitions
- ◆ Management and structure
- ◆ Business and strategy overview
- ◆ Current trading and outlook



Profit and Loss Account

£millions	Half Year 2002	Half Year 2001	% Change	Year to 2001
Turnover	250.5	189.2	+32	422.2
Operating profit pre-goodwill	13.8	9.0	+53	25.4
Operating profit post goodwill	12.2	8.7	+40	24.2
Interest	(1.8)	(0.5)		(1.8)
Profit before tax	10.4	8.2	+27	22.4
Taxation	(4.1)	(3.2)		(8.7)
Profit after tax	6.3	5.0	+26	13.7
Profit before tax pre-goodwill amortisation	12.0	8.5	+41	23.6
Earnings per share pre-goodwill amortisation	12.8p	9.3p	+38	25.8p
Dividend per share	3.3p	3.15p	+5	9.2p



- ◆ Suncoast acquisition plus strong organic growth
- ◆ Operating margins increased by 17% to 5.5%
- ◆ No effect of exchange rates
- ◆ Interest covered nearly 10x by EBITDA

Group Balance Sheet

£millions	At June 2002	At June 2001	At Dec 2001
Fixed assets			
Goodwill	58.4	12.0	60.6
Other intangibles	0.3	0.4	0.4
Investments in associates	1.4	-	-
Tangible assets	<u>61.6</u>	<u>52.6</u>	<u>59.2</u>
	121.7	65.0	120.2
Current assets			
Stocks	12.1	6.6	12.5
Debtors	124.8	105.9	120.3
Cash	<u>7.9</u>	<u>8.7</u>	<u>12.2</u>
	144.8	121.2	145.0
Creditors: due within one year	<u>(129.8)</u>	<u>(103.5)</u>	<u>(129.1)</u>
Net current assets	<u>15.0</u>	<u>17.7</u>	<u>15.9</u>
Total assets less current liabilities	136.7	82.7	136.1
Creditors: due after one year	(51.9)	(14.7)	(56.8)
Provisions for liabilities and charges	<u>(6.8)</u>	<u>(6.1)</u>	<u>(6.0)</u>
Net assets	<u>78.0</u>	<u>61.9</u>	<u>73.3</u>



- ◆ Net asset base up 26% on last June
- ◆ Net debt of £61.4 m

Group Cash Flow Statement

£millions	Half Year 2002	Half Year 2001	Year to 2001
Net cash inflow from operating activities	18.3	7.8	32.2
Returns on investment and servicing of finance	(2.2)	(0.5)	(3.3)
Taxation	(5.8)	(3.4)	(8.2)
Capital expenditure	(6.3)	(4.9)	(10.3)
Acquisitions and disposals	(0.6)	(0.6)	(67.3)
Equity dividends paid	(3.6)	(3.2)	(5.0)
Net cash outflow	(0.2)	(4.8)	(61.9)
Share issue proceeds	0.1	-	7.9
Other debt movements	1.9	(0.4)	0.4
Net debt brought forward	(63.2)	(9.6)	(9.6)
Net debt carried forward	(61.4)	(14.8)	(63.2)

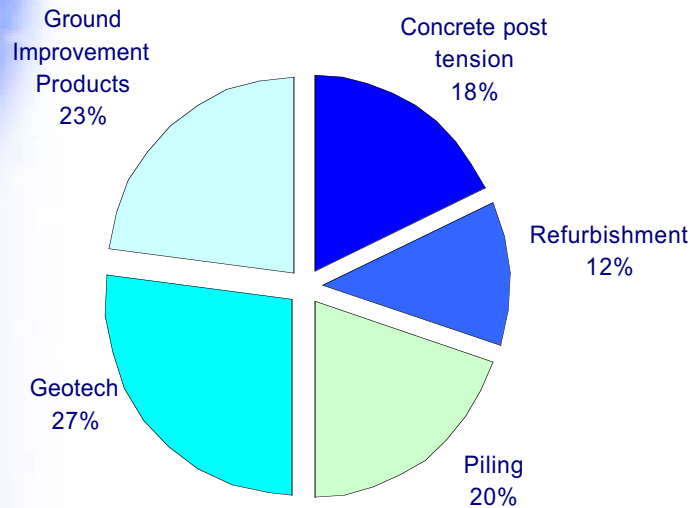


- ◆ Excellent operating cash flows
- ◆ Good cash flow in USA
- ◆ Capex remains 1.5 x depreciation

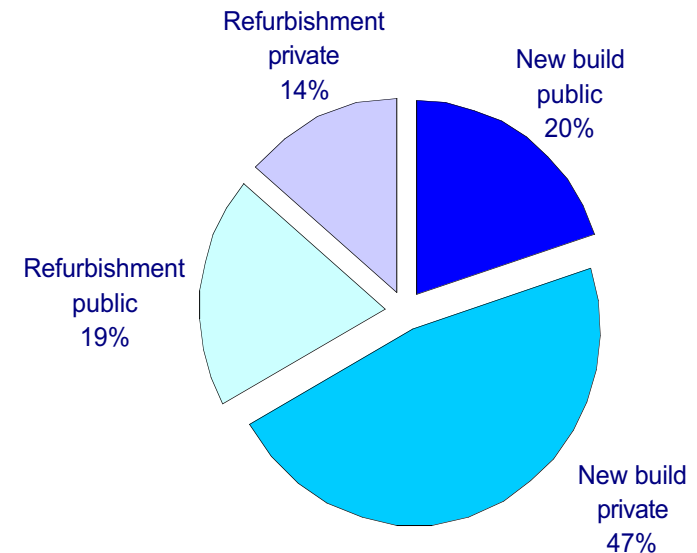
Product / Customer Analysis

Half Year 2002 Turnover

Products



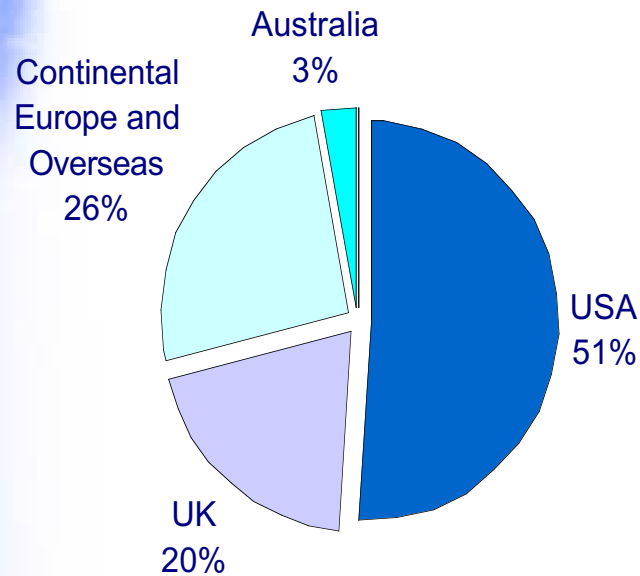
Customers



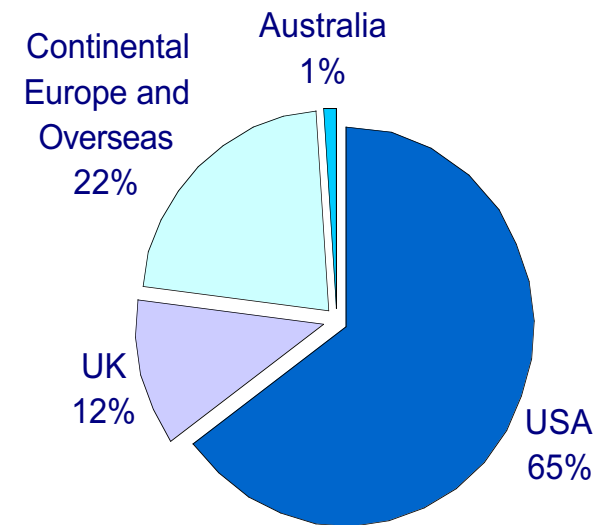
- ◆ Specialist services now 30% of the Group
- ◆ Spread of work minimises Keller's exposure to sector risks

Geographical Analysis

Half year 2002 Turnover



Half year 2002 Operating profit



- ◆ Strong US margins
- ◆ German sales 8% of Group



Segmental Analysis

£millions	Half Year 2002	Half Year 2001	% Change	Full Year 2001
<i>Sales</i>				
Foundation Services	173.8	162.2	+7	347.8
Specialist Services	76.7	27.0	+184	74.4
	<u>250.5</u>	<u>189.2</u>	+32	<u>422.2</u>
<i>Operating profit pre-goodwill</i>				
Foundation Services	10.6	9.1	+16	23.5
Specialist Services	4.4	0.8	+450	3.7
	<u>15.0</u>	<u>9.9</u>		<u>27.2</u>
Central Costs	(1.2)	(0.9)	+33	(1.8)
	<u>13.8</u>	<u>9.0</u>		<u>25.4</u>

- ◆ Profit increased in all Foundation businesses: excellent results
- ◆ Improvement in Makers margins
- ◆ Suncoast margins in line with expectations
- ◆ Increased central costs due to strengthened management



Recent Bolt-on Acquisitions

◆ **Vibropile (Australia)**

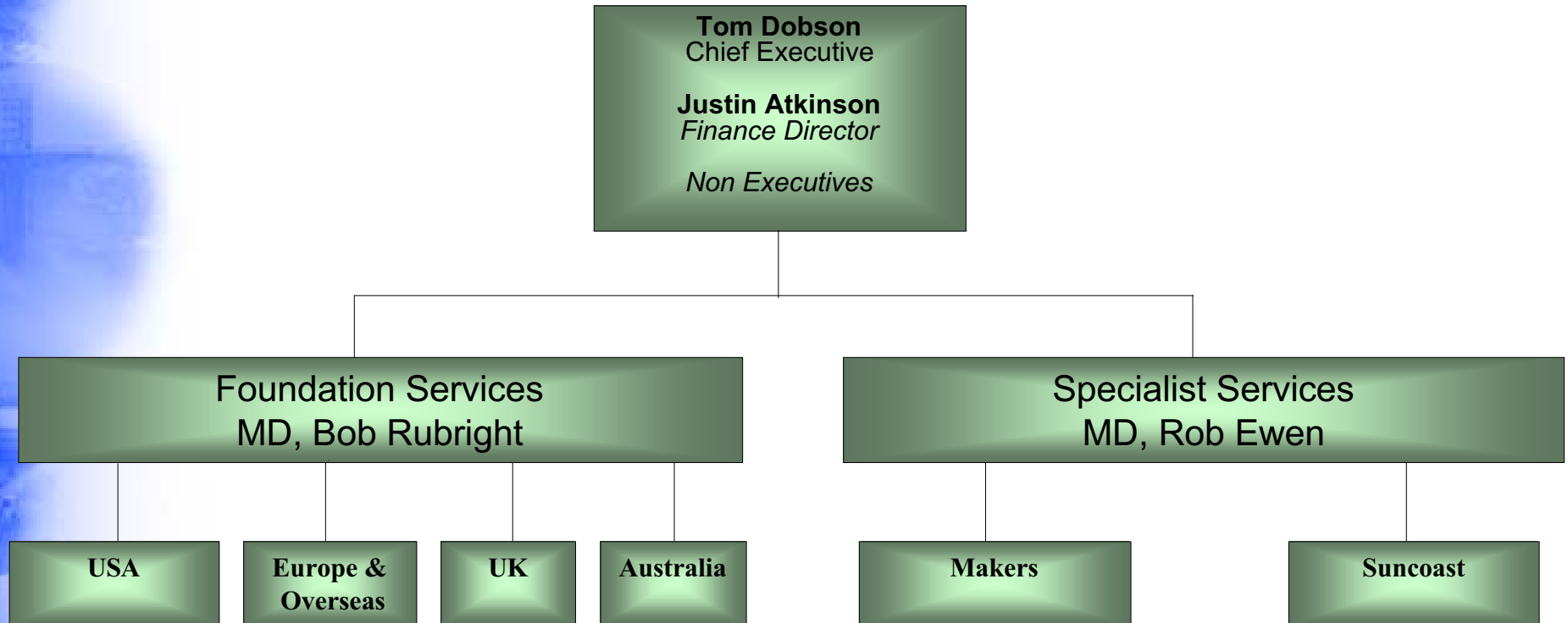
- ◆ Assets acquired August 2002 for cash consideration of AU\$5.3m (£1.9m)
- ◆ Sales of c.AU\$17.5m (£6.3m)
- ◆ Third largest general foundations contractor in Australia
- ◆ Consolidates our position as foundations market leader in Australia

◆ **Accrete (UK)**

- ◆ Acquired August 2002 for initial cash consideration of £3.0m
- ◆ Sales of c.£8m
- ◆ Specialist business servicing the UK water industry
- ◆ Enhances Makers' position as major partnering contractor in this sector



Structured for Growth.



Our strategic aim: to develop further global leadership in our core foundations business and to expand the range of specialist products and services we offer to the built environment



Foundation Services

A Different Kind of Construction Business

- ◆ Specialist equipment and people support niche position
- ◆ Regionalisation offers clients a local presence
- ◆ Predominance of small and medium - sized contracts spreads the risk and enhances margins
- ◆ Average time on site 4 to 6 weeks; at early contract stage
- ◆ No PFI; no UITF 34 accounting issues; good transparency



Foundation Services

◆ **Market growth**

- ◆ Increase in use of marginal land including brownfield sites
- ◆ Land reclamation
- ◆ Seismic design
- ◆ Environmental considerations

◆ **Market share**

- ◆ Fragmented market offers bolt-on opportunities
- ◆ Virtuous acquisition circle
- ◆ Continued sourcing and development of new systems and technologies
- ◆ Push into new territories



Specialist Services

Makers - Servicing the Built Environment

- ◆ Social housing
- ◆ Car parks
- ◆ Infrastructure
- ◆ Support services



Specialist Services

Makers - Servicing the Built Environment

◆ Market Growth

- ◆ Social housing – UK’s “Decent Homes” initiative: £19bn over 10 years
- ◆ Move to partnering
- ◆ Increased infrastructure and utilities spend
- ◆ Increased requirement for car parking

◆ Market Share

- ◆ Strong relationships with Local Authorities
- ◆ Strong customer care culture
- ◆ Best value initiatives
- ◆ Exploiting skills and relationships in parking structures
- ◆ Bolt-on acquisitions



Specialist Services

Suncoast - Technical Expertise in Reinforced Concrete

- ◆ Post-tension engineering design, fabrication, supply and installation
- ◆ Acquired October 2001
- ◆ Leading supplier to US housing (56%) and high-rise construction (24%), with a rebar design and supply offering (20%)
- ◆ US network of local offices
- ◆ Supplies 'slab-on-grade' (SOG) foundations to c.85k homes, representing >5% of total US housing starts



Specialist Services

Suncoast - Technical Expertise in Reinforced Concrete

- ◆ **Performance since acquisition in line with expectations**
- ◆ **Market Growth**
 - ◆ Market demographics
 - ◆ New geographic markets
 - ◆ Additional products
- ◆ **Market Share**
 - ◆ Further market penetration
 - ◆ SOG
 - ◆ High rise
 - ◆ Bolt-on acquisitions
 - ◆ New markets
 - ◆ Commercial
 - ◆ Industrial



Current Trading and Prospects

- ◆ Current order book 13% ahead of last year's exceptional level, on a like-for-like basis, of which most is expected to be completed this year
- ◆ Tender levels continue to be high
- ◆ US construction market remains strong
- ◆ Good organic growth opportunities within Makers and Suncoast
- ◆ Prospects for the year are good



Summary

- ◆ Strong set of results
- ◆ Excellent track record
- ◆ Industry leading margins
- ◆ Strong operating cash flows
- ◆ Clear growth strategy focusing on two distinct profit streams
 - ◆ Foundation Services – a different kind of construction business
 - ◆ Specialist Services – exciting organic growth opportunities
- ◆ Continued growth underpinned by robust, visible earnings





Interim results
Half year ended 30 June 2002

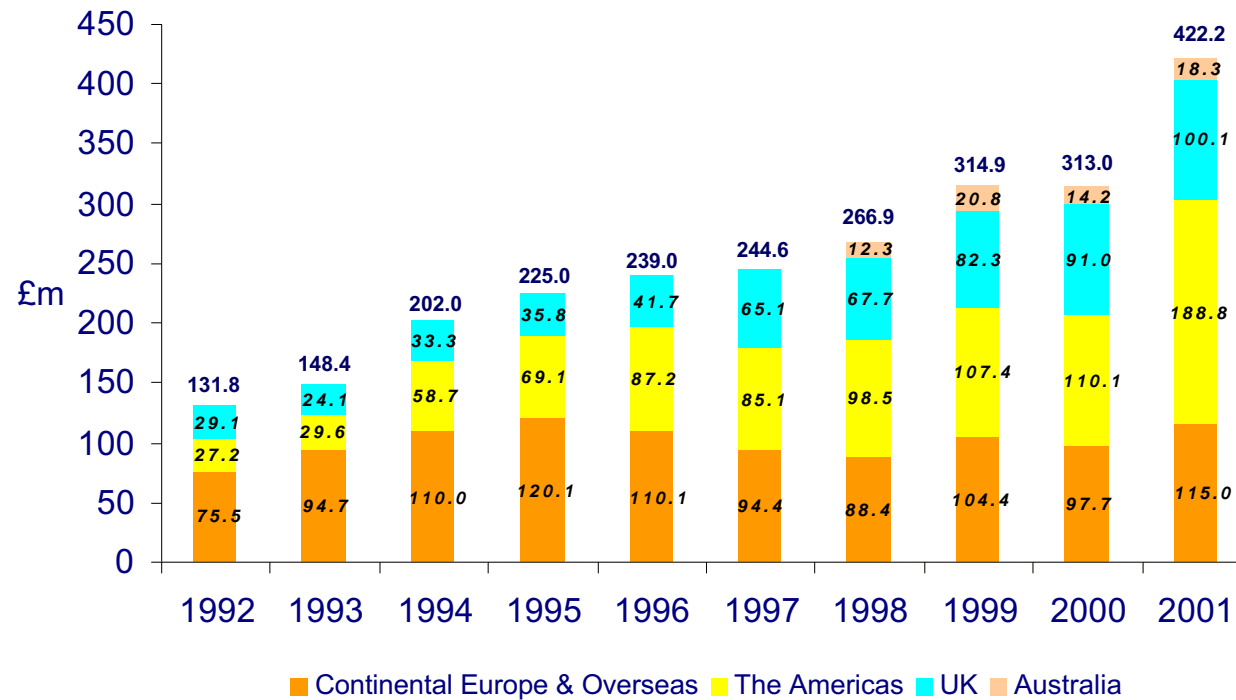
August 2002

Appendix



Ten year track record

Turnover 1992 - 2001

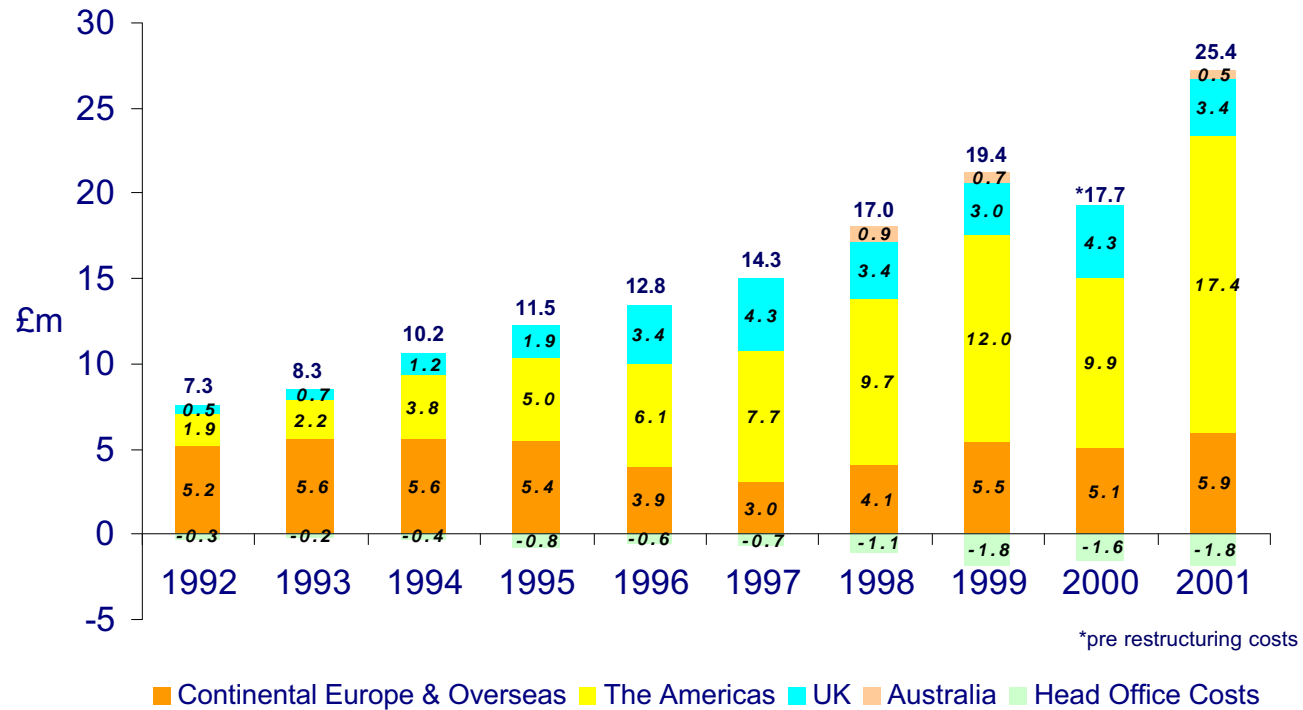


◆ 14% compound growth in turnover 1992 - 2001



Ten year track record

Operating Profit 1992 - 2001



◆ 15% compound growth in operating profit 1992 - 2001

