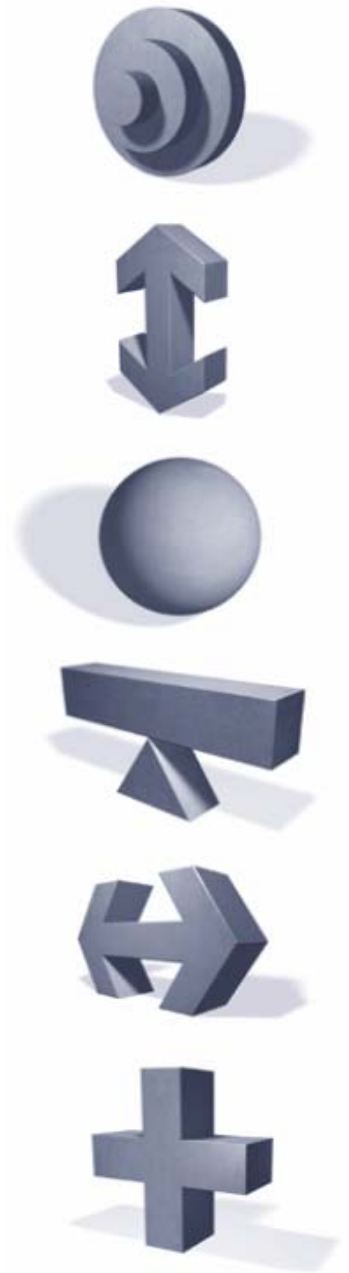


# Keller Group plc

## Interim Results

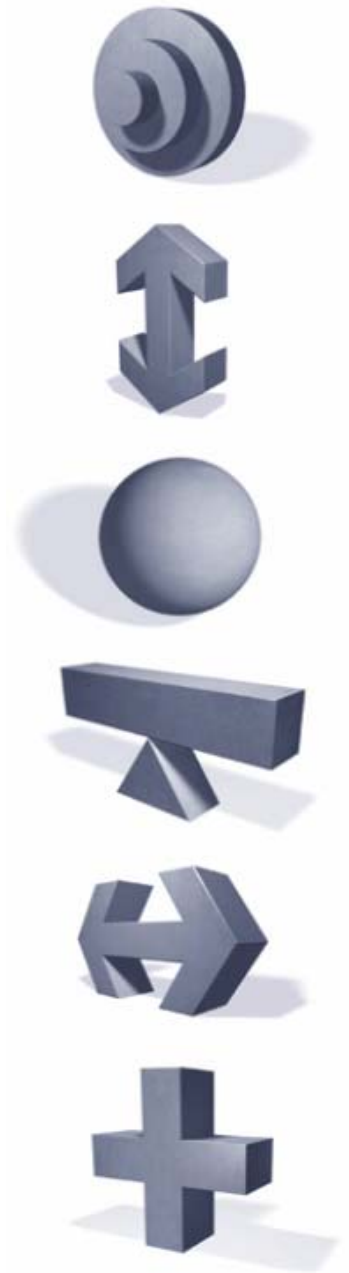
### Half year ended 30 June 2005

August 2005



# Highlights

- Turnover increased by 14% to £335m
- Half year operating margin increased to 5.2% from 4.5%
- Profit before tax up 39% to £15.6m
- Earnings per share up 50% to 12.9p
- Excellent results from all four US businesses
- Record order book
- Interim dividend raised 5.5% to 3.8p



# Profit and Loss Account

£m	June 2005	June 2004	% change	Full Year 2004
Turnover	335.0	294.1	+14%	595.9
Operating profit	17.6	13.2	+33%	33.9
Interest	(2.0)	(2.0)		(4.2)
Profit before tax	15.6	11.2	+39%	29.7
Taxation	(6.2)	(4.7)		(11.9)
Profit after tax	9.4	6.5		17.8
Minority interests	(1.0)	(0.9)		(2.1)
	8.4	5.6		15.7
<b>Earnings per share</b>	<b>12.9p</b>	<b>8.6p</b>	<b>+50%</b>	<b>24.2p</b>
<b>Dividends per share (declared)</b>	<b>3.8p</b>	<b>3.6p</b>	<b>+6%</b>	<b>10.9p</b>

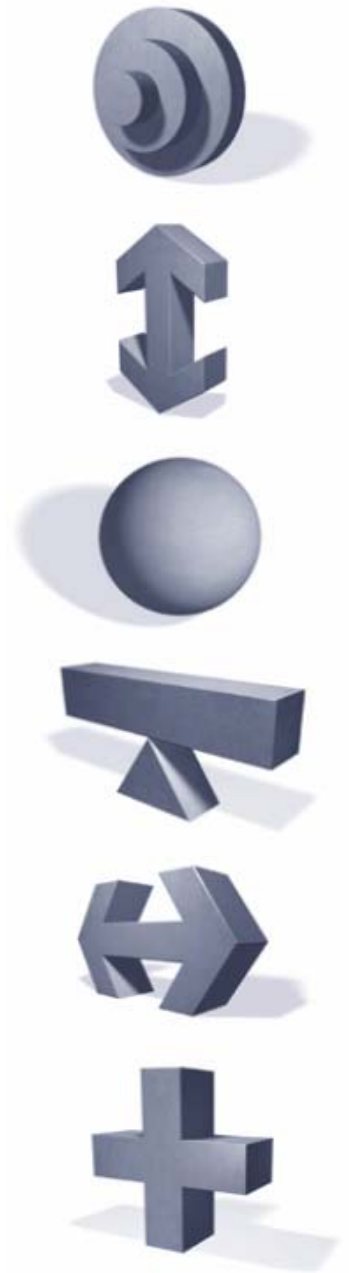
- Results under IFRS, with 2004 restated
- Adverse currency impact of £3m on turnover and £0.2m on PBT
- Half year effective tax rate of 40% (H1 2004: 42%)



# Operating Profit and Margin

£m	June 2005		June 2004		Full Year 2004	
	Operating		Operating		Operating	
	Profit	Margin	Profit	Margin	Profit	Margin
UK	0.4	0.9%	(0.2)	-0.4%	1.9	1.8%
USA	13.6	7.6%	9.2	6.9%	21.0	7.5%
Europe/Overseas	4.6	4.9%	5.0	5.7%	11.8	6.8%
Australia	0.7	4.1%	0.8	4.7%	1.7	5.2%
	<b>19.3</b>	<b>5.8%</b>	<b>14.8</b>	<b>5.0%</b>	<b>36.4</b>	<b>6.1%</b>
Central costs	(1.7)		(1.6)		(2.5)	
	<b>17.6</b>	<b>5.2%</b>	<b>13.2</b>	<b>4.5%</b>	<b>33.9</b>	<b>5.7%</b>

- Modest profit at Makers
- Excellent result from all four US businesses
- Europe/Overseas improved in Q2
- Target for full year Group margin is to exceed 6%



# Balance Sheet

£m	June 2005	June 2004	December 2004
Goodwill/intangibles	53.5	52.2	51.8
Tangible assets	79.7	79.3	80.9
	<b>133.2</b>	<b>131.5</b>	<b>132.7</b>
Stocks	23.7	21.8	24.3
Debtors	182.3	161.3	143.9
Creditors	(144.0)	(129.3)	(118.5)
Working capital	<b>62.0</b>	<b>53.8</b>	<b>49.7</b>
Provisions/long-term creditors	(3.6)	(1.7)	(2.9)
Capital employed	<b>191.6</b>	<b>183.6</b>	<b>179.5</b>
Employee benefits	(15.6)	(15.8)	(17.2)
Tax	(11.5)	(9.5)	(10.5)
Deferred consideration	(0.4)	(1.3)	(2.1)
Net debt	(65.3)	(71.8)	(58.7)
Net assets	<b>98.8</b>	<b>85.2</b>	<b>91.0</b>

- Improved working capital management



# Cash Flow Statement

£m	June 2005	June 2004	Full Year 2004
Cash from operating activities	13.8	6.3	33.6
Capex – net	(3.7)	(5.5)	(11.8)
Tax	(5.9)	(1.4)	(7.4)
Interest	(1.8)	(2.1)	(4.0)
Free Cash Flow	2.4	(2.7)	10.4
Dividends*	(5.7)	(6.2)	(9.4)
Acquisitions	(1.9)	(2.8)	(3.4)
Net cash flow	(5.2)	(11.7)	(2.4)
Other	(1.4)	0.6	4.4
Opening net debt	(58.7)	(60.7)	(60.7)
Closing net debt	(65.3)	(71.8)	(58.7)

\* Includes dividends paid to minorities

- H1 acquisitions expenditure comprises deferred consideration



# Guidance

- Exceptional H1 result in US
- Greater H1 weighting of profit expected than in previous years
  - probably 40-45% PBT in H1 2005 vs. 35-40% in recent years
- Very strong current trading
- Expected effective tax rate of circa 40%
- Working capital inflow in H2
- Full year capital expenditure will be circa depreciation
- Net debt to reduce by year end in line with usual seasonality





**Specialist with a tight focus** Keller performs specialty grouting works for Austria's "Vienna valley sewer enhancement" project, which involves constructing a new tunnel beneath two 100-year-old sewers and connecting the old system to the new one. Our specialist ground engineering techniques are critical to the success of many such construction projects.



**Experienced people with deep industry knowledge** Case installs foundations for the new Trump International Tower, Chicago. This 92-storey skyscraper will take its place on the Chicago skyline beside many other landmarks, such as the Sears Tower and the John Hancock Building, which are also founded on caissons built by Case.



**Global business, but with strong local knowledge** Treating liquefiable ground to improve earthquake resistance at Club Méditerranée in Martinique, whilst observing a preservation order on the coconut trees! Keller's structure of regional businesses allows it to compete effectively in local markets and to access lower risk, small-to-medium-sized contracts.



**Well balanced with broad markets and customer base.** Having installed the original foundations in 1998, Keller was invited back to London's Millennium Dome this year to adapt the foundations for a variety of structures soon to be constructed within the shell of the Dome. Despite such 'repeat work', Keller serves a diverse range of markets and clients.



**Broad range of industry-leading technologies** LCM and Keller work on the first ever stone column project in Sweden for a new road by-pass. Keller bought the Swedish business LCM in 2000 to acquire its specialist lime column technology. Now, in a reverse flow of technology, other Keller specialist products are being introduced into Scandinavia.



**Good long term growth record and prospects** Concrete placement for a Suncoast post-tension foundation slab in Arizona. Revenues from outside Suncoast's traditional Texan market are now three times the level in 2002, the first full year under Keller ownership, with good opportunities for further growth.

# North America

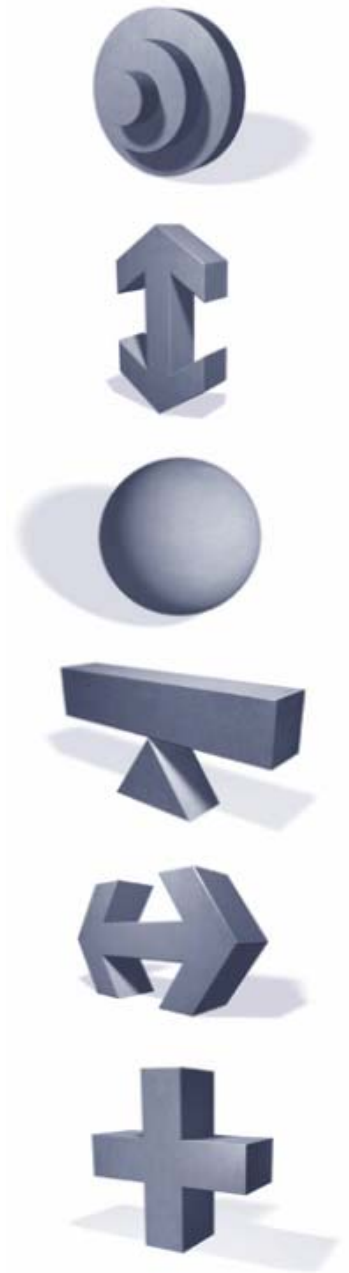
## Highlights

- Suncoast (38% of US revenues)
  - Further growth in residential sales
  - Accelerated growth in California and Arizona
  - Outstanding contribution from commercial high-rise
  - Successful strategy of growing outside traditional market
    - revenues outside Texas 3x the 2002 level
  - Raw material costs stable
- Demonstrates success of acquisition strategy



# North America

- Hayward Baker (33% of US revenues)
  - Especially strong on the West Coast
  - Recent operational improvements
- Case (15% of US revenues)
  - Good H1, helped by progress on Trump Tower
  - \$20m Elm Road Generating Station contract awarded
- McKinney (14% of US revenues)
  - Well planned and executed management transition
  - Continues to exceed pre-acquisition expectations



# Continental Europe & Overseas

## Highlights

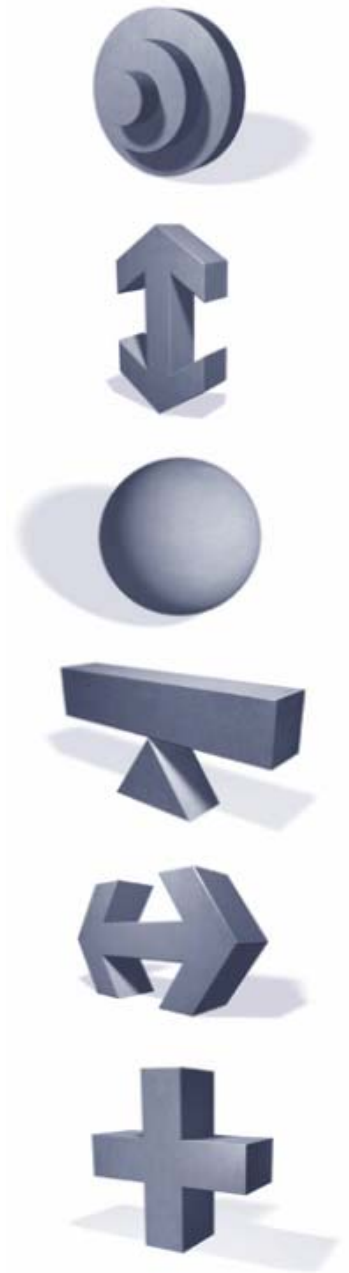
- Another strong result from Keller-Terra
- Germany and Austria margins depressed
  - Adverse weather in January and February
  - Continued decline in German construction market
  - German cost base now reduced – will benefit H2
  - Overcapacity in Austria
- Sales and profits from Eastern Europe about twice the H1 2004 level
- Far East rallied after a slow start
- Good results in the Middle East



# United Kingdom

## Highlights

- Makers
  - Makers profitable, but on reduced margins
  - Low volumes in social housing
  - New management team now established
  - Good recent order intake
  - H2 expected to be better
- KGE
  - Foundation Support division busy
  - Geotechnical division suffered from lack of major infrastructure projects



# Strategy

- To continue our long term track record of growth within specialist ground engineering

## Organic Growth

- Existing and new territories
  - Further expansion into Eastern Europe
- New products and technologies
  - Post-tensioning on West Coast of US
  - Soil mixing in Florida
  - Stone columns and jet grouting in Scandinavia

## Acquisitions

- In existing markets
  - US market still very fragmented
  - Broadening product range

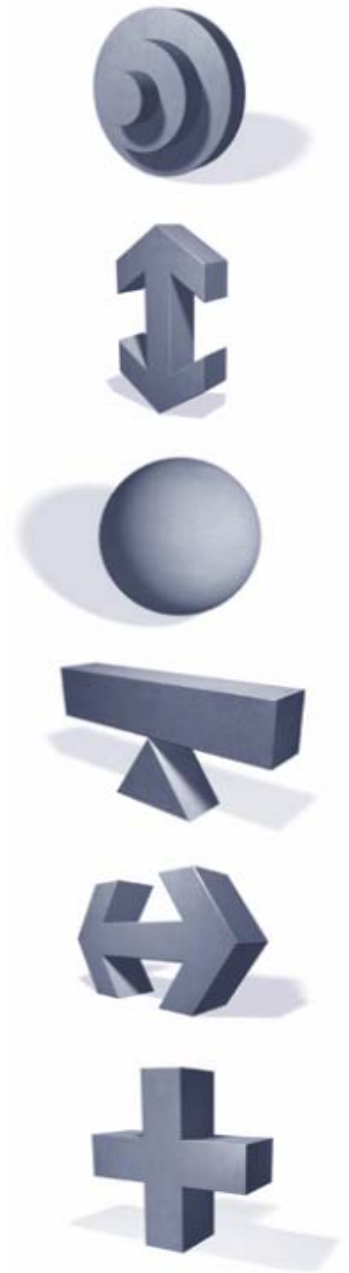


# Current Trading and Prospects

- Current trading very strong, with record order book
- US markets expected to remain buoyant
  - confidence underpinned by SAFETEA
- No major change envisaged in other markets
- Improvements expected at Makers, and in Germany following management actions
- Anticipate that results for full year will be ahead of market expectations



# Appendix



# Ground Engineering Worldwide

## Activities

- Specialty grouting
- Ground improvement
- Caissons & piling
- Post-tension concrete
- Structural refurbishment

## Applications

- Control of building settlement
- Groundwater control
- Seismic risk protection
- Foundation support
- Foundation support
- Earth retention
- Slab-on-grade foundations
- High rise structures
- Local authority housing
- Concrete repair: car parks, water



# Business Model

Specialist with a tight focus



Experienced people with deep industry knowledge



Global business, but with strong local knowledge



Well balanced with broad markets and customer base



Broad range of industry-leading technologies and processes

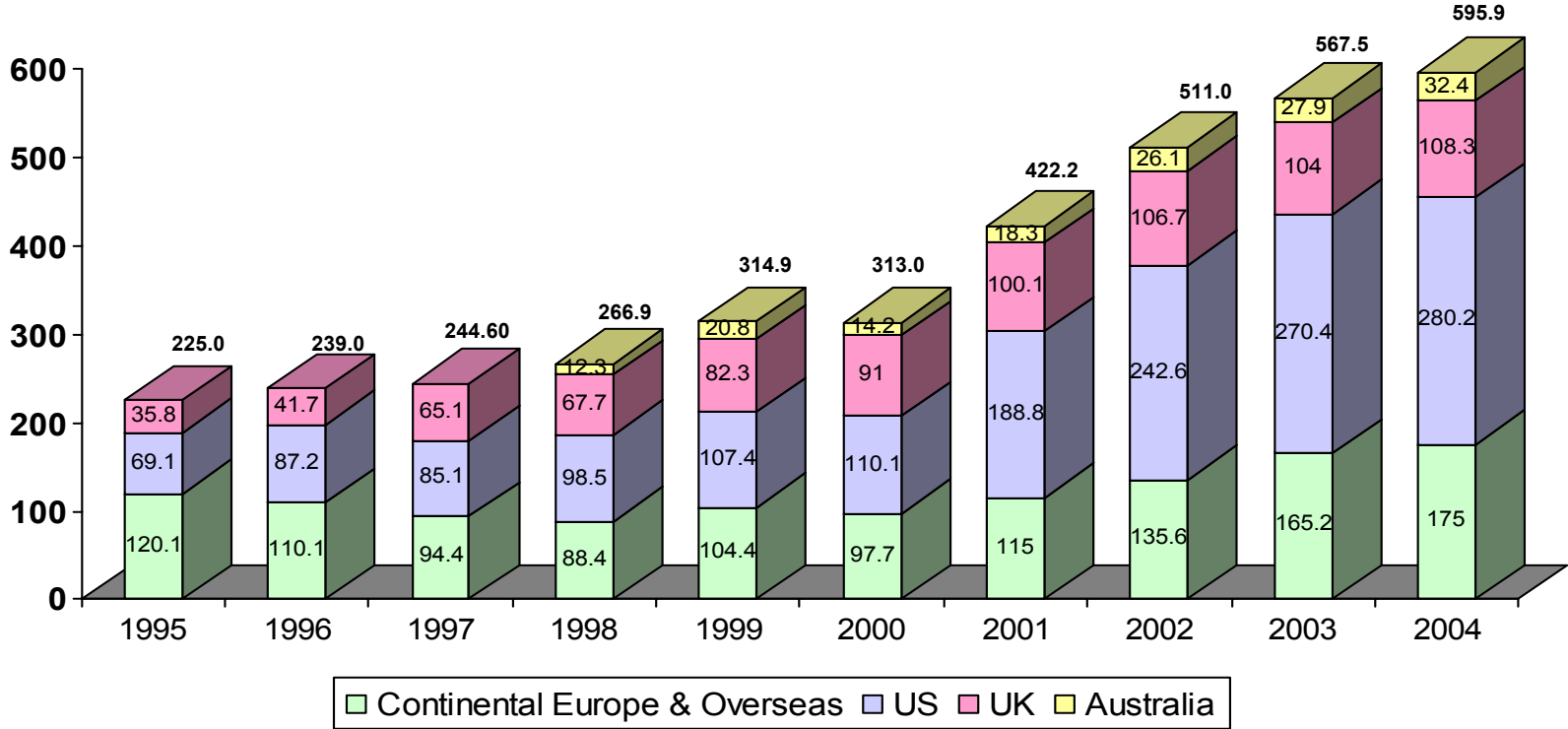


Good long-term growth record and prospects



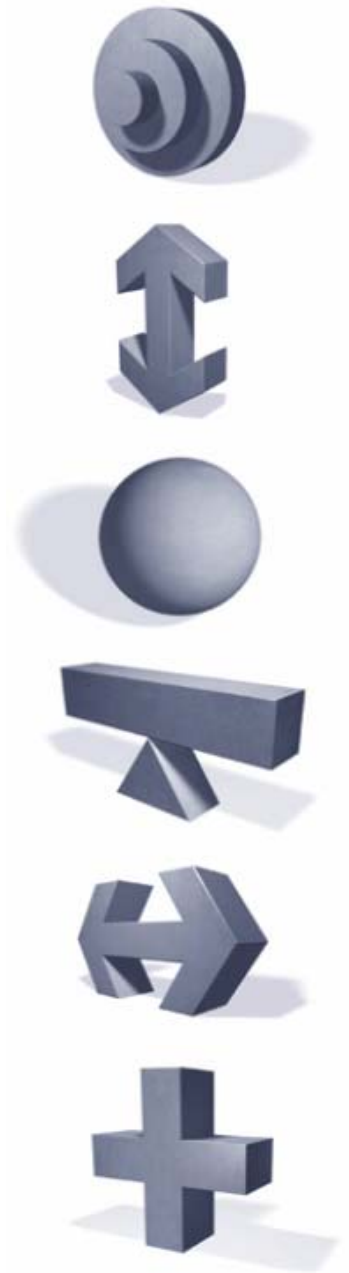
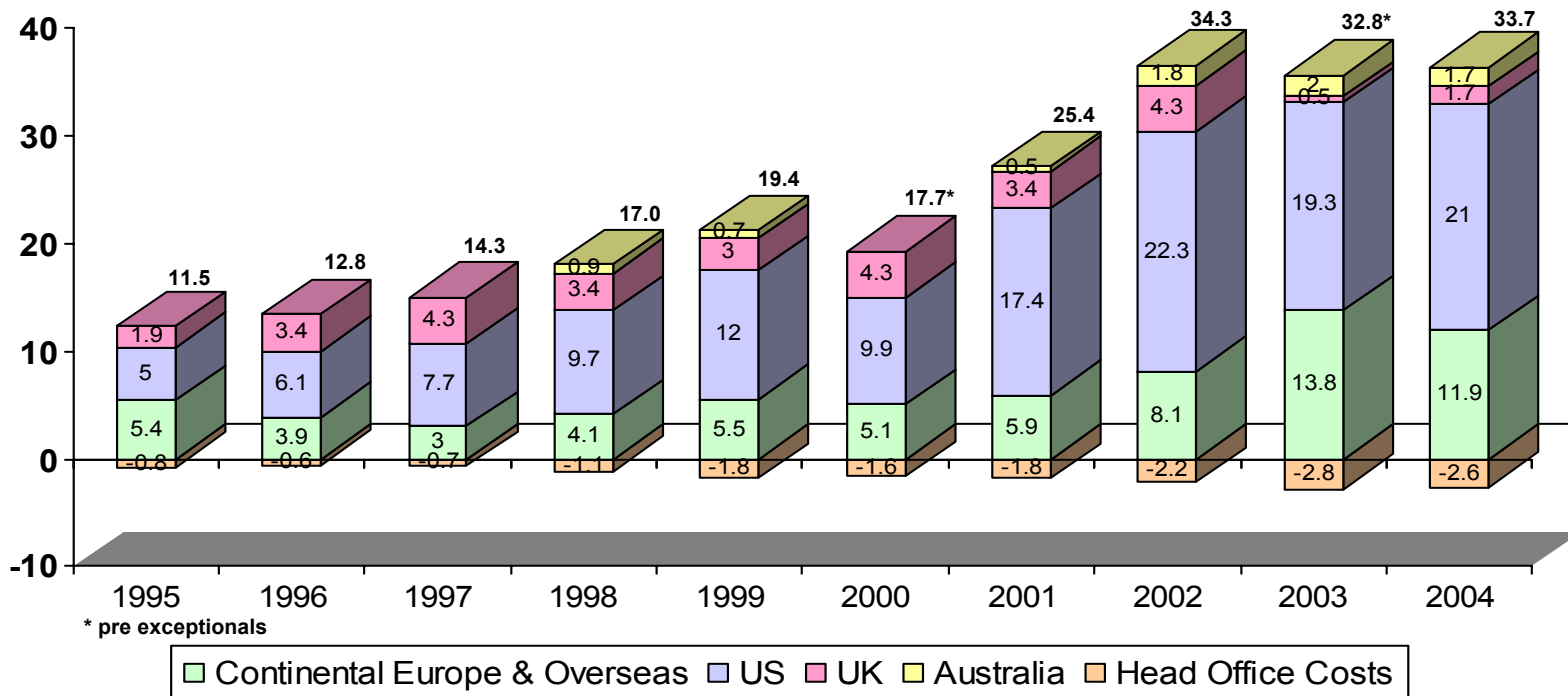
# Ten Year Track Record

Turnover 1995 - 2004



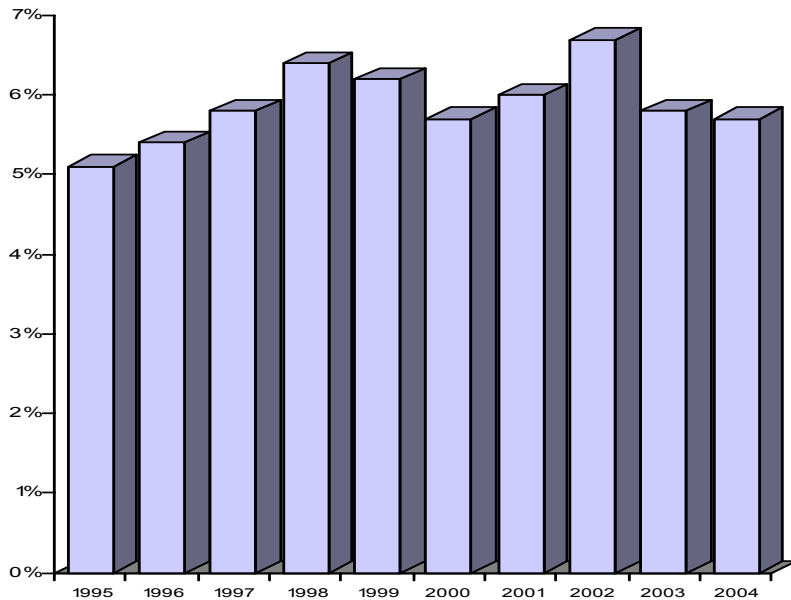
# Ten Year Track Record

## Operating Profit 1995 - 2004

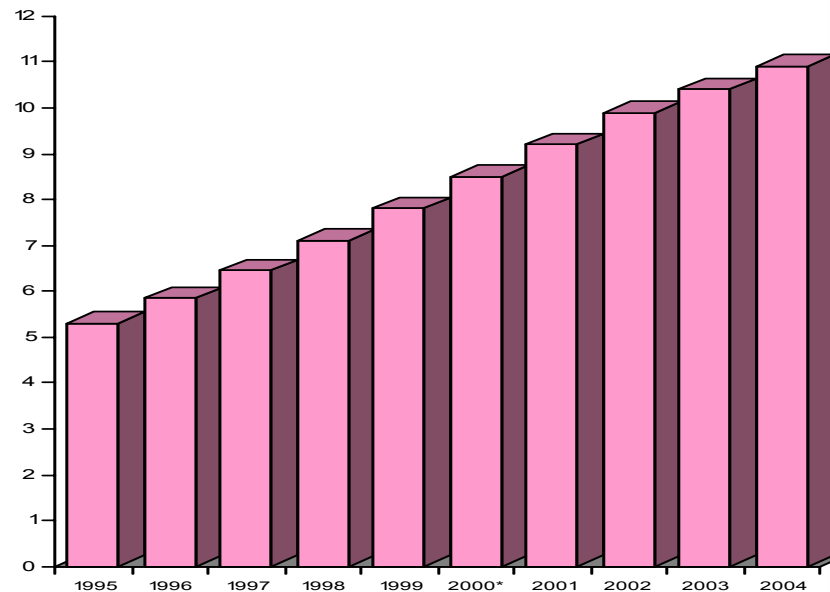


# Results History

Operating margin



Dividend per share



- Industry leading margins
- Uninterrupted dividend growth

