

Keller Group plc

Preliminary Results 2006

March 2007



Highlights

- Revenue of £920.2m up 26%, mainly reflecting 20% like-for-like organic growth
- Operating margin increased to 9.7%, with significant improvements across the Group
- Profit before tax up 72% to £83.7m – another record year
- Earnings per share* up 89% to 79.0p
- Cash generated from operations of £98.3m, 94% of EBITDA
 - Prior to investing £26.4m on acquisitions and £29.4m on capital expenditure
- Board review of dividend policy
 - Total 2006 dividend increased by 30%
 - Thereafter, intention to increase by 15% p.a. for the foreseeable future, subject to 3x cover



Group Income Statement

£m	2006	2005	% change
Revenue	920.2	731.0	+26%
Operating profit	89.1	53.1	+68%
Interest	(5.4)	(4.3)	
Profit before tax	83.7	48.8	+72%
Tax-recurring	(30.7)	(19.8)	
one off credit	3.8	-	
Profit after tax	56.8	29.0	
Minority interests	(1.1)	(1.7)	
	55.7	27.3	
Earnings per share*	79.0p	41.8p	+89%
Dividends per share	15.6p	12.0p	+30%

20% like for like organic growth

Good contributions from acquisitions

Minimal exchange rate impact

Effective tax rate 37% (2005: 41%)



Operating Profit & Margin

	2006			2005		
£m	Revenue	Op Profit	Margin	Revenue	Op Profit	Margin
UK	123.2	3.2	2.6%	89.2	(0.3)	(0.4)%
USA	476.9	64.1	13.4%	399.9	42.1	10.5%
Europe/Overseas	255.0	17.9	7.0%	204.8	12.7	6.2%
Australia	65.1	7.0	10.8%	37.1	1.8	4.7%
	920.2	92.2	10.0%	731.0	56.3	7.7%
Central costs	-	(3.1)		-	(3.2)	
	920.2	89.1	9.7%	731.0	53.1	7.3%

Another record operating margin

Significant profit and margin improvement in all geographies

£5m of one-off US claims income in 2006



Group Balance Sheet

£m	2006	2005
Goodwill / intangibles	57.5	55.7
Property, plant & equipment	114.6	90.4
Other non-current assets	8.8	-
	180.9	146.1
Inventories	25.5	24.4
Debtors	221.7	194.6
Creditors	(192.4)	(168.5)
Working capital	54.8	50.5
Long-term liabilities	(11.5)	(6.5)
Capital employed	224.2	190.1
Employee benefits	(18.8)	(21.2)
Tax	(7.7)	(10.8)
Net debt	(38.6)	(40.9)
Net assets	159.1	117.2

Year end \$
exchange rate
£1 = \$1.96
(2005: \$1.72)

Working capital
ratios improved
again

Gearing of 24%
(2005: 35%)



Group Cash Flow Statement

£m	2006	2005
Cash from operating activities	98.3	73.5
Capex – net	(27.4)	(13.8)
Tax	(30.7)	(18.8)
Interest	(5.1)	(3.9)
Free cash flow	35.1	37.0
Dividends	(9.0)	(8.2)
Acquisitions	(26.4)	(7.8)
Net cash flow	(0.3)	21.0
Other	2.6	(3.2)
Opening net debt	(40.9)	(58.7)
Closing net debt	(38.6)	(40.9)

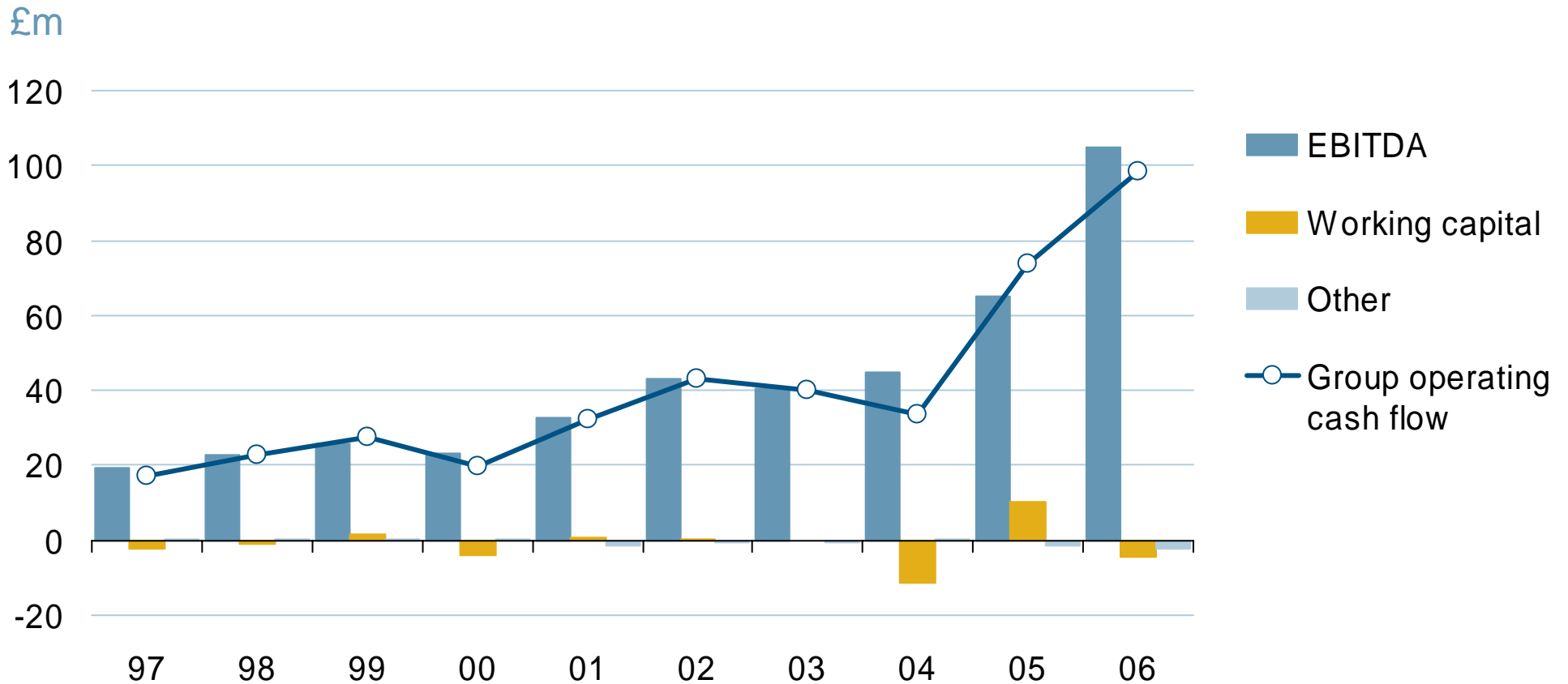
Cash from operations 94% of EBITDA (2005: 113%)

Targeted additional capex

Three acquisitions in 2006



Cash Flow History

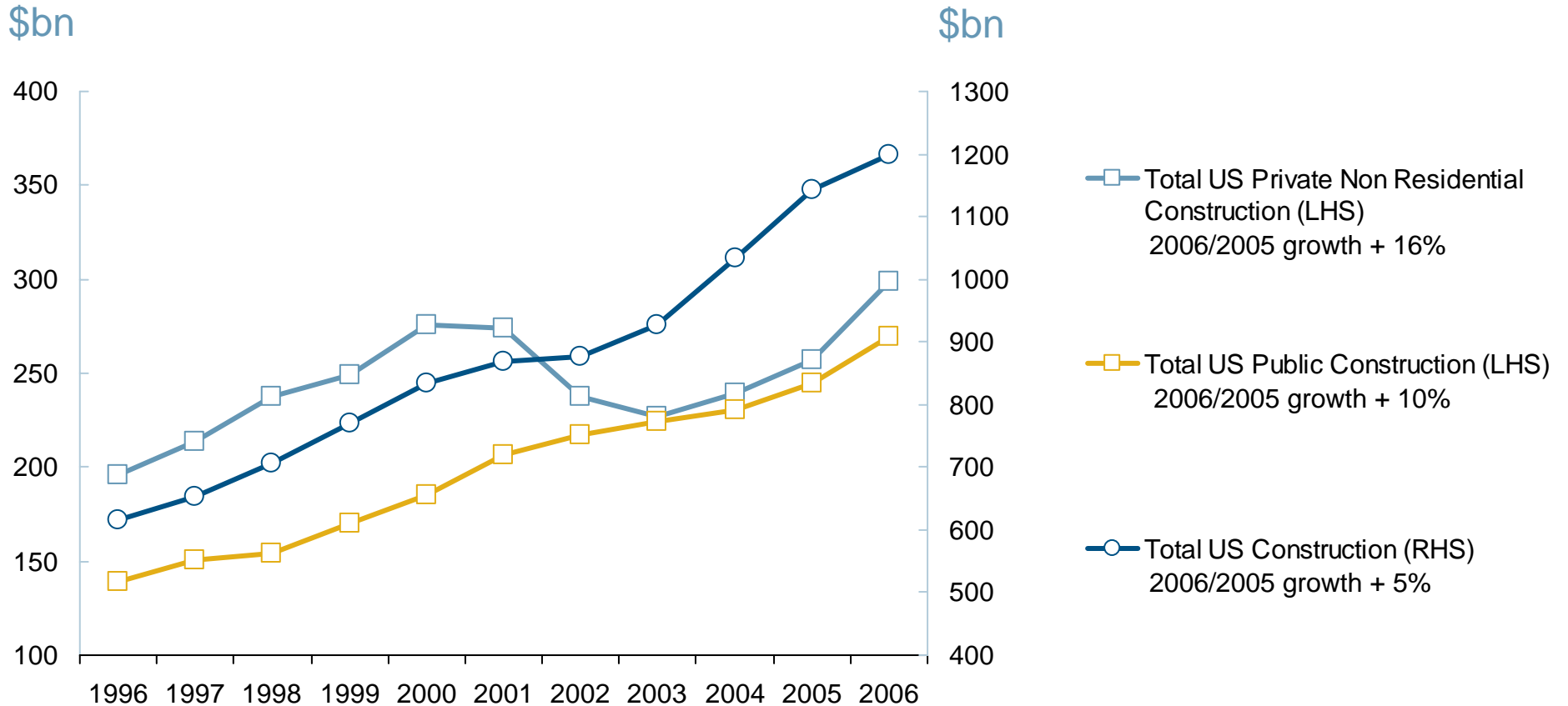


2007 Guidance

- Solid start to H1 2007
 - £5m of H1 2006 one-off US claims income will not repeat
 - Suncoast 2007 budgeted profit \$14m down on 2006 actual
 - US foundations order book down around 10% from peak (excluding Anderson)
- US\$ translation impact: 10 cents change in average rate = circa £3.0m profit impact
- Expected effective tax rate of circa 37%
- Working capital outflow in H1
- Similar capital expenditure expected in 2007 reflecting strong organic growth



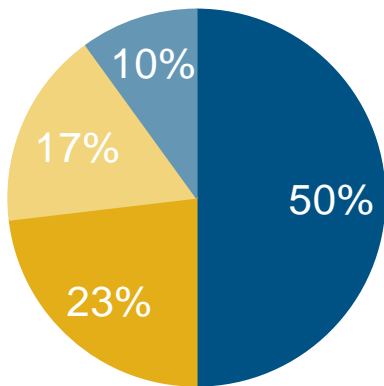
North America Construction Growth



North America Analysis of Revenue

2006 Revenue by End User

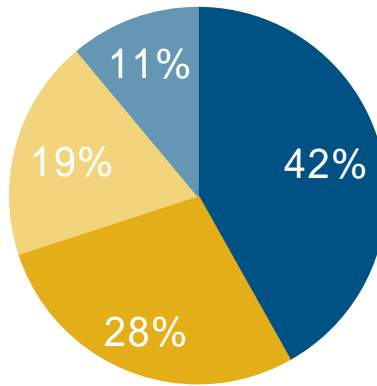
Total revenue £476.9m



- Private new build excl residential
- Residential (Single Family Homes)
- Public new build
- Refurbishment

2005 Revenue by End User

Total revenue £399.9m



- Private new build excl residential
- Residential (Single Family Homes)
- Public new build
- Refurbishment

Private new build work up circa 40%

- All five businesses contributed

Residential revenues down marginally

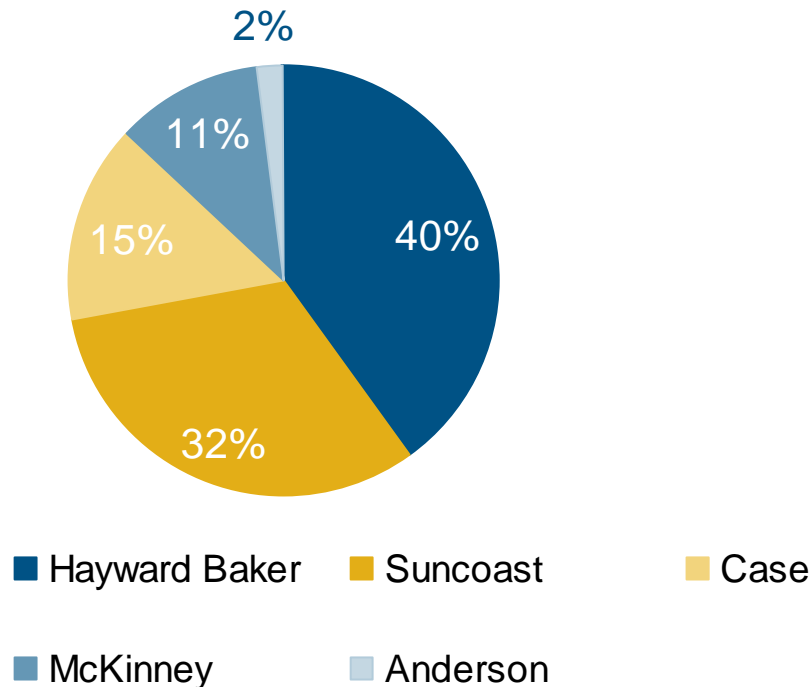
- Affects only Suncoast

Public new build work up 7%

North America Highlights

2006 Revenue by Company

Total revenue £476.9m



Excellent results from all businesses

Good first full annual contribution from Donaldson (part of Hayward Baker)

Better contract performance

Broadening of product range

Very strong geographic reach

Several large, complex contracts completed

Good synergies, particularly between Case and McKinney

North America Anderson Acquisition



US West Coast heavy foundation business

Purchased for \$22m, including assumption of debt

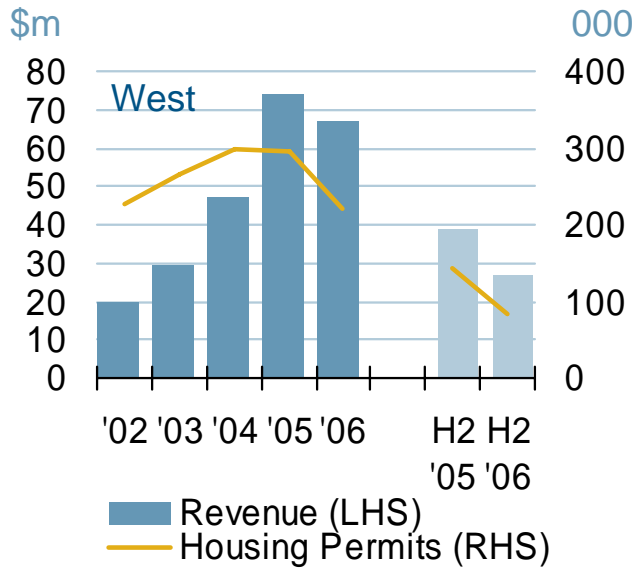
Excellent geographic fit

Good first time contribution

Good progress with integration

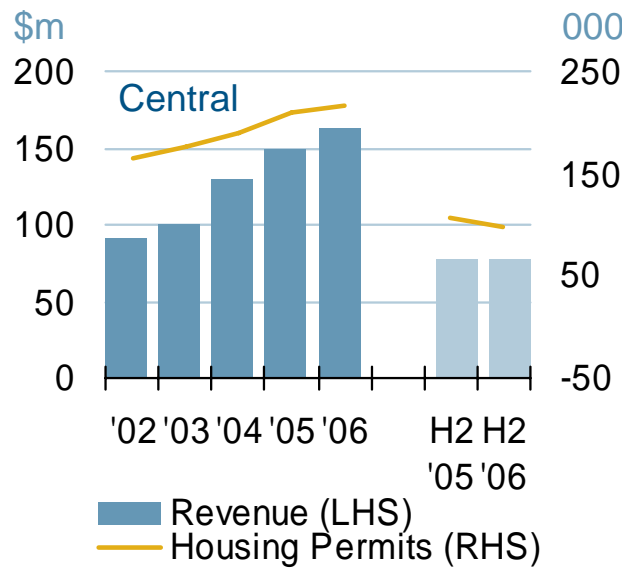


North America Suncoast Regional Analysis



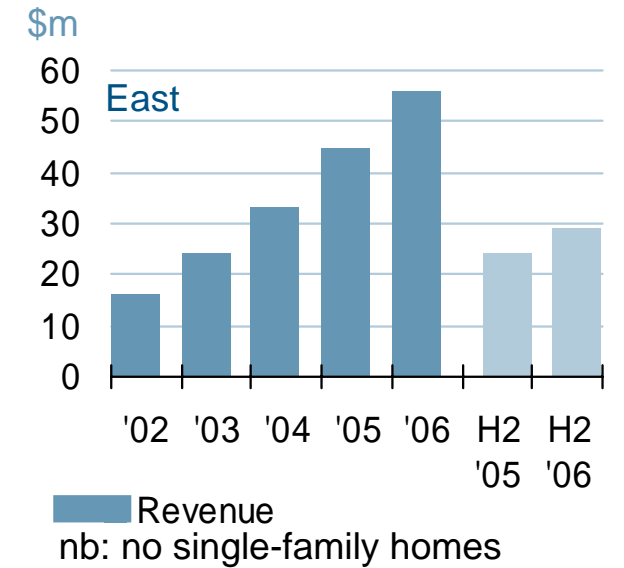
Suncoast sales down 9% 2006/2005, down 32% H2/H2

Permits down 25% 2006/2005, down 39% H2/H2



Suncoast sales up 9% 2006/2005, up 1% H2/H2

Permits up 3% 2006/2005, down 9% H2/H2



Suncoast sales up 25% 2006/2005, up 17% H2/H2

Commercial work in hand now down circa 20% from peak



North America Case Studies



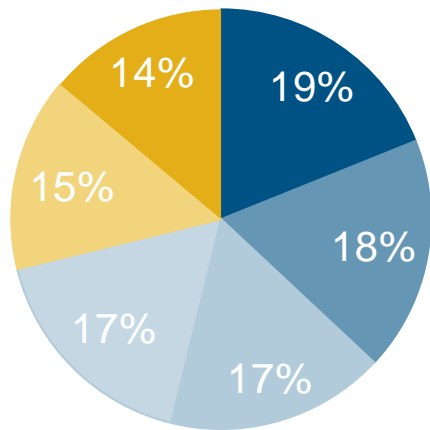
Hayward Baker
Baltimore Convention Center
Design build contract
Vibro piers



Case/McKinney Joint Venture
42 storey Condominium Tower, Philadelphia
8 feet diameter caissons
20 feet deep rock sockets

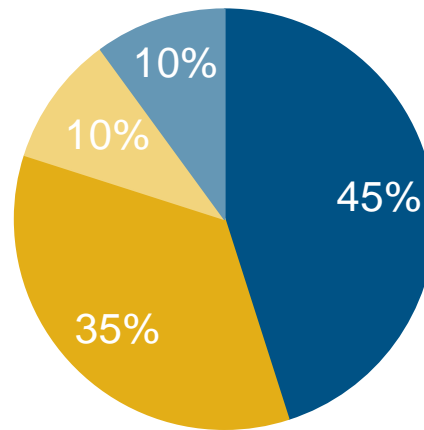
Continental Europe & Overseas Revenue

2006 Revenue by Country
Total revenue £255.0m



- Spain
- Other Europe
- Germany
- France
- M East / F East
- Eastern Europe

2006 Revenue by End User
Total revenue £255.0m



- Private new build
- Public new build
- Public refurbishment
- Private refurbishment

Very balanced split of revenue between geographic areas

As with the US, private new build is the largest market

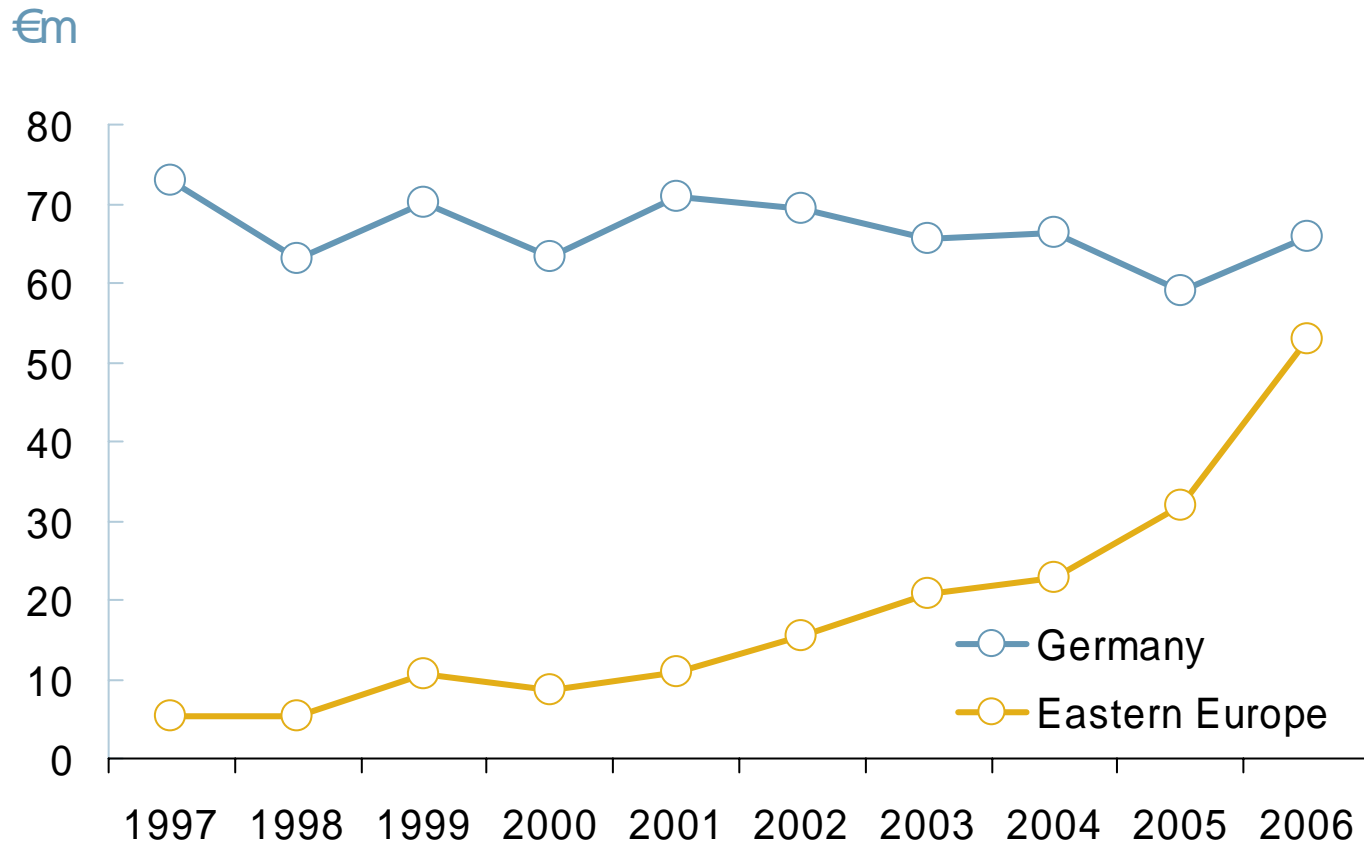
More public new build work undertaken than in the US

Continental Europe & Overseas Highlights

- Excellent overall results with profits up over 40%
- Revenue in Germany up 10% as the construction market shows signs of an upturn
- Margins in Spain weakened but measures have been taken to strengthen the business
- France had an excellent year, increasing its market share
- Further advances were made in Eastern Europe, particularly Poland which accounts for 50% of sales in this region
- Very good result from the Middle East



Continental Europe Sales Growth



Eastern Europe revenue now 80% of Germany's (1997: 8%)

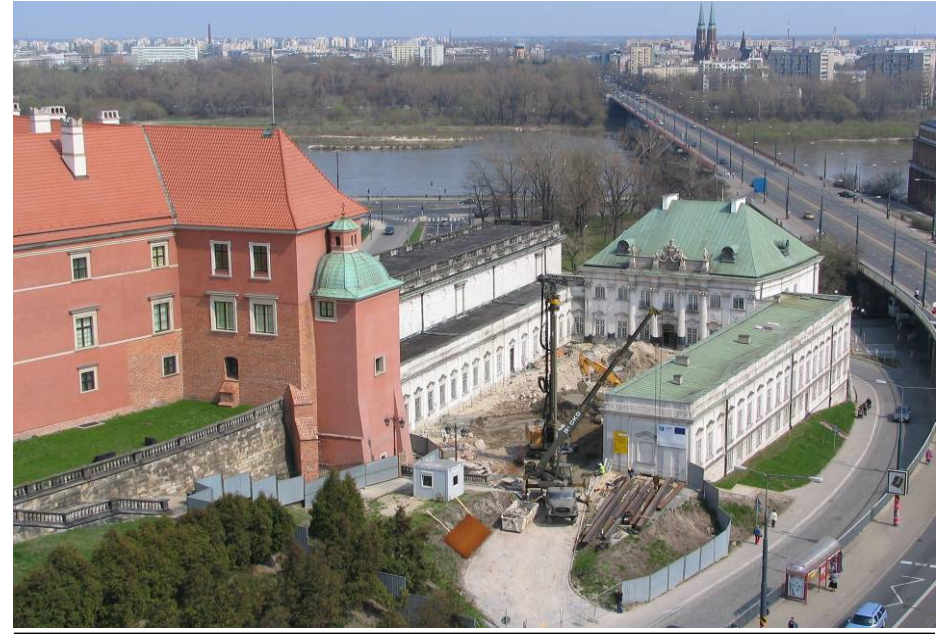
Continued strong growth expected from Eastern Europe

German construction market remains one of the largest in Europe

Continental Europe & Overseas Case Studies



New railway tunnel in Leipzig
Connecting North & South stations
Compensation and cement grouting



Royal Castle, Warsaw
Deep basement excavation
Jet grouting, anchors and soil mixing

UK Highlights

- KGE doubled profits on revenue 40% ahead of last year
 - Foundation support division had an excellent year
 - Geotechnical division had an on-budget year
 - Enlarged Phi business now fully integrated into KGE
- Makers volumes recovered in 2006 with a break even result
 - Variety of internal and external refurbishment work undertaken
 - London Borough of Greenwich partnering arrangement secured

Australia Highlights



Record result from Australia with profits up nearly four-fold

Five months' contribution from Piling Contractors

Acquisition well timed to take advantage of growing infrastructure markets

Several large contracts successfully performed

Capital Expenditure



New version of Keller's vibrocat (LHS)

- Single purpose rig for vibro replacement
- Quick mobilisation
- High productivity

New Keller minicat (RHS)

- Smaller and lighter than the vibrocat
- Designed for a new market segment

Both machines give a competitive advantage

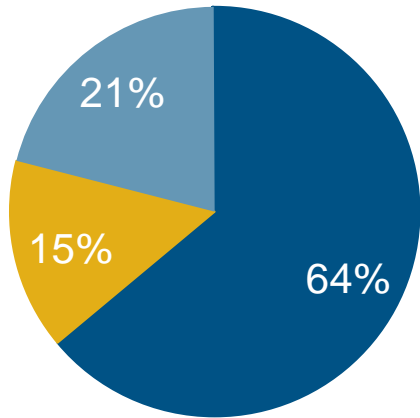
Strategy

- Our Objective
 - The further consolidation of our global leadership in specialist ground engineering services through:
 - Organic growth
 - Particularly in growing markets
 - Targeted acquisitions
 - Both in the US and Europe
- Our Execution
 - Transfer of technologies within our current geographic regions
 - Expansion into new geographic regions
 - Acquisition and development of new technologies and techniques



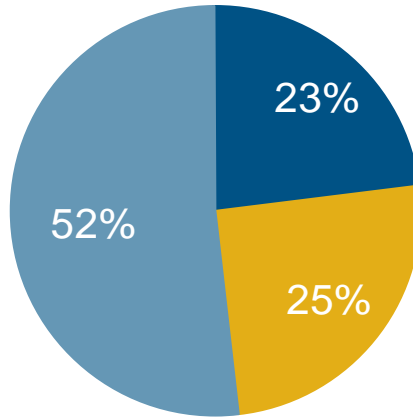
Strategy

2006 US Revenue
by Product (excluding Suncoast)
Total revenue £324.7m



- Piling & Earth Retention
- Grouting
- Ground Improvement

2006 Europe & Overseas
Revenue by Product
Total revenue £255.0m



- Piling & Earth Retention
- Grouting
- Ground Improvement

Piling is always the largest part of any foundation market

There is scope to increase piling activity in Europe & Overseas

- organically
- bolt-on acquisitions



Outlook

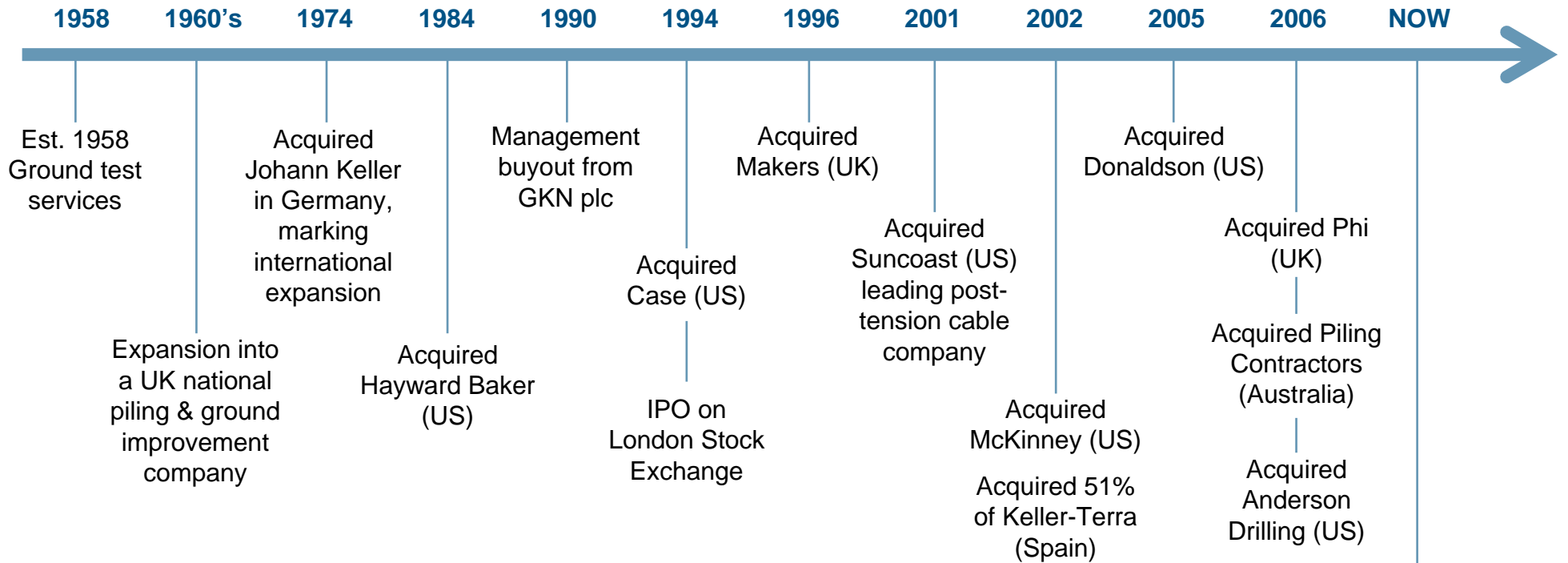
- US residential market continues to decline
 - recent drop in housing permits extended to Texas
- US non-residential markets remain strong, although:
 - hot spot markets cooling
 - order book down from its peak, but remains at an historically high level
- Elsewhere, plenty of opportunities with good growth expected
- Bolt-on acquisition opportunities
- Group-wide order book remains strong
- 2007 will be another good year



Appendix



Keller's History



Only larger and most recent acquisitions shown

6,000+ employees

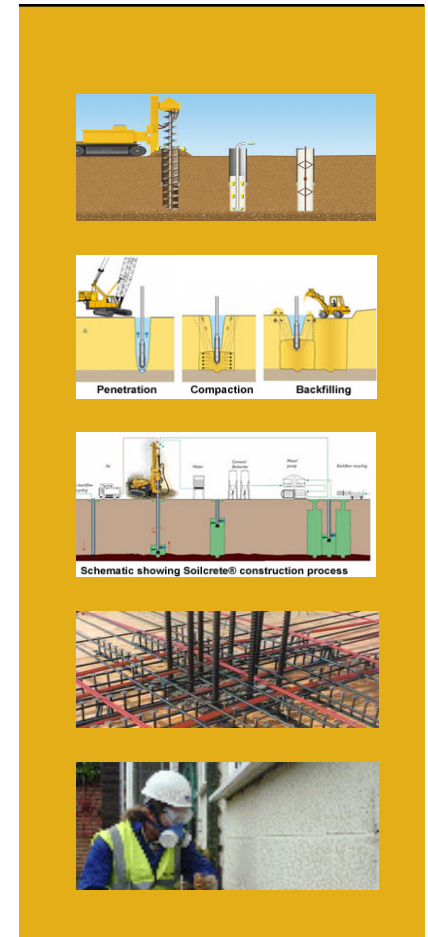
Offices in >30 countries

Revenue c.£900m




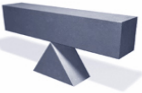




Ground engineering worldwide

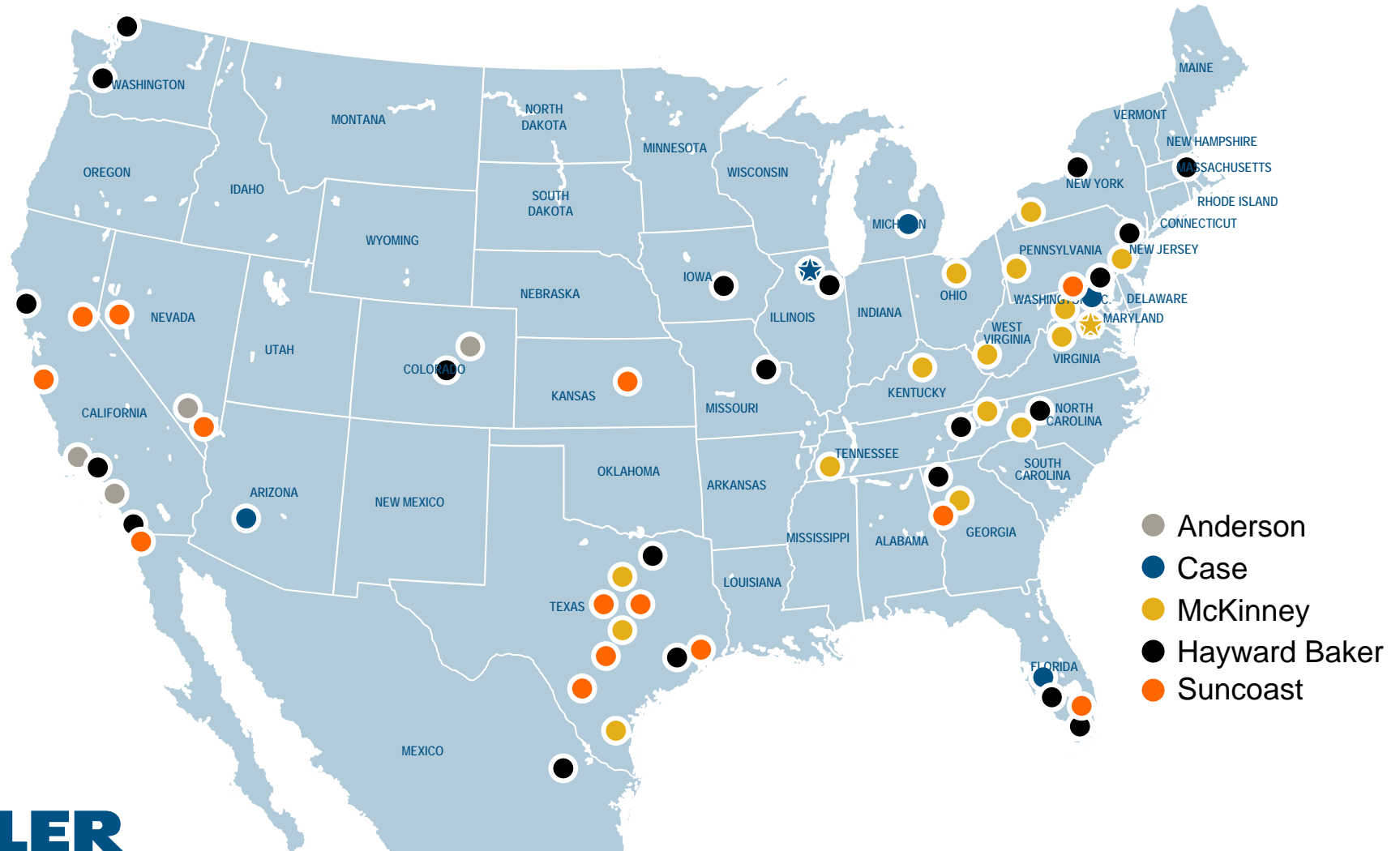
Activities	% of 2006 revenue	Regions of use	Applications
Piling & earth retention	35 %	Mainly: US Australia	Foundation support Walls and excavation support
Ground improvement	26 %	US UK Continental Europe & Overseas Australia	Foundation support Seismic risk protection
Specialty grouting	15 %	US UK Continental Europe & Overseas Australia	Control of building settlement Groundwater control
Post-tension concrete	17 %	US	Slab-on-grade foundations High rise structures
Structural refurbishment	7 %	UK	Local authority housing Concrete repair; car parks: water



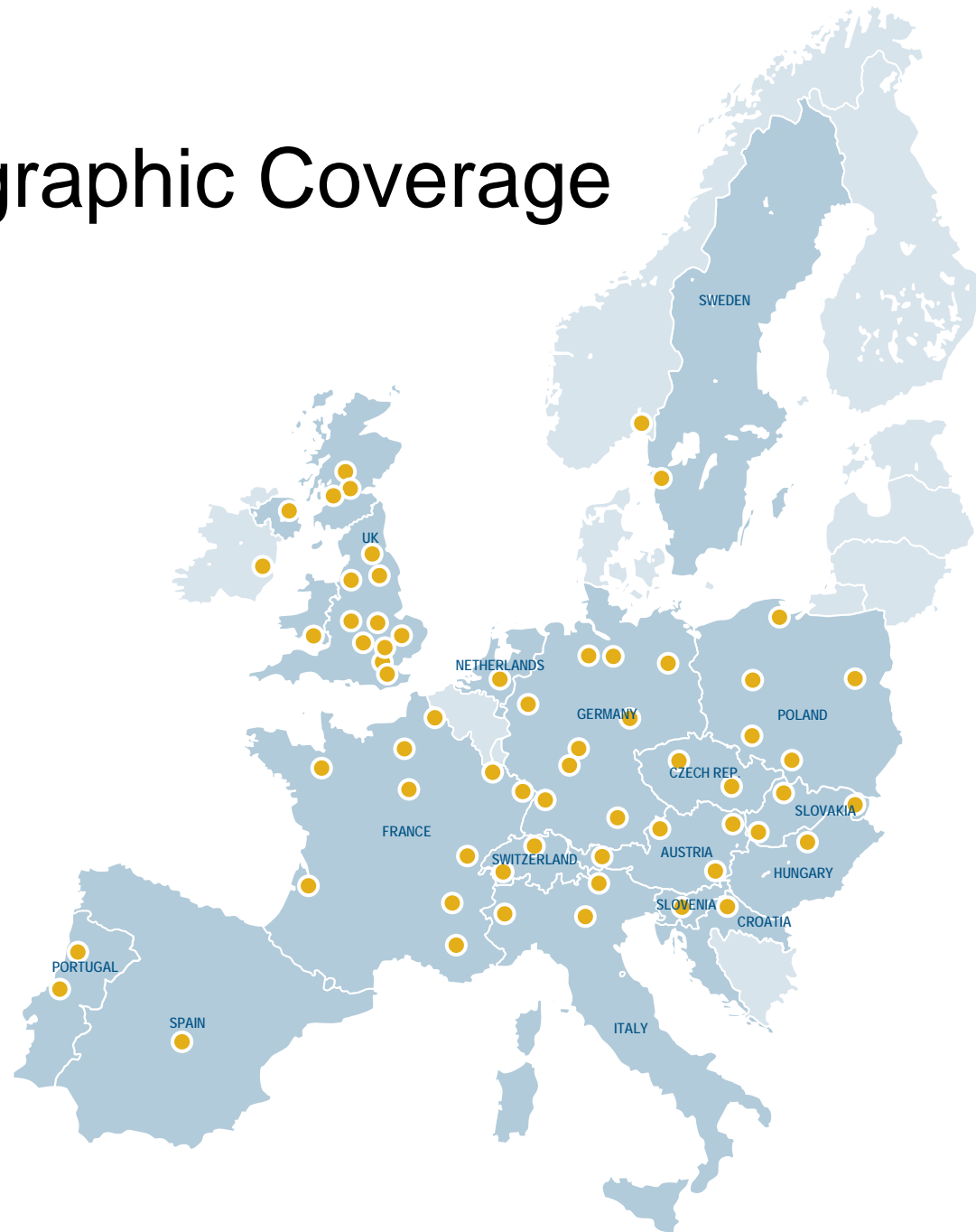
Our Business Model

-  • 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

US Geographic Coverage

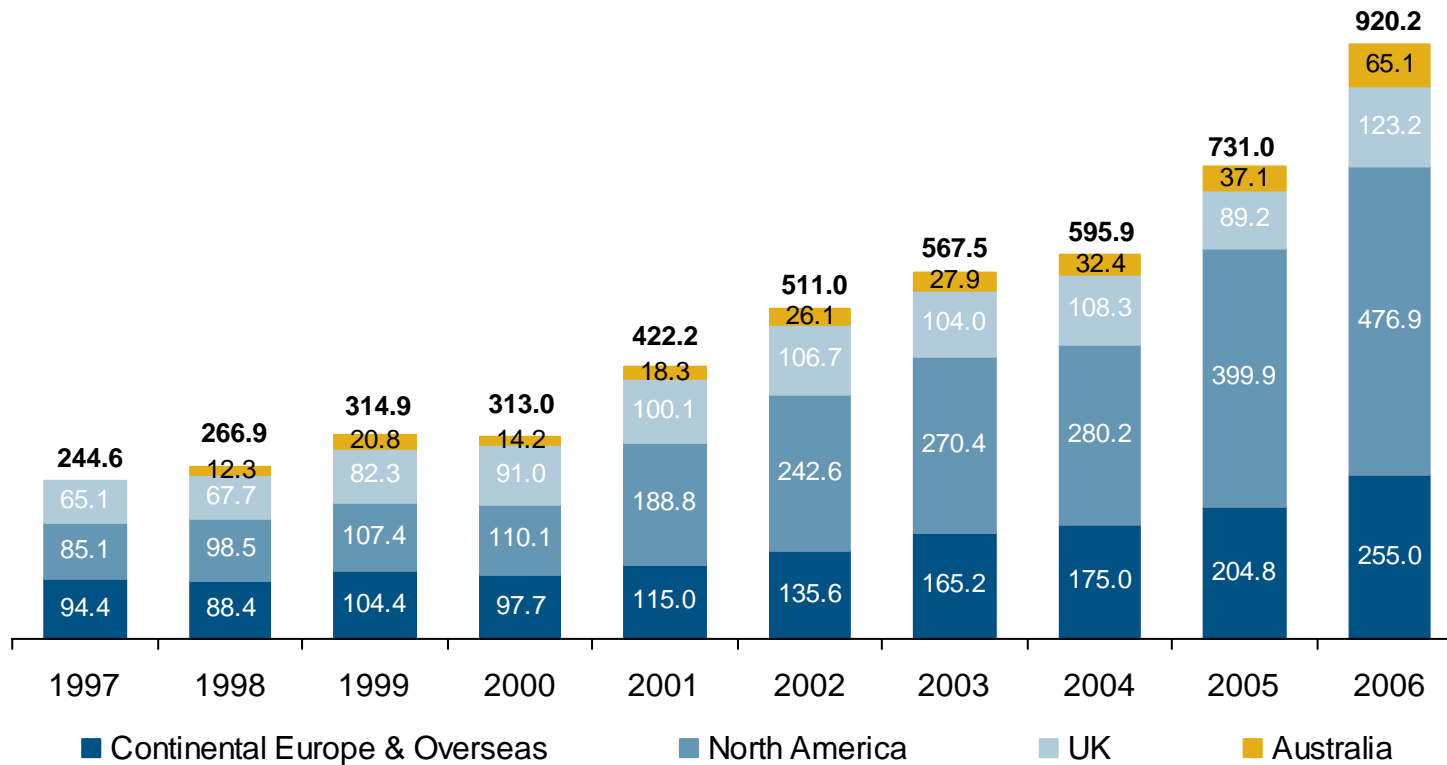


Europe Geographic Coverage



Ten Year Track Record

Revenue 1997 – 2006 (£m)

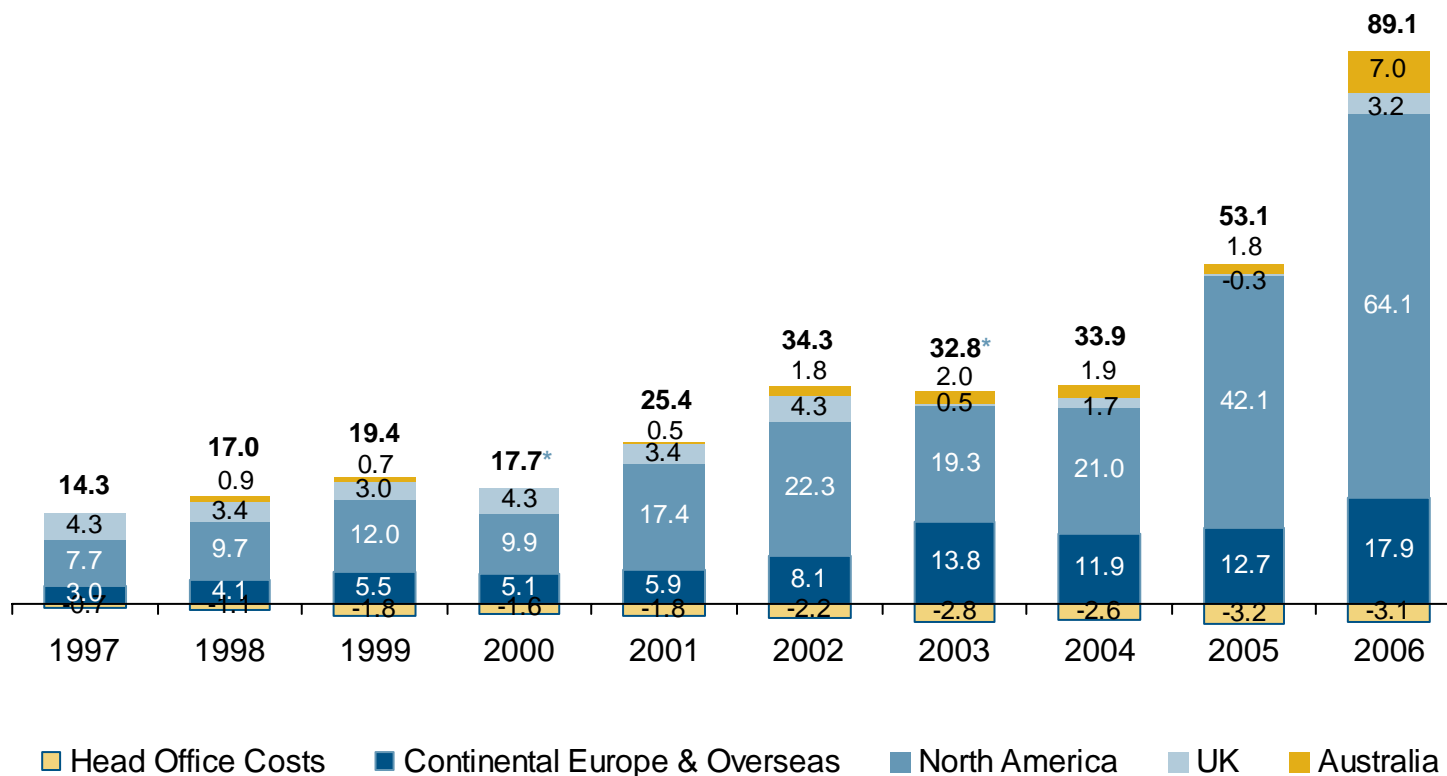


Compound annual growth rate of 15%



Ten Year Track Record

Operating Profit 1997 – 2006 (£m)

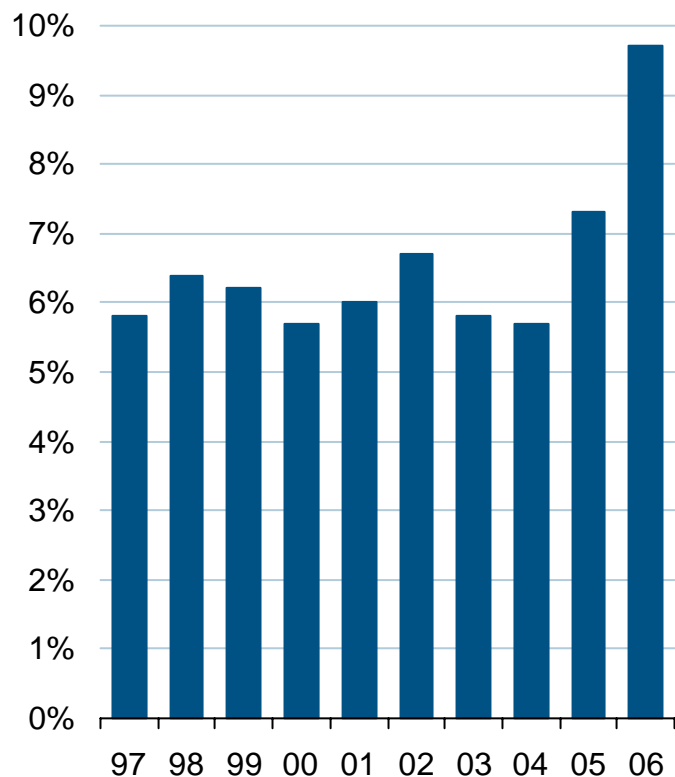


Compound annual growth rate of 22%

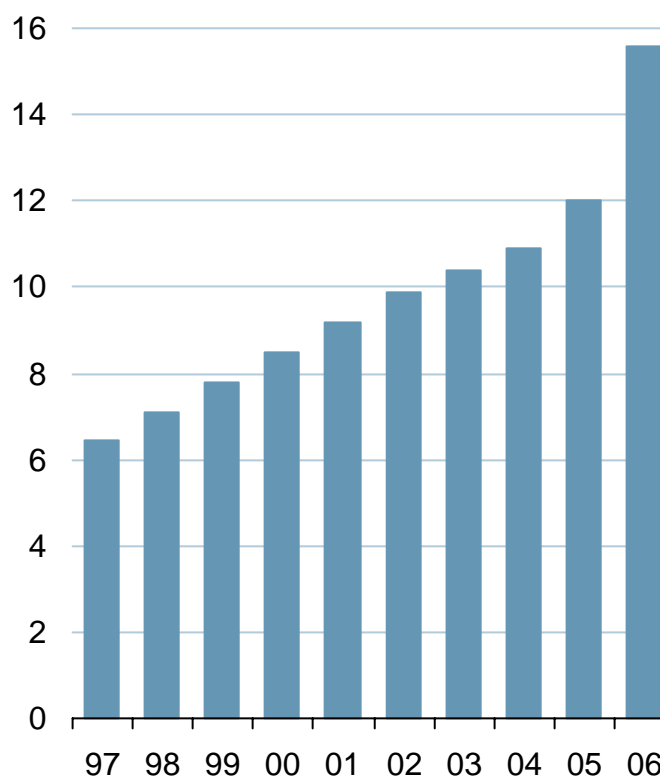


Financial Performance

Operating margin



Dividend per share



Industry-leading margins

Uninterrupted dividend growth

New dividend policy

– 15% growth subject to 3x cover



Recent Acquisitions > £5m

Company	Date acquired	Total investment	Revenue in year of acquisition	Revenue in 2006	CAGR
Suncoast	Oct 2001	\$90m	\$134m	\$280m	16%
Keller-Terra*	Dec 2002	€14m	€22m	€72m	34%
McKinney	Dec 2002	\$30m	\$60m	\$102m	14%
Donaldson	Sep 2005	\$18m	\$40m	\$47m	18%
Phi	Apr 2006	£7m	£12m	n/a	n/a
Piling Contractors	Aug 2006	A\$28m	A\$55m	n/a	n/a
Anderson Drilling	Oct 2006	US\$22m	US\$59m	n/a	n/a

Excellent organic growth achieved post acquisition



