Kier Group plc

Results for the six months ended 31 December 2024

11 March 2025

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Certain information in this presentation has been extracted from the announcement of HY25 interim results made by the Company on 11 March 2025 and this presentation is not a substitute for reading that announcement in full.

Results Summary

Andrew Davies
Chief Executive Officer

HY25 Highlights

- Significant operational and financial progress
- Delivered revenue growth of 5% and adjusted operating profit growth of 3%
- Adjusted operating margin maintained at c.3.4%
- Strong balance sheet; net cash of £58m and month end average net debt materially reduced to £(38)m
- Record order book, increased 2% to £11.0bn, 98% secured for FY25
- Disciplined approach to capital allocation;
  - 20% increase in dividends
  - announced an initial share buy back programme
  - increased investment in Property

Long-term sustainable growth plan

Long-term targets to drive shareholder value

Transportation

Natural Resources, Nuclear & Networks

Construction

Property

- **Revenue** - GDP + through the cycle
- Adjusted operating **margin 3.5% +**
- **Cashflow conversion** of operating profit **c.90%**
- Balance sheet: **average net cash** position with investment of surplus cash
- Sustainable **dividend** policy: **c.3x cover through the cycle**


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HY25 Results
Simon Kesterton
Chief Financial Officer

Financial highlights

Revenue & profit growth; material reduction in average month-end net debt

£'m	HY25	%	HY24	%	Δ	FY24	%
Revenue	1,979		1,883		5.1%	3,969	
Adjusted Operating Profit	66.6	3.4	64.7	3.4	2.9%	150.2	3.8
Net finance costs	(16.0)		(15.7)		(1.9)%	(32.1)	
Adjusted Profit before tax	50.6	2.6	49.0	2.6	3.3%	118.1	3.0
Adjusting items	(10.7)		(10.9)		1.8%	(26.8)	
Amortisation	(11.3)		(11.1)		(1.8)%	(23.2)	
Profit before tax	28.6		27.0		5.9%	68.1	
Taxation	(8.2)		(7.4)		(10.8)%	(16.8)	
Profit after tax	20.4		19.6		(4.1)%	51.3	
Adjusted basic EPS (p)	8.7		8.7		-%	20.6	
Statutory EPS (p)	4.6		4.6		-%	11.8	
Free cash flow	(49.8)		(7.9)		(530.4)%	185.9	
Net cash	57.9		17.0		240.6%	167.2	
Average month-end net debt	(37.6)		(136.5)		72.5%	(116.1)	

- 5% revenue growth
- Adjusted operating profit of £66.6m up 3.4% (3.4% margin consistent with HY24)
- Interest charge stable: increase in interest rates offsetting reductions in net debt
- Average month-end net debt reduced by c£100m - conversion of profits, working capital benefit of revenue growth in H2 2024, net of property capital investment and dividends

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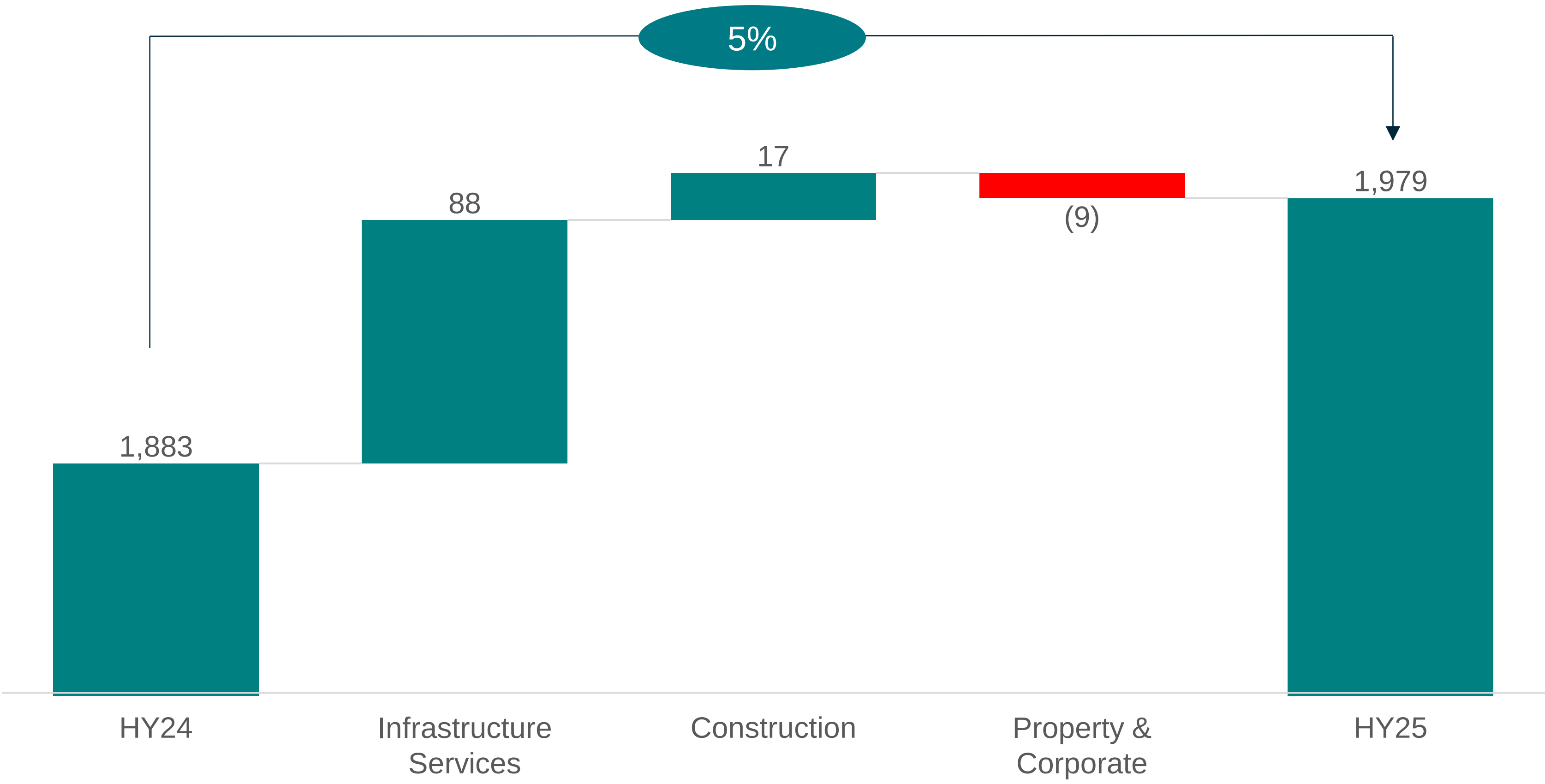
Revenue performance

Continued growth in Infrastructure Services and Construction



- Revenue increase of 5% in HY25
- Infrastructure – growth of 9%, capital works ramp up
- Construction – growth of 2% and a strong order book converting to revenue
- Property transactions expected to be second half weighted
- Continued bidding discipline and risk management

Adjusting operating profit

Operating profit increase driven by volume growth and management actions

- Adjusted operating profit of £66.6m, up 3.4%
- Consistent HY margin of 3.4%
- AOP benefits from:
  - Increased volumes
  - Management actions
- Offset by:
  - Cost Inflation
  - Property transactions expected to be second half weighted

Adjusting items (excl. amortisation)

Largely relate to fire and cladding costs

£'m	HY25	HY24	FY24
Fire and cladding compliance costs	7.5	7.2	15.0
Legacy legal claims	–	1.1	–
Property-related items	2.1	–	7.2
Recycle of foreign exchange	–	–	(5.9)
Refinancing fees	–	–	4.5
Other	–	1.2	3.1
Total adjusting items to operating profit	9.6	9.5	23.9
Finance costs	1.1	1.4	2.9
Total adjusting items to profit before tax	10.7	10.9	26.8
Cash cost	15.2	16.1	36.7

Adjusting items

- Fire and cladding compliance costs net of insurance receipts
- Cash cost includes £7m relating to items accrued in previous periods

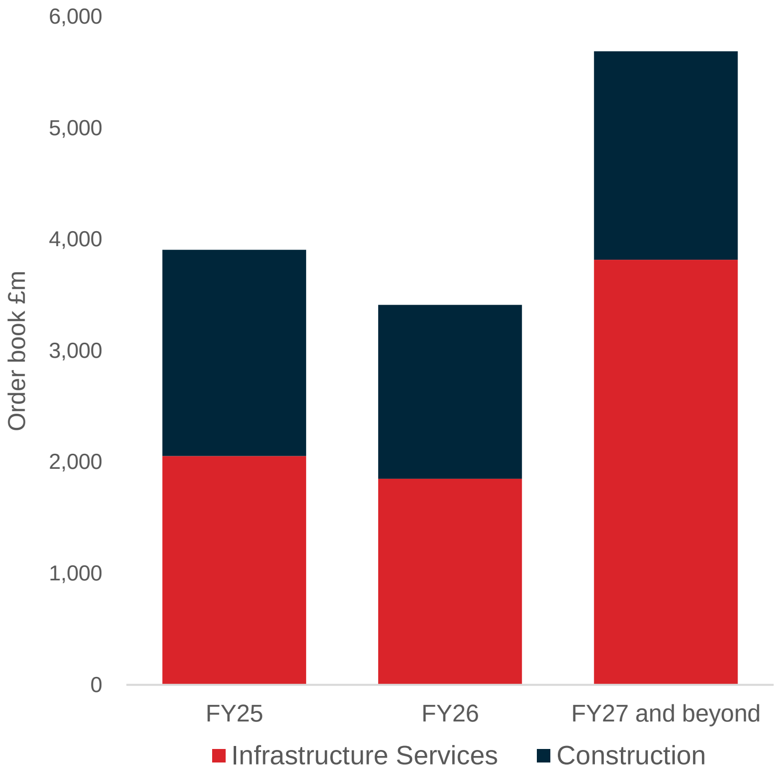
High quality order book

Order book of £11.0bn underpinned by £158 billion of framework positions

- Order book at £11.0bn (FY24: £10.8bn)
  - Underpinned by long-term frameworks and contracts worth up to £158bn (total advertised values)
- c.98% of FY25 revenue secured
- De-risked contracts:
  - c.60% of order book is under target cost or cost reimbursable contracts
  - Construction –regional build and strategic projects deliver each year many projects at average order size of c.£20m

Orderbook

Secured revenue



Free cash flow

Free cash flow reflecting seasonal cycle

£'m	HY25	HY24	HY23	FY24
Adjusted EBITDA	100.5	92.2	90.9	208.1
Property investment (non-JV)	(19.1)	(1.7)	(21.6)	(2.2)
Other working capital	(91.2)	(44.7)	(106.9)	70.6
Net capital expenditure including finance lease capital payments	(26.9)	(26.3)	(27.1)	(57.3)
Joint Venture dividends less profits	0.8	(5.9)	(2.2)	0.7
Other free cash flow items	5.4	(1.2)	(2.9)	(2.8)
Operating Free Cash Flow	(30.5)	12.4	(69.8)	217.1
Adjusted conversion	(46)%	19%	(122%)	145%
Net interest & tax	(19.3)	(20.3)	(18.0)	(31.2)
Free Cash Flow	(49.8)	(7.9)	(87.8)	185.9

- Working capital outflow includes c.£20m of additional investment into property (non-JV)
  - seasonal working capital inflow expected to be H2 weighted
- HY24 working capital benefited from strong revenue growth in second half of FY23
- Supplier payment days broadly consistent with prior year at 33 days

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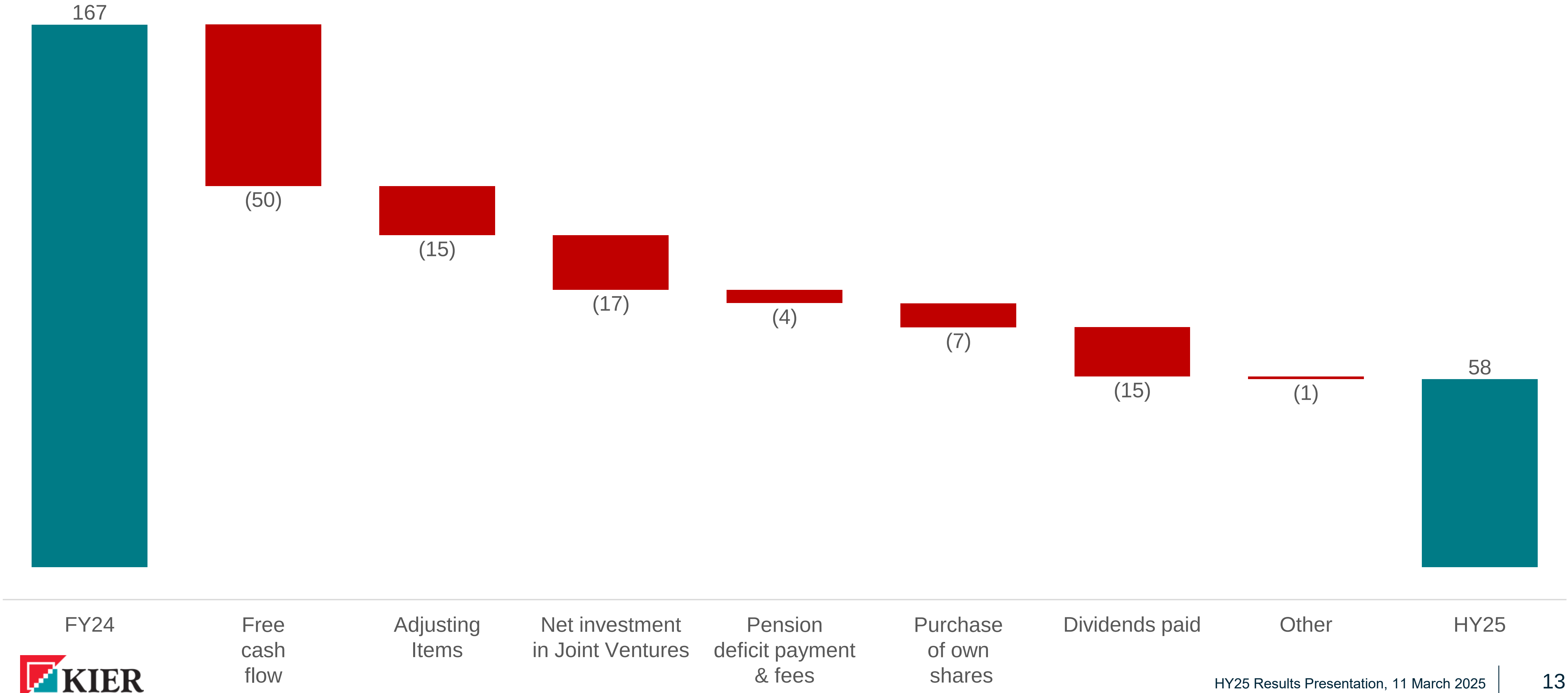
Net cash movement

Half year net cash position of £58m (HY24: £17m) reflecting seasonal working capital & investments



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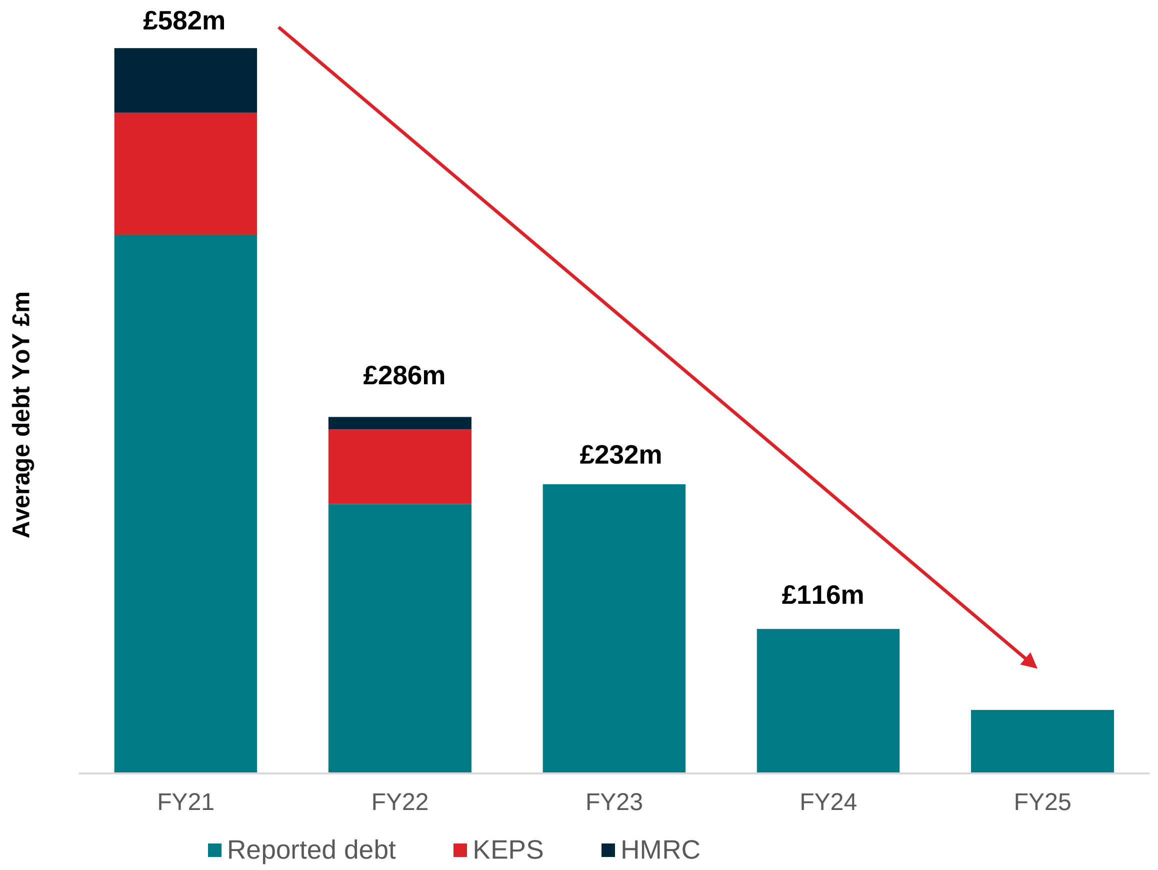
HY25 average month-end net debt

Significant free cash generation has enabled material deleveraging



- FY21 to FY24 significant reduction in average month-end net debt
- HY25 average month-end net debt materially reduced to £37.6m
- FY25 –expected year-on year improvement with free cash flow generation:
  - Order book converting to revenue
  - H2 working capital inflow
  - Reduced adjusting items
- FY25 & onwards– average month-end net cash providing capital allocation options

Financing and liquidity

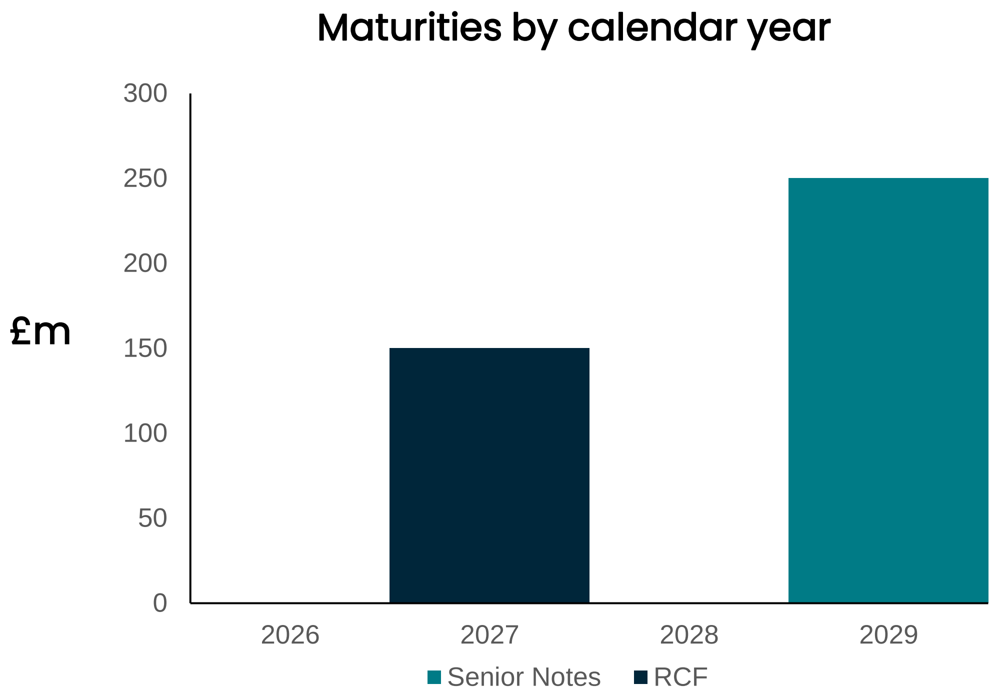
Long-term debt facilities in place with debt capital markets open to the Group

Financing update

- Refinancing completed in February 2024
- Committed debt facilities at 31 December 2024 of c.£548m
- January 2025 - paid down USPP and reduced RCF in line with agreements

Current debt structure

- £400m of facilities post January 2025 to support long-term sustainable growth plan
  - £250m Senior Loan Notes due February 2029
  - £150m from January 2025 to March 2027



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Capital allocation

Creating value with disciplined capital allocation approach

	Capital Allocation
1 Capex	– Ongoing investment to support the business
2 Ordinary dividend	– Progressive policy increasing through earnings growth – Targeting dividend cover of c.3x through the cycle
3 Investment in Property	– Disciplined investment in Property business with up to £225m capital employed – Targeting ROCE of 15%
4 Acquisitions	– Group will consider value accretive acquisitions in core markets – Disciplined approach to valuation
5 Incremental Shareholder Returns	– Initial programme of £20m commenced January 2025[1]

Whilst maintaining a strong balance sheet, targeting a sustainable average month-end net cash position in the medium term

Note 1: Share buybacks are in addition to net payments relating to employee share schemes

Operational Update

Andrew Davies

Chief Executive Officer

Infrastructure services

Adjusted operating profit up 4.8% to £46.1m

£'m	HY25	HY24	Δ
Revenue	1,032	944	9.3%
Adjusted Operating Profit	46.1	44.0	4.8%
Operating margin	4.5%	4.7%	(20)bps
Order book (£bn)	6.7	6.7	-%

Financial Performance

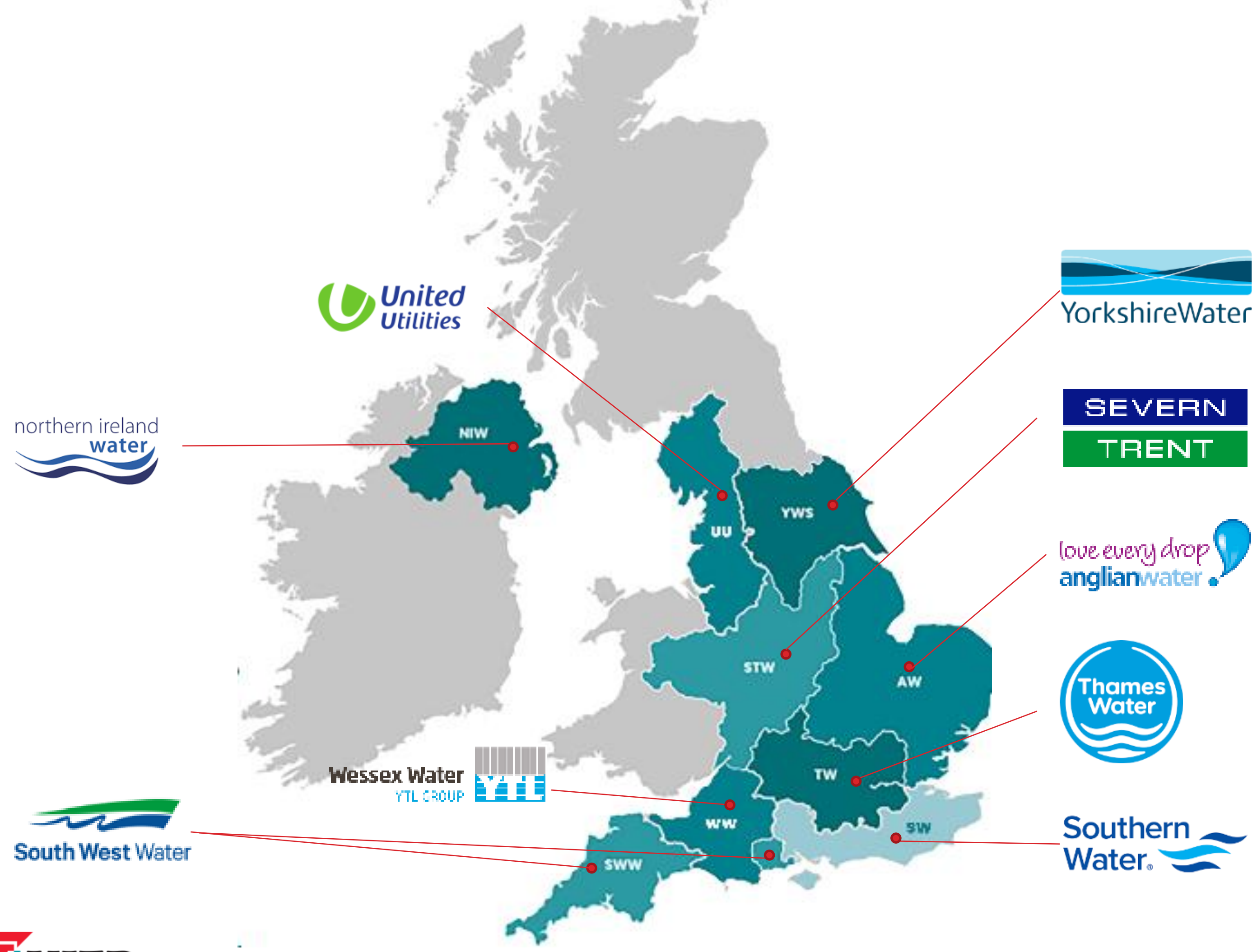
- Revenue growth of over 9%; continued HS2 volumes, water and nuclear
- Delayed CP7 start in rail and RIS3 in roads
- HY24 margins benefited from weighting towards higher margin design phase of projects

Commercial & Operational Update

- Order book of £6.7bn
- Significant awards:
  - appointed by Yorkshire Water to their £850m AMP8 (2025-2030) Complex Non-Infrastructure Works Framework to support their investment in water processing and waste networks
  - appointed to an ECI by Severn Trent to design and build a replacement sewage treatment plant in Worcester worth c.£20m
- c.97% revenue secured for FY25

Water operations

Significant opportunities presented through the AMP 8 investment cycle



- Significantly increased AMP 8 investment determination of £104bn[1]
- Capital delivery programme driven by ageing asset base, environmental regulations and extending asset life
- Water companies engaging with Tier 1 contractors for long term support to deliver upgrade and maintenance programmes
- One of the largest Tier 1 players in UK water sector
- Awarded places on 15 Frameworks supporting 9 customers worth c.£15bn
- Additional opportunities with natural water management

Note 1: Source Ofwat between 2025 and 2030

Construction

Adjusted operating profit up 9.9% to £36.5m

£'m	HY25	HY24	Δ
Revenue	932	915	1.9%
Adjusted Operating Profit	36.5	33.2	9.9%
Operating margin	3.9%	3.6%	30bps
Order book (£bn)	4.3	4.0	7.5%

Financial Performance

- Revenue growth c.2%
- Strong margin delivery, with HY25 benefiting from site overheads incurred in HY24

Commercial & Operational Update

- Strong orderbook of £4.3bn
- Significant awards:
  - appointed by the Scottish Government to deliver HMP Glasgow, the replacement for HMP Barlinnie, worth £684m
  - appointed to undertake preconstruction services to deliver new and improved Army infrastructure at Rock Barracks, MOD Woodbridge, Suffolk to be delivered as part of the MOD's Defence Estate Optimisation Portfolio
  - appointed to deliver two education projects worth c. £179m and a healthcare project worth £40m
  - Kier Places: awarded a place on the £814m Facilities Management framework by Pagabo to provide a range of services to various public sector organisations including, education, healthcare and local authorities
- c.99% revenue secured for FY25

Property

Recapitalisation of Property in preparation for future growth

£'m	HY25	HY24	Δ
Revenue	13	22	(40.9)%
Adjusted Operating Profit	0.9	4.6	(80.4)%
Capital employed	194	163	19.0%
ROCE	1.0%	5.9%	(490)bps

Commercial & Operational Update

- Limited number of transactions in the period
- Significant progress in deploying capital in projects which are expected to deliver returns above hurdle rates
- Currently targeting capital employed of up to £225m with a ROCE of c.15%
- Expected increased transactions in H2

Financial Performance

- Sales transactions second half weighted
- Capital employed currently at £194m

Sustainability

Andrew Davies

Chief Executive Officer

Sustainability

Progressing “Building for a Sustainable World”

Environment:

- On track to deliver against scope 1, 2 and 3 carbon targets
- Collaborated with the Supply Chain Sustainability School to develop procurement guidance for Hydrotreated Vegetable Oil (‘HVO’)
- Adopted the Taskforce on Nature-related Financial Disclosures, enhancing our reporting on nature in FY25
- In FY24, we maintained London Stock Exchange Green Economy Mark accreditation

Social:

- Became **platinum members** of the 5% club:
  - 12% of our workforce are in formal learning programmes
- Included in **2024’s Top 100 Apprenticeship Employer** list
- Offered 28 prison leavers or Released on Temporary Licence employment opportunities to candidates, either at Kier or with our supply chain partners (HY24: 21).
- Offered 57 employment opportunities to veterans during the period (HY24: 22)
- c.55% of our subcontractor spend with SME

Summary and outlook

| 1 Group has continued to make significant operational and financial progress

| 2 Disciplined approach to capital allocation; 20% increase in dividends; announced an initial share buy back programme

| 3 Record order book of £11bn providing multi-year revenue visibility

| 4 The second half of FY25 has started well and trading in-line with Board expectations

| 5 Focused on delivering the long-term sustainable growth plan

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Capital Markets Day

3 June 2025

Q&A

HY25 Results

March 2025

Appendix

Key investment proposition

Aligned our businesses to take advantage of market opportunities

Value accretive earning-led business model

Aligned to the UK Government's investment priorities

Attractive market positions

Focused on UK markets in infrastructure services and construction

Strong order book

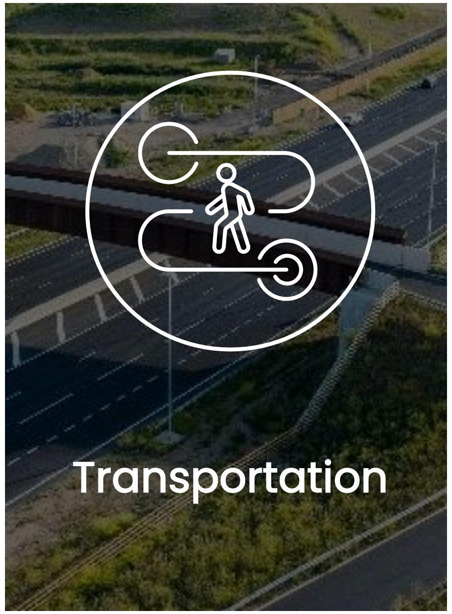
Underpinned by long-term contracts and framework agreements

Experienced management team

Proven track record of operational and financial delivery

Our businesses

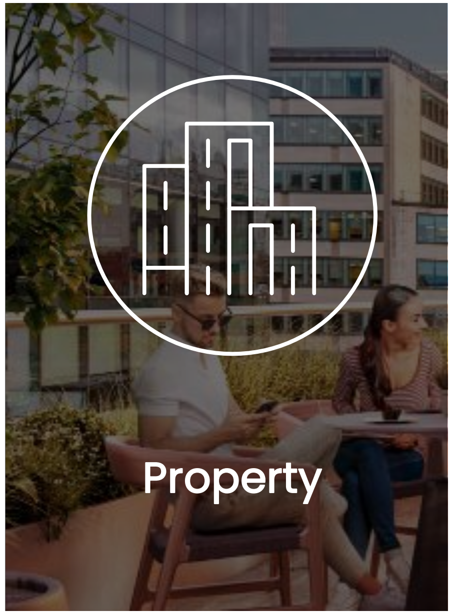
Simple and focused operating units, alongside our Group functions service:



Leading provider of sustainable transport infrastructure solutions designing, building and maintaining infrastructure for the highways, rail, aviation and ports sectors

Delivers long-term contracts providing repairs, maintenance and supporting capital projects to the water, nuclear, energy and telecommunications sectors

Delivers public and private sector projects around the UK, across sectors including education, healthcare, custodial and defence



Invests and develops sites across the UK primarily through mixed-use commercial & residential development, specialising in urban regeneration, last mile logistics and modern, sustainable office developments

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Property – Overview

Mixed-use commercial and residential property development delivered through joint ventures

Sector Focus	Mixed-use Residential	Sustainable Offices	Industrial & Last Mile Logistics
Market Focus	South / South East & Midlands	UK Regional Cities	UK Wide

Market Trends

- Climate change & carbon reduction
- Population growth & affordable housing need
- Changing retail & consumer trends


Watford, Riverwell


19 Cornwall Street


Bracknell

- Access to **£2.0bn** of Gross Development Value ("GDV")
- Pipeline of c.4,800 residential units
- **HY25 - £194m** of capital investment
- Currently targeting capital employed of up to **£225m** with ROCE of c.15%

Property – Value creation model

Unlocking UK Public land and investing through public and private partnerships

Acquire / control land

- **Source** suitable land to bring to partnerships or to bring directly into Kier
- Viability testing through Kier Investment Committee
- “Asset light”

Obtain planning permission

- **Secure planning** and invest in site infrastructure
- **Group wide interface with Local Authorities** to help with planning
- Investment in WIP

Build

- **Build and manage development** – typically mixed commercial and residential
- **Fee income**

Secure owner / occupier

- **Secure occupier**
- Established relationships with occupiers delivering **repeat business**
- **Pre-letting** in certain cases to forward fund and de-risk investment

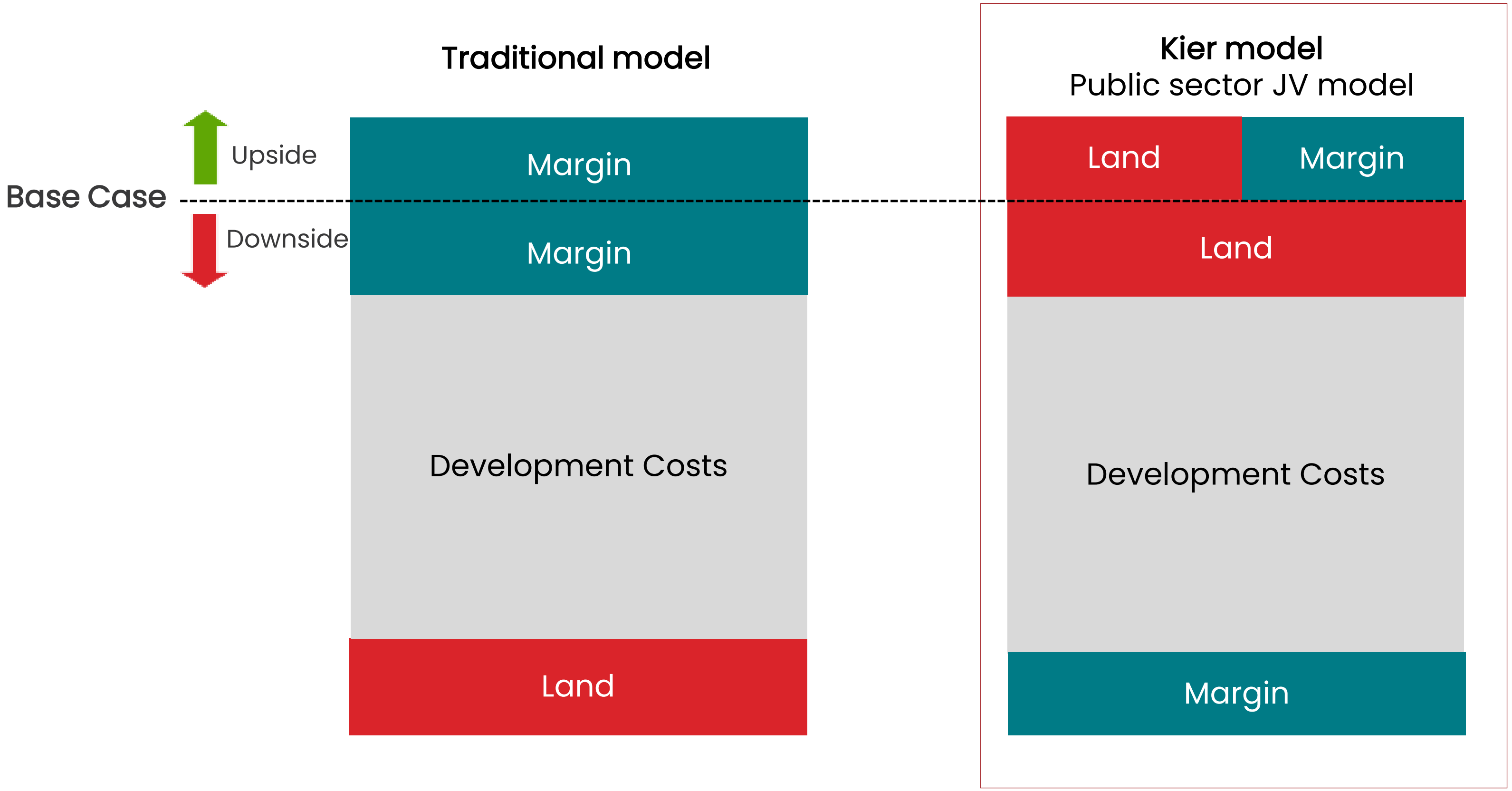
Sell investment

- **Handover** to client
- Remaining **profit and cash** on completion
- **ROCE c.15%**

Typical Timing of investment: 0 to 3 years

Property – Value creation model continued

Kier's public sector JV model provides margin protection compared to a traditional model



- **Traditional model** – potential margin upside and downside risk
- **Kier public sector JV model** – margin is agreed first and is guaranteed up to the point of land draw down
- **Benefits**
  - Small Kier equity stake in each project typically £3-4m
  - Consistent distribution of profit
  - Insulates against market volatility
  - Use overhead efficiently

Property – Group synergies and key relationships

Group synergies and established relationships provide a competitive advantage

Group synergies
Group Business Model
Commercial
Client
Operational
Economic
ESG
PFI

Relationships

Test Valley Borough Council
Watford Borough Council
Network Rail
Birmingham City Council
Mole Valley District Council
Liverpool City Council
Lloyds Bank
Vistry Group
Investec
Cervidae
HGP Housing Growth Partnership
ARA Venn

- **Established relationships with land owners and Local Authorities**
  - Key for sourcing projects
  - Generate repeat business
- Collaboration and **partnership key to delivery in the public sector**
- **Commercial and operational synergies** with Group businesses given public sector partnership approach
- **Competitive advantage** achieved through close relationships

Kier's journey

Rationalised, recapitalised and growing business. Focused on accelerating growth and returns

2019	2020	2021	2022	2023	2024	2025 + through the cycle

April 2019

New CEO, Andrew Davies

Strategic Review

June 2019

Cost savings of c. £100m implemented

March 2020

New senior management team in place

June 2020

Portfolio rationalisation and exiting loss making contracts

May 2021

Refinancing package agreed

Sale of housebuilding business, Kier Living

June 2021

Equity raise

2022 - 2023

Delivering against medium-term value creation plan

September 2023

Bolt-on acquisition of Buckingham's rail assets

March 2024

Refinancing of credit facilities

Re-entry to dividend list and FTSE 250

2025 +

Organic growth

Dividends

Investment in property

Value accretive M&A

Share buybacks

Turnaround Phase

- ✓ Strategic review
- ✓ Cost reduction

Rationalisation

- ✓ Legacy issues addressed
- ✓ Operational turnaround
- ✓ De-risked the business and rationalised portfolio
- ✓ Appointment of leadership team

Recapitalisation

- ✓ Sale of non-core business
- ✓ Capital raise
- ✓ Extension of credit facilities
- ✓ Focus on FCF generation
- ✓ Launch of medium-term plan

Growth

- ✓ Growing high quality order book to c.£10.8bn
- ✓ Revenue, earnings and free cash flow growth
- ✓ Deleveraging with sight to average net cash
- ✓ Property capital allocation increased

Sustainable Growth

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Our strategy

Our medium to long-term strategy focuses on leveraging our attractive market positions to sustainably deliver infrastructure which is vital to the UK

We have four objectives to deliver on our strategic actions:

Objective 1

Leverage our attractive market share positions in growing markets

Objective 2

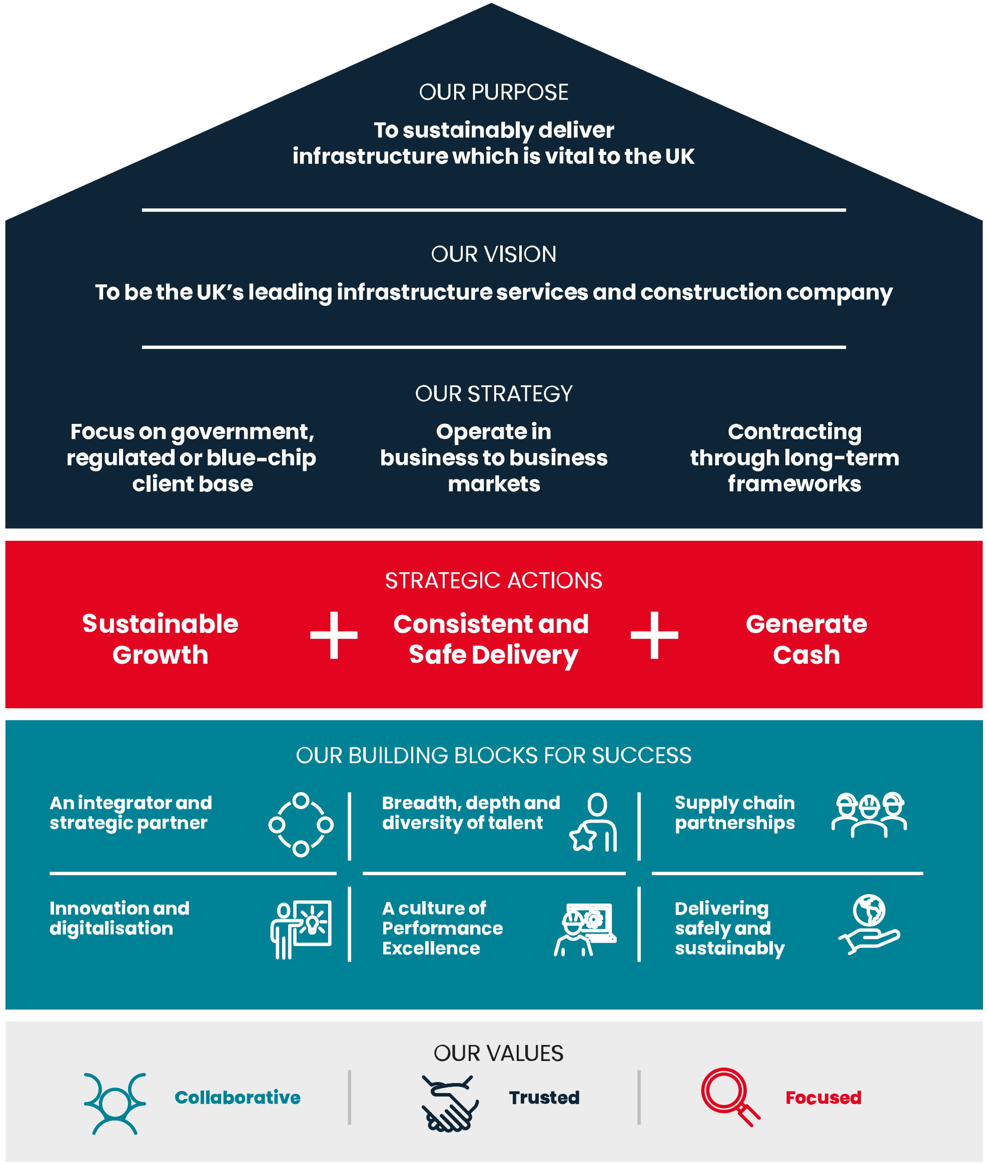
Maintain and enhance long-term customer relationships

Objective 3

Resilient and well-balanced portfolio

Objective 4

Deliver disciplined growth, consistent profitability and cash generation



Market drivers

Positive market environment underpinning UK Government spending commitments

Population growth

- Population expansion with people living longer, net immigration and mini baby boom
- Pressure on health, social and housing driving change

Economic growth

- UK economic growth expected to slow given rising cost of living
- Construction industry historically used to stimulate economy

Congested transport

- Congested roads, rails and airports given population growth and increased travel

Addressing geographic imbalance

- Increased spending in previously deprived areas to narrow the UK's regional inequality

Climate change

- Energy supply shortage and rising demand driving investment
- UK's Government's commitment to net zero carbon

UK Government spending commitments

10 year UK national infrastructure spending commitments

Infrastructure Services

Transportation

- Road Investment Strategy 2: £27bn investment in England's strategic roads - 2020-2025
- Local Authorities: £8.3bn fund for potholes and other highways maintenance
- £44bn committed over 5 years for CP7 rail network

Natural Resources, Nuclear & Networks

- Water England/Wales AMP8 £104bn by 2030 determination. NI Water £4bn to 2027
- Energy distribution - £30bn investment by 2026 and £186m in NI by 2028
- Great British Energy: £8.3bn
- Flood defences: £1.3bn for 34 flood defence projects

Net Zero infrastructure

- UK leading net-zero pledge
- Ten point plan for a green industrial revolution
- £100bn investment in UK energy security by 2030(1)
- Greener buildings, public transport and carbon capture

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Note: (1) Anticipated private sector investment driven by the Government's Ten Point Plan for Green Industrial Revolution, Net Zero and Energy Strategy

UK Government spending commitments continued

UK Government spending focused on schools, hospitals, prisons and defence

Construction

Education

- 500 DfE school replacement project over 10 years, incl. 100+ of RAAC schemes to 2030
- Government pledged £1.4bn to meet target of rebuilding 50 schools per year in England

Healthcare

- Government has confirmed up to £15 billion of funding per 5-year wave for the New Hospitals Programme (NHP), averaging approximately £3 billion annually from 2030
- Intention to spend £13.6bn during 2025/26

Justice & Borders

- 14,000 new prison places to be built
- £2.3bn commitment to 2026
- c.£175m per annum of maintenance work required to MoJ's estate

Defence

- £5.1bn Defence Estate Optimisation Programme
- Single Living Accommodation alliance to build 16,000 new bedspaces for members of the armed forces over next 6 years

Kier Places

- Retrofitting and maintenance of public housing particularly in high density urban areas

Property

Urban Regeneration

- Geographic redistribution agenda – increased spending in deprived areas

Frameworks – Route to market

Maintaining and growing central and local framework positions

- Awarded places on long-term frameworks and contracts worth up to **£158bn** (total advertised values)
- Driving **long-term revenue streams**, barriers to entry and strengthened customer relationships, underpinning strong order book

Infrastructure Services

- 12 national framework positions
- 41 regional framework positions
- Typical durations 4+ years
- Total advertised value circa:

£31bn

Construction

- 33 national framework positions
- 37 regional framework positions
- Typical framework duration 4 years; average of 2 years remaining
- Total advertised value circa:

£127bn

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Pension

Net pension scheme asset of £53m

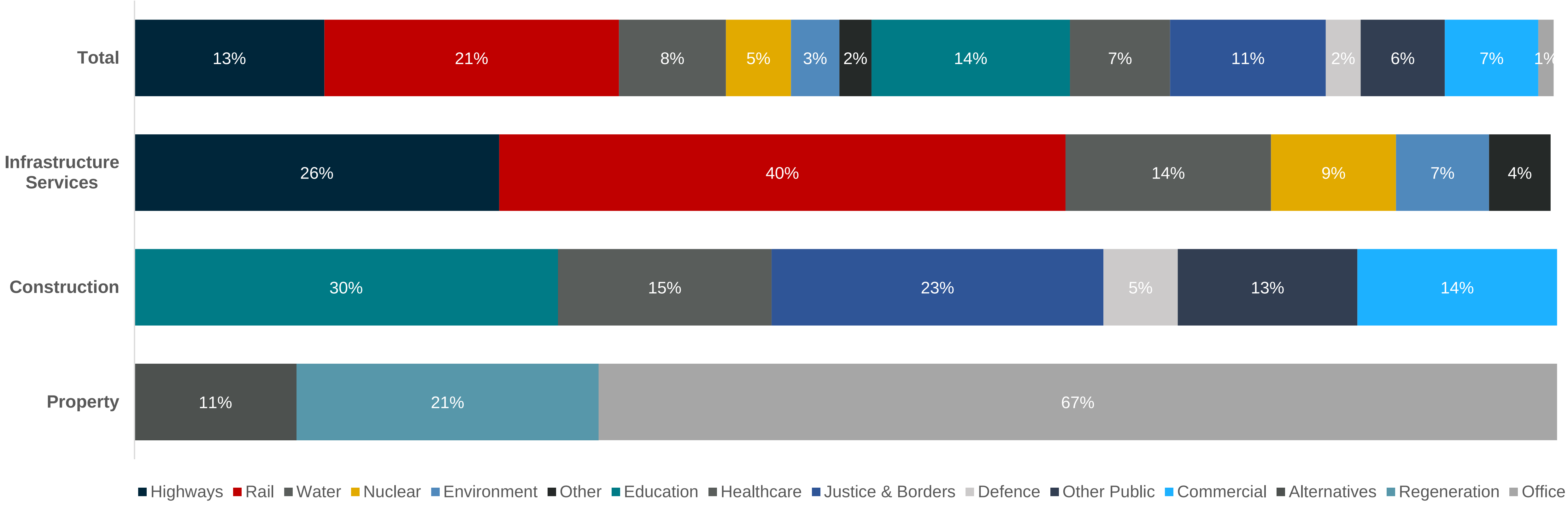
£'m	Dec 24	Jun 24	Δ
Group Pension Schemes			
Market value of assets	1,157.4	1,218.6	(61.2)
Present value of liabilities	(1,104.6)	(1,138.1)	33.5
Net pension asset	**52.8**	**80.5**	**(27.7)**
Assumptions			
Discount rate %	5.40	5.15	0.25
Inflation rate (Retail Price Index) %	3.20	3.20	-
Inflation rate (Consumer Price Index) %	2.45 – 2.90	2.40 - 2.85	0.05

Deficit payment schedule

Year	FY25	FY26	FY27	FY28	FY29 & beyond
Current schedule	£7m	£5m	£4m	£1m	-

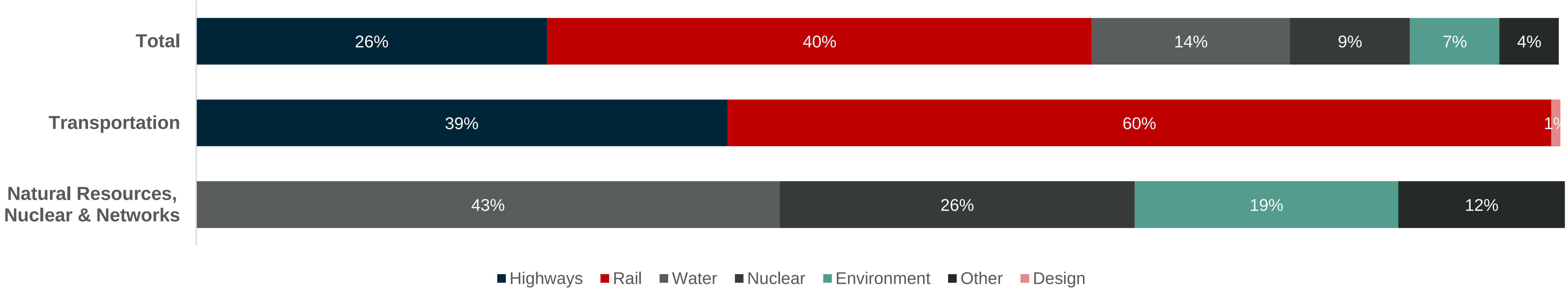
- As at 31 December 2024, Group's net pension scheme asset was £53m
- Decrease due to lower than assumed asset returns, partially offset by lower scheme liabilities resulting from an increase in the discount rate (higher corporate bond rates)
- Preparing for the March 2025 triennial valuation process

HY25 Group revenue analysis



HY25 Segmental revenue analysis

Infrastructure Services



Construction