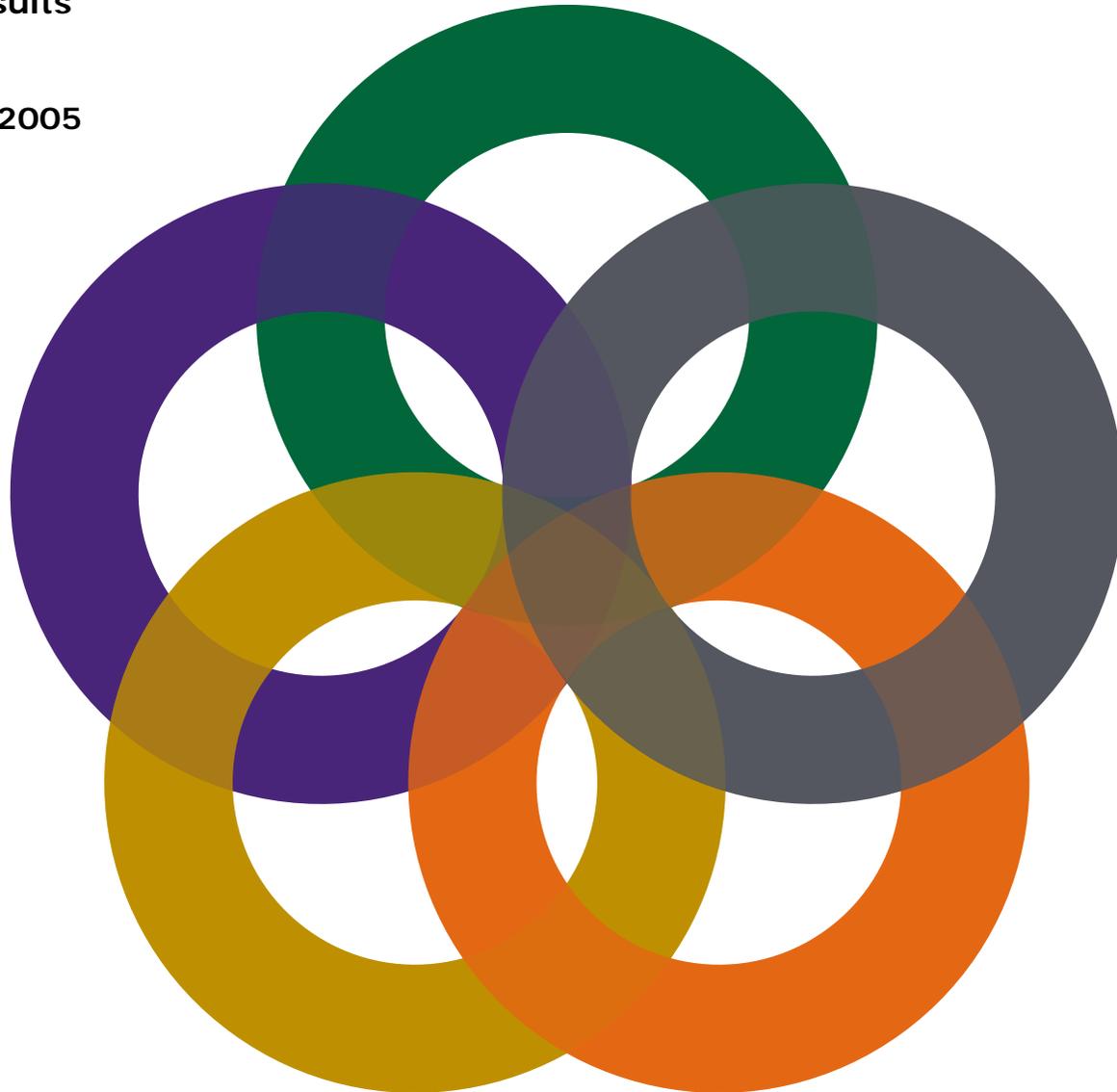
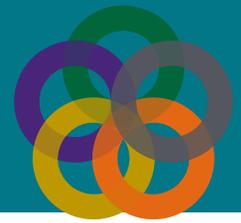


Kier Group plc
Preliminary results
presentation

15 September 2005



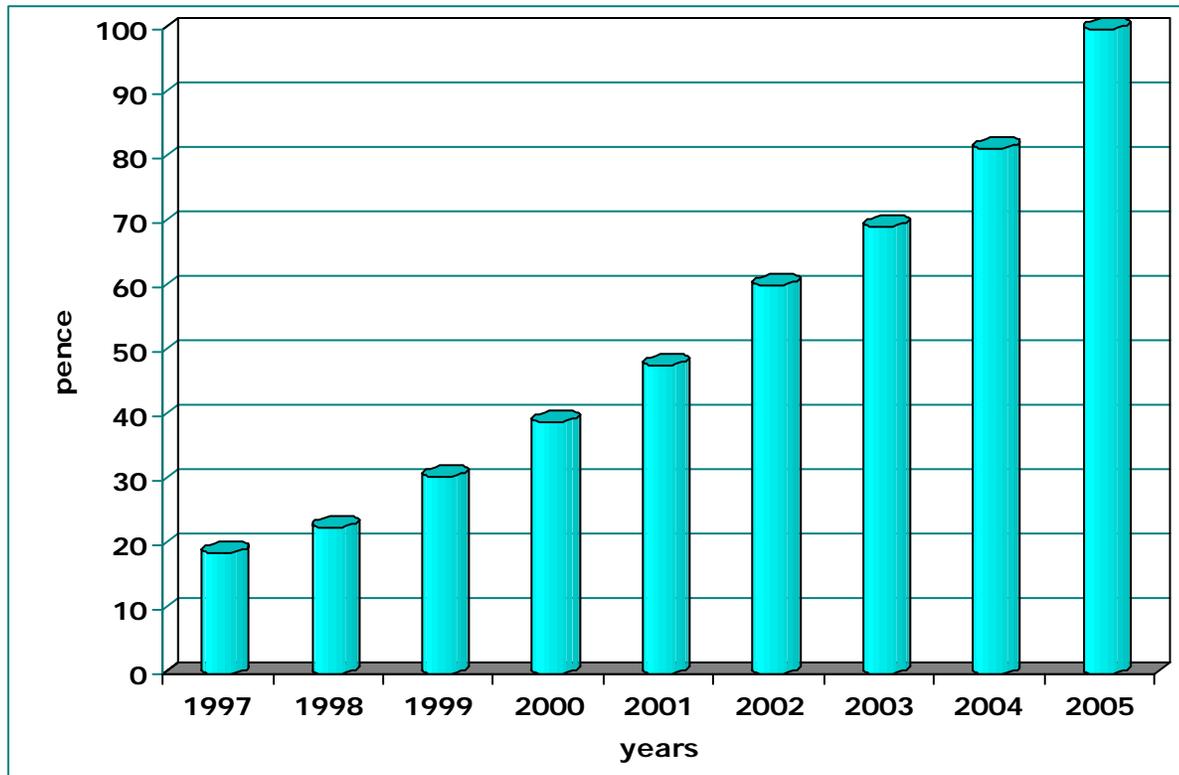
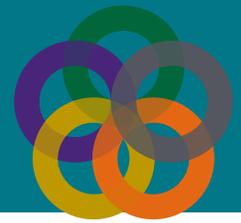
Highlights



- Pre-tax profits, including exceptional profits of £6.7m, up 39.8% to £60.4m*
- EPS, before exceptional items up 20.9% to 105.4p*
- Dividend per share up 16.8% to 22.2p
- Cash inflow from operating activities £86.4m
- Construction and Support Services order books at record levels
- The Homes order book plus completions to 31 August 2005 secure 43% of full year budgeted unit sales
- Mixed-use and regeneration schemes continue to provide good opportunities for the Group

* Before goodwill amortisation of £2.5m (2004: £2.6m)

EPS record: since 1996 (flotation)



Record shown after deducting goodwill amortisation and before exceptional profits

- 13th year of continuous growth
- Compound growth in EPS of 23% per annum since flotation (excluding goodwill)
- Return on shareholders' funds of c40% per annum for eight years

Financial summary



	Year to 30 June		
	2005 £m	2004 £m	Change %
Total turnover	1,621.4	1,476.5	+9.8
Operating profit including share of joint ventures*	53.4	42.6	+25.4
Net interest receivable/(payable) - Group	0.9	(0.2)	-
Net interest payable – joint ventures	(3.1)	(1.8)	-72.2
Profit before tax and exceptional profits*	51.2	40.6	+26.1
Exceptional items	6.7	-	-
Profit on ordinary activities before taxation*	57.9	40.6	+42.6
Tax on profit before exceptional items	(15.8)	(12.0)	-31.7
Tax on exceptional items	(4.3)	-	-
Profit after tax	37.8	28.6	+32.2

* After goodwill amortisation of £2.5m gross, £1.9m net of tax (2004: £2.6m gross, £2.0m net of tax)

Financial summary (continued)



		Year to 30 June		
		2005 £m	2004 £m	Change %
Dividends per share		22.2p	19.0p	+16.8
Dividend cover (EPS before exceptionals)		4.5x	4.3x	-
Basic earnings per share:	undiluted	106.8p	81.5p	+31.0
	fully diluted	105.9p	80.8p	+31.1
Adjusted earnings per share (before exceptional profits):	undiluted	100.0p	81.5p	+22.7
	fully diluted	99.2p	80.8p	+22.8
Adjusted earnings per share (before exceptional profits and goodwill amortisation):	undiluted	105.4p	87.2p	+20.9
	fully diluted	104.5p	86.4p	+20.9

Exceptional items



	Year to 30 June 2005		
	Profit before tax £m	Tax £m	Net profit £m
Disposal of investment in Kier Hong Kong	0.8	-	0.8
Disposal of investment in PFI concession: (Neath Port Talbot Hospital)	2.1	(0.6)	1.5
Refinancing of a PFI joint venture: (Hairmyres Hospital)	-	(2.5)	(2.5)
Disposal of a fixed asset property: (Marriott's offices)	3.8	(1.2)	2.6
	6.7	(4.3)	2.4

Performance by segment



		Year to 30 June		
		2005 £m	2004 £m	Change %
Turnover:	Construction	1,096.2	1,007.3	+8.8
	Support Services	227.5	197.7	+15.1
	Homes	225.5	215.7	+4.5
	Property	60.4	46.6	+29.6
	Infrastructure Investment	11.8	9.2	+28.3
		1,621.4	1,476.5	+9.8
Operating profit:	Construction ¹	15.0	10.9	+37.6
	Support Services ²	3.2	2.7	+18.5
	Homes	34.1	31.8	+7.2
	Property	10.0	6.6	+51.5
	Infrastructure Investment	(0.9)	(1.9)	+52.6
	Corporate overhead/finance	(8.0)	(7.5)	-6.7
		53.4	42.6	+25.4

¹ After goodwill amortisation of £0.6m (2004: £0.6m)

² After goodwill amortisation of £1.9m (2004: £2.0m)

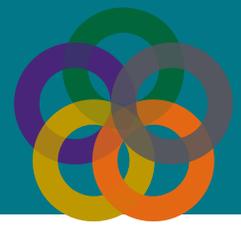
Segmental analysis: net operating assets



		At 30 June	
	2005 £m	2004 £m	Change £m
Construction	(175.1)	(132.6)	-42.5
Support Services	(6.3)	10.6	-16.9
Homes	248.4	201.3	+47.1
Property	24.3	24.8	-0.5
Infrastructure Investment	(1.7)	9.0	-10.7
Centre	(0.3)	(4.3)	+4.0
	89.3	108.8	-19.5
Cash, net of debt	58.1	7.6	+50.5
Total net assets	147.4	116.4	+31.0

Cash flow:

summary for the year to 30 June 2005



	£m
Opening net funds at 30 June 2004	7.6
Cash inflow from operating activities	98.4
Less: Additional contribution to pension fund	(12.0)
	86.4
Cash inflow:	
Refinancing Hairmyres	8.1
Sale of PFI investment	5.0
Sale of shares in a subsidiary	0.8
Sale of property fixed asset	4.7
Cash outflow: acquisition of Ashwood Homes	(15.0)
Investments	(3.0)
Capital expenditure	(18.6)
Financing, tax and dividends	(17.9)
Closing net funds	58.1

- Good cash generation from Construction
- Cash generation from Mining assets

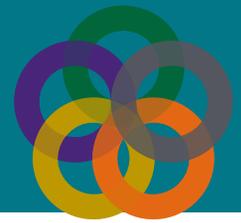
Pensions: FRS 17



	2005 £m	2004 £m	At 30 June Change £m
Market value of assets	393.9	325.8	+68.1
Present value of liabilities	(511.9)	(421.8)	-90.1
Deficit	(118.0)	(96.0)	-22.0
Deferred tax asset	35.4	28.8	+6.6
Net pension liability	(82.6)	(67.2)	-15.4

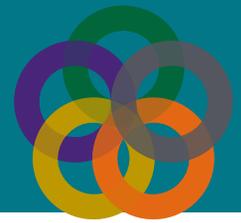
- 0.9% reduction in discount rate
- 0.5% reduction in inflation
- Increase in longevity

Pensions: actions



- Proceeds from refinancing and PFI investment sale applied towards a £12.0m additional contribution
 - no impact on operating profits for the year
- Changes to the way in which contributions are made result in cost savings which are being applied as additional contributions to the pension scheme
- Limited Price Indexation changes to apply to future pensions

International Accounting Standards: key changes in accounting policy



- Pension scheme deficit included in the balance sheet IAS 19
- Sales and marketing costs written off as incurred IAS 2
- Recognition of imputed interest on deferred land payments IAS 2
- Development property profit recognition on certain sales structures IAS 18
- Goodwill frozen and subject to annual impairment review IFRS 3
- Deferred taxation recognised in full on all timing differences IAS 12
- Share-based payments are required to be valued at fair value at the date of grant IFRS 2
- Dividends only recognised when declared prior to the balance sheet date IAS 10
- Recognition of fair value of financial instruments relating to interest rate and principal currency swaps and related debt value – application from 1 July 2005 IAS 39

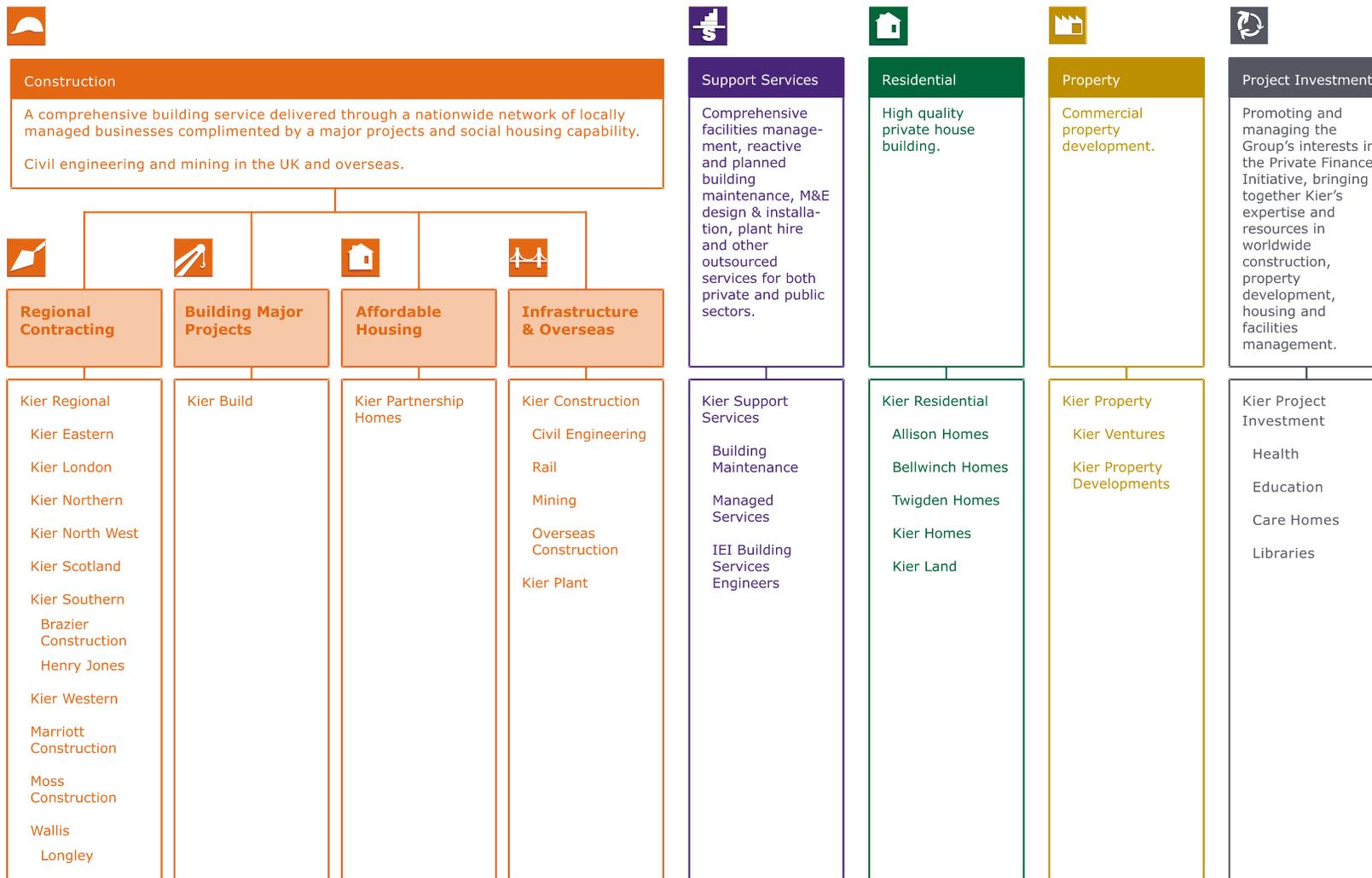
International Accounting Standards: reconciliation



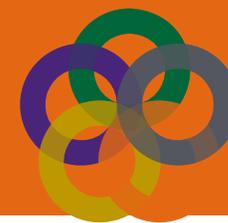
	PBT £m	30 June 2005 Net assets £m
UK GAAP	57.9	147.4
Retirement benefits	0.1	(93.7)
Sales and marketing costs	(1.8)	(3.9)
Deferred land payments	(1.6)	(1.1)
Property transactions	0.5	-
Goodwill	0.6	0.6
Deferred taxation	-	(2.0)
Share-based payments	-	0.1
Proposed dividends	-	5.4
IFRS (PBT before joint venture tax)	55.7	52.8
Presentational - Joint ventures	(1.2)	-
IFRS	54.5	52.8



Kier Group operating structure



Construction: performance



Construction

A comprehensive building service delivered through a nationwide network of locally managed businesses complimented by a major projects and social housing capability.

Civil engineering and mining in the UK and overseas.



Regional Contracting

Kier Regional

- Kier Eastern
- Kier London
- Kier Northern
- Kier North West
- Kier Scotland
- Kier Southern
 - Brazier Construction
 - Henry Jones
- Kier Western
- Marriott Construction
- Moss Construction
- Wallis Longley



Building Major Projects

Kier Build



Affordable Housing

Kier Partnership Homes



Infrastructure & Overseas

Kier Construction

- Civil Engineering
- Rail
- Mining
- Overseas Construction
- Kier Plant

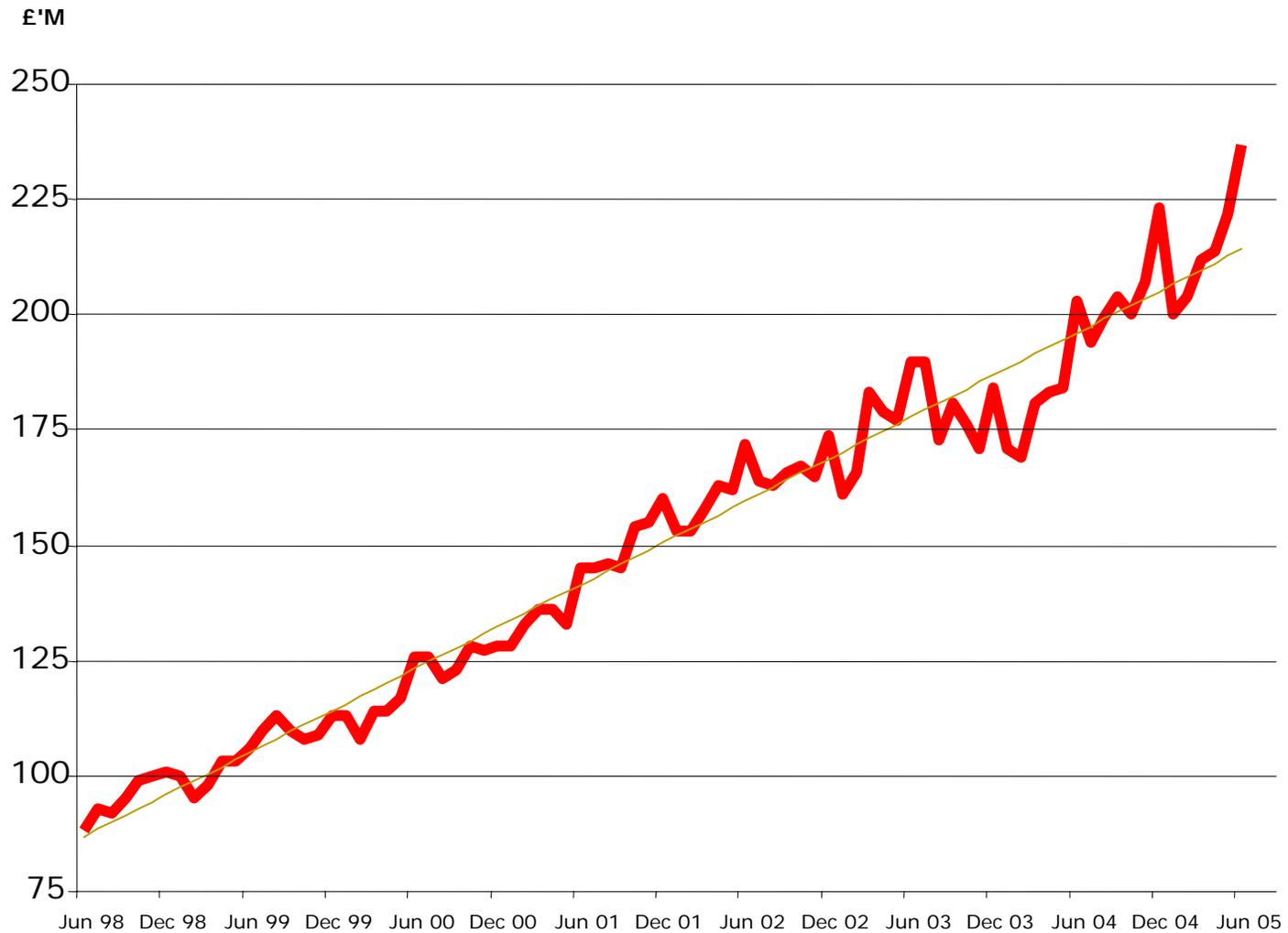
Year to 30 June

2005 2004

Turnover	£1,096.2m	£1,007.3m
Operating margin*	1.4%	1.1%
Cash at 30 June	£241.7m	£191.6m
Order book at 30 June	£1,030m	£662m

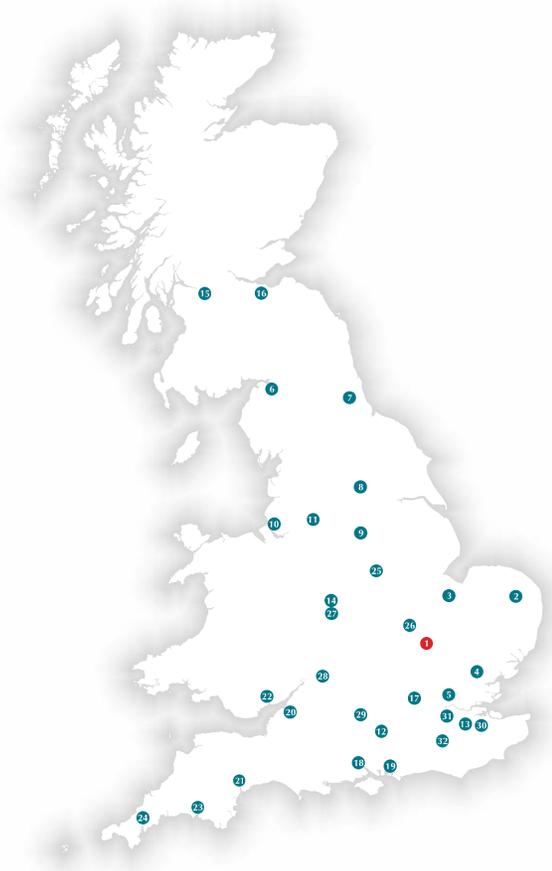
* Before goodwill amortisation

Kier Regional: Cash & Interest Bearing Funds





Kier Regional: Regional Contracting, Building Major Projects, Affordable Housing



- Head Office & Kier Build**
Temptford 1
- Kier Eastern**
Norwich 2
Wisbech 3
Witham 4
- Kier London**
Loughton 5
- Kier Northern**
Carlisle 6
Durham 7
Leeds 8
Sheffield 9
- Kier North West**
Liverpool 10
Manchester 11
- Kier Partnership Homes**
Basingstoke 12
West Malling 13
Walsall 14
- Kier Scotland**
Glasgow 15
Edinburgh 16
- Kier Southern**
Maple Cross 17
- Brazier Construction**
Southampton 18
- Henry Jones**
Havant 19
- Kier Western**
Bristol 20
Exeter 21
Newport 22
Plymouth 23
Truro 24
- Marriott Construction**
Nottingham 25
Rushden 26
- Moss Construction**
Birmingham 27
Cheltenham 28
Newbury 29
- Wallis**
Maidstone 30
Bromley 31
Longley 32
Crawley 32

Year to 30 June

2005 2004

	2005	2004
Contract awards	£1,018m	£845m
Public sector awards	41%	36%
Private sector awards	59%	64%
Negotiated and two-stage bids	100%	100%
Competitive tender	59%	52%
	41%	48%
	100%	100%

Kier Regional: local builder with national coverage



- Average contract size £2.6m
- National frameworks and alliances:
 - Kier Health: ProCure 21 projects
 - Kier Retail: Tesco, Pillar, Waitrose, Morrison
 - Kier Custodial: HM Prisons framework
 - Kier Education: Building Schools for the Future
 - Local authority frameworks for affordable housing
 - Key account clients: DeVere, Castlemore, Arlington, Unite, Land Securities, Crest Nicholson, Vodafone



Kier Construction: Infrastructure & Overseas



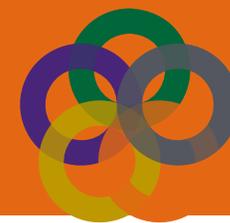
- UK civil engineering



- Overseas



- Network Rail structures framework contract for East Anglia - £100m over five years
- Second five-year framework agreement for United Utilities in joint venture - £130m to Kier
- Caribbean activities include new Sandals hotel in Antigua and transportation centre in Jamaica
- Strategic alliance with Alcoa in worldwide expansion plans



Kier Construction

- Mining



- Greenburn performing well
- 750,000 tonnes transported from the site
- 60% of future sales forward sold at favourable prices
- Further opportunities are being explored to extend the mine



Kier Support Services: performance



Support Services

Comprehensive facilities management, reactive and planned building maintenance, M&E design & installation, plant hire and other outsourced services for both private and public sectors.

Kier Support Services

Building Maintenance
Managed Services
IEI Building Services Engineers

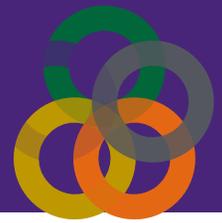
Year to 30 June

2005 2004

Turnover	£227.5m	£197.7m
Operating margin*	2.2%	2.3%
Order book	£1,204m	£1,090m
Cash	£14.4m	£(3.3m)

*before goodwill amortisation

Kier Support Services: Building Maintenance



improving housing through partnership



- Operations:

- Core works:

- Reactive and planned maintenance

- Decent Homes:

- Upgrade of kitchens and bathrooms

- Projects:

- Construction contracts, up to £5.0m

- Manufacturing:

- uPVC windows and kitchen units



LEEDS SOUTH homes



LEEDS NORTH WEST homes



Kier Support Services: Managed Services



- Operations:
 - Facilities management
 - Street services and grounds maintenance
 - Reactive maintenance
 - PFI and lifecycle



Kier Residential: performance



Residential

High quality private house building.

Kier Residential

Allison Homes

Bellwinch Homes

Twigden Homes

Kier Homes

Kier Land

	Year to 30 June		
	2005	2004	Change %
Unit sales (units)	1,215	1,158	+4.9
Average selling price (£)	181,700	186,300	-2.5
Turnover (£m)	225.5	215.7	+4.5
Land sale (£m)	(4.7)	-	-
Turnover from housing (£m)	220.8	215.7	+2.4
Operating profit (£m)	34.1	31.8	+7.2
Operating margin %	15.4	14.7	-

Ashwood Homes acquired in June 2005 for £23.5m

- 389 plots
- Lincolnshire and North Cambridgeshire

Kier Residential: completions, average sales price and plot cost



	Year to 30 June			
	2005 Units	2005 ASP (£)	2004 Units	2004 ASP (£)
Allison Homes	394	165,000	318	171,500
Bellwinch Homes	259	204,500	256	188,000
Kier Homes	185	178,300	198	176,600
Twigden Homes	377	185,200	386	202,400
	1,215	181,700	1,158	186,300
Average plot cost	-	41,700	-	45,000
Plot cost as a % of SP	-	22.9%	-	24.2%
Land bank with planning consent	-	5,178	-	4,961
Strategic land bank	-	12,000	-	15,000

Strategic Land



- Mixed-use schemes:
 - Kier Group companies are working together to deliver complex mixed-use schemes
- Regeneration:
 - Kier Regeneration supported by a strong regional construction network offering unique 'one-stop-shop' service to clients
- Strategic Land:
 - Planning achieved for 550 units on an Anglian Water site near Peterborough
 - Two sites in Bedfordshire achieved planning for 139 plots



Property

Commercial property development.

Kier Property

Kier Ventures

Kier Property Developments

Year to 30 June

	2005 £m	2004 £m
--	------------	------------

Operating profit:

Kier	5.6	4.4
Joint venture	4.4	2.2
	10.0	6.6

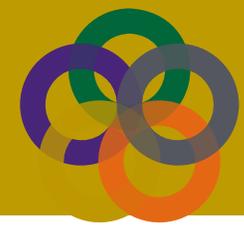
25 Schemes	Gross development value	Floor space
7 office schemes	£300m	1.0m sq ft
14 industrial schemes	£270m	2.0m sq ft
4 retail schemes	£113m	0.3m sq ft
Over 1,000 residential units		1.0m sq ft

Kier Property: schemes



- Office developments:
 - Whitehall for DEFRA
 - Swindon for National Trust
 - Frimley for subsidiary of BAe
- Industrial developments (Trade City):
 - Enfield
 - Bicester
 - Exeter
 - Romford
 - Brooklands, Weybridge
- Retail schemes:
 - Swindon – Mannington Retail park





Mixed-use schemes:

Kier Property, Kier Residential, Kier Regional

- Waltham Park and Waltham Point:
 - 35 acres Residential
 - 48 acres Commercial
 - Now completed
- Shippams Factory, Chichester:
 - Planning for 165 flats
 - 50,000sq ft of retail
- Ashford:
 - 700 flats
 - 100,000sq ft commercial space



Before development



After development



Kier Project Investment



Project Investment

Promoting and managing the Group's interests in the Private Finance Initiative, bringing together Kier's expertise and resources in worldwide construction, property development, housing and facilities management.

Kier Project Investment

Health

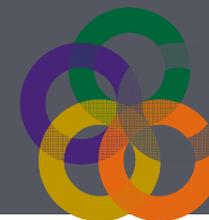
Education

Care Homes

Libraries

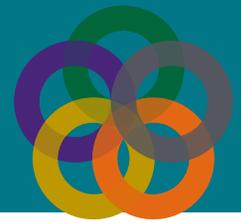
- Financial close:
 - Sheffield Schools
- Preferred bidder:
 - Garrett Anderson Centre, Ipswich Hospital
 - Norfolk Schools
- Short-listed:
 - Sheffield BSF
 - Oldham Schools
- Refinanced Hairmyres Hospital
- Sold investment in Neath Port Talbot Hospital

Infrastructure Investment: current projects



Sector	Project	Status	Capital value £m	Kier equity/ loan stock £m	Equity %
Health	Hairmyres Hospital	Operational	68	4.3	50
	West Berkshire Hospital	Operational	25	1.8	50
	Hinchingbrooke	Operational	19	1.1	50
	Ipswich Hospital	Preferred bidder	26	1.6	50
Local authority	Bournemouth Library	Operational	14	0.7	50
	Oldham Library	Construction	14	1.0	50
Education	Tendring Schools	Construction/ operational	18	0.6	50
	Waltham Schools	Construction	51	2.9	50
	Sheffield Schools	Construction	50	2.3	50
	Norfolk Schools	Preferred bidder	38	1.9	50
Others	Greenwich Care Homes	Operational	18	0.8	50
	North Kent Police HQ	Preferred bidder	25	1.3	40
Committed investment			-	20.3	-
<p>Green: Kier construction and support services contractor Red: Kier construction contractor</p> <p>Shortlisted: Oldham Schools; Sheffield BSF</p>					

Prospects



- Order books for Construction and Support Services are at record levels
- Homes order book marginally ahead of last year but market still uncertain
- Property Development – good pipeline of developments
- PFI – success continues
- Value from mixed-use developments combining skills from all areas of the Group

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