Kier Group

Results for the year ended 30 June 2017

21 September 2017

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Haydn Mursell

Chief Executive

Agenda

- Overview
- Financials
- Divisional update
- Summary and outlook

Good underlying performance

- Strong contributions from all divisions
  - Property 23% ROCE
  - Residential 11% ROCE
  - Construction 2.0% margin
  - Services 5.2% margin
- Two-year portfolio simplification substantially complete
- Well managed net debt position
  - 113% operating cash conversion
  - Net debt £110m : <1x EBITDA
- Robust order books and pipelines
  - Providing long-term visibility
- Full year dividend per share increased to 67.5p up 5%

Stronger, simplified and focused

- Two-year portfolio simplification substantially completed
  - Geographical exits
  - Non-core disposals
- No further charges in FY18
- Group focused on 3 core verticals
  - Robust long-term fundamentals
  - Significant cross-sell opportunities

Property & Investment

Leading builder	Leading UK infrastructure player	Leading provider of mixed tenure housing
£1.8bn+	£1.5bn+	£800m+

- Represents **90%** of Group revenue & profit
- Invest, Build and Maintain all asset classes

Positive macro environment

UK priorities

- Regeneration of regional cities
- Upgrading and investing in infrastructure
- Provision of more affordable housing and its maintenance

Our position

- Regional builder with national coverage
- Capex and maintenance infrastructure capabilities
- End-to-end housing solutions

Positive macro environment

Building	Infrastructure	Housing	
Property and Investment	Property and Investment	Mixed Tenure and Kier Living	Invest
Regional Building	Infrastructure	Kier Living	Build
Workplace Services	Highways, Utilities	Housing Maintenance	Maintain

>£1bn revenue from clients working with 2 or more parts of the Group

Vision 2020 targets remain on track

- Profit on track for £200m target
  - Increased returns from Property and Residential
- Dividend per share moving towards 2x covered
- Net debt
  - Strict disciplines
    - Year end <1x EBITDA
    - Average net debt increasing in-line with investment in Property and Residential

Net debt	2017	2020
Year end	<1x EBITDA	<1x EBITDA
Average	£320m	c.£400m

- Safety
  - Group AIR 130; less than half industry benchmark
- Customer experience
  - 91% recommend us
- Investment in systems provides a strong foundation
  - Oracle – finance, HR, Procurement, etc

Well positioned for future growth

- Leading market positions in robust and growing sectors
  - >90% of Group revenue and profit
- Portfolio of businesses provides flexibility and resilience
- Strong platform for future growth
  - Simplified and focused Group
  - Well managed balance sheet
  - Improved order book
- Confident to deliver growth in 2018
- On course to deliver Vision 2020 strategic targets

Financial update

Bev Dew, Finance Director

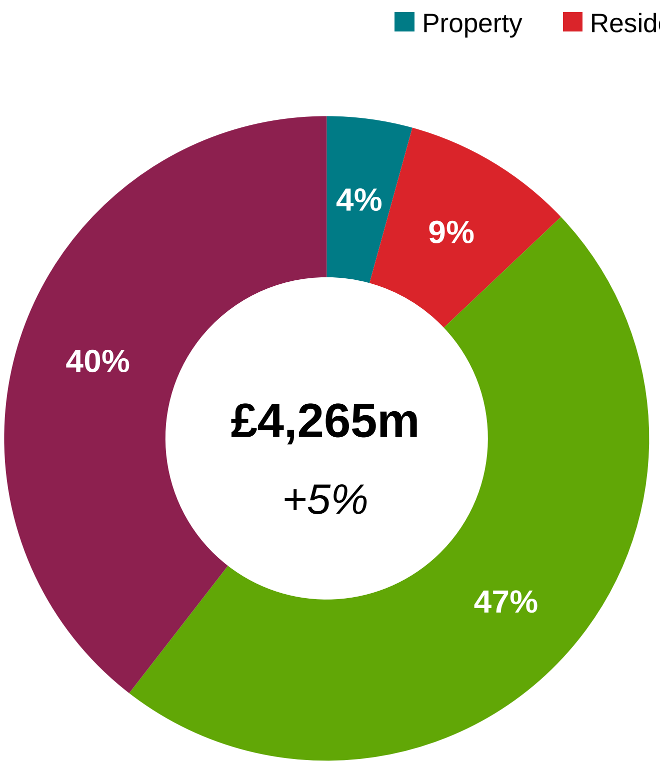
Financial highlights

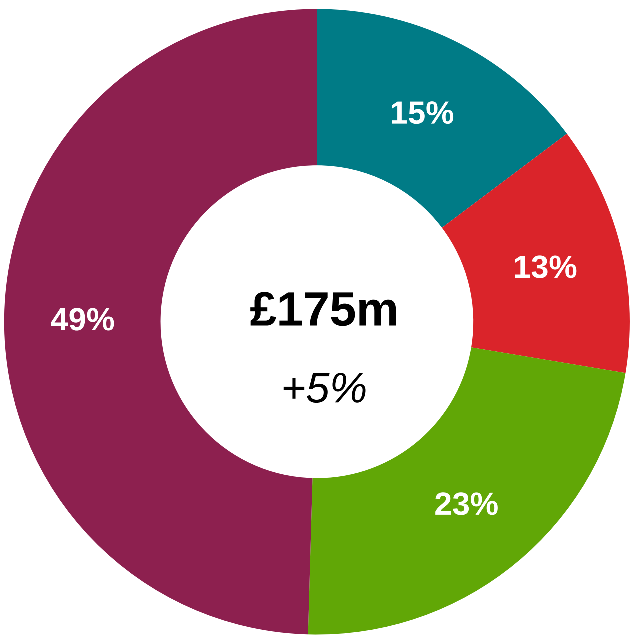
- Good performance in line with management expectations
- Operating profit[1] of £146m up 3%
- Earnings per share[1] of 106.8p up 7%
- Well controlled and sustainable net debt position
- Order book[2] of c.£9.5bn with potential extensions of £2.5bn
- Full year dividend of 67.5p up 5%

[1] Arising on continuing operations, stated before non-underlying items.
[2] Including £0.6bn from McNicholas acquired post year end.

Revenue and underlying operating profit

Revenue[1]	Underlying operating profit[2]





[1] Group and share of joint ventures from continuing operations.
[2] Arising on continuing operations, stated before non-underlying items, excluding corporate costs.

Income statement

Strong EPS and dividend growth

Underlying operating profit[1]		Year ended 30 June 2017 £m	2016[2] £m	Change %
Group	175	**145.0**	149.9	*-3*
Joint ventures (JVs) results post tax		**25.0**	14.2	*+76*
Profit on disposal of joint ventures		**5.4**	2.6	*+108*
Corporate costs		**(29.8)**	(25.6)	*+16*
Total operating profit[1]		**145.6**	**141.1**	***+3***
Net finance costs[1]		**(19.5)**	(24.7)	
Profit before tax[1]		**126.1**	**116.4**	***+8***
Earnings per share (pence)[1]		**106.8**	99.5	*+7*
Dividend per share (pence)		**67.5**	64.5	*+5*

- Results of joint ventures presented after accounting for interest and tax of £7.2m (2016: £2.4m) – see Appendix

[1] Arising on continuing operations, stated before non-underlying items.
[2] Restated to present the results of Mouchel Consulting and Biogen as discontinued, following their sales in the year, and to restate the results of UK Mining into continuing operations

Underlying business operating profit

Performance by division	Year ended 30 June		*Change*
	2017 £m	2016[2] £m	*%*
Property	**25.8**	**21.4**	*+21*
Residential	**22.8**	**20.3**	*+12*
Construction	**39.8**	**38.9**	*+2*
Services	**87.0**	**86.1**	*+1*
Corporate	**(29.8)**	**(25.6)**	*+16*
Total operating profit[1]	**145.6**	**141.1**	***+3***
Net finance costs[1]	**(19.5)**	**(24.7)**	*-21*
Profit before tax[1]	**126.1**	**116.4**	***+8***

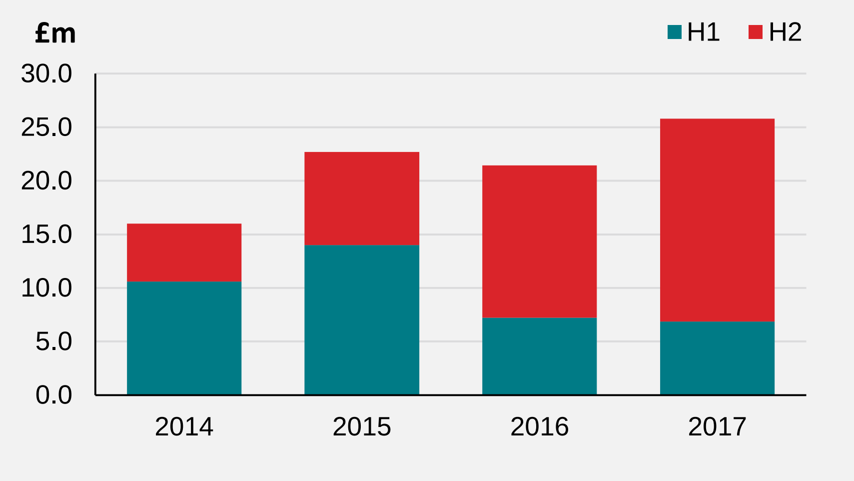
- Transition to a central Finance Shared Service Centre providing improved control and a platform for growth led to £3m additional corporate costs
- The transition will conclude in the second half of FY18
  - FY18 will only be impacted with six months of parallel running costs

[1] Arising on continuing operations, stated before non-underlying items
[2] Restated to present the results of Mouchel Consulting and Biogen as discontinued, following their sales in the year, and to restate the results of UK Mining into continuing operations.

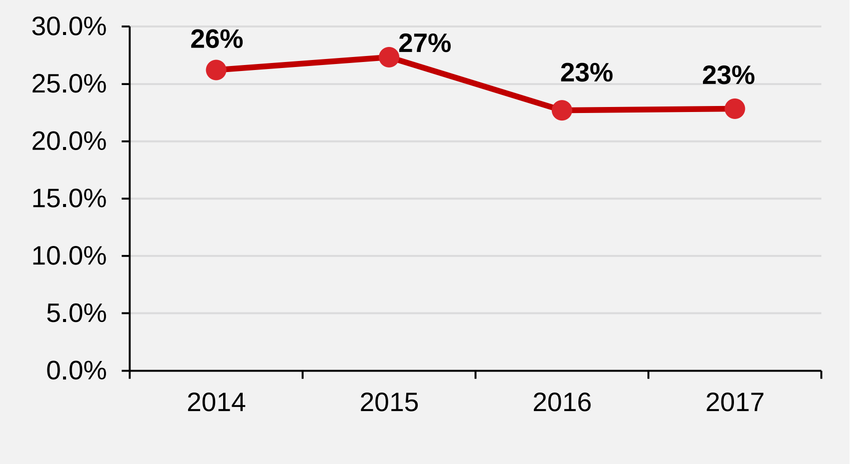
Property performance

	Year ended 30 June		
	2017 £m	2016[1] £m	*Change %*
Revenue[2]	182	169	*+8*
Underlying operating profit[3]	25.8	21.4	*+21*
Average capital[4]	113	94	*+20*
Return on average capital (ROCE)	23%	23%	-

Underlying operating profit



Return on average capital (ROCE)

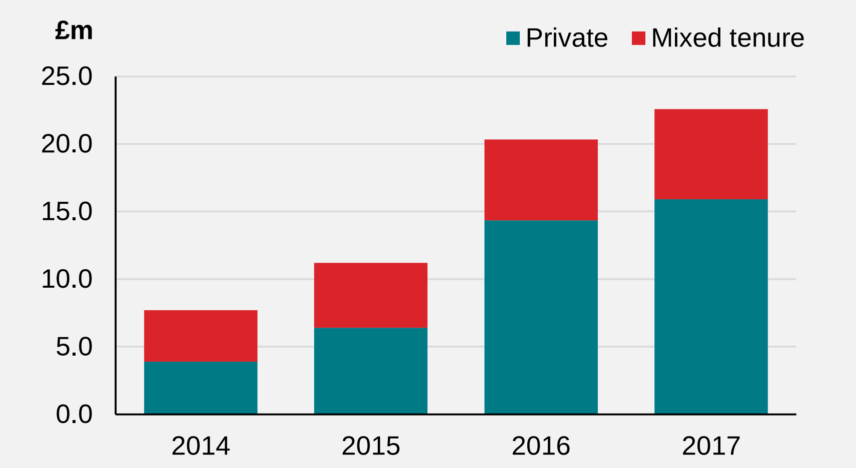


[1] Comparatives have been restated to reclassify Biogen to discontinued operations.
[2] Group and share of joint ventures from continuing operations.
[3] Arising on continuing operations. Stated before non-underlying items. Reported Property operating profit from continuing operations was £18.1m (2016: £16.0m).
[4] Equates to average net debt.

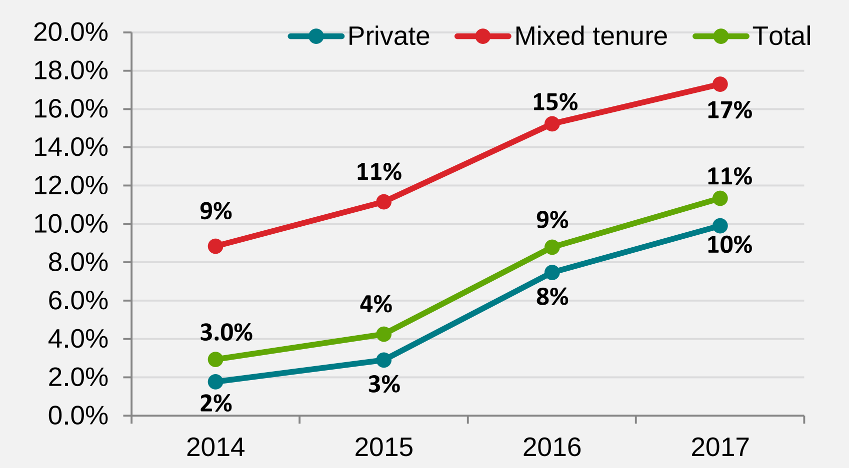
Residential performance

	Year ended 30 June		
	2017 £m	**2016 £m**	***Change %***
Revenue[1]	**376**	353	*+6*
Underlying operating profit[2]	**22.8**	20.3	*+12*
Average capital[3]			
Mixed tenure	**39**	39	-
Private including Cross Keys JV (Kier owned land)	**160**	192	*-17*
Total average capital	**199**	**231**	*-14*
Return on average capital (ROCE)	**11%**	9%	*+2*

Underlying operating profit



Return on average capital

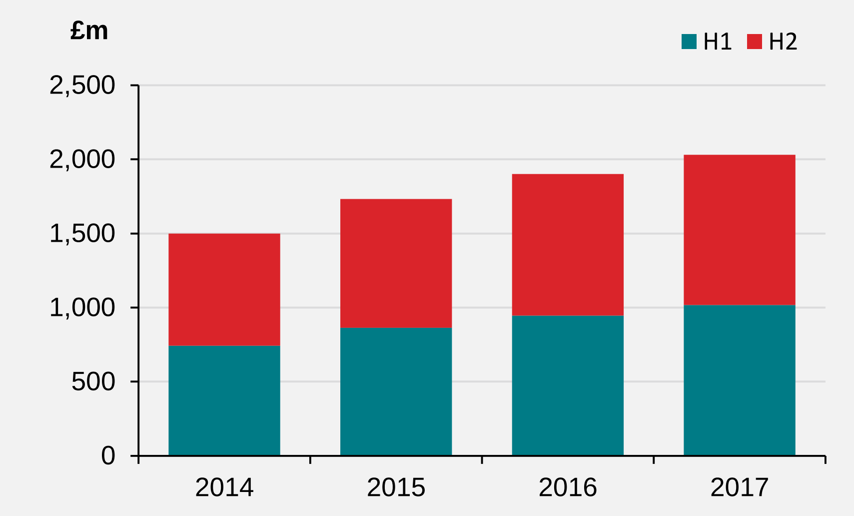


[1] Group and share of joint ventures from continuing operations.
[2] Stated before non-underlying items. Reported Residential operating profit from continuing operations was £20.6m (2016: £19.5m).
[3] Equates to average net debt.

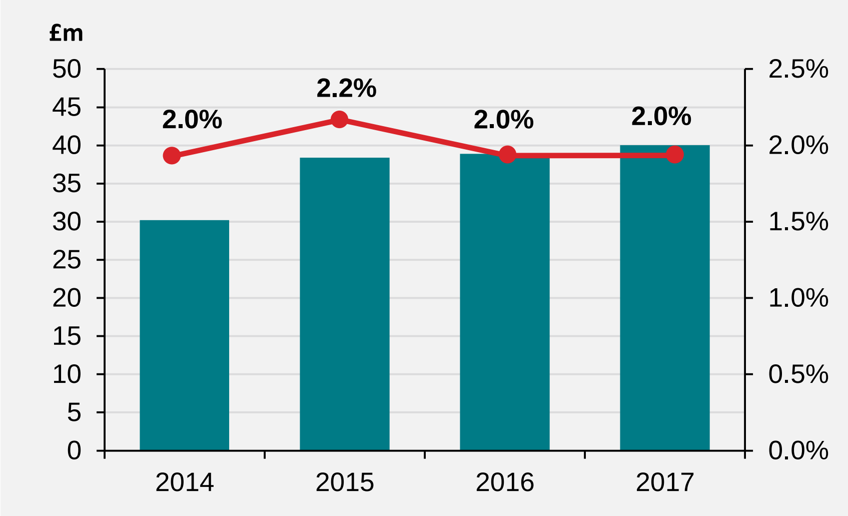
Construction performance

	Year ended 30 June		
	2017 £m	2016[3] £m	*Change %*
Revenue[1]	**2,019**	1,901	*+6*
Underlying operating profit[2]	**39.8**	38.9	*+2*
Underlying operating margin[2]	**2.0%**	2.0%	-
Order book (secure and probable)	**£4.2bn**	£3.2bn	*+31*

Revenue



Underlying operating profit and margins

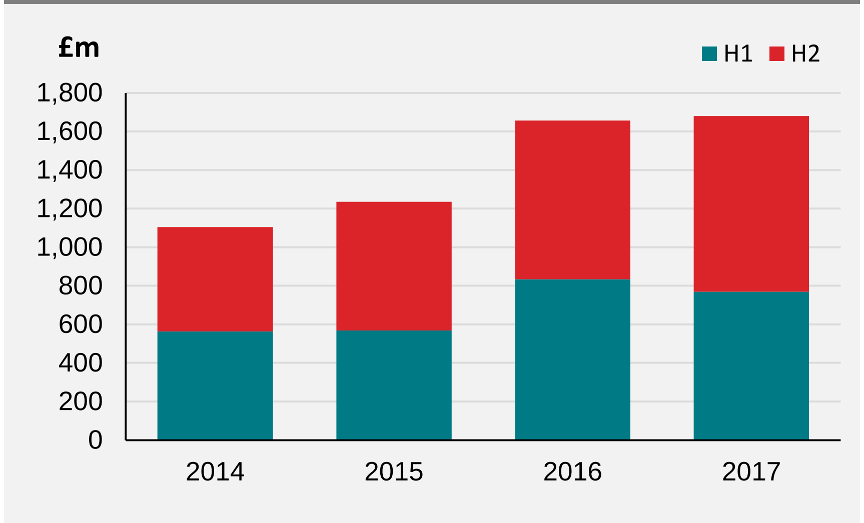


[1] Group and share of joint ventures arising from continuing operations.
[2] Arising from continuing operations. Stated before non-underlying items. Reported Construction operating loss from continuing operations was £10.1m (2016: £3.2m).
[3] Restated to reclassify Mouchel Consulting to discontinued operations and UK Mining to continuing operations.

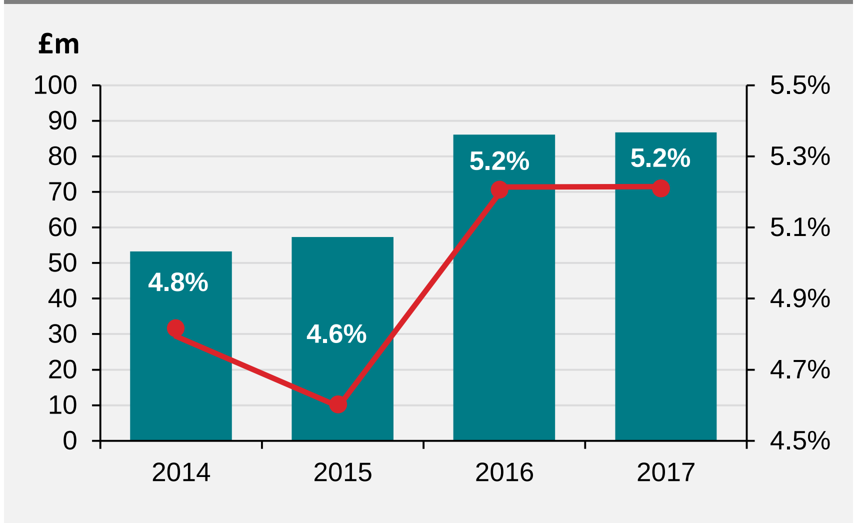
Services performance

	Year ended 30 June		
	2017 £m	2016 £m	*Change %*
Revenue[1]	**1,688**	1,656	*+2*
Underlying operating profit[2]	**87.0**	86.1	*+1*
Underlying operating margin[2]	**5.2%**	5.2%	-
Order book (secure and probable)	**£4.7bn**	£5.3bn	*-11*

Revenue



Underlying operating profit and margins



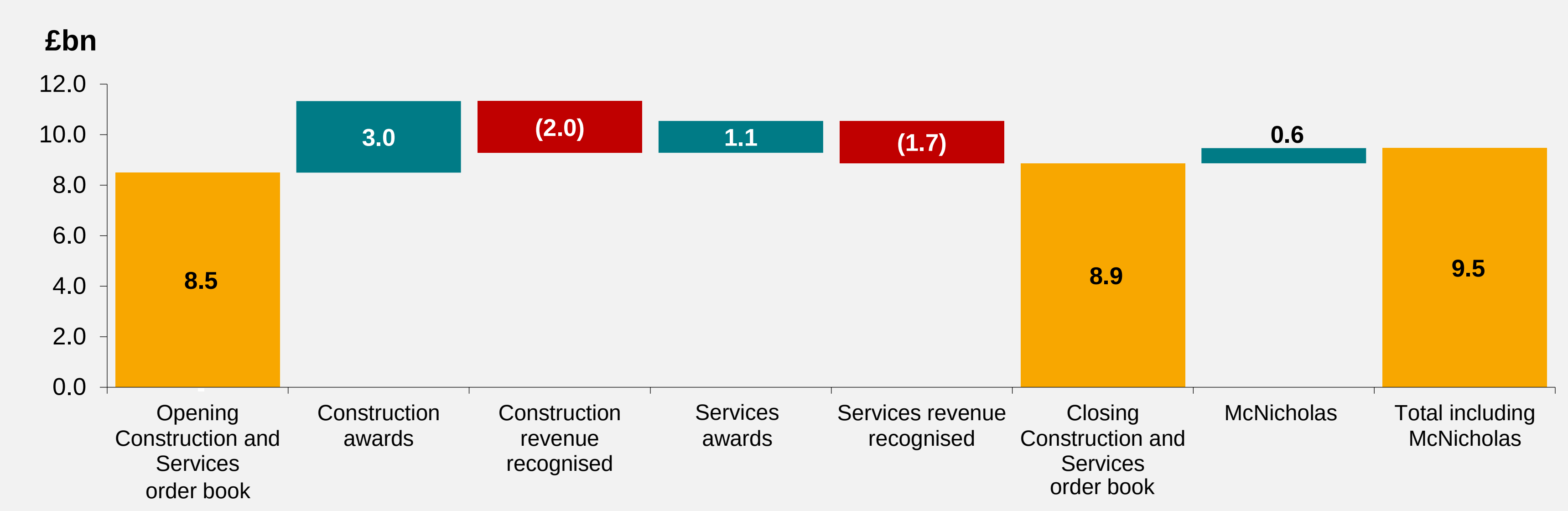
[1] Group and share of joint ventures.
[2] Stated before non-underlying items. Reported Services operating profit from continuing operations was £54.5m (2016: £5.6m).

Portfolio simplification

- The two-year portfolio simplification programme is substantially complete
- A net non-underlying charge of £75m was incurred in FY17
- Net cash generated of £67m in FY17
- FY18 cash outflow of up to £15m forecast, in guidance

Construction and Services order book

	Year ended 30 June		
	2017 £bn	**2016[1] £bn**	***Change %***
Construction	**4.2**	3.2	*+31*
Services	**4.7**	5.3	*-11*
Total	**8.9**	**8.5**	***+5***



- The order book provides long-term visibility with 90% of revenues secured for FY18
- Disciplined bidding in housing maintenance and workplace services

[1] Restated to reclassify Mouchel Consulting to discontinued operations.

Balance sheet summary

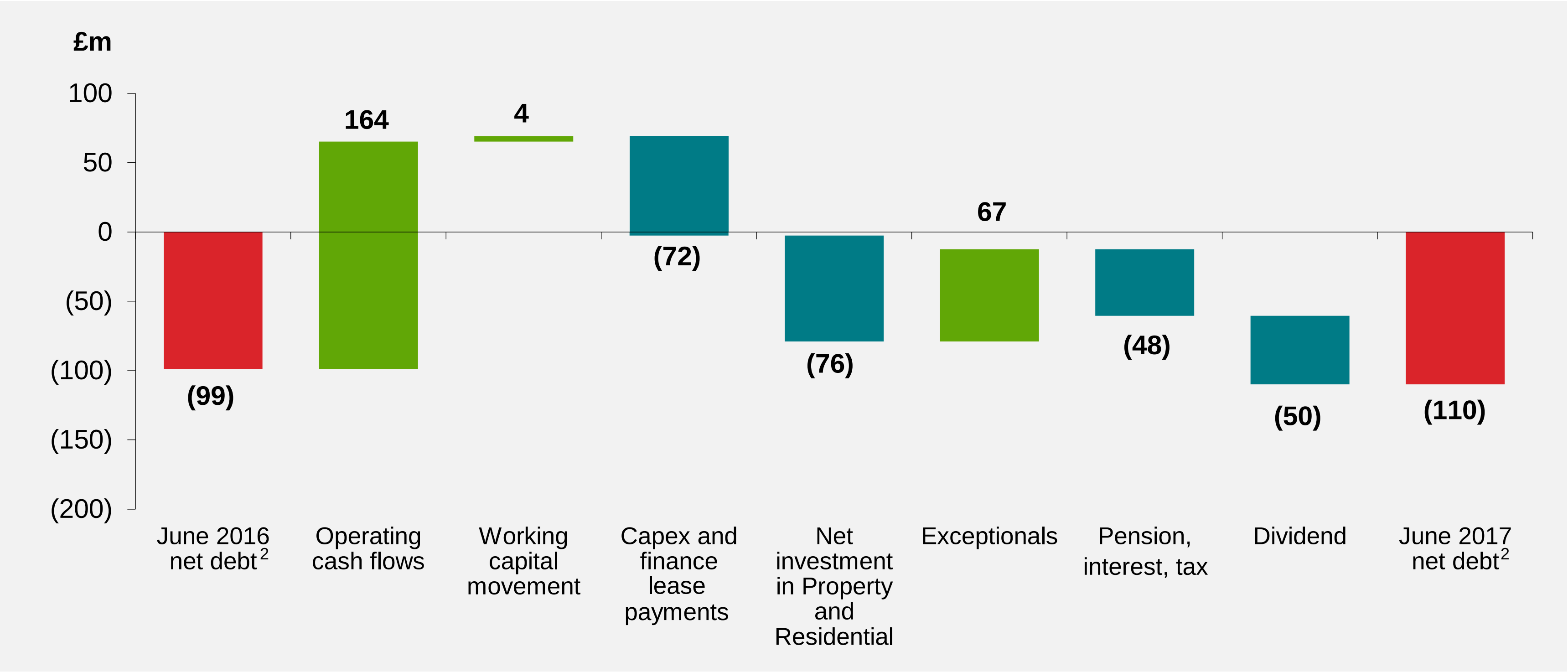
	Year ended 30 June		*Change*
	2017	2016	
	£m	£m	*£m*
Intangible assets	803	795	*+8*
Property, plant and equipment	90	99	*-9*
Investment in JVs	184	130	*+54*
Development land and work in progress	260	315	*-55*
Net assets held for resale	-	4	*-4*
Other working capital	(551)	(475)	*-76*
Net debt[1]	(110)	(99)	*-11*
Provisions	(79)	(80)	*+1*
Pensions (net of deferred tax)	(70)	(72)	*+2*
Finance lease obligations	(14)	(26)	*+12*
Tax and deferred tax	(2)	(15)	*+13*
Net assets	**511**	**576**	***-65***

- £55m reduction in development land and WIP
  - £97m assets transferred to Cross Keys JV
  - offset by net £42m invested in Property and Residential assets
- Joint venture investment increased by £54m
  - £39m in Cross Keys, £34m in Property JVs offset by £19m disposal of Biogen

[1] Net debt is shown net of the impact of hedging instruments

Group net debt

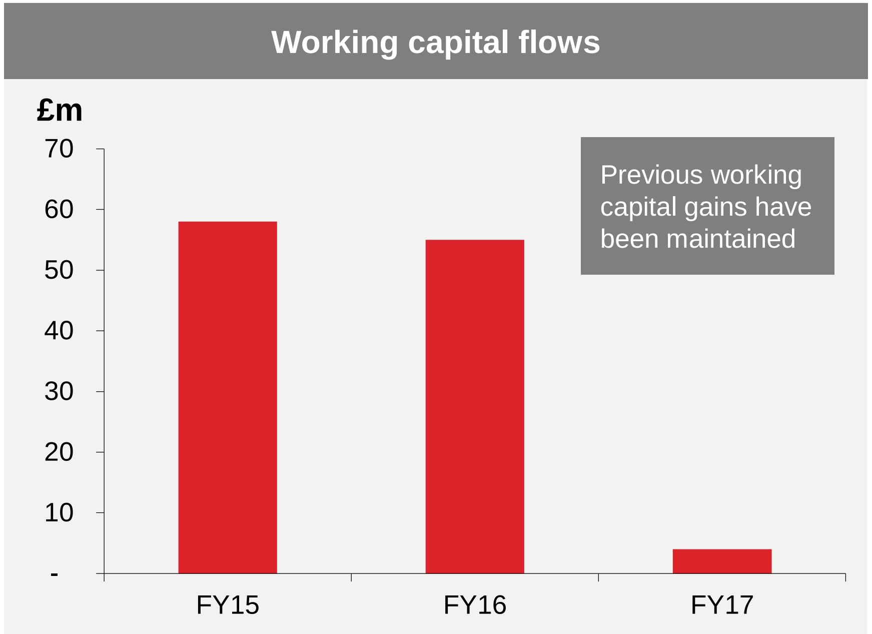
Strong operating cash conversion[1] of 113%



- Cash conversion consistently greater than 100% over the past five years
- McNicholas was acquired in July 2017 for £24m

[1] Cash conversion is calculated by dividing operating cashflows by underlying operating profit.
[2] Net debt is shown net of the impact of hedging instruments.

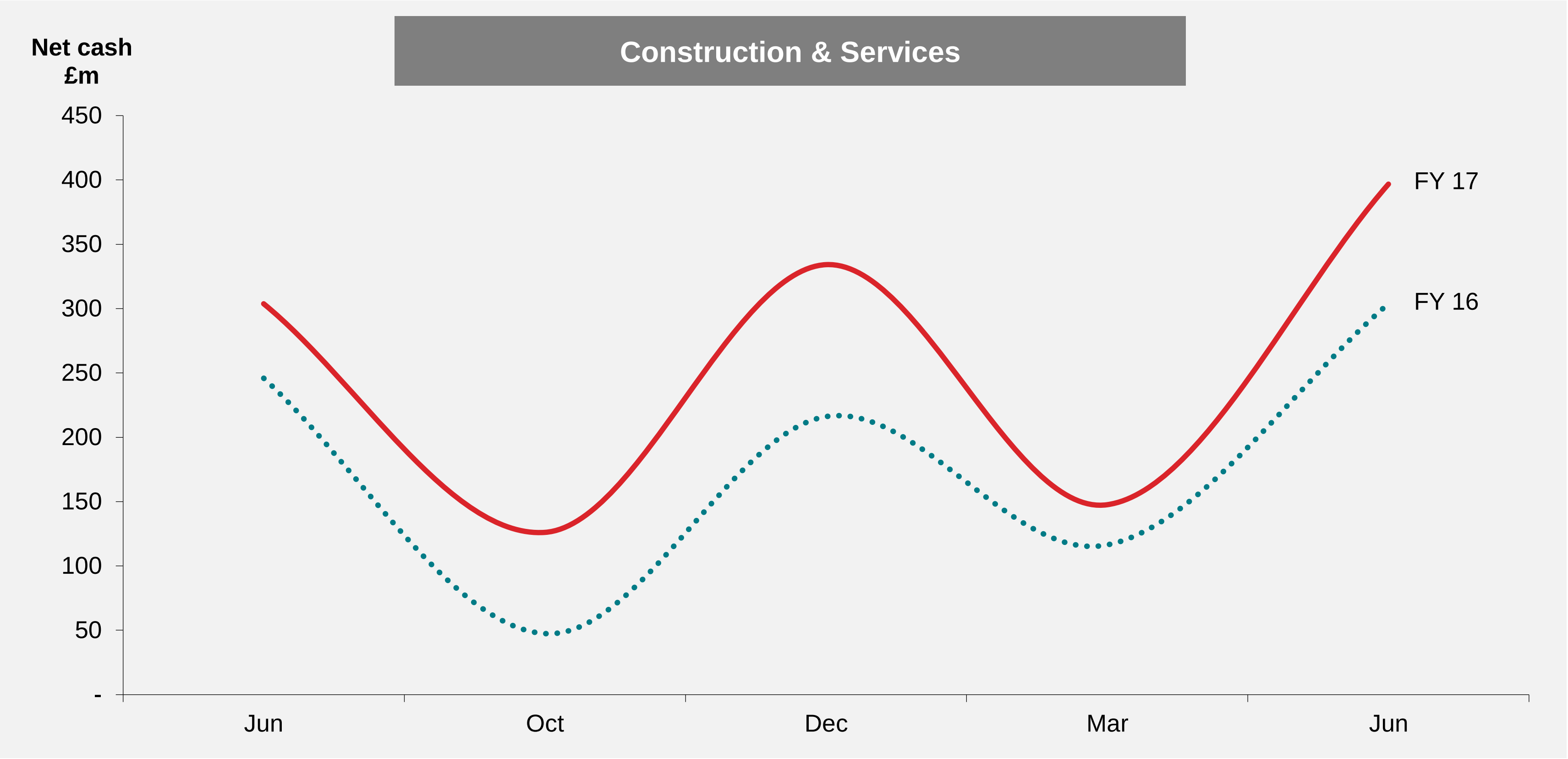
Stable working capital



	FY15	FY16	FY17
Debtor days	18	16	16
WIP days	55	50	44
Creditor days	(33)	(32)	(38)
Accrual days	(19)	(26)	(19)

- Working capital improvement over the last three years was driven by improved processes and systems
- Supply chain finance use is limited and stable
  - Working capital benefit £30m-£40m

Contracting cash balance



- Average net cash in Construction and Services increased by £60m to £200m

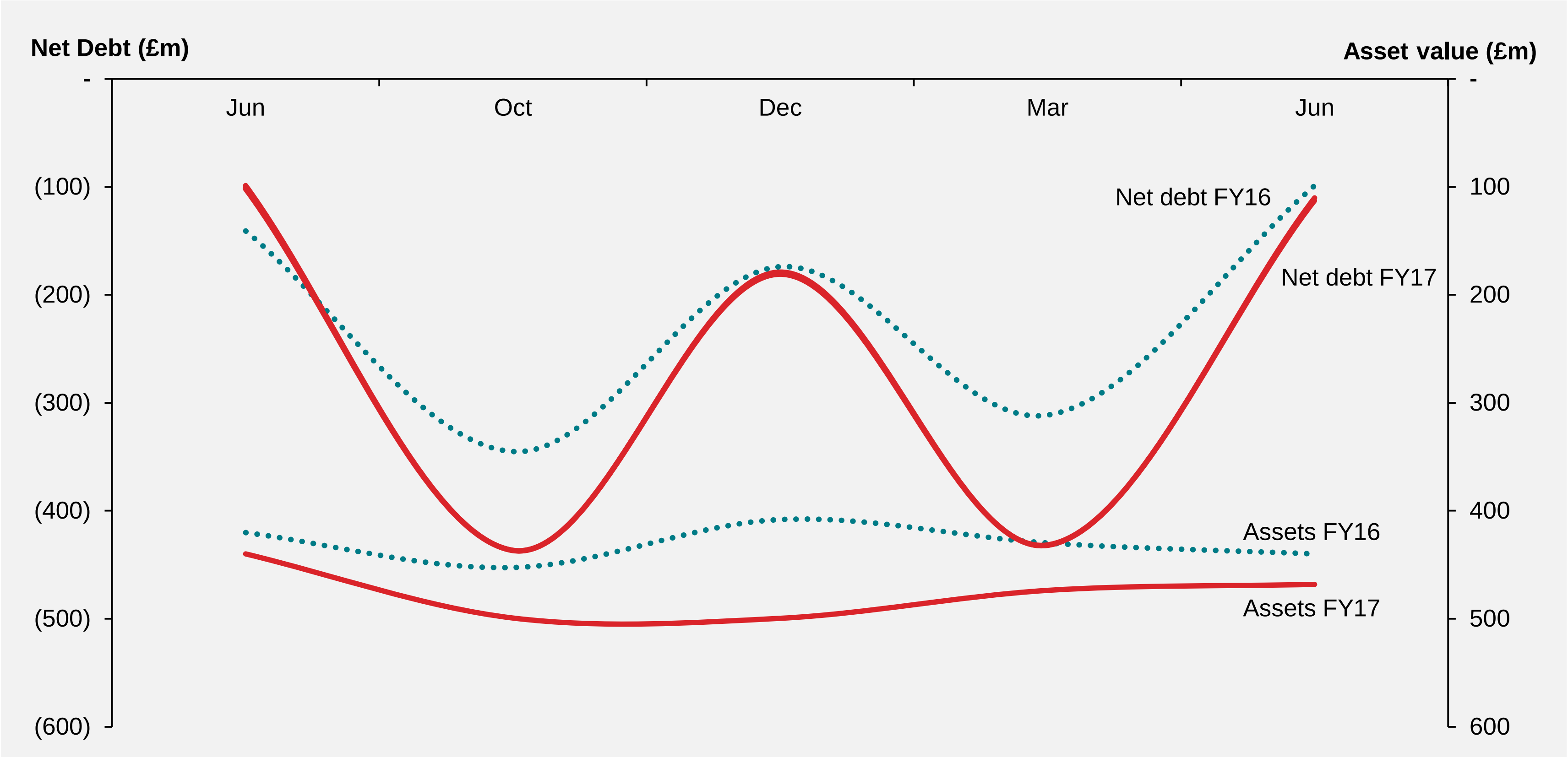
Well managed Group net debt

Discipline	2017	2016	
Net debt : EBITDA[1] <1x	0.7	0.7	✓
Peak Group net debt: Property & Residential division asset cost <1x	0.9	0.8	✓

- Cash is a key metric
- Vision 2020 target of net debt: EBITDA[1] <1x maintained at June 2017
- Net debt growth in line with EBITDA[1] growth, maintaining core discipline

[1] Arising on continuing operations. Stated before non-underlying items.

Asset backed Group net debt



- The quantum and timing of investments and disposals in Property and Residential increased average net debt from £280m to £320m

Net debt summary

- The Group continues to have strong operational cash conversion
- We have and will continue to invest in Property and Residential assets
- Working capital is stable
- The Construction and Services contracting divisions are generating cash in excess of profit
- Average net debt will increase driven by the investment in the Property and Residential divisions

Pensions

Strong performance with asset gain of £72m

		At 30 June 2017 £m	At 30 June 2016 £m	*Change* *£m*
Group Pension Schemes:				
	Market value of assets	1,560	1,488	*+72*
	Present value of liabilities	(1,638)	(1,570)	*-68*
Deficit in the scheme		(78)	(82)	*+4*
Deferred tax		13	15	*-2*
Net pension liability on Kier Group and Mouchel Pension Schemes		**(65)**	**(67)**	***+2***
Net effect of May Gurney and Translinc Schemes		(5)	(5)	*-*
Total net pension liability		**(70)**	**(72)**	***+2***
Key assumptions:	Discount rate	2.7%	2.8%	
	Inflation rate - RPI	3.2%	2.8%	
	Inflation rate - CPI	2.1%	1.7%	

- Pension deficit stable at £70m driven by good asset performance
- Triennial valuation concluded
  - Annual deficit reduction payments reduced to £21m until 2020

Financial summary

- Good performance in line with management expectations
- Earnings per share[1] to 106.8p up 7%
- Well controlled and sustainable net debt position
- Investing for growth in Property and Residential divisions
- Order book[2] of c.£9.5bn with potential extensions of £2.5bn
- Full year dividend of 67.5p up 5%

[1] Arising on continuing operations, stated before non-underlying items.
[2] Including £0.6bn from McNicholas acquired post year end.

Operational update

Haydn Mursell, Chief Executive

Improving trading environment

- Property
  - £1.4bn pipeline
  - All development schemes for 2018 identified
- Residential
  - £400m mixed tenure pipeline
  - 68% of target revenue secured for 2018, ahead of prior year
- Construction
  - Margins improving above 2%
  - Stable working capital
  - >90% of target revenue secured for 2018 on increasing revenue, ahead of prior year
- Services
  - Stable margins c.5%
  - >90% secured for 2018, >50% visibility for 2020, ahead of prior year target revenue

Disciplined Group risk management

- Careful selection on 'where to' operate
- Pre-contract / Pre-investment review
- Group commercial standards
  - Risk and value based
- Monthly committee for all capital investment appraisals
- Post contract and reporting processes
  - Monthly reviews
  - Group quarterly business and contract reviews
  - Working capital calls every week
- Operate and deliver well

Average project size £5m-£10m

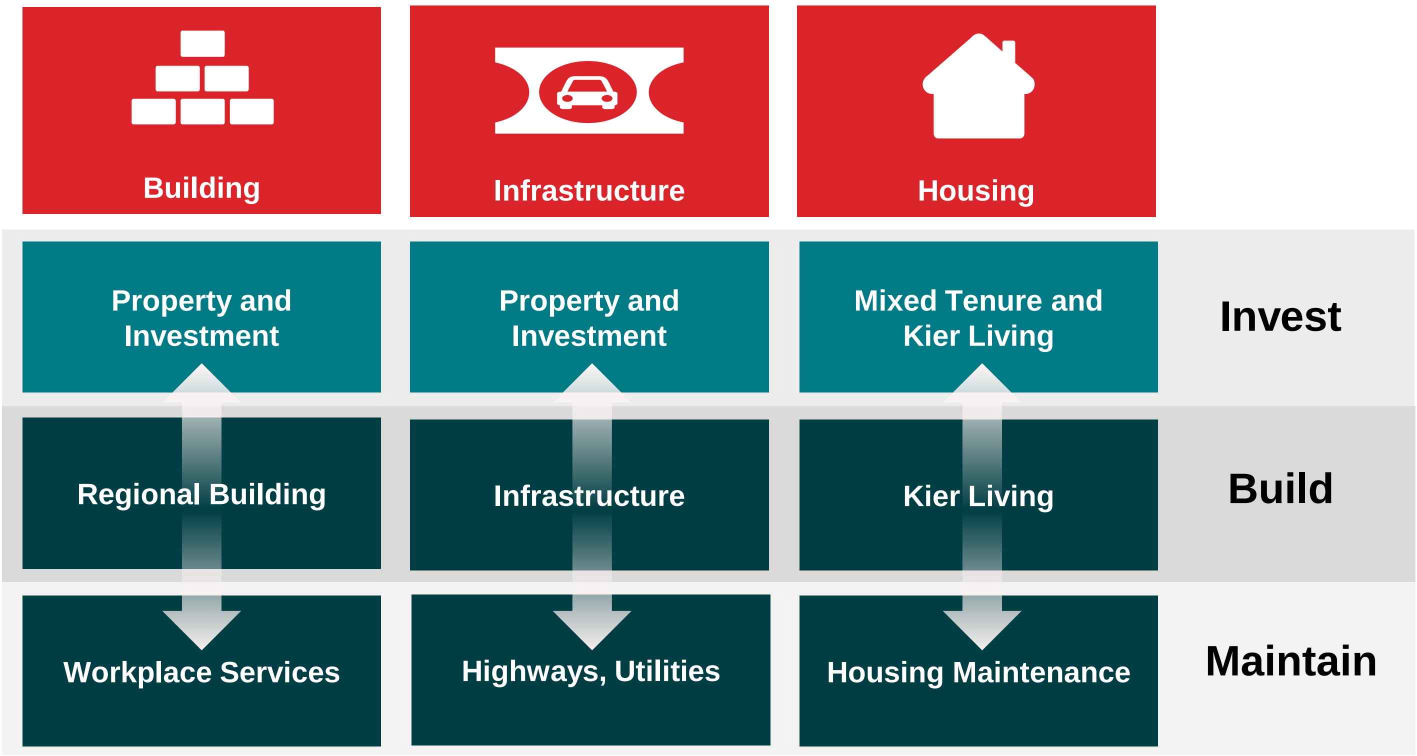
>65% frameworks

>50% negotiated (non competitive)

Will withdraw if risks unacceptable

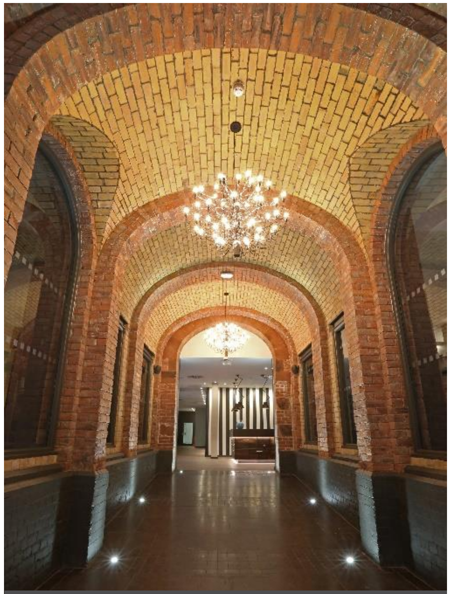
What differentiates Kier

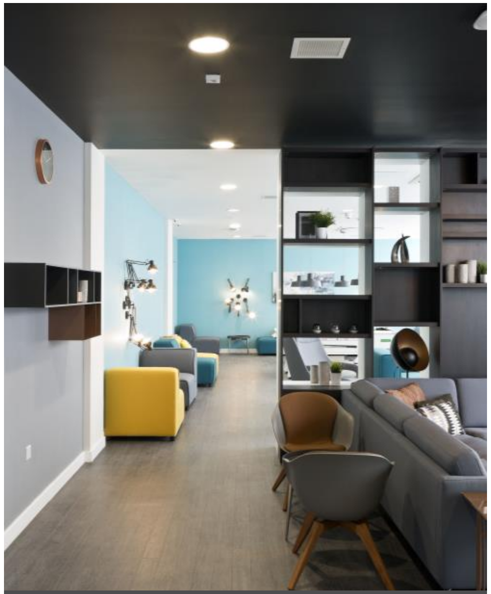
- Capabilities to Invest, Build and Maintain all asset classes
  - >£1bn revenue from clients working with two or more parts of the Group
  - Integrated and complementary fit between businesses



Property

Princes Gate Retail Park, Catterick


Motel One, Newcastle


Student Accommodation, Glasgow

Property

- Good FY17 performance
  - Improving ROCE on larger capital base
  - Non-speculative approach maintained
  - Post Brexit opportunity taken
- Increased pipeline £1.4bn GDV
  - 10 year visibility
  - National coverage; 80% outside London
  - Modest value schemes (average value £50m)
- Continued support from co-investors
  - Average capital £140m in FY18
- >£100m cross-divisional revenue per annum

Vision 2020 Target
Top 3 trader developer in the UK
£200m average capital base in 2020
Minimum 15% ROCE

V2020 progress

FY 14	FY 16	FY 17
£70m average capital	**£94m average capital**	**£113m average capital**
>15% ROCE	**23% ROCE**	**23% ROCE**
		AHEAD OF V2020 TARGET

Residential

Pennance Field, Falmouth

Canalside View, Aylesbury

Elsea Park, Bourne

Balaam Wood, Birmingham

Residential

Mixed Tenure

- National coverage
- Increased interest in funding solutions and joint ventures
  - New Communities Partnership (NCP) and Northern Ventures (NV)
- Secured place on all 5 regional panels of the £8bn DPP3 framework
- £400m pipeline over next 4 years

Private (Kier land)

- Cross Keys JV completed on 23 March
  - Acceleration of strategy
- c.40% on old land, minimal ROCE
- Selling 0.7 units per trading site per week

THE NEW COMMUNITIES PARTNERSHIP

Land rich, cash constrained. Land transferred to geared JV. Develop and share returns

NORTHERN VENTURES

Cash rich, looking for development schemes. Purchase in JV which is then geared. Share the returns

CKH Cross Keys Homes

£97m assets transferred; 13 sites, c.£64m cash received

Capital efficient, increased ROCE

Residential outlook

- Shortage of housing in the UK
  - Affordable and private
- Well positioned
  - Modest value range
  - National coverage, outside London
  - Provision of new build and maintenance
- On track with Vision 2020 targets
  - >15% ROCE on £200m capital base following Cross Keys joint venture

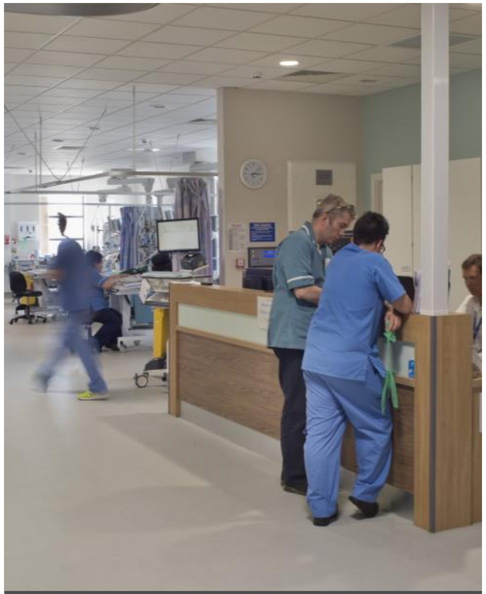
V2020 progress

FY 14	FY 16	FY 17
£240m average capital	£231m average capital	£199m average capital
2% ROCE	9% ROCE	11% ROCE

ON TRACK FOR V2020 TARGET

Construction

Mersey Gateway



Royal Stoke University Hospital, North Midlands NHS Trust

Hinkley Point C

David Ross Sports Village

Construction

UK Building

- Market leader with national coverage
- Framework focus
- 50/50 private/public sector
- Strong organic growth
- Consistent, good margin
- Cash performance improving
- Lower risk profile of new work

Sector	Revenue		Future trend	
	June 2017	June 2016	Short term	Medium term
Education	39%	31%	↔	↔
Commercial, residential and mixed use	20%	21%	↗	↔
Health	9%	13%	↗	↗

Cambridge Biomedical Campus

Lakenham Middle School, Norfolk

Construction

UK Infrastructure

- Significant medium term pipeline
  - Considerable transport activity
- Selective bidding with a focus on lower risk work
- HS2 award £1.5bn in JV
  - C2 & C3

Sector	Revenue		Future trend	
	June 2017	June 2016	Short term	Medium term
Transportation	9%	11%	↔	↗
Power, industrial, utilities & waste	10%	8%	↗	↗

International

- Middle East
  - Dubai, Abu Dhabi
  - UK Export Finance (UKEF) differentiates
- Caribbean and Hong Kong exits substantially complete

Sector	Revenue		Future trend	
	June 2017	June 2016	Short term	Medium term
International	8%	13%	↔	↗

Construction outlook

Strong financials	▪ Secured >£3bn of work, a record level ▪ Order book at £4.2bn ▪ >90% target revenue secured for 2018 on increasing revenues
Well positioned	▪ Solid platform for growth – short-term Building; medium-term Infrastructure ▪ Middle East market provides some diversity ▪ Improving margins in-line with strategy

V2020 progress		
FY 14	**FY 16**	**FY 17**
Revenue £1.6bn **2% Operating margin**	**Revenue £1.9bn** **2% Operating margin**	**Revenue £2bn** **2% Operating margin**
		ON TRACK FOR V2020 TARGET

Services

Housing Maintenance

Workplace Services

Highways

Utilities

Infrastructure Services

Highways

- Performing well
- Areas 1,2, 6, 8 & 13 awarded (£230m)
  - Design and maintenance
- Leading Highways provider
- Selective bidding approach for local authority contracts

Utilities

- AMP6 water contracts on track
- New work secured with Bristol Water, Severn Trent and SGN
- Acquisition of McNicholas (post year end)
  - Expansion into Telecoms and Power
  - 1,880 people
  - Order book c£600m
  - In line with strategy

Sector	Revenue		Future trend	
	June 2017	June 2016	Short term	Medium term
Highways	46%	45%	↔	↗
Utilities	16%	15%	↗	↗

Highways

Utilities Maintenance

Property Services

Housing Maintenance

- Top 3 UK player
- Client budget pressures present challenges and opportunities
  - Large scale outsourcing potential due to mergers
  - More involved maintenance arrangements
- Client funds being re-deployed following Grenfell
- Greater client focus on quality for the longer term

Workplace Services

- Increasing revenue and private sector focus
- Extending geographic cover in the UK
  - £100m contract award in Powys with Housing Maintenance

Sector	Revenue		Future trend	
	June 2017	June 2016	Short term	Medium term
Housing maintenance - public	11%	12%	↔	↗
Housing maintenance - private	5%	6%	↔	↗
Workplace Services	15%	14%	↗	↗


Workplace Services


Housing Maintenance

Services outlook

Strong financials	▪ Secured >£1bn of new work ▪ Order book £4.7bn, potential extensions of £2.5bn ▪ >90% target revenue secured for 2018
Well positioned	▪ Leading UK Highways maintenance ▪ Top 3 player in UK Housing Maintenance ▪ Provision of essential every-day services ▪ Ability to provide combined services – Building with Workplace Services – UK Infrastructure with Highways and/or Utilities – Residential with Housing Maintenance ▪ Maintain 5% operating margin in-line with strategy

V2020 progress

FY 14	FY 16	FY 17
Revenue £1.1bn	**Revenue £1.7bn**	**Revenue £1.7bn**
4.8% Operating margin	**5.2% Operating margin**	**5.2% Operating margin**
		AHEAD OF V2020 TARGET

Group Summary and Outlook

Summary and outlook

Strong platform for future growth

- Good underlying performance
  - Profit in-line; net debt ahead of expectations
- An improving trading and macro environment
  - Well positioned in robust end markets
  - Increased order book and visibility
- Stronger, simplified and focused
  - Portfolio simplification substantially complete
- Clear strategy and direction
- Confident to deliver growth in 2018
- On course to deliver Vision 2020 strategic targets

Questions & Answers

Appendices

Safety, Health and Environment

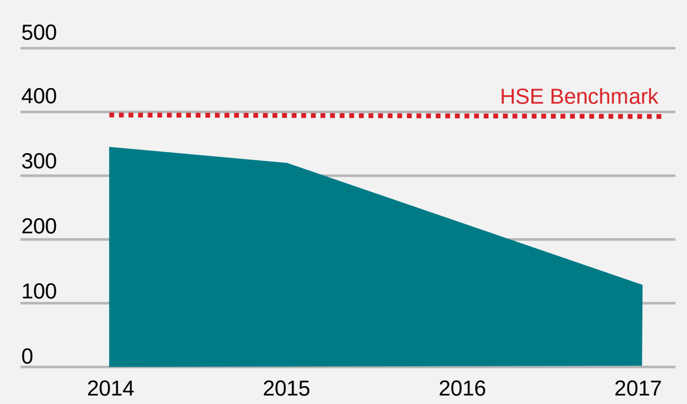
Vision 2020 Targets

- Accident incidence rate of zero
- Best in sector safety performance
- Workforce health and wellbeing improved
- Minimise the impact of our activities on the environment
- All employees take ownership of safety, health and environmental issues

Current Progress

Leading indicators - examples	2017 target	Actual June 2017
Director/senior manager visible leadership visits	300 / month	**635** ✓
Front line management trained	83%	**82%** ✓
Reduction in sickness absence referrals	119	**129** ⟺
20% annual reduction – accident incidence rate	140	**130** ⟺
20% annual reduction – all accident incidence rate (lost time)	558	**492** ✓

Accident Incidence Rate – June 2017



Joint venture impact on interest and tax

	FY17 £m			FY16[2] £m		
	Reported[1]	JV int & tax	Adjusted	Reported[1]	JV int & tax	Adjusted
EBIT	145.6	7.2	152.8	141.1	2.4	143.5
Interest	(19.5)	(6.5)	(26.0)	(24.7)	(2.2)	(26.9)
Profit before tax	**126.1**	**0.7**	**126.8**	**116.4**	**0.2**	**116.6**
Tax	(21.9)	(0.7)	(22.6)	(20.9)	(0.2)	(21.1)
Profit after tax	**104.2**	**-**	**104.2**	**95.5**	**-**	**95.5**

[1] Stated before non-underlying items.
[2] Restated to reclassify Biogen to discontinued operations

Residential performance

	Year ended 30 June		
	2017 £m	**2016 £m**	***Change %***
Revenue[1]			
Mixed tenure	202	187	*+8*
Private (Kier owned land)	174	166	*+5*
Total	**376**	**353**	***+6***
Underlying operating profit[2]			
Mixed tenure	6.7	6.0	*+12*
Private (Kier owned land)	16.1	14.3	*+13*
Total	**22.8**	**20.3**	***+12***
Average capital[3]			
Mixed tenure	(39)	(39)	
Private including Cross Keys JV (Kier owned land)	(160)	(192)	
Total	**(199)**	**(231)**	
Return on Average Capital (ROCE)			
Mixed tenure	17%	15%	*+2*
Private (Kier owned land)	10%	7%	*+3*
Total	**11%**	**9%**	***+2***
Private (Kier owned land bank) – units	2,794	3,279	*-15*

[1] Group and share of joint ventures
[2] Stated before non-underlying items. Reported Residential operating profit was £20.6m (2016: £19.5m).
[3] Equates to average net debt.

Portfolio simplification

	P & L £m				Cash £m			
	FY16	FY17	FY18	3 year total	FY16	FY17	FY18	3 year total
Closure of businesses								
Caribbean	(23)	(60)		(83)	(18)	(43)	(17)	(78)
Hong Kong		(26)		(26)		(11)	14	3
Sale of non-core operations								
Mouchel Consulting		40		40		59		59
Biogen	(5)	(8)		(13)		10		10
Other								
Cross Keys		(2)		(2)		64	1	65
HSE		(8)		(8)		(2)	(6)	(8)
Environmental	(36)	(11)		(47)	(9)	(7)	(7)	(23)
Other[1]	2			2	15	(3)		12
Total	**(62)**	**(75)**		**(137)**	**(12)**	**67**	**(15)**	**40**

[1] Principally relates to a pension curtailment gain and other M&A gains, losses and costs.

Free cash flow

	FY17 £m	FY16 £m
Underlying operating profit	145.6	141.1
Depreciation & amortisation	27.4	27.1
Underlying EBITDA	**173.0**	**168.2**
Working capital movement	3.6	55.0
Capex	(59.8)	(34.9)
Net interest	(17.3)	(18.7)
Tax	(3.8)	(1.8)
Pension	(28.6)	(23.9)
Exceptionals	66.6	(83.0)
All other movements	(22.2)	7.7
Free cash flow	**111.5**	**68.6**
Net investment in assets	(75.7)	(10.8)
Dividends & issue of shares	(47.1)	(45.6)
Divestment of assets held for resale	-	29.8
Change in Net debt	**(11.3)**	**42.0**
Opening Net debt[1]	(98.8)	(140.8)
Closing Net debt[1]	(110.1)	(98.8)

[1]Net debt is shown net of the impact of hedging instruments.

Financing Facilities

Facility type	Current £m	30 June 2017 £m	30 June 2016 £m
RCF	670	400	380
US Private Placement[1]	183	183	183
Schuldschein Loan Notes[1]	81	81	81
Bilateral Bank Loans	-	50	30
Overdraft Facilities	53	45	45
Other Finance	16	16	28
Total	**1,003**	**775**	**747**

[1] Stated net of effect of derivatives.

Property: PFI / PPP and Investments portfolio

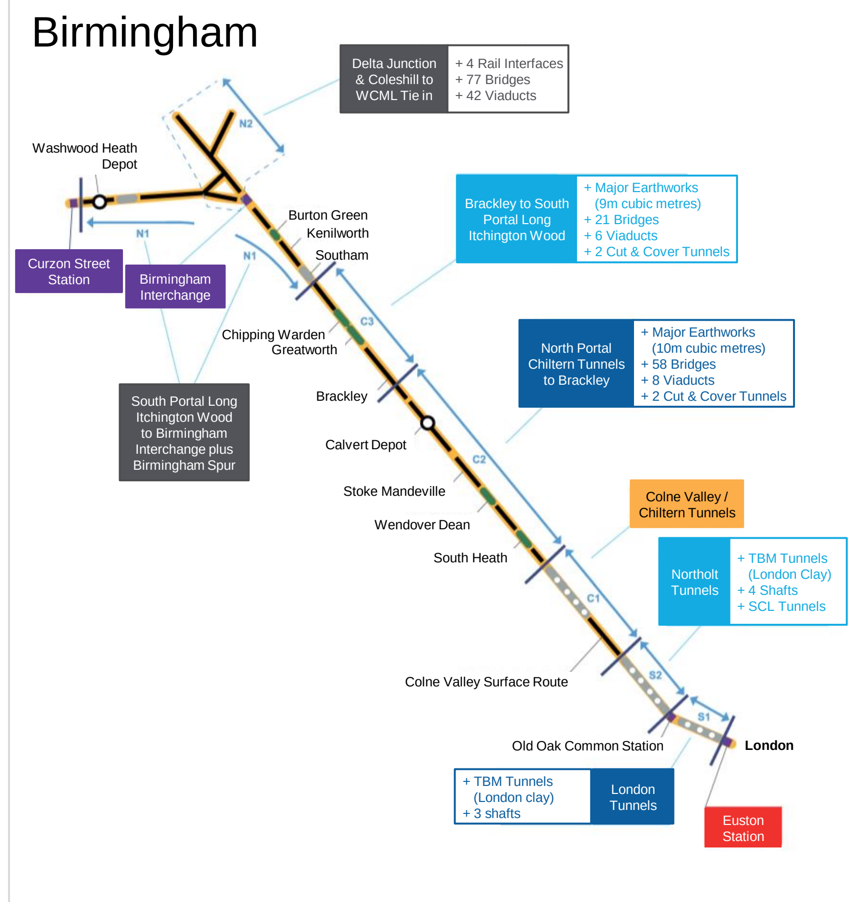
(as at 30 June 2017)

	Project	Status	Capital value £m	Kier equity/loan stock £m	Equity %
Local authority	Woking housing	In operation	31	2.0	50.0
	Social Power, Harlow	In operation	1.1	1.1	100.0
Student accommodation	Glasgow (direct let)	In operation	22	3.9	75.0
	Newcastle (direct let)	In construction	33	8.9	75.0
	Southampton (direct let)	In construction	37	9.3	75.0
Education	East Ayrshire Schools	Preferred bidder	43	1.0	24.0
	South Ayrshire Schools	Preferred bidder	24	0.6	24.0
Committed Investment				£26.8m	

Red: Kier Construction **Black:** Investment only
Of the £26.8m committed, £22.4m has been invested to date.
Directors' valuation at 7.5% for PFIs and at appropriate yields for student accommodation - £32.4m.

HS2 – Civil Packages

- CEK JV (Carillion, Eiffage, Kier)
- Secured two lots: C2 and C3
- 2 stage ECI process
  - 16 months
  - Scheme Design
  - Target cost
  - Programme



HS2 Phase 1

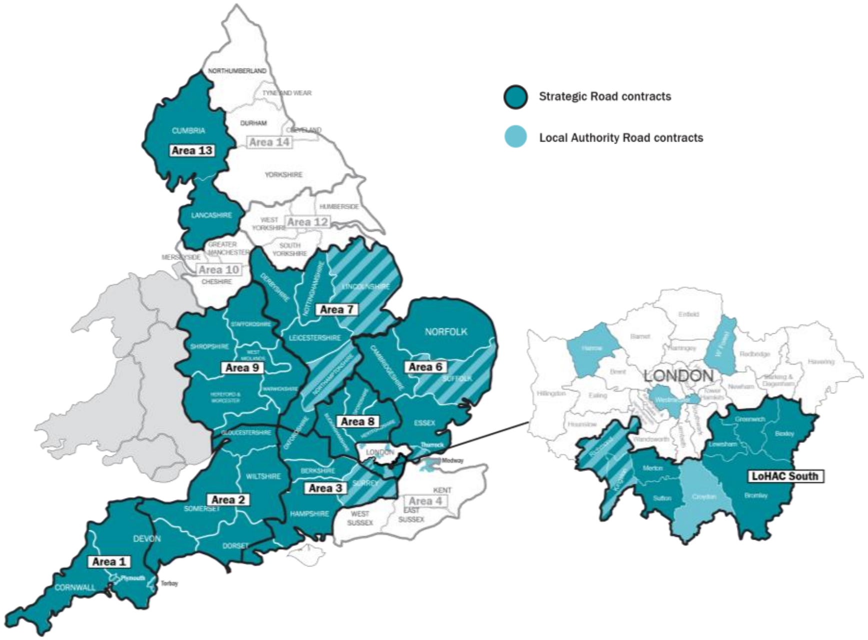
HS2 future opportunities

HS2 presents £35bn of future market opportunities

	Contract Description	Total Opportunity	Detail	Civils	Rail	Power	M&E
PHASE 1 Stations & Systems	**Stations Construction** ▪ Old Oak Common Station ▪ Euston Station ▪ Birmingham Interchange Station ▪ Curzon Street Station	Approx. £2.4bn	Award expected in 2018-2020	✓			✓
	Rail Systems ▪ Track ▪ Catenary ▪ Signalling	Approx. £2.7bn	Award expected in 2019	✓	✓	✓	✓
PHASE 2A	**Birmingham and Crewe** ▪ All lots	Approx. £3.7bn	Award expected in 2019	✓	✓	✓	✓
PHASE 2B	**Manchester and Leeds** ▪ All lots	Approx. £24.8bn	Award expected in 2019	✓	✓	✓	✓

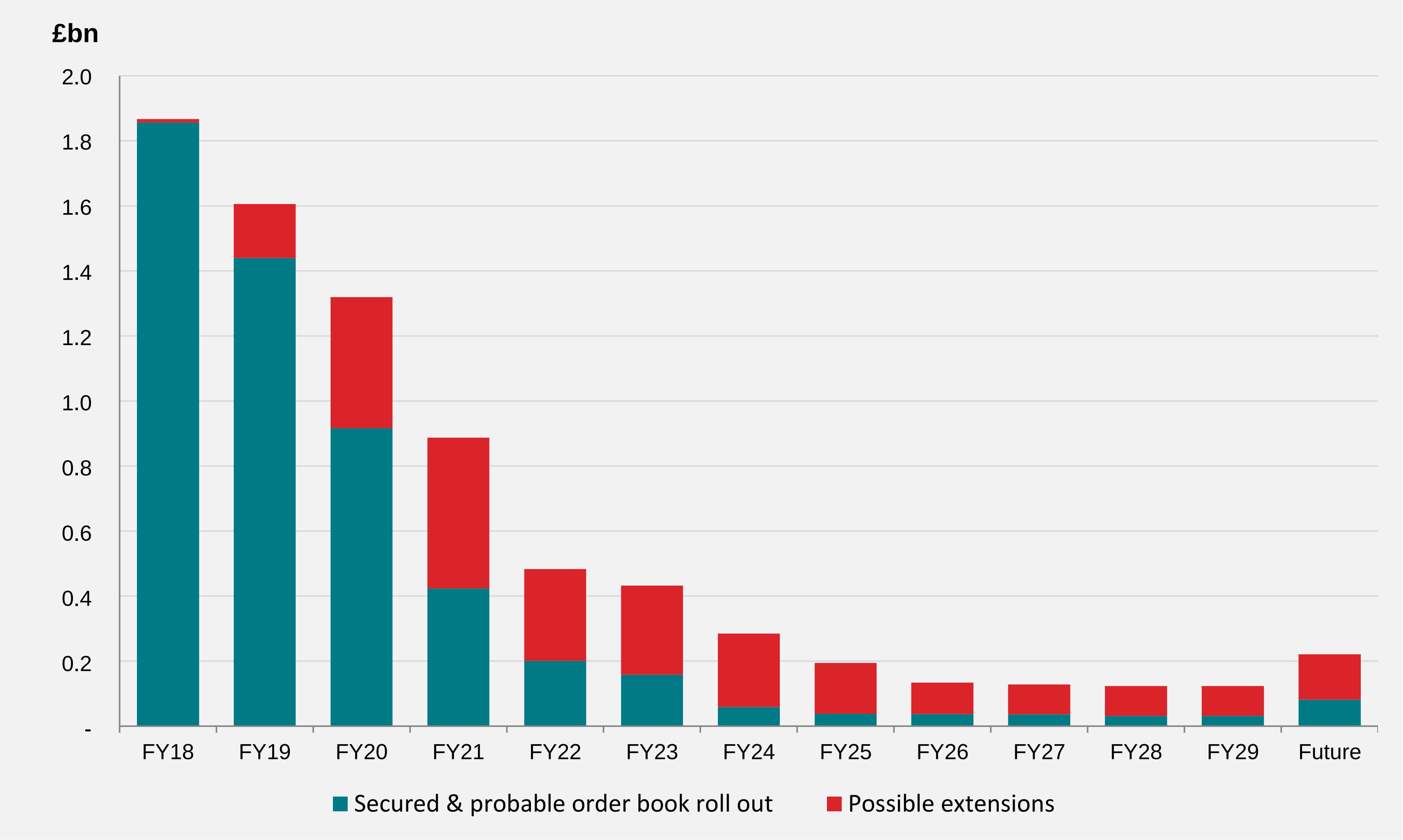
Kier Highways - Services by Area

Area	Design	M&R	Schemes	DCP	Renewal Date
South West DSC (Areas 1&2)	✓				July 2022
Area 7 DSC	✓				April 2021
Area 3 ASC[1]	✓	✓	✓	✓	Nov 2018
Area 9 ASC[1]	✓	✓	✓	✓	July 2019
Area 6 & 8 ASC	✓	✓	✓	✓	April 2019
Area 13 M&R[1]		✓		✓	April 2027



[1] Counts towards 5 area maximum.
NB: Area 6&8 ASC is classified as an extension of the Area 9 ASC Contract therefore does not count towards the 5 contract rule, as is the case with the DSC contracts.

Services order book (inc. possible extensions)[1]



[1] Including McNicholas.