For immediate release *Monday, 26 February 2018*

Keller Group plc
Results for the year ended 31 December 2017

Keller Group plc ("Keller" or "the group"), the world's largest geotechnical contractor, announces its results for the year ended 31 December 2017.

	2017 £m	2016 £m	% change	Constant currency % change
Revenue	2,070.6	1,780.0	+16%	+10%
Underlying EBITDA[1]	177.2	158.6	+12%	+7%
Underlying operating profit[1]	108.7	95.3	+14%	+10%
Underlying profit before tax[1]	98.7	85.1	+16%	+12%
Underlying earnings per share[1]	102.2p	75.9p	+35%	+30%
Total dividend per share	34.2p	28.5p	+20%	n/a
Statutory operating profit	121.3	85.2	+42%	+39%
Statutory profit before tax	110.6	73.9	+50%	+46%
Statutory earnings per share	121.0p	65.7p	+84%	+82%

[1] Before pre-tax non-underlying credits of £11.9m (2016: costs of £11.2m). Details of the non-underlying items are set out in note 5 of the consolidated financial information.

2017 summary:

- Record revenue of £2,070.6m, up 16%, driven by strong organic growth
- Underlying profit before tax up 16% to £98.7m
- Divisional performance
  - EMEA: very strong profit growth (over 70% up to £53.3m) with excellent execution of large contracts
  - North America: underlying profit decline of 14% to £78.7m, reflecting some ongoing regional softness and the negative impact of the hurricanes in the third quarter
  - APAC: £16.5m operating loss, reduced slightly year on year, with progress held back by two contract losses
- Net debt decreased to £229.5m (2016: £305.6m), representing 1.3x EBITDA
- Year-end order book, excluding the Caspian project, up 5% giving confidence for 2018
- Good progress against target of £50m gross benefits from strategic initiatives – one third achieved in first of four years
- Underlying earnings per share increased 35% to 102.2p, in part due to a one-off tax credit of £9.7m
- Total dividend per share of 34.2p, up 20%, reflecting confidence in the group's prospects and higher expected future earnings following the recent US tax reforms

Alain Michaelis, Chief Executive, said:
"Overall Keller has had a positive year with good growth in group revenue and profits. The results were extremely strong in EMEA and solid in North America, but disappointing in APAC. Ongoing operational improvements, strengthened leadership and market recovery should lead to APAC returning to profitability in 2018. Our confidence in group fundamentals and the recent US tax changes have allowed us to significantly raise the dividend to shareholders.

The order book of over £1bn gives us confidence as we start 2018. Most of our markets remain robust and bidding activity is at a healthy level. Overall, despite the completion of our excellent Caspian project, we expect 2018 to be another year of underlying progress".

Basis of preparation

The group's results as reported under International Financial Reporting Standards (IFRS) and presented in the financial statements (the "statutory results") are significantly impacted by movements in exchange rates relative to sterling, as well as by exceptional items and non-trading amounts relating to acquisitions.

As a result, adjusted performance measures have been used throughout this report to describe the group's underlying performance. The Board and Executive Committee use these adjusted measures to assess the performance of the business because they consider them more representative of the underlying ongoing trading result and allow more meaningful comparison to prior year. Where not presented on the face of the consolidated income statement or cash flow statement, the adjusted measures are defined and reconciled to the amounts reported under IFRS in the Adjusted performance measures section at the end of this statement.

The constant currency basis ("constant currency") adjusts the comparative to exclude the impact of movements in exchange rates relative to sterling on the translation of the results of overseas operations. Retranslating at 2017 average exchange rates increases 2016 revenue and underlying operating profit by £106.0m and £3.5m respectively.

The term 'underlying' excludes the impact of exceptional items, amortisation of acquired intangible assets and other non-trading amounts relating to acquisitions (collectively 'non-underlying items'), net of any associated tax. Non-underlying items mainly comprise a £21.0m exceptional credit relating to a historic contract dispute on a project in Avonmouth, in the UK, and £9.0m of amortisation of acquired intangible assets.

Group overview

Financial results

Group revenue for the year was £2,070.6m, up 16% on 2016. Constant currency revenue was up 10%, primarily as a result of strong organic growth in the EMEA and APAC regions. Constant currency revenue in North America was down 4% year on year.

Underlying operating profit was £108.7m, an increase of 14% on the £95.3m generated in 2016. On a constant currency basis underlying operating profit was up 10%. The group underlying operating margin decreased from 5.4% to 5.2%, mainly due to lower margins in North America offset by improved profitability in EMEA. Pre-tax return on capital employed was stable at 15.1% (2016: 15.3%).

After taking account of £9.0m of amortisation of acquired intangible assets, a £21.0m exceptional credit relating to a historical contract dispute and other non-underlying items, totalling a net £0.6m credit, the statutory operating profit was £121.3m (2016: £85.2m). Further details on non-underlying items are given after the discussion of divisional results.

On an underlying basis, after net finance costs of £10.0m (2016: £10.2m), the profit before tax was £98.7m, up 16% on the previous year's £85.1m. The underlying effective tax rate decreased from 35.0% in 2016 to 25.0% in 2017, mainly due to a £9.7m credit for the revaluation of US deferred tax liabilities following the recent US tax reforms.

Underlying earnings per share for the year were 102.2p (2016: 75.9p), an increase of 35%. On a constant currency basis, underlying earnings per share were up 30%.

The statutory profit before tax was up 50% at £110.6m (2016: £73.9m). After the statutory tax charge of £23.1m (2016: £25.9m), statutory profit after tax was £87.5m (2016: £48.0m) and statutory earnings per share were 121.0p, compared with 65.7p in 2016.

Net debt at the year-end was £229.5m (2016: £305.6m), representing 1.3x underlying EBITDA. The financial position of the group remains strong with undrawn borrowing facilities totalling £194.9m. The group continues to operate well within all of its financial covenants.

Cash generated from operations before non-underlying items was £136.1m, which represents 77% of EBITDA. This cash conversion rate is lower than previous years due to a £28.8m increase in working capital mainly as a result of the fourth quarter's like-for-like revenue being 16% ahead of the same period in 2016.

The group continues to invest in growing and upgrading its equipment capability, with net capital expenditure of £74.5m in 2017, representing 1.1x depreciation.

Dividends

As noted above, the group's underlying earnings per share increased by 35% from 75.9p in 2016 to 102.2p in 2017. About 12p of this increase was due to the one-off revaluation of US deferred tax liabilities as a result of the recently enacted US tax reforms. As previously announced, these changes are expected to reduce the group's future effective tax rate from a percentage number in the mid-thirties to a number in the high twenties, resulting in an ongoing earnings per share enhancement of between 5p and 10p per share each year.

As a result, and reflecting confidence in the group's prospects, the Board has decided to rebase future dividends and accordingly recommends a 20% increase in the 2017 full year dividend to 34.2p (2016: 28.5p). Full year 2017 dividend cover, before non-underlying items, is 3.0x (2016: 2.7x).

This recommendation results in a proposed 2017 final dividend of 24.5p per share (2016: 19.25p per share), a 27% increase, to be paid on 22 June 2018 to shareholders on the register as at the close of business on 1 June 2018.

The group intends to maintain a progressive dividend policy in the future.

Outlook

Our group order book of over £1bn gives us confidence as we start 2018. Most of our markets remain robust, bidding activity is at a healthy level and Keller is well positioned to address the market trends of urbanisation and infrastructure growth. Two significant loss-making contracts in APAC in 2017 masked some good progress in the region and we continue to expect the division to return to profit in 2018. Overall, despite the completion of our excellent Caspian project, we expect 2018 to be another year of underlying progress, albeit with recent currency movements expected to result in translational headwinds on reported profits.

We are now seeing tangible results from a number of the strategic initiatives launched in the last two years. We are confident that a combination of these improvement initiatives, our technical leadership, wide product portfolio, broad branch network and operational strength will continue to drive our business forward.

Strategic progress

In 2017 we consolidated our positions in our key markets by extending our branch network, as well as extending our product range. Examples include new branches in Hamburg and Charlotte, bringing our soil mixing capability into Singapore and Malaysia, our first diaphragm wall jobs in India and introducing new ground improvement techniques into South Africa. We also invested in a new Keller Marine team to leverage our experience in Australia in near-shore marine construction into new geographies. This team is already actively bidding work in India and Africa.

We completed two small acquisitions: Geo Instruments in North America to enhance our instrumentation and monitoring capability and, via our Finnish joint venture, Sotkamon Porapaalu, expanding our regional footprint in Finland and gaining capability in a specific type of drilled piling. In January, we

announced our intention to acquire Moretrench, a geotechnical contractor in the US. If completed, this acquisition will further strengthen our US East Coast presence and add new specialist technical capabilities to the group.

During the year we completed the roll-out of our standard strategic planning model to all 21 business units. All business units now have detailed strategic plans in a common structure, incorporating specific action plans which are being implemented. In addition, we continue to strengthen our business units through functional engagement and active benchmarking of our key KPIs.

Our procurement capability continues to gain strength and traction, with teams now established in each division. Significant benefits from this investment are already being realised. We have also created one global IT organisation. This pulls together our efforts on infrastructure and applications, reducing the burden on local teams as well as creating economies of scale.

Our Global Product Teams are helping us focus on R&D opportunities, developing product strategies and continuing to share best practice and innovations. We also continued to make progress on operational productivity, with our 5S roll-out implemented across Keller and starting to become part of the cultural norm. We will continue to build our “lean” capabilities in 2018.

We executed 6,300 projects throughout the world in 2017. These continue to set the standard in the industry and enhance Keller’s strong reputation for providing innovative solutions, combined with excellent execution focused on our customers’ needs. Average project size is still comparatively small at £300k per project. Local and smaller projects remain the foundation of Keller, supported by our extensive branch network (around 180 locations) and our skilled local teams who know their markets and customers well. We also had significant success in the large project domain with many market leading projects across all regions. Most notably, the Caspian project has set the benchmark internally for a very well-conceived and executed effort in a challenging environment.

The vast majority of our projects were executed well and, between them, they generated around £370m of gross profit in 2017. In APAC, however, where the difficult pricing and contractual environment of the 2015/16 downturn left little project contingency, we have underperformed our expectations notably on two major Australian projects. Risk and opportunity management remain an enduring focus area and we are confident that lessons learned from all loss-making projects are being shared and absorbed around the group.

Throughout the year we have continued to strengthen our business unit leadership. We have appointed new leaders in a number of our business units: Canada, Middle East, North East Europe, Case and Brazil. We also launched our global Project Manager Academy. The Academy will take our younger project managers to the next level in their careers, focusing on people, commercial and technical leadership skills.

We continued to make progress in our safety accident frequency rate (AFR) performance, with another significant decline in the frequency rate from 0.34 in 2016 to 0.23 in 2017. We have cut our AFR by around 80% since the introduction of our Think Safe programme in 2013. We received many safety accolades from customers around the world, with one of our Australian business units winning the Rio Tinto worldwide safety award. However, we take nothing for granted in this domain, sadly illustrated by the tragic road traffic accident in South Africa where 18 of our colleagues lost their lives. We thank our whole community in South Africa for the support and humanity they showed to all the bereaved and their relatives in the difficult time last summer.

We said in our 2016 preliminary results announcement that we expected to realise £50m of annualised total gross benefits from the group's strategic initiatives by 2020, around half of which was expected to be reflected as improved profitability. We broke this down as £20m to come from procurement, £20m from operational improvements and £10m from growth. Progress against this target at the end of 2017 is set out below:

£m	**Gross benefits**	
	2020 target	**Progress to date**
Procurement	20.0	11.3
Operational improvements	20.0	1.3
Growth	10.0	4.6
	50.0	**17.2**

In the first year of a four year programme we have achieved around one-third of the targeted gross benefits. We estimate that between £5m and £7m of the benefits realised to date have directly impacted profit and are sustainable. Of the rest, either their sustainability is as yet unproven or they have been leveraged to win more work, or offset by incremental investment in strategic initiatives.

Meaningful procurement savings have been achieved from national and regional agreements on categories as diverse as equipment rental, IT, haulage, spares/consumables and lodging. The benefits from operational improvements to date mainly relate to equipment management and maintenance, as the programme to introduce lean techniques to project sites is in its infancy. Benefits under growth include both those from new offices and from a more structured approach to the transfer of technology.

Divisional results - underlying

North America

	2017 £m	2016 £m	Constant currency
Revenue	**968.7**	952.9	-4%
Underlying operating profit	**78.7**	86.9	-14%
Underlying operating margin	**8.1%**	9.1%	

In North America, which accounts for around half the group's revenue, reported revenue increased by 2%, although constant currency revenue was down 4%. Underlying operating profit was £78.7m, down 14% on a constant currency basis and the underlying operating margin decreased from 9.1% to 8.1%.

After first half 2017 constant currency revenue decreased 10% year-on-year, the division returned to year-on-year revenue growth in the second half. Whilst the second half profitability was lower than in 2016, this was largely due to the impact of hurricanes Harvey and Irma in the third quarter, which together had an estimated negative one-off profit impact of £3m.

Looking forward, the year-end North American order book of work to be undertaken over the next twelve months was 5% above last year. This, together with the improving trend in underlying trading, gives us confidence for 2018.

US

The US construction market as a whole remains solid, but with significant regional and sectoral variations. Total construction spend in the US in 2017 was up 4% on 2016, driven by residential construction which grew by 10%. Residential construction has the most impact on the group's Suncoast business. Elsewhere, public expenditure on construction was down 3% year-on-year whilst private non-residential spend was flat.

Keller's US business had a mixed year, with varying performances across the business units. Our largest North American business, Hayward Baker, had a very strong year, producing record results. Its business model of undertaking a wide variety of small to medium sized contracts across a broad range of products and geographies across the US continues to produce good results. Following some management changes early in 2017, there was a significant improvement in Hayward Baker's Western region, an area which has disappointed in the last two years.

This strong performance however was more than offset by lower profits at both Case and HJ Foundation which, between them, reported 2017 underlying operating profits around £16m down on 2016 and account for the margin decrease in North America. For HJ Foundation, the reduction reflects a return to more normal levels of profitability after the boom period in its home city of Miami in 2015 and 2016, which attracted a major competitor to enter the south Florida market. Case had a very disappointing year with revenue well down as a result of fewer large projects than in previous years, particularly in its Chicago base, as well as some difficult projects. Case starts 2018 with a strong order book and performance is expected to improve in 2018.

Bencor, acquired in 2015 to give the group access to diaphragm wall technology and expertise, had a steady 2017, continuing work on the major remediation project at East Branch Dam. The business is actively helping the group to bid and execute diaphragm wall jobs outside North America. McKinney, which had a disappointing 2016, reported an improved result in 2017.

Suncoast, the group's post-tension business which mainly serves the residential construction market, had healthy revenue growth in 2017, benefitting from the continued increase in housing starts where it operates, particularly in its home state of Texas. However, having benefitted from raw material price decreases in 2016, in 2017 the business faced some significant raw material price increases which it was unable to recover from customers in full. As a result, profits were significantly down year-on-year.

We announced in January that the group was in discussions to acquire Moretrench, a geotechnical contracting company operating predominantly along the east coast of the US. Moretrench has a strong heritage of complex geotechnical projects and, in 2016, had revenue of US$170m, normalised operating profit of US$9.3m and EBITDA of US$13.9m. Due diligence is ongoing and the acquisition is expected to complete before the end of March.

Canada

Keller Canada continues to operate in a difficult market and in June we announced changes in leadership and some further cost saving measures. These, together with good progress on the major C$43m subway contract in Toronto and the refocusing of the business towards urban areas, have resulted in the business returning to profit in the second half and for 2017 as a whole.

Europe, Middle East & Africa (EMEA)

	2017 £m	2016 £m	Constant currency
Revenue	**737.2**	552.6	+26%
Underlying operating profit	**53.3**	30.2	+74%
Underlying operating margin	**7.2%**	5.5%	

In EMEA, constant currency revenue increased by 26% and underlying constant currency operating profit increased by 74%. As a result, the underlying operating margin improved from 5.5% to 7.2%.

This significantly higher result is largely the result of two large projects, both of which were substantially complete at the year-end; the Caspian project and Zayed City in Abu Dhabi. Between them, these projects accounted for around £100m of revenue and £30m of operating profit in 2017, and together account for most of the year-on-year profit increase. As these are now essentially complete, EMEA's 2018 revenue and profitability will be well down on that achieved in 2017. The 2018 result however is

still expected to be better than that achieved in 2016, which also benefitted significantly from the Caspian project, as a result of a healthy order book and actual and further expected improvements in the underlying business.

Our core businesses in central Europe all performed well, reflecting strong project disciplines and growing construction markets in Germany, Austria and Poland. Our South East Europe business unit, centred around Austria, had its best ever year with record revenue, operating profit and operating margin. These business units have good momentum and are all also leading the way in helping business units elsewhere in the world to expand their product ranges, offering them significant expertise, resources and training.

The UK had a solid year in 2017, working on a wide variety of commercial and infrastructure projects. We have seen a notable slowdown in orders in recent months and expect 2018 to be a challenging year. However, the major infrastructure projects coming up in the UK, most notably HS2, should mean that the market for geotechnical work picks up noticeably in 2019 and 2020.

The excellent execution of the major project in the Caspian region, currently the group's largest project, continued throughout 2017. At the year-end however, the project, which is now expected to exceed US$200m in total, was over 90% complete.

The group had a very busy year in the Middle East, largely due to working on two major projects; an urban development project in Zayed City, Abu Dhabi, which is now complete, and the East Port Said Development Complex in Egypt, which will complete in the first half of 2018. As a result, revenue in 2017 was more than double that in 2016 and the operating margin was healthy. There are a number of good prospects in the region and the current challenge for the business unit is to replenish the order book.

We have now fully integrated Tecnogeo, the business we acquired in Brazil in 2016, with Keller's existing Brazilian operation. The business continues to struggle in what remains a very difficult market.

Franki Africa performed well in 2017, increasing both revenue and profitability. The £40m design and build contract for a foundation solution at the Clairwood Logistics Park development near Durban has been an excellent example of knowledge and skill transfer within Keller, with the project using a technique new to the South African market. Performance is exceeding original expectations.

The EMEA division's order book at the end of 2017, while at a healthy level, was around 20% down on this time last year reflecting the run off of the large projects. Excluding these, however, the year-end order book of work to be undertaken over the next twelve months was around 10% up year-on-year.

Asia-Pacific (APAC)

	2017 £m	2016 £m	Constant currency
Revenue	**364.7**	274.5	+25%
Underlying operating loss	**(16.5)**	(18.0)	+15%
Underlying operating margin	**(4.5)%**	(6.6)%	

In APAC, constant currency revenue was up 25% with significant increases in both Asia and Australia. However the operating loss was only slightly less than in 2016, largely as a result of two major contracts in Australia, where adverse ground conditions, technical issues and a contractual dispute resulted in a total loss on these contracts of £14m.

We are changing our leadership of the APAC division. Peter Wyton joined the business from AECOM in mid-February 2018 and will take over from Mark Kliner as President of APAC with effect from 1 April 2018.

Our difficult markets in APAC are slowly recovering, with encouraging signs of new Australian mining and infrastructure projects. The year-end APAC order book was more than 20% above last year which, combined with our ongoing internal improvements, means we remain confident of a return to divisional profitability in 2018.

Australia
The Group's geotechnical business in Australia had an improved year, with revenue significantly up on 2016. Losses were materially reduced despite the loss making joint venture mentioned in the 2017 interim results announcement. Pricing remains challenging, but investment in infrastructure in Australia is robust, the business has a good order book and we are hopeful of winning some major work on the A$11bn Melbourne Metro extension project. As a result, we are confident that this business will return to profit in 2018.

It was a very mixed year for the near-shore marine businesses. Waterway was already having a difficult year in a tough east coast market, before being hit by a surprisingly negative arbitration outcome in December in connection with a contractual dispute on a project in New South Wales. We have subsequently negotiated a settlement with the customer and are undertaking remedial works.

Austral, which was acquired in 2015 and operates mainly in the west leveraging good relationships with major mining groups, had an improved year and has been very busy bidding work in recent months as investment in the resources industry returns. The business has an excellent order book and is poised for a strong 2018.

Asia
Revenue in ASEAN was broadly flat year-on-year, with a significant increase in Malaysia as a result of an improving market and our introduction of new products, offset by a significant decrease in Singapore following the substantial downsizing of the piling business.

The ASEAN business was still loss-making in 2017, but at a lower level than in 2016. The business continued to be challenged by a very difficult pricing environment for heavy foundations projects, some legacy Resource Piling contracts and additional costs and teething problems associated with introducing new products. On the positive side, project execution improved significantly in the second half. The ground improvement side of the business was profitable, helped by the successful large vibro-compaction contract at Changi airport.

Keller India performed well in 2017. Revenue doubled, the operating margin increased and the business continues to build its structure and capabilities to enable it to grow further and continue to introduce new products.

Other financial items

Non-underlying items
Non-underlying items before taxation totalled a credit of £11.9m in 2017. These comprise:

Amortisation: £9.0m of amortisation of acquired intangible assets (2016: £9.7m).

Exceptional contract dispute: A £21.0.m credit as a further part reversal of a £54.0m exceptional charge taken in 2014 for a contract dispute relating to a UK project completed in 2008. The project was in connection with the construction of a major warehouse and processing facility in Avonmouth, near Bristol.

As previously announced, the group acquired the relevant property in May 2016 pursuant to the dispute settlement agreement for £62.0m and subsequently sold it for the same amount in 2017. The property was held on the group's 2016 balance sheet as a non-current asset held for sale at a value of £54.0m.

The sale therefore realised an exceptional profit before costs of £8.0m.

In addition, the group received £11.7m of insurance proceeds in respect of this dispute in 2017.

As noted at the time, the original provision was expected to be reduced by future insurance recoveries and the sale of the property. Taking account of credits in both 2016 and 2017, the group has recovered £35.3m of the original £54.0m provision. No significant further recoveries are expected.

Other: A net credit of £0.6m (2016: £0.3m) relating to changes in estimated contingent consideration payable in respect of recent acquisitions, offset by finance charges of £0.7m.

Interest
Underlying net finance costs were £10.0m (2016: £10.2m). Although net debt has declined over the course of 2017, average net borrowings during the year were consistent with 2016. Statutory net finance costs reduced from £11.3m in 2016 to £10.7m in 2017.

Tax
The group's underlying effective tax rate was 25.0%, a significant reduction on the 2016 effective rate of 35.0%. This is mainly attributable to a £9.7m non-cash credit as a result of the revaluation of US deferred tax liabilities following the recent US tax reforms, as well as, to a lesser extent, a lower proportion of the group's profit before tax being earned in the US.

A non-underlying tax credit of £1.6m has been recognised, representing the net tax impact of the 2017 non-underlying items.

Cash flow and financing
In 2017, underlying cash generated from operations was £136.1m (2016: £135.7m), representing 77% (2016: 86%) of EBITDA. The 2017 cash conversion is below that of previous years as a result of constant currency fourth quarter revenue being 16% up on the equivalent period in 2016, leading to higher levels of working capital at the year-end, and an increased value of inventory at Suncoast following steel price increases in the year. Historically, the group has an excellent record of converting profits into cash, with the aggregate of the last 10 years' of cash generated from operations representing 96% of EBITDA (2016: 98%).

Net underlying capital expenditure totalled £74.5m (2016: £73.0m), compared to depreciation and amortisation of £68.5m. The group continues to invest in transferring technologies into new geographies and to upgrade the equipment fleet.

At 31 December 2017, net debt amounted to £229.5m (2016: £305.6m). The decrease in net debt is explained as follows:

	£m
Net debt at 1 January 2017	(305.6)
Free cash flow	23.4
Dividends	(21.2)
Foreign exchange movements	7.8
Non-underlying items	72.6
Acquisitions	(6.5)
Net debt at 31 December 2017	(229.5)

Net debt represents 1.3x underlying EBITDA on a headline basis or 1.5x calculated on a covenant basis, well within the covenant limit of 3.0x.

Consolidated income statement

For the year ended 31 December 2017

	Note	2017 Before non-underlying items £m	2017 Non-underlying items (note 5) £m	2017 Statutory £m	2016 Before non-underlying items £m	2016 Non-underlying items (note 5) £m	2016 Statutory £m
Revenue	3	**2,070.6**	**–**	**2,070.6**	1,780.0	–	1,780.0
Operating costs		**(1,961.9)**	**(1.6)**	**(1,963.5)**	(1,684.7)	(18.9)	(1,703.6)
Amortisation of acquired intangible assets		**–**	**(9.0)**	**(9.0)**	–	(9.7)	(9.7)
Other operating income		**–**	**23.2**	**23.2**	–	18.5	18.5
Operating profit	3	**108.7**	**12.6**	**121.3**	95.3	(10.1)	85.2
Finance income		**3.8**	**–**	**3.8**	1.6	–	1.6
Finance costs		**(13.8)**	**(0.7)**	**(14.5)**	(11.8)	(1.1)	(12.9)
Profit before taxation		**98.7**	**11.9**	**110.6**	85.1	(11.2)	73.9
Taxation		**(24.7)**	**1.6**	**(23.1)**	(29.8)	3.9	(25.9)
Profit for the period		**74.0**	**13.5**	**87.5**	55.3	(7.3)	48.0
Attributable to:							
Equity holders of the parent		**73.6**	**13.5**	**87.1**	54.5	(7.3)	47.2
Non-controlling interests		**0.4**	**–**	**0.4**	0.8	–	0.8
		74.0	**13.5**	**87.5**	55.3	(7.3)	48.0
Earnings per share							
Basic	7	**102.2p**		**121.0p**	75.9p		65.7p
Diluted	7	**101.8p**		**120.5p**	74.8p		64.7p

Consolidated statement of comprehensive income

For the year ended 31 December 2017

	2017 £m	2016 £m
Profit for the period	**87.5**	48.0
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**(27.0)**	77.0
Net investment hedge losses	**(0.7)**	(3.8)
Cash flow hedge (losses)/gains taken to equity	**(3.3)**	1.9
Cash flow hedge transfers to income statement	**3.4**	(1.9)
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of defined benefit pension schemes	**1.4**	(7.4)
Tax on remeasurements of defined benefit pension schemes	**(0.3)**	1.3
Other comprehensive (loss)/income for the period, net of tax	**(26.5)**	67.1
Total comprehensive income for the period	**61.0**	115.1
Attributable to:		
Equity holders of the parent	**61.0**	113.7
Non-controlling interests	**-**	1.4
	61.0	115.1

Consolidated balance sheet

As at 31 December 2017

	Note	**2017 £m**	2016 £m
Assets			
Non-current assets			
Intangible assets		**170.9**	188.0
Property, plant and equipment		**399.2**	405.6
Deferred tax assets		**39.3**	21.6
Other assets		**27.4**	30.2
		636.8	645.4
Current assets			
Inventories		**72.6**	59.4
Trade and other receivables		**589.2**	528.5
Current tax assets		**18.7**	18.2
Cash and cash equivalents		**67.7**	84.4
		748.2	690.5
Non-current assets held for sale	9	**-**	54.0
Total assets	3	**1,385.0**	1,389.9
Liabilities			
Current liabilities			
Loans and borrowings		**(48.3)**	(54.0)
Current tax liabilities		**(19.1)**	(16.4)
Trade and other payables		**(480.5)**	(435.4)
Provisions		**(10.3)**	(9.9)
		(558.2)	(515.7)
Non-current liabilities			
Loans and borrowings		**(248.9)**	(336.0)
Retirement benefit liabilities		**(29.2)**	(31.4)
Deferred tax liabilities		**(45.5)**	(33.5)
Provisions		**(13.0)**	(14.7)
Other liabilities		**(18.0)**	(29.0)
		(354.6)	(444.6)
Total liabilities	3	**(912.8)**	(960.3)
Net assets	3	**472.2**	429.6
Equity			
Share capital	8	**7.3**	7.3
Share premium account		**38.1**	38.1
Capital redemption reserve	8	**7.6**	7.6
Translation reserve		**32.5**	59.8
Other reserve	8	**56.9**	56.9
Hedging reserve		**-**	(0.1)
Retained earnings		**326.0**	255.8
Equity attributable to equity holders of the parent		**468.4**	425.4
Non-controlling interests		**3.8**	4.2
Total equity		**472.2**	429.6

Consolidated statement of changes in equity

For the year ended 31 December 2017

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Translation reserve £m	Other reserve £m	Hedging reserve £m	Retained earnings £m	**Attributable to equity holders of the parent £m**	Non-controlling interests £m	**Total equity £m**
At 1 January 2016	7.3	38.1	7.6	(12.8)	56.9	(0.1)	233.5	**330.5**	3.5	**334.0**
Profit for the period	–	–	–	–	–	–	47.2	**47.2**	0.8	**48.0**
Other comprehensive income										
Exchange differences on translation of foreign operations	–	–	–	76.4	–	–	–	**76.4**	0.6	**77.0**
Net investment hedge losses	–	–	–	(3.8)	–	–	–	**(3.8)**	–	**(3.8)**
Cash flow hedge gains taken to equity	–	–	–	–	–	1.9	–	**1.9**	–	**1.9**
Cash flow hedge transfers to income statement	–	–	–	–	–	(1.9)	–	**(1.9)**	–	**(1.9)**
Remeasurements of defined benefit pension schemes	–	–	–	–	–	–	(7.4)	**(7.4)**	–	**(7.4)**
Tax on remeasurements of defined benefit pension schemes	–	–	–	–	–	–	1.3	**1.3**	–	**1.3**
Other comprehensive income/(loss) for the period, net of tax	–	–	–	72.6	–	–	(6.1)	**66.5**	0.6	**67.1**
Total comprehensive income for the period	–	–	–	72.6	–	–	41.1	**113.7**	1.4	**115.1**
Dividends	–	–	–	–	–	–	(19.8)	**(19.8)**	(0.7)	**(20.5)**
Share-based payments	–	–	–	–	–	–	1.0	**1.0**	–	**1.0**
At 31 December 2016 and 1 January 2017	**7.3**	**38.1**	**7.6**	**59.8**	**56.9**	**(0.1)**	**255.8**	**425.4**	**4.2**	**429.6**
Profit for the period	–	–	–	–	–	–	87.1	**87.1**	0.4	**87.5**
Other comprehensive income										
Exchange differences on translation of foreign operations	–	–	–	(26.6)	–	–	–	**(26.6)**	(0.4)	**(27.0)**
Net investment hedge losses	–	–	–	(0.7)	–	–	–	**(0.7)**	–	**(0.7)**
Cash flow hedge losses taken to equity	–	–	–	–	–	(3.3)	–	**(3.3)**	–	**(3.3)**
Cash flow hedge transfers to income statement	–	–	–	–	–	3.4	–	**3.4**	–	**3.4**
Remeasurements of defined benefit pension schemes	–	–	–	–	–	–	1.4	**1.4**	–	**1.4**
Tax on remeasurements of defined benefit pension schemes	–	–	–	–	–	–	(0.3)	**(0.3)**	–	**(0.3)**
Other comprehensive (loss)/income for the period, net of tax	–	–	–	(27.3)	–	0.1	1.1	**(26.1)**	(0.4)	**(26.5)**
Total comprehensive (loss)/income for the period	–	–	–	(27.3)	–	0.1	88.2	**61.0**	–	**61.0**
Dividends	–	–	–	–	–	–	(20.8)	**(20.8)**	(0.4)	**(21.2)**
Share-based payments	–	–	–	–	–	–	2.8	**2.8**	–	**2.8**
At 31 December 2017	**7.3**	**38.1**	**7.6**	**32.5**	**56.9**	–	**326.0**	**468.4**	**3.8**	**472.2**

Consolidated cash flow statement

For the year ended 31 December 2017

	Note	2017 £m	2016 £m
Cash flows from operating activities			
Operating profit before non-underlying items		**108.7**	95.3
Depreciation of property, plant and equipment		**67.3**	62.0
Amortisation of intangible assets		**1.2**	1.3
(Profit)/loss on sale of property, plant and equipment		**(4.0)**	2.3
Other non-cash movements		**9.5**	(5.2)
Foreign exchange losses		**0.2**	0.3
Operating cash flows before movements in working capital		**182.9**	156.0
Increase in inventories		**(15.7)**	(3.1)
Increase in trade and other receivables		**(79.1)**	(7.4)
Increase/(decrease) in trade and other payables		**53.9**	(2.7)
Change in provisions, retirement benefit and other non-current liabilities		**(5.9)**	(7.1)
Cash generated from operations before non-underlying items		**136.1**	135.7
Cash inflows from non-underlying items		**12.7**	9.0
Cash outflows from non-underlying items		**(2.1)**	(4.1)
Cash generated from operations		**146.7**	140.6
Interest paid		**(12.9)**	(12.3)
Income tax paid		**(26.0)**	(25.3)
Net cash inflow from operating activities		**107.8**	103.0
Cash flows from investing activities			
Interest received		**0.7**	0.7
Proceeds from sale of property, plant and equipment		**10.5**	5.8
Acquisition of subsidiaries, net of cash acquired		**(6.5)**	(14.6)
Acquisition of property, plant and equipment		**(84.2)**	(78.2)
Disposal/(acquisition) of non-current assets held for sale	9	**62.0**	(62.0)
Acquisition of intangible assets		**(0.8)**	(0.6)
Net cash outflow from investing activities		**(18.3)**	(148.9)
Cash flows from financing activities			
New borrowings		**41.6**	103.1
Repayment of borrowings		**(135.7)**	(4.2)
Cash flows from derivative instruments		**0.2**	(28.0)
Payment of finance lease liabilities		**(1.5)**	(2.9)
Dividends paid		**(21.2)**	(20.5)
Net cash (outflow)/inflow from financing activities		**(116.6)**	47.5
Net (decrease)/increase in cash and cash equivalents		**(27.1)**	1.6
Cash and cash equivalents at beginning of period		**84.0**	62.9
Effect of exchange rate fluctuations		**(5.6)**	19.5
Cash and cash equivalents at end of period		**51.3**	84.0

1. Basis of preparation

The group's 2017 results have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU.

The same accounting policies and presentation are followed in the financial statements that were applied in the preparation of the Company's published consolidated financial statements for the year ended 31 December 2016, except for the adoption of:

- Amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to IAS 7 – Disclosure Initiative

There is no significant impact on the group financial statements as a result of adopting these amendments.

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2017 or 2016 but is derived from the 2017 accounts. Statutory accounts for 2016 have been delivered to the Registrar of Companies. Those for 2017, prepared under IFRS as adopted by the EU, will be delivered to the Registrar of Companies and made available on the Company's website at www.keller.com in March 2018. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports and (iii) did not contain statements under section 498(2) or (3) of the Companies Act 2006.

2. Foreign currencies

The exchange rates used in respect of principal currencies are:

	Average for period		Period end	
	2017	2016	**2017**	2016
US dollar	**1.29**	1.36	**1.35**	1.23
Canadian dollar	**1.67**	1.80	**1.69**	1.66
Euro	**1.14**	1.22	**1.13**	1.17
Singapore dollar	**1.78**	1.87	**1.80**	1.78
Australian dollar	**1.68**	1.82	**1.73**	1.71

3. Segmental analysis

The group is managed as three geographical divisions and has only one major product or service: specialist ground engineering services. This is reflected in the group's management structure and in the segment information reviewed by the Chief Operating Decision Maker.

	2017 Revenue £m	**2017 Operating profit £m**	2016 Revenue £m	2016 Operating profit £m
North America	**968.7**	**78.7**	952.9	86.9
EMEA[1]	**737.2**	**53.3**	552.6	30.2
APAC[2]	**364.7**	**(16.5)**	274.5	(18.0)
	2,070.6	**115.5**	1,780.0	99.1
Central items and eliminations	**–**	**(6.8)**	–	(3.8)
Before non-underlying items	**2,070.6**	**108.7**	1,780.0	95.3
Non-underlying items (note 5)	**–**	**12.6**	–	(10.1)
	2,070.6	**121.3**	1,780.0	85.2

	2017 Segment assets £m	**2017 Segment liabilities £m**	**2017 Capital employed £m**	**2017 Capital additions £m**	**2017 Depreciation and amortisation £m**	**2017 Tangible and intangible assets £m**
North America	**582.0**	**(185.3)**	**396.7**	**24.0**	**27.8**	**263.6**
EMEA[1]	**408.6**	**(249.7)**	**158.9**	**45.7**	**23.9**	**185.3**
APAC[2]	**261.7**	**(97.5)**	**164.2**	**15.3**	**16.7**	**120.7**
	1,252.3	**(532.5)**	**719.8**	**85.0**	**68.4**	**569.6**
Central items and eliminations[3]	**132.7**	**(380.3)**	**(247.6)**	**–**	**0.1**	**0.5**
	1,385.0	**(912.8)**	**472.2**	**85.0**	**68.5**	**570.1**

	2016 Segment assets £m	2016 Segment liabilities £m	2016 Capital employed £m	2016 Capital additions £m	2016 Depreciation and amortisation £m	2016 Tangible and intangible assets £m
North America	612.1	(206.1)	406.0	33.3	24.7	294.8
EMEA[1]	413.7	(213.3)	200.4	33.0	20.7	174.6
APAC[2]	229.3	(85.2)	144.1	12.3	17.8	123.6
	1,255.1	(504.6)	750.5	78.6	63.2	593.0
Central items and eliminations[3]	134.8	(455.7)	(320.9)	0.2	0.1	0.6
	1,389.9	(960.3)	429.6	78.8	63.3	593.6

1 Europe, Middle East and Africa.

2 Asia-Pacific.

3 Central items include net debt and tax balances.

Revenue and non-current non-financial assets are analysed by country below:

	Revenue		**Non-current non-financial assets[4]**	
	2017 £m	2016 £m	**2017 £m**	2016 £m
United States	**886.6**	870.3	**225.7**	245.8
Australia	**238.7**	171.0	**73.7**	73.5
Germany	**95.9**	82.7	**32.1**	42.7
Canada	**80.2**	80.1	**59.4**	69.3
United Kingdom (country of domicile)	**61.2**	64.7	**22.4**	23.7
Other	**708.0**	511.2	**181.8**	158.9
	2,070.6	1,780.0	**595.1**	613.9

4 Non-current non-financial assets comprise intangible assets, property, plant and equipment and other non-current non-financial assets.

4. Acquisitions

2017 acquisitions

On 6 March 2017, the group acquired the assets and liabilities of Geo Instruments, an instrumentation and monitoring company based in North America, for cash consideration of £2.8m ($3.6m). The purchase price is a premium of £0.5m ($0.7m) to the fair value of the net assets acquired. This goodwill is attributable to the knowledge and expertise of the assembled workforce, the expectation of future contracts and customer relationships and the operating synergies that arise from the group's strengthened market position.

In the period to 31 December 2017, Geo Instruments contributed £3.4m to revenue and a profit for the period of £0.4m. Had the acquisition taken place on 1 January 2017, total group turnover would have been £2,071.3m and total profit for the period before non−underlying items would have been £74.1m.

The adjustments made in respect of acquisitions in the year to 31 December 2017 are provisional and will be finalised within 12 months of the acquisition date.

2016 acquisitions

	Tecnogeo		
	Carrying amount £m	Fair value adjustment £m	Fair value £m
Net assets acquired			
Intangible assets	–	0.8	0.8
Property, plant and equipment	6.8	–	6.8
Cash and cash equivalents	1.2	–	1.2
Receivables	4.2	(0.7)	3.5
Other assets	0.3	–	0.3
Loans and borrowings	(1.8)	–	(1.8)
Deferred tax	–	(0.3)	(0.3)
Other liabilities	(1.5)	(2.2)	(3.7)
	9.2	**(2.4)**	**6.8**
Goodwill			6.6
Total consideration			**13.4**
Satisfied by			
Initial cash consideration			12.8
Contingent consideration			0.6
			13.4

On 29 February 2016, the group acquired 100% of the share capital of the Tecnogeo group of companies, a business based in Sao Paulo, Brazil, for an initial cash consideration of £12.8m (BRL 60.8m). The fair value of the intangible assets acquired represents the fair value of customer contracts at the date of acquisition and the trade name. Goodwill arising on acquisition is attributable to the knowledge and expertise of the assembled workforce, the expectation of future contracts and customer relationships and the operating synergies that arise from the group's strengthened market position.

On 4 April 2016, the group acquired assets and certain liabilities of Smithbridge Group Pty Limited, a business based in Brisbane, Australia, for an initial cash consideration of £1.8m (A$3.4m). The purchase price reflects the fair value of the assets and liabilities acquired.

5. Non-underlying items

Non-underlying items include items which are exceptional by their size or are non-trading in nature and comprise the following:

	2017 £m	2016 £m
Amortisation of acquired intangible assets	**(9.0)**	(9.7)
Exceptional restructuring costs	**-**	(14.3)
Contingent consideration: additional amounts provided	**(1.6)**	(3.9)
Acquisition costs	**-**	(0.7)
Non-underlying items in operating costs	**(1.6)**	(18.9)
Exceptional contract dispute	**21.0**	14.3
Contingent consideration: provision released	**2.2**	4.2
Non-underlying items in other operating income	**23.2**	18.5
Total non-underlying items in operating profit	**12.6**	(10.1)
Non-underlying finance costs	**(0.7)**	(1.1)
Total non-underlying items before taxation	**11.9**	(11.2)

Amortisation of acquired intangible assets primarily relate to Keller Canada, Austral, Bencor and Franki Africa.

Additional contingent consideration provided relates to the Geo-Foundations and Ellington Cross acquisitions.

The £21.0m exceptional profit relating to the contract dispute represents the gain on disposal of the freehold of the processing and warehousing facility at Avonmouth, near Bristol, acquired in 2016 (note 9), rental income less operating costs to the date of disposal and insurance recoveries in the period. The £14.3m exceptional profit in 2016 relating to the contract dispute is attributable to insurance proceeds received after an initial settlement with insurers, rental income less operating costs from the acquired processing and warehousing facility and the reversal of impairment of the valuation of the property following an external valuation at 31 December 2016.

Contingent consideration released relates to adjustments to estimated amounts payable for the Austral and Ansah acquisitions.

The £14.3m exceptional restructuring charge in 2016 relates to asset write downs, redundancy costs and other reorganisation charges in markets experiencing significantly depressed trading conditions (Singapore, Australia, Canada and South Africa). This includes the write-down of surplus equipment to current market values where it is not being relocated to more active parts of the group.

6. Dividends payable to equity holders of the parent

Ordinary dividends on equity shares:

	2017 £m	2016 £m
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 December 2016 of 19.25p (2015: 18.3p) per share	**13.8**	13.1
Interim dividend for the year ended 31 December 2017 of 9.7p (2016: 9.25p) per share	**7.0**	6.7
	20.8	19.8

The Board has recommended a final dividend for the year ended 31 December 2017 of £17.6m, representing 24.5p (2016: 19.25p) per share. The proposed dividend is subject to approval by shareholders at the AGM on 23 May 2018 and has not been included as a liability in these financial statements.

7. Earnings per share

Basic and diluted earnings per share are calculated as follows:

	Earnings attributable to equity holders of the parent before non-underlying items		Earnings attributable to equity holders of the parent	
	2017	2016	**2017**	2016
Basic and diluted earnings (£m)	**73.6**	54.5	**87.1**	47.2
Weighted average number of shares (million)				
Basic number of ordinary shares outstanding	**72.0**	71.8	**72.0**	71.8
Effect of dilutive potential ordinary shares:				
Share options and awards	**0.3**	1.1	**0.3**	1.1
Diluted number of ordinary shares outstanding	**72.3**	72.9	**72.3**	72.9
Earnings per share				
Basic earnings per share (pence)	**102.2**	75.9	**121.0**	65.7
Diluted earnings per share (pence)	**101.8**	74.8	**120.5**	64.7

8. Share capital and reserves

	2017 £m	2016 £m
Allotted, called up and fully paid		
Equity share capital:		
73,099,735 ordinary shares of 10p each (2016: 73,099,735)	**7.3**	7.3

The Company has one class of ordinary shares, which carries no rights to fixed income. There are no restrictions on the transfer of these shares.

The capital redemption reserve is a non-distributable reserve created when the Company's shares were redeemed or purchased other than from the proceeds of a fresh issue of shares.

The other reserve is a non-distributable reserve created when merger relief was applied to an issue of shares under section 612 of the Companies Act 2006 to part fund the acquisition of Keller Canada. The reserve becomes distributable should Keller Canada be disposed of.

The total number of shares held in Treasury was 1.1m (2016: 1.1m).

9. Non-current assets held for sale

On 12 May 2016, the group acquired the freehold of a processing and warehousing facility at Avonmouth, near Bristol, for a consideration of £62m. As set out in the 2015 Annual Report and Accounts, the group's final liability with regards to the historic contract dispute involving the property was in part dependent on the value of the property. In order to maximise this value, the group decided to acquire the property with a view to marketing it to third parties.

In accordance with IFRS 5, the property was being held at the lower of carrying amount and fair value less costs to sell. At 30 June 2016, the fair value of the property was £48m, based on an external valuation. The property was impaired by £14m at 30 June 2016, however the group previously held a £14m provision for the diminution in value of the property as part of the overall contract dispute provision, and therefore no additional impairment charge was recognised. At 31 December 2016, the fair value of the property based on an external valuation was £54m. The £6m reversal of impairment was recognised in 2016 as exceptional other operating income (note 5).

On 11 May 2017, the group disposed of the property for a consideration of £62m. The £8m gain on disposal has been recognised as an exceptional item within other operating income in the period (note 5).

10. Related party transactions

Transactions between the parent, its subsidiaries and joint operations, which are related parties, have been eliminated on consolidation.

11. Post balance sheet events

There were no material post balance sheet events between the balance sheet date and the date of this report.

Adjusted performance measures

The group's results as reported under International Financial Reporting Standards (IFRS) and presented in the financial statements (the "statutory results") are significantly impacted by movements in exchange rates relative to sterling, as well as by exceptional items and non-trading amounts relating to acquisitions.

As a result, adjusted performance measures have been used throughout this report to describe the group's underlying performance. The Board and Executive Committee use these adjusted measures to assess the performance of the business because they consider them more representative of the underlying ongoing trading result and allow more meaningful comparison to prior year.

Underlying measures

The term "underlying" excludes the impact of items which are exceptional by their size or are non-trading in nature, including amortisation of acquired intangible assets and other non-trading amounts relating to acquisitions (collectively "non-underlying items"), net of any associated tax. Underlying measures allow management and investors to compare performance without the potentially distorting effects of one-off items or non-trading items. Non-underlying items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the group.

Constant currency measures

The constant currency basis ("constant currency") adjusts the comparative to exclude the impact of movements in exchange rates relative to sterling. This is achieved by retranslating the 2016 results of overseas operations into sterling at the 2017 average exchange rates.

A reconciliation between the underlying results and the reported statutory results is shown on the face of the consolidated income statement, with non-underlying items detailed in note 5. A reconciliation between the 2016 underlying result to the 2016 constant currency result is shown below and compared to the underlying 2017 performance:

Revenue by segment

	Statutory 2017	Statutory 2016	Impact of exchange movements 2016	Constant currency 2016	**Statutory change**	**Constant currency change**
	£m	£m	£m	£m	**%**	**%**
North America	**968.7**	952.9	53.7	1,006.6	**+2%**	**-4%**
EMEA	**737.2**	552.6	34.2	586.8	**+33%**	**+26%**
APAC	**364.7**	274.5	18.1	292.6	**+33%**	**+25%**
Group	**2,070.6**	1,780.0	106.0	1,886.0	**+16%**	**+10%**

Underlying operating profit by segment

	Underlying 2017	Underlying 2016	Impact of exchange movements 2016	Constant currency 2016	**Underlying change**	**Constant currency change**
	£m	£m	£m	£m	**%**	**%**
North America	**78.7**	86.9	4.3	91.2	**-9%**	**-14%**
EMEA	**53.3**	30.2	0.5	30.7	**+76%**	**+74%**
APAC	**(16.5)**	(18.0)	(1.3)	(19.3)	**+8%**	**+15%**
Central items and eliminations	**(6.8)**	(3.8)	-	(3.8)	**-79%**	**-79%**
Group	**108.7**	95.3	3.5	98.8	**+14%**	**+10%**

Underlying operating margin

Underlying operating margin is underlying operating profit as a percentage of revenue.

Other adjusted measures
Where not presented and reconciled on the face of the consolidated income statement, consolidated balance sheet or consolidated cash flow statement, the adjusted measures are reconciled to the IFRS statutory numbers below:

EBITDA

	2017 £m	2016 £m
Operating profit before non-underlying items	**108.7**	95.3
Depreciation of property, plant and equipment	**67.3**	62.0
Amortisation of intangible assets	**1.2**	1.3
Underlying EBITDA	**177.2**	158.6
Non-underlying items in operating costs	**(1.6)**	(18.9)
Non-underlying items in other operating income	**23.2**	18.5
EBITDA	**198.8**	158.2

Net finance costs

	2017 £m	2016 £m
Finance income	**(3.8)**	(1.6)
Finance costs before non-underlying items	**13.8**	11.8
Underlying net finance costs	**10.0**	10.2
Non-underlying finance costs	**0.7**	1.1
Net finance costs	**10.7**	11.3

Net capital expenditure

	2017 £m	2016 £m
Acquisition of property, plant and equipment	**84.2**	78.2
Acquisition of intangible assets	**0.8**	0.6
Proceeds from sale of property, plant and equipment	**(10.5)**	(5.8)
Net capital expenditure	**74.5**	73.0

Net debt

	2017 £m	2016 £m
Current loans and borrowings	**48.3**	54.0
Non-current loans and borrowings	**248.9**	336.0
Cash and cash equivalents	**(67.7)**	(84.4)
Net debt	**229.5**	305.6

Order book
The group's disclosure of its order book is aimed to provide insight into its backlog of work and future performance. The group's order book is not a measure of past performance and therefore cannot be derived from its financial statements. The group's order book comprises the unexecuted elements of orders on contracts that have been awarded. Where a contract is subject to variations, only secured variations are included in the reported order book.

For further information, please contact:

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A presentation for analysts will be held at 9.30am at
The Great Hall, One Moorgate Place - Chartered Accountants Hall,
1 Moorgate Place, London EC2R 6EA

A live webcast will be available from 9.30am and, on demand, from 2.00pm at
http://www.investis-live.com/keller/5a61ec8f4799cb1300a0a374/yrhy

Notes to editors:
Keller is the world's largest geotechnical contractor, providing technically advanced geotechnical solutions to the construction industry. With annual revenue of around £2.0bn, Keller has approximately 10,000 staff world-wide.

Keller is the clear market leader in the US, Canada, Australia and South Africa; it has prime positions in most established European markets and a strong profile in many developing markets.

Cautionary statements:
This document contains certain 'forward looking statements' with respect to Keller's financial condition, results of operations and business and certain of Keller's plans and objectives with respect to these items.

Forward looking statements are sometimes, but not always, identified by their use of a date in the future or such words as 'anticipates', 'aims', 'due', 'could', 'may', 'should', 'expects', 'believes', 'intends', 'plans', 'potential', 'reasonably possible', 'targets', 'goal' or 'estimates'. By their very nature forward-looking statements are inherently unpredictable, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future.

There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, changes in the economies and markets in which the group operates; changes in the regulatory and competition frameworks in which the group operates; the impact of legal or other proceedings against or which affect the group; and changes in interest and exchange rates.

All written or verbal forward looking statements, made in this document or made subsequently, which are attributable to Keller or any other member of the group or persons acting on their behalf are expressly qualified in their entirety by the factors referred to above. Keller does not intend to update these forward looking statements.

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LEI number: 549300QO4MBL43UHSN10
Classification: 1.1 (Annual financial and audit reports)