Keller Group plc (“Keller” or “the Group”), the international ground engineering specialist, issues its Interim Management Statement covering the period 1 January to 17 May 2012.

Overview

Most sectors of the US construction market are now showing signs of a steady recovery, following a number of difficult years. In Europe, however, market conditions have not improved and in some places they have become even more challenging. Elsewhere, the two-speed construction market in Australia continues; and in Asia, we have seen increased activity in Singapore and Malaysia.

Overall, the Group’s trading in the first four months of 2012 has been consistent with the Board’s expectations at the time of the full-year results, with both revenue and profit ahead of the same period last year.

Order intake has been excellent, helped by a number of large contract wins – most notably, our previously announced A$180m (£112m) contract to install piling for the Wheatstone LNG plant in Western Australia. Accordingly, the total order book is at an all-time high and the value of work to be executed over the next 12 months is up approximately 20% on the same time last year.

Looking ahead to the rest of the year, the Group has some good opportunities and we continue to expect the year as a whole to be one of progress.

Divisional Review

North America

Revenue from our North American business as a whole has continued to grow steadily, with some modest margin improvement starting to come through.

Within the foundation contracting companies, Case and McKinney in particular have performed well, with a pleasing contribution coming from the transmission line market which they have been targeting and which is expected to offer good opportunities for the foreseeable future.

With a much-improved performance over the first four months of 2012, Suncoast has returned to profit after several years of losses.
Europe, Middle East & Africa (EMEA)

Overall, the performance of the EMEA division in the year to date has been disappointing, reflecting the difficult market conditions.

The region suffered from a very slow start to the year and consequently we incurred a significant loss in the first quarter. Since then, however, trading has picked up and we expect to make a small profit in the second quarter.

Where the market outlook is most uncertain, particularly Spain, Portugal and parts of Eastern Europe, we are continuing to downsize our businesses to a level consistent with the much-reduced market volumes.

In both Poland, where we had a very quiet start to the year, and the UK, volumes are now starting to build up significantly as our work on several large infrastructure projects accelerates. The Crossrail and Victoria Station Upgrade contracts in the UK are progressing well; and in Poland, work is now underway on the £30m Gdansk road tunnel project announced in March and is about to commence on a further contract for ground improvement on the S8 motorway project.

Elsewhere in Europe, trading is broadly as expected.

Asia

Our Asian business has made a good start to the year and it is pleasing to see that, with a recent improvement in the market in Singapore, Resource Piling is once again busy and trading strongly.

Our £30m piling and ground improvement contract for a major new iron ore distribution facility in Malaysia is now underway and is proceeding to plan.

In India, we have seen a good performance across a wide range of jobs and future prospects continue to look promising.

Australia

The two-speed construction market in Australia continues, with projects for the resources sector generating a significant part of the overall demand, whereas the building sector remains quiet.

The performance of our Australian business in the year to date has been satisfactory. The order book is strong and the business will be busy for the remainder of the year. Waterways’ A$86m (£53m) design and construct project for a materials offloading facility at a liquid natural gas project, which is being undertaken as a 50:50 joint venture, is now running well after some initial start-up delays. The awards in May of two further large, resource-related projects, which will come on stream in the second half of the year, should help to underpin an improved second-half result from Australia.
Preparations for the Wheatstone contract, which is not due to commence until early 2013, are progressing as planned.

Financial Position

The Group’s financial position remains strong. Other than the normal seasonal increase in working capital, there has been no significant change to our financial position since the last year end.

Annual General Meeting and Interim Results

Keller will be holding its Annual General Meeting at 11.00 a.m. on 18 May 2012 at the offices of RBS, 250 Bishopsgate, London, EC2M 4AA.

The Company intends to announce its interim results on Monday, 30 July 2012.

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Forward-looking Statements

This statement contains forward-looking statements which have been made in good faith based on the information available at the time of its approval. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a number of risks and uncertainties that are inherent in any forward-looking statement which could cause actual results to differ materially from those currently anticipated.

Notes to Editors

Keller is the world’s largest independent ground engineering specialist, providing technically advanced and cost-effective foundation solutions to the construction industry. With 2011 revenue of nearly £1.2 billion, Keller has over 6,000 staff world-wide.

Keller is the market leader in the North America and Australia; it has prime positions in most established European markets; and a strong and growing profile in many developing markets.