

13 July 2021

Kier Group plc

Full Year 2021 Trading Update

Kier Group plc ("Kier" or "the Group"), a leading infrastructure services and construction group issues a trading update for the year ended 30 June 2021, ahead of publishing Full Year 2021 Results on 16 September 2021.

Trading

Trading since the announcement of our half year results continued to be resilient and consequently the Group's full year results are anticipated to be moderately ahead of the Board's expectations. This reflects strong operational performance and the confidence we outlined in our half year results in April 2021.

These results also reflect the numerous cost savings realised in responding to the reduced volumes caused by COVID-19 during the financial year. The Group expects to deliver a full year 2021 adjusted operating profit margin of approximately 3%.

Order Book

Kier continues to win new business in its markets on terms and at rates which reflect the bidding discipline and risk management introduced under the Group's Performance Excellence programme.

The Group's year end order book continues to be underpinned by significant long-term framework agreements including new awards in the second half of the year albeit at lower levels than that seen last year due to procurement delays resulting from the pandemic.

Recent contract awards include:

- Infrastructure Services:
 - o Highways - £190m Area 3 Maintenance and Response contract by Highways England
 - o Infrastructure - £50m early works contract for HS2 Phase 2a
 - o Utilities - BT Openreach contract to construct new broadband infrastructure in West and South of England and Scotland
- Construction - appointed to the Ministry of Justice's £1bn New Prisons Programme
 - o Kier Places - £75m capital works contract by Hammersmith and Fulham council

Successful fundraising and capital structure

The successful capital raise, together with the recent sale of Kier Living, has raised c. £350m of gross proceeds for the Group. This, together with the extension of the Group's 2017 RCF Facility to 31 January 2025, provides the Group with the financial and operational flexibility to continue to pursue its strategic objectives within its

chosen markets and will allow it to further enhance and capitalise on its position as a strategic partner to its customers.

The Group is confident that it now has the platform to achieve its medium-term targets of:

Revenue: £4.0 - 4.5bn

Adjusted operating profit margin: c. 3.5%

Cash conversion of operating profit: c. 90%

Balance sheet: Sustainable net cash position with capacity to invest

Dividend: Sustainable dividend policy with dividend cover of around three times earnings across the cycle.

Net debt

The Group is expected to generate positive adjusted operating cash flow for the full year 2021.

With cash generation continuing to be strong, we anticipate reporting a net debt / cash position at the year end, better than the Board's previous expectations.

The Group's average month-end net debt for FY21 remained at a level similar to the average month-end net debt for FY20 due to the Group's receipt of the capital raise and Kier Living sale proceeds arriving in the final months of the year.

Andrew Davies, Chief Executive Officer of Kier Group plc commented:

"The Group's proven track record of delivery and focus on selected markets, coupled with its strong order book and strengthened balance sheet, gives the Board confidence in our strategy and the continued success of the Group."

- ENDS -

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About Kier Group plc

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