

20 January 2022

Kier Group plc

Trading Update

Kier Group plc ("Kier" or "the Group"), a leading infrastructure services and construction group issues a trading update for the six months ended 31 December 2021 ("the period" or "first half"), ahead of publishing H1 2022 results on 9 March 2022.

Trading

The Group performed well in the first half, despite inflationary pressure and expects to deliver half-year results in-line with the Board's expectations.

This reflects continued strong operational performance and the confidence outlined in our full year results announcement in September 2021.

Order Book

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

We remain focused on winning work through our long-standing client relationships and regionally based operations.

The Group's order book at 31 December 2021 was c.£8.0bn, an increase of c.4% from the year-end position (FY21: £7.7bn).

The order book continues to be underpinned by significant long-term framework agreements. New awards exceeded the prior year, albeit the growth in order book was later than anticipated due to procurement delays.

Recent contract awards include:

- Infrastructure Services:
 - o Highways - over £1bn of work awarded over the last six months including the design and build of the A66 Northern-Trans-Pennine schemes
 - o Infrastructure & Utilities - appointed by Thames Water to deliver £66m improvement project at Mogden Sewage Treatment Works
- Construction - appointed to the £7bn Department for Education 2021 Construction Framework; appointed to design and build £93m worth of new clinical buildings at Luton and Dunstable hospital;

appointed as preferred bidder to deliver £36m new Sunderland eye hospital

- o Kier Places - extensions of two existing long-term contracts worth a combined £71m

Net debt

The Group is expecting a cash outflow in the first half of the year due to the typical unwind of working capital.

The Group's average month-end net debt has significantly reduced from £436m to below £200m period over period as a result of the successful capital raise, the sale of Kier Living and cash generation. This was partially impacted by a £42m reduction in the average month-end KEPS balance, payment of adjusting items, capex and cash unwind of procurement policy note 04/20. The Group's supplier payment days remain unchanged period over period.

Medium Term Value Creation Plan

The Group remains confident in achieving its medium-term targets of:

Revenue: £4.0 - 4.5bn

Adjusted operating profit c. 3.5% margin:

Cash conversion of operating c. 90% profit:

Balance sheet: Sustainable net cash position with capacity to invest

Dividend: Sustainable dividend policy: c.3 x cover through the cycle

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

"The performance of the Group over the last six months reflects our significantly enhanced resilience and strengthened financial position. The first half of the year has started well and we continue to trade in line with our expectations. The increased order book gives us the confidence in the achievement of our medium-term value creation plan and the continued success of the Group, which with financial and operational flexibility, is well placed to pursue its strategic objectives within its chosen markets."

- ENDS -

For further information, please contact:

Investor Relations	+44 (0)7933 388 746
Kier press office	+44 (0)1767 355 096
Richard Mountain, FTI Consulting	+44 (0)203 727 1340

About Kier Group plc

Kier is a leading UK infrastructure and construction services group. We provide specialist design and build capabilities and the knowledge, skills and intellectual capital of our people to ensure we are able to project manage and integrate all aspects of a project.

This announcement does not constitute an offer of securities by Kier Group plc (the "Company"). Nothing in this announcement is intended to be, or intended to be construed as, a profit forecast or a guide as to the performance, financial or otherwise, of the Company or any of its subsidiaries (together, the "Group") whether in the current or any future financial year. This announcement may include statements that are, or may be deemed to be, "forward-looking statements". By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond the Company's or the Group's ability to control or predict. Forward-looking statements are not guarantees of future performance. You are advised to read the section headed "Principal risks and uncertainties" in the Company's Annual Report and Accounts for the year ended 30 June 2021 for a further discussion of the factors that could affect the Company's or the Group's future performance and the industry in which it operates. Other than in accordance with its legal or regulatory obligations, the Company does not accept any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

TSTEAPFNFAEAEFA