

17 November 2022

**Kier Group plc
AGM Trading Update**

Kier Group plc ("Kier" or "the Group"), a leading infrastructure services, construction and property group, issues a trading update for the period from 1 July 2022 to date prior to its Annual General Meeting today.

Trading

The current financial year, FY23, has started well and the Group is trading in line with the Board's expectations. We delivered a strong operational performance despite inflationary pressures, which continue to be mitigated. Similar to the prior year, the Group's performance is expected to be second-half weighted.

Order Book

We have a high quality and profitable order book which continues to reflect the bidding discipline and risk management embedded in the business. We remain focused on winning profitable work through our longstanding client relationships and regionally based operations.

At the end of September, the order book stood at c.£9.8bn (30 June 2022: £9.8bn) and is 90% secured for FY23, providing a high degree of certainty for the Group. Long-term framework positions, as well as pipeline opportunities from the Property division are excluded from the order book and represent an additional opportunity. The Group continues to maximise value and opportunities with strong momentum in its bidding activity.

Recent awards include:

- Infrastructure Services:
 - o Highways - announced as one of four contractors on the £1.3bn National Highways A66 Northern Trans-Pennine contract
 - o Infrastructure - appointed by the Canal & River Trust to the new £500m Civil Engineering Contract Framework, securing the maximum number of lots available to a single contractor
- Construction:
 - o Health - health and wellbeing centre in Ringland, Newport
 - o Education - net zero carbon in-operation school for Deyes High School in Sefton
 - o Commercial - landmark high specification life sciences laboratory development, "Refinery", at ARC West London, Hammersmith

Net cash / debt

The Group is on course to generate positive adjusted operating cash flow for FY23, which will result in a net cash position at the year-end. As with the prior year, the Group expects a seasonal working capital outflow in H1, with a reversal expected in H2.

In July 2022, the Group repaid the remainder of its £50m working capital supply chain facility ("KEPS").

Medium-Term Value Creation Plan

Against the backdrop of political and economic uncertainties, our core markets have remained favourable and the Group continues to make good progress against its medium-term value creation plan.

We are a strategic supplier to the UK Government and over 90% of our contracts are with the public sector and regulated companies.

We remain confident in achieving our 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 of c.3 x cover through the cycle

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

"The current financial year has started well and we are trading in line with our expectations. The Group remains well positioned to continue benefiting from UK Government infrastructure spending commitments and remains focused on the delivery of a sustainable net cash position and a sustainable dividend, in line with our medium-term value creation plan."

- ENDS -

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This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014.

About Kier Group plc

Kier is a leading UK infrastructure services, construction and property 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 2022 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.

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