

**19 January 2023**

## **Kier Group plc**

### **Trading Update**

Kier Group plc ("Kier" or "the Group"), a leading infrastructure services and construction and property group issues a trading update for the six months ended 31 December 2022 ("the period" or "first half"). The Group will publish its results for the six months ended 31 December 2022 ("half year results") on 9 March 2023.

#### **Trading**

The Group's half-year results are anticipated to be in line with the Board's expectations. This reflects a strong operational performance in the period despite inflationary pressure which the Group remains confident it can continue to mitigate going forward.

#### **Order Book**

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

The order book at 31 December 2022 is expected to be c.£10.1bn, an increase of c.3% from the year-end position (FY22: £9.8bn) and significantly higher than the prior period (HY22: £8.0bn).

The Group has secured revenue of over 90% for FY23 providing a high degree of visibility against a backdrop of ongoing wider market uncertainty.

Recent awards include:

- Infrastructure Services:
  - o Utilities - reappointed to the £55m per annum, 3 year extension of the Network Service Alliance framework by South West Water and Bournemouth Water
- Construction - re-appointed to the North West Construction Hub High Value Construction Framework; appointed on a £22m investment programme by the Isle of Wight NHS Trust to redevelop St Mary's Hospital and awarded three school projects by the Department for Education
  - o Kier Places - preferred bidder on a £75m housing maintenance contract for 10 years with RHP Group across its housing portfolio in Richmond, Hounslow, Kingston and Hillingdon

#### **Net debt**

Kier continues to make progress towards its medium term plan of achieving a sustainable net cash position. There has been a significant reduction in debt-like items from cash flow generation compared to HY22.

Net debt at 31 December 2022 is expected to be similar to 31 December 2021. Net debt was impacted by the seasonal working capital unwind in the business. This is typical for the first half and a reversal is expected in the second half. The Group continues to generate positive operating cashflow in FY23 and expects to have a net cash position at the year-end.

Average month-end net debt position is expected to be c.£50m higher than the prior period (HY22: £191m). This is in line with the Board's expectations. Positive operating cash flow was used to reduce the average month-end supply chain finance facility ("KEPS") balance by over £60m, pay adjusting items, pension deficit obligations and the remaining HMRC Covid-19 support of c.£10m.

The Group fully repaid its remaining £50m KEPS facility in July 2022 followed by c.£54m of its Revolving Credit Facility ("RCF") and USPP Notes which matured in December.

#### **Medium Term Value Creation Plan**

The Group remains confident in achieving 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: c.3 x cover through the cycle

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

*"The Group's performance over the last six months is in line with our expectations and reflects a good start to the year. We expect to generate positive operating cashflow for the full year and deliver a net cash position at the year end. The Group is well positioned to continue benefiting from UK Government infrastructure spending commitments and focused on the delivery of a sustainable net cash position and a sustainable dividend, in line with our medium term value creation plan."*

- 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 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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