

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

21 January 2025

Kier Group plc

Trading Update; Trading in line and £20m Share Buyback Programme announced

Kier Group plc ("Kier" or the "Group"), a leading infrastructure services, construction and property group issues a trading update for the six months ended 31 December 2024 ("the period" or "first half"). The Group will publish its results for the six months ended 31 December 2024 ("half year results") on 11 March 2025.

Trading

Consistent with the AGM trading update in November 2024, the Group continued to trade well and in line with the Board's expectations in the first half of the current financial year. Similar to last year, the Group's performance is expected to be second-half weighted.

Order book

The order book as at 31 December 2024 was c.£11bn, a c.2% increase on the year-end position (30 June 2024: £10.8bn) and c.3% above the prior year comparative (31 December 2023: £10.7bn). The Group has secured revenue of over 95% for FY25, providing a high degree of visibility. Long-term framework positions are excluded from the order book and represent an additional opportunity. Bidding discipline and risk management embedded across the business continue to drive the high quality and profitable order book.

Recent awards include:

- Infrastructure Services:
 - Natural Resources, Nuclear & Networks: appointed by Yorkshire Water to their £850m AMP8 (2025-2030) Complex Non-Infrastructure Works Framework to support their investment in water processing and waste networks.
- Construction:
 - Awarded place on the 4 year £500m NHS Shared Business Services Decarbonisation of Estates framework to support the NHS reduce the carbon footprint of its estate.
 - Awarded a £240m contract by the Ministry of Defence under the Defence Estate Optimisation Portfolio to design and build new accommodation at Keogh Barracks.
 - Kier Places: awarded a place on the £814m Facilities Management framework by Pagabo to provide a range of services to various public sector organisations including, education, healthcare and local authorities.

We continue to believe that as a strategic supplier to key areas of the new Government's priorities, including transport, education, healthcare, justice, defence and nuclear, there are significant medium term growth opportunities for the Group. Alongside these we should also further benefit from the very substantial investment plans being announced in regulated industries, notably water.

Net cash / debt

De-leveraging continues to be in line with the Board's expectations reflecting a maintained focus on operational delivery and cash management with average month-end net debt of c.£(38)m (HY24: £(136.5)m).

Kier is expected to report a net cash position as at 31 December 2024 which will be above the prior year comparative period (HY24: £17m).

Share buyback

The Group has clear, disciplined capital allocation priorities, which are continuously reviewed by the Board with the objective of maximising shareholder value. The Group has demonstrated strong cash generation over the last few years, which has resulted in the substantial de-gearing of the balance sheet and facilitated a resumption of dividend payments during FY24. The Group's current trading reflects a continuation of these positive trends, and having reviewed the Group's ongoing capital requirements the Board has approved an initial share buyback of £20m.

Full details, including confirmation of the launch of the share buyback programme will be contained in a separate announcement today.

Capital allocation

As noted above, and consistent with our capital allocation priorities, we are announcing a share buyback programme alongside our dividend policy reflecting our aim to maximise shareholder returns.

The Group's capital allocation priorities, which remain largely unchanged, are:

- **Capex** – ongoing investment to support the business
- **Ordinary Dividend** – targeting a dividend cover of circa 3x earnings through the cycle
- **Investment in Property** – disciplined investment in the Property segment. ROCE target of 15% with up to £225m of capital deployed
- **Mergers and acquisitions** – the Group will consider value accretive acquisitions in core markets

If the Group has any remaining unallocated capital the Group has committed to returning this excess capital to shareholders.

- **Incremental Shareholder returns** – initial share buyback programme of £20m commencing immediately

The Group's capital allocation is underpinned by its commitment to maintain a strong balance sheet with an average month-end net cash position

Andrew Davies, Chief Executive of Kier, commented:

“Kier has delivered a strong first half performance, in line with our expectations. The strength of our cash generation combined with the multi-year revenue visibility afforded by our growing quality order book and underpinned by our strong balance sheet, gives us the confidence that this momentum will continue.

“We continue to be well positioned to benefit from UK Government and regulated industry infrastructure spending plans into areas where Kier offers market leading services, notably transport, education, healthcare, justice, defence, nuclear and water.

“Given our order book growth combined with our continued de-levering and greater confidence that we will achieve an average month-end net cash position, we have announced today a £20m share buyback, as part of our evolved capital allocation policy to maximise shareholder returns.”

Capital Markets Event

Kier Group plc will be hosting a Capital Markets Event for analysts and institutional investors on 3 June 2025.

The in-person event will be hosted by Andrew Davies, CEO and Simon Kesterton, CFO, and will include presentations from our Group Managing Directors of our core business divisions.

Details will be announced closer to the time.

Inside Information

The information relating to the share buyback programme in this announcement constitutes inside information as stipulated under the Market Abuse Regulation (EU) No.596/2014 (as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended). On the publication of this announcement via a Regulatory Information Service, such information is now considered to be in the public domain. The person responsible for arranging for the release of this announcement on behalf of the Company is Jaime Tham, Company Secretary.

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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 2024 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.