PANMURE LIBERUM

IN Sights

United Kingdom | Business Services | Constructors | KLR LN | Market Cap £962.4m | 07 August 2025^

BUY

Target Price 2040p
Share price 1350.0p
at 15:55 on 07/08/2025

Keller Group
Plenty of upside

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Keller delivered H1 25 FD EPS 13% ahead of our estimate. We maintained revenue and EBIT estimates, but the new buyback and lower tax drove a 5.8% FD EPS upgrade in FY 26. We make four key points: 1.) The macro environment is challenging but showing signs of improvement and long-term drivers remain supportive; 2.) Despite the challenging macro, the H1 25 order book was broadly flat on the FY 24 level of £1.6bn; 3.) Medium-term guidance for divisional margins implies 269.0p of FD EPS, 15.2% upside to our FY 27 estimate; and 4.) The healthy balance sheet provides scope for acquisitions, which we estimate could be 25% accretive to FD EPS in FY 27, assuming leverage is taken to the middle of the target range. A CY 26 P/E of 6.0x represents a material discount to peers; maintain BUY and TP of 2040p.

Key points

H1 25 FD EPS fell 5% to 98.1p but was 13% ahead of our estimate.
Underlying EBIT fell 9% to £113.2m.
Net debt (excl. leases) increased from £30m in FY 24 to £61.5m.

Value drivers

Potential 25% accretion from M&A.
Long-term structural drivers.
Potential margin upside in North America and EME.
Support from buybacks.

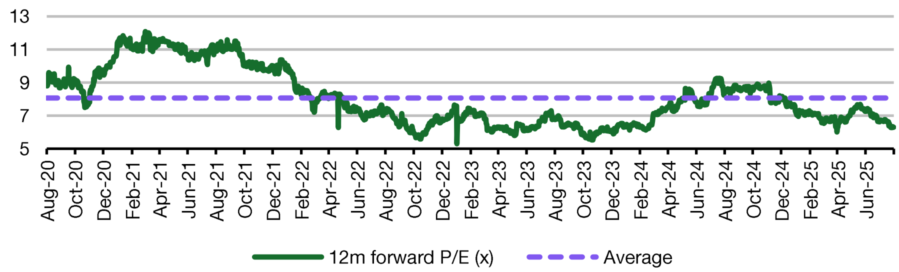
What market misses

Track record of cautious guidance.
High level of provisioning suggests a cautious approach.
Long-term opportunity in Ukraine.
>£100m FCFe per annum.

Is there value?

Keller has de-rated significantly.
CY 26 P/E of 6.0x, a discount to construction and consultant peers.
TP of 2040p based on SOTP

12m forward P/E (x)

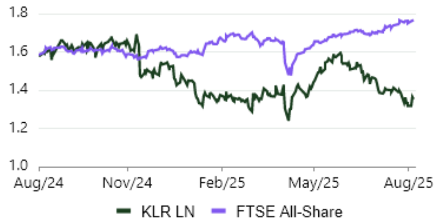


Source: Bloomberg

Next events

Trading update	13th November 2025

Stock performance



Summary financials & valuation (£m)

Calendar year

EV (CY)	24A	25E	26E	27E
Market Cap	962	962	962	962
Net Debt/(Cash)	127	96	1	(111)
Pension & other adj.	15	15	15	15
EV	1,104	1,074	978	867

Valuation (CY)	24A	25E	26E	27E
P/E (x)	6.8	6.6	6.0	5.8
Div Yield (%)	3.7	3.9	4.1	4.3
EV/Sales (x)	0.4	0.3	0.3	0.3
EV/EBITDA (x)	3.4	3.3	2.8	2.4
EV/EBIT (x)	5.2	5.0	4.3	3.7
FCFe Yield (%)	16.1	11.6	13.7	15.6
Price / book (x)	1.6	1.4	1.2	1.0

Financial year (December year end)

Financials (FY)	24A	25E	26E	27E
Sales	2,987	3,156	3,279	3,400
EBITDA	321.4	329.6	344.6	359.2
EBIT	212.6	214.6	225.1	235.3
EBIT Margin (%)	7.1	6.8	6.9	6.9
Net Interest	(21.2)	(21.4)	(22.4)	(23.4)
PBT	191.4	193.2	202.7	212.0
FD EPS (p)	199.9	206.0	223.3	233.5
DPS (p)	49.7	52.2	54.8	57.5
Net Debt/(Cash)*	126.9	96.0	0.5	(111.0)
Net Debt/(Cash)**	29.5	4.9	(90.6)	(202.1)
Net Debt*/EBITDA (x)	0.4	0.3	0.0	(0.3)
Net Debt*/MktCap (x)	0.1	0.1	0.0	(0.1)

Source: Panmure Liberum, Bloomberg
*All numbers are on a post IFRS 16 basis unless stated. * Including leases. ** Excluding leases*

Contents

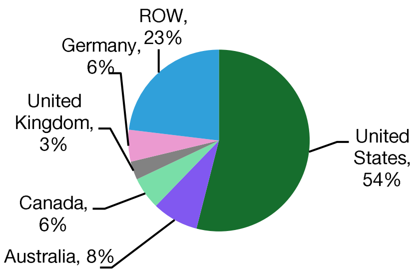
Company dashboard

Keller is a market leader in ground engineering - a small niche sub-sector of construction. It has operations in c. 40 countries around the world with the US representing the largest single market. Typical contracts are small and of short duration and represent only 1% of total build costs.

- High margin due to value add
- High design and engineering content
- Growth ahead of construction demand
- Global leadership position in niche
- Financially strong with asset backing
- Manufactures own equipment in some areas

- High fixed and working capital
- Suncoast profits have been volatile
- Potential for large contract losses
- Risk of poor acquisitions, like Canada
- History of exceptionals
- Risk of cyclical downturn in markets, esp. US
- High P&L operational gearing

Geographic split of revenues



EBIT split by division

EBITA	2024A	2025E	2026E	2027E
North America	190.0	177.6	178.0	183.4
EME	7.9	25.2	31.0	35.5
APAC	28.7	27.1	31.8	33.2
Central costs	-14.0	-15.2	-15.7	-16.7
Total	212.6	214.6	225.1	235.3

Key sensitivities to 2026E EPS

Driver	Change	Impact on EPS
North America	+100bp	+9.9%
EME	+100bp	+4.3%
APAC	+100bp	+1.9%
Mid-cycle margin (6.5%)	-+37bp	-5.9%
Sterling appreciation	+100bp	-1.0%

Key risks to our thesis

- Keller's earnings are reliant on the performance of the North American business (77% of FY 25E group EBIT excluding central costs). We assume the North American EBIT margin decreases from 10.6% in FY 24 to 9.1% in FY 25, largely reflecting macro weakness. Further deterioration in the US macro environment could create a material drag on Group profits.
- Similarly, geographical issues or problematic contracts could lead to negative surprises.

What is priced in and do we differ?

- Long-term drivers remain supportive for Keller. We see a shift in the mix of profitability away from North America. A strong balance sheet also provides plenty of ammunition for M&A.

How the target price is generated

2026E	Sales (£m)	Earnings (£m)	EV/Sales (x)	EV/EBITDA (x)	PE (x)	EV (£m)	Mkt. cap. (£m)
North America	2012.8	115.4	0.6	4.5	8.8	1140	1020
EME	880.4	20.1	0.3	5.5	10.9	244	218
APAC	385.9	20.6	0.5	4.5	8.9	205	183
Total Group	3279.0	156.1	0.5	4.6	9.1	1588	1421
Minorities		-0.5			11.5	-6	-6
Attributable to common equity holders	3279.0	155.6	0.5	4.6	9.1	1583	1416
Average net cash / (debt)						34	
Lease liabilities						-91	
Pension (deficit)						-15	
Deferred consideration						0	
Provisions						-89	
FV market cap						1421	
Fully diluted no. of shares (m)						70	
FV per shares (£)						20.40	

Investment summary

Long-term drivers remain supportive – Key long-term global drivers remain supportive to Keller's industry, ground engineering, where it is a market leader. Management estimates there is a large addressable global market worth c. £49bn, of which Keller has a c. 6% share, with a c. 13% share of the markets in which operates. The order book was strong at H1 25 and was broadly maintained at the FY 24 record level of £1.6bn. It was particularly encouraging to see the North America order book fall only 1.4% (CC), given the challenging macro environment.

The macro environment has been challenging – A variety of macro data points to weakness in the US market; single-family housing starts have trended downward in 2025, US mortgage applications remain low in a historical context, and the probability of a US recession remains elevated. However, encouragingly, the dodge momentum index may have inflected after collapsing in early 2025. We also remain confident in the long-term opportunity within US infrastructure, given the aged nature of assets. Elsewhere, markets are mixed for the EME business – with weakness in residential and commercial, but resilience in infrastructure – but long-term we see a significant opportunity in Ukraine. The APAC business continues to perform well, and building approvals are trending up in Australia.

Medium-term guidance for divisional margins implies 269.0p of FD EPS, 15.2% upside to our FY 27 estimate – In North America, management has most recently guided to a sustainable margin of 8% to 9%, while at EME, if price competition eases, management believes that a sustainable EBIT margin of 4-5% can be achieved. If we take our FY 27 estimates but assume a margin of 9.0% for North America, 5.0% for EME and 8.5% for APAC (broadly in line with our FY 27 estimate of 8.4%) making no other changes, we derive FD EPS of 269.0p. This represents upside of 15.2% to our FY 27 estimate of 233.5p.

We estimate possible 25% EPS accretion from acquisitions in FY 27 – In accordance with its capital allocation policy, we expect management to consider M&A – particularly given the success of recent acquisitions, including Nordpile, Subterranean, Voges and RECON in 2021, and GKM and NWF in November 2022. In addition, with FY 25E net debt (excl. leases) / EBITDA 0.0x, there is clearly scope for higher leverage. We use buyback maths to estimate the possible creation from acquisitions. We assume that the buyback acquisition takes place on 01 January 2026 for consideration of £290.4m. This would increase the leverage on a net debt (excl. leases) basis to 1x EBITDA, in the middle of the target range. Our analysis indicates this would lead to 25% accretion in FD EPS for FY 26 and 25% for FY 27.

BUY, TP 2040p; a CY 26 P/E of 6.0x is attractive – Keller is trading below its Construction ‘peers’ and at an even larger discount to Consultants on a P/E basis. A CY 26 P/E of 6.0x is far too cheap given the strong cash generation and the capital allocation options. The diverse revenues by geography and sector also leaves Keller well insulated from any national cyclicality.

Figure 1: Constructors peer group – valuation

Constructors																
Name	**Price**	**Mkt Cap**	**P/E (x)**		**Div Yield (%)**		**Div Cover (x)**		**EV/EBITDA (x)**		**EV/EBIT (x)**		**FCFe Yield (%)**	
	(£)	**(£m)**	**CY 25**	**CY 26**	**CY 25**	**CY 26**	**CY 25**	**CY 26**	**CY 25**	**CY 26**	**CY 25**	**CY 26**	**CY 25**	**CY 26**
Balfour Beatty	5.53	2,767	12.9	12.2	2.4	2.6	3.2	3.1	5.9	5.3	8.5	7.5	9.3	7.4
Costain	1.67	446	11.6	10.5	1.6	1.7	5.5	5.5	5.1	4.4	6.4	5.4	6.9	6.9
Galliford Try	4.35	444	13.5	12.6	4.2	4.5	1.8	1.8	4.1	3.6	6.6	5.6	8.6	8.8
Keller	13.50	962	6.6	6.0	3.9	4.1	3.9	4.1	3.3	2.8	5.0	4.3	11.6	13.7
Kier	2.06	919	9.3	8.7	1.1	1.3	9.9	9.0	3.3	2.9	4.5	3.9	1.5	1.8
Morgan Sindall	45.15	2,168	13.8	14.6	3.4	3.1	2.1	2.2	7.2	7.8	8.5	9.3	2.8	2.1
Severfield	0.32	94	9.9	7.2	1.1	0.0	9.2	n.a.	7.2	6.2	10.7	8.4	-4.6	2.3
Simple average		1,114	11.1	10.3	2.5	2.5	5.1	4.3	5.2	4.7	7.2	6.4	5.2	6.2

Source: Panmure Liberum, Bloomberg. Note: Priced at intra day on 07/08/2025.

Buyback and lower tax drive small EPS upgrade

At the interims, we left our EBIT estimates unchanged despite an estimated £7m FX headwind, but increased FY 26 FD EPS by 5.8% due to the new buyback and reduction in the tax rate. We expect a recovery at EME but a challenging market in North America. However, we see potential margin upside in both North America and EME; we estimate FD EPS of 269.0p based on medium-term guidance, representing 15.2% upside to our FY 27 estimate. We see the business model as relatively low risk. At the interims, we changed our FY 25 estimate from net cash (excl. leases) of £20m to net debt of £5m to reflect the £25m buyback. Using buyback maths, we estimate possible 25% EPS accretion in FY 27 from acquisitions.

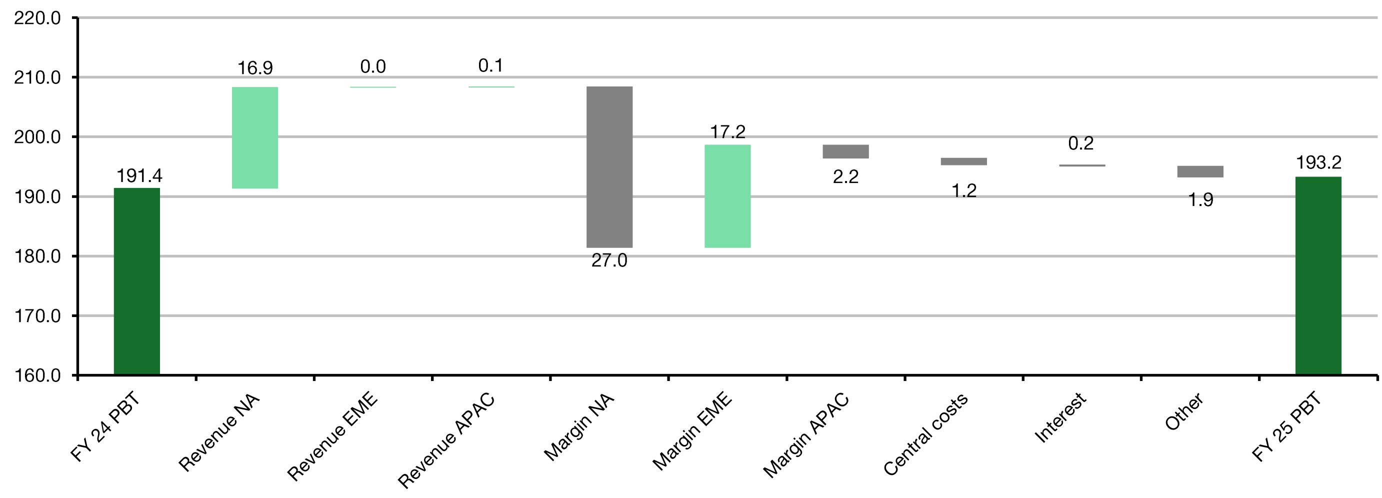
We left our EBIT estimates unchanged despite an estimated £7m FX headwind, but increased FY 26 FD EPS by 5.8% due to the new buyback and reduction in the tax rate

Management guides to maintained expectations despite FX headwinds, which we estimate to be £7m, assuming that spot rates prevail. Crucially, the £21.3m EBIT reduction in H1 25 relating to price normalisation at Suncoast should not repeat in H2, as pricing was already more normal in H2 24.

We increased the net interest expense by £0.38m for FY 25, assuming 6% interest on the £25m buyback to be completed in Q4 25, and increase FY 26 by a further £1.9m.

We show our PBT bridge from FY 24 to FY 25, which details the key moving parts. In particular, it shows that we expect revenue growth in North America to be largely offset by margin contraction, while EME should enjoy margin expansion despite broadly flat revenue.

Figure 2: FY 25 PBT bridge (£m)



Source: Company reports

We reduced our tax rate for the forecasting horizon to 23%.

We also reduced our WaNoS for the forecasting horizon, assuming that the £25m additional buyback is spread evenly across Q4.

At the interims management stated its intention to increase the DPS by 5% yoy for FY 25, which is consistent with our estimate of 5%.

We summarise our estimates below.

Figure 3: Summary of estimates (£m)

		2025E			2026E			2027E	
	Old	New	Change	Old	New	Change	Old	New	Change
Segmental Analysis									
Revenue (£m)									
North America	1,944.7	1,944.7	0.0%	2,012.8	2,012.8	0.0%	2,073.1	2,073.1	0.0%
EME	838.4	838.4	0.0%	880.4	880.4	0.0%	929.2	929.2	0.0%
APAC	373.1	373.1	0.0%	385.9	385.9	0.0%	397.5	397.5	0.0%
Total	3,156.3	3,156.3	0.0%	3,279.0	3,279.0	0.0%	3,399.8	3,399.8	0.0%
Margin (%)									
North America	9.1%	9.1%	0.0%	8.8%	8.8%	0.0%	8.8%	8.8%	0.0%
EME	3.0%	3.0%	0.0%	3.5%	3.5%	0.0%	3.8%	3.8%	0.0%
APAC	7.3%	7.3%	0.0%	8.3%	8.3%	0.0%	8.4%	8.4%	0.0%
Central costs	-0.5%	-0.5%	0.0%	-0.5%	-0.5%	0.0%	-0.5%	-0.5%	0.0%
Total	6.8%	6.8%	0.0%	6.9%	6.9%	0.0%	6.9%	6.9%	0.0%
EBIT (£m)									
North America	177.6	177.6	0.0%	178.0	178.0	0.0%	183.4	183.4	0.0%
EME	25.2	25.2	0.0%	31.0	31.0	0.0%	35.5	35.5	0.0%
APAC	27.1	27.1	0.0%	31.8	31.8	0.0%	33.2	33.2	0.0%
Central costs	(15.2)	(15.2)	0.0%	(15.7)	(15.7)	0.0%	(16.7)	(16.7)	0.0%
Total	214.6	214.6	0.0%	225.1	225.1	0.0%	235.3	235.3	0.0%
Income statement (£m)									
Sales	3,156.3	3,156.3	0.0%	3,279.0	3,279.0	0.0%	3,399.8	3,399.8	0.0%
Sales growth (%)	5.7%	5.7%	0bp	3.9%	3.9%	0bp	3.7%	3.7%	0bp
Adj EBIT	214.6	214.6	0.0%	225.1	225.1	0.0%	235.3	235.3	0.0%
EBIT margin (%)	6.8%	6.8%	0bp	6.9%	6.9%	0bp	6.9%	6.9%	0bp
Net interest	(21.0)	(21.4)	+1.8%	(20.5)	(22.4)	+9.1%	(20.0)	(23.4)	+16.9%
Adj PBT	193.6	193.2	-0.2%	204.6	202.7	-0.9%	215.3	212.0	-1.6%
Adj Net Income	144.7	148.3	+2.5%	153.0	155.6	+1.7%	161.0	162.7	+1.1%
Adj FD EPS (p)	197.4	206.0	+4.4%	211.0	223.3	+5.8%	222.1	233.5	+5.1%
Other									
DPS (p)	52.2	52.2	0.0%	54.8	54.8	0.0%	57.5	57.5	0.0%
Special DPS	--	--	0.0%	--	--	0.0%	--	--	0.0%
Net (debt) / cash	19.9	(4.9)	-124.7%	109.4	90.6	-17.2%	215.5	202.1	-6.2%
Net (debt) / cash inc leases	(71.2)	(96.0)	+34.7%	18.3	(0.5)	-103.0%	124.4	111.0	-10.8%

Source: Panmure Liberum. Note – estimate changes made at results.

Our estimates assume a FD EPS H1 weighting of 48%. This is broadly in line with history (average H1 weighting FY 21-24: 41%), but lower than the exceptionally high H1 weighting of 52% in FY 24.

Our estimates are in line with guidance, which historically has been cautious

We show our key estimates compared with guidance.

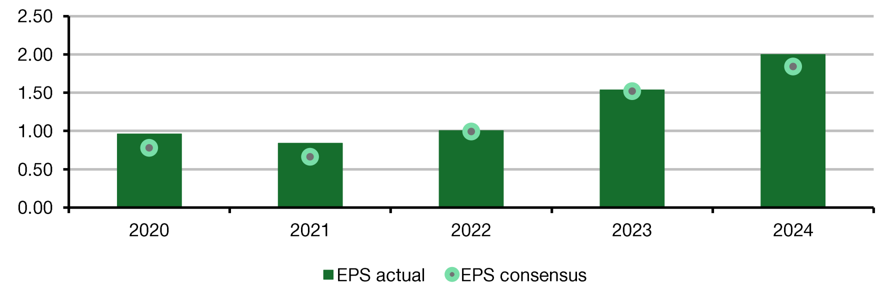
Figure 4: Company guidance versus Panmure Liberum estimates

Category	H1 2025	H2 Considerations	FY 25E Panmure Liberum
Trading			
NA – Foundations	Normalised pricing environment (buoyant 2024) Sustained operational performance Increased macro uncertainty	Similar to H1	FY 25E EBIT margin of 9.1% for North America, down on 10.6% in FY 24, to reflect normalised pricing environment and volume decline is residential.
NA – Suncoast	Profitability negatively impacted by pricing normalisation and volume decline in residential	Weak market conditions to continue Pricing impact similar to H2 2024	
Europe	Improved performance project execution Profitability benefitted from non-recurring project losses in Nordics	Market conditions remain soft Similar to H1	FY 25E EBIT margin of 3.0% for EME, up from 0.9% in FY 24, reflecting improved project execution and non-recurring project losses in Europe, and further non-recurring project losses in the Middle East.
Middle East	Profitability benefitted from non-recurring losses on one project	Normal trading with good volume from UAE	
APAC	Profitability growth	Softer market conditions for Keller Australia offset by increased volumes in Austral	FY 25E EBIT margin of 7.3% versus 7.8% in FY 24.
Operating profit phasing	Weaker as expected vs exceptional prior year	More typical H2 weighted	Our group EBITA estimate (excl. central costs) of £229.8 implies an H1 weighting of 48%.
Interest	Marginal decrease due to lower average net debt	Similar level to H1 2025	FY 25E interest of £21.4m versus £21.2m in FY 24, with the slight impact reflecting the part-year impact of the additional £25m buyback in H2.
Tax rate	23%	+/- 23%	23%
FX (USD/EUR)	Actual (average) 1.30 / 1.19	Macro dependent	1.30 and 1.19 average for USD and EUR, respectively.
Cash / Debt			
Net capex	Approximately in line with depreciation	Approximately in line with depreciation	FY 25E depreciation and capex of £114.9m
Leverage (IAS 17)	0.2x	Approaching net cash, subject to M&A	FY 25E net debt of £5.0m

Source: Panmure Liberum, company reports

We show consensus EPS and the outturn since 2022. This shows that management has set guidance cautiously, with consensus FD EPS estimates either in line or ahead of actuals.

Figure 5: Keller EPS guidance vs outturn based on Bloomberg consensus (£)

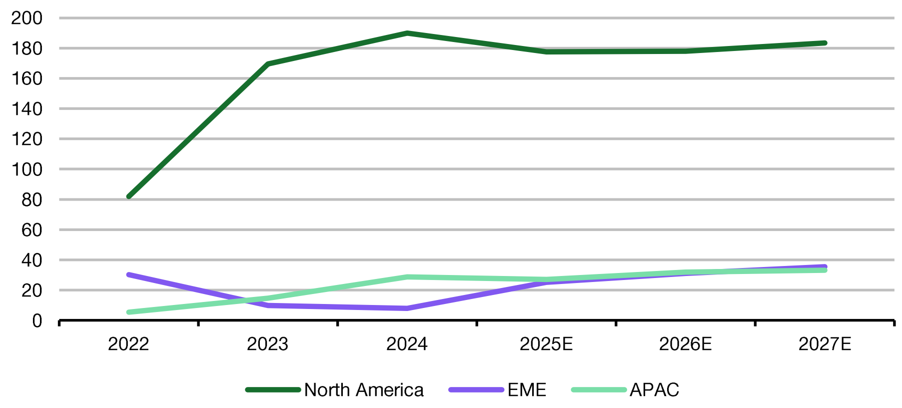


Source: Bloomberg

Recovery at EME but potential softness in North America

We assume a softening in the North America market, largely reflecting macro-economic weakness, and recovery in EME. However, the US is likely to remain the key profit contributor for the foreseeable future.

Figure 6: EBITA by geography (£m)



Source: Keller and Panmure Liberum

Potential margin upside in North America and EME; we estimate FD EPS of 269.0p based on medium-term guidance

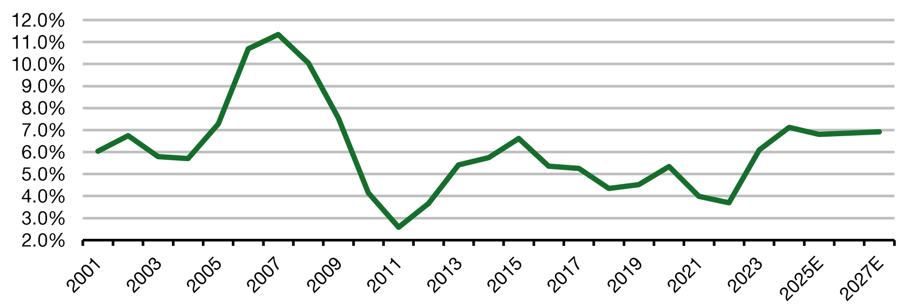
The business is performing well operationally across the board. However, we believe that the business has a little more to go for in the US and EME, relative to consensus.

In North America, management has most recently guided to a sustainable margin of 8% to 9%. However, at H1 it achieved 9.5% without any unusual items and despite the drag on margins from Suncoast. We therefore believe that management may reconsider its medium-term margin guidance for the US at the FY results.

In EME, if price competition eases, management believes that a sustainable EBIT margin of 4-5% can be achieved.

At the group level, management previously stated that it targets mid to high single-digit EBIT margins in the medium term, which is broadly consistent with the divisional targets. In addition, we believe 8% is reasonable given the historical group margin, and the rationalised product and geographic portfolio.

Figure 7: Keller's operating margin over time (%)



Source: Liberum estimates, Company reports

If we take our FY 27 estimates but assume a margin of 9.0% for North America, 5.0% for EME and 8.5% for APAC (broadly in line with our FY 27 estimate of 8.4%) making no other changes, we derive FD EPS of 269.0p. This represents upside of 15.2% to our FY 27 estimate of 233.5p.

Figure 8: Target EPS – assumed to be FY 27

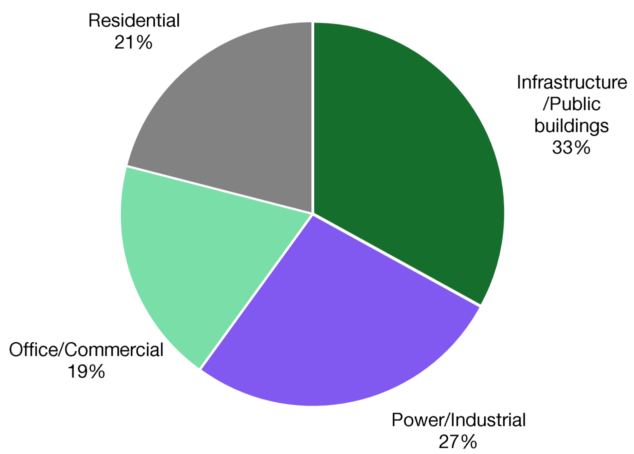
	Low	Base - using FY 27 except margin	High
Sales (£m)			
North America	1969.5	2073.1	2176.8
EME	882.8	929.2	975.7
APAC	377.6	397.5	417.3
Group sales	3229.8	3399.8	3569.8
EBITA margin (%)			
North America	8.5%	9.0%	9.5%
EME	4.0%	5.0%	5.5%
APAC	8.0%	8.5%	9.0%
EBITA (£m)			
North America	167.4	186.6	206.8
EME	35.3	46.5	53.7
APAC	30.2	33.8	37.6
Group EBITA	232.9	266.8	298.0
Interest	-24.5	-23.4	-22.2
PBT	208.4	243.5	275.8
Effective tax rate (%)	23.0%	23.0%	23.0%
Tax	-47.9	-56.0	-63.4
Earnings	160.5	187.5	212.4
FD WaNoS (m)	69.7	69.7	69.7
FD EPS (p)	**230.2**	**269.0**	**304.8**
Current FY 27 FD EPS	233.5	233.5	233.5
Upside (%)	-1.4%	15.2%	30.5%

Source: Panmure Liberum

The business model is relatively low risk

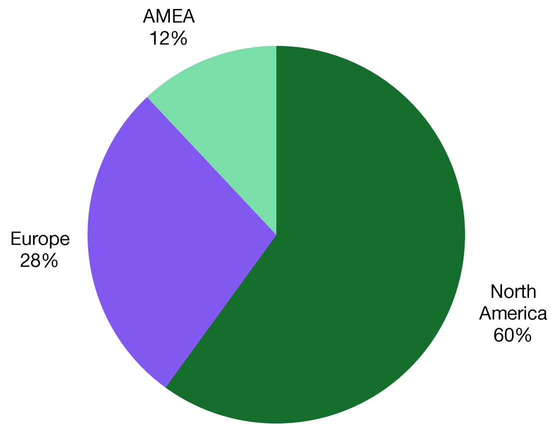
As we have written before, management has taken a variety of steps to reduce the risks to which the group is exposed. The business is well balanced in terms of sectors and geographies.

Figure 9: Revenue by sector (2024)



Source: Company reports

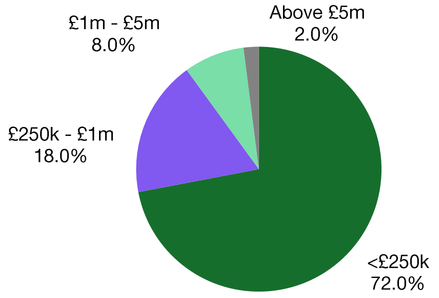
Figure 10: Revenue by geography (2024)



Source: Company reports

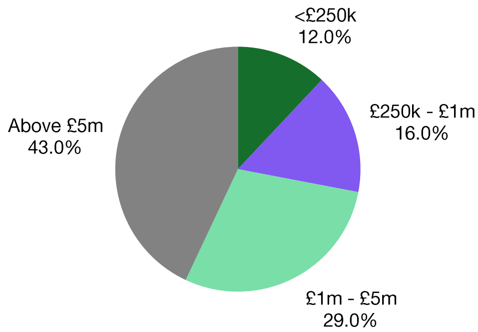
There is also low single-customer reliance, and 57% of total revenue relates to contracts with a value of less than £5m. Therefore, any weakness in project execution in North America had less of an impact than it otherwise might. The low single-customer reliance and contract sizes will keep risks controlled for future periods.

Figure 11: Number of contracts (2024) by size



Source: Company reports

Figure 12: Revenue by contract size (2024)

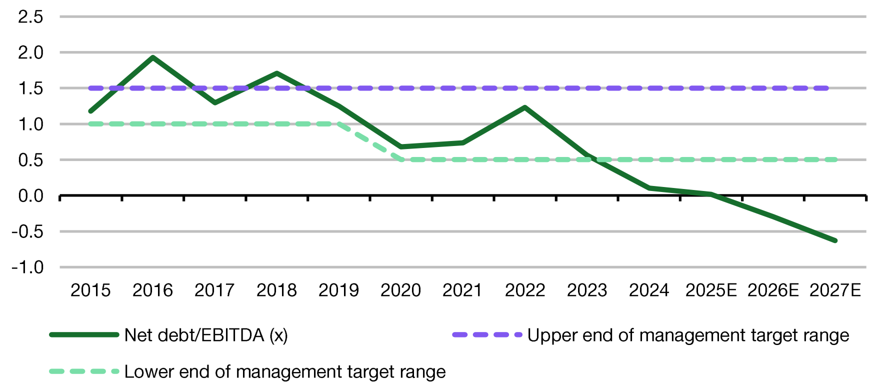


Source: Company reports

We changed our FY 25 estimate from net cash (excl. leases) of £20m to net debt of £5m to reflect the £25m buyback

We changed our FY 25 estimate from net cash (excl. leases) of £20m to net debt of £5m to reflect the new £25m buy back. We assume broadly neutral working capital, with a slight outflow of £0.9m.

Figure 13: Net debt/EBITDA estimates on a covenant basis (x)

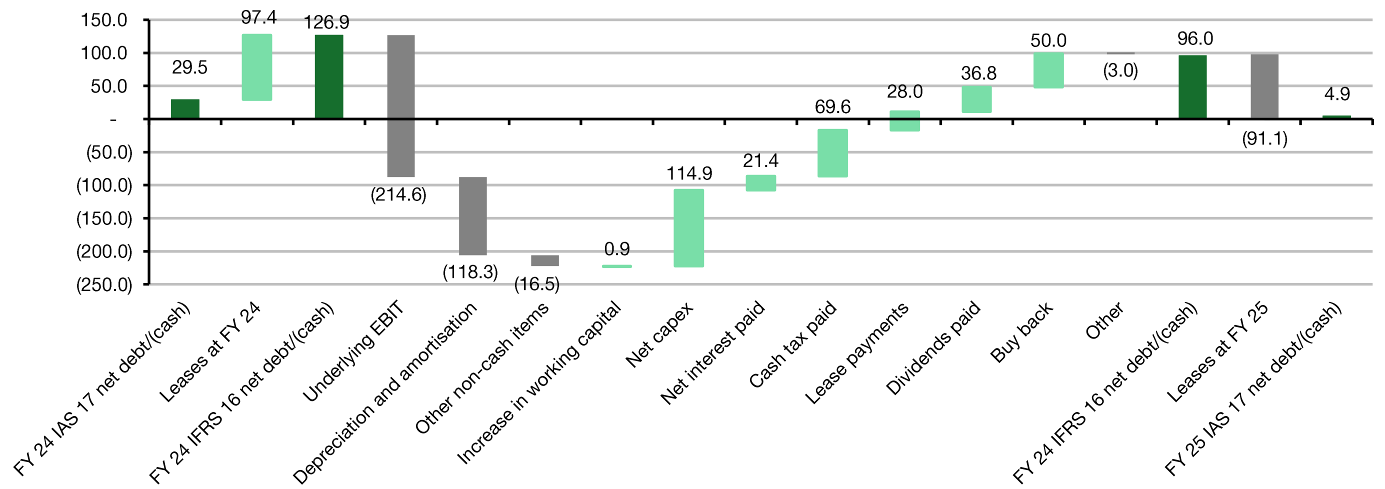


Source: Company data, Panmure Liberum

This is clearly below the target range of 0.5x to 1.5x, but consistent with guidance.

We show a high-level FY 25 net debt (excl. leases) bridge below.

Figure 14: FY 25 net debt (IAS 17) bridge (£m)



Source: Company reports

Including leases, we estimate FY 25 net debt of £96.0, or 0.3x net debt/EBITDA.

In accordance with its capital allocation policy, we expect management to consider M&A, particularly in North America and Europe. If these are not forthcoming, we would expect management to consider more distributions through buybacks.

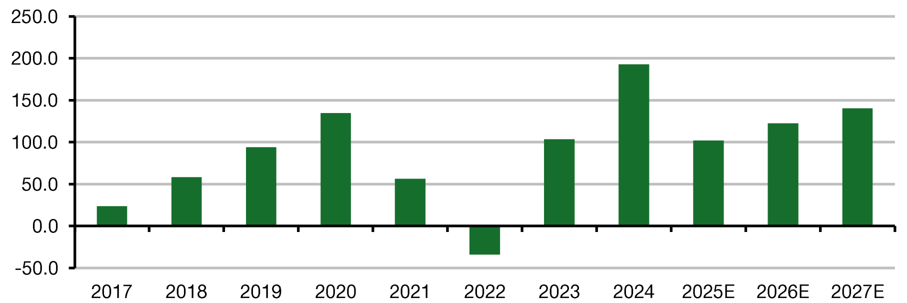
Management is keen to keep its options open and maintain good discipline for capital deployment. If Keller is already present in a market, and knows the people and customers well, we believe this should result in lower execution risk on acquisitions.

In the US, there are a number of geographies and markets where Keller is under-indexed. There is scope to target these areas through organic growth

Higher capex to reduce free cash flow to £101.5m in FY 25

In FY 25, we estimate that organic cash flow in the business will be £101.5m, down from £192.6m in FY 24 due principally to higher capex and the absence of a working capital inflow.

Figure 15: Free cash flow (£m)



Source: Company reports, Panmure Liberum

We show the workings for our estimates in the table below.

Figure 16: Free cash flow workings (£m)

	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Underlying EBITDA	177.2	167.5	198.4	205.0	185.9	205.6	293.1	321.4	329.6	344.6	359.2
Non-cash items	5.7	3.6	13.4	1.9	0.0	-1.1	-4.0	-4.4	12.5	12.5	12.5
Dividends from JVs	0.0	0.9	1.1	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(Increase)/decrease in working capital	-40.9	1.5	-3.0	38.2	-3.1	-123.9	14.8	58.5	-0.9	13.9	25.9
Outflows from provisions and retirement benefit liabilities	-5.9	-10.1	-12.3	13.9	-7.8	0.0	0.0	0.0	0.0	0.0	0.0
Net capex	-74.5	-73.6	-47.4	-65.6	-74.6	-73.5	-73.6	-62.6	-114.9	-119.3	-123.7
Additions to IFRS 16 ROU assets	0.0	0.0	-22.9	-22.7	-23.4	-24.8	-33.9	-33.9	-33.9	-33.9	-33.9
Operating cash flow	61.6	89.8	127.3	171.1	77.0	-17.7	196.4	279.0	192.4	217.7	240.0
Net interest paid	-12.2	-15.1	-21.5	-12.0	-5.3	-10.2	-20.5	-20.8	-21.4	-22.4	-23.4
Cash tax paid	-26.0	-16.7	-12.3	-24.9	-15.9	-5.9	-72.7	-65.6	-69.6	-73.0	-76.4
Free cash flow	23.4	58.0	93.5	134.2	55.8	-33.8	103.2	192.6	101.5	122.3	140.2

Source: Panmure Liberum, company reports. Note: Outflows from provisions and retirement benefit liabilities are included in Non-cash items in 2023 and onwards in the above.

Using buyback maths, we estimate possible 25% EPS accretion in FY 27 from acquisitions

Keller is an asset-backed business with strong momentum and clearly has scope for higher leverage. We believe that acquisitions are likely. However, as we do not know the terms of any acquisition, we use buyback maths to determine the possible level of accretion from acquisitions. We assume that the buyback acquisition takes place on 01 January 2026 for consideration of £290.4m. This would increase the leverage on a net debt (excl. leases) basis to 1x EBITDA, in the middle of the target range. Our analysis indicates this would lead to 25% accretion in FD EPS for FY 26 and 25% for FY 27.

Figure 17: Potential accretion from buyback/acquisition to bring net debt (excl. leases) to 1.0x EBITDA

	2025					
Underlying EBITDA - covenant basis	295.3					
Leverage at 1x net debt EBITDA	295.3					
FY 25E Covenant net debt/(cash)	4.9					
Additional debt/size of potential buyback	290.4					
Change in share count from buyback						
	2024	**2025E**	**2026E**	**2027E**		
Share buy-back (£m) - assumed all happens on 31 Dec 25		0.0	290.4	0.0		
Price (£) @ 05.08.25		13.9	13.9	13.9		
Average Shares impact in year (m)		0.0	21.0	21.0		
Current WaNoS (m)	72.1	70.5	68.2	68.2		
Current FD WaNoS (m)	73.6	72.0	69.7	69.7		
Revised WaNoS (m)	72.1	70.5	47.2	47.2		
Revised FD WaNoS (m)	73.6	72.0	48.7	48.7		
Interest workings		2025E	2026E	2027E		
Average affect - increase in debt (cumulative) (£m)			290.4	290.4		
Assumed COD (%)			9%	9%		
Additional Interest cost (£m)			26.1	26.1		
P&L						
	2026 Estimates	**2026 Estimates inc buyback**	**Change (%)**	**2027 Estimates**	**2027 Estimates inc buyback**	**Change (%)**
Sales (£m)	3279.0	3279.0		3399.8	3399.8	
Adj EBIT (£m)	225.1	225.1		235.3	235.3	
EBIT margin (%)	6.9%	6.9%		6.9%	6.9%	
Net interest (£m)	-22.4	-48.5		-23.375	-49.5	
Adj PBT (£m)	202.7	176.6		212.0	185.8	
Tax rate (%)	23.0%	23.0%		23.0%	23.0%	
Adj Net Income (£m)	156.1	136.0		163.2	143.1	
Adj FD EPS (p)	224.0	279.0	25%	234.2	293.6	25%
Current FD WaNoS (m)	69.7			69.7		
Revised FD WaNoS (m)		48.7			48.7	

Source: Panmure Liberum

Challenging macro but structural drivers are supportive

Long-term drivers remain supportive for Keller and the company has strong market positions. There is plenty more to go for; Keller currently captures £3bn of a £49bn market. The H1 25 order book broadly was flat at the FY 24 record level of £1.6bn. In North America, the order book is down only 1.4% in CC, despite the challenging macro. At EME, markets are mixed and management is taking a disciplined approach to NEOM. The APAC business continues to perform well.

Long-term drivers remain supportive

Key long-term global drivers continue to provide support for ground engineering.

Figure 18: Long-term drivers

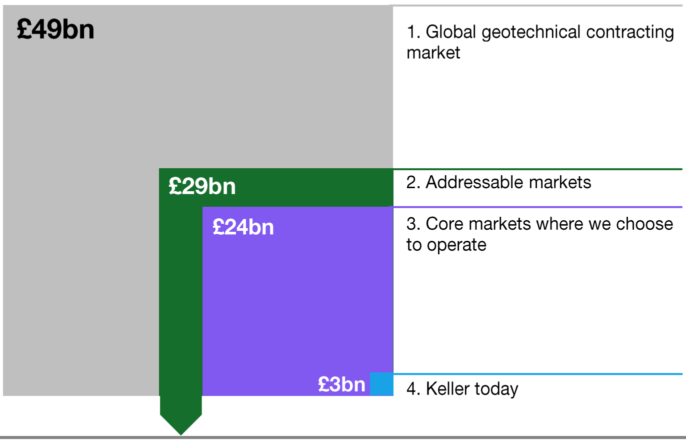
	Trend	How it plays to Keller's strengths
1	Urbanisation and more large-scale development projects	65m people may be added to the urban population every year; est. 67% of the world's population will live in metropolitan regions by 2040
2	Increasing land shortage, driving the need to use more brownfield and marginal land	More than 450,000 brownfields in the US alone
3	Infrastructure renewal and expansion, e.g. road, rail, power	US$3.7 trillion of investment is needed every year until 2035 to keep up with global GDP growth
4	Rising demand from customers for complete solutions rather than just products	More demand for early involvement, partnership and collaboration throughout the construction supply chain
5	Increasing technical complexity	Rising need for data acquisition to record, automate and ensure quality and productivity in company processes

Source: Company reports

A strong market position, with plenty more to go for

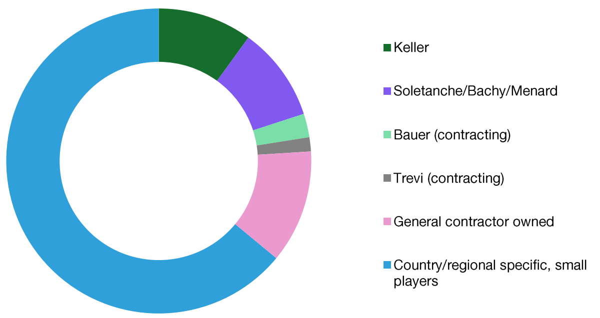
Keller is one of the world's leading ground engineering companies. However, management estimates a market size of £49bn, of which Keller currently captures only £3bn. This highlights the scale of the opportunity.

Figure 19: Market size (£bn)



Source: Company reports

Figure 20: Market share

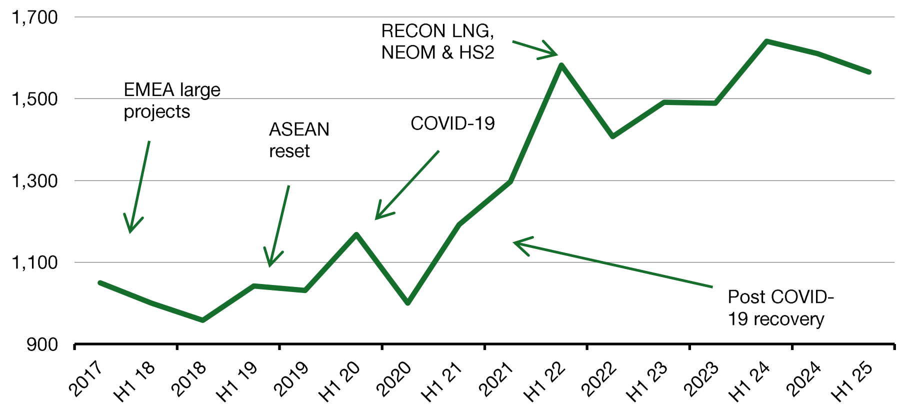


Source: Company reports

The H1 25 order book broadly was flat at the FY 24 record level of £1.6bn

The H1 order book was broadly flat at the FY 24 record level of £1.6bn. The CC order book increased 2%. Management believes that the quality of the order book is very good.

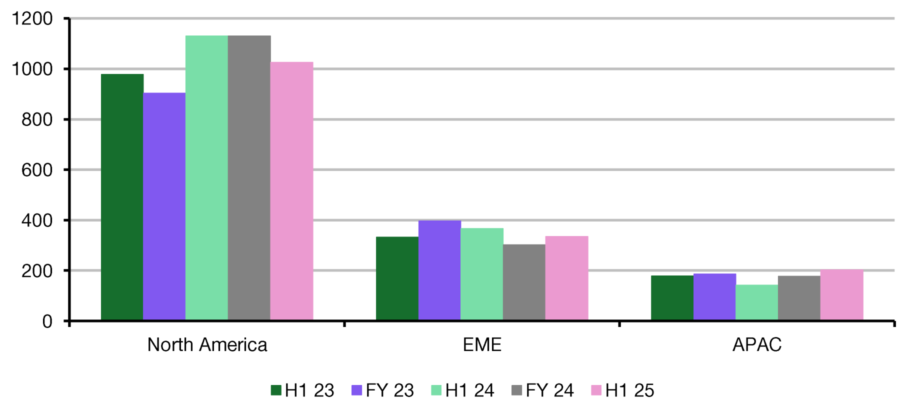
Figure 21: Order book (£m)



Source: Company reports

It is sound in all three divisions, with particular strength in APAC, where the order book increased by 55.6% in CC terms.

Figure 22: Divisional order book (£m)



Source: Company reports

The North American business has done well to broadly maintain the order book in a difficult construction market. There has been particular strength in datacentres in North America. In EME, several large infrastructure projects are being replaced by smaller contracts.

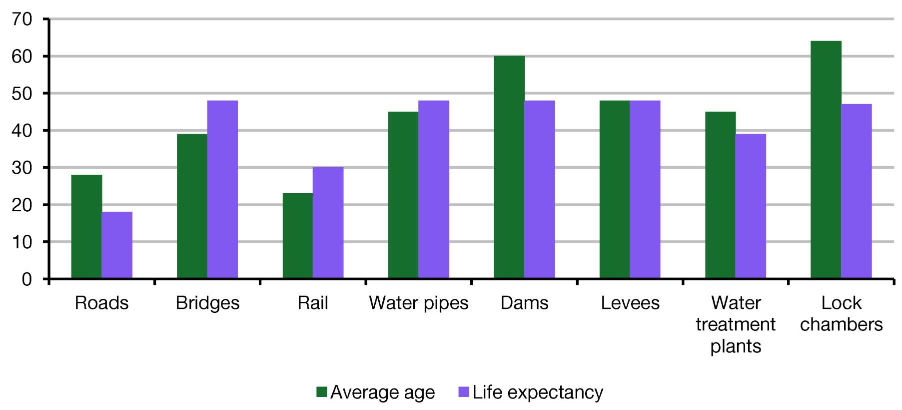
We note that management has remained disciplined in bidding for work on NEOM. There are significant additional opportunities in Energy, datacentres, EVs, US re-shoring, and semiconductors. Clients are more price focused than in FY 24.

In North America, the order book is down only 1.4% in CC, despite the challenging macro

The order book is sound – down only 1% in CC to £1,026m - and there is a good level of tendering on large contracts.

Infrastructure in the US is significantly aged. In 2021, the average age of roads, dams, water treatment plants, and lock chambers exceeded their respective life expectancies, according to the American Society of Civil Engineers (ASCE).

Figure 23: US infrastructure, average age vs life expectancy (years)



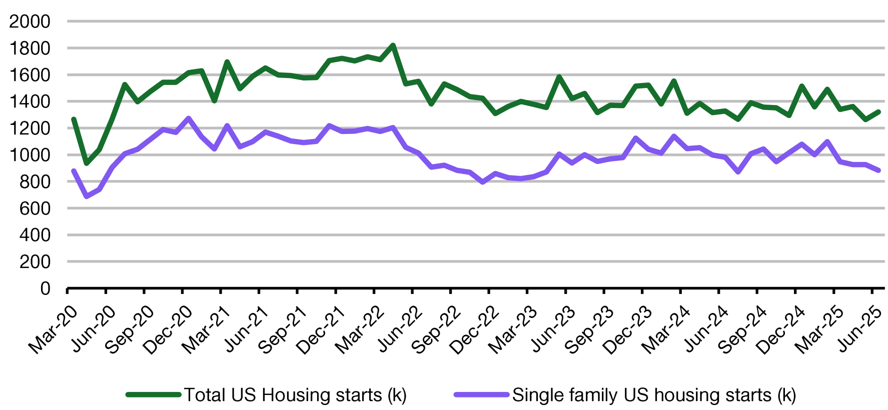
Source: American Society of Civil Engineers (2021)

More recently in March 2025, the ASCE estimated that investment needed for US infrastructure is $9,139bn to 2033, although it also estimated a funding gap of $3,689bn. Nonetheless, required investment in US infrastructure will present opportunities for Keller.

However, some of the macro data recently has been challenging.

Total US housing starts rose 4.5% in June 2025, having fallen 7.2% in May. However, single housing starts fell 4.6% in June 2025, having remained broadly flat in May. Both total and single housing starts have broadly trended downward in 2025.

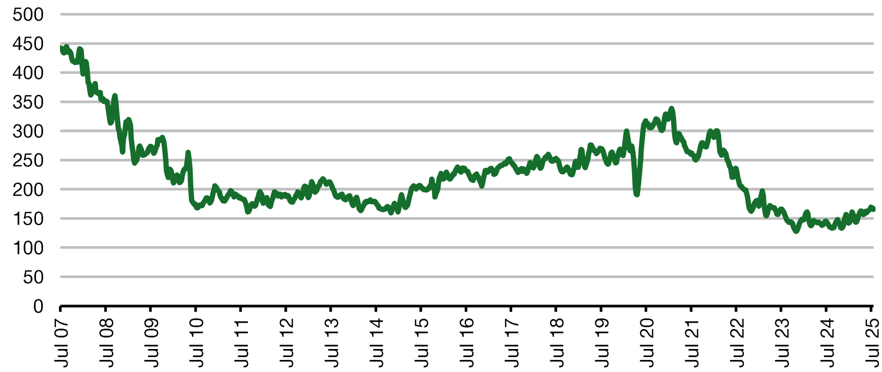
Figure 24: US housing starts ('000s)



Source: US Census Bureau, Bloomberg. Note: Figures are annualised.

Mortgage applications in the US remain low in a historical context but appear to be trending upwards.

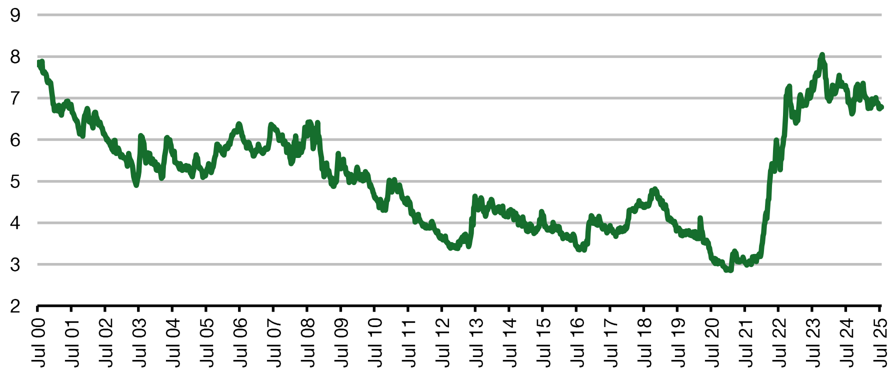
Figure 25: Mortgage Applications (Purchase) (index) (rolling four week average)



Source: Bloomberg

Average 30-year mortgage rates in the US remain elevated.

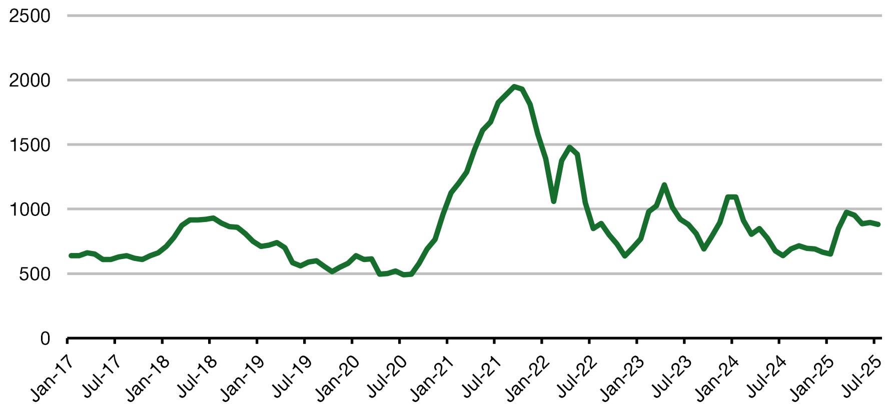
Figure 26: Average US 30-year mortgage rates (%)



Source: Bloomberg

Steel prices increased in May, but have softened since. Management envisages no repeat of the issues of the past given that steel prices are less volatile and much better managed. Furthermore, commercial is soft anyway, so the impact is likely to be less than in the past.

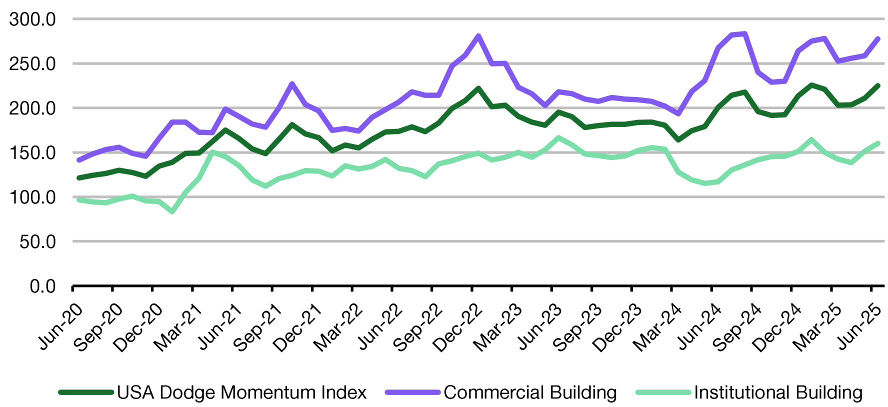
Figure 27: North America Steel Hot Rolled Coil (HRC) Spot (USD/short ton)



Source: Bloomberg, Kallanish Commodities

The uncertainty created by erratic tariff policy could weigh on sentiment and reduce investment. Waning sentiment was borne out in the US Dodge Momentum index, which has dipped in 2025 but has recovered in recent months and may be inflecting.

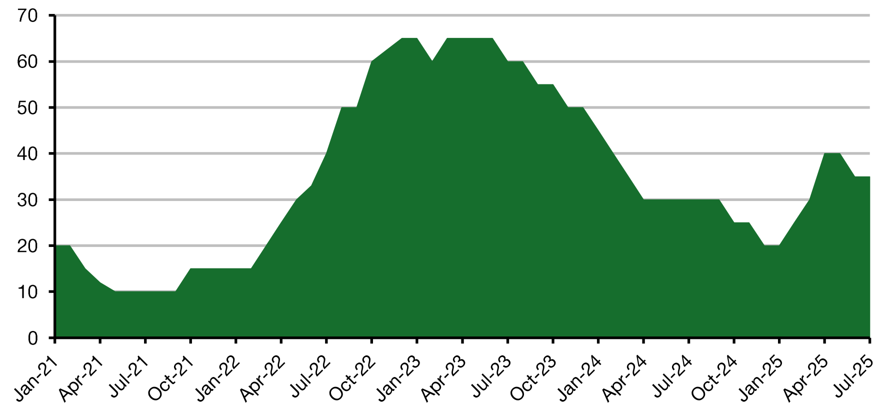
Figure 28: US Dodge Momentum Index



Source: Dodge Construction Network

The recession indicators suggests that the probability of a US recession has risen markedly in 2025 but stabilised in recent months.

Figure 29: US recession probability (%)



Source: Bloomberg

At EME, markets are mixed and management is taking a disciplined approach to NEOM

In the Europe and Middle East division, weak demand persisted in the residential and commercial sectors across Europe, whilst the infrastructure sector continued to remain resilient. A previously highlighted challenging project is performing to plan, and should be delivered within the provisions made at the FY. Discussions with the client to remedy commercial performance continue.

In January 2024, Keller announced work worth c. $80m on Trojena, the Winter sport development in NEOM. This work has not completed yet but management targets completion by FY 25 year-end.

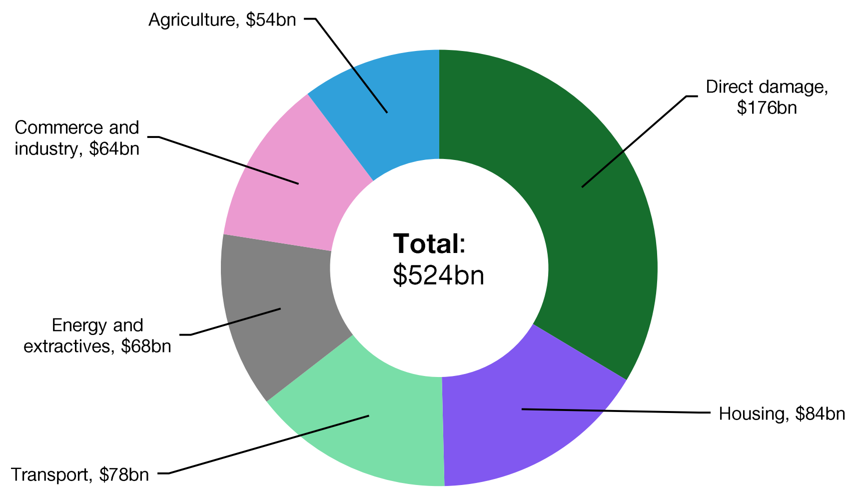
Regarding NEOM, management has identified seven or eight different projects, but is taking a disciplined approach. Trojena is very technical and plays to Keller’s strengths. On the Line, management sees a number of other opportunities. However, it has re-deployed most of the people and equipment from the first works order, which means it does not need to win more work.

Keller has not seen the benefits of fiscal expansion in Germany yet, but they should come.

In the Nordics, there are some large infrastructure opportunities.

At the FY 24 results we wrote about the significant possible opportunity for reconstruction in Ukraine. There is no mention of Ukraine in the statement. However, on the assumption that all wars must end at some stage, it is logical to assume that there is massive rebuilding work to be done. The World Bank have estimated that the cost of reconstruction and recovery in Ukraine over the next decade will be $524bn.

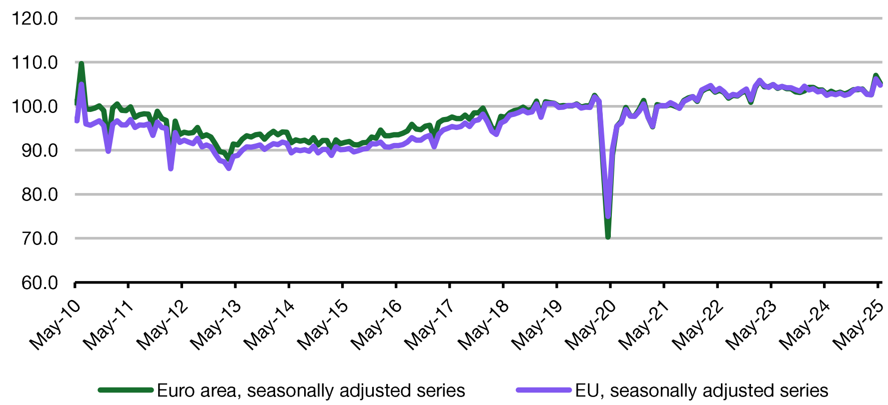
Figure 30: Estimated cost of reconstruction and recovery in Ukraine over the next decade



Source: World Bank

In Europe, eurozone/EU construction has not changed significantly since the end of FY 23.

Figure 31: Eurozone/EU construction production index (2021=100)



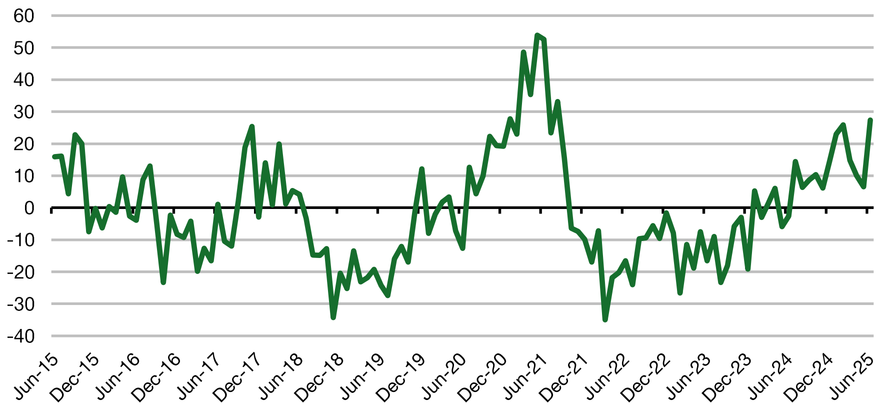
Source: Eurostat

At APAC, the business continues to perform well

At APAC all of the business are performing well operationally. We expect future growth to be driven by India.

In Australia, building approvals dipped in March 2025, but have since recovered.

Figure 32: Australia building approvals (dwellings) (% change YoY)



Source: Bloomberg

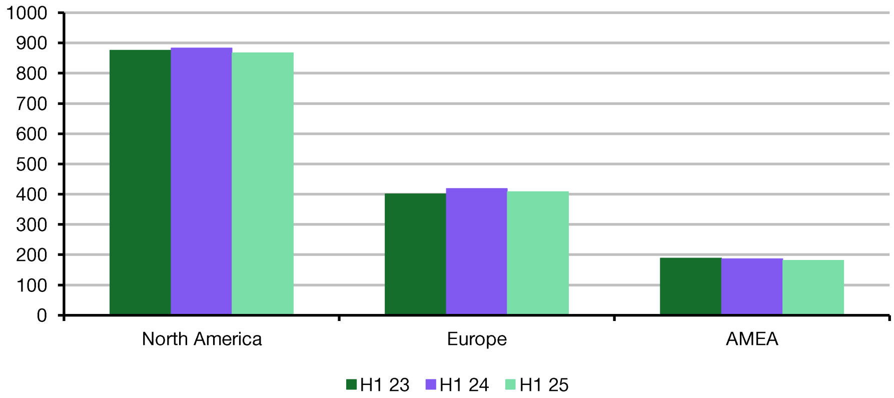
FD EPS down 5%, but 13% ahead of our estimate

H1 25 FD EPS fell by 5% to 98.1p, due to strong comparatives, but was 13% ahead of our estimate. In North America, the margin fell as expected to a still creditable 9.5%. At EME, there was strong operational performance. At APAC, there was strength at Australia and Austral. Net debt (exc. leases) increased from £29.5m in FY 24 to £61.5m, 0.2x net debt / EBITDA, due to a normalisation of working capital. A high level of provisioning suggests a cautious approach. Non-financial KPIs continues to trend positively.

H1 25 FD EPS fell by 5% to 98.1p, due to strong comparatives, but was 13% ahead of our estimate

Group revenues for the year fell by 2% from £1,490m in H1 24 to £1,458m, or increased 1% on a CC basis.

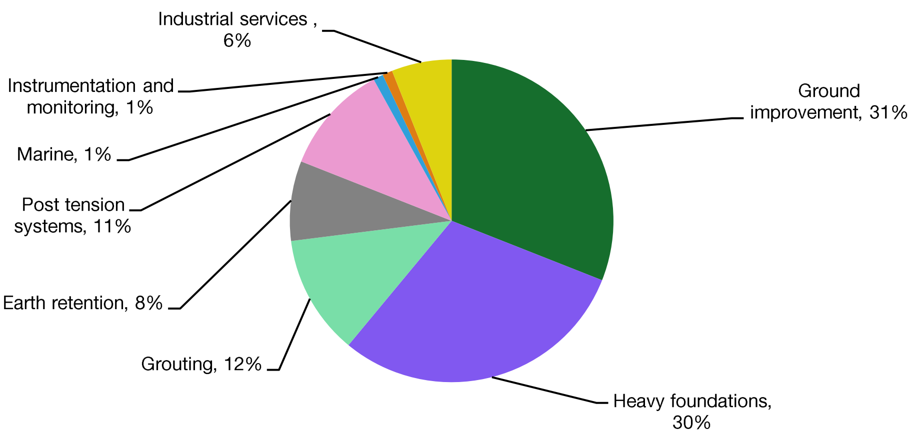
Figure 33: Revenue by division (£m)



Source: Company reports

More than half of revenues continue to come from ground improvement (31%) and heavy foundations (30%).

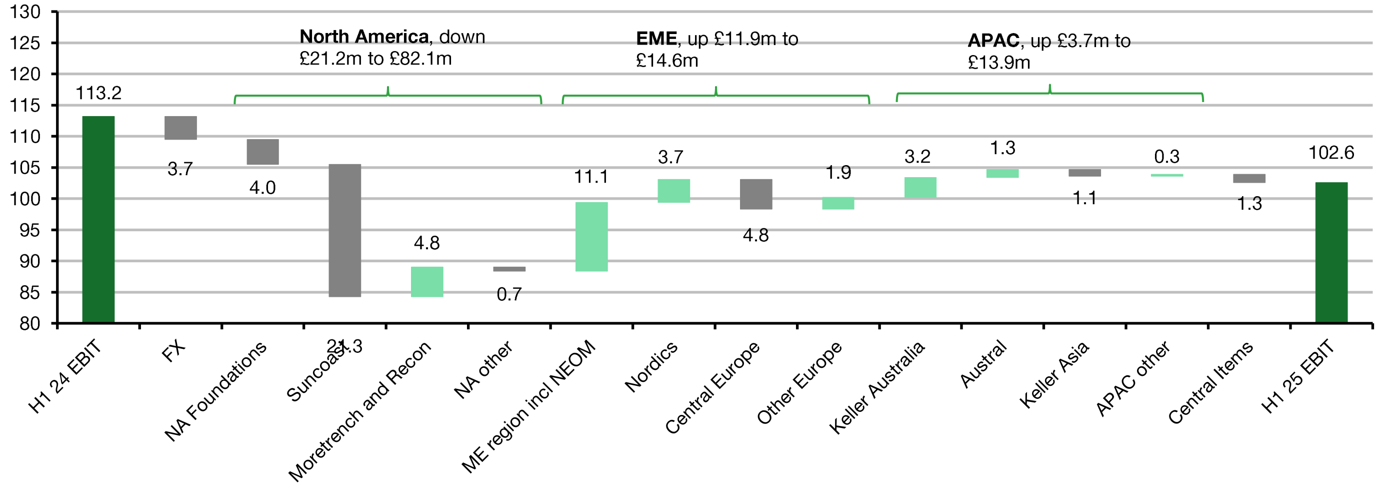
Figure 34: Revenue by application (%)



Source: Company reports. Note – based on FY 24 numbers, not disclosed for H1 25.

Underlying EBIT fell by 9% from £113.2m in H1 24 to £102.6m, or fell 6% on a CC basis. We show the key moving parts below.

Figure 35: H1 25 EBIT bridge (£m)



Source: Company reports

In Central Europe there was an adverse impact of £4.8m due to the non-repeat of a large project in Germany.

At Moretrench and Recon there was a £4.8m benefit yoy relating to strong volume-driven performance, aided by benign weather.

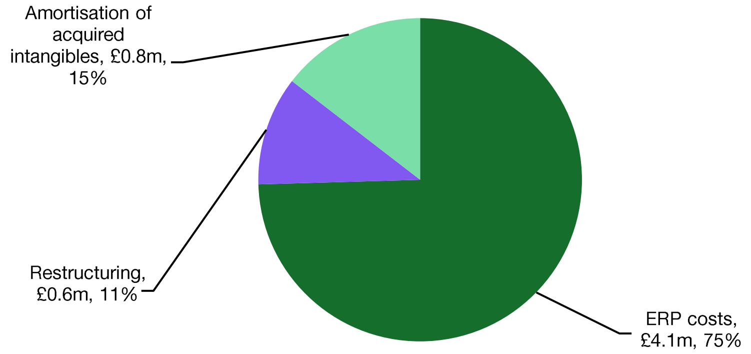
At Keller Australia there was a £3.2m benefit from some settlement gains.

In the Middle East there was a £11.1m benefit from the non-repeat of a loss on NEOM.

Underlying FD EPS fell by 5% from 103.3p in H1 24 to 98.1p (vs Panmure Liberum: 87.1p). There were £5.3m of non-underlying pre-tax costs principally in respect of £4.1m of ERP implementation costs. The company has declared an H1 25 DPS of 18.3p, up 10% on H1 24.

There were £4.7m of non-underlying items in operating costs, and £0.8m worth of amortisation of acquired intangible assets. This was partially offset by non-underlying income of £0.2m, relating to the receipt of contingent consideration. We summarise the key costs below.

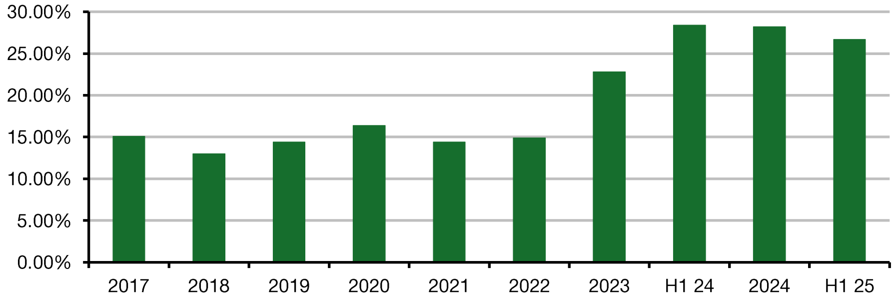
Figure 36: Non-underlying costs breakdown



Source: Company reports

ROCE fell from 28.4% in H1 24 to a still impressive 26.7%.

Figure 37: ROCE (%)



Source: Company reports

We next expect to hear from the company at a trading update on 13th November 2025.

In North America, the margin fell as expected to a still creditable 9.5%

At **North America**, CC revenue increased by 0.8% to £867.8m, and underlying CC EBIT fell by 20.5% to £82.1m. The margin fell from an unusually high 12.0% to a still creditable 9.5%, as the strong pricing at Suncoast in H1 24 did not repeat.

At EME, there was strong operational performance

At **EME**, CC revenues fell by 0.8% to £408.3m, and underlying CC EBIT increased by 441% to £14.6m.

The EBIT margin has increased from 0.7% in H1 24 to 3.6%. This is due to a strong improvement in operational performance.

At APAC, there was strength at Australia and Austral

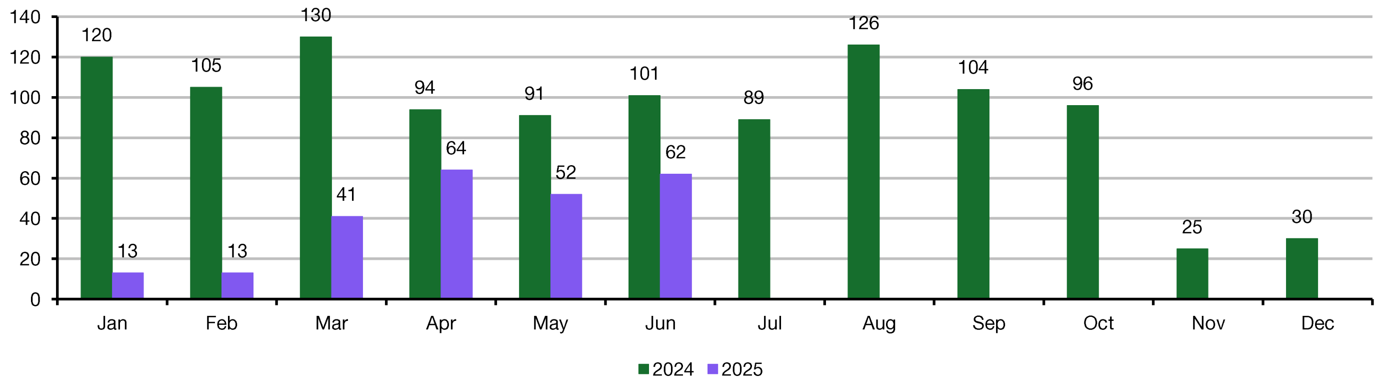
At APAC, CC revenues increased 2.9% to £181.6m, and underlying CC EBIT increased 36.3% to £13.9m. This has been driven by higher profitable growth at Keller Australia and Austral, including the benefit of several project closure settlements at Keller Australia.

Net debt (exc. leases) increased from £29.5m in FY 24 to £61.5m, 0.2x net debt / EBITDA, due to a normalisation of working capital

H1 25 spot net debt was £61.5m (vs Panmure Liberum: £50m), or 0.2x net debt/EBITDA, on an IAS 17 basis versus £100.7m at H1 24.

Average month-end net debt (excl. leases) was £39.2m, down from £112.4m in H1 24.

Figure 38: Net debt profile (£m)



Source: Company reports

Cash performance has normalised, particularly working capital, after high cash conversion in FY 23 and FY 24. However, leverage is below the target range of 0.5x to 1.5x.

There was a £78m working capital outflow due to investment in Europe and the Middle East. This primarily comprised a) increased inventory including Suncoast steel; and b) the unwind of some large advanced payments in Europe and the Middle East. There was a £27.7m increase in inventories and £73.1m increase in receivables. At the results presentation management guided to better working capital in H2 due to seasonality.

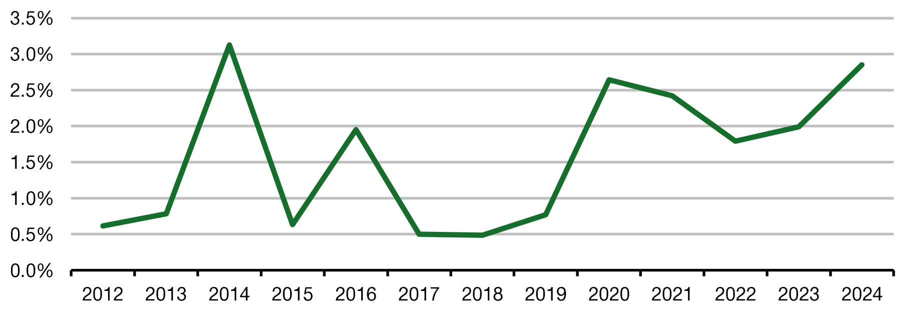
Free cash flow decreased from £88.6m to £14.3m. There was a £25m buyback. IAS 17 net debt excludes £93.1m of lease liabilities, down from £98.7m in the PY.

At H1 2025 there were undrawn borrowing facilities of £445.5m (£400m committed and £45.5m uncommitted), as well as cash and cash equivalents of £156.6m.

A high level of provisioning suggests a cautious approach

We analyse the level of current provisions relative to group revenue over the last twelve years. In 2024, it was at the highest level since 2014 which demonstrates a cautious approach.

Figure 39: Current provisions / group revenue (%)

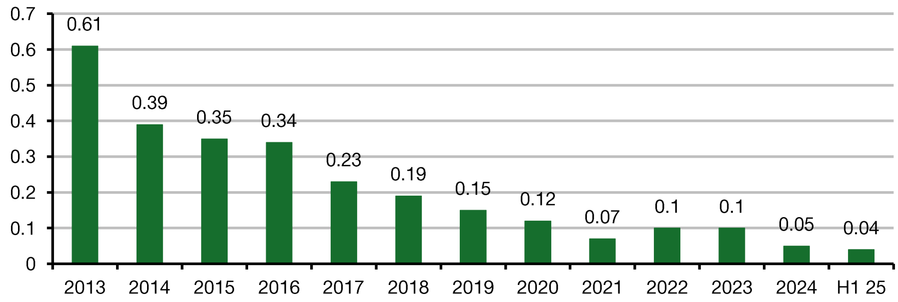


Source: Company reports

Non-financial KPIs continues to trend positively

The accident frequency rate has declined materially over the last decade, reaching 0.04 in H1 25.

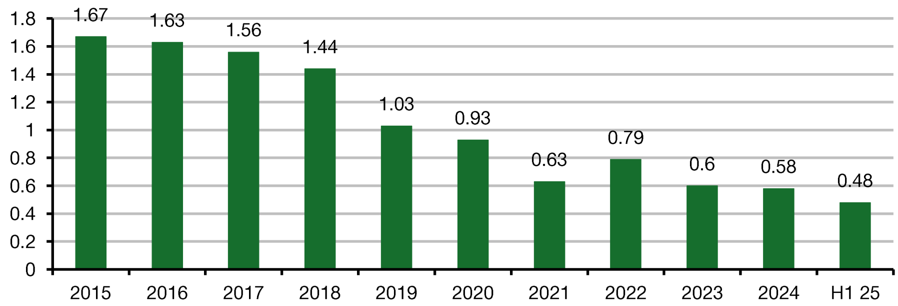
Figure 40: Accident frequency rate



Source: Company reports

A similar trend can be seen in the total recordable incident rate.

Figure 41: Total recordable incident rate



Source: Company reports

BUY recommendation and TP of 2040p

Keller is trading below its Construction 'peers' and at an even larger discount to Consultants on a P/E basis. A CY 26 P/E of 6.0x is far too cheap given the strong cash generation and the capital allocation options. The diverse revenues by geography and sector also leaves Keller well insulated from any national cyclicality.

We drive a TP of 2040p based on SoTP

Figure 42: SoTP

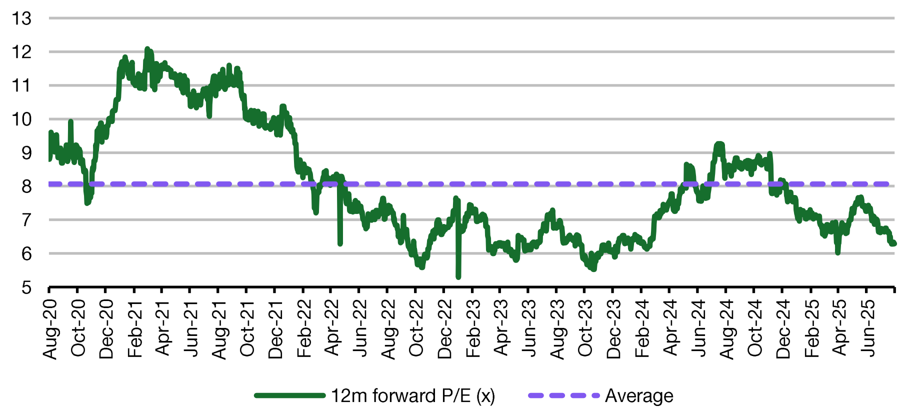
2026E	Sales (£m)	Earnings (£m)	EV/Sales (x)	EV/EBITDA (x)	PE (x)	EV (£m)	Mkt. cap. (£m)
North America	2012.8	115.4	0.6	4.5	8.8	1140	1020
EME	880.4	20.1	0.3	5.5	10.9	244	218
APAC	385.9	20.6	0.5	4.5	8.9	205	183
Total Group	3279.0	156.1	0.5	4.6	9.1	1588	1421
Minorities		-0.5			11.5	-6	-6
Attributable to common equity holders	3279.0	155.6	0.5	4.6	9.1	1583	1416
Average net cash / (debt)						34	
Lease liabilities						-91	
Pension (deficit)						-15	
Deferred consideration						0	
Provisions						-89	
FV market cap						1421	
Fully diluted no. of shares (m)						70	
FV per shares (£)						20.40	

Source: Panmure Liberum

Peer group comps: Keller has de-rated significantly is trading at a discount

Keller has de-rated significantly over the last year.

Figure 43: Keller 12m forward P/E



Source: Bloomberg

We identify two separate peers groups – constructors and consultants. Keller trades at a significant discount to both, which trade on an average CY 26 P/E of 10.3x and 15.9x, respectively, compared to Keller's 6.0x.

Figure 44: Peer group comps

Constructors																
Name	**Price**	**Mkt Cap**	**P/E (x)**		**Div Yield (%)**		**Div Cover (x)**		**EV/EBITDA (x)**		**EV/EBIT (x)**		**FCFe Yield (%)**	
	(£)	**(£m)**	**CY 25**	**CY 26**	**CY 25**	**CY 26**	**CY 25**	**CY 26**	**CY 25**	**CY 26**	**CY 25**	**CY 26**	**CY 25**	**CY 26**
Balfour Beatty	5.53	2,767	12.9	12.2	2.4	2.6	3.2	3.1	5.9	5.3	8.5	7.5	9.3	7.4
Costain	1.67	446	11.6	10.5	1.6	1.7	5.5	5.5	5.1	4.4	6.4	5.4	6.9	6.9
Galliford Try	4.35	444	13.5	12.6	4.2	4.5	1.8	1.8	4.1	3.6	6.6	5.6	8.6	8.8
Keller	13.50	962	6.6	6.0	3.9	4.1	3.9	4.1	3.3	2.8	5.0	4.3	11.6	13.7
Kier	2.06	919	9.3	8.7	1.1	1.3	9.9	9.0	3.3	2.9	4.5	3.9	1.5	1.8
Morgan Sindall	45.15	2,168	13.8	14.6	3.4	3.1	2.1	2.2	7.2	7.8	8.5	9.3	2.8	2.1
Severfield	0.32	94	9.9	7.2	1.1	0.0	9.2	n.a.	7.2	6.2	10.7	8.4	-4.6	2.3
Simple average		1,114	11.1	10.3	2.5	2.5	5.1	4.3	5.2	4.7	7.2	6.4	5.2	6.2
Consultants														
Arcadis	35.40	3,202	13.3	11.1	2.6	3.0	2.9	3.0	8.4	7.0	11.2	9.0	9.2	10.8
Fluor	32.72	5,290	20.6	18.0	0.0	0.4	n.a.	15.0	n.a.	n.a.	n.a.	n.a.	3.4	4.2
Sweco	12.21	4,435	24.4	22.0	2.2	2.4	1.8	1.9	15.6	13.4	18.8	16.7	3.7	4.9
Worley	6.35	3,277	13.8	12.4	4.7	5.2	1.5	1.6	n.a.	n.a.	n.a.	n.a.	8.6	8.0
Simple average		4,050.9	18.0	15.9	2.4	2.7	2.1	5.4	12.0	10.2	15.0	12.8	6.2	7.0

Source: Bloomberg, Liberum. Note: Priced intra day on 07/08/2025

We believe the discount is unjustified given the strong cash generation, capital allocation options, a relatively low risk business model, and supportive long-term drivers.

Keller Group – Liquidity analysis

Shareholder analysis

Name	Stake (%)	Shares owned	Change – last 12 months
FIL Ltd	10.2	7,288,646	1,036,232
JPMorgan Chase & Co	7.0	4,982,245	98,199
Vanguard Group Inc/T	5.4	3,874,158	-155,144
Perpetual Ltd	5.1	3,633,898	3,633,898
Dimensional Fund Adv	5.0	3,567,147	8,048
Blackrock Inc	3.8	2,724,156	-42,340
Orbis Allan Gray Ltd	2.2	1,587,301	-57,992
Baillie Gifford & Co	2.2	1,572,557	-2,206
Schroders PLC	2.0	1,455,131	69,617
EQUINITI SHAREVIEW	1.7	1,191,987	-402,080
American Century Cos	1.5	1,084,710	1,616
Legal & General Grou	1.5	1,064,653	-223,161
Hargreaves Lansdown	1.5	1,059,449	-133,047
Interactive Investor	1.4	1,028,011	9,598
Norges Bank	1.4	995,142	-169,802
HSBC Holdings PLC	1.4	992,988	-1,380
Jupiter Fund Managem	1.4	989,621	-36,821
Phoenix Unit Trust M	1.2	873,984	541,668
Artemis Investment M	1.1	803,975	-300,000
Kirsch Fabian	1.0	730,570	0

Source: Bloomberg

1m liquidity metrics

	Shares traded per day	Value traded per day	% of market cap
Max	201,958	2,785,916	0.29%
Average	90,784	1,250,410	0.13%
Median	81,433	1,115,357	0.11%
Min	39,644	550,645	0.06%

Source: Bloomberg

3m liquidity metrics

	Shares traded per day	Value traded per day	% of market cap
Max	994,847	15,585,830	1.38%
Average	182,624	2,729,779	0.25%
Median	119,211	1,764,809	0.17%
Min	39,644	550,645	0.06%

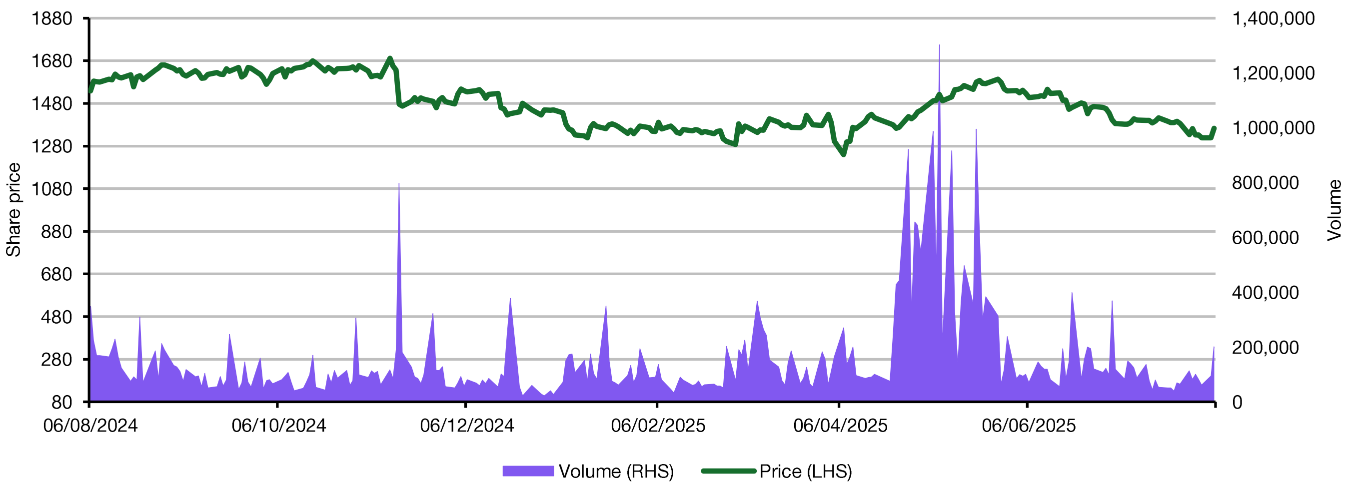
Source: Bloomberg

12m liquidity metrics

	Shares traded per day	Value traded per day	% of market cap
Max	1,303,010	19,662,258	1.79%
Average	157,012	2,321,080	0.22%
Median	99,174	1,497,838	0.14%
Min	22,100	323,944	0.03%

Source: Bloomberg

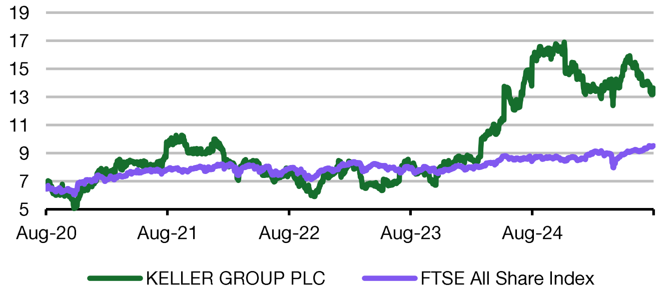
12m price and volume



Source: Bloomberg

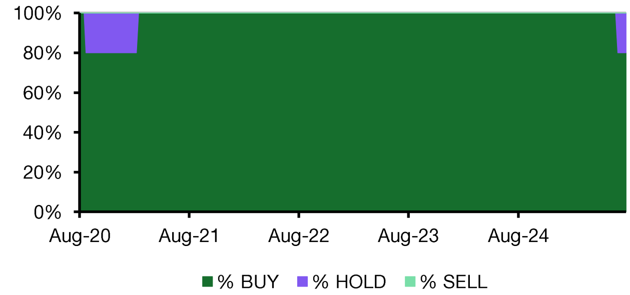
Keller Group – Panmure Liberum charts

Figure 45: Share price performance vs. FTSE All Share (rebased)



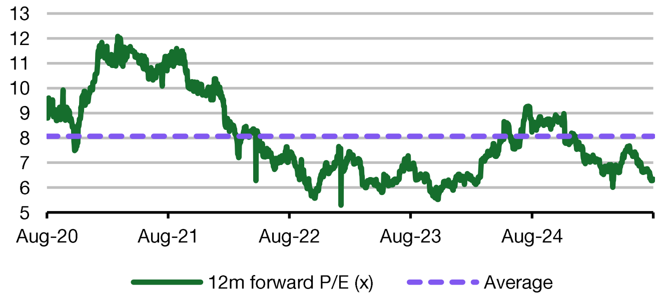
Source: Liberum, Bloomberg

Figure 46: Consensus recommendations



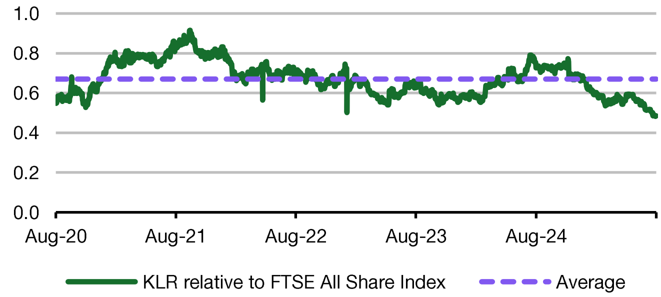
Source: Liberum, Bloomberg

Figure 47: 12m forward P/E



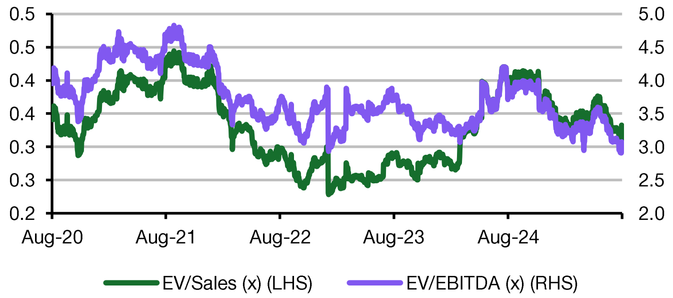
Source: Liberum, Bloomberg

Figure 48: 12m forward relative PE



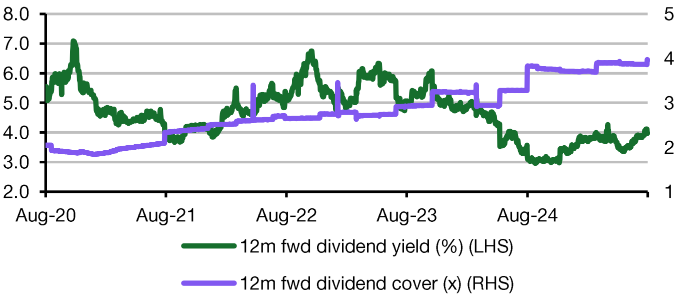
Source: Liberum, Bloomberg

Figure 49: 12m Forward EV/EBITDA and EV/Sales



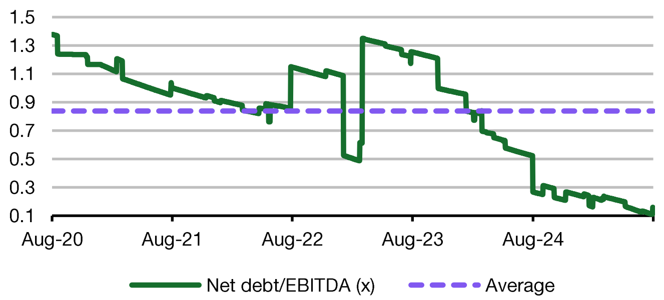
Source: Liberum, Bloomberg

Figure 50: 12m forward dividend yield and dividend cover



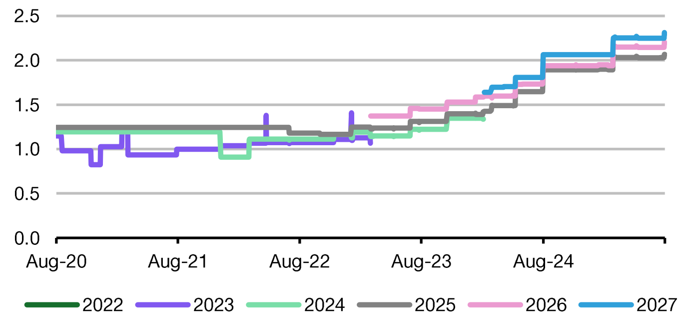
Source: Liberum, Bloomberg

Figure 51: 12m fwd net debt to EBITDA



Source: Liberum, Bloomberg

Figure 52: Consensus EPS forecasts (£)



Source: Liberum, Bloomberg

Key drivers

Figure 53: Key drivers

	2022	2023	2024	2025E	2026E	2027E
Local fx revenue growth						
North America	n.a.	-6.7%	4.1%	10.6%	3.5%	3.0%
EME	n.a.	7.2%	6.1%	1.3%	5.0%	5.6%
APAC	n.a.	23.9%	-3.5%	2.0%	3.4%	3.0%
Revenue (local FX)						
North America	2351.2	2194.8	2285.8	2528.2	2616.6	2695.1
EME	866.7	929.2	985.4	997.7	1047.6	1105.8
APAC	523.1	648.0	625.5	638.0	659.8	679.6
Average FX rate						
North America ($)	1.24	1.24	1.28	1.30	1.30	1.30
EME (Euro)	1.17	1.15	1.18	1.19	1.19	1.19
AMEA (SGD $)	1.70	1.67	1.71	1.71	1.71	1.71
Revenue (£)						
North America	1896.1	1770.0	1785.8	1944.7	2012.8	2073.1
EME	740.8	808.0	835.1	838.4	880.4	929.2
APAC	307.7	388.0	365.8	373.1	385.9	397.5
Total	2944.6	2966.0	2986.7	3156.3	3279.0	3399.8
EBITA margin %						
North America	4.3%	9.6%	10.6%	9.1%	8.8%	8.8%
EME	4.1%	1.2%	0.9%	3.0%	3.5%	3.8%
APAC	1.8%	3.8%	7.8%	7.3%	8.3%	8.4%
Central costs	-0.3%	-0.4%	-0.5%	-0.5%	-0.5%	-0.5%
Total	3.7%	6.1%	7.1%	6.8%	6.9%	6.9%
EBITA						
North America	82.0	169.6	190.0	177.6	178.0	183.4
EME	30.3	9.8	7.9	25.2	31.0	35.5
APAC	5.4	14.6	28.7	27.1	31.8	33.2
Central costs	(9.1)	(13.1)	(14.0)	(15.2)	(15.7)	(16.7)
Total	108.6	180.9	212.6	214.6	225.1	235.3
H1 &H2 Weighting	0.0%	37.0%	53.2%	47.8%	45.2%	45.5%
Revenue by country						
United States	1758.0	1644.0	1612.5			
Australia	228.4	279.4	246.4			
Canada	137.9	125.2	171.7			
United Kingdom	127.4	125.1	97.5			
Germany	115.9	146.3	168.9			
Other	577.0	646.0	689.7			

Source: Panmure Liberum, company reports

Financial model

Figure 54: Income statement (£m)

December year-end	**2024A**	**2025E**	**2026E**	**2027E**
Total sales	2,987	3,156	3,279	3,400
Sales growth (%)	n.a.	5.7	3.9	3.7
Gross margin (%)	0.0	0.0	0.0	0.0
Cost of sales	0.0	0.0	0.0	0.0
Gross profit	0.0	0.0	0.0	0.0
Operating expenses	(2,665.3)	(2,826.7)	(2,934.5)	(3,040.7)
Administrative expenses	0.0	0.0	0.0	0.0
Share based payments	0.0	0.0	0.0	0.0
Underlying EBITDA	**321.4**	**329.6**	**344.6**	**359.2**
Depreciation	(108.7)	(114.9)	(119.3)	(123.7)
Amortisation (not acquired)	(0.1)	(0.1)	(0.1)	(0.1)
Underlying EBIT (pre JVs)	212.6	214.6	225.1	235.3
EBIT (pre JVs) margin (%)	7.1	6.8	6.9	6.9
Revenue	0.0	0.0	0.0	0.0
PBT	0.0	0.0	0.0	0.0
Tax	0.0	0.0	0.0	0.0
JV post tax profit	0.0	0.0	0.0	0.0
JV contribution	0.0	0.0	0.0	0.0
Profit on disposal	0.0	0.0	0.0	0.0
Underlying EBIT	**212.6**	**214.6**	**225.1**	**235.3**
EBIT Margin (%)	**7.1**	**6.8**	**6.9**	**6.9**
Amortisation of acquired intangibles	(3.3)	(3.3)	(3.3)	(3.3)
Exceptional / extraordinary costs	(4.2)	0.0	0.0	0.0
Reported EBIT	205.1	211.3	221.8	232.0
Non-operating exceptional costs	0.0	0.0	0.0	0.0
Interest income	6.6	0.0	0.0	0.0
Interest costs	(27.8)	(21.4)	(22.4)	(23.4)
Pension credit / (cost)	0.0	0.0	0.0	0.0
Net Interest	(21.2)	(21.4)	(22.4)	(23.4)
Underlying PBT	**191.4**	**193.2**	**202.7**	**212.0**
Reported PBT	183.9	189.9	199.4	208.7
Underlying tax rate (%)	22.9	23.0	23.0	23.0
Exceptional tax rate (%)	36.0	23.0	23.0	23.0
Reported tax rate (%)	22.4	23.0	23.0	23.0
Underlying tax	(43.9)	(44.4)	(46.6)	(48.8)
Exceptional tax	2.7	0.8	0.8	0.8
Reported tax	(41.2)	(43.7)	(45.9)	(48.0)
Underlying PAT	**147.5**	**148.8**	**156.1**	**163.2**
Discontinued operations (net)	0.0	0.0	0.0	0.0
Profit on disposal	0.0	0.0	0.0	0.0
Reported PAT	**142.7**	**146.2**	**153.6**	**160.7**
Share of profit attributable to minorities	(0.4)	(0.5)	(0.5)	(0.5)
Preference dividends	0.0	0.0	0.0	0.0
Underlying net income	**147.1**	**148.3**	**155.6**	**162.7**
Reported net income	142.3	145.7	153.1	160.2
Weighted average number of shares (basic) (m)	72.1	70.5	68.2	68.2
Weighted average number of shares (diluted) (m)	73.6	72.0	69.7	69.7
Number of shares at period end (basic) (m)	72.8	69.2	69.2	69.2
Reported EPS (basic) (p)	197.4	206.8	224.5	234.9
Reported EPS (diluted) (p)	193.3	202.5	219.6	229.8
Underlying EPS (basic) (p)	204.0	210.4	228.2	238.6
Underlying EPS (basic) growth (%)	n.a.	3.1	8.5	4.6
Underlying EPS (diluted) (p)	**199.9**	**206.0**	**223.3**	**233.5**
Underlying EPS (diluted) growth (%)	**n.a.**	**3.1**	**8.4**	**4.6**
DPS (Ordinary) (p)	49.7	52.2	54.8	57.5
DPS (Special) (p)	0.0	0.0	0.0	0.0
DPS (Total) (p)	49.7	52.2	54.8	57.5
Dividend growth (%)	n.a.	5.0	5.0	5.0
Dividend cover (x)	4.0	3.9	4.1	4.1

Source: Panmure Liberum

Figure 55: Cash flow statement (£m)

December year-end	**2024A**	**2025E**	**2026E**	**2027E**
Reported EBIT	205.1	211.3	221.8	232.0
Profit in associates	0.0	0.0	0.0	0.0
Depreciation	108.7	114.9	119.3	123.7
Amortisation	0.1	3.4	3.4	3.4
Loss / (profit) on sale of PPE	(12.8)	0.0	0.0	0.0
Share based payments	4.0	4.0	4.0	4.0
Increase/(Decrease) in provisions	0.0	0.0	0.0	0.0
Loss / (Gain) on business disposal	0.0	0.0	0.0	0.0
Other	(5.5)	12.5	12.5	12.5
Operating cash flows before movements in working capital	**299.6**	**346.1**	**361.1**	**375.7**
(Increase) / decrease in inventories	10.4	(4.6)	(3.4)	(3.3)
(Increase) / decrease in receivables	(54.5)	(18.9)	(7.3)	5.1
(Decrease) / increase in payables	102.6	22.6	24.5	24.2
(Increase) / decrease in working capital	58.5	(0.9)	13.9	25.9
Cash generated by operations	**358.1**	**345.2**	**375.0**	**401.6**
Tax paid	(65.6)	(69.6)	(73.0)	(76.4)
Net cash flow from operating activities	**292.5**	**275.6**	**301.9**	**325.2**
Purchase of PPE	(89.0)	(114.9)	(119.3)	(123.7)
Purchase of other intangibles	0.0	0.0	0.0	0.0
Disposals	0.0	0.0	0.0	0.0
Net capex	(89.0)	(114.9)	(119.3)	(123.7)
Dividends from associates	0.0	0.0	0.0	0.0
Movement in short term investments	0.0	0.0	0.0	0.0
Acquisitions	25.5	0.0	0.0	0.0
(Investments) / disposals of associates	0.0	0.0	0.0	0.0
Net cash flow from investing activities	**(63.5)**	**(114.9)**	**(119.3)**	**(123.7)**
Net interest received / (paid)	(20.8)	(21.4)	(22.4)	(23.4)
Equity dividends paid	(34.6)	(36.8)	(36.7)	(38.6)
Share issues / (repurchases)	(23.6)	(50.0)	0.0	0.0
Lease payments	(28.0)	(28.0)	(28.0)	(28.0)
Increase / (decrease) in borrowings	(59.0)	(59.0)	(59.0)	(59.0)
Net cash flow from financing activities	**(166.0)**	**(195.1)**	**(146.1)**	**(149.0)**
Increase in cash and cash equivalents	63.0	(34.4)	36.5	52.5
(Increase) / decrease in borrowings	59.0	59.0	59.0	59.0
Repayment of finance leases	0.0	0.0	0.0	0.0
Exchange / other	(5.3)	0.0	0.0	0.0
(Increase) / decrease in net debt	**116.7**	**24.6**	**95.5**	**111.5**
Net cash / (debt) (start) including client cash	(146.2)	(29.5)	(4.9)	90.6
Net cash / (debt) (end) including client cash	(29.5)	(4.9)	90.6	202.1
Leases	(97.4)	(91.1)	(91.1)	(91.1)
Net cash / (debt) (end) excluding client cash, but including leases	**(126.9)**	**(96.0)**	**(0.5)**	**111.0**

Source: Panmure Liberum

Figure 56: Balance sheet (£m)

December year-end	2024A	2025E	2026E	2027E
Goodwill	107.6	107.6	107.6	107.6
Other intangible assets	3.6	0.2	(3.2)	(6.6)
PPE	461.4	461.4	461.4	461.4
Trade and other LT receivables	0.0	0.0	0.0	0.0
Deferred tax asset	0.0	0.0	0.0	0.0
Investments in JVs / Associates	0.0	0.0	0.0	0.0
Retirement benefit asset	0.0	0.0	0.0	0.0
Other non-current assets	154.6	154.6	154.6	154.6
Fixed assets	**727.2**	**723.8**	**720.4**	**717.0**
Inventories	81.6	86.2	89.6	92.9
Trade and other receivables	759.1	778.0	785.3	780.2
Cash & cash equivalents	207.7	232.3	327.8	439.3
Financial assets	0.0	0.0	0.0	0.0
Other current assets	15.1	15.1	15.1	15.1
Current assets	**1,063.5**	**1,111.6**	**1,217.7**	**1,327.4**
Total Assets	**1,790.7**	**1,835.4**	**1,938.1**	**2,044.4**
Trade payables	(608.7)	(631.3)	(655.8)	(680.0)
Borrowings	5.6	5.6	5.6	5.6
Tax liabilities	0.0	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0
Other current liabilities	(151.3)	(87.9)	(73.3)	(57.3)
Current liabilities	**(754.4)**	**(713.6)**	**(723.5)**	**(731.7)**
Total assets less current liabilities	**1,036.3**	**1,121.8**	**1,214.6**	**1,312.7**
Net current assets	**309.1**	**398.0**	**494.2**	**595.7**
Long-term borrowings and finance leases	(242.8)	(242.8)	(242.8)	(242.8)
Retirement benefit obligations	(15.2)	(15.2)	(15.2)	(15.2)
Provisions	(89.3)	(89.3)	(89.3)	(89.3)
Other payables	(18.6)	(18.6)	(18.6)	(18.6)
Other non-current liabilities	(73.7)	(45.7)	(17.7)	10.3
Non-current liabilities	**(439.6)**	**(411.6)**	**(383.6)**	**(355.6)**
Net Assets	**596.7**	**710.2**	**831.0**	**957.1**
Total equity	593.7	706.7	827.0	952.6
Minority interests	3.0	3.5	4.0	4.5
Shareholders' equity	**593.7**	**706.7**	**827.0**	**952.6**

Source: Panmure Liberum

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