Kier Group

Results for the year ended 30 June 2018

20 September 2018

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Haydn Mursell

Chief Executive

Agenda

- Highlights of the year
- Financial and operational update
- Market positions
- Future Proofing Kier programme
- Summary and outlook

Good performance in line with expectations

Financial highlights

- Revenue up 5%
- Profit up 10%
- Record Construction and Services order books of £10.2bn
- Full-year dividend up 2%

All divisions performing well

- Property 27% ROCE
- Residential 15% ROCE
- Construction 2% margin
- Services 5% margin

Non-financial highlights

- Safety AIR 96 (2017: 130)
- BiTC score 93%
- Customer satisfaction 90%
- Only UK sector player in FTSE4Good Index

Vision 2020 on track

- Annual profit growth of 10% achieved
- Dividend cover moving to 2x
- Debt improvement plan underway

Future Proofing Kier (FPK)

More efficient service provision to clients

Future Proofing Kier programme launched

- Streamlining and efficiency programme
  - Improve client service
- Areas of focus
  - Operational efficiency
  - Profitability and cash generation
  - Disposal of non-core businesses
- 12-18 month duration with good progress to date
- Anticipated additional annual profit and cash flow improvements of at least £20m in FY20
  - 10% of profit from operations
- Targeted proceeds of £30m-£50m from disposal of non-core businesses

- **Cash flow improvement of £20m p.a.**
- **Targeted disposal proceeds of £30-£50m**

Future Proofing Kier

Accelerated net debt reduction

Debt improvement plan underway

- Annual free cash flow of £20m-£40m to service debt reduction in FY19 and thereafter
- Investment in Property and Residential divisions stabilised
- Supplemented by FPK benefits
  - Annual £20m free cash flow in FY20 and thereafter
  - Targeted £30m-£50m from disposal of non-core businesses
- Targeting accelerated net debt reduction
  - Year end net cash position by June FY21
  - Average net debt of c.£250m in FY21

One turn of EBITDA improvement in cash by FY21

Net cash by June 2021

Financial update

Bev Dew, Finance Director

Financial highlights

- Good performance
- Operating profit[1] of £160m up 10%
- Earnings per share[1] of 116.7p up 9%
- Net debt of £186m, < 1x EBITDA
- Average net debt of £375m
- Record order book of £10.2bn
- Full year dividend of 69.0p up 2%

[1] Arising on continuing operations, stated before non-underlying items.

Income statement

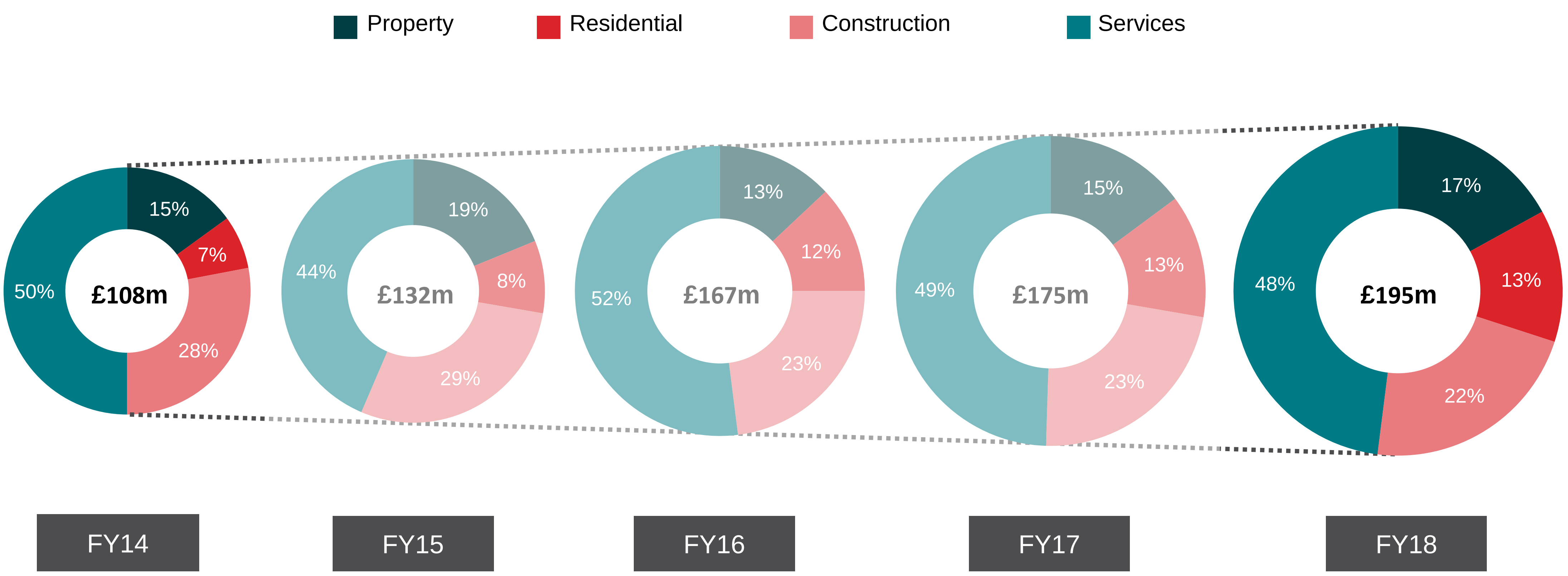
EPS and dividend growth

	Year ending 30 June 2018 £m	Year ending 30 June 2017 £m	*Change %*
Revenue[1]	4,493.3	4,265.2	*+5*
Operating profit [2]			
Property	34.0	25.8	*+32*
Residential	25.9	22.8	*+14*
Construction	41.9	39.8	*+5*
Services	93.0	87.0	*+7*
Corporate	(34.8)	(29.8)	*+17*
Underlying operating profit	**160.0**	**145.6**	***+10***
Underlying operating profit margin	3.6%	3.4%	
Net finance cost[2]	(23.1)	(19.5)	*+18*
Profit before tax[2]	**136.9**	**126.1**	**+9**
EPS[2]	116.7	106.8	*+9*
DPS	69.0	67.5	*+2*
Dividend cover	1.7x	1.6x	

[1] Group and share of joint ventures for continuing operations.
[2] Arising on continuing operations stated before non-underlying items.

Operating profit[1]

Well diversified portfolio

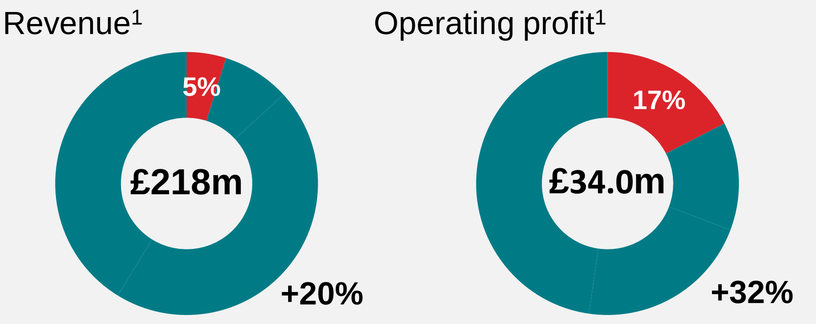


[1] Arising on continuing operations, stated before non-underlying items, excluding corporate costs.

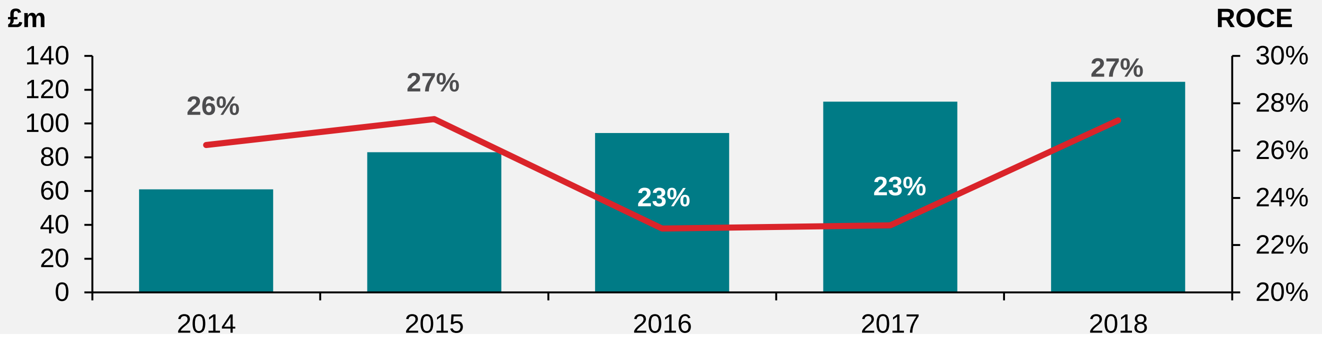
Property performance

Growing ROCE driven by joint venture strategy

Financials



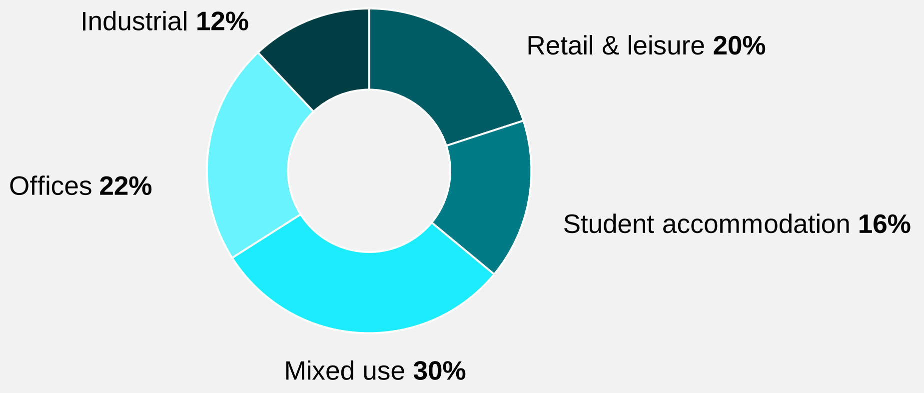
Average capital employed & ROCE



Operational highlights

- Visible eight year pipeline of £1.5bn GDV
- ROCE increased 400bps to 27%
  - Average asset base of c.£200m at cost
- Well-diversified end-market exposure
  - Regional bias outside London
- Predominantly non-speculative delivery
  - 32 transactions completed

Asset base c.£200m at cost

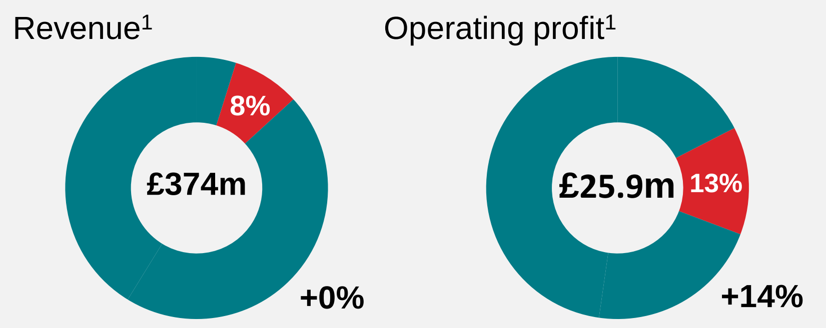


[1] Group and share of joint ventures from continuing operations.

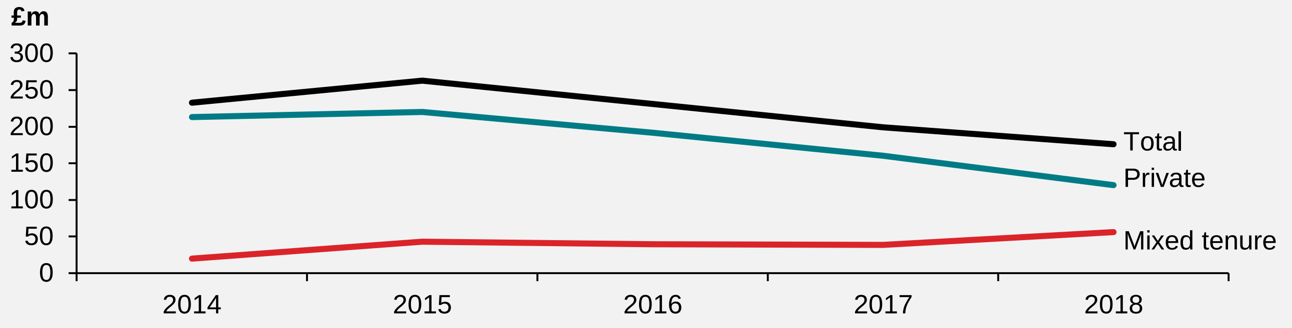
Residential performance

Joint ventures driving ROCE to achieve Vision 2020 target two years early

Financials



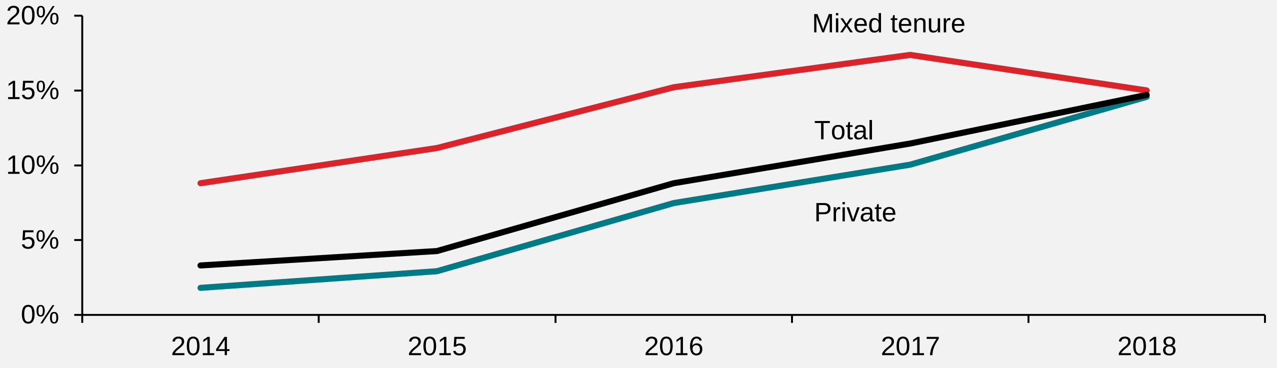
Average capital employed



Operational highlights

- Three year land bank, asset base c.£300m:
  - Private led units c.2,400
  - Mixed tenure led units c.1,500
  - Growing mixed tenure land led strategy
- 2,042 units completed
  - Private 749
  - Mixed tenure 1,293
- Vision 2020 ROCE of 15% achieved two years early
- Average capital employed of £176m, reduced by £23m

ROCE



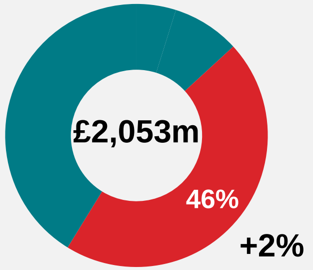
[1] Group and share of joint ventures.

Construction performance

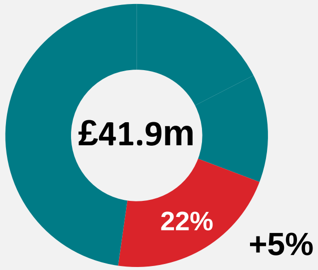
Record order book and stable margins

Financials

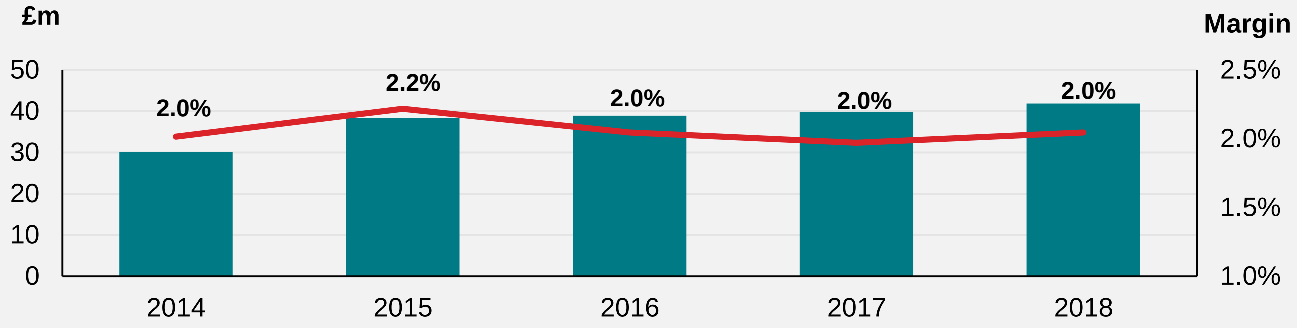
Revenue[1]



Operating profit[1]



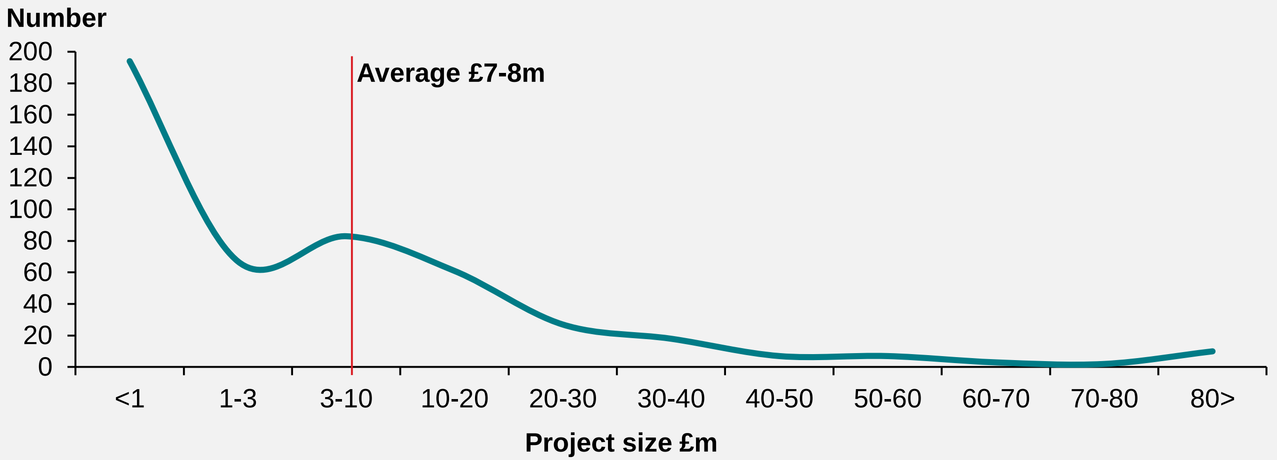
Underlying operating profit and margins



Operational highlights

- Record order book £5.0bn, up 19%
  - Revenue 90% secured for FY19
- Revenue second half weighted
  - Good momentum in Q4 2018
- Margin stable
  - Caribbean and Hong Kong settlement concluded; £7m final cost charged to underlying operating profit
- Average project size c.£7-8m
  - > 70% delivered through frameworks

Contract size distribution



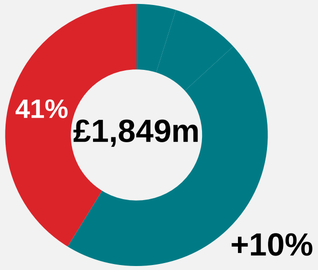
[1] Stated before non-underlying items.

Services performance

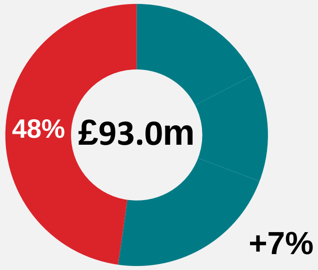
Increasing revenue with robust margins

Financials

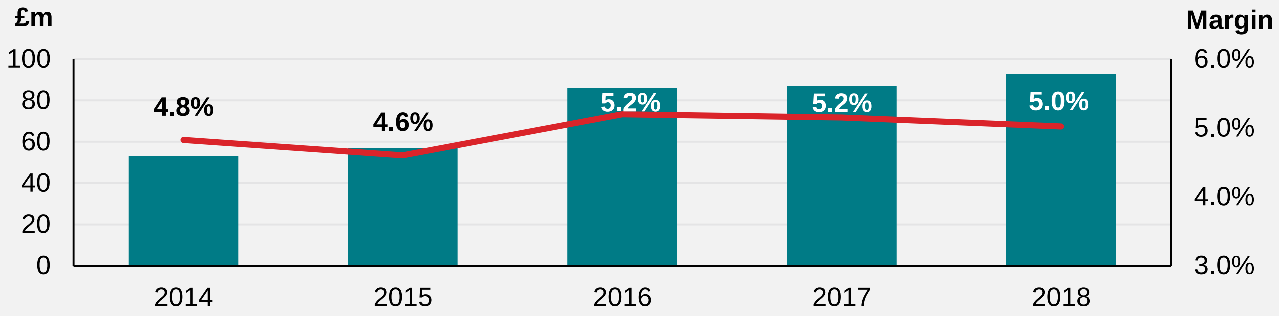
Revenue[1]



Operating profit[2]



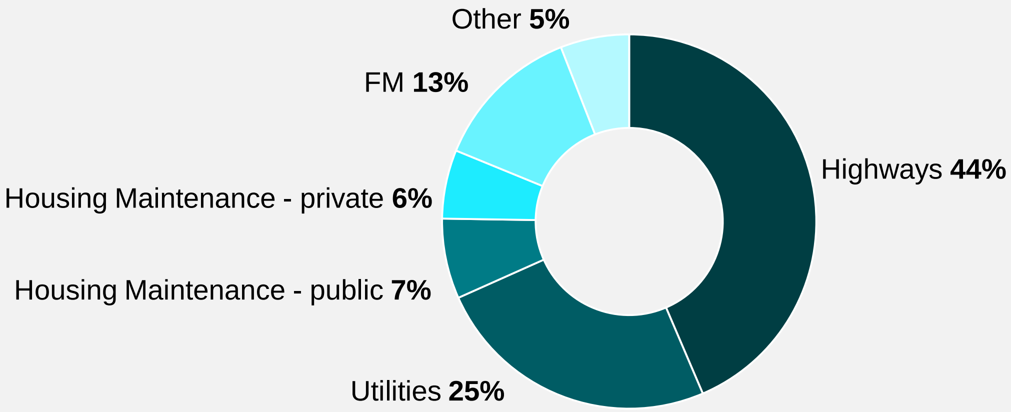
Underlying operating profit and margins



Operational highlights

- Order book £5.2bn, up 11%
  - Revenue 90% secured for FY19
- Strong Highways performance
  - Areas 3 & 9 three-year extensions awarded
- Robust operating margin
- McNicholas integration successfully completed

Sector revenue mix FY18



[1] Group and share of joint ventures.
[2] Stated before non-underlying items.

Disciplined risk management

Well established processes

£7-8m
Average buildings project size

>70%
Frameworks

Lower risk contract models

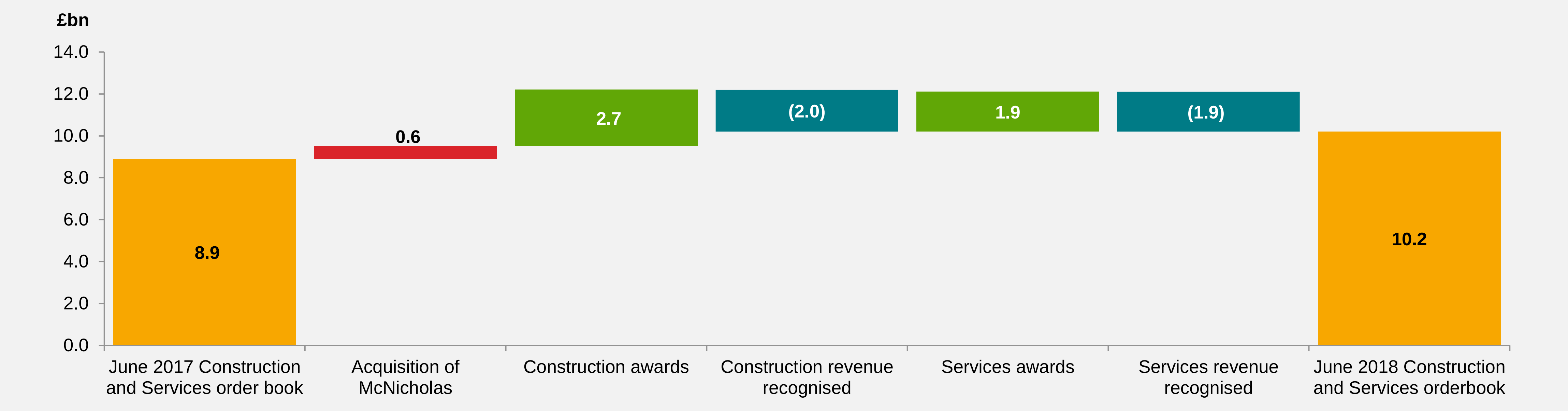
- Disciplined selection on ‘where to’ operate
  - Sectors
  - Geographies
  - Contract types / procurement routes
- Pre-contract / pre-investment review
- Group commercial standards
  - Risk and value based

- Fortnightly committee for all capital investment appraisals
- Post contract and reporting processes
  - Monthly reviews
  - Exco quarterly business and contract reviews
  - Working capital calls weekly

Construction and Services order book

Strong visibility of workload with 90% of FY19 revenue secured

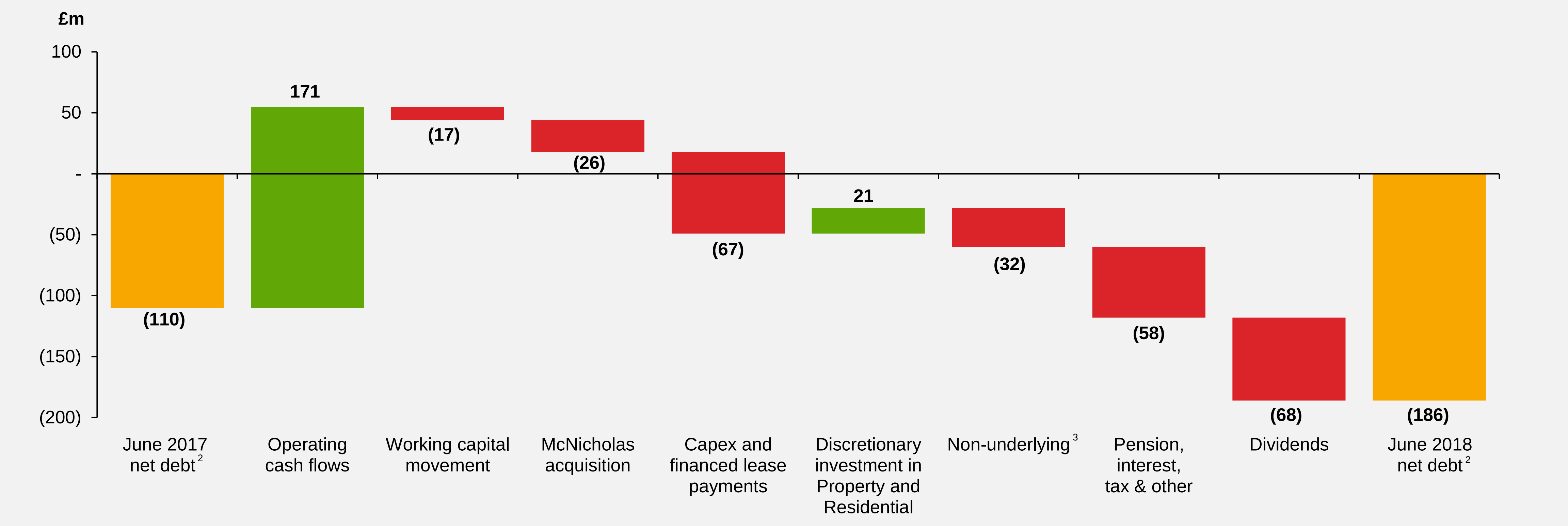
	At 30 June 2018 £bn	At 30 June 2017 £bn	Change %
Construction	5.0	4.2	*+19*
Services	5.2	4.7	*+11*
Total	10.2	8.9	*+15*



- Order book includes increased Kier share of HS2 (c.£250m) and Smart Motorways (c.£200m)

Group net debt

Strong operating cash conversion[1] of 107%

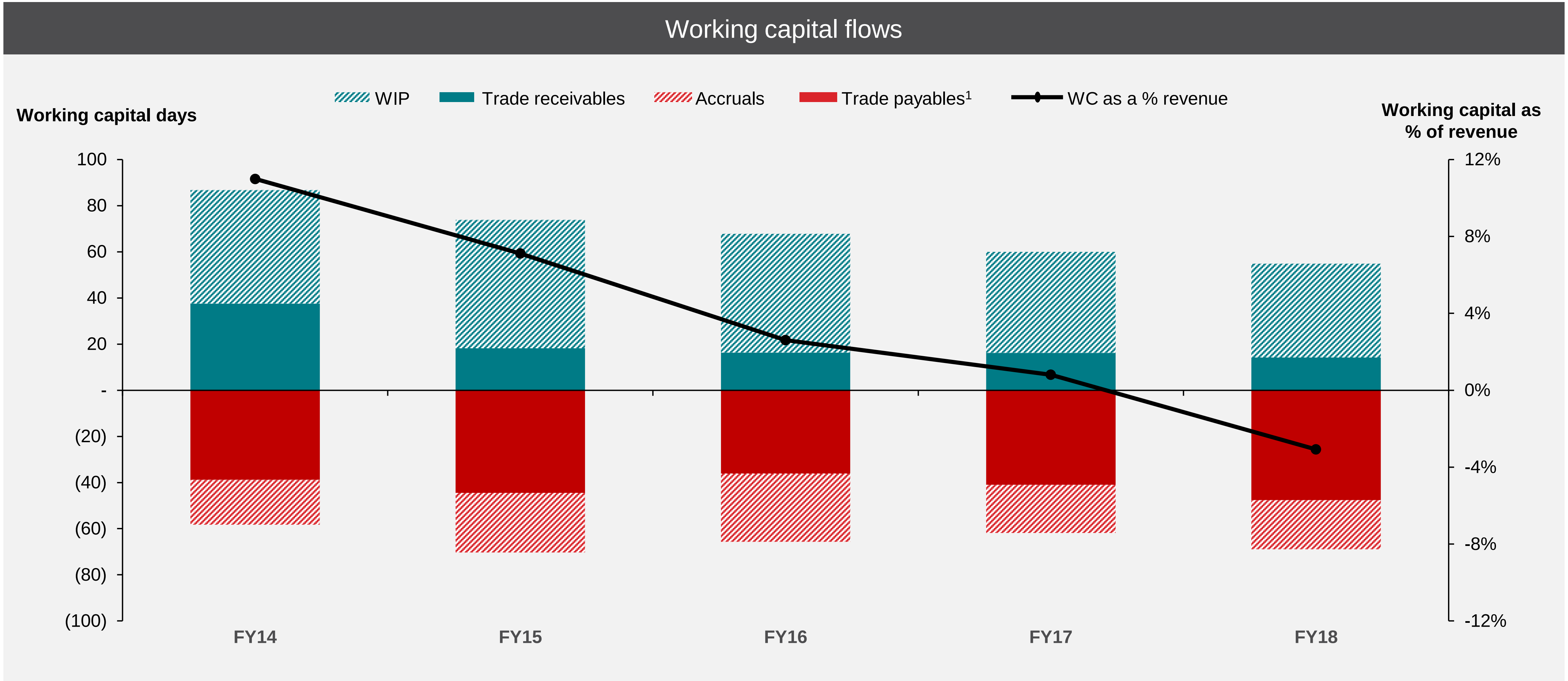


- Cash conversion consistently greater than 100% over the past five years
- Oracle ERP £90m investment complete – capex to normalise in FY19 (c.£30m-£35m)

[1] Cash conversion is calculated as operating cash flows before movements in working capital, plus dividends received from joint ventures, divided by underlying operating profit.
[2] Net debt is shown net of the impact of hedging instruments.
[3.] Non-underlying includes cash outflow in respect of prior year provisions for exiting Hong Kong and the Caribbean £15m, health and safety £3m, environmental £11m and Mouchel Consulting disposal £3m

Contracting working capital flows

Improving working capital management

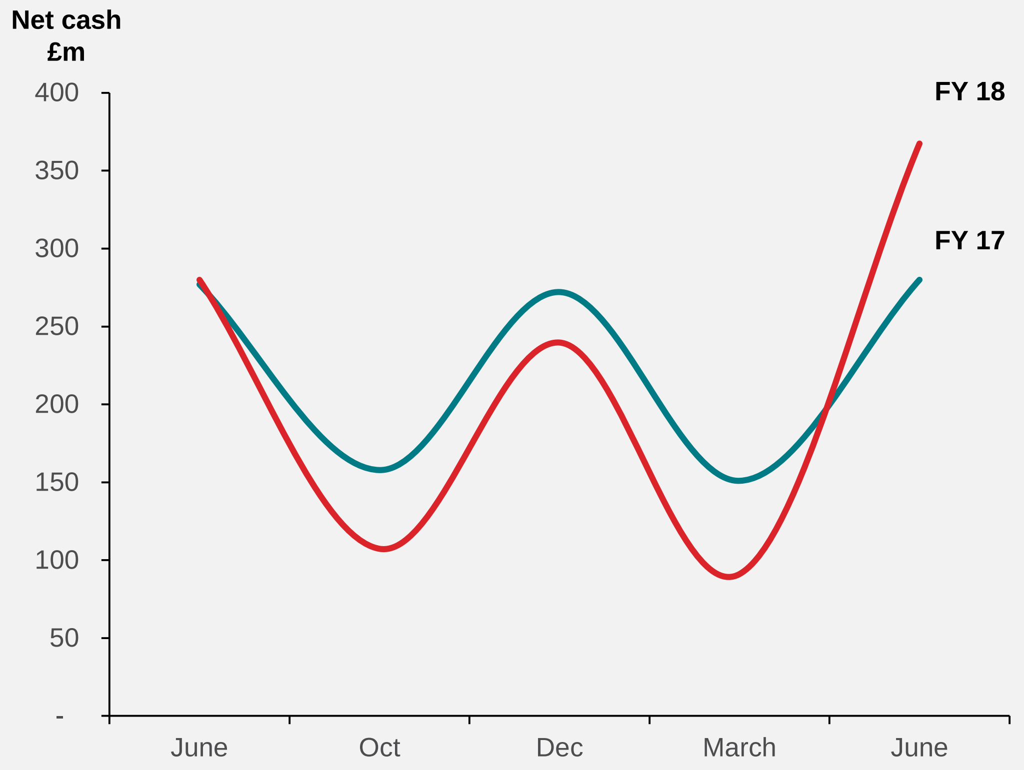


[1] Includes supply chain finance.

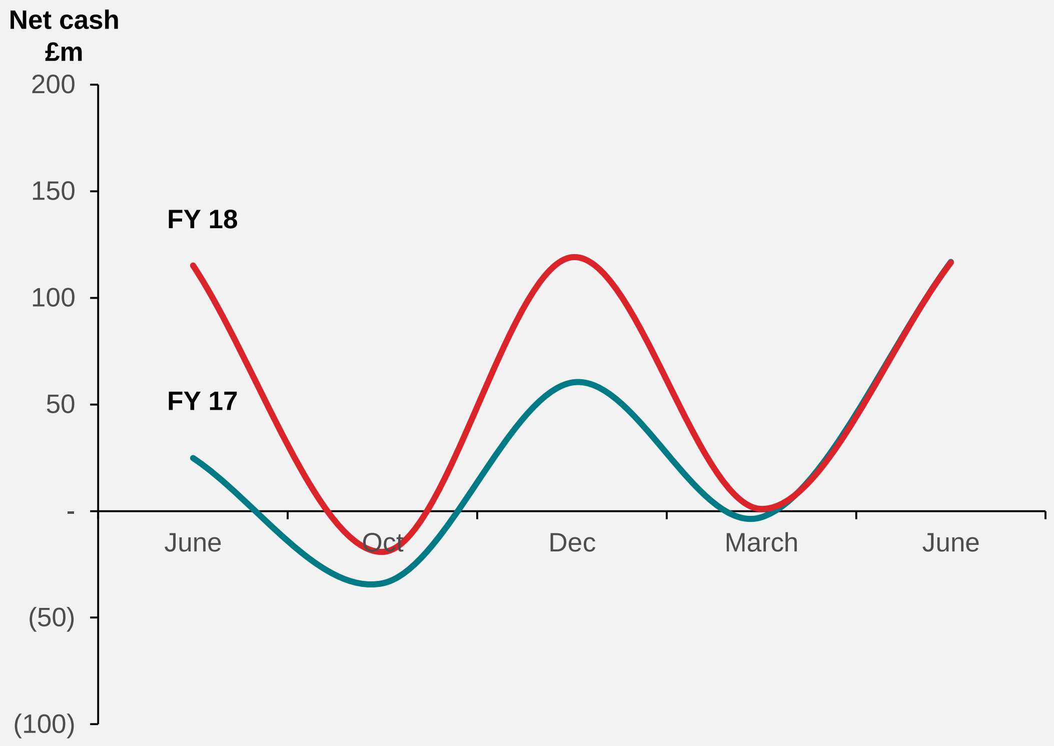
Construction and Services cash balances

Stable average net cash in Construction and Services

Construction cash balance[1]



Services cash balance[1]



[1]Cash balances exclude inter-company dividends.

Debt improvement plan underway

Average net debt expected to decrease

- Strong operational cash conversion maintained
  - >100% for last five years before working capital
- No new cash investment in Property and Residential
  - Asset base sufficient to achieve Vision 2020 targets
- Working capital debtor and WIP collection improved
  - Stable supply chain finance utilisation
- Construction and Services divisions generating cash in excess of profit
- Group average net debt expected to decrease
  - £20m-£40m annual free cash flow in FY19 and thereafter
  - Accelerate net debt reduction driven by the benefits of the Future Proofing Kier programme, c.£20m in FY20
  - Targeted proceeds of £30-£50m from disposals of non-core businesses

Average net debt drivers	£m
FY17	**320**
McNicholas cash acquisition costs	26
Construction volumes Q2/Q3	19
IT implementation (Oracle)	20
Average non-underlying cash flows	23
Free cash after dividends	(33)
FY18	**375**

Joint ventures

Capital efficient model

- Joint ventures provide capital efficient sources of funding
  - 29 JV assets in Property
  - 9 trading assets in Residential
- Loan to value 35%
  - Based on debt drawn and committed
  - Supported by full term GDV
- 85% non-recourse debt model
  - £73m recourse debt at 30 June 2018
  - £24m expired in September 2018
  - 50% expired by 31 December 2018
- Capital efficient model trebles value of assets under development

Joint venture financials	£m
Investment on balance sheet	226
Kier committed investment	27
Partners investment	104
Partners committed investment	14
Debt drawn	283
Debt committed	133
GDV	1,181
LTV	35%
Average equity	68%

Pensions

Strong performance with pension schemes now in surplus

		At 30 June 2018 £m	At 30 June 2017 £m	*Change* *£m*
Group Pension Schemes:				
	Market value of assets	1,681	1,637	*+44*
	Present value of liabilities	(1,673)	(1,721)	*+48*
Asset/(liability) in the schemes		8	(84)	*+92*
Deferred tax		(1)	14	*-15*
Net pension asset/(liability)		7	(70)	*+77*
Key assumptions:	Discount rate	2.80%	2.65%	
	Inflation rate – RPI	3.00%	3.20%	
	Inflation rate – CPI	1.90%	2.10%	

- Net pension surplus of £7m driven by asset gains
- Triennial valuation commences in March 2019

Guidance

	FY19	FY20
Operating profit[1]	On track for Vision 2020 targets	£200m before Future Proofing Kier programme benefits
Finance costs	Proportional with average net debt	
Tax rate	c.19%	
Free cash flow	c.£20m-£40m pa (excluding disposal proceeds)	c.£40m-£60m after benefits of Future Proofing Kier (excluding disposal proceeds)
Pension contribution	c.£24m (including impact of McNicholas)	Reducing subject to March 2019 triennial valuation
Capex (incl. finance leases)	c.£30m-£35m	c.£30m-£35m
Dividend		Target 2x dividend cover

[1] Divisional guidance break out on slide Reporting Structure slide.

Financial summary

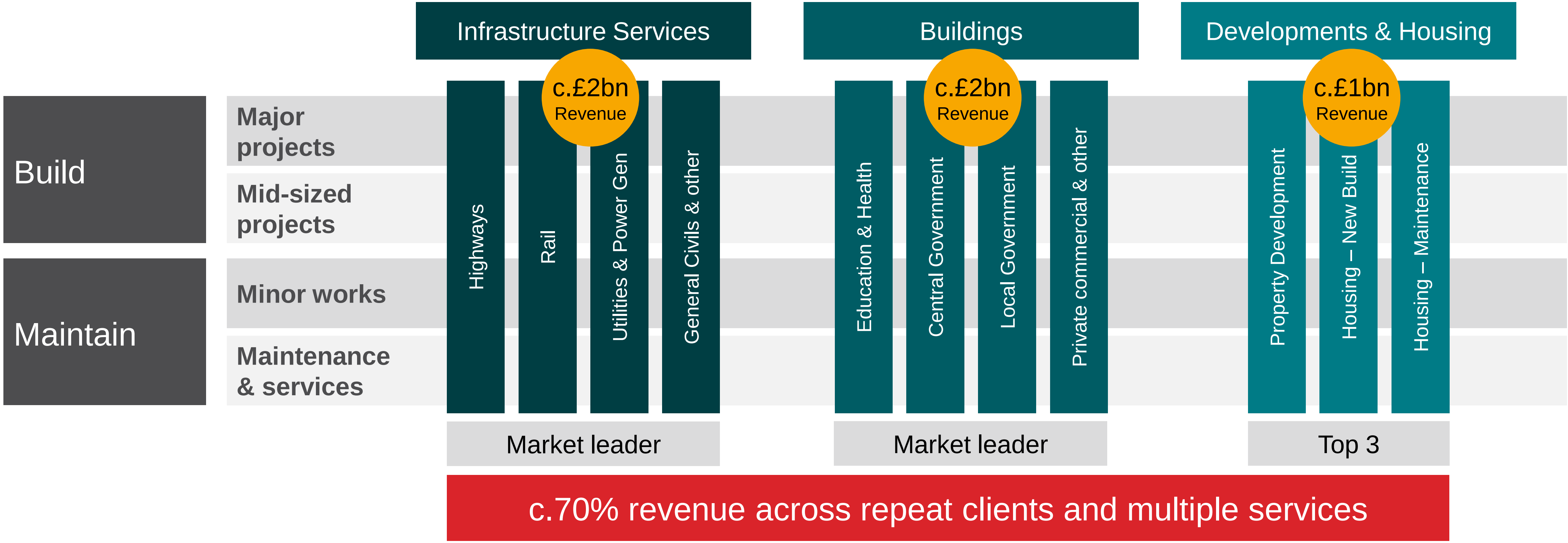
- Good performance
- All divisions performing well
- Earnings per share[1] of 116.7p up 9%
- Stable net investment in Property and Residential divisions
- Record order book of c.£10.2bn
- Pension now in surplus
- Full year dividend of 69.0p up 2%
- Average net debt to reduce, driven by free cash flow and benefits of the Future Proofing Kier programme

[1]Arising on continuing operations, stated before non-underlying items.

Market positions

Market-leading positions

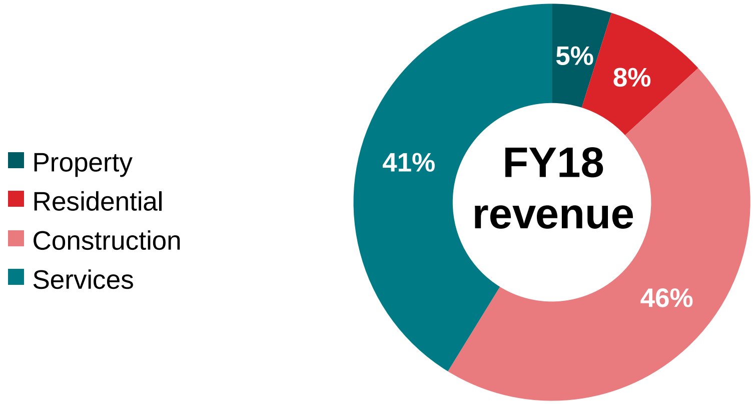
- Focus on UK markets with robust, long-term fundamentals
- Leading positions to support optimum trading performance
- Asset businesses with enhanced returns, utilising free cash flow



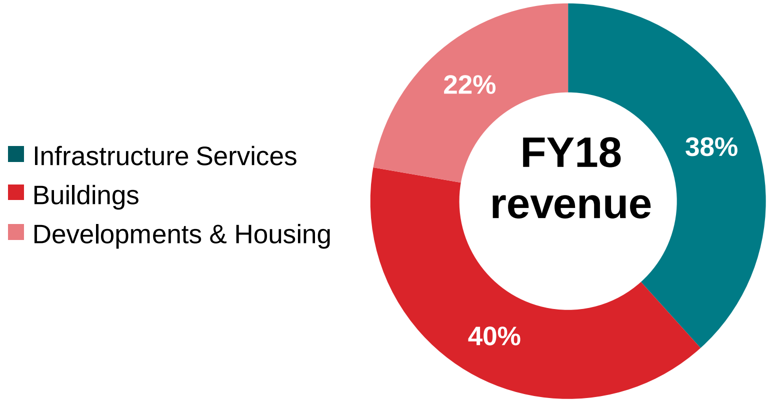
Well-diversified portfolio

Significant opportunity for growth

FY18 Reporting structure



FY19 Reporting structure



Strong balance and diversification of activities

- Greater resilience as each business operates in different cycles
- Minimal cyclicality – essential every-day activities
- Leading market positions provide competitive advantages

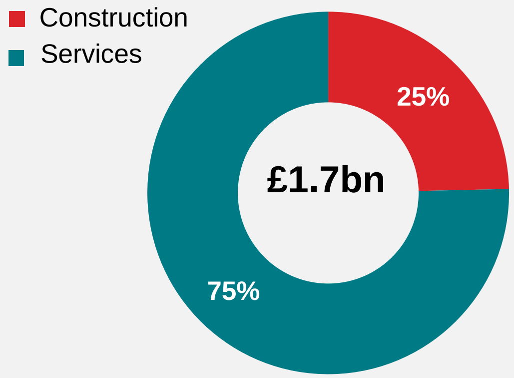
Lower risk profile to future earnings

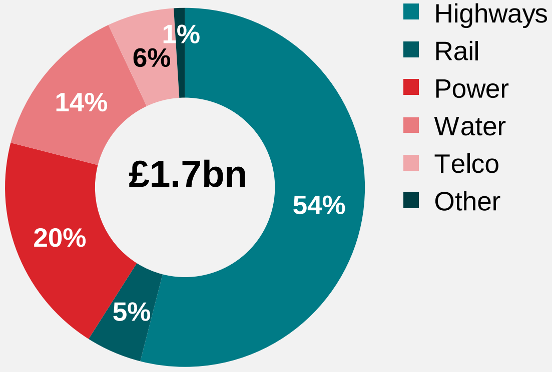
- c.50% of profits from Services
- Average Construction project value £7-8m
- Principally non-speculative property development
- Modestly priced homes in the UK regions

[1] See pages 43 to 44 in the appendix for reconciliation

Infrastructure Services

FY18 Revenue

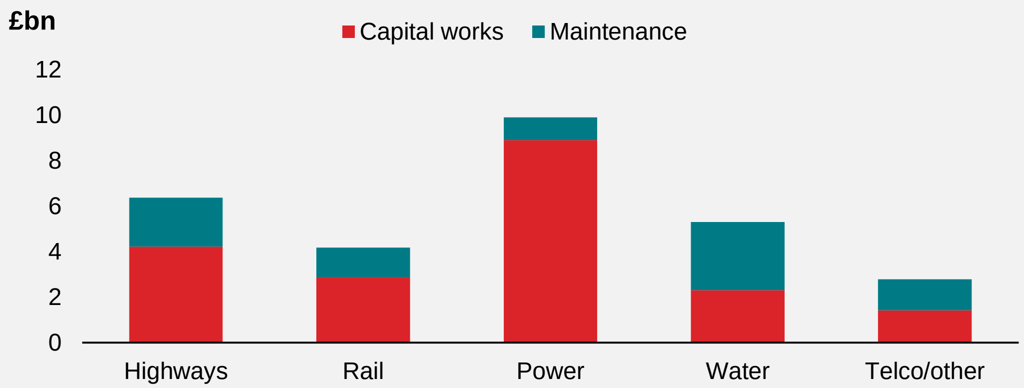




Future

Highways – Maintenance	*Stable*
Highways – Capital	*Growth*
Rail	*Growth*
Power	*Growth*
Water	*Growth*
Telco	*Growth*

Markets



Infrastructure Services

Highways

- Repairs and maintenance stable
  - Areas 3, 6, 8 and 9 extensions achieved
- RIS2 up to £30bn
  - Significantly increased spend
- Capital works increasing
  - Four Smart Motorways projects now 100% Kier
    - Two M6 schemes: M20, M23 secured
    - £5bn over 10-12 years
  - Routes to Market
    - 5 UK regions
    - c.£8bn spend to 2024

Utilities

- Leading player in the UK with McNicholas
- AMP7 totex c.£44bn, similar to AMP6
  - Anglian, Thames, Severn Trent, South West Water, etc
- £7bn investment in fibre/broadband
  - Virgin Media, Gigaclear

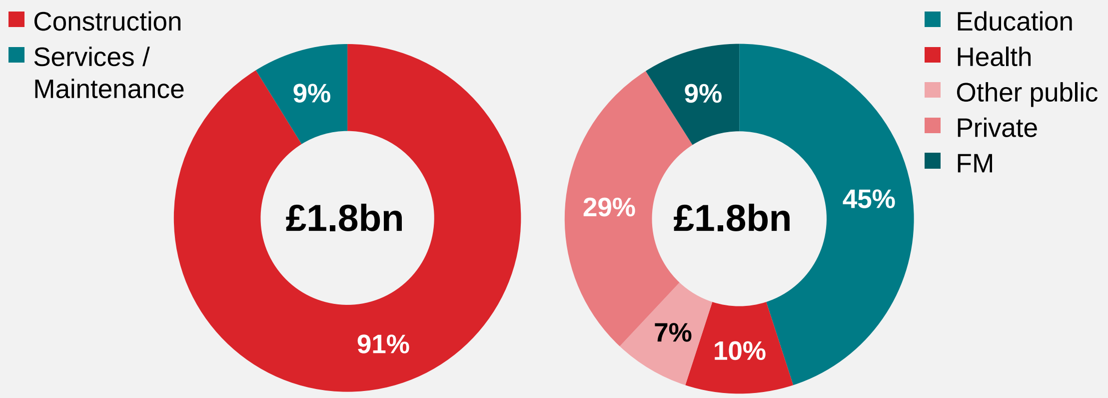
Infrastructure projects

- Power generation
  - Hinkley, Wylfa, Sizewell, CCGTs
- HS2 – C2, C3; significant future opportunities
  - Rail systems and electrification, new stations
- CP6 c.£36bn; >20% more than CP5
  - Focus on renewals

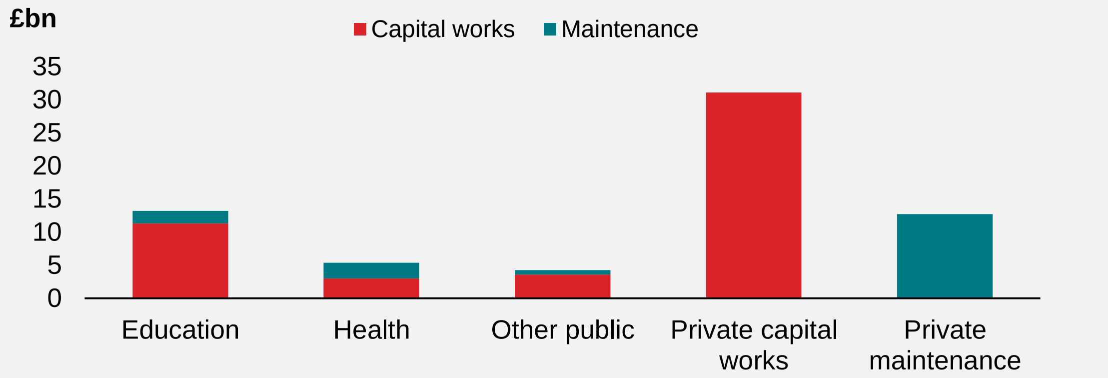
Buildings

- £67bn addressable market
- Disciplined approach
  - Contract selection
  - Terms & conditions
  - Cash generation
  - Supply chain partners
- Focus on frameworks
  - >70% by volume
  - Leading Education and Health provider
- Four live projects >£50m in value
- Dominant presence in the regions
  - London activity <10% revenue

FY18 Revenue



Markets



Buildings

Future

- Growth forecast to be ahead of market
  - 20%+ over next two years
  - National coverage
  - Strength of our market positions
    - e.g. Education and Health
  - New sectors
    - Aviation, Bioscience, Defence
  - 90% secured for FY19

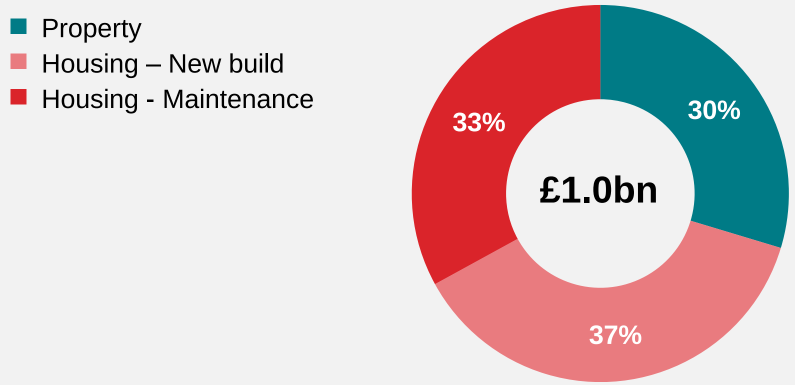
	FY18 revenue	Tender activity for FY20+	Pre-tender pipeline for FY20+
Education	£900m	£900m	>£2bn
Health	£200m	£500m	>£700m
Private	£600m	£700m	>£900m

Developments & Housing

Property Developments

- Top 3 trader developer
- 32 schemes traded this year, c.80% outside M25
- Stable capital investment
- Capital efficient joint ventures increasing
  - Client preferred route to market
- Maintain non-speculative approach
- >15% ROCE consistently achieved with £1.5bn development pipeline
- Significant benefit to the Group
  - Generates >£100m revenue for other parts of the Group
  - Delivers excellent returns
  - Provides clients with development expertise

FY18 Revenue



Markets

- Property developments
  - Mixed use
  - Offices
  - Student accommodation
  - Retail and leisure
  - Industrial
- Housing
  - New build
  - Maintenance

c.£500m asset base (cost)

Developments & Housing

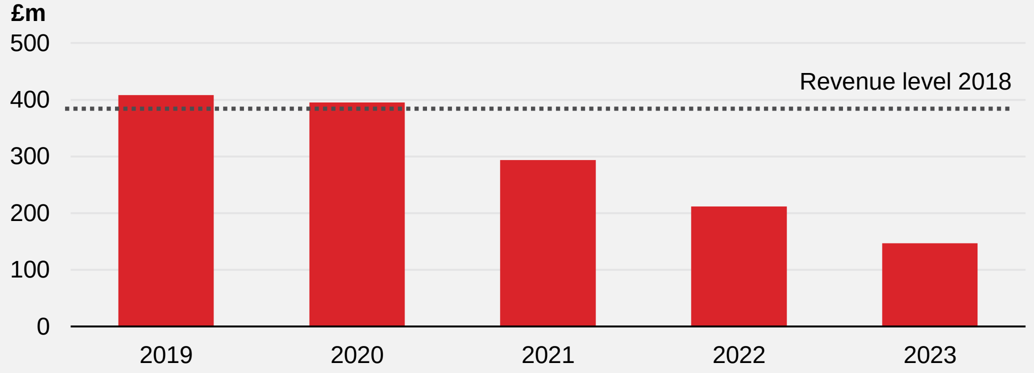
Housing – new build

- Vision 2020 target of 15% ROCE achieved two years early
- Stable capital investment
- Average house price c.£240k
- Secured pipeline of £2bn over next 5+ years
- Help to Buy accounts for 50% of sales
- Increasing use of joint ventures – e.g. Homes England, Cross Keys
- Similar operating models sought by other clients

Housing – maintenance

- Post Grenfell challenges for clients
- Competition for limited ‘usual’ workload
- Agile workforce and broader client relationships help to mitigate this

Secured pipeline – new build



Future Proofing Kier programme

Future Proofing Kier programme (FPK)

Simplify and streamline to accelerate growth

People | Processes | Portfolio

- Focus on core operations with strong growth prospects
  - Where we have or can achieve market-leading positions
  - Where we can achieve superior and stable returns
  - Exit activities where this cannot be or is unlikely to be achieved in the short-term

- Implement the Future Proofing Kier programme
  - Better client service
  - Greater operational focus and efficiency
  - Improved cash generation and profitability
  - Accelerated reduction in net debt
  - Exit non-core activities

Future Proofing Kier programme

Good progress to date

Further potential within Kier

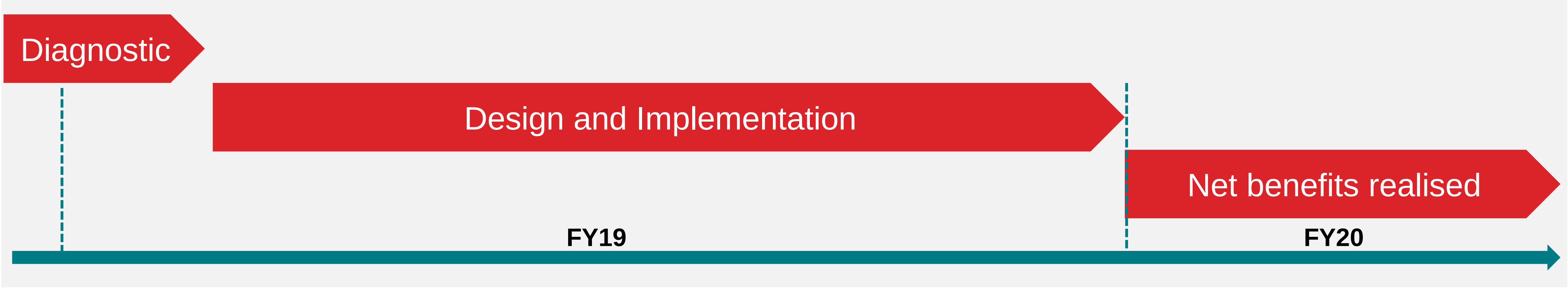
- Significant investment in new systems over past two years
- Opportunity to fully capture the benefits of the scale and scope of the Group

Drive productivity and efficiencies

- Remove unnecessary processes and automate
- Outsource/consolidate high volume operations
- Focus on high value activities
- Invest in technology to improve ways of working

Actions to date

- Senior management changes completed
- FPK Transformation Office established to drive programme implementation
- External partner appointed

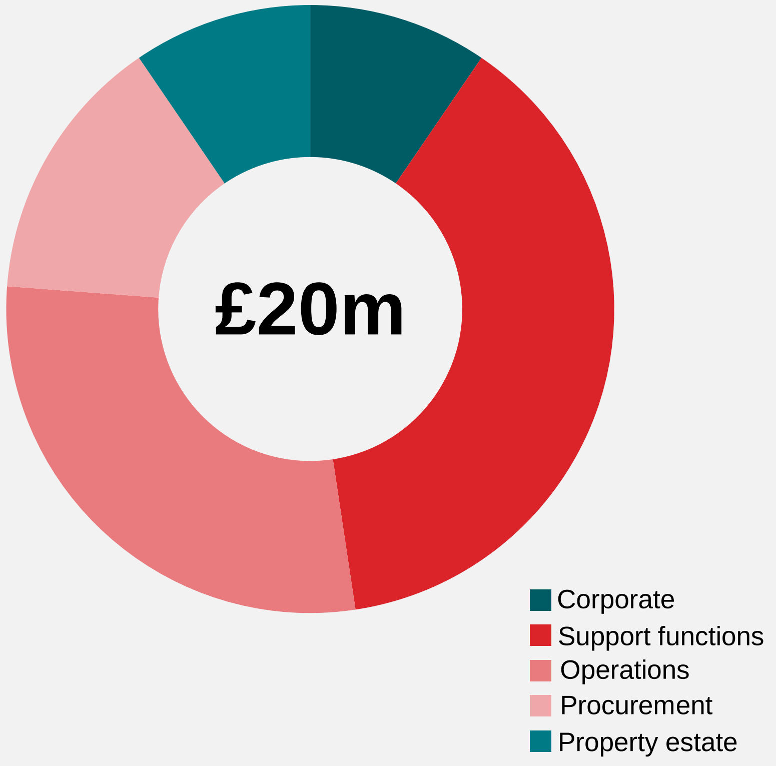


Future Proofing Kier programme

Significant profit and cash flow benefit

- FY19
  - Neutral financial impact on profit and cash flow
  - Savings delivered = costs of implementation
  - Phasing
    - Costs likely to exceed savings in H1
- FY20
  - Profit and cash flow benefits of at least £20m
  - Net savings of >10% operating profit
- Non-core disposals
  - Execution underway
  - Targeted proceeds of £30m-£50m

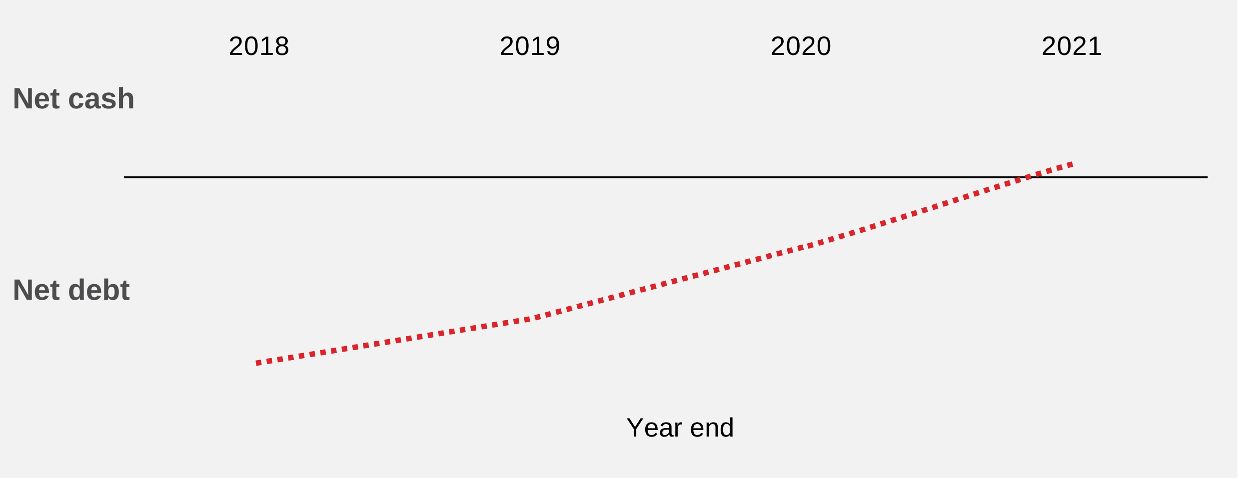
Net benefit in FY20



Future Proofing Kier programme

Net cash by June 2021

	2018	2021 target
Assets – cost	£500m	£500m
Assets – value	£650m	£650m
Average net (debt)	£(375)m	£(250)m
Year end net (debt)/cash	£(186)m	**net cash**



- Existing £20m-£40m free cash in FY19 and thereafter
- FPK cash flow benefits
  - £20m annually in FY20
  - £30m-£50m from non-core disposals

- One turn of EBITDA improvement in cash by FY21
- Net cash by June 2021

Robust and diversified business model

Supporting strong market-leading positions

Drivers of above market growth

Infrastructure Services
- Significant government and regulated sectors investment plans
- Population growth increasing demand for economic infrastructure

Buildings
- Key sector growth – Aviation, Bioscience, Defence, Education, Health
- Population growth increasing demand for social infrastructure

Developments & Housing
- Significant long-term demand for affordable housing
- Partnership model/JVs increasingly of interest
- Strong regional markets

Delivering for stakeholders

Growth
- Target of 10% profit growth to FY20 (annual average)
- Record level order books
- Market-leading positions, well diversified model

Sustainable Returns
- Strict risk management
- Strong, long-term client relationships
- Lower risk profile activities e.g. frameworks
- Strengthening balance sheet supplemented by FPK

Attractive Income
- Strong cash generation, improved by FPK
- Limited capital consumption
- Good income potential

Summary and outlook

- Good 2018 trading performance
  - All divisions contributed well
  - Excellent safety record
- Well-diversified business model
  - Greater resilience, reduced cyclicality
- Record order books and pipelines
- Increasing dividend with cover growing
- Launched FPK programme
  - Better client service
  - Greater operational efficiency
  - Improved cash generation and profitability
  - Accelerated reduction in net debt

Strong platform

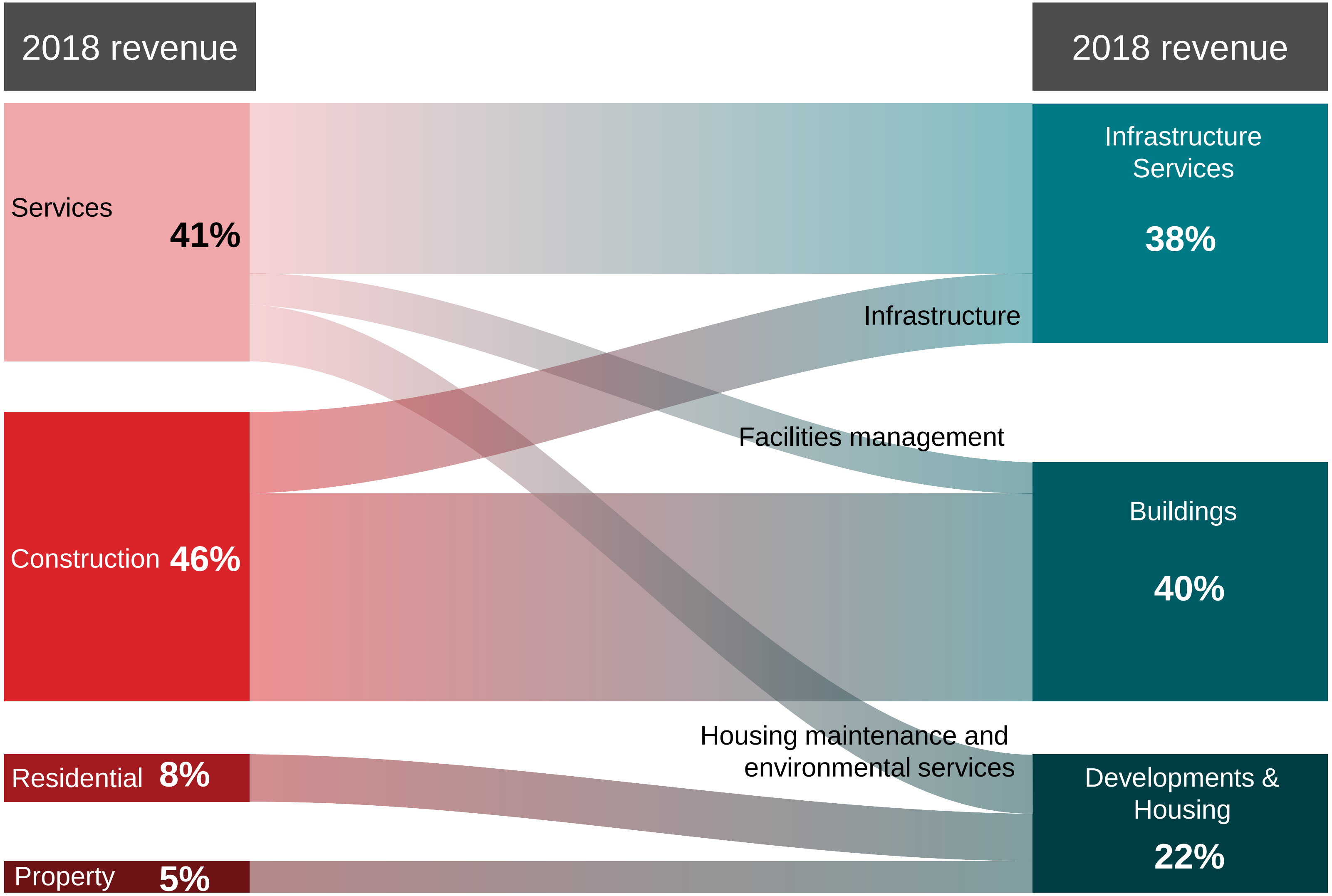
- **Market leading positions**
- **Sustainable growth**
- **Improving returns**
- **Strengthening balance sheet**

Appendices

Reporting structure

Four divisions realigned to three markets

FY18 Actual
5% margin
2% margin
15% ROCE
27% ROCE



FY18 Actual	Vision 2020 equivalent
4% margin	4.0%-4.5% margin
3% margin	2.5%-3.0% margin
ROCE 20%	ROCE > 15%

Reporting structure

Four divisions realigned to three markets

	Order book £b	Pipeline £bn	Revenue £m	Operating profit £m	Operating margin %	ROCE %
Property		1.5	218.0	34.0		27
Residential		2.0	374.3	25.9		15
Construction	5.0		2,052.5	41.9	2.0	
Services	5.2		1,848.5	93.0	5.0	
Corporate				(34.8)		
Group	**10.2**	**3.5**	**4,493.3**	**160.0**	**3.6**	

Infrastructure Services	5.9		1,713.9	68.2	4.0	
Buildings	3.8		1,777.5	54.5	3.1	
Housing & Developments	0.5	3.5	1,001.9	72.1		20
Corporate			-	(34.8)		
Group	**10.2**	**3.5**	**4,493.3**	**160.0**	**3.6**	

IFRS 15

- Expected impact of c.£20m to opening reserves driven by:
  - Move to use of cost as the measure of progress rather than revenue
  - De-recognition of certain claims and milestones in forecasting project outcomes
- Under IFRS 15 the hurdle for recognition of revenue is substantially higher than previous standards. Recognition of some items to occur later in projects
- Most of the impact to Construction
  - Minimal impact to Property, Residential and Services
- Timing impact only – no effect on profitability of individual contracts
- No impact to cash flows or net debt

Free cash flow

	30 June 2018 £m	30 June 2017 £m
Underlying operating profit	160.0	145.6
Depreciation & amortisation	33.0	27.4
Underlying EBITDA	193.0	173.0
JV dividends and return of equity, less share of profits	24.9	(5.7)
Working capital movement	26.6	(48.7)
Capex	(67.4)	(70.8)
Net interest	(20.8)	(17.3)
Tax	(9.9)	(3.8)
Pension	(26.6)	(31.3)
Non-underlying	(32.0)	66.6
All other movements	(14.9)	(0.3)
Free cash flow	**72.9**	**61.7**
Net investment in joint ventures	(66.5)	(23.3)
Dividends	(67.6)	(49.7)
Acquisitions and disposals	(14.4)	-
Change in Net debt	**(75.6)**	**(11.3)**
Opening Net debt[1]	(110.1)	(98.8)
Closing Net debt[1]	(185.7)	(110.1)

[1] Net debt is shown net of the impact of hedging instruments.

Joint venture financials – capital efficient developments for Kier

JOINT VENTURE – £50m GDV[1]

£30m SPV non-recourse debt

£10m equity
£9m Kier / £1m JV partner

£3m finance costs

£7m operating profit
£6.3m Kier / £0.7m JV partner

Kier cash flow	Year 0	Year 1	Year 2
JV investment	£(9)m		
Cash dividend[2]			£15.3m
Revenue			-
Return on equity			c.25%

OWNED – £50m GDV[1]

£40m Kier equity

£10m Kier operating profit

Kier cash flow	Year 0	Year 1	Year 2
Land	£(10)m		
WIP		£(20)m	£(10)m
Revenue			£50m
Return on equity			c.18%

[1] Data for illustrative purposes only.
[2] Reflected as profit on disposal of joint ventures or dividends received from joint ventures.

Joint venture impact on interest and tax

	FY18 £m			FY17 £m		
	Reported[1]	JV int & tax	Adjusted	Reported[1]	JV int & tax	Adjusted
EBIT	160.0	8.3	168.3	145.6	7.2	152.8
Interest	(23.1)	(8.0)	(31.1)	(19.5)	(6.5)	(26.0)
Profit before tax	**136.9**	**0.3**	**137.2**	**126.1**	**0.7**	**126.8**
Tax	(23.3)	(0.3)	(23.6)	(21.9)	(0.7)	(22.6)
Profit after tax	**113.6**	**-**	**113.6**	**104.2**	**-**	**104.2**

[1] Stated before non-underlying items..

Joint venture reporting

Profit and cash

		30 June 2018 £m	30 June 2017 £m
Profit Generated	Share of post tax results of joint ventures	42.7	25.0
	Profit on disposal of joint ventures	3.5	5.4
	Total	**46.2**	**30.4**
Cash Received	Dividends received and return of equity from joint ventures	71.1	23.2
	Proceeds from sale of joint ventures	4.9	26.0

- Route to profit recognition is determined by the disposal method which can be either:
  - Sale of the asset
  - Sale of the joint venture vehicle
- Net outcome is equivalent to net debt
- Route is driven by acquirer's tax strategy

Investments portfolio (as at 30 June 2018)

	Project	Status	Capital value £m	Kier equity/loan stock £m	Equity %
Local Authority	Social Power, Harlow	In operation	1.1	1.1	100.0
Student accommodation	Glasgow (direct let)	In operation	22	3.9	75.0
	Newcastle (direct let)	In operation	31	9.8	75.0
	Southampton (direct let)	In construction	37	9.3	75.0
Education	East Ayrshire Schools	In construction	43	1.0	24.0
	South Ayrshire Schools	In operation	24	0.6	24.0
	Queen Margaret Schools	In construction	25	0.6	24.0
Committed Investment				£26.3m	

Of the £26.3m committed, £24.6m has been invested to date..

Disciplined risk management

Application across contracting businesses

INFRASTRUCTURE SERVICES

Lower value works

<£2m average

Schedule of rates

75% SERVICES

Lower risk

- e.g. Highways England

Cost plus

JV to manage resource

HINKLEY

Target cost

JV to manage resource

CROSSRAIL

Lower risk

- Focus on people, cash flows, terms and conditions

BUILDINGS

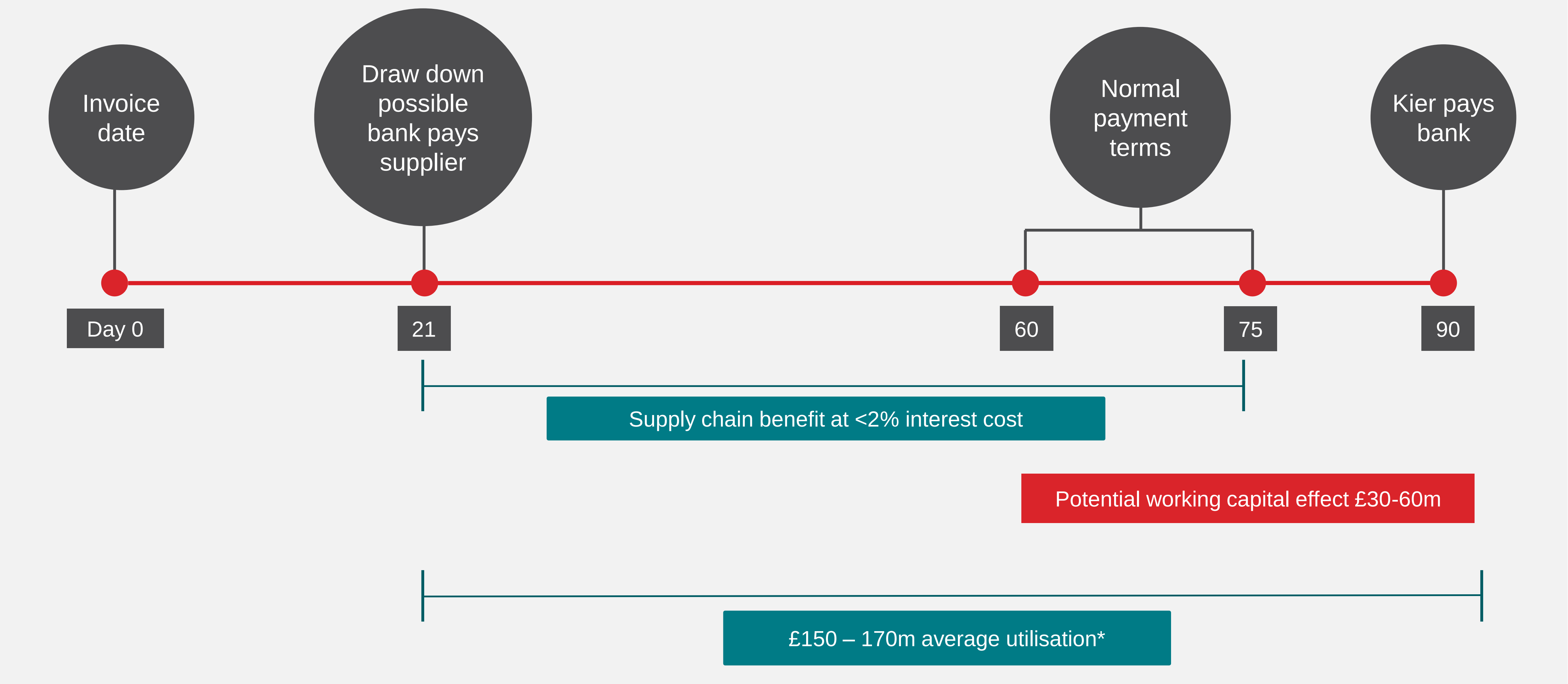
Two stage and frameworks

£7-8m average;
<12 month duration

Long-standing client relationships

- Education
- Health
- Commercial
- Mixed-use
- Aviation
- Defence
- Bioscience

Supply chain finance illustrated



* Included in trade payables.

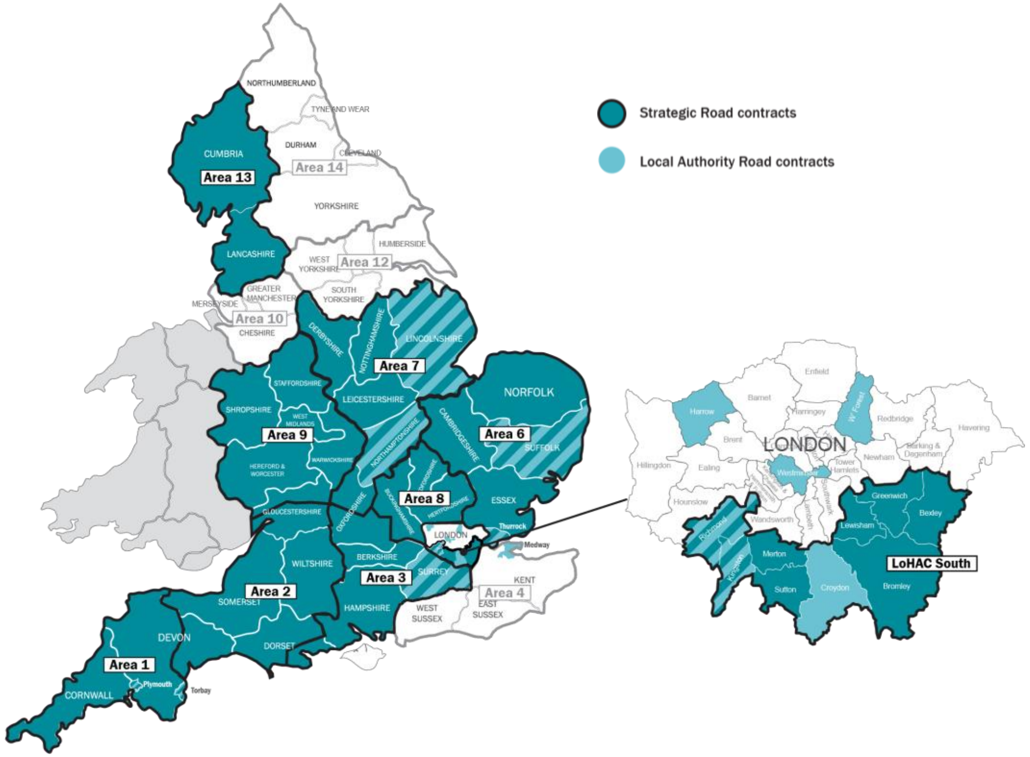
Financing facilities

Facility type	Maturity	30 June 2018 £m	30 June 2017 £m
RCF	2022	670	400
US Private Placement[1]	2019-2024	183	183
Schuldschein Loan Notes[1]	2019-2023	81	81
Bilateral Bank Loans		-	50
Overdraft Facilities	On demand	53	45
Other Finance	2019 onwards	26	16
Total		**1,013**	**775**

[1] Stated net of effect of derivatives.

Kier Highways – Services by Area

Area	Design	M&R	Schemes	DCP	Renewal Date
South West DSC (Areas 1&2)	✓				July 2022
Area 7 DSC	✓				April 2021
Area 3 ASC	✓	✓	✓	✓	2021
Area 9 ASC	✓	✓	✓	✓	2022
Area 6 & 8 ASC	✓	✓	✓	✓	September 2019
Area 13 M&R		✓		✓	April 2027



Safety, Health and Environment

- Kier Group AIR 96 (2017: 130)
- Vision 2020 Targets
  - Accident incidence rate of zero
  - Best in sector safety performance
  - Workforce health and wellbeing improved
  - Minimise the impact of our activities on the environment
  - All employees take ownership of safety, health and environmental issues

Current Progress

Leading indicators – examples	2018 target	Actual June 2018
Director/senior manager visible leadership visits	300 / month	**590** ✓
Front line management trained	90%	**83%** ⟷
Reduction in sickness absence referrals	123	**142** ⟷

Accident Incidence Rate – June 2018