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Kier Group PLC
11 March 2025

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Kier Group plc

Results for the period ended 31 December 2024

Significant operational and financial progress; strong net cash position; increased interim dividend

Kier Group plc ("Kier", the "Company" or the "Group"), a leading UK infrastructure services, construction and property group, announces its results for the six months ended 31 December 2024 ("HY25" or the "period").

Financial Highlights - Continuing Operations

(£m unless otherwise stated)	**Six months to 31 December 2024**	Six months to 31 December 2023	*Change*
Adjusted results			
Revenue[1]	**1,979**	1,883	*5%*
Adjusted operating profit[2]	**66.6**	64.7	*3%*
Adjusted operating margin	**3.4%**	3.4%	*-bps*
Adjusted profit before tax[3]	**50.6**	49.0	*3%*
Adjusted basic earnings per share (note 9)	**8.7p**	8.7p	*-%*
Net cash[4]	**57.9**	17.0	*241%*
Average month-end net debt	**(37.6)**	(136.5)	*72%*
Statutory reported			
Group revenue	**1,973**	1,862	*6%*
Operating profit	**45.7**	44.1	*4%*
Profit before tax	**28.6**	27.0	*6%*
Basic earnings per share (note 9)	**4.6p**	4.6p	*-%*
Interim dividend per share (note 8)	**2.00p**	1.67p	*20%*

[1] Revenue of the Group and its share of revenue from joint ventures

[2] Stated before adjusting items of £9.6m (HY24: £9.5m) and amortisation of acquired intangible assets of £11.3m (HY24: £11.1m).

[3] Stated before adjusting items of £10.7m (HY24: £10.9m) and amortisation of acquired intangible assets of £11.3m (HY24: £11.1m).

[4] Disclosed net of the effect of hedging instruments and excludes leases - see note 12 to the condensed consolidated financial statements.

HY25 Highlights

- Revenue and operating profit growth with significant deleveraging:
  - Revenue growth of 5% and adjusted operating profit growth of 3%
  - Strong operational delivery across Infrastructure Services and Construction
  - Adjusted operating margin maintained at 3.4%
  - Reported operating profit increased 4% to £45.7m (HY24: £44.1m)
  - Free Cash outflow of £(49.8)m reflecting a return to more normal seasonal working capital movement (HY24: £(7.9)m)
  - Strong balance sheet; net cash at period-end of £57.9m, a significant progression on the prior period-end (HY24: £17.0m)
  - Average month-end net debt materially reduced by £99m to £(38)m
- Record order book:
  - High quality order book increased 2% to £11.0bn (FY24: £10.8bn) providing significant visibility
  - 98% of expected FY25 revenue secured
- Creating value through a disciplined approach to capital allocation:
  - Proposed 20% increase to interim dividend to 2.00p, representing a cover of c.3.5x
  - £20m share buyback announced in January 2025
  - Increased investment in the Property segment with ROCE target of 15%

Andrew Davies, Chief Executive, said:

"The Group has continued to make significant operational and financial progress. The first half saw Kier deliver increased revenue and profitable growth whilst maintaining strong margins. We continued to grow the order book which, at £11bn, provides us with good multi-year visibility. Our strong cash performance allowed us to significantly increase the interim dividend payment and commence an initial £20m share buyback programme in January 2025. I am also particularly pleased to report that the Group significantly improved both its period-end net cash position and

am also particularly pleased to report that the Group significantly improved both its period-end net cash position and its average month-end net debt position and the Board has confidence in sustaining this momentum going forward.

These developments are testament to the hard work and commitment of our people who have enhanced our resilience and strengthened our financial position.

The second half of the financial year has started well, and we are trading in-line with the Board's expectations. The Group is confident in sustaining the strong cash generation achieved over the last few years and is well positioned to continue benefiting from UK Government infrastructure spending commitments. Kier operates in markets which are vital to the UK. We remain committed to delivering our long-term sustainable growth plan which will benefit all stakeholders."

HY25 Results Presentation

Kier Group plc will host a presentation for analysts and investors at 8:30am (GMT) on 11 March 2025 at the offices of FTI Consulting, 200 Aldersgate Street, London EC1A 4HD.

Analysts wishing to attend should contact FTI Consulting to register - Connie.Gibson@fticonsulting.com

Analysts unable to attend in person will be able to join the webcast using the details below:

Webcast: https://www.investis-live.com/kier/67ab6d18242e93000e3a87f4/palnrd

United Kingdom (Local): +44 20 3936 2999

United Kingdom (Toll-Free): +44 800 358 1035

Conference password: 205945

An audio recording will be available on our website in due course.

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Cautionary Statement

This announcement does not constitute an offer of securities by 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 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". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "plans", "target", "aim", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. They may appear in a number of places throughout this announcement and include statements regarding the intentions, beliefs or current expectations of the directors, the Company or the Group concerning, amongst other things, the operating results, financial condition, prospects, growth, strategies and dividend policy of the Group or the industry in which it operates. 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 ability to control or predict. Forward-looking statements are not guarantees of future performance. The Group's actual operating results, financial condition, dividend policy or the development of the industry in which it operates may differ materially from the impression created by the forward-looking statements contained in this announcement. In addition, even if the operating results, financial condition and dividend policy of the Group, or the development of the industry in which it operates, are consistent with the forward-looking statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause these differences include, but are not limited to, general economic and business conditions, industry trends, competition, changes in government and other regulation, changes in political and economic stability and changes in business strategy or development plans and other risks.

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.

Principal Risks and Uncertainties

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 discussion of the factors that could affect the Group's future performance and the industry in which it operates. The Board believes that these principal risks and uncertainties will continue to apply to the Group in the second half of the financial year.

About Kier

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 ensure we are able to project manage and integrate all aspects of a project.

We take pride in bringing specialist knowledge, sector-leading experience and fresh thinking to create workable solutions for our clients across the country.

Together, we have the scale and breadth of skills of a major company, while retaining a local focus and pride that comes from never being far from our clients, through a network of offices spanning across England, Wales, Scotland and Northern Ireland.

For further information and to subscribe to our news alerts, please visit: www.kier.co.uk

Follow us on X (formerly Twitter): @kiergroup

Connect with us on LinkedIn: Kier Group

Introduction

The Group's continued focus on operational excellence and cash management resulted in a strong set of results for the six months to 31 December 2024. The Group has continued to materially deleverage in line with our long-term sustainable growth plan as we convert activity into profits and cash.

On 21 January 2025, we announced the launch of an initial £20m share buyback having recommenced dividend payments during FY24. Given our significant operational and financial progress allied to the Board's ongoing confidence in the Group's performance, an interim dividend of 2.00p has been declared which represents a 20% increase on the HY24 interim dividend of 1.67p.

The future prospects for the Group are underpinned by the period-end order book growing to £11bn by the end of HY25, an increase of 2% against the start of the period. This reflects a large number of contract wins across Infrastructure Services and Construction and provides multi-year revenue visibility. Long-term frameworks, as well as pipeline opportunities and income from the Property division, are excluded from the order book and represent an additional opportunity. The order book strength and Kier's framework positioning is reflected in approximately 98% of Group revenue for FY25 now being secured, which provides us with a high degree of confidence of further progress against a backdrop of wider market uncertainty.

During the period, Kier won new, high quality and profitable work in our markets reflecting the bidding discipline and risk management embedded in the business.

Long-term sustainable growth plan

The Group is focused on delivering against its long-term sustainable growth plan first announced in September 2024:

Revenue:	GDP + growth through the cycle
Adjusted operating profit margin:	3.5% +
Cash conversion of operating profit:	c.90%
Balance sheet:	Average month-end net cash with investment of surplus cash
Dividend:	Sustainable dividend policy: c.3 x earnings cover through the cycle

The Group aims to achieve these long-term targets through:

- Volume growth and improved contract profitability
- Continued management discipline
- Deploying additional capital in the Property business

Strategy

The Group's strategy continues to be focused on:

- UK Government, regulated industries and blue-chip customers
- Operating in the business-to-business market
- Contracting through long-term frameworks

Our core businesses are well placed to benefit from UK Government and regulated industry spending commitments to invest in UK infrastructure. Despite political and economic uncertainties, our core markets have remained favourable. We are a "strategic supplier" to the UK Government and c.91% of our contracts are with the public sector and regulated companies.

We believe UK infrastructure spending commitments are driven by structural demand which have a positive influence on Kier's chosen markets. Population growth, transportation pressures, aged infrastructure, energy security and climate change are significant drivers of structural growth in the markets in which we operate.

Given that public funding may be insufficient to maintain public assets, customer behaviours are shifting further towards long-term partnerships. These continue to favour Kier, given our scale, integrated design and project management capability, track record of delivery and Environment, Social and Governance ('ESG') credentials.

These positive structural demand trends and customer behaviours are expected to expand our addressable market opportunities, particularly in water, environment, energy and affordable housing, as well as supporting increased demand in our Property business. In particular, the Group has been awarded a number of framework places as part of the significant investment across the AMP8 water cycle. Kier is well positioned with all the major water companies to support them with their water infrastructure upgrade and maintenance work.

Customers and winning new work

We remain focused on winning work through our long-standing client relationships and regionally based operations.

Highlights include:

- **Infrastructure Services:** appointed by Yorkshire Water to their £850m AMP8 (2025-2030) Complex Non-Infrastructure Works Framework to support its investment in water processing and waste networks. Appointed to an Early Contractor Involvement ('ECI') by Severn Trent to design and build a replacement sewage treatment works in Worcester worth c.£20m.
- **Construction:** appointed by the Scottish Government to deliver HMP Glasgow, the replacement for HMP Barlinnie, worth £684m. Appointed to undertake preconstruction services to deliver new improved Army infrastructure at Rock Barracks, MOD Woodbridge, Suffolk to be delivered as part of the MOD's Defence Estate Optimisation Portfolio. Appointed to deliver two education projects worth £179m and a healthcare project worth £40m.
- **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.
- **Property:** has built on its 10-year relationship with Investec to create a new strategic industrial joint venture with Investec Realis, to be called Kier Realis Logistics. The JV successfully exchanged on its first site in Hemel Hempstead in December 2024, in an off-market deal with Aviva Life & Pensions UK

Financial summary

Kier's revenue in the period of £2.0bn (HY24: £1.9bn) reflects solid growth across Infrastructure Services and Construction.

Our order book has continued to grow and increased 2% since the start of the period to £11bn. Approximately 60% of our order book is under target cost or cost reimbursable contracts. The remainder of the order book is on fixed priced contracts where the risk is negotiated and managed with our customers and supply chain partners.

With over 400 current projects at any given time, we are also regularly delivering on existing contracts and pricing new contracts which mitigates against cost pressures. In addition, we have an average order size of c.£21m in our Construction business which, given its modest size, limits our risk exposure in the event a project does not go to plan.

The Group delivered adjusted operating profit of £66.6m which represents a 2.9% increase on the prior period (HY24: £64.7m) as volume growth from the Infrastructure Services and Construction segments converted to profits. Group

4.7m) as volume growth from the Infrastructure Services and Construction segments converted to profits. Group adjusted operating profit margin remained consistent with HY24 at 3.4%. Reported operating profit increased 3.6% to £45.7m (HY24: £44.1m).

Adjusted earnings per share were the same as the comparative period at 8.7p (HY24: 8.7p) and reported earnings per share remained consistent with the prior period at 4.6p.

Volume growth in the Infrastructure Services and Construction segments returned to normal levels resulting in working capital flows normalising, and after accounting for increasing investment in the Property segment, the Group achieved £(49.8)m of free cash flow in HY25 (HY24: £(7.9)m).

The Group's net cash position at 31 December 2024 grew to £57.9m (HY24: £17.0m) despite improving supplier payment days to 33 as the strong volumes translated into cash receipts.

Average month-end net debt for the period ended 31 December 2024 was £(37.6)m (HY24: £(136.5)m). The strong operational cash flow allowed the Group to continue to reduce levels of debt despite increasing investment in our Property Business, restarting payment of dividends and paying pension deficit obligations.

In January 2025, we fully repaid our remaining USPP Notes and the RCF reduced to £150m in line with both facility agreements. The RCF, combined with the £250m 5 year Senior Notes leave the Group with £400m of facilities.

Capital allocation

In addition to the long-term sustainable growth plan, the Group has clear capital allocation priorities. The Group maintains a disciplined approach to capital and continuously reviews capital allocation priorities with the aim of maximising shareholder returns. The Group's capital allocation is underpinned by its commitment to maintain a strong balance sheet. The Group's capital allocation priorities are:

- **Capex** - ongoing investment to support the business
- **Ordinary Dividend** - targeting dividend cover of c.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 we have committed to returning this excess capital to shareholders.

- **Incremental Shareholder returns** - initial £20m share buyback programme launched in January 2025

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

Dividend

The importance of dividends to the Group's shareholders has always been recognised by the Board and was an important facet of the medium-term value creation plan launched during FY21. Our stated aim is to deliver a dividend, covered at least 3x by adjusted earnings through the cycle and in a payment ratio of approximately one third interim dividend and two-thirds final dividend.

The Group has continued to deliver significant operating and financial progress resulting in material deleveraging during the period. The outlook for the Group remains strong, underpinned by our large order book and this resulted in the Board declaring an interim dividend of 2.00p per share. This represents an increase of 20% on HY24 (1.67p) and a dividend cover of c.3.5x in line with our capital allocation framework.

The interim dividend will be paid on 2 June 2025 to shareholders on the register at close of business on 25 April 2025. The shares will be marked ex-dividend on 24 April 2025. Kier has a Dividend Reinvestment Plan ("DRIP"), which allows shareholders to reinvest their cash dividends in our shares. The final election date for the DRIP is 12 May 2025.

Performance Excellence

Through our Performance Excellence culture, which was introduced in 2020, Kier has embedded a strong operational and financial risk management framework across the Group. It is essential to, and embedded into,Kier's contract selection and delivery processes.

The Group's focus for FY25 is Digital and Simplification as we continuously improve the operational performance of the business. The key tenets are as follows:

- Site set-up - standardisation of site offices and enhancing site connectivity
- Health, safety and wellbeing - simplifying health and safety data and sharing best practice
- Quality assurance - improving capability and digital tools
- Functions - simplifying processes and enhancing current systems such as supplier onboarding

Supply chain partners

We continue to focus on maintaining and growing relationships with our key stakeholders, including our supply chain. Many of our suppliers are long-term partners of the Group and we value their contribution.

We were pleased to report that in our latest Duty to Report on Payment Practices and Reporting submission, covering the period from 1 July 2024 to 31 December 2024, the Group's aggregate average payment days improved to 33 days (H2 FY24: 34 days) and the percentage of payments made to suppliers within 60 days was 92% (H2 FY24: 86%).

We are committed to further improvements in our payment practices and continue to work with both customers and suppliers to achieve this. We are fully committed to complying with the 30-day payment requirements for small and medium-sized firms.

Environmental, Social and Governance ('ESG')

Kier's purpose is to sustainably deliver infrastructure which is vital to the UK. As a "strategic supplier" to the UK Government, ESG is fundamental to our ability to win work and secure positions on long-term frameworks. UK Government contracts with a value of, or above, £5m require net zero carbon and social value commitments.

Our evolved Building for a Sustainable World framework continues to cover sustainability from both an environment and social perspective with a focus on the three key pillars of Our People, Our Places and Our Planet. Our framework follows the guiding principles of the United Nations Sustainable Development Goals ('SDGs').

- **Environmental**

  Under the Group's sustainability framework, Kier has set out our pathway to become net zero carbon across our business operations by 2030 (Scope 1 and 2) and value chain (Scope 3) by 2045 our business operations by 2039 (Scope 1 and 2) and value chain (Scope 3) by 2045.

Last year Kier was awarded the London Stock Exchange Green Economy Mark by demonstrating that over 50% of our revenue was derived from green products and services in line with the FTSE Russell Green Revenues Classification System. We are seeing an increased demand for projects delivering a net environmental benefit. As a result, our London Stock Exchange-classified 'Green revenue' had increased from 64% to 69% at the end of FY24.

Key to the Group achieving our carbon footprint reduction target is to assist our supply chain to reduce their carbon usage. We sponsored and collaborated with the Supply Chain Sustainability School to develop responsible procurement guidance for Hydrotreated Vegetable Oil ('HVO'), a key transition fuel.

Kier's focus also includes our impact on nature and we have committed to enhance our reporting on nature in FY25 by adopting the disclosure requirements of the Taskforce on Nature-related Financial Disclosures ('TNFD').

These combined achievements represent a key milestone in the Group's ESG strategy as Kier continues in its aim to deliver sustainable infrastructure which is vital to the UK whilst operating as a responsible business in itself.

- **Social**

Delivering a legacy of social value continues to be a key priority for our customers and for Kier. We continue to offer apprenticeships as a key means of upskilling employees and bringing in diverse emerging talent to reduce the industry skills gap.

At 31 December 2024, we had 665 apprentices employed within Kier, which equates to 6% of our workforce. In addition, 12% of the workforce were on a formal learning programme at 30 June 2024, a figure which earned Kier its 'Platinum' status with the 5% Club and supports our position on the UK Government's 2024 Top 100 Apprentice Employer list. This reflects the Group's continued commitment to upskill its people.

As part of our drive to recruit diverse talent, Kier has offered employment to 28 prison leavers or Released on Temporary Licence ('ROTL') either within our business or with our supply chain partners in the first half of the year. Kier also remains committed to offering employment opportunities to those who have served in our armed forces and has offered employment to 57 veterans in the same period.

The Group's 12-month rolling Accident Incident Rate ('AIR') at HY25 of 132 represents a 15% improvement on FY24, and the 12-month rolling All Accident Incident Rate ('AAIR') at HY25 of 358 represents a small improvement on FY24.

We are seeing the benefits of our Culture Programme, and the Behavioural Safety Programmes that we continue to roll out. We launched a simplified Safety, Health and Environment Management system in September, as safety remains our license to operate and we continue to share and embed best practice across our divisions.

- **Governance**

Governance is a core component of the Group's approach to operations. Governance is delivered within Kier's Operating Framework. The laws, policies and procedures underpinning the Operating Framework are regularly reviewed and updates implemented as necessary. Within the Operating Framework is Kier's Code of Conduct which sets the corporate compliance agenda.

Integral to this is our management of risk. We ensure that risk management is adopted at every stage of the project lifecycle to ensure that the delivery of the Group's order book remains profitable and cash generative in line with our long-term sustainable growth plan.

Summary and outlook

The Group has continued to make significant operational and financial progress. The first half saw Kier deliver increased revenue and profitable growth whilst maintaining strong margins. We continued to grow the order book which, at £11bn, provides us with good multi-year visibility. Our strong cash performance allowed us to significantly increase the interim dividend payment and commence an initial £20m share buyback programme in January 2025. I am also particularly pleased to report that the Group significantly improved both its period-end net cash position and its average month-end net debt position and the Board has confidence in sustaining this momentum going forward.

These developments are testament to the hard work and commitment of our people who have enhanced our resilience and strengthened our financial position.

The second half of the financial year has started well, and we are trading in-line with the Board's expectations. The Group is confident in sustaining the strong cash generation achieved over the last few years and is well positioned to continue benefiting from UK Government infrastructure spending commitments. Kier operates in in markets which are vital to the UK. We remain committed to delivering our long-term sustainable growth plan which will benefit all stakeholders.

Operational Review

Infrastructure Services

	Six months to 31 December 2024	Six months to 31 December 2023	*Change*
Revenue (£m)	**1,032**	944	*9%*
Adjusted operating profit (£m)[5]	**46.1**	44.0	*5%*
Adjusted operating margin (%)	**4.5%**	4.7%	*(20)bps*
Reported operating profit (£m)	**34.8**	32.4	*7%*
Order book (£bn)	**6.7**	6.7	*-%*

5 Stated before adjusting items of £(11.3)m (HY24: £(11.6)m).

- Key contract wins include:
  - 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
  - Appointed to an ECI by Severn Trent to design and build a replacement sewage treatment works in Worcester worth c. £20m
- 97% of orders secured for FY25

Infrastructure Services revenue increased 9% against the prior period primarily due to the continued ramp up of capital works on HS2 alongside volume growth in the water and nuclear sectors. Reported operating profit grew 7% to £34.8m (HY24: £32.4m). Adjusting items include the amortisation of contract rights from the Buckingham and other

£34.8m (HY24: £32.4m). Adjusting items include the amortisation of contract rights from the Buckingham and other acquisitions.

The **Transportation** business division provides design, engineering, delivery and maintenance to support the movement of people, goods and equipment by land, sea and air. It includes our road, rail and aviation businesses.

The business benefited from the start of contracts won in previous periods and the continued successful delivery of assets for HS2. However, volume growth has been affected by the delays to finalising the new phase of the Road Investment Strategy (RIS 3) as well as delays to starting work under Control Period 7 (CP7) in our rail business.

The **Natural Resources, Nuclear & Networks** division includes our water, energy, nuclear and networks projects. The business is well positioned to benefit from the anticipated increased opportunities afforded by the new water spending cycle, AMP8 programme, as well as opportunities in the energy and environment sectors. During the period, we saw increased activity in water and nuclear markets as we start to fulfil projects being delivered under these new spending cycles.

The Group is working with a total of 9 customers through 15 frameworks with an advertised value of up to £15bn.

Construction

	Six months to 31 December 2024	Six months to 31 December 2023	*Change*
Revenue (£m)	**932**	915	*2%*
Adjusted operating profit (£m)[6]	**36.5**	33.2	*10%*
Adjusted operating margin (%)	**3.9%**	3.6%	*30bps*
Reported operating profit (£m)	**29.0**	25.1	*16%*
Order book (£bn)	**4.3**	4.0	*8%*

[6] Stated before adjusting items of £(7.5)m (HY24: £(8.1)m)

- Key contract wins include:
  - appointed by the Scottish Government to deliver HMP Glasgow, the replacement for HMP Barlinnie, worth £684m
  - appointed to undertake preconstruction services to deliver new improved Army infrastructure at Rock Barracks, MOD Woodbridge, Suffolk to be delivered as part of the MOD's Defence Estate Optimisation Portfolio
  - appointed to deliver two education projects worth £179m and a healthcare project worth £40m

- 99% of orders secured for FY25

The Construction segment comprises Regional Building, Strategic Projects, and Kier Places. Construction has national coverage delivering schools, hospitals, prisons and defence estate optimisation. It also delivers commercial, residential and heritage buildings for local authorities, the Ministry of Justice, other government departments, and the private sector.

Revenue increased 2% largely due to increased volume in our regional build business.

Reported operating profit increased 16% to £29.0m driven by increased revenue. Adjusting items include £7.5m relating to fire and cladding compliance costs. The increase in margin was driven by mix and HY24 being impacted by the increased overheads associated with site starts.

As a regional tier 1 contractor, we continue to be well placed to benefit from the UK Government's focus on spending to improve under-invested assets such as schools, hospitals and custodial services, where our Construction business has specialist expertise.

Kier Places is a client-focused building, construction and property management business which delivers end-to-end solutions for places where people live, work and play. As part of Kier Construction, we focus our business on three key areas: Building Solutions, Residential Solutions and Workplace Solutions, with expertise and services extended to planned and reactive maintenance, renovation, facilities management, capital building works, mechanical and electrical maintenance, decarbonisation and retrofit, cladding remediation and fire compliance.

Property

	Six months to 31 December 2024	Six months to 31 December 2023	*Change*
Revenue (£m)	**13.1**	22.1	*(41)%*
Adjusted operating profit (£m)[7]	**0.9**	4.6	*(80)%*
Adjusted operating margin (%)	**6.9%**	20.8%	*(1,390)bps*
Reported operating profit (£m)	**0.9**	4.6	*(80)%*
Capital employed (£m)	**194**	163	*19%*
ROCE (%)	**1.0%**	**5.9%**	*(490)bps*

[7] Stated before adjusting items of £nil (HY24: nil)

- Created a new strategic industrial joint venture with Investec Realis, to be called Kier Realis Logistics. The JV successfully exchanged on its first site in Hemel Hempstead in December 2024, in an off-market deal with Aviva Life & Pensions UK
- Commenced the next phase in the long-term Watford Riverwell scheme (a regeneration initiative between Kier Property and Watford Borough Council) to deliver a purpose-built unit for Safestore opposite its successful Trade City development completed in 2017

The Property business invests in and develops mixed-use commercial and residential schemes across the UK, largely through joint ventures. Due to the limited number of transactions in the first half of the year, the Property business generated revenue of £13.1m (HY24: £22.1m) and a margin of £0.9m. Activity levels are expected to be second half weighted.

The Group is focused on the disciplined expansion of the Property business through select investments and strategic joint ventures with a target for this investment to generate a consistent ROCE of 15%.

As at 31 December 2024, the capital employed in the Property segment was £194m excluding third party debt and fair value gains. We expect to increase the average capital employed towards £225m and thereafter to recycle the capital employed to deliver consistent returns over the medium-term. The ROCE result for HY25 reflects the increased capital employed on the new attractive investment opportunities the business is now able to access, and the limited capital investment three years ago resulting in limited seasoned capital we were able to recycle.

Corporate

	Six months to 31 December 2024	Six months to 31 December 2023	*Change*
Adjusted operating loss (£m)[8]	**(16.9)**	(17.1)	*1%*
Reported operating loss (£m)	**(19.0)**	(18.0)	*(6)%*

[8] Stated before adjusting items of £(2.1)m (HY24: £(0.9)m)

The Corporate segment comprises the costs of the Group's central functions.

Financial Review

Introduction

The Group performed well through the first half of the year with further improvement in the order book, which has been converted into revenue and profit growth in both Infrastructure Services and Construction. The Group's focus on operational delivery and cash management saw the Group continue to deleverage with average month-end net debt improving significantly.

The Group delivered volume growth of 5.1% giving total revenues of £1,978.6m (HY24: £1,882.9m, FY24: £3,969.4m) and which helped deliver an adjusted operating profit of £66.6m (HY24: £64.7m, FY24: £150.2m).

The continued strong operational performance led to a 3.6% increase in operating profit to £45.7m (HY24: £44.1m, FY24: £103.1m) and an increase in profit before tax to £28.6m (HY24: £27.0m, FY24: £68.1m).

Adjusting items were £22.0m (HY24: £22.0m, FY24: £50.0m). The current period charge includes £11.3m of amortisation of intangible contract rights and £7.5m of fire and cladding compliance costs.

Net finance charges for the period were £17.1m (HY24: £17.1m, FY24: £35.0m), with the higher cost associated with the Senior Notes issue offsetting the benefit of lower average debt.

Adjusted earnings per share were 8.7p (HY24: 8.7p, FY24: 20.6p).

The Group experienced a free cash outflow of £49.8m during the period (HY24: £7.9m outflow, FY24: £185.9m inflow). This was driven by the expected seasonal H1 working capital outflow as well as additional investment in non joint venture property development, and was higher compared to the prior period due to HY24 working capital benefitting from a 23% year on year increase in revenue.

Out of its free cashflow, the Group paid dividends, adjusting items and pension deficit obligations, purchased existing Kier shares on behalf of its employees and invested in its Property division joint ventures. Net cash at 31 December 2024 of £57.9m was significantly improved compared to the prior period (HY24: £17.0m, FY24: £167.2m).

Average month-end net debt for the period ended 31 December 2024 was £(37.6)m (HY24: £(136.5)m, FY24 £(116.1)m), reduced significantly from the prior period and the prior year end.

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

The order book increased to £11.0bn, a 2.0% increase since the year-end (HY24: £10.7bn, FY24: £10.8bn). Approximately 98% of revenue for FY25 is already secured which provides certainty for the full year.

Summary of financial performance

	Adjusted[9] results			Statutory reported results		
	31 Dec 2024	31 Dec 2023	*Change %*	**31 Dec 2024**	31 Dec 2023	*Change %*
Revenue (£m) - Total	**1,978.6**	1,882.9	*5.1*	**1,978.6**	1,882.9	*5.1*
Revenue (£m) - Excluding JV's	**1,973.0**	1,862.1	*6.0*	**1,973.0**	1,862.1	*6.0*
Operating profit (£m)	**66.6**	64.7	*2.9*	**45.7**	44.1	*3.6*
Profit before tax (£m)	**50.6**	49.0	*3.3*	**28.6**	27.0	*5.9*
Earnings per share (p)	**8.7**	8.7	-	**4.6**	4.6	-
Interim dividend per share (p)	**2.00**	1.67	*19.8*			
Free cash flow (£m)	**(49.8)**	(7.9)	*530.4*			
Net cash (£m)	**57.9**	17.0	*240.6*			
Net debt (£m) - average month-end	**(37.6)**	(136.5)	*72.5*			
Order book (£bn)	**11.0**	10.7	*2.8*			

[9] Reference to 'Adjusted' excludes adjusting items, see note 3.

Revenue

The following table bridges the Group's revenue from the period ended 31 December 2023 to the period ended 31 December 2024.

	£m
Revenue for the period ended 31 December 2023	**1,882.9**
Infrastructure Services	**87.7**
Construction	**16.8**
Property and Corporate	**(8.8)**
Revenue for the period ended 31 December 2024	**1,978.6**

The Group grew revenue in both Infrastructure Services, which reported revenue growth of 9.3% compared to the prior period, and Construction, which reported revenue growth of 1.8% for the same period.

The Group continues to focus on delivering high quality and high margin work.

Alternative performance measures ("APMs")

The Directors continue to consider that it is appropriate to present an income statement that shows the Group's statutory results only.

In addition to the Group's statutory results, the Directors believe it is appropriate to disclose those items which are one-off, material or nonrecurring in size or nature. The Group is disclosing as supplementary information an "adjusted profit" APM. The Directors consider doing so clarifies the presentation of the financial statements and better reflects the internal management reporting and is therefore consistent with the requirements of IFRS 8.

Adjusted Operating Profit

	£m
Adjusted operating profit for the period ended 31 December 2023	**64.7**
Volume / price / mix changes	**3.5**
Fewer Property transactions	**(3.7)**
Cost inflation	**(3.1)**
Management actions	**5.2**
Adjusted operating profit for the period ended 31 December 2024	**66.6**

A reconciliation of reported to adjusted operating profit is provided below:

	Operating profit		Profit before tax	
	31 Dec 2024 £m	31 Dec 2023 £m	**31 Dec 2024 £m**	31 Dec 2023 £m
Reported profit	**45.7**	44.1	**28.6**	27.0
Amortisation of acquired intangible assets	**11.3**	11.1	**11.3**	11.1
Fire and cladding compliance costs	**7.5**	7.2	**7.5**	7.2
Corporate office-related items	**2.1**	-	**2.1**	-
Net financing costs	-	-	**1.1**	1.4
Legacy legal claims	-	1.1	-	1.1
Other	-	1.2	-	1.2
Adjusted profit	**66.6**	64.7	**50.6**	49.0

Additional information about these items is as follows:

- Amortisation of acquired intangible assets £11.3m (HY24: £11.1m):

  Comprises the amortisation of acquired contract rights through the acquisitions of MRBL Limited (Mouchel Group), May Gurney Integrated Services plc, McNicholas Construction Holdings Limited and the Buckingham Group.

- Fire and cladding compliance costs £7.5m (HY24: £7.2m):

  The Group continues to review all of its current and legacy constructed buildings where it has used cladding solutions and continues to assess the action required in line with the latest updates to Government guidance, as it applies, to multi-storey and multi-occupied residential buildings.

  The charge incurred in the period is for those projects where the Group has confirmed liability and has a reasonable estimate of the cost to rectify the issues identified, less any confirmed insurance recoveries.

- Corporate office-related items £2.1m (HY24: £nil):

  This includes costs relating to vacated corporate offices. Net costs of £2.1m predominately reflect the purchase and subsequent sale of a vacant leasehold office in Manchester, which allows the Group to de-risk the balance sheet and eliminate future rental payments.

Earnings per share

Earnings per share ("EPS"), before adjusting items, amounted to 8.7p (HY24: 8.7p, FY24: 20.6p). Reported EPS, after adjusting items, from continuing operations amounted to 4.6p (HY24: 4.6p, FY24: 11.8p).

Finance income and charges

The Group's finance charges include interest on the Group's bank borrowings and Senior Notes as well as finance charges relating to leases recorded under IFRS 16.

Net finance charges for the period were £17.1m (HY24: £17.1m, FY24: £35.0m).

Interest on bank borrowings and Senior Notes amounted to £14.9m (HY24: £14.7m, FY24: £31.5m). Although average month-end net debt has decreased, the impact of this on the interest charge has been offset by the higher interest rates throughout the period associated with the Senior Notes issue.

The Group was able to partially mitigate the risk of higher interest rates with a £50m interest rate swap which is due to expire in June 2025.

Lease interest was £4.7m (HY24: £4.8m, FY24: £9.5m).

The Group had a net interest credit of £2.1m (HY24: £2.8m, FY24: £5.7m) in relation to the defined benefit pension schemes which has arisen due to the overall pension surplus.

The Group continues to exclude lease liabilities from its definition of net cash/(debt).

Dividend

The Board has declared an interim dividend of 2.00p (HY24: interim dividend of 1.67p per share, FY24: final dividend of 3.48p) which represents c.3.5x adjusted earnings cover.

Balance sheet

Net assets

The Group had net assets of £497.9m at 31 December 2024 (HY24: £517.1m, FY24: £520.1m).

Goodwill

The Group held intangible assets of £621.4m (HY24: £645.5m, FY24: £638.2m) of which goodwill represented £543.5m (HY24: £540.9m, FY24: £543.5m). No impairment triggers were identified in the period.

Deferred tax asset

The Group has a significant deferred tax asset of £141.3m recognised at 31 December 2024 (HY24: £128.6m, FY24: £133.1m) primarily due to historical losses.

Based on the Group's forecasts, it is expected that the deferred tax asset will be utilised over a period of approximately 8 years.

An adjusted tax credit of £4.2m (HY24: £4.1m, FY24: £11.6m) has been included within adjusting items.

Right-of-use assets and lease liabilities

At 31 December 2024, the Group had right-of-use assets of £94.3m (HY24: £94.8m, FY24: £95.0m) and associated lease liabilities of £155.3m (HY24: £173.9m, FY24: £173.1m). The movements at each balance sheet date, reflect operational equipment requirements less associated depreciation and lease repayments.

Investment properties

As at 31 December 2024, the Group had investment properties of £95.5m (HY24: £102.2m, FY24: £104.9m).

The Group had long-term leases on three office buildings which were formerly utilised by the Group that have been vacated and are now leased out (or intended to be leased out) to third parties under operating leases, as well as two freehold properties no longer used by the business that are being held for capital appreciation. These are all held as investment properties.

During the period the Group disposed of Fountain Street, one of the leasehold properties.

In addition, the Group's Property business invests and develops primarily mixed-use commercial and residential schemes and sites across the UK. Two of these sites are held as investment properties.

Contract assets & liabilities

Contract assets represents the Group's right to consideration in exchange for works which have already been performed. Similarly, a contract liability is recognised when a customer pays consideration before work is performed. At 31 December 2024, total contract assets amounted to £349.0m (HY24: £323.1m, FY24: £358.1m).

Contract liabilities were £171.2m (HY24: £119.2m, FY24: £128.4m).

Retirement benefits obligation

Kier operates a number of defined benefit pension schemes. At 31 December 2024, the reported surplus, which is the difference between the aggregate value of the schemes' assets and the present value of their future liabilities, was £52.8m (HY24: £96.4m, FY24: £80.5m), before accounting for deferred tax, with the movement in the period primarily as a result of actuarial losses of £32.4m (HY24: £15.1m losses, FY24: £36.5m losses) and lower than assumed asset returns. This is partly offset by a decrease in pension scheme liabilities, driven by deficit reduction payments and a change in financial assumptions, specifically higher corporate bond yields.

Future deficit payments have decreased from £9m in FY24 to £7m in FY25, then will decrease further to £5m in FY26, £4m in FY27 and £1m in FY28.

Free cash flow and Net cash

	31 Dec 2024 £m	31 Dec 2023 £m
Operating profit	**45.7**	44.1
Depreciation of owned assets	**2.7**	3.5
Depreciation of right-of-use assets	**22.3**	18.7
Amortisation	**20.2**	16.4
EBITDA	**90.9**	82.7
Adjusting items excluding adjusting amortisation and interest	**9.6**	9.5
Adjusted EBITDA	**100.5**	92.2
Working capital outflow	**(110.3)**	(46.4)
Net capital expenditure including finance lease capital payments	**(26.9)**	(26.3)
Joint Venture dividends less profits	**0.8**	(5.9)
Other free cash flow items	**5.4**	(1.2)
Operating free cash flow	**(30.5)**	12.4
Net interest and tax	**(19.3)**	(20.3)
Free cash flow	**(49.8)**	(7.9)

	2024 £m	2023 £m
Net cash at 1 July	**167.2**	64.1
Free cash flow	**(49.8)**	(7.9)
Adjusting items	**(15.2)**	(16.1)
Net investment in Joint Ventures	**(16.8)**	-
Pension deficit payments and fees	**(4.1)**	(5.0)
Purchase of own shares	**(7.4)**	(3.7)
Acquisition of Buckingham	**-**	(9.4)
Dividends paid	**(15.2)**	-
Other	**(0.8)**	(5.0)
Net cash at 31 December	**57.9**	17.0

As expected, the Group experienced a free cash outflow during the period driven by a seasonal working capital outflow, with summer being a higher period of activity compared to winter months. However, the working capital outflow in HY24 benefited from a 23% year on year increase in revenue compared to a 5% increase in HY25. Despite this the Group delivered a net cash position of £57.9m at 31 December 2024 (HY24: £17.0m, FY24: £167.2m).

The average month-end net debt position is better than the comparative period at £(37.6)m, (HY24: £(136.5)m, FY24: £(116.1)m). The business generated operating profit and positive working capital which was used to pay dividends, adjusting items, tax and interest, pension deficit obligations, invest in our Property business joint ventures and purchase existing Kier shares on behalf of employees.

purchase existing Kier shares on behalf of employees.

The purchase of existing shares relates to the Group's employee benefit trusts which acquire Kier shares from the market for use in settling the Long Term Incentive Plan ("LTIP") share schemes when they vest. The trusts purchased and sold shares at a net cost of £7.4m (HY24: £3.7m, FY24: £3.7m).

Accounting policies

The Group's annual consolidated financial statements are prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006. There have been no significant changes to the Group's accounting policies during the period.

Treasury facilities

At 31 December 2024, the Group had committed debt facilities of £548.2m with a further £18.0m of uncommitted overdrafts.

The facilities comprised £250m Senior Notes, £260.9m Revolving Credit Facility ('RCF'), £37.3m USPP Notes as well as £18.0m of overdrafts.

The Group has a fixed interest rate swap of £50m which is due to expire in June 2025.

Following the period end, in January 2025 the Group repaid the remaining £37.3m USPP notes and reduced its RCF facility by £111m. the repayments having been made from operating free cash flow.

With £400m of facilities, consisting of 5 Year £250m Senior Notes maturing in February 2029 and a £150m RCF expiring in March 2027, the Group has significant committed funding to support its evolved long-term sustainable growth plan.

The Group's remaining financial instruments mainly comprise cash and liquid investments. The Group selectively enters into derivative transactions (interest rate and currency swaps) to manage interest rate and currency risks arising from its sources of finance. The US dollar denominated USPP notes were hedged with fixed cross-currency swaps at inception to mitigate the foreign exchange risk. Following the repayment of the final USPP notes in January 2025 these swaps have now matured.

One non-recourse, project specific, property joint venture loan is hedged using an interest rate derivative to fix the cost of borrowing.

There are minor foreign currency risks arising from the Group's operations both in the UK and through its limited number of international activities. Currency exposure to international assets is hedged through inter-company balances and borrowings, so that assets denominated in foreign currencies are matched, as far as possible, by liabilities. Where exposures to currency fluctuations are identified, forward exchange contracts are completed to buy and sell foreign currency.

The Group does not enter into speculative transactions.

Going concern

The Directors are satisfied that the Group has adequate resources to meet its obligations as they fall due for a period of at least twelve months from the date of approving these financial statements and, for this reason, they continue to adopt the going concern basis in preparing these financial statements.

Further information on this assessment is detailed in note 1 of the condensed consolidated financial statements.

Statement of directors' responsibilities

The Directors confirm that these condensed interim financial statements have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting', and the Disclosure Guidance and Transparency Rules sourcebook of the UK's Financial Conduct Authority and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the consolidated financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The directors of Kier Group plc are as listed on pages 90 and 91 of the 2024 Annual Report and Accounts, with the exception of the following changes:

- Justin Atkinson retired from the Board on 30 September 2024.
- Stuart Togwell was appointed to the Board as an Executive Director on 1 October 2024.

A list of the current directors is also maintained on Kier Group plc's website at: www.kier.co.uk.

Signed on 10 March 2024 on behalf of the Board.

Andrew Davies	Simon Kesterton
Chief Executive	Chief Financial Officer

Independent review report to Kier Group plc
Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Kier Group plc's condensed consolidated interim financial statements (the "interim financial statements") in the results for the period ended 31 December 2024 of Kier Group plc for the 6 month period ended 31 December 2024 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the condensed consolidated balance sheet as at 31 December 2024;
- the condensed consolidated income statement and condensed consolidated statement of comprehensive

income for the period then ended;

- the condensed consolidated statement of cash flows for the period then ended;
- the condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the interim condensed consolidated financial statements of Kier Group plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the interim condensed consolidated financial statements and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The interim condensed consolidated financial statements, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim condensed consolidated financial statements in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the interim condensed consolidated financial statements, including the interim financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the interim condensed consolidated financial statements based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
London
10 March 2025

Financial statements

Condensed consolidated income statement

For the six months ended 31 December 2024

	Note	**Unaudited six months to 31 December 2024 £m**	Unaudited six months to 31 December 2023 £m	Year to 30 June 2024 £m
Continuing operations				
Group revenue including share of joint ventures[1]	2	**1,978.6**	1,882.9	3,969.4
Less share of joint ventures	2	**(5.6)**	(20.8)	(64.3)
Group revenue		**1,973.0**	1,862.1	3,905.1
Cost of sales		**(1,826.7)**	(1,715.1)	(3,570.1)
Gross profit		**146.3**	147.0	335.0
Administrative expenses		**(100.2)**	(112.6)	(240.0)
Share of post-tax (losses)/profits of joint ventures		**(0.6)**	5.9	1.6
Other income	4	**0.2**	3.8	6.5
Operating profit	2	**45.7**	44.1	103.1

Finance income	5	**4.3**	4.0	9.2
Finance costs	5	**(21.4)**	(21.1)	(44.2)
Profit before tax	2	**28.6**	27.0	68.1
Taxation	7	**(8.2)**	(7.4)	(16.8)
Profit for the period from continuing operations	2	**20.4**	19.6	51.3
Discontinued operations				
Loss for the period from discontinued operations (attributable to equity holders of the Company)	2,3	**-**	-	(8.3)
Profit for the period	2	**20.4**	19.6	43.0
Attributable to:				
Owners of the Company		**20.4**	19.6	42.7
Non-controlling interests		**-**	-	0.3
		20.4	19.6	43.0
Earnings/(losses) per share				
Basic:				
- Continuing operations	9	**4.6p**	4.6p	11.8p
- Discontinued operations	9	**-**	-	(1.9)p
Total		**4.6p**	4.6p	9.9p
Diluted:				
- Continuing operations	9	**4.4p**	4.4p	11.3p
- Discontinued operations	9	**-**	-	(1.8)p
Total		**4.4p**	4.4p	9.5p
Supplementary information - continuing operations				
Adjusted[2] operating profit	3	**66.6**	64.7	150.2
Adjusted[2] profit before tax	3	**50.6**	49.0	118.1
Adjusted[2] basic earnings per share	9	**8.7p**	8.7p	20.6p

1 Group revenue including share of joint ventures is an alternative performance measure.
2 Reference to 'adjusted' excludes adjusting items, see note 3. These are alternative performance measures.

Financial statements
Condensed consolidated statement of comprehensive income
For the six months ended 31 December 2024

	Note	**Unaudited six months to 31 December 2024 £m**	Unaudited six months to 31 December 2023 £m	Year to 30 June 2024 £m
Profit for the period		**20.4**	19.6	43.0
Other comprehensive expense				
Items that may be reclassified subsequently to the income statement				
Fair value movements on cash flow hedging instruments		**0.2**	(3.1)	(2.6)
Fair value movements on cash flow hedging instruments recycled to the income statement	5	**(0.3)**	0.1	-
Deferred tax on fair value movements on cash flow hedging instruments		**(0.1)**	0.8	0.9
Foreign exchange translation differences		**-**	-	(0.1)
Foreign exchange movements recycled to the income statement		**-**	(2.8)	(9.2)
Items that will not be reclassified to the income statement				
Re-measurement of retirement benefit assets and obligations	6	**(32.4)**	(15.1)	(36.5)
Tax on re-measurement of retirement benefit assets and obligations		**8.1**	3.8	9.1
Other comprehensive expense for the period		**(24.5)**	(16.3)	(38.4)
Total comprehensive (expense)/income for the period		**(4.1)**	3.3	4.6
Attributable to:				
Equity holders of the Company		**(4.1)**	3.3	4.3
Non-controlling interests		**-**	-	0.3
		(4.1)	3.3	4.6
Total comprehensive (expense)/income for the period attributable to equity holders of the Company arises from:				
Continuing operations		**(4.1)**	3.3	12.6
Discontinued operations		**-**	-	(8.3)
		(4.1)	3.3	4.3

Financial statements
Condensed consolidated balance sheet
As at 31 December 2024

	Unaudited 31 December 2024	Unaudited 31 December 2023[1,2]	30 June 2024

	Note	£m	£m	£m
Non-current assets				
Intangible assets	10	**621.4**	645.5	638.2
Property, plant and equipment		**26.7**	29.6	27.7
Right-of-use assets		**94.3**	94.8	95.0
Investment properties	11	**95.5**	102.2	104.9
Investments in and loans to joint ventures		**107.7**	89.4	91.7
Deferred tax assets	7	**141.3**	128.6	133.1
Contract assets		**53.6**	48.5	53.6
Trade and other receivables		**23.9**	22.6	28.5
Retirement benefit assets	6	**81.6**	125.0	105.0
Other financial assets		**-**	0.4	-
Non-current assets		**1,246.0**	1,286.6	1,277.7
Current assets				
Inventories		**94.8**	74.2	74.0
Contract assets		**295.4**	274.6	304.5
Trade and other receivables		**234.4**	216.1	237.3
Corporation tax receivable		**-**	23.9	-
Other financial assets		**7.1**	6.2	7.1
Cash and cash equivalents	12	**1,136.7**	1,087.1	1,563.1
Current assets		**1,768.4**	1,682.1	2,186.0
Total assets		**3,014.4**	2,968.7	3,463.7
Current liabilities				
Bank overdrafts	12	**(777.9)**	(759.8)	(1,101.4)
Borrowings	12	**(64.5)**	**-**	(58.8)
Lease liabilities		**(38.6)**	(35.3)	(42.2)
Trade and other payables	13	**(969.7)**	(972.5)	(1,109.8)
Contract liabilities		**(171.2)**	(119.2)	(128.4)
Corporation tax payable		**(1.8)**	-	-
Provisions		**(53.6)**	(29.7)	(55.3)
Current liabilities		**(2,077.3)**	(1,916.5)	(2,495.9)
Non-current liabilities				
Borrowings	12	**(243.2)**	(316.5)	(242.0)
Lease liabilities		**(116.7)**	(138.6)	(130.9)
Trade and other payables	13	**(20.3)**	(27.4)	(28.4)
Retirement benefit obligations	6	**(28.8)**	(28.6)	(24.5)
Provisions		**(30.2)**	(24.0)	(21.9)
Non-current liabilities		**(439.2)**	(535.1)	(447.7)
Total liabilities		**(2,516.5)**	(2,451.6)	(2,943.6)
Net assets	2	**497.9**	517.1	520.1
Equity				
Share capital		**4.5**	4.5	4.5
Share premium		**3.6**	-	3.2
Retained earnings		**139.7**	156.6	162.1
Merger reserve		**350.6**	350.6	350.6
Other reserves		**(0.4)**	5.8	(0.2)
Equity attributable to owners of the parent		**498.0**	517.5	520.2
Non-controlling interests		**(0.1)**	(0.4)	(0.1)
Total equity		**497.9**	517.1	520.1

1 £759.8m has been re-presented in the 31 December 2023 comparative information from cash and cash equivalents to bank overdrafts, as a result of a change in accounting policy (see note 12).

2 £5.0m has been re-presented in the 31 December 2023 comparative information from capitalised mobilisation costs to trade and other receivables in non-current assets. (£0.6m) cash flow hedge reserve and £6.4m translation reserve have been re-presented in the comparative information to other reserves within equity.

Financial statements

Condensed consolidated statement of changes in equity

For the six months ended 31 December 2024

	Note	Share capital[1] £m	Share premium[2] £m	(Accumulated losses)/ retained earnings £m	Merger reserve[3] £m	Other reserves[4] £m	Equity attributable to owners of the Company £m	Non-controlling interests £m	Total equity £m
1 July 2023		4.5	684.3	(539.5)	350.6	13.5	513.4	(0.4)	513.0
Profit for the period		-	-	19.6	-	-	19.6	-	19.6
Other comprehensive expense		-	-	(11.3)	-	(5.0)	(16.3)	-	(16.3)
Total comprehensive income/(expense) for the period		-	-	8.3	-	(5.0)	3.3	-	3.3
Issue of own shares		-	0.1	-	-	-	0.1	-	0.1
Capital reduction		-	(684.4)	687.1	-	(2.7)	-	-	-
Share-based payments		-	-	4.4	-	-	4.4	-	4.4
Purchase of own shares		-	-	(3.7)	-	-	(3.7)	-	(3.7)
At 31 December 2023		4.5	-	156.6	350.6	5.8	517.5	(0.4)	517.1
Profit for the period		-	-	23.1	-	-	23.1	0.3	23.4
Other comprehensive expense		-	-	(16.1)	-	(6.0)	(22.1)	-	(22.1)
Total comprehensive income/(expense) for the period		-	-	7.0	-	(6.0)	1.0	0.3	1.3
Dividends paid	8	-	-	(7.3)	-	-	(7.3)	-	(7.3)
Issue of own shares			3.2				3.2		3.2

Issue of own shares		-	3.2	-	-	-	3.2	-	3.2
Share-based payments		-	-	4.9	-	-	4.9	-	4.9
Deferred tax on share-based payments		-	-	0.9	-	-	0.9	-	0.9
At 30 June 2024		4.5	3.2	162.1	350.6	(0.2)	520.2	(0.1)	520.1
Profit for the period		**-**	**-**	**20.4**	**-**	**-**	**20.4**	**-**	**20.4**
Other comprehensive expense		**-**	**-**	**(24.3)**	**-**	**(0.2)**	**(24.5)**	**-**	**(24.5)**
Total comprehensive expense for the period		**-**	**-**	**(3.9)**	**-**	**(0.2)**	**(4.1)**	**-**	**(4.1)**
Dividends paid	8	**-**	**-**	**(15.2)**	**-**	**-**	**(15.2)**	**-**	**(15.2)**
Issue of own shares		**-**	**0.4**	**-**	**-**	**-**	**0.4**	**-**	**0.4**
Share-based payments		**-**	**-**	**4.1**	**-**	**-**	**4.1**	**-**	**4.1**
Purchase of own shares		**-**	**-**	**(7.4)**	**-**	**-**	**(7.4)**	**-**	**(7.4)**
At 31 December 2024		**4.5**	**3.6**	**139.7**	**350.6**	**(0.4)**	**498.0**	**(0.1)**	**497.9**

1. The share capital includes 452,875,390 of authorised, issued and fully paid ordinary shares of 1p each (31 December 2023: 446,416,044, 30 June 2024: 452,133,752). The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. During the period, 741,638 shares were issued under the Sharesave Scheme (six months to 31 December 2023: 101,609, year to 30 June 2024: 5,819,317).

2. On 22 December 2023, the Company completed a capital reduction exercise, resulting in £684.4m of share premium being cancelled and transferred to retained earnings.

3. £134.8m of the merger reserve arose on the shares issued at a premium to acquire May Gurney on 8 July 2013. In addition, a further £215.8m relates to the issue of share capital on 18 June 2021.

4. Other reserves includes capital redemption reserve, cash flow hedge reserve and translation reserve. On 22 December 2023, the Company completed a capital reduction exercise, resulting in £2.7m of capital redemption being cancelled and transferred to retained earnings.

Financial statements
Condensed consolidated statement of cash flows
For the six months ended 31 December 2024

	Note	**Unaudited six months to 31 December 2024 £m**	Unaudited six months to 31 December 2023[1] £m	Year to 30 June 2024[1] £m
Cash flows from operating activities				
Profit/(loss) before tax - continuing operations		**28.6**	27.0	68.1
- discontinued operations	3	**-**	-	(9.1)
Net finance cost	5	**17.1**	17.1	35.0
Share of post-tax trading results of joint ventures		**0.6**	(5.9)	(1.6)
Pension cost charge		**1.2**	0.4	1.8
Equity-settled share-based payments charge		**4.1**	4.4	9.3
Amortisation of intangible assets and mobilisation costs		**20.2**	16.4	33.8
Change in fair value of investment properties	11	**(0.2)**	(3.8)	(6.5)
Depreciation of property, plant and equipment		**2.7**	3.5	8.3
Depreciation of right-of-use assets		**22.3**	18.7	39.0
Recycling of foreign exchange movements to the income statement		**-**	(2.8)	(9.2)
Loss/(profit) on disposal of property, plant and equipment and intangible assets		**0.5**	(0.6)	(1.3)
Operating cash inflows before movements in working capital and deficit contributions to pension funds		**97.1**	74.4	167.6
Deficit contributions to pension funds	6	**(3.8)**	(4.6)	(8.6)
Increase in inventories		**(29.6)**	(1.3)	(1.1)
Decrease/(increase) in receivables		**3.0**	(34.0)	(48.6)
Decrease in contract assets		**9.1**	78.8	43.8
(Decrease)/increase in payables		**(148.9)**	(110.4)	23.7
Increase in contract liabilities		**42.8**	28.7	37.9
Increase/(decrease) in provisions		**6.6**	(12.7)	8.1
Cash (outflow)/inflow from operating activities		**(23.7)**	18.9	222.8
Dividends received from joint ventures		**0.2**	-	6.7
Interest received	5	**2.2**	1.2	3.5
Income tax paid		**(0.9)**	(3.0)	(2.9)
Net cash (outflow)/inflow from operating activities		**(22.2)**	17.1	230.1
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment		**1.3**	1.0	1.8
Purchase of property, plant and equipment		**(3.5)**	(3.4)	(7.1)
Purchase of intangible assets	10	**(1.8)**	(4.4)	(9.5)
Purchase of capitalised mobilisation costs		**-**	(0.1)	(1.9)
Acquisition of assets		**-**	(9.4)	(9.4)

Acquisition of assets			[illegible]	[illegible]
Investment in joint ventures		**(21.3)**	(13.0)	(23.8)
Loan repayment and return of equity from joint ventures		**4.5**	8.1	5.6
Net cash used in investing activities		**(20.8)**	(21.2)	(44.3)
Cash flows from financing activities				
Issue of shares		**0.4**	0.1	3.3
Purchase of own shares		**(7.4)**	(3.7)	(3.7)
Interest paid		**(19.9)**	(19.6)	(32.7)
Principal elements of lease payments		**(23.1)**	(19.4)	(40.6)
Drawdown of borrowings		**5.3**	-	247.5
Repayment of borrowings		**-**	(2.9)	(267.4)
Dividends paid	8	**(15.2)**	-	(7.3)
Net cash used in financing activities		**(59.9)**	(45.5)	(100.9)
(Decrease)/increase in cash, cash equivalents and bank overdrafts		**(102.9)**	(49.6)	84.9
Effect of change in foreign exchange rates		**-**	-	(0.1)
Opening cash, cash equivalents and bank overdrafts		**461.7**	376.9	376.9
Closing cash, cash equivalents and bank overdrafts	12	**358.8**	327.3	461.7

1. In the 31 December 2023 and 30 June 2024 comparative information, £11.9m and £28.3m of research and development credit cash flows that were previously disclosed within operating cash flows before movements in working capital, have now been re-presented as part of movements in receivables in cash flow from operating activities.

Financial statements

Notes to the condensed consolidated financial statements

For the period ended 31 December 2024

1 Significant accounting policies

Reporting entity

Kier Group plc (the Company) is a public limited company which is listed on the London Stock Exchange and incorporated and domiciled in the UK. The Company's registered number is 2708030. The address of its registered office is 2nd Floor, Optimum House, Clippers Quay, Salford, M50 3XP.

The interim condensed consolidated financial statements (financial statements) for the period ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interest in jointly controlled entities.

Basis of preparation

The interim condensed consolidated financial statements for the half year ended 31 December 2024 have been prepared in accordance with the UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The unaudited financial information contained in this announcement does not constitute the Company's statutory accounts as at and for the six months ended 31 December 2024. Statutory financial statements for the year ended 30 June 2024 were approved by the Board of Directors on 11 September 2024 and delivered to the Registrar of Companies. The auditor's report on these accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain a statement under section 498 of the Companies Act 2006.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as described below.

A number of amendments to accounting standards became applicable for the current reporting period, including amendments to IAS 1, 'Presentation and Disclosure in Financial Statements'. As a result of the adoption of the amendments to IAS 1, the Group changed its accounting policy for the classification of borrowings: "Borrowings are classified as current liabilities unless at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period."

This new policy did not result in a change in the classification of the Group's borrowings. The Group did not make retrospective adjustments as a result of adopting the amendments to IAS 1. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting any of the other amendments.

Going concern

In determining the appropriate basis of preparation of the interim financial statements, the Directors are required to consider whether the Group can continue in operational existence during the going concern period, which the directors have determined to be until 30 June 2026.

The Directors have carried out an assessment of the Group's ability to continue as a going concern for the period of at least 12 months from the date of approval of the interim financial statements. This assessment has involved the review of cash flow forecasts for the period to 30 June 2026 for each of the Group's divisions. The Directors have also considered the strength of the Group's order book which amounted to £11.0bn at 31 December 2024 and will provide a pipeline of secured work over the going concern assessment period.

The Directors have considered a number of severe but plausible downside scenarios in assessing going concern:

- Potential reductions in trading volumes;
- Potential future challenges in respect of ongoing projects;
- Delays in Property transactions and cost of adoption of green legislation;
- Plausible changes in the interest rate environment; and
- The availability of mitigating actions that could be taken by management in such a scenario.

The Directors also considered the macroeconomic and political risks affecting the UK economy. The Directors noted that the Group's forecasts are underpinned by a significant proportion of revenue that is either secured or considered probable, often as part of long-term framework agreements, and that the Group operates primarily in sectors such as road, rail, water, energy, prisons, health and education, which are considered likely to remain largely unaffected by macroeconomic factors. Although inflationary pressures remain a risk, both in the supply chain and the labour market, this is partly mitigated by c.60% of contracts being target cost or cost plus.

The Directors have also considered the potential impact of climate change and do not consider the Group's operations are at risk from physical climate-related risks such as hurricanes and temperature changes in the short-term. In the medium-term the Directors have concluded that any adverse financial impacts from required changes to operations in line with ESG requirements will be offset by opportunities which present the Group with additional volumes and profits, such as construction of sustainable buildings, climate impact and water management, as well as nuclear infrastructure. As such, the longevity of the Group's business model means that climate change has no material adverse impact on going concern.

Following the period end, in January 2025 the Group repaid the remaining £37.3m USPP notes and reduced its RCF facility by £111m, the result being that the Group now has £400m of facilities, consisting of 5 Year £250m Senior Notes maturing in February 2029 and a £150m RCF facility to March 2027.

Having reviewed the Group's cash flow forecasts, including the repayment of facilities in January 2025, the Directors consider that the Group is expected to continue to have available liquidity headroom under its finance facilities and operate within its financial covenants over the going concern period, including in a severe but plausible downside scenario.

As a result, the Directors are satisfied that the Group has adequate resources to meet its obligations as they fall due for a period of at least 12 months from the date of approving these interim financial statements and, for this reason, they continue to adopt the going concern basis in preparing these financial statements.

2 Segmental reporting

The Group operates three divisions: Infrastructure Services, Construction and Property, which is the basis on which the Group manages and reports its primary segmental information. Corporate includes unrecovered overheads and the charge for defined benefit pension schemes.

Segmental information is based on the information, which is provided to the Chief Executive, together with the Board, who is the Chief Operating Decision Maker. The segments are strategic business units with separate management and have different core customers and offer different services.

The accounting policies of the operating segments are consistent across the Group. The Group evaluates segmental information on the basis of profit or loss from operations before adjusting items (see note 3), interest and tax expense. The segmental results reported to the Chief Executive include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Unaudited six months to 31 December 2024

Continuing operations	Infrastructure Services £m	Construction £m	Property £m	Corporate £m	Group £m
Revenue[1]					
Group revenue including share of joint ventures	**1,032.1**	**932.2**	**13.1**	**1.2**	**1,978.6**
Less share of joint ventures	**(0.9)**	**-**	**(4.7)**	**-**	**(5.6)**
Group revenue	**1,031.2**	**932.2**	**8.4**	**1.2**	**1,973.0**
Profit for the period					
Adjusted operating profit/(loss)[2]	**46.1**	**36.5**	**0.9**	**(16.9)**	**66.6**
Adjusting items[2]	**(11.3)**	**(7.5)**	**-**	**(2.1)**	**(20.9)**
Operating profit/(loss)	**34.8**	**29.0**	**0.9**	**(19.0)**	**45.7**
Net finance income/(costs)[3]	**3.7**	**1.9**	**(2.2)**	**(20.5)**	**(17.1)**
Profit/(loss) before tax	**38.5**	**30.9**	**(1.3)**	**(39.5)**	**28.6**
Taxation					**(8.2)**
Profit for the period					**20.4**
Balance sheet					
Operating assets[4]	**894.0**	**397.8**	**253.5**	**325.3**	**1,870.6**
Operating liabilities[4]	**(428.4)**	**(767.3)**	**(9.2)**	**(1,003.9)**	**(2,208.8)**
Net operating assets/(liabilities)[4]	**465.6**	**(369.5)**	**244.3**	**(678.6)**	**(338.2)**
Cash, cash equivalents, bank overdrafts and borrowings	**345.3**	**470.5**	**(215.1)**	**228.3**	**829.0**
Net financial assets	**-**	**-**	**-**	**7.1**	**7.1**
Net assets/(liabilities)	**810.9**	**101.0**	**29.2**	**(443.2)**	**497.9**

Unaudited six months to 31 December 2023

Continuing operations	Infrastructure Services £m	Construction £m	Property £m	Corporate £m	Group £m
Revenue[1]					
Group revenue including share of joint ventures	944.4	915.4	22.1	1.0	1,882.9
Less share of joint ventures	-	(1.4)	(19.4)	-	(20.8)
Group revenue	944.4	914.0	2.7	1.0	1,862.1
Profit for the period					
Adjusted operating profit/(loss)[2]	44.0	33.2	4.6	(17.1)	64.7
Adjusting items[2]	(11.6)	(8.1)	-	(0.9)	(20.6)
Operating profit/(loss)	32.4	25.1	4.6	(18.0)	44.1
Net finance income/(costs)[3]	1.8	0.2	(1.0)	(18.1)	(17.1)
Profit/(loss) before tax	34.2	25.3	3.6	(36.1)	27.0
Taxation					(7.4)
Profit for the period					19.6
Balance sheet					
Operating assets[4]	900.7	407.8	206.5	359.9	1,874.9
Operating liabilities[4]	(419.2)	(712.6)	(14.5)	(228.9)	(1,375.2)
Net operating assets/(liabilities)[4]	481.5	(304.8)	192.0	131.0	499.7
Cash, cash equivalents, bank overdrafts and borrowings	280.8	463.1	(153.8)	(579.3)	10.8

	Infrastructure Services £m	Construction £m	Property £m	Corporate £m	Group £m
Net financial assets	-	-	-	6.6	6.6
Net assets/(liabilities)	762.3	158.3	38.2	(441.7)	517.1

Year to 30 June 2024

	Infrastructure Services £m	Construction £m	Property £m	Corporate £m	Group £m
Revenue[1]					
Group revenue including share of joint ventures	1,988.3	1,907.8	71.0	2.3	3,969.4
Less share of joint ventures	-	(2.4)	(61.9)	-	(64.3)
Group revenue	1,988.3	1,905.4	9.1	2.3	3,905.1
Profit/(loss) for the year					
Adjusted operating profit/(loss)[2]	112.3	69.2	6.2	(37.5)	150.2
Adjusting items[2]	(23.6)	(9.6)	(4.3)	(9.6)	(47.1)
Operating profit/(loss)	88.7	59.6	1.9	(47.1)	103.1
Net finance income/(costs)[3]	4.4	1.4	(3.7)	(37.1)	(35.0)
Profit/(loss) before tax	93.1	61.0	(1.8)	(84.2)	68.1
Taxation					(16.8)
Profit for the year from continuing operations					51.3
Loss for the year from discontinued operations					(8.3)
Profit for the year					43.0
Balance sheet					
Operating assets[4]	908.3	424.4	217.9	342.9	1,893.5
Operating liabilities[4]	(499.8)	(814.2)	(14.8)	(212.6)	(1,541.4)
Net operating assets/(liabilities)[4]	408.5	(389.8)	203.1	130.3	352.1
Cash, cash equivalents, bank overdrafts and borrowings	540.4	700.4	(171.3)	(908.6)	160.9
Net financial assets	-	-	-	7.1	7.1
Net assets/(liabilities)	948.9	310.6	31.8	(771.2)	520.1

1 Revenue is stated after the exclusion of inter-segmental revenue. 100% of the Group's revenue is derived from UK-based customers (31 December 2023: 100%; 30 June 2024: 100%). 16% of the Group's revenue was received from High Speed Two (HS2) Limited (31 December 2023: 16%; 30 June 2024: 15%). Group revenue including share of joint ventures is an alternative performance measure.
2 See note 3 for adjusting items.
3 Interest was (charged)/credited to the divisions at a notional rate of 4.0%.
4 Net operating assets/(liabilities) represent assets excluding cash, cash equivalents, bank overdrafts, borrowings, financial assets and liabilities, and interest-bearing inter-company loans.

3 Adjusting items

(a) Reconciliation to adjusted profit

	Unaudited six months to 31 December 2024 £m			Unaudited six months to 31 December 2023 £m			Year to 30 June 2024 £m		
Continuing operations	**Adjusted £m**	**Adjusting items £m**	**Total £m**	**Adjusted £m**	**Adjusting items £m**	Total £m	Adjusted £m	Adjusting items £m	Total £m
Group revenue	**1,973.0**	**-**	**1,973.0**	1,862.1	-	1,862.1	3,905.1	-	3,905.1
Cost of sales	**(1,819.2)**	**(7.5)**	**(1,826.7)**	(1,707.9)	(7.2)	(1,715.1)	(3,555.1)	(15.0)	(3,570.1)
Gross profit	**153.8**	**(7.5)**	**146.3**	154.2	(7.2)	147.0	350.0	(15.0)	335.0
Administrative expenses	**(86.9)**	**(13.3)**	**(100.2)**	(99.0)	(13.6)	(112.6)	(216.2)	(23.8)	(240.0)
Share of post-tax results of joint ventures	**(0.6)**	**-**	**(0.6)**	5.9	-	5.9	6.0	(4.4)	1.6
Other income	**0.3**	**(0.1)**	**0.2**	3.6	0.2	3.8	10.4	(3.9)	6.5
Operating profit	**66.6**	**(20.9)**	**45.7**	64.7	(20.6)	44.1	150.2	(47.1)	103.1
Net finance charges	**(16.0)**	**(1.1)**	**(17.1)**	(15.7)	(1.4)	(17.1)	(32.1)	(2.9)	(35.0)
Profit before tax	**50.6**	**(22.0)**	**28.6**	49.0	(22.0)	27.0	118.1	(50.0)	68.1
Taxation	**(12.4)**	**4.2**	**(8.2)**	(11.5)	4.1	(7.4)	(28.4)	11.6	(16.8)
Profit for the year from continuing operations	**38.2**	**(17.8)**	**20.4**	37.5	(17.9)	19.6	89.7	(38.4)	51.3
Loss for the year from discontinued operations	**-**	**-**	**-**	-	-	-	-	(8.3)	(8.3)
Profit for the year	**38.2**	**(17.8)**	**20.4**	37.5	(17.9)	19.6	89.7	(46.7)	43.0

Adjusting items include:

- Cost of sales:
  - Fire and cladding compliance costs of £7.5m - these consist of costs incurred in rectifying legacy issues to comply with the latest Government guidance.
- Administrative expenses:
  - Amortisation of acquired intangible assets of £11.3m - this comprises amortised contract rights arising from prior year acquisitions.
  - Corporate office-related items of £2.1m - this predominately reflects the purchase and subsequent sale of a vacant leasehold office in Manchester.
- Net finance charges:
  - Net financing costs of £1.1m - these relate to IFRS 16 interest charges on leased investment properties previously used as offices
- Taxation
  - Taxation credit of £4.2m - this is the tax effect of the items described above.

(b) Discontinued operations

Following the sale of its residential property building business ('Kier Living') in FY21, the Group retained responsibility for the cost of defect rectification works relating to former Kier Living sites. At the time of the sale, provisions were made for the expected rectification costs. These costs were included in discontinued operations as they were directly associated with the disposal of Living.

During FY24, the Group reviewed the remaining liabilities for the defect rectification works, based on the outstanding scope of works to be completed and current market price. The cost increased by £8.3m, net of tax credit of £0.8m, the majority of which remained as a provision on the year end balance sheet. The £8.3m was recognised as an adjusting item within discontinued operations.

(c) Cash outflow from adjusting items

	Unaudited six months to 31 December 2024 £m	Unaudited six months to 31 December 2023 £m	Year to 30 June 2024 £m
Adjusting items before tax reported in the income statement			
- Continuing operations	**22.0**	22.0	50.0
- Discontinued operations	**-**	-	8.3
Less: non-cash items incurred in the period	**(13.8)**	(14.8)	(31.4)
Add: payment of prior year accruals and provisions	**7.0**	8.9	9.8
Cash outflow from adjusting items	**15.2**	16.1	36.7

4 Other income

	Unaudited six months to 31 December 2024 £m	Unaudited six months to 31 December 2023 £m	Year to 30 June 2024 £m
Fair value gain on investment properties	**0.2**	3.8	6.5
Other income	**0.2**	3.8	6.5

5 Finance income and costs

	Unaudited six months to 31 December 2024 £m	Unaudited six months to 31 December 2023 £m	Year to 30 June 2024 £m
Finance income			
Bank deposits	**2.2**	1.2	3.4
Interest receivable on loans to related parties	**-**	-	0.1
Net interest on net defined benefit obligation	**2.1**	2.8	5.7
	4.3	4.0	9.2
Finance costs			
Interest payable on loans and overdrafts	**(3.6)**	(14.7)	(23.1)
Interest payable on bonds	**(11.3)**	-	(8.4)
Interest payable on leases	**(4.7)**	(4.8)	(9.5)
Foreign exchange movements on foreign denominated borrowings	**(0.3)**	0.2	(0.6)
Fair value movements on cash flow hedges recycled from other comprehensive income	**0.3**	(0.1)	-
Other	**(1.8)**	(1.7)	(2.6)
	(21.4)	(21.1)	(44.2)
Net finance costs	**(17.1)**	(17.1)	(35.0)

6 Retirement benefit assets and obligations

The principal assumptions used by the independent qualified actuaries are shown below.

	Unaudited 31 December 2024 %	Unaudited 31 December 2023 %	30 June 2024 %
Discount rate	**5.40**	4.60	5.15
Inflation rate (Retail Price Index)	**3.20**	3.05	3.20
Inflation rate (Consumer Price Index)	**2.45 - 2.90**	2.20 - 2.65	2.40 - 2.85

The amounts recognised in the financial statements in respect of the Group's defined benefit schemes are as follows:

	Unaudited six months to 31 December 2024			Unaudited six months to 31 December 2023			Year to 30 June 2024		
	Kier Group £m	**Acquired schemes £m**	**Total £m**	Kier Group £m	Acquired schemes £m	Total £m	Kier Group £m	Acquired schemes £m	Total £m
Opening net surplus/(deficit)	**96.9**	**(16.4)**	**80.5**	117.5	(13.0)	104.5	117.5	(13.0)	104.5
Credit/(charge) to income statement	**1.6**	**(0.7)**	**0.9**	2.8	(0.4)	2.4	4.8	(0.9)	3.9
Employer contributions	**-**	**3.8**	**3.8**	-	4.6	4.6	-	8.6	8.6
Actuarial losses	**(22.5)**	**(9.9)**	**(32.4)**	(4.2)	(10.9)	(15.1)	(25.4)	(11.1)	(36.5)
Closing net surplus/(deficit)	**76.0**	**(23.2)**	**52.8**	116.1	(19.7)	96.4	96.9	(16.4)	80.5

Comprising:

Fair value of scheme assets	**781.0**	**376.4**	**1,157.4**	886.6	416.1	1,302.7	825.2	393.4	1,218.6
Net present value of the defined benefit obligation	**(705.0)**	**(399.6)**	**(1,104.6)**	(770.5)	(435.8)	(1,206.3)	(728.3)	(409.8)	(1,138.1)
Net surplus/(deficit)	**76.0**	**(23.2)**	**52.8**	116.1	(19.7)	96.4	96.9	(16.4)	80.5
Presentation of net surplus/(deficit) in the consolidated balance sheet:									
Retirement benefit assets	**76.0**	**5.6**	**81.6**	116.1	8.9	125.0	96.9	8.1	105.0
Retirement benefit obligations	**-**	**(28.8)**	**(28.8)**	-	(28.6)	(28.6)	-	(24.5)	(24.5)
Net surplus/(deficit)	**76.0**	**(23.2)**	**52.8**	116.1	(19.7)	96.4	96.9	(16.4)	80.5

Pension scheme contingent liabilities

In June 2023, in the case of Virgin Media vs NTL Pension Trustees II Limited, the High Court judged that amendments made to the Virgin Media scheme were invalid because they were not accompanied by the correct actuarial confirmation. On 25 July 2024, the Court of Appeal upheld the June 2023 High Court decision. The Court's decision could have wider ranging implications, affecting other schemes that were contracted-out on a salary-related basis, and made amendments between April 1997 and April 2016. There is still further uncertainty with the potential for overriding government legislation to be introduced.

The Group had been waiting for the Court of Appeal's decision before investigating any possible implications for the Group's pension schemes. The Group has not yet completed detailed investigations. Therefore, the Group considers the amount of any potential impact on the schemes' defined benefit obligation cannot yet be measured with sufficient reliability and consequently no allowance for this has been made in calculating the defined benefit obligations at the reporting date.

7 Taxation

	Unaudited six months to 31 December 2024 £m	Unaudited six months to 31 December 2023 £m	Year to 30 June 2024 £m
Profit before tax	**28.6**	27.0	68.1
Less: (Loss)/profit from joint venture companies	**(0.2)**	0.9	1.6
Profit before tax excluding income from joint ventures	**28.4**	27.9	69.7
Current tax	**(5.8)**	(3.8)	(12.2)
Deferred tax	**(2.4)**	(3.6)	(4.6)
Total tax charge in the income statement	**(8.2)**	(7.4)	(16.8)
Effective tax rate	**28.9%**	26.5%	24.1%

The deferred tax asset of £141.3m (31 December 2023: £128.6m; 30 June 2024: £133.1m), includes £107.5m in relation to tax losses (31 December 2023: £107.3m; 30 June 2024: £106.8m), and £33.8m of other temporary differences (31 December 2023: £21.3m; 30 June 2024: £26.3m).

At 31 December 2024, the Group had unused tax losses of £164.4m (six months ended 31 December 2023: £186.2m; year ended 30 June 2024; £164.5m) on which no deferred tax has been recognised.

When considering the recoverability of net deferred tax assets, the taxable profit forecasts are based on the same Board-approved information used to support the going concern and goodwill impairment assessments. Based on these forecasts, the Group is expected to utilise its deferred tax asset over a period of approximately 8 years.

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate is 28.9%, compared to 26.5% for the six months ended 31 December 2023. The tax rate was higher due to an increase in non-deductible expenses.

8 Dividends

	Unaudited six months to 31 December 2024 £m		Unaudited six months to 31 December 2023 £m		Year to 30 June 2024 £m	
	£m	**pence per share**	£m	**pence per share**	**£m**	**pence per share**
Current year interim	**-**	**-**	-	-	7.3	1.67
Prior year final	**15.2**	**3.48**	-	-	-	-
Total dividend recognised in the year	**15.2**	**3.48**	-	-	7.3	1.67

In addition to the above dividends, since the end of the interim period, the directors have recommended the payment of an interim dividend for the year ending 30 June 2025 of 2.00p pence per share (31 December 2023: interim 1.67p; 30 June 2024: final 3.48p). The dividend totalling approximately £9m will be paid on 2 June 2025 to shareholders on the register at the close of business on 25 April 2025, but is not recognised as a liability at the end of the reporting period.

9 Earnings per share

	Unaudited six months to 31 December 2024		Unaudited six months to 31 December 2023		Year to 30 June 2024	
Continuing operations	**Basic £m**	**Diluted £m**	Basic £m	Diluted £m	Basic £m	Diluted £m
Profit for the year	**20.4**	**20.4**	19.6	19.6	51.3	51.3
Less: non-controlling interest share	**-**	**-**	-	-	(0.3)	(0.3)
Profit after tax and minority interests	**20.4**	**20.4**	19.6	19.6	51.0	51.0

Adjusting items (excluding tax)	**22.0**	**22.0**	22.0	22.0	50.0	50.0
Tax impact of adjusting items	**(4.2)**	**(4.2)**	(4.1)	(4.1)	(11.6)	(11.6)
Adjusted profit after tax from continuing operations	**38.2**	**38.2**	37.5	37.5	89.4	89.4
Discontinued operations						
Adjusting items from discontinued operations (net of tax)	**-**	**-**	-	-	(8.3)	(8.3)
Weighted average number of shares (no, m)	**440.9**	**464.2**	429.8	441.3	433.5	451.7
Basic and diluted earnings (p)						
Attributable to the ordinary equity holders of the Company from continuing operations	**4.6**	**4.4**	4.6	4.4	11.8	11.3
Attributable to the ordinary equity holders of the Company from discontinued operations	**-**	**-**	-	-	(1.9)	(1.8)
Total basic and diluted earnings per share attributable to the ordinary equity holders of the Company	**4.6**	**4.4**	4.6	4.4	9.9	9.5
Adjusted basic and diluted earnings (p)						
Adjusted basic and diluted earnings per share attributable to the ordinary equity holders of the Company	**8.7**	**8.2**	8.7	8.5	20.6	19.8

The weighted average number of shares is lower than the number of shares in issue by 12.0m (31 December 2023: 16.6m; 30 June 2024: 18.6m) primarily due to shares that are held by the Group's employee benefit trusts, which are excluded from the calculation, and the weighting applied to the new shares issued in the year in respect of the Sharesave scheme.

Options granted to employees under the Sharesave and LTIP schemes are considered to be potential ordinary shares. They have been included in the determination of diluted earnings per share if the required performance obligations would have been met based on the Group's performance up to the reporting date, and to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share.

10 Intangible assets

	Unaudited Goodwill £m	Unaudited Intangible contract rights £m	Unaudited Computer software £m	Unaudited Total £m
Cost				
At 1 July 2023	538.8	235.7	125.7	900.2
Additions	-	-	4.4	4.4
Arising on acquisition	4.2	7.5	-	11.7
Disposals	-	-	(0.6)	(0.6)
At 31 December 2023	543.0	243.2	129.5	915.7
Additions	-	-	5.1	5.1
Arising on acquisition	2.6	-	-	2.6
Disposals	-	-	0.5	0.5
At 30 June 2024	545.6	243.2	135.1	923.9
Additions	**-**	**-**	**1.8**	**1.8**
Disposals	**-**	**-**	**(5.4)**	**(5.4)**
At 31 December 2024	**545.6**	**243.2**	**131.5**	**920.3**
Accumulated amortisation				
At 1 July 2023	(2.1)	(170.9)	(82.2)	(255.2)
Charge for the period	-	(11.1)	(3.9)	(15.0)
At 31 December 2023	(2.1)	(182.0)	(86.1)	(270.2)
Charge for the period	-	(12.1)	(3.5)	**(15.6)**
Disposals	-	-	0.1	**0.1**
At 30 June 2024	**(2.1)**	**(194.1)**	**(89.5)**	**(285.7)**
Charge for the period	**-**	**(11.3)**	**(7.3)**	**(18.6)**
Disposals	**-**	**-**	**5.4**	**5.4**
At 31 December 2024	**(2.1)**	**(205.4)**	**(91.4)**	**(298.9)**
Net book value				
At 31 December 2024	**543.5**	**37.8**	**40.1**	**621.4**
At 30 June 2024	**543.5**	**49.1**	**45.6**	**638.2**
At 31 December 2023	**540.9**	**61.2**	**43.4**	645.5

11 Investment properties

	Unaudited Owned assets £m	Unaudited Right-of-use assets £m	Unaudited Total £m
At 1 July 2023	52.9	45.5	98.4
Fair value gain	3.7	0.1	3.8
At 31 December 2023	56.6	45.6	102.2
Fair value gain/(loss)	4.5	(1.8)	2.7

At 30 June 2024	61.1	43.8	104.9
Transfers	**-**	**(9.6)**	**(9.6)**
Fair value gain	**0.2**	**-**	**0.2**
At 31 December 2024	**61.3**	**34.2**	**95.5**

12 Net cash

	Unaudited 31 December 2024 £m	Unaudited 31 December 2023 £m	Year to 30 June 2024 £m
Cash and cash equivalents	**1,136.7**	1,087.1	1,563.1
Bank overdrafts	**(777.9)**	(759.8)	(1,101.4)
Net cash, cash equivalents and bank overdrafts	**358.8**	327.3	461.7
Borrowings due within one year	**(64.5)**	-	(58.8)
Borrowings due after one year	**(243.2)**	(316.5)	(242.0)
Impact of cross-currency hedging	**6.8**	6.2	6.3
Net cash	**57.9**	17.0	167.2

Average month-end net debt for the six months ended 31 December 2024 was £37.6m (six months ended 31 December 2023: £136.5m; year ended 30 June 2024: £116.1m). Net debt excludes lease liabilities.

13 Trade and other payables

	Unaudited 31 December 2024 £m	Unaudited 31 December 2023 £m	30 June 2024 £m
Current:			
Trade payables	**331.6**	303.1	328.4
Accruals	**436.7**	484.7	580.2
Sub-contract retentions	**37.0**	33.1	30.8
Other taxation and social security	**145.2**	134.8	152.1
Other payables and deferred income	**19.2**	16.8	18.3
	969.7	972.5	1,109.8
Non-current:			
Trade payables	**-**	3.9	3.9
Sub-contract retentions	**20.3**	23.5	24.5
	20.3	27.4	28.4

14 Guarantees and contingent liabilities

The Company has given guarantees and entered into counter-indemnities in respect of bonds relating to certain of the Group's own contracts. The Company has also given guarantees in respect of certain contractual obligations of its subsidiaries and joint ventures, which were entered into in the normal course of business, as well as certain of the Group's other obligations (for example, in respect of the Group's finance facilities and its pension schemes). Financial guarantees over the obligations of the Company's subsidiaries and joint ventures are initially measured at fair value, based on the premium received from the joint venture or the differential in the interest rate of the borrowing including and excluding the guarantee. Subsequent to initial recognition, financial guarantee contracts are measured at the higher of the initial fair value measurement (adjusted for any income amounts recognised) and the amount determined in accordance with the expected credit loss model. Performance guarantees are treated as a contingent liability until such time as it becomes probable that payment will be required under its terms.

Provisions are made for the Directors' best estimate of known legal claims, investigations and legal actions relating to the Group which are considered more likely than not to result in an outflow of economic benefit. If the Directors consider that a claim, investigation or action relating to the Group is unlikely to succeed, no provision is made. If the Directors cannot make a reliable estimate of a potential, material obligation, no provision is made but details of the claim are disclosed.

Fire and cladding compliance review

The Group has undertaken a review of all of its current and legacy constructed buildings where it has used cladding solutions and continues to assess the action required in line with the latest Government guidance, as it applies, to multi-storey and multi-occupied residential buildings. The buildings, including the cladding works, were signed off by approved inspectors as compliant with the relevant Building Regulations at the time of completion.

In preparing the financial statements, currently available information has been considered, including the current best estimate of the extent and future costs of work required, based on the reviews and physical inspections undertaken.

Where an obligation has been established and a reliable estimate of the costs to rectify is available, a provision has been made. No provision has been made where an obligation has not been established.

These estimates may be updated as further inspections are completed and as work progresses which could give rise to the recognition of further liabilities. Such liabilities, should they arise, are expected to be covered materially by the Group's insurance arrangements thereby limiting the net exposure. Any insurance recovery must be considered virtually certain before a corresponding asset is recognised and so this could potentially lead to an asymmetry in the recognition of assets and liabilities.

15 Related parties

The Group has related party relationships with its joint ventures, key management personnel and pension schemes in which its employees participate.

There have been no significant changes in the nature of related party transactions since the last annual financial statements for the year ended 30 June 2024.

Details of contributions made to the pension schemes by the Group are detailed in note 6.

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