

Focused on market-leading positions

National Infrastructure pipeline
commitment of £650bn.



Kier's position

Kier's scale, operational delivery capability at both national and regional levels, integrator model and long-term relationships should enable Kier to take maximum advantage of the significant and committed UK Government and regulated industry spend over the medium and long term.



Highways



Road Investment Strategy 2 £27bn

Market opportunity:

- › Road Investment Strategy 2 ('RIS2'): £27bn investment in England's strategic roads from 2020-2025
 - › Represents 60% increase on RIS1 from 2015-2020
- › Project Speed and the new Acceleration Unit launched by Department for Transport ('DfT') in August 2020
- › Local authorities' requirement for investment in local authority roads increasing
- › Northern England investment and connectivity to Scotland
- › Climate change – managing change on roads.

Kier's market positioning:

- › Market-leading position (#1 strategic highways and top 3 local highways)
- › Integrator with unique in-house design and build solution
- › Highways national assets valued at over £500bn. Asset based driving ongoing demand for renewal, enhancement and maintenance
- › Over two thirds of revenues undertaken on a low commercial risk cost-sensitive basis
- › Established relationships with strategic clients on long-term frameworks typically 6-10 years.

Infrastructure

“Infrastructure underpins the economy. Transport, digital, energy and utility networks are vital for jobs, businesses and economic growth. But they also have a profound impact on people's daily lives.”



HS2 Phases 2a and 2b cost range

£37bn–53bn

Market opportunity:

- › UK Government committed to investment as part of the National Infrastructure Strategy
- › £650bn pipeline of which £100bn committed in FY21-FY22
- › £37bn-£53bn forecast cost ranges for HS2 Phases 2a and 2b
- › £22bn available through Infrastructure Bank to fund or guarantee future schemes
- › £20bn new nuclear build
- › c.£50bn committed for CP6
- › £4bn cross-departmental 'Levelling-Up' fund.

Kier's market positioning:

- › Manages a number of high-value construction and civil engineering projects
- › Significant projects largely executed through joint ventures
- › Delivery partner on the largest section of HS2 Phase 1 – Europe's largest infrastructure project
- › Repeat business relationships >10 years for customers in our chosen sectors
- › Approx. 89% of contracts delivered under cost reimbursable contracts
- › Commercial and operational synergies through working with Highways and Utilities businesses.

Utilities



Market opportunity

Regulated utilities expenditure set to increase due to underinvestment in prior years. Sector split between high growth and stable segments

Water

Stable growth from regulator-permitted investments in services and infrastructure to facilitate improved net zero outcomes e.g. leakage detection services and capital works focused on environmental mandates

Water: England & Wales AMP7¹: £50bn by 2024
Water: NI PC21²: £2.8bn by 2027

£50bn

Water – AMP7

Telecoms

UK Government facilitating fibre roll-out across the UK. Customers investing in sector and infrastructure funds injecting new capital

Telecoms – Fibre/5G by 2027: £32bn commitment by private and public sectors

£32bn

Telecoms – Fibre/5G

Other

Continued investment in the energy/power distribution sector and electric vehicle ('EV') market set to grow

Power distribution: GB RII0³-ED1: £17bn by 2023
Gas distribution: GI10 – GD2: £30bn by 2026
Power NI: NI RP 6⁴: £657m by 2024
Gas distribution NI: GD17⁵: £225m by 2023

90%

of revenues from long-term contracts and alliances

Kier's market positioning:

- › Top 3 provider of infrastructure services (typically repairs, maintenance and capital projects) to the water, energy and telecoms sectors
- › Long-standing clients and regulated by authorities e.g. Ofwat, Ofcom and Ofgem
- › More than 90% of revenues from long-term contracts and alliances
- › Majority of contracts delivered under cost reimbursable contracts.

¹ AMP: Asset Management Plan

² NI PC21: Northern Ireland Price Control 2021 – 2027

³ RII0: Ofgem Pricing Framework

⁴ NI RP 6: Northern Ireland Regulatory Price Control for Electricity 2017 – 2024)

⁵ GD17: Gas Distribution Price Control 2017

Construction



Market opportunity

UK Government spending focused on schools, hospitals, justice and defence

Investment weighted towards public sector markets with UK Government announcing capital spending in key sectors: £1.5bn Education, £3.7bn Health, £4bn (over four years) on Justice and £7.9bn (over 10 years) on Defence.

Education

- › 10-year school re-building programme
- › First 50 school projects announced valued at £1bn
- › £1.5bn further education programme announced.

£1.5bn

Further education spending

Health

- › £1.5bn additional funding for building and maintaining hospitals
- › £3.7bn New Hospitals Programme to be delivered by 2025.

£3.7bn

For New Hospitals Programme

Justice

- › 18,000 new prison places required
- › £4bn committed over four years
- › c.£450m per annum of estate maintenance.

£4bn

Committed over 4 years

Defence

- › £4.3bn 10-year Defence Estate Optimisation programme announced
- › £1.6bn 10-year Clyde Programme
- › c.£2bn USVF Estate.

£7.9bn

Capital expenditure over 10 years

Kier's market positioning:

- › Leading UK national builder
- › Kier operates across the UK in attractive and growing sectors including health, education, justice and defence
- › **Education** – delivered almost £5bn of primary, secondary and tertiary facilities in the past 15 years
- › **Health** – long-standing collaborative relationship with the health authorities across England, Scotland and Wales. Expertise and ability to understand the demands of the NHS and UK health sector
- › **Justice** – 14-year relationship with the Ministry of Justice ('MoJ') delivering over £600m of new build and refurbishment projects across all categories of prisons and courts
- › **Defence** – key partner on national and regional Defence Infrastructure Organisation ('DIO') frameworks and delivering a number of defence projects.

Commercial



Market opportunity:

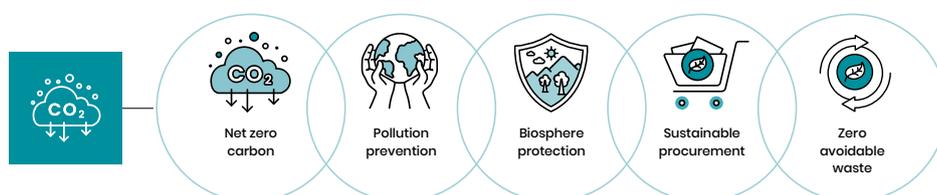
Public and private sector co-investment

- › Increase in refurbishment for agile working practices due to COVID-19
- › Regional focus
- › London market.

Kier's market positioning:

- › Experienced in delivering mixed-used projects in London including redevelopment and regeneration schemes
- › Focused on blue-chip customer base.

Net zero infrastructure



10 point plan for a green industrial revolution

For more information on our sustainability framework see page 54

Market opportunity:

UK-leading net zero pledge

- › UK-leading net zero 2050 pledge – commitment to reduce greenhouse gas emissions and deliver on carbon budget pledges
- › 10-point plan for a green industrial revolution
- › Greener buildings, public transport and carbon capture.

Kier's market positioning:

- › Carbon impact: net zero carbon emissions Scopes 1, 2 & 3 by 2045
- › Driving sustainability through the businesses
- › Pollution prevention: annual target for avoidable compliance is zero. Restore and replenish environmental areas affected by unavailable compliance issues
- › Responsible sourcing and supply chain: no harm to the environment from the resources it uses
- › Zero waste: produce no avoidable waste by 2035. Operations will be single-use plastic-free by 2030
- › Protection of habitats and resources: promote a healthy environment for future generations.

Property



£900m

for local areas including developments

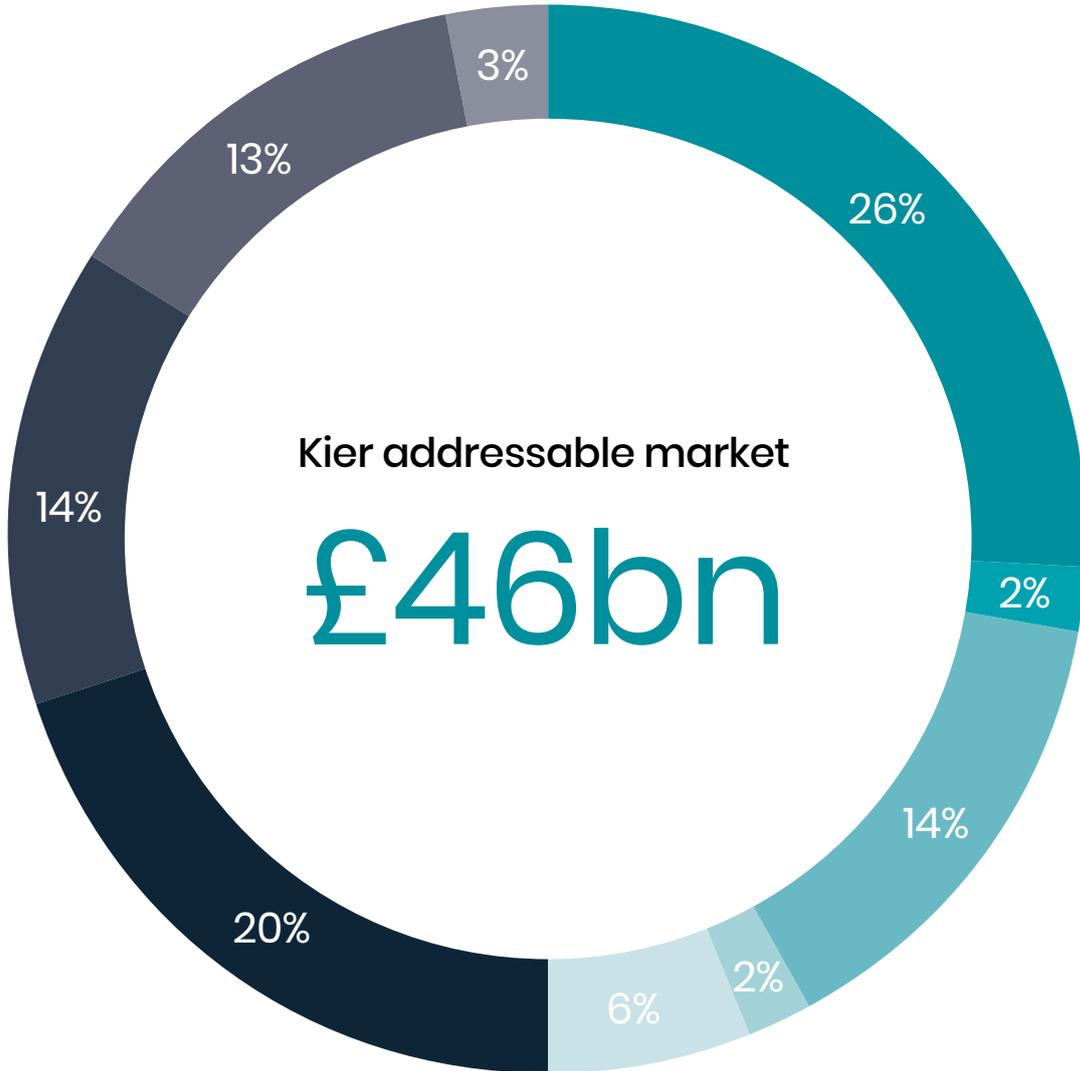
Market opportunity:

- › 'Levelling up' agenda – increased spending in previously underinvested areas. Relocation of parts of the civil service
- › Hub programme – £900m for local areas to invest in priority infrastructure projects in England including development and regeneration of key local sites
- › Urban regeneration – £96m allocated to accelerate investment in town centres and repurposing high streets.

Kier's market positioning:

- › Property business invests and develops schemes and sites across the UK
- › Focus on mixed-use commercial and residential developments delivered through joint ventures/partnerships in both private and public sector
- › Commercial and operational synergies with other Kier businesses.

Addressable market



Infrastructure Services



£23bn

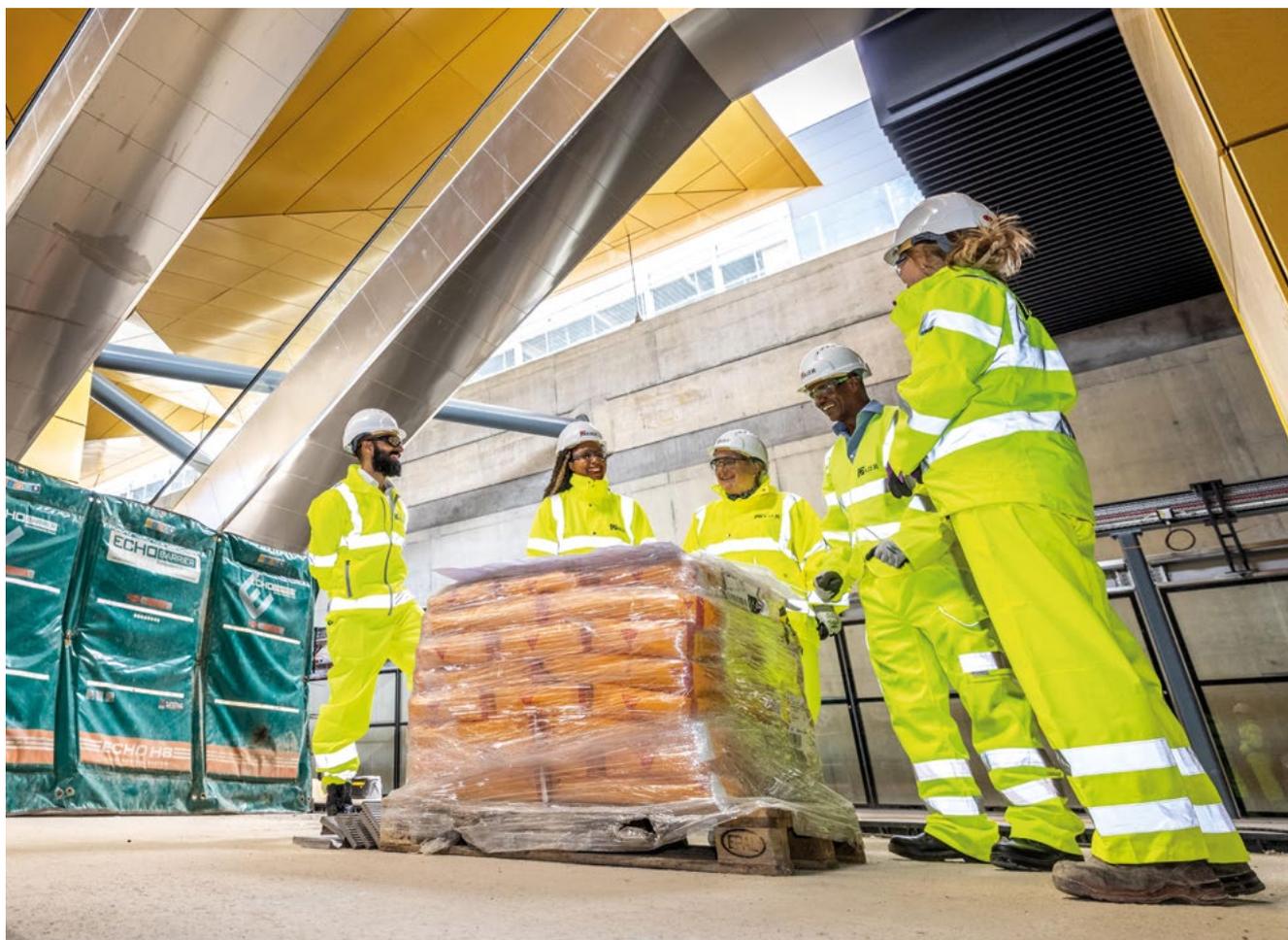
Infrastructure Other New	20%
Infrastructure Other Repairs, Renewals and Maintenance	14%
Roads New	13%
Roads Repairs, Renewals and Maintenance	3%

Construction



£23bn

Commercial	26%
Industrial	2%
Public Non Housing	14%
Repairs and Maintenance Private	2%
Repairs and Maintenance Public	6%



UK construction market

The overall UK construction market (excluding housing) is estimated to be worth £126bn in 2021. Current CPA market forecasts show year-on-year growth in our chosen sectors (6% in 2022 and 2% in 2023) underpinned by committed UK Government spend in the infrastructure and construction markets.

Addressable market

The Group's addressable market is estimated at £23bn for Infrastructure Services and £23bn for Construction. The Group serves this market through its three segments: Infrastructure Services, Construction and Property.

The Construction segment delivers for both the public and private sectors through local bases and offers national coverage for our clients and customers. The key sectors served include education, health, justice and defence.

The Infrastructure Services segment is focused upon three main markets: Highways, Infrastructure and Utilities. The Highways business designs, constructs and maintains strategic and local authority road networks. It provides its customers with services including the delivery of emergency response and reactive maintenance as well as critical infrastructure.

Our Infrastructure business provides high-value and complex construction and civil engineering projects for sectors including nuclear, roads and rail. It often uses joint ventures to execute these large long-term projects, bringing specialist expertise to complement Kier's skills.

Our Utilities business provides the repair and maintenance of essential services to the water, energy, telecoms and rail sectors. Its customers are largely regulated by UK Government agencies including Ofwat for water and Ofgem for gas and power.

Our Property segment delivers commercial, mixed-use and residential developments by purchasing land or existing properties, developing them and then subsequently selling them on, allowing the capital to be returned or recycled. Its synergies with the Group are gained through existing Group relationships and it therefore serves the Infrastructure Services and Construction market.

The importance of frameworks

During the year our business has won places on health and local authority frameworks worth up to £11.5bn and in addition several existing frameworks were extended by up to 12 months. Over 61% of our FY21 revenue was derived from projects delivered under framework agreements. Total Group framework award values amounted to £112bn (OJEU values).

In our Infrastructure Services division we have places on seven national and 21 regional frameworks with a total advertised OJEU value of £17bn.

In Construction we have been awarded places on 15 national and 35 regional frameworks worth £95bn. Our positions on frameworks underpin the work we have undertaken across our core markets and we are well-placed to benefit from recent Government announcements.