

Infrastructure Services

Significant increase in adjusted operating profit as we move towards the maintenance and service based segment.

The Infrastructure Services segment comprises the Highways, Infrastructure and Utilities businesses.

Segmental revenue was 6% lower than last year primarily due to the successful handover of the M20, M23 and M6 motorway upgrade projects during the second half of FY21 which more than offset the start of work for HS2. The focus on higher margin maintenance and service based work, together with reductions in COVID-19 related costs, resulted in an increase in adjusted operating profit by 109% to £65m.

The Infrastructure business delivers major and complex infrastructure and civil engineering projects, including the HS2 project in joint venture with Eiffage, Ferrovial and BAM Nuttall, the A13 dualling project and the Luton DART rail system in joint venture with VolkerFitzpatrick. Revenue and adjusted operating profit were above the comparative period, primarily due to ramp-up of capital works on HS2, as well as the reduction in both COVID-19 related volume declines and the additional costs incurred during the period of the pandemic.

The Highways business builds and maintains roads for National Highways and a number of district and county councils. During the year, three of our motorway upgrade projects, the M20, M23 and M6, were delivered on schedule and we continued to successfully deliver a fourth. The business continued to win work at both national and local levels. The business was appointed to deliver a c.£200m maintenance and management contract for TfL Road Tunnels and Pumping Stations ('TAPS'). The new contract commenced in April 2021 and will run for eight years.

The Utilities business delivers long-term contracts providing construction and maintenance services to the water, energy, rail and telecommunications sectors. Changes made to the business are starting to deliver increased year over year revenue and profitability. There is also a positive timing impact as successful contract wins have been mobilised and are now in their delivery phase, especially in the broadband rollout market. Utilities has also benefited from an increase in volumes and reduced costs as it recovers from COVID-19. Utilities has continued to win work including a contract with Openreach to construct new broadband infrastructure in urban and rural areas in the south and west of England and in Scotland. This complements similar contracts in other regions. The pipeline for attractive, high-quality, long-term infrastructure work remains strong.

Highlights

Key contract wins:

- › **Infrastructure** – appointed to deliver a major programme of highway and utility works on HS2 Phase 2a
- › **Highways** – c.£200m eight-year Transport for London (TfL) Maintenance and Management contract
- › **Utilities** – new contract with Openreach to construct broadband infrastructure in urban and rural areas in the west and south of England as well as Scotland

87%

of orders secured for FY22

Operational highlights

Revenue (£m)

2020	1,506
2021	1,422

Adjusted operating profit¹ (£m)

2020	31.3
2021	65.3

Adjusted operating margin¹

2020	2.1%
2021	4.6%

Reported operating profit (£m)

2020	9.4
2021	41.4

Order book (£bn)

2020	4.6
2021	4.4

¹ Stated before adjusting items and amortisation of acquired intangible assets.

HS2 – earthworks



Heave monitoring site

The challenge

As part of the EKFB joint venture, Kier is delivering civil engineering works across an 80km section of the new high-speed rail link between the Chiltern Tunnel and Long Itchington Wood in Warwickshire. The project is one of Europe’s biggest earthmoving projects for a generation and on the EKFB section alone there will be around 30 million cubic metres of excavation.

The solution

In order to meet the challenge, the team worked with Finning®, distributor of Caterpillar® and Trimble® products in the UK, to develop the bespoke Digital Graphical Earthworks Reporting (‘DIGGER’) system which is powered by Finning’s CUBIQ™ Construction analytics platform and supported by professional services. DIGGER pulls together data from a variety of sources, such as drones and construction equipment, and integrates them to create tools the project team can use in near-real time.

The impact

The system has been trialled at EKFB’s heave monitoring site, where ground conditions will be monitored as the dig progresses. DIGGER brings more than 15 systems together and can record progress, productivity, planned and unplanned downtime and also any environmental impacts, such as NOx and carbon emissions. The system not only provides real-time information to inform decisions leading to improved operational efficiency, but it also reduces the risk associated with plant operations through the use of proximity sensors and geospatial data, promoting overall improvements in safety on site.

“ The project is one of Europe’s biggest earthmoving projects for a generation.”