

## Kier Group

### New CEO, stability and an improving order book

Kier Group delivered solid FY25 results, with revenue up 3% y-o-y to £4.1bn and adjusted operating profit up 6% y-o-y to £159m, lifting the adjusted operating margin 10bp to 3.9%. Strong cash generation enabled Kier Group to report a FY25 net cash position of £204m, a dramatic improvement from the FY21 net debt of £582m. Outgoing CEO Andrew Davies has done an excellent job restoring Kier Group to health. The FY25 dividend of 7.2p is 38% above FY24's 5.2p, and the ongoing £20m share buyback adds weight to a confirmed 'recovered' story. The £11.0bn end-2025 order book gives 91% visibility on FY26 revenues and 70% on FY27. Management reiterated its 4.0–4.5% margin target, supported by improving portfolio mix and disciplined bidding. On the FY25 call, management said early FY26 trading is slightly ahead of expectations.

### No longer a turnaround story

Rising leverage, declining cash flow and problematic projects forced a rights issue in 2018 and a fall in Kier Group's share price. From its low of 45p in 2020, the share price has rallied 350%. Management has streamlined operations, exited businesses and adopted better bidding discipline. Free cash generation has supported a recovery from £582m net debt FY21 to £204m net cash at end-FY25. The dividend has been reinstated and management has launched a £20m buyback.

### The order book is now a reason to own Kier Group

Kier Group's £11bn order book covers 91% of FY26 revenues and 70% of FY27 revenues. Portfolio quality has improved, with more target cost and reimbursable contracts and a mix slanted towards education, justice and healthcare schemes. Infrastructure services should benefit from Third Road Investment Strategy spending, Control Period 7 rail, water Asset Management Period 8, High Speed 2 and energy transition projects. Together, these factors support management's 4.0–4.5% margin guidance over the next three to five years.

### Valuation: 11.1x FY26e P/E, 3.9% FY26e yield

Kier Group offers a combination of earnings growth, cash returns and exposure to improving infrastructure investment. On consensus FY26 estimates the company trades on an FY26e P/E of 11.1x, with a dividend yield of 3.9%. Consistently positive cash conversion, a strong net cash position and exposure to long-term public sector frameworks differentiate Kier Group from more cyclical and risky contractors and housebuilders. With execution risk reduced and capital allocation now shareholder friendly, we see the company as attractive.

#### Consensus estimates

Year end	Revenue (£m)	EBITDA (£m)	EBIT (£m)	EPS (p)	DPS (p)	EV/sales (x)	EV/EBITDA (x)	P/E (x)	Yield (%)
6/24	3,969.0	208.1	150.2	9.45	5.00	0.2	3.4	21.7	2.4
6/25	4,088.0	227.9	159.1	12.37	7.00	0.2	3.1	16.6	3.4
6/26e	4,290.0	232.3	167.3	18.55	8.00	0.2	3.1	11.1	3.9

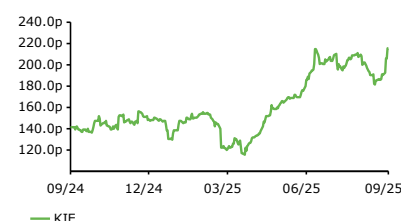
Source: Company data, company sourced consensus

#### Industrials

19 September 2025

**Price** 205.50p  
**Market cap** £917m

#### Share price performance



#### Share details

Code	KIE
Listing	LSE
Shares in issue	446.5m
Net cash/(debt) at 30 June 2025	£204.1m

#### Business description

Kier Group is a UK-based construction, infrastructure services and property group that delivers projects for government, regulated industries and blue-chip customers.

#### Bull points

- Strong order book covering 91% of 2026 revenues and 70% of 2027 revenues.
- Share buyback is ongoing.
- Exposure to improving infrastructure spending.

#### Bear points

- Construction remains inherently risky, due to the potential for unforeseen costs or legal issues.
- Order intake can be driven by changing domestic investment priorities.
- Margins are low in construction compared to other sectors.

#### Analysts

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