



T. Bailey Weekly Update

19th October 2026

Grounded In Execution

In this week's Weekly Update, **T. Bailey Head of Equities, Ben Ridley** shares his observations from Keller Group's recent Capital Markets Day in London.

A long-standing holding in the T. Bailey UK Responsibly Invested Equity Fund, Keller provides specialist ground engineering services for infrastructure and construction projects around the world.

Ben explores what makes the business difficult to replicate, how its expertise supports customers across a wide range of projects, and why management's growth ambitions and financial targets will be important measures of future progress.

This week the investment team at T. Bailey had the pleasure of attending the capital markets day of Keller Group, one of its long-standing investments in the [T. Bailey UK Responsibly Invested Equity Fund](#).

Keller does something that is technically demanding, physically difficult and absolutely essential. They help create the infrastructure that we rely on, the roads and rails that we travel on and the buildings that we live and work in.

As the world's largest specialist geotechnical contractor, their business is effectively to get the ground ready for others to build on. They do this by designing and building the foundations, they strengthen the existing soil and clean up contaminated sites to make land safe to build on.

Although the company is listed here in the UK, it has a global reach, as ~60% of its revenues are in North America, 28% in EMEA and 12% in the Asia Pacific region. The business is very diversified by its end market exposure; it is almost sector agnostic. 38% of its revenues are in public infrastructure projects like rail, roads, ports and water/sewage assets. 30% in Power and Industrial projects that include manufacturing, power generation and transmission. 21% are in the Office and Commercial space like warehouses, retail facilities and includes the fast-growing demand from data centres; and finally, 10% is large scale multi-family residential developments.

Keller is very nimble in terms of identifying what the next theme is that will drive demand. For example, Keller has already shifted capacity from electric-vehicle manufacturing projects, where demand slowed sharply, towards data centres. Looking ahead, Keller sees power generation, grid capacity and transmission as the next significant opportunity, partly because data-centre development increases electricity demand. The business is building customer relationships ahead of that expected activity.

As investors, one of the key reasons that we are invested in Keller, and this was reiterated on their capital markets day, is the distinction in terms of what they do, and what value they add to their diversified clients versus a more general construction company. Geotechnical specialist contracting is a highly important and critical part of an infrastructure project. Although Keller's geotechnical services may only be ~0.5% -1.5% of the total build cost, it is critical that this is done properly, as it then effectively de-risks the rest of the building project, which will lead to fewer delays, redesigns and remediation of the project. This is real value add that Keller delivers to its clients, which means



their customers can be less price sensitive, and this can be seen in the margins that Keller achieves versus more general contractors.

Another key driver of Keller's business model which they reiterated was the fact that on each project their engineers need to firstly understand what is happening "above ground". They need to understand the structure, the regulation, supply chain and construction practices. Then they need to understand "below ground", they need to understand the geology, groundwater conditions, seismic conditions and any potential contamination. All these factors can vary enormously, not just between countries, but within a country, within a state and sometimes even within a single site. Their local teams build up decades of knowledge of those conditions and their customers; and this creates a real network effect for the company globally. Expertise developed in one market can be deployed in another. Specialist engineers can support a branch facing an unfamiliar challenge, as equipment and techniques can move to where demand is strongest.

This network effect driven by better knowledge of local soil and ground conditions allows for more accurate pricing of projects, which results in more work being won, and better utilisation of both their equipment and engineers; this can be seen in numbers like the sustained margins that they have achieved.

At the CMD, Keller's management set out their medium-term growth and margin targets to 2030, which supported our confidence in the company as shareholders. These targets included organic revenue growth CAGR of 5-7%, group operating margin of 7%, a Return on Capital Employed greater than 30%, and a total free cashflow to 2030 of ~£800m. It is also worth highlighting how strong the balance sheet is now, as it is currently in a net cash position, versus its net debt/EBITDA target range of 0.5x to 1.5x. This gives the company real scope to make value-adding bolt-on acquisitions, as well as options to return excess cash to shareholders in share buybacks or a special dividend, especially if they fail to identify the right acquisitions.

As an investor, going forward we will monitor how Keller does operationally, assessing how the business performs versus the medium-term targets that were set out. We will analyse any acquisitions that they make, assessing whether any deals are returns enhancing or dilutive to the overall company.

It was great to spend the time listening to the senior management team, hearing about some of the large projects that the company are working on, and how different and unique each project can be across the 35 countries that they currently operate in.

At the end of the day, on my way home, walking past the high-rise office buildings in the heart of the city of London, I stopped and wondered at how many of them were standing there as a result of the ingenuity and expertise of the engineers from Keller.

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