

WS Atkins plc

Preliminary results for the year ended
31 March 2009

17 June 2009

Plan Design Enable

Summary

A good year in challenging economic environment

Good results

- In line with expectations
- Kept to well-understood business model

Early action taken in difficult markets

- Flexed where appropriate
- Response for more than short term

Continuing to invest in skills and capabilities

- Core skills in demand

Confidence in Group's position and strategy

ATKINS

Robert MacLeod

Group Finance Director

Plan Design Enable

Financial highlights

Good progress on all metrics

	31 Mar 2009	31 Mar 2008		
<i>Continuing operations before exceptional items</i>				
Revenue <i>(exc. JVs)</i>	£1,487.2 m	£1,313.6 m	+	13%
Operating profit	£103.1 m	£86.7 m	+	19%
Operating margin	6.9 %	6.6 %	+	30bp
Normalised profit before tax	£100.2 m	£91.9 m	+	9%
Normalised fully diluted eps	82.3 p	66.7 p	+	23%
Dividend per share	26.0 p	24.0 p	+	8%
Operating cash flow	£125.5 m	£80.9 m	+	55%
Net funds	£234.2 m	£168.4 m		
Work in hand	54 %	55 %		Good

Design and Engineering Solutions

Good performance offset by slowdown in UK building design

		31 Mar 2009	31 Mar 2008		
Revenue <i>(exc. JVs)</i>	(£m)	418.3	373.6	+	12%
Operating profit	(£m)	31.6	30.2	+	5%
Operating margin		7.6 %	8.1 %	-	50bp
Work in hand		43 %	39 %		Good
Headcount		5,167	5,024	+	3%
Average headcount		5,133	4,722	+	9%

- Businesses generally performed well
- Margin impacted by reorganisation and redundancy costs of £5m
- Growth opportunities particularly in Energy and Defence – building on current success
- Near term outlook stable

Highways and Transportation

Good results and positive near term outlook

		31 Mar 2009	31 Mar 2008		
Revenue <i>(exc. JVs)</i>	(£m)	292.4	274.6	+	6%
Operating profit	(£m)	20.2	16.8	+	20%
Operating margin		6.9 %	6.1 %	+	80bp
Work in hand		62 %	78 %		Good
Headcount		3,075	2,813	+	9%
Average headcount		3,016	3,054	-	1%

- Results ahead of expectations – benefiting from second half stimulus
- M25 reached financial close in May
- Workload remains strong – work in hand 70% including M25
- Near term outlook good

Rail

Improved margin in increasingly procurement led market

		31 Mar 2009	31 Mar 2008		
Revenue <i>(exc. JVs)</i>	(£m)	196.1	208.2	-	6%
Operating profit	(£m)	17.0	11.9	+	43%
Operating margin		8.7 %	5.7 %	+	300bp
Work in hand		61 %	65 %		Good
Headcount		1,624	1,669	-	3%
Average headcount		1,635	1,703	-	4%

- Results as anticipated with significantly improved margin
- Continuing demand for signalling work – Newport and North London Line
- Early success on Crossrail
- Outlook positive

Middle East

Good results with difficult trading in second half

		31 Mar 2009	31 Mar 2008		
Revenue <i>(exc. JVs)</i>	(£m)	186.0	112.2	+	66%
Operating profit	(£m)	17.3	9.5	+	82%
Operating margin		9.3 %	8.5 %	+	80bp
Work in hand		53 %	51 %		Good
Headcount		2,824	2,470	+	14%
Average headcount		2,823	2,119	+	33%

- Good results impacted by global liquidity crisis in second half of the year
- Early action taken – redundancies of c.500 staff (200 had left by year end)
- Cash collection worsened but early signs of improvement
- Positioned for return in confidence in the region

Management and Project Services

Faithful+Gould stable with Management Consultants returning to higher profitability

		31 Mar 2009	31 Mar 2008		
Revenue <i>(exc. JVs)</i>	(£m)	229.6	213.2	+	8%
Operating profit	(£m)	18.9	13.6	+	39%
Operating margin		8.2 %	6.4 %	+	180bp
Work in hand		44 %	48 %		Fair
Headcount		2,294	2,461	-	7%
Average headcount		2,405	2,394	+	0%

Faithful+Gould

- Strong results – US and Asia offsetting slight shortfall in UK business

Management consultants

- Performing well in tightening market

Asset Management

Impacted by losses/provisions on legacy contract

		31 Mar 2009	31 Mar 2008		
Revenue <i>(exc. JVs)</i>	(£m)	47.6	52.4	-	9%
Operating profit	(£m)	(6.8)	2.8		
Operating margin		(14.3) %	5.3 %		
Work in hand		99 %	99 %		Very good
Headcount		671	669	+	0%
Average headcount		682	674	+	1%

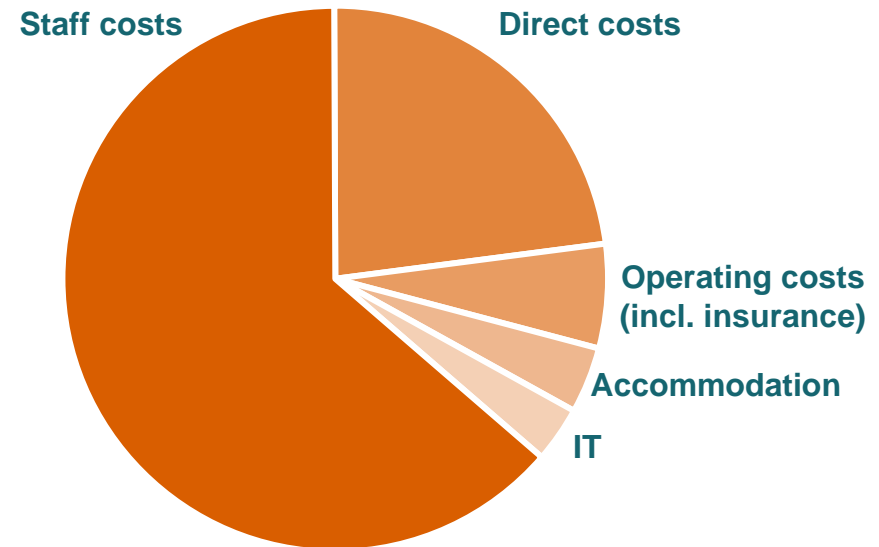
- Performance impacted by losses/provisions of £12m on legacy contract
- Remaining contracts performing satisfactorily

Restructuring

Early action taken

One-off costs of £10m for reorganisation and redundancies including:

- £5m D&ES (300 staff)
- £3m Middle East (500 staff)
- £1m M&PS (200 staff)
- £1m Other (200 staff)



The cost base comprises mainly staff costs

Taxation

One-off benefit in 2008/09

%	31 Mar 2009	31 Mar 2008
UK taxation at	28.0	30.0
Non-deductible expenses	0.7	1.4
Overseas tax rates	(4.2)	(3.4)
Share-based payments / other	3.3	1.2
R&D tax credit	(2.4)	(2.9)
ETR before consortium relief	25.4	26.3
Consortium relief	(6.9)	(0.6)
Normalised effective tax rate	18.5 %	25.7 %

- One-off benefit of Metronet Consortium relief in 2008/09
- ETR will continue to benefit from R&D and lower tax jurisdictions

Cash flow

Benefit from good working capital performance

£m	31 Mar 2009	31 Mar 2008
Operating profit	103.1	86.7
Depreciation/amortisation	33.4	30.4
Working capital	10.9	(7.3)
Pension	(40.6)	(29.1)
Provisions/other	18.7	0.2
Cashflow from operating activities	125.5	80.9

- Working capital movement includes £25m deterioration in Middle East
- Collection of trade debt more difficult – continuing focus on cash collection
- Net funds of £234.2m includes foreign exchange gain of c.£17m

Cash flow

Working capital

£m	31 Mar 2009	31 Mar 2008	Δ
Trade receivables	275.4	211.1	
Amounts recoverable on contracts	33.3	44.7	
Fees invoiced in advance	(178.7)	(148.6)	
Lockup	130.0	107.2	(22.8)
Other receivables/prepayments	45.0	43.9	(1.1)
Trade payables	(64.4)	(52.0)	12.4
Other payables/accruals	(235.6)	(208.6)	27.0
Other			(4.6)
Movement in working capital			10.9

Pension

Net deficit increase

£m	Gross	Net of deferred tax
Net deficit at 1 April 2008	(213.1)	(153.9)
Service cost	(8.9)	
Net finance cost	(5.9)	
Contributions	52.5	
Actuarial loss	(122.8)	
Other	(0.2)	
Net deficit at 31 March 2009	(298.4)	(215.4)

- Net deficit increase due to lower discount rates and asset prices
- £44.5m deficit funding in year, £32m p.a. for next five years - next actuarial valuation as at 1 April 2010
- Pension interest charge for 2009/10 of £14.5m

ATKINS

Keith Clarke

Chief Executive

Plan Design Enable

Challenges

Current environment presents a number of challenges for the Group

Market liquidity issues commenced during 2008/09

Clients under increasing cost pressure

Slowdown in certain markets requires resource flexibility

Issues will remain during 2009/10

Agility

Successful anticipation of impact of challenges

Flexed staff numbers – selective headcount adjustment

Redeployed resources

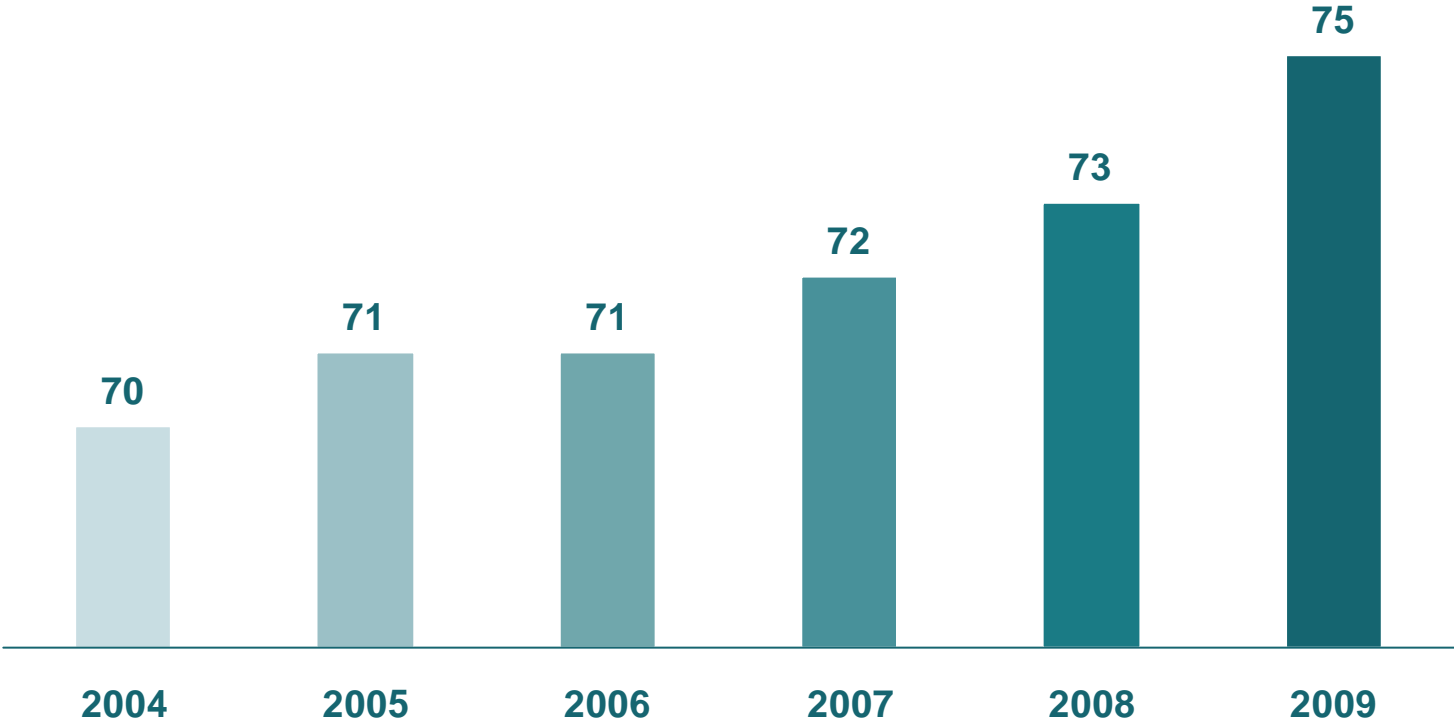
Significantly reduced costs

Pay review deferred

Internal staff survey – engagement index improved

Staff survey

Viewpoint staff survey completed by 77% of staff



Employee Engagement Index

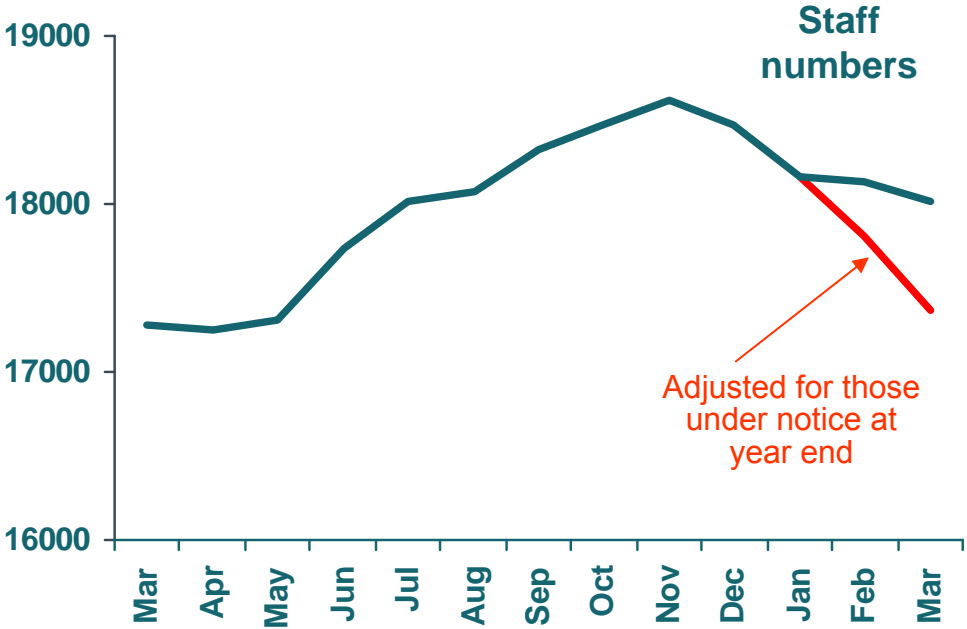
People

Action taken to reduce staff numbers

c.18,000 staff with c.600 working notice at year end

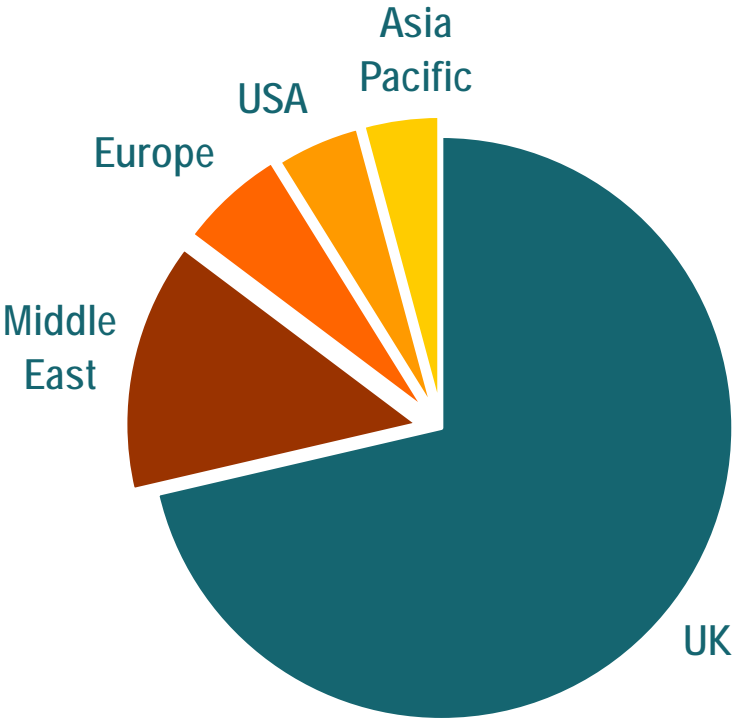
Staff turnover down to 11.4%

Continuing to invest in training and development

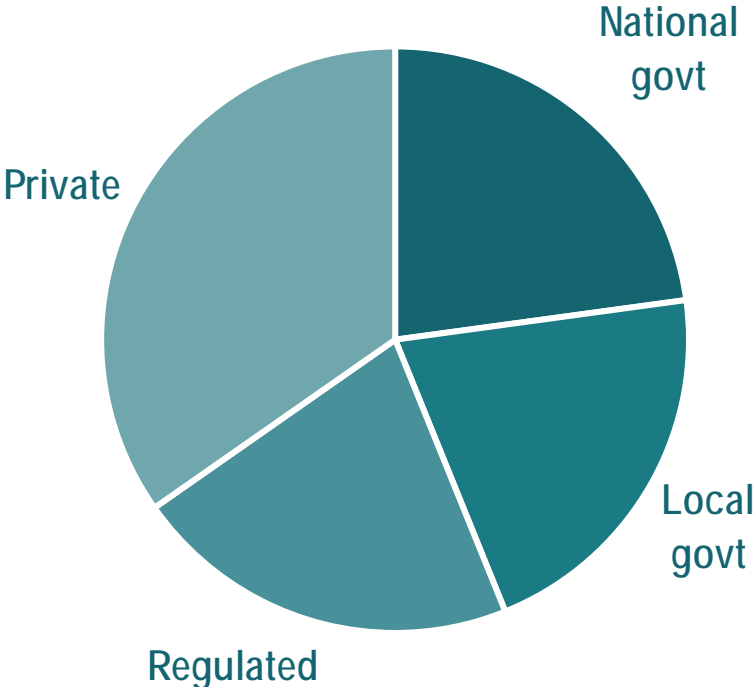


Atkins has a number of home markets

Two thirds of Group revenue is derived from government and regulated sectors



Revenue by geographic segment



Revenue by sector

2010/11+

Responding to government spending pressure

Continued demand for high-value technical skills – where quality is the major determinant

UK's Carbon Reduction Commitment will increase the need for technical solutions

Need for capacity, reliability and predictability will increase demand for skills in e.g.

- Nuclear
- Transmission & Distribution
- Utilities
- Rail

Government efficiency enhanced by spending more time on planning and designing

“More thought into less construction”

Low Carbon Economy

Using Carbon Critical Design to address the challenges

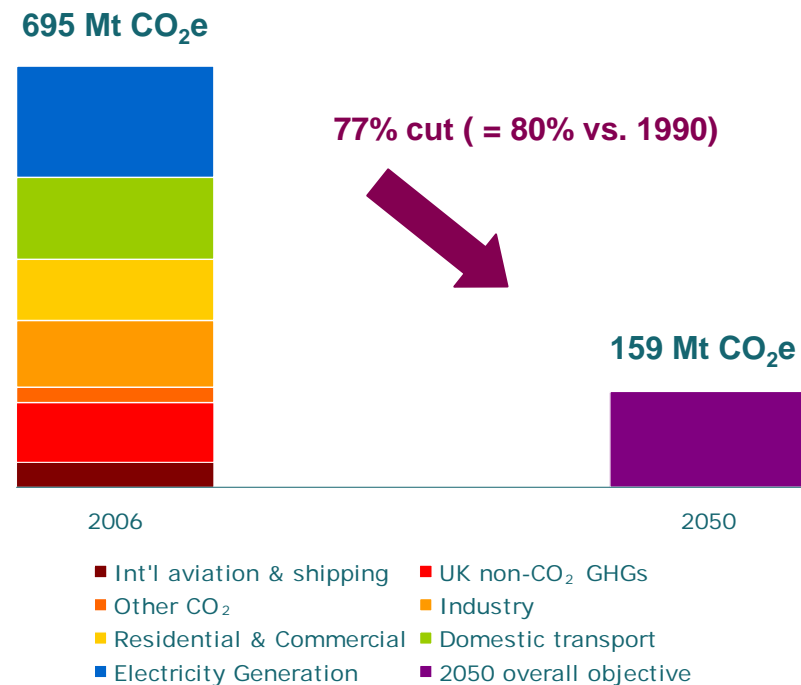
Decarbonising electricity generation

Energy efficiency in the use of electricity

Transport: more efficient vehicles, new fuels and demand containment

Heat: energy efficiency and new energy sources

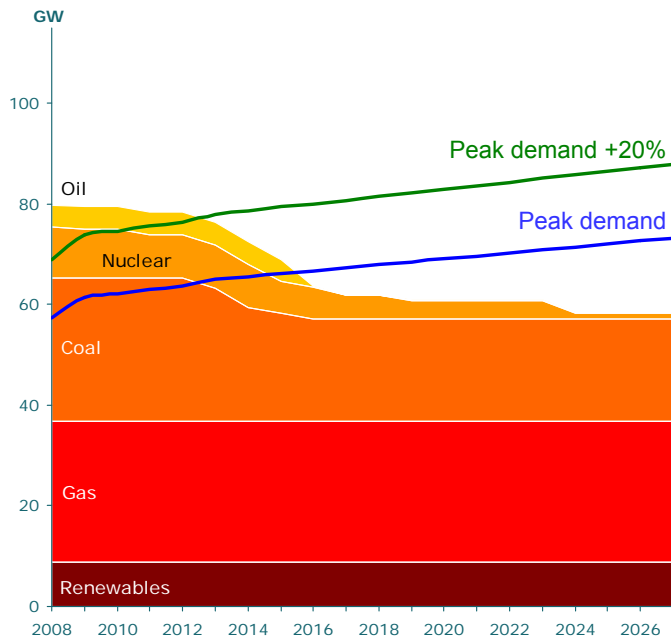
Source: Key areas from "Building a low-carbon economy – the UK's contribution to tackling climate change"
Committee on Climate Change – December 2008



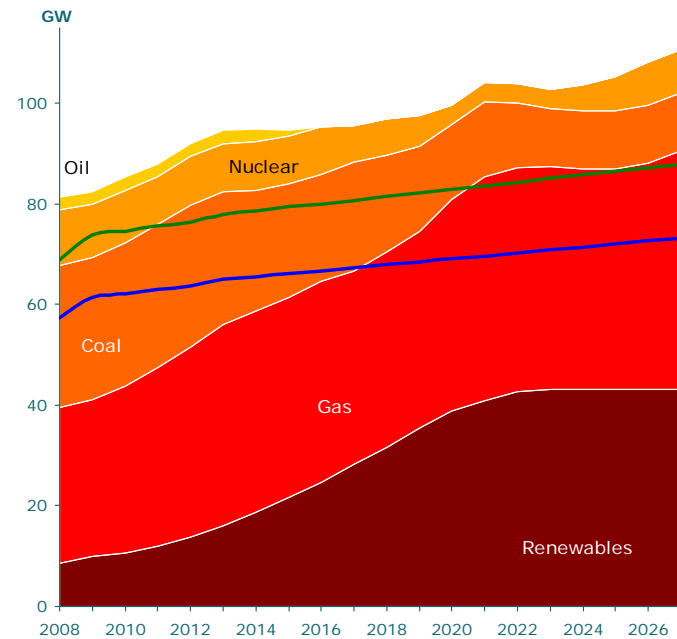
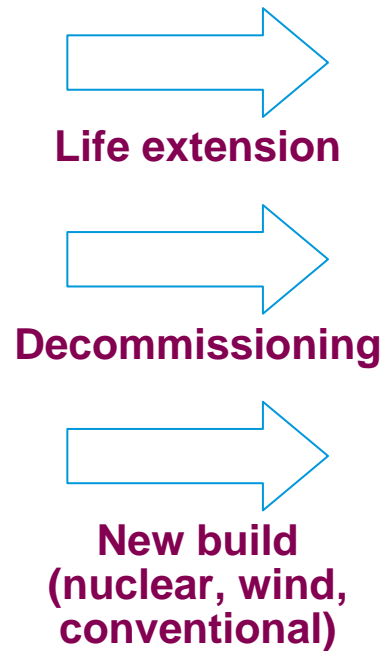
Source: "The scale of the challenge" from "Building a low-carbon economy – the UK's contribution to tackling climate change"
Committee on Climate Change – December 2008

Energy

Wave of new investments coming



Development of existing GB generating capacity
Source: Digest of UK Energy Statistics/DECC

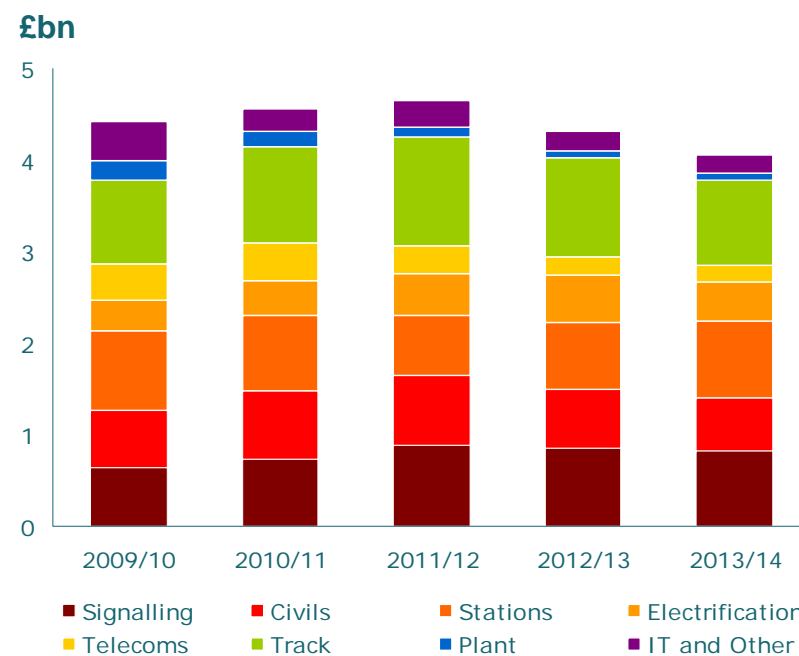


Development of UK total (including existing)
electricity generating capacity, under a policy
environment designed to deliver 32% of the UK's
electricity from renewable sources by 2020
through extension of the Renewables Obligation
Source: Redpoint

Rail

Strong market with major investment

- NWR – CP4 now approved: £28.5bn with increase in enhancement spend
- TfL/Underground capex more than £15bn to 2017/18
- Crossrail £15.6bn programme – c.£400m of design being let
- Train Operating Companies – under pressure



Network Rail investment expenditure by asset (£bn, 2009/10 prices)
Source: Control Period 4 Delivery Plan 2009

Water

AMP5 underway

England and Wales Water Companies

- Proposed capital programmes 2010-2015 (AMP5) c.£20bn
- Ofwat final determination November 2009 for implementation April 2010

Scotland and Northern Ireland Water Companies

- Scottish Water capital programme 2010-2014 more than £2bn
- Northern Ireland Water to spend £3bn by 2020

Regulatory drivers and climate change will continue to influence activities

London regeneration to 2012 and beyond

Atkins is the official engineering design services provider for the London 2012 Games

Providing multidisciplinary engineering design consultancy for the temporary venues both within London and across the country for the event, including:

- Building services design
- Civil and structural engineering
- Acoustics
- Fire
- Accessibility

Working for the Olympic Delivery Authority, we are also part of the design team for the Olympic Park site-wide infrastructure



UK summary

Opportunities for the Group in technical areas

We are not planning for a quick recovery from the effects of recession

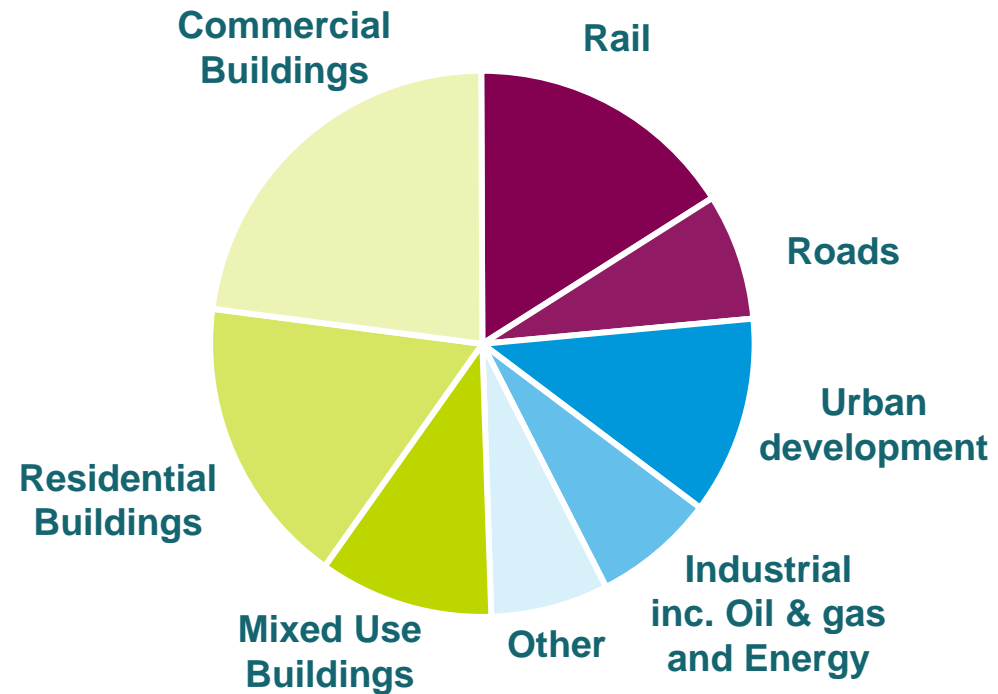
There is uncertainty about timing and quantum of government expenditure

In this context there will be continuing investment for at least next two years in specialist areas with high technical content

Middle East

More than just Dubai

- Liquidity issue in the region (principally Dubai)
- Confidence will return
- Region can support material Atkins business



Revenue by market

Rest of the world

Outlook for other home markets mainly good with a few exceptions

China

- Significant wins in Hong Kong in strong market with a good outlook for transport sector
- Cautious about timing of growth opportunities in Mainland China

Europe

- Scandinavia an area of focus
 - Denmark outlook good
 - Sweden market opportunity yet to be realised
- Ireland recession biting

USA

- Cost consulting improving performance
- Oil and gas opportunities remain

Looking forward

Good order book for 2009/10

Agile business

Carbon critical awareness increasing

Well placed to address the challenges in the year ahead

WS Atkins plc

Preliminary results for the year ended
31 March 2009

17 June 2009

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Appendix

Net funds reconciliation

Net funds reconciliation

£m		Cash	Loan notes	Financial assets	Borrowings < 1yr	Borrowings > 1yr	Leases	Net funds
Operating profit		103.1						103.1
Depreciation/amortisation		33.4						33.4
Working capital		10.9						10.9
Pension		(40.6)						(40.6)
Provisions / other		18.7						18.7
Cashflow from operating activities		125.5						125.5
Net interest		4.1						4.1
Tax		(12.8)						(12.8)
Joint ventures		1.3						1.3
Net capital expenditure		(27.6)						(27.6)
		90.5						90.5
Acquisitions / disposals		(0.6)						(0.6)
Buyback		(12.3)						(12.3)
Dividends		(24.7)						(24.7)
Net cash flow		52.9						52.9
Non-operating items	Foreign Exchange	17.0						17.0
Financing - I	Transfer / Discount unwind	-	0.4		(2.9)	2.6		(4.1)
	New leases	-					(4.2)	
Financing - II	Investments	(6.9)	6.9					
	Financial assets	1.0		(1.0)				-
	Loans - short term	(4.3)			4.3			
	Leases : principal	(4.5)					4.5	
Movement		55.2	7.3	(1.0)	1.4	2.6	0.3	65.8
Opening balance		154.5	5.6	29.7	(4.2)	(3.2)	(14.0)	168.4
Closing balance		209.7	12.9	28.7	(2.8)	(0.6)	(13.7)	234.2

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