WS Atkins plc

Preliminary results for the year ended 31 March 2011

16 June 2011

Plan Design Enable

Keith Clarke

Chief Executive

Good results in a transformational year, positioning the Group for growth

Continued management focus on quality and agility have delivered good results

Our strategy is working and the Group is well positioned for growth

Heath Drewett

Group finance director

Good results in a transformational year

Underlying PBT improved to £102.7m (2009/10 £93.9m) assisted by Middle East debt recovery of £8m

Underlying operating margin 7.6%

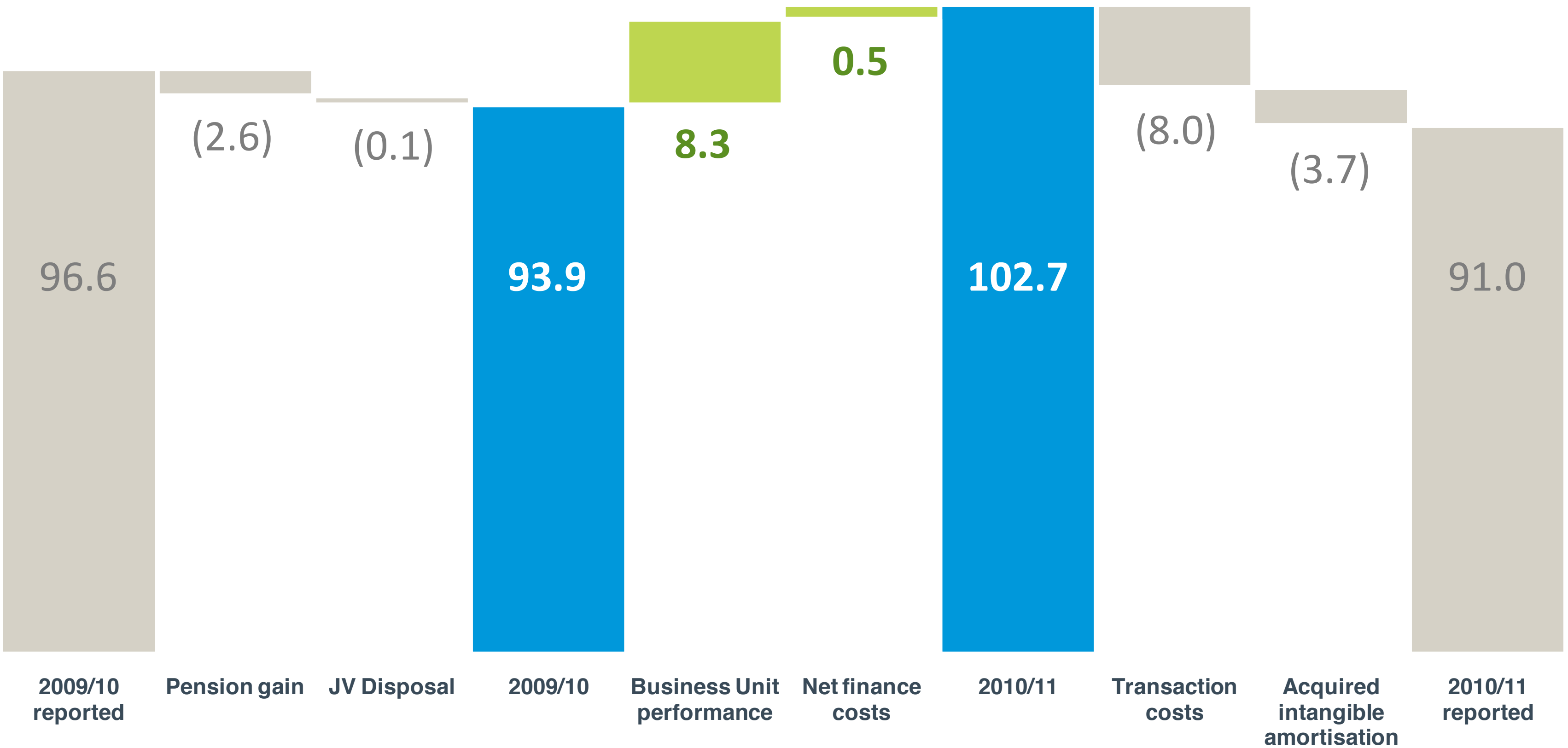
Financial summary
Good results

£m	2011	2010	
Revenue	**1,564**	1,388	13 %
Operating profit	**107**	113	(5) %
Operating margin	**6.8 %**	8.1 %	(130) bp
Underlying operating margin *	**7.6 %**	8.0 %	(40) bp
Underlying profit before tax *	**102.7**	93.9	9 %
Normalised fully diluted eps	**75.0 p**	77.8 p	(4) %
Dividend per share	**29.0 p**	27.5 p	5 %
Work in hand	**55 %**	54 %	GOOD
Average staff numbers	**16,582**	16,421	1 %
Closing staff numbers	**17,522**	15,601	12 %

* *Underlying operating margin excludes PBSJ transaction costs and amortisation of acquired intangibles in 2010/11 and pension gain in 2009/10; underlying profit before tax also excludes profit on JV disposal*

Profit bridge

Improved performance on a comparable basis



Segmental summary

£m	Revenue	Operating profit/(loss)	Operating margin
UK	926.5	61.4	6.6 %
North America	279.2	13.8	4.9 %
Middle East	140.9	23.8	16.9 %
Asia Pacific and Europe	155.3	12.1	7.8 %
Energy	98.6	8.5	8.6 %
Total for segments	1,600.5	119.6	7.5 %
Joint Ventures included above	(36.2)	(0.9)	
Total before unallocated items	**1,564.3**	**118.7**	**7.6 %**
Transaction costs	-	(8.0)	
Amortisation of acquired intangibles	-	(3.7)	
Total for Group	1,564.3	107.0	6.8 %

UK
Traded well in a difficult market

£m	2011	2010	
Revenue	**926.5**	983.5	(6) %
Operating profit	**61.4**	77.3	(21) %
Operating margin	**6.6 %**	7.9 %	(130) bp
Work in hand	**57 %**	57 %	FAIR
Average staff numbers	**10,119**	10,905	(7) %
Closing staff numbers	**9,640**	10,387	(7) %

- Continued to flex resource levels to meet anticipated demand
- Greater certainty returning
- Staff numbers stabilising

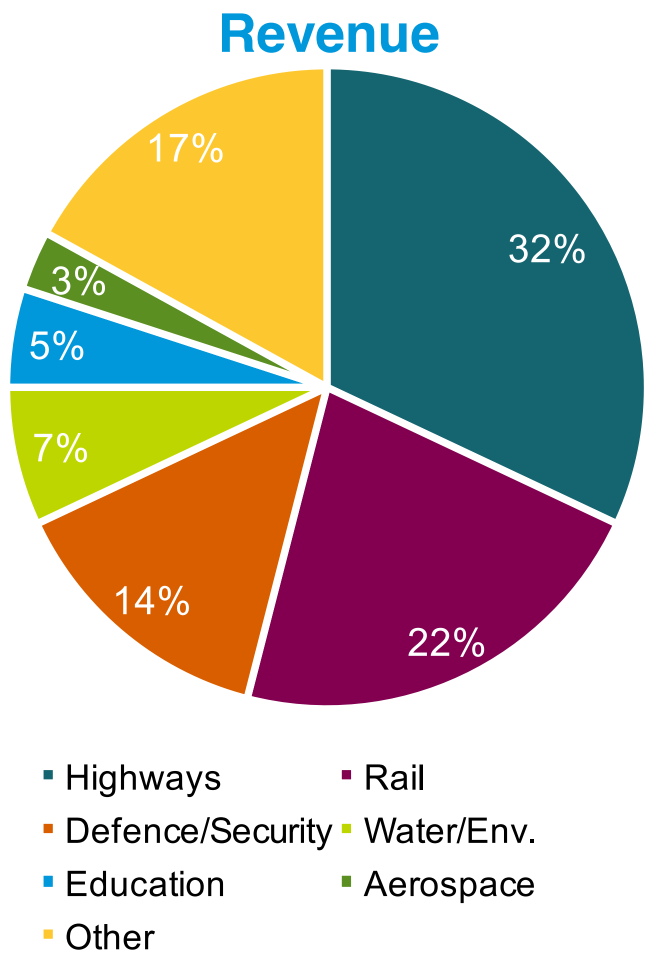
UK
Market analysis

Highways
- Restructured business in a tighter market

Rail
- Well funded market and stable in the medium term

Defence/Security
- We are in a robust position in niche sectors

Water/Environment
- Increasing market demand



North America
Platform for growth

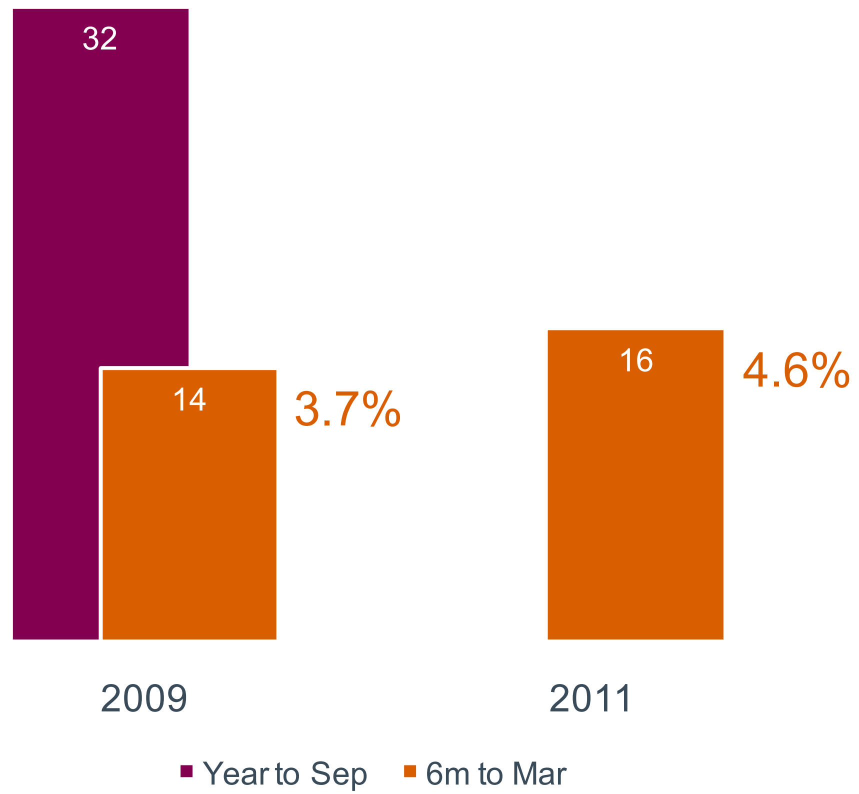
£m	2011	2010	
Revenue	**279.2**	55.0	408 %
Operating profit	**13.8**	3.4	306 %
Operating margin	**4.9 %**	6.2 %	(130) bp
Work in hand	**47 %**	40 %	GOOD
Average staff numbers	**1,858**	533	249 %
Closing staff numbers	**3,336**	510	554 %

- Integration of PBSJ has progressed well
- Good performance in first six months
- Outlook good

North America

Delivering the acquisition case

Operating profit ($m) and margin



- PBSJ Operating profit $16.0m (£10.3m)
- Revenue of $349.6m (£225.4m)
- Improved operating margin 4.6%
- 2,866 staff

Middle East
Confidence returning

£m	2011	2010	
Revenue	**140.9**	136.6	3 %
Operating profit	**23.8**	14.0	70 %
Operating margin	**16.9 %**	10.2 %	670 bp
Work in hand	**89 %**	57 %	EXCELLENT
Average staff numbers	**1,629**	2,154	(24) %
Closing staff numbers	**1,555**	1,867	(17) %

- Margin improvement reflects net recovery of long outstanding debt of c.£8m
- Excellent work in hand due to investment in infrastructure skills
- Outlook improving

Asia Pacific and Europe
Continued improvement

£m	2011	2010	
Revenue	**155.3**	148.8	4 %
Operating profit	**12.1**	7.4	64 %
Operating margin	**7.8 %**	5.0 %	280 bp
Work in hand	**53 %**	56 %	GOOD
Average staff numbers	**1,929**	1,943	(1) %
Closing staff numbers	**1,926**	1,930	(0) %

- Significantly improved margin
- Successful bridge engineering acquisition in Europe
- Outlook good

Energy
Performing well

£m	2011	2010	
Revenue	**98.6**	82.0	20 %
Operating profit	**8.5**	8.4	1 %
Operating margin	**8.6 %**	10.2 %	(160) bp
Work in hand	**29 %**	28 %	GOOD
Average staff numbers	**970**	805	20 %
Closing staff numbers	**993**	828	20 %

- Margin reflects investment for growth – by acquisition and organically
- In year transfer of c.100 staff from Middle East (Sharjah)
- Outlook very good

Cashflow

Reduced due to working capital outflow

£m	2011	2010
Operating profit	**107.0**	113.0
Depreciation/amortisation	**24.2**	22.8
Working capital	**(37.2)**	29.6
Pension	**(31.9)**	(36.3)
Provisions/other	**6.4**	(2.6)
Cashflow from operations	**68.5**	126.5

- Working capital outflow as anticipated
- PBSJ working capital requirement in first six months c. £15m

Cashflow dynamics
Movement in net funds

£m	2011	2010
Cashflow from operations	**68.5**	126.5
Interest/tax	**(11.6)**	(15.7)
Net capital expenditure	**(11.6)**	(10.8)
Acquisitions/disposals	**(178.4)**	(0.8)
Dividends	**(27.1)**	(25.7)
Other	**(19.0)**	(5.2)
Net funds flow	**(179.2)**	68.3
Opening net funds	**302.5**	234.2
Net funds c/f	**123.3**	302.5

Taxation

Effective tax rate slightly higher than last year

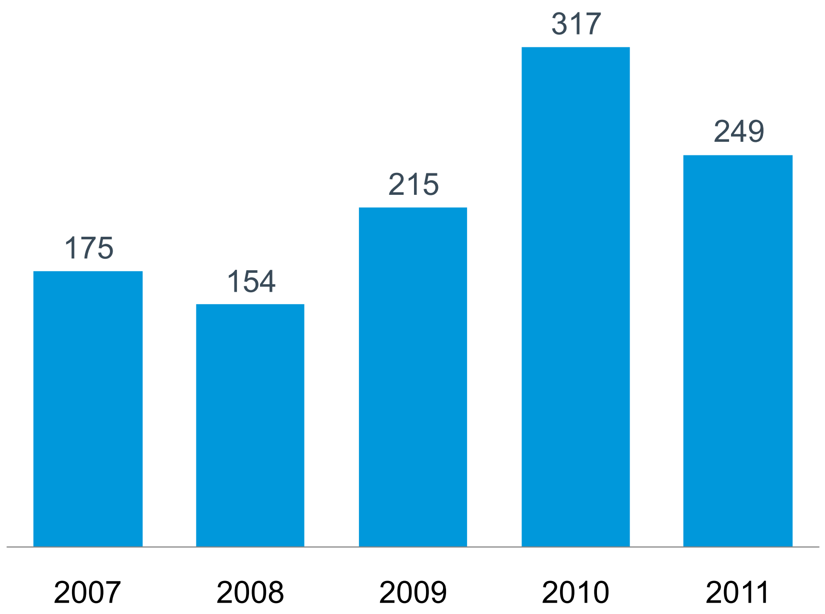
%	**2011**	2010
UK taxation at	**28.0**	28.0
Overseas tax rates	**(7.8)**	(6.4)
Share-based payments/other	**2.8**	0.6
R&D tax credit	**(2.0)**	(2.4)
Normalised effective tax rate	**21.0**	19.8

- Tax rate lowered by non-UK activities
- Continued benefit from research and development tax credit

Pension

Reduced IAS19 deficit

- IAS19 deficit net of deferred tax as at 31 March 2011 £249m
- Asset performance in line with expectations
- Discount rate increased
- Switch to CPI for Railways Pension Scheme



Pension

Agreement reached on Actuarial Valuation

- Actuarial deficit as at 31 March 2010: £293m
- Removing final salary link reduces deficit to £265m – staff consultation commenced
- Funding Plan agreed with the Trustee
- £26m p.a. deficit funding for 2011/12 and 2012/13 with £32m p.a. for following 7 years

Good results in a transformational year

The Group is performing well

Transformational steps in key areas

Dividend increased reflecting the Board's confidence

Keith Clarke

Chief Executive

“More thought, less concrete”
for significant shareholder returns

Market

Global drivers are bringing unprecedented change to infrastructure
- Growing urban populations
- Energy demands
- Sustainability / Climate change / Decarbonisation

Demand

Clients

The World’s Best Infrastructure Consultancy with the best combination of quality, local understanding and breadth of skills will be trusted to deliver projects to meet the infrastructure needs of our clients

Supply

Staff

Quality continues to attract people
Investment in skills
Investment in geographic presence

Atkins' world is changing

	Principal markets	Approx staff
UK	Roads, Rail, Water/Environment, Defence/Security	9,700
North America	Roads, Water/Environment	3,300
Middle East	Rail, Buildings, Mixed use infrastructure	1,600
Asia Pacific and Europe	Rail	1,900
Energy	Nuclear, Oil and gas, Power (inc. Renewables)	1,000

Atkins' success is due to clear execution of strategy by a talented team

UK	Repositioning for ongoing market challenges
North America	Platform for growth
Middle East	Geographic expansion and sector diversification
Asia Pacific and Europe	Improving quality and margin
Energy	Investing for growth

UK

Repositioning for ongoing market challenges

Context

- We saw that the recession would not be short term and planned accordingly

Action

- We flexed resources in line with prospective demand and expanded our geographic footprint outside the UK

Positioning

- Well diversified portfolio provides resilience
- Resources in well-funded markets

Dynamics

- We now have a good platform for navigating near term headwinds and for when growth returns in the medium term

North America
Platform for growth

Context

- Market uncertainties play to our strengths in the near term as we focus on margin progression

Action

- Delivery of anticipated margin performance for the first six months

Positioning

- Large market with well-defined infrastructure need
- Deep skills in a small number of technical areas including highways, water and environment

Dynamics

- Growth prospects in terms of margin progression and, later, skill additions and geographic expansion

Middle East

Geographic expansion and sector diversification

Context

- Increasing move to infrastructure related projects

Action

- Project wins following diversifying our activities and expanding geographically

Positioning

- Long term presence in the region
- Successfully repositioned to take advantage of shift to public sector infrastructure in many regions outside Dubai

Dynamics

- Growth prospects could be material over the next few years

Asia Pacific and Europe
Improving quality and margin

Context

- Mixed economic conditions and scope of addressable market

Action

- Focus on performance and quality
- Niche acquisitions

Positioning

- Asia Pacific focussed on China and Hong Kong – masterplanning, concept design and transport
- Europe focussed on transport in Scandinavia

Dynamics

- Steadily improving quality and returns in recent years provide optimism that region has modest growth potential

Energy

Investing for growth

Context

- Material growth sector globally
- Technical barriers to entry

Action

- New reporting segment provides focus
- Niche acquisitions

Positioning

- Activities in nuclear (across the life cycle), oil and gas and power including renewables (nascent and growing with cross pollination of skills)
- Provides work for other areas of the Group

Dynamics

- A material growth area as the world grapples with energy needs and the associated safety case

The outlook for the year is unchanged

The Group is well positioned

UK

- Challenging market
- Stabilising staff levels

North America

- 2011/12 will bring a full year contribution from US acquisition
- Continued focus on margin

Middle East

- Debt recovery to the same quantum unlikely to be repeated
- Strong market will support underlying performance

Asia Pacific and Europe

- Focus on performance and quality
- Steady progress

Energy

- Strong prospects in all disciplines
- Continuing investment for growth

Good results in a transformational year, positioning the Group for growth

Continued management focus on quality and agility have delivered good results

Our strategy is working and the Group is well positioned for growth

The outlook for the current year is unchanged and in line with market expectations

ATKINS

WS Atkins plc

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16 June 2011

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Appendices

1. Movement in net funds
2. Comparative results tables

Movement in net funds

£m		Cash	Loan notes < 1yr	Loan notes > 1yr	Financial assets	Borrowings < 1yr	Borrowings > 1yr	Leases < 1yr	Leases > 1yr	Net funds
Operating profit		107.0								**107.0**
Depreciation/amortisation		24.2								**24.2**
Working capital		(37.2)								**(37.2)**
Pension		(31.9)								**(31.9)**
Provisions / other		6.4								**6.4**
Cashflow from operating activities		68.5								**68.5**
Net interest		0.7								**0.7**
Tax		(12.3)								**(12.3)**
Joint ventures		(1.3)								**(1.3)**
Net capital expenditure		(11.6)								**(11.6)**
		44.0								**44.0**
Acquisitions / disposals		(178.4)								**(178.4)**
Dividends		(27.1)								**(27.1)**
Net cash flow		(161.5)								**(161.5)**
Non-operating items	Foreign Exchange	(6.5)				1.6				**(5.7)**
	EBT share purchase	(0.8)								
Financing - I	Provision	-		(6.5)						
	Acquired	-			2.5	(7.9)				**(12.0)**
	Transfers	-						(2.4)	2.4	
	New leases	-						(0.1)		
Financing - II	Investments	(5.4)		5.4						
	Financial assets	0.2			(0.2)					**-**
	Borrowings - short term	39.3				(39.3)				
	Leases : principal	(4.1)						4.1		
Movement		(138.8)	-	(1.1)	2.3	(45.6)	-	1.6	2.4	**(179.2)**
Opening balance		260.3	-	21.2	32.4	(0.7)	-	(3.7)	(7.0)	**302.5**
Closing balance		**121.5**	**-**	**20.1**	**34.7**	**(46.3)**	**-**	**(2.1)**	**(4.6)**	**123.3**

Segmental summary – 2009/10

£m	Revenue	Operating profit/(loss)	Operating margin
UK	983.5	77.3	7.9 %
North America	55.0	3.4	6.2 %
Middle East	136.6	14.0	10.2 %
Asia Pacific and Europe	148.8	7.4	5.0 %
Energy	82.0	8.4	10.2 %
Total for segments	1,405.9	110.5	7.9 %
Joint Ventures included above	(18.0)	(0.1)	
Total before unallocated items	**1,387.9**	**110.4**	**8.0 %**
Pension curtailment gain	-	2.6	
Total for Group	1,387.9	113.0	8.1 %

Segmental summary – H1 2010/11

£m	Revenue	Operating profit/(loss)	Operating margin
UK	454.7	30.9	6.8 %
North America	27.5	1.6	5.8 %
Middle East	70.5	8.1	11.5 %
Asia Pacific and Europe	73.4	4.0	5.4 %
Energy	47.7	4.0	8.4 %
Total for segments	673.8	48.6	7.2 %
Joint Ventures included above	(9.6)	(0.3)	
Total before unallocated items	**664.2**	**48.3**	**7.3 %**
Transaction costs	-	(3.0)	
Total for Group	664.2	45.3	6.8 %

Segmental summary – H2 2010/11

£m	Revenue	Operating profit/(loss)	Operating margin
UK	471.8	30.5	6.5 %
North America	251.7	12.2	4.8 %
Middle East	70.4	15.7	22.3 %
Asia Pacific and Europe	81.9	8.1	9.9 %
Energy	50.9	4.5	8.8 %
Total for segments	926.7	71.0	7.7 %
Joint Ventures included above	(26.6)	(0.6)	
Total before unallocated items	**900.1**	**70.4**	**7.8 %**
Transaction costs	-	(5.0)	
Amortisation of acquired intangibles	-	(3.7)	
Total for Group	900.1	61.7	6.9 %

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