WYG Group

Full Year Results to June 2010

UK Pavilion, Shanghai Expo 2010

Architect: Heatherwick Studio

Engineering: AKT, part of WYG Group

The Board of Directors

Non Executive Chairman	Mike McTighe
Chief Executive Officer	Paul Hamer
Group Finance Director	David Wilton
Group Commercial Director	Graham Olver
Senior Independent Non Executive Director	Robert Barr
Non Executive Director	David Jeffcoat

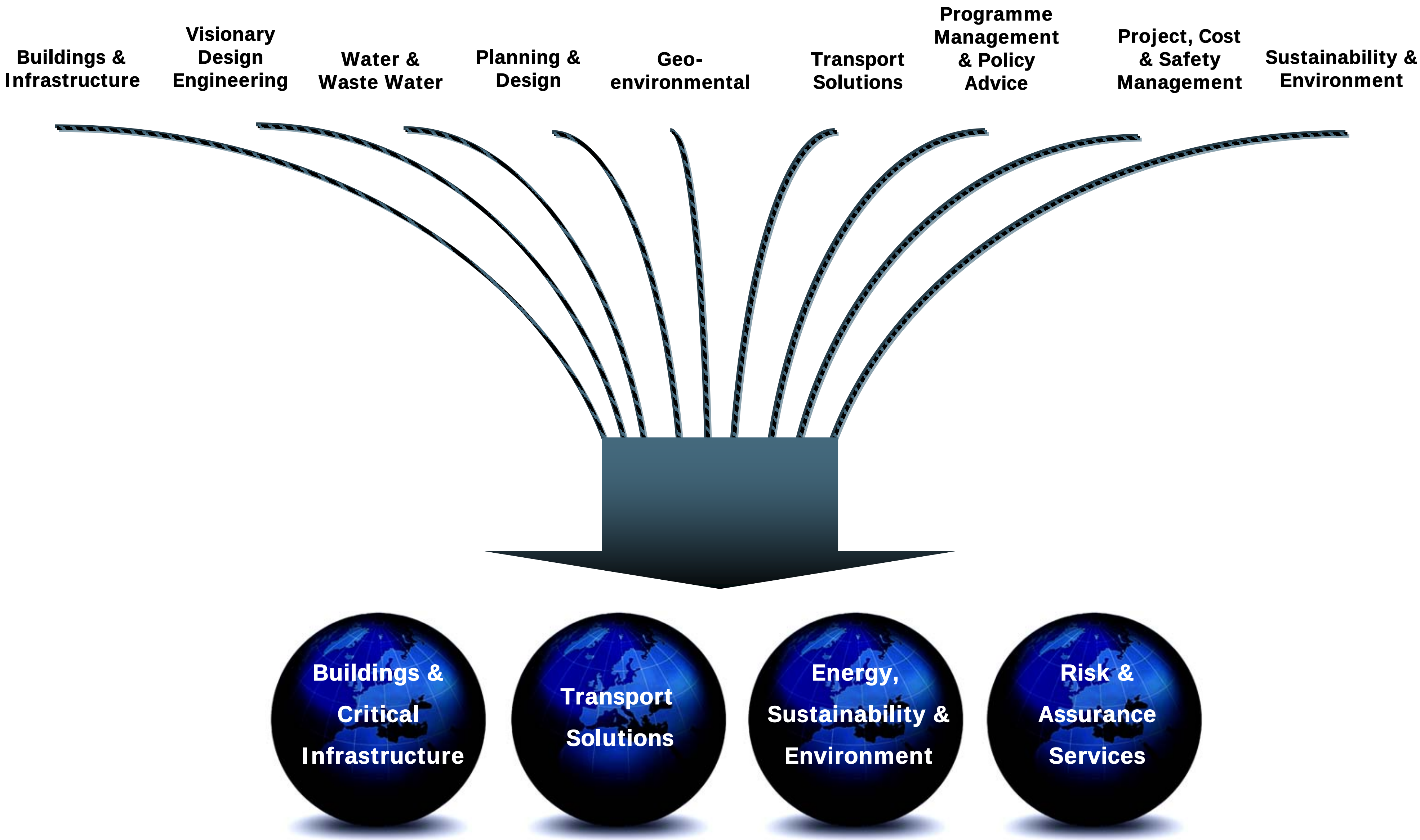
Mike McTighe

Non Executive Chairman

Summary

- Year of change – successful refinancing and implementation of the three-part strategy
- Continued business reshaping – people and property
- Strong organic growth in international business
- Good progress in cash generation
- Continuing to invest in people and processes
- Reshaped operations into global capability lines
- UK markets remain very challenging and unpredictable – short term future very challenging

Our global areas of expertise



David Wilton

Group Finance Director

Financial Summary

- Operating profit before exceptional and other items £7.2m
- Revenue decreased to £220.6m
- Net revenue decreased to £192.9m
- Order book valued at £215m
- Significant exceptional items
- Strong underlying cash generation
- No dividend payment in the financial year
- Positive balance sheet

Consolidated Income Statement

	June 2010 £m	June 2009 £m
Total revenue	220.6	261.6
3rd party revenue	(27.7)	(47.7)
Net WYG revenue	192.9	213.9
Operating profit	7.2	17.0
Finance costs	(5.2)	(4.9)
Profit before exceptional items	2.0	12.1
Exceptional and other items	(23.8)	(141.0)
Loss before tax	(21.8)	(128.9)
Tax	1.1	0.6
Loss after tax	(20.7)	(128.3)
Adjusted earnings per share	4.6p	16.0p

Exceptional and Other Items

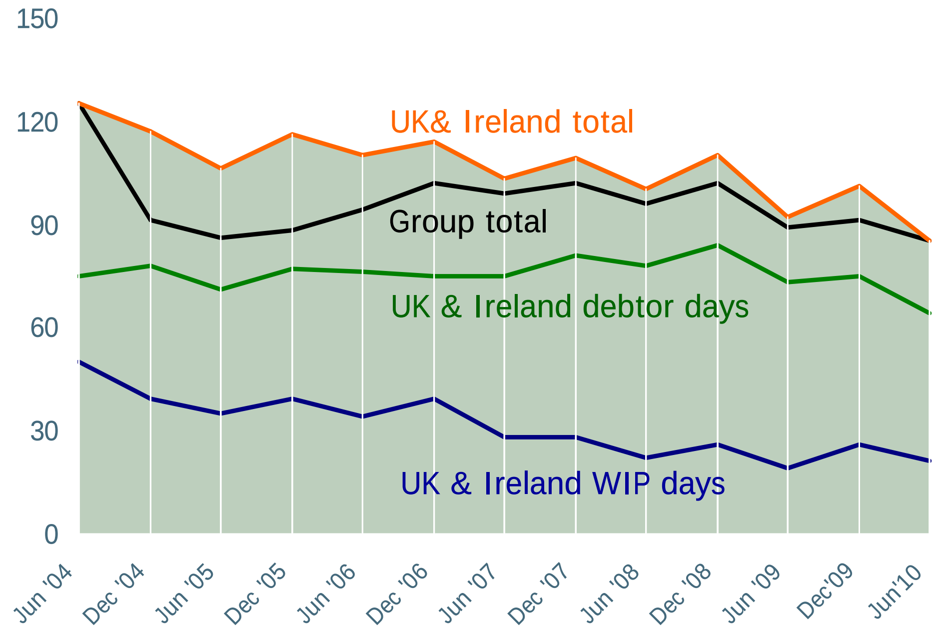
	June 2010	June 2009
	£m	£m
Employee termination costs	4.7	9.0
Office closure provisions	3.5	20.6
WIP & trade receivables provisions	7.3	20.5
PI claim provisions	-	5.7
Professional fees	-	3.4
Impairment of goodwill	6.9	77.2
Impairment of MIS	8.0	-
Gain on debt restructuring	(14.9)	-
Other restructuring costs	0.3	2.0
Transaction costs	6.5	0.4
Exceptional items	22.3	138.8
Amortisation	1.5	2.2
Exceptional and other items	23.8	141.0

Consolidated Balance Sheet

	June 2010 actual £m	June 2009 actual £m
Goodwill	36.8	43.5
Intangible Assets	10.4	12.7
Tangible Assets	6.5	14.1
Work in Progress	30.1	41.2
Debtors	43.8	68.0
Creditors	(92.6)	(110.9)
Net Debt	(33.9)	(85.3)
Shareholder Funds	1.1	(16.7)

Working Capital Management

	June 2010 £m	June 2009 £m
Working Capital		
WIP	30.1	41.2
Trade Debtors	35.0	57.4
Payments in Advance	(21.4)	(29.6)
	43.7	69.0
Working Capital Days (UK and Ireland)		
WIP Days	21	19
Debtor Days	64	73
Total	85	92

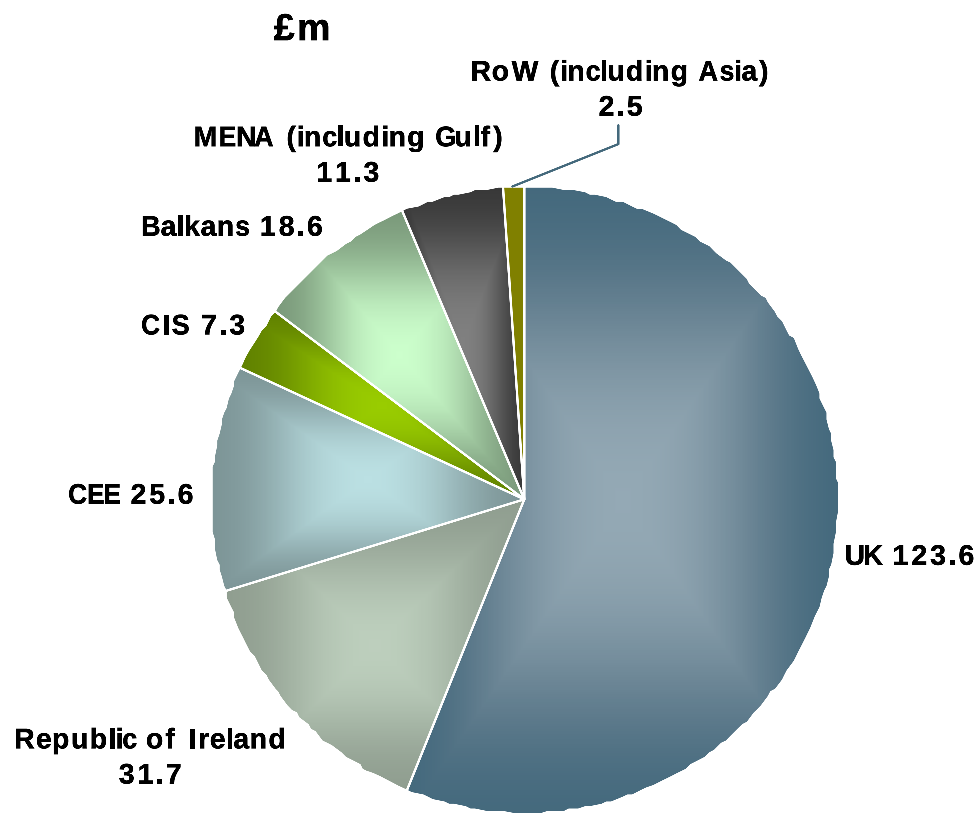


Consolidated Cash Flow

	June 2010 £m	June 2009 £m
EBITA (pre Exceptional)	7.2	17.3
Depreciation	3.2	3.8
Amortisation and Impairment	1.0	1.2
Share options	0.3	(1.7)
	11.7	**20.6**
Movement in working capital	5.7	(0.1)
	17.4	**20.5**
Tax	3.4	(0.4)
Interest	(4.0)	(5.3)
Capex	(4.1)	(5.5)
IT Capex	(0.3)	(1.0)
Exceptional cash costs	(14.5)	(8.0)
	(2.1)	**0.3**
Dividends	-	(3.3)
Acquisitions	(0.4)	(8.0)
Shares issued	52.9	0.8
Shares aquired	-	(0.8)
Net cashflow	**50.4**	**(11.0)**
Opening net debt	(85.3)	(68.2)
Net cashflow	50.4	(11.0)
FX / non cash	1.0	(6.1)
Closing net debt	**(33.9)**	**(85.3)**
Unrestricted	(36.6)	(88.7)

Turnover by geography

- **Overseas revenue increasing – one third of overall revenue**
- **Objective to generate 50% revenue and profits from overseas markets by 2013**



CEE – Central and Eastern Europe

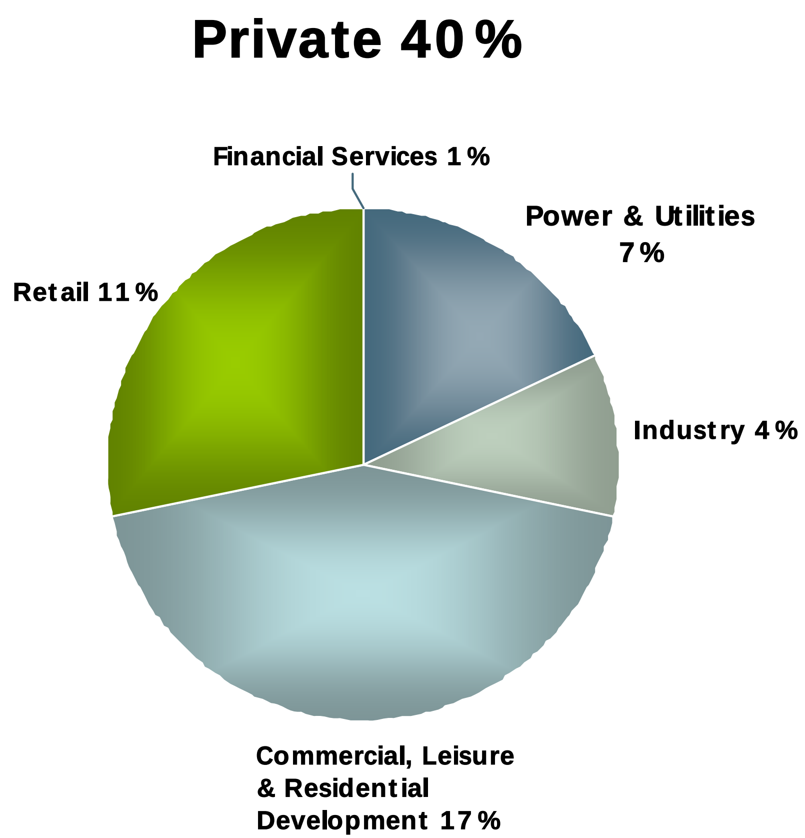
CIS – Commonwealth of Independent States

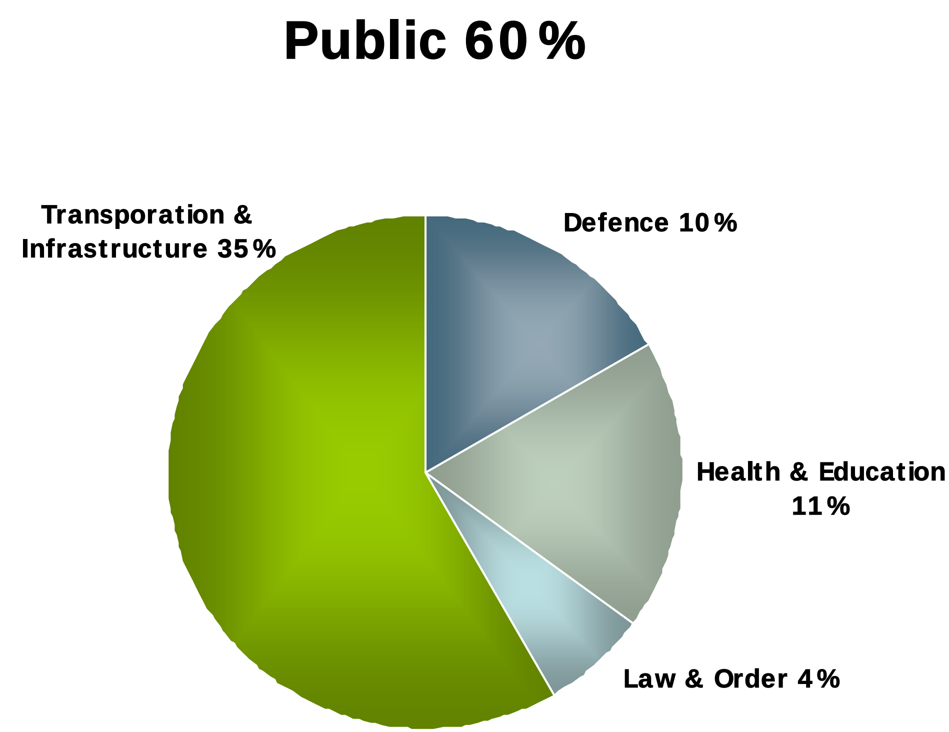
MENA – Middle East and North Africa

RoW – Rest of World

UK – United Kingdom

Turnover by Sector – UK & Ireland





Note: Statistics are by market not by customer

WYG Engineering

Engineering

	Change	2010 £m	2009 £m
Gross Revenue	-30%	53.2	76.2
Net Revenue	-30%	48.4	69.3
Operating Profit	-33%	1.4	2.1
Net Operating Margin		2.9%	3%

- **Significant reduction in capacity as market conditions were and remain very challenging**
- **Hiatus in public sector spending pre and post general election**
- **Exited from UK rail business on 30 June 2010**
- **High profile contract wins and awards reflect improved quality standards**
- **Continuing shift towards overseas work**

WYG Management Services

Management Services

	Change	2010 £m	2009 £m
Gross Revenue	-13%	24.9	28.5
Net Revenue	-19%	19.7	24.3
Operating Profit	-59%	1.3	3.2
Net Operating Margin		6.5%	13.2%

- **Reduced cost base to reflect reduced market size but utilisation fell**
- **Good service offering but very challenging UK market with notable reduction in activity since May 2010**
- **Increase in overseas activities**
- **Secured five-year framework with Defence Estates**

WYG Environment Planning Transport (EPT)

EPT

	Change	2010 £m	2009 £m
Gross Revenue	-15%	45.5	53.8
Net Revenue	-17%	37.8	45.6
Operating Profit	-48%	3.3	6.3
Net Operating Margin		9%	14%

- **Broad mix of services and clients**
- **Challenging UK market but some disciplines have grown – Waste, Ecology and Sustainability**
- **Contributed to significant schemes and developments**
- **Retail and Energy sectors remain resilient**

WYG Ireland

Ireland

	Change	2010 £m	2009 £m
Gross Revenue	-37%	31.7	50.3
Net Revenue	-38%	26.6	43.1
Operating (Loss)	-105%	(0.2)	3.8
Net Operating Margin		-0.8%	8.8%

- **Deep and ongoing recession – expect future growth to be slow**
- **Substantial restructuring completed. Capacity and capability now in line with the order book and the opportunity**
- **Mechanical, Electrical and Environmental teams delivered good, sustainable results**

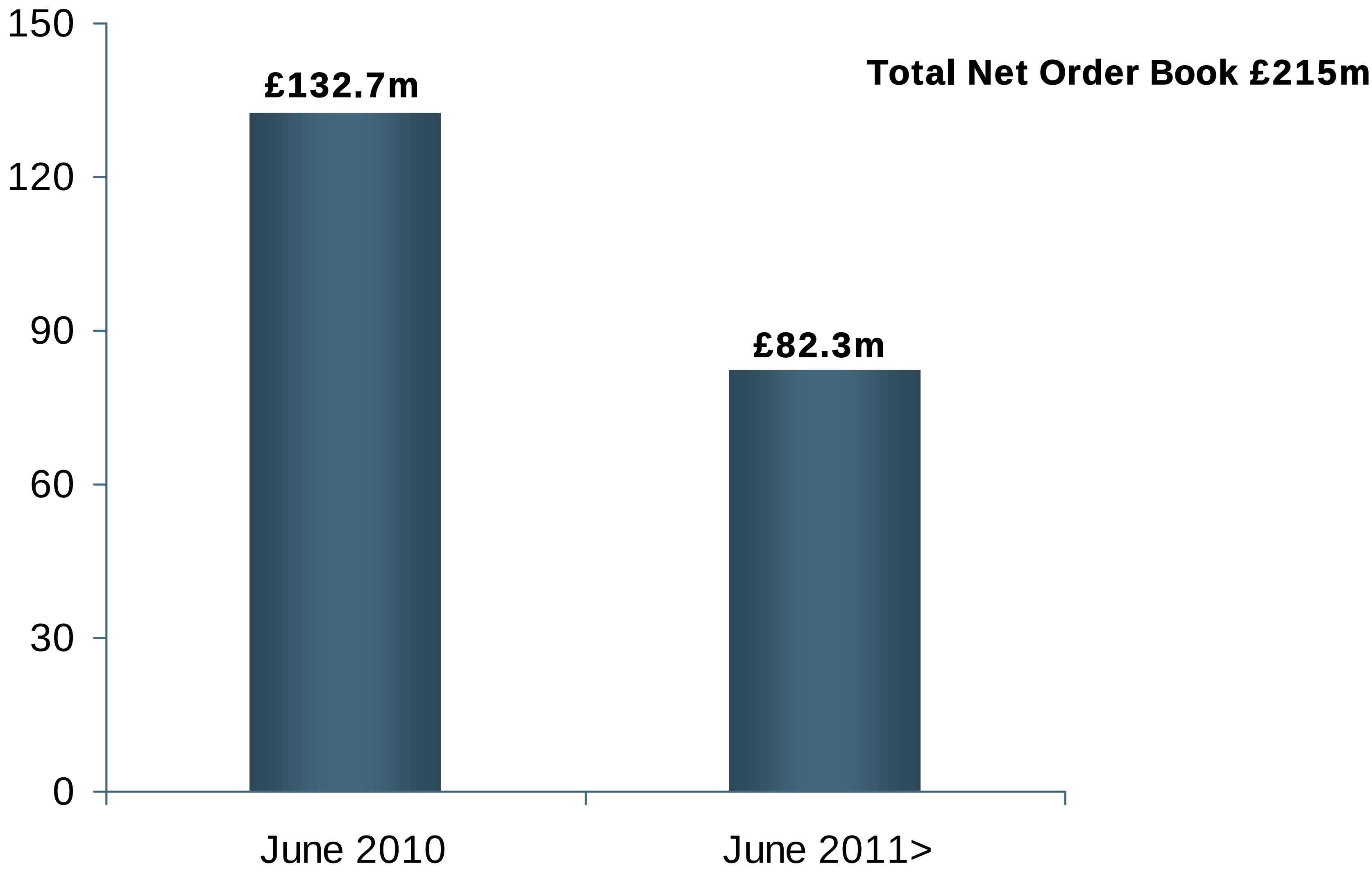
WYG International

International

	Change	2010	2009
		£m	£m
Gross Revenue	+24%	65.4	52.8
Net Revenue	+90%	60.3	31.7
Operating Profit	-19%	1.3	1.6
Net Operating Margin		2.2%	5.0%

- **Strong growth – now 30% of the Group's gross revenue**
- **Investment in new regions, particularly the Balkans**
- **Strong order book £75.5m and major project wins including IPF1 extension**
- **Good performances in Poland, Turkey and MENA**

Order Book at June 2010



Paul Hamer

Chief Executive Officer

Our three-part strategy

Create a more focused and efficient business

- Operational restructuring complete
- Streamlining of Corporate Centre
- Ongoing refinement

Globalise the Group

- 30% of Group turnover
- Pursuing aggressive organic growth

Create 'peaks of excellence' across critical and sustainable sectors

- Creation of global capability lines
- Group wide collaboration

Create a more focused and efficient business

Objectives

Continue to de-leverage the balance sheet

Create a competitive and flexible cost base

Streamline corporate and operational structure

Achieved

- Headcount reduction of 620 net
- Closure/consolidation of 21 net properties
- Ahead on cash
- Strengthened the team

Future priorities

- Manage the business for cash
- Deliver central restructuring – c£5m-£7m pa benefits
- Further enhance systems and governance

Globalise the Group

Objectives

Generate 50% group revenues and profits from international markets by 2013

Leverage market-leading position in EC

Drive global growth through capability and partnerships

Achieved

- Order book £75.5m
- Secured largest international contract - IPF2 €15.3m
- Created success in key regions – Croatia/South Africa

Future priorities

- Deliver margins of 7%
- Create strategic partnerships
- Expand growth into global private sector from core WYG country regions

Create ‘peaks of excellence’

Objectives
Build a new WYG
Create a high-value differentiated entity
Create a strong global brand and reputation

Achieved

- Strategic review complete
- Business de-risked
- Technical excellence programme created to minimise PII costs
- Moved to a ‘capability-led’ structure

Future priorities

- Drive utilisation and collaboration
- Secure top three position in key capabilities i.e. defence, water and energy
- Support global growth

Summary

Achievements

- Refinanced
- Restructured
- Ongoing reshaping and driving out cash

Outlook

- Short-term domestic outlook – very uncertain and challenging
- Target accelerated global growth
- Create optimum cost base model