

Interim Results to December 2010



Making the UK's largest regeneration project a reality

Our transport planning experts have gained planning permission on the proposed £4.5 billion Wirral Waters scheme in Merseyside which will create over 20,000 new jobs.



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

Summary

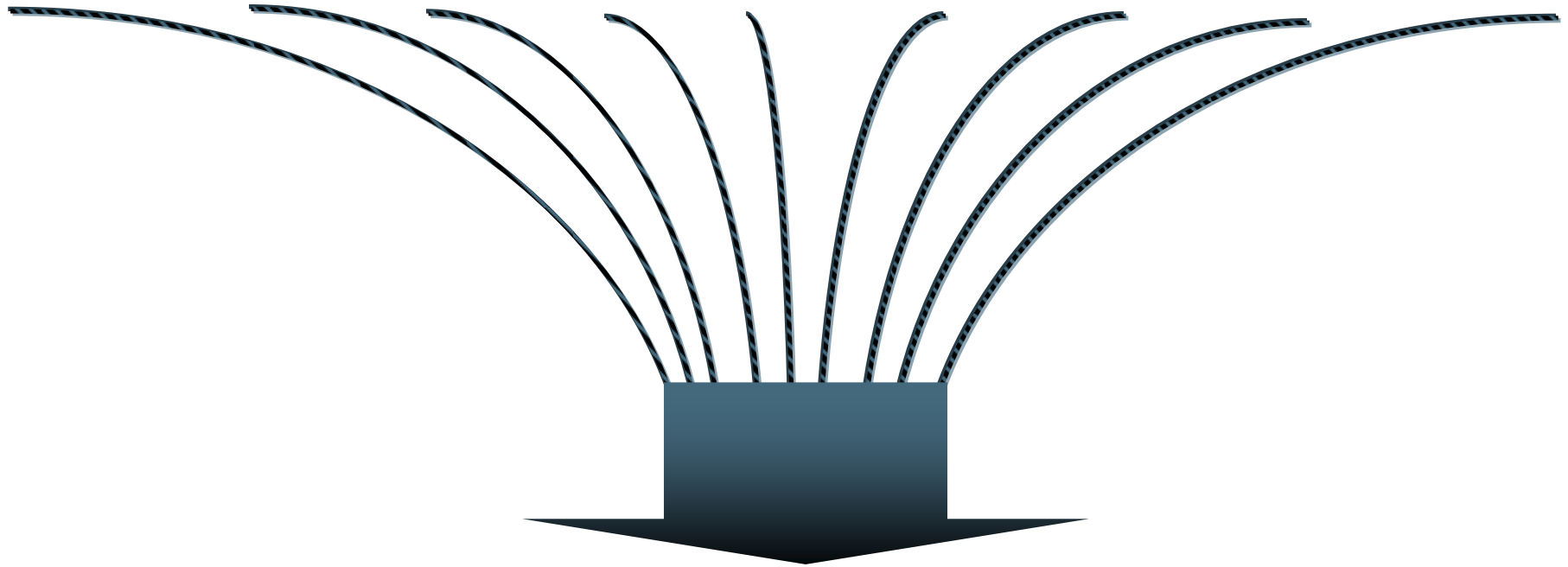


- Re-organised the Group's operations into four global key market segments
- Restructuring programme substantially complete
- Now exploring options available to address the longer term funding requirements of the Group
- Prolonged but anticipated uncertainty in UK and Ireland - domestic market expected to remain challenging
- Focused domestic and overseas business development activity to maximise organic growth opportunities
- New local entities opened in Syria, Croatia, Bosnia and South Africa
- International order book increased to £89.2m (2009: £76.6m)
- Retained number one position as consultant to the European Commission for programme management and policy advisory services



Our global areas of expertise

Engineering Environment Planning & Design Programme Management & Policy Advice Management Services Sustainability Transportation Water & Wastewater



**Buildings &
Critical
Infrastructure**

**Transport
Solutions**

**Energy,
Sustainability &
Environment**

**Risk &
Assurance
Services**



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David Wilton

Group Finance Director

Financial summary



-
- Operating profit before exceptional and other items £0.1m
 - Revenue decreased to £83.7m
 - Net revenue decreased to £72.9m
 - Order book valued at £198m
 - Significant exceptional items
 - Strong underlying cash generation

Consolidated income statement



	6 months to Dec 2010	6 months to Dec 2009 restated
	£m	£m
Total revenue	83.7	115.2
3 rd party revenue	<u>(10.8)</u>	<u>(15.0)</u>
Net WYG revenue	<u>72.9</u>	<u>100.2</u>
Operating profit	0.1	3.7
Finance costs	<u>(2.7)</u>	<u>(2.1)</u>
(Loss)/profit before exceptional items	(2.6)	1.6
Exceptional and other items	<u>(19.4)</u>	<u>(6.2)</u>
Loss before tax	(22.0)	(4.6)
Tax	<u>(0.3)</u>	<u>(0.5)</u>
Loss after tax	<u>(22.3)</u>	<u>(5.1)</u>
Adjusted (loss)/earnings per share	(3.7p)	1.8p

Consolidated balance sheet

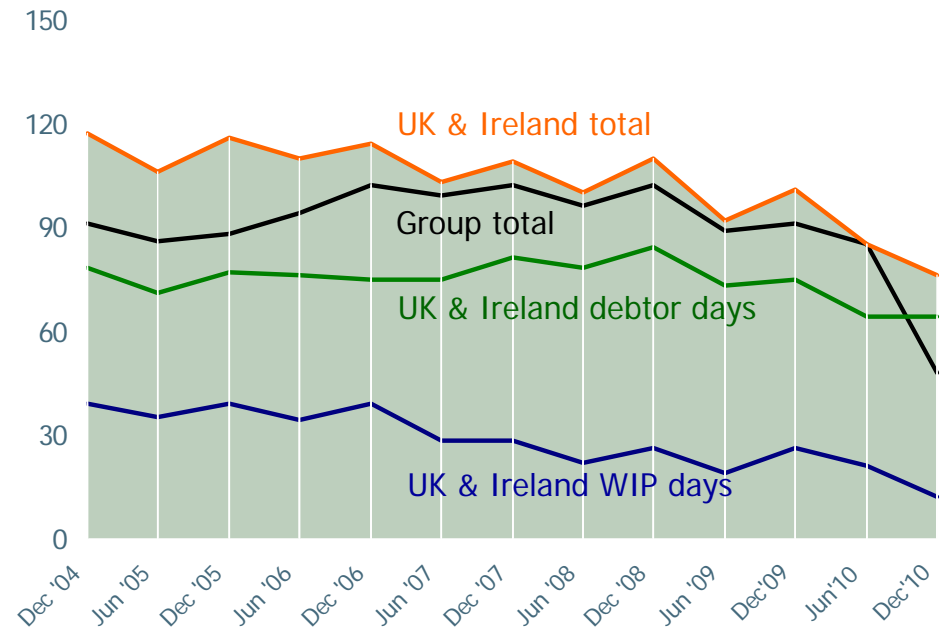


	Dec 2010 actual	Jun 2010 actual	Dec 2009 actual
	£m	£m	£m
Goodwill	26.6	36.8	44.3
Intangible assets	7.4	10.4	11.6
Tangible assets	5.5	6.3	14.1
Work in progress	26.3	30.1	41.1
Debtors	37.6	42.2	58.4
Creditors	(88.9)	(90.8)	(100.3)
Net debt	<u>(35.3)</u>	<u>(33.9)</u>	<u>(90.9)</u>
Shareholder funds	<u>(20.8)</u>	<u>1.1</u>	<u>(21.7)</u>



Working capital management

	6 months to Dec 2010 £m	6 months to Dec 2009 £m
Working capital		
WIP	26.3	41.1
Trade debtors	28.9	51.9
Payments in advance	(24.6)	(26.8)
	<hr/> 30.6 <hr/>	<hr/> 66.2 <hr/>
Working capital days (UK and Ireland)		
WIP days	12	26
Debtor days	64	75
Total	<hr/> 76 <hr/>	<hr/> 101 <hr/>



Consolidated cash flow

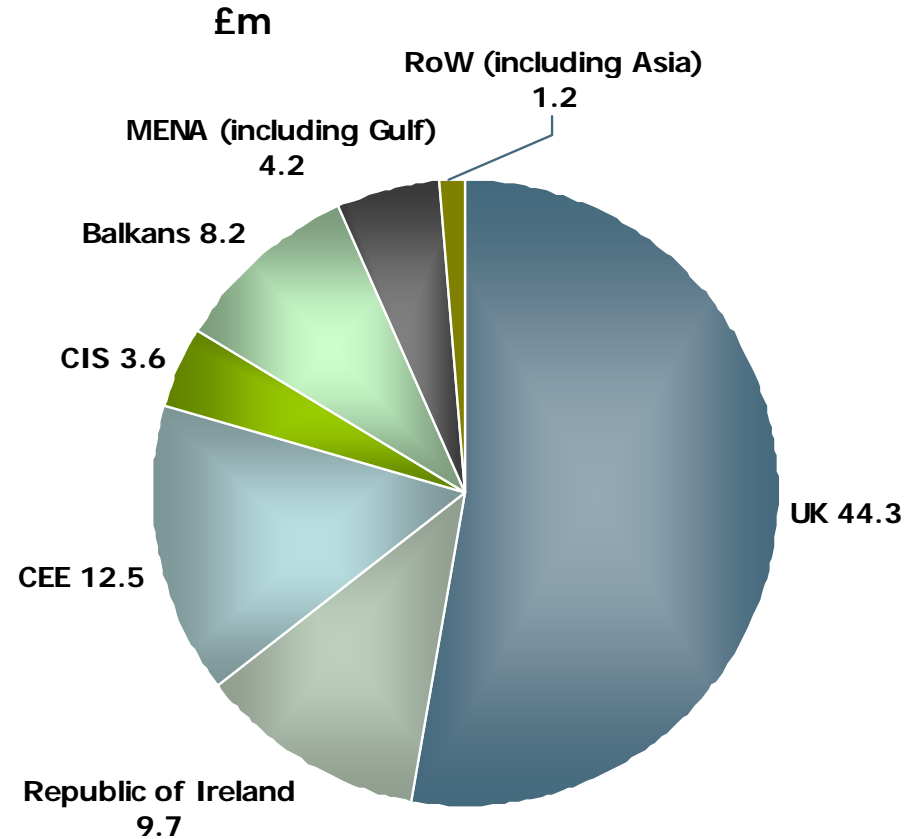


	6 months to Dec 2010	6 months to Dec 2009
	£m	Restated £m
EBITA (pre exceptional)	0.1	3.7
Depreciation	1.0	1.6
Amortisation	0.4	0.4
Share options	0.3	0.1
	1.8	5.8
Movement in working capital	7.9	0.9
	9.7	6.7
Tax	(0.1)	(0.5)
Interest	(2.5)	(1.9)
Capex	(0.8)	(1.9)
Exceptional cash costs	(7.0)	(7.0)
Net cashflow	(0.7)	(4.6)
Opening net debt	(33.9)	(85.4)
Net cashflow	(0.7)	(4.6)
FX / non cash	(0.7)	(1.0)
Closing net debt	(35.3)	(91.0)
Unrestricted	(3.2)	(2.7)



Turnover by geography

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

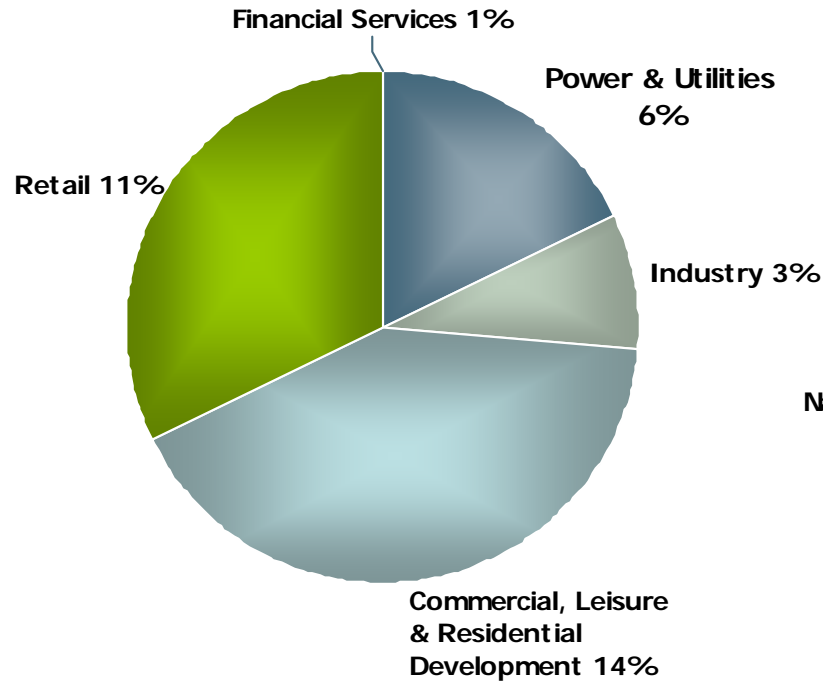


CEE – Central and Eastern Europe
CIS – Commonwealth of Independent States
MENA – Middle East and North Africa
RoW – Rest of World
UK – United Kingdom

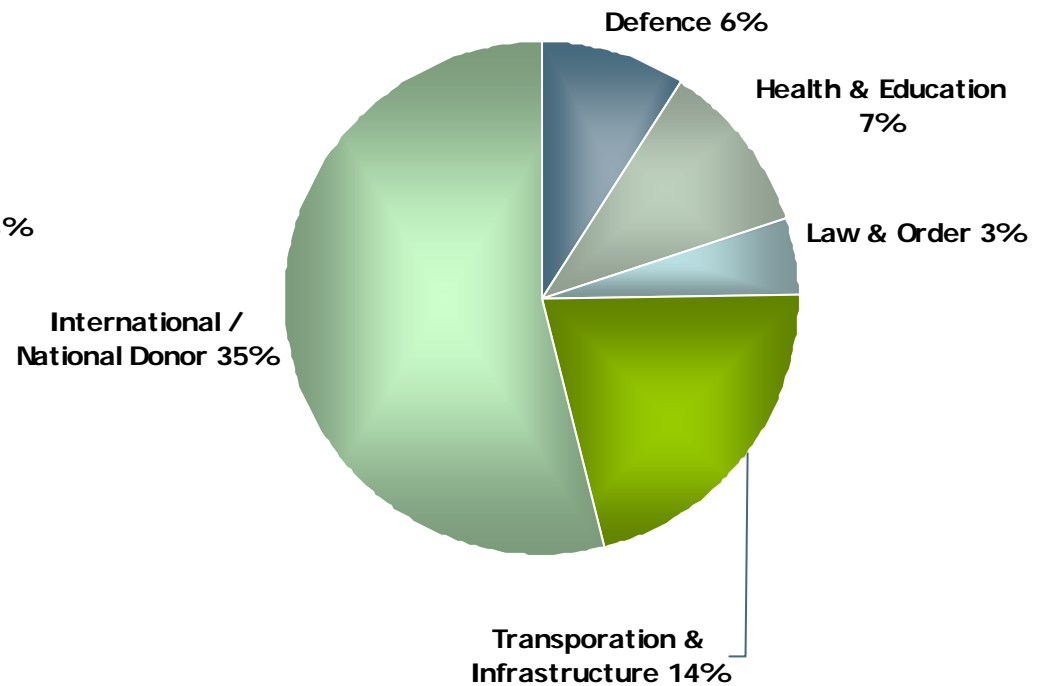
Turnover by sector – UK & Ireland



Private 34%



Public 66%



Note: Statistics are by market not by customer

Buildings & Critical Infrastructure



	6 months to Dec 2010	6 months to Dec 2009
	£m	£m
Gross revenue	32.5	53.2
Net revenue	29.8	49.7
Operating (loss)/profit	(1.2)	0.5
Net operating margin	-4%	1%

- Immediate impact upon planned projects following the spending review
- Major projects delivered in healthcare, education, energy and defence
- Advanced stage in negotiations to sell Adams Kara Taylor

Transport Solutions



	6 months to Dec 2010	6 months to Dec 2009
	£m	£m
Gross revenue	8.0	8.5
Net revenue	7.4	8.1
Operating profit	0.9	0.8
Net operating margin	13%	10%

- Steady workload with signs of increased developer activity
- Loss of some public sector work was replaced with private sector and overseas projects
- Expect domestic market to remain steady and overseas opportunities for growth will continue to present themselves

Energy, Sustainability & Environment



	6 months to Dec 2010	6 months to Dec 2009
	£m	£m
Gross revenue	12.1	15.2
Net revenue	9.4	11.3
Operating profit	(1.4)	(1.0)
Net operating margin	-15%	-9%

- Trading conditions remained challenging
- Parts of the business, including waste management, habitat protection and specialised technical services performed strongly
- Demand for services overseas was strong

Risk & Assurance Services

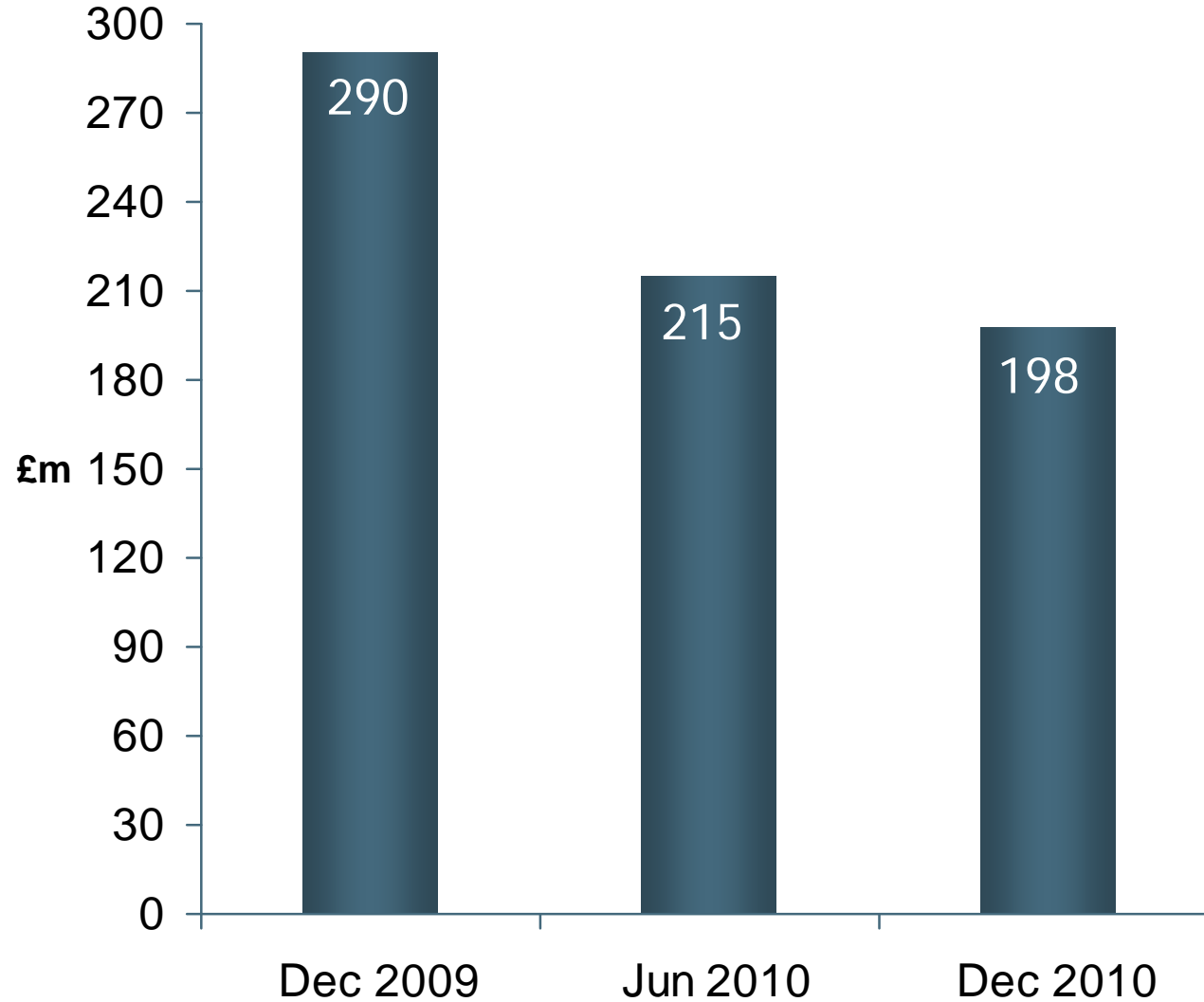


	6 months to Dec 2010	6 months to Dec 2009
	£m	£m
Gross revenue	31.1	38.3
Net revenue	26.3	33.1
Operating profit	1.7	3.3
Net operating margin	7%	10%

- Programme Management and Policy Advice (PMPA) services secured a number of overseas contracts in Central and Eastern Europe, Middle East and Africa and the Balkan states
- Strengthened footprint in a number of countries, including opening offices in Croatia and Bosnia
- Market conditions for PMPA remained steady and outlook remains strong
- Market conditions for project management services remained challenging, particularly in the public sector
- Private and commercial development markets were subdued



Order book at December 2010





Paul Hamer

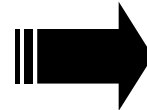
Chief Executive Officer



Our three-part strategy

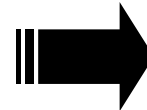


Create a more focused and efficient business



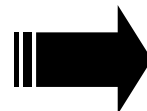
- **Operational restructuring complete**
- **Streamlining of Corporate Centre**
- **Ongoing refinement**

Globalise the Group



- **Target of 50% 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 400 net**
- **Closure/consolidation of 16 net properties**
- **Ahead on cash**
- **Strengthened the team**

Future priorities

- **Manage the business for cash**
- **Deliver central restructuring – c£10m 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 £70m
- 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

- 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