

Business Review

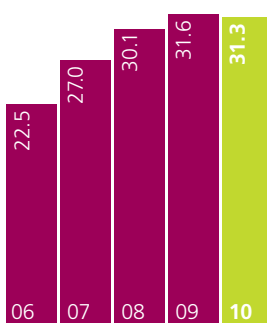
Segmental performance

Design and Engineering Solutions

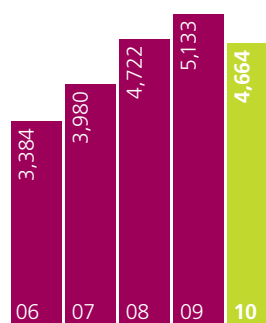
Key performance indicators	2010	2009	change
Financial metrics			
Revenue	£390.3m	£435.0m	-10.3%
Operating profit	£31.3m	£31.6m	-0.9%
Operating margin	8.0%	7.3%	+0.7pp
Work in hand			
	45%	43%	+2pp
People			
Staff numbers at 31 March	4,400	5,167	-14.8%
Average staff numbers	4,664	5,133	-9.1%



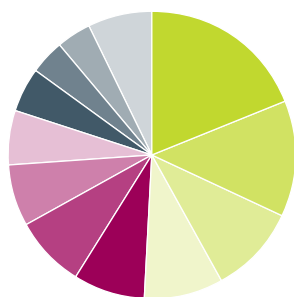
Revenue £m



Operating profit £m

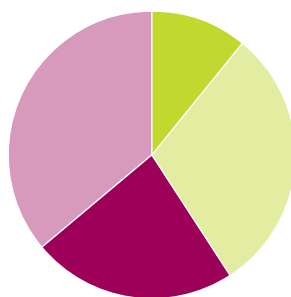


Average staff numbers



Revenue by market

Defence 19%	Nuclear 7%
Water 13%	Education 6%
Environment 10%	Energy 5%
Oil and gas 9%	Telecommunications 4%
Aerospace 8%	Rail 4%
Urban development 8%	Other 7%



Revenue by client type

Public sector: local government 11%
Public sector: national government 30%
Regulated 23%
Private sector 36%

Official engineering design services provider for the London 2012 Olympic Games



For more information visit
www.atkinsglobal.com/london2012

Overall, the Design and Engineering Solutions segment performed well despite difficult market conditions for some of our businesses.

We improved margins to 8.0% (2009: 7.3%) on reduced revenue of £390.3m (2009: £435.0m), with operating profit broadly flat at £31.3m (2009: £31.6m).

This segment contains a mix of businesses that are at different stages of the economic cycle.

Our water business was restructured in the early part of the year in anticipation of reduced activity levels. The regulatory Asset Management Programme (AMP) cycle in the water sector delayed the release of work to the market and the usual hiatus experienced with this cycle was longer and deeper than in previous transitions. Our work on flood mitigation for the Environment Agency continued, with wins on the South West Coastal Strategy Packages delivering three large flood risk management and habitat creation strategies covering Poole Harbour, the Exe Estuary and the Taw and Torridge Estuaries. Our land remediation business remains busy with the Olympic Park and an equal-sized site in South Wales for St Modwen Properties plc.

Our UK building design business was also restructured in the early part of the year in anticipation of reduced activity levels, but then stabilised with wins in the education and healthcare sectors, most notably the New Campus Glasgow and NHS Tayside Murray Royal Hospital. We have limited exposure to the private developer market, which remains difficult.

We continued our successful relationship with the Olympic Delivery Authority and the London Organising Committee of the Olympic Games as the official engineering design services provider for the London 2012 Games.

Our businesses focusing on high-technology industries such as defence, aerospace and communications have delivered solid performances. We continue to support UK Government departments and industry on key strategic programmes, which we expect to continue in the future. In our aerospace business we remain a key supplier to Airbus and have expanded our footprint in Europe with key wins in Germany on the A350 and A380 programmes. Further success has also been achieved in the UK with key roles on the A320 Sharklet programme and expansion into landing gear systems. Communications and security continue to be strong market segments in which our skills and capabilities remain in high demand.

Our energy business has performed well, assisted by the imperative to decarbonise the UK's generation capacity via nuclear and offshore wind. Our work on existing nuclear generation and decommissioning has been augmented by a number of commissions in the nuclear new-build arena for utilities and for the Department of Energy and Climate Change. Additionally, we have recently announced success in winning a major contract on the International Thermonuclear Experimental Reactor (ITER) programme being built in the south of France. ITER is the next step in a global research and development programme to harness nuclear fusion to generate electricity. The €150m contract was won by a multidisciplinary Atkins team, working in a Joint Venture alongside three other companies. As architect engineer the Joint Venture is providing full multidisciplinary design services for the €3bn project.

Our experience in the offshore oil and gas industry has allowed us to take a significant position in the marine renewables sector, which is a key component of the UK Government's low-carbon strategy. We have won major design assignments on the Gabbard and Lincolnshire offshore wind farm developments. We have built significant capability in this sector and our

multidisciplinary approach combining our experience in offshore structures, power transmission and distribution makes us well placed for this expanding market. Our oil and gas activity expanded during a year that has seen significant oil price fluctuation. Our core skills in high technology are well suited to meet the industry's requirements to extend the life of ageing assets and to move increasingly into areas of deepwater operation.

We continue to win projects internationally, with masterplanning studies in countries such as Saudi Arabia and Azerbaijan and internationally funded water resource projects in Europe and Africa.

Outlook

The overall outlook for Design and Engineering Solutions is good and with work in hand of 45% of budgeted revenue for 2010/11 (2009: 43%) we are in a slightly stronger position than at the same time last year.

Following restructuring, our water and UK building design businesses are now well placed with a good order book. In our water business, we have successfully secured a stronger position on frameworks for the next regulatory period, which commenced on 1 April 2010. Our infrastructure design business has a healthy workload and is focusing on successful delivery of the London 2012 Games programme.

Our defence and security business is well positioned for enabling cost-effective change and procurement programmes, in an increasingly cost-conscious market. In aerospace, we are expanding our breadth of service and geographical footprint, which will provide a good platform for future growth.

We continue to invest in resources to meet increasing demand for our services in the energy sector, especially in nuclear but also in oil and gas and renewables.