

# Business Review

## Segmental performance

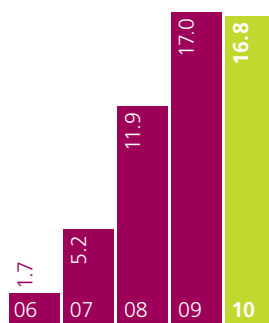
continued

### Rail

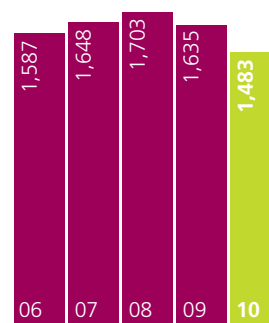
Key performance indicators	2010	2009	change
<b>Financial metrics</b>			
Revenue	<b>£185.7m</b>	£196.1m	-5.3%
Operating profit	<b>£16.8m</b>	£17.0m	-1.2%
Operating margin	<b>9.0%</b>	8.7%	+0.3pp
<b>Work in hand</b>			
	<b>53%</b>	61%	-8pp
<b>People</b>			
Staff numbers at 31 March	<b>1,420</b>	1,624	-12.6%
Average staff numbers	<b>1,483</b>	1,635	-9.3%



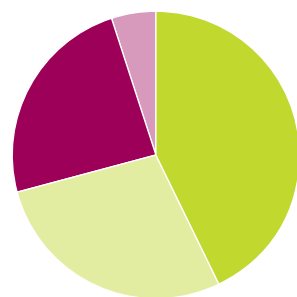
Revenue £m



Operating profit £m

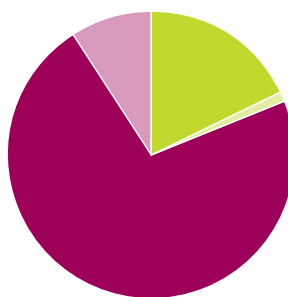


Average staff numbers



#### Revenue by activity

- Signalling 43%
- Design 28%
- Consultancy and other 24%
- Communications 5%



#### Revenue by client type

- Public sector: local government 18%
- Public sector: national government 1%
- Regulated 72%
- Private sector 9%

## Design of Crossrail's Custom House and Tottenham Court Road stations



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The Rail segment had a good performance this year.

This segment recorded an improved margin of 9.0%, benefiting from the phasing on a number of major projects, and an operating profit of £16.8m (2009: £17.0m). Revenue was down 5.3% on last year, reflecting delays in projects coming to market in the early part of the year and the demobilisation of our structures examination contract for bridge inspection.

Our signalling business remains busy and good progress was made in year with our major re-signalling projects for Network Rail, which account for more than 40% of our revenue.

We successfully completed the first phase of the Newport re-signalling programme at the end of the calendar year and we have made significant progress on the installation for the next commissioning phase. Work on the North London Line project, which forms part of the Olympic 2012 transport plan, is progressing well. These two projects have combined contract revenue of over £100m.

The other part of this business, which focuses on rail-related design and consultancy services, has also performed well. Our multidisciplinary design work for Chiltern Railways' enhancement project continues and we are now working on the signalling and detailed design for the main contractor. The design for the complex Farringdon Station for Thameslink is nearly complete and we are well positioned for further Thameslink opportunities. We also have ongoing work for Transport for London and London Underground.

Work is progressing well with our partner Arup on the design for 22 kilometres of twin-bored tunnel for Crossrail, one of the largest and most important elements of this significant project. We are also undertaking design work for Tottenham Court Road and Custom House stations.

In Scotland we continue to work closely with Network Rail on the Edinburgh to Glasgow electrification and follow-on work packages.

### Outlook

Our signalling business has a leading market position and there is a large programme of improvements needed to the rail network to meet medium-term passenger demand. These are currently planned under the Office of the Rail Regulator's rail budget for Control Period 4 (2009 to 2014), though this is likely to come under some further scrutiny by the current Government.

With reduced work in hand of 53% at 31 March 2010 (2009: 61%) the outlook for this segment is challenging.