

Business Review

Segmental performance

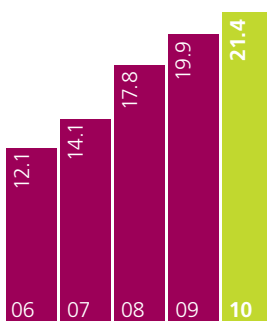
continued

Highways and Transportation

Key performance indicators	2010	2009	change
Financial metrics			
Revenue	£300.4m	£308.2m	-2.5%
Operating profit	£21.4m	£19.9m	+7.5%
Operating margin	7.1%	6.5%	0.6pp
Work in hand			
	69%	62%	7pp
People			
Staff numbers at 31 March	2,931	3,075	-4.7%
Average staff numbers	2,975	3,016	-1.4%



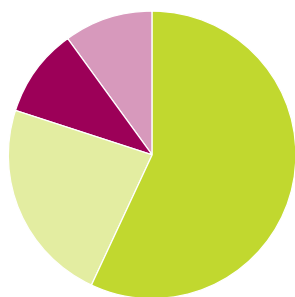
Revenue £m



Operating profit £m

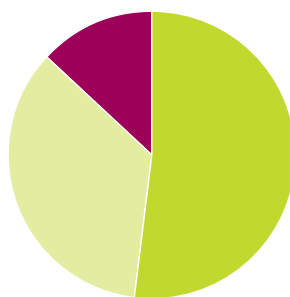


Average staff numbers



Revenue by market

- Highway services 57%
- Design 23%
- Intelligent transport systems 10%
- Planning 10%



Revenue by client type

- Public sector: local government 52%
- Public sector: national government 35%
- Private sector 13%

Awarded £350m Oxfordshire County Council contract



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www.atkinsglobal.com/win_oxfordshire_cc

Our Highways and Transportation segment performed well in the year, benefiting from the UK Government's financial stimulus and our M25 contract.

Operating profit increased 7.5% to £21.4m (2009: £19.9m) and margins increased to 7.1% (2009: 6.5%), principally due to the strong demand for our higher-margin consultancy activities and the benefits of our continued drive for greater efficiencies. In an increasingly competitive market and with average staff numbers marginally lower than last year, revenue was down 2.5% year on year.

We won over £1bn of work in the year to 31 March 2010, including a five-year contract with Somerset County Council (from 1 April 2010), a three-year extension by Gloucestershire County Council (from 1 April 2011) and our share of the turnover from the M25 widening DBFO contract that reached financial close in May 2009.

Our highway services business, which represents around 57% of this segment's revenue, is engaged in maintaining and improving highway networks on behalf of the UK Highways Agency and local authorities. We have significant work in hand for the next few years with none of our existing major contracts due to expire before mid 2013.

In April 2010 we commenced delivery as the highways' maintenance, design and construction provider for Oxfordshire County Council. This ten-year contract, worth around £350m, with potential extensions of up to ten years, involves policy and strategy advice and support, design services, network management, construction of improvement schemes and cyclic, reactive and planned maintenance.

Mobilisation during the second half of the year for the new five-year Somerset network management contract went well.

This contract builds on nearly 14 years of continuous service to the county. Our contract with Gloucestershire County Council has been extended by three years to 2014 and we continue our work with Cambridgeshire County Council and for the Highways Agency in the Area 6 Managing Agent Contractor (MAC) contract.

Our transport solutions design business, which delivers technical consultancy and R&D services as well as all aspects of highway infrastructure design, performed very well on a broad portfolio of projects for a range of clients.

Design work on the M74 project in Scotland is now nearly complete. On the M25 contract, we are providing the design expertise for the 40-mile widening programme and work will be completed in time for the London 2012 Games. The related 30-year operation and maintenance Joint Venture contract with Balfour Beatty (52.5%) and Egis (15%), commenced successfully in September 2009. Atkins (32.5%) will provide services in network management, asset inspection, traffic management, tunnel operations, incident management, and routine and winter maintenance for the entire M25 covering a distance of 250 miles.

Our intelligent transport systems (ITS) business has had another good year, growing to a business of 350 people as the market for technology-based solutions develops in response to traffic management, capacity and sustainability challenges. There was very strong demand from the Highways Agency for our services, on projects such as managed motorway schemes to improve journey time reliability through hard shoulder running and managing the technology delivery and upgrade programme on the A14 corridor traffic management scheme. We continue to develop and implement technology infrastructure for the network management

and traveller information systems which we operate in the national traffic control rooms in Scotland and Wales. Our contract with Essex County Council, through which we develop and operate its ITS assets, is now in its tenth year.

Our transport planning business provides a wide range of consultancy services, including advice on strategy, policy, management and forecasting, as well as business case and investment appraisals for infrastructure investment. Although there was a marked decrease in work from the private sector, work in the development planning and other markets remained solid with wins on public sector projects such as the Elephant and Castle Surface Interchange Feasibility Study, the Oxford Circus interchange and work on the UK Government's housing growth agenda. A further key success in the year was winning more than 20% of the studies in the Government's 'Delivering a Sustainable Transport System' programme, which will identify and provide evidence to support long-term strategic transport investment priorities.

Outlook

We continue to win work at acceptable rates in an increasingly competitive market. We are prepared for UK Government and local authority spending cuts, having addressed our cost base and secured significant future work. Additionally, some local authority clients are actively discussing extensions to our consultancy commissions and Birmingham City Council has recently agreed to continue working with us until May 2012.

The uncertain market outlook is partially offset by our recent contract wins, and work in hand at 31 March 2010 was 69% of budgeted revenue for 2010/11 (2009: 62%).