

## Chairman's statement

AMEC is not a company which rests on its laurels. This is the third year in a row that we have achieved record results, with adjusted profit before tax of £215.6 million in 2009. Our EBITA margin of 8.2 per cent was our highest to date.

So what next? In late 2006, we articulated our vision for AMEC's long-term success – to be a leading supplier of consultancy, engineering and project management services to the world's energy, power and process industries. We spoke of what we wanted to achieve by the end of 2010 and set targets for the margin improvement we expected as a result of our work. Since then, we have made enormous progress in creating a company with a sustainable future and in early December 2009, we spoke for the first time of the next phase of our journey – our 'Vision 2015'.

We have refined our vision to be more explicit on the areas in which we can add most value to our customers and now see AMEC focusing on the world's natural resources, nuclear, clean energy, water and environmental sectors. Importantly, we want to increase our focus on growth – assured growth – while continuing to make improvements in margin.

To achieve this growth, we will be enhancing our capabilities and our geographic coverage. In Natural Resources, there will be additional focus on deepwater projects, asset support and dutyholder positions; subsea and pipeline engineering; and a move into underground mining. In Power & Process, we will expand what we are doing in nuclear, transmission and distribution and renewable energy. For Earth & Environmental, there will be an increased focus on environmental consultancy and water. In addition, we want to increase our presence in selected regions of the world – Australasia, Latin America and the Middle East – while continuing to grow in our historic heartlands of Europe and North America, as well as in Africa. We see acquisitions as the most attractive use for our cash and will continue to pursue a progressive dividend policy.

We will measure our success against our new financial goal – to achieve earnings per share of over 100 pence in 2015.

At AMEC, we believe firmly that it is not just what you do that matters; it is how you do it. In 2009, we were very proud to be acknowledged as one of the top 10 employers in Canada (Financial Post). We not only retained our position in the Dow Jones Sustainability Index, but were ranked as sector leaders in Oil Equipment and Services. We are internationally recognised for our award-winning, innovative pre-graduate programme in Kazakhstan. We have won numerous awards for our health and safety performance and our employees continue to be actively engaged with their local communities. AMEC's charitable contributions of £540,000 were largely spent 'matching' our employees' own efforts. Going forward, we will look to track, and report on, the time invested in such activities.

Simon Thompson and Neil Bruce were appointed as Non-Executive Director and Executive Director respectively on 21 January 2009 and have proved to be valuable additions to the board. Tim Faithfull was appointed Senior Non Executive Director in May 2009, following Liz Airey's retirement from the board after three terms of office, during which time she made a considerable contribution to the company.

The world shows signs of recovery but the outlook remains uncertain. AMEC and its 21,000 people know where they want to go and how they want to get there, right through to 2015. Their hard work so far has delivered so much and deserves commendation. I am confident they will continue to deliver.

**Jock Green-Armytage**

Chairman

4 March 2010

# Chief Executive's review

It is now more than three years since we set out the roadmap for the first stage of AMEC's journey and the scale and success of our delivery has exceeded even our expectations. The group has been transformed. Our 2009 adjusted profit before tax was 2.7 times higher than the equivalent 2006 figure and three per cent above the prior year. This was achieved despite the general economic downturn and the level of uncertainty about the future, which resulted in key investments being postponed. Our EBITA margin was twice that in 2006 and we are firmly on track to deliver on our margin target for 2010, of 8.5 per cent. And our balance sheet is exceptionally strong, putting AMEC in an enviable position to grow through selective acquisitions in our chosen areas of activity and markets around the world.

We aspire to have the best team of engineers, project managers and consultants in the world and our Operational Excellence programme is designed to help us achieve this. It is changing the way we operate and helping ensure AMEC becomes and remains best in class, as we deliver for our customers. Our improvements are not measured purely in terms of financial numbers; we are also concerned with the wider implications of what we do and how we do it. Our health and safety performance has achieved another record year, with lost time incidents of only 0.04 per 200,000 exposure hours. In 2009 we started to measure our carbon footprint consistently across our global operations. For AMEC, the primary carbon emitting activities are transportation and utility costs. Sustainability is, of course, also a commercial opportunity for us. During 2009, we advised our customers on a range of sustainability issues, for example, helping to determine a suitable location for a commercial scale, third generation biofuel pilot plant.

In 2009 we have strengthened and developed our customer relationships, and have seen the successful ramping up of the Kearl oil sands project in Canada for Imperial Oil, and the Sellafeld nuclear decommissioning contract in the UK.

AMEC has 21,000 engineers, consultants, project managers and support staff and combined, they are what make AMEC successful. We need to continue to attract the best and then invest in their development – without high quality, engaged people, AMEC has no business. Our second global employee survey showed a six percentage point improvement in employee engagement, ranking AMEC firmly amongst the highest performing companies, and again rated our commitment to employee safety very highly. It also showed we have more work to do in other areas, improving collaboration and investing in the development of our employees.

But 2010 is just a milestone, not the end of our journey. We are positioned in the right markets and serving the right customers, and, as the chairman has already said, our focus is now on growth, though not at the expense of margin. Vision 2015\* will help us further strengthen our competitive position as we move towards 'One AMEC'. Operational Excellence has already created a commonality of culture, tools and processes and encouraged a collaborative approach. This is increasingly important, as customer projects become larger and more complex, and has facilitated the bringing together of the Natural Resources and Power & Process divisions under Neil Bruce's leadership. We are confident that this integrated model will deliver greater efficiencies and improved customer service and will allow us to continue to develop the skills of our employees.

It is clear that the management team and our 21,000 employees have more than delivered in the first stage of our journey. AMEC is now a high margin, well controlled and focused business, operating in some 40 countries. It is now time for the second stage, profitable growth, as we expand our geographical footprint and add capabilities, while maintaining the high quality. We see exciting opportunities, even in lacklustre markets, and are confident we are well placed to take advantage of them.

**Samir Brikho**  
Chief Executive

4 March 2010

\*Explained further on page 8.