

**Embargoed for release at 07.00, Wednesday 12 November 2008**

## **AMEC plc INTERIM MANAGEMENT STATEMENT**

- Record year to date trading performance
- 2008 group EBITA margin in excess of 6.5% confidently expected
- Continued strength in demand, led by Natural Resources order book up 12% this year
- Over £600 million average net cash expected in 2008 after year to date acquisitions, share buybacks and business disposals

### **Chief Executive Samir Brikho said:**

“Demand for our services has remained strong and we are confident of delivering a margin in excess of 6.5 per cent this year. Our clients remain focused on long-term fundamentals and we continue to see a strong and diverse range of attractive prospective contracts across the business.

“AMEC’s net cash position is exceptionally strong. We look to the future with measured confidence and continue to monitor opportunities for growth through selective acquisition.”

AMEC will be holding an analyst / investor event in London on Thursday, 11 December, focused on the nuclear business. The company expects to announce preliminary results for the year ending 31 December 2008 on Thursday, 12 March 2009.

### **Conference call**

A telephone conference call for analysts and investors will be held at 8.30am today.

### **Forward looking statements**

Any forward looking statements made in this document represent management’s best judgement as to what may occur in the future. However, the group’s actual results for the current and future fiscal periods and corporate developments will depend on a number of economic, competitive and other factors, some of which will be outside the control of the group. Such factors could cause the group’s actual results for future periods to differ materially from those expressed in any forward looking statements made in this document.

## **INTERIM MANAGEMENT STATEMENT 12 NOVEMBER 2008**

AMEC continues to deliver record performance, and confidently expects to deliver a group EBITA margin in excess of 6.5 per cent in 2008.

Demand for AMEC's services in the energy, power and process industry sectors has remained strong. Despite extreme volatility in financial, raw materials and currency markets, the aggregate order book impact of contract deferral or cancellation across the group during the year to date has been insignificant.

Since 1 July 2008, AMEC has been awarded contracts with an aggregate value in excess of £700 million, for delivery over the next five years. In addition, the Nuclear Management Partners consortium (NMP), of which AMEC is a member, entered into a transition agreement for the Sellafield contract with the UK Nuclear Decommissioning Authority (UK NDA) on 6 October 2008. The transition period is expected to end with a transfer of shares from British Nuclear Fuels Ltd to NMP on 24 November 2008, at which point AMEC will provide further guidance about the likely positive impact on the group's results.

### **Outlook**

AMEC clients, which include international and state owned natural resources companies, power generators and utilities companies, are well financed and remain focused on long-term fundamentals. Their spending plans reflect the continued need to invest in new sources of supply, together with maintenance and refurbishment of existing assets. Accordingly, the current list of prospective new contracts across the group remains strong and diverse.

AMEC continues to expect to deliver improvements in EBITA margin over the next two years, driven by its own internal initiatives. The Operational Excellence programme is expected to be the major contributor to AMEC achieving its target margin of 8.5 per cent in 2010.

Any impact of currency fluctuations will be largely seen in the translation of non-UK results into sterling. A significant proportion of the group's trading income is denominated in the local currencies which provide a natural hedge against the cost base.

### **Segmental performance**

#### Natural Resources

Demand has remained strong for AMEC's services in Natural Resources' chosen end markets. The division is expected to deliver an EBITA margin of c.10.5 per cent in the second half of 2008 and over 10 per cent for the calendar year.

To date in the second half, contracts have been awarded in Oil and Gas Services, Oil Sands and Minerals and Metals Mining with a total value of £450 million, for delivery over the next five years. These included an Engineering and Maintenance Services contract for Chevron Australia; two contracts for Apache North Sea Limited; and a five-year programme management consultancy contract for Zakum Development Company in Abu Dhabi, United Arab Emirates.

The Natural Resources order book at the end of October was £1.35 billion, being up 12 per cent since the beginning of the year. The order book at the year-end is expected to show further improvement.

The average number of employees\* in Natural Resources for the period January-October 2008 was 10,800, up 11 per cent on the figure for the year ended 31 December 2007.

#### Power and Process

Levels of services activity have remained high in all areas of this division, reflecting continuing strength of spending in power generation, nuclear, infrastructure refurbishment and clean up. In the second half of this year, AMEC entered into a transition agreement with the UK NDA at Sellafield, as referenced earlier.

Power and Process remains focused on margin rather than volume, with continued selectivity in new work taken on. The division is moving away from fixed price work, with the focus being instead on increased engineering and project management services as well as target price contracts. As a result, revenues in Power and Process are expected to stabilise in the second half of 2008. Consistent with the division's change of focus, minimum gross margin on all new contracts has been increasing, with the order book showing a related decline. At the end of October 2008, the order book was £0.90 billion (31 December 2007: £1.36 billion).

The average number of employees\* in Power and Process for the period January-October 2008 was 7,550, up 12 per cent on the figure for the year ended 31 December 2007.

As previously disclosed, the Power and Process division expects to deliver an EBITA margin of circa six per cent in 2008.

#### Earth and Environmental

Performance in this division continues to reflect strength in the natural resources sector in Western Canada and in Federal work in the US and Canada, together with a significant contribution from the Geomatrix acquisition in the second half.

As previously disclosed, performance in the first half was impacted by harsh winter weather in Canada, but the second half as expected is proving to be much stronger, producing an EBITA margin of circa eight per cent for 2008 as a whole.

The average number of employees\* in Earth and Environmental for the period January-October 2008 was 3,900, up nine per cent on the figure for the year ended 31 December 2007, with the increase reflecting organic growth and acquisitions, particularly Geomatrix (circa 500 employees) acquired in June 2008. As at the end of October 2008, the division had 4,350 employees.

#### Investments and other activities

The level of activity in this division has continued to decline as non-core businesses have been sold. The UK Wind Developments business and the final UK PPP concession were both divested in October 2008.

The division now comprises an ongoing PPP project in Korea, together with substantially reduced activities in Hong Kong.

The overall outcome for this division in 2008 is expected to be close to breakeven.

### **Operational Excellence**

As previously disclosed, Operational Excellence is expected to incur costs of up to £10 million during 2008, of which £3 million was incurred in the first half.

### **Exceptional gain on business disposals**

On 6 October 2008, AMEC's UK Wind developments business was sold to the Swedish company Vattenfall. This, together with disposal of the group's last remaining UK PPP concession, also in October 2008, generated a pre-tax gain of c.£110 million.

AMEC retains its interest in the Lewis wind development, which is in joint venture with British Energy.

### **Financial position and net cash**

The group is in an exceptionally strong financial position, with a relatively well-funded pension scheme and average net cash of over £600 million expected for 2008. This figure is after taking account of year to date acquisitions with an aggregate cash cost of c.£125 million (up to £90 million outflow in 2008, the remainder being deferred consideration), business disposals and share buy backs announced in the year to date.

Cash balances are held on short-term deposit with a well-spread range of 20-25 mainstream banks with quality ratings.

\* Full time equivalents, including agency staff

### **Enquiries to:**

AMEC plc:

+ 44 (0)20 7539 5800

Samir Brikho, Chief Executive

Ian McHoul, Chief Financial Officer

Sue Scholes, Director of Communications

Neil Jamieson, Director of Investor Relations

Media:

Brunswick Group LLC - Kevin Byram

+ 44 (0)20 7404 5959

Giles Croot

**Notes to Editors:**

**AMEC plc**

**AMEC** (LSE: AMEC) is a focused supplier of high-value consultancy, engineering, and project management services to the world's energy, power and process industries. With annual revenues of over £2.3 billion, AMEC designs, delivers and maintains strategic and complex assets for its customers. AMEC's Natural Resources, Power and Process and Earth and Environmental businesses employ over 23,000 people\* in more than 30 countries globally.

[www.amec.com](http://www.amec.com)

\* Full time equivalents, including agency staff

**ENDS**