

**Thursday 5 May 2011**  
**AMEC plc Interim Management Statement**

**Highlights**

- Year-to-date trading in line with expectations
- Order book £3.25 billion at 30 April 2011 (December 2010: £3.14 billion; April 2010: £3.55 billion). Order intake remains strong
- Completed acquisitions of qedi (UK), Zektingroup (Australia), BCI Engineering (US) for a total consideration of £76 million
- Group EBITA margin expected to be maintained at around 9 per cent in 2011

**AMEC Chief Executive Samir Brikho said:**

*“AMEC has performed in line with expectations in the first four months of the year.*

*“Market sentiment is improving and 2011 is expected to be another year of steady progress for the group. We continue to be well positioned across our portfolio of oil and gas, mining, clean energy, and environmental and water sectors and we remain confident that this will support continued growth, building on our strong client relationships.”*

*“We have completed three acquisitions in 2011 and the pipeline for further acquisitions remains positive.”*

**Guidance**

Unless specifically addressed, guidance remains unchanged from that notified with the preliminary results.

**Events**

A conference call for analysts and investors will be hosted by Ian McHoul, Chief Financial Officer today at 8.30 am (BST).

AMEC is holding its annual general meeting at 10.30 am today in London, UK. At the meeting, Chief Executive, Samir Brikho will update shareholders on the group's strategic progress and the outlook for 2011. No new price sensitive information will be presented.

AMEC is hosting a half-day Capital Markets Event in London on 19 May.

AMEC expects to announce interim results for the six months ending 30 June 2011 on Thursday 25 August 2011.

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**Forward looking statements**

Any forward looking statements made in this document represent management's best judgment 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 5 May 2011**

### **Group performance**

Performance across the group has been in line with expectations in the first four months of 2011.

The order book was £3.25 billion at 30 April (December 2010: £3.14 billion; April 2010: £3.55 billion). As previously reported, the reduction compared with the previous year is due to adjustments made relating to National Grid in the US, where the scope of future work on the infrastructure replacement programme has been reduced.

Order intake remains strong and includes a mix of new contract awards, scope changes to existing contracts and walk-in work. Activities on many existing contracts have expanded beyond the original scope via project extensions, particularly in the mining and oil and gas sectors.

Recently announced new orders reflect the increased activity in the mining sector and a resurgence in the UK North Sea market.

- In mining, AMEC was awarded the engineering, procurement and construction management (EPCM) contract for the US\$570 million Cerro Negro iron ore project in Chile, by Compania Minera del Pacifico S.A.
- Strengthening relationships with existing customers have resulted in new contract awards in the North Sea. In January, AMEC was awarded the £140 million three-year services contract for all BG Group's North Sea upstream assets. Additionally, the strategic relationship with BP was further bolstered in both the upstream and downstream segments. This followed the award of a contract to programme manage BP Exploration and Production's existing portfolio of on-and-offshore projects in the North Sea, as well as the contract to provide the EPCM of capital projects for existing facilities at BP Oil UK Limited's oil storage facilities in the UK.
- In Azerbaijan, the scope of engineering and project management services to BP has been extended to include onshore projects, and the contract life lengthened.
- AMEC also secured its first coal seam methane (CSM) gas contract, with the Narrabri CSM project in New South Wales, Australia for Eastern Star Gas, and qedi has subsequently been awarded a contract by Queensland Gas Company, part of BG Group, on its Queensland Curtis liquefied natural gas development.

## **Nuclear update**

Since 11 March, events at Fukushima 1 nuclear plant have led to an increased focus on the global nuclear industry. The resulting reviews are expected to support the on-going need for specialist nuclear engineering. The outlook for AMEC's nuclear activity, which involves reactor support, waste management, decommissioning and nuclear new build in the UK, Canada and Central and Eastern Europe, remains positive and unchanged. Although the UK government has delayed the nuclear new build programme for approximately three months, EDF is moving forward with its new build activities in the UK, and AMEC continues to support their architect engineer operation.

## **Average number of employees<sup>1</sup>**

The average number of employees was 22,976 in the four month period (April 2010: 21,126), with increases across the group.

Acquisitions added 765 people, and included Zektingroup in Australia, qedi in the UK, and BCI Engineering in the US. Integration is under way. Taking into account the timing of acquisitions, the impact on the average number of employees in the four months to April 2011 is around 500 people.

## **Net financing income**

In 2011, the average interest yield on cash investments is expected to remain below 1 per cent, as investments are held on a short term basis.

As previously reported, from January 2011 the net interest on pension assets and liabilities and the net interest within equity accounted joint ventures have transferred from EBITA to net financing income. Net pension interest for 2011 is expected to be a credit of around £6 million (2010: £6 million) and net interest within joint ventures is expected to be a charge of around £5 million (2010: £3 million).

## **Taxation**

The group's effective tax rate in 2011 for the continuing business (including tax attributable to joint venture interests) before exceptional items and intangible

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<sup>1</sup> The average number of employees includes agency staff. Figures for Earth & Environment employees in April 2010 have been restated to bring the definition of full time equivalents in line with other divisions.

amortisation is expected to reduce to around 24 per cent (2010: 25.9 per cent), due to decreases in statutory tax rates and further tax management and planning.

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

The group remains in a strong financial position. Net cash at the end of April 2011 was c. £580 million (December 2010: £740 million; April 2010: £650 million), after acquisition-related outflows.

### **Outlook**

The priority for 2011 continues to be to deliver growth while maintaining margins at around 9 per cent. This is expected to be achieved by continuing to deliver to customers and invest in employees.

Market sentiment is improving and 2011 is expected to be another year of steady progress for the group. The long term requirement for industry investment in AMEC's core markets is expected to drive an increase in demand for AMEC's services.

### **Board changes**

AMEC's chairman, Jock Green-Armytage, has previously announced that he intends to retire in 2011. At the request of the board, he has confirmed he will remain in the role until the company is in a position to appoint his successor. The search for the new chairman is progressing well.

### **Notes to editors:**

**AMEC** (LSE: AMEC) is a focused supplier of high-value consultancy, engineering and project management services to the world's natural resources, minerals and metals, clean energy, water and environmental sectors. With annual revenues of almost £3 billion, AMEC designs, delivers and maintains strategic and complex assets for its customers. The company employs some 23,000 people in around 40 countries worldwide. See [amec.com](http://amec.com)