

# **AMEC plc Power and Process**

**Capital markets seminar  
5 June 2008**



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# AMEC plc Power and Process

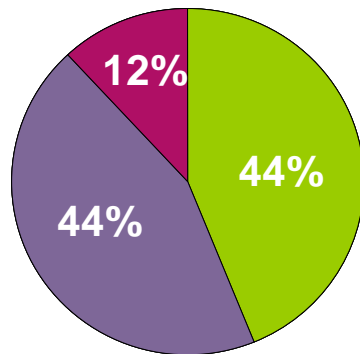
Capital markets seminar  
5 June 2008

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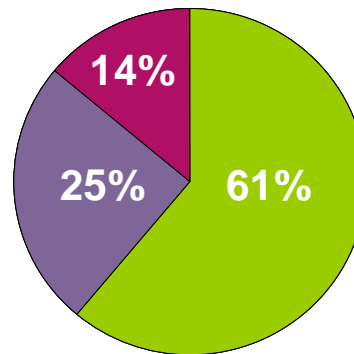
**Samir Brikho**  
Chief Executive, AMEC plc

# AMEC at a glance Analysis of core divisions 2007

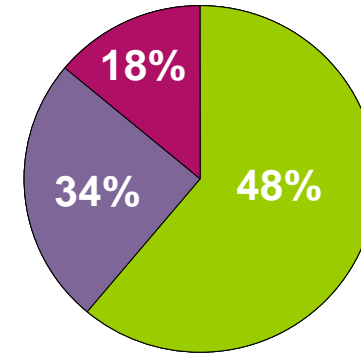
Revenue\*



EBITA\*\*



Average employees#



## Natural Resources

Operates in the oil and gas services, oil sands and mining market

## Power and Process

Operates in the power, process and nuclear market

## Earth and Environmental

Provides specialist consultancy and engineering services

\* Before internal revenue and excluding the Investments and other activities division

\*\* Before corporate costs, pre-tax exceptional items, amortisation and losses in the Investments and other activities division, but including joint venture profit before tax

# Full time equivalents/agency staff, excluding the Investments and other activities division

# Operational leadership team

Chief Executive  
Samir Brikho



Divisions

Power  
and Process



Didier Pflieger

Natural  
Resources



Neil Bruce

Earth and  
Environmental



Roger Jinks

## Didier Pflieger COO, Power and Process

- Experienced international business leader
  - Power
  - Process industries
  - Project management
- Outstanding track record of delivery
- Right skills and experience to take Power and Process forward

## Strategic acquisitions

### Oil and Gas

- Grow services related to core activities
- Capacity and geographic expansion

### Minerals and Metals Mining

- International expansion
- Capacity expansion

### Earth and Environmental

- Grow services related to core activities
- Capacity and geographic expansion (domestically and abroad)

### Power and Process

- Capacity and geographic expansion

# AMEC plc Power and Process

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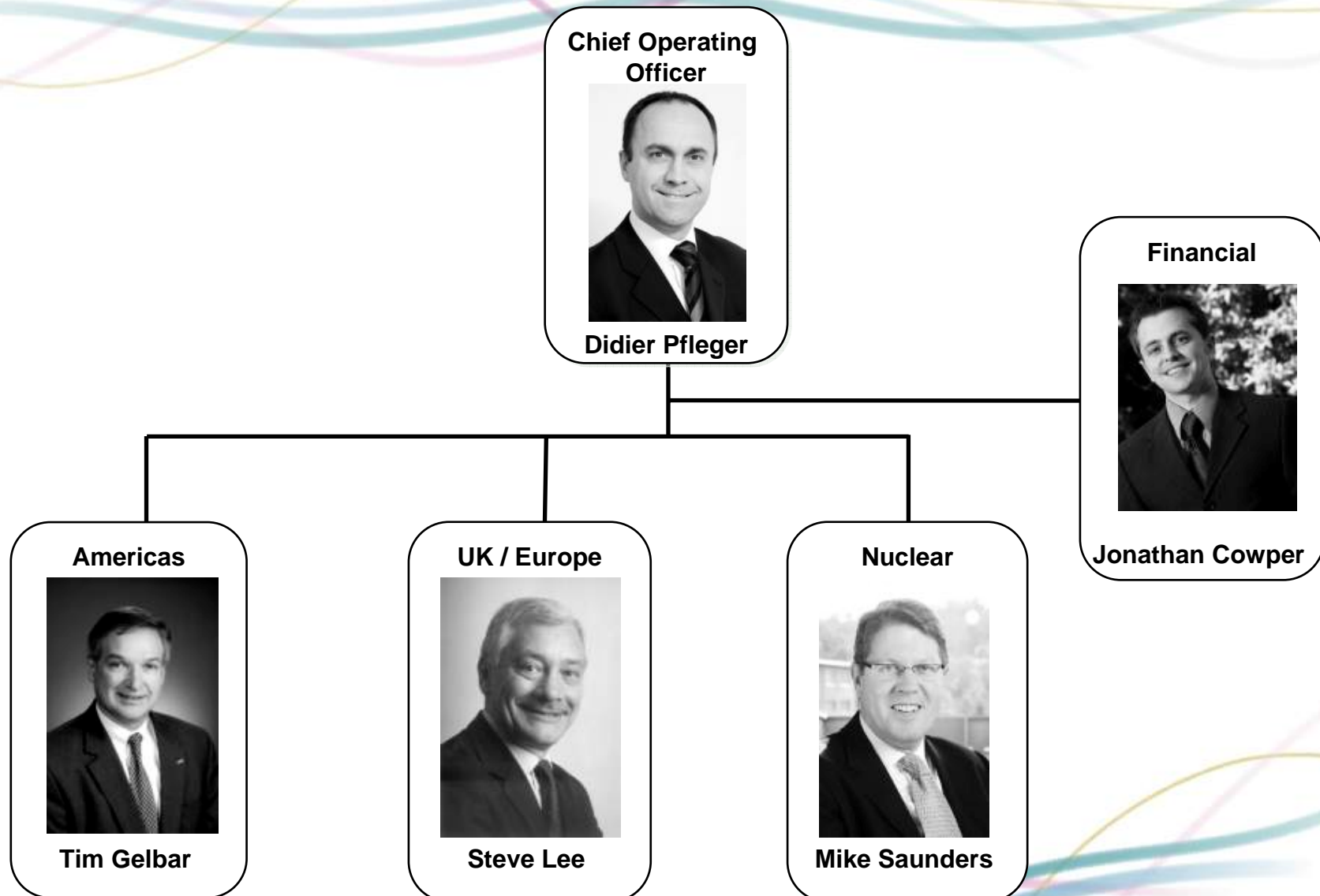
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**Didier Pflieger**  
Chief Operating Officer,  
Power and Process

## Agenda

- Overview
- Case studies
  - Nuclear
  - Power
  - Process
- Client presentation: National Grid
- Future direction
- Q&A
- Drinks/informal discussion with management

# Operational management



## The value in Power and Process

- Focused growth markets
- Positions of market leadership
- Long-term client relationships
- Talented, highly skilled people
- Track record of delivery
- Quality of margin

**Strong and scaleable business**

## Power and Process investment case

- Focused growth markets
- Positions of market leadership
- Long-term client relationships
- Talented, highly skilled people
- Track record of delivery
- Quality of margin

## Future potential

Continued strength

Local to international

Strong potential

Development

Enhancement

Further improvement

**Strong and scaleable business**

## Market sectors 2007 revenue split

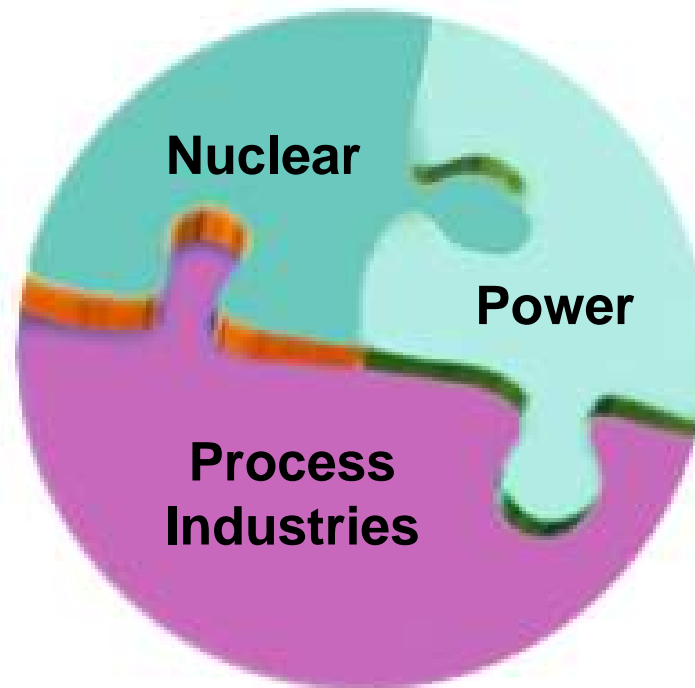
2007 Power and Process revenues £1 billion

**25%**

- New build
- Reactor support
- Clean up

**50%**

- Gas infrastructure
- Petrochemicals
- Forest industries
- Cement
- Other



**25%**

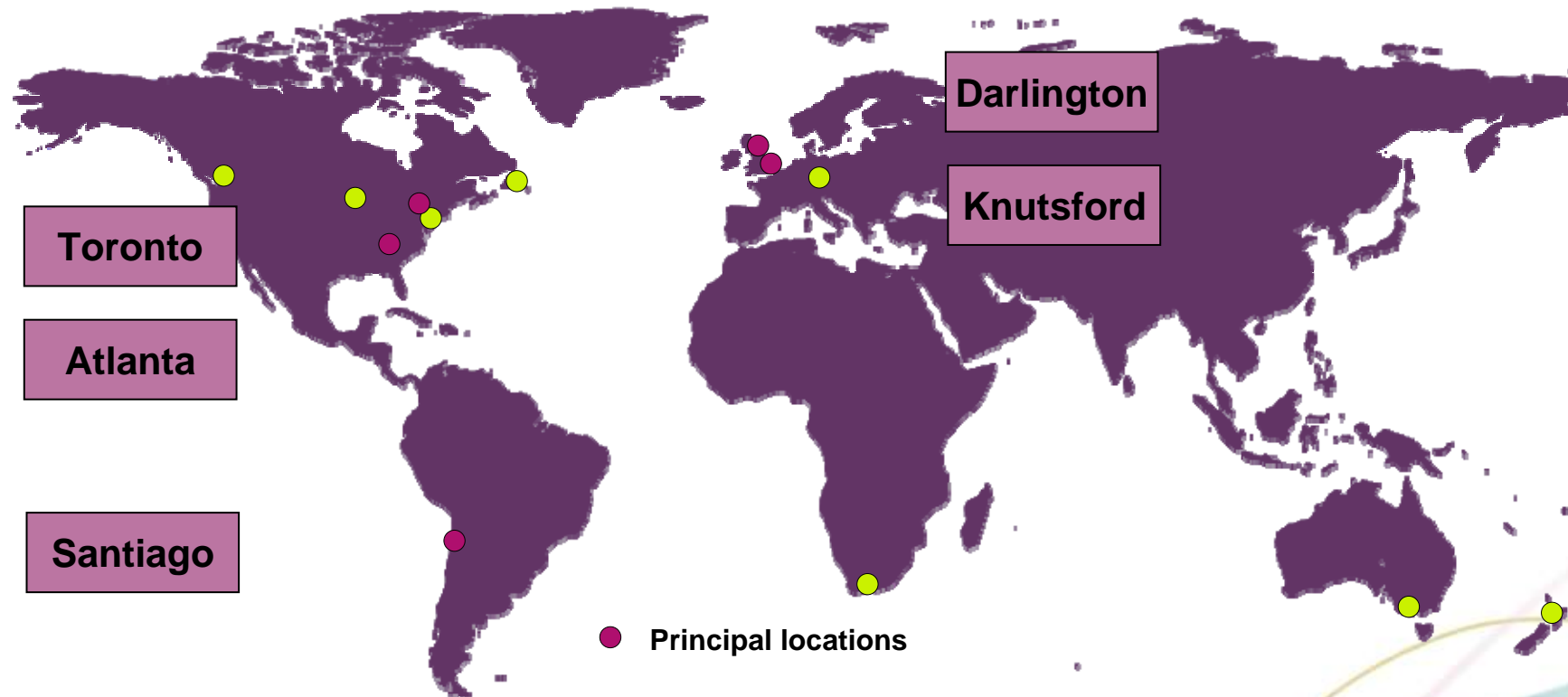
- Generation
- Transmission
- Renewables

## Geographical focus

% 2007 Power and Process revenues

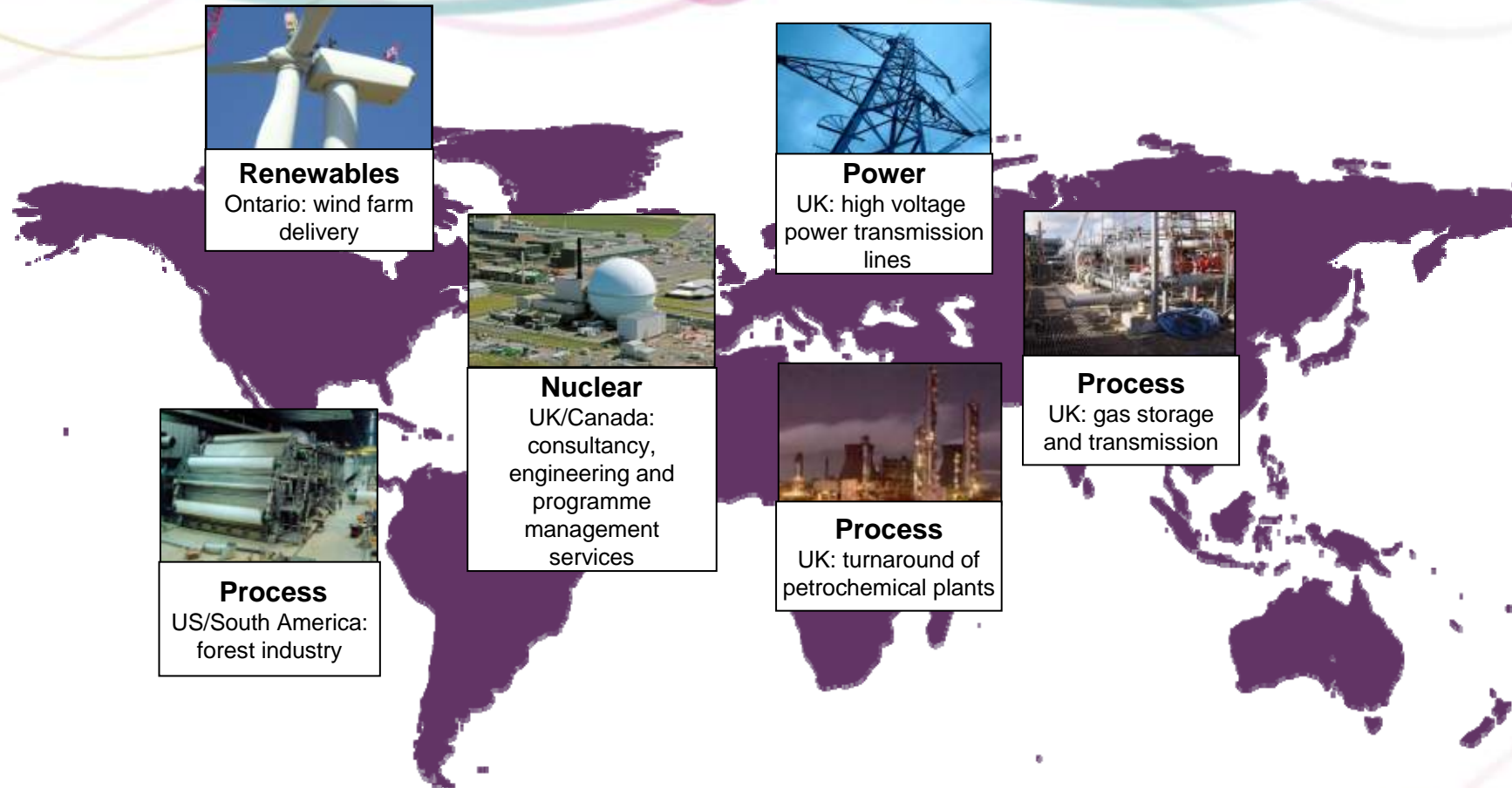
Americas: 35%

UK/Europe: 65%



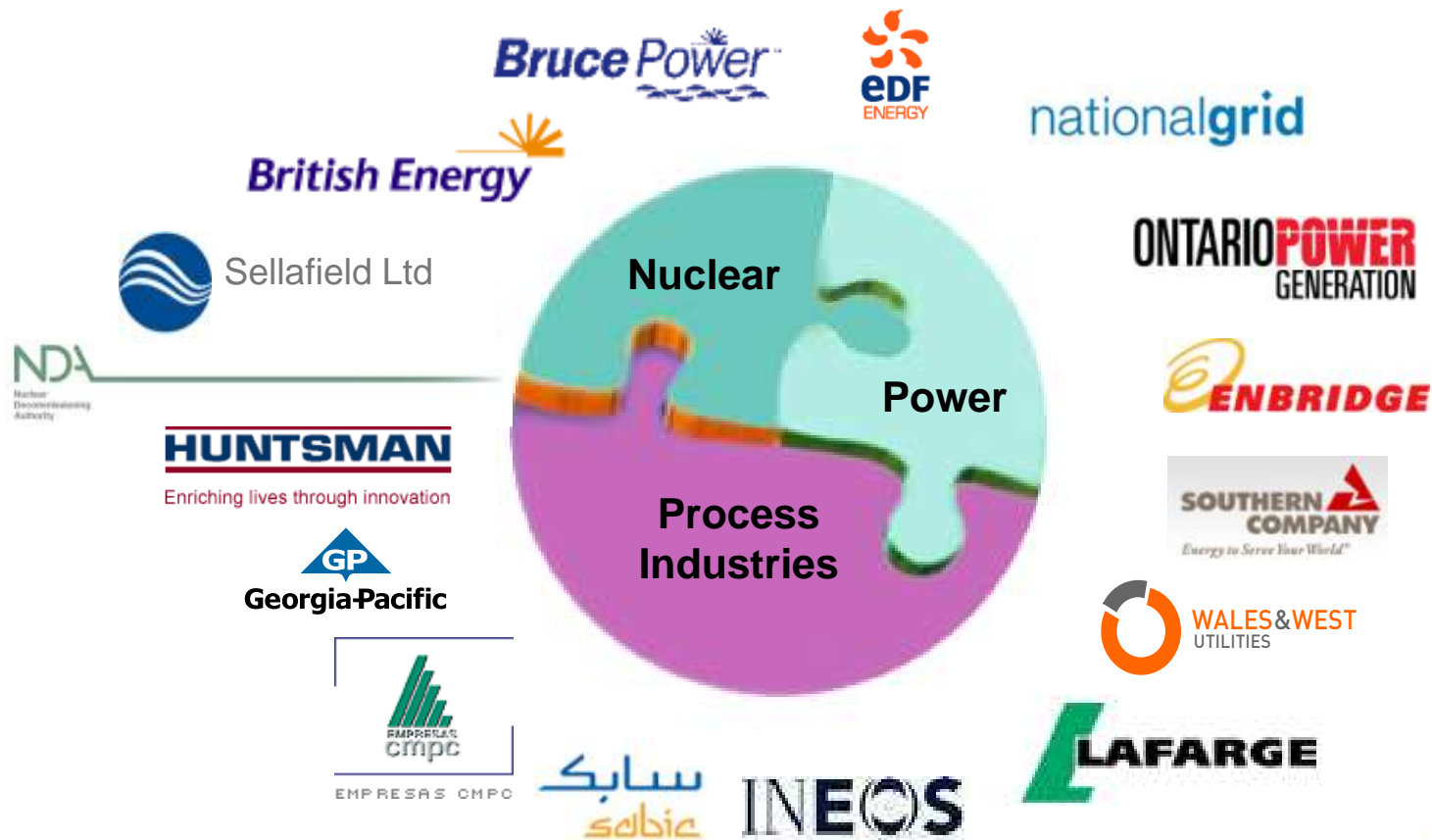
**Strong local positions**

# Leading market positions

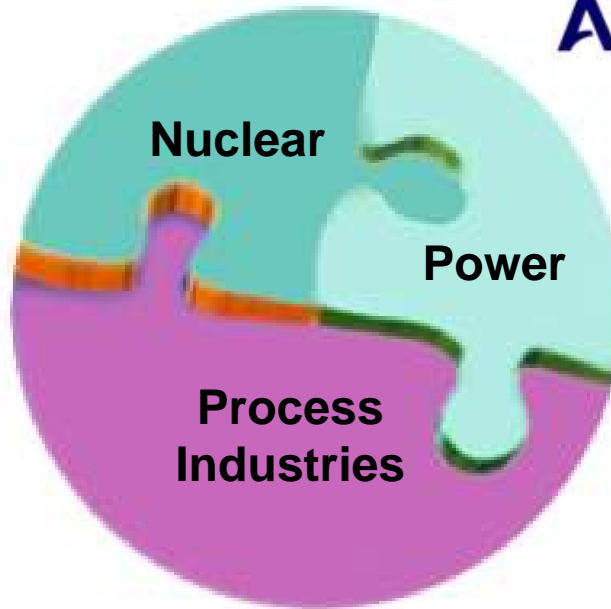


**Strong scaleable positions**

# Long-term client relationships



# World class partners



## Talented, highly skilled people



- “It’s how we put those project management skills, those engineering skills to use that makes us different. The people that we have working for us, the skills, the knowledge that’s been built up over the years is second to none.”

Neil Wem  
Operational Excellence Programme Director

- “Strong delivery builds our track record and that’s something to be proud of.”

Andrew Pennington  
Business Development Manager

- “I think AMEC’s expertise is with its people and its professionalism, its experience and track record, its ability to deliver and deliver consistently and reliably to customers.”

Nick Walters  
Maintenance Manager (pictured)

## Track record of delivery

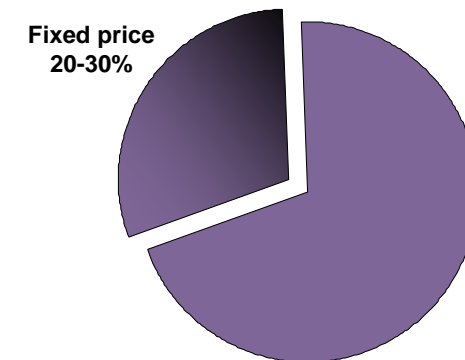
- Strong delivery: on time; on budget
- Top class health and safety achievements
  - E.g. UK turnaround business: 6.5 million man-hours without a lost time injury over 18 months
- High level of repeat business (c.60%)
  - E.g. Sellafield Ltd: over 25 years of continuous presence
- Some room for performance improvement on larger projects

**Performance improvement through Operational Excellence**

## Nature of contracts

- Contract mix comprises reimbursable, target cost and fixed price
- Fixed price contracts will remain essential to clients
  - Work only undertaken on a selective basis where balance of risk and reward is acceptable
  - 20-30 per cent of 2007 Power and Process revenues
- Increasing selectivity
  - Lower risk reimbursable and target price work
  - Minimum gross margin on all new contracts increased to 10 per cent

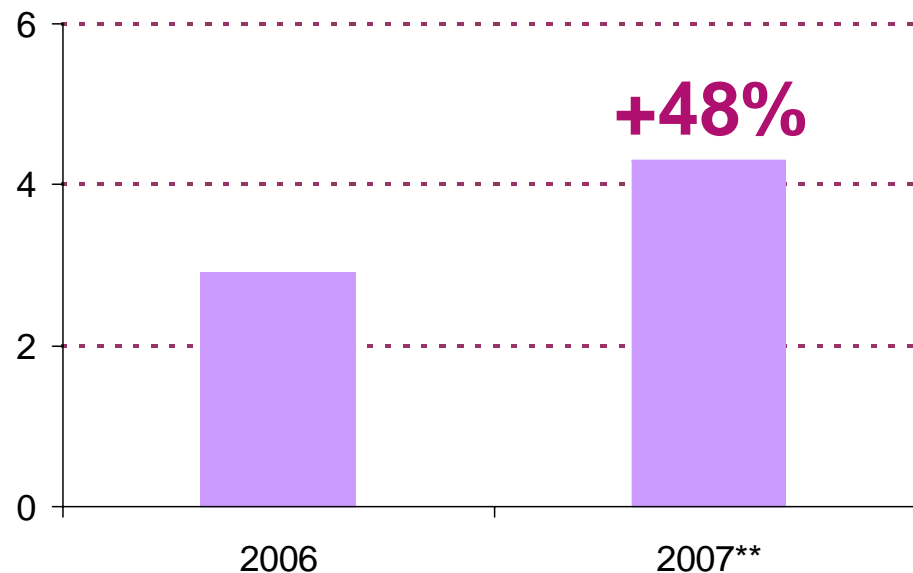
% 2007 Power and Process revenues



**Lump sum contracting will remain a core activity**

## Margin improvement Strong performance to date

Margin\* (EBITA; per cent)



- Secure higher margin orders
- More project related services with proportionately less lump sum work
- Cost containment

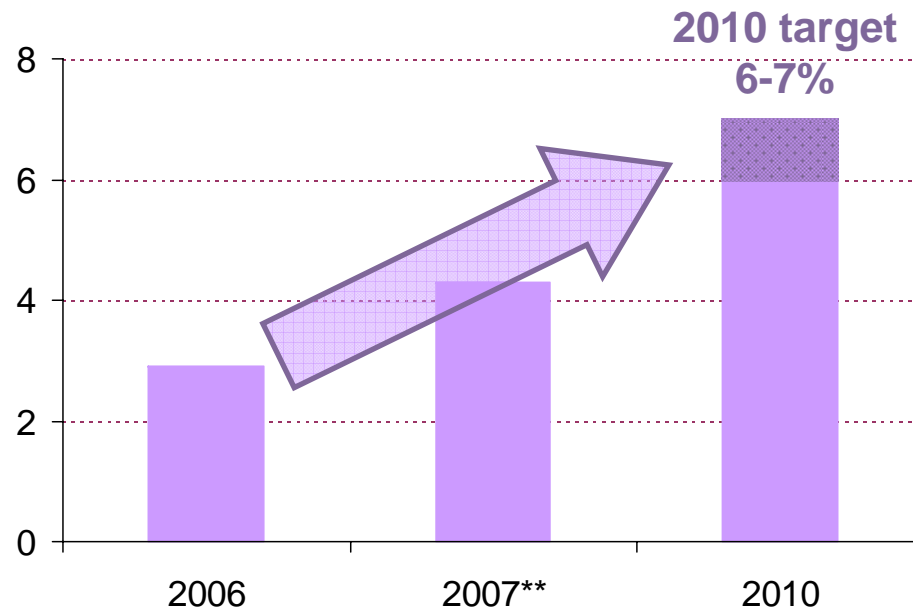
### Margin improvement remains the focus

\* Profit for continuing operations before corporate costs and net financing costs/income, exceptional items, intangible amortisation and joint venture tax, but including joint venture profit before tax, as a percentage of revenues

\*\* Before one-off costs of STEP change

## Margin improvement On track to deliver 2010 target

Margin\* (EBITA; per cent)



- Secure higher margin orders
- More project related services with proportionately less lump sum work
- Cost containment

### Additional initiatives

- Operational Excellence
- Minimum gross margin on all new contracts raised to 10%

## Margin improvement remains the focus

\* Profit for continuing operations before corporate costs and net financing costs/income, exceptional items, intangible amortisation and joint venture tax, but including joint venture profit before tax, as a percentage of revenues

\*\* Before one-off costs of STEP change

## Case Studies: Nuclear Sector

**Bruce Power, Canada**

**British Energy, UK**

**Mike Saunders**

President

Power and Process, Nuclear

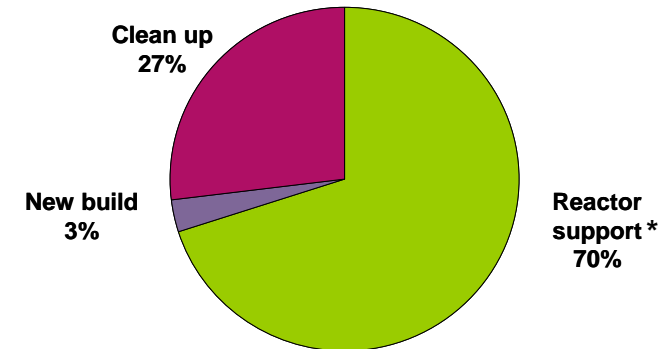


## Nuclear overview

Consultancy, programme management and asset support services to clients in selected geographies

- Major alliances in the UK
  - Areva and Washington Group Int'l
  - UKAEA and CH2MHill
- Leading position on Canadian reactor restart
- Long-term client relationships
- Significant long-term opportunities in clean up, operational support and new build

% 2007 Nuclear revenues



\* Including reactor restarts

## Bruce Power Services provided

- Bruce Power is Ontario's largest independent producer of electricity (4,700MW)
- Unit 1&2 refurbishment part of overall Bruce A multi-billion capital programme
- Project management, engineering and consultancy services
- Site safety and environment responsibility
- Operations and maintenance roles



## Bruce Power why AMEC?

*“A lot of what we’re doing here is first-of-a-kind work. Before we started this project, there had not been a single steam generator lifted out of a CANDU unit anywhere in the world.”*

Duncan Hawthorne, President and Chief Executive Officer, Bruce Power

### AMEC differentiators

- Nuclear safety, programme management and engineering knowledge
- Corporate Resources and depth of capability
- Capacity to handle large and complex projects



## Bruce Power AMEC achievements

***“This is the highest achievement possible from a Canadian Nuclear Safety Commission audit.”***

Norm Kearney, Restart Training Manager



- SHE performance: over 10 million hours without a lost time injury
- 100% achievement of environmental goals
- Training accolades

## Bruce Power Future Implications

*“Instead of shutting down units beginning in 2009, we have created a new future where we start bringing units back to service that year. Our employees and our communities can now look forward to a new era of security and growth.”*

Duncan Hawthorne, President and Chief Executive Officer

- Our aim is to remain a close partner to Bruce in future restart and greenfield projects in Canada



Duncan Hawthorne

## British Energy Alliance Services provided

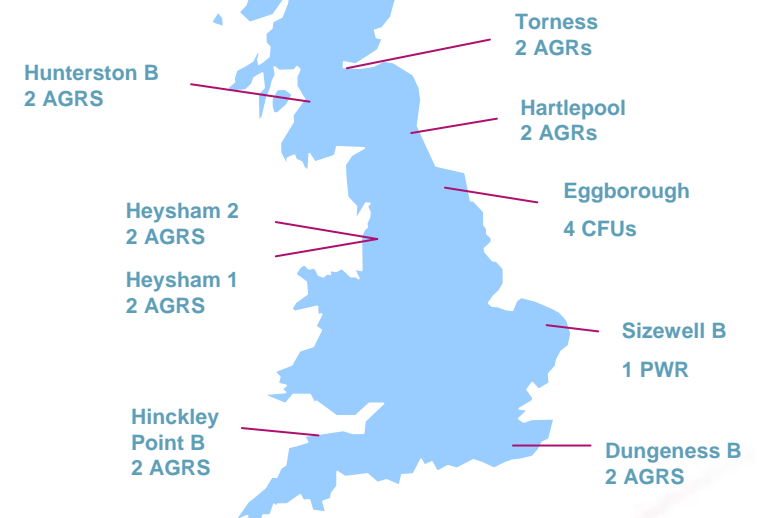
- British Energy is the UK's largest producer of electricity (c.12,000MW)
  - 8 nuclear, 1 coal fired power stations
- AMEC has provided support through the lifetime of AGRs\* and Sizewell B
- The Technical Support Alliance (TSA) is the key partner supporting:
  - continuing operation of nuclear stations
  - upgrades and life extension of ageing plant
  - recovery and emerging plant problems

\* Advanced Gas Cooled Reactors



### British Energy

Operating  
Assets



BE Power Stations  
 AGR Advanced Gas Cooled Reactor  
 PWR Pressurised Water Reactor  
 CFU Coal Fired Units

## British Energy Alliance Why AMEC?

*“... the TSA provides the company with long-term access to a highly qualified pool of engineering skills and experience”*

Malcolm Twist, Head of Supply Chain and Outage, British Energy

### Full spectrum of support throughout the project lifecycle

- Project management
- R&D into operational problems
- Front end design
- Safety and technical support
- Site implementation



## British Energy Alliance

### AMEC achievements

- High quality, highly reliable service
- Rapid response to plant problems
- Innovative solutions

### Future implications

- New five year agreement awarded in 2008
- Joint identification and planning of British Energy's ongoing requirements
- Integrated delivery teams

## Case Studies: Power



### **CPIF Erie Shores Wind Project, Canada**

**Tim Gelbar**

President

Power and Process Americas

### **National Grid Electricity Alliance, UK**

**Steve Lee**

President

Power and Process UK/Europe



## Case Studies: Process Industrial



### **EDF Hole House Gas Storage, UK (Process)**

**Steve Lee**

President

Power and Process UK/Europe

### **CMPC Celulosa, Santa Fe, Chile**

**Tim Gelbar**

President

Power and Process Americas

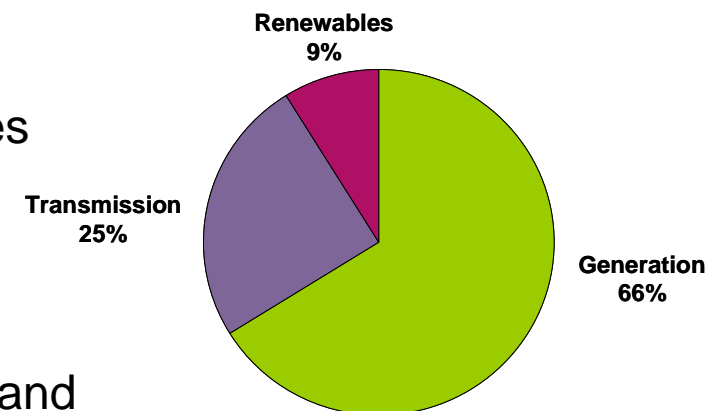


## Power overview

Design, deliver, enhance and maintain electricity transmission and power generating infrastructure in the UK and North America

- UK leading position in high voltage (HV) transmission
- Good local positions in emissions controls, power generation (gas and coal fired); renewables
- Leader for wind farm delivery in Ontario
  
- Growth opportunities in geographical expansion and increasing client capital expenditure
- Strongly positioned to participate in markets for new power generation, such as combined cycle generation

% 2007 Power revenues



## Erie Shores Wind Farm Services provided

- Customer: Clean Power Income Fund, Ontario
- Design-build contract (in joint venture with Black and McDonald)
  - 100MW facility and related transmission infrastructure
  - AMEC share of contract C\$50m; 12 months duration
  - Lump sum turnkey
- Overall project and construction management
- Engineering and design of the balance of plant and approval to connect to provincial transmission grid
- Procurement of all engineered equipment for substation and switching station



## Erie Shores Wind Farm Why AMEC?

- Leader of wind farm engineering and construction in Ontario
  - Recognised provider of world class engineering and project management services
  - Involved in the majority of the wind farms constructed in Ontario since 2002
- Full service solution provider



## Erie Shores Wind Farm AMEC achievements

- Balance of plant completed on a fast track schedule
- Largest wind farm in Ontario designed and constructed in a single phase
  - 63 turbines
- Design-build contract performed on schedule, on budget

## Erie Shores Wind Farm Future implications

- Recognised as the consultant and contractor of choice for Ontario wind farms
  - over 200 MW currently on-line
- Securing repeat business
  - 4 new projects (300MW) currently being installed
- Developing new business with other customers
  - projects under negotiation



## Case Studies: Power



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## Case Studies: Process Industrial



EDF Hole House Gas Storage, UK (Process)

**Steve Lee**

President

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**CMPC Celulosa, Santa Fe, Chile**

**Tim Gelbar**

President

Power and Process Americas



## National Grid Alliance Services provided

*“...aim (of the Alliance) to establish long term relationships and a ‘one team’ approach with shared risk and reward. There will be a clear focus on safety by design and the efficient and sustainable delivery of projects going forward.”*

Rowan Sharples, Director of UK Construction, National

### Grid

- National Grid own and operate the high voltage electricity transmission network in England and Wales
- Electricity Alliance West (EAW) contract for an initial period of 5 years with possible extension of 5 years
- Total value of EAW contracts up to £500 million over the initial 5 years
- Project management, engineering, procurement, and refurbishment/installation work on 275KV and 400KV overhead transmission lines and underground cables



## National Grid Alliance Why AMEC?

*“National Grid has adopted this collaborative way of working for electricity transmission following the success of the Gas Distribution Alliance introduced in 2005.”*

Rowan Sharples, Director of UK Construction, National Grid

- Our collaborative work culture
- World class project services
- Highly trained and efficient employees
- Best in class safety behaviour and culture
- Full service capability



## National Grid Alliance AMEC achievements

- Innovative solutions
- Milestones and costs achieved in line with National Grid's expectations
- Very strong Health and Safety performances
- Training Award for best in class development process



## National Grid Alliance Future implications

Teamwork allows AMEC and the Alliance to:

- Continuously improve processes and systems to deliver maximum benefits
- Continue to apply proven processes and systems, alongside clear cultural alignment, to deliver benefits and value to customers, shareholders and stakeholders
- Be recognised for the skills and capabilities of its employees
- Demonstrate top performance in Health and Safety



## Case Studies: Power



CPIF Erie Shores Wind Project, Canada

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## Case Studies: Process Industrial



**EDF Hole House Gas Storage, UK (Process)**

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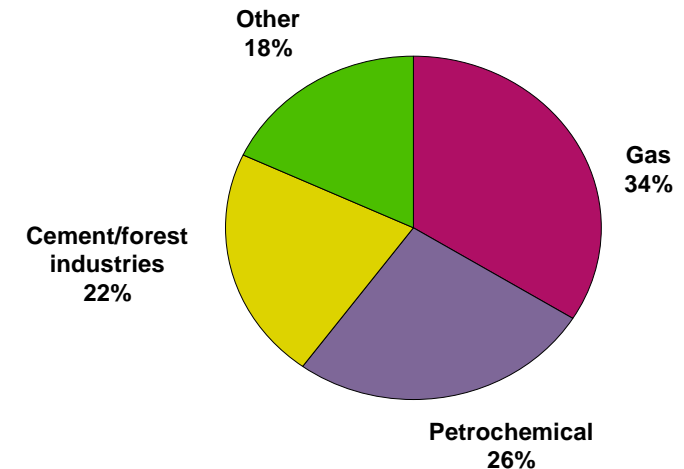


## Process overview

Design, deliver, enhance and maintain process industry infrastructure in the UK and the Americas

- Leading positions in UK gas infrastructure and petrochem shutdown and maintenance
- Strong positions in cement (North America) and forest industries (Americas)
- Growth opportunities in geographical expansion and increasing client capital expenditure
- Efficiency opportunities using high value engineering services from Chile

% 2007 Process revenues



## EDF Hole House Services provided

- EDF has led the development of gas storage in the UK
  - Investment value to date exceeds £50 million
- Hole House is the UK's second large scale underground gas storage facility
- Contract value £10 million
  
- Concept and feasibility studies
- Value engineering, risk management and detailed engineering
- Project management, maintenance and operations support

## EDF Hole House Why AMEC?

- A market leader in gas projects with trusted project management and construction capability
- Growing reputation in gas storage
- Life of asset coverage
- Capability through the value chain
- Quality of engineering support and depth of detail of information developed
- Demonstrated value of project continuity from Front End Engineering Design to Engineer Procure Construct to Operations



## EDF Hole House AMEC achievements

- Delivered a reliable and efficient plant
- Met client's project objectives at all stages
- Excellent health and safety and quality record
- Demonstrated value engineering to
  - maximise plant efficiency
  - minimise investment costs
  - time to generate payback
- Successfully integrated EDF operations personnel into project



## EDF Hole House Future implications

- Continuing involvement with project through maintenance and operations support activities
- Acknowledged by EDF as potential future partner
- Enhanced reputation as one of the top three companies in engineering and project management for gas infrastructure projects
- Recognition and demand for our strong underground gas storage capabilities, in tandem with significant gas terminal, transmission and distribution experience
- Recognition of our understanding of the geology, engineering, commercial and operational elements of gas storage

## Case Studies: Power



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**National Grid Electricity Alliance, UK**

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President

Power and Process UK/Europe



## Case Studies: Process Industrial



**EDF Hole House Gas Storage, UK (Process)**

**Steve Lee**

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Power and Process UK/Europe

**CMPC Celulosa, Santa Fe, Chile**

**Tim Gelbar**

President

Power and Process Americas



## CMPC Santa Fe Services provided

- CMPC Celulosa, Chile
  - Part of CMPC, privately owned Chilean company, revenues US\$2.3 billion p.a.
- Santa Fe Mill; project to increase pulp output by 780,000 tons to 1.15m tons p.a.
- Project duration: Two years
- Total project value: US \$375 million; AMEC share US\$30 million
  
- Engineering, procurement and construction management services
- Design innovation



## CMPC Santa Fe Why AMEC?

- Strong local presence
- Leading-edge forest industry technology
- High value distributed engineering
  - Europe, North and South America
- Strong and valued delivery
  - attention to detail and sensitivity to capital effectiveness requirements
- Long-term customer relationship; spanning over 25 years
- Entrusted with the delivery of other CMPC major capital projects

## CMPC Santa Fe AMEC achievements

- Delivered under budget
  - One of the lowest cost fiberline projects ever
- Reached full production in 171 days
  - A world class performance
- Demonstrated environmental leadership: fourteen national and international audits passed during start-up
- Achieved impressive safety record
  - Conforms to zero fault policy



## CMPC Santa Fe Future implications

*“That we could construct this mill without any safety or environmental problems, start it up and bring it to full production in world record time, and operate it today with complete transparency for the authorities and our customers, is a grand tribute to all involved.”*

Sergio Colvin, Managing Director of CMPC Celulosa

- Inclusion in CMPC’s future expansion plans in Chile
- Future expansion of AMEC’s global project execution capability
- Further opportunities for growth in South America
  - increasing global source of pulp and paper



## Power and Process investment case

- Focused growth markets
- Positions of market leadership
- Long-term client relationships
- Talented, highly skilled people
- Track record of delivery
- Quality of margin

## Future potential

Continued strength

Local to international

Strong potential

Development

Enhancement

Further improvement

**Strong and scaleable business**

# National Grid

**Capital markets seminar**

**5 June 2008**



# National Grid

Capital markets seminar

5 June 2008

**Rowan Sharples**

Director of UK Construction,  
National Grid

# The Future

A series of overlapping, curved lines in various colors (dark blue, teal, purple, yellow, pink) that sweep across the page from the bottom left towards the top right, creating a sense of movement and forward-looking energy.

**Didier Pflieger**  
Chief Operating Officer,  
Power and Process

## Power and Process: Vision

*“To be a focused supplier of high-value consultancy, engineering and project management services to the world’s power and process industries”*

We will achieve this vision by supporting, challenging and inspiring our people to deliver innovative solutions which will always exceed our customers’ expectations

## Power and Process investment case

- Focused growth markets
- Positions of market leadership
- Long-term client relationships
- Talented, highly skilled people
- Track record of delivery
- Quality of margin

## Future potential

Continued strength

Local to international

Strong potential

Development

Enhancement

Further improvement

**Strong and scaleable business**

## From Local to Global

- Market sector rather than geographic approach
- Creation of operational synergies
- Cultural change process
- Global approach to customers
- Organic growth with possible acquisitions

**Focused growth to support margin objectives**

## Nuclear A long-term growth market

Market growth outlook

5-6% CAGR\* 2008-2012\*\*

### Growth prospects

- Global demand constantly accelerating
- High growth expected in the new build market post 2011
- Reactor support services increasingly strategic
- Clean up market set to expand

### AMEC initiatives

- Tier 1 provider in the UK clean up market
- Develop architect engineer role with partner utilities
- Expand current geographic coverage
- Build international partnerships

\* AMEC's accessible market; source, AMEC internal estimates

\*\* Nuclear sector spend expected to grow rapidly post 2011

## **Power** Strong long term growth prospects

Market growth outlook

10-12% CAGR\* 2008-2012

### **Growth prospects**

- Continued generation capacity expansion in home markets
- Air quality control system requirements becoming critical
- Renewables targets further legislated and spending accelerating
- Transmission expansion a key part of essential future efficiency

### **AMEC initiatives**

- International utilities to be managed from a “global” perspective
- Strengthen vendor/OEM relationships
- Expansion into new geographic markets

\* AMEC's accessible market; source, AMEC internal estimates

## Process Strong long-term growth prospects

Market growth outlook

8-9% CAGR\* 2008-2012

### Growth prospects

- Petrochemical shutdown and maintenance
- UK/Europe gas storage
- Forest industries in South America

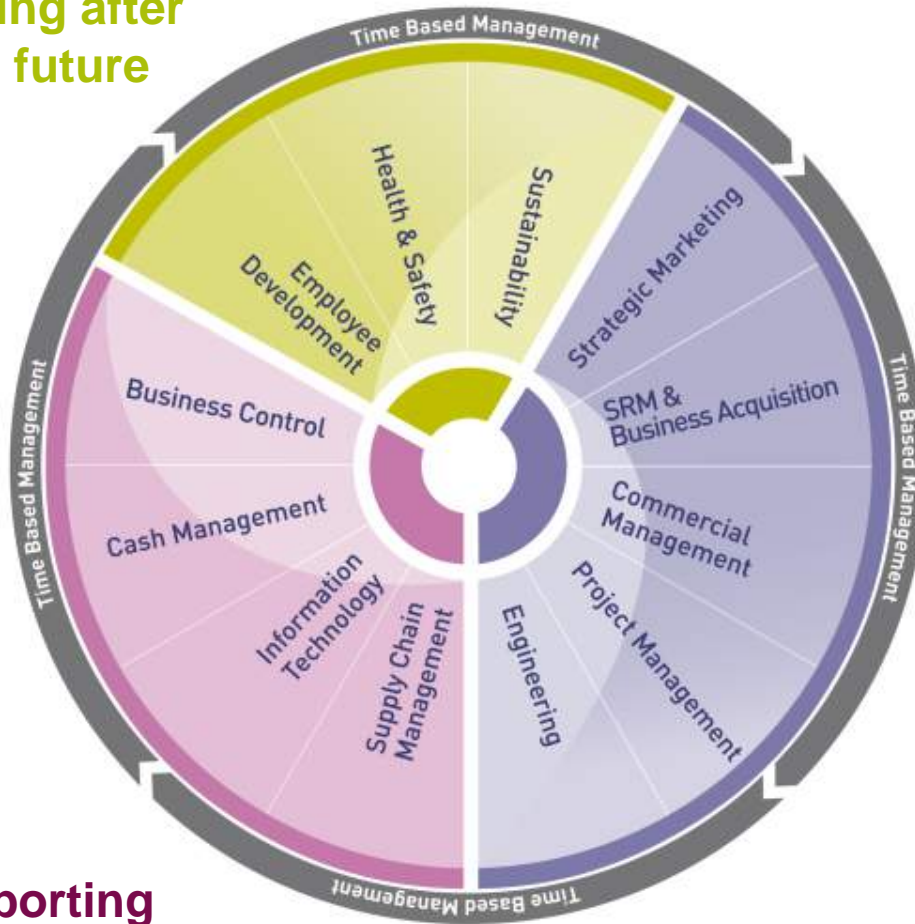
### AMEC initiatives

- Expanding in international gas storage
- European expansion in petrochemical shutdown and maintenance
- Expanding forest industries market share
- Assessing renewable fuels initiatives
- Pursuing international opportunities in cement

\* AMEC's accessible market; source, AMEC internal estimates

# Operational Excellence

Looking after  
the future



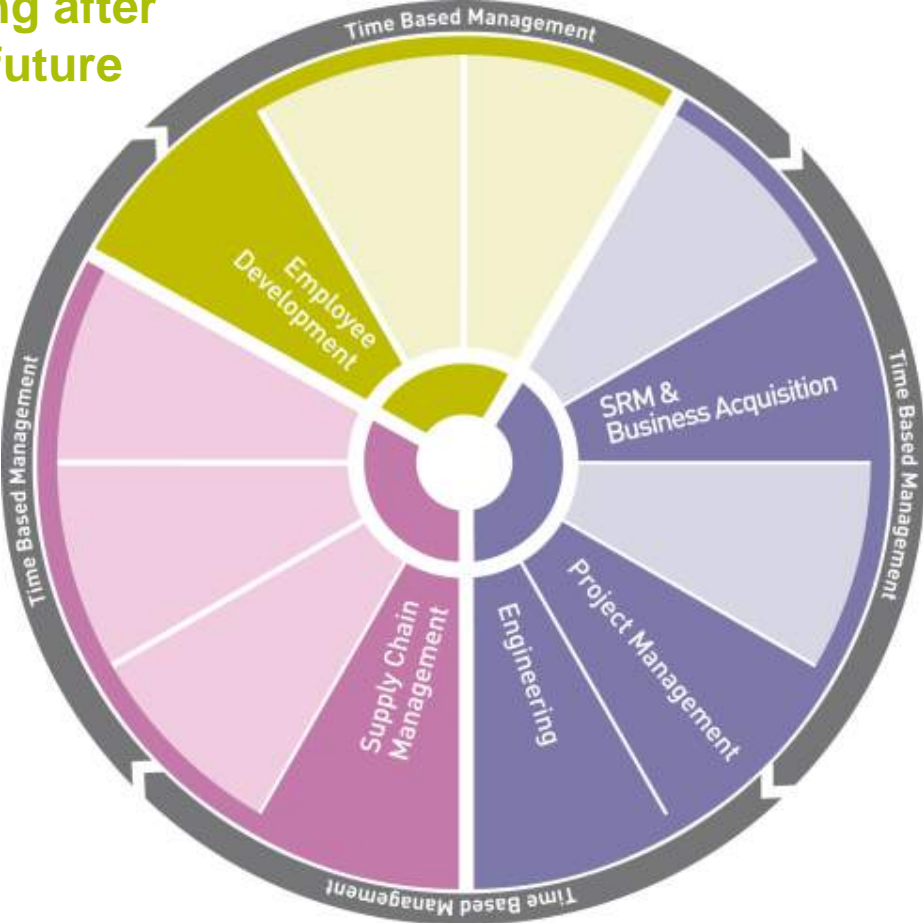
Supporting

- 12 focus areas
- Major contribution to margin improvement in Power and Process will be from five key areas

Winning and  
doing

# Operational Excellence Key focus in Power and Process

Looking after the future



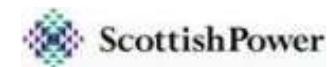
Winning and doing

Supporting

# Customer relationship management



- Sector leaders for global business strategies
- Global key account management
- Improved capture process



## **Employees** The source of competitive advantage

- Recruitment strategy: targeting graduates, high level PM/Engineering resources
  
- Major focus on development
  - Improved integration of new recruits
  - Global management and leadership programmes – 3 levels
  - Individualised programmes – high flyers and successors
  - Clearly identified career paths
  
- Employer of choice

**Resource management: the key to our success**

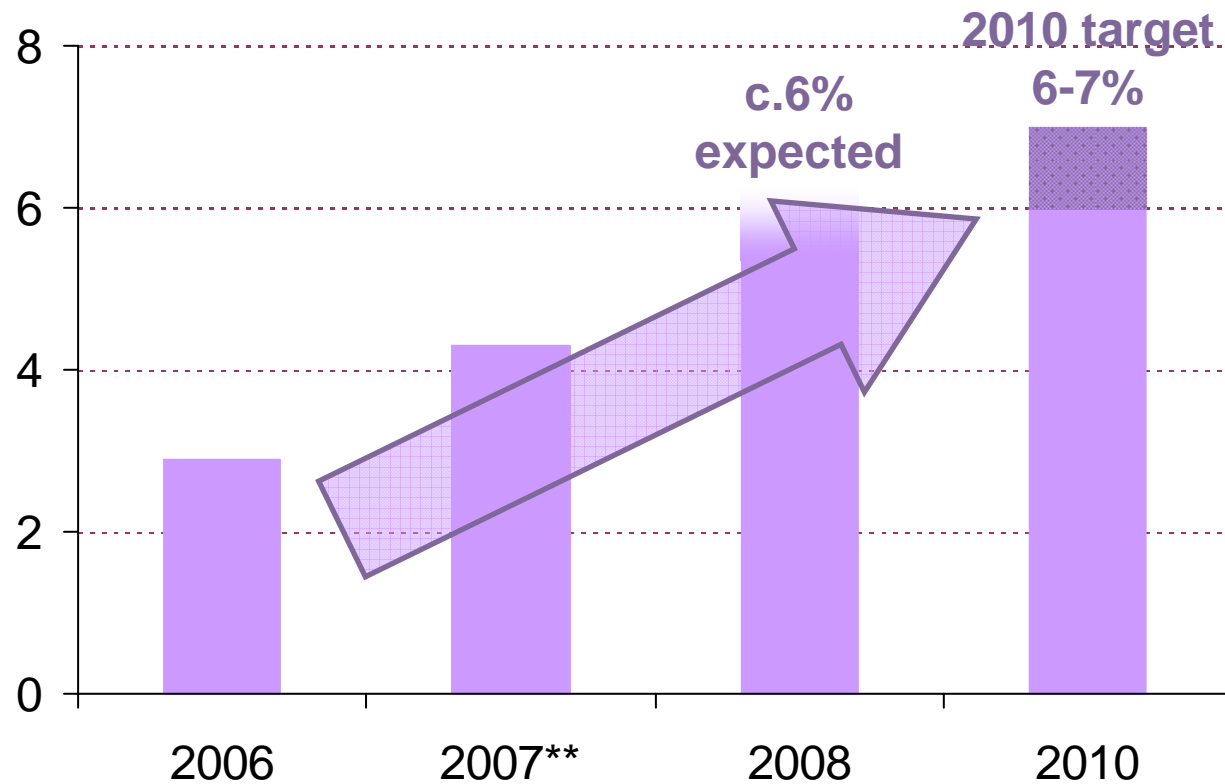
## Operational Excellence Other examples

- Project Management
  - ☑ Improved quality of delivery
  
- Engineering
  - ☑ Distributed, high value engineering
  
- Supply chain management
  - ☑ Improving value and service



# Margin improvement

Margin\* (EBITA; per cent)



**Strong commitment to delivery of margin targets**

\* Profit for continuing operations before corporate costs and net financing costs/income, exceptional items, intangible amortisation and joint venture tax, but including joint venture profit before tax, as a percentage of revenues

\*\* Before one-off costs of STEP change

## Summary

- Strong and focused management team
- Clear vision and strategy
- Strong end markets
- Well positioned with opportunities to increase market share
- Best in class employees
- On track to deliver margin targets

# Questions

