

# → Interim results presentation

Six months to 30 September 2007

David Sterry and Michael Dunn



# Contents

Highlights

Business review

Financial results

Corporate development

Outlook and summary

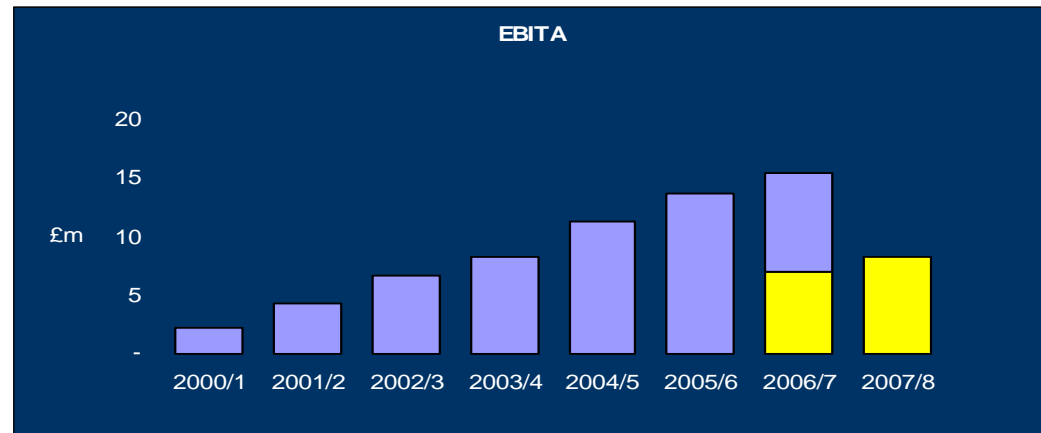
Appendices

A Contract portfolio

B Selected customers

C Market outlook

D Awards & recognition



---

# Highlights

---

## Business

- > Sustained growth over the period
- > Strategic bolt-on acquisitions in telecommunications, gas and waste services
- > Renewal of contracts in MEICA and street lighting
- > Extended contracts in gas
- > £1 billion forward order book = strong visibility of earnings

## Financial

- > Revenues up to £215.0 million (2006 £199.6 million)
- > Underlying EBITA up by 18%
- > Underlying PBT up by 24%
- > Net cash up to £23.6m
- > Interim dividend planned of 1.5p per share (2006: 0.9p)

## → Business review: Maintenance Services



---

# Business review: Highway Services

---

- > Organic growth in existing contracts
- > Norfolk Strategic Partnership – Stage 1 review positive
- > Renewed street lighting contract – Thurrock
- > Strong pipeline of opportunities
- > Continued investment in technology and equipment to meet efficiency and sustainability targets



**Services include:**

- > Routine maintenance
- > Enhancement projects
- > Professional services
- > Street lighting
- > Surface dressing

---

# Business review: Waste Services

---

- > Waste market is rapidly changing
- > Regulation driving market growth
- > Waste market is highly fragmented
- > Operation of two HWRC contracts provides platform for growth
- > Strong pipeline of opportunities



**Services include:**

- > Recycling
- > Collection
- > Treatment

---

# Business review: Utility Services

---

- > Continued growth being achieved
- > AC Chesters re-branded as May Gurney and fully integrated
- > South West Water MEICA contracts renewed
- > FDT acquisition in inspection and maintenance
- > Willows acquisition and gas contracts likely to be extended



**Services include:**

- > Managed Services
- > Clean water improvements
- > Waste water improvements
- > Mechanical & Electrical design and delivery
- > Gas
- > Telecommunications

## → Business review: Engineering and Project Services



---

# Business review: Infrastructure Services

---

- > Strong delivery in all areas, with a number of industry awards for best practice
- > Growth prospects in flood prevention due to increased government spending
- > Short-term reduction in activity due to the risk profile of some projects
- > Longer term ECI schemes being developed in frameworks
- > Contract A – Waste treatment facility



**Services include:**

- > Project Delivery through ECI and Partnerships
- > Geotechnical Engineering including Remediation
- > Building Enhancement
- > Professional Services

---

# Business review: Rail Services

---

- > High level bridge contract performing well
- > Property framework contracts now being bid
- > Type C signalling work not yet coming through
- > Longer term opportunities in Network Rail strategic plan 2009-2014



#### Services include:

- > Structures
- > Property
- > Signalling
- > Professional Services



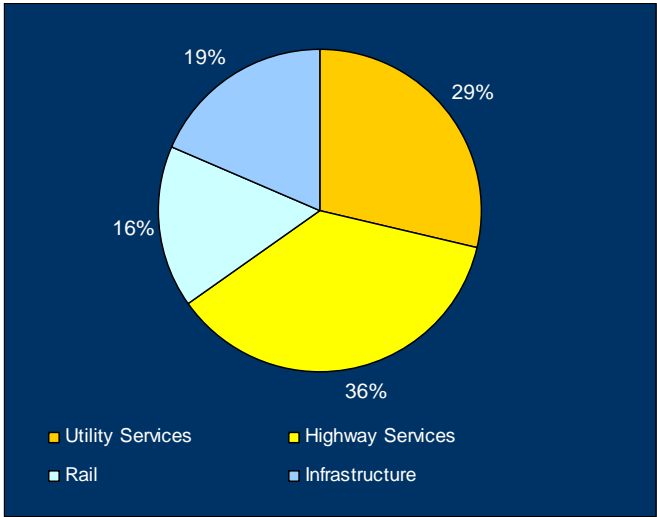
## → Financial results



# Results summary

	Full Year 2006/2007	6 months to Sept 2006	Organic	Acq	6 months to Sept 2007	Change
Revenue (£m)	406.4	199.6	211.4	3.6	<b>215.0</b>	+8%
EBITA (£m)	15.5	7.1	8.2	0.2	<b>8.4</b>	+18%
<i>Margin</i>	3.8%	3.6%			<b>3.9%</b>	
Net Interest (£m)	0.7	0.1			<b>0.5</b>	
Underlying PBT (£m)	16.2	7.2			<b>8.9</b>	+24%
Amortisation	(1.3)	(0.6)			<b>(0.8)</b>	
Exceptionals (£m)	0.3	0.2			<b>0.0</b>	
PBT (£m)	15.2	6.8			<b>8.1</b>	+19%
Tax Rate	29.6%	29.4%			<b>30.0%</b>	
EPS	17.70p	8.32p			<b>8.69p</b>	
Underlying EPS	16.95p	8.01p			<b>8.83p</b>	

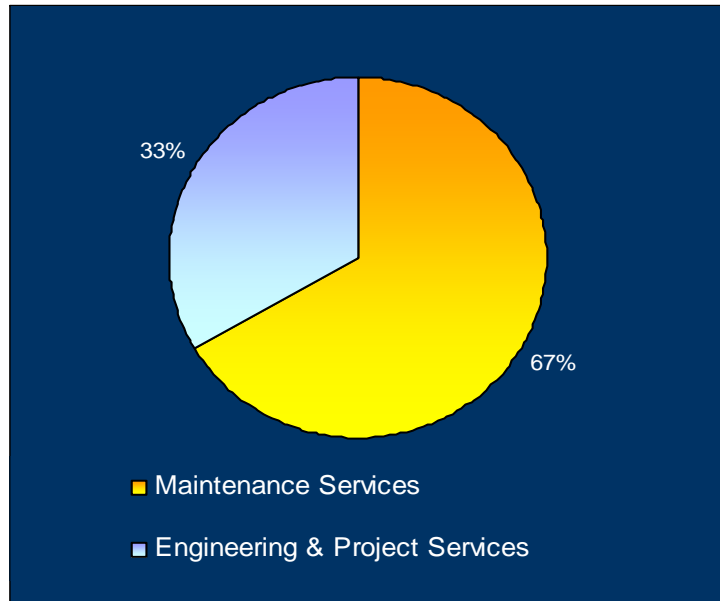
# Segmental analysis: Revenues



£m	6 months to Sept 2006	6 months to Sept 2007	% Change
Maintenance Services	120.0	<b>140.1</b>	+17%
Engineering & Project Services	79.6	<b>74.9</b>	-6%
<b>Total</b>	<b>199.6</b>	<b>215.0</b>	<b>+8%</b>



# Segmental analysis: Profit



£m	6 months to Sept 2006	6 months to Sept 2007	% Change
Maintenance Services	4.2	<b>5.6</b>	+33%
Engineering & Project Services	2.8	<b>2.8</b>	-
Property	0.1	<b>0.0</b>	N/A
<b>Total</b>	<b>7.1</b>	<b>8.4</b>	<b>+18%</b>

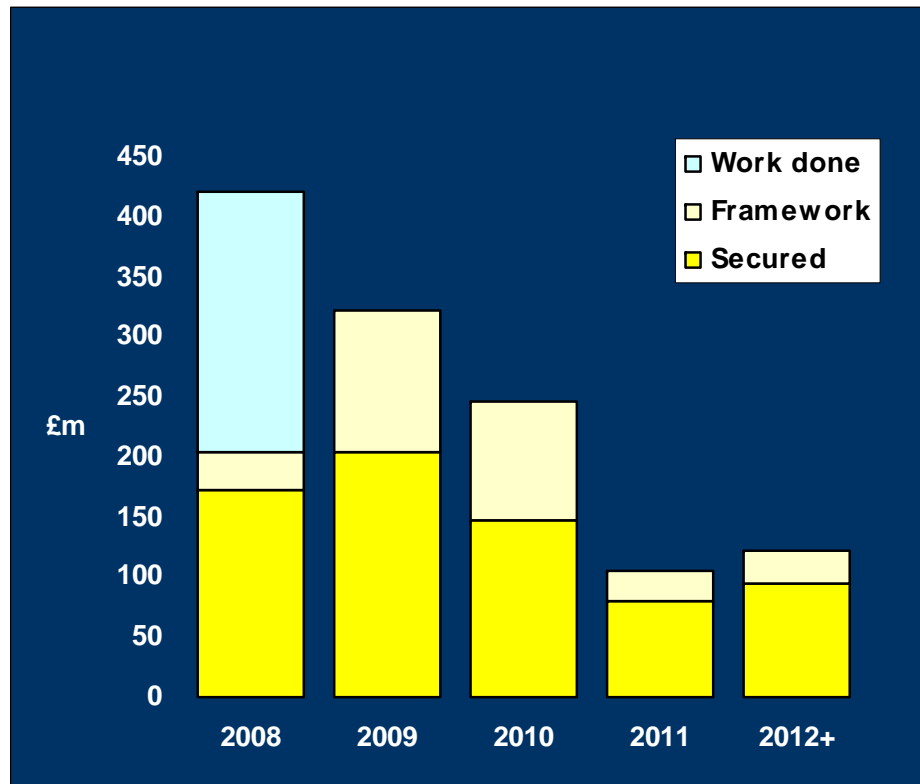
# Net cash

£m	Year to March 2007	6 months to Sept 2006	6 months to Sept 2007
EBITA	15.5	7.1	8.4
Depreciation and IFRS	2.1	0.8	1.7
Net Interest	0.5	0.1	0.4
Tax	(3.7)	(2.8)	(1.4)
Net capex	(3.7)	(2.2)	(2.9)
Net working capital	(2.7)	(2.8)	(0.6)
<b>Operating Free Cash Flow</b>	<b>8.0</b>	<b>0.2</b>	<b>5.6</b>
Net IPO proceeds	12.7	12.7	0.0
Exceptional/Other/Loan repayments	(0.4)	0.1	0.0
Dividends	(0.6)	0.0	(1.3)
Special pension contributions	(3.5)	(3.5)	0.0
Net disposals/(acquisitions)	(1.8)	2.0	(3.1)
<b>Cash Flow After Financing</b>	<b>14.4</b>	<b>11.5</b>	<b>1.2</b>
Net Cash b/f	8.0	8.0	22.4
<b>Net Cash c/f</b>	<b>22.4</b>	<b>19.5</b>	<b>23.6</b>

# Balance sheet

£m	Mar 2007	Sept 2006	Sept 2007
Tangible Fixed Assets	12.1	11.7	<b>13.1</b>
Intangible Fixed Assets	28.2	25.5	<b>31.4</b>
Deferred Tax	5.1	4.7	<b>3.0</b>
Net Cash	22.4	19.5	<b>23.6</b>
Current Assets	69.8	82.8	<b>94.0</b>
<i>Total Assets</i>	<i>137.6</i>	<i>144.2</i>	<i><b>165.1</b></i>
Current Liabilities	(81.7)	(94.0)	<b>(105.0)</b>
Pensions Deficit	-	-	-
<i>Total Liabilities</i>	<i>(81.7)</i>	<i>(94.0)</i>	<i><b>(105.0)</b></i>
Net Assets	55.9	50.2	<b>60.1</b>
Share Capital & Reserves	55.9	50.2	<b>60.1</b>

# Order book



- > Secured order book £0.7 billion at 30 Sept 07
- > Order book over £1 billion including expected framework activity
- > Plus £400 million of available contract extensions
- > 08/09 Altium revenue forecast now 69% covered by order book
- > 09/10 Altium revenue forecast now 49% covered by order book

---

# Financial summary

---

- >Revenues and profits increasing
- >Underlying margins rising
- >Cash generative
- >Strong balance sheet
- >Healthy order book
- >Interim dividend

## → Corporate development



---

# Acquisitions

---

>AC Chesters on 12 March 2007

>FDT on 25 July 2007

>Willows on 17 October 2007

>EWC Southern Business in December 2007

---

# Acquisitions

---

## **Actively seeking further acquisitions:**

- >In our target market sectors
- >That are earnings enhancing
- >With a cultural match including a focus on long-term relationships
- >With management team that can be integrated into our business

## **Current target market sectors include:**

- >Local government services, including waste and highway services
- >Utility maintenance

## → Outlook and summary



---

# Outlook and summary

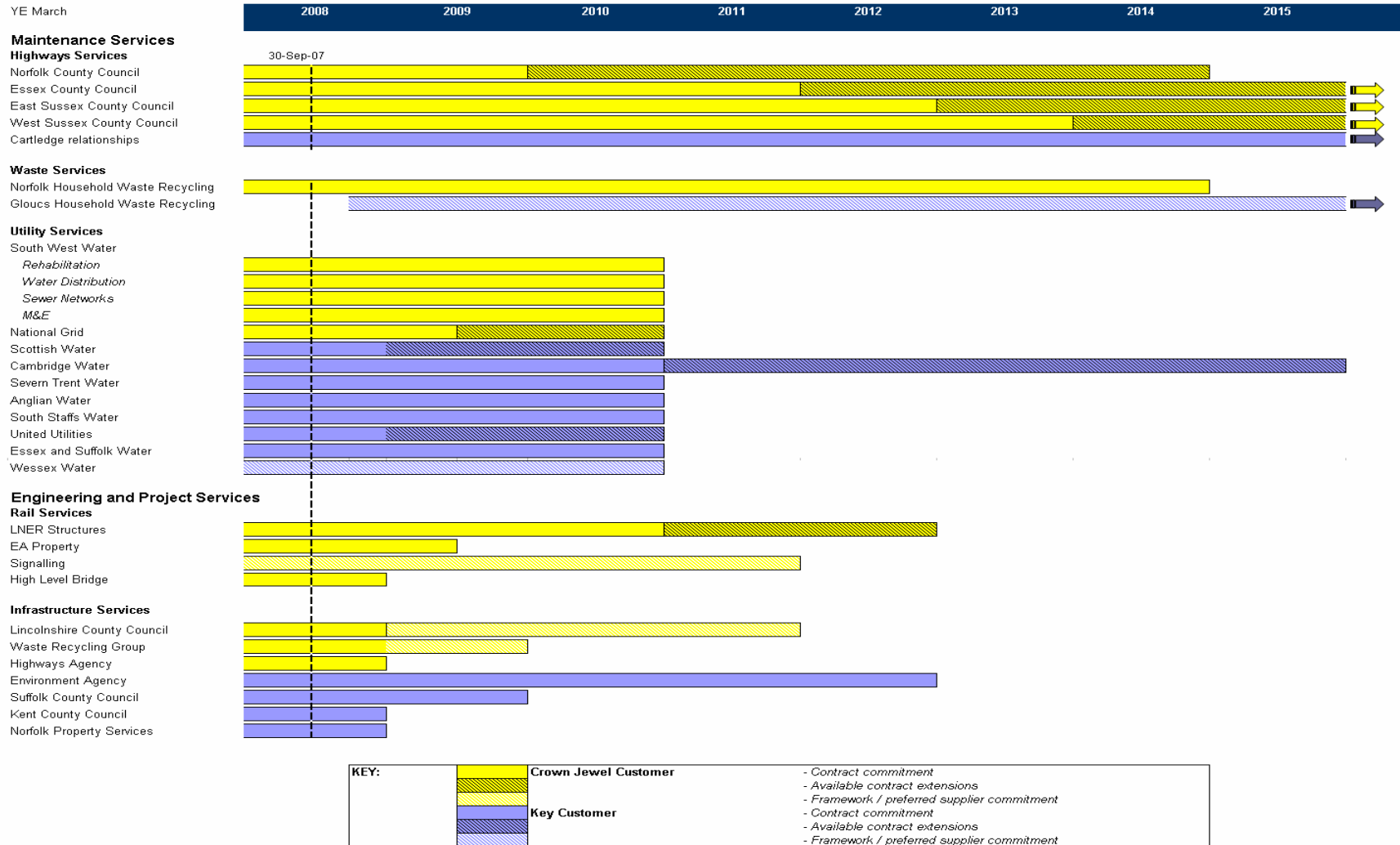
---

- > Strong financial performance building on a successful IPO
- > Strong growth opportunities in our core maintenance services market place
- > Scope for organic growth from existing customer base
- > Further opportunities for earnings enhancing acquisitions
- > Positive about future prospects

## → Appendices



# Appendix A – Contract portfolio



# Appendix B – Selected customers

## Crown Jewel customers

LINCOLNSHIRE  
COUNTY COUNCIL

 **Norfolk**  
County Council

 **west  
sussex  
county  
council**

 **SOUTH WEST WATER**

 **waste  
recycling  
GROUP PLC**

 **HIGHWAYS**  
AGENCY

 **Network Rail**

 **Essex County Council**

 **nationalgrid**

 **East Sussex  
County Council**

## Key customers

 **Essex  
Water**  
a YTL company

 **ENVIRONMENT  
AGENCY**

 **Severn Trent Water**

 **Kent  
County  
Council**

 **SOUTH STAFFORDSHIRE  
WATER PLC**

 **Suffolk  
County Council**

 **ESSEX & SUFFOLK  
WATER**

 **SCOTTISH  
WATER**

 **anglianwater**

 **CAMBRIDGE  
WATER  
COMPANY**

 **United  
Utilities**

 **MAY GURNEY**

---

# Appendix C – Market outlook

---

## Highways:

County councils: £1.1bn per annum on highways maintenance

Unitary authorities: £360m per annum on highways maintenance

London boroughs and metropolitan districts: £1.2bn per annum on highways maintenance

## Utilities:

Gas distribution: Gas Distribution Networks (GDNs) will be allowed to spend £319m per annum of capital expenditure and £679m per annum of replacement expenditure between 2008-13

Water: investment under AMP4 is expected to be c.£3.4bn per annum between 2005 & 2010

## Municipal Waste:

Collection: £1.1bn per annum

Treatment: £1.3bn per annum

## Infrastructure:

Flood defence and coastal erosion management: £800m per annum of expenditure across government by 2010/11

Highways Agency: £1bn capital expenditure

Local authority capital schemes: local authorities spent an average of £12bn per annum in total on “new construction and conversion” between 2004/05 and 2006/07

## Rail:

£29bn total spend between 2009/10 and 2013/14

£10bn on enhancements between 2009/10 and 2013/14

---

# Appendix D – Awards & recognition

---

Float of the Year at the FT & Investors Chronicle AIM Investment Awards

M&A AIM IPO of the Year

British Construction Industry Award – Best Practice

A National Training Award for our management courses

Historic Bridge & Infrastructure Award for the High Level Bridge

A National Green Apple Environmental Award (for the second year running)

A commendation at the ifs ProShare Awards for our Share Save scheme

Best Supplier Partner for South Staffs Water

UKSTT Award for National Grid

IHT Health & Safety at Work Award for Making A Difference

Three National Construction College Awards, including Construction

Apprentice of the Year

Two awards at the East of England Construction Training Awards, including

Graduate of the Year

