North American consultancy
Markets and margins

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Chief executive officer
North America
Our team

Joe Boyer – CEO North America

David Quinn – Strategic operations director

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The market environment
North American design and engineering market is worth $64bn pa

Source: Engineering News Record (ENR) – Top 500 US design firms (2013 data)
Infrastructure spend expected to increase

Source: BMI, US Census Bureau, US BEA
Infrastructure requirement

- Over the next 6 years there is an estimated infrastructure needs shortfall*:
  - $846bn for surface transportation
  - $84bn for water/waste water
  - $39bn for aviation

- States are looking for innovative ways to finance infrastructure
  - higher fuel taxes
  - redirecting funding from other sources

- Voter approved ballot initiatives in Texas and California for $1bn in new annual funding for transportation and water projects

- PPP/P3 (public and private partnerships) used predominantly in highways and rail, moving into ports and aviation

- Increased number of states have P3 legislation in place (Florida, Texas and Virginia most experienced).

* Estimated by American society of civil engineers
A wide range of competitors

Combined US Design and CM-PM Revenue

$1bn+

AECOM / URS
CH2M HILL
HDR ENGINEERING
JACOBS
PARSONS
WSP/PB

$0.5
→
1.0bn

ATKINS
BLACK & VEATCH
CARDNO
CDM SMITH
HNTB
STANTEC

→
$0.5bn

HATCH MOTT MACDONALD
KIMLEY-HORN
LOUIS BERGER
MWH GLOBAL
RS&H
STV

Source: Pro forma combination from Engineering News Record Top 500 Design Firms and Top 100 CM-PM Firms 2014

publicly traded companies
private companies
Our approach

Structure and performance
Our business

Revenue by end market (FY14)
- Roads 51%
- Water and environment 20%
- Buildings 4%
- Aviation 6%
- Urban development 3%
- Defence and security 6%
- Other 10%

Revenue by business unit (FY15 to date)
- Dept. of transportation 46%
- Aviation 7%
- Federal 12%
- Public and private 30%
- Strategic ventures 5%

Revenue by client type: 22% private sector, 68% public sector: local government, 10% public sector: national government.
Our business units
What we do and our core clients

Department of Transportation
What we do: Traditional H&B design services, corridor planning, environmental clearance, tolls, programme management/GEC, intelligent transport systems/traffic engineering, right-of-way and utilities, design-build, and construction management
Clients: State DOTs, toll agencies

Aviation
What we do: Full-service aviation consultant providing planning, environmental, design and construction administration services
Clients: Focus is on medium to large hub airports such as Atlanta, Chicago, Houston, New Orleans with a small portion of general aviation contracts

Federal
What we do: Planning, emergency management, contingency operations, mapping and geospatial, architecture and design, asset management, civil design, water and environmental services, project and construction management
Our business units
What we do and our core clients

Public and private
What we do: Infrastructure services for municipal, water/wastewater, private and coastal clients. Services include planning, environmental and design, programme, asset, construction, and emergency management services.
Clients: Cobb County, Miami-Dade, Port Houston, Clark Co Water District, City & County of Denver, Publix, Enterprise, VOPAK, Carnival and Disney

Strategic ventures
What we do: Rail and transit, cities and technology
Clients: Metro Atlanta Regional Transit Authority, New York Metropolitan Transit Authority, Union Pacific, Duke Energy and EDF.
Workforce located across the country

2,175 FTE located across North America
North American consultancy organisation

1,600 FTE technical experts within the TPO
Core TPO offerings

- Architecture
- Construction management/site supervision
- Consulting services
- Design and engineering
- Emergency response
- Mapping and geospatial
- Planning
- Programme management
- Sciences and environmental
- Technology.
TPO rationale
Driving productivity and sharing skills

- Improved organisational alignment drives productivity
- Continued portfolio shift to larger projects
- Enhanced visibility of technical skills reduces dependence on sub-consultants
- TPO structure is scalable and flexible
- Improved productivity in FY15 with potential for further uplift.

US consultancy productivity

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015F</th>
<th>2016F</th>
</tr>
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<tbody>
<tr>
<td>Value</td>
<td></td>
<td></td>
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</table>
## North America consultancy

<table>
<thead>
<tr>
<th></th>
<th>Pre acq'n</th>
<th>H1 2014</th>
<th>H2 2014</th>
<th>FY 2014</th>
<th>H1 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue (£m)</td>
<td>391.1</td>
<td>164.1</td>
<td>141.2</td>
<td>305.3</td>
<td>137.5</td>
</tr>
<tr>
<td>Operating profit (£m)</td>
<td>11.5</td>
<td>9.4</td>
<td>8.0</td>
<td>17.4</td>
<td>8.4</td>
</tr>
<tr>
<td>Operating margin</td>
<td>2.9 %</td>
<td>5.7 %</td>
<td>5.7 %</td>
<td>5.7%</td>
<td>6.1 %</td>
</tr>
</tbody>
</table>

- Q3 trading update guided to an improving H2 2015 margin
- Steps identified to grow operating margin to 8%.
Focusing on 8% margin target
Revenue and gross margin measures

- Revenue growth
  - Focused client development
  - Larger project and programme focus
  - Differentiation
  - Geographic emphasis
  - Market/service diversification

- Gross margin enhancement
  - Client selection and rationalisation
  - Reduce sub-contracted work
  - Improved execution
    - TPO
    - Project management excellence
    - Global design centres.
Focusing on 8% margin target
Structural/shared service overhead reductions

Consultant & professional services down 16%

Travel down 9%

Fleet & vehicles down 33%

Facilities down 22%

Mobile phones & data down 48%

Printing down 23%

Overall 22% reduction targeted FY13 to FY16
Organised for success

Business units with focus
Department of Transportation
Consolidate and grow regional presence

Spending on roads and bridges is forecast to reach $329bn over the next five years

Key programmes
- Project Neon interchange in Las Vegas ($575m)
- I-66 in DC area ($3bn)
- I-70 east in Denver ($1.5bn)
- GA 400/I-285 in Atlanta ($550m)
- I-395 Miami reconstruction ($600m)
- I-35E expansion Dallas phase 2 ($4.8bn).

Federal
Positioned to grow with key civilian agency and defence clients

President’s FY16 budget includes approximately $93bn of funding for programmes directly relevant to the work we perform

Key programmes
- Flood mapping ($400m)
- Coastal resilience ($200m)
- Surface transportation ($478bn over six years)
- Federal facilities ($2.5bn)
- VA facilities construction services ($1.5bn)
- DoD military construction services ($8.4bn).

Public and private
Focus on larger projects and programmes

Five year spending in the public and private sector for water, ports, utilities, oil & gas and industrial infrastructure expected to be $235bn (excluding commercial and residential facilities)

Key programmes
- Savannah harbour port extension ($726m)
- Jacksonville harbour deepening ($900m)
- San Antonio water conveyance pipeline ($2.6bn)
- Cobb County (GA) SPLOST* programme ($750m over 6 years)
- Miami-Dade water and sewer district programme ($3.4bn over 5 years).

Source: 1) BMI. 2) CG/LA Strategic Top 100. 3) Cobb County website data. 4) Extracted from Miami-Dade website CIP data
* Special purpose local option sales tax.
Aviation

Expand geographically and into large landside terminal projects

Airport infrastructure market is forecast to grow c.3.5% in each of the next three years

We will grow through diversifying our services both technically and geographically, while maintaining our existing market position in the airside market

Key programmes

- Houston IAH terminal D expansion ($3bn)
- New Orleans north terminal ($650m)
- Dallas Fort Worth expansion ($3bn)
- Charlotte airport expansion ($1.2bn)
- Orlando expansion and upgrade ($1.1bn).

Source: 1) Annualised based on ACI. 2) ACI. 3) Airport website press release. 4) Charlotte Business Journal June 2014. 5) CG/LA 2014 Strategic Top 100 6) BMI.
Strategic Ventures
An incubator for growth

Projected five year spending forecast: $195bn for rail and $287bn for power plant and transmission grids, including renewables

Key programmes
- Purple Line P3 in Maryland ($2.2bn)
- Metropolitan Transit Authority capital programmes ($6.4bn from capital improvement plan)
- Cotton Belt Regional Rail (Dallas-Ft Worth) $2.7bn
- California High Speed Rail ($68bn), focusing on design build phase 5.

Source: 1) BMI 2) Agency website data 3) CG/LA Strategic Top 100 2014.
### Light rail and metro planned capital spend

Leveraging our worldwide resources

<table>
<thead>
<tr>
<th>Region</th>
<th>Total spend ($bn)</th>
<th>Capital cost ($bn)</th>
<th>Fleet ($bn)</th>
<th>New line projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pacific NW</td>
<td>5.3</td>
<td>4.8</td>
<td>0.5</td>
<td>Seattle Sound Transit – Eastlink, Northlink, Lakewood</td>
</tr>
<tr>
<td>California</td>
<td>22.6</td>
<td>17.2</td>
<td>5.4</td>
<td>San Jose BART ext, San Francisco (SFMTA), LA Purple/Gold Expo II, San Diego Mid-Coast</td>
</tr>
<tr>
<td>Midwest</td>
<td>7.5</td>
<td>6.5</td>
<td>1.0</td>
<td>Minneapolis –St Paul Green Line, SW corridor</td>
</tr>
<tr>
<td>Mountain/SW/Texas</td>
<td>9.8</td>
<td>6.8</td>
<td>3.0</td>
<td>Houston southwest corridor, Denver RTD North Metro, Phoenix Gilbert rd</td>
</tr>
<tr>
<td>Northeast/Mid-Atlantic</td>
<td>64.0</td>
<td>56.0</td>
<td>8.0</td>
<td>NY eastside access, 2nd avenue subway, DC Silver Line, Baltimore Red and Purple Line</td>
</tr>
<tr>
<td>Southeast</td>
<td>5.6</td>
<td>4.1</td>
<td>1.5</td>
<td>Miami Baylink and Tri-rail Costal Link, Atlanta (MARTA), Clayton county ext. GA 400 corridor</td>
</tr>
</tbody>
</table>

- Design work is c7-10% of capital cost.

Source: Individual agency work program documents on file with the American Public Transit Association
Summary

- North American infrastructure market is the largest market in the world and forecast to grow
- Healthy growth opportunities for our five business units with increased client focus
- Streamlined organisational model drives improved efficiency and utilisation
- Clear plan to grow the operating margin to 8%, with good progress expected this year and next.
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