
Annual results presentation

Year to 31 March 2010

Philip Fellowes-Prynne
Chief Executive Officer

Matt Stevens
Group Finance Director

Delivering essential services for our communities

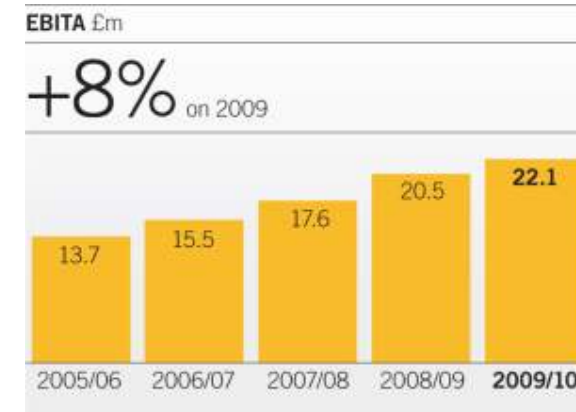
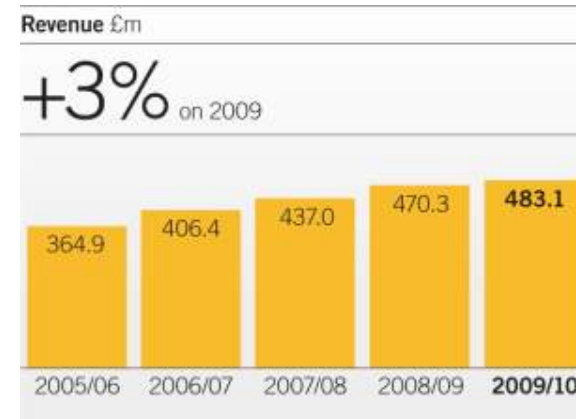


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Highlights

Business

- > Continued growth driven by long-term provision of essential services
- > New contract wins, renewals & expansions (including extensions), totalling over £1.1 billion
- > New landmark 'bundled' services joint venture with Torbay Council delivering greater value by providing a wide range of front-line services
- > AMP5: eight new contracts & renewals won & potential new contracts & renewals in process; increase in repair and maintenance work of 22%
- > Strong pipeline of bidding opportunities in core markets of more than £4 billion

Financial

- > Revenues up 3% to £483.1 million (2009: £470.3 million)
- > Organic revenue growth: 11%
- > EBITA up by 8% to £22.1 million (2009: £20.5 million)
- > Underlying PBT up 7% to £21.6 million (2009: £20.2 million)
- > Net cash of £29.2 million reflects continued cash generation (2009: £18.6 million)
- > Recommended final dividend up 9% to 3.7 pence per share (2009: 3.4 pence)

A compelling investment case

- > Over 95% of revenues from long-term contracts delivering essential services to the public & regulated sectors
- > Proven ability to leverage relationships & provide clients wider range of services across the UK
- > Track record of consistent revenue & profit growth backed by a solid balance sheet
- > High visibility of future earnings: >£1.7 billion order book
- > Opportunities for wider services with a strong pipeline of bidding opportunities: £4 billion



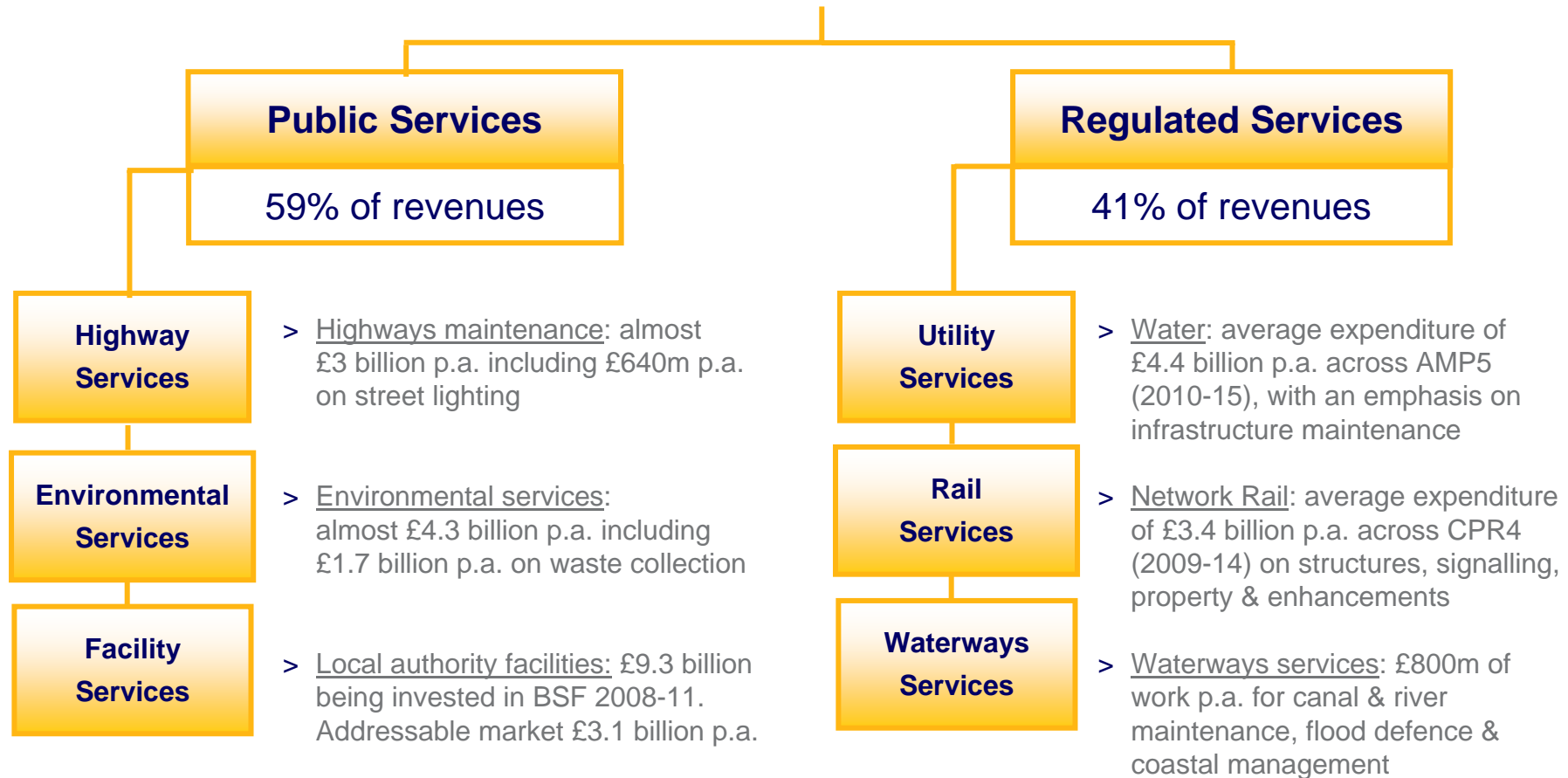
Keeping the country running

- > Infrastructure support services company focused on delivering positive outcomes through long-term relationships
- > Delivering essential front-line maintenance & enhancement services to public sector & regulated sector clients through:
 - Highway services
 - Environmental services
 - Facility services
 - Utility services
 - Rail services
 - Waterways services

Some of our key relationships



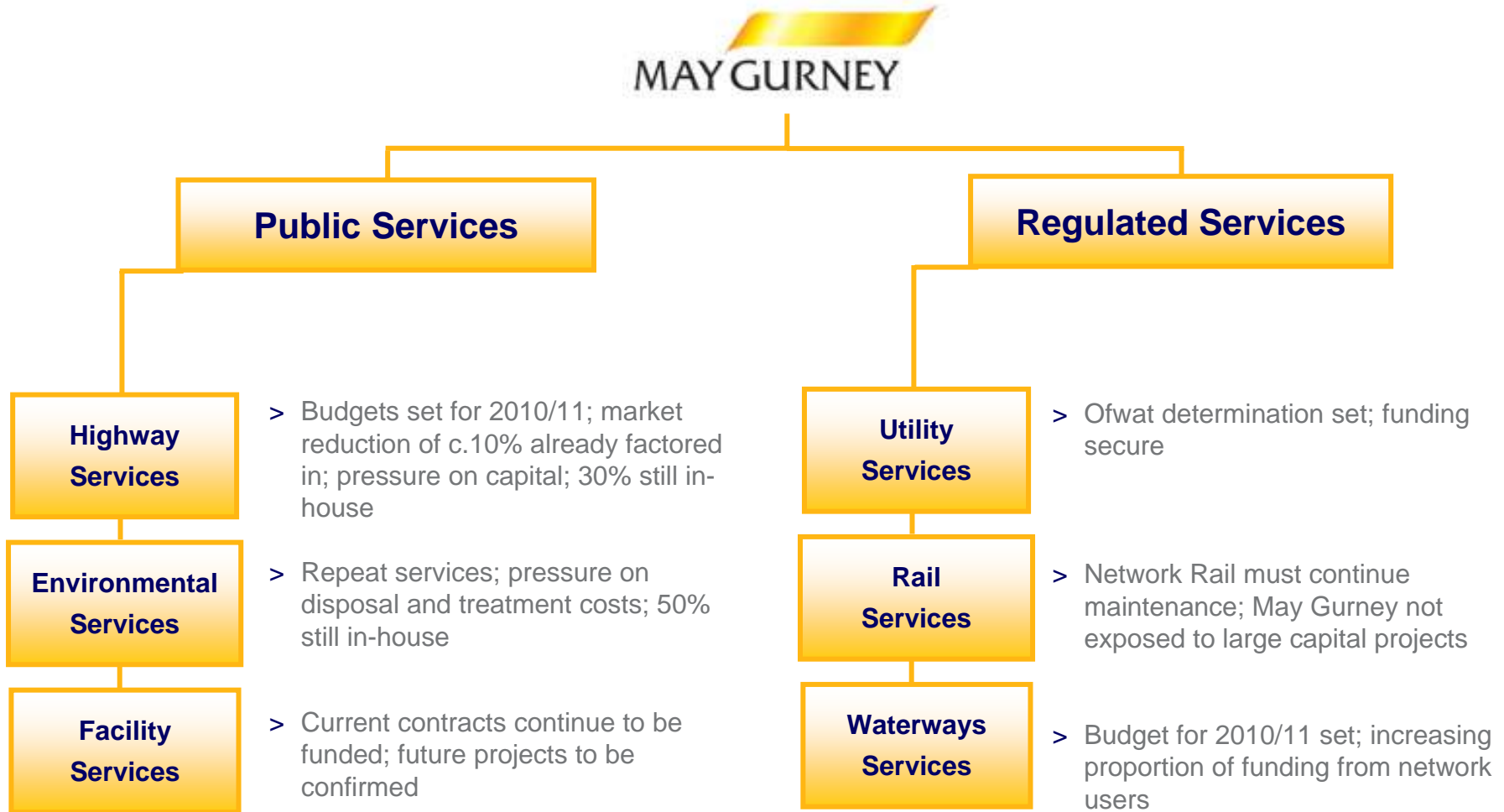
Targeting resilient markets

Please see Appendix C for data sources

Total addressable market: £19 billion p.a.

Market outlook



Business review

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Public Sector: Highway Services

Services include:

- > Highways maintenance
- > Street lighting
- > Surface dressing



- > Strong operational performance across all services & contracts
- > Maintenance based income streams; services are often safety-critical
- > Client budgets set for coming year with c.10% reduction as guided
- > Lincolnshire highways maintenance contract mobilised
- > Landmark Torbay “bundled services” contract secured, worth £130 million
- > Strong pipeline of opportunities in place

Public Sector: Environmental Services

Services include:

- > Recycling
- > Waste collection
- > Street cleansing
- > Household Waste Recycling Centres (HWRCs)



- > Essential services with strong regulatory drivers & increasing cost of disposal
- > Significant wins in North Somerset & Bridgend, deploying MaGOS
- > Essex HWRC contract mobilised - emphasising our long-term relationship with Essex County Council
- > North Yorkshire County Council HWRCs contract secured and mobilised
- > Since the period end: new recycling contract for West Oxfordshire District Council worth up to £36 million (7+7)
- > Excellent pipeline of future opportunities

Public Sector: Facility Services

Services include:

- > Education building enhancement
- > Non-PFI local authority BSF programmes
- > Local authority regional frameworks

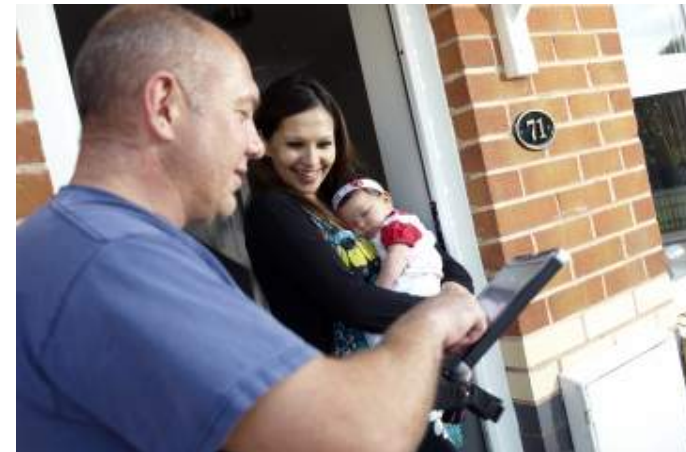


- > Funding pressure on new-build will lead to more enhancement projects
- > North Lincolnshire BSF – two schools in progress and three in design
- > Preferred bidder for Lambeth BSF, worth up to £185 million
- > Other frameworks proceeding well
- > Pipeline of future opportunities

Regulated Sector: Utility Services

Services include:

- > Clean & waste water improvements
- > Mechanical & electrical maintenance
- > Mobile telecommunication inspection & maintenance



- > Ofwat budgets determined
- > Clean & waste water business performing well
- > South West Water: up to £170 million (3+7 years)
- > Anglian Water (new): up to £120 million (3+5 years)
- > Wessex Water: up to £65 million (5 years)
- > Essex & Suffolk Water: up to £30 million (2.75 years)
- > Business further positioned towards maintenance activities (22% increase in R&M)
- > AMP5 bidding process still ongoing with solid contract renewals and new wins

Regulated Sector: Rail Services

Services include:

- > Structures
- > Property
- > Signalling
- > Professional services



- > Control Period 4 spending agreed with emphasis on maintenance
- > Strong operational performance; successful client delivery
- > Network Rail structures framework extended by two years & geographic area widened
- > Network Rail property framework extended by two years with a total value of up to £24 million
- > Signalling performing well – good forward visibility
- > Refurbishment of Victoria Station roof progressing well

Regulated Sector: Waterways Services

Services include:

- > Flood prevention
- > River bank maintenance
- > Canal network management



- > Budget for 2010/11 set; increasing proportion of funding from network users
- > Additional opportunities for canal & river maintenance services
- > Framework with British Waterways operating well, worth up to £80 million (up to £20 million per annum over four years with a possible two year extension)
- > Integration of M&E capability into British Waterways contract to expand services
- > Environment Agency framework continuing

Financial results

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Results summary

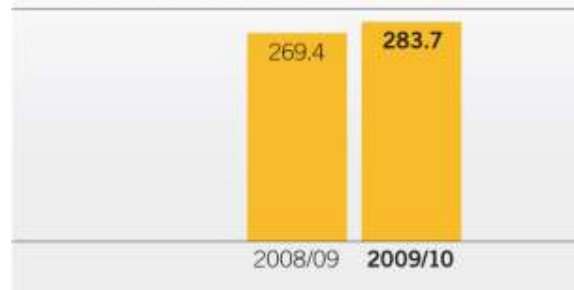
	Year to March 2009	Year to March 2010	Change
Revenue (£m)	470.3	483.1	+3%
EBITDA	27.2	28.8	+6%
EBITA (£m)	20.5	22.1	+8%
<i>Margin</i>	4.4%	4.6%	
Net Interest (£m)	(0.3)	(0.5)	
Underlying PBT* (£m)	20.2	21.6	+7%
Amortisation	(3.4)	(3.2)	
Non-recurring items	(11.6)	-	
PBT (£m)	5.2	18.4	+254%
Tax Rate	28.7%	28.8%	
Underlying EPS	20.50p	21.92p	+7%
Recommended final dividend	3.4p	3.7p	+9%

* Profit before tax, amortisation and non-recurring items

Segmental analysis: revenues

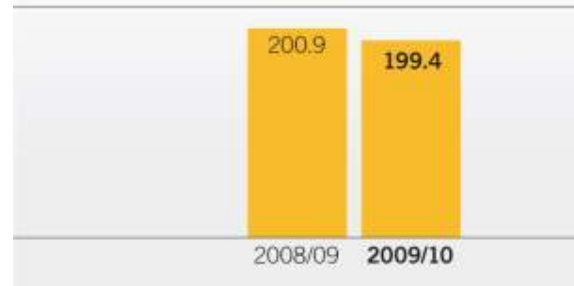
Public Sector Services revenue £m

£283.7m



Regulated Sector Services revenue £m

£199.4m

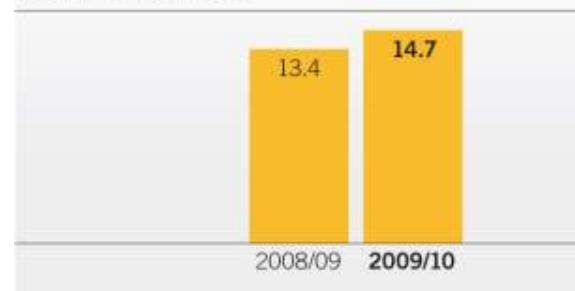


£m	Year to March 2009	Year to March 2010	% Change
Public Sector Services	269.4	283.7	+5%
Regulated Sector Services	200.9	199.4	-1%
Total	470.3	483.1	+3%

Segmental analysis: profit

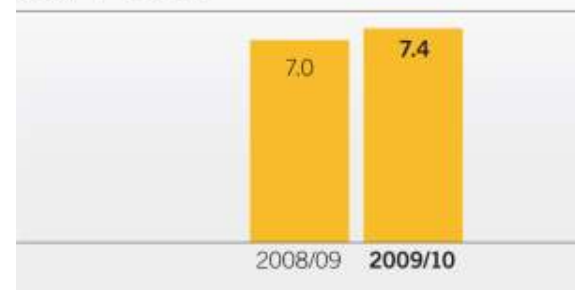
Public Sector Services EBITA £m

£14.7m



Regulated Sector Services EBITA £m

£7.4m



£m	Year to March 2009	Year to March 2010	% Change
Public Sector	13.4	14.7	+10%
Services	5.0%	5.2%	
Regulated	7.0	7.4	+6%
Services	3.5%	3.7%	
Property	0.1	-	-
Total	20.5	22.1	+8%
	4.4%	4.6%	

Net cash



£m	Year to March 2009	Year to March 2010
EBITA	20.5	22.1
Depreciation and IFRS	6.5	6.8
Net Interest	(0.5)	(0.5)
Tax	(4.0)	(5.3)
Net capex	(7.6)	(10.3)
Net working capital	(2.1)	1.8
Operating Free Cash Flow	12.8	14.6
Other/Loan note redemptions	0.8	(0.5)
Non-recurring items	2.1	-
Dividends	(3.2)	(3.5)
Acquisitions and acquired debt	(14.9)	-
Cash Flow After Financing	(2.4)	10.6
Net Cash b/f	21.0	18.6
Net Cash c/f	18.6	29.2

Statement of financial position

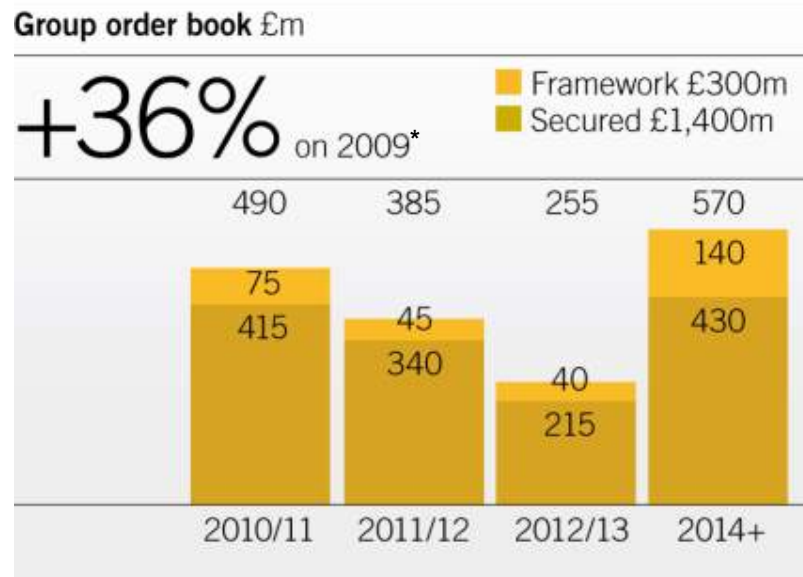
£m	Year to March 2009	Year to March 2010
Property, plant and equipment	21.9	25.7
Intangible Assets	44.0	40.8
Deferred Tax	(0.2)	1.1
Net Cash	18.6	29.2
Current Assets	80.8	84.1
<i>Total Assets</i>	<i>165.1</i>	<i>180.9</i>
Current Liabilities	(101.7)	(106.4)
Pensions (Obligation)/Asset	0.1	(1.1)
<i>Total Liabilities</i>	<i>(101.6)</i>	<i>(107.5)</i>
Net Assets	63.5	73.4
Share Capital & Reserves	63.5	73.4

Cost management

- > Shared Services processes to deliver back office functions for finance, procurement and plant & transport
- > Shared Services strategy now delivering scalability, greater operational efficiency, improved value service delivery
- > 'MGConnect' platform delivering increased operational efficiency
- > Fixed cost base being actively managed to avoid any operational gearing risk should revenue volatility arise
- > Continuing opportunities to drive operational efficiencies reducing our clients' costs, improving our margins & extracting maximum value from new contract wins



Order book & pipeline



Secured order book March 2010:
£1.4 billion

Order book £1.7 billion including
framework activity

In addition, a further £900 million of
contract extensions available

10/11 revenue forecast over 90%
covered by order book (Dec 2009: 80%)

11/12 revenue forecast over 70%
covered by order book (Dec 2009: 55%)

Strong bid pipeline of £4 billion

*Group order book at 31 March 2010 compared to 31 March 2009. Please see Appendix A for Contract Portfolio

Financial summary

- > Record turnover & profits
- > Margins rising
- > Strong cash generation
- > Strong balance sheet
- > Focus on cost management remains
- > Healthy order book & sales pipeline
- > Final dividend increased

Driving the business forward

Essential.

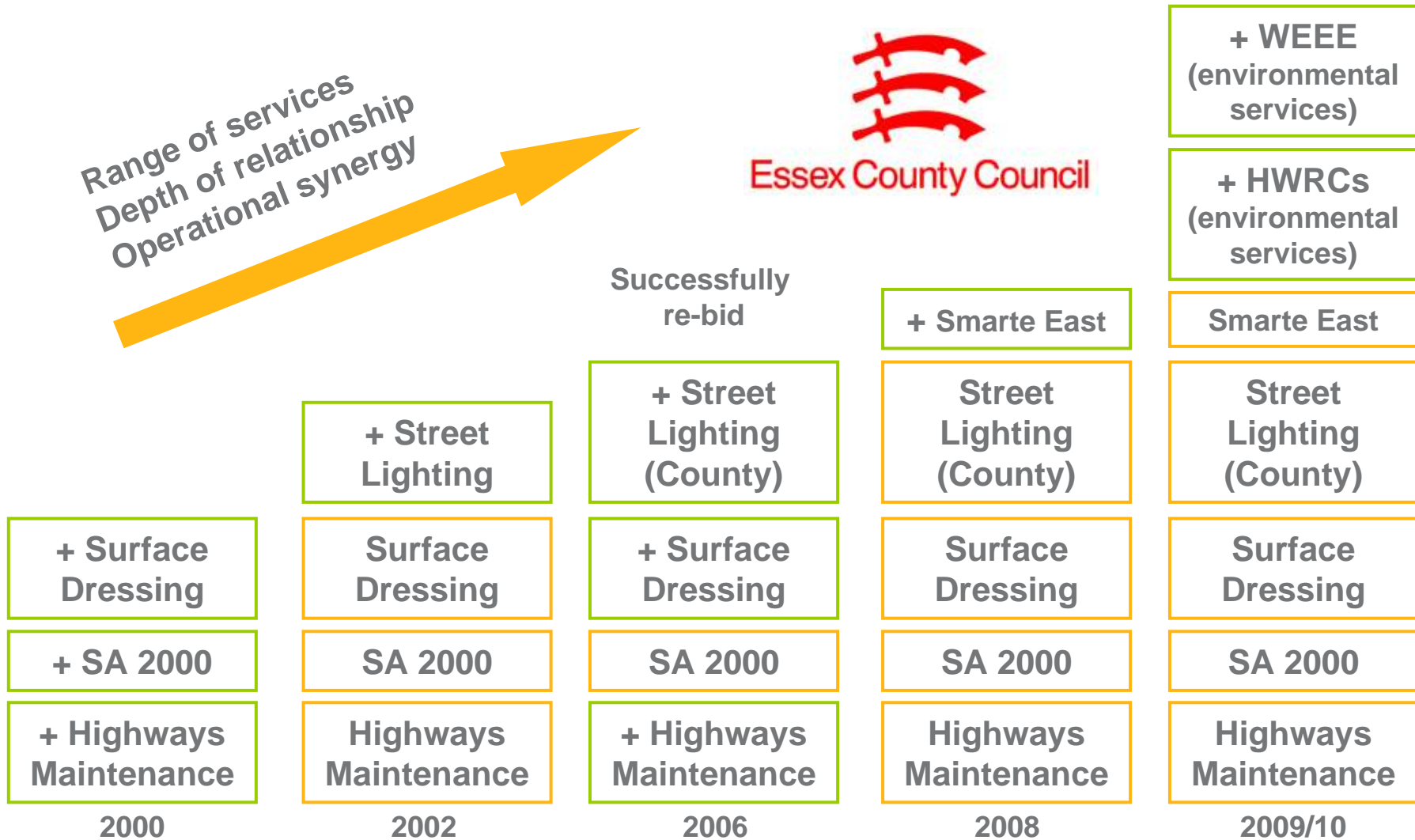
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Growth strategy

- > Continued focus on public & regulated sectors
- > These markets continue to grow
- > Targeting maintenance & managed services – £19 billion per annum
- > Long-term client relationships ⇒ wider services ⇒ long-term contracts
- > Future growth will continue to be driven by increased outsourcing, the need for added value solutions & necessity to ‘do more for less’
- > Growth – organic & acquisitions

Contract resilience & growth



Acquisition strategy

- > Seeking strategic, value-enhancing acquisitions:
 - in our target sectors & that are earnings enhancing
 - a focus on long-term client contracts
 - skills that enhance current service offering
- > Current target market sectors include:
 - Environmental: municipal recycling & waste
 - Utilities: M&E, electricity, renewables & telecommunications
 - Highways: service enhancement
- > May Gurney's strong balance sheet creates opportunities

Summary

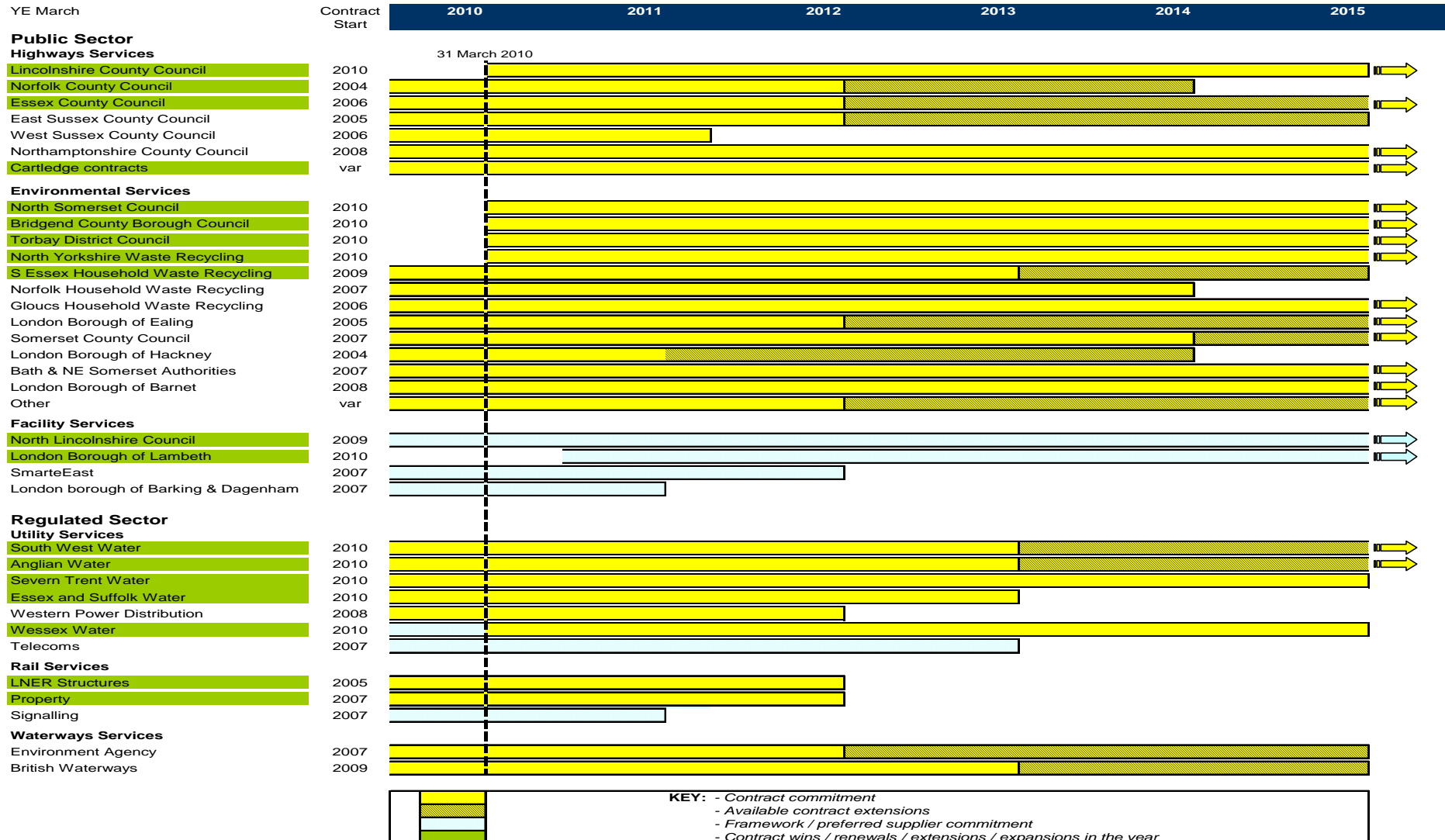
- > Track record maintained
 - Record turnover & profits
 - Strength & depth of management team
 - Significant organic growth achieved
- > Sound financial position
 - High visibility of earnings
 - Margin improvement
 - No debt, £29.2 million net cash
- > Opportunities for growth in delivery of essential services – organic & acquisition
 - Focused growth strategy
 - Outsourcing continues to grow

→ Appendices

- A Contract portfolio
- B Awards & recognition
- C Data sources



Appendix A – contract portfolio



Appendix B – some of our 2009/10 awards

- > RoSPA Occupational Health & Safety Gold Award (6th year running)
- > Edie Award for environmental excellence (for the Somerset Waste Partnership)
- > Best Communications award at the 2009 AIM Awards (2nd year running)
- > Investor Relations Society Awards 2009 – award for the most effective annual report, Small Cap & AIM
- > ICE Robert Stephenson Heritage Award
- > Considerate Constructors Bronze Award (InteGreat)
- > Creative East Awards – best non-broadcast programme
- > Water Industry Achievement Awards – customer satisfaction (South West Water)
- > IHT Awards – sustainability (highly commended)
- > Europa Nostra Awards – cultural heritage & grand prize
- > Severn Trent Water Corporate Responsibility Award – environment
- > RoSPA/Severn Trent Water Health & Safety Awards – gold award
- > Network Rail Partnership Awards – heritage
- > CITB Awards – apprentice of the year (Matthew Meechan)
- > Construction Industry Awards – environmental leadership
- > Ealing Council Employee Awards – favourite employee (Siad Osman)
- > South West Water ‘Pure Service’ Awards in recognition of excellent customer care (Simon Rickarby)
- > Opportunity Awards – best service provider (environmental services)
- > ASLEC Awards – employee of the year
- > Environmental Excellence Awards – waste & recycling
- > Arts & Business Awards – young people (for NNF)
- > Considerate Contractors Award (East Sussex)

Appendix C – data sources

Highway Services: *Source: Department of Transport, Transport Statistics for GB 2009 (November 2009).*

Environmental Services: *Source: Department for Communities & Local Government, Local Government Finance Statistics 2009 (May 2009).*

Facility Services: *Source: HM Treasury, Comprehensive Spending Review 2007.*

Utility Services: *Ofwat, Future Water & Sewerage Charges 2010-2015: Final Determinations (November 2009).*

Rail Services: *Source: Control Period 4 Delivery Plan 2009, Network Rail (March 2009).*

Waterways Services: *Source: HM Treasury, Comprehensive Spending Review 2007.*