

17 November 2015

Atkins to acquire nuclear services division of EnergySolutions

WS Atkins plc ("Atkins") is pleased to announce it has signed an agreement to acquire the Projects, Products and Technology segment of EnergySolutions ("PP&T"), an international nuclear engineering services business, for an enterprise value of US\$318 million (£206 million¹).

- PP&T delivers nuclear waste remediation projects, products and technology solutions
- Offers attractive long-term growth and profitability characteristics
- Accelerates Atkins' nuclear strategy with complementary customer base and capabilities
- Differentiates Atkins' market position through unique technologies
- Brings strong management and cultural fit
- Represents a strategically and financially compelling transaction

PP&T is an innovative nuclear energy business, comprising 650 people delivering a wide range of technical engineering and programme management services for the decontamination and decommissioning of high hazard nuclear facilities, and for the environmental remediation of nuclear waste storage sites. For the year ended 31 December 2014, PP&T reported revenue from continuing operations of US\$281.4 million and adjusted operating profit² of US\$30.7 million (10.9% adjusted operating margin). As at 30 September 2015, PP&T had gross assets of US\$171.3 million.

Professor Dr Uwe Krueger, CEO said, "This acquisition accelerates our nuclear strategy and creates a global platform. Our combined business is well positioned in all the major nuclear markets in North America, UK, Europe, Middle East and Asia Pacific. In the US, which has the largest nuclear fleet, we are at the top table for decommissioning, site operations, major projects and consultancy. This complements our acquisition last year of Nuclear Safety Associates ("NSA"). We are also acquiring innovative technologies that are a key differentiator in the growing and profitable nuclear market."

Further information about the strategic benefits of the acquisition is detailed below.

Offers attractive long-term growth and profitability characteristics

Atkins has successfully grown revenue from its nuclear business at a compound annual growth rate of more than 20% since 2011/12 while delivering operating margins of approximately 10%. The required combination of high levels of technical engineering expertise, proprietary technologies and deep client relationships creates barriers to entry and drives attractive margins. Major investment in new build projects and the ageing of nuclear assets worldwide will present significant opportunities for the broader Atkins Group going forward. For example, of more than 400 current reactors worldwide, nearly 75% are more than 25 years old.

Accelerates Atkins' nuclear strategy with complementary customer base and capabilities

PP&T is a market leader in designing solutions for the treatment and stabilisation of high and intermediate hazard level nuclear waste in North America. With its proven track record of executing large and complex projects, including high profile Department of Energy, US Navy and Atomic Energy of Canada Limited projects, PP&T provides Atkins with immediate access to Tier 1 contracts for the management and decommissioning of nuclear sites in North America.

In addition, PP&T has a strong presence in Asia Pacific, a large and fast-growing new build and decommissioning market. In Japan, PP&T designed and supplied several water treatment systems, based on leading technology, to treat contaminated water from the damaged Fukushima Daiichi nuclear power plant. In China, PP&T is close to completing two significant waste management facility projects for new build reactors. By leveraging its technology, reputation and relationships, we are well positioned for future opportunities over the near to medium term.

The acquisition of PP&T enhances further Atkins' market presence in the UK, where Atkins has strong relationships with EDF and Urenco. PP&T's skills and capabilities, combined with its proven Tier 1 track record, will also serve to strengthen Atkins' positioning for future decommissioning opportunities across Europe, especially in Germany.

Differentiates Atkins' market position through unique technologies

PP&T's highly specialised technologies are a differentiator for the business within the nuclear market. By using its portfolio of proprietary nuclear waste treatment technologies, PP&T is able to generate higher margins and support entry into new markets and geographies.

Brings strong management and cultural fit

PP&T brings a world-class management team with an excellent reputation across international nuclear markets. PP&T's senior management team has extensive experience in the nuclear industry and expertise in executing large and complex projects worldwide.

Atkins has developed a deep understanding of PP&T and how it operates and there is a strong cultural fit between the two organisations. In an industry with a scarcity of talent, the skills and experience of PP&T's 650 professionals are in great demand. Atkins is confident that PP&T's management team will help accelerate further the growth of Atkins' nuclear business.

Delivers attractive financial returns

The acquisition delivers operating margins above Atkins' 8% target, and is expected to be double-digit earnings enhancing in the first full year post completion and to exceed Atkins' cost of capital in the second year post completion. The transaction is forecast to result in pro-forma net debt to EBITDA of c. 0.2x (c. 1.4x including net pension deficit).

Completion of the acquisition, which is conditional upon customary regulatory approvals in North America, is expected to occur in Q1 of calendar 2016. The acquisition will be funded from Atkins' existing cash resources and available committed bank facilities.

¹ Sterling translated at a USD/GBP exchange rate of 1.54.

² Adjusted operating profit excludes non-recurring contract losses and one-off costs in the UK.

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Conference call for analysts and investors

Atkins will hold a conference call for analysts and investors at 8:30am. The dial-in details are available from +44 20 7121 2693 for those wishing to join the presentation.

Enquiries

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Moelis & Company is acting as financial adviser to Atkins in connection with the acquisition.

Notes to editors

1. Atkins

Atkins (www.atkinsglobal.com) is one of the world's most respected design, engineering and project management consultancies, employing some 18,600 people across the UK, North America, Middle East, Asia Pacific and Europe. We build long term trusted partnerships to create a world where lives are enriched through the implementation of our ideas. You can view Atkins' recent projects on our website.

2. Cautionary statement

This announcement has been prepared for the shareholders of Atkins as a whole and its sole purpose and use is to assist shareholders to exercise their governance rights. In particular, this announcement has not been audited or otherwise independently verified and no warranty is given as to its accuracy or completeness (other than any such warranty which is mandatorily implied by statute). Atkins and its directors and employees are not responsible for any other purpose or use or to any other person in relation to this announcement and their responsibility to shareholders shall be limited to that which is imposed by statute. This announcement contains indications of likely future developments and other forward looking statements that are subject to risk factors associated with, among other things, the economic and business circumstances occurring from time to time in the countries, sectors and business segments in which the Group operates. These and other factors could adversely affect the Group's results, strategy and prospects. Forward looking statements involve risks, uncertainties and assumptions. They relate to events and/or depend on circumstances in the future which could cause actual results and outcomes to differ materially from those currently expected. No obligation is assumed to update any forward looking statements, whether as a result of new information, future events or otherwise.

3. Important notice

Moelis & Company UK LLP ("Moelis & Company"), which is authorised and regulated by the Financial Conduct Authority in the UK, is acting exclusively as financial adviser to Atkins and no one else in connection with the acquisition and will not be responsible to anyone other than Atkins for providing the protections afforded to clients of Moelis & Company nor for providing advice in connection with the acquisition or any matter referred to herein. Neither Moelis & Company nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Moelis & Company in connection with this announcement, any statement contained herein, the acquisition or otherwise.