



AEA Technology Group plc

Trading Update

AEA Technology Group plc ("AEA" or "the Group"), the climate change and energy consultancy, is today providing the following trading update ahead of its preliminary results, which will be announced in early July.

In the Interim Management Statement released on 15 February 2011 AEA stated that it expected the outturn for the year to 31 March 2011 to be at the lower end of market expectations.

Since then the UK Government market has remained very difficult. The US businesses have performed strongly with good organic growth being achieved by PPC and ERG performing as expected, although during the final quarter the Group incurred very substantial bid costs in particular on two large proposals. Overall, AEA therefore expects that adjusted operating profit will now be just below the lower end of market expectations. Importantly, cash performance remains good and year end debt is in line with expectations despite the costs associated with the significant restructuring in the UK.

The well publicised failure of the US Federal Government to ratify its budget until 8 April 2011 has led to a temporary delay in contracts being awarded, although this position is anticipated to recover during this financial year.

The outlook for 2011/12 and beyond continues to be strong with continued good progress from our US businesses although the UK outlook remains depressed and the Group continues to believe that it is on course to achieve its forward order book target announced in November 2010 of \$1 billion by 2013/14. Furthermore the quantum of the Group's pipeline of opportunities has not been impacted by the recent US Federal Government budget settlement.

Chief Executive Andrew McCree said:

"We have taken strong action this year in the UK business to realign it with market conditions. The budget delay in the US has been very frustrating but as this is now resolved we can press on with growing our forward order book."

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