

Bringing service to life



# Opportunities in the nuclear sector

Presentation to

**Oriel Securities Nuclear Services Conference**

Presented by

**Dr Bob McGuinness**

**Chief Executive, Serco Science**

16 February 2006

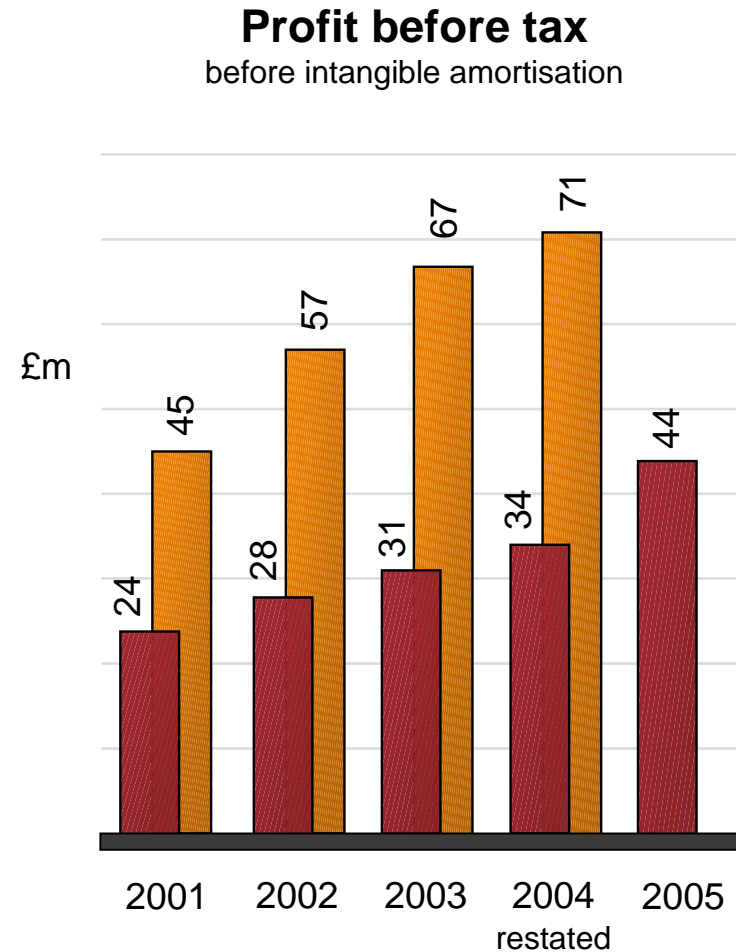
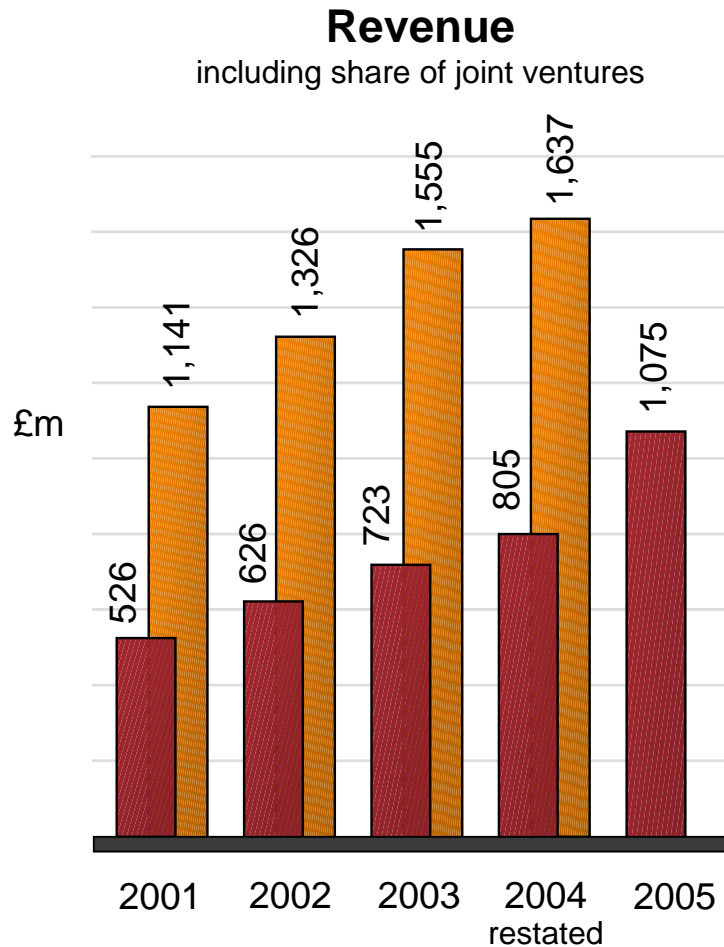
# Outline

- Overview of Serco
- Serco Science
- Serco's nuclear sector expertise
- Serco's nuclear strategy

# Who is Serco?

- Serco is an international service company, combining commercial know-how with a deep public service ethos
- We improve services by managing people, processes, technology and assets more effectively
- We
  - **advise** on policy, strategy, new directions
  - **design** new approaches and methods
  - **integrate** operations, processes and systems
  - **deliver** front line services
- Serco supports governments, agencies and companies who seek a trusted partner with a solid track-record of providing assured service excellence
- Our people offer operational, management and consulting expertise

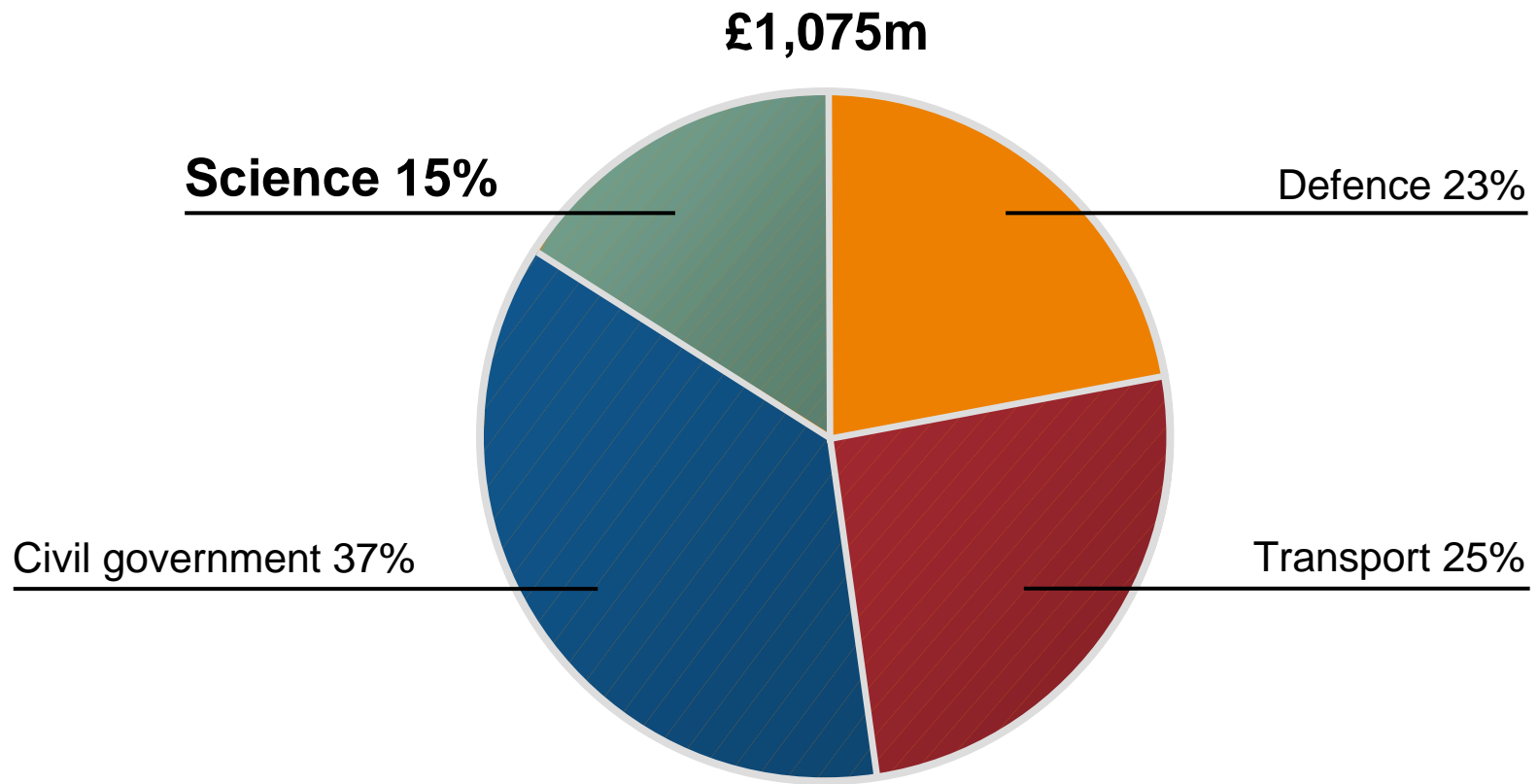
# Track record of growth



■ half year    ■ full year

Note: 2001 to 2003 under UK GAAP. 2004 restated under IFRS.

# Market sector analysis – 2005 first half revenue



Note: included in above segments is private sector revenue of £94m

# Serco's science and technology markets

- Management and operation of scientific organisations
  - Serco is UK leader in Government Owned Contractor Operated model – National Physical Laboratory and JV at the Atomic Weapons Establishment
- Strategic technical services
  - at Serco Assurance, NPL and AWE
  - all major UK nuclear players
  - to safety critical organisations
- Knowledge transfer services
  - rapidly growing market
  - science, technology and business support
- Technical support services
  - CERN and European Space Agency



National Physical Laboratory

Science turnover £300m+ per annum

# Serco's view of the nuclear sector

## We see continued growth in the nuclear sector as:

- The UK nuclear market opens up to competition
- Innovative solutions are sought to speed up rate of decommissioning
- Disposal solutions are developed
- Legacy sites in the former Soviet Union are addressed
- New build of nuclear generation continues around the world
- New build of nuclear generation is considered in the UK

Serco nuclear sector turnover £200m+ per annum

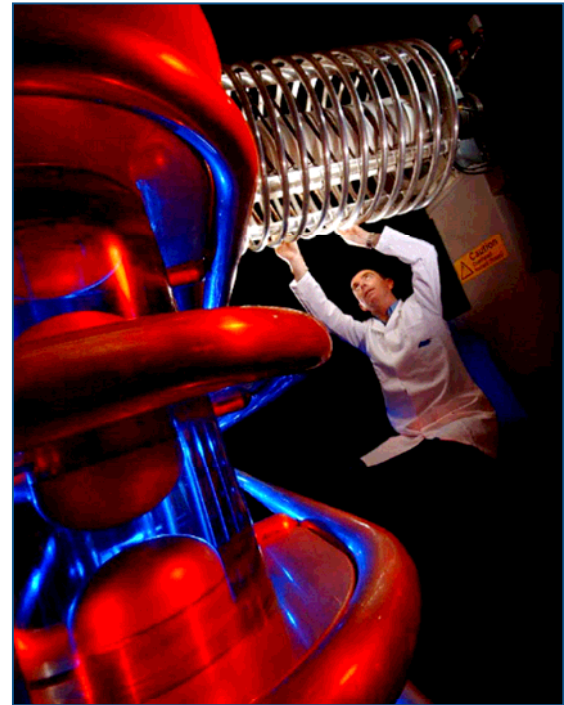
# Serco's capabilities in the nuclear sector

- Stakeholder management
- Financial management and control
- HR and change management
- Partnering
- Site management and operations
- Programme and project management
- Client and supply chain management
- Conception, construction - decommissioning
- Assurance
- Technical services
- Consultancy
- Regulation
- Plant life extension
- Waste management and remediation

# Examples of Serco's nuclear capabilities

## AWE management and operation

- Joint venture with BNFL and Lockheed Martin
- Contract for
  - stewardship of UK's nuclear deterrent
  - continuing development of science and research programmes
  - waste and environmental management
  - facilities management
  - associated site support
- Contract awarded in 2000 for ten years and extended to 25 years in 2003



# Examples of Serco's nuclear capabilities

## Nuclear safety support

- Support to the UK's Naval Nuclear Propulsion Programme through provision of
  - independent nuclear safety and regulatory advice
  - assessment
  - inspection
  - research
- Serco has provided this service for over 45 years
- Contract renewed in 2004 for further five years



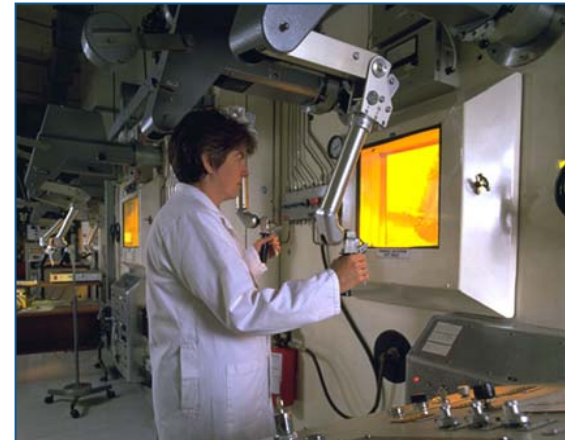
# Examples of Serco's nuclear capabilities

## Nuclear plant performance

- Help customers get the best from their plant throughout its life by developing cost effective, efficient, and safe solutions to technical, operational, and financial challenges
- Serco has extensive experience in many areas, including
  - reactor physics
  - criticality and shielding assessments
  - fuel performance
  - plant performance modelling
  - thermal-hydraulics
  - software development and applications
- Customers include BNFL, UKAEA, British Energy



Dounreay



UK Magnox

# Examples of Serco's nuclear capabilities

## Environmental management

- Our services reduce uncertainty for customers, allowing them to
  - plan effectively
  - operate within regulatory requirements
  - concentrate on core business
- Each year we assess contamination on 1,000 acres of land at nuclear licensed sites
- We assess the nature and extent of potential problems and
  - identify solutions
  - advise on implementation
  - develop strategies for the future

**Radioactive waste management consultancy**

**Radioactive waste disposal consultancy**

**Characterisation and assessment of contaminated sites**

**Hydrogeological consultancy**

**Scientific software**

**Groundwater and transport modelling**

**Support to the development of future strategies**

**Risk assessment and decision support**

**Options studies including Best Practicable Environmental Option and Best Practicable Means**

**Environmental impact assessment**

**Due diligence audits**

# Serco's strategy for growth in nuclear sector

## Our USP

- Management of change combined with a deep safety, technical and regulatory understanding of the nuclear market

## Our approach

- Build on our leading experience and knowledge of GOCO model
- Construct programme consortium
- Bid NDA tier 1 contracts with partners – site management and operation
- Grow our tier 3 business stream – service supply to nuclear sites
- Continue to grow nuclear defence work
- Provide design, support and operational services to new-build power generation

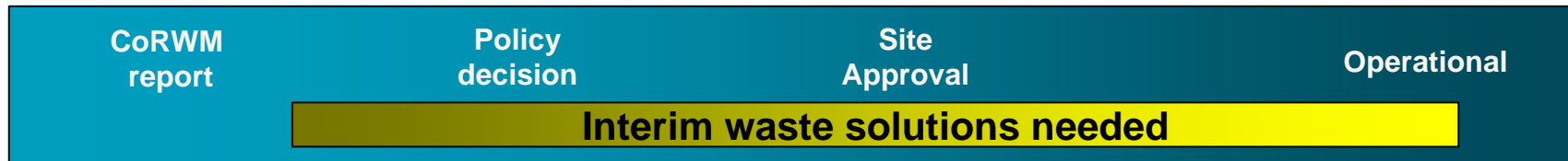
# UK civil nuclear market timelines



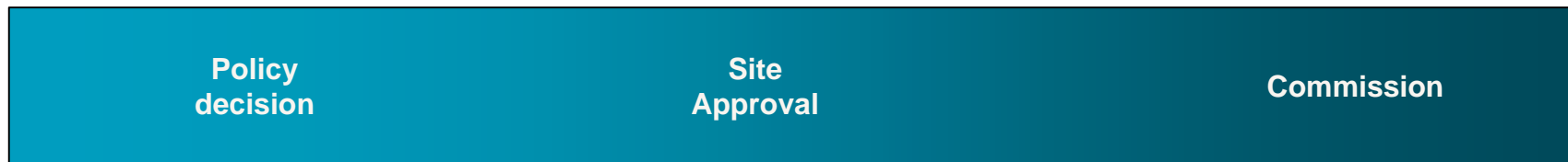
**NDA**



**Waste Management**



**New Build**



# UK nuclear opportunities for Serco

## ■ Near term

- NDA – site management and operation (tier 1)
- site supply chain opening up for services (tier 3)
- continued growth in nuclear defence

## ■ Medium term

- accelerated cleanup – needs novel solutions
- organisational restructuring – new common service opportunities across the NDA sites
- waste management solutions

## ■ Long term

- Support to new generation build following energy review
- Waste management support opportunities following Committee for Radioactive Waste Management reporting

# Summary

- Serco is a leader in the UK GOCO market
- We have significant expertise and deep knowledge of the nuclear sector
- We are well-positioned to deliver strong growth