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Utilities Construction Market - UK 2010-2014

New AMA report provides a major review of the UK Utilities Construction Market

"Construction output for the utilities market in 2009 for Great Britain was £3.65bn representing 4% decline on the previous year. The longer-term investment plans that characterise the water sector have been fundamental to a smoothing of the output curve in recent years and lessening the impact of more volatile sectors such as electricity. Differences remain in the level of competition within the sectors with telecoms now regarded as fully open but with others such as water and electricity still subject to pricing controls from the regulatory authorities".

A brief summary of the report is included on the following page.

Priced at £650, the report is currently available from AMA Research Ltd, Telephone 01242 235724 or e-mail at sales@amaresearch.com.

Editors Note:

Attached is a summary of the report. Please use brief extracts if you wish, **but we would request that references to company market shares are not published without our prior permission.**

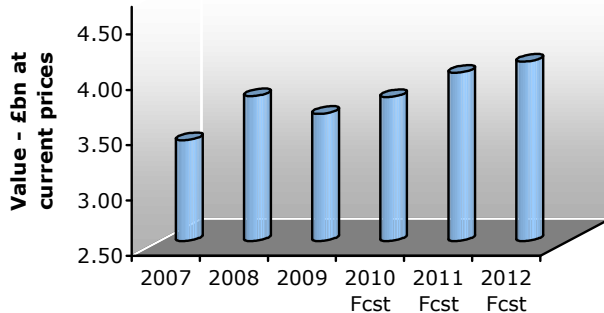
If you would like to receive an editorial review copy or would like to speak to an author of this report, please contact Chris Moore or Keith Taylor on (01242) 235724.

Please include our web address and telephone number on any review printed, it would also be appreciated if a copy of the review could be forwarded to AMA Research. Thank you.

AMA Research Ltd
Montpellier House
Montpellier Drive
Cheltenham
Gloucestershire GL50 1TY
Tel: +44 (0)1242 235724
Fax: +44 (0)1242 262948
E-mail: keithtaylor@amaresearch.co.uk
Website: www.amaresearch.co.uk

UTILITIES CONSTRUCTION MARKET - UK 2010-2014

UK Utilities Construction Market 2007-2012
By Value (£bn at current prices)



Previously run as state controlled monopolies, the utilities market has been progressively opened to the forces of private competition over the last 25 years. However, significant differences exist between sectors regarding the "openness" of the respective markets.

Utilities construction output in 2009 reached £3.65bn however this represents 4% decline on the previous year, affected mainly by the reduction experience in electrical output.

The chart, above, illustrates our estimates of market performance from 2007 with current forecasts of anticipated performance through to 2012. The good growth in 2008 was followed by a market adjustment in 2009 but still resulted in output levels for 2009 being 7% ahead of 2007.

A key feature of the utilities market is the longer-term, larger-scale projects that are let over a number of years which tend to have a smoothing effect on construction output for the utilities market. The water sector in particular is characterised by 5 year Asset Management Programmes (AMP) with levels of capital investment for these programmes determined by the water regulator.

In 2009, the water sector accounted for 51% of utilities construction output in Great Britain, with output having been underpinned by the end of the AMP 4 programme. The continued focus of the regulator on improved customer service and water quality initiatives in recent years has resulted in greater capital spending programmes on improvements to mains and also water and sewage treatment plants. The structure of the water sector is not uniform with greater levels of private company involvement in England and Wales compared with Scotland and Northern Ireland.

The electricity market Great Britain has been subject to private sector competition for a longer period than that in Northern Ireland, which has only experienced significant loosening of State involvement over the last 5-6 years. The scale of large power station projects and larger renewables commissioning has meant that construction output for the electricity sector has been more volatile than for water in recent years with electrical construction output peaking at £1bn in 2007-08 before declining to £896m in 2009.

Prospects for utilities construction remain relatively optimistic with construction output expected to experience moderate-good annual gains to 2014 when the market is expected to reach £4.4bn. Key to this progressive growth is likely to be the long-term capital investment programmes of key sectors and also growth in the electricity sector boosted by new nuclear build programmes and expected increases in renewable energy production capacities.

AMA Research's report "**Utilities Construction Market – UK 2010-2014**" is available in hard copy or electronic format for £650 and can be ordered online at www.amaresearch.co.uk or by calling 01242 235724.