



22 April 2010

AEA Technology plc

Trading Update

AEA Technology plc (“AEA” or “the Group”), the climate change and energy consultancy, is pleased to provide the following trading update ahead of its preliminary results, which will be announced in June.

The year ended 31 March 2010 was the first full year of trading for the enlarged Group following the acquisition of PPC, based in the US, in August 2008. PPC was acquired to enable the Group to access the large Federal energy and climate change marketplace, transferring its skills from the UK and utilising PPC’s strong US Government relationships.

Strong Trading in the US

The Group has continued to invest in a significant number of bidding opportunities; despite this in the US, performance has exceeded expectations in orders, revenue, profit and cash. Several notable new contracts have been secured, such as the recent \$45.7 million contract from the US Department of Energy (“DoE”) to run the Save Energy Now programme, the \$15 million tools contract for the US DoE and the \$7.6 million contract for the budgeting system for the State of Virginia. Overall orders in the US are up in excess of 140% at c. \$80 million and the Group will continue to invest significantly in bids, as US Government’s demand for AEA’s climate change and energy expertise continues to run at a high level. In addition, the Group sees further opportunities for growth with a number of US Federal Government departments, especially the Environmental Protection Agency and the Department of Defense.

In Europe orders performance showed a c. 7% improvement. This has helped to underpin 2010/11 performance. Some of the notable wins including a £13.5 million contract to deliver a cross-sector resource efficiency programme for English business, a £1.2 million contract for Researchers in Residence, a £1.8 million contract for EADS on chemical risk and a £1.2 million contract for the Vans Best Practice Programme. Whilst there is an ongoing demand for AEA’s core services in Government, there was a reduced level of spend in the final few weeks of the financial year. The Group continues to adopt a cautious attitude about the likely level of UK Government spend during 2010/11.

Profit In Line, Cash Ahead, Net Debt Better

As a result of the decision to invest more in bidding for further opportunities in the US and the lower number of smaller UK Government contracts awarded towards the year-end, management believes that adjusted operating profit for 2009/10 will be just shy of market expectations. Cash from operations is much improved as a result of stronger collections performance in both the US and Europe and therefore, net debt is expected to be slightly better than market expectations, despite adverse currency fluctuations.

As announced on 29 March, the Pension Regulator has notified the pension trustees that it does not propose to take any further action on the agreement reached between the Company and the pension trustees to address the Company’s pension deficit. This is helpful as it gives clarity over future cash requirements.

Growing Forward Order Book and Positive Outlook

The Group enters the new financial year with a growing forward order book, which currently stands at approximately \$300 million (being signed contracts whose revenue is expected to be spread over 3 to 4 years plus a prudent estimate of future revenue under framework agreements). It is expected that further significant wins will be achieved in 2010/11, which will further strengthen AEA’s forward order book. In Europe, the Group remains resilient despite the uncertainty around UK Government

spending, particularly in the first half of 2010/11. The Board will continue to invest in orders growth and overall looks forward to the future with confidence.

Ends

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The latest financial information on AEA is available on the internet at **www.aeat.com**