

News Release

10 November 2011

BALFOUR BEATTY 2011 Q3 IMS TRADING CONSISTENT WITH EXPECTATIONS

Balfour Beatty, the international infrastructure group, announces its 2011 Q3 Interim Management Statement, covering the period from 2 July to 9 November 2011.

Trading

There has not been any material change in trading conditions since our half-year results announcement on 17 August 2011. Overall, our trading performance continues to be consistent with our expectations.

Our order book remains in line with the £15.5 billion reported at the half-year with a small increase in the US construction order book offset by a reduction in UK construction. In a challenging environment of government austerity and shortage of private finance, this is testament to the resilience of our business, our geographic spread, and diverse capabilities and end-markets. The actions we have put in place to lower our cost base and to focus our efforts in markets with the greatest opportunities are reflected in the performance of the business.

On an operational level, we have recently completed a significant number of large projects successfully around the world and have continued to improve our track record as an infrastructure business with global scale, broad capabilities and differentiated core skills.

Operating performance

Professional Services

Trading has been consistent with the patterns we saw in the first half. The order book remains in line with the level reported at the half-year.

Revenue in the US has been steady in a market held back by the delay in the re-authorisation of the six-year Transportation Bill. The US Government has recently passed a resolution to extend funding for a six-month period that will last until March 2012. While this provides funding for ongoing projects, it hinders the launch of large and long-term infrastructure projects.

The US Power/Energy group is exceeding our expectations owing, among other things, to the successful completion of a large EPC power generation project and continued strong performance in

underground gas storage.

In the UK, we are adjusting the cost base to the lower level of work from the UK government. Cost reductions as well as repositioning resource to higher growth areas such as the Middle East and Australia have been effective.

In the Middle East, we have been pursuing opportunities in countries such as Qatar and Saudi Arabia where governments are looking to invest in and develop infrastructure as part of central government economic policy. The market in Australia continues to be buoyant, supported by the demand for natural resources.

Construction Services

Since the half-year, we have completed and handed over a number of major projects to the satisfaction of our customers. These include the Aquatics Centre for the London 2012 Olympics, A3 Hindhead dual carriageway, hospitals in Salford, Tameside and Fife, and the headquarters for the National Geospatial-Intelligence Agency in Virginia. We have also achieved milestones at Blackfriars Bridge, the M25 motorway and Heathrow Terminal 2B with excellent operational delivery.

While the UK Government's austerity measures impact the UK construction market, we expect the power and commercial markets to pick up in the medium term to offset the shortage in public projects. In the meantime, we are pressing ahead with our previously announced cost reduction programme in addition to the cost base adjustments that are a normal course of our business.

The substantial growth in the US order book since 2009 is leading to good revenue growth; however, as indicated previously, the lack of higher-margin specialist projects has reduced the profitability of this segment. The integration of the recently-acquired Howard S. Wright business has proceeded well and we remain confident that the revenue synergies we expected from the combination of the businesses can be achieved.

In Hong Kong, our joint venture Gammon handed over the Tamar Complex, the Hong Kong Government's Headquarters - a landmark building in the city. We are working on a number of projects in Hong Kong both in building and in infrastructure. We recently announced our second award from the MTR for the construction in joint venture of a major terminus station in the West Kowloon district in a contract worth £724 million.

Having targeted India as a growth market with good infrastructure opportunities, we took tangible steps in October. Pursuant to opening our office there, we signed a memorandum of understanding with Tata Projects Ltd. to jointly identify and pursue infrastructure opportunities in India and Sub-Saharan Africa. This will add to our established professional services presence in India and help to develop our full range of capabilities in the region.

Support Services

We have a strong order book in Support Services, and the contracts we have been successful in winning are converting into revenue. We are currently working through the mobilisation stages for a number of new contract wins in local authorities such as Warwickshire and Coventry highways term maintenance, Cambridgeshire and Northamptonshire County Councils street lighting, North West Fire and Rescue Services, Hertfordshire Schools, Camden and Islington facilities management and West Sussex highways. The Romec FM contract extension with Royal Mail and the Beaulieu-Denny replacement electricity transmission line are also underway. While we will not see the benefits of these contracts in our income statement at these early stages, implementation is going well.

Infrastructure Investments

We announced on 8 November that Balfour Beatty Communities has been selected by the US Department of the Air Force as the Highest Ranked Offeror for the privatisation of family housing under the Northern Group Military Housing Privatisation Project. The project has a 50-year term with estimated project costs of approximately \$470 million (£293 million).

We continue to make progress towards financial close for two offshore transmission projects (OFTOs). We also have a significant number of projects for which we are bidding in various sectors from hospitals and waste through to fire and rescue, and student accommodation.

On 7 November we sold our 50% stake in the Blackburn Hospital PPP concession, achieving proceeds above Directors' valuation.

Financial position

Average net cash for the year to the end of September was £240 million. The reduction since the half-year is mainly due to the acquisition of Howard S. Wright, the payment of the final 2010 dividend and further working capital outflow arising from the change in mix of business as previously disclosed, although we continue to expect a working capital inflow for the second half overall.

Outlook

We continue to believe that the medium and long-term prospects for infrastructure markets remain positive. In the meantime, we are managing the business on the basis that market conditions will continue to be tough and remain confident of making progress this year.

ENDS

Conference call

Balfour Beatty will host a conference call for investors at 13:30 (UK time). To join the call, please dial +44 (0)20 7136 2050 and quote confirmation code 4294293. A recording of the call and its transcript will be posted on our website within 24 hours of the event.

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This document contains forward-looking statements which have been made in good faith based on the information available at the time of its approval. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a number of risks and uncertainties that are inherent in any forward-looking statement which could cause actual results to differ materially from those currently anticipated.

Notes to Editors:

1. Balfour Beatty (www.balfourbeatty.com) is a world-class infrastructure group with capabilities in professional services, construction services, support services and infrastructure investments.

We work in partnership with our customers principally in the UK, continental Europe, the US, South-East Asia, Australia and the Middle East, who value the highest levels of quality, safety and technical expertise.

Key infrastructure markets include transportation (roads, rail and airports); social infrastructure (education, specialist healthcare, and various types of accommodation); utilities (water, gas and power transmission and generation) and commercial (offices, leisure and retail).

The Group delivers services essential to the development, creation and care of these infrastructure assets including project design, financing and management, engineering and construction, and facilities management services.

Balfour Beatty employs 50,000 people around the world.