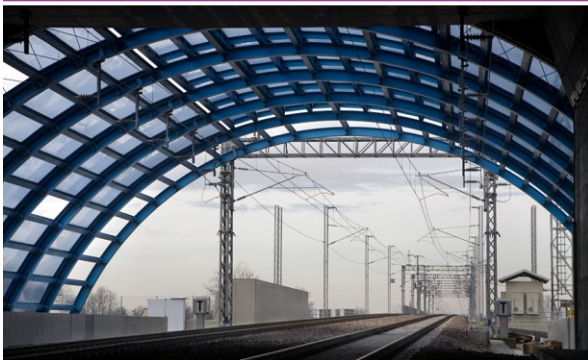


Balfour Beatty



2009 Half-Year Results

12 August 2009



Balfour Beatty

Duncan Magrath

Finance Director

Headline numbers

	HY 2009	HY 2008	
Revenue	£5,072m	£4,332m	+17%
Profit from operations*	£114m	£88m	+30%
Pre-tax profit*	£108m	£95m	+14%
Adjusted eps*	17.2p	16.2p	+6%
Interim dividend	5.5p	5.1p	+8%
Cash generated from operations	£78m	£84m	
Net cash (excluding 100% PPP)	£394m	£333m	
Order book	£12.5bn	£12.1bn	+3%

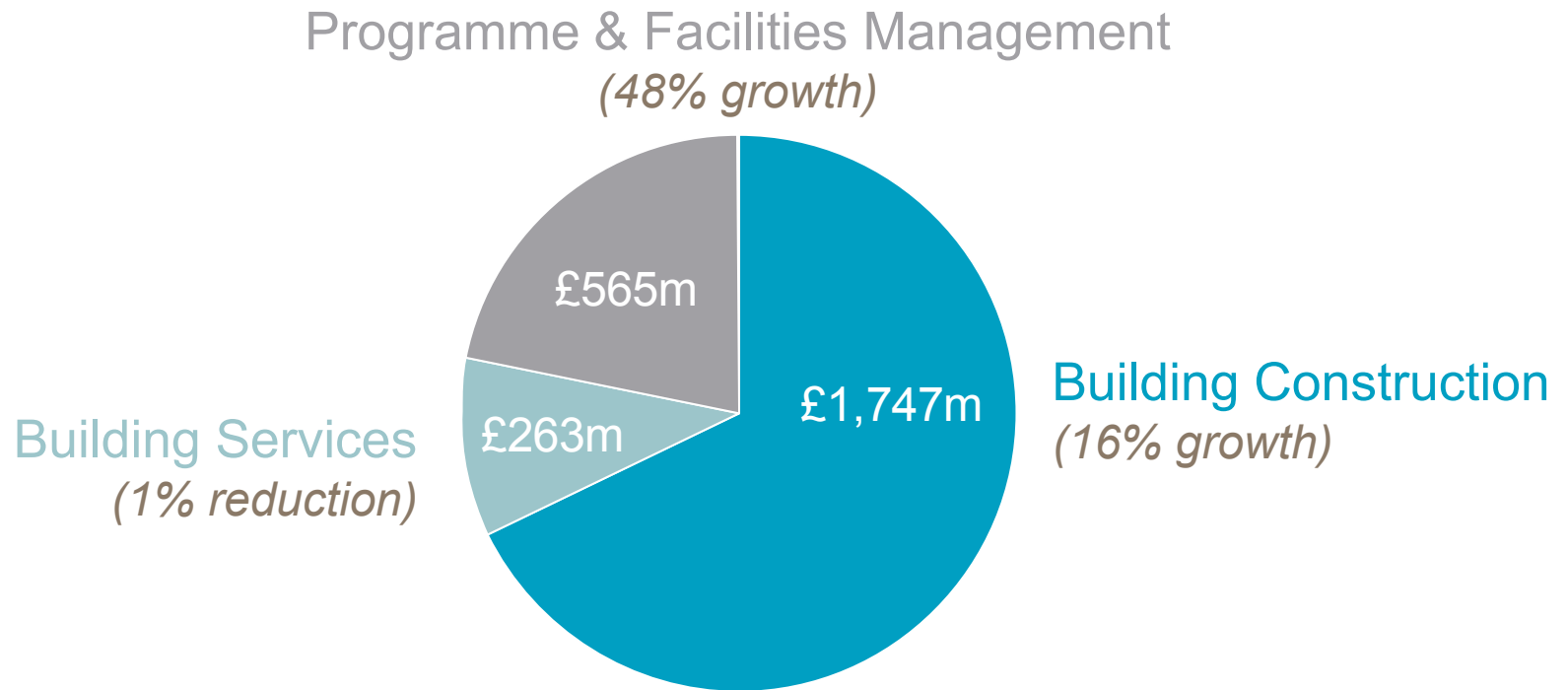
* before exceptional items and amortisation

Building, Building Management and Services

FY 2008		HY 2009	HY 2008	
£6.7bn	Order book	£5.5bn	£6.4bn	-14%
£4,635m	Revenue	£2,575m	£2,151m	+20%
£88m	Profit	£53m	£38m	+39%

- Very strong performance from BB Construction US, but reduced US order book
- Acquisition benefits from Barnhart (6 months) and RT Dooley (4 months)
- Steady performance from UK business in difficult market conditions
- Overall expect strong progress in full year 2009

Building, Building Management and Services



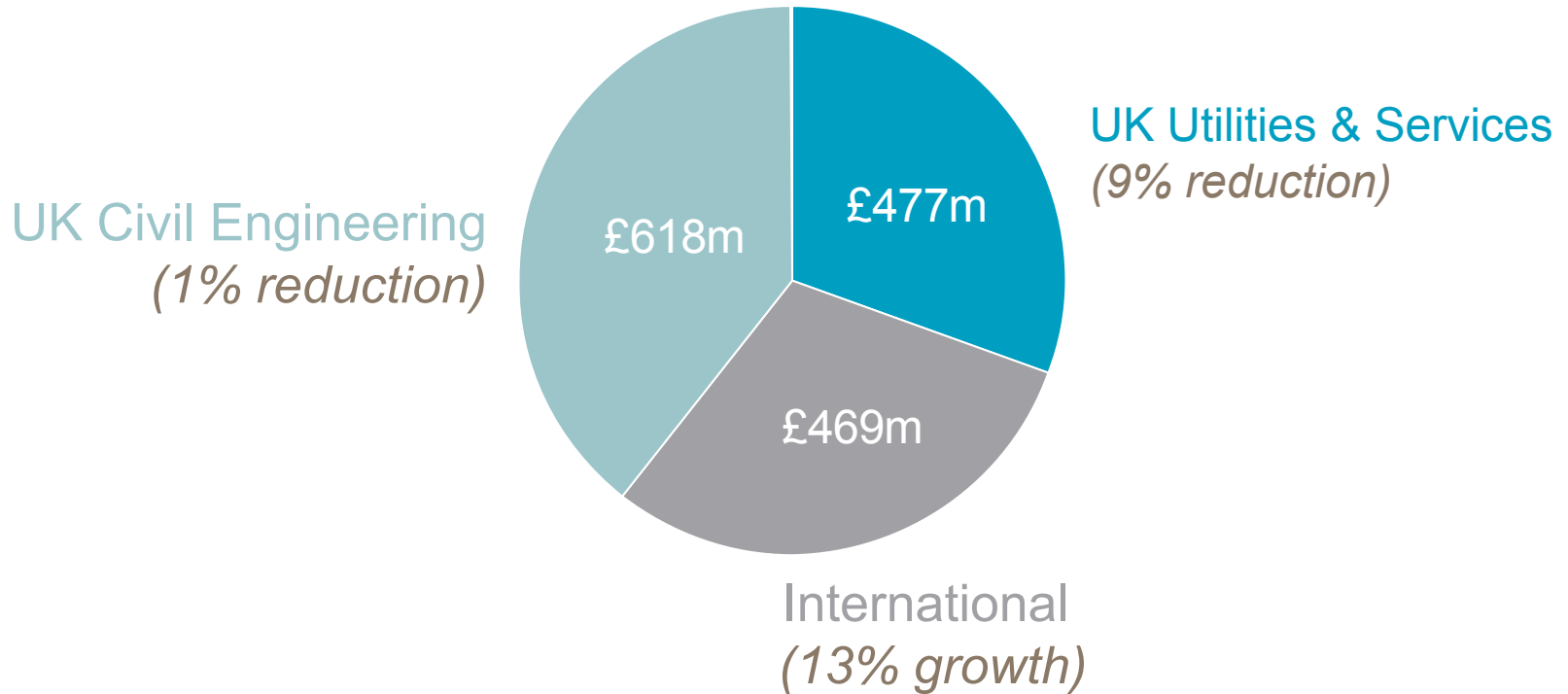
Revenue £2,575m (+20%) (June 2008: £2,151m)

Civil and Specialist Engineering and Services

FY 2008		HY 2009	HY 2008	
£4.9bn	Order book	£5.7bn	£4.7bn	+21%
£3,243m	Revenue	£1,564m	£1,563m	-
£104m	Profit	£45m	£43m	+5%

- Growth in UK civils orders offset by normal cyclical reduction in UK utilities
- Financial close on M25 widening and maintenance PPP
- Strong performance in UK civils businesses, offset by reduced results from BB Utility Solutions and BB Ground Engineering
- International performance: good in Gammon, steady in US and UAE
- Overall expect strong progress in second half

Civil and Specialist Engineering and Services



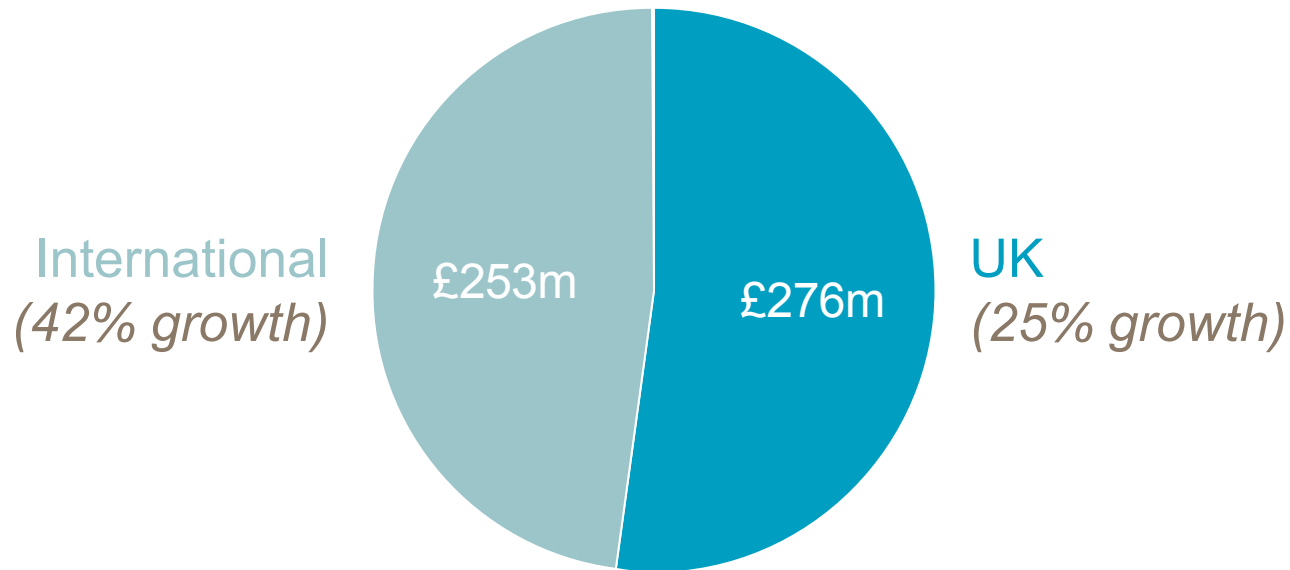
Revenue £1,564m (June 2008: £1,563m)

Rail Engineering and Services

FY 2008		HY 2009	HY 2008	
£1.2bn	Order book	£1.3bn	£1.0bn	+30%
£1,055m	Revenue	£529m	£398m	+33%
£41m	Profit	£7m	£9m	-22%

- Good order intake for Malaysia and London Underground
- Revenue growth from East London line and Chile
- CP4 Network Rail volume delayed to later years
- No margin recognition on East London line
- Reduced seasonal performance for Deutsche Bahn, with strong performances elsewhere in Europe
- Overall expect full year performance in line with last year

Rail Engineering and Services



Revenue £529m (+33%) (June 2008: £398m)

Investments

FY 08 £m	HY 2009			HY 2008				
	Group	JVs & assoc	Total	Group	JVs & assoc	Total		
32	PPP concessions*	1	16	17	-	16	16	
14	Infrastructure investments*	(2)	11	9	-	8	8	
12	BB Communities*	11	2	13	3	-	3	
(27)	Bidding costs & overheads	(13)	-	(13)	(13)	-	(13)	
31	Investments operating profit*	(3)	29	26	(10)	24	14	+86%
12	Subord. debt interest income			6			6	
1	PPP subsidiaries' net interest			-			-	
44	Investments net result			32			20	+60%

* before exceptional items and amortisation

Investments

- Financial close for Fife Hospital, Southwark Schools and M25 in first half and Carlisle NDR in July
- £20m equity investment in M25 PPP, with further £5m by year-end
- Full period contribution from BB Communities
- Strong performance from Barking Power

Investment income & finance costs

FY 08	£m		HY 2009	HY 2008
12	PPP subord. debt interest receivable		6	6
7	PPP interest on financial assets		6	3
6	Income on net investment hedging		1	-
13	Other interest receivable		4	7
5	Net investment income – pensions		-	3
43	Investment income		17	19
(6)	PPP interest on bank loans/overdrafts		(6)	(3)
(12)	Preference shares finance cost		(6)	(6)
(6)	Other interest payable		(3)	(3)
-	Net finance costs - pensions		(8)	-
(24)	Finance costs		(23)	(12)
19	Net (finance costs)/investment inc.		(6)	7

Performance by sector

FY 08	£m		HY 2009	HY 2008
88	Building, Building Mgt and Services		53	38
104	Civil and Specialist Eng and Services		45	43
41	Rail Engineering and Services		7	9
31	Investments		26	14
(34)	Corporate costs		(17)	(16)
230	Profit from operations*		114	88
19	Net (finance costs)/ investment income		(6)	7
249	Pre-tax profit*		108	95

* before exceptional items and amortisation

Exceptional items and intangible asset amortisation

£m	Profit before tax	Tax	Net
Exceptional items:			
US dollar options revaluation	(15)	4	(11)
Acquisition, integration, reorganisation & other costs	(3)	1	(2)
Anticipated rail asset impairment charge	(4)	1	(3)
	(22)	6	(16)
Amortisation of intangible assets	(20)	6	(14)
	(42)	12	(30)

Cash generated from operations

£m	HY 2009	H2 2008	H1 2008
Group operating profit*	73	103	52
Depreciation	36	34	31
Exceptional cash items	(3)	(3)	(3)
Other items	2	7	-
Pension deficit payments	(13)	(14)	(24)
Working capital (increase)/decrease	(17)	86	28
Cash generated from operations	78	213	84
Net capital expenditure	(37)	(37)	(39)
	41	176	45

* before exceptional items and amortisation

Pensions charge

FY 08	£m	HY 2009	HY 2008
Defined benefit schemes:			
45	P&L charge – current service cost	16	23
(141)	Expected return on assets	(57)	(70)
136	Interest on scheme liabilities	65	67
(5)	Net finance charge/(credit)	8	(3)
40	Net pension charge*	24	20
Defined contribution schemes:			
28	P&L charge & employer funding contributions	16	11
68	Total charge*	40	31

* before exceptional items

Group balance sheet

£m	June 09	Dec 08	June 08
Goodwill and intangible assets	1,118	1,198	989
Other non-current assets (excl. PPP & RBO tax)	899	962	869
Current assets (excluding cash)	1,775	1,703	1,627
Current liabilities (excluding borrowings)	(2,794)	(2,797)	(2,537)
Net cash (excluding PPP subsidiaries)	394	440	333
PPP subsidiaries – financial assets	205	151	99
PPP subsidiaries – non-recourse net borrowings	(190)	(143)	(91)
Retirement benefit obligations (net of tax)	(427)	(194)	(229)
Other non-current liabilities (excl. borrowings)	(451)	(459)	(361)
Shareholders' funds	529	861	699

Balance sheet cash movement

£m	HY 2009	HY 2008
Opening net cash [†]	440	374
Cash generated from operations [†]	71	77
Dividends from JVs and associates	27	43
Capital expenditure and financial investment	(47)	(39)
Acquisitions	(26)	(281)
Share issue - proceeds from placing	-	182
Dividends, interest and tax paid	(13)	(3)
Exchange adjustments net of hedge closures	(55)	(12)
Other items	(3)	(8)
Closing net cash[†]	394	333
PPP subsidiaries non-recourse net debt	(190)	(91)
Closing net cash	204	242

[†] treating PPP subsidiaries as joint ventures/associates

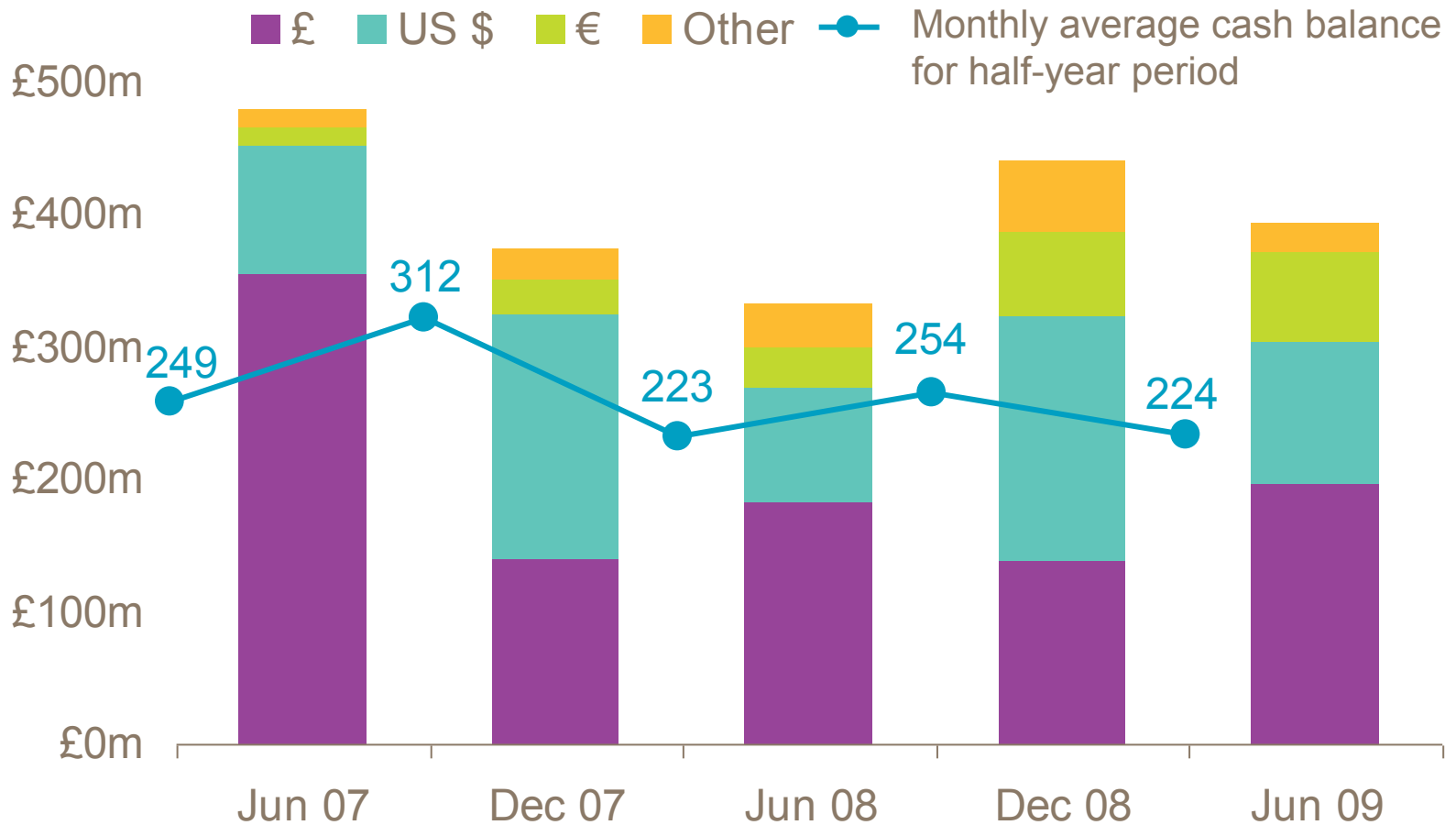
Acquisitions

£m

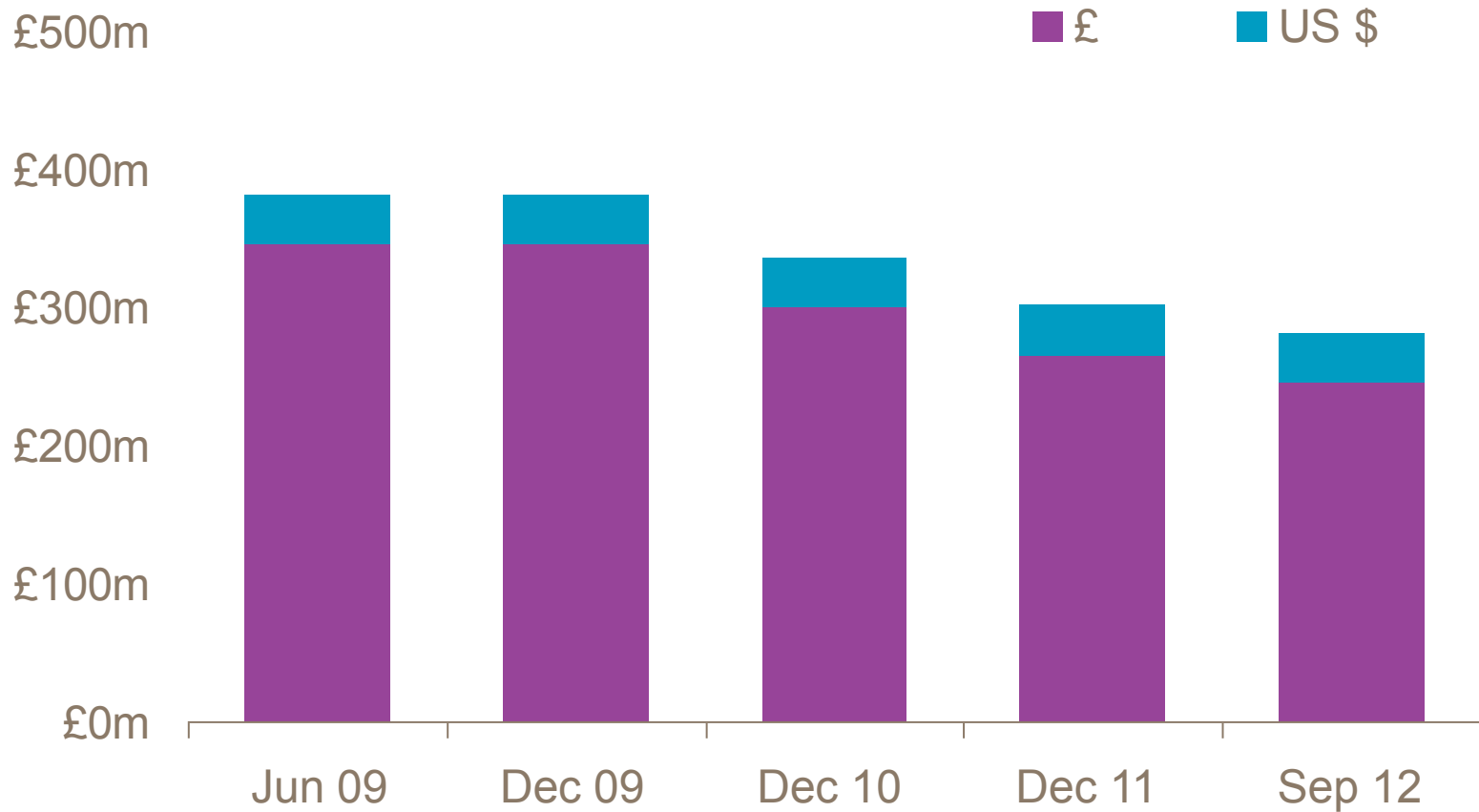
R T Dooley *	23 February	22
Deferred consideration		4
		26

* after adjusting for cash balances on acquisition

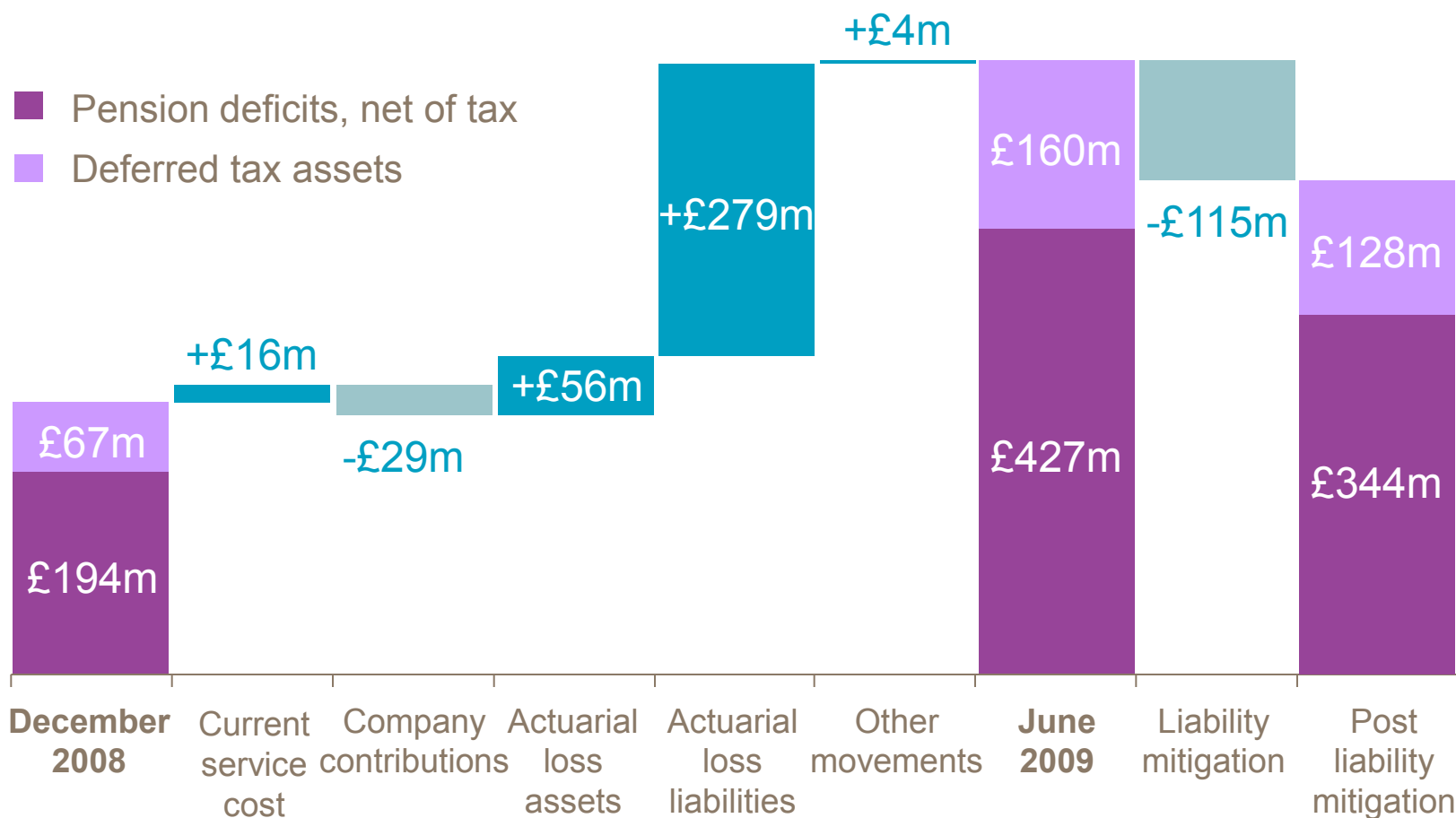
Cash balances



Committed bank facilities



Pensions – balance sheet movement



Summary of first half performance

- Continuing growth in profits
- Solid order book
- Strong cash position

Balfour Beatty

Ian Tyler

Chief Executive

2006 Strategic Priorities

Progress

- UK Regional Contracting
 - Birse, Cowlin, Dean & Dyball

✓ ✓ ✓
- Investments
 - ITE Singapore, UK Airports, BB Communities

✓ ✓
- US
 - BB Infrastructure, BB Construction, Heery

✓ ✓
- Professional Services
 - Integration, Satisfactory growth

✓

Order book and pipeline

Highways

- Visibility through to 2012
- Financial close on M25
- £300m+ A46 proceeds
- Go-ahead on £127m
Norwich ECI expected shortly
- Financial close on CNDR
in July
- Existing projects
progressing well



Education

- Substantial investment in the sector
- Financial close on Southwark BSF
- Significant current and projected workload as concessionaire and contractor



UK Markets

- | | |
|--------------|------------------------------------|
| ■ Roads | High activity levels |
| ■ Rail | CP4 |
| ■ Airports | BAA investment programme |
| ■ Education | BSF and Academies |
| ■ Healthcare | Changing emphasis |
| ■ Utilities | AMP 5. Long-term energy programmes |
| ■ Building | Recovery and Green impact |

US Markets

- | | |
|----------------------------|------------------------|
| ■ Building | Gradual recovery |
| ■ Transport infrastructure | ARRA and Highways Bill |
| ■ Investments | New markets emerging |

Rest of world markets

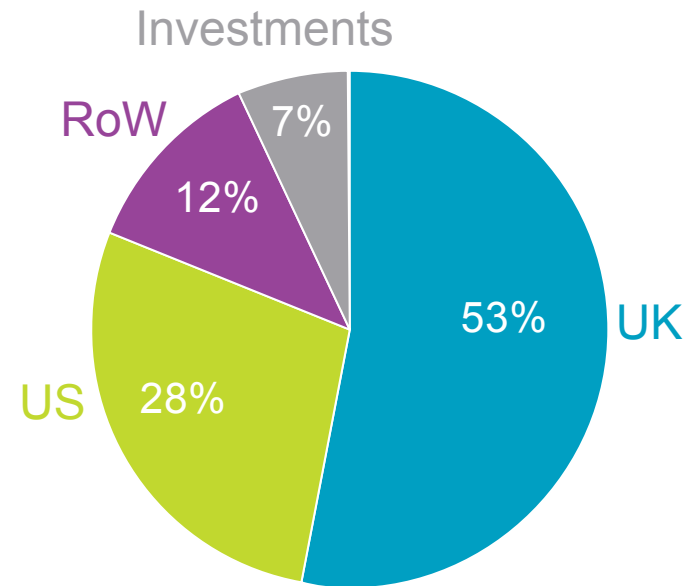
- South-East Asia Transport investment

- Middle East Dubai recovery. Abu Dhabi

Balfour Beatty Markets

Medium-term

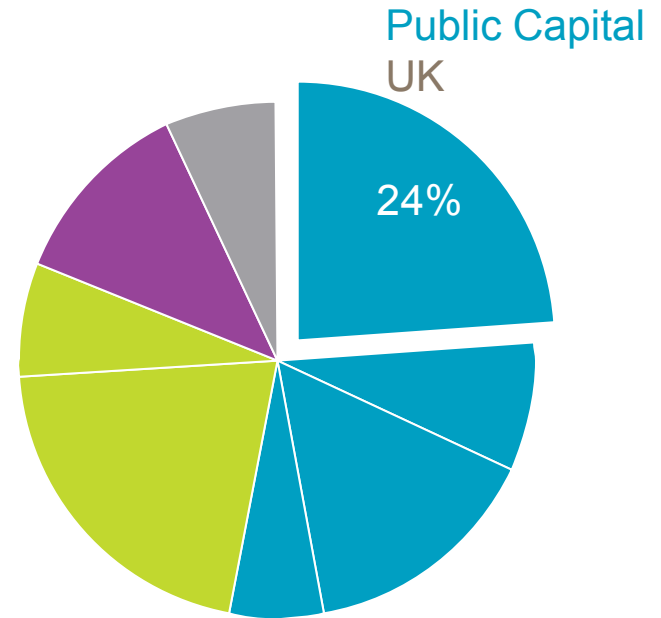
- Underlying resilience
- Good market balance
- Broadly-based geography



Balfour Beatty Markets – UK Public Capital

Medium-term

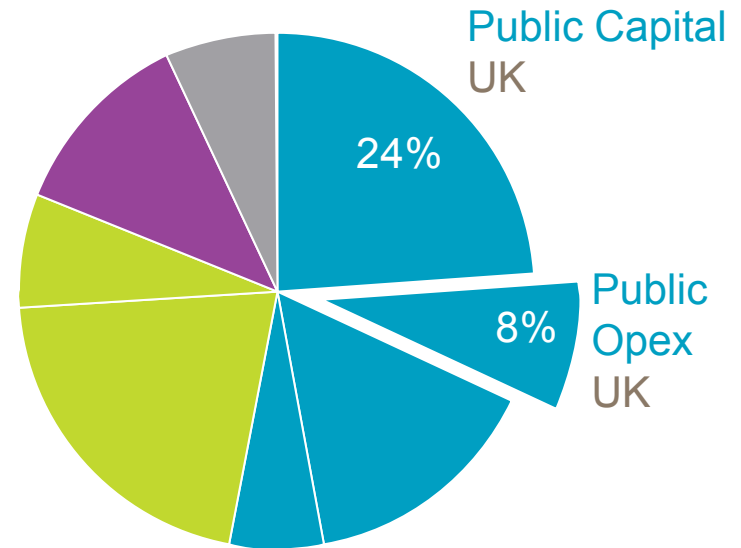
- Uncertainty on where cuts may fall
- Impact on capital expenditure uncertain
- Continuing investment in social and physical infrastructure



Balfour Beatty Markets – UK Public Opex

Medium-term

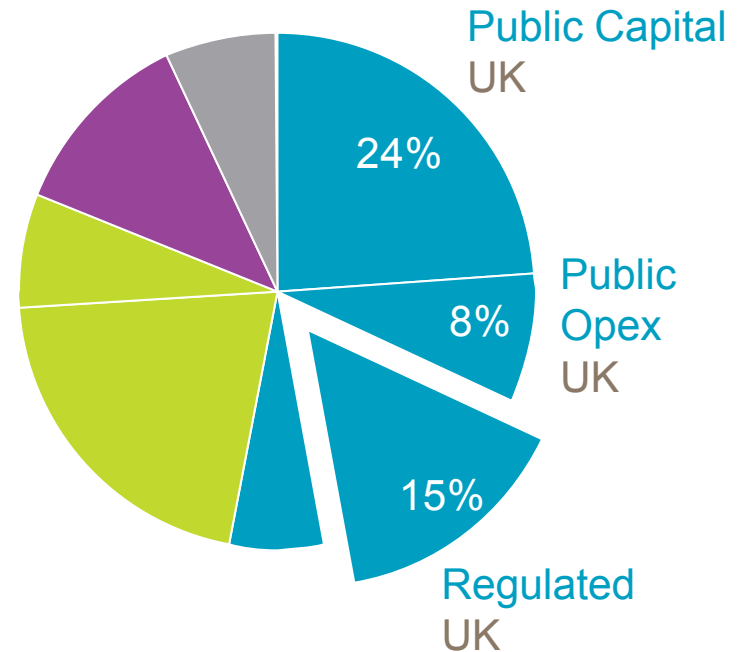
- Further growth in public sector outsourcing
- Increasing opportunity for integrated outsourced service providers
- Long-term customers include Department for Work and Pensions, Royal Mail, Met Police and BBC



Balfour Beatty Markets – UK Regulated

Medium-term

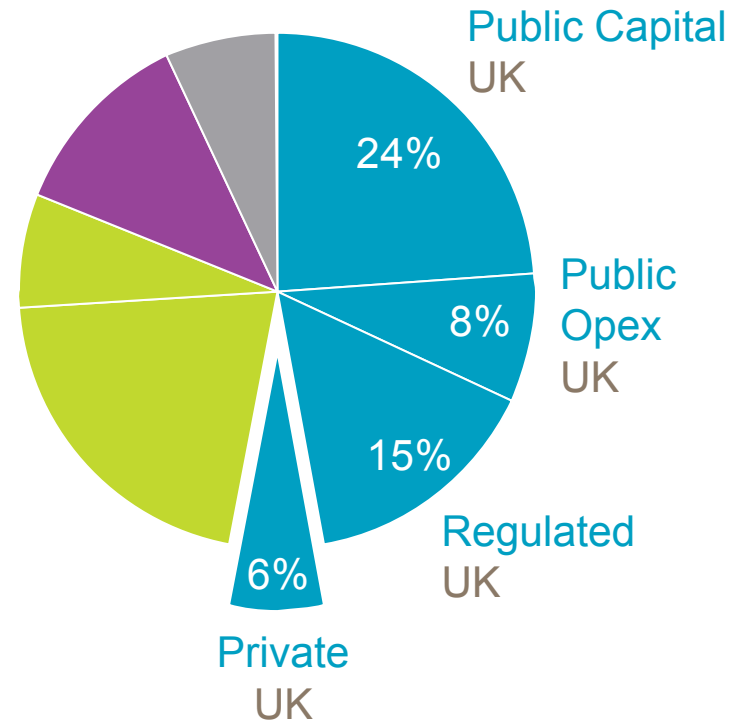
- Good visibility with expected growth
- Increasing requirement for innovation



Balfour Beatty Markets – UK Private

Medium-term

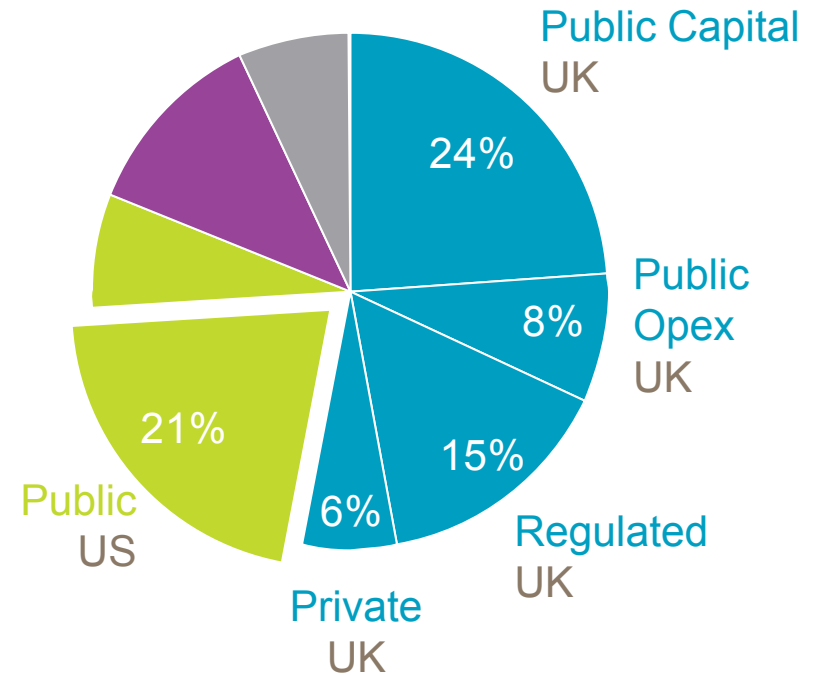
- Some medium-term recovery



Balfour Beatty Markets – US Public

Medium-term

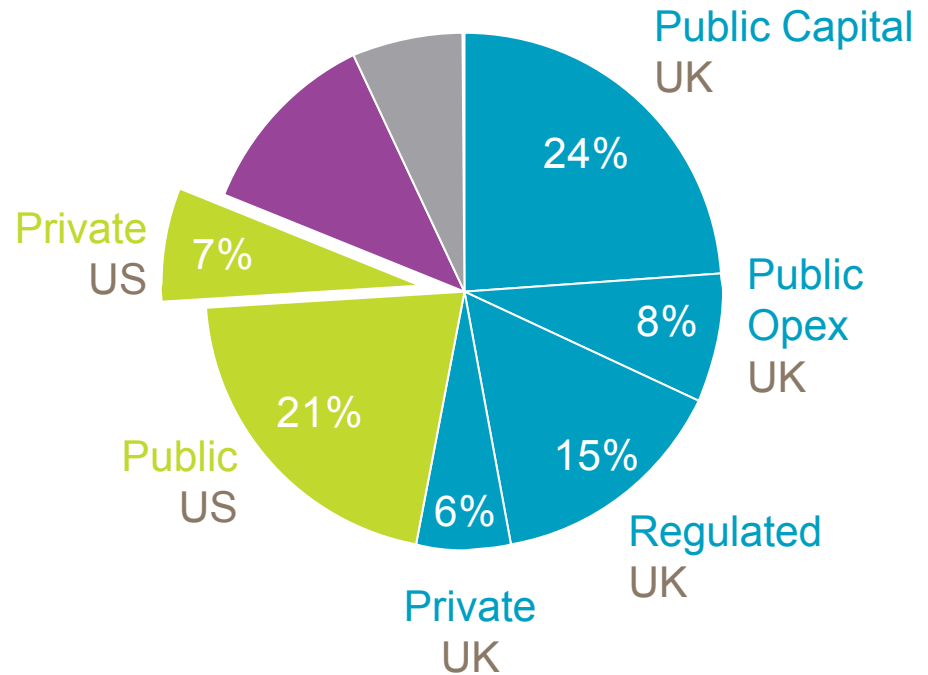
- Diverse range of public sector customers
- Strong federal business
- Well-positioned to benefit from fiscal stimulus spending



Balfour Beatty Markets – US Private

Medium-term

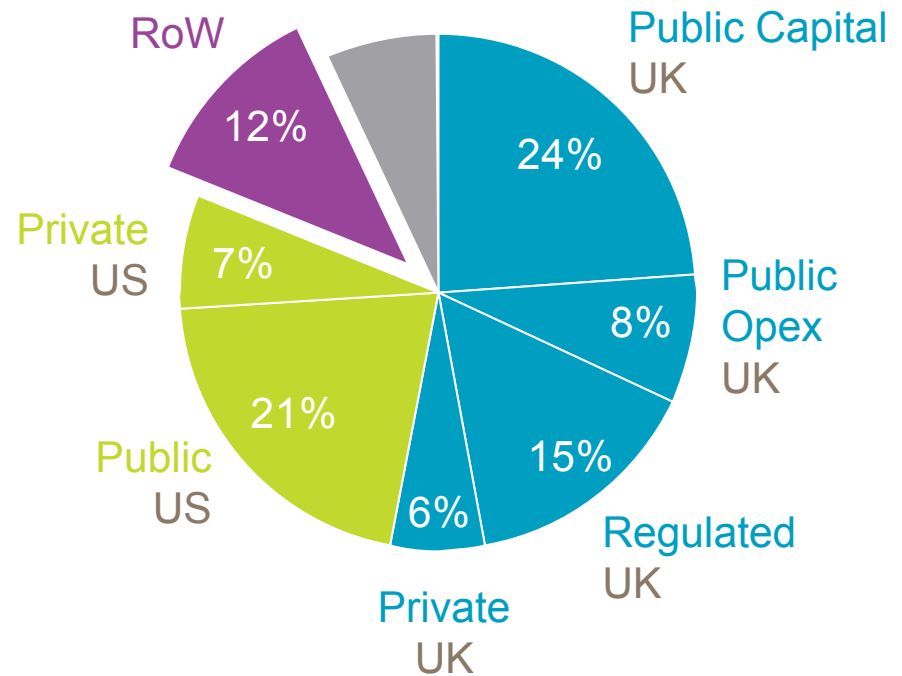
- Recovery in some markets



Balfour Beatty Markets – Rest of the World

Medium-term

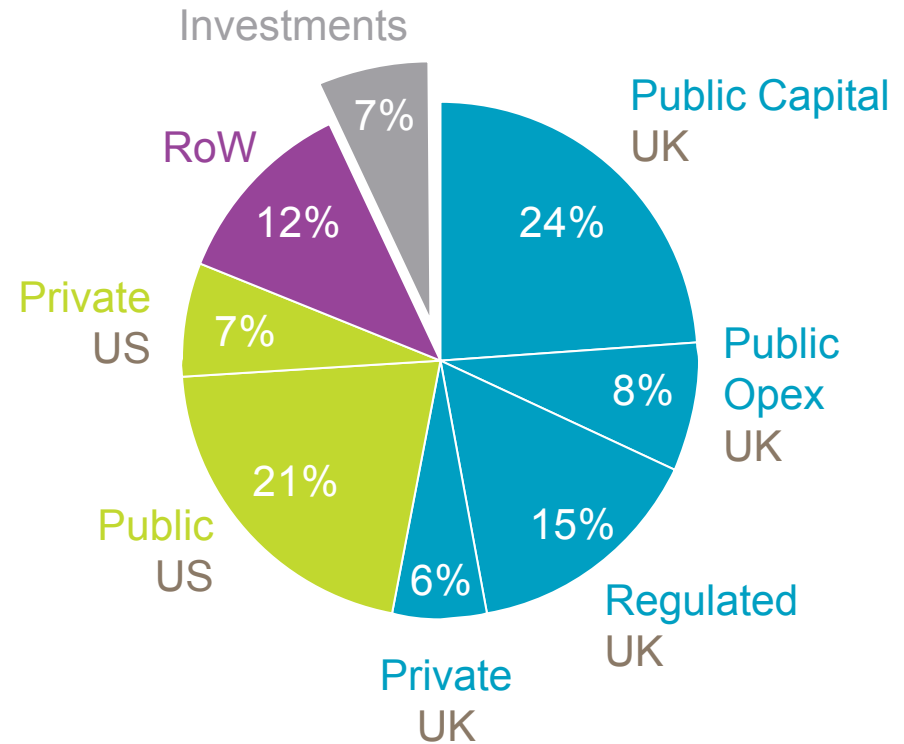
- Growth expected
- Focus on infrastructure in Dubai and Abu Dhabi
- Positive outlook in Hong Kong and Singapore



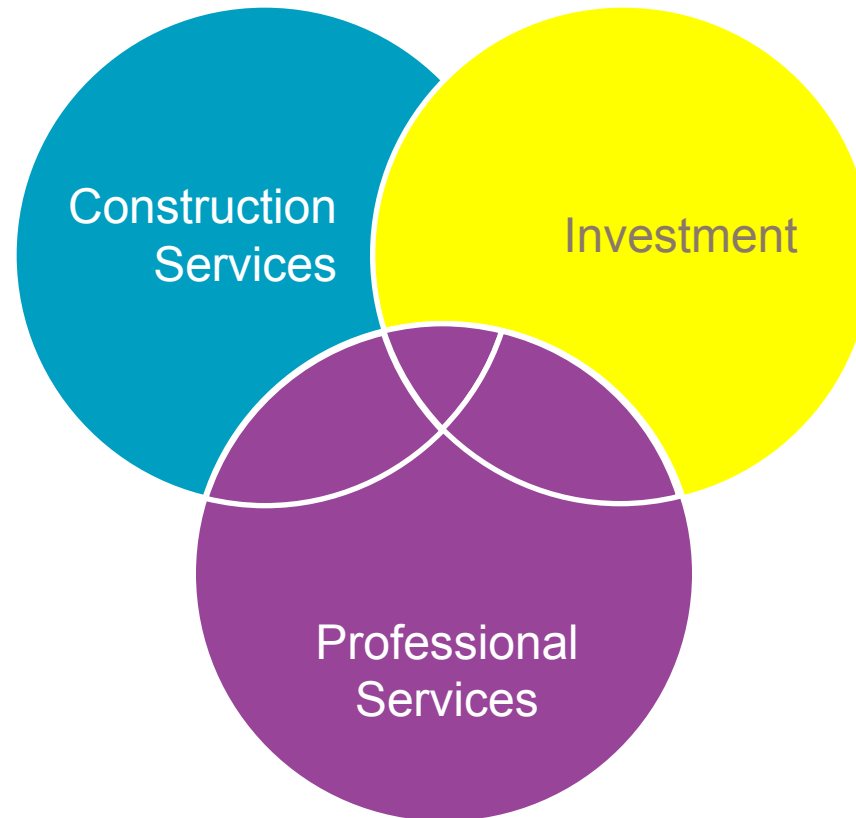
Balfour Beatty Markets - Investments

Medium-term

- UK - private finance to have a continuing role
- US – increasing use of PPP including single-soldier accommodation
- Opportunities in wider infrastructure market



Business model and emerging strategic themes



Long-term trends

- Integrated services increasingly attractive
- Pressure growing on “more for less”
- Increasing premium on upstream services

Balfour Beatty