



Balfour Beatty

2008 Half-Year Results

13 August 2008



Duncan Magrath

Headline numbers

	First half 2008	First half 2007	
Revenue	£4,332m	£3,375m	+28%
Pre-tax profit*	£95m	£76m	+25%
Adjusted eps*	16.2p	14.2p	+14%
Interim dividend	5.1p	4.6p	+11%
Cash generated from operations	£73m	£181m	
Net cash (excluding 100% PPP)	£333m	£479m	
Order book	£12.1bn	£10.6bn	+14%

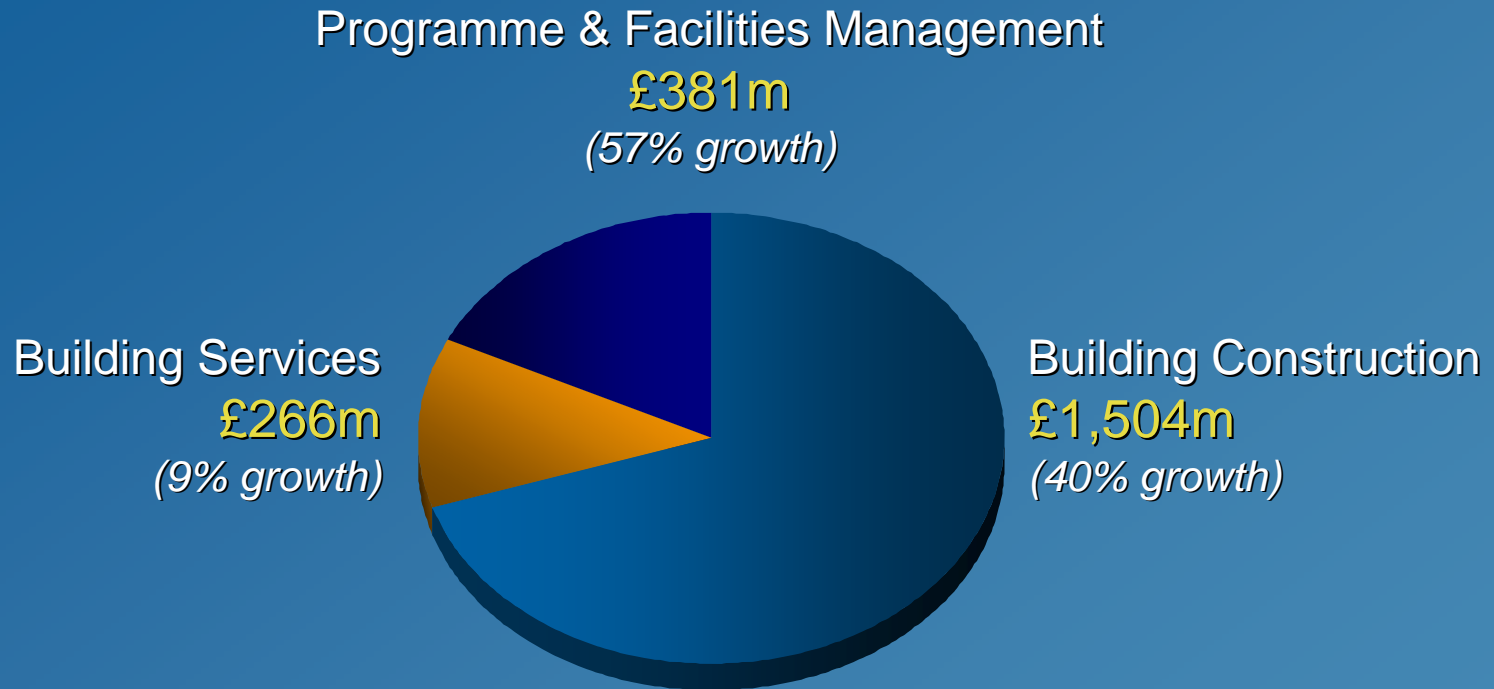
** before exceptional items and amortisation, and including the pre-exceptional results of discontinued operations in adjusted eps in 2007*

Building, Building Management and Services

Full year 2007		First half 2008	First half 2007
£6.1bn	Order book	£6.4bn	£5.1bn
£3,640m	Revenue	£2,151m	£1,563m
£75m	Profit	£39m	£30m

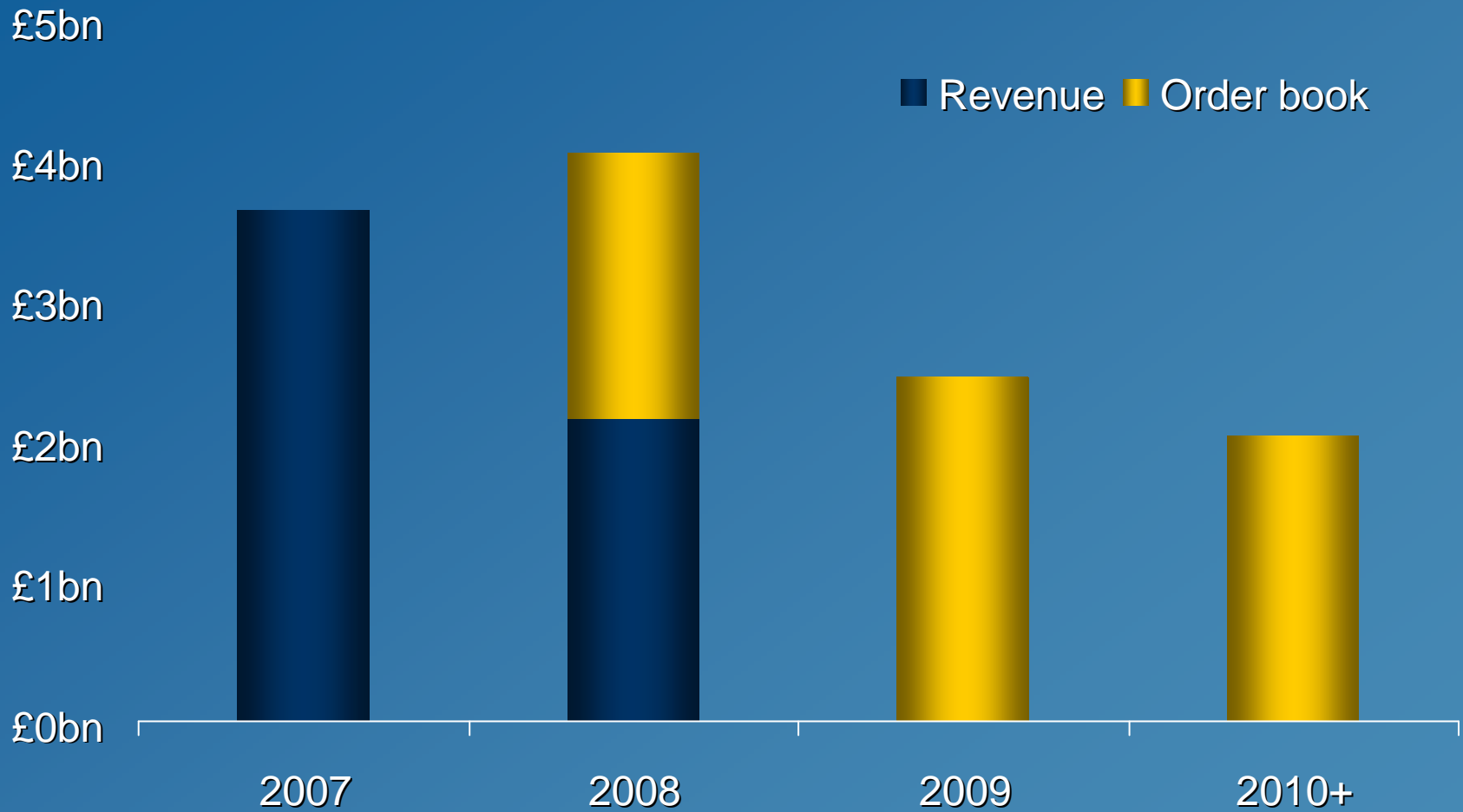
- Good progress in UK building construction, facilities management and US programme management
- Acquisition of Cowlin extends regional coverage
- Strong performance from BB Construction US
- Acquisition of Barnhart expands presence in California

Building, Building Management and Services



Revenue £2,151m (+38%) (June 2007: £1,563m)

Building, Building Management and Services

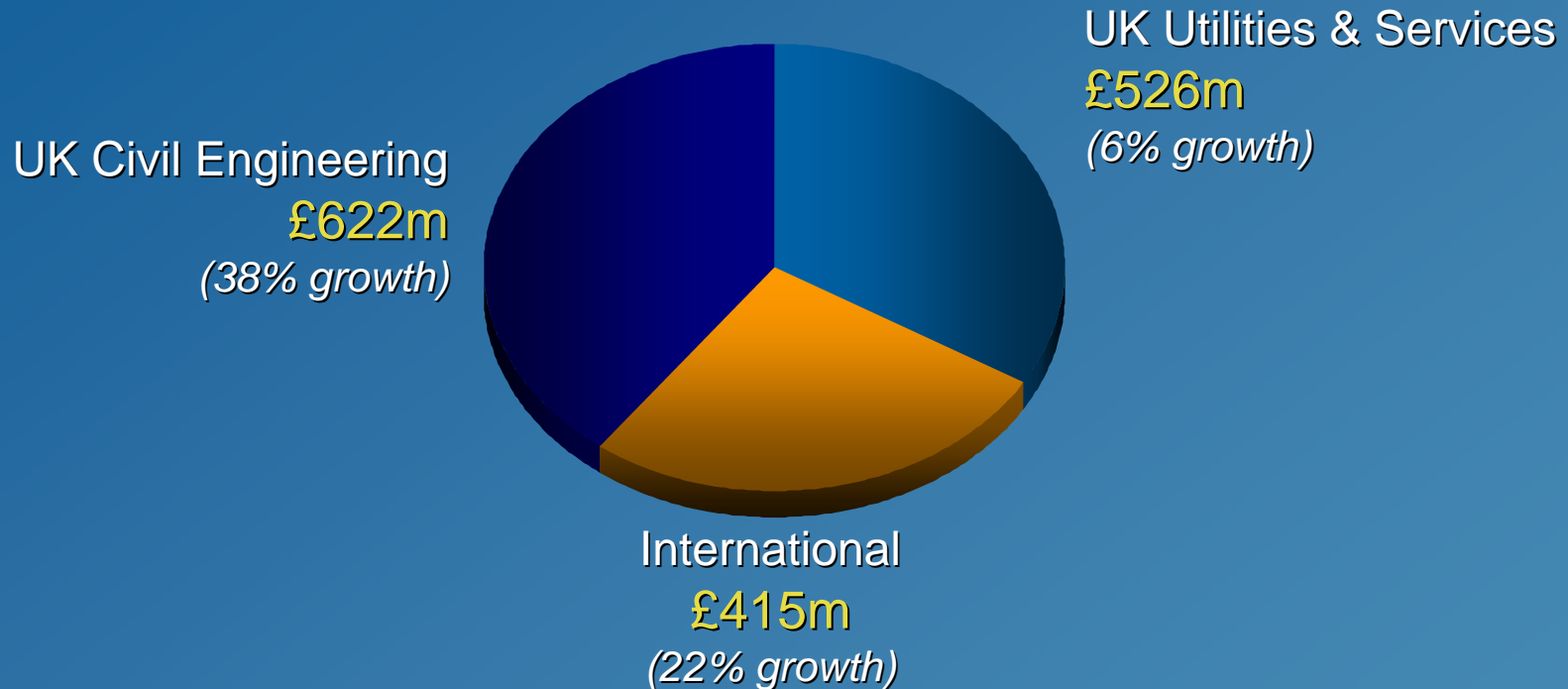


Civil and Specialist Engineering and Services

Full year 2007		First half 2008	First half 2007
£4.4bn	Order book	£4.7bn	£4.65bn
£2,668m	Revenue	£1,563m	£1,286m
£86m	Profit	£44m	£26m

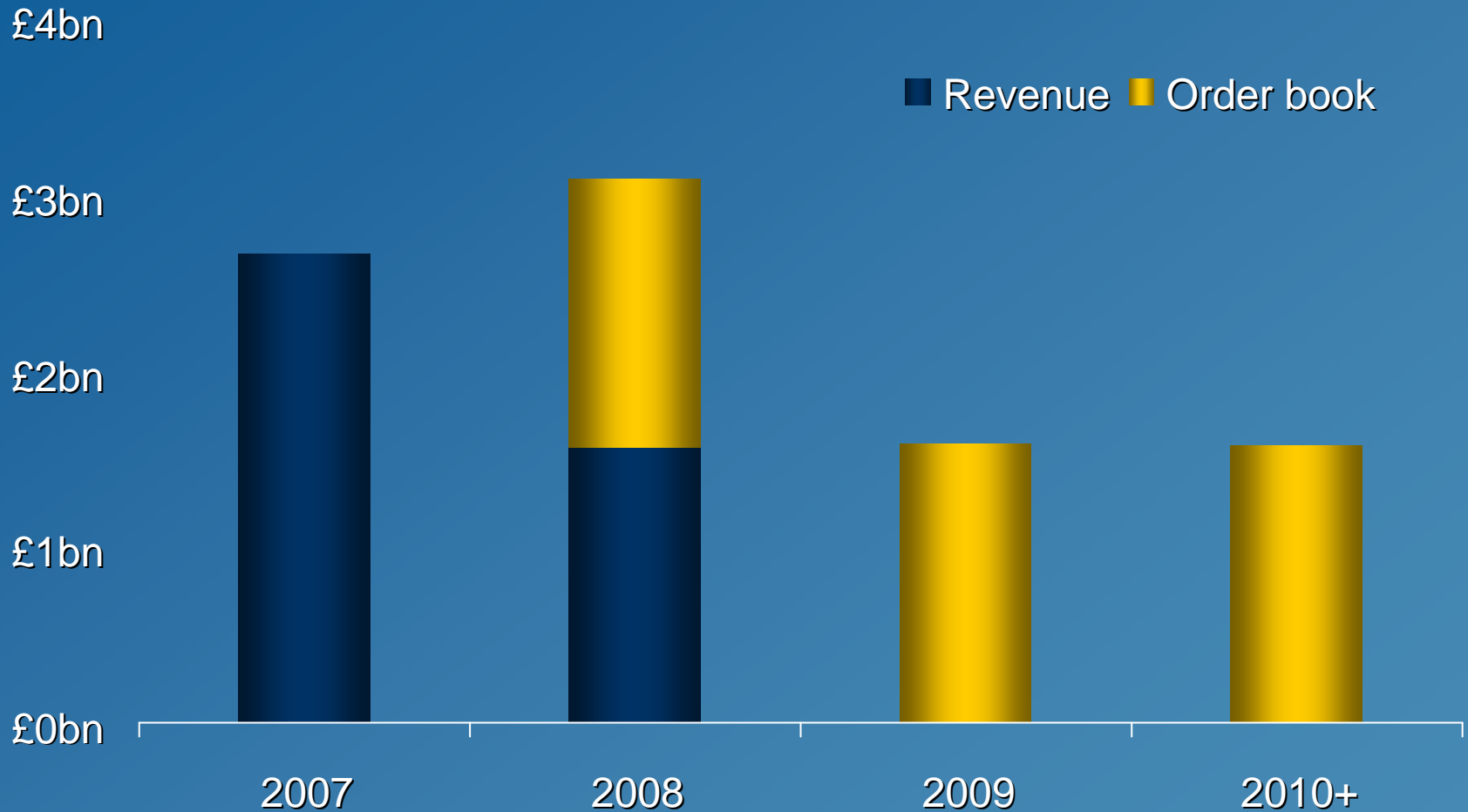
- Preferred bidder for M25 PPP
- Good progress in Dubai and Gammon
- Utility Solutions reorganised to include Power Networks
- UK civils business augmented by Dean & Dyball
- Balfour Beatty Management continues to grow

Civil and Specialist Engineering and Services



Revenue £1,563m (+22%) (June 2007: £1,286m)

Civil and Specialist Engineering and Services

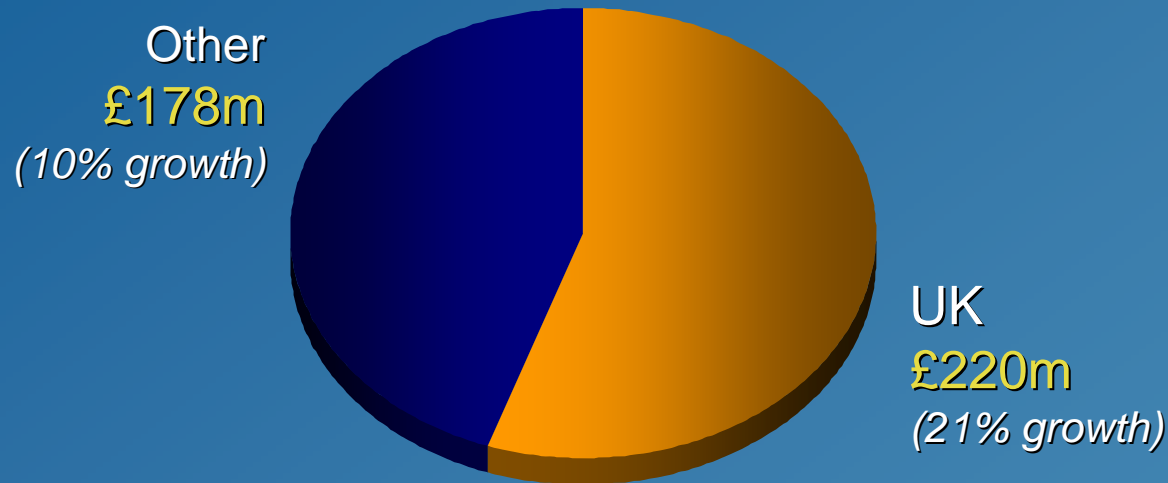


Rail Engineering and Services

Full year 2007		First half 2008	First half 2007
£0.9bn	Order book	£1.0bn	£0.85bn
£785m	Revenue	£398m	£344m
£44m	Profit	£10m	£13m

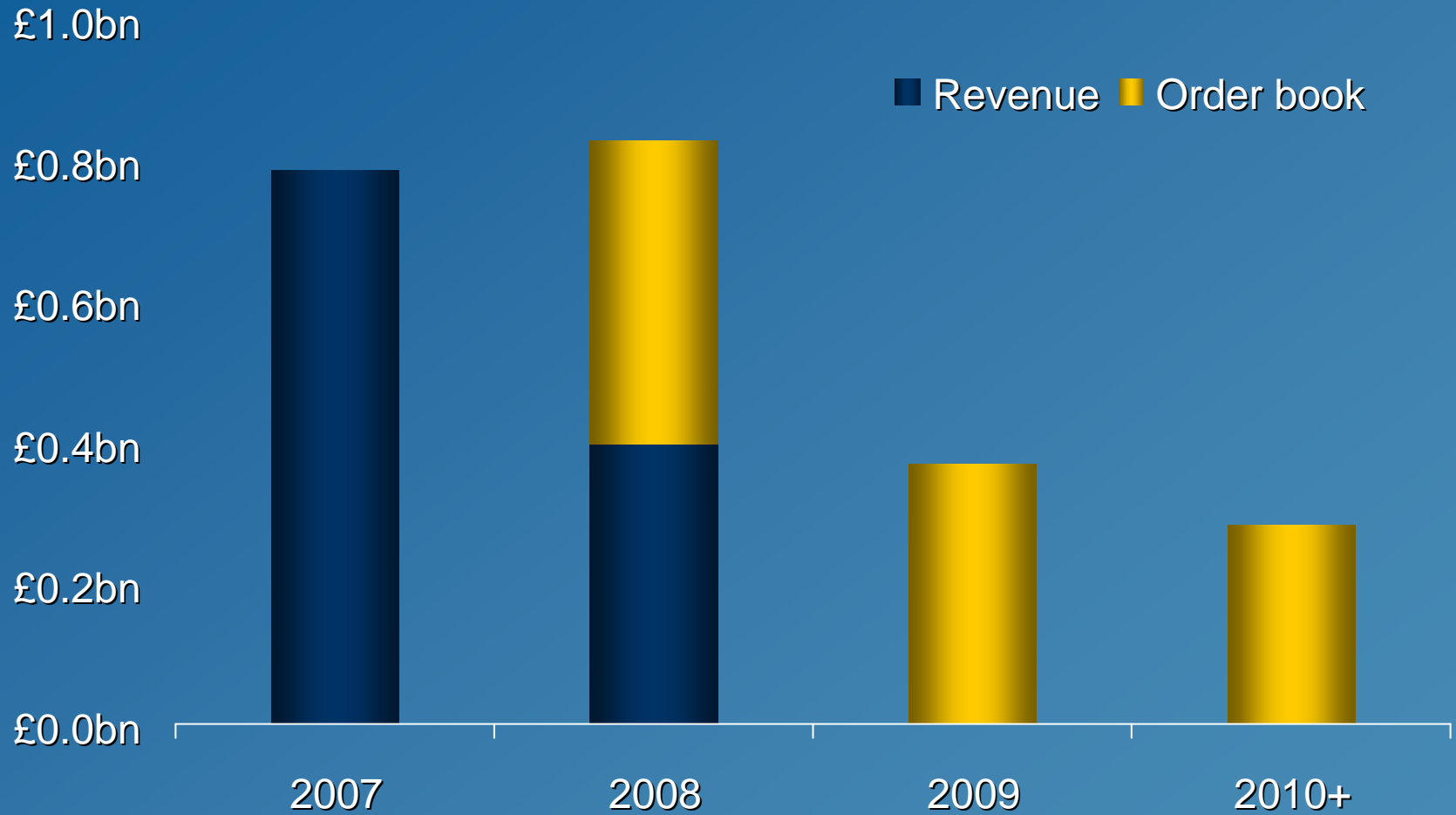
- Good progress on overground and underground renewals
- Steady performances in Europe and North America
- £11bn UK network capacity enhancement 2009-2014

Rail Engineering and Services



Revenue £398m (+16%) (June 2007: £344m)

Rail Engineering and Services



Investments

Full year 2007	£m	First half 2008			First half 2007		
		PPP	Infrast- ructure	Total	PPP	Infrast- ructure	Total
41	BB Capital - JVs & associates	16	8	24	15	12	27
(25)	BB Capital - other			(13)			(10)
-	BB Communities			3			-
16	Investments operating profit *			14			17
11	<i>Subordinated debt interest income</i>			6			4
27	<i>Investments net result</i>			20			21

* before exceptional items and amortisation

Investments

- BB Communities (GMH Military Housing) acquired
- Financial close for AMC West in July and West Point in August
- Blackpool Airport acquired
- Financial close for Islington Schools Phase 1 in July, ITE Singapore in August
- Appointed preferred bidder for M25 project
- Progress on preferred bidder projects for Fife Hospital and Carlisle Northern Development Route

Performance by sector

Full year 2007	£m	First half 2008	First half 2007
75	Building, Building Management and Services	39	30
86	Civil and Specialist Engineering and Services	44	26
44	Rail Engineering and Services	10	13
16	Investments	14	17
(30)	Corporate costs	(16)	(13)
191	Profit from operations*	91	73
10	Net finance income*	4	3
201	Pre-tax profit*	95	76

* before exceptional items and amortisation

Operating profit v operating cash flow

£m	First half 2008	Second half 2007	First half 2007
Group operating profit*	55	87	39
Depreciation	31	29	21
Exceptional cash items	(3)	(2)	(37)
Other items	-	3	-
Pension deficit payments	(24)	(5)	(5)
Working capital decrease/(increase)	14	(12)	163
Cash generated from operations	73	100	181

* before exceptional items and amortisation

Balance sheet cash movement

£m	First half 2008	Second half 2007	First half 2007
Opening net cash [†]	374	479	305
Cash generated from operations	66	102	181
Dividends from JVs and associates	43	7	76
Capital expenditure and financial investment	(39)	(67)	(65)
Acquisitions and disposals	(272)	(103)	(3)
Share issue - proceeds from placing	183	-	-
Dividends, interest and tax paid	(3)	(48)	(11)
Other items	(19)	4	(4)
Closing net cash [†]	333	374	479
PPP subsidiaries non-recourse net debt	(91)	(61)	(27)
Closing net cash	242	313	452

* before exceptional items and amortisation

Acquisitions

£m

Balfour Beatty Communities #	30 April	179
Dean & Dyball *	18 March	40
Barnhart *	4 June	33
Blackpool International Airport	5 May	15
Fort Leonard PPP	26 June	2
Deferred consideration		3
		<hr/>
		272

formerly GMH Military Housing

* after adjusting for cash balances

Cash balances

£m	First half 2008	Second half 2007	First half 2007
Period-end net cash	333	374	479
Monthly average net cash	223	312	249

Exceptional items

£m

Profit from operations:

Pension gain	60
Acquisition integration, reorganisation & other costs	(3)
	<hr/>
	57
Tax on items above	(16)
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Net exceptional post-tax credit	41*

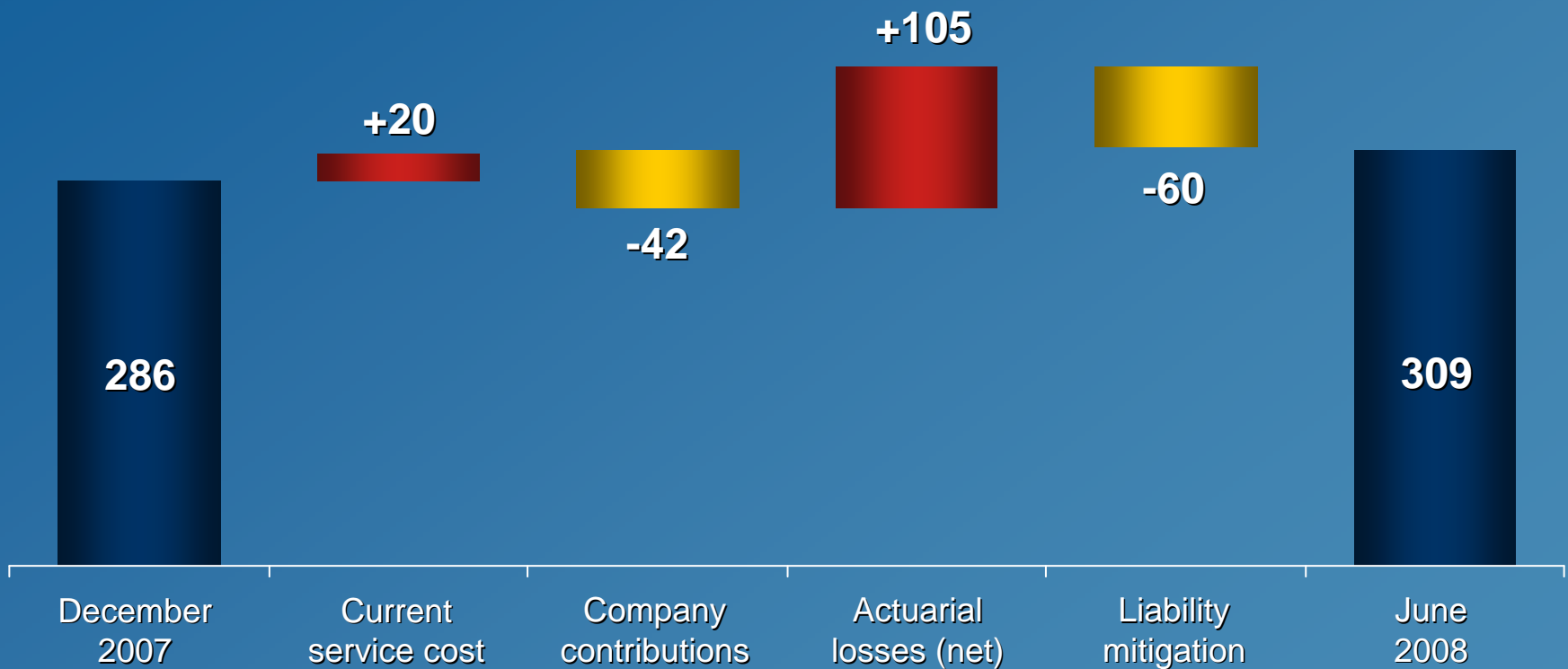
* before amortisation

Pensions

Full year 2007	£m	First half 2008	First half 2007
Defined benefit schemes:			
41	P&L charge	20	19
44	Employer cash contributions	42	21
286	Balance sheet liability (gross)	309	160
213	Balance sheet liability (net of deferred tax)	230	126
Defined contribution schemes:			
17	P&L charge and contributions	11	9

** before exceptional items and amortisation*

Half-year pension deficit movement



Group balance sheet

£m	June 2008	Dec 2007	June 2007
Goodwill and intangible assets	989	753	647
Net cash (excluding PPP)	333	374	479
Preference shares – liability	(87)	(87)	(88)
Retirement benefit obligations	(309)	(286)	(160)
PPP subsidiaries	4	(3)	3
Non-current assets + working capital	95	58	30
Non-recourse net debt	(91)	(61)	(27)
Other assets/(liabilities)	(231)	(268)	(368)
Shareholders' funds	699	483	513

Future tax & accounting changes

- IFRIC 12 Service Concession Arrangements
- Withdrawal of Industrial Buildings Allowances
- IAS 34 - effective tax rate

Summary

- Continuing growth in profits
- Strong cash flow
- Strong cash position to support future growth

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Our markets

- Developers
- Public and regulated
- Availability of finance



Balfour Beatty



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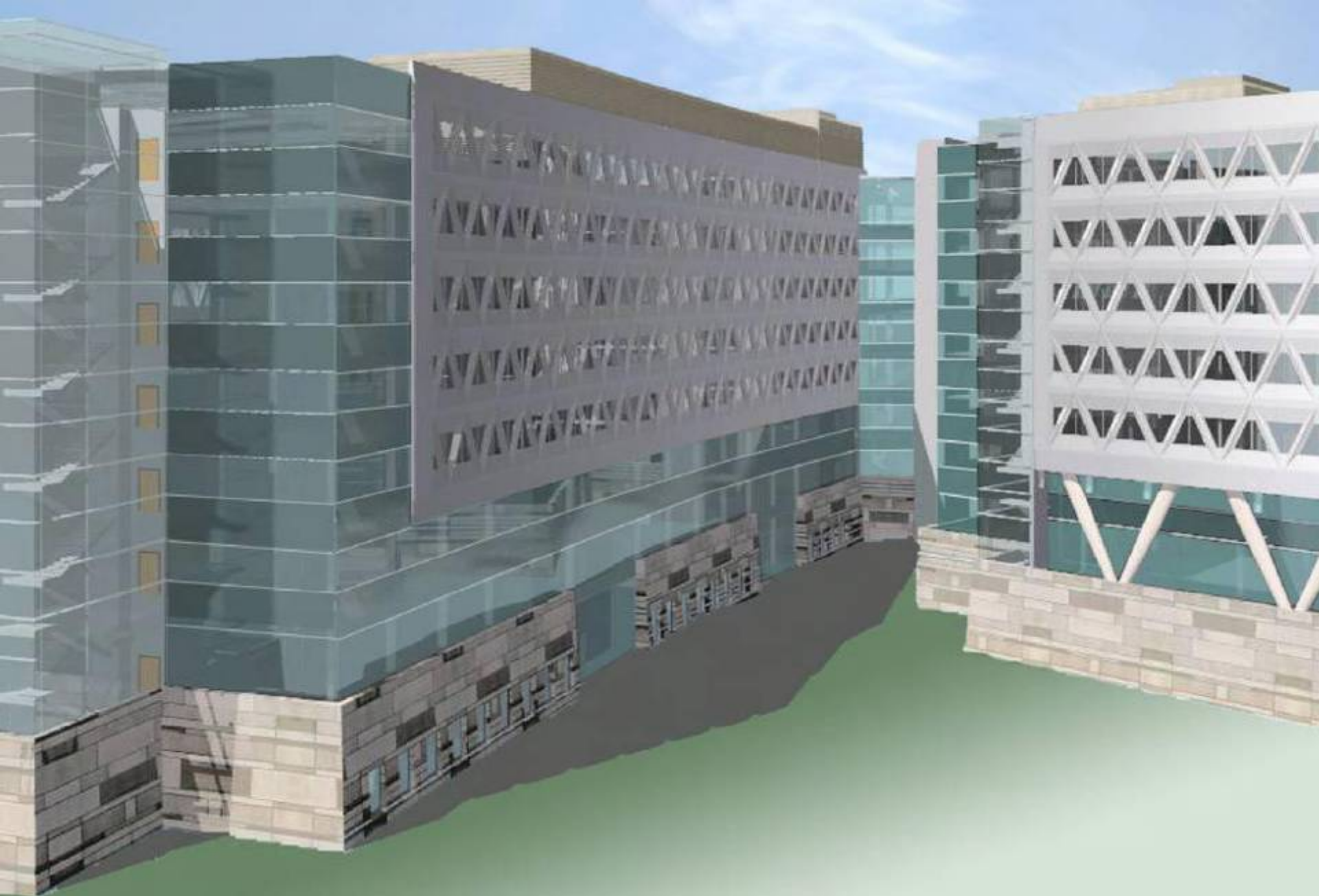
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Incremental Growth Strategy

- UK Regional Contracting – Dean & Dyball acquired
- Professional services – 2000 UK/US professionals employed
- Infrastructure Investment – Balfour Beatty Communities, Singapore ITE, Blackpool Airport
- International expansion – Balfour Beatty Communities, Barnhart, Dubai, Singapore

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