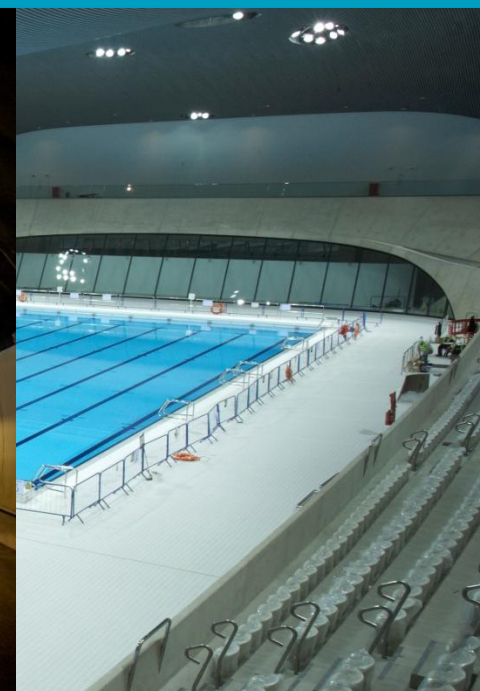


Balfour Beatty

THE INFRASTRUCTURE BUSINESS

Bank of America Merrill Lynch Construction and Building Materials Conference

12 October 2011



Forward-looking statements

This announcement may include certain forward-looking statements, beliefs or opinions, including statements with respect to Balfour Beatty plc's business, financial condition and results of operations. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "anticipates", "targets", "aims", "continues", "expects", "intends", "hopes", "may", "will", "would", "could" or "should" or, in each case, their negative or other various or comparable terminology. These statements reflect the Balfour Beatty plc Directors' beliefs and expectations and involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation: developments in the global economy; changes in UK and US government policies, spending and procurement methodologies; and the failure in Balfour Beatty's health, safety or environmental policies.

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Duncan Magrath

Chief Financial Officer

Agenda

- Overview
- Growth dynamics
- Margin drivers
- Financial targets

The natural partner
for owners and operators
of complex and critical assets

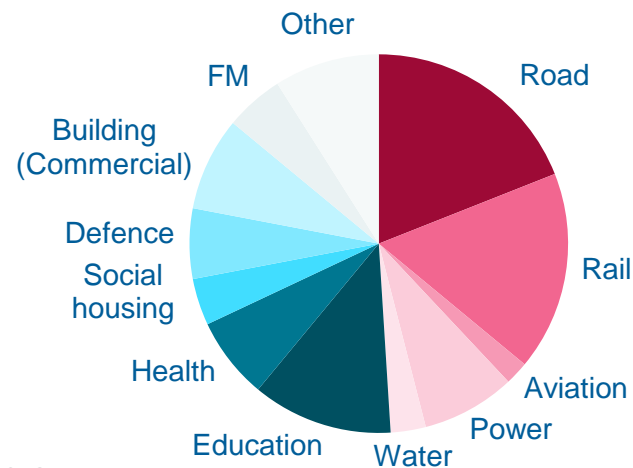
Focused on complex and critical assets

- Social infrastructure

- Health
- Education
- Data centres
- Military facilities
- Building assets

- Civil infrastructure

- Transportation
 - Road, rail, aviation, ports
- Power
- Water
- Communications



Breakdown based on FY 2010 revenue

Core skills make us the natural partner

Infrastructure

Transport - Power - Water - Complex buildings

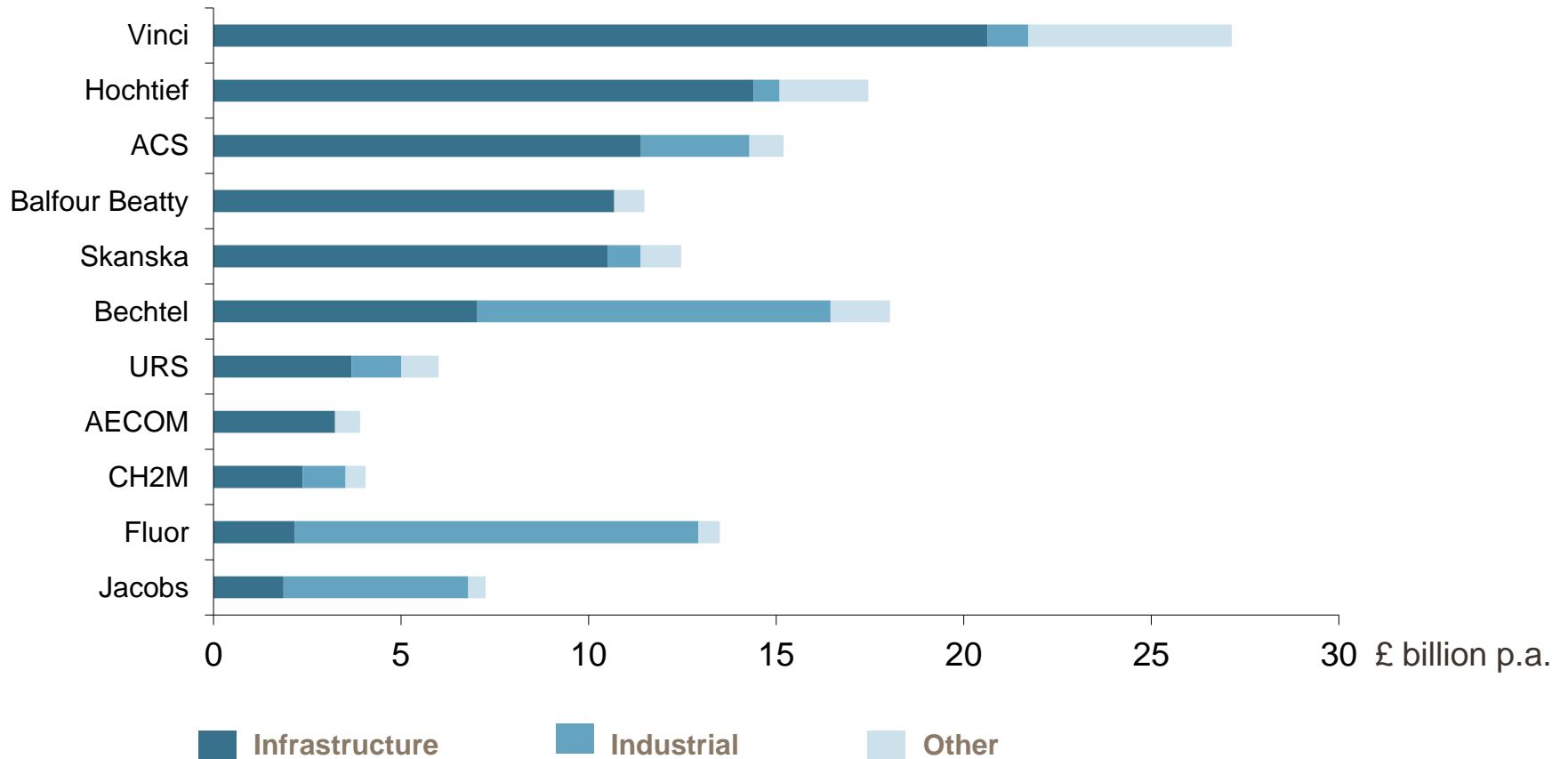
Asset knowledge

Managing complex customers

Integrator capability

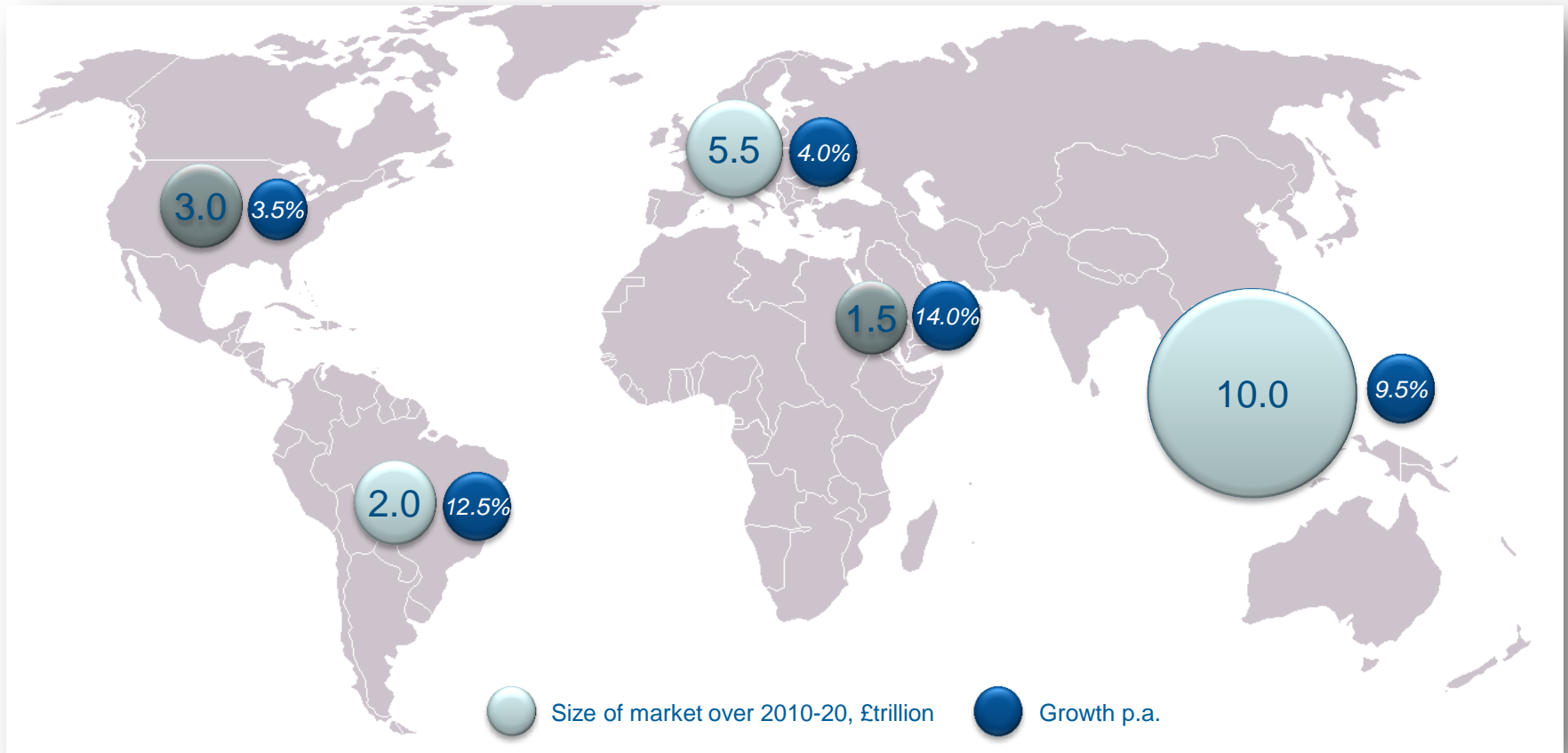
Local knowledge

A significant global infrastructure business



Infrastructure represents infrastructure and commercial building revenue.
Source: Engineering News Record

Global infrastructure market is expected to be £20+ trillion over 2010-20



Source: Global insight

Growing international reach

% of group revenue	Design Prog.manage	Construct Upgrade	Maintain Operate	Finance Develop
UK	2	33	14	6
USA	9	19	nm	1
ROW	5	11	nm	nm

Based on HY 2011 revenue

Diversified end-market exposure

Business by vertical market ¹	Design Prog. manage	Construct Upgrade	Maintain Operate	Finance Develop
UK	Power	Transportation Building	Transportation Building	Transportation Health, Education
USA	Transportation	Building	Power Military housing	Military housing
ROW	Various	Various	Power	Education

Based on HY 2011 revenue

Growth dynamics

- Infrastructure spending
- Power investment
- Growth markets

Government spending in the UK

- Public expenditure cuts in place since CSR in October 2010
- c.30-40% reduction is being phased in over 2-3 years
- Impact already seen in the market
- Half of our UK construction revenue in regulated and private markets
- Shifting our efforts into commercial and power markets

% of group revenue	Design Prog.mang	Construct Upgrade	Maintain Operate	Finance Develop
UK	2	33	14	6
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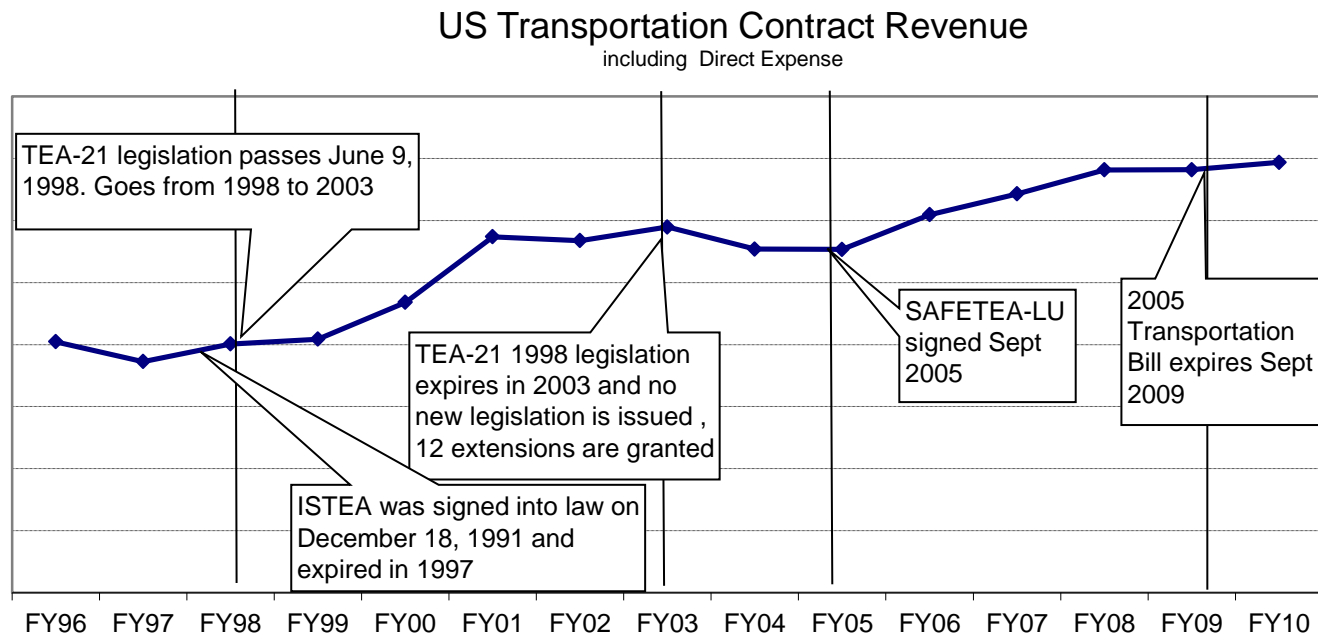
Transportation spending in the US

- Almost 10% of our group revenue comes from designing and managing the construction of infrastructure assets in the US
 - Majority of our work is in transportation
- Our business benefits from high levels of public transportation funding with long-term visibility

Business by vertical market ¹	Design Prog. mang	Construct Upgrade	Maintain Operate	Finance Develop
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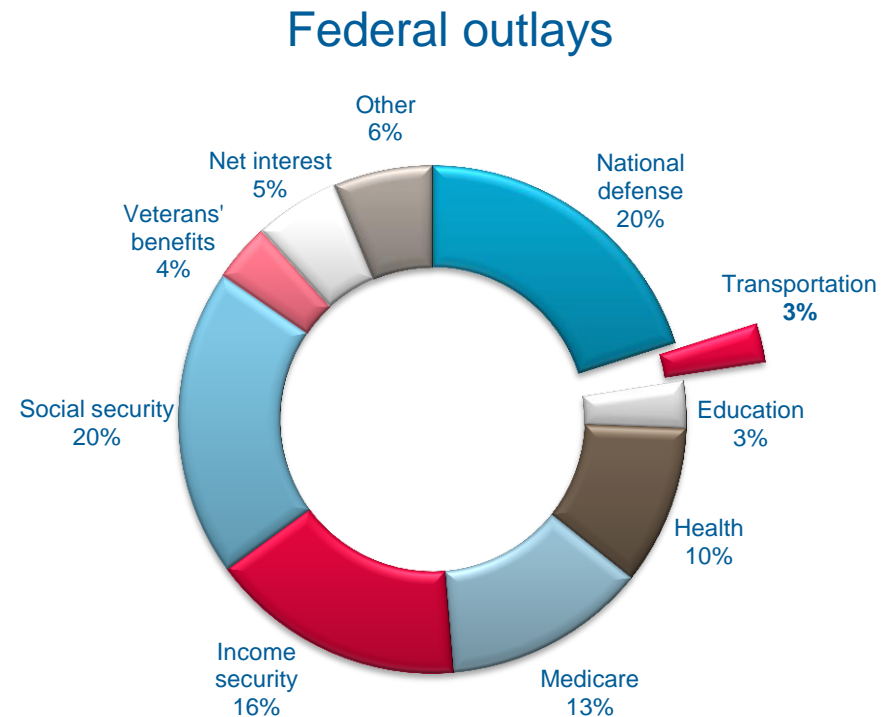
Extensions rather than re-authorisation

- Professional services revenue growth impacted by the delay in the re-authorisation of a six-year Transportation Bill



Majority of spending comes from local sources

- State and Local government revenue US\$2,660bn¹
 - Source of revenue 18% Federal funding, 82% own sources
- States and Local governments' transportation spend US\$230bn¹
 - Over 50% of all capital funds and more than 80% of total funding (including O&M) for public transportation comes from state and local sources



Source: **U.S. Office of Management and Budget** - Federal Outlays by Detailed Function: 2011 estimates, for years ending September 30

Source: ¹ U.S. Census Bureau, Federal, State, and Local Governments, State and Local Government Finances, 2008 figure published in June 2011

Different ways of funding

- State finances are constrained by lack of tax revenue
 - Mixed picture from state to state
- States are looking to different ways of funding
 - Over 80% of state and local referenda were approved by voters in November 2010
 - Proposal to allow increased tolling on existing interstate system
 - PPP opportunities are growing; 29 states have PPP legislation in place
 - 32 states have now established State Infrastructure Banks to fund transportation projects

Federal spending in construction

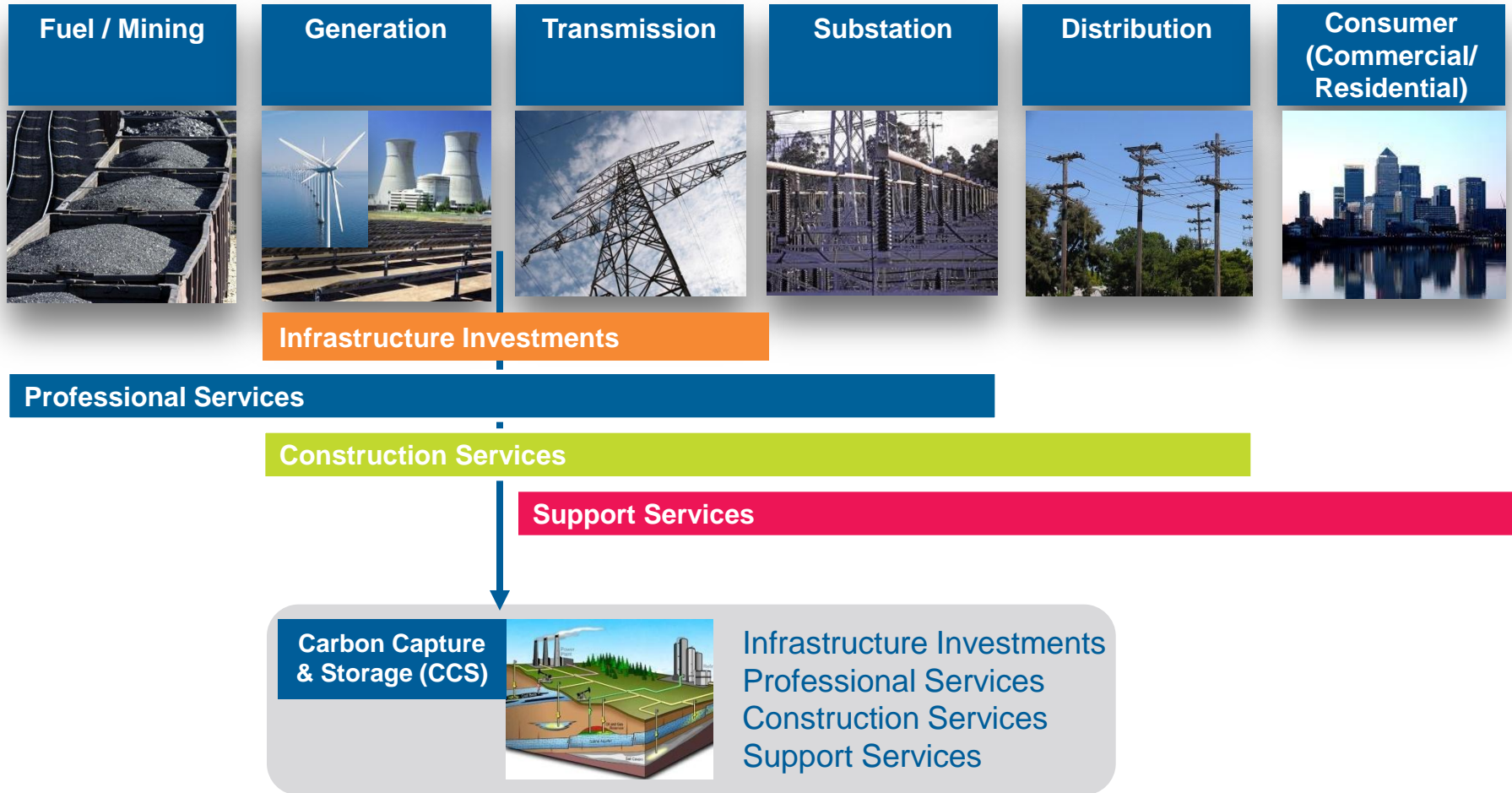
- Majority of our US construction business is in buildings
- US commercial building market in decline since 2008
- Benefit of being an early mover into federal building market
- Excess capacity in the market
 - Depresses margins to base level
 - Lack of 'niche' projects with rich margins

Business by vertical market ¹	Design Prog. mang	Construct Upgrade	Maintain Operate	Finance Develop
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Power investment

- Power capability runs throughout the Group
 - Design
 - Construct
 - Maintain
 - Finance
- Group is technology-agnostic
 - Traditional coal and gas
 - Nuclear
 - Offshore

Focus areas in the power supply chain



Need for change

Existing generation capacity

80GW of generating plant
20GW to be retired before 2020
5% of electricity from renewables

Population and consumption

2011: 60 million (375TWh/a)
2050: 75 million (700TWh/a)
25% energy efficiency by 2050

New generation

£75bn to 2020*
Offshore Wind, Nuclear and Gas

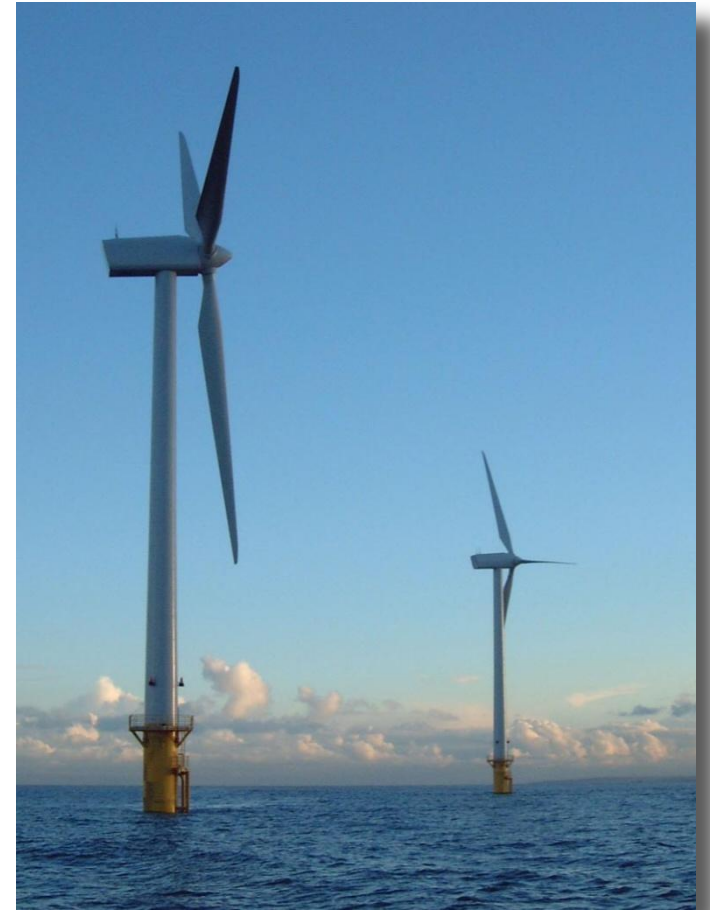
Transmission and distribution

£35bn to 2020*
Offshore networks, reinforcing existing grids, Smart technologies

* The Department of Energy and Climate Change (DECC) estimates

Offshore wind power

- Significant political support as UK Government seeks to secure power supply and meet carbon targets
- Market pull for competent, credible, game-changing players
- Biggest investor in the OFTO regime with two assets (Greater Gabbard and Thanet)
- Active in the maintenance of offshore wind assets
- Currently evaluating opportunities to expand capabilities in the transmission and cable-laying market



Nuclear power

- Hinkley Point new nuclear station with two generating units in Somerset
- One of eight UK sites in the National Policy Statement
- Public consultation completed in August 2011
- EDF Energy intends to submit its application to the Infrastructure Planning Commission later in 2011
- Balfour Beatty/Vinci JV is well-placed to play a significant role at Hinkley Point
- EDF aims to build another station with two generating units at Sizewell in Suffolk for which consultations are underway



International power

Transmission and distribution

- 2010-35 global market c. \$85bn p.a. in transmission and c. \$190bn p.a. in distribution, with increasing levels of outsourcing
- Balfour Beatty is a leading provider
 - Parsons Brinckerhoff
 - Balfour Beatty Utility Solutions
- Market drivers
 - Economic growth in emerging markets
 - Ongoing infrastructure spend in developed markets
 - Green agenda and renewables
 - Natural mineral resources
- Global shortage of skilled resource
- Barriers to entry relatively high resulting in above-average margins



Growth markets

- Active JVs in Hong Kong, Indonesia and the Middle East
- Professional services generate revenue in c.70 countries and offer a route into growth markets
- Exploring opportunities in India and the Gulf states

% of group revenue	Design Prog.mang	Construct Upgrade	Maintain Operate	Finance Develop
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Growth in India

- BB India opened on 10 October 2011
- Adds to professional services presence
 - 205 employees
 - Regional offices in New Delhi and Bangalore
 - Six site offices
- Signed MOU with Tata on 11 October 2011
 - To jointly identify and pursue infrastructure opportunities in India and sub Saharan Africa
 - Initial focus on power generation, transmission, railways, mining, and water and waste water segments
- Good example of leveraging our wide-ranging service capabilities and global presence in growing regions

Margin drivers

- Efficiency and cost reduction
- Economies of scale
- Generating income from PPP portfolio

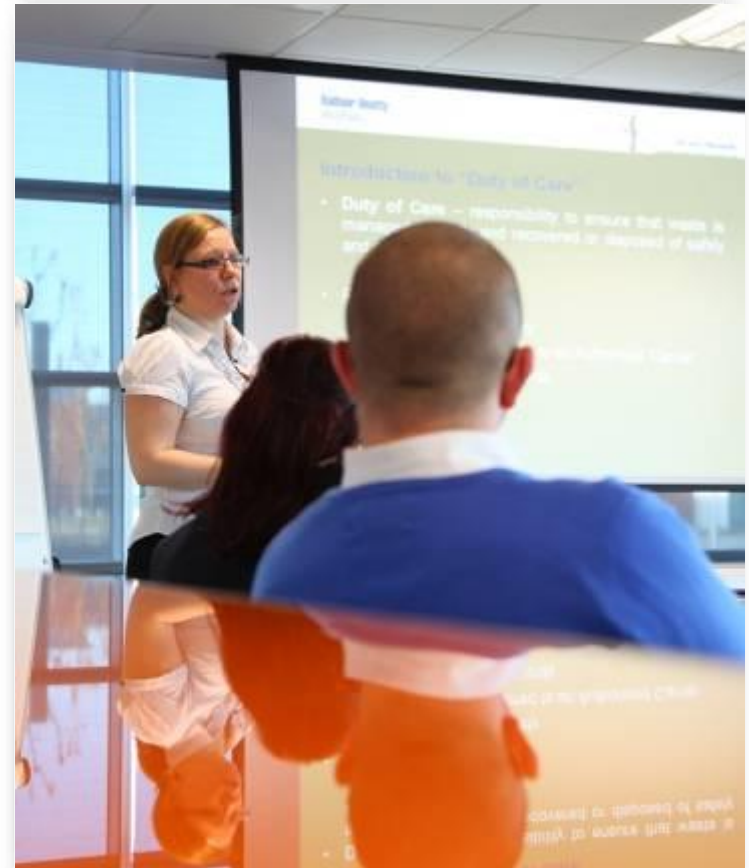
Efficiency and cost reduction

- Launched cost reduction programme in the UK in August 2010
 - Target £30m of savings by 2013
- Flexible cost structure in construction due to prime contractor model
- Aligning cost base to lower volume in UK Professional Services
- Work streams underway to increase billability across Professional Services



Economies of scale

- Support Services is highest organic growth segment
- Steady growth in activity
 - Large integrated contracts
 - Local government outsourcing
 - Energy sector
- Economies of scale to come through with growth
- Profits held back in the short term
 - Mobilisation costs impact the early stages of contracts
 - Full benefits accrue at the later stages



Generating income from PPP portfolio

- Developer model announced in November 2010
 - Selective and sequential disposal of assets - disposal of £200 - £300m value over next 4/5 years
 - Probable gains totalling £20-25m pa, 3p per share pa
 - Generate re-investment opportunities plus enhanced cash flow - increment to annual dividends
- Half-year disposal proceeds of £18m
 - Gain of £14m over book value
 - £2m over Directors' Valuation



Group's financial targets

	5-year profit growth prospects		Margin* effects	Direction of margin* movement over 5 years	Share in Group in 5 years
	Organic	Acquisition			
Professional Services	++	++	+ utilisation + collaboration + EPC contracting	Increase to 6% to 7%	30%
Construction Services	+	+	+ cost effectiveness +/- operational delivery +/- mix effect	2.8%, stable over the cycle	45%
Support Services	+++	+	+ scale benefits/ cost effectiveness + scope of services - mobilisation costs - margin pressure	Increase to 4% to 4.5%	15%

* Margin % is profit from operations before non-underlying items as a percentage of revenue including JVs and associates

Conclusion

- Significant challenges in our markets
- We are confident of making progress in 2011
- Looking further out, we will continue to manage the business on the basis that conditions will remain tough
- Our strategy will stand us in good stead
- We expect recovery in our markets in the medium term
- We are committed to our progressive dividend policy

Balfour Beatty