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Balfour Beatty PLC
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BALFOUR BEATTY PLC

AGM STATEMENT

Reporting to shareholders at the Company's Annual General Meeting, Chairman, Lord Weir, said:

"As is usual I would like to take this opportunity to update you on the progress of trading so far this year.

"I am pleased to report that overall trading and results to date in 2003 are generally in line with expectations and, as is quite usual for us, we expect profits to be weighted towards the second half of the year. The Group's mix of construction, engineering and service businesses which serve predominantly stable or growing markets offers a strong business base and good long-term growth prospects. Our order book stands at the record level of over £6 billion and is of excellent quality.

"In our building sector the order book and outlook for most of the Group's operations continue to be encouraging. For example, the order book for UK building construction alone now stands at over £550 million. Substantial amounts of additional work are likely to be won in the sector over the next few months, and work on the major programme of station upgrades for London Underground is under way. The £700 million, seven-year facilities management contract for the Royal Mail has started encouragingly. In the USA, Andover Controls has had a slow start to the year, albeit results are now on an improving trend.

"In our engineering sector the year so far has seen a number of encouraging major project wins, including new road work for the Highways Agency and the Scottish Executive worth approximately £450 million in total. Bidding activity for UK infrastructure work is at a very high level. In the US, we have continued to incur unbudgeted costs on a small number of projects but we are confident of improving results during 2003.

"In rail we have had a good start to the year with the UK and European businesses performing particularly well. We were awarded the largest of the contracts for the Southern Power Upgrade by Network Rail and have successfully introduced the New Maintenance Programme arrangements agreed with that organisation in our contract in Anglia. New trackwork to the value of £500 million has been added to the order book with the finalisation of the contract for the Metronet London Underground PPP concessions.

"In our investments business we have successfully converted our preferred bidder status on the two Metronet concessions and the M77 motorway in Scotland into contracts, now giving 14 concessions in all with a Balfour Beatty investment of some £150 million. We also expect to achieve financial close for the Rotherham Schools and Blackburn Hospital concessions shortly. Bidding activity remains at a high level and the performance of existing concessions is strong.

"I believe, as stated in our annual report, that we can continue to anticipate another year of progress in 2003, and indeed encouraging prospects beyond that.

"Balfour Beatty's half-year results will be announced on Wednesday 13 August."

This information is provided by RNS

The company news service from the London Stock Exchange

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