

2016

Balfour Beatty is a leading international infrastructure group providing innovative and efficient infrastructure that underpins our daily lives, supports communities and enables economic growth.

We finance, develop, build and maintain complex infrastructure such as transportation, power and utility systems and social and commercial buildings. Our main geographies are the UK, US, Middle East and South East Asia.

£12.4bn order book ^(HY16)

£8.4bn total revenue ^(FY15)

£1.2bn investments portfolio ^(HY16)

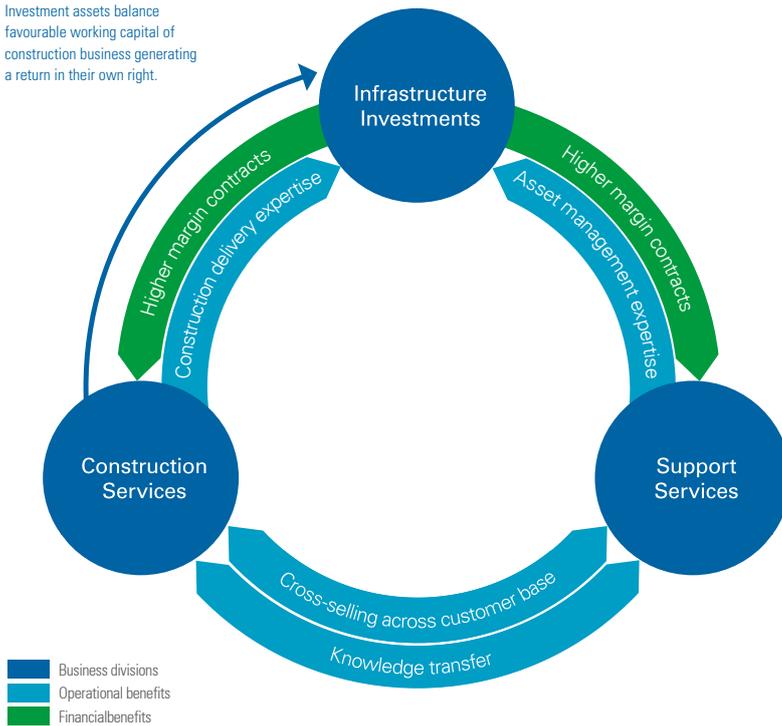
34,000 employees



Image: Olympic stadium transformation © Balfour Beatty

Combining engineering expertise with our investments capability

Investment assets balance favourable working capital of construction business generating a return in their own right.



The contracting businesses and the Infrastructure Investments business derive operational and financial benefits from each other. The strategic value and benefits of Balfour Beatty Investments are optimised through the disposal of mature assets, whilst also continuing to invest in new opportunities and expanding the breadth of assets

Infrastructure Investments

We develop and structure finance to enable our customers to achieve their infrastructure ambitions. We also invest directly in infrastructure assets, particularly when there are opportunities to manage the project on completion

Construction Services

Represents 78% of our revenue, and is responsible for the design, engineering and construction across the most complex infrastructure and building projects

Support Services

Our services activities manage, upgrade and maintain critical infrastructure. They complement both Construction Services and Infrastructure Investments



Construction Services

Balfour Beatty construction businesses in the UK and US, and joint ventures in the Middle East and South East Asia, all operate across the infrastructure and building sectors.

What we do:

- Building
- Civil engineering
- Ground engineering
- Mechanical and electrical services
- Rail engineering
- Refurbishment and fit-outs

Image: The Lighthouse, London King's Cross, Grade II listed building transformed into office space



Support Services

Balfour Beatty Support Services manages, upgrades and maintains critical national infrastructure. Its capabilities complement our Construction Services and Infrastructure Investments divisions.

What we do:

- Upgrade and maintain water, gas and electricity networks
- Highways network management, operation and maintenance
- Rail renewals

Image: Operatives working on the Beaulieu-Denny overhead transmission line in Scotland



Infrastructure Investments

Balfour Beatty's Investments business is a recognised leader in public private partnerships (PPP) and other developments in both the UK and US, with a portfolio valued at £1.2bn.

What we do:

- Develop and finance both public and private infrastructure projects around the world
- Operate a portfolio of more than 60 long-term infrastructure projects

Image: The Queen Elizabeth Hospital, Birmingham

Global revenue split (FY15) including international joint ventures and associates

£3.8bn
United Kingdom (46%)

£3.2bn
North America (38%)

£1.4bn
Rest of world (16%)



Build to Last

When we deliver buildings and infrastructure, we expect them to survive the test of time. For Balfour Beatty to remain at the forefront of our industry we need to continuously improve efficiency, lead innovation and always operate safely. These are the drivers of value for our customers.

Improved efficiency means smarter working, elimination of waste and creating a lean supply chain to deliver better value for our customers. This allows us to invest in developing our expertise. Having the finest experts allows us to extend what we are capable of building and drives improvements in everything we do; this means our customers can trust us to deliver on all that we promise, including safety. Safety is never compromised. We Build to Last.

1 Lean

Deliver value to our customers by improving operational efficiency and eliminating waste right through the supply chain.

2 Expert

Ensure we have the best engineering and project management capabilities.

3 Trusted

Be the construction partner of choice for our customers and supply chain by delivering on our promises.

4 Safe

We must ensure the health and safety of everyone who comes into contact with our activities.

Why this is important

We want to make sure that our customers get the best value for their money; we need to be relentless in driving out unnecessary costs and work with our customers to ensure their money is spent in the best way possible. Providing customers with better value for their money drives our competitiveness and provides Balfour Beatty with the capital to invest back into developing our expertise.

We deliver world class buildings and infrastructure for our customers by constantly driving innovation. Our strongest differentiator is our engineering and project management capabilities. Having the best talent supported by the strongest supply chain creates a perpetuating circle that ensures we win the best and most exciting projects to deliver.

Customers must have confidence in our ability to deliver and to do what we say we will do. A robust risk framework ensures that challenges are mitigated and projects are delivered in the right way. Satisfied customers provide us with the opportunities and projects for the future.

Health and safety is at the heart of everything we do – we must protect our employees, our supply chain partners, our customers and the public. Construction is an inherently dangerous business and without the highest standards of safety, we don't have a licence to operate. A safe and healthy workplace is also happier, more motivated and more efficient.

Lean is measured against our financial returns: operating profit and cash flow performance.

Expert is measured against employee satisfaction and retention.

Trusted is measured against customer satisfaction.

Safe is measured against our commitment to Zero Harm.

Strong progress in 2016 ^(HY 2016)

- On track to achieve Build to Last Phase One targets of £200m cash in £100m cost out
 - » Annualised savings of £88m
 - » £250m cash flow improvement versus 2014
- Order book is up 7% at CER - £12.4bn
- Net cash of £115m as a result of continued, working capital discipline
- One of the sector's strongest balance sheets underpinned by a £1.25bn Investments portfolio
- Second successive half of underlying profitability
- Continued simplification of the Group, upgraded leadership, improved systems, controls and processes
- Continuing to win landmark contracts
- Dividend reinstated as a result of confidence in further solid and measurable progress
- Building market-leading capabilities by investing in the next generation
- Group wide behavioural safety best practice established transforming culture

Recent contract wins



£245m Warwickshire highways maintenance contract



£170m Heathrow Airport baggage systems upgrade



US\$697m (£524m) 52 mile Caltrain rail electrification



HK\$4bn (£364m) 48 storey Somerset House in Hong Kong



Image: The BC Children's & Women's Hospital Vancouver, Canada

Things you probably don't know about Balfour Beatty:

- » We were founded in London in 1909
- » We are the UK's largest contractor
- » Our Chief Executive Leo Quinn first joined Balfour Beatty in 1979 as a civil engineering apprentice; in 2013 he founded The 5% Club. Balfour Beatty was the first infrastructure company to become a member
- » We have 400 apprentices and 300 graduates
- » We were a key financing partner in the first consortium to issue a green bond to finance public infrastructure in Canada
- » We were one of only five construction companies to be certified to BIM Level 2 before the Government mandate in April 2016
- » We recently published a paper on the future infrastructure needs of the UK, available at balfourbeatty.com/infrastructure2050



Image: The M25 – Europe's busiest motorway

Some of the things we are working on:

- » Installing cables in tunnels beneath London to support a new 400kv energy 'superhighway'
- » Pre-construction services for the One Nine Elms development in London – a high rise, luxurious residential development
- » Maintaining 1,835 miles of railway track across the USA
- » Maintaining the M25, Europe's busiest motorway
- » A nuclear waste processing plant at the Sellafield nuclear facility in the UK
- » The electrification of a 52-mile railway between San Francisco and San Jose
- » The redevelopment of Somerset House in Taikoo Place, Hong Kong to create a 48-storey office building
- » Crossrail, currently Europe's largest infrastructure project



Image: The Channel Tunnel rail link between the UK and France

Some of the things we have helped create:

- » The world's heaviest anti-gravity roof as part of the London Olympic stadium transformation
- » The Pentagon memorial, a tribute to the military heroes and victims of 9/11
- » The A3 Hindhead Tunnel, the longest non-estuarial tunnel in the UK
- » The Channel Tunnel, the first ever fixed rail link between UK and Europe
- » One of the top 10 greenest buildings in the US: the Edith Green-Wendell federal office, Oregon
- » The world's biggest shopping mall in Dubai
- » Over 13,000 homes for US service members
- » The world's longest rail tunnel, the Gotthard rail link, under the Swiss Alps
- » The Beaulieu-Denny overhead transmission line in Scotland; generating 50% of electricity from renewable sources



Leo Quinn

Group Chief Executive

Leo joined Balfour Beatty in January 2015 following five years as Group Chief Executive of QinetiQ Group plc and five years as CEO of De La Rue plc. He led both companies through successful transformations which restored each business to strength and created over £1bn of value. Leo founded The 5% Club in 2013.



Philip Harrison

Chief Financial Officer

Prior to joining Balfour Beatty in June 2015, Philip was Group Finance Director at Hogg Robinson Group plc, a position he held for two and a half years. He also held roles as Group Finance Director at VT Group plc and at Hewlett-Packard where he was the VP Finance for EMEA and a member of the EMEA board.