

## *News Release*

**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART, IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF SUCH JURISDICTION**

**FOR IMMEDIATE RELEASE**

3 September 2014

**BALFOUR BEATTY PLC**  
("Balfour Beatty" or the "Group")

**Balfour Beatty announces sale of Parsons Brinckerhoff to WSP Global Inc.  
for US\$1,352.5 million (£820 million)**

Balfour Beatty today announces the sale of its professional services division, Parsons Brinckerhoff, to WSP Global Inc. for a cash consideration of US\$1,352.5 million (£820 million). The sale price assumes cash of US\$110 million (£67 million) is retained within Parsons Brinckerhoff.

The sale constitutes a Class 1 transaction under the UK Listing Rules and is therefore conditional upon the approval of Balfour Beatty shareholders. The transaction is also subject to certain antitrust and other approvals. Completion of the sale of Parsons Brinckerhoff is expected in Q4 2014.

Upon completion of the sale, the cash proceeds are intended to be used, after deductions of transaction taxes, fees and other transactional costs of approximately £50 million, together with certain separation-related costs of approximately £30 million, as follows:

- up to £200 million to be returned to shareholders;
- approximately £85 million to reduce the Group's pension fund deficit; and
- the balance to be retained by the Group to ensure a strong balance sheet and provide increased financial flexibility.

The competitive sale process has demonstrated the value of the Parsons Brinckerhoff business within a rapidly consolidating global professional services sector. The consideration of £820 million, less £67 million of cash retained within Parsons Brinckerhoff, represents a multiple of 11x underlying EBITDA for the year ended 31 December 2013.

Following the sale, and the recent revaluation of the PPP portfolio, the Group's key strategic priorities are:

- restoring the value of the UK construction business, including progressively returning it to peer group margins;
- continuing to build on the good performance of the investments and services businesses;
- leveraging the growth opportunities in US buildings, US civils, rail and power, and the Group's Far East and Middle East Joint Ventures;
- realising further indirect overhead savings and shared service efficiencies across the Group; and
- continuing to assess all other value creation opportunities.

Balfour Beatty will be repositioned as an Anglo-American infrastructure group focused on construction, services and investments, comprising:

- top tier national and regional construction businesses in the UK and US;
- a leading international investments business;
- a services division with a number of specialist construction and asset management businesses; and
- successful construction joint ventures in the Far East and Middle East.

Steve Marshall, Executive Chairman of Balfour Beatty said: "The Board believes that the sale price of £820 million delivers both a significant return on our original investment and a compelling level of value creation for shareholders - which remains the key focus of the Board. The sale of Parsons Brinckerhoff follows the recent revaluation of our investments portfolio, which underlines the potential of this division to create value internally and across the Group. In the US, our core construction business is well positioned in a recovering market. In the UK we see the potential for margins to progressively recover to peer group levels. Our services business, meanwhile, is well placed to benefit from the growing investment in infrastructure. Together, these elements will provide a strong foundation for an incoming Group CEO to take the company forward."

Goldman Sachs International acted as lead financial adviser to Balfour Beatty. BofA Merrill Lynch also provided financial advice in relation to the transaction.

ENDS

**Enquiries:**

**Balfour Beatty**

Anoop Kang, Head of Investor Relations

Tel. +44 (0) 20 7216 6913

[anoop.kang@balfourbeatty.com](mailto:anoop.kang@balfourbeatty.com)

Patrick Kerr, Director of Corporate Communications

Tel. +44 (0) 20 7963 4258

[patrick.kerr@balfourbeatty.com](mailto:patrick.kerr@balfourbeatty.com)

## **Further information:**

### Background to the sale

On 6 May 2014, the Board of Balfour Beatty announced that it had undertaken a strategic review to explore ways to simplify and create a more focused Group. Recognising the strength of the Parsons Brinckerhoff business in the context of a rapidly consolidating global professional services sector, the strategic review nevertheless concluded that having professional services and construction capabilities combined under one organisation had not led to a material competitive advantage, and that it also added significant complexity to the overall Group. The Board therefore concluded that this would be an appropriate time to look for alternative owners for Parsons Brinckerhoff.

The sale constitutes a Class 1 transaction under the Listing Rules and is therefore conditional upon the approval of Balfour Beatty shareholders. A General Meeting will be held for Balfour Beatty shareholders to seek their approval for the transaction. The sale is expected to complete in the fourth quarter of 2014. Further details, together with a notice convening a General Meeting to consider the transaction, will be contained in a circular which will be distributed to Balfour Beatty shareholders in due course.

In 2013, Parsons Brinckerhoff generated total revenues of £1,569 million, underlying profit from operations of £56 million, underlying EBITDA of £69 million and reported profit before tax of £27 million. As at 27 June 2014, the order book stood at £1.3 billion and gross assets were £0.8 billion.

### Background to Balfour Beatty's acquisition of Parsons Brinckerhoff in 2009

Balfour Beatty acquired Parsons Brinckerhoff in September 2009 for £382 million (£366 million following post completion adjustments). Subsequently, Parsons Brinckerhoff acquired Halsall in 2010 for £33 million and Subsurface Group Inc. in 2012 for £10 million. Halsall and Subsurface are included within the transaction. At the time of Balfour Beatty's acquisition of Parsons Brinckerhoff in 2009, Parsons Brinckerhoff had a retained cash balance of £124 million and defined benefit retirement obligations of £57 million.

The sale price to WSP Global Inc. will be subject to customary post-closing adjustments in relation to working capital and net debt. The consideration received from WSP Global Inc. will include a payment for cash retained within Parsons Brinckerhoff at closing of up to \$110m (£67 million). The pension scheme liabilities relating to Parsons Brinckerhoff are to be retained by the Group following completion of the sale.

### Exchange Rate

Historic exchange rates have been used to convert USD to GBP where relevant. For current USD amounts a rate of \$1.65:£1.00 has been used.

## Balfour Beatty

Balfour Beatty ([www.balfourbeatty.com](http://www.balfourbeatty.com)) is an international infrastructure group that delivers world class services essential to the development, creation and care of infrastructure assets; from finance and development, through design and project management to construction and maintenance.

Our businesses draw on more than 100 years of experience to deliver the highest levels of quality, safety and technical expertise to our clients principally in the UK and the USA, with developing businesses in Australia, Canada, the Middle East and South East Asia. With proven expertise in delivering infrastructure critical to support communities and society today and in the future, our key market sectors focus on infrastructure - transportation (roads, rail and aviation), power and energy, water, and complex buildings (both commercial and social).

Balfour Beatty employs 40,000 people around the world.

## Parsons Brinckerhoff

Parsons Brinckerhoff ([www.pbworld.com](http://www.pbworld.com)) is a leader in developing and operating infrastructure around the world, with approximately 14,000 employees dedicated to meeting the needs of clients and communities in the Americas, Europe, Africa, the Middle East, Asia, and Australia-Pacific regions. The firm offers skills and resources in strategic consulting, planning, engineering, program/construction management, and operations for transportation, power, mining, water/wastewater, and community development projects.

### **Important Notice**

*This announcement is not for release, publication or distribution directly or indirectly, in whole or in part, into or from any jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction.*

*This announcement has been prepared for the purposes of complying with applicable law and regulation in the United Kingdom and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws and regulations of any jurisdiction outside of the United Kingdom.*

### **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 are made by the Balfour Beatty plc Directors in good faith based on the information available to them at the date of this announcement and reflect the Balfour Beatty plc Directors' beliefs and expectations. By their nature these statements 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 failure in Balfour Beatty's health, safety or environmental policies.*

*No representation or warranty is made that any of these statements or forecasts will come to pass or that any forecast results will be achieved. Forward-looking statements speak only as at the date of this announcement and Balfour Beatty plc and its advisers expressly disclaim any obligations or undertaking to release any update of, or revisions to, any forward-looking statements in this announcement. No statement in the announcement is intended to be, or intended to be construed as, a profit forecast or profit estimate and no statement in the announcement should be interpreted to mean that earnings per Balfour Beatty plc share for the current or future financial years will necessarily match or exceed the historical earnings per Balfour Beatty plc share. As a result, you are cautioned not to place any undue reliance on such forward-looking statements.*

**Rounding**

*Certain figures included in this announcement have been subjected to rounding adjustments.*

**Further Information**

*Goldman Sachs International, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, is acting as financial adviser to Balfour Beatty and no one else in connection with the matters referred to in this announcement. In connection with such matters Goldman Sachs International, its affiliates and its and their respective directors, officers, employees and agents will not regard any other person as their client, nor will they be responsible to anyone other than Balfour Beatty for providing the protections afforded to clients of Goldman Sachs International, or for giving advice in connection with the contents of this announcement or any other matter referred to herein.*

*Merrill Lynch International (“BofA Merrill Lynch”), a subsidiary of Bank of America Corporation, is acting exclusively for Balfour Beatty in connection with the matters referred to in this announcement and for no one else and will not be responsible to anyone other than Balfour Beatty for providing the protections afforded to its clients or for providing advice in relation to the contents of this announcement or any other matter referred to herein.*