

## *News Release*

14 January, 2014

### **BALFOUR BEATTY TRADING UPDATE**

Balfour Beatty plc, the international infrastructure group, is providing this trading update in advance of its results for the year ended 31 December 2013 which will be announced on 6 March 2014.

#### **Trading**

Overall trading of our continuing businesses remains in line with the Board's expectations as at the time of the Group's Q3 Interim Management Statement on 5 November 2013.

In Professional Services, performance overall was as expected, including Australia where cost reduction measures are mitigating the impact of the continued challenging market conditions. Elsewhere, the arbitration process of the previously disclosed contract dispute is well advanced. Our view of the outcome is unchanged, but it is becoming less likely that a settlement will be achieved in time to be recognised in the 2013 results.

#### **Order book**

We anticipate the year end order book for our continuing businesses to be broadly in line with the £13.5 billion from 31 December 2012. The order book has been impacted by negative foreign exchange movements, and a continuing shift in the mix of our Construction order book from the UK to the US.

Significant contract awards since our Q3 Interim Management Statement include the £154 million Olympic Park transformation contract, the £209 million Denver North Metro Rail Line design-build contract, the £121 million Ministry of Defence joint venture contract and £148 million of rail contracts in Singapore through the Group's Gammon joint venture in Hong Kong. In November we reached financial close on the £317 million Greater Gabbard offshore transmission project and this week announced reaching preferred bidder for the £196 million children's and women's hospital project in Canada. We are no longer bidding for Network Rail's track renewal work, with our existing contract running to the end of the first quarter 2014.

#### **Discontinued businesses**

We have made progress on our strategic disposals, completing the disposal of Balfour Beatty WorkPlace on 13 December 2013 and our Scandinavian rail business on 8 January 2014.

Performance of the German rail business has worsened since the Q3 Interim Management Statement, primarily due to three complex loss-making contracts. Discussions with a number of potential buyers for the business remain ongoing.

### **Financial position**

The Group's underlying cash performance was in line with expectations with average net debt for the year of £350 million. We saw a strong cash performance in December 2013 which resulted in an actual net debt balance of under £100 million at the year end.

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This document contains forward-looking statements which have been made in good faith based on the information available at the time of its approval. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a number of risks and uncertainties that are inherent in any forward-looking statement which could cause actual results to differ materially from those currently anticipated.

### **Notes to Editors:**

Balfour Beatty ([www.balfourbeatty.com](http://www.balfourbeatty.com)) is a world-class infrastructure group with capabilities in professional services, construction services, support services and infrastructure investments.

We work in partnership with our customers principally in the UK, continental Europe, the US, South-East Asia, Australia and the Middle East, who value the highest levels of quality, safety and technical expertise.

Key infrastructure markets include transportation (roads, rail and airports); social infrastructure (education, specialist healthcare and various types of accommodation); utilities (water, gas and power transmission and generation) and commercial (offices, leisure and retail).

The Group delivers services essential to the development, creation and care of these infrastructure assets including project design, financing and management, engineering and construction, and facilities management services.

Balfour Beatty employs 50,000 people around the world.