

## *News Release*

29 April, 2013

### TRADING UPDATE

Balfour Beatty, the international infrastructure group, announces today that its UK construction business is expected to deliver significantly lower profits from operations for 2013 than management's expectations at the time of the full-year results announcement in March. The remainder of the business remains on track in aggregate.

The UK construction market has been a challenging environment in which to win and execute work. Market conditions which deteriorated significantly in the second half of 2012 continue to be difficult. Change in procurement trends, which we have previously highlighted, have persisted, allowing customers to impose increasingly stringent conditions onto contractors. Our subcontractors continue to operate under considerable financial strain. In these extremely tough conditions, our UK construction business has been concurrently implementing a substantial organisational restructuring in order to streamline the business for future success while reducing costs to remain competitive.

The Group's latest monthly business reviews highlighted some poor performance in the UK regional construction business, and to a lesser extent the building part of the major projects business, which led to an internal review. This internal review has concluded that the combination of a difficult external environment and internal reorganisation has resulted in specific instances of poor operational delivery.

The combination of these factors is expected to reduce management's 2013 full-year expectations for profit from operations in the UK Construction business as a whole by c. £50 million. Andrew McNaughton, CEO, has started implementing an immediate action plan, taking charge of the UK construction business personally, to address the operational issues.

Trading in our other businesses is broadly in line with expectations with a £10 million profit deterioration in rail operations in Germany and some weakness in professional services in Australia offset by outperformance in investments and in professional services, specifically in US transportation, Asia and the Middle East. As a result in aggregate, Balfour Beatty's businesses outside UK construction are on track to deliver on management's expectations for 2013 and continue to support the Group's medium-term strategy.

Our balance sheet remains strong taking full account of the cash impact of the £50 million profit shortfall.

Our Q1 IMS will be published on 14 May 2013 as scheduled.

ENDS

Conference call

Andrew McNaughton and Duncan Magrath will host a conference call for analysts and investors today at 8:00 (UK time). To join the call, please dial 15 minutes before the scheduled start time +44 (0)20 3427 0503 or +1 646 254 3364 and quote conference code 6297021. A recording of the call and its transcript will be posted on our website 24 hours after the call.

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Notes to Editors:

1. 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, the US, Southeast Asia and the Middle East. We continue to develop our business in key growth markets in South Africa, Australia, Canada, Brazil and India.

With proven expertise in delivering infrastructure critical to support communities and society today and in the future, our key market sectors include transportation (roads, rail and aviation), power and energy, mining, water and social infrastructure such as hospitals and schools.

Balfour Beatty employs 50,000 people around the world.