

Balfour Beatty

2025 half year results presentation

13 August 2025

Image:

Kinardochy Substation 400kV overhead line, UK



Balfour Beatty

Leo Quinn

Group Chief Executive

Image:
Hinkley Point C, UK



On track for full year expectations

Profit growth in earnings-based businesses

3% UK construction margin & 35% Support Services PFO growth

£1.1 billion average net cash

Outlook for profitable growth

£19.5 billion order book & significant further work awarded

Infrastructure market momentum driving future growth

Confidence in significant future shareholder returns

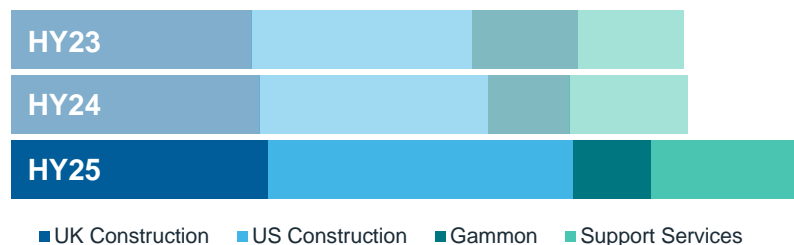
11% increase in half year dividend

Total shareholder returns of c.£188 million in 2025

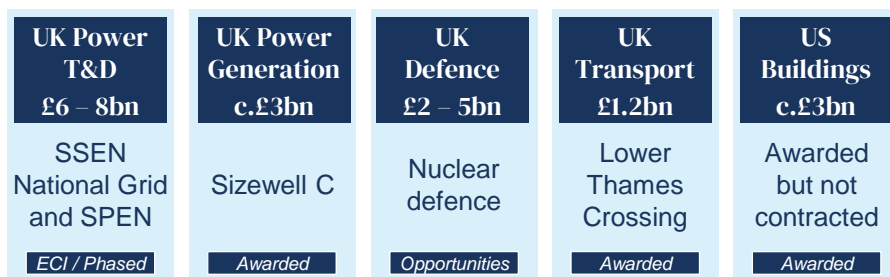
Profitable growth supports continued shareholder returns

Pipeline momentum underpinning returns

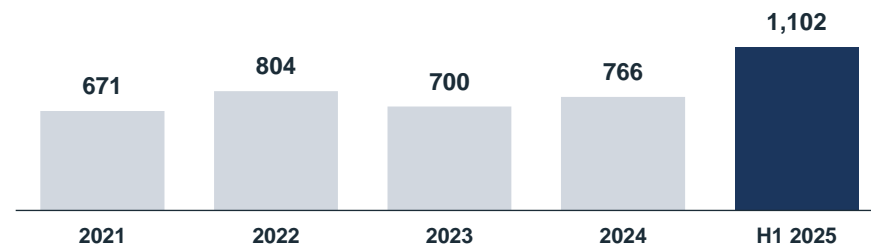
£19.5bn order book



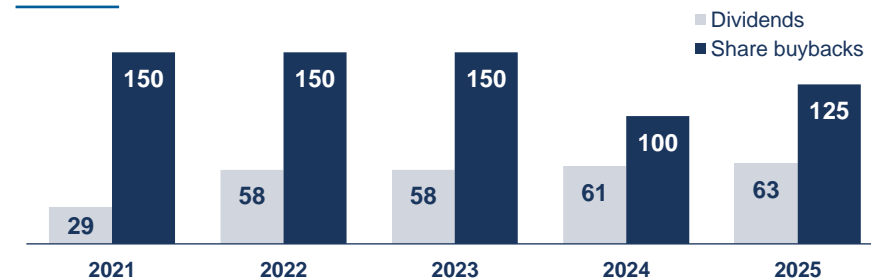
c.£20bn pipeline in addition to order book, including:



Average net cash (£m)



£944m shareholder returns



Continuing confidence in significant future shareholder returns



Balfour Beatty

Phil Harrison

Chief Financial Officer

Image:
Knox Street Development, Texas, US

Headline numbers: growth from earnings-based businesses

£m (unless otherwise stated)	HY 2025	HY 2024	Variance
Group revenue	5,150	4,677	10%
Profit from earnings-based businesses*	108	101	7%
Profit from operations*	77	77	-
Profit for the period*	73	81	(10)%
Basic earnings per share*	14.4p	15.3p	(6)%
Dividends per share	4.2p	3.8p	11%

	HY 2025	FY 2024	
Order book	£19.5bn	£18.4bn	6%
Directors' valuation of Investments portfolio	£1.2bn	£1.3bn	(8)%
Period end net cash [‡]	1,237	943	31%
Average net cash [‡]	1,102	766	44%

* before non-underlying items

‡ excluding Infrastructure Investments (non-recourse) net borrowings and lease liabilities

On track for full year expectations

Construction Services: mixed performance

£m	HY 2025			HY 2024		
	Revenue	PFO*	PFO %	Revenue	PFO*	PFO %
UK	1,563	56	3.6%	1,458	34	2.3%
US	2,087	(11)	(0.5%)	1,703	18	1.1%
Gammon	547	17	3.1%	714	15	2.1%
Total	4,197	62	1.5%	3,875	67	1.7%

* before non-underlying items

- > Long-term 3% PFO margin target achieved in UK Construction:
 - Includes one-off £10 million insurance recovery
- > Strong US Buildings revenue growth offset by US Civils:
 - US Civils loss from cost overruns and schedule delays at one project. Recoveries being pursued
 - Full year US Construction PFO forecast at £20 million
- > Successful settlement of £50 million non-underlying US Civils provision
- > Improved PFO margin at Gammon

Strong UK performance offset by US Civils project

Support Services: higher power volumes driving PFO growth

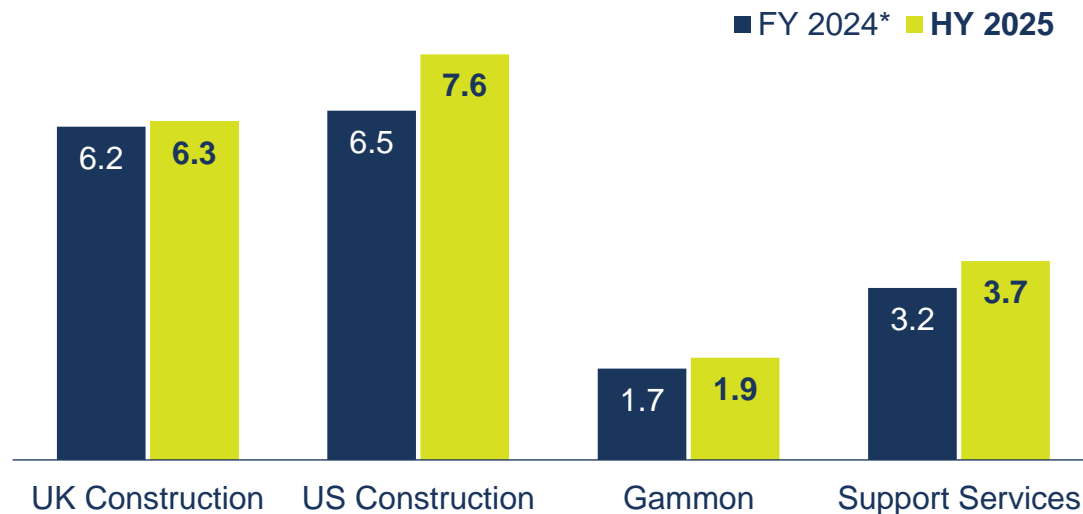
£m	HY 2025	HY 2024
Revenue		
Utilities	295	171
Transportation	367	383
Total	662	554
Profit from operations	46	34
PFO %	6.9%	6.1%

- > Profitable recurring revenues underpinned by long-term frameworks
- > 19% revenue growth driven by increased power transmission and distribution activity
- > Higher PFO and improved PFO margin driven by revenue growth in the higher margin Power business

2025 PFO margin to remain towards top end of 6-8% targeted range

Order book growth in all divisions

£19.5 billion order book



* FY 2024 order book retranslated at closing HY 2025 exchange rate

- > Small increase in UK Construction order book; 82% of orders are target cost or cost plus (FY 2024: 79%)
- > Strong progress in US Construction, with order book growth in both Buildings and Civils
- > Growth in Gammon order book driven by recent buildings orders
- > Support Services order book growth driven by strong order intake in Rail

Growth in higher quality order book providing improved visibility and certainty

Infrastructure Investments

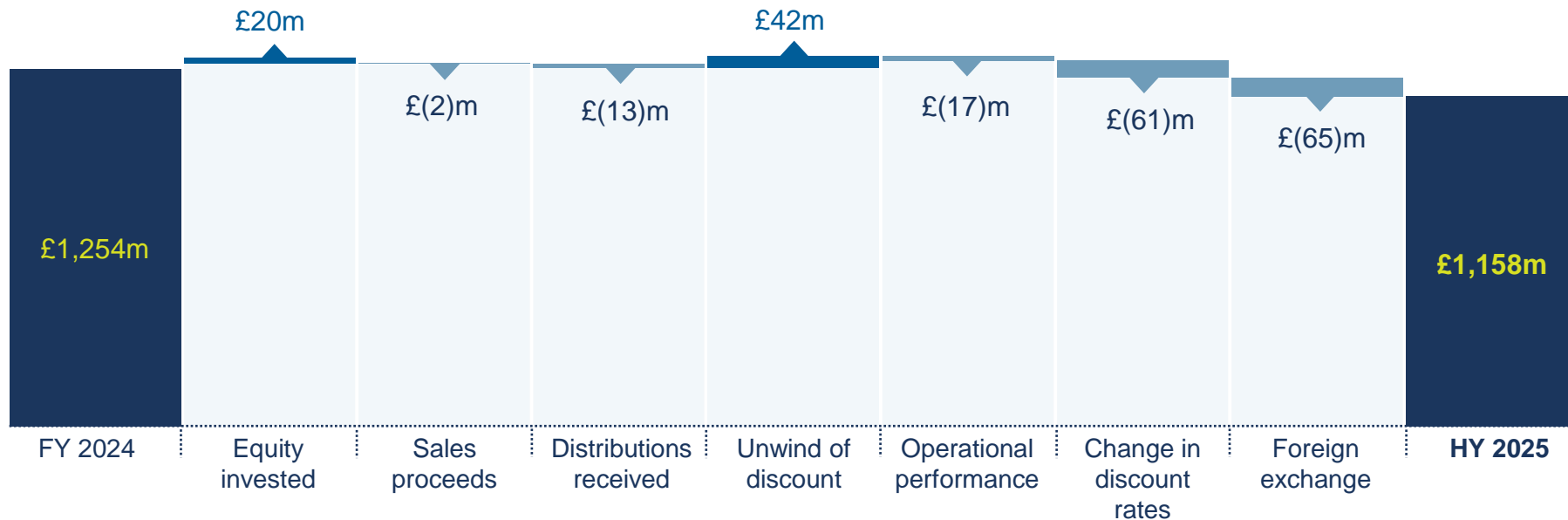
£m	HY 2025	HY 2024
Pre-disposals operating (loss)*	(12)	(7)
Gain on disposals	2	-
Investments loss*	(10)	(7)
Subordinated debt interest receivable	11	16
Infrastructure concessions' net interest	(7)	(5)
Investments pre-tax (loss) / profit*	(6)	4

* before non-underlying items

- > Increased operating loss due to:
 - Higher US military housing costs
 - Hand back costs on UK PFIs
- > £2 million gain on disposal:
 - Contingent consideration for 2024 US student accommodation disposal
- > Lower net interest income with no repeat of 2024 subordinated debt impairment write-back
- > Agreement in principle with DoJ to extend monitorship to 6 June 2026

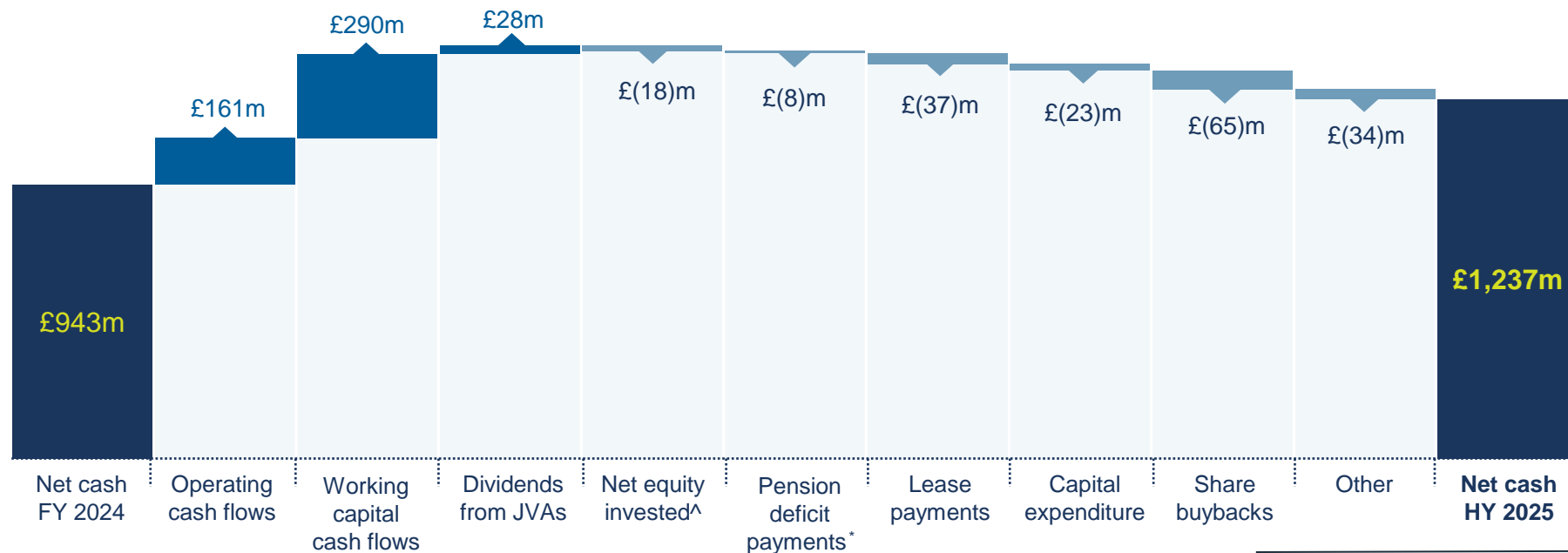
Forecast full year gain on disposals of £30 - £40 million

Directors' valuation of Investments portfolio



£1.2 billion Investments portfolio

Increased cash following working capital inflow



[^] includes £2 million of disposals

^{*} includes £1 million of regular funding

HY 2025 average net cash
£1,102 million

New work driving increased operating cash and working capital

2025 outlook

- > Continued profit growth from earnings-based businesses in 2025:
 - UK Construction: 3% PFO margin, prior to £10 million insurance recovery
 - US Construction: roughly £20 million PFO forecast
 - Support Services: PFO margin towards top end of 6 - 8% targeted range
- > Gain on Investments disposals expected in the range of £30 - 40 million
- > Net finance income of around £30 million and P&L tax charge close to statutory rates
- > Average net cash in the range £1.1 - £1.2 billion; capital expenditure between £40 - 50 million

On track to achieve full year earnings expectations; further growth in 2026



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Leo Quinn
Group Chief Executive

Image:
M25 Junction 10 Wisley Bridge, UK

Group well positioned for decade of growth

Growth markets

UK Energy

 **Power Transmission
and Distribution**

**Power
Generation**



**UK Defence
& Security**



UK Transport



US Buildings

Differentiators

> Largest UK power workforce and steel pylon fabrication facility

> Nuclear construction experience spanning seven decades

> Strong track record and existing footprint in high security and nuclear environments

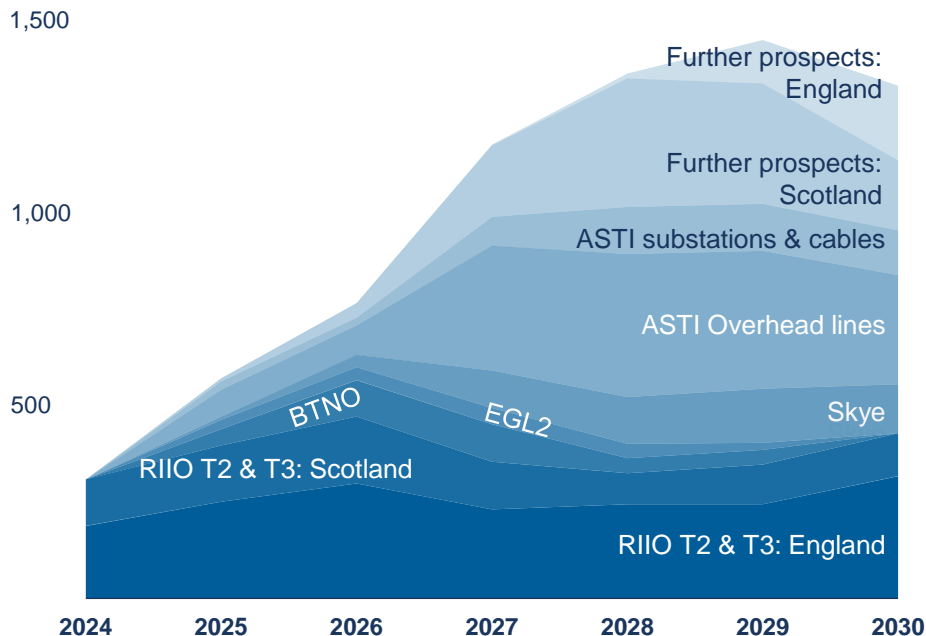
> Market-leading road, rail and aviation capability

> Well positioned in strong growth states and sectors

Group end-to-end capabilities aligned to growing infrastructure opportunity

Power transmission: building momentum

Group opportunity by contract / framework (£m)



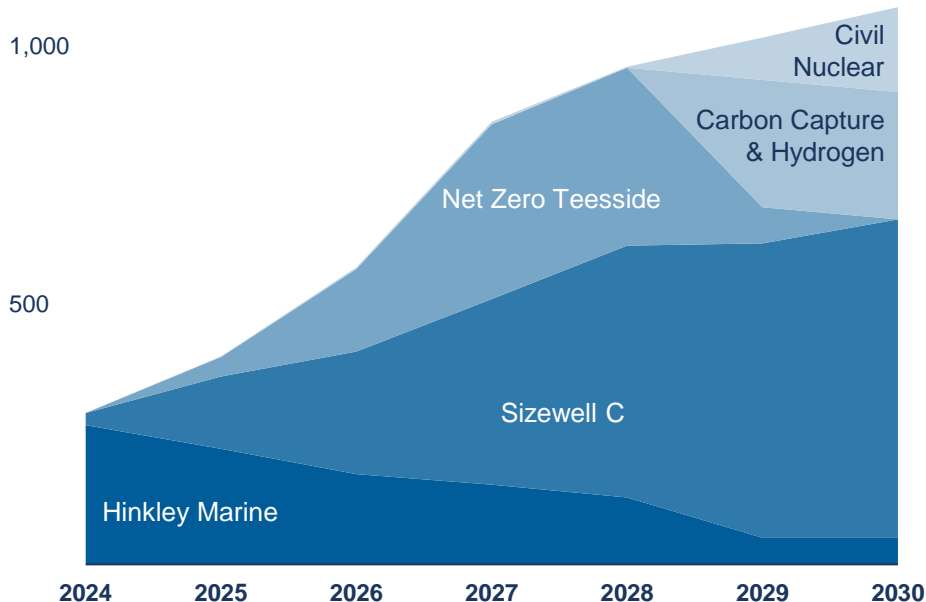
First half progress

- > Growth underway:
 - 73% increase in first half revenue
 - 850 people recruited in 18 months
- > Scottish and Southern Electricity Networks progress:
 - Planning confirmed for £690 million Skye upgrade
 - Advanced steel tower fabrication order for ASTI
- > Successful work winning period:
 - Awarded North East region of National Grid's Electricity Transmission Partnership
 - New framework progress with Scottish Power
- > Major funding confirmed by Ofgem:
 - First £9 billion tranche confirmed from five-year £80 billion grid upgrade investment programme

Strong demand for Group's market leading capabilities

Power generation: major work secured

Indicative shape of UK power generation pipeline to 2030 (£m)



First half progress

- > Sizewell C nuclear power station
 - £38 billion final investment decision
 - Civils Alliance partnership signed
 - On site delivering early works and rail solution
- > Net Zero Teesside
 - £833 million order secured with work underway
 - Set to be world's first gas-fired power station with carbon capture and storage

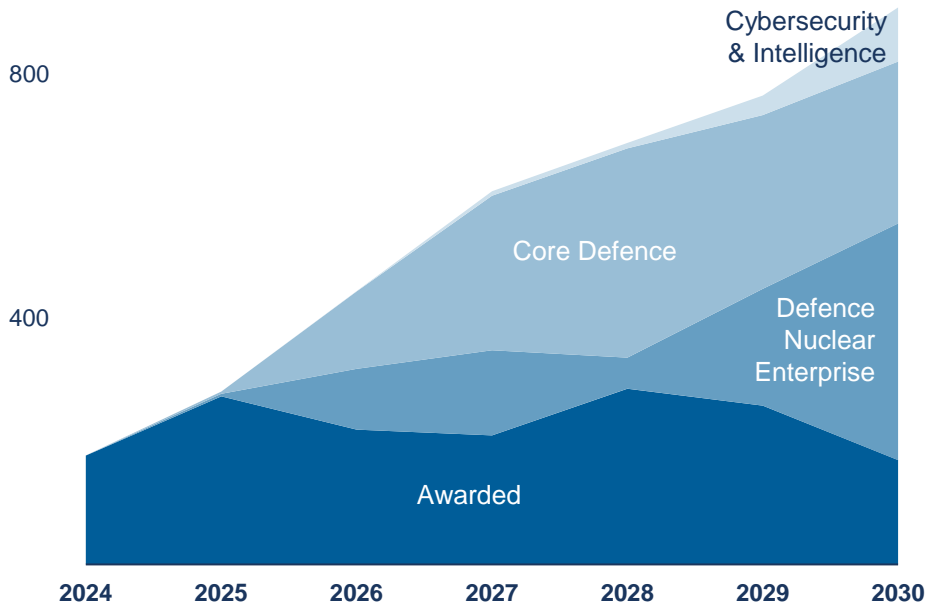
Medium term opportunities

- > Carbon capture: Connah's Quay FEED study underway
- > Civil nuclear: Opportunities in SMRs and Fusion

Major long-term projects being delivered on improved terms

UK defence and security: growing opportunity

Indicative shape of UK defence and security pipeline to 2030 (£m)



Current portfolio

- > On site at AWE Aldermaston, Rolls-Royce and multiple Defence Infrastructure Organisation projects
- > Capabilities aligned with future fissile opportunities at Rolls-Royce and AWE

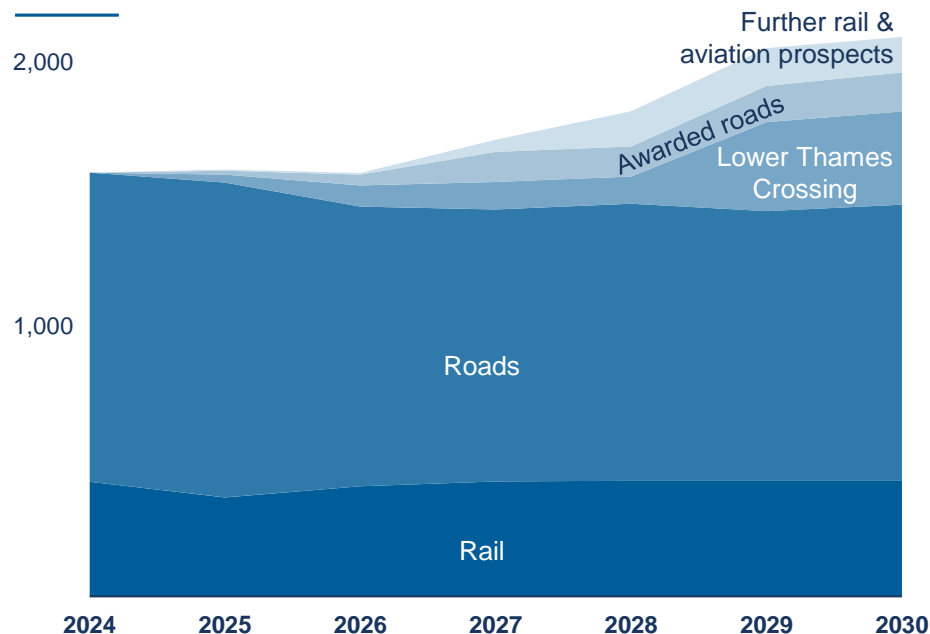
Market update

- > UK Government Strategic Defence review commitments:
 - Expansion of submarine production
 - Building the new AUKUS programme
- > Defence spending to increase to 5% of GDP by 2035
- > Defence Investment Plan expected Autumn 2025
- > Defence Infrastructure Recapitalisation Plan in 2026

Well positioned for increase in UK Government defence spend

UK Transport: enhanced Government funding

Indicative shape of UK transport pipeline (excluding HS2) to 2030 (£m)



First half progress

- > Strong period of performance across both HS2 contracts
- > c.£500 million of long-term rail maintenance work secured
- > £100 million M3 scheme added to order book
- > Strong local road volumes and bidding for growth

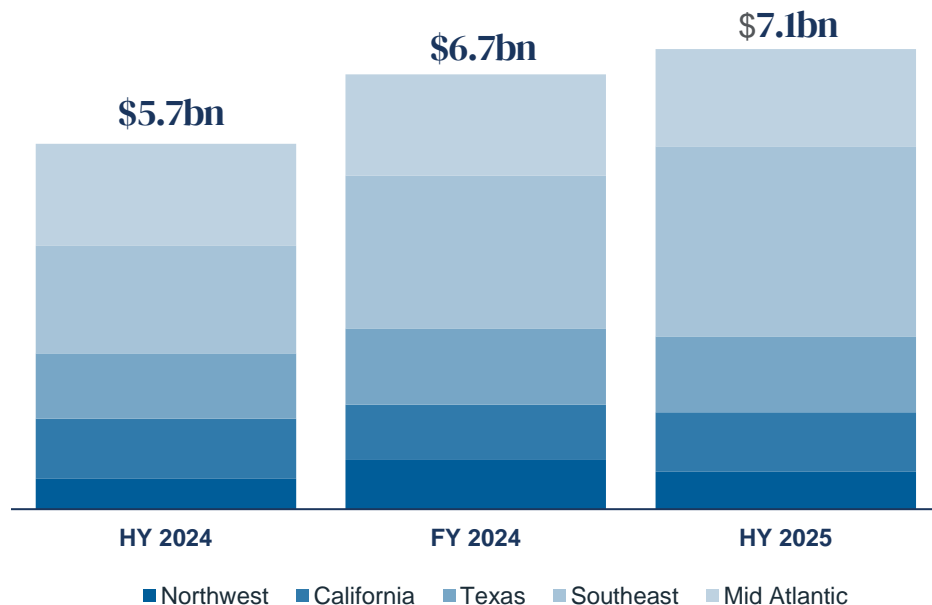
Market momentum and Government funding

- > Lower Thames Crossing funding to unlock private investment
- > Funding confirmed for major and local road schemes awarded to the Group
- > £16 billion investment for city transport projects
- > Funding for TransPennine Route and East West Rail
- > New market opportunities with Heathrow expansion, ports and reservoirs

Strategically aligned to growing pipeline of medium-term prospects

US Buildings: 6% order book increase in first half

Order book progress by region



First half progress

- > Profitable managed growth delivered with 36% revenue increase compared to HY 2024
- > No notable impact from economic uncertainty
- > Further 6% growth in order book; 26% higher than a year ago. First half growth driven by:
 - Residential: new apartment buildings in Washington DC and North Carolina
 - Hospitality: \$385 million contract to construct the Grand Hyatt Miami Beach hotel
 - Education: new school projects in North Carolina, California and Florida
 - Data centres: c.\$150 million of new orders in Northwest
- > Further strong market positions in airports, government buildings and commercial office

Strong market positions in chosen states and sectors

Strong foundations for future growth and shareholder returns



47% growth in earnings per share (2024 vs 2021)

Continued strong cash generation



£944 million of shareholder returns (2021 – 2025)

28% of shares bought back; average price of 332 pence



Record £19.5 billion order book

Improved margin and lower risk profile



c.£20 billion pipeline in addition to order book

A decade of high quality infrastructure projects



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Appendix

Image:

City U Student Hostel, Hong Kong



Balfour Beatty investment proposition

1

High quality and de-risked portfolio

- > Diverse portfolio across UK, US & Hong Kong
- > £19.5 billion order book
- > Robust governance and disciplined bidding



2

Expert capability

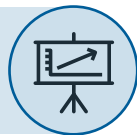
- > Track record of complex infrastructure delivery
- > Unique end-to-end capabilities
- > Record employee engagement



3

Sustained growth drivers

- > Governments driving growth through infrastructure
- > Capabilities aligned to growth markets
- > UK demand outweighing supply



4

Responsible goals

- > Sustainability strategy further evolved in 2025
- > Net zero carbon emissions targets verified by SBTi
- > Ambitious community targets



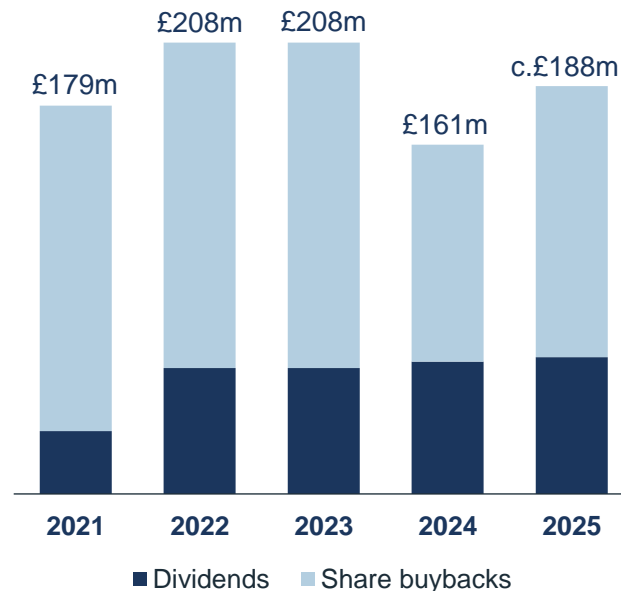
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Financial strength

- > Strong cash generation
- > £1.2 billion Investments portfolio
- > Sector leading balance sheet



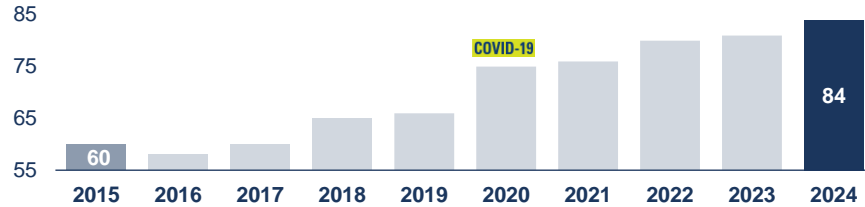
**c. £944 million of shareholder returns
2021 – 2025**



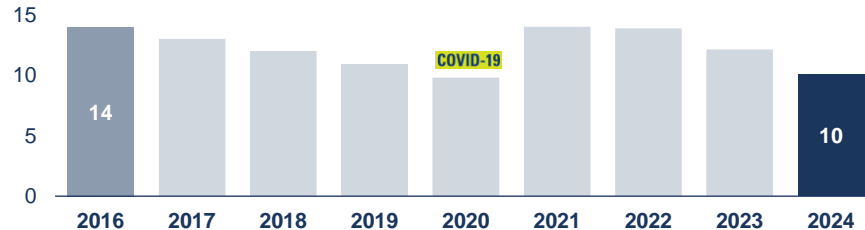
Attractive future shareholder returns underpinned by sustained growth opportunities and financial strength

Ten years of cultural transformation

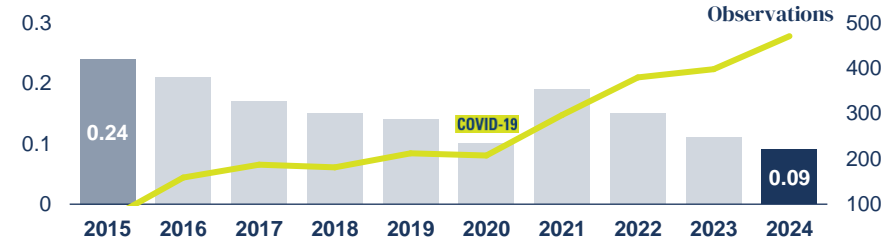
Group employee engagement score (%)



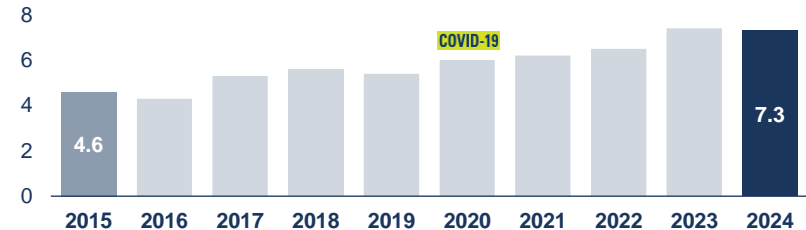
UK voluntary attrition (%)



Group Lost Time Injury Rate & safety observations (000s)

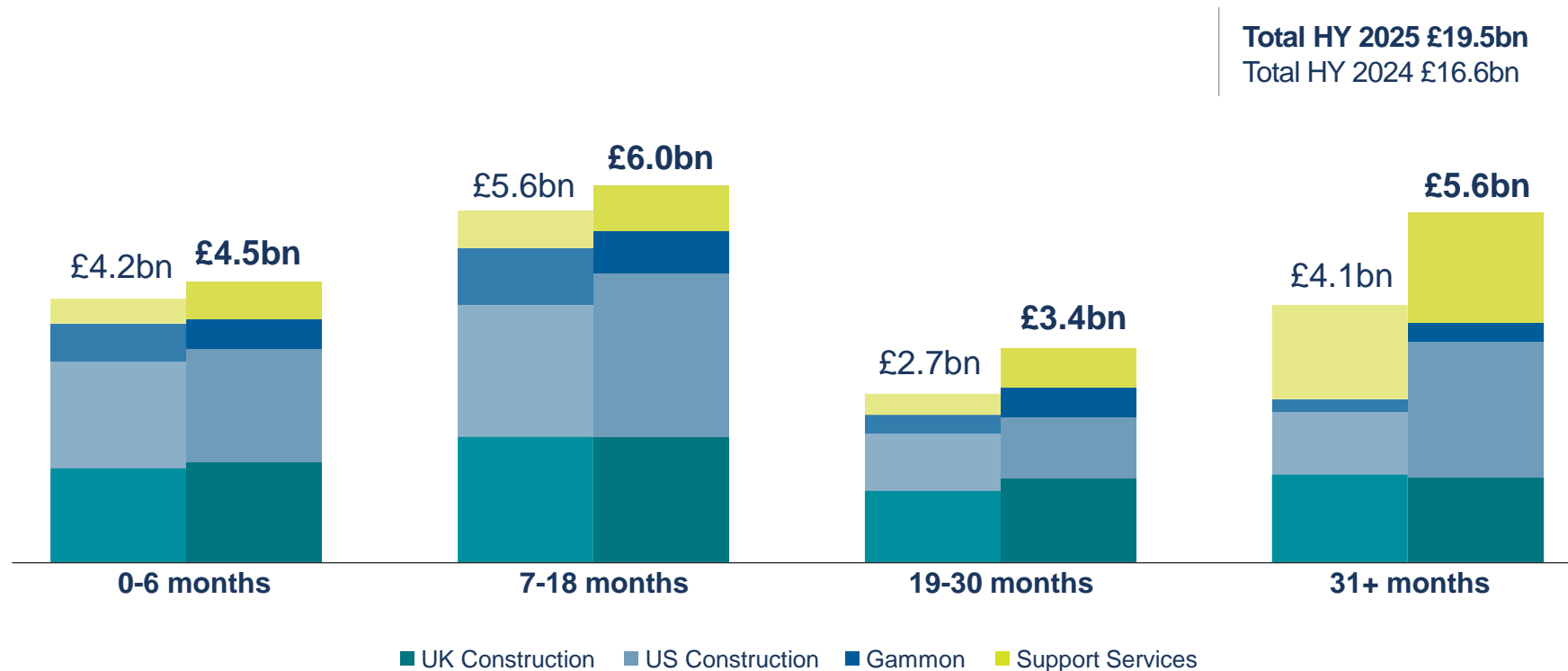


UK workforce in earn & learn positions (%)



Strong culture underpinning confidence in future performance

Order book by phase



Underlying profit from operations

£m	HY 2025*	HY 2024*
UK Construction	56	34
US Construction	(11)	18
Gammon	17	15
Construction Services	62	67
Support Services	46	34
Earnings-based businesses	108	101
Infrastructure Investments		
Pre-disposals operating loss	(12)	(7)
Gain on disposals	2	-
Corporate activities	(21)	(17)
Total	77	77

* before non-underlying items

Group balance sheet

£m	HY 2025	FY 2024
Goodwill and intangible assets	1,069	1,122
Current working capital	(1,643)	(1,228)
Net cash (excluding infrastructure concessions)	1,237	943
Investments in joint ventures and associates	362	385
PPP financial assets	19	21
Infrastructure concessions – non-recourse net debt	(384)	(335)
Net retirement benefit assets	15	2
Net deferred tax assets	42	47
Other assets and liabilities	365	173
Net assets	1,082	1,130

Cash flow

£m	HY 2025	HY 2024
Operating cash flows	161	128
Working capital inflow/(outflow)	290	(76)
Pension deficit payments [‡]	(8)	(14)
Cash from operations	443	38
Dividends from joint ventures & associates	28	32
Capital expenditure	(23)	(12)
Lease payments (inc. interest paid)	(37)	(33)
Share buybacks	(65)	(72)
Infrastructure Investments		
Disposal proceeds	2	-
New investments	(20)	(12)
Other	(34)	2
Net cash movement	294	(57)
Opening net cash [*]	943	842
Closing net cash[*]	1,237	785
Average net cash[*]	1,102	735

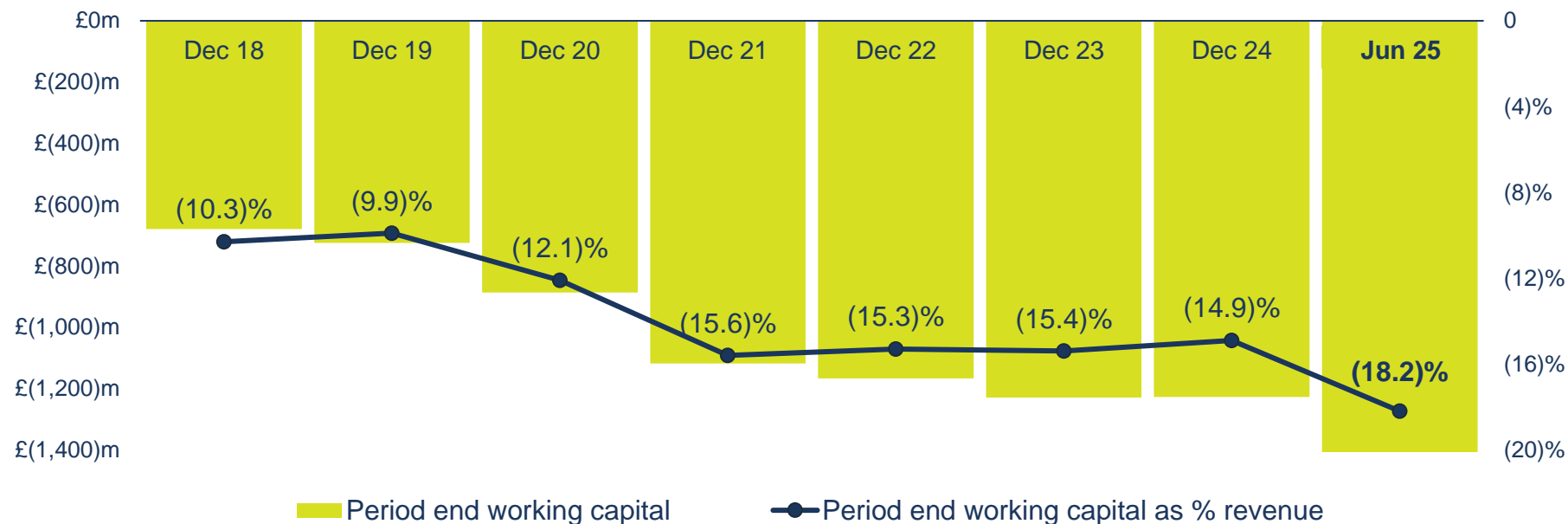
^{*} excluding Infrastructure Investments (non-recourse) net borrowings

[‡] includes £1 million (HY 2024: £1 million) of regular funding

£m	HY 2025	HY 2024
Working capital flows		
Inventories	4	(38)
Net contract assets	97	(66)
Trade and other receivables	(169)	(106)
Trade and other payables	416	151
Provisions	(58)	(17)
Working capital inflow / (outflow)[^]	290	(76)

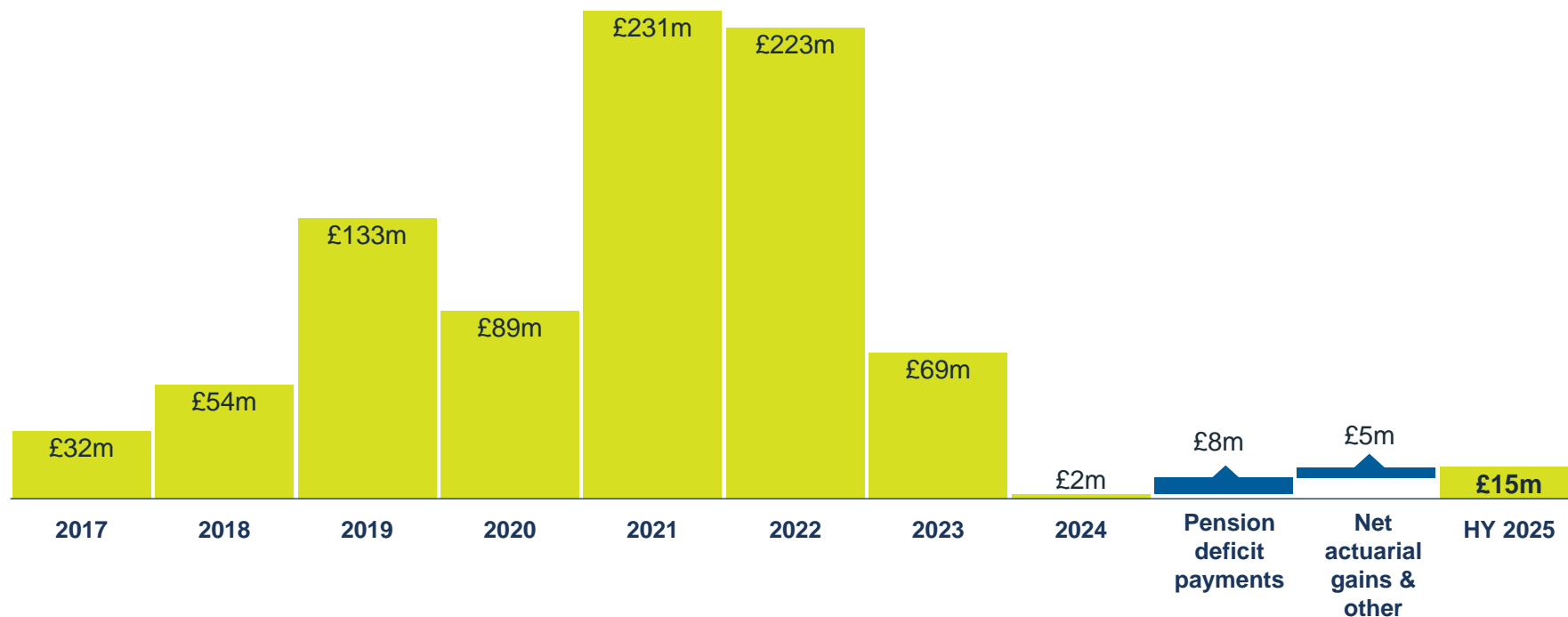
[^] excluding impact of foreign exchange and disposals

Working capital – Group



Including non-underlying items

Pensions: balance sheet movement



Net finance income

£m		HY 2025	HY 2024
Subordinated debt interest receivable	13		
Interest on PPP financial assets	1		
Interest on non-recourse borrowings	(7)		
Fair value (loss)/gain on investment asset	(1)	6	-
Net finance income – pension schemes		1	2
Other interest receivable	25		
Other interest payable	(3)	22	16
US private placement		(5)	(5)
Interest on lease liabilities		(4)	(3)
Impairment reversal of loans relating to joint ventures and associates		(2)	11
Net finance income		18	21

Borrowing repayment profile

