

## News Release

7 December 2023

### BALFOUR BEATTY 2023 TRADING UPDATE

#### On track to deliver full year expectations

Balfour Beatty, the international infrastructure group, today provides a trading update covering the period to 7 December 2023.

#### Financial Update

- **Order book** at year end expected to be marginally higher than £16.4 billion reported at half year.
- **2023 revenue** expected to be about 5% ahead of prior year (FY2022: £8.9 billion) driven by higher HS2 volumes in the UK and increased major airport project activity in Hong Kong.
- **Underlying profit from operations from earnings-based businesses** expected to be broadly in line with the prior year (FY2022: £232 million).
- **2023 gain on Infrastructure Investment disposals** of £26 million, in line with prior £15 - 30 million guidance.
- **2023 average monthly net cash** continues to be expected in a range of £650 - £700 million.

#### Operational Update

**Construction Services:** US Construction has had a stronger order intake in the second half of the year than the first. This reflects two commercial real estate projects in Texas totalling \$800 million converting from awarded to contracted and \$300 million of additional Federal work in Washington DC.

In the UK, the HS2 works at Area North and Old Oak Common continue to progress well. The Group's order book was unaffected by the Government's decision to cancel HS2 Phase 2, which had yet to be contracted.

In Hong Kong, operational performance at Gammon remains strong in a period of volume growth, which has been driven by the increase of work at the major airport projects.

**Support Services:** The Group has had further success in its local roads business, signing a six-year extension worth £330 million to the highways maintenance contract with Lincolnshire County Council. In October, the rail business was awarded a £43 million contract to deliver essential upgrade works on the London Underground's Piccadilly line. In August, the Group's power transmission and distribution team was selected as one of ten preferred bidders on SSEN Transmission's c. £10 billion Accelerated Strategic Transmission Investment (ASTI) framework.

From 2024, Balfour Beatty are expecting orders in the power business to expand, as the industry positions itself to deliver the infrastructure upgrades required to facilitate the UK Government's Net Zero ambitions.

**Infrastructure Investments:** Balfour Beatty has disposed of two assets, both in the second half year of the year, for a combined gain on disposal of £26 million, in line with prior expectations for 2023

gains on disposal of £15 - 30 million. The proceeds from each sale are in excess of the Balfour Beatty Directors' valuation as of 30 June 2023, with total consideration of £60 million. 2023 investment in new and existing projects is expected to be around £45 million.

### **Capital allocation framework**

Balfour Beatty continues to deliver attractive total cash returns to shareholders while maintaining an appropriate balance between investment in the business, and a strong capital position. Once the 2023 share buyback programme completes this month, £595 million will have been distributed to shareholders through share buybacks and dividends since the start of 2021. From January, the Group intends to buy back further shares ahead of confirming the amount for its 2024 share buyback at the Group's full year results in March.

### **Quote**

Leo Quinn, Balfour Beatty Group Chief Executive, said: "Balfour Beatty's solid performance has continued in the second half of the year and the Board remains confident that the Group will achieve our expectations for the full year.

"We are pleased to confirm our fourth successive year of share buybacks in 2024, as our large order book, unique capabilities and balance sheet, provide a strong platform for continuing future shareholder returns."

**ENDS**

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- [Balfour Beatty](#) is a leading international infrastructure group with 25,000 employees driving the delivery of powerful new solutions, shaping thinking, creating skylines and inspiring a new generation of talent to be the change-makers of tomorrow.
- We finance, develop, build, maintain and operate the increasingly complex and critical infrastructure that supports national economies and deliver projects at the heart of local communities.
- Over the last 114 years we have created iconic buildings and infrastructure all over the world. Currently, we are working to deliver Hinkley Point C, the first UK nuclear power station in a generation; constructing the world-class arts and cultural facility, the Lyric Theatre, in Hong Kong; and designing, building, financing, operating and maintaining the Automated People Mover superstructure at the fifth busiest airport in the world, Los Angeles International Airport.