



Balfour Beatty

2002 Interim Results
14 August 2002

Balfour Beatty



Ian Tyler



Headlines

- Continuing forward profit momentum
- Earnings supported by strong cash flow
- Growing contribution from acquisitions
- Good growth prospects in key markets



Headline Numbers

£m	First Half 2001	First Half 2002	
Turnover	£1,436m	£1,685m	+17%
Operating profit*	£59m	£65m	+10%
Pre-tax profit*	£41m	£48m	+17%
Earnings per share*	5.5p	6.30p	+15%
Dividends per share	2.2p	2.35p	+7%
Net Cash	£63m	£41m	
Order Book	£3.9bn	£4.8bn	+23%

* Before exceptionals and goodwill amortisation



Performance by Sector

2001 Full Year	£m	First Half 2001	First Half 2002	
44	Building, Building Management and Services	22	21	-5%
22	Civil and Specialist Engineering and Services	6	7	+17%
24	Rail Engineering and Services	7	16	+128%
45	Investments and Developments	23	21	-9%
135	Operating profit* - continuing businesses	58	65	+12%

* Before exceptionals and goodwill amortisation



Building, Building Management and Services

2001 Full Year	£m	First Half 2001	First Half 2002
18	Construction	9	9
9	Services	4	5
17	Systems	9	7
44		22	21

- Construction businesses continue to perform well
- Services business improves
- Systems businesses impacted by US market



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Civil and Specialist Engineering and Services

2001 Full Year	£m	First Half 2001	First Half 2002
2	Utilities Contracting	(1)	4
20*	Other Engineering	7*	3
22*		6*	7

- New utilities business a UK leader
- US write-offs depress profits
- Market prospects good and improving

* *Excluding Results for Dubai Cable Company*



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Rail Engineering and Services

2001 Full Year	£m	First Half 2001	First Half 2002
(2)	UK Maintenance	(2)	4
11	Other UK Businesses	4	3
15	International	5	9
24		7	16

- Return to profit in UK Maintenance
- Strong performances in Europe and US
- Major contracts secured



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Investments and Developments

2001 Full Year	£m	First Half 2001	First Half 2002
27	PFI/PPP	12	14
19	Barking Power	12	8
(1)	Property	(1)	(1)
45		23	21

- Concession income increasing
- Bid costs now capitalised
- Barking maintenance restricts availability



Operating Cash Flow

	£m
Net cash inflow from operating activities	46
Dividends from J/Vs and associates	6
Capex	(9)
	<hr/>
	43



Cash Movement

	£m
Opening net cash	63
Operating cash flow	43
Acquisitions	(34)
Dividends and interest	(21)
Tax	(9)
Other items	(1)
Closing net cash	41



Group Balance Sheet

£m	First Half 2002	First Half 2001
Goodwill*	276	180
Net cash	41	63
Other assets	(124)	(82)
Shareholders' funds	193	161

** Including share of joint ventures and associates*



Summary

- Continuing growth in underlying earnings
- Strong cash flow
- Strong cash position to support future growth

Balfour Bea~y



Mike Welton



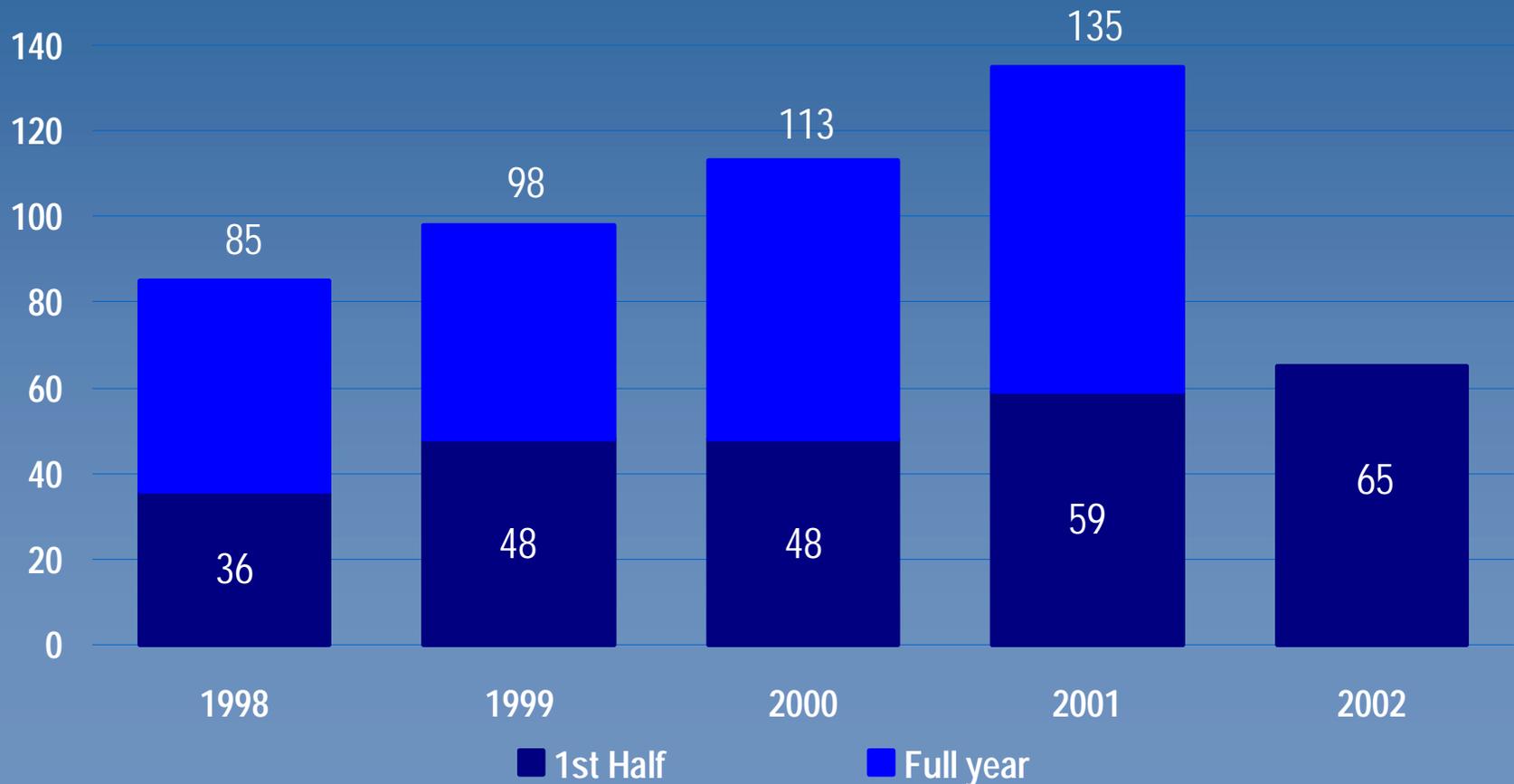
Key Objectives

- Sustainability
 - Better, more secure margins
- Focus
 - Maintain competitive advantage
- Growth
 - Organic and by acquisition
- Process
 - Continuous improvement



Underlying Operating Profit* Growth

£m



* From continuing businesses, before exceptional items and goodwill amortisation



Cash Underpins Profits

£m	Operating Profit	Operating Cash
1997 – 2002 (First Half)	401	400



Performance of Acquisitions

£m	Sales (£m)	Operating Profit (£m)	Margin (%)
Businesses acquired in 2000, 2001 and 2002*	646	40	6.2

* *Aggregated 2001 and first half 2002 performance before goodwill amortisation of Marta Metroplex, Integral Technologies, Koc Garanti, Balfour Beatty Rail Power Systems, Balfour Beatty Rail Systems Inc, John Kennedy Holdings, National Engineering and Contracting, Kentons and Knox Kershaw*



Performance of Acquisitions

£m	Sales (£m)	Operating Profit (£m)	Margin (%)
Businesses acquired in 2000, 2001 and 2002	269	16	5.9



Order Book





First Half Year Successes Balfour Beatty Share

January

- | | £m |
|--|-------|
| • Waste Water Tunnel, Narragansett, Rhode Island | } 150 |
| • Alameda Rail Maintenance | |
| • Texas Roads | |
| • North Yorkshire and Hampshire Road Maintenance | 290 |

February

- | | |
|------------------------------------|-----|
| • Thameslink 2000 Preferred Bidder | 200 |
|------------------------------------|-----|

March

- | | |
|---|-----|
| • Order book of acquired Kenton Utilities | 190 |
|---|-----|



First Half Year Successes Balfour Beatty Share

April

- | | £m |
|---|-------|
| • Greenbush Commuter Rail Line, Boston | } 100 |
| • San Diego Metro | |
| • Preferred Bidder, Consignia Facilities Management | 630 |

May

- | | |
|---|----|
| • East Hall Extension, Hong Kong Airport | 38 |
| • Preferred Bidder Heathrow Terminal 5 Rail | 46 |
| • Forth Bridge Refurbishment | 60 |



First Half Year Successes Balfour Beatty Share

June

£m

- Yorkshire Water Pipeline Refurbishment

120

July

- Texas Toll Road

330

August

- Milan-Turin Rail Electrification

50

Balfour Beatty



Utilities Contracting

Outsourced Facilities Maintenance/management

London Underground PPP



Balfour Beatty Utilities

£m	Approximate Annual Sales	Order Book
Balfour Beatty Power Networks	115	115
John Kennedy	95	200
Kentons	70	195
	280	510

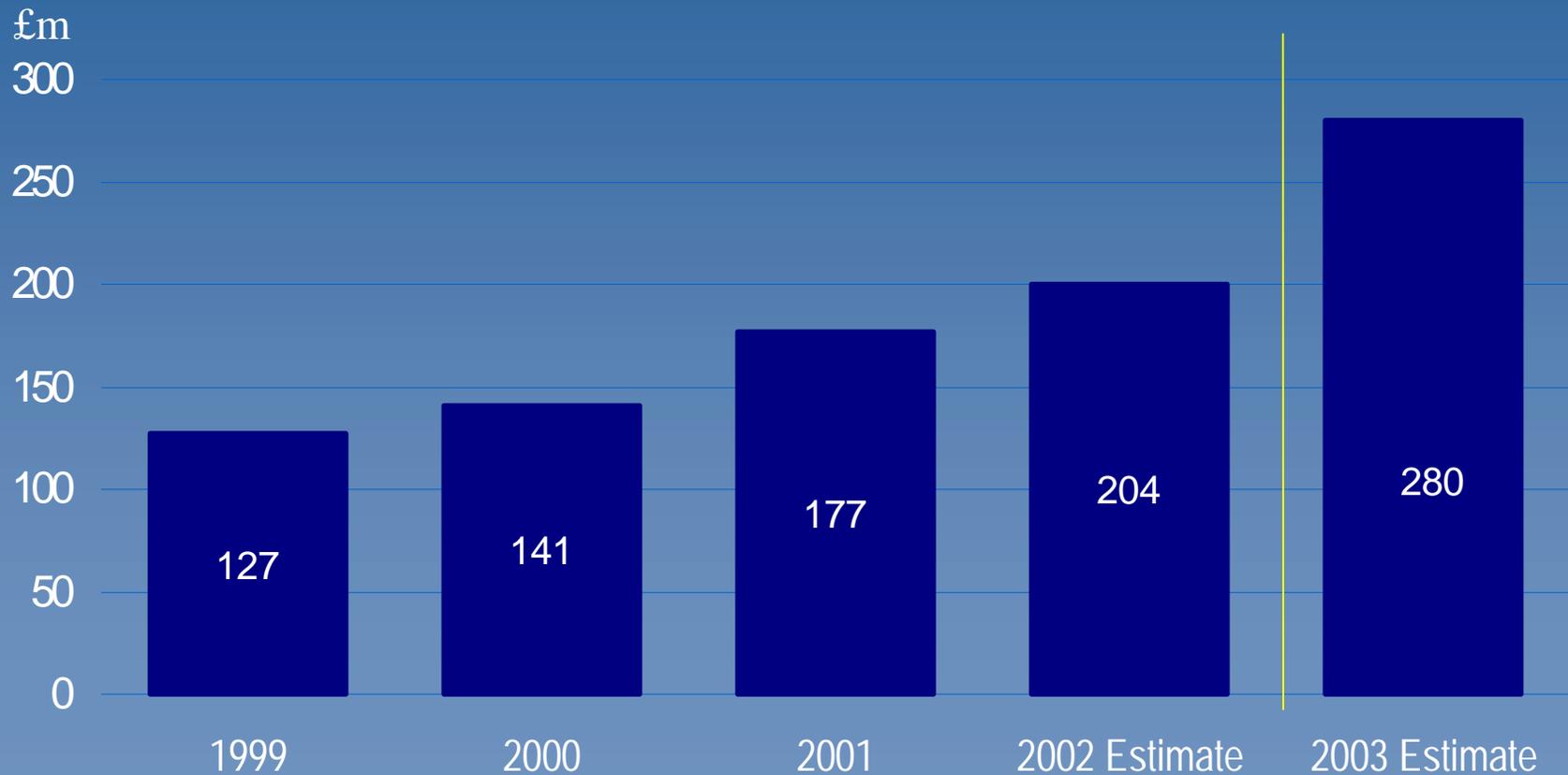


Major Utilities Contracts

	£m
• Mains rehabilitation – Yorkshire Water	120
• Strategic partnership – South West Water	74
• Integrated management framework – Transco	71
• Mains rehabilitation – West of Scotland Water	60
• Sewer rehabilitation – United Utilities	60
• Vale of York overhead line – NGC	32
• South Wales underground cabling – Welsh Power	20



Haden Building Management – Annual Sales





HBML Major Contracts

- Consignia Estates*
- Edinburgh Royal Infirmary
- North Durham Hospital
- BT – Project Montarey
- Stoke Schools
- Benefits Agency
- Royal Bank of Scotland

Metronet





Metronet – Estimated Contracting Workstreams

£m	2003 Estimate	2004 Estimate	1 st 7½ year Period Estimate
Stations	50	85	1,120
Civil Engineering	90	70	640
Trackwork	50	60	470
Total	190	215	2,230



Summary

- Continued progress against key objectives
- Order books strong
- Acquisitions performing to plan
- Short and medium term prospects encouraging
- The Board and management structure strengthened



Joint Ventures and Associates – First Half 2002

£m	Group Operating Profit	JV & Assoc's Operating Profit	Total Operating Profit	JV & Assoc's Interest	Pre tax Profit
Investments & Developments					
PFI	(3)	17	14	(11)	3
Barking	-	8	8	(3)	5
Property	(1)	-	(1)	-	(1)
	(4)	25	21	(14)	7
Other Segments					
DML	-	2	2	-	2
Other		2	2	(1)	1
		29		(15)	