Balfour Beatty

STRONG PERFORMANCE

Half-year update 2010

Why not view our half-year financial report online at:
www.balfourbeatty.com/bby/investors/reports

"We have significant capabilities across the infrastructure lifecycle"

Chief Executive's overview

Overview

The first half of 2010 was another good period for the Group. Anticipated declines in underlying revenue were offset by strong margin performance in construction services and professional services, where there was a first full six months' contribution from Parsons Brinckerhoff (PB), which was acquired in October 2009.

We have created a Group which is uniquely well-placed in major markets to benefit from the long-term, global growth in investment in infrastructure. While the timing of short-term movements in individual markets is difficult to predict, we now have significant capabilities across the infrastructure lifecycle and operate in diverse markets and geographies, which gives us strength and resilience.

Order book

We have a high-quality order book of £14.6bn at June 2010 and a number of opportunities in the second half of the year.

In professional services, following contract wins in the first half of the year, PB is now involved in high-speed and intercity passenger rail projects accounting for US$4bn investment in the US rail sector.

In construction services, strong order book growth in Hong Kong included a new air cargo terminal at Hong Kong International Airport and part of the West Island Line extension for the MTR Corporation.

In support services, we have had good contract wins/extensions with customers including Royal Mail, Anglian Water and North East Lincolnshire Council.

Financial close was achieved on Blackburn with Darwen and Bolton Building Schools for the Future and Coventry street lighting projects.

Since 26 June 2010, we have won the £460m construction contract to deliver the second phase of a satellite building to support Heathrow Airport's new T2B for BAA.

Further contracts include a £100m, 10-year partnership with Southampton City Council to provide highways planning and asset management services.

We were appointed preferred bidder in August under the Offshore Transmission Network Owners ("OFTO") regulatory regime to own, operate and maintain the offshore high-voltage transmission system, which will connect the Thanet offshore wind farm to the electricity transmission network in the UK.

Outlook

Our order book, along with the actions taken and proposed to drive efficiency, means we are well-positioned to manage any challenges in individual markets.

Our continuing progressive dividend policy reflects our confidence in the Group's ability to deliver growth over the medium term.

Overall, we remain confident about the outlook for the Group.

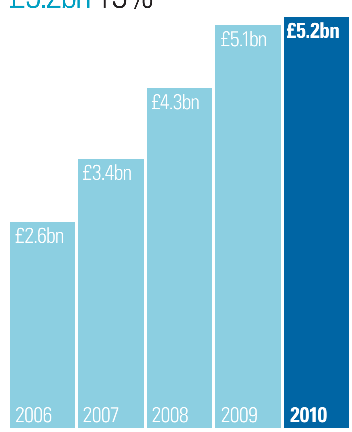
Ian Tyler
Chief Executive

Half-year numbers

Revenue	**£5,199m**	**+3%**
Pre-tax profit[1]	**£141m**	**+32%**
Earnings per share[1,2]	**15.5p**	**+4%**
Dividend[2]	**5.05p**	**+5%**
Order book	**£14.6bn**	**+17%**
Net cash[3]	**£500m**	

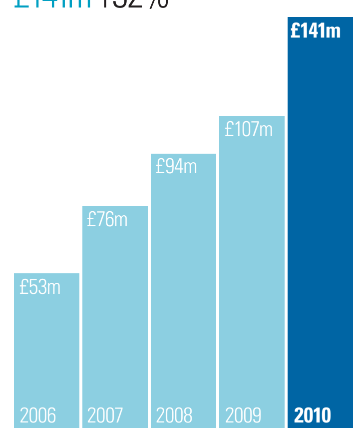
Revenue including joint ventures and associates

£5.2bn +3%



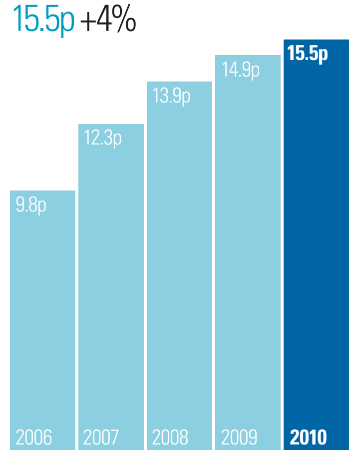
Pre-tax profit[1]

£141m +32%



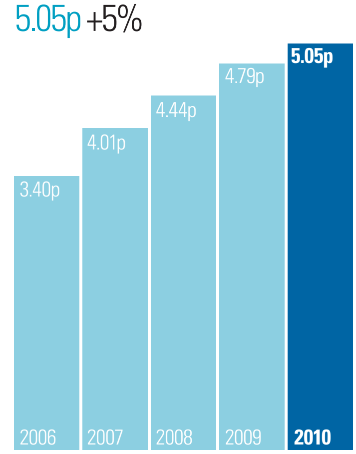
Adjusted eps[1,2]

15.5p +4%



Dividend growth[2]

5.05p +5%



1 Before £18m exceptional charges (2009: £22m) and £42m amortisation charges (2009: £20m). Pre-tax profit after exceptional items and amortisation was £81m (2009: £65m) and basic earnings per share were 9.2p (2009: 9.4p). Comparative figures have been restated for the adoption of IFRIC 12 Service Concession Arrangements.

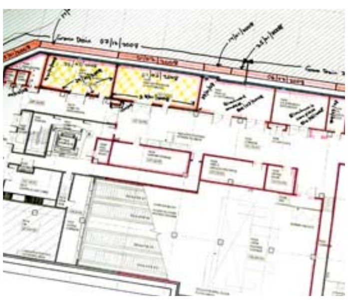
2 Per share data has been restated for the bonus element of the 2009 rights issue.

3 Before PPP subsidiaries (non-recourse).

A look at our businesses

Balfour Beatty operates across the lifecycle of infrastructure assets with significant businesses in professional services, construction services, support services and infrastructure investments, which together give the Group a unique capability to deliver complex infrastructure projects. The Group is diversified across market sectors and geographies, with around half of its revenue now from outside the UK, and is strongly positioned to address the significant long-term infrastructure demands in economies around the world.

Professional services



Profit** was £49m, including a six-month contribution from Parsons Brinckerhoff of £35m, which was ahead of plan, and a strong contribution from our existing businesses.

With a full-year impact of the acquisition of PB, we expect to make strong progress for the year as a whole.

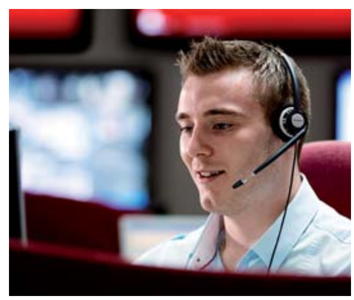
Construction services

Good operational performance and continuing tight control of costs offset the anticipated decline in revenue*.

The Group has been evaluating additional levels of cost efficiency through procurement savings and a support centre.

We expect a similar overall level of performance in the year compared to last year.

Support services



Profit** decreased by £7m, impacted by the investment in a national operations centre set up to support external facilities management customers and a slow start-up to AMP5 contracts in the water sector.

The business is well-positioned for growth.

Performance for the year as a whole is expected to be weighted towards the second half and to be broadly in line with last year.

Infrastructure investments

Profit** decreased, as anticipated, principally due to a reduction in profits from Barking Power Station and increased bid cost expense.

The Directors' valuation of the PPP portfolio has increased from £610m at December 2009 to £624m on a consistent basis.

We expect the outcome for the full year to be significantly behind 2009, largely as a result of the impact of Barking Power.

Revenue*
£829m
2009: £157m

Order book
£1.6bn
June 2009: £0.3bn

Profit**
£49m
2009: £6m

Revenue*
£3,282m
2009: £3,785m

Order book
£8.5bn
June 2009: £8.3bn

Profit**
£83m
2009: £71m

Revenue*
£735m
2009: £726m

Order book
£4.5bn
June 2009: £3.9bn

Profit**
£21m
2009: £28m#

Revenue*
£352m
2009: £386m

PPP concessions in hand
55##
June 2009: 47

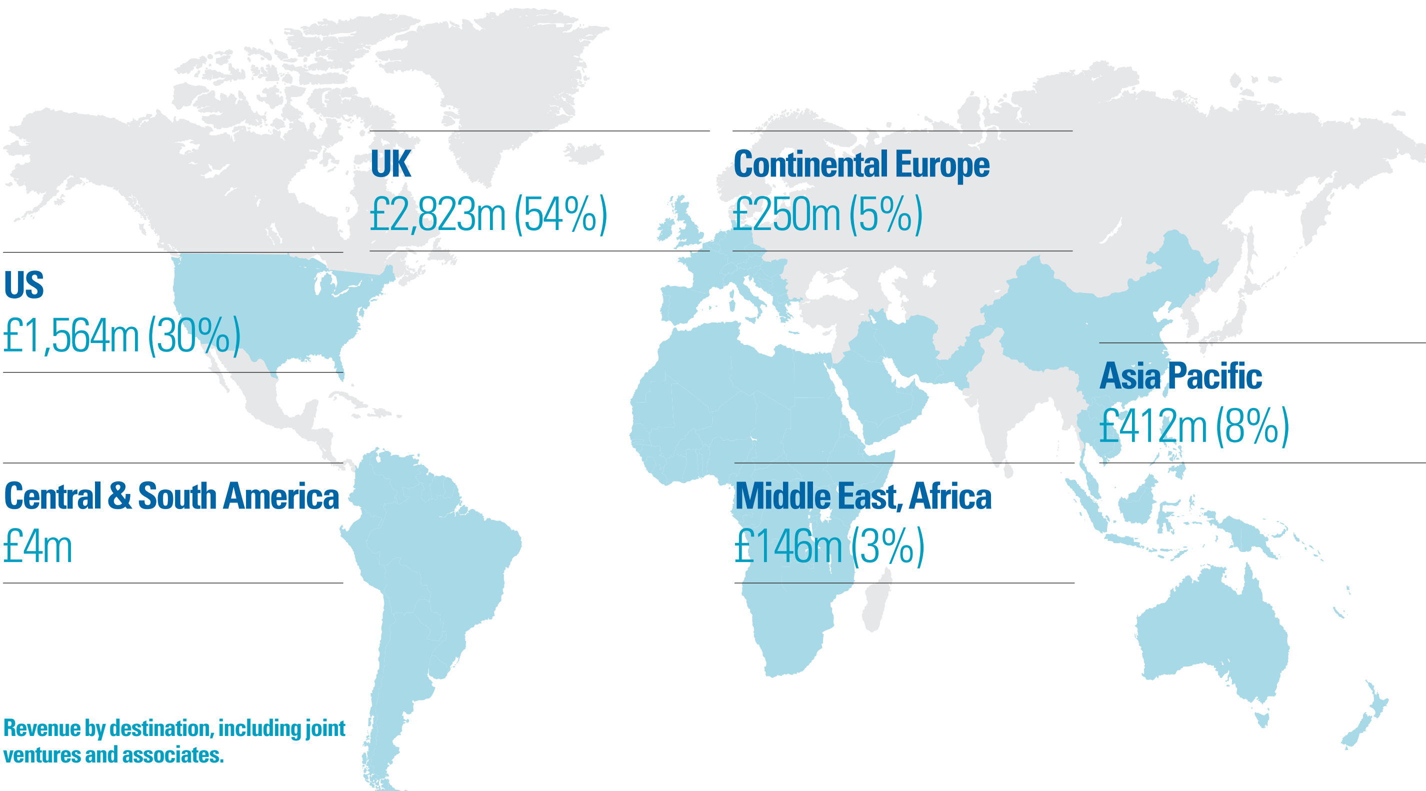
Profit**
£14m
2009: £25m

* Revenue including joint ventures and associates.
** Profit from operations before exceptional items and amortisation of intangible assets.

\# Restated for the adoption of IFRIC 12.

\## Including five at preferred bidder.

A look at our key geographies (half-year 2010 revenue)



Revenue by destination, including joint ventures and associates.

A look at our key markets (half-year 2010 revenue)

Transportation 38%	**Utilities 11%**	**Social 23%**
Road 19%	Power 8%	Education 12%
Rail 17%	Water 3%	Healthcare 7%
Aviation 2%		Social and military housing 4%
Defence 6%	**Facilities management 5%**	**Commercial building 8%**

Other markets 9%

Print, online or on the move?
it's quick and easy online...
it's more environmentally-friendly online...

Why not view our half-year financial report online at:
www.balfourbeatty.com/bby/investors/reports

Why not try our .mobi site for information on the move:
www.balfourbeatty.mobi

Balfour Beatty plc
130 Wilton Road
London SW1V 1LQ

Telephone: 44 (0) 20 7216 6800
Facsimile: 44 (0) 20 7216 6950
www.balfourbeatty.com

Registered Office: 130 Wilton Road
London SW1V 1LQ
Registered in England Number 395826