

News Release

9 May 2012

BALFOUR BEATTY 2012 Q1 IMS

Balfour Beatty, the international infrastructure group, announces its 2012 Q1 Interim Management Statement, covering the period 1 January to 8 May 2012.

Trading

Overall, performance has been consistent with the outlook given at the time of the full-year results.

Our order book, supported by good wins in the international businesses and growth verticals, has been maintained at a level in excess of £15 billion and continues to give us good visibility.

We are seeing some signs of recovery in the US, supported by positive leading indicators for the fifth consecutive month, which we would expect to benefit order intake later in the year. As anticipated, the UK construction market remains challenging.

Operating performance

Professional Services

The Professional Services order book at the end of March was ahead of that at the year-end with new orders in the Middle East and steady progress in the Americas.

Revenue was in line with expectations with the slowdown in the UK being offset by good revenue growth in the Americas, particularly in the transportation and power industry verticals. The Australian business continued to develop its mining practice in line with our vertical strategy with wins such as the Cobbora Mine EPCM project and good operational delivery.

Performance stabilised in the UK owing largely to the initiatives the business implemented in 2011 to align costs with the lower volume of activity in the market. Overall, Professional Services is expected to make progress in the year.

Construction Services

Construction Services order book was slightly lower than at the year-end, with orders in the international businesses and in rail partly offsetting the shortfalls in the UK and the US.

A strong revenue performance in the US and Hong Kong resulted in higher overall construction revenue than in Q1 2011 despite some weakness in European Rail. Revenue in

the UK was stable at the Q1 2011 level with particular strength in the Southeast.

Margins remain under pressure as indicated at the time of the full-year results announcement, but overall margin benefited in the quarter from a number of large projects which are coming to a close and good operational performance in Hong Kong.

Looking ahead, the operating environment in the construction sector remains challenging in some of our major markets. While US market recovery and liquidity improvement in Dubai bode well for upside, the UK market is expected to remain competitive. We are taking the necessary actions to manage the businesses through this period including those which will drive further structural efficiency across the Group.

Support Services

The Support Services order book has continued to grow since the year-end with good results in facilities management and steady progress in the local authority and the utilities businesses. We won contracts in the period with customers including National Grid, the Olympic Park Legacy Company, EDF Energy and UK Power Networks.

Revenue growth was also good on the back of strong order intake in 2011 which we are now working through. The mobilisation costs of these new contracts, combined with the previously indicated lower volumes in rail renewal activity, are likely to result in profits being more second-half weighted in 2012 than in 2011.

Infrastructure Investments

Performance in the period for Infrastructure Investments has been in line with our expectations. In January, we were appointed preferred bidder for a significant waste treatment project in Essex in joint venture with Urbaser.

We are currently bidding for a number of projects both in the UK and internationally, which will ensure that we continue to have a range of good opportunities for future investment.

In terms of the disposal programme, in March we announced the sale of our 50% share in North Lanarkshire schools, achieving proceeds above Directors' valuation. We are making progress with the sale of other interests and are on track to deliver our target gains from disposals of £40 million by the end of 2012.

Cost efficiency programmes

We continue to make good progress with the implementation of the cost efficiency programme announced in 2010 and expect to reach the targeted savings of £30 million p.a. by 2013.

As announced in March 2012, we are building on the existing programme with additional targeted savings of £50 million p.a. by 2015. Some of these measures will impact existing employees and a consultation process has now started. The majority of the benefits of this programme are likely to be delivered in 2013, underpinning margins primarily in UK Construction Services and Support Services.

Financial position

The Group aims to maintain a strong balance sheet to support our growth ambitions. The financial position remains strong with average net cash in the first quarter exceeding £100 million. Looking ahead, we anticipate a reduction in Q2 before an increase in the second half.

Outlook

Balfour Beatty is a global business generating £11 billion of revenue across 80 countries. We have a broad range of capabilities in a diverse spread of sectors in the growing infrastructure market.

We see opportunities for our business in industry verticals such as power, rail, transportation and mining, particularly in growth markets like Australia, Canada, and, in the longer term, in India and Brazil, all of which are at the heart of our strategy and our optimism for the future.

In the meantime, we are accelerating our ongoing cost efficiency and PPP asset disposal programmes, and have confidence that these initiatives will underpin our performance. This should ensure that we make progress in 2012.

ENDS

Conference call

Balfour Beatty will host a conference call for investors at 14:30 (UK time). To join the call, please dial +44 (0)20 7784 1036 and quote confirmation code 3933640. A recording of the call and its transcript will be posted on our website within 24 hours of the event.

Analyst/investor enquiries:

Basak Kotler
Balfour Beatty plc
Tel 020 7216 6924

Media enquiries:

Rebecca Salt
Balfour Beatty plc
Tel 020 7216 6865

This document contains forward-looking statements which have been made in good faith based on the information available at the time of its approval. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a number of risks and uncertainties that are inherent in any forward-looking statement which could cause actual results to differ materially from those currently anticipated.

Notes to Editors:

1. Balfour Beatty (www.balfourbeatty.com) is a world-class infrastructure group with capabilities in professional services, construction services, support services and infrastructure investments.

We work in partnership with our customers principally in the UK, continental Europe, the US, South-East Asia, Australia and the Middle East, who value the highest levels of quality, safety and technical expertise.

Key infrastructure markets include transportation (roads, rail and airports); social infrastructure (education, specialist healthcare, and various types of accommodation); utilities (water, gas and power transmission and generation) and commercial (offices, leisure and retail).

The Group delivers services essential to the development, creation and care of these infrastructure assets including project design, financing and management, engineering and construction, and facilities management services.

Balfour Beatty employs 50,000 people around the world.