BALFOUR BEATTY PLC RESULTS FOR THE FULL YEAR ENDED 31 DECEMBER 2024

12 March 2025

Continued strong performance delivering profitable growth

Further momentum into 2025 and 2026

Leo Quinn, Balfour Beatty Group Chief Executive, said: "The Group made further strong progress in 2024. We once again delivered managed profitable growth from our earnings-based businesses and healthy cash generation, while also increasing our high-quality order book.

"The Board continues to have confidence in Balfour Beatty's ongoing ability to deliver sustainable cash generation for significant shareholder returns, as evidenced by our announcement of increased dividends and share buybacks for 2025. Balfour Beatty is well positioned to continue its disciplined performance in the medium term, with strong order book visibility, attractive opportunities in our growth markets of UK energy, transport and defence, and US buildings, and our expert, highly engaged workforce positioning the Group for ongoing success."

Profitable growth from earnings-based businesses

- Underlying profit from operations (PFO) from earnings-based businesses up 7% to £252 million (2023: £236 million)
- Underlying profit before tax up 11%, including increased Investments disposals and net finance income
- Underlying EPS of 43.6p up 17% (2023: 37.3p)
- Non-underlying charge of £49 million (2023: £11m), including provision of costs relating to Building Safety Act

Diversified portfolio driving consistent earnings delivery, with PFO growth in each segment

- Construction Services: PFO up 2% to £159 million (2023: £156 million)
- Support Services: PFO up 16% to £93 million (2023: £80 million) driven by strong revenue growth
- Infrastructure Investments: £1.3 billion Directors' valuation up 3% (2023: £1.2 billion)

Financial strength and sustainable cash generation supporting increased shareholder returns

- 9% increase in recommended full year dividend at 12.5 pence per share (2023: 11.5 pence per share)
- £125 million share buyback confirmed for 2025; 2025 total expected cash return of c.£188 million (2024: £161 million)
- Average net cash of £766 million (2023: £700 million)

Positive outlook with good short-term visibility and significant medium-to long-term potential

- Continued growth in earnings-based businesses underpinned by high-quality £18.4 billion order book (2023: £16.5 bn)
- Group capabilities aligned to significant future opportunities
- High and rising employee engagement underpinning progress in growing Group's capability
- Further profitable growth from earnings-based businesses expected for 2025 and 2026

(£ million unless otherwise specified)	2024		2023	
	Underlying[2]	Total	Underlying[2]	Total
Revenue[1]	10,015	10,015	9,595	9,595
Profit from earnings-based businesses	252[#]	180	236[#]	223
Profit from operations	248[#]	173	228[#]	211
Pre-tax profit	289	214	261	244
Profit for the year	227	178	205	194
Basic earnings per share	43.6p	34.2p	37.3p	35.3p
Dividends per share		12.5p		11.5p

	2024	2023
Order book[1]	£18.4bn	£16.5bn
Directors' valuation of Investments portfolio	£1.3bn	£1.2bn
Net cash – recourse[3]	943	842
Average net cash – recourse[3]	766	700

Segment analysis	2024			2023		
	Revenue[1]	PFO[2,#]	PFO margin[2]	Revenue[1]	PFO[2,#]	PFO margin[2]
	£m	£m	%	£m	£m	%
UK Construction	3,011	81	2.7%	3,027	69	2.3%
US Construction	3,638	40	1.1%	3,697	51	1.4%
Gammon	1,550	38	2.5%	1,357	36	2.7%
Construction Services	8,199	159	1.9%	8,081	156	1.9%
Support Services	1,210	93	7.7%	1,006	80	8.0%
Earnings-based businesses	**9,409**	**252**	**2.7%**	**9,087**	**236**	**2.6%**
Infrastructure Investments	606	35		508	31	
Corporate activities	–	(39)		–	(39)	
Total	10,015	248		9,595	228	

Notes:

[1] Including share of joint ventures and associates

[2] Before non-underlying items (Note 9)

[3] Excluding non-recourse net borrowings, which comprise cash and debt ringfenced within certain infrastructure investments project companies, and lease liabilities

[#] Underlying profit from operations, or PFO, as defined in the Measuring our financial performance section

A reconciliation of the Group's performance measures to its statutory results is provided in the Measuring our financial performance section

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Investor and analyst presentation:

A presentation to investors and analysts will be made at Deutsche Numis, 45 Gresham Street, London, EC2V 7BF at 09:00 (GMT) on 12 March 2025. There will be a live webcast of this on: www.balfourbeatty.com/webcast. The webcast will be recorded and subsequently available at Results, reports and presentations – Investors – Balfour Beatty plc.

2024 FULL YEAR RESULTS ANNOUNCEMENT

- **GROUP CHIEF EXECUTIVE'S OVERVIEW**
- **RESULTS OVERVIEW**
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- **MEASURING OUR FINANCIAL PERFORMANCE**

GROUP CHIEF EXECUTIVE'S OVERVIEW

2024 profitable growth targets achieved

Balfour Beatty delivered another year of strong operational performance in 2024, which resulted in the Group growing earnings, average cash and order book. The key 2024 objective of growing the profit from earnings-based businesses (Construction Services and Support Services) was achieved, with underlying profit from operations (PFO) from those businesses increasing by 7% to £252 million (2023: £236 million), while the year-end order book increased by 12% to £18.4 billion (2023: £16.5 billion) following progress in Balfour Beatty's chosen growth markets. The Group's underlying profit for the year improved to £227 million (2023: £205 million) driven by the earnings-based businesses, increased gains on Investments disposals and higher net finance income. Non-underlying items after tax were a loss of £49 million (2023: £11 million) and included a charge in relation to the Group's obligations under the UK Building Safety Act (BSA).

In 2024, £161 million of cash was returned to shareholders (2023: £208 million) through a combination of dividends and share buybacks and average net cash increased to £766 million compared to £700 million in 2023.

Strong Group portfolio performance led by UK

Balfour Beatty's geographical, operational and contract diversity is a key strength of the Group, and has been an important factor in the consistency of its financial results in recent years. This was further demonstrated in 2024, as the Group delivered profitable growth in both of the earnings-based businesses. Construction Services underlying PFO increased to £159 million, as UK Construction PFO margin continued to improve with a further year of strong project delivery and Gammon recorded 14% revenue growth, while US Construction profitability reduced due to the cost of delays at a small number of civils projects. Support Services delivered strong growth, with revenue increasing by 20% and PFO margin remaining close to the top of its targeted range. Infrastructure Investments surpassed its disposal targets, which offset an increase in costs. The Directors' valuation of the Investments portfolio increased by 3% to £1.3 billion (2023: £1.2 billion), with two new projects added. The Group has forecast further growth in the medium term, driven by its focus on four key markets; UK energy, transport and defence and US buildings.

High-quality order book providing foundations for 2025 and 2026

The Group's order book grew by 12% in 2024 to £18.4 billion (2023: £16.5 billion), and while orders remain significant across Balfour Beatty's focused geographic footprint of the UK, US and Hong Kong, the increase was largely driven by progress in two of the identified growth markets:

- In the UK, the strengthening and upgrading of the power transmission network is underway and the demand for engineering and construction expertise continues to outweigh supply. Balfour Beatty holds market-leading capabilities in this space and the order book for power transmission and distribution work has more than doubled in 2024;
- In the US, the combination of the Group's organic growth strategy and a more stable economy has resulted in the buildings business growing its order book by 26% (24% at constant exchange rate (CER)) during the year, with increased demand across most of its geographies and client sectors.

In a period of rising demand, the Group continues to be selective in the work it undertakes, using increased bid margin thresholds and utilisation of disciplined risk frameworks and contract governance to reduce risk and raise quality in the forward order book. As a result, the order book comprises a portfolio of projects that the Group believes has the appropriate contractual terms and conditions for the risk undertaken, with UK Construction being heavily weighted towards lower-risk target cost and cost plus incentivised fee contracts and US Construction being heavily weighted towards buildings projects, for which the Group ensures early issuing of subcontracts and insurance of the supply chain in order to protect its margin.

Beyond the reported order book, Balfour Beatty has positions on several long-term frameworks, including Scottish and Southern Electricity Networks' (SSEN) c.£10 billion Accelerated Strategic Transmission Investment (ASTI) framework and two SCAPE Civil Engineering frameworks in the UK, which were extended for two further years in 2024. The Group's awarded but not contracted pipeline also grew in the year, due largely to the addition of SSEN's £690 million Skye 132kV reinforcement project and various US Buildings projects.

Looking ahead to further growth

The Group's outlook in each of its chosen markets is positive through the medium term. In the UK, multi-year investment in infrastructure is a priority and a necessity for the Government and will be crucial in achieving the country's growth and clean energy goals. The Government has also committed to leveraging private investment, upskilling the UK's workforce and delivering planning reform with the Planning and Infrastructure Bill. In the US, US Buildings' organic growth strategy and a more stable economy have contributed to the division's encouraging progress.

- **UK energy**: The essential long-term upgrade to the UK's energy infrastructure is well underway, driving improvement in energy security and facilitating the energy transition, with significant and timely investment in both generation and network infrastructure necessary to meet the Government's net zero targets. Balfour Beatty is heavily involved in projects such as the new Hinkley Point C nuclear power station and Net Zero Teesside and across the UK with its market-leading power transmission and distribution capability.
- **US buildings**: Balfour Beatty's buildings operations are focused primarily on specific, high growth regions, with construction spending in the Group's chosen states projected to grow 7% per year to 2029, ahead of the national average. There are encouraging trends in the division's specialist industries, with increased investment in government buildings, higher residential construction, and booming data centre demand. The Group has also seen encouraging results from its organic growth strategy, securing increased orders in sectors such as education, aviation and hospitality, as a result of further geographic diversification.
- **UK defence**: Government plans to strengthen national security and modernise defence infrastructure are bringing material opportunities to market, with these schemes increasingly requiring contractors with high-security experience and end-to-end capabilities. Balfour Beatty's capabilities and credentials, including its experiences in civil nuclear construction, are well matched to these requirements and in 2024 the Group was selected by Rolls-Royce as a construction partner for its Ministry of Defence and AUKUS expansion.
- **UK transport**: Investment in the UK transport network is an important component of the Government's growth plans and is essential to address ageing infrastructure, net zero targets and domestic and international connectivity. Given Balfour Beatty's capabilities and market share in the construction and maintenance of road and rail, and its experience in delivering major airport projects, the Group is well positioned to capitalise on transport opportunities when they arise, with growth expected in the medium term.

In the shorter term, PFO growth across 2025 and 2026 in Balfour Beatty's Construction Services division is expected to be weighted towards further margin improvement, rather than higher volumes. Growth in the Support Services division is expected to be largely driven by the expansion of work in the power transmission and distribution sector, which is not reliant on Government funding or the ongoing comprehensive spending review.

Capability is key

The combination of a strong order book and broad market opportunities is supportive for Balfour Beatty's growth aspirations, but as demand rises, challenges surrounding capability and workforce naturally rise too. As such, attracting and recruiting new talent and retaining its existing experts are increasingly important areas of focus and investment for the Group, as it looks to closely match the rising trajectory of work with a growing, and appropriately skilled, workforce.

The annual employee engagement survey is an essential tool for the Group to assess its own performance and the progress made in the year. In 2024, the survey results were particularly strong, with overall employee engagement at 84% (2023: 81%), which is 11 percentage points above the industry average. This is the seventh successive year of improvement in Balfour Beatty's employee engagement scores.

Balfour Beatty's people strategy focuses on the four strategic pillars of Attract, Retain, Grow and Thrive. To attract new talent at all levels of experience, the Group leverages its inclusive culture, the breadth of its capabilities and its portfolio of nationally critical infrastructure projects as a powerful part of its employer proposition. In 2024, this contributed to an increase in new starters in the UK, including over 500 in the Power Transmission and Distribution business alone. To retain its talent, Balfour Beatty focuses on providing an inclusive environment where its people feel valued and can be productive, and progress was made in the year with the Group's voluntary attrition rates in the UK improving to 10% (2023: 12%). This supportive culture also offers employees the opportunity to develop their skills and competencies, while building their careers, with the Group's focus on employee wellbeing supporting them to thrive. At year end, 7.3% of the UK workforce were apprentices, graduates and sponsored students in 'earn and learn' positions, exceeding both The 5% Club's base target and overall average.

Strong progress in pursuit of Zero Harm

Health, safety and wellbeing (HS&W) continues to be the top priority for Balfour Beatty. Given the nature of the work undertaken by the Group, Balfour Beatty has a duty of care to all of those working on its projects and the public to deliver an industry-leading HS&W programme, which is present on site and reinforced each day. In 2024, the Group's key metrics, which exclude international joint ventures, improved further and achieved record levels, with the Lost Time Incident Rate reducing from 0.11 to 0.09, the three-day Lost Time Injury Rate falling from 0.08 to 0.07 and observations increasing to over 470,000 (2023: 400,000), due in part to the US business almost doubling its number of observations raised throughout the year.

The Group remains determined to keep raising the bar and taking the next step on the journey to Zero Harm, with further utilisation of technology a key enabler to this. Balfour Beatty's introduction of digital permits and checklists, while enabling AI solutions, has contributed to the Group leading the industry in safety performance, while improving productivity and assurance. In 2024, the roll out of human form recognition cameras continued at pace. These award-winning multi-camera systems, installed on mobile plant, detect the human form and proactively communicate this detection visually and audibly to the plant operator. Insights from the data collected, combined with advancements in AI, will allow for teams to plan work more safely and effectively in the future. AI is also being used to more thoroughly analyse the vast amount of safety data collected across Balfour Beatty, which will allow the Group to be more predictive in the identification of safety trends and events.

Launch of evolved Sustainability Strategy

In June, Balfour Beatty launched its evolved Sustainability Strategy, extending its focus to six areas which encompass climate change, nature positive, resource efficiency, supply chain integrity, community engagement and employee diversity, equity, and inclusion. As part of the evolved strategy, the Company has brought forward its UK based target to create £3 billion of social value by 2025 (previously 2030) as well as initiating new net zero targets as its understanding of the scale of the challenge has evolved. Following a process to stress test its targets with the Science Based Targets initiative (SBTi), the Group has revised its net zero target for Scope 1 and 2 emissions to 2045, and Scope 3 to 2050, both originally set for 2040. The targets, which are both stretching and realistic, have been validated by the SBTi and are underpinned by an industry-leading, fully transparent UK carbon reduction plan.

In 2024, the Group delivered £991 million (2023: £936 million) of social value, including spend with local suppliers and local businesses, and volunteering. The Group also achieved a small decrease in absolute carbon emissions and a 13% intensity reduction in Scope 1 and 2 greenhouse gas (GHG) emissions.

Increased dividends and share buybacks in 2025

The Group's capital allocation framework has been in place since 2021, facilitating the delivery of attractive shareholder returns, while ensuring the appropriate balance between investment in the business, and a strong capital position. Given the Group's encouraging position, including its large order book, strong balance sheet and the depth of opportunities in its chosen markets, Balfour Beatty is confident of continuing to deliver significant future shareholder returns. As such, the Board is today recommending a final dividend of 8.7 pence per share (2023: 8.0 pence), giving a total recommended dividend for the year of 12.5 pence per share (2023: 11.5 pence). Additionally, the Company intends to repurchase £125 million of shares during the 2025 phase of its multi-year share buyback programme, bringing the cumulative return to shareholders since the introduction in 2021 of the multi-year capital allocation framework to over £940 million.

The total cash return to shareholders in 2025 (including the final 2024 dividend and 2025 interim dividend) is therefore expected to be c.£188 million (2024: £161 million).

Outlook

The Board expects an increase in PFO from its earnings-based businesses in 2025, with further growth in 2026.

Infrastructure Investments is expected to continue to deliver attractive end-to-end returns from its recurring income, by divesting assets and making new investments in line with the Group's capital allocation framework. For 2025, gains on investment disposals are expected in the range of £20 - £30 million.

The Board expects net finance income of around £25 million for 2025 and for the effective tax rates in each of the three geographies to remain close to statutory rates, albeit with cash tax payments in the UK remaining below statutory levels in the medium term as losses are utilised. Average net cash in 2025 is expected to be roughly £800 million, with capital expenditure between £35 and £40 million and working capital remaining broadly flat.

The Group's long-term outlook remains positive, with the growth forecast in 2025 and 2026 being driven by strong visibility from its high-quality order book, alongside the further opportunities in the energy, transport and defence sectors in the UK and the Group's chosen buildings sectors in the US. This gives the Board confidence in Balfour Beatty's continued ability to deliver profitable managed growth and sustainable cash generation, and in turn significant ongoing shareholder returns.

RESULTS OVERVIEW

Unless otherwise stated, all commentary in this section and the Divisional financial reviews is on an underlying basis.

Throughout this report, the Group has presented financial performance measures which are considered most relevant to Balfour Beatty and are used to manage the Group's performance. These financial performance measures are chosen to provide a balanced view of the Group's operations and are considered useful to investors as these measures provide relevant information on the Group's past or future performance, position or cash flows. These financial performance measures are also aligned to measures used internally to assess business performance in the Group's budgeting process and when determining compensation. An explanation of the Group's financial performance measures and appropriate reconciliations to its statutory measures are provided in the Measuring Our Financial Performance section. Non-underlying items are the cause of the differences between underlying and statutory profitability. Additionally, revenue includes the Group's share of revenue of joint ventures and associates.

Group financial summary

Balfour Beatty's underlying results in 2024 show good progress at a Group level. Revenue increased by 4% (6% at CER) to £10,015 million (2023: £9,595 million) driven by increases in Gammon and Support Services. Statutory revenue, which excludes joint ventures and associates, was £8,234 million (2023: £7,993 million).

The underlying profit from operations for the year increased to £248 million (2023: £228 million) driven by an increase in PFO from the earnings-based businesses and higher gains on investment disposals, partially offset by an underlying pre-disposal loss in Infrastructure Investments. Statutory profit from operations was £173 million (2023: £211 million).

Underlying profit / (loss) from operations[2]	2024 £m	2023 £m
UK Construction	81	69
US Construction	40	51
Gammon	38	36
Construction Services	159	156
Support Services	93	80
Earnings-based businesses	252	236
Infrastructure Investments pre-disposals operating (loss) / profit	(8)	5
Infrastructure Investments gain on disposals	43	26
Corporate activities	(39)	(39)
Total underlying profit from operations	248	228

[2] Before non-underlying items (Note 9)

Net finance income of £41 million (2023: £33 million) improved as a result of higher interest rates and impairment write backs of subordinated debt. Underlying pre-tax profit was £289 million (2023: £261 million). The taxation charge on underlying profits increased to £62 million (2023: £56 million). This resulted in underlying profit after tax of £227 million (2023: £205 million). Total statutory profit after tax for the year was £178 million (2023: £194 million), as a result of the net effect of non-underlying items.

Underlying basic earnings per share were 43.6 pence (2023: 37.3 pence), which, along with a non-underlying loss per share of 9.4 pence (2023: 2.0 pence), gave a total basic earnings per share of 34.2 pence (2023: 35.3 pence). This included the benefit from the basic weighted average number of ordinary shares reducing to 521 million (2023: 558 million) as a result of the Group's share buyback programme.

Non-underlying items

The Board believes non-underlying items should be separately identified on the face of the income statement to assist in understanding the underlying financial performance achieved by the Group. Non-underlying items after taxation were a net charge of £49 million for the year (2023: £11 million). This included four significant items.

Firstly, a charge of £83 million has been recognised in relation to the Group's obligations under the UK Building Safety Act (BSA). The BSA, which was introduced in 2022, extends the limitation for claims under the Defective Premises Act 1972 from 6 years to 30 years for dwellings completed before 28 June 2022. Since the introduction of the BSA, the Group has conducted investigations and due diligence on claims received to establish whether an obligation exists and if costs can be reliably estimated. Previously, the charge relating to this provision has been recognised within the Group's underlying results as the amounts recognised did not result in a distortion of the Group's underlying results. In 2024, following developments in the legal landscape of the BSA and progression of the Group's investigations, the Group has reassessed its provision for BSA claims resulting in an increase in the provision of £83 million. The provision does not include potential recoveries from third parties and the resulting cash outflow is expected over a number of years. This increase has been recognised in non-underlying due to its size and the nature of the cost, which has arisen from a change in legislation. The Group continues to recognise defects on projects not covered by the BSA as part of its underlying performance.

Secondly, a charge of £52 million has been recognised in relation to a US Civils project completed in 2012. The Group, through a joint operation formed with Fluor Enterprises Inc. in which the Group owns a 40% share, completed a contract with the North Texas Tollway Authority (NTTA) to provide design and build services in relation to the extension of NTTA's President George Bush Turnpike Highway (SH161 in Texas). In October 2022, NTTA served the joint operation with a claim demanding damages of an unquantified amount under various claims relating to alleged breaches of contract and or negligence in relation to retaining walls along the project. In November 2024, through a jury verdict, damages were awarded against the joint operation in favour of NTTA amounting to $112m (Group's share). This jury verdict was substantially above the claim presented to the court of $77m (Group's share) comprising $8m expended to date and $69m for possible repair costs over the next 10 years. The NTTA has moved to enter the verdict as a judgement and is also requesting pre-judgement interest of $50m (Group's share) plus legal costs. The joint operation has opposed the NTTA's motion and the court has yet to issue a decision on that motion with a court date set for 27 March 2025. The Group believes that the jury verdict does not accurately reflect the evidence at trial and is evaluating all options to set aside or reduce the verdict and, if necessary, appeal any final judgement. The appeal would require a surety bond of $10m (Group share) to be provided in place of settling the judgement. However, in light of the jury verdict, the Group has recognised a non-underlying charge of £52m. This charge, which is net of insurance recoveries of £40m for which the Group has received confirmation of cover from its insurers, represents the Group's best estimate of the probable damages to be awarded. The Group maintains the view that these damages are a result of design elements of the contract which were performed by subcontractors to the joint operation. The Group, together with its joint operation partner, is pursuing recoveries from these subcontractors, however at this stage, the Group has not recognised any potential recoveries from these parties.

Thirdly, the Group has recognised a credit of £43 million for an insurance receivable relating to rectification work, for which the cost had previously been provided. In 2021, the Group recognised a provision of £42 million within non-underlying in relation to rectification work to be carried out on a development in London which was constructed by the Group between 2013 and 2016. In 2023, the Group increased this provision to £54 million following a reassessment of the rectification cost. The additional charge to the income statement was also recognised in non-underlying. The Group's estimated provision did not include potential recoveries from third parties. In 2024, rectification work continued to progress and is expected to complete in the first half of 2025. In July 2024, the Group received confirmation from its insurers that the rectification work qualifies for insurance coverage. Upon assessment of the interim cost by the insurer's loss adjusters as well as receipt of cash for the first application for payment submitted by the Group for a portion of the cost incurred to date, the Group has recognised an insurance recovery of £43 million. The Group has presented this income within non-underlying in line with the presentation adopted for the recognition of the provision.

Finally, a net credit of £21 million was recognised in the Group’s Rail Germany operations. In 2024, the two remaining contracts held within Rail Germany reached the end of their warranty periods, resulting in the release of warranty provisions held in respect of these contracts. This release has been credited to the Group’s income statement within non-underlying, net of provision increases relating to certain legacy liabilities remaining within the business.

Further detail is provided in Note 9.

Cash flow performance

The Group’s net cash increased by £101 million in the year (2023: £27 million), resulting in a year end net cash position of £943 million (2023: £842 million), excluding non-recourse net borrowings and lease liabilities. Cash from operations, which included a working capital inflow, was partially offset by shareholder returns, while capital expenditure reduced in 2024 to a more normalised level following a peak year for capital expenditure in 2023.

Cash flow performance	2024 £m	2023 £m
Operating cash flows before working capital movements and pension deficit payments	208	258
Working capital inflow / (outflow)	99	63
Pension deficit payments+	(30)	(28)
Cash from operations	277	293
Lease payments (including interest paid)	(66)	(63)
Dividends from joint ventures and associates∞	71	59
Capital expenditure	(28)	(66)
Share buybacks	(101)	(151)
Dividends paid	(61)	(58)
Infrastructure Investments		
- disposal proceeds	43	61
- new investments	(28)	(31)
Other	(6)	(17)
Net cash movement	101	27
Opening net cash*	842	815
Closing net cash*	943	842

* Excluding infrastructure investments (non-recourse) net borrowings and lease liabilities

+ Including £2 million (2023: £3 million) of regular funding

∞ 2023 excludes £1 million (2024: nil) dividends received in relation to Investments asset disposals within joint ventures and associates

Working capital

A working capital inflow of £99 million (2023: £63 million) was favourable to the outflow previously expected for the year.

Working capital flows^	2024 £m	2023 £m
Inventories	(34)	(11)
Net contract assets	165	(48)
Trade and other receivables	(225)	(73)
Trade and other payables	(6)	177
Provisions	199	18
Working capital inflow^	99	63

^ Excluding impact of foreign exchange

Including the impact of foreign exchange and non-operating items, negative (i.e. favourable) current working capital reduced slightly to £1,228 million (2023: £1,232 million). Negative working capital as a percentage of revenue for 2024 was 14.9% (2023: 15.4%).

Net cash/borrowings

The Group's average net cash increased to £766 million in 2024 (2023: £700 million). The Group's year end net cash position, excluding non-recourse net borrowings and lease liabilities, was £943 million (2023: £842 million).

Non-recourse net borrowings, held in Infrastructure Investments entities consolidated by the Group, were £335 million (2023: £264 million). The balance sheet also included £162 million for lease liabilities (2023: £143 million). Statutory net cash at 31 December 2024 was £446 million (2023: £435 million).

Share buyback

On 2 January 2024, Balfour Beatty commenced an initial £50 million tranche of its 2024 share buyback programme, which was subsequently increased, following the release of its 2023 full year results, to £100 million on 13 March 2024. The Group completed the 2024 share buyback programme on 20 September 2024, having purchased 27.1 million shares, which were held in treasury. These shares were subsequently cancelled on 31 October 2024. The Group commenced the initial £50 million tranche of its 2025 share buyback programme on 6 January 2025. As announced today, the Group intends to buyback a total of £125 million of shares during the 2025 phase of its multi-year share buyback programme.

Banking facilities

In the year, the Group extended its core Revolving Credit Facility (RCF) by one year, to June 2028, with the support of the lending bank group. The facility was reduced to £450 million (2023: £475 million) in the extension process. The RCF remains a Sustainability Linked Loan (SLL) and subsequent to the extension, in July 2024 new SLL metrics and targets were agreed with the lending bank group. The Group continues to be incentivised to deliver annual measurable performance improvement in three key areas: Carbon Emissions, Social Value generation and an independent Environment, Social and Governance (ESG) rating score. The RCF remained undrawn at 31 December 2024.

The Group retains an additional £30 million bilateral committed facility that has materially the same terms and conditions as the RCF. The facility is also an SLL, including metrics that mirror the RCF. In the second half of the year, the Group triggered its extension option in respect of the bilateral facility, to extend the maturity to December 2027. As at 31 December 2024, the facility remained undrawn.

Debt Refinancing

During 2024, the Group completed the early refinancing of US$50 million of US Private Placement (USPP) notes that were set to mature in March 2025. The Group raised US$50 million of new USPP notes, on terms and conditions that mirror existing debt facilities, and used this new funding to complete the early repayment of the US$50 million 2025 USPP notes. The new debt is comprised of US$25 million of 7-year notes, maturing in May 2031 at a fixed coupon of 6.71%, and US$25 million of 12-year notes, maturing in May 2036 at a fixed coupon of 6.96%. The refinancing exercise has extended the debt maturity profile of the Group until 2036, with the next debt maturity now in June 2027 (US$35 million USPP notes).

Going concern

The Directors have considered the Group's medium-term cash forecasts and conducted stress-test analysis on these projections in order to assess the Group's ability to continue as a going concern. Having also made appropriate enquiries, the Directors consider it reasonable to assume that the Group has adequate resources to continue for the period of at least 12 months from the date of approval of the financial statements and, for this reason, have continued to adopt the going concern basis in preparing the full year Group financial statements. Further detail is provided in Note 1.3 Going Concern.

Pensions

Balfour Beatty and the trustees of the Balfour Beatty Pension Fund (BBPF) have agreed to a journey plan approach to managing the BBPF whereby the BBPF is aiming to reach self-sufficiency by 2027. The Company and the trustees agreed the 31 March 2022 formal valuation in 2023 and, as a result, Balfour Beatty paid deficit contributions to the BBPF of £22 million in 2024 with a further £6 million payable in 2025. The next formal triennial valuation of BBPF is due with effect from 31 March 2025.

The Company and trustees of the Railways Pension Scheme (RPS) agreed the 31 December 2022 formal valuation in the first half of 2024 and, as a result, Balfour Beatty agreed to continue making deficit contributions of £6 million per annum until February 2025. The next formal triennial funding valuation of the RPS is due with effect from 31 December 2025.

The Group's balance sheet includes net retirement benefit assets of £2 million (2023: £69 million) as measured on an IAS 19 basis, with the surplus on the BBPF (£43 million) largely offset by deficits on RPS (£7 million) and other schemes (£34 million).

Dividend

The Board is committed to a sustainable ordinary dividend which is expected to grow over time, targeted at a pay-out ratio of 40% of underlying profit after tax excluding gains on disposal of Investments assets.

Following the 3.8 pence per ordinary share interim dividend declared at the half year, the Board is recommending a final dividend of 8.7 pence per share, giving a total recommended dividend for the year of 12.5 pence per share (2023: 11.5 pence per share).

DIVISIONAL REVIEWS

CONSTRUCTION SERVICES

Financial review

Revenue at £8,199 million was up 1% (2023: £8,081 million), a 3% increase at CER, with higher volumes at Gammon. Underlying profit from operations increased to £159 million (2023: £156 million) due to improved profitability in UK Construction and higher volumes at Gammon, partially offset by reduced profitability in US Construction. Statutory profit for the year was £87 million (2023: £143 million). The order book increased 11% (9% at CER) in the year to £15.2 billion (2023: £13.7 billion), due to a strong year of orders in US Construction.

Construction Services	2024			2023		
	Revenue[1]	PFO	Order book[1]	Revenue[1]	PFO	Order book[1]
	£m	£m	£bn	£m	£m	£bn
UK Construction	3,011	81	6.2	3,027	69	6.1
US Construction	3,638	40	7.1	3,697	51	5.6
Gammon	1,550	38	1.9	1,357	36	2.0
Underlying[2]	8,199	159	15.2	8,081	156	13.7
Non-underlying	–	(72)	–	–	(13)	–
Total	8,199	87	15.2	8,081	143	13.7

[1] Including share of joint ventures and associates

[2] Before non-underlying items (Note 9)

A reconciliation of the Group's performance measures to its statutory results is provided in the Measuring our financial performance section

UK Construction: Revenue in UK Construction decreased by 1% to £3,011 million (2023: £3,027 million).

UK Construction underlying profit from operations increased to £81 million (2023: £69 million), largely driven by improved project delivery and the mix of work. This represents a 2.7% PFO margin (2023: 2.3%) and demonstrates progress in the Group's medium-term ambition to achieve a 3% PFO margin in UK Construction, with further improvement expected in 2025 and 2026.

The UK Construction order book grew marginally to £6.2 billion (2023: £6.1 billion), with 92% (2023: 91%) of those orders from public sector and regulated industry clients.

US Construction: Revenue in US Construction decreased by 2% (1% increase at CER) to £3,638 million (2023: £3,697 million). Underlying profit from operations for US Construction reduced by 22% to £40 million (2023: £51 million) as a small number of civils projects have taken longer than initially scheduled. Due to the fixed-price nature of the contracts, the cost of these delays has impacted profitability in 2024 and US Construction PFO is expected to improve in 2025.

The US Construction order book increased by 27% (25% at CER) to £7.1 billion (2024: £5.6 billion) with increases in both the buildings and civils divisions. US Buildings grew its order book in all but one of its geographic divisions, with an increase in commercial office, hospitality, government, education and airports. US Civils order book growth was largely due to the business signing a $746 million contract to rebuild part of the Interstate 35 through Austin for the Texas Department of Transportation.

Gammon: The Group's share of Gammon's revenue increased by 14% (17% at CER) to £1,550 million (2023: £1,357 million) driven by an increase in major civils volumes, including the Terminal 2 expansion and automated people mover projects at Hong Kong International Airport. Underlying profit increased to £38 million (2023: £36 million) representing a 2.5% profit margin (2023: 2.7%).

The Group's share of Gammon's order book decreased by 5% (11% at CER) to £1.9 billion (2023: £2.0 billion), with the progress made on the airport projects largely offset by new orders, which included a residential development in the Kai Tak area for the Hong Kong Housing Society, data centres in Hong Kong and Singapore, and a civils contract in Hong Kong's Northern Metropolis to prepare the land and deliver engineering infrastructure works for a new development area.

Operational review

UK Construction

Strong medium-term outlook in UK growth markets

Since coming to power in July 2024, the UK Government has been firm in its commitment to stimulating growth in the UK economy, and has highlighted the importance of maintaining, improving, and expanding UK infrastructure in achieving this. As part of its broad investment plans, the Government has addressed the requirement for additional investment in various sectors, including Balfour Beatty's UK growth areas of energy, transport and defence, with further detail to follow in June as part of the 10 Year Infrastructure Strategy and multi-year comprehensive spending review. The Government is also investigating other potential enablers to reduce the time and costs associated with infrastructure development in the UK, including the simplification of planning and the utilisation of private financing. In January 2025, the Government announced plans to block campaigners from making repeated legal challenges to planning decisions for major infrastructure projects in England and Wales, with the intention of reducing the time taken to achieve the relevant consents.

The essential long-term upgrade to the UK's energy infrastructure is now well underway, driving improvement in energy security and facilitating the energy transition, with Balfour Beatty heavily involved in active projects such as the new Hinkley Point C nuclear power station in Somerset and across the UK with its market-leading power transmission and distribution proposition. The scale of work required to meet the UK's net zero ambitions is vast and is likely to be ongoing for decades to come. In 2024, there were a number of key developments in the progression of new projects which Balfour Beatty expect to play a major role in:

- The UK Government announced a £21.7 billion pledge for projects to capture and store carbon emissions from energy, industry and hydrogen production. Following this, Balfour Beatty, alongside Technip Energies and GE Vernova, received notice to proceed to start the full engineering, procurement and construction package for the onshore power, capture and compression contract at Net Zero Teesside, the world's first gas-fired power station with carbon capture and storage;
- For the proposed Sizewell C nuclear power station, the UK Government increased its financial commitment to take the project to final investment decision to £5.5 billion. Balfour Beatty is part of the Civils Works Alliance for Sizewell C, alongside Bouygues Travaux Publics and Laing O'Rourke, which will deliver the extensive civil works package;
- Great British Nuclear, the UK Government's expert nuclear delivery body, shortlisted four companies for its small modular reactor programme, including Holtec, for which Balfour Beatty is the main construction partner. Final decisions are expected to be announced in the coming months.

The Group also continues to pursue opportunities in offshore wind, fusion and hydrogen, and the UK Construction division's civil engineering expertise is expected to be drawn on further as a result of the forecast expansion of power transmission and distribution volumes within Support Services.

The UK Government plans to strengthen national security and modernise defence infrastructure, with the intent of increasing defence spending to 2.5% of GDP by 2027. Balfour Beatty has been a long-term participant in the UK's defence and security sector and has delivered growth in its market share during 2024. The Group's experiences in civil nuclear construction hold close adjacencies with some of the projects being tendered, while its end-to-end capabilities can simplify high security project delivery by reducing complex interfaces. As a testament to this, Balfour Beatty has been selected by Rolls-Royce as a construction partner for the expansion work in Raynesway, Derby, needed to meet the growth in demand from the Ministry of Defence and as a result of the AUKUS agreement. As part of the package of works, which will be executed in stages over the next eight years, Balfour Beatty will deliver infrastructure enabling works, build new manufacturing and office facilities, and redevelop existing industrial buildings on site. This will increase Rolls-Royce's capacity to manufacture reactor components for nuclear submarines. The UK defence sector has been identified as one of the Group's key growth markets, and as such, further material opportunities are currently being pursued.

In the UK transport sector, the Group retains strong market positions in both major road and rail construction. Transport is an important component of the Government's growth plans, and further details are expected as part of the 10 Year Infrastructure Strategy and the Treasury's multi-year comprehensive spending review, due in June. Following these announcements, National Highways will release its third Road Investment Strategy (RIS3). These plans will give a clearer timeline for projects such as the Lower Thames Crossing road scheme, a project which the Group was awarded £1.2 billion of work for in 2023 but has yet to go to contract, and major rail electrification schemes, all of which are of strategic importance to both the UK and Balfour Beatty. The Group also holds deep experience in construction at UK airports, so the Government's plan for expansion and development of London airports is also positive for Balfour Beatty in the medium term. During 2024, Balfour Beatty was awarded a £185 million contract on the A9 road in Scotland, which will see the Group upgrade six miles of single carriageway to dual carriageway, and undertook early contractor involvement activities on the Lower Thames Crossing.

Continued margin expansion and strong operational delivery

Balfour Beatty holds a market-leading position in a growing UK infrastructure market, with unmatched scale and vertically integrated capability for delivering major and regional civils projects. In a period of increased demand, the Group is being more selective in the work it undertakes, resulting in a higher quality and lower-risk forward order book. The 2024 order book is heavily weighted towards lower-risk contract forms, with 59% target cost and 20% cost plus incentivised fee, while the remaining 21% is weighted towards two stage fixed price contracts, which are inherently lower-risk than one stage fixed price arrangements. UK Construction currently has around 700 live projects, and the Group remains focused on ensuring that new work is contracted on the appropriate contractual terms and conditions for the risk undertaken, in order to protect the Group's margin and reduce the loss-making portion of the project portfolio.

The two key drivers of the ongoing increase in the UK Construction margin, which has improved for a fourth successive year and is forecast to do so further in 2025, are the lower-risk nature of the order book and strong operational delivery. Balfour Beatty's ambition to provide industry-leading project delivery across the UK Construction portfolio not only drives margin performance in the period, but demonstrates the Group's capabilities and standards, thereby aiding the pursuit of future work.

On the UK's largest infrastructure project, HS2, Balfour Beatty and its joint venture partners are delivering the main civil engineering works for the Area North section and the new station at Old Oak Common in west London. On Area North, the Balfour Beatty VINCI joint venture has completed the four huge piers of the Curzon 2 bridge, marking a significant construction milestone on the sequence of viaducts that will take high-speed trains in and out of Birmingham. At Old Oak Common, the Balfour Beatty VINCI SYTRA joint venture completed the excavation of the stations underground box, a vast structure big enough to accommodate the equivalent of 300 Olympic sized swimming pools, and has now completed construction of the stations base slab, which required 76,000 cubic metres of concrete and 17,000 tonnes of reinforced steel. At Hinkley Point C, the Balfour Beatty team delivering the marine works for the new nuclear station have made strong progress under the Bristol Channel. In December, the team completed the two connections in the outfall tunnel, which was a key project milestone for the year, with focus now on the remaining connections in the two intake tunnels.

The Major Highways team is two years in to the major improvement scheme at the interchange between Junction 10 of the M25 and the A3. During 2024, Balfour Beatty conducted three full weekend closures as part of the improvement scheme at Wisley, the first in the M25's 38 year history, with works completed ahead of schedule on all occasions. The team has also made good progress on the A63 improvement scheme in Hull and has added additional emergency refuge areas on the M25, M3 and M4, improving safety for all users of these routes.

In 2024, the division completed work at a wide range of projects including the Edinburgh Futures Institute at the University of Edinburgh, highway and junction improvements in North West Crewe and the Lewisham Gateway residential project. Beyond the new Rolls-Royce and A9 contracts, other projects added to the UK Construction order book during 2024 included HMP Highland in Inverness, on behalf of the Scottish Prison Service, enabling works at HMNB Devonport, a replacement secondary school for the Nairn academy and also the divisions share of the Group's recent power transmission and distribution orders.

In November, Balfour Beatty signed a two year extension to its existing four year term as sole contractor to both of the SCAPE Civil Engineering frameworks, which cover England, Wales and Northern Ireland, and the entirety of Scotland. The frameworks will now run until November 2028.

US Construction

Positive outlook in Group's US geographies

Balfour Beatty's US Construction division is comprised of the US Buildings and US Civils businesses. US Buildings is a construction management business diversified across geographies and client sectors, which targets major cities and urban areas in states with favourable economic outlooks. The US Civils business focuses on highways projects in Texas and the Carolinas, and on local rail and civils work in California. Given the division's diversification across capabilities, geographies and sectors, the result of the recent US election has not had a material impact on the outlook for US Construction, while recent third party forecasts have projected construction spending in the Group's chosen states to surpass the national average to 2029, with an annual average growth of 7% forecast.

At the 2023 full year results announcement, the Group outlined differing strategic approaches to the two US Construction disciplines, which have influenced the direction of the businesses in 2024 and will continue to do so in the future. US Buildings had been recognised as one of Balfour Beatty's four growth markets, with the business making notable progress in 2024, and is considered the lower-risk segment within the division. With most of the projects undertaken by US Construction contracted on fixed-price terms, Buildings utilise the early issuance of subcontracts and insurance of the supply chain to mitigate risk. Comparatively, civils contracts in the US are generally delivered on a self-perform basis, which on fixed price arrangements gives limited scope to mitigate inflation and schedule risk. As a result, the Group remains cautious in its approach to complex civils contracts in the US and has reduced its exposure to the sector in recent years, with bidding now focused on projects which closely align to its core capabilities.

US activities further weighted towards growing US Buildings business

Balfour Beatty's growth engine in the US is its buildings business, which increased revenue by 2% (5% at CER) in 2024 and contributed 87% of US Construction revenues (2023: 85%, 2022: 78%). Having identified the opportunity for growth in 2023, based on the strength of some core markets, including aviation, leisure, education and government, combined with the impact of a more settled economy, the Group put to work its two-pronged organic growth strategy to add further diversification to its regional businesses. The Group opened new offices, targeting additional cities in states with existing Balfour Beatty offices, and broadened the end-markets served in some regions where the business was already active. These factors have contributed to the US Buildings order book increasing 26% (24% at CER) in 2024, underpinning the growth expectations for 2025 and beyond.

The new office locations, which were chosen based on market fundamentals and adjacency to established offices, include Sacramento in California, Savannah in Georgia, Charleston in South Carolina, Wilmington in North Carolina, Richmond in Virginia, and Jacksonville and Tampa in Florida. These offices have played an important role in the order book growth and are delivering projects such as the construction of a new terminal at the Jacksonville International Airport, a runway expansion at the Airport in Onslow County near Wilmington, and the second phase of an elementary school project in Sacramento.

By broadening the regions in which it serves certain end-markets, the US Buildings business is further utilising its in-house expertise and long-term customer relationships to drive organic growth, with success in various sectors. Following on from recent activity at Los Angeles International Airport, the Group more than doubled its aviation order book in 2024, adding new work in North Carolina, Florida and California. In education, the Group has leveraged its market-leading Californian offering, where it was the top education builder for the second consecutive year, to strengthen its local order book and also win work in North Carolina and Oregon. While for theme parks, as well as material new work being added in Florida, work is under way on projects in Texas and California. The Group is also exploring data centre opportunities outside of the Northwest market, which has served the business well in recent years.

Strong operational delivery in US Buildings

During the year, progress has been made on significant Buildings projects including:

- Transformation of an old Coca-Cola bottling facility in Atlanta, Georgia, into an elevated mixed-use property;
- The completion of the Del Mar Heights School rebuild project in San Diego, California;
- Began construction activities to deliver Sacramento International Airport's pedestrian walkway project in California;
- Started construction of a mixed-use development in Dallas, Texas, which includes retail, restaurant, office and parking;
- Broke ground at the new Durham School of the Arts in North Carolina, alongside our joint venture partner.

Further progress made in US Civils strategy

The US Civils business continued to pivot towards a more concentrated portfolio of projects in 2024. Highways and bridges, which are profitable activities for the division, represents 75% of the order book at year end compared to 60% the year before. This was driven by progress made on live projects during the year and new orders, which included a $746 million contract to rebuild part of the Interstate 35 through Austin for the Texas Department of Transportation. The project, which is expected to complete in 2033, closely aligns to the Group's selective approach to US civils; working for a long-term customer and in a geography where Balfour Beatty has proven expertise, strong teams and trusted supply chain partners.

Progress at US Civils projects in 2024 included:

- Balfour Beatty achieved substantial completion on the Caltrain electrification rail project in California in 2024, with final completion achieved in February 2025;
- The business completed construction of the Sterling Natural Resource Center, a water reclamation facility in California;
- As part of the LINXS joint venture at Los Angeles International Airport, the Group entered the testing and commissioning phase of the project, with recent testing bringing a train vehicle through the airport's central terminal area, and the three automated people mover stations inside it, for the first time;
- As part of the Colorado River Constructors joint venture on the Oak Hill Parkway highways project in Texas, the Group opened four cross-street bridges to traffic;
- Progress continues on the Havelock Bypass project in North Carolina, with all 16 bridges and roadway construction now successfully completed.

Gammon

Strong positions in Hong Kong and Singapore

Gammon, Balfour Beatty's 50:50 joint venture with Jardine Matheson based in Hong Kong, has forged a reputation for delivering high-quality projects in Southeast Asia. The outlook for the Hong Kong construction sector remains positive, with Government commitments to grow the railway network and build new major roads, in addition to the long-term Northern Metropolis project to develop more than 3,000 hectares by phases over the next 20 years. Gammon's Singapore operations finished 2024 with a record order book and further opportunities to come. The Singapore Government is projecting increased infrastructure spend in 2025 and 2026, as it rolls out major infrastructure projects at its airport and metro, and the private sector property market continues to be strong.

Gammon continues to have a strong share of both the buildings and civils markets in Hong Kong. In buildings, the focus is on the use of Design for Manufacture and Assembly (DfMA) and modular construction to improve productivity and efficiency and expanding the customer base on a selective basis. In civils, the strategy is to leverage engineering excellence, with a key area of future work likely to be from significant infrastructure programmes in Hong Kong and in Singapore.

During 2024, Gammon delivered an increased volume of work, with the automatic people mover (APM) and Terminal 2 expansion projects at Hong Kong International Airport both reaching peak levels of activity. The official inauguration of the airport's three-runway system in November signified a key milestone for both projects, with Gammon playing a crucial role in the airports expansion to date, including the construction of a tunnel beneath the runway and taxiways, as well as essential infrastructure for air traffic control, utilities, roads, and drainage.

Gammon's Tonkin Street project reached substantial completion in October and is the first private residential project in Hong Kong to adopt concrete Modular Integrated Construction (MiC). By implementing MiC for the 22-storey, 198 unit, residential tower, the project achieved 65% reduction in construction waste and noise, as well as 60% decrease in traffic loading, significantly lowering carbon emissions throughout the construction process.

Gammon's buildings team is progressing with the One Causeway Bay project, which when complete will have 500,000 square feet of office space across 24 floors and five floors for retail, marked a major milestone with a topping-out ceremony. The project, which occupies the former site of the historic Excelsior Hotel on the waterfront of Hong Kong's Victoria Harbour, will open in 2025.

SUPPORT SERVICES

Financial review

The Support Services business provides power, plant, road and rail maintenance and is characterised by profitable recurring revenues underpinned by long-term frameworks targeting a PFO margin of 6-8%.

Support Services revenue increased by 20% to £1,210 million (2023: £1,006 million), mainly due to higher volumes in the road maintenance business, which included the first full years of the major contracts at Buckinghamshire and East Sussex, and increased power transmission and distribution activity. Underlying profit from operations increased to £93 million (2023: £80 million) driven by higher revenue. This resulted in PFO margin of 7.7% in the year (2023: 8.0%), which is at the top end of the targeted 6-8% PFO margin range and represents a further strong year for the power, road and rail maintenance businesses, with the reduction in margin driven by a change in the mix of work delivered.

The Support Services order book increased by 14% to £3.2 billion (2023: £2.8 billion) driven by new power transmission and distribution contacts, aligned with the growing demand in the sector.

Support Services	2024	2023
Order book[1] (£bn)	3.2	2.8
Revenue[1] (£m)	1,210	1,006
Profit from operations[2] (£m)	93	80
Non-underlying items (£m)	–	–
Statutory profit from operations (£m)	93	80

[1] Including share of joint ventures and associates

[2] Before non-underlying items (Note 9)

A reconciliation of the Group's performance measures to its statutory results is provided in the Measuring our financial performance section

Operational review

Further traction in power transmission and distribution expansion

In 2024, the UK Electricity System Operator published a report titled 'Beyond 2030 – A national blueprint for a decarbonised electricity system in Great Britain', which estimated that over £60 billion of investment in network infrastructure is required by 2030 to facilitate the connection of new offshore generation and other new renewable energy sources. The key transmission infrastructure operators, National Grid, SSEN and SPEN, have now published their RIIO-T3 business plans, which layout their proposed projects to 2031 and confirm the sharp expansion of work required across the industry in the balance of this decade and beyond.

Balfour Beatty holds a market-leading position in the rapidly growing UK power transmission and distribution construction industry and saw a record level of bidding success in 2024, being contracted or selected for various schemes and frameworks including:

- An Initial Works Contract with SSEN for the Skye Reinforcement project;
- A £192 million contract with SSEN for the Argyll Substations project;
- A £363 million contract with National Grid to deliver the Bramford to Twinstead Reinforcement project;
- A contract with Prysmian to install 69km of high-voltage direct current land cables as part of the Eastern Green Link 2 (EGL2) project, being jointly developed by SSEN Transmission and National Grid;
- Selected as one of eight preferred partners for Scottish Power Energy Networks' Strategic Agreement for Transmission Overhead Line Works, with up to £3 billion of work being tendered.

The increased activity in the market is driving a capability imbalance, with demand outweighing supply. This brings commercial opportunities to the Group, which benefits from holding the largest power workforce in the UK, and ensures that contracts can be undertaken on a lower-risk basis than in the past. It also leaves the Group with a recruitment challenge to meet the growing demand, and in 2024 the Power team had over 500 new starters, while improving the retention of existing colleagues.

During the year, the business finished wiring all 116 T-Pylons and constructing a further 27 traditional lattice pylons on the Hinkley Point C Connection project for National Grid. The Viking Link interconnector, the longest interconnector in the world for which Balfour Beatty constructed the 65km UK onshore underground cable route, is now live and transmitting power between the UK and Denmark. The Group also completed 62km of overhead line refurbishment between Bramford and Norwich, began to transition 3.5km of overhead lines in the North Wessex Downs to underground cables, handed back the first leg of the London Power Tunnels 2 project and energised the final circuit at the 400kV Littlebrook Substation. Balfour Beatty's portfolio of power transmission and distribution projects continues to reflect the major role which the Group is playing in upgrading the grid to meet the UK's net zero ambitions.

Increased road maintenance activity

The addressable road maintenance market continues to grow, with the Government's Autumn 2024 Budget announcing nearly £1.6 billion in capital funding for local highways maintenance in England for the financial year starting April 2025, which represents a £500 million increase on the prior year. Longer-term funding will be determined by the ongoing comprehensive spending review.

In 2024, Balfour Beatty substantially increased the volume of road maintenance work delivered, driven by the first full year of the Buckinghamshire and East Sussex contracts which had started in 2023, and increased demand for road patching activities. Looking forward, there are several Local Authority contracts coming to market in the next year for which the Group is well positioned, as it looks to further deploy its effective maintenance solutions and technology-driven infrastructure management.

Rail

The rail maintenance market is well funded for the period to 2029, with £45 billion available for investment in operations, maintenance and renewal as part of Network Rail's Control Period 7 (CP7) strategic business plan. The business is diversified across various frameworks, and during the year won £169 million of work for the Central Rail Systems Alliance framework, with the Group now half way through its 10 year contract.

The Group is particularly focused on electrification schemes, as part of its ambition to deliver more net zero infrastructure in the UK. Furthermore, the proposed restructuring of the UK rail industry should see greater opportunities for efficiency as the management of track and trains are brought closer together.

INFRASTRUCTURE INVESTMENTS

Financial review

Infrastructure Investments made an £8 million underlying loss from operations in the year (2023: £5 million profit). In the US, the costs relating to the independent compliance monitor's work across the US military housing portfolio increased, and in the UK, the Group wrote off capitalised bidding costs following the cancellation of a student accommodation project, for which it had been awarded preferred bidder status. When including a gain on disposal of £43 million (2023: £26 million), underlying profit from operations was £35 million (2023: £31 million).

Balfour Beatty continues to invest in attractive new opportunities, each expected to meet its investment hurdle rates. In the year, the Group invested £28 million in new and existing projects, with a US student accommodation project and a US multifamily housing project added to the portfolio. Balfour Beatty also continues to sell assets, timed to maximise benefit to shareholders. One disposal was completed in 2024, with the Group reducing its stake in the Northside student accommodation project at the University of Texas at Dallas. The transaction delivered £43 million gain on disposal and £43 million of cash, which was above the Directors' valuation.

Net investment income of £19 million was £3 million higher than the prior year (2023: £16 million) and included an impairment write back of subordinated debt as, following a final decision from Ofgem, costs were recovered relating to a faulty OFTO cable, which had been provided for in prior periods. This was partially offset by lower interest received on subordinated debt.

Underlying profit before tax increased to £54 million (2023: £47 million). Statutory profit before tax was £51 million (2023: £43 million).

Infrastructure Investments	2024 £m	2023 £m
Pre-disposals operating profit[2]	(8)	5
Gain on disposals[2]	43	26
Profit from operations[2]	35	31
Net investment income[~]	19	16
Profit before tax[2]	54	47
Non-underlying items	(3)	(4)
Statutory profit before tax	51	43

[2] Before non-underlying items (Note 9)

[~] Subordinated debt interest receivable, net interest receivable on PPP financial assets and non-recourse borrowings, fair value (loss)/gain on investment asset and impairment to subordinated debt receivable and accrued interest

A reconciliation of the Group's performance measures to its statutory results is provided in the Measuring our financial performance section

Operational review

Balfour Beatty's competitive expertise to finance, develop, build and maintain infrastructure puts the Group in a strong position to capitalise on new investment opportunities. The Group has maintained its disciplined approach to investments and disposals to ensure the delivery of investment hurdle rates and is currently assessing investment opportunities in:

- Student accommodation: Across the UK and US, demand for student accommodation remains strong as universities continue to improve their facilities to attract students;
- Residential: Balfour Beatty continues to see attractive US multifamily housing come to market, providing opportunity to invest profitably in the regeneration of these properties;
- US P3: The US has become an increasingly exciting market for public-private partnerships, and, to date, 42 states (plus DC) have passed legislation allowing P3 projects;
- Energy transition: As the UK's energy mix transitions to more renewable sources, and the UK adopts more sustainable transport such as electric vehicles, there are opportunities for private sector investment.

In the UK, the Group has commenced construction of a new student accommodation project – the 1,899 bed West Slope development – on behalf of the University of Sussex. The first new student accommodation and the health and wellbeing centre are expected to be open in time for the 2026/27 academic year, with more accommodation, catering and retail facilities opening over the following two years.

In the US, the Group added two new projects to the portfolio, with a 564 bed US student accommodation project in Denton, Texas, and a 296 unit US multifamily housing project in Mount Laurel, New Jersey. The Group was also awarded a developer contract to build a 1,070 bed undergraduate student housing complex at the University of Texas in Austin, while good progress has been made with construction on the 1,204 bed William & Mary University project in Virginia. The Group's key US P3 investment is the automated people mover project at Los Angeles International Airport, with US Construction contributing to the build phase and Infrastructure Investments providing an element of the financing. Construction is ongoing.

In US military housing, the Group supported the military's energy resilience goals by completing rooftop solar projects across five Navy bases in Florida, totalling 10.55 megawatts, and a $31 million energy savings performance contract bringing energy and water efficiency improvements to the housing communities at 11 Navy installations in the Southeast. In 2025, the Group will be redeveloping homes at Ft Eisenhower and Ft Leonard Wood, with Government funding announced for both, while a ground lease extension at Ft Carson is under negotiation in order to bring forward funds to finance faster redevelopment. The Group continues to work with the independent compliance monitor, who commenced work in 2022 having been appointed by the Department of Justice. In November 2024, Balfour Beatty Communities and the independent compliance monitor agreed to extend the most recent implementation period to enable the delivery of the additional recommendations set out in the first follow-up report and agreed to commence the second follow-up review period in March 2025.

Directors' valuation

The Directors' valuation increased by 3% to £1,254 million (2023: £1,212 million). The portfolio is 58% weighted towards the US (2023: 58%). The number of projects in the portfolio increased by one to 60 (2023: 59).

Movement in value 2023 to 2024

£m	**2023**	Equity invested	Distributions received	Sales proceeds	Unwind of discount	Operational performance	FX	**2024**
UK	**509**	2	(18)	–	34	(1)	(1)	**525**
US	**703**	26	(16)	(43)	47	(1)	13	**729**
Total	**1,212**	28	(34)	(43)	81	(2)	12	**1,254**

Balfour Beatty invested £28 million (2023: £31 million) in new and existing projects. During the year the Group added two new investments: a student accommodation project in Denton, Texas, and a multifamily housing project in Mount Laurel, New Jersey.

Cash yield from distributions amounted to £34 million (2023: £48 million). Balfour Beatty continued disposals in the year with proceeds of £43 million (2023: £61 million), with the Group reducing its stake in the Northside student accommodation project at the University of Texas at Dallas. A preferred bidder student accommodation project in the UK was cancelled and has been removed from the portfolio.

Unwind of discount at £81 million (2023: £87 million) is a function of moving the valuation date forward by one year with the result that future cash flows are discounted by twelve months less.

Operational performance movements resulted in a £2 million decrease (2023: £1 million). The operational performance movements in the UK were primarily due to recovery of costs for previous repairs on a faulty OFTO cable, offset by a higher costs and risk premia on certain assets. In the US, higher than forecast rental increases on the military housing portfolio were offset by higher costs, including an increase in independent compliance monitor costs.

The exchange rate movement was a £12 million increase (2023: £43 million decrease). This was driven by sterling depreciating against the US dollar, slightly offset by sterling appreciating against the euro and thereby reducing the valuation of the one euro denominated project in the portfolio.

Methodology and assumption changes

The methodology for valuing most investments in the portfolio remains the discounted cash flow (DCF) method. Under this methodology cash flows for each project are forecast based on historical and present performance, future risks and macroeconomic forecasts. They also factor in secondary market assumptions. These cash flows are then discounted using different discount rates, which are based on the risk and maturity of individual projects and reflect secondary market transaction experience. The main exception to the use of DCF is for US multi-family housing projects which, due to the perpetual nature of the assets and the depth and liquidity of the rental housing market, are valued based on periodic broker reports for each property.

UK discount rates range from 7.25% to 10.25% (2023: 7.25% to 9.25%) depending on the maturity and risk of each project. The implied weighted average discount rate for the UK portfolio is 8.4% (2023 8.3%). A 1% change in the discount rate would change the value of the UK portfolio by approximately £48 million.

US discount rates range between 6.25% and 10.5% (2023: 6.25% and 10.5%) and the implied US weighted average discount rate is 7.9% (2023: 8.1%). A 1% change in the discount rate would change the value of the US portfolio by approximately £79 million**.**

The portfolio remains positively correlated to inflation. A 1% change in the long-term inflation rate in the UK portfolio would change the valuation by approximately £28 million and a 1% change in the long-term rental growth rate in the US portfolio would change the valuation by approximately £74 million.

As in previous periods, the Directors' valuation may differ significantly from the accounting book value of investments shown in the financial statements, which are produced in accordance with International Financial Reporting Standards (IFRS) rather than using a discounted cash flow approach. A full reconciliation is provided in section i) of the Measuring Our Financial Performance section.

Sector	**2024**	2023	**2024**	2023
	No. projects	No. projects	**£m**	£m
Roads	**12**	12	**162**	168
Healthcare	**2**	2	**133**	129
Student accommodation	**5**	6	**137**	137
Energy transition	**4**	4	**64**	44
Other	**2**	2	**29**	31
UK total	**25**	26	**525**	509
US military housing	**21**	21	**605**	562
Student accommodation and other PPP	**5**	4	**58**	83
Residential housing	**9**	8	**66**	58
US total	**35**	33	**729**	703
Total	**60**	59	**1,254**	1,212

Value by phase

Phase	**2024**	2023	**2024**	2023
	No. projects	No. projects	**£m**	£m
Operations	**57**	55	**1,208**	1,164
Construction	**3**	3	**46**	46
Preferred bidder	**–**	1	**–**	2
Total	**60**	59	**1,254**	1,212

Value by income type

Income type	2024	2023	2024	2023
	No. projects	No. projects	**£m**	£m
Availability based	**17**	17	**370**	353
Demand – operationally proven (2+ years)	**39**	37	**836**	807
Demand – early stage (less than 2 years)	**4**	5	**48**	52
Total	**60**	59	**1,254**	1,212

MEASURING OUR FINANCIAL PERFORMANCE

Providing clarity on the Group's alternative performance measures

The Group has included this section in this announcement with the aim of providing transparency and clarity on the measures adopted internally to assess performance.

Throughout this announcement, the Group has presented financial performance measures which are considered most relevant to Balfour Beatty and are used to manage the Group's performance. These financial performance measures are chosen to provide a balanced view of the Group's operations and are considered useful to investors as these measures provide relevant information on the Group's past or future performance, position or cash flows.

The Alternative Performance Measures (APMs) adopted by the Group are also commonly used in the sectors it operates in and therefore serve as a useful aid for investors to compare Balfour Beatty's performance to its peers.

The Board believes that disclosing these performance measures enhances investors' ability to evaluate and assess the underlying financial performance of the Group's operations and the related key business drivers.

These financial performance measures are also aligned to measures used internally to assess business performance in the Group's budgeting process and when determining compensation.

Equivalent information cannot be presented by using financial measures defined in the financial reporting framework alone.

Readers are encouraged to review this announcement in its entirety.

Performance measures used to assess the Group's operations

Underlying profit from operations (PFO)

Underlying PFO is presented before non-underlying items, finance costs and investment income and is the key measure used to assess the Group's performance in the Construction Services and Support Services segments. This is also a common measure used by the Group's peers operating in these sectors.

This measure reflects the returns to the Group from services provided in these operations that are generated from activities that are not financing in nature and therefore an underlying pre-finance cost measure is more suited to assessing underlying performance.

Underlying profit before tax (PBT)

The Group assesses performance in its Infrastructure Investments segment using an underlying PBT measure. This differs from the underlying PFO measure used to measure the Group's Construction Services and Support Services segments because, in addition to margins generated from operations, there are returns to the Investments business which are generated from the financing element of its projects.

These returns take the form of subordinated debt interest receivable, interest receivable on PPP financial assets and fair value gains on certain investment assets, which are included in the Group's income statement in investment income. These are then offset by the finance cost incurred on the non-recourse debt associated with the underlying projects, fair value losses on certain investment assets and any impairment of subordinated debt and accrued interest receivable, which are included in the Group's income statement in finance costs.

Operating cash flow (OCF)

The Group uses an internally defined measure of OCF to measure the performance of its earnings-based businesses and subsequently to determine the amount of incentive awarded to employees in these businesses under the Group's Annual Incentive Plan (AIP). This measure also aligns to one of the vesting conditions attributable to the Group's PSP awards.

Measuring the Group's performance

The following measures are referred to in this announcement when reporting performance, both in absolute terms and also in comparison to earlier years:

Statutory measures

Statutory measures are derived from the Group's reported financial statements, which have been prepared in accordance with UK-adopted international accounting standards (IFRS) and in conformity with the requirements of the Companies Act 2006.

Where a standard allows certain interpretations to be adopted, the Group has applied its accounting policies consistently. These accounting policies can be found on pages 200 to 206 of the Annual Report and Accounts 2024.

The Group's statutory measures take into account all of the factors, including those that it cannot influence (principally foreign currency fluctuations) and also non-recurring items which do not reflect the ongoing underlying performance of the Group.

Performance measures

In assessing its performance, the Group has adopted certain non-statutory measures because, unlike its statutory measures, these cannot be derived directly from its financial statements.

The Group commonly uses the following measures to assess its performance:

a) Order book

The Group's disclosure of its order book is aimed to provide insight into its pipeline of work and future performance. The Group's order book is not a measure of past performance and therefore cannot be derived from its financial statements.

The Group's order book comprises the unexecuted element of orders on contracts that have been secured. Where contracts are subject to variations, only secured contract variations are included in the reported order book.

Where contracts fall under framework agreements, an estimate is made of orders to be secured under that framework agreement. This is based on historical trends from similar framework agreements delivered in the past and the estimate of orders included in the order book is that which is probable to be secured.

In accordance with IFRS 15 Revenue from Contracts with Customers, the Group is required to disclose the remaining transaction price allocated to performance obligations not yet delivered. This can be found in Note 4.3 in the Annual Report and Accounts 2024. This is similar to the Group's order book disclosure, however it differs for the following reasons:

- The Group's order book includes its share of orders that are reported within its joint ventures and associates. In line with section (e), the Board believes that including orders that are within the pipeline of its joint ventures and associates better reflects the size of the business and the volume of work to be carried out in the future. This differs from the statutory measure of transaction price to be allocated to remaining performance obligations which is only inclusive of secured revenue from the Group's subsidiaries.
- As stated above, for contracts that fall under framework agreements, the Group includes in its order book an estimate of what the orders under these agreements will be worth. Under IFRS 15, each instruction under the framework agreement is viewed as a separate performance obligation and is included in the statutory measure of the remaining transaction price when received, but estimates for future instructions are not.
- The Group's order book does not include revenue to be earned in its Infrastructure Investments segment as the value of this part of the business is driven by the Directors' valuation of the Investments portfolio. Refer to section (i).

Reconciliation of order book to transaction price to be allocated to remaining performance obligations

		2024 £m	2023 £m
Order book (performance measure)		**18,443**	16,532
Less:	Share of orders included within the Group's joint ventures and associates	**(2,322)**	(2,344)
Add:	Transaction price allocated to remaining performance obligations in Infrastructure Investments+	**2,616**	1,917
Transaction price allocated to remaining performance obligations for the Group+ (statutory measure)		**18,737**	16,105

+ Refer to Note 4.3 in the Annual Report and Accounts 2024.

b) Underlying performance

The Group adjusts for certain non-underlying items which the Board believes assists in understanding the performance achieved by the Group. These items include:

- gains and losses on the disposal of businesses and investments, unless this is part of a programme of releasing value from the disposal of similar businesses or investments such as infrastructure concessions;
- costs of major restructuring and reorganisation of existing businesses;
- costs of integrating newly acquired businesses;
- acquisition and similar costs related to business combinations such as transaction costs;
- impairment and amortisation charges on intangible assets arising on business combinations (amortisation of acquired intangible assets); and
- impairment of goodwill.

These are non-underlying costs as they do not relate to the underlying performance of the Group.

From time to time, it may be appropriate to disclose further items as non-underlying items in order to reflect the underlying performance of the Group.

Further details of non-underlying items are provided in Note 9.

A reconciliation has been provided below to show how the Group's statutory results are adjusted to exclude non-underlying items and their impact on its statutory financial information, both as a whole and in respect of specific line items.

Reconciliation of 2024 statutory results to performance measures

	2024 statutory results £m	Non-underlying items: Intangible amortisation £m	Net release of provisions relating to Rail Germany £m	Recognition of insurance on rectification works in London £m	Provision recognised for BSA claims £m	Recognition of charge for claim on legacy project in Texas £m	2024 performance measures £m
Revenue including share of joint ventures and associates (performance)	**10,015**	**–**	**–**	**–**	**–**	**–**	**10,015**
Share of revenue of joint ventures and associates	**(1,781)**	**–**	**–**	**–**	**–**	**–**	**(1,781)**
Group revenue (statutory)	**8,234**	**–**	**–**	**–**	**–**	**–**	**8,234**
Cost of sales	**(7,883)**	**–**	**(26)**	**(43)**	**83**	**52**	**(7,817)**
Gross profit	**351**	**–**	**(26)**	**(43)**	**83**	**52**	**417**
Gain on disposals of interests in investments	**43**	**–**	**–**	**–**	**–**	**–**	**43**
Amortisation of acquired intangible assets	**(4)**	**4**	**–**	**–**	**–**	**–**	**–**
Other operating expenses	**(276)**	**–**	**5**	**–**	**–**	**–**	**(271)**
Group operating profit	**114**	**4**	**(21)**	**(43)**	**83**	**52**	**189**
Share of results of joint ventures and associates	**59**	**–**	**–**	**–**	**–**	**–**	**59**
Profit from operations	**173**	**4**	**(21)**	**(43)**	**83**	**52**	**248**
Investment income	**82**	**–**	**–**	**–**	**–**	**–**	**82**
Finance costs	**(41)**	**–**	**–**	**–**	**–**	**–**	**(41)**
Profit before taxation	**214**	**4**	**(21)**	**(43)**	**83**	**52**	**289**
Taxation	**(36)**	**(1)**	**(2)**	**11**	**(21)**	**(13)**	**(62)**
Profit for the year	**178**	**3**	**(23)**	**(32)**	**62**	**39**	**227**

Reconciliation of 2024 statutory results to performance measures by segment

Profit/(loss) from operations	2024 statutory results £m	Non-underlying items: Intangible amortisation £m	Net release of provisions relating to Rail Germany £m	Recognition of insurance on rectification works in London £m	Provision recognised for BSA claims £m	Recognition of charge for claim on legacy project in Texas £m	2024 performance measures £m
Segment							
Construction Services	**87**	**1**	**(21)**	**(43)**	**83**	**52**	**159**
Support Services	**93**	**–**	**–**	**–**	**–**	**–**	**93**
Infrastructure Investments	**32**	**3**	**–**	**–**	**–**	**–**	**35**
Corporate activities	**(39)**	**–**	**–**	**–**	**–**	**–**	**(39)**
Total	**173**	**4**	**(21)**	**(43)**	**83**	**52**	**248**

Reconciliation of 2023 statutory results to performance measures

	2023 statutory results £m	Non-underlying items: Intangible amortisation £m	Non-underlying items: Provision in relation to rectification works in London £m	2023 performance measures £m
Revenue including share of joint ventures and associates (performance)	9,595	–	–	9,595
Share of revenue of joint ventures and associates	(1,602)	–	–	(1,602)
Group revenue (statutory)	7,993	–	–	7,993
Cost of sales	(7,593)	–	12	(7,581)
Gross profit	400	–	12	412
Gain on disposals of interests in investments	24	–	–	24
Amortisation of acquired intangible assets	(5)	5	–	–
Other operating expenses	(261)	–	–	(261)
Group operating profit	158	5	12	175
Share of results of joint ventures and associates	53	–	–	53
Profit from operations	211	5	12	228
Investment income	82	–	–	82
Finance costs	(49)	–	–	(49)
Profit before taxation	244	5	12	261
Taxation	(50)	(3)	(3)	(56)
Profit for the year	194	2	9	205

Reconciliation of 2023 statutory results to performance measures by segment

Profit/(loss) from operations	2023 statutory results £m	Non-underlying items: Intangible amortisation £m	Non-underlying items: Provision in relation to rectification works in London £m	2023 performance measures £m
Segment				
Construction Services	143	1	12	156
Support Services	80	–	–	80
Infrastructure Investments	27	4	–	31
Corporate activities	(39)	–	–	(39)
Total	211	5	12	228

c) Underlying profit before tax

As mentioned on page 19, the Group's Infrastructure Investments segment is assessed on an underlying profit before tax (PBT) measure. This is calculated as follows:

		2024 **£m**	2023 £m
Underlying profit from operations (section (b) and Note 5)		**35**	31
Add:	Subordinated debt interest receivable+	**17**	34
Add:	Interest receivable on PPP financial assets+	**2**	2
Add:	Fair value loss on investment asset+	**(2)**	(1)
Less:	Non-recourse borrowings finance cost+	**(12)**	(11)
Add/(Less):	Net impairment reversal/(impairment) of subordinated debt and accrued interest receivable+	**14**	(8)
Underlying profit before tax (performance)		**54**	47
Non-underlying items (section (b) and Note 5)		**(3)**	(4)
Statutory profit before tax		**51**	43

+ Refer to Note 7 and Note 8.

d) Underlying earnings per share

In line with the Group's measurement of underlying performance, the Group also presents its earnings per share (EPS) on an underlying basis. The table below reconciles this to the statutory earnings per share.

Reconciliation from statutory basic EPS to performance EPS

	2024 **pence**	2023 pence
Statutory basic earnings per ordinary share	**34.2**	35.3
Amortisation of acquired intangible assets after tax	**0.6**	0.4
Other non-underlying items after tax	**8.8**	1.6
Underlying basic earnings per ordinary share (performance)	**43.6**	37.3

e) Revenue including share of joint ventures and associates (JVAs)

The Group uses a revenue measure which is inclusive of its share of revenue generated from its JVAs. As the Group uses revenue as a measure of the level of activity performed by the Group, the Board believes that including revenue that is earned from its JVAs better reflects the size of the business and the volume of work carried out and more appropriately compares to PFO.

This differs from the statutory measure of revenue which presents Group revenue from its subsidiaries.

A reconciliation of the statutory measure of revenue to the Group's performance measure is shown in the tables in section (b). A comparison of the growth rates in statutory and performance revenue can be found in section (j).

f) Operating cash flow (OCF)

The table below reconciles the Group's internal performance measure of OCF to the statutory measure of cash generated from operating activities as reported in the Group Statement of Cash Flows.

Reconciliation from statutory cash generated from operations to OCF

	2024 **£m**	2023 £m
Cash generated from operating activities (statutory)	**265**	285
Add back: Pension payments including deficit funding (Note 21)	**30**	28
Less: Repayment of lease liabilities (including lease interest payments)	**(66)**	(63)
Add: Operational dividends received from joint ventures and associates	**71**	59
Add back: Cash flow movements relating to non-operating items	**13**	9
Less: Operating cash flows relating to non-recourse activities	**(24)**	(8)
Operating cash flow (OCF) (performance)	**289**	310

The Group includes/excludes these items to reflect the true cash flows generated from or used in the Group's operating activities:

Pension payments including deficit funding (£30 million): the Group has excluded pension payments which are included in the Group's statutory measure of cash flows from operating activities from its internal OCF measure as these primarily relate to deficit funding of the Group's main pension fund, Balfour Beatty Pension Fund (BBPF). The payments made for the deficit funding are in accordance with an agreed journey plan with the trustees of the BBPF and are not directly linked to the operational performance of the Group.

Repayment of lease liabilities (including lease interest payments) (£66 million outflow): the payments made for the Group's leasing arrangements are included in the Group's OCF measure as these payments are made to third-party suppliers for the lease of assets that are used to deliver services to the Group's customers, and hence to generate revenue. Under IFRS, these payments are excluded from the Group's statutory measure of cash flows from operating activities as these are considered debt in nature under accounting standards.

Operational dividends received from joint ventures and associates (£71 million inflow): dividends received from joint ventures and associates which are generated from non-disposal activities are included in the Group's OCF measure as these are cash returns to the Group from cash flows generated from operating activities within joint ventures and associates. Under IFRS, these returns are classified as investing activities.

Cash flow movements relating to non-operating items (£13 million): the Group's OCF measure excludes certain working capital movements that are not directly attributable to the Group's operating activities.

Operating cash flows relating to non-recourse activities (£24 million): the Group's OCF measure is specifically targeted to drive performance improvement in the Group's earnings-based businesses and therefore any operating cash flows relating to non-recourse activities are removed from this measure. Under IFRS, there is no distinction between recourse and non-recourse cash flows.

g) Recourse net cash/borrowings

The Group also measures its performance based on its net cash/borrowings position at the year end. This is analysed by excluding elements that are non-recourse to the Group as well as lease liabilities.

Non-recourse elements are cash and debt that are ring-fenced within certain infrastructure concession project companies and are excluded from the definition of net debt set out in the Group's borrowing facilities. In addition, lease liabilities which are deemed to be debt in nature under statutory measures are also excluded from the Group's definition of net cash/borrowings as these are viewed to be operational in nature reflecting payments made in exchange for use of assets.

Net cash/borrowings reconciliation

	2024 statutory £m	**Adjustment £m**	**2024 performance £m**	2023 statutory £m	Adjustment £m	2023 performance £m
Total cash within the Group	**1,558**	**(265)**	**1,293**	1,414	(306)	1,108
Cash and cash equivalents – infrastructure concessions	**265**	**(265)**	**–**	306	(306)	–
– other	**1,293**	**–**	**1,293**	1,108	–	1,108
Total debt within the Group	**(1,112)**	**762**	**(350)**	(979)	713	(266)
Borrowings – non-recourse loans	**(600)**	**600**	**–**	(570)	570	–
– other	**(350)**	**–**	**(350)**	(266)	–	(266)
Lease liabilities	**(162)**	**162**	**–**	(143)	143	–
Net cash	**446**	**497**	**943**	435	407	842

h) Average net cash/borrowings

The Group uses an average net cash/borrowings measure as this reflects its financing requirements throughout the year. The Group calculates its average net cash/borrowings based on the average opening and closing figures for each month through the year.

The average net cash/borrowings measure excludes non-recourse cash and debt and lease liabilities, and this performance measure shows average net cash of £766 million for 2024 (2023: £700 million).

Using a statutory measure (inclusive of non-recourse elements and the lease liabilities recognised) gives average net cash of £441 million for 2024 (2023: £438 million).

i) Directors' valuation of the Investments portfolio

The Group uses a different methodology to assess the value of its Investments portfolio. As described in the Directors' valuation section, the Directors' valuation for most of the investments in the portfolio has been undertaken using forecast cash flows for each project on an asset by asset basis, based on progress to date and market expectations of future performance. These cash flows have been discounted using different discount rates depending on project risk and maturity, reflecting secondary market transaction experience. As such, the Board believes that this measure better reflects the potential returns to the Group from those investments. The Directors have valued the Investments portfolio at £1.25 billion at year end (2023: £1.21 billion).

The Directors' valuation will differ from the statutory carrying value of these investments, which are accounted for using the relevant standards in accordance with IFRS rather than a discounted cash flow approach.

Reconciliation of the net assets of the Infrastructure Investments segment to the comparable statutory measure of the Investments portfolio included in the Directors' valuation

	2024 £m	2023 £m
Net assets of the Infrastructure Investments segment (refer to Note 5.1)	**626**	596
Less: Net assets not included within the Directors' valuation – Housing division	**(60)**	(53)
Comparable statutory measure of the Investments portfolio under IFRS	**566**	543

Comparison of the statutory measure of the Investments portfolio to its performance measure

	2024 £m	2023 £m
Statutory measure of the Investments portfolio (as above)	**566**	543
Difference arising from the Directors' valuation being measured on a discounted cash flow basis compared to the statutory measure primarily derived using a combination of the following IFRS bases: • historical cost • amortised cost • fair value	**688**	669
Directors' valuation (performance measure)	**1,254**	1,212

The difference between the statutory measure and the Directors' valuation (performance measure) of the Group's Investments portfolio is not equal to the gain on disposal that would result if the portfolio was fully disposed at the Directors' valuation. This is because the gain/loss on disposal would be affected by the recycling of items which were previously recognised directly within reserves, which are material and can alter the resulting gain/loss on disposal.

The statutory measure and the Directors' valuation are fundamentally different due to the different methodologies used to derive the valuation of these assets within the Investments portfolio.

As referred to in the Directors' valuation section, the Directors' valuation for most investments is calculated using discounted cash flows. In deriving these cash flows, assumptions have been made and different discount rates used which are updated at each valuation date.

Unlike the Directors' valuation, the assets measured under statutory measures using the appropriate IFRS accounting standards are valued using a combination of the following methods:

- historical cost;
- amortised cost; and
- fair value for certain assets and liabilities within the PPP portfolio, for which some assumptions are set at inception and some are updated at each valuation date.

There is also an element of the Directors' valuation that is not represented by an asset in the Group's balance sheet. This relates to the management services contracts within the Investments business that are valued in the Directors' valuation based on the future income stream expected from these contracts.

j) Constant exchange rates (CER)

The Group operates across a variety of geographic locations and in its statutory results, the results of its overseas entities are translated into the Group's presentational currency at average rates of exchange for the year. The Group's key exchange rates applied in deriving its statutory results are shown in Note 4.

To measure changes in the Group's performance compared with the previous year without the effects of foreign currency fluctuations, the Group provides growth rates on a CER basis. These measures remove the effects of currency movements by retranslating the prior year's figures at the current year's exchange rates, using average rates for revenue and closing rates for order book. A comparison of the Group's statutory growth rate to the CER growth rate is provided in the table below:

2024 statutory growth compared to performance growth

	Construction Services						
	UK	US	Gammon	Total	Support Services	Infrastructure Investments	Total
Revenue (£m)							
2024 statutory	3,011	3,619	–	6,630	1,210	394	8,234
2023 statutory	3,027	3,668	–	6,695	1,006	292	7,993
Statutory growth	**(1)%**	**(1)%**	**–**	**(1)%**	**20%**	**35%**	**3%**
2024 performance^	3,011	3,638	1,550	8,199	1,210	606	10,015
2023 performance retranslated^	3,027	3,594	1,324	7,945	1,006	498	9,449
Performance CER growth	**(1)%**	**1%**	**17%**	**3%**	**20%**	**22%**	**6%**
Order book (£bn)							
2024	6.2	7.1	1.9	15.2	3.2	–	18.4
2023	6.1	5.6	2.0	13.7	2.8	–	16.5
Growth	**2%**	**27%**	**(5)%**	**11%**	**14%**	**–**	**12%**
2024	6.2	7.1	1.9	15.2	3.2	–	18.4
2023 retranslated	6.1	5.7	2.1	13.9	2.8	–	16.7
CER growth	**2%**	**25%**	**(10)%**	**9%**	**14%**	**–**	**10%**

^ Performance revenue is underlying revenue including share of revenue from joint ventures and associates as set out in section (e).

Forward-looking statements

This report, including information included or incorporated by reference in it, may include statements that are or may be forward-looking statements, beliefs or opinions, including statements with respect to Balfour Beatty's business, financial condition, operations and prospects. These forward-looking statements may be identified by the use of forward-looking terminology or the negative thereof such as "expects" or "does not expect", "anticipates" or "does not anticipate", "targets", "aims", "continues", "is subject to", "assumes", "budget", "scheduled", "estimates", "risks", "positioned", "forecasts" "intends", "hopes", "believes" or variations of such words or comparable terminology and phrases or statements that certain actions, events or results "may", "could", "should", "shall", "would", "might" or "will" be taken, occur or be achieved. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Forward-looking statements are not based on historical facts, but rather on current predictions, expectations, beliefs, opinions, plans, objectives, goals, intentions and projections about future events, results of operations, prospects, financial condition and discussions of strategy.

By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. These events and circumstances include changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates, future business combinations or disposals, and any epidemic, pandemic or disease outbreak. If any one or more of these risks or uncertainties materialises or if any one or more of the assumptions prove incorrect, actual results may differ materially from those expected, estimated or projected. Such forward looking statements should therefore be construed in the light of such factors. As a result, you are cautioned not to place any undue reliance on such forward-looking statements.

No representation or warranty is made that any of these statements or forecasts will come to pass or that any forecast results will be achieved, and projections are not guarantees of future performance. Forward-looking statements speak only as at the date of this report and, other than in accordance with its legal or regulatory obligations, Balfour Beatty expressly disclaims any obligations or undertaking to update, or revise, any forward-looking statements in this report.

No statement in this report is intended as a profit forecast or profit estimate and no statement in this presentation should be interpreted to mean that Balfour Beatty's earnings per share for the current or future financial years would necessarily match or exceed the historical published earnings per share for Balfour Beatty.

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Group Income Statement

For the year ended 31 December 2024

	Notes	2024 Underlying items[1] £m	2024 Non-underlying items (Note 9) £m	2024 Total £m	2023 Underlying items[1] £m	2023 Non-underlying items (Note 9) £m	2023 Total £m
Revenue including share of joint ventures and associates		**10,015**	**–**	**10,015**	9,595	–	9,595
Share of revenue of joint ventures and associates	15	**(1,781)**	**–**	**(1,781)**	(1,602)	–	(1,602)
Group revenue		**8,234**	**–**	**8,234**	7,993	–	7,993
Cost of sales		**(7,817)**	**(66)**	**(7,883)**	(7,581)	(12)	(7,593)
Gross profit/(loss)		**417**	**(66)**	**351**	412	(12)	400
Gain on disposals of interests in investments	23.2	**43**	**–**	**43**	24	–	24
Amortisation of acquired intangible assets	14	**–**	**(4)**	**(4)**	–	(5)	(5)
Other operating expenses		**(271)**	**(5)**	**(276)**	(261)	–	(261)
Group operating profit/(loss)		**189**	**(75)**	**114**	175	(17)	158
Share of results of joint ventures and associates excluding gain on disposals of interests in investments		**59**	**–**	**59**	51	–	51
Gain on disposals of interests in investments	23.2	**–**	**–**	**–**	2	–	2
Share of results of joint ventures and associates	15	**59**	**–**	**59**	53	–	53
Profit/(loss) from operations		**248**	**(75)**	**173**	228	(17)	211
Investment income	7	**82**	**–**	**82**	82	–	82
Finance costs	8	**(41)**	**–**	**(41)**	(49)	–	(49)
Profit/(loss) before taxation		**289**	**(75)**	**214**	261	(17)	244
Taxation	10	**(62)**	**26**	**(36)**	(56)	6	(50)
Profit/(loss) for the year		**227**	**(49)**	**178**	205	(11)	194
Attributable to							
Equity holders		**227**	**(49)**	**178**	208	(11)	197
Non-controlling interests		**–**	**–**	**–**	(3)	–	(3)
Profit/(loss) for the year		**227**	**(49)**	**178**	205	(11)	194

[1] Before non-underlying items (Note 9).

	Notes	2024 pence	2023 pence
Earnings per share			
- basic	11	**34.2**	35.3
- diluted	11	**33.7**	34.8
Dividends per share proposed for the year	12	**12.5**	11.5

Group Statement of Comprehensive Income

For the year ended 31 December 2024

	2024 Group £m	2024 Share of joint ventures and associates £m	2024 Total £m	2023 Group £m	2023 Share of joint ventures and associates £m	2023 Total £m
Profit for the year	**119**	**59**	**178**	141	53	194
Other comprehensive (loss)/income for the year						
Items which will not subsequently be reclassified to the income statement						
Actuarial losses on retirement benefit assets/liabilities	**(102)**	**–**	**(102)**	(197)	(1)	(198)
Fair value revaluations of investments in mutual funds measured at fair value through OCI	**2**	**–**	**2**	1	–	1
Tax on above	**26**	**–**	**26**	49	–	49
	(74)	**–**	**(74)**	(147)	(1)	(148)
Items which will subsequently be reclassified to the income statement						
Currency translation differences	**6**	**3**	**9**	(17)	(13)	(30)
Fair value revaluations – PPP financial assets	**(2)**	**(48)**	**(50)**	–	20	20
– cash flow hedges	**1**	**10**	**11**	–	2	2
Recycling of revaluation reserves to the income statement on disposal^	**–**	**–**	**–**	–	(3)	(3)
Tax on above	**–**	**10**	**10**	(1)	(5)	(6)
	5	**(25)**	**(20)**	(18)	1	(17)
Total other comprehensive loss for the year	**(69)**	**(25)**	**(94)**	(165)	–	(165)
Total comprehensive income/(loss) for the year	**50**	**34**	**84**	(24)	53	29

	2024	2023
Attributable to		
Equity holders	**84**	32
Non-controlling interests	**–**	(3)
Total comprehensive income for the year	**84**	29

^ Recycling of revaluation reserves to the income statement on disposal has no associated tax effect.

Group Statement of Changes in Equity

For the year ended 31 December 2024

	Called-up share capital £m	Share premium account £m	Capital redemption reserve £m	Share of joint ventures' and associates' reserves £m	Other reserves µ £m	Retained profits £m	Non-controlling interests £m	Total £m
At 1 January 2023	294	176	52	(20)	170	706	5	1,383
Total comprehensive income/(loss) for the year	–	–	–	53	(17)	(4)	(3)	29
Ordinary dividends	–	–	–	–	–	(58)	–	(58)
Joint ventures' and associates' dividends	–	–	–	(60)	–	60	–	–
Purchase of treasury shares	–	–	–	–	–	(151)	–	(151)
Cancellation of ordinary shares	(22)	–	22	–	–	–	–	–
Movements relating to share-based payments+	–	–	–	–	4	(7)	–	(3)
Capital contribution	–	–	–	–	–	–	8	8
At 31 December 2023	272	176	74	(27)	157	546	10	1,208
Total comprehensive income for the year	**–**	**–**	**–**	**34**	**7**	**43**	**–**	**84**
Ordinary dividends	**–**	**–**	**–**	**–**	**–**	**(61)**	**(1)**	**(62)**
Joint ventures' and associates' dividends	**–**	**–**	**–**	**(71)**	**–**	**71**	**–**	**–**
Purchase of treasury shares	**–**	**–**	**–**	**–**	**–**	**(101)**	**–**	**(101)**
Cancellation of ordinary shares	**(13)**	**–**	**13**	**–**	**–**	**–**	**–**	**–**
Movements relating to share-based payments+	**–**	**–**	**–**	**–**	**(2)**	**3**	**–**	**1**
At 31 December 2024	**259**	**176**	**87**	**(64)**	**162**	**501**	**9**	**1,130**

µ Other reserves include £22m of special reserve (2023: £22m).

+ Movements relating to share-based payments include £4m tax credit (2023: £nil) recognised directly within retained profits.

Group Balance Sheet

At 31 December 2024

		Notes	2024 £m	2023 £m
Non-current assets				
Intangible assets	– goodwill	13	**854**	845
	– other	14	**268**	288
Service concession contract asset+			**69**	–
Property, plant and equipment			**136**	141
Right-of-use assets			**153**	135
Investment properties			**101**	66
Investments in joint ventures and associates		15	**385**	389
Investments			**24**	28
PPP financial assets			**21**	24
Trade and other receivables		17	**326**	308
Retirement benefit assets		21	**43**	104
Deferred tax assets			**200**	188
			2,580	2,516
Current assets				
Inventories			**158**	124
Contract assets		16.1	**229**	300
Trade and other receivables		17	**1,099**	894
Cash and cash equivalents	– infrastructure investments	20.3	**265**	306
	– other	20.3	**1,293**	1,108
Current tax receivable			**8**	16
Derivative financial instruments			**–**	1
			3,052	2,749
Total assets			**5,632**	5,265
Current liabilities				
Contract liabilities		16.2	**(697)**	(600)
Trade and other payables		18	**(1,778)**	(1,734)
Provisions		19	**(239)**	(216)
Borrowings	– non-recourse loans	20.3	**(11)**	(9)
	– other	20.3	**(185)**	(104)
Lease liabilities			**(57)**	(50)
Current tax payable			**(13)**	(6)
			(2,980)	(2,719)
Non-current liabilities				
Contract liabilities		16.2	**(2)**	(2)
Trade and other payables		18	**(88)**	(122)
Provisions		19	**(378)**	(201)
Borrowings	– non-recourse loans	20.3	**(589)**	(561)
	– other	20.3	**(165)**	(162)
Lease liabilities			**(105)**	(93)
Retirement benefit liabilities		21	**(41)**	(35)
Deferred tax liabilities			**(153)**	(160)
Derivative financial instruments			**(1)**	(2)
			(1,522)	(1,338)
Total liabilities			**(4,502)**	(4,057)
Net assets			**1,130**	1,208
Equity				
Called-up share capital			**259**	272
Share premium account			**176**	176
Capital redemption reserve			**87**	74
Share of joint ventures' and associates' reserves			**(64)**	(27)
Other reserves			**162**	157
Retained profits			**501**	546
Equity attributable to equity holders of the Parent			**1,121**	1,198
Non-controlling interests			**9**	10
Total equity			**1,130**	1,208

+ Service concession contract asset of £69m relates to a student accommodation project which features demand risk under IFRIC 12 Service Concession Arrangements. Construction of the asset commenced in December 2023 and is anticipated to complete in 2028. This asset was previously presented within Intangible assets – Other in 2023 and has not been re-presented as the Directors do not consider this to be material.

Group Statement of Cash Flows

For the year ended 31 December 2024

	Notes	2024 £m	2023 £m
Cash flows from operating activities			
Cash from operations		**277**	293
Income taxes paid		**(12)**	(8)
Net cash from operating activities		**265**	285
Cash flows from investing activities			
Dividends received from:			
- joint ventures and associates – infrastructure investments		**26**	24
- joint ventures and associates – other		**45**	36
- other investments		**1**	3
Interest received – infrastructure investments – joint ventures		**7**	7
Interest received subsidiaries - infrastructure investments		**11**	4
- other		**40**	33
Purchases of: - intangible assets – infrastructure investments		**–**	(30)
- service concession contract asset – infrastructure investments		**(56)**	–
- property, plant and equipment		**(28)**	(66)
- investment properties		**(36)**	(42)
- other investments		**–**	(2)
Investments in and long-term loans to joint ventures and associates		**(20)**	(14)
Return of equity from joint ventures and associates		**–**	4
PPP financial assets cash expenditure		**(5)**	(2)
PPP financial assets cash receipts		**8**	6
Disposals of: - investments in joint ventures – infrastructure investments		**43**	56
- property, plant and equipment – other		**5**	4
- other investments		**5**	12
Net cash from investing activities		**46**	33
Cash flows used in financing activities			
Purchase of ordinary shares		**(12)**	(18)
Purchase of treasury shares		**(101)**	(151)
Proceeds from new loans relating to: - infrastructure investments assets	20.4	**36**	336
- other	20.4	**39**	28
Repayments of loans relating to: - infrastructure investments assets	20.4	**(9)**	(8)
- other	20.4	**(40)**	(197)
Repayment of lease liabilities		**(59)**	(57)
Ordinary dividends paid	12	**(61)**	(58)
Other dividends paid – non-controlling interests		**(1)**	–
Capital contribution – non-controlling interests		**–**	8
Interest paid – infrastructure investments		**(12)**	(11)
Interest paid – other		**(31)**	(30)
Net cash used in financing activities		**(251)**	(158)
Net increase in cash and cash equivalents		**60**	160
Effects of exchange rate changes		**3**	(29)
Cash and cash equivalents at beginning of year		**1,310**	1,179
Cash and cash equivalents at end of year	20.2	**1,373**	1,310

Notes to the financial statements

1 Basis of accounting

The annual financial statements have been prepared on a going concern basis in accordance with UK-adopted international accounting standards and in conformity with the requirements of the Companies Act 2006 (the Act). The presentational currency of the Group is sterling.

The financial information in this announcement, which was approved by the Board of Directors on 11 March 2025, does not constitute the Company's statutory accounts for the years ended 31 December 2024 or 2023, but is derived from those accounts. Statutory accounts for 2023 have been delivered to the Registrar of Companies and those for 2024 will be delivered following the Company's Annual General Meeting. The auditor has reported on the 2024 accounts; the report is unqualified, did not draw attention to any matters by way of emphasis without qualifying the report and did not contain statements under Section 498(2) or (3) of the Companies Act 2006.

Whilst the financial information included in this preliminary announcement has been computed in accordance with IFRS, this announcement does not itself contain sufficient information to comply with IFRS. The Company expects to publish full financial statements for the Group that comply with IFRS in April 2025.

2 Going concern

The Directors consider it reasonable to assume that the Group has adequate resources to continue for the foreseeable future and, for this reason, have continued to adopt the going concern basis in preparing the financial statements.

The key financial risk factors for the Group remain largely unchanged. The Group's principal risks and the consequent impact these might have on the Group as well as mitigations that are in place are detailed on pages 89 to 105 of the Annual Report and Accounts 2024.

The Group's US private placement and committed bank facilities contain certain financial covenants, such as the ratio of the Group's EBITDA to its net debt which needs to be less than 3.0 and the ratio of its EBITA to net borrowing costs which needs to be in excess of 3.0. These covenants are tested on a rolling 12-month basis as at the June and December reporting dates. At 31 December 2024, both these covenants were passed as the Group had net cash and net interest income from a covenant test perspective.

The Directors have carried out an assessment of the Group's ability to continue as a going concern for the period of at least 12 months from the date of approval of the financial statements. This assessment has involved the review of medium-term cash forecasts of each of the Group's operations. The Directors have also considered the strength of the Group's order book which amounted to £18.4bn at 31 December 2024 and will provide a pipeline of secured work over the going concern assessment period. These base case projections indicate that the headroom provided by the Group's strong cash position and the debt facilities currently in place is adequate to support the Group over the going concern assessment period.

At 31 December 2024, the Group's only debt, other than non-recourse borrowings ring-fenced within certain concession companies, comprised $208m US private placement (USPP) notes.

The Group's £450m committed sustainability linked bank facility remained undrawn at 31 December 2024 and is fully available to the Group until June 2028. The Group's £30m bilateral committed facility, which was entered into in December 2022, also remained undrawn at 31 December and remains fully available to the Group until December 2027.

2 Going concern continued

The Directors have stress-tested the Group's base case projections of both cash and profit against key sensitivities which could materialise as a result of adverse changes in the economic environment including a deterioration in commercial or operational conditions. The Group has sensitised its projections against severe but plausible downside scenarios which include:

- elimination of a portion of unsecured work assumed within the Group's base case projections and a delay of six months for any awarded but not yet contracted work;
- a deterioration of contract judgements and restriction of a portion of the Group's margins; and
- delay in the disposal of Investments assets by 12 months.

In the severe but plausible downside scenarios modelled, the Group continues to retain sufficient headroom on liquidity throughout the going concern period. Through these downside scenarios, the Group is still expected to be in a net cash position and to remain within its banking covenants through the going concern assessment period.

Based on the above and having made appropriate enquiries, the Directors consider it reasonable to assume that the Group has adequate resources to continue for the going concern period and, for this reason, have continued to adopt the going concern basis in preparing the financial statements.

3 Accounting policies

3.1 Adoption of new and revised standards

The following accounting standards, interpretations and amendments have been adopted by the Group in the year ended 31 December 2024:

- Amendments to the following standards:
  - IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements
  - IAS 1 Presentation of Financial Statements:
    - Classification of Liabilities as Current or Non-current
    - Non-current Liabilities with Covenants
  - IFRS 16 Leases: Lease Liability in a Sale and Leaseback

These amended standards did not have a material effect on the Group.

3.2 Accounting standards not yet adopted by the Group

The following accounting standards, interpretations and amendments have been issued by the IASB but had either not been adopted by the UK or were not yet effective in the UK at 31 December 2024:

- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures
- Amendments to the following standards:
  - IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability
  - IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments
  - IFRS 9 and IFRS 7: Contracts Referencing Nature-dependent Electricity
  - Annual Improvements to IFRS Accounting Standards Volume 11

The Directors do not expect these new and amended standards to have a material effect on the Group and have chosen not to adopt any of the above standards and interpretations earlier than required.

3.3 Judgements and key sources of estimation uncertainty

The Group's principal judgements and key sources of estimation uncertainty are set out in Note 2.28 of the Annual Report and Accounts 2024.

4 Exchange rates

The following key exchange rates were applied in the financial statements.

Average rates

£1 buys	**2024**	2023	Change
US$	**1.28**	1.24	3.2%
HK$	**9.98**	9.73	2.6%

Closing rates

£1 buys	**2024**	2023	Change
US$	**1.25**	1.27	(1.6)%
HK$	**9.73**	9.95	(2.2)%

5 Segment analysis

Reportable segments of the Group:

Construction Services – activities resulting in the physical construction of an asset;

Support Services – activities which support existing assets or functions such as asset maintenance and refurbishment; and

Infrastructure Investments – acquisition, operation and disposal of infrastructure assets such as roads, hospitals, student accommodation, military housing, multifamily residences, offshore transmission networks, waste and biomass and other concessions. This segment also includes the Group's housing development division.

5.1 Total Group

Income statement – performance by activity

	Construction Services 2024 £m	Support Services 2024 £m	Infrastructure Investments 2024 £m	Corporate activities 2024 £m	Total 2024 £m
Revenue including share of joint ventures and associates	**8,199**	**1,210**	**606**	**–**	**10,015**
Share of revenue of joint ventures and associates	**(1,569)**	**–**	**(212)**	**–**	**(1,781)**
Group revenue	**6,630**	**1,210**	**394**	**–**	**8,234**
Group operating profit/(loss)[1]	**118**	**93**	**17**	**(39)**	**189**
Share of results of joint ventures and associates	**41**	**–**	**18**	**–**	**59**
Profit/(loss) from operations[1]	**159**	**93**	**35**	**(39)**	**248**
Non-underlying items:					
- net release of provisions relating to Rail Germany	**21**	**–**	**–**	**–**	**21**
- recognition of insurance recovery in relation to rectification works on a development in London	**43**	**–**	**–**	**–**	**43**
- provision recognised in relation to claims made under the Building Safety Act	**(83)**	**–**	**–**	**–**	**(83)**
- charge recognised in relation to a legacy claim received for a project completed in 2012 in Texas	**(52)**	**–**	**–**	**–**	**(52)**
- amortisation of acquired intangible assets	**(1)**	**–**	**(3)**	**–**	**(4)**
	(72)	**–**	**(3)**	**–**	**(75)**
Profit/(loss) from operations	**87**	**93**	**32**	**(39)**	**173**
Investment income					**82**
Finance costs					**(41)**
Profit before taxation					**214**

[1] Before non-underlying items (Note 9).

Income statement – performance by activity

	Construction Services 2023 £m	Support Services 2023 £m	Infrastructure Investments 2023 £m	Corporate activities 2023 £m	Total 2023 £m
Revenue including share of joint ventures and associates	8,081	1,006	508	–	9,595
Share of revenue of joint ventures and associates	(1,386)	–	(216)	–	(1,602)
Group revenue	6,695	1,006	292	–	7,993
Group operating profit/(loss)[1]	120	80	14	(39)	175
Share of results of joint ventures and associates	36	–	17	–	53
Profit/(loss) from operations[1]	156	80	31	(39)	228
Non-underlying items:					
- provision recognised for rectification works to be carried out on a development in London	(12)	–	–	–	(12)
- amortisation of acquired intangible assets	(1)	–	(4)	–	(5)
	(13)	–	(4)	–	(17)
Profit/(loss) from operations	143	80	27	(39)	211
Investment income					82
Finance costs					(49)
Profit before taxation					244

[1] Before non-underlying items (Note 9).

5 Segment analysis continued

5.1 Total Group continued

Assets and liabilities by activity	**Construction Services 2024 £m**	**Support Services 2024 £m**	**Infrastructure Investments 2024 £m**	**Corporate activities 2024 £m**	**Total 2024 £m**
Contract assets	**116**	**70**	**43**	**–**	**229**
Contract liabilities – current	**(506)**	**(188)**	**(3)**	**–**	**(697)**
Inventories	**47**	**48**	**63**	**–**	**158**
Trade and other receivables – current	**939**	**99**	**22**	**39**	**1,099**
Trade and other payables – current	**(1,470)**	**(198)**	**(59)**	**(51)**	**(1,778)**
Provisions – current	**(213)**	**(6)**	**(3)**	**(17)**	**(239)**
Working capital*	**(1,087)**	**(175)**	**63**	**(29)**	**(1,228)**
Total assets	**2,209**	**520**	**1,309**	**1,594**	**5,632**
Total liabilities	**(2,635)**	**(524)**	**(683)**	**(660)**	**(4,502)**
Net assets	**(426)**	**(4)**	**626**	**934**	**1,130**

* Includes non-operating items and current working capital.

Assets and liabilities by activity	Construction Services 2023 £m	Support Services 2023 £m	Infrastructure Investments 2023 £m	Corporate activities 2023 £m	Total 2023 £m
Contract assets	203	69	28	–	300
Contract liabilities – current	(506)	(90)	(4)	–	(600)
Inventories	45	25	54	–	124
Trade and other receivables – current	768	73	33	20	894
Trade and other payables – current	(1,491)	(176)	(48)	(19)	(1,734)
Provisions – current	(187)	(4)	(7)	(18)	(216)
Working capital*	(1,168)	(103)	56	(17)	(1,232)
Total assets	2,168	459	1,260	1,378	5,265
Total liabilities	(2,484)	(385)	(664)	(524)	(4,057)
Net assets	(316)	74	596	854	1,208

* Includes non-operating items and current working capital.

5 Segment analysis continued

5.1 Total Group continued

Other information	**Construction Services 2024 £m**	**Support Services 2024 £m**	**Infrastructure Investments 2024 £m**	**Corporate activities 2024 £m**	**Total 2024 £m**
Capital expenditure on property, plant and equipment	**7**	**18**	**–**	**3**	**28**
Capital expenditure on service concession contract assets	**–**	**–**	**56**	**–**	**56**
Depreciation	**23**	**57**	**3**	**9**	**92**
Gain on disposals of interests in investments (Note 23.2)	**–**	**–**	**43**	**–**	**43**

	2023 £m	2023 £m	2023 £m	2023 £m	2023 £m
Capital expenditure on property, plant and equipment	8	47	–	11	66
Capital expenditure on intangible assets	–	–	30	–	30
Depreciation	28	48	2	9	87
Gain on disposals of interests in investments	–	–	24	–	24
Gain on disposals of interests in investments within joint ventures and associates	–	–	2	–	2

Performance by geographic destination	**United Kingdom 2024 £m**	**United States 2024 £m**	**Rest of world 2024 £m**	**Total 2024 £m**
Revenue including share of joint ventures and associates	**4,420**	**4,039**	**1,556**	**10,015**
Share of revenue of joint ventures and associates	**(102)**	**(125)**	**(1,554)**	**(1,781)**
Group revenue	**4,318**	**3,914**	**2**	**8,234**

	2023 £m	2023 £m	2023 £m	2023 £m
Revenue including share of joint ventures and associates	4,192	4,035	1,368	9,595
Share of revenue of joint ventures and associates	(101)	(138)	(1,363)	(1,602)
Group revenue	4,091	3,897	5	7,993

5.2 Infrastructure Investments

Underlying profit/(loss) from operations[1]	**Group 2024 £m**	**Share of joint ventures and associates (Note 15)+ 2024 £m**	**Total 2024 £m**	Group 2023 £m	Share of joint ventures and associates (Note 15)+ 2023 £m	Total 2023 £m
UK^	**(2)**	**9**	**7**	(1)	3	2
North America	**2**	**9**	**11**	7	12	19
Gain on disposals of interests in investments	**43**	**–**	**43**	24	2	26
	43	**18**	**61**	30	17	47
Bidding costs and overheads	**(26)**	**–**	**(26)**	(16)	–	(16)
	17	**18**	**35**	14	17	31

+ The Group's share of the results of joint ventures and associates is disclosed net of investment income, finance costs and taxation.

^ Including Ireland

1 Before non-underlying items (Note 9).

6. Revenue

6.1 Nature of services provided

6.1.1 Construction Services

The Group's Construction Services segment encompasses activities in relation to the physical construction of assets provided to public and private customers. Revenue generated in this segment is measured over time as control passes to the customer as the asset is constructed. Progress is measured by reference to the cost incurred on the contract to date compared to the contract's end of job forecast (the input method). Payment terms are based on a schedule of value that is set out in the contract and fairly reflect the timing and performance of service delivery. Contracts with customers are typically accounted for as one performance obligation (PO).

Types of assets	Typical contract length	Nature, timing of satisfaction of performance obligations and significant payment terms
Buildings	12 to 36 months	The Group constructs buildings which include commercial, healthcare, education, retail and residential assets. As part of its construction services, the Group provides a range of services including design and/or build, mechanical and electrical engineering, shell and core and/or fit-out and interior refurbishment. The Group's customers in this area are a mix of private and public entities. The contract length depends on the complexity and scale of the building and contracts entered into for these services are typically fixed price. In most instances, the contract with the customer is assessed to only contain one PO as the services provided by the Group, including those where the Group is also providing design services, are highly interrelated. However, for certain types of contracts, services relating to fit-out and interior refurbishment may sometimes be assessed as a separate PO.
Infrastructure	1 to 3 months for small-scale infrastructure works 24 to 60 months for large-scale complex construction	The Group provides construction services for three main types of infrastructure assets: highways, railways and other large-scale infrastructure assets such as waste, water and energy plants. Highways represent the Group's activities in constructing motorways in the UK, US and Hong Kong. This includes activities such as design and construction of roads, widening of existing motorways or converting existing motorways. The main customers are government bodies. Railway construction services include design and managing the construction of railway systems delivering major multi-disciplinary projects, track work, electrification and power supply. The Group serves both public and private railways including high-speed passenger railways, freight and mixed traffic routes, dense commuter networks, metros and light rail. Other infrastructure assets include construction, design and build services on large-scale complex assets predominantly servicing the waste, water and energy sectors. Contracts entered into relating to these infrastructure assets can take the form of fixed-price, cost-plus or target-cost contracts with shared pain/gain mechanisms. Contract lengths vary according to the size and complexity of the asset build and can range from a few months for small-scale infrastructure works to four to five years for large-scale complex construction works. In most cases, the contract itself represents a single PO where only the design and construction elements are contracted. In some instances, the contract with the customer will include maintenance of the constructed asset. The Group assesses the maintenance element as a separate PO and revenue from this PO is recognised in the Support Services segment. Refer to Note 6.1.2.

6 Revenue continued

6.1 Nature of services provided continued

6.1.2 Support Services

The Group's work in this segment supports existing assets through maintaining, upgrading and managing services across utilities and infrastructure assets. Revenue generated in this segment is measured over time as control passes to the customer as and when services are provided. Progress is measured by reference to the cost incurred on the contract to date compared to the contract's end of job forecast (the input method). Payments are structured as milestone payments set out in the respective contracts.

Types of assets	Nature, timing of satisfaction of performance obligations and significant payment terms
Utilities	Within the Group's services contracts, the Group provides support services to various types of utility assets. For contracts servicing power transmission and distribution assets, the Group constructs and maintains electricity networks, including replacement or new build of overhead lines, underground cabling, cable tunnels and offshore wind farm maintenance. Contracts entered into are fixed-price, cost-plus or target-cost contracts with shared pain/gain mechanisms. Contract lengths can vary from 12 to 36 months. Each contract is normally assessed to contain one PO. However, where a contract contains both a construction phase and a maintenance phase, these are assessed to contain two separate POs.
Infrastructure	The Group provides maintenance, asset and network management and design services in respect of highways, railways and other publicly available assets. The customer in this area of the Group is mainly government bodies. Types of contract include a fixed schedule of rates, fixed-price, target-cost arrangements and cost-plus. Contract terms range from 1 to 25 years. Where contracts include a lifecycle element, this is accounted for as a separate PO and recognised when the work is delivered.

6 Revenue continued

6.1 Nature of services provided continued

6.1.3 Infrastructure Investments

The Group invests directly in a variety of assets, predominantly consisting of infrastructure assets where there are opportunities to manage the asset upon completion of construction. The Group also invests in real estate type assets, in particular private residential and student accommodation assets. Revenue generated in this segment is from the provision of construction, maintenance and management services and also from the recognition of rental income. The Group's strategy is to hold these assets until optimal values are achieved through disposal of mature assets.

Types of services	Nature, timing of satisfaction of performance obligations and significant payment terms
Service concessions	The Group operates a UK and US portfolio of service concession assets comprising assets in the roads, healthcare, student accommodation, biomass and waste and offshore transmission sectors. The Group accounts for these assets under IFRIC 12 Service Concession Arrangements. Where the Group constructs and maintains these assets, the two services are deemed to be separate performance obligations and accounted for separately. If the maintenance phase includes a lifecycle element, this is considered to be a separate PO. Contract terms can be up to 40 years. The Group recognises revenue over time using the input method. Consideration is paid through a fixed unitary payment charge spread over the life of the contract. *Revenue from this service is presented across Buildings, Infrastructure or Utilities in Note 6.2.*
Management services	The Group provides real estate management services such as property development and asset management services. Contract terms can be up to 50 years. The Group recognises revenue over time as and when service is delivered to the customer. *Revenue from this service is presented within Buildings in Note 6.2.*
Housing development	The Group also develops housing units on land that is owned by the Group. Revenue is recognised on the sale of individual units at the point in time when control of the asset is transferred to the purchaser. This is deemed to be when an unconditional sale is achieved. *Revenue from this service is presented within Buildings in Note 6.2.*

6 Revenue continued

6.2 Disaggregation of revenue

The Group presents a disaggregation of its revenue according to the primary geographical markets in which the Group operates as well as the types of assets serviced by the Group. The nature of the various services provided by the Group is explained in Note 6.1. This disaggregation of revenue is also presented according to the Group's reportable segments as described in Note 5.

For the year ended 31 December 2024

Revenue by primary geographical markets		United Kingdom £m	United States £m	Rest of world £m	Total £m
Construction Services	Revenue including share of joint ventures and associates	3,010	3,638	1,551	8,199
	Group revenue	3,010	3,619	1	6,630
Support Services	Revenue including share of joint ventures and associates	1,209	–	1	1,210
	Group revenue	1,209	–	1	1,210
Infrastructure Investments	Revenue including share of joint ventures and associates	201	401	4	606
	Group revenue	99	295	–	394
Total revenue	**Revenue including share of joint ventures and associates**	**4,420**	**4,039**	**1,556**	**10,015**
	Group revenue	**4,318**	**3,914**	**2**	**8,234**

Revenue by types of assets serviced		Buildings £m	Infrastructure £m	Utilities £m	Other £m	Total £m
Construction Services	Revenue including share of joint ventures and associates	4,178	3,465	417	139	8,199
	Group revenue	3,420	2,657	414	139	6,630
Support Services	Revenue including share of joint ventures and associates	12	782	385	31	1,210
	Group revenue	12	782	385	31	1,210
Infrastructure Investments	Revenue including share of joint ventures and associates	445+	153	8	–	606
	Group revenue	390+	4	–	–	394
Total revenue	**Revenue including share of joint ventures and associates**	**4,635**	**4,400**	**810**	**170**	**10,015**
	Group revenue	**3,822**	**3,443**	**799**	**170**	**8,234**

Timing of revenue recognition	Construction Services £m	Support Services £m	Infrastructure Investments £m	Total £m
Over time	8,194	1,209	587	9,990
At a point in time	5	1	19	25
Revenue including share of joint ventures and associates	**8,199**	**1,210**	**606**	**10,015**
Over time	6,625	1,209	375	8,209
At a point in time	5	1	19	25
Group revenue	**6,630**	**1,210**	**394**	**8,234**

+ Includes rental income of £48m including share of joint ventures and associates or £26m excluding share of joint ventures and associates.

6 Revenue continued

6.2 Disaggregation of revenue continued

For the year ended 31 December 2023

Revenue by primary geographical markets		**United Kingdom £m**	**United States £m**	**Rest of world £m**	**Total £m**
Construction Services	Revenue including share of joint ventures and associates	3,025	3,697	1,359	8,081
	Group revenue	3,025	3,669	1	6,695
Support Services	Revenue including share of joint ventures and associates	1,003	–	3	1,006
	Group revenue	1,003	–	3	1,006
Infrastructure Investments	Revenue including share of joint ventures and associates	164	338	6	508
	Group revenue	63	228	1	292
Total revenue	**Revenue including share of joint ventures and associates**	4,192	4,035	1,368	9,595
	Group revenue	4,091	3,897	5	7,993

Revenue by types of assets serviced		**Buildings £m**	**Infrastructure £m**	**Utilities £m**	**Other £m**	**Total £m**
Construction Services	Revenue including share of joint ventures and associates	3,954	3,442	593	92	8,081
	Group revenue	3,284	2,738	581	92	6,695
Support Services	Revenue including share of joint ventures and associates	9	661	326	10	1,006
	Group revenue	9	661	326	10	1,006
Infrastructure Investments	Revenue including share of joint ventures and associates	346+	146	16	–	508
	Group revenue	289+	3	–	–	292
Total revenue	**Revenue including share of joint ventures and associates**	4,309	4,249	935	102	9,595
	Group revenue	3,582	3,402	907	102	7,993

Timing of revenue recognition	**Construction Services £m**	**Support Services £m**	**Infrastructure Investments £m**	**Total £m**
Over time	8,076	1,002	496	9,574
At a point in time	5	4	12	21
Revenue including share of joint ventures and associates	8,081	1,006	508	9,595
Over time	6,690	1,002	280	7,972
At a point in time	5	4	12	21
Group revenue	6,695	1,006	292	7,993

+ Includes rental income of £53m including share of joint ventures and associates or £21m excluding share of joint ventures and associates.

7 Investment income

	2024 £m	2023 £m
Subordinated debt interest receivable	**17**	34
Interest receivable on PPP financial assets	**2**	2
Interest received on bank deposits	**40**	33
Other interest receivable and similar income	**2**	–
Impairment reversal of joint ventures and associates – loans	**17**	–
– accrued interest	**–**	1
Net finance income on pension scheme assets and obligations (Note 21)	**4**	12
	82	82

8 Finance costs

		2024 £m	2023 £m
Non-recourse borrowings	– bank loans and overdrafts	**12**	11
US private placement	– finance cost	**10**	12
Interest on lease liabilities		**7**	6
Fair value loss on investment asset		**2**	1
Other interest payable	– committed facilities	**2**	3
	– letter of credit fees	**1**	2
	– other finance charges	**4**	5
Impairment of joint ventures and associates	– loans	**2**	9
	– accrued interest	**1**	–
		41	49

The net impairment reversal of loans to joint ventures and associates and accrued interest receivable of £14m (2023: £8m net impairment) relates to expected credit loss assessments performed. All of the net impairment reversals relate to subordinated debt and accrued interest receivable from joint ventures and associates held within the Infrastructure Investments segment.

9 Non-underlying items

	2024 £m	2023 £m
Items (charged against)/credited to profit		
9.1 Amortisation of acquired intangible assets	**(4)**	(5)
9.2 Other non-underlying items:		
– net release of provisions relating to Rail Germany	**21**	–
– recognition of insurance recovery/(provision) in relation to rectification works on a development in London	**43**	(12)
– provision recognised in relation to claims made under the Building Safety Act	**(83)**	–
– charge recognised in relation to a claim received on a legacy project completed in 2012 in Texas	**(52)**	–
Total other non-underlying items	**(71)**	(12)
Charged against profit before taxation	**(75)**	(17)
9.3 Tax credit:		
– tax on amortisation of acquired intangible assets	**1**	3
– tax on other items above	**25**	3
Total tax credit	**26**	6
Charged against profit for the year	**(49)**	(11)

9.1 The amortisation of acquired intangible assets comprises: customer contracts £3m (2023: £4m); and customer relationships £1m (2023: £1m).

The charge was recognised in the following segments: Construction Services £1m (2023: £1m); and Infrastructure Investments £3m (2023: £4m).

9.2.1 In 2014, Rail Germany was reclassified from discontinued operations and has since been presented as part of the Group's non-underlying items within continuing operations in line with the Group's continued commitment to exit this part of the business.

In 2024, the two remaining contracts held within Rail Germany reached the end of their warranty periods resulting in the release of warranty provisions held in respect of these contracts. This release has been credited to the Group's income statement within non-underlying, net of provision increases relating to certain legacy liabilities remaining within the business. This net credit of £21m was recognised in the Construction Services segment.

9.2.2 In 2021, the Group recognised a provision of £42m within non-underlying in relation to rectification work to be carried out on a development in London which was constructed by the Group between 2013 and 2016. The rectification work includes the replacement of stone panels affixed to the façade of the development to meet performance requirements as well as an estimate of any potential consequential disruption to the development as a result of these rectification works. In 2023, the Group increased this provision to £54m following a reassessment of the rectification cost. The additional charge to the income statement was also recognised in non-underlying. The Group's estimated provision did not include potential recoveries from third parties.

In 2024, rectification work continued to progress and is expected to complete in the first half of 2025. In July 2024, the Group received confirmation from its insurers that the rectification work qualifies for insurance coverage. Upon assessment of the interim cost by the insurer's loss adjusters as well as receipt of cash for the first application for payment submitted by the Group for a portion of the cost incurred to date, the Group has recognised an insurance recovery of £43m. The Group has presented this income within non-underlying in line with the presentation adopted for the recognition of the provision.

Both the provision for the rectification work and the insurance coverage have been recognised within the Construction Services segment.

9 Non-underlying items continued

9.2.3 The Building Safety Act (BSA), which was introduced in 2022, extends the limitation for claims under the Defective Premises Act 1972 from 6 years to 30 years for dwellings completed before 28 June 2022. Since the introduction of the BSA, the Group has conducted investigations and due diligence on claims received to establish whether an obligation exists and if costs can be reliably estimated. The Group has recognised a provision where a probable obligation has been established and cost associated with the claim can be reliably estimated. Previously, the charge relating to this provision has been recognised within the Group's underlying results as the amounts recognised did not result in a distortion of the Group's underlying results.

In 2024, following further developments and clarifications in the legal landscape of the BSA, progression of the Group's investigation and due diligence as well as adjudications on claims received to date, the Group has reassessed its provision for BSA claims resulting in an increase in the provision of £83m. The provision does not include potential recoveries from third parties. This increase has been recognised in non-underlying due to its size and the nature of the cost, which has arisen from a change in legislation.

This charge has been recognised in the Construction Services segment.

9.2.4 In 2012, the Group, through a joint operation formed with Fluor Enterprises Inc. in which the Group owns a 40% share, completed a contract with the North Texas Tollway Authority (NTTA) to provide design and build services in relation to the extension of NTTA's President George Bush Turnpike Highway (SH161 in Texas). In October 2022, NTTA served the joint operation with a claim demanding damages of an unquantified amount under various claims relating to alleged breaches of contract and/or negligence in relation to retaining walls along the project. In November 2024, through a jury verdict, damages were awarded against the joint operation in favour of NTTA amounting to $112m (Group's share). This jury verdict was substantially above the claim presented to the court of $77m (Group's share) comprising $8m expended to date and $69m for possible repair costs over the next 10 years. The NTTA has moved to enter the verdict as a judgement and is also requesting pre-judgement interest of $50m (Group's share) plus legal costs. The joint operation has opposed the NTTA's motion and the court has yet to issue a decision on that motion with a court date set for 27 March 2025. The Group believes that the jury verdict does not accurately reflect the evidence at trial and is evaluating all options to set aside or reduce the verdict and, if necessary, appeal any final judgement. The appeal would require a surety bond of $10m (Group share) to be provided in place of settling the judgement. However, in light of the jury verdict, the Group has recognised a non-underlying charge of £52m. This charge, which is net of insurance recoveries of £40m for which the Group has received confirmation of cover from its insurers, represents the Group's best estimate of the probable damages to be awarded.

The Group maintains the view that these damages are a result of design elements of the contract which were performed by subcontractors to the joint operation. The Group, together with its joint operation partner, is pursuing recoveries from these subcontractors, however at this stage, the Group has not recognised any potential recoveries from these parties.

This charge has been recognised in the Construction Services segment and has been included within the Group's non-underlying results due to the size of the provision.

9.3.1 The amortisation of acquired intangible assets gave rise to a tax credit of £1m (2023: £3m credit).

9.3.2 The remaining non-underlying items recognised in the Group's operating profit gave rise to a current tax credit of £25m (2023: £3m), of which £2m credit relates to net provision releases relating to Rail Germany, £11m charge relates to the insurance recovery for rectification works on a development in London, £21m credit relates to the increase in provision for BSA claims and £13m credit relates to the charge recognised in relation to a claim received for a legacy project completed in 2012 in Texas.

10 Income taxes

	Underlying Items[1] 2024 £m	Non-underlying items (Note 9) 2024 £m	Total 2024 £m	Total 2023 £m
Total UK tax	**39**	**(10)**	**29**	35
Total non-UK tax	**23**	**(16)**	**7**	15
Total tax charge/(credit)[x]	**62**	**(26)**	**36**	50
UK current tax				
– current tax	**17**	**(10)**	**7**	4
– adjustments in respect of prior periods	**5**	**–**	**5**	–
	22	**(10)**	**12**	4
Non-UK current tax				
– current tax	**14**	**–**	**14**	1
– adjustments in respect of previous periods	**2**	**–**	**2**	(3)
	16	**–**	**16**	(2)
Total current tax	**38**	**(10)**	**28**	2
UK deferred tax				
– origination and reversal of temporary differences	**22**	**–**	**22**	30
– UK corporation tax rate change	**–**	**–**	**–**	2
– adjustments in respect of previous periods	**(5)**	**–**	**(5)**	(1)
	17	**–**	**17**	31
Non-UK deferred tax				
– origination and reversal of temporary differences	**10**	**(16)**	**(6)**	16
– adjustments in respect of previous periods	**(3)**	**–**	**(3)**	1
	7	**(16)**	**(9)**	17
Total deferred tax	**24**	**(16)**	**8**	48
Total tax charge/(credit)[x]	**62**	**(26)**	**36**	50

[x] Excluding joint ventures and associates.

[1] Before non-underlying items (Note 9).

The Group has recognised a £26m tax credit (2023: £6m) within non-underlying items in the year. Refer to Notes 9.3.1 and 9.3.2.

The Group tax charge excludes amounts for joint ventures and associates (refer to Note 15), except where tax is levied at the Group level.

In addition to the Group tax charge, tax of £36m has been credited (2023: £43m) directly to Group other comprehensive income, comprising: a tax credit of £26m for subsidiaries (2023: £48m); and a tax credit in respect of joint ventures and associates of £10m (2023: £5m charge). A tax credit of £4m (2023: £nil) has been recognised directly in Group equity relating to share-based payments, comprising a current tax credit of £2m (2023: £2m) and a deferred tax credit of £2m (2023: £2m charge).

11 Earnings per share

Earnings	2024 Basic £m	2024 Diluted £m	2023 Basic £m	2023 Diluted £m
Earnings	**178**	**178**	197	197
Amortisation of acquired intangible assets – including tax credit of £1m (2023: £3m)	**3**	**3**	2	2
Other non-underlying items – including tax credit of £25m (2023: £3m)	**46**	**46**	9	9
Underlying earnings	**227**	**227**	208	208

	Basic m	Diluted m	Basic m	Diluted m
Weighted average number of ordinary shares	**521**	**528**	558	566

The basic earnings per ordinary share is calculated by dividing the profit for the year attributable to equity holders by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares and shares held in the Employee Share Ownership Trust.

The diluted earnings per ordinary share uses an adjusted weighted average number of shares and includes shares that are potentially outstanding in relation to equity-settled share-based payment arrangements.

Potential dilutive effect of ordinary shares issuable under equity-settled share-based payment arrangements is 7m (2023: 8m).

Earnings per share	Basic pence	Diluted pence	Basic pence	Diluted pence
Earnings per ordinary share	**34.2**	**33.7**	35.3	34.8
Amortisation of acquired intangible assets after tax	**0.6**	**0.6**	0.4	0.4
Other non-underlying items after tax	**8.8**	**8.7**	1.6	1.6
Underlying earnings per ordinary share	**43.6**	**43.0**	37.3	36.8

12 Dividends

	2024 Per share pence	2024 Amount £m	2023 Per share pence	2023 Amount £m
Proposed dividends for the year				
Interim – current year	**3.8**	**19**	3.5	19
Final – current year	**8.7**	**44[&]**	8.0	43
	12.5	**63**	11.5	62
Recognised dividends for the year				
Final – prior year		**42**		39
Interim – current year		**19**		19
		61		58

[&] Amount dependent on number of shares on the register on 16 May 2025.

Subject to approval at the Annual General Meeting on 8 May 2025, the final 2024 dividend will be paid on 2 July 2025 to holders on the register on 16 May 2025 by direct credit or, where no mandate has been given, by cheque posted by 2 July 2025. The ordinary shares will be quoted ex-dividend on 15 May 2025. The last date for Dividend Reinvestment Plan (DRIP) elections will be 11 June 2025.

13 Intangible assets – goodwill

	Cost £m	Accumulated impairment losses £m	Carrying amount £m
At 1 January 2024	1,069	(224)	845
Currency translation differences	**5**	**4**	**9**
At 31 December 2024	**1,074**	**(220)**	**854**

	2024		2023	
Carrying amounts of goodwill by cash-generating unit (CGU)	**£m**	**Pre-tax discount rate %**	£m	Pre-tax discount rate %
UK Regional and Engineering Services	**248**	**10.8%**	248	10.7
Balfour Beatty Construction Group Inc	**445**	**11.2%**	437	11.1
Rail UK	**68**	**11.2%**	68	11.0
Balfour Beatty Investments US	**53**	**11.2%**	52	11.3
Other	**40**	**10.9%**	40	11.0
Group total	**854**		845	

The recoverable amount of goodwill is based on value-in-use, a key input of which is forecast cash flows. The Group's cash flow forecasts are based on the expected future revenues and margins of each CGU, giving consideration to the current level of confirmed and anticipated orders. Cash flow forecasts for the next three years are based on the Group's Three-Year Plan, which covers the period from 2025 to 2027. The cash flow forecasts for each CGU were compiled from each of its constituent business units as part of the Group's annual financial planning process.

The other key inputs in assessing each CGU are its long-term growth rate and discount rate. The discount rates have been calculated using the Weighted Average Cost of Capital (WACC) method, which takes account of the Group's capital structure (financial risk) as well as the nature of each CGU's business (operational risk). Long-term growth rates are assumed to be the estimated future GDP growth rates based on published independent forecasts for the country or countries in which each CGU operates, less 1.0% to reflect current economic uncertainties and their consequent estimated effect on public sector spending on infrastructure.

In the derivation of each CGU's value-in-use, a terminal value is assumed based on a multiple of earnings before interest and tax. The multiple is applied to a terminal cash flow, which is the normalised cash flow in the last year of the forecast period. However, due to the long-term nature and the degree of predictability of some contracts within Balfour Beatty Investments US, the forecast period used in the derivation of this CGU's value-in-use extends beyond the Group's three-year cash flow forecast period in line with the duration of the contracts within the CGU. The EBIT multiple is calculated using the Gordon Growth Model and is a factor of the discount rate and growth rate for each CGU. The nominal terminal value is discounted to present value.

13 Intangible assets – goodwill continued

	2024			2023		
	Inflation rate %	**Real growth rate %**	**Nominal long-term growth rate applied+ %**	Inflation rate %	Real growth rate %	Nominal long-term growth rate applied[1] %
UK Regional and Engineering Services	**2.4**	**1.2**	**3.6**	2.8	1.1	3.9
Balfour Beatty Construction Group Inc	**2.2**	**1.7**	**3.9**	2.2	1.7	3.9
Rail UK	**2.4**	**1.2**	**3.6**	2.8	1.1	3.9
Balfour Beatty Investments US	**2.2**	**1.7**	**3.9**	2.2	1.7	3.9
Other	**2.3**	**1.5**	**3.8**	2.6	1.3	3.9

+ These nominal long-term growth rates are reduced by 1.0% when performing goodwill assessments to reflect current economic uncertainties and their consequent estimated effect on public sector spending on infrastructure.

Sensitivities

The Group's impairment review is sensitive to changes in the key assumptions used. The major assumptions that result in significant sensitivities are the discount rate and the long-term growth rate, and for certain CGUs, changes to underlying cash projections.

A reasonable possible change in key assumptions would not give rise to an impairment in any of the Group's CGUs.

14 Intangible assets – other

	Cost £m	Accumulated amortisation £m	Carrying amount £m
At 1 January 2024	661	(373)	288
Currency translation differences	**5**	**(4)**	**1**
Reclassified to service concession contract asset	**(11)**	**–**	**(11)**
Charge for the year	**–**	**(10)**	**(10)**
At 31 December 2024	**655**	**(387)**	**268**

Other intangible assets comprise: acquired intangible assets of customer contracts, customer relationships, and brand names; Infrastructure Investments intangible assets on student accommodation projects in which the Group bears demand risk; and software and other.

15 Investments in joint ventures and associates

	2024					
			Infrastructure Investments			
	Construction Services £m	Support Services £m	UK^ £m	North America £m	Total £m	Total £m
Income statement						
Revenue	**1,569**	**–**	**104**	**108**	**212**	**1,781**
Operating profit	**40**	**–**	**33**	**17**	**50**	**90**
Investment income	**9**	**–**	**66**	**15**	**81**	**90**
Finance costs	**(1)**	**–**	**(61)**	**(23)**	**(84)**	**(85)**
Profit before taxation	**48**	**–**	**38**	**9**	**47**	**95**
Taxation	**(7)**	**–**	**(11)**	**–**	**(11)**	**(18)**
Profit after taxation from joint ventures and associates	**41**	**–**	**27**	**9**	**36**	**77**
Adjustment for expected credit losses at Group level	**–**	**–**	**(18)**	**–**	**(18)**	**(18)**
Profit after taxation	**41**	**–**	**9**	**9**	**18**	**59**
Balance sheet						
Non-current assets						
Intangible assets:						
- Infrastructure Investments	**–**	**–**	**13**	**–**	**13**	**13**
- other	**9**	**–**	**11**	**1**	**12**	**21**
Property, plant and equipment	**24**	**–**	**–**	**39**	**39**	**63**
Investment properties	**–**	**–**	**–**	**173**	**173**	**173**
Investments in joint ventures and associates	**4**	**1**	**–**	**–**	**–**	**5**
Money market funds	**–**	**–**	**–**	**1**	**1**	**1**
PPP financial assets	**–**	**–**	**833**	**266**	**1,099**	**1,099**
Military housing projects	**–**	**–**	**–**	**116**	**116**	**116**
Other non-current assets	**115**	**–**	**23**	**8**	**31**	**146**
Current assets						
Cash and cash equivalents	**334**	**–**	**158**	**24**	**182**	**516**
Other current assets	**395**	**–**	**87**	**2**	**89**	**484**
Total assets	**881**	**1**	**1,125**	**630**	**1,755**	**2,637**
Current liabilities						
Borrowings – non-recourse	**–**	**–**	**(35)**	**–**	**(35)**	**(35)**
Other current liabilities	**(607)**	**(1)**	**(172)**	**(5)**	**(177)**	**(785)**
Non-current liabilities						
Borrowings – non-recourse	**(104)**	**–**	**(750)**	**(438)**	**(1,188)**	**(1,292)**
Other non-current liabilities	**(116)**	**–**	**(149)**	**–**	**(149)**	**(265)**
Total liabilities	**(827)**	**(1)**	**(1,106)**	**(443)**	**(1,549)**	**(2,377)**
Net assets	**54**	**–**	**19**	**187**	**206**	**260**
Goodwill	**32**	**–**	**–**	**–**	**–**	**32**
Reclassify negative investment to provisions	**7**	**–**	**–**	**–**	**–**	**7**
Loans to joint ventures and associates	**–**	**–**	**86**	**–**	**86**	**86**
Total investment in joint ventures and associates	**93**	**–**	**105**	**187**	**292**	**385**

^ Including Ireland.

The Group's investment in military housing joint ventures' and associates' projects is recognised at its remaining equity investment plus the value of the Group's accrued returns from the underlying projects.

15 Investments in joint ventures and associates continued

	2023					
			Infrastructure Investments			
	Construction Services £m	Support Services £m	UK^ £m	North America £m	Total £m	Total £m
Income statement						
Revenue	1,386	–	103	113	216	1,602
Operating profit excluding gain on disposals of interests in investments	33	–	2	21	23	56
Gain on disposals of interests in investments	–	–	–	2	2	2
Operating profit	33	–	2	23	25	58
Investment income	10	–	74	16	90	100
Finance costs	(1)	–	(73)	(25)	(98)	(99)
Profit before taxation	42	–	3	14	17	59
Taxation	(6)	–	–	–	–	(6)
Profit after taxation	36	–	3	14	17	53
Balance sheet						
Non-current assets						
Intangible assets:						
- Infrastructure Investments	–	–	14	–	14	14
- other	–	–	12	–	12	12
Property, plant and equipment	21	–	–	–	–	21
Investment properties	–	–	–	232	232	232
Investments in joint ventures and associates	7	–	–	–	–	7
Money market funds	–	–	–	44	44	44
PPP financial assets	–	–	905	244	1,149	1,149
Military housing projects	–	–	–	113	113	113
Other non-current assets	107	–	24	13	37	144
Current assets						
Cash and cash equivalents	340	–	146	20	166	506
Other current assets	310	3	55	5	60	373
Total assets	785	3	1,156	671	1,827	2,615
Current liabilities						
Borrowings – non-recourse	–	–	(36)	–	(36)	(36)
Other current liabilities	(549)	(3)	(158)	(30)	(188)	(740)
Non-current liabilities						
Borrowings – non-recourse	(94)	–	(767)	(461)	(1,228)	(1,322)
Other non-current liabilities	(90)	–	(147)	(5)	(152)	(242)
Total liabilities	(733)	(3)	(1,108)	(496)	(1,604)	(2,340)
Net assets	52	–	48	175	223	275
Goodwill	31	–	–	–	–	31
Reclassify negative investment to provisions	10	–	–	–	–	10
Loans to joint ventures and associates	–	–	73	–	73	73
Total investment in joint ventures and associates	93	–	121	175	296	389

^ Including Ireland.

16 Contract balances

16.1 Contract assets

	£m
At 1 January 2023	300
Currency translation differences	(4)
Transfers from contract assets recognised at the beginning of the year to receivables	(241)
Increase related to services provided in the year	265
Reclassified from contract liabilities (Note 16.2)	(11)
Impairments on contract assets recognised at the beginning of the year	(9)
At 31 December 2023	300
Currency translation differences	**3**
Transfers from contract assets recognised at the beginning of the year to receivables	**(220)**
Increase related to services provided in the year	**168**
Reclassified from contract liabilities (Note 16.2)	**(16)**
Impairments on contract assets recognised at the beginning of the year	**(6)**
At 31 December 2024	**229**

16.2 Contract liabilities

	£m
At 1 January 2023	(665)
Currency translation differences	19
Revenue recognised against contract liabilities at the beginning of the year	561
Increase due to cash received, excluding amounts recognised as revenue during the year	(528)
Reclassified to contract assets (Note 16.1)	11
At 31 December 2023	(602)
Currency translation differences	**(6)**
Revenue recognised against contract liabilities at the beginning of the year	**537**
Increase due to cash received, excluding amounts recognised as revenue during the year	**(644)**
Reclassified to contract assets (Note 16.1)	**16**
At 31 December 2024	**(699)**

17 Trade and other receivables

	2024 £m	2023 £m
Current		
Trade receivables	**616**	484
Less: provision for impairment of trade receivables	**(2)**	(8)
	614	476
Due from joint ventures and associates	**16**	16
Due from joint operation partners	**5**	4
Contract fulfilment assets	**17**	19
Contract retentions receivable	**242**	227
Accrued income	**12**	13
Prepayments	**65**	57
Other receivables+	**128**	82
	1,099	894
Non-current		
Due from joint ventures and associates	**123**	111
Contract fulfilment assets	**34**	40
Contract retentions receivable	**102**	150
Other receivables+	**67**	7
	326	308
Total trade and other receivables	**1,425**	1,202

+ Includes insurance recoveries recognised in relation to rectification works on a development in London (Note 9.2.2) and in relation to a claim received for a legacy project completed in 2012 in Texas (Note 9.2.4).

18 Trade and other payables

	2024 £m	2023 £m
Current		
Trade and other payables	**625**	602
Accruals	**813**	788
Contract retentions payable	**230**	213
VAT, payroll taxes and social security	**108**	131
Due to joint ventures and associates	**2**	–
	1,778	1,734
Non-current		
Accruals	**10**	9
Contract retentions payable	**75**	104
Due to joint ventures and associates	**3**	9
	88	122
Total trade and other payables	**1,866**	1,856

19 Provisions

	Contract provisions £m	Employee provisions £m	Other provisions £m	Total £m
At 1 January 2023	335	33	33	401
Currency translation differences	(3)	–	(1)	(4)
Charged/(credited) to the income statement:				
– additional provisions	170	9	4	183
– unused amounts reversed	(59)	(2)	–	(61)
Utilised during the year	(91)	(7)	(4)	(102)
At 31 December 2023	352	33	32	417
Currency translation differences	**1**	**–**	**–**	**1**
Reclassified to accruals	**1**	**–**	**1**	**2**
Transfers	**(10)**	**–**	**10**	**–**
Charged/(credited) to the income statement:				
– additional provisions	**365**	**9**	**13**	**387**
– unused amounts reversed	**(54)**	**(3)**	**(7)**	**(64)**
Utilised during the year	**(113)**	**(7)**	**(3)**	**(123)**
Transfer movement in negative investment in joint venture to provisions (Note 15)	**–**	**–**	**(3)**	**(3)**
At 31 December 2024	**542**	**32**	**43**	**617**

20 Notes to the statement of cash flows

20.1 Cash from/(used in) operations

	Underlying items[1] 2024 £m	**Non-underlying items 2024 £m**	**Total 2024 £m**	Total 2023 £m
Profit/(loss) from operations	**248**	**(75)**	**173**	211
Share of results of joint ventures and associates	**(59)**	**–**	**(59)**	(53)
Depreciation of property, plant and equipment	**31**	**–**	**31**	28
Depreciation of right-of-use-assets	**60**	**–**	**60**	57
Depreciation of investment properties	**1**	**–**	**1**	2
Amortisation of other intangible assets	**6**	**4**	**10**	12
Amortisation of contract fulfilment assets	**27**	**–**	**27**	15
Pension deficit payments, including regular funding	**(30)**	**–**	**(30)**	(28)
Movements relating to equity-settled share-based payments	**10**	**–**	**10**	15
Gain on disposal of interests in investments	**(43)**	**–**	**(43)**	(24)
Profit on disposal of property, plant and equipment	**(2)**	**–**	**(2)**	(2)
Other non-cash items	**–**	**–**	**–**	(3)
Operating cash flows before movements in working capital	**249**	**(71)**	**178**	230
Decrease in operating working capital			**99**	63
Inventories			**(34)**	(11)
Contract assets			**74**	(4)
Trade and other receivables			**(225)**	(73)
Contract liabilities			**91**	(44)
Trade and other payables			**(6)**	177
Provisions			**199**	18
Cash from operations			**277**	293

[1] Before non-underlying items (Note 9).

20 Notes to the statement of cash flows continued

20.2 Cash and cash equivalents

	2024 £m	2023 £m
Cash and deposits	**1,084**	890
Term deposits	**209**	218
Cash balances within infrastructure concessions	**265**	306
Bank overdrafts	**(185)**	(104)
	1,373	1,310

20.3 Analysis of net cash/(borrowings)

	2024 £m	2023 £m
Cash and cash equivalents (excluding infrastructure concessions)	**1,293**	1,108
Bank overdrafts	**(185)**	(104)
US private placement	**(165)**	(162)
Net cash excluding infrastructure concessions	**943**	842
Non-recourse infrastructure concessions project finance loans at amortised cost with final maturity between 2025 and 2072	**(600)**	(570)
Infrastructure concessions cash and cash equivalents	**265**	306
	(335)	(264)
Net cash	**608**	578

The Company, together with certain of its UK and US subsidiaries, operates notional pooling facilities with main relationship UK and US clearing banks where overdraft balances are offset with cash balances and interest is calculated on a net basis. During the year ended 31 December 2024, the Group maintained a net cash position on these pooling facilities, so there was no interest payable to the bank in respect of these bank overdrafts. Overdraft balances and cash held at these banks have been reported gross in the Group balance sheet at 31 December 2024 as there was no legal right of offset and no intention to settle the bank overdrafts at that date.

The loans relating to project finance arise under non-recourse facilities taken out by project-specific subsidiary companies. The loans of each company are secured by a combination of fixed and floating charges over that company's interests in its project's assets and revenues and the shares in the company held by its immediate parent company.

Term deposits are held on a short-term basis and are readily accessible to the Group at any time with insignificant break costs.

Included in cash and cash equivalents is restricted cash of £16m (2023: £12m) held by the Group's self-insurance company, Delphian Insurance Company Ltd, which is subject to Isle of Man insurance solvency regulations.

Cash and cash equivalents also include: £158m (2023: £77m) within construction project bank accounts which is used for project specific expenditure; £382m (2023: £369m) in relation to the Group's share of cash held by joint operations which is used for expenditure within the joint operation projects; and £265m (2023: £306m) relating to maintenance and other reserve accounts in Infrastructure Investments subsidiaries, of which £234m (2023: £277m) is reserved for the construction of University of Sussex's West Slope student accommodation project.

20 Notes to the statement of cash flows continued

20.4 Analysis of movements in borrowings

	Infrastructure concessions non-recourse project finance £m	US private placement £m	Bank overdrafts £m	Total £m
At 1 January 2024	(570)	(162)	(104)	(836)
Currency translation differences	**(1)**	**(4)**	**–**	**(5)**
Proceeds of loans	**(36)**	**(39)**	**(185)**	**(260)**
Repayments of loans	**9**	**40**	**104**	**153**
Arrangement fees	**3**	**–**	**–**	**3**
Amortisation of fair value adjustment to loan	**(5)**	**–**	**–**	**(5)**
At 31 December 2024	**(600)**	**(165)**	**(185)**	**(950)**

In June 2024 the Group extended its core Revolving Credit Facility (RCF) by one year, to June 2028, with the support of the lending bank group. The facility was reduced from £475m to £450m in the extension process. The RCF remains a Sustainability Linked Loan (SLL) and, subsequent to the extension in July 2024, revised SLL metrics and targets were agreed with the lending bank group. The Group continues to be incentivised to deliver annual measurable performance improvement in three key areas: carbon emissions, social value generation and an independent Environment, Social and Governance (ESG) rating score. The RCF remained undrawn at 31 December 2024.

The Group retains an additional £30m bilateral committed facility that has materially the same terms and conditions as the RCF. The facility is also a SLL, including metrics that mirror the RCF. In the second half of the year, the Group triggered its extension option in respect of the bilateral facility, to extend the maturity to December 2027. As of 31 December 2024, the facility remained undrawn.

In May 2024, the Group completed the early refinancing of US$50m of US private placement (USPP) notes that were set to mature in March 2025. The Group raised US$50m of new USPP notes, on terms and conditions that mirror existing notes, and used this new funding to complete the early repayment of US$50m USPP notes that were due to expire in March 2025. The new debt is comprised of US$25m of 7-year notes, maturing in May 2031 and US$25m of 12-year notes, maturing in May 2036. The refinancing exercise extended the debt maturity profile of the Group until 2036, with the next debt maturity ($35m) now in June 2027.

21 Retirement benefit assets and liabilities

IAS 19 Employee Benefits (IAS 19) prescribes the accounting for defined benefit schemes in the Group's financial statements. Obligations are calculated using the projected unit credit method and discounted to a net present value using the market yield on high-quality corporate bonds. The pension expense relating to current service cost is charged to contracts or overheads based on the function of scheme members and is included in cost of sales and net operating expenses. The net finance income arising from the expected interest income on plan assets and interest cost on scheme obligations is included in investment income. Actuarial gains and losses are reported in the statement of comprehensive income.

The investment strategy of the Balfour Beatty Pension Fund (BBPF) is to hold assets of appropriate liquidity and marketability to generate income and capital growth. The BBPF invests partly in a diversified range of assets including equities and hedge funds in anticipation that, over the longer term, they will grow in value faster than the scheme's obligations. The BBPF has been undertaking a phased withdrawal from equities and hedge funds. The only residual equities held are a very small amount of emerging market equities held via pooled funds. The remaining BBPF assets are principally fixed and index-linked bonds and derivatives, providing protection against movements in inflation and interest rates and hence enhancing the resilience of the funding level of the scheme. The performance of the assets is measured against market indices.

21 Retirement benefit assets and liabilities continued

The Group operates a Scottish Limited Partnership (SLP) structure which holds the Group's 40% interest in the Birmingham Hospital PFI investment and the Group's 15% share of the Connect Plus (M25) asset. The BBPF is a partner in the SLP and is entitled to a share of the income of the SLP. In accordance with IFRS 10 Consolidated Financial Statements, the SLP is deemed to be controlled by the Group, which retains the ability to substitute the investment in the Birmingham Hospital PFI investment and the Connect Plus (M25) asset for other investments from time to time.

Under IAS 19, the investment held by the BBPF in the SLP does not constitute a plan asset and therefore the pension surplus presented in these financial statements does not reflect the BBPF's interest in the SLP. Distributions from the SLP to the BBPF will be reflected in the Group's financial statements as pension contributions on a cash basis. In 2024, the BBPF received distributions of £2m from the SLP (2023: £2m).

Balfour Beatty and the trustees of the BBPF have reconfirmed their commitment to a journey plan approach to managing the BBPF with the aim of reaching self-sufficiency by 2027. The Company and trustees have agreed the 31 March 2022 formal valuation and as a result Balfour Beatty made deficit contributions to the BBPF of £22m in 2024 (2023: £19m) and has agreed to pay deficit contributions to the BBPF of £6m in 2025. The next formal triennial funding valuation is due with effect from 31 March 2025.

This agreement constitutes a minimum funding requirement (MFR) under IFRIC 14 IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. The Group has not recognised any liabilities in relation to this MFR as any surplus of deficit contributions to the BBPF would be recoverable by way of a refund and the Group has the unconditional right to the surplus and controls the run-off of the benefit obligations once all other obligations of the BBPF have been settled.

Principal actuarial assumptions for the IAS 19 accounting valuations of the Group's principal schemes

		2024		2023
	Balfour Beatty Pension Fund %	**Railways Pension Scheme %**	Balfour Beatty Pension Fund %	Railways Pension Scheme %
Discount rate	**5.55**	**5.55**	4.65	4.65
Inflation rate - RPI	**3.25**	**3.25**	3.15	3.15
- CPI	**2.75**	**2.90**	2.60	2.75
Future increases in pensionable salary	**2.75**	**2.90**	2.60	2.75
Rate of increase in pensions in payment (or such other rate as is guaranteed)	**3.05**	**2.95**	2.95	2.85

	Number	**Number**	Number	Number
Total number of defined benefit members	**24,880**	**2,905**	25,535	2,946

Following the completion of the BBPF's 31 March 2022 triennial valuation, the future improvements assumption adopted for the BBPF and RPS has also been updated for 2024 to reflect the most recent model available, with the Group setting future improvements in line with the Continuous Mortality Investigation (CMI) 2023 core projections model.

21 Retirement benefit assets and liabilities continued

BBPF life expectancies

	2024 Average life expectancy at 65 years of age		2023 Average life expectancy at 65 years of age	
	Male	**Female**	Male	Female
Members in receipt of a pension	**21.3**	**23.0**	21.3	23.0
Members not yet in receipt of a pension (current age 50)	**22.2**	**23.9**	22.2	23.9

RPS life expectancies

	2024 Average life expectancy at 65 years of age		2023 Average life expectancy at 65 years of age	
	Male	**Female**	Male	Female
Members in receipt of a pension	**20.8**	**22.7**	20.8	22.7
Members not yet in receipt of a pension (current age 50)	**21.6**	**23.6**	21.6	23.6

Amounts recognised in the Balance Sheet

	2024				2023			
	Balfour Beatty Pension Fund £m	**Railways Pension Scheme £m**	**Other schemes^ £m**	**Total £m**	Balfour Beatty Pension Fund £m	Railways Pension Scheme £m	Other schemes^ £m	Total £m
Present value of obligations	**(2,248)**	**(287)**	**(34)**	**(2,569)**	(2,501)	(320)	(35)	(2,856)
Fair value of plan assets	**2,291**	**280**	**–**	**2,571**	2,602	323	–	2,925
Assets/(liabilities) in the balance sheet	**43**	**(7)**	**(34)**	**2**	101	3	(35)	69

^ Investments in mutual funds of £20m (2023: £19m) are held to satisfy the Group's deferred compensation obligations.

The defined benefit obligations comprise £35m (2023: £35m) arising from wholly unfunded plans and £2,535m (2023: £2,821m) arising from plans that are wholly or partly funded.

Movements in the retirement benefit assets and obligations for the year		**£m**
At 1 January 2024		69
Currency translation differences		**1**
Current service cost		**(3)**
Net finance income		**4**
Actuarial movements	– on obligations from reassessing the difference between RPI and CPI	**(2)**
	– on obligations from changes to other financial assumptions	**241**
	– on obligations from changes to demographics	**4**
	– on obligations from experience losses	**(8)**
	– on assets	**(337)**
Contributions from employer	– regular funding	**2**
	– ongoing deficit funding	**28**
Benefits paid		**3**
At 31 December 2024		**2**

21 Retirement benefit assets and liabilities continued

Sensitivity of the Group's retirement benefit obligations at 31 December 2024 to different actuarial assumptions

	Sensitivity to increase in assumption			Sensitivity to decrease in assumption		
Assumption	Percentage points/years	(Decrease)/ increase in obligations %	(Decrease)/ increase in obligations £m	Percentage points/years	Increase/ (decrease) in obligations %	Increase/ (decrease) in obligations £m
Discount rate	**0.5%**	**(5.2)%**	**(132)**	**(0.5)%**	**5.7%**	**145**
Market expectation of RPI inflation	**0.5%**	**3.6%**	**90**	**(0.5)%**	**(3.7)%**	**(94)**
Salary growth	**0.5%**	**–**	**–**	**(0.5)%**	**–**	**–**
Life expectancy	**1 year**	**3.7%**	**95**	**(1 year)**	**(3.8)%**	**(96)**

Sensitivity of the Group's retirement benefit assets at 31 December 2024 to changes in market conditions

	Percentage points	(Decrease)/ increase in assets %	(Decrease)/ increase in assets £m
Increase in interest rates	**0.5%**	**(5.0)%**	**(127)**
Increase in market expectation of RPI inflation	**0.5%**	**3.4%**	**88**

The asset sensitivities only take into account the impact of the changes in market conditions on bond-type assets. The value of the schemes' return-seeking assets is not directly correlated with movements in interest rates or RPI inflation.

The BBPF includes a defined contribution section with 16,619 members at 31 December 2024 (2023: 15,512 members) with £50m (2023: £48m) of contributions paid and charged in the income statement in respect of this section. The total pension cost recognised in the income statement in respect of employee service for defined benefit and defined contribution schemes was £59m (2023: £58m).

22 Share capital

During the year ended 31 December 2024, 2.9m (2023: 5.1m) shares were purchased at a cost of £12m (2023: £18m) by the Group's employee discretionary trust to satisfy awards under the Performance Share Plan, the Deferred Bonus Plan and the Restricted Share Plan.

In 2024 the Company commenced the fourth phase of its share buyback programme, which completed on 20 September 2024. The Company purchased 27.1m (2023: 43.3m) shares for a total consideration of £100m (2023: £150m) and held those shares in treasury with no voting rights. The purchase of those shares, together with associated fees and stamp duty amounting to £1m (2023: £1m), utilised £101m (2023: £151m) of the Company's distributable profits.

On 31 October 2024, the Company cancelled the 27.1m treasury shares purchased through the 2024 phase of its share buyback programme (2023: 43.3m). This cancellation resulted in a decrease in called-up share capital in issue of £13m (2023: £22m) and a corresponding increase in the capital redemption reserve.

23 Acquisitions and disposals

23.1 Current and prior year acquisitions

On 9 December 2024, the Group acquired an additional 17% of Denver Transit Operators LLC (DTO), an existing joint venture of the Group, for a purchase price of £6m, which increased the Group's holding in this joint venture to 50%. The Group continues to apply equity-method accounting for DTO and has recognised a customer contract intangible asset of £9m as a result of this acquisition. Refer to Note 15.

There were no other acquisitions in 2024 (2023: £nil).

23.2 Current year disposals

During the year, the Group partially disposed of one of its portfolio of Infrastructure Investments assets as detailed below. The gain recognised from the disposal is recorded within the Group's gain on disposal of interests in investments.

Notes	Disposal date	Entity/asset	Structure of sale	Percentage disposed %	Cash consideration £m	Net assets disposed £m	Amount recycled from reserves £m	Underlying gain £m
23.2.1	16 December 2024	Northside at UTD Phases 1 – 4[#]	Equity interest sale	5% – 65%	43	–	–	43
					43	**–**	**–**	**43**

[#] Disposal of joint venture.

23.2.1 On 16 December 2024, the Group disposed of 5%, 5%, 65% and 60% of its interests respectively in the four phases of its Northside at UTD portfolio, which is located in Richardson (Dallas), Texas, for a cash consideration of £43m. The Group retains a 5% interest in all the entities within this portfolio. The disposal resulted in an underlying gain of £43m.

24 Contingent liabilities

The Company and certain subsidiary undertakings have, in the normal course of business, given guarantees and entered into counter-indemnities in respect of bonds relating to the Group's own contracts and given guarantees in respect of their share of certain contractual obligations of joint ventures and associates and certain retirement benefit liabilities of the Balfour Beatty Pension Fund and the Railways Pension Scheme. Guarantees are treated as contingent liabilities until such time as it becomes probable payment will be required under the terms of the guarantee.

Provision has been made for the Directors' best estimate of known legal claims, investigations and legal actions in progress. This includes, but is not limited to, any new claims that may arise relating to fire safety regulations under the Building Safety Act. The Group assesses the likelihood of success of claims, actions or ongoing investigations, taking into consideration any legal advice received. No provision is made where the Directors consider that the action is unlikely to succeed, or that the Group cannot make a sufficiently reliable estimate of the potential obligation. However, in certain cases where assessments are ongoing and the Group cannot yet conclude whether it is probable the claim is valid, a possible obligation may exist at 31 December 2024. In respect of these cases, it is not practicable to estimate the financial effect based on the current status of the assessments.

25 Related party transactions

Joint ventures and associates

The Group has contracted with, provided services to, and received management fees from, certain joint ventures and associates amounting to £438m (2023: £445m). These transactions occurred in the normal course of business at market rates and terms. In addition, the Group procured equipment and labour on behalf of certain joint ventures and associates which were recharged at cost with no mark-up. The amounts due from or to joint ventures and associates at the reporting date are disclosed in Notes 17 and 18 respectively.

Transactions with non-Group members

The Group also entered into transactions and had amounts outstanding with related parties which are not members of the Group as set out below. This company was a related party as it was controlled, jointly controlled or under significant influence by a director of Balfour Beatty plc.

	2024 **£m**	2023 £m
Site Assist Software Limited		
Purchase of services	**1**	1

All transactions with this related party were conducted on normal commercial terms, equivalent to those conducted with external parties. No guarantees have been given or received. No expense has been recognised in the year for bad or doubtful debts in respect of amounts owed by this related party.

During 2024, a member of the Group's staff was seconded on a full-time basis to The 5% Club, a charity which is a dynamic movement of employer-members working to create a shared prosperity across the UK by driving 'earn and learn' skills training. The expense for the salary cost was borne by the Group and no consideration was received in return.

26 Principal risks and uncertainties

The nature of the principal risks and uncertainties which could adversely impact the Group's profitability and ability to achieve its strategic objectives include: external risks arising from the effects of national or market trends and political change and the complex and evolving legal and regulatory environments in which the Group operates; organisation and management risks including business conduct/compliance, data protection, cybercrime and people-related risks; financial risks arising from failure to forecast material exposures and manage financial resources; and operational risks arising from work winning, project delivery, joint ventures, supply chain, health and safety and sustainability matters.

The Directors do not consider that the nature of the principal risks and uncertainties facing the Group has fundamentally changed since the publication of the Annual Report and Accounts 2023.

27 Events after the reporting date

In the period from 1 January 2025 to 10 March 2025 (the latest practicable date prior to the date of this announcement) the Company purchased 5.5m ordinary shares, which are held in treasury with no voting rights, for a total consideration of £25m (including stamp duty and fees).

On 17 January 2025, the Group reached agreement to dispose of Omnicom Balfour Beatty, its specialist rail measurement hardware and intelligent software business, for a consideration of £24m (subject to adjustment for working capital) to Hitachi Rail. The disposal is subject to various conditions and completion is anticipated to be in the first half of 2025. The carrying value of Omnicom Balfour Beatty at 31 December 2024 was £(2)m. Profit on disposal, net of disposal costs, will be recognised once completion is achieved within the Group's non-underlying results.

There were no other material post balance sheet events arising after the reporting date.