

BALFOUR BEATTY PLC RESULTS FOR THE FULL YEAR ENDED 31 DECEMBER 2025

11 March 2026

Strong growth in earnings and order book - £200 million 2026 share buyback Further momentum into 2026 and 2027 with accelerating demand in chosen markets

Philip Hoare, Balfour Beatty Group Chief Executive, said: "Since joining in September, I've been truly impressed by the depth of talent across Balfour Beatty and the inherent strength of the Group. Our capabilities, the quality of our order book and our disciplined approach to risk provide a powerful foundation for the future.

"In 2025, the Group delivered on expectations with further earnings growth, fuelled by strong operational performance and momentum in chosen growth markets, where our end-to-end expertise, proven delivery and long-standing customer relationships continue to differentiate Balfour Beatty.

"As the industry faces unprecedented demand and a widening skills gap, we'll continue to invest in our people and in technology, driving further gains in productivity and operational excellence. Supported by a robust balance sheet and a resilient diverse business model, we are incredibly well positioned to respond to market dynamics, accelerate profitable growth, improve margins and drive value creation for our customers, communities, and shareholders."

Full year expectations delivered with profitable growth in earnings-based businesses for the fifth consecutive year

- 8% revenue growth driven by UK power transmission and US buildings demand
- Underlying profit from operations (PFO) from earnings-based businesses up 16% to £293 million (2024: £252 million)
- Underlying EPS of 47.6p up 9% (2024: 43.6p)

Progress made across diverse portfolio

- UK Construction: Delivered profitable underlying growth to surpass 3% margin target one year ahead of expectations
- US Construction: Strong Buildings performance offset by cost overruns at one Civils project; recoveries being pursued
- Support Services: PFO up 31% to £122 million and 8.5% PFO margin achieved, driven by power transmission growth
- Infrastructure Investments: £5 million PFO (2024: £35 million). Monitorship anticipated to complete in June 2026

Balance sheet and cash flow strength continue to support sustainable and attractive shareholder returns

- Strong cash generation: Average net cash³ increased to £1,212 million (2024: £766 million)
- £1.1 billion Directors' valuation of the Investments portfolio (2024: £1.3 bn) following £120 million of asset disposals
- £200 million share buyback and full year dividend increased by 12% to 14 pence per share (2024: 12.5p)
- Pension triennial valuation agreed, allowing future Defined Benefit surplus to part fund Defined Contribution obligation

Strong momentum in chosen markets and further growth anticipated

- Record £22.7 billion order book up 23%, including over £3.5 billion of new UK power generation projects
- Significant further pipeline including UK power transmission schemes, UK major defence contracts and US buildings
- \$444 million refinancing of Fort Carson US army base enables major redevelopment including c.400 new homes
- Further profitable growth forecast in 2026 and 2027

(£ million unless otherwise specified)	2025		2024	
	Underlying ²	Total	Underlying ²	Total
Revenue ¹	10,767	10,767	10,015	10,015
Profit from earnings-based businesses	293 [#]	327	252 [#]	180
Profit from operations	252 [#]	284	248 [#]	173
Pre-tax profit	291	323	289	214
Profit for the year	239	264	227	178
Basic earnings per share	47.6p	52.6p	43.6p	34.2p
Dividends per share		14.0p		12.5p
		2025		2024
Order book ¹		£22.7bn		£18.4bn
Directors' valuation of Investments portfolio		£1.1bn		£1.3bn
Net cash – recourse ³		1,446		943
Average net cash – recourse ³		1,212		766

Segment analysis	2025			2024		
	Revenue ¹	PFO ^{2,#}	PFO margin ²	Revenue ¹	PFO ^{2,#}	PFO margin ²
	£m	£m	%	£m	£m	%
UK Construction	3,112	110	3.5%	3,011	81	2.7%
US Construction	4,509	25	0.6%	3,638	40	1.1%
Gammon	1,090	36	3.3%	1,550	38	2.5%
Construction Services	8,711	171	2.0%	8,199	159	1.9%
Support Services	1,427	122	8.5%	1,210	93	7.7%
Earnings-based businesses	10,138	293	2.9%	9,409	252	2.7%
Infrastructure Investments	629	5		606	35	
Corporate activities	–	(46)		–	(39)	
Total	10,767	252		10,015	248	

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 Bank, 21 Moorfields, London, EC2Y 9DB at 09:00 (GMT) on 11 March 2026. 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](#).

2025 FULL YEAR RESULTS ANNOUNCEMENT

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GROUP CHIEF EXECUTIVE'S OVERVIEW

"The Group has taken a further significant step forward in 2025 and delivered notable growth in our earnings-based businesses, with both of the UK segments performing above the top end of their margin targets and a strong US Buildings result. In a period of strong demand across our key markets, the Group has grown its order book to a record level through securing long-term and high-quality work, largely for repeat customers.

"The Group's improving operational performance, its large order book and strong market outlook give the Board confidence in further earnings-based business growth in 2026 and underpins its continued confidence in Balfour Beatty's ongoing ability to deliver sustainable cash generation for significant shareholder returns, as reflected in our decision to increase dividends and share buybacks for 2026."

Further profitable growth achieved in 2025

Balfour Beatty delivered a further successful period of operational and financial performance in 2025. For a fifth consecutive year, the Group achieved profitable growth from its earnings-based businesses (Construction Services and Support Services), demonstrating the consistency and reliability of its diverse portfolio, while materially increasing the forward order book, operating cashflow and shareholder returns.

The Group's ambition to increase earnings-based business PFO in 2025 was achieved with a 16% increase to £293 million, which contributed to the Group's underlying profit for the year improving to £239 million (2024: £227 million). Non-underlying items after tax were a credit of £25 million (2024: charge of £49 million). The year end order book grew by 23%, driven by the addition of long-term power generation projects in the UK, average net cash increased to £1,212 million compared to £766 million in 2024 and £189 million of cash was returned to shareholders (2024: £161 million) through a combination of dividends and share buybacks.

Outperformance in UK operations drives portfolio progress

Profitable growth was delivered in both the earnings-based businesses in 2025. Balfour Beatty's geographical, operational and contract diversity remains a key strength of the Group and was once again an important factor in the consistency of the Group's financial results. Construction Services PFO increased 8% to £171 million, as growth in the UK Construction PFO margin to above its long-standing 3% target was partially offset by lower profitability in US Construction, where growth in US Buildings was outweighed by cost overruns at a US Civils project. Gammon's PFO was also slightly down due to lower revenues, although PFO margin improved as forecast. Support Services grew revenue by 18% while delivering PFO margins ahead of its targeted 6-8% range, resulting in PFO increasing 31% to £122 million. Infrastructure Investments achieved its disposal targets for the year, delivering £36 million of gains and £120 million of proceeds, which exceeded the Directors' valuation; however it recorded lower PFO due to additional costs in US military housing. During the year, the Group agreed with the US Department of Justice to extend both Balfour Beatty Communities' plea agreement and monitorship to 6 June 2026 to allow the Group further time to complete planned remediation work.

The Directors' valuation of the Investments portfolio reduced by 15% to £1.1 billion (2024: £1.3 billion), due to the disposal of 12 assets, increased discount rates and sterling strengthening against the US dollar.

The Group has forecast further profitable growth in 2026 and beyond, driven by its focus on four core growth markets: UK energy, UK transport, UK defence and US buildings. Additionally, costs are expected to reduce following completion of both the independent compliance monitor's work with Balfour Beatty Communities and the delayed US Civils project. In Infrastructure Investments, following the agreement of a 25-year ground lease extension at Fort Carson in Colorado early in 2026, the Group successfully completed a

refinancing which raised \$444 million for a major redevelopment of the community, including c.400 new homes and the renovation of over 300 existing homes.

Long-term UK energy contracts driving order book expansion

The Group's order book increased by 23% to £22.7 billion in 2025 (2024: £18.4 billion), with growth in each segment of the earnings-based businesses. While demand remained strong in the majority of Balfour Beatty's key markets, the main driver of the order book's increase is the addition of projects linked to the UK's energy transition, with the Group converting over £3.5 billion of power generation orders for the Sizewell C and Net Zero Teesside power stations, while increasing the power transmission order book by almost 40%. The Group also delivered notable order book growth in UK rail, US roads and Hong Kong buildings.

In a period of unprecedented infrastructure 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 project portfolio that the Group believes has the appropriate contractual terms and conditions for the risk undertaken. UK Construction is heavily weighted towards lower-risk target cost and cost plus incentivised fee contracts, whilst US Construction is 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.

In addition to the reported order book, the Group has a deep pipeline of work which it has been selected for but has yet to go to contract. This represents a further significant volume of future activity and includes much of the work which has been awarded in both the power transmission and distribution sector and in the UK defence sector, which is being contracted on a phased or task order basis. It also includes c£2.5 billion of US Buildings projects which have been awarded but not contracted and the £1.2 billion Lower Thames Crossing road project in the UK.

Positive market outlook supporting further growth

Throughout 2025, Balfour Beatty has continued to focus on its four chosen growth markets – UK energy transition and security, UK transport, UK defence, and US buildings – and the outlook for each, combined with the Group's order book, underpin the firm expectation of further growth from the earnings-based businesses in 2026 and beyond.

In the UK, the Government set out a 10-year infrastructure strategy as it looks to deliver on its objective to stimulate economic growth by investing in and enabling infrastructure development. Supported by the publication of The Infrastructure Pipeline and a commitment to finance at least £725 billion of the cost while seeking further material investment from the private sector, this longer-term approach brings improved certainty and clarity for the industry, allowing UK contractors and their suppliers to plan accordingly and invest in capability. In the US, US Buildings' organic growth strategy and lower interest rates 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 nuclear power stations at Hinkley Point C and Sizewell C, the Net Zero Teesside power station with carbon capture, and across the UK with its market-leading power transmission and distribution capability.
- **UK defence:** In June, the UK Government released the Strategic Defence Review, declaring defence as an engine for growth. 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 2025 the Group was selected by Rolls-Royce for a second long-term project as part of its AUKUS expansion, following a similar award in 2024.
- **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 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.

- **US buildings:** The US buildings sector in Balfour Beatty's target states is poised for further growth, supported by steady economic expansion, robust public-sector spending and favourable demographic trends. There are encouraging forecasts in the division's specialist industries, with increased investment in education, leisure, and data centres. The Group has also seen encouraging results from its organic growth strategy, as a result of further geographic diversification.

Growing and attracting an engaged workforce

Balfour Beatty's greatest assets are its people and their capabilities and, as demonstrated by the order book growth in the year, the demand for these remains extremely strong across a range of markets. As the Group continues to deliver on its growth aspirations, the focus on attracting and recruiting new talent and retaining its existing experts grows in tandem, as the Group 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 2025, the survey results remained industry-leading, with overall employee engagement at 83% (2024: 84%), which is 8% higher than benchmark engagement scores for the industry.

During 2025, the Group has continued with its four pillared people strategy – Attract, Retain, Grow and Thrive – empowering colleagues to excel and build rewarding careers. From early careers to experienced hires to senior leadership, investment is being made in the skills needed to deliver demand, supported by inclusive leadership, data-led learning and a consistent, high quality employee experience. Across the UK, US and Hong Kong, this approach is locally tuned but globally aligned, ensuring the Group has the capacity, capability and culture to deliver for its customers – safely, ethically and with pride. In the Group's fastest growing market, Power Transmission and Distribution in the UK, the business welcomed over 500 new starters for the second year in a row, facilitating a near doubling of revenue over those two years. To retain its talent, Balfour Beatty focuses on providing an inclusive environment where its people feel valued and can be productive, and the Group's voluntary attrition rate in the UK remained stable at 10%. At year end, 8.9% 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.

Further work required in journey to Zero Harm

Health, safety and wellbeing (HS&W) remain the highest priority for Balfour Beatty, underpinned by strong governance and accountability, with mental health treated like physical health to ensure a holistic approach. Sadly, despite the Group's relentless focus on its Zero Harm goal, one colleague tragically lost their life during the year while working on the decommissioning of a steel propane tank in the US. The Company offers its deepest sympathy and support to their family, friends and co-workers. The Group is determined to learn from this event, and to implement the findings from this incident. During the year, new learning and sharing forums across key working areas have been initiated, which aim to ensure that Balfour Beatty drives, shares and consistently adopts the common best practice across the whole business.

The Group tracks HS&W statistics closely in its efforts to achieve continuous improvement. Further progress has been made with most of these KPIs in 2025, most notably in voluntary safety observations, which increased by 67% to over 780,000 across the Group's activities. This level of engagement highlights not only the accountability for HS&W recognised by colleagues, but also how embedded safety is in the Group's culture. Lost time injuries (excluding international joint ventures) reduced in both rate and absolute numbers from 0.09 (100 injuries) in 2024 to 0.08 (89 injuries) in 2025, with both US and UK operations recording their lowest rates to date. The Group did note a slight increase in its major injury rate of 0.01; this was predominantly due to lower-limb injuries and slips, trips and falls. A working group has been convened to identify the risk factors that have led to the rise.

The Group continues to leverage technology to improve HS&W. At road projects in North Carolina, the Group has deployed a communication network called Safety Cloud. This sends real-time digital alerts to motorists within a one-mile radius of work activities, warning of work zones, lane closures and hazards. These alerts, integrated with platforms like Apple Maps, Waze and in-vehicle systems, give drivers vital time to slow down and manoeuvre safely. In the UK, the widespread adoption of digital permits, as well as a revised, reinforced utilities avoidance procedure, contributed to a 30% reduction in underground service strikes.

Sustainability central to delivering long-term resilience and performance

During 2025, Balfour Beatty continued to embed and strengthen its Building New Futures sustainability strategy, launched in 2024 to reflect the evolving environmental, social and governance landscape. The six focus areas—net zero, resource efficiency, community value, supply chain integrity, nature positive, and employee diversity, equity and inclusion—remained central to delivering long-term resilience and positive outcomes. The Group's first double materiality assessment validated these priorities and reinforced the alignment between its strategy, risk management and external expectations, while emphasising the importance of governance, ethics and transparency. Progress was recognised through an improvement in the Group's FTSE4Good ESG score.

Capability and collaboration continue to be built across Balfour Beatty, including through the new Sprouting Sustainability Network, which empowers early-career professionals to drive meaningful change. The Group also advanced its climate and nature agendas by maturing carbon reporting, preparing for emerging regulation, and completing the first full year of implementing its Nature Positive Principles.

In 2025, the Group delivered £1,012 million (2024: £991 million) of social value, including spend with local suppliers and local businesses, and volunteering. The Group also achieved a 2.3% reduction in absolute carbon emissions and a 7.8% intensity reduction in Scope 1 and 2 greenhouse gas (GHG) emissions.

Increased dividends and share buybacks in 2026

Continuity in Balfour Beatty's capital allocation framework, which has been in place since 2021, has been an important factor in the Group delivering attractive shareholder returns over the period, while ensuring the appropriate balance between investment in the business and a strong capital position. 2025 has been a further important step in the Group's growth, with positive progress made with regard to revenue, margin, order book, balance sheet and outlook. As a result, the Board has confidence that the Group will continue to deliver significant future shareholder returns and as such is today recommending a final dividend of 9.8 pence per share (2024: 8.7 pence), giving a total recommended dividend for the year of 14 pence per share (2024: 12.5 pence). Additionally, the Company intends to repurchase £200 million of shares during the 2026 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 £1.2 billion.

The total cash return to shareholders in 2026 (including the final 2025 dividend and 2026 interim dividend) is therefore expected to be c.£267 million (2025: £189 million).

Outlook

The Board expects a high single-digit percentage increase in PFO from its earnings-based businesses in 2026. This includes further underlying margin growth in UK Construction (when excluding the £11 million insurance recovery in 2025), improved US Construction margin, with the delayed Civils highway project expected to complete around the middle of the year, and increased Support Services PFO, with further growth in power volumes and PFO margin remaining above 8%.

Infrastructure Investments PFO for 2026, prior to disposals, is forecast to be a small loss and is aligned to the Group's agreement with the US Department of Justice to extend both Balfour Beatty Communities' plea agreement and monitorship to 6 June 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. Following a significant level of activity in 2025, gains on disposal are expected to be lower in 2026, in the range of £5-15 million, as the Group times its asset sales to capture maximum value.

The Board expects net finance income in the range of £28-32 million for 2026 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 2026 is expected to be in a range of £1.3-1.5 billion, with capital expenditure between £40 and £50 million and working capital remaining broadly unchanged.

The Group's long-term outlook remains positive, with the growth forecast in 2026 and 2027 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 2025 show further progress at a Group level. Revenue increased by 8% (9% at constant exchange rate (CER)) to £10,767 million (2024: £10,015 million) driven by increases in US Construction and Support Services, partially offset by lower Gammon volumes. Statutory revenue, which excludes joint ventures and associates, was £9,489 million (2024: £8,234 million).

The underlying profit from operations for the year increased to £252 million (2024: £248 million) driven by an increase in PFO from the earnings-based businesses, partially offset by a reduction in Infrastructure Investments. Statutory profit from operations was £284 million (2024: £173 million).

Underlying profit / (loss) from operations²	2025	2024
	£m	£m
UK Construction	110	81
US Construction	25	40
Gammon	36	38
Construction Services	171	159
Support Services	122	93
Earnings-based businesses	293	252
Infrastructure Investments pre-disposals operating loss	(31)	(8)
Infrastructure Investments gain on disposals	36	43
Corporate activities	(46)	(39)
Total underlying profit from operations	252	248

² Before non-underlying items (Note 9)

Net finance income of £39 million (2024: £41 million) reduced as a result of lower interest rates and a 2024 impairment write back of subordinated debt not being repeated. Underlying pre-tax profit was £291 million (2024: £289 million). The taxation charge on underlying profits decreased to £52 million (2024: £62 million), primarily reflecting the recognition of previously unrecognised brought-forward trading losses and a lower tax charge on the 2025 disposals. The 2025 disposals, mainly UK assets, benefited from additional tax reliefs that were not available on the 2024 disposal, which related to a US asset. This resulted in underlying profit after tax of £239 million (2024: £227 million). Total statutory profit after tax for the year was £264 million (2024: £178 million), as a result of the net effect of non-underlying items.

Underlying basic earnings per share were 47.6 pence (2024: 43.6 pence), which, along with non-underlying earnings per share of 5.0 pence (2024: loss of 9.4 pence), gave a total basic earnings per share of 52.6 pence (2024: 34.2 pence). This included the benefit from the basic weighted average number of ordinary shares reducing to 499 million (2024: 521 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 credit of £25 million for the period (2024: net charge of £49 million). This included three significant items.

Firstly, the Group has recognised a £49 million credit in relation to a US Civils project completed in 2012. In 2024, the Group recognised a provision of £52 million for a claim received from the North Texas Tollway Authority (NTTA) on a project to provide design and build services in relation to the extension of NTTA's President George Bush Turnpike Highway (SH161 in Texas) through a joint operation formed with Fluor Enterprise Inc. in which the Group owned a 40% share. This project completed in 2012. This provision, net of insurance recoveries, represented damages awarded to NTTA through a jury verdict in November 2024, and also included pre-judgment interest and legal costs. This charge was recognised in the Construction Services segment in 2024 and included within the Group's non-underlying results due to the size of the provision. The Group maintained the view that these damages are a result of design elements of the contract, which were performed by subcontractors to the joint operation. In June 2025, an all-party settlement was reached between NTTA, the joint operation, as well as its design subcontractors. The Group's share of the settlement was fully funded by its insurers resulting in no cost to the Group. As such, the Group has released this provision in full after taking into account legal costs incurred.

Secondly, a charge of £37 million has been recognised in the year in relation to the Group's obligations under the UK Building Safety Act (BSA). In 2024, following further developments and clarifications in the legal landscape of the Building Safety Act (BSA), introduced in 2022, progression of the Group's investigation and due diligence as well as adjudications on claims received to date, the Group reassessed its provision for BSA claims which resulted in an increase in the provision of £83 million. The provision did not include potential recoveries from third parties. The increase was recognised in non-underlying due to its size and the nature of the cost, which arose from a change in legislation. In 2025, the Group increased its provision by £37 million as a result of new claims received in the period, settlements and reassessments to previously provided claims together with legal costs incurred. Consistent with the treatment adopted in 2024, this charge was recognised within non-underlying items and in the Construction Services segment.

Finally, during 2025, the Group completed the disposal of Omnicom Balfour Beatty, its specialist rail measurement hardware and intelligent software business, for a consideration of £24 million to Hitachi Rail. After deducting cost of disposal, the Group recorded a gain on disposal of £23 million within its non-underlying results in the year.

Further detail is provided in Note 9.

Cash flow performance

The Group's net cash increased by £503 million in the year (2024: £101 million), resulting in a year end net cash position of £1,446 million (2024: £943 million), excluding non-recourse net borrowings and lease liabilities. Cash from operations, which included a large working capital inflow, was partially offset by increased shareholder returns. Capital expenditure also increased in 2025, due in part to further investment in the Power business in the UK and the US Civils business, where new equipment was purchased to support the Texas division's strategy to contract outside of joint ventures.

Cash flow performance	2025	2024
	£m	£m
Operating cash flows before working capital movements and pension deficit payments	297	208
Working capital inflow	408	99
Pension deficit payments ⁺	(10)	(30)
Cash from operations	695	277
Lease payments (including interest paid)	(77)	(66)
Dividends from joint ventures and associates	59	71
Capital expenditure	(49)	(28)
Share buybacks	(126)	(101)
Dividends paid	(64)	(61)
Infrastructure Investments		
- disposal proceeds	120	43
- new investments	(29)	(28)
Other	(26)	(6)
Net cash movement	503	101
Opening net cash*	943	842
Closing net cash*	1,446	943

* Excluding Infrastructure Investments (non-recourse) net borrowings and lease liabilities

⁺ Including £2 million (2024: £2 million) of regular funding

Working capital

A £408 million working capital inflow (2024: £99 million) was driven by increased revenue and advanced receipts on several new projects in US Construction and Support Services.

Working capital flows[^]	2025	2024
	£m	£m
Inventories	2	(34)
Net contract assets	376	165
Trade and other receivables	(217)	(225)
Trade and other payables	264	(6)
Provisions	(17)	199
Working capital inflow [^]	408	99

[^] Excluding impact of foreign exchange

Including the impact of foreign exchange and non-operating items, negative (i.e. favourable) current working capital increased to £1,639 million (2024: £1,228 million), equating to 17.3% (2024: 14.9%) of revenue. Working capital continues to be dependent on contract mix and the timing of project starts and completions, and in the medium term, the Group expects negative working capital as a percentage of revenue to be in the range of 15-18%.

Net cash/borrowings

The Group's average net cash increased to £1,212 million in 2025 (2024: £766 million). The Group's year end net cash position, excluding non-recourse net borrowings and lease liabilities, was £1,446 million (2024: £943 million).

Non-recourse net borrowings, held in Infrastructure Investments entities consolidated by the Group, were £411 million (2024: £335 million). The balance sheet also included £198 million for lease liabilities (2024: £162 million). Statutory net cash at 31 December 2025 was £837 million (2024 £446 million).

Share buyback

On 6 January 2025, Balfour Beatty commenced an initial £50 million tranche of its 2025 share buyback programme, which was subsequently increased following the release of its 2024 full year results to £125 million on 12 March 2025. The Group completed the 2025 share buyback programme on 12 December 2025 having purchased 24.2 million shares, which were held in treasury. These shares were subsequently cancelled on 24 December 2025. The Group commenced the initial £50 million tranche of its 2026 share buyback programme on 5 January 2026. As announced today, the Group intends to buy back a total of £200 million of shares during the 2026 phase of its multi-year share buyback programme.

Banking facilities

The Group's £450 million core revolving credit facility (RCF) extends to June 2028. The RCF remains a Sustainability Linked Loan, and 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 2025.

The Group retains an additional £30 million bilateral committed facility on similar terms to the core RCF. This facility has a maturity of December 2027. At 31 December 2025 the bilateral committed facility remained undrawn.

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

In early 2026, the Group reached agreement with the trustees of the Balfour Beatty Pension Fund (BBPF) over the triennial valuation of the Defined Benefit section of the BBPF as at 31 March 2025. As a result of the collaborative working between the company and the trustees and the substantial financial commitments made by the Company over many years, the BBPF is in a strong position. Consistent with prior valuations the Group have agreed a journey plan approach to managing the BBPF. The Group made a one-off contribution of £30 million in February 2026, as stipulated in the recent agreement, and no further contributions are expected to be made.

The Company and the trustees have agreed that once the Defined Benefit section moves into surplus, as measured on an agreed set of parameters, further surplus can be used by the Company to meet its existing obligations to the Defined Contribution section of the BBPF. Given the current strong position of the BBPF, the Group is expecting to start receiving a cash benefit from the surplus by 2027. In certain circumstances, were the funding level in the Defined Benefit section to fall below certain pre-agreed thresholds, surplus offset in this way would need to be repaid to the Defined Benefit section by the Company.

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. Discussions between the Group and the trustees to agree this triennial valuation are ongoing.

The Group's balance sheet includes net retirement benefit liabilities of £48 million (2024: net assets of £2 million) as measured on an IAS 19 basis, comprising the BBPF (£9 million), RPS (£7 million) and other schemes (£32 million).

Dividend

The Board is committed to a sustainable ordinary dividend that 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 4.2 pence per ordinary share interim dividend declared at the half year, the Board is recommending a final dividend of 9.8 pence per share, giving a total recommended dividend for the year of 14 pence per share (2024: 12.5 pence per share).

DIVISIONAL REVIEWS

CONSTRUCTION SERVICES

Financial review

Revenue at £8,711 million was up 6% (2024: £8,199 million), an 8% increase at CER, with higher volumes in UK Construction and US Construction offset by a reduction at Gammon. Underlying profit from operations increased to £171 million (2024: £159 million) due to improved profitability in UK Construction, partially offset by reduced profitability in US Construction and a lower Gammon contribution due to reduced volumes. Statutory PFO for the year was £182 million (2024: £87 million). The order book increased 23% (29% at CER) in the year to £18.7 billion (2024: £15.2 billion), largely due to new power generation orders in UK Construction.

Construction Services	2025			2024		
	Revenue ¹	PFO	Order book ¹	Revenue ¹	PFO	Order book ¹
	£m	£m	£bn	£m	£m	£bn
UK Construction	3,112	110	8.9	3,011	81	6.2
US Construction	4,509	25	7.8	3,638	40	7.1
Gammon	1,090	36	2.0	1,550	38	1.9
Underlying ²	8,711	171	18.7	8,199	159	15.2
Non-underlying	–	11	–	–	(72)	–
Total	8,711	182	18.7	8,199	87	15.2

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 increased by 3% to £3,112 million (2024: £3,011 million) driven largely by higher volumes in the energy sector.

UK Construction achieved its long-standing PFO margin target of 3% in the year, with strong project delivery, the improved risk profile of its portfolio and a one-off £11 million insurance recovery contributing to underlying profit from operations of £110 million (2024: £81 million). This represents a 3.5% PFO margin (2024: 2.7%), which is 3.2% when excluding the insurance recovery, and demonstrates good progress in the division's margin expansion efforts, with further improvement expected in 2026.

The UK Construction order book grew by 44% in 2025 to £8.9 billion (2024: £6.2 billion), driven largely by the work won at Sizewell C nuclear power station and the Net Zero Teesside carbon capture project. The order book remains relatively low risk compared to historic norms, with 88% of orders contracted on target cost or cost-plus contract terms (2024: 79%). Additionally, at year end, 84% (2024: 92%) of the order book was with public sector and regulated industry customers, and more than half of the remaining 16% related to Net Zero Teesside, where the ultimate client is a joint venture between BP and Equinor.

US Construction: Revenue in US Construction increased by 24% (28% increase at CER) to £4,509 million (2024: £3,638 million) driven largely by stronger demand in US Buildings. Underlying profit from operations for US Construction reduced by 38% to £25 million (2024: £40 million) with the cost of schedule delays at one US Civils highways project in Texas more than offsetting strong performance from the US Buildings business. Tariffs had a relatively low impact on the business in the year, and where incurred, were largely recovered through pre-existing contract terms. US Construction PFO is expected to improve in 2026, with the delayed Civils highway project expected to complete around the middle of the year.

The US Construction order book increased by 10% (18% at CER) to £7.8 billion (2024: £7.1 billion) with increases in both the Buildings and Civils divisions when measured in dollar terms. Growth in the US Buildings order book was driven largely by \$750 million of correctional facility work in the Southeast, increased data centre work and education orders. US Civils order book growth was primarily due to an \$889 million contract for the Texas Department to reconstruct a 3.7km section of Interstate 30 in Dallas County. The project,

scheduled for completion in 2031, will be delivered solely by Balfour Beatty and is reflective of the Group's capabilities and focus going forward.

Gammon: The Group's share of Gammon's revenue reduced by 30% (28% at CER) to £1,090 million (2024: £1,550 million) driven by decreased activity on major civils projects, as work on the two major projects at Hong Kong International Airport moved towards completion through the year. Although underlying profit decreased to £36 million (2024: £38 million), Gammon delivered an improved profit margin of 3.3% (2024: 2.5%), with the improvement in margin driven by the mix of work completed across the project portfolio.

The Group's share of Gammon's order book increased by 5% (18% at CER) to £2.0 billion (2024: £1.9 billion), with new additions including a commercial development in Tung Chung with a 23-storey office tower, five-storey retail podium and 20-storey data centre; a commercial and residential development in Kowloon with six residential towers; and a five-tower residential development in Tai Po. Further new orders were received for work in the Northern Metropolis, including four nine-storey buildings at the Hong Kong-Shenzhen Innovation and Technology Park and civils contracts to prepare land and deliver engineering infrastructure works for new development areas. Northern Metropolis projects now represent 26% of the Gammon order book.

Operational review

UK Construction

Further demand in UK energy and defence markets

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. The market outlook has strengthened during 2025, with the UK Government launching a 10-year infrastructure strategy as it looks to deliver on its objective to stimulate economic growth by investing in and enabling infrastructure development. The strategy is supported by the publication of The Infrastructure Pipeline, which details the projects to be delivered over the 10-year period, financed by at least £725 billion of public funding and further material investment from the private sector. This longer-term approach, which includes planning reform and the creation of the National Infrastructure and Service Transformation Authority (NISTA), brings improved certainty and clarity for the industry as a whole, allowing UK contractors and their suppliers to plan accordingly and invest in capability. The Government also recognised the necessity for further investment in UK defence, which it forecast will create hundreds of thousands of jobs and contribute to economic growth.

In 2025, Balfour Beatty has continued to target three strategic growth markets in the UK – energy transition and security, defence and transport. With regard to energy, the essential long-term upgrade to the UK's energy infrastructure is underway and the volume of work required to meet the UK's net zero ambitions is vast. The Group was successful in adding two of its long-term power generation targets to the order book during the year, with a combined value of over £3.5 billion:

- In conjunction with its major role in the ongoing construction of the Hinkley Point C nuclear power station in Somerset, Balfour Beatty has been selected as one of three contractors to deliver the construction of the new Sizewell C nuclear power station in Suffolk. In June, Balfour Beatty signed the Programme Alliance Agreement in partnership with Laing O'Rourke and Bouygues Travaux Publics to deliver the main civil works at Sizewell C, and as a result of the project reaching financial close in November, around £3 billion of Sizewell C work is now included in the Group's order book;
- Following a multi-year bid, including the delivery of a front-end engineering design (FEED) study, Balfour Beatty signed an £833 million contract with Technip Energies to act as the construction partner for Net Zero Teesside Power - an onshore power, carbon capture and compression project that is poised to be the world's first gas-fired power station with carbon capture and storage.

In addition to these successes, the Group, alongside Technip and GE Vernova, are working on a further FEED study for a proposed new build gas-fired power station with carbon capture and storage for the Connah's Quay Low Carbon Power project. The Group also continues to pursue opportunities in the UK's emerging small modular nuclear reactor market, and the UK Construction division's civil engineering expertise is expected to be drawn on further as a result of the ongoing expansion of power transmission and distribution volumes within Support Services.

In June, the UK Government released the Strategic Defence Review, declaring defence as an engine for growth, which will boost prosperity, jobs and security for people across the UK and called for a new partnership with industry, including improved contract

management, faster delivery and a move to industry-standard construction methods. This alignment with Balfour Beatty's capabilities, and the Group's experience in defence infrastructure and high-security environments, means it is well placed to support the UK Government's objectives in this sector.

Balfour Beatty's approach to growing its UK defence market share includes winning further work for both the Defence Infrastructure Organisation, whose projects tend to be security classified, and at Defence Nuclear Enterprise (DNE) sites. In 2025, the Group's live projects at DNE sites included the Hub at AWE Aldermaston and the expansion work at Rolls-Royce's site in Raynesway, Derby, needed to meet the growth in demand from the Ministry of Defence and as a result of the AUKUS agreement. During the year, Balfour Beatty was selected by Rolls-Royce for a second project of works at Raynesway, which will see the Company deliver the critical nuclear licensed infrastructure required to support the client's manufacture of fissile components for the Royal Navy's submarine propulsion systems, and the new AUKUS submarines. Further major DNE construction frameworks are currently being pursued in 2026.

Transport remains an important component of the UK Government's growth plans and, while fiscal headwinds are impacting the volume of activity in the short term, support for major infrastructure projects such as the Lower Thames Crossing road scheme and rail projects such as Northern Powerhouse Rail, the Transpennine Route Upgrade and East West rail was reaffirmed in 2025. The Government has also publicly backed the expansion plans for Heathrow Airport. National Highways' draft third Road Investment Strategy (RIS3), which includes £25 billion of funding over five years and is due to be finalised imminently, has an increased focus on maintenance and renewals rather than new roads while, outside of HS2, the majority of UK rail funding in the short term is also focused on operating, maintaining and renewing the core railway.

Given Balfour Beatty's strong market positions and range of capabilities in the construction and maintenance of roads and railways, and its experience in airport construction, the Group continues to see UK Transport as a growth area in the medium term. 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 start the main works contract, was granted a further £891 million of public funding in 2025 and NISTA are developing a private finance solution to fund the project to completion. HS2 will continue to be a material project for Balfour Beatty for the foreseeable future, and following a pause caused by a legal challenge, the c£200 million A57 Link Roads scheme, delivering two new strategic highways links between Manchester and Sheffield, is expected to proceed in 2026. With the Group's depth of capabilities across transport construction and maintenance, including asset management across regional as well as national infrastructure projects, Balfour Beatty is well positioned to play a significant role in the delivery of the UK Government's transport strategy.

Strong operational delivery takes PFO margin above 3%

In 2025, Balfour Beatty's UK Construction division delivered an improved PFO margin for the fifth year in a row and surpassed its long-standing 3% margin target. This ongoing margin expansion is built on a track record of strong operational delivery and a portfolio of higher-quality and lower-risk projects, overseen by the Group's disciplined and rigorous bidding process.

Balfour Beatty's ambition to provide industry-leading project delivery across the UK Construction portfolio not only drives margin performance, but also demonstrates the Group's capabilities and standards, thereby aiding the pursuit of future work. This focus on project delivery, alongside the disciplined bidding and strong client demand, has contributed to the forward order book growing by 44% in 2025, while remaining heavily weighted towards lower-risk contract forms. As such, 88% of the £8.9 billion order book is contracted on target cost or cost plus incentivised fee terms, while the remaining 12% is weighted towards two-stage fixed-price contracts, which are inherently lower risk than one-stage fixed-price arrangements. 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.

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 London. On Area North, the Balfour Beatty VINCI joint venture completed civil engineering work on the 1-mile Long Itchington Wood twin-bore tunnel as well as achieving tunnel breakthroughs at both bores of the 3.5-mile Bromford Tunnel. In addition, it successfully pushed the 4,600-tonne M6 South Viaduct east deck over the M6, with the final stage achieved without closing the motorway. At Old Oak Common, the Balfour Beatty VINCI

SYTRA joint venture has installed over 70% of the first high-speed platform slabs and commenced blockwork and mechanical and electrical module installation. At the new Hinkley Point C nuclear power station, good progress continues to be made on the underground marine works and the 230-tonne triple point shaft formwork structure was lowered and installed 40 metres underground to connect the three tunnels. The Group is also part of the MEH Alliance, which is delivering the mechanical, electrical and HVAC installation at the power station, with volumes increasing during the year.

The Major Highways team achieved substantial completion of the major improvement scheme at the interchange between Junction 10 of the M25 and the A3, with traffic management lifted in line with scheduled expectations. The team also completed its work on the National Emergency Area Retrofit scheme, providing emergency refuge areas on the M25, M3 and M4 and enhancing safety on the network. Work began during the year on the M3 Junction 9 scheme, in joint venture with VolkerFitzpatrick, with enabling works, piling and earthworks delivered to facilitate significant structural works in 2026, while the A63 project is on track to open to traffic in the first half of 2026, with strong delivery in 2025 on major structural elements, such as the underpass tunnel and pumping station.

UK Construction operates across the length and breadth of Great Britain, delivering hundreds of diverse projects. During 2025, the business installed the first new bridge over the River Trent in Nottingham for 65 years, commenced construction on the new Nairn Academy school in the Scottish Highlands and delivered restoration works on the historic Riddings Viaduct, a Victorian structure that spans the Anglo-Scottish border. Beyond the new Rolls-Royce and power station contracts, other projects added to the UK Construction order book during 2025 included the Dunard Centre, Edinburgh's first purpose-built concert hall in over a century, and the South East Pier Extension at Edinburgh Airport. Various additional contracts, including new flood and coastal defences in Suffolk and the South Wokingham Distributor Road in Berkshire, were awarded to Balfour Beatty through the SCAPE Civil Engineering frameworks. Through the Group's partnership with SCAPE, it has been helping to shape and strengthen local communities for the last ten years, and remains contracted as the sole delivery partner until November 2028.

US Construction

Disciplined approach to US growth

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 business delivered strong revenue growth in 2025, demonstrating why it is one of Balfour Beatty's four chosen growth markets, and is considered the lower-risk segment within the division. With most of the projects undertaken by US Construction contracted on fixed-price terms, US Buildings utilise the early issuance of subcontracts and insurance of the supply chain to mitigate risk.

The US Civils business focuses on highways projects in Texas and the Carolinas, and on local rail and civils work in California. In contrast to the Group's approach to US buildings, 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 2025 revenue down by nearly 30% compared to 2023. Civils bidding is now focused on projects that closely align to the business' core capabilities, with all major new contracts in the last three years being in the road sector.

Strong revenue growth following period of order book expansion

Balfour Beatty's growth engine in the US continues to be its buildings business, which increased revenue by 29% (33% at CER) in 2025 and contributed 91% of US Construction revenues (2024: 87%) following a strong period of orders that began in the second half of 2024. The business continued to win work at a similar rate throughout 2025 and during the 18-month period preceding year end, the order book grew by 26% in local currency, driven by two key factors: an organic growth strategy coupled with falling interest rates.

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.

The new office locations are prospering and contributing well to the growth in revenue and order book. In Jacksonville, Florida, the team is constructing a new terminal at Jacksonville International Airport and delivering work for the Transportation Authority, while in Sacramento, California, the team is also working at the local airport and has completed construction of the new Cesar Chavez Elementary School. The Charleston office in South Carolina has recently finished construction of a senior living facility on Kiawah Island and, in Savannah, Georgia, the team has started construction of a local elementary school. Given the success of the geographic expansion, the Group opened a further new branch in 2025 in El Centro, California, and will continue to monitor further opportunities.

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. In the US data centre market, which is expanding at pace, Balfour Beatty has strong recent history of delivering projects in the Northwest for major tech companies. During 2025, Balfour Beatty has worked with these customers to discuss data centre opportunities outside of its core Northwest market, which has resulted in the Group being selected for a project in Virginia, while projects in other new states are being pursued. In aviation, in addition to the work in Jacksonville and Sacramento, the business is delivering projects at two airports in North Carolina and has identified a strong pipeline of new projects coming to market in the next three years that closely match the Group's experience and capabilities. The Group has also seen further revenue growth from its geographical expansion of its theme park, correctional facility and student accommodation project portfolios in the year.

Given the breadth of geographies and client sectors served by Balfour Beatty's US Buildings portfolio, the overall business is somewhat protected from sector and economic volatility. One factor that did impact demand in the past was the post-pandemic rise in interest rates, as the increased cost of financing projects led to delays in some projects being approved. Since interest rates first started to drop in Q3 2024, demand in the US buildings market has reacted positively. This, combined with the success of the geographic and sector expansion, has contributed to the business consistently adding around \$3 billion of new contracts to the order book every six months.

High delivery standards maintained across US Buildings portfolio

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

- The 17-storey, 800-guestroom, Grand Hyatt Miami Beach hotel in Florida;
- The Marine Corps Recruit Depot San Diego Recruit Mess Hall in California;
- A social services campus for The Salvation Army of North Texas Dallas;
- The Portals IV 356-unit residential project in Washington DC;
- Three transformative library projects for Multnomah County in Oregon, with one new build and two major expansions;
- Completion of the Gipson Play Plaza in North Carolina, which is now the largest adventure playground in the Southeast;
- Completion of The Charles, a premier multifamily development located in Charleston's waterfront district.

US Civils performance impacted by delays on Texas highways project

The US Civils business continued to pivot towards a more concentrated portfolio of projects in 2025, with a heavier weighting of work delivered in highways and bridges, which have historically been profitable activities for the Group. This represented 67% of revenue in 2025 compared to 55% the year before, driven by both an increase in highways volumes and less rail activity. The performance of the division was negatively impacted during the year by cost overruns and schedule delays on a single joint venture highways project in Texas, which commenced in 2019 and is due to finish in mid-2026. As to be expected, the Group is pursuing cost recoveries.

US Civils' focus on delivering highways projects for long-term customers has driven order book growth of 53% in 2025 and the division has taken further steps to de-risk project contracting and execution. New orders awarded in the year, such as an \$889 million contract with the Texas Department of Transportation to reconstruct a 3.7km section of Interstate 30 in Dallas County and a \$260 million share of a contract with the South Carolina Department of Transportation to replace ageing bridges over Lake Marion, are reflective of the

Group's capabilities and focus going forward. The Group remains confident that US highways will be a profitable activity for the Group in the medium term.

Gammon

Strong positions in Hong Kong and Singapore

Gammon, Balfour Beatty's 50:50 joint venture with Jardine Matheson based in Hong Kong, has a local reputation for delivering high-quality projects in Southeast Asia. The Hong Kong construction sector remains positive during a difficult fiscal period for the region, with Government commitments to invest in infrastructure projects, and in particular to accelerate the development of the Northern Metropolis. Demand remained strong in Singapore, particularly for commercial and tourism-related projects, and local orders comprise 14% of Gammon's order book at year end.

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 2025, Gammon completed the new coach hall at Hong Kong International Airport and made strong progress towards completion of the new Terminal 2 departure facilities, which are scheduled to open in March 2026. The business also completed its work on the Central Kowloon Route, a major three-lane road, where it delivered major work packages covering critical tunnel infrastructure, complex electrical and mechanical systems and ventilation buildings. The Hong Kong buildings team completed the construction of One Causeway Bay, an iconic development on the Victoria Harbour, and celebrated the topping out of the Hong Kong Housing Society's Subsidised Sale Flats Project in Kai Tak, which comprises two 40-storey residential towers.

In Singapore, Gammon made good progress on projects including the Ang Mo Kiu Station, where the business is responsible for the design, construction and tunnelling works at the interchange station, and the Global Switch Singapore Data Centre, where the team is replacing the existing cooling systems.

SUPPORT SERVICES

Financial review

The Support Services business provides power, plant, road and rail maintenance services and is characterised by profitable recurring revenues underpinned by long-term frameworks.

Support Services revenue increased by 18% to £1,427 million (2024: £1,210 million) due to higher power transmission and distribution volumes, with power revenues nearly doubling since 2023. Underlying profit from operations increased to £122 million (2024: £93 million), as the growth in revenue was largely related to the disciplined delivery of higher-margin activities. This resulted in PFO margin of 8.5% in the year (2024: 7.7%), which is above the targeted 6-8% PFO margin range and represents outstanding performance in the segment. Statutory profit for the year was £145 million (2024: £93 million). Support Services PFO is expected to increase in 2026, with further growth in power volumes and PFO margin remaining above 8%.

The Support Services order book increased by 25% to £4.0 billion (2024: £3.2 billion) driven by new power transmission and distribution contacts and a strong period of work winning in the Rail business.

Support Services	2025	2024
Order book ¹ (£bn)	4.0	3.2
Revenue ¹ (£m)	1,427	1,210
Profit from operations ² (£m)	122	93
Non-underlying items (£m)	23	–
Statutory profit from operations (£m)	145	93

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

Accelerating growth in power transmission and distribution market

The power transmission and distribution market in the UK, within which Balfour Beatty holds market-leading scale, has continued on a rapid trajectory of growth, which is expected to continue in the medium term. In 2025, Ofgem confirmed its final RIIO-T3 determinations and committed an initial £10 billion of funding for electricity network upgrades in the price control period (2026-2031) for the three transmission owners: National Grid, Scottish and Southern Electricity Networks (SSEN) and Scottish Power Energy Networks (SPEN). The regulator recognised that this was the first portion of what its own forecasts suggest could be over £70 billion of funding in the period to 2031. A large portion of this will be through the Accelerated Strategic Transmission Investment (ASTI) programme for major new infrastructure in which Balfour Beatty is playing a leading role. The Group is also seeing major demand as a result of new connections to the grid, through new renewable generation, battery storage, industrial clients and data centres, which in turn requires the transmission owners to invest in their networks.

Balfour Beatty's market-leading position in the UK power transmission and distribution construction industry is built not only on scale, but also a unique end-to-end offering, including design, steel fabrication, panel manufacturing, ground engineering, all aspects of transmission and distribution construction, and commissioning. As well as continued growth in its core disciplines of overhead lines, underground cabling and substations, the Group has also entered the growing converter station market, where it is ideally placed to deliver civil engineering works. The converter station strategy is aligned to that of the rest of the Power business; focusing on work for the regulated transmission and distribution network owners, where the Group has existing long-term framework positions and strong technical knowledge and experience. The business was selected for various schemes and frameworks during 2025 and the order book increased by 38%. Progress with the three key customers included:

- Awarded two places on National Grid's High Voltage Direct Current supply chain framework, to deliver both the civil engineering works for future converter station schemes, as well as the associated onshore underground cabling works. The five-year framework has an option to extend for a further three years;
- Appointed by National Grid as the regional delivery partner for the North East of England as part of its £8 billion Electricity Transmission Partnership, designed to accelerate the delivery of vital substation infrastructure;
- Awarded a place on SPEN's transmission business' Strategic Agreement for Overhead Line Works framework. The five-year framework has an option to extend for a further five years;
- Planning consent granted for the £690 million Skye 132kV Reinforcement project for SSEN, which also placed a major order for Balfour Beatty's steel fabrication facility to manufacture towers for the ASTI programme, with manufacture and testing of a new tower type underway.

As this market continues to expand at pace, the business continues to grow its capacity and capability. Over 500 people joined the Power T&D business in 2025, taking new recruits to over 1,000 in two years. Core to the business' growth strategy is the utilisation of Balfour Beatty's full UK offering. By leveraging the scale and depth of those capabilities, the business can add value for its long-term customers, while bringing new work to other parts of the Group.

During the year, Balfour Beatty's work for National Grid included work on Bramford-Twinstead, a new overhead line and underground cable scheme in Suffolk, which forms part of the client's Great Grid Upgrade, good progress on three substation projects and the

installation of all underground cables on the North Wessex Downs VIP scheme. The business also mobilised and made good progress on the Prysmian's Eastern Green Link 2 onshore HVDC cable installation, a critical new energy 'superhighway' between England and Scotland. In Scotland, work for SSEN included the ongoing early contractor involvement (ECI) and design works on the Group's ASTI projects, including the Netherton Hub converter station, Longside substation and Beauly-Blackhillock-Peterhead overhead line projects, in addition to the separately funded Skye 132kV Reinforcement project. Work also continued on the Argyll Reinforcement project, where the Group is constructing three new substations. The Group also began ECI work in the year on two overhead line upgrade schemes for SPEN.

Bidding success in road maintenance

The addressable portion of the road maintenance market continues to be well funded, with the Government's November 2025 Budget announcing £7.3 billion of capital funding for local highways maintenance in England to be allocated across the next four financial years. This represents a further increase on the record £1.6 billion allocated in the current year, which was £500 million higher than 2024-2025.

In 2025, the volume of road maintenance work remained high, albeit slightly lower than 2024 due to the completion of a contract with West Sussex in the first quarter. Balfour Beatty was awarded a £75 million, five-year contract by Southampton City Council, procured through the SCAPE framework, to deliver highway maintenance services. In January 2026, the Group was awarded a £315 million seven-year Warwickshire Highways Maintenance contract. The new agreement marks the Company's third consecutive term delivering the work and there is an option to extend the contract by a further six years based on the successful delivery of the initial term, worth up to a total value of £900 million. Looking forward, there are further 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.

Strong year for rail orders

Balfour Beatty's Rail business delivered another solid year of operational performance in 2025, which was a very strong period for order intake. The business signed around £750 million of new orders, including an eight-year agreement, with a two-year option to extend, to supply, operate and maintain a fleet of high-performance tamping machines to support track renewal and maintenance projects across England, Scotland and Wales; a place on Network Rail's CP7 Western Reactive framework; and further track renewal work with the Central Rail Systems Alliance.

This order intake is a strong reflection of the diverse expertise held within the Rail business. During a period where track renewal work under CP7 has been slow in coming to market, this diversity is a key strength in ensuring that the business continues to perform well and maintain volumes. Opportunities in the railway enhancement space and through supplementary services and activities are being developed, all of which have additional government funding. This includes enhancement opportunities such as Transpennine, East West Rail and various improvements across the TfL network and wider local and mayoral authority schemes, which all received additional committed funds in the spending review. These opportunities are in addition to the Group's existing framework positions and supplementary in-house capabilities, such as design and the supply and operation of plant, all of which have significant order book and pipeline.

During 2025, the Group completed the disposal of Omnicom Balfour Beatty, its specialist rail measurement hardware and intelligent software business, for a consideration of £24 million to Hitachi Rail. A gain on disposal of £23 million was recorded within non-underlying results for the year.

INFRASTRUCTURE INVESTMENTS

Financial review

Infrastructure Investments made a £31 million pre-disposals operating loss in the year (2024: £8 million) driven largely by monitor and legal costs in military housing. This underlying loss was offset by a £36 million gain on asset disposals, resulting in PFO of £5 million (2024: £35 million).

Balfour Beatty continues to invest in attractive new opportunities, each expected to meet its investment hurdle rates. In the year, the Group invested £29 million in new and existing projects, with two US multifamily housing projects added to the portfolio. The Group also continues to sell assets, timed to maximise benefit to shareholders, with twelve asset disposals completed in 2025 across three transactions. In the UK, the Group sold its stake in a 536-bed student accommodation building in Glasgow and completed a ten-asset disposal, which comprised three offshore transmission owners (OFTOs), five street lighting projects, one biomass plant and one road concession. In the US, the Group sold one multifamily housing project in Columbia, South Carolina. In total, asset sales delivered £36 million gain on disposal and £120 million of cash proceeds, which was above the Directors' valuation. Each of the three transactions achieved end-to-end multiples in the range of 2 to 2.5 times. Both the gain on disposal and the cash proceeds for 2025 included £2 million of contingent consideration received in the year in relation to the University of Texas at Dallas student accommodation disposal completed in 2024.

Infrastructure Investments PFO for 2026, prior to disposals, is forecast to be a small loss and is aligned to the Group's agreement with the US Department of Justice to extend both Balfour Beatty Communities' plea agreement and monitorship to 6 June 2026. 2027 PFO, prior to disposals, is forecast in a positive range of £10 to £20 million.

Net investment income of £11 million was £8 million lower than the prior year (2024: £19 million) due to an impairment writeback of subordinated debt in 2024 not being repeated. This was partially offset by an increase in interest received on subordinated debt.

Underlying profit before tax decreased to £16 million (2024: £54 million). Statutory profit before tax was £14 million (2024: £51 million).

Infrastructure Investments	2025 £m	2024 £m
Pre-disposals operating loss ²	(31)	(8)
Gain on disposals ²	36	43
Profit from operations ²	5	35
Net investment income [~]	11	19
Profit before tax ²	16	54
Non-underlying items	(2)	(3)
Statutory profit before tax	14	51

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, Balfour Beatty is progressing a range of opportunities to develop student housing solutions on and off campus;

- Military Housing: The Group manages and operates 21 US military housing projects, and continues to redevelop houses across the portfolio;
- 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 Washington DC) have passed legislation allowing P3 projects; and
- 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 is constructing the 1,899-bed West Slope student accommodation 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 Investments business began development of a 1,070-bed undergraduate student housing complex at the University of Texas in Austin, made progress on the construction of the 1,204-bed William & Mary University project in Virginia and was awarded predevelopment agreements to develop on-campus accommodation at the University of Florida and the Wentworth Institute of Technology. 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 due to complete in the coming year, during which Balfour Beatty will inject its committed equity. Further pipelines of campus and P3 projects are under review.

Balfour Beatty continues to invest in attractive new opportunities and has added two new projects to the portfolio in the first half of the year. The Gathering at Arbor Greens in Newberry, Florida, and River Pointe in Conroe, Texas, are two multifamily housing communities with c.300 units each.

In US military housing, the Group continues to work with the independent compliance monitor, appointed by the US Department of Justice (DoJ) in 2021 and commencing work in 2022. During the year, the Group agreed with the DOJ to extend both Balfour Beatty Communities' plea agreement and monitorship to 6 June 2026 to allow the Group further time to complete planned remediation work.

As part of a major redevelopment programme at Fort Carson, the Group began work on the construction of 56 new homes in 2025. In early 2026, following the agreement of a 25-year ground lease extension to 2074, the Group successfully completed a refinancing which raised \$444 million for the remaining phases of the redevelopment, including the demolition of approximately 300 older homes, the construction of close to 400 new, modern residences, and the renovation and modernisation of an additional 334 existing homes. This work will commence in May 2026 and extend through to 2030, with Balfour Beatty's US Buildings team delivering construction. The US Military are looking at further redevelopments to modernise on-base housing, which will bring opportunities to Balfour Beatty. One such project is a 76-home scheme at Fort Gordon, which the Group started during the year.

In 2023, Balfour Beatty Investments partnered with Urban Electric Networks, a British EV charge point operator, to establish Urban Fox and address the growing need for accessible and innovative electric vehicle charging infrastructure in the UK. The partnership combines Urban Electric Networks' innovative and entrepreneurial spirit with Balfour Beatty's unmatched scale, skill and capability in financing and delivering infrastructure in the heart of local communities.

In February 2026, Urban Fox signed a 20-year agreement with Kent County Council to deploy a large-scale programme of on-street electric vehicle chargers across Kent, installing up to 10,000 new on-street electric vehicle chargers and prioritising areas where residents have limited access to off street parking.

Directors' valuation

The Directors' valuation decreased by 15% to £1,069 million (2024: £1,254 million). The portfolio is 65% weighted towards the US (2024: 58%). The number of projects in the portfolio decreased by 11 to 49 (2024: 60).

Movement in value 2024 to 2025

£m	2024	Equity invested	Distributions received	Sales proceeds	Unwind of discount	Operational performance	Discount rates	FX	2025
UK	525	1	(21)	(113)	34	(20)	(29)	-	377
US	729	28	(10)	(7)	48	(10)	(33)	(53)	692
Total	1,254	29	(31)	(120)	82	(30)	(62)	(53)	1,069

Balfour Beatty invested £29 million (2024: £28 million) in new and existing projects. During the year the Group added two new multifamily housing projects, one in Conroe, Texas and another in Newberry, Florida.

Cash yield from distributions amounted to £31 million (2024: £34 million).

Twelve assets were sold in the period. This included ten UK PPP assets sold to the Group's co-shareholder; a direct-let student accommodation asset in Glasgow; and one multifamily housing project in South Carolina. The total consideration of £120 million also included £2 million of contingent consideration received in relation to the University of Texas at Dallas student accommodation disposal completed in 2024.

Unwind of discount at £82 million (2024: £81 million) is a function of moving the valuation date forward by twelve months with the result that future cash flows are discounted by twelve months less.

Operational performance movements resulted in a £30 million decrease (2024: £2 million decrease). The operational performance movements in the UK were primarily due to a reduction in the valuation of the student accommodation portfolio. In the US the movement was driven primarily by lower broker valuations of US multifamily housing assets and higher than forecast independent compliance monitor costs in US military housing.

In addition, the discount rates applied to project cash flows were increased to reflect changes in long-term interest rates and the secondary market in both the UK and US, leading to a reduction in value of £62 million.

The foreign exchange movement was a £53 million decrease, as sterling appreciated against the US dollar (2024: £12 million increase).

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 multifamily 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.

The valuation methodology used at the previous Directors' valuation is unchanged.

Discount rates applied to the UK portfolio range from 8% to 10.25% (2024: 7.25% to 10.25%) depending on the maturity and risk of each project. The implied weighted average discount rate for the UK portfolio is 9.0% (2024: 8.4%). A 1% change in the discount rate would change the value of the UK portfolio by approximately £38 million.

Discount rates applied to the US portfolio range from 6.75% to 10.5% (2024: 6.25% to 10.5%), with an implied US weighted average discount rate of 8.2% (2024: 7.9%). A 1% change in the discount rate would change the value of the US portfolio by approximately £73 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 £20 million and a 1% change in the long-term rental growth rate in the US portfolio would change the valuation by approximately £70 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 UK-adopted international accounting standards rather than using a discounted cash flow approach. A full reconciliation is provided in section i) of the Measuring Our Financial Performance section.

Portfolio valuation December 2025

Value by sector

Sector	2025	2024	2025	2024
	No. projects	No. projects	£m	£m
Roads	6	12	139	162
Healthcare	2	2	131	133
Student accommodation and Residential	5	7	107	166
Energy transition	–	4	–	64
UK total	13	25	377	525
US military housing	21	21	562	605
Student accommodation and other PPP	5	5	56	58
Residential housing	10	9	74	66
US total	36	35	692	729
Total	49	60	1,069	1,254

Value by phase

Phase	2025	2024	2025	2024
	No. projects	No. projects	£m	£m
Operations	46	57	1,025	1,208
Construction	3	3	44	46
Total	49	60	1,069	1,254

Value by income type

Income type	2025	2024	2025	2024
	No. projects	No. projects	£m	£m
Availability based	7	17	286	370
Demand – operationally proven (2+ years)	39	39	742	836
Demand – early stage (less than 2 years)	3	4	41	48
Total	49	60	1,069	1,254

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 185 to 192 of the Annual Report and Accounts 2025.

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 2025. 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; and
- 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

	2025 £m	2024 £m
Order book (performance measure)	22,678	18,443
Less: Share of orders included within the Group's joint ventures and associates	(2,664)	(2,322)
Less: Estimated orders under framework agreements included in the order book disclosure	(370)	–
Add: Transaction price allocated to remaining performance obligations in Infrastructure Investments [†]	2,533	2,616
Transaction price allocated to remaining performance obligations for the Group [†] (statutory measure)	22,177	18,737

[†] Refer to Note 4.3 in the Annual Report and Accounts 2025.

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 non-underlying costs are excluded from the Group's measure of profit to enable comparability of the Group's performance from its ongoing normal day-to-day trading activities.

From time to time, it may be appropriate to exclude further items that are considered distortive in size and nature to aid comparability of the Group's performance.

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 2025 statutory results to performance measures

	2025 statutory results £m	Non-underlying items				2025 performance measures £m
		Intangible amortisation £m	Net release of provisions claim on legacy project in Texas £m	Provision recognised for BSA claims £m	Gain on disposal of Omnicom Balfour Beatty £m	
Revenue including share of joint ventures and associates (performance)	10,767	-	-	-	-	10,767
Share of revenue of joint ventures and associates	(1,278)	-	-	-	-	(1,278)
Group revenue (statutory)	9,489	-	-	-	-	9,489
Cost of sales	(9,021)	-	(49)	37	-	(9,033)
Gross profit	468	-	(49)	37	-	456
Gain on disposals of interests in investments	32	-	-	-	-	32
Amortisation of acquired intangible assets	(3)	3	-	-	-	-
Other operating expenses	(277)	-	-	-	(23)	(300)
Group operating profit	220	3	(49)	37	(23)	188
Share of results of joint ventures and associates	64	-	-	-	-	64
Profit from operations	284	3	(49)	37	(23)	252
Investment income	80	-	-	-	-	80
Finance costs	(41)	-	-	-	-	(41)
Profit before taxation	323	3	(49)	37	(23)	291
Taxation	(59)	(2)	12	(9)	6	(52)
Profit for the year	264	1	(37)	28	(17)	239

Reconciliation of 2025 statutory results to performance measures by segment

	2025 statutory results £m	Non-underlying items				2025 performance measures £m
		Intangible amortisation £m	Net release of provisions claim on legacy project in Texas £m	Provision recognised for BSA claims £m	Gain on disposal of Omnicom Balfour Beatty £m	
Profit/(loss) from operations						
Segment						
Construction Services	182	1	(49)	37	-	171
Support Services	145	-	-	-	(23)	122
Infrastructure Investments	3	2	-	-	-	5
Corporate activities	(46)	-	-	-	-	(46)
Total	284	3	(49)	37	(23)	252

Reconciliation of 2024 statutory results to performance measures

	2024 statutory results £m	Non-underlying items					2024 performance measures £m
		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	
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					2024 performance measures £m
		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	
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

c) Underlying profit before tax

The Group's Infrastructure Investments segment is assessed on an underlying profit before tax (PBT) measure. This is calculated as follows:

	2025 £m	2024 £m
Underlying profit from operations (section (b) and Note 5)	5	35
Add: Subordinated debt interest receivable ⁺	26	17
Add: Interest receivable on PPP financial assets ⁺	–	2
Add: Interest receivable on other infrastructure concession assets ⁺	1	–
Add: Fair value loss on investment asset ⁺	–	(2)
Less: Non-recourse borrowings finance cost ⁺	(14)	(12)
Add/(Less): Net (impairment)/impairment reversal of subordinated debt and accrued interest receivable ⁺	(2)	14
Underlying profit before tax (performance)	16	54
Non-underlying items (section (b) and Note 5)	(2)	(3)
Statutory profit before tax	14	51

⁺ 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

	2025 pence	2024 pence
Statutory basic earnings per ordinary share	52.6	34.2
Amortisation of acquired intangible assets after tax	0.3	0.6
Other non-underlying items after tax	(5.3)	8.8
Underlying basic earnings per ordinary share (performance)	47.6	43.6

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

	2025 £m	2024 £m
Cash generated from operating activities (statutory)	656	265
Add back: Pension payments including deficit funding (Note 21)	10	30
Less: Repayment of lease liabilities (including lease interest payments)	(77)	(66)
Add: Operational dividends received from joint ventures and associates	59	71
Add back: Cash flow movements relating to non-operating items	33	13
Less: Operating cash flows relating to non-recourse activities	(25)	(24)
Operating cash flow (OCF) (performance)	656	289

The Group includes/excludes the following items to provide a view of cash flows that aligns with management's internal measure of operating cash flow performance:

Pension payments including deficit funding (£10 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) (£77 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 (£59 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 (£33 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 (£25 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

	2025 statutory £m	Adjustment £m	2025 performance £m	2024 statutory £m	Adjustment £m	2024 performance £m
Total cash within the Group	1,860	(193)	1,667	1,558	(265)	1,293
Cash and cash equivalents – infrastructure concessions	193	(193)	–	265	(265)	–
– other	1,667	–	1,667	1,293	–	1,293
Total debt within the Group	(1,023)	802	(221)	(1,112)	762	(350)
Borrowings – non-recourse loans	(604)	604	–	(600)	600	–
– other	(221)	–	(221)	(350)	–	(350)
Lease liabilities	(198)	198	–	(162)	162	–
Net cash	837	609	1,446	446	497	943

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 £1,212 million for 2025 (2024: £766 million).

Using a statutory measure (inclusive of non-recourse elements and the lease liabilities recognised) gives average net cash of £642 million for 2025 (2024: £441 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 £1.07 billion at year end (2024: £1.25 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

	2025 £m	2024 £m
Net assets of the Infrastructure Investments segment (refer to Note 5.1)	568	626
Less: Net assets not included within the Directors' valuation – Housing division	(42)	(60)
Comparable statutory measure of the Investments portfolio under IFRS	526	566

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

	2025 £m	2024 £m
Statutory measure of the Investments portfolio (as above)	526	566
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:		
<ul style="list-style-type: none"> • historical cost • amortised cost • fair value 	543	688
Directors' valuation (performance measure)	1,069	1,254

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:

2025 statutory growth compared to performance growth

	Construction Services			Total	Support Services	Infrastructure Investments	Total
	UK	US	Gammon				
Revenue (£m)							
2025 statutory	3,112	4,477	–	7,589	1,427	473	9,489
2024 statutory	3,011	3,619	–	6,630	1,210	394	8,234
Statutory growth	3%	24%	–	14%	18%	20%	15%
Performance CER growth							
2025 performance [^]	3,112	4,509	1,090	8,711	1,427	629	10,767
2024 performance retranslated [^]	3,011	3,536	1,508	8,055	1,210	594	9,859
Performance CER growth	3%	28%	(28)%	8%	18%	6%	9%
Order book (£bn)							
2025	8.9	7.8	2.0	18.7	4.0	–	22.7
2024	6.2	7.1	1.9	15.2	3.2	–	18.4
Growth	44%	10%	5%	23%	25%	–	23%
CER growth							
2025	8.9	7.8	2.0	18.7	4.0	–	22.7
2024 retranslated	6.2	6.6	1.7	14.5	3.2	–	17.7
CER growth	44%	18%	18%	29%	25%	–	28%

[^] 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.

This report does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for any securities. The making of this presentation does not constitute any advice or recommendation regarding any securities.

Group Income Statement

For the year ended 31 December 2025

	Notes	2025			2024		
		Underlying items ¹ £m	Non-underlying items (Note 9) £m	Total £m	Underlying items ¹ £m	Non-underlying items (Note 9) £m	Total £m
Revenue including share of joint ventures and associates		10,767	–	10,767	10,015	–	10,015
Share of revenue of joint ventures and associates	15	(1,278)	–	(1,278)	(1,781)	–	(1,781)
Group revenue		9,489	–	9,489	8,234	–	8,234
Cost of sales		(9,033)	12	(9,021)	(7,817)	(66)	(7,883)
Gross profit/(loss)		456	12	468	417	(66)	351
Gain on disposals of interests in investments	23.2	32	–	32	43	–	43
Amortisation of acquired intangible assets	14	–	(3)	(3)	–	(4)	(4)
Other operating (expenses)/income		(300)	23	(277)	(271)	(5)	(276)
Group operating profit/(loss)		188	32	220	189	(75)	114
Share of results of joint ventures and associates excluding gain on disposals of interests in investments		60	–	60	59	–	59
Gain on disposals of interests in investments	23.2	4	–	4	–	–	–
Share of results of joint ventures and associates	15	64	–	64	59	–	59
Profit/(loss) from operations		252	32	284	248	(75)	173
Investment income	7	80	–	80	82	–	82
Finance costs	8	(41)	–	(41)	(41)	–	(41)
Profit/(loss) before taxation		291	32	323	289	(75)	214
Taxation	10	(52)	(7)	(59)	(62)	26	(36)
Profit/(loss) for the year		239	25	264	227	(49)	178

Attributable to

Equity holders		238	25	263	227	(49)	178
Non-controlling interests		1	–	1	–	–	–
Profit/(loss) for the year		239	25	264	227	(49)	178

¹ Before non-underlying items (Note 9).

	Notes	2025 pence	2024 pence
Earnings per share			
- basic	11	52.6	34.2
- diluted	11	52.0	33.7
Dividends per share proposed for the year	12	14.0	12.5

Group Statement of Comprehensive Income

For the year ended 31 December 2025

	2025			2024		
	Group £m	Share of joint ventures and associates £m	Total £m	Group £m	Share of joint ventures and associates £m	Total £m
Profit for the year	200	64	264	119	59	178
Other comprehensive (loss)/income for the year						
<i>Items which will not subsequently be reclassified to the income statement</i>						
Actuarial (losses)/gains on retirement benefit assets/liabilities	(62)	1	(61)	(102)	–	(102)
Fair value revaluations of investments in mutual funds measured at fair value through OCI	1	–	1	2	–	2
Tax on above	15	–	15	26	–	26
	(46)	1	(45)	(74)	–	(74)
<i>Items which will subsequently be reclassified to the income statement</i>						
Currency translation differences	(19)	(13)	(32)	6	3	9
Fair value revaluations – PPP financial assets	–	8	8	(2)	(48)	(50)
– cash flow hedges	–	8	8	1	10	11
Recycling of revaluation reserves to the income statement on disposal [^]	–	24	24	–	–	–
Tax on above	–	(4)	(4)	–	10	10
	(19)	23	4	5	(25)	(20)
Total other comprehensive (loss)/income for the year	(65)	24	(41)	(69)	(25)	(94)
Total comprehensive income for the year	135	88	223	50	34	84
Attributable to						
Equity holders			222			84
Non-controlling interests			1			–
Total comprehensive income for the year			223			84

[^] 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 2025

	Called-up share capital £m	Share premium account £m	Capital redemption reserve £m	Share of joint ventures' and associates' reserves £m	Other reserves [¶] £m	Retained profits £m	Non- controlling interests £m	Total £m
At 1 January 2024	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
Total comprehensive income/(loss) for the year	–	–	–	88	(18)	152	1	223
Ordinary dividends	–	–	–	–	–	(64)	(1)	(65)
Joint ventures' and associates' dividends	–	–	–	(59)	–	59	–	–
Purchase of treasury shares	–	–	–	–	–	(126)	–	(126)
Cancellation of ordinary shares	(12)	–	12	–	–	–	–	–
Movements relating to share-based payments [†]	–	–	–	–	2	(12)	–	(10)
Reserves transfers relating to joint venture and associate disposals	–	–	–	4	–	(4)	–	–
At 31 December 2025	247	176	99	(31)	146	506	9	1,152

[¶] Other reserves include £22m of special reserve (2024: £22m).

[†] Movements relating to share-based payments include £5m tax credit (2024: £4m) recognised directly within retained profits.

Group Balance Sheet

At 31 December 2025

	Notes	2025 £m	2024 £m
Non-current assets			
Intangible assets – goodwill	13	819	854
– other	14	256	268
Service concession contract asset		154	69
Property, plant and equipment		151	136
Right-of-use assets		192	153
Investment properties		104	101
Investments in joint ventures and associates	15	363	385
Investments		18	24
PPP financial assets		18	21
Trade and other receivables	17	296	326
Retirement benefit assets	21	–	43
Deferred tax assets		199	200
		2,570	2,580
Current assets			
Inventories		155	158
Contract assets	16.1	238	229
Trade and other receivables	17	1,253	1,099
Cash and cash equivalents – infrastructure investments	20.3	193	265
– other	20.3	1,667	1,293
Current tax receivable		17	8
		3,523	3,052
Total assets		6,093	5,632
Current liabilities			
Contract liabilities	16.2	(1,062)	(697)
Trade and other payables	18	(1,957)	(1,778)
Provisions	19	(266)	(239)
Borrowings – non-recourse loans	20.3	(37)	(11)
– other	20.3	(68)	(185)
Lease liabilities		(70)	(57)
Current tax payable		(8)	(13)
		(3,468)	(2,980)
Non-current liabilities			
Contract liabilities	16.2	(1)	(2)
Trade and other payables	18	(100)	(88)
Provisions	19	(323)	(378)
Borrowings – non-recourse loans	20.3	(567)	(589)
– other	20.3	(153)	(165)
Lease liabilities		(128)	(105)
Retirement benefit liabilities	21	(48)	(41)
Deferred tax liabilities		(153)	(153)
Derivative financial instruments		–	(1)
		(1,473)	(1,522)
Total liabilities		(4,941)	(4,502)
Net assets		1,152	1,130
Equity			
Called-up share capital		247	259
Share premium account		176	176
Capital redemption reserve		99	87
Share of joint ventures' and associates' reserves		(31)	(64)
Other reserves		146	162
Retained profits		506	501
Equity attributable to equity holders of the Parent		1,143	1,121
Non-controlling interests		9	9
Total equity		1,152	1,130

Group Statement of Cash Flows

For the year ended 31 December 2025

	Notes	2025 £m	2024 £m
Cash flows from operating activities			
Cash from operations		695	277
Income taxes paid		(39)	(12)
Net cash from operating activities		656	265
Cash flows from investing activities			
Dividends received from:			
- joint ventures and associates – infrastructure investments		21	26
- joint ventures and associates – other		38	45
- other investments		1	1
Interest received – infrastructure investments – joint ventures		3	7
Interest received subsidiaries - infrastructure investments		9	11
- other		50	40
Purchases of: - service concession contract asset – infrastructure investments		(79)	(56)
- property, plant and equipment		(49)	(28)
- investment properties		(36)	(36)
Investments in and long-term loans to joint ventures and associates		(11)	(20)
Return of equity from joint ventures and associates		5	–
PPP financial assets cash expenditure		(4)	(5)
PPP financial assets cash receipts		7	8
Disposals of: - investments in joint ventures – infrastructure investments		89	43
- property, plant and equipment – other		5	5
- investment properties		48	–
- other investments		6	5
- trade and assets relating to Omnicom Balfour Beatty		24	–
Net cash from investing activities		127	46
Cash flows used in financing activities			
Purchase of ordinary shares		(31)	(12)
Purchase of treasury shares		(126)	(101)
Proceeds from new loans relating to: - infrastructure investments assets	20.4	22	36
- other	20.4	–	39
Repayments of loans relating to: - infrastructure investments assets	20.4	(30)	(9)
- other	20.4	–	(40)
Repayment of lease liabilities		(68)	(59)
Ordinary dividends paid	12	(64)	(61)
Other dividends paid – non-controlling interests		(1)	(1)
Interest paid – infrastructure investments		(14)	(12)
Interest paid – other		(22)	(31)
Net cash used in financing activities		(334)	(251)
Net increase in cash and cash equivalents		449	60
Effects of exchange rate changes		(30)	3
Cash and cash equivalents at beginning of year		1,373	1,310
Cash and cash equivalents at end of year	20.2	1,792	1,373

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 10 March 2026, does not constitute the Company's statutory accounts for the years ended 31 December 2025 or 2024, but is derived from those accounts. Statutory accounts for 2024 have been delivered to the Registrar of Companies and those for 2025 will be delivered following the Company's Annual General Meeting. The auditor has reported on the 2025 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 2026.

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 76 to 89 of the Annual Report and Accounts 2025.

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 2025, 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 £22.7bn at 31 December 2025 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 2025, 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 2025 and is fully available to the Group until June 2028. The Group's £30m bilateral committed facility also remained undrawn at 31 December 2025 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 2025:

- Amendments to the following standard:
 - IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability.

The amended standard 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 2025:

- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures
- Amendments to the following standards:
 - 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. The Group is currently assessing the impact of the revised presentation and disclosure requirements for financial statements from IFRS 18.

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 2025.

4 Exchange rates

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

Average rates

£1 buys	2025	2024	Change
US\$	1.32	1.28	3.1%
HK\$	10.25	9.98	2.7%

Closing rates

£1 buys	2025	2024	Change
US\$	1.35	1.25	8.0%
HK\$	10.47	9.73	7.6%

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	Support Services	Infrastructure Investments	Corporate activities	Total
	2025	2025	2025	2025	2025
	£m	£m	£m	£m	£m
Revenue including share of joint ventures and associates	8,711	1,427	629	–	10,767
Share of revenue of joint ventures and associates	(1,122)	–	(156)	–	(1,278)
Group revenue	7,589	1,427	473	–	9,489
Group operating profit/(loss) ¹	117	122	(5)	(46)	188
Share of results of joint ventures and associates	54	–	10	–	64
Profit/(loss) from operations ¹	171	122	5	(46)	252
Non-underlying items:					
- amortisation of acquired intangible assets	(1)	–	(2)	–	(3)
- provision recognised in relation to claims made under the Building Safety Act	(37)	–	–	–	(37)
- net release of provision recognised in relation to a legacy claim received for a project completed in 2012 in Texas	49	–	–	–	49
- gain on disposal of Omnicom Balfour Beatty	–	23	–	–	23
	11	23	(2)	–	32
Profit/(loss) from operations	182	145	3	(46)	284
Investment income					80
Finance costs					(41)
Profit before taxation					323

¹ Before non-underlying items (Note 9).

Income statement – performance by activity

	Construction Services	Support Services	Infrastructure Investments	Corporate activities	Total
	2024	2024	2024	2024	2024
	£m	£m	£m	£m	£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:					
- amortisation of acquired intangible assets	(1)	–	(3)	–	(4)
- 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)
- 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
	(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).

5 Segment analysis continued

5.1 Total Group continued

Assets and liabilities by activity	Construction	Support	Infrastructure	Corporate	Total
	Services	Services	Investments	activities	2025
	2025	2025	2025	2025	2025
	£m	£m	£m	£m	£m
Contract assets	134	67	37	–	238
Contract liabilities – current	(742)	(319)	(1)	–	(1,062)
Inventories	71	41	43	–	155
Trade and other receivables – current	1,005	171	43	34	1,253
Trade and other payables – current	(1,627)	(212)	(61)	(57)	(1,957)
Provisions – current	(228)	(19)	(4)	(15)	(266)
Working capital*	(1,387)	(271)	57	(38)	(1,639)
Total assets	2,223	624	1,267	1,979	6,093
Total liabilities	(3,061)	(723)	(699)	(458)	(4,941)
Net assets	(838)	(99)	568	1,521	1,152

* Includes non-operating items and current working capital.

Assets and liabilities by activity	Construction	Support	Infrastructure	Corporate	Total
	Services	Services	Investments	activities	2024
	2024	2024	2024	2024	2024
	£m	£m	£m	£m	£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.

5 Segment analysis continued

5.1 Total Group continued

Other information	Construction Services	Support Services	Infrastructure Investments	Corporate activities	Total
	2025 £m	2025 £m	2025 £m	2025 £m	2025 £m
Capital expenditure on property, plant and equipment	10	22	–	17	49
Capital expenditure on service concession contract assets	–	–	79	–	79
Depreciation	20	69	4	9	102
Gain on disposals of interests in investments (Note 23.2)	–	–	32	–	32
Gain on disposals of interests in investments within joint ventures and associates (Note 23.2)	–	–	4	–	4
	2024 £m	2024 £m	2024 £m	2024 £m	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	–	–	43	–	43

Performance by geographic destination

	United Kingdom	United States	Rest of world	Total
	2025 £m	2025 £m	2025 £m	2025 £m
Revenue including share of joint ventures and associates	4,778	4,891	1,098	10,767
Share of revenue of joint ventures and associates	(106)	(80)	(1,092)	(1,278)
Group revenue	4,672	4,811	6	9,489

Non-current assets excluding financial assets and deferred tax assets	1,099	877	84	2,060
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	2024 £m	2024 £m	2024 £m	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

Non-current assets excluding financial assets, deferred tax assets and retirement benefit assets	1,014	896	90	2,000
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5.2 Infrastructure Investments

Underlying profit/(loss) from operations ¹	Group 2025	Share of joint ventures and associates (Note 15) ⁺ 2025	Total 2025	Group 2024	Share of joint ventures and associates (Note 15) ⁺ 2024	Total 2024
	£m	£m	£m	£m	£m	£m
UK [^]	8	–	8	(2)	9	7
North America	(18)	6	(12)	2	9	11
Gain on disposals of interests in investments	32	4	36	43	–	43
	22	10	32	43	18	61
Bidding costs and overheads	(27)	–	(27)	(26)	–	(26)
	(5)	10	5	17	18	35

⁺ 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	<p>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.</p> <p>The contract length depends on the complexity and scale of the building and contracts entered into for these services are typically fixed price.</p> <p>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.</p>
Infrastructure for small-scale infrastructure works	1 to 3 months	<p>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.</p> <p>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.</p>
Infrastructure for large-scale complex construction	24 to 60 months	<p>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.</p> <p>Other infrastructure assets include construction, design and build services on large-scale complex assets predominantly servicing the waste, water and energy sectors.</p> <p>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.</p> <p>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.</p>

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	<p>Within the Group's services contracts, the Group provides support services to various types of utility assets.</p> <p>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.</p>
Infrastructure	<p>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.</p> <p>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.</p>

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
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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.
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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.
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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.
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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 2025

		United Kingdom £m	United States £m	Rest of world £m	Total £m
Revenue by primary geographical markets					
Construction Services	Revenue including share of joint ventures and associates	3,112	4,509	1,090	8,711
	Group revenue	3,112	4,477	–	7,589
Support Services	Revenue including share of joint ventures and associates	1,423	–	4	1,427
	Group revenue	1,423	–	4	1,427
Infrastructure Investments	Revenue including share of joint ventures and associates	243	382	4	629
	Group revenue	137	334	2	473
Total revenue	Revenue including share of joint ventures and associates	4,778	4,891	1,098	10,767
	Group revenue	4,672	4,811	6	9,489

		Buildings £m	Infrastructure £m	Utilities £m	Other £m	Total £m
Revenue by types of assets serviced						
Construction Services	Revenue including share of joint ventures and associates	4,966	3,130	508	107	8,711
	Group revenue	4,281	2,695	506	107	7,589
Support Services	Revenue including share of joint ventures and associates	14	743	631	39	1,427
	Group revenue	14	743	631	39	1,427
Infrastructure Investments	Revenue including share of joint ventures and associates	533 ⁺	87	8	1	629
	Group revenue	470 ⁺	3	–	–	473
Total revenue	Revenue including share of joint ventures and associates	5,513	3,960	1,147	147	10,767
	Group revenue	4,765	3,441	1,137	146	9,489

		Construction Services £m	Support Services £m	Infrastructure Investments £m	Total £m
Timing of revenue recognition					
Over time		8,706	1,425	594	10,725
At a point in time		5	2	35	42
Revenue including share of joint ventures and associates		8,711	1,427	629	10,767
Over time		7,584	1,425	438	9,447
At a point in time		5	2	35	42
Group revenue		7,589	1,427	473	9,489

+ Includes rental income of £57m including share of joint ventures and associates or £32m excluding share of joint ventures and associates.

6 Revenue continued

6.2 Disaggregation of revenue continued

For the year ended 31 December 2024

		United Kingdom £m	United States £m	Rest of world £m	Total £m
Revenue by primary geographical markets					
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

		Buildings £m	Infrastructure £m	Utilities £m	Other £m	Total £m
Revenue by types of assets serviced						
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

		Construction Services £m	Support Services £m	Infrastructure Investments £m	Total £m
Timing of revenue recognition					
	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.

7 Investment income

	2025 £m	2024 £m
Subordinated debt interest receivable	26	17
Interest receivable on PPP financial assets	–	2
Interest receivable on other infrastructure concession assets	1	–
Interest received on bank deposits	51	40
Other interest receivable and similar income	1	2
Impairment reversal of joint ventures and associates loans	–	17
Net finance income on pension scheme assets and obligations (Note 21)	1	4
	80	82

8 Finance costs

	2025 £m	2024 £m
Non-recourse borrowings – bank loans and overdrafts	14	12
US private placement – finance cost	10	10
Interest on lease liabilities	9	7
Fair value loss on investment asset	–	2
Other interest payable – committed facilities	2	2
– letter of credit fees	–	1
– other finance charges	4	4
Impairment of joint ventures and associates – loans	1	2
– accrued interest	1	1
	41	41

The net impairment of loans to joint ventures and associates and accrued interest receivable of £2m (2024: £14m net impairment reversal) relates to expected credit loss assessments performed. All of these impairments relate to subordinated debt and accrued interest receivable from joint ventures and associates held within the Infrastructure Investments segment.

9 Non-underlying items

	2025 £m	2024 £m
Items credited to/(charged against) profit		
9.1 Amortisation of acquired intangible assets	(3)	(4)
9.2 Other non-underlying items:		
– net release/(charge) recognised in relation to a claim received on a legacy project completed in 2012 in Texas	49	(52)
– provision recognised in relation to claims made under the Building Safety Act	(37)	(83)
– gain on disposal of Omnicom Balfour Beatty	23	–
– recognition of insurance recovery in relation to rectification works on a development in London	–	43
– net release of provisions relating to Rail Germany	–	21
Total other non-underlying items	35	(71)
Credited to/(charged against) profit before taxation	32	(75)
9.3 Tax (charge)/credit:		
– tax on amortisation of acquired intangible assets	2	1
– tax on other items above	(9)	25
Total tax (charge)/credit	(7)	26
Credited to/(charged against) profit for the year	25	(49)

9.1 The amortisation of acquired intangible assets comprises: customer contracts £2m (2024: £3m); and customer relationships £1m (2024: £1m).

The charge was recognised in the following segments: Construction Services £1m (2024: £1m); and Infrastructure Investments £2m (2024: £3m).

9.2.1 In 2024 the Group recognised a provision of £52m for a claim received from the North Texas Tollway Authority (NTTA) on a project to provide design and build services in relation to the extension of NTTA's President George Bush Turnpike Highway (SH161 in Texas) through a joint operation formed with Fluor Enterprise Inc. in which the Group owned a 40% share. This project completed in 2012. This provision, net of insurance recoveries, represented damages awarded to NTTA through a jury verdict in November 2024, and also included pre-judgement interest and legal costs. This charge was recognised in the Construction Services segment in 2024 and included within the Group's non-underlying results due to the size of the provision.

The Group maintained the view that these damages are a result of design elements of the contract which were performed by subcontractors to the joint operation. In 2025, an all-party settlement was reached between NTTA and the joint operation as well as its design subcontractors. The Group's share of the settlement was fully funded by its insurers resulting in no cost to the Group. As such, the Group has released this provision in full after taking into account legal cost incurred.

9.2.2 In 2024, following further developments and clarifications in the legal landscape of the Building Safety Act (BSA), introduced in 2022, progression of the Group's investigation and due diligence as well as adjudications on claims received to date, the Group reassessed its provision for BSA claims which resulted in an increase in the provision of £83m. The provision did not include potential recoveries from third parties. The increase was recognised in non-underlying due to its size and the nature of the cost, which arose from a change in legislation.

In 2025, the Group increased its provision by £37m as a result of new claims received in the period, settlements and reassessments to previously provided claims, together with legal costs incurred. Consistent with the treatment adopted in 2024, this charge was recognised within non-underlying and in the Construction Services segment.

9.2.3 On 1 August 2025, the Group completed the disposal of Omnicom Balfour Beatty, its specialist rail measurement hardware and intelligent software business, for a consideration of £24m to Hitachi Rail. After deducting cost of disposal, the Group recorded a gain on disposal of £23m within its non-underlying results in the year.

The gain on disposal has been recognised in the Support Services segment.

9 Non-underlying items continued

9.3.1 The amortisation of acquired intangible assets gave rise to a tax credit of £2m (2024: £1m).

9.3.2 The remaining non-underlying items recognised in the Group's operating profit gave rise to a current tax charge of £9m (2024: £25m credit), of which £12m charge relates to the net release recognised in relation to a legacy project completed in 2012 (SH161 in Texas), £9m credit relating to the increase in provision for BSA claims and £6m charge relates to the disposal of Omnicom Balfour Beatty.

10 Income taxes

	Underlying Items ¹ 2025 £m	Non-underlying items (Note 9) 2025 £m	Total 2025 £m	Total 2024 £m
Total UK tax	48	(3)	45	29
Total non-UK tax	4	10	14	7
Total tax charge^x	52	7	59	36
UK current tax				
– current tax	28	(3)	25	7
– adjustments in respect of prior periods	3	–	3	5
	31	(3)	28	12
Non-UK current tax				
– current tax	3	–	3	14
– adjustments in respect of previous periods	(1)	–	(1)	2
	2	–	2	16
Total current tax	33	(3)	30	28
UK deferred tax				
– origination and reversal of temporary differences	22	–	22	22
– adjustments in respect of previous periods	(5)	–	(5)	(5)
	17	–	17	17
Non-UK deferred tax				
– origination and reversal of temporary differences	1	11	12	(6)
– adjustments in respect of previous periods	1	(1)	–	(3)
	2	10	12	(9)
Total deferred tax	19	10	29	8
Total tax charge^x	52	7	59	36

^x Excluding joint ventures and associates.

¹ Before non-underlying items (Note 9).

The Group has recognised a £7m tax charge (2024: £26m credit) 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 £11m has been credited (2024: £36m) directly to Group other comprehensive income, comprising: a tax credit of £15m for subsidiaries (2024: £26m); and a tax charge in respect of joint ventures and associates of £4m (2024: £10m credit). A tax credit of £5m (2024: £4m) has been recognised directly in Group equity relating to share-based payments, comprising a current tax credit of £3m (2024: £2m) and a deferred tax credit of £2m (2024: £2m).

11 Earnings per share

	2025		2024	
	Basic £m	Diluted £m	Basic £m	Diluted £m
Earnings				
Earnings	263	263	178	178
Amortisation of acquired intangible assets – including tax credit of £2m (2024: £1m)	1	1	3	3
Other non-underlying items – including tax charge of £9m (2024: £25m)	(26)	(26)	46	46
Underlying earnings	238	238	227	227
	Basic m	Diluted m	Basic m	Diluted m
Weighted average number of ordinary shares	499	505	521	528

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 6m (2024: 7m).

Earnings per share	Basic pence	Diluted pence	Basic pence	Diluted pence
Earnings per ordinary share	52.6	52.0	34.2	33.7
Amortisation of acquired intangible assets after tax	0.3	0.2	0.6	0.6
Other non-underlying items after tax	(5.3)	(5.2)	8.8	8.7
Underlying earnings per ordinary share	47.6	47.0	43.6	43.0

12 Dividends

	2025		2024	
	Per share pence	Amount £m	Per share pence	Amount £m
Proposed dividends for the year				
Interim – current year	4.2	20	3.8	19
Final – current year	9.8	47 ^{&}	8.7	44
	14.0	67	12.5	63
Recognised dividends for the year				
Final – prior year		44		42
Interim – current year		20		19
		64		61

[&] Amount dependent on number of shares on the register on 15 May 2026.

Subject to approval at the Annual General Meeting on 7 May 2026, the final 2025 dividend will be paid on 1 July 2026 to holders on the register on 15 May 2026 by direct credit or, where no mandate has been given, by cheque posted by 1 July 2026. The ordinary shares will be quoted ex-dividend on 14 May 2026. The last date for Dividend Reinvestment Plan (DRIP) elections will be 10 June 2026.

13 Intangible assets – goodwill

	Cost £m	Accumulated impairment losses £m	Carrying amount £m
At 1 January 2025	1,074	(220)	854
Currency translation differences	(33)	(2)	(35)
At 31 December 2025	1,041	(222)	819

Carrying amounts of goodwill by cash-generating unit (CGU)	2025		2024	
	£m	Pre-tax discount rate %	£m	Pre-tax discount rate %
UK Regional and Engineering Services	249	10.9%	248	10.8%
Balfour Beatty Construction Group Inc	414	11.1%	445	11.2%
Rail UK	68	11.0%	68	11.2%
Balfour Beatty Investments US	50	11.3%	53	11.2%
Other	38	11.0%	40	10.9%
Group total	819		854	

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 2026 to 2028. 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 estimated optimal 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

	2025			2024		
	Inflation rate %	Real growth rate %	Nominal long- term growth rate applied [†] %	Inflation rate %	Real growth rate %	Nominal long- term growth rate applied [†] %
UK Regional and Engineering Services	2.5	1.2	3.7	2.4	1.2	3.6
Balfour Beatty Construction Group Inc	2.3	1.6	3.9	2.2	1.7	3.9
Rail UK	2.5	1.2	3.7	2.4	1.2	3.6
Balfour Beatty Investments US	2.3	1.6	3.9	2.2	1.7	3.9
Other	2.4	1.4	3.8	2.3	1.5	3.8

[†] 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 2025	655	(387)	268
Currency translation differences	(21)	18	(3)
Charge for the year	–	(9)	(9)
At 31 December 2025	634	(378)	256

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

	Infrastructure Investments				Total £m
	Construction Services £m	UK [^] £m	North America £m	Total £m	
Income statement					
Revenue	1,122	108	48	156	1,278
Operating profit excluding gain on disposals of interests in investments	58	13	16	29	87
Gain on disposals of interests in investments	–	–	4	4	4
Operating profit	58	13	20	33	91
Investment income	3	56	13	69	72
Finance costs	(1)	(67)	(23)	(90)	(91)
Profit before taxation	60	2	10	12	72
Taxation	(6)	(2)	–	(2)	(8)
Profit after taxation	54	–	10	10	64
Balance sheet					
Non-current assets					
Intangible assets:					
- Infrastructure Investments	–	13	–	13	13
- other	8	4	–	4	12
Property, plant and equipment	22	–	85	85	107
Investment properties	–	–	120	120	120
Investments in joint ventures and associates	3	–	–	–	3
PPP financial assets	–	579	251	830	830
Military housing projects	–	–	109	109	109
Other non-current assets	82	13	7	20	102
Current assets					
Cash and cash equivalents	237	142	17	159	396
Other current assets	377	76	6	82	459
Total assets	729	827	595	1,422	2,151
Current liabilities					
Borrowings – non-recourse	–	(25)	(47)	(72)	(72)
Other current liabilities	(458)	(148)	(9)	(157)	(615)
Non-current liabilities					
Borrowings – non-recourse	(97)	(533)	(367)	(900)	(997)
Other non-current liabilities	(106)	(83)	–	(83)	(189)
Total liabilities	(661)	(789)	(423)	(1,212)	(1,873)
Net assets	68	38	172	210	278
Goodwill	30	–	–	–	30
Reclassify negative investment to provisions	–	2	–	2	2
Loans to joint ventures and associates	–	53	–	53	53
Total investment in joint ventures and associates	98	93	172	265	363

[^] 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

	2024						
	Construction Services £m	Support Services £m	Infrastructure Investments			Total £m	Total £m
			UK [^] £m	North America £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.

16 Contract balances

16.1 Contract assets

	£m
At 1 January 2024	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
Currency translation differences	(9)
Transfers from contract assets recognised at the beginning of the year to receivables	(201)
Increase related to services provided in the year	248
Reclassified from contract liabilities (Note 16.2)	(20)
Impairments on contract assets recognised at the beginning of the year	(9)
At 31 December 2025	238

16.2 Contract liabilities

	£m
At 1 January 2024	(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)
Currency translation differences	30
Revenue recognised against contract liabilities at the beginning of the year	631
Increase due to cash received, excluding amounts recognised as revenue during the year	(1,048)
Reclassified to contract assets (Note 16.1)	20
Businesses disposed	3
At 31 December 2025	(1,063)

17 Trade and other receivables

	2025 £m	2024 £m
Current		
Trade receivables	702	616
Less: provision for impairment of trade receivables	(2)	(2)
	700	614
Due from joint ventures and associates	19	16
Due from joint operation partners	2	5
Contract fulfilment assets	9	17
Contract retentions receivable	264	242
Accrued income	20	12
Prepayments	160	65
Other receivables ⁺	79	128
	1,253	1,099
Non-current		
Due from joint ventures and associates	107	123
Contract fulfilment assets	21	34
Contract retentions receivable	119	102
Other receivables ⁺	49	67
	296	326
Total trade and other receivables	1,549	1,425

⁺ Includes insurance recoveries recognised in relation to rectification works on a development in London (Note 9.2.2).

18 Trade and other payables

	2025 £m	2024 £m
Current		
Trade and other payables	707	625
Accruals	895	813
Contract retentions payable	244	230
VAT, payroll taxes and social security	111	108
Due to joint ventures and associates	–	2
	1,957	1,778
Non-current		
Accruals	12	10
Contract retentions payable	88	75
Due to joint ventures and associates	–	3
	100	88
Total trade and other payables	2,057	1,866

19 Provisions

	Contract provisions £m	Employee provisions £m	Other provisions £m	Total £m
At 1 January 2024	352	33	32	417
Currency translation differences	1	–	–	1
Reclassified from 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
Currency translation differences	(8)	–	–	(8)
Reclassified from accruals	2	–	–	2
Charged/(credited) to the income statement:				
– additional provisions	208	8	7	223
– unused amounts reversed	(110)	(1)	–	(111)
Utilised during the year	(120)	(6)	(3)	(129)
Transfer net movement in negative investment in joint venture held in provisions to investment in joint venture (Note 15)	–	–	(5)	(5)
At 31 December 2025	514	33	42	589

20 Notes to the statement of cash flows

	Underlying items ¹ 2025 £m	Non-underlying items 2025 £m	Total 2025 £m	Total 2024 £m
20.1 Cash from/(used in) operations				
Profit/(loss) from operations	252	32	284	173
Share of results of joint ventures and associates	(64)	–	(64)	(59)
Depreciation of property, plant and equipment	30	–	30	31
Depreciation of right-of-use-assets	68	–	68	60
Depreciation of investment properties	4	–	4	1
Amortisation of other intangible assets	6	3	9	10
Amortisation of contract fulfilment assets	12	–	12	27
Pension deficit payments, including regular funding	(10)	–	(10)	(30)
Movements relating to equity-settled share-based payments	16	–	16	10
Gain on disposal of interests in investments	(32)	–	(32)	(43)
Gain on disposal of Omnicom Balfour Beatty	–	(23)	(23)	–
Profit on disposal of property, plant and equipment	(3)	–	(3)	(2)
Other non-cash items	(4)	–	(4)	–
Operating cash flows before movements in working capital	275	12	287	178
Decrease in operating working capital			408	99
Inventories			2	(34)
Contract assets			(19)	74
Trade and other receivables			(217)	(225)
Contract liabilities			395	91
Trade and other payables			264	(6)
Provisions			(17)	199
Cash from operations			695	277

¹ Before non-underlying items (Note 9).

20 Notes to the statement of cash flows continued

20.2 Cash and cash equivalents

	2025 £m	2024 £m
Cash and deposits	1,191	1,084
Term deposits	476	209
Cash balances within infrastructure concessions	193	265
Bank overdrafts	(68)	(185)
	1,792	1,373

20.3 Analysis of net cash/(borrowings)

	2025 £m	2024 £m
Cash and cash equivalents (excluding infrastructure concessions)	1,667	1,293
Bank overdrafts	(68)	(185)
US private placement	(153)	(165)
Net cash excluding infrastructure concessions	1,446	943
Non-recourse infrastructure concessions project finance loans at amortised cost with final maturity between 2026 and 2072	(604)	(600)
Infrastructure concessions cash and cash equivalents	193	265
	(411)	(335)
Net cash	1,035	608

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 2025, 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 as there was no legal right of offset and no intention to settle the bank overdrafts at the balance sheet 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 (2024: £16m) 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: £134m (2024: £158m) within construction project bank accounts which is used for project specific expenditure; £425m (2024: £382m) in relation to the Group's share of cash held by joint operations which is used for expenditure within the joint operation projects; and £193m (2024: £265m) relating to maintenance and other reserve accounts in Infrastructure Investments subsidiaries, of which £164m (2024: £234m) 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 2025	(600)	(165)	(185)	(950)
Currency translation differences	4	12	–	16
Proceeds of loans	(22)	–	(68)	(90)
Repayments of loans – other	8	–	185	193
Repayments of loans – disposal of Foundry Court (Note 23.2)	22	–	–	22
Loan indexation	(11)	–	–	(11)
Amortisation of fair value adjustment to loan	(5)	–	–	(5)
At 31 December 2025	(604)	(153)	(68)	(825)

The Group retains its core Revolving Credit Facility (RCF) with a maturity of June 2028. The RCF remains a Sustainability Linked Loan (SLL) and the Group continues to be incentivised to deliver annual measurable performance improvement in three key areas: Carbon Emissions, Social Value generation and an independent Environmental, Social and Governance (ESG) rating score. The RCF remained undrawn at 31 December 2025.

The Group retains an additional £30m bilateral committed facility that has materially the same terms and conditions as the RCF, with a maturity of December 2027. The facility is also an SLL, including metrics that mirror the RCF. As of 31 December 2025, the facility remained undrawn.

The US Private Placement (USPP) notes are comprised of a series of US-denominated loan notes with a weighted average maturity of 4.9 years and an average coupon rate of 6.5% per annum. The earliest maturity for these notes will be in June 2027 for US\$35m.

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 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 deficit presented in these financial statements does not reflect the BBPF's interest in the SLP. Distributions from the SLP to the BBPF are reflected in the Group's financial statements as pension contributions on a cash basis. In 2025, the BBPF received distributions of £2m from the SLP (2024: £2m), which were used to pay defined contribution costs. The Company and the trustees have agreed that the BBPF's partnership interest in the SLP will be terminated in 2026.

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 2026. The Company and trustees previously agreed the 31 March 2022 formal valuation and as a result Balfour Beatty made deficit contributions to the BBPF of £5m in 2025 (2024: £22m). The Company and trustees have now agreed the 31 March 2025 formal valuation and as a result, the Company made a deficit contribution to the BBPF of £30m in February 2026.

The Company and the trustees have agreed that once the Defined Benefit section moves into surplus as measured on an agreed set of parameters, further surplus can be used by the Company to meet its existing obligations to the Defined Contribution section of the BBPF. Given the current strong position of the BBPF, the Group is expecting to start receiving a cash benefit from the surplus by 2027. In certain circumstances, were the funding level in the Defined Benefit section to fall below certain pre-agreed thresholds, surplus offset in this way would need to be repaid to the Defined Benefit section by the Company.

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

	2025		2024	
	Balfour Beatty Pension Fund %	Railways Pension Scheme %	Balfour Beatty Pension Fund %	Railways Pension Scheme %
Discount rate	5.50%	5.50%	5.55	5.55
Inflation rate - RPI	2.90%	2.90%	3.25	3.25
- CPI	2.40%	2.50%	2.75	2.90
Future increases in pensionable salary	2.40%	2.50%	2.75	2.90
Rate of increase in pensions in payment (or such other rate as is guaranteed)	2.80%	2.60%	3.05	2.95
	Number	Number	Number	Number
Total number of defined benefit members	24,296	2,851	24,880	2,905

The future improvements assumption adopted for the BBPF and RPS have been updated in 2025 to reflect the most recent model available, with the Group setting future improvements in line with the Continuous Mortality Investigation (CMI) 2024 core projections model.

21 Retirement benefit assets and liabilities continued

BBPF life expectancies

	2025		2024	
	Average life expectancy at 65 years of age		Average life expectancy at 65 years of age	
	Male	Female	Male	Female
Members in receipt of a pension	21.9	23.1	21.3	23.0
Members not yet in receipt of a pension (current age 50)	22.7	24.0	22.2	23.9

RPS life expectancies

	2025		2024	
	Average life expectancy at 65 years of age		Average life expectancy at 65 years of age	
	Male	Female	Male	Female
Members in receipt of a pension	21.1	22.8	20.8	22.7
Members not yet in receipt of a pension (current age 50)	21.9	23.7	21.6	23.6

Amounts recognised in the Balance Sheet

	2025				2024			
	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	(2,222)	(279)	(32)	(2,533)	(2,248)	(287)	(34)	(2,569)
Fair value of plan assets	2,213	272	–	2,485	2,291	280	–	2,571
(Liabilities)/assets in the balance sheet	(9)	(7)	(32)	(48)	43	(7)	(34)	2

^ Investments in mutual funds of £16m (2024: £20m) are held to satisfy the Group's deferred compensation obligations.

The defined benefit obligations comprise £32m (2024: £34m) arising from wholly unfunded plans and £2,501m (2024: £2,535m) arising from plans that are wholly or partly funded.

Movements in the retirement benefit assets and obligations for the year

	£m
At 1 January 2025	2
Currency translation differences	1
Current service cost	(2)
Net finance income	1
Actuarial movements	2
– on obligations from reassessing the difference between RPI and CPI	(2)
– on obligations from changes in demographic assumptions	25
– on obligations from changes to other financial assumptions	(33)
– on obligations from experience losses	(54)
– on assets	2
Contributions from employer	5
– regular funding	5
– ongoing deficit funding	5
Benefits paid	(48)
At 31 December 2025	(48)

21 Retirement benefit assets and liabilities continued

Sensitivity of the Group's retirement benefit obligations at 31 December 2025 to different actuarial assumptions

Assumption	Sensitivity to increase in assumption			Sensitivity to decrease in 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%	(5.0)%	(124)	(0.5)%	5.4%	136
Market expectation of RPI inflation	0.5%	3.5%	87	(0.5)%	(3.7)%	(93)
Salary growth	0.5%	<0.1%	–	(0.5)%	<(0.1)%	–
Life expectancy	1 year	4.0%	101	(1 year)	(4.2)%	(105)

Sensitivity of the Group's retirement benefit assets at 31 December 2025 to changes in market conditions

	Percentage points	(Decrease)/ increase in assets %	(Decrease)/ increase in assets £m
Increase in interest rates	0.5%	(4.9)%	(123)
Increase in market expectation of RPI inflation	0.5%	3.4%	85

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 16,951 members at 31 December 2025 (2024: 16,619 members) with £58m (2024: £50m) 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 £67m (2024: £59m).

22 Share capital

During the year ended 31 December 2025, 5.0m (2024: 2.9m) shares were purchased at a cost of £31m (2024: £12m) 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 2025 the Company commenced the fifth phase of its share buyback programme, which completed on 12 December 2025. The Company purchased 24.2m (2024: 27.1m) shares for a total consideration of £125m (2024: £100m) 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 (2024: £1m), utilised £126m (2024: £101m) of the Company's distributable profits.

On 24 December 2025, the Company cancelled the 24.2m treasury shares purchased through the 2025 phase of its share buyback programme (2024: 27.1m). This cancellation resulted in a decrease in called-up share capital in issue of £12m (2024: £13m) and a corresponding increase in the capital redemption reserve.

23 Acquisitions and disposals

23.1 Current and prior year acquisitions

There were no acquisitions in 2025.

In 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.

23.2 Current year disposals

Notes	Disposal date	Entity/asset	Percentage disposed %	Cash consideration £m	Net (assets)/ liabilities disposed £m	Amount recycled from reserves £m	Direct cost incurred £m	Underlying gain £m	Non-underlying gain £m
23.2.1	1 August 2025	Omnicom Balfour Beatty ^{&}	n/a	24	2	–	(3)	–	23
23.2.2	30 September 2025	Paces Brook ^{&^}	n/a	5	(1)	–	–	4	–
23.2.3	18 December 2025	Foundry Courtyard (Kennedy Street) ^{&}	n/a	48	(25)	–	–	23	–
23.2.4	19 December 2025	Sunderland Street Lighting, South Tyneside Street Lighting, Coventry Street Lighting, Cambridgeshire Street Lighting and Northamptonshire Street Lighting projects ^{%,#}	20% respectively	7	(7)	–	–	–	–
23.2.5	19 December 2025	Connect CNDR Ltd ^{%,#}	25%	6	(6)	1	–	1	–
23.2.6	23 December 2025	Gwynt y Môr, Humber Gateway & Thanet offshore transmission projects ^{%,#}	60%; 20%; 20% respectively	74	(43)	(25)	–	6	–
23.2.7		Other [#]	n/a	2	–	–	–	2	–
				166 [~]	(80)	(24)	(3)	36	23
		Less: Repayment of debt following disposal of Foundry Courtyard		(22)					
		Less: Cash proceeds not included in Directors' valuation ⁺		(24)					
		Disposal proceeds per the Directors' valuation		(120)					

[&] Asset Sale

[%] Equity Sale

[^] Disposal of asset within a joint venture entity.

[#] Disposal of joint venture.

⁺ The Directors' valuation does not include proceeds in relation to the Group's sale of Omnicom Balfour Beatty.

[~] Proceeds from the sale within joint venture entities are included within Dividends received from joint ventures and associates – Infrastructure Investments and within Return of equity from joint ventures and associates in the statement of cash flows.

23.2.1 On 1 August 2025, the Group completed the disposal of Omnicom Balfour Beatty, its specialist rail measurement hardware and intelligent software business, for a consideration of £24m to Hitachi Rail. After deducting cost of disposal, the Group recorded a gain on disposal of £23m within its non-underlying results in the year. Refer to Note 9.2.3.

23.2.2 On 30 September 2025, the Group disposed of its Paces Brook asset, a 260-unit multifamily residential project located in Columbia, South Carolina, for a cash consideration of £5m. The asset disposal resulted in a gain of £4m being recognised in underlying operating profit.

23.2.3 On 18 December 2025, the Group disposed of its Foundry Courtyard (Kennedy Street) asset, a 536-bed student accommodation building located in Glasgow for a cash consideration of £48m. The asset disposal resulted in a gain of £23m being recognised in underlying operating profit.

23.2.4 On 19 December 2025, the Group disposed of its entire interest in five street lighting projects for a cash consideration of £7m. The infrastructure concession disposal resulted in a net gain of £nil being recognised in underlying operating profit, comprising a gain of £nil in respect of the investment in the joint ventures.

23.2.5 On 19 December 2025, the Group disposed of its 25% interest in Connect CNDR Ltd for a cash consideration of £6m. The infrastructure concession disposal resulted in a net gain of £1m being recognised in underlying operating profit, comprising a gain of £nil in respect of the Group's investment in the joint ventures of £8m and £2m of upstream loan from the joint venture, and a gain of £1m related to the recycling of revaluation reserves to the income statement.

23.2 Current year disposals continued

23.2.6 On 23 December 2025, the Group disposed of its entire interest in its three offshore transmission projects for a cash consideration of £74m. The infrastructure concession disposal resulted in a net gain of £6m being recognised in underlying operating profit, comprising a gain of £31m in respect of the Group's investment in the joint ventures of £6m and £37m of accrued interest receivable from the joint venture, and a loss of £25m related to the recycling of revaluation reserves to the income statement.

23.2.7 In December 2024, the Group partially disposed of its interests in the four phases of its Northside at UTD portfolio, located in Richardson (Dallas), Texas. This partial disposal resulted in the Group retaining a 5% share in each of the phases. The Group received consideration of £43m and recognised an underlying gain of £43m in 2024

As part of this disposal, the Group is entitled to receive additional proceeds over the next 5 years subject to certain conditions. At the time of the disposal, the Group did not include an estimate of this contingent consideration within its assessment of the gain on disposal as there was significant uncertainty as to whether these conditions would be met. At the half year, the Group received an additional £2m of proceeds. This additional gain of £2m has been recognised as an underlying gain consistent with the Group's treatment of the gain on disposal previously recognised. No further additional proceeds have been recognised in the Group's results at this stage and will only be recognised once further cash proceeds have been received.

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 2025. 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 £466m (2024: £438m). 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.

	2025 £m	2024 £m
Site Assist Software Limited*		
Purchase of services	1	1

* Transactions disclosed with Site Assist Software Limited relate to the period from 1 January 2025 to 8 September 2025. After this date the company ceased to be a related party of the Group due to Leo Quinn stepping down from the role of Group Chief Executive.

25 Related party transactions continued

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 2025, 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. The 5% Club ceased to be a related party to the Group after Leo Quinn stepped down from his role as Group Chief Executive on 8 September 2025.

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 2024.

27 Events after the reporting date

In the period from 1 January 2026 to 9 March 2026 (the latest practicable date prior to the date of this announcement) the Company purchased 3.1m ordinary shares, which are held in treasury with no voting rights, for a total consideration of £23m (including stamp duty and fees).

In early 2026, the Group reached agreement with the trustees of the Balfour Beatty Pension Fund (BBPF) over the triennial valuation of the Defined Benefit section of the BBPF as at 31 March 2025. The Group made a one-off contribution of £30m in February 2026, as stipulated in the recent agreement, and no further contributions are expected to be made.

The Company and the trustees have agreed that once the Defined Benefit section moves into surplus as measured on an agreed set of parameters, further surplus can be used by the Company to meet its existing obligations to the Defined Contribution section of the BBPF. Given the current strong position of the BBPF, the Group is expecting to start receiving a cash benefit from the surplus by 2027. In certain circumstances, were the funding level in the Defined Benefit section to fall below certain pre-agreed thresholds, surplus offset in this way would need to be repaid to the Defined Benefit section by the Company.