

15 January 2010

BALFOUR BEATTY PLC TRADING UPDATE

Balfour Beatty plc, the leading international infrastructure group, is providing an update on trading for the year ended 31 December 2009 in advance of its preliminary results announcement on 4 March 2010.

Trading

Overall, trading and the order book remain in line with our Interim Management Statement on 11 November 2009, when we said that we expected 2009 to be a year of good progress and reported a high-quality order book of around £13.7 billion.

Our balance sheet and financial position remain strong, with average net cash for the second half of the year being in excess of £300 million.

Segmental analysis

The acquisition of Parsons Brinckerhoff (“PB”) in October last year was the realisation of a number of key strategic objectives and has given the Group significantly enhanced capabilities and presence across the entire life cycle of major infrastructure assets. As such, we have re-evaluated how we should report the Group’s business, and in line with the business model we have created, we will report the business in four segments: construction services, professional services, support services and infrastructure investments. While each of these segments represent strong independent businesses, they work together to provide integrated solutions for customers.

Unaudited comparative figures for 2007, 2008 and for the half-year ended 27 June 2009 are attached in this format.

Segment performance

Construction Services has had a particularly strong year with good performances from the building businesses, especially in the US. Our businesses have reacted quickly to reduce costs where volumes have reduced. Recent wins include two new infrastructure contracts in Hong Kong for Gammon Construction, worth £180 million to the joint venture, construction activities arising from the expansion of an existing military housing concession at Fort Bliss in the US and financial close on the Blackburn with Darwen and Bolton Councils Building Schools for the Future scheme.

Professional Services has been transformed by the acquisition of PB and integration work has continued to proceed well, including the integration of Heery in the US and Balfour Beatty Management in the UK. Our existing professional services business performed well in the year but the overall result will be impacted by the seasonal nature of PB's profit profile, which was flagged in our Interim Management Statement in November. There will be a full-year contribution from PB in 2010.

Support Services, which comprises our utilities, facilities management, rail renewals and highways maintenance activities, has performed well in the year, and with recent wins finishes the year with a strong future order book. We have recently announced a seven-year contract to provide integrated facilities management services to QinetiQ and our utilities business has secured new AMP 5 capital programme contracts with United Utilities and Anglian Water worth in the region of £600 million in total.

The pipeline of bidding activity in **Infrastructure Investments** in the UK remains strong. Earlier this week, we announced that we had reached financial close on the £450 million Blackburn with Darwen and Bolton Councils Building Schools for the Future (BSF) programme. In the US, we are looking at a number of specific areas outside military housing where there is demand for financing, designing and constructing infrastructure assets. We have recently reached financial close on an expansion of an existing military housing concession with the US Army at Fort Bliss.

Outlook

We have benefited in 2009 from continued expenditure in infrastructure markets and finish the year with a strong order book. The breadth of our portfolio, enhanced by the acquisition of Parsons Brinckerhoff, means our Group is resilient and we remain confident about the prospects for the Group overall, in spite of the economic uncertainties in some of our markets.

ENDS

Analyst/media enquiries:

Duncan Murray

Balfour Beatty plc

Tel 020 7216 6865

www.balfourbeatty.com

Notes to Editors:

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

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

Our key infrastructure markets include transportation (roads, rail and airports); social infrastructure (education, specialist healthcare, and various types of accommodation); utilities (water, gas and power transmission and generation) and commercial (offices, leisure and retail). We deliver services essential to the development, creation and care of these infrastructure assets including investment, project design, financing and management, engineering and construction, and facilities management services.

Balfour Beatty employs more than 53,000 people around the world.

Segmental analysis – continuing operations

For the half year ended 27 June 2009 based on unaudited figures

	Construction services £m	Professional services £m	Support services £m	Infrastructure investments £m	Corporate activities £m	Total £m
Performance by activity:						
Revenue including share of joint ventures and associates	3,785	157	726	386	18	5,072
Share of revenue of joint ventures and associates	(359)	-	(62)	(263)	-	(684)
Group revenue	3,426	157	664	123	18	4,388
Group operating profit	60	6	27	(3)	(17)	73
Share of results of joint ventures and associates	11	-	1	29	-	41
Profit from operations before exceptional items and amortisation	71	6	28	26	(17)	114
Exceptional items	(6)	-	-	(1)	-	(7)
Amortisation of intangible assets	(10)	(1)	(1)	(8)	-	(20)
Profit from operations	55	5	27	17	(17)	87
	£bn	£bn	£bn	£bn	£bn	£bn
Order book	8.3	0.3	3.9	-	-	12.5

For the half-year ended 28 June 2008 based on unaudited figures

	Construction services £m	Professional services £m	Support services £m	Infrastructure investments £m	Corporate activities £m	Total £m
Performance by activity:						
Revenue including share of joint ventures and associates	3,217	138	757	220	-	4,332
Share of revenue of joint ventures and associates	(315)	-	(61)	(168)	-	(544)
Group revenue	2,902	138	696	52	-	3,788
Group operating profit	49	7	22	(10)	(16)	52
Share of results of joint ventures and associates	11	-	1	24	-	36
Profit from operations before exceptional items and amortisation	60	7	23	14	(16)	88
Exceptional items	(1)	-	-	(1)	59	57
Amortisation of intangible assets	(7)	-	(1)	-	-	(8)
Profit from operations	52	7	22	13	43	137
	£bn	£bn	£bn	£bn	£bn	£bn
Order book	8.8	0.4	2.9	-	-	12.1

For the half-year ended 30 June 2007 based on unaudited figures

	Construction services £m	Professional services £m	Support services £m	Infrastructure investments £m	Corporate activities £m	Total £m
Performance by activity:						
Revenue including share of joint ventures and associates	2,443	80	670	181	1	3,375
Share of revenue of joint ventures and associates	(285)	-	(54)	(173)	-	(512)
Group revenue	2,158	80	616	8	1	2,863
Group operating profit	38	5	12	(10)	(13)	32
Share of results of joint ventures and associates	7	-	-	27	-	34
Profit from operations before exceptional items and amortisation	45	5	12	17	(13)	66
Exceptional items	(37)	-	-	-	-	(37)
Amortisation of intangible assets	(3)	-	-	-	-	(3)
Profit from operations	5	5	12	17	(13)	26
	£bn	£bn	£bn	£bn	£bn	£bn
Order book	6.8	0.4	3.4	-	-	10.6

Segmental analysis – continuing operations

For the year ended 31 December 2008 based on unaudited figures

	Construction services £m	Professional services £m	Support services £m	Infrastructure investments £m	Corporate activities £m	Total £m
Performance by activity:						
Revenue including share of joint ventures and associates	7,095	290	1,548	553	-	9,486
Share of revenue of joint ventures and associates	(702)	-	(130)	(393)	-	(1,225)
Group revenue	6,393	290	1,418	160	-	8,261
Group operating profit	146	14	48	(19)	(34)	155
Share of results of joint ventures and associates	21	-	4	50	-	75
Profit from operations before exceptional items and amortisation	167	14	52	31	(34)	230
Exceptional items	(6)	-	-	(5)	59	48
Amortisation of intangible assets	(15)	(1)	(2)	(9)	-	(27)
Profit from operations	146	13	50	17	25	251
	£bn	£bn	£bn	£bn	£bn	£bn
Order book	9.5	0.4	2.9	-	-	12.8

For the year ended 31 December 2007 based on unaudited figures #

	Construction services £m	Professional services £m	Support services £m	Infrastructure investments £m	Corporate activities £m	Total £m
Performance by activity:						
Revenue including share of joint ventures and associates	5,532	202	1,359	394	1	7,488
Share of revenue of joint ventures and associates	(566)	-	(113)	(343)	-	(1,022)
Group revenue	4,966	202	1,246	51	1	6,466
Group operating profit	120	12	36	(25)	(30)	113
Share of results of joint ventures and associates	24	-	-	41	-	65
Profit from operations before exceptional items and amortisation	144	12	36	16	(30)	178
Exceptional items	(33)	-	-	-	-	(33)
Amortisation of intangible assets	(9)	-	-	-	-	(9)
Profit from operations	102	12	36	16	(30)	136
	£bn	£bn	£bn	£bn	£bn	£bn
Order book	7.7	0.4	3.3	-	-	11.4

Notes:

Construction services = construction activities across building, civil engineering and rail sectors

Professional services = Parsons Brinckerhoff and existing professional services businesses in the UK and US

Support services = utilities, facilities management, rail renewals and road maintenance businesses

Infrastructure investments = investment businesses as previously reported

Re-presented to reflect the reclassification of the net amount of the interest cost for the unwind of the pension obligations and the expected return on pension scheme assets out of net operating expenses to investment income.