

## News Release

5 December 2024

### BALFOUR BEATTY 2024 TRADING UPDATE

#### On track to deliver earnings growth in 2024; further share buybacks in 2025

Balfour Beatty, the international infrastructure group, today provides a trading update covering the period to 5 December 2024.

#### Financial Update

- **Order book** expected to grow by over 5% in 2024 (FY2023: £16.5 billion) driven by momentum in the Group's chosen growth markets, principally UK energy and US buildings, with market dynamics allowing the Group to be more selective in the work it undertakes.
- **2024 revenue** expected to be c.2% ahead of prior year (FY2023: £9.6 billion) due to growth in Support Services and Gammon.
- **2024 underlying profit from operations (PFO) from earnings-based businesses** expected to be ahead of the prior year (FY2023: £236 million):
  - **Construction Services** expected to be in line with prior year (FY2023: £156 million) as the improved PFO margin in UK Construction is now forecast to be offset by lower US Construction profitability, with the cost of delays at a small number of civils projects having increased in the second half.
  - **Support Services** expected to continue to deliver margins at the top of its 6-8% target range, with revenue growth of c.15% (FY2023: £1,006 million).
- **Infrastructure Investments** gain on disposals expected to be modestly above previously guided £20 - £30 million range with a number of ongoing transactions, with PFO excluding disposals remaining close to the £7 million loss reported for the first half.
- **2024 profit after tax** expected to be ahead of prior year (FY2023: £205 million) and slightly ahead of market expectations<sup>1</sup>, with growth driven by Support Services.
- **2024 average monthly net cash** expected to be ahead of prior guidance and now around £750 million (FY2023: £700 million).

<sup>1</sup> Company compiled consensus (8 analysts) for 2024 profit after tax is currently £209 million.

#### Quote

Leo Quinn, Balfour Beatty Group Chief Executive, said:

"In 2024, the Group has once again shown the benefit of the geographical and operational diversity of our portfolio, delivering an encouraging overall performance. As a result, we are on track to deliver earnings growth in 2024.

"We are pleased to confirm our fifth successive year of share buybacks in 2025, as our large orderbook, unique capabilities and balance sheet, provide a strong platform for continuing future shareholder returns."

#### Operational Update

##### **Construction Services:**

In the UK, strong performance has continued, which underpins the Board's expectation of growth in PFO margin for 2024. Operational delivery at the Group's current largest UK projects, being the HS2

contracts for Area North and Old Oak Common and the new nuclear power station at Hinkley Point C, continues to progress well. In November, Balfour Beatty signed a two year extension to its existing four year term as sole contractor to both of the SCAPE Civil Engineering frameworks, which cover England, Wales and Northern Ireland, and the entirety of Scotland. The frameworks will now run until November 2028.

The UK Government's commitment to invest in infrastructure to support economic growth is encouraging for Balfour Beatty in the medium term, with the Group's UK growth areas of energy, transport and defence included in the broad investment plans.

In the US, the buildings business has delivered a further period of robust performance; however the cost of delays at a small number of civils projects has increased in the second half of the year, reducing the profitability of the segment.

The US order book is expected to grow by over 10% in 2024 (FY2023: £5.7 billion) due to a strong second half of order intake for both the buildings and civils businesses. In the growth area of US Buildings, the higher order book reflects second half awards worth \$600 million in the hospitality sector, \$500 million of federal/state work, \$400 million for commercial office and \$350 million for education. The US Civils business signed a \$746 million contract to rebuild part of the Interstate 35 through Austin for the Texas Department of Transport. The project, which is expected to complete in 2033, closely aligns to the Group's selective approach to US civils; working for a long-term customer and in a geography where Balfour Beatty has proven expertise, strong teams and trusted supply chain partners.

In Asia, Gammon has maintained its consistent operational performance in the second half of the year and the major airport projects have driven annual volumes ahead of 2023 levels. New orders in the period include data centres in Hong Kong and Singapore, and a civils contract in Hong Kong's Northern Metropolis to prepare the land and deliver engineering infrastructure works for a new development area.

**Support Services:** Performance across Support Services has remained strong. In particular, growth in the year has been driven by higher volumes in both the power and road maintenance businesses.

As expected, the Group's power business continues to expand and has secured new orders of around £600 million in the second half of the year, including the Bramford to Twinstead Reinforcement project for National Grid. Balfour Beatty has also recently been named as one of eight preferred partners for Scottish Power Energy Networks' Strategic Agreement for Transmission Overhead Line Works, with up to £3 billion of work being tendered.

**Infrastructure Investments:** The Group's 2024 disposal programme is expected to complete in the coming weeks, with a number of transactions ongoing. 2024 investment in new and existing projects is expected to be around £30 million.

### **Capital allocation framework**

Balfour Beatty is delivering £160 million to shareholders in 2024 through share buybacks and dividends, while maintaining an appropriate balance between investment in the business and a strong capital position. This will take the Group's shareholder distributions to over £750 million since the launch of its capital allocation framework in 2021. Balfour Beatty's capital allocation framework remains unchanged, and from January 2025 the Group intends to buy back further shares ahead of confirming the amount for its 2025 share buyback at the Group's full year results in March.

**ENDS**

**Analyst/investor enquiries:**

Jim Ryan

Tel. +44 (0)785 836 8527

[jim.ryan@balfourbeatty.com](mailto:jim.ryan@balfourbeatty.com)

**Media enquiries:**

Antonia Walton

+44 (0)203 810 2345

[antonia.walton@balfourbeatty.com](mailto:antonia.walton@balfourbeatty.com)

**Notes to editors:**

- [Balfour Beatty](#) is a leading international infrastructure group with over 26,000 employees driving the delivery of powerful new solutions, shaping thinking, creating skylines and inspiring a new generation of talent to be the change-makers of tomorrow.
- We finance, develop, build, maintain and operate the increasingly complex and critical infrastructure that supports national economies and deliver projects at the heart of local communities.
- Over the last 115 years we have created iconic buildings and infrastructure all over the world. Currently, we are working to deliver Hinkley Point C, the first UK nuclear power station in a generation; constructing the world-class arts and cultural facility, the Lyric Theatre, in Hong Kong; and designing, building, financing, operating and maintaining the Automated People Mover superstructure at the fifth busiest airport in the world, Los Angeles International Airport.