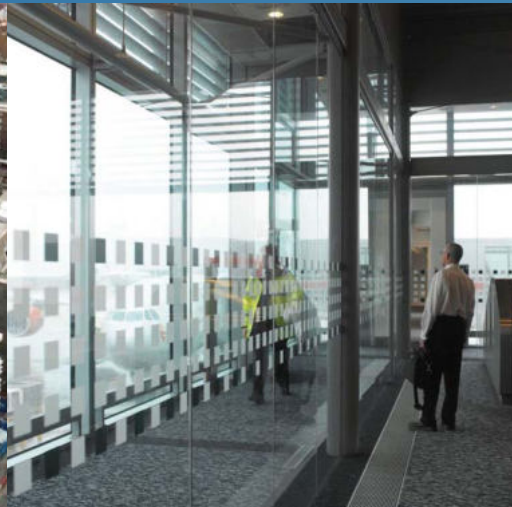


Balfour Beatty



2007 Interim Results

15 August 2007



Sir David John

Balfour Beatty

Anthony Rabin

Balfour Beatty

Headline numbers

	First half 2006	First half 2007	
Revenue	£2,719m	£3,505m	+29%
Pre-tax profit*	£56m	£76m	+36%
Adjusted eps*	11.4p	14.2p	+25%
Interim dividend	3.9p	4.6p	+18%
Cash generated from operations	£133m	£181m	+36%
Net cash (excluding 100% PFI)	£353m	£479m	
Order book	£8.8bn	£10.6bn	+20%

* Before exceptional items and amortisation, and including the results of discontinued operations in adjusted eps

Performance by sector

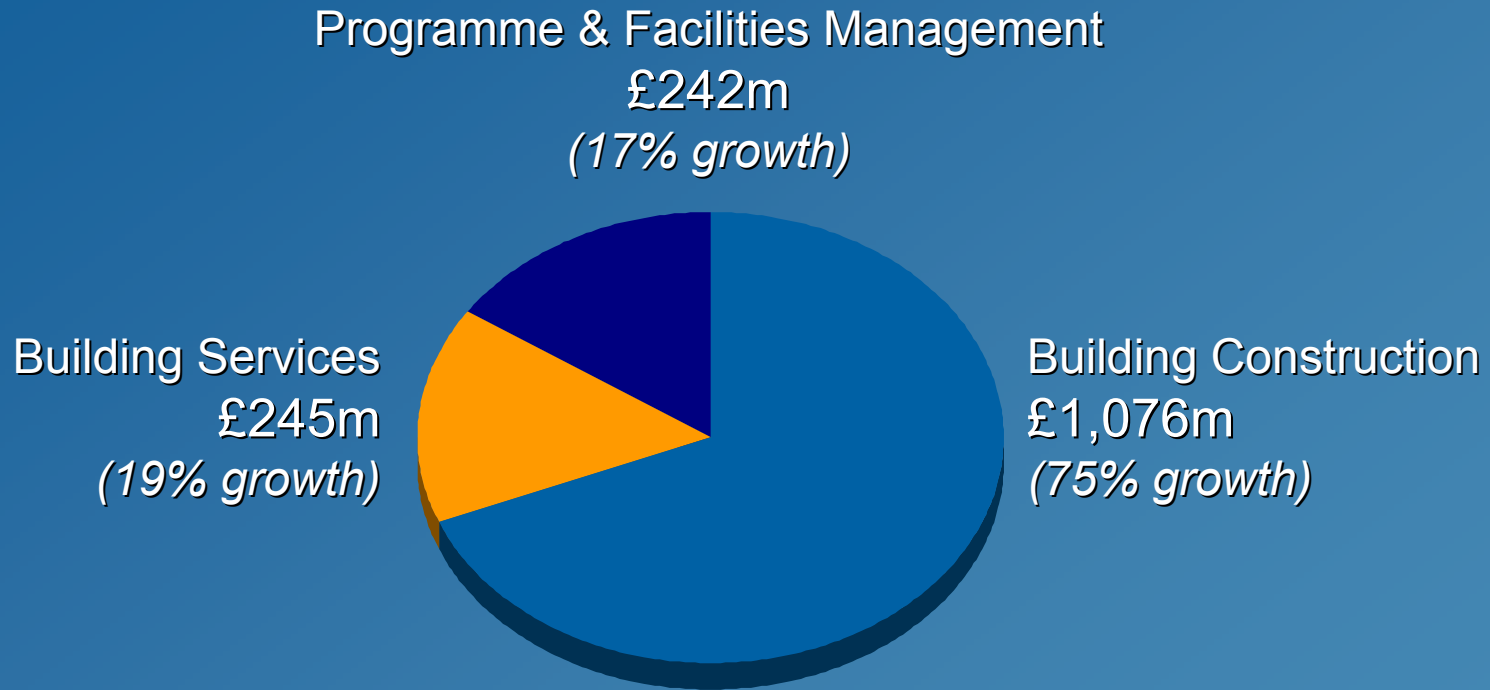
Full year 2006	£m	First half 2006	First half 2007
43	Building, Building Management and Services	17	30

Building, Building Management and Services

Full year 2006	£m	First half 2006	First half 2007
43	Building, Building Management and Services	17	30

- Good progress in UK building construction
- First contribution from Balfour Beatty Construction US at anticipated levels
- E&M profits in line
- Good progress in facilities management

Building, Building Management and Services



Revenue £1,563 million (+54%) (June 2006: £1,012 million)

Order book £5.1 billion (+42%) (Dec. 2006: £3.6 billion)

Performance by sector

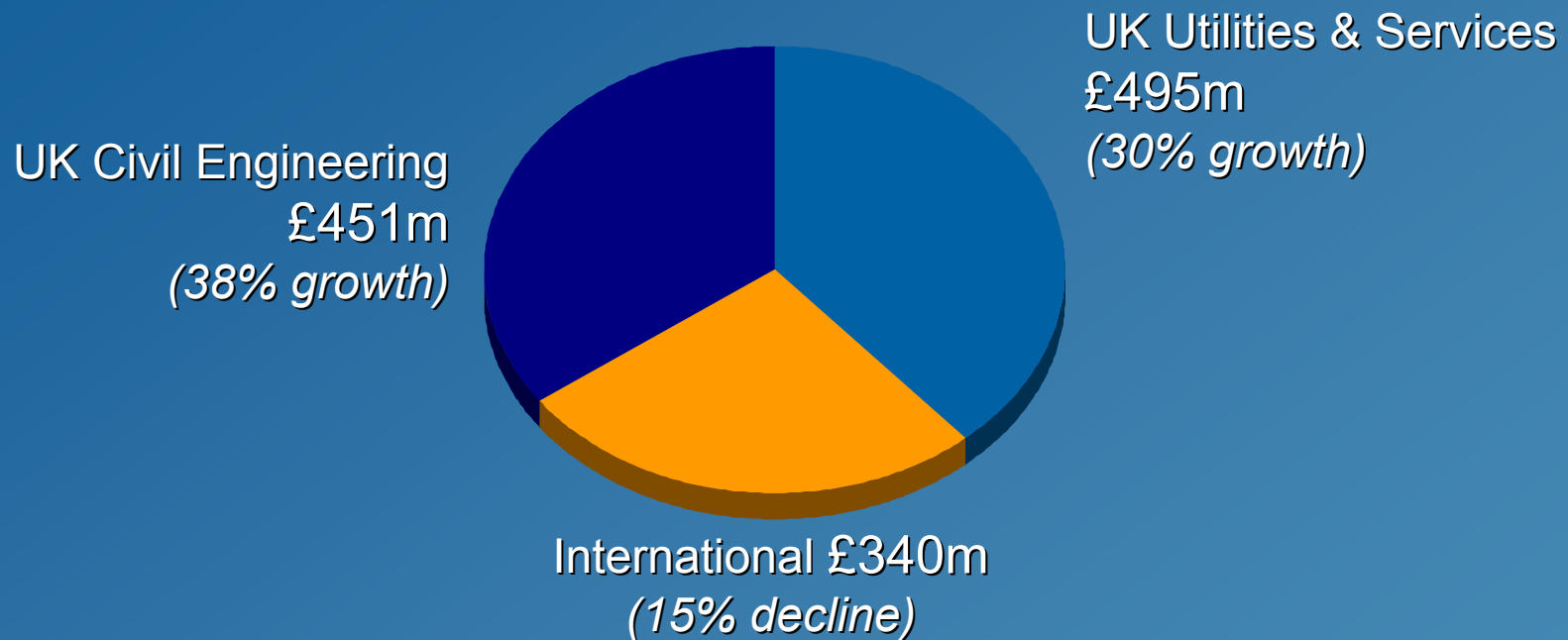
Full year 2006	£m	First half 2006	First half 2007
43	Building, Building Management and Services	17	30
47	Civil and Specialist Engineering and Services	20	26

Civil and Specialist Engineering and Services

Full year 2006	£m	First half 2006	First half 2007
47		20	26

- Good progress in Gammon and the US
- Balfour Beatty Management continues to grow
- Profits from Devonport accounted for as discontinued business

Civil and Specialist Engineering and Services



Revenue £1,286m (+26%) (June 2006: £1,024m)

Order book £4.65n (+2%) (December 2006: £4.55bn)

Performance by sector

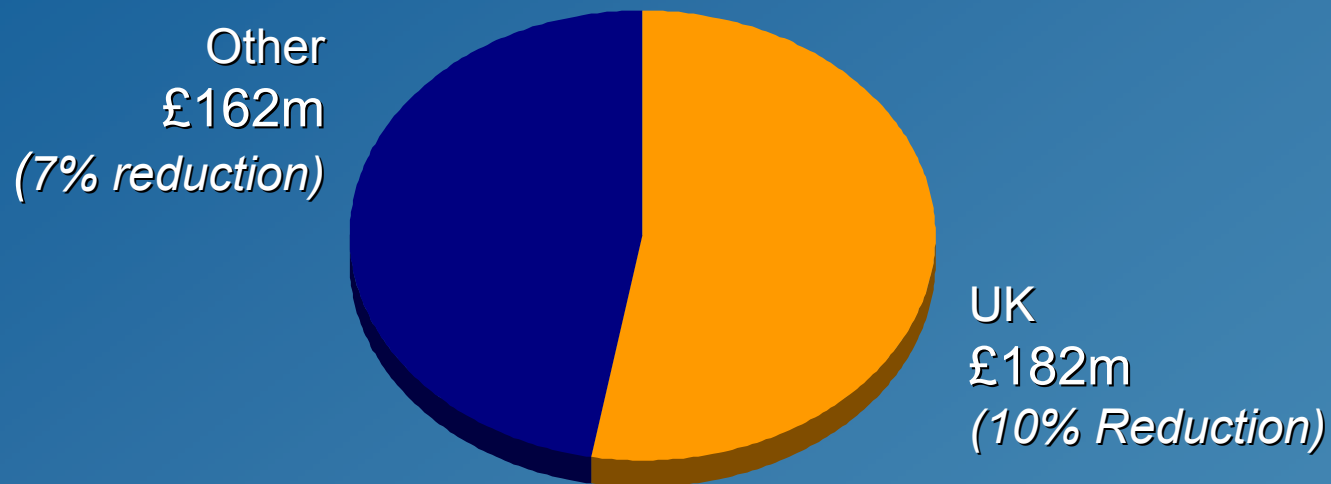
Full year 2006	£m	First half 2006	First half 2007
43	Building, Building Management and Services	17	30
47	Civil and Specialist Engineering and Services	20	26
38	Rail Engineering and Services	11	13

Rail Engineering and Services

Full year 2006	£m	First half 2006	First half 2007
38		11	13

- Good progress on overground and underground renewals
- T5 project nearing successful conclusion
- Steady performances in Europe and North America
- £10bn UK network capacity enhancement 2009-2014

Rail Engineering & Services



Revenue £344m (-9%) (June 2006: £377m)

Order book £0.85bn (-11%) (December 2006: £0.95bn)

Performance by sector

Full year 2006	£m	First half 2006	First half 2007
43	Building, Building Management and Services	17	30
47	Civil and Specialist Engineering and Services	20	26
38	Rail Engineering and Services	11	13
32	Investments and Developments	15	17

Investments and Developments

Full year 2006	£m	First half 2006			First half 2007		
		PFI JVs & Assocs	Barking	Total	PFI JVs & Assocs	Barking	Total
51	Share of results of JVs & associates*	17	6	23	15	12	27
(19)	Group operating loss*			(8)			(10)
32	I & D operating profit			15			17
8	<i>Subordinated debt interest income</i>			3			4
40	<i>I & D net result</i>			18			21

* Including Property and excluding exceptional items

Investments and Developments

- Exeter Airport acquired
- Financial close for Pinderfields and Derby projects
- Preferred bidder for Fife Hospital and Islington Building Schools for the Future
- Shortlisted for Oakland Connector, North Tarrant Expressway, ITE Singapore and Bremen Hospital
- Metronet concessions go into Administration

Performance by sector

Full year 2006	£m	First half 2006	First half 2007
43	Building, Building Management and Services	17	30
47	Civil and Specialist Engineering and Services	20	26
38	Rail Engineering and Services	11	13
32	Investments and Developments	15	17
(24)	Corporate costs	(11)	(13)
136	Profit from operations*	52	73
8	Net finance income*	4	3
144	Pre-tax profit*	56	76

* Before exceptional items and amortisation

Operating profit v operating cash flow

£m	First half 2006	First half 2007
Group operating profit*	25	39
Depreciation	21	21
Exceptional provisions	2	(37)
Other items	1	-
Working capital decrease	84	158
Cash generated from operations	133	181

* Before exceptional items and amortisation

Balance sheet cash movement

£m	First half 2006	First half 2007
Opening net cash [†]	315	305
Cash generated from operations	133	181
Dividends from JVs and associates	7	76
Capital expenditure and financial investment	(40)	(65)
Acquisitions and disposals	(21)	(3)
Buy-back of preference shares	(17)	(3)
Dividends, interest and tax paid	(19)	(11)
Other items	(5)	(1)
Closing net cash [†]	353	479
PFI subsidiaries net debt	(17)	(27)
Closing net cash	336	452

[†]Treating PFI subsidiaries as associates/joint ventures

Acquisitions and disposals

£m

BB Construction (Centex)*	64
Exeter Airport (net)*	16
Devonport sale	(84)
Other acquisitions	6
Deferred consideration	1
	<hr/>
	3

** After adjusting for cash balances*

Exceptional items

£m

Profit from operations:

Metronet – investment write-off	(87)
Metronet – contract balances written off	(35)
	<hr/>
	(122)
Tax on items above	19
	<hr/>
	(103)
US reorganisation costs	(2)
	<hr/>
	(105)
Finance costs:	
Premium on buy-back of preference shares	(1)
	<hr/>
	(106)
Recognition of US tax losses	50
	<hr/>
	(56)
Profit on sale of Devonport	57
	<hr/>
Net exceptional post-tax credit	1*

* Before amortisation

Pensions under IAS 19

Full year 2006	£m	First half 2006	First half 2007
Defined benefit schemes:			
39	P&L charge	19	19
36	Employer cash contributions	18	21
288	Balance sheet liability (gross)	237	160
212	Balance sheet liability (net of deferred tax)	171	126
Defined contribution schemes:			
13	P&L charge and contributions	6	9

Group balance sheet

£m	Dec 2006	June 2007
Goodwill and intangible assets	436	647
Net cash (excluding PFI)	305	479
Preference shares – liability	(90)	(88)
PFI / PPP subsidiaries	-	3
Non-current assets + working capital	21	30
Non-recourse net debt	(21)	(27)
Other assets / liabilities	(264)	(528)
Shareholders' funds	387	513

Summary

- Continuing growth in profits
- Strong cash flow
- Strong cash position to support future growth

Ian Tyler

Balfour Beatty

Balfour Beatty growth 2007 and beyond

- **Short-term**

- Inherent in existing business mix

- **Medium and Longer-term**

- New infrastructure investment markets
- Professional and technical services
- UK regional business expansion
- Expansion of non-UK domestic businesses

UK building

2007

£4bn

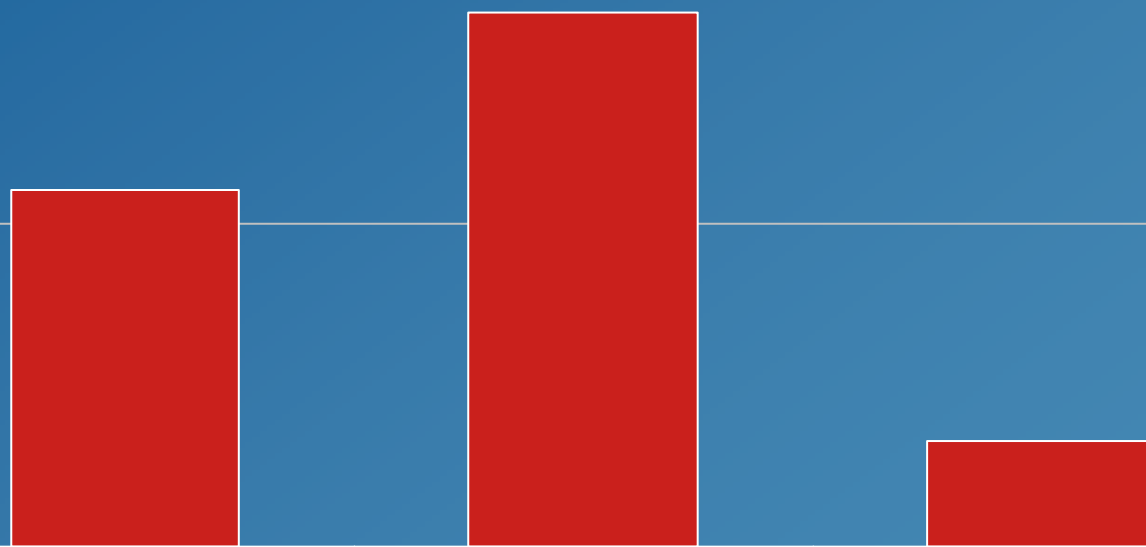
£2bn

£0bn

Revenues

Order Book

Preferred Bidder



Affordable housing

- Decent homes programme extended to 2013
- 50,000 new homes per annum to 2010

Market trends play to our strengths

- Market consolidation
- Increasing use of PFI
- Increasing emphasis on frameworks

Education

- £2.5bn per annum BSF programme
- £10bn allocated for primary schools
- Further Education College replacement
- Student accommodation growth
- Academies and independents

Airport Investment



Balfour Beatty

Civil engineering revenues (last 12 months)

		£M
1	Balfour Beatty	1,897
2	Laing O'Rourke	1,244
3	Skanska	921
4	Galliford Try	870
5	Carillion	803

Source: NCE Contractors File

Utilities-sector long-term contract base

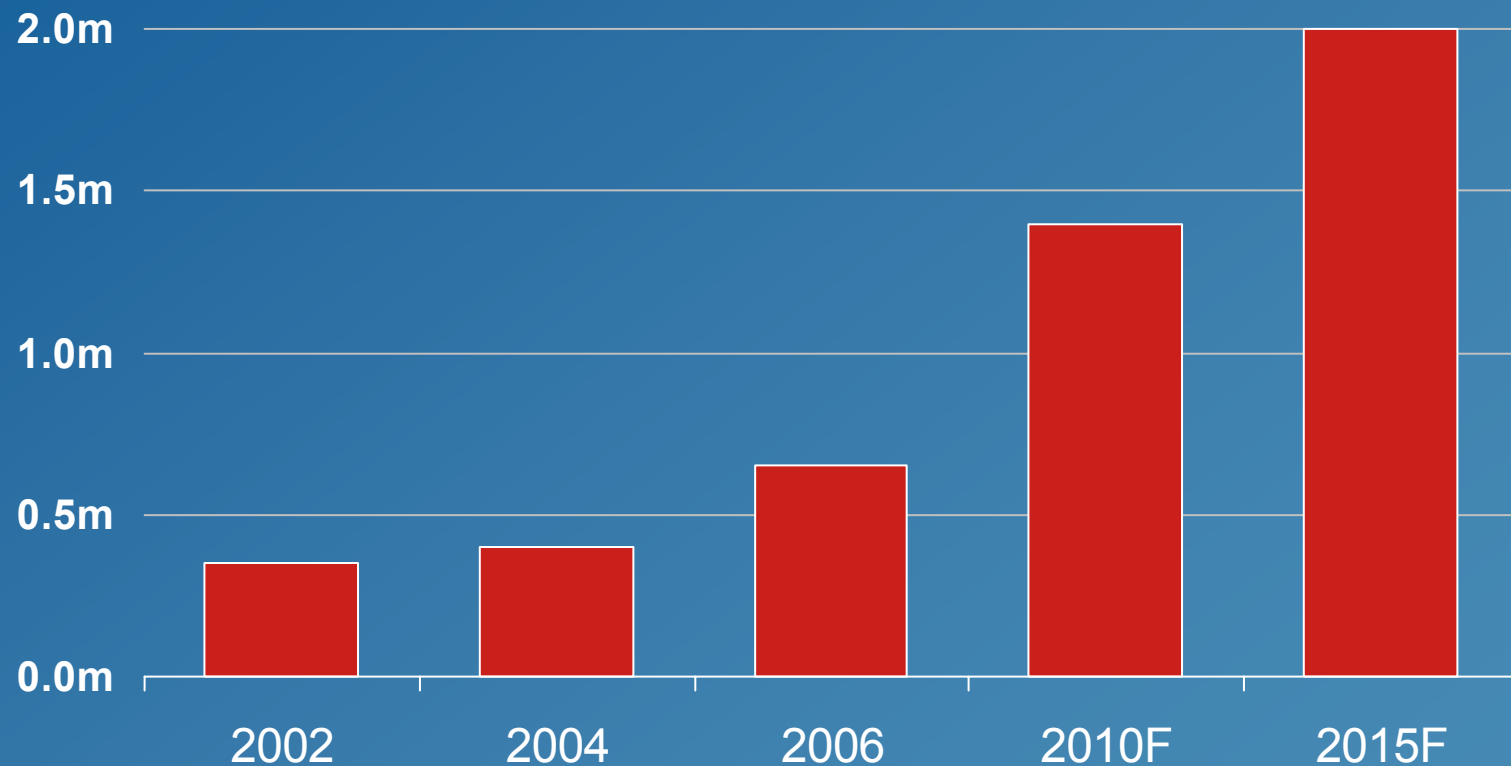
National Grid Electricity	£550m	to 2012
Northern Gas Networks	£420m	to 2013
National Grid Gas	£380m	to 2013
United Utilities multi-service	£300m	to 2010
Central Networks Electricity	£160m	to 2010
Anglian Water	£150m	to 2010
South West Water	£100m	to 2010
Severn Trent Water	£60m	to 2010
Yorkshire Water	£40m	to 2009

UK rail investment

2009 - 2013	£m
Thameslink	5,500
Reading, Birmingham, other stations	700
Crossrail	?

Exeter International Airport passenger growth

Passenger numbers



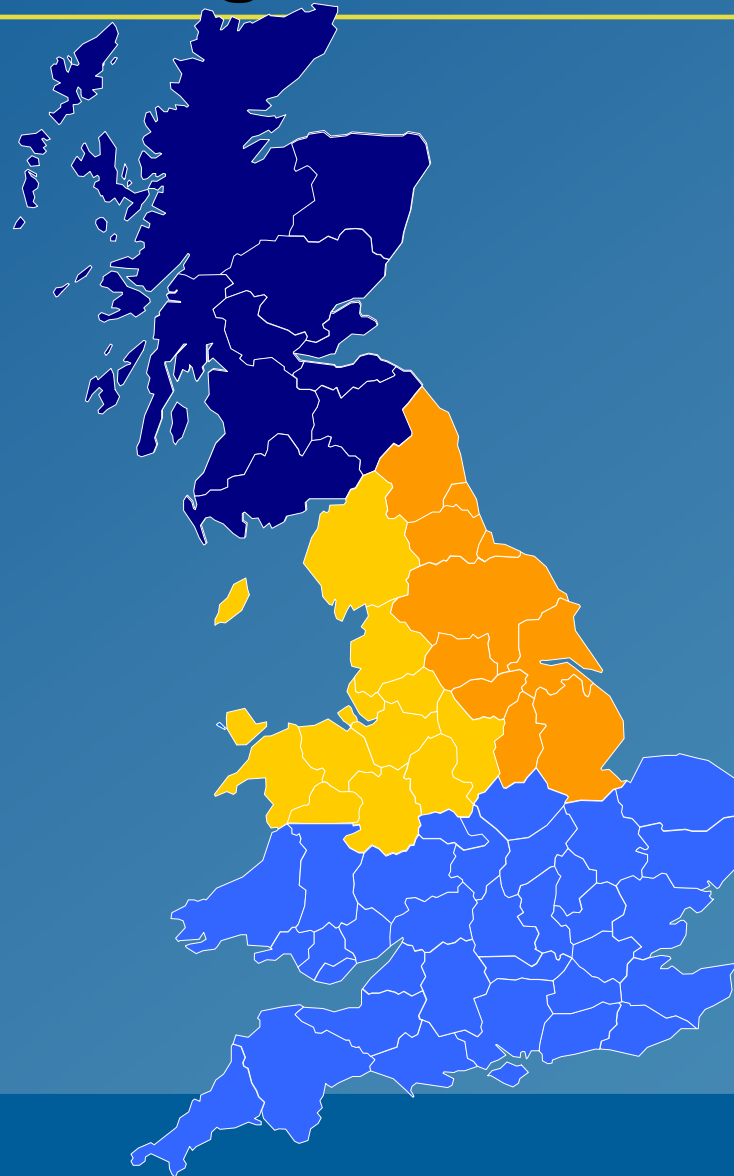
PPP bids outside the UK

	Capital value £m
ITE Singapore	90
Oakland Connector	175 -200
North Tarrant Expressway	Up to 1,000
Bremen Hospital	140

Professional and technical services

- Continued organic growth and niche acquisitions
- Major role in long-term partnership contracts
- Key element in major project business development

Civil Engineering market shares



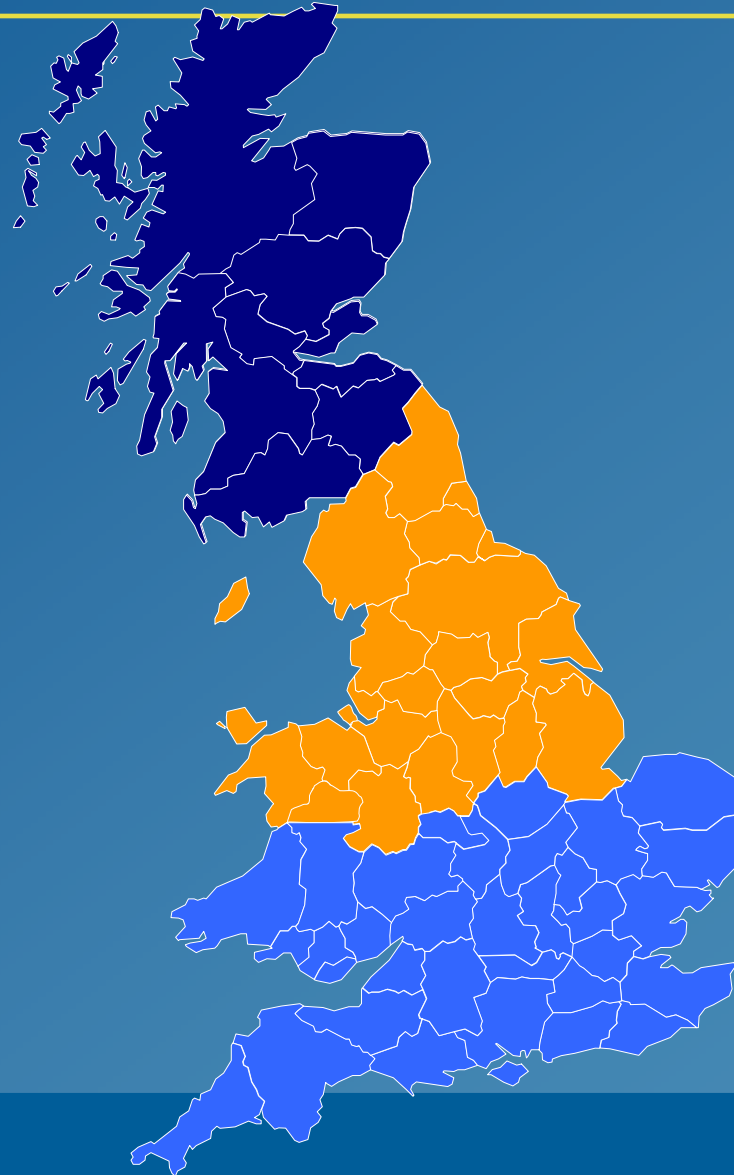
£110m
14%

£100m
14%

£94m
8%

£137m
5%

Building Construction market shares

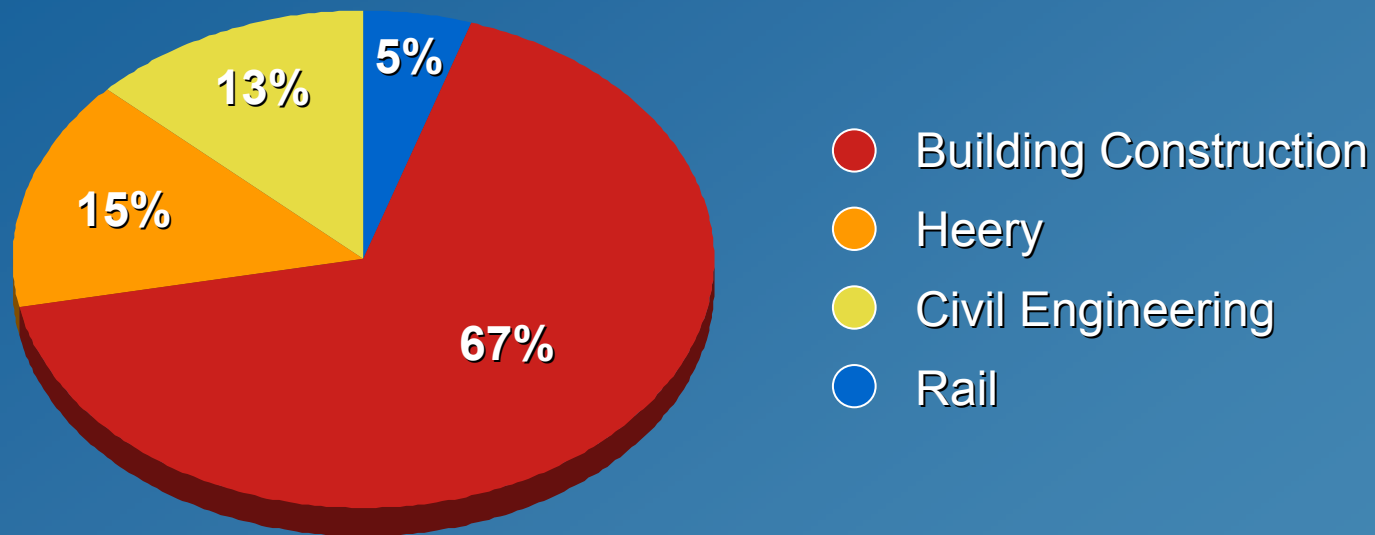


£290m
10%

£615m
3%

£690m
2%

Balfour Beatty US revenues (pro forma)



c.\$3.5bn

US approximately 23% of total Group revenues going forward

Secured military housing contracts

Project name	Contract value	% complete
Ft. Stewart / HAAF	301,606,360	69.0%
Ft. Detrick / WRAMC	72,689,317	85.8%
Ft. Eustis / Story	116,297,149	52.5%
Navy Northeast New Housing	260,000,000	58.9%
Navy Northeast Renovations	115,386,643	55.9%
Ft. Bliss / White Sands	352,000,000	30.5%
Ft. Gordon	69,000,000	35.7%
Ft. Carson	101,145,011	5.4%
Carlisle / Picatinny	48,547,129	3.5%
UPH – Ft. Stewart	28,000,000	0%
UPH – Ft. Bliss	28,000,000	0%
West Point	70,000,000	0%
Navy Southeast	500,000,000	0%
Ft. Jackson	140,000,000	0%
Total	2,202,671,609	

 Awarded but not contracted

Base Realignment and Closure Programme

- 871 projects on 222 bases
- \$30bn+ programme
- First contract secured