

Balfour Beatty plc

09:49 11 Aug 2014

Balfour Beatty leaves door open as profits halve

Infrastructure group Balfour Beatty (LON:BBY) has provided a bit more detail behind its decision to reject merger overtures from sector peer Carillion (LON:CLLN).

According to Balfour Beatty, merger discussions started in late May on the understanding Balfour's shareholders would end up with 56.5% of the merged company, and with Carillion's management fully behind the proposed sale of Balfour's Parsons Brinckerhoff business.

In late July, Carillion's position changed, in that it wanted to retain the Parsons Brinckerhoff business.

Balfour's view is that continuing bid discussions with Carillion risks undermining the Parsons Brinckerhoff sales process and there is no strategic logic to retaining the business, other than to enhance the earnings of the combined group.

In its interim results statement, Balfour Beatty said the competitive sale process of Parsons Brinckerhoff is well advanced and, subject to satisfying the interests of key stakeholders, it is anticipated that the group will return up to £200 million to shareholders.

Carillion has indicated it will respond to Balfour's comments in due course.

Meanwhile, Balfour Beatty's half-year results were in line with expectations.

Revenue was down 2% to £4.9bn from £5.0bn while underlying profit before tax more than halved to £22m from £47m, with much of the blame due to operational issues in its UK mechanical & electrical engineering business.

The board left the door open to the possibility of resumed merger discussions with Carillion, saying it "remains open to strategic value creating opportunities across the group while it concentrates on the restoration of value to its shareholders".

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Price: 261.4

Market Cap: £1.81 billion

1 Year Share Price Graph



Share Information

Code: BBY

Listing: LSE

52 week High Low
295.8 192.3

Sector: Builders and building materials

Website: www.balfourbeatty.com

Company Synopsis:

Balfour Beatty is a diversified engineering, construction and services company with operations in the UK, Europe, the US, South-East Asia, Australia and the Middle East. Balfour Beatty is traded in the ISDX Exchange [HERE](#).

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