

Annual results 2015 and strategy update



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Amsterdam, 18 February 2016



BAM delivers Back in Shape and updates strategy



Back in Shape programme completed successfully within five quarters



Adjusted 2015 result improved, driven by Civil engineering; held back by Dutch non-residential Construction



Positive cash flow from property divestments and trade working capital improvement



Order book increase due to multi year civil engineering project wins, intake quality improving



Dividend proposal of 2 cents per share



Updated strategy for 2016-2020: 'Building the present, creating the future'

Revenue and adjusted results per sector

<i>(in € million)</i>	2015		2014	
	Revenue	Result	Revenue	Result
Construction and M&E services	3,266	-9.2	3,016	-5.5
Civil engineering	3,926	74.4	3,949	14.2
Property	474	15.5	477	19.6
PPP	185	18.7	258	38.6
Eliminations and other	-428	1.0	-386	1.4
Total sectors	7,423	100.4	7,314	68.3

Construction and M&E services

Market

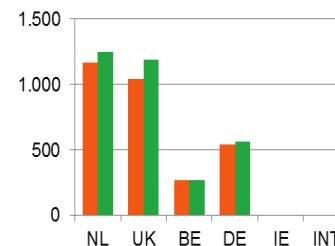
- UK non-residential markets improved; cautious growth NL residential, NL non residential still subdued; BE and DE stable.

Business

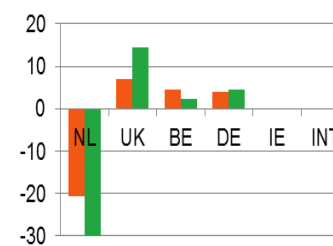
- Revenue: UK helped by FX; NL non residential up; DE higher due to strong order intake 2014.
- Result: NL negative due to some older non residential projects and under recovery overhead, plan being finalised to restore profitability; rebound in UK reflects improved market.
- Order book: adjusted for FX up by 1%.
- TWC efficiency: improved to -10.4% at year-end 2015

(in € million)

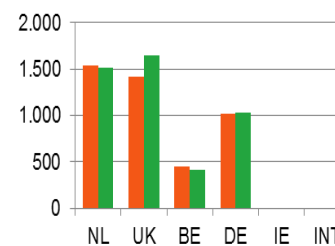
Revenue



Result



Order book



TWC efficiency



■ 2014 ■ 2015

Civil engineering

Market

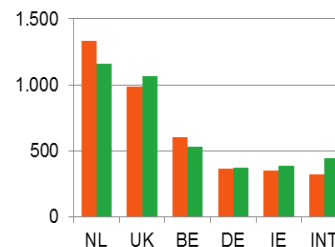
- IE and UK improved; NL cautiously improving; DE unchanged stable; BE lower government spending; INT effected by developments oil and gas.

Business

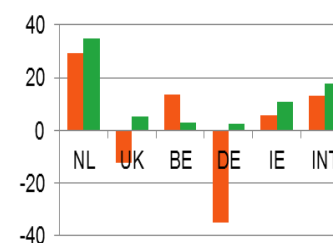
- Revenue: NL lower activity on larger projects; UK revenue stable before FX effect; IE higher reflecting market position; increase INT due to order phasing.
- Result: supported by NL, INT and IE. Profitability restored in UK and DE after losses in 2014.
- Order book: increase due to wins of some large multi year projects in NL, IE and DE. UK higher due to FX.
- TWC efficiency: Further improved to -6.2% by end 2015.

(in € million)

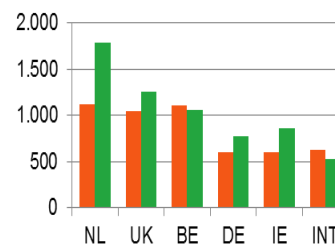
Revenue



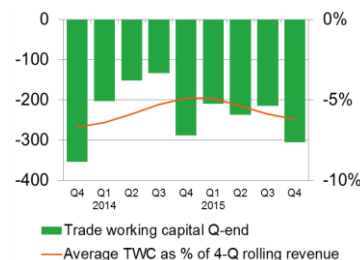
Result



Order book



TWC efficiency



■ 2014 ■ 2015

Property

Market

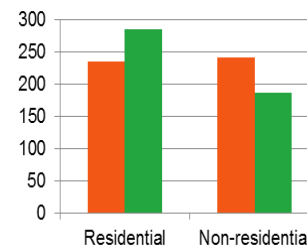
- Continued twin track development NL residential market.
- Non-residential property UK improved; BE stable and NL weakened further.

Business

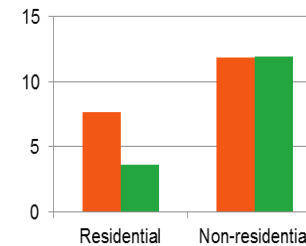
- Revenue: residential higher reflecting rising house sales; non-residential down due lower divestments.
- Result: residential thin margins due to development on impaired land;
- Homes sold NL: 17% up to 2,187; sales to private buyers increased from 70% to 75%.
- Net investment: decreasing due to divestments of non residential property and impairment (€34m).

(in € million)

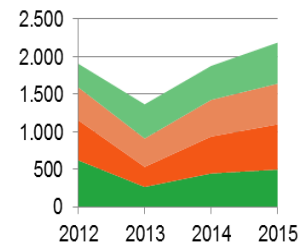
Revenue



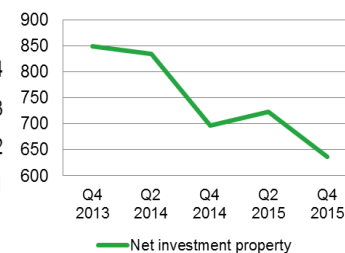
Result



Homes sold NL



Net investment



■ 2014 ■ 2015

PPP



Market

- Good opportunities in most home markets.

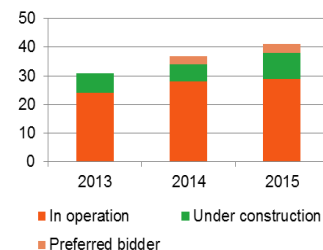


Business

- Portfolio: grew to 41 due to four project wins (hit rate 50%).
- Result: book profits lower reflecting two transfers to the JV with PGGM (2014: six).
- Revenue: €0.7 bn construction revenue secured for operational sectors; portfolio generates nearly €100m recurring maintenance revenue per year.
- Investment: increased due to the growing portfolio.

(in € million)

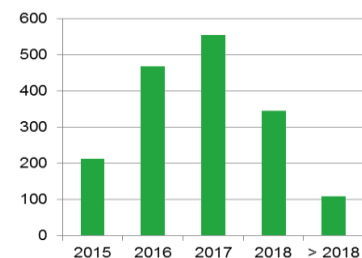
Portfolio (number)



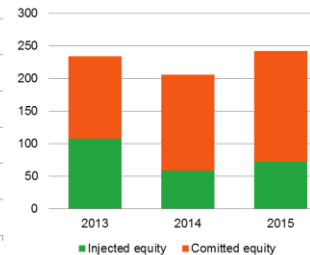
Result



Revenue



Investment



In 2015 secured construction revenue for operational sectors

Income statement

<i>(in € million, unless stated otherwise)</i>	2015	Margin	2014	Margin
Total sectors	100.4	1.4%	68.3	0.9%
Group overhead	-9.6		-0.6	
Group interest charge	-2.6		-5.5	
Adjusted result before tax	88.2	1.2%	62.2	0.9%
Restructuring	-38.6		-68.8	
Impairments	-39.1		-115.8	
Pension one-off	2.8		-	
Income tax	-2.3		15.5	
Non-controlling interest	-0.8		-1.2	
Net result	10.2	0.1%	-108.2	<i>Neg.</i>

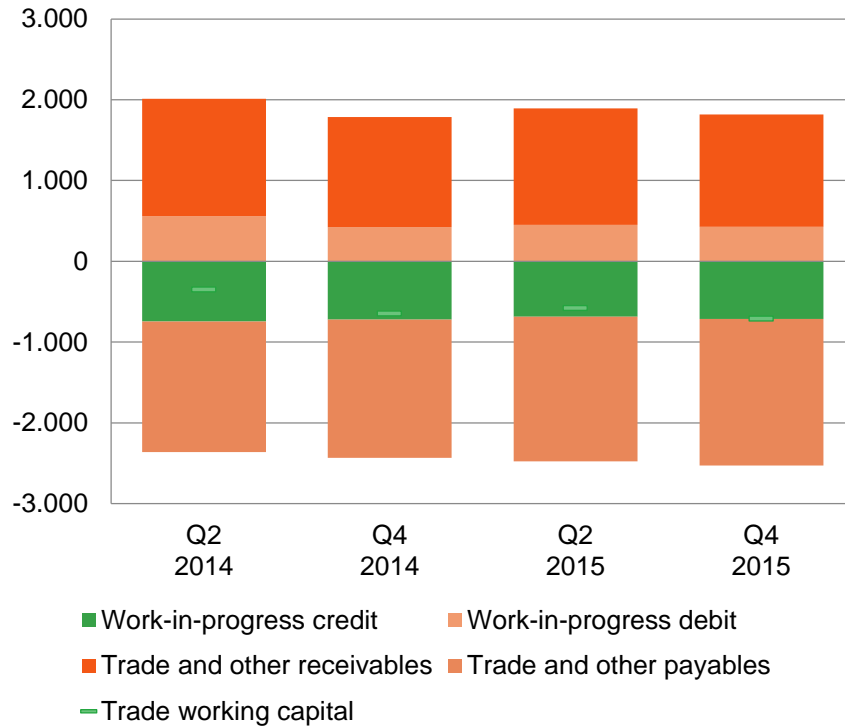
Cash flow analysis

<i>(in € million)</i>	2015	2014
Net cash result	85	20
Investments TFA	-53	-42
Δ Trade working capital	31	-15
Net Investment Property	71	83
Net investment PPP	-6	68
Δ Other working capital	-33	15
Business cash flow	95	129
Dividend	-	-7
Restructuring	-54	-9
Pensions (additional)	-36	-24
Δ Group loans	-	-40
Others	8	27
Δ Cash position	13	76

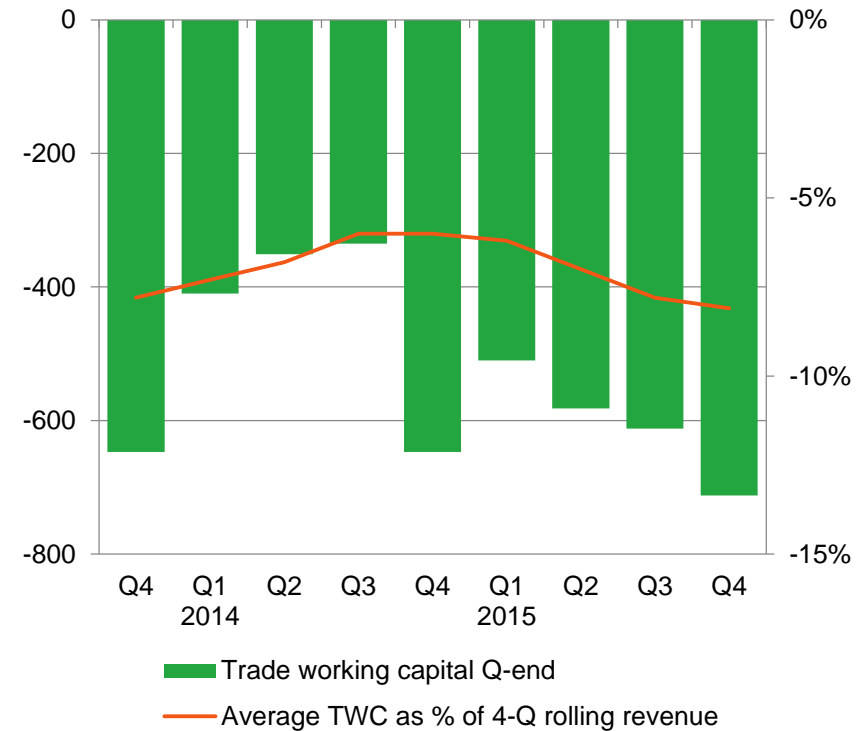
- Business cash flow 2015 supported by improved result and property divestments.
- Trade working capital improved after strong inflow at year end 2014.
- PPP cash flow lower due to fewer transfers to joint venture PGGM.
- Cash out other working capital due to changes in accruals for taxes.
- Additional pension payment as agreed for UK closed schemes.

Trade working capital

Trade working capital
(in € million)



Trade working capital
(in € million and TWC as %)

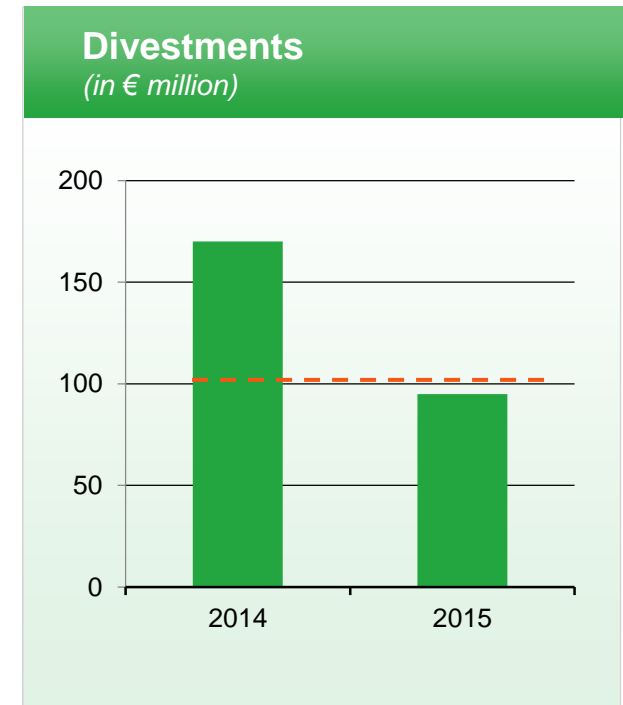
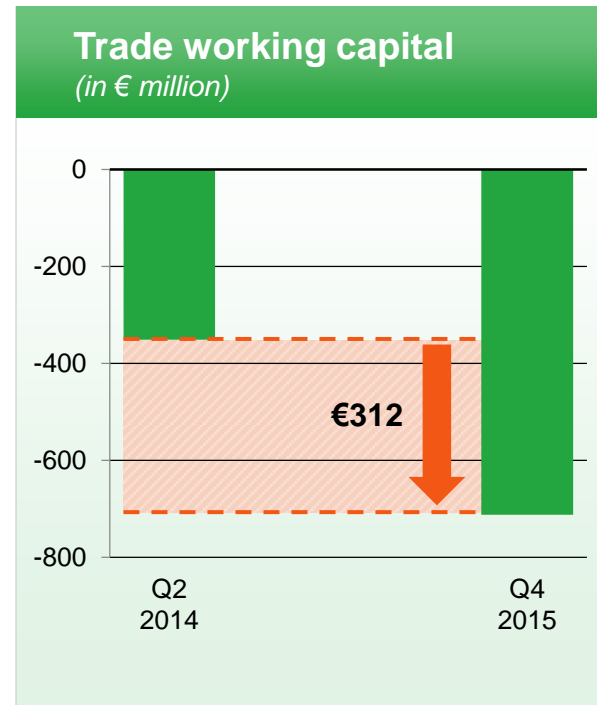
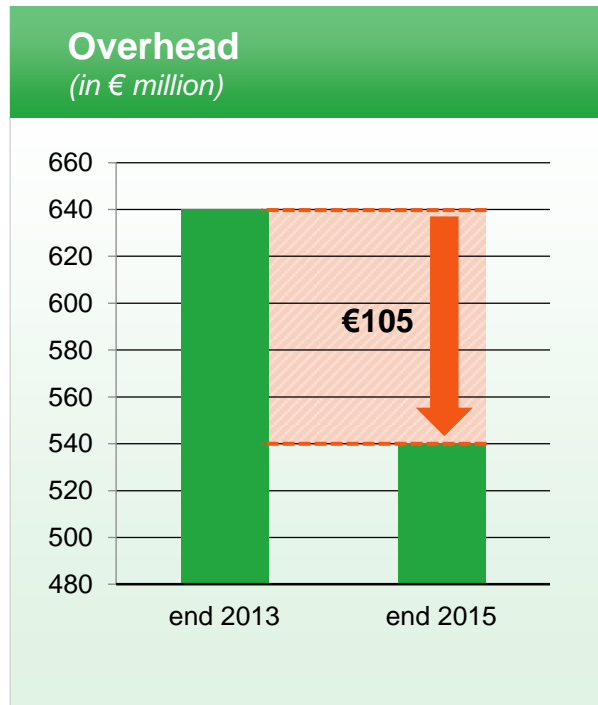


Financial position

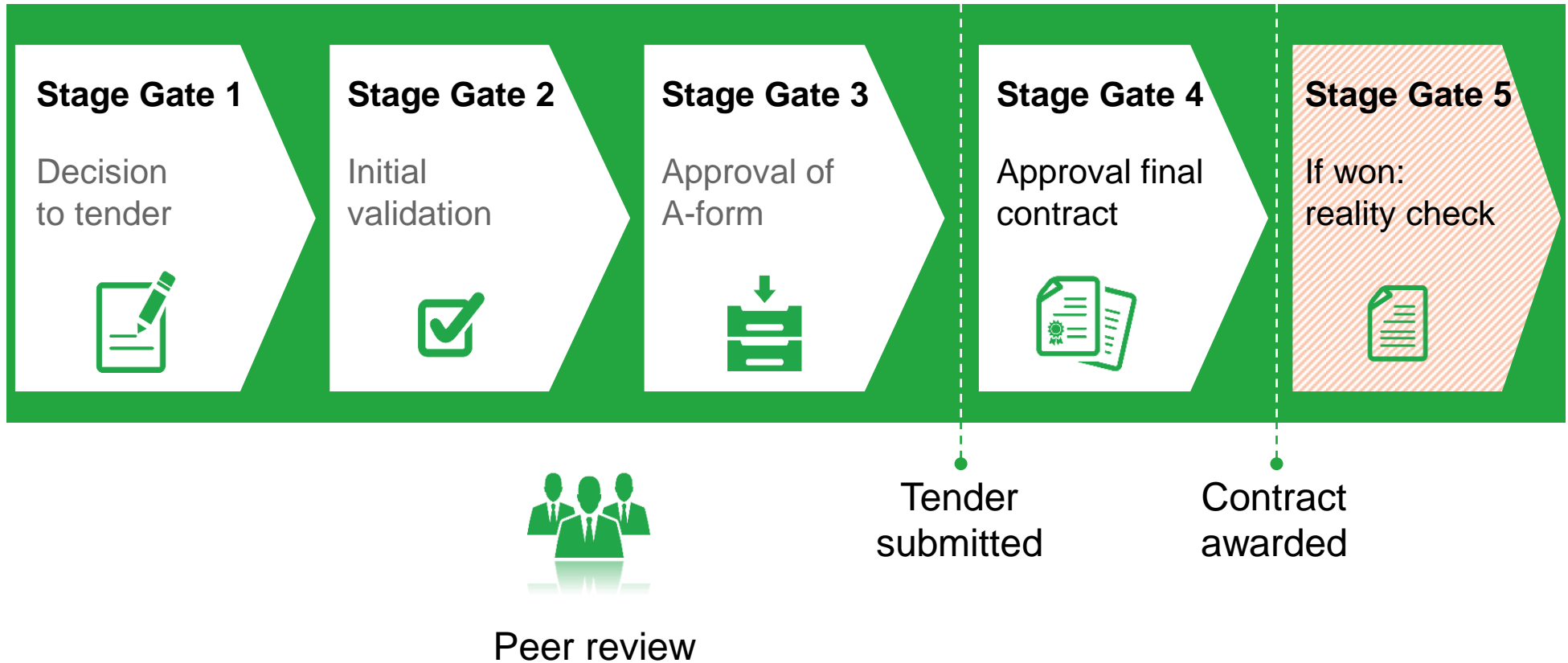
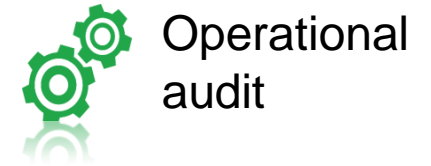
<i>(in € million, unless stated otherwise)</i>	FY15	FY14
Cash position	637	624
Interest-bearing debt	597	664
Net cash / (debt) position	40	-40
Recourse net cash position	359	336
Shareholders' equity	902	827
Capital base	1,027	952
Balance sheet total	4,852	4,956
Capital ratio	21.2%	19.2%
Capital employed	1,804	1,870
Return on capital employed	0.2%	Neg.

- Recourse cash position improved by €23 million, including €54 million cash out for restructuring.
- Capital ratio improved to 21.2% helped by higher capital base and lower balance sheet total.
- Existing revolving credit facility and subordinated loan extended until 2018.
- Group was within all of its banking covenants.

Back in Shape delivered (1)



Back in Shape delivered (2)



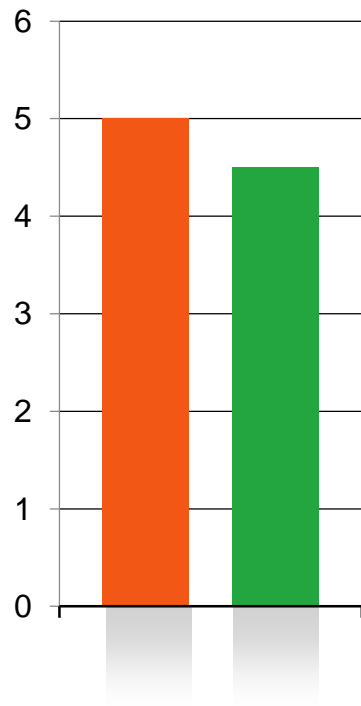
Order book

	2015	2014	Δ
Construction and M&E services	4,608	4,424	+4%
Civil engineering	6,272	5,129	+22%
Property	797	859	-7%
PPP	558	548	+2%
Eliminations and other	-735	-660	
Total sectors	11,500	10,300	+12%

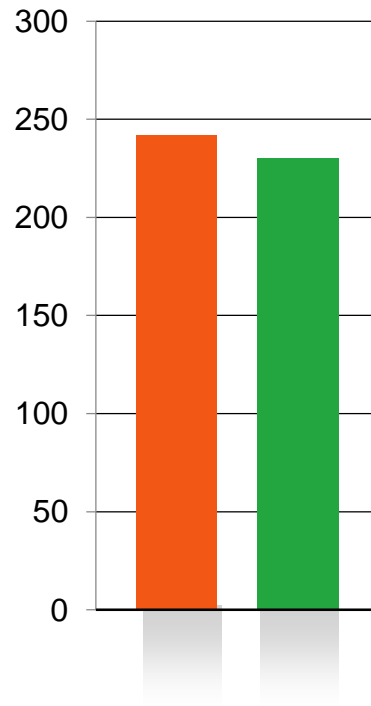
- Order book quality improving due to new stage gate tendering.
- Positive movement order book includes €0.3 bn currency effects.
- Growth in civil engineering due to order intake large multi year projects in NL, INT and IE.
- PPP higher as a result of two project wins.

Sustainability

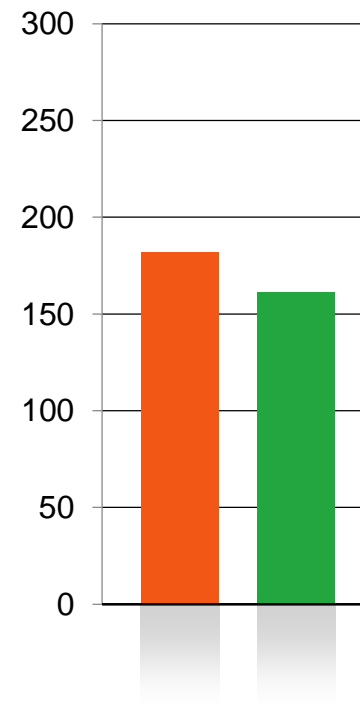
Safety (IF)



CO₂ (kilotonnes)



Waste (kilotonnes)



- IF (Incidents per millions hours worked) reduced from 5.0 to 4.5
- CO₂ emissions, corrected for turnover, reduced by 5%
- Construction and office waste, corrected for turnover, reduced 12%

Dividend 2015

BAM proposes a dividend of 2 euro cents per ordinary share, in line with its dividend policy to pay out 30 to 50% of the net result for the year. This will be paid in cash, with a scrip alternative.



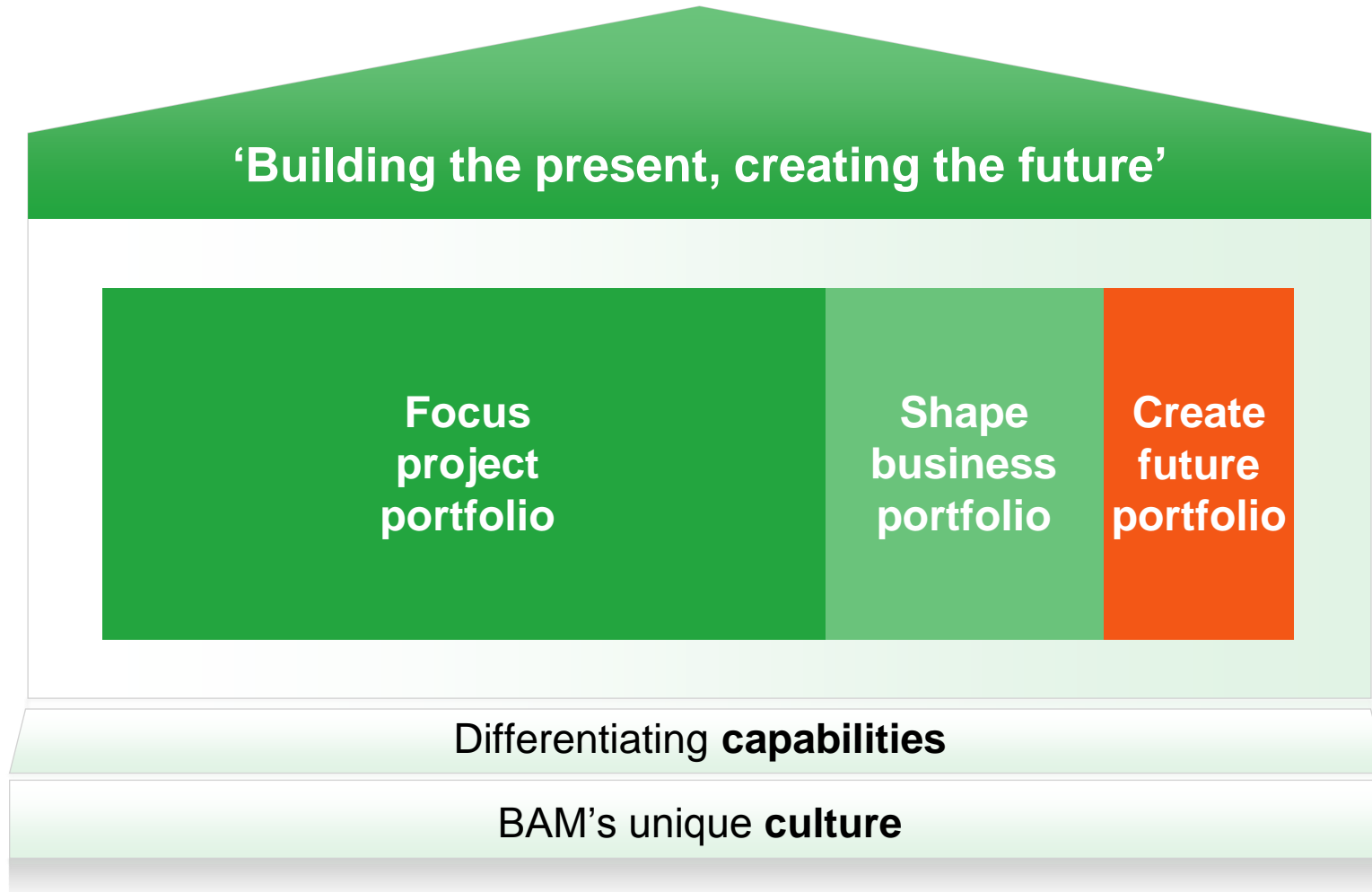
Outlook

For the full year 2016, BAM expects the adjusted result before tax to be higher than the level of 2015. BAM anticipates a restructuring charge of approximately €20 million, mainly related to the Dutch activities.



**‘Building the present,
creating the future’**

Strategy 2016-2020



External analysis

Industry economics favour focus on scale or expertise

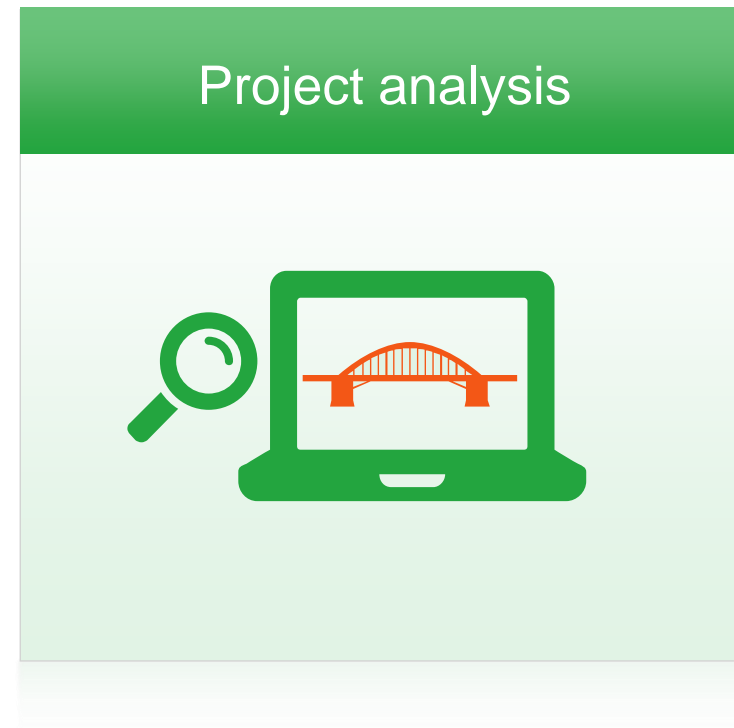
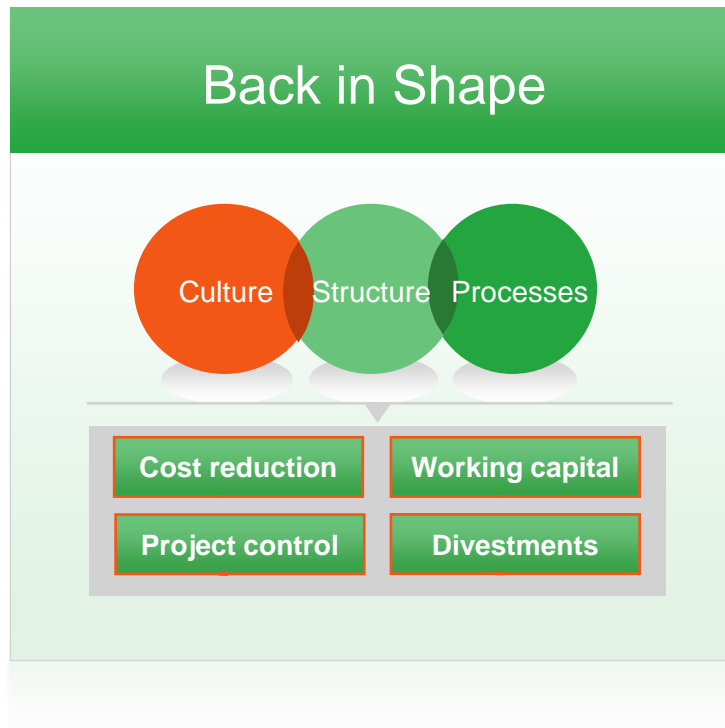
Markets mixed, vulnerable macro outlook



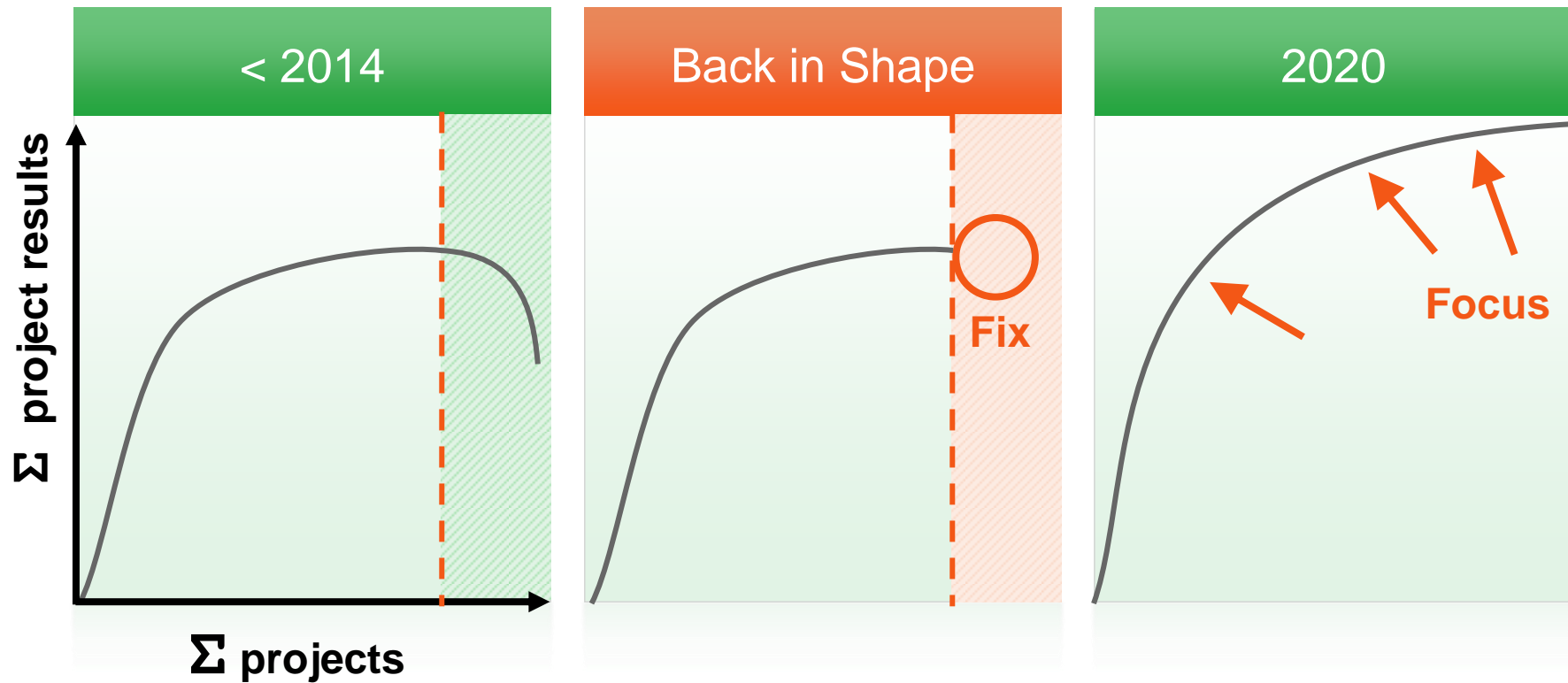
New technologies are reshaping our value chain

Customers face new challenges

Internal analysis



Focusing project portfolio (1)



Focusing project portfolio (2)

Scale



Expertise



Focusing project portfolio (3)

Selection



Stage gate



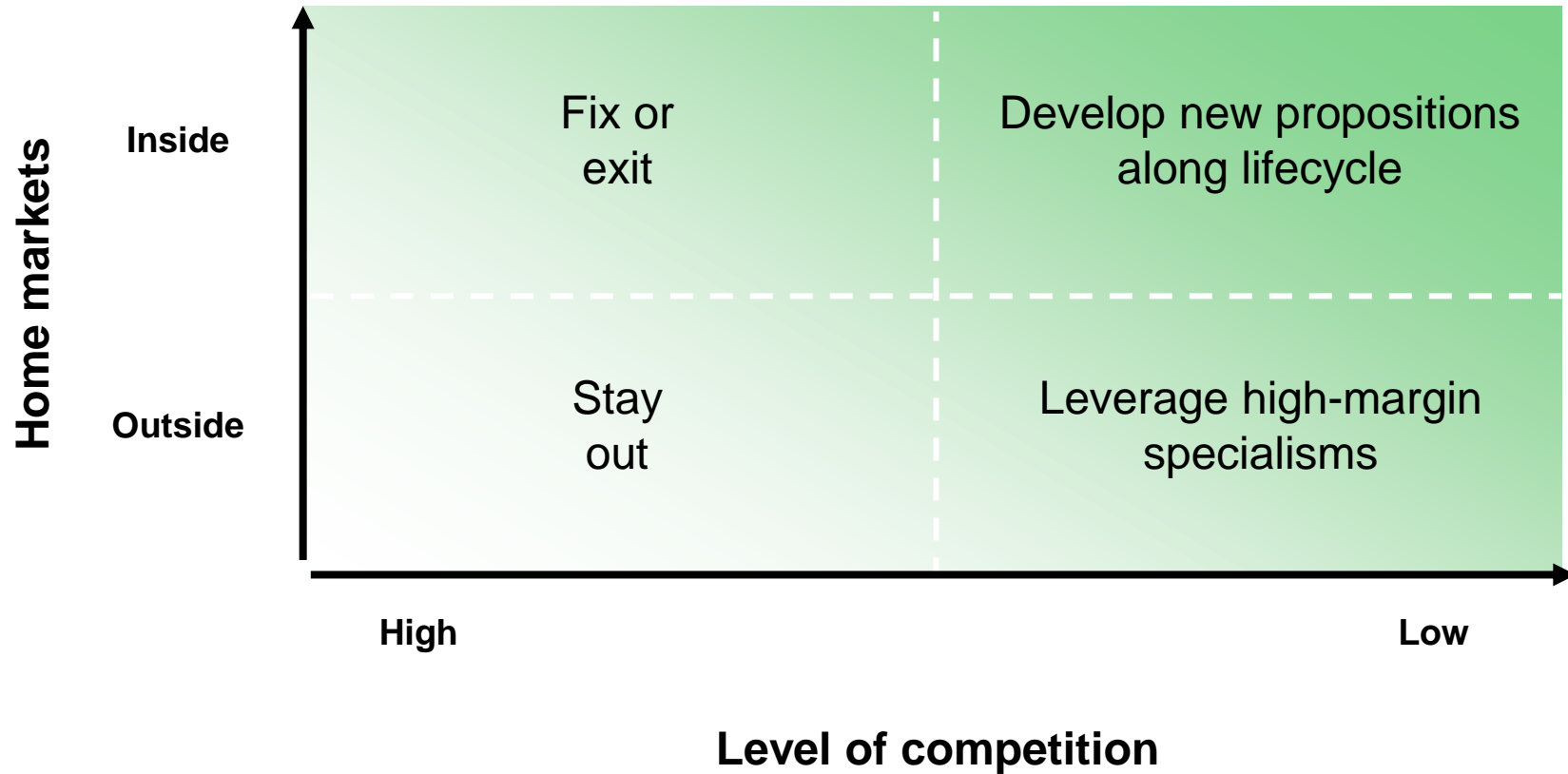
Peer review



Operational
audit

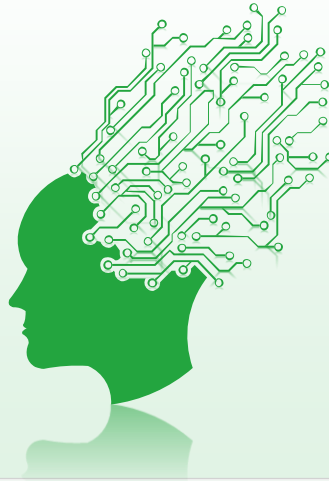


Shape business portfolio



Create future portfolio

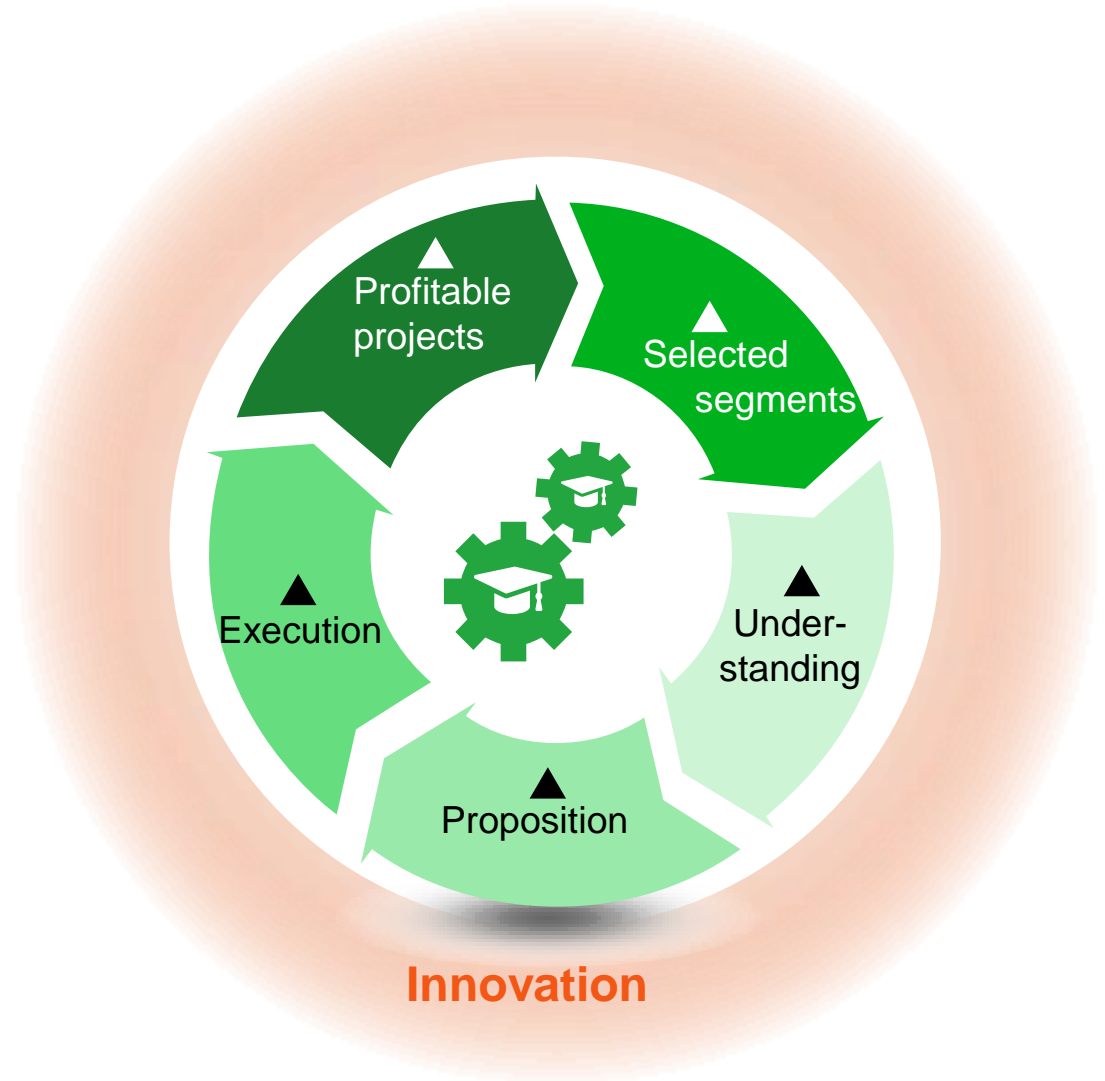
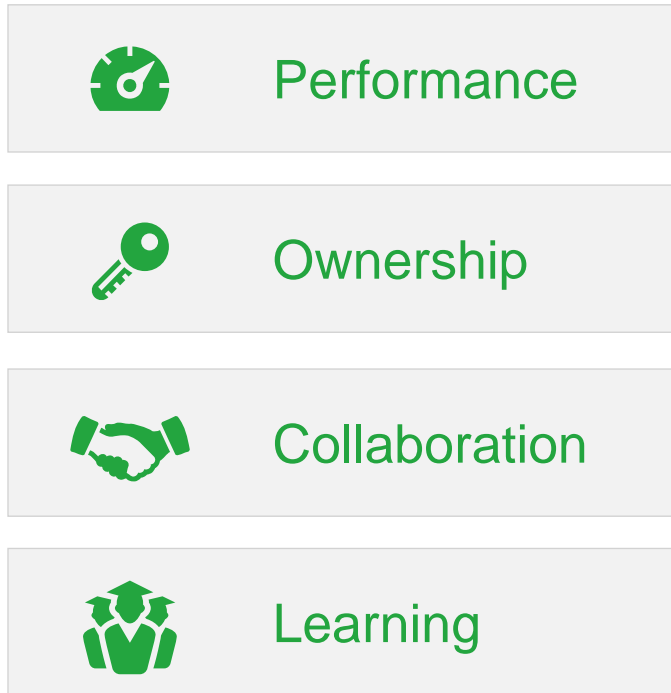
Digital construction process



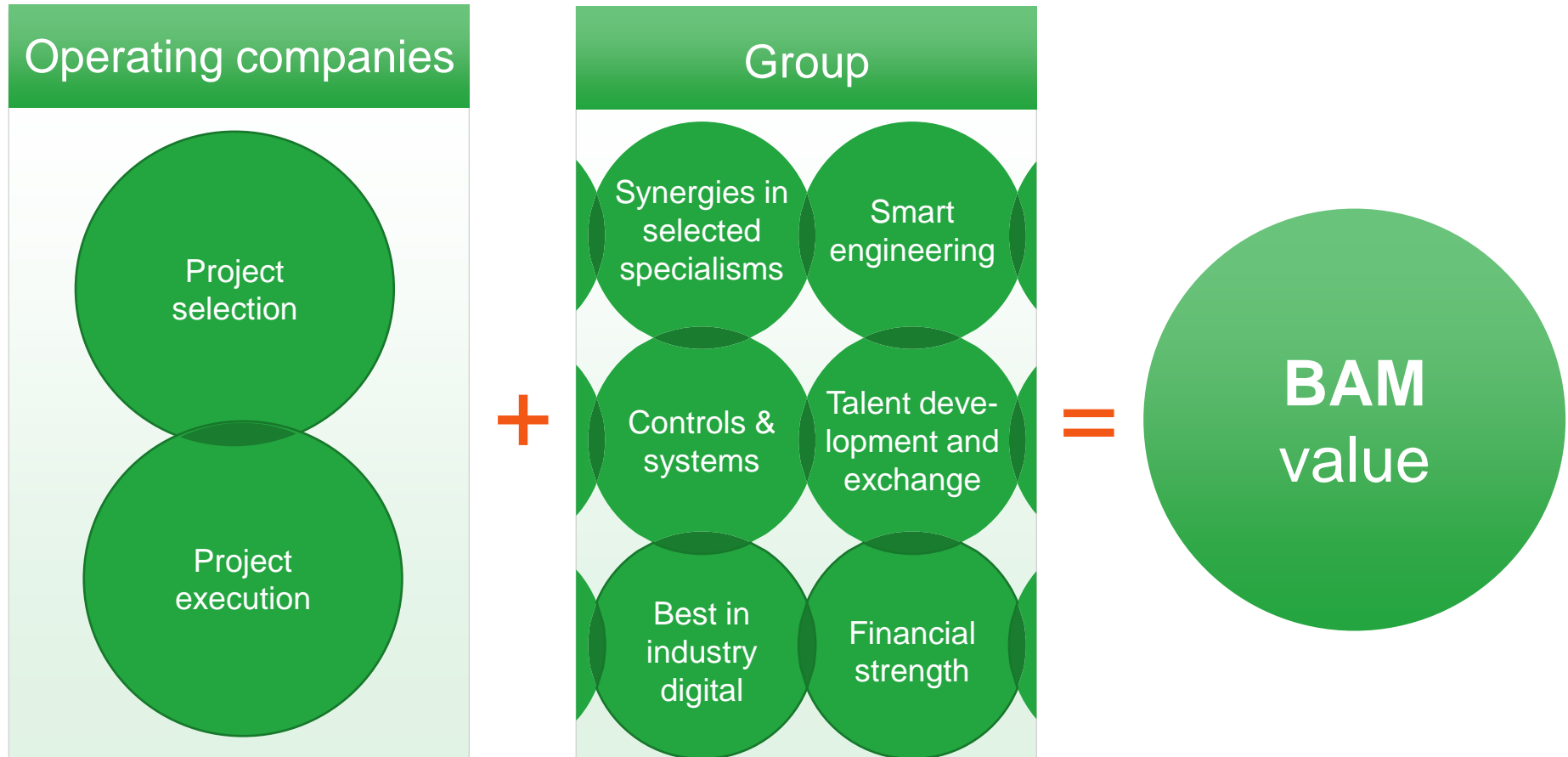
Digital built environment



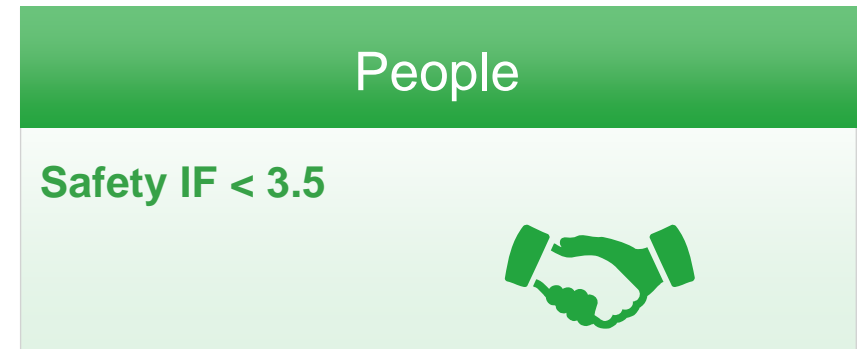
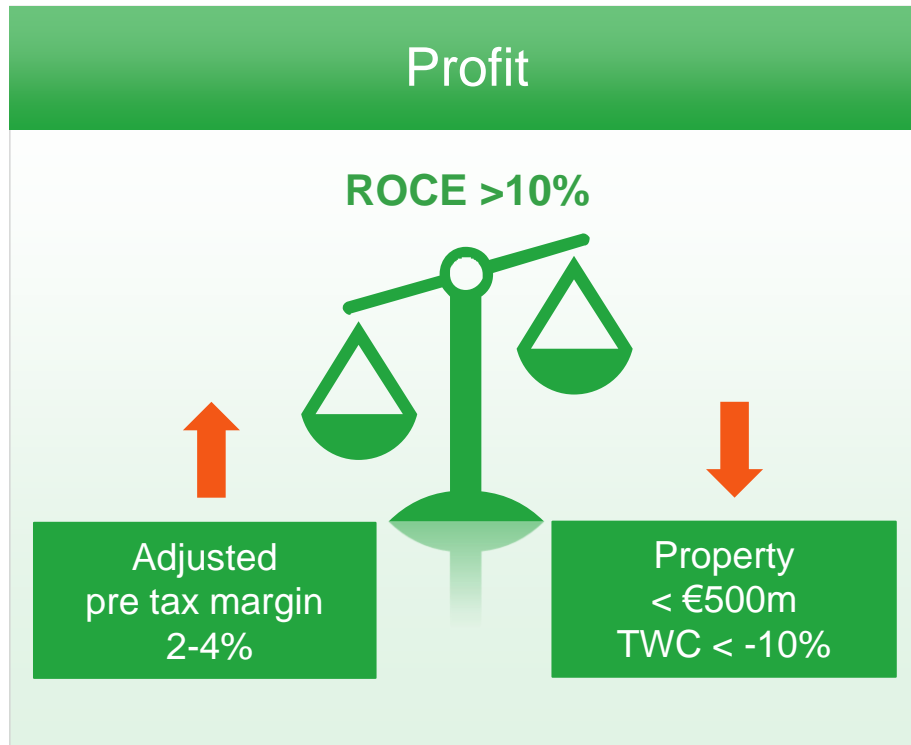
Culture



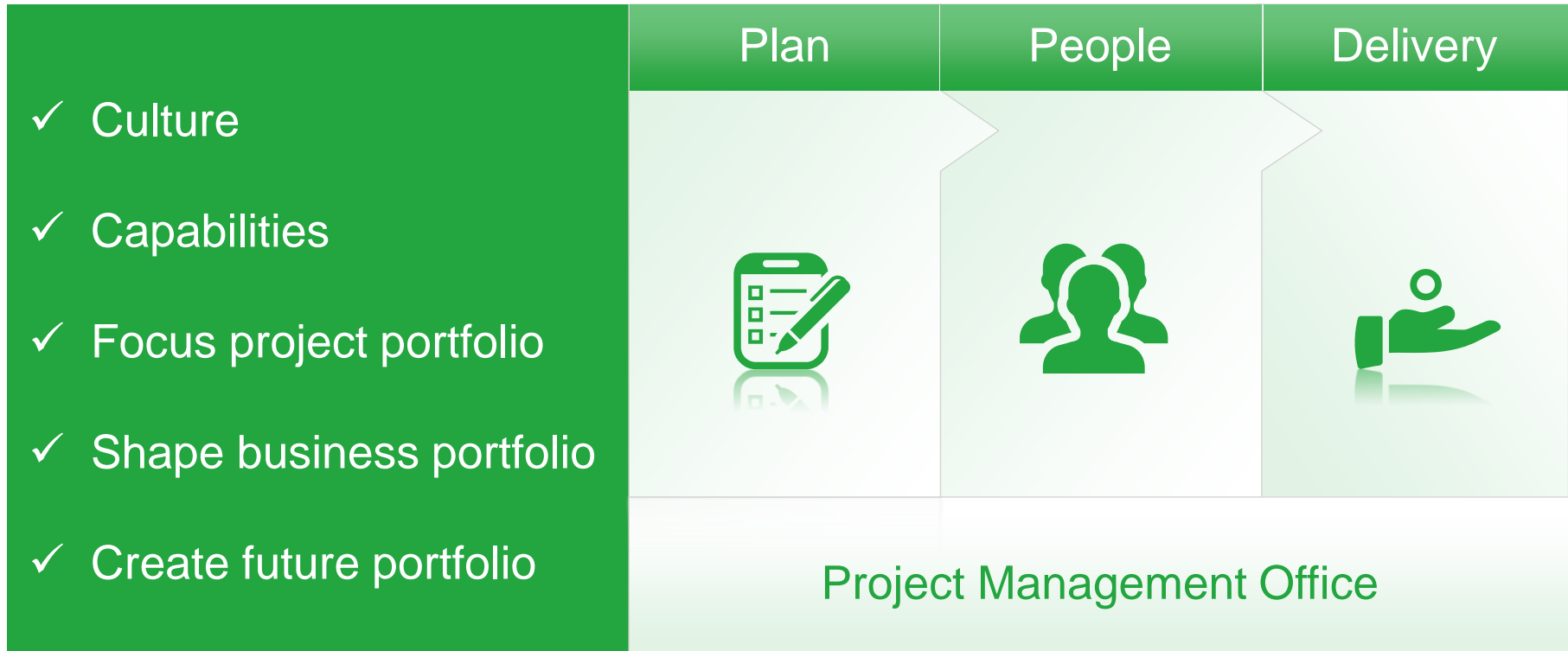
Capabilities



Targets 2020



Implementation of strategy is key in 2016



Annexes

Home sales the Netherlands

Property investments

PPP investments

Net debt analysis

Revenue sector/country

Covenants

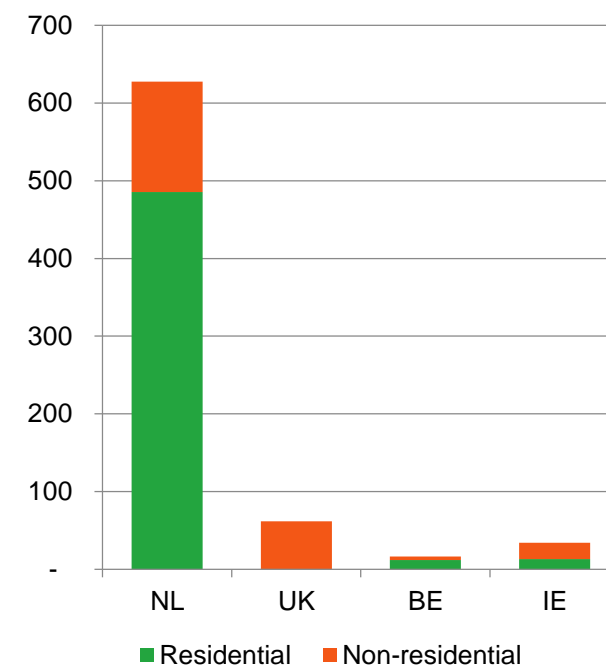
Home sales the Netherlands

	2015	2014
Number of homes sold from own development:		
Q1	496	444
Q2	602	492
Q3	542	488
Q4	547	453
Total	2,187	1,877

Property investments

<i>(in € million, unless stated otherwise)</i>	Q4 2015	Q4 2014
Land and building rights	429	420
Property development	311	403
Total investments (a)	740	823
Non-recourse loans	116	161
Recourse loans	80	57
Total loans (b)	196	218
Property associates/JV (c)	100	92
Net investments (a)–(b)+(c)	644	697

Total investments (Q4 2015)
(in € million)



PPP investments

<i>(in € million, unless stated otherwise)</i>	Q4 2015	Q4 2014
PPP assets (intangibles, receivables)	276	318
Non-recourse PPP loans	-195	-206
Recourse PPP loans (equity bridges)	-53	-63
PPP associates/JV/other	44	10
Investment equity ¹⁾	72	59
Committed equity ²⁾	114	101
Total invested & committed equity	186	160
NPV Total invested & committed equity (A)	162	144
NPV Future equity cash inflows (B)	239	222
Estimated unrealised value (B) – (A)	77	78

¹⁾ BAM share invested in equity of PPP contracts
²⁾ Excluding contracts in preferred bidder stage

Net debt analysis

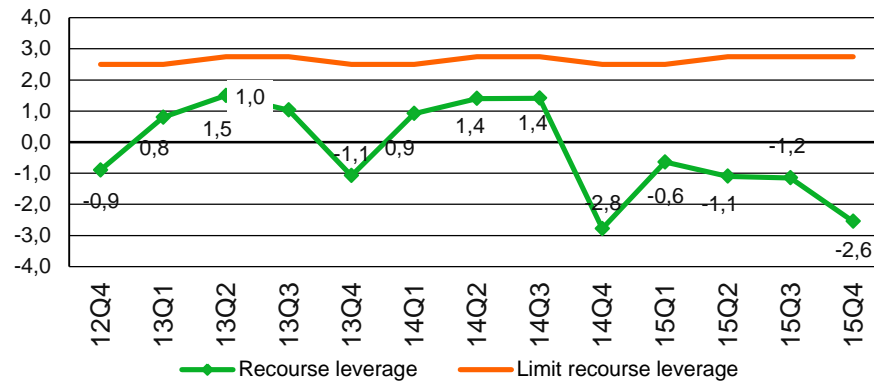
<i>(in € million, unless stated otherwise)</i>	Q4 2015	Q4 2014
Non recourse PPP loans	195	206
Non recourse project financing	124	170
Other project financing	133	135
Total 'project related'	452	511
Subordinated loan	124	124
Financial lease liabilities	14	22
Bank overdrafts and other loans	7	7
Total interest-bearing debts	597	664
Less: cash	637	624
Net cash / (debt) position	40	-40
Recourse net cash position	359	336

Revenue sector/country

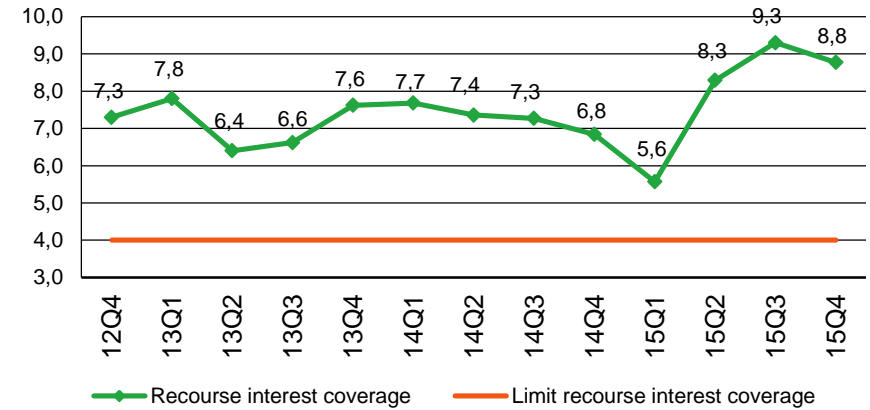
	Construction and M&E Services	Civil engineering	Property development	PPP	Total
Netherlands	15%	14%	4%	1%	34%
United Kingdom	15%	15%	1%	0%	31%
Belgium/L'bourg	3%	7%	1%	0%	11%
Germany/Swiss	7%	4%	-	0%	11%
Ireland	-	4%	0%	1%	5%
International	-	8%	-	-	8%
Total	40%	52%	6%	2%	100%

Revenue per sector/country 2015 as a percentage of gross total revenue 2015

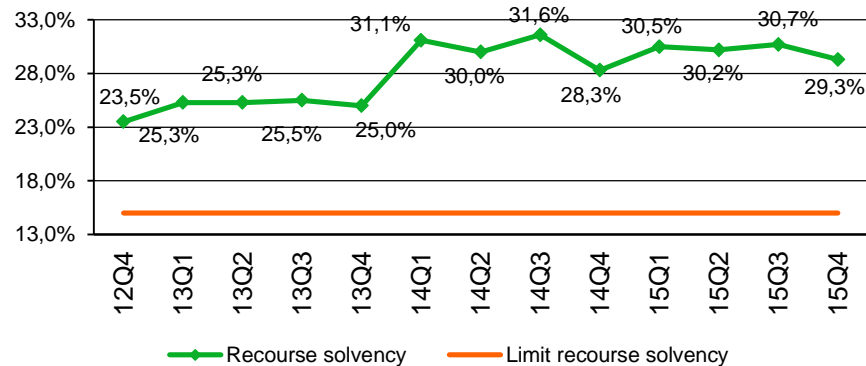
Recourse leverage ratio



Recourse interest coverage ratio



Recourse solvency ratio



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