

# Results 2016



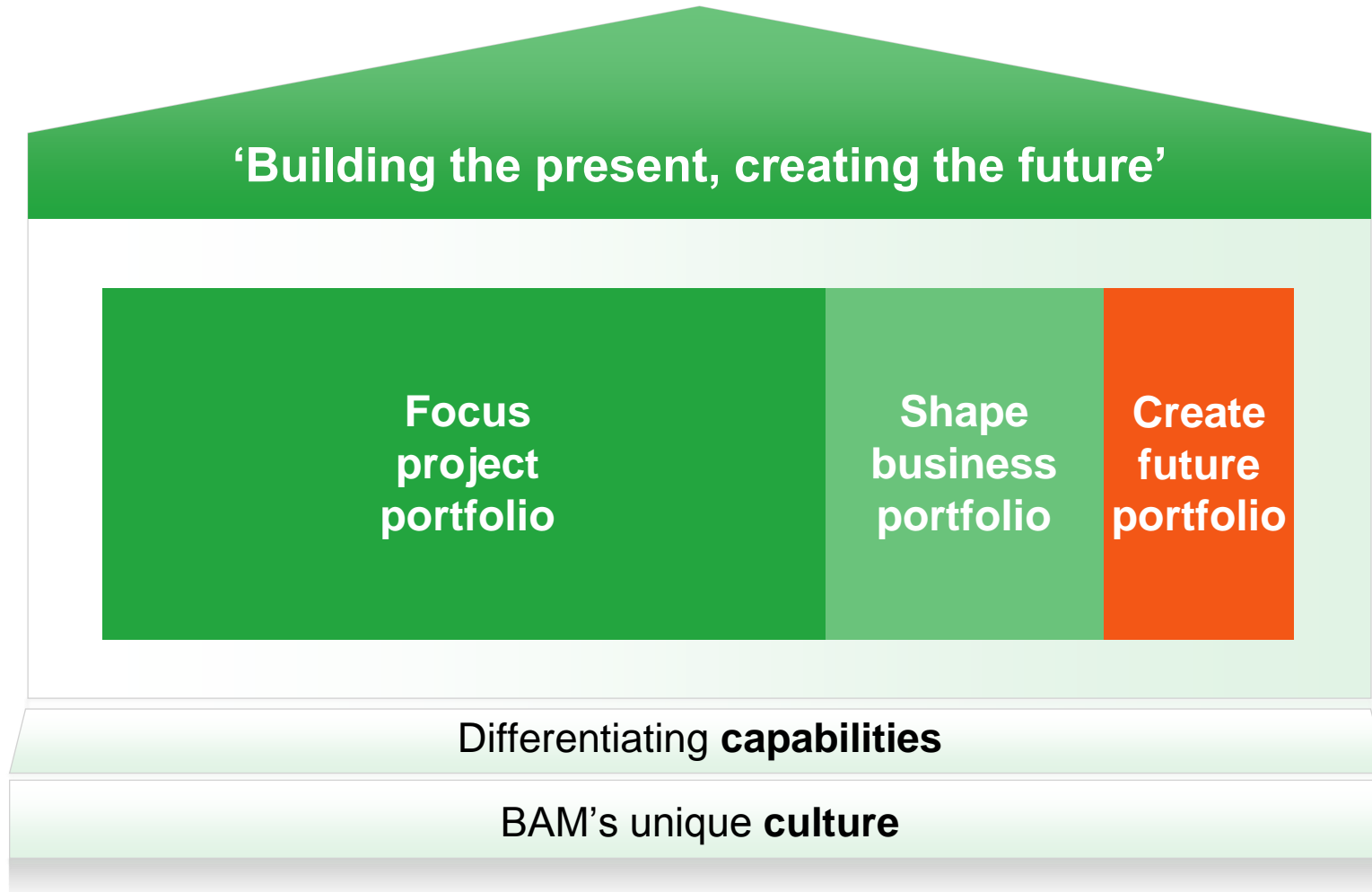
Royal BAM Group nv



Investor presentation

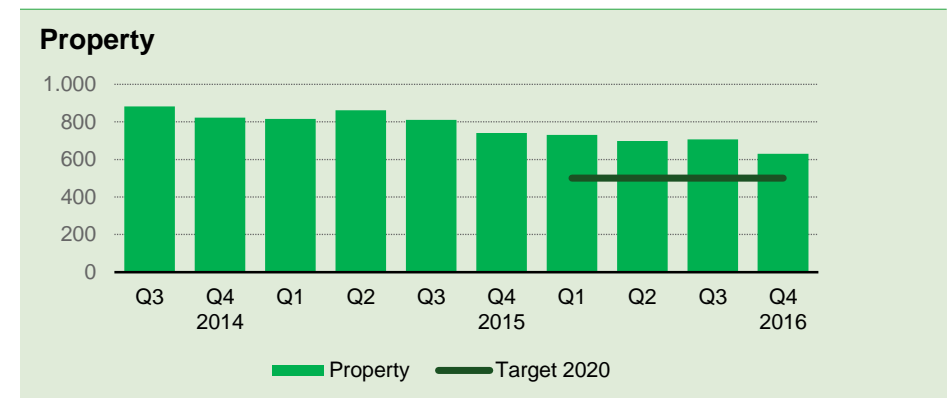
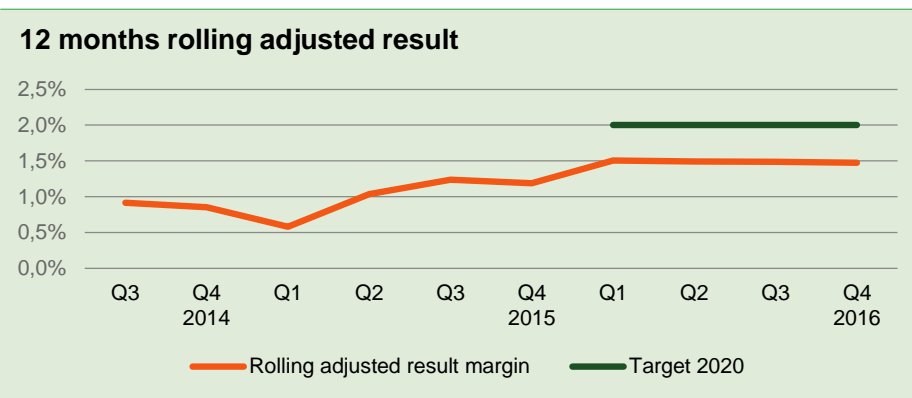
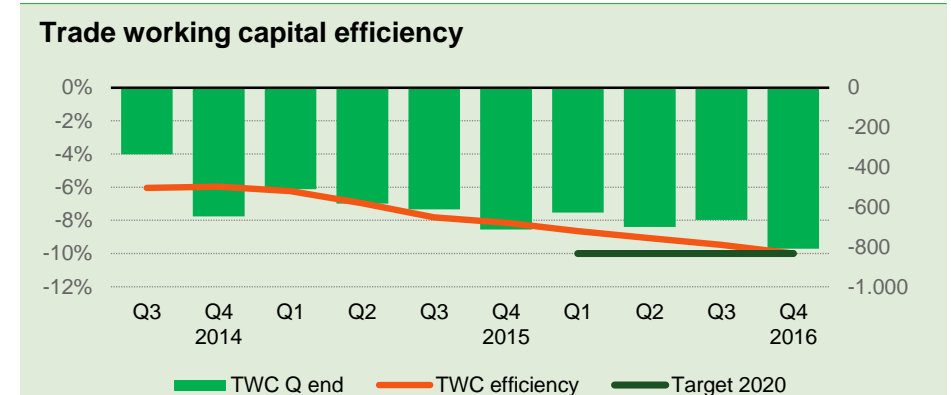
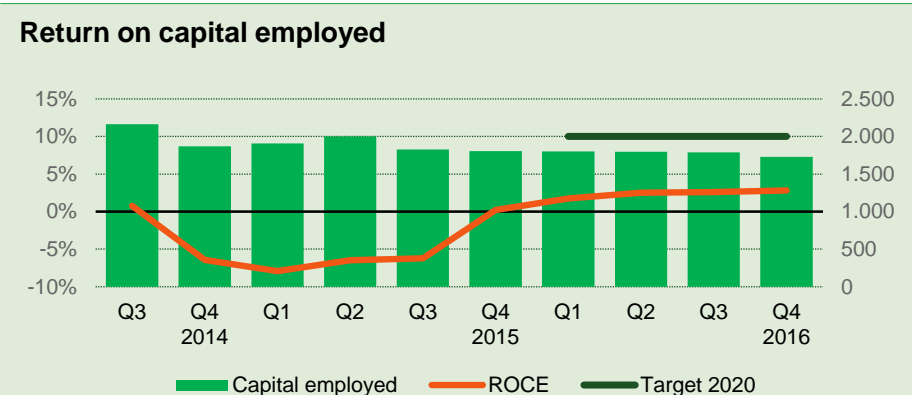
Amsterdam, 21 February 2017

# Strategy 2016-2020



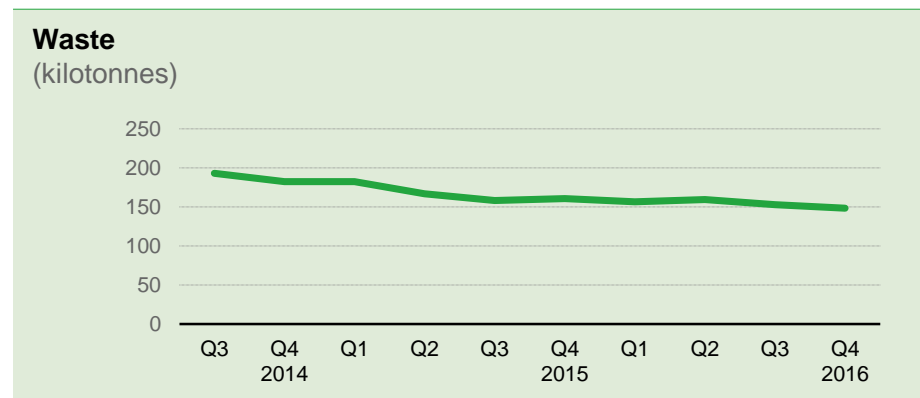
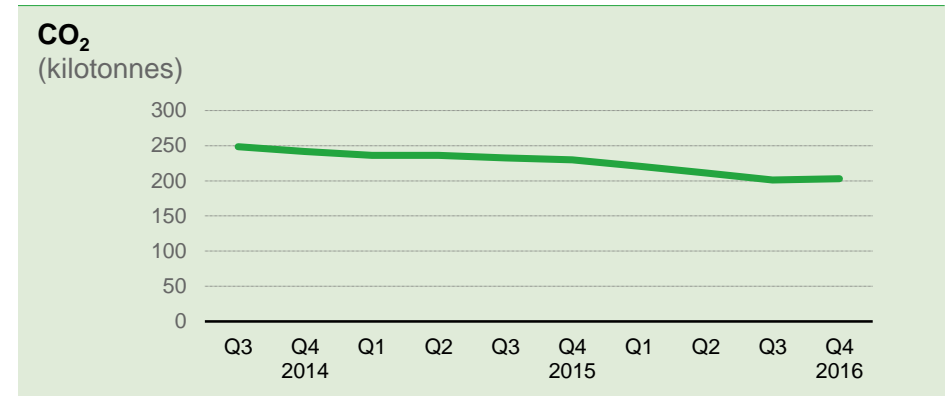
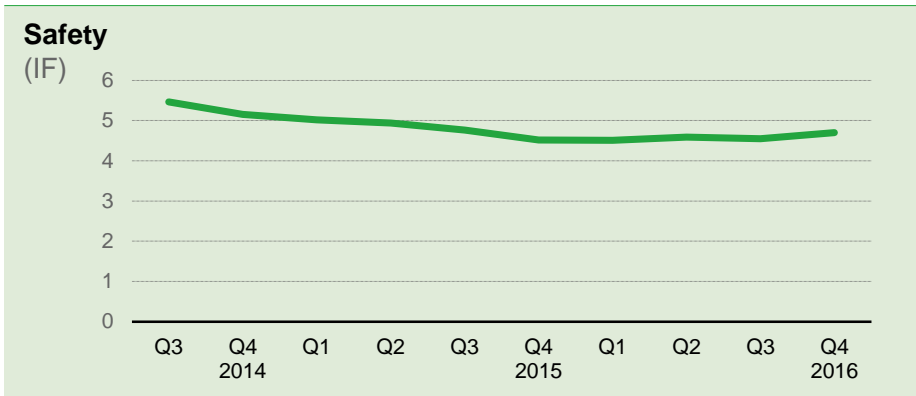
# Strategy execution

## Profit



# Strategy execution

## People & Planet



# BAM reports higher adjusted result of €102.7 million and strong cash flow of €102 million for 2016



**Implementation of 'Building the present, creating the future' strategy on track**



**Construction and Property: overall result positive; Germany being refocused after loss**



**Civil engineering: improved result driven by home markets; International affected by oil and gas markets**



**PPP: steady performance from existing portfolio**



**Order book quality improving due to tender discipline, lower level due to FX and market conditions**



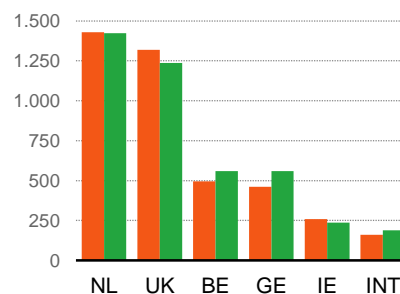
**Dividend per share proposal of €0.09, pay-out 50% with scrip alternative**

# Construction and Property (1)

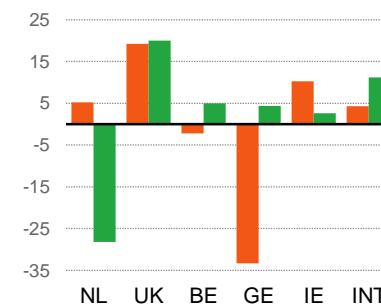
- Total revenue of €4.1bn slightly lower due to FX -€157m. On constant currency basis higher. Revenue GE reduced due to postponements and refocusing.
- Overall result €3.5m, of which €26.7m relates to property. NL turnaround in 2016; GE being refocused, expected to be profitable again in 2017.
- Total order book €0.3bn lower (FX effect - €0.2bn). Dutch non residential lower and stabilising, residential slowly improving; % UK 2017 revenue secured at same level as a year ago. IE higher reflecting improving market.
- TWC efficiency improved from -10.4% to -12.2% at year end.

(in € million)

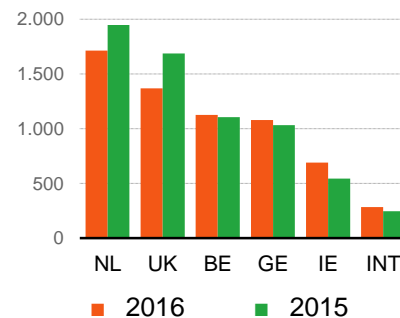
Revenue



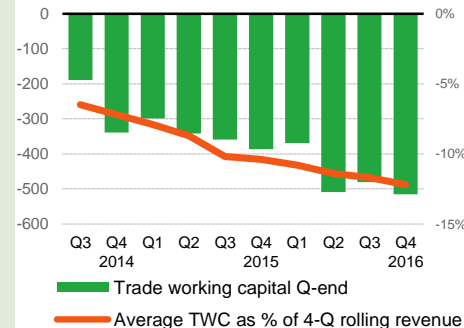
Result

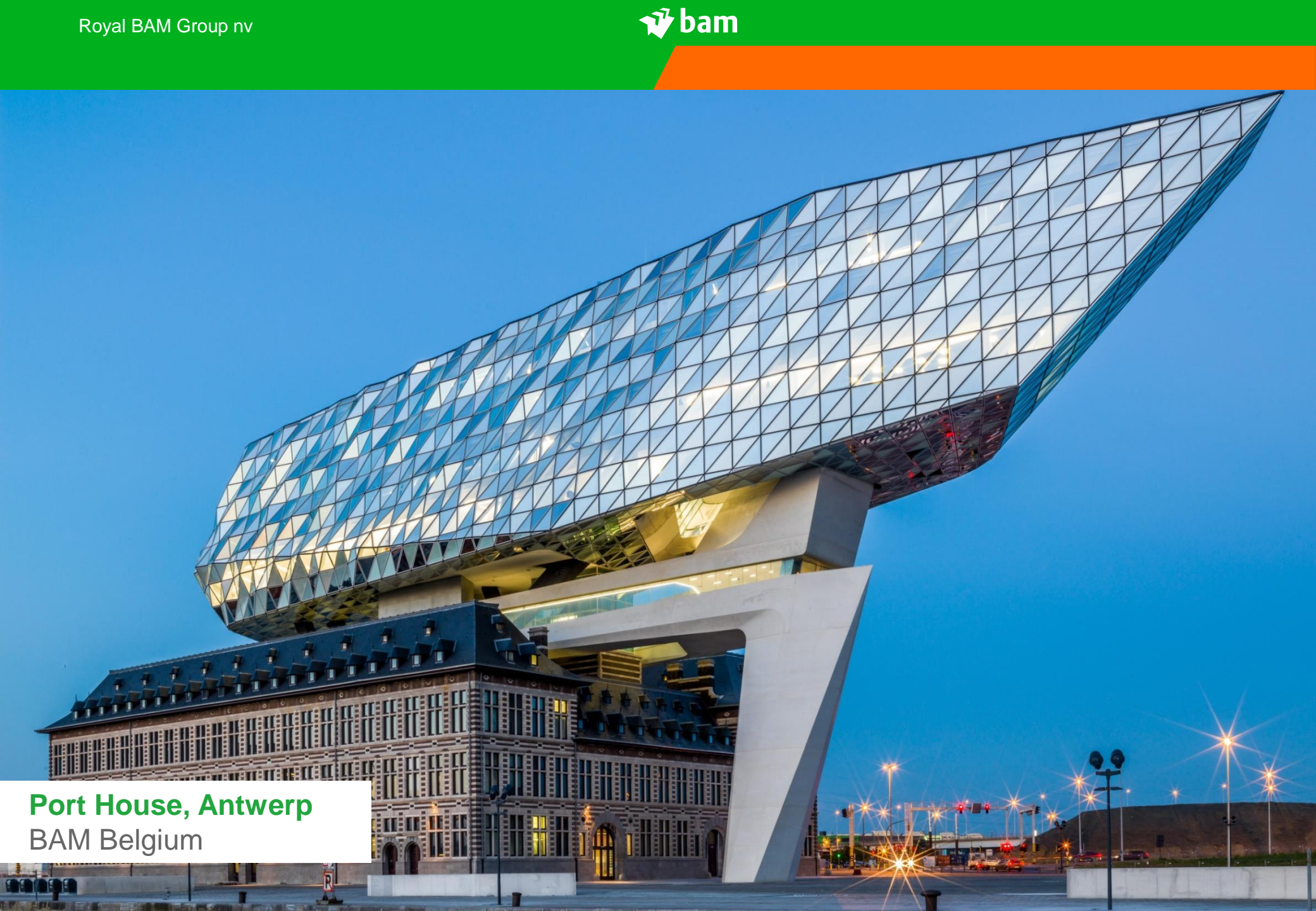


Order book



TWC efficiency





**Port House, Antwerp**  
BAM Belgium



## Campus building Technical University of Denmark (DTU), Copenhagen

BAM Danmark

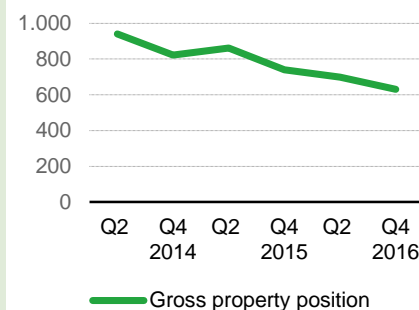


## Construction and Property (2)

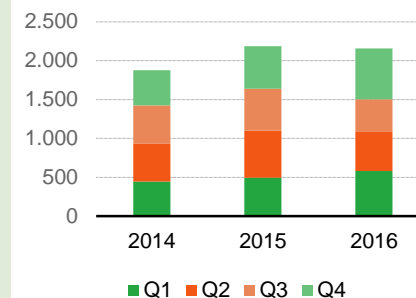
- Gross property portfolio reduced €110m to €630m. Consisting of landbank €387m (2015: €429m) and Property development €243m (2015: €311m)
- Dutch property impairment €43.9m; of this €13.7m due to €48m divestment in North - East; €13m on retail property caused by lower rents and rest relating to changes in zoning at municipalities.
- Dutch house sales 2,158 (2015: 2,187) stagnant due to low planning capacity at municipalities.

(in € million)

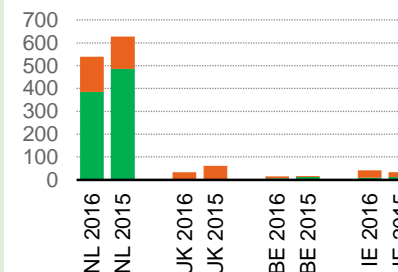
Property position



House sales



Property geography





**Innovation technical management and maintenance**  
**Amsterdam Arena, BAM Bouw en Techniek**



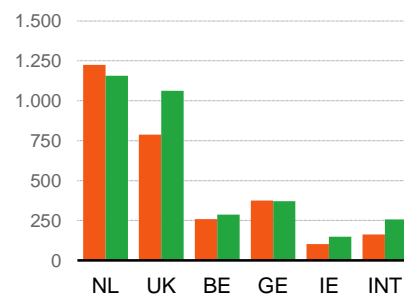
**ABN Amro Pavillion, Amsterdam**  
(‘circular building’) BAM Bouw en Techniek

# Civil engineering

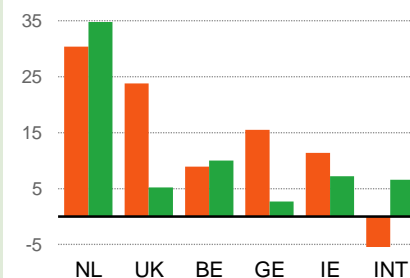
- Sector revenue of €2.9bn reduced by €0.4bn. Revenue UK lower, of which €0.1bn FX. INT impacted by oil and gas.
- Overall margin was 2.9%. Loss at INT reflecting market conditions and refocus to on shore. UK and GE results grew strongly.
- Total order book €0.9bn lower (FX effect -€0.2bn). % UK 2017 revenue secured roughly at same level as a year ago. Belgium lower due to one cancellation and market conditions.
- TWC efficiency improved from -6.2% to -7.2% at year end.

(in € million)

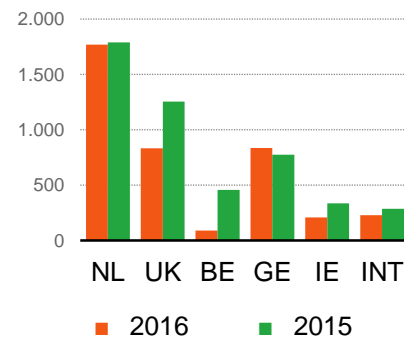
Revenue



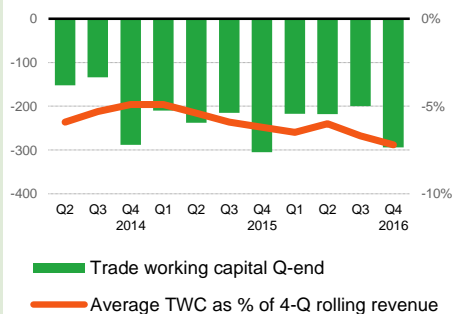
Result



Order book



TWC efficiency





**Gravity base foundations**  
BAM Nuttall and BAM Infra



**Antarctic research base revamp**  
BAM Nuttall and BAM International

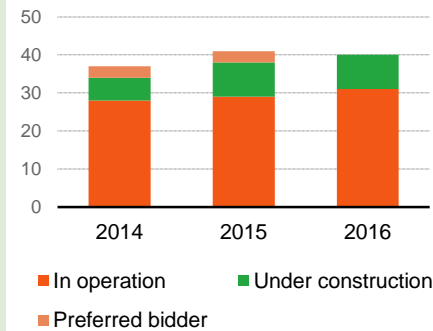
ERNEST SHACKLETON  
STANLEY  
ANTARCTIC ISLANDS

# PPP

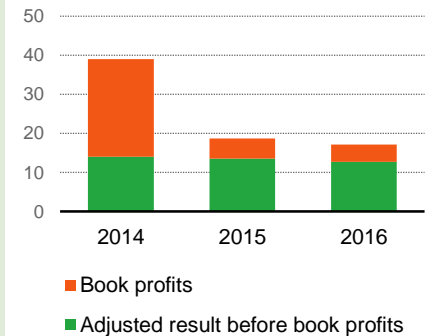
- Total commitment to PGGM joint venture increased to €775 million, of which €387 million invested at year end (BAM share 20%).
- 3 newly completed projects (2015: 2) transferred to PGGM joint venture.
- Portfolio consists of 40 projects, including 8 projects under construction. One civil engineering project in Belgium was cancelled in Q1.

(in € million)

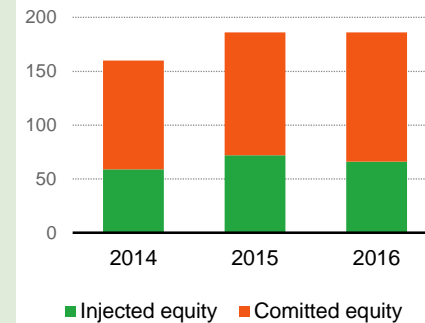
**Portfolio (number)**



**Result**



**Investment**





## Sea lock, IJmuiden

BAM PPP and BAM Infra



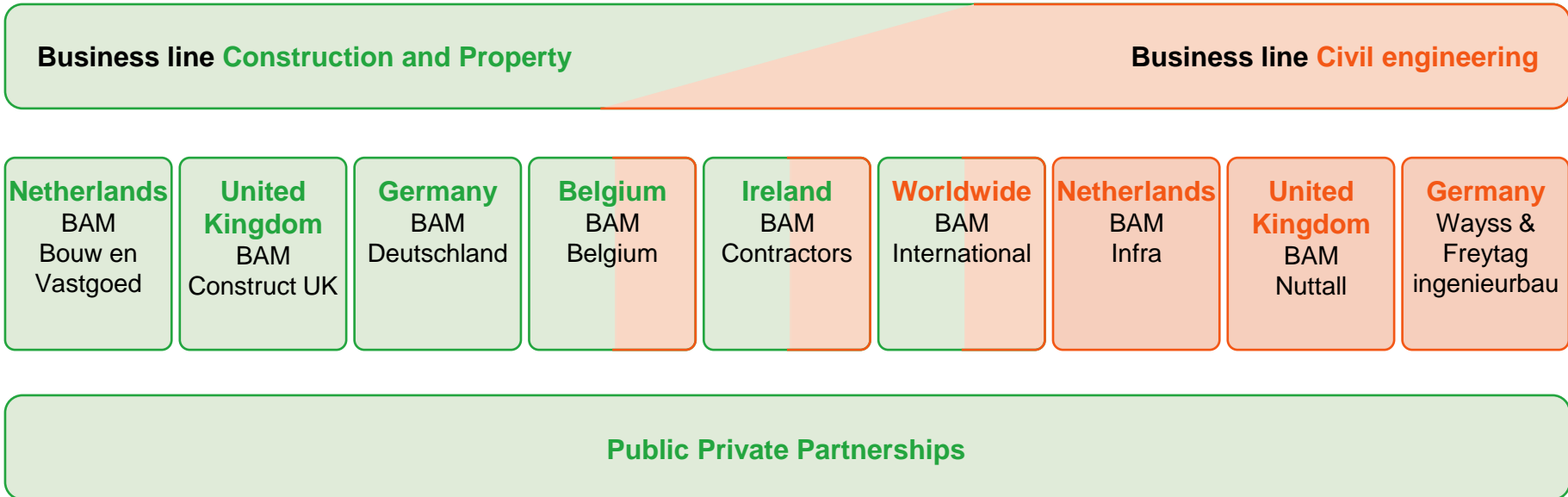
# Restructuring

Strategy implementation

	<b>C&amp;P NL</b>	<b>CE NL</b>	<b>C&amp;P GE</b>
	Integration Construction & property	Further integration regions	Re-focus from country wide to selected cities
	<b>C&amp;P NL</b>	<b>CE B</b>	<b>International</b>
	Oversupply commercial and offices	Walloon budget constraints	Oil & gas

Market circumstances

# New sector reporting



# Income statement

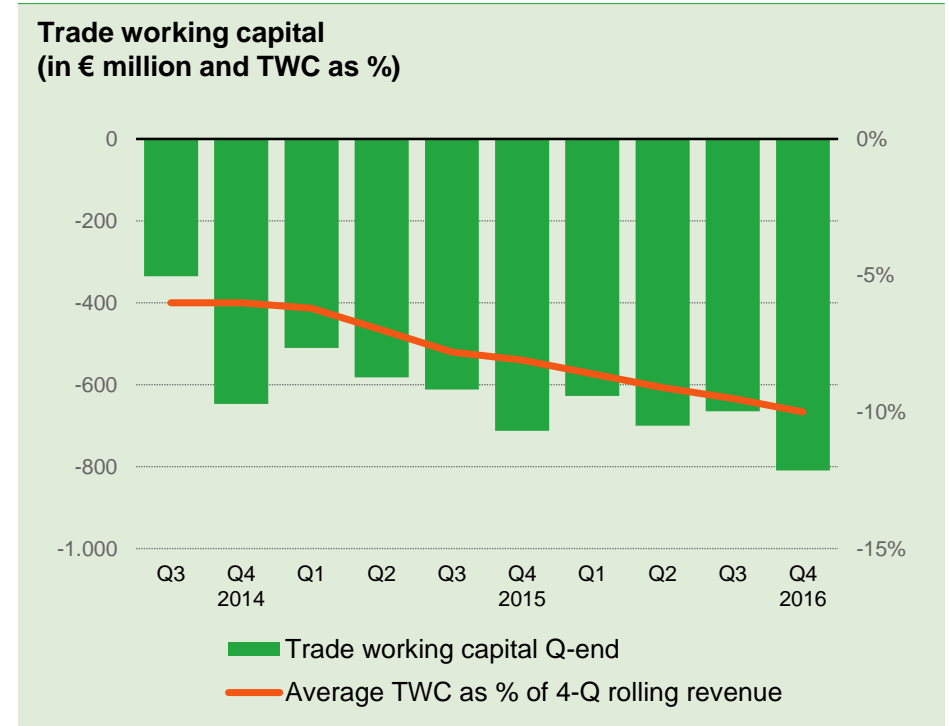
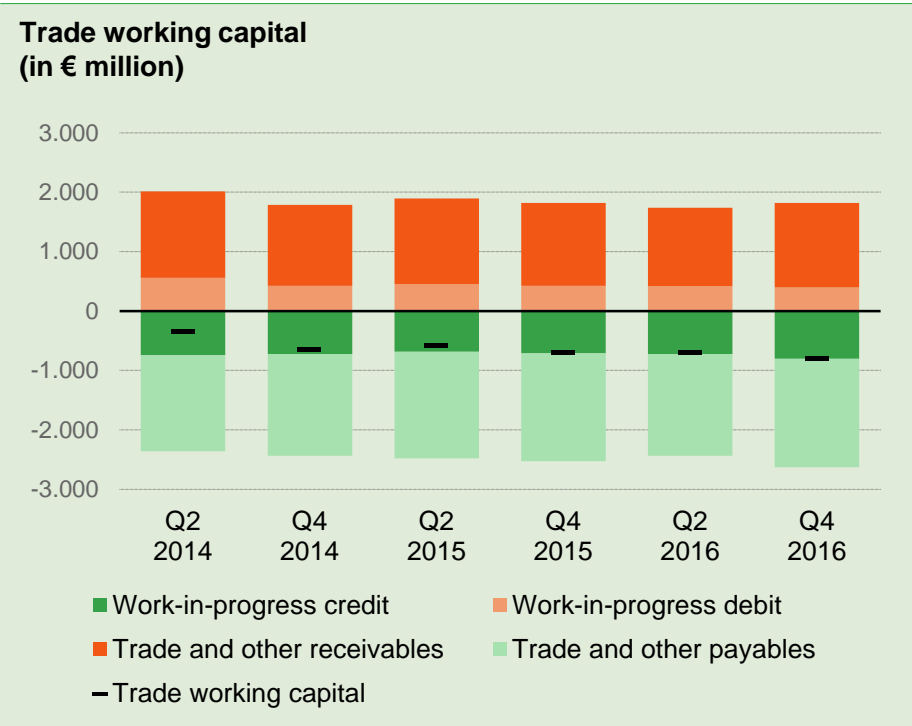
<i>(in € million, unless stated otherwise)</i>	<b>2016</b>	<b>Margin</b>	<b>2015</b>	<b>Margin</b>
Total sectors	<b>104.0</b>	<b>1.5 %</b>	100.4	1.4%
Group overhead	<b>0.5</b>		-9.6	
Group interest charge	<b>-1.8</b>		-2.6	
Adjusted result before tax	<b>102.7</b>	<b>1.5%</b>	88.2	1.2%
Restructuring	<b>-33.5</b>		-38.6	
Impairments	<b>-50.7</b>		-39.1	
Pension one-off	<b>41.6</b>		2.8	
Income tax	<b>-10.9</b>		-2.3	
Non-controlling interest	<b>2.4</b>		-0.8	
Net result	<b>46.8</b>	<b>0.7%</b>	10.2	0.1%.

## Cash flow

<i>(in € million)</i>	2016	2015
Net cash result	90	85
Investments TFA	-55	-53
Δ Trade working capital	116	31
Net investment Property	-1	71
Net investment PPP	7	-6
Δ Other working capital	27	-33
<b>Business cash flow</b>	<b>184</b>	<b>95</b>
Dividend	-2	-
Restructuring	-33	-54
Pensions (additional)	-12	-36
Others	-35	8
<b>Δ Cash position</b>	<b>102</b>	<b>13</b>

- Trade working capital efficiency reached the target of -10% at year-end 2016 (year-end 2015: -8.1%). Cash flow €89 million higher.
- Property cash flow below level of 2015 when most of BAM's finished non-residential properties were sold.
- Changes in Other working capital was driven by transactions with joint operations.
- Restructuring in 2016 relates mainly to Back in shape programme.
- Pension payments reduced reflecting lower risks in UK pension schemes.
- Others included a €33 million negative translation effect of the pound sterling (2015: positive effect €10 million).

# Trade working capital

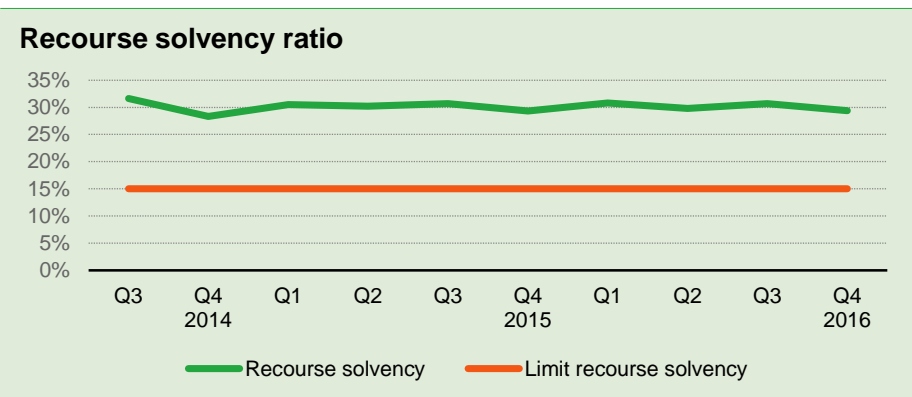
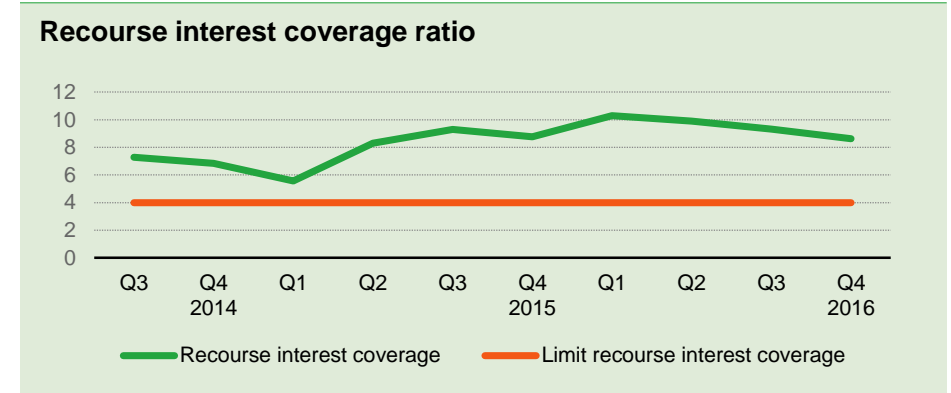
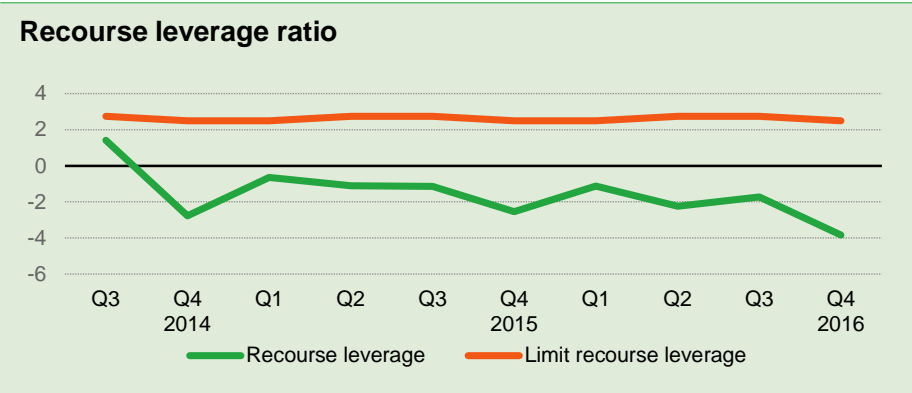


## Financial position

<i>(in € million, unless stated otherwise)</i>	FY16	FY15
Cash position	<b>739</b>	637
Interest-bearing debt	<b><u>612</u></b>	<u>597</u>
Net cash position	<b>127</b>	40
Recourse net cash position	<b>495</b>	359
Capital ratio	<b>19.7%</b>	21.2%
Return capital employed	<b>2.8%</b>	0.2%

- Cash position improved reflecting strong cash flow.
- Subordinated bank loan replaced by subordinated convertible bonds for the same amount.
- Revolving credit facility refinanced into 2022 at improved terms.
- Capital ratio impacted due to weaker pound sterling and actuarial losses on pensions due to lower interest rates.
- Return on capital employed helped by improved results.

# Covenants



## Order book

<i>(in € million)</i>	2016	2015
Construction and Property	6,264	6,559
Civil engineering	3,950	4,895
PPP	342	558
Eliminations and other	-356	-512
<b>Total sectors</b>	<b>10,200</b>	<b>11,500</b>

- Quality improving due to maintaining tender discipline.
- Civil engineering affected by slow down oil & gas, cancellation Belgium PPP project in Q1 and weaker pound.
- Total impact lower pound €0.4 billion.



## Market conditions

- **Netherlands non-residential construction and property:** demand for offices and retail space was weak with signs of stabilisation and opportunities for redevelopment going forward.
- **Netherlands residential construction and property:** despite growing demand, new build residential volumes are lagging because of the reduced capacity for zoning and permitting at local governments. The markets continue to develop along the twin track.
- **UK:** markets were generally stable during 2016. So far, the Brexit vote appears to be having limited impact on civil engineering and construction markets.
- **Germany:** construction and civil engineering markets improved slowly during the year. The longer term outlook for public infrastructure, including PPP, remains promising.
- **Belgium:** civil engineering remains subdued with long lead times and delays for public infrastructure. Other markets are stable.
- **Ireland:** positive momentum; construction activity recovering faster than civil engineering.
- **International:** continuing weak demand oil & gas market; opportunities in selected on-shore markets.

# Outlook

For 2017, BAM expects the revenue to be slightly lower and the adjusted result before tax to be higher than the level of 2016. BAM anticipates a significantly lower restructuring charge compared to 2016.



## Dividend 2016

BAM proposes a dividend of 9 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.



# Annexes

**Brexit**

**Updated strategy: Building the present, creating the future**

**Property investments**

**PPP investments**

**Net cash analysis**

**Revenue sector/country**

# Brexit



The **UK is BAM's No.2** home market; well diversified UK operations in Construction, Civil engineering and PPP



**Short term** BAM sees no material impact: no UK orders have been cancelled and winning new orders



**Impact** weaker pound on BAM's numbers:

- revenue -€254m
- adjusted result -€4.6m
- order book -€445m
- cash position -€33m



**Longer term**

consequences remain to be seen; UK and EU expected to try to mitigate negative impact

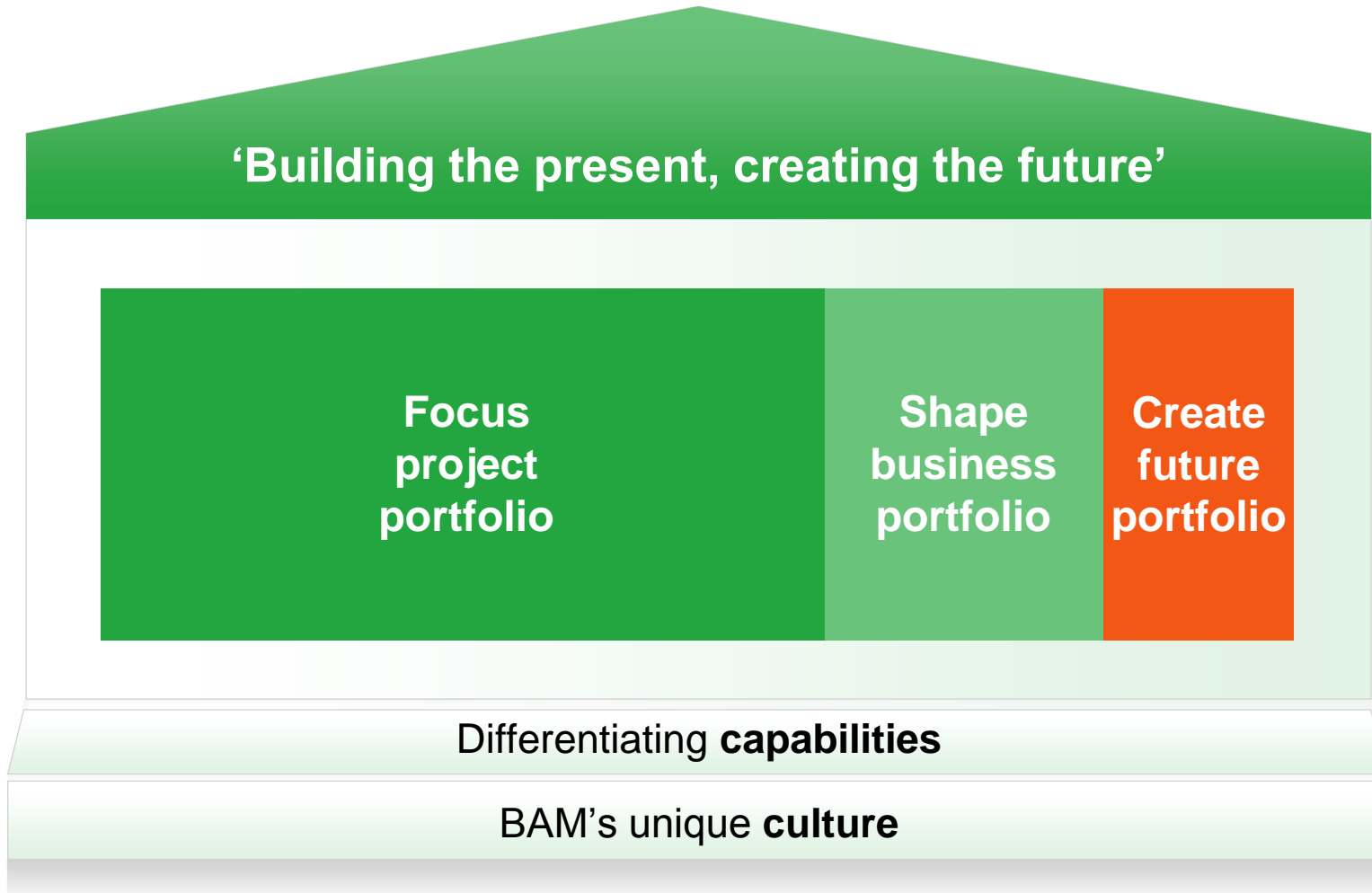


BAM has **spoken to staff, customers and supply chain** to assess market reaction



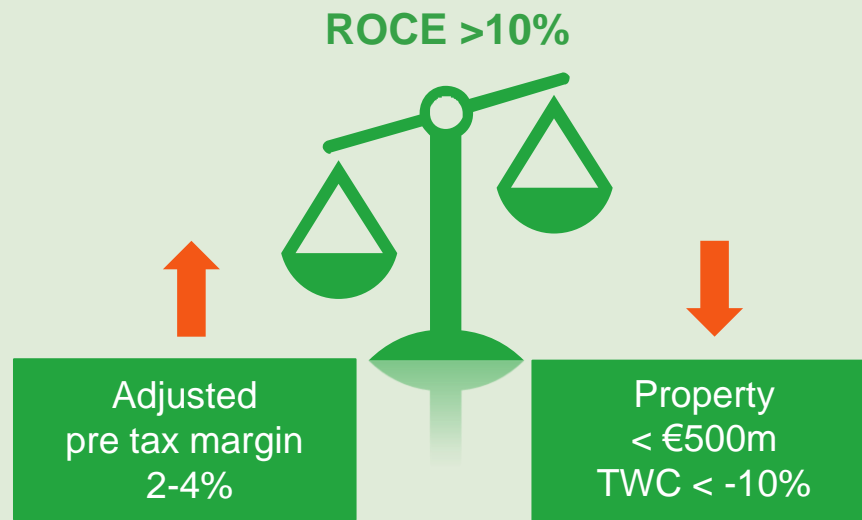
BAM has a **solid UK order book** and will adjust its operations if required

# Strategy 2016-2020



# Targets 2020

## Profit



## People

Safety IF < 3.5



## Planet

Net positive impact



# Focusing project portfolio (1)

## Scale



## Expertise





## Focusing project portfolio (2)

### Selection



### Stage gate



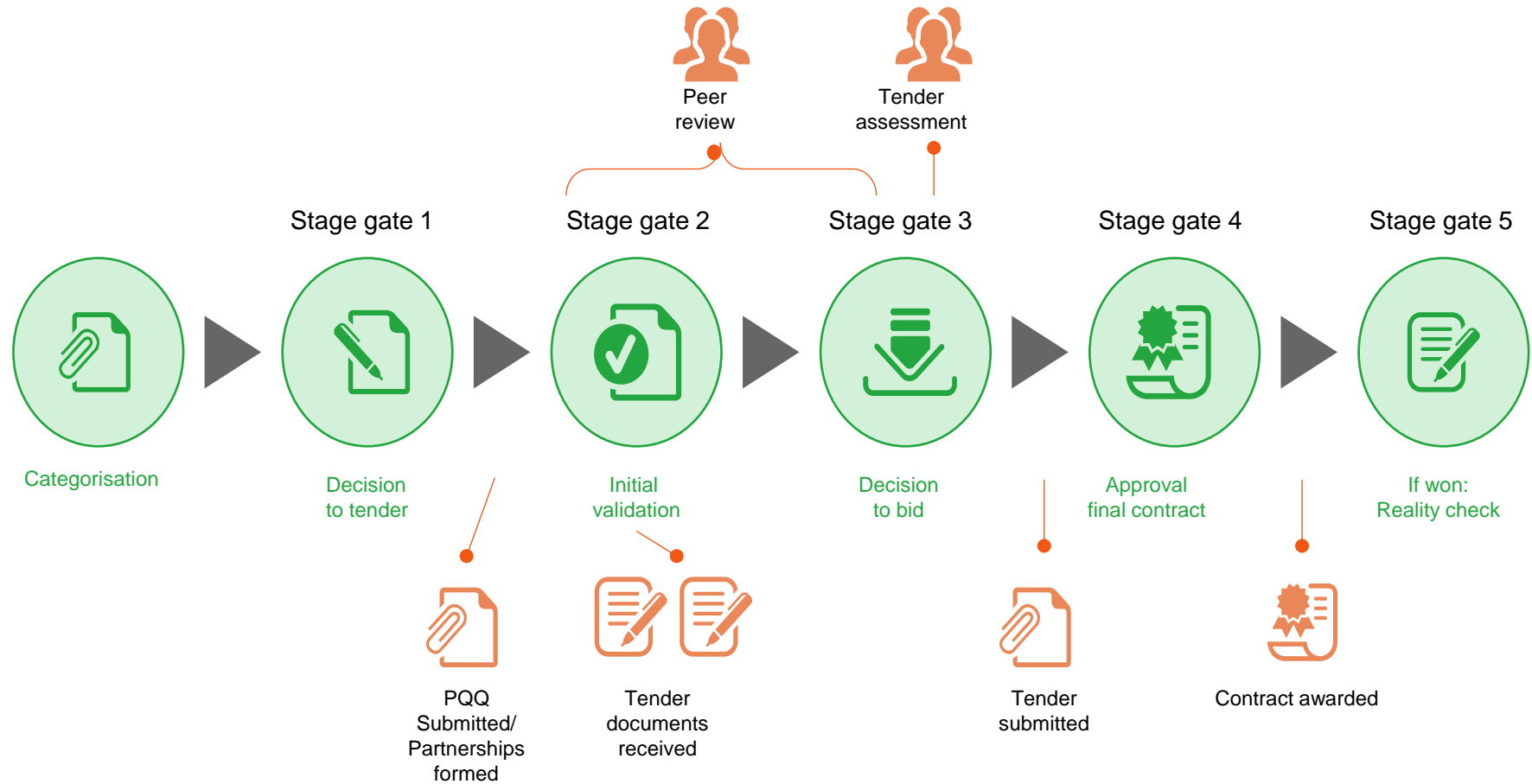
### Peer review



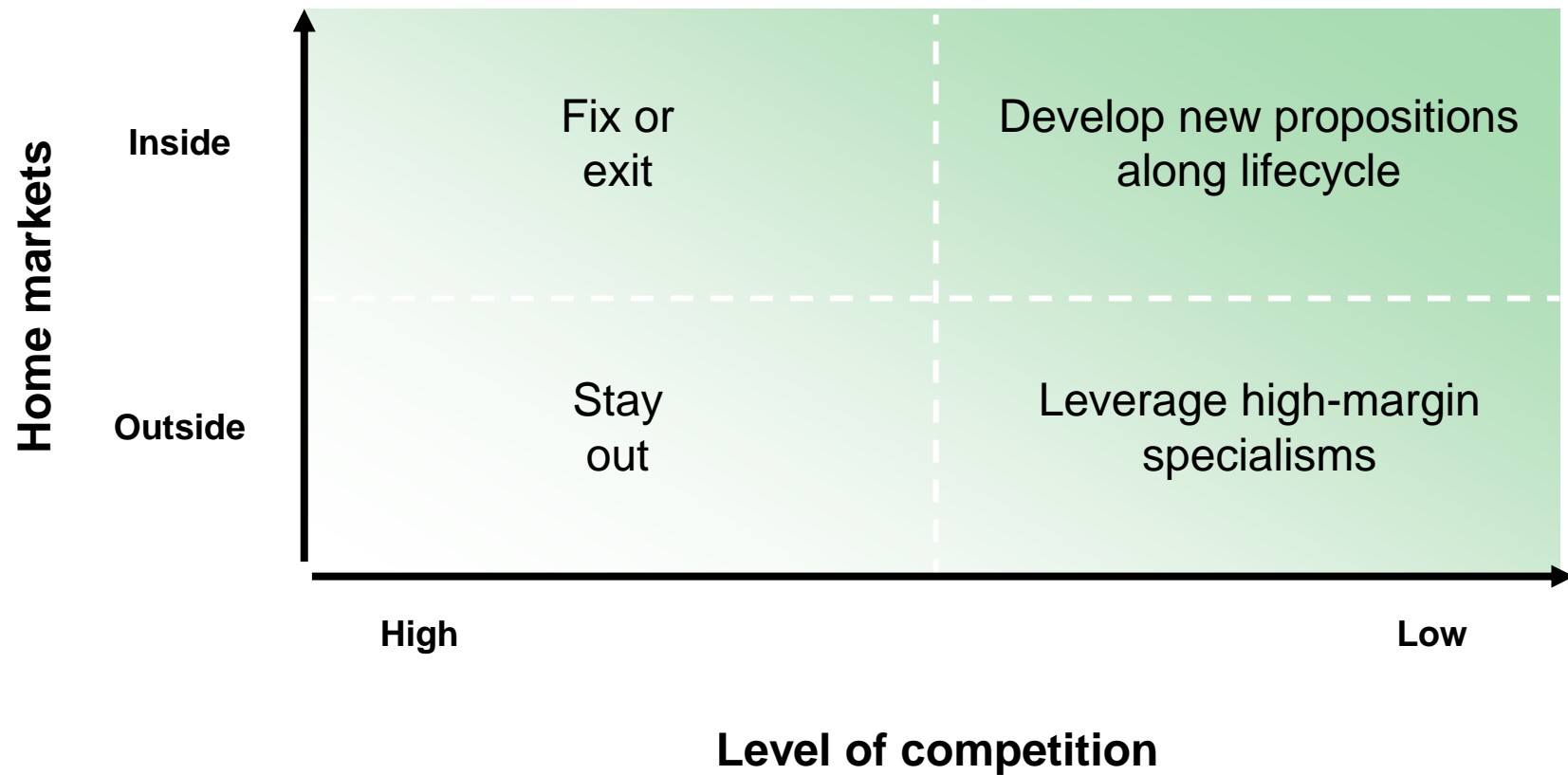
### Operational audit



# Focusing project portfolio (3)

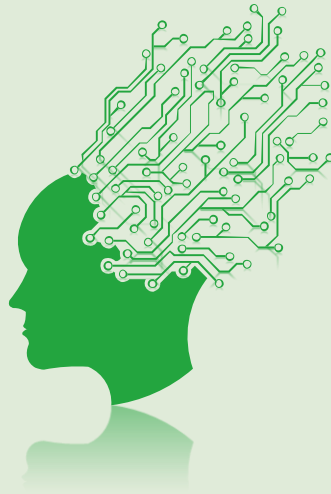


# Shape business portfolio



# Create future portfolio

## Digital construction process



## Digital built environment



# Culture



Predictable performance



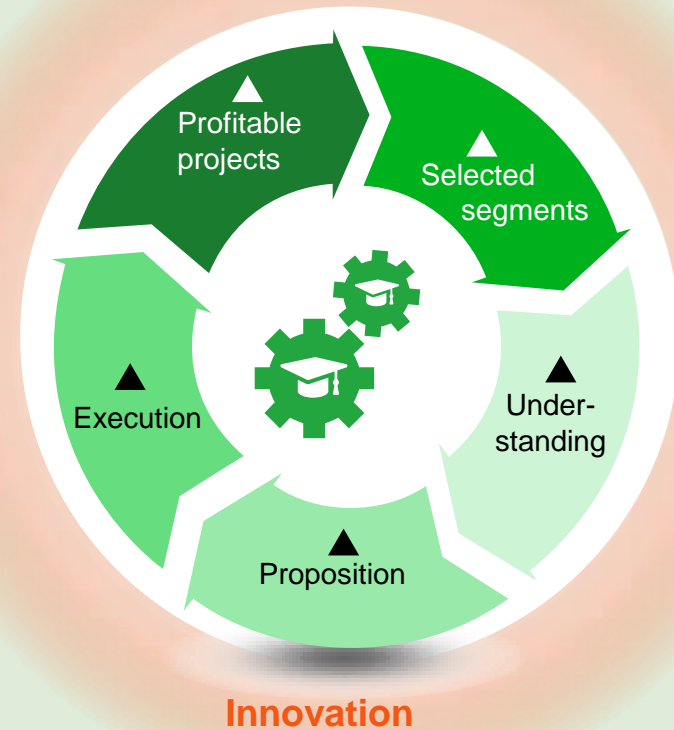
Pro active ownership



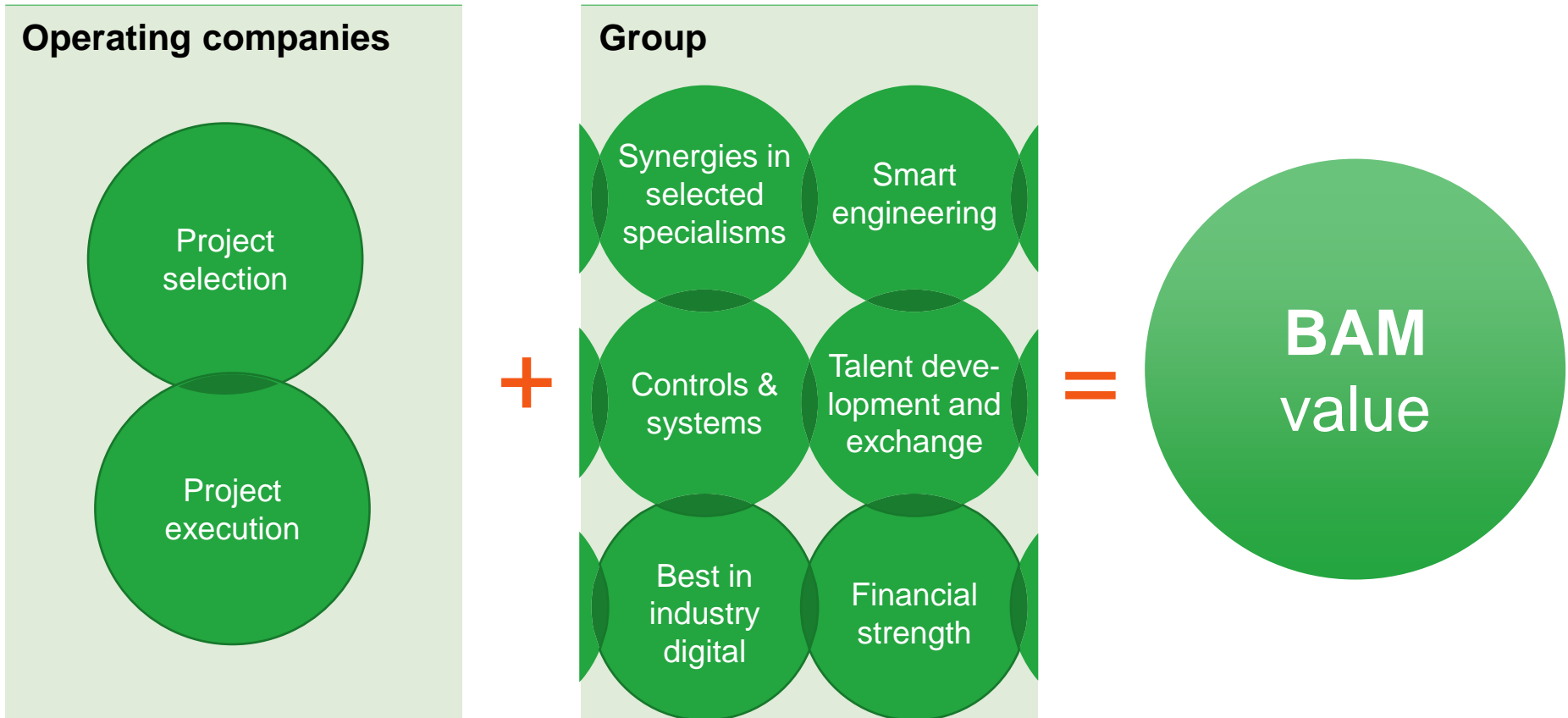
Open collaboration



Scalable Learning



# Capabilities

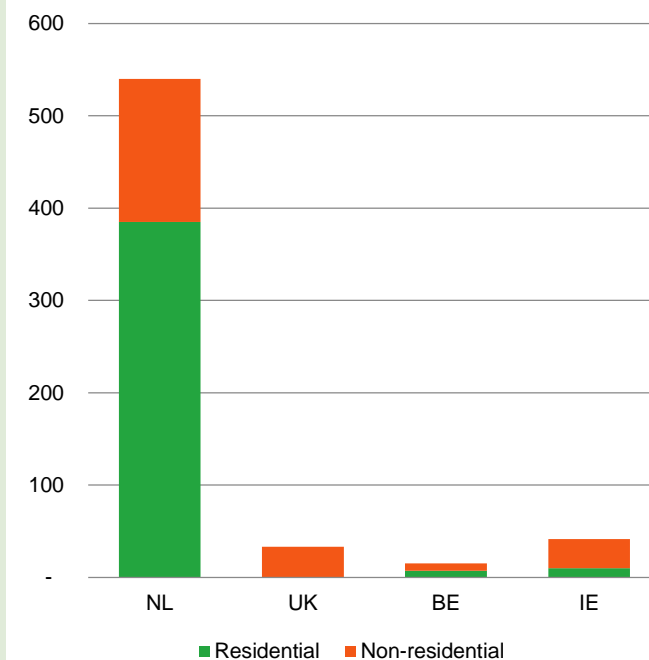


# Property investments

<i>(in € million, unless stated otherwise)</i>	Q4 2016	Q4 2015
Land and building rights	<b>387</b>	429
Property development	<b>243</b>	311
<b>Total investments (a)</b>	<b>630</b>	740
Non-recourse loans	<b>86</b>	116
Recourse loans	<b>69</b>	80
<b>Total loans (b)</b>	<b>155</b>	196
Property associates/JV/AHFS (c)	<b>146</b>	100
<b>Net investments (a)–(b)+(c)</b>	<b>621</b>	644

*(in € million)*

## Total investments (Q4 2016)



## PPP investments

<i>(in € million, unless stated otherwise)</i>	<b>Q4 2016</b>	<b>Q4 2015</b>
Investment equity <sup>1)</sup>	<b>66</b>	72
Committed equity <sup>2)</sup>	<b>120</b>	114
Total invested & committed equity	<b>186</b>	186
NPV Total invested & committed equity (A)	<b>165</b>	162
NPV Future equity cash inflows (B)	<b>238</b>	239
Estimated unrealised value (B) – (A)	<b>73</b>	77

<sup>1)</sup> BAM share invested in equity of PPP contracts

<sup>2)</sup> Excluding contracts in preferred bidder stage



## Net cash analysis

	2016	2015
Non recourse PPP loans	274	195
Non recourse project financing	94	124
Other project financing	119	133
<b>Total 'project related'</b>	<b>487</b>	<b>452</b>
Subordinated bank loan	-	124
Subordinated convertible bonds	113	-
Financial lease liabilities	7	14
Bank overdrafts and other loans	5	7
<b>Total interest-bearing debts</b>	<b>612</b>	<b>597</b>
Less: cash	739	637
<b>Net cash position</b>	<b>127</b>	<b>40</b>
<b>Recourse net cash position</b>	<b>495</b>	<b>359</b>

## Revenue sector/country

	Construction and Property	Civil engineering	PPP	Total
Netherlands	20%	17%	2%	<b>39%</b>
United Kingdom	18%	11%	0%	<b>29%</b>
Belgium/L'bourg	7%	4%	0%	<b>11%</b>
Germany/Swiss	6%	5%	1%	<b>12%</b>
Ireland	4%	1%	0%	<b>5%</b>
International	2%	2%	-	<b>4%</b>
<b>Total</b>	<b>57%</b>	<b>40%</b>	<b>3%</b>	<b>100%</b>
Revenue per sector/country 2016 as a percentage of gross total revenue 2016				

## Contact details

### BAM Investor Relations



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