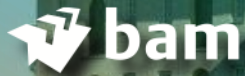


Capital markets event 2017



Royal BAM Group nv



Amsterdam, 6 April 2017

Today's programme

Strategy outline

Rob van Wingerden – CEO

Our people

Rob Zuidema – Group HR Director

Public private partnerships

Chris Williams – Finance Director BAM PPP

Stage gate tendering

Erik Bax – COO

Digital construction platform

Rob van Kampen – Director BAM Startup

Strategy in action

George Mazloumian – MD BAM International

Q&A

Wrap up

Rob van Wingerden – CEO

Strategy outline

Rob van Wingerden – CEO



Our mission and vision underpin the strategy ...

Building the present, **creating the future**

Leading in
Performance,
Innovation,
Sustainability

Mission

Why are we in business?

We create sustainable environments that enhance people's lives
by enabling the right people to capitalise on state-of-the-art knowledge, resources and digital technologies,
providing solutions across the total construction life cycle for our customers and clients,
and generating maximum value for our stakeholders.

Vision

Where do we want to be in 2020?

By 2020 we are recognised as one of Europe's leading sustainable and innovative construction businesses,
with healthy profits and a strong balance sheet,
active across the total construction life cycle

in European home markets and in selected growing economies.

Performance measures



Profit

ROCE > 10%



Planet

Net Positive Impact

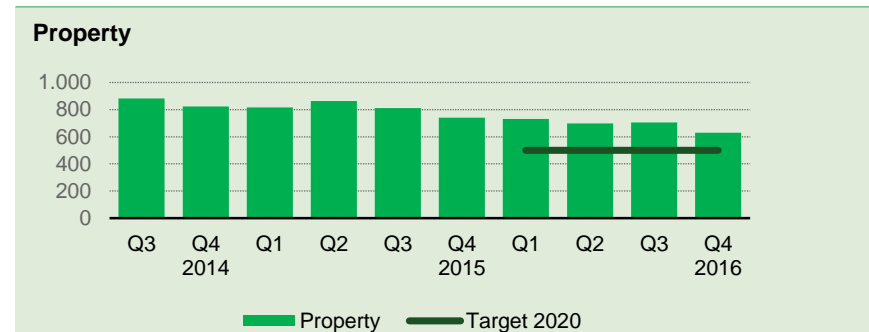
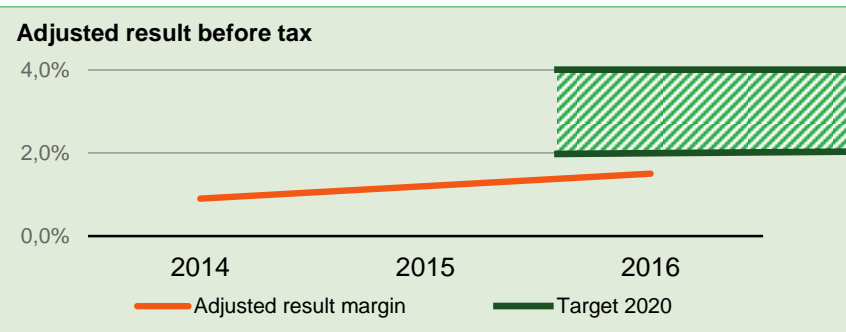
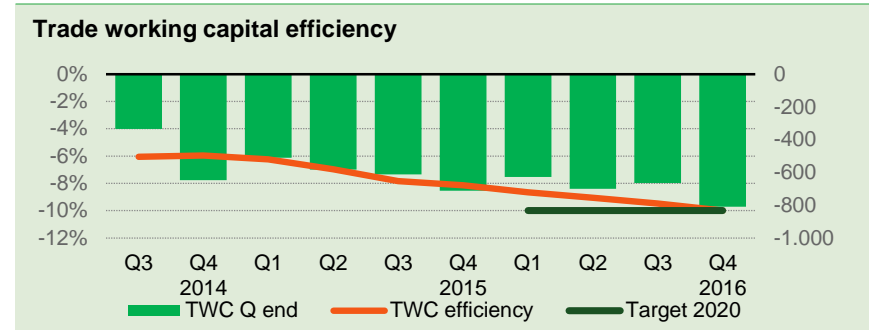
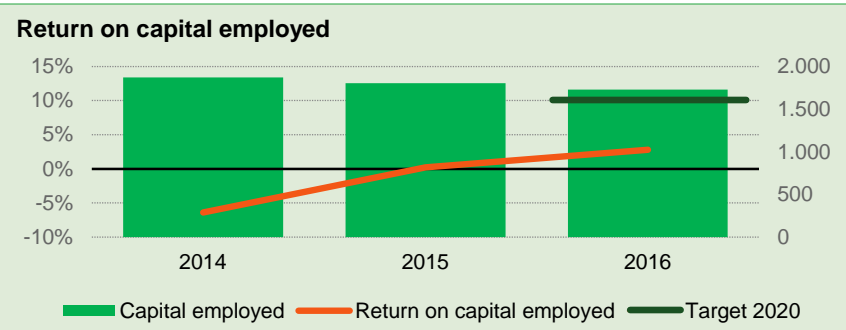


People

Safety IF < 3.5

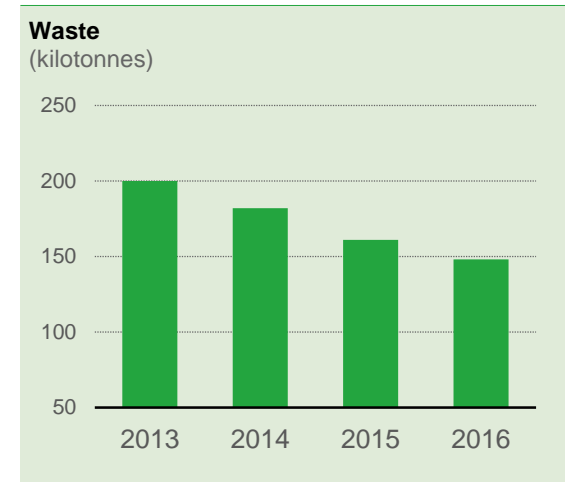
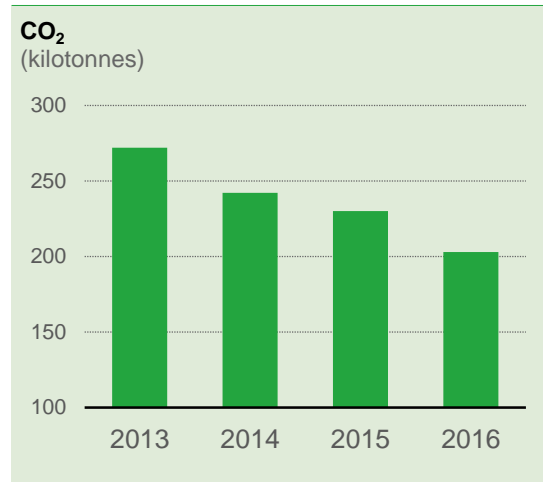
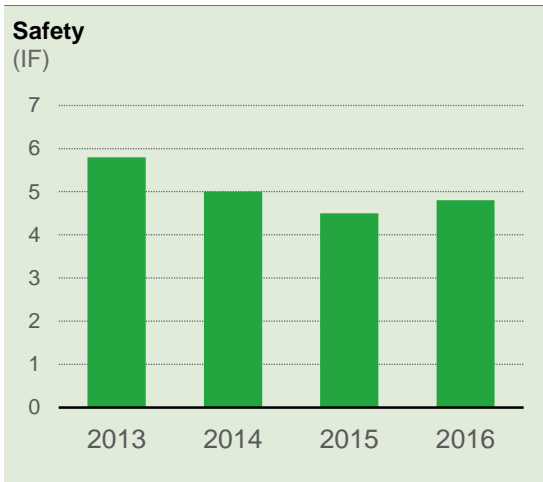
Strategy execution

Profit



Strategy execution

People & Planet



Strategy 2016-2020



Profit



Planet



People

'Building the present, creating the future'

Focus
project
portfolio

Shape
business
portfolio

Create
future
portfolio

Differentiating **capabilities**

BAM's unique **culture**

Strategy 2016-2020

Profit

Planet

Leading in
Performance,
Innovation,
Sustainability

People

‘Building the present, creating the future’

Doing
things
better

**Focus
project
portfolio**

Doing
better
things

**Shape
business
portfolio**

Doing
new
things

**Create
future
portfolio**

We make
it before
we make
it

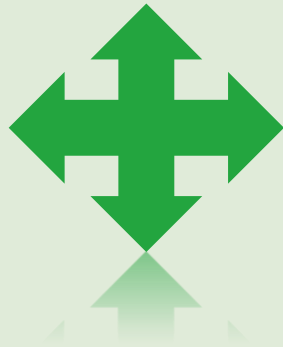
Differentiating capabilities

BAM’s unique culture

Performance,
Learning,
Ownership and
Collaboration

Unlock potential

Scale



Expertise

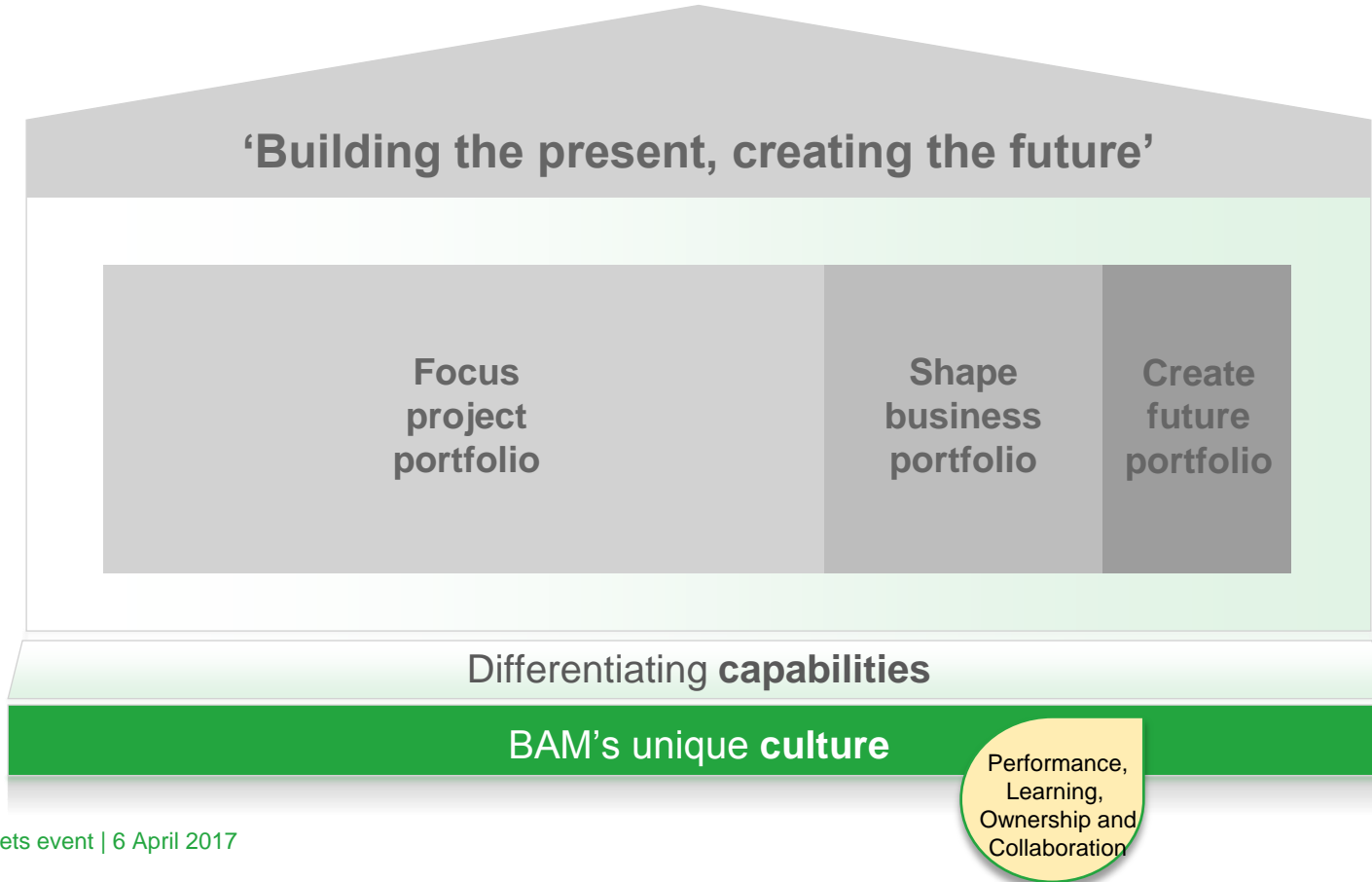


Our people

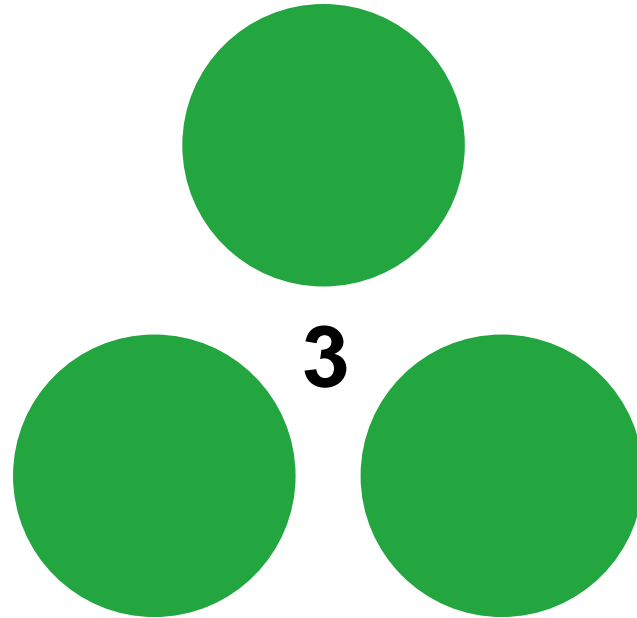
Rob Zuidema – Group HR Director

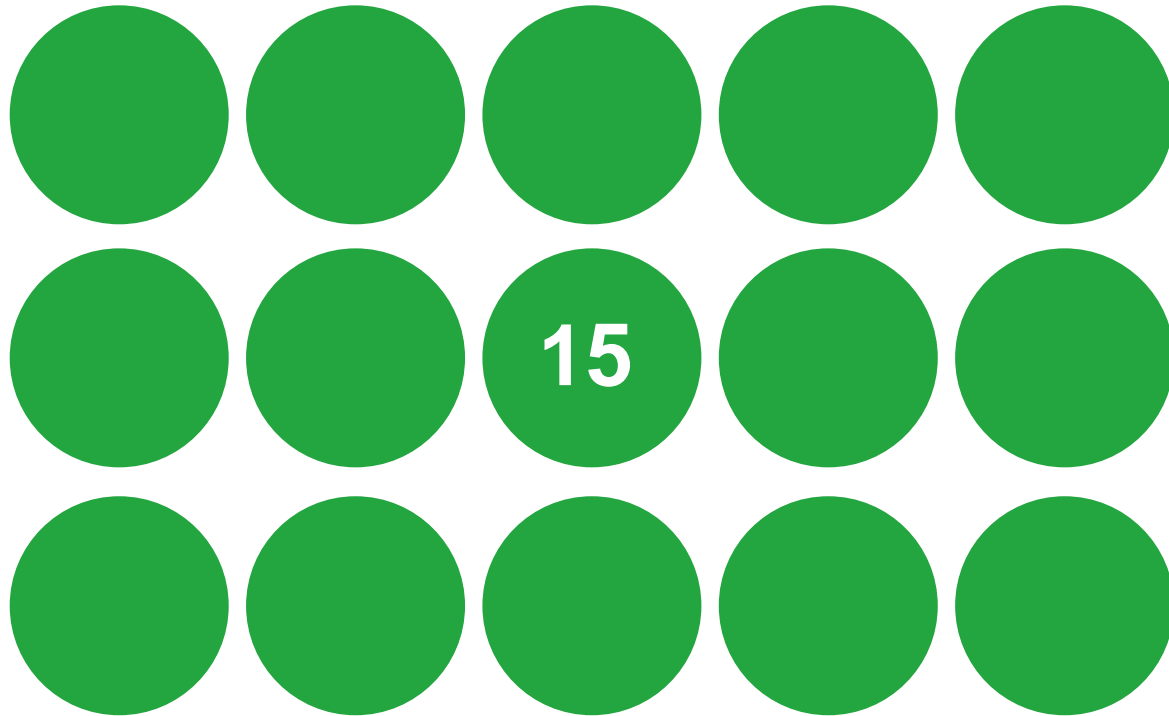


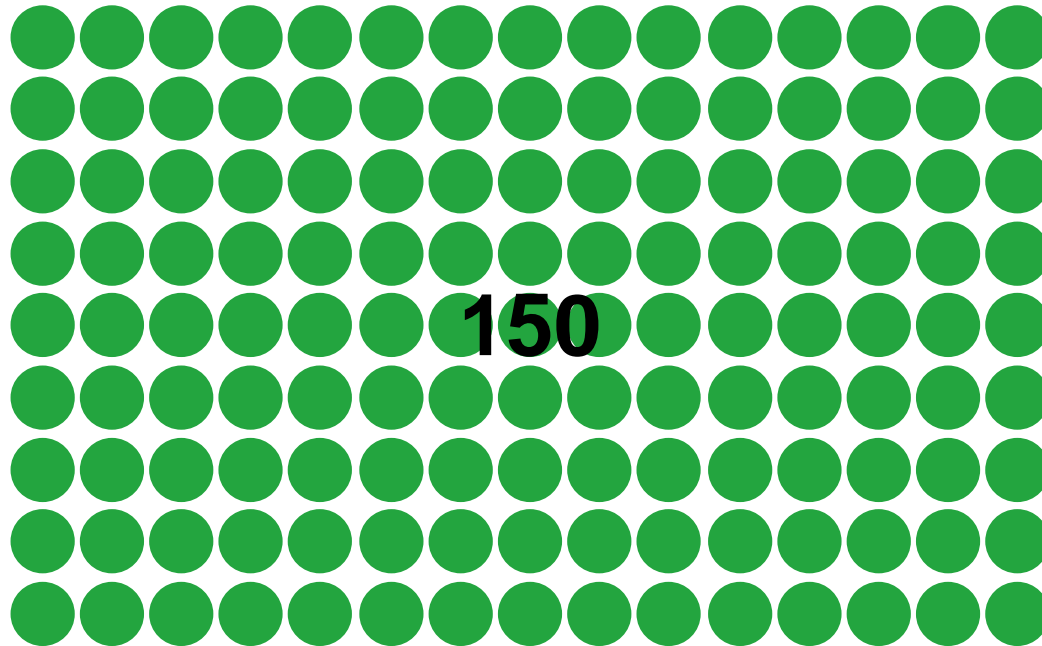
Strategy 2016-2020

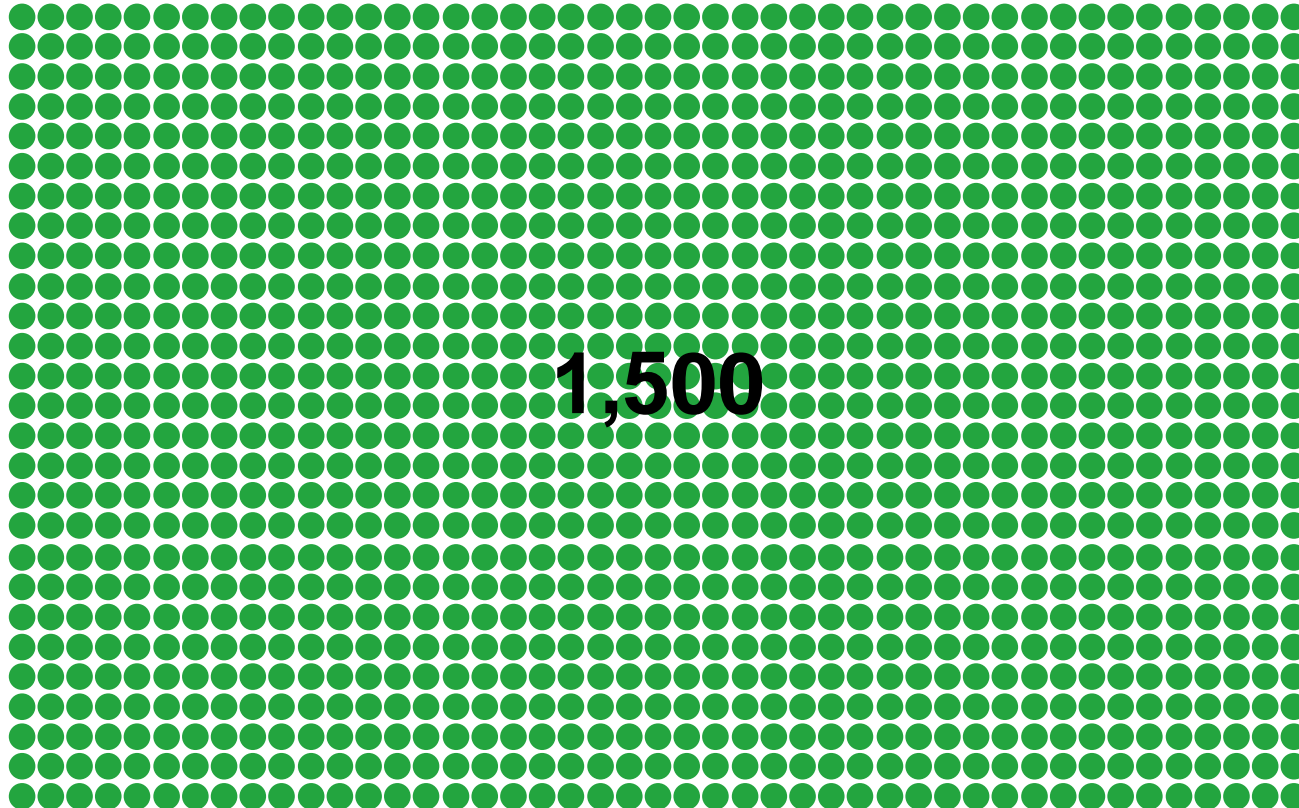












A large rectangular area filled with a dense grid of small green dots, serving as a background for the central text.

20,000

Creating the multiplier effect ... my own experience



Safety



One company



A/B testing



International growth



Strategic agenda
embraced by
leadership who lead
by example



Common language
and goals



Tools, systems and
uniform processes

Common language and goals

Predictable performance
“I deliver what I promise”



Scalable learning
“I ask, listen, and support,
so that we learn collectively”



Pro-active ownership
“I take initiative to prevent
rather than fix”



Open collaboration
“I share, so we all gain”

Tools, systems and uniform processes



Roadshows



PM Seminar



MB Meetings



World Safety Day



Strategy Newsflash



Project Olympus

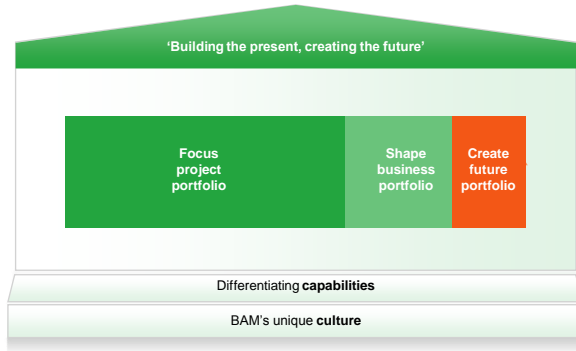


Spring Event

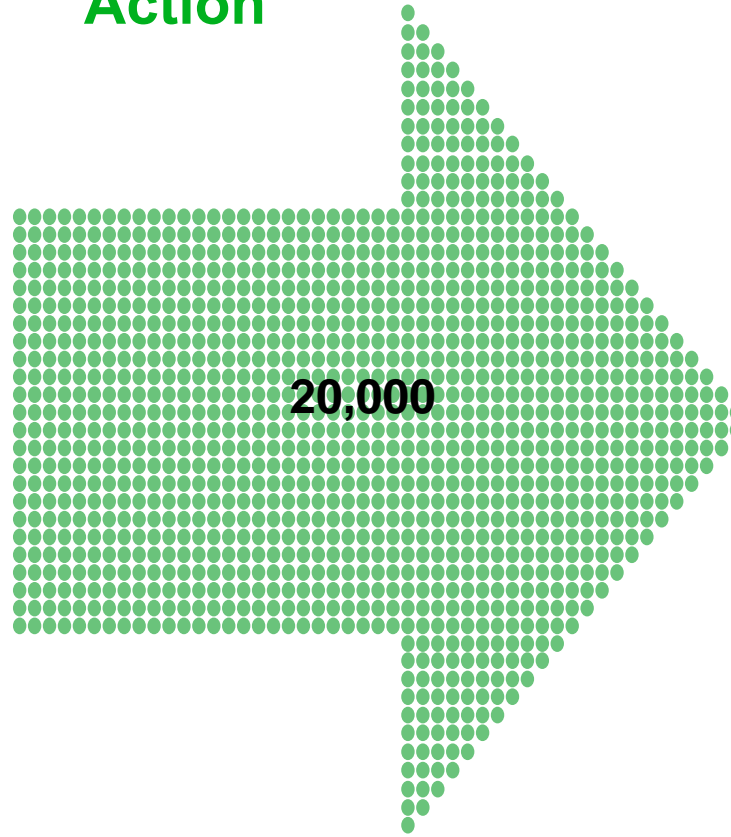


Working capital

Strategy



Action



Results



Profit



Planet



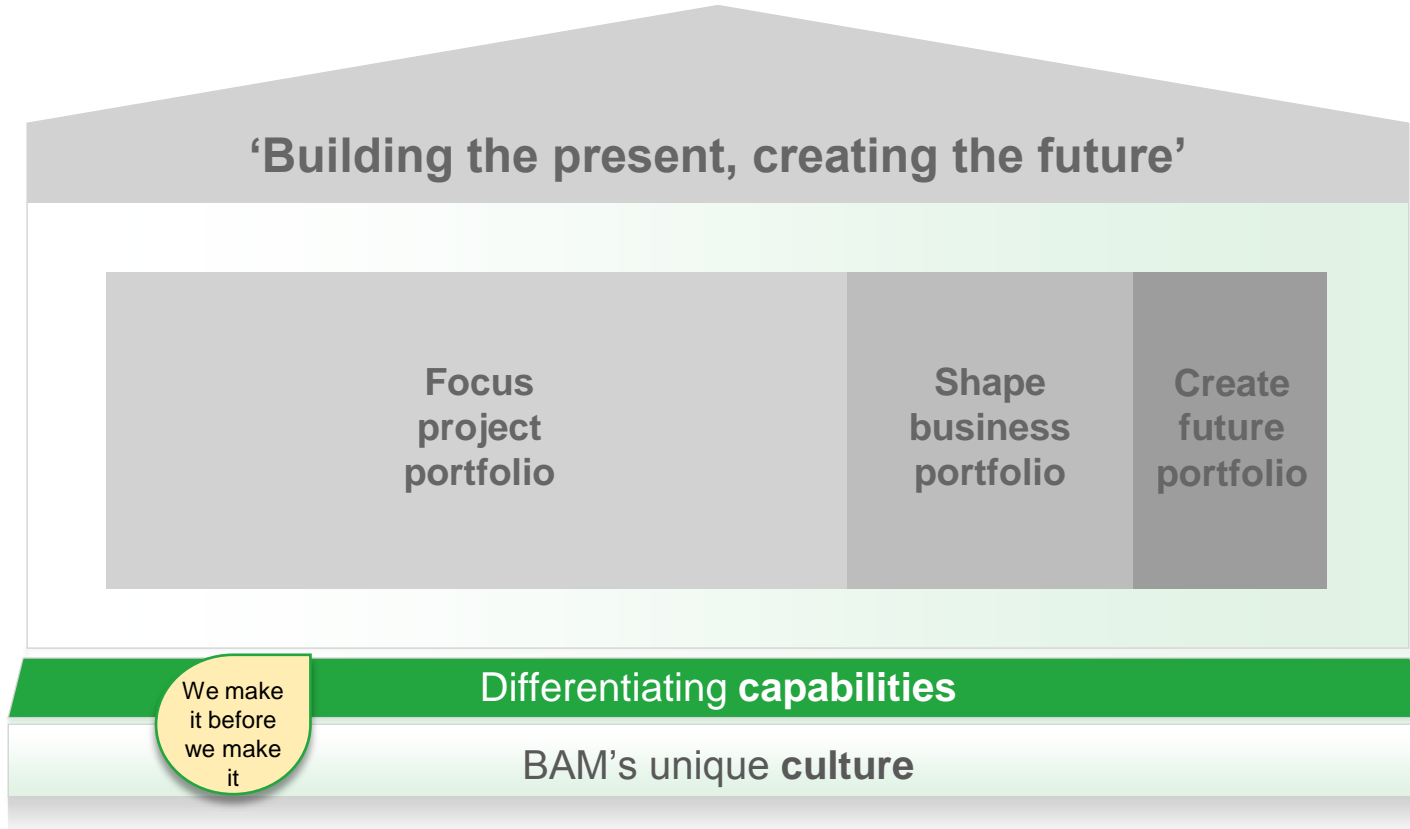
People

Public private partnerships

Chris Williams – Finance Director BAM PPP



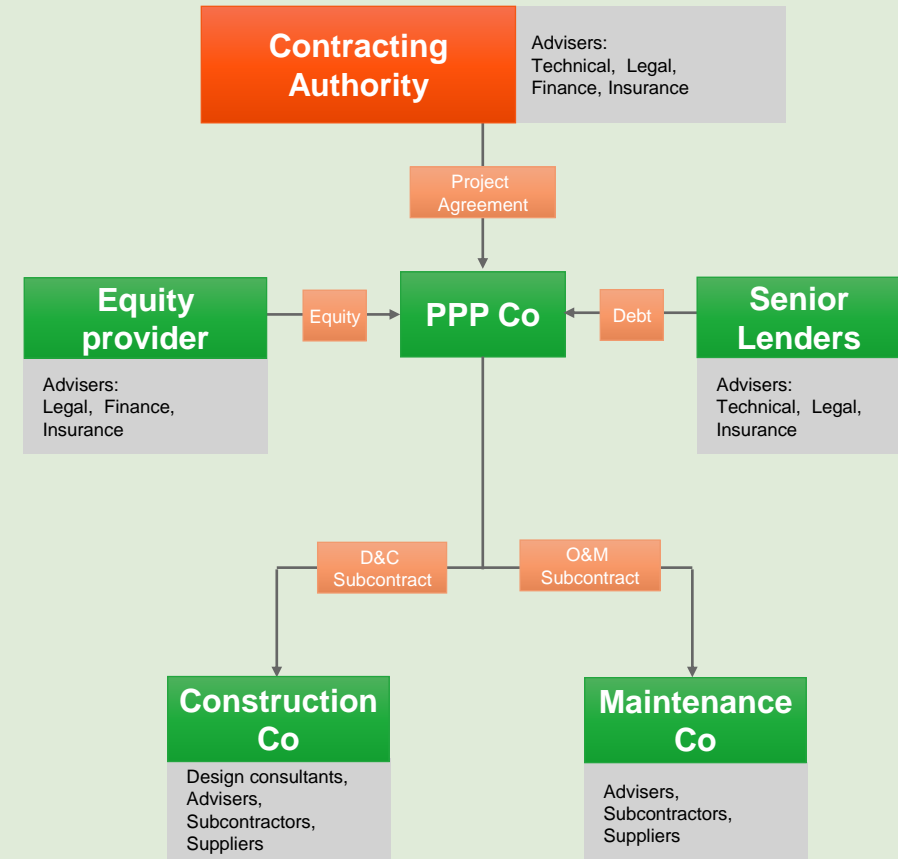
Strategy 2016-2020



Public private partnerships (1)

Characteristics

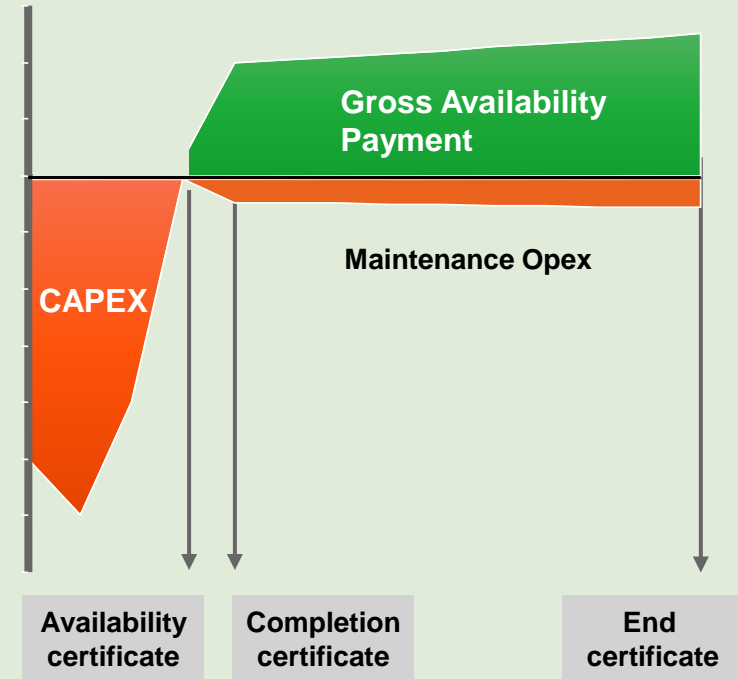
- Long term partnerships
- Private finance
- Risk transfer
- Output oriented
- Concentrated supply
- Global demand



Public private partnerships (2)

Benefits

- Solution to short term capital constraints
- Public sector pays for availability
- Stimulates innovation through “whole life cost approach”
- Value for Money



Overview BAM PPP

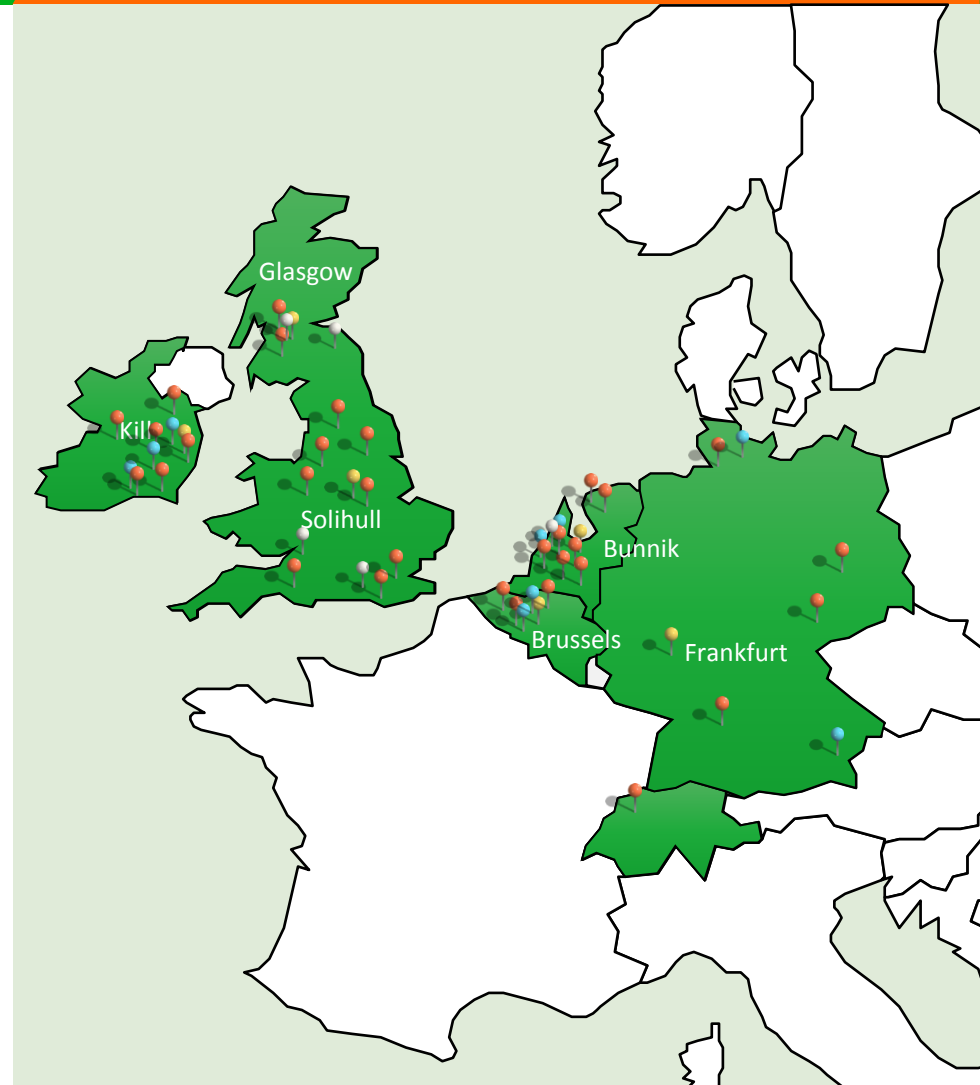
31 
Operational

5 
Under Management

9 
Under
Construction

6 
Our Offices

- RoE in 2016 > 12%
- Recurring revenue Operations & Maintenance in excess of €100 million per year for BAM
- Directors' valuation portfolio €238 million including €73 million unrealised value



BAM PPP role in BAM's strategy



Differentiated & specialist activity



Large multidisciplinary projects



Entire project lifecycle



Digitalised construction and asset management



Cross OpCo collaboration and scalable learning



Home market strength and conduit to new markets



One BAM values

01.

Short term construction

02.

Long term operations / maintenance

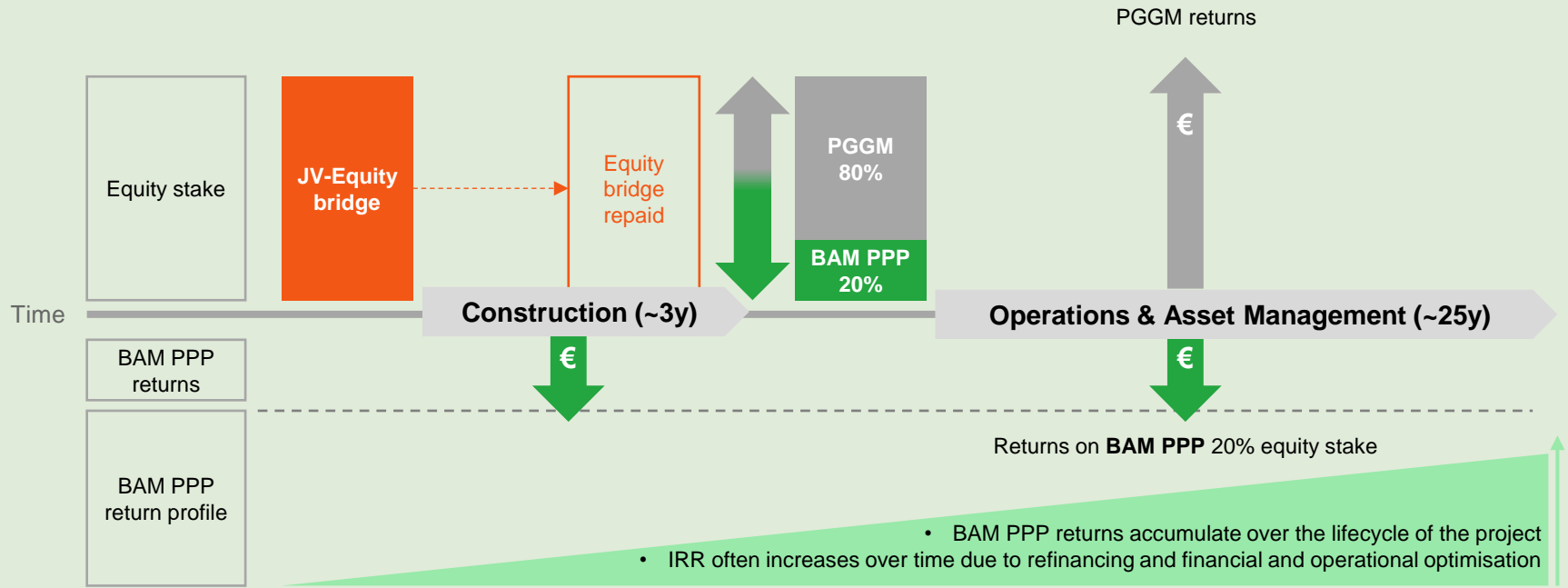
03.

Long term equity investment

Creating value for BAM over project lifecycle

Unique differentiating capability PGGM JV (1)

Returns model



Unique differentiating capability PGGM JV (2)

Benefits

- Exclusive access to equity to support the PPP bid pipeline
- Cost efficient structure

Success

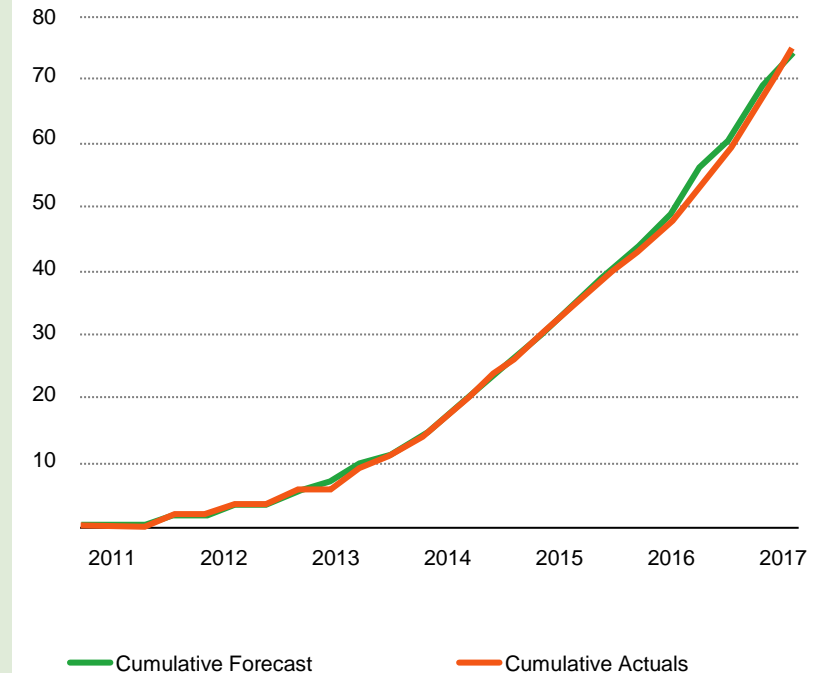
- Initial commitment €240 million
- Current commitment €775 million



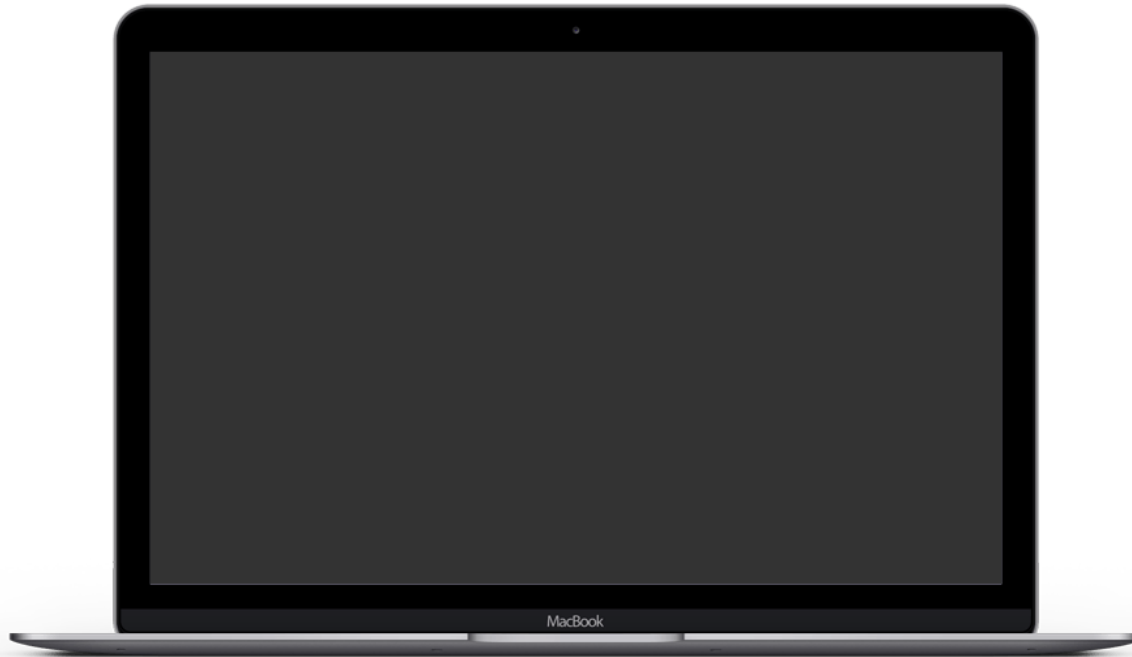
BAM PPP PGGM
Equity Fund Manager of the Year
Shortlisted

Project cash flows

(€ million)



Unique differentiating capability PGGM JV (3)

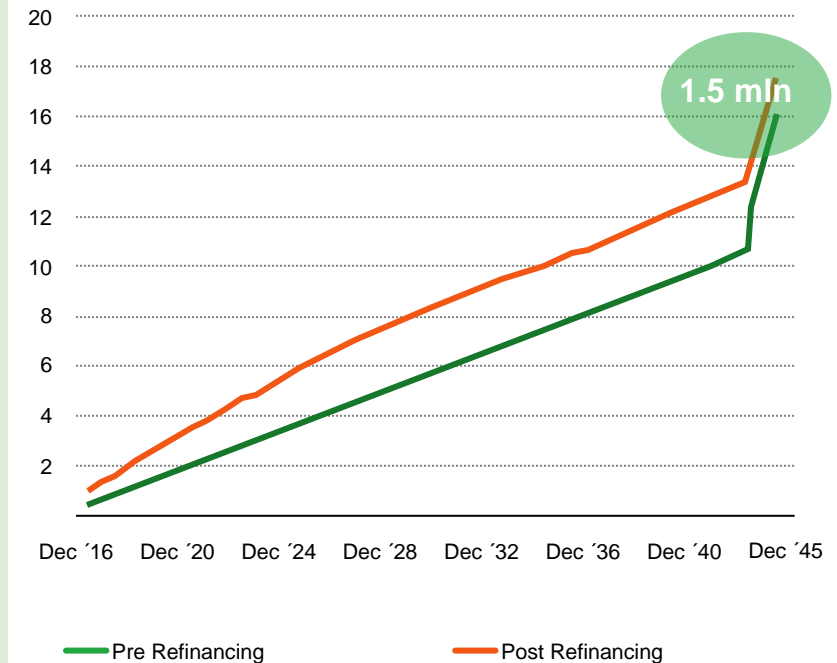


Refinancing – creating value

- Cash flow improvements
- BAM PPP's 20% investment
- BAM PPP - Project management fees
- BAM PPP - Financial advisory fees

Pre and Post Refinancing Shareholder Cashflows

(€ million)



BAM PPP prospects

10

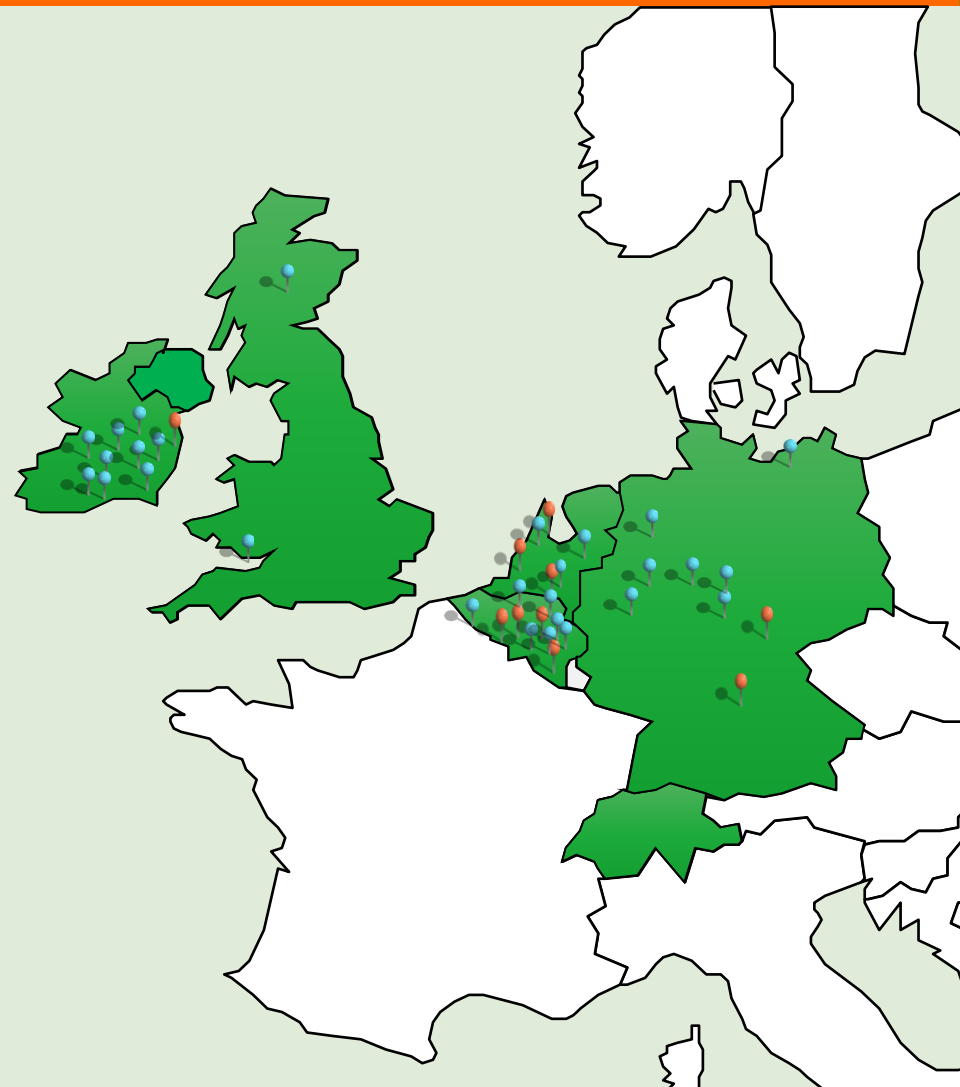
Active Bids

28

Imminent Bids

Strong pipeline of investment opportunities

Europe needs €1.5 - €2 trillion of infrastructure investments by 2020*



* Source: Freshfields Bruckhaus Deringer LLP

Our capabilities in PPP



Bid Win Ratio
(since BAM PPP
inception in 2005)

41%



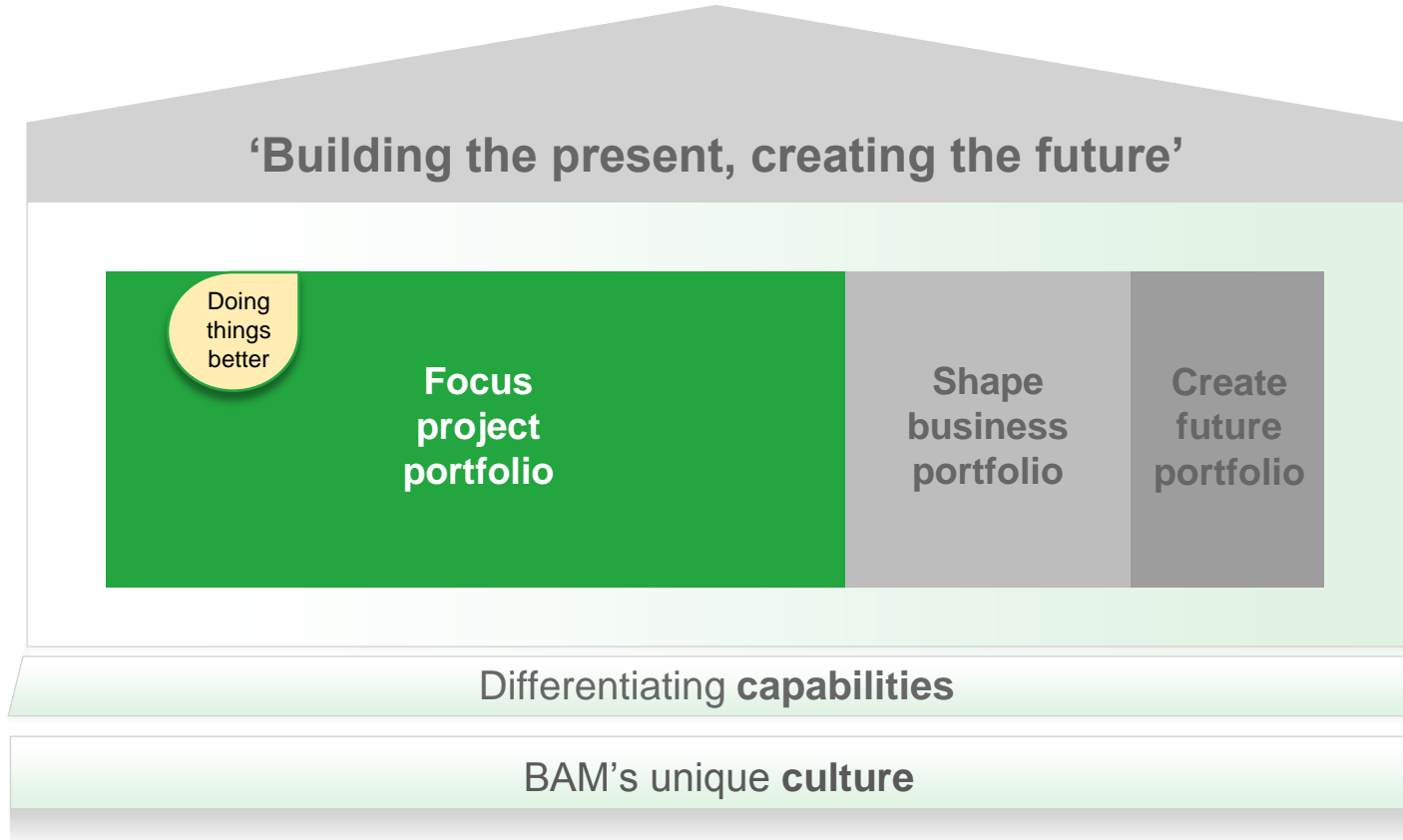
Sea lock, IJmuiden, the Netherlands

Stage gate tendering

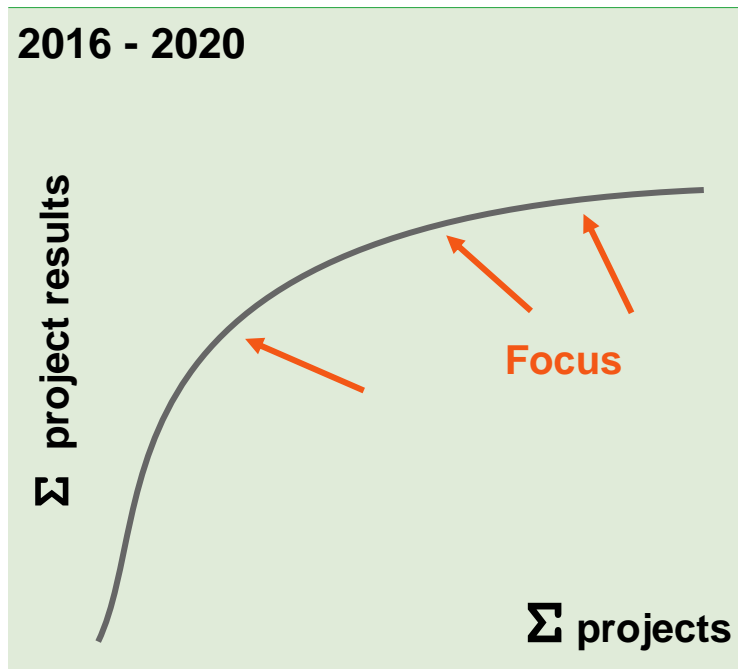
Erik Bax – COO



Strategy 2016-2020

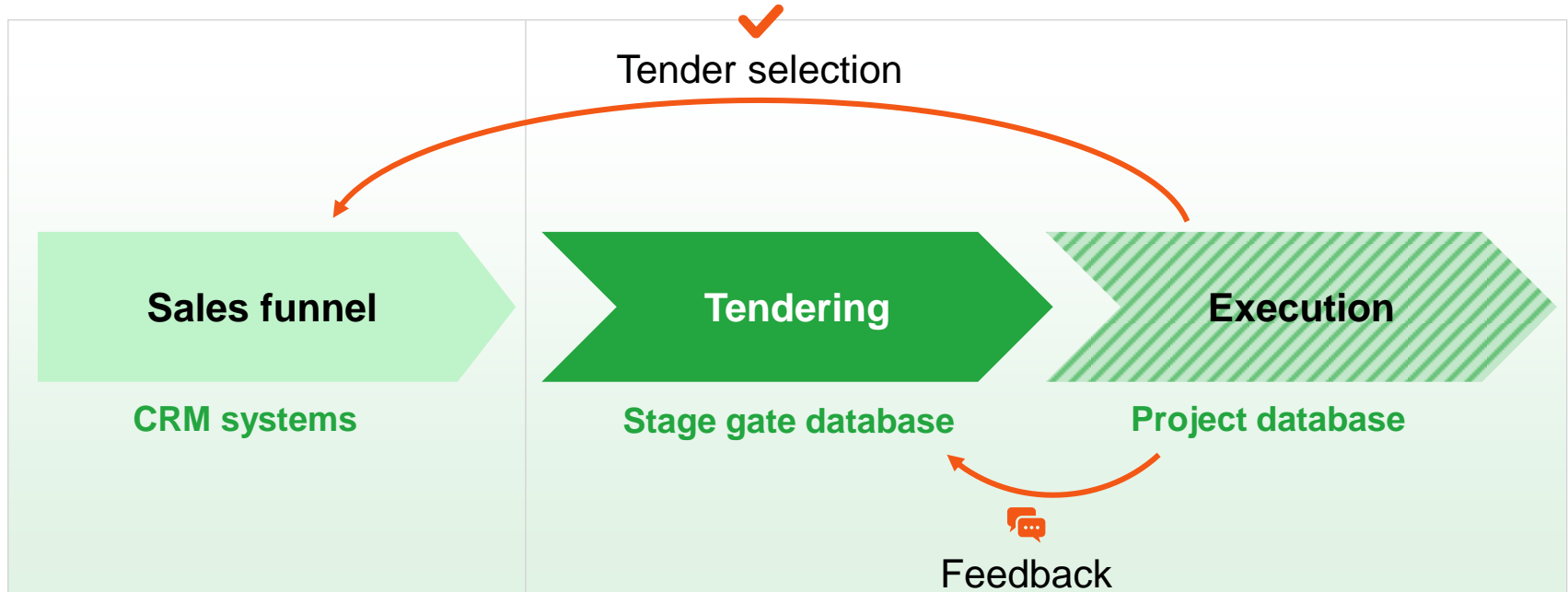


Focus project portfolio ... drives margin improvement

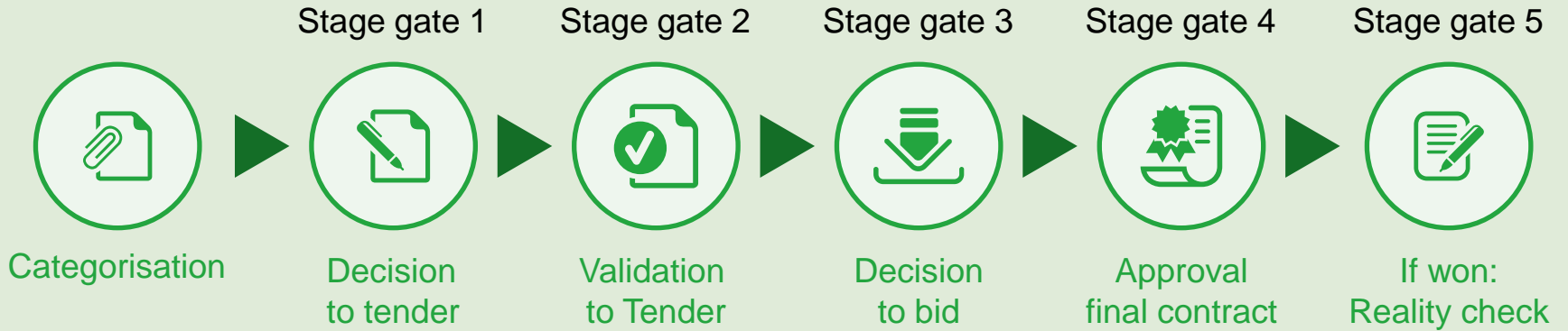


- Focus on projects where we can use scale or expertise to win
- Improving order book quality
 - ↕ Average margin in 2-4% range
 - ▶ More predictable outcome

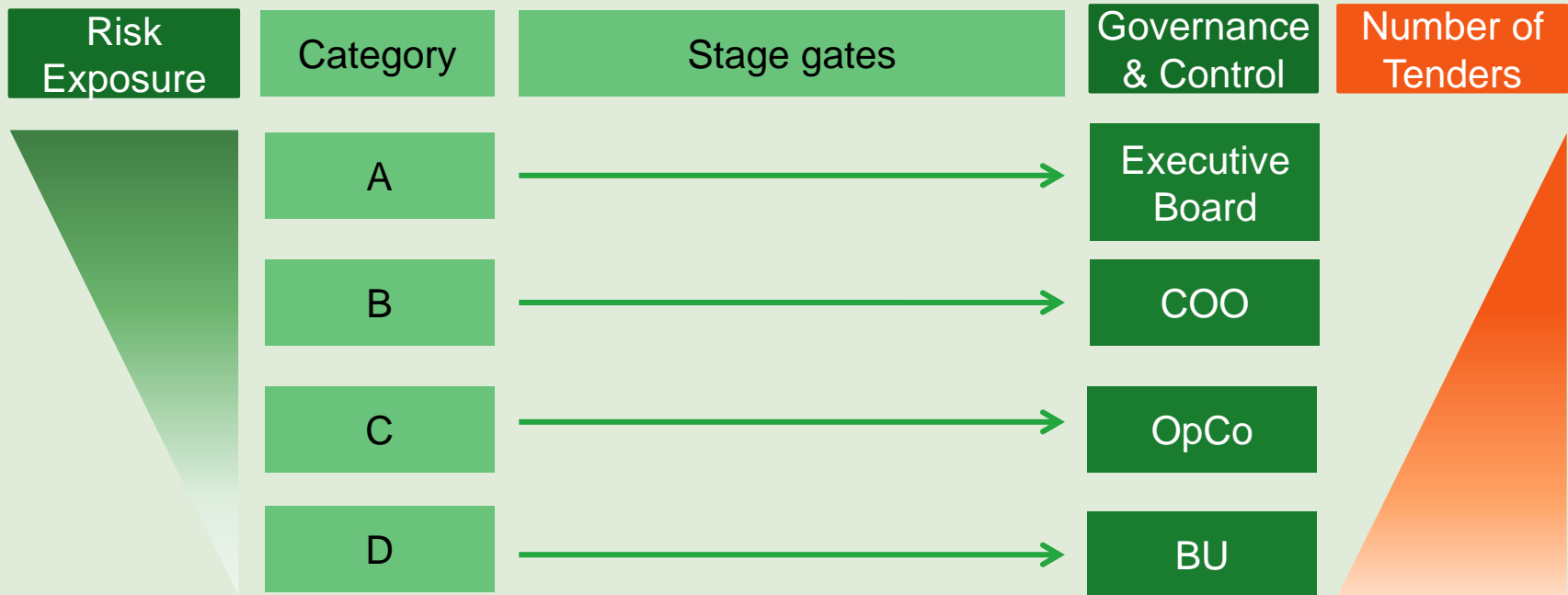
Implementation of data driven tendering



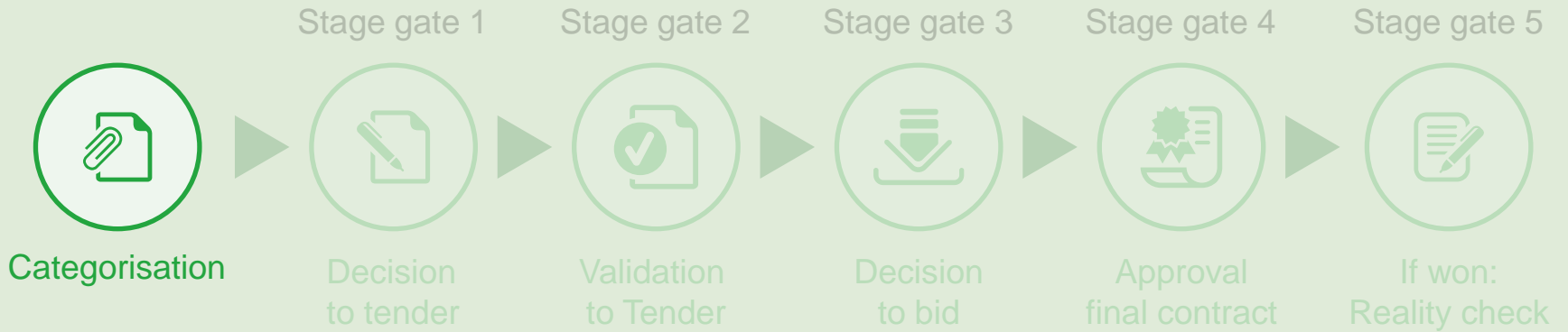
Stage gate tendering



Categorisation determines governance



Categorisation criteria

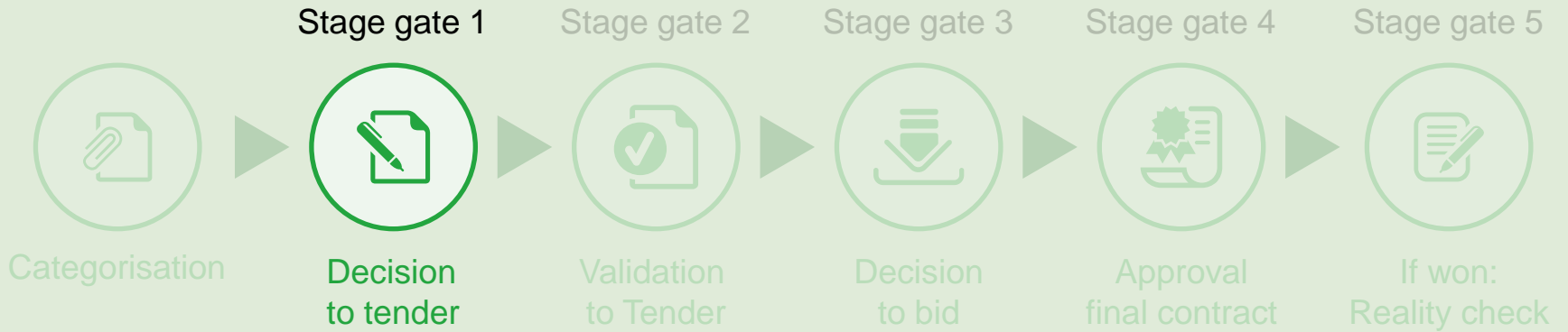


Categorisation



- Contract value
- Contract type
- Our experience
- Logistics
- Organisational complexity
- Ground conditions
- Permits
- Client track record & relationship

Stage gate 1

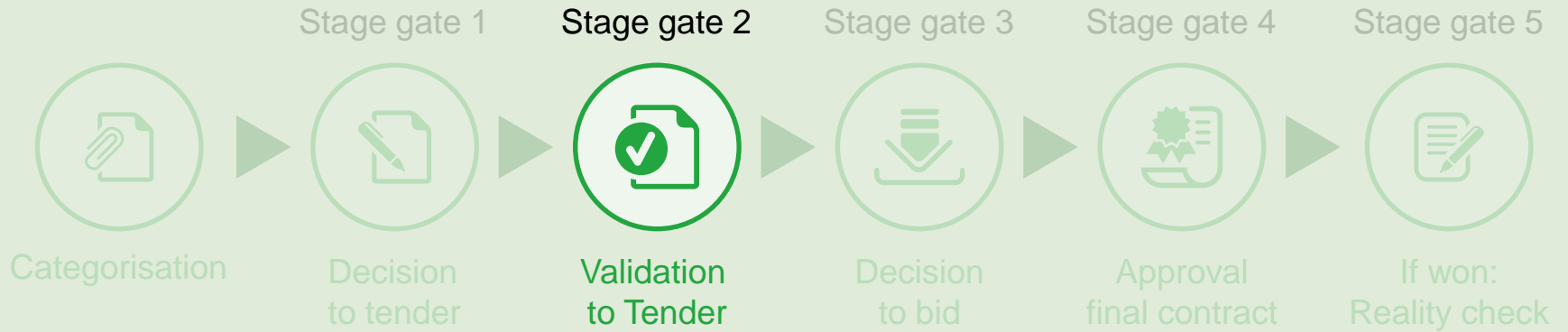


Decision to tender



- Health, Environment and Safety
- Client track record & relationship
- Strategy to win
- Track record project team
- Type of bid: price only or price & quality
- Anticipated contract terms
- Funding and expected cash flow
- Joint venture & supply chain partners
- Decide if SG2 is required

Stage gate 2

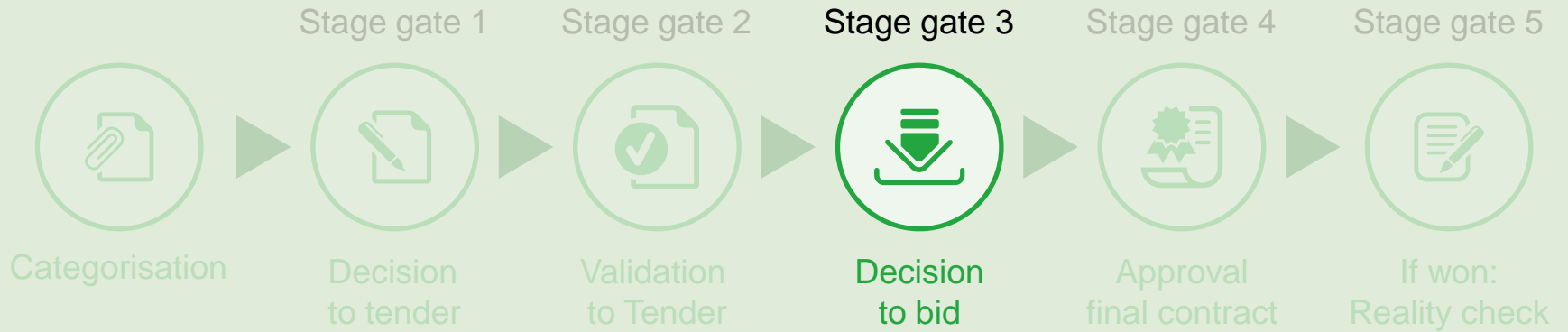


Validation to Tender



- Ground conditions
- Permits
- Contract terms
- Pre qualified competition
- Bonding requirements
- Experience tender team
- Lessons learnt from other projects
- Decide for peer review
- Decide for tender assessment

Stage gate 3

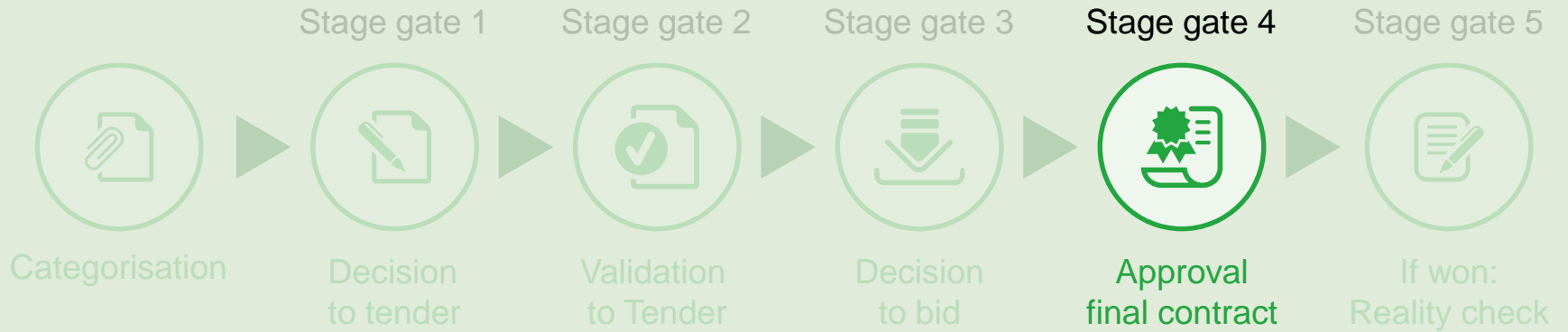


Decision to bid



- Project margin
- Cash flow
- Risk & opportunity profile
- Experience project team
- Supply chain
- Time table
- Quality tender
- Project planning
- Insurance & bank guarantees

Stage gate 4

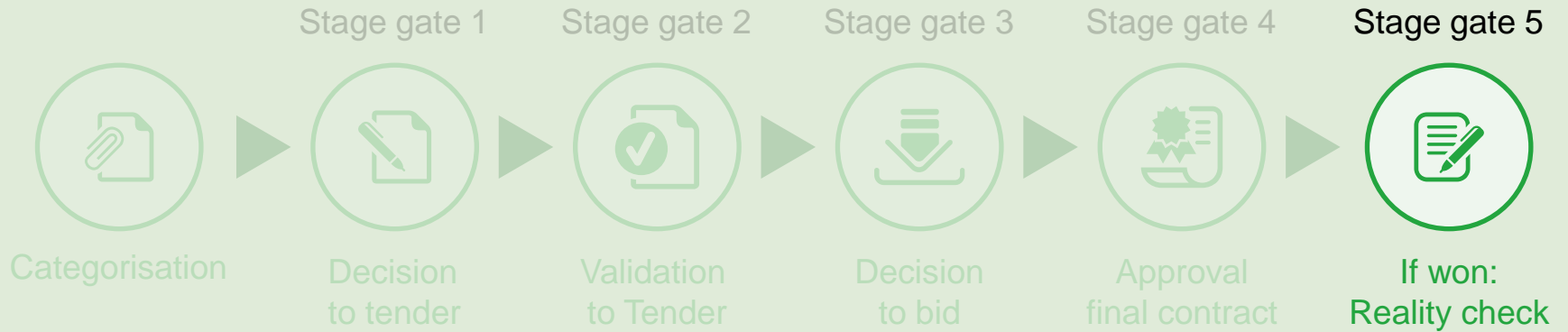


Approval final contract

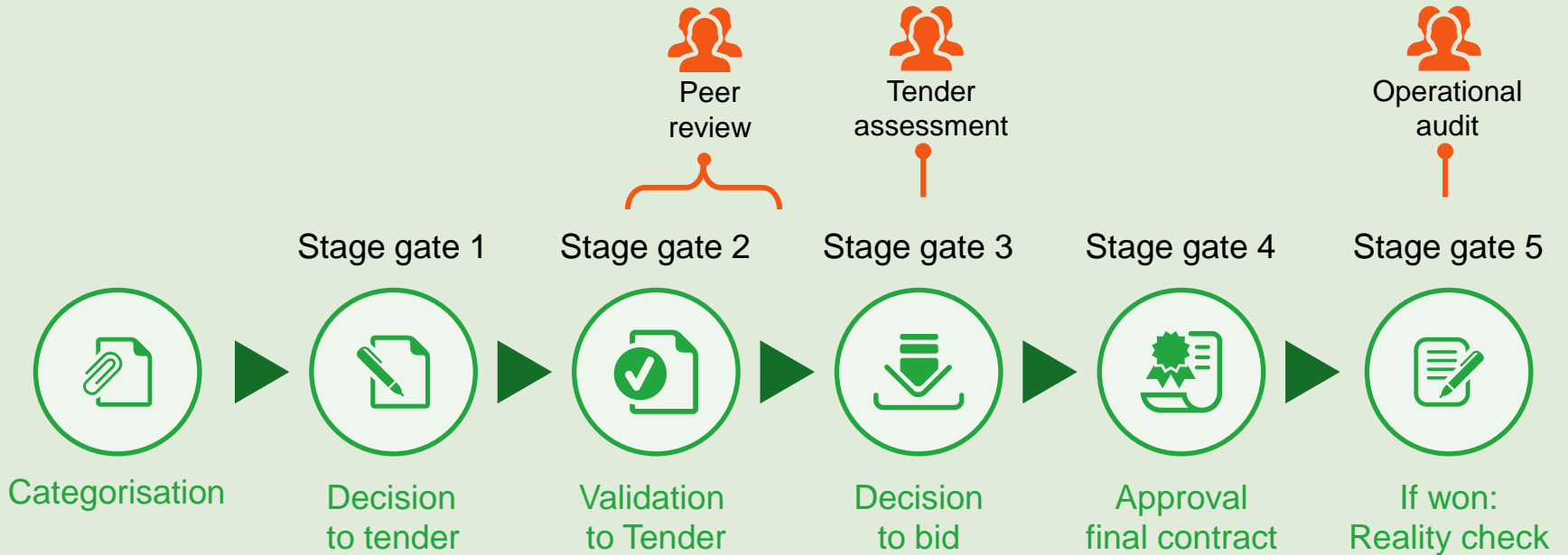


- Only if changes to set of conditions agreed in stage gate 3

Stage gate 5



Quality assurance options



Peer review



Characteristics

- Knowledge sharing
- Critical friend



Participants

- Tender team
- Tender desk
- BAM 'wide' experts



Execution

- 1-2 day meetings
- Reporting to tender manager



Tender assessment



Characteristics

- Independent check
- Focus on high risk areas



Participants

- Tender team
- Tender desk
- BAM 'wide' experts



Execution

- Deep dive (~1 - 3 days)
- Report to the Executive Board



UK Antarctica research facilities

Operational audit



Characteristics

- Independent check
- Execution tender plan
- Size & quality team
- Control high risk areas



Participants

- Project team
- Operational auditor
- BAM 'wide' experts



Execution

- Selected A & B projects
- Deep dive (~1 - 3 days)
- Report to Executive Board



Rail station Driebergen-Zeist, the Netherlands

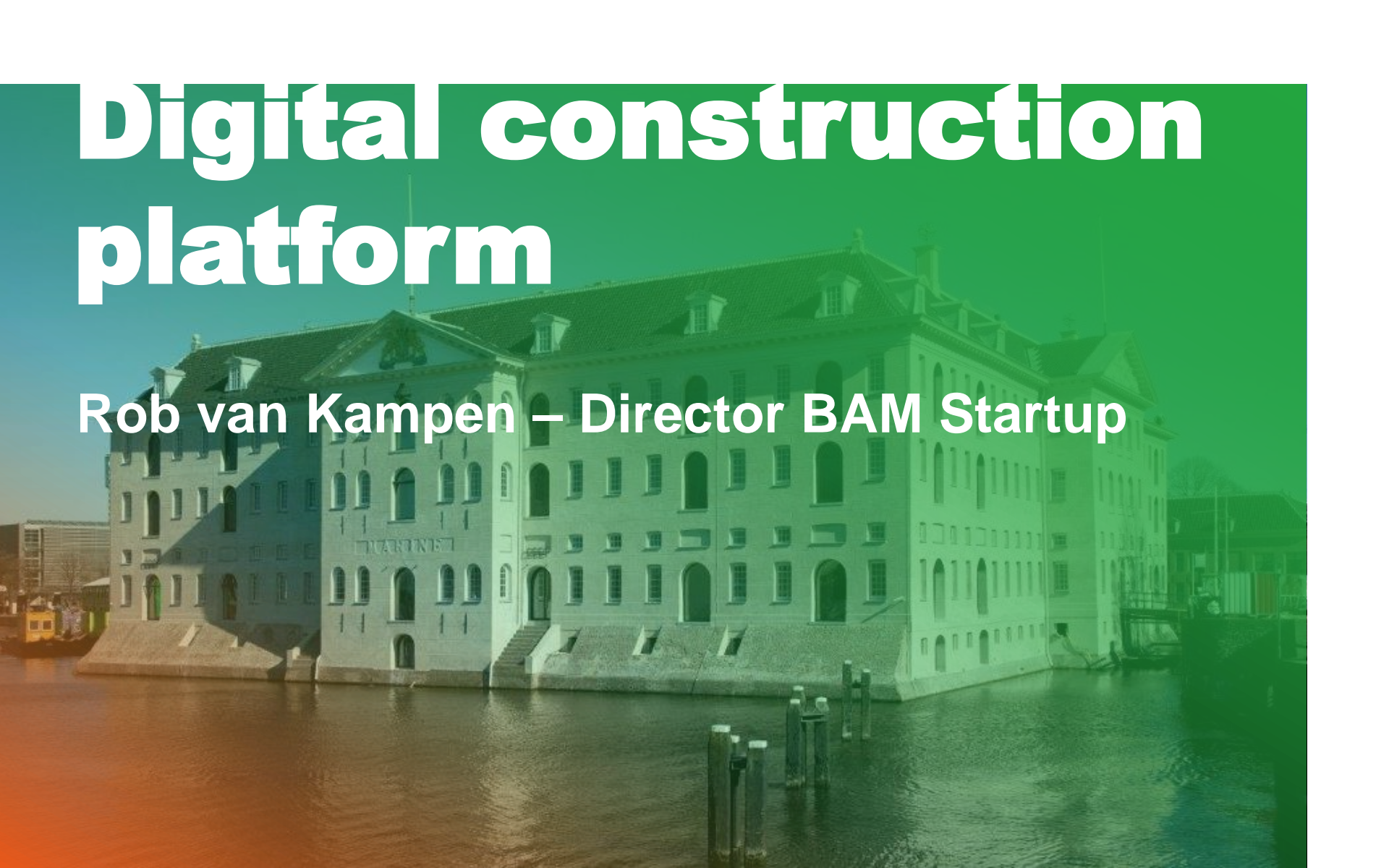
Quality order book is improving

- Better project selection
- Improving cash flow
- Higher tender efficiency
- Pricing identified risks
- Understanding design, technical solutions and execution methods
- Contractual awareness
- Average margin on new order intake in 2016 within 2-4% range

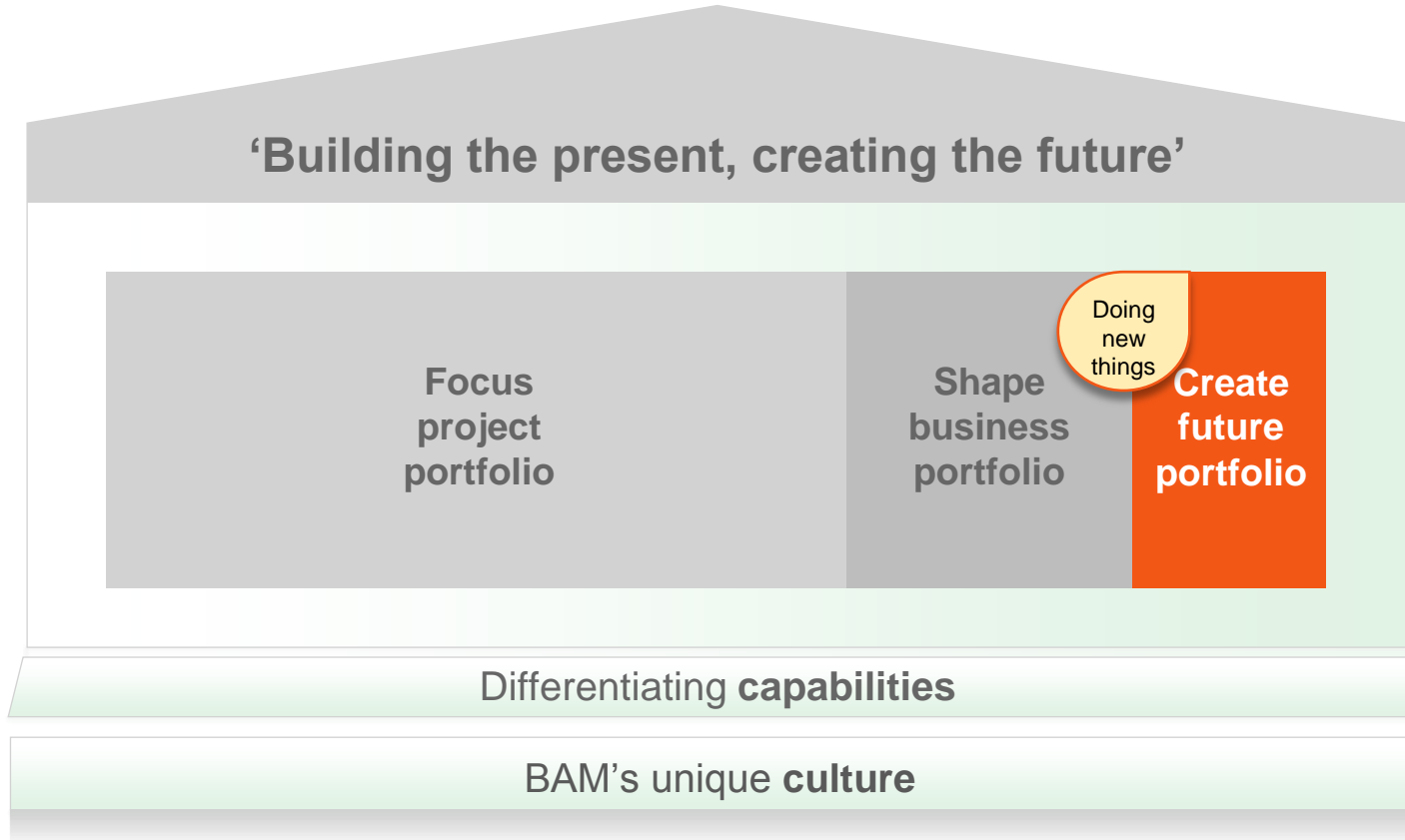


Digital construction platform

Rob van Kampen – Director BAM Startup

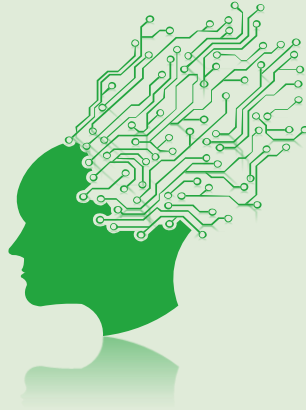


Strategy 2016-2020



Create future portfolio

Digital construction process

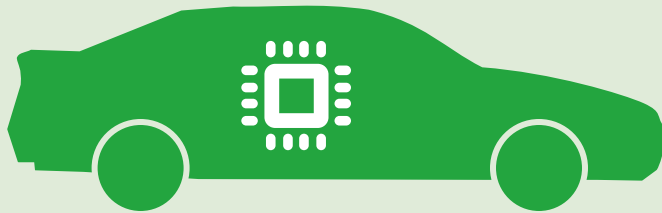


Digital built environment



Digital construction process

Add digital



Start digital



Industry is reluctant to innovate and slow to improve



The annual
productivity growth
only increased

1%

over the past 20
years



Large projects
are typically

80%

over budget



And take

20%

longer to finish



R&D spending in
construction industry

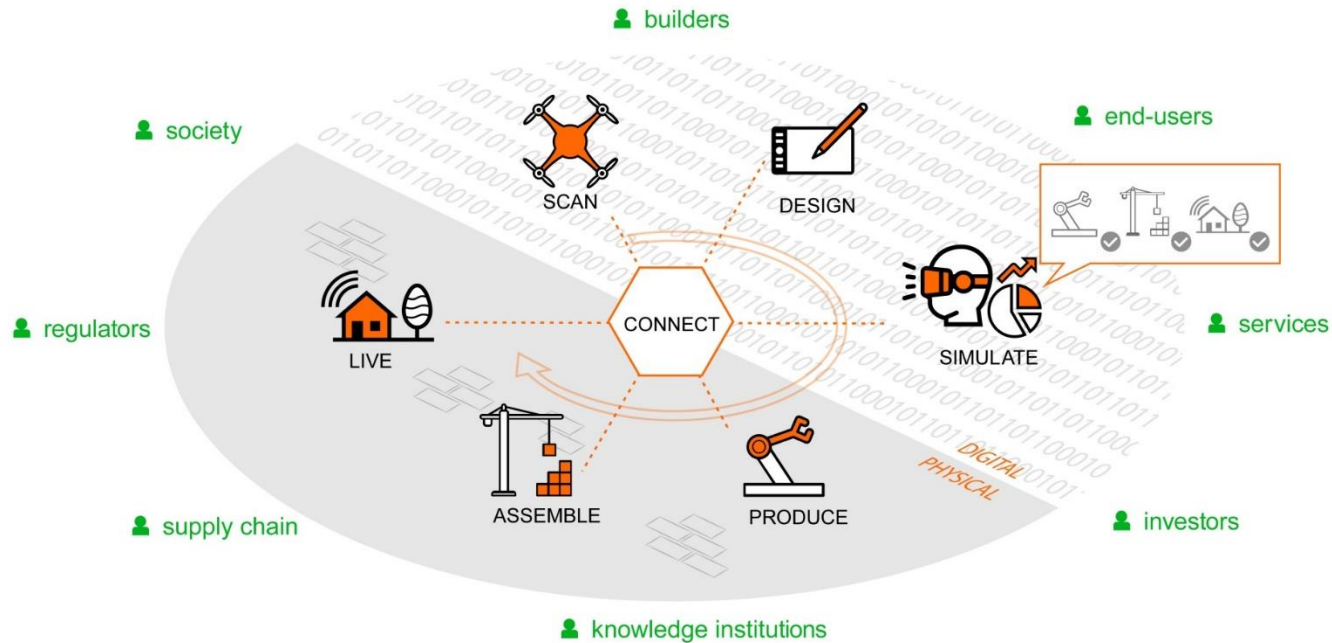
<1%

Source: McKinsey&Company, 2016

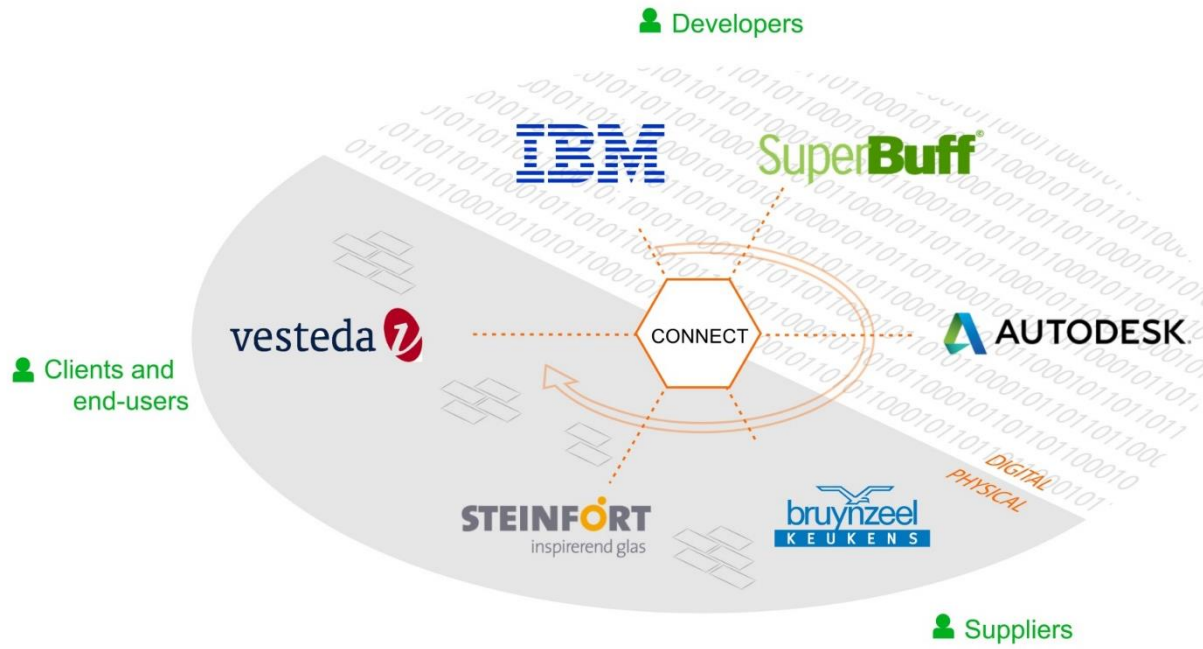
BAM Startup at the edge of BAM



BAM's digital transformation: an integrated multi-stakeholder approach



Digital co-makers: partnering to grow



We are creating a digital platform

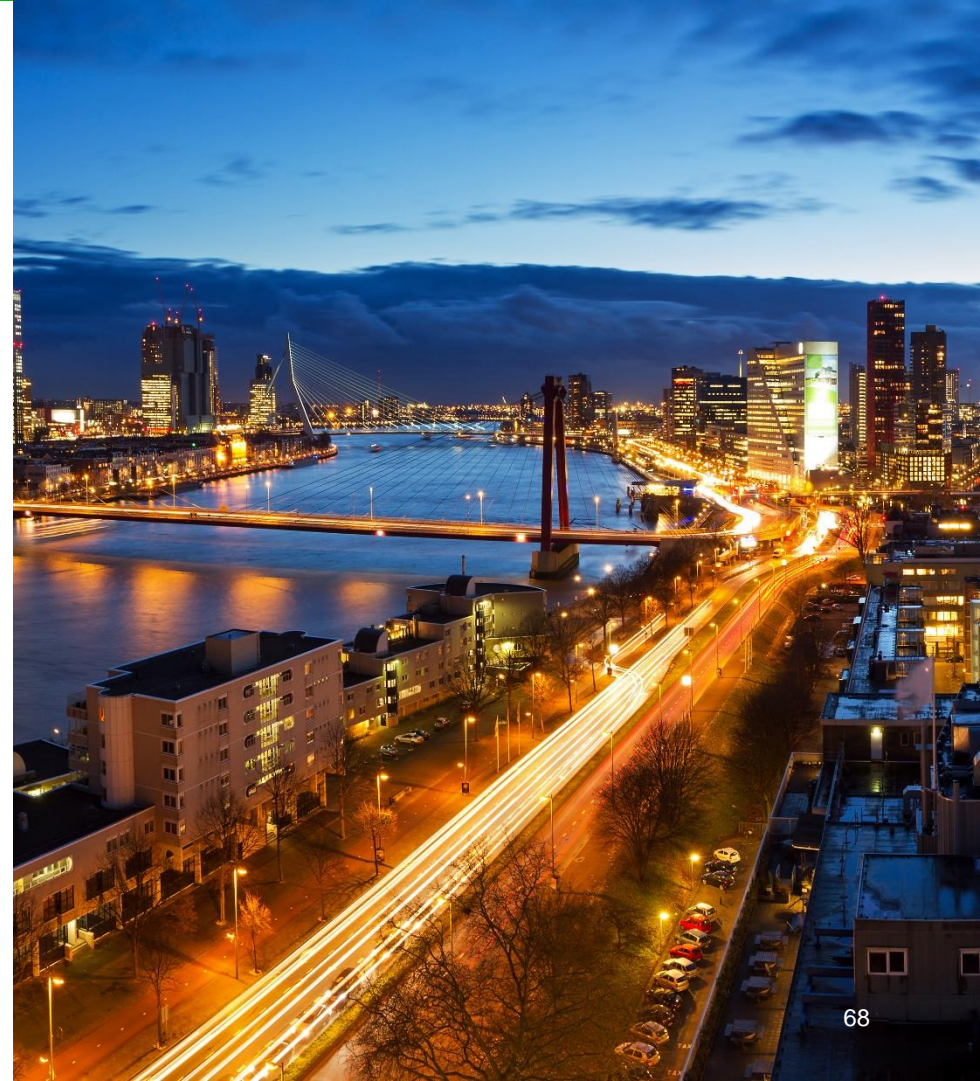
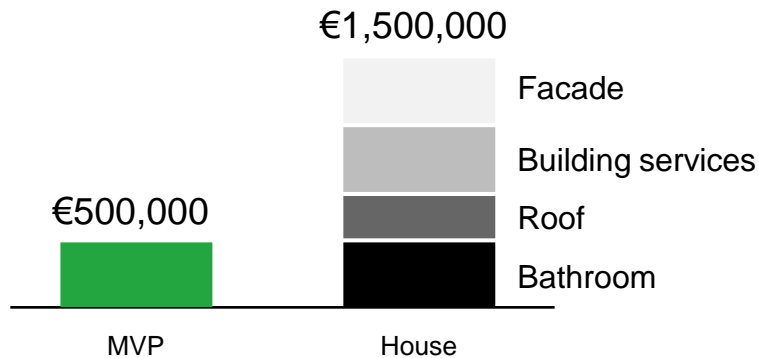
We make it digital before we make it physical!



Think Big, Act Small and Scale-up Fast

Roadmap and investment

- Start with 1 kitchen in April
- Scale up to 50 kitchens
- Renovate entire house



Think Big, Act Small and Scale-up Fast



Step 1

Kitchen
renovation



Step 2

Entire
house



Step 3

Block of
houses



Step 4

Neighbourhoods

Creating value

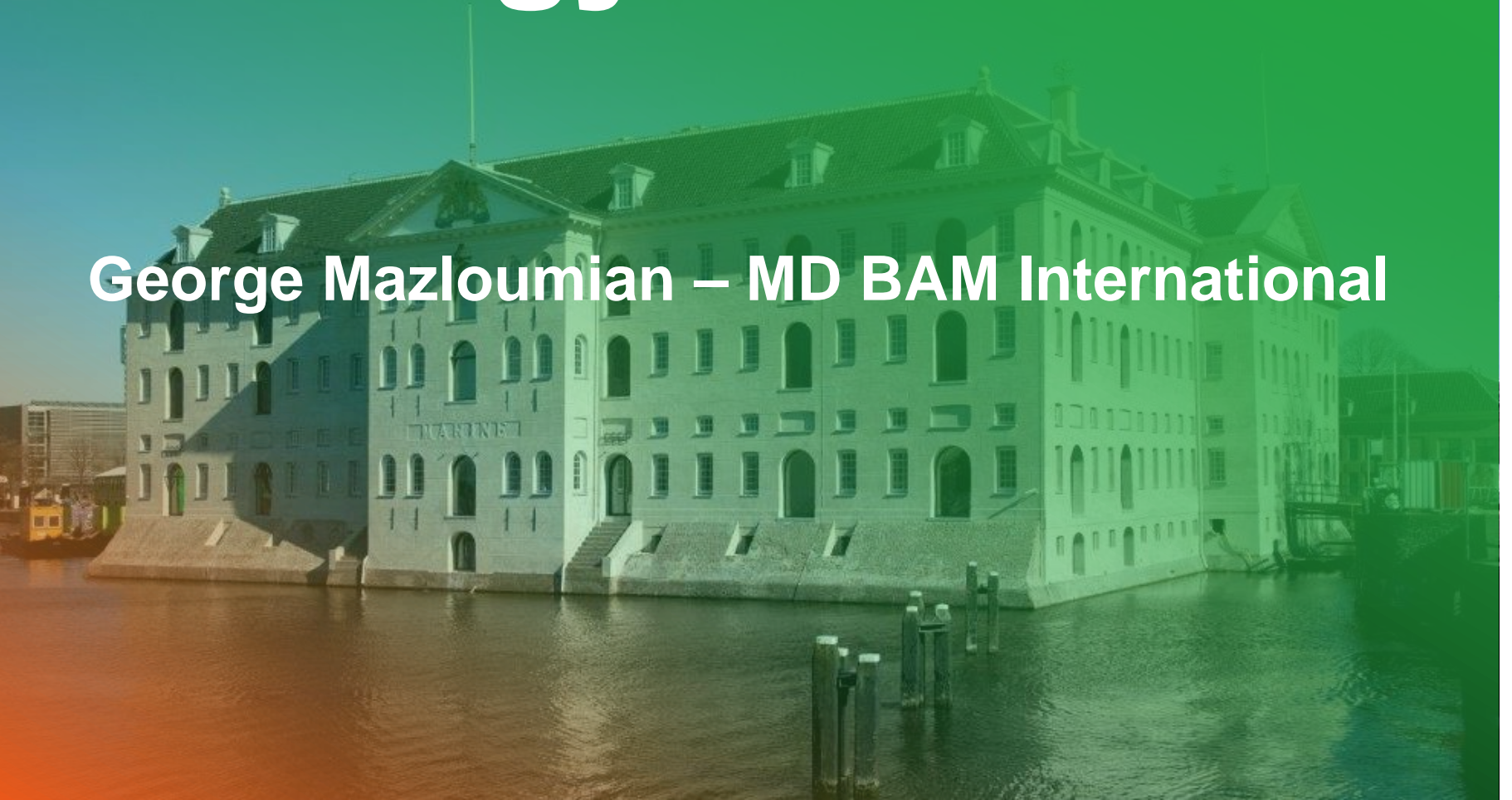


BAM Startup: Let's create the future together

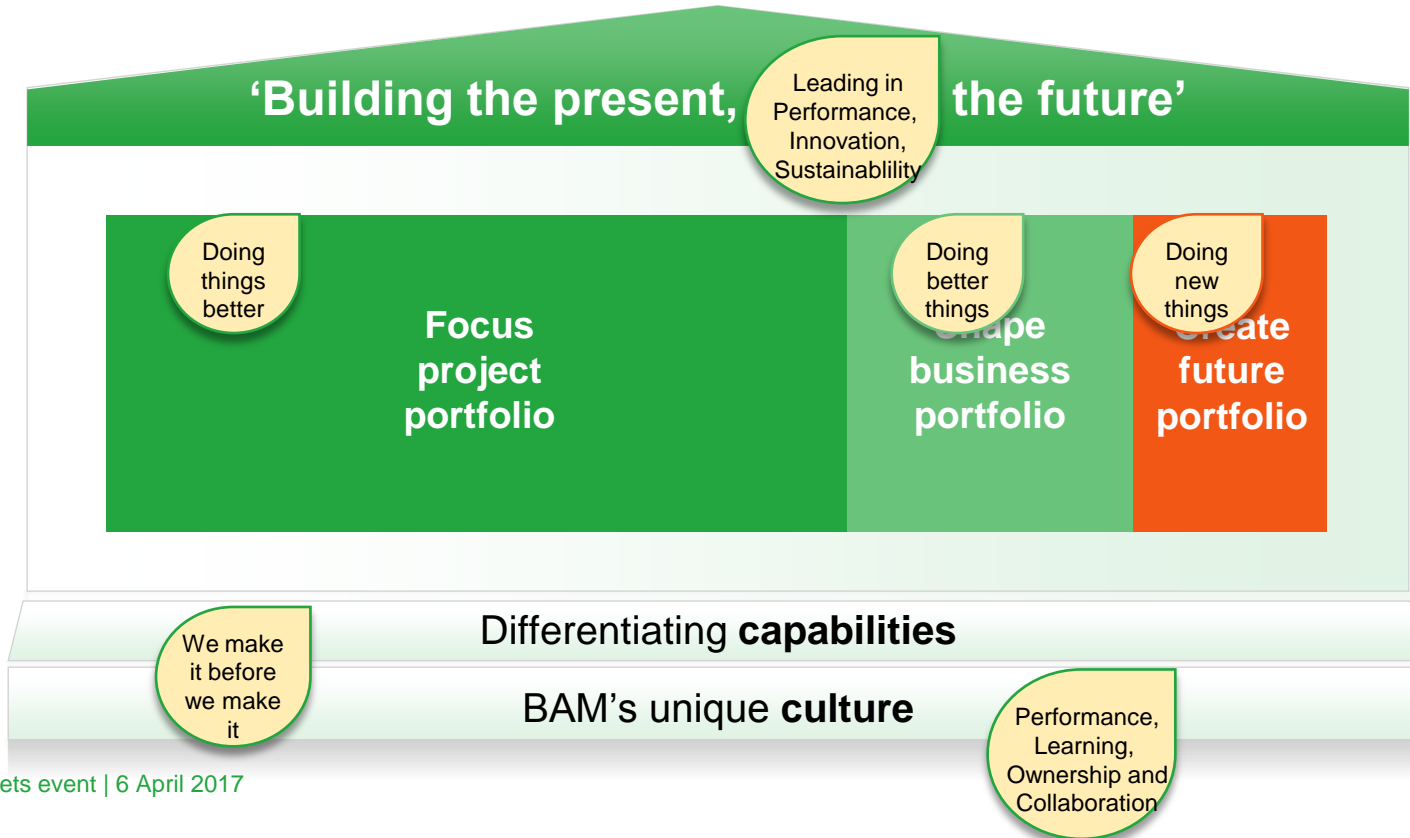


Strategy in action

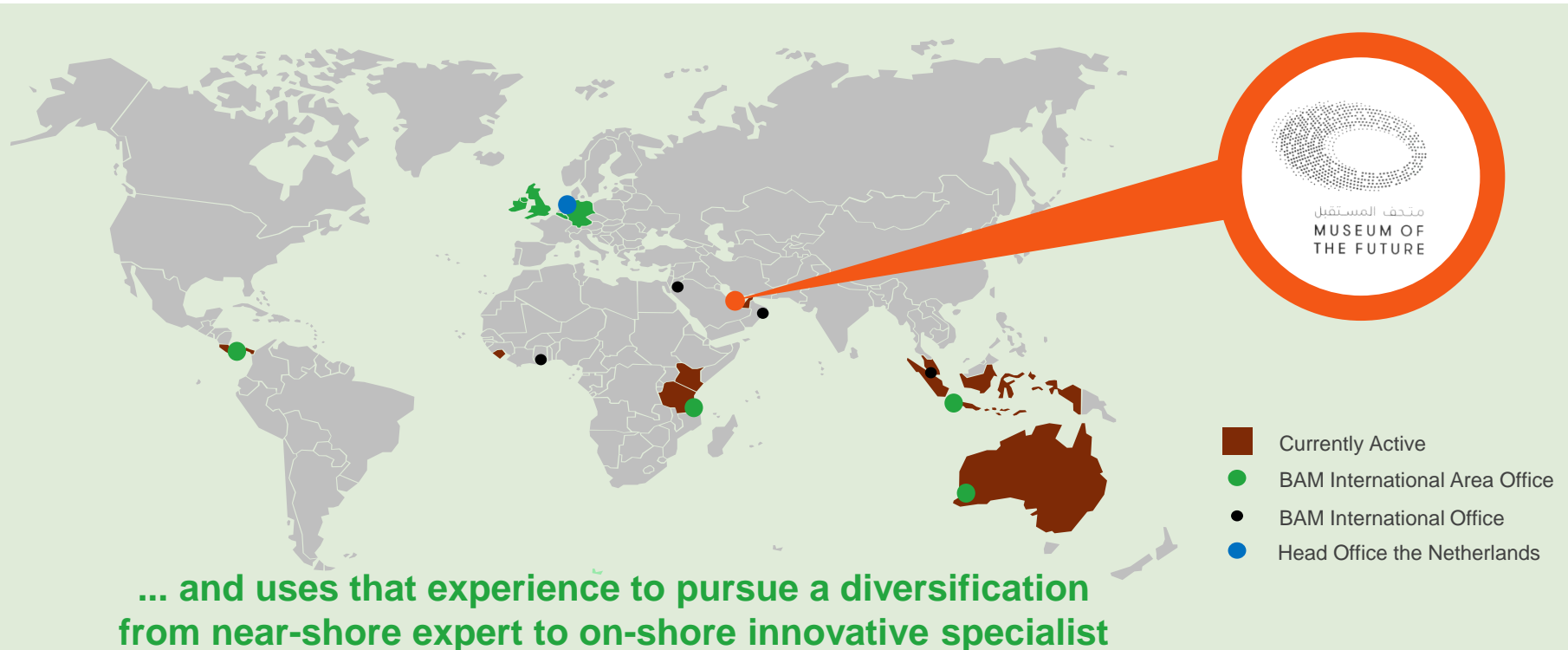
George Mazloumian – MD BAM International



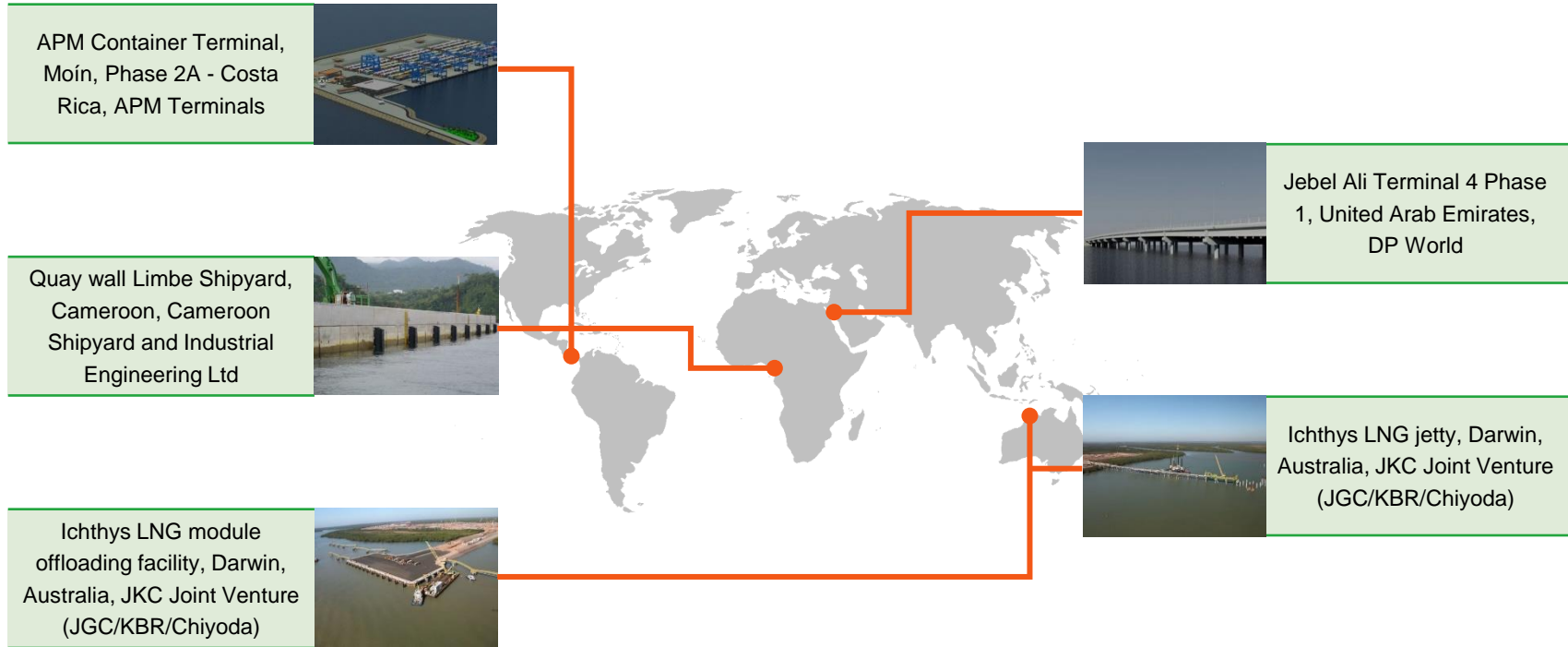
Strategy 2016-2020



BAM International has a long-standing track record of worldwide construction

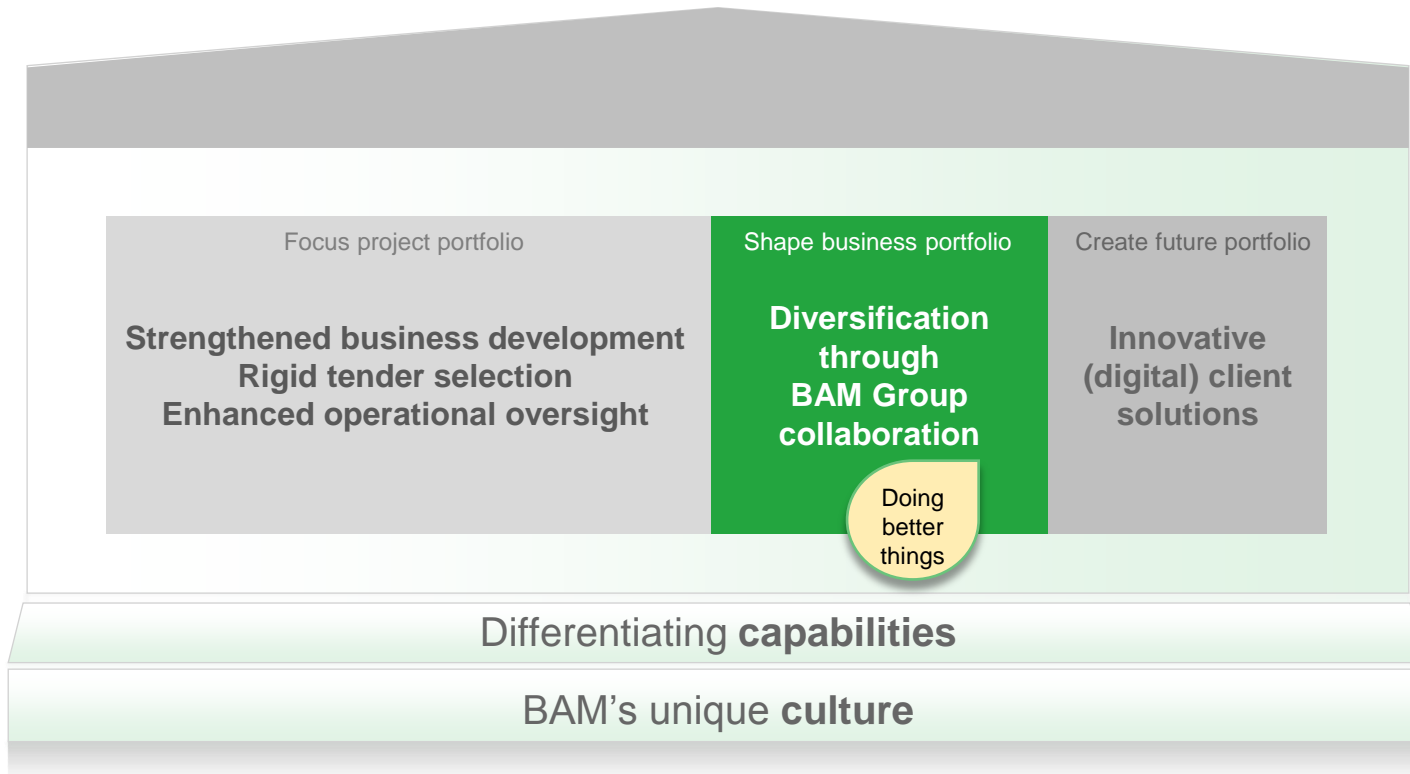


Near-shore marine infrastructure has been pivotal for BAM International, strongly driven by resources ...

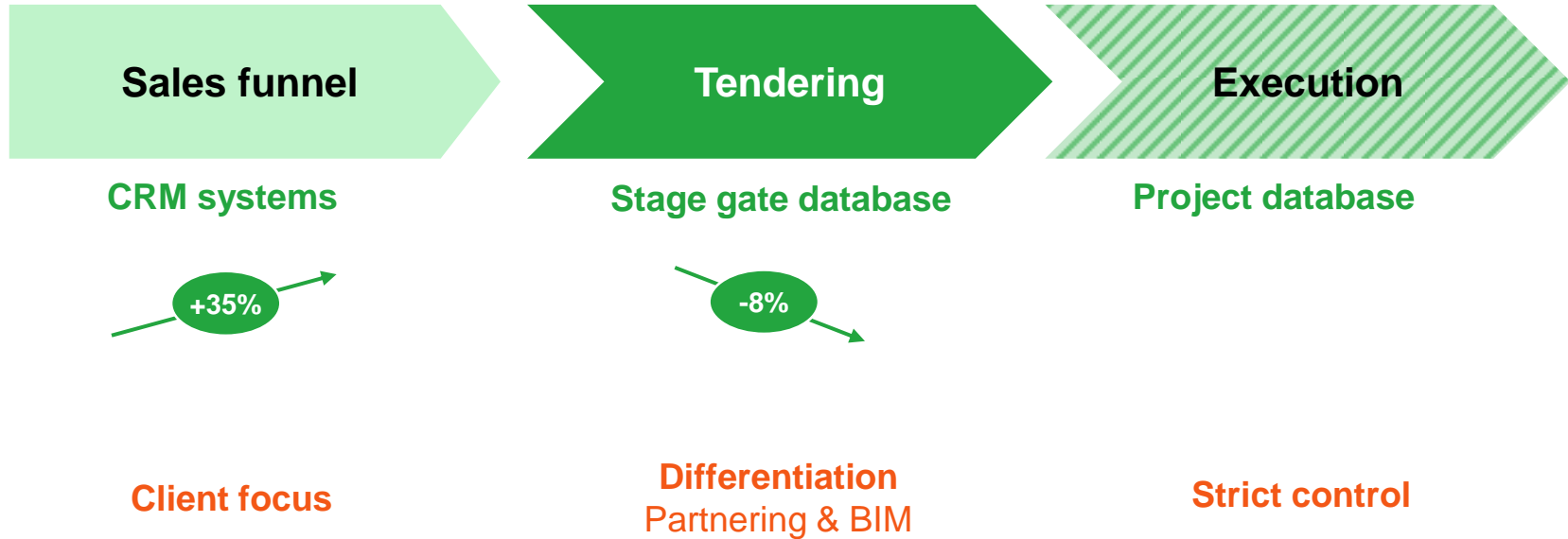


BAM International diversification strategy

From near-shore expert to on-shore innovative specialist



Focusing the portfolio by using differentiating capabilities



Shaping the project portfolio by open collaboration and leveraging on BAM's capabilities



Products & enablers



Capatalise on capabilities

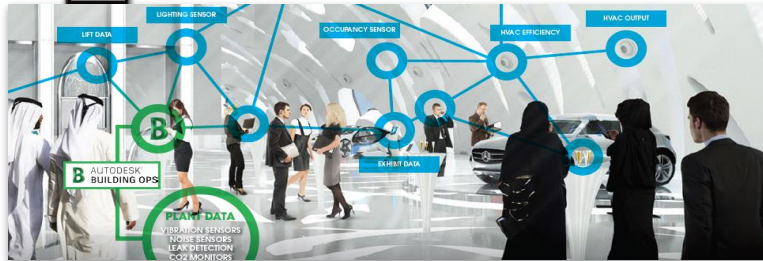
1+1>2



First successes

- 
 - Metro Tunnel **tender** (AUS)
- 
 - Hospital project and **tenders** in and outside Europe (UK, IRE, DK, global)
- 
 - Stadium **project** and **tenders**, (e.g. UAE)
- 
 - The Antarctic Survey (BAS) **Project**
 - Freetown Water Supply (Sierra Leone)
- 
 - **Museum of the future project** developed with BAM-wide innovative solutions

Creating the future portfolio by delivering cutting edge digital solutions to our clients



We make it before we make it



The future is bright!

BAM provides innovative digital solutions to its global clients by open collaboration and leveraging on its capabilities



Q&A



Wrap up

Rob van Wingerden – CEO

