

2017 half year results



Amsterdam, 24 August 2017

BAM reports 1H17 adjusted result of €52.7 million and reconfirms full year outlook



Margin improved to 1.7% on lower revenue



Construction and Property: strong margin improvement due to prior restructuring and market conditions



Civil engineering: better margin in Q2 after slow start to the year



PPP: strong result from portfolio; healthy tender pipeline



Order book: upward trend and continued tender discipline

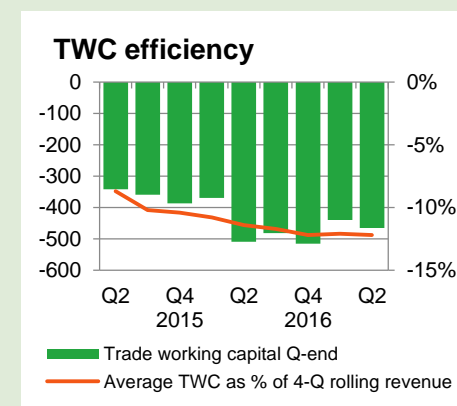
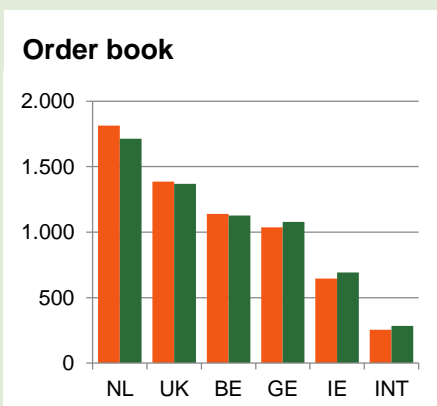
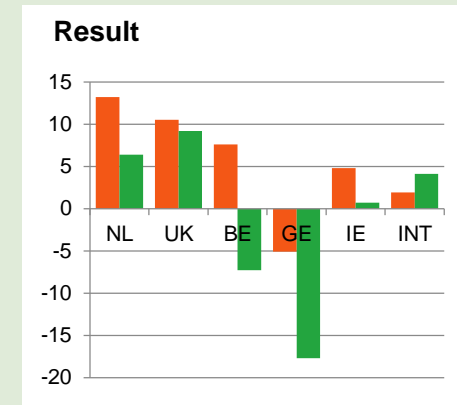
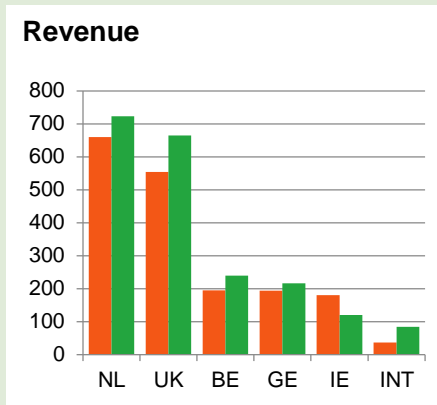


Cash flow: normal seasonality; trade working capital efficiency -10.6%

Construction and Property (1)

- Revenue of €1.8bn reduced by €0.2bn including €60m negative FX. Revenue IE up due to progress larger projects.
- Overall result of €32.9m (1.8% margin), included €8.3m from property, mostly from Dutch residential. Margin improvement in all home countries. GE on track for break even for full year 2017.
- Total order book stable at €6.3bn. Slightly lower order book IE, GE and INT mainly offset by higher order intake in Dutch residential.
- TWC efficiency was -12.2% at 30 June 2017 (30 June 2016: -11.4%).

(in € million)



1H17 1H16 FY16

1H16 restated for new sectors

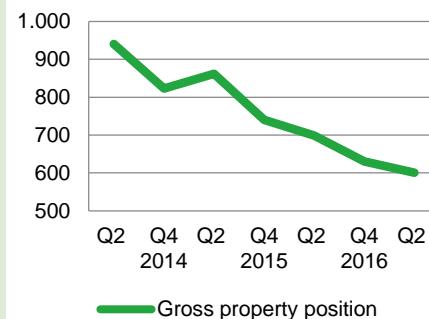


Construction and Property (2)

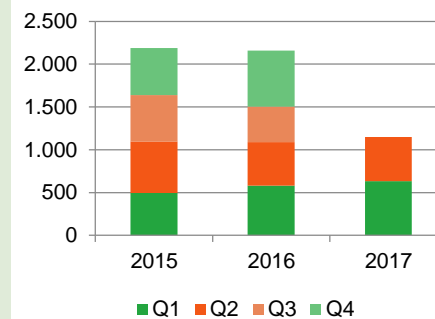
- Dutch house sales up by 5% to 1,150. Growing demand new build houses hampered by low planning capacity at municipalities.
- Gross property portfolio reduced by €29m to €601m due the sale of two Dutch non residential properties (€55m) at a modest book profit. Reduction partly offset by buy out joint venture partners at residential projects.
- Property position includes investments in land €427m and Property development €174m.

(in € million)

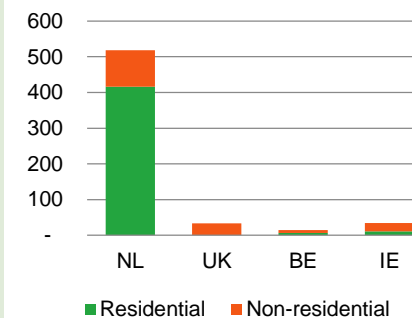
Property position



House sales



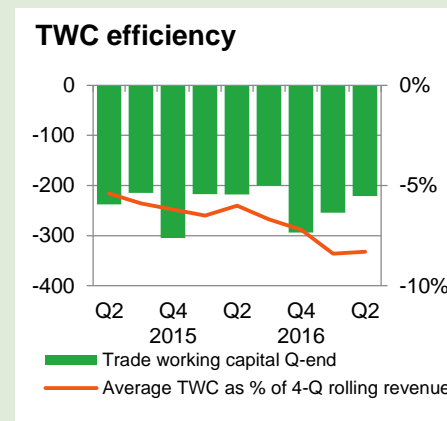
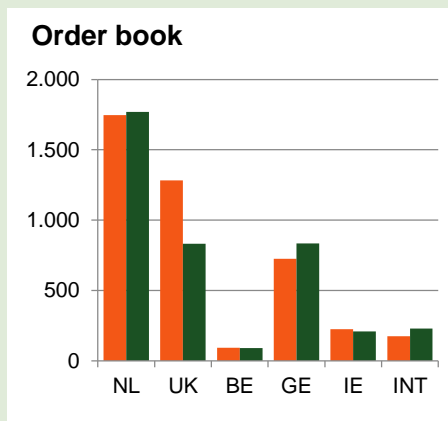
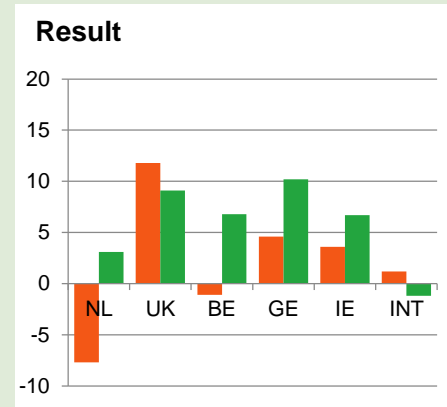
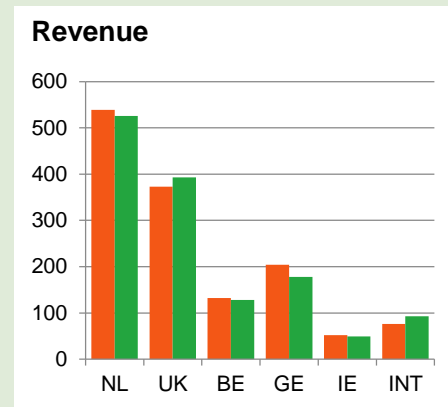
Property by geography



Civil engineering

- Sector revenue of €1.4bn grew by 4% on a constant currency. Growth in all home markets, INT lower due to slump oil and gas.
- Overall margin below 1H16, mainly due to some losses in NL caused by design related issues which have been resolved, difficult market circumstances in BE and the absence in GE of a strong contribution as in 1H16. UK strong result, also including some final account settlements.
- Total order book up by €0.3bn to €4.2bn. Increase driven by transport infrastructure projects in the UK.
- TWC efficiency was -8.3% at 30 June 2017. (30 June 2016: -6%)

(in € million)



1H17 1H16 FY16

1H16 restated for new sectors

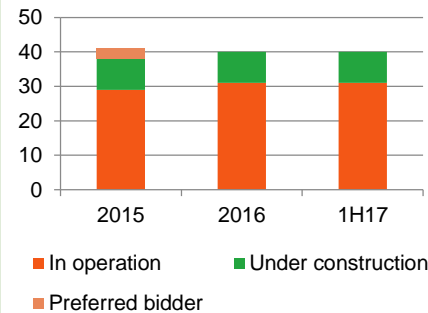


PPP

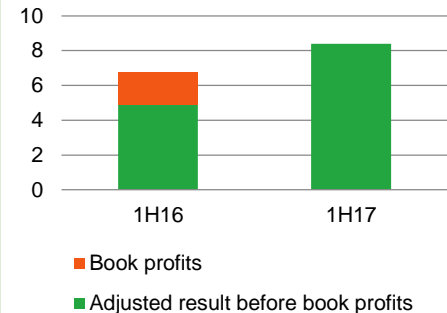
- Strong result from the project portfolio
- No projects transferred to PGGM joint venture in 1H17 (1H16: 2).
- Pipeline of active bids remains healthy with next decisions expected in 2018 and beyond.
- Portfolio consists of 40 projects, including 8 projects under construction.

(in € million)

Portfolio (number)



Result



Income statement

<i>(in € million, unless stated otherwise)</i>	1H17	Margin	1H16	Margin
Total sectors	53.6	1.7%	37.0	1.1%
Group overhead	-1.0		5.3	
Group interest charge	0.1		-1.7	
Adjusted result before tax	52.7	1.7%	40.6	1.2%
Restructuring	-		-10.6	
Impairments	-0.1		-0.3	
Pension one-off	-		15.3	
Income tax	-12.5		-12.0	
Non-controlling interest	-0.1		-0.1	
Net result	40.0	1.3%	32.9	1.0%

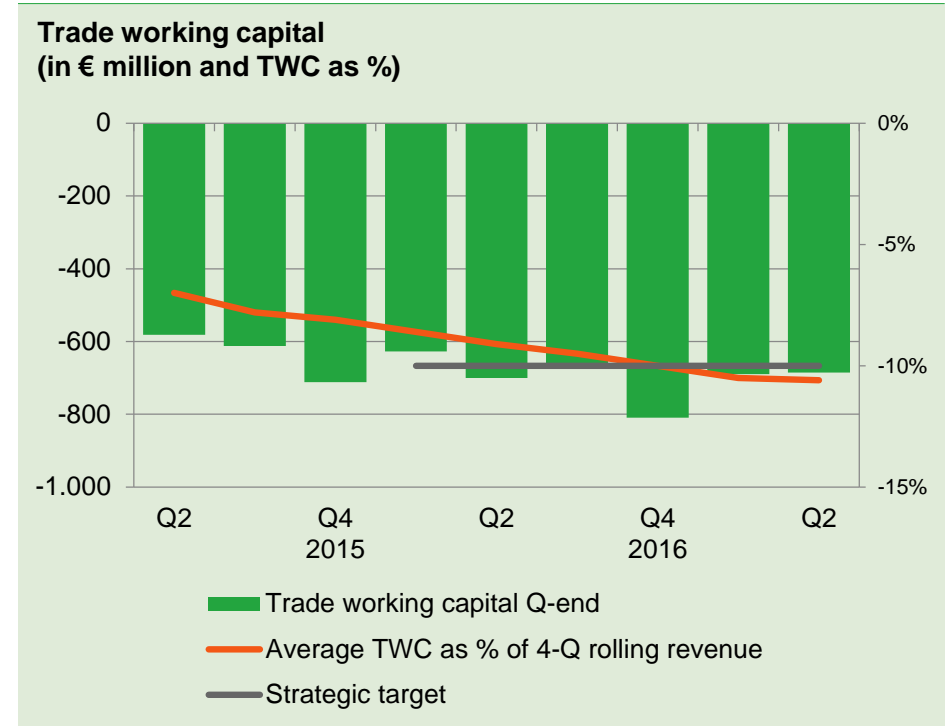
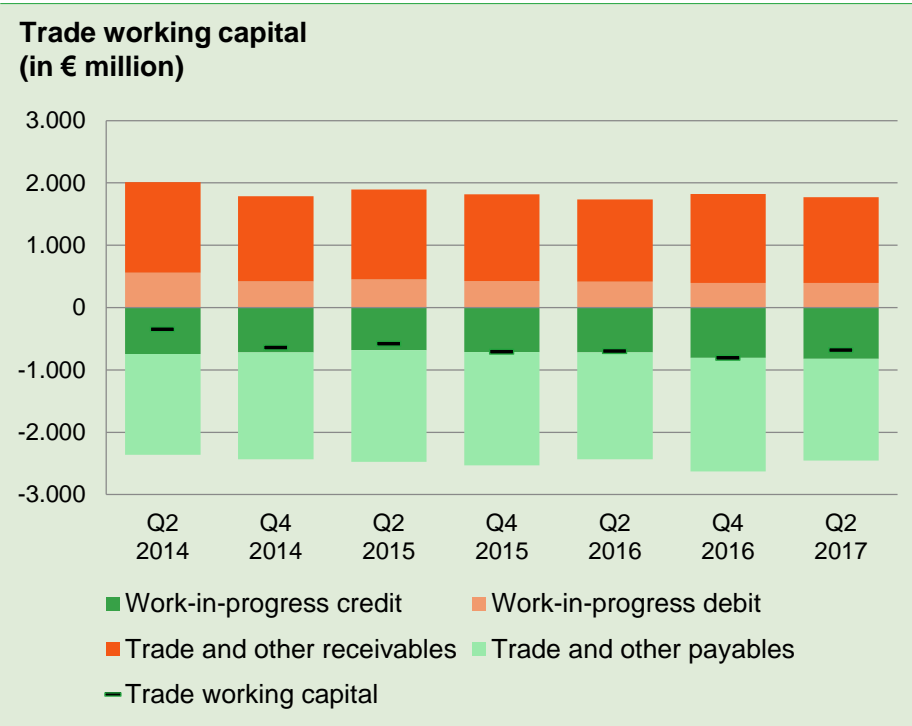
Cash flow

<i>(in € million)</i>	1H17	1H16	1H15
Net cash result	59	39	28
Investments (in) tangible assets	-47	-21	-22
Δ Trade working capital	-122	1	-96
Net investment Property	76	11	17
Net investment PPP	3	4	-9
Δ Other working capital	-65	-16	-63
Business cash flow	-96	18	-145
Dividend	-7	-2	-
Restructuring	-18	-17	-28
Pensions (additional)	-7	-6	-14
Others	-8	-26	21
Δ Cash position	-136	-33	-166

- Business cash flow showed a seasonal outflow in 1H17 - as in 1H15 - compared to atypical inflow in 1H16.
- Investment long term assets driven by patented Gravity Based Foundations and strategic equipment after years of lower CAPEX.
- Trade working capital efficiency of -10.6% remained at the target (year-end 2016: -10%, 30 June 2016: -9.1%). Normal outflow for first half of the year.
- Cash in from property driven by transfer of property positions in North East of the Netherlands and a Dutch stadium complex.
- Changes in Other working capital in 1H16 was low due to transactions with joint operations. 1H17 seasonal pattern.
- Others reflected mainly translation effect of the pound sterling.



Trade working capital



Financial position

<i>(in € million, unless stated otherwise)</i>	1H17	2016	1H16
Cash position	603	739	604
Interest-bearing debt	<u>613</u>	<u>612</u>	<u>579</u>
Net (debt) / cash	-10	127	25
Recourse net cash	349	495	355
Capital ratio	21.3%	19.7%	20.4%
Return on rolling capital employed	3.3%	2.8%	2.5%

- Recourse net cash position in line with strong position at 30 June 2016. 1H17 developed along normal seasonal pattern. |
- Interest-bearing debt increased due to progress PPP projects under construction. |
- Capital ratio improved because of higher equity and lower balance sheet total. |
- Return on capital employed helped by improved results.

Order book

<i>(in € million)</i>	1H 2017	2016
Construction and Property	6,276	6,264
Civil engineering	4,246	3,950
PPP	292	342
Eliminations and other	-414	-356
Total	10,400	10,200

- Construction and Property slightly higher, mainly driven by residential in the Netherlands.
- Civil engineering increased in the UK, partly offset by Germany and BAM International.
- Negative impact FX €0.1bn.

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.



Annexes

Updated strategy: Building the present, creating the future

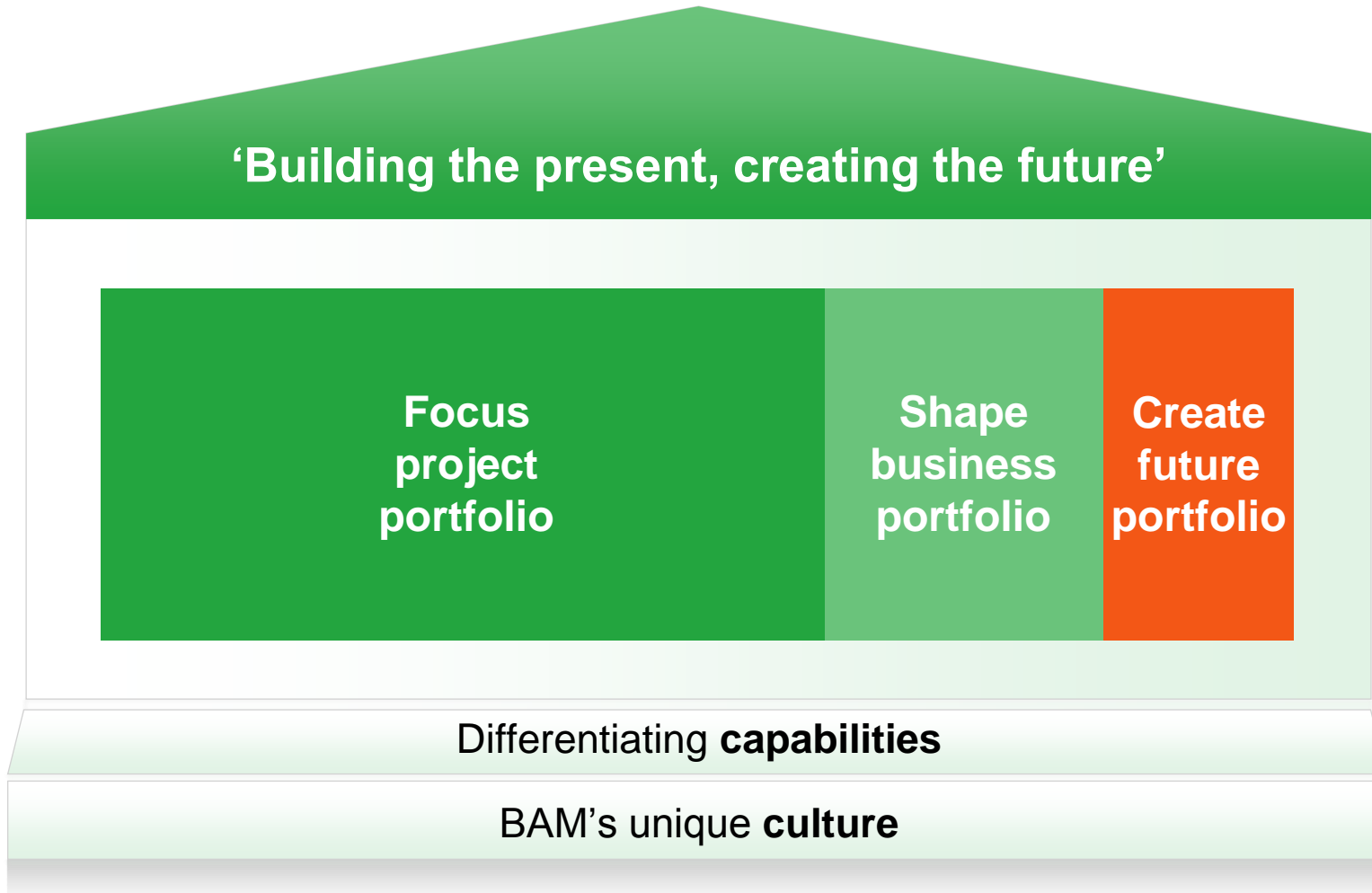
Property investments

PPP investments

Net cash analysis

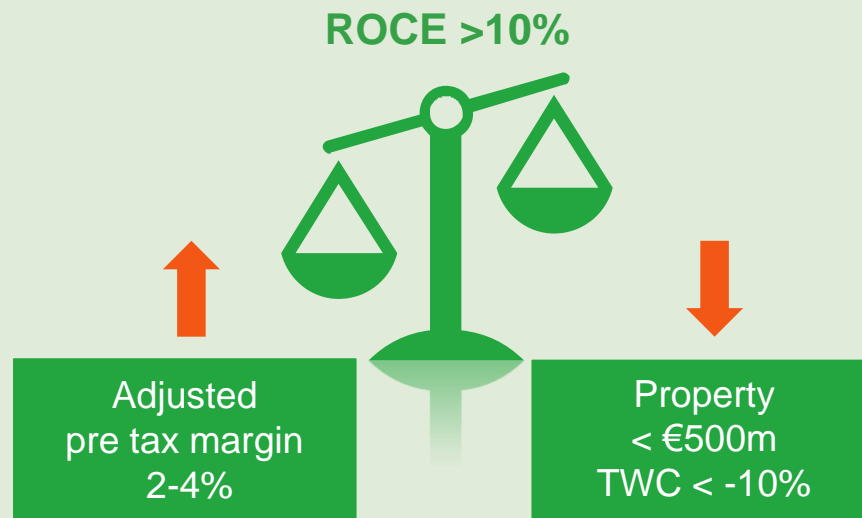
Revenue sector/country

Strategy 2016-2020



Targets 2020

Profit



People

Safety IF < 3.5



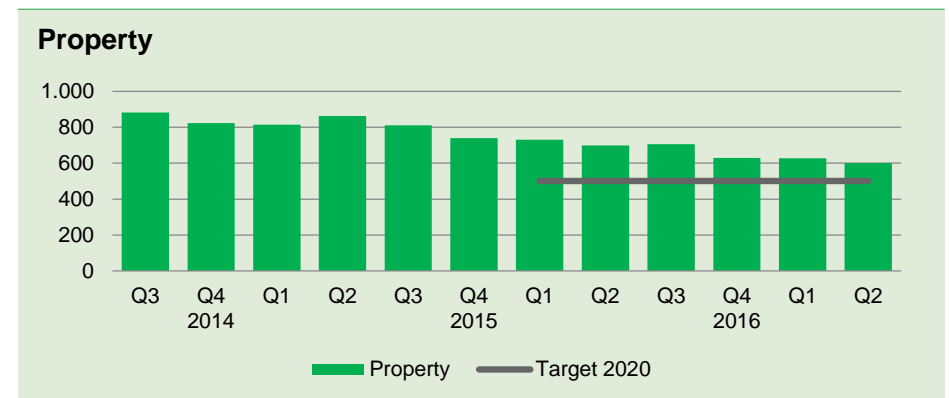
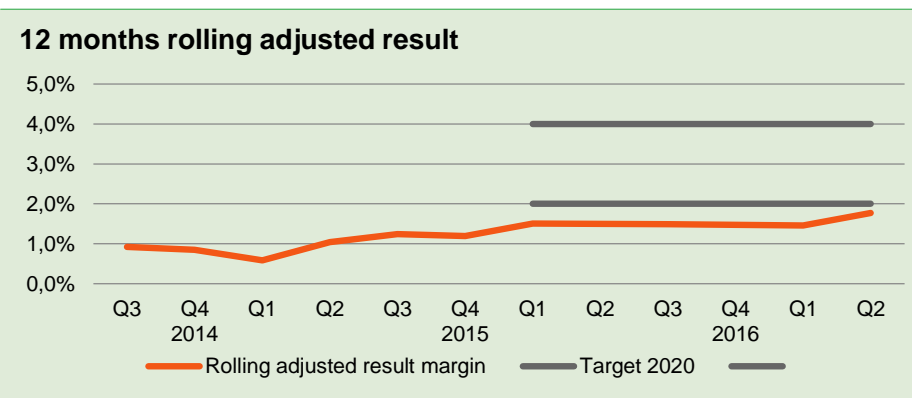
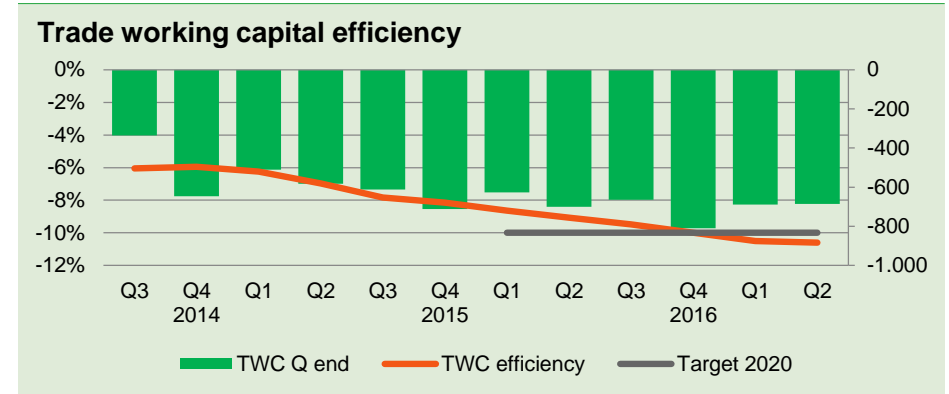
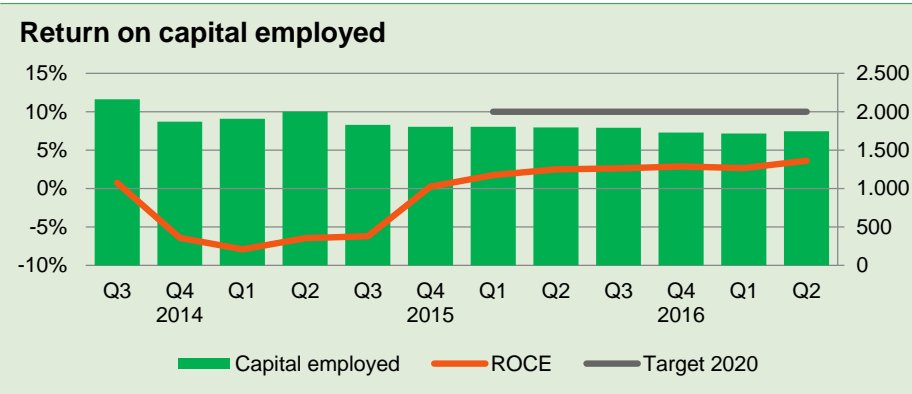
Planet

Net positive impact



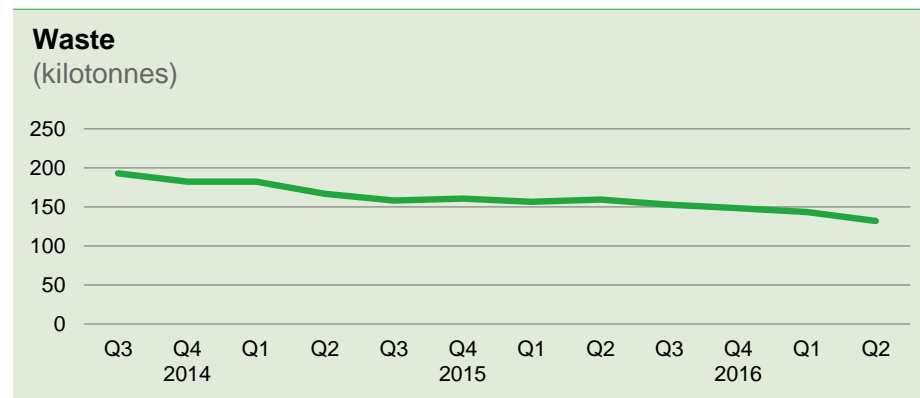
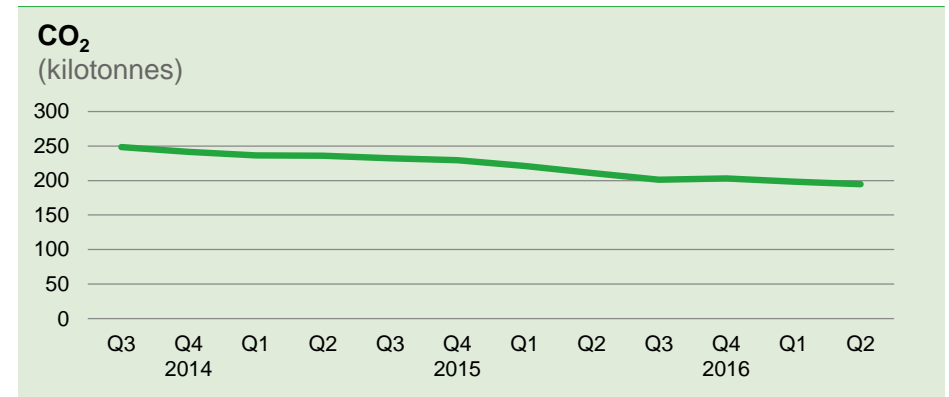
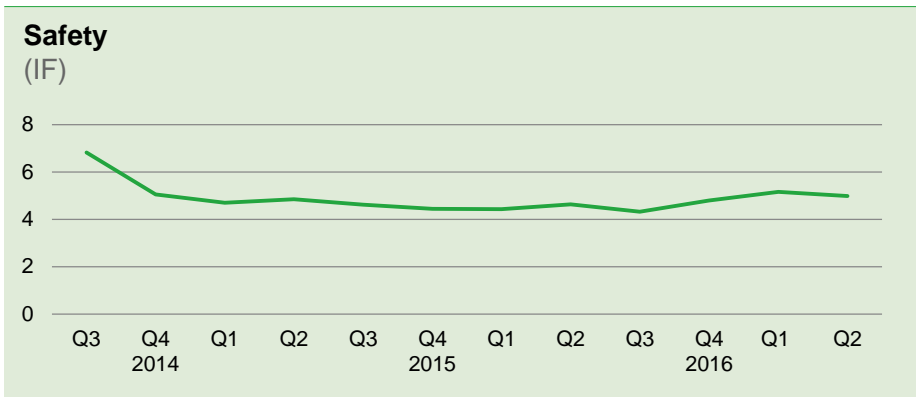
Strategy execution

Profit



Strategy execution

People & Planet



Focusing project portfolio (1)

Scale



Expertise



Focusing project portfolio (2)

Selection



Stage gate



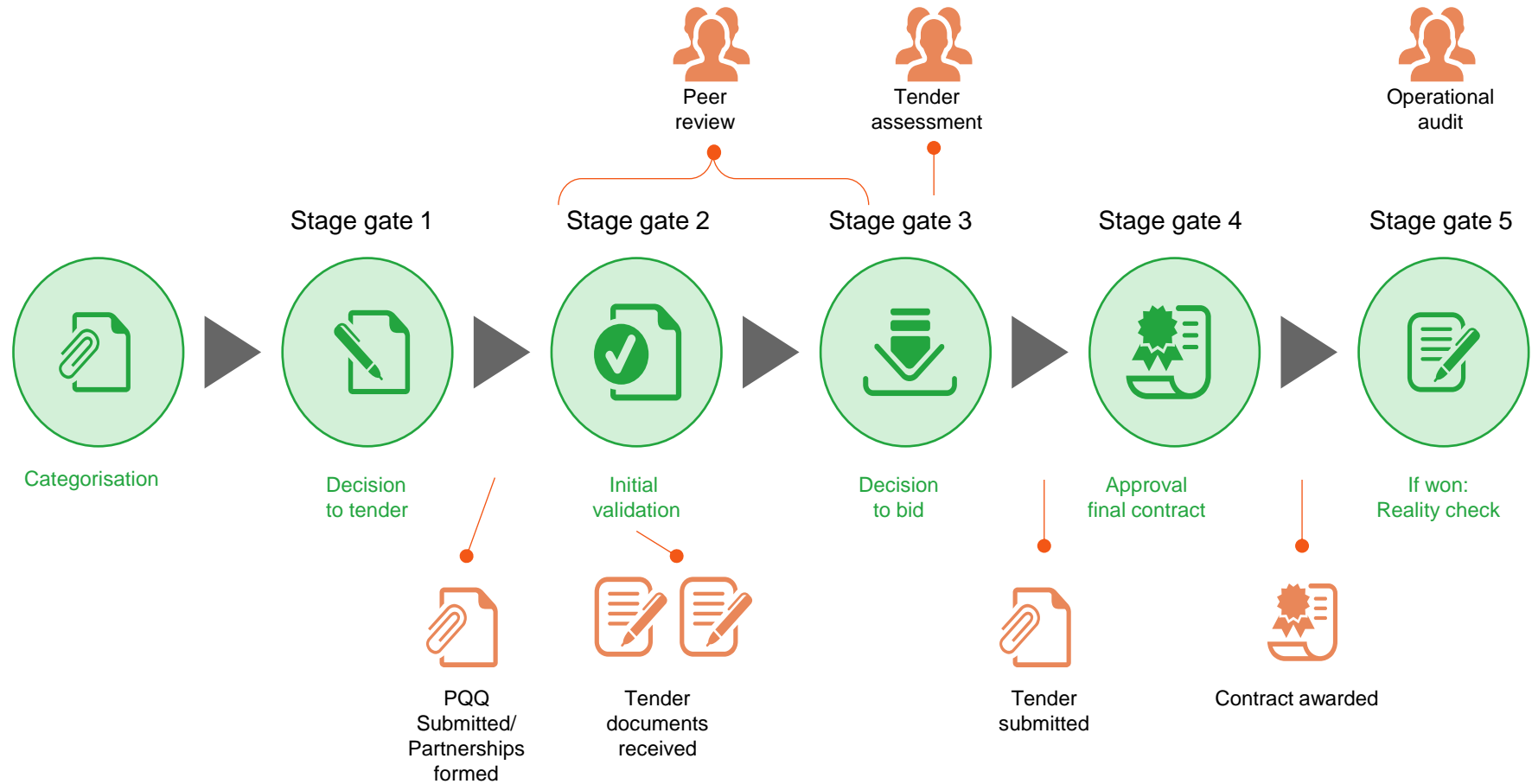
Peer review



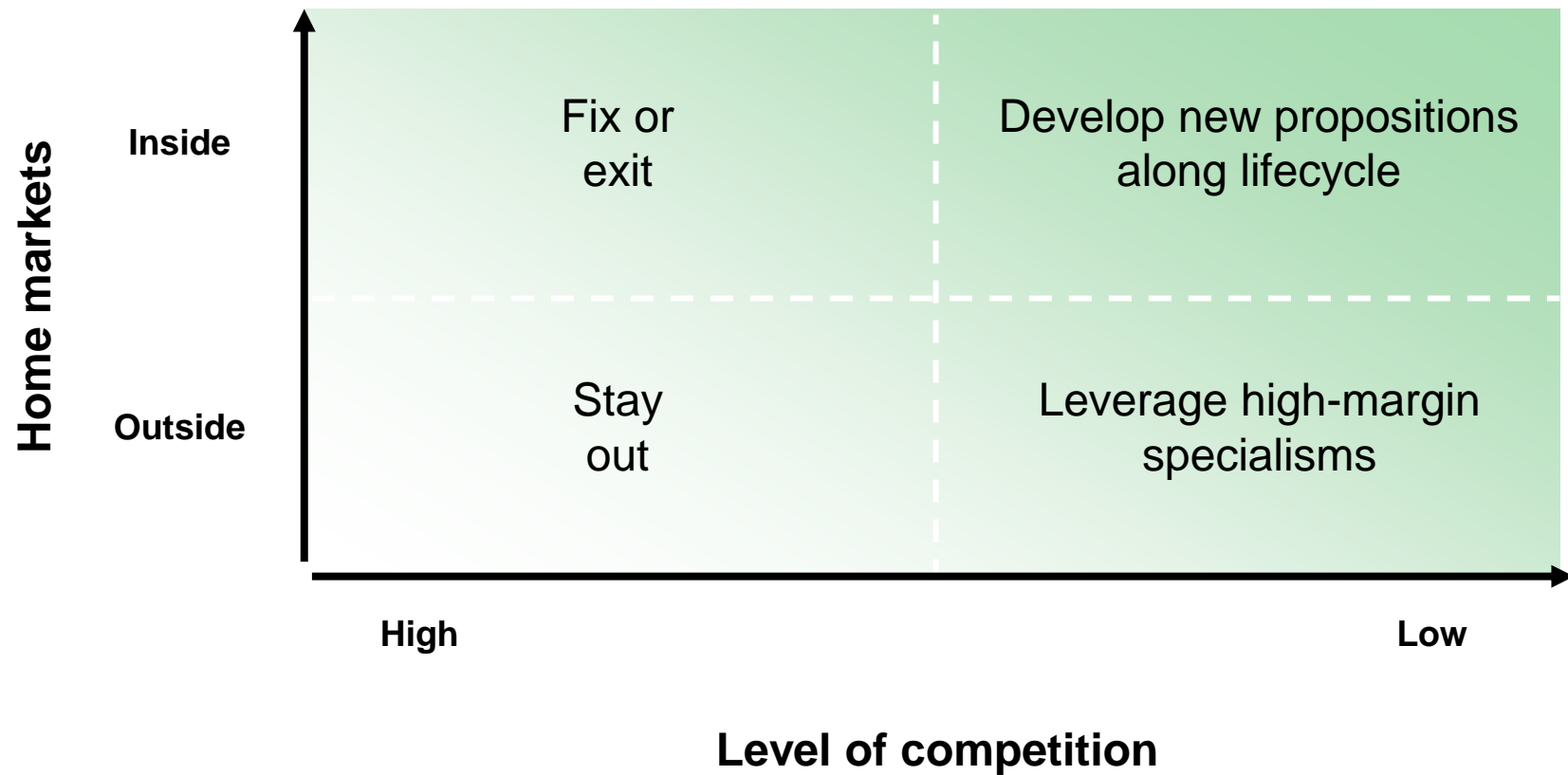
Operational audit



Focusing project portfolio (3)

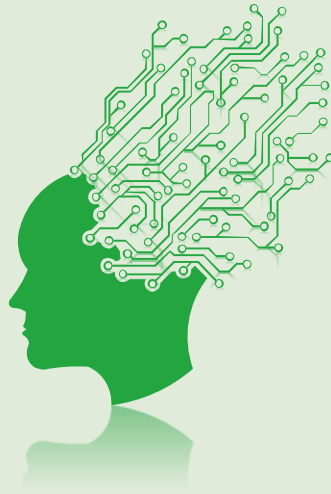


Shape business portfolio



Create future portfolio

Digital construction process



Digital built environment



Culture



Predictable performance



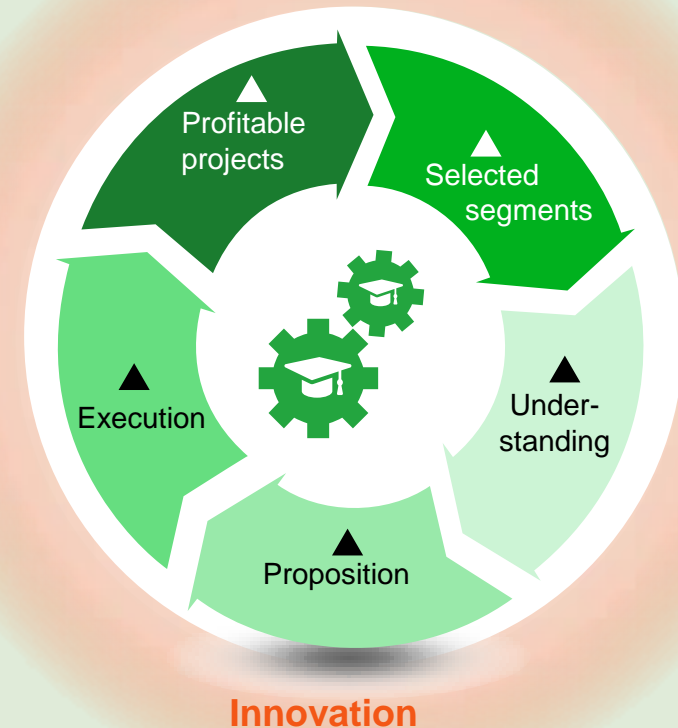
Pro active ownership



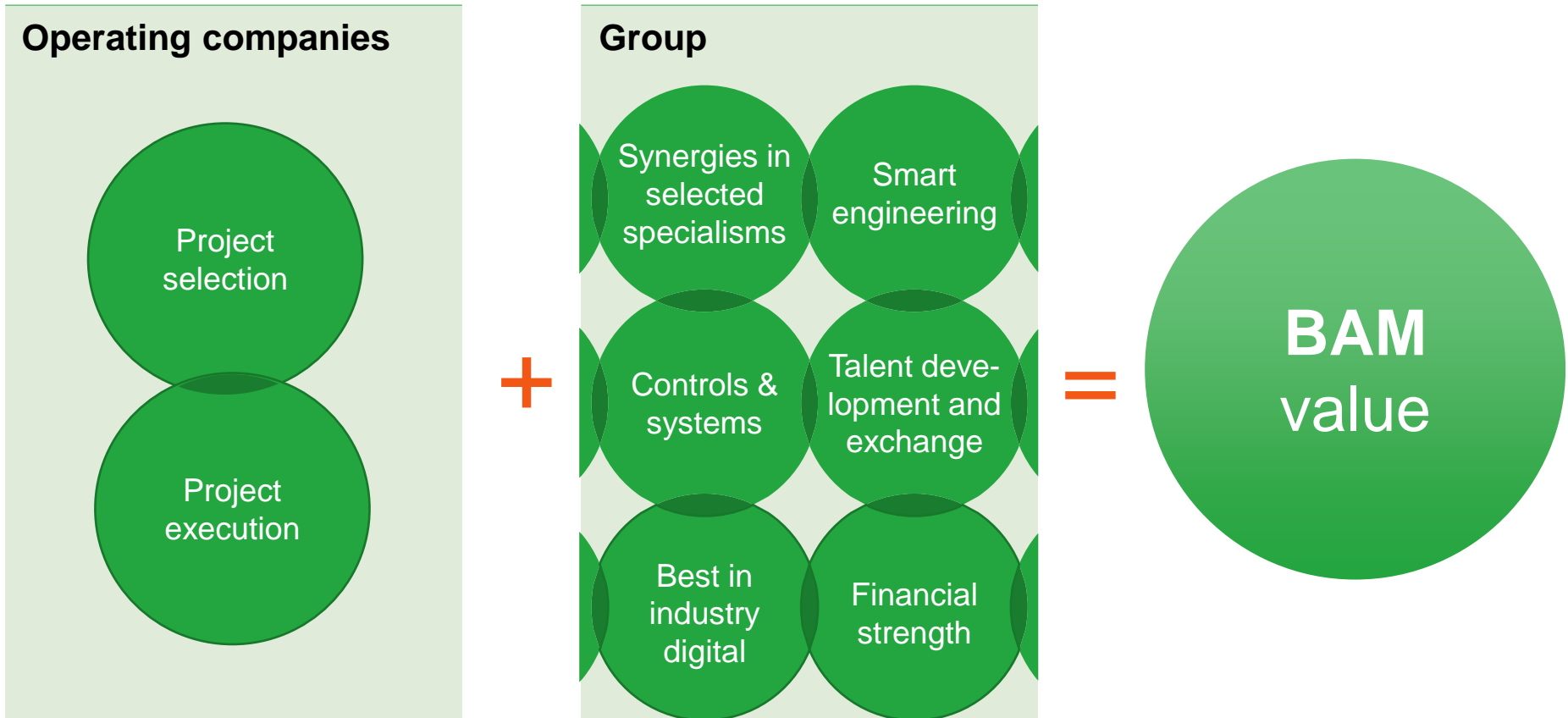
Open collaboration



Scalable Learning



Capabilities

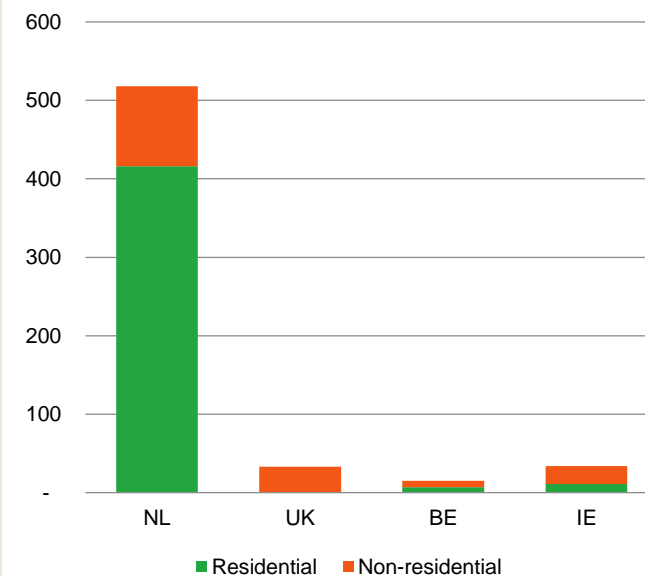


Property investments

(in € million)	Q2 2017	Q4 2016
Land and building rights	427	387
Property development	174	243
Total investments (a)	601	630
Non-recourse loans	81	86
Recourse loans	77	69
Total loans (b)	158	155
Property ass./JV/AHFS (c)	106	146
Net investments (a)–(b)+(c)	549	621

(in € million)

Total investments (Q2 2017)



PPP investments

<i>(in € million, unless stated otherwise)</i>	Q2 2017	Q4 2016
Investment equity ¹⁾	65	66
Committed equity ²⁾	120	120
Total invested & committed equity	185	186
NPV Total invested & committed equity (A)	168	165
NPV Future equity cash inflows (B)	240	238
Estimated unrealised value (B) – (A)	72	73

¹⁾ BAM share invested in equity of PPP contracts

²⁾ Excluding contracts in preferred bidder stage

Net cash analysis

<i>(in € million)</i>	Q2 2017	Q4 2016
Non recourse PPP loans	271	274
Non recourse project financing	88	94
Other project financing	127	119
Total 'project related'	486	487
Subordinated bank loan		-
Subordinated convertible bonds	114	113
Financial lease liabilities	8	7
Bank overdrafts and other loans	5	5
Total interest-bearing debts	613	612
Less: cash	603	739
Net debt / (cash) position	10	-127
Recourse net cash position	349	495

Revenue sector/country

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

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