

# 2018 half year results



**bam**

Royal BAM Group nv



Amsterdam, 23 August 2018

# BAM reports 1H18 adjusted pre-tax result of €57.8 million and reconfirms full year outlook



**Construction & Property:** Dutch residential property development drives margin improvement



**Civil engineering:** cost overrun IJmuiden offset by improved results outside the Netherlands



**PPP:** solid result from existing portfolio supported by project transfer to PGGM joint venture



**Order book:** stable and developing in line with markets



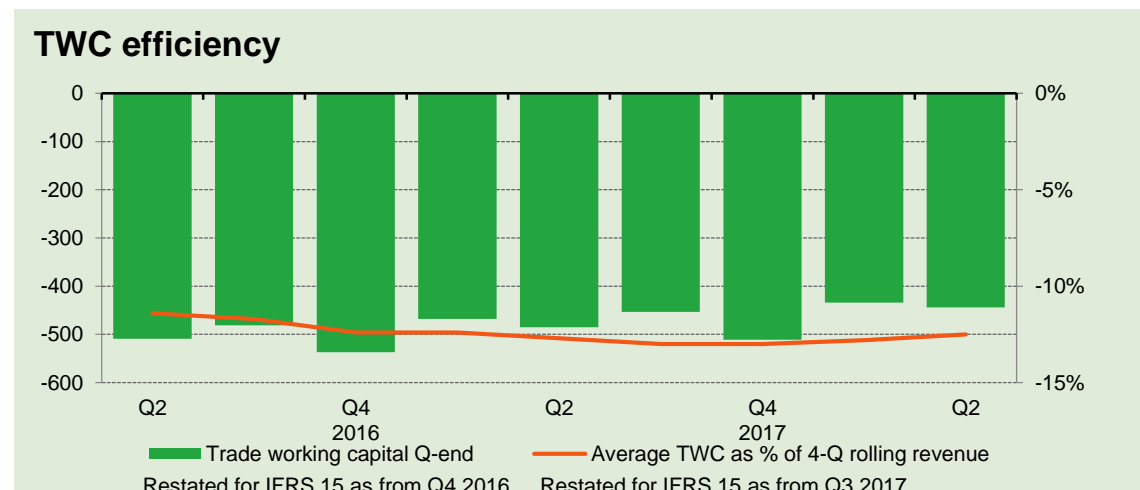
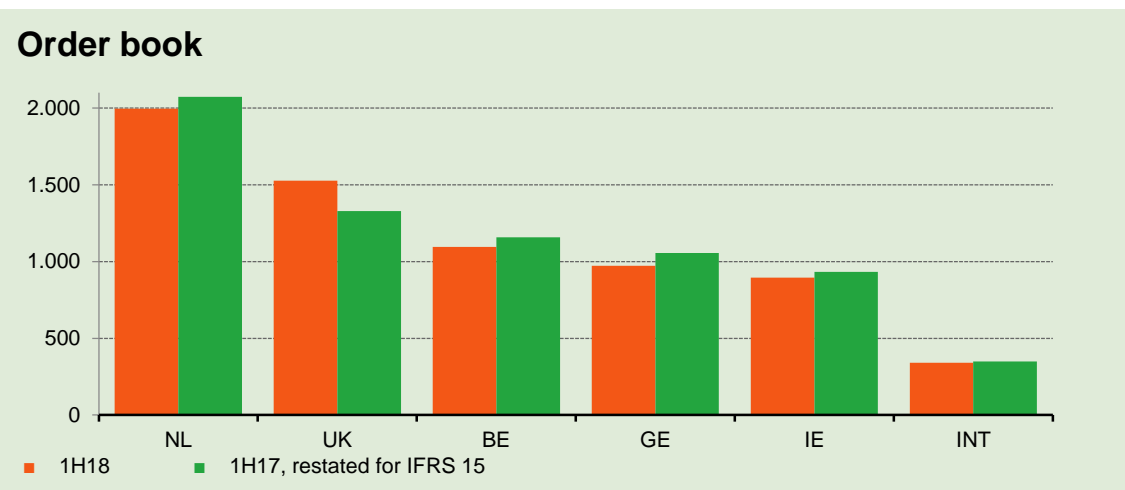
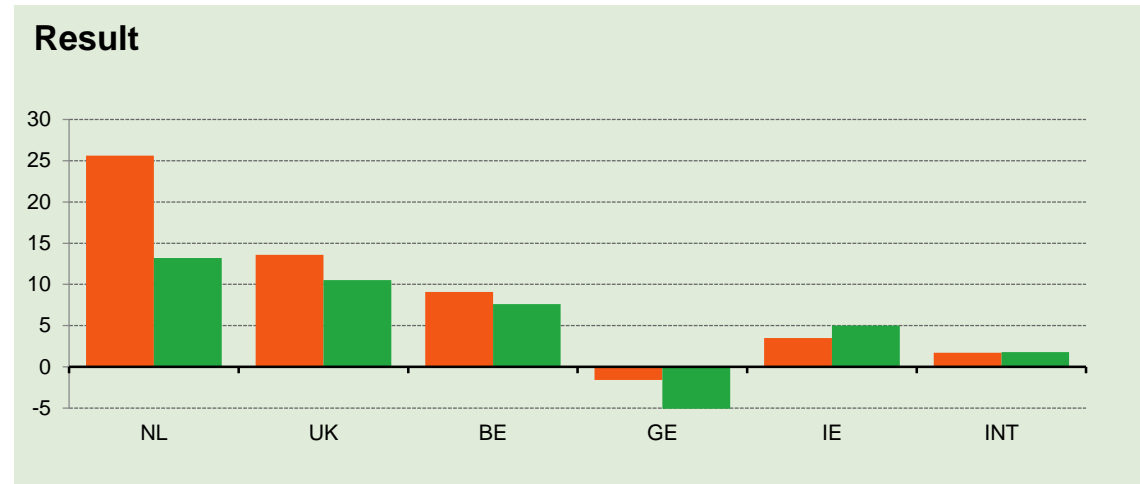
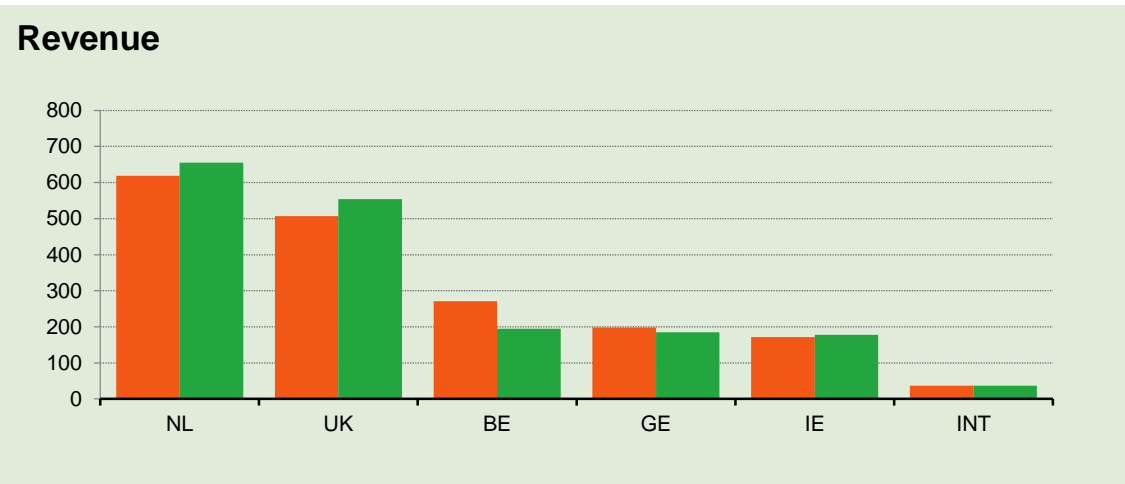
Higher cash outflow in the first half of 2018;  
**Trade working capital efficiency** reduced from -11.1% to -10%



**Adoption IFRS 15 accounting change:**  
restatement 2017 opening shareholders' equity and result

# Construction and Property (1)

(in € million)

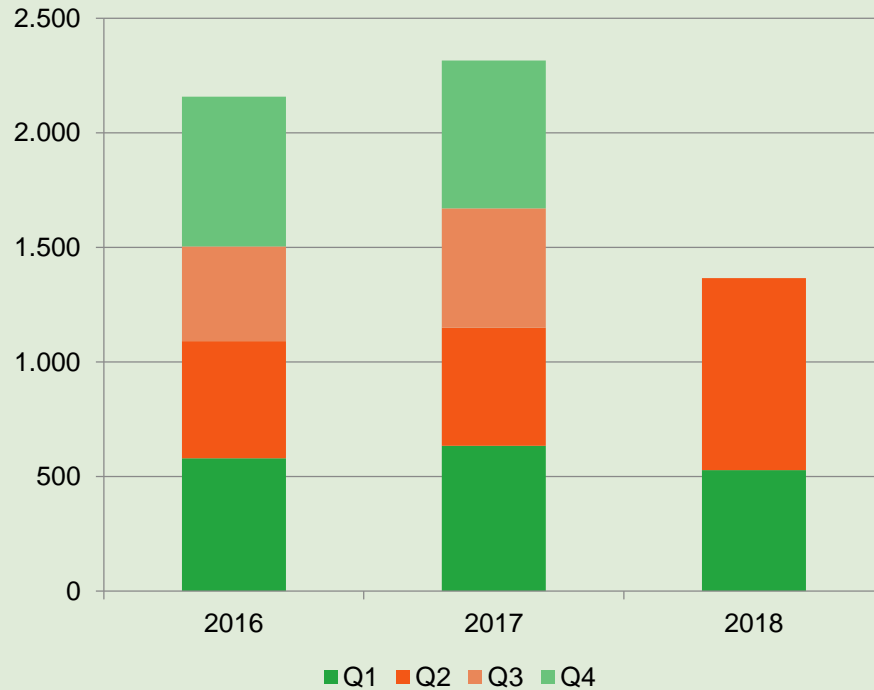






# Construction and Property (2)

Number house sales



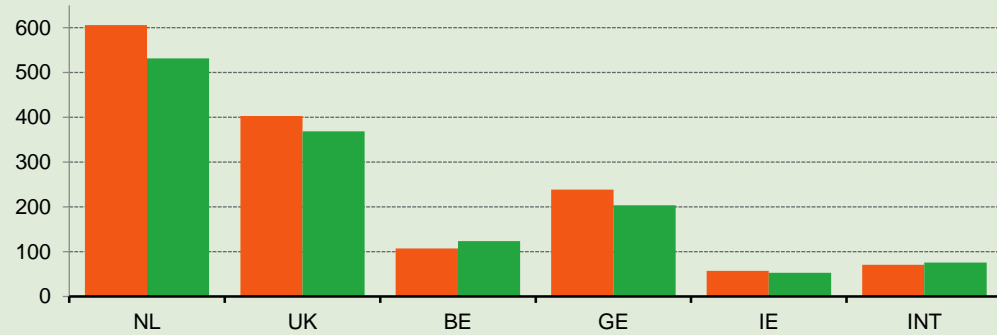
Gross property position (in € million)



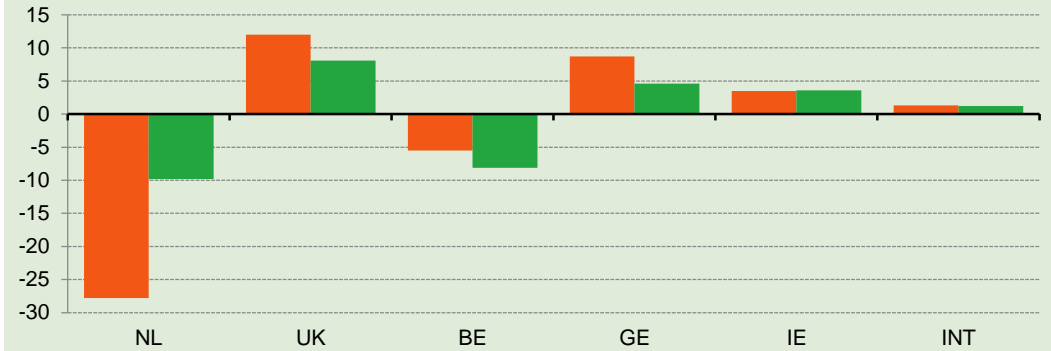
# Civil engineering

(in € million)

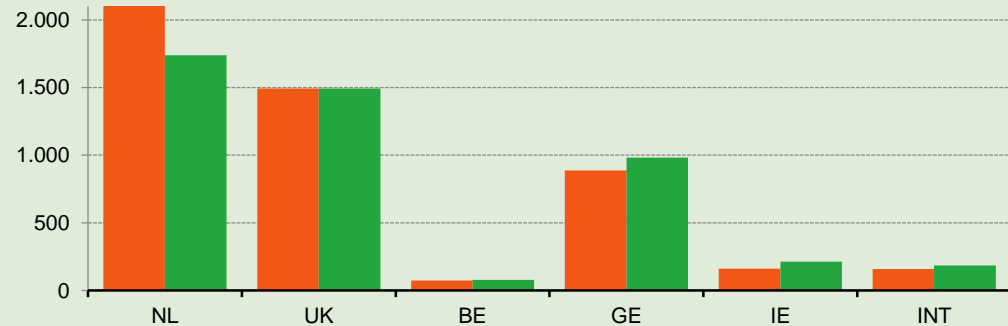
Revenue



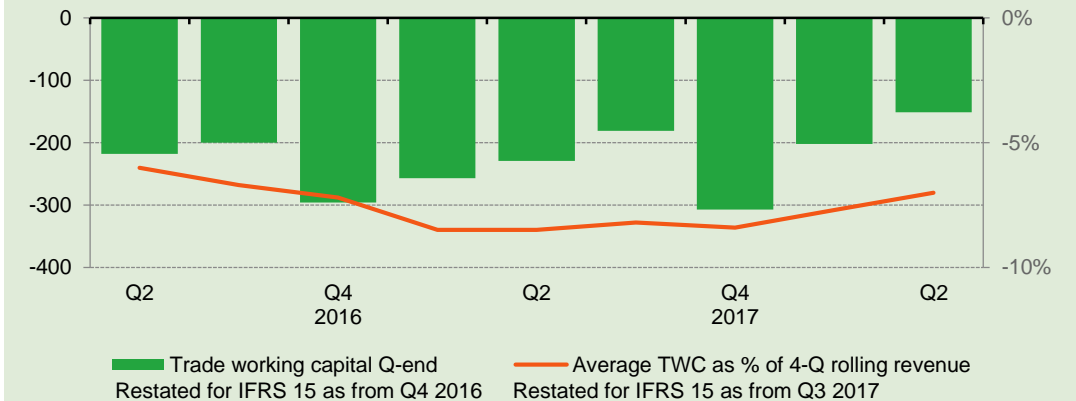
Result



Order book



TWC efficiency



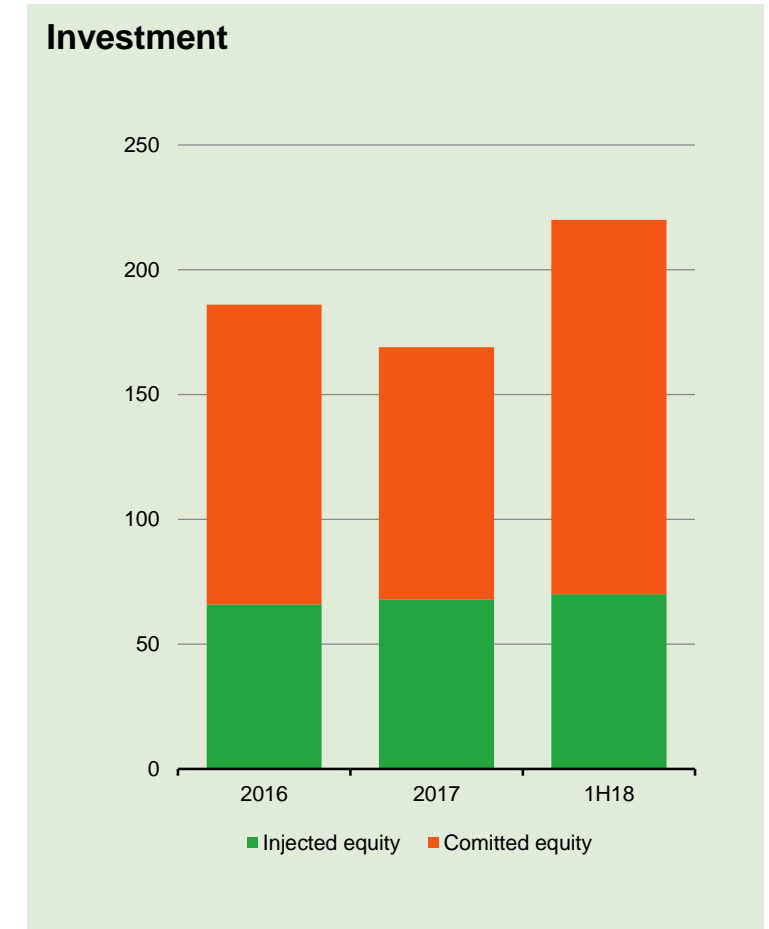
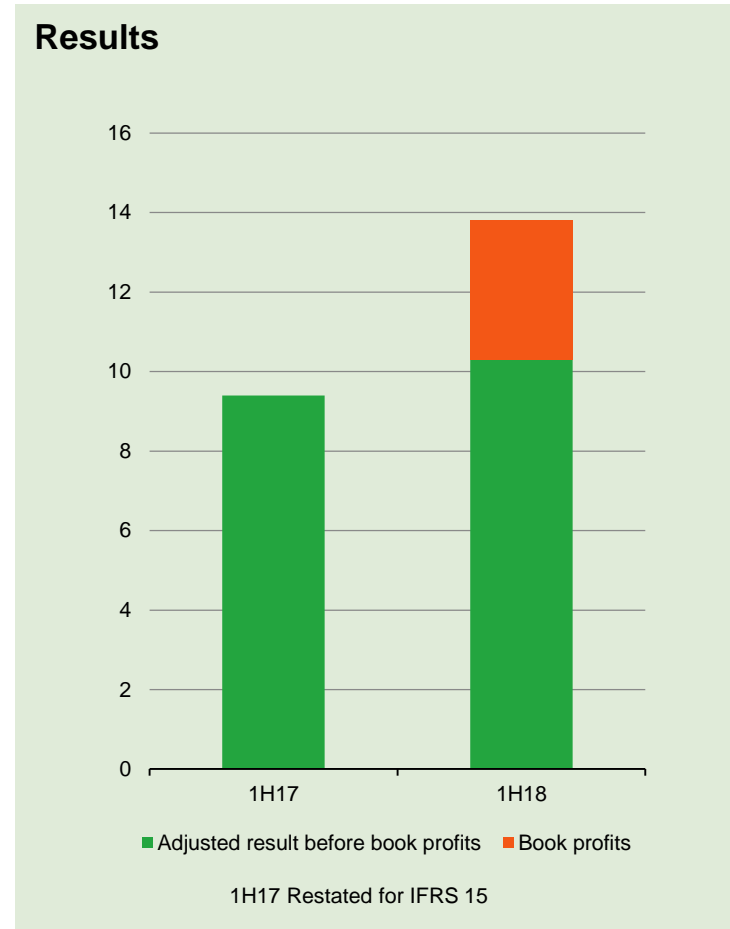
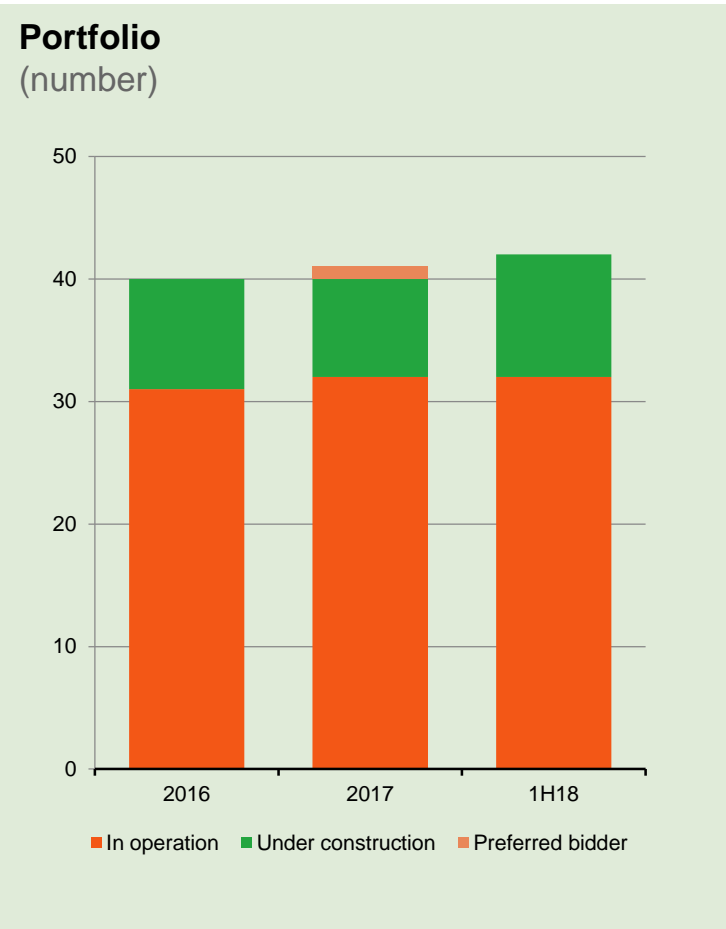






# PPP

(in € million)







TEACH CÚIRTE PHORT LAIRGE  
WATERFORD COURTHOUSE

# Accounting change: IFRS 15 ‘Revenue recognition’

- BAM adopted the new standard with effect from 1 January 2018
- More conservative accounting for timing of revenue recognition
  - “Highly probable” threshold replaces “more likely than not”
- Transition to new standard uses the fully retrospective approach
  - Restatements of opening shareholders’ equity and result for 2017
  - Largest effects on International, Dutch civil engineering and German construction
- No change to management’s view of outcome of projects
- No effect on cash flow
- May lead to more volatile reported results



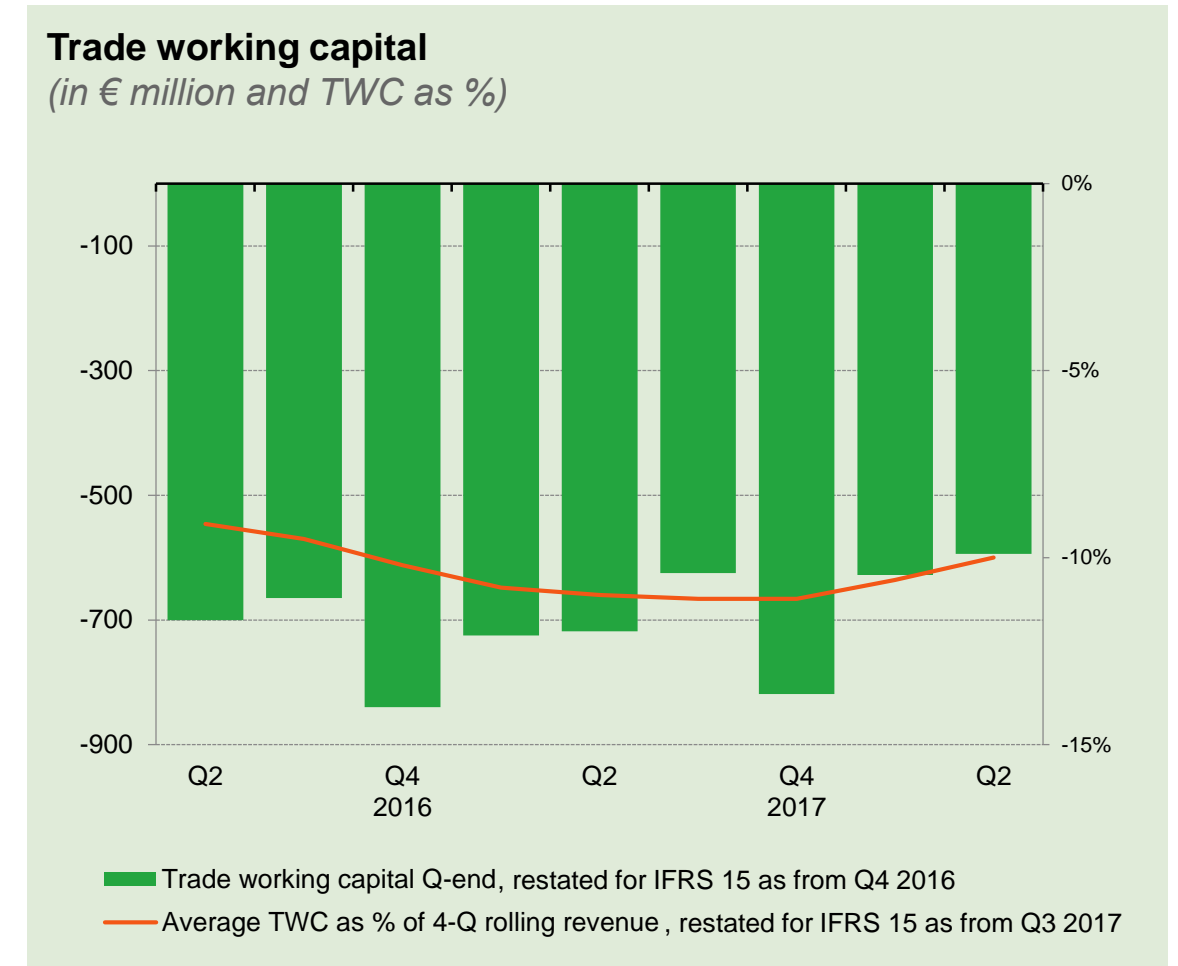
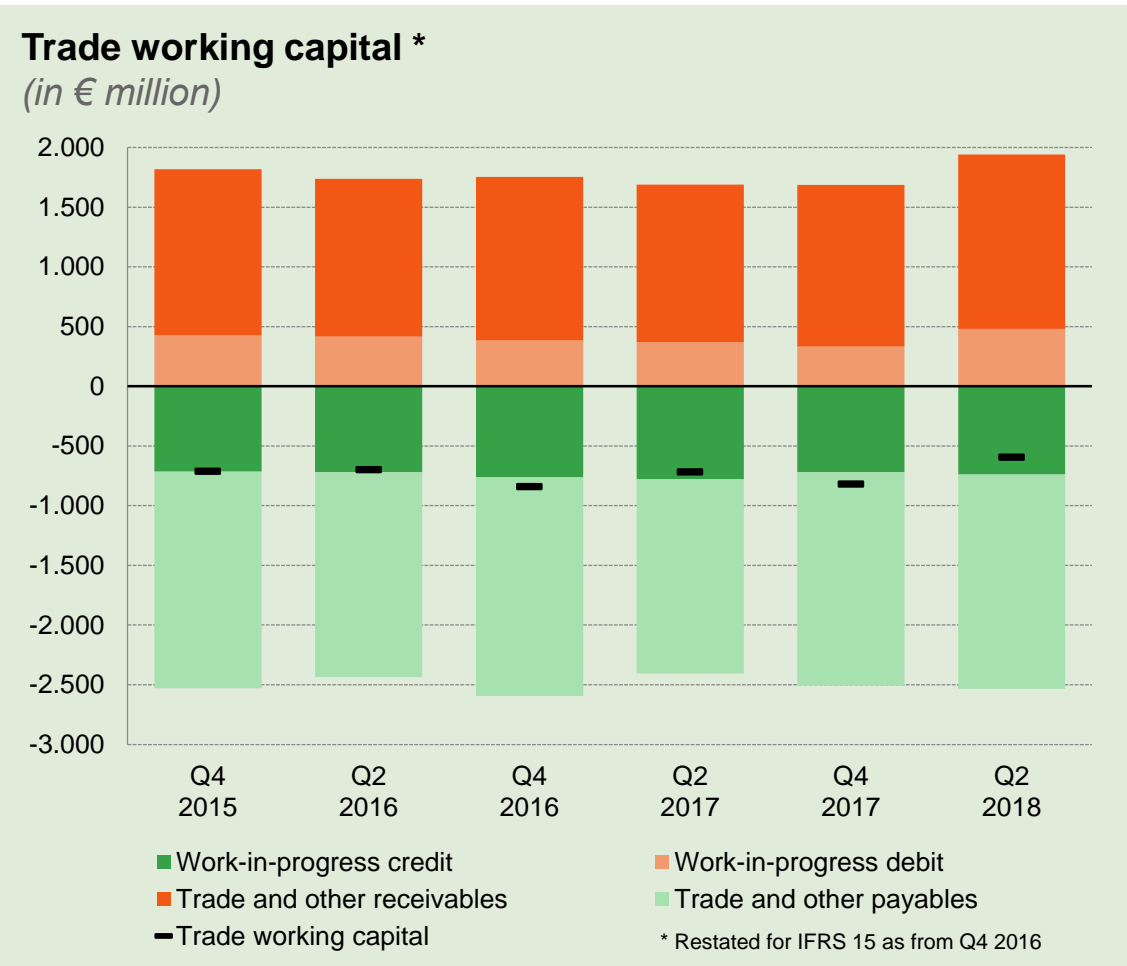
# Income statement

(in € million, unless stated otherwise)

	1H18	Margin	1H17*	Margin
Total sectors	58.0	1.8%	42.0	1.3 %
Group overhead	1.3		-1.0	
Group interest charge	-1.5		0.1	
<b>Adjusted result before tax</b>	<b>57.8</b>	<b>1.8%</b>	<b>41.1</b>	<b>1.3%</b>
Restructuring	-1.2		-	
Impairments	-		-0.1	
<b>Result before tax</b>	<b>56.6</b>		<b>41.0</b>	
Income tax	-12.3		-9.6	
Non-controlling interest	-		-0.1	
<b>Net result</b>	<b>44.3</b>	<b>1.4%</b>	<b>31.3</b>	<b>1.0%</b>

\* Restated for IFRS 15

# Trade working capital





# Cash flow

(in € million, unless stated otherwise)

	1H18	1H17*
Net cash result	89	54
Investments (I)TFA	-33	-47
Δ Trade working capital	-237	-120
Net investment Property	22	76
Net investment PPP	4	3
Δ Other working capital	-72	-65
<b>Business cash flow</b>	<b>-227</b>	<b>-99</b>
Dividend	-11	-7
Restructuring	-5	-18
Pensions (additional)	-8	-7
Others	-11	-5
<b>Δ Cash position</b>	<b>-262</b>	<b>-136</b>

\* Restated for IFRS 15

# Financial position

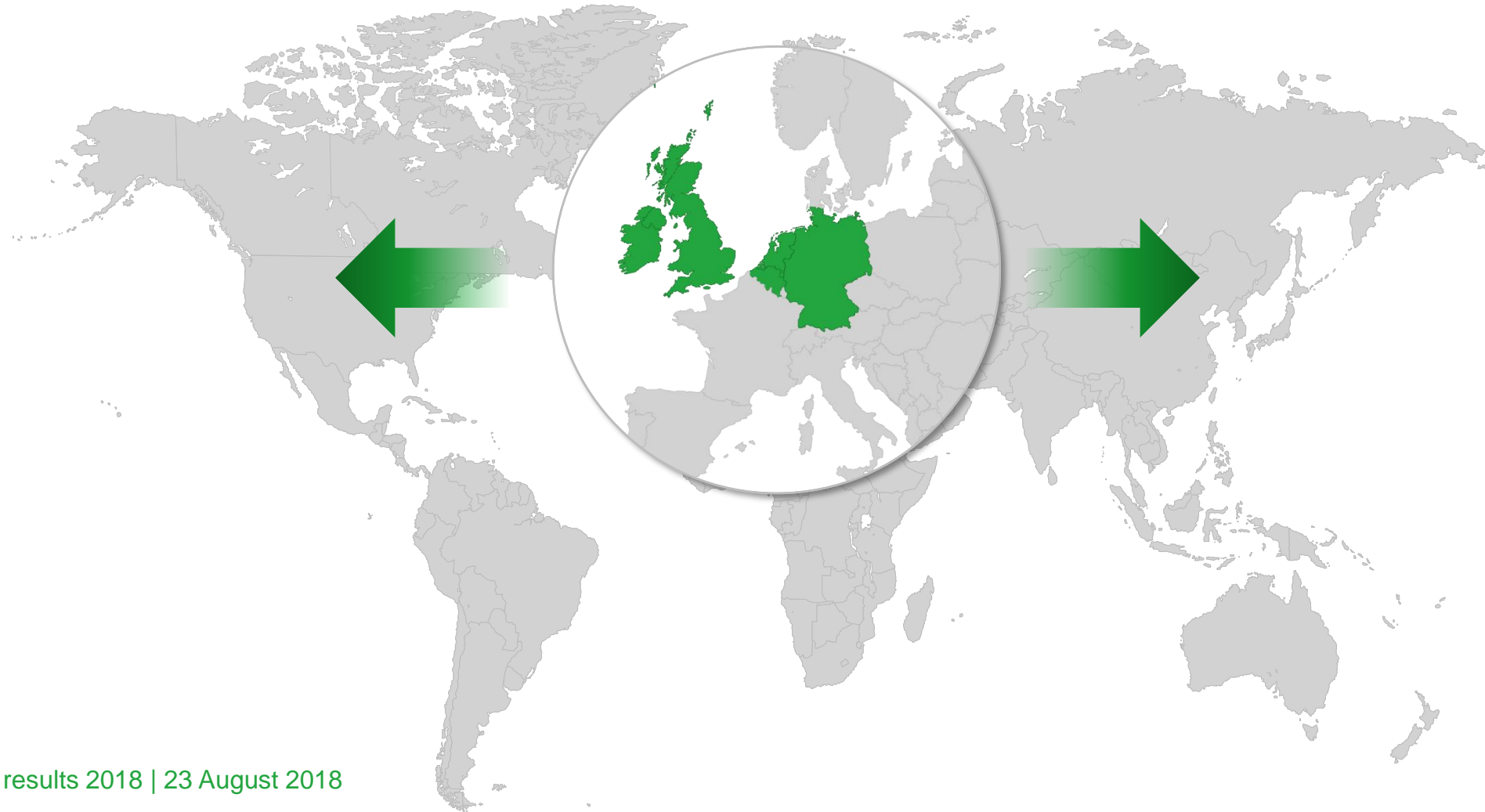
(in € million, unless stated otherwise)

	30 June 2018	31 December 2017*	30 June 2017*
Cash position	434	696	603
Interest-bearing debt	346	503	613
Net cash position	88	193	-10
Recourse net cash position	208	458	349
Capital ratio *	19.9%	18.6%	19.1%
Return on rolling average capital employed *	1.8%	0.6%	2.8%

\* Restated for IFRS 15



# Market conditions



# Order book

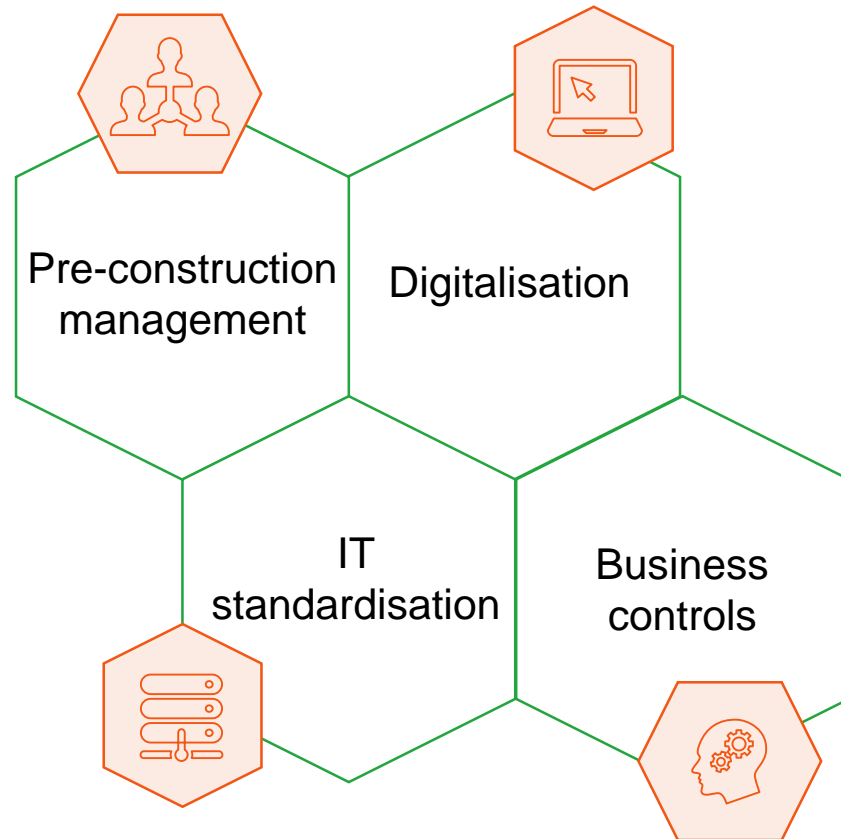
*(in € million)*

**30 June  
2018**

**31 December  
2017**

	<b>30 June 2018</b>	<b>31 December 2017</b>
Construction and Property	<b>6,827</b>	6,890
Civil engineering	<b>4,905</b>	4,693
PPP	<b>196</b>	210
Eliminations and other	<b>-128</b>	-193
<b>Total sectors</b>	<b>11,800</b>	11,600

# Key priorities



# Outlook

For the full year 2018, BAM expects an adjusted result before tax margin of around 2%.





# Annexes

Updated strategy: Building the present, creating the future

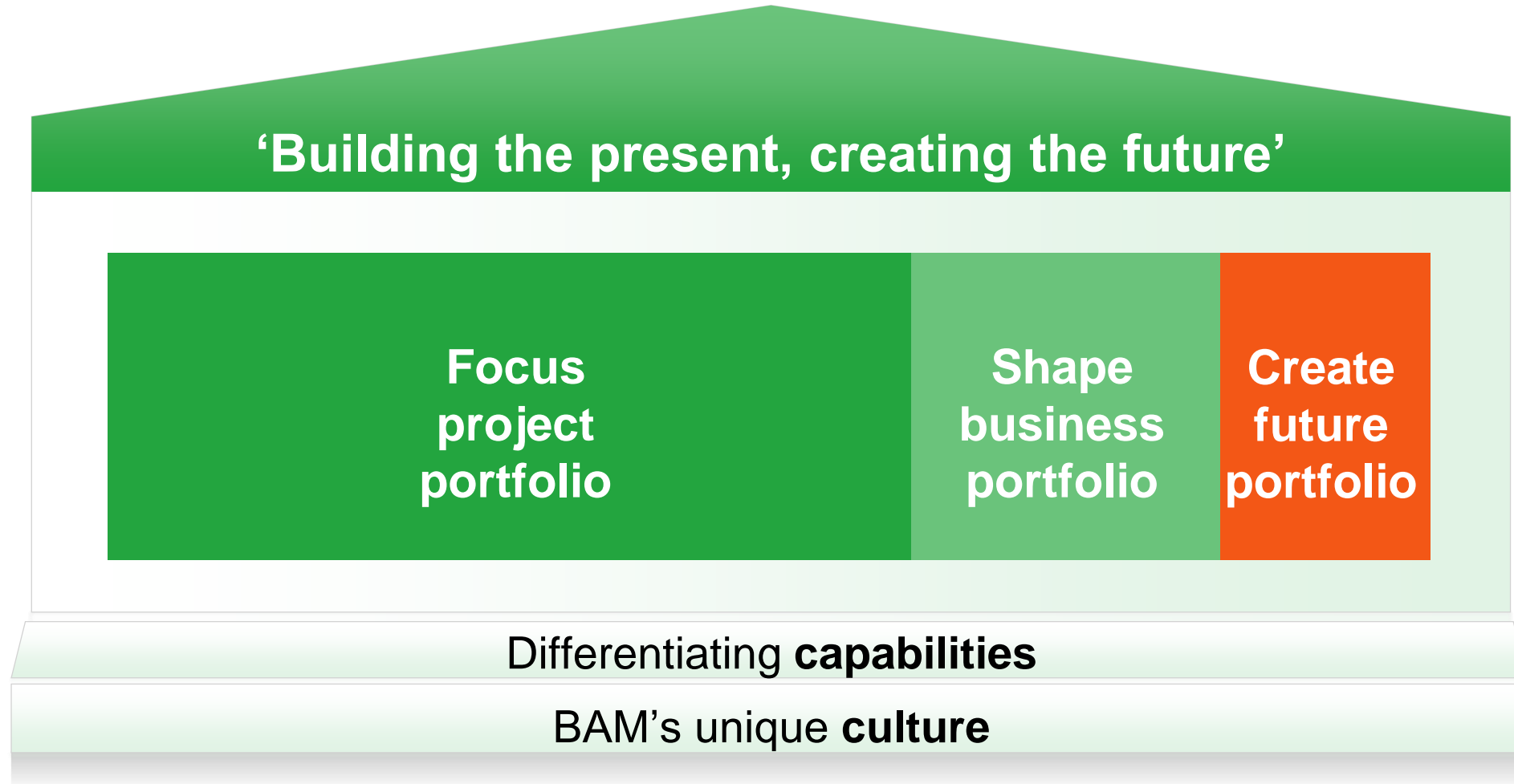
Property investments

PPP investments

Net cash analysis

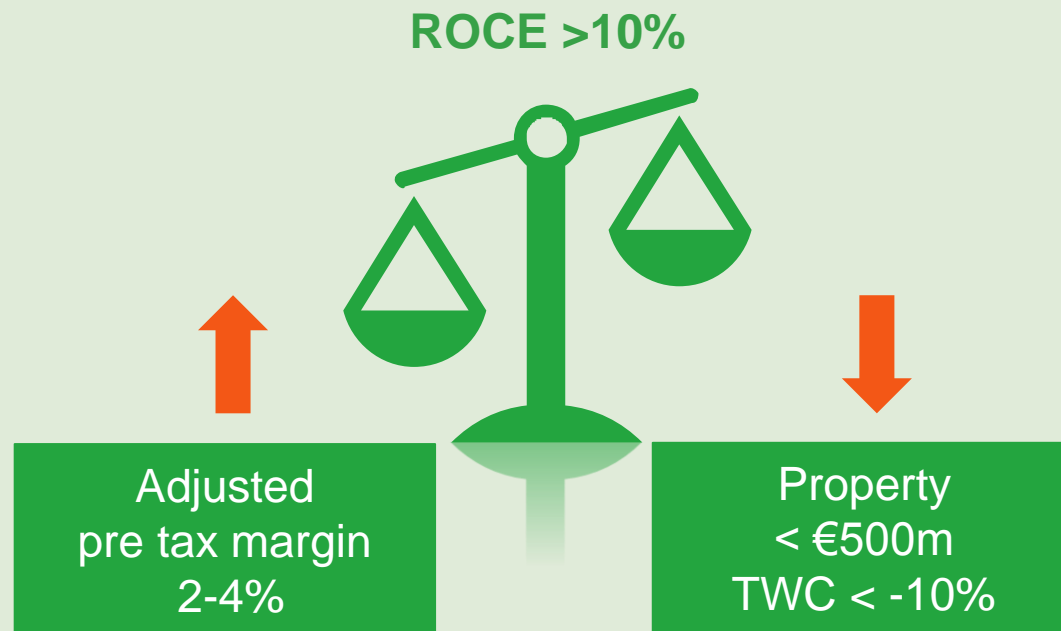
Revenue sector/country

# Strategy 2016-2020



# Targets 2020

## Profit



## People

Safety IF < 3.5



## Planet

Net positive impact



# Focusing project portfolio (1)

Scale



Expertise





# Focusing project portfolio (2)

**Selection**



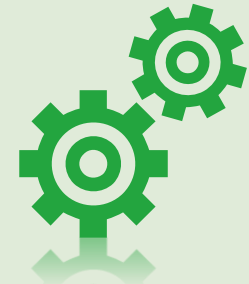
**Stage gate**



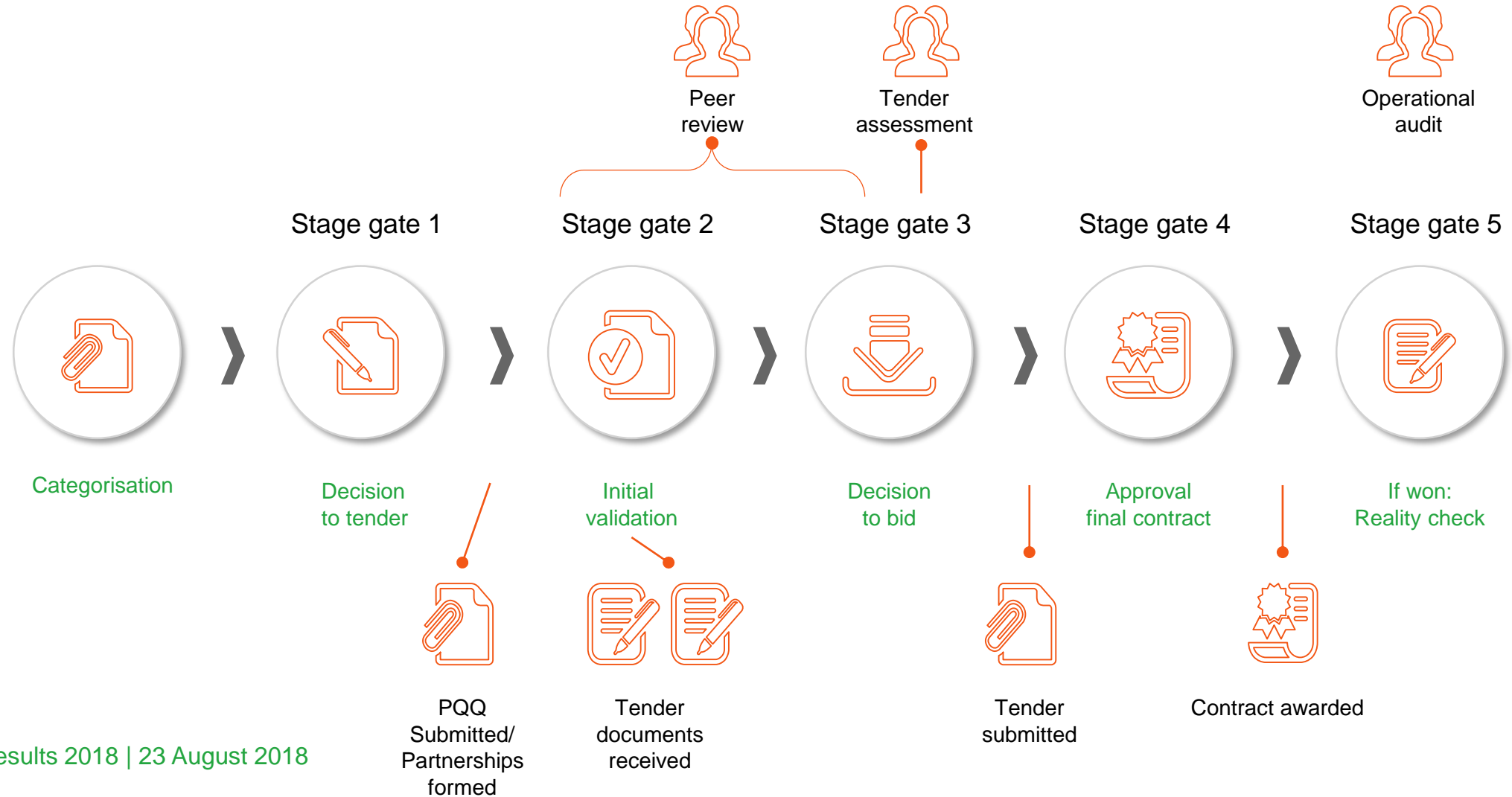
**Peer review**



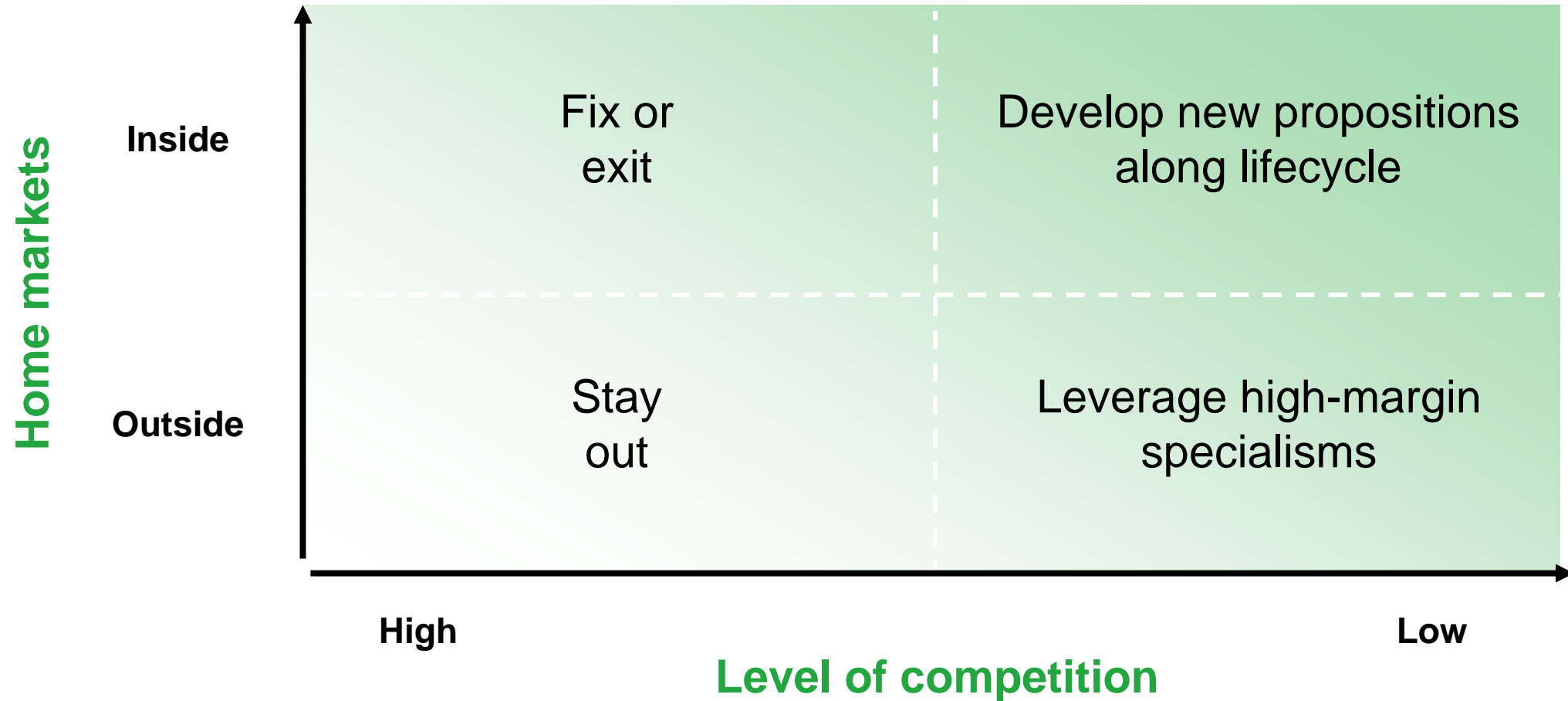
**Operational audit**



# Focusing project portfolio (3)



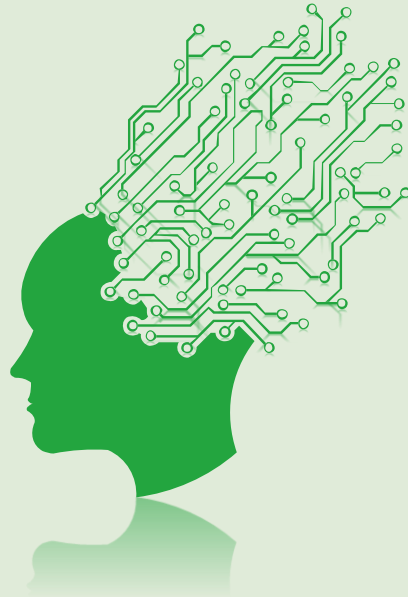
# Shape business portfolio





# Create future portfolio

## Digital construction process



## Digital built environment



# Culture



Predictable performance



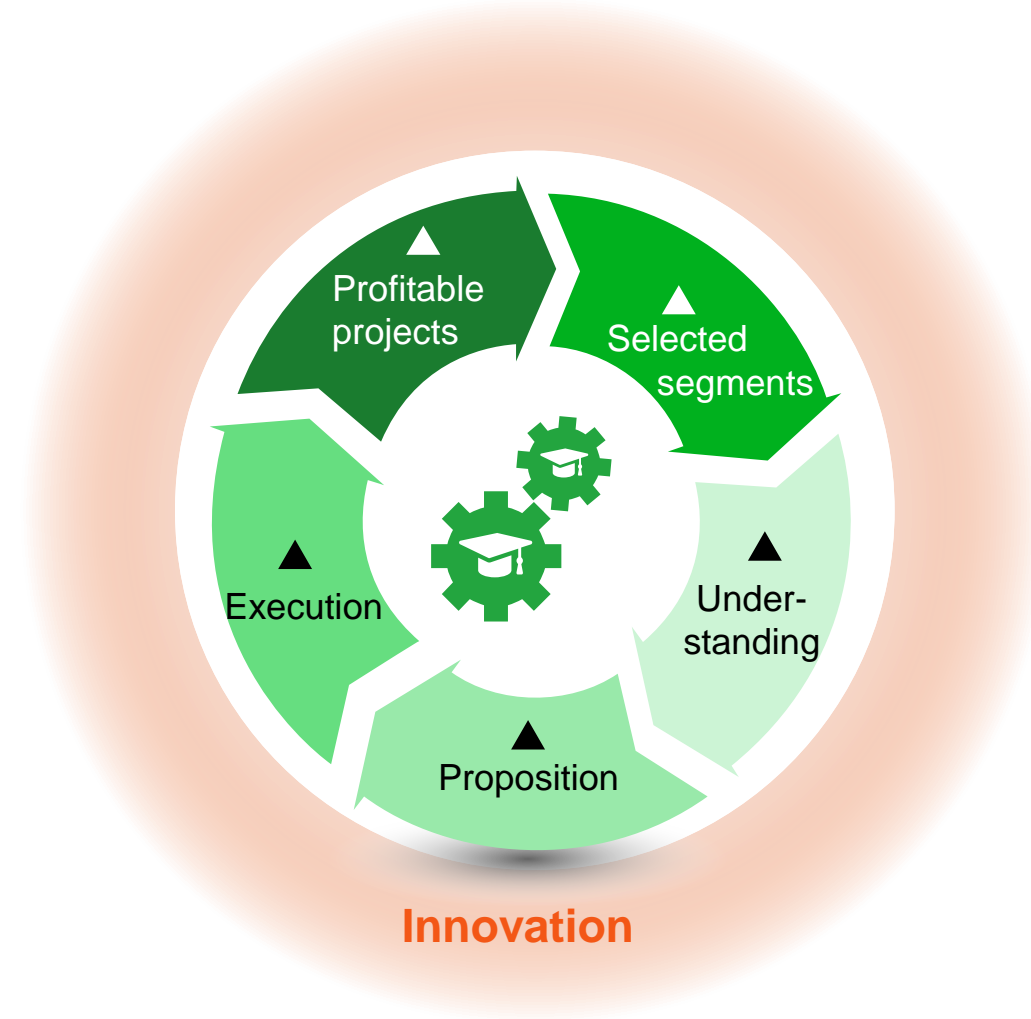
Proactive ownership



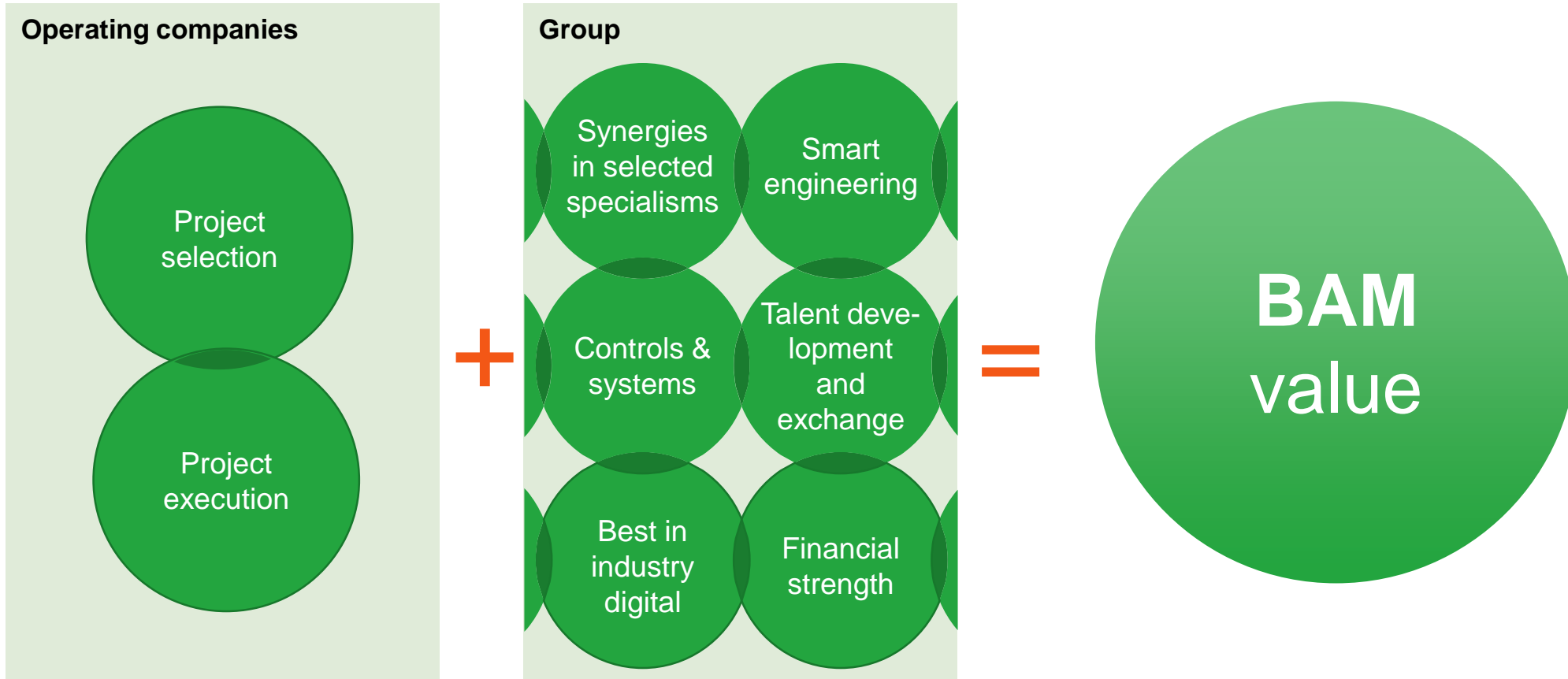
Open collaboration



Scalable learning



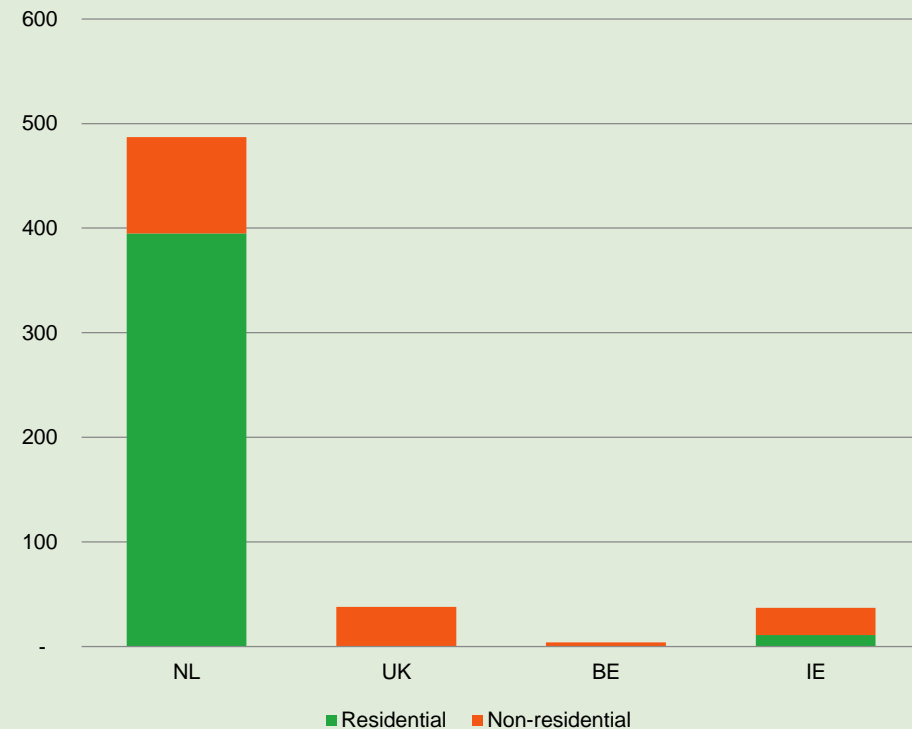
# Capabilities



# Property investments

<i>(in € million, unless stated otherwise)</i>	<b>30 June 2018</b>	<b>30 June 2017</b>
Land and building rights	<b>406</b>	427
Property development	<b>159</b>	174
<b>Total investments (a)</b>	<b>565</b>	601
Non-recourse loans	<b>69</b>	81
Recourse loans	<b>73</b>	77
<b>Total loans (b)</b>	<b>142</b>	158
Property associates/JV/AHFS (c)	<b>129</b>	106
<b>Net investments (a)–(b)+(c)</b>	<b>552</b>	549

**Total investments as at 30 June 2018**  
(in € million)





# PPP investments

(in € million, unless stated otherwise)

**30 June  
2018**

**31 December  
2017**

Invested equity <sup>1)</sup>	<b>70</b>	68
Committed equity <sup>2)</sup>	<b>150</b>	101
Total invested & committed equity	<b>220</b>	169
Of which committed equity by PGGM	<b>109</b>	70
Estimated unrealised value based on cash flows	<b>76</b>	75

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

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

# Net cash analysis

(in € million, unless stated otherwise)

	30 June 2018	31 December 2017
Non recourse PPP loans	47	190
Non recourse project financing	74	75
Other project financing	87	105
<b>Total 'project related'</b>	<b>208</b>	<b>370</b>
Subordinated convertible bonds	116	115
Financial lease liabilities	17	13
Bank overdrafts and other loans	5	5
<b>Total interest-bearing debts</b>	<b>346</b>	<b>503</b>
Less: cash	434	696
<b>Net cash position</b>	<b>88</b>	<b>193</b>

# Revenue sector/country

*(in € million, unless stated otherwise)*

	Construction and Property	Civil engineering	PPP	Total
Netherlands	19%	18%	0%	<b>37%</b>
United Kingdom	16%	11%	-	<b>27%</b>
Belgium/Luxembourg	6%	4%	0%	<b>10%</b>
Germany/Swiss	7%	7%	0%	<b>14%</b>
Ireland	5%	2%	2%	<b>9%</b>
International	1%	2%	-	<b>3%</b>
<b>Total</b>	<b>54%</b>	<b>44%</b>	<b>2%</b>	<b>100%</b>

Revenue per sector/country 2017 as a percentage of gross total revenue 2017

# Contact details

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