

Date 8 November 2018

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**FIRST NINE MONTHS 2018 TRADING UPDATE****BAM reports adjusted pre-tax result of €93.6 million, reiterates full year outlook**

- Adjusted pre-tax result margin of 1.9% including sea lock IJmuiden cost overrun reported in Q2
- Strong results at Construction and Property and PPP; Civil engineering break-even
- Non-cash impairment of €23 million on Dutch regional property positions
- Order book quality continued to improve due to focus on selective tendering
- Full focus on reversing the recent trend of trade working capital efficiency

*(in € million, unless otherwise indicated)*

Key data	9 months 2018	9 months 2017 **	Full year 2017 **
Revenue	5,042	4,677	6,535
Adjusted* result before tax	93.6	59.4	24.9
Order book (period-end)	11,900	10,800	11,600
Trade working capital efficiency	-9.4%	-11.1%	-11.1%

\* Before restructuring costs, impairments and pension one-off.

\*\* Restated for IFRS 15.

**Rob van Wingerden, CEO of Royal BAM Group:**

'The market trends of the first half year continued in the third quarter of 2018, in line with our expectations. Construction and Property is having a strong year especially due to its leading position in the Dutch residential property market. The overall result at Civil engineering was break-even; the good performance in the UK, Germany and Ireland - with margins well within the strategic target range - was offset by the Netherlands, BAM International and Belgium. Our PPP business delivered a solid result, ahead of last year.

We continue to be selective in tendering for large projects, and are discussing with our public sector clients on ways to improve the risk and reward balance and contract conditions. We also revitalised our trade working capital programme with a full focus on reversing the recent trend in trade working capital efficiency.

We reiterate our guidance for full year 2018, that we expect a pre-tax adjusted result margin of around 2 per cent.'

**Highlights**

Construction and property delivered strong results, led by the Netherlands residential construction and property activities. Dutch house sales, predominantly to private buyers, rose by 11% to 1,862. The property impairment mainly related to a Dutch regional land position adjacent to the development of a large windmill park, which is now reduced to the value of farmer's land.

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At Civil engineering, there was a break-even result for the first nine months. This included the cost overrun of €30 million at the sea lock IJmuiden already reported in the first half year results. The immersing of the first caisson is nearing completion. Dutch civil engineering was profitable in the third quarter. The performance in the first nine months of BAM International and in Belgium reflected challenging market conditions; these markets are showing signs of improvement.

In PPP, there was a good result from the portfolio and a gain on the transfer of one project to the joint venture with PGGM in the first quarter. The project pipeline remains healthy.

The trade working capital efficiency ratio was -9.4 per cent at end-September 2018. This rolling metric is expected to worsen in the fourth quarter due to the strong trade working capital level at year end 2017 and the cash outflow on sea lock IJmuiden this year. BAM still expects a negative cashflow for the full year 2018. BAM's management has revitalised the trade working capital programme, with a heightened focus on work in progress, trade receivables and settling final accounts.

There was a cash outflow on the sea lock IJmuiden of €80 million in the first nine months of 2018 (first nine months of 2017: cash out €3 million). Constructive discussions are ongoing with the banking syndicate for this project to update the financing scheme and restart funding. At this stage it is not clear when these discussions will be finalised.

### **Live audio webcast**

On 8 November 2018, at 10.00 a.m. CET, there will be a conference call in English for analysts. This can be followed via live audio webcast ([www.bam.com](http://www.bam.com)).

### **About Royal BAM Group**

Royal BAM Group nv is a construction company with ten operating companies, active in Construction and Property, Civil engineering, as well as in Public-private partnerships. BAM has leading positions in five European home markets: the Netherlands, Belgium, the United Kingdom, Ireland and Germany. Furthermore, the Group delivers projects in Denmark, Luxembourg and Switzerland, while BAM International operates in niche markets worldwide. Sustainability and innovation are major drivers of BAM's design, construction and facility management solutions. The Group has an aspiration to become the market leader in the use of digital technology to ensure that clients receive the highest possible standards of quality. BAM has annual revenues of about €7 billion, employs approximately 20,000 people and is listed on Euronext Amsterdam. [www.bam.com](http://www.bam.com)

### **Next event**

20 February 2019: announcement of full year results 2018.

### **Further information**

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*This press release contains inside information within the meaning of article 7(1) of the EU Market Abuse Regulation.*