

Date 20 February 2019

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BAM delivers 2018 outlook with adjusted pre-tax result of €153.2 million

- Adjusted pre-tax margin of 2.1% despite the impact of sea lock IJmuiden project (OpenIJ)
- Construction and Property: good result benefiting from Dutch residential property, UK and Ireland
- Civil engineering: strong performance in UK and Ireland, mainly offset by the Netherlands
- PPP: solid performance from the existing portfolio
- Order book growth driven by multi-year projects with firm focus on tender discipline
- Positive cash flow with strong inflow in second half 2018
- Non cash impairments on Dutch regional property positions in Q3 and Dutch deferred tax asset in Q4
- Dividend proposal of €0.14 (2017: €0.10) per share with scrip alternative and buy-back to offset dilution

Key numbers (in € million, unless otherwise indicated)	Full year 2018	Full year 2017**
Revenue	7,208	6,535
Adjusted result before tax*	153.2	24.9
Adjusted result before tax* margin	2.1%	0.4%
Restructuring	-3.8	-0.1
Impairments	-23.8	-4.8
Pension one-off	-11.1	-
Net result	23.8	-13.8
Earnings per share (in €)	€0.09	€-0.05
Dividend per share (in €)	€0.14	€ 0.10
Return on average capital employed	7.5%	0.6%
Order book (end of period)	12,700	11,600

* Before restructuring, impairments and pension one-off.

** Restated for IFRS 15, where applicable.

Rob van Wingerden, CEO of Royal BAM Group:

'2018 has been a year of good progress for BAM. Most of our businesses performed well, which reflected the benefits of ongoing improvements in our tendering and project execution. Although the sea lock IJmuiden adversely affected our results and cash flow, we made further steps in de-risking the project. Our overall cash flow for the year was positive and our financial position remained strong. We propose an increased dividend, adjusted for the non-operational and non-cash impairment of the Dutch deferred tax asset, of 14 cents per share.

In 2018 our safety performance improved again and we launched a new campaign: Your safety is my safety. This year, as we celebrate our 150-year anniversary, we are planting 150,000 trees in different parts of the world which underlines our mission to contribute to a sustainable environment for the next generations.

Conditions in most of our markets are generally positive, although uncertainty over Brexit remains. We are firmly focused on delivering the targets of our strategy Building the present, creating the future. In order to enhance our project portfolio, we refrain from tenders where acceptable contract terms cannot be achieved. We are in ongoing discussions with public sector infrastructure clients which have to lead to an improved risk and reward balance for new projects in our portfolio. We are shaping our business portfolio with our proposed joint venture for asphalt production in the Netherlands. And we are shaping our future portfolio by investing in modular construction in Ireland and the digital experience centre for Dutch new build house buyers.

For 2019, we expect the revenue to be around €7 billion and aim to further improve the adjusted result before tax margin within the strategic target range of 2 to 4%.'

Strategy execution

In 2018, the key performance indicators for the year against the targets for the period 2016-2020 were:

	2018	2017	Target 2020
Return on average capital employed ¹	7.5%	0.6%	>10%
Adjusted result before tax margin ²	2.1%	0.4%	2%-4%
Trade working capital efficiency ³	-8.8%	-11.1%	< -10%
Property portfolio (€ million)	564	591	< 500
Capital ratio ⁴	18.5%	18.6%	Towards 25%
Incident Frequency ⁵	4.2	4.6	3.5
CO2 emission (tonnes/€m)	26.8	28.1	23.2
Construction and office waste (tonnes/€m)	17.9	20.3	16.2

¹ Rolling year EBIT divided by the average capital employed.

² Result before tax excluding restructuring costs, impairment charges and pension one-off as percentage of revenue.

³ The average four quarters' trade working capital divided by rolling year revenue.

⁴ Capital base (shareholder equity plus subordinated convertible bonds) divided by total assets.

⁵ The total number of industrial accidents leading to absence from work per million hours worked.

Market conditions

- Netherlands: high demand for new build homes, but growth in the supply remains constrained by availability of permitted locations. Non-residential construction volumes continue to improve. Both markets are impacted by ongoing supply chain pressure and are benefiting from the transition to more energy efficient buildings.
Civil engineering volumes have started to grow, but risk and reward balance remains challenging.
- UK: non-residential and civil engineering are relatively stable. Brexit uncertainty remains.
- Germany: construction and civil engineering markets stable with a positive outlook especially for public infrastructure, including PPP.
- Belgium: civil engineering is growing slowly with postponements of major projects. Walloon region remains at low level. Construction and property market mixed picture; private market is supportive and public market is stagnating.
- Ireland: residential and non-residential construction continues to improve; civil engineering stable with limited number of larger projects coming to the market.
- International: oil and gas market still at low level, some investment decisions coming through.
- PPP: opportunities in most of BAM's home markets and selected international markets.

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Accounting changes

BAM adopted **IFRS 15** 'Revenue from Contracts with Customers' with effect from 1 January 2018, using the full retrospective transition approach. As announced with the first half 2018 results, this led to restatements of shareholders' equity as at 1 January 2017 (reduced by €110 million) and the 2017 net result (reduced by €26 million). There was no impact on cash flows. For full year 2018, the revenue and result included €27 million which had been derecognised in the adoption of IFRS 15. There was an offsetting effect from revenues which were not recognised in 2018, but would have been under the old accounting rules.

The accounting policy for German Joint Arrangements (Arbeitsgemeinschaften: 'Argen') was updated for new interpretations of **IFRS 11**. Previously these Argen were treated as joint operations and proportionally consolidated. As from 31 December 2018 they are treated as joint ventures and accounted for under the equity method. As a consequence the impact on the year end 2018 cash was - €16 million, the order book - €629 million and trade working capital efficiency -0.3 % point. The revenue from these Argen included in the consolidated income statement for 2018 was €117 million.

BAM will adopt **IFRS 16** 'Leases' with effect from 1 January 2019. The adoption is expected to have an impact of €275 million to €325 million on the balance sheet total and about 120 basis points on the capital ratio.

Order book development

<i>(x € million)</i>	31 December 2018	31 December 2017
Construction and Property	7,025	6,895
Civil engineering	5,577	4,694
PPP	202	210
Eliminations and miscellaneous	-104	-199
Total	12,700	11,600

The overall order book growth was driven by positive market conditions and winning multiyear projects especially in civil engineering in the UK. The margin on the new order intake continued to improve and is well within the strategic target margin bandwidth of 2% to 4%.

Income statement

<i>(x € million)</i>	Full year 2018		Full year 2017*	
	Revenue	Result	Revenue	Result
Analysis by sector				
Construction and Property	4,043	114.7	3,696	68.9
Civil engineering	3,223	19.3	2,907	-58.6
Public Private Partnerships (PPP)	35	20.2	135	19.0
Eliminations and miscellaneous	-93	-	-203	-
Total sectors	7,208	154.2	6,535	29.3
Group overhead		2.0		-3.5
Group interest charge		-3.0		-0.9
Adjusted result before tax		153.2		24.9
Restructuring		-3.8		-0.1
Impairments		-23.8		-4.8
Pension one-off		-11.1		-
Result before tax		114.5		20.0
Income tax		-90.1		-32.9
Non-controlling interest		-0.6		-0.9
Net result		23.8		-13.8

* Restated for IFRS 15, where applicable.

<i>(x € million)</i>	Full year 2018		Full year 2017**	
	Revenue	Result	Revenue	Result
Analysis by geography*				
The Netherlands	2,738	31.9	2,398	-43.7
United Kingdom	1,913	58.9	1,861	32.8
Belgium	744	3.9	686	-4.3
Ireland	553	24.8	455	8.2
Germany	929	12.1	895	9.9
PPP	35	20.2	135	19.0
International	329	2.4	261	7.4
Eliminations and miscellaneous	-33	-1	-156	-4.4
Total sectors	7,208	153.2	6,535	24.9

* Geography defined on where the operating company is based.

** Restated for IFRS 15, where applicable.

Revenue increased by €673 million (10%) to €7,208 million. There was growth in all geographies reflecting generally positive market conditions.

Adjusted result before tax for the year 2018 improved by €128.3 million to €153.2 million. The result in the Netherlands improved significantly due to the lower impact of sea lock IJmuiden and a higher contribution from residential property development. There were strong results in the UK and Ireland. The performance at Belgium and International remained under pressure from market conditions. The PPP result was slightly ahead of last year.

Impairments reflected mainly the lower valuation of Dutch regional property adjacent to the development of a large wind mill park which was reduced to the value of farmer's land. The pension one-off item related to the equalisation of Guaranteed Minimum Pensions for men and women in the UK.

Income tax 2018 included a non-cash impairment of €72 million (2017: €40 million) on the balance sheet deferred tax assets. This was related to the lower performance of the Dutch fiscal unity and the negative effect of the lowering of the Dutch corporate income tax rate for future years.

Sector performance

At Construction and Property, revenue increased by €347 million (9%) to €4,043 million. Half of this increase was attributable to the Dutch residential construction and development activities. Revenues in most other businesses grew, driven by improved market conditions. The UK revenue stabilised.

The sector result was up by €45.8 million to €114.7 million (margin of 2.8%) due to the larger contribution of Dutch property and strong results in Ireland and the UK. The construction activities in the Netherlands experienced some margin erosion from supply chain pressure. Germany delivered according to plan a positive result for the full year after the refocusing of activities in 2016. The modest result in Belgium included some claim settlements and small project losses.

The contribution to the result from property rose to €52.9 million (2017: €26.7 million) mostly coming from Dutch residential. Dutch house sales were up by 6% to 2,448 despite the ongoing constraints in the availability of locations with building permits. The gross investment in property reduced by €27 million, mainly due to the non-cash impairment in the third quarter, to €564 million at the end of 2018. These investments were financed by €53 million recourse property loans (year-end 2017: €75 million) and €79 million non-recourse property loans (year-end 2017: €69 million).

The year-end order book increased by €130 million (2%) to €7,025 million. The increase came mainly from the refocused business in Germany, Ireland due to the strong market position and the Netherlands. In the Netherlands, the order book grew following improved market conditions. The order book was lower in Belgium and at BAM International due to selective tendering.

In Civil engineering, revenue grew by €316 million (11%) to €3,223 million. This increase came in all businesses, mainly the Netherlands and the UK. The sector result was €19.3 million after a loss of €58.6 million in 2017. Ireland and the UK had strong results which were partly offset by losses in the Netherlands, BAM International and Belgium.

The Dutch activities were mainly held back by the cost overrun at the sea lock IJmuiden and a modest result from the regional activities. At the end of 2018, the first caisson which holds the door of the sea lock, was successfully immersed and the lock doors arrived in the Netherlands. The second caisson will be immersed in the second half of 2019. The cumulative cost overrun at this project at year end 2018 was €106.7 million, of which €31.8 was included in the 2018 results, €7.5 million in the IFRS15 restatement and €67.4 in the 2017 results. The small losses at Belgium and BAM International reflected the challenging market conditions. The order book rose by €882 million (19%) to €5,577 million, mainly due to multiyear project awards in the UK and the Netherlands while maintaining tender discipline. The order book in Germany grew, although the year end number was reduced by the accounting change (deconsolidation) of German Argen.

PPP had a result of €20.2 million coming mostly from the existing portfolio. One project was transferred to the joint venture with PGGM and one project was won. The order book reduced due to construction progress. The pipeline of active bids in our home markets and International remains healthy. The total directors' valuation of the PPP portfolio as at the end of 2018 was €261 million, which included €75 million of unrealised value.

Cash flow¹

(x € million)	Full year 2018	Full year 2017*
Group: net cash result ²	171	78
Investments (in)tangible fixed assets	-71	-83
Trade working capital ³	-60	-39
Net Investment:		
Property	6	80
PPP	6	1
Other changes in working capital	47	-24
Business cash flow	99	13
Dividend	-11	-7
Restructuring	-11	-25
Pensions (additional)	-12	-12
Other	-17	-12
Change in cash position	48	-43

¹ These metrics are not directly comparable with the IFRS-based condensed cash flow statement.

² Net cash result is net result excluding depreciation, impairments, cash out related to restructuring, movements of provisions and book profit on sale of PPP projects.

³ Working capital excluding property positions, PPP receivables, assets and liabilities held for sale, derivatives, provisions, taxes, other receivables and other payables.

* Restated for IFRS 15, where applicable.

The overall cash flow in 2018 was positive, despite the outflow of €98 million on the sea lock IJmuiden, reflecting a strong trade working capital improvement in the second half of the year helped by the revitalised working capital programme. OpenIJ is close to finalising the agreement with the banking syndicate to restart the funding of the project sea lock IJmuiden this month.

Cash flow from trade working capital was impacted (€92 million) by the deconsolidation of German Argen. Most of this reversed as a positive cash flow in other changes in working capital. As expected, trade working capital efficiency (defined as average four quarter-end trade working capital as a percentage of rolling four quarters revenue) reduced to -8.8% at year-end 2018 (year-end 2017: -11.1%). This was mainly due to lower quarterly trade working capital levels and increased revenue in 2018. Excluding the negative impact of the deconsolidation of German Argen the trade working capital efficiency was -9.1%. BAM remains focused to improve this ratio towards the strategic target of -10%.

The property cash flow benefited in 2017 from the transfer of the property positions in the north east of the Netherlands and the sale of the Stadium Complex Zwolle. In 2018 cash proceeds were partly reinvested in new equity light developments.

The other changes in working capital reflected mainly the deconsolidation of the German Argen.

The cash outflow from restructuring relates mainly to prior year restructuring.

Other included the effect of the weaker pound sterling and the purchase of treasury shares.

Financial position

(x € million)	31 December 2018	31 December 2017*
Cash position	744	696
Interest-bearing debts	-343	-503
Net cash position	401	193
Recourse net cash position	528	458
Shareholders' equity	729	721
Capital base	847	836
Balance sheet total	4,578	4,489
Capital ratio	18.5%	18.6%
Capital employed year end	1,389	1,520
Return on average capital employed	7.5%	0.6%

* Restated for IFRS 15, where applicable.

The net cash position improved. This was driven by the positive cash flow for the year of €48 million and the reduction of the interest bearing debt due to the transfer of a PPP project to the PGGM joint venture.

The capital ratio was stable, reflecting the slightly higher capital base and the net result for the year.

The return on capital employed improved due to the combination of a higher EBIT for the year and the reduced capital employed.

BAM was within the limits of all its banking covenants as at 31 December 2018; the recourse leverage ratio was negative -2.70 (limit ≤ positive 2.5), the recourse interest coverage ratio 27.48 (≥ 4.0) and the recourse solvency ratio 27% (≥ 15%).

Dividend proposal

BAM's policy is to pay out 30 to 50% of the net result for the year subject to considering the balance sheet structure supporting the strategic agenda and the interests of the shareholders. BAM's net result for 2018 of €23.8 million included a charge of €72 million for the impairment of deferred tax assets. Since this item is non-operational and non-cash in nature, BAM has added back this item for the pay-out calculation.

Therefore, BAM proposes a dividend of 14 euro cents per ordinary share for 2018 (2017: 10 cents) which equates to a pay-out ratio of 40% of the adjusted net result. Subject to approval by the Annual General Meeting on 17 April 2019, this will be paid in cash on 15 May 2019 with a scrip alternative. BAM will repurchase shares to offset the dilution for the scrip alternative.

Outlook

For 2019, BAM expects the revenue to be around €7 billion and aims to further improve the adjusted result before tax margin within the strategic target range of 2 to 4%.

Bunnik, the Netherlands, 19 February 2019

Executive Board, Royal BAM Group nv:

R.P. van Wingerden, CEO

L.F. den Houter, CFO

E.J. Bax, COO

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Live webcast

The Executive Board of Royal BAM Group will present the full year results 2018 on 20 February 2019 during an analysts' meeting at 10 a.m. CET (in English). This meeting can be followed via a live video webcast.

Key financial dates

17 April 2019	Annual General Meeting (Bunnik, 2 p.m. CET)
9 May 2019	Trading update first quarter 2019
22 August 2019	Publication half-year results 2019
7 November 2019	Trading update first nine months 2019
21 February 2020	Publication annual results 2019

Further information

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Annexes

1. Condensed consolidated income statement
2. Condensed consolidated statement of comprehensive income
3. Condensed consolidated statement of changes in equity
4. Consolidated statement of financial position
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6. Segment information
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1. Condensed consolidated income statement
 (x € million)

	Full year 2018	Full year 2017 *
<u>Continuing operations</u>	7,207.8	6,535.1
Revenue		
Operating result before depreciation, amortisation and impairment charges and restructuring costs	166.8	54.7
Depreciation and amortisation charges	-69.8	-59.5
Impairment charges	-23.8	-4.8
Restructuring costs	-3.8	-0.1
Share of result of investments	35.8	20.1
Operating result	105.2	10.4
Finance income	21.2	30.0
Finance expense	-11.9	-20.4
Total finance income and expense	9.3	9.6
Result before tax	114.5	20.0
Income tax	-90.1	-32.9
Result from continuing operations	24.4	-12.9
Attributable to:		
Non-controlling interests	0.6	0.9
Net result attributable to shareholders of the Company	23.8	-13.8
	24.4	-12.9

* The comparative figures, where applicable, have been restated for IFRS 15.

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2. Condensed consolidated statement of comprehensive income

(x € million)

	Full year 2018	Full year 2017 *
Net result for the period	24.4	-12.9
<i>Items that will be reclassified to profit or loss, net of tax</i>		
Cash flow hedges	-4.4	17.6
Exchange rate differences	-6.4	-12.1
<i>Items that will not be reclassified to profit or loss, net of tax</i>		
Actuarial gains and losses pensions	22.0	14.5
Other comprehensive income	11.2	20.0
Total comprehensive income	35.6	7.1
Attributable to:		
Non-controlling interests	0.8	0.9
Shareholders of the Company	34.8	6.2
	35.6	7.1

* The comparative figures, where applicable, have been restated for IFRS 15.

3. Condensed consolidated statement of changes in equity

(x € million)

	Full year 2018	Full year 2017 *
As at 1 January	726.8	729.6
Net result for the period	24.4	-12.9
Fair value cash flow hedges	-4.4	17.6
Remeasurements of post-employment benefit obligations	22.0	14.5
Exchange rate differences	-6.4	-12.1
Other comprehensive income	11.2	20.0
Total comprehensive income	35.6	7.1
Actuarial loss/(gain)	-	-
Dividends paid	-11.9	-7.9
Other changes	-15.6	-2.0
Total change	8.1	-2.8
Position as at period-end	734.9	726.8

* The comparative figures, where applicable, have been restated for IFRS 15.

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4. Consolidated statement of financial position

(x € million)

	31 December 2018	31 December 2017 *
Property, plant and equipment	289.6	281.9
Intangible assets	408.0	403.7
PPP receivables	85.3	240.7
Investments	109.6	95.6
Other financial assets	101.3	91.9
Derivative financial instruments	-	0.5
Employee benefits	111.2	75.0
Deferred tax assets	165.6	235.0
Non-current assets	1,270.6	1,424.3
Inventories	578.0	606.7
Trade and other receivables	1,972.0	1,744.7
Income tax receivable	4.6	7.5
Derivative financial instruments	0.6	1.1
Cash and cash equivalents	743.7	695.8
Current assets	3,298.9	3,055.8
Assets held for sale	8.5	8.5
Total assets	4,578.0	4,488.6
Share capital	839.3	839.3
Reserves	-165.0	-152.8
Retained earnings	54.7	34.7
Equity attributable to the shareholders of the Company	729.0	721.2
Non-controlling interests	5.9	5.6
Total equity	734.9	726.8
Non-Current liabilities		
Borrowings	280.0	398.1
Derivative financial instruments	9.7	15.0
Employee benefits	120.0	118.5
Provisions	141.8	128.6
Deferred tax liabilities	39.7	28.1
Non-current liabilities	591.2	688.3
Current Liabilities		
Borrowings	62.8	104.9
Trade and other payables	3,081.1	2,856.0
Derivative financial instruments	0.3	0.1
Provisions	95.8	94.8
Income tax payable	11.9	17.6
Current liabilities	3,251.9	3,073.4
Liabilities held for sale	-	-
Total equity and liabilities	4,578.0	4,488.5
Capital base	846.7	836.2

* The comparative figures, where applicable, have been restated for IFRS 15.

5. Interim condensed consolidated statement of cash flows

(x € million)

	Full year 2018	Full year 2017*
Net result for the period	24.4	-12.9
Adjustments for:		
- Income tax	90.1	32.9
- Depreciation and amortisation charges	69.8	59.5
- Impairment charges	23.8	4.5
- Result on sale of subsidiaries	-	0.2
- Result on sale of PPP projects	-4.4	-0.9
- Result on sale of property, plant and equipment	-2.0	-4.7
- Share based payments	-0.1	0.8
- Share of result of investments	-38.9	-20.3
- Finance income and expense	-9.3	-9.6
Interest received	15.8	9.9
Dividends received from investments	34.8	23.3
Changes in provisions and pensions	5.7	-21.8
Changes in working capital (excluding cash and cash equivalents)	19.6	62.6
Cash flow from operations	229.2	123.6
Interest paid	-16.4	-25.2
Income tax received / (paid)	-13.3	-10.7
Net cash flow from ordinary operations	199.5	87.7
Investments in PPP receivables	-16.8	-127.2
Repayments of PPP receivables	26.0	105.0
Net cash flow from operating activities	208.7	65.5
Investments in non-current assets	-121.4	-134.8
Disposals and repayments of non-current assets	28.6	33.9
Sale of PPP projects	18.7	20.5
Net cash flow from investing activities	-74.2	-80.4
Proceeds from borrowings	41.1	175.2
Repayments of borrowings	-80.8	-184.3
Dividends paid (including non-controlling interests)	-11.9	-7.9
Repurchase of shares **	-15.5	-2.7
Net cash flow from financing activities	-67.0	-19.7
Change in net cash and cash equivalents	67.6	-34.6
Cash and cash equivalents at beginning of the year	695.8	738.6
Changes in cash and cash equivalents as a result of change in accounting policy	-16.3	-
Exchange rate differences on cash and cash equivalents	-3.4	-8.2
Net cash position at period-end	743.7	695.8
Cash and cash equivalents	743.7	695.8
Bank overdrafts	-	-
Net cash position at period-end	743.7	695.8
Of which in joint operations:	172.9	216.8

* The comparative figures, where applicable, have been restated for IFRS 15.

** The repurchase of shares concerns the purchase of shares with respect to the performance share plan and the repurchase to offset dilution of the 2017 scrip dividend.

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6. Segment information

(x € million)

	Full year 2018		Full year 2017 *	
	Result	Revenue	Result	Revenue
Results and revenue from continuing operations				
Construction and Property	114.7	4.043	68.9	3.696
Civil engineering	19.3	3.223	-58.6	2,907
Public Private Partnerships (PPP)	20.2	35	19.0	135
Eliminations and miscellaneous	-	-93	-	-203
Total for continuing operations	154.2	7,208	29.3	6,535
Group overhead	2.0		-3.5	
Group interest charge	-3.0		-0.9	
Adjusted result before tax	153.2		24.9	
Restructuring	-3.8		-0.1	
Impairment charges	-23.8		-4.8	
Pension one off	-11.1		-	
Result before tax	114.5		20.0	
Income tax	-90.1		-32.9	
Net result from continuing operations	24.4		-12.9	
Net result from discontinued operations	-		-	
Net result for the period	24.4		-12.9	
Non-controlling interests	-0.6		-0.9	
Net result attributable to shareholders	23.8		-13.8	

* The comparative figures, where applicable, have been restated for IFRS 15.

7. Figures per ordinary share with par value of €0.10

(x €1, unless indicated otherwise)

	Full year 2018	Full year 2017 *
Net result attributable to shareholders of the company	0.09	-0.05
Net result attributable to shareholders of the company (diluted)	0.09	-0.05
Cash flow (net result plus depreciation, amortisation and impairment charges)	0.43	0.18
Equity attributable to shareholders of the company	2.61	2.64
Highest closing share price	4.16	5.46
Lowest closing share price	2.37	3.45
Closing share price at period-end	2.51	3.83
Number of shares ranking for dividend (x 1,000)	273,296	273,213
Average number of shares ranking for dividend (x 1,000)	273,491	272,215
Number of shares ranking for dividend diluted (x 1,000)	298,298	297,584
Average number of shares ranking for dividend diluted (x 1,000)	298,269	296,428

* The comparative figures, where applicable, have been restated for IFRS 15.

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8. Explanatory notes

The financial summaries on pages 9 to 13 inclusive are drawn from the audited financial statements of Royal BAM Group nv for 2018 (the 'financial statements'). An unqualified auditor's opinion was issued on these financial statements on 19 February 2019. The financial summaries must be read in conjunction with the financial statements from which they are derived, and also in conjunction with the unqualified auditor's opinion. The financial statements will be available on the company's website (www.bam.com) in digital format by 26 February 2019 at the latest.

8.1 Explanatory note on the cash flow analysis

The business cash flow analyses in this press release is an Alternative Performance Measure (APM) that is used by management and that BAM wishes to use, because BAM is of the opinion that this business cash flow provides additional insight for stakeholders in the Group's cash movements on top of the cash flow statement according to IFRS. This business cash flow cannot be fully reconciled to the IFRS cash flow statement. Explanations of the line items in BAM's business cash flow are given below.

- Group: net cash result: cash flow from net result, excluding non-cash items in net result such as depreciation, amortisation, impairment, and excluding cash flows relating to restructuring activities, but including interest and tax cash flows.
- Investment tangible fixed assets: net investment in (in)tangible fixed assets.
- Trade working capital: cash flow from working capital. Cash flow from trade working capital excludes cash flows from land and building rights, property development, PPP receivables, other financial assets, other receivables, taxes, derivative financial instruments, provisions, other liabilities and assets and liabilities held for sale.
- Net investment in:
 - Property: net cash investment in land and building rights and property development, taking into account the cash flow from property financing (project specific funding). Also included are the cash flows resulting from our investments in property development associates and joint ventures.
 - PPP: net cash investment in PPP projects, taking into account the cash flow from PPP loans (project specific funding). Also included are the cash flows resulting from our equity investments in PPP joint ventures, as well as the cash inflows from the transfers of operational PPP projects to the BAM PPP/PGGM joint venture.
- Other changes in working capital: cash flow from other working capital items that are not included in trade working capital.
- Dividend: payment of cash dividend to the shareholders of the company.
- Additional pension payments: cash payments relating to the contractually agreed repair deficit contributions.
- Restructuring: cash flow from restructuring activities.
- Other: other cash flow items, such as the currency translation effects of the Pound sterling, the net proceeds from divestment of subsidiaries, repurchase of shares relating to our Performance Share Plan, and corporate funding activities (funding that is not project specific).