

Adjusted pre-tax result of €74 million in 2019 following strong second half

Royal BAM Group nv
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Agenda



Introduction and
business review



Financial
review



Strategy and
outlook



Q&A

Key points 2019

BAM delivers on revised FY outlook with adjusted pre-tax result of €74.1 million

FY 2019 versus FY 2018

Revenues €7,209m €7,208m	Adjusted PBT margin 1.0% 2.1%
Adjusted result before tax €74.1m €153.2m	Net result €11.8m €23.8m
Net cash before IFRS 16 €583m €401m	TWC efficiency -10.4% -8.8%
Return on capital employed 3.4% 7.5%	Capital ratio 16.5% 18.5%
Earnings per share €0.04 €0.09	Proposed dividend p/s €0.02 €0.14

- Strong performance in Dutch and Irish Construction and Property, the UK and BAM PPP
- Challenges in Germany, BAM International and Dutch Civil engineering
- Net result impacted by non-cash impairments and restructuring charge
- Positive cash flow with strong inflow in H2 2019
- Order backlog stable (€12.7 billion), focus on quality
- Steps taken to improve underperforming activities

Market trends

Economy remains healthy, sustainability and new technology offer opportunities

- Low interest rate environment in home markets and healthy economic growth, although momentum seems to slow down
- Growing public focus on sustainability provides opportunities for BAM's products and services
- Digitalisation and new technology (modular, circular and artificial intelligence) create new opportunities
- Construction and Property: solid investor sentiment and consumer confidence support demand; planning restrictions in the Netherlands have mitigating effect on volumes
- Civil engineering: markets remain competitive; discussions with public sector clients on the risk/reward balance of projects are ongoing
- Supply chain pressure slightly decreasing

Construction and Property



Construction and Property performance

Strong contribution from Dutch residential property, UK and Ireland

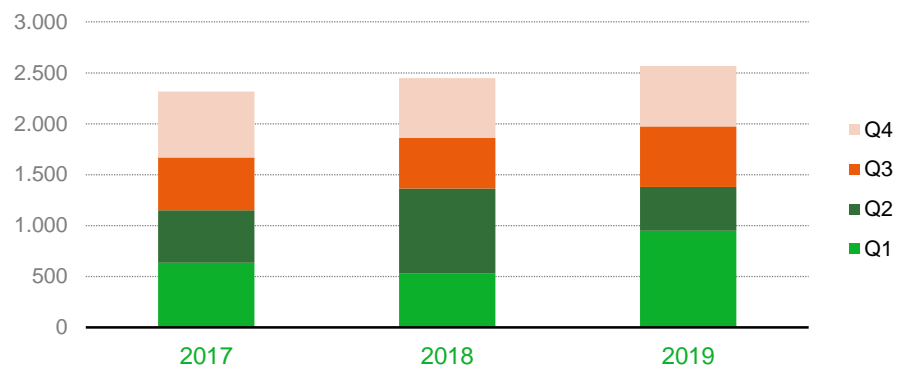
Analysis by geography (x € million)	Full year 2019		Full year 2018	
	Revenue	Result	Revenue	Result
The Netherlands	1,612	65.6	1,431	47.2
United Kingdom	1,061	35.7	1,070	31.8
Belgium	445	3.9	503	4.5
Ireland	508	20.0	419	19.6
Germany	476	-57.5	467	5.2
International	124	-21.4	153	6.4
Total	4,226	46.3	4,043	114.7
	FY2019	FY2018		
Result margin	1,1%	2.8%		
TWC (% 4-Q rolling)	-14.9%	-12.3%		
Order book	6,268	6,812		

- Revenue up 5%, driven by Netherlands and Ireland
- Netherlands, UK and Ireland are performing strongly
- Germany, additional setbacks in second half
- International impacted by large project in Middle East and excess company tied costs
- Order backlog declined by 8%, up in Netherlands, down in UK, Ireland and Germany
- TWC efficiency further improved to -14.9%, mainly driven by Dutch residential

Construction and Property performance

Dutch house sales up 5%, attractive development pipeline

BAM Dutch house sales



Bajeskwartier Amsterdam (AM Property Development)



- Dutch house sales up 5% to 2,593 despite ongoing constraints on availability of permits
- 71% sold to private individuals, 29% to investors
- Gross investment in property reduced by €33 million, to €531 million in FY 2019
- Attractive development pipeline, a.o. Amsterdam, Haarlem, The Hague and Utrecht
- In Netherlands, nitrogen and PFAS legislation is causing uncertainty



Performance Civil engineering

Markets remain challenging from a risk/reward perspective

Analysis by geography (x € million)	Full year 2019		Full year 2018	
	Revenue	Result	Revenue	Result
The Netherlands	1,283	-17.3	1,332	-15.3
United Kingdom	876	23.0	843	27.0
Belgium	294	5.3	279	-0.6
Ireland	95	-4.3	134	5.2
Germany	340	14.1	462	7.0
International	128	-17.2	177	-4.0
Other	-4	-	-4	-
Total	3,012	3.6	3,223	19.3
	FY2019	FY2018		
Result margin	0,1%	0.6%		
TWC (% 4-Q rolling)	-4.5%	-4.6%		
Order book	6,382	5,790		

- Revenue 3% lower including the deconsolidation German Argen (€117 million)
- Solid contribution UK and Germany, the latter supported by partial loss reversal of project in execution and a claim settlement
- Good progress on OpenIJ, loss €4.1 million in 2019 (2018: -€31.8 million)
- Weak performance, International, Netherlands and Ireland, actions taken to improve these operations
- Belgium, improved result on some larger projects
- Order backlog up by 10%, mainly due to some large new tunnel projects (in combination with BAM PPP)
- TWC efficiency in line with 2018

Performance Civil engineering

Taking actions to improve performance

2019, review product market combinations and market strategy

- Netherlands, extremely cautious in tendering for large projects (> €150 million)
- BAM International, refocus on near-shore projects and lowering of cost base
- Germany, limit new tunnel projects to European home markets
- UK, increasing focus on clients offering 2-stage tender contracts
- Exiting the market for offshore wind foundations

2020 and beyond, focus on sustainable urban mobility

- Focus on markets, customers and contracts
 - Apply BAM baseline and guidelines in all projects
- Opportunities in
 - Telecom, energy and water
 - Regional civil, like for instance light rail
 - Data driven asset management
 - Renovation and renewal projects

Silvertown tunnel, London
(BAM Nuttall, Wayss & Freytag Ingenieurbau and BAM PPP)



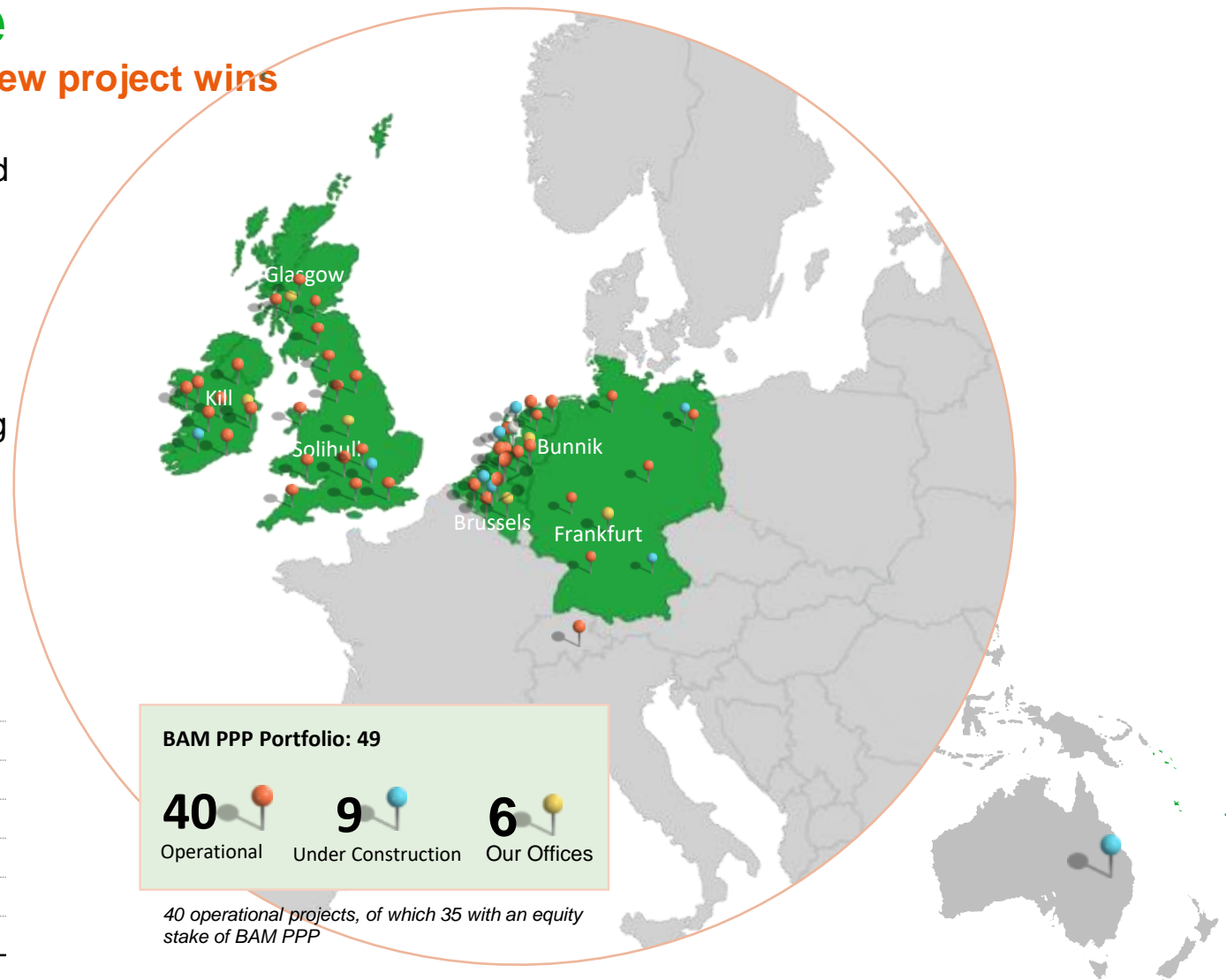
BAM PPP



BAM PPP performance

Sustainable portfolio growth with two new project wins

- Financial close Cross River Rail (Australia) and Silvertown Tunnel (UK)
- M11 Gorey Enniscorthy (Ireland) and A94 Iser Valley motorway (Germany) completed ahead of schedule
- Strong performance existing portfolio, including three refinancing transactions. One project transferred to the JV with PGGM
- Portfolio provides recurring operations and maintenance revenue of approximately €150 million per year for BAM business lines



BAM PPP Portfolio: 49

40 Operational **9** Under Construction **6** Our Offices

40 operational projects, of which 35 with an equity stake of BAM PPP

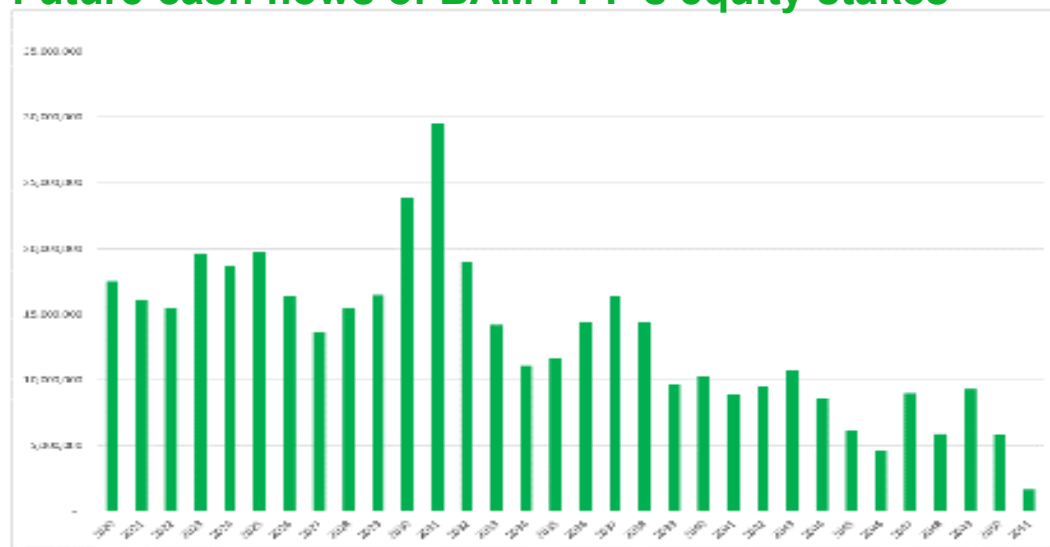
BAM PPP future cash flow

High cash flow visibility and substantial unrealised value

Sensitivity analysis - Unrealised value BAM PPP

Discount rate	Portfolio valuation	Book value	Unrealised value € million
11%	149	80	69
9%	172	80	92
7%	202	80	122
5%	242	80	162

Future cash flows of BAM PPP's equity stakes



- PPP is an integral part of the Group, providing stable project management and investment returns and source of EPC and multi-year operations and maintenance contracts
- High cash flow visibility based on 35 equity stakes and 9 projects under construction
- Contracts backed by governments or government backed organisations in UK, Netherlands, Ireland, Germany, Belgium, Switzerland and Australia
- Book value of current portfolio €80 million
- DCF based portfolio valuations differ significantly from IFRS based accounting book value
- Growth strategy based on valued long term partnerships (project management and equity investment) with clients and equity partners

- Forecast BAM PPP cash inflows from the portfolio based on BAM PPP's invested and committed equity investments.
- BAM PPP's committed equity cash outflows are effectively netted off via the transfer mechanism with PGGM and so are not shown on this graph.
- Cash flows not related to equity investments are excluded in the graph, for example bidding, operations, asset management and gains on transfers.

Financial review



Group result reconciliation to net income

Net income impacted by non cash impairments

(x € million)	FY2019	FY2018
Total business lines	77.1	154.2
Group overhead	5.8	2.0
Group interest charge	-8.8	-3.0
Adjusted result before tax	74.1	153.2
<i>Margin</i>	<i>1.0%</i>	<i>2.1%</i>
Restructuring	-5.0	-3.8
Impairments	-18.5	-23.8
Pension one-off	0.0	-11.1
Result before tax	50.6	114.5
Income tax	-38.7	-90.1
Non-controlling interest	-0.1	-0.6
Net result attributable to shareholders	11.8	23.8

- Restructuring relates to BAM Infra Nederland, BAM Construct UK and BAM International
- Impairment of €10.3 million for decision to exit market for offshore wind foundations
- Impairment and value adjustments of €8.2 million on several regional land positions and a commercial development
- Tax line includes a €24.6 million DTA impairment (2018: €72 million), related to Dutch and German fiscal entities
- Net result of €11.8 million, equal to €0.04 per share (2018: €0.09)

Cash flow

Cash position increased by €110 million

(x € million)	FY2019	FY2018
Net cash result	137	171
Investment (I)TFA	-170	-71
Δ Trade working capital	177	-60
Net investment property	-1	6
Net investment PPP	14	6
Δ Other working capital	-16	47
Business cash flow	141	99
Dividend	-19	-11
Restructuring	-5	-11
Pensions (additional)	-9	-12
Other	2	-17
Change in cash position	110	48

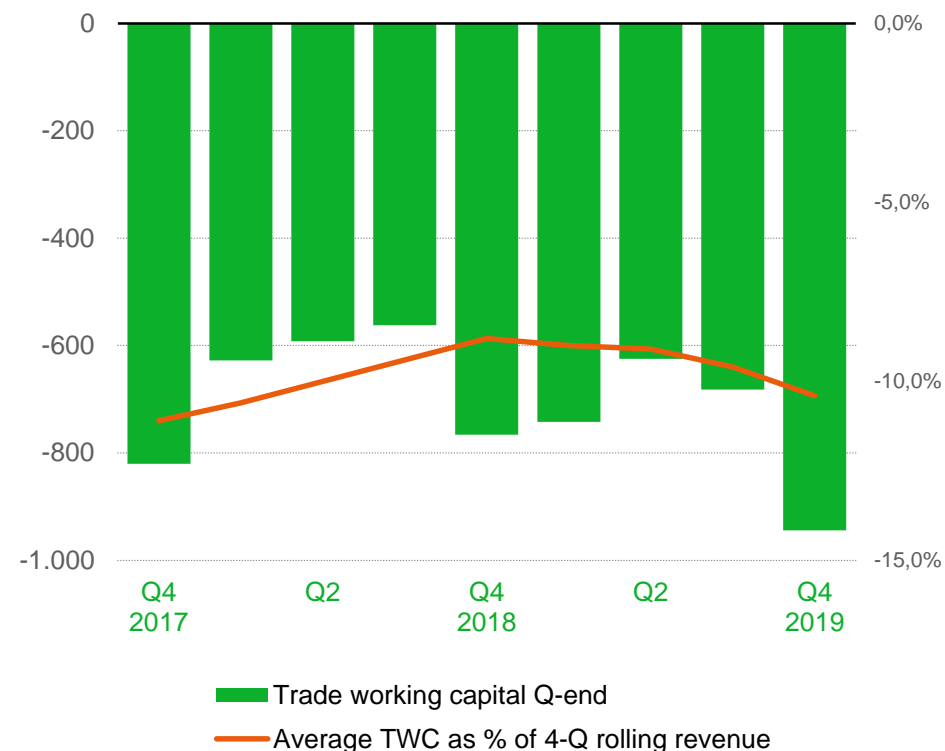
- Business cash flow of €141 million in 2019, driven by positive Net cash result and strong TWC improvement
- Adoption of IFRS 16 has no impact on cash flows
- Positive effect of implementation on Group net cash result was €105 million; negative impact on Investments (in)tangible assets for €105 million
- Strong improvement of TWC

Trade working capital

Full year TWC efficiency at -10.4% versus 2018 -8.8%

Trade working capital

(in € million and TWC as %)



- TWC efficiency improved to -10.4% versus -8.8% in 2018
- Lower accounts receivable, partly offset by lower accounts payable
- Positive trend supported by more favourable payment terms on some projects
- Restart financing on OpenIJ in 2019

Financial position

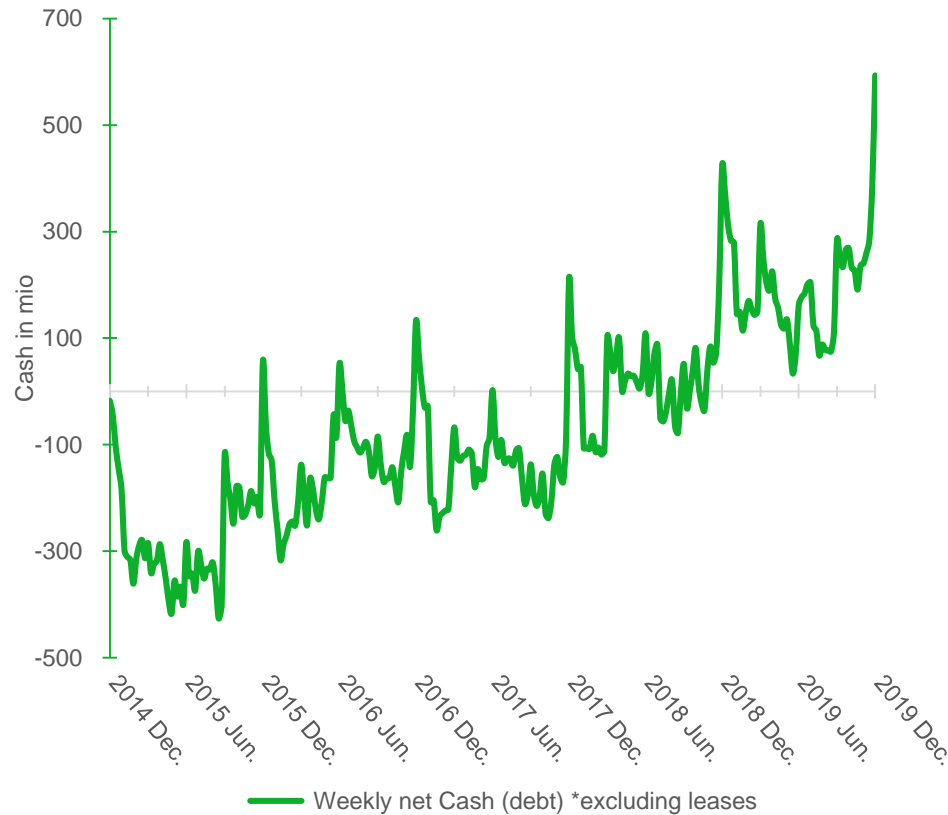
Net cash position up, €400 million RCF undrawn during 2019

(x € million)	FY2019	FY2018
Cash position	854	744
Financial leases		-25
Interest-bearing debt	-271	-318
Net cash position (excl. Leases)	583	401
Lease liabilities (IFRS 16 impact)	-312	
Net cash (incl. leases)	271	
Capital ratio	16.5%	18.5%
Return on average capital employed	3.4%	7.5%

- Net cash position increased by €182 million to €583 million
- Interest bearing debt declined, also due to the divestment of some property development projects
- The €400 million RCF was undrawn during 2019
- Capital ratio declined to 16.5%, without IFRS 16 impact 17.6%
- BAM was well within all its debt covenants 31 December 2019

Resilience through financial strength

Further increase of the net cash position



Resilient financing structure designed to withstand adverse market sentiments

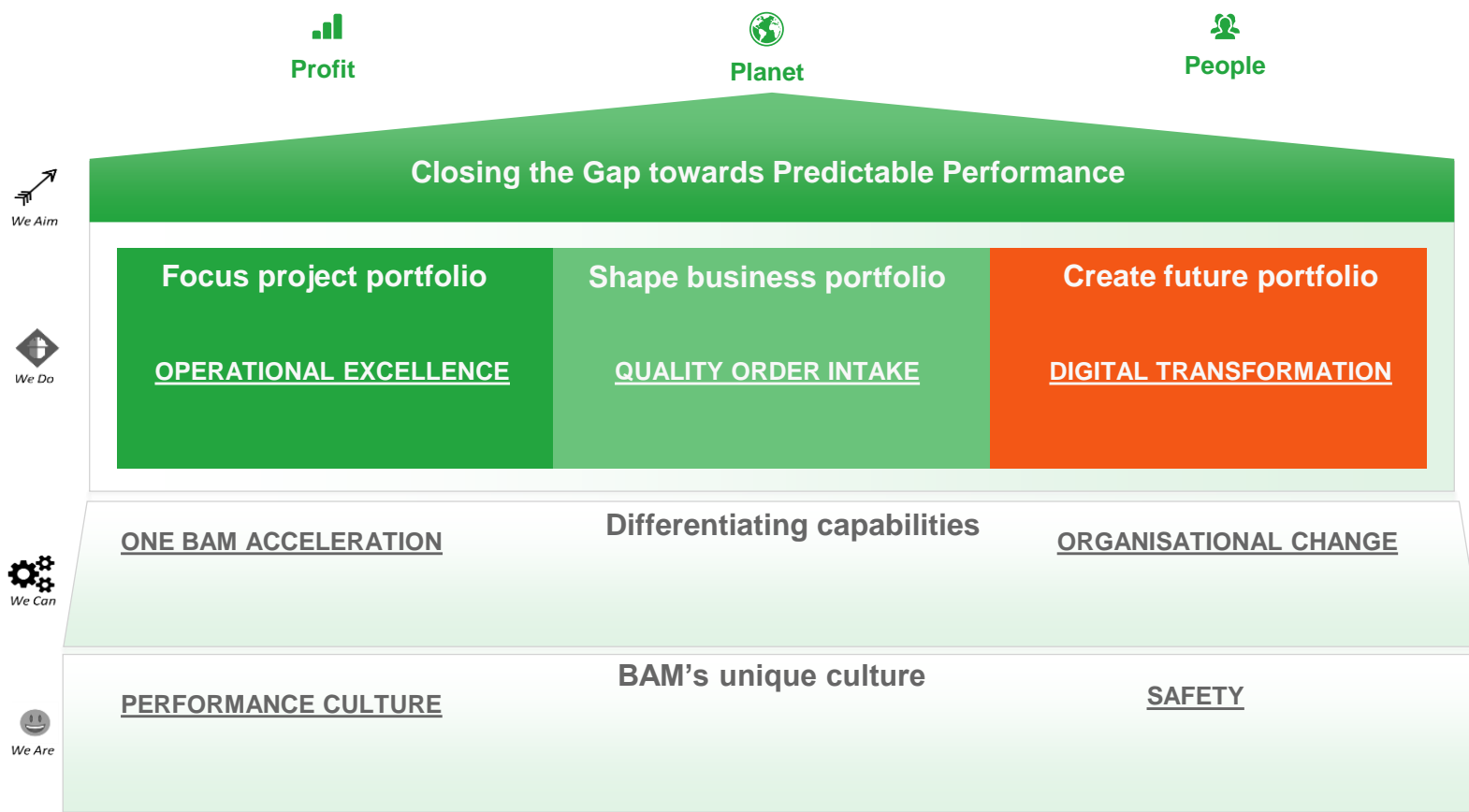
Framework

- Strong liquidity position as anchor of resilience for all partners in our value chain, from clients to suppliers and joint venture partners. Further strengthened by standby €400 million RCF
- Sustainable negative trade working capital from market practice payment terms and from cash positive contract terms with clients
- Capital ratio supported by subordinated convertible
- Leverage ratio better than industry average due to net cash position



Strategy 2016-2020

Building the present, creating the future



Strategic progress 2019

- New management structure with Executive Committee and COOs for two business lines
- Improvement initiatives in Dutch Civil Engineering, BAM Deutschland and BAM International
- One BAM programmes reinforce Finance, IT, Procurement and HR

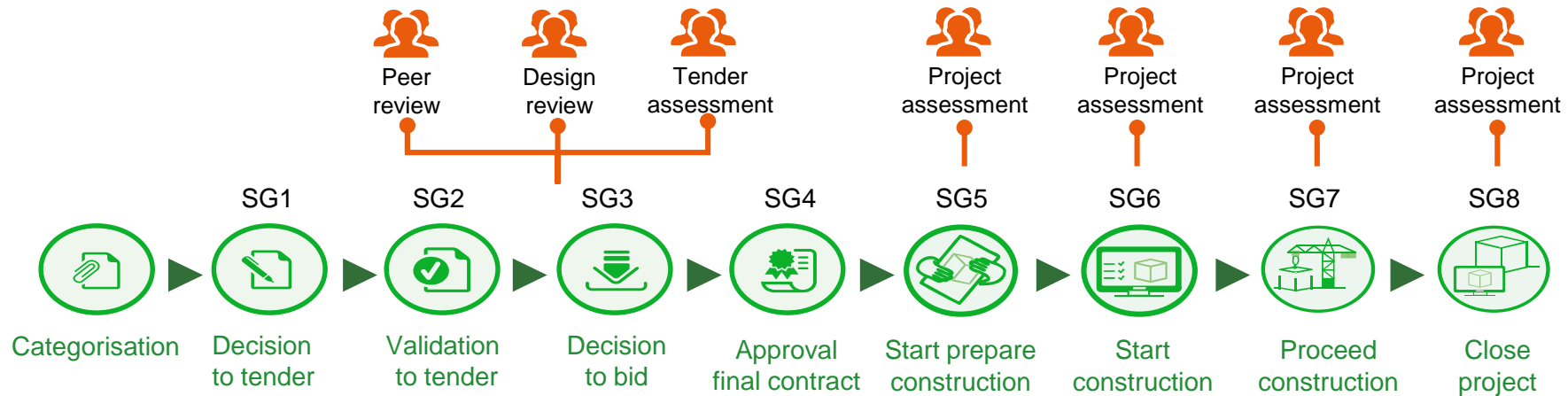
Strategic priorities 2020

- Improve profitability of underperforming activities
- Implementation Uniform Project Approach (UPA)
- Reviewing our product/market combinations
- Investments in digitalisation and sustainable solutions

Stage gate process

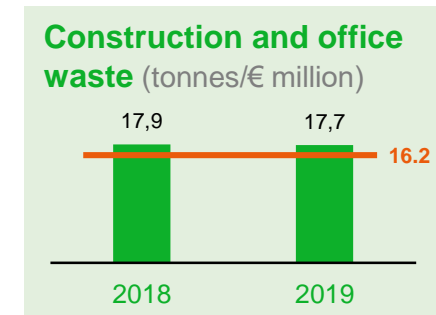
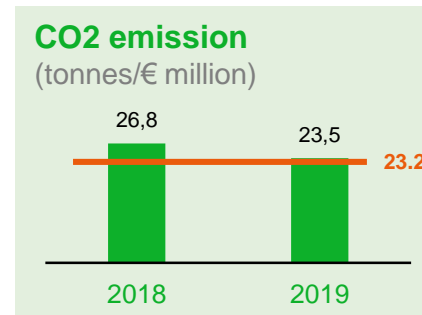
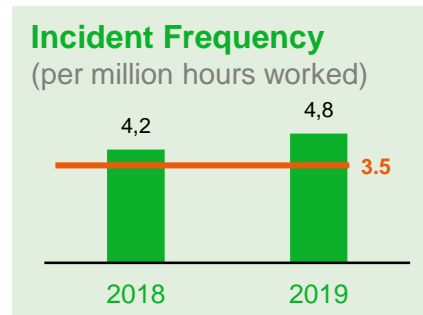
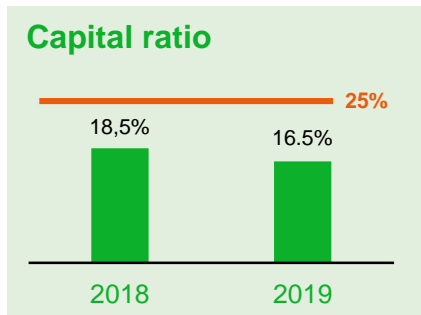
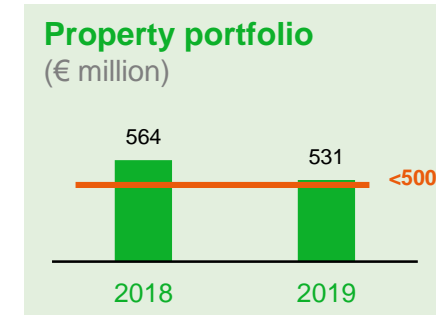
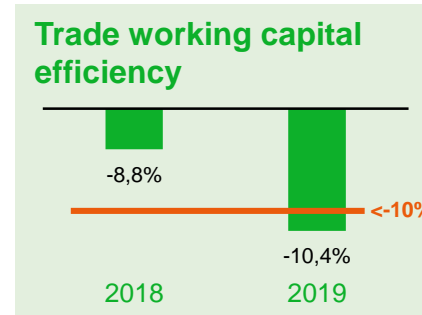
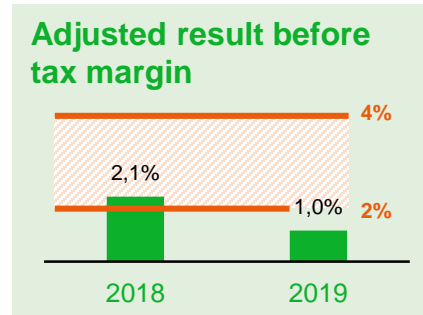
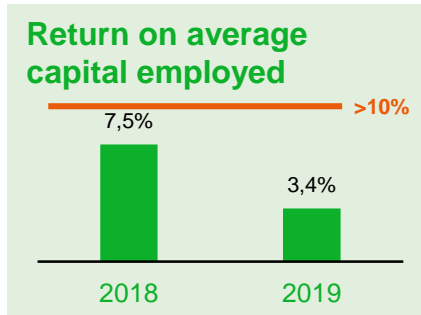
UPA: uniform best practices on all BAM projects

- Uniform project approach (UPA) is supporting our drive to tackle the root causes of large project issues by bringing a standardised BAM best practice approach on the topics to all of our projects
- Stage gate tender process expanded to all projects phases with implementation of UPA to ensure a uniform way of working which results in more predictable project execution



People, planet, profit

Financial ratios impacted by lower result in 2019



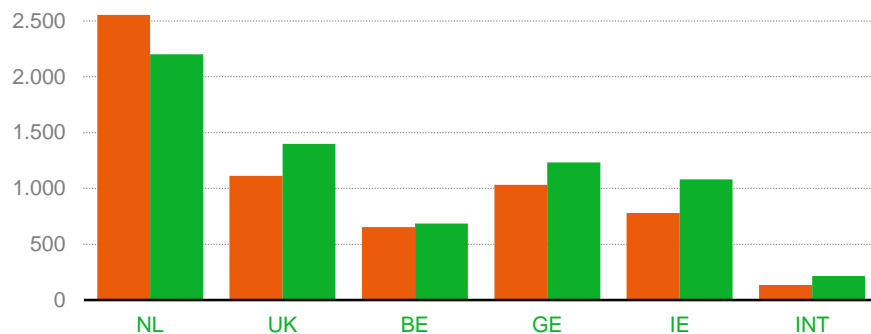
Looking ahead



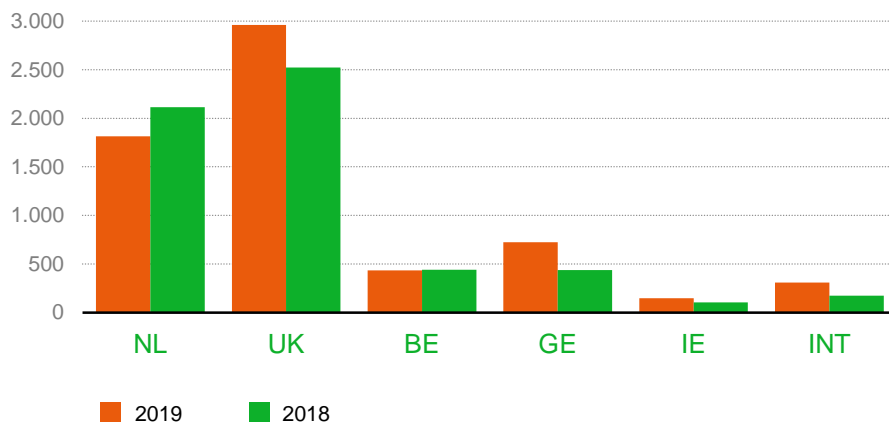
Order book and market trends

Mixed picture due to nitrogen, PFAS and Brexit uncertainty

Construction and Property order book



Civil engineering order book



Market trends

- Economic environment is supportive
- Netherlands: Nitrogen and PFAS legislation resulting in uncertainty
- UK: longer-term impact Brexit unknown
- PPP: healthy tender pipeline

Construction and Property

- Netherlands, solid demand for homes continues
- UK and Ireland, lower order intake, some Brexit uncertainty
- Belgium, market is somewhat improving
- Germany, stable market but competitive
- BAM International, limited new prospects

Civil engineering

- Netherlands, competitive, focus on risk/reward balance
- UK, government support for infrastructure investments
- Belgium, a mixed picture
- Germany, limited number of new tunnel projects
- International, oil & gas market still subdued

Outlook 2020

- BAM expects an improvement of the adjusted result before tax margin in 2020 compared to 2019



Key points 2019

BAM delivers on revised FY outlook with adjusted pre-tax result of €74.1 million

FY 2019 versus FY 2018

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Net cash before IFRS 16 €583m €401m	TWC efficiency -10.4% -8.8%
Return on capital employed 3.4% 7.5%	Capital ratio 16.5% 18.5%
Earnings per share €0.04 €0.09	Proposed dividend p/s €0.02 €0.14

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Annexes

Group performance

Property investments

Net cash analysis

Revenue sector/country

Accounting changes

Group Performance

Adjusted profit before tax margin of 1.0%, strong performance BAM PPP

Analysis by Business Line (x € million)	Full year 2019		Full year 2018	
	Revenue	Result	Revenue	result
Construction and Property	4,226	46.3	4,043	114.7
Civil engineering	3,012	3.6	3,223	19.3
Public Private Partnerships (PPP)	45	27.2	35	20.2
Eliminations and miscellaneous	-74		-93	-
Total	7,209	77.1	7,208	154.2
Group overhead		5.8		2.0
Group interest charge		-8.8		-3.0
Adjusted result before tax		74.1		153.2
	FY2019	FY2018		
Result margin	1.0%	2.1%		
TWC (% 4-Q rolling)	-10.4%	-8.8%		
Order book	12,700	12,700		

- Revenue unchanged, but includes the reduction by €117 million caused by deconsolidation of German Argen
- Adjusted result before tax includes €94m loss as announced in first half on projects in Germany and a project in the Middle East
- Strong performance BAM PPP, mostly from existing portfolio and including refinancing transactions
- Order book stable while focus remains on quality
- TWC efficiency improved to >-10%

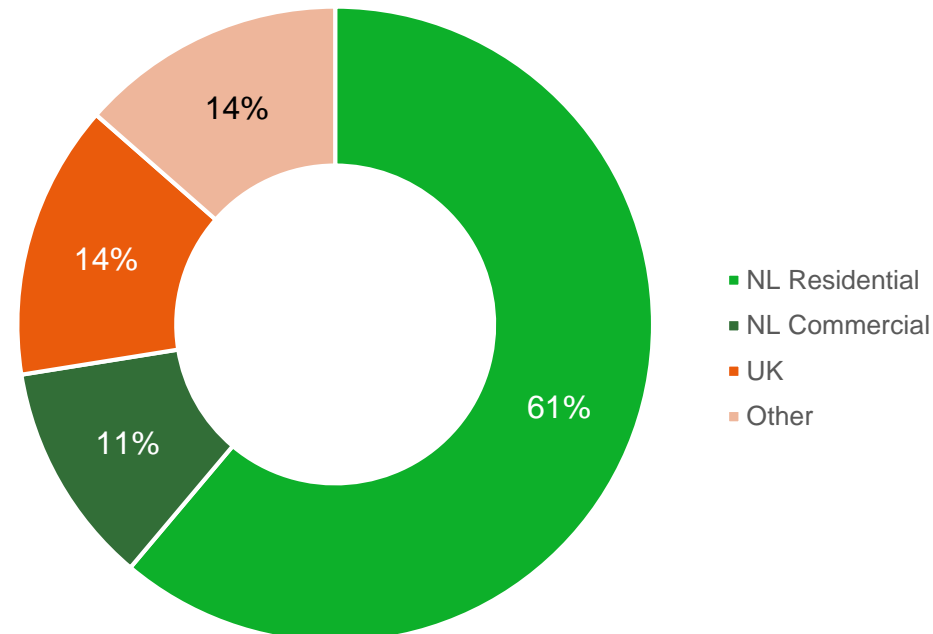
Property investments

Net investments slightly declined

(in € million, unless stated otherwise)

	2019	2018
Land and building rights	319	354
Property development	212	210
Total investments (a)	531	564
Non-recourse loans	54	79
Recourse loans	48	53
Total loans (b)	102	132
Property associates/JV/AHFS (c)	112	118
Net investments (a)-(b)+(c)	542	550

Property development geographic breakdown (in %)



Net cash analysis

(in € million, unless stated otherwise)

	2019	2018
Non-recourse PPP loans	43	43
Non-recourse project financing	58	84
Other project financing	48	67
Total 'project related'	149	194
Subordinated convertible bonds	121	118
Financial lease liabilities	0	25
Bank overdrafts and other loans	1	6
Total interest-bearing debts	271	343
Less: cash	854	744
Net cash position	583	401
Lease liabilities (IFRS 16) incl. financial leases	312	
Net cash (after IFRS 16)	271	

Revenue sector/country

	Construction and Property	Civil engineering	PPP	Total
Netherlands	22%	18%	0%	40%
United Kingdom	15%	12%	0%	27%
Belgium/Luxembourg	6%	4%	0%	10%
Germany/Swiss	7%	5%	0%	12%
Ireland	7%	1%	0%	8%
International	1%	2%	-	3%
Total	58%	42%	0%	100%

Accounting changes

Adoption of IFRS 16

- BAM adopted IFRS 16 'Leases' with effect from 1 January 2019, which prescribes that all leases have to be accounted for on the balance sheet. The adoption of IFRS 16 has no impact on BAM's economic prospects, strategy or cash flow.
- The IFRS 16 relevant financial key financial metrics are:
 - Income statement 2019: increase in depreciation by €95 million; and increase in finance charge by €6 million, both offset by decrease lease costs in operating expenses;
 - Cash flow 2019: total cash flow from lease payments amounts to €105 million;
 - Balance sheet 2019: right of use (ROU) assets total €312 million and as a consequence the capital ratio decreased by 1.1 per cent;
 - Net debt on a reported (IFRS) basis increased by €294 million due to the ROU liabilities.
- BAM adopted IFRS 16 'Leases', using the 'modified retrospective approach'. The figures for 2019 in this presentation are prepared on the basis of IFRS 16. BAM has not restated comparative amounts for 2018, which are shown as originally reported under the prior standard IAS 17.



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