

Date 21 February 2020

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

BAM's performance recovered in the second half of 2019 after the disappointing first half year, and the company realised its revised full year outlook. Trade working capital efficiency improved during the year. The cash position strengthened further. Steps are being taken to accelerate the execution of the strategic agenda in order to improve the future performance and predictability.

- BAM delivers on full year outlook with an adjusted PBT margin of 1.0%
- Strong performance in Dutch and Irish Construction and Property, the UK and BAM PPP
- Net result of €11.8 million impacted by non-cash impairments and restructuring charge
- Positive cash flow development; trade working capital efficiency exceeding -10% target
- Order backlog maintained at high level with focus on risk/reward balance
- Dividend proposal of €0.02, a cash pay-out of 46% of net income
- Outlook 2020: improvement of the adjusted result before tax margin compared to 2019

Key numbers	Full year	Full year
(in € million, unless otherwise indicated)	2019	2018 ²
Revenue	7,209	7,208
Adjusted result before tax ¹	74.1	153.2
Adjusted result before tax ¹ margin	1.0%	2.1%
Net result attributable to shareholders	11.8	23.8
Earnings per share	€0.04	€0.09
Dividend per share	€0.02	€0.14
Return on average capital employed	3.4%	7.5%
Trade working capital efficiency	-10.4%	-8.8%
Order book (end of period)	12,700	12,700

For all footnotes, refer to page 13 of this press release.

Rob van Wingerden, CEO of Royal BAM Group:

'Our 2019 results were impacted by the cost overruns on projects in Germany and one project in the Middle East which we announced in July. The results for the second half of 2019 recovered and our full year margin was in line with the revised outlook. Our trade working capital efficiency improved during the year and our cash position strengthened further.

From an operational perspective, there were strong contributions from Dutch and Irish Construction and Property and our activities in the United Kingdom. BAM PPP had another excellent year, with two project wins also generating additional construction and asset management revenues for other BAM companies.

We are taking actions to address underperforming businesses, where new leadership is in place, and we are improving project execution. Furthermore, we continue to be rigorous in not tendering for projects with an unfavourable risk/reward balance and are reviewing product/market combinations. Discussions with clients regarding compensation for the projects mentioned in July are ongoing; in the last quarter we realised a first partial settlement on the civil project in Germany. Regarding OpenIJ, the loss provision was reduced by approximately €4 million in the fourth quarter.

From a strategic perspective, we are well underway with the 'One BAM' programmes for Finance, IT, Procurement and HR to benefit from scale and skills within the Group. Having embedded the tender stage gate process to

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better control the risks entering our business, we are now implementing a Uniform Project Approach to delivering major projects.

We continue to develop more sustainable solutions for our clients. Recently, we achieved a place on CDP's prestigious 'A List' for climate change, which is a clear recognition of our ambition to be a front-runner in sustainability.

Conditions in most of our markets are generally positive, although there remains uncertainty resulting from legislation in the Netherlands regarding the deposition of nitrogen and PFAS, as well as the longer-term effects of Brexit, among other factors.

We expect an improvement of the adjusted result before tax margin in 2020 compared to 2019.

After almost six years as CEO and with the prospect of an updated strategy ahead, this is a logical moment to change leadership of the company. I am proud of what we have achieved with the One BAM programme as this enables us to leverage the scale of our company and the knowledge of our people. Being a frontrunner in digitisation and sustainability, BAM holds enormous potential, now and in the future. It has been a privilege to lead this great company.'

Market trends

- 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.

Business review 2019

Income statement

(x € million)	Full year 2019		Full year 2018 ²	
Analysis by sector	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 sectors	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
Restructuring		-5.0		-3.8
Impairments		-18.5		-23.8
Pension one-off		-		-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

Revenue in 2019 was in line with 2018. 2018 included €117 million of revenue from German Argen in Civil engineering; these were deconsolidated as of 31 December 2018.

The adjusted result before tax for the year 2019 was impacted by the €94 million loss on projects in Germany and a project in the Middle East announced in the first half, and declined from €153.2 million to €74.1 million. This equates to an adjusted profit before tax margin of 1.0 per cent (2018: 2.1%), which is in line with the outlook issued in July.

The restructuring charge of €5 million in 2019 related predominantly to BAM Infra Nederland, BAM Construct UK and BAM International. Impairments of €18.5 million included €10.3 million for intellectual property following BAM's decision to withdraw from the market for offshore wind foundations, as announced in the first half. The remaining €8.2 million represents impairments and value adjustments on several regional land positions and a commercial development.

Income tax in 2019 included a non-cash impairment of €24.6 million (2018: €72 million) on the balance sheet deferred tax assets, related to the underperformance of the Dutch and German fiscal entities.

Construction and Property

(x € million, unless otherwise indicated)

	Full year 2019		Full year 2018 ²	
Analysis by geography ³	Revenue	Result	Revenue	Result
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
Eliminations and miscellaneous	-	-	-	-
Total sector	4,226	46.3	4,043	114.7
Order book	6.268		6.812 ⁴	
Order book growth	-8%			
Trade working capital efficiency	-14.9%		-12.3%	
Revenue growth	5%			
Adjusted result before tax growth		-60%		
Adjusted result before tax margin		1.1%		2.8%

Revenue in Construction and Property increased by €183 million (5%) to €4,226 million, driven by residential development and construction in the Netherlands and construction in Ireland. Revenues in the UK and Germany were broadly in line with 2018. Revenues in Belgium and International were lower due to the phasing of large projects.

The adjusted result before tax for 2019 declined to €46.3 million (2018: €114.7 million), mainly due to the project losses in the first half year totalling €72 million in Germany and at BAM International. The sector result in the second half of the year was €59.6 million (2018: €62.7 million).

For the year as a whole, there were strong results from the Netherlands, the UK and Ireland where market conditions remained supportive in 2019 despite uncertainties regarding nitrogen deposition, PFAS and Brexit. In the Netherlands, although pressure on the supply chain still exists, BAM observes a trend towards stabilisation. As reported previously, the result in Ireland includes a €6 million share of the loss at the large project in the Middle East, which is executed in combination with BAM International. The performance in Belgium was mixed but the overall result improved in the second half of 2019.

The disappointing performance in Germany resulted in a loss of €57.5 million. In the second half there were additional costs on projects in execution and an impairment of older claims.

At BAM International, the 2019 result of -€21.4 million included the loss on the large project in the Middle East and excess company tied costs. Discussions with the client in the Middle East are ongoing however the timing and amount of any settlement remain uncertain.

Dutch home sales were up by 5 per cent to 2,593. BAM's gross investment in property declined by €33 million, to €531 million at the end of 2019.

Trade working capital efficiency further improved to -14.9 per cent, mainly driven by Dutch residential.

The order book in Construction and Property declined by 8 per cent to €6.3 billion. The order backlog in the Netherlands increased strongly (+16%) on the back of continuing strong demand for new homes. The order book reduced in the UK and Ireland by -21 per cent and -28 per cent respectively. Commercial clients in the UK appear more cautious due to the uncertainty related to Brexit, which is mitigated by BAM's continuing success in winning

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framework agreements for future public sector projects. Last month, BAM Construct UK was appointed for three additional lots of Crown Commercial Services (CSS) Frameworks, and BAM has a total of nine general construction lots under the CCS Framework in all parts of the UK. The order backlog in Ireland came down due to good progress on large projects. As a result of selective tendering, the order intake in Germany and at BAM International declined.

Market outlook. In the Netherlands, uncertainty regarding nitrogen and PFAS continues, which is causing delays in the issuance of building permits. The economic attractiveness of the top five cities versus the rest of the Netherlands is growing, which provides opportunities for high-rise, mixed use buildings and inner-city transformation projects. Furthermore, there is increasing demand for renovation projects. The demand for high quality office space with a low environmental impact remains strong. Going forward, attracting, training and retaining personnel remains a key success factor.

In the UK, the uncertainty regarding Brexit resulted in a lower order intake during 2019 and in some regions the competition for new contracts increased. The involvement in large framework contracts is expected to support activity levels. The strategy remains focused on margin above volume, and the quality of the current order backlog is high. In Ireland, the construction outlook remains positive, although Brexit is still a risk for the medium- to longer-term.

The market in Germany remains generally stable but competitive. In Belgium the public building market is picking up while the private market continues to be solid with the prices of subcontractors stabilising.

Civil engineering

(x € million, unless otherwise indicated)

	Full year 2019		Full year 2018 ²	
Analysis by geography³	Revenue	Result	Revenue	Result
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
Eliminations and miscellaneous	-4	-	-4	-
Total sector	3,012	3.6	3,223	19.3
Order book	6,382		5,790 ⁴	
Order book growth	10%			
Trade working capital efficiency	-4.5%		-4.6%	
Revenue growth ⁵	-3%			
Adjusted result before tax growth		-81%		
Adjusted result before tax margin		0.1%		0.6%

Revenue in Civil engineering declined by 3 per cent to €3,012 million. 2018 included €117 million of revenue from German Argen in Civil engineering; these were deconsolidated as of 31 December 2018.

The **adjusted result before tax** was €3.6 million (2018: €19.3 million). This includes additional costs of €22 million in the first half of 2019, relating to a large civil engineering project in Germany which is being executed in joint venture with BAM Infra Nederland. The sector result in the second half of the year was €22.7 million (second half of 2018: €27.1 million).

The performance of the Dutch civil engineering activities was disappointing. During 2019, the result on several larger and mid-sized projects deteriorated. BAM continues discussions with public sector clients in order to

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achieve an improvement in risk/reward balance of future projects. Until that is resolved, BAM is extremely cautious about tendering for large projects where its share would be above €150 million. During the fourth quarter of 2019, the loss provision on OpenIJ reduced by approximately €4 million to a total loss for the year of €4.1 million (2018: loss of €31.8 million). The second caisson was immersed successfully in October, which was an important step in de-risking this project which is 80 per cent complete.

In the UK, BAM Nuttall delivered a good result including a stronger performance in the second half year as expected. Germany also improved in the second half, with a satisfactory operational performance, a claim settlement and a partial compensation for extra costs of the loss-making project mentioned in July. Belgium benefited from an improvement of results on some larger projects. In Ireland, the civil market remains competitive.

The loss at BAM International's Civil engineering activities of €17.2 million related predominantly to a substantial under-recovery of company tied costs and a legal dispute on a completed project. At BAM International measures are being implemented to structurally lower the cost base and to focus on near-shore projects with a favourable risk/reward profile.

Trade working capital efficiency was in line with 2018.

The order book in Civil engineering increased by 10 per cent to €6.4 billion. This was mainly due to the award of two tunnel projects, which are being executed by several operating companies. The overall strong order intake in the UK led to an increase of 17 per cent to a total order backlog of almost €3 billion. The order book in Ireland also improved during the year.

The order backlog of BAM Infra Nederland declined by €300 million (14%) as a consequence of more selective tendering. The order backlog in Belgium remained stable.

Market outlook. Civil engineering markets remain competitive and less favourable from a risk/reward perspective although government budgets in most of BAM's home markets remain robust. In the Netherlands, the uncertainty regarding nitrogen legislation and PFAS continues. More maintenance and renewal projects and increasing investment in flood protection might mitigate this effect.

In the UK, the longer term impact of Brexit is still uncertain, although the government has stated it will support investment in transport and public services infrastructure and last week confirmed the H2S rail project. The civil market in Belgium is slowing, except for some larger projects in Flanders and Brussels. Regarding Germany, the market is subdued. In Ireland, public sector investments in infrastructure are at a low level. International oil and gas markets remain at a low level and competitive.

BAM PPP

(x € million)	31 December 2019	31 December 2018 ²
Adjusted result before tax	27.2	20.2
Invested equity	80	75
Number of operational projects	40	38
Projects under construction	9	8
Preferred bidder stage	0	1
Total number of PPP projects	49	47

BAM PPP delivered a strong performance, with an adjusted result before tax of €27.2 million (2018: €20.2 million), coming mostly from the existing portfolio and including three project refinancing transactions. One project was transferred to the joint venture with PGGM.

In 2019, two new projects were added to the portfolio with the financial close of the Cross River Rail project in Australia and the Silvertown Tunnel project in the UK. The M11 Gorey Enniscorthy in Ireland and the A94 Isen Valley motorway in Germany were completed ahead of schedule. At the end of 2019, BAM had 40 operational projects, of which 35 with an equity stake, and nine under construction. The PPP portfolio also provides recurring operations and maintenance revenues of approximately €150 million per year for other BAM companies.

Market outlook. The pipeline of prospects and active bids remains healthy.

At year-end 2019, shareholders equity invested by BAM PPP totalled €80 million (2018: €75 million). BAM PPP invested €16 million of equity in the year and transferred €11 million to the BAM PPP PGGM joint venture in 2019.

BAM PPP discloses the unrealised value of the shareholder cash flows in different scenarios. This will be disclosed on an annual basis and replaces the directors' valuation published in the past (2018: €75 million).

The portfolio value is based on the discounted expected shareholder equity cash flows. These cash flows include dividends, interest and principal repayments. A sensitivity analysis of BAM PPP's shareholder cash flows at different discount rates is presented in the table below, adjusted for expected equity divestments to joint venture partners. BAM PPP's business activities (bidding, operations and asset management) and gains on transfers are not included.

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

Strategy execution

Key performance indicators for profit, people and planet

	2019	2018	Strategic target
Return on average capital employed ⁶	3.4%	7.5%	>10%
Adjusted result before tax margin ¹	1.0%	2.1%	2%-4%
Trade working capital efficiency ⁷	-10.4%	-8.8%	< -10%
Property portfolio (€ million)	531	564	< 500
Capital ratio ⁸	16.5%	18.5%	Towards 25%
Incident Frequency ⁹	4.8	4.2	3.5
CO2 emission (tonnes/€m)	23.5	26.8	23.2
Construction and office waste (tonnes/€m)	17.7	17.9	16.2

The lower result for the year led to a decrease of return on average capital employed and the adjusted result before tax margin. Trade working capital efficiency developed favourably to -10.4% (2018: -8,8%). BAM's capital ratio declined to 16.5% versus 18.5% at year-end 2018. Without the impact of IFRS 16, the capital ratio at year end 2019 would have been 17.6%.

Ensuring a safe working environment is BAM's top priority. After no fatalities in 2018 and the first three quarters of 2019, BAM deeply regrets two fatalities in the last quarter of 2019 in Belgium. BAM continues its efforts to increase safety, not only through guidelines and instructions but especially by giving it consistent management attention and emphasising the behavioural aspects.

During 2019, BAM made further progress under its five year strategy 'Building the present, creating the future', including:

- Strengthening the top structure of the company by the establishment of an Executive Committee and the split of the company's operating activities into two clear lines: Construction and Property and Civil engineering.
- Continuing constructive discussions with public sector clients to re-balance risks and rewards of new projects, and withdrawing from tenders that show unacceptable risk profiles which cannot be mitigated.
- Leadership strengthened at BAM Deutschland and at BAM International. At BAM International measures are being implemented to structurally lower the cost base.
- Combining the Belgian subsidiary Interbuild and the buildings division of BAM Contractors in a new company, BAM Interbuild, focused on construction in Flanders and Brussels.
- Increasing the focus of the Group by targeting more specific product market combinations. BAM decided to exit the market for offshore wind foundations.
- Reducing the financial risk profile: BAM took the opportunity to further de-risk its pension obligations.
- Progressing the implementation of 'One BAM', which is improving knowledge sharing and enabling the company to benefit from scale, by reinforcing Finance, IT, HR, Procurement and Safety.
- Marketing of BAM's innovations, like the sustainable asphalt product and BAM's 3D concrete printing facility. Both solutions are developed by BAM Infra Nederland and are currently being introduced to clients in the UK.
- Achieving BIM Level 2 certification for all BAM's operating companies.

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Management priorities for 2020

In 2020, a key focus remains on improving the profitability of BAM's operations and reviewing product/market combinations, which will result in more sustainable and predictable performance. Having embedded the tender stage gate process to better control the risks entering our business, BAM is now in a position to roll out a uniform approach to delivering major projects.

BAM considers digitalisation to be one of the driving forces shaping the construction industry. The Group's strategy includes BAM's intention to be at the forefront of digitalisation. The BIM Level 2 certification, which is achieved by all Group companies in 2019, is one of the outcomes of this strategy. Other steps include strategic partnerships and the focus on continuous improvement of digital construction in and with BAM's supply chain.

BAM's ambition is to improve its impact on the environment and people, by collaborating with the supply chain, encouraging innovative and digital thinking through its products, and realising benefits of circular business models.

Outlook 2020

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

Financial review

Cash flow ¹⁰

(x € million)	Full year 2019	Full year 2018 ²
Net cash result ¹¹	137	171
Investments (in)tangible fixed assets	-170	-71
Trade working capital ¹²	177	-60
Net Investment:		
Property	-1	6
PPP	14	6
Other changes in 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

In 2019, the Group generated a business cash flow of €141 million (2018: €99 million) driven by a positive net cash result and a strong trade working capital improvement.

The adoption of IFRS 16 has no impact on the cash flows of the company. The positive effect of the implementation on the line item Group net cash result was €105 million; there was a negative impact on the line item Investments (in)tangible assets for €105 million.

Cash from trade working capital improved significantly due to lower accounts receivable, partly offset by lower accounts payable. There was also the benefit of advanced payments on a few new contracts and the re-start of the funding of OpenJ.

Financial position

(x € million)	31 December 2019	31 December 2018 ²
Cash position	854	744
Financial leases	-	-25
Interest-bearing debt	-271	-318
Net (debt) / cash	583	401
Lease liabilities (IFRS 16)	-312	
Net (debt) / cash (after IFRS 16)	271	
Shareholders' equity	628	729
Capital base	749	847
Balance sheet total	4,540	4,578
Capital ratio	16.5%	18.5%
Capital employed	1,537	1,389
Return on average capital employed	3.4%	7.5%

The net cash position increased by €182 million to €583 million. The Group did not draw on its €400 million revolving credit facility during 2019. Interest bearing debt declined, mainly due to the divestment of some development projects.

BAM's capital ratio declined to 16.5% versus 18.5% at year-end 2018. Without the impact of IFRS 16, the capital ratio at year-end 2019 would have been 17.6%. Next to the reported net income of €11.8 million, BAM distributed €36 million dividend. The following non-cash elements explain the other movements in shareholders' equity of the Group;

- BAM took the opportunity to further de-risk its pension obligations, which reduced equity by €29 million;
- Lower interest rates had a negative impact on the valuation of the remaining pension liabilities of €39 million;
- Interest rate movements had a negative effect of €31 million on PPP related interest rate hedges;
- The appreciation of the British pound had a positive effect of €23 million.

The Group was well within the limits of all its banking covenants as at 31 December 2019; the recourse leverage ratio was negative -6.3 (≤ 2.5), the recourse interest coverage ratio was 9.6 (≥ 4.0) and the recourse solvency ratio was 28% ($\geq 15\%$). Solvency for covenants differs from the capital ratio, since it is based on IFRS as applied by the Group for the year 2015, amongst others excluding IFRS 9, 15 and 16. Further, the covenant calculations exclude all direct equity effects resulting from derivatives and pensions.

Dividend proposal

BAM's policy is to pay out 30 to 50 per cent 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 proposes a dividend of €0.02 per ordinary share in respect of 2019 which equates to a pay-out ratio of 46 per cent of the net result of the year of €11.8 million. Subject to approval by the Annual General Meeting on 15 April 2020, this will be paid in cash on 13 May 2020.

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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 point;
- 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 press release 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.

Foreign exchange translation

The closing rate of the pound sterling against the euro changed from 1.11 as at 31 December 2018 to 1.17 as at 31 December 2019. The average exchange rate of the pound sterling versus euro was 1.14 in 2019 compared to 1.13 in 2018.

Executive Board, Royal BAM Group nv

R.P. van Wingerden, CEO

L.F. den Houter, CFO

Bunnik, the Netherlands, 20 February 2020

Live audio webcast

The Executive Board of Royal BAM Group will present the full year results 2019 on 21 February 2020 during an analysts' meeting at 10 a.m. CET (in English). This meeting can be followed via a live audio webcast.

Key financial dates

15 April 2020	Annual General Meeting (Bunnik, 2 p.m. CET)
7 May 2020	Trading update first quarter 2020
20 August 2020	Publication half-year results 2020
5 November 2020	Trading update first nine months 2020

Further information

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Regulated information

This press release contains information that qualifies or may qualify as inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

Forward looking statements

This press release contains 'forward-looking statements', based on currently available plans and forecasts. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future, and BAM cannot guarantee the accuracy and completeness of forward-looking statements.

These risks and uncertainties include, but are not limited to, factors affecting the realisation of ambitions and financial expectations, exceptional income and expense items, operational developments and trading conditions, economic, political and foreign exchange developments and changes to IFRS reporting rules.

BAM's outlook, in line with these forward-looking statements, merely reflects expectations of future results or financial performance and BAM does not make any representation or warranty in that respect. Statements of a forward-looking nature issued by the company must always be assessed in the context of the events, risks and uncertainties of the markets and environments in which BAM operates. These factors could lead to actual results being materially different from those expected, and BAM does not undertake to publicly update or revise any of these forward-looking statements.

Footnotes

¹ Before restructuring, impairments and pension one-off.

² BAM adopted IFRS 16 'Leases' with effect from 1 January 2019. Figures for 2018 have not been restated. The impact of IFRS 16 is explained in more detail on page 12 of this press release.

³ Geography defined on where the operating company is based.

⁴ Per December 2018, €213 million of orders were reclassified from Construction and Property to Civil engineering.

⁵ Growth adjusted for the deconsolidation of the German Argen.

⁶ Rolling year EBIT divided by the average capital employed.

⁷ The average four quarters' trade working capital divided by rolling year revenue.

⁸ Capital base (shareholder equity plus subordinated convertible bonds) divided by total assets.

⁹ The total number of industrial accidents leading to absence from work per million hours worked.

¹⁰ These metrics are not directly comparable with IFRS-based condensed cash flow statement.

¹¹ Net cash result is net result excluding depreciation, impairments, restructuring, movements of provisions and book profit on sale of PPP projects.

¹² Working capital excluding property positions, PPP receivables, assets and liabilities held for sale, derivatives, provisions, taxes, other receivables and other payables.

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
5. Condensed consolidated statement of cash flows
6. Segment information
7. Figures per ordinary share with a par value of €0.10
8. Explanatory notes

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1. Condensed consolidated income statement

(x € million)

	Full year 2019	Full year 2018
<u>Continuing operations</u>		
Revenue	7,209.1	7,207.8
Operating result before depreciation, amortisation and impairment charges and restructuring costs	220.8	166.8
Depreciation and amortisation charges *	-59.9	-69.8
Depreciation right-of-use assets	-99.7	
Impairment charges	-18.5	-23.8
Restructuring costs	-5.0	-3.8
Share of result of investments	14.6	35.8
Operating result	52.3	105.2
Finance income	17.5	21.2
Finance expense *	-19.2	-11.9
Total finance income and expense	-1.7	9.3
Result before tax	50.6	114.5
Income tax	-38.7	-90.1
Result from continuing operations	11.9	24.4
Attributable to:		
Non-controlling interests	0.1	0.6
Net result attributable to shareholders of the Company	11.8	23.8
	11.9	24.4

* IFRS 16 has been implemented as per 1 January 2019, therefore no adjustments have been made to the comparative figures.

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2. Condensed consolidated statement of comprehensive income

(x € million)

	Full year 2019	Full year 2018
Net result for the period	11.9	24.4
<i>Items that may be reclassified to the income statement, net of tax</i>		
Cash flow hedges	-30.8	-4.4
Exchange rate differences	23.0	-6.4
<i>Items that will not be reclassified to the income statement, net of tax</i>		
Actuarial gains and losses pensions	-68.1	22.0
Other comprehensive income	-75.9	11.2
Total comprehensive income, net of tax	-64.0	35.6
Attributable to:		
Non-controlling interests	0.2	0.8
Shareholders of the Company	-64.2	34.8
	-64.0	35.6

3. Condensed consolidated statement of changes in equity

(x € million)

	Full year 2019	Full year 2018
As at 1 January	734.9	726.8
Net result for the period	11.9	24.4
Fair value cash flow hedges	-30.8	-4.4
Actuarial gains and losses pensions	-68.1	22.0
Exchange rate differences	23.0	-6.4
Other comprehensive income net of tax	-75.9	11.2
Total comprehensive income	-64.0	35.6
Dividends paid	-20.0	-11.9
Other changes	-17.0	-15.6
Total change	-101.0	8.1
Position as at period-end	633.9	734.9

*IFRS 16 has been implemented as per 1 January 2019, therefore no adjustments have been made to the comparative figures.

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4. Consolidated statement of financial position

(x € million)

	31 December 2019	31 December 2018
Property, plant and equipment	277.1	289.6
Right-of-use assets *	312.2	-
Intangible assets	400.1	408.0
PPP receivables	73.7	85.3
Investments	135.0	109.6
Other financial assets	109.7	101.3
Employee benefits	68.9	111.2
Deferred tax assets	136.5	165.6
Non-current assets	1,513.2	1,270.6
Inventories	545.9	578.0
Trade and other receivables	1,612.1	1,972.0
Income tax receivable	5.8	4.6
Derivative financial instruments	0.7	0.6
Cash and cash equivalents	854.0	743.7
Current assets	3,018.5	3,298.9
Assets held for sale	8.5	8.5
Total assets	4,540.2	4,578.0
Share capital and premium	839.3	839.3
Reserves	-183.7	-165.0
Retained earnings	-27.2	54.7
Equity attributable to the shareholders of the Company	628.4	729.0
Non-controlling interests	5.5	5.9
Total equity	633.9	734.9
Borrowings	193.8	280.0
Lease liabilities *	221.4	-
Derivative financial instruments	9.7	9.7
Employee benefits	128.2	120.0
Provisions	163.4	141.8
Deferred tax liabilities	18.5	39.7
Non-current liabilities	735.0	591.2
Borrowings	77.7	62.8
Lease liabilities *	90.2	-
Trade and other payables	2,882.5	3,081.1
Derivative financial instruments	0.8	0.3
Provisions	111.7	95.8
Income tax payable	8.4	11.9
Current liabilities	3,171.3	3,251.9
Liabilities held for sale	-	-
Total equity and liabilities	4,540.2	4,578.0
Capital base	748.9	846.7

*IFRS 16 has been implemented as per 1 January 2019, therefore no adjustments have been made to the comparative figures.

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5. Condensed consolidated statement of cash flows

(x € million)

	Full year 2019	Full year 2018
Net result for the period	11.9	24.4
Adjustments for:		
- Income tax	38.7	90.1
- Depreciation and amortisation charges	59.9	69.8
- Depreciation of right of use assets	99.7	-
- Impairment charges	18.5	23.8
- Result on sale of PPP projects	-1.1	-4.4
- Result on sale of property, plant and equipment	-2.8	-2.0
- Share based payments	-	-0.1
- Share of result of investments	-14.6	-38.9
- Finance income and expense	1.7	-9.3
Interest received	12.0	15.8
Dividends received from investments	26.8	34.8
Changes in provisions and pensions	-23.0	5.7
Changes in working capital (excluding cash and cash equivalents)	169.4	19.5
Cash flow from operations	397.1	229.2
Interest paid	-21.6	-16.4
Income tax received / (paid)	-16.4	-13.3
Net cash flow from ordinary operations	359.1	199.5
Investments in PPP receivables	-21.3	-16.8
Repayments of PPP receivables	27.6	26.0
Net cash flow from operating activities	365.4	208.7
Investments in non-current assets	-152.2	-121.4
Disposals and repayments of non-current assets	34.9	28.6
Sale of PPP projects	13.1	18.7
Net cash flow from investing activities	-104.2	-74.1
Proceeds from borrowings	56.2	41.1
Repayments of borrowings	-93.5	-80.7
Repayments of principal amount of lease liabilities	-98.4	-
Dividends paid (including non-controlling interests)	-20.0	-11.9
Repurchase of shares *	-16.9	-15.5
Net cash flow from financing activities	-172.6	-67.0
Change in net cash and cash equivalents	88.5	67.6
Cash and cash equivalents at beginning of the year	743.7	695.8
Change in cash and cash equivalents as a result of change in accounting policy	-0.9	-16.3
Exchange rate differences on cash and cash equivalents	22.7	-3.4
Net cash position at period-end	854.0	743.7
Cash and cash equivalents	854.0	743.7
Bank overdrafts	-	-
Net cash position at period-end	854.0	743.7
Of which in joint operations:	226.5	172.9

*IFRS 16 has been implemented as per 1 January 2019, therefore no adjustments have been made to the comparative figures.

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6. Segment information

(x € million)

	Full year 2019		Full year 2018	
	Result	Revenue	Result	Revenue
<u>Results and revenue from continuing operations</u>				
Construction and Property	46.3	4,225.9	114.7	4,043.3
Civil engineering	3.6	3,012.2	19.3	3,222.6
Public Private Partnerships (PPP)	27.2	45.1	20.2	34.7
Eliminations and miscellaneous	-	-74.1	-	-92.8
Total for continuing operations	77.1	7,209.1	154.2	7,207.8
Group overhead	5.8		2.0	
Group interest charge	-8.8		-3.0	
Adjusted result before tax	74.1		153.2	
Restructuring	-5.0		-3.8	
Impairment charges	-18.5		-23.8	
Pension one off	-		-11.1	
Result before tax	50.6		114.5	
Income tax	-38.7		-90.1	
Net result from continuing operations	11.9		24.4	
Net result from discontinued operations	-		-	
Net result for the period	11.9		24.4	
Non-controlling interests	-0.1		-0.6	
Net result attributable to shareholders	11.8		23.8	

*IFRS 16 has been implemented as per 1 January 2019, therefore no adjustments have been made to the comparative figures.

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

(x €1, unless indicated otherwise)

	Full year 2019	Full year 2018
Net result attributable to shareholders of the company (basic)	0.04	0.09
Net result attributable to shareholders of the company (diluted)	0.04	0.09
Cash flow (net result plus depreciation, amortisation and impairment charges)	0.69	0.43
Equity attributable to shareholders of the company	2.30	2.61
Highest closing share price	4.38	4.16
Lowest closing share price	2.16	2.37
Closing share price at period-end	2.69	2.51
Number of shares ranking for dividend (x 1,000)	273,296	273,296
Average number of shares ranking for dividend (x 1,000)	273,496	273,491
Number of shares ranking for dividend diluted (x 1,000)	299,158	298,298
Average number of shares ranking for dividend diluted (x 1,000)	299,039	298,269

*IFRS 16 has been implemented as per 1 January 2019, therefore no adjustments have been made to the comparative figures.

8. Explanatory notes

The financial summaries on pages 14 to 18 inclusive are drawn from the audited financial statements of Royal BAM Group nv for 2019 (the 'financial statements'). An unqualified auditor's opinion was issued on these financial statements on 20 February 2020. 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 27 February 2020 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 (including on right-of-use assets), 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 and additions of right-of-use assets, which are represented by repayments on lease liabilities.
- 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).