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First nine months 2020 trading update

BAM reports solid third quarter with adjusted pre-tax result of €51.7 million, reiterates full year outlook

Royal BAM Group nv reports for the first nine months of 2020 an adjusted loss before tax of €81.8 million, which is a €51.7 million improvement versus the first half year result. The cash position and the order book remained solid. During the third quarter, the situation regarding Covid-19 was generally stable. BAM maintains its outlook of a positive adjusted result before tax for the second half of the year, although the Covid-19 situation still causes uncertainty.

- Both business lines improved performance in third quarter after being hit hard in second quarter by Covid-19
- Revenue of €1.7 billion in third quarter 2020, in line with comparable period 2019
- Adjusted result before tax of €51.7 million in third quarter 2020, a margin of 3.0%
- Programme to structurally lower BAM's cost base by €100 million initiated; first benefits in 2021
- Cash position remained strong at €1.2 billion, which includes fully drawn €400 million revolving credit facility
- Capital ratio improved to 12.6%
- Order book at €13.3 billion, stable versus mid-year 2020

Key financials <i>(in € million, unless otherwise indicated)</i>	9 months 2020	9 months 2019	Full year 2019
Revenue	4,830	5,203	7,209
Adjusted result before tax ¹	-81.8	20.5	74.1
Order book (end of period)	13,300	12,200	12,700
Trade working capital efficiency	-12.9%	-9.6%	-10.4%

¹ Before restructuring costs, impairments and pension one-offs.

Ruud Joosten, CEO of Royal BAM Group:

'First of all, I would like to express my appreciation for the commitment of our people which I saw during my recent onboarding programme, especially during these difficult and uncertain times. When visiting some of BAM's fantastic projects, I saw that our teams are well-prepared and extremely motivated. It is also clear that BAM's financial performance is not where it should be. We consider it our main priority to structurally improve the profitability and predictability of the Group. I am looking forward to achieving this ambition in close cooperation with my colleagues at BAM.

In the third quarter, BAM's performance improved substantially versus the first half of the year. After the severe impact of Covid-19 in the second quarter, most operating companies succeeded in bringing their activities to more normalised efficiency levels. Furthermore, our de-risking and improvement initiatives resulted in a somewhat better performance in German construction and Dutch civil engineering, while the wind-down of BAM International is progressing.

At the end of September, we announced a major restructuring programme which will deliver cost savings of €100 million annually. In addition, we have started to define our new strategic agenda in order to create more value for our shareholders and solid prospects for all our stakeholders, including our employees. We will inform the market about our new way forward in the first quarter of 2021.

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The current worsening of Covid-19 conditions increases uncertainty. We continue to focus on the health and safety of our people and our clients. Financially, our focus is on the conservation of cash. BAM reiterates its outlook for a positive adjusted result before tax for the second half of 2020.'

Business review third quarter 2020

The operating companies in the business line Construction and Property (excluding BAM International), contributed positively to the result in the third quarter. The performance of the Dutch property development and residential construction activities remained strong, with 691 homes sold in the third quarter versus 594 in the comparable period last year. Germany and Belgium operated around break-even while the activities in the United Kingdom and Ireland contributed well.

In the business line Civil engineering (excluding BAM International), the performance in most markets improved. The Netherlands reported a positive result, mainly due to cost savings. After a strong first half year, the UK contribution was lower. Germany returned to profit after the first half loss due to the Cologne Metro settlement, while the activities in Belgium benefited from a claim settlement.

BAM PPP delivered another solid quarter from its existing portfolio while the tender pipeline remains healthy. The discussions with PGGM regarding the extension of the long-term PPP partnership are progressing.

BAM International remained loss making in the third quarter. The process to wind down BAM International has started, and the associated restructuring costs for 2020 will be around €13 million.

Financial position

Trade working capital efficiency remained on a good level and the cash position was solid at €1.2 billion. The capital ratio improved by 1.3% points to 12.6% compared to the first half year, supported by the positive result and a shorter balance sheet.

Live audio webcast

On 5 November 2020, at 10.00 hrs CET, there will be a conference call in English for analysts. This can be followed via live audio webcast (www.bam.com).

Next event

18 February 2021: Publication of annual results 2020.

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.

About Royal BAM Group

Royal BAM Group nv is a construction company with 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. 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 approximately €7 billion, employs more than 19,000 people and is listed on Euronext Amsterdam.