**Royal BAM Group nv**

Runnenburg 9, 3981 AZ Bunnik / P.O. Box 20, 3980 CA Bunnik, Netherlands
Telephone +31 (0)30 659 89 88

Date 22 August 2013
No. of pages 16

## BAM results under pressure from contracting Dutch markets

- Further deterioration in Dutch markets for Construction and M&E services and Civil engineering
- Operational sectors also impacted by negative margins on some large projects outside the Netherlands
- Appropriate management actions being taken
- Good result at PPP; mixed results at Property
- Within the limits of all banking covenants as at 30 June 2013
- Better result before tax and non-cash impairments expected in the second half year of 2013

| (in € million, unless otherwise indicated) | **1st half-year 2013** | 1st half-year 2012 | Full year 2012 |
|---|---|---|---|
| Revenue | **3,232** | 3,359 | 7,225 |
| Result before tax and impairments | **11.1** | 45.0 | 108.8 |
| Margin before tax and impairments | **0.3%** | 1.3% | 1.5% |
| Impairments | **-2.4** | -397.8 | -398.1 |
| Net result | **16.2** | -249.2 | -183.8 |
| Order book (end of period) | **10,600** | 10,500 | 10,700 |

### Nico de Vries, Chairman of the Executive Board of Royal BAM Group:

“After a slow start in the first quarter which was impacted by the hard winter weather, the second quarter of 2013 was disappointing. The Dutch markets for construction and civil engineering contracted and competitive pressures increased even further. This impacted revenue and especially margins for our Dutch operational activities in the first half of 2013. It also led to a fall in our Dutch order book as we continued our selective tendering policy designed to avoid taking work at a loss.

In some of our operational companies outside the Netherlands we had to recognise negative margins on some large projects due mainly to tough market conditions impacting our supply chain and pressure from clients.

We are taking urgent additional actions to mitigate these adverse developments. We will cut capacity in the Netherlands by approximately 500 fte, in line with lower expected activity levels, with a cost in 2013 of approximately €25 million. We are de-risking current projects where possible, including strengthening project management. And we are intensifying our initiatives to further strengthen all aspects of our bidding and project management across the Group in line with our longer term strategic priority for operational improvement.

The Property sector suffered from a worse retail market in the Netherlands. The Dutch residential market developed in line with our assumptions per Q2 2012. PPP continued to perform well and delivered good results.

We expect the result before tax and non-cash impairments in the second half year of 2013 to be better than in the first half year. The result before tax and non-cash impairments for the full year 2013 is expected to be substantially lower than the comparable result for 2012.’

## Analysis by sector

| (x € million) | 1st half-year 2013 | | 1st half-year 2012 | |
|---|---|---|---|---|
| **Results and revenue** | **Result** | **Revenue** | Result | Revenue |
| Construction and M&E services | **-1.1** | **1,418** | 30.7 | 1,566 |
| Civil engineering | **9.9** | **1,790** | 24.2 | 1,757 |
| Property | **-9.7** | **123** | -11.3 | 184 |
| PPP | **12.3** | **131** | 3.8 | 147 |
| Eliminations and miscellaneous | **-0.1** | **-230** | -0.2 | -295 |
| Total sectors | **11.3** | **3,232** | 47.2 | 3,359 |
| Group overhead | **2.1** | | 3.7 | |
| Group interest charge | **-2.3** | | -5.9 | |
| Result before tax and impairments | **11.1** | **0.3%** | 45.0 | 1.3% |
| | | | | |
| Impairment Property | **-1.5** | | -214.7 | |
| Impairment in associates and joint ventures | **-0.9** | | -32.7 | |
| Impairment Goodwill | **-** | | -150.4 | |

| **Order book (end of period)** | **30 June 2013** | 31 December 2012 |
|---|---|---|
| Construction and M&E services | **4,156** | 4,419 |
| Civil engineering | **5,616** | 5,617 |
| Property | **937** | 896 |
| PPP | **662** | 649 |
| Eliminations and miscellaneous | **-771** | -881 |
| Total | **10,600** | 10,700 |

### First half year 2013 sector results and order book

Revenue from continuing operations of €3,232 million was down by €127 million (-4%) compared to the first half of 2012. This was attributable to the Construction and M&E services sector where revenue was down by €148 million.

The total result of the sectors was €11.3 million, a sharp decline from €47.2 million last year. These results are after restructuring costs of €1 million in the first half of 2013 and €11 million in the first half of 2012. The decline in the total sector result was due mainly to Construction and M&E services and Civil engineering. The operational result at Property was broadly in line with last year. PPP was ahead.

The total order book closed at €10.6 billion on 30 June 2013, down slightly from €10.7 billion at year-end 2012. There was a fall in the order book in the Netherlands, mainly offset by increases in the United Kingdom, Ireland and BAM International.

### H1 2013 sector performance

At Construction and mechanical and electrical services, total revenue was down by €148 million (-9%) to €1,418 million. Most of this was due to a further deterioration in market conditions in both residential and non-residential construction in the Netherlands. BAM's revenue in the Netherlands fell by €129 million (-18%). Conditions in the other home markets remained difficult but less bad than in the Netherlands: revenue was slightly down in the United Kingdom and Germany, and slightly up in Belgium.

The difficult market conditions in the Netherlands caused pressure on margins and led to much lower overhead recovery on the reduced revenue base. The overall sector result for the first half of 2013 also included operational losses on some projects.

The fall in activity levels in the Netherlands which was worse than expected meant that the capacity reduction measures initiated in 2012 were not sufficient. A new capacity reduction programme is being finalised based on current expectations of lower activity levels.

The closing order book of €4,156 million was 6% lower compared to year end 2012. This was due mostly to the shrinking market and use of selective tendering in the Netherlands.

Revenue at Civil engineering was €33 million higher (2%) at €1,790 million. Revenue in the Netherlands fell by €107 million (-17%), which was offset by increased revenue in the other home countries. BAM International performed strongly, with revenue from worldwide niche markets up by 46%.
In the Dutch civil engineering market which continues to be hindered by uncertainty regarding future Government spending, BAM remains focused on major project opportunities. Although there are some early signs of recovery in Ireland and the United Kingdom, market circumstances remain difficult. In Germany there are major project opportunities, although with fierce competition.
The main reasons for the sharp decline in the first half result is similar to that for Construction and M&E services, namely difficult market conditions in the Netherlands causing low overhead recovery and pressure on margins, and operational losses on some projects. Plans to cut capacity in the Dutch Civil engineering companies are being finalised.
At the half year 2013, the total sector order book was virtually unchanged from the end of 2012. There was a decrease in the Netherlands and Germany, offset by good order intake in Ireland and at BAM International.

In Property, total revenue fell by 33% to €123 million. As expected, there was a further decline of the number of homes sold in the first half of 2013 in the Netherlands to 531, a drop of 54% and 57% compared to sales in the first half year of 2012 and 2011 respectively. The fall in revenue also reflected the delayed impact of the lower number of homes sold in 2012 as well as the lower average selling price. However the Dutch housing market is developing broadly in line with BAM's assumptions as per Q2 2012.
Trends in Dutch commercial property are worse than expected, particularly in the retail market due to low consumer spending and growth in internet sales. This is being monitored closely. Property markets in some regions of the United Kingdom and Ireland show early signs of recovery. Belgium continues to perform well.

Total investment in the stock of property of €1,016 million at 30 June 2013 was €95 million higher compared to 31 December 2012. Within this, investments in the Netherlands increased by €127 million to €843 million, mainly caused by construction progress and the partial acquisition of a commercial project. Progress on the divestment program of property development was slow in the first half of 2013. The Dutch Property portfolio at the end of the first half of 2013 included stock of 161 completed but unsold homes, approximately 13,900m2 of finished but unlet commercial property and 288 unsold homes still under construction.

At Public-Private Partnerships (PPP), revenue was down by €16 million to €131 million. The positive result of €12.3 million included the book profit on the transfer of 3 projects to the joint venture with PGGM. Of the available joint venture funds of €150 million for existing projects, €106 million has been transferred (end-2012: €48 million). Of the available joint venture funds of €240 million for new projects, €53 million has been committed by the joint venture for projects currently under construction.
The closing order book of € 662 million was up slightly compared to year end 2012. BAM was not successful in new PPP bids in the first half of 2013, and was unfortunate in being eliminated from two potential projects in the Netherlands by random ballots after having reached the pre-qualification stage. The current pipeline remains strong, with 15 active bids. BAM sees ongoing good opportunities in PPP markets in Europe.

## Cash flow analysis[1]

| (x € million) | **1st half-year 2013** | 1st half-year 2012 | Full year 2012 |
|---|---|---|---|
| Group: net cash result[2] | **-13** | 61 | 157 |
| Investments tangible fixed assets | **-39** | -30 | -86 |
| Operational sectors: change in working capital | **-280** | -251 | -42 |
| Investment sectors: net investment | | | |
| Property | **-1** | -32 | -72 |
| PPP | **7** | -13 | -3 |
| **Business cash flow** | **-326** | -265 | -46 |
| Dividend | **-10** | -17 | -17 |
| Pensions (additional) | **-14** | -15 | -28 |
| Change in Group loan | **142** | -357 | -428 |
| Sale Tebodin | **-** | 145 | 145 |
| Other | **7** | -15 | -10 |
| **Increase/ - decrease in cash position** | **-201** | -524 | -384 |

[1] These metrics are not directly compatible with the IFRS-based condensed cash flow statement

[2] Net cash result is net result excluding depreciation, impairments, movements of provisions and book profit on sale of PPP-projects

Net cash result in the first half year of 2013 was impacted by the low results and the usage of provisions like the cash outflow of the reorganisation provisions taken in 2012.
The movement in working capital for the operational sectors in the first half of 2013 was broadly comparable to last year. Working capital efficiency (defined as period end working capital as a percentage of rolling four quarters revenue) improved slightly. This was a satisfactory outcome given the deterioration of market conditions in the Netherlands which put pressure on working capital in the supply chain and obtaining pre financing from customers.
The net investment in the Property sector in the first half of 2013 was low compared to the increase of the stock of property (€95 million). This is mainly due to the external financing of the project that was partial acquired and the progress on external financing on some other projects. The positive PPP cash flow reflects the transfer of projects into the joint venture with PGGM in the first half of 2013.

## Financial position

| (x € million) | **30 June 2013** | 31 December 2012 | 30 June 2012 |
|---|---|---|---|
| Cash position | **353** | 554 | 414 |
| Interest-bearing debts | **1,037** | 834 | 1,054 |
| Net debt position | **684** | 280 | 640 |
| Recourse net debt/(cash) position | **136** | -242 | -12 |
| | | | |
| Fixed assets | **1,676** | 1,694 | 1,713 |
| Net operating capital (excl. cash and cash equivalents and current loans) | **265** | -127 | 195 |
| | | | |
| Shareholders' equity | **779** | 729 | 697 |
| Capital base | **903** | 852 | 822 |
| Balance sheet total | **5,138** | 5,308 | 5,263 |
| Capital ratio | **17.6%** | 16.1% | 15.6% |

Comparing 30 June 2013 to 31 December 2012, the recourse net debt increased by €378 million. This was caused mainly by seasonality and the negative net cash result for the first half of 2013. As in previous years, the recourse net debt position is expected to improve in the 4th quarter of the year.

The shareholders' equity increased predominately as a result of the positive development of the cash flow hedge reserves due to divestment of PPP projects and changes in the interest rates. The capital ratio improved by 1.5%-points to 17.6%.
The Group was within the limits of all its banking covenants as at 30 June 2013; the recourse leverage ratio was 1.5, the recourse interest coverage ratio 6.4, the recourse solvency ratio 25.3% and the current ratio 1.13.

## Outlook

Royal BAM Group expects the result before tax and non-cash impairments in the second half year of 2013 to be better than in the first half year. The result before tax and non-cash impairments for the full year 2013 is expected to be substantially lower than the comparable result for 2012.
This result for the year will include anticipated costs of approximately €25 million to reduce headcount in the Netherlands by approximately 500 fte.

## Risks and uncertainties

As indicated in the annual report for the 2012 financial year, strengthening risk management is a key element of BAM's strategic agenda for 2013 to 2015. The Group's risk management system does not imply avoidance of all risks. Instead it aims at identifying opportunities and threats and managing them. Better, more effective risk management will enable BAM to undertake larger commitments in a well-controlled environment.
The risks that can have a material impact on the Group's results and its financial position are described in detail in the annual report for the 2012 financial year. On that basis, BAM can see the following risks and uncertainties in particular for the remainder of the 2013 financial year:

- The risk that conditions will deteriorate further on the Group's markets. Any deterioration of our markets could affect the revenue and result and the valuation of goodwill, the stock of unsold property (property under development, under construction or already completed) and work in progress. The order book could also be affected by the consequences of any further market deterioration.
- Revenue, result and the valuation of accounts receivable could be affected by the risk that it will be impossible to continue relationships with suppliers, partners and customers that do not belong to the Group, but are active in the construction process, causing work on projects to stagnate and perhaps making it impossible to collect receivables.
- The availability of funding and/or the operational cash flow could be affected by the risk of a further reduction in the availability of credit on the financial markets, making it more difficult to receive payments (whether or not in advance) and more difficult to finance or refinance investments in land positions or real estate development.

Other risks that are either not currently known or currently considered non-material could prove to have an effect (material or otherwise) in due course on the markets, objectives, turnover, results, assets, liquidity or funding of the Group.

## Declaration in accordance with the Dutch Financial Supervision Act

In accordance with their statutory obligations under Article 5:25d(2)(c) of the Dutch Financial Supervision Act, the members of the Executive Board declare that, in so far as they are aware:

- the half-yearly financial report provides a true and fair reflection of the assets and liabilities, the financial position and the result generated by the Company and by companies included in the consolidated accounts; and
- the half-yearly report by the Executive Board provides a true and fair overview of the information required pursuant to Article 5:25d(8) and (9) of the Dutch Financial Supervision Act.

Bunnik, the Netherlands, 21 August 2013

Executive Board, Royal BAM Group nv:
N.J. de Vries, Chairman
T. Menssen, CFO
M.J. Rogers FCIOB, FICE
R.P. van Wingerden

## Live audio webcast

The Executive Board of Royal BAM Group will present the results of the first half of 2013 on 22 August 2013 during a (Dutch) press meeting from 10 a.m. to 11 a.m. and during an (English) analysts' meeting from 11.30 a.m. to 1 p.m. Both meetings can be followed via live audio webcast (www.bam.eu).

## Further information

**Press:** A.C. Pronk, +31 (0)30 659 86 21, ac.pronk@bamgroep.nl
**Analysts:** P. Snippe, +31 (0)30 659 87 07, p.snippe@bamgroep.nl

## Annexes

1. Condensed consolidated income statement
2. Consolidated statement of comprehensive income
3. Consolidated balance sheet
4. Condensed cash flow statement
5. Consolidated statement of equity
6. Statement by sector
7. Figures per ordinary share with a par value of €0.10
8. Explanatory notes to the half-yearly report

## 1. Condensed consolidated income statement
(x € million)

| | **1st half-year 2013** | 1st half-year 2012 | Full year 2012 |
|---|---|---|---|
| **Revenue** | **3,232** | 3,359 | 7,225 |
| Operating result before depreciation, amortisation, impairments and restructuring costs | **51.9** | 95.2 | 213.2 |
| Depreciation and amortisation | **-43.1** | -42.8 | -84.3 |
| Restructuring costs | **-1.1** | -11.0 | -35.3 |
| Property impairments | **-1.5** | -214.7 | -216.3 |
| Goodwill impairment | **-** | -150.4 | -150.4 |
| **Operating result** | **6.2** | -323.7 | -273.1 |
| Finance income | **18.0** | 20.7 | 44.6 |
| Finance expense | **-18.6** | -16.0 | -32.1 |
| Result from associates and joint ventures | **4.0** | -1.1 | 2.7 |
| Impairments in associates and joint ventures | **-0.9** | -32.7 | -31.4 |
| **Result before tax** | **8.7** | -352.8 | -289.3 |
| Income tax | **7.2** | 38.8 | 41.2 |
| **Net result** | **15.9** | -314.0 | -248.1 |
| Net result from discontinued operations | **-** | 65.0 | 65.0 |
| **Net result for the period** | **15.9** | -249.0 | -183.1 |
| Non-controlling interest | **0.3** | -0.2 | -0.7 |
| **Net result attributable to shareholders** | **16.2** | -249.2 | -183.8 |
| (x € 1) | | | |
| Per ordinary share with par value of €0.10 | **0.07** | -1.06 | -0.77 |
| Per ordinary share with par value of €0.10 (fully diluted) | **0.07** | -1.06 | -0.77 |

## 2. Consolidated statement of comprehensive income
(x € million)

| | **1st half-year 2013** | 1st half-year 2012 | Full year 2012 |
|---|---|---|---|
| **Net result for the period** | **15.9** | -249.0 | -183.1 |
| **Other comprehensive income:** | | | |
| *Items that will not be reclassified to profit or loss* | | | |
| Fair value cash flow hedges | **45.5** | -19.4 | -18.8 |
| Actuarial gains and losses pensions | **12.5** | -31.4 | -61.5 |
| Exchange rate differences | **-13.3** | 15.4 | 9.6 |
| **Total items that will not be reclassified to profit or loss** | **44.7** | -35.4 | -70.7 |
| **Total comprehensive income** | **60.6** | -284.4 | -253.8 |
| **Attributable to:** | | | |
| Non-controlling interest | **0.0** | 0.1 | 0.7 |
| Shareholders of the company | **60.6** | -284.5 | -254.4 |

## 3. Consolidated balance sheet

(x € million)

| | 30 June 2013 | 31 December 2012 | 30 June 2012 |
|---|---|---|---|
| Property, plant and equipment | **376.9** | 377.0 | 358.5 |
| Intangible assets | **400.8** | 406.0 | 407.0 |
| PPP receivables | **377.3** | 358.0 | 400.8 |
| Associates and joint ventures | **110.6** | 117.1 | 110.3 |
| Other financial assets | **165.8** | 181.2 | 211.4 |
| Derivative financial instruments | **0.6** | 0.6 | 0.9 |
| Pension plan assets | **5.3** | 2.9 | 2.0 |
| Deferred tax assets | **238.7** | 251.1 | 222.3 |
| **Non-current assets** | **1,676.0** | 1,693.9 | 1,713.2 |
| | | | |
| Inventories | **1,038.3** | 944.9 | 920.8 |
| Trade and other receivables | **1,919.8** | 1,913.4 | 2,198.6 |
| Current income tax receivable | **9.2** | 2.1 | 14.1 |
| Derivative financial instruments | **1.7** | 0.8 | 2.0 |
| Cash and cash equivalents | **353.1** | 553.9 | 413,7 |
| Non-current assets held for sale | **140.1** | 199.3 | 0.1 |
| **Current assets** | **3,462.2** | 3,614.4 | 3,549.3 |
| | | | |
| **Total assets** | **5,138.2** | 5,308.3 | 5,262.5 |
| | | | |
| Share capital | **749.7** | 735.4 | 735.4 |
| Reserves | **-448.1** | -492.6 | -457.3 |
| Retained earnings | **477.8** | 485.8 | 418.9 |
| **Equity attributable to the Company's shareholders** | **779.4** | 728.6 | 697.0 |
| Non-controlling interest | **3.3** | 3.6 | 3.3 |
| **Group equity** | **782.7** | 732.2 | 700.3 |
| | | | |
| Borrowings | **788.0** | 640.5 | 726.0 |
| Derivative financial instruments | **49.4** | 79.5 | 84.3 |
| Employee benefit obligations | **230.2** | 257.7 | 237.5 |
| Provisions | **142.6** | 160.3 | 189.6 |
| Deferred tax liabilities | **51.4** | 56.0 | 56.3 |
| **Non-current liabilities** | **1,261.6** | 1,194.0 | 1,293.7 |
| | | | |
| Borrowings | **249.2** | 193.7 | 327.3 |
| Trade and other payables | **2,664.0** | 2,902.4 | 2.864.4 |
| Derivative financial instruments | **1.1** | 3.2 | 2.9 |
| Provisions | **39.5** | 60.0 | 44.9 |
| Income tax payable | **18.1** | 20.6 | 21.5 |
| Liabilities non-current assets held for sale | **122.0** | 202.2 | 7.5 |
| **Current liabilities** | **3,093.9** | 3,382.1 | 3,268.5 |
| | | | |
| **Total equity and liabilities** | **5,138.2** | 5,308.3 | 5,262.5 |
| | | | |
| **Capital base** | **903.2** | 852.1 | 822.0 |

## 4. Condensed cash flow statement

(x € million)

| | **1st half-year 2013** | 1st half-year 2012 | Full year 2012 |
|---|---|---|---|
| Net result for the period | **15.9** | -249.0 | -183.1 |
| Adjustments for: | | | |
| - Taxation | **-7.3** | -38.8 | -41.2 |
| - Depreciation and amortisation | **43.1** | 42.8 | 84.3 |
| - Impairment of goodwill | **-** | 150.4 | 150.4 |
| - Property impairment | **1.5** | 169.9 | 176.1 |
| - Impairment long term receivables property | **-** | 44.8 | 40.3 |
| - Result on sale of PPP projects | **-8.8** | -1.9 | -3.5 |
| - Result on sale of property, plant and equipment | **-1.2** | -2.8 | -7.8 |
| - Result from associates and joint ventures | **-3.1** | 33.8 | 28.7 |
| - Result on sale discontinued operations | **-** | -65.0 | -65.0 |
| - Finance income and expense | **0.7** | -4.7 | -12.6 |
| Changes in provisions | **-48.4** | -18.9 | -15.0 |
| Changes in working capital (excl. net cash position) | **-342.9** | -260.5 | -89.4 |
| Cash flow from operations | **-350.5** | -199.9 | 62.2 |
| Interest paid | **-24.7** | -30.9 | -49.8 |
| Income tax paid | **-6.6** | -4.6 | -15.7 |
| **Net cash flow from ordinary operations** | **-381.8** | -235.4 | -3.3 |
| Investment ppp-receivables | **-114.5** | -137.3 | -270.6 |
| Repayments ppp-receivables | **1.5** | 1.6 | 80.8 |
| **Net cash flow from operating activities** | **-494.8** | -371.1 | -193.1 |
| Investment fixed assets | **-68.0** | -96.4 | -202.8 |
| Divestment fixed assets | **13.6** | 21.4 | 86.6 |
| Sale PPP projects | **49.0** | 4.8 | 13.0 |
| Sale discontinued operations | **-** | 145.0 | 145.0 |
| Received interest | **18.1** | 21.0 | 44.8 |
| Received dividend | **13.1** | 10.7 | 14.1 |
| Other investment activities | **-1.4** | -0.8 | -0.8 |
| **Net cash flow from investing activities** | **24.4** | 105.7 | 99.9 |
| New long-term loans | **325.4** | 192.4 | 364.3 |
| Redemption long-term loans | **-29.6** | -489.8 | -641.9 |
| Paid dividend (incl. non-controlling interest) | **-10.2** | -17.7 | -17.9 |
| Other financing activities | **-** | - | 1.1 |
| **Net cash flow from financing activities** | **285.6** | -315.1 | -294.4 |
| Increase/decrease in net cash position | **-184.8** | -580.5 | -387.6 |
| Net cash position at beginning of the year | **552.4** | 938.1 | 938.1 |
| Change net-liquidities assets and liabilities held for sale | **-8.5** | - | -2.8 |
| Exchange rate differences on net cash position | **-6.8** | 8.7 | 4.7 |
| **Net cash position at period-end** | **352.3** | 366.3 | 552.4 |
| Cash position | **353.1** | 413.7 | 553.9 |
| Bank overdrafts | **-0.8** | -47.4 | -1.5 |
| **Net cash position at period-end** | **352.3** | 366.3 | 552.4 |
| Of which in construction consortiums and other partnerships | **143.3** | 148.0 | 110.0 |

## 5. Consolidated statement of equity

(x € million)

| | **1st half-year 2013** | 1st half-year 2012 | Full year 2012 |
|---|---|---|---|
| **Position as at 1 January** | **732.2** | 1,002.4 | 1,002.4 |
| Net result for the period | **15.9** | -249.0 | -183.1 |
| Fair value cash flow hedges | **45.5** | -19.4 | -18.8 |
| Actuarial gains and losses pensions | **12.5** | -31.4 | -61.5 |
| Exchange rate differences | **-13.3** | 15.4 | 9.6 |
| Total comprehensive income | **60.6** | -284.4 | -253.8 |
| Dividend paid | **-10.2** | -17.7 | -17.9 |
| Other changes | **0.1** | 0.0 | 1.5 |
| Total change | **50.5** | -302.1 | -270.2 |
| **Position as at period-end** | **782.7** | 700.3 | 732.2 |

## 6. Statement by sector

(x € million)

| | **1st half-year 2013** | | 1st half-year 2012 | |
|---|---|---|---|---|
| **Results and revenue** | **Result** | **Revenue** | Result | Revenue |
| Construction and M&E services | **-1.1** | **1,418** | 30.7 | 1,566 |
| Civil engineering | **9.9** | **1,790** | 24.2 | 1,757 |
| Property | **-9.7** | **123** | -11.3 | 184 |
| Public Private Partnerships (PPP) | **12.3** | **131** | 3.8 | 147 |
| Eliminations and miscellaneous | **-0.1** | **-230** | -0.2 | -295 |
| **Total for continuing sectors** | **11.3** | **3,232** | 47.2 | 3,359 |
| Group overhead | **2.1** | | 3.7 | |
| Group interest charge | **-2.3** | | -5.9 | |
| **Result before tax and impairments** | **11.1** | **0.3%** | 45.0 | 1.3% |
| Impairment Property | **-1.5** | | -214.7 | |
| Impairments in associates and joint ventures | **-0.9** | | -32.7 | |
| Impairment Goodwill | **-** | | -150.4 | |
| Income tax | **7.2** | | 38.8 | |
| **Net result** | **15.9** | | -314.0 | |
| Net result from discontinued operations | **-** | | 65.0 | |
| **Net result for the period** | **15.9** | | -249.0 | |
| Non-controlling interest | **0.3** | | -0.2 | |
| **Net result attributable to shareholders** | **16.2** | | -249.2 | |

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

(x €1, unless indicated otherwise)

| | **1st half-year 2013** | 1st half-year 2012 | Full year 2012 |
|---|---|---|---|
| Net result attributable to shareholders | **0.07** | -1.06 | -0.77 |
| Net result attributable to shareholders (fully diluted) | **0.07** | -1.06 | -0.77 |
| Cash flow (net result + depreciation + impairments) | **0.25** | 0.68 | 1.12 |
| Equity attributable to shareholders | **3.18** | 2.89 | 3.02 |
| Highest closing share price | **3.89** | 3.97 | 3.97 |
| Lowest closing share price | **2.99** | 1.94 | 1.94 |
| Closing share price at period-end | **3.66** | 2.21 | 3.23 |
| Number of shares ranking for dividend (x 1,000) | **245,272** | 241,525 | 241,525 |
| Average number of shares ranking for dividend (x1,000) | **242,374** | 234,825 | 238,193 |

## 8. Explanatory notes to the half-yearly report 2013

**1. General information**
Royal BAM Group nv ('the Company') was incorporated under Dutch law and is domiciled in the Netherlands. This interim financial report contains the financial data for the first six months of 2013 for the Company and its subsidiaries (jointly referred to as 'the Group') and for its share in joint operations.
The financial data in the annexes to this interim report (pages 8–11) was drawn up in accordance with IAS 34 'Interim Financial Reporting' and does not contain all the information and explanatory notes that are prescribed for financial statements. This financial data should therefore be read in conjunction with the Annual Report 2012.
This interim report was approved by the Supervisory Board and released for publication by the Executive Board.

**2. Accounting principles**
The accounting principles adopted are consistent with those of the previous financial year except as described below:

*IAS 19 (revised) 'Employee benefits'.*
IAS 19 (revised) amends the accounting for employment benefits. The Group has applied the standard retrospectively in accordance with the transition provisions of the standard. The standard replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year. There is no change to determining the discount rate; this continues to reflect the yield on high-quality corporate bonds. There is a new term ''remeasurements''. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost.

*IAS 28 (revised), 'Accounting for investments in associates'.*
The revised standard outlines how to apply, with certain limited exceptions, the equity method to investments in associates and joint ventures. The standard also defines an associate by reference to the concept of "significant influence", which requires power to participate in financial and operating policy decisions of an investee (but not joint control or control of those polices).

*IFRS 10, 'Consolidated financial statements'.*
Under IFRS 10, subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The Group has applied IFRS 10 retrospectively in accordance with the transition provisions of IFRS 10.

*IFRS 11, 'Joint arrangements'.*
Under IFRS 11 investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. Before 1 January 2012, the Group's interests in its jointly controlled entities were consolidated on a proportional basis. Under IFRS 11, certain jointly controlled entities have been assessed to be joint ventures and recognised applying the equity method in accordance with the transition provisions of IFRS 11. In respect of its interests in joint operations, the Group recognises its share of assets, liabilities, revenue and expenses. The Group accounts for the assets, liabilities, revenue and expenses in accordance with the IFRSs applicable to the particular assets, liabilities, revenue and expenses.

*IFRS 13 'Fair value measurement'*
IFRS 13 details how to perform fair value calculations. It includes rules on fair value measurements for Over The Counter (OTC) derivatives, such as interest rate swaps contracts. The standard requires that the effects of the entity's net exposure to the credit risk of that counter party or the counter party's net exposure to the credit risk of the entity is included in the fair value measurement. Furthermore, the fair value of a liability reflects the effect of non-performance risk. Non-performance risk is the risk that an entity will not fulfil an obligation. Non-performance risk includes, but may not be limited to, an entity's own credit risk. This standard is effective since 1 January 2013. The Group treated this as an estimate change, with a net impact on the hedge reserve of the Group of € 5 million in the 1st half year 2013.

The financial effects of the abovementioned changes in accounting policies are shown below:

**Impact on consolidated balance sheet**
(x € million)

| Increase/ (decrease) | 31 december 2012 Total impact | IFRS 11 Impact | IAS 19 Impact | 1 januari 2012 Total impact | IFRS 11 Impact | IAS 19 Impact |
|---|---|---|---|---|---|---|
| Property, plant and equipment | -3.4 | -3.4 | - | -11.7 | -11.7 | - |
| Intangible assets | -180.5 | -180.5 | - | -184.5 | -184.5 | - |
| PPP receivables | -520.1 | -520.1 | - | -454.6 | -454.6 | - |
| Pension plan assets | -160.8 | - | -160.8 | -135.3 | - | -135.3 |
| Associates | 11.9 | 11.9 | - | 12.5 | 12.5 | - |
| Joint ventures | 85.7 | 85.7 | - | 97.3 | 97.3 | - |
| Other financial assets | 135.8 | 135.8 | - | 173.4 | 173.4 | - |
| Derivative financial instruments | - | - | - | - | - | - |
| Deferred tax assets | -8.3 | -57.3 | 49.0 | -8.9 | -51.0 | 42.1 |
| **Non-current assets** | **-639.7** | **-527.9** | **-111.8** | **-511.8** | **-418.6** | **-93.2** |
| Inventories | -323.1 | -323.1 | - | -458.7 | -458.7 | - |
| Trade and other receivables | -169.2 | -169.2 | - | -92.0 | -92.0 | - |
| Current income tax receivable | - | - | - | -1.6 | -1.6 | - |
| Derivative financial instruments | - | - | - | 1.5 | 1.5 | - |
| Cash and cash equivalents | -66.2 | -66.2 | - | -72.4 | -72.4 | - |
| Non-current assets held for sale | -157.8 | -157.8 | - | -153.4 | -153.4 | - |
| **Current assets** | **-716.3** | **-716.3** | **-** | **-776.6** | **-776.6** | **-** |
| **Total assets** | **-1,356.0** | **-1,244.2** | **-111.8** | **-1,288.4** | **-1,195.2** | **-93.2** |
| **Group equity** | **-191.8** | **55.8** | **-247.6** | **-160.8** | **28.9** | **-189.7** |
| Borrowings | -604.4 | -604.4 | - | -812.4 | -812.4 | - |
| Derivative financial instruments | -207.8 | -207.8 | - | -181.8 | -181.8 | - |
| Employee benefit obligations | 158.4 | - | 158.4 | 114.5 | - | 114.5 |
| Provisions | 70.6 | 70.6 | - | 82.9 | 82.9 | - |
| Deferred tax liabilities | -22.8 | -0.2 | -22.6 | -17.2 | 0.8 | -18.0 |
| **Non-current liabilities** | **-606.0** | **-741.8** | **135.8** | **-814.0** | **-910.5** | **96.5** |
| Borrowings | -319.1 | -319.1 | - | -80.1 | -80.1 | - |
| Trade and other payables | -84.1 | -84.1 | - | -84.3 | -84.3 | - |
| Derivative financial instruments | -0.3 | -0.3 | - | - | - | - |
| Provisions | - | - | - | - | - | - |
| Income tax payable | -2.7 | -2.7 | - | -0.7 | -0.7 | - |
| Liabilities non-current assets held for sale | -152.0 | -152.0 | - | -148.4 | -148.4 | - |
| **Current liabilities** | **-558.2** | **-558.2** | **-** | **-313.5** | **-313.5** | **-** |
| **Total equity and liabilities** | **-1,356.0** | **-1,244.2** | **-111.8** | **-1,288.3** | **-1,195.1** | **-93.2** |

**Impact on consolidated income statement**
(x € million)

| Increase/ (decrease) | Full year 2012 Total impact | Full year 2012 IFRS 11 Impact | Full year 2012 IAS 19 Impact | 1st half-year 2012 Total impact | 1st half-year 2012 IFRS 11 Impact | 1st half-year 2012 IAS 19 Impact |
|---|---|---|---|---|---|---|
| **Revenue** | **-178.9** | **-178.9** | **-** | **-100.6** | **-100.6** | **-** |
| **Operating result** | **20.0** | **15.1** | **4.9** | **27.0** | **25.3** | **1.7** |
| Finance income | -49.9 | -49.9 | - | -20.3 | -20.3 | - |
| Finance expense | 58.9 | 58.9 | - | 26.2 | 26.2 | - |
| Result from associates and joint ventures | -27.3 | -27.3 | - | -32.4 | -32.4 | - |
| **Result before tax** | **1.7** | **-3.2** | **4.9** | **0.5** | **-1.2** | **1.7** |
| Income tax | -2.1 | -3.2 | 1.1 | -0.8 | -1.2 | 0.4 |
| **Net result** | **3.8** | **-** | **3.8** | **1.3** | **-** | **1.3** |
| Net result from discontinued operations | - | - | - | - | - | - |
| **Net result for the period** | **3.8** | **-** | **3.8** | **1.3** | **-** | **1.3** |
| Non-controlling interest | 0.2 | 0.2 | - | -0.2 | -0.2 | - |
| **Net result attributable to shareholders** | **3.6** | **-0.2** | **3.8** | **1.5** | **0.2** | **1.3** |

**Impact on cash flow statement**
(x € million)

| Increase/ (decrease) | Full year 2012 Total impact | Full year 2012 IFRS 11 Impact | Full year 2012 IAS 19 Impact | 1st half-year 2012 Total impact | 1st half-year 2012 IFRS 11 Impact | 1st half-year 2012 IAS 19 Impact |
|---|---|---|---|---|---|---|
| Net cash flow from operating activities | 155.1 | 155.1 | - | 108.8 | 108.8 | |
| Net cash flow from investing activities | -71.1 | -71.1 | - | -53.4 | -53.4 | |
| Net cash flow from financing activities | -85.2 | -85.2 | - | -47.5 | -47.5 | |
| **Net increase/ - decrease in cash position at period-end** | **-1.2** | **-1.2** | **-** | **7.9** | **7.9** | **-** |

The euro exchange rates for the main currencies in which the Group operates are as follows:

| | **1st half-year 2013** | Year 2012 | 1st half-year 2012 |
|---|---|---|---|
| **Spot rate on balance sheet date** | | | |
| Pound sterling | 0.851861 | 0.817394 | 0.801154 |
| **Average rate** | | | |
| Pound sterling | 0.847745 | 0.813074 | 0.824762 |

**3. Taxes**
There is a tax income instead of a charge in the income statement for the 1st half-year of 2013 as a consequence of profits under the participation exemption, predominately due to transfer of projects to the joint venture with PGGM and sale of property projects which are included in separate entities.

**4. Seasonal influences**

Due to the seasonal nature of the business in a number of sectors, sometimes adversely influenced by winter conditions, we usually expect higher revenue and profitability and a fall in the recourse net debt in the second half than in the first six months.

**5. Estimates and assessments in the interim financial report**

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.
In preparing these condensed interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2012.

**6. Legal proceedings**

In the normal course of business the Group and its subsidiaries are involved in legal proceedings predominantly concerning litigation as a result of claims (both active and passive) with respect to construction contracts. In accordance with current accounting policies, the Group has recognized these claims, where appropriate, which are reflected on its balance sheet. Some proceedings, if decided adversely or settled, may have a material impact on the Group's financial position, operational result or cash flows.

**7. Related party transactions**

In the first half year of 2013 the Group sold 80 per cent of its interest in three PPP projects to the joint venture BAM PPP/PGGM. After deduction of cost, the Group realised a net result of € 8.8 million. The assets and liabilities related to these projects were recognized as held for sale as at 31 December 2012 and amounts to € 199 million respectively € 202 million. As at 30 June 2013 three other PPP project are classified as held for sale.

**8. Fair value measurements**

The fair value of financial instruments not quoted in an active market is measured using valuation techniques. The Group uses various techniques and makes assumptions based on market conditions on balance sheet date.
One of these techniques is the calculation of the net present value of the expected cash flows (DCF-method). The fair value of the interest rate swaps is calculated as the net present value of the expected future cash flows. The fair value of the forward exchange contracts is measured based on the 'forward' currency exchange rates on balance sheet date. In addition, valuations from bankers are requested for interest rate swaps.
Financial instruments measured at fair value consist of only interest rate swaps and foreign exchange contracts and are classified as a level 2 valuation method. As at 30 June 2013 the balance sheet includes derivatives measured at fair value amounting to € 1.3 million (asset) and € 50.5 million (liability).

**9. Distributed dividends**

Holders of ordinary shares were assigned a dividend of €0.10 in cash or 1 new share per 38.25 shares already held during the first six months of 2013.

**10. Events after the balance sheet date**

There were no significant events impacting on this interim financial report for the first half of 2013 after balance sheet date.

To the Executive Board, Supervisory Board and Audit Committee of Royal BAM Group nv

# Review report

### Introduction

We have reviewed the accompanying, as set out on page 8 to 15, condensed consolidated interim financial information for the six-month period ended 30 June 2013 of Royal BAM Group nv, Bunnik, which comprises the consolidated balance sheet as at 30 June 2013, the condensed consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the condensed consolidated cash flow statement and the selected explanatory notes for the six-month period then ended. The Executive Board is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope

We conducted our review in accordance with Dutch law including standard 2410, Review of Interim Financial Information Performed by the Independent Auditor of the company. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2013 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

Rotterdam, 21 August 2013

PricewaterhouseCoopers Accountants N.V.
Drs. J.G. Bod RA