

Royal BAM Group nv Annual results 2013

Analysts' meeting

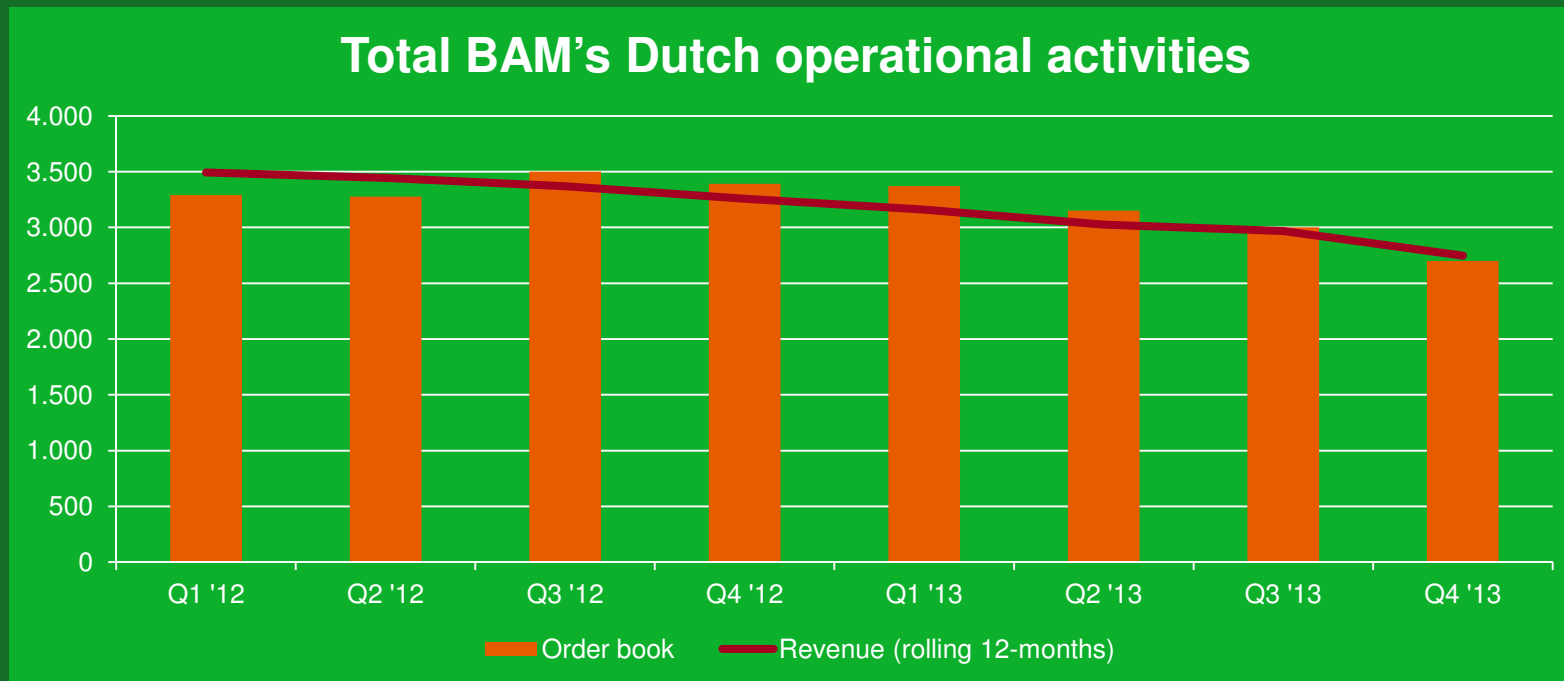
Amsterdam, 20 February 2014



BAM reports net result of €46.2 million, expects 2014 to be a year of stabilisation

- Dutch activities: lower results in an tough year, €25 million restructuring cost in Q4
- Property: non-cash impairments of €30 million, mainly on Dutch retail property
- PPP: good result for the year
- BAM International had another year of strong growth
- Capital ratio 19.8% at end-2013 after equity placing
- Significant de-risking of Dutch pensions achieved, one-off effect of €24.6 million
- Dividend of 5 euro-cents per share with scrip alternative; based on payout ratio of 30%

BAM's Dutch operational activities ¹⁾



- Capacity reduction approximately 500 fte
- Mainly in Construction and M&E Services
- Cost of € 25m in Q4

1) Dutch Construction and M&E services and Civil engineering companies

Operational sectors

- Dutch markets turned out much tougher than expected; some early signs of recovery in other home markets; good opportunities in international markets
- Netherlands: lower revenue, margins and order book; €25m restructuring cost
- Losses on some large projects outside the Netherlands in H1; stable in H2

Construction and M&E services

- NL much lower, UK somewhat lower, BE and DE ahead of 2012
- Order book in NL significantly lower, BE lower. UK and DE order book higher

Civil engineering

- Revenue fell in NL. Other home countries higher. Large rise at BAM International
- Order book in NL much lower. BE and DU somewhat lower. IE and International well up

Investment sectors

Property development

- NL residential markets developed as per Q2 2012 'later, lesser, lower' assumptions
- Fall in NL revenue from house sales: lower volumes and lower prices
- Impairment retail property NL due to pressure on rental prices
- Progress on divestment program disappointing
- Good result in BE

Total investment	1,028
Associates/JV	163
Total loans	-342
Net investment	849

(in € million)

Public private partnerships

- Good operational result
- 3 projects transferred to PGGM JV in H1
- Good progress with PGGM JV for existing and new projects
- No positive bid outcomes in 2013
- Pipeline of outstanding bids strong, with 16 bids to be decided in 2014

Total investment	424
Associates/JV/other	56
Total loans	-371
Net investment	109

(in € million)

Revenue and results per sector

	2013		2012	
	Revenue	Result ¹⁾	Revenue	Result ¹⁾
Construction and M&E Services	3,078	7.2	3,334	50.4
Civil engineering	3,971	52.1	3,747	58.0
Property	236	-15.4	381	-4.0
PPP	288	14.4	288	12.4
Eliminations and other	-531	-1.5	-525	0.3
Total sectors	7,042	56.8	7,225	117.1

(in € million, 2012 restated)

1) Result before tax

Key figures: income statement

	2013	margin	2012	margin
Total result sectors	56.8	0.8%	117.1	1.6%
Group overhead	-1.2		-0.8	
Group interest	-5.8		-7.5	
Result before tax	49.9	0.7%	108.8	1.5%
Impairment at Property	-30.0		-247.7	
Impairment goodwill	-		-150.4	
Pension one-off	24.6		-	
Income tax	-5.8		41.2	
Non-controlling interest	-0,9		-0.7	
Net result from continuing activities	37.7	0.5%	-248.8	Neg.
Discontinued operations	8.5		65.0	
Net result	46.2	0.7%	-183.8	Neg.

(in € million, unless stated otherwise, 2012 restated)

Cash flow analysis

	2013	2012
Net cash result	46	157
Investments TFA	-65	-86
Δ Trade working capital	-50	-22
Net Investment Property	-26	-72
Net investment PPP	16	-3
Δ Other working capital	-4	-20
Business cash flow	-83	-46
Dividend	-10	-17
Equity issue	85	-
Pensions (additional)	-28	-28
Δ Group loans	40	-428
Sale Tebodin	-	145
Others	-8	-10
Δ Cash position	-4	-384

- Net cash result aligned with lower net result for the year
- Trade working capital as % 4Q rolling revenue roughly stable, despite pressure on pre-financing
- Investment property relates to redemption UK loans and progress on construction, partly offset by sales in BE
- Movements Group loans in 2012 were due to refinancing

(in € million, unless stated otherwise, 2012 restated)

Key figures: balance sheet

	2013	2012
Balance sheet total	5,316	5,308
Shareholders' equity	929	729
Capital base	1,053	852
Capital ratio	19.8%	16.1%
Cash position	548	554
Interest-bearing debt	931	834
Net debt position	383	280
Recourse net debt	-187	-242
Fixed assets	1,632	1,694
Net operating capital (excl. cash and st-debt)	2	-127

(in € million, unless stated otherwise, 2012 restated)

- Capital base increased due to the equity placing, positive development of cash flow reserves and actuarial changes in pensions
- Interest-bearing debt is higher due to consolidation of project debt and use of RCF
- Recourse net debt increased due to the increase of net operating capital, partly offset by the proceeds of the equity placing

Dividend proposal 2013

- BAM' strives to distribute between 30 per cent and 50 per cent of net profit
- Dividend proposal for 2013: 5 euro-cents per share in cash or in stock

	2013	2012
Dividend per ordinary share	0.05*	0.10
Pay-out ratio	30%	n/a

(in €1,-, unless stated otherwise)

** Proposal*

Strategic update

- Operational improvement
 - Targeted growth initiatives in services
 - Multi-disciplinary projects
 - International niche markets
- Prudent financial strategy

Operational improvement

- Executive Board members have strengthened supervision and support of operating companies management
- Enhanced risk management, mutual learning and cross-border cooperation
- Improved awareness of risks, benefits and quality for better commercial decisions
- Tendering procedure improved with more focus on risk profile, margin and cash
- Introduction of peer review process (tendering) led by Director Operational Audit
- Examples: measure latest expected project result vs. original forecast; % value added revenue

Targeted growth initiatives in services

- Acquisition of facility management specialist Sutton in the UK
- Asset management revenue and margin growth in line with targets
- Set up of two asset management companies to provide long term maintenance and support for infrastructure and buildings (clients: Rijkswaterstaat, VGZ, Friesland Campina and Koninklijke Visio)
- BAM Techniek entered the German market together with BAM Deutschland to service electrical equipment post-completion

Multi-disciplinary projects

- Number of projects involving two or more participating operating companies continues to increase
- Multidisciplinary projects being coordinated by integrated project teams
- Close to the client for small and medium sized projects through local presence
- Some Dutch activities co-locating to “BAM Houses”
- Examples: Borders Railway (Scotland), Rotterdam World Gateway terminal (NL), Al Ain Stadium (UAE)

International niche markets

- Strong growth in revenue and order book at BAM International
- Strengthened management and risk controls
- Leverage core competence of the Group outside our home markets
- Following our global clients in known markets (i.e. APMT, Vopak)
- High standard in safety and working conditions
- Examples: design and construction of a 306-metre wharf extension with joint venture BAM Clough (50th anniversary in Australia)

Prudent financial strategy

- Being financially strong helps BAM qualify for major tenders and compete with international construction firms in the home markets
- Capital ratio improved by 3.7%-points to 19.8% after equity placing
- De-risking of the Dutch pension scheme with amended indexation terms
- Increasingly focused on cash flow through improved procedures, increased awareness and greater accountability
- Disappointing progress on Property divestment program
- Examples: working capital “Dashboards”; firm link to remuneration; improved risk/award awareness at tendering

Sustainability

	2013	2012
Incident Frequency (IF)	5.8	6.9
CO2 emission (in kilotons)	272	249
Construction and office waste (in kilotons)	200	230

- Improvement main ratios aligned with strategic targets
- CO2 emission higher due to more energy-intensive international infrastructure projects
- BAM will report sustainability performance for 2013 in accordance with GRI 4
- Sustainability report 2012 sector winner Dutch transparency benchmark

Order book

	2013	2012	Δ
Construction and M&E services	4,013	4,419	-9%
Civil engineering	5,090	5,617	-9%
Property	983	896	+10%
PPP	547	649	-16%
Eliminations and other	-633	-881	
Total sectors	10,000	10,700	-7%

(in € million, 2012 restated)

- Construction and M&E order book much lower in NL and somewhat lower in BE. UK and DU improved
- Civil engineering order book down in NL, BE and DU. Increased order book in IE, International and UK
- Order book Property up in BE and UK, down in NL

Outlook

BAM expects, barring a further unforeseen deterioration in market conditions, that 2013 represents the bottom of the market in the Netherlands and that 2014 will be a year of stabilisation for the Group.

Most of BAM's activities are late-cycle and competition remains fierce, although there are some encouraging opportunities, mainly outside the Netherlands.

Against this background, BAM expects that margins at the Construction and M&E services and Civil engineering sectors will remain under pressure in 2014. BAM continues to strengthen the quality of its new order intake.

Annexes

- Revenue and results (4th Quarter)
- Property investments
- Property Netherlands
- PPP investments
- Net debt analysis
- Banking covenants
- Revenue sector/country

Revenue and results (4th Quarter)

	4Q 2013		4Q 2012	
	Revenue	Result ¹⁾	Revenue	Result ¹⁾
Construction and M&E Services	905	7.7	964	8.8
Civil engineering	1,176	22.1	1,114	23.0
Property	50	1.0	130	3.0
PPP	76	1.1	72	5.8
Eliminations and other	-168	-1.5	-123	-0.5
Total sectors	2,039	30.4	2,157	40.1
Group overhead		-2.1		1.1
Group interest charge		-2.1		-1.6
Result before tax and impairments		26.2		39.6

(in € million, 2012 restated)

1) Result before tax

Property investments

	Q2 2013	Q4 2012
Land and building rights	484	468
Property development	544	443
Total investments (a)	1,028	911
Non-recourse loans	271	213
Recourse loans	71	77
Total loans (b)	342	290
Property associates/JV (c)	163	209
Net investments (a)–(b)+(c)	849	830

(in € million, unless stated otherwise, 2012 restated)

Total investments:

- NL: 806 million
- UK: 121 million
- BE: 63 million
- EI: 38 million

Property Netherlands

	2013	2012
Number of home sold from own development:		
Q1	265	619
Q2	266	535
Q3	379	438
Q4	455	314
Total	1,365	1,906
Stock of unsold and unlet premises :	2013	2012
- homes under construction (number)	288	295
- homes finished (number)	161	155
- commercial property (m ²)	18,300	12,400

Public private partnerships investments

	Q4 2013	Q4 2012
PPP assets (intangibles, receivables)	424	376
Non-recourse PPP loans	-295	-305
Recourse PPP loans (equity bridges)	-76	-55
PPP associates/JV/other	56	100
Investment equity ¹⁾	109	116
Committed equity ²⁾	126	130
Total invested & committed equity	235	246
NPV Total invested & committed equity (A)	225	234
NPV Future equity cash inflows (B)	319	330
<i>Estimated unrealised value (B) – (A)</i>	94	96

(in € million, unless stated otherwise, 2012 restated)

¹⁾ BAM share invested in equity of PPP contracts

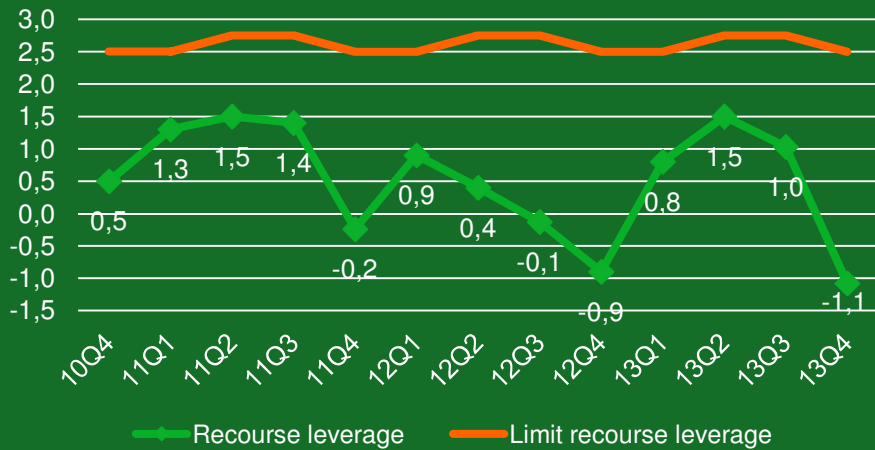
²⁾ Excluding contracts in preferred bidder stage

Net debt analysis

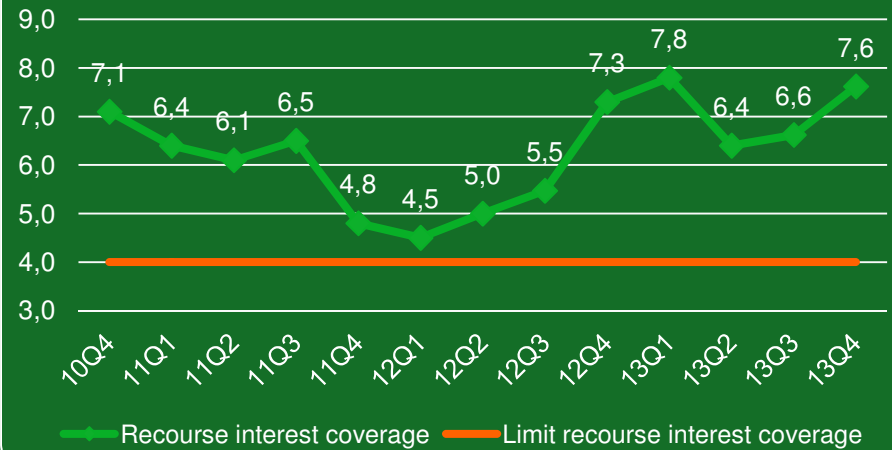
	2013	2012
Non-recourse PPP loans	295	305
Non-recourse project financing	276	217
Other project financing	157	145
Total 'project related'	727	667
Subordinated loan	124	124
Financial lease liabilities	43	42
Bank overdrafts and other loans	37	1
Total interest-bearing debts	931	834
Less: cash	-548	-554
Net debt position	383	280
Recourse net debt position	-187	-242

(in € million, unless stated otherwise, 2012 restated)

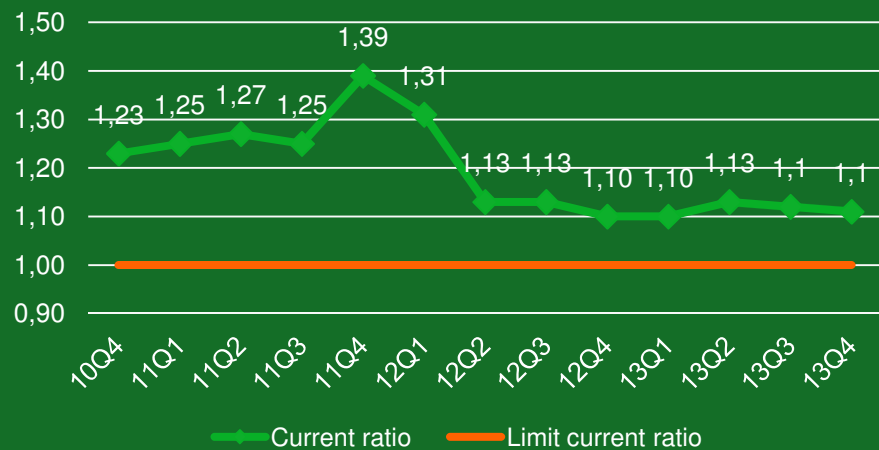
Recourse leverage ratio



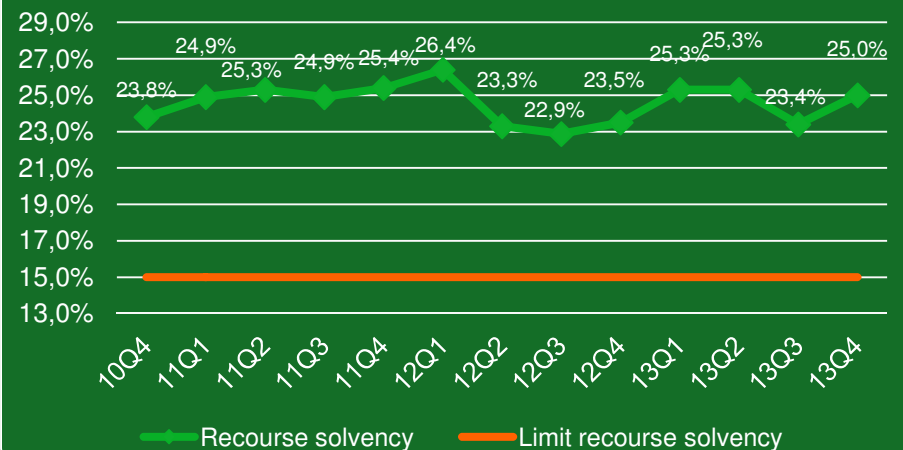
Recourse interest coverage ratio



Current ratio



Recourse solvency ratio



Revenue sector/country

	Construction and M&E Services	Civil engineering	Property development	PPP	Total
Netherlands	18%	18%	3%	1%	40%
United Kingdom	13%	12%	0%	0%	25%
Belgium/L'bourg	3%	9%	0%	1%	13%
Germany/Swiss	7%	5%	-	1%	12%
Ireland	0%	4%	0%	1%	5%
International	0%	4%	0%	1%	5%
Total	41%	52%	3%	4%	100%

Revenue per sector/country 2013 as a percentage of gross total revenue 2013