**Royal BAM Group nv**

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

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## BAM reports break even result before tax for the first half of 2014

- Construction and M&E services: lower revenue and results related to Dutch activities
- Civil engineering: result includes losses of €68 million on two projects as announced on 7 July
- Property: result driven by success of commercial property divestments; encouraging trends in Dutch residential market
- PPP: five projects transferred into the joint venture with PGGM
- Order book: growth in Construction and M&E services, Civil engineering and PPP
- Actions: preparation phase for cost reduction/restructuring (€100 million) and working capital improvement (€300 million) programmes nearly complete
- Outlook: BAM expects a result before tax, impairments and restructuring charges for the full year of about €20 million

| (in € million, unless otherwise indicated) | **1st half-year 2014** | 1st half-year 2013 | Full year 2013 |
|---|---|---|---|
| Revenue | **3,382** | 3,232 | 7,042 |
| Result before tax* | **0.1** | 11.0 | 49.8 |
| Margin before tax* | **0.0%** | 0.3% | 0.7% |
| Impairments | **-1.7** | -2.4 | -30.0 |
| Pension one-off | **-** | - | 24.6 |
| Net result | **-6.6** | 16.2 | 46.2 |
| Order book (end of period) | **10,700** | 10,600 | 10,000 |

* Before impairments and pension one off from continuing operations.

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

‘The results for the first half of 2014 show a mixed performance. In our two operational sectors, we continue to work through orders booked under very difficult market conditions - especially in the Netherlands. The two Civil engineering projects with major losses which we announced on 7 July are stable; other projects delivered strong results, supporting the overall sector result for the first half.

In our two investment sectors, the good momentum in the property divestment programme continued, with successful transactions in the Netherlands, Belgium and the UK. In the Dutch residential new home market, the green shoots are translating into encouraging growth in our homes sold, which will over time feed in to our residential construction activities. In PPP we won two new projects, we strengthened our joint venture agreement with PGGM, and our bid pipeline is encouraging,

I confirm the scope of the improvement actions we announced on 7 July. Some initiatives in cost reduction and working capital management are underway; others are still in the preparation phase, which will be completed early in October.

I have taken the decision to retire from the Executive Board with effect from 1 October. This will allow my successor Rob van Wingerden to take complete responsibility for the actions to improve performance and lead the next phase in BAM’s development. I thank all my colleagues at BAM for their support and contributions in the past four years.’

## Analysis by sector

| (x € million) | 1st half-year 2014 | | 1st half-year 2013 | |
|---|---|---|---|---|
| **Results and revenue** | **Result** | **Revenue** | Result | Revenue |
| Construction and M&E services | **-6.8** | **1,355** | -1.1 | 1,418 |
| Civil engineering | **-19.2** | **1,862** | 9.9 | 1,790 |
| Property | **14.7** | **245** | -9.7 | 123 |
| PPP | **13.7** | **130** | 12.3 | 131 |
| Eliminations and miscellaneous | **1.5** | **-210** | -0.1 | -230 |
| Total sectors | **3.9** | **3,382** | 11.3 | 3,232 |
| Group overhead | **-1.7** | | 2.1 | |
| Group interest charge | **-2.1** | | -2.3 | |
| Result before tax and impairments | **0.1** | **0.0%** | 11.1 | 0.3% |
| | | | | |
| Impairment | **-1.0** | | -1.5 | |
| Impairment in associates and joint ventures | **-0.7** | | -0.9 | |

| **Order book (end of period)** | **30 June 2014** | 31 December 2013 |
|---|---|---|
| Construction and M&E services | **4,290** | 4,013 |
| Civil engineering | **5,433** | 5,090 |
| Property | **935** | 983 |
| PPP | **685** | 547 |
| Eliminations and miscellaneous | **-643** | -633 |
| Total | **10,700** | 10,000 |

## Analysis by geography

| (x € million) | 1st half-year 2014 | | 1st half-year 2013 | |
|---|---|---|---|---|
| **Results and revenue** | **Result** | **Revenue** | Result | Revenue |
| The Netherlands | **-7.8** | **1,212** | -14.8 | 1,217 |
| United Kingdom | **-3.8** | **927** | 9.1 | 861 |
| Belgium | **20.0** | **492** | -8.6 | 432 |
| Ireland | **3.3** | **160** | 2.6 | 142 |
| Germany | **-28.5** | **445** | 8.7 | 415 |
| International/PPP | **20.5** | **268** | 14.5 | 298 |
| Eliminations and miscellaneous | **0.2** | **-122** | -0.1 | -133 |
| **Total for countries** | **3.9** | **3.382** | 11.3 | 3,232 |
| Group overhead | **-1.7** | | 2.1 | |
| Group interest charge | **-2.1** | | -2.3 | |
| **Result before tax and impairments** | **0.1** | | 11.1 | |

## First half year 2014 results and order book

Revenue of €3,382 million was up by €150 million (5%) compared to the first half of 2013. This was mainly attributable to the Property sector, due to the divestment of commercial properties. The total result of the sectors was €4 million, down from €11 million last year.
The result at Civil engineering was sharply lower, due to the combined losses of €68 million on two projects as announced on 7 July 2014, which were mostly offset by strong results on some other projects. There was a positive result in Property in the first half of 2014 after a loss in first half of 2013.
Looking at the results by geography, the losses in the UK and Germany in the first half of 2014 mainly related to the two projects mentioned above. There was also a loss in the Netherlands, predominantly due to the Construction and M&E services activities. There were strong results in Belgium and at BAM International.
Total restructuring costs included in the sector results for the first half of 2014 were €4.5 million (first half of 2013: €1 million).
The total order book closed at €10.7 billion on 30 June 2014, up from €10 billion at year-end 2013. This growth was driven by the operational sectors in the Netherlands and the UK, as well as in PPP. The order book in Belgium fell, mainly reflecting the progress on one large project and low order intake.
The strengthening of the pound versus the euro during the first half of 2014 had a positive impact on the revenue and closing order book as reported in euros.

## Sector review

In the Construction and M&E services sector, revenue in the Netherlands was down by 16% compared to the first half 2013. This was partly offset by increased revenues in Germany, the UK and Belgium.
The loss of €6.8 million for the sector in the first half of 2014 was attributable to the Netherlands, specifically to older orders booked when market conditions were at their worst and before the introduction of improved tendering procedures.
The fall in revenue in the Netherlands partly reflected lower order intake in the second half of 2013; in the first half of 2014, good new order intake meant the book to bill ratio rose. The construction and M&E services order books in Belgium and Germany fell due to order phasing; the UK order book grew by 15%, part of which related to foreign exchange movements.

In Civil engineering, the growth in revenue by 4% to €1,862 million was mainly due to the UK and, to a lesser extent, Ireland. Revenues dipped in Germany due to completion of some large projects and at BAM International because of work phasing.
The total loss for the first half of 2014 of €19.2 million included losses of €68 million related to the two projects – one in Germany and one in the UK - announced on 7 July 2014. This was mostly offset by positive results on other projects. Because of these two projects, the German and UK civil engineering activities were loss-making in the first half of 2014. There was also a small loss in the Netherlands.
Belgium, Ireland and BAM International recorded healthy positive margins.
BAM has taken effective actions to ensure these projects are stable and will be delivered on schedule.
The total order book for the Civil engineering sector grew by 7% to €5.4 billion. In the Netherlands, as in Construction and M&E services, strong new order intake in the first half of 2014 led to a positive book to bill ratio. There was also strong growth in the UK order book, which partly reflected the appreciation of the pound versus the euro during the period.

In Property, BAM made a good result of € 14.7 million (first half of 2013: loss of €9.7 million). The main driver was the sales of commercial properties. In addition to the successful divestments in Belgium in the first quarter, BAM concluded the sale of the Capgemini head office in the Netherlands and some smaller offices in the UK. Total gross proceeds of divestments were €112 million. Compared to a year ago, BAM is experiencing better conditions in rental and investment markets for commercial property, especially in the UK.
The residential market in the Netherlands is showing some green shoots, though activity is still well below pre-crisis levels. BAM sold 936 homes from its own development projects in the first six months of the year (first half 2013: 531 homes) in the Netherlands.
Total investment in the stock of property of €941 million at 30 June 2014 was €87 million lower compared to 31 December 2013. Within this, investments in the Netherlands amount to €733 million. The Dutch property portfolio at the end of the first half of 2014 included stock of 116 completed but unsold homes, 363 unsold homes still under construction, and approximately 30,800 $m^2$ of finished but unlet commercial property.
These investments are financed in part by recourse and non-recourse project-related property loans. As at 30 June 2014, the recourse property loans stood at €73 million (year-end 2013: €71 million) and the non-recourse property loans at €175 million (year-end 2013: €271 million).

BAM PPP had a strong first half of 2014, with revenue in line with last year and a positive result of €13.7 million. In total, five projects were transferred to the joint venture with PGGM.
As announced in June, PGGM is increasing its commitment to the joint venture by €100 million. This brings the total combined committed funding to €425 million. It is the intention of both parties to continue to monitor the utilization of the additional funding and further increase the commitment when required. The growth in the PPP order book in the first half of 2014 reflected the winning of two new projects.

## Cash flow analysis[1]

| (x € million) | **1st half-year 2014** | 1st half-year 2013 | Full year 2013 |
|---|---|---|---|
| Group: net cash result[2] | **-23** | -13 | 46 |
| Investments tangible fixed assets | **-25** | -39 | -65 |
| Trade working capital[3] | **-296** | -193 | -50 |
| Investment sectors: net investment | | | |
| Property | **19** | -1 | -26 |
| PPP | **37** | 7 | 16 |
| Other changes in working capital | **-84** | -87 | -4 |
| **Business cash flow** | **-372** | -326 | -83 |
| Dividend | **-7** | -10 | -10 |
| Equity issue | **-** | - | 85 |
| Pensions (additional) | **-14** | -14 | -28 |
| Change in Group loan | **146** | 142 | 40 |
| Other | **13** | 7 | -8 |
| **Increase/decrease in cash position** | **-234** | -201 | -4 |

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

Net cash result in the first half year of 2014 was impacted by the low results and the cash outflow of the restructuring provisions taken in 2013.

The lower net investments in tangible fixed assets was due to significant lower investments especially in civil engineering equipment across the company in combination with some divestments of equipment.

The movement in working capital for the operational sectors in the first half of 2014 was significantly higher compared to last year. This is mainly due to the cash outflow on the handful of major loss making projects as reported in August 2013. As a consequence of this, working capital efficiency (defined as period end working capital as a percentage of rolling four quarters revenue) was negatively impacted.

The cash flow in Property for the first half of 2014 was positive as a result of successful divestments in the Netherlands, Belgium and the UK. The cash inflow for BAM was reduced by the redemption of the loans on all properties.

The positive PPP cash flow in the first half of 2014 was driven by the transfer of projects to the joint venture with PGGM. The cash inflow was significantly higher compared to the first half year of 2013 due to early investment of equity during construction in the first half of 2013.

Other changes in working capital are stable compared to the first half year of 2013. Due to the nature of the items there will be an improvement in the second half year of 2014.

## Financial position

| (x € million) | **30 June 2014** | 31 December 2013 | 30 June 2013 |
|---|---|---|---|
| Cash position | **318** | 548 | 353 |
| Interest-bearing debts | **886** | 931 | 1,037 |
| Net debt position | **568** | 383 | 684 |
| Recourse net debt/(cash) position | **161** | -187 | 136 |
| | | | |
| Fixed assets | **1,515** | 1,632 | 1,676 |
| Net operating capital (excl. cash and cash equivalents and current loans) | **312** | 2 | 265 |
| | | | |
| Shareholders' equity | **930** | 929 | 779 |
| Capital base | **1,054** | 1,053 | 903 |
| Balance sheet total | **5,047** | 5,316 | 5,138 |
| Capital ratio | **20.9%** | 19.8% | 17.6% |

The recourse net debt increased by €348 million in the first half of 2014 (first half of 2013: €378 million). This was caused mainly by seasonality, the cash outflow on the handful of loss making projects as reported in August 2013 and the negative net cash result for the first half of 2014. As in previous years, the recourse net debt position is expected to improve again in the fourth quarter of the year.

The capital ratio improved by 1.1% points to 20.9% due to a lower balance sheet total. The balance sheet was positively affected by the divestment of property and the transfer of PPP projects to the joint venture with PGGM during the first half of 2014..

The Group was within the limits of all its banking covenants as at 30 June 2014; the recourse leverage ratio was 1.42 (limit ≤ 2.75), the recourse interest coverage ratio 7.36 (≥ 4.0) and the recourse solvency ratio 30% (≥ 15%).

## Actions to improve operational and financial performance

On 7 July, BAM announced it will undertake several improvement actions. Some of these actions have already started; others are still in the preparation phase, which will be completed early in October. At this stage, the final actions are expected to include:

- A cost reduction programme to deliver annual savings of at least €100 million by the end of 2015.
- Restructuring and streamlining of the operating company structure.
- A programme to improve working capital by at least €300 million by the end of 2015.
- Continuation of the current property divestment programme.
- Investigation of all other opportunities to further strengthen BAM's financial position, including divesting other assets.
- Intensification of programmes to improve tendering procedures and execution of projects.

BAM will give a detailed presentation of these actions, their costs, benefits and timing early in October.

## Outlook

Royal BAM Group expects a result before tax, impairments and restructuring charges for the full year of about €20 million. There will be restructuring charges in the second half of 2014 and in 2015.

## Risks and uncertainties

As indicated in the annual report for the 2013 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 2013 financial year. On that basis, BAM can see the following risks and uncertainties in particular for the remainder of the 2014 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, revenue, 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, 20 August 2014

Executive Board, Royal BAM Group nv:
N.J. de Vries, Chairman
T. Menssen, CFO
E. Bax
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 2014 on 21 August 2014 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:** J.A. van Galen, +31 (0)30 659 87 07, j.van.galen@bamgroep.nl

## Annexes

1. Condensed consolidated income statement
2. Consolidated statement of comprehensive income
3. Consolidated balance sheet
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5. Condensed consolidated statement of changes in equity
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## 1. Condensed consolidated income statement
(x € million)

| | **1st half-year 2014** | 1st half-year 2013 | Full year 2013 |
|---|---|---|---|
| **Revenue** | **3,382** | 3,232 | 7,042 |
| Operating result before depreciation, amortisation, impairments and restructuring costs | **28.9** | 51.9 | 172.0 |
| Depreciation and amortisation | **-41.0** | -43.1 | -88.6 |
| Restructuring costs | **-4.5** | -1.1 | -25.5 |
| Impairments | **-1.0** | -1.5 | -42.0 |
| **Operating result** | **-17.6** | 6.2 | 15.9 |
| Finance income | **23.8** | 18.0 | 45.3 |
| Finance expense | **-18.2** | -18.6 | -41.9 |
| Share in result associates and joint ventures | **11.1** | 4.0 | 13.1 |
| Share in impairments in associates and joint ventures | **-0.7** | -0.9 | 12.0 |
| **Result before tax** | **-1.6** | 8.7 | 44.4 |
| Income tax | **-4.6** | 7.2 | -5.8 |
| **Net result** | **-6.2** | 15.9 | 38.6 |
| Net result from discontinued operations | **-** | - | 8.5 |
| **Net result for the period** | **-6.2** | 15.9 | 47.1 |
| Non-controlling interest | **-0.4** | 0.3 | -0.9 |
| **Net result attributable to shareholders** | **-6.6** | 16.2 | 46.2 |
| (x € 1) | | | |
| Per ordinary share with par value of €0.10 | **-0.02** | 0.07 | 0.19 |
| Per ordinary share with par value of €0.10 (fully diluted) | **-0.02** | 0.07 | 0.19 |

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

| | **1st half-year 2014** | 1st half-year 2013 | Full year 2013 |
|---|---|---|---|
| **Net result for the period** | **-6.2** | 15.9 | 47.1 |
| *Items that will be reclassified to profit or loss* | | | |
| Fair value cash flow hedges | **23.3** | 45.5 | 55.2 |
| Exchange rate differences | **17.6** | -13.3 | -11.6 |
| *Items that will not be reclassified to profit or loss* | | | |
| Actuarial gains and losses pensions | **-26.6** | 12.5 | 37.8 |
| **Total comprehensive income** | **8.1** | 60.6 | 128.5 |
| **Attributable to:** | | | |
| Non-controlling interest | **0.3** | - | 1.3 |
| Shareholders of the company | **7.8** | 60.6 | 127.2 |

## 3. Consolidated balance sheet

(x € million)

| | 30 June 2014 | 31 December 2013 | 30 June 2013 |
|---|---|---|---|
| Property, plant and equipment | **340.1** | 356.4 | 376.9 |
| Intangible assets | **408.3** | 403.3 | 400.8 |
| PPP receivables | **317.7** | 406.5 | 377.3 |
| Associates and joint ventures | **113.5** | 134.9 | 110.6 |
| Other financial assets | **115.9** | 121.5 | 165.8 |
| Derivative financial instruments | **1.7** | 1.3 | 0.6 |
| Pension plan assets | **8.9** | 7.5 | 5.3 |
| Deferred tax assets | **208.4** | 200.3 | 238.7 |
| **Non-current assets** | **1,514.5** | 1,631.7 | 1,676.0 |
| | | | |
| Inventories | **958.6** | 1,049.5 | 1,038.3 |
| Trade and other receivables | **2,126.7** | 1,937.2 | 1,919.8 |
| Income tax receivable | **5.8** | 7.0 | 9.2 |
| Derivative financial instruments | **2.6** | 2.0 | 1.7 |
| Cash and cash equivalents | **318.4** | 548.3 | 353.1 |
| Assets held for sale | **120.1** | 140.7 | 140.1 |
| **Current assets** | **3,532.2** | 3,684.7 | 3,462.2 |
| | | | |
| **Total assets** | **5,046.7** | 5,316.4 | 5,138.2 |
| | | | |
| Share capital | **833.3** | 833.3 | 749.7 |
| Reserves | **-397.1** | -411.5 | -448.1 |
| Retained earnings | **493.3** | 507.3 | 477.8 |
| **Equity attributable to the Company's shareholders** | **929.5** | 929.1 | 779.4 |
| Non-controlling interest | **3.6** | 3.6 | 3.3 |
| **Group equity** | **933.1** | 932.7 | 782.7 |
| | | | |
| Borrowings | **806.4** | 706.5 | 788.0 |
| Derivative financial instruments | **36.9** | 43.1 | 49.4 |
| Employee benefit obligations | **169.2** | 148.8 | 230.2 |
| Provisions | **96.6** | 103.1 | 142.6 |
| Deferred tax liabilities | **23.4** | 22.6 | 51.4 |
| **Non-current liabilities** | **1,132.5** | 1,024.1 | 1,261.6 |
| | | | |
| Borrowings | **79.6** | 224.8 | 249.2 |
| Trade and other payables | **2,706.6** | 2,890.0 | 2,664.0 |
| Derivative financial instruments | **2.4** | 2.1 | 1.1 |
| Provisions | **36.1** | 100.4 | 39.5 |
| Income tax payable | **23.3** | 22.2 | 18.1 |
| Liabilities held for sale | **133.1** | 120.1 | 122.0 |
| **Current liabilities** | **2,981.1** | 3,359.6 | 3,093.9 |
| | | | |
| **Total equity and liabilities** | **5,046.7** | 5,316.4 | 5,138.2 |
| | | | |
| **Capital base** | **1,053.7** | 1,053.1 | 903.2 |

## 4. Condensed consolidated cash flow statement

(x € million)

| | **1st half-year 2014** | 1st half-year 2013 | Full year 2013 |
|---|---|---|---|
| Net result for the period | **-6.2** | 15.9 | 47.1 |
| Adjustments for: | | | |
| - Taxation | **4.6** | -7.2 | 5.8 |
| - Depreciation and amortisation | **41.0** | 43.1 | 88.6 |
| - Impairment of property, plant and equipment | **-** | - | 0.5 |
| - Impairment of non-current receivables | **1.0** | - | 5.6 |
| - Impairment of inventories | **-** | 1.5 | 35.9 |
| - Share in impairments in associates and joint ventures | **0.7** | 0.9 | -12.0 |
| - Result discontinued operations | **-** | - | -8.5 |
| - Result on sale of PPP projects | **-7.2** | -8.8 | -8.8 |
| - Result on sale of property, plant and equipment | **-2.5** | -1.2 | -2.8 |
| - Share in result associates and joint ventures | **-11.1** | -4.0 | -13.1 |
| - Finance income and expense | **-5.6** | 0.6 | -3.4 |
| Changes in provisions | **-35.7** | -48.4 | -83.0 |
| Changes in working capital (excluding net cash position) | **-254.7** | -342.9 | -148.0 |
| **Cash flow from operations** | **-275.7** | **-350.5** | **-96.1** |
| | | | |
| Interest paid | **-27.1** | -24.7 | -58.5 |
| Income tax paid | **-6.1** | -6.6 | -6.4 |
| **Net cash flow from ordinary operations** | **-308.9** | -381.8 | -161.0 |
| | | | |
| Investments in PPP receivables | **-128.3** | -114.5 | -262.9 |
| Repayments of PPP receivables | **13.5** | 1.5 | 126.4 |
| **Net cash flow from operating activities** | **-423.7** | -494.8 | -297.5 |
| | | | |
| Investments in fixed assets | **-42.5** | -68.0 | -116.5 |
| Divestments of fixed assets | **23.5** | 13.6 | 56.4 |
| Sale of PPP projects | **74.4** | 49.0 | 49.0 |
| Interest received | **24.0** | 18.1 | 45.1 |
| Dividend received | **6.9** | 13.1 | 13.0 |
| Other investment activities | **-** | -1.4 | -1.7 |
| **Net cash flow from investing activities** | **86.3** | 24.4 | 45.3 |
| | | | |
| Issue of shares | **-** | - | 84.5 |
| New long-term loans | **306.1** | 325.4 | 464.6 |
| Redemption of long-term loans | **-194.6** | -29.6 | -277.5 |
| Dividend paid (including non-controlling interest) | **-7.7** | -10.2 | -10.4 |
| Other financing activities | **-** | - | 0.2 |
| **Net cash flow from financing activities** | **103.8** | 285.6 | 261.4 |
| | | | |
| Change in net cash position | **-233.6** | -184.8 | 9.2 |
| Net cash position at beginning of the year | **548.1** | 552.4 | 552.4 |
| Change in net cash position assets and liabilities held for sale | **-5.6** | -8.5 | -10.0 |
| Exchange rate differences | **5.6** | -6.8 | -3.5 |
| **Net cash position at period-end** | **314.5** | 352.3 | 548.1 |
| | | | |
| Cash and cash equivalents | **318.4** | 353.1 | 548.3 |
| Bank overdrafts | **-3.9** | -0.8 | -0.2 |
| **Net cash position at period-end** | **314.5** | 352.3 | 548.1 |
| | | | |
| Of which in joint operations | **150.5** | 143.3 | 132.0 |

## 5. Condensed consolidated statement of changes in equity

(x € million)

| | **1st half-year 2014** | 1st half-year 2013 | Full year 2013 |
|---|---|---|---|
| **Position as at 1 January** | **932.7** | 732.2 | 732.2 |
| Net result for the period | **-6.2** | 15.9 | 47.1 |
| Fair value cash flow hedges | **23.3** | 45.5 | 55.2 |
| Actuarial gains and losses pensions | **-26.6** | 12.5 | 37.8 |
| Exchange rate differences | **17.6** | -13.3 | -11.6 |
| Total comprehensive income | **8.1** | 60.6 | 128.5 |
| Issue of shares | **-** | - | 84.5 |
| Dividend paid | **-7.7** | -10.2 | -10.4 |
| Other changes | **-** | 0.1 | -2.1 |
| Total change | **0.4** | 50.5 | 200.5 |
| **Position as at period-end** | **933.1** | 782.7 | 932.7 |

## 6. Statement by sector

(x € million)

| | **1st half-year 2014** | | 1st half-year 2013 | |
|---|---|---|---|---|
| **Results and revenue** | **Result** | **Revenue** | Result | Revenue |
| Construction and M&E services | **-6.8** | **1,355** | -1.1 | 1,418 |
| Civil engineering | **-19.2** | **1,862** | 9.9 | 1,790 |
| Property | **14.7** | **245** | -9.7 | 123 |
| Public Private Partnerships (PPP) | **13.7** | **130** | 12.3 | 131 |
| Eliminations and miscellaneous | **1.5** | **-210** | -0.1 | -230 |
| **Total for continuing operations** | **3.9** | **3,382** | 11.3 | 3,232 |
| Group overhead | **-1.7** | | 2.1 | |
| Group interest charge | **-2.1** | | -2.3 | |
| **Result before tax and impairments** | **0.1** | **0.0%** | 11.1 | 0.3% |
| Impairments | **-1.0** | | -1.5 | |
| Share in impairments in associates and joint ventures | **-0.7** | | -0.9 | |
| Income tax | **-4.6** | | 7.2 | |
| **Net result** | **-6.2** | | 15.9 | |
| Net result from discontinued operations | **-** | | - | |
| **Net result for the period** | **-6.2** | | 15.9 | |
| Non-controlling interest | **-0.4** | | 0.3 | |
| **Net result attributable to shareholders** | **-6.6** | | 16.2 | |

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

(x €1, unless indicated otherwise)

| | **1st half-year 2014** | 1st half-year 2013 | Full year 2013 |
|---|---|---|---|
| Net result attributable to shareholders | **-0.02** | 0.07 | 0.19 |
| Net result attributable to shareholders (fully diluted) | **-0.02** | 0.07 | 0.19 |
| Cash flow (net result + depreciation + impairments) | **0.13** | 0.25 | 0.67 |
| Equity attributable to shareholders | **3.43** | 3.18 | 3.45 |
| Highest closing share price | **4.45** | 3.89 | 4.73 |
| Lowest closing share price | **3.51** | 2.99 | 2.99 |
| Closing share price at period-end | **3.58** | 3.66 | 3.78 |
| Number of shares ranking for dividend (x 1,000) | **270,999** | 245,272 | 269,424 |
| Average number of shares ranking for dividend (x 1,000) | **269,781** | 242,374 | 245,952 |

## 8. Explanatory notes to the half-yearly report 2014

### 1. General information
Royal BAM Group nv ('the Company') was incorporated under Dutch law and is domiciled in the Netherlands. These interim financial statements contain the financial data for the first six months of 2014 for the Company and its subsidiaries (jointly referred to as 'the Group') and for its share in joint operations.

These interim financial statements were approved by the Supervisory Board and released for publication by the Executive Board. The information in these condensed consolidated interim financial statements is reviewed, not audited.

### 2. Basis of preparation
These condensed interim financial statements for the six months ended 30 June 2014 have been prepared in accordance with IAS 34, 'Interim Financial Reporting'. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with IFRSs, and the commentary by the Executive Board earlier in this interim report.

### 3. Accounting principles
The accounting principles adopted are consistent with those of the previous financial year. Amendments to IFRSs effective for the financial year ending 31 December 2014 are not expected to have a material impact on the Group.

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

| | **1st half-year 2014** | Year 2013 | 1st half-year 2013 |
|---|---|---|---|
| **Spot rate on balance sheet date** | | | |
| Pound sterling | 0.80051 | 0.83479 | 0.85186 |
| **Average rate** | | | |
| Pound sterling | 0.81987 | 0.84027 | 0.84775 |

### 4. Taxes
Although the Group operates at a loss in the first half year of 2014, a tax charge is incurred instead of a tax benefit. This is principally due to the fact that the taxable loss in Germany has not been recognized. The positive effect of profits under the participation exemption that come from the transfer of projects to the joint venture with PGGM and the sale of property projects in separate entities, is not sufficient to fully mitigate this negative effect.

### 5. Seasonal influences
Due to the seasonal nature of the business in the operational sectors, sometimes adversely influenced by winter conditions, higher revenue and profitability are usually expected in the second half of the year. Typically the recourse net debt is lower at year-end compared to the six months ended 30 June 2014.

### 6. Estimates and assessments in the interim financial report
The preparation of interim financial statements requires management to make judgments, 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 judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements for the year ended 31 December 2013.

### 7. 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.

**8. Related party transactions**
In the first half year of 2014 the Group transferred five PPP projects to the joint venture BAM PPP/ PGGM. After deduction of cost, the Group realised a net result of €7.2 million. The assets and liabilities related to four of these projects were recognized held for sale as at 31 December 2013 and amounted to €140.7 million respectively €120.1 million. As at 30 June 2014 another PPP project is classified as held for sale.

**9. 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 interest rate swaps and foreign exchange contracts only and are classified as a level 2 valuation method. As at 30 June 2014 the balance sheet includes derivatives measured at fair value amounting to €4.3 million (asset) and €39.3 million (liability).

**10. Dividend**
Holders of ordinary shares were assigned a dividend of €0.05 per share (2013: €0.10 per share) in cash or 1 new share per 76.74 shares (2013: 1 new share per 38.25 shares) during the first six months of 2014.

**11. Events after the balance sheet date**
After the balance sheet date the Group sold Balteau sa, a subsidiary of BAM Technics sa engaged in water purification activities, to CMI Groupe. The net result of this divestment amounts to approximately €1 million. This divestment had no impact on the interim financial statements for the six months ended 30 June 2014.

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 9 to 14, condensed consolidated interim financial information for the six-month period ended 30 June 2014 of Royal BAM Group nv, Bunnik, which comprises the consolidated balance sheet as at 30 June 2014, the condensed consolidated income statement, the consolidated statement of comprehensive income, the condensed 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 2014 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

Rotterdam, 20 August 2014

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