

First nine months 2023 trading update

BAM reports €199 million adjusted EBITDA in first nine months

Over the first nine months of 2023, Royal BAM Group nv delivered an adjusted EBITDA of €199 million, reflecting a margin of 4.4 per cent. The Group performed well in the third quarter in challenging market conditions. The cash position and order backlog are at a good level. BAM expects to deliver an adjusted EBITDA margin of approximately 4.5 per cent for the full-year 2023.

- Stable revenue in both Netherlands and United Kingdom & Ireland divisions;
- Adjusted EBITDA of €199 million in first nine months (adjusted EBITDA margin of 4.4%);
- Adjusted EBITDA of €80 million in third quarter versus €99 million in the comparable period last year, which included €52 million book profit on the Wayss & Freytag transaction;
- Cash position of €0.5 billion, capital ratio improved to 23.6% (mid-year 2023: 22.3%);
- Order book remained at good level of €9.4 billion (mid-year 2023: €9.5 billion).

Key financials <i>(in € million, unless otherwise indicated)</i>	9 months 2023	9 months 2022	Full-year 2022
Revenue	4,535	4,916	6,618
Adjusted EBITDA ¹	199.1	281.3 ²	350.2 ²
Adjusted EBITDA ¹ margin	4.4%	5.7% ²	5.3% ²
Order book (end of period)	9,406	10,021	10,038
Trade working capital efficiency	-14.0%	-16.5%	-15.8%

¹ Adjusted EBITDA defined as result before interest, tax, depreciation and amortisation, excluding restructuring costs, impairment charges and pension one-offs.

² Including €52 million result on the Wayss & Freytag Ingenieurbau transaction.

Ruud Joosten, CEO of Royal BAM Group:

'I am pleased that our Group delivered a solid operational performance in the third quarter. In the Netherlands, civil engineering continued the positive trend and also the contribution of non-residential construction recovered. The division United Kingdom and Ireland showed a satisfactory performance. There were positive results from the activities in Belgium and Invesis.

We are approaching the end of our ambitious strategic agenda for the 2021-2023 period, 'Building a sustainable tomorrow'. We have made major progress in de-risking our portfolio by selective tendering and by divestments. At the same time, we remain focused on supporting our clients achieving their goals by providing value driven, reliable and sustainable solutions for construction and vital infrastructure. We are proud that we received the first orders for our Dutch wooden home concept Flow. Our financial resilience further improved and we recently secured the first extension of our €330 million revolving credit facility by one year to November 2027.

The market conditions remain challenging as a consequence of high interest rates, political and geopolitical uncertainties and the continued pressure to attract and retain staff. Against this background, our order book is maintained at a good level of €9.4 billion, with a clear focus on the quality of the order intake. BAM expects to deliver an adjusted EBITDA margin of approximately 4.5 per cent for the full-year 2023.'

Press release of 2 November 2023, page 2 of 3

Business review first nine months 2023

In the division Netherlands, the Dutch residential activities reported a satisfactory contribution under difficult market conditions. Home sales totalled 863 versus 1,103 homes sold in the comparable period last year. Based on the project pipeline, BAM expects to sell approximately 1,500 homes in 2023 (FY 2022: 2,028). During the third quarter, the performance of non-residential recovered and telecom, energy and water continued to contribute strongly. The operational performance of civil engineering remained solid. Recent project wins include the WeideWald project in Doetinchem to realise 73 sustainable wooden Flow homes and the circular redevelopment of the ABN AMRO Foppingadreef office in Amsterdam.

In division United Kingdom and Ireland, Civil engineering UK delivered good results supported by a high activity level. BAM Ventures and Ireland continued their strong performance. The contribution of Construction UK was impacted by inflation and supply chain challenges on some larger contracts. Following constructive engagement with the client, BAM looks forward to handing over the National Children's Hospital in Dublin within the revised agreed timescale. Recent project wins include the facility management services for three academic establishments and a multi-year framework contract to upgrade Belfast Wastewater Treatment Works. The announced cancellation by the UK Government of the Birmingham to Manchester phase of the HS2 rail project has no impact on BAM's current order book.

The activities in Belgium delivered a solid performance.

Financial review

The cash position of €0.5 billion is solid and BAM's capital ratio improved to 23.6 per cent (H1 2023: 22.3 per cent). Trade working capital efficiency further normalised to -14.0 per cent (H1 2023: -14.8 per cent), which reflects the unwinding of advance payments on large projects as a consequence of BAM's adjusted tendering strategy and the effect of higher interest rates.

Investigation Dutch authorities

In October 2022, the Dutch Fiscal Information and Investigation Service (FIOD) and the Dutch Public Prosecutions Office (Openbaar Ministerie) have informed BAM International that it is the subject of an investigation into suspicions relating to potential fraud and corruption at some already completed projects. The timing and possible outcome of the investigation are uncertain. Therefore, the potential adverse financial impact of the outcome of the investigation, if any, cannot be reliably estimated at this time but could possibly be material.

BAM is fully cooperating with the investigation and taking appropriate steps in connection with the investigation, including an internal review of the relevant projects. In July 2020, BAM announced its intention to wind down BAM International. Meanwhile all projects of BAM International have been completed.

Audio webcast

Ruud Joosten, CEO, and Frans den Houter, CFO, will host a conference call with analysts at 10.00 a.m. CET on 2 November 2023 to discuss the trading update. A live audio webcast of this conference call will be made available at Royal BAM Group's [website](#).

Press release of 2 November 2023, page 3 of 3

About Royal BAM Group

Royal BAM Group nv designs, builds and maintains high quality, sustainable buildings, homes, and infrastructure for public and private sector clients. Using the latest industry innovations, our 13,250 employees reduce the carbon footprint of the built environment, whilst delivering increased well-being and social value to the communities we serve. The Group supports clients through two divisions (Netherlands, and United Kingdom and Ireland), in Belgium and with a PPP business (Invesis). Royal BAM Group nv is listed on the Amsterdam Euronext exchange.

Key dates

15 February 2024	Publication of annual results 2023
10 April 2024	Annual General Meeting 16 February 2023

Further information

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This press release contains inside information within the meaning of article 7(1) of the EU Market Abuse Regulation.