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TRADING UPDATE Q1 2015

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BAM confirms 2015 outlook and is making good progress on Back in Shape

- Operational sectors: revenue higher though margins still impacted by older projects
- Investment sectors: lower results due to anticipated absence of book profits
- Projects in control; better risk profile for new projects and de-risking older projects
- Order book: increase in operational sectors due to higher order intake and currency effects
- Financial position: ongoing improvement driven by working capital reduction programme

(in € million, unless otherwise indicated)			
Key trading results	First quarter 2015	First quarter 2014	Full year 2014
Revenue	1,638	1,571	7,314
Adjusted* result before tax	-14.1	5.2	62.2
Result before tax	-21.1	4.6	-122.4
Order book (period-end)	11,100		10,300

* Before restructuring costs and impairments.

Rob van Wingerden, CEO of Royal BAM Group:

'In the first quarter we delivered revenue growth of 4% year-on-year. As expected, the adjusted result was down mainly due to the absence of book profits at the investment sectors. The performance of the operational sectors this quarter was at the low end of our expectations due to ongoing challenges to complete some older projects and still too high overhead cost base especially in the Netherlands. Both underlining the importance of successfully delivering the Back in Shape Programme, which is our top priority for 2015. I am pleased with the progress of the programme, which is on course to be completed by year end.

Looking ahead, I remain confident but cautious. As I said, there are ongoing challenges as we work through the backlog of older projects. The market environment is mixed but generally more positive than a year ago, which is reflected in the growth and improving quality of our order book. And the cost savings of Back in Shape will become evident in the second half of 2015.

I confirm the outlook statement we made in February. We expect to deliver cost savings of at least €100 million (annual run rate) and a reduction in trade working capital of at least €300 million by year-end 2015. There will be a restructuring charge for Back in Shape of approximately €30 million in 2015. We expect the Group adjusted result before tax for the year 2015 to be higher than the level of 2014, with a larger contribution coming from the operational sectors.'

Live audio webcast

On 18 May 2015, at 10.00 hrs CET, there will be a conference call in English for analysts. This can be followed via live audio webcast (www.bam.eu).

Further information

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This trading update serves as an interim statement as referred to in Section 5:25e of the Financial Supervision Act (Wet financieel toezicht).

Analysis by sector

(x € million)	First quarter 2015		First quarter 2014	
	Result	Revenue	Result	Revenue
Result and revenue				
Construction and M&E services	-8.8	704	-7.6	623
Civil engineering	-5.6	922	0.2	843
Property	0.8	70	10.7	118
Public Private Partnerships (PPP)	2.1	41	5.8	80
Eliminations and miscellaneous	-	-99	-	-93
Total sectors	-11.5	1,638	9.1	1,571
Group overhead	-1.6		-3.0	
Group interest charge	-1.0		-0.9	
Adjusted result before tax	-14.1		5.2	

Sector performance

At Construction and M&E services, revenue rose by €81 million (13%), mainly in Germany and the UK (helped by stronger pound sterling). Overall revenue in the Netherlands was broadly flat. The negative result for the quarter related to working through the lower quality order book and under recovery of overheads in the Netherlands. The Back in Shape overhead savings will become evident mainly in the second half of 2015. The order book grew in all countries and especially the UK (partly currency) with a total increase by 10% to €4.9 billion.

Revenue at Civil engineering was up by €79 million (9%) in total, driven by the UK (partly currency), BAM International and Ireland. The Netherlands was down slightly. The weak performance reflected the challenges at some older projects. The order book grew by 5% to €5.4 billion, mainly due to the UK (partly currency) and the Netherlands.

In Property, the lower first quarter result was caused by the absence of commercial property divestments. BAM sold 496 homes in the Netherlands in Q1 2015 versus 444 in Q1 2014, with a significant rise in the proportion of private buyers to 85%.

At PPP, the first quarter result was lower than last year, as expected, due to the absence of transfers of projects to the joint venture with PGM. Year-to-date PPP was awarded one new project. The bid pipeline remains healthy.

Financial position and balance sheet at end-Q1 2015

- Recourse net cash position €99 million (Q1 2014: €117 million recourse net debt)
- Trade working capital efficiency on a rolling basis improved to -6.2% (year-end 2014: -6.0%)
- The capital ratio improved to 20.2% (year-end 2014: 19.2%)