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TRADING UPDATE 9 MONTHS 2015

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BAM making good progress towards its full year outlook

- Construction and M&E services: held back by weak results at Dutch activities
- Civil engineering: another quarter of restored profitability
- Property: good result driven by sales of non-residential property
- PPP: strong performance due to transfers to the joint venture and tender wins
- Order book: stable year to date (exchange rate) with improving risk profile
- Financial position: more robust due to strengthening operational cash flow

(in € million, unless otherwise indicated)	First nine months 2015	First nine months 2014	Full year 2014
Key trading results			
Revenue	5,359	5,163	7,314
Adjusted* result before tax	45.7	15.1	62.2
Result before tax	17.7	2.7	-122.4
Order book (period-end)	10,500	10,300	10,300

* Before restructuring costs and impairments.

Rob van Wingerden, CEO of Royal BAM Group:

'BAM has come a long way in the year since the start of Back in Shape. We have realigned much of the organisation, redesigned many key processes, and reinvigorated our corporate culture. We are driving down our costs and working capital. The better risk profile of our order intake supports the ambition to restore profitability.

The first nine months 2015 show improving results at Civil engineering and again a solid performance at the investment sectors. However, our Dutch Construction activities are still unsatisfactory due to working through the older order backlog and under recovery of overheads.

We are currently developing our strategy for 2016-2020, which we will communicate in February 2016. This will build on the good work of Back in Shape to further improve our performance and to address underperforming activities.

With three quarters of the year behind us, we are on track 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 total Group adjusted result before tax for 2015 to be higher than the level of 2014 (€62.2 million), with a larger contribution coming from the operational sectors.'

Live audio webcast

On 5 November 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 nine months of 2015		First nine months of 2014	
	Result	Revenue	Result	Revenue
Result and revenue				
Construction and M&E services	-19.2	2,320	-8.4	2,106
Civil engineering	41.6	2,872	-6.0	2,784
Property	14.5	357	15.6	350
Public Private Partnerships (PPP)	15.4	131	18.1	200
Eliminations and miscellaneous	0.7	-321	2.4	-277
Total sectors	53.0	5,359	21.7	5,163
Group overhead	-5.3		-3.0	
Group interest charge	-2.0		-3.6	
Adjusted result before tax	45.7		15.1	

Sector performance

At Construction and M&E services, revenue rose by €214 million (10%), mainly in the UK due to the stronger pound sterling. The overall loss for the sector was due to negative results in the Netherlands on some older non-residential projects and under recovery of overheads. BAM will implement further measures to improve the performance of the Dutch construction activities. The order book was down by 4% to €4.3 billion; the UK was up due to the stronger pound.

Revenue at Civil engineering increased by €88 million (3%) driven by BAM International, the UK (currency effect) and Ireland. The Netherlands was down due to the focus on higher margin projects in competitive markets. The sector result improved to €42 million - compared to a loss of €6 million in the first nine months of 2014 - driven by the Netherlands, BAM International and Ireland. The order book grew by 10% to €5.7 billion, mainly due to the intake of some larger projects in the Netherlands and Ireland. At BAM International the order book was lower, reflecting developments in the oil and gas industry.

In Property, the result was supported by non-residential sales in Belgium and the Netherlands. Margins at residential property were still low due to the market opportunities focused on affordable homes in and around the major cities. Dutch house sales were up by 15% to 1,640 compared to the same period in 2014, with a rise in the proportion of sales to private buyers.

At PPP, the result in the first nine months 2015 was driven by the transfer of two projects to the joint venture with PGGM compared to six projects transferred in the same period in 2014. So far in 2015, the tender hit rate was 60% with three new project wins in Ireland and the Netherlands. The bid pipeline remains healthy.

Financial position and balance sheet as at 30 September 2015

- Recourse net cash position reached €172 million (Q3 2014: €142 million recourse net debt).
- Trade working capital efficiency on a rolling basis improved to -7.8% (year-end 2014: -6.0%).
- The capital ratio increased to 21.8% (year-end 2014: 19.2%).