



First half 2020 results
**BAM reports first half year performance in line with
2 July trading update; expects positive adjusted
result before tax for second half 2020**

Royal BAM Group nv
Amsterdam, 20 August 2020

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Key points first half 2020

First half impacted by Covid-19, BAM International, Cologne metro settlement, and underperformance of German construction and Dutch civil engineering

Revenue	
€3,108m	2019 H1 €3,454m

Adjusted result before tax	
-€133.6m	2019 H1 -€27.2m

Net result to shareholders	
-€234.5m	2019 H1 -€52.4m

Adjusted PBT margin	
-4.3%	2019 H1 -0.8%

Cash position	
€1,283m	2019 FY €854m

TWC efficiency	
-12.1%	2020 FY -10.4%

Return on capital employed	
-6.6%	2019 H1 0.9%

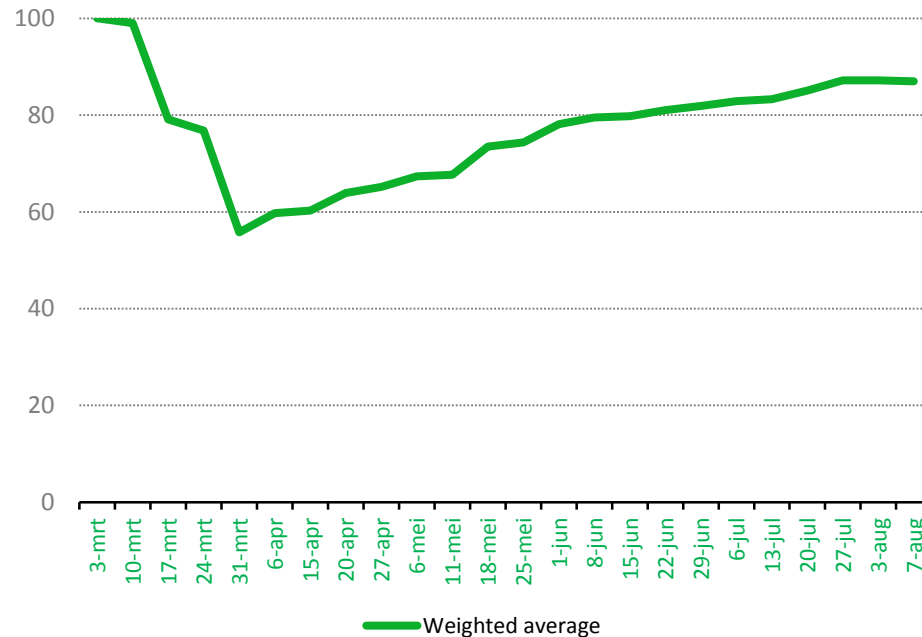
Order book	
€13.3bn	2019 FY €12.7bn

- Revenue declined by 10% in the first half year to €3.1bn, mainly due to impact of Covid-19
- Adjusted result before tax -€133.6m
- Measures implemented to address underperformance and reduce risks
- Net loss of €235m, including €116m of non-cash impairments, mainly on goodwill and DTA
- Cash position strengthened to €1.3bn, including €400m of fully drawn revolving credit facility
- Waiver obtained on interest and leverage from lenders of RCF
- Capital ratio 11.3%, impacted by net loss, as well as extension of balance sheet, partially offset by PPP accounting related equity increase
- Order book increase of 5% during Q2

Covid-19

Results considerably impacted by extraordinary circumstances caused by Covid-19

Operational efficiency *



- Safe working is top priority
- Revenue declined by 19% in Q2 (versus Q2 2019)
- Largest disruption from Covid-19 in Ireland, Belgium and UK; other businesses also impacted
- Extra costs due to adapting to Covid-19
- Operational efficiency improved to 90% in August
- Continuing focus on mitigating actions, like optimising cash position and lowering cost base

*Operational efficiency (internal benchmark to measure overall project performance versus a 100% base line; using % of open sites and % of productivity on open sites, taking into account revenue contribution of the different operating companies).

Management actions in 2020 H1

Necessary steps taken to mitigate Covid-19 impact while continuing to de-risk the company and improve future predictability

Financials: focus on costs, cash and liquidity

- Cost cutting and capex reduction, only allow for business critical spend
- Strong focus on cash collection and RCF (€400m) fully drawn
- Waiver obtained

Portfolio: de-risking and business improvement initiatives

- BAM International: starting process to wind down
- Cologne metro settlement
- Improvement measures in German construction and Dutch civil engineering

Strategy: BAM and PGGM in discussion to extend their PPP partnership

- Aim to continue strong track record and explore opportunities to extend partnership outside BAM's European home markets to benefit from growth in the global PPP market
- 30 June 2020: partial transfer to PGGM reduces BAM's interest in 21 investments to 10% (was 20%)

Construction and Property



Construction and Property performance

Substantial impact of Covid-19, strong contribution from Dutch residential activities

Analysis by geography (x € million)	2020 H1		2019 H1	
	Revenue	Result	Revenue	Result
Netherlands	773	27.8	813	32.0
United Kingdom	392	-18.3	491	12.5
Belgium	130	-8.5	242	2.3
Ireland	163	-16.7	238	4.4
Germany	197	-25.1	230	-45.4
International	45	-41.9	34	-19.2
Total	1,700	-82.7	2,048	-13.3
	2020 H1		2019 H1	
Result margin	-4.9%		-0.7%	
TWC (% 4-Q rolling)	-15.7%		-13.9%	
	2020 H1		2019 FY	
Order book	5,834		6,268	

- Covid-19, all companies confronted with additional costs
- Revenue down 17%, mainly due to lock-downs in Belgium, Ireland and UK
- Netherlands: strong performance supported by residential, number of homes sold: 1,028 (2019 H1: 1,379)
- UK: results also impacted by technical set-back on a project in progress
- Germany: performance still disappointing; improvement measures implemented and new management appointed
- BAM International: impacted by additional project losses
- Order book: -7%

Civil engineering



Civil engineering performance

Substantial impact of Covid-19, resilient public infrastructure market

Analysis by geography (x € million)	2020 H1		2019 H1	
	Revenue	Result	Revenue	Result
Netherlands	615	-16.2	623	-20.6
United Kingdom	454	13.2	392	3.1
Belgium	108	-12.4	138	1.8
Ireland	23	-4.7	61	-0.3
Germany	142	-35.5	159	-3.6
International	55	-14.5	59	0.5
Other	-2	-	-2	-
Total	1,395	-70.2	1,430	-19.1
	2020 H1		2019 H1	
Result margin	-5.0%		-1.3%	
TWC (% 4-Q rolling)	-8.1%		-2.9%	
	2020 H1		2019 FY	
Order book	7,441		6,382	

- Covid-19, all companies confronted with additional costs
- Revenue -2%, substantial decline in Covid-19 impacted Ireland (-62%) and Belgium (-22%)
- Netherlands: provision recognised for two long term maintenance contracts
- UK: revenue up (+16%) and solid contribution, also due to claim settlements
- Germany: impact of Cologne settlement (-€36m)
- Order book: +17%, mainly driven by UK and Fehmarnbelt award

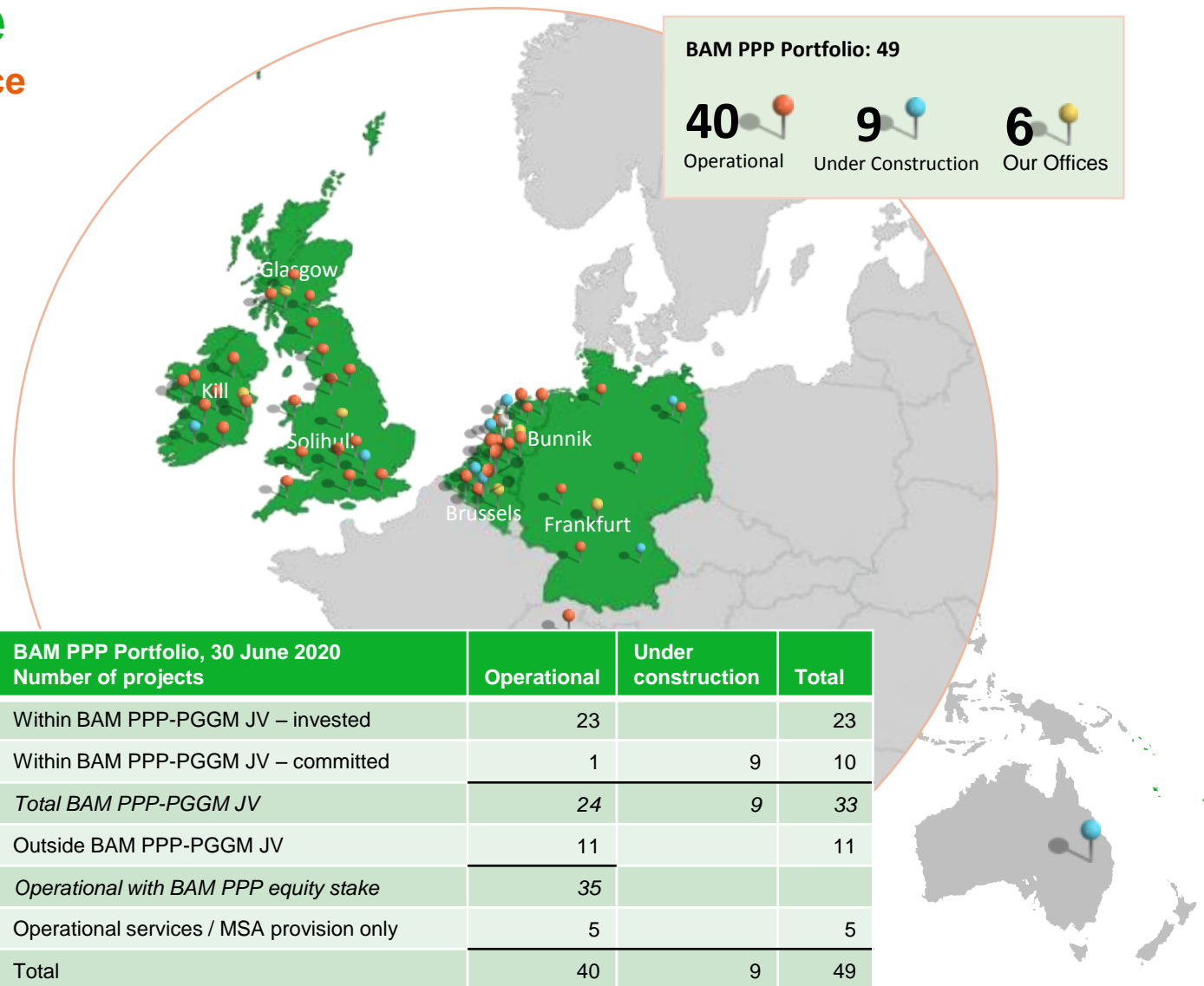
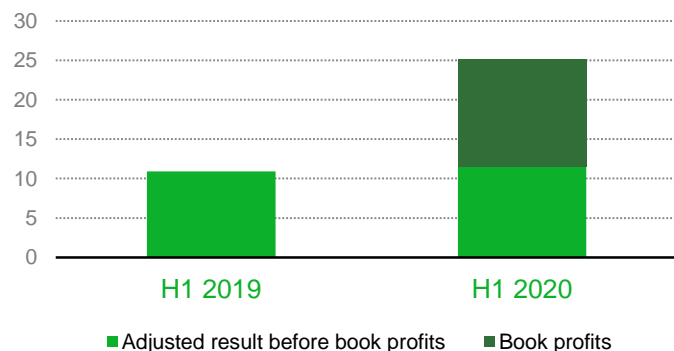
BAM PPP



BAM PPP performance

Strong operational portfolio performance

- Strong performance of existing operational portfolio. All projects were fully operational throughout Covid-19
- Partial transfer of 21 investments to PGGM, which produced positive result of €24m (€14m recognised in adjusted PBT and €10m in equity). Total cash proceeds €39m
- Strong pipeline of opportunities - expected global increase in government use of PPP / private finance models to stimulate economies and develop infrastructure



BAM PPP future cash flow

High cash flow visibility and substantial unrealised cash value

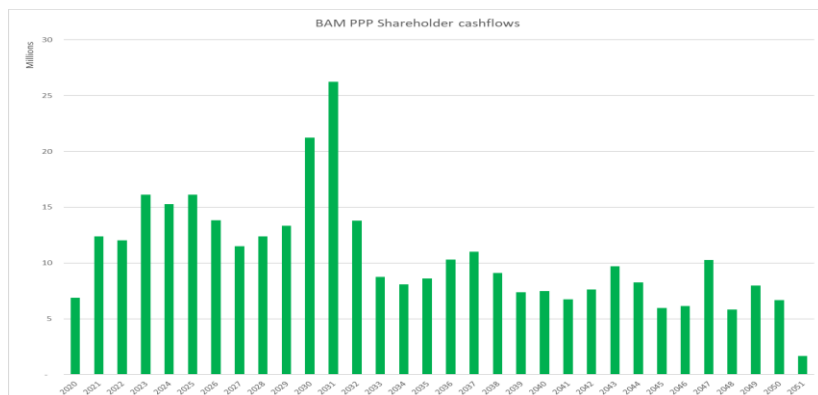
Sensitivity analysis - Unrealised value BAM PPP

Discount rate	Portfolio valuation (DCF)	Invested capital *	Unrealised cash value (DCF) € million **
11%	119	58	61
9%	137	58	79
7%	161	58	103
5%	193	58	135

* Invested capital includes injected share capital and subordinated loans granted by BAM. Header changed in 2020 from 'book value' to 'invested capital' since this is more accurate IFRS terminology.

** DCF based portfolio valuation and unrealised cash value differ significantly from IFRS carrying amount and unrealised accounting profits.

Future cash flows of BAM PPP's investments



- PPP is an integral part of the Group, providing stable project management and investment returns and source of EPC and maintenance contracts
- Growth strategy based on valued long-term partnerships with clients, equity partners and extending the partnership with PGGM
- High cash flow visibility based on 35 equity stakes and 9 projects under construction
- Contracts backed by governments or government backed organisations in UK, Netherlands, Ireland, Germany, Belgium, Switzerland and Australia
- Invested capital of current portfolio €58m (FY 2019 €80m) and future non-discounted cash flows of circa €340m (FY 2019 circa €420m), decrease reflects partial transfer of 21 investments to PGGM

- Forecast BAM PPP cash flows from the portfolio related to BAM PPP's invested and committed capital.
- BAM PPP's committed capital cash outflows are effectively netted off via the transfer mechanism with PGGM and so are not shown on this graph.
- Cash flows not directly related to investment returns are excluded in the graph, for example bidding, operations and asset management.

Financial review



Income statement

Net income reduced by non-cash impairments of goodwill and DTA

(x € million)	2020 H1	2019 H1
Total business lines	-127.8	-21.6
Group overhead	1.2	-0.8
Group interest charge	-7.0	-4.8
Adjusted result before tax	-133.6	-27.2
<i>Margin</i>	<i>-4.3%</i>	<i>-0.8%</i>
Restructuring	-1.4	-0.9
Impairments	-65.5	-10.3
Pension one-off	-	-
Result before tax	-200.5	-38.4
Income tax	-34.4	-14.3
Non-controlling interest	0.4	0.3
Net result attributable to shareholders	-234.5	-52.4

- Increase Group interest charge due to draw down of RCF (€400m) in March
- Restructuring (€1.4m) relates to UK and Dutch civil engineering
- Goodwill impairment of €60m for BAM International (€22m), Belgium (€26m) and Germany (€12m)
- Impairment and value adjustments of €5.5m on several regional property positions (€1m in joint ventures)
- Tax line includes a €50m DTA impairment, mainly related to Dutch fiscal entity, partly offset by creation of €5m DTA for German civil engineering

Cash flow

Cash position increased by €429 million, driven by working capital and RCF

(x € million)	2020 H1	2019 H1
Net cash result	-17	38
Investment (I)TFA	-71	-84
Δ Trade working capital	23	-138
Net investment property	-7	-11
Net investment PPP	44	-1
Δ Other working capital	106	-48
Business cash flow	78	-244
Dividend	0	-19
Restructuring	-1	-3
Pensions (additional)	-3	-5
RCF	400	-
Other	-45	-24
Change in cash position	429	-295

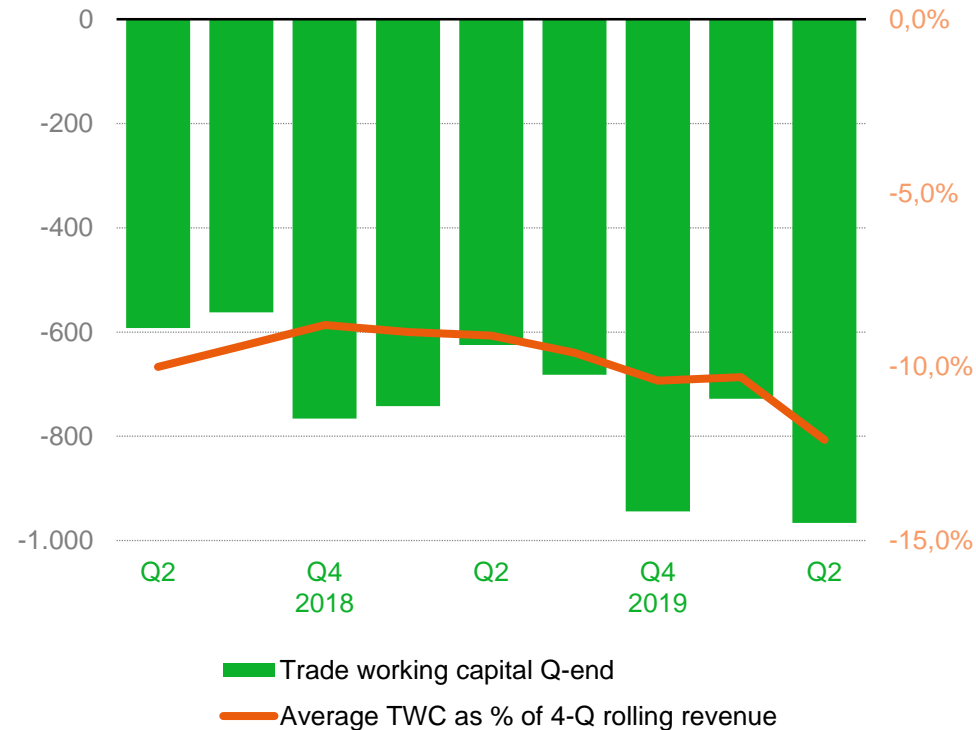
- Business cash flow was €78m positive
- Total cash position increased by €429m, driven by strong focus on cash and RCF
- Investments in (in)tangible assets lower due to reduction non-business critical spend
- Net cash inflow from PPP of €44m, PGGM transaction 21 investments contributed €39m
- Positive contribution from trade working capital (+€23m)
- Other trade working capital (+€106m) supported by deferred payments (+€120m), of which approximately €110m for VAT and salary tax
- Other includes Cologne metro settlement and FX

Trade working capital

TWC efficiency further improved to -12.1% (2020 Q1: -10.3%)

Trade working capital

(in € million and TWC as %)



- TWC efficiency improvement by:
 - Lower revenues
 - BAM’s cash preservation strategy
 - Strong focus on payment of receivables
 - Flexibility governments with milestone payments
- BAM fully respects payment terms commitments to supply chain

Financial position

Cash position substantially higher; capital ratio lower at H1, expected to improve in H2

(x € million)	2020 H1	2019 FY	2019 H1
Cash position	1,283	854	449
Interest-bearing debt	-675	-271	-288
Net cash position (excl. Leases)	608	583	161
Lease liabilities (IFRS 16 impact)	-305	-312	-283
Net cash (incl. leases)	303	271	-122
Capital ratio	11.3%	16.5%	15.1%
Return on average capital employed	-6.6%	3.4%	0.9%

- Cash position increased to €1,283m, supported by:
 - RCF (€400m), VAT and salary tax holiday (circa €110m), continuing focus on cash while fully respecting payment terms commitments to the supply chain
- Capital ratio declined to 11.3%
 - Balance sheet longer by €544m, mainly due to RCF (€400m) and temporary insurance receivable as part of settlement Cologne (€156m)
 - Capital base decline of €176m, due to the reported loss (-€235m), PPP related items (+€60m), depreciation GBP (-€28m) and lower pension liabilities (+€25m)
- PPP related items on aggregate effect of +€60m on equity
 - From Q2 2020 onwards, PPP subordinated loans are excluded from the accounting concept of ‘net investment’ as defined by IFRS. With this exclusion, any negative hedge reserve no longer reduces the carrying amount of the subordinated loans on BAM’s balance sheet, which had a positive effect on equity (+€86m)
 - Valuation interest rate hedges (-€36m)
 - Direct effect partial transfer investments to PGGM (+€10m)

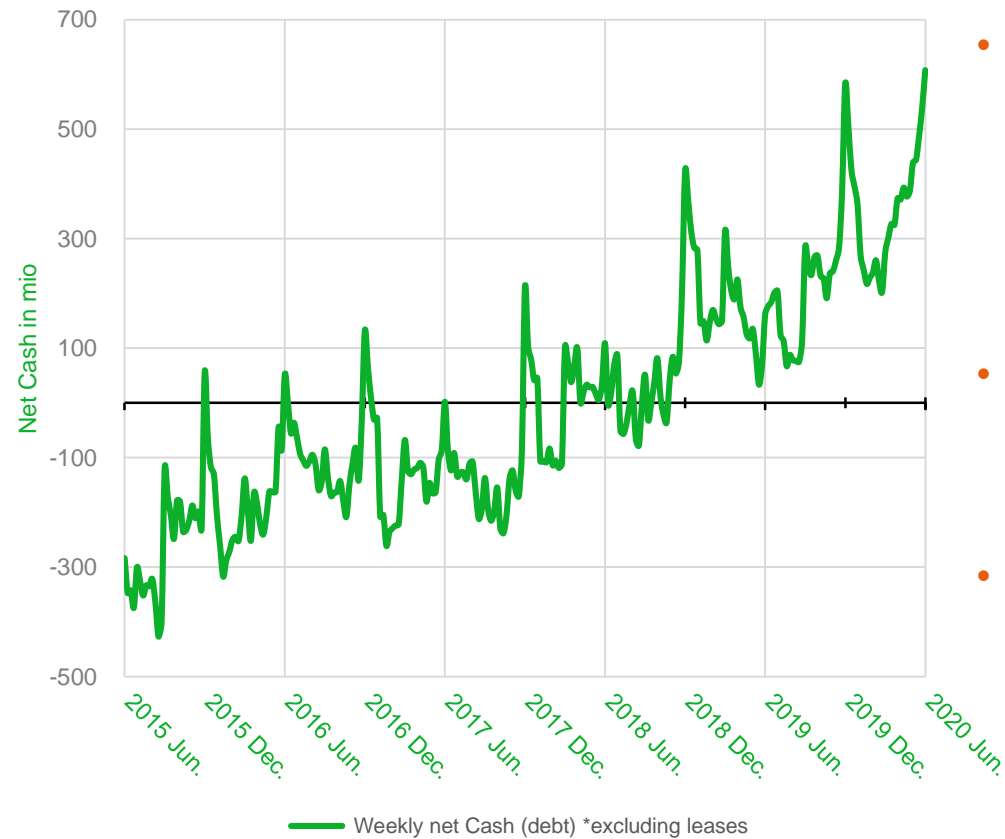
Debt covenants

Waivers obtained per 30 June 2020

- Ratios impacted by Group performance in 2020 H1
- Waiver obtained for interest cover ratio and recourse leverage ratio by RCF lenders per 30 June
 - Costs: The Group will pay a waiver fee of 25 basis points. The margin increases by 25 basis points for four quarters as long as Recourse EBITDA is not less than zero. If Recourse EBITDA is below zero then the margin shall be 2.75 per cent per annum as part of the original margin grid
 - Valid for 4 quarters from Q2 2020
- As at 30 June 2020 the applicable covenants were:
 - Consolidated net recourse borrowings: €703 million negative (requirement: not exceed €0)
 - Recourse EBITDA: -€4 million (requirement: not less than €25 million negative)
 - Recourse solvency: 19.1% (requirement \geq 15%)

Net cash position

Further increase of net cash position, despite Covid-19



- Net cash position graph shows:
 - Seasonal pattern
 - Longer-term trend
 - Volatility throughout the year
- Net cash position first half year 2020 significantly above normal seasonal pattern, even after adjusting for deferred payments of approximately €120m
- Sustainable negative trade working capital from market practice payment terms and from cash positive contract terms with clients

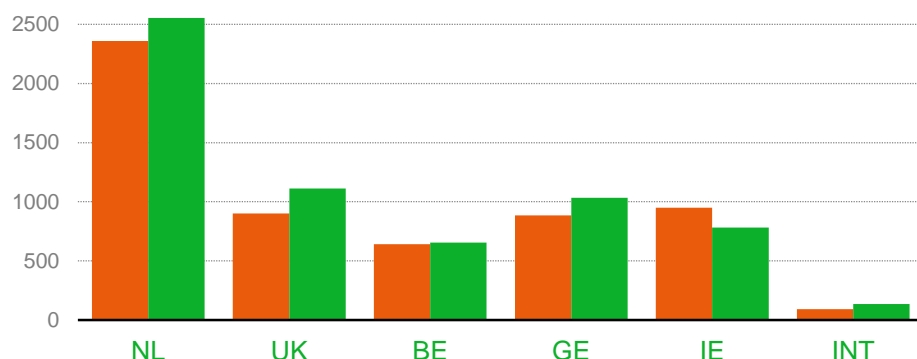
Looking ahead



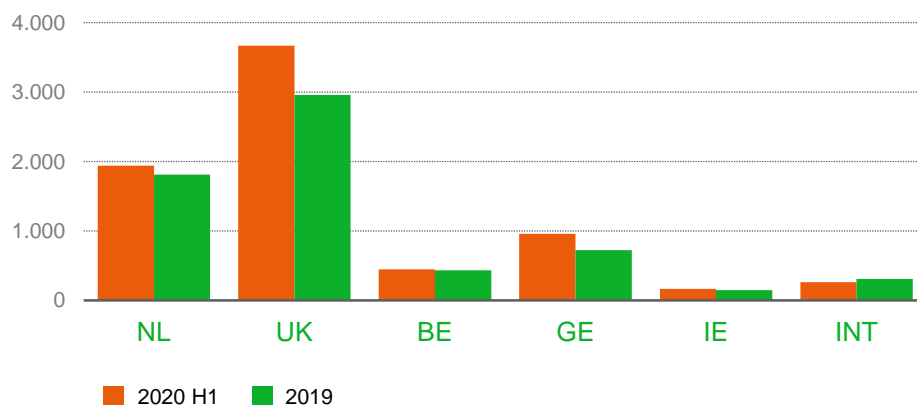
Order book and market trends

Order book supported by civil engineering

Construction and Property order book



Civil engineering order book



Market trends

- Future impact Covid-19 currently uncertain
- Interest rates are low, and solid demand for new homes
- Investment sentiment private sector for new commercial buildings under pressure
- Governments seem to continue to spend on new infrastructure
- PPP: healthy tender pipeline

Outlook 2020

- Based on current market and Covid-19 conditions and the strong order book, BAM expects a positive adjusted result before tax for the second half of 2020.



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- Capital ratio 11.3%, impacted by net loss, as well as extension of balance sheet, partially offset by PPP accounting related equity increase
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Annexes

Group performance

Property investments

Net cash analysis

Revenue sector/country

Group performance

Performance considerably impacted by Covid-19 in first half 2020

Analysis by Business Line (x € million)	2020 H1		2019 H1	
	Revenue	Result	Revenue	result
Construction and Property	1,700	-82.7	2,048	-13.3
Civil engineering	1,395	-70.2	1,439	-19.1
Public Private Partnerships (PPP)	33	25.1	18	10.8
Eliminations and miscellaneous	-20		-42	-
Total	3,108	-127.8	3,454	-21.6
Group overhead		1.2		-0.8
Group interest charge		-7.0		-4.8
Adjusted result before tax		-133.6		-27.2
	2020 H1	2019 H1		
Result margin	-4.3%	-0.8%		
TWC (% 4-Q rolling)	-12.1%	-9.1%		
Order book	13,300	12,800		

- Revenue decline of 10%
- Adjusted result before tax -€133.6m, impacted by
 - Covid-19
 - BAM International (-€56m)
 - Settlement Cologne metro (-€36m)
 - Underperformance German construction and Dutch civil engineering
 - Benefit PPGM transaction regarding 21 investments (+€14m)
- Strong performance Dutch construction and property, UK civil engineering and BAM PPP, from existing portfolio and transfers to PGGM
- Order book further improved
- TWC efficiency improved to -12.1%

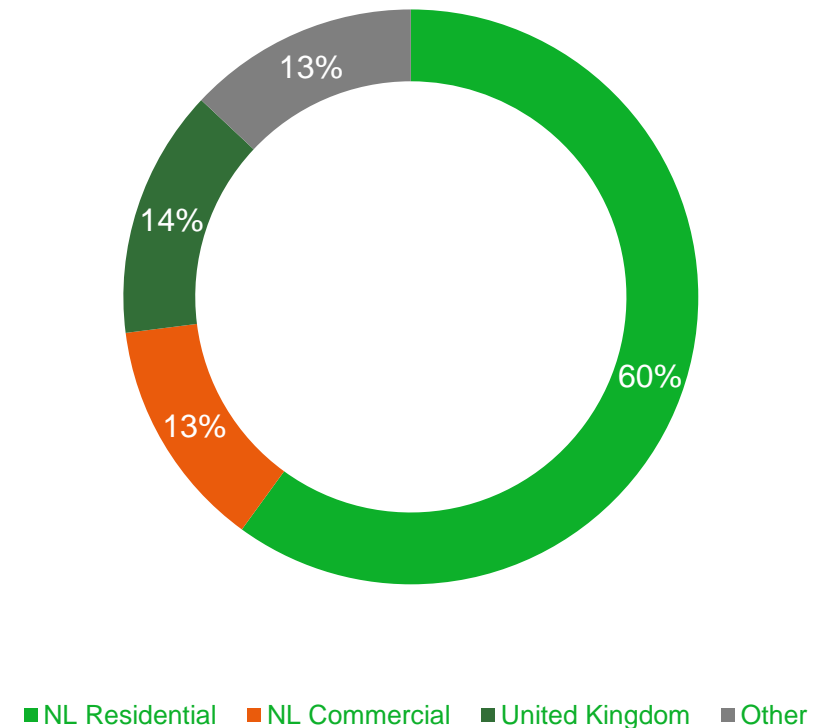
Property investments

Net investments slightly declined

(in € million, unless stated otherwise)

	2020 H1	2019
Land and building rights	304	319
Property development	247	212
Total investments (a)	551	531
Non-recourse loans	50	54
Recourse loans	59	48
Total loans (b)	109	102
Property associates/JV/AHFS (c)	116	112
Net investments (a)-(b)+(c)	558	542

Property development geographic breakdown
(in %)



Net cash analysis

(in € million, unless stated otherwise)

	2020 H1	2019 FY
Non-recourse PPP loans	38	43
Non-recourse project financing	55	58
Other project financing	59	48
Total 'project related'	152	149
Subordinated convertible bonds	122	121
RCF	400	0
Leases (Rou)	305	312
Other loans	1	1
Total interest-bearing debts	980	583
Less: cash	1283	854
Net cash position (Debt)	303	271

Revenue sector/country

	Construction and Property	Civil engineering	PPP	Total
Netherlands	22%	18%	0%	40%
United Kingdom	15%	12%	0%	27%
Belgium/Luxembourg	6%	4%	0%	10%
Germany/Swiss	7%	5%	0%	12%
Ireland	7%	1%	0%	8%
International	1%	2%	-	3%
Total	58%	42%	0%	100%



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