

First nine months 2022 trading update

BAM reports €281 million adjusted EBITDA in first nine months, reiterates 2022 outlook

Royal BAM Group nv reports for the first nine months of 2022 an adjusted EBITDA of €281 million, including a non-operational book profit of €52 million on the Wayss & Freytag transaction which was completed in September. BAM's operational performance in the third quarter was held back by inflation and supply chain constraints. The cash position remains solid and the capital ratio improved to over 21 per cent. BAM reiterates its outlook to deliver an adjusted EBITDA margin of at least 4 per cent for the full-year 2022, excluding the result on the Wayss & Freytag divestment. BAM expects to propose a dividend over 2022.

- Revenue increased in first nine months by 3% in Netherlands, United Kingdom and Ireland; total revenue declined by 8% to €4.9 billion due to divestments;
- Adjusted EBITDA of €281 million in first nine months (adjusted EBITDA margin of 5.7%); adjusted EBITDA margin excluding €52 million book profit on Wayss & Freytag was 4.7%;
- Adjusted EBITDA of €99 million in third quarter, including result on Wayss & Freytag transaction;
- Solid order book of €10.0 billion (H1: €12.2 billion), reduced by €1.2 billion due to divestment Ways & Freytag and €600 million in UK highways, mainly following government review of regional roads development programme;
- Liquidity position of €0.9 billion, capital ratio improved to 21.1% (mid-year 2022: 17.7%).

Key financials <i>(in € million, unless otherwise indicated)</i>	9 months 2022	9 months 2021	Full-year 2021
Revenue	4,916	5,360	7,315
Adjusted EBITDA ¹	281.3	223.3	278.4
Adjusted EBITDA ¹ margin	5.7%	4.2%	3.8%
Order book (end of period)	10,000	13,500	13,200
Trade working capital efficiency	-16.5%	-16.4%	-16.9%

¹ Before restructuring costs and pension one-offs; 9M 2022 includes €52.3 million book profit on divestment Wayss & Freytag.

Ruud Joosten, CEO of Royal BAM Group:

'Overall, I am pleased with BAM's performance in the first nine months of 2022. Looking to the third quarter, the operational result was held back by inflation, supply chain issues and some delays. In the division Netherlands, residential activities contributed well, and civil engineering is steadily improving. In the division United Kingdom and Ireland there is good momentum for energy and defence projects and the rail infrastructure network.

The completion of the Wayss & Freytag divestment supported the improvement of our capital ratio by 3.4 per cent to 21.1 per cent. We have now finalised our divestment agenda, a key element of our strategic plan to create a more predictable, profitable and sustainable company in 2023. From now on, we focus on further improvement of the activities in the Netherlands, United Kingdom and Ireland and our remaining operations in Belgium.

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Our order book of €10 billion is at a good level. We continue to focus on contracts with a healthy risk/reward balance. The global macroeconomic environment has deteriorated, impacting business climate and consumer confidence. We continue to face industry-wide pressure in the supply chain, cost inflation and high competition to attract and retain employees. We are able to mitigate most of these headwinds through sourcing arrangements, contract terms and pricing.

We see attractive market opportunities supported by demand for decarbonisation, critical infrastructure and sustainable buildings, where we have proven market-leading capabilities. We are proud of our positive contribution to society, with our solutions for affordable and sustainable homes and critical infrastructure.

We are on track with the execution of our strategy and we are committed to realise our 2023 strategic targets. For 2022, BAM expects to deliver an adjusted EBITDA margin of at least 4 per cent, excluding the book profit of €52 million on the Wayss & Freytag transaction.'

Business review first nine months 2022

In the division Netherlands, the residential activities continued to perform well, following a very strong performance in 2021. In the first nine months, BAM sold 1,103 homes versus 1,787 in the comparable period last year. BAM expects full-year sales of approximately 2,000 homes. The performance non-residential construction disappointed due to inflation, supply chain issues and delays at some projects in the Netherlands and Denmark. The demand for energy, water and telecom solutions remains high and the results at civil engineering are improving steadily.

The performance of the division United Kingdom and Ireland, was also impacted by inflation and supply chain issues on some larger contracts, which resulted in a lower contribution in the third quarter. The performance in Ireland was stable. Mainly following a UK government review of the regional roads development programme review, the order book was reduced. The total backlog remains strong at €5.3 billion.

The activity level of Germany, Belgium, and BAM International, declined substantially following the completion of the divestment programme and the progress with the wind-down of BAM International. Overall there was a modest positive contribution from operations.

As published on 17 October 2022, the Dutch authorities have informed BAM International that the company is the subject of an investigation relating to potential irregularities at some already completed projects. BAM is fully cooperating with the investigation. The timing and the possible outcome of the investigation are uncertain.

Financial review

Trade working capital remained at a good level and the cash position of €0.9 billion is solid. BAM's capital ratio improved to 21.1 per cent compared to 17.7 per cent in the first half-year, mainly due to the divestment of Wayss & Freytag.

Audio webcast

Ruud Joosten, CEO, and Frans den Houter, CFO, will host a conference call with analysts at 10.00 a.m. CET on 3 November 2022 to discuss the trading update. A live audio webcast of this conference call will be made available at Royal BAM Group's website: www.bam.com.

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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) and a PPP business (Invesis). Royal BAM Group nv is listed on the Amsterdam Euronext exchange.

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Next events

16 February 2023	Publication of annual results 2022
12 April 2023	Annual General Meeting
4 May 2023	Trading update first quarter 2023
17 August 2023	Publication of half-year results 2023
2 November 2023	Trading update first nine months 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.