

## Press Release

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### BAM maintains 2004 profit projection

- First-quarter progress as forecast
- Order book up by almost 5% at €9.5 billion
- 2004 projection – net result between approx. €75 million and €85 million – maintained

### Quarterly reporting and seasonal pattern

With effect from 2004, Royal BAM Group will be publishing its results four times a year. Turnover is usually lowest in the first quarter, reflecting the impact of winter weather. The first quarter of 2004 represents only about 20% of the expected turnover for the year, which means that fixed costs are not completely covered. This, along with other factors, leads to a clearly observable seasonal pattern in profitability as well. The first quarter always produces a modest result.

### Progress in the first quarter of 2004

Turnover in the first quarter of 2004 amounted to €1.5 billion, a decline of 14.6% compared with the first quarter of 2003. The principal factor behind the lower figure (–9%) was the deconsolidation of the dredging activities. The remaining drop was down to a lower volume of work. Exchange rate movements had scarcely any effect in the first quarter. The result before tax and goodwill amortisation in the first quarter amounted to €24.3 million (2003: €31.9 million). Excluding the contribution from dredging, the result was higher than in the first quarter of 2003 (€ 28.3 million versus € 21.6 million). Deduction of goodwill amortisation and taxation leaves a net profit of €4.1 million (2003: €9.3 million). The segmentation is as follows:

(€ million)	1 <sup>st</sup> quarter 2004		1 <sup>st</sup> quarter 2003		Full-year 2003	
	Result	Revenues	Result	Revenues	Result	Revenues
Construction and property	21.3	782	16.1	774	82.6	3,578
Civil engineering	12.0	607	23.7	723	109.5 *	3,347
Mechanical/electrical	2.6	43	2.6	46	9.9	201
Consultancy and engineering	1.4	36	1.7	40	8.5	165
Other / intercompany	-	-5	-	-25	-	-47
Total for divisions	37.3	1,463	44.1	1,558	210.5	7,244
Group overhead	-1.0		-12.3		-34.6	
Group interest charge	-8.0		-10.2		-43.5	
<b>Subtotal</b>	<b>28.3</b>		<b>21.6</b>		<b>132.4</b>	
Dredging	-4.0 **	n.a.	10.3	155	43.0	526
NMa-fine	-		-		-27.4	
Subtotal	24.3	1,463	31.9	1,713	148.0	7,770
Goodwill amortisation	-7.3		-8.0		-35.4	
Taxation	-12.8		-14.4		-55.7	
Minority interests	-0.1		-0.2		-0.9	
Net result	4.1		9.3		56.0	

\* Before NMa-fine.

\*\* From 2004 net result shown under result of participating interests.

The **Construction and Property** division in the Netherlands performed as expected, with a particularly good result from BAM Woningbouw (housebuilding). Both Belgium and the United Kingdom report excellent order books. In the United Kingdom, new orders were received under the Procure 21

programme (hospital building) and another public-private partnership (PPP) project, for schools, was secured, taking the total number of PPP contracts for BAM to eighteen. After achieving a positive result in 2003, the activities in Germany reported a negative result for the first quarter of 2004. A break-even result is forecast for the year as a whole.

The **Civil Engineering** activities in the Netherlands and Belgium – as expected – reported a lower turnover. Good progress is being made on the major projects in the civil market but – in both countries – there is still an insufficient volume of new work for 2005 and later years. In the United Kingdom and Ireland, the order books are well filled, with the prospect of further additions if some of the current tenders are successful. In Germany – mainly owing to failure to cover fixed costs – the outcome was a negative result. A positive result is forecast for the year as a whole. The order book for the German activities represents approximately 22 months' work, which is a high level. Positive results were reported from America – in line with expectations.

The **Dredging** results have ceased to be included in the consolidation as from the beginning of 2004 and are instead disclosed in results of participating interests. For the first quarter of 2004, the result was negative, owing to reorganisation charges included by Van Oord (21.5% interest). A small positive contribution is expected for the full year.

Performance by the **Mechanical and Electrical Contracting** division in the first quarter was in line with expectations, and the order book is up to the mark.

For **Consultancy and Engineering** the markets generally show a favourable picture. In China, Tebodin is studying the possibilities of an alliance with a local partner.

The improvement in the balance sheet resulted in lower **interest charges**. Overall, there was a considerable reduction in **group overheads**.

#### **Order book**

As at 31 March 2004, BAM had work on order to a value of €9.5 billion. Compared with the situation at year-end 2003, that represents an increase of 4.6%, accounted for by organic growth (+4.1%) and exchange rate movements (+0.5%). Out of the total order book, work worth €5 billion is expected to be executed in the remaining three quarters of 2004, which means that approximately 90% of the estimated turnover for 2004 has already been secured (31 March 2003: 86%).

#### **Financial position as at 31 March 2004**

Apart from the usual seasonal erosion of the cash position, the balance sheet remained almost unchanged during the first quarter. The capital base as a proportion of total assets increased from 18.7% as at 31 December 2003 to 18.9% as at 31 March 2004. During the period under review, BAM announced the early redemption of the convertible bond loan on 7 June 2004. Total conversion would increase the number of ordinary shares ranking for dividend to 15.8 million.

#### **Outlook for 2004**

On the basis of the first quarter's results, the Executive Board is maintaining its forecast (made in March 2004 and repeated at the shareholders' meeting) that a net profit of between €75 million and €85 million will be achieved in 2004 on a turnover of approximately €7 billion. This profit projection does not take account of the possible consequences of legal proceedings.

#### **Further information:**

**Press:** A.C. Pronk, +31 (0)30 659 86 21, [ac.pronk@bamgroep.nl](mailto:ac.pronk@bamgroep.nl)

**Analysts:** P. Verbraeken, +31 (0)30 659 88 56, [p.verbraeken@bamgroep.nl](mailto:p.verbraeken@bamgroep.nl)

A (Dutch language) conference call for analysts examining the results in greater detail will take place at 10:00 a.m. on 3 June 2004. Anyone who is interested can listen in by calling +31 (0)20 531 58 45.

## Financial information first quarter 2004

### Abridged income statement

(x € million)	1st quarter 2004	1st quarter 2003	Full-year 2003
Sales to third parties	1,463.4	1,712.9	7,770.5
<b>Operating result before depreciation</b>	52.7	76.7	314.6
Amortisation / impairment of intangible fixed assets	-7.3	-8.0	-35.4
Depreciation / value adjustments on tangible fixed assets	-16.3	-32.3	-134.0
<b>Operating result</b>	29.1	36.4	145.2
Interest income and expense	-8.3	-12.2	-31.6
Result of participating interests	-3.8	-0.3	-1.0
<b>Result on ordinary activities before tax</b>	17.0	23.9	112.6
Taxation	-12.8	-14.4	-55.7
<b>Result on ordinary activities after tax</b>	4.2	9.5	56.9
Minority interests in results of group companies	-0.1	-0.2	-0.9
<b>Net result</b>	4.1	9.3	56.0

### Figures per ordinary share of € 0.50

(x €1, unless otherwise indicated)	1st quarter 2004	1st quarter 2003	Full-year 2003
Net result excluding NMa-fine	0.00	0.35	4.45
Net result	0.00	0.35	2.59
Average number of shares ranking for dividend (x 1,000)	14,861	13,872	14,765

### Allowing for full conversion of the convertible bonds and the convertible preference shares

Net result excluding NMa-fine	0.15	0.37	3.42
Net result	0.15	0.37	2.26
Average number of shares ranking for dividend (x 1,000)	23,610	23,610	23,610

Unaudited.

**Abridged balance sheet**

(x € million)	31 March 2004	31 December 2003	31 March 2003
Intangible fixed assets	528.3	534.1	625.3
Tangible fixed assets	382.3	378.2	924.4
Financial fixed assets	422.6	389.7	197.2
Fixed assets	1,333.2	1,302.0	1,746.9
Current assets	1,787.4	1,821.4	2,072.5
Current liabilities	-1,942.7	-1,985.7	-2,677.1
	<u>1,177.9</u>	<u>1,137.7</u>	<u>1,142.3</u>
Subordinated loans	120.2	121.4	58.0
Other long-term liabilities	251.6	219.6	264.6
Long-term liabilities	371.8	341.0	322.6
Provisions	355.3	353.8	404.1
Shareholders' equity	449.9	441.1	414.5
Minority interests	0.9	1.8	1.1
Group equity	450.8	442.9	415.6
	<u>1,177.9</u>	<u>1,137.7</u>	<u>1,142.3</u>
Capital base	590.5	584.4	477.1

**Movements in shareholders' equity**

(x € million)	1st quarter 2004	Full-year 2003	1st quarter 2003
Position as at 1 January	441.1	404.1	404.1
Result	4.1	56.0	9.3
Settlement of dividend for preceding year	-	-22.3	-
Conversion of bonds	1.7	15.8	-
Exchange rate differences	3.0	-12.5	1.1
Position end of period	<u>449.9</u>	<u>441.1</u>	<u>414.5</u>

**Abridged cash flow statement**

(x € million)	1st quarter 2004	1st quarter 2003	Full-year 2003
Opening cash position	586.0	684.7	684.7
Net cash flow from:			
Net result for the period	4.1	9.3	56.0
Amortisation / impairment of intangible fixed assets	7.3	8.0	35.4
Depreciation / value adjustments on tangible fixed assets	16.3	32.3	134.0
Movement in provisions	1.5	1.0	-49.4
Movement in working capital excluding cash	-164.0	-208.2	-25.1
- operating activities	-134.8	-157.6	150.9
- investing activities	-32.6	-30.0	293.5
- financing activities	73.1	16.4	-543.1
Net cash flow in the period	<u>-94.3</u>	<u>-171.2</u>	<u>-98.7</u>
Closing cash position	491.7	513.5	586.0

Unaudited