

Royal BAM Group nv Half-year results 2011

Press and analysts' meeting
Amsterdam, 25 August 2011



Nico de Vries, Chairman of the Executive Board of Royal BAM Group

“All sectors in which Royal BAM Group operates closed the first six months of the year in profit. They performed well under difficult market conditions. The performances achieved by BAM in this period prove that the Group is a healthy and robust organisation that continues to complete projects successfully in extremely competitive markets.

However, due to the recent unrest on the financial markets, increased pressure on prices and ongoing uncertainty, we are maintaining our previously announced profit forecast.

We remain focused on reducing the amount of capital invested – especially in the Property sector – as well as on being extremely careful when tendering for new projects and ensuring that all our projects are completed to an excellent standard. Continuing – and where possible improving – the successful, fully integrated partnerships between BAM companies will be a crucial part of this process.”

BAM: Increased revenue and improved results in the first six months of 2011

- Net result for H1 2011: €66 million (2010: €51 million)
- All sectors profitable as forecast
- PPP revenue increased to 6 percent of total revenue (2010: 4 percent)
- Order book at €11.4 billion at end of H1 2011 (year-end 2010: €12.1 billion)
- Market circumstances difficult; continuing price pressure
- Forecast net profit level for 2011 unchanged: €120 million

Construction

	1H11	1H10	Δ
Revenue	1,416	1,461	-3%
Result ¹⁾	41.7	46.2	
Margin	2.9%	3.2%	
Order book	4,664	5,005	-7%

(in € million, unless stated otherwise)

1) Result before tax

- Increased revenue in the Netherlands and Germany
- Margin maintained in the United Kingdom despite falling revenues
- Belgium: Good margin from reduced revenues
- Persistent pressure on volume and prices in all markets

Property

	1H11	1H10	Δ
Revenue	305	249	+22%
Result ¹⁾	1.2	-20.4	
Margin	0.4%	Neg.	
Order book	1,202	1,431	-16%

(in € million, unless stated otherwise)

1) Result before tax

- Small profit in H1 2011 for sector as a whole, in line with the forecast for the full year
- Small loss in the Netherlands, the United Kingdom and Ireland, a good result in Belgium
- Housing sales in the Netherlands from the Group's own development projects: 1,225 homes (H1 2010: 1,227 homes)
- Focus on reducing the amount of capital invested

Property Netherlands

	2011	2010
Proprietary property development home sales:		
Q1	662	553
Q2	563	674
Q3		557
Q4		390
Total	1.225	2,174
Stock of unsold and unlet premises :	1H11	2010
- homes under construction (number)	331	642
- homes finished (number)	174	111
- commercial property (m ²)	9,400	2,300

Property investments

	1H11	2010	2009
Land and building rights	640	688	814
Property development	990	852	900
Total investments (a)	1,630	1,540	1,714
Non-recourse loans	411	402	503
Recourse loans	253	307	302
Total loans (b)	664	709	805
Net investments (a)–(b)	966	831	909

(in € million, unless stated otherwise)

Total investments:

- NL: 1,307 million
- UK: 173 million
- EI: 47 million
- BE: 103 million

Civil engineering

	1H11	1H10	Δ
Revenue	1,810	1,667	+9%
Result ¹⁾	47.3	30.1	
Margin	2.6%	1.8%	
Order book	4,985	5,564	-10%

(in € million, unless stated otherwise)

1) Result before tax

- Higher revenues and improved results in the Netherlands, United Kingdom, Germany and Belgium
- Profit in Ireland despite reduced revenues
- Larger BAM International order book
- Market development strongly depends on public and PPP orders

Public private partnerships

	1H11	1H10	Δ
Revenue	229	121	+89%
Result ¹⁾	0.0	5.9	
Margin	0.0%	4.9%	
Order book	1,248	1,257	-1%

(in € million, unless stated otherwise)

1) Result before tax

- Revenue from the PPP sector now accounts for 6 percent of the Group's total revenue
- Operational results in line with forecast
- Fifteen bids pending
- Market volume expected to be good for at least the next eighteen months

Public private partnerships: portfolio

	1H11	2010	2009
Contracts in portfolio	36	32	27
<i>Of which:</i>			
- Operational	21	21	15
- Under construction ¹⁾	15	11	12

Balance sheet positions²⁾

	1H11	2010	2009
PPP assets (intangibles, receivables)	968	1,019	728
PPP loans	886	941	670
Net PPP equity investment ³⁾			
- Actual	87	87	61
- Committed (approx.)	232	240	189

(in € million, unless stated otherwise)

¹⁾ 2011: including two contracts in preferred bidder stage

²⁾ Excluding contracts held for sale

³⁾ BAM share in equity of PPP contracts

Mechanical and electrical contracting

	1H11	1H10	Δ
Revenue	160	131	+22%
Result ¹⁾	4.1	5.0	
Margin	2.5%	3.8%	
Order book	330	391	-16%

- Reduced result at BAM Techniek despite higher revenues

(in € million, unless stated otherwise)

1) Result before tax

Consultancy and engineering

	1H11	1H10	Δ
Revenue	105	100	+5%
Result ¹⁾	5.2	7.2	
Margin	5.0%	7.2%	
Order book	109	107	+2%

- Improved margins in Q2 2011

(in € million, unless stated otherwise)

1) Result before tax

Dredging (stake 21,5% Van Oord)

	1H11	1H10	2010
Result contribution Van Oord	9.2	11.3	30.3
Book value stake in Van Oord	163	179	191

(in € million)

Revenue and results per sector

	1H 2011		1H 2010	
	Revenue	Result ¹⁾	Revenue	Result ¹⁾
Construction	1,416	41.7	1,461	46.2
Property	305	1.2	249	-20.4
Civil engineering	1,810	47.3	1,667	30.1
PPP	229	0.0	121	5.9
M & E contracting	160	4.1	131	5.0
Consultancy and engineering	105	5.2	100	7.2
Eliminations and other	-364	-0.0	-299	-0.9
Total sectors	3,661	99.5	3,430	73.1

(in € million, unless stated otherwise)

1) Result before tax

Key figures income statement

	1H 2011	margin	1H 2010	margin
Total result sectors	99.5	2.6%	73.1	2.1%
Group overhead	-6.9		-5.1	
Group interest	-13.3		-13.1	
Operating activities	79.3		54.9	
Dredging	9.2		11.3	
Result before tax	88.5	2.4%	66.2	1.9%
Income tax	-21.9		-13.6	
Minority interest	-0.8		-2.0	
Net result	65.8	1.8%	50.6	1.5%

(in € million, unless stated otherwise)

Key figures balance sheet

	1H11	2010	1H10
Balance sheet total	7,144	7,134	7,132
Shareholders' equity	1,165	1,100	1,125
Capital base	1,365	1,302	1,325
Capital ratio	19.1%	18.2%	18.6%
Net cash	571	913	671
Interest-bearing debt	2,191	2,271	2,199
Net debt position	1,615	1,357	1,525
Fixed assets	2,454	2,560	2,372
Working capital (excl. cash and st-debt)	683	311	757

(in € million, unless stated otherwise)

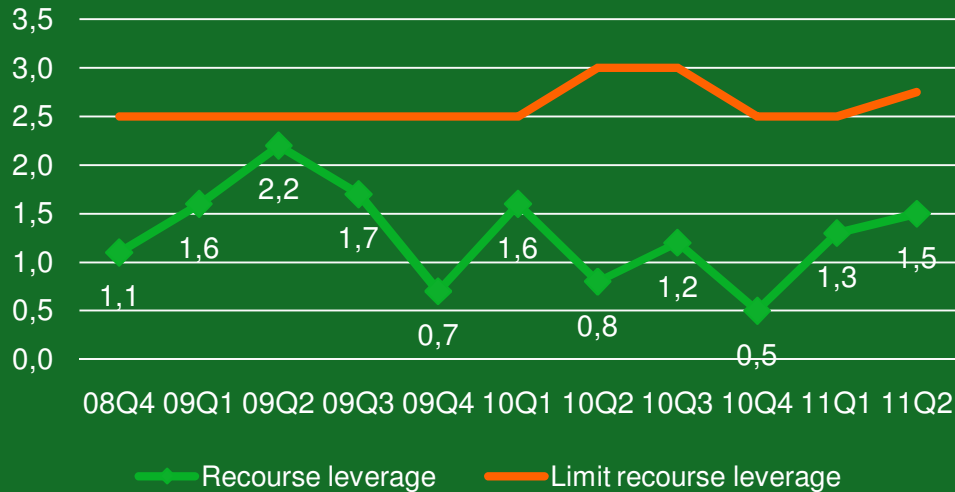
- interest-bearing debt and fixed assets decreased by reclassification of PPP-contracts held for sale and increased due to increase PPP-contracts
- Decrease net cash and increase working capital follows the seasonal pattern

Breakdown of net debt position

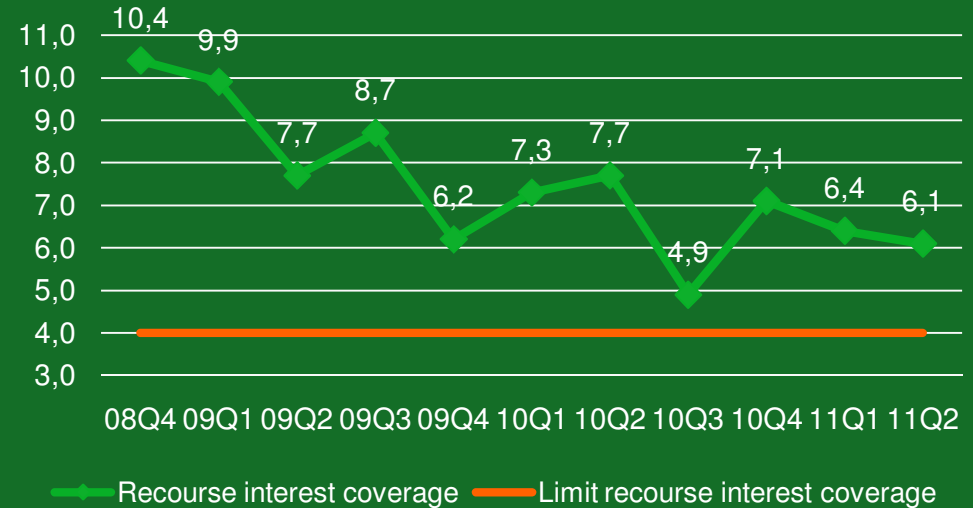
	1H 2011	2010	1H 2010
Non-recourse PPP loans	764	825	822
Non-recourse project financing	435	420	466
Other project financing	384	424	295
Total 'project related'	1,583	1,669	1,583
Subordinated loan	201	202	202
Loan BAM	360	360	360
Financial lease liabilities	38	38	38
Bank overdrafts and other loans	9	2	16
Total interest-bearing debts	2,191	2,271	2,199
Less: cash	-576	-914	-674
Net debt position	1,615	1,357	1,525
Recourse net debt position	416	112	237

(in € million, unless stated otherwise)

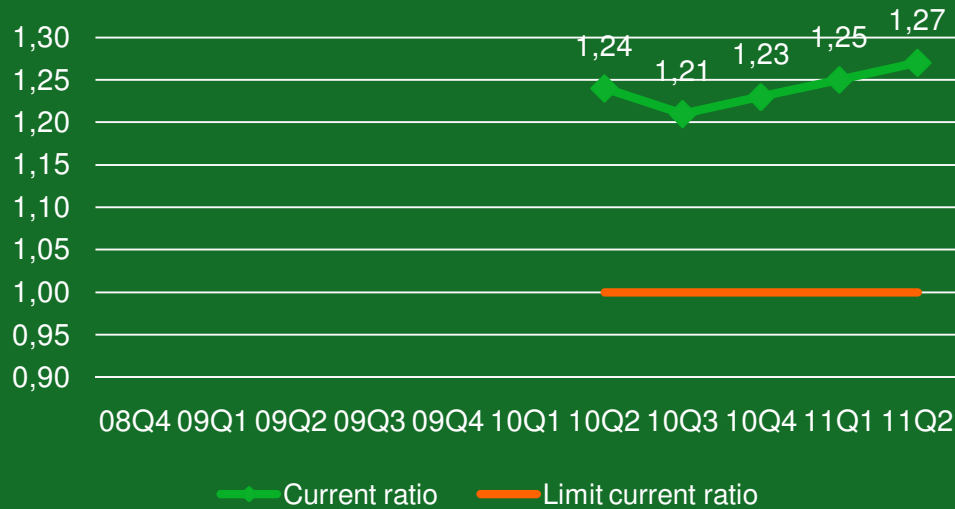
Recourse leverage ratio



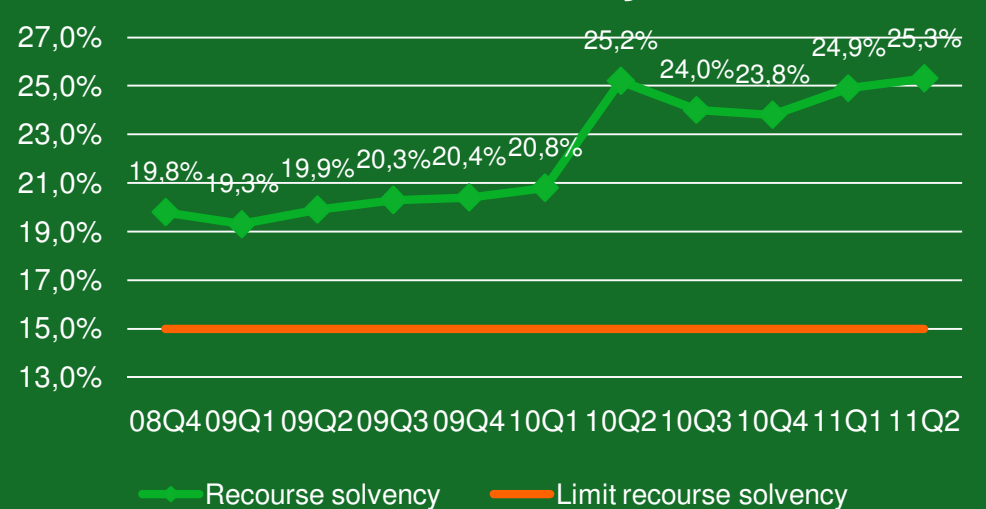
Recourse interest coverage ratio



Current ratio



Recourse solvency ratio



Order book

	1H11	2010	Δ
Order book	11,400	12,100	-6%
To be executed:			
- this year	3,700	6,300	
- next year and after	7,700	5,800	
Expected revenue for this year in the order book	Approx. 95%	Approx. 80%	

(in € million, unless stated otherwise)

- Decrease due to the N17/N18 PPP contract not going ahead in Ireland, a reduced order intake in the Civil Engineering sector and a more prudent estimate of the order book in the Property sector

Outlook 2011

Barring unforeseen circumstances, Royal BAM Group forecasts a net profit level in 2011 of €120 million. The composition of the forecast net profit level for 2011 is the same as when the forecast was announced with the annual figures published for 2010 and the report on Q1 2011