

Royal BAM Group nv

First nine months 2011 / Strategy update

Investors presentation

Bunnik, 17 November 2011



BAM maintains profit forecast

- Net result for the first nine months of 2011: €84 million
- Pre-tax margin for the first nine months of 2011: 2.0%, as forecast
- Order book at the end of September 2011: €11.1 billion
- Forecast net profit for 2011 unchanged: €120 million
- Highlights of the strategic update:
 - Simplification of sector classification
 - Reconsidering position of Consultancy and engineering sector
 - Intensification of risk management

Uncertain and unfavourable market conditions

- Market circumstances:
 - Decreasing volumes
 - Fierce competition
 - Sharp fall in prices
- BAM's response:
 - Selective tendering policy – reduced order book
 - Adjusting organisation – reduced capacity
- Opportunities:
 - multidisciplinary, integral projects
 - PPP

Construction

	9M11	9M10	Δ
Revenue	2,214	2,190	-1%
Result ¹⁾	49.8	61.8	
Margin	2.3%	2.8%	
Order book	4,511	4,814	-6%

(in € million, unless stated otherwise)

1) Result before tax

- Improved margins in Germany; lower margins in the Netherlands, the United Kingdom and Belgium
- Increased revenues in the Netherlands and Germany; lower revenues in the UK and Belgium
- Persistent pressure on volume and prices in all markets
- Reduced order book as a result of selective tendering policy

Property

	9M11	9M10	Δ
Revenue	430	412	+4%
Result ¹⁾	-2.9	-57.0	
Margin	Neg.	Neg.	
Order book	1,282	1,470	-13%

(in € million, unless stated otherwise)

1) Result before tax

- Small loss in 9M 2011 in the Property sector; break-even result still expected for the full year 2011
- A good result in Belgium; small losses in the Netherlands, the UK and Ireland
- Housing sales in the Netherlands: 1,633 homes (9M 2010: 1,784 homes)
- Intended further adjustment AM organisation
- Focus on reducing the amount of capital invested

Property Netherlands

	2011	2010
Proprietary property development home sales:		
Q1	662	553
Q2	563	674
Q3	408	557
Q4		390
Total	1.633	2,174
Stock of unsold and unlet premises :	9M11	2010
- homes under construction (number)	356	642
- homes finished (number)	149	111
- commercial property (m ²)	9,400	2,300

Property investments

	9M11	2010	2009
Land and building rights	678	688	814
Property development	948	852	900
Total investments (a)	1,626	1,540	1,714
Non-recourse loans	427	402	503
Recourse loans	220	307	302
Total loans (b)	647	709	805
Net investments (a)–(b)	979	831	909

(in € million, unless stated otherwise)

Total investments:

- NL: 1,282 million
- UK: 186 million
- EI: 47 million
- BE: 111 million

Civil engineering

	9M11	9M10	Δ
Revenue	2,711	2,580	+5%
Result ¹⁾	63.9	56.2	
Margin	2.4%	2.2%	
Order book	4,889	5,254	-7%

(in € million, unless stated otherwise)

1) Result before tax

- Higher revenues and improved results in the Netherlands and Belgium
- Higher revenues and a lower margin in the UK
- Positive results in Ireland and Germany with reduced revenues
- Good opportunities for BAM International in niche markets worldwide
- Market development largely dependent on governmental and PPP contracts

Public private partnerships

	9M11	9M10	Δ
Revenue	363	197	+84%
Result ¹⁾	1.3	6.1	
Margin	0.4%	3.1%	
Order book	1,058	1,373	-23%

(in € million, unless stated otherwise)

1) Result before tax

- Continued growth revenues PPP sector
- Operational results in line with expectations
- Fifteen bids pending
- Continual good supply of work on the market
- Transfer first tranche to PGGM joint venture in fourth quarter

Public private partnerships: portfolio

	9M11	2010	2009
Contracts in portfolio	38	32	27
<i>Of which:</i>			
- Operational	21	21	15
- Under construction ¹⁾	17	11	12

Balance sheet positions²⁾

	9M11	2010	2009
PPP assets (intangibles, receivables)	1,081	1,019	728
PPP loans	995	941	670
Net PPP equity investment ³⁾			
- Actual	87	87	61
- Committed (approx.)	237	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

	9M11	9M10	Δ
Revenue	231	198	+17%
Result ¹⁾	6.1	4.4	
Margin	2.6%	2.2%	
Order book	347	439	-21%

- Better revenues and better results reported by BAM Techniek

(in € million, unless stated otherwise)

1) Result before tax

Consultancy and engineering

	9M11	9M10	Δ
Revenue	155	152	+2%
Result ¹⁾	7.7	9.9	
Margin	5.0%	6.5%	
Order book	118	107	+10%

- Comparable revenues and a lower result posted by Tebodin

(in € million, unless stated otherwise)

1) Result before tax

Dredging (stake 21,5% Van Oord)

	9M11	9M10	2010
Result contribution Van Oord	12.2	19.0	30.3
Book value stake in Van Oord	168	179	191

(in € million)

Revenue and results per sector

	9M 2011		9M 2010	
	Revenue	Result ¹⁾	Revenue	Result ¹⁾
Construction	2,214	49.8	2,190	61.8
Property	430	-2.9	412	-57.0
Civil engineering	2,711	63.9	2,580	56.2
PPP	363	1.3	197	6.1
M & E contracting	231	6.1	198	4.4
Consultancy and engineering	155	7.7	152	9.9
Eliminations and other	-539	0.1	-458	-1.3
Total sectors	5,565	126.0	5,271	80.1

(in € million, unless stated otherwise)

1) Result before tax

Key figures income statement

	9M 2011	margin	9M 2010	margin
Total result sectors	126.0	2.3%	80.1	1.5%
Group overhead	-8.9		-12.1	
Group interest	-19.6		-20.0	
Operating activities	97.5		48.0	
Dredging	12.2		19.0	
Result before tax	109.7	2.0%	67.0	1.3%
Impairment property	-		-127.0	
Income tax	-24.8		16.8	
Minority interest	-1.1		-2.3	
Net result	83.8	1.5%	-45.5	-0.8%

(in € million, unless stated otherwise)

Key figures balance sheet

	9M11	2010	9M10
Balance sheet total	7,264	7,134	6,929
Shareholders' equity	1,080	1,100	965
Capital base	1,280	1,302	1,167
Capital ratio	17.6%	18.2%	16.8%
Net cash	595	913	700
Interest-bearing debt	2,281	2,271	2,240
Net debt position	1,681	1,357	1,538
Fixed assets	2,619	2,560	2,447
Working capital (excl. cash and st-debt)	640	311	460

(in € million, unless stated otherwise)

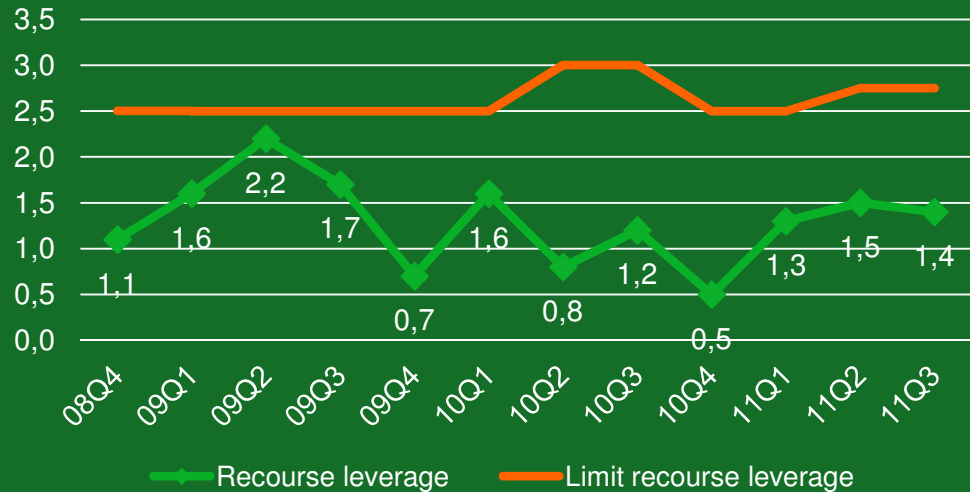
- interest-bearing debt and fixed asset increased due to progress on PPP-contracts under construction
- Decrease net cash and increase working capital follows the seasonal pattern

Breakdown of net debt position

	9M11	2010	9M10
Non-recourse PPP loans	867	825	853
Non-recourse project financing	427	420	459
Other project financing	383	424	307
Total 'project related'	1,677	1,669	1,619
Subordinated loan	200	202	202
Loan BAM	360	360	360
Financial lease liabilities	37	38	38
Bank overdrafts and other loans	7	2	21
Total interest-bearing debts	2,281	2,271	2,240
Less: cash	-600	-914	-/- 702
Net debt position	1,681	1,357	1,538
Recourse net debt position	387	112	226

(in € million, unless stated otherwise)

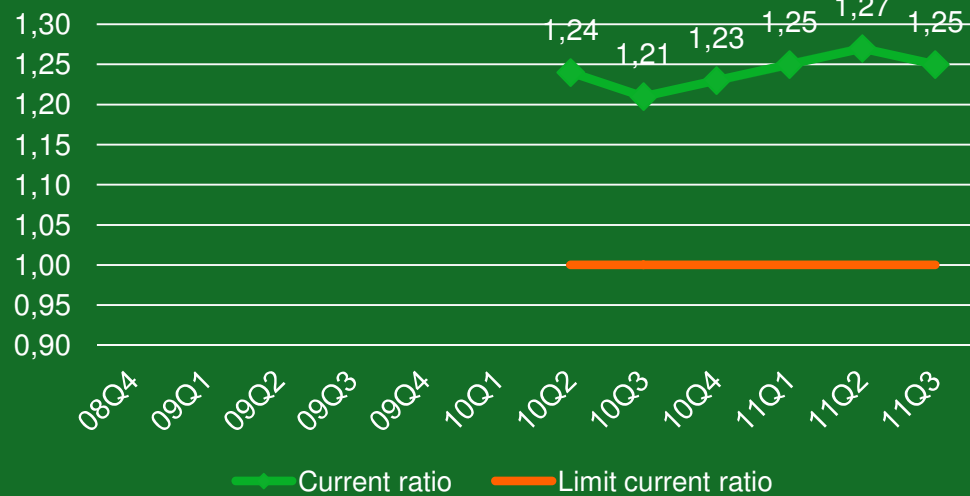
Recourse leverage ratio



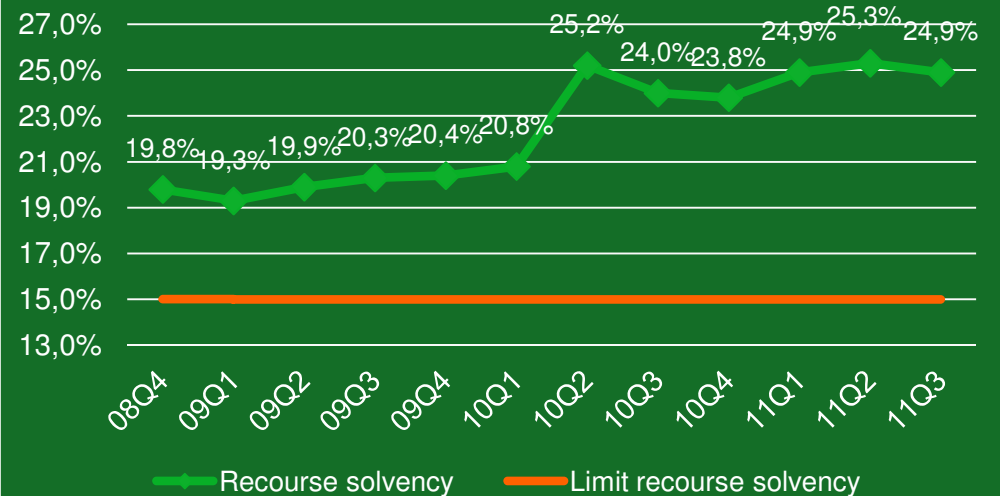
Recourse interest coverage ratio



Current ratio



Recourse solvency ratio



Order book

	9M11	2010	Δ
Order book	11,100	12,100	-8%
To be executed:			
- this year	2,000	6,300	
- next year and after	9,100	5,800	
Expected revenue for this year in the order book	Approx. 100%	Approx. 80%	

(in € million, unless stated otherwise)

- Decrease due to the N17/N18 PPP contract not going ahead in Ireland, lower order intake in the Construction and the Civil Engineering sectors and 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 with a revenue level of €7.7 billion

Strategic Agenda 2010 – 2012

- Update 2011

Strategic agenda 2010 – 2012 (reaffirmed 2011)

- BAM is a construction and property group that can provide its customers with infrastructure and buildings that are ready for immediate use, offering an integrated service package including development, design, building, financing, maintenance and operation
- BAM operates in five European home markets – Belgium, Germany, Ireland, the Netherlands and the UK – and a number of fast developing markets outside Europe

Strategic agenda 2010 – 2012 (reaffirmed 2011)

- BAM's growth strategy:
 - Strengthen the position of the Group in all home markets
 - To fill the operational activity matrix
 - To develop new concepts or product-market combinations
- BAM's strategic programs:
 - Risk management
 - Operational excellence
 - Sustainable business operations

New management priorities

- BAM's targets for growth:
 - Increase focus on core business activities
 - Optimise BAM strengths through synergy
 - Strengthen financial position
 - Develop new growth tracks
- Intensify risk management programme

New management priorities

- Increase focus on core business activities

Current sectors

- Construction
- M&E contracting
- Civil engineering
- Property development
- PPP
- Consultancy and engineering

New sectors (as per 1/1/2012)

- Construction and M&E services
- Civil engineering
- Property development
- PPP
- *Reconsider position*

New management priorities

- Optimise BAM strengths through synergy
 - Raise its profile as provider of comprehensive and multidisciplinary solutions (full service provider for the built environment)
 - Lean management
 - Virtual construction
 - Enhanced collaboration
- Cost reduction
Operational excellence

New management priorities

- Strengthen financial position
 - Reduce capital invested in Property sector
 - Further improvement working capital
 - Development PPP-joint venture with PGGM

New management priorities

- Develop new growth tracks
 - BAM Swiss
 - BAM Luxembourg
 - Sustainable market positions BAM International (South-East Asia, Australia, Africa and the Middle East)

Conclusion

- In the current difficult market conditions, Royal BAM Group has a clear strategy for the short and longer term. The group is on track for 2011 and looks forward for opportunities in the future