Royal BAM Group nv

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Date 14 November 2013
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Trading update 9 months 2013

Continued weakness in Dutch markets; outlook unchanged

- Construction and M&E services: impacted by very tough Dutch market conditions
- Civil engineering: margin just above 1%
- Large projects: situation stable since Q2
- Restructuring of Dutch operations underway; €25 million cost to be taken in Q4
- Property: operational loss on UK and Dutch commercial property; residential stable
- Within the limits of all banking covenants as at 30 September 2013

(in € million, unless otherwise indicated) **Key trading results**	**First nine months of 2013***	First nine months of 2012*	Full year 2012*
Revenues	**5,003**	5,068	7,225
Result before tax	**23.6**	69.2	108.9
Margin before tax	**0.5%**	1.4%	1.5%
Order book (period-end)	**10,400**		10,700

* Before impairments, from continuing operations; 2012 restated.

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

'Market conditions in the Netherlands continued to deteriorate in the first nine months of 2013. This impacted our new order intake, revenues and results especially in Construction and M&E services and retail property. In the first half year the result included operational losses on a handful of large projects outside the Netherlands.
We are implementing capacity reduction measures at our Dutch operating companies, mainly in Construction and M&E. There were no new major losses on large projects in Q3. We are making progress in de-risking these large projects by strengthening project management, commercial negotiations, preparing claims and investing in technical solutions.
The on-going difficult market conditions make it challenging to win new projects with an acceptable price and pre-financing.
We reiterate the outlook we gave at Q2. We expect the result before tax and non-cash impairments in the second half year of 2013 to be better than in the first half year. The result before tax and non-cash impairments for the full year is expected to be substantially lower than the comparable result for 2012.
Looking ahead, our operating companies are fully engaged with our Group strategic agenda for operational improvement and targeted growth initiatives in services, multi-disciplinary projects and international niche markets. This will lead to improved operational and financial performance.'

Live audio webcast

On 14 November 2013, at 10.00 hrs CET, there will be a conference call in English for analysts. This can be followed via live audio webcast (www.bam.eu).

Further information

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This trading update serves as an interim statement as referred to in Section 5:25e of the Financial Supervision Act (Wet financieel toezicht).

Analysis by sector

(x € million)	First nine months of 2013*		First nine months of 2012*	
Result and revenue	**Result**	**Revenue**	Result	Revenue
Construction and M&E services	**-0.5**	**2,173**	41.6	2,370
Civil engineering	**30.0**	**2,795**	35.0	2,633
Property	**-16.4**	**186**	-7.0	251
Public Private Partnerships (PPP)	**13.3**	**212**	6.6	216
Eliminations and miscellaneous	**0.0**	**-363**	0.8	-402
Total sectors	**26.4**	**5,003**	77.0	5,068
Group overhead	**0.9**		-1.9	
Group interest charge	**-3.7**		-5.9	
Result before tax	**23.6**	**0.5%**	69.2	1.4%

* Before impairments, from continuing operations; 2012 restated.

Sector performance 9M 2013 vs. 9M 2012

At Construction and M&E services, revenues fell by €197 million (-8%). This was driven by the worse conditions in the Netherlands which impacted revenues and new orders and made it difficult to recover overheads. Revenues grew in Belgium and Germany. In the United Kingdom, although revenues fell, there was a positive book to bill ratio.

Revenues at Civil engineering were up by €162 million (6%) in total, with a fall in the Netherlands more than offset by higher revenues in the other home countries and at BAM International. The quarterly results showed the usual seasonal improvement in Q3. The total order book for the sector reduced by 6% versus year-end 2012.

In Property, total revenue fell by €65 million (26%) reflecting the continuing slump in the number of Dutch homes sold to 910 (9M 2012: 1,592). There are signs that the Dutch housing market may be bottoming out, but this is not yet reflected in BAM's results. The operational loss for the nine months related to non-prime offices in the UK and commercial property (mainly retail) in the Netherlands.

At Public-Private Partnerships (PPP), the result for the nine months was driven by the book profits on the transfers of three projects to the joint venture with PGGM, all in the first half of 2013. There were no decisions on outstanding bids in the third quarter.

Financial position and balance sheet

- Trade working capital (excluding property) as a percentage of revenues has been stable during 2013.
- The tough market conditions mean a slow pace of property divestments and make it more difficult to get pre-financing on new projects, so BAM's cash flow remains under pressure.
- The total invested capital in Property and total equity investments in PPP at end-Q3 2013 was in line with the first half year 2013.
- The Group was within the limits of all its banking covenants as at 30 September 2013.

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