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TRADING UPDATE MAY 2014

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BAM reports continued margin pressure; 2014 year of stabilisation

- Construction and M&E services: lower revenue related to Dutch activities
- Civil engineering: revenue higher due to mild winter
- Property: commercial property sales support result; some green shoots in Dutch residential
- PPP: four projects transferred into the joint venture with PGGM
- Order book steady overall; positive book-to-bill ratio in the Netherlands

(in € million, unless otherwise indicated)			
Key trading results	First quarter 2014	First quarter 2013	Full year 2013*
Revenue	1,571	1,426	7,042
Result before tax	4.6	5.2	49.8
Margin before tax	0.3%	0.4%	0.7%
Order book (period-end)	10,000		10,000

* Before impairments and pension one-off, from continuing operations.

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

'Total revenue grew by 10% in the first quarter of 2014 compared to the first quarter of 2013, driven by more working days in Civil engineering due to the mild winter and by commercial property disposals. The sector results were mixed. The lower sector results at Construction and M&E services and Civil engineering related to older orders and shortfall in overhead recovery in the Netherlands. The profit in Property was due to successful commercial property divestments. PPP had another solid quarter.

As the first quarter showed, we are still dealing with a backlog of lower quality orders won during extremely difficult market conditions and some of our Dutch operating companies have still not filled their order book completely for this year. Therefore, we re-iterate that we expect margins in Construction and M&E services and Civil engineering will remain under pressure during 2014 and it will be a year of stabilisation for the Group overall.

I am encouraged by the positive trends in some of our market segments which, together with our improved tendering procedures, are strengthening the quality and volume of our new order intake. So far this year we have won several large projects across our home markets and international. If this momentum is sustained or strengthened, this will form the platform for improved performance in 2015.'

Live audio webcast

On 15 May 2014, 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 quarter 2014		First quarter 2013	
	Result	Revenue	Result	Revenue
Result and revenue				
Construction and M&E services	-8.4	623	-0.2	655
Civil engineering	0.2	843	2.9	777
Property	10.9	118	-2.8	42
Public Private Partnerships (PPP)	5.8	80	8.6	60
Eliminations and miscellaneous	-	-93	-0.1	-108
Total sectors	8.5	1,571	8.4	1,426
Group overhead	-3.0		-2.0	
Group interest charge	-0.9		-1.2	
Result before tax	4.6	0.3%	5.2	0.4%

Sector performance

At Construction and M&E services, revenue fell by €32 million (-5%), mainly due to lower non-residential activities in the Netherlands. There was a negative result in the Netherlands related to some orders booked under very difficult market circumstances. Performance in the other home markets was broadly stable. The overall order book was down slightly, although the Dutch order book increased.

Revenue at Civil engineering was up by €66 million (8%) in total. This was driven by the mild winter conditions after the harsh winter a year earlier. Revenues were up in all home markets except Germany which was slightly down; international sales were down due to order phasing. As in Construction and M&E services, there was a negative result in the Netherlands related to older orders. The order books in Belgium, Ireland and Germany declined due to progress on large projects; there were positive book-to-bill ratios in the Netherlands and the UK.

In Property, the higher first quarter revenue and result were caused by commercial property divestments, mainly in Belgium. BAM sold 444 homes in the Netherlands in Q1 2014 versus 265 in Q1 2013 (note: that quarter was impacted by changes to tax rules) with a rise in the proportion of retail buyers. Overall volumes of new house sales remain low in historic terms, but there are green shoots in some parts of the Netherlands. Conditions in Dutch commercial property have not worsened in 2014, but the macro economic outlook is subdued and consumers remain cautious.

At PPP, the positive result reflected the transfer of four projects to the joint venture with PGGM. BAM expects to transfer another two projects to the joint venture before the end of 2014. The bid pipeline remains healthy.

Financial position and balance sheet

- The effect of seasonality on working capital in Q1 2014 was in line with Q1 2013.
- Property divestment programme has realized over €100 million year to date including head office Capgemini.
- Trade working capital efficiency was stable in Q1 2014.
- The capital ratio at end-Q1 2014 improved to 22% (Q4 2013: 19.8%), largely due to changes to the cash flow hedge reserves related to the transfers of PPP projects to the joint venture with PGGM.