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**BAM expects project losses of approximately €75 million; announces major cost reduction and working capital improvement programmes**

Bunnik, the Netherlands, 7 July 2014 - Based on the latest available information, Royal BAM Group nv expects project losses totalling approximately €75 million, due to:

- Deterioration of a large civil engineering project in Germany which is one of the handful of loss-making projects reported last year. The problems are due to adverse ground conditions; technical solutions have been implemented to keep this project on schedule but these are more costly than anticipated.
- Unexpected problems at a mid-sized UK civil engineering project which was bid for in 2012. This is due to a combination of adverse ground conditions and bad weather.

BAM is now intensifying, accelerating and enlarging its programmes to improve the Group's operational and financial performance.

- BAM will implement a new cost reduction programme. This is intended to deliver annual cost savings of at least €100 million by the end of 2015. Some of these savings will arise from a streamlining of the structure of the operating companies, with a focus on market segments and value creation. This will enhance the ability of BAM's businesses to capture synergies and efficiencies, and capitalise on their strengths.
- BAM will implement a programme to improve working capital by at least €300 million, to be achieved by the end of 2015. This will involve scaling up a recently completed successful pilot scheme in the Netherlands to cover all Group companies.
- BAM will maintain its current sector structure based on two operational sectors, Construction and M&E services and Civil engineering, and two investment sectors, Property and PPP. The property divestment programme will continue as before, with an ambition of realising at least €100 million per annum. BAM will also investigate all other opportunities to further strengthen its financial position, including divesting other assets.

The actions being undertaken are intended to improve results and to ensure that BAM will remain within its banking covenants. BAM expects to report a capital ratio as at 30 June 2014 of approximately 20%. More details of these programmes will be announced with publication of the six months results on 21 August 2014.

Nico de Vries, Chairman of the Executive Board: 'I am extremely disappointed to have to announce these negative developments. Our underlying strategy is the right one, but our delivery has not been good enough. It is fully clear to the Executive Board that BAM must act urgently and decisively to get all parts of the Group to contribute positively to our results. That is why we are taking the actions being announced today.'

**Live audio webcast**

Royal BAM Group will hold a meeting for analysts at 10.00 a.m. This meeting can be followed via live audio webcast ([www.bam.eu](http://www.bam.eu)).

Further information

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