

**BAM announces new structure and gives details of change programme**

- Good progress on 'Back in Shape' programme for cost reduction, project control, working capital improvement and divestments
- Streamlining operating companies into two business lines Construction and property, and Civil engineering plus BAM PPP
- Bundling of twelve Dutch operating companies into two: BAM Bouw en vastgoed and BAM Infra
- Bundling of six Belgian operating companies into BAM Belgium
- Reduction of approximately 650 FTEs (mainly in the Netherlands, mainly white collar) due to simplified structure and backoffice economies of scale
- Introduction of Management Committee, composed of Executive Board plus ten managing directors and three directors of service departments

Bunnik, the Netherlands, 8 October 2014 – At a presentation for capital markets to be held today in Amsterdam, the Executive Board of Royal BAM Group nv will give details of the Back in shape programme previously announced for the improvement of its operational and financial performance.

Rob van Wingerden, CEO since 1 October: 'Our recent performance shows that we need to change in order to deliver on our Group strategy and capitalise on our potential. So we are reshaping our operational model by strengthening our culture, simplifying our structure and sharpening our processes. That will translate into better project control, a lower cost base and stronger balance sheet. And that in turn will improve our competitive position and create more value for our shareholders.'

**Bundling operating companies**

BAM is simplifying its organisational structure in the Netherlands and Belgium by merging companies. In the Netherlands, twelve companies will be bundled into two companies, one in each of the two business lines 1) Construction and property and 2) Civil engineering. The Dutch Central Works Council has given positive advice regarding the new structure.

In Belgium, six companies will operate from one company BAM Belgium, across both business lines.

Each of the new companies will be headed by a management team, including directors for Finance and Human Resources.

In order to keep the business units close to clients, BAM remains committed to having a strong regional presence.

The other home countries plus BAM International were already set up as one or two companies, which will be assigned to the two business lines.

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### **Reduction FTEs (mainly Netherlands)**

The organisational changes are intended to make BAM more effective externally in its markets, and more efficient internally. As a result of de-duplication and economies of scale in the simplified structure, the number of FTEs will be reduced during 2015 by approximately 650, mainly in the Netherlands and mainly in back office positions. The number of FTEs in the Netherlands was approximately 9,700 as at year-end 2013.

### **Management Committee**

BAM has introduced a Management Committee, composed of the Executive Board members, the managing directors under the new structure, and directors of key service departments.

### **Programmes and targets**

Cost reduction: BAM will achieve cost savings of at least €100 million as an annual run-rate by end-2015. There will be an exceptional restructuring cost in the second half of 2014 and the first half of 2015 of €80 million to €100 million. The relating cash out will be predominantly in 2015.

Project control: The Back in Shape programme will improve BAM's tendering processes and project execution. This improvement will centre on better insights into project risks and opportunities, financial as well as operational. As a result, the quality of new order intake will continue to improve, while at the same time BAM works through its backlog of older projects. BAM aims to get its results on projects into a 2 to 4 percent range in the longer term.

Working capital reduction: BAM will achieve a sustainable reduction in trade working capital of at least €300 million by end-2015.

Divestments: BAM maintains its existing target for divestments of at least €100 million per year. So far in 2014, BAM has achieved divestments of property for a total of €160 million. BAM expects divestments in the rest of 2014 and in 2015 to come mainly from sales of commercial properties, plus small divestments of non-core assets as part of establishing the new organisation structure. The timing of divestments depends on market conditions.

### **Third quarter Interim Management Statement**

BAM does not release any new trading information at today's presentation. The next scheduled update will be the nine-month and third quarter Interim Management Statement on 6 November.

### **Live video webcast**

Today's presentation for capital markets will be in Amsterdam between 11.00-13.00 CET. This meeting can be followed via a live video webcast ([www.bam.nl](http://www.bam.nl)).

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