

## Trading update for the first half of 2020, including Covid-19 impact

### BAM expects significant H1 loss and announces to wind down BAM International

Bunnik, the Netherlands, 2 July 2020 – The extraordinary circumstances caused by the Covid-19 crisis have a considerable impact on Royal BAM Group nv. In addition, the company's performance in the first half year is impacted by continued losses at BAM International, the recently announced Cologne metro settlement and to a lesser extent by underperformance of the German construction and Dutch civil engineering business. Due to these developments, the company expects a first half year adjusted loss before tax of approximately €130 - €150 million. The Executive Committee has decided to start the process of winding down BAM International, active outside BAM's European home markets, given the lack of a positive outlook.

Compared to the first quarter, BAM's cash position further increased to approximately €1.2 billion. Also based on a strong order book, the results over the full year are expected to improve compared to the first half of 2020.

**Frans den Houter, CFO / interim CEO, said:** *'It is clear that Covid-19 is causing unprecedented challenges for society and our industry. As a first priority, we have taken measures to safeguard a healthy and safe working environment for our people and others involved. Our various markets have been impacted very differently by Covid-19. Some were shut down completely, while others remained open. We lost approximately 35 per cent operational efficiency through the first two months of the crisis and are now getting back to 80 per cent.'*

*In the first quarter, we reported that the results of Dutch civil engineering and German construction, and of BAM International were disappointing. The combination of Covid-19 and the ongoing underperformance of BAM International in the second quarter, has led to a severe impact on profitability. We will immediately start the process of winding down BAM International, which was already under strategic review. This is harsh for the employees involved, however it is necessary and cannot be delayed.*

*It is good to see that other businesses continue to perform satisfactorily under difficult market circumstances, especially our Dutch construction and property activities and BAM PPP. Our order book remains strong. The intended wind down of BAM International and the Cologne metro settlement result in a significant improvement of our risk profile.*

*Whilst governments are re-opening their societies and productivity is recovering, our focus remains on mitigating the Covid-19 impact, cash generation, cost reductions and resolving the performance issues. As management we have a full focus on implementing all necessary measures to protect and improve our operations. We continue to accelerate a number of strategic initiatives and to further build on our resilience and strong cash position.'*

### BAM International

The Executive Committee has started the process to wind down the activities of BAM International. This process requires satisfactory completion of discussions with BAM's works councils and the consultation of involved trade unions. BAM International will deliver the current order backlog in line with client expectations and contractual obligations, but will not tender for new projects. BAM will retain the necessary staff to complete the current project portfolio.

Press release of 2 July 2020, page 2 of 2

Currently BAM International has approximately 600 staff on payroll and 12 active projects around the world. BAM International reported a substantial loss in 2019. Although the company structurally lowered its cost base and focused on near-shore projects with a more favourable risk/reward profile, the performance has failed to recover. The outlook for the oil and gas market remains poor. BAM International expects to report a loss of approximately €60 million for the first half of 2020.

### **First half-year figures and Covid-19**

For the first half of the year, BAM expects to report an adjusted loss before tax of approximately €130 - €150 million. This relates to the impact of Covid-19, BAM International, the approximately €40 million costs related to the Cologne metro settlement as published on 30 June, and operational underperformance. The consequential non-cash impairments of goodwill and deferred tax assets are being assessed and will be reported on 20 August 2020.

At the end of June, BAM had a cash position of approximately €1.2 billion (Q1 2020: €944 million), including the fully drawn €400 million revolving credit facility. The positive cash development in the second quarter is predominantly the result of governmental support schemes (VAT) and the strong focus of management on preserving cash, whilst making sure that BAM's vital supply chain receives the payment it is due.

Clearly, Covid-19 will also impact the second half of 2020. At the same time, BAM's operational efficiency has increased to 80 per cent as per June and the order book is strong. BAM's management is implementing tangible actions, including cost reductions and initiatives to improve the risk profile, with a strong focus on cash. The results for the full year, compared to the first half of 2020, are expected to improve.

### **Live audio webcast**

On 2 July 2020, at 10.30 hrs CET, there will be a conference call in English for analysts. This can be followed via live audio webcast ([www.bam.com](http://www.bam.com)).

### **Next event**

20 August 2020: announcement of results for the first half year 2020.

### **Further information**

- analysts: Michel Aupers, [michel.aupers@bam.com](mailto:michel.aupers@bam.com), +31 (0)30 659 87 07;
- press: Niels van Dongen, [niels.van.dongen@bam.com](mailto:niels.van.dongen@bam.com), or Arno Pronk, [arno.pronk@bam.com](mailto:arno.pronk@bam.com), +31 (0)30 659 86 23.