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TRADING UPDATE MAY 2016

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BAM records first quarter adjusted result of €8 million

- Construction and M&E services: margins impacted by subcontractor bankruptcies at older projects
- Civil engineering: positive result mainly from Germany and the UK
- Investment sectors: strong quarter at both Property and PPP
- Order book: quality improving; volume reduced by one cancellation and the weaker pound sterling
- Strong cash flow reflecting continuing improvement in working capital
- Outlook for full year 2016 unchanged

(in € million, unless otherwise indicated)			
Key trading results	First quarter 2016	First quarter 2015	Full year 2015
Revenue	1,542	1,638	7,423
Adjusted* result before tax	8.0	-14.1	88.2
Result before tax	8.2	-21.1	13.3
Order book (period-end)	11,100		11,500

* Before restructuring costs, impairments and pension one-off.

Rob van Wingerden, CEO of Royal BAM Group:

'In the first quarter of 2016, which is a year of reinforcement for BAM, we moved in the right direction largely according to our expectations. The result contained a strong performance at the investment sectors and mixed results for the operational sectors. BAM also benefited from the release of a provision for the divestment of the Van Oord stake in 2011. We are continuing to improve our working capital and the quality of the order book.

We are confident but careful about the outlook for 2016, given the mixed market conditions. We announced our strategy 'Building the present, creating the future' in February, and the implementation is in full progress. We expect the adjusted result before tax for the full year will be higher than the level of 2015. We anticipate a restructuring charge of approximately €20 million, mainly related to the Dutch activities.'

Live audio webcast

On 12 May 2016, 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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Analysis by sector

(x € million)	First quarter 2016		First quarter 2015	
	Result	Revenue	Result	Revenue
Result and revenue				
Construction and M&E services	-15.4	708	-8.8	704
Civil engineering	3.5	758	-5.6	922
Property	8.0	115	0.8	70
Public Private Partnerships (PPP)	4.0	61	2.1	41
Eliminations and miscellaneous	-	-100	-	-99
Total sectors	0.1	1,542	-11.5	1,638
Group overhead	8.3		-1.6	
Group interest charge	-0.4		-1.0	
Adjusted result before tax	8.0	0.5%	-14.1	Neg.

Sector performance

At Construction and M&E services revenue was flat; project postponements in Germany were offset by higher activities in the Netherlands and the UK. The result was lower because of losses related to subcontractor bankruptcies at some older projects in Germany and Belgium. The Dutch activities were profitable in this quarter; restructuring plans to further integrate the Dutch activities will be finalised in the second quarter. The order book fell slightly reflecting the lower pound, despite strong order intake in Germany.

Civil engineering revenue in most countries was affected by order phasing of large projects won recently. The positive result was driven by an improved contribution from the UK and Germany offset by the seasonal pattern in the Netherlands. Margins at BAM International were lower due to shrinking activities in oil and gas. The order book grew in Germany but reduced overall mainly because of the cancellation of a Belgian PPP project, low order intake at BAM International and the weaker pound.

In Property, the strong first quarter result was supported by commercial property in the UK. House sales in the Netherlands were up by 17% to 580 homes. The overall investment in Property fell in the quarter, while BAM has made equity-light investments in new residential projects in the Netherlands and mixed use in Ireland to benefit from favourable market conditions.

At PPP, the first quarter profit was driven by a strong operational result on the portfolio. There were no transfers to the PGGM joint venture in the quarter. The bid pipeline remains healthy, with decisions on most of the active bids expected in 2017.

Group overhead was a net positive due to the release of a dividend provision of €9.7 million related to the divestment of BAM's 21.5% stake in Van Oord in 2011.

Financial position and balance sheet at quarter end

- Recourse net cash position €206 million (Q1 2015: €99 million recourse net cash).
- Trade working capital efficiency improved to -8.6% (year-end 2015: -8.1%).
- The capital ratio at the end of the first quarter was 21.3% (year-end 2015: 21.2%).