Strategy 2016-2020

‘Building the present, creating the future’

Focus project portfolio  Shape business portfolio  Create future portfolio

Differentiating capabilities

BAM’s unique culture
Strategy execution
Profit

Return on capital employed

Trade working capital efficiency

12 months rolling adjusted result

Property

Annual results 2016 | 21 February 2017
Strategy execution
People & Planet

Safety (IF)

CO\textsubscript{2} (kilotonnes)

Waste (kilotonnes)
BAM reports higher adjusted result of €102.7 million and strong cash flow of €102 million for 2016

- Implementation of ‘Building the present, creating the future’ strategy on track
- Construction and Property: overall result positive; Germany being refocused after loss
- Civil engineering: improved result driven by home markets; International affected by oil and gas markets
- PPP: steady performance from existing portfolio
- Order book quality improving due to tender discipline, lower level due to FX and market conditions
- Dividend per share proposal of €0.09, pay-out 50% with scrip alternative
Construction and Property (1)

- Total revenue of €4.1bn slightly lower due to FX -€157m. On constant currency basis higher. Revenue GE reduced due to postponements and refocusing.
- Overall result €3.5m, of which €26.7m relates to property. NL turnaround in 2016; GE being refocused, expected to be profitable again in 2017.
- Total order book €0.3bn lower (FX effect -€0.2bn). Dutch non residential lower and stabilising, residential slowly improving; % UK 2017 revenue secured at same level as a year ago. IE higher reflecting improving market.
- TWC efficiency improved from -10.4% to -12.2% at year end.
Campus building Technical University of Denmark (DTU), Copenhagen
BAM Danmark
Construction and Property (2)

• Gross property portfolio reduced €110m to €630m. Consisting of landbank €387m (2015: €429m) and Property development €243m (2015: €311m)

• Dutch property impairment €43.9m; of this €13.7m due to €48m divestment in North - East; €13m on retail property caused by lower rents and rest relating to changes in zoning at municipalities.

• Dutch house sales 2,158 (2015: 2,187) stagnant due to low planning capacity at municipalities.
Innovation technical management and maintenance
Amsterdam ArenA, BAM Bouw en Techniek
ABN Amro Pavillion, Amsterdam
('circular building') BAM Bouw en Techniek
Civil engineering

- Sector revenue of €2.9bn reduced by €0.4bn. Revenue UK lower, of which €0.1bn FX. INT impacted by oil and gas.
- Overall margin was 2.9%. Loss at INT reflecting market conditions and refocus to on shore. UK and GE results grew strongly.
- Total order book €0.9bn lower (FX effect -€0.2bn). % UK 2017 revenue secured roughly at same level as a year ago. Belgium lower due to one cancellation and market conditions.
- TWC efficiency improved from -6.2% to -7.2% at year end.
Gravity base foundations
BAM Nuttall and BAM Infra
Antarctic research base revamp
BAM Nuttall and BAM International
PPP

- Total commitment to PGGM joint venture increased to €775 million, of which €387 million invested at year end (BAM share 20%).
- 3 newly completed projects (2015: 2) transferred to PGGM joint venture.
- Portfolio consists of 40 projects, including 8 projects under construction. One civil engineering project in Belgium was cancelled in Q1.
Sea lock, IJmuiden
BAM PPP and BAM Infra
Restructuring

Strategy implementation

C&P NL
Integration Construction & property

CE NL
Further integration regions

C&P GE
Re-focus from country wide to selected cities

Market circumstances

C&P NL
Oversupply commercial and offices

CE B
Walloon budget constraints

International
Oil & gas
New sector reporting

Business line Construction and Property

Business line Civil engineering

Netherlands
BAM Bouw en Vastgoed

United Kingdom
BAM Construct UK

Germany
BAM Deutschland

Belgium
BAM Belgium

Ireland
BAM Contractors

Worldwide
BAM International

Netherlands
BAM Infra

United Kingdom
BAM Nuttall

Germany
Wayss & Freytag ingenieurbau

Public Private Partnerships
# Income statement

*(in € million, unless stated otherwise)*

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>Margin</th>
<th>2015</th>
<th>Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total sectors</td>
<td>104.0</td>
<td>1.5%</td>
<td>100.4</td>
<td>1.4%</td>
</tr>
<tr>
<td>Group overhead</td>
<td>0.5</td>
<td>-</td>
<td>-9.6</td>
<td>-1.8</td>
</tr>
<tr>
<td>Group interest charge</td>
<td>-1.8</td>
<td>-</td>
<td>-2.6</td>
<td>-</td>
</tr>
<tr>
<td>Adjusted result before tax</td>
<td>102.7</td>
<td>1.5%</td>
<td>88.2</td>
<td>1.2%</td>
</tr>
<tr>
<td>Restructuring</td>
<td>-33.5</td>
<td>-</td>
<td>-38.6</td>
<td>-</td>
</tr>
<tr>
<td>Impairments</td>
<td>-50.7</td>
<td>-</td>
<td>-39.1</td>
<td>-</td>
</tr>
<tr>
<td>Pension one-off</td>
<td>41.6</td>
<td>-</td>
<td>2.8</td>
<td>-</td>
</tr>
<tr>
<td>Income tax</td>
<td>-10.9</td>
<td>-</td>
<td>-2.3</td>
<td>-</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>2.4</td>
<td>-</td>
<td>-0.8</td>
<td>-</td>
</tr>
<tr>
<td>Net result</td>
<td>46.8</td>
<td>0.7%</td>
<td>10.2</td>
<td>0.1%</td>
</tr>
</tbody>
</table>
## Cash flow

<table>
<thead>
<tr>
<th>(in € million)</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash result</td>
<td>90</td>
<td>85</td>
</tr>
<tr>
<td>Investments TFA</td>
<td>-55</td>
<td>-53</td>
</tr>
<tr>
<td>Δ Trade working capital</td>
<td>116</td>
<td>31</td>
</tr>
<tr>
<td>Net investment Property</td>
<td>-1</td>
<td>71</td>
</tr>
<tr>
<td>Net investment PPP</td>
<td>7</td>
<td>-6</td>
</tr>
<tr>
<td>Δ Other working capital</td>
<td>27</td>
<td>-33</td>
</tr>
<tr>
<td>Business cash flow</td>
<td>184</td>
<td>95</td>
</tr>
<tr>
<td>Dividend</td>
<td>-2</td>
<td>-</td>
</tr>
<tr>
<td>Restructuring</td>
<td>-33</td>
<td>-54</td>
</tr>
<tr>
<td>Pensions (additional)</td>
<td>-12</td>
<td>-36</td>
</tr>
<tr>
<td>Others</td>
<td>-35</td>
<td>8</td>
</tr>
<tr>
<td>Δ Cash position</td>
<td>102</td>
<td>13</td>
</tr>
</tbody>
</table>

- Trade working capital efficiency reached the target of -10% at year-end 2016 (year-end 2015: -8.1%). Cash flow €89 million higher.
- Property cash flow below level of 2015 when most of BAM’s finished non-residential properties were sold.
- Changes in Other working capital was driven by transactions with joint operations.
- Restructuring in 2016 relates mainly to Back in shape programme.
- Pension payments reduced reflecting lower risks in UK pension schemes.
- Others included a €33 million negative translation effect of the pound sterling (2015: positive effect €10 million).
Trade working capital

Trade working capital (in € million)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Work-in-progress credit</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Work-in-progress debit</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Trade working capital</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Trade working capital (in € million and TWC as %)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade working capital Q-end</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Average TWC as % of 4-Q rolling revenue</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

-3.000 -2.000 -1.000 0 1.000 2.000 3.000
0 1.000 2.000 3.000

-3.000 -2.000 -1.000 0 1.000 2.000 3.000
0 -400 -600 -800 -1000

-15% -10% -5% 0% -10%
0 -200 -400 -600 -800 -1000
## Financial position

<table>
<thead>
<tr>
<th>(in € million, unless stated otherwise)</th>
<th>FY16</th>
<th>FY15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash position</td>
<td>739</td>
<td>637</td>
</tr>
<tr>
<td>Interest-bearing debt</td>
<td>612</td>
<td>597</td>
</tr>
<tr>
<td>Net cash position</td>
<td>127</td>
<td>40</td>
</tr>
<tr>
<td>Recourse net cash position</td>
<td>495</td>
<td>359</td>
</tr>
<tr>
<td>Capital ratio</td>
<td>19.7%</td>
<td>21.2%</td>
</tr>
<tr>
<td>Return capital employed</td>
<td>2.8%</td>
<td>0.2%</td>
</tr>
</tbody>
</table>

- Cash position improved reflecting strong cash flow.
- Subordinated bank loan replaced by subordinated convertible bonds for the same amount.
- Revolving credit facility refinanced into 2022 at improved terms.
- Capital ratio impacted due to weaker pound sterling and actuarial losses on pensions due to lower interest rates.
- Return on capital employed helped by improved results.
Covenants

Recourse leverage ratio

Recourse interest coverage ratio

Recourse solvency ratio
### Order book

<table>
<thead>
<tr>
<th>(in € million)</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction and Property</td>
<td>6,264</td>
<td>6,559</td>
</tr>
<tr>
<td>Civil engineering</td>
<td>3,950</td>
<td>4,895</td>
</tr>
<tr>
<td>PPP</td>
<td>342</td>
<td>558</td>
</tr>
<tr>
<td>Eliminations and other</td>
<td>-356</td>
<td>-512</td>
</tr>
<tr>
<td><strong>Total sectors</strong></td>
<td><strong>10,200</strong></td>
<td><strong>11,500</strong></td>
</tr>
</tbody>
</table>

- Quality improving due to maintaining tender discipline.
- Civil engineering affected by slow down oil & gas, cancellation Belgium PPP project in Q1 and weaker pound.
- Total impact lower pound €0.4 billion.
Market conditions

- **Netherlands non-residential construction and property:** demand for offices and retail space was weak with signs of stabilisation and opportunities for redevelopment going forward.
- **Netherlands residential construction and property:** despite growing demand, new build residential volumes are lagging because of the reduced capacity for zoning and permitting at local governments. The markets continue to develop along the twin track.
- **UK:** markets were generally stable during 2016. So far, the Brexit vote appears to be having limited impact on civil engineering and construction markets.
- **Germany:** construction and civil engineering markets improved slowly during the year. The longer term outlook for public infrastructure, including PPP, remains promising.
- **Belgium:** civil engineering remains subdued with long lead times and delays for public infrastructure. Other markets are stable.
- **Ireland:** positive momentum; construction activity recovering faster than civil engineering.
- **International:** continuing weak demand oil & gas market; opportunities in selected on-shore markets.
Outlook

For 2017, BAM expects the revenue to be slightly lower and the adjusted result before tax to be higher than the level of 2016. BAM anticipates a significantly lower restructuring charge compared to 2016.
Dividend 2016

BAM proposes a dividend of 9 euro cents per ordinary share, in line with its dividend policy to pay out 30 to 50% of the net result for the year. This will be paid in cash, with a scrip alternative.
Annexes

- Brexit
- Updated strategy: Building the present, creating the future
- Property investments
- PPP investments
- Net cash analysis
- Revenue sector/country
Brexit

The **UK is BAM’s No.2 home market**; well diversified UK operations in Construction, Civil engineering and PPP

**Impact** weaker pound on BAM’s numbers:
- revenue -€254m
- adjusted result -€4.6m
- order book -€445m
- cash position -€33m

**BAM has spoken to staff, customers and supply chain** to assess market reaction

**Short term** BAM sees no material impact: no UK orders have been cancelled and winning new orders

**Longer term** consequences remain to be seen; UK and EU expected to try to mitigate negative impact

**BAM has a solid UK order book** and will adjust its operations if required
Strategy 2016-2020

‘Building the present, creating the future’

Focus project portfolio

Shape business portfolio

Create future portfolio

Differentiating capabilities

BAM’s unique culture
Targets 2020

**Profit**
- ROCE >10%
- Adjusted pre tax margin 2-4%
- Property < €500m
- TWC < -10%

**People**
- Safety IF < 3.5

**Planet**
- Net positive impact
Focusing project portfolio (1)

Scale

Expertise
Focusing project portfolio (2)

<table>
<thead>
<tr>
<th>Selection</th>
<th>Stage gate</th>
<th>Peer review</th>
<th>Operational audit</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1.png" alt="Selection Icon" /></td>
<td><img src="image2.png" alt="Stage gate Icon" /></td>
<td><img src="image3.png" alt="Peer review Icon" /></td>
<td><img src="image4.png" alt="Operational audit Icon" /></td>
</tr>
</tbody>
</table>
**Focusing project portfolio (3)**

1. **Stage gate 1**
   - Categorisation
   - Decision to tender

2. **Stage gate 2**
   - Initial validation

3. **Stage gate 3**
   - Decision to bid

4. **Stage gate 4**
   - Approval final contract

5. **Stage gate 5**
   - If won: Reality check
     - Tender submitted
     - Contract awarded

- Peer review
- Tender assessment

- PQQ Submitted/Partnerships formed
- Tender documents received
Shape business portfolio

- Inside Home markets:
  - High Level of competition: Fix or exit
  - Low Level of competition: Develop new propositions along lifecycle

- Outside Home markets:
  - High Level of competition: Stay out
  - Low Level of competition: Leverage high-margin specialisms
Create future portfolio

Digital construction process

Digital built environment
Culture

- Predictable performance
- Proactive ownership
- Open collaboration
- Scalable Learning

Innovation

- Profitable projects
- Selected segments
- Understanding
- Proposition
- Execution
Capabilities

Operating companies

Project selection

Project execution

Group

Synergies in selected specialisms

Smart engineering

Controls & systems

Talent development and exchange

Best in industry digital

Financial strength

BAM value
Property investments

(in € million, unless stated otherwise)

<table>
<thead>
<tr>
<th>Description</th>
<th>Q4 2016</th>
<th>Q4 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and building rights</td>
<td>387</td>
<td>429</td>
</tr>
<tr>
<td>Property development</td>
<td>243</td>
<td>311</td>
</tr>
<tr>
<td><strong>Total investments (a)</strong></td>
<td>630</td>
<td>740</td>
</tr>
<tr>
<td>Non-recourse loans</td>
<td>86</td>
<td>116</td>
</tr>
<tr>
<td>Recourse loans</td>
<td>69</td>
<td>80</td>
</tr>
<tr>
<td><strong>Total loans (b)</strong></td>
<td>155</td>
<td>196</td>
</tr>
<tr>
<td>Property associates/JV/AHFS (c)</td>
<td>146</td>
<td>100</td>
</tr>
<tr>
<td><strong>Net investments (a)–(b)+(c)</strong></td>
<td>621</td>
<td>644</td>
</tr>
</tbody>
</table>

Total investments (Q4 2016)

(in € million)

- NL (Red) Residential
- NL (Green) Non-residential
- UK
- BE
- IE

Annual results 2016 | 21 February 2017
## PPP investments

<table>
<thead>
<tr>
<th>(in € million, unless stated otherwise)</th>
<th>Q4 2016</th>
<th>Q4 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment equity¹)</td>
<td>66</td>
<td>72</td>
</tr>
<tr>
<td>Committed equity²)</td>
<td>120</td>
<td>114</td>
</tr>
<tr>
<td>Total invested &amp; committed equity</td>
<td>186</td>
<td>186</td>
</tr>
<tr>
<td>NPV Total invested &amp; committed equity (A)</td>
<td>165</td>
<td>162</td>
</tr>
<tr>
<td>NPV Future equity cash inflows (B)</td>
<td>238</td>
<td>239</td>
</tr>
<tr>
<td>Estimated unrealised value (B) – (A)</td>
<td>73</td>
<td>77</td>
</tr>
</tbody>
</table>

¹) **BAM share invested in equity of PPP contracts**
²) **Excluding contracts in preferred bidder stage**
# Net cash analysis

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non recourse PPP loans</td>
<td>274</td>
<td>195</td>
</tr>
<tr>
<td>Non recourse project financing</td>
<td>94</td>
<td>124</td>
</tr>
<tr>
<td>Other project financing</td>
<td>119</td>
<td>133</td>
</tr>
<tr>
<td><strong>Total ‘project related’</strong></td>
<td>487</td>
<td>452</td>
</tr>
<tr>
<td>Subordinated bank loan</td>
<td>-</td>
<td>124</td>
</tr>
<tr>
<td>Subordinated convertible bonds</td>
<td>113</td>
<td>-</td>
</tr>
<tr>
<td>Financial lease liabilities</td>
<td>7</td>
<td>14</td>
</tr>
<tr>
<td>Bank overdrafts and other loans</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td><strong>Total interest-bearing debts</strong></td>
<td>612</td>
<td>597</td>
</tr>
<tr>
<td>Less: cash</td>
<td>739</td>
<td>637</td>
</tr>
<tr>
<td><strong>Net cash position</strong></td>
<td>127</td>
<td>40</td>
</tr>
<tr>
<td><strong>Recourse net cash position</strong></td>
<td>495</td>
<td>359</td>
</tr>
</tbody>
</table>
## Revenue sector/country

<table>
<thead>
<tr>
<th></th>
<th>Construction and Property</th>
<th>Civil engineering</th>
<th>PPP</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Netherlands</td>
<td>20%</td>
<td>17%</td>
<td>2%</td>
<td>39%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>18%</td>
<td>11%</td>
<td>0%</td>
<td>29%</td>
</tr>
<tr>
<td>Belgium/L'bourg</td>
<td>7%</td>
<td>4%</td>
<td>0%</td>
<td>11%</td>
</tr>
<tr>
<td>Germany/Swiss</td>
<td>6%</td>
<td>5%</td>
<td>1%</td>
<td>12%</td>
</tr>
<tr>
<td>Ireland</td>
<td>4%</td>
<td>1%</td>
<td>0%</td>
<td>5%</td>
</tr>
<tr>
<td>International</td>
<td>2%</td>
<td>2%</td>
<td>-</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>57%</strong></td>
<td><strong>40%</strong></td>
<td><strong>3%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Revenue per sector/country 2016 as a percentage of gross total revenue 2016
Contact details

BAM Investor Relations

Joost van Galen
+31(0) 30 659 87 07
ir@bam.nl