

# Royal BAM Group nv

## Annual results 2010

Analysts' meeting

Amsterdam, 3 March 2011



# BAM closes financial year 2010 with a net result of €15 million

- Good performances in construction, civil engineering and consultancy and engineering sectors: profit €211 million (profit 2009: €203 million)
- Loss in the property sector: €187 million including the earlier announced impairments (loss in 2009: €266 million)
- Revenue: €7.6 billion (2009: €8.3 billion; -9%)
- Order book: €12.1 billion at year-end 2010 (€11.1 billion at year-end 2009; +9%)
- Dividend proposal: €0.03 dividend with stock option (2009: €0.10 cash dividend)
- Outlook 2011: net profit level of €120 million with comparable revenue

# Construction

|                      | 2010  | 2009  | Δ    |
|----------------------|-------|-------|------|
| Revenue              | 3,211 | 3,528 | -9%  |
| - organic:           |       |       | -11% |
| - currency:          |       |       | +2%  |
| Result <sup>1)</sup> | 95.1  | 77.7  |      |
| Margin               | 3.0%  | 2.2%  |      |
| Order book           | 4,657 | 4,468 | +4%  |
| - organic:           |       |       | +2%  |
| - currency:          |       |       | +2%  |

(in € million, unless stated otherwise)

1) Result before tax

- Good results at the Dutch operating companies, substantially reduced residential construction revenue
- Improved profit margin on reduced revenues in the United Kingdom
- Good margin in Germany from significantly reduced revenues
- Good, but reduced contribution to the result from Belgium

# Property

|                      | 2010  | 2009   | Δ    |
|----------------------|-------|--------|------|
| Revenue              | 593   | 824    | -28% |
| - organic:           |       |        | -28% |
| - currency:          |       |        | -0%  |
| Result <sup>1)</sup> | -59.7 | -132.3 |      |
| Margin               | Neg.  | Neg.   |      |
| Order book           | 1,394 | 1,467  | -5%  |
| - organic:           |       |        | -6%  |
| - currency:          |       |        | +1%  |

(in € million, unless stated otherwise)

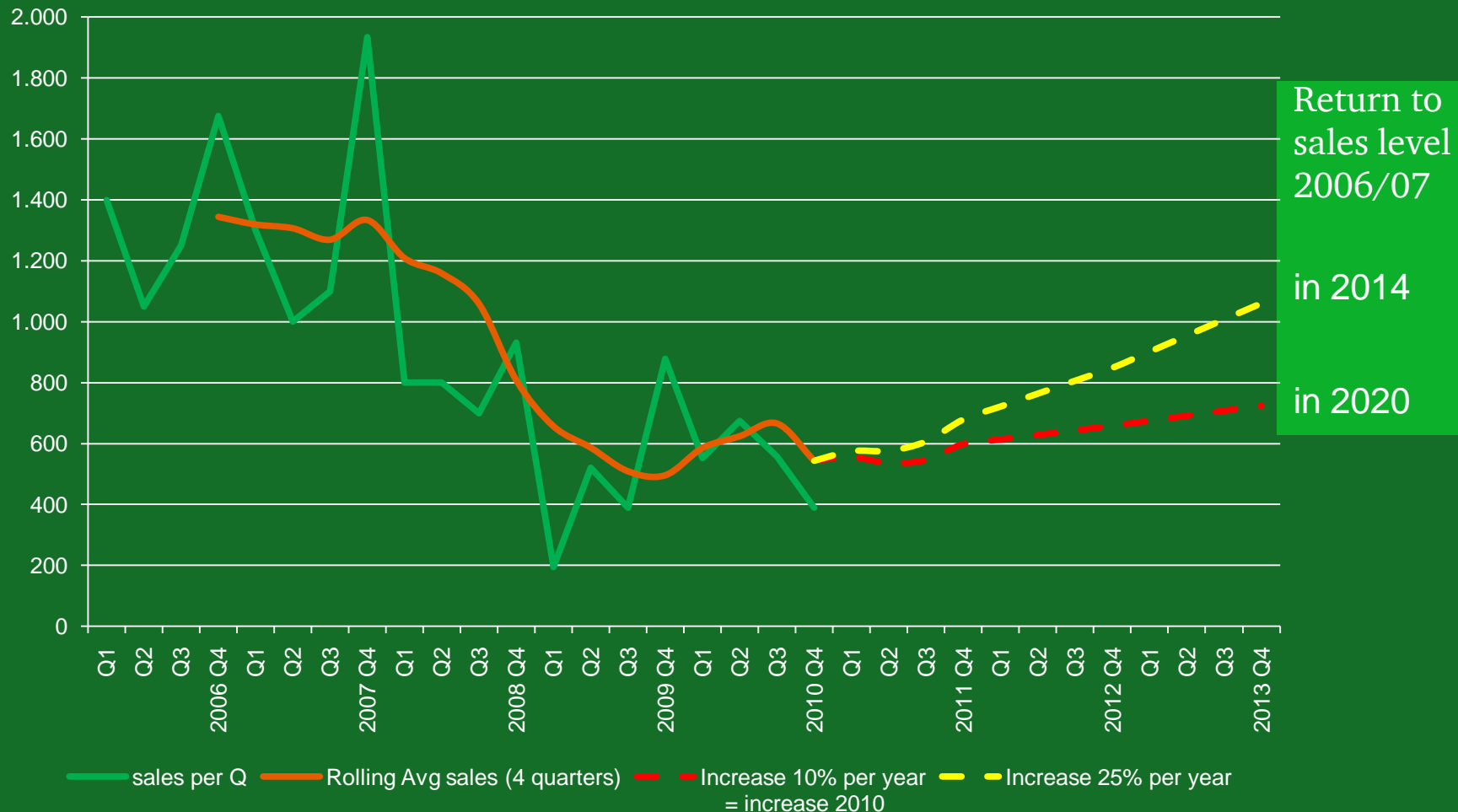
1) Result before tax

- Operational loss on Dutch property activities: €54 million
- Impairment on Dutch property portfolio: €127 million
- Housing sales in the Netherlands from the Group's own development projects: 2,174 homes
- United Kingdom loss in 2010: €13 million (Loss 2009: €19 million)
- Small loss in Ireland
- Good result in Belgium

# Property Netherlands

|                                              | 2010  | 2009  |
|----------------------------------------------|-------|-------|
| Proprietary property development home sales: |       |       |
| Q1                                           | 553   | 195   |
| Q2                                           | 674   | 520   |
| Q3                                           | 557   | 389   |
| Q4                                           | 390   | 879   |
| Total                                        | 2,174 | 1,983 |
| Stock of unsold and unlet premises :         | 2010  | 2009  |
| - homes under construction (number)          | 642   | 727   |
| - homes finished (number)                    | 111   | 62    |
| - commercial property (m <sup>2</sup> )      | 2,300 | 5,000 |

# Property Netherlands: housing sales



# Property investments

|                                | 2010         | 2009         | 2008         |
|--------------------------------|--------------|--------------|--------------|
| Land and building rights       | 688          | 814          | 872          |
| Property development           | 852          | 900          | 913          |
| <b>Total investments (a)</b>   | <b>1,540</b> | <b>1,714</b> | <b>1,785</b> |
| Non-recourse loans             | 402          | 503          | 490          |
| Recourse loans                 | 307          | 302          | 268          |
| <b>Total loans (b)</b>         | <b>709</b>   | <b>805</b>   | <b>758</b>   |
| <b>Net investments (a)–(b)</b> | <b>831</b>   | <b>909</b>   | <b>1,027</b> |

*(in € million, unless stated otherwise)*

## Total investments:

- NL: 1,222 million
- UK: 179 million
- EI: 48 million
- BE: 91 million

# Property investments: Q4 2010

|              | Land and building rights <sup>1)</sup> |                   | Property development <sup>1)</sup> |                   | Total        |
|--------------|----------------------------------------|-------------------|------------------------------------|-------------------|--------------|
|              | Commercial                             | Houses            | Commercial                         | Houses            |              |
| NL           | 53                                     | 581 <sup>2)</sup> | 204                                | 384 <sup>2)</sup> | 1,222        |
| UK           |                                        |                   | 179                                |                   | 179          |
| EI           | 5                                      | 20                | 10                                 | 13                | 48           |
| BE           | <u>29</u>                              | <u>          </u> | <u>62</u>                          | <u>          </u> | <u>91</u>    |
| <b>Total</b> | <b>87</b>                              | <b>601</b>        | <b>455</b>                         | <b>397</b>        | <b>1,540</b> |

(in € million)

1) Combined houses-/commercial developments are split between commercial and housing

2) Including €60 million adjustment compared to first nine months of 2010 presentation

# Civil engineering

|                      | 2010  | 2009  | Δ    |
|----------------------|-------|-------|------|
| Revenue              | 3,659 | 3,944 | -7%  |
| - organic:           |       |       | -8%  |
| - currency:          |       |       | +1%  |
| Result <sup>1)</sup> | 102.6 | 114.2 |      |
| Margin               | 2.8%  | 2.9%  |      |
| Order book           | 5,517 | 4,778 | +17% |
| - organic:           |       |       | +16% |
| - currency:          |       |       | +1%  |

(in € million, unless stated otherwise)

1) Result before tax

- Slightly increased margin achieved by Dutch civil engineering companies from unchanged revenues
- Strong order book in the UK
- Good results Belgian civil engineering companies
- Positive result maintained in Ireland
- German result better, but under pressure because of reduced revenues
- BAM International provides increased margin on lower revenue

# Public private partnerships

|                      | 2010  | 2009 | Δ    |
|----------------------|-------|------|------|
| Revenue              | 311   | 253  | +23% |
| - organic:           |       |      | +22% |
| - currency:          |       |      | +1%  |
| Result <sup>1)</sup> | 3.5   | 11.2 |      |
| Margin               | 1.1%  | 4.4% |      |
| Order book           | 1,288 | 755  | +71% |
| - organic:           |       |      | +63% |
| - currency:          |       |      | +8%  |

(in € million, unless stated otherwise)

1) Result before tax

- Five new contracts in 2010 and preferred bidder for another contract
- Operational results as forecast
- Large number of tenders in progress

# Public private partnerships: portfolio

|                                      | 2010 | 2009 | 2008 |
|--------------------------------------|------|------|------|
| Contracts in portfolio <sup>1)</sup> | 32   | 27   | 28   |
| <i>Of which:</i>                     |      |      |      |
| - Operational                        | 21   | 15   | 18   |
| - Under construction <sup>1)</sup>   | 11   | 12   | 10   |

## *Balance sheet positions*

|                                         | 2010  | 2009 | 2008 |
|-----------------------------------------|-------|------|------|
| PPS assets (intangibles, receivables)   | 1,019 | 728  | 600  |
| PPP loans                               | 941   | 670  | 558  |
| Net PPP equity investment <sup>2)</sup> |       |      |      |
| - Actual                                | 87    | 61   | 69   |
| - Committed (approx.)                   | 240   | 189  | 180  |

(in € million, unless stated otherwise)

<sup>1)</sup> 2010: including one contracts in preferred bidder stage

<sup>2)</sup> BAM share in equity of PPP contracts

# Mechanical and electrical contracting

|                      | 2010 | 2009 | Δ   |
|----------------------|------|------|-----|
| Revenue              | 281  | 260  | +8% |
| - organic:           |      |      | +8% |
| Result <sup>1)</sup> | 7.5  | 9.0  |     |
| Margin               | 2.7% | 3.5% |     |
| Order book           | 397  | 428  | -7% |
| - organic:           |      |      | -7% |

(in € million, unless stated otherwise)

1) Result before tax

- Reduced result at BAM Techniek from higher revenues

# Consultancy and engineering

|                      | 2010 | 2009 | Δ    |
|----------------------|------|------|------|
| Revenue              | 210  | 207  | +1%  |
| - organic:           |      |      | +0%  |
| - currency:          |      |      | +1%  |
| Result <sup>1)</sup> | 13.6 | 11.6 |      |
| Margin               | 6.5% | 5.6% |      |
| Order book           | 101  | 110  | -8%  |
| - organic:           |      |      | -11% |
| - currency:          |      |      | +3%  |

(in € million, unless stated otherwise)

1) Result before tax

- Tebodin performed well in the current economic climate

## Dredging (stake 21,5% Van Oord)

|                              | 2010  | 2009  |
|------------------------------|-------|-------|
| Result contribution Van Oord | 30.3  | 27.3  |
| Book value stake in Van Oord | 191.3 | 172.0 |

*(in € million, unless stated otherwise)*

# Revenue and results per sector

|                             | 2010         |                      | 2009         |                      |
|-----------------------------|--------------|----------------------|--------------|----------------------|
|                             | Revenue      | Result <sup>1)</sup> | Revenue      | Result <sup>1)</sup> |
| Construction                | 3,211        | 95.1                 | 3,528        | 77.7                 |
| Property                    | 593          | -59.7                | 824          | -132.3               |
| Civil engineering           | 3,659        | 102.6                | 3,944        | 114.2                |
| PPP                         | 311          | 3.5                  | 253          | 11.2                 |
| M & E contracting           | 281          | 7.5                  | 260          | 9.0                  |
| Consultancy and engineering | 210          | 13.6                 | 207          | 11.6                 |
| Eliminations and other      | -654         | -1.8                 | -692         | -2.3                 |
| <b>Total sectors</b>        | <b>7,611</b> | <b>160.8</b>         | <b>8,324</b> | <b>89.1</b>          |

(in € million, unless stated otherwise)

1) Result before tax

# Geographical spread of revenue and results

|                        | 2010         |                      |             | 2009        |
|------------------------|--------------|----------------------|-------------|-------------|
|                        | Revenue      | Result <sup>1)</sup> | Margin      | Margin      |
| Netherlands            | 3,379        | 45.1                 | 1.3%        | -0.6%       |
| United Kingdom         | 2,033        | 42.5                 | 2.1%        | 2.6%        |
| Belgium                | 812          | 31.1                 | 3.8%        | 3.6%        |
| Ireland                | 271          | -1.7                 | -0.6%       | -2.3%       |
| Germany                | 798          | 18.2                 | 2.3%        | 1.3%        |
| Worldwide              | 351          | 25.6                 | 7.3%        | 5.5%        |
| Others                 | -33          | -                    |             |             |
| <b>Countries total</b> | <b>7,611</b> | <b>160.8</b>         | <b>2.1%</b> | <b>1.1%</b> |

(in € million, unless stated otherwise)

1) Result before tax

# Key figures income statement

|                                  | 2010   | margin | 2009  | margin |
|----------------------------------|--------|--------|-------|--------|
| Total result sectors             | 160.8  | 2.1%   | 89.1  | 1.1%   |
| Group overhead                   | -10.6  |        | 1.6   |        |
| Group interest                   | -27.6  |        | -36.5 |        |
| Operating activities             | 122.6  |        | 54.2  |        |
| Dredging                         | 30.3   |        | 27.3  |        |
| Result before tax and impairment | 152.6  | 2.0%   | 81.5  | 1.0%   |
| Impairment property positions    | -127.0 |        | -94.3 |        |
| Impairment goodwill              | -      |        | -40.0 |        |
| Income tax                       | -7.6   |        | 89.1  |        |
| Minority interest                | -3.0   |        | -5.0  |        |
| Net result                       | 15.3   | 0.2%   | 31.3  | 0.4%   |

(in € million, unless stated otherwise)

# Earnings per ordinary share

|                                                   | 2010    | 2009    |
|---------------------------------------------------|---------|---------|
| Net result                                        | 0.08    | 0.18    |
| Net result (fully diluted)                        | 0.08    | 0.18    |
| Number of shares <small>(x 1,000)</small>         | 231,766 | 135,197 |
| Average number of shares <small>(x 1,000)</small> | 187,053 | 135,197 |
| - idem; fully diluted                             | 187,399 | 135,543 |
| Adjusted for rights issue:                        |         |         |
| Average number of shares <small>(x 1,000)</small> | 204,184 | 172,193 |
| - idem; fully diluted                             | 204,624 | 172,636 |

*(in €1,-, unless stated otherwise)*

# Dividend proposal 2010

Optional dividend with 5% value advantage for stock

|                                | 2010    | 2009    |
|--------------------------------|---------|---------|
| Dividend per ordinary share    | 0.03    | 0.10    |
| Pay-out ratio                  | 45%     | 43%     |
| Closing price at year-end*     | 4.60    | 7.25    |
| Dividend yield                 | 0.7%    | 1.4%    |
| Dividend per preference share: |         |         |
| - convertible                  | 0.37086 | 0.37086 |
| - non-convertible              | 0.38346 | 0.38346 |

*(in €1,-, unless stated otherwise)*

*\* Actual share price, not corrected for rights issue*

## Key figures balance sheet

|                                             | 2010  | 2009  | △    |
|---------------------------------------------|-------|-------|------|
| Balance sheet total                         | 7,134 | 6,809 | +325 |
| Shareholders' equity                        | 1,100 | 875   | +225 |
| Capital base                                | 1,302 | 1,077 | +225 |
| Capital ratio                               | 18.2% | 15.8% |      |
| Cash                                        | 914   | 719   | +195 |
| Interest-bearing debt                       | 2,271 | 2,107 | +164 |
| Net debt position                           | 1,357 | 1,388 | -31  |
| Fixed assets                                | 2,560 | 2,189 | +371 |
| Working capital<br>(excl. cash and st-debt) | 311   | 460   | -149 |

(in € million, unless stated otherwise)

- Increase equity due to rights issue
- Increase Interest-bearing debt and fixed asset due to increase PPP-contracts
- Decrease working capital due to impairment property development

## Breakdown of net debt position

|                                     | 2010         | 2009         |
|-------------------------------------|--------------|--------------|
| Non-recourse PPP loans              | 825          | 670          |
| Non-recourse project financing      | 420          | 503          |
| Other project financing             | 424          | 302          |
| <b>Total 'project related'</b>      | <b>1,669</b> | <b>1,475</b> |
| Subordinated loan                   | 202          | 202          |
| Loan BAM                            | 360          | 360          |
| Financial lease liabilities         | 38           | 48           |
| Bank overdrafts and other loans     | 2            | 22           |
| <b>Total interest-bearing debts</b> | <b>2,271</b> | <b>2,107</b> |
| Less: cash                          | -914         | -/- 719      |
| <b>Net debt position</b>            | <b>1,357</b> | <b>1,388</b> |
| <b>Recourse net debt position</b>   | <b>112</b>   | <b>214</b>   |

(in € million, unless stated otherwise)

## Bank covenants: ratio's Q4 2010

|                          |                                                                        |             |
|--------------------------|------------------------------------------------------------------------|-------------|
| Recourse leverage:       | $\frac{\text{Net recourse borrowings}}{\text{Recourse EBITDA}}$        | $\leq 2.5$  |
| Recourse interest cover: | $\frac{\text{Resources EBITDA}}{\text{Recourse interest expenses}}$    | $\geq 4.0$  |
| Recourse solvency ratio: | $\frac{\text{Net Worth incl. subord. loan}}{\text{Recourse assets}}$   | $\geq 15\%$ |
| Current ratio:           | $\frac{\text{Total current assets}}{\text{Total current liabilities}}$ | $\geq 1.0$  |

# Recourse EBITDA

|                                                       |            |
|-------------------------------------------------------|------------|
| Operating result before depreciation and impairments  | 206        |
| +/- corrections for result of non recourse activities | 30         |
| +/- cash effect pensions                              | -24        |
| +/- result from associates                            | 34         |
| +/- result third parties                              | -3         |
| +/- book profit sale equipment                        | -3         |
| Recourse EBITDA                                       | <u>240</u> |

# Recourse debt & Recourse interest expenses

|                                                            |       |
|------------------------------------------------------------|-------|
| Net debt                                                   | 1.357 |
| -/- non recourse loans                                     | 1.245 |
| -/- preference shares                                      | 2     |
| Net recourse borrowings                                    | 110   |
| Net finance expenses (expenses -/- income)                 | -22   |
| +/+ capitalized interest                                   | 38    |
| -/- interest non recourse borrowings                       | -46   |
| +/+ adjustment IFRIC 12 PPP                                | 41    |
| +/+ adjustment other financial income                      | 31    |
| +/- result on cash flow hedges for non recourse borrowings | -8    |
| Recourse interest expenses                                 | 34    |

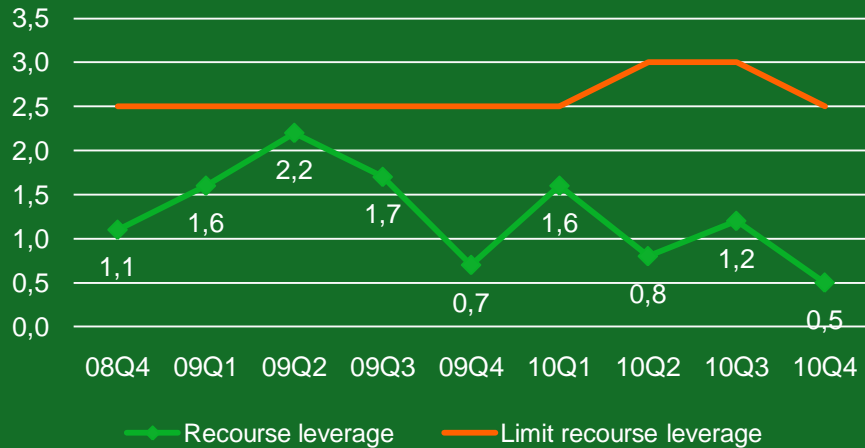
## Net Worth & Recourse assets

|                              |              |
|------------------------------|--------------|
| Capital base                 | 1,301        |
| -/- effect dividend proposal | 7            |
| +/- hedge reserve            | 109          |
| Net Worth incl. subord. loan | <u>1,403</u> |
| Balance total                | 7,134        |
| -/- non recourse loans       | <u>1,245</u> |
| Recourse assets              | 5,889        |

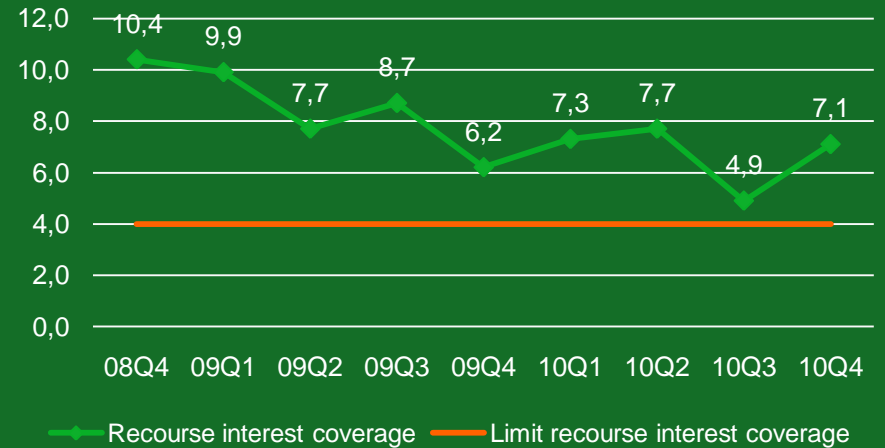
## Current Assets & Current Liabilities

|                                      |       |
|--------------------------------------|-------|
| Current Assets (no adjustments)      | 4,574 |
| Current Liabilities (no adjustments) | 3,716 |

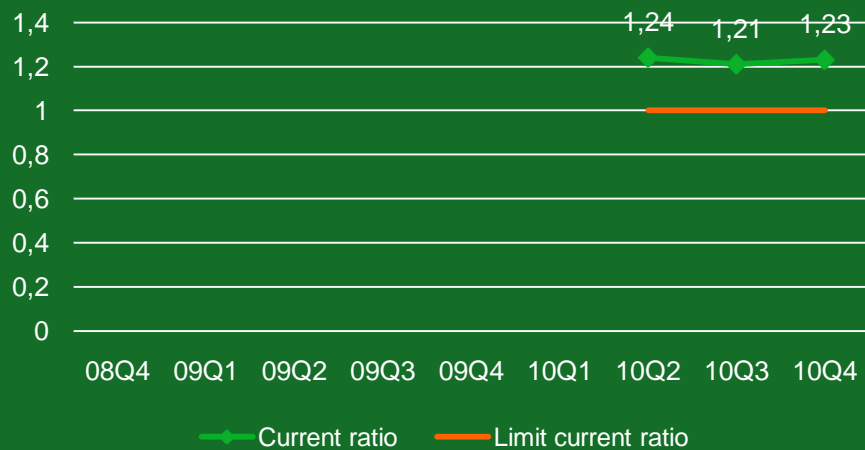
### Recourse leverage ratio



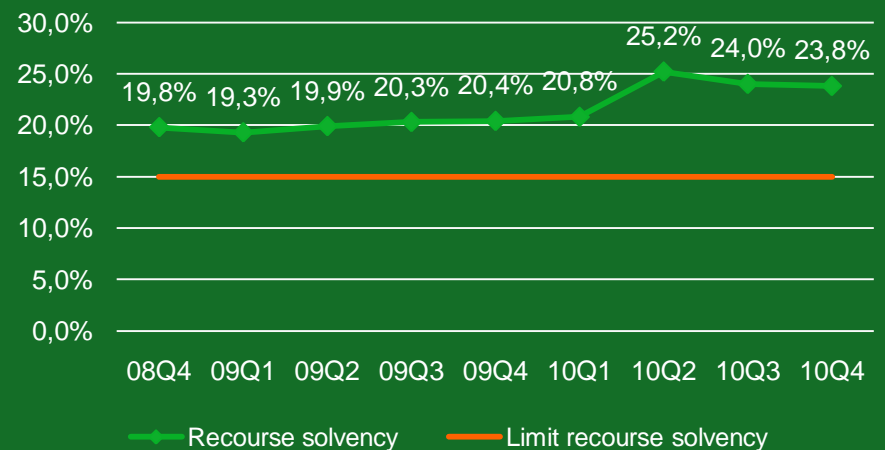
### Recourse interest coverage ratio



### Current ratio



### Recourse solvency ratio



# Order book

|                                                         | 2010               | 2009               | Δ          |
|---------------------------------------------------------|--------------------|--------------------|------------|
| <b>Order book</b>                                       | <b>12,100</b>      | <b>11,100</b>      | <b>+9%</b> |
| - Organic                                               |                    |                    | +7%        |
| - Currency                                              |                    |                    | +2%        |
| <b>To be executed*:</b>                                 |                    |                    |            |
| - next year                                             | 6,300              | 6,300              |            |
| - after next year                                       | 5,800              | 4,800              |            |
| <b>Expected revenue for next year in the order book</b> | <b>Approx. 80%</b> | <b>Approx. 80%</b> |            |

(in € million, unless stated otherwise)

\* Approximate figures

- Increase mainly due to new large (PPP-) projects in 2010

# Outlook 2011

Royal BAM Group expects to achieve, subject to unforeseen circumstances, a net profit level of €120 million in 2011 from similar revenue

This is equal to a margin before tax of 2 percent and is on the low side of the historical cyclical range of 2 to 4 percent. The Group believes that this margin is realistic in the current circumstances.