

TRADING UPDATE NOVEMBER 2014

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BAM reports positive pre-tax result for first 9 months 2014, confirms full-year outlook

- Construction and M&E services: continued weak results related to Dutch activities
- Civil engineering: result impacted by the two loss making projects reported at Q2
- Property: good result driven by commercial property sales
- PPP: strong result supported by transfer six projects into PGGM joint venture, healthy pipeline
- Restructuring costs of €10.6 million year to date
- Back in Shape programme making good progress

<i>(in € million, unless otherwise indicated)</i>	First nine months 2014	First nine months ² 2013	Full year ² 2013
Revenue	5,163	4,983	7,015
Adjusted ¹ result before tax	15.0	24.2	73.6
Result before tax	2.7	17.2	42.7
Order book (period-end)	10,300	10,400	10,000

¹ Excluding restructuring, impairments and pension one-off.² Re-stated for discontinued operations.**Rob van Wingerden, CEO of Royal BAM Group:**

'The adjusted result for the first nine months of 2014 shows a mixed picture. The negative results in the operational sectors are offset by strong performances of the investment sectors. Both operational sectors experienced weak margins on the older order backlog and under recovery of overheads in the Netherlands, which persists in the fourth quarter.

I confirm our outlook for the full year 2014 of a result before tax, impairments and restructuring charges of about €20 million. There will be restructuring charges in the fourth quarter of 2014 and in 2015.

The Back in Shape programme I presented in October is making good progress. The new management committee is in place and the new organisational structure and improved processes are being rolled out. There is a growing positive momentum behind our cost reduction and working capital improvement programmes. The on-going challenges we face in our home countries make the need for successful delivery of Back in Shape absolutely clear.'

Live audio webcast

On 6 November 2014, 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

<i>(x € million)</i>	First nine months of 2014		First nine months of 2013*	
	Revenue	Result	Revenue	Result
Result and revenue				
Construction and M&E services	2,106	-9.4	2,173	0.0
Civil engineering	2,784	-6.1	2,775	29.2
Property	350	16.7	186	-15.8
Public Private Partnerships (PPP)	200	18.1	212	13.3
Eliminations and miscellaneous	-277	2.3	-363	0.0
Total sectors	5,163	21.6	4,983	26.7
Group overhead		-3.0		1.2
Group interest charge		-3.6		-3.7
Adjusted result before tax		15.0		24.2
Restructuring*		-10.6		-1.5
Impairments		-1.7		-5.5
Result before tax		2.7		17.2

* Re-stated for discontinued operations and to show the restructuring charge separately.

Sector performance 9M 2014 vs. 9M 2013

Revenue at Construction and M&E services fell by €67 million (-3%). All activities in the Netherlands were lower, especially residential. This was partly offset by top-line growth in the other countries. There was a loss in the Netherlands in the first nine months related to some orders booked under very difficult market circumstances and under recovery of overheads. The result in the UK was down: Belgium was up. The order book rose by 7% compared to end-2013, driven by all countries except Belgium.

At Civil engineering revenue was stable. There was a mixed picture across the countries: the main growth came in the UK and to a lesser extent Ireland; revenue declined in Belgium and at BAM International (the latter due to order phasing). The result for the first nine months includes losses on the two projects discussed at Q2. At the UK project a new technical solution is being implemented. The order book was flat compared to end-2013.

In Property, BAM's positive result was driven by sales of commercial properties in the first half of 2014. BAM sold 1,424 homes (9M 2013: 910) in the Netherlands from its own development projects in the first nine months of the year, reflecting the development of the residential property market in and around major cities. However Dutch property markets in the regional areas are still subdued.

At PPP, the transfer of six projects to the joint venture with PGGM supports the positive result. So far in 2014 three bids were successful; the bid pipeline remains healthy.

Financial position and balance sheet

- The ratio of average trade working capital to rolling 4-quarters revenue deteriorated during the third quarter by 0.7 percentage points to -6.1%.
- The Property divestment programme has realized €160 million in the first three quarters of 2014, driven by sales of commercial properties in most countries.
- The capital ratio improved by 2 percentage points to 21.8% compared to year-end 2013 due to a lower asset base.
- BAM was within the limits of all its banking covenants as at 30 September 2014.