Heijmans annual results 2017

23 FEBRUARY 2018

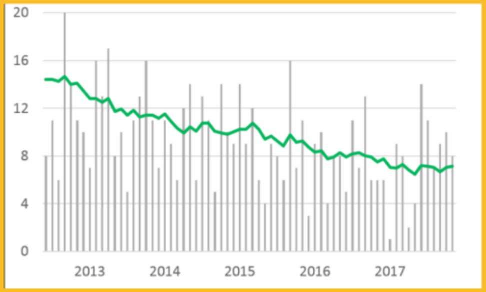
DE SCHOONE LEY, HAGA TERREIN DEN HAAG

Heijmans annual results 2017: sound basis for continued recovery

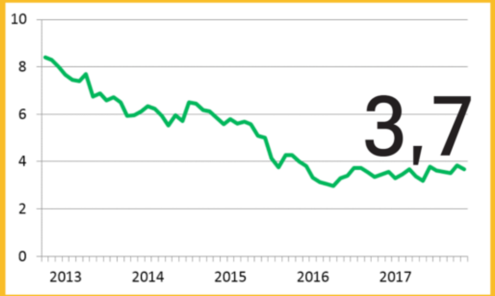
TON HILLEN, CEO HEIJMANS N.V.

Safety

Trend number of lost-time injuries (incl. subcontracting and restricted workday cases)
Trend IF figure (own staff incl. hirers)
Period 2013 - 2017



Number of Injuries
per month



Injury Frequency (IF*)

Year	2013	2014	2015	2016	2017
# Injuries	131	120	105	94	77

*IF= Injury Frequency (number of lost-time injuries in the last 12 months / number of days worked in the last 12 months * 1.000.000 (Target: IF < 1)

Recap 2017

Focus, Discipline, Excellence

- Transformation into Dutch company, divestment foreign operations
- High-risk projects under control
- Tightened commercial focus
- De-risking of the company, especially Infra:

  improved balance in revenues between large integrated projects on the one hand and regional projects, maintenance, asset management and specialist projects on the other
- Reduction cost structure
- Core values programme ‘I!’ (Dutch:‘IK!’)

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Progress high-risk projects

• N23:	work on schedule
	opening December 2018, official delivery March 2019
• Drachtsterweg:	opened for traffic (delivery documentation ready 1 April 2018)
• RIVM:	decision to transfer Heijmans interest in consortium to Strukton:
	one-off loss €3,5 mln
• Wilhelmina lock project:	pending definitive verdict and agreement on cost allocation
	interim ruling of the Arbitration board for the building industry
	indicates that neither the Province of Noord-Holland nor Heijmans
	could have foreseen the cause of the problem with the lock's design

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Highlights annual results

- In 2017, Heijmans was transformed into a purely Dutch company with a focus on its core competencies in property development, residential building, non-residential and infrastructure
- Underlying EBITDA Netherlands €30 mln (2016: €73 mln negative)
- Total number of homes sold 2,192 (2016: 1,962), of which 1,394 were sold to private buyers (2016: 1,019)
- Continuing strong growth in revenue and result Property Development, stable development Residential Building
- Infra from severely loss-making to profitable operation, lagging performance Non-Residential
- Net profit (incl. €29 mln foreign operations) to €20 mln in 2017 (2016: net loss of €110 mln)
- Solvency ratio 27%, net cash position year-end €14 mln (2016: net debt €100 mln)

KAAGBAAN RUNWAY, AMSTERDAM SCHIPHOL AIRPORT

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Key figures

Key figures * x 1 € million	H2 2017	H2 2016	2017	2016
Revenues Netherlands	756	665	1.402	1.370
Underlying EBITDA Netherlands **	21	-64	30	-73
Result after tax	0	-98	20	-110
Earnings per share (in €)	0,00	-4,59	0,91	-5,16
Order book Netherlands	1.898	1.863	1.898	1.863
Net debt	-14	100	-14	100
Number of FTE Netherlands	4.442	4.597	4.442	4.597

* Unless otherwise noted, the key figures are presented for all operations. In the consolidated income statement (see attached sheets) the results of the continued and discontinued operartions are shown separately.

** underlying EBITDA is the operating result before depreciation corrected for operating result joint ventures, write down on property assets, restructuring costs, book result on sale of subsidiaries and other extraordinary items.

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Development per sector

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Property development: excellent performance, driver for growth

Property development

x € 1 million	**H2 2017**	H1 2017	**2017**	2016
Revenues	205	186	391	332
Underlying EBITDA	12	8	20	15
Underlying EBITDA margin	*5,9%*	*4,3%*	*5,1%*	*4,5%*
Order book	420	305	420	311

- Strong growth revenue and performance continues, good prospects for 2018:
  revenue +18%, underlying EBITDA +33%, number of homes sold +12%
  average sales price (incl. transaction costs, excl. VAT) of homes sold to private buyers +24%
  orderbook + 35%
- Combination of inner-city area development and development of suburban areas
- Slight decrease of investment commitments

NOORDERHAVEN, ZUTPHEN

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Residential: controlled development

Residential

x € 1 million	**H2 2017**	H1 2017	**2017**	2016
Revenues	158	139	297	296
Underlying EBITDA	3	2	5	4
Underlying EBITDA margin	*1,9%*	*1,4%*	*1,7%*	*1,4%*
Order book	435	342	435	327

- Revenue and underlying EBITDA at comparable level
- Strong turnaround in the market, pressure on availability of subcontractors and procurement prices
- Focus on controlled growth and quality, execution partner for Property Developent projects, combined with own acquisition
- Focus on standardised products: Heijmans Huismerk and Heijmans Wenswonen (550 in 2017, 1.000 expected in 2018), Heijmans ONE (135 since 2016)
- Growing demand renovation and sustainability, revenue at present € 50 mln

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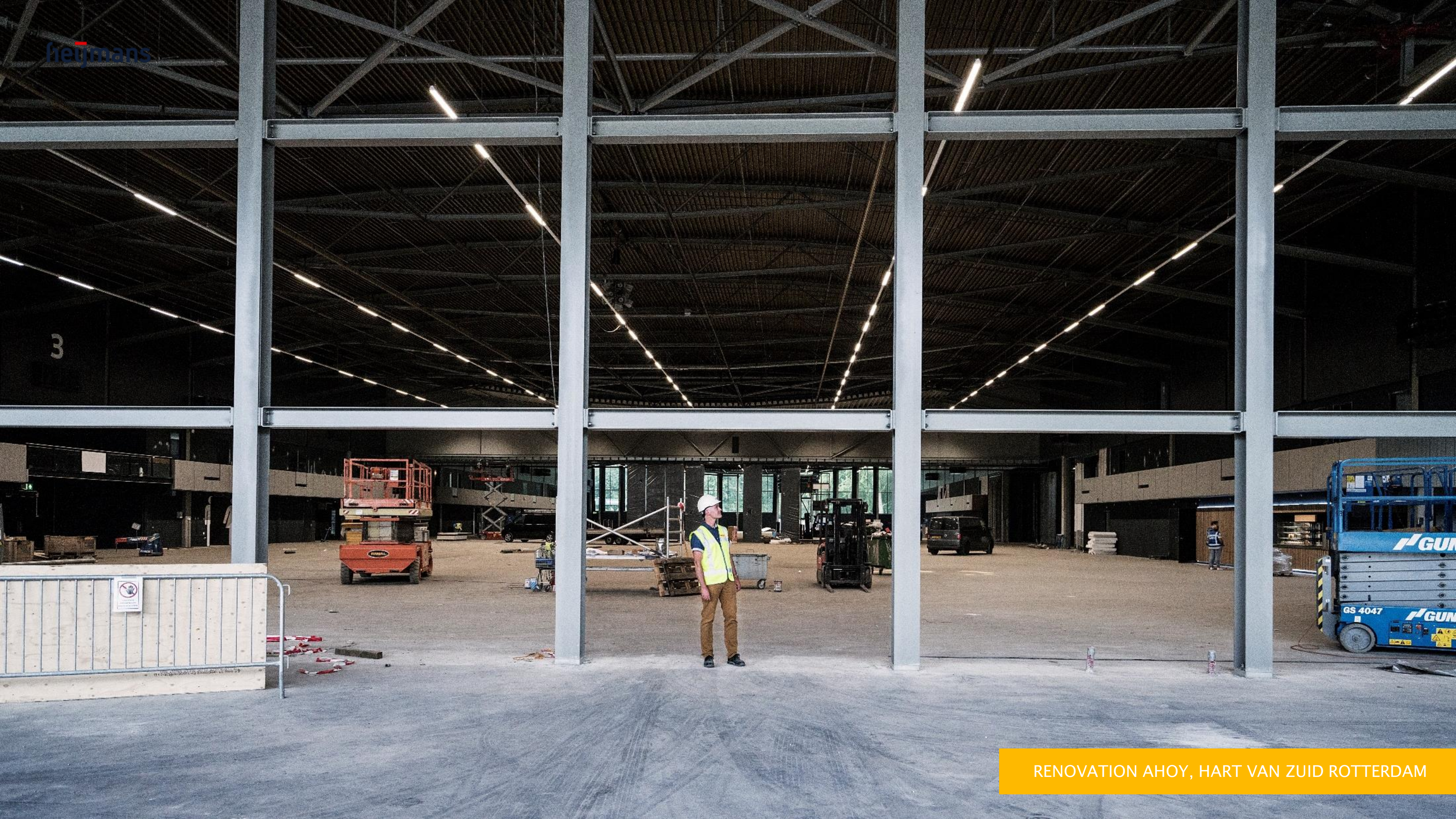
HEIJMANS ONE IN SCHIJNDEL

Non-residential: lagging results

Non-residential

x € 1 million	**H2 2017**	H1 2017	**2017**	2016
Revenues	122	118	240	315
Underlying EBITDA	-5	-1	-6	-14
Underlying EBITDA margin	*-4,1%*	*-0,8%*	*-2,5%*	*-4,4%*
Order book	589	756	589	758

- Revenue further declined in 2017, underlying EBITDA negative
- Selective acquisition policy for new-build projects,
- Selective acquisition of new-build projects, insufficient coverage overhead
- Withdrawal RIVM project
- No further downscaling: new business opportunities expected in near future
- Maintenance activities (Services): decent performance, revenue of €171 mln
- Data-driven concepts: BeSense – implementation at ten clients, several advanced leads



RENOVATION AHOY, HART VAN ZUID ROTTERDAM

Infra: strong recovery

Infra

x € 1 million	**H2 2017**	H1 2017	**2017**	2016
Revenues	379	301	680	621
Underlying EBITDA	15	1	16	-73
Underlying EBITDA margin	*4,0%*	*0,3%*	*2,4%*	*-11,8%*
Order book	814	987	814	730

- Revenue increased, strong improvement underlying EBITDA
- Measures taken have proved to be effective: agreement on a numer of high-risk projects, tightened focus, organisational improvements, appointment CRO, reduction of cost structure, improved balance in types of projects
- N23: controlled realisation and good progress towards opening in 2018
- A9: availability planned for end June 2018
- Wilhelmina lock project: pending final verdict

TUNNEL A9, AMSTERDAM

Financial

Recovery according to plan

- Divestments foreign operations resulting in net debt impact of €97 mln, total net debt improved with €114 mln to €14 mln ‘net cash’
- Improved capital ratios: balance sheet downsized, capital base strengthened, improved debt position
- Steady working capital development and good progress in de-risking
- Solvency ratio year-end 2017: 27%
- Early reduction of credit facility to €156 mln (FY 2016: €256 mln), on track towards further reduction to €122 mln as per 30-6-2019
- Throughout the year Heijmans operated well within the parameters of the agreed covenants
- Regular covenants will once again be in effect from 2018 onwards: Heijmans would already have been compliant with these covenants in Q4

Strategy and outlook

Focus, Discipline, Excellence

Core company in order – measures and actions taken:

- Sustainable recovery of the company and its profitability
- Debt reduction, structural strengthening of capital ratios
- Selective acquisition based on core competences / derisking: improved balance in overall revenue mix
- Clear focus on further improvement tendermanagement process and project control: improve predictability of projects
- Expansion project coordination role, development of multi-year client relationships via services, management and maintenance
- Focused development of know-how/technology/products, in line with core business and in cooperation with clients
- Optimised cost structure in line with adjusted scope and strategy
- Internal programmes with focus on company culture, core values, safety

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Strategy towards 2023

Setting our sights on the future – making Heijmans future-proof:

development of a strategic agenda towards 2023

- ‘Core company in order’ remains priority: following up on ‘Focus, Discipline, Excellence’ strategy as the foundation of the company – processmanagement, quality of the organisation, safety, reduction of failure costs: **improving continuously**
- Focused development in the field of digitisation, smart solutions and innovative production technology: **making our operations smarter**
- Commitment to making the built environment more sustainable, integrated approach of area development, with focus on energy, materials and available space: **sustainability**

FENIXLOFTS, ROTTERDAM

Next steps – strategic choices

- Two-person Executive Board and Group council
- Non-residential and Residential Building under centralised management, effective 1 January 2018: integrated cooperation and know-how, market opportunities in the field of multi-functional, high rise inner-city (residential) building
- Fewer PPP-contracts tendered: PPP department incorporated within business segments
- Centralised risk management: Chief Risk Officer at group level
- Strengthening of Human Resources Management, specific attention to company culture and talent development

Outlook

- 2017 transitional year, repositioning of the Dutch core business:
  - Solid progress on all fronts: profit recovery, debt reduction, derisking
  - Reduction impact of specific high-risk projects progressing well, withdrawal from RIVM-project is major step
- Order book year-end 2017 at similar level as year-end 2016: €1.9 billion

  order book well filled and of good quality
- Key goal for 2018 remains continued recovery in profitability

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