Heijmans interim results 2018

15 AUGUST 2018

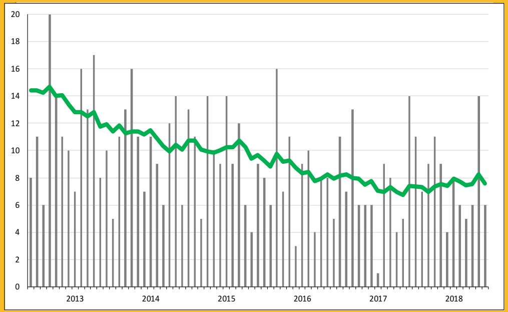
GAASPERDAMMERTUNNEL, A9 AMSTERDAM

Heijmans continues improvement in first half of 2018

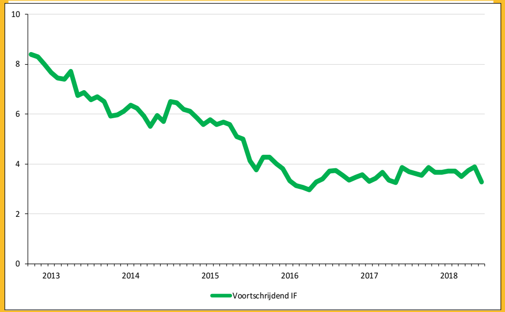
TON HILLEN, CHAIRMAN EXECUTIVE BOARD HEIJMANS N.V.

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*)

	2014	2015	2016	2017	2018- YTD
Fatal injuries	0	0	0	1	0
IF	5,6	3,9	3,7	3,7	3,3
# Injuries	120	105	94	77	45

*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)

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Highlights interim H1 results

- Revenues increased to € 780 million (H1 2017: € 646 million); strongest growth at property development and residential building activities
- Underlying EBITDA improved: € 20 million (H1 2017: € 9 million), strongest growth at Property Development and Residential Building
- Homes sold in line with last year: 1,065 homes sold in H1of 2018 (1,106 homes H1 2017)
- Net profit after tax € 8 million (H1 2017: loss of € 9 million from continued operations, excluding sales proceeds of foreign activities)
- Orderbook increases to € 2,2 billion at end-June 2018 (year-end 2017: € 1.9 billion)
- Net debt further decreased to € 14 million at end-June 2018 (end-June 2017: € 45 million).

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Key figures H1 2018

x 1 € million	H1 2018	H1 2017	2017
Revenues Netherlands	780	646	1.402
Underlying EBITDA Netherlands **	20	9	30
Result after tax	8	20	20
Earnings per share (in €)	0,39	0,92	0,91
Order book Netherlands	2.203	2.121	1.898
Net debt	14	45	-14
Number of FTE Netherlands	4.485	4.501	4.442

* 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 including operating result joint ventures, excluding write down on property assets, restructuring costs, book result on sale of subsidiaries and other extraordinary items.

Development per sector

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Property Development: healthy growth from strong market position

Property development

x € 1 million	**H1 2018**	H1 2017	**2017**	Variance 2018-2017
Revenues	245	186	391	32%
Underlying EBITDA	13	8	20	
Underlying EBITDA margin	*5,3%*	*4,3%*	*5,1%*	
Order book	451	305	420	

- Confidence in housing market: positive development and controlled growth
- Increase in revenues and margin continues, orderbook at healthy level
- Number of homes sold comparable to last year: 1,065 in H1 2018 (1,106 in H1 2017)
- Maintaining a healthy pipeline requires much attention: delays due to gas-free building, timing of large projects, scarcity in the market, availability of new areas for building in the Netherlands
- Landbank is decreasing, total volume of commitments is increasing, mainly conditional commitments


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LAND VAN DICO, UDEN

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Building & Technology: on track with higher revenues and improved results

Building & Technology

x € 1 million	**H1 2018**	H1 2017	**2017**	Variance 2018-2017
Revenues - Residential	*213*	*139*	*297*	
Revenues - Non-Residential	*136*	*118*	*240*	
Revenues - Building & Technology	349	257	537	*36%*
Underlying EBITDA - Residential	*6*	*2*	*5*	
Underlying EBITDA - Non-Residential	*0*	*-1*	*-6*	
Underlying EBITDA - Building & Technology	6	1	-1	
Underlying EBITDA margin	*1,7%*	*0,4%*	*-0,2%*	
Order book	1.205	1.098	1.024	

- Increase in revenues and underlying EBITDA, orderbook at healthy level
- Good performance residential building activities, production at full speed
- Heijmans Huismerk and Heijmans Wenswonen offer perspective in tight market:
  of all homes sold in H1 60% is a concept-home
- Non-residential activities on track to deliver positive contribution to the group results
- Growth revenue of non-residential activities now both from project-business and technical services
- Start-up several new projects with healthy contribution to cashflow development

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Infra: controlled progression

Infra

x € 1 million	**H1 2018**	H1 2017	**2017**	Variance 2018-2017
Revenues	312	301	680	4%
Underlying EBITDA	6	1	16	
Underlying EBITDA margin	*1,9%*	*0,3%*	*2,4%*	
Order book	953	987	814	

- Focus remains on improving predictability in projects and achieving a healthy balance between large-scale projects and regional projects, asset management and specialised activities
- Order intake increased through smaller (regional) projects, such as provincial roads: improved balance with large-scale projects
- N23 according to plan, A9 key milestone reached by obtaining availability certificate for the Gaasperdammer tunnel
- Final judgement Wilhelmina lock project Zaandam: compensation of € 8 million, lower than claimed – additional loss of € 5 million provisioned but within earlier defined bandwidth

DRINKING WATER PIPELINE LOOSBROEK - OSS

Financial

Renewed financing agreements

- Syndicated facility extended until 1 july 2022
- At Heijmans' request total facility commitment reduced by € 12 million to € 144 million, to be gradually reduced to € 121 million until 30 June 2019
- Interest Cover Ratio (>4) and Leverage Ratio (<3) remain unchanged
- Average Leverage Ratio adjusted downwards from max. 2,5 to max. 1,5 through Q1 2019 and max. 1,0 in the subsequent quarters
- New addition is the Solvency Ratio: guaranteed capital must be at least 20% of the balance sheet total in 2018 and 2019, and at least 22.5% in the subsequent years; to be tested at year-end.

Financial Covenants

Amounts x € 1 million	2017.JUN	2017.DEC	2018.JUN
Net debt	**45,1**	**-13,7**	**14,5**
Adjustments:			
Net debt Joint Ventures	81,4	89,2	96,6
Net debt non recourse project finance	-89,6	-95,0	-100,0
Cumulative preference shares B	-45,1	-45,1	-45,1
Other	3,3	5,3	2,7
Net debt covenants (A)	**-5,0**	**-59,3**	**-31,4**
Reported EBITDA	-21,3	59,0	32,4
Extraordinary items	-1,8	-14,2	12,5
EBITDA JV's	-15,6	-14,1	-3,4
Underlying EBITDA	**-38,7**	**30,8**	**41,5**
Adjustments:			
Capitalised interest	1,4	1,5	1,3
EBITDA non recourse projects	-3,8	-5,2	-4,2
Other	-0,8	-1,3	-1,3
EBITDA covenants (B) - Interest Cover - 12 month rolling	**-42,0**	**25,8**	**37,4**
EBITDA from disposed subsidiaries	12,8	0,9	
EBITDA covenants (C) - Leverage Ratio - 12 month rolling	**-54,8**	**24,9**	**37,4**
Net interest	**11,2**	**11,3**	**10,6**
Adjustments:			
Net interest joint ventures	1,6	1,1	0,9
Net interest non recourse project financings	-2,9	-2,8	-2,0
Interest cumulative preference shares B	-3,6	-3,6	-3,6
Other	-1,5	-2,7	-3,4
Net interest covenants (D) - 12 month rolling	**4,8**	**3,3**	**2,5**
Average net debt covenants (E)	**102,9**	**46,8**	**9,4**
Leverage ratio (A/C) <3	**N/A**	**N/A**	**-0,8**
Interest cover ratio (B/D) >4	**N/A**	**N/A**	**15,0**
Average Leverage ratio (E/C) <1,5	**N/A**	**N/A**	**0,3**

In 2017 minimum levels were agreed for EBITDA and Solvency.
Throughout the year, Heijmans complied with these temporary covenants.

Covenants

- EBITDA development positive, no more pressure on covenants
- (Average) debt substantially decreased, new level of Average Leverage Ratio therefore amply within reach

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Condensed Balance sheet

x € 1 million	**30 June 2018**	31 December 2017	30 June 2017
Fixed assets	252	282	294
Working capital (excl. cash and cash equivalents)	-72	-116	-67
Capital invested	**180**	**166**	**227**
Equity	145	162	162
Provisions (non-current)	21	18	20
Net debt	14	-14	45
Financing	**180**	**166**	**227**

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Strategy and outlook

New phase, new challenges

- From shrinkage to growth
- Respond to market conditions: scarcity of resources at residential building, gas-free building
- Management style that fits this new phase: forming of the Group council, forming Building & Technology
- Further development risk management with central role for CRO and risk office
- From short term focus to long term strategy

On track towards structural recovery of profitability

- Continuation of selective acceptance policy, project control, predictability, controlled continuation of previously acquired high risk-projects
- Structural recovery of profitability and making Heijmans future-proof: strategic agenda 2023 in progress – 'Improve, make Smarter and more Sustainable'
- Well on track to strong performance 2018, where each business unit contributes to a positive result
- Growth in almost all segments

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Condensed consolidated statement of financial position

x € 1 million

	ASSETS	30 June 2018		31 December 2017		30 June 2017	
	Non-current assets						
	Property, plant and equipment	44		47		50	
	Intangible assets	79		80		81	
	Joint ventures and associates	66		66		69	
8.5	Employee related receivable	-		30		30	
	Other fixed assets	63		59		64	
			252		**282**		**294**
	Current assets						
	Strategic land portfolio	143		150		147	
	Residential properties in preparation or under construction	44		27		41	
	Other inventory	11		10		11	
	Construction work in progress	82		61		82	
	Trade and other receivables	214		167		151	
	Cash and cash equivalents	48		74		50	
			542		**489**		**482**
	Total assets		**794**		**771**		**776**

	EQUITY AND LIABILITIES	30 June 2018		31 December 2017		30 June 2017	
	Equity		**145**		**162**		**162**
	Non-current liabilities						
	Interest-bearing [1]	53		54		83	
	Non-interest-bearing	21		18		20	
			74		**72**		**103**
	Current liabilities						
	Interest-bearing loans and other current financing liabilities	9		6		12	
	Trade and other payables	366		378		331	
	Construction work in progress	155		129		137	
8.3.1.2	Provisions [3]	42		22		27	
	Other	3		2		4	
			575		**537**		**511**
	Total equity and liabilities		**794**		**771**		**776**
	Solvency rate based on guarantee capital [2]		**24%**		**27%**		**27%**