

Update 2016: preliminary annual figures, refinancing, strategy adjustment



16 February 2017
Executive Board Heijmans N.V.

Heijmans; preliminary results 2016, strategy adjustment and new financing agreements

- Agreements concerning loss-making projects: resulting in great loss
- Refinancing realised, agreements extended up to 1 July 2019
- Tightened strategic focus: Heijmans to concentrate on Dutch market

Ton Hillen – chairman Executive Board Heijmans N.V.

Highlights based on preliminary figures

- Revenues slightly decreased: € 1.9 billion (2015: € 2 billion), excl. Belgium and Oevermann € 1.43 billion
- Net result: - € 110 million (2015: - € 27 million)
- Losses primarily due to loss-making projects, in total approximately € 90 mln
- Underlying operating result: - € 66 mln (2015: - € 5 mln)
- Book loss Franki € 6 mln, write down on property assets € 19 mln
- Loss-making projects: negative impact cash flow H2, leading to net debt € 100 mln (2015: € 10 mln)
- Risk profile loss-making projects reduced due to agreements clients
- Refinancing realised
- Solvency ratio year-end 2016 approx. 16%, following divestment Belgium > 20%
- Order book NL € 1.9 billion (2015: € 1.7 billion)

Financial settlement and ringfencing of loss-making projects

- Total impact 2016 nearly € 90 mln
- Infra: approx. € 75 mln
- Non-Residential: approx. € 15 mln

- Drachtsterweg Leeuwarden: new agreements Q2 2016, loss 2016: € 6 mln
- Energiefabriek Tilburg: contract termination per 1-12-2016, loss 2016: € 23 mln
- N23: new agreement, loss provision 2016: € 32 mln
- Wilhelminasluis Zaandam: arbitration procedure started > provision 2016: € 8 mln
- RIVM: new design, start construction, financial consequences being discussed > provision 2016: € 10 mln
- Other: several minor losses concerning projects completed in 2016, approx. € 10 mln

Status disposals

- Franki: net proceeds nearly € 15 million, sale concluded
- Belgium companies: net proceeds over € 40 million, pending approval antitrust authorities
- Oevermann: analysis and process ongoing

Preliminary results 2016

<u>(in million €)</u>
Property Development
Residential
Non-Residential
Infra
Eliminations
Netherlands
Belgium/ Germany
Holding
Total

Full Year			
2016		2015	
Revenues	Underlying EBIT	Revenues	Underlying EBIT
330	15	278	9
295	4	295	5
315	-15	421	0
620	-78	690	-26
-195		-233	
1.365	-74	1.451	-12
515	20	527	15
	-12		-8
1.880	-66	1.979	-5

Development sectors

Property Development and Residential Building

- Property development: strong increase revenues and results
- Residential Building: revenues and results comparable to 2015, controlled growth

Non-Residential

- Non-Residential: decreasing revenues due to delay RIVM and selective acquisition policy
- Result disappointing due to strong negative project result RIVM
- Growth maintenance and management, in scope and proportion

Infra

- Decreasing revenues primarily due to stagnating and halted projects
- Acquisition, tender,- risk and contract management tightened
- Negative operating result, substantial impact loss-making projects
- Majority of activities performing in line with expectations
- Order book increasing due to Wintrack II (share 60%) and Zuidasdok (share 15%), not yet included in order book at year-end 2016

Short-term measures

- Risk profile loss-making projects reduced, effective completion
- Strategy adjusted and implementation started: focus fully on Dutch market
'Focus, Discipline, Excellence'
- Tightened focus on core competencies
- Selection of projects: core competencies, margin and risk profile, partnering, new Tender Template
- Process management via Go/No Go's
- Organisational changes: management Infra and Non-Residential
- Optimisation of cost structure, adjustment overhead in line with new organisation
- Permanent focus on safety through GO! Programme

Financing

- Duration until 1 July 2019
- Credit facility reduced in phases to € 122 mln (30 June 2019), in line with new scope
- Divestment foreign companies: debt reduction
- No covenant testing Q4 2016 and Q1 2017
- Q2, Q3, Q4 2017: customised covenants, testing minimum levels EBITDA and solvency ratio:
 - phased minimum EBITDA rising to € 20 million in Q4 2017
 - solvency ratio rising to at least 20% in Q4 2017
- Per 2018 testing based on existing covenants
- Continuity secured, important step towards recovery

Strategic adjustment: 2017 - 2019

Focus, Discipline, Excellence

- Dutch core company, revenues approx. € 1,5 billion, with positive results
- Selective acquisition based on core competencies per segment
- Large/complex projects in partnerships
- Optimising cash management: from acquisition until completion
- Bringing cost structure in line with scope Heijmans Nederland, no large reorganisations anticipated
- Key objective 2017: debt reduction and recovery profitability

Strategic adjustment per sector

Property Development and Residential Building

- Growth from solid fundamentals, in margin and volume
- Accelerating property developments leads to further debt reduction
- Combination: suburban areas and inner-city developments
 - new-build and transformation/renovation
- Growth in integrated area development, by acquiring new positions in a creative and inventive manner
- Sales of residential labels: Huiskerk, Wenswonen and Heijmans ONE
- Integrated approach urban, often piled construction with Non-Residential and civil engineering expertise

Strategic adjustment per sector

Non-Residential

- Commercial focus and selective acquisition based on core competencies
- Expand market share Services, growth in volume and margin
- Growing importance of concepts and process standardisation
- Intensifying collaboration with Property Development on the realisation of urban projects
- BeSense example of smart and efficient maintenance

Infra

- Focus mainly on mobility, emphasis on line-infrastructure
- Selective acquisition policy, client selection
- Large projects max. 10% of infra revenues/year, very large projects in partnerships with risk-bearing partners
- Optimise cost structure: expand flexibility through outsourcing, lower break-even point
- Growth maintenance and management, long-term contracts: volume and share
- Strengthening asset management for private clients

Management

After 12 april 2017 (AGM)

- Ton Hillen: Chief Executive Officer
- Ruud Majenburg: member Executive Board
- Age Lindenbergh: Chief Financial Officer ad interim

Disclaimer

This presentation has been prepared by and is the responsibility of Heijmans N.V. This presentation is being supplied to you solely for your information and use at the presentation which will be or was held on February 16, 2017. The information may not be further distributed or passed on to other people or published or reproduced in whole or in part. The information may be subject to updating, completion, revision and amendment and such information may change materially.

This presentation contains certain forward-looking statements relating to the business, financial performance and results of the Heijmans N.V. and the industry in which it operates. These statements are based on Heijmans N.V.'s and its management's current plans, estimates and projections, as well as its expectations of external conditions and events. In particular the words “expect”, “anticipate”, “predict”, “estimate”, “project”, “plan”, “may”, “should”, “would”, “will”, “intend”, “believe” and similar expressions are intended to identify forward-looking statements. Forward-looking statements are statements of future expectations that are based on current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Neither Heijmans N.V. nor any of its subsidiaries undertake any obligation to publicly update or revise any forward-looking statement as a result of new information, future events or other information.

No representation or warranty, express or implied, is or will be made by Heijmans N.V., its advisors or any other person as to the accuracy, completeness or fairness of the information or opinions contained in the presentation and any reliance you place on them will be at your sole risk. Without prejudice to the foregoing, neither Heijmans N.V., its associates, its advisors, nor its representatives accept any liability whatsoever for any loss howsoever arising, directly or indirectly, from the use of this presentation or its contents or otherwise arising in connection with this presentation. The presentation does not constitute or form part of, and should not be constructed as, an offer or invitation to subscribe for or purchase any securities.

heijmans



HeijmansNL



HeijmansNL

www.heijmans.nl



HeijmansNV



Heijmans



Spaarndammerbuurt,
Amsterdam





New built RIVM & CBG,
Utrecht



Maintenance Ministries
Den Haag



A12 Parallelstructuur
Gouda



1000^e Heijmans
Huismerkwoning
Grauwaart Leidsche Rijn,
Utrecht





Wintrack II
TenneT

