heijmans

Heijmans interim results 2019

21 AUGUST 2019

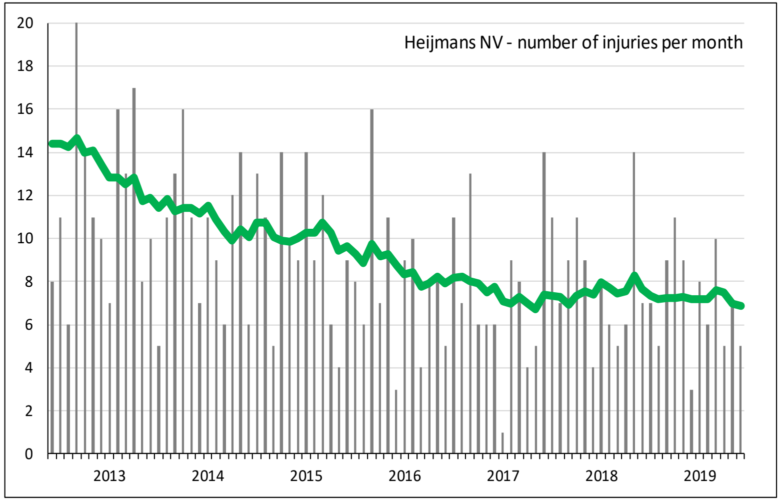
Heijmans interim results 2019:

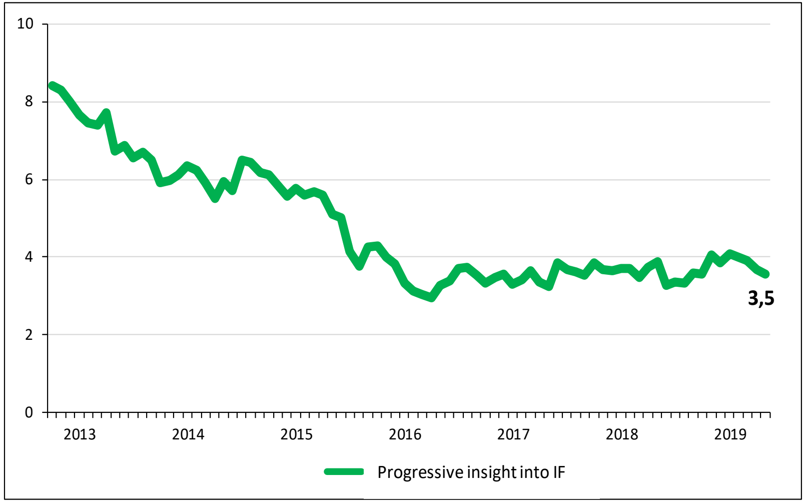
Further improvement result

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 – 2019





	2015	2016	2017	2018	2019-YTD
Fatal injuries	0	0	1	0	**0**
IF (of the past 12 months)	3,9	3,7	3,7	3,9	**3,5**
# Injuries	105	94	77	87	**41**

* IF - Injury Frequency = number of lost-time injuries during the past 12 months / number of hours worked during the past 12 months* 1,000,000 (Target: IF <1)

Highlights interim H1 results

- Underlying EBITDA (excl. IFRS 16) improved: € 25 million (H1 2018: € 20 million), all business units positive;
- Revenue lower: € 730 million (H1 2018: € 780 million);
- Number of homes sold comparable to last year: 1,061 homes sold in H1 of 2019 (1,065 homes in H1 of 2018);
- Net result after tax € 15 million (H1 2018: € 8 million);
- Order book increased to € 2.1 billion at end-June (end 2018: € 2.0 billion);
- Net debt (excl. IFRS16) € 23 million at end-June 2019 (end-June 2018: € 14 million).

Key figures H1 2019

Key figures *(x € 1 million)*	**H1 2019**	**H1 2018**	**2018**
Revenues	730	780	1.579
Underlying EBITDA* excl. IFRS 16	25	20	43
Underlying EBITDA* incl. IFRS 16	36	-	-
Result after tax	15	8	20
Earnings per share (in €)	0,71	0,39	0,96
Order book	2.091	2.203	2.014
Net debt excl. IFRS 16	23	14	-31
Net debt incl. IFRS 16	99	-	-
Solvency excl. IFRS 16	27%	24%	25%
Solvency incl. IFRS 16	25%	-	-
Number of FTE	4.624	4.485	4.524

* Underlying EBITDA is the operating result before depreciation including EBITDA joint ventures, excluding write down on property assets, restructuring costs, book result on sale of subsidiaries, release indexation pensions and any other non-operational results, if applicable, that are designated by the Group as special.

Developments per sector

Property Development: temporary lower revenues, margins stable

Property development

x € 1 million	**H1 2019**	**H1 2018**	**2018**	Δ % 2019-2018
Revenues	206	245	503	-16%
Underlying EBITDA excl. IFRS 16	11	13	28	
Underlying EBITDA margin excl. IFRS 16	*5,3%*	*5,3%*	*5,6%*	
Underlying EBITDA incl. IFRS 16	11	-	-	
Order book	451	451	435	

- Housing market continues to offer opportunities for positive development and controlled growth
- Lower revenues and underlying EBITDA; margins remain stable
- Order book well-filled
- Number of homes sold comparable to last year: 1,061 (H1 2018: 1,065)
- In addition to new-build projects also area development and transformation

FENIXLOFTS, ROTTERDAM

Building & Technology: structural recovery

Building & Technology

x € 1 million	**H1 2019**	**H1 2018**	**2018**	Δ % 2019-2018
Revenues - Residential	*225*	*213*	*440*	
Revenues - Non-Residential	*165*	*136*	*286*	
Revenues - Building & Technology	390	349	726	*12%*
Underlying EBITDA excl. IFRS 16 - Residential	*7*	*6*	*11*	
Underlying EBITDA excl. IFRS 16 - Non-Residential	*4*	*0*	*5*	
Underlying EBITDA excl. IFRS 16 - Building & Technology	11	6	16	
Underlying EBITDA margin excl. IFRS 16	*2,8%*	*1,7%*	*2,2%*	
Underlying EBITDA incl. IFRS 16 - Residential	*9*	-	-	
Underlying EBITDA incl. IFRS 16 - Non-Residential	*6*	-	-	
Underlying EBITDA incl. IFRS 16 - Building & Technology	15	-	-	
Order book	1.224	1.205	1.202	

- Increase in revenues and underlying EBITDA, order book at higher level
- Good performance residential building activities and stable performance service activities
- Biggest growth at non-residential projects
- New type of home for one-person and two-person households

EUROPEAN MEDICINES AGENCY (EMA),
AMSTERDAM

Infra: focus, predictability and controlled development

Infra

x € 1 million	**H1 2019**	**H1 2018**	**2018**	Δ % 2019-2018
Revenues	297	312	654	-5%
Underlying EBITDA excl. IFRS 16	7	6	8	
Underlying EBITDA margin excl. IFRS 16	*2,4%*	*1,9%*	*1,2%*	
Underlying EBITDA incl. IFRS 16	13	-	-	
Order book	773	953	766	

- Selective intake policy is paying off
- Improved margins
- Improved balance between large projects and regional projects, asset management and specialised activities
- Growing number of long-term contracts management & maintenance

VARIABLE MAINTENANCE A50 DUTCH MINISTRY OF PUBLIC WORKS AND WATERWAYS (RIJKSWATERSTAAT)

Financial

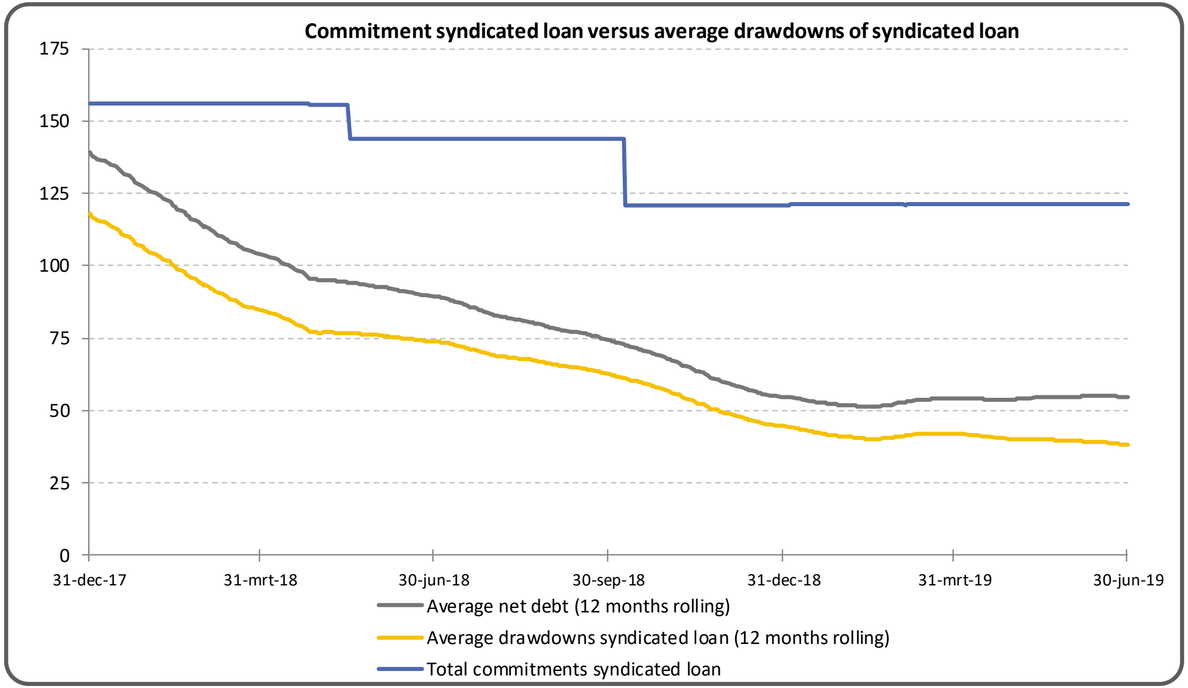
Statement of profit or loss

x € 1 million	H1 2019 incl. IFRS 16	H1 2019 excl. IFRS 16	H1 2018 excl. IFRS 16	2018 excl. IFRS 16
Revenues	**730**	**730**	**780**	**1.579**
Property development	11	11	13	28
Residential	*9*	*7*	*6*	*11*
Non-residential	*6*	*4*	*0*	*5*
Building & Technology	15	11	6	16
Infra	13	7	6	8
Corporate	-3	-4	-5	-9
Underlying EBITDA	**36**	**25**	**20**	**43**
Correction EBITDA joint ventures	-3	-3	0	-6
Write down on property assets	0	0	-1	-6
Restructuring costs	-1	-1	0	-1
Release indexation pension	-	-	-	5
EBITDA	**32**	**21**	**19**	**35**
Depreciation/amortisation	-15	-5	-6	-12
Operating result	**17**	**16**	**13**	**23**
Financial results	-3	-2	-5	-8
Share of profit of associates and joint ventures	3	3	0	5
Result before tax	**17**	**17**	**8**	**20**
Income tax	-2	-2	0	0
Result after tax	**15**	**15**	**8**	**20**

Cash flow and financing

- Net debt € 23 million (after IFRS16: € 99 million) slightly higher than previous year (€ 14 million)
- Working capital deteriorated y-o-y by approximately € 30 million due to the completion of a number of pre-financed projects and an increase in the number of houses under construction
- On balance working capital including land / housing stock remains negative due to sound instalment schedules
- The trend of a declining average debt continued in H1, expected to stabilize in H2
- Significant improvement interest expenses, driven by major decline debt utilisation and improved interest terms

Further improvement



- Average debt and debt utilisation continued to improve in H1
- Impact: headroom on facilities continued to increase and interest expenses declined

Covenants

Amounts in € millions	2019 H1	2018 FY	2018 H1
Reported Net debt	**99,1**	**-30,7**	**14,5**
Adjustments:			
Corrections IFRS 16	-76,1		
Net debt Joint Ventures	78,5	78,1	96,6
Net debt non recourse project financings	-90,5	-92,4	-100,0
Cumulative preference shares B	-45,1	-45,1	-45,1
Other	0,4	2,1	2,7
Net debt covenants (A)	**-33,7**	**-88,0**	**-31,4**
Reported EBITDA	47,7	34,2	32,4
Extraordinary items	2,1	3,2	12,5
Corrections IFRS 16	-11,2		
EBITDA JV's	8,6	5,8	-3,4
Underlying EBITDA	**47,3**	**43,2**	**41,5**
Adjustments:			
Corrections IFRS 15	-0,6		
Capitalised interest	2,1	1,5	1,3
EBITDA non recourse projects	-3,1	-4,2	-4,2
Other	-1,5	-1,3	-1,3
EBITDA covenants (B) - Interest Cover	**44,2**	**38,9**	**37,4**
EBITDA from disposed subsidiaries	0,0	0,0	0,0
EBITDA covenants (C) - Leverage Ratio	**44,2**	**38,9**	**37,4**
Net interest	**7,7**	**9,4**	**10,6**
Adjustments:			
Net interest joint ventures	1,0	1,1	0,9
Corrections IFRS 16	-1,4	0,0	0,0
Net interest non recourse project financings	-2,9	-2,8	-2,0
Interest cumulative preference shares B	-3,4	-3,6	-3,6
Other	-2,1	-3,9	-3,4
Net interest covenants (D)	**-1,0**	**0,2**	**2,5**
Average net debt covenants (E)	**-30,6**	**-10,9**	**9,4**
Leverage ratio (A/C) <3*	**-0,8**	**-2,3**	**-0,8**
Interest cover ratio (B/D) >4*	**-43,0**	**180,3**	**15,0**
Average Leverage ratio (E/C) <1,0*	**-0,7**	**-0,3**	**0,3**

** A negative outcome in combination with a positive rolling EBITDA is permitted*

Impact IFRS 16 Leases as of 2019

- Modified retrospective method applied, as a result, no comparable figures for 2018
- Balance sheet: lengthening due to recognition of operational leases and rental agreements
- Except for: contracts shorter than 12 months / initial value < € 5.000
- P&L: reclassification of operational leases / rentals from operating costs to depreciation and financing costs
- Discount rate applied per asset of 3-5%, dependent on lease term
- Impact:
  - Solvency decreases with 2%, almost fully caused by lenghtening of balance sheet
  - EBITDA H1 increased with € 11 million, EBIT H1 with € 1 million, but net result almost unchanged

Impact IFRS 16 Leases as of 2019

Condensed consolidated statement of profit or loss

x € 1 million

	H1 2019		
	Excl. IFRS 16	Adjustment IFRS 16 Leases	Incl. IFRS 16
Revenues	730		730
EBITDA	**21**	**11**	**32**
Depreciation operational leases / rental agreements	0	-10	-10
Other depreciation / amortisation	-5		-5
Operating result	**16**	**1**	**17**
Financial results	-2	-1	-3
Share of profit of associates and joint ventures	3		3
Result before tax	**17**	**0**	**17**
Income tax	-2		-2
Result after tax	**15**	**0**	**15**

Condensed consolidated balance sheet

x € 1 million

	31 December 2018		Adjustment IFRS 16 Leases		1 January 2019	
ASSETS						
Non-current assets						
Property, plant and equipment	44				44	
Right-of-use assets	-		79		79	
Intangible assets	79				79	
Joint ventures and associates	72				72	
Other fixed assets	58				58	
		253		**79**		**332**
Current assets						
Inventory	207				207	
Work in progress	51				51	
Trade and other receivables	176				176	
Cash and cash equivalents	89				89	
		523				**523**
Total assets		**776**		**79**		**855**
EQUITY AND LIABILITIES						
Equity		**149**				**149**
Non-current liabilities						
Interest bearing	52				52	
Lease liabilities	-		56		56	
Non-interest bearing	37				37	
		89		**56**		**145**
Current liabilities						
Interest bearing loans	6				6	
Lease liabilities	-		23		23	
Trade and other payables	369				369	
Work in progress	142				142	
Provisions	21				21	
		538		**23**		**561**
Total equity and liabilities		**776**		**79**		**855**
Solvency rate based on guarantee capital		**25%**		**-2%**		**23%**
Net debt		**-31**		**79**		**48**

Strategy and outlook

Strategy 2023

BETTER

- Safety
- Risk management & process improvement
- Quality of the organization

SMARTER

- Digitalisation
- Production technology

SUSTAINABLE

- Energy
- Materials
- Space

DIGITAL MONITORING OF LOCKING PROCESS AND SHIPPING TRAFFIC BEATRIXSLUIS NIEUWEGEIN

Outlook: structural profitability

- On track to record a good result for 2019
- Increase result and slight decrease revenues while maintaining healthy margins
- Long-term outlook housing market remains positive and offers opportunities for continued growth.
- Longer throughput times at a number of property developments mean Heijmans will record the expected revenue from these projects at a later date; however, the pipeline is well-filled
- Building & Technology is developing positively and is focusing on controlled growth with healthy margins
- At Infra, margin over volume remains central, with the aim of a stable performance at lower revenues, continued improvement of predictability, risk management and a balanced range of projects
- Continue to build on and combine initiatives that fit within the long-term ambition: creating a healthy living environment (strategy 2023)

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