# Press Release

Date 23 November 2006


# Quality of expected result for 2006 differs from earlier indications

## Profit after tax for 2006 at €78 million on par with earlier announcements about expectations; heavy reduction in profit at building division compensated by results at other divisions and tax gain

- **Developments at Building division have necessitated earlier than planned market update (originally planned for 6 December 2006)**
- **Profit after tax for 2006 expected to be approximately €78 million and therefore equal to earlier prognosis**
- **Normalised operating profit for 2006 expected to be equal to 2005**
- **Profit after tax for Building division has fallen from €23 million in 2005 to an expected €6 million in 2006**
- **Good improvement in Property division results in particular and tax gain will compensate deterioration in Building division**
- **Revenues for 2006 expected to be approximately €3 billion**
- **Order book at a good level and worth approximately €3.1 billion as of 30 September 2006**

**Development of result**
Profit after tax for the financial year 2006 is expected to come out at approximately €78 million, which is equal to the earlier forecast. The expected operating profit includes the already announced non-recurring item in connection with the sale of holdings in Vebo (€5 million) and non-recurring charges resulting from a fine of €9 million imposed by the European Commission. Additionally, profit after tax includes income of €4 million as a result of the proposed reduction in corporation tax rates. The normalised operating profit for 2006 (excluding non-recurring items) is expected to remain the same as the comparable operating profit of €118 million in 2005.

Operating profit for 2006 in the Building division shows an even heavier decline than the expectations expressed at the presentation of the half-year figures last September. To a significant extent, this is a consequence of the extremely competitive prices for contracts awarded in 2005. Besides this, a few major projects have suffered serious setbacks as a result of inadequate project and risk management. The net result is expected to come out at approximately €6 million (2005: €23 million). Tighter risk management during the tendering and implementation stages and a more specialist approach towards managing major projects should prevent such problems in future.

Operating profit for 2006 in the Property division will show a good increase. This is based on the division's strong position in the consistently good market for owner-occupied housing.
The Infra division is showing more volume at slightly improved price levels. These improvements are insufficient to compensate for the margins achieved in 2005 on major infrastructure projects. Heijmans Infra operating profit for 2006 will therefore be lower than that in 2005 in line with expectations expressed earlier.
As expected, operating profit on activities outside the Netherlands is showing further growth with higher revenues. Improvements are visible in all the countries in which Heijmans is developing activities: the United Kingdom, Belgium and Germany. The acquisition of Heitkamp, at the beginning of 2006, is contributing to this in part.

Revenues are expected to rise by approximately 6% in 2006 to around €3 billion (2005: €2.8 billion). The order book was worth €3.1 billion as of 30 September 2006 (over €2.5 billion at the end of 2005).

**Development of profit per share**
The profit per share for 2006 is expected to come out at €3.24 (2005: €3.67). The decrease is the result of lower profit after tax and a higher average number of outstanding shares in 2006 as opposed to 2005. This stems from the issue in March 2005 of 1,635,000 shares to finance the purchase of type A cumulative preference shares. Heijmans intends to maintain the dividend for 2006 at the 2005 level, which implies a dividend of €1.45 per share.

**Development of activities in the Dutch property market**
**Housing market**
The government has expressed the ambition to produce a total of 90,000 homes each year in the years 2005-2009 in order to make up the 170,000 shortage of homes it has estimated. As a result of this shortage, the demand for housing continues to be heavy. Prices rose in 2006 and are expected to increase again in the coming period. Heijmans' activities in the owner-occupied sector have therefore enjoyed a good year. The total number of homes sold by Heijmans in the

Netherlands is expected to come out at approx. 3,800 units, similar to the 2005 level.

**Market for commercial property**
Improvements in the economy have led to a renewed increase in demand for office space. Professional lessees are visibly showing more interest in office space. Because of this, vacancies in new offices are decreasing. Investors, too, are showing a healthy interest in leased property.
The share taken up by technical contracting in modern buildings is becoming increasingly important. This in turn leads to an increased demand for maintenance activities for these companies. The announced acquisition of the top 5 technical contractor Burgers Ergon means that Heijmans can take up a position on this market. This also offers Heijmans the chance to offer total solutions and to compete seriously for PPP projects and long-term maintenance.

**Development of activities in the Dutch infrastructure market**
Revenues in 2006 will be generated from current larger projects such as the North-South line Amsterdam and Harnaschpolder, from maintenance work and from smaller regular activities. A number of sizeable projects came onto the market in 2006, which have now been awarded. A number of new calls for tenders for major infrastructure projects are also expected in 2007. Heijmans acquired the reconstruction of the A2 Eindhoven in this context, which has a contract value of €294 million. This means that the order book is now well-filled.

**Development of activities outside the Netherlands**
In Belgium, the market for owner-occupied apartments remains favourable, while volume in the building market, in particular with respect to cables and pipelines, is picking up.
In the UK, the markets for social housing, healthcare and education remain strong. The acquisition of Denne Construction means that Heijmans has strengthened its geographic position in these markets.
The German market is improving for foundationtechniques but also for road building. The integration of Heitkamp, acquired at the beginning of this year, is going according to plan.

Heijmans will present its results for 2006 before the markets open on 22 February 2007. With the subject press release the trading update planned for 6 December 2006 has been cancelled. A conference call for analysts and the press will be held on 23 November 2006 at 9.30 am. Those invited to take part will receive the number to call by e-mail.

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