

Press release

Date 30 October 2019

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Heijmans' result higher in 2019

Concerns regarding impact of nitrogen measures and PFAS

Highlights third quarter:

- Increased results on slightly lower revenues;
- Number of homes sold 1,577 (through 25 October 2019);
- Order book remains healthy in Q3 at € 2.2 billion;
- Outlook 2019 unchanged: all divisions/business areas will contribute to the result.

Ton Hillen, chairman of the board / CEO Heijmans:

"Three quarters into the year, our business areas are performing in line with the first half of 2019. In terms of the full year 2019, we are well on track to report higher profits compared to the previous year, on slightly lower revenues. The effects of the Dutch Council of State's ruling on the Integrated Approach Nitrogen (*Programma Aanpak Stikstof*) are currently having a limited impact on this year's revenues and results. Unless concrete measures related to nitrogen emissions and PFAS are announced in the near future, we will feel the consequences in the years to come. We need more clarity to avoid further delays in the construction and infra sectors. We are obviously in favour of a healthy living environment and greater sustainability in our industry. However, rules cannot be tightened overnight; this requires a transition period."

Property Development

Property Development performed in line with the first half of the year. Revenues are lagging, while the margin is stable. The number of homes sold through 25 October 2019 stood at 1,577 (same period 2018: 1,631 homes), with 924 sold to private buyers (2018: 922 homes). Heijmans has noted growing reluctance among investors and longer throughput times in a number of projects, especially those in inner cities. The rate at which demand is being matched with supply is still too slow, which is resulting in higher prices and pressure on affordability. The demand for new homes remains high in the longer term. Heijmans has confidence in the housing market and is well positioned to contribute to the response to the demand for new homes. Heijmans recently announced it is to develop and realise 550 homes in the Europakwartier Oost in Almere. We also took the next step in the development and realisation of the Maanwijk project in Leusden, which consists of 120 sustainable owner-occupier and rental homes. Heijmans will start the first construction work for the Vertical project in Amsterdam (Sloterdijk) in early 2020.

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Building & Technology

Heijmans' Building & Technology activities are performing well. As expected, we noted growth in the non-residential projects portfolio and at Services, where the proportion of long-term asset management contracts increases. The residential building activities are on track to end the year with a slightly improved result compared to 2018. The new-build project for the European Medicines Agency (EMA) is nearing completion and will be delivered on 15 November. In early September, His Majesty King Willem-Alexander opened the National Monument Oranjehotel. Heijmans undertook the entire renovation of the commemorative centre in Scheveningen. We also completed the modernisation of the police headquarters in Alkmaar. We have also started construction on the first 73 homes in the Land van Dico project in Uden (a total of 220 owner-occupier homes).

Infra

Heijmans' Infra activities recorded a slightly lower volume, while the margin increased. The uncertainty ensuing from the Council of State's nitrogen ruling and the PFAS rules has resulted in a strong decline in the number of tenders in the market. Heijmans won a contract from the Eindhoven municipality to realise the second stage of the road infrastructure for Eindhoven Noordwest. The area in question is located east of Eindhoven Airport, on both sides of the A2 motorway. Heijmans carried out maintenance on the Grevelingenbrug in Zeeland for the Ministry of Public Works and Water Management (Rijkswaterstaat). We also launched a pilot in Arnhem, in which we put a new noise-reducing top layer of recycled asphalt on the Apeldoornseweg road.

Outlook

Heijmans reiterates its previously published forecast for 2019 and expects an increase in the results compared to 2018 on slightly lower revenues, while maintaining healthy margins. Given (persistent) uncertainties surrounding the Dutch nitrogen and PFAS rules, it is at this moment difficult to assess the exact impact on our business after this year. In the continued absence of clear, future-proof government policies, we do expect this to have a marked impact on our revenues next year. In the third quarter, the 12-month average debt position was at a comparable level to the position at the end of Q2. We expect our net debt at year-end 2019 to be comparable to that at the end of 2018.

About Heijmans

Heijmans is a listed company that combines activities related to property development, building & technology, roads and civil engineering in the areas living, working and connecting. Our constant focus on quality improvements, innovation and integrated solutions enables us to generate added value for our clients. Heijmans realises projects for private consumers, companies and public sector bodies, and together we are building the spatial contours of tomorrow. You will find additional information at our website: www.heijmans.nl.

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