

Press release

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Heijmans: good first quarter, challenging market conditions

Highlights:

- Revenue and result in Q1 higher than in same period 2019
- Cash position remains strong, credit facility as yet unused in 2020
- Order book remains at a healthy level, at € 2.0 billion
- 666 homes sold through April 2020 (479 in 2019), with 289 of these homes B2B sales
- Impact Covid-19 limited to date

Ton Hillen, CEO Heijmans N.V

“Heijmans’ revenue, result and cash position exceeded expectations in Q1 and that has laid a strong foundation for the 2020 full-year results. We made a strong start to the year on the back of a mild winter with high production levels. Our efforts to improve risk management and increase predictability are proving effective. Our current financial position and the composition of our order book mean we are in a solid position to weather challenging market conditions.

Thanks to the efforts of our people, the Covid-19 virus outbreak has had limited impact on the progress in projects. Safety of our people and our stakeholders, is always priority. In line with the ‘Building safely together’ (*Samen veilig bouwen*) protocol, we have managed to get a lot of work done, while taking the one-and-a-half-metre society into account, and so far the financial damage has been limited.

We are disappointed with the specific measures the government has announced for the construction sector in the context of the nitrogen deposits. They are not enough. Our sector is disproportionately impacted by the demise of the Integrated Approach to Nitrogen (PAS), while the construction sector accounts for a minor portion of the nitrogen problem. The current measures could result in continued delays to the start of large Infra tenders. This will have a negative impact on the sector.

Despite the fact that we are facing challenges in the market, I remain confident. Thanks to the need to increase sustainability and the continued shortage of homes, there is continued high demand for Heijmans’ expertise and services.”

Results per sector

Heijmans Infra

The balanced composition of the current order book combined with the mild weather conditions resulted in good results at Infra in the first quarter of the year.

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The Heijmans/Siemens Mobility combination won the contract for the renovations of the Piet Hein tunnel in Amsterdam. The contract from the Amsterdam municipality is worth around € 70 million. The Piet Hein tunnel was opened in 1997 and is an important link in the Amsterdam road network. After 20 years of intensive use, with traffic of some 30,000 vehicles a day, the tunnel is ready for a thorough renovation.

The work on the Wilhelmina locks in Zaandam is progressing steadily. Heijmans successfully installed two bridge components in the past month. The project is on schedule for completion later this year.

The principals in the Zuidasdok project have decided on a different approach and the project is set to be divided up into smaller projects. Heijmans is pleased that we now have clarity on this project. The contract (€ 140 million) will no longer be included in the order book. The principals will put out new tenders for the project and Heijmans can now decide whether to resubmit a bid for the new sub-projects.

Heijmans Building & Technology

Building & technology performed in line with expectations in Q1. The impact of the Covid-19 outbreak varies in this business unit. The residential building activities are largely organised on a local scale. Although we have to take specific measures for the one-and-a-half-metre society into account, especially in the final construction phase, we have been able to keep up with the planned production. This also applies to our Services activities. On the non-residential projects front, we are seeing projects affected by the closure of borders. We are seeing reduced availability of international employees and the delivery of materials has come under pressure in some instances. This is particularly noticeable in the construction of the new courthouse in Amsterdam (the NACH project), where some delays are to be expected.

The Central Government Building Agency (Rijksvastgoedbedrijf) and Heijmans signed an agreement in April for the renovation of the Binnenhof (the houses of parliament) in The Hague. This contract covers the buildings of the Upper House of Parliament and the Council of State. Heijmans is involved in this first phase as a consultant in the drawing up of a definitive plan for the renovations.

In line with our strategic theme 'Smarter', we had already launched a number of initiatives that are an excellent fit with the measures to be introduced for the one-and-a-half-metre society. Heijmans has noticed a growing demand for support for a healthy working and living climate. Ranging from our digital technologies for measuring use and occupancy - which simplify the monitoring of compliance with the measures - to climate technology in buildings and homes. Our data platform BeSense is a response to this growing demand.

Heijmans Property Development

Home sales were higher in the first quarter of 2020, compared with the same period of 2019, thanks to a single investment transaction involving 190 homes. Sales to private buyers remained at a comparable level to last year.

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The commercial spaces at the Hart van Zuid swimming pool in Rotterdam were successfully sold in the first quarter, as were the retail units in the Plan Koningsoord shopping centre in Berkel Enschot. Thanks to this positive development, the new neighbourhood will now have a fully-fledged shopping centre.

In the Vertical project in Amsterdam-Sloterdijk, all the ground floor commercial units have been sold. Heijmans has started construction of the residential tower, which is expected to be completed in 2022.

For the Rotterdam municipality, we are developing 137 energy-efficient homes in the Hoogvliet area, with a value of € 37 million. Realisation began in the first quarter. In Eindhoven, housing corporation Woonbedrijf has selected Heijmans as its partner for the new-build project in the Gestel neighbourhood, with 500 rental and owner-occupied homes and a value in excess of € 100 million.

Outlook

The market developments currently make it impossible to provide a clear forecast at this time. The expected revenue for 2020 is largely in our portfolio. We will be able to realise this revenue if we can maintain current production levels.

In the coming year, our results will also depend on the economic consequences of the Covid-19 pandemic. At the moment, it is not clear how the virus will impact the spending of public and private sector principals, and consumer confidence. In addition, the government will have to take measures to limit the impact of the nitrogen issue, especially on the infra sector. We consider the measures the government announced last week as insufficient.

Heijmans has a strong financial foundation, partly thanks to the good performance in the first quarter and a - to date unused - committed credit facility of € 121 million. The Netherlands continues to face the huge task of increasing sustainability and dealing with housing shortages. Demand for our activities remains high and this provides us with a solid foundation for the future.

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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