

# Heijmans – Business Update



March 2017, based on 2016 annual results



RIVM & CBG,  
Utrecht

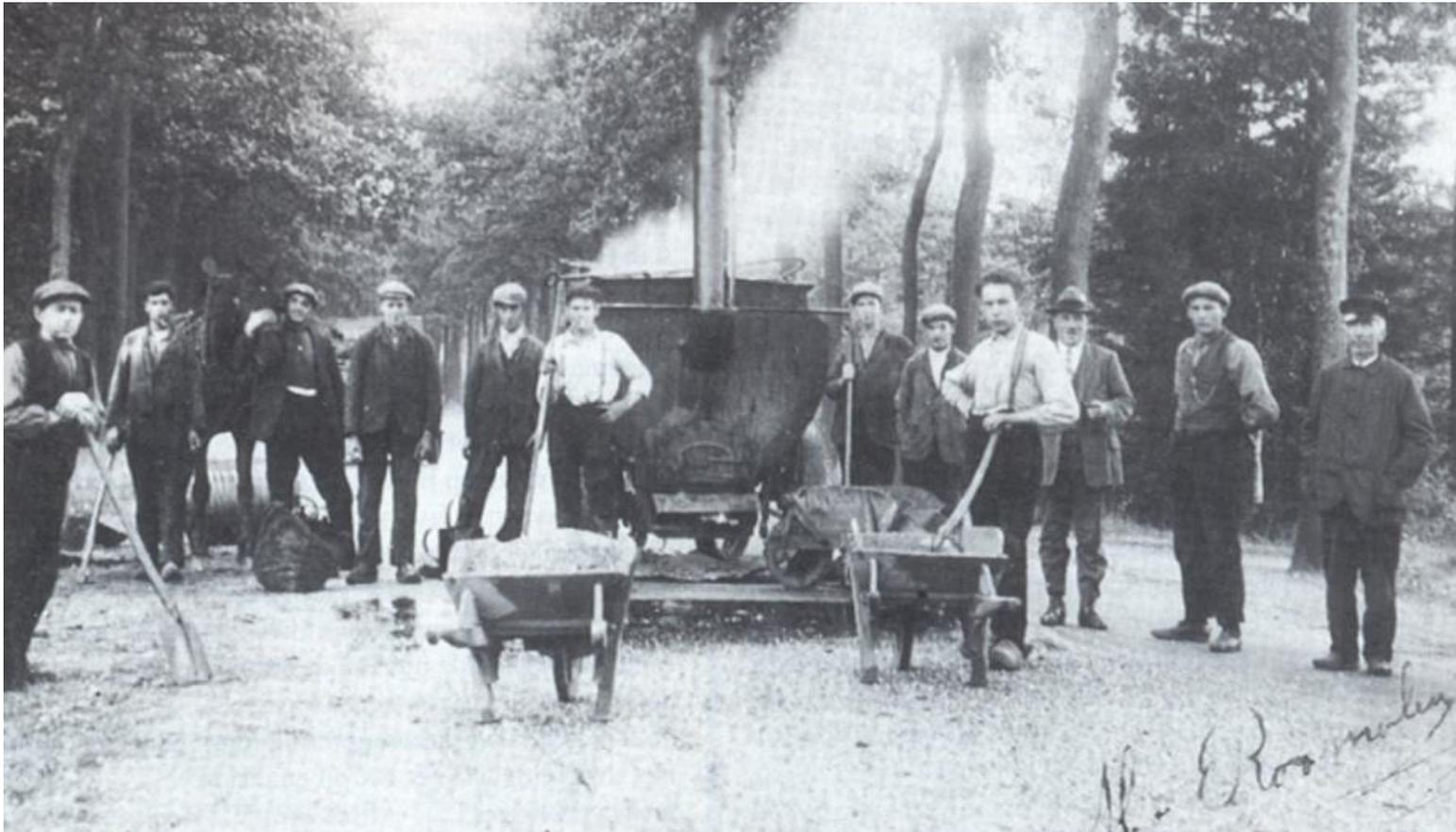


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# Company profile

Founded in 1923 by Jan Heijmans



Highway Tilburg - Den Bosch (anno 1928)

# Company profile

## Heijmans History

- Since 1923 active in road building
- Strong growth following second world war
- During sixties, diversification towards residential building
- During eighties, diversification towards property development
- Listing at the Amsterdam Stock Exchange in 1993
- Strong revenue growth by acquisitions
- 2008: Reset strategy
- 2009: Financial restructuring
- 2010: Strategy focusing on profitability, sustainability and quality
- 2012: Strategic review with BCG
- 2014: Improve and Renew – new criteria and ambitions
- 2017: Focus, discipline and excellence, divestment of foreign subsidiaries



# Company profile

## Residential

Property development  
Residential building



Eemskwartier Groningen



Meysters' Buiten, Utrecht

## Non-residential

Building  
Technical Services



Baggage hall Eindhoven Airport



Technical University, Eindhoven

## Infrastructure

Road building  
Civil Engineering



N23 Westfriisaweg, Province of North Holland



Water sewage plant RWZI, Utrecht

# Company profile

## Heijmans at a glance

- With 6,241 employees and approx. € 1.9 billion in 2016 revenues, Heijmans is active in property development, residential building, non-residential and infrastructure;
- Active in selective markets in the Netherlands, Belgium and Germany;
- Revised strategy will focus on Dutch operations with approx. € 1.5 billion in revenues and 4,500 employees;
- Franki, Oevermann and Heijmans Belgium to be sold in H1 2017 to PORR and Besix;
- Create added value by offering the client an integrated approach with focus on quality;
- Ambition to achieve leading position on quality, sustainability and profitability, resulting in:
  - ∅ The best choice for clients;
  - ∅ Innovation and focus on sustainability;
  - ∅ Above-average long-term yield for shareholders;
  - ∅ Being attractive and inspiring to employees;
- Building the spatial contours of tomorrow, where development and realization take into account people and the environment, both in projects for clients and in the company's own ecological footprint.

# Key figures

x 1 € million	H2 2016	H2 2015	2016	2015
Revenues	938	1.057	1.884	1.979
Underlying operating result **	-59	6	-66	-5
Operating result	-79	-13	-94	-29
Result after tax	-98	12	-110	-27
Earnings per share ( in €)	-4,59	-0,56	-5,16	-1,32
Order book	1.863	1.669	1.863	1.669
Net debt	100	10	100	10
Number of FTE	6.241	6.582	6.241	6.582

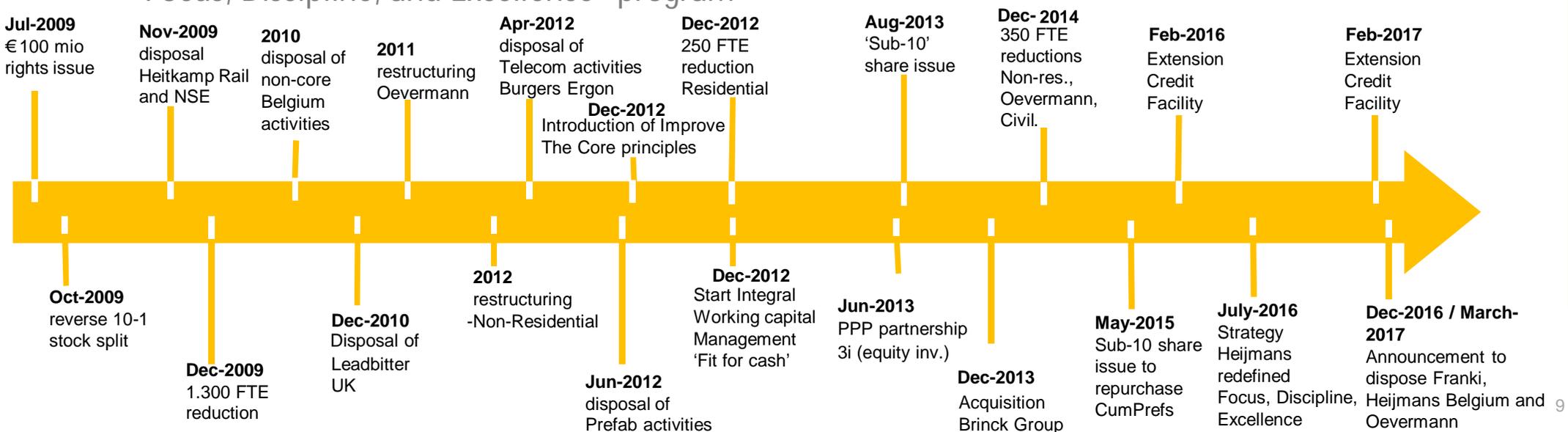
\* Unless otherwise noted, the key figures are shown for all operations. In the consolidated income statement (see attached sheets) the results of the continued and discontinued operations are shown separately.

\*\* underlying operating result is the operating result corrected for operating result joint ventures, write down on property assets, restructuring costs and other extraordinary items.

# Strategy – Restructuring provides potential

Since 2009, Heijmans has implemented a transformational strategic restructuring:

- Focus on core activities in the Netherlands
- Disposal of all foreign operations
- Reduction in strategic land bank positions
- Margin over volume ~ added value
- Streamline organisation with centralisation of activities
- Improve contract-, risk- and project management through “Improve the core” and “Focus, Discipline, and Excellence” program





A27 / A1 PPP  
Utrecht - Eemnes

## Strategic adjustment: 2017 - 2019

### Focus, Discipline, Excellence

- Dutch core company, revenues approx. € 1,5 billion, with positive results;
- Disposal of German and Belgian entities;
- 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 of profitability.



National Military  
Museum (PPP),  
Soesterberg

# Strategy – Competitive strengths

## Residential

- Development of urban and rural areas in both small and large-scale projects
- Combining creativity and customer focus with strength on realization
- Increasing focus on renovations and transformations
- Improving processes including procurement, 3D BIM (widely applied within Heijmans), standardization of concepts (industrialized proces) and innovative solutions (e.g. Heijmans ONE)

## Non-Residential

- Niche position with focus on healthcare, higher education, high-tech clean, datacenters, government
- Combining building with technical services in integrated projects throughout the entire lifecycle of buildings
- Centralised business model

## Infrastructure

- Top player in our market with proposition including asset / traffic management and technical services
- Strong capabilities and track record in larger and integrated projects
- Added value driven (focus on lean asset base and asphalt production)

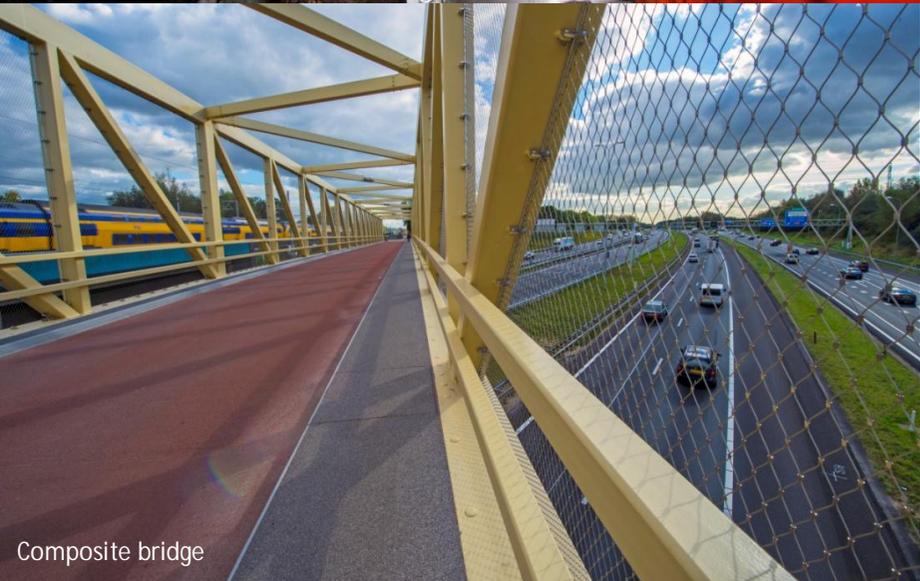
Heijmans' multidisciplinary integrated approach is a major differentiator in the market



Kousrelining (renovation of waterpipes)



Infrastructure for Electric cars



Composite bridge



Infra technology & mobility

heijmans

# Strategy – Innovation

Investing in smart technological concepts / sustainable solutions:

- Creating competitive advantage towards clients;
- Improving future margin potential because of increased added value and focus on marketability;
- Cooperation with SPARK (network for creativity and knowledge).

Examples of innovations already sold / ready for market launch

- The 'Heijmans ONE' portable house > first projects realised;
- Hydrofit 'kousrelining' with DSM > several projects realised;
- BikeScout: warning system to improve safety of cyclists;
- 'Smart living concept': standardised 'home control' in all family homes.

Examples of innovations in pilot phase

- 'Self healing' asphalt concept;
- 3D printed canalhouse and steel bridge;
- Energy generating noise barrier ('Solar noise barrier');
- Glowing Lines.

# Highlights 2016

“Heijmans: annual results 2016, adjustment strategy and new financing agreements”

Underlying operating result x € 1 million	H2 2016	H1 2016	2016	2015
Property development	9	6	15	9
Residential	2	2	4	5
Non-residential	-15	0	-15	0
Infra	-63	-15	-78	-26
<b>Netherlands</b>	<b>-67</b>	<b>-7</b>	<b>-74</b>	<b>-12</b>
Belgium	3	4	7	8
Germany	10	3	13	7
Concern	-5	-7	-12	-8
<b>Underlying operating result</b>	<b>-59</b>	<b>-7</b>	<b>-66</b>	<b>-5</b>
Correction operating result joint ventures	6	-5	1	-9
Write down on property assets	-18	-1	-19	-12
Restructuring costs	-2	-2	-4	-3
Book loss sale Franki	-6	-	-6	-
<b>Operating result</b>	<b>-79</b>	<b>-15</b>	<b>-94</b>	<b>-29</b>

## Highlights 2016

- Revenues 2016 € 1.9 billion (2015: € 2 billion), excl Belgium / Germany € 1.43 billion;
- Growth in the number of homes sold to 1,962 homes (2015: 1,791 homes);
- Significant impact project losses € 90 million, significant improvement risk profile;
- Underlying operating result 2016: -/- € 66 million (2015: -/- € 5 million);
- Net result 2016: -/- € 110 million (2015: -/- € 27 million);
  
- Strategy adjusted:
  - fully focused on Dutch market;
  - tightened focus on core competencies in property development, residential building, non-residential, infrastructure;
- Dutch order book at year-end 2016: € 1.9 billion (year-end 2015: € 1.7 billion);
- Financing amended and extended until 30 June 2019: phased reduction of credit facility to € 122 million;
- Solvency ratio approx. 18%, > 20% after proposed divestments.

# 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.

## 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

# 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: Huismerk, 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
- Optimisation of 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



Hart van Zuid PPP  
Rotterdam

## DEVELOPMENTS PER SECTOR

### PROPERTY DEVELOPMENT

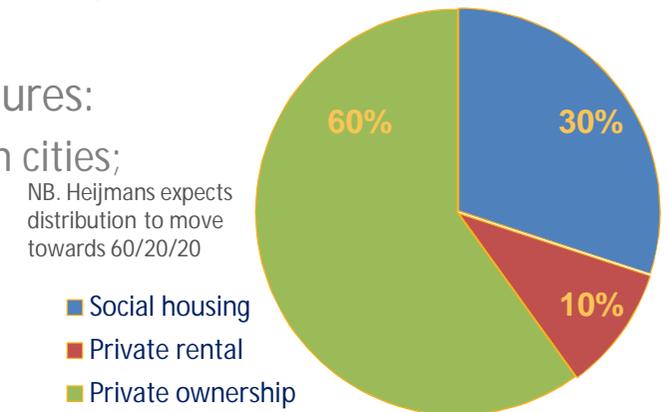
x € 1 million	H2 2016	H1 2016	2016	2015
Revenues	162	170	332	278
Underlying operating result	9	6	15	9
Underlying operating margin	5,6%	3,5%	4,5%	3,2%
Order book	311	275	311	284

- Turnover growth continues (almost 20%) with positive development operating result;
- Homes sold +10% to 1,962 with increasing average prices (+5% to € 243K);
- Very low inventory of homes unsold;
- Challenge to match supply with strong demand, increase of procurement prices and potential delays due to capacity issues;
- Growth primarily in investor segment, where prices are improving;
- Growth of order book, quality at target;
- Innercity transformations with combination of sales to investors and private individuals is a core competence > new projects in Spaarndammerbuurt A'dam, Katendrecht Rotterdam, Nieuw Kralingen Rotterdam and Kanaleneiland Utrecht;
- Project Wijnhaven The Hague (incl annex Leiden University) successfully completed;
- Strong cash flow, invested capital in land positions decreasing, € 19 mln caused by impairments;
- Market conditions offering perspective to further decrease invested capital.

# Dutch Real estate market

Fundamentals have improved considerably since 2014 after 7 years of declining market:

- In 2007, approx. 80K houses were built, a number that more than halved in 2013/2014;
- The Netherlands: approx. 17 mln inhabitants with 7,5 mln households;
- CBS: # households to increase to 8,5 mln in 2045; on average with 50K annually until 2025;
- Specific growth areas: Innercity development / transformation (mainly Randstad) and affordable houses for 1-person households and starters;
- Decreased housing prices, historically low interest rates, increased consumer confidence and government policies (incl. *aanpak scheefwonen*, capping tax deductibility interest) have resulted in a strong demand from private buyers and investors;
- Several factors however still require strict risk management procedures:
  - Affordability of new houses for starters and young families, especially in cities;
  - Monetary policy uncertain, potential impact on interest rates;
  - Consumer confidence is still vulnerable;
  - Rental system still protective;
  - Challenge to meet high demand as capacity in entire supply chain has decreased considerably during crisis years:
    - » Government: delays in permit procedures and higher building aesthetics requirements;
    - » Construction companies: prices going up due to increased demand for people and materials.



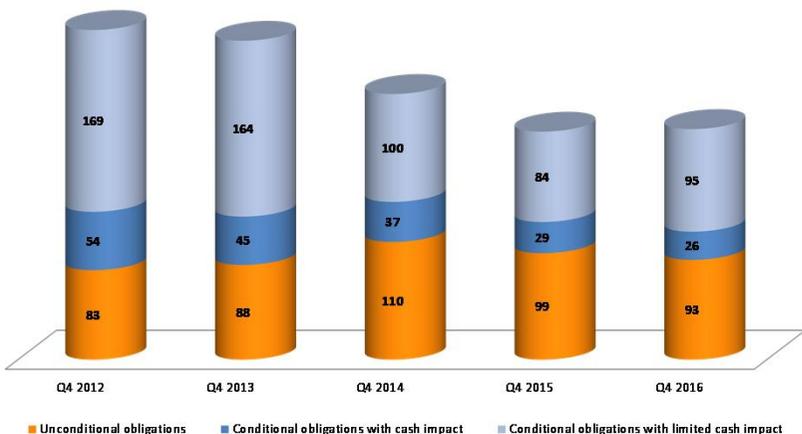
# PROPERTY DEVELOPMENT

Strategic positions (in millions euro)	31-12-2016	31-12-2015	31-12-2014
Brabant & Gelderland	3	3	4
Northern provinces	9	14	17
Randstad area	22	25	30
Southern provinces	3	3	3
<b>Totals</b>	<b>38</b>	<b>45</b>	<b>54</b>
Land in exploitation (in millions euro)	31-12-2015	31-12-2014	
Brabant & Gelderland	53	57	57
Northern provinces	2	6	7
Randstad area	39	51	51
Southern provinces	14	13	13
<b>Totals</b>	<b>108</b>	<b>127</b>	<b>128</b>

## GEOGRAFISCHE SPREIDING GRONDPOSITIES (in miljoenen euro's)



Future land bank obligations





Kanaleneiland  
Utrecht

© Theo van Leeu, Amsterdam 2016

## DEVELOPMENTS PER SECTOR

### RESIDENTIAL

x €1 million	H2 2016	H1 2016	2016	2015
Revenues	144	152	296	295
Underlying operating result	2	2	4	5
Underlying operating margin	1,4%	1,3%	1,4%	1,7%
Order book	327	277	327	286

- Turnover and result comparable with 2015;
- Pressure on capacity through strong demand for new houses: effect on availability suppliers as well as on procurement prices;
- Strategy: controlled growth and keeping execution capacity available for Property Development (60% of total turnover);
- Order book increased, commencement of a few large projects within Property Development;
- Focus on growth with standardised products (Huismerk, Wenswonen);
- December 2016: 100th Huismerk home completed (Nov'15: 500 / Oct'14: 250);
- Heijmans ONE: a.o. 45 sold to Alliantie and 30 to Wonen Limburg;
- Several new projects, including 74 homes in Spaarndammerbuurt (A'dam), 95 homes in Son en Breugel and 94 woningen in Pijnacker.



Lounge 2  
Schiphol Amsterdam

## DEVELOPMENTS PER SECTOR

### NON-RESIDENTIAL

x € 1 million	H2 2016	H1 2016	2016	2015
Revenues	153	162	315	421
Underlying operating result	-15	0	-15	0
Underlying operating margin	-9,8%	0,0%	-4,8%	0,0%
Order book	758	825	758	517

- Turnover decreased as RIVM project delayed, as well as selective tender procedures;
- Market conditions remain challenging: competition high and no volume growth;
- Result below par because of high loss provisions RIVM project;
- Growth in Services at decent margin development;
- Focussing on multi-year maintenance contracts whether or not with design & build;
- Acquired maintenance contracts for Leiden University and European Patent Office;
- Restructuring completed early 2016, targeted headcount reduction (200 fte) and indirect costs met;
- 2017 focus on good start up of RIVM and Amsterdam Court House projects, as well as next phase of Hart van Zuid (Rotterdam);
- In Q4 SAP implemented.



A9 Gaasperdammerweg  
Amsterdam

## DEVELOPMENTS PER SECTOR

### INFRASTRUCTURE NETHERLANDS

x € 1 million	H2 2016	H1 2016	2016	2015
Revenues	292	329	621	690
Underlying operating result	-63	-15	-78	-26
Underlying operating margin	-21,6%	-4,6%	-12,6%	-3,8%
Order book	730	787	730	834

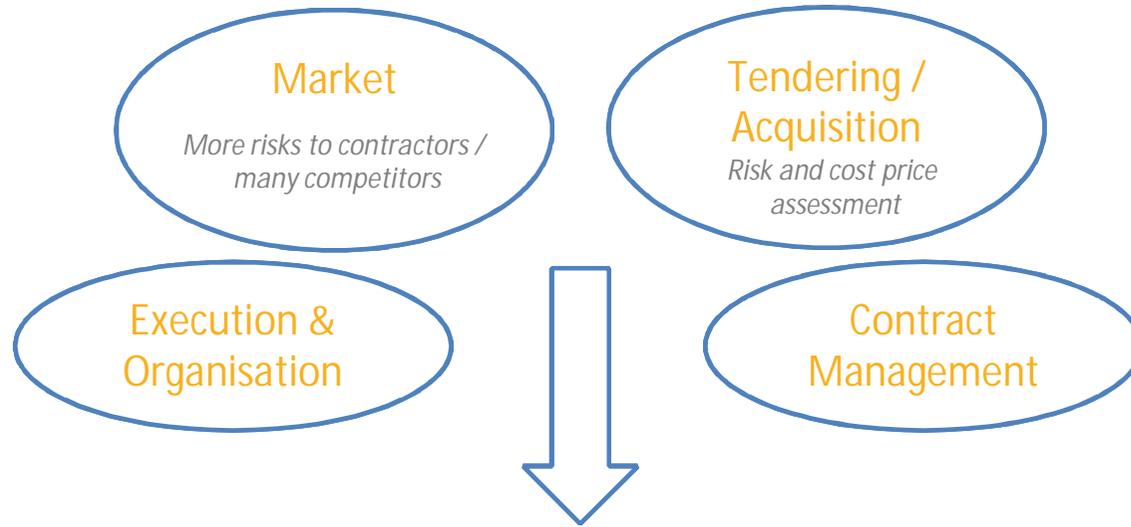
- Turnover decreased as a result of stagnation in and decommissioning of projects;
- Turnover divided over:
  - ∅ Regional projects & Asset management ~40%
  - ∅ Specialties ~20%
  - ∅ Large Projects (Integral, Roads, Civils) ~40%
- Tender, risk and contract management procedures tightened;
- Adjustments in senior management;
- Strong negative operating result (-/- € 75 mln), fully impacted by problem projects;
- Majority of activities (regional infrastructure, asset management, and specialties) performing on par;
- Commencement of integrated projects A1/A27, Beatrix lock and RWZI on track;
- Order book growing following acquisition of Wintrack II (share 60%) and Zuidasdok (share 15%), not yet in 2016 order book.



Wintrack II  
TenneT

# Improving control of large projects

Background of issues



Improvement measures

<p>Focus</p> <p>Suitable Partnerships</p> <p>Market vision</p>	<p>Tender management</p> <p>Design costs</p> <p>Start margins incl. pricing of risks</p>
<p>Stick-to-the-plan approach</p> <p>Start Up reviews</p>	<p>Go / No Go</p> <p>Use new ERP</p>

Applicable to NL Infra and NL Non-Residential sector



Wilhelminakanaal,  
Tilburg

# Strategy plan Infra Netherlands 2016 - 2019

- New board member appointed early 2016 with specific focus on Infra
- Strategy Dutch infrastructure redefined mid 2016
- Plan consists of 5 key elements for 2016 -2019:
  - 1) Intensively managing and completing of current loss making projects
  - 2) Improving risk control  
*Measures, tools, systems, processes, rules, escalation procedures*  
*Structural improvement should lead to more robust earnings profile*
  - 3) Tightened commercial / strategic focus  
*Focus on core competences > stricter selection of projects and clients*
  - 4) Changing leadership culture and implementing effective organisation
  - 5) Realisation cost reduction

Overall goal: stable EBIT Margin of 2,5% - 3% in 2018



heijmans

## DEVELOPMENTS PER SECTOR

### BELGIUM

x € 1 million	H2 2016	H1 2016	2016	2015
Revenues	116	114	230	208
Underlying operating result	3	4	7	8
Underlying operating margin	2,6% 	3,5% 	3,0% 	3,8%
Order book	259	251	259	270

- Continuing strong performance of Van den Berg, taking advantage of niche segmentation;
- Margin of Heijmans Construction (BE) and Heijmans Infrastructure (BE) positive, but at lower levels;
- Order book stable, market conditions remain challenging, especially in public authorities sector;
- Successful completion of Elisabeth theater in Antwerp;
- On February 8, announcement of proposed sale of all Belgian operational activities to Besix;
- Sales price approx. € 40 mln, closing of transaction expected in Q2.



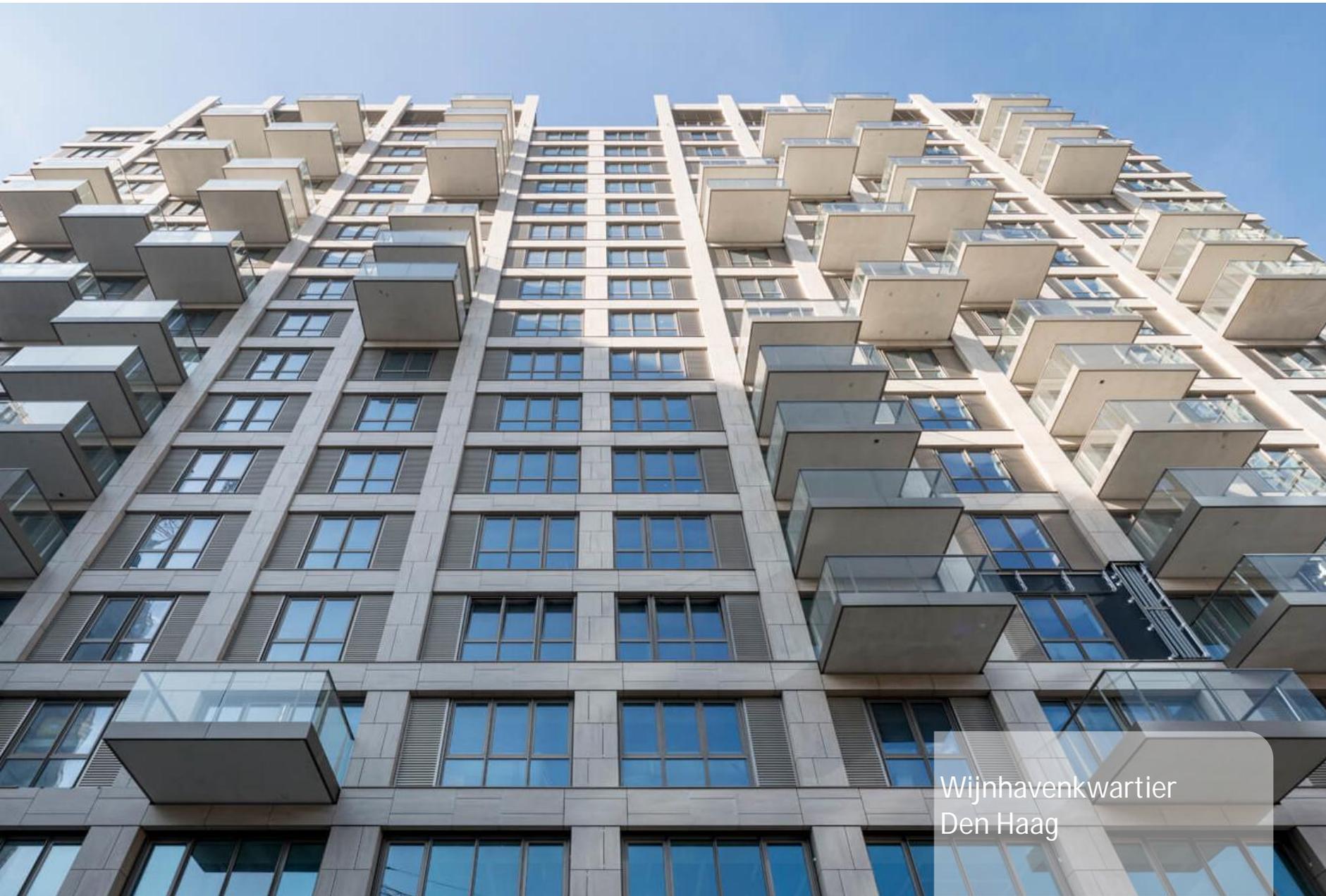
Oevermann  
Erpho-Bogen  
Münster (D)

## DEVELOPMENTS PER SECTOR

### GERMANY

x € 1 million	H2 2016	H1 2016	2016	2015
Revenues	158	126	284	319
Underlying operating result	10	3	13	7
Underlying operating margin	6,3%	2,4%	4,6%	2,2%
Order book	183	178	183	155

- Strong result in 2016 within Oevermann (5% EBIT margin), especially in H2;
- Turnover and order book stable, more selective tender approach in improving market conditions;
- Franki sale to PORR completed in January, sales proceeds almost € 15 mln;
- Oevermann sale to PORR announced early March 2017, transaction to be completed in Q2 subject to approval of regulatory bodies.
- Sales proceeds of Oevermann approx. € 60 mln



Wijnhavenkwartier  
Den Haag

heijmans

# Outlook

- Extension of financing and ringfencing of loss making projects offers strong foundation for continuity;
- 2017 year of transition:
  - Shaping of proposed divestments;
  - Therewith: improving capital ratios;
  - Positioning of Dutch core company, with suitable cost base;
  - Above all: working towards recovery of profitability;
- Order book offering perspective.

# Balance sheet (condensed)

x € 1 million	31 December 2016	30 June 2016	31 December 2015
Fixed assets	291	374	380
Working capital (excl. cash and cash equivalents)	-55	-20	-72
Netto assets held for sale	67	-	-
<b>Capital invested</b>	<b>303</b>	<b>354</b>	<b>308</b>
Equity	142	245	266
Provisions (non-current)	15	32	32
Net debt	146	77	10
<b>Financing</b>	<b>303</b>	<b>354</b>	<b>308</b>

- Net debt, corrected for assets held for sale, at € 100 mln (+ € 90 mln);
- 2016 project losses in majority absorbed in cash flow;
- Solvency ratio decreased to 18% (FY 2015: 26%), after proposed divestments > 20%.

# Balance sheet (extended)

(x € 1 million)	31 December 2016	31 December 2015
<b>Non-current assets</b>		
Property, plant and equipment	55	90
Intangible assets	82	112
Share in joint ventures and associates	66	77
Other fixed assets	88	101
	<b>291</b>	<b>380</b>
<b>Current assets</b>		
Strategic land portfolio	147	172
Other inventory	70	94
Construction work in progress	60	152
Trade and other receivables	176	267
Cash and cash equivalents	30	125
Assets held for sale	282	-
	<b>765</b>	<b>810</b>
<b>Total assets</b>	<b>1.056</b>	<b>1.190</b>
<b>Equity</b>	<b>142</b>	<b>266</b>
<b>Non-current liabilities</b>		
Cumulative financing preference shares	45	45
Interest-bearing loans	13	58
Provisions and non-interest bearing debts	16	32
	<b>74</b>	<b>135</b>
<b>Current liabilities</b>		
Interest-bearing loans and other current financing	118	32
Trade and other payables	371	580
Construction work in progress	118	148
Provisions	18	29
Liabilities held for sale	215	-
	<b>840</b>	<b>789</b>
<b>Total liabilities</b>	<b>1.056</b>	<b>1.190</b>

# P&L (per sector)

H2				(in million €)	Full Year			
Actual 2016		Actual 2015			Actual 2016		Actual 2015	
Revenues	EBIT	Revenues	EBIT		Revenues	EBIT	Revenues	EBIT
163	8	152	5	<b>Property Development</b>	332	15	278	9
145	2	137	2	<i>Residential - Netherlands</i>	296	4	295	5
54	0	46	1	<i>Residential - Belgium</i>	110	0	92	1
198	2	183	3	<b>Residential building</b>	406	4	387	6
83	-15	115	2	<b>Non-Residential</b>	315	-15	421	0
292	-62	383	-11	<i>Infra - Netherlands</i>	621	-78	690	-26
63	3	59	4	<i>Infra - Belgium</i>	122	7	116	7
158	4	193	6	<i>Infra - Germany</i>	284	13	319	7
513	-55	635	-1	<b>Infra total</b>	1.026	-58	1.125	-12
956	-60	1.085	9	<b>Total operations</b>	2.079	-54	2.211	3
-91	2	-115	-3	Group costs/eliminations/others	-195	-12	-233	-8
				Contingency				
865	-58	970	6	<b>Revenues/ EBIT Business</b>	1.884	-66	1.979	-5
	6		-6	Adjustment EBIT JV's		1		-10
	-18		-10	Write-down land/ real estate		-19		-12
	-3		-3	Restructuring costs		-4		-3
	-6		0	Book loss on divestment Franki		-6		
	-21		-19	Extra-ordinary items		-28		-24
865	-79	970	-13	<b>Revenues/EBIT Total</b>	1.884	-94	1.979	-29
	-4		-6	<b>Financial results</b>		-8		-10
	-7		5	Result joint ventures after tax		-4		7
	1		1	Others		2		1
	-89		-13	<b>Result before tax</b>		-104		-30
	-9		1	Taxes		-7		3
	-98		-12	<b>Result after tax</b>		-110		-27

# Cash Flow Statement

indirect method (x €1 million)	2016	2015
<b>Operating result</b>	<b>-94</b>	<b>-29</b>
Loss on sale of assets held for sale	6	-
Gain on sale of non-current assets and property investments	-1	-2
Depreciation and impairment of property, plant and equipment	17	18
Amortisation of intangible assets	2	2
Impairment of debtors	-	1
Adjustment of valuation of property and land bank excluding joint ventures	19	11
Change of net work in progress	29	-21
Changes in other working capital	-35	48
Change in non-current provisions	1	-7
<i>Operating result after adjustments</i>	<u>-56</u>	<u>21</u>
Interest paid	-13	-15
Interest received	5	4
Income tax paid	-4	0
<b>Cash flow from operating activities</b>	<b>-68</b>	<b>10</b>
Investment in property, plant and equipment	-15	-17
Proceeds from sale of property, plant and equipment	7	6
Loans granted to joint ventures and associates	-10	4
Loans repaid by joint ventures	-4	-2
<b>Cash flow from investment activities</b>	<b>-22</b>	<b>-9</b>
Emission of shares net of transaction costs	-	21
Interest-bearing loans drawn down	67	74
Interest-bearing loans repaid	-24	-44
<b>Cash flow from financing activities</b>	<b>43</b>	<b>51</b>
<b>Net cash flow in the period</b>	<b>-47</b>	<b>52</b>
Cash and cash equivalents at 1 January	125	73
Cash and cash equivalents assets held for sale	-48	-
<b>Cash and cash equivalents at 31 December</b>	<b>30</b>	<b>125</b>



Spaarndammerbuurt,  
Amsterdam

heijmans



## Appendices



Timmerhuis,  
Rotterdam



## Annex: Executive Board



**Ton Hillen (1961), CEO & chairman of the Executive Board**  
 responsible for: General Affairs, Management Development / HR, Investor Relations & Communication, Commerce, Innovation, Property Development, Residential Building, Non-Residential, PPP

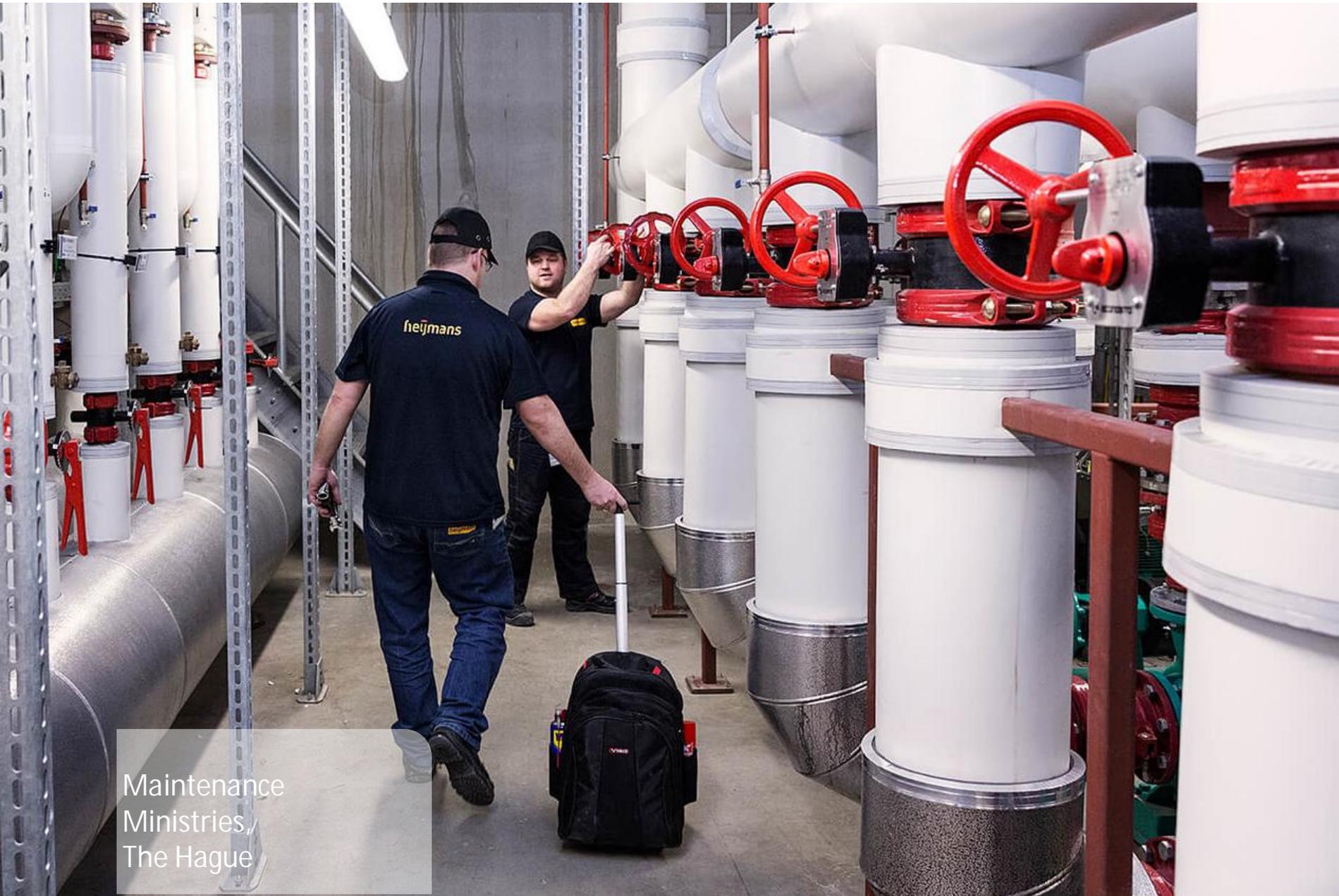


**Ruud Majenburg (1959), COO & member of the Executive Board**  
 responsible for: Infra Netherlands, Equipment and Procurement

(no member of Executive Board)

**Age Lindenbergh: Chief Financial Officer ad interim**

responsible for: Finance, ICT, Legal Affairs, Facility Management, Pensions



Maintenance  
Ministries,  
The Hague

## Order book

Order book (x € 1 million)	31-12-2016	30-6-2016	31-12-2015
Property development	311	275	284
Residential	327	277	286
Non-residential	758	825	517
Infra	730	787	834
Eliminations	-263	-216	-252
<b>Netherlands</b>	<b>1.863</b>	<b>1.948</b>	<b>1.669</b>
Belgium	259	251	270
Germany	183	178	155
<b>Total order book</b>	<b>2.305</b>	<b>2.377</b>	<b>2.094</b>

## Financing

- Duration until 30 June 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:
  - minimum EBITDA to be tested at € 20 million in Q4 2017 (Q2: 0; Q3: 5);
  - solvency ratio to be tested at 20% in Q4 2017 (Q2: 16%; Q3: 18%);
- Per 2018 testing based on existing covenants:
  - ∅ Interest Cover, tested quarterly, minimum 4;
  - ∅ Leverage Ratio, tested semi-annually, maximum 3;
  - ∅ As of Mid 2018, average leverage ratio, tested quarterly, maximum 2.5;
- Continuity secured, important step towards recovery.

# Covenants

- Waiver agreed for Q4 / 2016 financial covenants
- EBITDA floor and Solvency floor applicable for 2017
- Accounting figures to be adjusted for covenant calculations, including:
  - ∅ To add impact Joint Ventures that are no longer consolidated after introduction of IFRS 11
  - ∅ To deduct impact of ringfenced (non recourse) project financings in relation to PFI/PPP activities
  - ∅ To deduct impact of cumulative preference shares

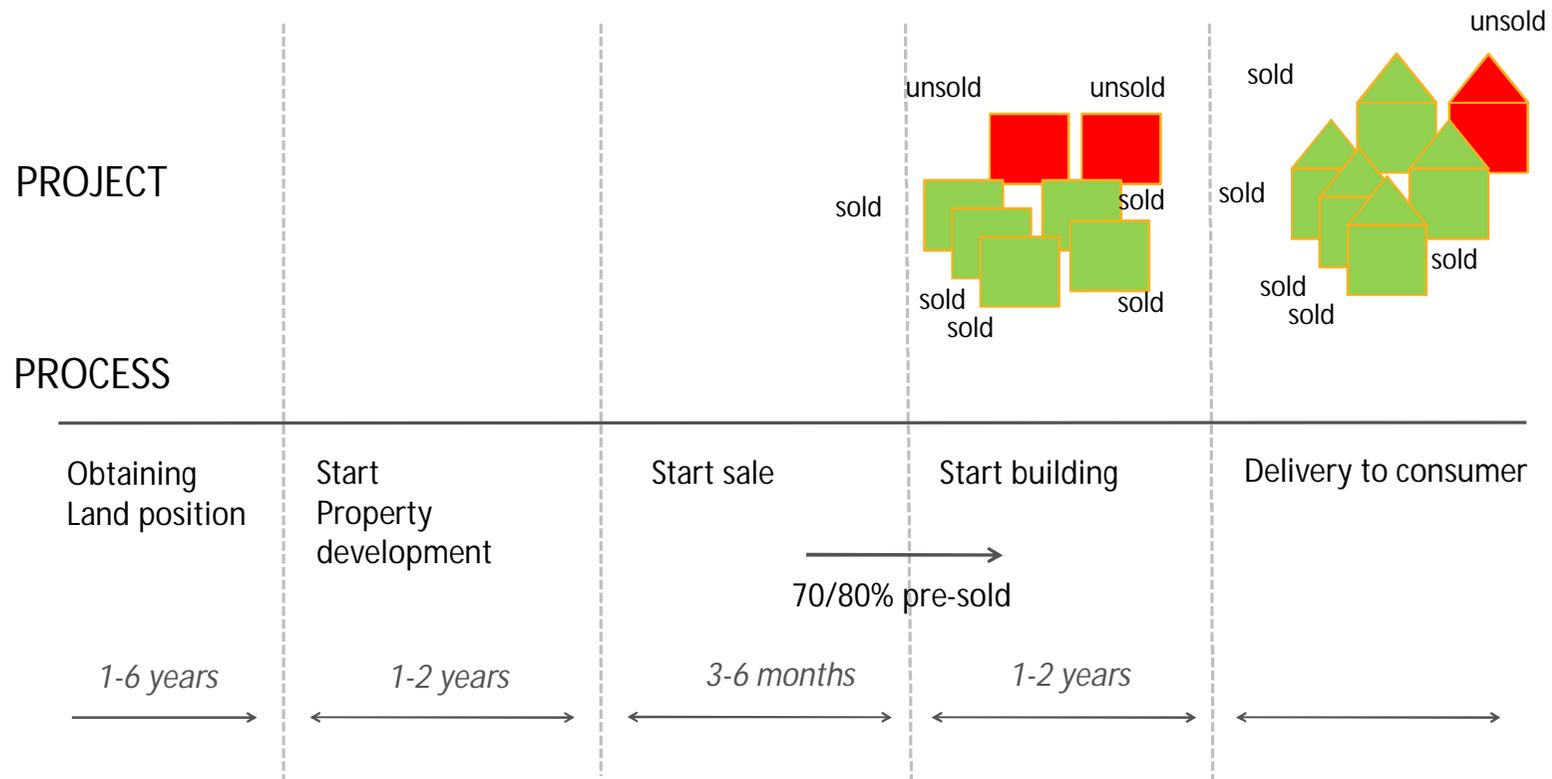
Amounts x € 1 million	2016 FY	2016 MY	2015 FY
Interest bearing debt	178,3	322,8	135,1
Minus: cash and cash equivalents	78,3	245,3	125,4
<b>Net debt</b>	<b>100,1</b>	<b>77,5</b>	<b>9,7</b>
<i>Adjustments:</i>			
Net debt Joint Ventures	84,7	80,8	75,5
Net debt non recourse project finance	-92,6	-77,9	-87,2
Cumulative preference shares B	-45,1	-45,1	-45,1
Other	2,0	1,0	2,4
<b>Net debt covenants (A)</b>	<b>49,0</b>	<b>36,3</b>	<b>-44,7</b>
Reported EBIT	-94,0	-27,9	-29,0
Extraordinary items	28,7	15,3	14,3
Depreciation and amortisation	18,6	18,7	19,1
EBITDA JV's	0,7	12,5	11,7
<b>Underlying EBITDA</b>	<b>-46,0</b>	<b>18,6</b>	<b>16,0</b>
<i>Adjustments:</i>			
Capitalised interest	1,8	2,6	2,9
EBITDA non recourse projects	-3,6	-5,0	-1,7
Other	-0,6	0,6	0,2
<b>EBITDA covenants (B)</b>	<b>-48,4</b>	<b>16,7</b>	<b>17,4</b>
<b>Net interest</b>	<b>9,6</b>	<b>10,5</b>	<b>11,1</b>
<i>Adjustments:</i>			
Net interest joint ventures	2,1	2,4	3,1
Net interest non recourse project financings	-3,0	-3,9	-3,7
Interest cumulative preference shares B	-3,6	-3,6	-4,5
Other	-0,8	-0,8	-3,2
<b>Net interest covenants (C)</b>	<b>4,3</b>	<b>4,6</b>	<b>2,9</b>
<b>Leverage ratio (A/B) &lt;3</b>	<b>-1,0</b>	<b>2,2</b>	<b>-2,6</b>
<b>Interest cover ratio (B/C) &gt;4</b>	<b>-11,1</b>	<b>3,6</b>	<b>6,0</b>



Heijmans ONE,  
First houses sold and  
placed in Limburg

# Annex: Property development process

Process and timing



Revenues recognition is based upon the progress of construction of sold property



Fenix Lofts,  
Rotterdam Katendrecht

## Annex: Risk Management approach

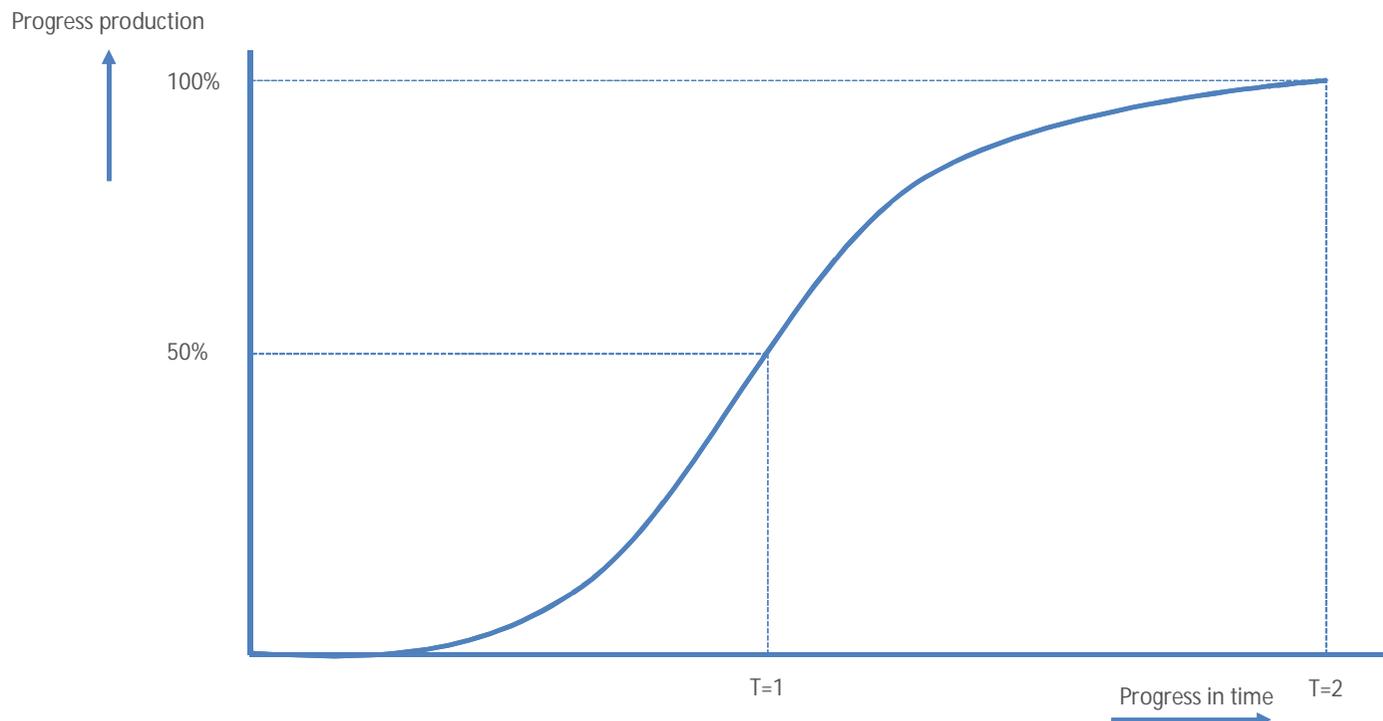
Policies and corporate philosophy gradually developed and implemented as from mid 2008:

- Compact set-up with direct reporting to Executive management;
- Centralised organisation model: Heijmans acts in the market as 'One Company';
- Centralised tender management. Direct involvement executive management;
- Centralised procurement;
- Senior management bonus system based on corporate goals;
- Periodic review meetings for businesses and (relevant) projects. Also in execution phase to monitor project start up and 'stick-to-the-plan' approach;
- 'Best in class' project reporting providing good insight on project opportunities as well as risks, specific issues, cash flow and progress. Further improve uniformity;
- Uniform risk classification for all projects into three categories. Direct involvement from Executive Board in large and complex projects in all phases;
- Culture of openness on project performance. Issues to be escalated as soon as possible to enable effective follow-up and support;
- High level of attention for cash management on all levels in the organisation ("Fit for cash" program);
- Implementation of uniform ERP landscape. Objective to improve control & efficiency;
- Balance limitations of project size (over time) versus capacity. Partnering where required;
- Simplified legal structure with limited nr. of entities and managing directors > a.o. integration of Dutch infrastructure companies into one Heijmans Infra.



Franki  
Hammer Strasse,  
Hamburg (D)

## Annex: IFRS % of completion method



- Direct costing applied, i.e. the gross margin is recognized on the basis of the percentage of completion method.
- In this method, 50% of the gross profit is recognized half way the project, and 100% at completion.
- Suppose a EUR 100 mln with 10% gross margin and a 2 year construction period.
- What happens if a setback of EUR 10 mln is discovered?

- At  $t = 0$  (for example in the final design stage), 10 mln should be deducted from future profits. The next two years of turnover will not contribute any gross margin
- At  $t = 1$ , 50% of the gross profit is already recognized in the previous year. EUR 5 mln should be deducted from future profits (in year 2 no gross margin contribution) and EUR 5 mln should be recorded as loss in the P&L
- At  $t=2$  (just before completion) almost all gross profit has already been recognized as profits in previous year. The setback should be recorded as financial loss in year 2



A12 Parallelstructuur  
Gouda



# Implementation new ERP Platform

## Objectives

1. Strengthen Control
2. Integrate Procurement
3. Improve efficiency in back office processes

## Key changes:

*Integrated system*

*Centralized data management*

*Data entry at source (orders, hours)*

*Three way match, digital invoicing AP*

*1 project structure, also for integrated projects*

- Successful deployed to +/- 4,400 employees;
- Implemented at Infra, Group Departments, Residential, Non Residential);
- To go: Property Development (2017);
- Proven project approach and timelines for completion that are proactive and realistic (Initiated in 2011, Blueprint Q4 2012, start roll-out 2013). Now close to completion;
- Generic processes based upon SAP Best Practices (limited customization, but using industry-standard or industry-customized SAP processes & add-on tools only);
- Invested TD: € 12 mln, limited to no impact on running IT costs (phase-out old systems);
- Disciplined top-down roll-out with dedicated change management;
- 2017 and beyond: to exploit and leverage contribution to “real” business value (enhance performance, a more uniform organization, more efficient operation's, firm wide information for improved decision making, integrating CRM, Go / No Go decisions).



1000th Heijmans own  
label (Huismerk) home  
Graauwaart Leidsche Rijn,  
Utrecht

# Project images in this handout

Slide	Project	Location	Segment
Front	New Amsterdam Court House PPP	Amsterdam	Non Residential
2	RIVM Project	Utrecht	Non Residential
6	Eemskwartier	Groningen	Property Development
6	Meijster's Buiten	Utrecht	Property Development
6	Baggage Hall	Eindhoven Airport	Non-residential
6	Technical University	Eindhoven	Non-residential
6	N23 Westfriaweg	Province of North Holland	Infra
6	Water sewage plant RWZI	Utrecht	Infra
10	A27 / A1 PPP	Utrecht - Eemnes	Infra
12	National Military Museum	Soesterberg	Non-residential
22	Hart van Zuid PPP	Rotterdam	Non Residential / Property Development
26	Kanaleneiland	Utrecht	Property Development / Residential
28	Lounge 2	Schiphol Airport	Non-residential
30	A9 Gaasperdammerweg PPP	Amsterdam	Infra
32	Wintrack II Tennet	Northern provinces	Infra
34	Wilhelminakanaal	Tilburg	Infra
36	Elisabeth Center	Antwerp (Be)	Non-residential Belgium
38	Erpho-Bogen	Muenster (De)	Germany (Oevermann)
40	Wijnhavenkwartier	Den Haag	Property Development / Residential
46	Spaarndammerbuurt	Amsterdam	Property Development / Residential
48	Het Timmerhuis	Rotterdam	Property Development / Non-Residential
50	Services / maintenance Ministries	19 locations in The Hague	Non-residential
54	Heijmans One	Replaceable	Heijmans Technology / Residential
56	Fenix Lofts	Rotterdam Katendrecht	Property Development / Residential
58	Hammerstrasse	Hamburg (De)	Germany (Franki)
60	A12 Parallelstructuur	Gouda	Infra
62	Heijmans Huismerk (own label)	Utrecht	Residential

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