

Press release

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Heijmans trading update: Residential continues positive development, still no signs of recovery at Infra

Highlights

- Turnover in the first nine months 9% higher than the same period in 2014;
- Infra: Lower turnover, profit under pressure;
- Property Development and Residential Building record strong turnover increase and higher profit in the third quarter compared with the third quarter of 2014;
- Number of homes sold until October increases by 89% to 1,399 compared with 742 in the same period of 2014, of which 951 to private buyers;
- Order book amounted to € 2.1 billion as per end of September 2015 (end of June 2015 € 2.2 billion).

Bert van der Els, Chairman of the Executive Board /CEO Heijmans:

“Our general picture as highlighted in the first half year results did not change in the third quarter. A nice plus for Residential thanks to the ongoing recovery in the housing market and a poor minus for Dutch Infra. Germany is performing well.

Our residential concepts and expertise in inner-city development and transformation have led to solid turnover growth at Residential and the first signs of an upward trend in prices, which had a positive impact on our operating result. The results at our Dutch Infra business remain below par as a result of losses on projects acquired in previous years. On a number of these projects, this is related to discussions regarding who should bear the risks and the already incurred and expected additional costs. Managing risks on major projects is our top priority. We do expect to realise an improvement in our operating result but cannot provide a more specific forecast at this point. Based on current insights, we expect to operate within the agreed financial covenants as per 31 December 2015.”

Property development, Residential Building

In the third quarter of 2015 we saw a considerable increase in turnover and an improvement in operating results at Property Development and Residential Building in comparison with the same quarter of 2014. The number of homes sold in the first 10 months of the year amounted to 1,399, compared with 742 in the same period of last year. A total of 951 (68%) of these were sold to private buyers.

There is a growing demand for affordable homes with short realization times for specific target groups and Heijmans provides well-designed and attractively priced concept homes with a short time-to-market. The introduction of Heijmans ONE, the concept home that responds to growing demand for temporary housing in the form of movable homes for single home households is progressing well. We will soon start production of the first 30 units for housing corporation ‘Wonen Limburg’. Heijmans’ expertise also adds value in inner-city development and transformations. In October, we signed a letter of intent with the city council of The Hague and German investor Patrizia for the development and construction of 600 homes and a parking garage in the Southern district of The Hague. Heijmans also recently signed a letter of intent with Aventicum for the development and renovation of 252 apartments, as part of the Kanaleneiland area development project in Utrecht. Phase 2 of the transformation of the Parool tower and Trouw building in Amsterdam into a Student Hotel is progressing well and will be completed early 2016. The

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transformation of the Wijnhaven area in The Hague and the redevelopment of Het Plein of Leiden are on schedule.

Non-Residential

Turnover at Non-Residential increased slightly in the third quarter, although overall margins remained under pressure. Ongoing internal improvement projects aim at acquiring projects with sufficient margin potential and avoiding setbacks in realisation through effective management of risks in the fields of design and engineering. The reorganisation at Non-Residential announced late last year will be completed in the fourth quarter of this year.

Services, which comprises Non-Residential's management and maintenance projects, is developing positively. Services very recently acquired a new integrated management contract for the management and maintenance of data centres and offices. Services' accounts for approximately 40% of total turnover at Non-Residential.

Heijmans also acquired the contract for the renovation of the Telecity data centre in Amsterdam. The renovation of the Laurentius Hospital in Roermond is progressing well with the start-up of phase 2. The Timmerhuis building in Rotterdam has been delivered and handed over to the city council. The official opening will take place in December.

Infrastructure

Turnover from the Infra activities in the third quarter decreased compared to the same period of 2014. The results of the Dutch Infra business remain below par, due to continued losses at the previously mentioned five to ten large projects acquired in previous years. The turnover of these loss-making projects will amount to a total of € 90 million in the full year 2015. The Belgian infra activities performed in line with expectations. Developments in Germany were positive, especially at Oevermann.

At Infra, we have tightened process management and we maintain a strict tender policy aimed firmly at margin improvement. We are now seeing the first results of these efforts in regional projects and management and maintenance contracts, which account for approximately 40% of the turnover at our Dutch Infra activities. We are currently following up on the full integration of our Infra activities under a centralised management by standardising processes and combining various departments and teams to safeguard the new integrated approach, central management and efficiency at every level of the organisation.

Heijmans delivered the Centrale As 'Noord 2' project near Dokkum in September and the Fort Vechten Waterlinie museum was officially opened in October. In September we saw the official launch of the project to widen the A9 Gaasperdammerweg motorway as well as the start of the soil sanitation operation at the Chemie-Pack site in Moerdijk. The realisation of the A4 Delft-Schiedam motorway section has reached a crucial stage before completion, with the testing of the technical tunnel installations. We expect this project to be delivered in 2015. The partial commissioning of the Energiefabriek Tilburg, as a first step towards full operation, continues to demand major efforts on our part. Heijmans has applied an innovative solution at the Wilhelminakanaal project in Tilburg with the installation of the first two composite sluice gates in the newly constructed locks. In Amsterdam, we saw the official launch of the ground-breaking project MX3D for the development of a 3D-printed steel bridge. Heijmans is a partner in this project and contributes engineering expertise for the construction of the bridge.

Strategy, outlook and financing

The improvement of core processes through the previously announced measures remains the top priority in our strategy to improve and renew. We aim to exclusively bid for projects with healthy margins and acceptable risks.

The introduction of these measures is progressing steadily, but this cannot prevent us from experiencing difficulties in moving a number of projects towards final delivery, largely in our Dutch

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Infra business. On a number of these projects, there are ongoing discussions regarding who should bear the risks and already incurred and expected additional costs. The timing in which these cases are likely to be settled, varies per project.

Financial consequences of these cases typically become visible upon delivery of the project.

The general picture as outlined above is expected to remain largely unchanged for the remainder of the year. Property Development and Residential Building are showing strong progress and will have a positive impact on turnover and results, which also applies to Germany. However, our Dutch Infra activities will exert strong negative pressure on results, while planned improvements at Non-Residential are not yet having sufficient financial impact.

Given the uncertainties relating to ongoing discussions with clients on a number of projects, we expect to realise an improvement in our operating result, but cannot at this time provide a more specific forecast. Based on current insights, Heijmans expects to operate within the agreed financial covenants as per 31 December 2015.

About Heijmans

Heijmans is a listed company that combines activities related to property development, residential building, non-residential building, roads and civil engineering in the working areas living, working and connecting. Heijmans is active in the Netherlands, Belgium and Germany and as a technology partners delivers know-how and concepts in various markets. 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. With approximately 6,800 employees and revenues of more than € 900 million in the first half of 2015, we are building the spatial contours of tomorrow. You will find additional information on www.heijmans.nl

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