

## Heijmans records modest result in 2013 despite tough year

Capital position remains strong, solvency ratio at 29%

### Key developments

- Good results Roads and Civil in Belgium and Germany, considerable improvements in Non-residential, but decline in results Roads and Civil Netherlands. Property Development steady and modest loss at Residential Building;
- 1,082 homes sold in 2013, compared with 1,081 in 2012, with an increase in the proportion of sales to private buyers over the course of the year;
- Revenues at € 2.1 billion, down almost 11% from € 2.3 billion in 2012;
- Net profit 2013 € 2 million, compared with a loss of € 88 million in 2012 given write-down on intangible assets, impairment on property assets and reorganisation charges;
- Underlying operating profit € 23 million, down from € 27 million in 2012;
- Solvency ratio 29%, from 28% in 2012;
- Order book at € 1.7 billion per year-end 2013, down from € 1.9 billion at end-June 2013, with lower order intake at Roads and Civil;
- Proposed dividend per ordinary share of € 0.15 for 2013, compared with € 0.25 in 2012.

### Key figures

x 1 € million	2H 2013	1H 2013	2013	2012
Revenues	1.125	929	2.054	2.318
Underlying operating result <sup>1</sup>	21	2	23	27
Operating result	15	-2	13	-87
Result after tax	7	-5	2	-88
Earnings per share ( in €)	0,37	-0,27	0,10	-5,10
Order book	1.659	1.866	1.659	2.026
Net debt	141	214	141	149
Number of FTE	7.361	7.611	7.361	7.872

1. underlying operating result is the operating result excluding write down on property development, impairment of goodwill, restructuring costs, result on the sale of subsidiaries and pension income.

### Bert van der Els, chairman of Heijmans Executive Board:

“This past year was challenging. The market remains tough and we saw a decline in revenues in our property, residential building and infra activities. I am satisfied that our result has remained close to last years’ level. Our Non-residential activities generate profit and our operations in Germany and Belgium are performing well. We devoted considerable attention to improving our performance in 2013, by focusing efforts on increasing the uniformity of processes and improving efficiency in tendering, project management and purchasing. One of our priorities in 2013 was the focus on our ‘improve the core’ programme as a strategic target and this will remain a priority in 2014. In addition to our Improvement drive, we are also focusing on Innovation. We are developing smart technological concepts that address social issues and we are successfully translating these into sustainable and viable solutions. Some strong examples of this are the Hydrea Thermpipe making it to the finals of the TEDxBinnenhof innovation event, the Dutch Design Award for the Dutch National Military Museum and the Accenture innovation award for Smart Highway. Collaborating with parties that share our innovative drive is vital in order to move ahead, not only for Heijmans, but for the entire construction sector. With that in mind, in early 2014 we teamed up with the public sector and corporate and science sectors to launch the SPARK campus initiative: the first cross-over for innovation and technology in the Dutch construction sector.”

## **Key developments 2<sup>nd</sup> half 2013**

### *Residential*

After another difficult year, the residential market seems to have bottomed out, and the market showed the first signs of recovery in the 4<sup>th</sup> quarter of 2013. This was reflected in relatively high sales figures and an increase in the number of homes sold to private buyers compared to the previous year. Heijmans sold a total of 1,082 homes in the full-year 2013, with 542 of these sold in the 4<sup>th</sup> quarter, virtually unchanged from the total of 1,081 in 2012. Of the total homes sold in 2013, 437 were sold to private customers, compared with 357 in 2012. Competition in the market remains fierce, which is putting pressure on revenues and profit, especially in Residential Building. Despite this, Property Development still managed to acquire some interesting projects, such as the high-profile transformation of the Wijnhaven area in The Hague and the Kanaleneiland development in Utrecht. In the southern town of Ouddorp, Residential will build and deliver 205 holiday homes within a year for the Duynhille holiday park. Heijmans is also responding to the new reality in the housing market with its *'Huismerk'* concept. Heijmans realised a total of 52 *Huismerk* homes in Landsmeer in 2013 and realised a highly energy-efficient variant of the concept in Almere Stad. Heijmans has also teamed up with DUS Architects and Henkel to develop the first printed house in the Netherlands, in an effort to gain expertise in the field of 3D printing. Last year, Residential Building completed the reorganisation announced in 2012, which meant a reduction of more than 250 jobs.

### *Non-Residential*

Non-Residential devoted considerable attention to getting its house in order in 2013. The organisation also made progress on the completion of the integration of Non-residential Building and Technical Services, unambiguous project phasing and risk management. Non-Residential has chosen a niche profile, geared towards complex buildings requiring a combination of technology, design and construction, and operates on the premise of 'margin over volume'. Non-Residential's business include realisation, together with service, management and maintenance. Heijmans has successfully won numerous projects on the basis of price-quality ratio or so-called EMVI criteria, which express the added value to a project. Examples of these projects are the Laurentius Hospital in Roermond, the DSM Technology Campus in Delft and the Schiphol Airport Security Zone. In the autumn of 2013, Heijmans won the Dutch Design Award for the best contractor for the PPP project for the construction of the new National Military Museum in Soesterberg. Heijmans ability to offer fully integrated solutions combining the full range of disciplines remains a major differentiating factor in the market and has been a key factor in the successful completion of several highly complex projects, such as the Meander Medical Centre in Amersfoort and the Vredenburg Concert hall in Utrecht.

### *Infra*

A considerable proportion of the revenues at Roads and Civil comes from large-scale integrated projects for public sector clients. The combination of budget cuts and a slower phasing of projects in this sector reduced market volume in the second half of 2013 and increased competition and pressure on prices. Heijmans nonetheless managed to acquire a number of major projects, such as the Drachtsterweg project in Leeuwarden and the renovation of the Wilhelmina locks in Zaandam. Heijmans' Roads and Civil score highly on quality criteria that are increasingly important in projects like these, such as design, the management and the reduction of disturbance in the vicinity of projects and traffic throughput. The rapid completion of the A2 motorway Den Bosch-Eindhoven, the construction of the Vonk & Vlam parking garage in the centre of Den Bosch, and railway projects in the centres of Utrecht, Eindhoven and Bilthoven are perfect examples of this quality-led approach. Heijmans acquired Brinck Groep at the end of 2013, in a move aimed at further increasing its market share in smart metering and the realisation of new projects in the field of sustainable energy and smart grids. The Belgian and German activities remained stable and they make an outstanding contribution to the group in terms of performance and expertise. Oevermann acquired a number of large infra projects in the past year, including the widening of the A1 (Bocklemünd-Cologne North) to six lanes and the renovation of the A4 motorway (Düren-Kerpen). Furthermore, Franki laid the foundations for a large number of onshore wind turbines in Germany, Poland, Austria and Belgium for client Enercon.

### *Financial*

Heijmans' capital position is healthy, with a solvency ratio of 29%. Our net interest-bearing debt stood at € 141 million at year-end 2013, down from € 149 million at year-end 2012, due to, amongst others, an in-house programme to improve working capital and the 'sub 10' share issue in August. The program for targeted divestments of property and other assets, running through year-end 2014,

generated more than € 5 million in the second half of 2013. The recourse net debt improved to € 13 million, from €24 million in 2012. The order book stood at € 1.7 billion at year-end 2013, down from € 1.9 billion at the end of June 2013. The underlying operational result amounted to € 21 million in the second half of 2013 compared to € 23 million in the second half of 2012.

### Key developments 2013

Many sectors faced a decrease in revenues in 2013. Mainly at Property Development and Residential, but also in large integrated infra projects we are seeing an evident decline. This led to a decrease of 15% in total revenues from the Dutch operations in 2013. The revenues from the Belgian and German activities combined fell by approximately 2%. Heijmans entered into a joint venture with 3i Infrastructure Fund (previously Barclays Infrastructure Funds Management) in the form of Heijmans Capital B.V. for the financing of DBFMO (design, build, finance, maintain, operate) projects. The first project brought into the joint venture was the National Military Museum in Soesterberg. The tender pipeline currently contains four PPP projects, in which Heijmans is in the final phase of the tendering process.

Heijmans has a two-pronged strategy. First, we are focusing on the improvement of our core activities and processes by streamlining purchasing, commercial, tender and project management. Our second strategic focus is on revitalisation by developing new markets via our promising innovations and concepts. Next to making the best possible use of our strength in execution, offering clients our expertise and technology is becoming increasingly important to the success of this strategy, and we also see international opportunities to market our expertise. In light of this, in the autumn of 2013 Heijmans started preparations for the launch of a start-up called 'Heijmans Technology'. Heijmans launched this unit in the first quarter of 2014 and assigned it the task of marketing the Smart Highway concept on an international scale. Heijmans is working closely with Studio Roosegaarde on this new project.

### Financial results

#### Revenues

Revenues fell by € 264 million to just under € 2.1 billion in 2013. The decline was largely due to a fall of € 94 million in revenues at Property and a € 137 million drop in revenues at Residential. The infra activities in the Netherlands also saw revenues drop by approximately € 60 million in 2013. Revenues from Non-Residential were stable, as were revenues in Belgium. Germany saw a slight drop in revenues in 2013. The foreign activities accounted for 29% of the group's overall revenues in 2013, up from 26% in 2012.

#### Operating profit

x € 1 million	2H 2013	1H 2013	2013	2012
<b>Revenues</b>	<b>1.125</b>	929	<b>2.054</b>	2.318
<b>Underlying operating result</b>	<b>21</b>	2	<b>23</b>	27
Write down on property assets	-7		-7	-35
Impairment of goodwill				-60
Restructuring costs	-3	-4	-7	-29
Exceptional release pension provision	4		4	15
Result of disposals				-5
Operating result	15	-2	13	-87
<b>Result before tax</b>	<b>12</b>	-4	<b>8</b>	-93
Income tax expense	-5	-1	-6	5
<b>Result after tax</b>	<b>7</b>	-5	<b>2</b>	-88

The underlying operating profit is the operating result excluding the depreciation of property and land holdings, the depreciation of goodwill, restructuring costs and one-off pension-related income. In 2013, the underlying operating profit came in at € 23 million, compared with € 27 million in 2012.

Underlying operating result x € 1 million	2H 2013	1H 2013	2013	2012
<i>Netherlands:</i>				
Property development	4	-3	1	1
Residential	2	-5	-3	1
Non-residential	1	1	2	-13
Roads & Civil	5	11	16	35
	12	4	16	24
<i>Foreign:</i>				
Belgium	8	5	13	13
Germany	6	0	6	6
	14	5	19	19
Corporate/other	-5	-7	-12	-16
<b>Total underlying operating result</b>	<b>21</b>	<b>2</b>	<b>23</b>	<b>27</b>

The initial signs of movement in the residential market are not yet visible in Property Development's operating result, which has not improved in 2013 compared to 2012. This market development also has an impact on Residential Building, which recorded an operating loss. Thanks to the efforts aimed at getting the organisation and operating processes in order at Non-Residential, the operating result has improved by € 15 million to € 2 million in 2013, from a loss of € 13 million in 2012. The result of the infra activities in the Netherlands was considerably lower in 2013 than in the previous year. While several of Roads and Civil's large projects, such as emergency packages, have resulted in high production levels in recent years, the current order book has lower margin potential. The results in Belgium and Germany were once again stable in 2013.

#### Non-operating items

Total reorganisation charges came in at more than € 7 million in 2013. The depreciation of the property positions amounted to € 7 million. The harmonisation of a pension scheme led to a partial cessation of pension obligations and resulted in one-off income of € 4 million in 2013.

#### Capital position, net debt and financing

The capital invested was down slightly, partly as a result of reduced investment levels and working capital management. Heijmans' net debt has fallen to € 141 million, from € 149 million in 2012, partly due to the income from the sub10 issue of share certificates in August, which generated total proceeds of more than € 13 million. The recourse net debt improved to € 13 million. The solvency ratio came in at 29%, from 28% at year-end 2012. Following the implementation of IFRS 11, from 1 January 2014, a number of joint ventures will be consolidated in a different manner. It is expected that this will have a limited positive impact on the solvency ratio. The committed credit facility of € 250 million, which runs until 31 March 2015, was unused at year-end 2013. This facility was extended by one year in November 2013 and now runs - for a total of € 231 million - until 31 March 2016. An agreement has been made with the holders of cumulative financing preference shares regarding the conditions for the coming 5 years.

#### Net result

Heijmans recorded net profit of € 7 million in the second half of 2013, compared with a net loss of € 93 million in 2012. For the full-year 2013, Heijmans booked a net profit of € 2 million, from a net loss of € 88 million in 2012. This resulted in earnings per share of € 0.10 for 2013.

### Order book

The order book stood at € 1.7 billion at year-end 2013, compared with € 2.0 billion at year-end 2012. Around 55% of the total revenues forecast for 2014 is in the order book. This is in line with 58% reported last year.

### **Dividend proposal**

Heijmans will ask the General Meeting of Shareholders, which is due to convene on 16 April 2014, to approve the payment of € 0.15 per share, in the form of an optional dividend in cash or shares. This dividend proposal explicitly takes into consideration Heijmans' total capital position. The dividend will be payable on 16 May 2014.

### **Outlook**

While there are hopeful signs in the housing market and private sales increased again in 2013, we do not expect to see any real movement in this market until the end of 2014 or start of 2015.

Due to the long lead time of projects and, on the other hand, due to the early but cautious signs of renewed confidence, we consider 2014 to be a year of transition on the path to recovery. The outlook for Non-Residential remains stable with our challenge being a continued improvement in profitability. We expect the market for infrastructural projects to remain challenging in 2014, with strong competition and reduced investment levels among clients. Heijmans therefore remains focused on efficiency, process improvements and effectiveness in order to control risks and costs and to benefit from synergies in expertise and scale. Our 'Improve the core' initiative remains a key priority. In addition we are building on our financial solidity, our integrated approach and innovative capacity. We are developing new concepts, products, services and forms of collaboration, for existing clients but also for new groups of clients. This combination of Improvement and Revitalisation is a major differentiator in the market for Heijmans and gives us a healthy foundation for the future.

### **About Heijmans**

Heijmans is a listed company that combines activities related to property development, residential building, non-residential building, technical services and infrastructure. Heijmans is active in the Netherlands, Belgium and Germany. Our focus on quality improvements, integrated projects, sustainability and profitability enables us to provide added value for our customers. Heijmans realises integrated projects for residential consumers, companies and public sector bodies. With approximately 7,400 employees and € 2.1 billion in revenues in 2013, we are building the spatial contours of tomorrow. You can find the annual report, CSR report and innovation report for 2013 on our website [www.heijmansjaaroverzicht.nl](http://www.heijmansjaaroverzicht.nl).

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The Executive Board will give a presentation on the reported results for 2013 today, 27 February 2014, at a press conference and an analysts meeting. The analysts meeting starts at 13:00 CET and will be available live via a webcast on [www.heijmans.nl](http://www.heijmans.nl).

This press release has also been published in Dutch. In the event of any discrepancies, the Dutch version shall prevail.

## 1. Results and developments operational activities

### Property Development and Residential Building

The situation in the housing market remained challenging in 2013. There was no recovery in consumer confidence, but the market did show signs of bottoming out. This picture was reflected in the nationwide sales of existing homes, and it was in the fourth quarter of 2013 that we saw the first increase in the number of sales since the start of the crisis. For Heijmans, this converted into a higher number of sales and an increase in the number of homes sold to private owners compared with the previous year. Heijmans sold a total of 1,082 homes in the full-year 2013, with 542 of these sold in the 4<sup>th</sup> quarter, which meant Heijmans' home sales for 2013 were virtually unchanged from the total of 1,081 reported in 2012. The government finalized the housing agreement, which was a move in the right direction. It created clarity for buyers and owners which helped to stabilise the market. Total housing costs are becoming an increasingly important factor in consumers' decision to buy or move. This switch to total cost of ownership is now very important to corporations and investors alike. Heijmans uses concepts such as its '*Huismerk*' as a solution for standardisation and cost leadership and its '*Wenswonen*' as a solution for freedom of choice and variation, to respond as effectively as possible to the new reality of the housing market.

### Property Development

Property development		Variance			
x € 1 million	2H 2013	1H 2013	2013	2012	2013-2012
Revenues	98	65	163	257	-37%
Underlying operating result	4	-3	1	1	
Underlying operating margin	4,1%	-4,6%	0,6%	0,4%	
Order book	190	115	190	139	

Property Development once again saw revenues decline in 2013 to € 163 million, down € 37% from € 257 million in 2012. However, the order book increased for the first time since years. At € 190 million at year-end 2013, it came up one-third from the € 139 million reported a year earlier. The result of € 1 million in 2013 remained at the same level as in 2012. The total number of unsold homes stood at 36 at year-end 2013. The market for corporations and investors was difficult in 2013, as investments were postponed and the market was fiercely competitive. However, the momentum improved towards the end of the year. Despite these market difficulties, Property Development managed to win some interesting area development projects, such as the Wijnhavenkwartier in The Hague and Kanaleneiland in Utrecht. Other milestones included the start of the development of the Talentencampus in Oss and the sale of homes in Utrecht's 'Meyster's Buiten' and Noorderhaven in Zutphen. Heijmans sold 52 '*Huismerk*' rental homes in Landsmeer to insurer Achmea and realised highly energy-efficient homes in Almere Poort.

The size of the strategic landbank increased slightly in 2013 and amounts up to € 313 million compared to € 305 million in 2012. For a large part of the landbank, valued at € 218 million, there is a matter of active land development, usually in collaboration with other parties. The remaining landbank, at a combined value of € 95 million at year-end 2013, have a more strategic character. In this case, no materialistic development activities are expected to take place in the short run. The unconditional obligations, which will lead to future real estate purchases, remained more or less stable in 2013, at € 90 million compared to € 85 million in 2012. The conditional obligations, which will possibly lead to real estate purchase, have decreased to € 211 million compared to € 224 million in 2012. The significant part of the conditional obligations, at € 164 year-end 2013, only has a limited cash impact at materialisation. It mostly concerns obligations to acquire landbank in case of a building permit and/or realised sales percentage.

## Residential Building

### Residential

x € 1 million	2H 2013	1H 2013	2013	2012	Variance 2013-2012
Revenues	114	109	223	360	-38%
Underlying operating result	2	-5	-3	1	
Underlying operating margin	1,8%	-4,6%	-1,3%	0,3%	
Order book	173	165	173	182	

Residential Building also saw a decline in revenues and result: revenues came in at € 223 million in 2013, down 38% from the € 360 million reported in 2012. The net result fell to a loss of € 3 million in 2013, compared with a profit of € 1 million in 2012. The order book stood at € 173 million at year-end 2013, down 5% from € 182 million at year-end 2012. In 2013, Residential Building completed the reorganisation announced in 2012, which resulted in the loss of more than 250 jobs. The current housing market requires flexibility and smart solutions: smaller-scale contracts, different construction phasing, shorter lead times and high performance in terms of energy. In the southern town of Ouddorp, Heijmans realised 205 holiday homes within one year for the Duynhille holiday park. The development of an off-site, industrially manufactured, energy-neutral or even energy-surplus home, together with Mopac, is the perfect combination of our ambitions in terms of both lead time and energy performance. Heijmans has also teamed up DUS Architects and Henkel to develop the first printed home in the Netherlands, to gain experience with 3D printing. On the back of the decline in new-build homes, we are seeing an increase in opportunities in transformation, renovation, management and maintenance. Heijmans is managing to seize these opportunities with projects such as the improvement of the energy performance of the homes owned by housing association Voerendaal and the high-grade renovation of the Eikenflats apartment buildings in Leeuwarden.

## Non-Residential

### Non-residential

x € 1 million	2H 2013	1H 2013	2013	2012	Variance 2013-2012
Revenues	237	229	466	470	-1%
Underlying operating result	1	1	2	-13	
Underlying operating margin	0,4%	0,4%	0,4%	-2,8%	
Order book	511	511	511	606	

Revenues at Non-Residential came in at € 466 million in 2013, comparable to the € 470 million reported in 2012. In 2013, Heijmans once again devoted considerable time and energy to process and organisation improvements, as we see an integrated approach to construction and technology, risk management and transparent project phasing as key pillars for future growth. Projects are taken into development only once the preparations have been completed satisfactorily. This approach is bearing fruit, as demonstrated by the results. Non-Residential recorded a profit of € 2 million in 2013, compared with a loss of € 13 million in 2012. The order book came in lower at € 511 million at year-end 2013, from € 606 million a year earlier. Non-Residential focuses on complex construction projects, which give it the opportunity to differentiate itself in terms of quality and an integrated approach to technology, design and construction. Examples of this approach are the Laurentius Hospital in Roermond, DSM's Technology Campus in Delft, the National Military Museum in Soesterberg and the Vredenburg Music Centre in Utrecht. The increasing centralisation at clients such as the government's buildings department *Rijksgebouwendienst* is a key development in the market. And while the market is facing postponed investment decisions and a reduction in the number of tenders, new opportunities arise in the field of services based on total cost of ownership. In the future, Non-Residential wants to focus even more on integrated projects with a design, build, maintain and operate requirement and a further professionalisation of its service, maintenance and asset management.

## Roads & Civil Engineering

### Roads & Civil

x € 1 million	2H 2013	1H 2013	2013	2012	Variance 2013-2012
Revenues	425	326	751	812	-8%
Underlying operating result	5	11	16	35	
Underlying operating margin	1,2%	3,4%	2,1%	4,3%	
Order book	576	763	576	771	

A major component of the revenues at Roads & Civil comes from large-scale, integrated projects for public sector clients. Budget cuts and a delay in phasing of projects had a negative impact on revenues, which fell to € 751 million in 2013, down 8% compared with € 812 million in 2012. The infra activities in the Netherlands booked an operating profit of € 16 million, considerably lower than the € 35 million recorded in 2012. While various large Roads & Civil projects, such as emergency packages, have resulted in high production levels in recent years, the current order book has less margin potential. The order book contains a relatively higher proportion of medium-size projects and projects for local authorities and the quality is also affected by strong competition in the market. In addition, some civil projects are not running as smoothly as we expected. The order book stood at € 576 million at year-end 2013, down 25% compared with the € 771 million recorded a year earlier.

### Roads

In Roads, we make a distinction between large, national projects and small, regional projects and services. At a national level, we are seeing increased centralisation and a growing focus on core tasks at Heijmans' largest client, the government's infrastructure agency *Rijkswaterstaat*. This creates opportunities for market players like Heijmans that are taking on more and more road maintenance and management activities. Examples of this are the flexible maintenance contracts Heijmans executes in the regions West-Nederland Zuid, West Noord-Brabant and Utrecht. We also see the effects of budget cuts at virtually all public sector clients and at virtually all levels, which means projects are being phased differently. Regional markets in particular are fiercely competitive. However, Heijmans still managed to secure a number of large projects in 2013, such as the Drachtsterweg project in Leeuwarden and the design and execution of the N207/N454 crossing in Gouda. We are providing added value with new concepts and innovations, which are often implemented for the first time for regional clients. For instance, Roads built a number of test stretches for the low temperature asphalt Greenway LE in 2013 and applied Elastocoast technology at 16 beachheads along the coast in the Noord Holland province. Heijmans is also developing a concept for an energy-generating sound screen, together with the Eindhoven Technical University, which won the Golden Decibel Award from the anti-noise pollution foundation NSG in 2013. The Smart Highway concept launched in 2012 won the Accenture Award for the best innovation in 2013. The concept, which combines sustainable technology, innovation and user-experience elements, has attracted considerable international attention. In 2013, Heijmans also signed a declaration of intent with the Noord-Brabant province to build the 'Van Gogh cycle path'. This is an interactive cycle path which runs along several locations of cultural and historical interest related to the painter Vincent Van Gogh and uses the lighting technology of the Smart Highway. However, marketing innovations remains a considerable challenge in view of the traditional nature of the market.

### Civil Engineering

As in Roads, a considerable proportion of revenues at Civil Engineering come from large-scale integrated projects from clients such as Rijkswaterstaat and rail organisation Prorail. There is growing competition in this segment and persistent pressure on prices. Civil nonetheless managed to secure a number of large projects, like the Drachtsterweg project in Leeuwarden and the renovation of the Wilhelmina locks in Zaandam. In 2013, Civil focused on the development of integrated quality and know-how, which enable us to anchor smart solutions and tight execution in the organisation. The renovation of the rail tracks and railway bridge as part of the 'Sporen in Den Bosch' (tracks in Den Bosch) project is a strong example of this approach. Civil strengthened its expertise on the technical services front and applied this in projects such as the A4 Delft-Schiedam motorway and the Waterwolftunnel – N201. Civil also scores well in environment management, in projects such as the Vonk & Vlam underground parking garage in Den Bosch and the railway projects at Utrecht Central Station and in Bilthoven and Eindhoven. The management and maintenance market segment is rich in opportunities for Civil. In the mobility segment, Civil won contracts for the management and



maintenance of the waterways in the Westerschelde district and a contract for the development of the (electric car) charging infrastructure in the Amsterdam metropolitan area. The proportion of revenues from service contracts is increasing, from reading, building and maintaining energy and water networks to home connections and (smart) meters. Civil Engineering hopes to use the acquisition of the Brinck Groep to expand its share of this market and extend it to sustainable energy and smart grids. Heijmans has also secured a solid position in the water market with various locks projects, such as those in Belfeld and Sambeek, the Wilhelmina locks in Zaandam and the Wilhelmina canal in Tilburg. As in Roads, innovations are a key instrument in creating added value in this market. For instance, Civil is using lightweight composite material in the doors of the Tilburg locks. This material was first developed for the innovative composite bridge across the A27 motorway.

## International

### Belgium

<b>Belgium</b>					
x € 1 million	<b>2H 2013</b>	1H 2013	<b>2013</b>	2012	Variance 2013-2012
Revenues	133	118	251	252	0%
Underlying operating result	8	5	13	13	
Underlying operating margin	6,0%	4,2%	5,2%	5,2%	
Order book	203	218	203	224	

Revenues and results in Belgium were stable in 2013, with revenue of € 251 million compared with € 252 million in 2012 and a profit of € 13 million in both 2013 and 2012. The order book stood at € 203 million at year-end 2013, down from € 224 million a year earlier. The Belgian operations secured a number of interesting infrastructure projects, such as part of the technical installations in the tunnel of the Liefkenshoek railway connection between the left and right bank of the port of Antwerp. Others included the construction of more than a kilometre and a half of tram tracks with an underground sewerage system, the reconstruction of the Brusselsesteenweg road in Gent and sewerage systems for 'Aquafin'. The construction operations also won new projects such as the construction of apartment complex l'Ensemble Immobilier Villa Urbana in Evere, the new construction of a residential and care centre in Lommel, the construction of 35 service apartments in Aarschot and the realisation of retail spaces and apartments in Biesenpoort, Bilzen. The Belgian operation is also set to begin construction of the new building(s) for the Rega Institute in Leuven, a scientific research institute for medicine and pharmacology.

### Germany

<b>Germany</b>					
x € 1 million	<b>2H 2013</b>	1H 2013	<b>2013</b>	2012	Variance 2013-2012
Revenues	203	141	344	356	-3%
Underlying operating result	6	0	6	6	
Underlying operating margin	3,0%	0,0%	1,7%	1,7%	
Order book	165	200	165	182	

The German activities recorded a slight decline in revenues to € 344 million in 2013, down from € 356 million in 2012. However, the operating result remained stable with a profit of € 6 million recorded in both 2013 and 2012. The order book stood at € 165 million at year-end 2013, down from € 182 million at year-end 2012. Oevermann succeeded in securing a number of large infrastructural projects, such as the widening of the A1 motorway (Bocklemünd-Cologne North) to six lanes and the renovation of the A4 motorway (Düren-Kerpen). German company Franki is also building the foundations for a large number of onshore wind turbines for its client Enercon in Germany, Poland, Austria and Belgium. Franki also scored urban projects, such as sheet piling and foundations in the new Hafen City in Hamburg and earthworks for the large-scale housing project Kronprinzengärten in Berlin.

## 2. Key figures

(x € 1 million)

	2013	2012
Revenues	2.054	2.318
Underlying operating result	23	27
- underlying operating margin -	1,1%	1,2%
Operating result	13	-87
Result after tax	2	-88
- net margin -	0,1%	-3,8%
Order book	1.659	2.026
Equity	315	315
Net debt	141	149
Operating cash flow	-12	-45
<hr/>		
(amounts x € 1)		
Earnings per share	0,10	-5,10

### 3. Consolidated Income Statement

(x € 1 million)

	2013	2012
Revenues	2.054	2.318
Cost of sales	-1.847	-2.093
<b>Gross profit</b>	<b>207</b>	<b>225</b>
Other operating income	3	4
Selling expenses	-31	-37
Administrative expenses	-165	-217
Other operating expenses	-1	-62
<b>Operating result</b>	<b>13</b>	<b>-87</b>
Financial income	4	4
Financial expenses	-10	-11
Share of profit of associates	1	1
<b>Result before tax</b>	<b>8</b>	<b>-93</b>
Income tax expense	-6	5
<b>Result after tax</b>	<b>2</b>	<b>-88</b>

#### 4. Consolidated Balance Sheet

(x € 1 million)

	31 december 2013	31 december 2012
<b>Non-current assets</b>		
Property, plant and equipment	110	124
Intangible assets	115	114
Real estate investments	12	11
Investments in associates	4	4
Other investments	88	96
	<b>329</b>	<b>349</b>
<b>Current assets</b>		
Strategic land portfolio	313	305
Other inventories	117	138
Construction work in progress	120	120
Trade and other receivables	372	376
Cash and cash equivalents	73	78
	<b>995</b>	<b>1.017</b>
<b>Total assets</b>	<b>1.324</b>	<b>1.366</b>
<b>Equity</b>	<b>315</b>	<b>315</b>
<b>Non-current liabilities</b>		
Cumulative financing preference shares	66	66
Interest-bearing loans	89	80
Provisions and non-interest bearing debts	41	43
	<b>196</b>	<b>189</b>
<b>Current liabilities</b>		
Interest-bearing loans and other current financing	59	80
Trade and other payables	571	530
Construction work in progress	153	201
Provisions	30	51
	<b>813</b>	<b>862</b>
<b>Total equity and liabilities</b>	<b>1.324</b>	<b>1.366</b>

## 5. Consolidated cash flow statement

indirect method  
(x € 1 million)

	2013	2012
<b>Operating result</b>	<b>13</b>	<b>-87</b>
Share in profit of associates	1	1
Gain on sale of non-current assets and property investments	-2	-3
Depreciation and impairment of property, plant and equipment	23	27
Depreciation and impairment of property investments	0	1
Amortisation of intangible assets	1	2
Impairment of intangible assets	0	60
Impairment of debtors	1	1
Adjustment of valuation of property and land bank	7	35
Change of net work in progress	-48	-49
Changes in PPP-receivable	-25	-15
Changes in other working capital	29	-7
Change in non-current, non-interest-bearing liabilities and provisions	-2	3
Change in fair value of cash flow hedges recognised through profit and loss	4	0
Interest paid	-13	-13
Interest received	3	3
Income tax paid	-4	-4
<b>Cash flow from operating activities</b>	<b>-12</b>	<b>-45</b>
Investments in subsidiaries after deduction of cash and cash equivalents	-3	-
Inclusion of participating interest in joint venture after deduction of cash and cash equivalents	2	-
Investment in property, plant, equipment and real estate	-16	-27
Proceeds from sale of property, plant and equipment, and property investments	8	5
Loans granted to joint ventures and associates	-1	-6
Loans repaid by joint ventures	6	2
<b>Cash flow from investment activities</b>	<b>-4</b>	<b>-26</b>
Emission of shares net of transaction costs	13	-
Transaction costs related to emission of shares	0	-
Interest-bearing loans drawn down	27	35
Interest-bearing loans repaid	-25	-23
Refinancing expenses	-1	-
Dividend in cash	-3	-4
<b>Cash flow from financing activities</b>	<b>11</b>	<b>8</b>
<b>Net cash flow in the period</b>	<b>-5</b>	<b>-63</b>
Cash and cash equivalents at 1 January	78	141
<b>Cash and cash equivalents at 31 December</b>	<b>73</b>	<b>78</b>

## 6. Information by segment

### Summary income statement by segment

Business segments (x € 1 million)	Netherlands							
	Property development		Residential		Non-residential		Roads & Civil	
	2013	2012	2013	2012	2013	2012	2013	2012
<b>Revenues</b>								
Third parties	163	257	132	200	413	457	711	780
Intercompany			91	160	53	13	40	32
<b>Total revenues</b>	163	257	223	360	466	470	751	812
<b>Operating result</b>	-4	-72	-6	-7	0	-24	15	31

Business segments (x € 1 million)	Foreign								Total	
	Belgium		Germany		Other		Eliminations		2013	2012
	2013	2012	2013	2012	2013	2012	2013	2012		
<b>Revenues</b>										
Third parties	251	252	331	355	53	17			2.054	2.318
Intercompany			13	1	56	90	-253	-296	0	0
<b>Total revenues</b>	251	252	344	356	109	107	-253	-296	<b>2.054</b>	2.318
<b>Operating result</b>	12	13	5	5	-9	-33			13	-87

## 7. Order book

Order book (x € 1 million)	31-12-2013	30-6-2013	31-12-2012
Property development	190	115	139
Residential	173	165	182
Non-residential	511	511	606
Roads & Civil	576	763	771
Other/eliminations	-159	-106	-78
Netherlands	1.291	1.448	1.620
Belgium	203	218	224
Germany	165	200	182
<b>Total order book</b>	<b>1.659</b>	1.866	2.026