

## **Heijmans trading update: stable revenues in demanding market**

- First-quarter revenue virtually unchanged from last year;
- Order portfolio at end-March more than € 200 million higher across the board;
- Home sales 234 through end of April, of which 129 (55%) to private buyers compared with 60 homes in the same period last year (2013: all 60 sold to private buyers);
- Consequences of IFRS 11 affect how joint ventures are consolidated. This led to a lower balance sheet total and a 2% rise in the solvency ratio.
- Outlook: underlying operating result the first half of the year under pressure, as expected, second half positive according to annual seasonal pattern.

*Bert van der Els, CEO Heijmans NV:* ‘The market is recovering and Heijmans is focussing on promising tenders and projects. This year can be described as a transition year. In the run up to 2015 the result development is under pressure in the first half of this year, partly due to the lower production levels at residential and the limited margin potential at the current infra projects. Based on the strategy ‘improving and renewing’ constant improvement is imperative. To this effect we have implemented further standardization of functions and project management processes. Moreover working capital has our undiminished attention. Heijmans also distinguishes itself through innovation, from the Smart Highway concept to ‘integrated roof systems’ and the moveable starters home ‘Heijmans One’. Truly enterprising projects that unite public sector, private sector and users and that accelerate both sustainability and innovation in the construction sector, government regulations and the landscape.”

### **Residential**

The market is recovering and this led to higher home sales in the first four months compared to the same period of last year. Sales to private customers also showed an increase. New products and innovations, such as the 3D printing construction technology are generating considerable interest among potential clients. In addition to these innovations, however, it is vital that we continue to make operational improvements to reap the benefits of efficiency, know-how and scale. The market opportunities we are currently seeing on the innovation front are in stark contrast with the continuing strong pressure on prices. In the past quarter, Heijmans started the sale of the Fenixloodsen in Rotterdam and, amongst others, acquired the contract for the construction and development of 39 energy-neutral homes in Son en Breugel. In Belgium Heijmans won the contract for the construction of 34 apartments in Evere.

### **Non-residential**

The market for complex non-residential projects remains stable. In the past quarter, Heijmans completed the new concert venue Muziekcentrum Vredenburg in Utrecht. Heijmans also acquired new contracts for a technology centre for DSM and for Lounge 2 of Amsterdam Schiphol Airport. We started construction on the new Laurentius Hospital in Roermond and Non-residential also won the contract for the maintenance and renovation of the ‘largest government building in the Netherlands.

### **Infra**

In the past months, Heijmans acquired a number of large-scale projects, including the Kreekrak bridges in Zeeland and the A12 Parallel structure near Gouda. The Randweg Gent (R4) was recently delivered and our Groen en Golf activities of business were sold via a management buy-out, which has increased our focus on core activities within Roads. Even though volumes at the infra activities are fairly in line with last year, current projects have a limited margin potential. Furthermore, Heijmans is focused on achieving improvement of operational processes with the help of a new ERP system as well the necessary tight control of design processes.

Apart from these developments, various Heijmans projects attracted serious attention from the international media in the past quarter, amongst which the hockey pitch for the World Cup Hockey in The Hague and the ‘Glowing Lines’ in Oss launched by transport minister Melanie Schulz-Van Haegen. We are currently making further improvements to this technology, version 2.0 is due to be launched in the near future. Heijmans also participated in TEDxBinnenhof, where it unveiled the ‘Hydrea Thermpipe’ concept, which is based on extracting heat from sewerage systems.

**Miscellaneous**

The working capital remains under pressure partly in view of the relatively low production levels. Managing the working capital and decreasing capital requirement will definitely continue to be our focus in 2014. Upon the introduction of IFRS 11 as of 1 January 2014 Heijmans' reported net debt, amongst others, decreased and the solvency ratio increased. Revenues and EBIT reported under IFRS dropped slightly because some joint ventures are no longer consolidated proportionately. The relevant results are reported as 'results from joint ventures'. IFRS 11 therefore has no impact on net results.

**About Heijmans**

Heijmans is a listed company that combines activities related to property development, residential building, non-residential building, technical services and infrastructure. Heijmans operates in the Netherlands, Belgium and Germany. Our focus on quality improvements, integrated projects, sustainability and profitability allows Heijmans to provide added value for our customers. Heijmans realises integrated projects for residential consumers, companies and public sector bodies. With more than 7,400 employees and € 2.1 billion in revenues in 2013, we are building the spatial contours of tomorrow. For more information, visit [www.heijmans.nl](http://www.heijmans.nl).

**Interim results 2014**

Heijmans will publish the results for the first half of 2014 on 20 August 2014 before the opening of the stock exchange.

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