

## Press release

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### **Heijmans trading update: Developments first months 2016 according to plan**

#### **Highlights**

- Revenues in the first quarter of 2016 slightly higher compared to the first quarter of 2015, partly due to higher revenues in Property Development and the German infrastructure activities;
- Total homes sold: 489 through April, with 391 of these sold to private buyers (first four months of 2015: 387, of which 348 sold to private buyers);
- Order book at end-March: € 2.1 billion, comparable to the end of 2015.

*Bert van der Els, CEO Heijmans NV: 'Heijmans developed in line with expectations in the first quarter of 2016. We are satisfied with the growth in Dutch Housing and were able to further expand our position in that market. Germany and Belgium also performed in line with expectations. We remain vigilant in the Non-residential and Infra segments. The market conditions in these segments remain poor. We continue to be engaged in the realisation of a number of difficult projects. These are progressing steadily whereby the risk level remains high. Our order book is stable, to which we have been able to add two interesting projects with the recently acquired Amsterdam Courthouse PPP project and the contract for the realisation and maintenance of the sewage water purification plant in Utrecht.'*

#### **Operational activities**

The residential market is growing and this is visible in the development of the Residential Building and Property Development segment. In Property Development in particular, revenues showed a clear increase compared to the first quarter of 2015. Heijmans closed a contract with Amvest Investment Management for the construction of 38 private rental apartments in the 'Perron073' project in 's-Hertogenbosch. The first 30 Heijmans ONE homes are in production and will be delivered to the Wonen Limburg housing corporation this spring. The Belgian construction activities were stable in the period under review.

As expected, revenues in Non-residential decreased considerably compared to the same period of 2015. The market remains challenging: there are fewer projects in the market, prices are under pressure and Heijmans has a selective acquisition policy. In February, Heijmans joined the consortium for the Rotterdam area development Hart van Zuid. This integrated contract for the renewal and strengthening of the area around Zuidplein and the Ahoy convention centre and arena includes the realisation of an international conference centre, music hall, cinema and hotel, as well as the construction of an arts centre complete with library and theatre, the renovation of the Zuidplein shopping centre and improvement of the public transport network. The financing agreement was completed at the end of April and work on the project has commenced. There is potential in the market for services, maintenance and management and Heijmans is steadily expanding its position in that market. We were awarded a five-year contract from Leiden University for the maintenance and management of all electro-technical installations. We also delivered the

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first phase of the new Science Campus of the Mathematics and Natural sciences division. In Roermond the new-build project for the Laurentius Hospital was taken into operation. Very recently, the Amsterdam Courthouse PPP project was awarded by the Dutch Building Agency to a consortium that includes Heijmans as key partner during the realisation and operating phase.

Revenues at Infra (Roads and Civil) were slightly higher in the first quarter of 2016 when compared to the same period of 2015. The regional projects and asset management contracts in the Dutch infrastructure activities continued to develop positively. The market for large and complex infrastructural works remains challenging. The risk level of a number of large, ongoing projects remains high. The Belgian and German infrastructure activities are performing in line with expectations. Revenues at our German subsidiary Oevermann were substantially higher in the first quarter of 2016 than in the same period of 2015.

In February, financial close was realised in the PPP project 'Construction 3rd lock chamber Princess Beatrix Lock and widening Lek canal'. Heijmans recently signed a contract for the design, realisation and 10-year maintenance of the sewage water purification plant in Utrecht. The realisation of the A12 Veenendaal – Ede - Grijsoord is progressing well and delivery is scheduled for the coming summer. In the north of the Netherlands, Heijmans won the contract for the strengthening of a 13-kilometre stretch of Wadden Sea dykes in the province of Friesland. In Eindhoven, a pilot project was launched involving the Bike Scout innovation, a road safety system that warns drivers of approaching cyclists by means of sensor technology and LED lights in the road surface. Additionally, this year saw the installation of the world's largest lock doors made of polymer composite in the new Lock III of the Wilhelmina canal in Tilburg.

### **Strategy, outlook and financing**

Based on its strategy 'to improve and renew', Heijmans is making targeted efforts to further strengthen its core processes, and to capitalise on its innovations and sustainability ambitions. The internal 'Improve the Core' programme is putting the focus on the tightening, uniformity and centralised management of tender, project and procurement management and commerce. Heijmans has implemented a number of measures, from different 'pricing' of design and staff costs, as well as disciplined application of go/no go-moments to a different valuation of opportunities and risks.

Heijmans is committed to a 'margin over volume' policy, selective acquisition of new contracts and risk management. The infrastructure activities are a specific focal point in this context in view of a number of previously acquired large and integrated projects that are moving towards completion with difficulty and are negatively affecting the company's results. The aim is controlled completion of these works, which are expected to account for almost 10% of the revenues of the Dutch infrastructure activities this year. The appointment of a fourth member of the Executive Board with specific responsibility for Infra underlines the priority the Board places on improving the results of the Dutch infrastructure operations. The first results of this policy are visible, in particular in the regional infrastructural projects and asset management contracts, which account for approximately 40% of the total revenues of the Dutch infrastructure activities.

In early 2016, we amended the credit facility made available by the syndicate of banks, which has extended the financing to June 2018. The documentation of the new agreement has been completed. As of end-March, Heijmans was operating within the bandwidths of the prevailing financial covenants. In line with the new agreements, Heijmans has made a structural improvement of the net debt / EBITDA ratio a high priority for the coming period. Partly in view of the persistent pressure on the working capital, Heijmans also continues to devote attention to the optimisation of the cash flow, in part by means of the 'Fit for Cash' programme.

This overall approach should result in continued recovery in 2016. Heijmans is developing in line

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with expectations and is taking clear steps forward to be able to end the year with a positive underlying operating result.

### **About Heijmans**

Heijmans is a listed company that combines activities related to property development, residential building, non-residential building and infrastructure 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 over 6,500 employees and almost € 2.0 billion in revenues in 2015, we are building the spatial contours of tomorrow. You will find additional information on [www.heijmans.nl](http://www.heijmans.nl)

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