Heijmans annual results 2018

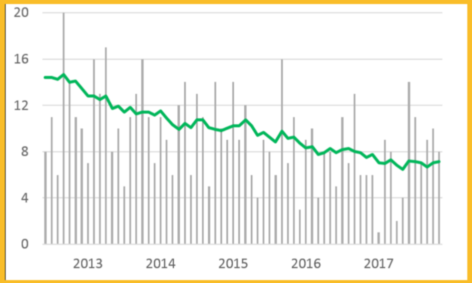
21 FEBRUARY 2019

Heijmans annual results 2018: positive results across the board

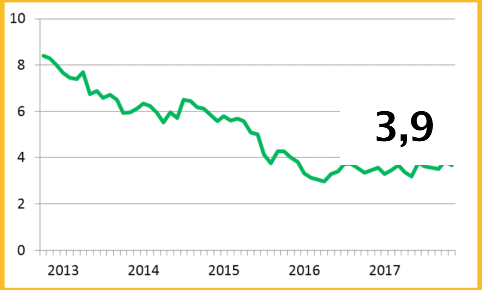
TON HILLEN, CEO HEIJMANS N.V.

Safety

Number of lost-time injuries (incl. subcontracting and restricted workday)
Trend IF figure (own staff incl. hirers)
Period 2013 – 2018



Number of injuries
per month



Lost-time Injury Frequency

	2014	2015	2016	2017	2018- YTD
Fatalities	0	0	0	1	0
LTIF	5,6	3,9	3,7	3,7	3,9
#Injuries	120	105	94	77	87

*LTIF – Lost-time Injury Frequency = number of lost-time injuries in the last 12 months / number of days worked in the last 12 months * 1.000.000 (Target: IF < 1)*

Highlights annual results

- All business areas contribute to positive result
- Increase in revenues by 13% to € 1,579 million
- Increase underlying EBITDA by 43% to € 43 million
- Net profit 2018 € 20 million (2017: € 9 million negative excl. discontinued operations*)
- Order book remains well stocked at approx. € 2 billion
- Solvency ratio 25% (27% before IFRS15)
- Total number of homes sold: 2,237

**Result discontinued operations 2017: € 29 million, this is including the one off book profit sale foreign operations of € 31 million.*

Key figures 2018

Key figures in € mln.	**H2 2018**	**H2 2017**	**2018**	**2017**
Revenues	799	756	1.579	1.402
Underlying EBITDA **	23	21	43	30
Result after tax ***	12	0	20	20
Earnings per share (in €) ***	0,57	0,00	0,96	0,91
Order book	2.014	1.898	2.014	1.898
Net debt / (net cash)	-31	-14	-31	-14
Number of FTE	4.524	4.442	4.524	4.442

** Underlying EBITDA is the operating result before depreciation including EBITDA joint ventures, excluding write down on property assets, restructuring costs, book result on sale of subsidiaries and other extraordinary items.

*** 2017 including discontinued operations

Development per sector

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Property development: sound growth from strong market position

Property development in € mln.	**H2 2018**	H2 2017	**2018**	2017
Revenues	258	205	503	391
Underlying EBITDA	15	12	28	20
Underlying EBITDA margin	*5,8%*	*5,9%*	*5,6%*	*5,1%*
Order book	435	420	435	420

- Housing market: potential for positive development and controlled growth
- Growth revenue and underlying EBITDA, well stocked order book
- Number of homes sold slightly higher: 2,237 (2017: 2,192)
- In addition to demand for new-build homes also area development and transformation
- Land bank: decrease of strategic land holdings, increase residential properties in preparation and under construction - decreased to € 127 million (2017: € 150 million)

DE SCHOONE LEY, THE HAGUE

Building & Technology: turnaround non-residential, structural recovery

Building & Technology in € mln.	**H2 2018**	H2 2017	**2018**	2017
Revenues - Residential	*227*	*158*	*440*	*297*
Revenues - Non-Residential	*150*	*122*	*286*	*240*
Revenues - Building & Technology	377	280	726	537
Underlying EBITDA - Residential	*5*	*3*	*11*	*5*
Underlying EBITDA - Non-Residential	*5*	*-5*	*5*	*-6*
Underlying EBITDA - Building & Technology	10	-2	16	-1
Underlying EBITDA margin	*2,7%*	*-0,7%*	*2,2%*	*-0,2%*
Order book	1.202	1.024	1.202	1.024

- Growth revenue and underlying EBITDA, order book at higher level
- Biggest turnaround at non-residential projects, good performance residential activities and stable performance service activities
- Heijmans home brands (Heijmans Huismerk and Heijmans Wenswonen) are popular: production of more than 1,000 homes started in 2018; 821 were delivered
- New contracts non-residential projects and Services (Laan op Zuid, Main contracts Schiphol)

FENIX LOFTS, ROTTERDAM

EUROPEAN MEDICINES AGENCY, AMSTERDAM

Infra: focus, predictability and controlled development

Infra in € mln.	**H2 2018**	H2 2017	**2018**	2017
Revenues	342	379	654	680
Underlying EBITDA	2	15	8	16
Underlying EBITDA margin	*0,6%*	*4,0%*	*1,2%*	*2,4%*
Order book	766	814	766	814

- Infra focuses on the predictability of projects, a tighter focus on core competences, risk management and a balanced order book: decrease revenues and order book
- Results strongly affected by termination contract Wintrack II: € 10 million written down
- Construction Wilhelmina lock project in Zaandam resumed following arbitration, N23 completed, re-baseline phase Zuidasdok taking longer than expected
- Various new projects, such as A1 Apeldoorn – Azelo and Main contracts Schiphol
- Proposal joint asphalt production company with BAM subject to approval of the Dutch Authority for Consumers & Markets


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R.BREURE
Sheraton
MAIN CONTRACTS SCHIPHOL

Financial

Income statement

in € mln.	H2 2018	H2 2017	2018	2017
Revenues	**799**	**756**	**1.579**	**1.402**
Property development	15	12	28	20
Residential	*5*	*3*	*11*	*5*
Non-residential	*5*	*-5*	*5*	*-6*
Building & Technology	10	-2	16	-1
Infra	2	15	8	16
Corporate/other	-4	-4	-9	-5
Underlying EBITDA	**23**	**21**	**43**	**30**
Correction operating result joint ventures	-6	3	-6	14
Write down on property assets	-5	-3	-6	-6
Restructuring costs	-1	-4	-1	-8
Soil remediation	0	-3	0	-3
Release pensions indexation	5	0	5	0
EBITDA	**16**	**14**	**35**	**27**
Depreciation/amortisation	-6	-7	-12	-13
Operating result	**10**	**7**	**23**	**14**
Operating result discontinued operations incl. bookresult	0	0	0	31
Operating result including discontinued operations	**10**	**7**	**23**	**45**
Financial results	-3	-4	-8	-8
Share of profit of associates and joint ventures	5	-4	5	-15
Result before tax	**12**	**-1**	**20**	**22**
Income tax	0	1	0	-2
Result after tax	**12**	**0**	**20**	**20**

Strenghtened commitment financiers

- In H1 syndicated bank loan extended to 1 July 2022:
  - Improved interest rate margins from 4% to 3%, in 2019 to 2,25%;
  - Accelerated reduction of total commitment to € 121 million in October,
    KBC no longer part of the syndicate
  - Covenants reassessed, new is a solvency ratio full year
  - In 2018 Heijmans operated well within the parameters agreed in the covenants
- Coupon reset 2019-2024 cumulative preference shares B:
  - Annual coupon lowered from 7,90% to 7,21%
  - Repayment elements were agreed, related to performance and based on conversion element
  - Required change in Company's Articles of Association subject to approval of
  - General Meeting of Shareholders

Covenants and financing

Amounts in € mln.	2018 FY	2017 FY
Net debt	**-30,7**	**-13,6**
Adjustments:		
Net debt joint ventures	78,1	0,0
Net debt non recourse project finance	-92,4	0,0
Cumulative preference shares B	-45,1	0,0
Other	2,1	0,0
Net debt covenants (A)	**-88,0**	**-59,2**
Reported EBITDA	34,2	0,0
Extraordinary items	3,0	0,0
EBITDA joint ventures	5,7	0,0
Underlying EBITDA	**42,9**	**0,0**
Adjustments:		
Capitalised interest	1,5	0,0
EBITDA non recourse projects	-4,2	-5,2
Other	-1,3	0,0
EBITDA covenants (B) - Interest Cover	**38,9**	**-5,2**
EBITDA from disposed subsidiaries	0,0	0,0
EBITDA covenants (C) - Leverage Ratio	**38,9**	**-5,2**
Net interest	**9,4**	**0,0**
Adjustments:		
Net interest joint ventures	1,1	0,0
Net interest non recourse project financings	-2,8	-2,8
Interest cumulative preference shares B	-3,6	0,0
Other	-3,9	0,0
Net interest covenants (D)	**0,2**	**-2,8**
Average net debt covenants (E)	**-10,9**	
Guaranteed capital reported	194,2	
IFRS 15 adjustments	1,3	
Guarantee capital for solvency ratio (F)	**195,5**	
Reported balance sheet total	776,1	
IFRS 15 adjustments	-40,4	
Balance sheet total for solvency ratio (G)	**735,8**	
Leverage ratio (A/C) <3	**-2,3**	**-2,4** [1]
Interest cover ratio (B/D) >4	**180,3**	**7,7** [1]
Average Leverage ratio (E/C) <1,5	**-0,3**	
Solvency ratio (F/G) > 20%	**26,6%**	

1. In 2017 minimum levels were agreed for EBITDA and Solvency

Financial covenants

- Heijmans operates well within the parameters agreed in the covenants
- Net debt and average debt reduced substantially
- 'Rolling' EBITDA improved
- No bottlenecks expected for 2019

Progress debt reduction

- Net cash situation improved in 2018 by € 17 million
- Average net debt (12 months rolling) improved in that same period by € 84 million, adjusted for impact sale foreign businesses in H1 2017 by about € 50 million
- Result: reduction credit facility and overall costs of funding substantially reduced
- Focus shifted from ‘managing peaks’ to more stabilised debt at a lower level

Strategy and outlook

Long-term ambition

- 2018 all about progress recovery profitability, debt reduction and de-risking projects; and in addition, determining long-term vision and planning
- Building on and bundling initiatives that fit the long-term ambition: creating a healthy living environment
- Strategy aimed at 2023: Better, Smarter, Sustainable

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Strategy 2023

BETTER

- Safety
- Risk management & process improvement
- Quality of the organization

SMARTER

- Digitalisation
- Production technology

SUSTAINABLE

- Energy
- Materials
- Space


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Life
GEMEENTE
UDEN
ECN › TNO
seac
OPENING SOLAR HIGHWAYS

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Outlook: structural profitability

- Expected revenue 2019 comparable to level 2018
- Limited decrease revenue Infra, compensation other business activities
- Based on unchanged market conditions, we expect further improvement of the results in 2019
- Financing in order after refinancing syndicated bank loan and coupon reset cumprefs
- Corporate financing at balanced level
- Solvency ratio 25%, improvement in the coming years towards 30%

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