



Annual Results 2019

Amersfoort, 13 February 2020

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- General Overview
- Operational Overview
- Sustainability
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HES, Hartel Tank Terminal



Highlights

EBITDA FY 2019 increased to € 269 million (+7.2%) from € 251 million

Net result attributable to shareholders € 145 million (+5.8%), net result per share € 1.81 (FY 2018: € 1.71)

Order book remains high at € 8,916 million

Revenue increased to € 6,642 million (+12.1%)

Solvency 33.4% (+90bps)

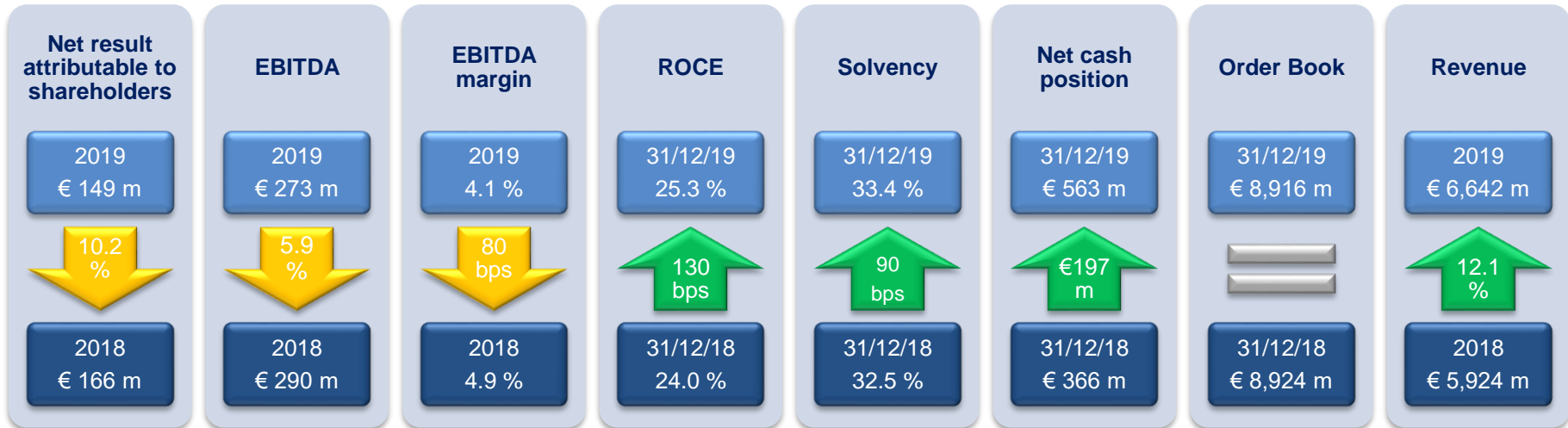
Due to the formal launch of the offer by the majority shareholder Reggeborgh, the company will not propose to pay a final dividend over 2019

Continued delay in the tendering of large integrated infra projects due to Nitrogen

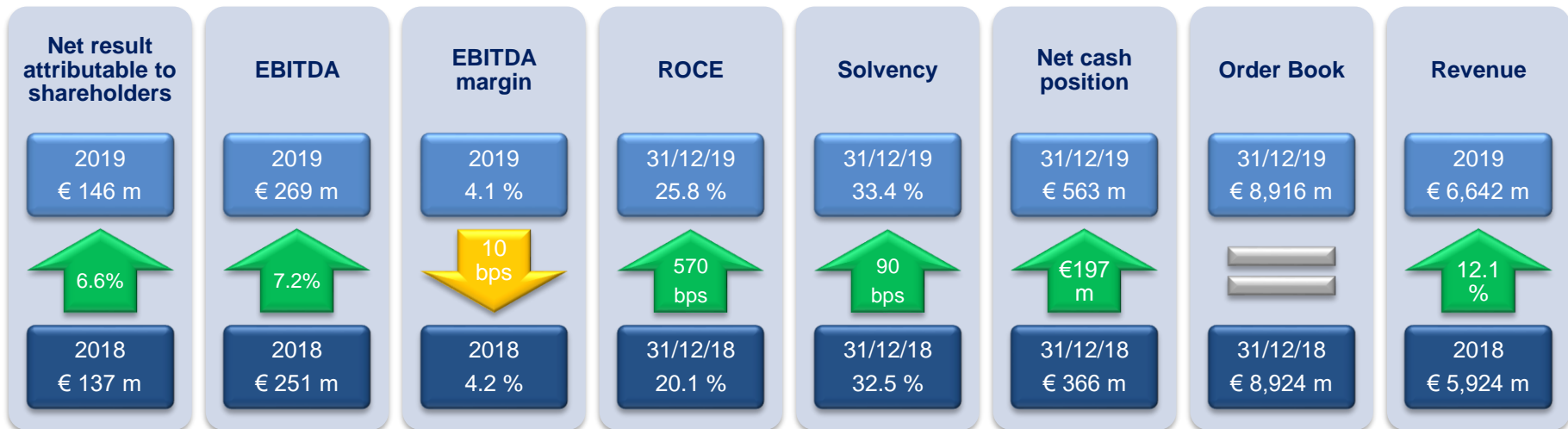
Outlook: 2020 financial performance expected to be in line with 2019

Performance FY 2019 (I)

Underlying operational performance (excluding the OpenIJ provision and IFRS 16)



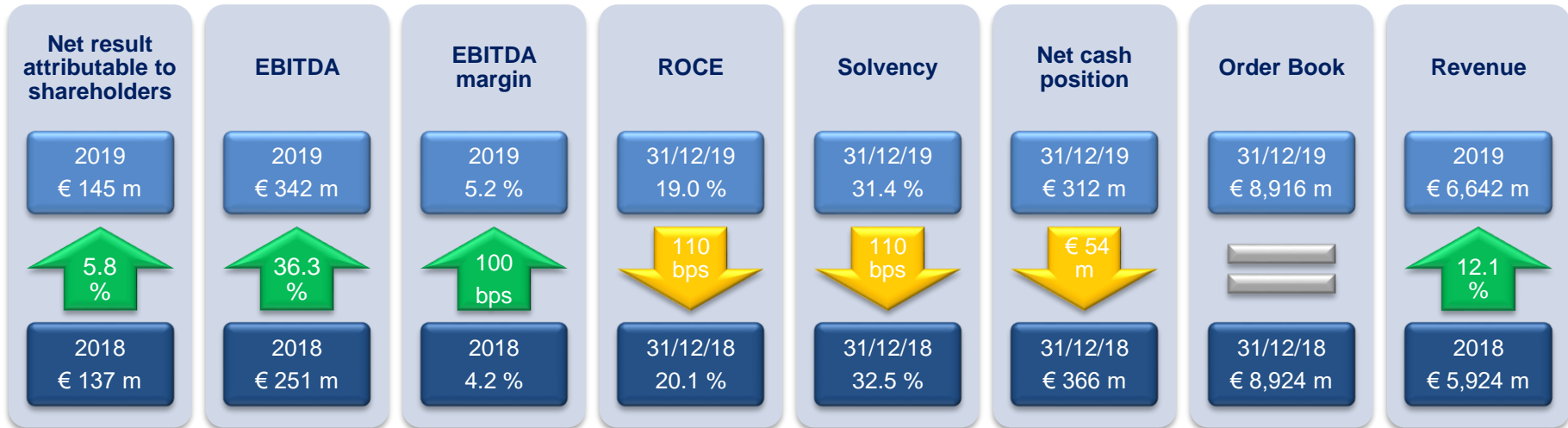
Financial performance (including the OpenIJ provision and excluding IFRS 16)



All numbers exclude share incentive charge (2019: € 4 million; 2018: € 6 million)

Performance FY 2019 (II)

Reported financial performance (including the OpenIJ provision and IFRS 16)*



All numbers exclude share incentive charge (2019: € 4 million; 2018: € 6 million).

* The comparative information for 2018 is not restated for IFRS 16

Revenue and EBITDA* per Segment – 2019 vs 2018

<i>(€ million, unless stated otherwise)</i>	Revenue			EBITDA*		
	2019	2018	Δ	2019	2018	Δ
NL – C&RED	2,358	2,105	12.0%	110	100	10.0%
NL – Infrastructure **	1,513	1,414	7.0%	**46	**61	-24.6%
NL – Energy & Telecoms Infrastructure	865	751	15.2%	44	39	12.8%
United Kingdom	1,344	1,116	20.4%	46	39	17.9%
<i>Local currency GBP</i>	<i>1,180</i>	<i>984</i>	<i>19.9%</i>	<i>40</i>	<i>34</i>	<i>17.6%</i>
North America	338	350	-3.4%	41	47	-12.8%
<i>Local currency CAD</i>	<i>507</i>	<i>538</i>	<i>-5.8%</i>	<i>62</i>	<i>72</i>	<i>-13.9%</i>
Germany	301	268	12.3%	18	16	12.5%
Other/eliminations	-77	-80		-32	-12	
Subtotal	6,642	5,924	12.1%	273	290	-5.9%
OpenIJ provision				-4	-39	
Subtotal				269	251	7.2%
IFRS 16 impact				73	-	
Total	6,642	5,924	12.1%	342	251	36.3%

* EBITDA excluding share incentive charge (2019: € 4 million; 2018: € 6 million).

** EBITDA NL-Infrastructure 2019 is excluding additional loss OpenIJ of € 4 million (2018: € 39 million).

IFRS 16 transition

- VolkerWessels adopted IFRS 16 with effect from 1 January 2019. We have applied the simplified transition approach and have not restated comparative amounts for the year prior to first adoption (2018).
- The EBITDA 2019 increased with € 73 million to € 342 million as a result of these new accounting standards.
- The impact on our net result for 2019 amounts to - € 1 million. On adoption of IFRS 16, we have recognised, in addition to the already existing finance lease agreements, right-of-use assets of € 235 million and corresponding lease liabilities of € 235 million.
- Operating cash flows increased and financing cash flows decreased by € 73 million as repayment of the principal portion of the lease liabilities are classified as cash flows from financing activities instead of cash flows from operating activities.

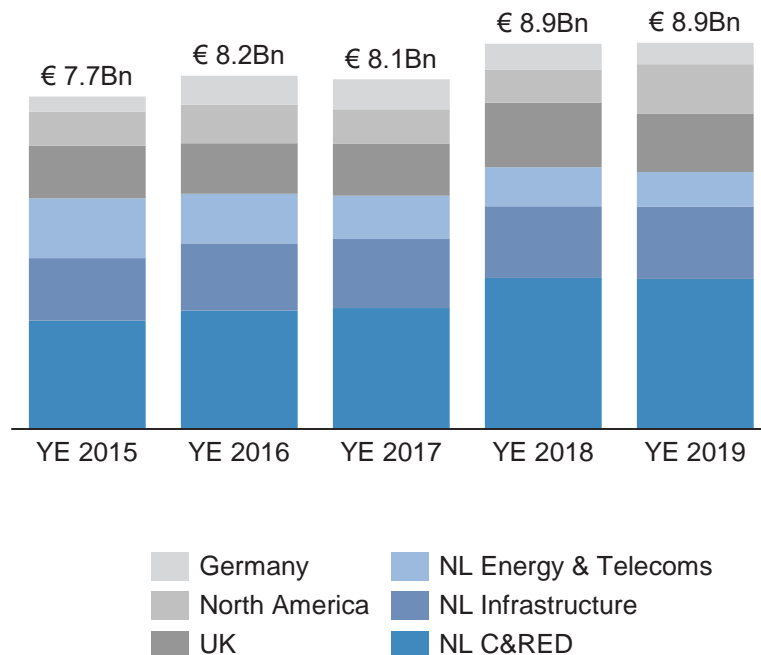
High Quality Order Book with Good Visibility

Solid Growth in Order Book...

Total Order Book End of Year / Revenue for the Year

1.5x 1.5x 1.4x 1.5x 1.3x

Breakdown Order Book



with Good Visibility of This Year's Revenue

- Signed and secured orders are included in the Order Book
- Expected additional work from current projects, not yet agreed upon, is not included in Order Book
- Framework agreements are only included in Order Book for secured (signed) volumes

Order Book Development

- Order Book at € 8.9 billion is stable compared to 2018, however with a different composition
- NL-C&RED stable at € 3.5 billion
- NL-Infrastructure stable at € 1.7 billion
- NL-E&T Infrastructure decreased € 134 million due to delivery production volume on a fixed long-term contract, underlying orderbook increased significantly
- United Kingdom decreased € 175 million
- North America increased € 381 million
- Germany decreased € 98 million

Medium-Term Management Objective for Organic Revenue Growth at 3 - 4%

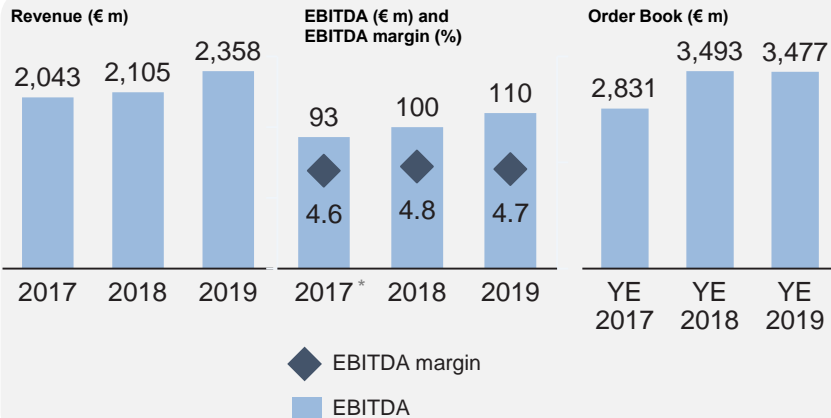
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Construction & Real Estate Development Netherlands

Actual



Highlights

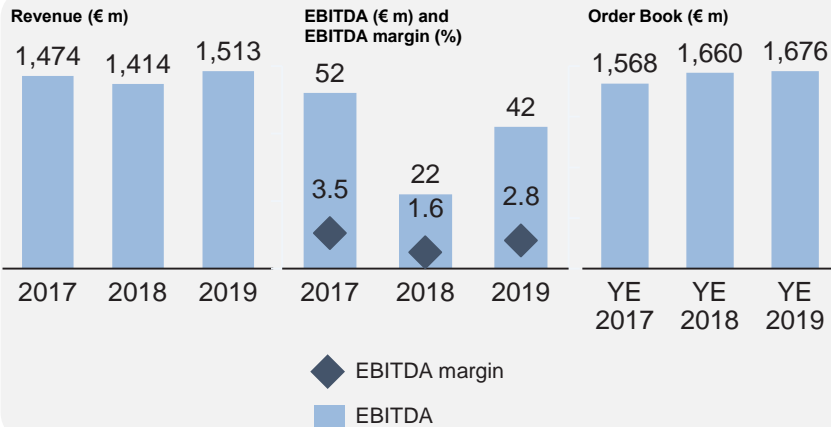
- Revenue increased by 12.0%, or € 253 million, to € 2,358 million in 2019, mainly as a result of the continuing strong market conditions especially in the residential construction market
- New homes sold increased to 2,728 coming from 2,140 in 2018
- EBITDA increased € 10 million to € 110 million, up 10%
- EBITDA margin is stable at 4.7% compared with 4.8% over 2018
- Order book stable at € 3.5 billion and remains very strong at almost 1.5 times the 2019 revenue



* EBITDA 2017 excluding € 13 million third party result

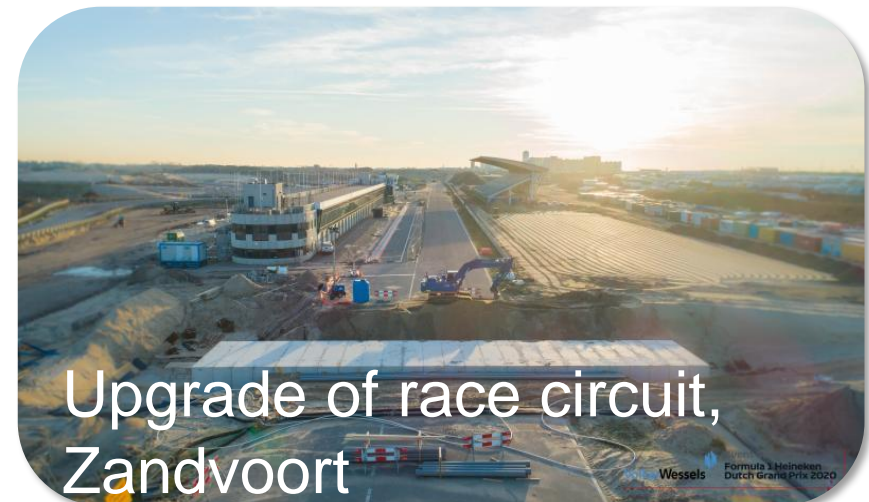
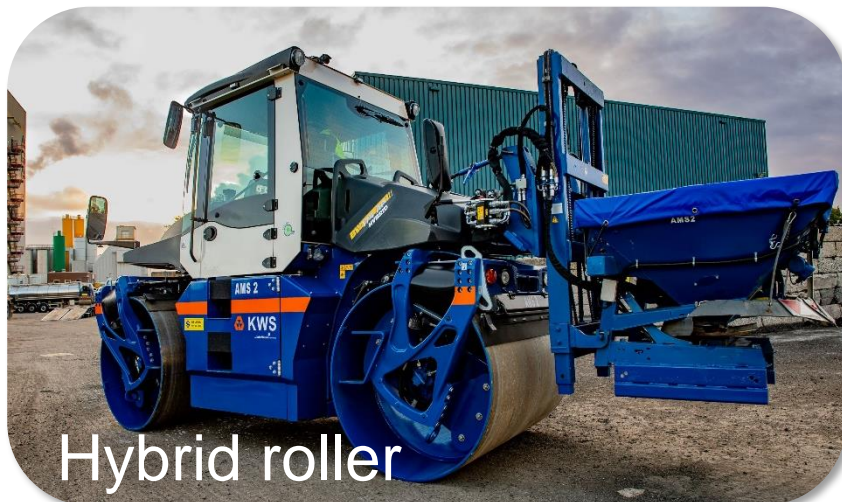
Infrastructure Netherlands

Actual



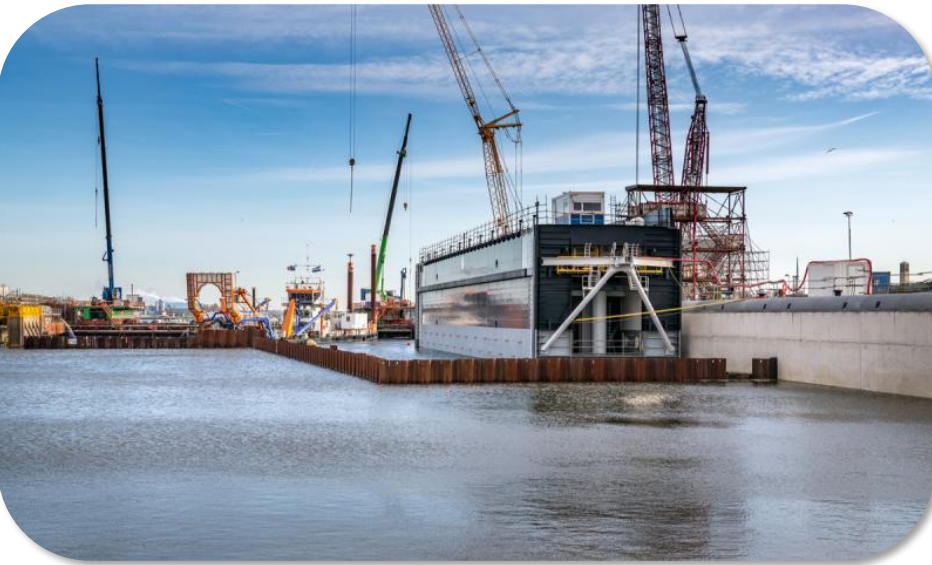
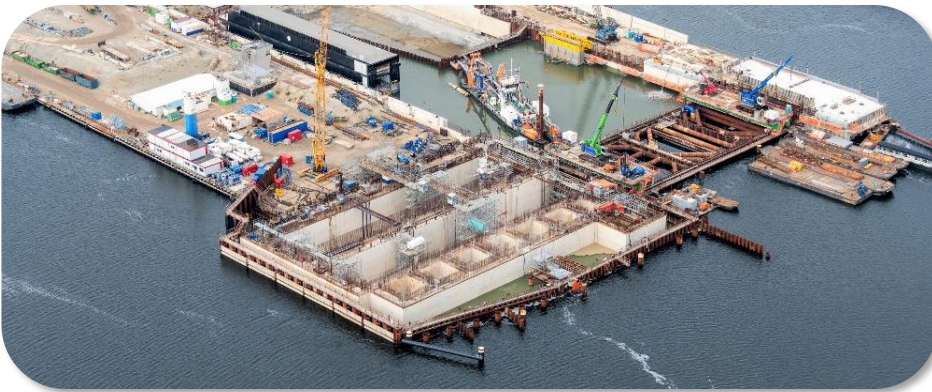
Highlights

- Revenue increased by 7% or € 99 million to € 1,513 million in 2019
- Excluding the provision for OpenIJ, EBITDA decreased by € 15 million to € 46 million. Taken into account the additional provision for OpenIJ, EBITDA is € 42 million. Our 2019 result was impacted by restructuring costs and an impairment of € 2 million on our gravel pit in Norway
- Order book stable at € 1.7 billion at year end 2019
- The market for multidisciplinary infrastructure projects was severely disrupted by Nitrogen, PFAS and PFOS issues from the summer of 2019 onwards. As a consequence, government entities are delaying Infrastructure projects which translates in lower capacity utilization and margin pressure going forward. We experience delays in the tendering of large new infra projects



OpenIJ, sea lock project in IJmuiden update YE 2019

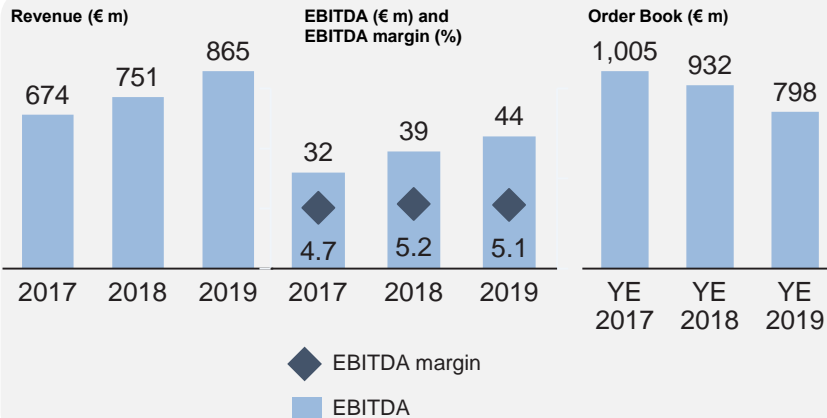
OpenIJ in IJmuiden



- ◆ The loss provision for OpenIJ at the end of the year is € 111 million which is a reduction of € 4 million since the end of the 3rd quarter. Total loss for OpenIJ in 2019 amounts to € 4 million.
- ◆ The percentage completion stands at 80% at year end 2019 and 92% of the provision has been funded
- ◆ In our third quarter results we communicated our current expectation with respect to project OpenIJ with a managerial target for the final project result estimated between - € 110 million and - € 77.5 million (VolkerWessels' share)
- ◆ At the end of the fourth quarter this expectation remains unchanged. As a consequence of the release of our management expectation and taking into account the fact that OpenIJ is behaving more and more like any other large integrated infrastructure project, we will refrain from further financial disclosure on this project going forward

Energy & Telecoms Infrastructure Netherlands

Actual



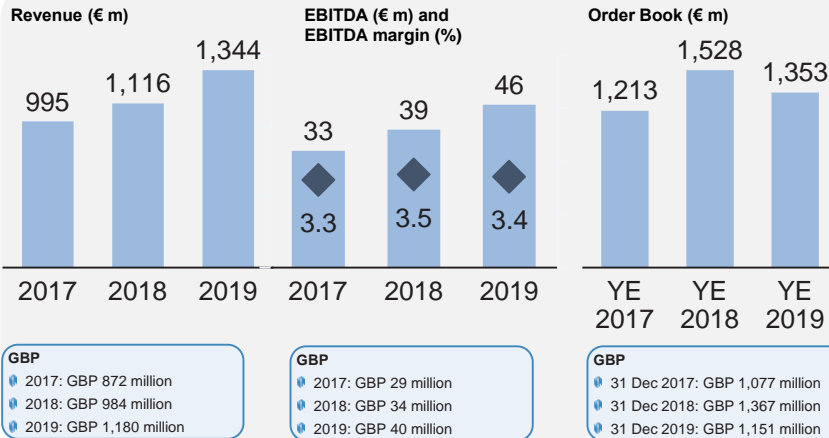
Highlights

- ◆ Revenue increased by 15.2%, or € 114 million, to € 865 million, mainly due to favourable market conditions caused by the transition to sustainable energy sources in the energy infrastructure market and the ongoing digital transformation in the telecoms market
- ◆ EBITDA increased with € 5 million to € 44 million in 2019
- ◆ EBITDA margin for the segment was 5.1% in 2019 compared to 5.2% in 2018
- ◆ The improved result came from both Telecom and Energy
- ◆ The order book decreased due to the 2019 production volume delivered on a long-term contract. Underlying, the order book increased significantly



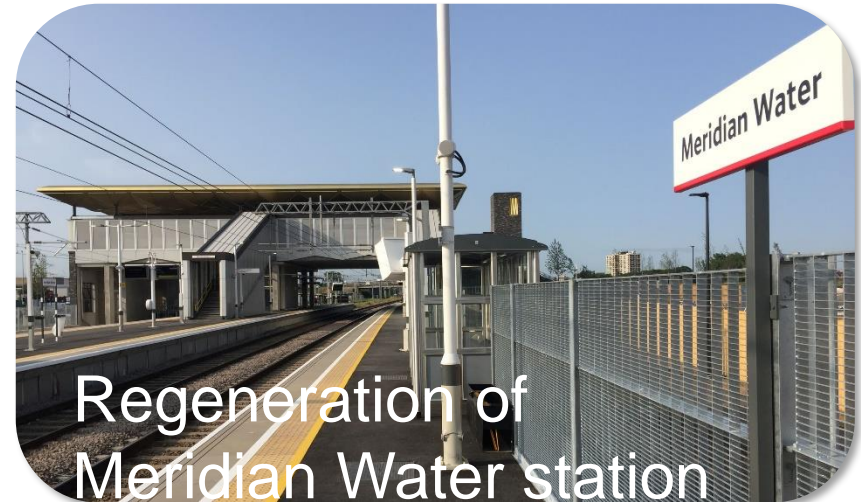
United Kingdom

Actual



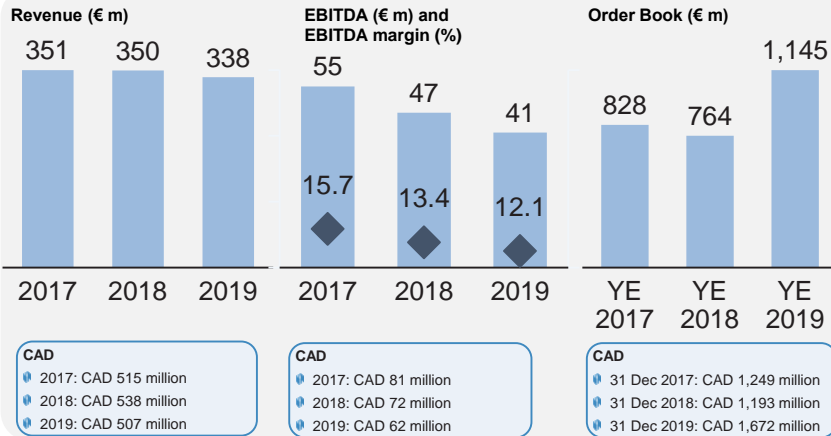
Highlights

- Revenue in 2019 increased 20% to € 1,344 million following positive developments across all market sectors in which we operate
- EBITDA improved by € 7 million to € 46 million with the EBITDA margin decreasing 10 basis points to 3.4%
- The order book decreased by 11.5% to € 1,353 million reflects a change in the mix of contract type in the order book with fewer high value projects and a higher level of 'zero' value framework contracts, for which specific values will only be released over the duration of the framework as individual projects are allocated
- The general election held in December 2019 delivered a strong Government, which has confirmed its commitment to increasing investment in infrastructure. We believe this will bring greater economic clarity in the medium and long term



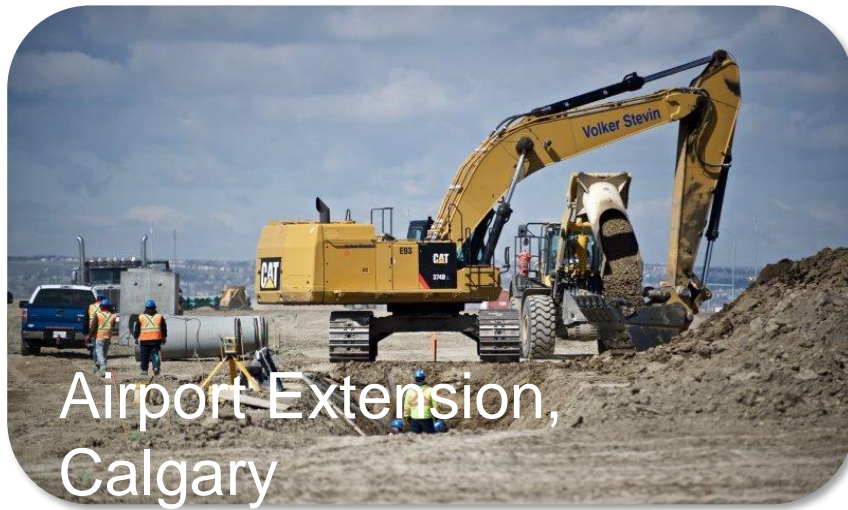
North America

Actual



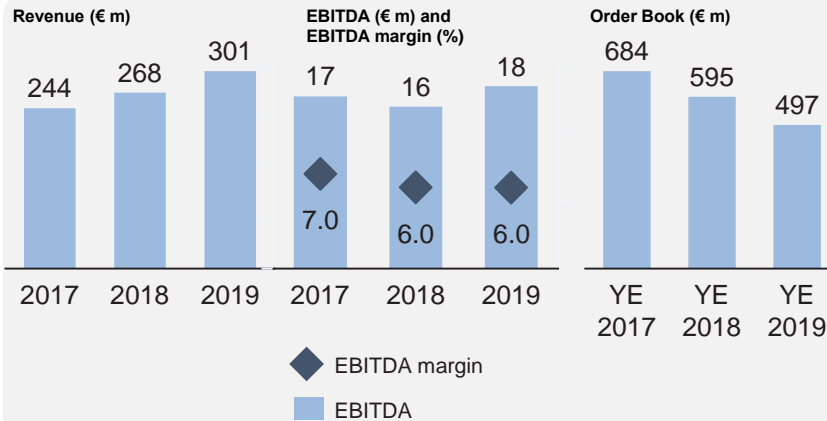
Highlights

- Revenue was relatively stable at € 338 million
- EBITDA decreased € 6 million to € 41 million, the decrease is partly weather-related, and partly caused by lower results from participating interest and lower land sales in the US
- The order book increased to € 1,145 million (up 50% compared to 31 December 2018) as a result of successful (re)tenders of long term framework agreements, mainly the ten-year maintenance contracts in the province Alberta, and recent contract awards in the US



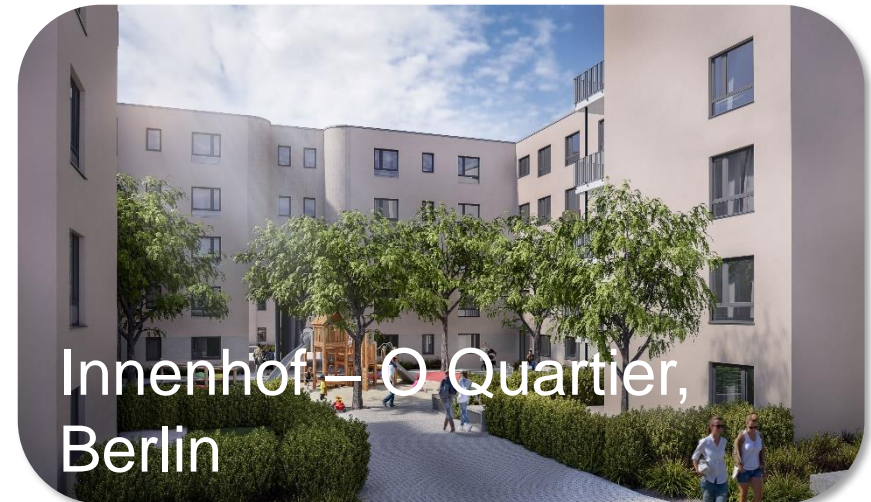
Germany

Actual



Highlights

- Revenue increased by 12.3%, or € 33 million, to € 301 million mainly in our construction companies
- EBITDA increased with € 2 million to € 18 million in line with the revenue increase
- The order book declined to € 497 million (-16.5% versus 31 December 2018), which is still strong and amounts to 1.7 times the revenue over 2019, the decrease mainly relates to the high volume delivered in 2019 and delays in the commencement of a few new development projects which will be added to our order book in 2020
- In 2019, we constructed and delivered a total of 1,387 houses (2018: 746). The number of houses sold from VolkerWessels' own development in Germany in 2019 was 626 (2018: 537)



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Electric wrench

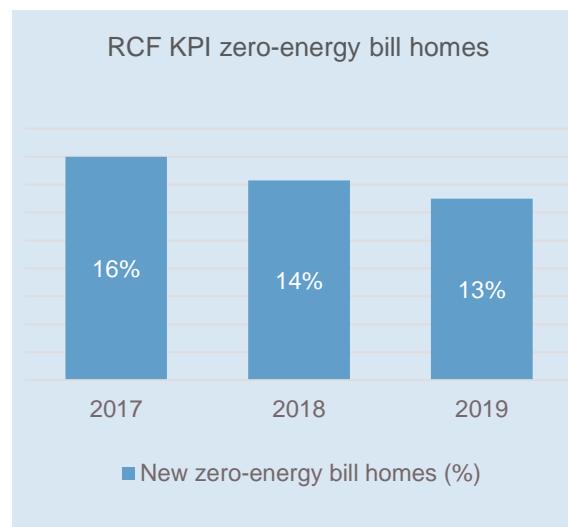
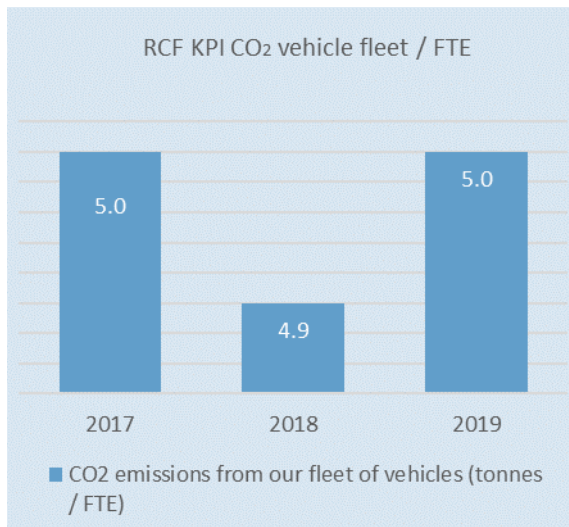
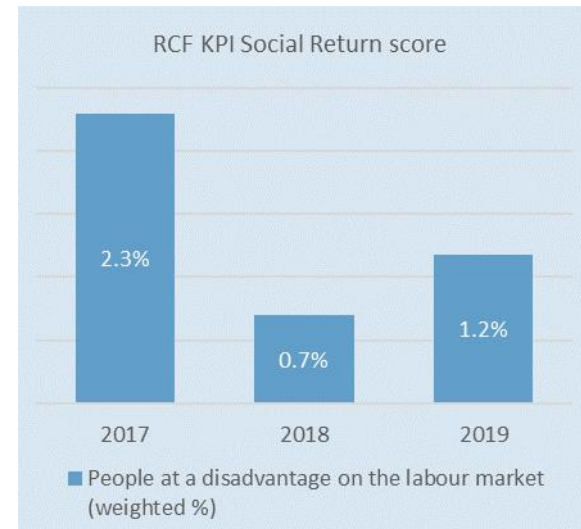
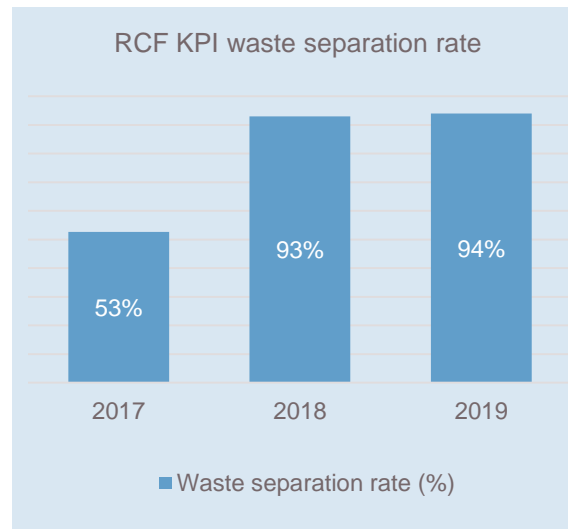
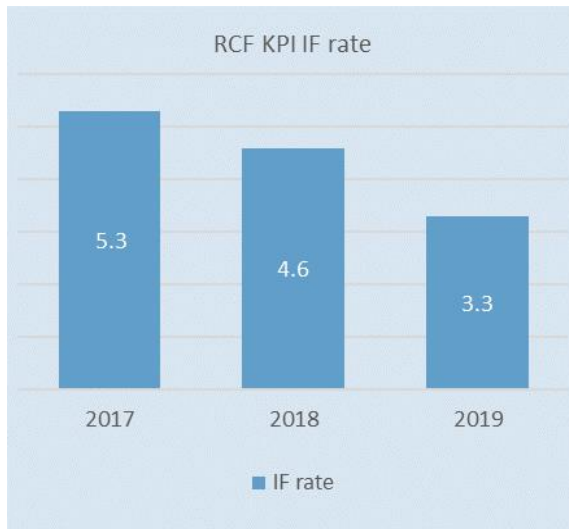
Sustainability

In 2019, we have developed roadmaps for each of these six focal points for the Netherlands, including preliminary targets for 2025. In the coming year, we will further elaborate on our ambitions, which may give rise to changes.

Examples of ambitions:

-  25% reduction in the CO₂ emissions of our car fleet, compared to 2020
-  80% of our own construction, real estate and infrastructure projects have a material passport with a score on material use
-  70% of homes built as part of our own developments have a zero energy bill

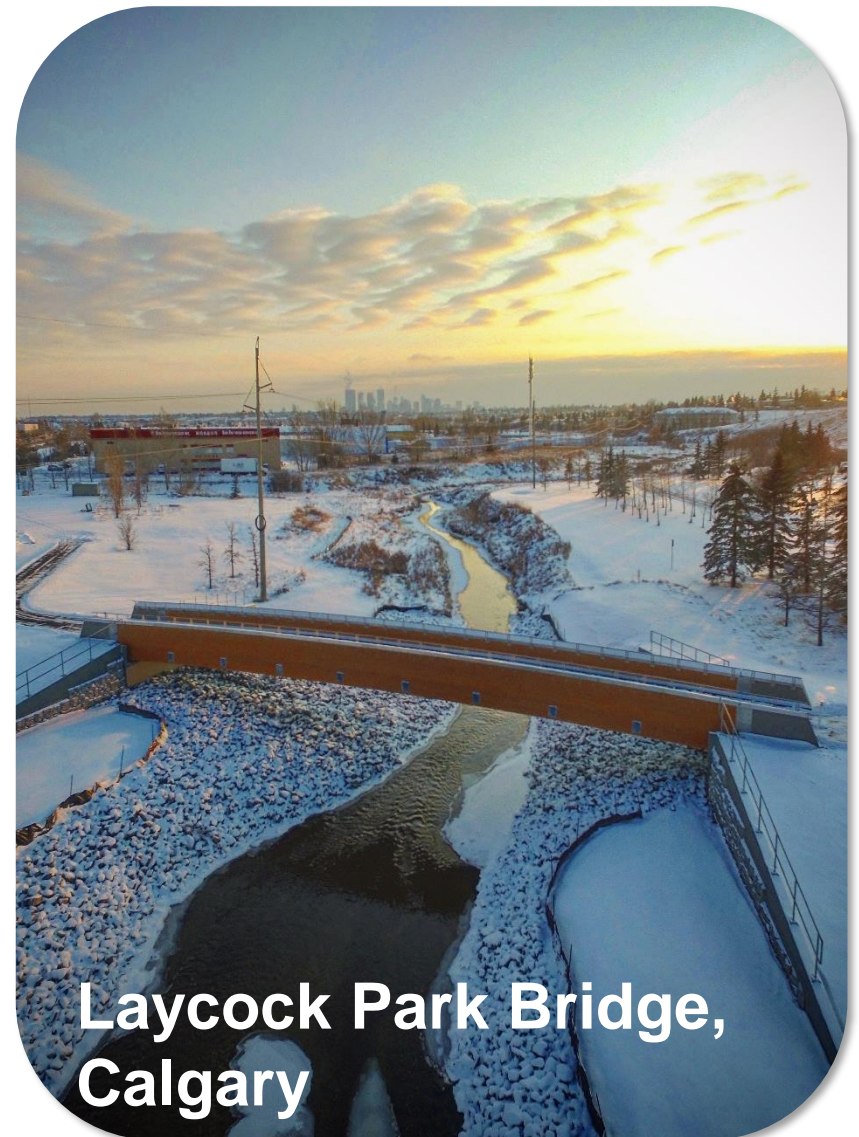
RCF Sustainability Program



- 🔧 Since 2018 we have further strengthened our safety policy and culture resulting in a strong improvement of the IF rate
- 🔧 In 2018 we changed the definition of waste to include waste that is re-used/re-cycled (e.g. asphalt cold milling and concrete), whereas before only waste streams to waste processing plants were included. Waste separation under the old definition is 53% in 2019, which is below the target of 75%
- 🔧 CO₂ emissions of our vehicle fleet exclude the effects of our carbon offsetting programme effective since May 2019. Adjusted for this, we met the 2019 target for CO₂ emissions.
- 🔧 Challenges remain for Social Return and zero-energy bill Homes

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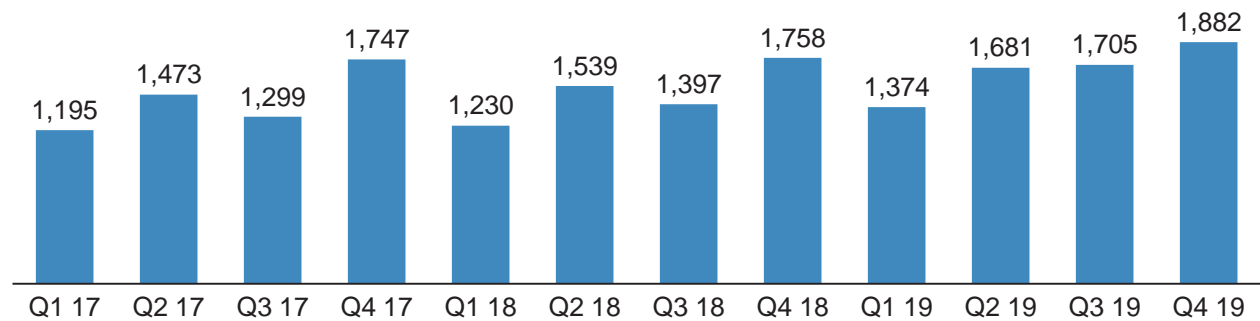


Seasonality Revenue and Earnings

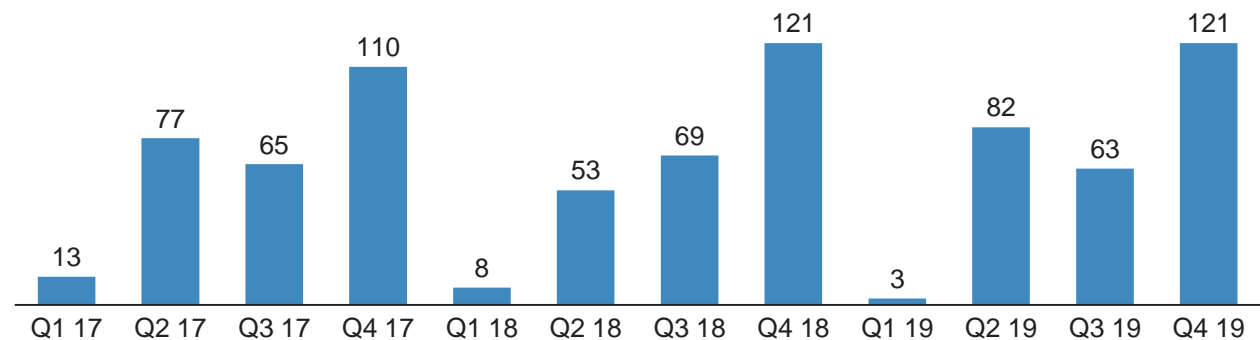
Highlights

- Typical seasonal pattern during the first quarter as a result of frost, snow and heavy rain in the winter
- Consequently, revenue and EBITDA are typically lowest in Q1
- Q3 activity typically impacted by reduced construction activities due to summer holidays
- Highest activity and earnings typically during Q4, largely driven by increased demand from public sector clients completing projects before year-end

Quarterly Revenue Development (€ million)



Quarterly EBITDA Development* (€ million)

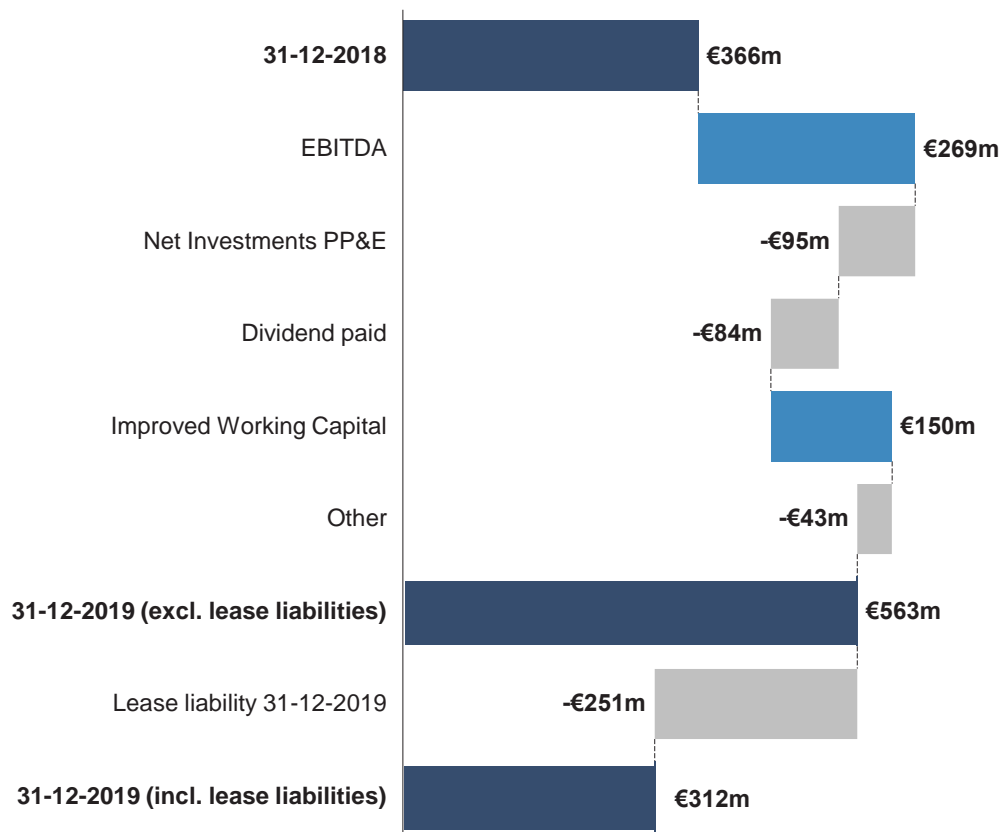


Overall EBITDA 2017 excl. € 13 million third party result and share incentive charge of € 5 million. Overall EBITDA excl. share incentive charge: 2018 € 6 million, 2019 € 4 million.

* 2017, 2018 and 2019 EBITDA includes OpenJ provisioning: 2017: € 67.5 million; 2018: € 39 million; 2019: € 4 million. Impact IFRS 16 is not included.

Strong Cash and Working Capital performance

Net debt improved by € 197 million to a net cash position of € 563 million, including IFRS 16 decrease to a net cash of € 312 million



Traditional Working Capital and Strategic Working Capital

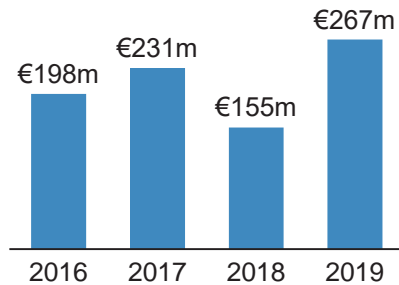
(€ million)	YE 2019	YE 2018
Inventories (excl. property development)	75	76
Balance of contract assets and liabilities*	-94	-28
Trade and other receivables (excl. receivables from associates and JVs)	811	839
Trade and other payables (excl. amounts owed to associates and JVs)	-1,522	-1,497
Net taxes	-5	-15
Traditional Working Capital	-735	-625
Land	174	184
Property development	36	81
Property held for sale	23	42
Associates and JVs less provisions	148	132
Non-current receivables from associates and JVs	77	71
Net receivables on participations	113	101
Strategic Working Capital	571	611
Net Working Capital	-164	-14

Medium-Term Management Objectives for Further Efficiency Improvement in Strategic Working Capital by ~€200m, for Traditional Working Capital to Develop in Line With Revenue, and to Focus Land Bank on Actionable Development

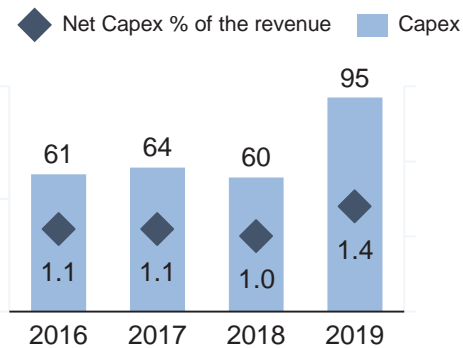
Disciplined Cash Flow Management and Strong Balance Sheet

Free Cash Flow & Net Capex *

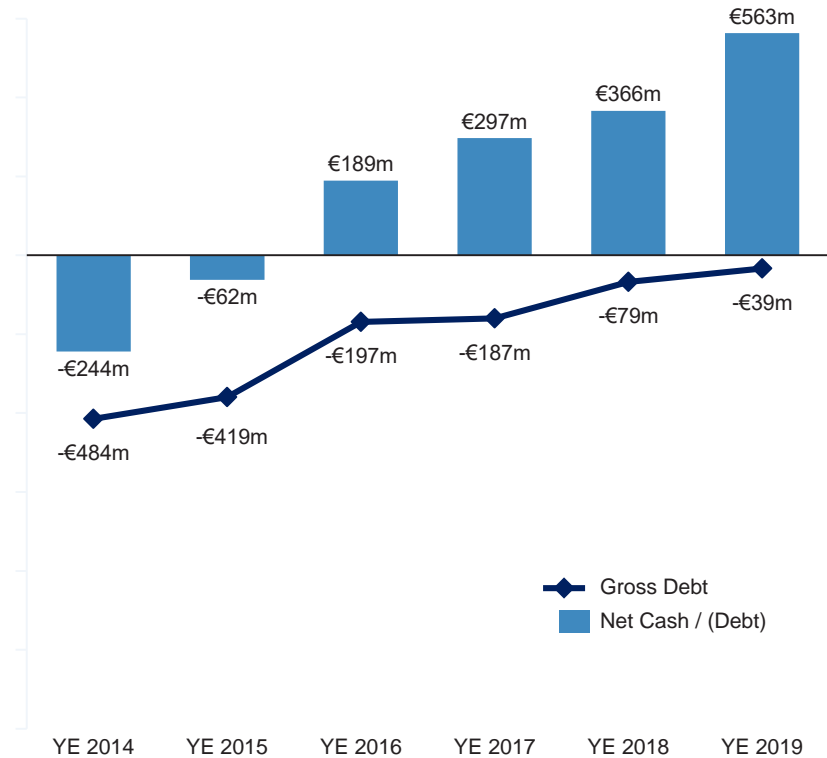
Free Cash Flow



Net Capex (PP&E)



Deleveraging Profile VolkerWessels **



Medium-Term Management Objective for Capex at ~1.3% of Revenue

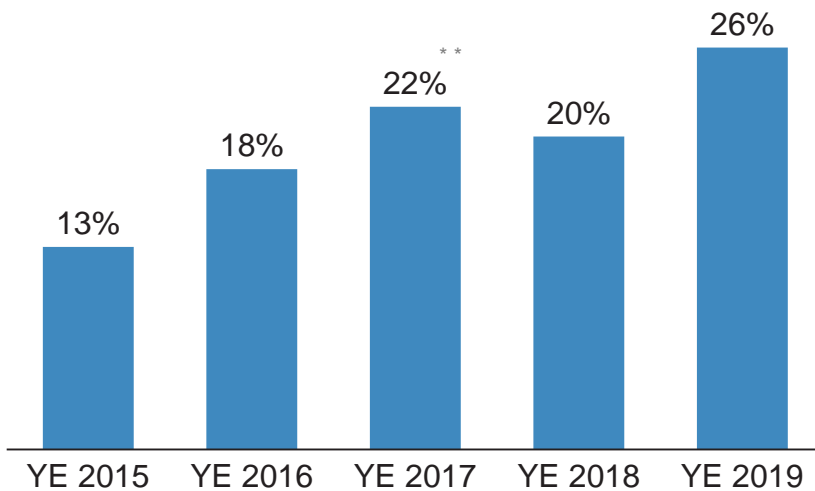
* Free Cash Flow 2019 is impacted by IFRS 16 for € 73 million, including IFRS 16 Free Cash Flow amounts to € 340 million

** IFRS 16 related lease liability as per 31-12-2019 is not included

ROCE and Solvency (excl. IFRS 16)

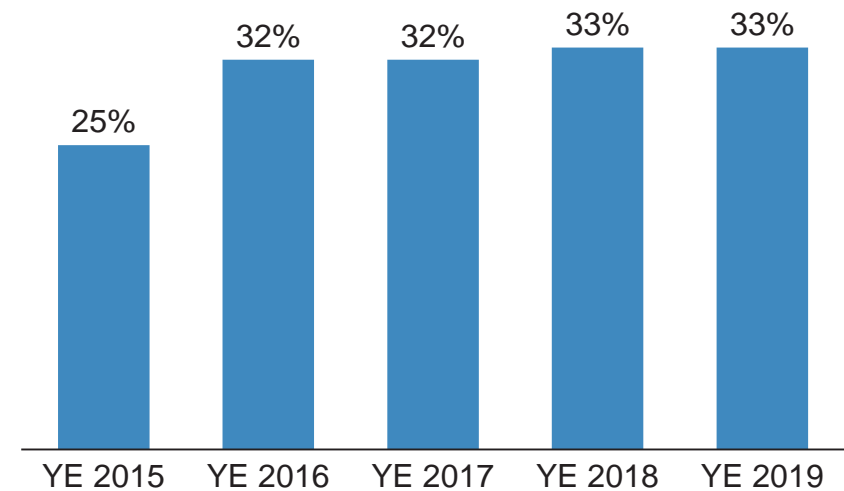
ROCE

Development of Return on Capital Employed (%)*
end of period



Solvency

Development of Solvency (%)
end of period



**Increase ROCE is the result of the increased net cash position.
Solvency at Solid Stable Level**

Medium-Term Management Objective Full Year for ROCE > 18.0%

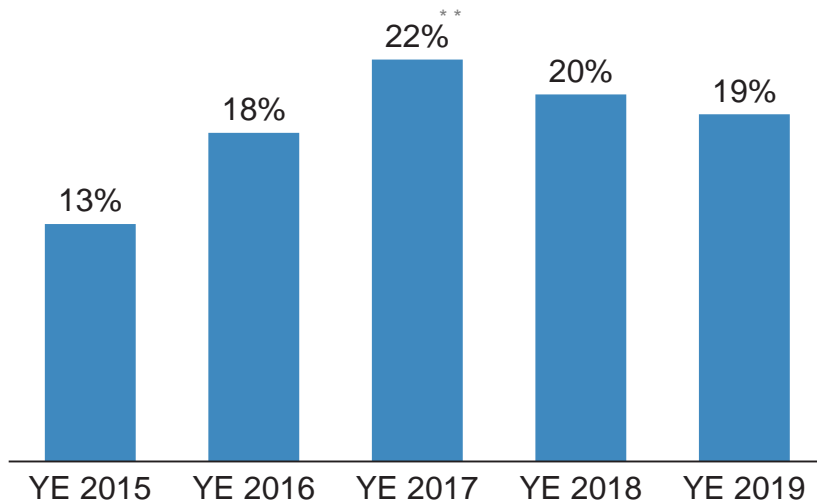
* Return on Capital Employed (ROCE) as EBIT / Capital employed (Group equity +/- Net receivable)

** 2017 excluding € 13 million third party result

ROCE and Solvency (incl. IFRS 16)

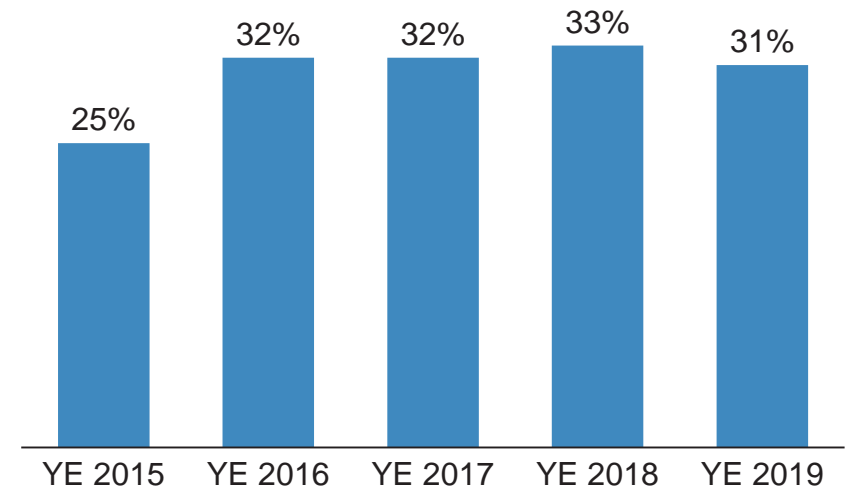
ROCE

Development of Return on Capital Employed (%)*
end of period



Solvency

Development of Solvency (%)
end of period



ROCE and Solvency at Solid Stable Level

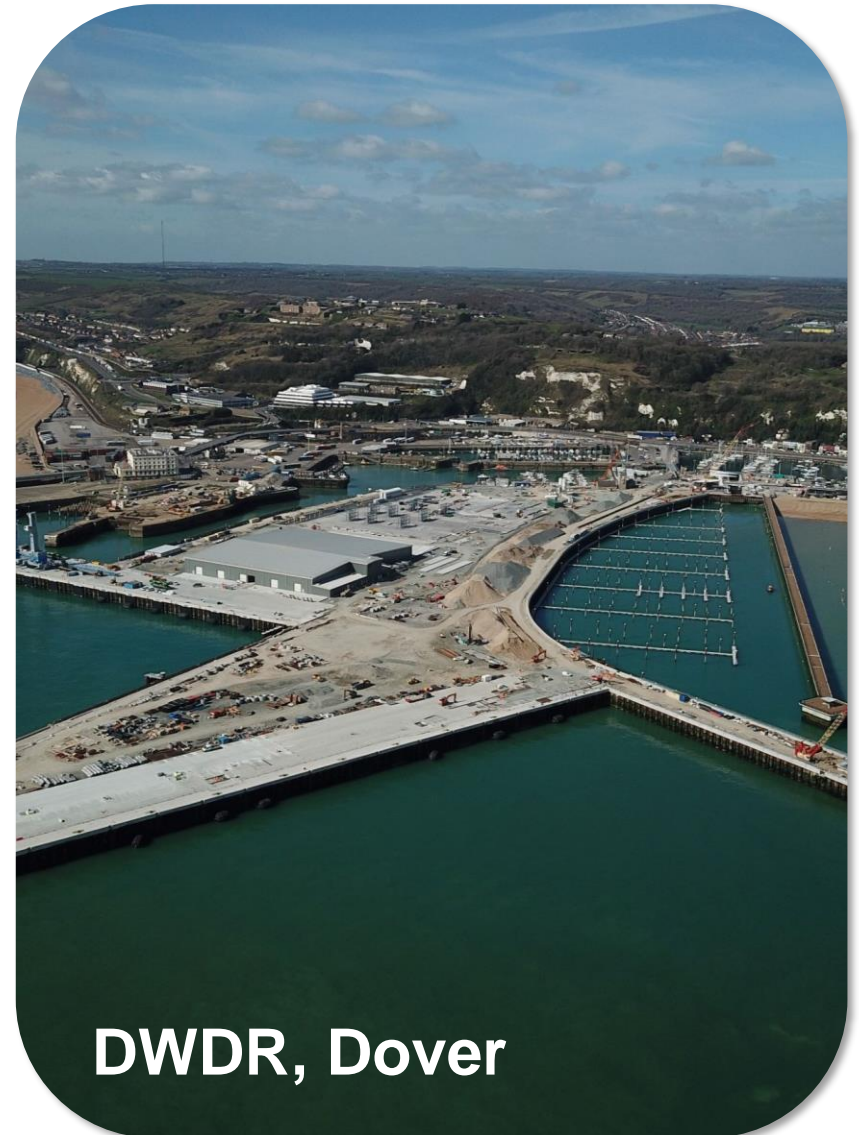
Medium-Term Management Objective Full Year for ROCE > 18.0%

* Return on Capital Employed (ROCE) as EBIT / Capital employed (Group equity +/- Net receivable)

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DWDR, Dover

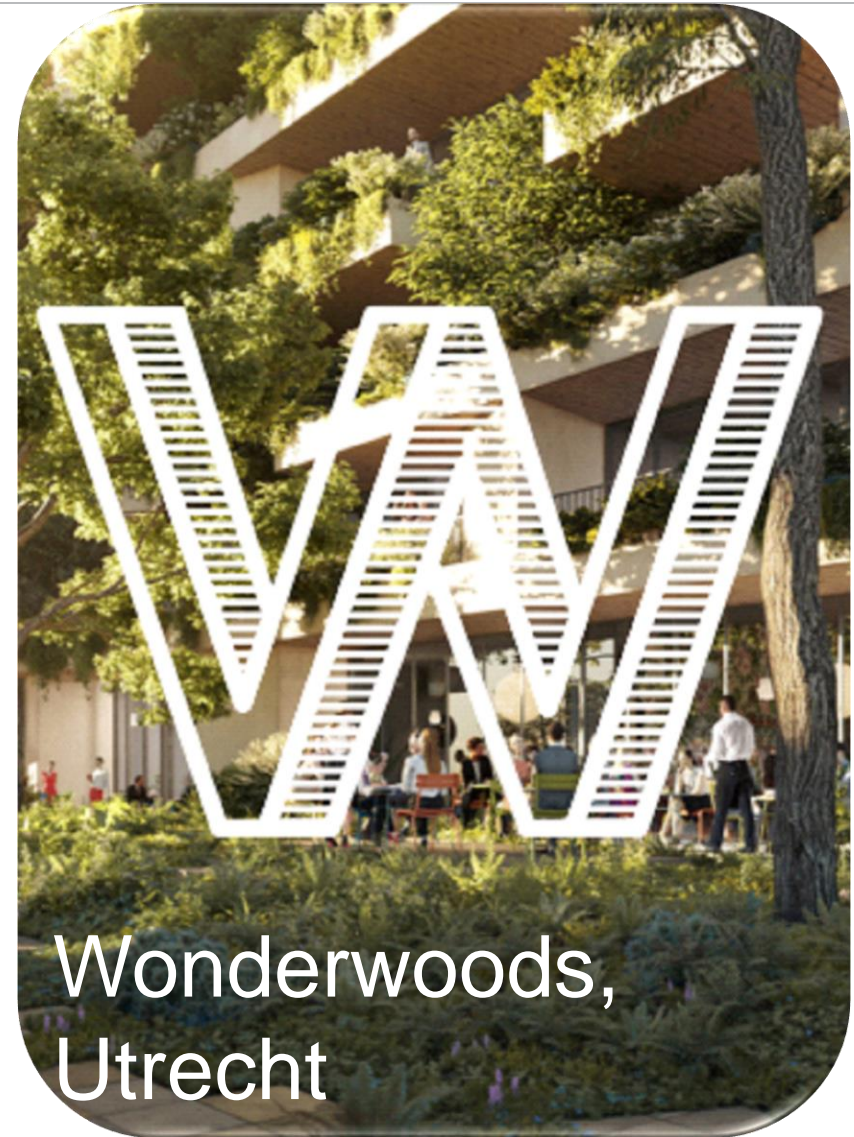
Outlook

Outlook

2020 financial performance expected to be in line with 2019

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Breakdown Provisions

€ million	YE 2019	YE 2018
Employee benefits	43	40
Provisions for associates and JVs	23	16
Other provisions*	116	138
Deferred tax liabilities	30	31
Total non-current provisions	212	225
Employee benefits	12	19
Provisions for associates and JVs	2	3
Other provisions*	126	98
Total current provisions	140	120
Total provisions	352	345

* including provisions for onerous construction contracts

Movement Other Provisions (current and non-current)

€ million	Guaran- tees	Restruc- turing	Environmen- tal and remediation costs	Onerous contracts	Other	Total
As at 31 December 2018	68	3	4	127	34	236
Impact of change in accounting policy	0	0	0	0	0	0
Acquisitions	0	0	0	0	0	0
Addition *	20	9	0	20	19	68
Withdrawal	-15	-5	0	-11	-7	-38
Release *	-4	0	0	-14	-7	-25
Other	1	0	0	0	0	1
As at 31 December 2019	70	7	4	122	39	242
Non-current	50	3	2	38	23	116
Current	20	4	2	84	16	126

* Net impact of movement other provisions on EBITDA: 2019: - € 43 million (2018: - € 29 million)

Financial calendar and contact details

Event	Date
Annual results 2019 (after trading)	13 February 2020
Extraordinary General Meeting	17 February 2020
Annual report 2019 available	21 February 2020
Annual General Meeting of shareholders	16 April 2020

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Important information

This document is intended to provide financial and general information about Royal VolkerWessels and its group companies in respect of its most recent financial results and, as such, is solely informative.

This document must be read in connection with the relevant financial documents it refers to and such financial documents are leading in case of any inconsistency with the information as provided herein.

This document contains forward-looking statements which are based on the current expectations, estimates and projections of Royal VolkerWessels' management and information available at the date of publication of this document. These forward-looking-statements are subject to uncertainties and cannot be relied upon.

VolkerWessels does not assume any obligation to update or revise forward-looking-statements after the date of publication of this document.