Royal Imtech N.V.

# Annual Report 2014

www.imtech.com

Imtech

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# Content

# Preface from the CEO

Dear reader,

2014 was a year in which Imtech normalised its financial situation and dealt with substantial one-off costs. We continued to improve our operational performance, which is the third pillar of our recovery plan. Working capital performance, an important indicator, has significantly improved and the volume and quality of the order intake developed satisfactorily. Operational results are improving as well and with the large restructuring actions behind us, we can now focus to further restore overall profitability. We are well aware of the challenges still ahead on our road to recovery, but progress to date has been steady.

Since February 2013 our focus has been on three priorities: dealing with the implications of the past irregularities, implementing a stable financing structure, and improving operational performance.

To deal with the first priority, we have implemented a robust set of Governance, Risk and Compliance (GRC) policies and have rebuilt most of the senior management teams across the group to allow for a new playing field going forward. We believe that our current GRC system is an appropriate safeguard against the events from the past reoccurring. Unfortunately issues or allegations from the past might continue to come up. That is a reality that Imtech has to deal with. It is our firm commitment to decisively deal with these legacy issues.

With the completion of the rights issue in October 2014, the sale of the ICT division and the resulting adjustments to our financing terms, we have adequately addressed the second priority. This now gives us the time and flexibility to fully focus on our third priority – the recovery of operational performance.

In managing our operational recovery, we have defined four key drivers: quality and volume of our order intake, improved project execution resulting in higher gross margins, reduction of indirect costs, and reduction of operational working capital. The divisions are at different stages in the implementation of these programs with satisfactory progress.

Order intakes have held up well. Improved project results will become visible in 2015 by replacing loss-making projects with new projects at healthier margins and the implementation of better processes. In 2014, indirect cost reductions of 100 million euro have been achieved and we have identified further potential savings of at least 50 million euro going forward. Working capital efficiency improved and is now at industry benchmark levels. Overall, we made good progress in managing our operational recovery, although there is clearly more work to be done.

Looking ahead, we see that the markets that we operate in are driven by strong technical developments and although different in size, scale and growth prospect, they offer good opportunities for Imtech. With Imtech's core value proposition intact and solid order intake, we look forward to working with our 22,193 employees (in FTE) in 2015 as we continue to serve our customers with leading solutions.

Gouda, 17 March 2015

**Gerard van de Aast**

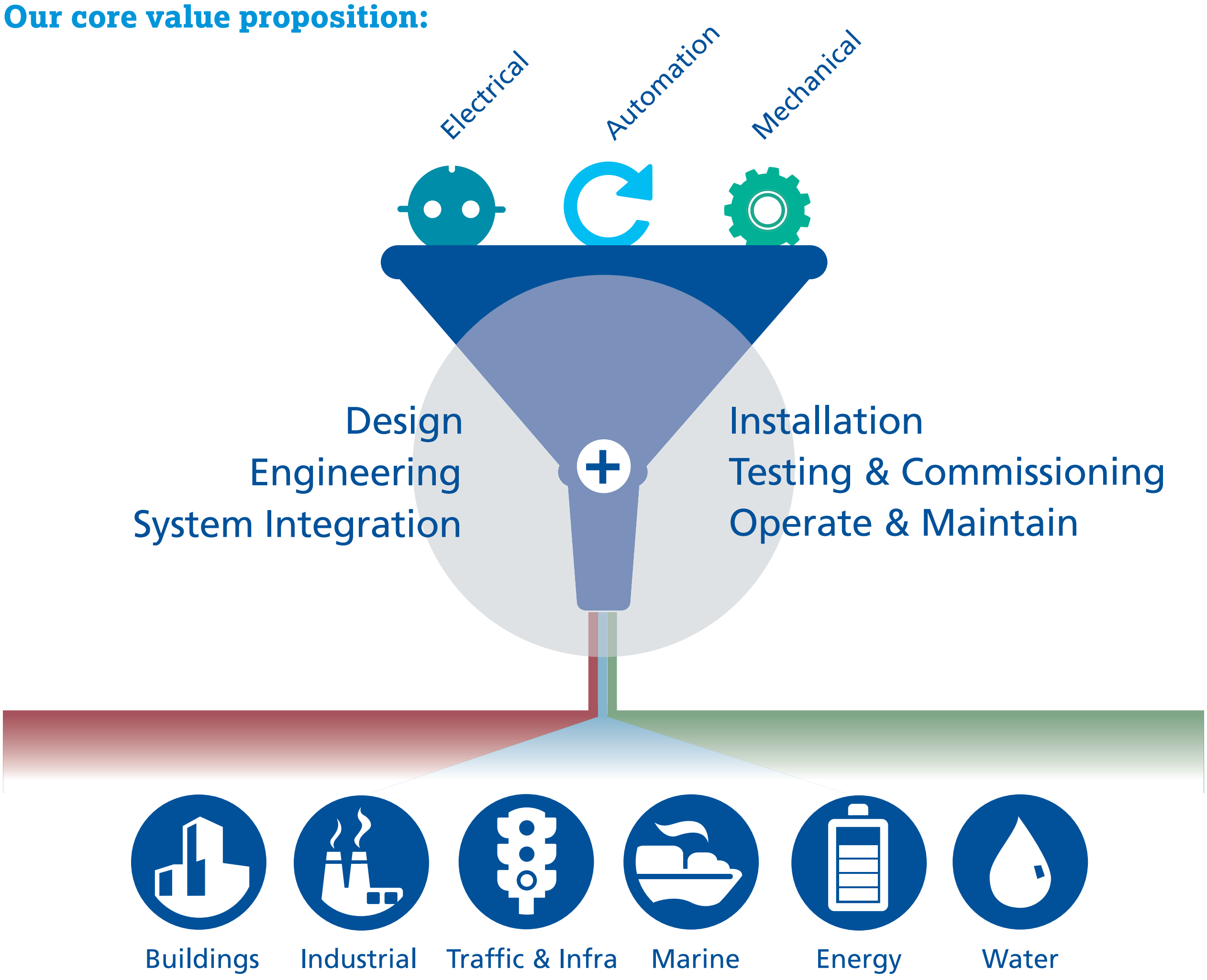

Imtech

# About
# Imtech

## Imtech profile

Royal Imtech N.V. is a European technical services provider in the fields of electrical, automation and mechanical solutions. With approximately 22,000 employees, Imtech holds attractive positions in the buildings and industry markets in the Netherlands, Belgium, Luxembourg, Germany, Eastern Europe, Sweden, Norway, Finland, the UK, Ireland and Spain, the European market of traffic as well as in the global marine market. Imtech offers integrated and multidisciplinary total solutions that lead to better business processes and more efficiency for customers and the customers they, in their turn, serve. Imtech also offers solutions that contribute towards a sustainable society - for example, in the areas of energy, the environment, water and traffic. Imtech shares are listed on Euronext Amsterdam.

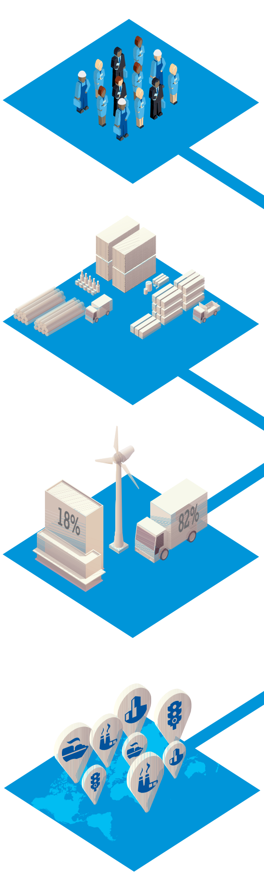
## Our core value proposition:



# How we create value

We create economic, social and environmental value through delivering integrated technical solutions. The expertise of our employees assist our customers in reducing the total cost of ownership of their facilities and help them achieve their sustainability goals. We aim to create an environment in which our people feel passionate about taking ownership and delivering results for the communities in which we operate.

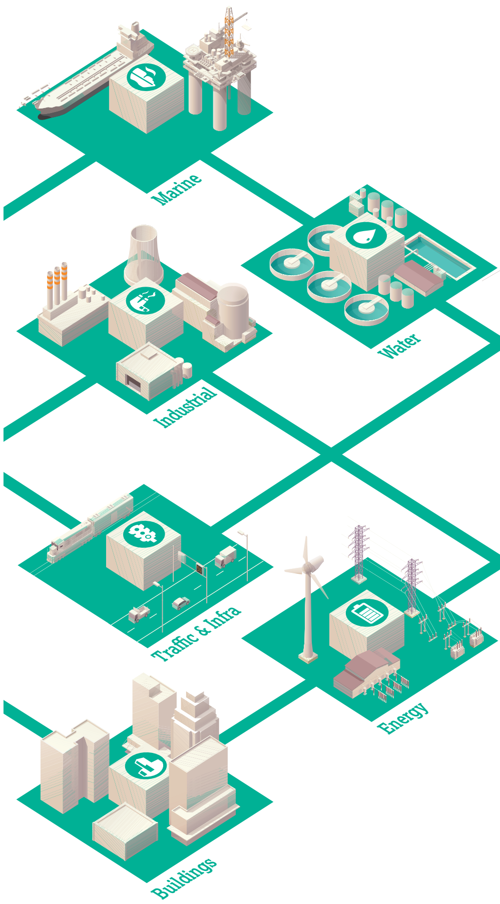
## input




| | |
|---|---|
| **Human capital**<br>Intellectual capital (expertise of our employees) 22,193 (FTEs) | **22,193** FTE |
| **Energy + mobility**<br>$CO_2$ footprint: 78.7 kton<br>$CO_2$ through assets / locations: 14.2 kton<br>$CO_2$ through our fleet: 64.5 kton | **78.7** kton |
| **Procurement**<br>Spend on raw materials & goods: 1,173 mln + 1,088 mln third parties | **€ 1,173** mln |
| **Projects**<br>Prioritising margin over volume: 3.9 billion euro | **€ 3.9** billion |
| **Customer intimacy**<br>and partnerships (joint ventures, (preferred) supplier(s) | |

# our organisation

| | |
|---|---|
| **Employee skills**<br>Project management and execution (design, engineering, supply, assembly & construction, installation, commissioning, asset & site management, service & maintenance, training) | |
| **Competences**<br>Electrical + Mechanical + Automation, and integrated solutions | |
| **Training human capital**<br>100+ Incompany programs on operational excellence | 100+ |
| **GRC Programme**<br>1 e-learning programme on integrity, critical thinking and loyalty: 75% covered | 75% |
| **Innovation value**<br>8 R&D / Test labs & Competence centres | 8 x |
| **Assets**<br>Locations: approx. 450 in 35 countries | 450 |




# output

| | |
|---|---|
| **Financial key figures**<br>Operational EBITDA margin: (0.8%)<br>Operational EBITDA: (31.9) mln euro<br>Cash flow: (213) mln euro | (213) mln |
| **Customer value & retention**<br>55% Recurring business | 55% |
| **Employee well-being**<br>Employee retention: 90%<br>Sickness rate: 3.5% | 3.5% |
| **GreenTech**<br>Almost 55% of total revenue of our most material projects (in size and risks) | 55% |
| **Community value**<br>83 initiatives in local-for-local corporate citizenship | |

# Our divisions

**Imtech Benelux**
Imtech Benelux is a preferred technical services partner for providing integrated, sustainable and inventive technology and maintenance solutions to its customers. We support our clients in diverse projects with a focus on technical management and maintenance with integrated services and solutions, such as energy efficiency and power electronics management, care & cure concepts, site health & safety applications, engineering and automation to help keep buildings and industrial installations in optimal condition.
Some of our customers in Benelux are Shell, Dutch Central Government Real Estate Agency, British Telecom, NXP, Total and GlaxoSmith Kline.

Revenue in euro
and as % of total revenue
**654**
**17%** of total revenue

End-markets

Number of employees (in FTE)
and as % of total group
**3,761**
**17%** of total

**Imtech Germany & Eastern Europe**
In Germany & Eastern Europe, we are a leading technical engineering and services provider. We offer the buildings and industry markets comprehensive solutions with a focus on energy savings and efficiencies, clean-room technology, fire protection, (decentralised) power plants and systems, care & cure, data centres, airports and test solutions for the automotive industry and large commercial buildings. A distinct feature of our offering is the ability to integrate knowledge and experiences from different disciplines into value added solutions.
Some of our customers are BASF, BMW, Bosch, Daimler, Volkswagen, Würth and Zeiss.

Revenue in euro
and as % of total revenue
**860**
**21%** of total revenue

End-markets

Number of employees (in FTE)
and as % of total group
**4,210**
**19%** of total

**Imtech UK & Ireland**
We are a leading technical services provider in the UK and Ireland where we are active in five work streams: engineering services, technical maintenance, system integration, infrastructure and international. Infrastructure includes water, waste-to-energy, airports and rail. Our Irish activities occupy a strong position in industrial electrical services. This provides an excellent base for serving our customers in the Middle East.
Some of our customers in UK & Ireland are Amgen Pharma, Carillion, Intel, MACE, Pfizer, Tamar Energy and United Utilities.

Revenue in euro
and as % of total revenue
**635**
**16%** of total revenue

End-markets

Number of employees (in FTE)
and as % of total group
**2,856**
**13%** of total

### Imtech Nordic

Imtech Nordic is one of the largest technical services providers in Scandinavia, with a notable presence in Sweden, Norway, and Finland. In these markets we offer all the knowledge and capabilities that come with being a leading technical services company offering specialist competences. Our main services are in the areas of electric engineering, heating & cooling, plumbing and ventilation, with a particular focus on energy efficiency and integrated sustainable solutions.
In Nordic, we often act as subcontractor of building construction companies such as Skanska, NCC Peab and AF Gruppen.

**Revenue in euro and as % of total revenue**
**809**
**21%** of total revenue

**End-markets**

**Number of employees (in FTE) and as % of total group**
**5,045**
**23%** of total

### Imtech Spain

Imtech Spain offers technical services in the industry and buildings markets. We integrate various technical disciplines to offer solutions to complex challenges. Our portfolio includes work on new projects and maintenance services on existing objects.
Some of our customers are Cepsa, Iberdrola and Acerinox.

**Revenue in euro and as % of total revenue**
**111**
**3%** of total revenue

**End-markets**

**Number of employees (in FTE) and as % of total group**
**1,676**
**8%** of total

### Imtech Traffic & Infra

We are a leading traffic and infrastructure provider across Europe. We create systems and deliver services that support Intelligent Mobility and enabling the safe and efficient transport of people, data and goods. Our key countries are the Netherlands, Belgium, United Kingdom, Ireland, Finland, Denmark and Sweden. Our key end-markets are urban, inter-urban, rail, objects (tunnels, locks, traffic management centres), energy & high voltage, infrastructure communications and parking.
Some of our customers are Rijkswaterstaat in the Netherlands, UK highways Agency and certain Dutch and Belgium municipalities.

**Revenue in euro and as % of total revenue**
**387**
**10%** of total revenue

**End-markets**

**Number of employees (in FTE) and as % of total group**
**2,083**
**9%** of total

### Imtech Marine

Imtech Marine is active in the global maritime market, operating as a full-service provider and system integrator of technology solutions covering the whole ship and throughout the entire life of a ship. We specialise in automation, navigation, communication and connectivity solutions, propulsion systems, power generation and distribution, HVAC, ship motion control, information technology, entertainment and port services. We serve customers across a variety of segments, including naval, special vessels, offshore, cruise and yachts.
Some of our customers are shipyards such as Damen, De Vries, Meyer Werft and BAE, and end-users of vessels such as Maersk, Subsea 7 and Heerema.

**Revenue in euro and as % of total revenue**
**477**
**12%** of total revenue

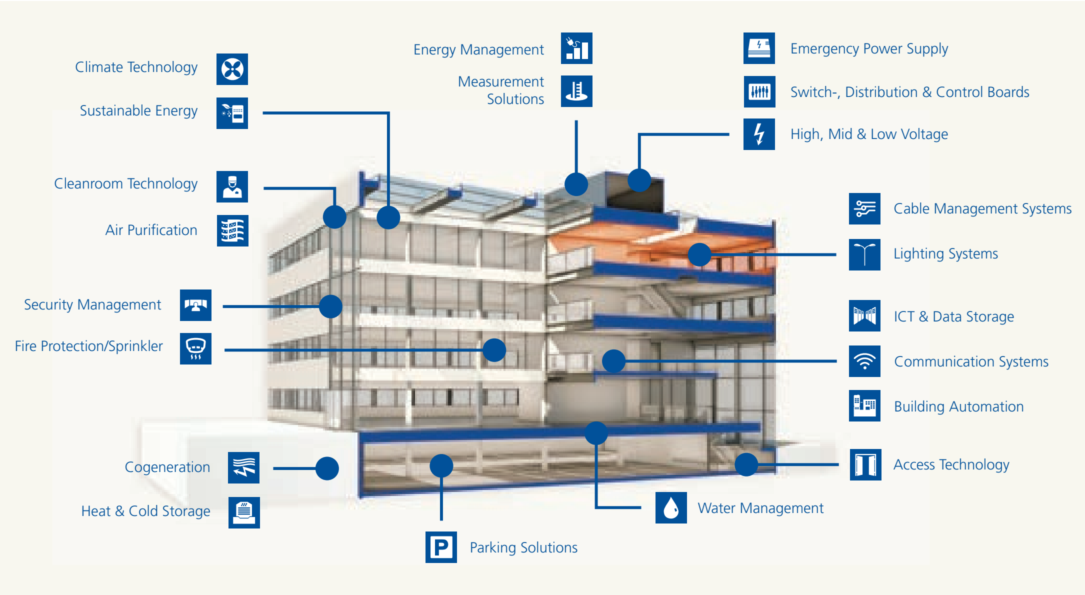
**End-markets**

**Number of employees (in FTE) and as % of total group**
**2,475**
**11%** of total

## Our end-markets

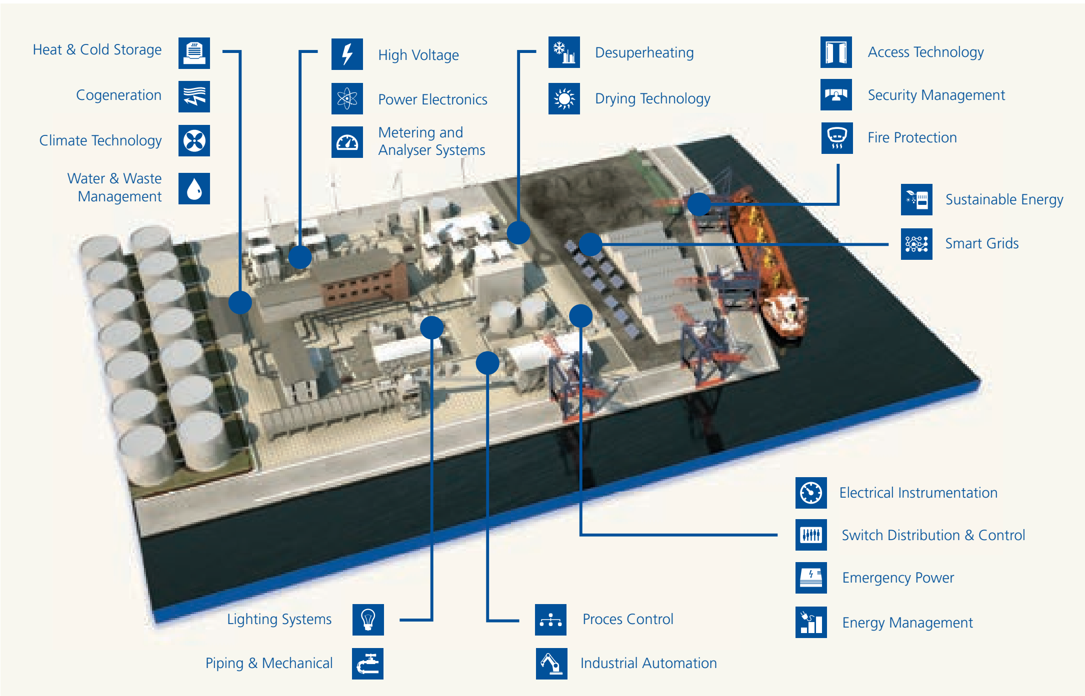
### Buildings

We supply a comprehensive offering of technical solutions in buildings for, amongst others, health, education, retail, museums, libraries, airports, offices, prisons and stadiums.



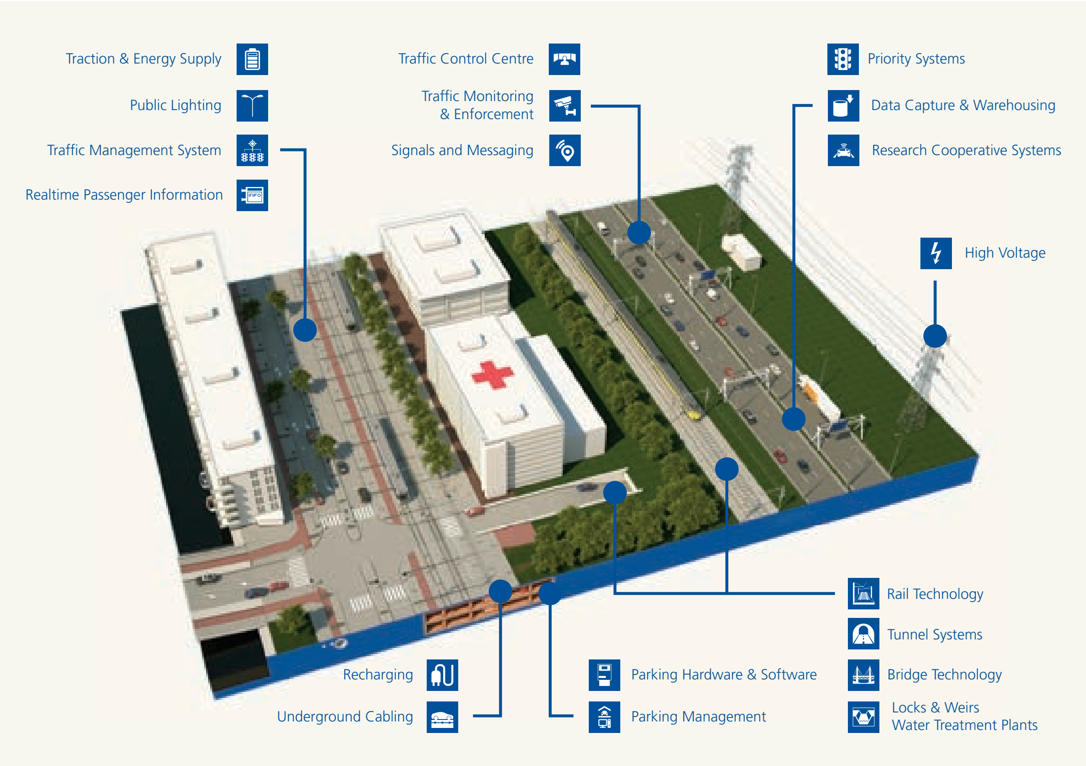

### Industrial

We supply our technical solutions in industries such as aerospace, automotive, chemical, food & feed, metallurgical, machine building, oil & gas and pharmaceutical.



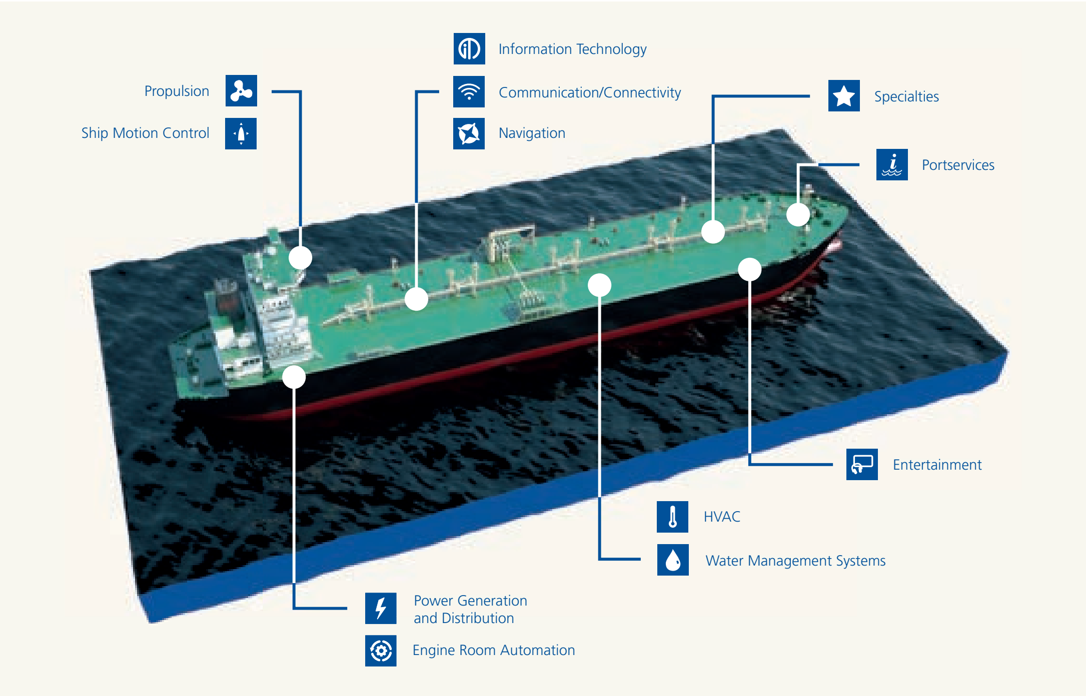
### Traffic & Infra

We supply our total technical solutions in the sub markets of traffic flow, dynamic traffic management on road and water, traffic safety, airports, public transport, parking, rail, tunnels, bridges, locks and public lighting.



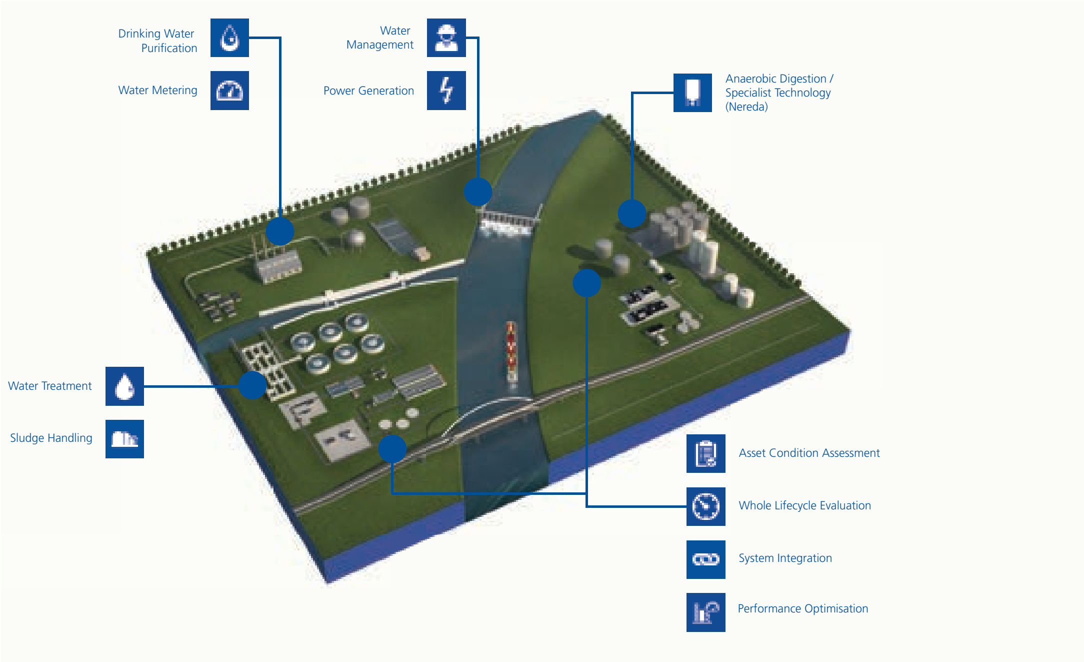

### Marine

We supply our maritime technical solutions in the sub markets of special purpose vessels (dredgers, offshore support ships, crane ships), naval vessels (logistic support ships, frigates, corvettes, patrol vessels, submarines), offshore platforms, bulk carriers, cruise liners and luxury yachts.



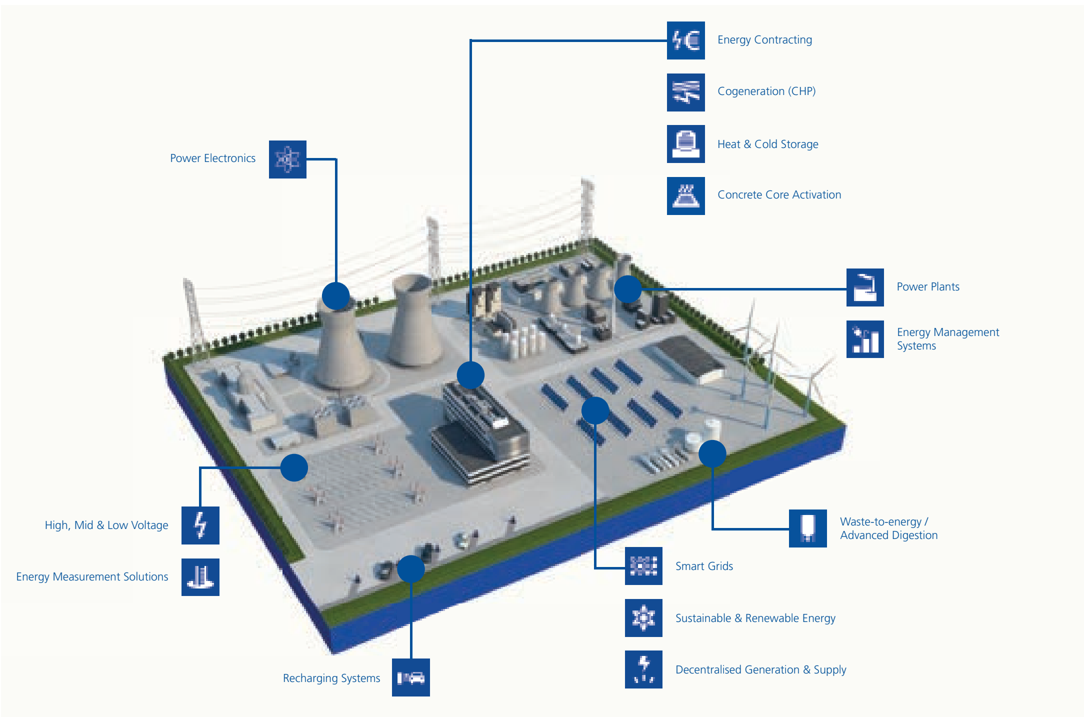
## Water

We supply our technical solutions for water in the submarkets of drinking water, water treatment, and water management.



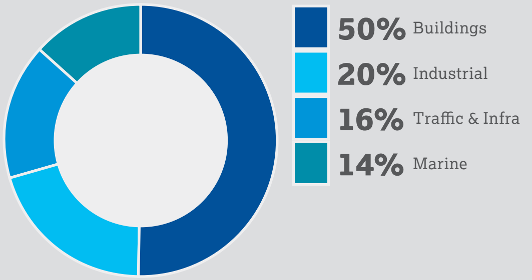

## Energy

We supply our technical solutions for energy in buildings, industrial, oil & gas, small and medium sized power plants, infrastructure and marine.

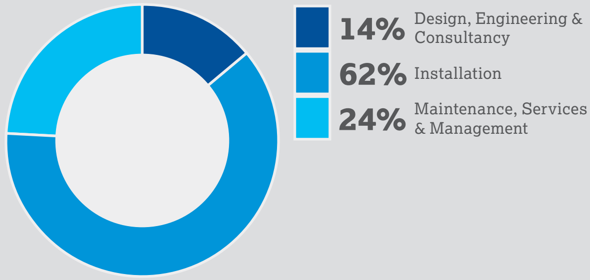


# Key figures

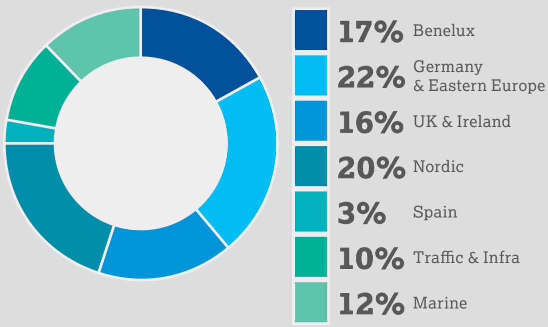
**Total revenue and other income split per market segment**



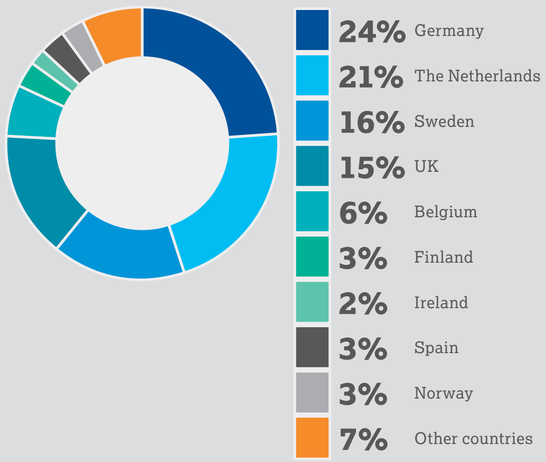

**Total revenue and other income split per activity**




**Total revenue and other income split per cluster**




**Total revenue and other income split by country**



## Key figures

| In millions of euro unless stated otherwise | 2014 | 2013[1] |
|---|---|---|
| **Results** | | |
| Total revenue and other income | **3,922** | 4,248 |
| Operational EBITDA[2] | **(31.9)** | (78.3) |
| EBITDA[2] | **(253.7)** | (453.6) |
| EBITA[2] | **(289.3)** | (488.7) |
| EBIT[2] | **(340.6)** | (562.2) |
| Result for the year | **(559.3)** | (696.6) |
| Operational EBITDA margin[2] | **(0.8%)** | (1.8%) |
| EBITDA margin[2] | **(6.5%)** | (10.6%) |
| EBITA margin[2] | **(7.4%)** | (11.5%) |
| Cash flow from operating activities | **(213.3)** | (273.0) |
| Order intake[2] | **3,729** | 3,948 |
| **Balance sheet** | | |
| Balance sheet total | **2,478** | 3,318 |
| Total equity | **283** | 313 |
| Net interest-bearing debt[2] | **334** | 737 |
| Operational working capital[2] | **(47)** | (58) |
| Operational working capital as a % of total revenue | **(1.2%)** | (1.4%) |
| Solvency[2] | **11.4%** | 9.4% |
| **Human Resources** | | |
| Number of employees as at 31 December (in FTEs) | **22,193** | 23,788 |
| Average sick leave per employee | **3.5%** | 3.4% |
| **Corporate Social Responsibility[3]** | | |
| GreenTech as % of total revenue of most material projects | **55%** | 50% |
| $CO_2$ emissions in kilotons | **78.7** | 85.5 |
| Lost Time Injuries (LTI's) | **429** | 471 |

[1] Restated, see note 3 to the consolidated financial statements.
[2] See financial glossary for definitions.
[3] See sustainability report 2014.

# The Imtech Share

## The Imtech Share

In euro unless stated otherwise

| | 2014 | 2013 |
|---|---|---|
| Highest price | **50.000**[2] | 154.718[2] |
| Lowest price | **3.410** | 33.804[2] |
| Year-end price | **3.850** | 41.174[2] |
| Basic result per share (from continuing operations) | **(19.89)** | (280.43) |
| Shareholders' equity per share[1] | **2.28** | 0.68 |
| Number of issued ordinary shares | **121,091,416** | 450,667,313 |
| Number of outstanding ordinary shares at year-end | **121,081,595** | 445,747,485 |
| Average number of outstanding ordinary shares | **24,634,820** | 2,328,911 |
| Number of issued convertible cumulative financing preference shares | **8,334** | 16,666,668 |

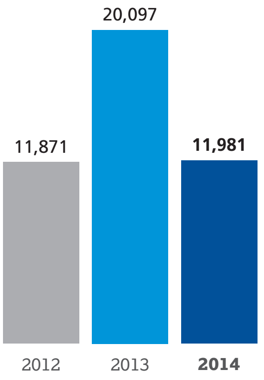
[1] Based on the number of outstanding shares as at 31 December
[2] Fictitious quotation, restated based on Bloomberg share data as a result of the rights issue and share consolidation 500:1

### The objective of Investor Relations

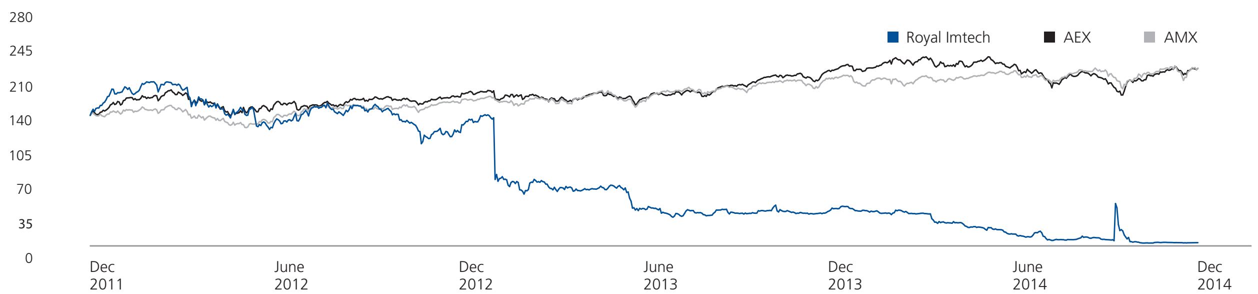
The objective of our Investor Relations policy is to ensure the investment community is aware of Imtech's strategy, business model, competitive position, market developments, financial position and performance. Using this information the investment community can assess the potential value of the Imtech share. To achieve this objective within the applicable laws and regulations we make all the relevant and important information available to investors via quarterly, half-year and annual reports, trading updates, press releases, presentations to investors and analysts and our website www.imtech.com/investors.

### Daily trading volume of the Imtech share

(Average per day in 1,000 euro via NYSE Euronext Amsterdam)




### Share price development 2012-2014



### Significant debt reduction realised

A key priority for 2014 was to reduce our debt significantly. During the shareholders' meeting of 22 May 2014 we discussed with our shareholders how to strengthen the capital position of our company. For having maximum flexibility debt reduction, we got approval from our shareholders to reduce the nominal value per share from 0.80 euro to 0.01 euro. As part of the debt reduction programme, our shareholders approved on 7 October 2014 a 600 million euro rights issue. At the end of October we concluded our debt reduction programme with the sale of the ICT division, a debt buy back programme and the rights issue.

As a result of the rights issue the number of ordinary shares increased by 60,082,154,924 shares to 60,545,707,747 shares. Shareholders who did not participate in the rights issue diluted to almost 1% of the outstanding shareholders' equity. After completion of the rights issue, we consolidated every 500 shares with a nominal value of 0.01 euro for each share, into one share with a nominal value of 5.00 euro each. At year-end, the total number of issued ordinary shares amounted to 121,091,416 shares.

Besides ordinary shares, our shareholders' equity consists also of convertible cumulative financing preference shares ('financing preference shares'). At the beginning of 2014, the number of issued financing preference shares was 16,666,668 shares. During the year, 12,500,001 of these shares were converted into ordinary shares. At year-end, after share consolidation the number of issued financing preference shares amounted to 8,334 shares, which can be converted into ordinary shares at a one-for-one rate. Ordinary shares and financing preference shares have equal voting rights (one share, one vote). Together with the net loss of 559 million euro and other movements in equity, total equity at the end of the year is 283 million euro.

### Imtech on the stock exchange

Our ordinary shares are listed on Euronext in Amsterdam. In 2014, our share price has fallen sharply due to weak financial performance of the group and the rights issue in October. As a result of lower share price, the liquidity of our shares decreased by 40% to an average daily volume of around 12 million euro per day on Euronext Amsterdam. After completion of the rights issue, we noticed a further decrease of daily trading volumes to a daily average or around 1 million euro per day on Euronext. As opposed to other companies listed on Euronext, we noticed since 2013 that the relative volume traded on Euronext in our share is increasing. This might indicate that institutional trading has decreased further during the year. Since 2008, options on the ordinary shares have been traded on NYSE Euronext. In 2014, the average volume of options traded per day rose by 17% to 7,107 contracts and the average number of outstanding option contracts per day rose by 22% to 250,421 contracts.

### Distribution of shareholders

After completion of the rights issue, we have a more concentrated shareholders base with 53.5% of the shares are held by 5 institutions. On 31 December 2014 our substantial shareholders are ING Groep (15.95%), Rabobank Nederland (13.77%), Commerzbank (11.80%), ABN AMRO Group (5.90%) and Orbis Holdings (jointly approximately 6.09%). From the remaining part, the majority of the shares is held by private investors, mainly in the Netherlands and Belgium. The company itself holds less than 1% of the ordinary shares (to hedge its obligations under the share scheme).

### Dividend

Before 2012, 40% of the net profit attributable to shareholders excluding exceptional items was paid out to shareholders as dividend. Since 2009 shareholders have been able to receive their dividend in cash or shares. No dividends will be paid out for the 2014 financial year.

### Financial calendar 2015

| | |
|---|---|
| 12 May 2015 | Publication of first quarter 2015 figures. |
| 12 May 2015 | Annual General Meeting. |
| 25 August 2015 | Publication of half-year 2015 figures. |
| 17 November 2015 | Publication of third quarter 2015 figures. |

The full and up-to-date financial calendar can be viewed on www.imtech.com/investors.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# Report of the Supervisory Board

## 2014

### Background

The year 2014 was dominated by the events that occurred in its preceding year, necessitating a financial and operational restructuring as described below. This triggered inter alia continued discussions between Royal Imtech and its financiers, the 2014 rights issue and divestment of the ICT division, developing potential alternative solutions, and further reorganisations to strengthen the Group's business operations. In 2014, the Supervisory Board (the 'SB') remained closely involved in the decision-making relating thereto. It monitored the follow-up on legacy issues resulting from the Irregularities as described below, including the settlement with the Dutch Investors Association VEB NCVB, as well as new legacy issues mainly related to the past that became known, including steps taken to remedy the situation and further strengthen the GRC framework. The SB met in plenary session on virtually a biweekly basis in 2014 in order to maintain an intensified oversight and to frequently discuss all relevant matters with the Board of Management (the 'BoM').

As disclosed in last year's annual report, Royal Imtech discovered in early 2013 that the financial results of Imtech Germany and Imtech Poland had been considerably impacted leading to significant and unexpected write-offs on projects in Poland and Germany. Collectively, those events are referred to as the 'Irregularities'. On 18 June 2013 Royal Imtech published a report to shareholders (the 'Report') on the Irregularities described in it and the measures taken by it in response, which is available on its website. Those measures were targeted at (i) strengthening the financial structure and adapting it to the Group's operational circumstances (the 'Financial Recovery') (ii) adapting and strengthening the governance, risk and compliance ('GRC') framework aiming, among others, at a change in culture within the Group and to accelerate conclusion of certain identified legacy issues ('GRC framework'), and (iii) establishing operational excellence programmes to improve profitability and cash generation and to strengthen the business controls (the 'Operational Recovery').

## Financial and operational restructuring

### Financial Recovery

After the identification of the Irregularities, Royal Imtech, among other actions, executed waiver and amendment agreements with its main financiers in June 2013 and completed the 2013 rights issue. Due to a slower than anticipated recovery of the business, in particular in Germany, Royal Imtech reopened discussions with its main financiers in November 2013 and entered into a medium term solution (the 'MTS') for the restructuring of its existing indebtedness including a resetting of financial covenants in March 2014. These terms became effective in June 2014 by amending the relevant finance agreements, as well as introducing a number of new guarantee facilities (together the 'Main Finance Agreements'). These Main Finance Agreements embody the MTS.

The Group's high debt burden and increased finance costs relating to the MTS combined with a continued slower than anticipated recovery in operating and financial performance led to a delay in achieving the intended operational benefits and an expected failure to meet certain covenants in the Main Finance Agreements shortly after the implementation of the MTS. In addition, a decreased confidence of suppliers, customers, employees, credit insurers and others emerged, in particular as from May 2014. Confronted with these circumstances, a Special Committee (a delegation from the SB) has been formed. Royal Imtech considered and worked on all kind of potential alternative solutions and fall-back scenarios that would preserve the interests of all stakeholders concerned. However, none of these alternatives were found to be sufficiently beneficial to the interests of all stakeholders, as to their commercial terms or at all.

With no successful alternative solutions being found, Royal Imtech contacted its main financiers and worked with them towards an agreement providing for a comprehensive financial solution all aiming to significantly reduce debt in the amount of at least 400 million euro as committed to under the MTS, which agreement was reached on 25 August 2014 and consisted of (i) a 2014 rights issue of approximately 600 million euro, (ii) a sale of the ICT division at an enterprise value of 255 million euro and (iii) further amendments to the Main Finance Agreements.

The implementation of these vital steps constitutes the comprehensive solution on the capital structure of the Group. The net proceeds from the rights issue and sale of the ICT division were applied (i) as an additional liquidity buffer for the Group; (ii) in preferential repayment of debt of the underwriters of the rights issue; (iii) to fund a repurchase of Imtech's debt below par pursuant to a 'Dutch auction process', and (iv) in repayment of amounts owed to the other lenders. Imtech repurchased 146 million euro (nominal amount) of debt at an average weighted percentage of approximately 79% thus resulting in a capital gain of 31 million euro. Furthermore, the Group was granted (a) a step-down in pricing for each financier class, (b) a common maturity date set at 15 July 2017 for all cash and guarantee facilities part of the MTS, and (c) an additional covenant holiday for all financial covenants up to and including Q1 2016 and a covenant reset thereafter.

## GRC framework

Following the discovery of the irregularities in 2013 the Group accelerated the process of strengthening and improving its GRC policy, reinforced the quality and effectiveness of its governance and compliance mechanisms, and strengthened the Group's financial and legal function. Approximately 90% of the newly developed GRC framework had been implemented at end 2014.

Further action was taken to establish and maintain a corporate culture founded on an appropriate balance of integrity, loyalty and critical thinking. During 2014, training programmes on compliance were further rolled-out throughout the Group focusing on knowledge transfer and development of an appropriate company culture. Steps included implementing an enterprise risk management in the reporting process, and rolling-out E-learning on specific compliance themes, such as anti-bribery and anti-corruption policies, export compliance and competition law.

Imtech keeps a register of all whistleblower reports that it receives from time to time. All such reports are investigated and disclosed to the BoM and SB, who discuss at least once per quarter the reports in presence of the Director GRC and the head Internal Audit Department ('IAD'). The Group's culture regarding business ethics, compliance and business dilemmas continues to be a top priority, and we are well aware that creating a new culture is challenging and a long-term process, and requires the continuous attention of senior management. Recent developments indicate that Imtech's legacy of the pre 2013 irregularities has not been solved yet and require a stronger and more sturdy structure to deal with this. To that effect it was decided to further strenghten the GRC function and reporting lines.

Risk management remains an important element in the daily business of a project driven company and is being closely monitored by the central Tender Review Board in which all tenders above a threshold of 15 million euro are discussed. In addition there are comparable procedures in place on divisional level, where similar meetings are held, tenders with lower thresholds are discussed and projects are reviewed by divisional risk managers. In the case a tender exceeds revenues of 75 million euro, either for the Group or as part of a joint venture, an additional approval to proceed is required from the SB. A number of tenders was discussed during the SB meetings.

## Operational Excellence

Since February 2013, the Group started a process of implementing measures to enhance recovery of the Group's performance and has on several occasions adopted significant operational restructuring programmes and measures to improve the operating and financial performance of the Group, most recently as announced on 26 August 2014. The programmes are focused on margin improvement, project management & project execution, overhead cost reduction, cash & working capital management, risk management, governance & control and resolution of legacy items and continued to be intensified during 2014.

As part of the programmes, Imtech announced a comprehensive recovery plan for Germany named 'Neue Imtech' at the end of 2013 with the goal of prioritising healthy project margins over volume and achieving efficiencies in staffing, project control and purchasing. 'Neue Imtech' aims to, among others, accelerate the conclusion of certain legacy issues. Other plans introduced are 'One Imtech' in the Netherlands and 'Back to the Top' in Marine. The measures have to a large extent already been implemented in the course of 2014. Royal Imtech expects these measures to start yielding results in the course of 2015.

Further measures included continued and extended cost reduction plans. In August 2014, Imtech announced an additional round of restructuring measures (impacting around 750 full time equivalent employees), to be implemented in 2014 and early 2015 to strengthen competitiveness and profitability in light of the ongoing challenging market conditions. In addition, Imtech announced a real estate rationalisation program in relation to the Group's excess office spaces in the Netherlands and Germany.

## Divestments

### ICT division

On 26 August 2014, Royal Imtech entered into an agreement regarding the sale of the ICT division to Vinci Energies S.A. at an enterprise value of 255 million euro. With 2,380 staff, the ICT division had a revenue of 740 million euro with an operational EBITDA of 37 million euro (2013). The transaction was closed in Q4 2014, after competition clearance from the European Commission. The divestment resulted in a book loss on the sale of 55.5 million euro. The divestment of the ICT division will not have an impact on the value proposition for the customers. Automation expertise and know-how in the field of amongst others building automation, infrastructure automation, telecommunication, industrial automation and technical automation remain adequately available and continue to form an integral part of the offered value proposition of the other Group divisions.

### AE Arma Elektropanç (80%)

In December 2013, Royal Imtech agreed to sell its 80% shareholding in Arma to the previous owners and management, following the review that Arma's profile was not in line with the Group's current strategic framework. A book loss was already accounted for in the 2013 results. Closing of the transaction has been approved by the Turkish competition authorities. Of the 80% shareholding to be sold, 31% was transferred on 12 February 2014. The remaining 49% is expected to be transferred on 7 April 2015. Upon closing of the transaction on the aforementioned date, 83% of consideration of USD 30 million will have been paid and the remainder of 7.9 million euro will be paid through instalments until 31 December 2015.

### IHC Systems B.V. (50%)

In July 2014, Royal Imtech decided to sell its 50% shareholding in IHC Systems B.V. to IHC Merwede B.V. to focus on its own core activities. Imtech Marine and IHC Merwede B.V. originally joined forces to develop innovative technologies. Closing of the transaction took place end of August 2014 and resulted in a book profit of approximately 12 million euro.

## Market development and business

In 2014, Imtech was not immune to disappointing economic conditions in the markets in which it operates. The SB continued to assess the influence of economic conditions. Business progress within the divisions, the operating companies' results and controls and the financial reporting were discussed. The quarterly, half-yearly and annual figures were discussed in the presence of KPMG Accountants N.V. ('KPMG'). Other matters, in particular operational cash flow, working capital and ways to reduce it, claims and financing issues and Imtech's order intake were also discussed in detail. The trading updates, KPMG's management letter, forecasts and the 2015 budget were part of the deliberations, as much as summaries from analysts' reports.

## Strategy

### Unchanged strategy based on operational excellence and organic growth

The Group aims to remain the preferred technical services partner of its customers through delivering integrated technical total solutions, which assist its customers in reducing the total cost of ownership of their facilities. This strategy of the Group remains based on operational excellence and organic growth. The Group's operational excellence programmes focus on improvement of the profitability and cash generation, and to strengthen business controls. As part of the margin improvement, the Group has retained the strategic goal of realising profitable organic growth and envisages fostering this growth through the following three components (i) focus on recurring revenue streams, (ii) a 'one-stop-shop' service for multi-site/multi-service solutions as an response to an increasing trend among its customers to outsource a wide range of technical services and (iii) scaling technologies across the Group. As a result of contractual arrangements with its main financiers, the Group is currently restricted from making acquisitions.

The Group employs a decentralised management model as the basis for the organisation with a centralised approach towards financial control and reporting, legal and GRC. This model ensures its relationships with its customers by being responsive to their needs and by stimulating local entrepreneurship within subsidiaries and business units. The management continues to focus on customers and will intensify its contact with customers on management level.

### Medium term targets

With full focus on operational recovery, we have refined our medium term targets to a gross margin of 18% to 22% and overhead costs of 12% to 16% of revenue resulting in an overall EBITDA margin of 4 to 6%. Working capital should be between minus 3 and 0% of revenue with net debt targeted below 2x EBITDA.

## Health & Safety (H&S)

Employee H&S is a top priority of the Group. The Group focuses on a proactive safety culture, by developing a healthy attitude at work, acting responsibly and holding each other accountable, and aimed at avoiding any fatalities and incidents. In January 2014, Imtech Nordic deplored a very unfortunate fatal accident in Sweden. This tragic event demonstrated the urgent need to strengthen Imtech's safety culture and further measures were introduced for health and safety in the workplace. In line with its strategic objectives of operational excellence and rebuilding its reputation, the Group reviewed its safety culture, set new goals and implemented uniform management systems for measuring and monitoring its H&S performance. The SB monitors H&S performance closely and on an ongoing basis as a standard topic in its meetings, and the same is done in BoM and Executive Council meetings.

## Investor claims

### Settlement VEB

In June 2013 the Dutch Investors Association VEB NCVB ('VEB') held Royal Imtech as well as its former BoM and (former) SB members liable for damages suffered by shareholders in connection with the Irregularities and as reflected in the annual accounts 2010 and 2011 (as restated in the annual accounts 2012). VEB invited Imtech to enter into negotiations to discuss an out-of court-settlement. Likewise the Dutch institutional investor, APG held the members of former BoM as well as all members of the SB during the period in which the Irregularities took place, liable in person.

On 7 October 2014, Royal Imtech, former BoM members and (former) SB members concluded a settlement with VEB and certain major shareholders, including APG, and KPMG. A settlement fund has been established from which eligible shareholders will be compensated if they decide to opt-in to the settlement. The settlement fund has been funded by insurers, a contribution by KPMG, the restitution of bonuses by the former BoM members and a contribution by Royal Imtech.

Compensation from the settlement fund is restricted to VEB members. Retail investors who are VEB members on 7 October 2014, and who opt in to the settlement, will receive a compensation based on amongst other things the number of shares in Royal Imtech held by them on 1 February 2013 at closing of Euronext. Retail investors who became a VEB member within four months after 7 October 2014, and who opt in to the settlement, will receive up to half of such compensation, in order to avoid 'free-rider behaviour' and resulting disproportionate erosion of available funds.

A part of the compensation is unconditional and will be paid out in the course of 2015. Another part of the compensation is conditional and will be paid out after 1 July 2018. The exact total amount that eligible shareholders will receive depends amongst other things on the number of opt-ins, their shareholding on 1 February 2013 at closing of Euronext and their trading history. The execution of the settlement will take place under the supervision of the settlement fund. By opting in to the settlement, eligible shareholders waive all claims against Royal Imtech, the (former) BoM and SB members, KPMG, and certain other parties, in connection with the Irregularities. The settlement does not have a material impact on Royal Imtech's results or cash flow.

### Deminor

In August 2013, Deminor sent Royal Imtech a letter on behalf of a number of institutional investors containing a notice of liability. In August 2014 a claim foundation established by Deminor served a writ of summons to Royal Imtech and former BoM and (former) SB members, seeking a declaratory decision that they have acted unlawfully towards shareholders by giving a misleading impression of the Group's performance in the period leading up to events set out in the Report. There have been meetings with Deminor and the claim foundation to explore the possibility of reaching an out-of-court settlement in relation to their constituency. In the last few weeks, negotiations have not resulted in a settlement.

### Others

In addition, the Group received several letters from investors with a demand for compensation for alleged losses on shares in the Company. The Group has denied those claims for lack of legal and factual substantiation.

## Legacy issues

### Criminal complaints in Germany and Poland

The legal disputes and the follow up of criminal complaints filed in Q4 2013 and Q1 2014 respectively in Poland and Germany were monitored by the SB. Imtech is still in the process of claiming damages from individuals and entities involved in the irregularities and fraudulent actions if and where possible.

### Fritz & Macziol Schweiz

In early 2014 it became clear by forensic investigations by Imtech's external advisors, after reporting in Swiss media, that former management of Imtech's subsidiary F&M Schweiz had non-business like relationships with civil servants. Also, a conflict of interest by F&M Schweiz management was identified. Management was replaced and the Company has terminated nearly all its business activities. Royal Imtech is fully cooperating with the Swiss authorities, which have started criminal investigations. F&M Schweiz is at this stage not a (criminal) suspect. Investigations by the public prosecutor are ongoing.

### AFM investigation

The AFM is investigating whether Royal Imtech has complied with the rules on market abuse (including the requirement to without delay make public price sensitive information and the prohibition on market manipulation) with respect to the period 1 June 2012 through 1 March 2013. The investigation could result in fines and certain other sanctions being imposed by the AFM against Royal Imtech and/or its former BoM. Royal Imtech is fully cooperating with this investigation.

### Competition laws in Germany

Imtech informed the market in November 2014 on a possible violation of competition laws in Germany. The internal investigation, conducted by its GRC department, assisted by external counsel and experts, did not confirm that competition laws were violated. In this context German authorities are conducting a broader investigation involving multiple German companies and individuals active in the technical services industry. As part of this investigation the German authorities have served warrants on 3 February 2015 to obtain information at various technical services providers, including some German offices of Imtech. The background mainly relates to possible violation of competition laws. Subsequently, Imtech has broadened the scope of its investigations. So far, this broadened internal investigation, with regard to Imtech, did not confirm that competition laws were violated.

**Export controls and sanctions regulations**
Imtech has initiated an investigation into certain sales activities by its Imtech Marine entity in the United Arab Emirates in relation to potential violations of applicable export controls and sanctions regulations. The investigation is conducted by external counsel and experts. Monitoring and reporting procedures are strenghtened. Imtech has disclosed the fact that it has initiated the investigation to the appropriate authorities. The initial investigations indicate possible violations may have taken place, but that these were relatively small in size and number, and that their potential financial impact is therefore likely to be not material.

**Alleged bribery Berlin-Brandenburg airport**
Imtech has taken notice of allegations towards former Imtech Germany management in connection with the new airport of Berlin-Brandenburg in the period prior to 2013. Consequently, Imtech has informed the competent authorities, including the office of the Public Prosecutor, and the Compliance Department of the Berlin-Brandenburg airport. Imtech is fully cooperating with these parties. So far, the internal investigations conducted by Imtech did not prove the allegations.

**Other**
Various other significant claims have been made against the Group, most of which relate to work performed by the Group. These claims are being contested. Settlement of these claims could take several years.

## Share capital

During the Extraordinary General Meeting of Shareholders ('EGM') held on 7 October 2014, the shareholders approved, among others, (i) to amend Royal Imtech's Articles (a) to increase the number of shares to enable the 2014 rights issue (the 'Increase'), and (b) to consolidate the issued shares (the 'Consolidation') and (ii) to authorise the BoM, subject to the approval of the SB, to grant the rights and to issue the shares in relation to the 2014 rights issue. The BoM resolved accordingly and the SB approved the same.

On 25 September 2014 the BoM determined, with approval of the SB, to first implement the Increase, followed by the Consolidation.

On 27 October 2014, the amendment to the Articles implementing the Increase became effective and over 60 billion shares were issued. At close of business of such day, the Consolidation was implemented in a ratio of 500 : 1 share.

## Dividends and dividend policy

**Dividends**
The net loss suffered by Imtech for 2014 implies that no dividend will be proposed. Likewise, Royal Imtech has not proposed any dividends for 2013 and 2012.

**Dividend policy**
Whether dividends are restored, and the declaration, timing and payment of future cash or stock dividends, if any, will be subject to the Group's operational performance and financial position, and will be at the discretion of the BoM, with the approval of the SB, and is subject to Dutch law. Moreover, as a result of contractual arrangements with the Main Financiers (including under the Main Finance Agreements) Royal Imtech is not allowed to pay any dividends until the Senior Leverage Ratio is below 2.0. Royal Imtech does not foresee that this will occur in the near future.

## Financial statements for 2014

**Adoption of financial statements for 2014**
The Company's financial performance during 2014 is reflected in its financial statements for the year prepared by the BoM. The financial statements are included in this Annual Report on pages 81 to 163. The official English version of the financial statements was audited by KPMG. The auditor's report is included on pages 164 to 169 and was discussed by the SB and the BoM in the presence of KPMG. The Group suffered a net loss of 559.3 million euro for the financial year, which will be charged to the reserves. The SB advises the shareholders to adopt these financial statements. The statutory appropriation of the results is stated on page 170.

**Independence of auditor**
The Audit Committee ('AC') evaluated KPMG's functioning as an external auditor and its fees for auditing the financial statements, as well as its other audit and non-audit services. KPMG confirmed its independence from Imtech in accordance with the professional standards applicable to KPMG. KPMG attended the Annual General Meeting ('AGM') on 22 May 2014. The AC was leading the process of finding a new external auditor, to be proposed by the SB at the 2015 AGM.

## Key elements Board of Management remuneration policy

### Base salary and variable remuneration

The remuneration package of the BoM members aims to achieve the optimal balance between short term results and long term objectives, and consists of the following components: a base salary, a short term incentive ('STI') and a long term Incentive ('LTI'), and secondary conditions (fringe benefits). The base salary is fixed at the median level of the reference market for directors of larger Dutch group companies. The variable remuneration consists of a STI paid out in cash (40% of variable remuneration for the BoM members, 55% for the CEO) and a LTI paid out in shares (60% of variable remuneration for the BoM members, 80% for the CEO). In case of an 'at target realisation' of the predetermined targets, the total variable remuneration amounts to 135% (CEO) or 100% (others) of the base salary. The number of shares is calculated by dividing the 'at target' amount by the share price on the day they are conditionally awarded (i.e. annually after the AGM at the first ex-dividend quotation, or in absence of any dividend, the first day after the AGM). The remuneration structure and elements do not encourage risk taking that is not in line with the risk profile of Royal Imtech. The determination of the level and structure of the remuneration of the BoM is also based on financial and non-financial indicators relevant to the long term objectives. With regard to pension provisions, Mr. Van de Aast and Mr. Van Gelder receive a contribution towards a defined contribution plan. Mr. Turkesteen and Mr. Colsman receive a contribution towards their pension arrangement. The BoM members' contracts include claw-back clauses.

### Bonus Incentive Plan (BIP)

As of 2014, a new Bonus Incentive Plan ('BIP') has been adopted as part of the remuneration policy for the BoM (also eligible for the Executive Council members). The BIP is subject to shareholder approval scheduled for the AGM of 2015. The BIP encourages personal investment and ongoing shareholding in Royal Imtech shares, and as such facilitates alignment with shareholders interest. As part of the BIP, the BoM members have each agreed to invest (i) certain amounts in the 2014 rights issue and (ii) a minimum of 50% and up to 100% of their STI with voluntary participation thereafter of up to 100% hereof, in shares at the then prevailing share price.

In case the participants in the BIP have invested in shares, at the discretion of the SB, subject to (i) continued employment, (ii) retaining the shares during a three-year performance period and (iii) performance conditions being met, they can be awarded with up to net one matching share for each share they have purchased. In the event of a change of control, the vesting of the matching shares is subject to the discretion of the SB. A claw-back provision for BoM members will be applicable similar to that included in the LTI and STI plans described above.

## Proceedings

### Meetings

The SB assisted, with the interests of all stakeholders in mind, the BoM with advice and supervised the BoM's policies and the general conduct of affairs within Imtech. The division of tasks and the working method of the SB and its committees are described under Governance, Risk & Compliance (see page 69).
In addition to the specific matters described above, the standard topics discussed within the SB were: (i) the forecasted and actual operational and financial progress compared to the budget and other targets, (ii) next year's budget, (iii) strategy and market development, (iv) internal control and risk control, (v) Health & Safety, (vi) relevant social aspects of business operations, (vii) organisational structure and the functioning and remuneration of the BoM and (viii) the SB's composition and own functioning.
The SB met in plenary session on virtually a biweekly basis in 2014 in order to maintain an intensified oversight and to frequently discuss all matters as described above with the BoM. In total, 38 meetings were held, of which 27 plenary SB (regularly combined with Audit, HR & Remuneration and Governance & Nomination Committee) meetings (5 held by conference call), 2 separate Audit Committee meetings and 9 Special Committee (a delegation from the SB) meetings (7 held by conference call). Meetings were attended by all members of the SB and its different committees, with only a few absences during the year. The minutes of the meetings were discussed and adopted by the SB. Representatives also met with the Central Works Council in the annual consultative meeting during which the theme Corporate Social Responsibility was discussed. As its time and energy were fully absorbed by the events described above, the SB did not visit one of Imtech's divisions on site. This was reinstated in 2015 and the SB visited Imtech's German activities in Hamburg in January 2015.

**Composition**

During the AGM in June 2013 shareholders were informed (i) that there would be at a minimum two vacancies in the SB during the AGM in 2014 and (ii) that the General Meeting of Shareholders and the Central Works Council had the right to recommend persons for appointment as member of the SB. Consequently, to further strengthen the SB, it was expanded from four to seven members in 2014. The Central Works Council was given the opportunity to determine its position in respect of the nominations before the convocation of the AGM. Mr. Van der Veer, Mrs. Van Lier Lels (upon the recommendation of the Central Works Council) and Mr. Beeton were appointed as members during the AGM of 22 May 2014 in accordance with the profile drawn up for the SB.

In the EGM held on 7 October 2014, Mr. De Rooij resigned his position at the end of that meeting. We would like to thank him for his years of service and his contribution to the SB.

During the 2015 AGM, two vacancies will arise in the Supervisory Board due to the scheduled retirement at that time of Mr. Van Lede and Mrs. Van Andel in accordance with the roster. Mrs. Van Andel has indicated to be available for reappointment. The General Meeting of Shareholders and the Central Works Council have rights to recommend persons for nomination as members of the Supervisory Board. The Central Works Council was given the opportunity to determine its position in respect of the nominations before the convocation of the AGM. To fill both vacancies, the SB nominates Mrs. Van Andel for reappointment and Mrs. Wolff for appointment, each as supervisory director for a term up to and including the Annual General Meeting of Shareholders in the year 2019 (see agenda AGM 2015 for further details). Both nominations are supported unanimously by the Central Works Council, which has exercised its enhanced right to recommend Mrs. Van Andel to be nominated for appointment as supervisory director.

Directly after the AGM 2015, the SB intends to appoint Mr. Cremers as chairman and Mr. Van der Veer as vice-chairman of the SB.

## Acknowledgment

The events uncovered in 2013 and disclosed in the Report to Shareholders had a continued severe impact on Imtech, its shareholders, employees and other stakeholders in 2014. The implementation of the financial solution on the capital structure of the Group in 2014, enables management to focus on the improvement of the business with the goal of achieving stability and recovery across the business. As this develops, we will increasingly shift our efforts to advise and supervise the BoM in accomplishing Royal Imtech's mission of being a leading technical service provider to the full satisfaction of its customers, its employees and shareholders. We express our great gratitude and appreciation to our employees and the BoM members for their continued efforts and contribution aimed at achieving this mission. They have shown great resilience and determination under extremely adverse circumstances to restore the financial and operational viability of the company.

Gouda, 17 March 2015

On behalf of the Supervisory Board,
Kees van Lede, Chairman


Imtech
Imtech

# Function Summary

## Supervisory Board

**C.J.A. (Kees) van Lede (1942)**

Chairman, appointed in 2013, current term ends 2015
Chairman Governance & Nomination Committee
Member HR & Remuneration Committee
Former Chairman VNO-NCW
Former CEO Akzo Nobel N.V.
Former Chairman DNB (Dutch Central Bank)

Supervisory Board memberships
Royal Philips N.V.
Air France KLM S.A.
Air Liquide S.A.

Important additional function
Senior Advisor to JP Morgan Plc.

**F.J.G.M. (Frans) Cremers (1952)**

Vice-Chairman, appointed in 2013, current term ends 2017
Chairman Audit Committee
Member Governance & Nomination Committee
Former CFO and member of the Executive Board of VNU N.V.

Supervisory Board memberships
Royal Vopak N.V.
SBM Offshore N.V. (Vice Chairman)
Unibail-Rodamco SE
Schiphol Group N.V. (till 8 April 2015)
Parcom Capital Management B.V.

Important additional functions
Member Board of Directors of Stichting Preferente Aandelen Philips
Member Board of Directors Preferente Aandelen Heijmans

**R.D. (Ruth) van Andel (1961)**

Appointed in 2011, current term ends 2015
Chairman HR & Remuneration Committee
Intermediary (vertrouwenspersoon) with representative bodies
Lawyer and Mediator van Andel
Former Partner Clifford Chance LLP

Supervisory Board memberships
Member of the Supervisory Board Stadsschouwburg en Philharmonie in Haarlem, the Netherlands

Important additional function
Member of the Board Jeugdsportfonds Nederland

**J.J. (Jeremy) Beeton (1953)**

Appointed on 22 May 2014, current term ends 2018
Independent non-executive board member

Important additional functions
Member of the Court of Strathclyde University
Non-executive director SSE plc.
Advisory Board member PwC
Chairman Merseylink Ltd.
Non-executive director John Laing plc.

**M.E. (Marike) van Lier Lels (1959)**

Appointed on 22 May 2014, current term ends 2018
Intermediary (vertrouwenspersoon) with representative bodies
Independent non-executive board member
Former COO of Schiphol Group

Supervisory Board memberships
TKH Group N.V.
Eneco Holdings N.V.
Non-executive member of the Boards of Reed Elsevier N.V.

Important additional functions
Member of the Board Vereniging Aegon
Member of the Board Leefomgeving en Infrastructuur
Chairman Natuur en Milieu

**B. (Ben) van der Veer (1951)**

Appointed on 22 May 2014, current term ends 2018
Member Audit Committee
Former Chairman Board of Management KPMG Accountants N.V.

Supervisory Board memberships
Aegon N.V.
TomTom N.V.
Royal FrieslandCampina N.V.
Non-executive member of the Boards Reed Elsevier N.V., Plc and Group

Important additional functions
Member Board Stichting Vopak
Member Board Stichting Newomij

*Mr. Van Lede, Mr. Cremers, Mrs. Van Andel, Mr. Van der Veer and Mrs. Van Lier Lels are Dutch nationals. Mr. Beeton holds the British citizenship.*
*Mr. J.J. (Joop) de Rooij (1961) stepped down as a member of the Supervisory Board on 7 October 2014.*

## Board of Management

**G.J.A. (Gerard) van de Aast (1957)**

CEO of Royal Imtech as of 27 February 2013
Member of the Board of Management as of 1 January 2013
Responsible for Imtech Benelux and Imtech UK & Ireland

Supervisory Board membership: Dutch Railways (as of 4 March 2014)

**J. (Hans) Turkesteen (1963)**

CFO of Royal Imtech as of 11 February 2013
Member of the Board of Management as of 28 June 2013
Responsible for Corporate Finance, Group Control, Legal Affairs and Governance, Risk & Compliance

**F.N.E. (Felix) Colsman (1970)**

In function as of 1 September 2013, member of the Board of Management as of 8 October 2013
Responsible for Imtech Germany and Eastern Europe
CEO of Imtech Germany & Eastern Europe division

**P.C. (Paul) van Gelder (1969)**

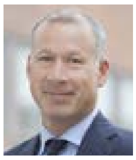
In function as of 16 September 2013, member of the Board of Management as of 8 October 2013
Responsible for Imtech Marine, Imtech Traffic & Infra, Imtech Nordic, Imtech Spain and Imtech ICT (till sale on 30 October 2014)

*Mr. Van de Aast, Mr. Turkesteen and Mr. Van Gelder are Dutch nationals.*

*Mr. Colsman is a German national.*

## Executive Council

**P. (Paul) Kavanagh (1957)**
Managing Director Imtech UK & Ireland



**H. Kirstein (1969)**
Managing Director Imtech Nordic

**J.W.M. (Ans) Knape-Vosmer (1962)**
Group Director Human Resources

**A. (Armand) Knoop (1968)**
Managing Director Imtech Traffic & Infra

**J.M.H.R. (Roger) Knubben (1962)**
Managing Director Imtech Benelux

**F.W.T (Fokko) Kool (1956)**
Group Director Governance,
Risk and Compliance

**J. (Javier) Llanos Acuña (1958)**
Managing Director Imtech Spain

**A.A. (André) Meijer (1958)**
Managing Director Imtech Marine

**M.E.J. (Mark) Salomons (1961)**
Group Director Corporate Affairs

*The members of the Board of Management of Royal Imtech N.V. are also member of the Executive Council.*
*Mrs. Knape-Vosmer, Mr. Knoop, Mr. Knubben, Mr. Kool, Mr. Meijer and Mr. Salomons are Dutch nationals.*
*Mr. Kavanagh is a British citizen, Mr. Kirstein is a Swedish national and Mr. Llanos Acuña holds the Spanish citizenship.*


Imtech

# Report of the Board of Management

Our ambition is to be the preferred technology partner for our customers by delivering integrated technical services in the area of mechanical, electrical and automation solutions. Our added value lies in reducing the total cost of ownership of their facilities and delivering their seamless and uninterrupted operation.

One of the major trends in our markets is an increasing need for reliable integrated design, engineering, installation and maintenance services in order to deal with growing complexity.

Customers are increasingly seeking to outsource services to high-quality providers in close proximity to their operations. To fulfil their needs effectively we operate a decentralised management model that ensures optimal (optimum) response levels. We believe this model will continue to be a significant growth driver for our company in the years to come.

## Operational review

Headwinds and sluggish growth continued to impact our markets in 2014, most notably those related to the construction industry. Our market strategy based on geographies and industries, as well as the diversity of our business, provided us with some resilience, as we made steady progress towards our goals in operational excellence and culture change.

Against these low levels of market activity, our primary focus was on addressing outstanding legacy issues, while continuing to build a business that is fit for the future. As in the previous year, this has required us to make comprehensive progress in the three areas described below. In each of these we took major steps forward, although we recognise that much remains to be done.

### i) Uncovering and addressing irregularities from previous years

Our revised Governance, Risk and Compliance (GRC) framework is in design on par with best practices for a company in our industry and of our size. We have continued with the roll-out reinforce the quality and effectiveness of our governance and compliance mechanisms, while enhancing the composition of the Supervisory Board, strengthening financial and legal functions, and improving whistleblower procedures. We are determined to uncover and investigate any instances of wrongdoing whenever they may have occurred.

We believe that our current GRC framework will prevent the events from the past reoccurring. Unfortunately we are from time to time confronted with potential matters from the past. We take these very serious and will continue to update the market as, if and when needed. In February 2014, we announced the discovery of possible irregularities in our Switzerland business. The management of Fritz & Macziol Schweiz, the unit in which the

irregularities took place, was replaced and the company has terminated nearly all its business activities.
In November 2014, we communicated about allegations of possible competition law violations in the period 2008-2010 which Imtech received through a whistleblower on two projects in the Energy sector performed by Imtech German. Following this, we informed the market at the beginning of 2015 that German authorities are conducting a broader investigation into the overall technical services industry in Germany, which includes Imtech. The context of this investigation relates to possible violation of competition laws. As part of this investigation the German authorities have served warrants to obtain information from Imtech and other companies. Following the investigations by the authorities, Imtech has broadened the scope of its own investigations. So far, this broadened internal investigation has not found that competition laws were violated.
In January 2015, we announced an investigation into possible violations to export controls and sanctions regulations by our marine services in the United Arab Emirates. We have disclosed the results of this investigation to the relevant authorities and we immediately have implemented an Export Compliance Improvement Plan.
In February 2015, we took notice of unconfirmed allegations towards (former) Imtech Germany management in connection with the new airport of Berlin-Brandenburg in the period prior to 2013. Consequently, Imtech has informed the relevant authorities and the compliance department of the Berlin-Brandenburg airport. Imtech will fully cooperate with these parties as it is our firm commitment to properly deal with these legacy issues. So far, this internal investigations did not prove the allegations.

### ii) Stabilising our financial position

Our balance sheet improved in the year. The sale of our ICT division in August and the second rights issue in October has helped to significantly reduce our net debt to manageable levels. Following discussions with our main lenders in March and August, the terms of our financing are now much more favourable in the medium term, compared to the situation before completion of the second rights issue.

### iii) Improving our operational excellence

Operational excellence continues to be a pillar of our strategy with its focus on efficiency, competitiveness and excellence in project execution. The multiple improvement programmes put in place across our company are well underway and already providing benefits, such as improvements in the quality of order intake, working capital efficiency and lower costs.
Today, Imtech is better placed to deliver our offering to the market, to the highest standard, and with better margins on new awarded projects. Although these measures regrettably led to further redundancies in the year, our efficiency levels have improved with a leaner and more competitive cost base. We have also implemented excellence measures for executing the projects and entering the tender process, in which risks are better evaluated and resources more intelligently allocated.

## Restructuring in 2014

Our restructuring efforts continued in the year, as we further aligned our organisation to the realities of our market. In August, we announced an additional round of measures for the second half of the year and going into 2015, until all elements have been fully implemented. These programmes were applied throughout the total group, with a focus in the Netherlands, Germany and Marine divisions, and have resulted in savings of overhead costs of approximately 100 million euro. The total number of Imtech employees at year-end 2014 decreased to 22,193 compared to 23,788 in the previous year (excluding Imtech ICT).

## Performance of divisions

**Benelux**
We have continued to restructure the Benelux business, faced with structurally challenging conditions in the economy that impacted our volumes. Operational EBITDA remained loss making due to the Dutch buildings and industrial businesses. Our aim is to return to profitability by improving our operational performance, and strengthening our position in the market against fierce local and international competition with enhanced project management and customer intimacy. Order intake was good and exceeded revenue.

**Germany & Eastern Europe**
Our main focus in Germany & Eastern Europe has been on the ‘Neue Imtech’ restructuring programme to return to profitability. This has included right-sizing our organisation to fit market requirements, having a sharper focus on market segments, centralising our division’s functions and developing new tools and processes to support operational excellence. We have also improved the quality of our portfolio by focusing on high added-value mandates. We achieved these changes despite the significant pressures in our market

due to financial distress and pressured reputation as a result of issues from the past.
Right-sizing of the organisation resulted in a lower revenue and operational EBITDA continued to be a loss. Order intake in 2014 came in at the lower end of the new revenue equilibrium of 600 million euro to 700 million euro. Operational working capital increased due to delayed closure of projects and weaker payment conditions caused by the financial distress and pressured reputation of Imtech Germany. As a result of rightsizing and a rebuild of the business and organisation, the goodwill for the division is fully impaired.

**UK & Ireland**
Market conditions were difficult in the UK & Ireland markets throughout most of the year, some of them attributable to the regulatory cycle. Early signs of a recovery were visible towards the end of the year, although pricing pressures remained. During the year we concluded the wind down of our Kazakhstan joint venture. Revenue decreased significantly and operational EBITDA decreased due to low production levels, margin pressure and losses on a number of projects. The division's new structure into five core work streams based along market lines has served us well and clarified our offering. We are well positioned to service the growing demand for high-quality, integrated offerings in higher added value projects. Order intake was good and exceeded revenue.

**Nordic**
We made good progress with our integration process to harmonise and simplify our operating processes and increase our profitability. Market conditions improved in Sweden and Norway, though the Finnish market remained tough. Actions were taken to improve operational performance and strengthen margins by integrating our support functions and simplifying operations overall. This included better work tasks and structures and greater collaboration between offices, with a strong focus on delivering sustainable, integrated solutions.
Revenue was under pressure also due to closure of several branches, though operational EBITDA improved as a result of integration benefits and a significant project loss in 2013. Order intake was below revenue, amongst other items impacted by closure of several branches.

**Spain**
Conditions remained extremely challenging in Spanish markets, with low levels of market activity, although signs of a fragile recovery came in the final quarter. Competition was high with prices under sustained pressure. We made further adjustments to our cost base and improved our operational capabilities. This resulted in a more competitive market positioning and better systems, controls and processes to deliver excellence to our customers. The industrial maintenance services segment performed best overall, with a rising demand among industrial clients for high-quality, integrated solutions.
On the back of the challenging markets, revenue decreased and operational EBITDA continued to be a loss. Order intake was higher in 2014 and exceeded revenue.

**Traffic & Infra**
Operations were largely affected by the issues within the Group of the previous years and the financial situation. Recurring business remained largely stable, with good results in parking and traffic. We have continued to reorganise ourselves according to market conditions and to improve our execution. Revenue decreased mainly due to weakness in the Dutch infra market and operational EBITDA was lower than the previous year, although close to our mid-term target of 4-6%. Due to the financial uncertainty, order intake was below revenue.

**Marine**
Our Marine division returned to stability, with growth in revenue and a recovery in operational EBITDA. The division made good progress with its 'Back to the top' restructuring and integration programme with measurable improvements in costs and working capital, and with a new senior management team in place. While the market for new build vessels has remained relatively flat, we have continued to be well positioned with strong relations with a number of super-yacht builders and naval customers.
Revenue increased in 2014 and operational EBITDA turned into a positive result due to restructuring benefits and significant project losses in 2013. Order intake was good and above revenue.

## Financial Result 2014

Key development in 2014 was the reduction of our net debt position, which was mainly realised by our financial restructuring plan consisting of an equity issue, the sale of our ICT division and the modification of our lending terms. Consequently, our liquidity has been enhanced and the cost of financing going forward has been reduced. Furthermore, a covenant holiday up to and including Q1 2016 and a maturity extension until 15 July 2017 for all credit and guarantee facilities were agreed with our financiers.

Operational EBITDA-performance was still negative, but improved significantly compared to 2013. Non-operational cost (mainly restructuring plans), impairment of the goodwill for Germany & Eastern Europe, high finance charges (including significant one off financial restructuring items) and the loss on discontinued operations (sale of our ICT division) contributed to a significant net loss for the year. As a result, the total equity decreased in 2014, despite the proceeds of the equity issue. Capital employed decreased significantly, mainly resulting from the divestment of the ICT division and continued tight management of working capital.

| | 2014 | 2013* |
|---|---|---|
| Revenue and other income | **3,922.3** | 4,248.4 |
| Order intake | **3,729.1** | 3,948.2 |
| | | |
| Operational EBITDA | **(31.9)** | (78.3) |
| Non-operational costs | **(221.8)** | (375.3) |
| EBITDA | **(253.7)** | (453.6) |
| Operating result (EBIT) | **(340.6)** | (562.2) |
| Result from continuing operations | **(488.8)** | (648.5) |
| Result from discontinued operations | **(70.5)** | (48.1) |
| Net finance result | **(178.7)** | (101.1) |
| Net result | **(559.3)** | (696.6) |
| | | |
| Total equity | **282.5** | 313.3 |
| Net interest-bearing debt | **334.3** | 737.0 |
| Operational working capital | **(47.0)** | (58.3) |
| Capital employed | **1,029.1** | 1,449.5 |
| | | |
| Net cash flow from operating activities | **(327.5)** | (330.4) |

* *Restated, see note 3 of the financial statements 2014.*

Operational performance in 2014 showed a mixed picture, influenced by our business recovery activities in various divisions and by market pressure throughout the group. Revenue came in 8% lower than 2013 at 3.9 billion euro (2013: 4.2 billion euro). Order intake was also lower than 2013 but developed satisfactory in line with the revenue level. Operational EBITDA 2014 resulted in a loss of 31.9 million euro, compared to a loss of 78.3 million euro in 2013. Germany & Eastern Europe and Benelux reported a loss and UK & Ireland reported a sharp decrease of its result. Marine turned to a positive result and Nordic reported a good improvement of its result. Operational working capital was maintained at a satisfactory level and amounted to –47.0 million euro, compared to –58.3 million euro as at 31 December 2013.

Non-operational costs in EBITDA 2014 of 221.8 million euro mainly related to our operational and financial restructuring activities, and to a lesser extent to (legacy) project write-downs and closure of some business units. In 2013 the non-operational items (375.3 million euro) were dominated by the legacy item write-downs and valuation allowances, mainly relating to Germany & Eastern Europe.

| | 2014 | 2013 |
|---|---|---|
| Restructuring costs | **86.4** | 103.8 |
| Rationalisation of real estate | **30.5** | – |
| Advisory costs | **41.6** | 22.3 |
| Other non-operational items, including legacy write downs | **63.3** | 249.2 |
| | **221.8** | 375,3 |

The 2014 net finance result was significantly more negative than 2013, mainly due to one off costs (56.4 million euro) relating to the implementation of the financial restructurings in March and October 2014, net of the 31.4 million euro book gain from the debt buy-back programme executed in October.

The 2014 result from discontinued activities (loss of 70.5 million euro) relates to the divestment of our ICT division and management was replaced and the company has terminated nearly all its business activities. In 2013 the discontinued activities related to the disposal of our Turkish operating company (loss of 48.1 million euro).

| | 2014 |
|---|---|
| Net profit, up to the end of October, of the ICT companies sold | **0.5** |
| Transaction result (including transaction costs) | **(55.5)** |
| Net loss of and costs related to the business unit Fritz & Macziol Schweiz | **(15.5)** |
| | **(70.5)** |

The above – combined with a low income tax credit – has resulted in a significant net loss for 2014, at 559.3 million euro.

Next to the net loss, equity has been negatively affected (41.9 million euro, net of tax) by the increase of the pension obligations, which resulted from the decrease of the (market) discount rates throughout Europe. These developments, combined with the proceeds of the rights issue of 566.2 million euro, resulted in equity as per year-end 2014 of 282.5 million euro, roughly at the same level as per year-end 2013. Solvency amounts to 11.4%, compared to 9.4% as at 31 December 2013.

Net interest-bearing debt amounts to 334.3 million euro, compared to 737.0 million euro as at 31 December 2013. Main drivers of the decrease were the proceeds of the rights issue (566.2 million euro, net of expenses) and the sale of the ICT division (approximately 175 million euro net). This was partially offset by the negative net cash flow from operating activities (327.5 million euro), which included the cash out effects of restructuring (76.4 million euro), advisory costs (41.6 million euro) and interest paid (112.2 million euro).

Capital employed decreased to 1,029.1 million euro (31 December 2013: 1,449.5 million euro), mainly driven by the sale of the ICT division (approximately 300 million euro, thereof goodwill 223 million euro). Furthermore, capital employed as at 31 December 2013 included our Turkish subsidiary (79.9 million euro).

## Strategy

We aim to be the preferred technology partner of our customers by delivering integrated technical solutions that enable them to reduce their total costs in ownership. In doing so, we create value for our stakeholders, including benefits to the market, the environment, our employees and society.

We employ a decentralised management model as the basis for the organisation with a centralised approach in financial control, reporting and governance and risk management. This reinforces our relationships with customers by being responsive to their needs and by stimulating entrepreneurship at a local level.

The Imtech strategy is based on three pillars: operational excellence, organic growth and acquisitions.

The strategy is also anchored in our five core values, which we re-defined in 2014. They define who we are and describe our commitment to our customers and to each other:

- We value our customers;
- We value our employees;
- We act safely and responsibly;
- We conduct our business with integrity;
- We strive for excellence in our performance.

The current focus of our strategy is on greater profitability and on shaping the organisation so that it better meets the needs of its markets. This has required us to change the way we work through a group-wide focus on culture change and operational excellence.

### I. Operational excellence

Operational excellence focuses on how we can better use our resources, plan matters better and avoid mistakes. This applies to: (a) tender procedures; (b) project management and project execution; (c) human resource management; (d) procurement processes; (e) cash and working capital management; (f) risk management; (g) governance and compliance; and (h) corporate social responsibility.

#### a. Tender procedures

Already in 2013 we have reinforced our tender procedures and established a Tender Review Board to oversee procedures in new projects worth more than 15 million euro. Any project above 75 million euro requires the approval of the Supervisory Board, while any tender above 4 million euro is monitored by the Group's Riskmaster tool. Project life cycle risks are controlled through regular risk reporting and corporate and divisional project reviews.

#### b. Project management and project execution

As a project driven company, project management and project execution are key for realising healthy project profitability. The increasing complexity and associated risks in our work have led us to broaden and accelerate the development of our project management skills. In 2014, we rolled out more internal best practices to improve our skills in this area. The Project Management Academy of Imtech in the Netherlands serves as a best practice and has now trained many of its colleagues.

#### c. Human Resource Management

At Imtech we recognise that people are our most important asset. We aim to create an environment in which they are fully engaged with the business and feel passionate about taking ownership and delivering results. This means ensuring that people have ample opportunities to develop the mindset, skills and competencies they require for personal and professional growth. We focus on retention, training and recruitment of the right level and mix of skills of employees to most efficiently support the projects and services to be delivered to our customers.

#### d. Procurement processes

Procurement at Imtech is strongly focused on cost reductions and on ensuring continuity of supply. In order to contribute to these objectives we have implemented framework contracts by which costs and risks can be further reduced, while improving the procurement organisation as well as competences in several divisions. We have increased the KPI-based performance of this function and sought to manage our supplier relationships to better secure supplies for our businesses.

### e. Cash and working capital management

A programme to improve profitability and cash generation has led to the development of working capital plans across divisions that are well underway. These include a monthly reporting and forecasting framework for all entities, which includes working capital. We have also implemented a central treasury management system that provides a daily overview of outstanding guarantees and tightened our guarantee policy to reduce the number that we issue. Similarly, we have implemented a cash management tool within the treasury management system to monitor daily cash balances. The Group now forecasts its cash flow and liquidity every week.

### f. Risk management

Imtech follows an active policy aimed at ensuring the proper functioning of risk management and internal control systems. The implementation of our Governance, Risk and Compliance framework has been closely monitored throughout the year. Divisions have made significant steps towards a more robust system of management controls. Our primary focus has been on improvement of the management of project related risk and the profitability of projects.
Both the group and divisional risk managers are members of the Risk Council which, on the basis of the priorities determined by the Board of Management and endorsed by the Executive Council, formulates the divisional risk policies. The objective is to meet the central risk management objectives while reinforcing the decentralised risk management function in order to embed risk awareness at a low level in the organisation.

### g. Governance and compliance

We have continued to reinforce the quality and effectiveness of our governance and compliance mechanisms. We have increased the role of the Board of Management in the business operations and adopted other measures to strengthen our financial and legal functions. For more information on the GRC framework, please see pages 67 – 79.

### h. Corporate Social Responsibility

In helping to meet the world's growing economic, environmental and social needs in a responsible way, we focus on areas where we can make a difference.

Our sustainability approach covers the most important topics for our stakeholders, as defined by stakeholder engagement and benchmarking. In 2014, we built on the progress made in our new reporting processes to increase transparency in our performance in this area. For the second time, we are publishing a dedicated annual sustainability report.

## II. Organic growth

As part of our margin improvement efforts, we maintain the strategic goal of realising profitable organic growth by: (a) focus on recurring revenue streams; (b) multi-site/multi-service solutions and (c) scaling technologies across the group.

### a. Focus on recurring revenue streams

We are focused on securing recurring revenue streams by leveraging our diverse customer base and contract portfolio in all segments. To this end, we aim to provide additional services to existing customers in various business segments.

### b. Multi-site/multi-service solutions

Customers increasingly outsource a wide range of technical services and look for multi-site/multi-service solutions. There is more complexity in their systems, stronger cost pressure, and a desire to focus more attention on the core businesses.

These outsourcing trends create attractive growth opportunities for Imtech, and so we are using a wider range of multi-technology competences, logistical expertise and our dense local network. This allows us to provide a local or multi-national 'one-stop-shop' offering.

### c. Scaling technologies across the group

We are customer-focused and look for opportunities to help our customers in different areas across the business. We do this by sharing customer relationships, competences, notable experiences or specific know-how. We have focused these efforts in several key markets, namely green technologies, water technologies, data centres and care & cure.

## III. Acquisitions

Given our current financial position, the company is focused on debt reduction and does not foresee any acquisition activities.

## Industry trends

We see the following trends in our markets:

**A growing need for increasingly complex technical services**
As complexity increases, so too does the need for reliable design, engineering, installation and maintenance services. Customers often find themselves less equipped internally to do this work and look to outsource them to high-quality service providers based nearby.

**Regulatory and HSE requirements and ageing assets require external expertise**
Our end-markets face increased regulatory requirements and an ageing asset base.
At the same time, there are more stringent regulatory requirements in health, safety, environment and quality. Customers therefore look for external expertise to improve the integrity of their assets and operations with better service levels, while lowering overall costs.

**Customers require one-stop-shopping**
Some of our larger customers are increasingly outsourcing decisions at 'holding' level rather than on a facility-by-facility basis. This leads to an increasing demand for integrated technical service providers that are able to provide technical services across a broad range of technical fields, as well as in multiple locations. 'One-stop shopping' is a growing feature of our markets.

**Increasing importance of 'green technologies'**
As the challenges of climate change, urbanisation, globalisation, scarcity of resources and shifting demographics continue to grow, so too does demand for greener and more efficient innovative technologies. For more information on our 'GreenTech' projects, please see our Sustainability Report 2014 (www.imtech.com).

**Retaining and attracting well-trained technical staff is critical**
There is a shortage of well-trained technical staff in the technical services industry and newly-trained personnel, who graduate from technical education programmes, is also scarce. The ability to manage the impact of such shortage is a critical success factor in the technical services industry and employee recruitment and retention are strategic issues.

## Our strengths

Our competitive advantages include the following:

**We are a leading technical services provider with a strong reputation to execute complex projects**
We have a leading position and a strong reputation for in-depth knowledge in complex technical services projects. This makes us well-positioned to benefit from cross-selling opportunities and to provide our services in all phases of project execution, i.e. 'design, engineering, build, maintain and operate'.

**We are a multi-disciplinary technical services provider offering customers fully integrated solutions**
As a 'one-stop-shop' for our customers, we are constantly adapting our service offering to meet our customers' ever-changing needs and rolling out new and technologically integrated services on an ongoing basis. One of our current areas of focus is to provide solutions for improving energy efficiency and energy savings in the markets of buildings, industry and marine.

**We operate a dense local network that allows us to be highly responsive to our customers' needs**
We have developed extensive branch networks in each of our core markets. We believe that due to our extensive presence throughout Europe, we are well suited to provide localised services.

**We nurture long-term customer relationships and high customer retention**
Years of providing technical services for our customers' operations have given us a detailed knowledge and understanding of their production processes, asset base and requirements. Our operational expertise, close collaboration with customers and performance and track record speak for themselves. Our relationships with many customers date back several years. They include BMW, Cepsa, Dutch Government Buildings Agency, Meyer Werft, Royal Netherlands Navy, Skanska, Shell, UK Highways Agency and Volkswagen.

**Recurring revenue flow from a diversified customer base in different end markets**
Our broad customer base, long-standing customer relationships, focus on maintenance services, broad service offering, and our small average order size, provides us with diversity and predictable revenue flows. We believe this mitigates some of our exposure to cyclical effects.

## Competition

Our main geographical and product/services markets are highly fragmented and our competition ranges from smaller local competitors to large, multi-national companies. With no dominant market leader there are good opportunities to further consolidate the market. To manage technical complexity and risk, particularly in long-term, complex projects, it is not unusual for customers to encourage service providers to cooperate rather than compete. There is no single, easily identifiable like-for-like competitor that we find ourselves competing against, nor do we believe that there is any independent technical services provider that offers the same broad and deep portfolio of integrated technical services as the group.

## Competitors

In millions of euro unless stated otherwise

| | Revenue | Part of | Benelux | Germany & Eastern Europe | UK & Ireland | Nordic | Spain | Traffic & Infra | Marine |
|---|---|---|---|---|---|---|---|---|---|
| Cofely (GDF Suez Energy Services, Europe) | 14,601 | GDF Suez | • | • | | | • | | |
| Cegelec (Vinci Energies, Europe) | 8,701* | Vinci | • | • | | | | | |
| Bilfinger Berger (Europe, excl. construction) | 6,077* | | | • | | | | | |
| Spie (only Europe) | 4,384 | | • | • | • | | | | |
| **Royal Imtech** | **3,922** | | • | • | • | • | • | • | • |
| Caverion | 2,407 | | | • | | • | | | |
| Stork Technical Services | 1,441* | | • | | | | | | |
| Bravida | 1,320 | | | | | • | | | |
| NG Bailey | 446* | | | | • | | | | |
| Kapsch | 487 | | | | | | | • | |
| Swarco | 450* | | | | | | | • | |
| Siemens | n/a | | | | | | | • | • |
| Rolls Royce Marine | 2,017 | Rolls Royce | | | | | | | • |
| Wärtsila Ship Power | 1,702 | Wärtsila | | | | | | | • |
| GE-Converteam Marine | n/a | GE | | | | | | | • |

Source is each company's 2014 annual accounts, save for the entities with an asterisk (*) where year-end 2013 annual accounts are the source. The revenue of both Siemens and GE-Converteam are not included as we believe that the revenue of the relevant business units is much lower than the reported revenue of the relevant divisions of these companies.

## Medium term targets

With focus on operational recovery, we have refined our medium term targets to a gross margin of 18% to 22% and overhead costs of 12% to 16% of revenue resulting in an overall EBITDA margin of 4% to 6%. Working capital should be between minus 3% and 0% of revenue with net debt targeted below 2x EBITDA.

## Outlook

With solid order intake, Imtech's main focus is now on operational improvements in 2015 as the main driver for profit recovery. Our UK & Ireland, Nordic, Spain and Traffic & Infra divisions are expected to further improve operational results. The Benelux and Marine divisions have recovered from past operational issues and are much better positioned. The German & Eastern Europe division also expects further operational improvement. We do not expect any major restructuring in 2015, although we will continue with the implementation of operational efficiencies across the group and in particular in Germany & Eastern Europe. We expect a positive operational EBITDA in 2015.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# Benelux

## Imtech Benelux is a preferred technical services partner. We provide our customers with integrated, sustainable and inventive technology and maintenance solutions. Our distinctive products and services are based on our competencies and on customers' insights and knowledge of the markets in which they operate.

We offer a full range of electrical, automation and mechanical solutions in the buildings and industrial markets. These include consultancy, design and installation, as well as professional management and maintenance services.

We support our clients in diverse projects with a focus on technical management and maintenance with integrated services and solutions, such as energy efficiency and power electronics management; care & cure concepts; site health & safety applications; and engineering and automation to help keep buildings and industrial installations in optimal condition. The Benelux division also serves our customers' international needs, primarily in the chemicals and oil & gas industries, and in power electronics.

**Operational review**

The year 2014 was one of transition for Imtech Benelux, as we continued to realign the business with the changing needs of our customers. Faced with difficult market conditions, which resulted in lower than expected volumes and margins in our industrial businesses, we took steps to improve our operational performance and results via the 'One Imtech' change program.

Revenue decreased by 8% to 654 million euro. Operational EBITDA improved, though we still report a loss of 11 million euro due to good performance in Belgium and as a result of cost savings, despite weak project results in the Netherlands and low productivity in the Dutch industrial business. Order intake for the year increased to 673 million euro and exceeded revenue. The operational working capital improved to 2 million euro negative. The number of employees reduced with 359 FTEs to 3,761 FTEs, reflecting the restructuring programmes as executed in 2014.

The top priorities were translated into change projects aimed at restoring profitability, strengthening customer intimacy, developing our people, leveraging our competencies, and reinforcing the division's leadership. These have allowed us to better position ourselves in our markets and differentiate the added value of our services with customers. They included the continued roll out of our Project Management Academy, which helped 140 colleagues to strengthen their skills in the year and will be assisting many more in 2015. They also comprised training initiatives for the introduction and implementation of tender procedure guidelines and processes.
Against this landscape, we extended our portfolio with new offerings and welcomed new customers, projects and partnerships which create a strong foundation for our future growth.

### Key figures Benelux

In millions of euro unless stated otherwise

| | 2014 | 2013 |
|---|---|---|
| Revenue | **654.2** | 709.1 |
| Operational EBITDA | **(11.3)** | (17.6) |
| Operational EBITDA margin | **(1.7%)** | (2.5%) |
| EBITDA | **(50.2)** | (63.4) |
| Order intake | **673.1** | 625.5 |
| Operational working capital | **(2.0)** | (0.2) |
| Number of employees (in FTEs) | **3,761** | 4,120 |

In industrial services, we enlarged the scope of our multidisciplinary services by exploring opportunities in domestic and international niche markets, partnerships and outsourcing. In our building business we became involved in a growing number of long-term private-public partnership projects with good margin potential and addressed a growing number of customer specific demands for added value in largely substitution or renovation related work.

Among our most significant customer projects in 2014, was our performance-based building management scheme for the Tax and Customs Administration's building in Eindhoven, as part of an initiative by the Dutch Government Buildings Agency. Imtech is now taking steps to provide similar services to other areas of national government.
In Belgium, we won the public tender for the heating, ventilation, air conditioning and geothermal installation of the newly built hospital Maas en Kempen in Maaseik. This major installation and maintenance project reflects the growing customer appreciation of our competencies and capabilities in the care and cure segment.

**Project Shell Gabon**

Imtech Benelux is undertaking an engineering, procurement and construction (EPC) project for Shell Gabon at its Toucan oil field. Shell Gabon required a well-known EPC contractor with a proven track record within Shell and within Gabon. We were selected for this assignment due to our experience and local knowledge in Africa, as our ability to implement complex Electrical & Instrumentation and Control & Automation projects overseas.

### Market developments

Our installation activities were negatively impacted by as overcapacity in the construction industry, which led to a significant increase in competition and to pressure on prices and margins. The Dutch building and construction market continued to be negatively impacted in the year due to the lack of economic growth and investment. The Dutch industrial services business had to deal with budget cuts at oil & gas customers side. The maintenance market, which is less sensitive to economic cycles, saw clients steer towards integrated service offerings and output-driven contracts. We do not expect significant growth to take hold in these markets until 2016 onwards.

In our international markets, we increased our participation in brown field rejuvenation projects, most notably in the oil & gas industry, and in the Middle-East, Africa and Asia. Our technological expertise enables us to export high-quality technical solutions and power electronics. We anticipate further activity in the energy industry as new capacity is added by customers and there is a growing need for digitalisation to accelerate operational efficiencies or meet end-user demands.
The increasing 'technologisation' of buildings is another favourable trend that has continued to offer promising opportunities. For the first time, automated building management systems have the capability to learn and even anticipate their occupants' needs and preferences for light, temperature and other services, in a more environmentally efficient way. The digitalisation of our own back office support systems and processes will continue to play an important role in strengthening our client intimacy.
In the healthcare segment the digitalisation trend is towards more personalised patient care and cure. This results in the development or modernisation of new hospitals environments, as part of efficiency measures in care and cure management, and in greater demand for private end-user applications.
We also see potential in engineered products and spare parts for our customers in our other market segments.
In our power conversion project business we expect steady growth in niche domains such as transmission, distribution and efficient energy solutions.
The ongoing regional and global expansion of our customers' businesses offers Imtech good growth opportunities in the near future. As a leading provider of power electronics and related services, we will stand to benefit from an eventual economic recovery in the region. In both our industrial services and buildings business, we also anticipate new forms of partner collaboration, such as output-driven and public private partnership contracts that play to our strengths.

### Outlook

The measures taken in 2014 allow us to reap the benefits of a future upturn in the Dutch building and industrial markets that is already visible across some areas. In 2015, Benelux will continue to implement its intensified recovery programme for efficiency and quality. Our objective is to improve profitability by delivering considerable savings and providing the necessary platform to enhance the quality of our earnings and our operational excellence.

# Germany & Eastern Europe

## We are a leading technical engineering and services provider in Germany & Eastern Europe, where we offer the buildings and industry markets comprehensive solutions with a focus on energy savings and efficiencies, clean-room technology, fire protection, (decentralised) power plants and systems, care & cure, data centres, airports and test solutions for the automotive industry and large commercial buildings.

We operate in dedicated business units throughout Germany and have a renowned research and development centre in Hamburg. In Eastern Europe we are active in Poland, Hungary, Romania, Czech Republic and Slovakia. A distinct feature of our offering is the ability to integrate knowledge and experiences from different disciplines into value added solutions.

**Operational review**

The year 2014 was one of transition in which we focused on the implementation of our 'Neue Imtech' restructuring programme. This is the initiative that aims to realign our business with the prevailing market conditions and return it to profitable growth.

It prioritises healthy margins over volume growth, and addresses legacy issues associated with the write offs in 2013. It included the development of new operational excellence processes and tools, as well as organisational changes such as the centralisation of administrative functions and dedicated business units, with a specific market segment focus.

For the year, revenue decreased to 860 million euro due to our decision to reduce our size by prioritising margin over volume as well as the financial distress and pressured reputation of Imtech Germany. Operational EBITDA loss of 45 million euro is the result of high cost structure and losses on projects particularly awarded before 2014. Order intake of 626 million euro is at the lower end of the new revenue equilibrium of 600 million euro to 700 million euro. Operational working capital increased with 81 million euro to 1 million euro negative due to delayed closure of projects and worsened payment conditions. The number of employees decreased by 530 FTEs to 4,210 FTEs.
As a result of a rebuild of the business and organisation, the goodwill for the division of 27.5 million euro is fully impaired.

### Key figures Germany & Eastern Europe

In millions of euro unless stated otherwise

| | **2014** | 2013 |
|---|---|---|
| Revenue | **859.5** | 969.0 |
| Operational EBITDA | **(44.7)** | (107.7) |
| Operational EBITDA margin | **(5.2%)** | (11.1%) |
| EBITDA | **(125.9)** | (327.7) |
| Order intake | **625.5** | 800.6 |
| Operational working capital | **(0.9)** | (81.7) |
| Number of employees (in FTEs) | **4,210** | 4,740 |

As part of these efforts, we continued to rationalise our project portfolio, eliminating unprofitable projects and improving the quality of our order intake. Our focus now is on quality growth and zero slippage in all new projects. We purposely reduce the volume to significantly increase our own added value on the project.

Late 2014 and early 2015, three GRC issues, each dating prior to 2013, were extensively in the media. In November 2014, we informed de market regarding a potential violation of competition laws in Germany in the period 2008-2010. In February 2015, we announced that in this context German authorities are conducting a broader investigation involving multiple German companies and individuals active in the technical services industry. Furthermore, German media published in February 2015 unconfirmed allegations of bribery towards former Imtech management in connection with the new airport Berlin-Brandenburg in the period prior tot 2013. Late 2014, PBG (a Polish company in liquidation) submitted a counter claim related to a football stadium project, which was completed in 2012. We filed a civil claim against PBG in 2013 with regard to his project. It is our firm commitment to decisively deal with these legacy issues. For more information please read the GRC chapter of this report (see pages 67 – 79).

To drive cultural change and support our people, we started with new training and awareness programmes with focus on cultural change. Further, we implemented new HR structures with centralised services, local HR business partners and a shared service centre. We also further reduced our cost base in terms of personnel and indirect costs. This resulted in redundancies that were made in close cooperation with the German Works Council. In 2015, we will continue with our programmes on cultural change, including further improvement of our Health & Safety data quality management at all business units.

We achieved these changes despite the significant pressures in our market and the reputational impact, which resulted in reduced credit ratings and credit insurer volumes.

Some of the most significant new projects in the year in Germany included electrical and mechanical work on a new Data Center Project for Würth in Niedernhall-Waldzimmern; a research centre for Bosch in Renningen, and newly created Business Unit Data Centre in Stuttgart. In Poland, we completed the upgrading of an engine manufacturing site for Volkswagen, while an important heat extraction project was undertaken in Kosovo.

### Market developments

The German economy remained resilient in the year. Trading in commercial real estate, a significant portion of which was driven by overseas investments, reached record levels. This offered attractive opportunities for reducing ownership costs by implementing energy solutions.

There were also strong investments by industrial customers, supporting the trend towards more sustainable production and office facilities. Imtech is highly experienced in the integration of building and process efficiencies, and therefore, well positioned in this market.

In the longer term, German markets continue to be driven by the government's ambitious 'Energiewende' programme to encourage investment in energy savings and decentralised energy generation. There are also plans to accelerate the installation of the network infrastructure that is necessary to handle this type of energy generation.

We are using our strong capabilities in integrated offerings in analysis, planning, installing and operating to benefit from these trends. In energy savings, we are guaranteeing energy performance based on our own analytical tools.

### Outlook

We expect German markets to remain attractive due to strong export levels in the years to come.

With our 'Neue Imtech' underway, the Germany & Eastern Europe division looks forward to a stronger and healthier operating platform in 2015.

# UK & Ireland

## We are a leading technical services provider in the UK and Ireland where we are active in five work streams: engineering services, technical maintenance, system integration, infrastructure and international.

Infrastructure includes water, waste-to-energy, airports and rail. Our Irish activities occupy a strong position in industrial electrical services. This provides an excellent base for serving our customers in the Middle East.

**Operational review**

Imtech UK & Ireland faced a challenging 2014 across all business streams especially for engineering services and technical maintenance, due to the significant headwinds in the UK technical services and construction markets. The general Mechanical & Electrical (M&E) market did not see the return to growth that some had anticipated, and many of our clients have been slow to recover. In markets affected by regulatory cycles such as water and systems integration, activity levels declined as part of the normal phases for these industries. Also the wind down of our project business in Kazakhstan put pressure on the 2014 results. Notwithstanding these challenges, all market segments saw tentative signs of recovery towards the end of the year, which enabled us to enter into 2015 with a strong book of orders.

Revenue for the year decreased by 14% to 635 million euro, including a 4% positive currency result. Operational EBITDA declined by 28 million euro to 5 million euro, including a 2% positive currency impact. Order intake increased by 5% to 710 million euro and exceeded revenue. Operational working capital amounted to 8 million euro negative. The reduction of 540 FTEs in the year to 2,856 FTEs is the result of the wind down of the Kazakhstan joint venture and streamlining of the business.

Our new structure, based on the five core work streams has clarified our offering to the market while preserving the entrepreneurship of the local businesses and management teams. We have also strengthened our capabilities in business development and in our engineering teams. Our focus has been on working with high quality partners and moving towards two-stage tendering on projects that have a higher value. All reorganisation work scheduled for the year was completed successfully.

As a recognised player in the London and regional markets, we undertook several notable projects in 2014. These included the upgrading of the electrical and mechanical infrastructure for the renovation of the Olympic Stadium in London, and the installation of mechanical and electrical systems for the new Main Stand at Liverpool FC's Anfield Stadium. Imtech Water, Waste and Energy was also selected to partner with United Utilities for the next capital delivery period (2015-2020), AMP 6.

**Market developments**

The Engineering Services marketplace in the UK and Ireland is seeing a slow recovery that remains fragile. Tender opportunities and work volumes have begun to increase, but these have not yet translated into

### Key figures UK & Ireland

In millions of euro unless stated otherwise

| | **2014** | 2013 |
|---|---|---|
| Revenue | **634.6** | 735.4 |
| Operational EBITDA | **5.0** | 33.2 |
| Operational EBITDA margin | **0.8%** | 4.5% |
| EBITDA | **(2.0)** | 30.7 |
| Order intake | **710.4** | 673.7 |
| Operational working capital | **(7.9)** | (13.7) |
| Number of employees (in FTEs) | **2,856** | 3,396 |

margin improvements. In the water, waste-to-energy markets, project volumes have also been affected by the end of the regulatory (AMP) periods, leading to major projects being put on hold until new frameworks are awarded. Imtech secured two major frameworks in this sector; United Utilities and Southern Water. There was also reduced activity for our system integration workstream in nuclear generation, transmission and distribution, due mainly to the regulatory cycle and delayed spend.

### Project United Utilities

Imtech Water, Waste and Energy has successfully been selected to partner United Utilities' for the next capital delivery period (2015-2020), AMP 6. The joint venture with civils contractor, Laing O'Rourke and consultants, Atkins, which has been named LiMA, will provide construction delivery for the water company.

The contract for the joint venture is initially for five years, but could be extended until 2025. United Utilities selected Imtech and our partner because they recognised us as capable, experienced parties to deliver our part of more than £2bn of work, with proven capability and the skills to help them meet their regulatory requirements for ongoing efficiency targets.

In the longer term, the Engineering Services market is likely to be driven by developments in the South East of England and continuing infrastructure spend. Technological developments towards greener and smarter technologies, as well as new construction processes, will also continue to be long-term growth driver for Imtech.

Imtech is recognised as the largest mechanical and electrical technical services provider in the UK. As a broad-based solutions company, we are uniquely able to meet our clients' needs, from design of mechanical and electrical systems through to the installation and whole-life maintenance and management of assets.

### Outlook

Looking ahead, we expect UK markets to continue their gradual recovery in 2015, particularly in London, but also in the regions. While the outlook is cautiously positive, volatility may persist. The demand for more integrated offerings seems likely to rise, as we have already seen in the case of build and M&E installation packages. Technology and improved processes will be increasingly crucial to positioning us against our key competitors. With the growing shortage of skills across the industry, we recognise the importance of continuing to invest in our workforce through training and apprenticeship programmes.

# Nordic

Imtech Nordic is one of the largest technical services providers in Scandinavia, with a notable presence in Sweden, Norway and Finland. In these markets we offer all the knowledge and capabilities that come with being a leading technical services company offering specialist competences.

Our main services are in the areas of electric engineering, heating & cooling, plumbing and ventilation, with a particular focus on energy efficiency and integrated sustainable solutions.

In January 2014, we deplored a very unfortunate fatal accident in Trollhättan outside Gothenburg. This tragic event demonstrated the urgent need to strengthen our safety culture and further measures were introduced for health and safety in the workplace, including our H&S reporting across all business units.

**Operational review**

Imtech Nordic saw its first full year of integration in 2014 and is an established player in the regional market. Growth conditions have been tough for the Nordic countries, which is reliant on foreign trade.

The electrical installation market saw some small growth followed by heating, sanitation and ventilation. The market for commercial building construction in Sweden has improved and the housing market continues to develop positively. Infrastructure investments are expected to increase in the coming years.

Revenue for the year decreased by 9% to 809 million euro, including a 5% negative currency result. Operational EBITDA improved with 10% to 33 million euro as a result of integration benefits, closure of loss making branches and the significant loss at the NKS project in 2013, offset by a 6% negative currency result. Order intake decreased by 16% to 750 million euro, amongst others impacted by closure of several branches. Operational working capital improved to 33 million euro negative. The number of employees decreased with 361 FTEs to 5,045 FTEs.

Our strategic focus on green technology and integrated solutions has continued to pay off with progress in large-scale projects with a focus on sustainable solutions, particularly within the public sector. A number of internal initiatives activities were undertaken to support our operational excellence programme and we continued to implement our integration programme across the business. This programme aims to simplify our group-wide collaboration on an operational and financial basis and improve our profitability by streamlining operating processes and integrating back offices. We communicated extensively with our clients as part of these efforts.

## Key figures Nordic

In millions of euro unless stated otherwise

| | **2014** | 2013 |
|---|---|---|
| Revenue | **808.9** | 892.7 |
| Operational EBITDA | **32.7** | 29.8 |
| Operational EBITDA margin | **4.0%** | 3.3% |
| EBITDA | **19.2** | 25.0 |
| Order intake | **750.4** | 888.1 |
| Operational working capital | **(32.9)** | (12.0) |
| Number of employees (in FTEs) | **5,045** | 5,406 |

## Project Sahlgrenska University Hospital

Imtech Elteknik in Region West, has been mandated to undertake the electricity and security installations for the new building for research, development and education that is being planned at Sahlgrenska University Hospital in Mölndal near Gothenburg.

The six-floor construction will have a very distinct environmental profile and will provide a meeting place for researchers, students and co-workers. Our goal is for the building to attain a Miljöbyggnad Gold mark, an environmental performance certification system based on Swedish construction regulations and building practices.

Several major projects in the year highlighted our successful collaboration between offices, regions and across disciplines. These included project planning and the installation of heating and sanitation for the largest-ever eco-housing project in Sweden. This comprised 242 flats across seven buildings, as well as communal facilities.

We also placed 130 specially trained installers at the Oskarshamn Nuclear Plant as the reactor undergoes modernisation work. The most comprehensive work has been in the reactor embedding, where Imtech is replacing all the cables and electrical shell piping.

Imtech is also installing heating, sanitation and process piping for the 64 housing modules of the oil platform Martin Linge in the North Sea, which are assembled on land and shipped out in sections.

**Market developments**

Clients in the region are increasingly demanding high quality and long-term returns on their investments, particularly in green building technology. Our ability to collaborate across sectors as well as between regional and local provides us with a uniquely strong position, particularly in large-scale projects involving over 100 staff at a time.

Greater demand for energy efficiency and more environmentally sustainable solutions is also a key driver in this market in both new and renovated buildings. We have responded to this trend through best practice sharing that places us at the forefront of green technology. Furthermore, we are continuously updating and monitoring our CSR work, as a part of establishing Imtech within the community at large.

**Outlook**

Looking ahead, we anticipate a slow but steady growth in the Nordic market, although no specific sector is expected to stand out. In all areas, the increasing demand for green technology and integrated solutions places a particular focus on the installation disciplines of the construction market.

The three elements of our operational excellence programme: size, experience and ability to collaborate, will be key factors in the allocation of contracts. Furthermore, an increased focus on working capital is an important part of building long-term financial strength. Our integrated business system will be fully launched in 2015 within Imtech Elteknik and Imtech VS-teknik, and within Imtech Ventilation in 2016.

# Spain

## Imtech Spain offers technical services in the industry and buildings markets. We integrate various technical disciplines to offer solutions to complex challenges. Our portfolio includes work on new projects and maintenance services on existing objects.

**Operational review**
The year 2014 was a difficult one for the company, as market conditions remained harsh and with limited investments across most segments. In the last quarter of the year, we saw the first signs of a slow recovery in the Spanish economy, although price levels continued under pressure.

Revenue amounted to 111 million euro, a decrease of 17% mainly due to challenging market conditions. Operational EBITDA amounted to a loss of 3 million euro. Order intake was up 4% to 127 million euro. Operational working capital improved to 6 million euro, mainly due to increased focus on working capital management.

We implemented several restructuring plans in the year that significantly enhanced our position in the market. These improved our size and costs base, while remaining mindful of regional differences in business and culture. Improved risk management, tender processing, company culture, project governance and strict working capital management were all addressed in this context.

As a result, in industrial maintenance we have been better able to meet client requirements for high quality services at competitive prices. This led to a strong increase in new orders in this field in 2014 that will hopefully continue into 2015. In this market our customer base includes large companies in the oil & gas, energy, steel and harbour infrastructure sectors. A growing number of maintenance contracts were also won in medical equipment maintenance.

**Market developments**
The financial crisis continues to have severe consequences for the building market in Spain. These tough market conditions persisted in 2014, with constraints in funding and financing resulting in low investment levels.

The main exceptions were sophisticated maintenance services required by industrial clients, and some smaller building projects. We enjoy a good reputation in these markets, which offers further growth opportunities. One of the key segments is the care & cure sector in which complexity and quality standards are high.

**Outlook**
In 2015, we expect to see a continued slow recovery in the Spanish economy and new investments in all of our activities. With our current size and organisation we are well positioned to benefit from these opportunities.

### Key figures Spain

In millions of euro unless stated otherwise

| | 2014 | 2013 |
|---|---|---|
| Revenue | **110.5** | 132.9 |
| Operational EBITDA | **(2.7)** | (2.0) |
| Operational EBITDA margin | **(2.4%)** | (1.5%) |
| EBITDA | **(13.5)** | (2.7) |
| Order intake | **127.2** | 122.6 |
| Operational working capital | **6.3** | 17.8 |
| Number of employees (in FTEs) | **1,676** | 1,560 |


Imtech

# Traffic & Infra

## We are a leading traffic and infrastructure provider across Europe; creating systems and delivering services that support Intelligent Mobility; enabling the safe and efficient transport of people, data and goods.

We recognise society's fundamental need for infrastructure to connect and believe that by actively influencing user behaviour, we can improve safety, increase efficiency and reduce environmental impact. We successfully deliver through our own people and strategic partnerships across our key countries: Netherlands, Belgium, United Kingdom, Ireland, Finland, Denmark and Sweden. Global market knowledge, experience, business and safety expertise combined with our technology capabilities ensure optimum results. Our key end-markets are: urban, inter-urban, rail, objects (tunnels, locks, traffic management centres), energy & high voltage, infrastructure communications and parking. Our key service capabilities include advice & consultancy, design, engineering, execution, maintenance and asset management.

**Operational review**

Overall performance in 2014 was significantly impacted by Imtech's legacy issues of the previous years that resulted in write offs in 2013, as some clients, partners and suppliers needed more certainty about our financial situation before doing business with us. Most of our business comes via competitive bids and before Imtech's financial situation was stabilised in 2014, we did not always meet the requirements.

Against this backdrop, much of our division wide recurring business remained stable, with the parking and traffic areas delivering as expected.

Revenue came in 4% lower at 387 million euro, mainly as a result of the weakness in the Dutch infra market, despite a currency gain of 1% mainly due to the business in the UK. Operational EBITDA decreased by 9% to 11 million euro, despite a 3% positive currency result. Order intake amounted to 341 million euro and was slightly below revenue. Operational working capital improved to 5 million euro negative.

To improve our alignment with our markets, we undertook important changes to our organisational structure, establishing the Nordic countries as dedicated business units (per country). This allowed us to focus on our key countries in the Netherlands, UK & Ireland, Belgium and Scandinavia, and on WPS Parking Solutions, in order to stabilise our results. These efforts were further supported by a division-wide multi-level Client Satisfaction Programme.

We delivered several important projects in the year, such as our involvement in the pilot SolaRoad in the Netherlands, and extended our delivery into new clients and markets, with new contracts.

### Key figures Traffic & Infra

In millions of euro unless stated otherwise

| | **2014** | 2013 |
|---|---|---|
| Revenue | **387.4** | 402.7 |
| Operational EBITDA | **11.1** | 12.2 |
| Operational EBITDA margin | **2.9%** | 3.0% |
| EBITDA | **10.0** | (8.2) |
| Order intake | **341.3** | 361.5 |
| Operational working capital | **(5.4)** | 7.9 |
| Number of employees (in FTEs) | **2,083** | 2,072 |

Research and development remained an important part of our proposition, as we demonstrated in the areas of Cooperative Systems and Autonomous Vehicles with new technologies and involvement in European funded projects that enable vehicle to vehicle and vehicle to infrastructure communication/interaction. In this context, we continued to position ourselves as thought leaders in the areas of 'Intelligent Mobility' and 'Future Cities', with members of our team invited to contribute to industry working groups and deliver papers at European conferences.

Project highlights in 2014 included the maintenance and installation of the West of England Intelligent Transport Systems (ITS), which includes the city of Bristol. The European Commission has officially handed the title of European Green Capital to Bristol in 2015 and the city's programme of activities promises to be the best funded and most comprehensive launched by any European Green Capital to date.

We also delivered a revised parking system for ParkAdvance™ and ParkID™, resulting in new business from a major car parking operator, and began an inter-urban technology maintenance contract with the National Roads Agency in the Republic of Ireland. The strategic development of our ImCity Suite of control and management systems, which meets the growing need for proactive city management through the integration of traffic and other data, progressed well in the year.

**Market developments**

In all our markets, the integration of traffic across networks with different modes of transport and increasingly supported by technology, continued. In collaboration with our customers, we have looked to expand and strengthen our propositions in this space by offering a complete package of solutions ranging from traffic management, through to optimised roadside equipment and parking systems. The smart use of data in connected systems such as high-tech adaptive traffic management systems like ImFlow, are supporting improved mobility and providing a more affordable solution than the building of additional roads. The integration of data from different sources through innovative solutions also results in reduced $CO_2$ emissions and net travel time. Another example of this trend is ImPark, a new approach to Parking Management Systems that offers car park operators new functionality, lower costs and increased revenues.

Light rail is now a well-established form of transport for urban mobility in place of costly underground solutions, helping to reduce carbon emissions and constraints in city parking.
In almost every field, our clients have looked to integrate their networks and systems with better communications infrastructure and more intelligent management and control systems. These are requirements that match our competencies and experiences, and reinforce our position in the market.
In Energy and High Voltage, there was further expansion of the market, and the drive towards renewable energy and demand for Smart Grids in the Netherlands. Our focus has been on the roll-out of smart meters in energy grids, and on creating value by helping customers achieve a more efficient organisation of their complex operations.
In 2014, we focused on portfolio development to benefit from these opportunities, including the delivery of higher level solutions that were previously not within our reach, such as contracts (traffic and infrastructure) where we may have previously been working for others but now lead ourselves.
We have also sought to manage and develop our client relationships and deepen our knowledge sharing across the division. Where we do not have the technology in-house, we have continued to build local or division-wide strategic partnerships.

**Project Q-Park**

Car park operator Q-Park, with operations in Belgium, Denmark, Finland, France, Germany, Ireland, the Netherlands, Norway, Sweden and the United Kingdom, is the second-largest player in the European parking market.
In 2014, Imtech Traffic & Infra carried out a substantial new development on the parking system it provides to Q-Park, with a new enterprise layer that resulted in the client suggesting it now surpasses many of its competitors in the market.
This system further enables clients to manage a large number of car parks and provides commercial functionality to better serve their customers, thereby creating growth opportunities for Imtech in this important market.

**Outlook**

We have attractive marketpositions in the technology driven traffic and infra markets. Our business is dependent on investment levels of governmental agencies. For 2015, we expect further progress of operational improvement.

# Marine

## Imtech Marine is active in the global maritime market, operating as a full-service provider and system integrator of tailor-made, innovative and sustainable technology solutions covering the whole ship.

We specialise in automation, navigation, communication and connectivity solutions, propulsion systems, power generation and distribution, HVAC (heating, ventilation and air conditioning), ship motion control, information technology, audio/visual entertainment and port services. We provide innovative systems and reliable maintenance services around the world and throughout the entire life of a ship.

Our network of nearly 100 offices in 30 countries extends along the global shipping routes and close to shipbuilding centres. We serve customers across a variety of segments, including naval, special vessels, offshore, cruise and yachts, with total solutions based on the combination of our systems and capabilities.

**Operational review**
Imtech Marine returned to stability in 2014, with revenue increased to 477 million euro and operational EBITDA turned into a positive 2 million euro. The latter due to the benefits of the restructuring programme and the significant losses on projects in 2013.
The order intake amounted to 503 million euro.
Operational working capital improved to an extraordinary low level of 4 million euro.
We reinforced our leading positions in the Naval and Yachts New Build segments and through the re-introduction of the Radio Holland service brand.

The implementation of our 'Back to the Top' business improvement programme delivered good results.

We have transformed our business from regionally-led to a centrally-led matrix organisation that is aligned to our markets and a strong, senior global management team is now in place.

In the year, our global governance and controls were further strengthened with the roll out of a new Customer Relationship Management system.
To harmonise the business' various Enterprise Resource Planning solutions we also began the global introduction of SAP.

Project highlights included our expanded role in the Naval market with a five-year assignment in the capability upkeep programme of Walrus submarines for the Royal Netherlands Navy. We were also selected by BAE Systems to provide electrical distribution and HVAC systems for the UK's Global Combat Ship Program T26.

The re-introduction of the Radio Holland brand in September, with its maintenance, navigation and communication solutions, has strengthened our position as the leading player in the global maritime market.
Radio Holland is widely recognised in the global maritime market, known for its trusted maintenance services around the world, the unparalleled geographical coverage of its global network, as well as the supply of quality nav/com equipment.

In 2014, we were commissioned to refit the bridge systems on board of three ships of Holland America Line.

### Key figures Marine

In millions of euro unless stated otherwise

| | 2014 | 2013 |
|---|---|---|
| Revenue | **476.5** | 418.9 |
| Operational EBITDA | **1.5** | (9.9) |
| Operational EBITDA margin | **0.3%** | (2.4%) |
| EBITDA | **(17.1)** | (61.5) |
| Order intake | **503.3** | 476.2 |
| Operational working capital | **3.8** | 36.7 |
| Number of employees (in FTEs) | **2,475** | 2,410 |

In June 2014, we were proud to win the 'Electric & Hybrid Propulsion System and Supplier of the Year Award' at the Electric and Hybrid World Expo in Amsterdam. The Ferguson Shipbuilders in Scotland, the yard building the new Caledonian Maritime Assets Ltd. ferries, commissioned Imtech in 2011 to supply a unique hybrid propulsion system for the first-ever diesel-electric hybrid seagoing ferries. The last one became operational towards the end of 2014.
The planned refocusing and restructuring of our entities in Germany, China, Singapore, Turkey, USA and Canada regrettably led to employee redundancies, but was necessary to create a healthy business.
In January 2015, Imtech announced that it has initiated an investigation into certain sales activities by an Imtech Marine entity in the United Arab Emirates in relation to potential violations of applicable export controls and sanctions regulations. For more information, reference is made to page 154. The internal investigation, which was conducted with the support of external counsel and experts, concluded that possible violations may have taken place, but that these were relatively small in size and number and that their potential financial impact is therefore likely to be not material. Imtech will continue to cooperate fully with the appropriate authorities to resolve and settle this issue. The Imtech Marine entity in the United Arab Emirates is a unit with annual revenue of around 15 million euro.

### Market developments

With reduced levels of global trade, the market for new build of commercial/cargo vessels has continued to face overcapacity. We remain well positioned in the superyacht market in the Netherlands, with our strong relations with a number of Dutch superyacht builders. In Germany, we work with Meyer Yard on cruise vessels through our HVAC specialist Imtech Marine Schiffbau/Dockbautechnik. In Canada, we are located in Vancouver and in Quebec, along with our partnership with the Seaspan yard. In Turkey, we are closely connected to Turkish yards and to the navy. Imtech Marine in China has built a partnership with PaxOcean Zhuhai and PaxOcean Zhoushan, working together on about 30 vessels supplying Navigation and Communication equipment onboard. In the 4th quarter of 2014 Imtech Marine signed on for five more vessels of which three are Platform Supply Vessels and two are Anchor Handling Tugs.
During the year, ship owners and managers continued to focus on total cost of ownership and on expanding effective sailing days per ship. This provides us with significant opportunities in integrated service concepts based on connectivity, remote monitoring and maintenance service contracts. We deliver unparalleled service coverage in major ports on every continent, and an expanding remote service offering from our global technical service centres in Rotterdam, Houston and Singapore.
In the Yacht market, the demand for ever more sophisticated luxury audio/video entertainment solutions has continued to grow. Next to that, we have become true system integrators with our capabilities in electrical, information technology, propulsion and navigation and communications. Our broad portfolio is completed with the unique entertainment solutions of our Van Berge Henegouwen subsidiary and its 'Luxperience Lab' brand.
The growing demand for more sustainable solutions and safer working environments has also continued in the year, as well as risk management as an increasingly important requirement in highly complex special projects. These trends provide good opportunities for Imtech Marine to drive growth and increase market share, with its reputation of an innovative partner and technological leader. Our track record in engineering and in project management of complex and innovative new build of vessels and refit projects, enables us to further strengthen our market position. Our innovation capabilities are based on a structured approach that is driven by our Strategic Research Agenda for the coming 3-5 years. This has translated into a technology roadmap that guides our research & development efforts into new (smart customised) products and service areas for the coming years.

### Outlook

Imtech Marine has recovered from past operational issues and is now much better positioned for further improvement in 2015. We expect that most market segments will remain relatively steady in the year ahead. Our focus will be on customer-centricity.
In addition to our track record in the Naval and Yacht segments, we are also working to tap growth opportunities in the global offshore market.
In our Services business, growth is being driven by 'planned maintenance' solutions that can lower costs for our customers and ensure fleet availability at all times. A second driver for Services is in the broadening of our portfolio and technological competences into new integrated products, supported by connectivity and monitoring.
For all our businesses, the continued improvement of our operational excellence will support our performance with customers and help to restore profitability.
In the long-term, the key drivers in our markets include total cost of ownership reduction, the need to address energy issues and offer more sustainable solutions.
The growing demand and availability of automation and computerisation is another important trend that plays to our strengths.


Imtech

# Corporate Social Responsibility

To Imtech, Corporate Social Responsibility (CSR) means helping to meet the world's growing economic, environmental and social needs in responsible ways. We do this by focusing on areas of business that enable us to make a difference. For the second time, we have published a standalone Sustainability Report that provides an overview of the performance of our divisions in non-financial issues, also see website: www.imtech.com/csr.

In 2014, we continued to elaborate on our existing CSR strategy to further align it with our overall strategy. We made progress on the implementation of a reliable reporting process, ensuring a solid basis for the further development of our main CSR topics, see Figure 1. To support this process, we have asked for the first time limited assurance on selected indicators from our auditors (KPMG). We refer to the sustainability report for further details and KPMG's assurance report.

**Market – GreenTech**

In 2014 we further improved the energy and material efficiency of Imtech's most material projects. The percentage of our so-called GreenTech Projects, the Imtech label for sustainable projects, rose from 50% in 2013 to 55% in 2014.

An example of GreenTech at Imtech Traffic & Infra is the development of the so-called 'SolaRoad' in the Netherlands, the world's first-ever road to convert sunlight into electricity. This sustainable innovation generates solar energy by the road which can be used to power street lighting, traffic lights, electric cars and even households.

Another GreenTech project at Imtech UK is the 'Minworth Gas to Grid'. Minworth is Severn Trent Water's largest wastewater treatment works, treating the majority of the sewage arising from the Birmingham area. We, in joint venture with Laing O'Rourke, are providing full EPC delivery of a biogas upgrading facility to process 1,200 $m^3$/hr of excess raw biogas.

**Market – Supply Chain**

It is our ambition to influence the supply chains in which we operate. In our Code of Sustainable Supply (CoSS) we have formulated our ambitions.

**CSR Ambition**

We aim to create win-win situations for the market, the environment, our employees and society by introducing solutions that help customers achieve their sustainability goals, preserve the environment, enhance our employees' well-being, engage stakeholders and support local initiatives that solve social challenges.

In 2014, we continued to focus on getting the CoSS accepted by our suppliers. At the end of 2014, 66% of our cross-divisional framework contracts included the CoSS.

**Environment – Carbon Footprint ($CO_2$)**

We feel responsible for the carbon footprint resulting from our own business activities. 82% of our $CO_2$ emissions derives from mobility (company vehicles, rental cars, air travel) and 18% of energy usage of our own (office) locations. In 2014, Imtech's total carbon footprint amounted to 78.7 kton compared to 85.5 kton in 2013.

We reduced our total carbon footprint with almost 8%, the carbon emission per employee (FTE) slightly decreased from 3.59 ton in 2013 to 3.54 ton in 2014. This is a slightly dissapointing result, the more because we had a 6.7% reduction of employees in 2014 (22,193 FTEs in 2014 compared to 23,788 in 2013). In 2015 we will continue to focus on $CO_2$ reduction initiatives, such as energy savings at our locations and greening our fleet, in order to reach our strategic target 2015 to reduce our carbon footprint per FTE with 5% (compared to 2013).

**Employees – Health & Safety**

We have paid significant attention to topics related to our employees. Sadly, at the beginning of the reporting year, we were shocked by a fatal accident of one of our colleagues at Imtech VS-teknik in Sweden. This deeply regrettable incident has been an acute reminder of the utmost importance that health & safety must continue to have in our organisation. Worldwide, we conducted

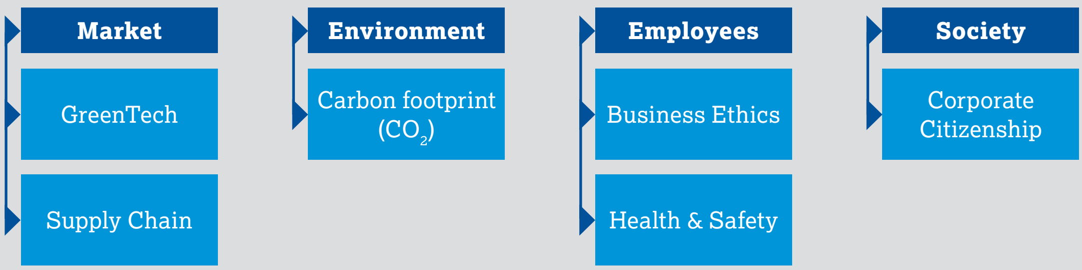
## CSR Strategy

We focus on four domains:

- **Market:** we develop and offer innovative solutions that help our customers achieve their sustainability goals. By applying our Code of Sustainable Supply we influence the supply chain and help make it more sustainable;
- **Environment:** we measure our $CO_2$ emissions and gain insight into the impact of our operations and set goals for reducing the negative effect on the environment;
- **Employees:** we facilitate a safe work environment and develop a proactive safety culture, so as to support our employees' health. By introducing clear guidelines on ethical behaviour we create an open culture in which responsibility is accepted;
- **Society:** we communicate with our stakeholders to further strengthen our corporate citizenship and maintain our social license to operate. By offering our resources, such as expertise and technology, we help solve social challenges.

In those domains we have identified six topics, each with key performance indicators that enable us to measure our performance and report our results.

**Figure 1: CSR Strategy - 4 domains and 6 topics**




In further defining our CSR topics, we are linking sustainability factors with value drivers for our company. For instance, lowering energy use in our operations results in significant cost-saving opportunities and has a direct impact on our bottom line. The same applies to other non-financial topics, like improving business ethics and enhancing safety in the workplace. Our dialogue with stakeholders, benchmark, media analysis and risks-opportunities-analysis underline the fact that we focus on the most material topics for Imtech.

a 'Safety Stop' campaign at all our project sites to reinforce this message. We also have tightened our procedures, shared lessons learnt and addressed dilemmas.

Safety is a deeply held value, and is integral to our respect for people. In 2014, our Health & Safety data and processes were reviewed by KPMG, as part of the assurance activities. This has given us better insight into our performance. Our reporting system was also upgraded and is providing us with quarterly insights into our main indicators. We are making steady progress in this area and are determined to accelerate these improvements.

One way to raise our standards has been by introducing our own Imtech Safety Rules. We began this process with Imtech's 'Top 80' and in 2015 we will launch our own safety standards in full, thereby giving clarity on the behaviours that we expect from our people.

**CSR Governance at Imtech**

The Board of Management is responsible for the sustainability targets and performance. The CSR Director reports to the CEO and works closely with the directors of the divisions (Executive Council) and Imtech's global CSR Team. Each division has appointed a senior manager as a member of the global CSR Team. This team has formed divisional taskforces that are responsible for collecting the required data. Once the data has been collected, controllers verify and validate the figures and results. There are other global teams within Imtech that focus on Health & Safety, Human Resources, Communication, Control, Risk and Compliance and Procurement. Together with the Director of Investor Relations they form the Expert Group that provides input for the sustainability topics.

**Figure 2: CSR Governance at Imtech**


### Employees – Business Ethics

Significant progress has been made in training our people in Business Ethics and on reporting reliable facts and figures on this topic. Our reporting system is now embedded across our entire organisation. In 2014, the GRC training programme has been further rolled out and implemented in our divisions. The number of reports relating to (alleged) violations of the code of conduct increased and amounts to 91 (29 in 2013). This important increase indicates that we are heading towards a culture in which people speak up and adopt 'critical thinking' as one of the basic principles in business ethics. For more information, please refer to the GRC chapter in this report.

### Society – Corporate Citizenship

Corporate Citizenship at Imtech means that we recognise our social, educational and environmental responsibilities to the communities in which we seek a license to operate, as well as economic and financial responsibilities to our shareholders. In 2014 we implemented a new sponsorship strategy, focusing on sharing our resources, such as technical expertise and knowledge, through community investment initiatives and sponsorships. All over the world Imtech is engaged in various community initiatives, such as technical education for young people, donations to social institutions, fundraising activities by our own employees, and many more good causes.

### Next steps

We recognise that non-financial topics make an important contribution to the value proposition of our company. Our aim is to make them more visible in the future and to begin integrating our financial and non-financial reporting. We believe this will make us more aware of our performance in these areas and create further value for our stakeholders.

### CSR Results, KPIs and targets

In 2014, we measured the key performance indicators of six topics. In the table on the following pages, there is a summary of the main topics, our key performance indicators, and our results. More information on the results and ambitions can be found in our Sustainability Report 2014.

## Summary of the CSR data 2014

| CSR topics | KPIs 2014 | **Results 2014** | Results 2013 | Strategic targets 2014 – 2015 |
|---|---|---|---|---|
| **Market** | | | | |
| **GreenTech** | Percentage of total revenue of our most material projects (in size and risks) with a GreenTech label | 55% | 50% | ■ 10% increase of GreenTech projects.<br>■ Increase awareness of GreenTech solutions. |
| **Supply Chain** | Percentage of cross-divisional that framework contracts that include the Code of Sustainable Supply (CoSS) | 66% | 61% | ■ Increase the percentage of cross-divisional framework contracts that include the Code of Sustainable Supply (CoSS) to 70%. |
| | Percentage of divisional framework contracts that include the Code of Sustainable Supply (CoSS) | 51% | 44% | ■ Increase the percentage of divisonal framework contracts that include the CoSS to 60%.<br>■ Audit suppliers that signed the CoSS. |
| **Environment** | | | | |
| **Carbon footprint ($CO_2$)** | Total carbon footprint (kton / per FTE) | 78.7 kton (3.54 ton per FTE) | 85.5 kton (3.59 ton per FTE) | ■ 5% reduction of the $CO_2$ footprint per FTE compared to 2013. |
| **Employees** | | | | |
| **Business Ethics** | Percentage of employees that participated in an integrity training programme | 75% | | ■ 100% participation of employees in Imtech divisions in an integrity training programme. |
| | Number of reports relating to (alleged) violations of the code of conduct | 91 | 29 | ■ 100% roll out of the GRC programme in Imtech divisions. |
| | Number of reports that lead to dismissal(s) | 11 | 7 | |

| CSR topics | KPIs 2014 | **Results 2014** | Results 2013 | Strategic targets 2014 – 2015 |
|---|---|---|---|---|
| **Health & Safety** | Number of fatal injuries | 1 | 0 | ▪ Implement and specify key targets in divisional H&S plans.<br>▪ Gain insight in divisional actions and management systems.<br>▪ Structure the H&S reporting process.<br>▪ Implement safety principles in GRC programme.<br>▪ Assess each division (using our self-assessment tool).<br>▪ Share best-practises and progress on safety performance in 4 cross-divisional groups and meetings. |
| | Number of Lost Time Injuries (LTI) | 429 | 472 | |
| | Number of injuries not leading to absence | 744 | 697 | |
| | Severity Rate (SR) | 109 | 116.2 | |
| | Injury Frequency index (IF) | | | |
| | ▪ Netherlands | 2.7 | 3.4 | |
| | ▪ Belgium | 17.6 | 24 | |
| | ▪ Luxembourg | 21.0 | 26.4 | |
| | ▪ Germany & Eastern Europe | 19.2 | 20.1 | |
| | ▪ UK & Ireland | 2.4 | 2.9 | |
| | ▪ Nordic | 12.5 | 11.2 | |
| | ▪ Spain | 13.7 | 10.2 | |
| | ▪ Traffic & Infra | 4.3 | 5.9 | |
| | ▪ Marine | 10.6 | 6.9 | |
| **Society** | | | | |
| **Corporate Citizenship** | Number of community investment initiatives | 83 | 103 | ▪ Defining a stakeholder engagement strategy.<br>▪ Development of a mechanism to share best-practices.<br>▪ Evaluating KPIs and targets on community investment. |

# Human Resources

At Imtech we recognise that people are our most important asset. We aim to create an environment in which they are fully engaged with the business and feel passionate about taking ownership and delivering results. This means ensuring that people have ample opportunities to develop the mindset, skills and competencies they require for personal and professional growth.

Our employees continued to face challenging conditions in 2014. The adjustments to our businesses have led to job losses, and the legacy issues associated with the write-offs in 2013 have impacted our value proposition as an employer.
Against this backdrop, we have worked hard to deliver a new framework that enables us to have the best possible environment for our people to deliver operational excellence in the years ahead.

## HR Roadmap 2014-2017

Launched in 2014 and developed in close consultation with the business, the Imtech Human Resources Roadmap for the period 2014-2017 empowers us to deliver on our objectives and rebuild trust among our stakeholders. It is a customer-focused approach that supports operational excellence and performance, and which prepares us to better serve our clients with multidisciplinary and integrated solutions.

The Roadmap is anchored in Imtech's new corporate values, which were also re-defined at the end of 2014 and will be rolled out in early 2015. These are the basis for creating the organisation we aspire to be. They define who we are and describe our commitment to our customers and to each other.

They are as follows:

**We value our customers**
We act in partnerships with our customers, working with them to provide quality solutions. We seek to develop a mutually beneficial long term relationship by anticipating their needs and expectations. We are pro-active, respond quickly, deliver quality and deliver on-time.

**We value our employees**
We provide a professional and safe work environment and encourage commitment, supportive relationships and successful teamwork, that enspires innovation. We support the development of our staff and treat all our employees with respect and recognition.

**We act safely and responsibly**
We do not compromise on safety. We are personally responsible for our own safety and collectively accountable for each other's. We treat our environment with respect.

**We conduct our business with integrity**
We are personally accountable for fair and honest behaviour towards all of our stakeholders. We act at all times to the highest ethical standards. We consistently treat customers and company resources with the respect they deserve.

**We strive for excellence in our performance**
We strive for quality and continuous improvement in all that we do to meet or exceed the standards of excellence that customers, shareholders and other stakeholders expect from us. The core values defined in 2013 'Integrity, loyalty and critical thinking' are all covered

in the 4th corporate value. They remain important to achieve our goals.

The roadmap is also underpinned by Imtech's HR principles, which define and drive our HR agenda. These HR principles are as follows:

- provide a safe and ethical work environment;
- provide opportunities for individual growth and development;
- measure performance against consistent standards and recognise employees.

The Imtech HR Roadmap provides a framework for improved operational excellence throughout our business over a three-year period. Our ambition is to become the company of choice for our clients. We understand that this journey requires us to strengthen our leadership and our capabilities. It also implies that we have the right behaviours instilled throughout the organisation, and that these are consistent with our company's values. These two aspects of the HR Roadmap can be summarised as follows:

**Leadership:** Imtech requires leaders that focus on the growth and well-being of the people they manage and the communities to which they belong. In addition to outstanding management and customer skills, we aspire to attract and develop leaders who demonstrate 'intrapreneurship', as well as integrity and collaboration in their way of working.

**Behaviour:** We look to instil winning behaviours across our organisation. These include social responsibility, high levels of integrity and consideration for others. We also seek individuals who are entrepreneurial, disciplined and attentive to professional development and performance.

The HR roadmap identifies the five priority areas that we will address in the coming years through various actions and initiatives. In the short-term, our aim is to rebuild trust and tackle the most vital tasks. Starting in 2015, we will lay the necessary foundations for each of these priority areas to be established.

The priority areas are as follows:

- **Strengthening our leadership & organisational identity:** to position Imtech as an 'employer of choice' we are making our employer branding more transparent and defining an Employee Value Proposition that truly reflects our strengths as a company. This will include new Succession and Talent Management and Leadership Development Programs in 2015 and 2016. Our aim is that 70 percent of all succession is resourced internally, and 30 percent externally, with no interim people occupying key positions;

- **Excellence in project & service management:** As one of our core processes, we recognise the importance of excellence in project and service management. We are continuously looking to improve our training and capabilities to further develop our employees' skills in this essential area. A new improvement program will be created in close consultation with the divisions. It will include the development of a blueprint of the Imtech Project Management Standard;

- **Performance management & people development:** Performance management and people development go hand in hand. All Imtech employees must have clear performance objectives and personalised development plans. Our goal is that all employees in our organisation will have a performance & development review;

- **Becoming a values-driven company:** we have begun instilling Imtech's core values in the behaviour and leadership of our people. By 2016, the Imtech Values will have been extensively embedded across the company. To measure our success and direct our efforts in this and other areas, we will undertake periodic employee engagement surveys;

- **HR system and measurement analytics:** we are enhancing our HR systems and capabilities to support the strategic aims of the business and create HR excellence. The full requirements of our HR system will be defined as we continue to build up our HR analytics.

### European Works Council and representative bodies

The European Works Council and other representative bodies play an important role in Imtech's employment conditions. Every division has its own representative structure with forms of participation and consultation. To a great extent the local representative structures are similar to those of the European Works Council (EWC).

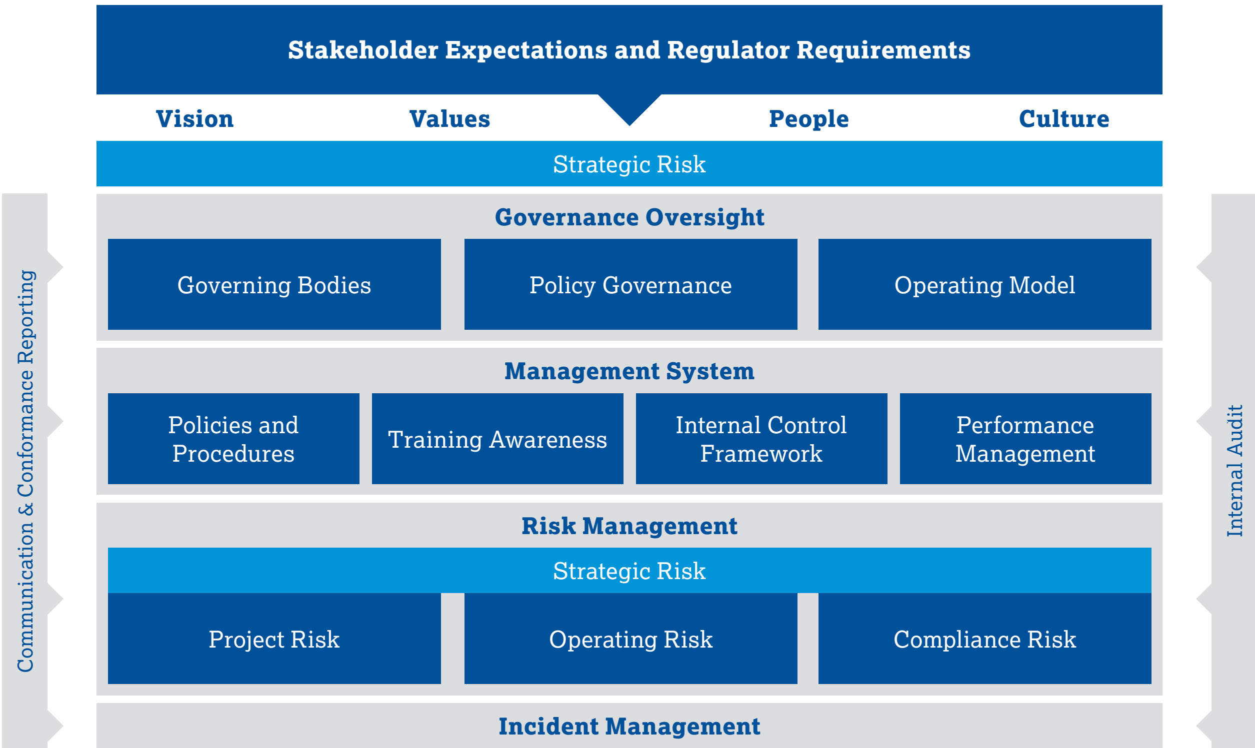
### Employee base

The total number of Imtech employees at year-end 2014 decreased to 22,193 (2013: 23,788 excluding Imtech ICT). Including temporary staff, our total capacity at year-end 2014 was 24,048 FTE.


Imtech

# Governance, Risk & Compliance

## During 2014 Imtech continued the roll-out and implementation of the program to strengthen the Governance, Risk & Compliance (GRC) framework which was developed in 2013.




The scope of the Imtech GRC framework is shown in the chart above.
The holistic GRC framework reflects three levels: (1) the enhanced GRC approach required to fulfil Imtech's stakeholders' expectations and regulatory obligations, (2) the executive level that sets Imtech's strategy and aligns Imtech's vision, values, people and culture, and (3) the GRC organisation within Imtech, which is based on the following principles:

- **Governance Oversight:** sets the structure for the ongoing operation of the governance framework and provides the hierarchy for reporting and monitoring in line with the decentralised management model of Imtech;
- **Management System:** embeds the governance principles into day-to-day business activities by setting clear and simple policies that support training activities, the quality of business controls and performance requirements;
- **Risk Management:** sets the organisation's risk acceptance levels in respect of strategic, project, operating and compliance risks and aligns behaviour with the strategy and expectations of Imtech; and
- **Incident Management:** prevents and deters misconduct within the organisation by supporting the appropriate reporting of and timely and adequate handling of all matters that may cause harm or damage to the organisation's reputation.

Furthermore, the GRC framework is completed by Internal Audit, which enables independent assurance on defined objectives, risks and controls, communication and conformance reporting, which focuses on monitoring the progress of GRC at the organisation, including taking corrective actions if necessary.

During 2014 the implementation plans drawn-up for the group and each of the divisions were executed and significant progress in various areas was made. The effectiveness assessments which were initiated in 2014 will be continued in 2015 to identify and implement further required improvements.
An important element of the enhancement of the GRC framework in 2013 was the identification of its core values. Imtech has taken and will continue to take the necessary actions to direct Imtech's culture towards a right mix of integrity, loyalty and critical thinking. Our corporate values, were re-defined at the end of 2014 and will be rolled out in early 2015. They define who we are and describe our commitment to our customers and to each other. They are as follows:

- We value our customers;
- We value our employees;
- We act safely and responsibly;
- We conduct our business with integrity;
- We strive for excellence in our performance.

The core values defined in 2013 'integrity, loyalty and critical thinking' are covered in the corporate value: 'We conduct our business with integrity'.

The core values are reflected in the Code of Conduct. It is intended to help every employee understand and follow relevant compliance and integrity rules and know when and where to ask for advice or report a breach of the Code of Conduct (see also the Whistleblower policy).
In line with our Whistleblower policy, we encourage our employees to report any incidents they observe via our Whistleblower's mechanism. In the year, 91 incident reports were received, compared to 29 reports in 2013. This significant increase demonstrates how far we have come along in our promotion of a new culture in which people are encouraged to speak up. Most of the more significant reports refer to alleged inappropriate behaviour that took place prior to 2013. The majority of the reports have been investigated and dealt with. Approximately 40% of total incidents of reported incidents were either unfounded or there was insufficient information to follow up. In cases where a violation of the Code of Conduct was detected, a number of actions were taken, which included dismissal, disciplinary actions and specific process modifications. All remaining reports are under investigation and are being dealt with. These include the 'legacy' items relating to Germany, Poland, the possible violation of competition laws in Germany, the investigation into possible export compliance violations in the United Arab Emirates and the alleged bribery of a former employee of Berlin-Brandenburg Airport.
Creating a new culture is not a quick fix and requires permanent attention of top management (tone at the top) as well as open discussion on dilemmas. In addition in early 2014 Imtech has extended its policy framework with amongst others an anti-bribery and corruption policy and/or revised competition policy.
These policies are available on the company's public website: www.imtech.com/corporategovernance.

Training programmes for Imtech employees on these topics are set up and being rolled out together with strong support by the Board of Management who are also leading by example.

## Governance

Imtech is a large company (under a mitigated regime in accordance with Article 155 of Book 2 of the Dutch Civil Code). Imtech is managed by a Board of Management ('BoM') under the supervision of a Supervisory Board ('SB') (a so-called two-tier management structure) and also has a Central Works Council ('CWC') and an Annual General Meeting ('AGM').

The objectives of Corporate Governance are good business practices (honest and transparent dealings by the management) and good supervision of (and accountability for) this management. The Dutch Corporate Governance Code is applicable to Imtech and is formulated in principles and best practices, which Imtech fully endorses. The principles and best practices of the Code have been implemented in regulations, Articles of Association, charters and other rules and codes and have been made public via this Annual Report, the CSR Report, the Remuneration Report and the website.

**Board of Management**
The Board of Management ('BoM') is entrusted with managing and representing Imtech. The BoM is responsible for the achievement of the targets, strategy (with related risk profile), financing, development of the results and Corporate Social Responsibility. The BoM is also responsible for the internal risk management and control systems related to business activities and for compliance with all relevant legislation and regulations. It has specified its responsibilities, composition, and working method within the BoM in the Board of

Management Charter. The BoM submits all relevant information to the SB and/or its Committees in good time and is accountable to the SB and the AGM.
In accordance with the Articles of Association and the Authorisation Schedule, certain decisions of the BoM are subject to the approval of the SB and the AGM.
The BoM informs the SB and/or its Committees of the main lines of the strategic policy, the general and financial risks and the internal risk management and control systems. The BoM submits to the SB for approval:

- the operational and financial targets;
- the strategy for achieving these targets;
- the parameters to be applied in executing the strategy, for example in respect of the financial ratios;
- the relevant aspects of Corporate Social Responsibility.

The internal risk management and control instruments applied by Imtech are:

- risk analyses of the financial and operational targets;
- guidelines for the preparation of financial reports and for the procedures to be followed;
- a monitoring and reporting system;
- a Code of Conduct with various policies, including a Whistleblower Policy.

The BoM determines, with the approval of the SB, which portion of the profit will be reserved.
The remaining profit is at the disposal of the AGM.
The dividend policy is to distribute 40% of the net profit excluding exceptional items to shareholders and, depending on the choice of the shareholder, to make this dividend available in either ordinary shares or cash charged to the reserves. Pursuant to its main finance agreements, the Company is not allowed to pay any dividends until the Company certifies that (i) the ratio of consolidated senior net debt to last twelve months operational EBITDA (the 'Senior Leverage Ratio') did not exceed 2.0 to 1.0 on two immediately preceding testing dates and (ii) it does not reasonably expect that the Senior Leverage Ratio will exceed 2.0 to 1.0 on the next testing date or immediately following the date of the first payment of dividends or other distributions to the Company's shareholders. The Company does not foresee that this will occur before the end of 2015.
In 2011 and prior financial years, dividend was paid out to shareholders and they have been able to receive their dividend in cash or shares (since 2009) in accordance with the dividend policy. No dividends have been paid out for the 2012 and 2013 financial years and no dividends will be paid out for the year under review.
By virtue of its designation by the AGM, the BoM, with the approval of the SB, is authorised to issue ordinary and/or financing preference shares and to limit or exclude the shareholders' preferential subscription rights (10% of the issued shares). By virtue of its authorisation by the AGM the BoM is also authorised to purchase Imtech shares. This designation and/or authorisation is requested from the AGM for the therein specified number or percentage of shares for a period of eighteen months. The BoM is authorised to sell the purchased Imtech shares, with the prior approval of the SB.

Pursuant to the Articles of Association the BoM may not, without the prior approval of the SB, participate in the capital of other companies, or invest in enduring manufacturing tools and real estate, if that participation or investment involves an amount of exceeding 10 million euro.
An amendment of the Articles of Association which obliges the BoM to obtain the prior approval of the SB before accepting projects of a nature and size to be specified by the SB was approved by the Annual General Meeting (AGM) of 28 June 2013. Further limitations may be applicable in accordance with Imtech's Authorisation Schedule. Other BoM decisions subject to the approval of the SB are listed in Article 164 paragraph 1 of Book 2 of the Dutch Civil Code. Rules have been introduced governing the functioning of the BoM in the Board of Management Charter (see website).

**Supervisory Board**
The task of the SB is to supervise the management of the BoM and the general course of business within Imtech with regard to the design and efficiency of the internal risk management and control systems, risks inherent to the business activities and compliance with laws, regulations and internal rules from a Governance Risk & Compliance (GRC) function perspective.
The SB also advises the BoM. The SB members perform their tasks with the interests of Imtech and its stakeholders in mind, including the Corporate Social Responsibility aspects relevant for Imtech.

The standard topics discussed within the Supervisory Board are: (i) the forecasted and actual operational and financial progress compared to the budget and other targets, (ii) next year's budget, (iii) strategy and market development, (iv) internal control and risk control, (v) management development, organisational structure and the functioning and remuneration of the Board of Management, (vi) relevant social aspects of business operations, (vii) Corporate Social Responsibility and (viii) the Supervisory Board's composition, profile and own functioning.

The SB draws up a profile that includes its composition and size taking into account the nature of Imtech, its activities and the desired expertise and background of the SB members. The SB strives for a diverse composition including in respect of its members' age and gender (see also below in 'Appointment and remuneration of members of the SB'). The SB discusses the profile and every amendment to the profile with the AGM and with the CWC. The profile can be found on Imtech's website (www.imtech.com). The function summary of the SB Is included on page 30 – 31 of this Annual Report.

The SB has formed four committees from amongst its members - an Audit Committee, an HR & Remuneration Committee, a Governance & Nomination Committee and a Past Events Committee - and has specified the division of tasks and working method of the SB and its committees in charters (which were updated in 2013 to better reflect the respective committee's functions). Each Committee has a delegated authority. It advises the SB in respect of certain parts of its stipulated tasks and prepares the relevant decision making of the SB. The charters can be found on Imtech's website.

The Audit Committee focuses specifically on internal risk management and control systems, the internal audit process and the supervision of compliance with relevant legislation and regulations. The tasks of the Audit Committee are the supervision of:

- financial reporting and procedures;
- the policy in respect of tax planning;
- corporate financing;
- the application of information and communication technology;
- the functioning of internal risk management and control systems;
- the internal and external audit process, including compliance with recommendations and the following-up of remarks;
- the functioning and independence of the external auditor; and
- compliance with legislation and regulations and the functioning of internal guidelines.

The tasks of the HR & Remuneration Committee are:

- the BoM remuneration policy, including:
  - the share scheme for the BoM;
  - the performance criteria and their application;
  - the amount of the fixed and variable income and the number of shares to be awarded;
  - the amount of pension rights, redundancy schemes and other remuneration; and
  - the Remuneration Report (see website).
- to review the terms of employment and total compensation of employees directly reporting to the BoM and certain other specified employees;
- to periodically evaluate the functioning of the training programmes for employees to encourage a high level of awareness of Imtech's rules and regulations and the need for strict compliance, and to stimulate an appropriate company culture within Imtech; and
- annual review and specification of the targets for the variable income (both short-term and long-term) of each member of the BoM.

Via the HR & Remuneration Committee the SB is advised by an external advisor regarding changes in market conditions with respect to all salary components. This advisor does not advise the BoM on the remuneration of its members.

The tasks of the Governance & Nomination Committee are:

- the selection criteria and nomination procedures in respect of the SB and BoM members;
- the profile, size and composition of the SB and BoM and the regular evaluation of the size and composition of the SB and BoM;
- the functioning of the SB and BoM members and the regular evaluation of this functioning;
- to agree employment conditions with respect to individual supervisory and managing directors;
- to review plans for the development, retention and succession of SB and BoM members and to submit proposals for (re)appointments of SB and BoM members; and
- to supervise of the policy in respect of the selection criteria and appointment procedures for higher management.

The Past Events Committee (introduced in 2013) has advised the SB regarding its tasks and prepares the SB's decision-making process in respect of the actions Imtech has taken and may take in order to reduce Imtech's risk profile. During 2013 certain events, including fraudulent actions, came to light which have had a serious financial impact on Imtech and its stakeholders.
These events are described in the Report to Imtech's shareholders, which was published on 18 June 2013 ('Report to Shareholders'). In order to limit the financial and operational impact of these events as much as possible and to avoid such events reoccurring in the future, the tasks of the Past Events Committee were inter alia to monitor and periodically evaluate the (results of the) corrective actions and remedial actions taken.
Given the settlement with VEB, the strengthened GRC structure and the adequate handling of legacy items at BoM and staff level the Past Events Committee has fulfilled its role and there is no need for such a

committee going forward. The Past Events Committee has been abolished by year-end 2014. Updates on legacy items will be provided periodically to the SB directly by the BoM.

### External auditor

The AGM appoints an external auditor to audit the financial statements proposed by the SB, report on these financial statements and issue an independent auditor's report. The Audit Committee and the BoM report to the SB on the functioning of the external auditor and his independence on an annual basis.
At least once every four years the Audit Committee and the BoM assess the performance of the external auditor and report the main conclusions of their findings to the AGM.

### Appointment of members of the Board of Management

The SB specifies the number of BoM members. The BoM members are (re)appointed and dismissed by the AGM. A BoM member is appointed for a period of four years and may, in principle, be reappointed.
The (re)appointment takes place on the basis of a binding recommendation by the SB, following the advice of the Governance & Nomination Committee. The AGM can reject the binding recommendation by an absolute majority of the votes cast, if such majority represents at least one third of the issued share capital. Currently all seats of BoM are held by men. Therefore, Imtech does not formally comply with the required policy of having at least 30% of the seats of the BoM held by men and at least 30% of the seats of the BoM held by women to the extent these seats are held by natural persons. Pursuant to Article 2:391 section 7 of the Dutch Civil Code Imtech needs to provide an explanation when an non-compliance of these gender diversity rules occurs. Although the current allocation of seats is not well-balanced, this is not an intentional choice but a consequence of appointing the most suitable person for the available position.
If and when a position shall become vacant within the BoM and a choice can be made to appoint a man or woman of the same quality and performance, a woman shall have preference.

### Remuneration of members of the Board of Management

The BoM remuneration policy and amendments to this policy are proposed by the SB, adopted by the AGM and made available to the CWC for inspection. The remuneration of individual BoM members (including the awarding of shares) is determined by the SB within the framework of the remuneration policy and on the recommendation of the HR & Remuneration Committee. The Remuneration Report comprises a report of the manner in which the remuneration policy has been implemented in the preceding financial year and a summary of the remuneration policy the SB intends to apply in the coming and subsequent years.

The most important conditions of the service agreements with the current members of the BoM, Mr. Van de Aast, Mr. Turkesteen, Mr. Van Gelder and Mr. Colsman, are published on Imtech's website.
In compliance with the Dutch Corporate Governance Code and the introduction of claw back legislation, the service agreements contain provisions related to claw back and public offering consequences.

The base salary of the members of the BoM is set at around the median level of the reference market for directors of large Dutch companies. The base salary of the CEO is 750,000 euro per year and the base salary of the CFO is 600,000 euro. The other members of the BoM receive a base salary of 550,000 euro.

The variable short-term income of the members of the BoM is established on the basis of a combination of the achievement of the groups' financial objectives and personal goals. Achievement of the short-term targets is rewarded by an annual cash bonus. The amount of the variable income depends on the achievement of targets specified in advance and can, if achieved ('at target') add 135% to the base salary of the CEO and 100% to the base salary of the other members of the BoM. Around 40% of the targets for the members of the BoM are focused on the short-term (one year) and approximately 60% on the long-term (three years).
The short-term variable income targets are in the areas of EBITA growth (40%), cash conversion (30%) and personal goals (30%).

In accordance with the share scheme approved in the Extraordinary General Meeting of Shareholders (EGM) held on 10 December 2012, the members of the BoM receive a long-term incentive (performance period of three years) through the conditional awarding of shares. The 'at target' level of the long-term incentive is 80% of the base management fee for the CEO and 60% for the other members of the BoM.

The long-term variable income targets are in the areas of cash conversion (40%) and Total Shareholder Return (TSR) compared with a peer group (60%). The TSR number is calculated on the basis of the average ranking over three years of the annual share price increase plus dividends paid by comparable companies. The peer group comprises the companies in the Midkap

index and additionally up to maximum of 6 AEX companies of NYSE Euronext Amsterdam.
The HR & Remuneration Committee evaluates the degree to which targets have been met and advises the SB regarding the number of shares to be awarded unconditionally. For this purpose performance is calculated as the average performance over three annual periods.

The HR & Remuneration Committee may, per target, deviate from the variable income in cash or shares set for 'at target' (100%). For excellent performance the variable income may amount to a maximum of 150% of the 'at target' amount of cash or number of shares. This percentage may be reduced to zero for non-achievement of the targets. The measurement method is based on a sliding scale within a graduated classification. The SB has decided to waive the non-achievement of the targets with respect to the years 2013 and 2014.

In relation to the Rights Issue of October 2014 the underwriters have asked the BoM to participate in the Rights Issue to show strong alignment with the shareholders interest.

The SB, when awarding the conditional shares as part of the variable short-term 2013, has indicated to consider to compensate for any dilution. In view of the above the SB has decided the introduction of the Bonus Incentive Plan (BIP), which will be presented for approval to the AGM 2015. Anticipating the BIP, the members of the BoM have agreed to invest certain amounts in the Rights Offering.

The BIP encourages personal investment and ongoing shareholding in the Company's shares, and as such facilitating strong alignment with shareholders interest. The BIP provides for a minimum investment of 50% and voluntary up to 100% of the short incentive plan bonuses in shares of the Company at the then prevailing share price.

In case the BoM has invested in shares under the BIP, subject to (i) continued employment, (ii) retaining the shares during a three-year performance period, (iii) performance conditions being met, and (iv) the discretion of the SB, the members of the BoM will be awarded with up to net one matching share for each share they have invested.

In determining the amount of matching shares, the SB will take into consideration performance criteria such as total shareholder return, earnings-per-share growth, development of net debt and development of operational performance.

Due to the adjustments in Dutch pension legislation the SB decided that instead of participating in a pension arrangement the BoM will receive an annual gross lump amount depending on their age. This decision will be presented for approval to the AGM 2015.

Lastly, the members of the BoM also receive general fringe benefits.
The SB paid specific and ample attention to the organisational structure and the succession planning for senior management. The SB also evaluated the functioning of the BoM in the absence of the BoM.

**Appointment and remuneration of members of the Supervisory Board**
The SB members are nominated by the SB on the basis of the profile and appointed by the AGM. Nominations are announced to the AGM and the CWC. The AGM and (for one-third of the number of members of the SB) the CWC may recommend to the SB persons to be nominated for membership of the SB. The AGM may reject a nomination with a qualified majority of the votes cast if such majority represents at least one-third of the issued share capital. A SB member resigns after a term of four years and may, in principle, be reappointed. A SB member may not be a member of the SB for longer than twelve years. The remuneration of SB members is proposed by the SB and adopted by the AGM.

During the AGM on 28 June 2013 shareholders were informed (i) that there would be at a minimum two vacancies in the SB during the AGM in 2014 and (ii) that the AGM and the CWC have the right to recommend persons for appointment as member of the SB.
Mr. B. van der Veer, Ms. M.E. van Lier Lels (upon the recommendation of the CWC) and Mr. J.J. Beeton were appointed as supervisory director in the AGM held on 22 May 2014.
The SB intends to elect Mr. Cremers Chairman of the SB following the resignation of Mr. Van Lede as Chairman of the SB after the AGM to be held in 2015.
At the end of the EGM held on 7 October 2014 Mr. J.J. de Rooij stepped down from the SB and shareholders were informed that as a result there will be two vacancies in the AGM to be held in May 2015.

The composition of the SB is such that the combination of experience, expertise and independence of its members satisfies the requirements laid down in its profile and enables the SB to properly and effectively carry out its duties vis-à-vis Imtech and its stakeholders.

All the members of the SB are independent of Imtech in accordance with the Dutch Civil Code.
The remuneration of the SB was approved during the EGM held on 2 October 2013.

Currently, 2 out of 6 seats of the SB are held by women. During the Annual General Meeting of shareholders (AGM) on 12 May 2015, Mrs Christine Wolff will be nominated for appointment as member of the Supervisory Board. After her appointment, 3 out of 6 seats of the SB will be held by women.

### Conflict of interest

Each BoM member is required to immediately report any potential conflict of interest to the Chairman of the SB and to the other BoM members and provide them with all relevant information. Each SB member is required to immediately report any potential conflict of interest to the Chairman of the SB and to provide him with all relevant information. The Chairman determines whether there is a conflict of interest. If a SB member or BoM member has a conflict of interest with the company, this member may not participate in the discussion and/or decision-making process in respect of subjects or transactions relating to the conflict of interest.

In 2014, there have been no transactions involving a conflict of interest of members of the BoM or SB. No loans, advances or guarantees have been provided to the members of the BoM or SB.

### Annual General Meeting (AGM)

The powers of the AGM are stipulated in legislation and Articles of Association and can be summarised as follows:

- approval of a major change to the identity or character of Imtech or its business;
- appointment and dismissal of BoM members;
- adoption of the BoM remuneration policy;
- approval of the BoM share scheme;
- appointment of SB members;
- motion of no confidence in the SB;
- adoption of Imtech's financial statements;
- approval of the profit appropriation (insofar as this is at the disposal of the AGM);
- approval of the dividend proposal; and
- approval of decisions to amend the Articles of Association or dissolve Imtech.

The following are also discussed with the AGM:

- the BoM remuneration policy;
- Imtech's Annual Report;
- changes to the reserves and dividend policy;
- changes to the SB profile;
- changes to the Corporate Governance structure.

At least one Annual General Meeting ('AGM') is convened each year. Extraordinary General Meetings ('EGM') are convened as often as the SB or BoM deems necessary. The BoM and SB provide the AGM/EGM with all the information requested, unless this would be seriously detrimental to Imtech's interests. A decision to amend the Articles of Association or to dissolve Imtech may only be taken by the AGM if it is proposed by the BoM with the approval of the SB.

### Shares

Imtech's authorised capital comprises registered shares divided into ordinary shares, convertible cumulative financing preference shares ('financing preference shares') and cumulative preference shares. Each share entitles the holder to cast one vote. Regarding financing preference shares voting rights may be based on the actual value of the capital contribution in case this value deviates from the stock quotation of ordinary shares at time of issuance. The subscribed capital consists of ordinary shares that are fully paid-up and that are traded via the giro-based securities transfer system. In addition, in 2013 'financing preference shares' were issued that are fully paid up.

Following approval in the EGM held on 8 October 2013, such shares became convertible. In 2014, certain holders of 'finance preference shares' used their right to convert those into ordinary shares. No preference shares are outstanding. The shares Imtech holds in its own capital do not count when calculating the amount to be distributed on shares or the attendance at a AGM and are non-voting shares. Please see page 170 for result appropriation and the dividend proposal.
In the AGM of 22 May 2014 it has been approved to reduce the nominal value of all ordinary shares, financing preference shares and cumulative preference shares in the share capital of the Company from 0.80 euro to 0.01 euro, without repayment. In the EGM of 7 October 2014, an increase of the authorised capital was approved, as well as a consolidation of shares, which ratio afterwards was set at 500 for 1, as a consequence whereof the nominal value of shares is 5.00 euro per share.

### Share scheme, purchase of shares

Imtech operates a share scheme whereby ordinary shares are being awarded conditionally to members of the BoM and senior management (see above).
Each year the SB determines, on the recommendation of the HR & Remuneration Committee and in accordance with the remuneration policy, the number of shares to be awarded to each member of the BoM conditionally, the related long-term targets, and upon achievement of such long-term targets, such number of shares unconditionally vesting.

Similarly, shares are awarded conditionally to senior management at the discretion of the BoM with the approval of the SB with regard to the total number of shares. As announced in 2013, the share scheme replaces the stock option plan for senior management, which Imtech operated up to 2012. Any remaining rights there under will be settled in accordance with their terms.
In 2013, Imtech abolished its policy to hedge the obligations arising from options granted and/or shares awarded.

**Rules regarding inside information**
Within Imtech rules regarding the reporting and regulation of transactions in Imtech securities (and possibly other so designated securities) are applicable for the SB, BoM, Executive Council and other designated persons (including corporate employees, the management of the large operating companies and a number of permanent consultants).

**Stichting Imtech**
Stichting Imtech (the 'Stichting') is a separate foundation that functions independently of Imtech. The Stichting's objectives are to act in the interests of Imtech in such a manner that these interests are secured as far as possible and to avert as far as possible influences contrary to such interests that could impair Imtech's continuity or independence.

Imtech has granted the Stichting Imtech an option on cumulative preference shares in its share capital (which has been diluted through the right issues in 2013 and 2014) and represents currently up to a maximum of 360,000 cumulative preference shares, representing 0.3% of the total share capital. The Stichting must deposit 25% of the nominal amount on subscription of preference shares, for which it has a credit facility at its disposal, which ends in May 2015.

The function of the Stichting has been reassessed. The Company has notified the Stichting that under the current circumstances it wants to discontinue this protective mechanism. The function of the Stichting has been reassessed. The company has notified the Stichting that under the current circumstances it wants to discontinue this protective mechanism. Thereupon the Stichting's Board has resolved to dissolve and liquidate the Stichting and to terminate the option right and ancillary agreement.
In the year under review no preference shares were outstanding with the Stichting. The Stichting's Board comprises Messrs. J.H. Holsboer (Chairman), M.P. Nieuwe Weme and D.D.P. Bosscher.

**Accountability Code**
In 2014 Imtech applied the principles and best practices of the Code with the exception of the following deviations:
Although the BoM strives for a diverse composition in order to achieve the desired balanced composition, including in terms of gender and age, the profile of the BoM may deviate in this respect from Clause III.3.1. The required expertise and experience, as well as the availability of the right candidates, are decisive when proposing candidates for (re)appointment. As a result, although Imtech pays close attention to gender diversity in the profiles of new BoM members, Imtech has not yet formulated concrete targets in this respect.
A self-assessment of the functioning of the SB and its committees was carried out in 2014.

**Corporate Governance declaration**
This declaration is included pursuant to Article 2a of the Decree regarding further stipulations for the content of Annual Reports dated 1 January 2010 (the 'Decree'). For the statements in this declaration as understood in Articles 3, 3a and 3b of the Decree please see the relevant sections of this Annual Report. The following should be understood to be inserts to and repetitions of these statements: the shareholders' equity structure of Imtech (pages 85 and 155);
Compliance with the provisions and best practice principles of the Code;
- the most important characteristics of the management and control systems in connection with Imtech's financial reporting process (see above);
- the functioning of the AGM and its primary authorities and the rights of shareholders and how they can be exercised see above);
- the composition and functioning of the BoM (see above as well as page 32 ('Function summary Supervisory Board and Board of Management');
- the composition and functioning of the SB and its Committees (see above as well as pages 30 and 31 'Function summary Supervisory Board and Board of Management');
- the regulations regarding the appointment and replacement of BoM members and SB members (pages 72 and 73);
- the regulations related to amendment of Imtech's Articles of Association (see above);
- the authorisation of BoM members or SB members in respect of the issue or purchase of shares (see above);
- the change of control stipulations in major contracts (see page 137);
- transactions with related parties (pages 151 'Related parties').

**Governance Risk & Compliance function**

During 2014 the GRC function was strengthened significantly.
The BoM's operational GRC responsibility is delegated to the Director GRC. The Director GRC is responsible for Risk Management, Internal Audit and Compliance at group level. At the end of 2013, beginning 2014 for each of the Divisions and at Group level Compliance officers were appointed. Where appropriate Compliance officers have also been appointed in the various Business units.

**Internal Audit**

The establishment of an Internal Audit Department ('IAD') was one of the initiatives taken after the events reported by Imtech early 2013.
The objective of the IAD is to provide independent objective assurance services in order to add value to and improve Imtech's operations.
It monitors compliance with Imtech's policies, standards and procedures, and applicable laws and regulations.
It also conducts reviews, including the valuation of work in progress and overdue receivables. When instructed to do so by the BoM, the Audit Committee or the Ethics Committee, the IAD carries out ad hoc special-purpose assignments.

During the year under review the IAD conducted a number of reviews regarding valuation of work in progress and carried out various ad-hoc special-purpose assignments including following up of (suspected) breaches of the Code of Conduct.

**Ethics Committee**

The Ethics Committee facilitates the enforcement of the Code of Conduct and other compliance activities and also focuses on critical compliance and ethics misconduct. When suspected misconduct is reported to the Ethics Committee, the investigation is conducted under its guidance.

The Ethics Committee is chaired by the Director GRC and comprises senior executives (at minimum: Corporate Secretary and Head of Internal Audit).

**Risk Council**

Divisional risk managers under the responsibility of Group Risk Management have a seat in the Risk Council. The Risk Council coordinates and aligns Imtech's risk management amongst the divisions with sharing best practices. Group Risk Management evaluates the Risk Management Process and within the Risk Council the interpretation of the Risk Management Policy, Division Risk Manuals and related Risk Management procedures are discussed as and when necessary.
The Risk Council is chaired by the Group Director GRC (or his delegate). The Risk Council meets on a regular basis.

**Tender Review Board**

The Tender Review Board reviews and approves tenders above a certain contract value as defined in the Authorisation Schedule. In principle, all tenders with a value of over 15 million euro are subject to review by the Tender Review Board. In addition, tenders with a high risk profile, but below the threshold, may be subject to evaluation by the Tender Review Board by indication from Group Risk Management.
The Tender Review Board at group level includes a BoM member, the Director GRC (or his delegate) and a member of Group Risk Management.

## Risk

Imtech follows an active policy aimed at ensuring the proper functioning of risk management and internal control systems. The implementation of our Governance, Risk and Compliance framework has been closely monitored throughout the year. Divisions have made significant steps towards a more robust system of management controls. Our primary focus has been on improvement of the management of project related risk and the profitability of projects.
Both the group and divisional risk managers are members of the Risk Council which, on the basis of the priorities determined by the Board of Management and endorsed by the Executive Council, formulates the divisional risk policies. The objective is to meet the central risk management objectives while reinforcing the decentralised risk management function in order to embed risk awareness at a low level in the organisation.
With the risk management structure we intend to control, as far as possible, the major risks to which the company is or could be exposed, to make possible the reliable achievement of operational and financial goals and to ensure compliance with applicable legislation and regulations. The Board of Management is aware that such systems, how professional they may be, can neither provide absolute assurance that the company's objectives will be achieved, nor entirely prevent material errors, loss, fraud and contraventions of legislation and regulations.

**Risk identification & measures**

Part of our budget- and business planning process has been to make an inventory and analysis of risk at divisional level. Each division was asked to reflect on and value certain preselected risks, which were deemed to be of general importance, and propose risk mitigating measures as part of the overall planning. The preselected risks were subdivided in a number of categories:

- business and strategic risk;
- environmental and health risk;
- financial risks;
- economic, regulatory and market risk;
- political, crime and security risk;
- natural hazards.

Additionally, each division was asked to identify risk specific to the division, its market and activities and propose an appropriate response. Risk ownership has been highlighted as an important principle underpinning the way we conduct our business. The majority of the risks qualified by Division as most important relate to the category Business & Strategic risk.

### Business and Strategic risks

**Risk of availability of the people with the right skills & competencies**

As part of the HR Roadmap 2014 – 2017 we have worked hard to deliver a new framework that enables us to have the best possible environment for our people to deliver operational excellence in the years ahead. We understand that this journey requires us to strengthen our leadership and our capabilities, specifically in the areas of project acquisition and execution. It also implies that we need to have the right behaviour instilled throughout the organisation.

We recognise the importance of excellence in project and service management as these are our core business processes.
We are continually looking to improve our training and capabilities to enhance our employees' skills in this essential area.

**Project risks**

Imtech follows a pro-active project risk management policy aimed at ensuring the proper functioning of project risk management and related internal control systems.
The objective of the project risk management policy is to forecast, and as far as possible control, the major risks to which the group is or could be exposed, to facilitate the reliable achievement of operational and financial goals and to ensure compliance with applicable legislation and regulations.

The number of larger and more complex projects in the form of performance contracts in the market is increasing. As a result we are increasingly taking over responsibilities from customers. This type of project, generally carried out as a participant in a construction consortium or other form of cooperation, have a higher risk profile and are more complex in legal terms than traditional specification-based project.

Risk management includes specific Corporate Guidelines including a stepped Authorisation Schedule.
All projects with an order value higher than 4 million euro, or that are located geographically outside the country in which the Imtech company concerned is based, or that involve a partnership with third parties, or that have an extra high risk profile (complex projects or special contracts), must be registered centrally. Projects that meet certain criteria require prior approval by the BoM (> 15 million euro) and in certain instances also the SB (> 75 million euro).

Our decentralised project risk management approach is based on a web application (Riskmaster®) and a special risk analysis method (GRIP®), both of which were developed in-house. Our divisions and companies use these methods to compile their own project risk assessments. This enables us to carry out bid reviews, draw-up clear project risk assessments covering a range of aspects including the customer, contract, project location, design, technology, materials, price structure, timescale, safety and cooperation, and implement project risk mitigation plans. The Risk Council facilitates this process and, in consultation with (divisional) lawyers, proposal managers and/or contract managers, evaluates the risk management measures with the ultimate aim to accomplish an integral project risk management approach. This integrated approach clearly indicates risks which are taken into consideration when deciding whether or not to accept a project.
All large project contracts are also examined during the tender phase and specifications are subjected to further risk analysis. Once a project has been awarded the risk plans are checked through monthly reporting by operational management and project reviews/audits executed by Risk Management.

**Compliance risks**

All our employees are regulated by the Code of Conduct and related policies. During 2014 we were not the subject of any substantial fines and/or sanctions related to non-compliance in the context of fraud, antitrust, environmental legislation, etc. Given some reported incidents it can not be excluded that Imtech will be subject to such fines and/or sanctions.
During 2014, 91 incident reports were received (some of them submitted under the Whistleblower's regulation) as opposed to 29 incident reports in 2013. The majority of the reports have been investigated and dealt with.

Remaining reports are under investigation and are being dealt with. These include the legacy items relating to Germany, Poland, the possible violation of competition laws in Germany, the investigation into possible export compliance violations in the United Arab Emirates, the alleged bribery of a former employee of Berlin-Brandenburg Airport, and the irregularities at Fritz & Macziol Schweiz.

The increase in number of incidents in comparison to previous years demonstrates the positive development towards a speak-up culture. Most of the reports refer back to alleged inappropriate behaviour taking place prior to 2013. All reported incident reports (including Whistleblowers) and their follow up have been reported to the Ethics committee, Audit Committee, the Supervisory Board and the external auditor. Unfortunately, issues or allegations from the past might continue to surface. That is a reality that we have to cope with. It is the firm commitment of Imtech's new management to properly deal with these legacy issues.

## Health, Safety & Environment risks

The Group's end-markets are facing increased regulatory requirements, an ageing asset base and (in particular for the industry market) more stringent health, safety, environmental and quality requirements. The aim of our HSE (Health, Safety and Environment) policy, as part of our group CSR strategy (please see for more information our sustainability report 2014 www.imtech.com/csr, is to ensure all our employees and any involved third parties are properly protected so that the risks of job-related accidents, and claims that might arise from such accidents, are limited.

Financial and environmental risks that arise because of the negative impact on the environment as a result of our activities, force us to reduce our carbon footprint. We aim to serve our clients with 'green' technologic solutions and as a result mitigate climate change.

## Financial risks

### Liquidity risk

The primary objective of liquidity management is to safeguard, as far as possible, sufficient liquidity enabling the Group to meet its current and future payment obligations. The Group aims for sufficient credit facilities as well as a well-spread maturity schedule. For this purpose, the Group has at its disposal a number of (un)committed credit facilities. During 2014, the Group has agreed with its main Financiers the terms and conditions of its main credit and guarantee facilities, which have a common maturity date in 2017. See 'Financial instruments' on page 143.

### Pension risks

For most of our employees, pension plans are based on defined contribution schemes. The pension provisions for most of our activities are placed with industrial pension funds and insurance companies. There is no legal or constructive obligation for the group to pay further contributions in case the pension fund or insurance company fails to maintain a certain level of assets for pension benefits. The pension risks for these schemes are limited and, depending on the specific arrangements, will only consist of increased levels of pension premiums.

Defined benefit plans are applicable for groups of employees in the Netherlands, Germany, Belgium, Sweden, Norway and Turkey. A (conditional) indexing of pension payments is applicable for some plans. With respect to the defined benefit plans, performance, interest movements and longevity risks could have an impact on the results of the group and its financial position. Around 77% of the net defined liability relates to plans in Germany which are self-administered. These plans have a duration of on average 15 years and are no longer open for new employees.

To the extent possible, Imtech is transferring defined benefit to defined contribution schemes by either transfers and by admitting new employees to defined contribution plans only.

### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, investment securities and cash and cash equivalents. Management of the Group has drawn up a credit policy and the credit risk is monitored constantly. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has a diversified customer base, predominantly spread over Europe. Where necessary, customers are subjected to a credit check and use is made of various banking products (bank guarantees, letters of credit, etc.) and advance payments. Credit risk insurance is rarely used. Management of the Group has drawn up a policy with respect to cash and cash equivalents. Cash is mainly held in cash pools, which are spread throughout various countries in various currencies. Operationally, these cash pools are netted, reducing net outstanding cash balances. Cash balances are held with reputable banks, primarily in the European Union. See 'Credit risk' on page 143.

**Foreign currency exchange transaction and translation risk**

Currency exchange rate risks play a limited role because our cash flows are predominantly in euro, the British pound and the Swedish kroner. Currency exchange rate risks arising from the purchase or sale of materials abroad are normally hedged through forward foreign exchange contracts. The amount involved is several tens of millions of euro.

The Group is exposed to foreign currency translation risks by means of investments in and long-term loans to foreign subsidiaries. It is our policy to reduce currency translation risks by financing our foreign subsidiaries – where possible – in local currency.

Per 31 December 2014, the main external financing on our balance sheet in local currencies amounted to 2,560 million SEK and 251 million NOK.

Furthermore, the USD risk related to part of our senior notes (175.5 million USD) has been hedged via cross currency swaps. As per 31 December 2014, the positive fair value of the cross currency swaps amounted to 3.9 million euro.

The remaining risk is in principle not hedged, under the assumption that foreign currency fluctuations and interest and inflation developments balance out in the long run.

**Interest rate risk**

The objective of our interest rate coverage policy is to hedge at least 50% of the interest rate risk of our forecasted debt position as per year-end. To this end we use interest rate swaps with terms that correspond as far as possible with the terms of the (bank) credit facilities. Hedge accounting has been applied to those interest rate swaps.

As at 31 December 2014 the Group had undertaken interest rate swaps with a reference amount of 175 million euro (31 December 2013: 275 million euro). The Group classifies interest rate swaps as cash flow hedges and states them at fair value. As per 31 December 2014, the negative fair value of the interest rate swaps amounted to 1.0 million euro.

Interest rates may be impacted by the credit rating of the Company. The irregularities in Germany and Poland and the disappointing financial results since 2013 have impacted the credit rating of the Group. Furthermore, non-compliance with loan covenants may impact the interest rates or other loan terms and conditions.

**Corporate insurance**

The mission of corporate insurance is to ensure that the balance sheet and profit and loss account of Royal Imtech N.V. and its subsidiaries are protected by the most efficient and cost-effective risk financing programme.

Imtech's insurance protection is based on a mix of centrally managed master policies and local insurance policies, that have been placed either for compliance reasons or in order to meet specific local market demands. Insurance is arranged to deliver comprehensive coverage for the group, the divisions and related entities, taking into account their wide range of activities. Analyses of claims and loss ration improvement are an important tool to reduce losses and were carried out to sustain the operational entities in their performance.

The insurance programmes are based on risk transfer to insurers above working deductibles at a level where further self-insurance would not lead to significant premium discounts.

## Internal Control Framework

Imtech operates a system of regular internal reporting and a budgetary cycle that follows standard procedures and detailed guidelines. The monthly financial reports are evaluated centrally and compared with the approved budgets. Forecasts are checked quarterly and, where necessary, adjusted. There are standard procedures for investments and disposals and also for the evaluation and approval there off.

Operating companies and business units carry out self-assessments using web-based questionnaires and an analysis model based on COSO Enterprise Risk Management Integrated Framework. The current Internal Control Framework that focuses on key controls for the accuracy and reliability of the financial reporting is in use since 2013. In this second year, we monitored internal control improvement actions in continuation throughout the year, as part of the monthly cadence of reporting, and we have further cascaded the questionnaire to cover also smaller control environments.

The yearly in depth divisional management self-assessment questionnaire covers primarily the formal organisation, it's procedures, authorities and documentation thereof (hard controls). The quality of the self-assessment has increased by a more timely bottom up measurement per lowest level of control environment, the introduction of supportive evidence and the evaluation thereof by divisional management. This evaluation also include cultural and behavioural elements (soft controls) to weigh the overall balanced set of control measures.

Divisional management was assisted by members of group control in various ways, amongst which facilitating discussions on definitions, sharing of best practices, rollout of questionnaires, information gathering, trend analysis and interpretation, sanity check on realism in improvement actions, visiting remote locations and other. The self-assessment and the related improvement plans were discussed with the Board of Management as part of the business reviews and budget cycle.

The regime of close monitoring and controls that was established in 2013 continued throughout 2014 to ensure the financial information with respect to 2014 would be reliable. This regime was executed primarily by the Internal Audit Department, that was significantly strengthened in 2014, and other Imtech employees from risk management and group control.
We conducted additional investigations on an ad-hoc basis where necessary as well as to incorporate an element of surprise or react on organisational changes.

The main lines of the internal control, self-assessments and reviews, as well as the proposed measures and follow-up to these measures, are discussed and evaluated regularly with the Audit Committee in the presence of the external auditor. The Supervisory Board is kept informed. In view of the events that have come to light in 2013 it was clear that our risk management and internal control systems had not functioned at an adequate level. Shortcomings in project control, oversight and culture were detected. During 2013 and 2014 the Board of Management has initiated various corrective actions with the support of external expert advisors. As a result, the Board of Management has significantly increased its control over the group and further increases are planned in order to achieve a level of control appropriate for the size and risk profile of our company.

Taking the above into account, the Board of Management is of the opinion that, to the best of its knowledge, the above actions and investigations provide a reasonable degree of assurance that the financial statements for 2014 are free of material misstatements.

## Statement of the Board of Management

In accordance with Article 5:25c paragraph 2 sub c of the Financial Supervision Act, we confirm that, to the best of our knowledge,

1. the financial statements in this Annual Report 2014 give a true and fair view of our assets and liabilities, our financial position as at 31 December 2014, and the results of our consolidated operations for the financial year 2014; and
2. the Report of the Board of Management includes a fair review of the position as at 31 December 2014 and the development and performance during the financial year 2014 of Royal Imtech N.V. and describes the principal risks that Royal Imtech N.V. faces.

Gouda, 17 March 2015

Board of Management

Royal Imtech N.V.

# Financial Statements

imtech.com/investors

# Consolidated profit and loss account

| In millions of euro | Notes | 2014 | | 2013[1] | |
|---|---|---|---|---|---|
| **Continuing operations** | | | | | |
| Revenue | | **3,897.9** | | 4,240.5 | |
| Other income | | **24.4** | | 7.9 | |
| Total revenue and other income | 5, 7 | | **3,922.3** | | 4,248.4 |
| Raw and auxiliary materials and trade goods | | **1,172.7** | | 1,406.8 | |
| Work by third parties and other external expenses | | **1,088.0** | | 1,181.5 | |
| Personnel expenses | 8 | **1,454.9** | | 1,566.9 | |
| Depreciation of property, plant and equipment | 14 | **35.6** | | 35.1 | |
| Amortisation of intangible assets | 15 | **23.8** | | 44.7 | |
| Impairment property, plant and equipment and intangible assets | 14, 15 | **27.5** | | 28.8 | |
| Other expenses | 9 | **460.4** | | 546.8 | |
| Total operating expenses | | | **4,262.9** | | 4,810.6 |
| Result from operating activities | | | **(340.6)** | | (562.2) |
| Finance income | | **36.1** | | 19.9 | |
| Finance expenses | | **(214.8)** | | (121.0) | |
| Net finance result | 10 | | **(178.7)** | | (101.1) |
| Share in results of associates, joint ventures and other investments (net of tax) | 16 | | **12.2** | | (8.7) |
| Result before income tax | | | **(507.1)** | | (672.0) |
| Income tax benefit (expense) | 11 | | **18.3** | | 23.5 |
| Result from continuing operations | | | **(488.8)** | | (648.5) |
| **Discontinued operations** | | | | | |
| Result from discontinued operations (net of tax) | 13 | | **(70.5)** | | (48.1) |
| **Net result** | | | **(559.3)** | | (696.6) |
| Attributable to: | | | | | |
| Shareholders of Royal Imtech N.V. | | | **(560.6)** | | (701.2) |
| Non-controlling interests | | | **1.3** | | 4.6 |
| Net result | | | **(559.3)** | | (696.6) |
| **Basic earnings per share from continuing and discontinued operations** | | | | | |
| From continuing operations (euro) | 24 | | **(19.89)** | | (280.43) |
| From discontinued operations (euro) | 24 | | **(2.86)** | | (20.65) |
| From result attributable to shareholders of Royal Imtech N.V. (euro) | | | **(22.75)** | | (301.08) |
| **Diluted earnings per share from continuing and discontinued operations** | | | | | |
| From continuing operations (euro) | 24 | | **(19.89)** | | (280.43) |
| From discontinued operations (euro) | 24 | | **(2.86)** | | (20.65) |
| From result attributable to shareholders of Royal Imtech N.V. (euro) | | | **(22.75)** | | (301.08) |

[1] *Restated, see note 3.*

# Consolidated statement of comprehensive income

| In millions of euro | Notes | | 2014 | | 2013[1] |
|---|---|---|---|---|---|
| Net result | | | **(559.3)** | | (696.6) |
| **Other comprehensive income** | | | | | |
| **Items that will never be reclassified to profit or loss** | | | | | |
| Remeasurements of defined benefit liability | 26 | **(56.8)** | | 6.3 | |
| Related tax | | **14.9** | | (1.6) | |
| | | | **(41.9)** | | 4.7 |
| **Items that are or may be reclassified to profit or loss** | | | | | |
| Foreign currency translation differences – foreign operations | | **14.7** | | (9.8) | |
| Foreign currency translation differences – non-controlling interests | | **0.6** | | (0.4) | |
| Effective portion of changes in the fair value of cash flow hedges | | **(8.5)** | | 6.9 | |
| Net change in fair value of cash flow hedges reclassified to profit or loss | | **0.7** | | 1.4 | |
| Tax related to changes in fair value of cash flow hedges | | **(1.2)** | | (2.1) | |
| Other comprehensive income for the year, net of tax | | | **6.3** | | (4.0) |
| Total comprehensive income for the year | | | **(594.9)** | | (695.9) |
| Attributable to: | | | | | |
| Shareholders of Royal Imtech N.V. | | **(596.8)** | | (700.1) | |
| Non-controlling interests | | **1.9** | | 4.2 | |
| **Total comprehensive income for the year** | | | **(594.9)** | | (695.9) |

[1] *Restated, see note 3.*

# Consolidated balance sheet

| In millions of euro | Notes | 31 December 2014 | | 31 December 2013[1] | |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Property, plant and equipment | 14 | **118.7** | | 161.0 | |
| Goodwill | 15 | **766.9** | | 1,032.8 | |
| Other intangible assets | 15 | **88.2** | | 149.0 | |
| Investments in associated companies and joint ventures | 16 | **1.2** | | 0.2 | |
| Non-current receivables and other investments | 17 | **46.8** | | 21.9 | |
| Deferred tax assets | 18 | **23.7** | | 19.9 | |
| Total non-current assets | | | **1,045.5** | | 1,384.8 |
| Inventories | 19 | **48.8** | | 72.8 | |
| Due from customers | 20 | **324.6** | | 459.7 | |
| Trade receivables | 21 | **609.9** | | 868.1 | |
| Other receivables | 21 | **121.9** | | 139.5 | |
| Income tax receivables | 12 | **6.3** | | 8.9 | |
| Cash and cash equivalents | 22 | **320.6** | | 304.4 | |
| | | **1,432.1** | | 1,853.4 | |
| Assets held for sale | 13 | **–** | | 79.9 | |
| Total current assets | | | **1,432.1** | | 1,933.3 |
| **Total assets** | | | **2,477.6** | | 3,318.1 |

1 *Restated, see note 3.*

# Consolidated balance sheet

| In millions of euro | Notes | 31 December 2014 | | 31 December 2013[1] | |
|---|---|---|---|---|---|
| **Equity** | | | | | |
| Share capital | | 605.4 | | 373.8 | |
| Share premium reserve | | 731.7 | | 397.1 | |
| Other reserves | | (500.9) | | 234.9 | |
| Unappropriated result | | (560.6) | | (701.2) | |
| Equity attributable to shareholders of Royal Imtech N.V. | 23 | | 275.6 | | 304.6 |
| Non-controlling interests | | | 6.9 | | 8.7 |
| Total equity | | | 282.5 | | 313.3 |
| **Liabilities** | | | | | |
| Loans and borrowings | 25 | 512.3 | | 907.3 | |
| Employee benefits | 26 | 252.5 | | 207.1 | |
| Provisions | 27 | 42.0 | | 35.8 | |
| Deferred tax liabilities | 18 | 19.5 | | 45.9 | |
| Total non-current liabilities | | | 826.3 | | 1,196.1 |
| Bank overdrafts | 22 | 165.4 | | 106.2 | |
| Loans and borrowings | 25 | 7.9 | | 39.7 | |
| Due to customers | 20 | 215.5 | | 280.9 | |
| Trade payables | 28 | 528.3 | | 773.8 | |
| Other payables | 28 | 376.7 | | 489.2 | |
| Income tax payables | 12 | 7.4 | | 20.3 | |
| Provisions | 27 | 67.6 | | 38.8 | |
| | | 1,368.8 | | 1,748.9 | |
| Liabilities held for sale | 13 | – | | 59.8 | |
| Total current liabilities | | | 1,368.8 | | 1,808.7 |
| Total liabilities | | | 2,195.1 | | 3,004.8 |
| **Total equity and liabilities** | | | 2,477.6 | | 3,318.1 |

[1] *Restated, see note 3.*

# Consolidated statement of changes in equity

In millions of euro

| | Attributable to shareholders of Royal Imtech N.V. | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Share premium-reserve | Trans-lation reserve | Hedging reserve | Reserve for own shares | Retained earnings | Unappro-priated result | Total | Non-con-trolling interests | Total equity |
| As at 1 January 2013 | 75.2 | 208.6 | 7.3 | (10.4) | (101.1) | 582.4 | (247.2) | 514.8 | 9.7 | 524.5 |
| **Total comprehensive income for the year** | | | | | | | | | | |
| Result for the year | – | – | – | – | – | – | (701.2) | (701.2) | 4.6 | (696.6) |
| Total other comprehensive income | – | – | (9.8) | 6.2 | – | 4.7 | – | 1.1 | (0.4) | 0.7 |
| Total comprehensive income for the year | – | – | (9.8) | 6.2 | – | 4.7 | (701.2) | (700.1) | 4.2 | (695.9) |
| **Transactions with owners of the Company, recognised directly in equity** | | | | | | | | | | |
| **Contributions by and distributions to owners of the Company** | | | | | | | | | | |
| Appropriation of result | – | – | – | – | – | (247.2) | 247.2 | – | – | – |
| Issue of shares | 298.6 | 188.5 | – | – | – | – | – | 487.1 | – | 487.1 |
| Dividends to shareholders | – | – | – | – | – | – | – | – | (5.2) | (5.2) |
| Repurchase of own shares | – | – | – | – | 0.4 | – | – | 0.4 | – | 0.4 |
| Share-based payments | – | – | – | – | – | 2.4 | – | 2.4 | – | 2.4 |
| Total contributions by and distributions to owners of the Company | 298.6 | 188.5 | – | – | 0.4 | (244.8) | 247.2 | 489.9 | (5.2) | 484.7 |
| **As at 31 December 2013** | 373.8 | 397.1 | (2.5) | (4.2) | (100.7) | 342.3 | (701.2) | 304.6 | 8.7 | 313.3 |

# Consolidated statement of changes in equity

| In millions of euro | Attributable to shareholders of Royal Imtech N.V. | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Share premium-reserve | Trans-lation reserve | Hedging reserve | Reserve for own shares | Retained earnings | Unappro-priated result | Total | Non-con-trolling interests | Total equity |
| As at 1 January 2014 | **373.8** | **397.1** | **(2.5)** | **(4.2)** | **(100.7)** | **342.3** | **(701.2)** | **304.6** | **8.7** | **313.3** |
| **Total comprehensive income for the year** | | | | | | | | | | |
| Result for the year | – | – | – | – | – | – | (560.6) | (560.6) | 1.3 | (559.3) |
| Total other comprehensive income | – | – | 14.7 | (9.0) | – | (41.9) | – | (36.2) | 0.6 | (35.6) |
| Total comprehensive income for the year | – | – | 14.7 | (9.0) | – | (41.9) | (560.6) | (596.8) | 1.9 | (594.9) |
| **Transactions with owners of the Company, recognised directly in equity** | | | | | | | | | | |
| **Contributions by and distributions to owners of the Company** | | | | | | | | | | |
| Appropriation of result | – | – | – | – | – | (701.2) | 701.2 | – | – | – |
| Issue of shares | 231.3 | 334.9 | – | – | – | – | – | 566.2 | – | 566.2 |
| Dividends to shareholders | – | – | – | – | – | – | – | – | (3.7) | (3.7) |
| Conversion of cumulative financing preference shares into ordinary shares | 0.3 | (0.3) | – | – | – | – | – | – | – | – |
| Share-based payments | – | – | – | – | – | 1.6 | – | 1.6 | – | 1.6 |
| Total contributions by and distributions to owners of the Company | 231.6 | 334.6 | – | – | – | (699.6) | 701.2 | 567.8 | (3.7) | 564.1 |
| **As at 31 December 2014** | **605.4** | **731.7** | **12.2** | **(13.2)** | **(100.7)** | **(399.2)** | **(560.6)** | **275.6** | **6.9** | **282.5** |

# Consolidated statement of cash flows

| In millions of euro | Notes | 2014 | | 2013[1] | |
|---|---|---|---|---|---|
| **Cash flow from operating activities** | | | | | |
| Net result | | **(559.3)** | | (696.6) | |
| Adjustments for: | | | | | |
| Depreciation of property, plant and equipment | 14 | **36.9** | | 41.1 | |
| Amortisation and impairment of property, plant and equipment and other intangible assets | 14, 15 | **54.0** | | 92.1 | |
| Impairment loss on trade receivables | 9 | **7.2** | | 78.0 | |
| Net finance result | 10 | **178.7** | | 105.0 | |
| Share in results of associates, joint ventures and other investments (net of tax) | 16 | **(12.2)** | | 5.7 | |
| Result on disposal of property, plant and equipment | 7 | **(21.6)** | | (1.1) | |
| Loss on sale of discontinued operations (net of tax) | 13 | **55.5** | | 40.8 | |
| Share-based payments | 8 | **1.6** | | 2.4 | |
| Income tax expense | 11 | **(18.3)** | | (20.4) | |
| Operating cash flow before changes in working capital and provisions | | | **(277.5)** | | (353.0) |
| Change in inventories | | **4.8** | | 7.7 | |
| Change in amounts due from/to customers | | **62.2** | | 55.9 | |
| Change in trade and other receivables | | **159.9** | | 246.4 | |
| Change in trade and other payables | | **(183.4)** | | (250.5) | |
| Change in provisions and employee benefits | | **20.7** | | 20.5 | |
| | | | **64.2** | | 80.0 |
| Cash flow from operating activities | | | **(213.3)** | | (273.0) |
| Interest paid | | | **(112.2)** | | (69.9) |
| Income tax paid | | | **(2.0)** | | 12.5 |
| Net cash flow from operating activities | | | **(327.5)** | | (330.4) |

1 *Restated, see note 3.*

# Consolidated statement of cash flows

| In millions of euro | Notes | 2014 | | 2013[1] | |
|---|---|---|---|---|---|
| Net cash flow from operating activities | | | **(327.5)** | | (330.4) |
| **Cash flow from investing activities** | | | | | |
| Proceeds from the sale of property, plant and equipment and other non-current assets | | **41.6** | | 17.9 | |
| Interest received | | **3.6** | | 2.0 | |
| Dividends received | | **0.6** | | 1.8 | |
| Disposal of discontinued operations (net of cash disposed of) | 13 | **185.6** | | 9.6 | |
| Acquisition of subsidiaries (net of cash acquired) | 6 | **(0.6)** | | (27.7) | |
| Acquisition of property, plant and equipment | | **(22.0)** | | (40.7) | |
| Acquisition of intangible assets | 15 | **(4.6)** | | (16.7) | |
| (Purchase) sale of associates, joint ventures and other investments | | **12.6** | | (6.9) | |
| Issue less repayment of non-current receivables | | **(2.8)** | | 2.9 | |
| Net cash flow from investing activities | | | **214.0** | | (57.8) |
| **Cash flow from financing activities** | | | | | |
| Proceeds from issue of share capital (net of expenses) | 23 | **566.2** | | 487.1 | |
| Proceeds from loans and borrowings | | **237.4** | | 528.5 | |
| Repayment of loans and borrowings | | **(713.0)** | | (449.7) | |
| Transaction costs related to loans and borrowings | | **(12.4)** | | (51.0) | |
| Sale (repurchase) of own shares | 23 | **–** | | 0.4 | |
| Payments of finance lease liabilities | | **(6.2)** | | (2.0) | |
| Dividend paid | 23 | **(3.7)** | | (5.2) | |
| Net cash flow from financing activities | | | **68.3** | | 508.1 |
| Net change in cash, cash equivalents and bank overdrafts | | | **(45.2)** | | 119.9 |
| Cash, cash equivalents and bank overdrafts on 1 January | | | **198.2** | | 81.7 |
| Effect of exchange rate differences on cash, cash equivalents and bank overdrafts | | | **2.2** | | (3.4) |
| **Cash, cash equivalents and bank overdrafts on 31 December** | 22 | | **155.2** | | 198.2 |

1 *Restated, see note 3.*

# Notes to the consolidated financial statements

In millions of euro unless indicated otherwise

## 1 General

Royal Imtech N.V. ('the Company') is a company listed at the Dutch stock exchange, with its headquarters in Gouda, the Netherlands. The Company has its corporate seat in Rotterdam.

The Company's consolidated financial statements for the financial year 2014 include the accounts of Royal Imtech N.V. and its subsidiary companies (together referred to as 'the Group'). A complete list of Group companies and other investments, compiled in accordance with the relevant legal requirements (Book 2, Part 9, Sections 379 and 414 of the Netherlands Civil Code) is filed at the Commercial Registry Office in Rotterdam, the Netherlands. Article 402, Book 2 of the Netherlands Civil Code is applied, which allows a simplified company profit and loss account in the Company financial statements in the event that a comprehensive profit and loss account is included in the consolidated Group financial statements. The company profit and loss account exclusively states the share of the result of participations after taxation and the other income and expenses after taxation.

The continuing operating activities of the Group are reported in the segments Benelux, Germany & Eastern Europe, UK & Ireland, Nordic, Spain, Traffic & Infra and Marine. This excludes the ICT division which was sold at 29 October 2014. Consequently the ICT segment is classified as discontinued operation. Reference is made to note 13.

The financial statements were authorised for issue by the Board of Management on 17 March 2015.

### Selected financial items

The result before income tax 2014 includes various items with a specific nature, such as restructuring, refinancing, impairment of goodwill, discontinued operations, legacy items and other one-off items. This note only includes selected information on these items and consequently should not be seen as a comprehensive analysis of 2014 performance.

#### Restructuring 2014

The total cost of the restructuring programs 2014 amount to 116.9 million euro, of which 68.4 million euro is included in personnel expenses and 48.5 million euro in other expenses. The costs as included in personnel expenses are related to the various headcount reduction programs, mainly in the divisions Benelux, Germany & Eastern Europe and Marine. The restructuring costs included in other expenses consist of the real estate rationalisation plans of in total 30.5 million euro for the Benelux and Germany & Eastern Europe, as well as legal and advisory cost.
Reference is made to note 8 Personnel expenses and note 9 Other expenses.

#### Refinancing 2014

The total expenditures with respect to our financial restructuring activities in 2014 amount to 132.7 million euro and are specified as follows:

| | |
|---|---|
| ■ Included in other expenses | 41.6 |
| ■ Included in net finance result | 56.4 |
| ■ Allocated to equity in relation to the rights issue | 34.7 |

The costs as reported in other expenses of 41.6 million euro consist of advisory cost in relation to the financial restructurings and to the monitoring activities on behalf of our lenders. The items included in the net finance result in 2014 of 56.4 million euro relate to the implementation of the financial restructurings of March and October 2014, including:

| | |
|---|---|
| ■ Cash amendment fee (cash) | 19.0 |
| ■ Make whole amount (cash) | 6.8 |
| ■ Paid-in-Kind amendment fee (added to debt) | 11.8 |
| ■ Make whole amount (added to debt) | 31.9 |
| ■ Book gain debt buy-back programme (deducted from debt) | (31.4) |
| ■ Amortisation capitalised cost | 18.3 |

The expenditure of 34.7 million euro allocated to equity consists of costs incurred in relation to the rights issue of 600 million euro as concluded on 27 October 2014 and relate to underwriting fees and advisory cost.
Reference is made to note 9 Other expenses, note 10 Net finance result, note 23 Equity and note 25 Loans and borrowings.

### Impairment of goodwill

Management has decided to impair the goodwill relating to Germany & Eastern Europe, resulting in an impairment loss of 27.5 million euro. This impairment reflects the further and more significant transition towards a new business, which significantly differs from the past to which the goodwill relates.
Reference is made to note 15 Goodwill and other intangible assets.

### Sale of ICT division

On 29 October 2014 the sale of the ICT division to Vinci Energies was completed. The enterprise value amounted to 255 million euro with immediate cash proceeds of approximately 175 million euro. The difference between the enterprise value and immediate cash proceeds related to a 26 million euro guarantee deposit, customary value adjustments and transaction costs.

In the consolidated profit and loss account 2014 the sale of ICT is reflected as result on sale of discontinued operations for (70.5) million euro. This amount comprises of:

| | |
|---|---|
| ■ Net profit, up to the end of October, of the ICT companies sold | 0.5 |
| ■ Transaction result (including transaction costs) | (55.5) |
| ■ Net loss of and costs related to the business unit Fritz & Macziol Schweiz | (15.5) |

The business unit Fritz & Macziol Schweiz has not been included in the sale to Vinci Energies. The amount of (15.5) million euro consists of the net loss 2014 of this company and the costs of winding-down the operational activities of the business unit.
Reference is made to note 13 Discontinued operations and assets and liabilities held for sale and note 32 Contingent assets and liabilities.

### Sale of associate IHC Systems

End of August 2014 our 50% share in IHC Systems was sold to IHC Merwede at a book profit of 12 million euro. This result is included in the share of results of associates, joint ventures and other investments.
Reference is made to note 16 Investments in associated companies and joint ventures.

### Legacy items

As at 31 December 2013 approximately 82 million euro of legacy items were included in the balance sheet, as well as related debt of 23 million euro, resulting in a net amount of approximately 59 million euro.
During 2014 13 million euro was recorded in the profit and loss account as non-operational write-down in EBITDA, 2 million euro as amortisation of other intangible assets and 10 million euro was realised as net cash-in, leaving approximately 34 million euro of legacy items in the balance sheet as at 31 December 2014.
The write-down of net 13 million euro in EBITDA includes losses from the settlement of a 2010 project dispute in Spain, claim settlements and results on ongoing legacy projects in Germany & Eastern Europe, partially offset by a gain on the sale of a commercial building in Germany.

### Other one-off items

Other non-operational items which are of a one-off nature in 2014 amount to 50 million euro and include:

- Closure of business units in Russia and Austria, in total a 18.5 million euro loss;
- Settlement on the NKS project in Nordic, resulting in a 6.3 million euro loss;
- Valuation allowance of 5.0 million euro on a large multi-year project in Marine;
- Costs of 7.0 million euro relating to the termination of a German sponsorship;
- Other one-off items, for a total amount of 13.2 million euro negative.

## 2 Going concern assumption

In the fourth quarter of 2014 the Group implemented a structural solution on the financing of the Group and achieved significant steps to improve its financial position. The solution entailed the following:

- a fully underwritten rights issue for a gross amount of 600 million euro;
- the sale of the ICT division for an enterprise value of 255 million euro;
- a debt buy-back of 146 million euro (nominal value);
- key amendments to the loan terms including a covenant holiday up to and including Q1 2016, an extension of the maturity of all credit and guarantee facilities until 15 July 2017 and reduced financing costs. Reference is made to note 25 for further details on the key loan terms.

The proceeds of the rights issue and the sale of the ICT division in combination with the debt buy-back have resulted in a significant reduction of debt of 777 million euro, a positive equity of 283 million euro as per 31 December 2014 and an enhanced liquidity position of the Group to fund the operational improvement plans.

After refinancing, management has been and is still focused on operational improvements of the Group with the goal to achieve stability and recovery across all businesses. Additionally, it is expected that the Groups' financial position will reduce external pressure on working capital, liquidity and guarantees and will enable the Group to return to normalised performance as applicable throughout the industries where the Group operates.

In light of the above the Group has assessed the going concern assumption on the basis of which the Group's financial statements for 2014 have been prepared. Considering the covenant holiday obtained up to and including Q1 2016 the main risk that remains in the foreseeable future is the Group's liquidity.

Liquidity is dependent on improvements in the Group's operational results including working capital, which are expected following the restructurings of our businesses. These restructurings include headcount reduction programmes, real estate rationalisation programmes, resolution of legacy issues and performance improvement programmes already realised in 2014 or planned for 2015 and 2016.

Based on the current plans and cash flow forecasts the Group has sufficient liquidity to run its operations in 2015 and 2016. Although forecasting accuracy has been limited in the past, management believes that the forecasts for 2015 and 2016 are feasible. The forecasts have been prepared bottom up, from the local operations up to divisional level, and have been subject to intense scrutiny by management. In addition, the quality of the forecasts have improved due to new divisional management teams now being more experienced with increased knowledge of risks within the businesses.

Management has also applied contingencies to the forecasts and has performed sensitivity analyses, which would leave limited liquidity headroom. These contingencies and sensitivity analyses mostly apply to the German business.

Management acknowledges the risk that the planned improvements, specifically in Germany, do not occur at the forecasted pace or that the cash impact resulting from contingent liabilities, including the impact of regulatory and compliance related incidents as disclosed in note 32 Contingent Liabilities, could have a negative impact on liquidity.

Management has options available to mitigate pressure on liquidity for a shorter or longer term, including:

- tighter cash management;
- improved management of working capital, including utilisation of available guarantee headroom;
- tapping into potential external liquidity sources;
- disposal of assets, business units or even divisions.

Some of the options available to the Group are subject to external factors including approval of the financiers and / or shareholders.

Based on the analysis and assessment of mitigating options, although a level of uncertainty remains, management applied judgement and is of the opinion that no material uncertainty exists in relation to the going concern assumption.

## 3 Restatement of comparative figures

The Group has adopted new respectively revised standards, that were issued during 2011 and are required to be adopted, with retrospective effect, as per the financial year 2014. The main standards are:

- IFRS 10 Consolidated Financial Statements;
- IFRS 11 Joint Arrangements;
- IFRS 12 Disclosure of Interest in Other Entities;
- IAS 27 Separate Financial Statements; and
- IAS 28 Investments in Associates and Joint Ventures.

The comparative figures for 2013 have been restated for the above. For further details reference is made to note 4 (b).

The Group has divested the ICT division. As a result, these activities are classified as discontinued operations. The comparative consolidated profit and loss account 2013 has been restated to show the discontinued operations separately from continuing operations.
Reference is made to note 13 on Discontinued operations.

## 4 Significant accounting policies for financial reporting

### (a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) as at 31 December 2014. The statements also comply, as far as applicable, with the financial reporting requirements included in Section 9 of Book 2 of the Netherlands Civil Code.

### (b) Changes in accounting policies

Amendments to standards applied:
Except for the effects of the newly applied standards (as described below), the accounting policies applied by the Group in the 2014 financial statements are those applied in previous year financial statements.

New standards applied:

(i) IFRS 10 Consolidated Financial Statements

IFRS 10 replaces the parts of IAS 27 that deal with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. In essence IFRS 10 changes the definition of control. This change in definition of control has had no material impact on the composition of the Group.

(ii) IFRS 11

IFRS 11 replaces IAS 31 (Interest in Joint Ventures) and the guidance in SIC-13 (Jointly controlled Entities – Non-Monetary Contributions by Venturers) has been incorporated in IAS 28 (as revised in 2011). The change in accounting for joint arrangements has had a non-material effect on the information in the Financial Statements 2014. In essence this change resulted in line by line accounting of Imtech's share in joint arrangements, whereas previously these shares were accounted for as equity accounted investments.

Comparative amounts have been restated to reflect the change in accounting for the Group's joint arrangements. The effects of the restatements, which mainly relate to the divisions Benelux and Spain, are as follows:

### Impact of change in accounting policy on consolidated profit and loss account

| | 2013 |
|---|---|
| Revenue | 43.6 |
| Work by third parties and other external expenses | 40.6 |
| Result from operating activities | 3.0 |
| Share in results of associates, joint ventures and other investments (net of tax) | (3.0) |
| Result from continuing operations (net of tax) | – |

### Impact of change in accounting policy on consolidated balance sheet

| | 31 December 2013 | | | 31 December 2012 | | |
|---|---|---|---|---|---|---|
| | As previously reported | Adjustments | As restated | As previously reported | Adjustments | As restated |
| **Assets** | | | | | | |
| Investments in associated companies and joint ventures | 2.5 | (2.3) | 0.2 | 3.7 | (2.3) | 1.4 |
| Due from customers | 443.9 | 15.8 | 459.7 | 572.8 | 5.9 | 578.7 |
| Trade receivables | 859.3 | 8.8 | 868.1 | 1,132.1 | 14.9 | 1,147.0 |
| Other receivables | 134.0 | 5.5 | 139.5 | 190.5 | 4.1 | 194.6 |
| Cash and cash equivalents | 296.4 | 8.0 | 304.4 | 385.1 | 10.9 | 396.0 |
| Other Assets (not affected) | 1,546.2 | – | 1,546.2 | 1,654.2 | – | 1,654.2 |
| **Total assets** | 3,282.3 | 35.8 | 3,318.1 | 3,938.4 | 33.5 | 3,971.9 |
| **Liabilities** | | | | | | |
| Due to customers | 275.2 | 5.7 | 280.9 | 308.0 | 7.8 | 315.8 |
| Trade payables | 756.5 | 17.3 | 773.8 | 890.8 | 10.0 | 900.8 |
| Other payables | 476.4 | 12.8 | 489.2 | 652.9 | 15.7 | 668.6 |
| Other liabilities and equity (not affected) | 1,774.2 | – | 1,774.2 | 2,086.7 | – | 2,086.7 |
| **Total liabilities** | 3,282.3 | 35.8 | 3,318.1 | 3,938.4 | 33.5 | 3,971.9 |

(iii) IFRS 12

IFRS 12 is a new disclosure standard and is applicable to entities that have interest in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. The application of IFRS 12 has had no financial impact on the financial statements 2014 of the Group.

## (c) Basis of preparation

### (i) Basis of measurement

The financial statements have been prepared on the basis of historical cost, with the exception of derivative financial instruments, financial instruments classified as available-for-sale, assets held for sale and defined benefit obligations.

### (ii) Functional currency and presentation currency

The financial statements are presented in euro, which is the Company's functional currency, rounded-off to the nearest million with one decimal.

### (iii) The use of estimates and assumptions

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the amounts shown in these financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgements regarding the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results can differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- note 2 – going concern assumption;
- note 15 – determination of the recoverable amount of cash-generating units;
- note 18 – valuation of deferred tax assets and liabilities;
- note 20 – valuation of amounts due from/to customers and related revenue recognition (including valuation of claims);
- note 26 – valuation of the liability related to defined benefit plans;
- note 27 – valuation of claims and restructuring related provisions;
- note 29 – valuation of trade receivables and derivative financial instruments;
- note 32 – recognition and disclosure of contingent assets and liabilities.

The Company monitors some of the above judgements periodically and others on a more ongoing basis (e.g. the valuation of amounts due from/to customers, claims and trade receivables). The accounting policies set out below have been applied consistently for all the periods presented in these consolidated financial statements. The accounting policies have been applied consistently by all Group companies.

## (d) Basis of consolidation

### (i) Business combinations

Business combinations are accounted for using the acquisition method at the acquisition date – i.e. when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Any contingent consideration payable is measured at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration are recognised in profit or loss. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Where necessary the accounting policies of subsidiaries have been adapted to the accounting policies applied by the Group.

(iii) Loss of control

Upon loss of control the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iv) Associates and Joint ventures

Associates are those entities in which the Group has a significant influence, but not control, over the financial and operating policies. Joint ventures are joint arrangements whereby the Group and other parties have joint control and have the rights to the net assets of the joint venture. The parties to the arrangement have agreed contractually that control is shared and decisions regarding relevant activities require unanimous consent of the parties which have joint control of the joint venture. Associates and joint ventures are initially recognised at cost. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates and joint ventures on an equity accounting basis, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of the losses exceeds its interest in an associate or a joint venture, the Group's carrying amount is reduced to nil and further losses are not recognised except to the extent that the Group has incurred a legal or constructive obligation or has made payments on behalf of an associate.

(v) Joint operations

Joint operations are the Group's interest in entities, in which control is contractually exercised jointly with third parties. The Group recognises its share in the joint operations' individual revenues and expenses, assets and liabilities and combines it on a line-by-line basis with the corresponding items in the Group's financial statements.

(vi) Other investments

Other investments are those entities in which the Group has no significant influence neither control over the financial and operating policies. Other investments are stated at cost.

(vii) Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated when preparing the consolidated financial statements. Unrealised gains from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no indication for impairment.

## (e) Foreign currencies

### (i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency at the foreign exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies on the balance sheet date are translated into the functional currency at the exchange rate prevailing on that date. Foreign exchange differences arising on translation are recognised in profit or loss, except for differences arising on the re-translation of available-for-sale equity instruments or a financial liability designated as a hedge of the net investment in a foreign operation or qualifying cash flow hedges, which are recognised in other comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated at the exchange rate prevailing on the date of the transaction.

### (ii) Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into euro at the foreign exchange rates prevailing on the balance sheet date. The revenue and expenses of foreign operations are translated into euro at rates approximate to the rates prevailing on the dates of the transactions. Foreign exchange rate differences arising on re-translation are recognised in other comprehensive income and presented in a translation reserve, a separate component of equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

## (f) Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to interest rate and foreign exchange risks arising from operating, financing and investing activities. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met. In accordance with its treasury policy the Group neither holds nor issues derivative financial instruments for trading purposes. Derivatives that do not qualify for hedge accounting are, however, accounted for as trading instruments.
On initial designation of the derivative as a hedging instrument, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80%-125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that ultimately could affect reported profit or loss.

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. Where, however, derivative financial instruments qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see accounting policy (g)).

## (g) Hedging

### (i) Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset, liability, or a highly probable forecasted transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset, when the asset is recognised. In other cases the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecasted transaction is no longer expected to occur, then the balance in equity is reclassified in profit or loss.

### (ii) Hedging of monetary assets and liabilities

When a derivative financial instrument is used as an economic hedge against the exposure to the foreign exchange risk of a recognised monetary asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in profit or loss.

### (iii) Hedging of a net investment in a foreign operation

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in other comprehensive income to the extent that the hedge is effective, and are presented within equity in the translation reserve. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged net investment is disposed of, the relevant amount in the translation reserve is transferred to profit or loss.

## (h) Property, plant and equipment

### (i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy (n)). The cost of self-produced assets comprises the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the assets and restoring the site at which the assets were located, and any other costs directly attributable to bringing the assets to a working condition for their intended use and interest. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

### (ii) Leased assets

Leases under the terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Non-current assets acquired by way of a finance lease are stated at an amount equal to the lower of fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation (see below) and impairment losses (see accounting policy (n)). Lease payments are accounted for as described in accounting policy (w).

### (iii) Subsequent expenditure

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied in the item will flow to the Group and the cost of the item can be assessed reliably. All other costs are recognised in profit or loss as and when they are incurred.

(iv) Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lifetime of each component of an item of property, plant and equipment. Land is not depreciated.
Estimated useful lifetimes for the current and comparative years are as follows:

- buildings 10 – 30 years
- machinery and equipment 10 – 12 years
- fixtures and fittings 3 – 5 years

Useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

## (j) Goodwill and other intangible assets

(i) Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is not amortised but tested for impairment annually or when a triggering event is assessed (see accounting policy (n)). In case of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.
For the measurement of goodwill at initial recognition, see note c (i).

(ii) Brands

Brands acquired, separately or as part of a business combination, are capitalised if they meet the definition of an intangible asset and the recognition criteria are satisfied. Brands are amortised over the estimated useful life of the brand.

(iii) Customer-related and contract-based intangibles

Customer-related and contract-based intangibles are capitalised if they meet the definition of an intangible asset and the recognition criteria are satisfied. Customer-related and contract-based intangibles acquired as part of a business combination are valued at fair value, those acquired separately are measured at cost.
Customer-related and contract-based intangibles are amortised over the remaining useful life of the customer relationships or the period of the contractual arrangements.

(iv) Research and development

Expenditure for research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognised in profit or loss when the expense is incurred.
Expenditure for development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development.
The capitalised expenditure (included in the categories software and technology) comprises the costs of materials, direct labour and an appropriate portion of overhead. Other development expenditure is recognised in profit or loss when the expense is incurred. Capitalised development expenditure is stated at cost less accumulated amortisation (see below) and accumulated impairment losses (see accounting policy (n)).

(v) Other intangible assets

Other intangible assets acquired by the Group are stated at cost less accumulated amortisation (see below) and accumulated impairment losses (see accounting policy (n)). Other intangibles assets relate to software and technology.

(vi) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as and when the expense is incurred.

(vii) Amortisation

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lifetime of the other intangible assets. Other intangible assets are amortised from the date they are available for use. The estimated useful lifetimes for the current and comparative years are as follows:

| | |
|---|---|
| ■ software | 3 – 10 years |
| ■ customer relationships/contracts | 2 – 15 years |
| ■ capitalised development costs | 3 – 5 years |
| ■ technology | 3 – 10 years |
| ■ brands | 1 – 12.5 years |

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

### (k) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the course of normal business less the estimated costs of completion and selling expenses. The cost of inventories is based on the first-in-first-out principle and comprises the expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. The cost of manufactured inventories includes an appropriate share of overhead based on normal operating capacity.

### (l) Due from/to customers

Construction contracts in progress (Work in Progress) for third parties are stated at cost plus profit recognised to date (see accounting policy (v)), less a provision for foreseeable losses and less progress billings. Cost comprises all expenditure directly related to specific projects, plus an allocation of fixed and variable overhead incurred during the Group's contract activities based on normal operating capacity plus capitalised interest for qualifying assets.

Construction contracts in progress are presented as due from customers in the consolidated balance sheet for all contracts in which costs incurred plus recognised results exceed progress billings. If progress billings exceed costs incurred plus recognised results, then the balance is presented as due to customers in the consolidated balance sheet.

### (m) Trade and other receivables

Trade and other receivables are initially stated at fair value plus any directly attributable transaction costs. Subsequently, trade and other receivables are valued at amortised cost less impairment losses (see accounting policy (n)).

### (n) Impairment

(i) Non-derivative financial assets

A financial asset not classified at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, revaluation of the expected recoverability of trade receivables due to disputes and or claims, revised expectations about the progress or finalisation of projects, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

### (ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, excluding inventories (see accounting policy (k)), work in progress (see accounting policy (l)), an asset arising from defined benefit plans (see accounting policy (r) (ii)) and deferred tax assets (see accounting policy (x)) are reviewed on each reporting date to determine whether there is any indication of impairment. If any such indication exists the recoverable amount of the asset is estimated (see accounting policy (n) (iii)).

Goodwill, intangible assets with an indefinite useful lifetime and intangible assets that are not yet available for use are tested annually for impairment.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. The recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In that case, assets are grouped together into cash-generating units, the smallest group of assets that generates largely independent cash inflows. Goodwill acquired in a business combination is allocated to the (group of) cash-generating units that are expected to benefit from the synergies of the business combination, representing the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

Impairment losses recognised in respect of cash-generating units (or groups of units) are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (or groups of units) and then to reduce the carrying amount of the other assets in the unit (or group of units).

### (iii) Calculation of recoverable amount

The recoverable amount of the Group's investments in receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at the initial recognition of these financial assets). Receivables with a short remaining term are not discounted.

The recoverable amount of other assets is the greater of their fair value less costs to dispose and value in use. In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects both the current market assessment of the time value of money and the risks specific to the asset or cash-generating unit. In determining fair value less cost to dispose, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

### (iv) Reversals of impairment

An impairment loss in respect of a receivable carried at amortised cost is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed via profit or loss.

If the fair value of a debt instrument classified as available for sale increases, and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed and the amount of the reversal recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### (o) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and deposits that can be withdrawn on demand. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Cash balances held in cash pools are presented on a net basis where there is the intention and the legally enforceable right for the Group to settle these outstanding balances on a net basis. Where there is no such right, balances are presented separately under cash and cash equivalents and bank overdrafts.

### (p) Share capital

#### (i) Issue of share capital

At the issue of new shares, the proceeds less directly attributable costs are recognised in equity within share capital at par value and, if applicable, within the share premium reserve.

#### (ii) Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares are classified as own shares and presented as a deduction from total equity.

#### (iii) Dividend

Dividends are recognised as a liability in the period in which they are declared.

### (q) Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans are stated at amortised cost with any difference between cost and redemption value being recognised as profit or loss over the period of the loans using the effective interest method.

### (r) Employee benefits

The Group makes financial contributions towards various pension plans. These plans include both defined contribution plans and defined benefit plans. Defined benefit plans are applicable for groups of employees in the Netherlands, Germany, Belgium, Sweden, Norway, Austria, Switzerland and Turkey.

#### (i) Defined contribution plans

A defined contribution plan is a plan related to post-retirement payments for which the Group pays fixed contributions to a separate entity and has no legally enforceable or constructive obligation to pay additional contributions. Obligations related to contributions to defined contribution pension plans are recognised as an expense in profit or loss when services are rendered.

#### (ii) Defined benefit plans

Defined benefit plans are all plans related to post-retirement payments other than defined contribution plans.

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; discounting that amount and deducting the fair value of any plan assets. The discount rate is the yield on the balance sheet date on high quality corporate bonds with maturity dates approximate to the terms of the Group's obligations.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.
Remeasurements of the net defined liability, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of asset ceiling (if any, excluding interest) are recognised immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit obligation at the beginning of the annual period to the then-net defined liability (asset), taking into account any changes in the net defined liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Long-term service benefits

The Group's net obligation in respect of long-term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related assets is deducted. The discount rate is the yield on the balance sheet date on high quality corporate bonds with maturity dates approximate to the terms of the Group's obligations. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

(iv) Share-based payments

Imtech granted share options to a selected number of (former) employees and grants performance shares to its members of the Board of Management and senior management on an annual basis. The share option scheme allows a number of selected group employees to acquire shares in the Company.

The fair value of awarded share options and performance shares is recognised as an employee expense, with a corresponding increase in equity. The fair value is determined on the grant date and is spread over the period during which the selected group employees (share options) and the members of the Board of Management and senior management (performance shares) respectively become unconditionally entitled to the share options or shares.

The fair value of the awarded share options is determined using a binomial lattice model, taking into account the terms and conditions upon which the share options were awarded. The fair value of the awarded performance shares is determined using a Monte Carlo simulation model, taking into account the terms and conditions upon which the shares were awarded. The amount recognised as an expense is adjusted annually to reflect the actual number shares that will likely vest based on the related service and non-market performance conditions.

(s) **Provisions**

A provision is recognised in the balance sheet when the Group has a current legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and this obligation can be estimated reliably. If the effect is material provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessment of the time value of money and, where appropriate, of the risks specific to the liability.

(i) Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighing of all possible outcomes against their associated probabilities.

(ii) Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan and the restructuring has either commenced or has been announced publicly. No provision is made for future operating costs.

(iii) Onerous contracts

A provision for onerous contracts is recognised when the benefits expected to be derived by the Group from a contract are lower than the unavoidable cost of meeting its contractual obligations.

### (t) Trade and other payables

Trade and other payables are stated at amortised cost. The initial recognition is at fair value less attributable transaction costs.

### (u) Recognition, derecognition and offsetting non-derivative financial instruments

The Group initially recognises loans and receivables on the date they are originated. The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### (v) Total revenue

(i) Construction contracts

Contract revenue and expenses are, as soon as the outcome of construction contracts can be estimated reliably, recognised in profit or loss in proportion to the stage of completion of the contract. In general it is assumed that profit cannot be estimated reliably during the early stage, such early stage usually being determined as the period in which cost incurred do not exceed 15% of the expected total cost of the project. This is typically the case with projects exceeding a contract value of 2 million euro. Costs incurred up to that moment are recognised in the period in which they are incurred and revenue is only recognised to the extent of contract costs incurred that it is probable will be recoverable. The stage of completion is determined on the basis of the costs incurred compared with the expected total costs. An expected loss on a contract is recognised immediately in profit or loss.

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. For certain construction contracts, there are unrecognised contingent receivables from customers arising from claims. The financial outcome of these claims can only be estimated within a broad band width and are assessed on a regular basis. The determination of the profit in proportion to the stage of completion and the provision for losses is based on estimates of the costs and revenues of the relating projects. These estimates are uncertain by nature.

(ii) Services rendered

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction on the reporting date. The stage of completion is determined on the basis of the costs incurred compared with the expected total costs.

(iii) Goods sold

Revenue from the sale of goods is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods, or if there is a continuing management involvement with the goods.

(iv) Other income

Other income includes, amongst others, the result from the disposal of property, plant and equipment, the result on the sale of other non-current assets and government grants. Grants to compensate the Group for expenses incurred are recognised systematically as other income in profit or loss in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised systematically as other income in profit or loss throughout the useful lifetime of the asset.

## (w) Expenses

(i) Raw and auxiliary materials and trade goods

Raw and auxiliary materials and trade goods consist of the cost price of the materials used during the reporting period. These expenses include, among others, use of own equipment and assets utilisation costs, cost of operational leases, general overhead costs and other results, but excludes external expenses, personnel expenses, amortisation and depreciation.

(ii) Work by third parties and other external expenses

Work by third parties and other external expenses includes (project) related work which is performed by parties other than companies included in the Group.

(iii) Operating lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are linearly recognised in profit or loss as an integral part of the total lease expense.

(iv) Finance lease payments

Minimum lease payments are apportioned between the financing charge and the reduction of the outstanding liability. The finance charge is allocated to each period of the total lease term so as to produce a constant periodic rate of interest over the remaining balance of the liability.

(v) Net finance result

The net finance result includes:

- interest expense on borrowings calculated using the effective interest rate method;
- interest capitalised on qualifying assets;
- interest cost on defined benefit obligation and other provisions;
- interest income and interest income on plan assets;
- changes in fair value of contingent consideration;
- dividends received;
- foreign currency exchange rate differences;
- gains and losses on hedging instruments recognised in profit or loss (see accounting policy (g)); and
- other finance expenses (including, amongst others, costs of guarantees and costs of refinancing).

Interest income is recognised in profit or loss as it accrues using the effective interest method. Dividend income is recognised in profit or loss on the date the entity's right to receive payments is established. The interest expense on borrowings and component of the finance lease payments is recognised in profit or loss using the effective interest method.

### (x) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or equity respectively, in which case the income tax is recognised in other comprehensive income or equity as well.
Current tax is the expected tax payable (recoverable) on the taxable result for the year, calculated using tax rates enacted or substantially enacted on the balance sheet date, and any adjustments to tax payable or recoverable in respect of previous years.
The provision for deferred tax liabilities is formed using the balance sheet liability method whereby a provision is formed for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- taxable temporary differences arising on the initial recognition of goodwill;
- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit;
- temporary differences relating to investments in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future. The amount of the provision for deferred tax is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantially enacted on the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Additional income tax that arises from the distribution of dividends is recognised at the same time as the liability to pay the related dividend.

### (y) Operating segments

An operating segment is a component of the Group that carries out business activities that can result in revenue and expenses, including revenue and expenses related to transactions with other group components. The (operational) EBITDA, working capital and order intake of an operating segment are regularly reviewed by the Board of Management to make decisions about resources to be allocated to the segment and to evaluate the performance based on the available financial information.

### (z) Discontinued operations and assets and liabilities held for sale

A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale and represents a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale. Classification as discontinued operations occurs upon disposal or, if this is earlier, when the operation meets the criteria for classification as held for sale. A disposal group that is to be abandoned may also qualify.

Immediately before classification as held for sale, the carrying amount of the asset (and of all the assets and liabilities of a disposal group) is measured in accordance with the Group's accounting policies. Then, on initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of the then determined carrying amount and the fair value less costs to dispose.

Impairment losses on initial classification as held for sale are included in profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent re-measurement.

### (aa) Cash flow statement

The cash flow statement is prepared using the indirect method. Cash flows in foreign currency are translated into euros using the weighted average exchange rates at the dates of the transactions.
Cash flows from financial derivatives that are stated as fair value hedges or cash flow hedges are attributed to the same category as the cash flows from the hedged balance sheet items. Cash flows from financial derivatives to which hedge accounting is no longer applied are categorised in accordance with the nature of the instrument as from the date on which the hedge accounting is ended.

(ab) **New standards and interpretations not yet adopted**

The Group has not opted for early adoption of the standards IFRS 15 Revenue from contracts with customers and IFRS 9 Financial Instruments. These standards are effective for annual reporting periods beginning on or after 1 January 2017 (for IFRS 15) respectively 1 January 2018 (for IFRS 9). The Group will apply these new standards as from the period in which these become effective. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of these standards. The other IFRS standards that can be early adopted (based on IFRS) are not relevant for the Company.

## 5 Operating segments

Imtech is a European technical services provider in the field of electrical and mechanical solutions and automation. Information is divided into segments, based on the Group's management structure and internal reporting structure. The reporting segments are:

- Benelux;
- Germany & Eastern Europe;
- UK & Ireland;
- Nordic;
- Spain;
- Traffic & Infra; and
- Marine.

As the ICT division was divested in 2014 it is not included in the reporting from operating segments.

The activities of the segments mainly relate to projects comprising local-for-local business and installation and maintenance activities. The table on the following pages summarises the financial information of each of the reportable segments. The performance is assessed on the basis of performance indicators such as the (operational) EBITDA, working capital and order intake as recognised in the internal management reports reviewed by the Board of Management.

The prices for transactions between and within segments are determined at arm's length.

The Group management / eliminations relate to group management costs and include corporate items such as cash and cash equivalents, bank overdrafts and loans and borrowings.

| | Segments | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Benelux | | Germany & Eastern Europe | | UK & Ireland | | Nordic | | Spain |
| | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 |
| **Information profit and loss account** | | | | | | | | | | |
| Revenue from transactions with third parties | **651.2** | 707.8 | **836.0** | 967.5 | **634.6** | 734.9 | **807.4** | 887.6 | **110.5** | 132.8 |
| Inter-segment revenue | **3.0** | 1.1 | **0.6** | 0.4 | **–** | 0.1 | **1.2** | 1.1 | **–** | – |
| Other income | **–** | 0.2 | **22.9** | 1.1 | **–** | 0.4 | **0.3** | 4.0 | **–** | 0.1 |
| Total revenue and other income | **654.2** | 709.1 | **859.5** | 969.0 | **634.6** | 735.4 | **808.9** | 892.7 | **110.5** | 132.9 |
| EBITDA[1] | **(50.2)** | (63.4) | **(125.9)** | (327.7) | **(2.0)** | 30.7 | **19.2** | 25.0 | **(13.5)** | (2.7) |
| Depreciation | **(5.3)** | (5.9) | **(12.8)** | (9.5) | **(2.1)** | (1.7) | **(8.9)** | (9.8) | **(0.8)** | (0.9) |
| Amortisation | **(1.8)** | (2.7) | **(1.7)** | (2.7) | **(3.0)** | (3.2) | **(7.7)** | (24.7) | **–** | (0.1) |
| Impairment losses on property, plant and equipment and intangible assets | **–** | (4.8) | **(27.5)** | (20.9) | **–** | – | **–** | – | **–** | – |
| Result from operating activities (EBIT) | **(57.3)** | (76.8) | **(167.9)** | (360.8) | **(7.1)** | 25.8 | **2.6** | (9.5) | **(14.3)** | (3.7) |
| Net finance result | | | | | | | | | | |
| Share in result of associated companies, joint ventures and other investments | **0.1** | 0.1 | **–** | (4.2) | **–** | (2.5) | **–** | (2.7) | **–** | (0.3) |
| Result before income tax | | | | | | | | | | |
| Income tax expense | | | | | | | | | | |
| Result from continuing operations | | | | | | | | | | |
| Loss from discontinued operations (net of tax) | | | | | | | | | | |
| Net result | | | | | | | | | | |
| Capital expenditure[1] | **3.6** | 6.9 | **6.5** | 14.2 | **1.1** | 1.8 | **11.3** | 16.4 | **0.1** | 0.3 |
| Number of employees (in FTE) as at 31 December | **3,761** | 4,120 | **4,210** | 4,740 | **2,856** | 3,396 | **5,045** | 5,406 | **1,676** | 1,560 |
| **Information balance sheet** | | | | | | | | | | |
| Working capital[1] | **(0.9)** | 9.5 | **29.0** | (30.1) | **(7.9)** | (11.2) | **(32.9)** | (12.0) | **6.3** | 36.0 |
| Segment assets | **310.0** | 366.8 | **303.7** | 540.9 | **481.6** | 392.6 | **695.4** | 781.3 | **90.7** | 109.2 |
| Assets held for sale | **–** | – | **–** | – | **–** | – | **–** | – | **–** | – |
| Investments in associated companies and joint ventures | **0.3** | 0.3 | **1.1** | 1.1 | **–** | (2.3) | **–** | – | **–** | – |
| Total assets | **310.3** | 367.1 | **304.8** | 542.0 | **481.6** | 390.3 | **695.4** | 781.3 | **90.7** | 109.2 |
| **Total liabilities** | **386.9** | 372.1 | **465.5** | 711.7 | **303.0** | 281.2 | **600.0** | 677.4 | **97.7** | 95.7 |

1 *See financial glossary for definitions.*

| | Traffic & Infra 2014 | Traffic & Infra 2013 | Marine 2014 | Marine 2013 | Group management/ eliminations 2014 | Group management/ eliminations 2013 | Consolidated continued operations 2014 | Consolidated continued operations 2013 |
|---|---|---|---|---|---|---|---|---|
| **Information profit and loss account** | | | | | | | | |
| Revenue from transactions with third parties | **384.9** | 398.5 | **473.3** | 414.9 | **–** | (3.5) | **3,897.9** | 4,240.5 |
| Inter-segment revenue | **1.8** | 3.0 | **2.7** | 3.0 | **(9.3)** | (8.7) | **–** | – |
| Other income | **0.7** | 1.2 | **0.5** | 1.0 | **–** | (0.1) | **24.4** | 7.9 |
| Total revenue and other income | **387.4** | 402.7 | **476.5** | 418.9 | **(9.3)** | (12.3) | **3,922.3** | 4,248.4 |
| EBITDA[1] | **10.0** | (8.2) | **(17.1)** | (61.5) | **(74.2)** | (45.8) | **(253.7)** | (453.6) |
| Depreciation | **(1.7)** | (2.2) | **(3.6)** | (4.5) | **(0.4)** | (0.6) | **(35.6)** | (35.1) |
| Amortisation | **(5.0)** | (5.1) | **(3.6)** | (4.9) | **(1.0)** | (1.3) | **(23.8)** | (44.7) |
| Impairment losses on property, plant and equipment and intangible assets | **–** | – | **–** | (3.1) | **–** | – | **(27.5)** | (28.8) |
| Result from operating activities (EBIT) | **3.3** | (15.5) | **(24.3)** | (74.0) | **(75.6)** | (47.7) | **(340,6)** | (562.2) |
| Net finance result | | | | | | | **(178.7)** | (101.1) |
| Share in result of associated companies, joint ventures and other investments | **–** | 0.2 | **12.5** | 1.1 | **(0.4)** | (0.4) | **12.2** | (8.7) |
| Result before income tax | | | | | | | **(507.1)** | (672.0) |
| Income tax expense | | | | | | | **18.3** | 23.5 |
| Result from continuing operations | | | | | | | **(488.8)** | (648.5) |
| Loss from discontinued operations (net of tax) | | | | | | | **(70.5)** | (48.1) |
| Net result | | | | | | | **(559.3)** | (696.6) |
| Capital expenditure[1] | **1.4** | 2.1 | **3.3** | 6.2 | **0.7** | (1.5) | **28.0** | 46.4 |
| Number of employees (in FTE) as at 31 December | **2,083** | 2,072 | **2,475** | 2,410 | **87** | 84 | **22,193** | 23,788 |
| **Information balance sheet** | | | | | | | | |
| Working capital[1] | **(5.4)** | 7.9 | **3.4** | 35.9 | **(8.0)** | (17.0) | **(16.4)** | 19.0 |
| Segment assets | **265.3** | 317.6 | **339.3** | 302.2 | **(9.6)** | (246.4) | **2,476.4** | 2,564.2 |
| Assets held for sale | **–** | – | **–** | – | **–** | 79.9 | **–** | 79.9 |
| Investments in associated companies and joint ventures | **(0.2)** | – | **–** | 1.1 | **–** | – | **1.2** | 0.2 |
| Total assets | **265.1** | 317.6 | **339.3** | 303.3 | **(9.6)** | (166.5) | **2,477.6** | 2,644.3 |
| **Total liabilities** | **206.1** | 201.6 | **286.4** | 195.6 | **(150.5)** | 94.7 | **2,195.1** | 2,630.0 |

Segments

1 *See financial glossary for definitions.*

## 6 Acquisition of subsidiary

During 2014 no acquisitions of subsidiaries have taken place. With respect to (historic) acquisitions contingent considerations have been paid. The movements in the contingent considerations during the years were as follows:

| | 2014 | 2013 |
|---|---|---|
| As at 1 January | 1.3 | 44.3 |
| Acquisitions | – | 2.9 |
| Assumed in a business combination | – | 1.0 |
| Reversals against goodwill | – | (2.3) |
| Change in fair value of contingent consideration | – | (14.1) |
| Payments | (0.6) | (23.0) |
| Reclassification to liabilities held for sale | – | (6.9) |
| Unwind of discount | – | 0.2 |
| Effect of movement in exchange rates | (0.1) | (0.8) |
| As at 31 December | 0.6 | 1.3 |
| Non-current | – | – |
| Current | 0.6 | 1.3 |
| | 0.6 | 1.3 |

## 7 Total revenue and other income

| | 2014 | 2013 |
|---|---|---|
| Construction contracts | 2,732.3 | 3,112.8 |
| Services rendered | 1,012.7 | 975.8 |
| Sale of goods | 152.9 | 151.9 |
| Revenue | 3,897.9 | 4,240.5 |
| Result from the disposal of property, plant and equipment | 21.6 | 1.4 |
| Government grants | 2.6 | 2.6 |
| Other | 0.2 | 3.9 |
| Other income | 24.4 | 7.9 |
| **Total** | 3,922.3 | 4,248.4 |

The result from the disposal of property, plant and equipment includes the gain of 18.1 million euro from the sale of a commercial building in Germany.

### Geographical information

In presenting information on the basis of geographical areas, segment revenue is based on the location of the entity that contracted the construction contract or service. Segment non-current assets are based on the location of the entity that owns the asset.

#### Total revenue

| | **2014** | 2013 |
|---|---|---|
| Germany | **942.6** | 1,004.2 |
| The Netherlands | **818.9** | 895.8 |
| Sweden | **630.3** | 682.7 |
| The UK | **606.3** | 633.8 |
| Belgium | **217.0** | 192.9 |
| Spain | **107.5** | 128.7 |
| Norway | **105.6** | 108.8 |
| Finland | **100.4** | 128.0 |
| Ireland | **87.3** | 127.7 |
| Other countries | **306.4** | 345.8 |
| **Total** | **3,922.3** | 4,248.4 |

There are no customers that account for more than 10% of annual total revenue.

#### Non-current assets

| | **2014** | 2013 |
|---|---|---|
| Germany | **32.7** | 162.2 |
| The Netherlands | **293.8** | 259.1 |
| Sweden | **462.8** | 559.5 |
| The UK | **142.6** | 201.1 |
| Belgium | **22.8** | 20.6 |
| Spain | **28.4** | 30.0 |
| Norway | **9.5** | 10.4 |
| Finland | **13.4** | 31.6 |
| Ireland | **1.5** | 1.5 |
| Other countries | **38.0** | 108.8 |
| **Total** | **1,045.5** | 1,384.8 |

The decrease includes the effects of the disposal of the ICT division.

## 8 Personnel expenses

| | Notes | 2014 | 2013 |
|---|---|---|---|
| Wages and salaries | | **1,098.7** | 1,168.5 |
| Social security expenses | | **243.4** | 253.1 |
| Contributions to defined contribution plans | | **37.9** | 39.2 |
| Costs in respect of defined benefit plans | 26 | **4.5** | 8.9 |
| Restructuring | 27 | **68.4** | 94.7 |
| Share-based payments | | **1.6** | 2.4 |
| Costs in respect of jubilee benefits | | **0.4** | 0.1 |
| **Total** | | **1,454.9** | 1,566.9 |

### Restructuring

The personnel-related restructuring costs incurred in 2014 amount to 68.4 million euro (2013: 94.7 million euro). The restructuring mainly relates to the divisions Benelux, Germany & Eastern Europe and Marine and resulted in approximately 1,000 FTE's (2013: 2,300 FTE's) to be redundant.

### Share-based payments (share scheme)

Shares in Royal Imtech N.V. are conditionally granted to the Board of Management and the senior management and may become unconditional after a three-year period upon the achievement of Total Shareholders' Return compared to the peer group (60%) and of cash conversion (40%). The fair value of the services delivered by the employees of the Group cannot be measured reliably. The fair value of the services provided is measured by measuring the fair value of the equity instruments granted. The fair value was determined, taking into account the terms and conditions upon which the shares were awarded, after deduction of the discounted value of the expected dividends in the period that the shares are conditional. Except for the senior management, for the shares awarded unconditionally a lock up-period of two years, or until the termination of employment by the Company if this is shorter, is applicable.

As a result of the rights issue, the Supervisory Board of Royal Imtech N.V. has decided to recalculate the number of shares granted in 2013 and 2014 under Imtech's Performance Share Plan. This recalculation has taken place as per 28 October 2014. The fair value of the additional granted shares following the recalculation is 4.5 million euro, taking into account the waiver for the non-achievement of the targets with respect to 2013. In 2014 0.4 million euro has been recognised in accordance with IFRS 2. Vesting of the recalculated number of shares is subject to the original vesting conditions.

On 16 March 2015 the Supervisory Board has decided to also waive the non-achievement of the targets with respect to 2014. The costs in relation thereto will be accounted for as from 16 March 2015.

The most important assumptions used in the valuations of the share scheme were:

#### Fair value of shares and assumptions

| | 2014 | 2013 |
|---|---|---|
| Fair value 2013 performance shares at the grant date | **3.456 euro** | n/a |
| Fair value 2014 performance shares at the grant date | **3.019 euro** | n/a |
| Fair value (original) 2013 performance shares at the grant date (Board of Management) | **n/a** | 665 euro[1] |
| Fair value (original) 2013 performance shares at the grant date (senior management) | **n/a** | 809 euro[1] |
| Share price | **4.855 euro** | 2.018 euro |
| Anticipated volatility (expressed as weighted average volatility) | **31.14– 33.34%** | 31.91% |
| Assumed dividend yield | **0.00%** | 0.00% |
| Risk-free interest rate (based on the yield on zero-coupon government bonds) | **0.26– 0.29%** | 0.55% |

The new number of shares granted conditionally ('at target') with a consolidated share price of 28 October 2014 being 5.00 euro, is:

| | Total | 2014 | 2013 |
|---|---|---|---|
| G.J.A. van de Aast | **240,000** | **120,000** | 120,000 |
| J. Turkesteen | **144,000** | **72,000** | 72,000 |
| F.N.E. Colsman | **132,000** | **66,000** | 66,000 |
| P.C. van Gelder | **132,000** | **66,000** | 66,000 |
| | **648,000** | **324,000** | 324,000 |
| Senior management | **1,093,330** | **607.987** | 485,343 |
| **Total** | **1,741,330** | **931,987** | 809,343 |

1 *Corrected for the 500:1 reversed split (refer to note 23 'Equity' for details).*

On 31 December the members of the Board of Management held the following number of additional shares in Royal Imtech N.V.:

| | 2014 |
|---|---|
| G.J.A. van de Aast | **60,000** |
| J. Turkesteen | **20,000** |
| F.N.E. Colsman | **20,000** |
| P.C. van Gelder | **20,000** |
| **Total** | **120,000** |

The costs of share-based payments recognised under personnel expenses are as follows:

| | 2014 | 2013 |
|---|---|---|
| Costs of share option scheme | **(0.1)** | 2.3 |
| Costs of share scheme | **1.7** | 0.1 |
| **Total expense recognised under personnel expenses** | **1.6** | 2.4 |

The costs of the share option scheme relate to share options granted to key staff until 2012.

### Share-based payments (share option scheme)

Until 2012 key staff were granted share options to ordinary shares in Royal Imtech N.V. The exercise price of these options was based on the share price at the time the share option rights were granted, i.e. the first day that the Imtech shares were quoted ex-dividend. The share options have a term of seven years and are conditional for the first three years. The vesting period is three years continuing service. On termination of employment with the Company the conditional share option rights within the vesting period will in principle lapse and the other share option rights must be exercised within three months. On a change of control all conditional share option rights become unconditional.

On 31 December 2014 4,568 share options were outstanding and exercisable at exercise prices which range from 5,635 euro to 12,840 euro. In 2014 no share options have been granted and no share options have been exercised (2013: the same). On 31 December 2014 the weighted average remaining term of the outstanding share options was 4.5 years (31 December 2013: 3.4 years) and no share options were in the money. It is highly remote that these options will be exercised during their remaining term.

### Remuneration of the (former) Board of Management

In 2014 the remuneration of members of the (former) Board of Management amounted to 4,556,534 euro (2013: to 3,545,455 euro) and can be specified as follows:

| | Base salary | | Variable salary[1] | | Settlement | |
|---|---|---|---|---|---|---|
| In euro | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 |
| G.J.A. van de Aast, since 1 January 2013 | **750,000** | 750,000 | **400,000** | 412,500 | **–** | – |
| J. Turkesteen, since 11 February 2013 | **600,000** | 536,207 | **300,000** | 240,000 | **–** | – |
| F.N.E. Colsman, since 1 September 2013 | **550,000** | 183,333 | **165,000** | 73,334 | **–** | – |
| P.C. van Gelder, since 16 September 2013 | **550,000** | 162,261 | **165,000** | 73,334 | **–** | – |
| R.J.A. van der Bruggen, until 2 April 2013 | **–** | 189,653 | **–** | – | **–** | – |
| B.R.I.M. Gerner, until 31 December 2013[2] | **–** | 514,500 | **–** | – | **–** | 50,000 |
| **Total** | **2,450,000** | 2,335,954 | **1,030,000** | 799,168 | **–** | 50,000 |

| | Pension and social security expenses | | Share based payments | | Total | |
|---|---|---|---|---|---|---|
| In euro | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 |
| G.J.A. van de Aast, since 1 January 2013 | **136,200** | 149,191 | **235,119** | 54,985 | **1,521,319** | 1,366,676 |
| J. Turkesteen, since 11 February 2013 | **134,599** | 119,610 | **141,071** | 32,991 | **1,175,670** | 928,808 |
| F.N.E. Colsman, since 1 September 2013 | **86,311** | 25,518 | **129,315** | 30,242 | **930,626** | 312,427 |
| P.C. van Gelder, since 16 September 2013 | **84,604** | 26,460 | **129,315** | 30,242 | **928,919** | 292,297 |
| R.J.A. van der Bruggen, until 2 April 2013 | **–** | – | **–** | (203,707) | **–** | (14,054) |
| B.R.I.M. Gerner, until 31 December 2013[2] | **–** | 221,313 | **–** | (126,512) | **–** | 659,301 |
| **Total** | **441,714** | 542,092 | **634,820** | (181,759) | **4,556,534** | 3,545,455 |

1 *As from 2014, the variable salary is disclosed on an accrual basis, where in prior years cash basis was applied. The 2013 figures have been adjusted accordingly.*

2 *Until 11 February 2013 as CFO, thereafter as advisor.*

Members of the former Board of Management also received an expense allowance which, in the context of agreements with the tax authorities, was partially grossed.

The total remuneration package of the Board of Management is set at competitive levels and positioned between the median and 75th percentile level of the reference market. This reference market consists of larger (international) Dutch companies. The Board of Management positions are compared to the market by the weight and level of the functions.

With regard to pension provisions, Mr. Van de Aast and Mr. Van Gelder receive a contribution towards a defined contribution plan. Mr. Turkesteen and Mr. Colsman receive a contribution towards their own self-managed pension scheme.

In 2014, amounts have been paid relating to the 16% crisis tax over the 2013 taxable income (above 150,000 euro) which have been recognised in 2013. These amounts are 100,662 euro for Mr. Van de Aast, 79,710 euro for Mr. Turkesteen, 1,917 euro for Mr. Van Gelder and 69,745 euro for Mr. Gerner.

In the remuneration of 2013, amounts are included for the former Board of Management. For Mr. Van der Bruggen and Mr. Gerner a final salary arrangement respectively an average salary arrangement was applicable. The variable part of the salary of Mr. Van der Bruggen and Mr. Gerner was partly respectively fully included in the pensionable salary.

### Remuneration of the Supervisory Board

The remuneration of the Supervisory Board for 2014 was 445,174 euro (2013: 283,963 euro) and can be specified as follows:

| In euro | **2014** | 2013 |
|---|---|---|
| C.J.A. van Lede[2+4], Chairman, since 2 August 2013 | **92,500** | 38,191 |
| F.J.G.M. Cremers[1+4], Vice-Chairman, since 2 August 2013 | **80,000** | 33,030 |
| E.A. van Amerongen[2+3], until 2 August 2013 | **–** | 26,833 |
| R.D. van Andel[2+3+5] | **75,000** | 57,093 |
| A. Baan († 5 April 2013)[1] | **–** | 15,500 |
| J.J. Beeton[6], since 22 May 2014 | **41,667** | – |
| M.E. van Lier Lels[3+6], since 22 May 2014 | **46,239** | – |
| R.M.J. van der Meer[1+2], Chairman, until 28 June 2013 | **–** | 30,500 |
| J.J. de Rooij[1+5], until 7 October 2014 | **53,768** | 52,244 |
| A. van Tooren[1], until 2 August 2013 | **–** | 26,591 |
| B. van der Veer[1+7], since 22 May 2014 | **56,000** | – |
| | **445,174** | 279,982 |
| Social security expenses | **–** | 3,981 |
| **Total** | **445,174** | 283,963 |

1 *Member of the Audit Committee. Mr. De Rooij since 26 April 2013.*

2 *Member of the HR & Remuneration Committee.*

3 *Contact person for the Representative Bodies.*

4 *Member of the Governance & Nomination Committee.*

5 *Member of the Past Events Committee. Mr. De Rooij and Mrs. Van Andel since 2 August 2013.*

6 *Advisor from March 1, 2014 till 22 May 2014.*

7 *Advisor from January 1, 2014 till 22 May 2014.*

The remuneration of the Supervisory Board is determined by the Annual General Meeting. The remuneration has been adjusted per 2 August 2013 and will be evaluated every two or three years. As of 2 August 2013 the annual remuneration of the Chairman, Vice-chairman and remaining members is 75,000, 60,000 and 50,000 euro respectively (until 2 August 2013: 52,500, 41,500 and 37,500 euro respectively). The Chairman and other members of the Audit Committee receive a supplementary annual fee of 12,500 and 10,000 euro respectively (until 2 August 2013: 7,500, and 5,000 euro respectively).

The Chairman of other Committees, the member of other Committees and the trust person works council receive a supplementary annual fee of 10,000, 7,500 and 7,500 euro respectively (until 2 August 2013: 5,000, 3,500 and 3,500 euro respectively). All these fees for the Supervisory Board and all social security expenses are included in the figures stated above. Since 2 August 2013 Supervisory Board members no longer receive a contribution towards expenses which, in the context of agreements with the tax authorities, was partially grossed.
At the end of 2014 no Supervisory Board member held shares or options on shares in Royal Imtech N.V. (2013: the same).

**Remuneration of the (former) Board of Management and Supervisory Board**
The remuneration of the (former) Board of Management and the Supervisory Board can be summarised as follows:

| In euro | 2014 | 2013 |
|---|---|---|
| Short-term employee benefits | 3,925,174 | 3,465,104 |
| Pension and social security expenses | 441,714 | 546,073 |
| Share-based payments | 634,820 | (181,759) |
| **Total** | 5,001,708 | 3,829,418 |

## 9 Other expenses

| | Notes | 2014 | 2013 |
|---|---|---|---|
| Other indirect expenses | | 403.0 | 436.7 |
| Impairment loss on trade receivables | 29 | 2.2 | 77.7 |
| Change in provisions (excluding restructuring related to personnel) | 27 | 52.3 | 29.2 |
| Research and development costs | | 2.9 | 3.2 |
| **Total** | | 460.4 | 546.8 |

The other indirect expenses include 41.6 million euro (2013: 22.3 million euro) relating to advisory costs with regard to the refinancing of the Company and 18.0 million euro non-personnel related restructuring costs (2013: 4.9 million euro), amongst others comprising legal and advisory costs.

The change in provisions (excluding restructuring related to personnel) includes 30.5 million euro (2013: nil) relating to real estate rationalisation.

## 10 Net finance result

| | Notes | 2014 | 2013 |
|---|---|---|---|
| Interest income | | **1.5** | 1.3 |
| Interest income on plan assets | 26 | **2.3** | 2.6 |
| Change in fair value of contingent consideration | 6 | **–** | 14.1 |
| Other finance income | | **32.3** | 1.9 |
| Finance income | | **36.1** | 19.9 |
| Interest expense on financial liabilities measured at amortised cost | | **(159.5)** | (65.9) |
| Interest cost on defined benefit obligation | 26 | **(9.4)** | (9.4) |
| Net change in fair value of cash flow hedges transferred from equity | | **(0.7)** | (1.4) |
| Net currency exchange loss | | **(7.7)** | (4.1) |
| Other finance expenses | | **(37.5)** | (40.2) |
| Finance expenses | | **(214.8)** | (121.0) |
| **Net finance result** | | **(178.7)** | (101.1) |

Other finance income includes the gain of 31.4 million euro relating to the debt buy-back programme.

The increase in interest expense on financial liabilities measured at amortised cost is attributable to the higher average outstanding debt combined with the higher interest rates in light of the refinancing of the Company. These expenses also include interest and fees accrued for in the Payment in kind reserve, Make whole amounts in relation to the Senior notes and the amortisation and derecognition of capitalised cost. Reference is made to note 1 General.

During 2014 no material ineffectiveness has been recognised in profit or loss in relation to cash flow hedges and net investment hedges (2013: nil).

The other finance expenses include cost of bank guarantees of 14.2 million euro, one-off fees relating to the refinancing of the Company of 12.4 million euro (2013: 28.1 million euro) and other expenses of 10.9 million euro (2013: 12.1 million euro).

## 11 Income tax expense

| | 2014 | 2013 |
|---|---|---|
| Current year | **3.4** | 9.1 |
| Prior year adjustments | **(10.5)** | (28.5) |
| Current income tax (benefit) expense | **(7.1)** | (19.4) |
| Origination and reversal of temporary differences | **(3.2)** | (22.0) |
| Change in tax rate | **0.9** | (0.4) |
| Recognition previously unrecognised tax losses and temporary differences | **(10.2)** | – |
| Write down of deferred tax assets | **1.3** | 18.3 |
| Deferred income tax (benefit) expense | **(11.2)** | (4.1) |
| **Income tax (benefit) expense** | **(18.3)** | (23.5) |

**Reconciliation of effective tax rate**

| | | 2014 | | 2013 |
|---|---|---|---|---|
| Result before income tax | | **(507.1)** | | (672.0) |
| Weighted average statutory income tax rate | **26.8%** | **(135.8)** | 28.1% | (188.5) |
| Change in tax rate | **(0.2%)** | **0.9** | 0.1% | (0.4) |
| Non-deductible expenses | **(2.9%)** | **14.7** | (1.1%) | 7.1 |
| Tax exempt income | **0.9%** | **(4.4)** | 1.0% | (6.6) |
| Recognition previously unrecognised tax losses and temporary differences | **2.0%** | **(10.2)** | – | – |
| Current year losses for which no deferred tax asset recognised | **(24.8%)** | **125.7** | (26.1%) | 175.1 |
| Write down deferred tax assets | **(0.3%)** | **1.3** | (2.7%) | 18.3 |
| Prior year adjustments | **2.1%** | **(10.5)** | 4.2% | (28.5) |
| | **3.6%** | **(18.3)** | 3.5% | (23.5) |

The decrease in the weighted average statutory income tax rate is mainly attributable to the change in geographical spread of results.

Current year losses for which no deferred tax asset is recognised (2014: 125.7 million euro, 2013: 175.1 million euro) mainly relate to the Netherlands (2014: 63.7 million euro, 2013: 43.7 million euro) and Germany (2014: 45.8 million euro, 2013: 106.9 million euro).

**Taxes recognised directly in equity or other comprehensive income**

In 2014 no current income tax was credited directly to equity (2013: the same). Income tax effect recognised in other comprehensive income relates for an amount of 14.9 million euro to employee benefits (2013: 1.6 million euro benefit) and for an amount of (1.2) million euro (2013: 2.1 million euro) to cash flow hedges.

## 12 Current tax assets and liabilities

The net current tax liability of 1.1 million euro (2013: 11.4 million euro), comprising current tax receivables of 6.3 million euro (2013: 8.9 million euro) and current tax payables of 7.4 million euro (2013: 20.3 million euro), relates to the net amount of tax payable for the reporting year and previous years.

## 13 Discontinued operations and assets and liabilities held for sale

At 30 October 2014 the Group announced the completion of the sale of the ICT division to Vinci Energies as part of the debt restructuring program. This resulted in a loss regarding discontinued operations (net of tax) of 70.5 million euro. This amount comprises of:

| | |
|---|---|
| ■ Net profit, up to the end of October 2014, of the ICT companies sold | 0.5 |
| ■ Transaction result (including transaction costs) | (55.5) |
| ■ Net loss of and costs related to the business unit Fritz & Macziol Schweiz | (15.5) |

The ICT division was divested at an enterprise value of 255 million euro. The immediate cash proceeds from the divestment were approximately 175 million euro which amount was used for enhancement of the liquidity position and for the debt reduction program. The difference between the enterprise value and immediate cash proceeds related to a 26 million euro guarantee deposit, customary value adjustments and transaction costs.

The loss (net of tax) of 15.5 million euro of Fritz & Macziol Schweiz is mainly due to the winding down of the operational activities of the company.

The operations of the ICT division were included in a separate reporting segment in the 2013 financial statements and were reported as held-for-sale and discontinued operations in the interim financial statements 2014 for the first time. The comparative consolidated profit and loss account and consolidated statement of comprehensive income have been restated to show the discontinued operations separately from continuing operations.

In 2013, the result from discontinued operations amounted to 48.1 million euro, mainly relating to the disposal of the Turkish subsidiary.

### Result from discontinued operations (net of tax)

| | 2014 | 2013 | | |
|---|---|---|---|---|
| | **ICT**[1] | ICT | Arma | Total |
| Revenue | **473.9** | 740.1 | 124.3 | 864.4 |
| Expenses | **488.0** | 728.1 | 141.4 | 869.5 |
| Result before income tax | **(14.1)** | 12.0 | (17.1) | (5.1) |
| Income tax | **(0.9)** | (3.1) | 0.9 | (2.2) |
| Results from operating activities (net of tax) | **(15.0)** | 8.9 | (16.2) | (7.3) |
| Result on sale of discontinued operations (mainly as a result of impairment of assets) | **(55.5)** | – | (40.8) | (40.8) |
| | **(70.5)** | 8.9 | (57.0) | (48.1) |

1 *January up to and including October 2014.*

The EBITDA 2014 of ICT amounts to 6.8 million euro (2013: 32.7 million euro). Included in the EBITDA is an EBITDA of -11.1 million euro relating to Fritz & Macziol Schweiz. The result from discontinued operations does not include 3.4 million euro of inter-segment revenue (2013: 6.6 million euro).

The result on sale of discontinued operations is entirely attributable to the shareholders of the Company.

### Assets and liabilities held for sale

As at 31 December 2014, no assets and liabilities held for sale are recognised.

As at 31 December 2013, the disposal of the 80% interest in Arma was recognised as assets and liabilities held for sale and stated at fair value less costs to dispose. The fair value adjustment, compared to the book values, amounted to 40.8 million euro, mainly consisting of the impairment of goodwill. On 16 January 2014 a Share Purchase and Sale Agreement was signed and on 12 February 2014 31% of the shares were transferred. The 49% remaining shares are planned to be transferred on 7 April 2015, the outstanding instalments of 7.9 million euro have been included in other receivables and are planned to be paid in full on 31 December 2015.

| | 31 December 2013 | |
|---|---|---|
| Property, plant and equipment | 0.6 | |
| Goodwill | 44.9 | |
| Other intangible assets | 13.9 | |
| Other non-current assets | 5.9 | |
| Current assets excluding cash and cash equivalents | 51.1 | |
| Cash and cash equivalents | 4.3 | |
| Reclassification to assets held for sale | | 120.7 |
| Fair value adjustments | | (40.8) |
| Assets held for sale | | 79.9 |
| Non-current liabilities | 4.0 | |
| Current liabilities excluding bank overdrafts | 41.9 | |
| Bank overdrafts | 13.9 | |
| Reclassification to liabilities held for sale | | 59.8 |
| **Net assets and liabilities held for sale** | | **20.1** |

### Cash flows from discontinued operations

The cash flows relating to the discontinued operations, excluding the settlement of the disposal, are as follows:

**Result from discontinued operations (net of tax)**

| | **2014** | 2013 | | |
|---|---|---|---|---|
| | **ICT[1]** | ICT | Arma | Total |
| Net cash flow from operating activities | **(33.7)** | (8.7) | (0.7) | (9.4) |
| Net cash flow from investing activities | **33.0** | (49.9) | (6.7) | (56.6) |
| Net cash flow from financing activities | **(22.3)** | (5.6) | (0.1) | (5.7) |
| Net change in cash, cash equivalents and bank overdrafts | **(23.0)** | (64.2) | (7.5) | (71.7) |
| Cash, cash equivalents and bank overdrafts on 1 January | **70.4** | 134.6 | (2.6) | 132.0 |
| Effect of exchange rate differences on cash, cash equivalents and bank overdrafts | **(0.8)** | – | 0.5 | 0.5 |
| Disposal of cash, cash equivalents and bank overdrafts of discontinued operations | **(46.6)** | – | 9.6 | 9.6 |
| **Cash, cash equivalents and bank overdrafts on 31 December** | **–** | 70.4 | – | 70.4 |

1 *January up to and including October 2014.*

## 14 Property, plant and equipment

| | Land and buildings | Machinery and equipment | Other PPE | PPE under construction | Total |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| As at 1 January 2013 | 55.7 | 52.6 | 263.0 | 11.4 | 382.7 |
| Acquired through acquisitions | 0.3 | 0.5 | 0.2 | – | 1.0 |
| Additions | 6.0 | 5.0 | 31.7 | 3.1 | 45.8 |
| Disposals | (6.4) | (4.9) | (20.2) | (5.1) | (36.6) |
| Reclassification to assets held for sale | – | – | (1.3) | – | (1.3) |
| Reclassification from assets held for sale | 27.9 | – | – | – | 27.9 |
| Reclassifications | (0.1) | 5.0 | (3.5) | (1.4) | – |
| Effect of movement in exchange rates | (0.3) | (0.7) | (2.2) | 0.1 | (3.1) |
| As at 31 December 2013 | 83.1 | 57.5 | 267.7 | 8.1 | 416.4 |
| As at 1 January 2014 | **83.1** | **57.5** | **267.7** | **8.1** | **416.4** |
| Additions | **1.1** | **1.8** | **22.6** | **0.7** | **26.2** |
| Disposals | **(8.1)** | **(1.6)** | **(18.6)** | **(0.3)** | **(28.6)** |
| Reclassification to assets held for sale | **(25.5)** | **(10.6)** | **(23.8)** | **–** | **(59.9)** |
| Reclassifications | **(5.2)** | **5.2** | **7.5** | **(7.5)** | **–** |
| Effect of movement in exchange rates | **0.6** | **(0.3)** | **(1.3)** | **–** | **(1.0)** |
| **As at 31 December 2014** | **46.0** | **52.0** | **254.1** | **1.0** | **353.1** |
| **Depreciation and impairment losses** | | | | | |
| As at 1 January 2013 | 21.8 | 31.4 | 158.7 | – | 211.9 |
| Depreciation charge for the year | 2.9 | 5.6 | 32.6 | – | 41.1 |
| Impairment loss | 21.0 | – | – | 4.4 | 25.4 |
| Disposals | (3.0) | (4.6) | (13.7) | – | (21.3) |
| Reclassification to assets held for sale | – | – | (0.7) | – | (0.7) |
| Reclassifications | (1.5) | 5.3 | (3.8) | – | – |
| Effect of movement in exchange rates | – | (0.4) | (0.6) | – | (1.0) |
| As at 31 December 2013 | 41.2 | 37.3 | 172.5 | 4.4 | 255.4 |
| As at 1 January 2014 | **41.2** | **37.3** | **172.5** | **4.4** | **255.4** |
| Depreciation charge for the year | **2.6** | **5.8** | **28.5** | **–** | **36.9** |
| Disposals | **(0.5)** | **(1.2)** | **(13.4)** | **–** | **(15.1)** |
| Reclassification to assets held for sale | **(21.0)** | **(6.9)** | **(14.7)** | **–** | **(42.6)** |
| Reclassifications | **–** | **3.1** | **1.3** | **(4.4)** | **–** |
| Effect of movement in exchange rates | **0.1** | **(0.2)** | **(0.1)** | **–** | **(0.2)** |
| **As at 31 December 2014** | **22.4** | **37.9** | **174.1** | **–** | **234.4** |

| | Land and buildings | Machinery and equipment | Other PPE | PPE under construction | Total |
|---|---|---|---|---|---|
| **Carrying amounts** | | | | | |
| As at 1 January 2013 | 33.9 | 21.2 | 104.3 | 11.4 | 170.8 |
| As at 31 December 2013 | 41.9 | 20.2 | 95.2 | 3.7 | 161.0 |
| | | | | | |
| As at 1 January 2014 | **41.9** | **20.2** | **95.2** | **3.7** | **161.0** |
| As at 31 December 2014 | **23.6** | **14.1** | **80.0** | **1.0** | **118.7** |
| | | | | | |
| Of which leased: | | | | | |
| As at 31 December 2013 | 2.0 | 2.5 | 12.6 | – | 17.1 |
| As at 31 December 2014 | **0.6** | **–** | **14.2** | **–** | **14.8** |

Other property, plant and equipment mainly consist of company cars, office furniture and IT equipment.

The depreciation charge for the year 2014 of 36.9 million euro includes 1.3 million euro (2013: 0.6 million euro) relating to the discontinued operations.

**Assets and liabilities held for sale, impairments and reversals after recognition**
At 31 December 2014 the balance sheet included no assets and liabilities held for sale. A commercial building, which was impaired for 21.0 million euro in 2013, has been sold in the second half-year of 2014. This sale has resulted in a gain of 18.1 million euro (included in other income).

**Security**
On 31 December 2014 property, plant and equipment with a carrying value of 0.2 million euro (31 December 2013: 8.9 million euro) was mortgaged as security for bank loans.

**Leased property, plant and equipment**
On 31 December 2014 a carrying amount of 14.8 million euro related to property, plant and equipment acquired under a finance lease (31 December 2013: 17.1 million euro). These finance leases mainly relate to cars which are included in other property, plant and equipment.

## 15 Goodwill and other intangible assets

| | Goodwill | Software | Customer relationships/ contracts | Technology | Brands | Total |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| As at 1 January 2013 | 1,109.6 | 59.9 | 234.7 | 39.7 | 27.7 | 1,471.6 |
| Acquired through acquisitions | 17.4 | 0.4 | 2.5 | – | – | 20.3 |
| Additions | – | 10.0 | – | 1.4 | 0.2 | 11.6 |
| Developed internally | – | – | – | 5.1 | – | 5.1 |
| Adjustment purchase price/fair value | (2.1) | – | – | – | – | (2.1) |
| Disposals | – | (1.1) | (9.9) | (1.7) | – | (12.7) |
| Reclassification to assets held for sale | (44.9) | – | (24.4) | (0.2) | (0.5) | (70.0) |
| Reclassifications | – | – | (24.5) | – | 24.5 | – |
| Liquidation | (0.6) | – | – | – | – | (0.6) |
| Effect of movement in exchange rates | (18.6) | (0.3) | (9.1) | (0.2) | (2.8) | (31.0) |
| As at 31 December 2013 | 1,060.8 | 68.9 | 169.3 | 44.1 | 49.1 | 1,392.2 |
| As at 1 January 2014 | **1,060.8** | **68.9** | **169.3** | **44.1** | **49.1** | **1,392.2** |
| Acquired through acquisitions | **–** | **4.1** | **–** | **–** | **–** | **4.1** |
| Additions | **–** | **–** | **–** | **0.5** | **–** | **0.5** |
| Disposals | **–** | **(0.9)** | **(2.3)** | **(1.7)** | **–** | **(4.9)** |
| Reclassification to assets held for sale | **(222.4)** | **(20.0)** | **(44.5)** | **(10.5)** | **–** | **(297.4)** |
| Reclassifications | **–** | **–** | **22.2** | **–** | **(22.2)** | **–** |
| Effect of movement in exchange rates | **(16.0)** | **0.1** | **(4.0)** | **0.1** | **(1.1)** | **(20.9)** |
| **As at 31 December 2014** | **822.4** | **52.2** | **140.7** | **32.5** | **25.8** | **1,073.6** |
| **Amortisation and impairment losses** | | | | | | |
| As at 1 January 2013 | 28.0 | 27.6 | 74.6 | 17.0 | 24.7 | 171.9 |
| Amortisation for the year | – | 10.5 | 28.0 | 7.3 | 17.4 | 63.2 |
| Impairment loss | – | 0.4 | 3.1 | – | – | 3.5 |
| Disposals | – | (1.0) | (9.8) | (1.7) | – | (12.5) |
| Reclassification to assets held for sale | – | – | (11.0) | – | (0.2) | (11.2) |
| Reclassifications | – | (1.6) | (8.2) | 1.5 | 8.3 | – |
| Effect of movement in exchange rates | – | (0.2) | (2.6) | (0.1) | (1.5) | (4.4) |
| As at 31 December 2013 | 28.0 | 35.7 | 74.1 | 24.0 | 48.7 | 210.5 |
| As at 1 January 2014 | **28.0** | **35.7** | **74.1** | **24.0** | **48.7** | **210.5** |
| Amortisation for the year | **–** | **5.2** | **14.4** | **6.3** | **0.6** | **26.5** |
| Impairment loss | **27.5** | **–** | **–** | **–** | **–** | **27.5** |
| Disposals | **–** | **(0.6)** | **(0.4)** | **(1.7)** | **–** | **(2.7)** |
| Reclassification to assets held for sale | **(0.1)** | **(9.3)** | **(27.0)** | **(4.0)** | **–** | **(40.4)** |
| Reclassifications | **–** | **–** | **22.2** | **–** | **(22.2)** | **–** |
| Effect of movement in exchange rates | **0.1** | **–** | **(1.5)** | **0.1** | **(1.6)** | **(2.9)** |
| **As at 31 December 2014** | **55.5** | **31.0** | **81.8** | **24.7** | **25.5** | **218.5** |

| | Goodwill | Software | Customer relationships/ contracts | Technology | Brands | Total |
|---|---|---|---|---|---|---|
| **Carrying amounts** | | | | | | |
| As at 1 January 2013 | 1,081.6 | 32.3 | 160.1 | 22.7 | 3.0 | 1,299.7 |
| As at 31 December 2013 | 1,032.8 | 33.2 | 95.2 | 20.1 | 0.4 | 1,181.7 |
| As at 1 January 2014 | **1,032.8** | **33.2** | **95.2** | **20.1** | **0.4** | **1,181.7** |
| As at 31 December 2014 | **766.9** | **21.2** | **58.9** | **7.8** | **0.3** | **855.1** |

### Goodwill

The movements in goodwill of the following cash generating units (divisions) during the year are as follows:

| | As at 1 January 2014 | Impairments | Reclassifi-cations to assets held for sale | Other | As at 31 December 2014 |
|---|---|---|---|---|---|
| Benelux | **10.5** | **–** | **–** | **–** | **10.5** |
| Germany & Eastern Europe | **28.8** | **(27,5)** | **–** | **(1.3)** | **–** |
| UK & Ireland | **129.0** | **–** | **–** | **7.6** | **136.6** |
| Nordic | **433.1** | **–** | **–** | **(26.3)** | **406.8** |
| Spain | **22.3** | **–** | **–** | **–** | **22.3** |
| ICT | **223.4** | **–** | **(222.4)** | **(1.0)** | **–** |
| Traffic & Infra | **93.4** | **–** | **–** | **2.5** | **95.9** |
| Marine | **92.3** | **–** | **–** | **2.5** | **94.8** |
| **Total** | **1,032.8** | **(27.5)** | **(222.4)** | **(16.0)** | **766.9** |

**Impairments**

The impairment loss in relation to Germany & Eastern Europe is described below.

**Reclassifications to assets held for sale**

In light of the divestment of the ICT division, the related goodwill was reclassified to held for sale and subsequently taken into account in the fair value assessment in the second quarter of 2014, for which reference is made to note 13. As per 29 October 2014 the ICT division was divested.

**Other**

The other movements predominately relate to exchange rate differences which are mainly attributable to the increase of the Pound Sterling and the decrease of the Swedish Krona.

**Impairment test for goodwill**

The impairment test for goodwill is carried out at division level in the fourth quarter or when an impairment trigger is assessed. The 2014 test in the fourth quarter excludes the ICT division which was sold as per 29 October 2014. The test on divisional level acknowledges the synergy between companies within a division and also reflects the lowest level within the Group at which goodwill is monitored for internal management purposes, which equals the level of the Group's operating segments. The recoverable amounts of the divisions are based on value in use calculations. Management has projected cash flows based on past experience and expected future market developments. The starting point for the calculations are cash flow forecasts based on the budget for the year 2015 and the business plans for the years 2016 and 2017.
The budget and business plans include management's estimate about the level and timing of the execution of the improvement of operational performance and margins. The budget and business plans have been reviewed and challenged internally, including the use of sensitivity analyses.

Although the 2014 financial performance is below expectations in certain divisions, management maintains its medium and long term view on the financial performance of the Group and the underlying divisions. For the divisions Benelux, Germany & Eastern Europe and UK & Ireland the explicit plan period has been extended to reflect the sensitivity of the expected recovery.

The value in use is most sensitive to the assumed (development of) the EBITDA (margin) and to the discount rate. EBITDA margins used in the cash flows for the respective divisions in the explicit plan period range from (4.7)% to 5.2%. In the calculations as per year-end 2013 these margins ranged from (1.6%) to 6.2%. For the Group the average EBITDA margin is expected to develop from 0.8% to 3.1% from 2015 through 2017. In the calculations as per year-end 2013 the expected margin development was 2.3% to 5.0%.

Other assumptions used in the calculations are:

- Revenue development: based upon historic performance and expected market developments;
- Margin development: based upon historic performance, the effects of business recovery plans and management's medium and long term expectations;
- The terminal value growth rates: based on expected inflation and management's estimate of the long-term growth rate in the individual markets and countries in which the cash-generating unit operates;
- Non-operational costs: based on information currently available, management does not expect significant non-operational costs after 2017 and therefore these costs are not included in the perpetual cash flows.

The estimated pre-tax cash flows are discounted to their present value using a pre-tax weighted average cost of capital (WACC). The pre-tax discount rates are determined on the basis of the post-tax weighted average cost of capital as derived from external data and are based on a weighted average cost of capital per division. A general risk premium is included for the divisions and an individual risk premium and tax rate for the markets and countries in which the cash-generating unit is operating. Furthermore, the discount rate is based on the risk level of a determined peer group and includes this peer group's financing structure.

## Assumptions WACC

| | **2014** | 2013 |
|---|---|---|
| Risk-free rate | **1.460%** | 2.735% |
| Country risk premium | **0.17%– 2.50%** [1] | 0.00%– 2.00% [1] |
| Beta factor | **0.982** | 1.016 |
| Market risk premium | **6.0%** | 6.0% |
| Additional risk premium | **1.5%** | 1.2% |
| Corporate income tax rate | **18.6%– 27.0%** [1] | 20.0%– 30.9% [1] |
| Debt/Equity ratio | **10.0%** | 25.0% |

1 *Varies per division.*

| | Pre-tax discount rate | | Terminal value growth rate | |
|---|---|---|---|---|
| | **2014**[1] | 2013 | **2014** | 2013 |
| Benelux | **11.3%** | 9.7% | **2.0%** | 2.0% |
| Germany & Eastern Europe | **11.4%** | 9.8% | **2.0%** | 2.0% |
| UK & Ireland | **11.0%** | 9.9% | **2.0%** | 2.0% |
| Nordic | **8.4%** | 9.5% | **2.0%** | 2.0% |
| Spain | **11.9%** | 12.5% | **2.0%** | 2.0% |
| Traffic & Infra | **9.8%** | 10.1% | **2.0%** | 2.0% |
| Marine | **10.7%** | 11.0% | **2.0%** | 2.0% |
| **Total (weighted average)** | 10.3% | 10.0% | 2.0% | 2.0% |

1 *The increase of the pre-tax discount rate of Benelux, Germany & Eastern Europe and UK & Ireland is mainly attributable to higher discount rate for the extended explicit plan period.*

In line with the impairment test as at 30 June 2014, the explicit plan years for Germany & Eastern Europe have been extended and discounted against a higher WACC to reflect the risk that the expected recovery in the plan years may not be realised. In the impairment test as at 31 December 2014 also the explicit plan years of Benelux and UK & Ireland have been extended with two years combined with a higher discount rate, also reflecting the sensitivity of the expected recovery.

**Overall observations from the impairment test**

The outcome of the goodwill impairment test calculation has revealed that the expected recoverable amount of the Group has significantly decreased compared to year-end 2013 with a corresponding decrease of headroom. This development is in line with the impairment test outcome as performed in respect of the interim financial statements 2014.

For Germany & Eastern Europe, the outcome of the impairment test calculation indicated a recoverable amount of 125 million euro resulting in a headroom of 17 million euro. The decrease of the recoverable amount and headroom, compared to year-end 2013, reflected the slower than anticipated recovery of the division. In the impairment test calculations this was taken into account by using a lower EBITDA 2015-2017, extending the explicit plan period with 2 years and applying a higher WACC. In addition, sensitivity analyses indicated negative headroom. Furthermore, based on qualitative analyses, taking into account amongst others the further and more significant transition towards a new business which significantly differs from the past to which the goodwill relates, management has decided to impair the full goodwill. The impairment loss recognised in 2014 amounts to 27.5 million euro.

The headroom is also limited for the divisions Nordic, Spain and Marine. In case the recovery of the performance of the divisions Nordic, Spain and Marine is further delayed, goodwill amounts for these divisions may also be impaired. Management is, however, positive about the medium and long term recovery of these divisions and has concluded that an impairment is not necessary based on both quantitative and qualitative factors.

The below table gives an overview of the headroom development per division resulting from the impairment test calculation for year-end 2014 and year-end 2013.

| | Headroom | |
|---|---|---|
| | **2014** | 2013 |
| Benelux | **147** | 326 |
| UK & Ireland | **106** | 494 |
| Nordic | **45** | 146 |
| Spain | **16** | nil |
| Traffic & Infra | **93** | 191 |
| Marine | **8** | 88 |

**Benelux**
The decrease of the headroom compared to year-end 2013 is attributable to the expected slower than anticipated recovery of the Dutch business units Building Services and Industrial Services, which operate in markets with lower than expected volumes and, consequently, pressure on margins. Furthermore, the decrease in headroom also includes the effect of the two year extended explicit plan period and the higher WACC applied to reflect the sensitivity of a slower than anticipated recovery.

**UK & Ireland**
The decrease in headroom compared to year-end 2013 is attributable to the termination of the business activities in Kazakhstan and the expected delay in the recovery in the energy and infrastructure markets in the UK. The latter is expected to result in lower volumes and, as a consequence, pressure on margins. Furthermore, the decrease in headroom also includes the effect of the two year extended explicit plan period and the higher WACC applied to reflect the sensitivity of a slower than anticipated recovery.

**Nordic**
The estimated recoverable amount decreased compared to year-end 2013 which results from the lower expected EBITDA in the budget 2015 and business plans 2016 and 2017, in line with actual performance in 2014. Management expects EBITDA margins in the perpetual cash flow to reflect the implementation of the recovery and integration program of which the execution has started in the course of 2014.
An impairment will occur if EBITDA in the perpetual cash flow decreases by more than 8% or when the discount rate increases by more than 60 bps (to a pre-tax rate of 9.0%).

**Spain**
The headroom of the division Spain is still limited in line with year-end 2013 and, as a consequence, still sensitive. An impairment will occur if EBITDA in the perpetual cash flow decreases by more than 32% or when the discount rate increases by more than 460 bps (to a pre-tax rate of 16.5%).

**Traffic & Infra**
The decrease in the headroom compared to year-end 2013 results from a lower than expected EBITDA in the budget 2015 and business plans 2016 and 2017 in line with actual performance in 2014.

**Marine**
The estimated recoverable amount of the division as per year-end 2014 nearly equals the carrying amount. The decrease in headroom, compared to year-end 2013, mainly results from lower expected EBITDA in the budget 2015 and business plans 2016 and 2017, in line with actual performance in 2014. An impairment will occur if EBITDA in the perpetual cash flow decreases by more than 5% or when the discount rate increases by more than 60 bps (to a pre-tax rate of 11.3%).

### Brands
Due to the rebranding of the companies in the Nordic division in 2013, the remaining useful life was shortened, and therefore the amortisation of a local brand was accelerated by 14.2 million euro in 2013. This local brand was reclassified in 2013 from customer relationships/contracts to brands.

### Reversal of impairment losses
No impairments of intangible assets were reversed in the year (2013: the same).

### Amortisation
The amortisation charge for the year 2014 of 26.5 million euro (2013: 63.2 million euro) includes 2.7 million euro relating to the discontinued operations (2013: 7.1 million euro).

## 16 Interests in entities

### Associates and joint-ventures

The Company holds investments in a number of associates and joint-ventures. None of the individual investments in associates and joint-ventures are material to the Company. In 2014, Asset Rail B.V., the Netherlands (40%) was the most important associate and Innolumis Public Lighting B.V., the Netherlands (50%) was the most important joint venture. During 2014, no acquisitions were made and the investment in the associated company IHC Systems B.V., the Netherlands (50%), was sold and a book profit of 12.5 million euro was realised.

The accumulated share in assets, liabilities, equity, revenues, costs and profits of the associates and joint ventures held by the Company can be specified as follows:

| | 2014 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Non-current assets | Net current assets and liabilities | Non-current liabilities | Equity | Revenue | Cost | Profit / (loss) |
| Associated companies | **5.0** | **1.2** | **4.5** | **1.7** | **14.5** | **14.1** | **0.4** |
| Joint ventures | **0.5** | **(0.8)** | **0.2** | **(0.5)** | **1.6** | **2.1** | **(0.5)** |
| | **5.5** | **0.4** | **4.7** | **1.2** | **16.1** | **16.2** | **(0.1)** |
| Disposal of associates | | | | | | | **12.5** |
| Results other investments | | | | | | | **(0.2)** |
| **Total** | | | | | | | **12.2** |

| | 2013 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Non-current assets | Net current assets and liabilities | Non-current liabilities | Equity | Revenue | Cost | Profit / (loss) |
| Associated companies | 0.8 | 2.5 | 0.2 | 3.1 | 11.9 | 10.3 | 1.6 |
| Joint ventures | 1.0 | (4.8) | (0.9) | (2.9) | (0.5) | 2.8 | (3.3) |
| | 1.8 | (2.3) | (0.7) | 0.2 | 11.4 | 13.1 | (1.7) |
| Results other investments | | | | | | | (7.0) |
| **Total** | | | | | | | (8.7) |

## 17 Non-current receivables

| | Notes | 2014 | 2013 |
|---|---|---|---|
| Finance lease assets | | **1.8** | 2.1 |
| Derivatives at fair value | | **3.9** | – |
| Other investments | | **8.3** | 8.9 |
| Other non-current receivables | | **32.8** | 10.9 |
| | | **46.8** | 21.9 |
| The finance lease receivables mature as follows: | | | |
| Principal < 1 year | | **0.5** | 0.6 |
| Principal 1 – 5 years | | **1.7** | 1.8 |
| Principal > 5 years | | **0.5** | 0.7 |
| | | **2.7** | 3.1 |
| Interest < 1 year | | **–** | – |
| Interest 1 – 5 years | | **(0.2)** | (0.2) |
| Interest > 5 years | | **(0.2)** | (0.2) |
| | | **(0.4)** | (0.4) |
| Present value of the minimum lease payments < 1 year | | **0.5** | 0.6 |
| Present value of the minimum lease payments 1 – 5 years | | **1.5** | 1.6 |
| Present value of the minimum lease payments > 5 years | | **0.3** | 0.5 |
| **Total** | 29 | **2.3** | 2.7 |

The other non-current receivables increased compared to 2013 as a result of the inclusion of the escrow account of 25 million euro which was placed as a result of the sale of the ICT division to Vinci Energies. This amount in escrow will be released for 10 million euro 18 months after closing (April 2016) and for 15 million euro 5.5 years after closing (April 2020). The other non-current receivables further include vendor loans provided in respect of sale of subsidiaries for an amount of 3.0 million euro (2013: 8.3 million euro).

## 18 Deferred tax assets and liabilities

### Recognised deferred tax assets and liabilities

The composition of deferred tax assets and liabilities in relation to temporary differences and tax losses is as follows:

| | Assets | | Liabilities | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| Property, plant and equipment | **10.6** | 14.8 | **(1.8)** | (1.8) |
| Intangible assets | **4.2** | – | **(14.2)** | (23.9) |
| Due from customers | **4.9** | 0.4 | **(57.7)** | (59.5) |
| Trade and other receivables | **1.7** | 0.3 | **(1.3)** | (1.1) |
| Employee benefits | **38.5** | 24.3 | **–** | – |
| Provisions | **0.2** | 0.6 | **(2.1)** | (2.1) |
| Other items | **3.5** | 10.5 | **(16.8)** | (24.7) |
| Value of recognised tax loss carry forwards | **34.5** | 36.2 | **–** | – |
| | **98.1** | 87.1 | **(93.9)** | (113.1) |
| Netting of tax assets and liabilities | **(74.4)** | (67.2) | **74.4** | 67.2 |
| **Total** | **23.7** | 19.9 | **(19.5)** | (45.9) |

On 31 December 2014 no deferred tax liabilities relating to investments in subsidiaries were accounted for (31 December 2013: nil).

### Unrecognised deferred tax assets

Total tax losses of the Group amount to 1,303 million euro (2013: 1,072 million euro) of which 1,186 million euro (2013: 953 million euro) have not been recognised as deferred tax asset. Furthermore, the Group has not recognised deferred tax assets related to deductible temporary differences amounting to 31.0 million euro (2013: 15.6 million euro). Deferred tax assets have not been recognised in respect of these items, because based upon the level of historical taxable income and projections for taxable income in the foreseeable future, management of the Group believes that it is not sufficiently probable that (future) taxable profits will be available to benefit from these items. At the end of 2014, 45 million euro (2013: 59 million euro) of the unrecognised tax losses will expire within five years. These losses mainly relate to Poland. In the Netherlands the losses will start to expire in 2017. The losses in Germany can be carried forward for an indefinite period of time.

| | Unrecognised tax losses | Expiration < 5 years | Expiration > 5 years |
|---|---|---|---|
| **Country** | | | |
| Germany | 411 | – | 411 |
| The Netherlands | 572 | 5 | 567 |
| Spain | 42 | – | 42 |
| Poland | 31 | 31 | – |
| Belgium | 21 | – | 21 |
| Other countries | 109 | 9 | 100 |
| **Total** | **1,186** | **45** | **1,141** |

The movements in the deferred taxes can be specified as follows:

| | As at 1 January 2013 | Acquisitions/ deconsoli-dations | Recognised in 2013 result | Recognised in other comprehen-sive income | Reclassifi-cation to liabilities held for sale | Effect of movement in exchange rates | As at 31 December 2013 |
|---|---|---|---|---|---|---|---|
| Property, plant and equipment | 11.9 | – | 1.0 | – | 0.1 | – | 13.0 |
| Intangible assets | (37.1) | (0.6) | 9.2 | – | 4.1 | 0.5 | (23.9) |
| Due from customers | (44.5) | 0.5 | (15.2) | – | (0.4) | 0.5 | (59.1) |
| Trade and other receivables | (21.5) | – | 20.9 | – | (0.2) | – | (0.8) |
| Employee benefits | 26.4 | – | (0.8) | (1.6) | 0.4 | (0.1) | 24.3 |
| Provisions | 5.1 | 0.3 | (6.9) | – | – | – | (1.5) |
| Other items | (17.6) | – | 5.1 | (2.1) | 0.3 | 0.1 | (14.2) |
| Value of recognised tax loss carry forwards | 48.4 | – | (9.2) | – | (3.0) | – | 36.2 |
| **Total** | (28.9) | 0.2 | 4.1 | (3.7) | 1.3 | 1.0 | (26.0) |

| | As at 1 January 2014 | Acquisitions/ deconsoli-dations | Recognised in 2014 result | Recognised in other comprehen-sive income | Reclassifi-cation to liabilities held for sale | Effect of movement in exchange rates | As at 31 December 2014 |
|---|---|---|---|---|---|---|---|
| Property, plant and equipment | **13.0** | **(0.7)** | **(3.5)** | **–** | **–** | **–** | **8.8** |
| Intangible assets | **(23.9)** | **5.2** | **8.0** | **–** | **–** | **0.7** | **(10.0)** |
| Due from customers | **(59.1)** | **–** | **6.1** | **–** | **–** | **0.2** | **(52.8)** |
| Trade and other receivables | **(0.8)** | **–** | **1.2** | **–** | **–** | **–** | **0.4** |
| Employee benefits | **24.3** | **(0.4)** | **(0.1)** | **14.9** | **–** | **(0.2)** | **38.5** |
| Provisions | **(1.5)** | **(0.2)** | **(0.2)** | **–** | **–** | **–** | **(1.9)** |
| Other items | **(14.2)** | **0.5** | **1.4** | **(1.2)** | **–** | **0.2** | **(13.3)** |
| Value of recognised tax loss carry forwards | **36.2** | **–** | **(1.7)** | **–** | **–** | **–** | **34.5** |
| **Total** | **(26.0)** | **4.4** | **11.2** | **13.7** | **–** | **0.9** | **4.2** |

## 19 Inventories

| | **2014** | 2013 |
|---|---|---|
| Raw and auxiliary materials | **14.2** | 24.1 |
| Semi-finished goods | **0.1** | 1.2 |
| Finished goods | **34.5** | 47.5 |
| **Total** | **48.8** | 72.8 |

In 2014 the write down of inventories to net realisable value amounted to 2.3 million euro (2013: 5.1 million euro), which amount is included in cost of raw and auxiliary materials and trade goods.

Inventories 2013 included an amount of 14.7 million euro relating to the ICT division.

## 20 Due from/to customers

| | 2014 | | | 2013 | | |
|---|---|---|---|---|---|---|
| | Due from customers | Due to customers | Balance | Due from customers | Due to customers | Balance |
| Cumulative incurred costs plus profit in proportion to progress | **2,653.0** | **1,616.2** | **4,269.2** | 2,692.8 | 1,781.1 | 4,473.9 |
| Progress billings | **(2,241.6)** | **(1,790.6)** | **(4,032.2)** | (2,105.9) | (2,008.7) | (4,114.6) |
| Provisions for losses | **(86.8)** | **(41.1)** | **(127.9)** | (127.2) | (53.3) | (180.5) |
| **Balance** | 324.6 | (215.5) | 109.1 | 459.7 | (280.9) | 178.8 |

As at 31 December 2014 the capitalised borrowing costs amounted to 0.6 million euro with a capitalisation rate of 4.75% (31 December 2013: 1.2 million euro and 1.8% respectively).
Included in due from customers on 31 December 2014 is an amount of 17.4 million euro (31 December 2013: 20.7 million euro) which will not be paid until specified conditions are fulfilled (retentions) in respect of contracts for third parties.
The above amounts do not include contingent receivables related to debtors and work in progress arising from claims which are not probable to be realised. The financial outcome of these claims can only be estimated within a broad band width. The best estimate of the realisable value of these claims is 25.0 million euro (31 December 2013: 9 million euro). The determination of the profit in proportion to the stage of completion and the provision for losses is based on estimates of the costs and revenues of the relating projects.
As at 31 December 2014 an amount of 44.5 million euro (2013: 14.1 million euro) with regard to advance payments is included in due to customers. Advanced payments are amounts received before the related work is performed.
As at 31 December 2014, guarantees for an amount of 173.2 million euro are outstanding relating to advance payments and guarantees for an amount of 282.9 million euro are outstanding to ensure an adequate execution of the work performed. Furthermore, as at 31 December 2014 warranties for an amount of 218.9 million euro have been issued.

## 21 Trade and other receivables

| | Notes | 2014 | 2013 |
|---|---|---|---|
| Trade receivables | 29 | **609.1** | 866.9 |
| Trade receivables due from associated companies and joint ventures | 29 | **0.8** | 1.2 |
| | | **609.9** | 868.1 |
| Other receivables | 29 | **110.9** | 137.8 |
| Current portion of non-current receivables | | **11.0** | 1.7 |
| | | **121.9** | 139.5 |
| **Total** | | 731.8 | 1,007.6 |

On 31 December 2014, trade receivables of the division Spain with a carrying amount of 3.9 million euro have been pledged as a security for liabilities. For further information about the Group's exposure to credit and market risks, and impairment losses for trade and other receivables, excluding construction contracts in progress, reference is made to note 29.

As at 31 December 2013, trade receivables included an amount of 176.7 million euro relating to the ICT division and other receivables included an amount of 25.1 million euro relating to the ICT division.

## 22 Cash, cash equivalents and bank overdrafts

| | Notes | 2014 | 2013 |
|---|---|---|---|
| Bank balances | | **319.5** | 303.2 |
| Deposits available on demand | | **0.5** | 0.8 |
| Other cash and cash equivalents | | **0.6** | 0.4 |
| Cash and cash equivalents | 29 | **320.6** | 304.4 |
| Bank overdrafts | 25 | **(165.4)** | (106.2) |
| **Cash, cash equivalents and bank overdrafts in the statement of cash flows** | | **155.2** | **198.2** |

As at 31 December 2014, the cash and cash equivalents include 45.0 million euro of restricted cash (mainly guarantee collateral and jointly controlled entities) which is not available for the Group (2013: 25.7 million euro).

Cash, cash equivalents and bank overdrafts 2013 included an amount of 70.4 million euro relating to the ICT division.

The Group has an international cash pool and several local cash pools in place. For those cash pools with netting arrangements and right to offset, cash and bank overdrafts have been netted as per 31 December 2014 for a total amount of 869 million euro (2013: 866 million euro).

## 23 Equity

### Share capital

| | Number of ordinary shares | |
|---|---|---|
| | **2014** | 2013 |
| Outstanding as at 1 January | **445,747,485** | 89,106,689 |
| Issuance of ordinary shares | **60,082,154,924** | 356,597,988 |
| Converted cumulative financing preference shares | **12,894,919** | – |
| Repurchased own shares | **–** | 42,808 |
| Effect of share consolidation | **(60,419,715,733)** | – |
| **Outstanding as at 31 December** | **121,081,595** | **445,747,485** |

On 7 October 2014, the Extraordinary General Meeting of the Company approved the proposed 131 for 1 right offering. On 27 October 2014, 60,082,154,924 ordinary shares were issued in a 600 million euro rights issue (gross proceeds of 600.8 million euro) with a nominal value of 0.01 euro each in the share capital.

At the end of the rights exercise period on 22 October 2014, 28,574,480,886 of the issued 60,082,154,924 ordinary shares which were not subscribed for during this right exercise period have been sold to the underwriting banks ING Bank, Rabobank, Commerzbank and ABN Amro Bank at the issue price of 0.01 euro.

Management decided for a so called ‘share consolidation’ in which every 500 shares with a nominal value of 0.01 euro have been consolidated into one share with a nominal value of 5.00 euro effective as from 28 October 2014.

The transaction costs relating to the right issue accounted for as a deduction from equity amount to 34.7 million euro and resulted in net proceeds of 566.2 million euro.

During 2014 a total number of 12,500,001 cumulative financing preference shares which were issued to ING and Rabobank in 2013 were converted into ordinary shares. As a consequence, the number of cumulative financing preference shares at 31 December 2014 amounts to 8,334 (4,166,667 before 'share consolidation').

On 31 December 2014 the authorised share capital comprised 243 million (31 December 2013: 1,180 million, before share consolidation) shares divided into 182 million (31 December 2013: 750 million) ordinary shares, 1 million (31 December 2013: 180 million) cumulative preference shares and 60 million (31 December 2013: 250 million) cumulative finance preference shares.

The nominal value of the shares amounts to 5.00 euro. The holders of shares are entitled to dividend, as is announced, and are entitled to cast one vote per share when decisions are taken by the Annual General Meeting. These rights do not apply to the cumulative financing preference shares in the Company held by the Group until these shares are converted. On 31 December 2014 the issued share capital amounted to 121,091,416 (31 December 2013: 450,657,985) ordinary shares, thereof 9,821 ordinary shares are held by the Company (31 December 2013: 4,910,419 ordinary shares). All issued shares are fully paid up.

Stichting Imtech has option rights to the cumulative preference shares (see section Corporate Governance). Royal Imtech N.V. has also granted share options and shares conditionally (see below under Reserve for own shares).

### Cumulative financing preference shares

As per the Articles of Association and the Dutch Corporate Governance Code an arrangement is in place so that the number of votes on the cumulative financing preference shares corresponding with this issue price is proportionate with the price of the ordinary shares. The dividend yield has been set at the moment of issuance in accordance with the Articles of Association (which resulted in a dividend yield of 4.57%). In accordance with the Articles of Association, the cumulative financing preference shares are transferable after approval of the Board of Management.

### Translation reserve

The translation reserve includes all currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities by which the net investments of the Company in a foreign subsidiary are hedged and also the effects of currency hedges of net investments.
The accumulated translation effects in relation to foreign operations forming part of the ICT division that has been sold, have been reclassified to profit or loss and are included in the result from discontinued operations (0.6 million euro loss).

### Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net movement in the fair value of cash flow hedging instruments in respect of hedged transactions that have not yet occurred.

### Reserve for own shares

The reserve for own shares comprises the purchase price of the own shares held by the Company.
On 31 December 2014, 9,821 (31 December 2013: 4,910,419) own shares were held by the Company.

### Dividend

Pursuant to its main finance agreements, the Company is not allowed to pay any dividends until the Company certifies that (i) the ratio of consolidated senior net debt to last twelve months operational EBITDA (the 'Senior Leverage Ratio') did not exceed 2.0 to 1.0 on two immediately preceding testing dates and (ii) it does not reasonably expect that the Senior Leverage Ratio will exceed 2.0 to 1.0 on the next testing date or immediately following the date of the first payment of dividends or other distributions to the Company's shareholders.

## 24 Calculation earnings per share

The calculation of the basic and diluted earnings per share was based on the following result attributable to shareholders of Royal Imtech N.V. and the calculated weighted average number of ordinary shares outstanding.

| | **2014** | 2013 |
|---|---|---|
| From continuing operations | **(490.1)** | (653.1) |
| From discontinued operations | **(70.5)** | (48.1) |
| **Result attributable to shareholders of Royal Imtech N.V.** | **(560.6)** | (701.2) |

### Basic earnings per share

The calculation of the basic earnings per share on 31 December 2014 was based on a loss attributable to holders of ordinary shares of 560.6 million euro (2013: loss of 701.2 million euro) and an average number of ordinary shares outstanding during 2014 of 24,634,820 (2013: 2,328,911) calculated as follows:

### Weighted average number of shares

| | **2014** | 2013 |
|---|---|---|
| Issued ordinary shares | **121,091,416** | 450,667,313 |
| Effect of share issue | **(96,446,775)** | 718,708,253 |
| Effect of own shares held | **(9,821)** | (4,919,828) |
| Effect of share consolidation | **–** | (1,162,126,827) |
| **Average number of ordinary shares during the year** | **24,634,820** | 2,328,911 |

The 2013 calculation has been adjusted for the effect of the 2014 rights issue and the share consolidation.

### Diluted earnings per share

The calculation of the diluted earnings per share at 31 December 2014 was based on the attribution of loss amounting to 560.6 million euro (2013: loss of 701.2 million euro) to holders of ordinary shares and an average number of ordinary shares outstanding during 2014 of 24,634,820 (2013: 2,328,911) corrected for potential dilution, calculated as follows:

### Weighted average number of ordinary shares (diluted)

| | **2014** | 2013 |
|---|---|---|
| Average number of ordinary shares during the year | **24,634,820** | 2,328,911 |
| Effect of share scheme | **–** | 1,871 |
| **Average number of ordinary shares (diluted) during the year** | **24,634,820** | 2,330,782 |

At 31 December 2014 4,568 share options (31 December 2013: 7,304) were excluded from the diluted weighted average number of ordinary share calculations as their effect would have been antidilutive.

## 25 Loans and borrowings

The Group's liabilities are specified as follows:

| | Notes | 2014 | 2013 |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Syndicated bank loans | | **150.0** | 534.0 |
| Senior notes | | **318.2** | 320.6 |
| Payment in kind reserve* | | **29.7** | 5.3 |
| Other bank loans | | **–** | 23.8 |
| Finance lease liabilities | | **13.4** | 17.1 |
| Derivatives at fair value | 29 | **1.0** | 6.5 |
| **Total** | | **512.3** | **907.3** |
| **Current liabilities** | | | |
| Bank overdrafts | 22 | **165.4** | 106.2 |
| Current portion of other bank loans | | **0.2** | 9.0 |
| Current portion of finance lease liabilities | | **7.7** | 8.2 |
| Bilateral bank loans | | **–** | 22.5 |
| | | **7.9** | 39.7 |
| **Total** | | **173.3** | **145.9** |

* *The payment in kind reserve in 2013 only related to syndicated bank loans.*

The below information relates to the situation as per 31 December 2014 unless stated otherwise.

### Loan covenants and loan classification

The syndicated bank loan and the revolving credit facility (RCF), contain covenants. The covenants included in the senior notes are in alignment with the covenants as agreed upon in the RCF. On 25 August 2014 the Group reached an agreement with its main financiers providing for a comprehensive financial solution to reduce debt, consisting of a rights issue, the sale of the ICT division and further amendments to the Group's Main Finance Agreements. With the conclusion of the debt reduction program the financial agreements became effective, including a covenant holiday up to and including 31 March 2016. The following covenants and testing dates are included in the finance agreements (all subject to definitions as further agreed in the finance agreements):

- For the period 1 April 2016 until maturity:
  - Consolidated net assets must have at least a positive value;
  - Monthly testing of sufficient committed liquidity headroom (minimum committed liquidity headroom of 100.0 million euro);

- For the period 30 June 2016 until and including 30 September 2016 (quarterly intervals):
  - Minimum Consolidated Last Twelve Months (LTM) Operational EBITDA ('EBITDA Floor') of 58.0 million euro per 30 June 2016 and 67.0 million euro per 30 September 2016;

- For the period 30 June 2016 until maturity (quarterly intervals):
  - Minimum Consolidated LTM Operational Cash Flow ('OCF Floor') of 15.0 million euro per 30 June 2016, 23.0 million euro per 30 September 2016, 40.0 million euro per 31 December 2016, 39.0 million euro per 31 March 2017 and 46.0 million euro per 30 June 2017;

- For the period 31 December 2016 until maturity (quarterly intervals):
  - Maximum senior and total leverage ratio of 5.90 per 31 December 2016, 6.20 per 31 March 2017 and 5.80 per 30 June 2017;
  - Minimum Interest Cover Ratio of 0.90 per 31 December 2016, 1.02 per 31 March 2017 and 1.15 per 30 June 2017.

The carrying value of the RCF of 150.0 million euro and the senior notes of 318.2 million euro have been reported as non-current liabilities.

**Syndicated bank loans (Revolving Credit Facility or RCF)**
The Group had a syndicated bank loan of 700 million euro, concluded in November 2010. The original term of this syndicated bank loan was 5 years, expiring 1 November 2015. With the conclusion of the debt reduction program the syndicated bank loan has been reduced to 341 million euro and the maturity date has been extended to 15 July 2017.

The multi-currency RCF is on a committed and secured basis. The facility is provided by a syndicate of banks. The credit facility includes a 'change of control' clause. As at 31 December 2014, an amount of 150.0 million euro was drawn under this facility (31 December 2013: 552.0 million euro). The interest rate on these drawdowns has been fixed via interest rate swaps and as at 31 December 2014 the weighted average interest rate was 4.35% (31 December 2013: 5.2%).

**Senior notes (USPP notes)**
In December 2011 and June 2012 the Group issued USPP notes by means of a private placement in the United States of America. As a result of the debt reduction program in 2014 the maturity dates for the various tranches changed to 15 July 2017. Due to the sale of IHC Systems and the debt reduction program the USPP notes have been reduced to 318 million euro. Reference is made to note 1 General for an analysis of costs incurred in relation to the debt reduction program.

The placements now consists of the following seven different tranches:
- 17 million USD 6.2% (2013: 7.2%);
- 134 million USD 7.3% (2013: 8.3%);
- 25 million USD 7.4% (2013: 8.4%);
- 21 million euro 6.5% (2013: 7.5%);
- 47 million GBP 7.3% (2013: 8.3%);
- 44 million euro 5.8% (2013: 6.8%); and
- 47 million euro 6.2% (2013: 7.2%).

The classification of the USPP notes as long term will not change as part of these amendments. The USPP notes are on a committed and secured basis and include a 'change of control' clause.

The Group has cross currency swaps for a notional amount of 175.5 million USD to cover the outstanding principals of the notes, as well as the original interest coupon. The maturity date of these cross currency swaps are aligned with the maturity dates of the USPP notes.

**Additional facilities**
In addition to the above-mentioned facilities, the Company has a number of bank guarantee facilities in place, amounting to 797 million euro as per year-end (31 December 2013: 512 million euro). These facilities relate to, amongst others, advance payment guarantees, performance guarantees as well as warranty guarantees. As at 31 December 2014, 675 million euro was outstanding under these facilities (31 December 2013: 453 million euro). In addition also a number of guarantee facilities have been made available to subsidiaries via other financial institutions for an amount of approximately 102 million euro (31 December 2013: 464 million euro), of which approximately 87 million euro was outstanding as at 31 December 2014 (31 December 2013: 421 million euro).

A total of 826 million euro of guarantee facilities is committed (of which 50 million euro needs to be cash-backed, so would require drawings under the credit facilities).

As a result of the debt reduction program the committed bilateral credit facilities have been cancelled.

**Other bank loans and finance lease liabilities**
Other bank loans and finance lease liabilities have been agreed against generally accepted conditions. The average maximum remaining term is 1.9 years (2013: 1.7 years) and the average interest rate of the liabilities outstanding is 0.55% (2013: 2.6%).

Property, plant and equipment with a carrying amount of 0.2 million euro (2013: 8.9 million euro) have been provided as security for bank loans.

**Finance lease liabilities**

| | **2014** | 2013 |
|---|---|---|
| Principal < 1 year | **7.8** | 8.1 |
| Principal 1 – 5 years | **13.5** | 16.1 |
| Principal > 5 years | **0.6** | 1.5 |
| | **21.9** | 25.7 |
| Interest < 1 year | **(0.1)** | (0.1) |
| Interest 1 – 5 years | **(0.7)** | (0.2) |
| Interest > 5 years | **(0.1)** | (0.1) |
| | **(0.9)** | (0.4) |
| Present value of the minimum lease payments < 1 year | **7.7** | 8.0 |
| Present value of the minimum lease payments 1 – 5 years | **12.8** | 15.9 |
| Present value of the minimum lease payments > 5 years | **0.5** | 1.4 |
| **Total** | **21.0** | 25.3 |

## 26 Employee benefits

The Group contributes towards a number of defined benefit pension plans on the basis of which employees receive pension payments after their retirement. In general the amount received by an employee on retirement depends on factors such as age, (average) salary and the number of years of service. A (conditional) indexing of pension payments is applicable for some plans. Such plans are applicable in the Netherlands, Belgium, Germany, Sweden, Norway and Turkey. The defined benefit plans expose the group to actuarial risks, such as longevity risk, currency risk, interest rate risk and inflation risks.

Most of the Dutch employees participate in an industry-wide pension scheme organised by the Pensioenfonds Metaal en Techniek. This scheme's benefits include a life-long pension and a next of kin (or survivor's) pension in accordance with a conditional indexed average salary system. It is not possible to calculate the present value of Imtech's pension liabilities and the value of its plan assets because the industry-wide pension scheme exposes the participating company to a number of risks that cannot be allocated to the participating company in a consistent and reliable manner. This industry-wide pension scheme is, therefore, classified as a defined contribution plan. Based on the guidelines and principles of the industry-wide pension fund, the degree of cover (investments divided by liabilities) amounts to 103% at the end of 2014 (end of 2013: 104%).
The industry-wide pension fund has written a recovery plan which has been approved by De Nederlandsche Bank. The aim of these measures is to achieve the required degree of cover of 105%.

| | 2014 | 2013 |
|---|---|---|
| Defined benefit obligation of funded plans | **58.5** | 78.9 |
| Defined benefit obligation of unfunded plans | **234.4** | 187.8 |
| Total defined benefit obligation | **292.9** | 266.7 |
| Fair value of plan assets | **(47.6)** | (66.6) |
| Net defined liability | **245.3** | 200.1 |
| Liability related to jubilee events | **7.2** | 7.0 |
| **Total** | **252.5** | 207.1 |

The total amount of employee benefits increased 45.4 million euro in 2014. This increase is largely driven by the actuarial results of net 56.8 million euro (mainly due to decreased discount rates). Furthermore, the increase includes the net effect of:

- transfer out from the defined benefit obligation of 54.8 million euro (mainly in relation to the sale of the ICT division);
- transfer out from the fair value of plan assets of -48.2 million euro (mainly in relation to the sale of the ICT division).

**The plan assets comprise:**

| | 2014 | 2013 |
|---|---|---|
| Plan assets managed by insurance company | **100%** | 92% |
| Property and other | **0%** | 8% |
| **Total** | **100%** | 100% |

**Movements in the defined benefit obligation**

| | 2014 | 2013 |
|---|---|---|
| As at 1 January | **266.7** | 263.3 |
| Current service cost | **6.3** | 10.5 |
| Past service cost (income) | **(1.8)** | 0.6 |
| Interest cost | **9.4** | 9.5 |
| Actuarial loss (gain) arising from: | | |
| - changes in financial assumptions | **82.4** | (10.8) |
| - experience adjustments | **(3.5)** | (1.7) |
| Transferred out | **(54.8)** | 5.3 |
| Benefits paid | **(8.1)** | (7.9) |
| Contributions participants | **1.0** | 1.2 |
| Reclassification to liabilities held for sale | **(1.7)** | (1.3) |
| Expenses paid | **(0.3)** | (0.3) |
| Effect of movement in exchange rates | **(2.7)** | (1.7) |
| **As at 31 December** | **292.9** | 266.7 |

### Movements in the fair value of plan assets

| | **2014** | 2013 |
|---|---|---|
| As at 1 January | **66.6** | 60.6 |
| Interest income on plan assets | **2.3** | 2.6 |
| Actuarial (loss) gain on plan assets | **22.1** | (6.2) |
| Contributions employer | **12.2** | 4.5 |
| Contributions participants | **1.0** | 1.2 |
| Transferred out | **(48.2)** | 5.3 |
| Benefits paid | **(7.9)** | (0.7) |
| Expenses paid | **(0.4)** | (0.5) |
| Effect of movement in exchange rates | **(0.1)** | (0.2) |
| **As at 31 December** | **47.6** | 66.6 |

The estimated employer contributions to funded defined benefit plans in 2015 amount to about 4 million euro (2014: 6 million euro).

### Employee benefit expenses

| | **2014** | 2013 |
|---|---|---|
| **Recognised in profit or loss** | | |
| Current service cost | **6.3** | 10.5 |
| Past service cost (income) | **(1.8)** | 0.6 |
| Interest cost | **9.4** | 9.4 |
| Interest income on plan assets | **(2.3)** | (2.6) |
| (Gain) loss on settlement | **–** | (1.5) |
| Other | **–** | 0.1 |
| Loss from discontinued operation (net of tax) | **–** | 0.1 |
| | **11.6** | 16.6 |
| **Recognised in other comprehensive income** | | |
| Actuarial loss (gain) arising from: | | |
| - changes in financial assumptions | **82.4** | (10.8) |
| - experience adjustments | **(3.5)** | (1.7) |
| Actuarial loss (gain) on plan assets | **(22.1)** | 6.2 |
| | **56.8** | (6.3) |
| **Total** | **68.4** | 10.3 |

The expense is recognised in the profit and loss account under the following items:

| | **2014** | 2013 |
|---|---|---|
| Personnel expenses | **4.5** | 7.6 |
| Finance expenses | **9.4** | 9.3 |
| Finance income | **(2.3)** | (2.6) |
| Result from discontinued operations (net of tax) | **–** | 2.3 |
| **Total** | **11.6** | **16.6** |

The employee benefit expenses as recorded in personnel expenses decreased, amongst others as a consequence of fiscal legislation changes in the Netherlands resulting in a higher pension age, in combination with a reduced accrual rate.

### Actuarial assumptions (weighted averages)

| | **2014** | 2013 |
|---|---|---|
| Discount rate as at 31 December | **2.2%** | 3.8% |
| Future salary increases | **2.6%** | 2.6% |
| Future pension increases | **2.0%** | 1.8% |

At 31 December 2014, the weighted-average duration of the defined benefit obligation was 17.1 years (2013: 17.4 years).

### Sensitivity analysis

| | Defined benefit obligation | |
|---|---|---|
| | 0.5% increase | 0.5% decrease |
| **31 December 2014** | | |
| Discount rate | **(23.5)** | **26.7** |
| Future salary increases | **7.8** | **(2.1)** |
| Future pension increases | **15.8** | **(17.6)** |
| 31 December 2013 | | |
| Discount rate | (20.5) | 23.4 |
| Future salary increases | 3.7 | (3.1) |
| Future pension increases | 18.3 | (16.5) |

Although the analysis does not take account of the full distribution of cash flows expected under the plans, it does provide an approximation of the sensitivity of the assumptions shown.

## 27 Provisions

| | Warranties and claims | Restructuring | Other | Total |
|---|---|---|---|---|
| As at 1 January 2013 | 16.1 | 24.0 | 10.6 | 50.7 |
| Assumed in a business combination | 0.1 | 1.3 | – | 1.4 |
| Provisions made during the year | 13.2 | 105.5 | 19.3 | 138.0 |
| Provisions used during the year | (2.7) | (98.3) | (5.9) | (106.9) |
| Provisions released during the year | (6.6) | (1.7) | (0.2) | (8.5) |
| Reclassifications | – | 0.1 | (0.1) | – |
| Effect of movement in exchange rates | (0.1) | – | – | (0.1) |
| As at 31 December 2013 | 20.0 | 30.9 | 23.7 | 74.6 |
| Non-current | 12.0 | 8.3 | 15.5 | 35.8 |
| Current | 8.0 | 22.6 | 8.2 | 38.8 |
| | 20.0 | 30.9 | 23.7 | 74.6 |
| As at 1 January 2014 | **20.0** | **30.9** | **23.7** | **74.6** |
| Provisions made during the year | **5.1** | **87.0** | **37.0** | **129.1** |
| Provisions used during the year | **(1.4)** | **(75.7)** | **(4.6)** | **(81.7)** |
| Provisions released during the year | **(1.1)** | **(0.7)** | **(6.6)** | **(8.4)** |
| Reclassifications to liabilities held for sale | **(0.8)** | **(1.0)** | **(1.7)** | **(3.5)** |
| Effect of movement in exchange rates | **(0.2)** | **(0.1)** | **(0.2)** | **(0.5)** |
| As at 31 December 2014 | **21.6** | **40.4** | **47.6** | **109.6** |
| Non-current | **15.1** | **0.7** | **26.2** | **42.0** |
| Current | **6.5** | **39.7** | **21.4** | **67.6** |
| | **21.6** | **40.4** | **47.6** | **109.6** |

### Warranties and claims

The provision for warranty liabilities relates primarily to projects completed during the financial years 2013 and 2014. The provision is based on estimates based on historical warranty data related to similar projects. The Group expects the liabilities will be settled in the following two years. Various and also significant claims have been made against the Group, most of which relate to work performed by the Group. These claims are being contested. A provision has been formed for the expected costs related to claims or, where appropriate, receivables on the claiming customers have not been recognised. Settlement of these claims could take several years.

### Restructuring

The provision for restructuring primarily relates to the divisions Benelux, Germany & Eastern Europe and Marine. Reference is made to note 8.

### Other provisions

Other provisions mainly relate to provisions for onerous rental contracts and for site restoration. The provisions are based on the obligation that the Group has with counterparties involved and represent the best estimate of the obligation. The majority of these provisions have an estimated maturity between two and ten years.

## 28 Trade and other payables

| | Notes | 2014 | 2013 |
|---|---|---|---|
| Trade payables | | **528.3** | 773.8 |
| Other liabilities and accrued expenses | | **376.1** | 487.4 |
| Contingent consideration | 6 | **0.6** | 1.3 |
| Derivatives at fair value | | **–** | 0.5 |
| | | **376.7** | 489.2 |
| **Total** | | **905.0** | **1,263.0** |

As at 31 December 2014 the other liabilities and accrued expenses include accrued personnel expenses (167 million euro), VAT payables (41 million euro) and various other accrued liabilities (168 million euro, including accruals for direct and indirect costs).
As at 31 December 2014, guarantees for an amount of 52.5 million euro have been issued relating to the above payables.

As at 31 December 2013, trade payables included an amount of 165.6 million euro relating to the ICT division and other liabilities and accrued expenses included an amount of 84.5 million euro relating to the ICT division.

## 29 Financial instruments

In the context of its normal business operations the Group faces credit, liquidity, foreign currency and interest rate risks. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. To reduce liquidity, foreign currency and interest rate risks, the Group has a committed syndicated bank loan and committed senior notes (total amount 659 million euro, until 15 July 2017) and it uses derivative financial instruments and other measures. To reduce currency translation risk, foreign subsidiaries are – where possible – financed in local currency. Per 31 December 2014, the main external financing on our balance sheet in local currencies amounted to 2,560 million SEK and 251 million NOK. At the end of 2014 the Group had undertaken cross currency swaps in respect of the senior notes converting fixed 175.5 million USD into fixed euro borrowings. These cross currency swaps had a positive fair value at the end of 2014 of 3.9 million euro. Furthermore at the end of 2014 the Group had undertaken interest rate swaps in respect of the syndicated bank loan with a reference amount of 175.0 million euro with a negative fair value of 1.0 million euro. The fair value changes
of the USD part of our senior notes and the fair value changes in the interest rate and cross currency swaps are part of the hedging reserve which is part of equity. As per 31 December 2014 the positive fair value of the cross currency swaps is booked under the non-current receivables. The negative fair value of the interest rate swaps is booked under the non-current liabilities.

### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and cash and cash equivalents. Management of the Group has drawn up a credit policy and the credit risk is monitored constantly. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has a diversified customer base, predominantly spread over Europe. Where necessary, customers are subjected to a credit check and use is made of various banking products (bank guarantees, letters of credit, etc.) and advance payments. Credit risk insurance is rarely used.

Management of the Group has drawn up a policy with respect to cash and cash equivalents. Cash is mainly held in cash pools, which are spread throughout various countries in various currencies. Operationally, these cash pools are netted, reducing net outstanding cash balances. Cash balances are held with reputable banks, primarily in the European Union.

The carrying amount of the financial assets represents the maximum credit risk and was on the balance sheet date:

| | Notes | 2014 | 2013 |
|---|---|---|---|
| Non-current receivables | 17 | **46.8** | 21.9 |
| Trade receivables | 21 | **609.9** | 868.1 |
| Other receivables | 21 | **121.9** | 139.5 |
| Cash and cash equivalents | 22 | **320.6** | 304.4 |
| **Total** | | **1,099.2** | 1,333.9 |

On the balance sheet date the trade receivables specified by country were as follows:

| | 2014 | 2013 |
|---|---|---|
| Germany | **135.2** | 250.9 |
| The Netherlands | **130.9** | 167.8 |
| Sweden | **83.5** | 107.7 |
| The UK | **80.1** | 96.6 |
| Belgium | **40.7** | 46.5 |
| Spain | **43.9** | 53.6 |
| Norway | **12.4** | 20.7 |
| Finland | **8.1** | 11.5 |
| Ireland | **6.9** | 7.9 |
| Other countries | **68.2** | 104.9 |
| **Total** | **609.9** | 868.1 |

On the balance sheet date the aging of the trade receivables was as follows:

| | 2014 | | | | 2013 | | | |
|---|---|---|---|---|---|---|---|---|
| | Gross – not impaired | Gross – impaired | Impair-ment | Net trade receiva-bles | Gross – not impaired | Gross – impaired | Impair-ment | Net trade receiva-bles |
| Not past due | **409.0** | **44.4** | **(10.0)** | **443.4** | 629.7 | 31.9 | (17.3) | 644.3 |
| Past due 1 to 60 days | **73.9** | **25.6** | **(9.6)** | **89.9** | 94.2 | 17.5 | (8.3) | 103.4 |
| Past due 61 to 180 days | **18.1** | **21.9** | **(18.2)** | **21.8** | 24.7 | 20.3 | (11.9) | 33.1 |
| Past due 181 days to one year | **12.1** | **19.9** | **(16.3)** | **15.7** | 18.7 | 24.2 | (20.5) | 22.4 |
| Past due more than one year | **30.0** | **136.2** | **(127.1)** | **39.1** | 36.8 | 171.4 | (143.3) | 64.9 |
| **Total** | **543,1** | **248,0** | **(181,2)** | **609,9** | 804,1 | 265,3 | (201,3) | 868,1 |

The gross amounts (both not impaired and impaired) reflect the amount of revenue recognised plus value added tax, if any. Amounts billed to the customer, but which are not probable to result in revenue and consequently have not been recognised, are not included in the gross amount. This is particularly relevant for the amounts past due more than 181 days, for which the amounts billed are significantly higher than the gross amounts shown. Amounts past due more than one year predominantly relate to customers who dispute the receivables and in various cases have filed counterclaims. Gross impaired relates to trade receivables for which an impairment is recognised. The impairment is based on management's best estimate of amounts recoverable, but these estimates are uncertain. The Group believes that the unimpaired amounts are still collectible, based on historic payment behaviour and analysis of customer credit risk, including underlying customers' credit ratings, when available.

The other receivables are in nature short-term receivables and have been estimated as recoverable.

Movements in the allowance for impairment in respect of trade receivables during the year are as follows:

| | Notes | 2014 | 2013 |
|---|---|---|---|
| As at 1 January | | **201.3** | 158.3 |
| Impairment loss recognised during the year | 9 | **5.8** | 80.9 |
| Allowance used during the year | | **(17.4)** | (33.3) |
| Disposed of through sale of subsidiaries | | **(1.0)** | – |
| Reversal of impairments during the year | 9 | **(3.6)** | (2.9) |
| Effect of movement in exchange rates | | **(3.9)** | (1.7) |
| **As at 31 December** | | **181.2** | 201.3 |

**Liquidity risk**

The primary objective of liquidity management is to safeguard, as far as possible, sufficient liquidity enabling the Group to meet its current and future payment obligations. The Group aims for sufficient credit facilities over time. The availability of sufficient liquidity is measured weekly for short term liquidity needs and monthly for mid-term liquidity need. For this purpose, the Group has at its disposal a number of (un)committed credit facilities of which 659 million euro is committed (reference is made to note 25).

The following table indicates the contractual maturities of the financial liabilities, including interest payments, the periods in which the cash flows associated with cash flow hedges are expected to occur and the fair value of the related hedging instruments. This table is also indicative of the periods in which the cash flows associated with derivatives that are cash flow hedges are expected to impact profit or loss. The interest rate swaps are derivatives used as hedging instruments for cash flow hedges.

| | Carrying amount | Contractual cash flows | < 6 months | 6 – 12 months | 1 – 2 years | 2 – 5 years | > 5 years |
|---|---|---|---|---|---|---|---|
| **31 December 2014** | | | | | | | |
| Non-derivative financial liabilities | | | | | | | |
| Syndicated bank loans | **150.0** | **164.7** | **2.9** | **2.9** | **5.8** | **153.1** | **–** |
| Senior notes | **318.2** | **376.1** | **10.7** | **12.1** | **22.8** | **330.5** | **–** |
| Payment in kind reserve | **29.7** | **29.7** | **–** | **–** | **–** | **29.7** | **–** |
| Other bank loans | **0.2** | **0.2** | **–** | **0.1** | **0.1** | **–** | **–** |
| Finance lease liabilities | **21.0** | **23.2** | **2.5** | **4.5** | **4.5** | **11.2** | **0.5** |
| Bilateral bank loans | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| Bank overdrafts | **165.4** | **165.4** | **165.4** | **–** | **–** | **–** | **–** |
| Trade and other payables | **905.0** | **905.0** | **814.2** | **75.2** | **2.5** | **8.1** | **5.0** |
| Derivative financial liabilities | | | | | | | |
| Cross currency swaps used for hedging | **(3.9)** | | | | | | |
| - Outflow | **–** | **156.3** | **5.2** | **5.2** | **10.5** | **135.4** | **–** |
| - Inflow | **–** | **(146.5)** | **(3.3)** | **(3.3)** | **(6.7)** | **(133.2)** | **–** |
| Interest rate swaps | **1.0** | **1.2** | **0.5** | **0.3** | **0.4** | **–** | **–** |
| Forward currency contracts | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| **Total** | **1,586.6** | **1,675.3** | **998.1** | **97.0** | **38.8** | **534.8** | **5.5** |

| | Carrying amount | Contractual cash flows | < 6 months | 6 – 12 months | 1 – 2 years | 2 – 5 years | > 5 years |
|---|---|---|---|---|---|---|---|
| **31 December 2013** | | | | | | | |
| Non-derivative financial liabilities | | | | | | | |
| Syndicated bank loans | 534.0 | 601.1 | 11.3 | 11.3 | 578.5 | – | – |
| Senior notes | 320.6 | 502.6 | 10.0 | 11.2 | 20.9 | 102.4 | 358.1 |
| Payment in kind reserve | 5.3 | 5.3 | – | – | 5.3 | – | – |
| Other bank loans | 32.8 | 45.0 | 7.8 | 4.6 | 2.3 | 5.5 | 24.8 |
| Finance lease liabilities | 25.3 | 26.2 | 4.2 | 5.6 | 4.0 | 11.7 | 0.7 |
| Bilateral bank loans | 22.5 | 22.5 | 22.5 | – | – | – | – |
| Bank overdrafts | 106.2 | 106.2 | 106.2 | – | – | – | – |
| Trade and other payables | 1,262.5 | 1,262.5 | 1,163.6 | 78.2 | 9.9 | 4.8 | 6.0 |
| Derivative financial liabilities | | | | | | | |
| Cross currency swaps used for hedging | 5.8 | | | | | | |
| - Outflow | – | 195.3 | 3.7 | 3.7 | 29.6 | 27.1 | 131.2 |
| - Inflow | – | (189.7) | (3.5) | (3.5) | (28.4) | (25.4) | (128.9) |
| Interest rate swap | 0.7 | 1.4 | 0.4 | 0.3 | 0.7 | – | – |
| Forward currency contracts | 0.5 | 0.5 | 0.5 | – | – | – | – |
| **Total** | 2,310.9 | 2,578.9 | 1,326.7 | 111.4 | 622.8 | 126.1 | 391.9 |

### Foreign currency transaction risk

Foreign currency transaction risks faced by the Group arise from both purchases and sales, including contracts with customers related to projects to be executed, and financing liabilities expressed in currencies other than the functional currency of the Group entities, predominantly the euro, the Swedish krona, the British pound and the US dollar. Virtually all purchases and sales take place in the functional currency of the respective group entities. Almost all purchases and sales in a currency other than the functional currency are hedged via forward currency contracts, swaps as well as bank overdrafts in foreign currencies. The Group classifies forward currency contracts and swaps as cash flow hedges and states them at fair value.

### Foreign currency translation risk

The Group is exposed to foreign currency translation risks by means of investments in and long-term loans to foreign subsidiaries. It is our policy to reduce currency translation risks by financing our foreign subsidiaries – where possible – in local currency. Per 31 December 2014, the main external financing on our balance sheet in local currencies amounted to 2,560 million SEK and 251 million NOK. The remaining risk is in principle not hedged, under the assumption that foreign currency fluctuations and interest and inflation developments balance out in the long run.

Furthermore, at the end of 2014 the Group had undertaken cross currency swaps in respect of the senior notes converting fixed 175.5 million USD into fixed euro borrowings, with a reference amount of 129.3 million euro. The Group classifies cross currency swaps as cash flow hedges and states them at fair value. During 2014 no material ineffectiveness has been recognised in profit or loss in relation to cash flow hedges and net investment hedges (2013: nil). These cross currency swaps had a positive fair value at the end of 2014 of 3.9 million euro.

The most important exchange rates during the financial year were:

| | Average rate | | Rate on balance sheet date | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| GBP/euro | **1.24** | 1.18 | **1.29** | 1.20 |
| SEK/euro | **0.11** | 0.12 | **0.11** | 0.11 |
| USD/euro | **0.75** | 0.75 | **0.83** | 0.73 |

A 10% change in the exchange rates GBP/euro, SEK/euro or USD/euro is not expected to significantly affect result and equity.

**Interest rate risk**

The objective of the Group's policy is to fix at least 50% of the interest rate risk of the forecasted debt position as per year-end. In line with this, the Group has arranged interest rate swaps, for which hedge accounting has been applied. As at 31 December 2014 the Group had undertaken interest rate swaps with a reference amount of 175 million euro (31 December 2013: 275 million euro). The Group classifies interest rate swaps as cash flow hedges and states them at fair value. These interest rate swaps had a negative fair value at the end of 2014 of 1.0 million euro.

The position in respect of the cash, cash equivalents and bank overdrafts, which have variable interest rates and are not hedged, fluctuated throughout the year as the need to finance working capital changed.

On the balance sheet date the interest rate profile of the Group's interest-bearing financial instruments was as follows:

| | Notes | **2014** | 2013 |
|---|---|---|---|
| Instruments with a fixed interest rate | | | |
| Finance lease receivables (non-current and current) | 17 | **2.3** | 2.7 |
| Other non-current receivables (including current portion) | 17 | **18.8** | 12.6 |
| Secured bank loans | 25 | **–** | (8.6) |
| Unsecured bank loans | 25 | **–** | (56.7) |
| Secured senior notes | 25 | **(318.2)** | – |
| Unsecured senior notes | 25 | **–** | (320.6) |
| Finance lease liabilities | 25 | **(21.1)** | (25.3) |
| **Total** | | **(318.2)** | (395.9) |
| Instruments with a variable interest rate | | | |
| Cash and cash equivalents | 22 | **320.6** | 304.4 |
| Other non-current receivables | 17 | **25.0** | – |
| Secured bank loans | 25 | **(150.0)** | (1.6) |
| Unsecured bank loans | 25 | **(0.2)** | (505.2) |
| Bank overdrafts | 25 | **(165.4)** | (106.2) |
| **Total** | | **30.0** | (308.6) |

A 1% change in the interest rate as per balance date would mean that the result and equity would increase or decrease by the amounts shown in the following table. These figures assume that all other variables, and currency exchange rates in particular, remain constant. Tax effects have also not been taken into account.

### Sensitivity analysis

| | | Result | | Equity | |
|---|---|---|---|---|---|
| | Amount | 1% increase | 1% decrease | 1% increase | 1% decrease |
| **31 December 2014** | | | | | |
| Instruments with a variable interest rate | | | | | |
| Current | **155.2** | **1.6** | **(1.6)** | **–** | **–** |
| Non-current | **(125.0)** | **(1.3)** | **1.3** | **–** | **–** |
| Total | **30.2** | **0.3** | **(0.3)** | **–** | **–** |
| Interest rate swaps | | | | | |
| Current | **175.0** | **1.8** | **(1.8)** | **1.9** | **(1.9)** |
| **Cash flow sensitivity (net)** | **205.2** | **2.1** | **(2.1)** | **1.9** | **(1.9)** |
| **31 December 2013** | | | | | |
| Instruments with a variable interest rate | | | | | |
| Current | 198.2 | 2.0 | (2.0) | – | – |
| Non-current | (506.8) | (5.1) | 5.1 | – | – |
| Total | (308.6) | (3.1) | 3.1 | – | – |
| Interest rate swaps | | | | | |
| Current | 275.0 | 2.8 | (2.8) | 4.2 | (4.2) |
| **Cash flow sensitivity (net)** | (33.6) | (0.3) | 0.3 | 4.2 | (4.2) |

### Capital management

The Group's policy is to strive to a strong capital base, so as to strengthen investor, creditor and market confidence and to ensure future development of the business. Therefore, in 2014 the Group negotiated new terms with his main financiers, executed a rights issue and sold its ICT division. Four key drivers have been identified by the Group to manage the operational recovery, thereby resulting in a stronger capital base: quality and volume of order intake, improved project execution resulting in a higher gross margin, reduction of indirect costs and improvement of operational working capital.

**Fair value**

The summary below shows the carrying amounts of the financial instruments:

| | 2014 | 2013 |
|---|---|---|
| **Fair value hedging instruments** | | |
| Cross currency swaps used for hedging: | | |
| Assets (non-current) | **3.9** | – |
| Liabilities (non-current) | **–** | (5.8) |
| Forward currency contracts used for hedging: | | |
| Liabilities (current) | **–** | (0.5) |
| Interest rate swaps used for hedging: | | |
| Liabilities (non-current) | **(1.0)** | (0.7) |
| | **2.9** | (7.0) |
| **Loans and receivables** | | |
| Finance lease receivables[1] | **2.3** | 2.7 |
| Other non-current receivables[1] | **43.3** | 12.0 |
| Trade and other receivables[2] | **720.8** | 1,005.9 |
| Cash and cash equivalents | **320.6** | 304.4 |
| | **1,087.0** | 1,325.0 |
| **Other financial liabilities** | | |
| Bank loans[1] | **(150.2)** | (589.3) |
| Senior notes | **(318.2)** | (320.6) |
| Payment in kind reserve | **(29.7)** | (5.3) |
| Finance lease liabilities[1] | **(21.1)** | (25.3) |
| Contingent consideration[1] | **(0.6)** | (1.3) |
| Trade and other payables[3] | **(904.4)** | (1,261.2) |
| Bank overdrafts | **(165.4)** | (106.2) |
| | **(1,589.6)** | (2,309.2) |

1 *Non-current and current portion.*

2 *Excluding current portion of the non-current receivables and derivatives (shown separately).*

3 *Excluding derivatives (shown separately).*

As at 31 December 2014 the fair value of the senior notes amounts to 251.4 million euro (31 December 2013: 238.2 million euro) and the fair value of the syndicated bank loans amounts to 118.5 million euro (31 December 2013: 562.3 million euro). The carrying amounts of the financial instruments measured other than at fair value, approximated their fair values on the balance sheet date.

In the fourth quarter of 2014, as part of the refinancing and equity issue, the Company has been involved in a repurchase program of its own outstanding debt. As an integral part of the Rights Issue and the corresponding market take-up, the Company was able to buy-back part of its own debt. The main financiers have been invited to offer their debt for a maximum of 85% of its par value in a so-called 'Dutch Auction'. Several sources of funding have been offered by multiple financiers, overall resulting in the buy-back of the full available 117 million euro, enabling the Company to repurchase approximately 146 million euro of par value at an average level of approximately 79%. Calculating the fair value of both the senior notes and the syndicated bank loans, the Company has applied this average level of approximately 79%.

### Derivatives

The fair value of forward exchange contracts is based on their quoted market price if available. If no quoted market price is available the fair value is estimated by discounting the difference between the contracted and actual forward price for the remaining term based on a risk-free interest rate (based on government bonds). The fair value of interest rate swaps is based on broker quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for similar instruments at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty where appropriate.

### Non-derivative financial liabilities

Fair value is calculated on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

### Trade and other receivables / trade and other payables

The nominal value of receivables and liabilities that fall due within one year is assumed to reflect the fair value.

### Fair value hierarchy

The various fair value valuation methods can be defined as follows:

- level 1: quoted market prices (not corrected) in active markets for identical assets or liabilities;
- level 2: input that is not a quoted market price as specified under level 1 and that is verifiable for the asset or liability either directly (in the form of a price) or indirectly (i.e. derived from a price);
- level 3: input related to the asset or liability that is not based on verifiable market data (non-verifiable input).

As at 31 December 2014 all fair value calculations applied for cross currency swaps, forward currency contracts, senior notes, syndicated bank loans and interest rate swaps used for hedging are classified under Level 2 (31 December 2013: the same).

## 30 Operating lease contracts

The amounts owed in respect of non-cancellable operating lease contracts mature as follows:

| | **2014** | 2013 |
|---|---|---|
| < 1 year | **81.6** | 111.5 |
| 1 – 5 years | **188.6** | 247.5 |
| > 5 years | **101.5** | 119.4 |
| **Total** | **371.7** | **478.4** |

The Group leases buildings and other property, plant and equipment on the basis of operating leases. The lease contracts generally have a term of a limited number of years with an option for extension. None of the lease contracts involve conditional lease instalments. In the financial year 2014 an expense of 108.8 million euro was recognised in profit or loss for operating leases (2013: 127.3 million euro). In 2013, the total operating lease contracts included 49.9 million euro relating to the ICT division.

## 31 Related parties

### Identity of related parties

There is a related party relationship with key management, associates and joint ventures.

### Transactions with related parties

**Key management**

Reference is made to note 8.

**Associates**

The associated companies in which the Group participates are amongst others active in maintenance and in investing in early stage technology start-ups. During 2014 associated companies purchased goods and services from the Group for an amount of 5.3 million euro (2013: 7.6 million euro). Transactions with associated companies are conducted at arm's length. On 31 December 2014 associates owed the Group 1.3 million euro (31 December 2013: 1.6 million euro).

**Joint ventures**

The Group operates through several joint arrangements for service and maintenance activities as well as for the execution of projects. During 2014 joint ventures purchased goods and services from the Group for an amount of 0.1 million euro (2013: 1.3 million euro). On 31 December 2014 joint ventures owed the Group 0.1 million euro (31 December 2013: 0.5 million euro). Transactions with joint ventures are conducted at arm's length.

## 32 Contingent assets and liabilities

### General

The Company and its group companies are or may become party to various claims, legal and/or administrative proceedings and investigations in the ordinary course of business or otherwise. The financial outcome thereof could be material to our result and cash flows in individual accounting periods, and consequently to our financial position.

In connection with Governance, Risk and Compliance ('GRC') related irregularities and subsequent events or otherwise, taking into account the matters noted in the Shareholders report dated 18 June 2013 and in the prospectuses relating to the rights issues of June 2013 and October 2014, the Group may become party to legal proceedings and become subject to regulatory or criminal investigations, which could have a material adverse effect on the Group's business, reputation, results of operations, financial conditions and prospects.

Additional risks and uncertainties of which the Company is not aware or that the Company currently believes are immaterial may also adversely affect the Company's or the Group's business, results of operations, financial condition and prospects.

Claims, proceedings and investigations are reviewed at least quarterly and adjusted to reflect the impacts of negotiations, settlements, rulings, advice of legal counsel and other information and events pertaining to a particular case. Litigation is inherently unpredictable and it is possible that cash flows or results of operations could be materially and adversely affected in any particular period by the unfavourable resolution or disposition of one or more of these contingencies.

Various significant claims are made against the Group by customers relating to work performed by the Group. In addition, also inherently connected with the industry, there are a number of smaller claims of different sizes and various kinds against the Group. The total nominal amount of claims against the Group is about 300 million euro as of 31 December 2014 of which the largest part relates to and is, as far as required, taken into consideration in the valuation of work in progress. When recognition criteria are met, the Group records a provision for the expected costs related to claims (31 December 2014: 12.7 million euro, 31 December 2013: 9.5 million euro). The provisions recorded and expenses incurred in connection with claims negatively impact the Group's financial results and cash flow.

### Investor claims

In connection with the irregularities, certain investor interest groups have expressed that they may start litigation against the Group. One investor group already initiated a court proceeding against the Company by serving a writ of summons. The Group will defend against any civil lawsuits filed against it by or on behalf of shareholders in connection with the events described in the Report to Shareholders ('Report'). However, where appropriate, the Group may also engage in discussions with insurers and investor interest groups and shareholders to see whether, whilst disclaiming all liability, extended litigation can be avoided through an out-of-court settlement at reasonable terms. The Group engages in discussions with certain investor interest groups. The following paragraphs set out the material developments. The future progress and outcome of these discussions, as well as the potential financial consequences of investor litigation, are uncertain. It cannot be excluded that investor interest groups other than the investor interest groups mentioned below and/or shareholders will seek to hold the Company liable in connection with the irregularities.

**Settlement VEB**

On 7 October 2014, the Company, former members of its Board of Management and (former) members of the Supervisory Board concluded a settlement with the Dutch Investors Association VEB (Vereniging VEB NCVB; 'VEB') and certain major shareholders, including APG Algemene Pensioen Group N.V., and KPMG Accountants N.V. ('KPMG'). The settlement relates to claims by VEB members in relation to the developments described in the Report.

Pursuant to the settlement, a settlement fund is established from which eligible shareholders will be compensated if they decide to opt-in to the settlement. The fund is independent from the Company. The settlement fund is funded by:

- the insurers;
- a contribution by KPMG;
- the restitution of bonuses by the former members of the Board of Management; and
- a contribution by the Company.

Compensation from the settlement fund is restricted to VEB members.

A part of the compensation is unconditional and will likely be paid out within one year from the date of the settlement. Another part of the compensation is conditional and will be paid out after 1 July 2018. The exact total amount that eligible shareholders will receive depends amongst other things on the number of opt-ins, their shareholding on 1 February 2013 at closing of Euronext and their trading history. The execution of the settlement will take place under the supervision of the settlement fund.

By opting in to the settlement, eligible shareholders waive all claims against the Company, the members and former members of its Board of Management and the members and (former) members of the Supervisory Board and certain other parties, including KPMG, in connection with the events set out in the Report.

The settlement does not have a material impact on the Company's results of operations or cash flow.

**Deminor**
On 28 August 2013, Deminor International SCRL / CVBA ('Deminor') sent the Company a letter on behalf of a number of institutional investors containing a notice of liability addressed to the Company. Stichting Belangenbehartiging Gedupeerde Beleggers Imtech ('SBGBI'), a claim foundation established by Deminor, has served a writ of summons to the Company and certain former members of the Board of Management and (former) members of the Supervisory Board. SBGBI seeks – in short – a declaratory decision that the Company and certain former members of the Board of Management and (former) members of the Supervisory Board have acted unlawfully towards shareholders by giving a misleading impression of the Company's performance in the period leading up to events set out in the Report.

Imtech has not yet been able to reach an out-of-court settlement with Deminor in relation to their constituency. In the proceedings, Imtech has filed its statement of defence and a hearing is due to take place on 22 April 2015.

### AFM investigation
The Netherlands Authority for the Financial Markets ('AFM') is investigating whether (among others) the Company has complied with the rules on market abuse (including the requirement of section 5:25i FMSA to without delay make public price sensitive information and the prohibition of section 5:58 FMSA on market manipulation) with respect to the period 1 June 2012 through 1 March 2013. The investigation relates to, among others, the qualification by the Company of the instrument referred to as a 'wissel' (legally, a bill of exchange, but from the context, a promissory note) of about 150 million euro as 'cash and cash equivalents' in the Group's interim financial statements 2012 and to possible other aspects. The investigation could result in fines and certain other sanctions being imposed by the AFM against the Company and/or its former Board of Management. Such sanctions will, in principle, be published. The Company is fully cooperating with this investigation. At this moment, management can not determine the outcome of the investigation.

### F&M Schweiz investigation
In early 2014 it became clear by forensic investigations by Imtech's external advisors, after reporting in Swiss media, that former management of Imtech's subsidiary Fritz & Macziol Schweiz (F&M Schweiz) had non-business like relationships with civil servants. Management of F&M Schweiz was replaced and the company has terminated nearly all its business activities. Royal Imtech is fully cooperating with Swiss authorities, which have started criminal investigations. F&M Schweiz is at this stage not a (criminal) suspect. Investigations by the public prosecutor are ongoing. Furthermore, it can not be ruled out that third parties might initiate civil law proceedings.

At this point in time it is not possible to reliably assess the financial consequences and therefore a provision has not been recognised, although it is not expected to have a material impact on the Company's results of operations or cash flow.

**Germany possible competition law violations**
A whistleblower notification on project Eemshaven was received end of August 2014. An immediate investigation was started. Imtech informed the market on 4 November 2014 and gave an update on 13 January 2015 regarding a possible violation of competition laws in Germany in the period 2008-2010. The internal investigation, conducted by Imtech's GRC department assisted by external counsel and experts, did not confirm that competition laws were violated.

In this context German authorities are conducting a broader investigation involving multiple German companies and individuals active in the technical services industry. As part of this investigation on 3 February 2015 the German authorities have served warrants to obtain information at various technical services providers, including some Imtech offices in Germany. The background relates to possible violation of competition laws. Following the investigations by the authorities, Imtech has broadened the scope of its investigations. So far, this broadened internal investigation did not prove the allegations.

**Alleged bribery Berlin-Brandenburg airport**
Imtech has taken notice of unconfirmed allegations towards (former) Imtech Germany management in connection with the new airport of Berlin-Brandenburg in the period prior to 2013. Consequently, Imtech has informed the competent authorities, including the office of the Public Prosecutor, and the Compliance Department of the Berlin-Brandenburg airport. Imtech has initiated an internal investigation to the potential violations. So far, the internal investigations conducted by Imtech did not prove the allegations.

**Poland PBG claim**
PBG (a Polish company in liquidation) submitted a claim related to a project, a football stadium, which was finished in 2012. Imtech itself filed a civil claim against PBG in 2013 with regard to this project. PBG has now responded by submitting a counter claim of about 130 million euro. The claim is deemed unrealistic in substance, size and timing.

**Potential violations of applicable export controls and sanctions regulations**
Imtech has initiated an investigation into certain sales activities by an Imtech Marine entity in the United Arab Emirates in relation to potential violations of applicable export controls and sanctions regulations. The internal investigation is conducted by external counsel and experts. Imtech has disclosed the fact that it has initiated the investigation to the appropriate authorities. A provision has been recorded based on management's best estimate of the possible outflow of cash. The first result of the initial investigations indicate possible violations may have taken place, but that these were relatively small in size and number, and that their potential financial impact is therefore likely to be not material.

**Other**
With respect to a foreign subsidiary risks were identified mostly relating to the period prior to acquisition. The potential exposure relating to these risks may range from 30 to 35 million euro. This subsidiary has been divested in 2014 and when these risks materialise, they will be indemnified by the buyers of the company.

## 33 Subsequent events
After the balance sheet date, developments were noted regarding competition law violations in Germany and alleged bribery related to Berlin-Brandenburg airport. These events are all GRC related and are also described in note 32 Contingent assets and liabilities.

# Company balance sheet

| In millions of euro, before appropriation of result | Notes | 31 December 2014 | | 31 December 2013 | |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Property, plant and equipment | 1 | **0.5** | | 0.8 | |
| Intangible assets | 2 | **1.0** | | 193.2 | |
| Financial fixed assets | 3 | **726.9** | | 743.3 | |
| Total fixed assets | | | **728.4** | | 937.3 |
| Receivables | 4 | **55.0** | | 158.4 | |
| Cash and cash equivalents | | **15.9** | | 2.6 | |
| Total current assets | | | **70.9** | | 161.0 |
| **Total assets** | | | **799.3** | | 1,098.3 |
| **Equity** | | | | | |
| Share capital | 5 | **605.4** | | 373.8 | |
| Share premium reserve | 6 | **731.7** | | 397.1 | |
| Translation reserve | 7 | **12.2** | | (2.5) | |
| Hedging reserve | | **(13.2)** | | (4.2) | |
| Revaluation reserve | 8 | **–** | | 6.1 | |
| Other reserves | 9 | **(499.9)** | | 235.5 | |
| Unappropriated result | 10 | **(560.6)** | | (701.2) | |
| Total equity | | | **275.6** | | 304.6 |
| **Liabilities** | | | | | |
| Provisions | 11 | **14.6** | | 3.4 | |
| Due to Group companies | 12 | **–** | | 261.9 | |
| Non-current liabilities | 13 | **–** | | 0.9 | |
| Total non-current liabilities | | | **14.6** | | 266.2 |
| Bank overdraft | | **3.7** | | 382.2 | |
| Due to group companies | 12 | **482.2** | | 69.2 | |
| Syndicated bank loans | | **–** | | 48.7 | |
| Other liabilities | 14 | **23.2** | | 27.4 | |
| Total current liabilities | | | **509.1** | | 527.5 |
| **Total shareholders' equity and liabilities** | | | **799.3** | | 1,098.3 |

# Company profit and loss account

| In millions of euro | **2014** | 2013 |
|---|---|---|
| Result from participations after taxation | **(451.9)** | (633.3) |
| Other income and expenses after taxation | **(108.7)** | (67.9) |
| **Net result of the Company** | **(560.6)** | (701.2) |

In millions of euro

### Principles of valuation for the financial statements

In determining the principles for the valuation of assets and liabilities and the determination of result for its company financial statements, the Company has made use of the option offered in Article 2:362 Clause 8 of the Netherlands Civil Code. This means that the accounting policies for the valuation of assets and liabilities and the determination of result (hereafter 'accounting policies') applied to the Company financial statements are the same as those applied for the consolidated financial statements. Article 402, Book 2 of the Netherlands Civil Code is applied, which allows a simplified company profit and loss account in the Company financial statements in the event that a comprehensive profit and loss account is included in the consolidated Group financial statements. The company profit and loss account of the Company exclusively states the share of the result of participations after taxation and the other income and expenses after taxation. Participating interest in group companies over which a significant influence is exercised are recognised at net asset value, whereby the net asset value is determined on the basis of the accounting policies applied in the consolidated financial statements.

### Selected financial items

Various items on the balance sheet have been impacted by specific events. Amongst others, these events comprise of the rights issue which has led to a debt reduction, the sale of the ICT division and the internal legal restructuring. As a result, the intangible assets, financial fixed assets, intercompany balances, share capital, share premium and bank overdrafts are significantly impacted.

## 1 Property, plant and equipment

| | **2014** | 2013 |
|---|---|---|
| Carrying amount on 1 January | **0.8** | 0.9 |
| Additions | **–** | 0.1 |
| Depreciation | **(0.3)** | (0.2) |
| Carrying amount on 31 December | **0.5** | 0.8 |
| Specified as follows: | | |
| Cost | **1.4** | 1.4 |
| Cumulative depreciation | **(0.9)** | (0.6) |

## 2 Intangible assets

| | Goodwill | Other intangible assets | Total |
|---|---|---|---|
| Carrying amount as at 1 January 2014 | **192.3** | **0.9** | **193.2** |
| Additions | **–** | **0.6** | **0.6** |
| Amortisation | **–** | **(0.5)** | **(0.5)** |
| Deconsolidation | **(22.4)** | – | **(22.4)** |
| Impairment[1] | **(17.6)** | – | **(17.6)** |
| Intra-group transfers | **(152.3)** | **–** | **(152.3)** |
| Carrying amount as at 31 December 2014 | **–** | **1.0** | **1.0** |
| Specified as follows: | | | |
| Cost | **–** | **4.4** | **4.4** |
| Cumulative amortisation and impairment | **–** | **(3.4)** | **(3.4)** |

[1] *Reference is made to note 15 Goodwill and other intangible assets of the consolidated financial statements.*

## 3 Financial fixed assets

| | 2014 | 2013 |
|---|---|---|
| Participating interests in Group companies | **600.3** | 732.1 |
| Receivables from Group companies | **96.9** | 1.9 |
| Deferred tax | **0.5** | 0.9 |
| Other participating interests | **29.2** | 8.4 |
| **Total** | **726.9** | **743.3** |

### Participating interests in Group companies

Participating interests in Group companies are stated at the net asset value and the movement was as follows:

| | 2014 | 2013 |
|---|---|---|
| Balance as at 1 January | **732.1** | 995.4 |
| Increase in investments | **171.9** | 370.4 |
| Divestments | **(6.8)** | 0.9 |
| Intra-group transfers | **180.5** | – |
| Results | **(451.9)** | (633.3) |
| Remeasurements of defined benefit liability (net of tax) | **(34.3)** | 6.5 |
| Dividends received | **0.1** | (3.6) |
| Effect of changes in exchange rates | **14.5** | (8.2) |
| Movement in hedging reserve of investments | **(9.1)** | 5.2 |
| Other movements | **3.3** | (1.2) |
| **Balance as at 31 December** | **600.3** | **732.1** |

Intra-group transfers is the effect of the legal restructuring (direct investments in group companies have been transferred internally) and mergers of group companies.
A complete list of Group companies and other investments, compiled in accordance with the relevant legal requirements (Book 2, Part 9, Sections 379 and 414 of the Netherlands Civil Code) is filed at the Commercial Registry Office in Rotterdam, the Netherlands.

Based on revenues, the following are the most relevant active Group companies per country:

| Company | Country of incorporation | **2014** | 2013 |
|---|---|---|---|
| Imtech Belgium N.V. | Belgium | **100%** | 100% |
| EMC Talotekniikka Oy | Finland | **100%** | 100% |
| Imtech Brandschutz GmbH | Germany | **100%** | 100% |
| Imtech Contracting GmbH | Germany | **100%** | 100% |
| Imtech Deutschland GmbH & Co. KG | Germany | **100%** | 100% |
| Imtech Marine Schiffbau-/Dockbautechnik GmbH | Germany | **100%** | 100% |
| Imtech Suir Engineering Ltd. | Ireland | **100%** | 100% |
| Imtech Norge AS | Norway | **100%** | 100% |
| Imtech Spain S.L. | Spain | **100%** | 100% |
| Imtech Elteknik AB | Sweden | **100%** | 100% |
| Imtech VS-teknik AB | Sweden | **100%** | 100% |
| Imtech Ventilation AB | Sweden | **100%** | 100% |
| Imtech Building Services B.V. | The Netherlands | **100%** | 100% |
| Imtech Industrial Services B.V. | The Netherlands | **100%** | 100% |
| Imtech Industry International B.V. | The Netherlands | **100%** | 100% |
| Imtech Marine Netherlands B.V. | The Netherlands | **100%** | 100% |
| Imtech Traffic & Infra B.V. | The Netherlands | **100%** | 100% |
| Imtech Engineering Services Central Ltd. | The UK | **100%** | 100% |
| Imtech Engineering Services London and South Ltd. | The UK | **100%** | 100% |
| Imtech Engineering Services North Ltd. | The UK | **100%** | 100% |
| Imtech Traffic & Infra UK Ltd. | The UK | **100%** | 100% |
| Imtech Water Waste and Energy Ltd. | The UK | **100%** | 100% |
| Inviron Ltd. | The UK | **100%** | 100% |

## 4 Receivables

| | **2014** | 2013 |
|---|---|---|
| Receivables from Group companies | **44.9** | 140.1 |
| Taxes and social security premiums | **0.6** | 1.9 |
| Other receivables and accruals | **9.5** | 16.4 |
| **Total** | **55.0** | 158.4 |

In the other receivables and accruals an amount of approximately 6 million euro is non-current.

## 5 Share capital

In 2014 the share capital of the Company increased with 231.3 million euro to 605.4 million euro after the rights issue of 27 October 2014 (31 December 2013: 373.8 million euro). As at 31 December 2014 the number of outstanding ordinary shares with a par value of 5.00 euro was 121,081,595 (31 December 2013: 3,285,915). As at 31 December 2014 the issued capital amounted to 121,091,415 ordinary shares (31 December 2013: 3,295,755) of which 9,821 (31 December 2013: 9,821) were held by the Company. Reference is made to note 8 and 23 to the consolidated financial statements.

## 6 Share premium reserve

| | **2014** | 2013 |
|---|---|---|
| Balance as at 31 December | **731.7** | 397.1 |
| | | |
| Comprises: | | |
| Distribution subject to taxation | **8.6** | 8.6 |
| Distribution exempt from taxation | **723.1** | 388.5 |
| **Total** | **731.7** | 397.1 |

In 2014 334.9 million euro was added to the share premium reserve as a result of the issuance of ordinary shares. As part thereof, costs incurred in relation to the rights issue of 34.7 million euro were allocated to the share premium.

## 7 Translation reserve

| | **2014** | 2013 |
|---|---|---|
| Balance as at 1 January | **(2.5)** | 7.3 |
| Effect of movement in exchange rates on the valuation of investments | **14.7** | (9.8) |
| **Balance as at 31 December** | **12.2** | (2.5) |

## 8 Revaluation reserve

| | **2014** | 2013 |
|---|---|---|
| Balance as at 1 January | **6.1** | 6.1 |
| Transfer to other reserves | **(6.1)** | – |
| **Balance as at 31 December** | **–** | 6.1 |

The revaluation reserve related to a remeasurement of a previously held equity interest. This legal reserve has been reversed in 2014 upon disposal of the underlying subsidiary which formed part of the ICT division.

## 9 Other reserves

| | **2014** | 2013 |
|---|---|---|
| Balance as at 1 January | **235.5** | 475.2 |
| Profit appropriation | **(701.2)** | (247.2) |
| Remeasurements of defined benefit liability (net of tax) | **(41.9)** | 4.7 |
| Purchased own shares | **–** | 0.4 |
| Share-based payments | **1.6** | 2.4 |
| Transfer from revaluation reserve | **6.1** | – |
| **Balance as at 31 December** | **(499.9)** | 235.5 |

Other reserves include legal reserves relating to capitalised R&D expenses for an amount of 8.5 million euro (2013: 11.7 million euro) and non-distributed profits of Group and/or associated companies for an amount of 1.3 million euro (2013: 1.3 million euro). The purchase price of the repurchased shares has been deducted from the other reserves.

## 10 Unappropriated result

| | **2014** | 2013 |
|---|---|---|
| **To transfer to other reserves** | **(560.6)** | (701.2) |

## 11 Provisions

| | Deferred tax liabilities | Pensions | Warranties and claims | Total |
|---|---|---|---|---|
| Balance as at 1 January 2013 | 12.0 | 0.4 | 3.9 | 16.3 |
| Additions | – | – | 0.4 | 0.4 |
| Withdrawals | (12.0) | (0.3) | (1.5) | (13.8) |
| Remeasurements of defined benefit liability (net of tax) | – | 0.5 | – | 0.5 |
| Balance as at 31 December 2013 | – | 0.6 | 2.8 | 3.4 |
| Balance as at 1 January 2014 | – | 0.6 | 2.8 | 3.4 |
| Additions | – | – | 10.8 | 10.8 |
| Remeasurements of defined benefit liability (net of tax) | – | 0.4 | – | 0.4 |
| **Balance as at 31 December 2014** | **–** | **1.0** | **13.6** | **14.6** |

For the unrecognised deferred tax assets reference is made to note 18 to the consolidated financial statements.

## 12 Due to Group companies

As at 31 December 2014, the average remaining term is 0.3 years and the weighted average interest rate is 2.7% (31 December 2013: 6.8 years and 4.8% respectively).

## 13 Non-current liabilities

| | 2014 | 2013 |
|---|---|---|
| **Interest payable** | – | 0.9 |

## 14 Other liabilities

| | 2014 | 2013 |
|---|---|---|
| Taxes and social security premiums | **5.3** | 6.7 |
| Various liabilities | **17.9** | 20.7 |
| **Total** | **23.2** | 27.4 |

**Contingent assets and liabilities**

Royal Imtech N.V. has issued a declaration of joint and several liability for the majority of its Dutch subsidiaries on the grounds of Article 403 Book 2 of the Netherlands Civil Code. In addition, Royal Imtech N.V. has provided separate guarantees as additional security on behalf of subsidiaries relating to the fulfilment of specifically defined contractual commitments to third parties. These parent company warranties relate to so-called advance payment warranties in the technical contracting sector and purely performance warranties. A large part of these warranties have been given for companies for which the aforementioned declaration of joint and several liability was issued and filed at the Commercial Registry Office. On the balance sheet date the liabilities of these subsidiaries amounted to 709 million euro (2013: 1,009 million euro). Royal Imtech N.V. is also jointly and severally liable for the debts of its subsidiaries by virtue of the credit, senior notes and guarantee facilities. Finally, as the parent company of the fiscal unities with regard to corporate income tax and value added tax Royal Imtech N.V. is severally liable for the tax liabilities of these fiscal unities.

Furthermore, reference is made to note 32 to the consolidated financial statements.

## 15 Auditor’s fees

With reference to Section 2:382a of the Netherlands Civil Code, the other expenses in the consolidated financial statements include 9.4 million euro of fees in 2014 (2013: 8.7 million euro) for services provided by KPMG Accountants N.V. and its member firms and/or affiliates.

| | 2014 | | | 2013 | | |
|---|---|---|---|---|---|---|
| | KPMG Accountants N.V. | Other KPMG network | Total KPMG | KPMG Accountants N.V. | Other KPMG network | Total KPMG |
| Audit of financial statements | **2.2** | **3.4** | **5.6** | 1.8 | 3.7 | 5.5 |
| Other audit services | **1.6** | **1.6** | **3.2** | 1.5 | 1.6 | 3.1 |
| Tax advisory services | **–** | **0.6** | **0.6** | – | 0.1 | 0.1 |
| Other non-audit services | **–** | **–** | **–** | – | – | – |
| **Total** | **3.8** | **5.6** | **9.4** | 3.3 | 5.4 | 8.7 |

## 16 Personnel

The remuneration of members of the Supervisory Board and the Board of Management is disclosed in note 8 to the consolidated financial statements. During 2014 66 (2013: 58) were employed by Royal Imtech N.V. and working in the Netherlands.

The members of the Board of Management have signed the Annual Report and financial statements in fulfilment of their legal obligations on the grounds of Article 2:101 Clause 2 of the Netherlands Civil Code and Article 5:25 c Clause 2 sub C of the Financial Supervision Act. The members of the Supervisory Board have signed the financial statements in fulfilment of their legal obligations on the grounds of Article 2:101 Clause 2 of the Netherlands Civil Code.

Gouda, 17 March 2015

### Supervisory Board

C.J.A. van Lede
F.J.G.M. Cremers
R.D. van Andel
J.J. Beeton
M.E. van Lier Lels
B. van der Veer

### Board of Management

G.J.A. van de Aast, CEO
J. Turkesteen, CFO
F.N.E. Colsman
P.C. van Gelder

## INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To: The Annual General Meeting of Shareholders and the Supervisory Board of Royal Imtech N.V.

### Report on the audit of the Financial Statements 2014

**Our opinion**
We have audited the accompanying financial statements 2014 of Royal Imtech N.V. (the Company), based in Gouda (statutory seat in Rotterdam). The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:
- the consolidated financial statements as set out on pages 81-154 give a true and fair view of the financial position of Royal Imtech N.V. as at 31 December 2014, its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Netherlands Civil Code.
- the company financial statements as set out on pages 155-163 give a true and fair view of the financial position of Royal Imtech N.V. as at 31 December 2014 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

The consolidated financial statements comprise:
- the consolidated profit and loss account for 2014;
- the consolidated balance sheet as at 31 December 2014;
- the following statements for 2014: consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended; and
- notes, comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:
- the company balance sheet as at 31 December 2014;
- the company profit and loss account for 2014; and
- notes, comprising a summary of the accounting policies and other explanatory information.

**Basis for our opinion**
We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Royal Imtech N.V. in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA).
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Materiality**
Misstatements can arise from fraud or error and will be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Based on our professional judgment we determined the materiality for the financial statements as a whole at 20 million euro, with reference to a benchmark of revenues, of which it represents 0.5%. We consider this benchmark to be the most relevant given the nature of the business and the results of the Company. The materiality amounts to approximately 3.9% of the result before income tax from continuing operations. We have also taken into account misstatements and possible misstatements that are, in our opinion, material for the users of the financial statements for qualitative reasons.

Audits of group entities (components) were performed using materiality levels determined by the judgment of the Group audit team, having regard to the materiality for the Group financial statements as a whole and the reporting structure within the group. Component materiality did not exceed 4.5 million euro and, for the majority of the components, materiality is set at significantly lower levels than this threshold.

We agreed with the Supervisory Board that misstatements in excess of 1 million euro, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

**Scope of the group audit**
Royal Imtech N.V. is the parent of a group of entities. The financial information of these entities is first consolidated at division level and subsequently included in the consolidated financial statements of Royal Imtech N.V.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for divisions and components. In determining the scope of those procedures we considered that for all individual divisions a separate audit opinion will be issued to us. Decisive for the extent of the audit procedures to be carried out for individual entities were the size and/or risk profile of these entities or their operations. On this basis, we selected components for which an audit had to be carried out based on the complete set of financial statements or based on specific items.

Applying these scoping criteria led to full scope audit procedures at all divisions, full scope audit procedures at 43 components and audit procedures on specific account balances at 6 components.

This resulted in a coverage of 91% of revenues, 91% of the result before income tax from continuing operations and 90% of total assets for our group audit. The remaining 9% of total revenue, 9% of the result before income tax from continuing operations and 10% of total assets result from a number of smaller components, none of which individually represented more than 5% of either total revenue, result before income tax from continuing operations or total assets. For these remaining components, amongst others we performed analyses to corroborate the assessment that there are no significant risks of material misstatement within these components.

The Group audit team sent detailed instructions to all component and division auditors, stressing the significant areas that should be covered (which included the relevant significant risks) and set out the information required to be reported back to us as group auditor. Based on our risk assessment, the Group audit team visited division and component audit teams in Germany, the Netherlands and Sweden. Calls were also held with the auditors of the divisions and some of the components that were not physically visited. At these visits and calls, the planning, risk assessment, procedures performed, findings and observations reported to the group auditor were discussed in more detail and any further work deemed necessary by the Group audit team was then performed.

The consolidation of the group, the disclosures in the financial statements and certain accounting topics that are performed on group level are audited by the Group audit team. The accounting matters on which audit procedures are performed by the Group audit team include, but are not limited to, assessment of the use of the going concern assumption, goodwill impairment testing, results from discontinued operations, equity, group financing, corporate income tax for the Dutch fiscal unity and the valuation of tax losses carried forward, share based payments, employee benefits, claims and litigations and the follow-up on ongoing investigations into (potential) non-compliant behaviour.

By performing the procedures mentioned at division level and component level, together with the additional procedures performed at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements.

**Our key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These key audit matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Going concern assumption**

Management’s assessment of the going concern assumption has been identified as a key audit matter, as it requires significant judgment.

For our audit of the going concern assumption as disclosed in note 2 to the consolidated financial statements we evaluated and tested the assumptions, methodologies, and data used by the Company. This included comparison to actual 2014 results and expected results from improvement plans initiated by management including restructuring plans and by analysing sensitivities. We included in our team going concern experts to assist us with these procedures.

We noted that the Company has been able to significantly improve its financial position when compared to 30 June 2014. Given the financial covenant waivers obtained by the Company through Q1 of 2016 we specifically focused on those sensitivities in the available liquidity headroom where a reasonably possible change in assumptions per division, including timing of cash flows, could cause the Company to have to obtain additional liquidity.

We also assessed the historical accuracy of management’s estimates and noted limited predictive accuracy of the Company in the past. We also noted that contingencies have been included in and sensitivities have been applied to the 2015 budget, most notably for Germany.

The Company anticipates realising significant improvement in both operational results and working capital. We noted a risk that these planned operational improvements in 2015 do not occur at the forecasted pace or that the cash outflow resulting from the final outcome from contingent liabilities is higher than expected.

The Company has options available to mitigate pressure on the liquidity. Although a level of uncertainty remains, we concur with management’s conclusion in note 2 to the consolidated financial statements that there remain no material uncertainties with respect to going concern.

**Sensitivities with respect to goodwill**

Management’s annual goodwill impairment test has been identified as a key audit matter, as the impairment test is complex and judgmental. Furthermore, goodwill represents 31% of the balance sheet total. In performing the impairment testing for goodwill, the Company used various assumptions in respect of developments in revenue, EBITDA margins and working capital levels, which individually may have a material effect on the result of the calculation. The Company has disclosed the impairment test method including the main underlying assumptions, the results of the test as well as the impact of sensitivities in note 15 to the consolidated financial statements.

In our audit we evaluated and tested the goodwill impairment testing model including the methodologies and main assumptions used. This includes assessing the forecasted EBITDA margins, working capital levels and Weighted Average Cost of Capital. The procedures performed encompass, for example, comparing Imtech’s assumptions to external data such as the market capitalisation of the Company, EBITDA levels of peer companies and analysts’ reports. Furthermore, we analysed sensitivities, compared the projected cash flows to budgets and management’s forecast and assessed the historical accuracy of management’s estimates. We included valuation experts in our team to assist us with these procedures. We specifically focused on the sensitivities in the available headroom of the cash generating units Nordic, Spain and Marine, where it is disclosed in the notes to the consolidated financial statements that a reasonably possible change in assumptions could cause the carrying amount to exceed its recoverable amount. In addition, we focused on the recorded impairment charge for the cash generating unit Germany & Eastern Europe.

We assessed that the results from the annual goodwill impairment test, including the sensitivities in the available headroom, are adequately disclosed in note 15 to the consolidated financial statements.

**Follow-up on ongoing investigations into (potential) non-compliant behavior**
In previous years several irregularities were identified. These irregularities and the follow-up by the Company have been disclosed in the Shareholders Report dated 18 June 2013, which is published on the Company's website. In addition to the issues mentioned in the Shareholders Report, other potential non-compliant behaviour was identified in Switzerland, Germany and the Middle East during 2014. Subsidiaries of Royal Imtech N.V. are currently under investigation by various law enforcement authorities. The financial outcome of irregularities could materially affect the results or cash flows in an individual accounting period.

Our audit procedures included, amongst others, assessment of documents of the Company's general counsel and the Governance, Risk and Compliance officer on all significant new and ongoing cases. In addition, we obtained formal confirmations from the Company's legal counsel and external lawyers and used our own forensic specialists to assess risks. We performed procedures to identify actual and potential non-compliance with laws and regulations relevant to the Company's business, including enquiring appropriate personnel and evaluating both the tone set by the Board of Management and the Company's approach in managing this risk. Furthermore, we analysed correspondence with law enforcement authorities and monitored external sources of information. With respect to alleged non-compliance cases, we assessed the adequacy of management and the Supervisory Board's responses (including investigations and corrective actions). This assessment also includes an evaluation of relevant (forensic and legal) investigation reports. Ongoing investigations by authorities could result in financial liabilities of which the impact cannot yet be determined. We assessed whether the Company's disclosures, including note 32, detailing significant (potential) non-compliant behaviour including related legal proceedings, adequately disclose the contingent liabilities. We noted that in 2014 new issues surfaced. The Company has procedures in place to adequately follow-up on identified issues.

**Valuation of work in progress and related revenue**
Royal Imtech N.V. is involved in projects for which the Company applies the percentage of completion method. The amount of revenue and profit recognised in a year on projects is dependent, inter alia, on the actual cost accounted for, the assessment of the percentage of completion of long-term contracts and the forecasted result of each project. Furthermore, the amount of revenue and profit is influenced by the valuation of work in progress, variation orders and claims.

The complexity of these assessments means that the refinement calculations may have a significant impact on the results of the Company in an individual financial year. This assessment process contains significant management judgment. Reference is made to note 20 to the consolidated financial statements.

In our audit we evaluated Imtech's processes and controls regarding the accounting for work in progress. Based on this evaluation we did not plan reliance on the internal controls for all components. Therefore, specific additional procedures have been performed to determine that the expected revenue has been properly reconciled to signed contracts and variation orders, the correct cost categories have been included in work in progress and that variation orders and claims have been properly taken into account when determining the valuation of work in progress and the resulting estimated cumulative result on contracts. We challenged the appropriateness of the estimates made for significant projects and assessed whether or not these estimates showed any evidence of management bias. Our challenge was based on our assessment of the historical accuracy of management's estimates in previous periods, identification and analysis of changes in assumptions from prior periods and an assessment of the consistency of assumptions across projects. In detailed discussions and assessments we also challenged the achievability of the forecasted results of the projects, including the effect of variation orders, contingencies and known technical issues. We also assessed the mathematical accuracy of the revenue and profit based on the percentage of completion calculations and considered the implications of identified errors and changes in estimates.

Furthermore, we discussed and reviewed the developments in relation to the claims related to projects as disclosed in notes 20 and 32 to the consolidated financial statements.

**Valuation of trade receivables**
The agreed contract terms of project contracts may be complex and could lead to disputes with customers, resulting in overdue trade receivables. Furthermore, doubtful debtors may exist due to the financial position of Imtech's customers.

We assessed Imtech's processes and controls relating to the monitoring of trade receivables and considered aging to identify collection risks. The Company has disclosed the overdue receivables and related provision in note 29 to the consolidated financial statements. We evaluated underlying documentation regarding proof of recoverability. Furthermore, we inquired management and performed detailed checks of documents, including legal correspondence.

**Responsibilities of management and the Supervisory Board for the financial statements**
Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the Report of the Board of Management in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

**Our responsibilities for the audit of the financial statements**
Our objective is to plan and perform the audit assignment in a manner that allows sufficient and appropriate audit evidence to be obtained for our final opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may have not uncovered all errors and fraud.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures;
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Communicating with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit;
- Providing the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards;
- Determining from the matters communicated with the Supervisory Board those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

## Report on other legal and regulatory requirements

**Report on the Report of the Board of Management and the other information**

Pursuant to legal requirements of Part 9 of Book 2 of the Netherlands Civil Code (concerning our obligation to report about the Report of the Board of Management and other information):

- We have no deficiencies to report as a result of our examination whether the Report of the Board of Management, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Netherlands Civil Code, and whether the information as required by Part 9 of Book 2 of the Netherlands Civil Code has been annexed.
- We report that the Report of the Board of Management, to the extent we can assess, is consistent with the financial statements.

**Engagement**

We were engaged as auditor of Royal Imtech N.V. before 2008 and operated as auditor since then. We have been re-appointed by the Supervisory Board on 22 May 2014 as auditor of Royal Imtech N.V. for the years 2014 and 2015.

Amstelveen, 17 March 2015
KPMG Accountants N.V.

M.J.P. Thunnissen RA

## Statutory provisions regarding the appropriation of net result

### General

The Company may only make distributions to Shareholders in so far as the Company's shareholder equity exceeds the sum of the paid up and called part (gestorte en opgevraagde deel) of the issued share capital plus the reserves that must be maintained by Dutch law or the Company's Articles of Association (the 'Articles'). The Company's current Articles contain no statutory reserves. The part of the net result that will be reserved, and the declaration, timing and payment of cash or stock dividends, if any, will be subject to the Group's operational performance and financial position, and will be at the absolute discretion of the Board of Management, with the approval of the Supervisory Board, and is subject to Dutch law, the Articles, contractual restrictions and a number of factors, including the level of the Company's distributable reserves and the Group's business prospects and conditions, cash requirements, earnings and cash flow, and capital resources. After reservation by the Board of Management of any profit, the remaining profit shall be at the free disposal of the General Meeting. Profits are distributed after the adoption by the General Meeting of the annual accounts from which it appears that said distributions are permitted.

### Articles

The regulations regarding the appropriation of net result are contained in Articles 24.3 to 24.12 of the and in essence are as follows:

**Cumulative preference shares**

A dividend is paid on cumulative preference shares that is equal to the average euro base interest rate as applied by ABN Amro N.V. or its legal successor, raised or lowered by two percent. If and for so far as the profit is insufficient to pay this dividend in full, the Board of Management may resolve to pay the shortfall out of the reserves (with the exception of the reserve established specifically for cumulative financing preference shares). If and for so far as this dividend also cannot be paid out of the reserves, profit booked in subsequent years must first be used to pay, in full, the deficit to holders of preference shares before any dividend may be paid on the cumulative financing preference shares or ordinary shares.

**Cumulative financing preference shares**

On every cumulative financing preference share of a series a dividend is paid (or added to the reserve established for this purpose) that is equal to the interest on government loans with a (remaining) term of ten years, effective for the last trading day prior to the day the relevant series of cumulative financing preference shares was issued, raised or lowered as necessary depending on prevailing market conditions by a surcharge equal to a maximum of two and a half percent points or a reduction of a maximum of two and a half percent points, which surcharge or reduction can vary per series. Once every ten years the dividend percentage of cumulative financing preference shares of the relevant series will be adjusted to the then valid yield of the government loans applicable for this purpose, if necessary raised or lowered by the surcharge, respectively reduction, mentioned above. If and in so far as the profit is insufficient to allow this dividend to be paid in full, the shortfall will be paid out of the reserve established specifically for this purpose. If and for so far as the dividend also cannot be paid out of this reserve, profit booked in subsequent years must first be used to pay, in full, the deficit owed to holders of cumulative financing preference shares (or be added to the reserve specifically established for this purpose) before any dividend may be paid on ordinary shares.

**Ordinary shares**

The Board of Management, with the approval of the Supervisory Board, decides which part of the net result remaining after the application of the above provisions will be reserved. The profit remaining after the application of these provisions is at the disposal of the General Meeting.

### Contractual restrictions
As a result of contractual arrangements with the main financiers the Company is not allowed to pay any dividends until the Senior Leverage Ratio is below 2.0.

### Appropriation of net result
The net loss of the Company of 560.6 million euro will be charged to the reserves.

### Special statutory rights regarding control
No individuals have a special statutory right regarding control of the Company. No profit-sharing certificates have been issued.

# Financial glossary

**Adjusted earnings per share** — Adjusted net result divided by the weighted average number of ordinary shares outstanding during the period.

**Adjusted net result** — Net result for shareholders before amortisation and impairment on intangible assets.

**Basic earnings per share** — Net result for shareholders divided by the weighted average number of ordinary shares outstanding during the period.

**Capital employed** — Non-current assets plus working capital plus assets held for sale.

**Capital expenditure (Capex)** — Sum of expenditure on property, plant, and equipment, and other intangible assets (e.g. software and technology). Part of cash flow from investing activities.

**Cash conversion** — Operating cash flow divided by EBITA.

**Diluted earnings per share** — Net result for shareholders divided by the weighted average number of ordinary shares outstanding during the period, diluted. Ordinary shares with dilutive potential arise from share-based payment arrangements.

**EBIT** — See operating result.

**EBITA** — EBITA is operating result plus amortisation and impairment on intangible assets.

**EBITDA** — EBITDA is EBITA plus depreciation on property, plant and equipment.

**EBITDA margin** — EBITDA as a percentage of total revenue.

**EBITDA growth** — Growth of EBITDA over a period with respect to the previous comparable period (including the impact of organic growth, acquisitions and divestments of operations, discontinued operations and, where applicable, currency effects).

**Interest coverage** — Calculated as the ratio between operational EBIT and net interest result (including net change in fair value of cash flow hedges transferred from equity). In the loan documentation, this ratio will be included as covenant from 31 December 2016 onwards.

**Leverage ratio** — Net interest-bearing debt plus restricted cash divided by operational EBITDA. In the loan documentation, this ratio will be included as covenant from 31 December 2016 onwards.

**LTM revenue** — The revenue over the last twelve months.

**Make-whole fees** — Crystallisation of future interest payments which shall be paid to lenders as a compensation for earlier repayment of debt.

**Net interest-bearing debt** — Sum of loans, borrowings and bank overdrafts minus derivatives at fair value, payment in kind reserve, contingent considerations (deferred acquisition payments) and cash and cash equivalents.

**Net interest result** — Interest received or receivable from third parties (interest income) less interest paid or due to third parties (interest expense).

**Net result** Result for the period.

**Net result for shareholders** Result for the period attributable to the holders of ordinary shares of Royal Imtech N.V.

**Non-operational items** Non-operational items relate to expenses arising that, given their size or nature, are clearly distinct from the ordinary activities of Imtech, such as restructuring costs, acquisition expenses, some refinancing costs, write offs legacy items, and results from divestments of operations.

**Operating result** Result from operating activities.

**Operating cash flow** Operational EBITDA plus or minus operational movements in working capital minus capex and plus or minus changes to operational provisions and accruals.

**Operational EBIT** EBIT adjusted for non-operational items in EBIT.

**Operational EBITDA** EBITDA adjusted for non-operational items in EBITDA.

**Operational EBITDA margin** Operational EBITDA as a percentage of total revenue.

**Payment in kind** Postponed accrued interest which typically does not provide for any cash outflows until the final redemption of the related loan.

**Order intake** The value of new orders and changes in existing orders, both for projects and maintenance. Order intake primarily includes signed contracts. In the case of multi-year maintenance contracts, only the first 12 months of revenue are included in order intake.

**Solvency** Total equity as a percentage of the balance sheet total (total non-current assets plus total current assets).

**Working capital** Current assets, excluding cash and cash equivalents and assets held for sale, less current liabilities, excluding bank overdrafts, loans and borrowings, provisions and liabilities held for sale.

**Design & production**
Domani B.V., Weesp, The Netherlands

**Photography**
Carel Kramer, The Netherlands
Van der Kloet, The Netherlands
Jeff Cheng, Singapore
Hasse Bengtsson, Sweden

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