

# Press release

De Bilt, 13 May 2011

## Grontmij first Quarter 2011 trading update

### First signs of recovery

- **Total Revenue +47% € 273 million (2010: € 185 million)**
- **Organic growth: Total Revenue 1.7%**
- **Underlying EBITA +43% € 11.4 million (2010: € 8 million)**
- **Underlying EBITA margin 4.2% (2010: 4.3%)**
- **Profit after tax € 3.7 million (2010: € 3.7 million)**
- **Continued growth in forward orders**
- **Further restructuring reduces cost base**
- **Integration Ginger on track**

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<u>First quarter highlights</u>			
€ million	<u>2011</u>	<u>2010</u>	Variance
<b>Total Revenue</b>	<b>273</b>	185	47%
<b>Net Revenue</b>	<b>214</b>	154	39%
<b>Underlying EBITDA*</b>	<b>15.2</b>	10.7	42%
<b>Underlying EBITA*</b> <b>(Operating profit)</b>	<b>11.4</b>	8.0	43%
<b>Profit after tax</b>	<b>3.7</b>	3.7	0%

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\* Before exceptional / non-recurring items € (1.0)m (2010: € (1.0)m) and EAI € 0.1m (2010: € 0.6m)

Telecoms included in 2011 figures above: Total revenue: € 32 m, Net Revenue: € 11 m, EBITA: € 1.4 m

Sylvo Thijsen, CEO Grontmij N.V.: “The initial signs of recovery in our key markets that we saw in the fourth quarter of 2010 continued into the first quarter of 2011, and the Group achieved modest organic growth in total revenue, compared to the first quarter 2010. Despite encouraging higher sales and stronger market positions, net earnings remained at the same level in Q1 compared to last year because of higher interest.

We gained significant orders during the quarter, notably the appointment by Transport Scotland for the support in the design of the new Forth Replacement Crossing in Scotland, the appointment for the Stockholmporten – intersection in Sweden, the appointment as consultant by Rail Net Denmark to achieve a new fast double-tracked rail section, the request of the City of Paris for the management and supervision of the restructuring of the Les Halles Tunnel in central Paris, the assignment by the

French company ATBM (Autoroutes et Tunnel du Mont-Blanc) for the restructuring of the Mont Blanc motorway and the appointment as general engineer by Munich Airport for establishing a Modern Combined Heat and Power Plant. We also won some significant Monitoring & Testing projects in Belgium and the Netherlands.

Although we see a good progress (>15% increase) in our sales in Water & Energy, Transportation & Mobility and Monitoring & Testing in most regions we still face difficult trading conditions in the local markets of Planning & Design (mainly in the UK and The Netherlands). Project delays, spending reduction and fierce price competition in construction related services have lead to some further restructuring measures in Q1. Although we expect much less restructuring in 2011 compared to 2010, there are still some necessary steps to be taken due to these market circumstances. The weak trading conditions in the local markets are also reflected in the higher levels of working capital; the focus to deleverage during 2011 continues.

We are now beginning to see the positive effect of our strategic roadmap 2015, represented by growth in our business lines. We will continue to restructure our portfolio where necessary, as well as our business processes, working methods and our office space footprint. In 2011, we intend to further strengthen our business line focus, with the creation of additional executive board leadership, and the continued development and growth of our fourth business line, Monitoring & Testing.

## **Financial commentary**

### **Profit and loss account**

Total revenue increased by 47% to € 273 m from € 185 m last year primarily due to a contribution of € 82.8 m from France, but also due to organic growth of 1.7%. Currency effect was 1.7%. The largest organic decrease was in the business line Planning & Design where there was further restructuring followed by Water & Energy, with a small increase in Transportation & Mobility.

<b>First quarter results</b>		
Profit and Loss account		
<b>€ million</b>	<b><u>2011</u></b>	<b><u>2010</u></b>
<b>Total revenue</b>	<b>273</b>	185
<b>Net revenue</b>	<b>214</b>	154
<b>Gross Margin</b>	<b>71</b>	49
<b>Gross Margin %</b>	<b>26.0%</b>	26.6%
<b>Underlying EBITDA</b>	<b>15.2</b>	10.7
<b>Underlying EBITA</b>	<b>11.4</b>	8.0
<b>% total revenue</b>	<b>4.2%</b>	4.3%
<b>% net revenue</b>	<b>5.3%</b>	5.2%
<b>Results from EAI</b>	<b>0.1</b>	0.6
<b>Restructuring</b>	<b>(1.0)</b>	(1.0)
<b>Amortisation</b>	<b>(1.9)</b>	(1.7)
<b>Finance result</b>	<b>(3.6)</b>	(0.8)
<b>Income tax expense</b>	<b>(1.3)</b>	(1.4)
<b>Effective tax rate</b>	<b><u>27%</u></b>	<b><u>27%</u></b>
<b>Profit after Tax</b>	<b><u>3.7</u></b>	<b><u>3.7</u></b>

Telecoms included in 2011 figures above: Total revenue: € 32 m, Net Revenue: € 11 m, Gross Margin: € 7 m, EBITA: € 1.4 m

Net revenue was up 39% in total to € 214 m from € 154 m last year, organic decrease was 0.6% and currency effect was 0.6%. Gross margin decreased slightly from 26.6% to 26%.

Underlying EBITA increased by 43% to € 11.4 m from € 8 m last year and represented a return on Total revenue of 4.2% compared to 4.3% last year, but an increased return on Net revenue of 5.3% from 5.2%. The contribution from Grontmij France in the first quarter was €3.2 m.

Results from investments in equity accounted investees (EAI) of € 0.1 m remained below the level of € 0.6 m from last year due to divestments during 2010.

Restructuring costs of € (1.0) m were at the same level as last year and included some further redundancies in the UK in Planning & Design where the market remains slow.

Amortisation of € (1.9) m was slightly up from the level of last year of € (1.7) m due to € (0.15) m of amortisation of intangible assets from the acquisition of Ginger.

Finance result of € (3.6) m was higher than last years € (0.8) m principally due to the interest on the increased acquisition debt for the purchase of Ginger, and the higher spread resulting from the higher leverage of the Group compared to first quarter 2010.

Overall, profit after tax was € 3.7 m, at the same level as last year.

#### Quarterly and Organic overview:

On a quarterly basis there was organic growth in Total revenue Q1 2011 vs Q1 2010 of 1.7% compared to organic decline of -1.4% at Q4 2010; currency effect was 1.7%. There was organic decline in Net revenue of -0.6% compared to organic decline of -2.7% at Q4 2010; currency effect was 1.8%.

At EBITA level, there was organic decline of -5% for Q1 2011 vs Q1 2010 compared to organic decline of -6.1% at Q4 2010; currency effect was 1.3%.

#### Profit & Loss Account

€ million	<u>Q1 11</u>	<u>Q4 10</u>	<u>Q3 10</u>	<u>Q2 10</u>	<u>Q1 10</u>	<u>Q4 09</u>	<u>Q3 09</u>	<u>Q2 09</u>	<u>Q1 09</u>
<b>Total revenue</b>	<b>273</b>	<b>296</b>	<b>251</b>	<b>190</b>	<b>185</b>	192	191	208	208
including Ginger	83	104	78	10					
<b>Net revenue</b>	<b>214</b>	<b>212</b>	<b>191</b>	<b>159</b>	<b>154</b>	152	146	164	167
including Ginger	54	61	49	7					
<b>Underlying EBITA*</b>	<b>11.4</b>	<b>18.5</b>	<b>11.0</b>	<b>9.0</b>	<b>8.0</b>	11.5	10.2	12.5	10.5
including Ginger	3	8	3	0					
<b>Restructuring</b>	<b>(1.0)</b>	<b>(2.0)</b>	<b>(0.8)</b>	<b>(3.4)</b>	<b>(1.0)</b>	(7.6)	(1.9)	(1.7)	(0.5)
<b>Acquisition and refinancing costs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2.6)</b>	<b>-</b>	-	-	-	-

\*Before non-recurring restructuring costs, acquisition and refinancing costs, profits from EAI and result on divestment of EAI

## Balance sheet

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### Balance sheet extract 31 March

€ million	<u>2011</u>	<u>2010</u>
<b>Intangible assets &amp; Goodwill</b>	<b>257</b>	200
Grontmij - Work in progress	47	30
Ginger - Work in progress	29	
<b>Total work in progress</b>	<b>76</b>	30
<b>Inventories</b>	<b>18</b>	42
<b>Grontmij - Trade Receivables</b>	<b>113</b>	111
<b>Ginger - Trade Receivables</b>	<b>62</b>	
<b>Total trade receivables</b>	<b>175</b>	111
<b>Grontmij - Net debt</b>	<b>(94)</b>	(107)
<b>Net acquisition debt</b>	<b>(85)</b>	
<b>Ginger - Net debt</b>	<b>(26)</b>	
<b>Total net debt</b>	<b>(205)</b>	(107)
<b>Grontmij - Cash</b>	<b>35</b>	25
<b>Ginger - Cash</b>	<b>37</b>	
<b>Total cash</b>	<b>72</b>	25

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Grontmij work in progress increased to € 47 m from € 30 m last year and receivables increased slightly to € 113 m from € 111 m. Billing and cash collections remained slower due to the tougher trading environment as a result of the continued economic crisis. Ginger work in progress stood at € 29 m and receivables at € 62 m.

Group net debt stood at € (205) m, with Grontmij's only debt down € 13 m to a level of € (94) m, acquisition debt at € (85) m from the acquisition of Ginger, and Ginger net debt at € (26) m.

## Operational commentary

### Business Lines

#### Planning & Design

<b>Planning &amp; Design</b>			
€ million	<u>2011</u>	<u>2010</u>	<u>Variance</u>
<b>Total revenue</b>	<b>97.0</b>	76.2	27.4%
<b>Net revenue</b>	<b>78.7</b>	64.0	22.9%
<b>Underlying EBITA</b>	<b>3.8</b>	4.8	-19.9%
<b>% of Total revenue</b>	<b>4.0%</b>	6.3%	
<b>% of Net revenue</b>	<b>4.9%</b>	7.5%	

Total Revenue and Net Revenue increased by 27.4% and 22.9% respectively, mainly due to the addition of Ginger, but underlying EBITA reduced by 19.9% from 6.3% of total revenue to 4%. This was principally due to reduced contribution in the Netherlands in the municipality facing markets, and due to reduced performance in the UK.

Trading in France, the Nordics, Belgium and Germany was stable.

Major projects we were awarded in Q1 include the supervision of the works for the restructuring of the four level car park in the famous Les Halles district in Paris, the assignment by the Governorate of Bayburt (Turkey) to design a sustainable stone factory to support the economic development of the region.

#### Transportation & Mobility

<b>Transportation &amp; Mobility</b>			
€ million	<u>2011</u>	<u>2010</u>	<u>Variance</u>
<b>Total revenue</b>	<b>54.9</b>	46.5	18.2%
<b>Net revenue</b>	<b>46.8</b>	40.4	15.7%
<b>Underlying EBITA</b>	<b>5.0</b>	4.8	4.9%
<b>% of Total revenue</b>	<b>9.2%</b>	10.3%	
<b>% of Net revenue</b>	<b>10.8%</b>	11.9%	

Total revenue for Transportation & Mobility increased by 18.2% and net revenue by 15.7%, with increases in the Nordics and Benelux more than compensating for some decrease in UK and CEE.

Underlying EBITA increased by 4.9% to € 5 m from € 4.8 m representing 9.2% of total revenue, down from 10.3% last year. The largest recovery was in the Nordics, with the Benelux relatively flat, and some decline in UK & CEE.

Major project wins in Q1 include the assignment for the extension of the metro in Brussels which will be 4 km long and will add 7 new stations, the appointment as consultant by Rail Net Denmark to provide advice on the establishment of a new fast double-tracked rail section between Copenhagen

and Ringsted, the request of the City of Paris for the management and supervision of the restructuring of the Les Halles Tunnel in central Paris, the assignment by the French company ATBM (Autoroutes et Tunnel du Mont-Blanc) for a number of tasks for the renovation of the Mont Blanc motorway and the appointment by Transport Scotland for support in the design of the new Forth Replacement Crossing in Scotland, including the road networks on both sides of the Forth estuary, the overall project management of all land-based works and site supervision services during the construction phase. We also won a competition to design "Stockholmsporten", a new intersection to the north of Stockholm, connecting the European highways E4 and E18.

#### Water & Energy

<b>Water &amp; Energy</b>			
€ million	<u>2011</u>	<u>2010</u>	<u>Variance</u>
<b>Total revenue</b>	<b>55.7</b>	47.7	16.7%
<b>Net revenue</b>	<b>48.8</b>	42.7	14.2%
<b>Underlying EBITA</b>	<b>2.1</b>	0.9	145.7%
<b>% of Total revenue</b>	<b>3.8%</b>	1.8%	
<b>% of Net revenue</b>	<b>4.3%</b>	2.0%	

Total revenue for Water & Energy increased by 16.7% and net revenue by 14.2%, with increases in the Nordics, Benelux, and UK & CEE.

There was a significant recovery in underlying EBITA to € 2.1 m from € 0.9 m representing 3.8% of total revenue, up from 1.8% last year. The largest recovery was in the Nordics, but with also good recovery in the Benelux and UK & CEE.

Major project wins in Q1 include the appointment as general engineer by Munich Airport for establishing a Modern Combined Heat and Power Plant and the appointed by IVG Caverns GmbH to provide consulting services concerning nature conservation and environmental protection for the expansion of the cavern field in Etzel.

#### Monitoring & Testing

<b>Monitoring &amp; Testing</b>	
€ million	<u>2011</u>
<b>Total revenue</b>	<b>29.9</b>
<b>Net revenue</b>	<b>26.8</b>
<b>Underlying EBITA</b>	<b>1.7</b>
<b>% of Total revenue</b>	<b>5.6%</b>
<b>% of Net revenue</b>	<b>6.3%</b>

The Monitoring & Testing business line in France had a strong start to the year, with a healthy order book and good levels of activity. The nature of the activity involves a degree of outside work, and as such there is cyclicity in the operating margins. The business remains at a 10% EBITA level on a full year basis.

Major project wins in Q1 include the geological surveying for the Toulouse airport tramway extension, the technical laboratory assistance for Réseau Ferré de France (owner and manager of

the French railway network) on the East European LGV high-speed line for all works inspections such as civil engineering, earthworks, steel structures and sealing, the demolition of a 1,000-tonne reinforced concrete chimney at Corbehem, the qualification of concrete as part of the Majunga Tower construction project at the famous La Défense quarter in Paris and the monitoring of the Waalschenheuvel overpass on the A2 commissioned by Rijkswaterstaat using the innovative monitoring system OSMOS.

## Regions

<u>Regions</u>	<u>Nordic</u>		<u>Benelux</u>		<u>UK &amp; CEE</u>		<u>France</u>	
€ million	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>Total revenue</b>	<b>61.8</b>	53.6	<b>88.8</b>	86.0	<b>37.1</b>	36.3	<b>82.8</b>	
<b>Underlying EBITA</b>	<b>3.1</b>	0.6	<b>7.0</b>	9.0	<b>0.8</b>	1.8	<b>3.2</b>	
<b>% of Total revenue</b>	<b>5.0%</b>	1.1%	<b>7.9%</b>	10.5%	<b>2.2%</b>	5.0%	<b>3.9%</b>	

### Nordic region

The recovery in the Nordics that we have seen since the second half of 2010 continued, with demand in Transportation & Mobility particularly strong. The weather conditions at the start of 2011 were also considerably better than the same period a year ago leading to better utilisation. Total revenue increased by 15% and there was a substantial recovery in underlying EBITA to € 3.1 m from € 0.6 m, representing 5% of total revenue.

### Benelux region

Although the Benelux region saw some growth in total revenue of 3%, this was due to the full consolidation of Libost in Belgium together with increased organic revenues, offsetting a decline in total revenue in the Netherlands. As such, the decrease in underlying EBITA from € 9 m to € 7 m was wholly due to a decrease in the Netherlands due to a combination of reduced demand in the Planning & Design activities with Municipalities, and increased pension costs. Trading in Belgium remained strong, and total Benelux EBITA was 7.9% of total revenue.

### UK and Central & Eastern Europe

There were small increases in revenue in UK & CEE of 2%, but in the UK and Poland there was reduced profitability leading to a reduction in Underlying EBITA from € 1.8 m to € 0.8 m. In Poland, the decrease was in Water & Energy, and in the UK it was in Planning & Design and Transportation & Mobility.

### France

Trading in France was strong in the first quarter, with a growing order book in both Planning & Design and Transportation & Mobility. Underlying EBITA was € 3.2 m and 3.9% of total revenue.

## Management measures

### Integration of Ginger

After the carve out of the Telecoms division in Q4 2010 and Q1 2011, the integration of Ginger into the four business lines has started, and will be completed during 2011. The successful contract win at Les Halles in Paris is an example of the successful combination of skills in bidding new contracts resulting in front line synergies. Good progress is also being made with back office cost savings; as a result of the acquisition, the Group audit services have been re-tendered resulting in savings, and there are further savings on head office costs in France – which together could yield savings of approximately € 2 m p.a.. The rebranding of Ginger to Grontmij has commenced.

### Reduction of office space footprint

A group wide office property rationalisation project has been launched, to dramatically reduce the space footprint across Europe and optimise the use of IT.

### Outlook

The return to modest organic growth that we signalled in the fourth quarter of 2010 has materialised in terms of total revenues, with the recovery in the Nordics continuing, and the recovery in the UK beginning to pick up, although there was further planned restructuring in the UK. We remain cautious over the effects of continued weak demand from the municipalities in the Netherlands which combined with increased pension costs may put some pressure on results. We will continue to focus on cash management during 2011 through improved working capital management, non-core divestments and portfolio adjustments. We expect to see continued return to organic growth overall, and will further update our outlook at the half year.

### **Invitation to attend the audio webcast of the Q1 figures 2011 presentation**

We are pleased to invite you to listen to the audio webcast of Grontmij's presentation of the Q1 figures 2011 today, 13 May 2011 at 10.00 CET via [www.grontmij.com](http://www.grontmij.com). The presentation is then also available on our website.

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### For more information please contact:

Grontmij N.V., Mel Zuydam, CFO, T +31 30 220 72 01

Grontmij N.V., Arnold Drijver, Director Corporate Communication, T +31 30 220 75 48

[www.grontmij.com](http://www.grontmij.com)

### Note to editors

Grontmij is a leading sustainable design and management consultancy active in four business lines: Planning & Design, Transportation & Mobility, Water & Energy, Monitoring & Testing.

At the heart of our business is the sustainability by design principle. It is a leading value proposition for our customers. Grontmij is the fourth largest engineering consultancy in Europe with almost 300 offices across the region and a further 50 offices globally. We have nearly 11,000 professionals around the world.

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### **Grontmij N.V.**

De Holle Bilt 22 | P.O. Box 203 | 3730 AE De Bilt | The Netherlands  
T +31 30 220 79 11 | F +31 30 220 01 74

### Legal seat

De Holle Bilt 22 | 3732 HM De Bilt | Commercial Register 30029428

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