

PRESS RELEASE

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Ballast Nedam Annual Figures 2014: Heavy year, package of measures to strengthen solvency and liquidity

- **Operating loss of €65 million: €28 million of restructuring costs, €11 million impairments and €76 million book profit on divestments (2013: €32 million loss)**
- **The loss for the period was €103 million (2013: €41 million loss)**
- **Revenue over €1.1 billion (2013: €1.2 billion)**
- **Decline in order book to €1 billion, excluding IXAS and Pi2 (2013: €1.5 billion)**
- **Financing position of €37 million positive (2013: €61 million debt)**
- **No dividend for 2014**
- **Package of financial and strategic measures in 2015**
- An outline agreement about financing and rights issue
- Strukton and the banking syndicate each grant a €10 million bridge loan, both to be repaid from the net proceeds of a €20 million rights issue, which will be underwritten by Strukton and the banking syndicate
- Ballast Nedam will actively scale back its interests in large-scale infrastructure projects
- A15 Maasvlakte-Vaanplein project: economic share reduced from 40 per cent to 10 per cent; Strukton and Strabag increase their share to 45 per cent each
- A2 Maastricht project: transfer of infrastructure part to Strukton; transfer of property development to Ballast Nedam
- **Trading update first quarter 2015**

Key figures

<i>x € 1 million</i>	31 December 2014	31 December 2013
Revenue	1 166	1 230
EBIT	(65)	(32)
Margin	(5,6%)	(2,6%)
Profit before income tax	(69)	(38)
Profit for the period	(103)	(41)
Order book	1 026	1 457
Shareholders' equity	11	90
Solvency	2%	11%
Financing position	38	(61)

Ballast Nedam has had another difficult year, with a dramatic operating loss of 65 million euros. This loss consisted, among other things, of 28 million euros in restructuring and reorganization costs, €11 million

impairment costs on land positions, assets, and goodwill, and 76 million euros in book profits on divestments. The greatest deterioration can be seen in the Infrastructure segment. The operating losses were caused by cost overruns on the A15 Maasvlakte-Vaanplein, A2 Maastricht, and OVT Breda projects, as well as a number of infrastructural projects. The Specialized Companies & Supplies division has made a positive contribution to the operating result. Additionally, several large construction projects in the Building & Development division have also had a positive effect on the result. The 'Other' result consisted mainly of holding company costs

The order book at year-end 2014 was 1,026 million euros. This order book does not include the order book totalling 229 million euros for the PPP projects PI Zaanstad (Pi2) and SAA A9 Gaasperdammerweg (IXAS). This is due to the strict enforcement of the IFRS 11 regulation for consolidation. These two projects are therefore recognized in accordance with the equity method. As a result of this change to the system, the 2013 figures have been brought in line with this.

The net loss for the period was 103 million euros (compared to a loss of 41 million euros in 2013).

Strategic, financial, and operational measures in 2014

Due to the influence of disappointing results and constant cost overruns on the PPP project A15 Maasvlakte-Vaanplein, a cohesive package of financial, strategic, and operational measures was announced at the start of February 2014. Within the strategic focus, a differentiated market approach has been implemented for the three divisions, with which the organizations of the Infrastructure and Building & Development divisions have been brought further into line.

In 2014, refinancing was carried out and our equity position was partially improved through a successful rights issue, which was unfortunately offset by further disappointment results. Furthermore, in the past financial year, we successfully completed our announced divestment programme with the expansion of our offshore activities.

However, despite the implemented measures, there was a further fall in solvency at year-end 2014.

New package of financial and strategic measures in 2015

With a view to dealing with the heavy project losses of the Infrastructure division, Ballast Nedam has presented a package of financial and strategic measures. The package was drawn up with the cooperation of the banking syndicate consisting of ING Bank, Rabobank and the Royal Bank of Scotland and the joint-venture partners Strukton Groep N.V. and Strabag SE (projects A2 Maastricht en A15 Maasvlakte-Vaanplein). Implementation of these measures will also lead to a substantial improvement of the company's solvency and liquidity.

Financial measures: outline agreement on financing, consisting of:

- two bridge loans granted by Strukton and the banking syndicate totalling €20 million until completion of the rights issue in the second half of 2015;
- a subordinated bank loan of €10 million expiring on 31 March 2017;
- a subordinated bank loan of €43 million expiring on 31 March 2017;
- a revolving credit facility of €10 million expiring on 31 December 2015; and
- a committed guarantee facility of initially €265 million, which will be phased out based on scaling back of the large infrastructure projects, including the A2 Maastricht and the A15 Maasvlakte-Vaanplein projects.

These intended transactions contain the usual conditions and will be developed into final agreements in the coming period.

Strategic measures: reducing risk profile by selective and targeted tendering

Ballast Nedam will actively scale back its interests in large-scale infrastructure projects, thus reducing its risk profile further. The Infrastructure division will focus exclusively on smaller, integrated infrastructure projects in concrete construction, road-building, civil engineering, and industrial construction. Tendering will be done on a highly selective and targeted basis for both Dutch and international projects, whereby close attention will be paid, in particular, to the risk profile in relation to the margin. As a result, the extent of the infrastructure activities will become smaller, necessitating an adjustment in capacity for the Infrastructure division.

From the moment, the announced letters of intent for the A15 Maasvlakte-Vaanplein and A2 Maastricht projects, will be realized, Ballast Nedam will have reduced its risk exposure on these projects.

Trading update first quarter 2015

The trading update for the first quarter is planned for 13 May. In derogation of the financial calendar, the trading update has been added to this release.

Risks and uncertainties

Although implementation of our business plan and envisaged refinancing is essential to the continuity of the company, it is, however, subject to a range of uncertainties. On the one hand, these relate to operational sensitivities such as i) the inherent uncertainty concerning the scope and time of project execution, including the time when new projects are contracted, ii) the forecast results and margins from operational activities, and iii) the results of negotiations related to additional work and claims. These uncertainties will be explained in further detail in the Annual Report. On the other hand, uncertainties exist with regard to implementation of the envisaged refinancing and the attitude of our key financiers in the event of setbacks. There are also inherent uncertainties with regard to obtaining approval from relevant parties as a condition for the transfer of the contracts for the A2 Maastricht and A15 Maasvlakte-Vaanplein projects. Should these uncertainties lead to negative consequences, there is a risk that any liquidity deficits occurring at that time may not be financed or that loans may still be claimed.

Financial results

Infrastructure division

Infrastructure

<i>x € 1 million</i>	31 December 2014	31 December 2013
Revenue	458	546
EBIT	(59)	4
Margin	(12,9%)	0,7%
Order book	559	596
Assets	116	247

EBIT and revenue

The Infrastructure segment suffered a dramatic loss of 59 million euros compared to a profit of 4 million euros in 2013, with a diminishing revenue of 16 per cent. This decrease in revenue is due to a lower revenue in industrial construction and road-building in particular. By far, the greatest impact on this negative operating result was caused by the significant additional cost overruns on the A15 Maasvlakte-Vaanplein project, carried out by the A-Lanes A15 consortium, and disappointing project results in the Infrastructure division, including the A2 Maastricht project, carried out by the Avenue2 consortium.

For the A-Lanes A15 consortium, total cost overruns on the design and construction activities were fixed at 318 million euros. Ballast Nedam officially has a 33.33% participation in the construction consortium. However, based on the working arrangements agreed upon, Ballast Nedam's effective share in the project is 40%. This means that of the cumulative amount of 318 million euros in cost overruns, Ballast Nedam must regard an amount of 127 million euros as loss at year-end 2014. Disappointing results for the A2 Maastricht project (26 million euros) and a number of infrastructural projects have also had negative consequences. The offshore activities and the foreign activities had a positive influence on the 2014 result. The result also includes a book profit of 53 million euros due to the sale of the offshore activities.

The total assets of the Infrastructure division have decreased when compared to 2013. At year-end 2014, these amounted to 116 million euros due to a decrease in working capital and the sale of offshore activities.

Market and order book

Infrastructure projects in the Dutch market are becoming increasingly bigger, are thus becoming more limited in number, and are following on from one another in a short space of time. These large-scale projects are characterized by high risk profiles and large capacity utilization. Foreign players are entering this market of increasingly larger infrastructure projects. As far as management and maintenance are concerned,

government bodies continue to invest in the existing areas. In 2014, the order book contracted by 37 million euros to 559 million euros due to the sale of the offshore activities and the progress made on a number of major multiyear projects. This order book does not include the PPP project SAA A9 Gaasperdammerweg (IXAS).

Integrated projects

In the second half of 2014, the Infrastructure division won the tenders for the A9 Gaasperdammerweg and the N31 Traverse Harlingen projects.

The public-private partnership (PPP) A9 Gaasperdammerweg project includes the design, construction, management and maintenance, and financing of the existing and new infrastructure of the A9 between Diemen and Holendrecht. The work commissioned by the Dutch Ministry of Public Works and Water Management (Rijkswaterstaat) has a nominal project scope of approx. €700 million in total, including twenty years of management and maintenance once the new infrastructure is made available. Ballast Nedam, Fluor, and Heijmans are jointly participating in the construction and operation phase with a share of one third per party.

The design and construction contract for the N31 Traverse Harlingen involves the widening of a 3-km stretch of the N31 to two dual carriageways, an aqueduct in the Van Harinxma canal, and five new viaducts for the intersection with the railway line and the underlying road network. The contract represents a value of approximately 84 million euros.

International projects

In 2014, Ballast Nedam completed the Carolina bridge across the Suriname river. The design and construction of this bridge had a contract value of approximately 19 million euros. The work was commissioned by the Ministry of Public Works in Suriname.

A request for arbitration was submitted to the International Court of Arbitration (ICC) by Ballast Nedam against its client, Staatsolie Maatschappij Suriname, regarding a claim of almost 50 million US dollars.

In the autumn of 2014, work started on the construction of the new Nos Hospital Nobo on Curaçao. The contract has a value of more than 108 million euros (USD 135.6 million).

In addition, we are still working on a tender for water purification in Kpong, Ghana, with a contract value of 70 million euros, for which the financial close is expected to be reached in 2015. The contractual construction period is 24 months. Work is expected to start during the second half of 2015. The largest component of the job is the delivery and installation of a 54 km-long GRP transport pipe. The remaining activities are the construction (expansion) of a water purification system with a capacity of 30,000 m³ per day and the installation of a 10-km-long transport pipe to the industrial park in Tema.

Smaller (specialized) concrete construction, road-building, hydraulic engineering, and industrial construction projects

The Kustwerk Katwerk coastal project was delivered in 2014. This integrated project combines the much-needed strengthening of seaward defences at Katwijk with more underground parking spaces and a dune and recreational area. The engineering and construction (E&C) contract had a value of approximately 38 million euros. The project was carried out by the building consortium Ballast Nedam & Rohde Nielsen.

The new energy-neutral Johan Friso navigation lock in Stavoren was officially delivered and opened by King Willem-Alexander. The lock has been expanded with a new lock chamber that has the appearance of a natural berth. The new lock is part of the Frisian Lakes project.

The Margaretha Zelle aqueduct in the Van Harinxma canal in Leeuwarden was also delivered, and is already being used by traffic. The last weather-sensitive work will be carried out on the aqueduct in the spring of 2015. The aqueduct is part of the construction of the Western Approach Road to keep Leeuwarden accessible in the future.

The renovation of the sheet piling in the Amsterdam-Rhine Canal is being carried out in 2014 and is expected to be completed in 2015. This involves renovation of 23 km of sheet piling in the Amsterdam and Wijk bij

Duurstede trajectory. The design and construction contract has a value of more than 30 million euros. The project is being carried out by the building consortium Ballast Nedam & De Klerk.

Schiphol Nederland B.V. and Ballast Nedam signed an agreement on 17 December 2014 for the construction of a new P3 Car Park at Schiphol. This, too, is a design and construction contract. This contract was awarded based on MEAT (most economically advantageous tender). The car park will be built at the front near the entrance to the long-term parking P3. In this way, Schiphol wishes to expand its parking capacity and also provide additional comfort to the car park users. There will be an additional 2,600 parking spaces, distributed over six floors. Construction will start on 1 July 2015 and the car park is expected to be put into use during the course of 2016.

Offshore niche market

The installation of the eighty foundations for the German offshore wind turbine project 'Butendiek' made good progress in 2014. This project is scheduled for completion in mid-2015. The financial close of the Westermeerwind contract was achieved in the third quarter of 2014 for the design, delivery, and installation in 2015 of the foundations for 48 wind turbines for a wind farm in the Northeast Polder. However, Ballast Nedam left the offshore niche market in December 2014 due to the necessary expansion of the divestment programme. The activities of Ballast Nedam Offshore were sold to Van Oord. The Westermeerwind project has therefore disappeared from the order book.

Building & Development division

Building & Development

x € 1 million	31 December 2014	31 December 2013
Revenue	611	528
EBIT	(7)	(11)
Margin	(1,2%)	(2,2%)
Order book	625	691
Assets	332	275

EBIT and revenue

In 2014, the Building & Development division incurred an operating loss of 7 million euros with a 16 per cent higher revenue. The results are in line with the business plan and were negatively affected for the most part by one-off restructuring costs, impairment on the land bank, and the book profit on the sale of CNG Net B.V. Disregarding these one-off costs/income, the operating loss was 1 million euros, which is an operational improvement of 83 per cent. The result is also affected by a loss of approximately 12 million euros on OVT Breda. Several large construction projects have had a positive effect on the operating result. In the fourth quarter of the year, the Building & Development division sold CNG Net and LNG24, ending its activities in the niche market for alternative fuels.

The assets of Building & Development amounted to 332 million euros and are 57 million euros higher than at year-end 2014.

Market and order book

The housing market is slowly starting to pick up again. According to CBS/EIB forecasts, the production of new buildings in particular will see a significant increase in 2015 and 2016. In anticipation of this, we have positive expectations regarding demand for the modular iQwoning®, which offers an attractive proposition. Furthermore, there is a particular increase in demand from housing corporations for the renovation of rented housing.

For the next few years, the prospects for the housing market are favourable due to the low production of new housing in recent years and demographic developments. The office market will take longer to recover, in view of the current number of vacant properties and the 'New Way of Working'. Most of the opportunities for utilities

construction can be found in renovations and redesignations. This will benefit companies such as Concrete Valley with its façade systems and URSEM Modulaire Bouwsystemen with modular products such as prefabricated bathrooms. We are noticing a growing trend towards making existing property more energy efficient.

The order book contracted by 10 per cent in 2014 to 625 million euros. In the past year, there were fewer projects in the market and no large, complex projects have been taken on. In March, however, Ballast Nedam was awarded the contract for renovation work on the Thialf stadium. Ballast Nedam was also awarded the contract in the first quarter of the year for the renovation of the Grand Hotel Krasnapolsky on Dam Square, Amsterdam.

The business unit active in management of maintenance has been awarded the contract for the inspection and maintenance services on the foundations of the offshore wind farms Princess Amalia wind farm and Eneco Luchterduinen. This means a renewal of the contract that has been running since 2009 for the Princess Amalia wind farm and an expansion of the portfolio with Eneco Luchterduinen. In all, this involves the inspection and maintenance of the foundations of 103 wind turbines and corresponding infrastructure with a joint capacity of 249 MW. The new contracts came into effect on 1 January 2015 and expire on 31 December 2020.

Not yet included in the order book is the construction of the new Sportcampus Zuiderpark, for which Ballast Nedam and Kuijpers were officially awarded the contract by the City of The Hague and The Hague University of Applied Sciences in December 2014. The total value of the contract amounts to approximately 47 million euros. Joining the existing sport facilities in the Zuiderpark will be a new sport complex with a gross floor area (GFA) of more than 30,000 m². The complex includes a professional sports hall with stands to accommodate around 3,500 spectators, two recreational sport halls, a hall for beach volleyball and beach soccer, a gymnastics hall, a dance room, a dojo for martial arts, fitness rooms, lecture rooms, and project and research rooms with all the necessary amenities and facilities. The main principle behind the new complex is to create a CO₂-neutral building. Construction of the Sportcampus Zuiderpark will start in April 2015 and is due to be completed in August 2016.

An agreement has been reached with the City of Rotterdam with regard to the PPP project Hart van Zuid. The development of the Hart van Zuid area involves a total investment of approximately 330 million euros for the duration of twenty years. The financial close is expected to be reached by the start of 2015. This project has not yet been included in the order book.

In May 2014, a construction and operation agreement was also signed with the City of Amsterdam for the Food Center Amsterdam, signalling the start of the integrated development of this area. This means we have started on the transformation of the current 23-hectare grounds to a modern Food Center covering an area of approximately 100,000 m², the construction of around 1,600 homes, and the restoration of the Central Market Hall, which is a national heritage site. The new Food Center Amsterdam is a 25-year area concession, in which the consortium of VolkerWessels Vastgoed and Ballast Nedam is in charge of the pace and programme. This project has not yet been included in the order book.

Complex, integrated projects

At the beginning of May 2014, the Pi2 consortium started work on the PPP project for the Penal Institution in Zaanstad. The consortium is a collaboration between Ballast Nedam (65 per cent) and Royal Imtech (35 per cent). This PPP project comprises design, construction, maintenance, financing, and facility management and has a term of 25 years from the date of availability. The project has a nominal value of approximately 300 million euros. Ballast Nedam is the sole shareholder in this PPP project.

Modular building

The Buitenlust housing foundation in Oegstgeest has awarded Ballast Nedam and the architectural firm VanWilsumVanLoon the demolition of seventy homes and the construction of 61 iQwoning® homes in the Buitenlust district. The invitation to tender specifically focused on prototype housing for a demolition and new build project.

The Buitenlust housing foundation has opted for conceptual building in order to limit the duration and impact of disruption on the area and to achieve a high quality result. The demolition of the seventy houses and the construction and completion of the 61 iQwoning® homes are scheduled for 2015.

Ballast Nedam and Syntrus Achmea Real Estate & Finance have signed a turnkey agreement for the construction of 48 iQwoning® homes in the Vrouwenpolder-Lagewei district in Barendrecht. The 48 iQwoning® homes are luxuriously furnished and fully equipped, and beautifully designed by the architectural firm VanWilsumVanLoon, who were also commissioned by the municipality to create the urban development plan. The homes in the project will be ready for occupation in May 2015. In the next phase, Ballast Nedam will also develop 26 owner-occupied houses in the cheaper sector in the district.

The third prototype home has been completed as part of the Stroomversnelling (Fast-track) project. Stroomversnelling is an innovation deal between six housing corporations and four large construction companies for the sustainable renovation of 111,000 rented homes. In line with its strategic plan, Ballast Nedam provides innovative modular building methods and systems for this purpose. The ultimate aim is to renovate a home in one day with minimum disruption for the occupant and their environment. The purpose of these prototype homes is so that Ballast Nedam, in collaboration with URSEM Modulaire Bouwsystemen (41 per cent owned by Ballast Nedam), can test and develop this approach, which will eventually lead to a profitable business case for the housing corporations.

Housing construction activities: property development exposure and land positions

The number of homes started and under construction decreased in 2014 by 517 homes to 352 homes. The number of homes delivered decreased in 2014 by 59 per cent to 428 homes. As a result, the number of homes under construction decreased by 76 homes to 853 homes. Those homes under construction being developed in-house mainly consist of student homes in Leiden (396 of the 424 homes). Homes under construction for third parties include the following larger-scale housing projects: 104 homes in Loevepark in Oosterhout, 157 homes in Tugelaweg in Amsterdam, and 90 homes in Sassembourg in Sassenheim.

Exposure property development

<i>x € 1 million</i>	31 December 2014	31 December 2013
Land positions	130	142
Unsold stock under construction	4	5
Unsold stock delivered	7	10
Total on balance	141	157
Liabilities to complete projects under construction	-	3
Liabilities to acquire land positions	35	44
Total liabilities off-balance	35	47
Exposure property development	176	204

The total property development exposure, which consists of investments in land positions, investments in unsold stock, and the related future liabilities, decreased in 2014 by 29 million euros to 175 million euros. The aim is to reduce the investments in property in the next few years. However, this will be quite difficult to achieve given the current market conditions and the existing purchase commitments totalling 35 million euros. Of these commitments, 20 million euros will fall between 2015 and 2017 and 15 million euros in 2018 and later.

In 2014, the total investment in unsold stock, both delivered and under construction, decreased by 8 million to 10 million euros. The book value of the houses unsold amounts to 7 million euros and mainly consists of the Kloosterkwartier project (6.5 million euros). The number of unsold delivered homes at year-end 2014 fell slightly to 15, compared to 27 at year-end 2013.

The unconditional purchase commitments decreased by 12 million euros compared with year-end 2013 as a result of the land purchase due to the start of a housing project.

In 2014, Ballast Nedam received an order from the Dutch Province of Jesuit Priests for the construction of the Hofgebouw in the Kloostertuin Brakkenstein in Nijmegen. The heart of the Kloostertuin Brakkenstein will be formed by the newly constructed Hofgebouw that consists of four different types of flats and care apartments (98 in total), shared spaces for community services, and a two-storey underground car park with around 140 parking spaces. The Hofgebouw will have six storeys above ground. The architectural firm Diederendirrix has designed the building so that it fits in with the ambiance of the surrounding area. The project has a contract value of approximately 20 million euros and is due for completion in mid-2016.

Land positions

<i>x € 1 million</i>	31 December 2014	31 December 2013
1 January	142	152
Net investment	(8)	(9)
Write-down	<u>(4)</u>	<u>(1)</u>
31 December	130	142
Cumulative write-down	43	40

The land positions decreased by 12 million euros to 130 million euros, which was mainly due to the sale of a number of smaller land positions. In 2014, the write-downs amounted to 4 million euros.

Specialized Companies & Supplies division

The results of the specialized and supply companies were positively affected in 2014 by the well-filled order book at the prefabricated concrete companies and the results of the policy pursued in recent years regarding cost savings and innovations. In addition, several divestments were carried out, and the division ceased a number of loss-making products and activities such as the closure of the Omnia concrete factory in Coevorden and the loss-making activities of IPM in Leerdam.

Specialized Companies

<i>x € 1 million</i>	31 December 2014	31 December 2013
Revenue	190	260
EBIT	5	(19)
Margin	2,6%	(7,3%)
Order book	49	113
Assets	69	115

EBIT and revenue

The huge turnaround in the Specialized Companies is starting to be reflected in the figures. Whereas we still had several business units incurring heavy losses in 2013, we can now see the effect of the substantial reorganizations made in five specialized companies as well as the merger of a number of business units. We ended with a positive result of 5 million euros at year-end 2014 compared with the negative result of 17 million euros in 2013.

Revenue in 2014 decreased by 70 million to 190 million euros as a consequence of a reduction in activities.

The assets of Specialized Companies amounted to 69 million euros and were therefore 46 million euros lower than in 2013. This is due to a sharp focus on working capital reductions and a decrease in activities.

Market and order book

Low price levels in the markets will continue to be a challenge in the short term. The indicators for recovery in the medium term generally paint a slightly more positive picture.

In 2014, the order book decreased by 64 million euros to 49 million euros. This is attributable to the capacity reduction in a number of specialized companies and the reduction in market volume as a derivative of the markets for infrastructure and construction. In addition to the Ballast Nedam projects, the specialized companies will continue to focus on the development of a third party market.

Supplies

<i>x € 1 million</i>	31 December 2014	31 December 2013
Revenue	151	181
EBIT	17	6
Margin	11,3%	3,3%
Order book	61	52
Assets	135	178

EBIT and revenue

The revenue of Supplies decreased by 30 million euros to 151 million euros. This is mainly due to less revenue in primary raw materials due to the closure of the Omnia concrete factory, the divestment of Phoenix Ltd., and the divestment of the 30 per cent participation in Bontrup Beheer B.V. Supplies achieves an operating profit of 17 million euros compared to 6 million euros in 2013. The book profit of the sale of Phoenix Ltd. amounted to 22 million euros. During the past six months we also sold a minority participation in the Helmond asphalt plant. Disregarding the book profits, asset write-downs, and the reorganization costs of Omnia, Supplies achieved a result of 7 million euros.

With the exception of Omnia, the prefab companies broke even. Production finally ceased at Omnia in June following the announcement made at the start of April of the closure of Omnia Plaatvloer B.V. in Coevorden. The closure was prompted by continued losses and lack of long-term prospects.

The assets of Supplies amounted to 135 million euros and are therefore 43 million euros lower than in 2013.

Market and order book

The margins in the prefab market remain under pressure, particularly for standard products. However, the differentiated approach to the market and the focus on innovative, high-quality products from the prefab factories contribute to a good quality order intake. The raw materials market for sand and gravel also continued to feel the pressure in 2014. In terms of volume, the markets were reasonable, thanks in part to the mild winter, but the prices remained low. All in all, the supply companies are faced with a highly competitive market.

The order book increased in 2014 by 9 million euros to 61 million euros, as several projects have been incorporated in the order book for this division, such as the A9 Gaasperdammerweg, the N31 Traverse Harlingen, and the Thialf stadium in Heerenveen. In addition to the Ballast Nedam projects, the supply companies will continue to focus on the development of a third-party market, such as in Belgium and Germany.

Niche market for secondary raw materials

On the secondary raw materials niche market, Feniks Recycling also achieved a good result. There was considerable demand for waste incineration ash in 2014. Ballast Nedam left the niche market for secondary raw materials in 2014 when it sold Phoenix Ltd.

Financial results

Revenue

<i>x € 1 million</i>	31 December 2014	31 December 2013
Infrastructure	458	546
Building & Development	611	528
Specialized Companies	190	260
Supplies	151	181
	<u>1 410</u>	<u>1 515</u>
Other	(244)	(285)
	<u>1 166</u>	<u>1 230</u>

Revenue decreased by 9 per cent from 1,230 million euros to 1,166 million euros because of the decline in the Infrastructure and Specialized Companies and Supplies segments.

EBIT

<i>x € 1 million</i>	31 December 2014	31 December 2013
Infrastructure	(112)	4
Building & Development	(1)	-
Specialized Companies	5	(14)
Supplies	7	4
Other	(1)	(11)
	<u>(102)</u>	<u>(17)</u>
Book profits	76	3
Write-down	(11)	(6)
Restructuring costs	(28)	(12)
	<u>37</u>	<u>(15)</u>
Reported EBIT	(65)	(32)

Ballast Nedam has had another difficult year, with a dramatic operating loss of 65 million euros. This loss consisted, among other things, of 28 million euros in restructuring and reorganization costs, impairment costs on land positions, assets, and goodwill, and 76 million euros in book profits on divestments. The greatest deterioration can be seen in the Infrastructure segment. The operating losses were caused by cost overruns on the A15 Maasvlakte-Vaanplein, A2Maastricht, and OVT Breda projects, as well as a number of infrastructural projects. The Specialized Companies & Supplies division has made a positive contribution to the operating result. Additionally, several large construction projects in the Building & Development division have also had a positive effect on the result. The 'Other' result consisted mainly of holding company costs

Margin

	31 December 2014	31 December 2013
Infrastructure	(12,9%)	0,7%
Building & Development	(1,2%)	(2,2%)
Specialized Companies	2,6%	(7,3%)
Supplies	11,3%	3,3%
	(5,6%)	(2,6%)

The overall margin decreased from minus 2.6 per cent to minus 5.6 per cent. Disregarding the write-downs and reorganization expenses, the margin declined from minus 1.4 per cent in 2013 to minus 9.7 per cent.

Profit for the period

<i>x € 1 million</i>	31 December 2014	31 December 2013
EBIT	(65)	(32)
Net finance income and expense	(7)	(7)
Result from associated companies	3	1
Profit before income tax	(69)	(38)
Income tax expense	(34)	(3)
Profit for the period	(103)	(41)

The finance income and expense balance amounted to 7 million euros, which is as high as it was in 2013. The taxes excluding impairments of the deferred tax assets fell from 3 million euros in 2013 to 2 million euros due to lower positive results outside the fiscal group and divestments of foreign activities. In 2014, the deferred tax assets were written down by 32 million euros as a result of the disappearance of the temporary tax and accounting differences due to the sale of the heavy-lifting vessel De Svanen (18 million euros) and the previously recognized unused tax losses (13 million euros) based on adjusted business plans. This results in a net loss for the period of 103 million euros; a deterioration of 62 million euros compared to 2013.

Order book

<i>x € 1 million</i>	31 December 2014	31 December 2013
Infrastructure	559	596
Building & Development	625	691
Specialized Companies	49	113
Supplies	61	52
	1 294	1 452
Other	(268)	5
	1 026	1 457

The order book contracted by 317 million euros to 1,026 million euros, excluding the order book totalling 229 million euros for the PPP projects PI Zaanstad (Pi2) and SAA A9 Gaasperdammerweg (IXAS). The decline in the Infrastructure division is mainly caused by the divestment of the offshore activities. The completion of large projects by the Infrastructure and Building & Development divisions is another contributing factor. In the

Specialized Companies & Supplies division, the decline is the result of divestments at Supplies and reorganizations at Specialized Companies.

Assets and cash flows

Ballast Nedam's shareholders' equity decreased by 79 million euros to 11 million euros. Despite the rights issue of 30 million euros successfully completed in July 2014, shareholders' equity decreased due to the net loss of 103 million euros. The loss led to a fall in solvency from 11 per cent at year-end 2013 to 1.7 per cent at year-end 2014.

The total cash flow for 2014 was 91 million euros positive, compared with a negative cash flow for 2013 of 47 million euros.

The cash flow from the operating activities deteriorated by 45 million euros negative in 2013 to a negative operating cash flow of 79 million euros for 2014. In spite of an improvement in work in progress, receivables, and inventories, the operating cash flow deteriorated due to the rise in PPP receivables for the PI Zaanstad project and the expiry of reorganization facilities.

The cash flow from investing activities amounted to 111 million euros positive compared to 9 million euros negative for 2013. This consisted of 17 million euros in investments and 111 million euros in divestments. Investments included 12 million euros of property, plant, and equipment; 2 million euros of intangible assets; and 3 million euros of financial assets. The 12 million euros in net investment in property, plant, and equipment was lower than the 15 million euros of depreciation.

Most of the positive cash flow from financing activities of 59 million euros consisted of the 48 million euros in PPP loans, 14 million euros of repaid long-term loans, and a rights issue with net proceeds of 27 million euros.

Assets and liabilities

Total assets declined by 172 million euros to 654 million euros. This is due to lower investments and the divestment of Ballast Phoenix Ltd., Bontrup B.V., CNG Net B.V., and the offshore activities. The working capital required improved by 29 million euros as a result of lower current assets. Capital employed improved by 125 million euros to 76 million euros.

The unconditional capital contribution commitments with regard to the PPPs was 21 million euros at the balance sheet date compared to 9 million euros at year-end 2013. This increase is caused by the acquisition of the A9-Gaasperdammerweg project.

Financing position

<i>x € 1 million</i>	31 December 2014	31 December 2013
Cash and cash equivalents	123	51
Bank overdrafts	<u>(3)</u>	<u>(22)</u>
Net cash	120	29
Recourse loans	<u>(82)</u>	<u>(90)</u>
Financing position	38	(61)
Non-recourse loans	<u>(5)</u>	<u>(18)</u>
Financing position including non-recourse	33	(79)

Ballast Nedam's financing position improved by 98 million euros, from 61 million euros debt at year-end 2013 to a positive position of 37 million euros. The financing position including the non-recourse loans declined by 112 million euros, from a debt position of 79 million euros at year-end 2013 to 33 million euros. Net cash rose by 72 million euros to 123 million euros. The cash includes approx. 53 million euros in a frozen account which is not freely available. This is an escrow account. We expect these prepayments to decrease further, and for

more use to be made in the coming year of the working capital facilities. At year-end, no use was made of these facilities. The normal pattern is for a larger capital requirement to arise in mid-year.

Loans

<i>x € 1 million</i>	31 December 2014	31 December 2013
PPP loans	(0)	3
Land bank financing	34	40
Business loans	49	51
Finance leases	2	5
Other loans	2	9
	<hr/>	<hr/>
	87	108
Recourse	82	90
Non recourse	5	18
	<hr/>	<hr/>
	87	108
Current loans	31	8
Long-term loans	56	100
	<hr/>	<hr/>
	87	108

Strengthening equity and refinancing

In July 2014, Ballast Nedam strengthened its balance sheet through a successful rights issue of 30 million euros of depositary receipts for shares with tradable rights. The net proceeds of the rights issue of 27 million euros was used to reduce the company's debt burden, strengthen our financial position, and enhance our financial flexibility.

In February 2014, refinancing was carried out with the support of all 5%-plus shareholders and the banks. This 110 million euros in refinancing consists of new committed loans totalling 80 million euros, which expire in 2017, and a bridging facility of 30 million euros, which was repaid from the proceeds of the rights issue of 30 million euros. The 80 million euros in loans partly replace the existing, previously uncommitted, facility of 60 million euros.

Part of this agreement was that revenues from divestments of companies made in the period up to 2017 would be used in part for the repayment of the loans. In June 2014, an agreement in principle was signed with the banks. This agreement included a delay of twelve months for the repayment of loans from the proceeds of the divestments, up to a maximum amount of 15 million euros. As a result of the divestment of the offshore activities, this part of the agreement has ceased to apply. The covenants relating to the refinancing were determined in the third quarter of 2014.

The large business loan of 49 million euros expires in April 2017. The fixed interest rate is 5.4 per cent, and mortgages have been taken out on a number of properties in use by Ballast Nedam as security for the loan. The other large loan of 29 million euros is mainly for financing several land positions in a separate company. This loan matures in October 2015 and the interest rate is Euribor plus a margin of 2 per cent. Mortgages have been taken out as security for these land positions. There are no financial covenants in the conditions of the long-term recourse loans.

The other long-term loans of 58 million euros consist of 49 million euros of PPP loans, for which the interest rate is fixed by means of derivatives. There is no opportunity of recourse on Ballast Nedam for 54 million euros of the 136 million euros of long-term loans.

Ballast Nedam's shares

On 31 December 2014, Ballast Nedam had 19,667,500 issued shares and 19,335,000 outstanding shares. This increase of 9,667,500 shares is the result of the shares issued in 2014 (rights issue). At year-end, Ballast Nedam held 332,500 repurchased shares (of depositary receipts for repurchased shares) to hedge the

obligations arising from the current management option scheme. The net result per average outstanding share was 5.33 euros negative.

The Ballast Nedam share price quoted at the end of 2013 on Euronext was 10.50 euros (7.57 euros including the effect of the rights issue completed in 2014). The year 2014 ended with a rate of 3.73 euros. The highest closing price of 10.78 (7.77 euros including the effect of the rights issue completed in 2014) was reached on 15 January 2014. The lowest closing price of 2.37 euros was quoted on 16 October 2014.

No dividend

The dividend policy is to place 50% of the net profit for the period at the disposal of shareholders for distribution as dividend. It has been agreed with the banks that dividend on shares will be paid only if the leverage ratio is less than 2. A substantial loss was made in 2014, solvency deteriorated, and the leverage ratio was higher than 2. Difficult market conditions were also expected to continue in that year. For these reasons, the Board of Management, with the approval of the Supervisory Board, has decided in line with the dividend policy to refrain from paying a dividend for 2014.

CO₂ reduction

In 2014, Ballast Nedam achieved the 18% CO₂ reduction objective compared to 2008, relative to the revenue of the Dutch operations. The objective for 2015 is to achieve a 20% reduction compared to 2008, relative to the revenue of the Dutch operations.

Safety

The 'injury frequency' (IF) for 2014 is 7.1 which is a slight decrease from 7.4 in 2013. The IF figure is based on the number of accidents leading to absence among employees and hired staff in relation to the number of hours worked. The underlying figures show an increase in the duration of injury and that the number of accidents among subcontractors has increased disproportionately in relation to the number of hours worked. In October, a subcontractor's employee was fatally injured whilst working on one of our projects. In 2015, we particularly want to focus on continuous dialogue regarding safety. In doing so, we aim to maintain the objective of an IF that is lower than 6.5.

Compliance and integrity

Ballast Nedam actively pursues a compliance policy to safeguard the integrity of the organization and operates a policy of zero tolerance. In November 2014, a new Chief Compliance Officer (CCO) was appointed. As part of the zero tolerance policy, our objective is to follow up a compliance report within 48 hours and ensure suitable measures are taken based on the findings.

Corporate Governance

With effect from 27 June 2014, and after the General Meeting of Shareholders (GM) had been notified, Mr E. van der Noordaa was appointed Chairman of Ballast Nedam's Board of Management. During the Extraordinary General Meeting of Shareholders (EGM) on 14 November 2014, Mr J.S.T. Tiemstra was appointed as a member of the Supervisory Board and Mr A.N.A.M. Smits resigned as a member of the Supervisory Board. In June 2014, Mr L.W.A.M. van Doorne succeeded Mr Smits as Chairman of the Supervisory Board. During the same EGM, a proposal was approved to separate the roles of company secretary and secretary of the Supervisory Board. Following on from this, a Supervisory Board secretary was appointed.

The announced integration of the operational management from six clusters to the three divisions of Infrastructure, Building & Development, and Specialized Companies & Supplies was put into effect in 2014. In addition, operational responsibility was separated from financial control at all levels within Ballast Nedam.

Strategic options

Ballast Nedam is investigating several scenarios with which it will be able to deal with possible setbacks. Several Dutch and foreign parties have approached Ballast Nedam with a view to exploring the possibilities of a merger or takeover. Ballast Nedam always takes serious strategic options into consideration in the interest of its shareholders and other stakeholders. One possible scenario could be a merger or takeover of the Infrastructure division only.

In 2014 certain Dutch and international parties have approached Ballast Nedam with a view to exploring the opportunities for a merger or acquisition. At this moment, discussions are no longer taking place with these parties on a possible merger or acquisition.

With one of these parties, however, acquisition of a part of the infrastructure activities is being discussed further. The outcome is uncertain. In the company's interest Ballast Nedam will always actively explore strategic options.

Prospects

Market conditions are still unfavourable and are expected to remain challenging. With the housing construction sector as the only beacon of light, Ballast Nedam cannot see the market making a recovery for 2015 as yet. The focus placed on the differentiated market approach and selective tendering, paired with close attention to improvements in project management and cost savings, must result in the longer term in a better earning capacity for our company and reduced exposure to major risks.

Implementation of the package of financial and strategic measures will also lead to a substantial improvement of the company's solvency. Ballast Nedam refrains from putting forward any concrete forecasts for 2015.

Trading update first quarter 2015

Revenue achieved during the first quarter is in line with the forecast levels. The results also developed in line with the adjusted business plan for 2015. During the first quarter, the circumstances in the infrastructure branch remained adverse with intense competition and low price levels. The first signs of a residential housing market improving over time can be noticed. The effects of this improvement are not expected during 2015. The positive development in certain segments of the markets of the Specialized Companies & Supplies division continues.

A-15 Maasvlakte-Vaanplein

In March a letter of intent between the Dutch Ministry of Public Works and Water Management (Rijkswaterstaat) and the consortium A-Lanes A15 has been signed on the settlement of future additional work within the project A15 Maasvlakte-Vaanplein. In a settlement agreement, a financial compensation for this future additional work has been agreed, as well as an adjusted project planning. This settlement agreement will be signed after approval by the project financiers.

The financing position including the non-recourse loans increased in the first quarter by €69 million to a debt of €36 million. The net cash component in this figure was €95 million. From this net cash component, approximately €53 million is held on a blocked account, and not freely available to Ballast Nedam. In line with the normal seasonal pattern, during the year there is an increased cash requirement compared to the year-end position.

The order book contracted in the first quarter decreased to €936 million and no material new projects have been contracted. Per the end of 2014, the order book amounted to €1 026 million. The contraction of the order book is mostly the result of the production in the projects A15 Maasvlakte-Vaanplein, A2 Maastricht, OVT Breda, the Medical Centre Erasmus in Rotterdam and (Y)ours Leiden.

During the first quarter, 410 student housing units were completed as part of the Student campus (Y)ours Leiden project. These units can be divided over 2 building volumes; Block B contains 583 student housing units, while Block C contains 117 apartments for young residents, of which 60 rental apartments and 57 owner-occupier apartments. Halfway March, the completion of the 57 owner-occupier apartments has started. Soon the completion of the remaining 173 student housing units in Block B and the 60 starters rental apartments in Block C will follow. Then, VOF De Leidse Schans, a cooperation between VORM and Ballast Nedam, will have completed a total of 700 apartments in three months, and phase 1 nears completion.

Nieuwegein, 30 April 2015

Board of Management,
E. van der Noordaa
P. van Zwieten

The consolidated profit and loss account, balance sheet and cash flow statement included in this press release are based on the annual accounts 2014 and relate to a part thereof. Disclosure of the annual accounts occur under law at least 42 days before the General Meeting of Shareholders on June 29, 2015. With the on April 30, 2015 by the Board of Directors signed annual accounts, the external auditors issued an unqualified auditor's report which highlighted a material uncertainty regarding the continuity.

Ballast Nedam targets its strategic focus at successfully acquiring and carrying out integrated projects in the working areas of housing and mobility in the Netherlands and internationally. We also work on projects where we can make a difference for the client with our expert knowledge and skills. Ballast Nedam applies a differentiated market approach for its three divisions.

With further industrialization of the building process through the use of innovative modular concepts and standardization Ballast Nedam creates enduring quality at the lowest possible life cycle costs for its clients and society. The Ballast Nedam share is included in the Amsterdam Small Cap Index (AScX) of Euronext.

www.ballast-nedam.com

Note for editorial staff:

Further details can be obtained from: Ballast Nedam N.V., Adrie van Kessel, telephone +31 (0)30 285 41 61 / +31 (0)6 22 45 71 85

Consolidated income statement

<i>x € 1 million</i>	31 December 2014	31 December 2013
Revenue	1 166	1 230
Other operating income	76	3
Costs of raw materials and subcontractors	(984)	(918)
Employee benefits	(229)	(267)
Other operating expenses	(71)	(57)
	(1 284)	(1 242)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	(42)	(9)
Depreciation and amortization of property, plant and equipment and intangible assets	(16)	(20)
Impairment of tangible and intangible assets	(7)	(3)
Earnings before interest and taxes (EBIT)	(65)	(32)
Finance income	-	-
Finance expense	(7)	(7)
Net finance income and expense	(7)	(7)
Share in profits of associations	3	1
Profit before income tax	(69)	(38)
Income tax expense	(34)	(3)
Profit for the period	(103)	(41)
Attributable to owners of the company:		
Basic earnings per share (€)	-5,33	-4,22
Diluted earnings per share (€)	-5,33	-4,22

Consolidated statement of comprehensive income

<i>x € 1 million</i>	31 December 2014	31 December 2013
Profit for the period	(103)	(41)
<i>Other comprehensive income:</i>		
Foreign currency translation differences	-	-
Net changes in hedging reserve	(2)	1
Total comprehensive income for the period	(105)	(40)
Attributable to:		
Owners of the company	(105)	(40)
Non-controlling interests	-	-
Total comprehensive income for the period	(105)	(40)

Consolidated statement of financial position
x € 1 million

	31 December 2014	31 December 2013
Non-current assets		
Intangible assets	16	21
Property, plant and equipment	78	130
Financial assets	5	9
Disposals of associates	9	12
Deferred tax assets	<u>0</u>	<u>32</u>
	108	204
Current assets		
Inventories	148	174
Work in progress	52	135
Receivables	171	214
Cash and cash equivalents	70	51
Escrow account	53	
Assets held for sale	<u>52</u>	<u>48</u>
	546	622
Current liabilities		
Bank overdrafts	(3)	(22)
Current portion of long-term loans	(31)	(8)
Prepayments on inventories	(2)	(2)
Work in progress	(88)	(105)
Trade payables	(191)	(231)
Income tax expense	-	(1)
Other liabilities	(195)	(203)
Provisions	(17)	(26)
Liabilities held for sale	<u>(51)</u>	<u>(27)</u>
	(578)	(625)
Current assets minus current liabilities	<u>(32)</u>	<u>(3)</u>
	76	201
<hr/>		
Non-current liabilities		
Loans	56	100
Derivatives	(0)	-
Deferred tax liability	1	-
Personnel expenses	4	5
Provisions	<u>4</u>	<u>6</u>
	65	111
Total equity		
Equity attributable to owners of the company	11	90
Non-controlling interest	<u>-</u>	<u>-</u>
	11	90
	76	201

Summary consolidated statement of changes in equity
x € 1 million

	31 December 2014	31 December 2013
Share capital	60	60
Share premium	52	52
Reserves	<u>(22)</u>	<u>19</u>
Opening	90	131
Foreign currency translation differences	-	-
Reserve participations	-	-
Net change in hedging reserve	<u>(2)</u>	<u>1</u>
Other comprehensive income	(2)	1
Profit for the period	(103)	(41)
Claim emission	27	-
Other	<u>(1)</u>	<u>(1)</u>
Closing	11	90

Consolidated statement of cash flows
x € 1 million

	31 December 2014	31 December 2013
Net cash - opening balance	29	76
Profit for the period	(103)	(41)
Adjustments:		
Depreciation	15	20
Amortization	1	-
Impairment of (in)tangible fixed assets	7	3
Finance expense	7	7
Finance income	-	-
Share-based payments	-	-
Gain from disposal of fixed assets and subsidiaries	(76)	(3)
Income tax expense	34	3
Share in profits of associates	(3)	(1)
<i>Movements:</i>		
Movement in inventories	26	27
Movement in work in progress	66	(41)
Movement in fair value investments	-	-
Movement in other receivables	53	5
Movement in provisions and employee benefits	(23)	(7)
Change in other current liabilities	(31)	10
Interest paid	(7)	(7)
Interest paid on hedging instruments	-	-
Interest received	-	-
Income taxes paid	(2)	(2)
PPP receivables	(43)	(7)
Net cash from operating activities	(79)	(34)
Intangible assets		
investments	(2)	(6)
income from disposals	1	2
Property, plant and equipment		
investments	(12)	(19)
income from disposals	13	7
Financial assets		
investments	(3)	(1)
income from disposals	-	1
dividends received	-	1
income from other receivables	-	-
Investments in associates and joint ventures	3	(2)
Disposal of subsidiaries after deduction of disposed cash and cash equivalents	-	-
Sale of subsidiaries after deduction of disposed cash and cash equivalents	<u>111</u>	<u>8</u>
Net cash used in investing activities	111	(9)
Income from long-term loans drawn	48	14
Repayment of long-term loans	(14)	(15)
Handling charges paid on new loans	-	-
Payment of financial lease terms	(2)	(3)
Acquisition of non-controlling interest	-	-
Dividend paid	-	-
Claim emissions	<u>27</u>	<u>-</u>
Net cash from financing activities	59	(4)
Effect of exchange rate fluctuations on cash held	<u>-</u>	<u>-</u>
Net cash - closing balance	120	29

Net cash
x € 1 million

	31 December 2014	31 December 2013
Cash and cash equivalents	123	51
Bank overdrafts	<u>(3)</u>	<u>(22)</u>
Net cash	120	29
Fully consolidated	87	(3)
Proportionately consolidated	<u>33</u>	<u>32</u>
Net cash	120	29

Net financing position
x € 1 million

	31 December 2014	31 December 2013
Net cash	120	29
Current portion of long-term loans	(31)	(8)
Long-term loans	<u>(56)</u>	<u>(100)</u>
	33	(79)