**PRESS RELEASE**

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BALLAST NEDAM TRADING UPDATE THIRD QUARTER 2012

Ballast Nedam accelerates change in profile

* Forecast for 2012: due to expected reorganization costs and impairment amounting to € 45 million, the forecast for 2012 has been revised to an operating loss of approximately € 30 million
* Accelerated change in Ballast Nedam profile: € 15 million reorganization expenses
* Impairment of € 30 million: on land positions, goodwill and property, plant and equipment
* Stable order book of € 1.8 billion

Ballast Nedam is accelerating its execution of the strategy of focusing on the growth market of integrated projects and specific niche markets. This decision was prompted by the sustained poor market outlook. The company’s profile will change faster as a result, with substantial consequences for several companies that operate in strongly capacity-driven markets. Accordingly there will be less exposure to these loss-making traditional markets.

Situation in the third quarter of 2012

Ballast Nedam’s operational results in the third quarter were approximately the same as in the first half.

Excellent results were achieved on several large multiyear projects and in the niche markets. The results endorse Ballast Nedam’s strategy of focusing on the growth market of integrated projects and the niche markets of industrial construction, offshore wind turbines, secondary raw materials and alternative fuels. On the other hand losses increased in the regional companies: in building and infrastructure, and some specialized companies. These companies operate mainly on the strongly capacity-driven markets.

The markets have deteriorated more than we foresaw at the half-year point. The lower volume in the market provoked fierce competition and greater price pressure in several strongly capacity-driven market segments. Our expectation is that these poorer market conditions will persist.

The above has led to accelerated execution of the strategy of focusing on integrated projects and niche markets, which are performing well. The pace of the shift in Ballast Nedam’s profile from a major player on the traditional markets to a prominent player on the integrated projects market, such as the PPP projects and specific niche markets, including offshore wind turbines, has been stepped up accordingly. There will be radical changes in the regional companies and some specialized companies that operate mainly in the strongly capacity-driven markets. A number of reorganizations are now in progress and others will be defined and initiated in the fourth quarter. For the full year of 2012 this means between 400 and 500 fewer jobs and the formation of a reorganization provision of approximately € 15 million. Ballast Nedam’s current redundancy package will apply and there is a mobility centre to help employees move from work to work. The number of employees at the end of 2011 was 3,989.

These deteriorating prospects and the persistently poor situation on the property market are expected to lead to a total impairment of approximately € 30 million in the fourth quarter. Some two-thirds of the impairment is on land positions, and the rest mainly on goodwill and property, plant and equipment.

Among the additions to the order book in the third quarter are Venlo’s new city council offices (€ 35 million), the Futura atrium building in Zoetermeer (€ 16 million) and the renovation of the A50 highway bridge over the river Waal at Ewijk (€ 68 million in consortium).

The order book contracted in the third quarter by € 51 million to € 1,848 million because of good progress in particular on the prominent multiyear major projects, such as the A2 integrated project in Maastricht, the A15 Maasvlakte – Vaanplein PPP and the Erasmus MC university medical centre in Rotterdam.

On the niche market for secondary raw materials Feniks Recycling signed the contract for an installation in Norfolk. This is Feniks Recycling’s eighth installation in England for recovering secondary raw materials from waste incinerator bottom ash, and it will be operational in late 2015.

The net financing position decreased in the third quarter by € 19 million to € 174 million negative. Much of the decrease corresponds with an increase in the non-recourse loans because of progress on the major A15 Maasvlakte – Vaanplein highway construction PPP in Rotterdam.

The extension in March 2012 of one of the long-term loans renders refinancing of the two long-term loans amounting to € 83 million unnecessary in the coming years. Refinancing will not need to be considered until 2015 and 2017, respectively. There are no financial covenants in the conditions of these loans.

Revised profit forecast for 2012

Due to expected reorganization costs and impairment amounting to € 45 million, the forecast for the full year of 2012 has been revised to an operating loss of approximately € 30 million.

We stated in the half-year report that the earlier forecast of approximately unchanged profit for the full-year of 2012 was under pressure. The operating profit for 2011 was € 19 million.

**Ballast Nedam** engages in integrated projects in The Netherlands in four areas of work: housing, mobility, energy and nature. Within this area we focus on the niche markets: industrial construction, offshore wind turbines, secondary raw materials and alternative fuels. In a number of areas of expertise, we also operate internationally. The Ballast Nedam share is included in the Amsterdam Small Cap Index (AScX) of NYSE Euronext.

Ballast Nedam’s approach is based on life cycle thinking and acting: we develop, construct, manage and recycle. We are involved in long-term management, maintenance and operation of projects and organize financial feasibility. Our supply and specialized companies deliver competitive edge through innovation, cost leadership and purchasing strength. Ballast Nedam’s range of services is shifting towards specific product-market combinations with greater added value.

Ballast Nedam creates enduring quality combined with lower life cycle costs for its customers and society. [www.ballast-nedam.com](http://www.ballast-nedam.com)

**Note for the editorial staff:**

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