Press release

De Bilt, 8 November 2011

Grontmij first nine months 2011:

Operating profit in the Netherlands drops by more than 50%.

- **Total Revenue +29% € 807 million (2010: € 627 million)**
- **Operating profit -10.8% € 20.6 million (2010 : € 23.1 million)**
- **Underlying EBITA +1.4% € 28.1 million (2010: € 27.7 million)**
- **Telecoms divested, circa € 30 million deleverage in Q4**
- **Nine months Profit after tax € 3.2m (2010: € 9.2 million):**
    - Revaluation of non-core assets in the Netherlands € (2.7) million
- **Outlook FY2011:**
    - Underlying EBITA circa € 40 million - worsening of result in the Netherlands and UK, planning for further restructuring

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Sylvo Thijsen, CEO Grontmij N.V.:

‘Despite the good development in most Business Lines and Regions and our overall satisfactory order book we continued to experience difficult trading conditions in several markets of which the most important are the Netherlands and the UK.

In the Netherlands, utilization deteriorated further after the holiday period against indications from the current order book and pipeline. There was a particular sharp drop in the local market due to postponed, delayed and even cancelled orders. Management has taken and will take further actions to adjust resources and is planning to adjust the organisation towards a less decentralised set-up of the office space. In the next few years, Grontmij in the Netherlands will reduce the number of offices from 22 to 8.

Furthermore, in light of the current economic conditions and developments, we re-assessed the value of our non-core real estate assets in the Netherlands, resulting in a downward re-valuation of € (2.7)m.

We reached agreement to sell the French Telecoms division, and concluded the transaction during October, with cash proceeds in excess of circa € 30m helping to deleverage the balance sheet during Q4.

Due to the ongoing general economic and financial uncertainty in Europe and especially the deteriorating local markets in the Netherlands and the UK, we expect the 2011 full year underlying EBITA to be circa € 40m (2010: € 46.5m). As a consequence of further measures that we need to take in the fourth quarter, we take into account in our FY forecast that our year end net after tax profit will appear to be insufficient to cover a dividend payment for 2011.’

Financial commentary

Profit and loss account

Total revenue increased by 29% to € 807m from € 627m last year primarily due to a contribution of € 261m from France. Currency effect was 0.5%. Overall organic growth was 0.2%, with 2.6% in Transportation & Mobility and 4.8% in Water & Energy. Planning & Design showed organic decline of 6.8%.

Nine month results 30 September
Profit and loss account

€ million	2011	2010	Variance
Total revenue	**807**	627	28.7%
Net revenue	**617**	504	22.5%
Gross margin	**214**	167	28.2%
Gross margin %	**26.5%**	26.6%	
Underlying EBITDA*	**39.1**	37.6	4.0%
Underlying EBITA*	**28.1**	27.7	1.4%
% total revenue	**3.5%**	4.5%	
% net revenue	**4.6%**	5.6%	
Divestments	**-**	(0.3)	
Results from EAI	**0.6**	1.5	
Revaluation	**(2.7)**	-	
Restructuring	**(5.4)**	(5.2)	
Acquisition costs	**-**	(0.6)	
Operating result	**20.6**	23.1	-10.8%
Amortisation	**(6.1)**	(5.0)	
Finance result	**(10.0)**	(5.2)	
Income tax expense	**(1.4)**	(3.7)	
Effective tax rate	**30%**	29%	
Profit after tax	**3.2**	9.2	-65.8%
Net Debt	**(222)**	(215)	

* Before non-recurring items € (8.1)m (2010: € (5.2)m), EAI/ divestments € 0.6m (2010: € 1.2m) and acquisition costs € nil (2010: € (0.6)m)

The **profit after tax** declined strongly in the first three quarters of 2011 to € 3.2m from € 9.2m last year. This is mainly caused by a combination of the worsening results in the Netherlands and the increase of non-recurring costs, revaluation of non-core assets in the Netherlands (reflecting the general market conditions), and restructuring costs principally due to further direct resource reductions.

Operating result decreased by -10.8% to € 20.6m in the first nine months of 2011 from € 23.1m last year. There were no divestments or acquisition costs, while restructuring costs increased slightly by € 0.2m to € 5.4m from € 5.2m Q3 last year.

Underlying EBITA, increased by 1.4% to € 28.1m from € 27.7m last year and represented a margin on Total revenue of 3.5% compared to 4.5% last year and a margin on Net revenue of 4.6% down from 5.6% last year reflecting the deteriorating local markets and the downsizing of the business in the Netherlands and the poor market situation in the UK and in Poland. The contribution from France in the first nine months of 2011 was € 13.1m including Telecoms. In the rest of the business there was an improvement in underlying EBITA, in particular in the Nordics and Belgium.

Results from investments in equity accounted investees (EAI) of € 0.6m remained below the level of € 1.5m from last year mainly due to profits on divestments during 2010.

Amortisation of € (6.1)m was up from the level of last year of € (5.0)m principally due to the amortisation of intangible assets from the acquisition of Ginger.

Finance result of € (10)m was higher than last year € (5.2)m principally due to the three quarters of interest on the acquisition debt of Ginger in 2010, and the higher spread resulting from the higher total leverage of the Group compared to the same period last year.

Working capital on average increased by € 14.1m during the first nine months of 2011, due to difficult economic circumstances.

The effective tax rate increased to 30% compared to 28% for the full year 2010. The movements are principally due to relatively more profit in high tax countries and relatively less profit in lower tax countries.

Quarterly and Organic overview:

On a quarterly basis Total revenue Q3 2011 vs Q3 2010 showed a modest increase, as a result of growth in the Nordics and Belgium offset by the Netherlands and UK; currency effect was 0.5%.

Profit and loss account - quarterly development

€ million	Q3 11	Q2 11	Q1 11	Q4 10	Q3 10	Q2 10	Q1 10
Total revenue	**260**	274	273	296	251	190	185
Net revenue	**201**	202	214	212	191	159	154
Operating result	**1.3**	8.8	10.5	17.0	10.6	5.1	7.5
Underlying EBITA*	**6.0**	10.7	11.4	18.5	11.0	9.0	8.0
pension impact				1.5	1.5	1.5	1.5
Restructuring	**(2.3)**	(2.1)	(1.0)	(2.0)	(0.8)	(3.4)	(1.0)
Revaluation	**(2.7)**						
Acquisition and refinancing costs	**-**	-	-	-	-	(2.6)	-

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

Business Review

Our strong position in the European market provides a diversified platform in which we again, saw mixed developments in the third quarter. We experienced difficult trading conditions in UK and the Netherlands, but performance in Nordics, Germany, Belgium and France was strong. Our operations in Turkey and China performed very well with strong growth figures. We were awarded major transport infrastructure projects, including the Stockholm by-pass, the modernisation of the Longchamp racecourse and the design of Terminal 3 at Frankfurt Airport.

Business Lines

Total company	2011			2010		
	Revenue	Operating result	Margin	Revenue	Operating result	Margin
	€m	€m	%	€m	€m	%
Planning & Design	278.1	4.1	1.5%	245.5	8.7	3.6%
Transportation & Mobility	149.5	10.3	6.9%	138.6	11.3	8.1%
Water & Energy	151.9	4.5	3.0%	145.1	1.7	1.2%
Monitoring & Testing	102.4	8.3	8.1%	44.4	2.4	5.4%
Telecoms	103.1	5.6	5.5%	37.0	2.4	6.5%
Other / Non-core / HQ	22.1	(12.2)		16.2	(7.8)	
pension impact					4.5	
Total Operating result	**807.2**	**20.6**	**2.5%**	**626.8**	**23.2**	**3.7%**
Restructuring, revaluation, acquisitions, EAI:		7.5			4.5	
Underlying EBITA (Excl restructuring, acquisitions, EAI, revaluation)		**28.1**	**3.5%**		**27.7**	**4.4%**

Planning & Design

Total revenues for Planning & Design increased to € 278m (versus € 246m in Q3 2010) in the first nine months. Margins, however deteriorated significantly from 3.6% to 1.5% as operating result went down from € 8.7m in Q3 2010 to € 4.1m in Q3 2011. Despite organic growth and slight recovery in Revenue, we saw decline in profitability due to poor market circumstances in particular at municipality-levels. The smaller volumes led to severe price competition amongst competitors, extra restructuring measures have been taken to improve the situation in the fourth quarter. Within Planning & Design, stronger trading areas are being offset by the difficult trading conditions in mainly UK and the Netherlands.
Major contracts won include the modernizing of Longchamp, the world famous racecourse in Paris, designing Terminal 3 for Frankfurt Airport, and the reshaping of ‘Centre Point’ a landmark building in London.

Transportation & Mobility

Overall the business line Transportation & Mobility showed almost 8% growth in the nine months to September (€ 149.5m versus € 138.6m in 2010). Grontmij has a solid and acknowledged position in these sectors in Europe. Nevertheless there were some postponed projects, and the highly competitive market influenced bidding costs and prices. Again this mainly impacts the UK and the Netherlands, where the general trading conditions are poor. The postponement of the Stuttgart 21 project in Germany impacted the result in Germany. In August we were awarded a € 10m contract for the design for the Stockholm ring road, one of the largest infrastructural projects in Sweden since decades. In September we won a second major contract from the Turkish government to assist the Ministry of Transportation & Communications in implementing EU transport programs.

Water & Energy

Water & Energy showed overall growth, both in revenue (+ 4.7%) and margin (+ 1.8%) with varying results on a regional level, mitigating very strong performance in some geographies. Water & Energy also experienced continued fierce price competition, slightly pressing on the margins. Since the end of September we are included in the Palisades Global Water Index (ticker PIIWI), a leading Dow Jones index measuring the global water industry. In Hungary we recently were confirmed a contract to supervise two EU financed environmental projects.

Monitoring & Testing

The Monitoring & Testing business line had a strong nine months, maintained a strong forward order book, and is on track to achieve the target EBITA %. Although difficult to compare as the development of the business line is still in progress, we see an increasing demand for Life Cycle Asset management services based on reliable data sequences. During Q3 a Monitoring & Testing unit has been designated in the UK. Germany, Belgium and Denmark will follow in Q4.

Regions

Total company	2011			2010		
	Revenue	Operating result	Margin	Revenue	Operating result	Margin
	€m	€m	%	€m	€m	%
Nordic	174.8	9.0	**5.2%**	163.5	2.3	**1.4%**
Benelux	244.9	9.7	**4.0%**	247.9	18.0	**7.3%**
pension impact					4.5	
UK & CEE	107.4	0.6	**0.6%**	110.9	3.1	**2.8%**
France	158.4	6.6	**4.1%**	51.3	0.7	**1.4%**
Telecoms	103.1	5.6	**5.5%**	37.0	2.4	**6.5%**
Other / HQ	18.6	(11.0)		16.2	(7.8)	
Total Operating result	**807.2**	**20.6**	**2.5%**	**626.8**	**23.2**	**3.7%**
Restructuring, revaluation, acquisitions, EAI:		7.5			4.5	
Underlying EBITA (Excl restructuring, acquisitions, EAI, revaluation)		**28.1**	**3.5%**		**27.7**	**4.4%**

Nordic
Due to management actions taken the business in the Nordics is now showing positive results. Also, Total revenues increased by almost 7%. Margins remained highest in Transportation & Mobility, with further improvement targeted for Water & Energy and Planning & Design. EBITA margin recovered to above 5% from 1.4%.

Benelux
In the Benelux total revenue slightly decreased, driven by the Netherlands where the decline in revenues resulted from strongly reduced market demand; partly offset by an increase in revenues in Belgium, where trading was strong particularly in Transportation & Mobility and the industrial division within Water & Energy. The decline in EBITA in the Benelux was due to the Netherlands where local (public clients) markets worsened, particularly in Planning & Design, and also to some extent in Water & Energy. This resulted in a decline in net revenue for the Netherlands in the first nine months to € 150m compared to € 169m for the first nine months of 2010. Operating profit in the Netherlands reduced to € 5.1m compared to € 13m last year; in addition there was the impact of the changed pension scheme.

UK & CEE
The UK & CEE revenues were slightly down from last year, whilst Germany remained flat. The decline in EBITA was again principally in the UK due to the difficult trading conditions, the poor governmental market and lagging pick up in AMP 5 work. Furthermore, Poland is experiencing tougher trading conditions, affecting the results negatively. Whilst Germany Planning & Design is trading strongly above target EBITA level, the UK Planning & Design business is loss making, due to the completely devastated market for town and country planning. Extra restructuring measures have been taken to stabalise the situation in the fourth quarter.

France
Revenues in France went up in the first three quarters to € 261.5m with organic growth in Monitoring & Testing and Planning & Design. Its forward order book is strong with many projects won, including works on the Lyon tunnel periphery, the Port of Le Havre and the Malraux tunnel in Nice. In Planning & Design, Grontmij France is involved in the modernization of the famous Longchamp racing course in Paris, renovating the football stadium in Toulouse and working on the reconstruction of the Crozon hospital.

Management actions

Key management actions continue to focus on reducing costs, improving working capital management to further deleverage, and tackling the areas of the business where demand remains subdued.

On cost reduction, we are making good progress on reducing our office property footprint and we are on track to see benefits from this in 2012 and beyond. Due to the continued uncertain market conditions, we will be stepping up our cost reduction plans in other areas, in particular as we finalise our budgets for 2012. This includes IT, and other back office costs, where we plan to capitalise on an effective shared service back office approach in each country.

On working capital management, we continue to focus on improving our billing and collection cycles and in particular ensuring at the point of tender that we accept reasonable billing terms. The continuing economic crises is impacting the payment cycles of some of our local government customers.

In areas of low demand we have made further direct and indirect headcount reductions like in particular in the Netherlands Planning & Design business, where demand from the municipalities remains subdued, and we expect to make further reductions in other low demand areas in the fourth quarter.

In the Netherlands, we reassessed the value of our non-core real estate assets in the light of current economic conditions and developments, resulting in a downward re-valuation of € (2.7)m.

We will continue to take timely and appropriate management actions where necessary to both withstand the potential continuing effects of the economic turbulence in our markets, but also to support and drive the encouraging organic growth that we have seen developing during 2011 in most of our regions and business lines. We will continue to adjust our portfolio of activities allowing for future growth potential.

Outlook

Due to the ongoing general economic and financial uncertainty in Europe and especially the deteriorating local markets in the Netherlands and the UK, we expect the 2011 full year underlying EBITA to be circa € 40m (2010: € 46.5m). As a consequence of further measures that we need to take in the fourth quarter, we take into account in our FY forecast that our year end net after tax profit will appear to be insufficient to cover a dividend payment for 2011.

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Note to editors

Invitation to attend the audio webcast of the Q3 figures 2011 presentation

We are pleased to invite you to listen to the audio webcast of Grontmij's presentation of the Q3 figures 2011 today, 8 November 2011 at 11.00 CET via www.grontmij.com. The presentation is then also available on our website.

Grontmij is the third largest engineering consultancy in Europe with nearly 10,000 professionals and almost 300 offices across the region and a further 50 offices globally. At the heart of our business is the sustainability by design principle. It is a leading value proposition for our customers delivered by four business lines: Planning & Design, Transportation & Mobility, Water & Energy, Monitoring & Testing.

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