Press release

Date 16 February 2017
Pages 1 of 7

Heijmans to concentrate on Dutch market, financing secured and preliminary results 2016

Key developments

- Heijmans to focus fully on Dutch market with Property Development, Residential Building, Non-Residential and Infrastructure
- Risk profile loss-making projects clearly improved due to agreements with clients, considerable impact project losses of approximately € 90 million
- Letter of intent to continue N23 works signed
- Preliminary net loss of approximately € 110 million in 2016
- Preliminary underlying net operating loss for 2016 of € 66 million
- New agreements with banking group, including an extension of the financing through June 2019: phased reduction of credit facility to € 122 million.

Heijmans today announces it has reached agreement with its consortium of banks on the refinancing of the company. This agreement secures the financing of the company and provides a significant step towards recovery. Heijmans is also providing a preliminary overview of the results for 2016. Final annual results will be published on Thursday 23 February 2017.

Ton Hillen, CEO Heijmans:

"Last year was a dramatic year, as we recorded a loss of € 110 million. At the same time, we are satisfied with the agreements we reached with our financiers, which have secured the financing and safeguarded the continuity of our company. We consider the confidence the banks have shown in us, in particular through the one-year extension, as an important condition to make Heijmans strong and vital once again.
Although the loss-making projects have had a significant impact on the results, the agreements we have reached with the clients involved do result in a clear improvement of the company's risk profile. Particularly the agreement on the N23 project, which we signed with the client yesterday, is a key milestone in this respect. The losses we have had to recognise on these projects had a strong negative impact on the cash flow in the second half of the year. By recognising the effects of these projects now, we have reduced their risk profile and we can take these projects to successful completion on the basis of the new agreements. This, combined with the refinancing, is a considerable step forward towards full recovery.
We have also adjusted our focus, to ensure that we can continue our business sustainably in the future. From this point onwards, we will focus only on the Netherlands with a tightened focus on our core competencies in the segments Property Development, Residential Building, Non-Residential and Infrastructure. The previously reported divestment of the Belgian activities and the sale of all German activities are part of this strategy and contribute to the reduction of our net debt. In the coming years, we will focus on recovery of our profitability, debt reduction, and structural improvement of our capital ratios, while our commercial focus will be on market segments in which we are strong and where we can realise healthy margins. Following the realisation of the

divestments, we expect our solvency ratio to recover to above 20%. All of these efforts are aimed at the sustainable recovery of our company."

Preliminary results 2016
The results in this press release are preliminary and have not been audited. The final annual results will be published as previously announced on 23 February 2017 and may differ from the preliminary figures.

Simultaneously with the publication of the agreed refinancing, Heijmans is also providing preliminary results for 2016. Revenues for 2016 will be lower than in the previous year at almost €1.9 billion (2015: almost € 2 billion) due to the selective acquisition policy and stagnation in production on a number of projects. The underlying operating loss for 2016 will amount to € 66 million (2015: loss of € 5 million), with a net loss of approximately € 110 million (2015: loss of € 27 million). The order book for the Dutch activities amounted to € 1.9 billion per year-end 2016 (2015: € 1.7 billion). This is excluding the Wintrack II and Zuidasdok projects, as Heijmans won these contracts in early 2017.

Financial settlements and provisions on a number of loss-making projects that Heijmans has reported on previously caused the main impact on the underlying operating result. The main loss-making projects are the Drachtsterweg Leeuwarden, Energiefabriek Tilburg, RIVM, Wilhelminasluis Zaandam and the N23 Westfrisiaweg. The total impact of these settlements and provisions amounts to approximately € 90 million.

Heijmans' Dutch group companies recorded an underlying operating result of € 74 million negative (2015: € 12 million negative). The German and Belgian operations together recorded a result of € 20 million positive (2015: € 15 million), whereas Heijmans has recognised € 12 million in corporate/other expenses for 2016 (2015: € 8 million). In the Netherlands, Property Development and Residential Building recorded underlying operating results of € 15 million and € 4 million respectively, while Infra and Non-residential recorded losses of € 78 million and € 15 million respectively. See annex for a brief overview of the results for 2016.

In addition to the considerable impact of the loss-making projects, a number of one-off items had a negative impact on the results for 2016. The one-offs included a total of € 19 million in write-down on property assets. These involved to value adjustments of landbank and property assets in the peripheral regions of the Netherlands, where lagging house prices are being outpaced by rising procurement costs and delays in public sector development plans are affecting results. In addition, Heijmans suffered a book loss of € 6 million on the previously announced sale of the German subsidiary Franki and incurred costs of € 4 million for organisational changes.

The loss-making projects also had a strong negative impact on the cash flow in the second half of 2016. Largely due to this, the net debt amounted to approximately € 100 million at year-end 2016, compared to € 10 million at year-end 2015. The negative impact of the loss-making projects was absorbed almost entirely in the cash flow for 2016. Solvency ratio amounted to 16% at year-end 2016 (2015: 26%). We expect this to return to above 20% following the proposed divestments.

Financial settlement and delimitation of loss-making projects
As noted in the trading update for the third quarter of 2016, the results for 2016 have been determined to a large extent by the outcome of discussions on the financial settlement of disputes on a number of loss-making projects. This pertains in particular to the N23 Westfrisiaweg, Energiefabriek Tilburg, RIVM, Wilhelminasluis Zaandam and the Drachtsterweg Leeuwarden projects. In order to limit the uncertainties surrounding these projects, Heijmans has held frequent

deliberations with clients and has made solid progress on this front. However, the outcome of these processes has had a significant negative impact on the annual results.

N23 Westfrisiaweg
In the N23 Westfrisiaweg project, there was a difference of opinion on the execution of the project related to the soil conditions and the impact of these conditions on the work. Heijmans has reached agreement with the client on the execution and planning, as well as on the financial settlement of the project. The new agreements resulted in a loss provision of € 32 million on this project. Linked to the signed Letter of Intent, the temporarily paused activities will be resumed and the project is expected to be delivered at the end of 2018.

Energiefabriek Tilburg
In the realisation of the Energiefabriek in Tilburg, there was a difference of opinion regarding the final execution and the correct functioning of the plant. The contract for the Energiefabriek in Tilburg ended as of 1 December 2016 and the client has taken over responsibility for the operation, maintenance and optimisation of the plant. This has put an end to future cumulative risks and potential costs for Heijmans. The termination of the contract led to an additional loss of almost € 15 million, while the total losses from this project recorded in 2016 amounted to € 23 million.

RIVM
In the new-build project for the Dutch National Institute for Health and the Environment (RIVM) and the Dutch Medicines Evaluation Board (CBG), the original design did not fully comply with the vibration resistance requirements. After a delay agreed with the client, the consortium StruktonHurksHeijmans developed a combination of measures aimed at making sure the design met vibration requirements for laboratory spaces. The commencement certificate was issued in mid-January 2017 and construction is expected to start in the spring of 2017. The client and the consortium are still discussing the financial consequences. Heijmans has taken a loss provision of € 10 million on this project for 2016.

Wilhelminasluis Zaandam
In the Wilhelminasluis Zaandam project, there is a difference of opinion primarily on the design of the lock chamber. The construction of the lock heads has been completed, while the remainder of the work has been halted pending a new design for the lock chamber. Heijmans and the client have yet to reach agreement on this design. An arbitration procedure has been started. Heijmans has taken a provision of € 8 million on this project for 2016.

Drachtsterweg Leeuwarden
With respect to the Drachtsterweg Leeuwarden project, in the first half of 2016 Heijmans reached new agreements with the client on the planning and execution method. Both parties have accepted a share in the resulting costs. For Heijmans, this means a loss of € 6 million on this project in 2016. The project is progressing in line with the planning and the opening will take place in the second half of 2017.

Other
In addition to the above-mentioned projects, there were several smaller losses that amounted to a total of € 10 million on other projects. These projects and the financial settlement of these projects were all completed in 2016.

Refinancing, capital position and debt development
As a result of the losses on problem projects, Heijmans would no longer have met the requirements of the financial bank covenants at year-end 2016. The company therefore initiated a pro-active and

constructive dialogue with its banking group, which today resulted in an extension of the financing agreements to 1 July 2019.

The bank consortium will in the coming years comprise ABN Amro, ING, KBC and Rabobank. The key components of the new agreements are a reduction of the use of loan facilities and a one-year extension.

The negative results in recent years have increased the average usage of loan facilities. Together with the bank consortium, Heijmans has concluded that a reduction of the debt is necessary to arrive at a financial leverage. This objective has contributed to an adjustment of Heijmans' strategic focus to a clear focus on the Netherlands. The previously reported divestment of the Belgian and German activities is in line with this adjusted scope. We are in the process of investigating the sale of our German subsidiary Oevermann. Following the completion of the planned divestments and other measures, we expect the solvency ratio to recover to above 20%. The proceeds from the sale will be used largely for debt reduction and as a result the committed credit facility will be reduced in phases to € 122 million as per 30 June 2019. The current agreement does not include an increase of shareholders' equity.

With respect to the financial covenants, the agreements stipulate that these will not be tested for Q4 2016 and Q1 2017. With respect to Q2, Q3 and Q4 2017, minimum levels for EBITDA and solvency have been agreed. The agreement includes a phased minimum EBITDA, rising to € 20 million in Q4 2017, and solvency ratio increasing to at least 20% in Q4 2017. The existing covenants will once again be applicable from 2018.

With the banking group some additional securities have been agreed. This pertains to the pledging of the proceeds of the divestments, as well as a first right of mortgage on landbank with a total book value of almost € 80 million. The interest rate due to the banks has been raised, but this will return to the current levels as the proposed reduction of the facility is realised.

Strategy: on the road to recovery as a Dutch company
Under the header 'Focus, Discipline and Excellence', Heijmans has developed a strategic plan for the period 2017 – 2019. This adjusted strategy will be rolled out further in the coming period to realise a sustainable recovery of the company and a return to profitability, debt reduction and a structural strengthening of the financial leverage. Heijmans will in the coming period develop into a company focused on the Netherlands with a stronger focus on core competencies in the segments Property Development, Residential Building, Non-residential and Infrastructure. The divestment of the Belgian and German activities is part of this strategy. On that basis, Heijmans is working on the premise of a core company with a volume of approximately € 1.5 billion. The non-Dutch activities will be recognised as 'Assets held for Sale' in the 2016 financial statements. Heijmans will focus strongly on costs, to arrive at an optimum cost structure that is in line with the changed scope of the company. Although a large-scale reorganisation is not an issue at this point in time, the company will continue to streamline its organisation and reduce overheads.

Tightened focus
Heijmans has tightened its commercial focus and this is now geared towards the selective acquisition of new contracts in the property, construction and infrastructure disciplines in which Heijmans has expertise, as well as expansion of Heijmans' role as contractor/manager and the development of long-term, relationships with clients through services, maintenance and management contacts. Heijmans is focusing on market segments where the company can deliver

added value, by translating vision, expertise and direction into tangible results for its clients and their customers. The importance of partnering will increase in the years to come.

Key criteria in the selection of market segments and the acquisition of contracts are the professionalism of clients, healthy market relationships, the appreciation of differentiating potential, a realistic margin potential and a manageable risk profile. The tender process previously introduced across the company, with clear Go/No Go moments, guarantees a sound and objective assessment of projects. The acquisition of larger works, which are partly outside the scope of Heijmans' core competencies, will take place in combination with risk-bearing partners well known to Heijmans and with a solid track record. The current order book is in line with these criteria and offers excellent potential for the future. Heijmans has set itself the goal of continuing to expand its management and maintenance activities, both in terms of revenues and as a proportion of the total order book.

Growth opportunities
Property Development has a solid position in the Dutch market and structural growth potential in a market that is continuing to recover and in which 800,000 new homes will be needed in the next 10 years. This means that Property Development will be the driving force for the entire company. Property Development and Residential Building are focused on the economically strong regions of the Netherlands. The premise is a combination of development of houses in suburban areas, often on land in the company's own portfolio, and the development in urban areas of both new-build properties and transformation and renovation projects. Property Development is looking for growth in integrated area development projects involving inner-city redevelopment on the basis of creativity and inventiveness. In Residential Building, Heijmans is targeting controlled growth with a mix of projects contracted out by Property Development and projects acquired from the external market. The sale of residential products with high margins, such as the Heijmans Huismerk and Heijmans ONE, plays an important role in this strategy.

Non-residential focuses on specific market segments where the company can add value with know-how of the client's processes and the development of solutions for accommodation issues. This is the market for new-build / renovation of functionalities related to the public sector, laboratories, healthcare (cure) and data centres. Armed with its installation expertise, Non-residential is looking to forge more multi-year client relationships through the acquisition of long-term service contracts, so Heijmans is active more frequently and for longer periods on behalf of its clients. On this front, Non-residential will further tailor its supply on the basis of concepts, such as the previously launched concept for data-controlled maintenance and management BeSense. In addition, Non-residential will increasingly cooperate intensively with Property Development on the realisation of inner-city objects with a non-residential character, characterised by combined functions in the field of living, working and leisure.

Infrastructure is opting for a focus mainly on mobility with the accent on so-called line-infrastructure: design, realisation and maintenance of roads, as well as related supporting civil engineering works. Water and Energy are ancillary segments in which Heijmans will only acquire projects on the basis of manageable complexity and proven technology and in cooperation with risk-bearing partners. Infrastructure wants to add value in the form of the availability and reliability of the infrastructure and is targeting growth in the field of multi-year maintenance and management and asset management.

Executive Board composition
Age Lindenbergh has been appointed as interim Chief Financial Officer in view of the departure of Mark van den Biggelaar. Age will remain in this position anyhow through June 2017. As previously announced, Bert van der Els will step down as member of the board after the General Meeting of

Shareholders on 12 April 2017. The management of the company will then consist of Ton Hillen, chairman of the Executive Board, Ruud Majenburg as member of the Executive Board and Age Lindenbergh as interim CFO.

About Heijmans
Heijmans is a listed company that combines activities related to property development, residential building, non-residential building, roads and civil engineering in the working areas living, working and connecting. Our constant focus on quality improvements, innovation and integrated solutions enables us to generate added value for our clients. Heijmans realises projects for private consumers, companies and public sector bodies and, in partnership with its clients, is building the spatial contours of tomorrow. You will find additional information on www.heijmans.nl

For more information / not for publication:
Media
Marieke Swinkels-Verstappen
Communications
+31 73 543 52 17
mswinkels-verstappen@heijmans.nl

Analysts
Guido Peters
Investor Relations
+ 31 73 543 52 17
gpeters@heijmans.nl

The figures cited in this press release have not been audited.

Annex

Preliminary results 2016

(in million €)	Full Year			
	2016		2015	
	Revenues	Underlying EBIT	Revenues	Underlying EBIT
Property Development	330	15	278	9
Residential	295	4	295	5
Non-Residential	315	-15	421	0
Infra	620	-78	690	-26
Eliminations	-195		-233	
Netherlands	**1.365**	**-74**	**1.451**	**-12**
Belgium/ Germany	515	20	527	15
Holding		-12		-8
Total	**1.880**	**-66**	**1.979**	**-5**

The figures in this overview have not been audited.