Press release

Date	15 August 2018
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Heijmans continues improvement in first half of 2018

Highlights:

- Turnover increased to € 780 million in first half of 2018 (first half 2017: € 646 million).
- Underlying EBITDA improves in first half: € 20 million (first half 2017: € 9 million), strongest growth in the property development and residential building activities;
- Number of homes sold in line with last year: 1,065 homes sold in the first half of 2018 (1,106 homes in the first half of 2017);
- Net profit after tax € 8 million positive (first half of 2017: loss of € 9 million from continued operations, excluding proceeds from sales of foreign activities);
- Order book increases to € 2.2 billion at end-June 2018 (year-end 2017: € 1.9 billion);
- Net debt further decreased to € 14 million at end-June 2018 (end-June 2017: € 45 million).

Key figures *

x 1 € million	H1 2018	H1 2017	2017
Revenues Netherlands	780	646	1.402
Underlying EBITDA Netherlands **	20	9	30
Result after tax	8	20	20
Earnings per share (in €)	0,39	0,92	0,91
Order book Netherlands	2.203	2.121	1.898
Net debt	14	45	-14
Number of FTE Netherlands	4.485	4.501	4.442

* Unless otherwise noted, the key figures are presented for all operations. In the consolidated income statement (see attached sheets) the results of the continued and discontinued operartions are shown separately.

** underlying EBITDA is the operating result before depreciation including operating result joint ventures, excluding write down on property assets, restructuring costs, book result on sale of subsidiaries and other extraordinary items.

Ton Hillen, Chairman of the Executive Board /CEO Heijmans:
'By continuing the positive start to this year over the past few months, we delivered a solid performance in the first half of 2018. The housing market promises a great deal of potential for Heijmans. Despite increased purchase prices, we managed to improve the margin in our property development and residential building activities. Our non-residential building activities developed in line with our plans and are growing again, including our project business. We are seeing a controlled progression at Infra and we will continue to work on improving predictability. The Arbitration Board for the Building Industry has now rendered a final judgement in the case related to the Wilhelmina lock project in Zaandam. Heijmans booked an additional € 5 million loss on this project, but remains within the previously defined bandwidth. We are now discussing with the client to arrive at well-balanced agreements. In the spring of this year, we renewed our financing agreements with our banks, which resulted in an extension to 1 July 2022 under improved terms.'

Developments first half 2018

Property Development

Property Development is developing positively with a strong position in the housing market, in inner city area development as well as suburban and peripheral areas. Property Development recorded revenues of € 245 million in the first half of 2018, higher than in the first half of 2017 (first half of 2017: € 186 million). Underlying EBITDA increased to € 13 million (first half of 2017: € 8 million). Maintaining a healthy pipeline of new development projects requires a great deal of attention on our part. The time between decision-making on projects and the actual commencement of work is generally getting longer. In addition to this, we are seeing an increase in the urgency to make new areas in the Netherlands available for the development of homes. Scarcity in a tight procurement market also has an impact and is pushing up costs as well. To address this issue, Heijmans works with preferred suppliers as much as possible and involves them right from the tender and development phase. This approach enables Heijmans to respond to both the scarcity of available resources and increasing purchase prices. Despite the challenges, Heijmans is confident about the housing market and expects positive developments, providing potential for controlled growth. This is underlined by demographic factors and the persistent strong demand for new homes. The number of homes Heijmans sold in the first half of 2018 was comparable to the same period last year, and amounted to 1,065 homes. A total of 561 (53%) of these homes were sold to private buyers (total home sales in the first half of 2017: 1,106, of which 565 to private buyers). The average purchase price for private buyers, excluding VAT continues to develop positively. Our order book remains at a good level and amounted to € 451 million at end-June (year-end 2017: € 420 million).

In the spring of this year, Heijmans won a contract from the municipality of Utrecht for the development of 48 owner-occupier homes in the Leidsche Rijn Centrum. In June, Heijmans announced that together with project developer De Maese it is to develop Het Parc in Amstelveen, a 2.6-hectare site close to the A9 motorway where weare now working with the municipality on the redevelopment plan for this area. A development consortium in which Heijmans is a partner was recently selected for exclusive follow-up talks on the Feijenoord City area development project. The consortium will be responsible for the development of the surrounding area of the planned new stadium. In the period under review, Heijmans started the sale of homes in a number of projects, including Land van Dico in Uden, Noorderhaven in Zutphen, Spaarndammerhart ('De Verbinding') in Amsterdam and Greenville in Leidsche Rijn.

Building & Technology

Building & Technology covers activities in the field of residential building, multi-functional high-rise residential construction, non-residential projects and technical services, which have been managed by a single centralised management team since the start of this year. The joint turnover of Building & Technology amounted to € 349 million in the first half of 2018 (first half of 2017: € 257 million), while the joint underlying EBITDA was € 6 million (first half of 2017: € 1 million).

Heijmans' residential building activities recorded strong growth in both turnover and result, and the operation has a healthy order book. New property developments over the past year are now translating into an increase in the number of residential building projects. Heijmans Huismerk and Heijmans Wenswonen, for which Heijmans works with a number of fixed co-makers and via a standardised operating process, give the company a strong position in a market marked by scarcity. These concept homes make it possible to respond to the need for quality, comfort and affordability, and at the same time safeguard a controlled process from development to delivery. The increase in turnover helped to improve capacity-utilisation and thanks to numerous process improvements in recent years after-care costs remain at a low level.

Production at Residential Building is running at full capacity, with a large number of projects now well underway. These include the residential complex on Bananenstraat in Rotterdam, a residential building project in the Zuidpolder plan area in Eemnes, the construction of luxury homes in the final phase of the Buitenplaats van Ruytenburgh project in Vlaardingen, and the homes in the expansion area Parijsch Zuid in Culemborg. In June, Heijmans and housing corporation Mitros signed a contract for 121 social rental apartments in the sub-plan Terwijde Blok B in the Leidsche Rijn project in Utrecht. The homes will be gas-free and highly energy efficient. In Oostenburgereiland in Amsterdam, Heijmans is set to develop a residential complex for the Stadsgenoot housing corporation, together with an adjacent hotel for the Inntel Hotels group.

With newly acquired projects over the past period, the non-residential building activities are on track to contribute to the total results of the Heijmans group. Turnover increased in the first half of 2018 and also the project business is showing growth. The Technical Services business (maintenance and management) recorded healthy turnover growth and generated a solid return. The non-residential order book is also developing as planned. In the spring of this year, construction started on the new-build project for the European Medicines Agency (EMA) in Amsterdam's Zuidas business district and the realisation of this project is now at full speed. In June of this year, Heijmans, as a partner in a consortium, signed a contract with Japanese company SEKISUI S-Lec for the expansion of the company's production facility in Roermond, which produces polymers for laminated glass. Heijmans is responsible for all electro-technical, installation and structural building activities in this project.

Infra
At Infra, Heijmans' focus remains on improving predictability in projects and achieving a healthy balance between large-scale projects and regional projects, asset management and specialist activities. Turnover amounted to € 312 million in the first half of 2018 (first half 2017: € 301 million), the underlying EBITDA € 6 million (first half 2017: € 1 million). The outcome of the arbitration proceedings related to the Wilhelmina lock project in Zaandam had a significant impact on this result. The Dutch Arbitration Board for the Building Industry ruled in its final judgement that Heijmans is entitled to additional compensation of € 8 million from the province of Noord Holland for the execution of a more expensive design for the locks. The compensation is much lower than the original sum Heijmans claimed. As a result of this, Heijmans has recognised an additional loss of € 5 million on this project. This provision is within the previously defined bandwidth (see annual report 2017, section 6.29). Heijmans and its client are currently working out definitive agreements in more detail and Heijmans will be able to resume execution once we have finalised these agreements.

At the end of June, Heijmans received the definitive contract for phase 1 of the expansion of the Apeldoorn – Azelo section of the A1 motorway. Earlier in the spring, the Province of Friesland awarded Heijmans the contract for the additional doubling of the N381 road between the towns of Donkerbroek and Oosterwolde. In the project on the A9 motorway, we reached a key milestone by obtaining the availability certificate for the Gaasperdammer tunnel to the Dutch Ministry of Public Works and Water Management (Rijkswaterstaat) on schedule. We are making solid progress on the N23 road project and this is moving towards its scheduled delivery at the end of 2018. At the end of June, His Royal Highness King Willem-Alexander and Her Royal Highness Queen Máxima visited this project. Work on the A1-A27 road project is progressing as planned.

Financial results
Revenue
Revenue amounted to € 780 million in the first half of 2018, higher than last year (first half 2017: € 646 million). Turnover increased in all segments, with growth most marked in the housing market which benefited both the property development and residential building activities.

x 1 € million	H1 2018	H1 2017	2017
Revenues Netherlands	**780**	**646**	**1.402**
Property development	13	8	20
Residential	*6*	*2*	*5*
Non-residential	*0*	*-1*	*-6*
Building & Technology	6	1	-1
Infra	6	1	16
Corporate/other	-5	-1	-5
Underlying EBITDA Netherlands	**20**	**9**	**30**
Correction operating result joint ventures	0	11	14
Write down on property assets	-1	-3	-6
Restructuring costs	0	-4	-8
Soil remediation	-	-	-3
EBITDA Netherlands	**19**	**13**	**27**
Depreciation/amortisation Netherlands	-6	-6	-13
Operating result Netherlands	**13**	**7**	**14**
Operating result discontinued operations incl. bookresult	-	31	31
Operating result	**13**	**38**	**45**
Financial results	-5	-4	-8
Share of profit of associates and joint ventures	0	-11	-15
Result before tax	**8**	**23**	**22**
Income tax	0	-3	-2
Result after tax	**8**	**20**	**20**

Underlying EBITDA
Underlying EBITDA continued to improve in the first half of 2018 and increased to € 20 million (first half 2017: € 9 million). Property Development (underlying EBITDA € 13 million) and Building & Technology (underlying EBITDA € 6 million) made the largest contribution to this growth.

Net profit
Net profit amounted to € 8 million in the first half of 2018, an improvement compared to the same period last year (first half 2017: a loss of € 9 million from continued operations, excluding the proceeds from the sale of foreign operations).
This translates into earnings per share after taxes of € 0.39.

Capital position, net debt and financing
At the end of June 2018, net debt stood at € 14 million (end-June 2017: € 45 million). Heijmans continues to focus on strict working capital management and cash management, as a foundation for healthy operations and continued debt reduction. As a whole, pre-financing is sound. Solvency amounted to 24% at end-June 2018. Heijmans aims to further de-risk the company, with the focus on a selective acquisition policy, project control focused on increasing the predictability of projects and the controlled completion of previously acquired high-risk projects. The reinsurance of the pension claims of Stichting Pensioenfonds Heijmans N.V. with Zwitserleven has also contributed to a further de-risking of the company. In addition to reducing risks, this offers Heijmans and the 2,200 participants in the pension fund the certainty of a future-proof and affordable pension scheme. The reinsurance of these claims had a negative impact on Heijmans' equity and a negative impact of approximately 2%-point on the company's solvency. This was taken into account in the determination of the new financing covenants.

The implementation of IFRS 15 'Revenues from contracts with clients' resulted in a 2%-point drop in solvency, due to an increase in the balance sheet totals. The implementation of IFRS 15 had only a very limited further impact on the financial results, as did the implementation of IFRS 9 'Financial Instruments'. The changes in IFRS standards have no impact on the calculation of the covenant ratios. See section 8.3.1 of the addenda to this press release for a detailed explanation of IFRS 15 and IFRS 9.

Based on the progress made in the recovery of our profitability and debt reduction, in the spring of this year Heijmans was able to renew the financing agreements closed in February 2017 to arrive at long-term financing. In May of this year, Heijmans and its banking syndicate, comprising ABN Amro, ING, KBC and Rabobank, reached agreement on an extension of its financing facility through to 1 July 2022 with improved terms. At Heijmans' request, the total commitment was reduced by € 12 million to € 144 million and will be reduced to € 121 million in the period through to 30 June 2019. This is related to KBC's full exit from the syndicate. In effect, the reduction of € 12 million means that KBC's first two repayment instalments, which were originally planned for the second half of 2018, have been repaid earlier. There were no changes to the security package. The interest rate margin has been improved and a number of performance-related agreements have been made that could result in further phased improvements in this margin.

The Interest Cover Ratio (>4) and Leverage Ratio (<3) remain unchanged. Heijmans met these amply in mid-2018. The Average Leverage Ratio has been adjusted downward to a maximum of 1.5 from the previous 2.5 through Q1 2019 and a maximum of 1.0 in the subsequent quarters. At end-Q2, the Average Leverage Ratio stood at 0.3.
A new addition to the agreements is the Solvency Ratio, under which the Guaranteed capital must be at least 20% of the balance sheet total in 2018 and 2019, and at least 22.5% in the subsequent years. This ratio is only assessed at year-end.

Order book
The order book amounted to a healthy level of € 2.2 billion at end-June 2018 (end 2017: € 1.9 billion). The order book increased across the board, especially at Infra and Building & Technology. The largest contribution to the order book came from the A1 Apeldoorn – Azelo and N280 Roermond projects at Infra, and the non-residential building projects EMA and Laan op Zuid in Rotterdam.

Outlook
Heijmans is well on track to record a solid performance for the full-year 2018, with every business unit contributing to a positive result and a further improvement in the net debt position. Heijmans expects growth in almost all segments. The biggest challenge at Property Development will be filling its pipeline. Building & Technology is growing and is focused on achieving a healthy balance between taking advantage of market potential and safeguarding controlled growth, returns and the quality of the organisation. At Infra, the focus is on continued improvement of predictability, risk management and a healthy balance in the projects, with the aim of achieving stable growth.

Trading update
On 31 October of this year, Heijmans will publish a trading update before the opening of the stock exchange.

About Heijmans
Heijmans is a listed company that combines activities related to property development, building & technology, roads and civil engineering in the 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 together we are building the spatial contours of tomorrow. You will find additional information at our website: www.heijmans.nl.

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This press release is published in both Dutch and English. In the case of differences between the Dutch and the English version, the former shall prevail.

Addenda to the Heijmans N.V. 2018 first half results press release

1. Developments per activity
2. Condensed consolidated statement of profit or loss
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The financial statements included in this press release have not been audited.

1. Developments per activity

Property development

x € 1 million	**H1 2018**	H1 2017	**2017**	Variance 2018-2017
Revenues	245	186	391	32%
Underlying EBITDA	13	8	20	
Underlying EBITDA margin	*5,3%*	*4,3%*	*5,1%*	
Order book	451	305	420	

Building & Technology

x € 1 million	**H1 2018**	H1 2017	**2017**	Variance 2018-2017
Revenues - Residential	*213*	*139*	*297*	
Revenues - Non-Residential	*136*	*118*	*240*	
Revenues - Building & Technology	349	257	537	*36%*
Underlying EBITDA - Residential	*6*	*2*	*5*	
Underlying EBITDA - Non-Residential	*0*	*-1*	*-6*	
Underlying EBITDA - Building & Technology	6	1	-1	
Underlying EBITDA margin	*1,7%*	*0,4%*	*-0,2%*	
Order book	1.205	1.098	1.024	

Infra

x € 1 million	**H1 2018**	H1 2017	**2017**	Variance 2018-2017
Revenues	312	301	680	4%
Underlying EBITDA	6	1	16	
Underlying EBITDA margin	*1,9%*	*0,3%*	*2,4%*	
Order book	953	987	814	

2. Consolidated Income Statement
(x € 1 million)

		Six months to 30 June 2018	Six months to 30 June 2017			Full 2017		
		Continued operations	Continued operations	Discontinued operations	Total	Continued operations	Discontinued operations	Total
	Revenues	780	646	85	731	1.402	85	1.487
	Gross profit	74	66	7	73	137	7	144
	Operating result	**13**	**7**	**31**	**38**	**14**	**31**	**45**
	Financial result	-5	-4	0	-4	-8	0	-8
	Share of profit of joint ventures and associates	0	-11	0	-11	-15	0	-15
	Result before tax	**8**	**-8**	**31**	**23**	**-9**	**31**	**22**
8.9	Income tax	0	-1	-2	-3	0	-2	-2
	Result after tax	**8**	**-9**	**29**	**20**	**-9**	**29**	**20**
	Earnings per share (in €):							
	Basic earnings per share	0,39	-0,47	1,39	0,92	-0,44	1,35	0,91
	Diluted earnings per share	0,39	-0,47	1,39	0,92	-0,44	1,35	0,91

The result after tax is entirely attributable to shareholders.

3a. Consolidated statement of comprehensive income

x € 1 million

		30 June 2018	30 June 2017	Full 2017
	Result after tax	**8**	**20**	**20**
	Other comprehensive income that is never reclassified to the statement of profit or loss:			
8.5	Changes in actuarial results on defined benefit plans	-31	0	0
	Tax-effect of other comprehensive income that is never reclassified to the statement of profit or loss	8	0	0
	Other comprehensive income (after tax)	**-23**	**0**	**0**
	Total comprehensive income	**-15**	**20**	**20**

The total comprehensive income is entirely attributable to shareholders.

3b. Consolidated statement of changes in equity

	2018	Paid-up and called-up share	Share premium reserve	Reserve for actuarial results	Retained earnings	Result for the year after tax	Total equity
	Balance at 31 December 2017	6	243	-28	-79	20	162
8.3.1.2	Adjustment IFRS 15				-2		-2
	Balance at 1 January 2018	6	243	-28	-81	20	160
	Result after tax					8	**8**
8.5	Other comprehensive income			-23			-23
	Comprehensive income for the reporting period	0	0	-23	0	8	**-15**
	Result appropriation 2017 Transferred to retained earnings				20	-20	0
	Balance at 30 June 2018	**6**	**243**	**-51**	**-61**	**8**	**145**

	2017	Paid-up and called-up share	Share premium reserve	Reserve for actuarial results	Retained earnings	Result for the year after tax	Total equity
	Balance at 31 December 2016	6	243	-28	31	-110	142
	Result after tax					20	**20**
	Other comprehensive income			0			0
	Comprehensive income for the reporting period	0	0	0	0	20	**20**
	Result appropriation 2016 Transferred to retained earnings				-110	110	0
	Balance at 30 June 2017	**6**	**243**	**-28**	**-79**	**20**	**162**

4. Condensed consolidated statement of financial position

x € 1 million

	ASSETS	30 June 2018		31 December 2017		30 June 2017	
	Non-current assets						
	Property, plant and equipment	44		47		50	
	Intangible assets	79		80		81	
	Joint ventures and associates	66		66		69	
8.5	Employee related receivable	-		30		30	
	Other fixed assets	63		59		64	
			252		**282**		**294**
	Current assets						
	Strategic land portfolio	143		150		147	
	Residential properties in preparation or under construction	44		27		41	
	Other inventory	11		10		11	
	Construction work in progress	82		61		82	
	Trade and other receivables	214		167		151	
	Cash and cash equivalents	48		74		50	
			542		**489**		**482**
	Total assets		**794**		**771**		**776**

	EQUITY AND LIABILITIES	30 June 2018		31 December 2017		30 June 2017	
	Equity		**145**		**162**		**162**
	Non-current liabilities						
	Interest-bearing [1]	53		54		83	
	Non-interest-bearing	21		18		20	
			74		**72**		**103**
	Current liabilities						
	Interest-bearing loans and other current financing liabilities	9		6		12	
	Trade and other payables	366		378		331	
	Construction work in progress	155		129		137	
8.3.1.2	Provisions[3]	42		22		27	
	Other	3		2		4	
			575		**537**		**511**
	Total equity and liabilities		**794**		**771**		**776**
	Solvency rate based on guarantee capital [2]		**24%**		**27%**		**27%**

1. Non-current interest-bearing liabilities includes € 45 million cumulative preference shares

2. Guarantee capital is defined as equity plus cumulative preference shares.

3. Provisions have increased compared to end of 2017 chiefly due to the reclassification of provions for loss which were included in work in progress before IFRS15. For further expanation on the application of IFRS15, see paragraph 8.3.1.2.

5. Condensed consolidated statement of cash flow

(x € 1 million)

	YTD June 2018	YTD June 2017**	FY 2017
Operating result	13	38	45
Adjusted for:			
Depreciation of property, plant and equipment	5	6	12
Amortisation of intangible assets	1	1	2
Bookresult on sale of subsidiaries	-	-31	-31
Adj. valuation of property investments and land portfolios, excl. JV's	1	3	5
Change in working capital	-38	-46	-1
Cash flow from operating activities before interest and tax	**-18**	-29	32
Interest paid/received	-5	-7	-9
Tax expense paid	0	0	-2
Cash flow from operating activities	**-23**	-36	21
Cash flow from investment activities*	**-5**	90	91
Cash flow from financing activities	**2**	-82	-116
Net cash flow in the period	**-26**	-28	-4
Cash and cash equivalents at 1 January	74	30	30
Reclassification cash and cash equivalents related to assets held for sale	-	48	48
Cash and cash equivalents at the end of the period	**48**	50	74

* In the cash flow from investment activities YTD June 2017 and FY 2017 a net profit in cash of approx. € 97 million has been included related to the sale of discontinued operations. See paragraph 8.10 for further explantion of the cash flow from discontinued operations.
** The cash flow YTD June 2017 has been adjusted, see paragraph 8.10.

6. Information by segment

Summary income statement by segment

x € 1 million	Property development	*Residential*	*Non-residential*	Building & Technology	Infra	Other/ eliminations	Total continued operations
1st half 2018							
Third parties	245	98	133	231	302	2	780
Intercompany		115	3	118	10	-128	0
Total Revenue	**245**	**213**	**136**	**349**	**312**	**-126**	**780**
Operating result	**10**	**6**	**-1**	**5**	**6**	**-8**	**13**
Net financing costs							-5
Result of joint ventures and associates							0
Result before tax							8
Tax result							0
Result after tax							8
Operating result as percentage of revenues	4,1%	2,8%	-0,7%	1,4%	1,9%		1,7%

x € 1 million	Property development	*Residential*	*Non-residential*	Building & Technology	Infra	Other/ eliminations	Total continued operations	Discontinued operations	Total
1st half 2017									
Third parties	186	46	115	161	297	2	646	85	731
Intercompany		93	3	96	4	-100	0	0	0
Total Revenue	**186**	**139**	**118**	**257**	**301**	**-98**	**646**	**85**	**731**
Operating result	**5**	**2**	**-4**	**-2**	**10**	**-6**	**7**	**31**	**38**
Net financing costs							-4	0	-4
Result of joint ventures and associates							-11	0	-11
Result before tax							-8	31	23
Tax result							-1	-2	-3
Result after tax							-9	29	20
Operating result as percentage of revenues	2,7%	1,4%	-3,4%	-0,8%	3,3%		1,1%	36,5%	5,2%

Underlying EBITDA

x € 1 million	Property development	*Residential*	*Non-residential*	Building & Technology	Infra	Other	Total continued operations
1st half 2018							
Underlying EBITDA	**13**	***6***	***0***	**6**	**6**	**-5**	**20**
Correction operating result joint ventures	-2		*0*	0	2	0	0
Write down on property assets	-1			0			-1
Restructuring costs	0		*0*	0	0	0	0
bookresult on sale of subsidiaries				0	0	0	0
Total exceptional items	-3	*0*	*0*	0	2	0	-1
Depreciation/amortisation	0	*0*	*-1*	-1	-2	-3	-6
Operating result	**10**	***6***	***-1***	**5**	**6**	**-8**	**13**

x € 1 million	Property development	*Residential*	*Non-residential*	Building & Technology	Infra	Other	Total continued operations	Discontinued operations	Total
1st half 2017									
Underlying EBITDA	**8**	***2***	***-1***	**1**	**1**	**-1**	**9**	**1**	**10**
Correction operating result joint ventures	0		*-1*	-1	12	0	11	0	11
Write down on property assets	-3			0			-3		-3
Restructuring costs	0	*0*	*-2*	-2	-1	-1	-4	0	-4
bookresult on sale of subsidiaries				0			0	31	31
Total exceptional items	-3	*0*	*-3*	-3	11	-1	4	31	35
Depreciation/amortisation	0	*0*	*0*	0	-2	-4	-6	-1	-7
Operating result	**5**	***2***	***-4***	**-2**	**10**	**-6**	**7**	**31**	**38**

Underlying EBITDA is the operating result before depreciation including EBITDA joint ventures, excluding write down on property assets, restructuring costs, book result on sale of subsidiaries and, if applicable, other non-operating results disclosed in the table above that the Group considers as exceptional items.

Condensed balance sheet by segment

x € 1 million	Property development	*Residential*	*Non-residential*	Building & Technology	Infra	Other/ eliminations	Total continued operations
30 June 2018							
Assets	360	124	158	282	226	-119	749
Not allocated							45
Totaal assets	360	124	158	282			**794**
Liabilities	313	125	151	276	211	-259	541
Not allocated							108
Total liabilities	313	125	151	276			**649**
Equity							**145**
Totaal equity and liabilities							**794**

x € 1 million	Property development	*Residential*	*Non-residential*	Building & Technology	Infra	Other/ eliminations	Total continued operations
31 December 2017							
Assets	304	*104*	*136*	240	291	-97	738
Not allocated				0			33
Totaal assets	**304**	***104***	***136***	**240**			**771**
Liabilities	267	*99*	*134*	233	259	-248	511
Not allocated				0			98
Total liabilities	**267**	***99***	***134***	**233**			**609**
Equity							**162**
Totaal equity and liabilities							**771**

7. Covenants

Financial Covenants

Amounts x € 1 million	2017.JUN	2017.DEC	2018.JUN
Net debt	**45,1**	**-13,7**	**14,5**
Adjustments:			
Net debt Joint Ventures	81,4	89,2	96,6
Net debt non recourse project finance	-89,6	-95,0	-100,0
Cumulative preference shares B	-45,1	-45,1	-45,1
Other	3,3	5,3	2,7
Net debt covenants (A)	**-5,0**	**-59,3**	**-31,4**
Reported EBITDA	-21,3	59,0	32,4
Extraordinary items	-1,8	-14,2	12,5
EBITDA JV's	-15,6	-14,1	-3,4
Underlying EBITDA	**-38,7**	**30,8**	**41,5**
Adjustments:			
Capitalised interest	1,4	1,5	1,3
EBITDA non recourse projects	-3,8	-5,2	-4,2
Other	-0,8	-1,3	-1,3
EBITDA covenants (B) - Interest Cover - 12 month rolling	**-42,0**	**25,8**	**37,4**
EBITDA from disposed subsidiaries	12,8	0,9	
EBITDA covenants (C) - Leverage Ratio - 12 month rolling	**-54,8**	**24,9**	**37,4**
Net interest	**11,2**	**11,3**	**10,6**
Adjustments:			
Net interest joint ventures	1,6	1,1	0,9
Net interest non recourse project financings	-2,9	-2,8	-2,0
Interest cumulative preference shares B	-3,6	-3,6	-3,6
Other	-1,5	-2,7	-3,4
Net interest covenants (D) - 12 month rolling	**4,8**	**3,3**	**2,5**
Average net debt covenants (E)	**102,9**	**46,8**	**9,4**
Leverage ratio (A/C) <3	**N/A**	**N/A**	**-0,8**
Interest cover ratio (B/D) >4	**N/A**	**N/A**	**15,0**
Average Leverage ratio (E/C) <1,5	**N/A**	**N/A**	**0,3**

In 2017 minimum levels were agreed for EBITDA and Solvency.
Throughout the year, Heijmans complied with these temporary covenants.

8. Selected notes

8.1 Reporting entity

Heijmans N.V. (referred to as the Company) has its registered office in the Netherlands. The Company's interim consolidated financial statements for the first six months of 2018 include the Company and its subsidiaries (collectively referred to as the Group) and the Group's interest in associates and joint arrangements.

8.2 Accounting principles

8.2.1 Statement of compliance

The interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) for interim financial reporting as adopted by the European Union (IAS 34). The interim consolidated financial statements do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with Heijmans' consolidated financial statements for the full year 2017.

The Executive Board prepared the interim consolidated financial statements on 14 August 2018.

8.2.2 Use of estimates and judgements

The preparation of the interim report requires the management to form judgements and make estimates and assumptions that may have an impact on the reported value of assets and liabilities and of income and expenses. The management makes these estimates and the assumptions upon which these estimates are based on the basis of experience and other factors that are considered reasonable. The outcome of the estimates forms the basis for the carrying value of assets and liabilities that are not readily apparent from other sources. The actual outcomes may differ from these estimates.
The critical judgements that the management has formed in the application of the Group's accounting principles for financial reporting, together with the significant sources of any estimate-related uncertainties, are the same as those applied in Heijmans' consolidated financial statements for 2017, in view of the fact that there were no special circumstances that required any change. For our considerations with regard to the application of the new standards IFRS 9 and IFRS 15, see sections below.

8.3 Main accounting principles for financial reporting

The accounting principles applied in the preparation of the interim consolidated financial statements are consistent with those applied in the preparation of the annual consolidated financial statements for the year ended 31 December 2017, with the exception of the following effects of new IFRS standards effective as of 1 January 2018.

8.3.1 Impact of new directives

New standards applicable with effect from 1 January 2018 onwards

The Group has applied the following new standards, including any changes resulting in other standards, effective 1 January 2018.

- IFRS 9 Financial instruments (see section 8.3.1.1)
- IFRS 15 Revenue from contracts with clients (see section 8.3.1.2)

In addition, various adjustments to existing standards and interpretations came into effect on 1 January 2018, without having any significant impact on the interim figures.

The new standards have no impact on the calculation of the covenant ratios (see section 8.4).

New standards that Heijmans is not yet applying

IFRS 16 Leases applies to financial years that commence on or after 1 January 2019. IFRS 16 will have a material impact, especially on the balance sheet. If IFRS 16 had already been applied to the interim results, an item “Usage rights leased assets” (under fixed assets) would appear on the balance sheet and an item of comparable size would be created on the liabilities side of the balance sheet (Financial lease commitments). This would result in an increase in the balance sheet total of approximately 10%. The impact would include a movement in the statement of profit or loss statement between the items in the operating result and interest (net result unchanged), resulting in an increase of a few million euro in the operating result and a comparable increase in interest expenses. The impact would also include a movement within the operating result from operating expenses to depreciation costs, which would in turn lead to an increase in EBITDA (earnings before taxes, interest, depreciation and amortisation). This movement has no impact on net profit. The impact on equity is expected to be limited in scope at the time of the change in the accounting standards.

8.3.1.1 IFRS 9 Financial instruments

IFRS 9 Financial instruments applies to financial years that commence on or after 1 January 2018. IFRS 9 generally requires that upon the initial recognition of financial instruments the provision for credit losses for the coming 12 months. For any subsequent recognition, as long as there is no significant deterioration of the credit risk, the provision should also be set each time at the amount of the expected credit losses for the coming 12 months. However, if there is any significant increase in credit risk, either individually or collectively, the provision for expected credit losses should be set at the amount of the expected credit losses over the full term of the financial instrument. For trade receivables, the Group has made use of the option offered as standard to use a simplified approach, according to which the provision for expected credit losses is always set at the amount of the expected credit losses over the full lifetime of those receivables. The application of this new standard has no impact on the Group’s financial results, largely due to the fact that the Group runs very little credit risk. The limited credit risk is due, among other things, to client-types, such as (semi) public sector institutions in the Group’s infrastructure and non-residential building activities, the use of instalment schedules in residential building activities, which means construction is pre-financed, together with the retention right the Group can exercise should a client fail to pay.

The manner of measurement and presentation under IFRS 9 depends on the characteristics of the contractual cash flows from financial instruments and the objective of the business model under which the financial assets are held. The Group's financial assets are held to collect contractual cash flows, which are used solely for principal payments and interest payments on the outstanding principal amount. Under IFRS 9, the financial assets in question must be measured at amortised cost price, equal to the old standards.

The Group has closed no hedge contracts. The Group has interests in joint arrangements that have entered into hedge contracts. The hedge contracts have not been included in the consolidated balance sheet because the joint arrangements in question are joint ventures. For the joint ventures in question, IFRS 9 does not result in any hedge accounting changes when compared to the old standards.

8.3.1.2 IFRS 15 Revenues from contracts with clients

IFRS 15 Revenues from contacts with clients applies to financial years that commence on or after 1 January 2018. IFRS 15 replaces the standards IAS 11 'Construction contracts' and IAS 18 'Revenue', as well as a number of interpretations. IFRS 15 introduces a five-step model for the recognition of revenue. These steps are: 1. Identification of the contact, 2. Identification of the performance obligation, 3. Determination of the transaction price, 4. Allocation of the transaction price to the performance obligation and 5. Recognise revenue when fulfilling the performance obligation. When a company first applies IFRS 15, this standard must be applied fully retroactively (including the adjustment of comparable figures) or retroactively to the extent that the cumulative effect is recognised in the opening balance of equity in 2018. The Group chose to apply the latter option due to the limited impact on the financial results and because this manner of initial application is considerably more efficient (less labour intensive) than the full retroactive application.

The impact of the application of IFRS 15 on the condensed statement of profit and loss through June 2018 is as follows:

x € 1 million	YTD June 2018		
	Before IFRS 15	Effect IFRS 15	After IFRS 15
Revenues	778	2	780
Gross profit	74	0	74
Operating result	**13**	**0**	**13**
Financial result	-5	0	-5
Share of profit of joint ventures and associates	0	0	0
Result before tax	**8**	**0**	**8**
Income tax	0	0	0
Result after tax	**8**	**0**	**8**

The impact of the application of IFRS 15 on the condensed balance sheet as at 30 June 2018 and 1 January 2018 is as follows:

x € 1 million	30 June 2018					
ASSETS	Before IFRS 15	Effect IFRS 15	After IFRS 15	31 December 2017	Effect IFRS 15	1 January 2018
Non-current assets	**252**	**0**	**252**	**282**	**0**	**282**
Current assets						
Strategic land portfolio	143		143	150	0	150
Residential properties in preparation or under construction	0	44	44	27	18	45
Other inventory	11		11	10	0	10
Construction work in progress	81	1	82	61	0	61
Trade and other receivables	214		214	167	0	167
Cash and cash equivalents	48		48	74	0	74
	497	**45**	**542**	**489**	**18**	**507**
Total assets	**749**	**45**	**794**	**771**	**18**	**789**
	30 June 2018					
EQUITY AND LIABILITIES	Before IFRS 15	Effect IFRS 15	After IFRS 15	31 December 2017	Effect IFRS 15	1 January 2018
Equity	**147**	**-2**	**145**	**162**	**-2**	**160**
Non-current liabilities						
Interest-bearing [1]	53		53	54		54
Non-interest-bearing	21		21	18		18
	74	**0**	**74**	**72**	**0**	**72**
Current liabilities						
	9		9	6		6
Interest-bearing loans and other current financing liabilities	366		366	378		378
Trade and other payables	138	17	155	129	-10	119
Construction work in progress	12	30	42	22	30	52
Provisions	3		3	2		2
Other	**528**	**47**	**575**	**537**	**20**	**557**
Total equity and liabilities	**749**	**45**	**794**	**771**	**18**	**789**
Solvency rate based on guarantee capital [2]	26%	-2%	24%	27%	-1%	26%

1. Non-current interest-bearing liabilities includes € 45 million cumulative preference shares
2. Guarantee capital is defined as equity plus cumulative preference shares.

The main considerations and the adjustments that result from the application of IFRS 15 are explained in more detail below.

Identification of individual performance obligations
One of the steps in IFRS 15 is the identification of the performance obligation in the contract. This has resulted in some limited changes with respect to the old standards. For instance, with respect to projects with both a construction and a multi-year maintenance component, under IFRS 15 these still constitute two separate performance obligations, due among other things to the fact that these obligations are managed by two separate project teams. With respect to residential building projects, components such as the sale of land and the realisation of the buildings are recognised as separate performance obligations under IFRS 15. The revenue from the sale of land is realised at the moment the civil law notary transfers the title, while the revenue from the buildings is realised during the construction period. This resulted in minor changes.

Payments
Under IFRS 15, variable payments can only be recognised as revenue if it is highly likely that no significant amounts will have to be repaid. The analysis of the contracts from 2017 into 2018 and the contracts that started in 2018 resulted in limited adjustments.
A single tender payment that was recognised fully in the result in a previous year is recognised as part of the total payment under IFRS 15 and therefore recognised in the result at a later date. This led to a minor adjustment in the opening balance of equity.

Financing components in contracts
Under IFRS 15, the effects of the time value of money must be recognised separately if due to the timing of the payments the client or the Group gains a significant financing benefit (unless the benefit does not arise from the financing agreements themselves, but is due to another factor, for instance the fact that the parties wish to protect themselves from the failure to meet obligations). There is a practical exception, which makes it possible to deviate from this rule if there is less than a year between payment and delivery. IFRS 15 did not result in any adjustments with respect to the old standards, partly because the Group made use of the practical exception.

Recognition of revenue at a moment in time or during a period
Under IFRS 15 revenue is recognised when the performance obligation is fulfilled; this is the moment that the client gains control. This may be a moment or during a certain period. IFRS 15 does not result in any significant changes with respect to old standards. For instance, with respect to projects the Group realises works on the client's land. The client gains control of the realised works via accession. Partly due to this, revenue from projects is therefore recognised during a period under IFRS 15, equal to the old standards. IFRS 15 requires that costs incurred to fulfil a contract, such as mobilisation costs, are not to be included in the determination of the progress of the contract. This also applies to the costs incurred due to inefficiencies. Since the Group is only active in the Netherlands, there is no question of significant mobilisation costs. For a specific contract that overran from 2017 into 2018, this did involve significant mobilisation costs / inefficiencies in a previous year, due to putting on hold and resumption of activities, which led to a limited adjustment of the revenue recognition. Partly due to the fact that this concerns a loss-making contract, this had no impact on the result recognition.

Determine the scope of the loss provisions
Due to the lapsing of IAS 11 Construction contracts, the Group applies the existing standard IAS 37 Provisions to determine the scope of provisions in the event of loss-making contracts, with effect from 1 January 2018. IAS 37 requires that the scope of loss provisions must be determined on the basis of the expected economic benefits. When determining the scope of the loss provisions, the Group determined the costs on the basis of the provisions of IFRS 15 related to the costs to fulfil a contract. All of this led to a number of minor adjustments.

Within the IFRIC (International Financial Reporting Interpretations Committee) there is an ongoing debate regarding the question of whether the cost base, which according to IAS 37 Provisions is prescribed to calculate losses, namely the unavoidable costs (which may be seen as incremental costs), should be adjusted in line with the above-mentioned provisions of IFRS 15 or should be explained in more detail to rule out any potential differences in interpretation.

In addition to this, there is an ongoing debate within the IFRIC regarding the revenue that should be used to determine the scope of the above-mentioned loss provisions. Among other things, this discussion is centred on the question of whether the term 'expected economic benefits' used in IAS 37 should be explained in more detail or adjusted in line with the provisions of IFRS 15 related to highly likely payments, to rule out any potential differences in interpretation.

The outcome of these discussions could have an impact on the Group's financial results. The group will determine the (potential) scale of this impact when the outcome of the discussion is known.

Separate recognition of loss provisions
As a result of the application of IFRS 15, loss provisions related to contracts with clients are no longer recognised in the balance sheet item work in progress, but are now recognised under the item provisions, which led to an increase in this item in the first half of 2018 compared with the old standards (largely a movement between work in progress on the credit side of the balance sheet and provisions).

Homes in preparation and under construction with a credit balance: liabilities side of the balance sheet
Under IFRS 15, projects related to homes in preparation and under construction with a credit balance are recognised on the credit side of the balance sheet under work in progress.
Under the old standards, the Group recognised these projects netted on the debit side of the balance sheet. The reclassification as a result of IFRS 15 also results in an increase in the balance sheet total.

Notes to revenue categories
The division of revenue streams into categories that illustrate how the nature, the amount, the timing and the uncertainty of revenues and cash flows are influenced by economic factors prescribed by IFRS 15, runs along the lines of the segmentation into sectors. The division into the sectors Property Development, Building & Technology and Infrastructure is in line with the Group's product-market combinations. See section 6 for the revenue per sector.

8.4 Financing

Based on the progress Heijmans has booked in the recovery of profitability and the debt reduction, Heijmans brought forward the talks with its banking syndicate on the renewal of its current financing terms, which were agreed in February 2017. Heijmans has since reached full agreement with the banking syndicate, consisting of ABN Amro, ING, KBC and Rabobank, on the amended terms.

The main agreements in the extended financing agreement are:

- The original agreement that was set to end mid-2019 has been extended for a period of four years, from now to 1 July 2022, effective as of 16 May 2018;
- At Heijmans' request, the total commitment of the facility has been reduced with immediate effect by € 12 million to € 144 million and will be gradually reduced to € 121 million in the period to 30 June 2019. As previously reported, KBC will exit the banking syndicate fully as per 30 June 2019. In effect, the reduction of € 12 million means that KBC's first two repayment instalments, which were originally planned for the second half of 2018, have been repaid earlier. This decision was based on the past year's strong cash flow generation. There were no changes to the security package;
- The interest rate margin has been improved and a number of performance-related agreements have been made that could result in further phased improvements in the margin to 1.65%;
- The Interest Cover Ratio (>4) and Leverage Ratio (<3) remain unchanged. The Average Leverage Ratio has been adjusted downwards from a maximum of 2.5 to a maximum of 1.5 through the period to Q1 2019 and a maximum of 1.0 in the subsequent quarters. As at end-Q2 2018, the actual Average Leverage Ratio amounted to 0.3, well within these new covenants. The amended terms include a new Solvency Ratio, under which the Guarantee

capital has to be at least 20% of the balance sheet total in 2018 and 2019, and at least 22.5% in the years thereafter. This ratio will be tested annually at year-end. The impact of the changes in IFRS standards in 2018 and subsequent years will be adjusted when calculating these ratios, to the effect that these changes will have no impact.

8.5 Reinsurance pension claims Stichting Pensioenfonds Heijmans N.V.

In April 2018, the Stichting Pensioenfonds Heijmans N.V. (the Heijmans pension foundation) reinsured its pension claims with Zwitserleven. This resulted in an actuarial loss which has been recognised in the unrealised results that will never be reclassified in the statement of profit or loss. The employee-related claim that was recognised in the balance sheet at year-end 2017 has been reduced to zero. The negative impact on solvency amounts to approximately 2%-point. This was taken into account in the determination of the above-mentioned covenant level.

8.6 Share Matching Plan

In April 2018, Mr. Hillen purchased 5,000 depositary receipts for Heijmans shares for 12% of the allocated short-term bonus for 2017. In the context of the Share Matching Plan, a conditional share was allocated for every depositary receipt for a share purchased. These shares are granted unconditionally after three years.

8.7 Fair values

The overview below shows the book values and fair values of financial instruments.

x € 1 million	**30 June 2018**	
	Book-value	**Fair value**
Loans and receivables		
Other investments	25	26
Trade and other receivables	214	214
Cash and cash equivalents	48	48
Cumulative financing preference shares	-45	-48
Syndicated bank financing	0	0
Other non-current liabilities	-14	-15
Bank overdrafts	-3	-3
Trade and other payables	-365	-365
Total	**-140**	**-143**

The Group has no financial assets or financial liabilities valued at fair value.

8.8 Seasonal patterns

Regular seasonal patterns in the construction industry have an impact on the reported results, balance sheet and cash flows. Revenues and the operating result in the first half of a year are historically lower than in the second half of a year. Working capital requirements and net debt are historically higher in June than in December.

8.9 Taxes

The recognised deferred tax assets as at 30 June 2018 was unchanged from the balance as at 31 December 2017. The positive result for the first half of 2018 was settled against the unrecognised tax losses carry forward as per 31 December 2017, due to which the tax charge rate for the first half of 2018 was zero.

8.10 Terminated activities 2017

On 17 January 2017, Heijmans sold its subsidiary Franki to PORR Deutschland GmbH. The acquisition price of € 14 million was paid in cash on 16 January 2017. In 2016, Franki recorded a result after taxes of approximately € 0.4 million (before impairment of goodwill and tangible fixed assets). The book loss of € 6.1 million related to this sale was recognised in 2016. Of this book loss, € 2.0 million was recognised as an impairment of intangible fixed assets, while € 4.1 million was recognised as an impairment of tangible fixed assets. The amount of cash and cash equivalents involved in the sale amounted to zero.

On 25 April 2017, Heijmans sold all shares in its Belgian companies Heijmans Bouw, Heijmans Infra, Van den Berg and Heijmans (B) NV to BESIX. The net cash proceeds (sale price of € 95 million, less cash and cash equivalents of € 55 million included in the sale) for Heijmans amounted to € 40 million. The book profit realised on this sale amounted to € 14 million. Up to the moment of the sale, these Belgian entities had realised a result after taxes of approximately € 0.5 million.

On 21 April 2017, Heijmans sold all its shares in Heijmans Oevermann GmbH to PORR Deutschland GmbH. The net cash proceeds (sale price of € 58 million, less the cash and cash equivalents of € 15 million included in the sale) for Heijmans amounted to around € 43 million. The book profit realised on this sale amounted to € 17 million. Up to the moment of the sale, Oevermann had realised a loss after taxes of approximately € 2.5 million in 2017.

The above book results were recognised in the statement of profit and loss under ‘Terminated activities’. In the balance sheet at year-end 2016, these entities were recognised as assets and liabilities held for sale. The item cash and cash equivalents related to the terminated activities amounted to € 48 million at year-end 2016.

The cash flows of the terminated business activities in (the first half of) 2017 up to the moment of the disinvestment amounted to:

in € million

Cashflow from discontinued operations	
Cash flow from operating activities	-44
Cash flow from investment activities	11
Cash flow from financing activities	-24
	-57

Prior to the sale of the Belgian companies, there were a number of intra-company payments that were recognised in the cash flow from investment activities and financing activities.

In the condensed consolidated cash flow statement (section 5), the cash flows from operational activities through June 2017 and the line ‘Adjustment/ reclassification of cash and cash equivalents related to assets held for sale’ through June were adjusted in accordance with the above and the cash flow statement that was included in the financial statements for 2017. This resulted in a reduction of € 24 million in the operating cash flow (in the item ‘movements in working capital’) and a € 24 million increase in the item ‘Adjustment / reclassification cash and cash equivalents related to assets held for sale’ through June 2017. This was related to the reduction in cash and cash equivalents of the sold entities that was incorrectly deducted from the item ‘Adjustment/ reclassification cash and cash equivalents related to assets held for sale’. Cashflow for full year 2017 remains unchanged.

9. Statement from the Executive Board

The Executive Board hereby states, taking into consideration what is stated in this report, that to the best of its knowledge the interim financial information related to the companies included in the consolidation, drawn up in accordance with IAS 34 ‘Interim Financial Reporting’, as accepted within the European Union, gives a true and fair view of the assets, liabilities, financial position and the result for the first half of 2018 and that the interim report gives a true and fair summary of the most important events of the first half of the year and the impact of those events on the interim financial statements, a true and fair description of the main risks and uncertainties for the remaining period of the year, as well as a true and fair view of the most important related party transactions.

’s-Hertogenbosch, 14 August 2018

Ton Hillen, chairman of the Executive Board
Hans Janssen, member of the Executive Board