Royal BAM Group nv

Runnenburg 9, 3981 AZ Bunnik / P.O. Box 20, 3980 CA Bunnik
The Netherlands
Telephone +31 (0)30 659 89 88

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BAM maintains profit forecast for 2008

- Good start in 2008
- Net result for the first quarter of 2008: €51.6 million
- BAM mainly positive about markets
- Order book up to €14.3 billion as of 31 March 2008 (+4%)
- Result outlook 2008 maintained: net profit of at least €250 million feasible

(x € million, unless indicated otherwise)	**1st quarter 2008**	1st quarter 2007	Full year 2007
Revenue	**1,868**	1,721	8,539
Operating result before depreciation, amortisation and impairments	**90.1**	90.9	421.9
Result before tax	**65.7**	66.5	341.8
Margin (pre-tax)	**3.5%**	3.9%	4.0%
Net result	**51.6**	54.0	268.3
Earnings per share (x € 1)	**0.40**	0.44	2.15
Earnings per share (fully diluted) (x € 1)	**0.38**	0.41	2.01
Capital base	**1,294**	1,004	1,266
Capital base as % of total assets	**18.6%**	15.9%	18.1%
Return on equity	**30.5%**	23.5%	34.3%
Net cash position	**561**	467	566
Interest-bearing debt	**2,157**	1,888	2,199
Net debt	**1,469**	1,306	1,426
Working capital (excl. net cash position)	**570**	168	494
Order book (at period-end)	**14,300**	13,100	13,800

N.B. Excluding revenue and result from discontinued operations (2007: Flatiron)

Course of business during first quarter of 2008

Royal BAM Group has started the year well. Just as in previous years, seasonal effects complicate the interpretation of the results for the first quarter. Revenue rose by about 9% to approx. €1.87 billion (2007: €1.72 billion). Excluding the effect of currency exchange rate differences, revenue rose by about 13%, of which 2% was the result of acquisitions. The decline of the British Pound in particular has had a negative effect on the Group's revenue and results compared to 2007. This was one reason why the result before tax fell slightly to €65.7 million (2007: €66.5 million). The decline in the margin before tax to 3.5% (2007: 3.9%) is also due to a proportionally high contribution to the result by AM in the first quarter of 2007. The net result for the first quarter of 2008 is €51.6 million (2007: €54.0 million).

Breakdown of revenue and result per sector

(x € million)	**1st quarter 2008** Result	**1st quarter 2008** Revenue	1st quarter 2007 Result	1st quarter 2007 Revenue
Construction	**33.5**	**840**	10.9	796
Property	**16.6**	**252**	32.9	258
Civil engineering	**11.7**	**760**	17.5	695
Public-private partnerships	**2.1**	**16**	0.8	17
M&E contracting	**2.7**	**54**	2.4	42
Consultancy and engineering	**7.2**	**56**	6.9	48
Eliminations and others	**-1.2**	**-110**	-	-135
Total for sectors	**72.6**	**1,868**	71.4	1,721
Group overhead	**-1.4**		-1.8	
Group interest	**-13.5**		-9.1	
Operating activities	**57.7**		60.5	
Dredging	**8.0**		6.0	
Result before tax	**65.7**		66.5	
Income tax	**-14.2**		-13.0	
Minority interest	**0.1**		0.5	
Net result	**51.6**		54.0	

N.B. Excluding revenue and result from discontinued operations (2007: Flatiron)

Construction

- Good performance by Dutch operating companies, despite continuing pressure on margins
- HBG UK once again produced an excellent performance
- Prospects in Belgium continue to be good for Interbuild
- Modest profit from German non-residential construction activities

(x € million)	**Q1 2008**	Q1 2007	2007
Revenue	**840**	796	3,791
Result before tax	**33.5**	10.9	88.3
Margin (pre-tax)	**4.0%**	1.4%	2.3%
Order book (at period-end)	**5,763**	5,052	5,512

In the Construction sector the Dutch operating companies performed well, with the volume in Dutch residential and non-residential construction work remaining high. There is continued pressure on margins due to the sharp increases in the cost of raw materials. Insufficient customer budgets because of rising construction costs and time-consuming spatial planning procedures still lead to contract delays. The order books of the Dutch operating companies are at a good level.

In the United Kingdom, HBG UK once again produced an excellent performance. Compared to the first quarter of last year HBG UK contributed more to the revenue and results of the Group, even with the decline of the Britisch Pound. Despite the downturn in the private sector, prospects for the British non-residential construction market remain good. There are particularly good prospects in the education and healthcare segments. HBG UK won a large number of new contracts in the first quarter of 2008, most of which are for customers in the public sector.

Interbuild has achieved an excellent result in Belgium. The prospects for the office market in Brussels and Flanders continue to be good for Interbuild, despite pressure on margins as a result of the sharp increases in the cost of raw materials.

In Germany a modest profit was achieved in the first quarter of 2008, as expected. Volume in the non-residential construction market in Germany continues to increase, but the price level is not yet satisfactory. BAM Deutschland remains extremely selective in its acquisition of new contracts.

Property

- Market conditions in the Netherlands lead to lower house sales from BAM's own development
- BAM remains positive about prospects in the Dutch housing market
- UK company HBG Properties is investing selectively in new development positions

(x € million)	**Q1 2008**	Q1 2007	2007
Revenue	**252**	258	1,304
Result before tax	**16.6**	32.9	95.8
Margin (pre-tax)	**6.6%**	12.7%	7.3%
Order book (at period-end)	**3,088**	3,404	3,125

The Property sector has achieved good results. The decline in the profit margin is mainly due to the proportionally high contribution to the result made by AM in the same period last year, when AM completed an above-average number of homes. Budget problems as a result of rising construction costs and time-consuming spatial planning procedures are increasingly leading to contract delays in the Netherlands. In addition, Dutch house sales are under pressure because of the tighter mortgage requirements in response to the credit crunch and the more cautious attitude of consumers. Market circumstances vary strongly per region. It is expected that on a full year basis, the new market conditions will lead to a slight decrease of profit margin. However, the Group remains upbeat about the prospects in the Dutch housing market, partly because of the structural housing shortage. A range of products that meets the specific requirements of the consumer still offers ample opportunities. A total of over 800 homes from BAM's own development projects were sold in the Netherlands in the first quarter of 2008 (last year: 1,300 homes). For the full year, the number of homes from BAM's own development is also expected to decrease to approximately 4,800 homes (2007: 5,334). The Group's unsold, unlet stock in the Netherlands remains small at 33 homes and approximately 3,000m^2 of office space. The Group's total development potential is unchanged at approximately 75,000 homes.

The contribution made by the British property company during the first quarter has been limited – as it was last year – by the small number of property transactions. There is continuing demand from investors for high-quality commercial property at prime locations, despite the stagnation in the British commercial property market. However, prices are falling. HBG Properties is investing selectively in new development positions.

In Belgium, Kaïros performed as expected. The Belgian property company's order book is at a good level.

In Ireland, the property company made a good contribution to the result. The start of new development projects remains on hold for the time being.

Civil engineering

- Modest profit contribution by Dutch civil engineering companies due to seasonal effects
- Excellent contribution by Nuttall
- Belgian activities perform as expected
- Good contributions by Ascon and Interbeton
- Break-even result at Wayss & Freytag Ingenieurbau

(x € million)	**Q1 2008**	Q1 2007	2007
Revenue	**760**	695	3,512
Result before tax	**11.7**	17.5	111.4
Margin (pre-tax)	**1.5%**	2.5%	3.2%
Order book (at period-end)	**5,307**	4,854	5,003

In the Civil Engineering sector, as in previous years, the profit contribution made by the Dutch civil engineering companies was modest in the first quarter due to seasonal effects. However, for the year as a whole the contribution to the result is expected to be good. Market conditions in the energy and telecom sectors remain favourable. The sharp increases in the cost of raw materials and a tight labour market continue to put pressure on margins in the Civil engineering sector, too. The volume in the Dutch civil engineering market remains at a good level, partly due to a continuous stream of small to medium-sized contracts. The price level for new contracts remains unsatisfactory, due in part to the continuing strong competition.

In the United Kingdom, Nuttall made an excellent contribution to the group result, despite the decline of the British Pound. Prospects for British civil engineering remain good. However, the market continues to be characterised by strong competition and an increasing complexity of contract forms. The number of new contracts is especially large in south-east England and Scotland.

Taking seasonal effects into account, the Belgian activities perform as expected. The order book in Belgium is at a high level.

In Ireland, Ascon made a good contribution to the result. Market conditions in the civil engineering market remain good because of continuing high demand. In the non-residential construction market, however, the slowdown in the Irish economy is causing a fall in demand from the private sector. Ascon is in a strong position in both markets, thanks in part to a strong order book.

The German company Wayss & Freytag Ingenieurbau achieved a break-even result. A slightly positive result is expected for the full year. The order book increased significantly in the first three months, partly due to the acquisition of a number of major contracts in the German energy sector.

Interbeton – which is active in niche markets outside Europe – has made a good contribution to the result. The order book is at an excellent level thanks to the recent award of a number of large contracts among others in Australia and Abu Dhabi.

Public-private partnerships

- Good results from operational PPP contracts
- 27 PPP contracts in portfolio, 21 of which are operational

(x € million)	**Q1 2008**	Q1 2007	2007
Revenue	**16**	17	73
Result before tax	**2.1**	0.8	29.2
Margin (pre-tax)	**13.4%**	4.5%	39.8%
Order book (at period-end)	**446**	386	513

BAM PPP achieved good results in the first quarter from operational PPP contracts. The decrease in revenue compared to last year is largely due to the decline of the British Pound.
At present, BAM PPP's portfolio includes 27 PPP contracts, of which 21 are operational. In addition, some ten tenders are currently pending in the Group's five home markets. The total amount of PPP receivables (including current portion) and intangible assets (concessions) increased slightly to €618 million (year-end 2007: €602 million), despite the decline of the British Pound. The non-recourse PPP loans as at 31 March 2008 amounted to €572 million (year-end 2007: €570 million). The net investment commitment for the 27 PPP contracts in portfolio is approximately €155 million (year-end 2007: €160 million). About €74 million of this amount was actually invested as at 31 March 2008 (year-end 2007: €76 million).

Mechanical and electrical contracting

- Good performance by BAM Techniek

(x € million)	**Q1 2008**	Q1 2007	2007
Revenue	**54**	42	206
Result before tax	**2.7**	2.4	11.6
Margin (pre-tax)	**5.0%**	5.8%	5.6%
Order book (at period-end)	**253**	220	275

BAM Techniek performed well in the first quarter of 2008, and market conditions continue to be good, However, there is increasing pressure on margins due among others to a tight labour market. The order book remains at a high level.

Consultancy and engineering

- Tebodin achieves excellent result
- Resource utilisation rate remains high

(x € million)	**Q1 2008**	Q1 2007	2007
Revenue	**56**	48	219
Result before tax	**7.2**	6.9	28.4
Margin (pre-tax)	**12.8%**	14.4%	13.0%
Order book (at period-end)	**120**	105	111

Tebodin once again achieved an excellent result. Margins continue to be high, partly due to the continuing high resource utilisation rate. The prospects remain good in virtually all markets where Tebodin operates. The extensive order book is of good quality.

Dredging

The participation in dredging company Van Oord (21.5%) contributed more to the result in the first quarter of 2008 compared to the same quarter last year. That contribution included a preference dividend of €0.4 million (2007: €1.1 million). During the first quarter Van Oord repurchased the remaining preference shares (book value: €35 million). As announced earlier, BAM is investigating the possibility of selling its minority stake in Van Oord.
Talks with the two other shareholders of Van Oord began in May. The investigation is expected to lead to conclusions in the course of 2008.

Order book

During the first quarter of 2008 the order book increased by more than 4% to €14.3 billion as at 31 March 2008 (year-end 2007: €13.8 billion). Excluding the effect of currency exchange rate differences, the increase in the order book was almost 7%. The intake of new orders during the first quarter was particularly strong in the United Kingdom and Germany. Of the total order book, it is expected that orders worth €6.3 billion will be carried out in 2008 and a further €8 billion in later years. More than 90% of the expected revenue for the full year 2008 is therefore already in the order book.

Financial position

The net cash position, i.e. the balance of cash and cash equivalents less current bank overdrafts, remained at a similar level at €561 million as at 31 March 2008 (year-end 2007: €566 million). The working capital (excluding net cash position) was €570 million as at 31 March 2008 (year-end 2007: €494 million). The increase in working capital is largely due to investments in property development as a result of contractual obligations entered into previously. The interest-bearing debts as at 31 March 2008 amounted to €2,157 million (year-end 2007: €2,199 million). Most of the interest-bearing debts consist of non-recourse PPP loans and project financing (€1,037 million), recourse project financing (€501 million) and the subordinated loan (€200 million). The net debt position as at 31 March 2008 was €1,469 million (year-end 2007: €1,426 million).
The Group's capital base increased further to €1,294 million (year-end 2007: €1,266). The capital ratio based on the capital base has therefore improved slightly and as at 31 March 2008 was 18.6% of the balance sheet total (year-end 2007: 18.1%).

Results per ordinary share

The number of profit-sharing ordinary shares remained unchanged in the first quarter of 2008 at approx. 129.9 million shares as at 31 March 2008. In April the majority (approx. 5.3 million) of the remaining convertible preference shares were converted into ordinary shares. At present there are still approx. 350,000 convertible preference shares remaining.
The average number of profit-sharing ordinary shares for the first quarter of 2008 rose by approx. 5% compared to the same period last year, to 129.9 million shares (2007: 123.8 million shares). This increase was caused by the conversion of convertible preference shares during 2007. Partly because of this increase, the net result in the first quarter of 2008 declined to €0.40 per ordinary share (2007: €0.44, excluding the result from discontinued operations). Assuming full conversion of the convertible preference shares, the net result per ordinary share declined to €0.38 (2007: €0.41, excluding the result from discontinued operations).

Outlook for 2008

Royal BAM Group maintains the previous declared outlook for 2008.
Based on current information and considering the quality of the order book, the Group expects to achieve revenues in the region of €9 billion in 2008, and deems a net profit of at least €250 million feasible.

Further information

Press: A.C. Pronk, +31 (0)30 659 86 21, ac.pronk@bamgroep.nl
Analysts: P. Juge, +31 (0)30 659 86 01, p.juge@bamgroep.nl

Conference call

A conference call for the press and analysts will be held (in Dutch) on 29 May 2008, at 10 a.m. (CET), to comment on the results. A simultaneous English interpretation will also be available.

Interested parties can dial in on +31 (0)20 531 58 13 for the listen-only session. The English translation is available at +31 (0)20 531 58 71. A recording of the conference call will remain available for one month at +31 (0)70 315 43 00 (access code for English: 14 58 27#, access code for Dutch: 14 58 26#).

Annexes

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2. Figures per ordinary share with par value of €0.10
3. Consolidated balance sheet
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1. Condensed income statement

(x € million)

	1st quarter 2008			1st quarter 2007		
	Continuing operations	Discont. operations	Total	Continuing operations	Discont. operations	Total
Revenue	**1,868**	**-**	**1,868**	1,721	125	1,846
Operating result before depreciation, amortisation and impairments	**90.1**	**-**	**90.1**	90.9	6.1	97.0
Amortisation and depreciation	**-21.4**	**-**	**-21.4**	-21.5	-2.1	-23.6
Impairments	**-**	**-**	**-**	-	-	-
Operating result	**68.7**	**-**	**68.7**	69.4	4.0	73.4
Finance income	**7.8**	**-**	**7.8**	8.1	0.1	8.2
Finance expense	**-19.6**	**-**	**-19.6**	-16.9	0.4	-16.5
Result from associates	**8.8**	**-**	**8.8**	5.9	-	5.9
Result before tax	**65.7**	**-**	**65.7**	66.5	4.5	71.0
Income tax	**-14.2**	**-**	**-14.2**	-13.0	-1.8	-14.8
Net result for the period	**51.5**	**-**	**51.5**	53.5	2.7	56.2
Minority interest	**-0.1**	**-**	**-0.1**	-0.5	-	-0.5
Net result attributable to shareholders	**51.6**	**-**	**51.6**	54.0	2.7	56.7

2. Figures per ordinary share with par value of €0.10

(x €1, unless indicated otherwise)

	1st quarter 2008	**1st quarter 2007**	**Full year 2007**
Net result	0.40	0.46	2.80
Net result from continuing operations	0.40	0.44	2.15
Net result (fully diluted)	0.38	0.43	2.60
Net result from continuing operations (fully diluted)	0.38	0.41	2.01
Cash flow	0.56	0.65	3.61
Equity attributable to shareholders	7.86	6.11	7.65
Highest closing share price	15.61	17.71	22.58
Lowest closing share price	10.90	14.44	13.79
Closing share price at period-end	14.93	17.71	16.10
Number of shares ranking for dividend at period-end (x 1,000)	129,906	123,758	129,906
Average number of shares ranking for dividend (x 1,000)	129,906	123,758	124,825
Average number of shares ranking for dividend (fully diluted; x 1,000)	135,543	135,539	135,541

3. Consolidated balance sheet

(x € million)

	31 March 2008	31 December 2007	31 March 2007
Property. plant and equipment	427.0	434.7	438.4
Intangible assets	923.6	905.4	808.7
PPP receivables	461.4	460.7	513.2
Associates	161.6	154.6	125.9
Other financial assets	62.8	66.6	120.6
Derivative financial instruments	8.2	14.2	15.4
Pension plan assets	67.7	60.2	34.1
Deferred tax assets	26.5	21.4	16.9
Non-current assets	2,138.8	2,117.8	2,073.2
Inventories	1,824.4	1,671.4	1,440.9
Trade and other receivables	2,283.8	2,402.0	2,159.9
Current income tax receivable	15.6	21.0	41.7
Derivate financial instruments	1.0	0.4	1.2
Cash and cash equivalents	688.3	772.8	582.4
Non-current assets held for sale	0.2	0.1	1.5
Current assets	4,813.3	4,867.7	4,227.6
Total assets	6,952.1	6,985.5	6,300.8
Equity attributable to the Company's shareholders	1,022.0	993.5	757.3
Minority interest	10.3	10.8	6.6
Group equity	1,032.3	1,004.3	763.9
Borrowings	1,882.5	1,826.6	1,623.3
Derivative financial instruments	20.7	16.9	13.1
Employee benefit obligations	167.4	173.5	157.8
Provisions	92.1	84.4	91.6
Deferred tax liabilities	75.0	72.7	58.9
Non-current liabilities	2,237.7	2,174.1	1,944.7
Borrowings	274.9	372.0	265.0
Trade and other payables	3,279.2	3,299.7	3,078.3
Derivate financial instruments	5.3	2.3	-
Provisions	66.1	83.4	99.8
Income tax payable	56.6	49.7	149.1
Current liabilities	3,682.1	3,807.1	3,592.2
Total equity and liabilities	6,952.1	6,985.5	6,300.8
Capital base	1,294.3	1,265.8	1,004.5

4. Changes in equity attributable to the Company's shareholders
(x € million)

	1st quarter 2008	Full year 2007	1st quarter 2007
Position as at 1 January	993.5	692.6	692.6
Net result attributable to shareholders	51.6	349.0	56.7
Fair value cash flow hedges	-4.0	3.5	10.5
Exchange rate differences	-19.1	-23.7	-2.5
Total result	28.5	328.8	64.7
Conversion of preference shares	-	26.9	-
Dividend paid	-	-55.7	-
Other changes	-	0.9	-
Total change	28.5	300.9	64.7
Position as at period-end	1,022.0	993.5	757.3

5. Condensed cash flow statement
(x € million)

	1st quarter 2008	Full year 2007	1st quarter 2007
Net result for the period	51.5	351.0	56.2
Adjustments for:			
- Taxation	14.2	77.1	14.8
- Depreciation and amortisation	21.4	102.3	23.6
- Impairments	-	-1.0	-
- Result on sale of discontinued operations	-	-72.2	-
- Result on sale of property, plant and equipment	-0.8	-5.3	-2.5
- Finance income and expense	11.8	34.0	8.3
- Result from associates	-8.8	-49.2	-5.9
Changes in provisions	-23.2	-78.3	-45.5
Changes in working capital (excl. net cash position)	-98.2	-202.2	-110.9
Cash flow from operations	-32.1	156.2	-61.9
Interest paid	-24.7	-112.9	-22.2
Income tax paid	3.4	-117.7	12.7
Net cash flow from operating activities	-53.4	-74.4	-71.4
Net cash flow from investing activities	-8.8	-185.0	-42.4
Net cash flow from financing activities	73.3	297.9	26.0
Increase/decrease in net cash position	11.1	38.5	-87.8
Net cash position at beginning of the year	566.3	551.2	551.2
Exchange rate differences on net cash position	-16.3	-23.4	3.8
Net cash position at period-end	561.1	566.3	467.2
Of which in construction consortiums and other partnerships	168.1	170.4	232.1

7. Explanatory notes to report for the first quarter of 2008
This interim financial report for the first quarter of 2008 was compiled in accordance with IAS 34. ‘Interim Financial Reporting’. This report should be read in conjunction with the consolidated financial statements for the 2007 financial year.

The accounting principles used in this interim financial report are consistent with the principles applied and described in the consolidated financial statements for the 2007 financial year.

Unaudited