**P R E S S R E L E A S E**

**SEMI-ANNUAL RESULTS 2017**

**VolkerWessels’ net result from continuing operations € 36 million (+112%), expects FY EBITDA and net result to increase**

**Amersfoort, the Netherlands, 31 August 2017, 7:00 am CET, Koninklijke VolkerWessels N.V. (“VolkerWessels” or the “Company”), a listed market-leading, multi-branded construction company based in the Netherlands, today publishes its semi-annual results for the first time after its listing on 12 May 2017.**

**HIGHLIGHTS H1 2017**

***(compared to H1 2016 or 30 June 2016)***

* Net result from continuing operations € 36 million (+112%)
* EBITDA up from € 75 million to € 90 million\* (+20%)
* ROCE up 530 basis points to 15.0%
* Solvency ratio up 370 basis points to 30.0%
* Net debt improved by € 174 million to € 103 million
* Revenue up € 96 million to € 2,668 million (+4%)
* Order book up € 644 million to € 8,423 million (+8%)
* Confident that full year EBITDA and net result from continuing operations will increase; full year EBITDA margin in line with medium term objectives

\* EBITDA excluding € 13 million third party result and share incentive charge.

**Jan de Ruiter, Chairman of the Management Board**

*“The first half of 2017 was an important period for VolkerWessels as we floated successfully on Euronext Amsterdam. We are grateful to the many investors who showed confidence in our company.*

*I am very pleased to report that our net result from continuing operations increased by 112% to € 36 million over the reporting period. Of the € 19 million improvement versus the same period in 2016, € 7 million is the result of the change in our capital structure (resulting in lower interest charges) and € 12 million is the result of improved operational performance.*

*Our EBITDA improved to € 90 million (up 20% from € 75 million), the semi-annual EBITDA margin increased 50 basis points to 3.4%. Despite upward pressure on the cost of sub-contractors and certain raw materials in our Construction & Real Estate Development segment, rising housing prices continue to have a positive effect on our real estate development business and as such mitigates the impact of the increased cost of construction. As highlighted during our IPO, competition remains fierce in our Infrastructure segment in the Netherlands. Our strong backbone of smaller projects remains, however, a key differentiator. Energy & Telecom Infrastructure as well as our international businesses show a stable development.*

*Our net debt position at 30 June improved by € 174 million to € 103 million. This improvement is the net result of (i) the sale of the off-shore division in 2016 (payment received on 4 July 2016), (ii) the continued profitability of the company in H2 2016 and H1 2017, (iii) the acquisition of KWH at the end of 2016, (iv) our continued focus on working capital and (v) dividend payment of € 83 million on 4 May 2017. Our solvency improved by 370 basis points to 30.0%.*

*Focus continues to be on winning profitable new business, reducing our failure costs and making selective bolt-on acquisitions to strengthen our local leadership positions. We are confident that our EBITDA and net result from continuing operations for the full year will increase.”*

**Overall performance of VolkerWessels**

**Condensed overview of results**

|  |  |  |  |
| --- | --- | --- | --- |
| *(€ million, unless stated otherwise)* | **H1 2017** | **H1 2016** | **FY 2016** |
| Revenue | 2,668 | 2,572 | 5,490 |
| Operating expenses | -2,633 | -2,543 | -5,335 |
| Share incentive\* | -1 | - | - |
| Share in results of associates and JVs (after income tax and third party result) | 14 | 6 | 10 |
| **Operating result** | **48** | **35** | **165** |
| Net financial result | 1 | -11 | -26 |
| Income tax | -13 | -7 | -36 |
| **Net result from continuing operations** | **36** | **17** | **103** |
| Net result from discontinued operations (after tax) | 1 | 9 | 38 |
| **Net result for the financial period** | **37** | **26** | **141** |
|  |  |  |  |
| Minority interests | 1 | 1 | 2 |
| **Net result attributable to shareholders** | **36** | **25** | **139** |
|  |  |  |  |
| Operating result | 48 | 35 | 165 |
| D&I of tangible fixed assets | 33 | 35 | 73 |
| A&I of intangible assets | 8 | 5 | 16 |
| Share incentive\* | 1 | - | - |
| **EBITDA** | **90** | **75** | **254** |
|  |  |  |  |
| EBITDA margin (%) | 3.4% | 2.9% | 4.6% |
|  |  |  |  |
| Order book *(per end of period)* | 8,423 | 7,779 | 8,157 |
|  |  |  |  |
| **Per share data attributable to shareholders** |  |  |  |
| Number of shares (in million)\*\* | 80 | 80 | 80 |
| Earnings per share (€) | 0.45 | 0.31 | 1.74 |
| Earnings per share continuing operations (€) | 0.44 | 0.20 | 1.26 |
| Earnings per share from discontinued operations (€) | 0.01 | 0.11 | 0.48 |

\* Under IFRS any benefit due to the Managing Directors or any of the relevant key managers will need to be reflected in the annual accounts of VolkerWessels as personnel expenses, irrespective of the fact whether the costs are borne by VolkerWessels or not. The cash flow effects related to the share incentive, including the tax effects, are borne in full by Reggeborgh Holding and consequently, the cash flow effects for VolkerWessels will be nil. Any net income effect resulting from these personnel expenses is offset in equity (see page 176 of Prospectus dated 28 April 2017). The € 1 million relates to the period between 12 May 2017 and 30 June 2017.

\*\* As a result of the share issuance in December 2016 the total number of outstanding shares increased to 80 million, for comparison reasons this number is used to calculate the earnings per share for H1 2016 and FY 2016.

**Condensed overview of results per operating segments**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Revenue** | | | **EBITDA** | | | **Order book\*** | | |
| *(€ million, unless stated otherwise)* | **HY 2017** | **HY 2016** | **Δ** | **HY 2017** | **HY 2016** | **Δ** | **30/6/**  **2017** | **30/6/**  **2016** | **Δ** |
| NL – C&RED | 1,029 | 877 | 17% | 37\*\* | 28 | 32% | 2,805 | 2,550 | 10% |
| NL – Infrastructure | 629 | 625 | 1% | 19 | 19 | 0% | 1,718 | 1,753 | -2% |
| NL – E&T Infra | 318 | 315 | 1% | 8 | 8 | 0% | 1,078 | 1,297 | -17% |
| United Kingdom | 498 | 543 | -8% | 11 | 14 | -21% | 1,257 | 968 | 30% |
| *Local currency (GBP m)* | *428* | *430* | *0%* | *9* | *11* | *-18%* | *1,102* | *808* | *36%* |
| North America | 116 | 112 | 4% | 12 | 8 | 50% | 986 | 903 | 9% |
| *Local currency (CAD$ m)* | *168* | *162* | *4%* | *17* | *11* | *55%* | *1,461* | *1.296* | *13%* |
| Germany | 107 | 94 | 14% | 7 | 5 | 40% | 609 | 330 | 85% |
| Other/eliminations | -29 | 6 |  | -4 | -7 |  | -30 | -22 |  |
| **Total** | **2,668** | **2,572** | **4%** | **90\*\*\*** | **75** | **20%** | **8,423** | **7,779** | **8%** |

\* Only signed and secured orders in Order book.

\*\* EBITDA excluding € 13 million third party result.

\*\*\* Bridge to IAS 34 EBITDA of € 102 million (adj. EBITDA of € 90 million -/- share incentive € 1 million +/+ third party result € 13 million).

\* Breakdown excludes Other/Eliminations, NL-E&T Infra includes the activities in Belgium.

**Consolidated income statement HY 2017**

**Revenue**

Revenue in H1 2017 grew by 4%, or € 96 million, to € 2,668 million compared to € 2,572 million for the same period in 2016. This was mainly due to the increased revenue in the Netherlands - Construction & Real Estate Development and German segments driven by improved market conditions. The number of homes sold in the Netherlands increased from 1,338 in H1 2016 to 1,710 in H1 2017. The United Kingdom segment realised stable revenues in local currency but, due to a negative GBP:EUR exchange rate development, revenue in euros decreased by 8%.

**Operating expenses**

In line with the increase in revenue, operating expenses increased by 4%, or € 90 million, to € 2,633 million in H1 2017.

**Personnel**

VolkerWessels’ average number of employees increased by 266 to 15,867 in H1 2017.

**Interest**

Net financial result improved from € 11 million negative in H1 2016 to € 1 million positive in H1 2017. € 7 million of the improvement relates to the conversion of the remaining shareholder loans into equity in December 2016.

**Net Result**

The H1 2017 net result from continuing operations amounts to € 36 million (H1 2016: € 17 million).

The H1 2017 net result from discontinued operations amounts to € 1 million positive. The corresponding amount in H1 2016 of € 9 million positive mainly related to the offshore activities which were sold in July 2016.

**Capital expenditures**

In H1 2017, the capital expenditures relating to tangible fixed assets amounted to € 35 million, 1.3% of revenue (H1 2016: € 32 million, 1.2% of revenue).

**Order book**

The order book increased by € 644 million (+8%) to € 8,423 million at 30 June 2017, compared to 30 June 2016. The main contributors to the increase in the order book are the Netherlands - Construction & Real Estate Development, the United Kingdom and Germany. The order book in the Netherlands - Energy & Telecom Infrastructure segment decreased due to production volume realised on a fixed long term contract.

**Seasonality and Q1 and Q2 numbers**

VolkerWessels has been listed since 12 May 2017 and did not publish a Q1 trading update. To provide insight into the consolidated quarterly numbers, a split for H1 2017 and H1 2016 into the first and second quarter for Revenue, EBITDA and order book is provided below:

**Q1 and Q2 2017 and 2016**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| *(€ million)* | **Q1 2017** | **Q1 2016** | **Q2 2017** | **Q2 2016** |
| Revenue | 1,195 | 1,062 | 1,473 | 1,510 |
|  |  |  |  |  |
| EBITDA | 13 | -2 | 77 | 77 |
|  |  |  |  |  |
| Order book *(per end of period)* | 8,517 | 7,979 | 8,423 | 7,779 |

As is common in the construction industry, VolkerWessels’ quarterly results of operations are affected by seasonality. VolkerWessels typically experiences reduced levels of construction activity during the first quarter as a result of frost, snow and heavy rain during winter. Consequently, VolkerWessels’ revenue and EBITDA are typically lowest in the first quarter and EBITDA has in the past been nil or negative during the first quarter.

**Condensed overview of balance sheet**

|  |  |  |  |
| --- | --- | --- | --- |
| *(€ million, unless stated otherwise)* | **30/06/2017** | **30/06/2016** | **31/12/2016** |
| Total assets | 3,600 | 3,826 | 3,582 |
| Total group equity | 1,080 | 1,006\*\* | 1,128 |
| Net cash / (debt) | (103) | (277) | 189 |
| Capital employed | 1,183 | 1,283 | 939 |
| ROCE\* *(%)* | 15.0% | 9.7% | 17.6% |
| Solvency ratio *(%)* | 30.0% | 26.3% | 31.5% |

\* Return on Capital Employed (ROCE) as EBIT LTM / (period end Fixed Assets + Net Working Capital – Other Provisions). Net Working capital including land, real estate held for sale, inventory and WIP, positions related to participations, debtors and other receivables, creditors and other payables and taxes.

\*\* Including shareholder loans that were converted into equity before 31 December 2016.

The seasonality of the sector has a significant impact on the ratios for the first half and at 30 June, compared to year-end numbers. Net debt, ROCE and our solvency ratio improved considerably compared to a year ago (30 June 2016).

On 13 December 2016, VolkerWessels entered into a € 600 million revolving credit facility (“RCF”) with a maturity of 5 years, provided by a syndicate of seven international banks. The RCF can be used by VolkerWessels for general corporate and working capital purposes including acquisitions, capital expenditures, dividends, distributions and interest expenses. At 30 June 2017 € 145 million was drawn under the RCF.

**Working Capital**

VolkerWessels requires working capital to support seasonal fluctuations in its business. Weather and seasonality conditions may generally impact working capital requirements across VolkerWessels’ segments.

The increase in working capital compared to year-end 2016 is in line with seasonal impact and is expected to decrease during the second half of 2017.

**Working Capital overview**

|  |  |  |  |
| --- | --- | --- | --- |
| *(€ million)* | **30/06/2017** | **30/06/2016** | **31/12/2016\*** |
| Inventory | 62 | 58 | 59 |
| Balance of Work in Progress debit | 556 | 601 | 468 |
| Balance of Work in Progress credit | -493 | -501 | -421 |
| Trade and other receivables | 909 | 870 | 778 |
| Trade and other payables | -1,377 | -1,418 | -1,487 |
| Net taxes | -7 | -2 | -6 |
| **Traditional net working capital** | **-350** | **-392** | **-609** |
| Land | 218 | 240 | 230 |
| Property development | 151 | 216 | 170 |
| Property held for sale | 107 | 77 | 112 |
| Associates and joint ventures | 92 | 82 | 80 |
| Non-current receivables from associates and JVs | 59 | 52 | 62 |
| Net receivables on participations | 97 | 114 | 97 |
| **Strategic net working capital** | **724** | **781** | **751** |
| **Net Working Capital** | **374** | **389** | **142** |

\* Year-end 2016 adjusted because of reclassification of the line items Work in Progress to Property Development for € 55 million, relating to Kondor Wessels Holding, which was acquired in December 2016. The reclassification has no impact on Net Working Capital nor on our ambition to reduce our strategic working capital by € 100 million.

**Land Bank**

The land bank decreased by € 12 million compared with 31 December 2016 to € 218 million. € 14 million was sold (€ 9 million in the Netherlands and € 5 million in the US), € 20 million was acquired and € 18 million was transferred to work in progress.

**Other**

**Medium Term objectives\***

VolkerWessels’ medium term objectives published during its Initial Public Offering (“IPO”) process early 2017 remain unchanged (2016 as basis).

By pursuing its strategy, VolkerWessels aims to achieve in the medium term:

* *Revenue growth*: profitable growth over market volume growth in each of VolkerWessels’ respective markets, with a compound annual growth rate of 3% to 4%\*\*;
* *EBITDA and EBITDA margin*: growth of EBITDA in absolute terms and an annual EBITDA margin on average of 4.5 - 5.5% in the medium term;
* *Capital expenditure*: a sustainable capital expenditure level of approximately 1.3% of the Company’s annual revenues;
* *Working capital:* develop its trade working capital position in line with revenue development; further improve efficiency on strategic working capital by approximately €100 million and focus its land bank on actionable development;
* *Tax*: fully utilise the losses carried forward of € 40 million as at 31 December 2016 in the medium term;
* *Capital allocation*: focus on efficient use of capital employed and a ROCEhigher than 18.0%.

\*VolkerWessels has not defined, and does not intend to define, "medium-term", and these medium-term objectives should not be read as indicating that the Company represents or otherwise commits to achieve any of these metrics or objectives for any particular fiscal year or reporting period.

\*\*excluding a € 79 million increase in revenue from the Netherlands – Construction & Real Estate Development segment as a result of an increased participation interest in the North-South subway line project in Amsterdam due to the consolidation of VolkerWessels’ previous partner’s interest in the project in 2016.

**Outlook**

VolkerWessels is on track to deliver on its medium term objectives. VolkerWessels is confident that full year EBITDA and net result from continuing operations will increase versus 2016.

**Dividend**

It is the intention of VolkerWessels to apply a dividend pay-out policy that targets a pay-out of 50% to 70% of annual reported net income attributable to the shareholders of the Company. For the year ending 31 December 2017, the Company targets a pay-out ratio of 60%.

VolkerWessels paid € 83 million dividend for the financial year 2016 on 4 May 2017.

VolkerWessels intends to pay dividends in two semi-annual instalments. VolkerWessels will announce the interim dividend amount for 2017 on 16 November 2017 together with the trading update. The interim dividend will be paid on 29 November 2017.

**Initial Public Offering**

VolkerWessels became a listed company on 12 May 2017, with its shares priced at € 23.00. Taking into account the partial exercise of the over-allotment option on 2 June 2017, 35.2% of the issued and outstanding shares were sold as part of the offering.

**Post balance sheet events**

Aveco de Bondt, a subsidiary of VolkerWessels, acquired Wareco Ingenieurs on 3 July 2017. Wareco is a Dutch engineering firm, specialised in water management, with its head office in Amstelveen.

**Declaration of the Management Board**

The Management Board of VolkerWessels, hereby declares that, to the best of its knowledge:

1. the interim financial statement over the first half year of 2017 provides a true and fair view of the assets, liabilities, financial position and result of VolkerWessels and the companies included in the consolidation as a whole;
2. the interim financial statement over the first half year of 2017 provides a true and fair overview of the information required pursuant to section 5:25d, subsections 8 and 9 of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*).

Amersfoort, 31 August 2017

**Management Board**

Jan de Ruiter, Chairman

Jan van Rooijen, Chief Financial Officer

Alfred Vos, Chief Operating Officer, Energy & Telecom Infrastructure and International Segments

Dick Boers, Construction & Real Estate Development Netherlands

Henri van der Kamp, Infrastructure Netherlands

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For more information please visit our corporate website: [www.volkerwessels.com](http://www.volkerwessels.com)

**Analyst meeting**

VolkerWessels will comment on its semi-annual results during an analyst meeting on 31 August 2017 at 10.30 CET. You can download the presentation for H1 2017 on: [www.volkerwessels.com](http://www.volkerwessels.com) => Investor Relations => Financial Information. The meeting can be followed live via: <http://hosting.dutchview.nl/volkerwessels/halfjaarcijfers2017>

**Important information:**

*This document is intended to provide financial and general information about Koninklijke VolkerWessels and its group companies in respect of its most recent financial results and, as such, is solely informative.*

*This document must be read in connection with the relevant financial documents it refers to and such financial documents are leading in case of any inconsistency with the information as provided herein.*

*This document contains forward-looking statements which are based on the current expectations, estimates and projections of Koninklijke VolkerWessels’ management and information available at the date of publication of this document. These forward-looking-statements are subject to uncertainties and cannot be relied upon.*

*VolkerWessels does not assume any obligation to update or revise forward-looking-statements after the date of publication of this document.*

*This press release contains information that qualifies, or may qualify, as inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.*

**Financial calendar**

|  |  |
| --- | --- |
| **Event** | **Date** |
| Publish semi-annual results 2017 (before trading) | 31 August 2017 |
| Publish nine months 2017 trading update and interim dividend 2017 announcement (before trading) | 16 November 2017 |
| Ex-dividend date (interim dividend 2017) | 22 November 2017 |
| Record date (interim dividend 2017) | 23 November 2017 |
| Payment date (interim dividend 2017) | 29 November 2017 |
| Publish annual results 2017 (before trading) | 15 March 2018 |
| Publish annual report 2017 | 22 March 2018 |
| Annual General Meeting of shareholders | 3 May 2018 |
| Ex-dividend date (final dividend 2017) | 7 May 2018 |
| Record date (final dividend 2017) | 8 May 2018 |
| Payment date (final dividend 2017) | 16 May 2018 |
| Publish first quarter 2018 trading update (before trading) | 17 May 2018 |
| Publish semi-annual results 2018 (before trading) | 30 August 2018 |
| Publish nine months 2018 trading update and interim dividend 2018 announcement (before trading) | 15 November 2018 |

**Results per segment**

**Netherlands – Construction & Real Estate Development**

|  |  |  |  |
| --- | --- | --- | --- |
| *(€ million, unless stated otherwise)* | **H1 2017** | **H1 2016** | **2016** |
| Revenue | 1,029 | 877 | 1,946 |
|  |  |  |  |
| EBITDA | 37\* | 28 | 79 |
|  |  |  |  |
| EBITDA margin *(%)* | 3.6% | 3.2% | 4.1% |
| Average number of employees (#) | 3,712 | 3,587 | 3,627 |
| Order book *(per end period)* | 2,805 | 2,550 | 2,737 |

\* EBITDA excluding € 13 million third party result.

Revenue of our Netherlands – Construction & Real Estate Development segment (“C&RED”) increased by 17%, or € 152 million, to € 1,029 million in H1 2017, which was mainly the result of improved market conditions. Real estate development had a solid performance in the first half, despite the fact that our real estate development preparation costs increased by € 6.5 million versus the same period in 2016. These initial costs are charged against EBITDA while we expect to recoup these costs during the realisation phase. The number of new homes sold increased to 1,710 versus 1,338 in the same period in 2016, an increase of 28%. Our EBITDA increased by € 9 million to € 37 million, up 32%.

***Highlights in H1 2017***

Our construction companies face rising costs in the supply chain and are increasing their focus on contract management and cost control. Our C&RED organization in the southern part of the Netherlands incurred a restructuring charge of € 3.5 million in order to build a leaner and more efficient organization.

Our companies active in the supply chain profit from the trend of rising prices of (semi) finished building product, proving the diversification benefit of our integrated model.

Our focus on increasing efficiency and productivity continues relentlessly. In May our second production line of pre-fab single family homes “MorgenWonen” became operational, boosting output on an annual basis to 450 homes. At the same time, we expanded the range by adding a slightly smaller home which caters for the social housing corporations and a model which is aimed at elderly people. Furthermore, we increased the use of our building hub concept, Building Smarter Together (Samen Slimmer Bouwen) and continue to roll-out BIM. Approximately 70% of the projects of C&RED are executed with BIM, and the national BIM centre near Utrecht is expected to open in October 2017.

VolkerWessels has been involved in many eye-catching projects in H1 2017. In Amsterdam, VolkerWessels continued to work on the Amstelkwartier 4G apartment block, the University VU Amsterdam, the ING building, Atrium and the continuing development of the NDSM wharf. VolkerWessels has also been intensively engaged in development projects as City Hall of Westland and urban redevelopment projects, such as the Strijp-S cultural and creative centre in Eindhoven. A noteworthy project in our order book is the expansion and renovation of the NATO complex in The Hague.

**Netherlands – Infrastructure**

|  |  |  |  |
| --- | --- | --- | --- |
| *(€ million, unless stated otherwise )* | **H1 2017** | **H1 2016** | **2016** |
| Revenue | 629 | 625 | 1,371 |
|  |  |  |  |
| EBITDA | 19 | 19 | 73 |
|  |  |  |  |
| EBITDA margin (%) | 3.0% | 3.0% | 5.3% |
| Average number of employees *(#)* | 4,925 | 4,885 | 4,900 |
| Order book *(per end of period)* | 1,718 | 1,753 | 1,562 |

Revenue of our Netherlands – Infrastructure segment was stable at € 629 million in H1 2017. EBITDA was stable at € 19 million, despite -amongst others- non recoverable tender costs relating to two tenders for which we were not selected (Rijnland and Blankenburgtunnel). Due to the nature of the infrastructure business, seasonality is normally stronger in the Infrastructure segment than for the company as a whole.

**Highlights H1 2017**

Market conditions are improving slightly in local and regional Infrastructure markets. Besides the numerous small and medium sized local and regional projects, we continue to work on a number of high-profile Dutch projects. In IJmuiden, construction continued on the world’s largest sea lock and we are nearing completion of the SAAone project (Schiphol-Almere-Amsterdam).

As mentioned during our IPO process, on especially the larger projects, international competition is increasing. Our market position for small & medium sized projects remains strong and unchanged.

We acquired the engineering company Wareco on 3 July 2017, delivering on our strategy to expand our capabilities in water related activities in the Netherlands.

We continue to focus on innovation and improving efficiency. BIM is increasingly becoming more important in the projects that we undertake and we are running a pilot with Virtual Reality software incorporated in hard hats and/or glasses, enabling our staff to work more efficiently. Our plastic road concept is now fully developed and we are in discussion with a few cities for pilot projects.

As economic circumstances continue to improve, finding the right people with the right skill set is becoming increasingly difficult. Continued focus on developing and training our own people is therefore a key focus for VolkerWessels.

Important tenders won in the first half include amongst others the renovation of the Waalbrug near the city of Nijmegen and the reconstruction of the Amstelveenlijn. Other highlights in our orderbook are ‘room for the river’ flood protection projects in the IJssel delta and the maintenance contracts of VolkerRail of four important railway hubs (Amsterdam, Rotterdam, Utrecht and Schiphol).

**Netherlands – Energy & Telecom Infrastructure\***

|  |  |  |  |
| --- | --- | --- | --- |
| *(€ million, unless stated otherwise )* | **H1 2017** | **H1 2016** | **2016** |
| Revenue | 318 | 315 | 649 |
|  |  |  |  |
| EBITDA | 8 | 8 | 31 |
|  |  |  |  |
| EBITDA margin (%) | 2.5% | 2.5% | 4.8% |
| Average number of employees (#) | 2,780 | 2,814 | 2,819 |
| Order book *(per end of period)* | 1,078 | 1,297 | 1,151 |

\* NL-E&T Infra includes the activities in Belgium

Revenue of our Netherlands – Energy & Telecom Infrastructure segment increased by 1%, or € 3 million, to € 318 million. EBITDA was stable at € 8 million. In relative terms, Energy is improving whilst Telecoms had a slow start of the year.

***Highlights in H1 2017***

In a highly competitive market VolkerWessels managed to have an important role in providing high-speed broadband internet connectivity to Dutch households. VolkerWessels continues to grow in new disciplines such as newbuild, corporate market and Internet of Things (IoT).

**At the beginning of the year VolkerWessels Telecom entered into a strategic partnership with Joulz to build a new telecom network ‘STN2020’ for Stedin, commenced with the construction of an optical fibre network in the Salland Noord area for CIF and started a cooperation between MapXact and Gasunie.**

The Energy segment has set its strategic direction based on socio-economic developments and the feedback from its clients. We will focus on facilitating the energy transition with our clients, digitalisation of internal and external processes, innovations and expansion of high quality craftsmen through our own in-company academy. Furthermore, a number of distinctive horizontal directional drilling (HDD) projects were also undertaken in H1 2017. An example is the connection of the pipeline for Statoil to the mainland in Mongstad, Norway to transport oil from a new oilfield in the North Sea.

VolkerWessels supports TenneT with the improvement of the 380kV network to deliver a reliable high capacity system making the system future-proof in the light of energy-transition developments.

**VolkerWessels United Kingdom**

|  |  |  |  |
| --- | --- | --- | --- |
| *(€ million, unless otherwise stated)* | **H1 2017** | **H1 2016** | **2016** |
| Revenue | 498 | 543 | 1,071 |
| *Revenue in GBP m* | *428* | *430* | *877* |
|  |  |  |  |
| EBITDA | 11 | 14 | 34 |
| *EBITDA in GBP m* | *9* | *11* | *27* |
| EBITDA margin *(%)* | 2.2% | 2.6% | 3.2% |
|  |  |  |  |
| Average number of employees *(#)* | 2,703 | 2,601 | 2,590 |
| Order book *(per end of period)* | 1,257 | 968 | 1,176 |
| *Order book (per end of period) GBP m* | *1,102* | *808* | *1,003* |

In local currency, revenue of our United Kingdom segment decreased in H1 2017 by £ 2 million. EBITDA decreased by £ 2 million to reach £ 9 million. After taking into account the negative impact of the GBP:EUR exchange rate development, revenue decreased 8% in euro terms to € 498 million in H1 2017. EBITDA decreased by € 3 million, to € 11 million in H1 2017. This is mainly the result of timing of projects.

Highlights in H1 2017

Following on from the referendum vote by the United Kingdom to leave the European Union, we have experienced a degree of market uncertainty. This has resulted mainly in a slowdown in the commercial property market rather than having any material impact in public sector infrastructure investment. Despite the weaker pound sterling, the impact of Brexit on our companies appears to have been limited in nature.

It is forecasted that government spending on infrastructure will continue over the next 5 years. This provides significant opportunities for VolkerWessels, which is well positioned in civil engineering, highway maintenance, rail infrastructure, energy infrastructure, marine projects and environmental works.

VolkerWessels United Kingdom strengthened its market position in the period under review by securing a number of long-term contracts. These include the Chiltern Tunnels and Colne Valley Viaduct package stage 1 C1 for High Speed 2 (as part of a joint venture), Oldbury Viaduct for Highways England and East Anglia ONE windfarm infrastructure for Scottish Power Renewables.

Other highlights include the construction of a new station at Cambridge North for Network Rail, the refurbishment of office and retail space in King William Street, Phase 3 of the North West Electrification Programme for Network Rail and the commencement of the re-development of Dover Western Docks for Dover Harbour Board.

**VolkerWessels North America**

|  |  |  |  |
| --- | --- | --- | --- |
| *(€ million, unless otherwise stated)* | **H1 2017** | **H1 2016** | **2016** |
| Revenue | 116 | 112 | 317 |
| *Revenue in CAD$ m* | *168* | *162* | *465* |
|  |  |  |  |
| EBITDA | 12 | 8 | 46 |
| *EBITDA in CAD$ m* | *17* | *11* | *67* |
| EBITDA margin *(%)* | 10.3% | 7.1% | 14.5% |
|  |  |  |  |
| Average number of employees (#) | 1,131 | 1,100 | 1,223 |
| Order book *(per end of period)* | 986 | 903 | 886 |
| *Order book (per end of period) CAD$ m* | *1,461* | *1,296* | *1,253* |

Revenue of our North America segment increased by 4%, or € 4 million, to € 116 million in H1 2017 as a result of favourable weather conditions in Canada and improved market conditions in the US. EBITDA for the segment improved to € 12 million from € 8 million in H1 2016. The EBITDA of H1 2016 was negatively influenced by wildfires in Fort McMurray.

***Highlights in H1 2017***

Construction activities continue to improve from the recent recession in the province of Alberta, Canada. We have added some larger projects to our order book, such as: Anderson Road in Calgary, Trunk Sewer & Lift Station in Grande Prairie and Sewer & Road Construction in Fort McMurray.

Our long-term road maintenance contracts in the province of Alberta, Canada, continue to provide a solid basis for our order book in North America. VolkerWessels commenced with the maintenance contract for the north-east stretch of the Anthony Henday ring road around the provincial capital of Edmonton on 1 October 2016.

Weather conditions were relatively favourable for our company in H1 2017. The considerable snowfall in Southern Alberta resulted in record snowplough hours for the equipment fleet whereas the winter weather in Edmonton was somewhat gentle which was helpful because this was the first year that we are responsible for the maintenance of the ring road.

In the US, where VolkerWessels operates MidMountain Contracting in the State of Washington along the Canadian border, markets also continue to improve. For VolkerWessels – having strong capabilities in the fields of civil engineering, infrastructure and area development – this resulted in significant opportunities and substantial growth in the order book by securing a Light Rail project and four projects for SEATAC Airport in Seattle.

**VolkerWessels Germany**

|  |  |  |  |
| --- | --- | --- | --- |
| *(€ million, unless otherwise stated)* | **H1 2017** | **H1 2016** | **2016** |
| Revenue | 107 | 94 | 207 |
|  |  |  |  |
| EBITDA | 7 | 5 | 12 |
|  |  |  |  |
| EBITDA margin (%) | 6.5% | 5.3% | 5.8% |
| Average number of employees (#) | 336 | 321 | 334 |
| Order book *(per period end)* | 609 | 330 | 667 |

Revenue of our Germany segment increased by 14%, or € 13 million, to € 107 million. EBITDA increased by € 2 million to € 7 million in H1 2017 mainly due to the sale of two property development projects.

***Highlights in H1 2017***

In Germany we focus on developing and building residential units in or around a number of large cities. Our construction and development operations in Germany mainly take place in the areas of Berlin/Brandenburg, North Rhine-Westphalia, Frankfurt am Main and its surroundings and Munich. The economic conditions and demand for housing remains strong. We are well-positioned at both the upper end of the market – for example luxury apartments – as well as at the lower end of the market with more affordable residential units for the rental market.

Examples of projects undertaken by VolkerWessels Germany include amongst others a tower with 104 apartments and 4 commercial units in Cologne and VivaCity Adlershof in Berlin. The VivaCity concept meets the demographic change of an ageing population through intelligent integration of the different generations in a lively city quarter. In the middle of a stimulating neighbourhood, seniors will be able to live their own life into old age. With around 100 parking places as well as care apartments and day care facilities, VivaCity offers the best concept for elderly people.

**Interim Financial statement**

**of Koninklijke VolkerWessels NV**

**as at 30 June 2017, 31 December 2016 and 30 June 2016**

**based on IAS 34**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **(1) INTERIM CONSOLIDATED INCOME STATEMENT** |  |  |  |  |  |  |  |  |  |  |  |
| **Amounts in millions of euros** |  |  |  | **1 January 2017 to**  **30 June 2017** | |  | **1 January 2016 to**  **30 June 2016** | |  | **1 January 2016 to**  **31 December 2016** | |
|  |  | **Note** |  |  |  |
| **Continuing operations** |  |  |  |  |  |  |  |  |  |  |  |
| Revenue |  |  |  |  | 2,668 |  |  | 2,572 |  |  | 5,490 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Operating expenses |  |  |  |  | -2,634 |  |  | -2,543 |  |  | -5,335 |
|  | |  |  |  |  |  |  |  |  |  |  |
| Share in results of associates and joint ventures (after income tax) | | 8.9 |  |  | 27 |  |  | 6 |  |  | 10 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Operating result** |  |  |  |  | 61 |  |  | 35 |  |  | 165 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Financial income |  |  |  | 9 |  |  | 9 |  |  | 26 |  |
| Financial expenses |  | 8.10 |  | -8 |  |  | -20 |  |  | -52 |  |
| **Net financial result** |  |  |  |  | 1 |  |  | -11 |  |  | -26 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Result before tax** |  |  |  |  | 62 |  |  | 24 |  |  | 139 |
| Income tax |  |  |  |  | -13 |  |  | -7 |  |  | -36 |
| **Result from continuing operations** |  |  |  |  | 49 |  |  | 17 |  |  | 103 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Result from discontinued operations (after income tax) |  | 8.11 |  |  | 1 |  |  | 9 |  |  | 38 |
| **Net result for the financial period** |  |  |  |  | 50 |  |  | 26 |  |  | 141 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Attributable to: |  |  |  |  |  |  |  |  |  |  |  |
| Shareholders of the Company |  |  |  |  | 36 |  |  | 25 |  |  | 139 |
| Minority interests |  |  |  |  | 14 |  |  | 1 |  |  | 2 |
| **Net result for the financial period** |  |  |  |  | 50 |  |  | 26 |  |  | 141 |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **(2) EARNINGS PER SHARE** |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  | **1 January 2017 to**  **30 June 2017** | |  | **1 January 2016 to**  **30 June 2016** | |  | **1 January 2016 to 31 December 2016** | |
|  |  | **Note** |  |  |  |
| **Basic** |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Weighted average number of ordinary shares in issue ( x 1) |  |  |  |  | 80,000,000 |  |  | 2,833,334 |  |  | 4,941,713 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Net result attributable to shareholders (in million €) |  |  |  |  | 36 |  |  | 25 |  |  | 139 |
| Basic earnings per share (in €) |  |  |  |  | 0.45 |  |  | 9.01 |  |  | 28.11 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Net result from continuing operations attributable to shareholders (in million €) |  |  |  |  | 35 |  |  | 16 |  |  | 101 |
| Basic earnings per share from continuing operations (in €) |  |  |  |  | 0.44 |  |  | 5.68 |  |  | 20.45 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Net result from discontinued operations attributable to shareholders (in million €) |  |  |  |  | 1 |  |  | 9 |  |  | 38 |
| Basic earnings per share from discontinued operations (in €) |  |  |  |  | 0.01 |  |  | 3.33 |  |  | 7.66 |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Diluted** |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Weighted average number of ordinary shares in issue ( x 1) |  |  |  |  | 80,000,000 |  |  | 2,833,334 |  |  | 4,941,713 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Net result attributable to shareholders (in million €) |  |  |  |  | 36 |  |  | 25 |  |  | 139 |
| Diluted earnings per share (in €) |  |  |  |  | 0.45 |  |  | 9.01 |  |  | 28.11 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Net result from continuing operations attributable to shareholders (diluted) (in million €) |  |  |  |  | 35 |  |  | 16 |  |  | 101 |
| Diluted earnings from continuing operations per share (in €) |  |  |  |  | 0.44 |  |  | 5.68 |  |  | 20.45 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Net result from discontinued operations attributable to shareholders (diluted) (in million €) |  |  |  |  | 1 |  |  | 9 |  |  | 38 |
| Diluted earnings from discontinued operations per share (in €) |  |  |  |  | 0.01 |  |  | 3.33 |  |  | 7.66 |
|  |  |  |  |  |  |  |  |  |  |  |  |

In accordance with IAS 33, the earnings per share are calculated based on the weighted average number of shares outstanding during the financial period. As a result of the share issuance as at 21 December 2016, the total number of shares outstanding increased to 80,000,000 as at 31 December 2016. Because the additional shares issued are only included in the weighted average number of shares for a limited period in financial year 2016, the amounts of the earnings per share as per 31 December 2016 and 30 June 2016 do not have a predictive value for next periods.

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **(3) INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME** | | |  |  |  |  |  |  |  |  |  |
| **Amounts in millions of euros** |  |  |  | **1 January 2017 to**  **30 June 2017** | |  | **1 January 2016 to**  **30 June 2016** | |  | **1 January 2016 to**  **31 December 2016** | |
|  |  | **Note** |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Net result for the financial period** |  |  |  |  | 50 |  |  | 26 |  |  | 141 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Other comprehensive income** |  |  |  |  |  |  |  |  |  |  |  |
| *Items which will never be transferred to the income statement* |  |  |  |  |  |  |  |  |  |  |  |
| Revaluations of commitments (assets) in connection with defined pension plans | |  |  | 0 |  |  | -1 |  |  | 0 |  |
| Income tax |  |  |  | 0 |  |  | 0 |  |  | 0 |  |
|  |  |  |  |  | 0 |  |  | -1 |  |  | 0 |
| *Items which have been or may be transferred to the income statement* | |  |  |  |  |  |  |  |  |  |  |
| Foreign currency exchange differences for foreign operations | |  |  | -18 |  |  | 7 |  |  | 9 |  |
| Reclassification of currency exchange differences on sale of group companies | |  |  | 0 |  |  | 0 |  |  | -1 |  |
| Share of unrealised result from associates and joint ventures |  |  |  | 4 |  |  | -7 |  |  | -7 |  |
| Effective portion of changes in fair value of cash flow hedges |  |  |  | 3 |  |  | 4 |  |  | 5 |  |
| Net change in fair value of cash flow hedges transferred to income statement | |  |  | 0 |  |  | 0 |  |  | 0 |  |
| Income tax |  |  |  | -1 |  |  | -1 |  |  | -1 |  |
| **Other comprehensive income after income tax** |  |  |  |  | -12 |  |  | 3 |  |  | 5 |
| **Total comprehensive income for the financial period** |  |  |  |  | 38 |  |  | 28 |  |  | 146 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Attributable to: |  |  |  |  |  |  |  |  |  |  |  |
| Shareholders of the Company |  |  |  |  | 24 |  |  | 22 |  |  | 145 |
| Minority interests |  |  |  |  | 14 |  |  | 6 |  |  | 1 |
| **Total comprehensive income for the financial period** |  |  |  |  | 38 |  |  | 28 |  |  | 146 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Total comprehensive income attributable to shareholders of the Company arises from: |  |  |  |  |  |  |  |  |  |  |  |
| Continuing operations |  |  |  |  | 23 |  |  | 13 |  |  | 108 |
| Discontinued operations |  |  |  |  | 1 |  |  | 9 |  |  | 37 |
| **Total comprehensive income attributable to shareholders of the Company** | | |  |  | 24 |  |  | 22 |  |  | 145 |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **(4) INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION** | |  |  |  |  |  |  |  |  |  |  |
| **Amounts in millions of euros** |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Note** |  |  | **30 June 2017** |  |  | **30 June 2016** |  | **31 December 2016** | |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Land and buildings |  |  |  | 244 |  |  | 254 |  |  | 253 |  |
| Machinery and equipment |  |  |  | 182 |  |  | 182 |  |  | 184 |  |
| Other fixed operating assets |  |  |  | 47 |  |  | 41 |  |  | 43 |  |
| Property, plant and equipment under construction |  |  |  | 11 |  |  | 10 |  |  | 8 |  |
| **Tangible fixed assets** |  |  |  |  | 484 |  |  | 487 |  |  | 488 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Goodwill |  |  |  | 407 |  |  | 407 |  |  | 406 |  |
| Other intangible assets |  |  |  | 23 |  |  | 29 |  |  | 26 |  |
| **Intangible assets** |  |  |  |  | 430 |  |  | 436 |  |  | 432 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Investments in associates and joint ventures |  |  |  |  | 129 |  |  | 131 |  |  | 133 |
| Non-current receivables |  |  |  |  | 97 |  |  | 130 |  |  | 116 |
| Other non-current assets |  |  |  |  | 5 |  |  | 5 |  |  | 5 |
| Deferred tax assets |  |  |  |  | 43 |  |  | 60 |  |  | 46 |
| **Total non-current assets** |  |  |  |  | 1,188 |  |  | 1,249 |  |  | 1,220 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Land |  |  |  | 218 |  |  | 240 |  |  | 230 |  |
| Property for sale |  |  |  | 107 |  |  | 77 |  |  | 112 |  |
| Inventories (\*) |  |  |  | 213 |  |  | 274 |  |  | 229 |  |
| Work in progress (\*) |  |  |  | 556 |  |  | 601 |  |  | 468 |  |
| Trade and other receivables |  |  |  | 1,030 |  |  | 1,009 |  |  | 894 |  |
| Income tax receivable |  |  |  | 12 |  |  | 11 |  |  | 7 |  |
| Assets held for sale |  | 8.12 |  | 12 |  |  | 265 |  |  | 10 |  |
| Cash and cash equivalents (\*\*) |  | 8.14 |  | 264 |  |  | 100 |  |  | 412 |  |
| **Total current assets** |  |  |  |  | 2,412 |  |  | 2,577 |  |  | 2,362 |
| **Total assets** |  |  |  |  | 3,600 |  |  | 3,826 |  |  | 3,582 |

(\*) Year-end 2016 is adjusted in the line items Work in Progress against Inventories for € 55 million, relating to Kondor Wessels Holding, which was acquired in December 2016. The reclassification has no impact on Net Working Capital.

(\*\*) For comparison reasons cash and cash equivalents and subordinated loans have been adjusted for a temporary loan provided by the shareholder in April 2016 for an internal legal restructuring of the international activities of the Group, which was repaid in December 2016.

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **(4) INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION** | |  |  |  |  |  |  |  |  |  |  | |
| **Amounts in millions of euros** |  |  |  |  |  |  |  |  |  | | |  | |
|  |  | **Note** |  |  | **30 June 2017** |  |  | **30 June 2016** |  | **31 December 2016** | | |
|  |  |  |  |  |  |  |  |  |  |  |  | |
| Equity attributable to shareholders of the Company |  |  |  | 1,058 |  |  | 449 |  |  | 1,116 |  | |
| Minority interests |  |  |  | 22 |  |  | 16 |  |  | 12 |  | |
| **Total group equity** |  | 6 |  |  | 1,080 |  |  | 465 |  |  | 1,128 | |
|  |  |  |  |  |  |  |  |  |  |  |  | |
| Subordinated loans |  | 8.13 |  | 0 |  |  | 541 |  |  | 0 |  | |
| Loans and other financing obligations |  | 8.14 |  | 87 |  |  | 182 |  |  | 94 |  | |
| Derivatives |  |  |  | 0 |  |  | 1 |  |  | 0 |  | |
| Employee benefits |  |  |  | 38 |  |  | 41 |  |  | 59 |  | |
| Provisions |  |  |  | 119 |  |  | 156 |  |  | 149 |  | |
| Deferred tax liabilities |  |  |  | 24 |  |  | 16 |  |  | 16 |  | |
| **Total non-current liabilities** |  |  |  |  | 268 |  |  | 937 |  |  | 318 | |
|  |  |  |  |  |  |  |  |  |  |  |  | |
| Bank overdrafts |  |  |  | 26 |  |  | 51 |  |  | 26 |  | |
| Payable to shareholder |  |  |  | 0 |  |  | 109 |  |  | 0 |  | |
| Loans and other financing obligations |  | 8.14 |  | 251 |  |  | 130 |  |  | 98 |  | |
| Derivatives |  |  |  | 3 |  |  | 13 |  |  | 5 |  | |
| Work in progress |  |  |  | 493 |  |  | 501 |  |  | 421 |  | |
| Trade and other payables |  |  |  | 1,401 |  |  | 1,443 |  |  | 1,506 |  | |
| Employee benefits |  |  |  | 9 |  |  | 7 |  |  | 11 |  | |
| Provisions |  |  |  | 44 |  |  | 39 |  |  | 48 |  | |
| Income tax payable |  |  |  | 19 |  |  | 11 |  |  | 13 |  | |
| Liabilities held for sale |  | 8.12 |  | 6 |  |  | 120 |  |  | 8 |  | |
| **Total current liabilities** |  |  |  |  | 2,252 |  |  | 2,424 |  |  | 2,136 | |
| **Total equity and liabilities** |  |  |  |  | 3,600 |  |  | 3,826 |  |  | 3,582 | |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **(5) INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS** | |  |  |  |  |  |  |  |  | **1 January 2016 to**  **31 December 2016** | |
| **Amounts in millions of euros** |  |  |  | **1 January 2017 to**  **30 June 2017** | |  | **1 January 2016 to**  **30 June 2016** | |  |
|  |  | **Note** |  |  |  |
| **Cash flow from operating activities** |  |  |  |  |  |  |  |  |  |  |  |
| Profit after tax for the financial year |  |  |  | 35 |  |  | 16 |  |  | 101 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Adjustments for: |  |  |  |  |  |  |  |  |  |  |  |
| - Depreciation and impairment of tangible fixed assets |  |  |  | 33 |  |  | 35 |  |  | 73 |  |
| - Amortisation and impairment of intangible assets |  |  |  | 8 |  |  | 5 |  |  | 16 |  |
| - Proceeds from sale of tangible fixed assets |  |  |  | -3 |  |  | -3 |  |  | -3 |  |
| - Result on the sale of participating interests |  | 8.9 |  | -22 |  |  | 0 |  |  | 0 |  |
| - Share of result, less dividend paid, from associates and joint ventures | |  |  | -2 |  |  | 2 |  |  | 9 |  |
| - Finance income |  |  |  | -9 |  |  | -9 |  |  | -26 |  |
| - Finance expense |  | 8.10 |  | 8 |  |  | 20 |  |  | 52 |  |
| - Income tax |  |  |  | 13 |  |  | 7 |  |  | 36 |  |
| **Operating cash flow before changes in working capital and provisions** | | |  |  | 61 |  |  | 73 |  |  | 258 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Changes in land, property classified as held for sale, inventories and work in progress | |  |  | 16 |  |  | -11 |  |  | 64 |  |
| Changes in trade and other receivables |  |  |  | -128 |  |  | -79 |  |  | -2 |  |
| Changes in trade and other payables |  |  |  | -80 |  |  | -167 |  |  | -9 |  |
| Changes in provisions and employee benefits |  |  |  | -41 |  |  | -13 |  |  | -3 |  |
|  |  |  |  |  | -233 |  |  | -270 |  |  | 50 |
| **Cash flow from operating activities** |  |  |  |  | -172 |  |  | -197 |  |  | 308 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Interest paid |  |  |  |  | -12 |  |  | -13 |  |  | -37 |
| Interest received |  |  |  |  | 9 |  |  | 8 |  |  | 23 |
| Income tax paid |  |  |  |  | -5 |  |  | -3 |  |  | -8 |
| Income tax received |  |  |  |  | 0 |  |  | 0 |  |  | 0 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Net cash flow from continuing operating activities** |  |  |  |  | -180 |  |  | -205 |  |  | 286 |
| Net cash flow from discontinued operating activities |  |  |  |  | -1 |  |  | -7 |  |  | 4 |
| **Net cash flow from operating activities** |  |  |  |  | -181 |  |  | -212 |  |  | 290 |

| **(5) INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS** | |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Amounts in millions of euros** |  |  |  | **1 January 2017 to**  **30 June 2017** | |  | **1 January 2016 to**  **30 June 2016** | |  | **1 January 2016 to**  **31 December 2016** | |
|  |  | **Note** |  |  |  |
| **Cash flow from investment activities** |  |  |  |  |  |  |  |  |  |  |  |
| Acquisition of subsidiaries, net of cash |  |  |  | -1 |  |  | -15 |  |  | -15 |  |
| Investment in tangible fixed assets |  |  |  | -35 |  |  | -32 |  |  | -70 |  |
| Investment in intangible assets |  |  |  | -8 |  |  | -1 |  |  | -11 |  |
| Proceeds from the sale of tangible fixed assets |  |  |  | 3 |  |  | 8 |  |  | 9 |  |
| Proceeds from the sale of subsidiaries, after deduction of divested cash | |  |  | 30 |  |  | 1 |  |  | 0 |  |
| Granted borrowings |  |  |  | -27 |  |  | -33 |  |  | -52 |  |
| Repayments of borrowings |  |  |  | 19 |  |  | 19 |  |  | 41 |  |
| Investments in other financial assets |  |  |  | 0 |  |  | 0 |  |  | 0 |  |
| Other changes in financial fixed assets |  |  |  | -4 |  |  | -5 |  |  | -5 |  |
| Acquisition transaction under common control |  |  |  | 0 |  |  | 0 |  |  | -109 |  |
| Other movements |  |  |  | 0 |  |  | 0 |  |  | 0 |  |
| **Net cash flow from continuing investment activities** |  |  |  |  | -23 |  |  | -58 |  |  | -212 |
| Net cash flow from discontinued investment activities |  |  |  |  | 0 |  |  | 3 |  |  | 133 |
| **Net cash flow from investment activities** |  |  |  |  | -23 |  |  | -55 |  |  | -79 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Cash flow from financing activities** |  |  |  |  |  |  |  |  |  |  |  |
| Receipts from non-current loans and borrowings |  |  |  | 170 |  |  | 46 |  |  | 91 |  |
| Repayment of non-current loans and borrowings |  |  |  | -20 |  |  | -48 |  |  | -224 |  |
| Payment arising from finance lease liabilities |  |  |  | -3 |  |  | -10 |  |  | -18 |  |
| Dividends paid to shareholders of the Company |  |  |  | -83 |  |  | 0 |  |  | 0 |  |
| Other movements |  |  |  | 0 |  |  | 0 |  |  | -1 |  |
| **Net cash flow from continuing financing activities** |  |  |  |  | 64 |  |  | -12 |  |  | -152 |
| Net cash flow from discontinued financing activities |  |  |  |  | 0 |  |  | -21 |  |  | -21 |
| **Net cash flow from financing activities** |  |  |  |  | 64 |  |  | -33 |  |  | -173 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Change in cash and cash equivalents** |  |  |  |  |  |  |  |  |  |  |  |
| Cash and cash equivalents as at the beginning of the financial period | |  |  |  | 386 |  |  | 357 |  |  | 357 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Effect of exchange rate differences on cash, cash equivalents and current bank accounts | |  |  |  | -8 |  |  | -8 |  |  | -9 |
| Net cash flow from operating activities |  |  |  |  | -181 |  |  | -212 |  |  | 290 |
| Net cash flow from investment activities |  |  |  |  | -23 |  |  | -55 |  |  | -79 |
| Net cash flow from financing activities |  |  |  |  | 64 |  |  | -33 |  |  | -173 |
| **Cash and cash equivalents as at the ending of the financial period** | |  |  |  | 238 |  |  | 49 |  |  | 386 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Composition of cash position as at the ending of the financial period** | |  |  |  |  |  |  |  |  |  |  |
| Cash and cash equivalents |  |  |  |  | 264 |  |  | 100 |  |  | 412 |
| Bank overdrafts |  |  |  |  | -26 |  |  | -51 |  |  | -26 |
| **Total cash and cash equivalents as at the ending of the financial period** | |  |  |  | 238 |  |  | 49 |  |  | 386 |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **(6) INTERIM CONSLIDATED STATEMENT OF CHANGES IN EQUITY** | |  |  |  |  |  |  |  |  |  |  |
| **Amounts in millions of euros** |  |  |  | **1 January 2017 to**  **30 June 2017** | |  | **1 January 2016 to**  **30 June 2016** | |  | **1 January 2016 to 31 December 2016** | |
|  |  | **Note** |  |  |  |
| **Group equity at the beginning of the financial period** |  |  |  |  |  |  |  |  |  |  |  |
| Equity attributable to shareholders of the Company |  |  |  | 1,116 |  |  | 426 |  |  | 426 |  |
| Minority interests |  |  |  | 12 |  |  | 11 |  |  | 11 |  |
| **Total group equity at the beginning of the financial period** |  |  |  |  | 1,128 |  |  | 437 |  |  | 437 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Comprehensive income for the financial period** |  |  |  |  |  |  |  |  |  |  |  |
| Foreign currency exchange differences for foreign operations |  |  |  | -18 |  |  | 2 |  |  | 9 |  |
| Fair value of cash flow hedges |  |  |  | 6 |  |  | -3 |  |  | -3 |  |
| Revaluations of commitments (assets) in connection with defined pension plans | |  |  | 0 |  |  | -1 |  |  | 0 |  |
| Other comprehensive income for the financial period |  |  |  | 0 |  |  | 4 |  |  | -1 |  |
| Net result for the financial period |  |  |  | 50 |  |  | 26 |  |  | 141 |  |
| Other movements |  |  |  | 0 |  |  | 0 |  |  | 0 |  |
| **Total comprehensive income for the financial period** |  |  |  |  | 38 |  |  | 28 |  |  | 146 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Transactions recognised directly in equity** |  |  |  |  |  |  |  |  |  |  |  |
| Contributions from and payments to shareholders of the Company and / or minority interests | |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Dividend |  |  |  | -83 |  |  | 0 |  |  | 0 |  |
| Conversion subordinated loans |  |  |  | 0 |  |  | 0 |  |  | 544 |  |
| Share based payments |  |  |  | 1 |  |  | 0 |  |  | 0 |  |
| Appropriation of the result previous financial period |  |  |  | 0 |  |  | 0 |  |  | 0 |  |
| Other movements |  |  |  | -4 |  |  | 0 |  |  | 1 |  |
| **Total transactions with shareholders of the Company and / or minority interests** | |  |  |  | -86 |  |  | 0 |  |  | 545 |
| **Group equity at the ending of the financial period** |  |  |  |  | 1,080 |  |  | 465 |  |  | 1,128 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Group equity at the ending of the financial period** |  |  |  |  |  |  |  |  |  |  |  |
| Equity attributable to shareholders of the Company |  |  |  | 1,058 |  |  | 449 |  |  | 1,116 |  |
| Minority interests |  |  |  | 22 |  |  | 16 |  |  | 12 |  |
| **Total group equity at the ending of the financial period** |  |  |  |  | 1,080 |  |  | 465 |  |  | 1,128 |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **(7) SEGMENT INFORMATION** |  |  |  |  |  |  |  |  |  |  |  |
| **Amounts in millions of euros** |  |  |  | **1 January 2017 to**  **30 June 2017** | |  | **1 January 2016 to**  **30 June 2016** | |  | **1 January 2016 to**  **31 December 2016** | |
|  |  | **Note** |  |  |  |
| **Revenue** |  |  |  |  |  |  |  |  |  |  |  |
| The Netherlands |  |  |  |  |  |  |  |  |  |  |  |
| Construction & Real Estate Development |  |  |  | 1,029 |  |  | 877 |  |  | 1,946 |  |
| Infrastructure |  |  |  | 629 |  |  | 625 |  |  | 1,371 |  |
| Energy & Telecom Infrastructure |  |  |  | 318 |  |  | 315 |  |  | 649 |  |
| United Kingdom |  |  |  | 498 |  |  | 543 |  |  | 1,071 |  |
| North America |  |  |  | 116 |  |  | 112 |  |  | 317 |  |
| Germany |  |  |  | 107 |  |  | 94 |  |  | 207 |  |
| Other / eliminations |  |  |  | -29 |  |  | 6 |  |  | -71 |  |
| **Total revenue** |  |  |  |  | 2,668 |  |  | 2,572 |  |  | 5,490 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **EBITDA** |  |  |  |  |  |  |  |  |  |  |  |
| The Netherlands |  |  |  |  |  |  |  |  |  |  |  |
| Construction & Real Estate Development |  |  |  | 50 |  |  | 28 |  |  | 79 |  |
| Infrastructure |  |  |  | 19 |  |  | 19 |  |  | 73 |  |
| Energy & Telecom Infrastructure |  |  |  | 8 |  |  | 8 |  |  | 31 |  |
| United Kingdom |  |  |  | 11 |  |  | 14 |  |  | 34 |  |
| North America |  |  |  | 12 |  |  | 8 |  |  | 46 |  |
| Germany |  |  |  | 7 |  |  | 5 |  |  | 12 |  |
| Other / eliminations |  |  |  | -5 |  |  | -7 |  |  | -21 |  |
| **Total EBITDA** |  |  |  |  | \*102 |  |  | 75 |  |  | 254 |
| Amortisation and depreciation |  |  |  |  | -41 |  |  | -40 |  |  | -89 |
| **Operating result (EBIT)** |  |  |  |  | 61 |  |  | 35 |  |  | 165 |
| Finance income and expense |  |  |  |  | 1 |  |  | -11 |  |  | -26 |
| **Result before tax** |  |  |  |  | 62 |  |  | 24 |  |  | 139 |
| Taxes |  |  |  |  | -13 |  |  | -7 |  |  | -36 |
| Result from discontinued operations after income tax |  |  |  |  | 1 |  |  | 9 |  |  | 38 |
| **Net result for the financial period** |  |  |  |  | 50 |  |  | 26 |  |  | 141 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Attributable to: |  |  |  |  |  |  |  |  |  |  |  |
| Shareholders of the Company |  |  |  | 36 |  |  | 25 |  |  | 139 |  |
| Minority interests |  |  |  | 14 |  |  | 1 |  |  | 2 |  |
| **Net result for the financial period** |  |  |  |  | 50 |  |  | 26 |  |  | 141 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| \* total EBITDA of € 102 million includes € 1 million charge share incentive |  |  |  |  |  |  |  |  |  |  |  |
| **Orderbook** |  |  |  |  | **30 June 2017** |  |  | **30 June 2016** |  | **31 December 2016** | |
| The Netherlands |  |  |  |  |  |  |  |  |  |  |  |
| Construction & Real Estate Development |  |  |  | 2,805 |  |  | 2,550 |  |  | 2,737 |  |
| Infrastructure |  |  |  | 1,718 |  |  | 1,753 |  |  | 1,562 |  |
| Energy & Telecom Infrastructure |  |  |  | 1,078 |  |  | 1,297 |  |  | 1,151 |  |
| United Kingdom |  |  |  | 1,257 |  |  | 968 |  |  | 1,176 |  |
| North America |  |  |  | 986 |  |  | 903 |  |  | 886 |  |
| Germany |  |  |  | 609 |  |  | 330 |  |  | 667 |  |
| Other / eliminations |  |  |  | -30 |  |  | -22 |  |  | -22 |  |
| **Total orderbook** *[unaudited non-GAAP information]* |  |  |  |  | 8,423 |  |  | 7,779 |  |  | 8,157 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Other information** |  |  |  |  |  |  |  |  |  |  |  |
| Total assets |  |  |  |  | 3,600 |  |  | 3,826 |  |  | 3,582 |
| Total liabilities |  |  |  |  | 2,520 |  |  | 3,361 |  |  | 2,454 |
| Investments in tangible fixed assets |  |  |  |  | 35 |  |  | 32 |  |  | 71 |
| Average numbers of employees |  |  |  |  | 15,867 |  |  | 15,601 |  |  | 15,785 |

**(8) NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**(8.1) General information**

Koninklijke VolkerWessels NV has its registered office in Rotterdam, the Netherlands with its head office located at Podium 9, Amersfoort, the Netherlands. The consolidated financial statements of the Company for the first half year of 2017 comprise the Company and its subsidiaries (collectively referred to as ‘VolkerWessels’ or ‘the Group’). The Chamber of Commerce number of VolkerWessels is 34270985.

VolkerWessels is the preferred partner for its stakeholders to shape a sustainable society in terms of construction, transport, energy and communications.

The information in these interim financial statements is unaudited or have not been subject to a limited review by the external auditors of Deloitte Accountants BV.

These interim financial statements have been prepared by the Board of Management and released for publication on 31 August 2017.

**(8.2) Declaration of conformity**

These interim consolidated financial statements of the Group have been prepared in accordance with IAS 34 Interim Financial Reporting. This financial report does not contain all the information that is required for complete financial statements and therefore it should be read in conjunction with the Annual Report 2016 of the Group, which has been prepared in accordance with IFRS as adopted by the European Union, including the notes and the report of the Board of Management. The Annual Report 2016 of the Group is available on www.volkerwessels.com.

**(8.3) General accounting policies**

The same accounting policies and methods of computation have been followed in these interim financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2016.

The interim consolidated financial statements are prepared on the basis of historical cost, with the exception of the following material assets and liabilities:

- derivative financial instruments are shown at their fair value;

- assets held for sale and groups of assets that are divested are valued at the lower of book value and fair value after deduction of estimated sale costs;

- plan assets related to defined benefit obligations are valued at their fair value.

All amounts are, unless otherwise stated, in euro.

New standards and interpretations

A number of new standards and interpretations are effective for coming annual accounts of which the most important are: 'IFRS 15 Revenue from Contracts with customers', 'IFRS 9 Financial Instruments' and 'IFRS 16 Leasing'. The group is currently assessing the impact of these new standards.

The impact will be included in the Annual Report for 2017.

The Group expects to adopt IFRS 9 and IFRS 15 as from 1 January 2018 and IFRS 16 as from 1 January 2019, and therefore these new standards and interpretations have not been applied in preparing these interim financial statements.

Functional and presentation currency

Items included in these interim financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The interim consolidated financial statements are presented in euros (€), which is the Group’s presentation currency.

Transactions in foreign currency

Transactions in foreign currency are translated into euros at the exchange rate on the transaction date.

Monetary assets and liabilities denominated in foreign currency are translated into euros as at the reporting date at the exchange rate prevailing on that date. The differences that arise from the translation are recognised in the income statement.

Non-monetary assets and liabilities that are denominated in a foreign currency and valued on the basis of historical cost are translated at the exchange rate on the transaction date.

The euro exchange rate against the significant currencies for the Group are as follows:

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  | **Average exchange rate** | | |  |
|  |  |  |  | **H1 2017** |  | **H1 2016** |  | **FY 2016** |  |
| GBP |  |  |  | 1.16 |  | 1.26 |  | 1.22 |  |
| CAD |  |  |  | 0.69 |  | 0.69 |  | 0.68 |  |
| USD |  |  |  | 0.92 |  | 0.90 |  | 0.90 |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  | **Closing rate** |  |
|  |  |  |  | **30 June 2017** |  | **30 June 2016** |  | **31 Dec 2016** |  |
| GBP |  |  |  | 1.14 |  | 1.20 |  | 1.17 |  |
| CAD |  |  |  | 0.68 |  | 0.70 |  | 0.71 |  |
| USD |  |  |  | 0.88 |  | 0.90 |  | 0.95 |  |

**(8.4) Seasonality**

As is common in the construction industry, VolkerWessels’ quarterly results of operations are affected by seasonality. VolkerWessels typically experiences reduced levels of construction activity during the first quarter as a result of frost, snow and heavy rain during winter. Consequently, VolkerWessels’ revenue and EBITDA are typically lowest in the first quarter and EBITDA has in the past been nil or negative during the first quarter. The seasonality of the sector has a significant impact on the ratio’s for the first half year and at 30 June, compared with year end numbers.

VolkerWessels requires working capital to support seasonal variations in its business which influence the timing of associated spending. Weather and seasonality conditions may generally impact working capital requirements across VolkerWessels’ segments.

The increase of the working capital compared with year end 2016 is in line with seasonality impact and is expected to decrease during the second half of 2017.

**(8.5) Use of estimates and judgements in this interim financial report**

The preparation of these interim financial statements in accordance with EU-IFRS requires management to make judgements, estimates and assumptions that affect the application of principles and reported values of assets and liabilities, and of income and expenses.

Based on past experience the Group makes estimates and assumptions with regard to the future, that could reasonably be expected to occur. The outcome may differ from these estimates.

The estimates and underlying assumptions are constantly re-evaluated. Revisions of accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or the period of revision and future periods if the revision affects both current and future periods.

Information about significant areas of estimation uncertainty and critical assessments in the application of the accounting principles are particularly important if they have a significant impact on the amounts in these interim financial statements.

The Group acknowledges the following areas:

- the valuation of trade receivables;

- the percentage of completion of work in progress and the expected costs and revenue to complete the work in progress;

* the height of potential liabilities arising from guarantees, claims, legal cases, and environmental and remediation costs;

- the useful life estimate of assets;

- fair value measurements and valuation processes.

These areas are the same areas as in the consolidated financial statements 2016.

**(8.6) Determination of the fair value**

The measurement methods for determination of the fair value are defined as follows:

Level 1: quoted market prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (in the form of prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobserved inputs).

The interest rate swaps used for hedging are valued at fair value. For determination of the fair value measurement method of level 2 is used.

**(8.7) Issued Capital**

The authorised capital as at 30 June 2017 amounted to € 800,000 and consists of 80,000,000 ordinary shares with a nominal value of € 0.01 each. There were no movements in the issued capital of the Company in the first half year of 2017. Since 12 May 2017 VolkerWessels is listed on the Amsterdam Stock Exchange.

**(8.8) Dividend payments**

As per 4 May 2017 a total amount of € 83 million has been paid as dividend to the shareholder (€ 1,04 per share).

**(8.9) Share in results of associates and joint ventures (after income tax)**

In the first half year VolkerWessels sold a property development project in the Netherlands with a total book profit of € 22 million, as part of the share in results of associates and joint ventures. € 13 million of this book profit is attributable to the other shareholder in the project and is included under 'Minority Interest' in our Income Statement. As a result the overall result attributable to minority interests increased to € 14 million (H1 2016: € 2 million).

**(8.10) Financial expenses**

The decrease of € 12 million in the financial expenses in the first half year of 2017 (€ 8 million) in comparison to the first half year of 2016 (€ 20 million) is largely caused by the conversion of the subordinated loans (€ 7 million) into equity. We further refer to note 8.13.

**(8.11) Result from discontinued operations (after income tax)**

The result from discontinued operations (after income tax) in the first half year of 2016 is € 9 million and relates to the result of the offshore activities in this period. The group decided in the first half year of 2016 to sell these offshore activities.

**(8.12) Assets and liabilities held for sale**

The assets and liabilities held for sale as per 30 June 2016 mainly relates to the bookvalue in the entities which are part of the offshore activities as mentioned under 8.11 (assets held for sale: € 250 million; liabilities held for sale: € 113 million).

The remaining amounts presented on the line items in these interim financial statements relate to VRS Railway Industry BV. VRS Railway Industry BV is part of the Infrastructure segment and located in the Netherlands.

**(8.13) Subordinated loans**

At 21 December 2016, the subordinated shareholders' loans have been converted to equity.

**(8.14) Loans and other financing obligations**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **30 Jun 2017** |  | **30 Jun 2016** |  | **31 Dec 2016** |
| Committed financing | 145 |  | 95 |  | 0 |
| Other financing | 153 |  | 172 |  | 148 |
| Finance lease obligations | 40 |  | 45 |  | 44 |
| Total | 338 |  | 312 |  | 192 |
| Current loans and other financing obligations | -251 |  | -130 |  | -98 |
| Total non-current loans and other financing obligations | 87 |  | 182 |  | 94 |

Committed financing

On 13 December 2016 the Group entered, as a borrower, into a € 600 million revolving credit facility (the RCF) under Dutch law.

The drawn amount on the RCF as per 30 June 2017 is € 145 million (30 June 2016: € 95 million; 31 December 2016: € 0 million).

The RCF contains customary mandatory prepayment events for a facility of this type including illegality, change of control and certain disposals (subject to agreed exceptions and thresholds).

In addition, the RCF contains several market standard undertakings and default events and includes the two financial covenants (Leverage Ratio and Interest Cover Ratio), which are tested on a semi-annual basis on 30 June and 31 December (the test dates).

As at 30 June 2017, VolkerWessels was in ample compliance with the Leverage and Interest Cover covenants.

Net debt (-= assets)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **30 Jun 2017** |  | **30 Jun 2016** | |  | **31 Dec 2016** | |
| Cash and cash equivalents | -264 |  | | -100 |  | -412 |
| Non-current loans and other financing obligations | 87 |  | | 182 |  | 94 |
| Non-current derivatives | 0 |  | | 1 |  | 0 |
| Bank overdrafts | 26 |  | | 51 |  | 26 |
| Current loans and other financing obligations | 251 |  | | 130 |  | 98 |
| Current derivatives | 3 |  | 13 | |  | 5 |
| Net debt ( - = assets) | 103 |  | | 277 |  | -189 |
| Non-recourse financing | -117 |  | -174 | |  | -88 |
| Net assets adjusted for non-recourse financing | -14 |  | 103 | |  | -277 |

As a result of the usual seasonal pattern in the construction industry as mentioned in 8.4, the net debt position as per 30 June 2017 changed from an asset to a debt in comparison to 31 December 2016.

The non-recourse financing has been increased in comparison to 31 December 2016 due to increasing project financing in the Construction & Real Estate Development segment.

**(8.15) Guarantees and (other) contingent liabilities and assets**

Bank and parent guarantees

The bank and parent guarantees are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Guarantees |  | **30 Jun 2017** |  | **31 Dec 2016** |
| Guarantees relating to performance |  | 520 |  | 549 |
| Guarantees relating to credit facilities |  | 1 |  | 1 |
| Guarantees relating to prepayments received |  | 7 |  | 11 |
| Guarantees issued to clients based in North America |  | 243 |  | 230 |
| Total bank guarantees |  | 771 |  | 791 |
|  |  |  |  |  |
| Guarantees relating to performance |  | 1,680 |  | 1,791 |
| Guarantees relating to credit facilities |  | 181 |  | 217 |
| Guarantees relating to prepayments received |  | 18 |  | 0 |
| Total parent guarantees |  | 1,879 |  | 2,008 |

(Other) Contingent liabilities

The other contingent liabilities are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **30 Jun 2017** |  | **31 Dec 2016** |
| Lease agreements |  | 83 |  | 75 |
| Rental agreements |  | 100 |  | 123 |
| Leasehold agreements |  | 5 |  | 5 |
| (Contingent) obligation to purchase building land |  | 105 |  | 132 |
| Property, plant and equipment under construction |  | 1 |  | 1 |
| Other |  | 32 |  | 36 |
| Total other contingent liabilities |  | 326 |  | 372 |

**(8.16) Related Party Transactions**

The Group identifies the shareholders, subsidiaries, associates, joint arrangements and key management as related parties. All sales and purchases have been performed in the ordinary course of business.

The total sales to the related parties in the first half year 2017 amounts to € 75 million (FY 2016: € 188 million).

The relating outstanding balance as 30 June 2017 is € 9 million (31 December 2016: € 17 million) and the commitments as at 30 June 2017 are € 52 million (31 December 2016: € 106 million).

The total purchases from related parties in the first half year 2017 amounts to € 5 million (FY 2016: € 13 million).

The relating outstanding balance as 30 June 2017 is € 0,3 million (31 December 2016: € 3 million) and the commitments as at 30 June 2017 are € 51 million (31 December 2016: € 52 million).

**(8.17) Events after the reporting date**

After the reporting date, no significant events occurred that affect the results, the balance sheet or the cash flow in these interim financial statements of the first half year of 2017.

****

*As part of VolkerWessels’ investment in promising technologies and investments, the innovative MorgenWonen concept, involving far-reaching industrialisation of housing construction, has proven to be a driver for innovative developments. The concept involves the construction of a residential home in one day, so that it is habitable the next day. The project achieves to reduce realisation times through pre-fabrication of housing, continued development of sustainable and energy neutral housing and lower on-site dependency on construction workers. As of 2016, VolkerWessels is expanding this innovative concept to include a smaller version, for a variety of needs, among them corporations’ wish to replace old rented properties with affordable and sustainable new residential property in order to reduce energy costs.*

**About VolkerWessels**

VolkerWessels is a leading integrated and diversified listed construction group with a “think global, act local” mind-set. VolkerWessels’ operating model combines a local sales and client focus with a centralised control and support structure at divisional level that optimises scale and expertise across its operating companies. VolkerWessels prides itself in developing local companies who are leaders in their respective sub-sectors, supported by strong governance and shared expertise. VolkerWessels operates primarily in the Netherlands, the United Kingdom, North America and Germany. Operationally, its business is organised in six segments. In the countries in which VolkerWessels operates it has over 120 local operating companies, which have national and regional offices and management.

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