

Back on course



September 2005

Topics

1. Introduction
2. Profile Ballast Nedam
3. Results H1 2005 and Outlook 2005
4. Strategy
5. Appendix

Introduction

- All-round Dutch construction company with strong market position in home market and international niches
- Revenue 2004 €1.2 billion of which €522 million realised by Infrastructure and €524 million by Building & Development
- EBIT H1 2005 €25 mln (2004: €18 mln)
- Current order book of €1,125 million improved from €971 million at year-end 2004
- Approx. 4,000 employees
- Founded in 1877
- (Re)listed on the Amsterdam Stock Exchange in 1994

Successful turnaround

- Back on track after drastic reorganization (2001-2004) of loss-making international operations
- Good financial performance in 2004
- Upward trend: H1 2005 confirms the substantial expected increase of result: net result 2005 of €18 mln - €20 mln
- Market fundamentals in the Netherlands are improving: order book well filled
- Positive impact on future cash flows by tax loss carry forwards of €215 mln - €230 mln, which can be carried forward indefinitely in the Netherlands
- Confirmation of the intention to resume payment of dividend again over 2005; dividend pay-out of 50% of net result
- Strategic focus on profitable growth and increase of recurring income base

On the eve of a new period after the extreme makeover

- Ballast Nedam is back on track
- The restructuring job is done
- There is an upside potential: Ballast Nedam is able to reap the benefits
- Ballast Nedam is doing great operationally

Recent developments

May 2005:

- **Successful secondary placement of Ballast Nedam shares held by TCN/Wedge (48%)**
- **Placement was over-subscribed; 46 new shareholders (all investment companies); 13 nationalities**
- **Successful operating alliance between Ballast Nedam and TCN further intensified in the form of a joint venture**
- **Contracts for new landmark projects**
- **Removal of remaining voting restrictions for holders of depository receipts**
- **Dutch building industry cartel investigation**
 - **Fines determined**
 - **Settlement reached with Dutch government**
- **New pension system as per 1-1-2005 (from Defined Benefit to Defined Contribution)**

Topics

1. Introduction
2. Profile Ballast Nedam
3. Trading update H1 2005 and outlook 2005
4. Strategy
5. Appendix

Ballast Nedam

- Well-focused construction company
- Well-known brand name
- Unique technical knowledge and experience
- High quality equipment
- Lean organization with short reporting lines
- Motivated staff with a no-nonsense mentality
- Considerable tax loss carry forwards
- No anti-takeover barriers
- Upside potential: room for further improvement

Company profile



Ballast Nedam

- Net sales '04 €1,164m
- EBIT '04 €35m
- FTE YE '04 4,022

Infrastructure

Building & Development

Activities

- Mobility (incl. Road-works)
- Urban renovation
- Water infrastructure
- International projects:
 - near-shore activities
 - water & waste disposal facilities
 - advanced foundation technology
 - bridges
- Infra consult & engineering
- Prefab-concrete: factories (6)
- Industrial building
- Raw materials (sand & gravel pits)

- Real estate development
- Residential and non-residential (offices, education, healthcare, public services, retail) building
- Facility management
- Maintenance
- Stadiums

Turnover '04

€522 million

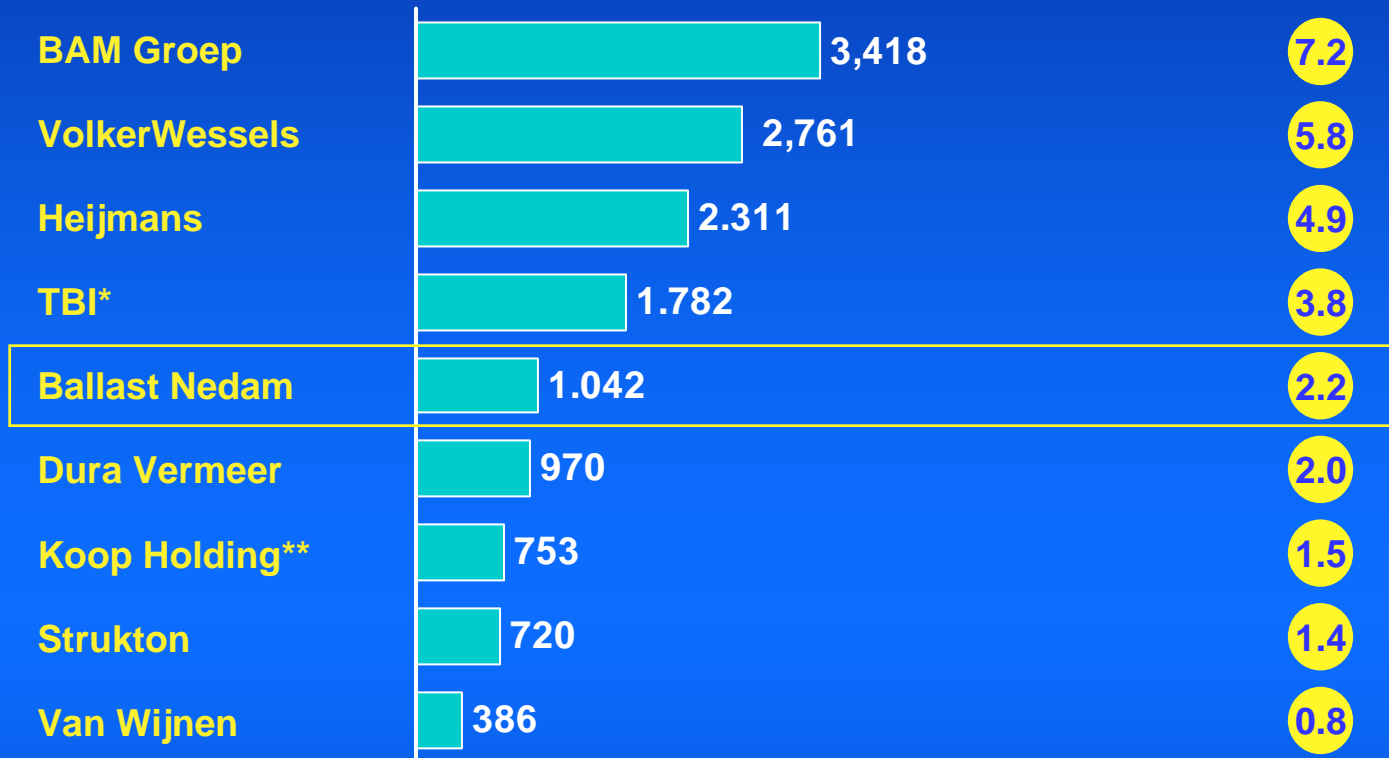
€524 million



Ballast Nedam

Market position

Net sales Dutch construction companies in the Netherlands, 2004
In € million Market share %



* Including TBI Techniek

** 2003 figures

Source: annual reports, websites

Successful completion of restructuring and refocusing programme

Actions

- In Q4 2001, start of a drastic restructuring programme focused on under-performing international activities:
 - To reduce exposure to high-risk projects
 - To continue international activities only in specialised markets with attractive returns
 - To restructure the loss-making UK subsidiary; in administration in 2003; liquidation started in 2004 (completion in 2006)
- Significant head count reduction in 2002-2004:
 - Total head count reduction ca. 2,500 employees (excluding divestment dredging)
 - 70% reduction of holding staff
- In Q4 2002, sale of 33%-stake in dredging joint venture with HAM (BAM subsidiary), which substantially strengthened the balance sheet
- Further operational improvement in 2004 and H1 2005

Results

- 2003: back in black
- Substantial improvement of Ballast Nedam's financial and risk profile due to recovery programme
- Total tax losses of €215 mln – €230 mln after completion of liquidation UK subsidiary in 2006, which can be carried forward indefinitely in the Netherlands



Ballast Nedam

Topics

1. Introduction
2. Profile Ballast Nedam
3. Results H1 2005 and outlook 2005
4. Strategy
5. Appendix

Key performance H1 2005

Actuals

€ mln	H1 2005	H1 2004	FY 2004
• Turnover	572	500	1,164
• EBIT	25	18	35
• Margin	4,3%	3,6%	2,1%*
• Net result	13	13	13
• Order book	1,125	1,049	971

Outlook 2005

- Outlook 2005 positively adjusted
- EBIT €36 mln - €40 mln
- Net result €18 mln - €20 mln
- Margin 3%

*Adjusted due to incidental effect new pension system

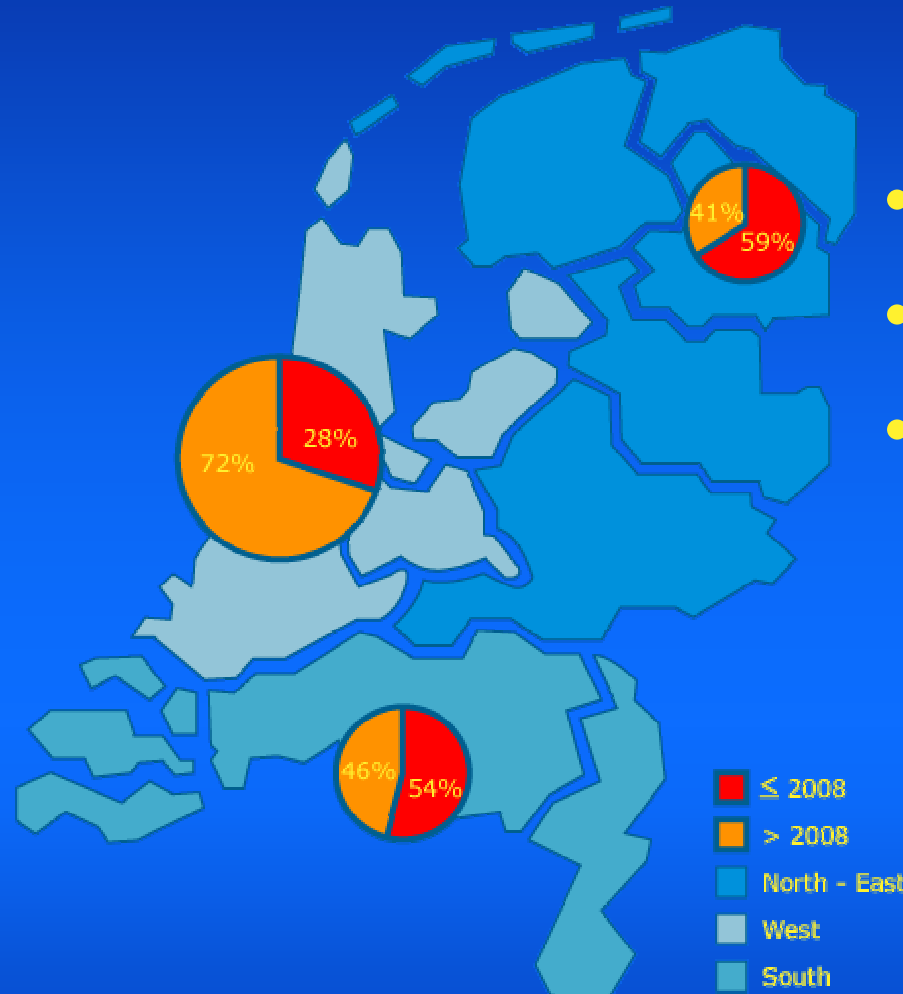
Division Building & Development half year 2005

- Turnover +49%
- EBIT +50% (very positive results on real estate developments and large projects)
- Order book +13%
- Large contracts in the pipeline (not included in the order book):
 - Almere: new city district €1 billion (50/50 joint venture)
 - Delft: urban redevelopment €400 mln (50/50 joint venture)
- Virtually no vacancies in real estate portfolio

Housing

- 2,429 houses under construction
- 39% own development (2004: 35%)
- Increasing cooperation with housing corporations: joint development - 30 hectares (i.e. 75 acres) - in 9 municipalities
- New products: different types of dwellings + financing
- Country-wide active maintenance and services company Bouwborg: for 8 housing corporations and investors appr. 20,000 dwellings in (daily) maintenance

Landbank & development volume houses

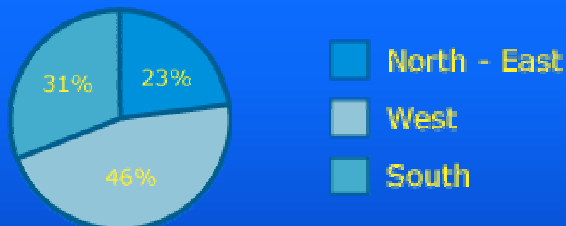
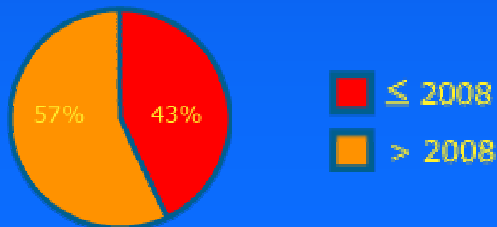


- 9,100 houses
- 550 hectares (1,360 acres)
- Well-spread
 - country-wide
 - timing

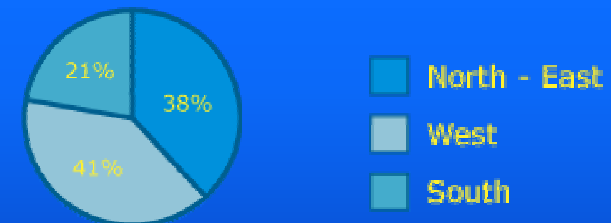
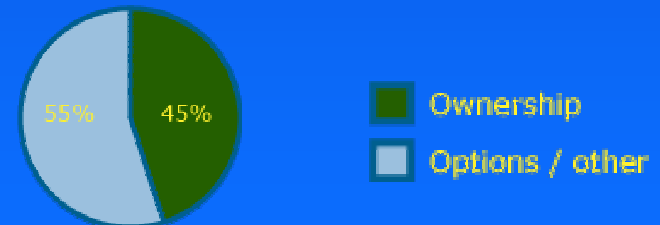
Landbank

- 550 hectares (i.e. 1,360 acres) in ownership and options
- Book value approx. €60 mln
- Development potential
 - 9,100 houses
 - Circa 500,000 m2 offices / commercial premises
 - Average duration of positions in ownership approx. 6 years

Houses



Hectares / Acres



Positive prospects home building market

- Number of permits new houses up with 19% in H1 2005 (namely for housing corporations)
- Home building: +7% (2006 – 2007)
- Sustained demand in the coming 10 years is expected due to demographic changes

Infrastructure

- Turnover 5% lower
- EBIT €3 mln lower than H1 2004 (in that period long-term projects were nearing completion)
- Outlook 2005: slight improvement over 2004
- Stabilization price levels
- Prefab concrete factories: writing black figures again in H1 2005
- Order book Infrastructure +7% (+27% as compared with year-end 2004)

Offshore windmill park

- Client: Shell-Nuon joint venture
- 36 windmills on the North Sea (10-18 kms off the coastline of The Netherlands)
- 115 m above sea level; rotor diameter 90 m
- 30 m deep in the seabed
- Ballast Nedam: project management, engineering, foundations, installation;
Vestas: turbines
- Tender offers and pre-qualifications in Germany, Denmark and the UK
- Heavy lift vessel Svanen will be used

Svanen



- Unique equipment
- Height 105 m
- Lifting capacity 8,700 tons
(= 8,000 cars)

PPP-projects

- Ongoing are 2 Public Works Department projects (highways N-11 and N-31) and 4 municipal projects
- Currently tendering for Mainport corridor South: highways A-4/A-15
- Pre-qualification for new port facilities Rotterdam
- Impulse by Dutch government: all projects above € 112.5 mln must be checked on PPP suitability; 14 projects earmarked
- 19 October: introduction joint venture with project developer TCN

Market expectations

Infrastructure division

- Recovery price levels as from 2006
- Accelerated execution of 17 projects under the MIT programme (Long-range plan Infrastructure and Transport) with private enterprise involvement
- Infrastructure plans 2010-2020 covered by investment programmes of over €80 bln; half of that new construction / half replacement and maintenance

Equity

- Equity € 115 mln
+ € 14 mln compared with year-end 2004
- Solvency ratio 15% (year-end 2004: 12%)

Outlook 2005 significantly higher

- Previous outlook EBIT 2005:
€25 mln - €28 mln
- Adjusted outlook EBIT 2005:
€36 mln - €40 mln
- EBIT Building & Development: significantly higher
- EBIT Infrastructure: slightly higher
- Net income Ballast Nedam 2005:
€18 mln - €20 mln

The share

- Profit per share H1 2005: € 1.30; outlook year-end 2005: € 1.83 - € 2.03 (year 2004: € 1.36)
- Dividend policy: 50% of net income
- Successful secondary placement of 48% of the shares: increased shareholder basis, substantially larger free float and liquidity
- No protective instruments

Topics

1. Introduction
2. Profile Ballast Nedam
3. Results H1 2005 and outlook 2005
4. Strategy
5. Appendix

Strategy

Strategic focus points

- Backward and forward integration across value chain shifting the mix of activities
- Focus on margins instead of turnover
- Improvement of operational activities
- Active portfolio management

Actions

- Considerable landbank with attractive positions (550 ha or a building potential of approx. 9,100 houses and 500,000 square metres of commercial real estate)
- Acquisition of project developer in Q1 2005
- Formation of PFI joint venture with TCN
- Increase in 'design-build' and build-maintain' contracts
- Residential will be the main growth driver
- Selective tendering: no offers below target profitability in tender procedures infrastructure market
- Getting away from the traditional tendering
- Continuous efficiency drive
- Tight operational control
- Disposal and/or acquisition of business units/activities

Margin targets in shifting the mix of activities

Targets per segment

- **Project development 5% - 10%**
- **Construction 2% - 4%**
- **Maintenance & facility management > 5%**

Ballast Nedam overall margin:

- **2003: break- even**
- **2004: 2.1% (adjusted for effect new pension system)**
- **2005: 3% forecast**

Dutch market conditions

- Infrastructure:
 - Market volume good and expected to remain solid in the years to come
 - Low price levels due to fierce price competition
- Residential:
 - Good outlook
 - Gradual recovery of housing production with clear long term growth perspective
 - Landbank instrumental to secure volumes
- Non-residential:
 - Considerable growth expected in 2005 in public investments in buildings for public authorities, healthcare, education and other public services
 - Office market not expected to pick up in the short-term given the substantial oversupply in the market; longer term growth driven by replacement rather than expansion
- New contractual frameworks (PFI) provide opportunities
- Broadening of positioning in the value chain by construction company: initiatives and development (“upstream”) and O&M and facility management (“downstream”)

Cartel investigation Dutch building industry

Authority

Explanation

- | Authority | Explanation |
|---|---|
| <ul style="list-style-type: none">• Dutch Competition Authority (NMa) | <ul style="list-style-type: none">• Has been investigating price fixing system in Dutch construction industry• It has imposed fines on the industry including Ballast Nedam with respect to its infrastructure activities up to 2001• Fines for housing & utility construction based on same principles as fines for infrastructure |
| <ul style="list-style-type: none">• Dutch government | <ul style="list-style-type: none">• In April 2005 settlement reached for• €73.5 million to be borne by sector<ul style="list-style-type: none">– Ends civil claims from the sector– Accelerates restoration of trust between (local) government and building sector |

- Ballast Nedam included a €18m provision for cartel penalties/claims in 2004 results
- No further negative impact on results expected

Ballast Nedam continues to benefit from expected tax loss carry forwards

- Ballast Nedam has considerable tax losses, which can be used indefinitely in the Netherlands; a deferred tax asset of € 36 million (H1 2005)
- UK subsidiary Ballast Plc went into administration in 2003; in liquidation in 2004; completion of liquidation in 2006
- At completion of liquidation of UK subsidiary Ballast Plc in 2006, the tax losses will further increase with € 100 – 115 million leading to an additional deferred tax asset of approx. € 30 – 35 million
- Positive impact on future cash flows as no Dutch corporate taxes are expected to be paid in the coming years; therefore cash earnings are higher than reported earnings

Dividend outlook

- It is Ballast Nedam's policy to pay out dividends equal to 50% of net profit
- In 2003 and 2004 dividends were cancelled in relation to the corporate restructuring and to strengthen the balance sheet
- Currently, the corporate restructuring has been finalized and the balance sheet has improved considerably
- Based on the current 2005 net result outlook of € 18 - € 20 mln
- Ballast Nedam will resume dividend over 2005

Ballast Nedam – Back on course

- Successful restructuring completed
- Good financial performance
- Positive outlook, supported by:
 - Recovery of construction market
 - Continuous drive for efficiency
 - New initiatives (TCN joint venture, integration into value chain)
- Positive outlook confirmed by H1 2005 results
- Well-filled current order book, further increased since 2004
- Positive impact on cash flows from tax loss carry forwards
- Dividend payments resumed over 2005: 50% of net income

Topics

1. Introduction
2. Profile Ballast Nedam
3. Results H1 2005 and Outlook 2005
4. Strategy
5. Appendices
 - A. Financial performance H1 2005
 - B. Landmark projects
 - C. Shareholder structure
 - D. IFRS

Appendix A: Financial performance Half year 2005

Net income

	first half-year		year
<i>x€ 1 000 000</i>	2005	2004	2004
EBIT	25	18	35
Interest income and charges	<u>(6)</u>	<u>(5)</u>	<u>(11)</u>
Result before taxation	19	13	24
Taxation	<u>(6)</u>	<u>-</u>	<u>(11)</u>
Net income	13	13	13

Balance sheet

before profit appropriation
x €000 000

	1 st half-year 2005	year 2004	1 st half-year 2004
Fixed assets			
Intangible fixed assets	23	23	23
Tangible fixed assets	132	190	193
Financial fixed assets	51	55	65
	<u>206</u>	<u>268</u>	<u>281</u>
Current assets	580	556	450
Current liabilities	(562)	(559)	(474)
Working capital	<u>18</u>	<u>(3)</u>	<u>(24)</u>
	224	265	257
Long-term loans	52	99	84
Provisions	55	61	63
Minority interests	2	4	8
Shareholders' equity	<u>115</u>	<u>101</u>	<u>102</u>
	224	265	257

Cash flow statement

<i>x €000 000</i>	<i>1st half-year</i> 2005	<i>1st half-year</i> 2004	<i>year</i> 2004
Opening cash balance	160	138	138
Net cash flow from operating activities	(108)	(48)	11
Net cash flow from investment activities	49	7	4
Net cash flow from financing activities	(49)	(4)	7
Closing cash balance	52	93	160
Net cash			
Cash	135	119	191
Bank loans	(83)	(26)	(31)
	52	93	160
Unrestricted cash balances	6	29	88
Proportionally consolidated	46	64	72
	52	93	160
Net debt			
Net cash	52	93	160
Current part of long-term loan	(5)	(5)	(5)
Long-term loans	(52)	(84)	(99)
	(5)	4	56

Order book

	first half-year		year
<i>x € 1 000 000</i>	2005	2004	2004
Infrastructure	432	402	340
Building and Development	646	572	568
	<u>1 078</u>	<u>974</u>	<u>908</u>
Other	47	75	63
	<u>1 125</u>	<u>1 049</u>	<u>971</u>

Appendix B: Landmark projects

A history of landmark projects

Past landmark projects

- 85% of all large tunnels in the Netherlands
- All large dikes and dams in the Netherlands
- 23 km bridge Saudi Arabia – Bahrain Causeway
- Four other 'XXL' bridges in Canada, Denmark and the Netherlands
- High speed railway in the Netherlands and Taiwan
- Schiphol and other international airports
- The Peace Palace in the Hague



Current landmark projects

Current landmark projects

Description

Almere Poort

- Contract of 50/50% joint venture Ballast Nedam / BAM with city of Almere for the development and realization of a new city district
- 10 year contract includes:
 - 1,600 houses and apartments
 - 40,000 square metres of commercial buildings
 - 115,000 square metres of office buildings
 - 60,000 square metres of other facilities
- Turnover: €1 billion

Motorway N31

- PPP joint venture with BAM and Dura Vermeer (each holding 33.3%) for the design, construction and maintenance of motorway N31 (8 km)
- 2 year contract; 20 years maintenance
- Total budget €81 million

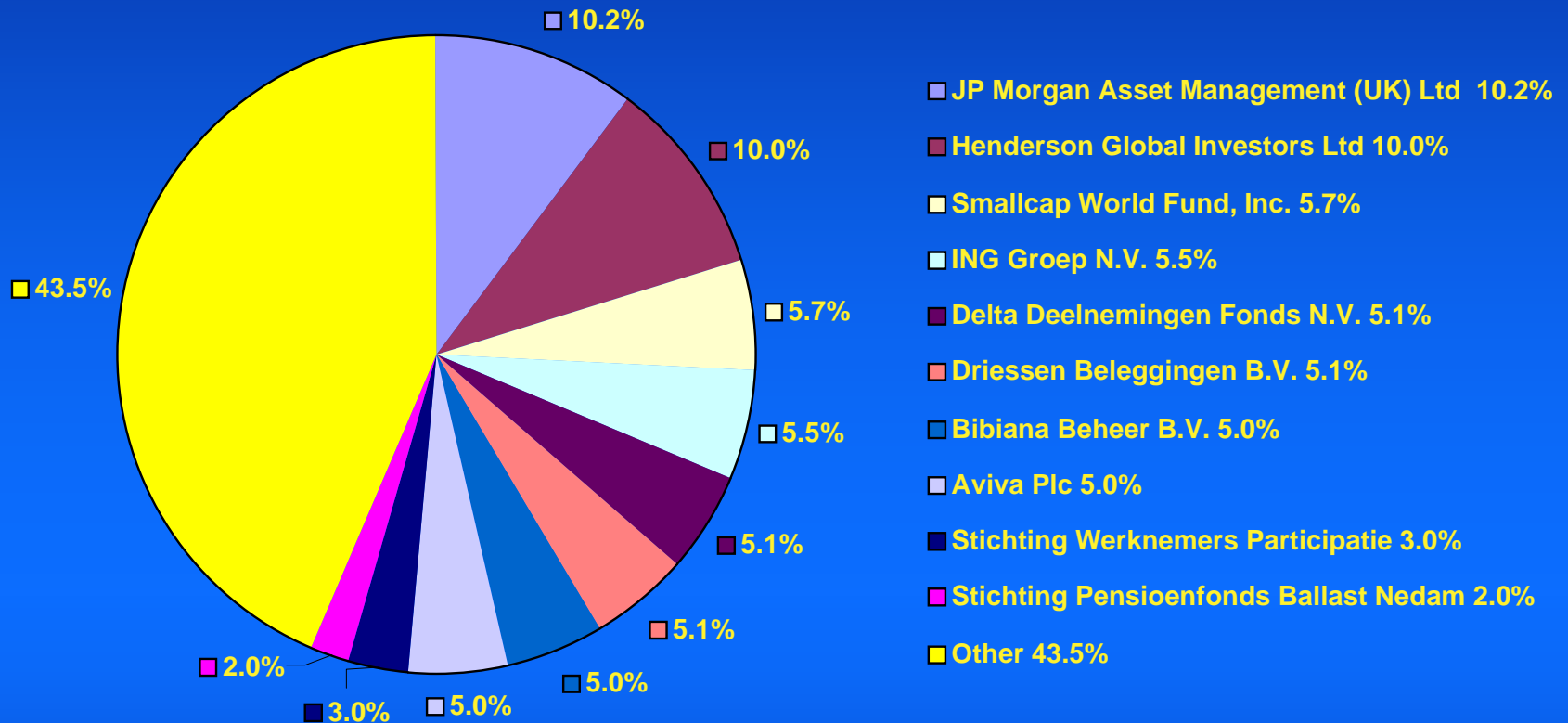
City of Delft

- Urban development € 400 mln above subterranean railway station
- 50/50% joint venture with Dutch Railways
- 1,300 houses
- 25,000 square metres of offices and other commercial buildings

Appendix C: Shareholder structure

Shareholders structure

as per May 2005
100% = 10 million shares



Appendix D: IFRS

IFRS

- Solvency ratio 2004 12% (NL GAAP: 15%)
- Balance sheet total 2004 €824 mln (NL GAAP: €531)
 - reclassification work in progress from current assets to current
 - wider consolidation scope
- Employee benefits
- Valuation of work in progress and stocks

Stadium Lisbon

