

# H1 2006: higher results



14 July 2006

# On track

- Net result H1 2006: € 16 mln (+ 23%)
- Profit before tax H1 2006: 24 mln (+ 26%)
- Earlier forecast 2006: net result + 20% (€ 24 mln compared to € 20 mln in 2005)
- New forecast net result 2006: € 40 - € 45 mln. Further increase mostly due to tax effects (a.o. as a result of liquidation UK subsidiary)
- Profit before tax 2006: approx. € 35 mln (+ 25%)

# General picture H1 2006: as expected

## INFRASTRUCTURE: HARD WORK FOR LESS MONEY

- Slow recovery price level public tendering market
- High tendering costs for large projects in the coming years
- Half year result as expected
- Forecast 2006: result increases slightly (EBIT 2005: € 14 mln)

## BUILDING & DEVELOPMENT: EXCELLENT YEAR

- Equals strong performance H1 2005
- Margin 7.4% (H1 2005: 6.8 %)
- Both housing and general building good results
- Forecast 2006: at least the same high result as in 2005 (EBIT 2005: € 35 mln)

# Key figures

	1st half		Full year
<i>x€1 000 000</i>	2006	2005	2005
Turnover	584	572	1 206
EBIT	26	25	38
Margin	4.4%	4.3%	3.2%
Profit before tax	24	19	28
Net result	16	13	20

# Infrastructure

- Turnover € 278 mln (+ € 63 mln)
- Market demand increases, but price level hardly improves
- EBIT € 3 mln (H1 2005: € 5 mln): meager price level continues; there is also a timing effect
- Also for the H2 of 2006: continued low price levels on the public tendering market expected
- Highly selective in acquisition of longer year projects; order book (€ 500 mln) approx. at the same level as in 2005
- Prefab concrete: gradual improvement
- Policy: less dependency on public tendering market; shift to specialisms and niches: e.g. take-over Van Leeuwen (drilling- and anchoring techniques)
- Forecast 2006: higher turnover, lower margin and slight increase of results (EBIT 2005: € 14 mln)

# Infra builds on experience

- N210: province of Zuid-Holland intends to award DCM-contract
- N31: doubling North Western section of motorway in the province of Friesland (Zurich-Harlingen)
- Drontermeer tunnel, part of 'Hanzelijn'
  - design & construct railway tunnel
  - BN Infra provides all necessary specialisms: engineering, foundation techniques, specialised earthmoving, prefab concrete, road building, general building

# Tunnel Drontermeer



# Building & Development

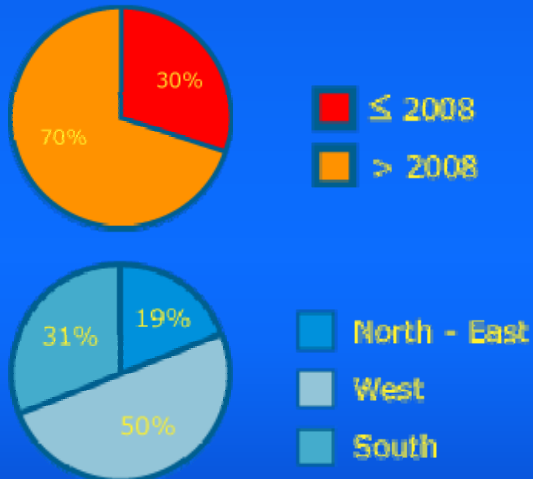
- Turnover € 294 mln (H1 2005: € 331 mln)
- EBIT € 22 mln (equal to H1 2005 which had a very positive effect of real estate transactions and large projects)
- Margin 7.4% (H1 2005: 6.8%)
- Housing market: good prospects in the coming years
- Over 2000 dwellings under construction; 39% from own development
- Land bank further expanded from 550 ha (H1 2005) to 609 ha. Development potential + 18% (10,800 houses; 500,000 m<sup>2</sup> offices and other commercial premises)
- General building market: notably (semi-)government, education and health care
- Policy: further expansion of land bank and acquisition project development companies
- Order book: more or less on level with 2005; large framework contracts not yet in order book
- Forecast 2006: lower turnover, higher margin and at at least the same result as in 2005 (EBIT 2005: € 35 mln)



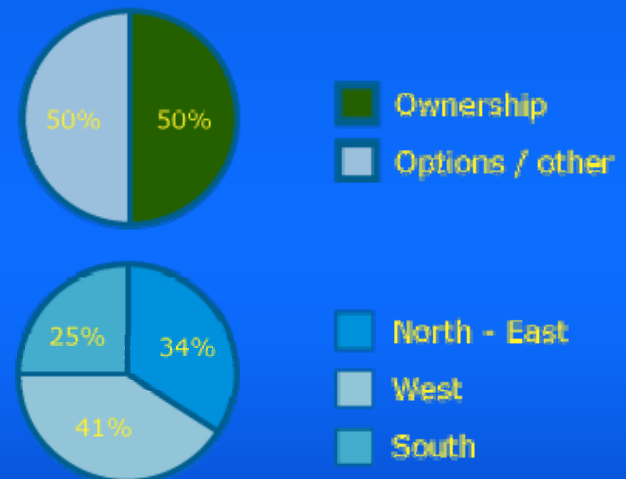
# Landbank

- 609 ha (1504 acres) in ownership / options (H1 2005: 550 ha)
- Book value approx. €85 mln (year-end 2005: €75 mln)
- Development potential
  - 10,800 houses (H1 2005: 9,100)
  - 500,000 m<sup>2</sup> (H1 2005: same) offices / commercial premises
  - Average duration of positions in ownership approx. 6 years

## Houses



## Hectares



# Other topics

- Winding up of international projects positive
- Ballast Nedam Concessies (Concessions) formed
- Joint venture with TCN (abl2): first orders
- Liquidation UK subsidiary has taken place; UK company now dissolved; extra tax loss carry forwards (in the Netherlands)
- Forecast net result 2006: carrying amount of tax assets reduces because of expected reduction corporation tax rate (down to 25.5%)

# Strategy unaltered

- Strengthening front and back end of the building chain: project development and engineering as well as maintenance, operations and concessions
- Structurally higher margins by shifting the mix of activities
- Front end: land bank growth, takeover of small/mid-size project development companies; abl2 now established for integrated spatial development
- Back end: organic growth on the strength of the existing activities
- Belief in own strength as a self-reliant company, but independence is no dogma

# 2006

- Good year, despite low margin infrastructure market
- Further improved results
- Dividend: 50% of net result = approx. € 1.24 (assuming normal tax charge of 30%)



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# Turnover

	1st half		Full year
<i>x€1 000 000</i>	2006	2005	2005
Infrastructure	278	215	541
Building and Development	294	331	658
	<u>572</u>	<u>546</u>	<u>1 199</u>
Other	12	26	7
	<u>584</u>	<u>572</u>	<u>1 206</u>

# EBIT

	1st half		Full year
<i>x€1 000 000</i>	2006	2005	2005
Infrastructure	3	5	14
Building and Development	<u>22</u>	<u>22</u>	<u>35</u>
	25	27	49
Other	<u>1</u>	<u>(2)</u>	<u>(11)</u>
	26	25	38

# Margin

	1st half		Full year
	2006	2005	2005
Infrastructure	1.2%	2.1%	2.6%
Building and Development	7.4%	6.8%	5.3%
<b>Total</b>	<b>4.4%</b>	<b>4.3%</b>	<b>3.2%</b>

# Order book

	1st half		Full year
<i>x€1 000 000</i>	2006	2005	2005
Infrastructure	500	432	557
Building and Development	555	646	503
	<b>1 055</b>	1 078	1 060
Other	1	47	4
	<b>1 056</b>	1 125	1 064

# Consolidated balance sheet

<i>x €1 000 000</i>	16-jun-06	31-dec-05	19-jun-05
<b>Non-current assets</b>	206	211	206
<b>Current assets</b>	626	636	580
<b>Current liabilities</b>	( 625)	( 644)	( 583)
Working capital	<u>1</u>	<u>( 8)</u>	<u>( 3)</u>
	<b>207</b>	203	203
<b>Non-current liabilities</b>			
Loans	48	54	52
Deferred tax liabilities	4	4	3
Employee benefits	6	6	7
Provisions	<u>17</u>	<u>13</u>	<u>24</u>
	75	77	86
<b>Group equity</b>			
Minority interests	2	2	2
Equity attributable to shareholders	<u>130</u>	<u>124</u>	<u>115</u>
	132	126	117
	<b>207</b>	203	203

# Shareholders' equity

x€1 000 000

	16-jun-06	31-dec-05	19-jun-05
Issued share capital	60	60	60
Share premium	55	55	55
Other reserves	9	(14)	(14)
<b>Opening balance</b>	<b>124</b>	<b>101</b>	<b>101</b>
Unrealised profits	-	-	1
Exchange differences	-	3	-
<b>Results recognised directly in equity</b>	<b>-</b>	<b>3</b>	<b>1</b>
Net result	16	20	13
Dividend	(10)	-	-
<b>Closing balance</b>	<b>130</b>	<b>124</b>	<b>115</b>

# Consolidated cash flow statement

x € 1 000 000	1st half		Full year
	2006	2005	2005
Net cash - opening balance	129	160	160
Net cash from operating activities	( 39)	( 108)	( 26)
Net cash from investing activities	( 13)	49	39
Net cash from financing activities	( 16)	( 49)	( 44)
Net cash - closing balance	61	52	129
<b>Net cash</b>			
Cash and cash equivalents	116	135	175
Bank loans	( 55)	( 83)	( 46)
	61	52	129
Unrestricted cash balances	53	6	99
Proportionately consolidated	8	46	30
	61	52	129
<b>Net financing position</b>			
Net cash	61	52	129
Current portion of long-term loans	( 6)	( 5)	( 7)
Long-term loans	( 48)	( 52)	( 54)
	7	( 5)	68

# Ballast Nedam in brief

- Founded in 1877, (re)listed in 1994
- Excellent reputation
- In the 1980's and 1990's predominantly internationally active
- In 2000/2001 large international projects turned sour and UK company (acquired in 1995) suffered badly

# Reorganisation 2001-2004 resulted in turnaround

- Six divisions brought down to two
- From 8,000 to 4,000 employees now
- Turnover 2005: € 1.2 bln (in 2001: € 2.3 bln)
- Loss making international activities ended or cut off; UK company ended operations in 2003
- Focus on The Netherlands (and international niches)
- Dividend resumed in 2006