

# Solid growth: dividend resumed



27 March 2006

# Improvements gaining momentum

- Net result + 54%: € 20 mln
- Operational result Dutch divisions +53%: € 49 mln
- Margins Infrastructure (2.6%) and Building & Development (5.3%) grew considerably
- Turnover Dutch divisions +15 %; BN overall + 4%
- Order book Dutch divisions +17 %
- Dividend 50% of net result: €1,02 per share
- Forecast 2006: net result circa +20%

# Ballast Nedam

- All-round construction company
- Top-5 position in the Dutch market
- Leading position in a number of international niches
- Turnover 2005 € 1.2 bln (slightly higher than in 2004)
- Order book well-filled: € 1064 mln

# Successful turnaround

- Back on track after drastic reorganization of loss-making international operations: restructuring done
- Top management virtually fully replaced
- 10 Divisions reduced to 2; holding staff reduced from 75 to 18 people
- Total number of employees halved
- Results, risk profile and share price improved substantially
- The upside potential: Ballast Nedam can reap the benefits of the turnaround

# Developments in 2005

- May 2005: successful secondary placement of 48% of the shares (€ 18.25). This has led to a broad shareholders base and a much larger free float
- Remaining protective instruments gone (anti-takeover barriers)
- Tax loss carry forwards will increase to €215 mln - €230 mln (to be used indefinitely in the Netherlands) after completion of liquidation of British subsidiary in 2006
- Joint venture with developer TCN for integral area development
- Defined contribution pension system as per 1-1-2005
- Further reduction of international project risks
- New attractive projects won: capitalizing on know-how

# Company profile



**Ballast Nedam**

• Turnover '05 €1,206m  
• EBIT '05 €38m  
• FTE avg '05 3,721

## Infrastructure

## Building & Development

### Activities

- Civil engineering
- Mobility, roads, urban renewal
- Water infrastructure/ Industrial building
- International projects:
  - Near-shore and Offshore
  - Irrigation & Waste Disposal
  - Advanced Foundation technology
  - Bridges
- In-house engineering
- Prefab concrete, raw materials
- Petrol stations & Telecom facilities
- Niche activities

- Real estate development
- Residential and non-residential (offices, education, healthcare, public services, retail)
- Facility Management
- Maintenance
- Sports facilities (e.g. stadiums)
- Prefab concrete manufacturing

Turnover '05  
Dutch Divisions

€541 million

€658 million



**Ballast Nedam**

# Core business (Dutch divisions)

- Turnover € 1199 mln: +15% (2004: € 1046 mln)
- EBIT € 49 mln: + 53% (2004: € 32 mln)
- Order book € 1060 mln: + 17% (2004: € 908 mln)

Lower international turnover and order book are in line with the reduction of the international activities

# Division Building & Development

## Excellent Results

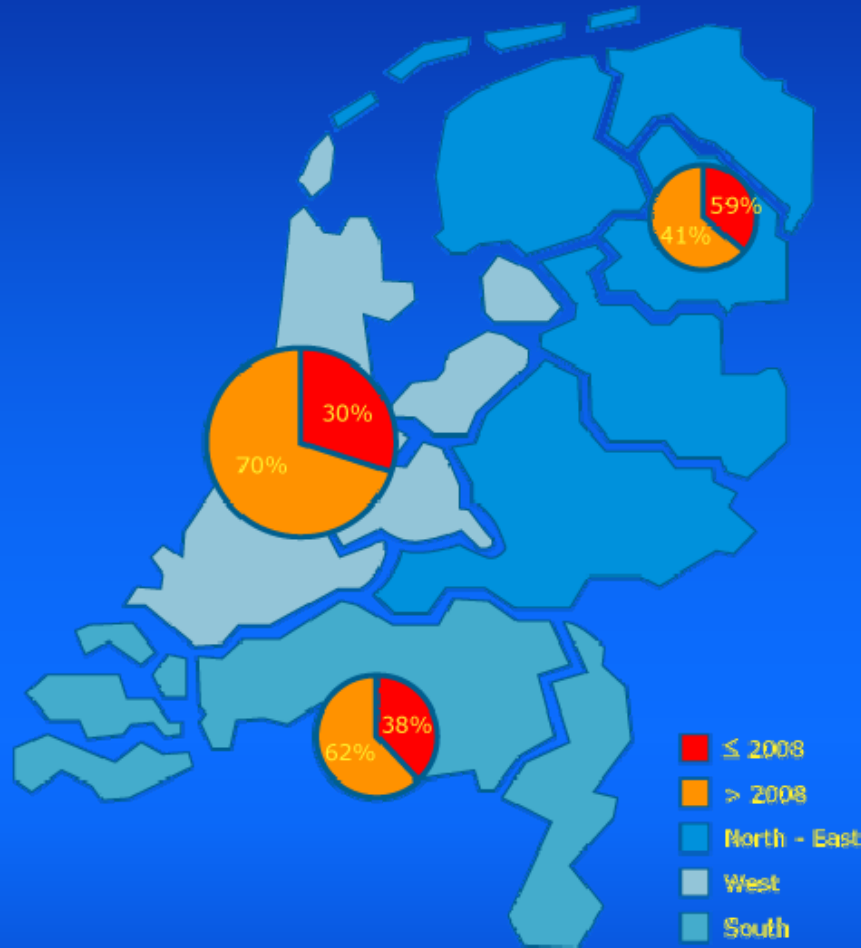
- Turnover € 658 mln: + 26% (2004: € 524)
- EBIT € 35 mln: + 67% (2004: €21 mln)
- Margin 5.3% (2004: 4.0%)
- Good results in project development, house building and large non-residential projects
- 2326 dwellings under construction: + 20% (YE 2004:1936)
- Landbank 587 hectares (2004: 520)
- Development potential 10,500 dwellings (2004: 8,800)
- Order book € 503 mln: -11% (2004: € 568 mln); large framework contracts spanning several years not yet in order book
- Good prospects both in residential building and general building market
- Market leader in high-rise building

# Coopvaert (Rotterdam)



- Combined apartment / office building
- 341 ft high
- Parking garage 327 cars
- Foundation: piles of 233 ft
- Property Development (in joint venture)

# Landbank & development volume houses

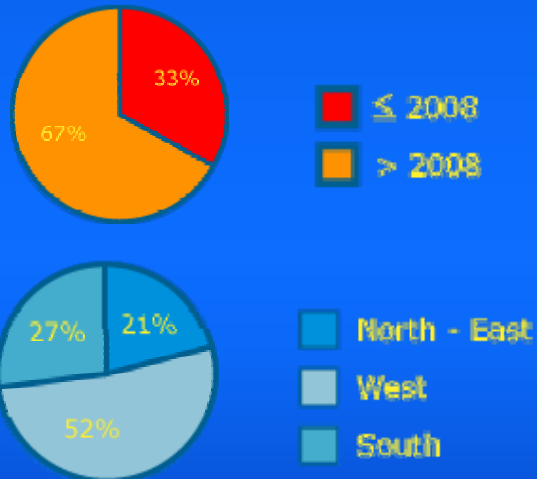


- 10,500 houses
- 587 hectares (1,451 acres)
- Well-spread
  - country-wide
  - timing

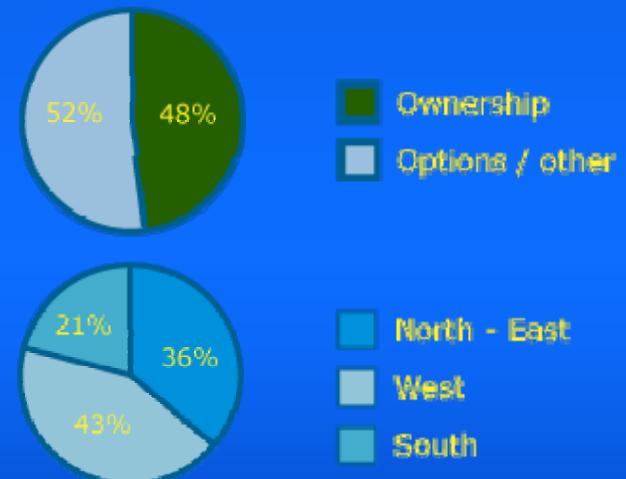
# Landbank

- 587 ha (1,451 acres) in ownership / options (2004: 520 ha)
- Book value approx. €75 mln (2004: €60 mln)
- Development potential
  - 10,500 houses (2004: 8,800)
  - Circa 570,000 m<sup>2</sup> (2004: 500,000 m<sup>2</sup>) offices / commercial premises
  - Average duration of positions in ownership approx. 6 years

## Houses



## Hectares



# Good prospects Residential Building



# Division Infrastructure: Quite pleased with achievements

- Turnover € 541 mln: + 4% (2004: € 522 mln)
- EBIT € 14 mln: + 27% (2004: € 11 mln)
- Margin 2.6% (2004: 2.0%)
- Price levels are slightly improving, but still too low
- Result takes precedence over turnover: highly selective in accepting long term large projects in the public tendering market
- Shift to other segments: specialisms and niche markets (e.g. offshore windmill farms)
- Recovery of prefabs concrete market continues
- Order book € 557 mln: + 64% (2004: € 340 mln)
- PPP-contracts: only the larger contractors have the scale and the resources
- Joint venture with property developer TCN: abl2

# PPP in Friesland



Wâldwei: aquaduct, widening of existing road and maintenance

# Offshore Windmill Park

- €200 mln contract (Ballast Nedam €100 mln); client: Shell-Nuon jv
- 36 windmills in the North Sea (10-18 kms off the coast of The Netherlands)
- 377 ft above sea level; rotor diameter 295 ft
- 98 ft deep in the seabed
- Ballast Nedam: project management, engineering, foundations, installation; Vestas: turbines
- Tenders and pre-qualifications in Germany, Denmark and the UK
- Heavy lift vessel Svanen at work



**Ballast Nedam**

# Strategy

- Strengthening of front and back end of the value chain: project development, engineering and maintenance, (operational) management and concessions
- By shifting the activity mix achieving structurally higher margins
- Front end: landbank growth, takeover small/midsize project developers, roll out of abl2 (focussing on integral area development)
- Back end: autonomous growth based on existing activities
- So: no major acquisitions
- Belief in own strength as self-sustaining company, but independence is not a dogma

# More than Just Bricks : Shifting the Activity Mix

## Margin Targets per segment:

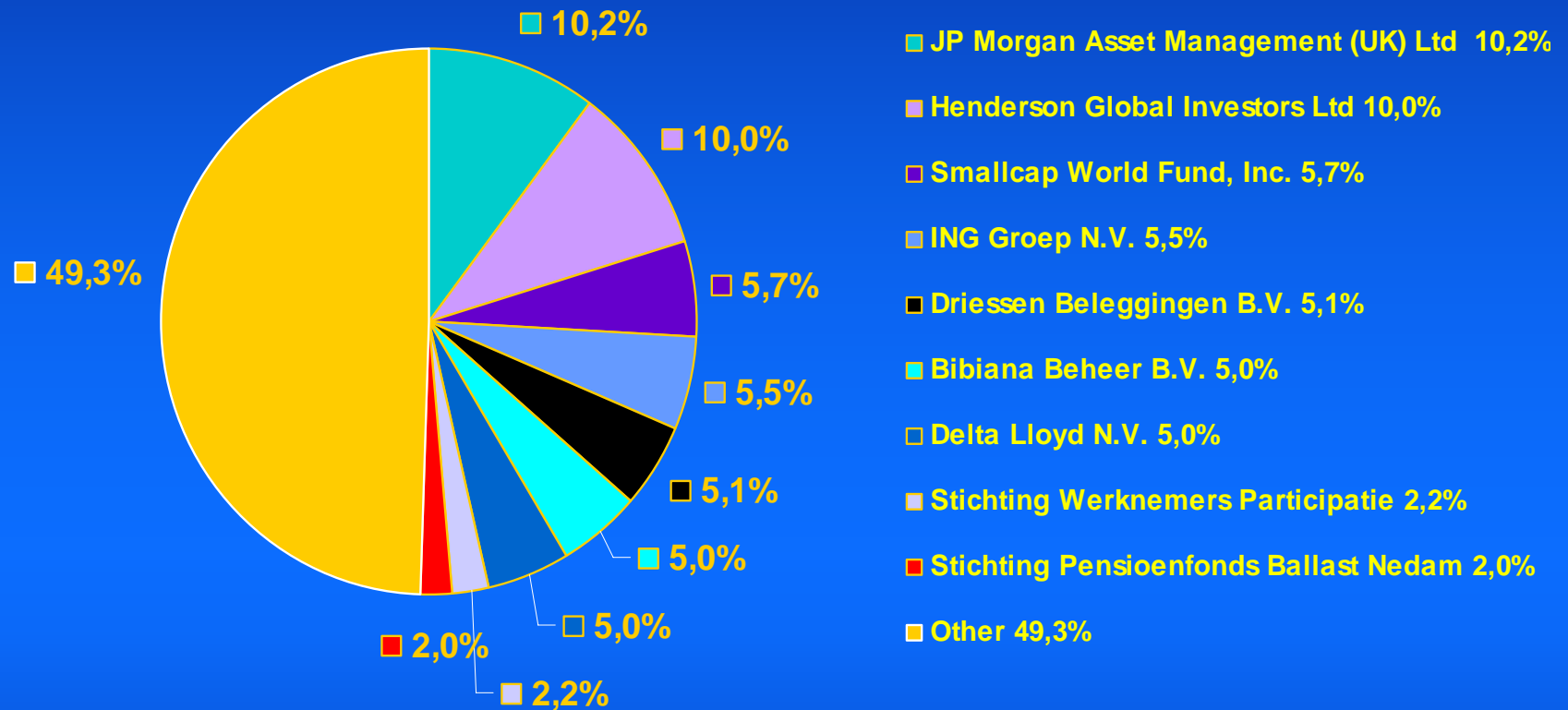
- Project development 5% - 10%
- Construction 2% - 4%
- Maintenance & Facilities management > 5%

## Objectives:

- In 2007 an operational result of 3% - 5% (recovery of Infrastructure price level is key)
- 2006: Net result increase approximately 20%

# Shareholders structure

as per January 2006  
100% = 10 million shares



# On your marks!

