

# 2006: higher results



January 2007

# 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: CHALLENGING MARKET CONDITIONS

- Slow recovery price level public tendering market
- H1 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)
- H2 2006: price levels on the public tendering market still low
- Highly selective in acquisition of long term projects; order book (€ 500 mln) approx. at the same level as in 2005
- Prefab concrete companies: gradual improvement
- Raw materials companies: good price levels
- Policy: less dependent 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)

# Infrastructure

- Department of Transport budget 2007: € 8.7 bln (+23%)
- 2007 – 2010 : 2200 km highway maintenance backlog
- 25 % of all levees, dikes and dunes have to be heightened



# Knowledge, experience & equipment



- Offshore windmill park
- 36 windmills
- 115 m above sea level
- 30 m deep in seabed
- €200 mln contract (€100 mln Ballast Nedam)
- Tenders in UK, Sweden, Germany and Denmark

# Building & Development

- Turnover € 294 mln (H1 2005: € 331 mln)
- EBIT € 22 mln equal to H1 2005 (note: H1 2005 included very positive effect of real estate transactions and large projects)
- Margin 7.4% (H1 2005: 6.8%)
- Residential building market: strong growth
- General construction market: notably (semi-)government, education and health care
- 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 least the same result as in 2005 (EBIT 2005: € 35 mln)

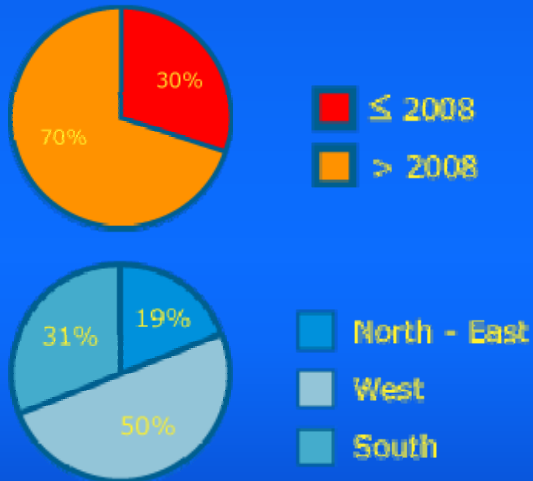
# Residential market: good prospects

- Strong demand in the market
- 2006-2010: 450.000 houses to be built (2005: 70.000)
- Number of permits for new houses increased in H1 2006: +34%
- Ballast Nedam: over 2000 houses under construction; 39% from own development
- Policy: further expansion of landbank as well as acquisition of property development companies

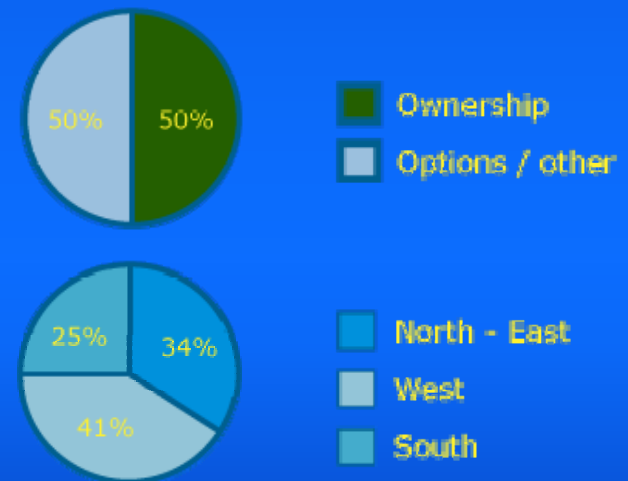
# Landbank

- 609 ha (1504 acres) in ownership / options (H1 2005: 550 ha)
- Book value approx. €85 mln (year-end 2005: €75 mln)
- Development potential + 18%
  - 11,000 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

- Successful settlement of claims deriving from completed international projects
- Ballast Nedam Concessions formed: PPP-projects with a long term involvement and recurring income
- Cartel fine by European Commission related to purchasing of bitumen (1996 – 2001): €4.7 mln  
Ballast Nedam will appeal; outcome is uncertain; Ballast Nedam has therefore not made a provision
- Liquidation UK subsidiary has taken place; UK company now dissolved; extra tax loss carry forwards (in the Netherlands)

# Strategy continued

- Strengthening front and back end of the building chain: property development and engineering as well as maintenance, operations and concessions
  - Front end: land bank growth, takeover of small/mid-size property development companies; a new unit - abl2 – set up, focussed on integrated urban redevelopment
  - Back end: (organic) growth of the existing services: currently 20.000 houses in daily maintenance
  - Structurally higher margins by shifting the mix of activities
- Operational excellence: improvement of operational activities
- Active portfolio management
- 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%)

# Stadium Groningen



# Innovation at Ballast Nedam

- Improving process management is key (*operational excellence*)
- All knowledge is in-house (tools for strategy and goals):
  - feasibility study
  - risk analysis
  - construction
  - operations/maintenance
  - design
  - engineering
  - IT
  - facility management
- Examples:
  - new building systems for high rise buildings
  - innovative bridge design



# Innovative bridge design



-Bahrein Causeway



| Storebaelt –  
Danmark



| Confederation Bridge –  
Canada



| HSL - Netherlands

# Key figures

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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	1	( 8)	( 3)
	<u>207</u>	203	203
<b>Non-current liabilities</b>			
Loans	48	54	52
Deferred tax liabilities	4	4	3
Employee benefits	6	6	7
Provisions	17	13	24
	<u>75</u>	77	86
<b>Group equity</b>			
Minority interests	2	2	2
Equity attributable to shareholders	130	124	115
	<u>132</u>	126	117
	<u>207</u>	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 international business in tough times; UK company (acquired in 1995) continued to be a bleeder



*International Court of Justice – The Hague*

# 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