PRESS RELEASE

Amersfoort, 13 March 2014

Strong recovery in profit for VolkerWessels
Dutch market conditions remain difficult

- Operating profit (EBITDA): € 227 million (2012: € 138 million)
- Net result: € 117 million profit (2012: € 123 million loss)
- Write-down of land and real estate holdings: € 11 million (2012: € 196 million)
- Revenue: € 4.5 billion (2012: € 4.9 billion)
- Order book: € 6.1 billion (2012: € 5.5 billion)

VolkerWessels achieved a net profit of € 117 million in 2013. The company's results significantly improved and operating profit (EBITDA) grew by € 89 million to € 227 million. The secured order book increased by € 0.6 billion, to stand at € 6.1 billion as at 31 December 2013. The quality of our order book is also improving, with multi-year frameworks and maintenance contracts creating a stable foundation for the longer term. Our liquidity position is also developing well and VolkerWessels is net debt-free at the end of 2013.

Jan van Rooijen, CFO, said: “After a disappointing year in 2012, VolkerWessels saw a strong recovery in profits last year. We are pleased with the solid results because all sectors contributed to the profit recovery. We recorded a positive net result in all sectors. Despite shrinking volumes, overcapacity and price pressure, our focus on margin rather than volume and on risk management was instrumental in the healthy development of our results. Our strategy, which focuses on broadening the value chain and the spread of our activities and regions, yielded a solid result.”

Since Reggeborgh acquired the remaining shares from CVC Capital Partners, VolkerWessels has once more become a family business: a reliable partner synonymous with sustainable quality, long-term relationships, a solid financial position and an entrepreneurial spirit. Even when market conditions remain challenging, there are always opportunities. In the past, VolkerWessels has proved that there is strength to be gained from identifying those opportunities early on and being alert to future opportunities. We are cautiously positive as regards the economic outlook for 2014, but it is our confidence in our own strength that makes us optimistic about the future."

Key figures

(in millions of euros)	2013	2012	2011
Revenue	4,505	4,892	4,713
Operational EBITDA *1	227	138	192
Operational EBITDA margin	5.0%	2.8%	4.1%
Net result	117	-123	81
Order book	6,084	5,462	5,484
Solvency	25%	20%	26%

*1 Operational EBITDA = EBITDA before write-downs for land and real estate holdings

Dutch market
Market conditions remain challenging almost across the board. Construction does not immediately benefit from a tentative recovery in the economy, as it typically follows a later cycle. The Dutch Economic Institute for Housing and Construction (EIB) predicts stabilisation in construction output in 2014, with growth not expected until 2015 and beyond. There is no turnaround (as yet) in dwindling public sector budgets and investments. The private sector also remains in a poor state. Moreover, many of the sectors in which VolkerWessels operates are affected by overcapacity and price pressure. These difficult conditions necessitated several restructuring measures in 2013.

Given the difficult market conditions, we are pleased with our healthy order book. The quality of our order book has been improved by a good spread in activities and regions combined with an increase in multi-year contracts. These contracts generate a stable flow of income, and so they are important building blocks for future revenue and results.

The Netherlands - Building & Property Development

(in millions of euros)	2013	2012
Operating Revenue	1,295	1,431
Order book	1,801	2,072
Operational EBITDA	29	1
Operational EBITDA margin	2.2%	0.1%
Average number of employees	3,355	3,756

Market conditions remain particularly complex. Although consumer confidence is tentatively recovering and the market seems to be settling down a little, we are not overly optimistic. There is still significant pressure on capacity, projects are being postponed, finance is hard to come by and there are unoccupied premises in the office market. Decisions to delay projects reduced the size of the order book and decreased revenue by around 10% compared with the previous year.

Financing projects is a challenge which we do not expect to overcome in the short term. Investment in care facilities has come to a standstill, companies are shelving projects and commercial property in particular is difficult to finance. In these market conditions, our solid financial position, dependable image and network of private investors are crucial.

Despite the tough market conditions, Building & Property Development in the Netherlands has achieved a limited positive result. In 2013 a write-down of € 11 million was made for a limited number of land and real estate holdings, as compared to € 191 million in 2012.

Our construction companies are generally performing moderately well, although there have been a number of restructuring measures taken at companies which used to depend primarily on housing which had a negative impact on the result in 2013.

	2013	2012
New build homes delivered*1	3,119	3,822
Homes sold (own development)	1,104	1,567
Unsold homes under construction	222	483
Completed, unsold homes at year-end	266	204

*1 Third party and own development

Highlights in 2013:
One particularly innovative and sustainable project that is underway is the new accommodation for network operator Liander. The 1200 employees are collaborating in the creative process to help to transform the existing building into a sustainable complex. Work is now underway on the Westluidense Poort building in Tiel, a "temple of culture" in the heart of the historic city. We have also made great progress towards zero energy living. We build houses which generate energy and have optimum insulation.

The Netherlands – Infrastructure

(in millions of euros)	2013	2012
Operating revenue	1,268	1,240
Order book	1,116	1,014
Operational EBITDA	63	60
Operational EBITDA margin	5.0%	4.8%
Average number of employees	4,952	5,066

Shrinking market volumes are putting the sector under pressure. County councils and local authorities are putting on the brakes and there are question marks over government investment in national projects. Nor are we seeing any signs of a recovery in the private market, which is affected by overcapacity. The sector is contending with price pressure, which means our companies must exercise discipline in accepting work at realistic prices and staying focused on margin rather than volume.

Given the difficult market conditions, the majority of operating companies managed to record a satisfactory result. They were able to increase their order book and market share, operate smarter and more efficiently or set themselves apart with niche capabilities and superior knowledge. The new tender regulations, which came into force on 1 April 2013, provide for greater recognition of quality by stipulating that the public sector must not award contracts solely on the basis of the lowest price. In this fickle market, multi-year projects and long-term framework and maintenance contracts are important building blocks in our order book. VolkerInfra's holistic and multidisciplinary approach enables us to serve clients at every stage of a project.

Highlights in 2013:
We are protecting villages and towns against the threat of flooding; one example is the Noordwaard de-poldering project. By creating additional space for Dutch rivers, we can prevent excessively high water levels and dike breaches. The second Juliana Canal sluice in Gouda also provides further protection. By building a second sluice (alongside the existing one), we are separating working vessels from leisure craft, which improves safety. On land, our projects include major railway improvement works near Enschede. In Utrecht, we have started dismantling the many kilometres of railway track.

Energy & Telecoms

(in millions of euros)	2013	2012
Operating revenue	925	1,121
Order book	1,131	644
Operational EBITDA	86	15
Operational EBITDA margin	9.3%	1.3%
Average number of employees	3,336	3,254

The growth in the order book can be chiefly explained by the signature of a number of multi-year contracts and the expansion of our client portfolio within the telecoms division, securing much of our expected volume of work over the next few years. The increasing digitalisation of society and the growing need for connectivity are a source of impetus for our activities in this market.
Our offshore energy results are satisfactory. This business stream is now benefiting from past investments and the knowledge we have amassed, and the quality of our work has greatly improved as a result.

In the Netherlands and Belgium, the market for distribution networks and pipelines (onshore) is still struggling with government cutbacks and low market volumes due to a downturn in new construction projects. Despite these tough market conditions, we saw a recovery in our result in this sector, recording another positive result. This was achieved by improving our processes and exercising restraint in accepting EPC projects.

Highlights in 2013:
We have started a number of new offshore wind projects off the coast of the United Kingdom and Germany, for which we are laying and installing the energy infrastructure. We have undertaken the complex reconstruction of the underground telecom infrastructure in the heart of Rotterdam. As well as relocating many metres of cable, we also laid new cables. Another project that we are particularly proud of is the Last Mile, which involves connecting 279 high-voltage substations to 21 fibre optic rings in the Netherlands. The result is a new reliable fibre optic network.

International home markets

(in millions of euros)	2013	2012
Operating revenue	1,131	1,191
Order book	2,099	1,731
Operational EBITDA	65	62
Operational EBITDA margin	5.7%	5.2%
Average number of employees	3,091	3,007

VolkerWessels UK

Results and revenue in the UK are developing in line with expectations. In challenging market conditions, VolkerWessels UK has demonstrated a stable performance, with our market share and order book showing healthy growth. A diverse spread of activities and the size of the projects have improved the quality of our order book. Despite price pressure in the market, we maintained our margin at an acceptable level.

During 2013 VolkerWessels UK was awarded a number of long-term framework contracts and innovative alliance contracts. These provide a regular volume of rail infrastructure, highways maintenance and environmental projects. The UK government is prioritising infrastructure investment as a means of stimulating the economy, with a particular emphasis on transport and energy infrastructure. We now have increasingly strong positions in these markets.

Highlights in 2013:
VolkerWessels UK has commenced an eight-year contract to maintain and enhance the highways in Central London. Gatwick airport's runway resurfacing was completed and work has started to reroute the A45 to create space for the runway extension in Birmingham. There are numerous rail infrastructure projects underway, including the delivery of Thameslink depots, rail systems renewals and railway infrastructure enhancements. Lastly, the award of frameworks for the Environment Agency and National Grid enhance the growing order book which means the company can look forward to strong growth in the future.

VolkerWessels Canada/United States
Our companies in Canada and the United States, which operate primarily in infrastructure and area development, are performing satisfactorily. In Canada, after a difficult start due to weather conditions, we again recorded a solid result and the outlook remains favourable. The tendency for the Canadian government to outsource management and maintenance to the market continues. Multi-year maintenance contracts will secure volume and continuity in our order book over the next few years. In the United States, a marginal recovery in the housing market continued.

Highlights in 2013:
For VolkerStevin Canada, 2013 was dominated by severe flooding around Calgary. Help was given to the province of Alberta during the worst flooding in its history. In the wake of the floods, a huge amount of work was required to repair all the damage to the infrastructure, such as roads and bridges, and there is still a large amount to be completed. The Calgary Highways maintenance contract was renewed for a further 2 years, until mid-2016.

Financial

EBITDA margin
At 31 December 2013, the operational EBITDA margin (€ 227) rose to 5.0% compared with 2.8% for 2012. Operational EBITDA was impacted by restructuring costs and closure costs in some divisions which totalled € 36 million (2012: € 24 million). A positive result was achieved through the sale of investments in associates for € 27 million (2012: zero).

Impairments to land and real estate holdings were €11 million in 2013 (2012: €196 million).

Solvency
Solvency is 25% before profit distribution, which is a significant improvement compared with 2012 (20%). The positive net result for 2013 of € 117 million, and the reduction in total assets, contributed to the strong improvement in our solvency at the end of 2013.

Financing/net debt
We focus unerringly on structurally reducing working capital and net debt. In the last few years we have substantially reduced our debt, leaving VolkerWessels net debt-free at year-end 2013. Consequently, our financial position is solid and the covenant criteria for our banking facilities were satisfied comfortably as at 31 December 2013.

Note for the editors (not for publication):

For more information, please contact:

Gjalt Rameijer, VolkerWessels Press Officer.
T: +31 (088) 1866176 or M: 06–50225175.
E: grameijer@volkerwessels.com

About VolkerWessels
VolkerWessels is a Dutch construction group with a decentralised organisation structure and more than one hundred different operating companies. We operate in three geographical areas (The Netherlands, the UK and Canada/United States) in three market sectors: Building & Property Development, Infrastructure, and Energy & Telecoms. With approximately 14,500 employees, VolkerWessels constructs for living, working, mobility, energy and telecom. We develop, design, construct, finance, manage and operate for our stakeholders: our customers, employees, shareholders, suppliers and society at large. VolkerWessels is a company that exploits opportunities and introduces sustainable innovations.

www.volkerwessels.com