

# Annual report 2013



### **Cyclical relocation of Liander in Duiven**

The Liander office is a completely new working environment based on five redeveloped buildings. The complex has solar panels and uses groundwater for heat and cold storage. All of these measures combine to completely supply the building's energy requirements. In addition, waste is used as a raw material and material remaining on the terrain is repurposed. The new materials used are all recyclable. In co-creation sessions, employees helped to work on the design. Later, once they move to the new building, they will set to work according to the 'New World of Work' principles.

Companies involved: VolkerWessels Vastgoed, Boele & van Eesteren

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## Profile, activities and markets

With approximately 14,500 employees in more than 100 operating companies, VolkerWessels builds for living, working, mobility, energy and telecom sectors. We undertake development, design, construction, financing, management and operation for all our stakeholders: our clients, employees, shareholders, suppliers and society in the broadest sense.

We operate in three market sectors: Construction & Property Development, Infrastructure, and Energy & Telecoms, and we aim to achieve solid returns in each of these sectors. We achieve this by adopting an entrepreneurial approach to new opportunities, by introducing sustainable innovation and by giving talented employees plenty of scope to develop. VolkerWessels' ambition is to create value for all its stakeholders by operating in a sustainable, safe and sound manner.

### VolkerWessels operates in three sectors and focuses on three countries

Sectors	The Netherlands*	United Kingdom	Canada/USA
<b>CONSTRUCTION &amp; PROPERTY DEVELOPMENT</b> 	<ul style="list-style-type: none"> <li>– Property development</li> <li>– Industrial construction</li> <li>– Commercial property construction</li> <li>– Residential construction</li> <li>– Installation engineering</li> </ul>	<ul style="list-style-type: none"> <li>– Industrial construction</li> <li>– Commercial property construction</li> </ul>	<ul style="list-style-type: none"> <li>– Regional development</li> </ul>
<b>INFRASTRUCTURE</b> 	<ul style="list-style-type: none"> <li>– Civil engineering</li> <li>– Road construction</li> <li>– Railway construction</li> <li>– Traffic and rail technology</li> <li>– Traffic and parking management</li> </ul>	<ul style="list-style-type: none"> <li>– Civil engineering</li> <li>– Road construction</li> <li>– Railway construction</li> <li>– Other public infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>– Civil engineering</li> <li>– Road construction</li> </ul>
<b>ENERGY &amp; TELECOMS</b> 	<ul style="list-style-type: none"> <li>– Energy networks</li> <li>– Telecoms connections (onshore &amp; offshore)</li> <li>– Maritime services</li> </ul>		
<div>WORLDWIDE</div> 			

\* In this report, the Netherlands should be understood to mean the Netherlands and Belgium.

For a list of individual companies by sector, please see the list of Group companies starting on page 60.

# Foreword

The company's results significantly improved in 2013. Whilst operating revenue fell by 8% to € 4.5 billion, operating profit (operational EBITDA) grew by € 89 million to € 227 million. The net result for 2013 amounts to € 117 million. The order book grew by € 0.6 billion, to € 6.1 billion at 31 December 2013. The quality of our order book is also improving, with multi-year contracts, mainly in asset management and maintenance, creating a stable foundation for the longer term. Our liquidity position is also moving in a positive direction, and VolkerWessels is debt-free at the end of 2013.

We are pleased with these solid results because all sectors contributed to the profit recovery and we recorded positive net profits in all sectors. Despite shrinking volumes, overcapacity and price pressure, our focus on margin rather than volume as well as risk management was instrumental in the healthy development of our results. Our strategy, which focuses on expanding the value chain and the spread of our activities and regions, yielded a solid result.

As a sector which typically follows a later economic cycle, we do not benefit immediately from the tentative economic recovery and the recovery in our profits was therefore achieved despite the fact that market conditions remain particularly challenging in many of our sectors. Our construction and property development companies' results are still under pressure from shrinking volumes, difficulty in obtaining financing and decisions to delay projects. The infrastructure market in the Netherlands is also contending with overcapacity, pressure on margins and government spending cuts. Whilst there are question marks over government investment in national projects, the majority of provinces and local authorities are curbing investment in infrastructure.

Challenging market conditions call for clever and innovative concepts and solutions, combined, of course, with an entrepreneurial approach. These are the hallmarks of a family business. Since Reggeborgh acquired the remaining shares held by 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.

## VolkerWessels Board of Management

D. Boers

H.J. van der Kamp

J.G. van Rooijen

A. Vos

# VolkerWessels at a glance

## Important developments in 2013

Our **operating profit (EBITDA)** for 2013 before other impairments is **€ 227 million**, an improvement of € 89 million compared with € 138 million for 2012.

The **net result for 2013** amounted to a profit of **€ 117 million** compared with a loss of € 123 million in 2012, which was due in part to a write-down of land and real estate holdings of € 196 million in the prior year. Our focus on return rather than revenue was instrumental in the improvement in our results in 2013.

**Operating revenue** decreased by approximately 8% in 2013 to **€ 4.5 billion** (2012: € 4.9 billion). The decline is apparent in all sectors in which VolkerWessels operates, the only exception being Infrastructure in The Netherlands

In 2013 we reduced our **net debt** by a further **€ 48 million**, leaving VolkerWessels free from bank debt at the end of 2013.

Investment in **property, plant and equipment** rose to **€ 71.7 million** (2012: € 66.5 million).

Our **solvency** at the end of 2013 was **25%** (20% at the end of 2012).

Our **order book** at the end of 2013 stood at **€ 6.1 billion**, which is an increase of approximately € 0.6 billion compared with the end of 2012. Expectations are that € 2.8 billion (46%) of the order book will be executed in 2014, € 1.3 billion in 2015, and € 2.0 billion in 2016 and beyond. We only include contracts that have been signed as at 31 December in our order book.

# Five-year summary

(Amounts based on consolidated financial statements in millions of euros, unless stated otherwise)

	2013	2012	2011	2010	2009
<b>Income statement</b>					
Operating revenue	4,505	4,892	4,713	4,185	4,419
Operational EBITDA	227	138	192	193	198
Other impairments	(11)	(196)	(12)	–	–
Depreciation and impairment of property, plant and equipment	(61)	(61)	(59)	(76)	(71)
Operating result before amortisation (EBITA)	155	(119)	121	117	127
Amortisation and impairment of intangible assets	(9)	(9)	(10)	(8)	(10)
Operating result after amortisation (EBIT)	146	(128)	110	109	117
Financial income and expenses	2	(12)	5	(1)	4
Result of ordinary operations before tax	148	(140)	116	108	121
Taxation	(27)	30	(14)	(19)	(30)
Result for the financial year	121	(110)	102	89	91
Result from discontinued operations (after income tax)	(4)	(13)	(20)	(2)	0
Result for the financial year	117	(123)	81	88	91
Attributable to:					
Shareholders of the parent company	117	(121)	81	87	91
Minority interests	–	(2)	–	1	–
<b>Result for the financial year</b>	<b>117</b>	<b>(123)</b>	<b>81</b>	<b>88</b>	<b>91</b>
<b>Statement of financial position</b>					
Property, plant and equipment	300	310	327	334	457
Intangible assets	86	93	99	91	80
Financial fixed assets	627	659	631	609	577
Total fixed assets	1,013	1,062	1,057	1,034	1,114
Land	236	233	262	236	245
Real estate held for sale/inventories/work in progress/receivables	1,470	1,641	1,671	1,523	1,494
Cash	208	384	589	636	310
<b>Total assets</b>	<b>2,927</b>	<b>3,320</b>	<b>3,579</b>	<b>3,429</b>	<b>3,163</b>
Share capital	84	84	84	84	84
Reserves	525	658	771	771	756
Retained earnings	117	(121)	81	87	91
Equity attributable to shareholders	726	621	936	942	931
Minority interests	–	1	3	5	4
Total equity	726	622	939	947	935
Loans and other financing obligations	116	322	48	323	367
Derivatives	12	20	23	28	31
Provisions	175	159	101	115	94
Other current liabilities	1,898	2,197	2,468	2,016	1,736
<b>Total liabilities</b>	<b>2,927</b>	<b>3,320</b>	<b>3,579</b>	<b>3,429</b>	<b>3,163</b>
<b>Ratios</b>					
Current ratio	1.01	1.03	1.02	1.19	1.24
Solvency	25%	20%	26%	27%	29%
Operational EBITDA as % operating revenue	5.0%	2.8%	4.1%	4.6%	4.6%
Profitability	17.4%	3.7%	8.6%	9.3%	10.0%
<b>Other information</b>					
Normalised EBITDA	225	210	230	249	239
Order book	6,084	5,462	5,484	5,128	4,499
Average number of employees	14,933	15,308	15,996	16,551	16,599

# Key figures

(Amounts in millions of euros)

	2013	2012
<b>Consolidated figures</b>		
Operating revenue	4,505	4,892
Order book	6,084	5,462
Operational EBITDA	227	138
Normalised EBITDA	225	210
Net profit from continuing operations after tax	121	(110)
Result from discontinued operations after tax	(4)	(13)
Total net profit after tax	117	(123)
Minority interests	–	2
Net result	117	(121)
Tax on continuing operations	27	(30)
Tax charge on continuing operations	18.6%	21.3%
Operating working capital	604	583
Net debt /(cash)	(28)	20
Depreciation and impairment of property, plant and equipment	61	61
Amortisation and impairment of intangible assets	9	9
Investment in property, plant and equipment	72	66
Investment in intangible assets	2	2
Total equity	726	622
Average number of employees	14,933	15,308

\* Normalised EBITDA is EBITDA normalised for one-off items in accordance with the definitions in bank covenants.

The financial information on pages 53 to 59 is taken from the audited 2013 financial statements of Royal Volker Wessels Stevin NV ('financial statements'). An unqualified auditor's report has been issued for those financial statements. The financial summaries should be read in conjunction with the financial statements from which they are derived, as well as the related unqualified auditor's report.

The full annual report (including the financial statements) can be requested at [en.volkerwessels.com/en/financial/annual-report-2013](http://en.volkerwessels.com/en/financial/annual-report-2013)

For definitions of the key figures detailed above, please see the Definitions on page 63.



**Operating revenue**

(in millions of euros)

	2013			2012*		
	Total	The Netherlands	International markets	Total	The Netherlands	International markets
Construction & Property Development	1,443	1,295	148	1,598	1,431	167
Infrastructure	2,251	1,268	983	2,264	1,240	1,024
Energy & Telecoms	925	925	–	1,121	1,121	–
Other/intercompany elimination	(114)	(114)	–	(91)	(91)	–
<b>Total</b>	<b>4,505</b>	<b>3,374</b>	<b>1,131</b>	<b>4,892</b>	<b>3,701</b>	<b>1,191</b>

**Order book**

(in millions of euros)

	2013			2012*		
	Total	The Netherlands	International markets	Total	The Netherlands	International markets
Construction & Property Development	2,026	1,801	225	2,252	2,072	180
Infrastructure	2,990	1,116	1,874	2,565	1,014	1,551
Energy & Telecoms	1,131	1,131	–	644	644	–
Other/intercompany elimination	(63)	(63)	–	1	1	–
<b>Total</b>	<b>6,084</b>	<b>3,985</b>	<b>2,099</b>	<b>5,462</b>	<b>3,731</b>	<b>1,731</b>

**Operational EBITDA**

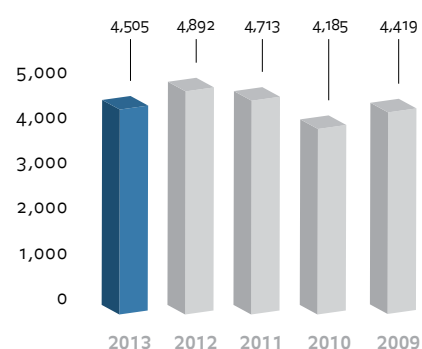
(in millions of euros)

	2013			2012*		
	Total	The Netherlands	International markets	Total	The Netherlands	International markets
Construction & Property Development	35	29	6	–	1	(1)
Infrastructure	122	63	59	123	60	63
Energy & Telecoms	86	86	–	15	15	–
Other/intercompany elimination	(16)	(16)	–	–	–	–
<b>Total</b>	<b>227</b>	<b>162</b>	<b>65</b>	<b>138</b>	<b>76</b>	<b>62</b>

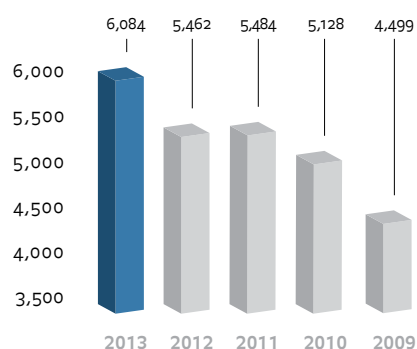
\* Adjusted for the purposes of comparison.

**Operating revenue**

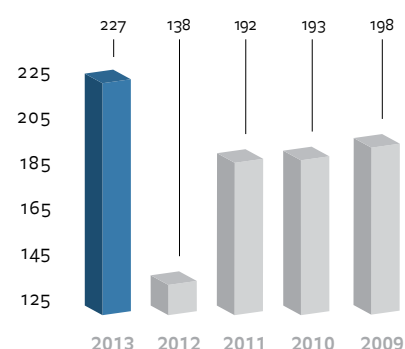
(in millions of euros)

**Order book**

(in millions of euros)

**Operational EBITDA**

(in millions of euros)







To enable more trains to run between Schiphol, Amsterdam, Almere and Lelystad in 2017, the number of tracks on some of the Netherlands' busiest and most important routes is being doubled from two to four. As part of the Combinatie Nieuwe Meersporen consortium, VolkerWessels companies Van Hattum en Blankevoort and VolkerRail are delivering the western section of the comprehensive OV SAAL project.

## Shareholder information

### Important dates

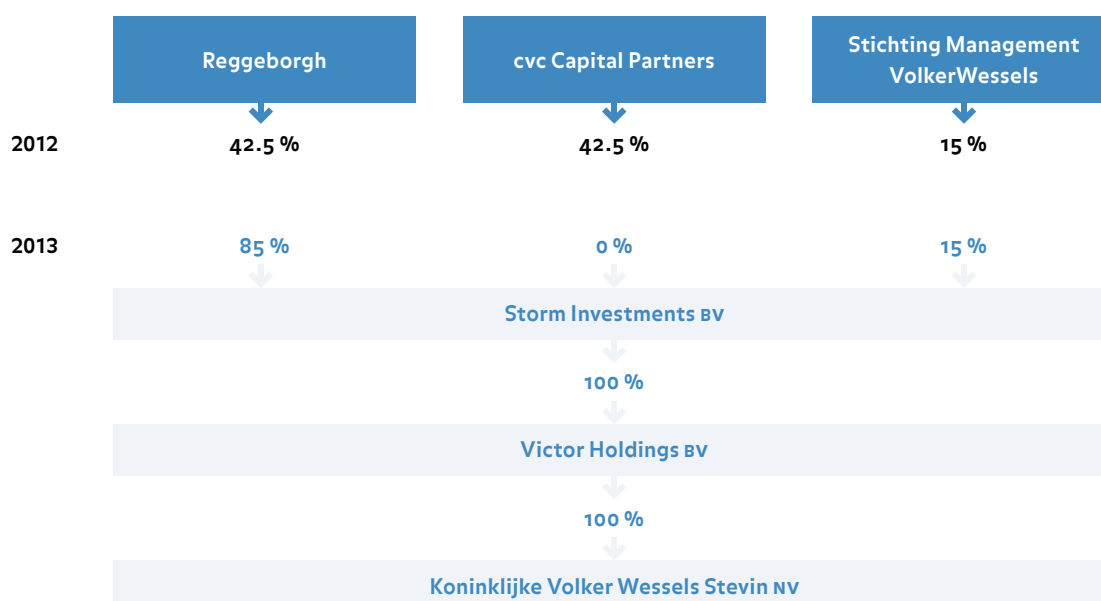
13 March 2014	Publication of 2013 annual results
27 May 2014	General Meeting of Shareholders
11 September 2014	Publication of interim results for 2014

### Shareholders

The entire share capital is held by Victor Holdings BV (directly) and Storm Investments BV (indirectly).

At the end of 2013, VolkerWessels' shareholders are (indirectly) Reggeborgh (85%) and the Stichting Management VolkerWessels (15%). In 2013, cvc Capital Partners transferred its shares to Reggeborgh, after obtaining the approval of the European Commission. In addition, in December 2013 the management participation plan was terminated and the management returned the depositary receipts to Stichting Management. A new management participation plan will be launched during 2014.

## Holding structure





## Composition of the Supervisory Board

The composition as at 31 December 2013 is as follows:

**H. (Henry) M. Holterman (1955)**

Chairman of the Supervisory Board since 2012

Reappointed in 2012, member since 2010

Retiring: by rotation in 2016

Other position: member of the Board of Management of Reggeborgh Group.

**Mr R. (Rolly) L.J. van Rappard (1960)**

Reappointed in 2011, member since 2007

Retiring: by rotation in 2015

Other positions: Managing Director of cvc Capital Partners Group SA.

**D. (Dik) Wessels (1946)**

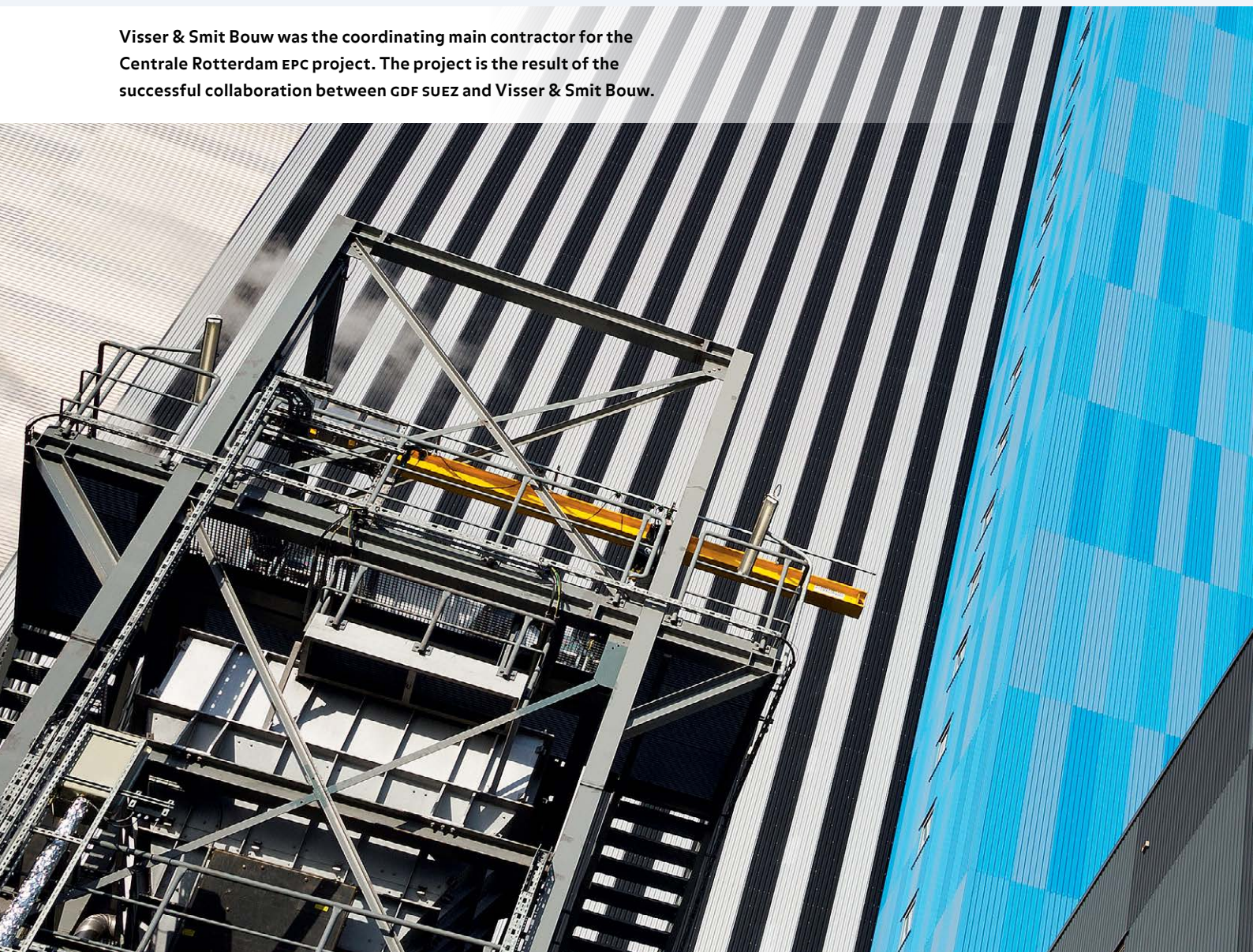
Reappointed in 2011, member since 2007

Retiring: by rotation in 2015

Previously: member of the Board of Management of VolkerWessels

Other positions: member of the Board of Management of Reggeborgh Group and various supervisory directorships and other management positions.

**Visser & Smit Bouw was the coordinating main contractor for the Centrale Rotterdam EPC project. The project is the result of the successful collaboration between GDF SUEZ and Visser & Smit Bouw.**





## Composition of the Board of Management

### **D. (Dick) Boers** (1966)

Position: member of the Board of Management

Appointed from: 1 July 2006

Employed by VolkerWessels: since 1989

Mr Boers is responsible for the Construction and Property Development sector in the Netherlands.

### **H. J. (Henri) van der Kamp** (1960)

Position: member of the Board of Management

Appointed from: 6 February 2012

Employed by VolkerWessels: since 2007

Mr Van der Kamp is responsible for the Infrastructure sector in the Netherlands and for the Energy Onshore activities.

### **J. G. (Jan) van Rooijen** (1970)

Position: CFO, member of the Board of Management

Appointed and active in the role from: 1 January 2013

Mr Van Rooijen is responsible for VolkerWessels' central Group departments in Amersfoort and has functional responsibility for the financial officers at the operating companies.

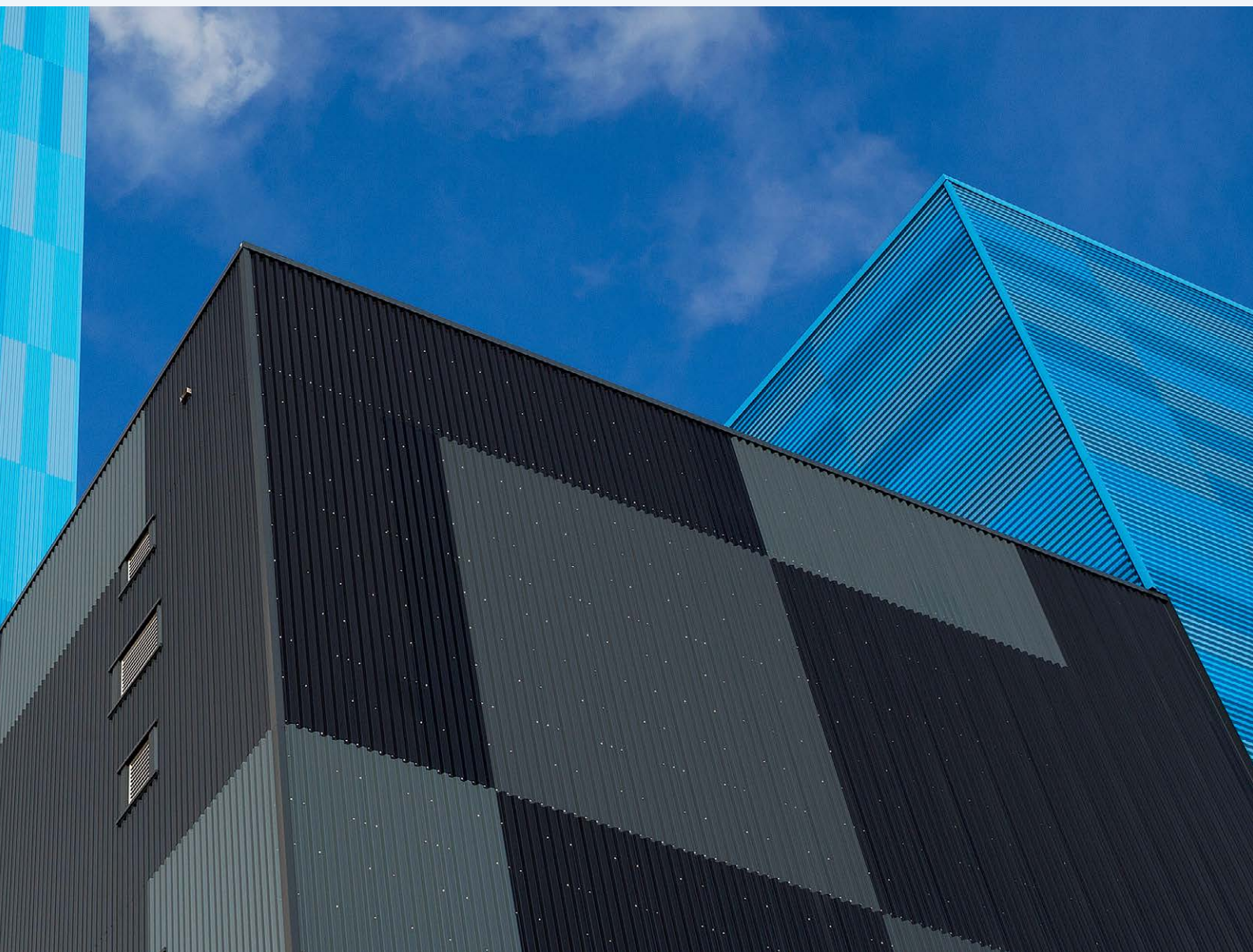
### **A. (Alfred) Vos** (1969)

Position: member of the Board of Management

Appointed from: 1 January 2009

Employed by VolkerWessels: since 2009

Mr Vos is responsible for the Telecoms and Energy Offshore activities and the activities of VolkerWessels' international markets.



# Strategic objectives and results

## General

2013 was a year of profit recovery following a disappointing 2012. Despite the reduced volume of work and poor weather conditions in the first four months of 2013, we substantially improved our results as compared to 2012.

We attribute this solid result to the diversification and expansion of our activities, our companies' collaborative involvement in major projects, and the good geographical spread of our markets. International markets and the Energy & Telecoms sectors now account for almost half of VolkerWessels' revenue and approximately two thirds of the result.

Some of the sectors in which VolkerWessels operates are affected by overcapacity and price pressure. Residential and office building markets are still contending with decreasing construction volumes and the problem of unoccupied premises. In the Infrastructure sector, volumes and prices are being squeezed by government cutbacks and overcapacity. This is also affecting VolkerWessels and forcing us to make changes to our organisation in the Netherlands. Restructuring measures are still necessary in order for the company to remain competitive and healthy.

Although volumes were lower in the energy and telecoms sectors in 2013, the results were greatly improved by a more selective approach to accepting projects and improved process control and project delivery.

Our performance in the UK is stable despite difficult market conditions and we once again achieved good results in Canada.

Our operating profit margin (EBITDA), corrected for other impairments, stands at € 227 million (5.0%). Our operating profit margin for 2012 was € 138 million (2.8%). Net profit for 2013 is € 117 million.

As a result of the difficult market conditions, lower volumes of work and a more selective approach to accepting projects, VolkerWessels' total revenue fell by 8%. This reduction in revenue was seen in all sectors except Infrastructure in the Netherlands and Canada, where revenue remained stable. Despite this fall in revenue, our results improved. Our focus on return rather than revenue and on risk management was instrumental in the improvement in our results in 2013.

We are pleased with our healthy order book. The order book grew in 2013 with some significant new orders, including a number of multi-year contracts. This is good news for our long-term continuity. Our order book stands at c. € 6.1 billion at the end of 2013, which is an increase of c. € 0.6 billion compared with the order book at the end of 2012. Expectations are that € 2.8 billion (46%) of the order book will be executed in 2014, € 1.3 billion in 2015, and € 2.0 billion in 2016 and beyond. We take a cautious approach to determine our order book, by only including signed contracts. In 2013 our order book grew substantially with the addition of a number of attractive contracts, including the DBFM contract for the Schiphol-Amsterdam-Almere road expansion and the renewal for five years of a framework agreement in the telecoms sector.



Taking into consideration the ongoing challenging market conditions in some sectors, our expectations for 2014 are cautiously positive. We take a more positive stance for our international markets. Although there are signs that the economy is picking up somewhat, that recovery is very fragile, particularly in the Netherlands. Our growth lags behind other European countries. VolkerWessels is continuing to focus on return rather than volume and it is vital that we maintain our unique reputation for quality, sustainability, innovation and our solid financial position.

For information on developments in individual sectors and countries, please see the sector reports.

## VolkerWessels' strategy

We strive to achieve good returns in our market sectors and geographical markets. The three pillars of our strategy are Operational Excellence, expanding the value chain and market leadership. We hope to achieve this by providing our clients with optimal services and products, relying on the best people and making sustainability, integrity and safety top priorities in our operations.

Our clients' wishes and requirements are our primary concern when it comes to making strategic choices and implementing them in our daily business. We aim to know our customers, to understand how our clients and their markets are developing in the long term and what our customers think of the services provided by VolkerWessels. These insights yield important information about how we can become or remain a long term preferred partner. We work closely on all aspects of our strategy with our clients who number amongst them national government bodies, local authorities and the private sector, including private individuals, in the Netherlands and our international markets.

## VolkerWessels' 2013 results

### EBITDA margin

Despite a decrease in revenue of approximately 8%, we substantially improved our results this year. In light of the ongoing challenges in the Dutch market with lower volumes, overcapacity and price pressure, this is a great achievement. In the Construction & Property Development and Infrastructure markets in particular, our margins are under pressure and it is taking longer than originally expected to increase our profits.

Our EBITDA margin was impacted again this year by € 36 million of restructuring and closure costs in various sectors.

At the end of 2013, the operational EBITDA margin before impairments (€ 227 million in absolute terms) rose to 5.0% as compared to 2.8% for 2012. It remains our objective to further improve our profitability over the next few years, having due regard for the difficult market conditions. We continue to rely on our Operational Excellence programmes to limit failure costs. In addition, we are making changes to our organisation where necessary to reflect the contraction of some market segments. We are continuing to focus on further growth in activities with a healthy ratio of margin to risk, such as the energy and telecoms market and the Canadian market. Furthermore, the growing number of long-term infrastructure management and maintenance contracts in our order book will have a positive impact on the EBITDA margin.

### Net return on equity

The net return on equity amounts to 17.4% in 2013. In 2012 it was 3.7% (after adjusting for the impairment of land and real estate holdings).

### Solvency

Solvency is 25% before profit distribution (2012: 20%).

This is a marked improvement compared with 2012, when an impairment of € 153 million net was made to land and real estate holdings and a dividend payment of € 200 million was made to Victor Holdings.

Our target is to maintain our solvency at a level of at least 20% of balance sheet total. Given the expected results over the next few years, we believe this target is achievable.

### EBITDA contribution from international markets

Increasing our EBITDA contribution from international markets helps spread risk over different geographical regions.

Moreover, investment in regions with inherent growth markets enables our margins to develop positively. As a result of the positive trend in profitability in Canada and the stable results in the UK, the EBITDA contribution from our international markets now accounts for 29% of the total, which is well above our 20-25% target. Although we note that the progress of EBITDA in the Netherlands currently falls short of our objectives.

### Net debt reduction

We focus unerringly on the structural reduction of working capital and net debt and we commit our cash as efficiently and as effectively as possible. We free up money to make beneficial investments, and our investments have risen as a result from



€ 66.5 to € 71.7 million. At the same time, we ensure that there is always sufficient liquidity present to meet our payment obligations and satisfy bank covenants.

We have raised external finance in order to meet our working capital requirements. Over the last four years, our focus on cash flow and working capital management has enabled us to significantly reduce our net debt; achieving a net debt reduction of more than € 600 million, of which € 78 million was achieved in 2013. This makes us financially stronger. It remains our objective to continue improving our liquidity position over the next few years.

In 2013, net debt at VolkerWessels decreased by € 48 million, creating a net positive cash balance of € 28 million. In addition, the holding company repaid € 25 million of the external financing facility, which was made available by VolkerWessels on its current account. Consolidated net debt decreased by € 78 million in 2013 (2012: € 60 million).

The covenants in respect of our bank overdraft facilities were comfortably met as at 31 December 2013.

### Operational Excellence

Operational Excellence is about working better, smarter, faster and/or more efficiently for our customer and encompasses two aspects: quality and efficiency.

We maintain a high level of quality by focussing on project management and whilst we have made good progress, the quality of our project management remains a top priority for all divisions. We also continue to devote significant effort to reducing the cost of failure. The Building Smarter Together programme (Samen Slimmer Bouwen), which is based on LEAN philosophy, is an important aspect of this. This enables ideas for specific and tangible improvements that have been put forward throughout the organisation to be translated into results. Operating companies thereby grow by becoming ever more professional in their approach and automating projects and work processes.

Indeed, innovation remains a defining trait across our entire organisation. In Construction & Property Development, our concepts for energy-efficient homes offer long-term prospects. This is how we anticipate the growing demand for sustainable new builds and repurposing. Also in 2013 we made significant progress towards our aim of using industrial methods for serial housing construction. In the telecom sector, we are focusing on using technology to prevent failure costs.

VolkerWessels UK was awarded a number of innovative alliance contracts in 2013.

We are intensifying the internal and external collaboration, which include sharing knowledge through various platforms, meetings and networks on a wide range of subjects. Collaboration within VolkerInfra continues to be the object of continued investment and is progressing well.

Further efficiency gains are being achieved by focusing on costs (which may or may not necessitate job cuts), professionalising the procurement organisation, optimising working capital and reducing net debt. This is very much an ongoing process which will never be 'complete'.

### Expanding our position in the value chain

We are expanding our current position in the value chain by adding activities in the sphere of service provision, financing, management and maintenance, and operations. At the front end of the value chain we aim to secure strategic raw materials. At the end of the chain we are building a stronger position in service provision, management, maintenance and operations.

This strategy will enable us to provide integrated products for the customer, spread risk through diversification, achieve long-term stability and initiate an upward trend in our margin. Some examples are DBFMO contracts, maintenance contracts for bridges and sluices and parking management.

In 2013 our service and maintenance revenue totalled in excess of € 0.5 billion (2012: € 0.5 billion), which is approximately 11% of our total revenue (2012: 10%). The margins achieved on these service and maintenance contracts are less susceptible to risk factors than our other contracts. The service and maintenance order book grew last year to € 1.4 billion (end of 2012: € 1.1 billion), an increase of more than 27%. This growth is mainly due to the renewal of a longstanding maintenance contract in Canada, the expansion of multi-year maintenance contracts in Infrastructure in the Netherlands (including, for example, the maintenance of the Betuwelijn freight railway) and the renewal of a framework agreement for services in the telecoms sector.

### Market leadership

We strive to attain leading positions in our sectors in the Netherlands and in our international markets. With the exception of the energy market, we have already achieved leadership within all our sectors in the Netherlands. Rather than pursuing further growth to market leadership as a goal in itself,



we are focusing specifically on increasing margins and maintaining market share.

Our revenue within Construction and Property Development in the Netherlands came to € 1.3 billion in 2013, which is a decrease of 10% compared to 2012 which in turn mirrors the market decline. Our construction companies delivered 3,119 new homes in 2013 (2012: 3,822 homes).

All of VolkerWessels infrastructure companies are market leaders in terms of their technical ability, capacity and results. We deliver integrated projects in civil engineering, road construction and traffic management and rail engineering. We bring together these capabilities to deliver integrated infrastructure solutions under the collaborative banner of VolkerInfra. VolkerWessels has further consolidated its position on the major infrastructure projects market with contract awards such as the Ag Badhoevedorp diversion at the start of 2013, the renovation of the Galecopper bridge and at the end of 2013, the start of the DBFM contract for the A1-A6 Schiphol-Amsterdam-Almere road expansion. By further strengthening VolkerInfra, we are responding to an ongoing market move away from traditional schemes, towards complex, integrated infrastructure projects.

VolkerWessels Telecoms has a substantial market share and occupies a leading position in the construction of fixed and mobile networks in the telecoms infrastructure sector. The renewal of a five-year framework agreement will ensure a substantial volume of work over the next few years.

In the UK, VolkerWessels is ranked somewhere between 20 and 30 for overall construction but is in the top 10 for civil engineering and the expansion of its activities, particularly in the rail and energy market, opens up opportunities for further growth.

In Canada, we enjoy a strong position in the infrastructure market in Alberta and there are also opportunities to further develop from the trend for the Canadian government to outsource more of their maintenance and management tasks to private parties, one example being the thirty-year maintenance contract for a section of the Edmonton ring road which was awarded in 2012.

In the United States, VolkerWessels has a number of land holdings and an infrastructure/civil engineering company. We are not actively seeking growth at the present time, due to challenging market conditions.

### The best people

Our people are the foundation on which our business and our strategy reside. The quality of our employees lies at the very heart of our success. They are the ones who make a difference and so we strive to recruit, train and retain the best people. VolkerWessels has many diverse operating companies and we believe that this decentralised model stimulates entrepreneurship, because managers and employees feel a sense of responsibility for their own organisation. This stimulates innovation both general and technological enabling fresh approaches to the market and society.

Operating from within a defined group legal and financial framework, we give our local management the scope to take the initiative and we also offer excellent development opportunities. Some examples of specific initiatives are our management development programme and extensive career opportunities across the Netherlands and our international markets.

Through our activities, we make a positive contribution to our employees, the market, the environment and society at large. This in turn means that our professionals need to possess not only specialist knowledge, but also entrepreneurship, a broad view of society and the ability to work with all our partners in the supply chain.

Attracting the best people means that we are able to make a difference, particularly in fast-changing markets. The better equipped we are to understand our clients' requirements, the better we can perform in the market. This calls for a different mindset to that of a conventional builder, because it is becoming increasingly important to display superior knowledge. We must therefore understand how to inspire and retain talent in our organisation.

Career planning ranks high on our agenda, reflecting our firm belief that good (local) management is a key success factor in the market. We have drawn up a leadership profile to that end, in which one of the key factors is a well-developed sense of entrepreneurship. With regard to developing their leadership, we also expect our current and future managers to have a firm grasp of our Building Smarter Together approach, whereby we strive for continuous process improvement, fed by ideas put forward by people from across the organisation.

### Reorganisation

The challenging market conditions affecting parts of our company once again compelled us to restructure a number of areas of our organisation in 2013, and compulsory redundancies were unavoidable.

We had a redundancy scheme for 2013 and are aiming to renew this in 2014. We are partially supplementing the unemployment benefit received by redundant employees and have created a professional structure to support those impacted to find new work. The scheme has been designed such that there is a financial incentive for both employer and employee to successfully complete the outplacement process.

### Central Works Council

Talks with the Central Works Council (COR) and the European Works Council (EOR) again proved constructive in 2013.

Besides the usual subjects, the topics discussed in 2013 included our safety policy, the continuation of our redundancy scheme after 2013, the mobility centre, the collective labour agreement (CAO) for the construction industry, the change in emphasis of the Group head office, changes to the management of the operating companies, the remuneration policy and changes in the shareholdings of Reggeborgh and cvc Capital Partners.

### European Works Council

In addition to the topics on the standing agenda, discussions with the EOR covered VolkerWessels' safety and sustainability policy and the international employee participation structure.

### Average number of employees

	2013	2012
Construction & Property Development	3,355	3,756
Infrastructure	4,952	5,087
Energy & Telecoms	3,336	3,254
International Markets	3,091	3,007
Other	199	204
<b>Total</b>	<b>14,933</b>	<b>15,308</b>

The average number of employees is expected to decline further in 2014, due in part to the deconsolidation of VSMC.

### Health Management

In 2013 we continued our efforts to reduce long-term sickness absence and thereby reducing the number of employees in the work resumption scheme for people only partially able to work (WGA). This health management approach entails more intensive support for employees on sick leave, including long-term sick leave, focusing on what the employee concerned is capable of doing rather than on his or her limitations. The general rate of sickness absence has risen to 5.6% (2012: 5.2%).

## Strategic foundations

Integrity, safety and sustainability: VolkerWessels considers these strategic foundations to be vital to healthy entrepreneurship and they are therefore integral to our Group policy. Extensive information about our performance and development in respect of these topics can be found in our 2013 sustainability report.

### Safety

Safety is a top priority at VolkerWessels. VolkerWessels believes it is absolutely essential that there should be no let-up in our efforts to raise safety awareness among our colleagues and to encourage safe behaviour.

In 2013 we introduced our WAVE awareness campaign (Wees Alert! Veiligheid Eerst!, which translates as Be Alert! Safety First!). The safety guidelines and values set out in this programme are based on insights and practical experience in the workplace and form the pillars of our corporate safety policy. That policy is manifested through our safety platform and is also expressed in the reports provided by our companies. Safety is a compulsory chapter in the reports and forward planning of our operating companies and to emphasize this, all, our directors attend safety training as well as the staff.

Because VolkerWessels is so diverse, our disciplines often have very different safety risks, which makes it difficult to adopt a completely standardised safety policy. In keeping with our decentralised philosophy, operating companies therefore are given the scope to develop their own initiatives, within the framework of the corporate safety policy. A safety risk self-scan, a safety app, a safety day, workshops and information films are some of the ways in which our various companies seek to improve safety awareness and, most importantly of course, safety at the workplace.

In practice, we are seeing a marked shift away from attention to personal safety, such as wearing the right protection equipment, towards a much broader approach to safety, encompassing construction sites, the environment, the equipment and materials used and constructive safety. VolkerWessels wholeheartedly embraces this holistic approach, because the overriding premise is crystal clear: 'We work safely or we don't work at all'.

#### Our safety rules

Use the required PPE (Personal Protection Equipment)
Ensure safe area markers in the workplace
Use the right (certified) work tools and resources
Make sure the site is orderly
Perform a last minute risk analysis (LMRA)
Do not work or drive when under the influence of alcohol and/or drugs
Do not smoke except in designated smoking areas

#### Our values

Consistency	Safety is part of everything we do
Responsibility	I am responsible for my own safety and other people's safety
Willingness to learn	I want to learn from accidents and near-misses
Open	I address others about unsafe behaviour and safety
Action	I stop unsafe work
Respect	I accept being addressed about safety
Honest	I report all accidents and near-misses

#### Integrity

Integrity is our 'licence to operate' and a cornerstone of healthy entrepreneurship. We continued to roll out our integrity programme in 2013, and the subject was discussed at numerous workshops which looked at dilemmas and real-life situations. It is still important that we minimise the risks of fraud, monitor our reputation and take responsibility for making a positive contribution to our stakeholders. The topic of integrity is a fixed item on the agenda for our management discussions.

In 2013 there were a total of 50 reports made centrally and to our confidential advisors at our operating companies (compared with 30 in 2012). In 10 instances, the reports resulted in the termination of an employment contract. The whistle-blowing scheme was used once in 2013.

#### Sustainability

Corporate Social Responsibility is integral to our strategy. We are convinced that sustainability strengthens our business activities, and vice versa. Because of this, the emphasis of our strategy is clearly shifting towards the interplay between our social and economic performance. Our unique reputation for sustainability enables us to achieve the greatest social impact while also improving our results.

One positive, sustainable development in 2013 is the significant improvement in our waste separation rate. At the other end of the chain, more and more of our companies are FSC-certified. VolkerWessels has signed the FSC covenant with companies from the construction and timber sector, which seeks to make the use of sustainable timber in construction projects a matter of course. At both an operational and a strategic level, VolkerWessels engages in sustainable, reciprocal and mutually supportive dialogue, ensuring that our sustainability policy is heavily informed by practical experience.

Our sustainability policy also manifests itself in specific, sustainable and economic aims, including our efforts to be more fuel-efficient in our driving practice and more economical in our use of materials: so when we save on fuel costs, the environment also benefits. Some other good examples are the reuse of timber offcuts which used to end up in the incinerator, a brushing machine which reduces CO<sub>2</sub> emissions by laying telecoms infrastructure faster, the sustainable construction site, the digitalisation of construction processes, energy-bill-free homes, a smart parking concept and the energy-neutral bridge: sustainable innovation is the driving force of VolkerWessels.

We also take social responsibility in areas other than just green initiatives, a good example is reengagement back into the workplace: VolkerWessels endeavours to offer work to people who are distanced from the labour market and to retain candidates for the long term, an initiative that is increasingly popular among, and rewarded by, our clients. Various operating companies are preparing for the trial implementation of PSOBouw, a performance ladder for this re-engagement. However, it is not just direct sustainable and social performance that interests us: our aim is to also have a positive social impact in our sector and society at large.

The sustainability report, which can be downloaded from our website, discusses sustainable developments and our social performance.

## CR highlights 2013 in the Netherlands

	2013	2012*	2011*
Number of innovations	74	84	90
Percentage awarded a PlanetFit sustainability label	6.8%	14.3%	13.3%
Sickness absence percentage (VCA)	5.6%	5.2%	5.8%
Number of lost-time accidents (VCA)	125	145	195
IF rate (incident frequency) (VCA)	7.2	8.0	10.1
Number of hours of training	292,533	260,059	260,262
CO <sub>2</sub> emissions (absolute)	184 ktonnes	183 ktonnes	181 ktonnes
Waste separation percentage	70.9%	57%	56.5%
Number of construction sites with 'Bewuste Bouwers' endorsement	98	72	36

\* Adjusted for the purposes of comparison.

## Outlook

### General

In the Netherlands, market conditions remain challenging almost completely across the board. The Dutch Economic Institute for Construction and Housing (EIB) predicts stabilisation in construction output in 2014, with growth not expected until 2015 and beyond. Construction does not benefit immediately from a recovery in the economy, as it typically follows a later cycle. There is no turnaround (as yet) in dwindling public sector budgets and investment, and, in many cases, there are very few signs of a recovery in the private sector.

Furthermore, many of the sectors in which VolkerWessels operates are affected by overcapacity and price pressure. In light of these challenging market conditions, we are pleased with our healthy order book. Furthermore, the quality of that order book is improving, due to the spread of our activities and regions and a growing number of long-term contracts. Multi-year contracts generate a stable flow of income, and so they are important building blocks for future revenue and volume.

We expect the trend of clients outsourcing multi-year management and maintenance to continue over the next few years. With its wealth of knowledge and by joining together specialist disciplines, VolkerWessels is able to make a real difference whenever projects are complex and where integrated and specific experience and expertise are required. Strategic areas of focus such as Operational Excellence and Expanding the value chain support that aim.

VolkerWessels continually invests in distinctive, clever, innovative and sustainable concepts and solutions. As a frontrunner in the market, we see it as our duty to remain alert and identify and initiate trends early. Our corporate culture which, in keeping with our tradition, gives free rein to entrepreneurial spirit, gives us reason enough - even in challenging markets - to be confident about the future.

### Construction & Property Development, The Netherlands

We do not foresee any improvement in the market in the short term. Pressure on capacity, the tough residential and mortgage market and unoccupied premises in the office market still present a challenge. Uncertainty in the market and among clients is making it particularly hard to raise financing for construction and property development projects. Whilst demand at regional level is still flagging, in inner-cities we are seeing tentative signs that the market is, to some extent, bottoming out.

VolkerWessels has not eased back on its investments in sustainable and innovative concepts, in anticipation of the growing demand for sustainable new builds and repurposing. The large-scale 'Stroomversnelling' (acceleration) initiative, which involves making housing corporation homes more sustainable, has the potential to ensure sufficient volume. VolkerWessels also continues to stimulate the housing market with its own, innovative developments which lower the cost of houses.

### Infrastructure, The Netherlands

National projects and investment by the government are less certain than in the past. Nonetheless, the government's focus on traffic bottlenecks and missing links in our motorway network and public transport does open up opportunities. Shrinking budgets remain a feature, at both provincial and local level. As we do not expect our markets to revive significantly in the short term, growing revenue is not a key objective. Instead, our aims are healthy margins and maintaining our market share. The trend of seeing new entrants to the market as well as price pressure and overcapacity is not yet behind us.



The new tender law, which no longer rewards the lowest price, but the most economically advantageous tender, may go some way towards easing the pressure on prices. VolkerWessels is convinced that our successful, multidisciplinary approach is essential to both new infrastructure and management and maintenance. By further strengthening VolkerInfra, we are responding to the sustained shift away from traditional schemes towards complex, integrated infrastructure projects.

## Energy & Telecoms

### Energy

The changes occurring in the energy sector are triggering growth in the market for new energy infrastructure. VolkerWessels has built a strong position in the laying and installation of cables for wind farms, and we expect to continue to play an important role in this market over the next few years. That said, the future is a little uncertain, because of the lack of clarity and uncertainty in various markets regarding subsidies, investment, financing and political direction. As the oil and gas industry is increasingly focusing on deep sea drilling, onshore we predict a fall in volumes in the market for laying pipelines and constructing distribution networks. Market demand is expected to shift over the next few years towards the management and maintenance of pipelines and networks in this sector as well as others.

### Telecoms

The exponential growth in data traffic continues, and the sector is in a constant state of radical change. Although the telecoms sector is increasingly challenged by the competitive nature of the market, we are reasonably optimistic about the near future. The rollout of 4G and the expansion of fibre optic networks in the Netherlands will generate sufficient revenue and volumes of work over the coming period. That said, 4G is finite and demand for fibre optic networks depends heavily on investment by the telecoms providers and network operators as well as depending upon whether or not the economy continues to recover. We also predict a shift towards management and maintenance and the integrated, multidisciplinary management of telecoms and other infrastructure.

## International markets

### VolkerWessels UK

Although the British economy is starting to recover, this does not bring a dramatic change in outlook and margins in the UK continue to be tight. Nevertheless, we are cautiously optimistic, due to the strong positioning and proposition in the markets in which our UK businesses operate. The government is investing in public transport infrastructure, with a particular emphasis on rail infrastructure: a sector in which we rank amongst the market leaders with our superior knowledge and state-of-the-art equipment. We also believe there are good prospects in infrastructure, energy and niche areas such as external wall insulation.

### VolkerWessels Canada/United States

In Canada, we operate in the province of Alberta and the local economy still offers good prospects, which are reflected in our expectations for our own business activities. We predict stable and solid growth over the next few years and the tendency for the Canadian government to outsource management and maintenance to the market to continue. Multi-year maintenance contracts will secure volume and continuity in our order book over the next few years. In the United States, we expect the slight recovery in the market to continue, particularly in the housing market.

# Risk management

## Risk management philosophy

VolkerWessels has a wide variety of operating companies with a relatively large degree of autonomy. Consequently, managers and employees of these companies feel a strong sense of responsibility for their organisation, which stimulates entrepreneurship, technological innovation and pioneering approaches. We allow them plenty of scope for this and also offer excellent opportunities to build the skills they need to maintain this approach. We build this relative autonomy into the design of our internal risk management and control systems so that all VolkerWessels operating companies operate within clear legal and financial frameworks.

We assure our long-term continuity by ensuring we deliver good returns from each of our market sectors. Operational Excellence, expanding the value chain and market leadership are the three pillars of our strategy. Because Operational Excellence is inextricably bound up with risk management, the Board of Management and the directors of our operating companies work constantly to improve and optimise risk management measures. The subject of risk management is therefore a standing agenda item for the quarterly meetings between the Board of Management and the Directors of the operating companies.

The success of our business is largely determined by the mechanisms we have in place to deal with risks, which is why, when determining the company's risk appetite for the purposes of implementing our strategy, we continually compare and contrast risk and return. The basis of our risk management is our focus on return (margin) rather than volume (revenue) and the clear demarcation of our activities, both geographically and through the nature of the activities. Outside its primary home markets - the Netherlands, the UK and Canada - VolkerWessels operates exclusively as a subcontractor of reputable main contractors in only a few areas of specialism.

We are also very mindful of the potential for risks to yield opportunities. By taking a structured approach, we are able to manage risks proactively instead of solving problems once the risks have arisen. Effectively managing both risks and opportunities is essential to successfully achieving our strategic objectives. The process of identifying, quantifying and monitoring both risks and opportunities - particularly with regard to the preparation and delivery of projects - is enshrined in our project control system.

The Board of Management is aware, however, that risk management within VolkerWessels - no matter how professional - cannot offer a cast-iron guarantee that the strategic objectives will be achieved or that material inadequacies, negative results, fraud or violations of laws and regulations will be completely avoided.

Risk management is a dynamic process, which means that the measures involved are frequently reviewed in light of internal and external factors. Therefore, it is a continuous process in which risks are constantly assessed in terms of the risk management measures in place.

## Risk profile in relation to our strategy

As described above, risk management enables us to be more certain of achieving our strategic objectives. We have identified the following key areas of risk:

### Strategic risks

#### **There has not yet been a recovery in the housing construction and office markets in the Netherlands**

Expectations are that output will fall further on the housing construction and office market in 2014. The more stringent rules being applied to mortgage lending, the spending cuts and tax increases introduced by the coalition agreement and diminished consumer confidence are taking their toll on the number of homes sold. As economic growth will be very limited in 2014, the number of new builds sold is expected to stabilise at the low level seen in 2013.

Property development is inextricably bound up with construction, which is why VolkerWessels continues to invest in profitable property development projects. However, with market conditions being what they are, there is a greater risk of disappointing sales, which in turn can lead to losses and excessive demands on working capital.

A number of measures have been put in place to manage and prevent these risks, including:

- housing construction projects in the Netherlands only proceed as planned once 70% of the houses that are for sale have been sold and financing for them has been secured by the purchasers;
- investments in land require the prior approval of the Board of Management.

The falling level of confidence among manufacturers coupled with government spending cuts and the structural problem of unoccupied commercial property means that, over the next few years, we must also expect a lower construction volume in the commercial construction sector. To manage the risk of unoccupied property, projects will only proceed when the property to be built has been sold (with a minimum rental guarantee) or a significant proportion of the property has been leased in advance.

The current climate of challenging market conditions means that there is a risk, that the estimated realisable value of land and unsold housing stock is lower than the current book value, which could necessitate a write-down. In 2012, in light of ongoing difficulties in the market affecting residential and commercial construction, we undertook an extensive analysis of our land holdings, and based on revised expectations in development potential, timelines and price levels, and on the basis of this analysis we identified the need for impairments of € 191 million to be recognised in the 2012 financial statements. The analysis was updated at the end of 2013 and, on the basis of the updated analysis, we made only limited adjustments to the impairments recognised. Where property is shown as intended for sale, leases have been agreed for a substantial percentage of the properties.

#### **Increasing competition and pressure on prices on the tender market in the Netherlands and the United Kingdom**

Market conditions in the Netherlands and the UK are not expected to improve significantly in the coming year. The continuing economic uncertainties, combined with austerity measures by local and central government, are lowering construction output and putting further pressure on prices on the tender market. In these difficult market conditions, we are aiming to increase our returns by focusing on projects that express our distinctiveness.

To withstand the market conditions and also to benefit from certain opportunities that have been created, we are starting or stepping up various creative initiatives. The main initiatives are: further positioning in niche markets, further integration across the value chain, taking a customer-oriented approach, moving towards complex, multidisciplinary projects, and offering alternative project financing methods.

#### **Sensitivity to the economic situation**

The construction sector is sensitive to economic fluctuations. To further limit our sensitivity to the economic situation we concentrate particularly on long-term maintenance contracts with a more predictable cash flow. The award of PPP contracts is in line with this objective. These modified contract forms require particularly careful contract management. A good spread of activities in terms of sectors and geographical areas also makes the company less sensitive to changing market and economic conditions. Our activity matrix is periodically assessed and adjusted as necessary.

#### **Acquisitions and integration of companies**

While seeking to further expand our operations in the value chain, we strive for the right balance between internal growth and growth through acquisitions. In recent years we have actively made acquisitions, with a number of small transactions. With each acquisition, there is a risk that the Group will need to consider political, economic and social impacts. In order to limit potential risks, we seek continually to strengthen our acquisition and integration processes. The Group departments, the operating companies and regional management concerned are closely involved in the implementation of effective due diligence and in preparing plans for takeover and integration. One year after the takeover, every major acquisition is fully reviewed to ascertain whether all the expectations have actually been met.

#### **Damage to reputation**

Issues concerning reputation frequently have a direct connection with other areas of risk, including errors in project delivery, non-compliance with laws and regulations and breaches of safety rules. When the relationship between VolkerWessels and its customers deteriorates as a result of, for example, inadequate customer service or transparency, this can lead to the loss of market share. Because of this, reputation risk is not a separately defined sphere of risk, but a consequence of the occurrence of specific risks.

To manage reputation risk, we pay great heed to our relationship with our customers. Our operating companies conduct regular customer satisfaction surveys based on three customer satisfaction factors: quality, fulfilment of agreements and the organisation's customer focus. Any points for improvement that arise are immediately followed up in order to optimise our relationship with our customers.

## Operational risks

### Contract and project risks

There are many different types of contract in the construction and property development sector, which mostly involve – to a greater or lesser degree – a fixed price agreed in advance. The percentage of large-scale and complex projects is increasing, and these often take the form of performance contracts. Many contracts also contain ‘milestones’ with associated penalty clauses if the milestones are not met. There is currently a trend for risks to be transferred from the client to the contractor. The risk profile in our offshore projects is heightened by the weather-dependent nature of these projects. Errors in design and/or calculation and failure to contractually cover all of the risks can have a negative impact on the delivery phase, leading to project losses and negative cash flows. Clear project specifications, properly recorded agreements, technical and other project reviews and good, thorough cost budgets, as well as the legal appraisal of contracts, form the basis for managing these risks.

To avoid accepting irresponsible risks, bids above € 10 million must be approved in advance, in writing, by the Board of Management, and the Supervisory Board is also involved in the decision-making process for very large projects. The risk summary of the bid concerned, along with a review of the calculations, is an important decision-making criterion. During the delivery period, appropriate interim project control measures are also set up, such as a monthly project monitoring process.

### Liability risk

Because of the complexity and scope of the projects delivered by us, any errors in the preparation and/or delivery phases can cause a considerable financial impact. Our policy is to insure any risks which we cannot or do not wish to bear ourselves, focusing on new insurance solutions and options in the sphere of alternative risk financing. A specialised department ensures that all the eligible risks are included in the centrally arranged insurance contracts during the construction phase and that liability policies which provide adequate cover are arranged. Our insurance policies are reviewed annually and this takes into consideration revised laws and regulations, the insured amounts and any new risks so that we can make any necessary changes. Each year, we also review the solvency and financial position of the insurance companies with which VolkerWessels works. One of our guiding principles is to develop and sustain long-term relationships with reputable insurance companies. When starting new projects, various sureties are provided to our customers, such as bank and Group guarantees. We have

binding internal guidelines in place to limit the risk of providing such guarantees.

There are a number projects within our Group that are undertaken in joint venture or in cooperation with third parties, which may be through an unincorporated joint venture or a jointly owned private limited company. Those partners may operate within or outside our own sector. Both the Legal and Tax Departments are closely involved in shaping and assessing these forms of cooperation.

We also use a layered structure to limit the liability risk for the Group, which ensures we are not automatically held liable through so-called ‘403 declarations’. When establishing new legal entities, a balance has to be struck between, on the one hand, the potential risk of liability associated with the activity concerned and, on the other, the increased costs that would be incurred in establishing and managing a new legal entity.

### Health and safety at the workplace

The aim of VolkerWessels’ health and safety policy is zero accidents. The financial impact of incidents at work is reduced by the insurance we arrange. VolkerWessels made further improvements to its safety policy in 2013, which included the implementation of WAVE (Be Alert! Safety First!). In spite of this, health and safety risks cannot be entirely ruled out. Any accident can have a major impact in terms of human suffering and damage to the company and its reputation.

## Financial risks

### Liquidity risk

VolkerWessels’ financing policy is designed to maintain a solid financial position. Solid balance sheet ratios ensure that there is sufficient capacity to accommodate liquidity risk and guarantee constant availability of sufficient credit and guarantee facilities.

We focus unerringly on reducing working capital and demands on capital and we commit our cash as efficiently and effectively as possible. We free up money for desired investments and ensure that there is always sufficient liquidity present to meet our payment obligations and satisfy bank covenants. By focusing on working capital and demands on capital, we also save on interest expenses. We adhere to a strict investment policy in order to manage our liquidity position, which means that the consent of the Board of Management is required for all investments exceeding a specified amount.



### Credit, interest and currency risks

A significant number of our customers are public organisations or government bodies in Western Europe, Canada and the United States, making the credit risk for this part of the revenue minimal. The Group has adopted a credit policy whereby credit risk is ascertained on a continual basis. Where appropriate, the customer undergoes a credit rating process. Wherever possible, we use advance payments to further limit credit risk. In addition, credit insurance is used within the Group to cover residual credit risk.

Our interest rate policy is aimed at limiting the impact of fluctuating interest rates on the company's result. For this purpose, two interest swaps have been concluded amounting to € 75 million and € 250 million for part of the financing. When these interest swaps were concluded, the interest rate was fixed at 2.35% and 1.71% respectively (excluding the margin). The interest swaps run until the end of 2015 and the end of 2017 respectively.

Foreign currency risk is limited, since the vast majority of the cash flows within the Group occur in euros. The currency risks are also limited by raising financing in local currency for the operating companies outside the euro zone. The central financing facility also offers the option of raising loans in foreign currency.

### Compliance risks

VolkerWessels is subject to national and international laws and regulations, including those in the sphere of competition, employment contracts, employee safety, the environment, corporate governance and tax. Compliance risks with which the company may be confronted are: the risk of non-compliance with laws and regulations and risks relating to developments in legislation. If these laws and regulations are not complied with, VolkerWessels may be faced with undesirable legal consequences, as well as financial loss and/or reputation damage.

### Internal risk management and control systems

We use a risk management system which is based on the building blocks of the COSO ERM model. Risk management covers the achievement of strategic objectives, the effectiveness and efficiency of business processes, the reliability of financial information provided and compliance with relevant laws and regulations.

Risks are identified both at Group level and at the level of the operating companies. Based on a more detailed analysis of the strategic and operational risks identified, we determine which risks we need to manage in order to be reasonably certain of achieving our strategic and operational objectives. The next step in the risk management process involves taking measures to manage risk categories.

VolkerWessels has very diverse operating companies which enjoy a relatively large degree of autonomy within clear legal and financial boundaries. A number of aspects of those legal and financial boundaries were tightened up in 2013. For example, in 2013, changes were made to both internal and external powers of representation within the Group and the financial function was strengthened at numerous operating companies, which included creating a functional line to the CFO on the Board of Management. We also broadened the scope of the audit, further tightened the tender procedure and made a start on creating a new risk management department at the Group head office.

In 2014, further steps will be taken to enshrine risk management in our standard planning and control cycle. The risk management system provides a platform for the operating companies to share best practices, knowledge and expertise in a structured manner.

The progress and development of the company's operating results and financial position are recorded – along with the operational and financial risks – in the periodic management reports and discussed by the Board of Management during the quarterly meetings with the Directors of the operating companies.

# Financial results

## Operating revenue and order book

Operating revenue for 2013 amounted to € 4,505 million (2012: € 4,892 million), a decrease of € 387 million (8%). At the end of 2013 the order book stood at € 6,084 million, which is c. € 0.6 billion higher than the order book at end of 2012 which totalled € 5,462 million.

## Earnings (EBITDA and net profit, after taxes)

Operational EBITDA before other impairments amounted to € 227 million, an increase of c. € 89 million compared with € 138 million in 2012. Earnings before interest, taxes and depreciation and amortisation on tangible and intangible fixed assets (EBITDA) amounted to € 216 million for 2013 (2012: – € 58 million), including impairments of land and real estate holdings totalling € 11 million (2012: € 196 million). Earnings in 2012 were hit by insolvency problems suffered by some clients in Construction & Property Development, restructuring expenses and substantial start-up and project losses in the energy market.

An underlying factor in the EBITDA this year was the impact of a number of one-off items. The development of EBITDA when normalised for these one-off items, in accordance with the normalisation definition in the bank covenants, is as follows:

## EBITDA development

(in millions of euros)	2013	2012
EBITDA excluding impairments as per financial statements	227	138
– Restructuring costs and closure costs	36	24
– Insolvency problems of clients in Construction & Property Development	–	20
– Start-up losses in energy market	(11)	28
– Result from the sale of participating interests	(27)	–
<b>Total of one-off items</b>	<b>(2)</b>	<b>72</b>
Normalised EBITDA as per bank covenants	225	210

The normalised EBITDA for 2013 as per the bank covenants is € 225 million; see also the five-year summary on page 7.

The net profit from continuing operations amounts to € 121 million for 2013, an improvement of € 231 million in comparison to 2012 (net loss of € 110 million). The net result for 2012 was negatively affected by the impairments on land and real estate holdings totalling € 153 million net.

The net loss from discontinued operations for 2013 is € 4 million (2012: € 13 million).

The total net result for 2013 is therefore € 117 million (2012: loss of € 123 million).

## Financial position

Solvency is 25% before distribution of profit (2012: 20%).

The improvement in solvency is due mainly to the positive net result of € 117 million. Total assets were also reduced by € 393 million.

The loss reported as a consequence of the write-down of land and real estate holdings in the amount of approximately € 196 million (net effect approximately € 153 million) had a negative impact on solvency in 2012. Additionally, a dividend payment was made in 2012 of € 200 million on balance, which has been used to repay some of Victor Holdings' bank debts.

## Development of net debt

Net debt fell by € 78 million in 2013 at the holding company. Consequently the cumulative reduction between 2010 and 2013, after corrections for payments to shareholders and acquisitions, is more than € 600 million. For further details, see page 16.

## Investment in property, plant and equipment

Investment in property, plant and equipment amounts to € 72 million in 2013 (2012: € 66 million). Our operational lease commitments decreased by € 10 million in 2013 (2012: decrease of € 11 million).

Depreciation on property, plant and equipment for 2013 totals € 61 million (2012: € 60 million).

The investments were mainly related to the replacement and expansion of equipment for operational activities.

We expect the level of investments to remain unchanged in 2014.

### Financing

At the end of 2013, VolkerWessels had committed credit facilities of € 620 million at its disposal. Victor Holdings had a committed facility of € 100 million available. All the aforementioned facilities come to an end at the end of 2015. We are aiming to arrange new facilities by mid-2015 at the latest. A maximum leverage ratio of 2.75 and a minimum interest cover ratio of 5 apply to VolkerWessels' credit facilities. These covenants were comfortably satisfied as at 31 December 2013. In addition to the committed credit facilities, VolkerWessels also has uncommitted credit facilities of € 45 million in the Netherlands.

A committed credit facility of GBP 25 million is available to VolkerWessels UK until May 2015 for our activities in the UK; this had not been drawn on at the end of 2013. VolkerWessels in the UK also has an uncommitted current account facility of GBP 12 million.

At the end of 2011 credit facilities worth a total of CAD 46 million were raised for our Canadian activities; approximately CAD 14 million of that amount had been drawn at the end of 2013. In addition the sum of CAD 45 million is available in the form of an uncommitted lease facility.

VolkerWessels has uncommitted guarantee facilities with several banks and other financial institutions in order to continue fulfilling clients' requirements in respect of providing bank guarantees. The aim is to maintain at least 20% of the total facilities as freely available funds. This target was easily fulfilled at the end of 2013.



Report by sector

## Construction & Property Development, The Netherlands







## Stadskantoor Utrecht

# A new landmark for Utrecht

There's a new and striking feature on Utrecht's skyline, making a bold statement to residents, business owners and visitors. With its brand new base, Utrecht's municipal authority is fulfilling its aim of being more visible and accessible. Stadskantoor Utrecht (City Offices Utrecht), built by VolkerWessels, will soon be the thriving hub of almost all the services provided by the municipal authority. At the end of this year the information counters, civil servants and eleven municipal departments that are currently housed at locations scattered across the city will be moving, along with the municipal executive, to the new premises on Jaarbeursplein with its two distinctive towers.

**Working in the busy heart of the Domstad presents a complex and logistical challenge**

The 92-metre-tall building, which required no less than 8,000 tonnes of steel, is part of the large-scale redevelopment of the station area. Working in the busy heart of the

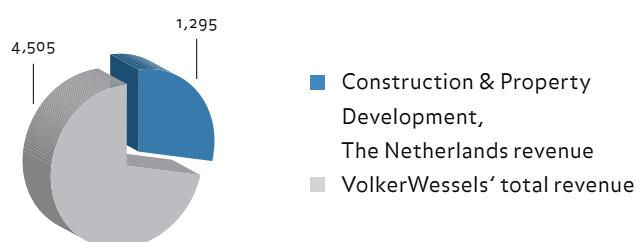
'Domstad' presents a complex and logistical challenge - particularly for construction workers. Once a new extension has been added to the public transport terminus, part of the station concourse will run beneath the city offices. The contract also included the mechanical installations. Stadskantoor Utrecht, which is expected to welcome 600,000 visitors each year, has 22 floors, a total surface area of 66,750m<sup>2</sup>, 2,500 workstations for around 3,000 civil servants and a three-storey basement to house the installations and parking space for 270 cars and 2,200 bicycles.

**Companies involved:** Boele & van Eesteren, G&S Bouw, HOUJ Technische installaties

## Construction & Property Development, The Netherlands

**Housing construction, commercial property construction, industrial construction and property development. Supply, installation engineering and consulting. VolkerWessels Construction & Property Development business has a strong and prominent position in the market. Our integrated approach and our solid financial position enable us to be a reliable, innovative and sustainable partner for our clients, even in challenging markets.**

**2013 Revenue**  
(in millions of euros)



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

### 2013 Overview

Market conditions remain particularly complex. Although consumer confidence is tentatively recovering and the market seems to be bottoming out a little in the more sought-after locations, we are not overly optimistic. The sector is still contending with very severe pressure on capacity, decisions to delay projects, difficulty obtaining financing and unoccupied premises in the office market. Despite these tough market conditions, Construction & Property Development in The Netherlands achieved a positive result in 2013.

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 putting projects on hold 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.

In inner urban areas, we are witnessing a tentative recovery in demand for newly built homes. Outside the cities, demand for new build homes remains very limited. That said, demand is growing for private rental properties to make up the gap that has arisen between rental homes owned by housing corporations and starter homes for which finance can no longer be obtained. In this market, repurposing and sustainable renovation projects also present opportunities. Moreover, VolkerWessels has unique expertise and a wealth of experience of inner city redevelopment projects, having worked on the Strijp-S (Eindhoven), Paleisquare (‘s-Hertogenbosch), Spoorzone Tilburg and the Maankwartier (Heerlen) projects. Park 20|20 (Hoofddorp) is a great example of how innovation and distinctiveness can yield success even in difficult market conditions.

Having written down the land holdings in 2012, the focus of our developers is on both managing our historical land holdings and creating new forms of cooperation between market players and our construction companies. More than anything, these partnerships allow an integrated approach and ever greater integration between developer and builder. Innovation is also the engine of smart and, in many cases, sustainable and energy-efficient solutions. In general, our construction companies performed well, although we did make further adjustments in 2013 to the organisational structure of those companies which depended chiefly on housing construction. A total of 1,104 homes were sold in 2013 (2012: 1,567). There are currently 222 homes under construction (2012: 483). The number of unsold homes is 488 (2012: 687). In 2013, we completed 3,119 new homes in total (2012: 3,822 houses). Supply companies are struggling with severe pressure on capacity and the low prices this entails, and there is no immediate prospect of a recovery in this market in 2014. However, at VolkerWessels we are striving for a more integrated approach whereby our own supply companies are heavily involved in developing new concepts.

### 2013 Highlights

2013 saw more ‘flagship projects’ for VolkerWessels, such as the conclusion of a unique and innovative Design-Build-Maintain contract (DBM) for the construction of the HagaZiekenhuis hospital in The Hague under which VolkerWessels is responsible not only for the design and build but also for the ongoing maintenance for a twenty-year period. In the Bijlmermeer district of Amsterdam, the last specific ‘Bijlmermeerflat’ development in Kleiburg is being undertaken to provide the core infrastructure of highly sought-after and attractively priced ‘Kluswoningen’, (houses available for the

purchaser to complete the renovation). In October, Minister Blok opened the completed Op Buuren Dorp project in Maarssen, an innovative regional development which involved converting a former factory site to a magnificent new village along the Vecht.

Some other notable projects are: Stads Kantoor Utrecht, Dierenpark Emmen animal park, Maankwartier (Heerlen), FIRST (Rotterdam), the International Criminal Court (The Hague), Liander (Duiven), Infoversum (Groningen), De Werkplaats (Tilburg), Nauta-Dutilh's sustainable new office in the Zuidas district of Amsterdam, Plein 1944 (Nijmegen), Medisch Spectrum Twente (Enschede), De Dobbelssteen (Sittard-Geleen) and the Westluidense Poort (Tiel).

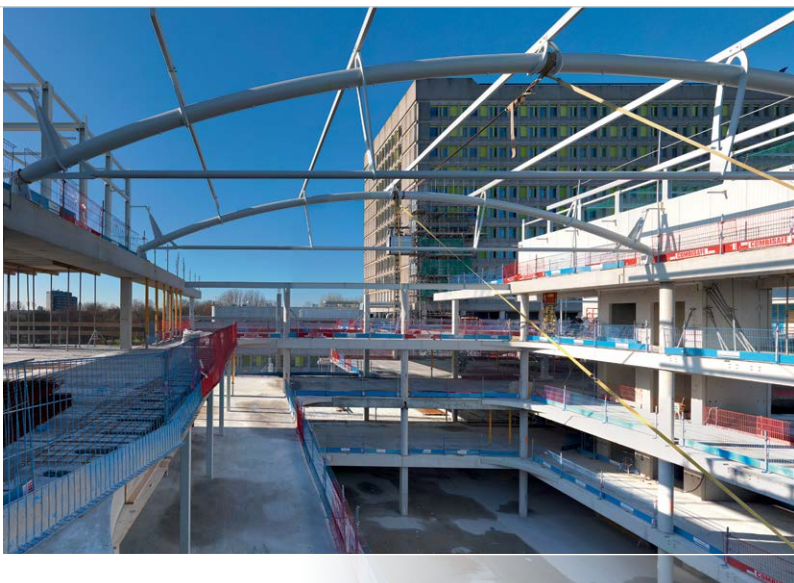
#### Implementing our strategy

Now more than ever, continuity requires creativity. To foster this, VolkerWessels puts a strong emphasis on innovative construction concepts throughout the value chain. In 2013, we made significant progress towards our objective to use industrial methods for successive housing construction. This new vision for construction will soon take shape in the first investment product.

Moreover, VolkerWessels is one of the signatories to, and a major advocate of, 'De Stroomversnelling', an innovative agreement between construction groups and housing corporations to make 111,000 rental homes more sustainable and energy-neutral. With a proven track record in pioneering innovation, we are able to provide active input and added value to clients looking for smart, sustainable solutions.

The application of BIM and the Building Smarter Together Group programme, which was inspired by LEAN, are a significant boost to operational excellence. Operating companies grow by further professionalising their approach and automating projects and work processes. VolkerWessels considers this development absolutely essential, both from an efficiency perspective and in order to reduce the costs of failure, and our operating companies are taking a very proactive stance in this area.

Providing regional construction companies with a strong local reputation, operating in close proximity to the client, is one of VolkerWessels' key strengths. However, the success of that operating model requires a certain critical mass. When that critical mass is not reached, restructuring becomes unavoidable. Therefore, in 2013 we amalgamated several more regional construction companies and aligned the organisational structure of a number of supply companies to better respond to the reality of the market.



#### HagaZiekenhuis hospital

## A fresh take on renovation

The patient's well-being is paramount: that is the philosophy of the human-focused Plane tree care concept from which the HagaZiekenhuis hospital has also taken inspiration in the construction and renovation of its accommodation. What appealed to the hospital when it read VolkerWessels' proposal were the core values: 'Refreshing, innovative and familiar', the design and the method of collaboration involved in delivering the project. That collaboration has come into being in VolkerWessels-Haga, which unites our operating companies Boele & van Eesteren and HOMIJ Technische Installaties with construction and other partners with a proven track record within and outside the hospital care sector. This team is designing and building the new Juliana hospital/ Mother and Child Centre, the operating theatre complex and a day care centre. The contract also includes the renovation of 18,500 m<sup>2</sup> of the existing hospital. The total surface area of the new hospital buildings in The Hague is 37,500 m<sup>2</sup>. VolkerWessels-Haga has also taken on the technical management and maintenance of the existing and new buildings (107,000 m<sup>2</sup>) for a period of twenty years.

**Companies involved:** Boele & van Eesteren, HOMIJ Technische installaties, Reinaerd Deuren, De Groot Vroomshoop, Westo Prefab Betonsystemen



## Report by sector **Infrastructure, The Netherlands**







## Noordwaard Room for the river

Sea levels are rising. At the same time, our land is sinking and the climate is changing. If we don't want to get our feet wet, we need to act now. In North Brabant, VolkerWessels and its partners are creating space for the river. The depoldering of the Noordwaard (4,450 hectares) is one of the biggest projects forming part of the eponymous programme being undertaken by Rijkswaterstaat (the Directorate-General for Public Works and Water Management). The aim of Ruimte voor de Rivier (Room for the River) is to ensure that major rivers will soon be flowing more freely at more than thirty locations throughout the Netherlands. By depoldering the Noordwaard,

The depoldering of the Noordwaard is one of the biggest projects in the eponymous programme.

Rijkswaterstaat is seeking to lower the water level of the Boven Merwede near Gorinchem by 30 centimetres. The river dikes are being partially levelled to enable water to pass through the polder when water levels are

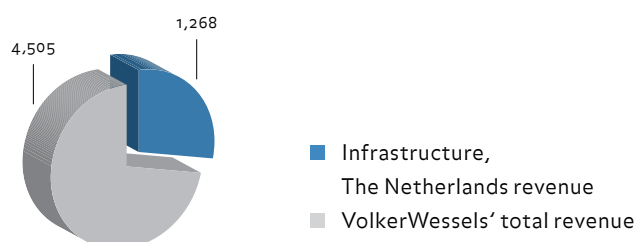
exceptionally high. This design & construct contract includes 34 bridges, 13 large pumping stations, 70 kilometres of dikes and mounds, 50 kilometres of road and 4 million m<sup>3</sup> of ground transport. But the Noordwaard isn't the only location where VolkerWessels is making space for the river. Our colleagues are also involved in digging secondary channels that will 'tame' the IJssel near Deventer and, 25 kilometres further on, in the construction of the Veessen-Wapenweld flood control channel.

**Companies involved:** Van Hattum en Blankevoort, Volker InfraDesign, Van Kessel

## Infrastructure, The Netherlands

**VolkerWessels covers a broad spectrum of activities in Infrastructure. In this sector, we are involved in the design, delivery and management and maintenance of civil engineering works, waterways, road and rail infrastructure, traffic management and traffic technology. Because of this spread of capabilities, we are able to offer our clients an integrated, multidisciplinary approach.**

**Revenue 2013**  
(in millions of euros)



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

### 2013 Overview

Shrinking market volumes are putting the sector under pressure. Provincial and local authorities are putting on the brakes and there are question marks over government investment in national projects. We are not seeing any signs of a recovery in the private sector, which is affected by overcapacity. The sector is contending with price pressure, entrants from other markets and other parties taking on projects at rock-bottom prices.

Given the difficult market conditions, the majority of operating companies managed to achieve a satisfactory result by increasing their order book and market share, operating smarter, more efficiently and more effectively, or setting themselves apart with niche capabilities and superior knowledge. The new tender law, which came into force on 1 April 2013, provides 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 management 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.

Due to a slight increase in our market share, our road construction company kws Infra managed to maintain its result on a par with the previous year. Our civil engineering activities recorded a healthy result, despite some difficult projects. Our equipment services (vsm) and our rail infrastructure company (VolkerRail) are picking up after both companies aligned their workforce with the reality of the market.

The traffic management and traffic technology market is under significant pressure due to shrinking municipal budgets.

### 2013 Highlights

There were a number of interesting reference projects in the Infrastructure order book in 2013 once again. Our rail infrastructure company, VolkerRail, was involved in railway improvement works near Enschede cs and, in partnership with our civil engineering company Van Hattum en Blankevoort, in the widening and extension of the track on the Schiphol-Amsterdam-Almere-Lelystad route (OV SAAL). The new contracts include improvement works on the Utrecht cs railway intersection and the five-year maintenance contract for the Betuweroute freight line.

In 2013, the rail tunnel that is part of the ingenious 'combitunnel' opened in Nijverdal. This year, the corresponding road tunnel is due to be completed. Other highlights include the construction of the A4 Midden-Delfland, the expansion of the A1/A6 between Diemen and Almere (SAAone), the Haak om Leeuwarden (N31), the A9 diversion near Badhoevedorp, the renovation of the Galecopper bridge and the construction of a container terminal at the Tweede Maasvlakte.

The rerouting of the Zuid-Willemsvaart canal near Den Bosch was a notable water project. We are involved in Rijkswaterstaat's 'Ruimte voor de Rivier' programme in Deventer, at the Noordwaard polder in Brabant and in Veessen-Wapenveld. We also manage and maintain numerous roads and waterways and both moving and static complex junctions, bridges, flyovers and barriers on a daily basis, including the Oosterscheldekering storm surge barrier.

### Implementing our strategy

Project, risk and contract management are three of the main thrusts of operational excellence. The market is shifting away from traditional schemes towards complex infrastructure solutions. This calls for an integrated, multidisciplinary approach. VolkerInfra is a successful partnership in which we share and pool knowledge and expertise from the various niches. Under the leadership of two directors, we intend to further strengthen and expand VolkerInfra's position.

The other pillars of operational excellence are systems engineering, Building Smarter Together and our wave (Be Alert! Safety First!) safety campaign, all of which rely heavily on the input from the project teams. VolkerWessels has set up platforms for safety, training, integrity and corporate responsibility on which staff have a big say.

Sometimes, the market forces organisations to adapt to a new reality. Earlier restructuring measures at VolkerRail and Volker Stevin Materieel proved effective; currently, our traffic management and technology specialist Vialis is in need of a new, leaner organisational structure. Vialis is closing its office in Belgium and, in future, will coordinate its activities from its office in Houten.

Infrastructure is a prime example of a sector in which VolkerWessels covers the entire value chain. Right at the front end of the value chain, we have a participating interest in a quarry, to ensure the availability of our raw materials for road construction. By offering a whole spectrum of services, ranging from the engineering in the preparation phase, the delivery and the building of infrastructure to maintenance, service and management, we are responding to the growing trend for clients wishing to outsource responsibility for both construction and maintenance projects. We take care of everything for our clients, who assess us on the basis of predefined criteria such as performance standards and availability, in order to be certain of the costs and quality. At the same time, the contracts they award, many of which are multi-year contracts, assure us of a certain volume of work.

VolkerWessels is among the market leaders in every infrastructure niche. We are not aiming for further economies of scale. Our priorities are maintaining market share, healthy margins and quality by being the smartest and the best in all our markets. For us, market leadership means exerting a positive influence on the market. The primary objective of our Building Smarter Together approach, which encompasses environmental management, sustainability and innovations which matter, is to be the market leader who stands alongside clients and partners and offers exceptional quality.



SAAone

## Thirty years along the road


The area between Schiphol Airport hub and the capital Amsterdam is a major backbone of the Dutch economy. The rail and road network are being improved to make the Schiphol-Amsterdam-Almere region even more accessible and provide a further boost to its development. VolkerWessels has joined forces with partners in the SAAone consortium, which is responsible for the design, construction, financing and thirty-year maintenance (DBFM contract) of the 20-kilometre expansion of the A1 and A6 roads between Diemen and Almere Havendreef. Some of the most notable feats of engineering on the A1 between Diemen and Muiderberg are the diversion on the southbound section, the widening of the road from 2x3 to 2x5 lanes, the expansion of the Diemen intersection with a bypass to the A9 and a new bridge over the Amsterdam-Rijn Canal. On the A6, the widening of the road from 2x4 to 2x5 lanes between the Muiderberg intersection and the Hollandse Brug and the construction of the new Hoge Ring Almere intersection are on the agenda. The project also includes a new link to Almere Havendreef between Almere Stad West and Almere Haven. Ecopassages, new and higher noise barriers and bus lanes will also enhance the living environment.

**Companies involved:** Van Hattum en Blankevoort, kws Infra, Vialis, VolkerRail, Holland Scherm, Volker Staal en Funderingen



Report by sector **Energy & Telecoms**





## West of Duddon Sands Harnessing the wind

Conditions in this region are ideal: lots of wind, good depth and a relatively short distance from the existing, onshore energy network. 14 kilometres off the UK's northwest coast, in the Irish Sea, lies the new West of Duddon Sands wind farm. One of the key responsibilities for vsmc (Visser & Smit Marine Contracting) is the installation of two export cables, each 41 kilometres in length, which transport the electricity generated by the wind turbines from the offshore transformer station to the land. The joint venture between Volker Stevin Offshore and Boskalis was responsible for transporting and installing the foundations for a total of 108 wind turbines. Volker InfraDesign provided support with the design of components for the permanent structures and tools developed specifically for the project. Volker Staal & Funderingen (vsf) lent its expertise in the process of sinking the foundations. In the same

**Our Group has evolved into a specialist in the installation of cables for offshore wind farms.**

project, vsf was also involved in installing the offshore substation.

VolkerStevin UK constructed storage and loading facilities at Belfast Harbour. The 108 wind turbines, with a total capacity of 389MW, will supply around 300,000 homes in the UK with

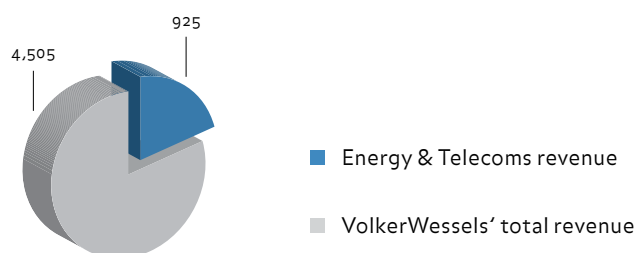
sustainable energy. West of Duddon Sands will make a substantial contribution to the British government's aim of becoming less dependent on fossil fuels. In the irreversible transition that is taking place in the world of energy, VolkerWessels is focusing squarely on infrastructure for the development and production of sustainable energy sources, and, in recent years, our Group has evolved into a specialist in the installation of cables for offshore wind farms off the coasts of the UK, Germany, Denmark and Belgium.

**Companies involved:** Volker Stevin Offshore, Visser & Smit Marine Contracting, Volker InfraDesign, Volker Staal & Funderingen, VolkerInfra UK, VolkerStevin

## Energy & Telecoms

**VolkerWessels lays offshore pipelines, distribution networks and grid connections. In the Netherlands, we play a leading role in the development, design, construction and maintenance of connections and installations for the water, energy and petrochemical sector and the construction and maintenance of fixed and mobile telecoms infrastructure.**

**Revenue 2013**  
(in millions of euros)



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

## Energy

### 2013 Overview

Our results offshore are very satisfactory. The offshore grid connections niche is relatively young and complex, but, after a learning phase, it is now benefiting from the investment and enhanced knowledge gained from past experience. The outstanding quality of our work combined with risk management translated into significantly improved results.

In the UK and Germany, the market for offshore renewables is very active. At the same time, subsidies are increasingly under threat, jeopardising this trend in both countries. The Energy Agreement that was signed in 2013 now also provides for wind farms off the Dutch coast. The oil and gas sector is shifting its attention towards the deep sea. As a specialist, this provides opportunities for us in the supply and electrification of installations and platforms for this sector. In 2013, the sale of 50% of the shares in our company Visser & Smit Marine Contracting (VSMC) to Boskalis enabled them to join forces structurally in the field of offshore cable installation networks. This partnership has created a strong player who, drawing on combined knowledge and resources, is able to respond specifically to growth in the market for offshore cable installation networks, particularly in the field of offshore wind and oil/gas projects.

In the Netherlands and Belgium, the market for distribution networks and pipelines is still afflicted by government spending cuts, financing issues and low market volumes due to waning construction volumes. Despite these challenging market conditions, our company Visser & Smit Hanab's profit recovered and the company achieved a positive result.

### 2013 Highlights

VolkerWessels once again made a sustainable contribution to European offshore wind farms, completing the Anholt project in the Kattegat between Denmark and Sweden and installing all the infield cables for London Array in the UK, which is the world's largest wind farm. In the North Sea off Germany, our colleagues excelled by installing all the infield cables for the Meerwind project in record time, without any hitches.

Other highlights were West of Duddon Sands in the Irish Sea, Baltic 2 Export and Humber Gateway. In 2013 we signed contracts for the Westernmost Rough and Solent Crossing wind farms in the UK, Westermeerwind in the Netherlands and Nordsee Ost in Germany. In Indonesia, we are laying a new telecom connection between Java and Bali. The equipment of our maritime service provider Stemat was once again in use in all the world's oceans.

Visser & Smit Hanab's projects included De Nieuwe Warmteweg: a pipeline which uses residual heat from the port area to heat homes in Rotterdam. The highlight of this project was the borehole beneath the Katendrecht in the heart of Rotterdam. In 2013 we completed De Stoompijp in the Botlek, a steam network involving a number of companies. For Gasunie,



we have started laying the major pipeline between Beverwijk and the new compressor station in Wijngaarden. Work is also underway laying the Leiding over Noord pipeline for Eneco, for which Visser & Smit Hanab is handling the Rozenburg and Vlaardingen section.

At Shell Pernis and AEB, 24/7 maintenance work has been carried out during two major shutdowns.

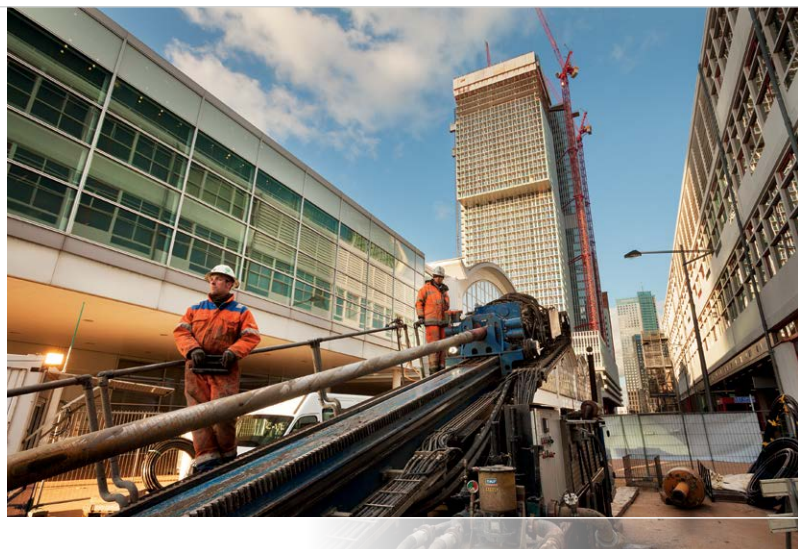
#### Implementing our strategy

Our strong focus on control, project and risk management enables us to consistently deliver work of a high standard in our maritime activities. By improving our processes and working with our own people and equipment, we have reduced the costs of failure and increased effectiveness and efficiency. Faster, error-free installation of cables is one example. We intend to ensure operational excellence in the future too, by investing substantially in innovations and maritime equipment.

Onshore, we are seeing a similar trend. The strengthening of the management team, the Building Smarter Together Group-wide programme, which is inspired by LEAN, and restraint in accepting EPC projects are also bearing fruit at Visser & Smit Hanab.

VolkerWessels is the market leader in the installation of export and infield cables in Northwest Europe. In our home market in the Netherlands, we are also a leading player onshore in the laying of cables and pipelines. Visser & Smit Hanab continues to maintain its preeminent position in the market and aims to be the preferred contractor to its key clients and partners.

Internationally, market leadership is an objective in our maritime niches. In geographical terms, we believe there are opportunities for our offshore activities in the Middle East, South America and Asia. This is also true of specialisms such as horizontal drilling, sink tunnels and the construction of scaffolding and quays.



#### De Nieuwe Warmteweg

## Green heating for Rotterdam

Rotterdam has fire in its belly. At the foot of the Erasmus bridge, Visser & Smit Hanab has bored two 1,500-metre pipelines at a depth of 60 metres beneath the Katendrecht neighbourhood. In order to cause the least disruption to the environment and to shipping on the Maas, the decision was made to drill two horizontal boreholes. They were the longest boreholes for the De Nieuwe Warmteweg project: 26 kilometres of pipes running from the dock area to the centre of the city. In the past, residual industrial heat escaped through the chimneys in white clouds; now, it is used to heat homes and businesses kilometres away. The new heating network conveys the residual heat in the form of water, at a temperature of 120 degrees. De Nieuwe Warmteweg is capable of supplying 50,000 households and drastically reduces CO<sub>2</sub> emissions in the Rijnmond region. The expected 'saving' of between 71 and 81 kilotonnes is helping the city to achieve its target of halving CO<sub>2</sub> emissions by 2025 (as compared with the benchmark year, 1990). As well as the engineering and laying the pipes, Visser & Smit Hanab will also be providing the maintenance of De Nieuwe Warmteweg for a period of fifteen years.

**Company involved:** Visser & Smit Hanab



## Telecoms

### 2013 Overview

Results are satisfactory across the board with the rollout of 4G boosting the order book. In order to accommodate the fast-growing demand for data traffic, the market is investing in network capacity and bandwidth. The five-year renewal of an existing framework agreement will also ensure a substantial volume of work over the next few years. Although all disciplines are performing satisfactorily, our telecoms activities are not immune to economic effects; investments in construction are marginal and growing competition is putting pressure on prices.

The position of telecoms in society is changing. Like water, gas and electricity, bandwidth is now considered to be a primary necessity. The market is also changing. Internationally, the sector is rife with consolidation. Major telecom providers are looking specifically for parties in the European market. Our markets are also in a state of great flux. While 'voice' is losing ground, data traffic is growing exponentially. One striking corollary of 4G is the proliferation of links between fixed and mobile networks. The growing need for bandwidth is increasing the fixed component of mobile networks.

The gap between copper and fibre is greater. While investments in copper are declining, investments in fibre remain undiminished. Fibre optic networks are spreading fast throughout the Netherlands, but the process is far from complete. While the laying of fibre optic cables for homes, companies and mobile access points fluctuates in line with the level of investment by telecom providers, demand for fibre optic in industry is expected to continue growing.

### 2013 Highlights

Three new disciplines were added to our portfolio in 2013 as a result of two acquisitions. Our portfolio currently also includes Services, Radio Links and Ether Management. One notable reference project was the provision of indoor coverage in three stadia where a new mobile antennae will cope with peak demand, ensuring there is no disruption to data traffic in the Arena (Amsterdam), Galgenwaard (Utrecht) and the Abe Lenstra Stadium (Heerenveen) during competitions and events. Many more households were connected to the fibre optic network during the year and the process of connecting Soest, Borne, Delden, Wierden, Hardinxveld-Giessendam, Gaanderen, Wehl, Beuningen and Zevenaar to the fibre optic network was completed in 2013.

### Implementing our strategy

Operational excellence and the LEAN philosophy are a major focus in the telecoms sector. Our objective is to assist our clients by substantially reducing lead times, simplifying work processes and lowering investment and operational costs (total cost of ownership).

We are focusing on technology to prevent failure costs, mainly on innovations which ensure that projects and work processes are 'right first time'. In 2013, the brushing machine was introduced, which not only limits environmental impact and CO<sub>2</sub> emissions, but also helps reduce the damage caused by excavation work.

VolkerWessels Telecoms occupies a leading position with a substantial market share in the construction of fixed and mobile networks in the telecoms infrastructure sector. We owe that position in part to our particularly extensive knowledge of, and experience in the telecoms sector. The challenge is to maintain that position and also conquer areas further up the value chain and within other niches, such as the integrated management of infrastructure. To achieve that aim, we are particularly focusing on services, partnerships and technologies, with an integrated approach. We want to continue to demonstrate throughout the sector that we are the preferred partner for quality, knowledge and experience.



## The digital technician

Tablets and smartphones: we can't imagine life without them. Our Group is also starting to embrace smart apps, and VolkerWessels Telecoms has introduced the digital technician. Colleagues can log in directly to a digital project file, in which they will find all the relevant project information. Now that there is a digital link to the details in the land register (KLIIC), technicians who used to have to refer to large, unfolded drawings can see at a glance where and at what depth cables and pipes are located. The possibilities for technicians are endless, now that they can quickly exchange and synchronise project information, equipment lists, damage report forms, photos, timesheets and mileage records. The advantages are obvious: digital technicians work faster, more efficiently, more meticulously and, therefore, cheaper. Not to mention more sustainably, because they no longer have to drive to collect project folders crammed with paper files from the office. The environment also benefits from the fact that printers are no longer churning out stacks of complicated construction drawings. VolkerWessels Telecoms also plans to link the app to the WAVE safety campaign: when a technician logs in, he must first carry out a safety check.

**Company involved:** VolkerWessels Telecoms



## Report by sector **International markets**







## Thameslink depots

# British companies are building bridges

In July 2013, VolkerFitzpatrick won the biggest contract in its history, for the design, construction and delivery of the Hornsey Depot in North London and the Three Bridges Depot near Crawley, West Sussex, both part of the Thameslink Rolling Stock project.

Six sister companies are supporting VolkerFitzpatrick with this high-profile project: VolkerRail is laying the track and erecting the overhead wires and the signalling and VolkerHighways is handling the motorway lighting, traffic management systems and other roadworks. VolkerStevin will be making use of its VolkerGround Engineering and VolkerBrooks divisions to

This project is a great example of internal collaboration between all the companies that make up VolkerWessels UK

provide temporary and permanent steel dam walls, machines for erecting dam walls and the fuel storage facilities. Finally, as a specialised contractor, VolkerLaser is responsible for making the bridge decks

watertight. The depots are being simultaneously built by specialised project teams cooperating locally with the client, Siemens, the partner Network Rail and the train operator, First Capital Connect. This project is a great example of internal collaboration between all the companies that make up VolkerWessels UK.

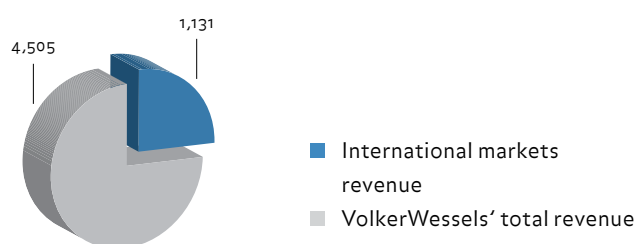
**Companies involved:** VolkerFitzpatrick, VolkerRail, VolkerHighways, VolkerStevin, VolkerGround Engineering, VolkerBrooks, VolkerLaser



## International markets

**VolkerWessels UK's main activities are civil engineering, railway infrastructure, construction, upgrading and maintenance of highways, maritime and environmental projects and energy infrastructure. In Canada, VolkerWessels operates in the province of Alberta. Our Canadian colleagues are involved in constructing, managing and maintaining roads, civil engineering works, commercial property construction, public infrastructure and private sector projects. We are also active in the United States in civil engineering and land development.**

Revenue 2013  
(in millions of euros)



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

## United Kingdom

### Financial results

Results and revenue in the UK are developing in line with expectations. In challenging market conditions, VolkerWessels UK has achieved a stable performance, with our market share and order book showing healthy growth.

### 2013 Overview

During 2013, VolkerWessels UK has been awarded a number of long-term frameworks and innovative alliance contracts, which will 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 particular focus on transport and energy infrastructure. Given the challenging market conditions, VolkerWessels UK has sought to achieve a diverse spread of work across a range of infrastructure sectors. We now have increasingly strong positions in rail, road, airports, ports, energy, coastal and flood defences. Further, the VolkerWessels UK companies are supporting our international marine activities within UK territorial waters.

### 2013 Highlights

With continuity in mind, VolkerWessels UK is focusing on long-term contracts, with one example being the innovative London Highways Alliance Contract (LOHAC), under which we are maintaining and enhancing the highways infrastructure in central London for the next eight years. This strategy was further underpinned by the award of a four year framework

contract for the Environment Agency, and the award by Network Rail of a five year rail infrastructure enhancement contract in the Anglia region. As well as delivering the Reading train depot and the long-term projects for the Manchester Metrolink, we were awarded new contracts to construct maintenance depots for trains and related infrastructure in and around London for Thameslink, Crossrail and the InterCity Express programmes, as well as the Stafford Area Improvement Project. VolkerWessels UK completed the reinstatement of the Gatwick Airport runway and is currently re-routing the A45 next to Birmingham Airport alongside the associated runway extension works.

### Implementing our strategy

The strength of our UK activities lies in the diversity of disciplines and so we have extended our sector coverage by entering the energy infrastructure market. Where market leadership is concerned, VolkerWessels UK has for a number of years been a trusted and reknown player among the frontrunners in the transport infrastructure sector. Market leadership in terms of volume is not an aim in itself - but market-leading quality is. Through the employment and recruitment of talented individuals across all disciplines, we are focusing on our unrivalled quality, as well as safe delivery of infrastructure projects. We are prioritising margin over volume and ensuring that we are at an appropriate scale to make the crucial difference in delivering for our clients.

## Canada/USA

### Financial results

Results and turnover in North America are making satisfactory headway. After a difficult start to the year in Canada due to weather conditions, we once again posted a very solid result. In the United States, the (slight) recovery in the market continued.

### 2013 Overview

Alberta's economy continues to develop well, thanks to investments in the energy sector. But, with extremely harsh winters with very heavy snowfall, there is probably no other market that is as weather-dependent as Canada. Weather conditions played tricks on our results in the first few months. In the summer of 2013, our home base of Calgary was literally flooded, and almost 200,000 people were evacuated. In the aftermath of the floods, which were caused by a combination of heavy rainfall and meltwater from the Rocky Mountains, our Canadian colleagues were kept busy repairing the damage.

Results elsewhere in Alberta are developing according to plan. We have signed long-term contracts under which we are responsible for managing and maintaining roads the length and breadth of this vast province. In addition, we have a long-term contract to lay roads for mining ventures. In Edmonton, a new location is being developed to handle the management and maintenance of the ring road startup in 2016. We are upscaling and making preparations for the 30-year maintenance contract we concluded one year ago. Our business in the United States, which specialises in civil engineering, is experiencing stable development. Our US operations are concentrated within the Seattle region.

### Implementing our strategy

In Canada, we rely on a healthy spread of activities and a broad position in the chain. In Alberta, we undertake a wide spectrum of activities, from asphalt production to management and maintenance. The public sector trend towards outsourcing the management and maintenance of roads is an auspicious development for us, and we are taking advantage of this. In the United States, continuity of our market position, our market share and improving our margins are the top priorities.



### Repairs to Highway 1

## Canadian colleagues rectify the damage done by nature

Volker Stevin's teams who maintain highways, bridges, roads and underground infrastructure joined forces in June 2013 to repair the flood-ravaged Trans-Canada Highway near Canmore. More than 350 millimetres of rain fell in less than 48 hours, triggering avalanches in the Rockies which dislodged huge boulders and uprooted trees, leaving a trail of destruction in their wake. The normally slow-flowing Cougar Creek was transformed into a raging torrent which dragged tonnes of debris along in its current, causing severe damage to the Trans-Canada Highway near Canmore.

It took 140 workers, 13,000 man hours, 5,500 equipment hours and 135m<sup>3</sup> of concrete to stabilise various bridges. In addition, 850m<sup>3</sup> of boulders were positioned to prevent further erosion and 175,000m<sup>3</sup> of rock backfill were used to repair the route, which is vital to transport and tourism. When Canadian Transportation Minister Ric Mclver officially reopened the Trans-Canada Highway on 26 June, he praised the unfailing and professional dedication shown by everyone involved.

**Company involved:** Volker Stevin Canada

# Report by the Supervisory Board

## To the shareholder of Royal Volker Wessels Stevin nv

### 2013 Annual Report

In accordance with Article 38 of the Articles of Association we herewith present you with the annual report drawn up by the Board of Management for the year ended 31 December 2013, which includes the financial statements for 2013. These financial statements have been audited by KPMG Accountants nv who provided an unqualified auditor's report. We have discussed the financial statements with the Board of Management and the auditor and these were subsequently approved at our meeting on 11 March 2014.

At the General Meeting of Shareholders to be held on 27 May 2014 you will be invited to adopt the financial statements for 2013 and the proposal made by the Board of Management therein for the allocation of the profit. The Supervisory Board has approved this proposal. We shall also request that you grant formal approval to the Board of Management for the discharge of its governance for the 2013 financial year and to the Supervisory Board for the supervision conducted upon it. The Supervisory Board recommends you exercise your voting right in accordance with these proposals.

### Composition of the Supervisory Board

The composition of the Supervisory Board has not altered during the last year. There is currently one remaining vacancy on the Supervisory Board. The Central Works Council has a right of recommendation. We held talks with the Central Works Council regarding this in 2013.

The general profile of the Supervisory Board as determined in 2005 has been placed on the Company's website. In connection with the shareholder structure that has existed since May 2007, two of the four supervisory directors are appointed from the ranks of the indirect major shareholders of the Company. Following the change to the shareholder structure in 2013, the Supervisory Board comprises four supervisory directors and one of those positions is vacant. Mr Van Rappard is a supervisory director in a personal capacity.

### Supervision and advice

In 2013, the Supervisory Board and the Board of Management met five times jointly, at which meetings almost all members were always present. In addition there were many other meetings between supervisory directors and, due in part to the role of Mr Holterman who chairs the meetings of the Board of Management in his capacity as delegated supervisory director, there was a lot of contact with the executives of the company.

Just as in previous years a large amount of attention was paid to the strategy and objectives for the medium term, as defined by the Board of Management, and the related policy. The three pillars of the strategy are: Operational Excellence, Expanding the value chain and Market leadership. The strategy is implemented by delivering optimum results to our customers, using the best people and in a sustainable, and safe manner. The evolution of the results and the financial position are also a major focus of every meeting. Managing working capital and our net debt position is one aspect of this.

Other subjects that have been discussed by the Board and approved as relevant include:

- the risks that are related to the strategy and the operating activities of the Group, as well as the measures to manage these risks;
- large tenders and the assessment of ongoing and completed major projects;
- the policy for improving the safety of employees;
- the policy for integrity and fraud prevention;
- management development within the Group and the appointment of several new Group directors;
- the joint venture with Koninklijke Boskalis Westminster nv relating to Visser & Smit Marine Contracting Holding bv ('vsmc');
- the scope of the audit and the selection and appointment of a new auditor for the 2014 financial year;
- the transaction between ultimate shareholders and the change in the shareholding structure;
- the amendment to the company's Articles of Association, which included the introduction of dual authorisation;
- organisational changes as a result of persistently difficult market conditions in some segments in the Netherlands;
- the changed role of the Group head office in the central financial, legal and risk management frameworks for our Group companies and participating interests;
- the termination of the management participation scheme.

In December 2013, the company appointed Deloitte Accountants BV as the company's auditor for the 2014 financial year. The Supervisory Board would like to thank KPMG Accountants NV for their many years of work for VolkerWessels.

Lastly, the Supervisory Board wishes to express its great appreciation for the dedication shown to the Group by the Board of Management and its employees in 2013. Although the ongoing difficult market conditions in some segments in which the Group operates will continue to place serious demands on the business acumen, skills and commitment of everyone in 2014, the profit recovery in 2013 is very satisfactory.

We wish the Board of Management and the employees every success in continuing to improve the Group's performance.

**H.M. Holterman**

**R.L.J. van Rappard**

**D. Wessels**



# Corporate Governance

VolkerWessels is an unlisted Dutch public limited company to which the 'structure regulation' applies. This means that at VolkerWessels certain rights which, at smaller companies, fall to the General Meeting of Shareholders, fall to the Supervisory Board.

The Corporate Governance structure of VolkerWessels is based on Dutch law, jurisprudence and the Dutch Code of Corporate Governance (hereinafter called: the Code).

As VolkerWessels is not a listed company, there is no legal requirement to apply the Code. The Board of Management, the Supervisory Board and the General Meeting of Shareholders subscribe to the most important principles that underpin the Code. For that reason a large part of the Code is applied, on voluntary basis, to VolkerWessels. Naturally, being an unlisted company, a number of principles and best practices of the Code do not apply to VolkerWessels, or their application does not contribute to the intended objectives of the Code. Within the context of the 'apply or explain' principle, where the Code is not followed or is not followed in full, this is indicated in the text below at a number of points.

The principles and best practices from the Code that are applied by VolkerWessels are shown in the current annual report, the Articles of Association and the regulations that apply to the Board of Management and the Supervisory Board. The most important governance-related documents are published on the website.

The Dutch Management and Supervision (Public and Private Companies) Act came into force on 1 January 2013. Among other things, this act regulates the balanced representation of men and women on the Board of Management and Supervisory Board. The law states that at least 30% of these roles must be filled by women and at least 30% of the roles by men. VolkerWessels aims for the balanced representation of men and women within the organisation but, unfortunately, we have not yet reached the statutory target percentage.

One appointment has been to the Board of Management since the act came into force. When this position was filled, no female candidates were identified who were equally suitable for the role. No appointments have been made to the Supervisory Board since the act came into force. When a new member is appointed to the Board of Management or Supervisory Board, in addition to suitability for the role, the statutory requirements will also be borne in mind. If two

candidates are equally suitable, preference will be given to the female candidate.

## Amendment to the Articles of Association

VolkerWessels' Articles of Association were amended in 2013 in response to the recent new legislation on companies and the desire to introduce a 'dual signature' system at VolkerWessels. Specifically, the amendments relate to decision-making and the powers of representation of the Board of Management.

## Board of Management

The Board of Management is charged with the management of VolkerWessels and is responsible, among other matters, for the delivery of the objectives, the strategy and associated risk profile, the evolution of results and the social aspects relevant to the Group.

The Board of Management reports on this to the Supervisory Board and the General Meeting of Shareholders. In the fulfilment of its task, the Board of Management focuses on the interests of VolkerWessels and the company's business and takes account of the relevant interests of parties involved with VolkerWessels.

As of 31 December 2013, the Board of Management consists of four members, who are appointed for an indefinite period of time. Mr J.G. van Rooijen joined the Board of Management as CFO with effect from 1 January 2013. Mr H.M. Holterman is attending the meetings of the Board of Management as chairman in the capacity of a delegated supervisory director. Given the nature of the company's activities, with many long-term projects and investments, an appointment for a maximum period of four years is not considered in the interests of the company. The Board of Management has divided the tasks involved in exercising its management remit as an executive board among its members. Any change to this division of tasks requires the approval of the Supervisory Board. Without prejudice to the responsibility of each member of the Board of Management for the task allocated to him or her, the entire Board of Management is collectively responsible.

As an unlisted company, VolkerWessels does not have any separate regulations relating to private investments and share dealing in relation to insider trading. However, VolkerWessels does have a general code of conduct for all employees, aimed at ensuring they act with integrity.

### Remuneration of the Board of Management

The remuneration of members of the Board of Management is determined by the Supervisory Board. The remuneration policy for the members of the Board of Management is aimed at attracting and retaining qualified and expert directors and serves the interests of VolkerWessels in the medium and long term.

The remuneration level of members of the Board of Management of other Dutch and European construction firms and companies of similar scale in other sectors is used as a benchmark for determining the remuneration level of the members of the Board of Management, having due regard for the complexity, scope and risk profile of the benchmark companies. When determining the remuneration level of the members of the Board of Management, their specific responsibilities are taken into account. The Supervisory Board reviews the remuneration level annually; if necessary or desirable, it seeks external advice on weighting the relevant criteria and the general salary trend in the sector is also taken into account. The remuneration of the members of the Board of Management consists of the following components:

#### 1 – Fixed basic salary

This relates to the fixed part of the income.

#### 2 – Performance-related bonuses

The variable bonus enjoyed by the members of the Board of Management is set annually by the Supervisory Board and is related to a number of measurable, predefined, financial objectives (currently: operating working capital and EBITDA) and personal objectives that contribute to the delivery of VolkerWessels' long-term strategy. The Supervisory Board has the authority to maximise the variable bonus element.

#### 3 – Pension scheme

The members of the Board of Management participate in a collective pension scheme. The features of the pension scheme are: a pensionable age of 65 years and an accrual percentage of 2.25% per year of the pensionable salary on the basis of average salary.

#### 4 – Expense allowances and benefits in kind

The members of the Board of Management receive a general expense allowance for costs that they have to incur on account of their role. Benefits in kind are a company car and participation in a collective health care insurance facility, both made available by the company.

### 5 – Severance pay

In all contracts that started after 1 January 2009, the possible severance pay for the members of the Board of Management has been set at a maximum of one time the fixed basic annual salary plus half the average short-term bonus paid in the three preceding years.

### Supervisory Board

The Supervisory Board supervises the policies of the Board of Management and the general affairs of VolkerWessels and the company's business and advises the Board of Management. In the fulfilment of its tasks, the Supervisory Board acts in the interests of VolkerWessels and the company's business and takes account of the relevant interests of parties involved with VolkerWessels. In so doing, it also takes account of the social aspects of doing business that are relevant to the company. The Supervisory Board has rules of procedure, in which its composition, tasks and working method, as well as its dealings with the Board of Management are set out. In connection with the shareholder structure that has existed since the start of 2013, two of the four supervisory directors have been appointed from the ranks of the indirect major shareholders of VolkerWessels. Mr D. Wessels was a member of the Board of Management prior to his appointment as a member of the Supervisory Board.

The fourth member of the Supervisory Board must be appointed on the recommendation of the Central Works Council and is independent pursuant to Article III.2.2. of the Code.

As the Supervisory Board now provides for four members in the new shareholder structure, in line with Corporate Governance principle III.5, the two committees of the Supervisory Board have been abolished.

The remuneration of the Supervisory Board is fixed and independent of the Company's results. The General Meeting of Shareholders sets the remuneration. The remuneration amounts to € 40,000 per year for the chairman and € 30,000 per year for the other members. Members of the Supervisory Board also receive a fixed expense allowance for costs (chairman € 2,740 per year and other members € 2,270 per year).

#### Audit of the Financial Statements – external auditor

The General Meeting of Shareholders appoints the external auditor and awards the engagement to audit the financial statements drawn up by the Board of Management. KPMG Accountants NV was reappointed during the General Meeting of Shareholders on 12 May 2011 as the auditor for a period of three years. With effect from the 2014 financial year, Deloitte Accountants BV was appointed as external auditor for a period of three years.

The Supervisory Board and the Board of Management in consultation with the external auditor have taken the necessary measures to ensure the objectivity and the independence of the auditor. The main measures are:

- in the audit engagement, as great a separation as possible has been made between tax advice and the audit work relating to the financial statements;
- for efficiency reasons, services related to the audit of the financial statements are mainly carried out by the external auditor. Activities relating to acquisitions or disposals can only be handled by the external auditor on the basis of non-exclusive quotes submitted in advance. Where, in the judgement of VolkerWessels, there may possibly be a conflict of interests, other professional service providers are used;
- the external auditor is engaged to a limited extent for general advisory engagements.

The proportion of the fee paid to the auditor that is not related to the audit of the financial statements amounts to approximately 16% of the audit costs in the year under review.

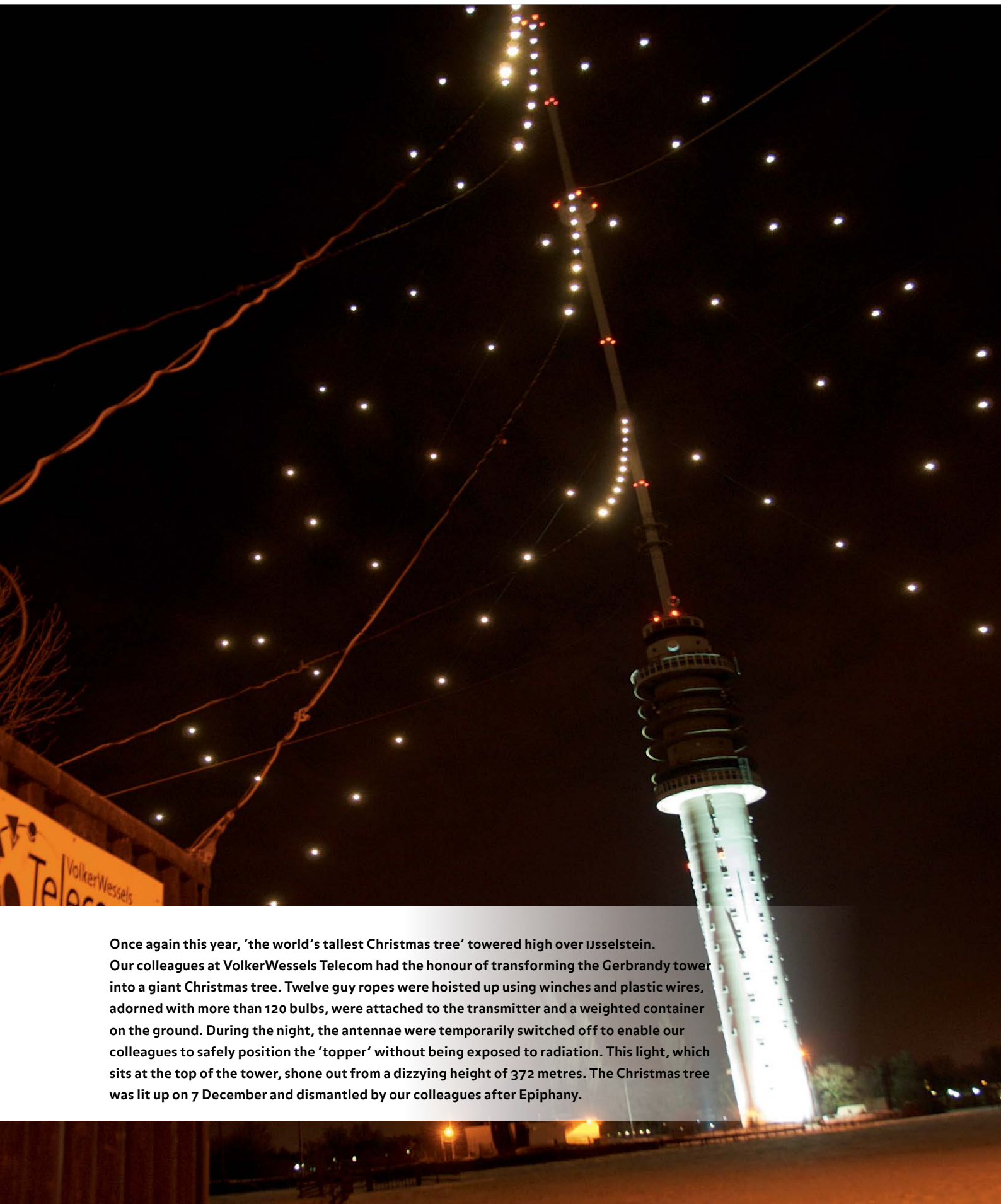
The Supervisory Board and the Board of Management periodically review the implementation of the aforesaid measures. The external auditor submits a report to the Board of Management and the Supervisory Board about the measures that are and will be taken in order to continue meeting professional and legal requirements regarding ensuring independence vis-à-vis the Company. This includes the periodic replacement of the relevant auditors and audit partners.

#### External relations

As a large company and as a major employer, VolkerWessels is actively involved in the community and has a strong sense of social commitment. Sustainability and 'Corporate Responsibility' feature prominently in our operational management.

It is therefore appropriate that VolkerWessels connects and remains connected with the communities in which it is present and also continues publishing the financial results and the most important events within the Group through various channels, including press releases and publications on the website. Moreover, VolkerWessels and all of its associated companies continue to communicate actively with all relevant stakeholders - including, crucially, the local residents at locations where construction or other activities are in progress.





Once again this year, 'the world's tallest Christmas tree' towered high over Usselstein. Our colleagues at VolkerWessels Telecom had the honour of transforming the Gerbrandy tower into a giant Christmas tree. Twelve guy ropes were hoisted up using winches and plastic wires, adorned with more than 120 bulbs, were attached to the transmitter and a weighted container on the ground. During the night, the antennae were temporarily switched off to enable our colleagues to safely position the 'topper' without being exposed to radiation. This light, which sits at the top of the tower, shone out from a dizzying height of 372 metres. The Christmas tree was lit up on 7 December and dismantled by our colleagues after Epiphany.



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## Abridged Financial Statements

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**CONSOLIDATED INCOME STATEMENT**

Amounts in thousands of euros

	2013	2012
<b>Continuing operations</b>		
<b>Revenue</b>	4,505,497	4,892,250
<b>Operating expenses</b>		
Costs of raw materials and consumables	(959,505)	(1,089,487)
Costs of outsourced work and other external costs	(2,332,666)	(2,618,929)
Personnel expenses	(948,877)	(953,765)
Depreciation and impairment of property, plant and equipment	(60,489)	(60,386)
Amortisation and impairment of intangible assets	(9,168)	(8,962)
Other impairments	(6,562)	(140,507)
Other operating costs	(111,002)	(128,048)
	(4,428,269)	(5,000,084)
Result from the sale of participating interest(s)	26,798	387
Share of result from associates and joint ventures	46,778	35,175
Share of impairments from associates and joint ventures	(4,577)	(55,531)
Share in results of associates and joint ventures (after income tax)	68,999	(19,969)
<b>Operating result</b>	146,227	(127,803)
Operating result excluding other impairments	157,366	68,235
Total of other impairments	(11,139)	(196,038)
<b>Operating result</b>	146,227	(127,803)
Financial income	37,375	37,765
Financial expenses	(35,584)	(49,368)
<b>Net financial result</b>	1,791	(11,603)
<b>Result before tax</b>	148,018	(139,406)
Income tax	(27,491)	29,633
<b>Result from continuing operations</b>	120,527	(109,773)
<b>Result from discontinued operations (after income tax)</b>	(3,559)	(12,999)
<b>Result for the financial year</b>	116,968	(122,772)
Attributable to:		
Owners of the Company	117,001	(120,821)
Minority interests	(33)	(1,951)
<b>Result for the financial year</b>	116,968	(122,772)

**CONSOLIDATED INCOME STATEMENT**

Amounts in thousands of euros

	2013	2012
<b>Operating result excluding other impairments</b>	157,366	68,235
Depreciation and impairment of property, plant and equipment	60,489	60,386
Amortisation and impairment of intangible assets	9,168	8,962
<b>EBITDA excluding other impairments</b>	227,023	137,583

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Amounts in thousands of euros

	2013	2012
<b>Result for the financial year</b>	116,968	(122,772)
<b>Other comprehensive income</b>		
<i>Items which will never be transferred to the income statement</i>		
Revaluations of commitments (assets) in connection with defined pension entitlements	1,339	(9)
Income tax	(436)	-
	903	(9)
<i>Items which have been or may be transferred to the income statement</i>		
Foreign currency exchange differences for foreign operations	(26,012)	918
Reclassification of currency exchange differences on sale of Group companies	3,280	-
Share of unrealised result from associates and joint ventures	1,688	(1,290)
Effective portion of changes in fair value of cash flow hedges	7,684	8,123
Income tax	(1,921)	(2,031)
<b>Other comprehensive income after income tax</b>	(15,281)	5,720
<b>Total comprehensive income for the financial year</b>	102,590	(117,061)
Attributable to:		
Owners of the Company	102,629	(115,189)
Minority interests	(39)	(1,872)
<b>Total comprehensive income for the financial year</b>	102,590	(117,061)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

Amounts in thousands of euros

	31 December 2013	31 December 2012
<b>Assets</b>		
Land and buildings	75,812	76,364
Machinery and equipment	203,831	205,928
Other fixed operating assets	19,727	25,646
Property, plant and equipment under construction	1,248	1,851
<b>Property, plant and equipment</b>	<b>300,618</b>	<b>309,789</b>
Goodwill	74,882	82,483
Other intangible assets	11,019	10,164
<b>Intangible assets</b>	<b>85,901</b>	<b>92,647</b>
Investments in associates and joint ventures	218,224	265,134
Non-current receivables	340,395	337,520
Other non-current assets	6,361	7,059
Deferred tax assets	61,720	49,746
<b>Total fixed assets</b>	<b>1,013,219</b>	<b>1,061,895</b>
Land	236,112	232,870
Property for sale	76,589	25,491
Inventories	123,944	128,774
Work in progress	356,307	432,366
Trade and other receivables	868,758	1,004,514
Income tax receivable	–	22,813
Assets held for sale	44,170	27,200
Cash and cash equivalents	208,154	384,213
<b>Total current assets</b>	<b>1,914,034</b>	<b>2,258,241</b>
<b>Total assets</b>	<b>2,927,253</b>	<b>3,320,136</b>



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

Amounts in thousands of euros

	31 December 2013	31 December 2012
<b>Equity</b>		
Issued share capital	83,843	83,843
Share premium reserve	128,339	128,339
Statutory reserves	24,927	49,178
Other reserves	371,670	480,875
Result for the year	117,001	(120,821)
<b>Equity attributable to owners of the company</b>	<b>725,780</b>	<b>621,414</b>
Minority interests	(287)	1,009
<b>Total equity</b>	<b>725,493</b>	<b>622,423</b>
Loans and other financing obligations	116,346	321,555
Derivatives	12,339	20,038
Employee benefits	30,953	32,120
Provisions	134,103	120,862
Deferred tax liabilities	9,802	5,908
<b>Total non-current liabilities</b>	<b>303,543</b>	<b>500,483</b>
Bank overdrafts	3,601	4,303
Loans and other financing obligations	48,051	58,276
Work in progress	376,764	535,847
Trade and other payables	1,322,809	1,438,469
Employee benefits	3,079	6,336
Provisions	106,041	126,002
Income tax payable	34,260	14,120
Liabilities held for sale	3,612	13,877
<b>Total current liabilities</b>	<b>1,898,217</b>	<b>2,197,230</b>
<b>Total equity and liabilities</b>	<b>2,927,253</b>	<b>3,320,136</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

Amounts in thousands of euros

	2013	2012
<b>Cash flow from operating activities</b>		
Profit after tax for the financial year	117,001	(120,821)
Adjustments for:		
– Depreciation and impairment of property, plant and equipment	60,977	60,657
– Amortisation and impairment of intangible assets	9,168	8,982
– Other impairments	11,139	196,038
– Proceeds from sale of property, plant and equipment	(4,411)	(8,645)
– Result from the sale of participating interests	(26,798)	(387)
– Share of result, less dividend paid, from associates and joint ventures	(7,029)	5,050
– Net financial expenses	(800)	13,281
– Current and deferred tax liabilities	27,110	(29,705)
– Result from sale of discontinued operations	(2,781)	–
<b>Operating cash flow before changes in working capital and provisions</b>	<b>183,576</b>	<b>124,450</b>
Changes in land, property classified as held for sale, inventories and work in progress	(94,084)	8,394
Changes in trade and other receivables	89,633	27,567
Changes in trade and other payables	(107,632)	(34,885)
Changes in provisions and employee benefits	16,808	20,824
	(95,274)	21,900
<b>Cash flow from operating activities</b>	<b>88,302</b>	<b>146,350</b>
Interest paid/received	(3,598)	(2,734)
Income tax paid/received	18,310	(14,265)
<b>Net cash flow from operating activities</b>	<b>103,014</b>	<b>129,351</b>
<b>Cash flow from investment activities</b>		
Acquisition of subsidiaries, net of cash	(3,388)	–
Investment in property, plant and equipment	(71,701)	(66,480)
Investment in other intangible assets	(1,573)	(1,750)
Change in financial fixed assets	11,564	(76,118)
Proceeds from the sale of property, plant and equipment	7,843	30,409
Proceeds from the sale of other intangible assets	8	53
Proceeds from the sale of subsidiaries, after deduction of divested cash	(6,125)	387
Proceeds from sale of discontinued operations, after deduction of divested cash	2,781	–
<b>Net cash flow from investment activities</b>	<b>(60,591)</b>	<b>(113,499)</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

Amounts in thousands of euros

	2013	2012
<b>Cash flow from financing activities</b>		
Receipts from non-current loans and borrowings	39,620	308,624
Repayment of non-current loans and borrowings	(240,493)	(307,414)
Payment arising from finance lease liabilities	(11,227)	(8,052)
Dividends paid	-	(261,171)
Share premium payment	-	61,000
Other movements	830	1,974
<b>Net cash flow from financing activities</b>	<b>(211,270)</b>	<b>(205,039)</b>
<b>Change in cash and cash equivalents</b>		
Cash and cash equivalents as at 1 January	379,910	568,446
Effect of exchange rate differences on cash, cash equivalents and current account banks	(7,853)	2,040
Net cash flow from operating activities	103,014	129,351
Net cash flow from investment activities	(60,591)	(113,499)
Net cash flow from financing activities	(211,270)	(205,039)
Changes in cash and cash equivalents relating to assets and liabilities held for sale	1,343	(1,389)
<b>Cash and cash equivalents as at 31 December</b>	<b>204,553</b>	<b>379,910</b>
<b>Composition of cash position as at 31 December</b>		
Cash and cash equivalents	208,154	384,213
Bank overdrafts	(3,601)	(4,303)
	<b>204,553</b>	<b>379,910</b>



## Group companies

As at 11 March 2014

### Construction & Property Development, The Netherlands

#### VolkerWessels Bouw & Vastgoedontwikkeling bv

D. Boers, L.F.J. Bruggink, B. Dijkhuis, J.J.A. van Leeuwen, M. den Harder

#### Property Development

A.H.M. de Koning, Director Integrated Projects

**Biesterbos bv\*** T. Biesterbos

**Bouwontwikkeling Jongen bv** C.P.H. Kültter, F.W.J. Zuthof

**Credo Integrale Planontwikkeling bv** J.A. van der Veer, J. Boxem

**Credo Real Estate Development Espana sl\*** P.M.J.M. Jacobs

**DNC Vastgoedontwikkeling bv\*** J. de Rooij

**Kondor Wessels Vastgoed bv** W.A. Gaijmans, R.H.K. Elbersen

**Kontour Vastgoed bv\*** J. van der Mijl

**Kondor Wessels Projecten bv** M.H. Luchjenbroers,

H.T.J.M. Roelofs

**Loostad bv** H. Driesen

**SDK Vastgoed bv** F.P.M. Gremmen

**VolkerWessels Vastgoed bv** J.A. Voordes, M.H. Schipper

**Zorgid** H. Soepenbergh

**VolkerWessels Woonid** N. Wolfers

#### VolkerWessels Bouw & Vastgoedontwikkeling Noord

J. Dobben

**Koenen Bouw bv** P.L. Wigboldus, J. Dobben

**Rottinghuis' Aannemingsbedrijf bv** J. Dobben,

A.P.R. de Brabander

#### VolkerWessels Bouw & Vastgoedontwikkeling Oost

D.J.C. van der Hulst

**Goossen Te Pas Bouw bv** G.D.J. van den Berg, H.J. Nijkamp

**Bouwmaatschappij Ufkes Apeldoorn bv** P.G.M. Bekhuis,

H.J. Schoonhoven

**Bouwbedrijf Wessels Rijssen bv** G.J. Boers, C.J. Kroot,

J.H.B. Schotman

**Systabo bv** R.M.C. van Hoof

**Veluwezoom Verkerk Bouw bv** F.Th.M. Verkerk, G. Verdellen

#### VolkerWessels Bouw & Vastgoedontwikkeling West

P.A. van Hoeven

**Bébouw Midreth bv** E.P. van den Bergh, A.B.J.M. Pompe

**Boele & van Eesteren bv** M. Coffeng, F.H. Knops, P. van Dijk

**Bouwbedrijf Wessels Zeist bv** P.H.H. Bos, J. Schellevis

**c&s Bouw bv** H. Huisman J.A. Messemaker

**IBB Kondor bv** A.S.C. Westerhuis, A. Spaan

**Kondor Wessels Amsterdam bv** F. Aalders, O.A. van der Pluijm

**Kroon & De Koning bv** P. Gestel, I.H.J. Zweekhorst, A.P. in 't Veld

#### VolkerWessels Bouw & Vastgoedontwikkeling Midden

L.H.P. Horsthuis, A.H.P. van Laarhoven

**Aannemersbedrijf Van Agtmaal bv** J.A.C. Snepvangers,  
A.C. Boidin

**Aannemersbedrijf Van der Poel bv** R.M. van Pamelan,  
M. van der Staal, C. de Regt

**De Bonth van Hulten bv** J.A.W. Schepens, A.H.P. van Laarhoven

**Stam + De Koning Bouw bv** A.G. van Tilburg, H.T.M. van Boxmeer

**Van de Ven Bouw en Ontwikkeling bv** A. Krekels

#### VolkerWessels Bouw & Vastgoedontwikkeling Zuid

F.W.J. Zuthof

**Aannemersbedrijf Jongen bv** R.P.M. Schoffelen, W.A.P.M. Leurs

**Aannemersbedrijf Louis Scheepers bv** M.T. Kneepkens,  
J.A.W.M. Smitsmans

**Aannemersbedrijf Jongen Venlo bv** T.W.J. Eijkenboom

#### Industrial Construction

**Visser & Smit Bouw bv (MedicomZes, VolkerWessels Bouw**

**Schiphol)** F. Snaaijer, B.R. Roosendaal, B. Koman, P.M.H. van Zijl

#### Integrated Development

**VolkerWessels Integraal bv** F. Snaaijer

#### Installation Engineering

**Dubotechniek\*** A.G.M. van Rijsewijk

**HOMU Technische Installaties bv** A. Navarrete Gelde, J.W.J. Fabri

#### Building Materials

**BOWAR\*** W.G. Beelen

**De Groot Vroomshoop bv** W.G.M. Pigge, G. Beltman

**De Mors Houtbouw bv/Timmerfabriek De Mors Rijssen bv**

G. Winkel, M. Zomer

**PCB Holding bv\*** J.H. Jacobs, G.J. Baan

**Westo Prefab Betonsystemen bv\*** J.H. Jacobs, J.W. Olde Kalter

**Reinaerdt Deuren bv** G. Beltman, C.E.M. Hendriks

**VolkerWessels Bouwmaterieel bv** K.J. Nieboer, R.G.R. Frazer

## GROUP COMPANIES

Amounts in thousands of euros

## Infrastructure, The Netherlands

**Stafororganisatie VolkerWessels Infrastructuur Nederland**

M.A.P. Euser, A.M.J. Vos, J.W. Vermeulen

**VolkerInfra vof** M.S. Bakker, R.P. Rijper**Civil Engineering**

**Van Hattum en Blankevoort bv** J.W. Ligterink, S.A.A. Weghorst, C. Sla, R.J. Brouwer, W.T.M. van der Meer, R.S. Beurze, P.A. Kraaijeveld, L.F.P.C. van Mansfeld (EUA Beton- en Waterbouw bv, Volker InfraDesign bv, Volker Staal en Funderingen bv)

**Road Construction**

**kws Infra bv** J.P. de Boer, K.J. de Vries, R.M. Mars, M.A.P. Euser, M.J.P. Veldt

**kws Infra bv, Leek office** W. Dijkstra

**kws Infra bv, Zwolle office** C. Veerman

**kws Infra bv, Amsterdam/Heerhugowaard office** T.C. Stoop

**kws Infra bv, Utrecht office** J. Swank

**kws Infra bv, Rotterdam office** J.H. de Morée

**kws Infra bv, Zwijndrecht/Rozenburg office** R.G.W. de Ruijter

**kws Infra bv, Roosendaal/Sas van Gent office** M. Dees

**kws Infra bv, Eindhoven office** P.J.M. van Wanrooij

**Gebr. Van Kessel bv** A. de Morée (Gebr. Van Kessel Speciale Technieken en Producten bv, Van Kessel Sport en Cultuurtechniek bv, IJzerman bv, Gebr. Van Kessel Wegenbouw bv)

**BRUIL infra bv** J. Brouns

**M.J.O. Holding bv** A.J. Oomen

**Wilchem bv** R.G.W. de Ruyter

**InfralinQ** M.J. Kok

(Grond- en Zandexploitatie maatschappij 'Rijnland' bv, Handelmaatschappij De Keerkring bv, Holland Scherm bv, Koudasfalt bv, Smits Neuchâtel Infrastructuur bv, Wegenbouw Stevin Projectbureau bv, Oakite bv, BKB Infra, Timmer-Verzijl bv, Verhoeve Infra, Romers Grondstoffen, Opsporen Conventionele Explosieven, Gelders Adviesbureau Infrastructuur & Milieu (G.A.I.M.) bv, Aquavia, Nederlands Wegenmarkeerbedrijf NWM\*, StreetPrint Nederland\*, Graniet Import Benelux bv\*, Latexfalt bv\*, Nederlandse Freesmaatschappij bv\*, Rapid Asfalt bv\*, Reflectielijnen van Velsen bv\*, Traffic Service Nederland bv\*, Mineralis bv\*, Vialis InfraTechniek bv\*, Multiline Markering bv\*, AKROH Slijtlagen B.V.\* Aduco bv\*, Van Straten Geleiderail bv\*, NSE AS\*)

**PCH Service Group**

R.E. Kas

**PCH Integrated Facility Management & Services B.V.**

**PCH Parking & Facility Services bv**

**PCH Parking & Facility Services Schiphol bv**

**BVN Security Services bv**

**Traffic and Rail Technology**

**Vialis bv** A.J.S. Fleer, J. Bongartz (Vialis Belgium nv, Vialis Polska sp, IT&T, Vialis Infratechniek bv, VRS Railway Industry bv)

**Holland Systemen bv** R.A.L. Hijdra

**Railway Construction**

**VolkerRail Nederland bv** J.J. Vos, P. de Hair, D.S.E.M. Wieggers, B.F. Hendriks, W. Ringenier, L. Gaainema (IRS IJmond bv, Tribase Datasystems & Network Services vof, Van der Worp, Inspection, VolkerRail Engineering bv, VolkerRail Materieel en Logistiek bv, VolkerRail SAFAC bv, VolkerRail International bv, RailCom bv, VolkerRail Plant & Equipment bv, VolkerRail Deelnemingen bv)

**Equipment Management and Service Delivery**

**Volker Stevin Materieel bv** A.W.J. van Kippersluis

**Romers Transport bv** A.W.J. van Kippersluis

**Advice and Service Delivery**

**Avenco de Bondt bv** G.J. Paalman (Archiment bv, Compositie 5 Stedenbouw bv, Con-tura GmbH)

## GROUP COMPANIES

## Energy &amp; Telecoms

## Networks (Energy and Water)

**Visser & Smit Hanab bv** R.W.P. Oudeman, H. Herremans,  
R. Veffier, W. Koop, A. van Rossum, L.F. Wartna,  
A.F.M. van Kaam, V.E. van Esbroeck, H.J.A. Pruiskens, R. Vos

**Visser & Smit Hanab bv Distribution****Visser & Smit Hanab bv Industrial & Power Projects****Visser & Smit Hanab bv Transport & Drilling Solutions****Volker Stevin Kabelwerken Railinfra Vof****Visser & Smit Hanab nv, Belgium****vws Pipeline Control bv**

## VolkerWessels Civil &amp; Offshore Construction

L.R.P. van Vliet

**Visser & Smit Marine Contracting bv\*** A.M.J. van Poppel,  
B.G. van Katwijk, J. Boender

**Volker Stevin Offshore bv** M.R.J. van Bergen

**Volker Construction International** J.W. Ligterink, A. Klaver

**SPT Offshore bv** M.E. Riemers

**Stemat bv** J.W. Dijkshoorn

## Networks (Telecom)

**VolkerWessels Telecom** W.R. van de Mast, R.M. Wittmaekers,  
E.S. Velderman, J. ten Hove, M.H. Linde, J. Quist

**VolkerWessels Telecom | Infratechniek****VolkerWessels Telecom | FttH****VolkerWessels Telecom | Services****VolkerWessels Telecom | Network Solutions****VolkerWessels Telecom | Vecotech****VolkerWessels Telecom | Belgium** P. Colman**VolkerWessels Telecom | Datacenters****Volker SafeGuard**

## United Kingdom

**VolkerWessels uk Ltd** A. Robertson

**VolkerFitzpatrick Ltd** R. Offord, A. Robertson, N. Connell,  
M. Woods, J. Suckling

**VolkerRail Group Ltd** S. Cocliff, A. Robertson, N. Connell,  
P. Nolan, M. Woods, A. Wilkins

**VolkerHighways Ltd** P. Hyde, A. Robertson, N. Connell,  
M. Woods

**VolkerStevin Ltd** R. Coupe, A. Robertson, N. Connell, M. Woods,  
R. Towse

**VolkerLaser Ltd** M. Weaver, A. Robertson, N. Connell, M. Woods

**VolkerInfra Ltd** J. Humphries, A. Robertson, N. Connell,  
M. Woods

## Canada/us

**Volker Stevin Canada** K. Briscoe, J. M. Festa, J. Vanover

**H. Wilson Industries Ltd, Canada** K. Briscoe, G. Hooper,  
W. Holodniuk, J. Vanover

**McNally Contractors Ltd, Canada** K. Briscoe, F. Desjarlais,  
J. Vanover

**Volker Stevin Contracting Ltd., Canada** K. Briscoe, M. Festa,  
G. Hooper, J. Vanover

**Volker Stevin Highways Ltd, Canada** K. Briscoe, F. Desjarlais,  
J. Vanover

**Mid-Mountain Contractors Inc., United States** J. Levere

**Yarrowbay Group LLC\*, United States** J. Levere

\* Not wholly owned.

This is the operational structure, which differs from the legal structure.

## Supervisory Board

H.M. Holterman  
R.L.J. van Rappard  
D. Wessels

## Board of Management

D. Boers  
H.J. van der Kamp  
J.G. van Rooijen  
A. Vos

## Central Works Council

F.T.M. Engelen, Chairman  
E.J. van Heeren, Secretary

## European Works Council

M.P. van der Sluijs, Chairman



## Definitions

**Operating revenue** Net revenues plus the change in 'work in progress', plus the change in 'earned profit' in work in progress.

**Current ratio** The current ratio is calculated on the basis of the ratio of current assets to current liabilities.

**EBIT** Earnings Before Interest and Taxes. Operating result before interest and tax.

**EBITA** Earnings Before Interest, Taxes and Amortisation. Operating result before interest, tax, amortisation and impairment of intangible assets.

**EBITDA** Earnings Before Interest, Taxes, Depreciation and Amortisation. Operating result before interest, tax, depreciation and impairment of property, plant and equipment and amortisation and impairment of intangible assets.

**Normalised EBITDA** EBITDA normalised for one-off items in accordance with definitions set out in the bank covenants.

**Operating EBITDA** EBITDA excluding other impairments.

**Operating profit after tax** Profit after tax excluding other impairments (after tax).

**Goodwill** The difference between the acquisition price and the net asset value of the shares determined at the time participating interests are acquired.

**Net debt position** Cash and cash equivalents less loans and other borrowings less derivatives.

**Operational working capital** Land + real estate intended for sale + investments in associates and joint ventures + other non-current assets + non-current receivables from associates and joint ventures + inventories + work in progress + debtors -/- creditors.

**Return on equity** Operating profit after tax/average equity.

**Solvency** Total equity attributable to shareholders of VolkerWessels as a percentage of total equity + liabilities (the cash facility being netted against the cash within the Dutch cash pool).

**Total capital** Non-current assets + current assets.

## Colophon

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