



VolkerWessels

Annual report 2015





Through smart phasing and standardisation, the shell of the land tunnel in the Delft-Schiedam section of the A4 was ready just over one year after the start. The tunnel, which is more than 2 kilometres long, consists of 50 tunnel sections with a length of 40 metres each, to which 10,580 tons of concrete was applied. More information on this project is provided on page 42.



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Profile, activities and markets

PROFILE, ACTIVITIES AND MARKETS

Employing some 15,000 people in more than 100 operating companies, VolkerWessels builds projects for the residential, commercial, mobility, energy and telecoms sectors. We handle 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 & Real Estate, Infrastructure, and Energy & Telecoms, and aim to achieve solid returns in each of these sectors. We do this through enterprising use of opportunities, introducing sustainable innovations and giving good people ample scope for personal development. VolkerWessels' ambition is to create value for all its stakeholders by operating in a sustainable, safe and sound manner.

VolkerWessels is active in three sectors and focuses on three geographical areas.

SECTORS	 CONSTRUCTION & REAL ESTATE	 INFRASTRUCTURE	 ENERGY & TELECOMS
 The Netherlands	<ul style="list-style-type: none"> - Property development - Industrial construction - Non-residential construction - Residential construction - Mechanical/electrical installations 	<ul style="list-style-type: none"> - Civil engineering - Road construction - Railway construction - Traffic and rail technology - Traffic and parking management 	<ul style="list-style-type: none"> - Energy networks* - Telecoms connections* (Onshore & Offshore) - Maritime services
 United Kingdom	<ul style="list-style-type: none"> - Industrial construction - Non-residential construction 	<ul style="list-style-type: none"> - Civil engineering - Road construction - Railway construction 	
 Canada/United States	<ul style="list-style-type: none"> - Area development 	<ul style="list-style-type: none"> - Civil engineering - Road construction 	

* These companies also have offices in Belgium.

For a list of individual companies by sector, please see the list of Group companies starting on page 57.



Foreword

FOREWORD

The results for 2015 once again give cause for satisfaction. All sectors made a positive contribution to good and healthy operating results. Although the growth of net profit (by €4 million to €125 million) and the EBITDA (by €7 million to €235 million) was modest in 2015, there was a stronger improvement in the underlying result (after extraordinary profits and losses). The order book grew further, to a record level, totalling more than €7 billion at year-end 2015.

Market conditions vary from one sector to another. Overcapacity and price pressure are proving to be persistent challenges. Whilst different markets are showing tentative to strong recovery, the late-cycle infrastructure sector in the Netherlands remains a cause for concern. Particularly in this sector, market parties have absorbed too many unacceptable risks which are not always within their control. These unhealthy market conditions are taking their toll. Various (near) company failures affected the market picture in the entire construction sector in 2015. These events show that a single large project loss can place the entire financial management of a company under pressure. For the first time, there was also widespread attention to counterparty risks, which VolkerWessels also faces. Market parties and major clients are currently conducting a dialogue on the need for, and urgency of, a redistribution of risks.

Despite these challenges, we also succeeded in recording a positive result in the infrastructure market. As the market leader, we have a strong proposition with a stable order book. Furthermore, after a number of

loss-making years, the results of our traffic and mobility discipline are 'neutralising'.

In the Construction & Real Estate sector, with the exception of utilities construction, we are seeing (cautious) recovery. This market recovery is, however, making demands on our (working) capital. In an addition to a number of bright spots, the sector also faces a fair number of challenges. For example, the revival amongst suppliers is leading to pressure on prices. With higher procurement prices, projects and contracts with prices fixed for long periods without indexation are struggling with shrinking margins. Our own supply companies also benefited from the market recovery.

The positive results in the Energy & Telecoms sector trailed those of 2014. In offshore markets, we felt the effects of lower oil prices. The offshore wind market presented a dual picture. On the one hand, the maintenance market is growing. At the same time, 2015 was a transitional year for the construction of new wind parks. In the telecoms market, there is strong consumer demand and exponential growth in data use. But fierce competition amongst providers is reflected in the price levels and investments in telecoms infrastructure.

Our international markets also vary. With a strong economy, the British government is investing in rail infrastructure and flood defences, two segments in which VolkerWessels is strongly positioned in the UK. In the US, we are active on a modest scale in the Seattle region, where the presence of many multinationals is generating strong

growth in economic activities. In Alberta (Canada), market entrants, capacity pressure and falling prices for property and land positions are creating pressure in a volatile market. Whilst the regional economy is not unhealthy, there is a strong correlation with the price of oil and other commodities.

In this playing field, VolkerWessels is adhering firmly to its proven strategy, the principal pillars of which are operational excellence, market leadership, diversification and a broadly-based position in the value chain. Whilst failure costs are almost inevitable in a project organisation, sound risk management and methods such as the Building Information Model (BIM) and our group-wide Building Smarter Together programme (Samen Slimmer Bouwen), which is based on the LEAN philosophy, unmistakably contribute towards positive operating results in all sectors. At least as important are financial and operational discipline, through realistic budgeting and calculation. Margins take precedence over volumes. We wish to participate in projects only if we regard the price levels and risks as acceptable. This leads to a high quality order book which was enhanced during the year under review with projects including the new IJmuiden Sea sluice, the court house in Breda, the Markermeer dikes, the Princess Maxima Centre, the Veja Mate and Galloper Offshore wind farms, a 'super sewer' in London, a wind rotor blades facility in Hull and the refurbishment of the jetty at Portsmouth naval base.

KVWS expanded a number of minority interests in 2015. Westo Prefab Betonsystemen and Biesterbos Projectontwikkeling are now

wholly-owned group companies, following the acquisition of the remaining half of the shares. We also increased our interest in G&S Vastgoed from 30% to 70%. Where we see opportunities, we are in no way reluctant to take (healthy entrepreneurial) risks. VolkerWessels therefore continues to make substantial, targeted investments in people, equipment and sustainable and innovative concepts, projects and technologies. For example, our innovative MorgenWonen (Future Living) concept, involving far-reaching industrialisation of housing construction, has proved to be a driver for innovative developments that we can also apply elsewhere in our group. With that innovative strength and entrepreneurial spirit, a healthy order book, a sound financial position and our technical expertise, we have confidence in our own strengths and our people. Our company has proved often enough in the past that it is able to distinguish itself even in difficult markets. For whatever the market conditions, there are always opportunities for innovative businesses. That leads us to take an optimistic view of the future of VolkerWessels.

VolkerWessels Board of Management

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

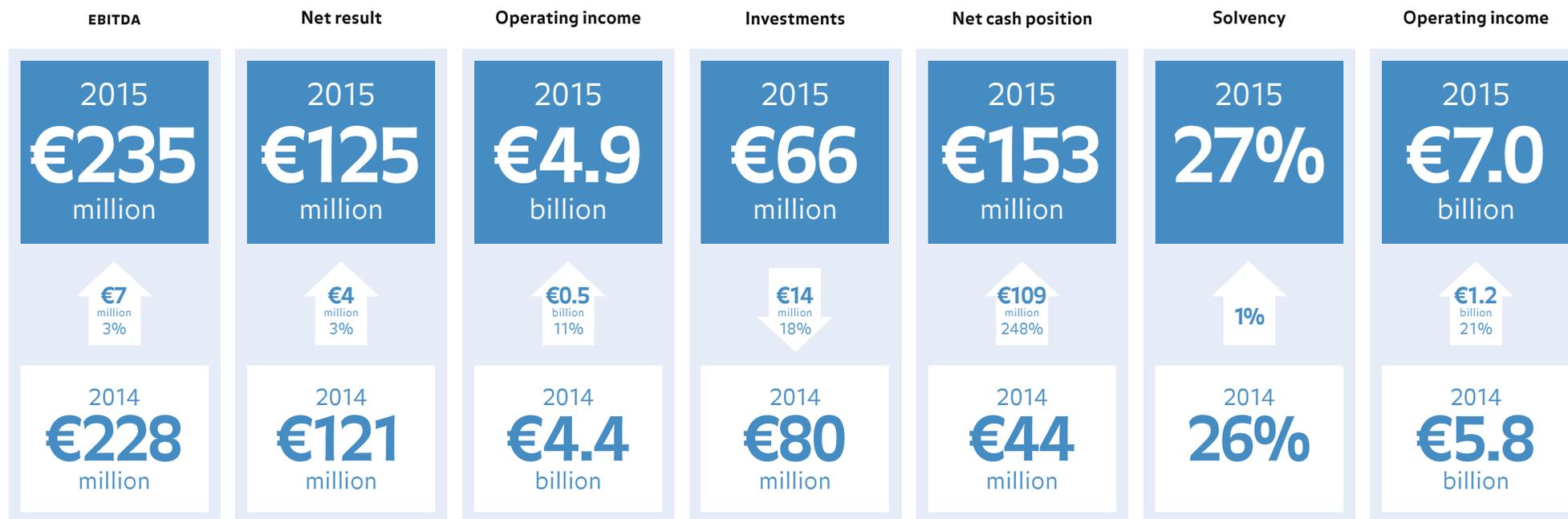
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Important developments in 2015

VOLKERWESSELS AT A GLANCE IMPORTANT DEVELOPMENTS IN 2015



Our EBITDA for 2015 amounted to €235 million, an improvement of €7 million compared with 2014 (€228 million).

The net result for 2015 was a profit of €125 million, compared with a profit of €121 million in 2014.

Operating revenue increased in 2015 by some 11% to €4.9 billion (2014: €4.4 billion). The increase is most apparent in the results for Construction & Real Estate and in the UK.

Investments in tangible fixed assets were slightly lower, at €66 million (2014: €80 million).

Despite a number of acquisitions and a dividend distribution of €50 million in 2015, we realised further growth in our net cash position, i.e. liquidity less interest-bearing debt, by €109 million.

Our solvency at year-end 2015 was 27%, representing an increase in comparison with 2014 (26%), despite a dividend payout of €50 million.

The order book amounted to €7.0 billion at the end of 2015, €1.2 billion higher than the €5.8 billion at year-end 2014. Expectations are that €3.6 billion (51%) of this will be delivered in 2016, €1.4 billion in 2017 and €2.0 billion in 2018 and the years thereafter.



Five-year summary

VOLKERWESSELS AT A GLANCE FIVE-YEAR SUMMARY

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

	NL GAAP 2015	NL GAAP 2014	NL GAAP 2013	IFRS 2013	IFRS 2012	IFRS 2011
Income statement						
Operating income	4,906	4,400	4,519	4,505	4,892	4,713
EBITDA excluding other impairments	241	238	202	227	138	192
Other impairments	-6	-10	-11	-11	-196	-12
EBITDA	235	228	191	216	-58	180
Depreciation and impairment of tangible fixed assets	-60	-57	-61	-61	-61	-59
Operating result before amortisation (EBITA)	175	172	130	155	-119	121
Amortisation and impairment of intangible fixed assets	-23	-21	-19	-9	-9	-10
Operating result after amortisation (EBIT)	152	151	111	146	-128	111
Financial income and expenditure	6	4	5	2	-12	5
Result of ordinary operations before tax	158	155	116	148	-140	116
Taxes	-31	-34	-26	-27	30	-14
Result for the financial year before discontinued operations	127	121	90	121	-110	102
Result of discontinued operations (after income tax)	-	-	-	-4	-13	-21
Result for the financial year before share of third parties in result of group companies	127	121	90	117	-123	81
Share of third parties in result of group companies	-2	0	0	0	2	0
Result for the financial year	125	121	90	117	-121	81

The financial information on pages 53 to 56 is taken from the audited 2015 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 www.volkerwessels.com/en/financial/annual-report-2015

For definitions of the key figures detailed above, please see the Definitions on page 60.

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

	NL GAAP 2015	NL GAAP 2014	NL GAAP 2013	IFRS 2013	IFRS 2012	IFRS 2011
Balance sheet						
Intangible fixed assets	56	45	49	86	93	99
Tangible fixed assets	360	338	301	300	310	327
Financial fixed assets	569	577	607	627	659	631
Total fixed assets	985	960	957	1,013	1,062	1,057
Inventories/work in progress	588	473	428	793	819	872
Receivables and prepayments and accruals	819	826	872	913	1,055	1,061
Cash and cash equivalents	337	241	208	208	384	589
Total assets	2,729	2,500	2,465	2,927	3,320	3,579
Share capital	84	84	84	84	84	84
Reserves	516	446	452	525	658	771
Undistributed profit	125	121	90	117	-121	81
Share of the legal entity in group equity	725	651	626	726	621	936
Third party share in group equity	2	1	-	-	1	3
Total group equity	727	652	626	726	622	939
Provisions	301	297	303	175	159	101
Long-term liabilities	122	103	116	128	342	71
Other current liabilities	1,579	1,448	1,420	1,898	2,197	2,468
Total liabilities	2,729	2,500	2,465	2,927	3,320	3,579
Ratios						
Current ratio	1.10	1.06	1.06	1.01	1.03	1.02
Solvency	27%	26%	25%	25%	20%	26%
EBITDA as % of operating income	4.8%	5.2%	4.2%	4.8%	2.8% *	3.8%
Net profit as % of operating income	2.6%	2.7%	2.0%	2.6%	-2.5%	1.7%
Tax rate	19.9%	22.0%	22.4%	18.2%	21.4%	12.1%
Return on equity	18.2%	18.9%	14.4%	17.4%	3.7%	8.6%
Other information						
Order book	7,020	5,774	6,084	6,084	5,462	5,484
Average number of employees	15,154	14,910	14,933	14,933	15,308	15,996
Investments in tangible fixed assets	66	80	72	72	66	57
Investments in intangible fixed assets	34	14	2	2	2	16
Working capital	34	85	124	224	179	271

* 2012, excl. impairment.

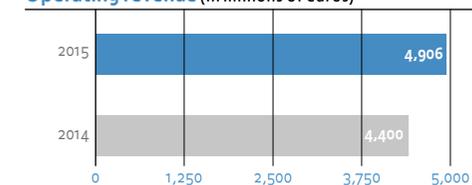
Key figures

VOLKERWESSELS AT A GLANCE KEY FIGURES

Operating revenue (in millions of euros)

	2015			2014*		
	Total	The Netherlands	International	Total	The Netherlands	International
Construction & Real Estate	1,902	1,662	240	1,485	1,317	168
Infrastructure	2,445	1,211	1,234	2,274	1,219	1,055
Energy & Telecoms	633	633	-	703	703	-
Other/elimination	-74	-74	-	-62	-62	-
Total	4,906	3,432	1,474	4,400	3,177	1,223

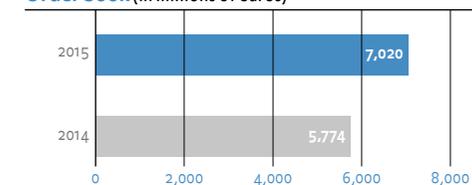
Operating revenue (in millions of euros)



Order book (in millions of euros)

	2015			2014*		
	Total	The Netherlands	International	Total	The Netherlands	International
Construction & Real Estate	2,695	2,434	261	1,969	1,783	186
Infrastructure	2,896	1,139	1,757	2,996	1,034	1,962
Energy & Telecoms	1,430	1,430	-	856	856	-
Other/elimination	-1	-1	-	-47	-47	-
Total	7,020	5,002	2,018	5,774	3,626	2,148

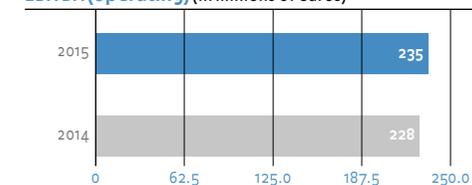
Order book (in millions of euros)



EBITDA (operating) (in millions of euros)

	2015			2014*		
	Total	The Netherlands	International	Total	The Netherlands	International
Construction & Real Estate	65	61	4	36	35	1
Infrastructure	140	62	78	117	47	70
Energy & Telecoms	51	51	-	74	74	-
Other/elimination	-21	-19	-2	1	1	-
Total	235	155	80	228	157	71

EBITDA (operating) (in millions of euros)



* Adjusted for the purposes of comparison.



Composition of the Supervisory Board and Board of Management

VOLKERWESSELS AT A GLANCE COMPOSITION OF THE SUPERVISORY BOARD AND BOARD OF MANAGEMENT

The composition as at 31 December 2015 was as follows.

Supervisory Board

H.M. (Henry) Holterman (1955)

Chairman of the Supervisory Board since 2012
 Reappointed in 2012, member since 2010
 Retiring: by rotation in 2016
 Proposal for reappointment for four-year term at the next AGM
 Other position: member of the Board of Management of Reggeborgh Group.

R.J.H.M. (René) Kuipers (1960)*

Appointed in 2015, member since 2015
 Retiring: by rotation in 2019
 Other positions: Managing Director of Reggeborgh Invest BV
 Formerly CEO of Norit N.V.

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

Reappointed in 2014, member since 2007
 Retiring: by rotation in 2018
 Other position: Co-chairman of CVC Capital Partners Group.

D. (Dik) Wessels (1946)

Reappointed in 2015, member since 2007
 Retiring: by rotation in 2019
 Formerly: member of Board of Management VolkerWessels
 Other positions: member of the Board of Management of Reggeborgh Group, three other supervisory directorates and other management positions.

* R.J.H.M. Kuipers attends the meetings of the Board of Management as a delegated supervisory director.

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 & Real Estate (NL) sector.

D. 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 (NL) sector.

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

Position: CFO, member of the Board of Management
 Appointed and active in the role since: 1 January 2013
 Mr van Rooijen has functional responsibility for the financial directors at the operating companies and for VolkerWessels' central group departments.

A. (Alfred) Vos (1969)

Position: member of the Board of Management
 Appointed and active in the role since: 1 January 2009
 Mr Vos is responsible for the Energy & Telecoms activities and VolkerWessels' international activities.



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Strategic objectives and results

STRATEGIC OBJECTIVES AND RESULTS

General

VolkerWessels once again realised a good result in 2015, in market conditions that varied sharply in the sectors in which we operate. Results were positive in all our sectors.

The good performance was the result of operational and financial discipline, in which the use of opportunities is combined with a focus on margins over volume, cost control and a healthy risk-return ratio.

In the Construction & Real Estate sector, with the exception of utilities construction, we are seeing cautious market recovery. This positive development has led to an increase in volumes and our returns in this sector. We nevertheless

remain on our guard for price pressure and higher procurement prices. The reviving economy also requires us to manage the necessary working capital with care. The infrastructure market in the Netherlands is struggling with a persistent slump, with fierce competition and pressure on prices. Despite these challenging market conditions, we proved able to realise a good improvement in results.

The volume in the energy and telecoms market was temporarily lower than in 2014. As a result of efficiency improvements and cost control, the margin shrank only slightly. Volume and revenue increased further in the UK, primarily through a focus on project management and growth in our activities in railway, water and

energy infrastructure. In Alberta, market conditions were more challenging due to new market entrants and falling prices for real estate and commodities, but profits remain above average. In the US, we benefited from the strong growth in the Seattle region.

Our operating profit margin (EBITDA) stands at €235 million. The operating profit margin in 2014 stood at €228 million. Net profit for 2015 totalled €125 million, an increase of €4 million in comparison with 2014.

VolkerWessels' total revenue increased by 11% in comparison with 2014, primarily due to volume increases in the Construction & Real Estate sector (partly through three acquisitions) and in the UK (partly due to positive exchange rate effects).

Our healthy order book gives cause for satisfaction. The order book was strengthened in 2015 with some significant new orders, including a number of multi-year contracts. This is good news for long-term continuity.

The order book amounted to some €7.0 billion at the end of 2015, about €1.2 billion higher than at year-end 2014 (€5.8 billion). The further increase in our order book, which had already reached record levels in recent years, is encouraging and provides for continuity. Expectations are that €3.6 billion (51%) of this will be delivered in 2016, €1.4 billion in 2017 and €2.0 billion in 2018 and the years thereafter. We take a cautious approach to determining our order book by only including signed contracts and, for framework contracts, only including work packages agreed with our clients.

Given the challenging market conditions in some sectors, our expectations remain cautiously positive. We certainly do not foresee a strong recovery in the next few years. We are, however, more positive about the prospects for VolkerWessels. We are continuing to focus on return rather than volume and aim to maintain our unique reputation for quality, sustainability and innovation and our good 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. The three pillars of our strategy are operational excellence, expanding the value chain and market leadership. We aim to achieve this by relying on the best people and making sustainability, integrity and safety top priorities in our operations.

When it comes to making strategic choices and implementing them in our daily business, we are guided by our customers' wishes and requirements. We aim to know our customers, to understand how our customers and their markets develop in the longer term and how our customers value our services of VolkerWessels. These insights yield important information about how we can become or remain a preferred partner for the longer term. We work closely with our customers – such as national government bodies, local authorities and the private sector, which

VolkerWessels' strategy





The Heliostaat (moon tower) in the Maankwartier district of Heerlen was erected in December 2015.

[Read more...](#)

includes private parties at home and abroad – on all aspects of our strategy.

VolkerWessels has a decentralised business structure. Within central legal and financial parameters, our directors and employees can respond swiftly to developments in the market and implement our strategy at the local level.

VolkerWessels' results for 2015

EBITDA margin

We once again realised a good result in 2015, in line with our performance in 2014. The improvement in the EBITDA by some €7 million is once again an excellent result and the underlying result (after extraordinary income and expenses as a result of book profits on disposals of activities) improved even more strongly.

All sectors contributed to healthy EBITDA development, in a situation where market conditions can be described as challenging in a number of sectors, due to overcapacity and pressure on prices.

At the end of 2015, the EBITDA margin (€235 million in absolute terms) fell slightly to 4.8% compared with 5.2% for 2014. It remains our aim to further improve our margin over the next few years by continuing to focus on margin rather than volume, having due regard for the difficult market situation in a number of sectors. We continue to rely on our operational excellence programmes to limit failure costs. We are continuing to focus on further growth in activities with a healthy ratio of margin to risk, such as in the energy and telecoms market. In addition, the growing number of long-term management and maintenance contracts in our order book has a positive impact on the EBITDA margin.

Return on equity

The return on equity amounted to 18.2% in 2015. In 2014 it stood at 18.9%.

Solvency

Solvency was 27% before profit appropriation, slightly higher than solvency at year-end 2014 (26%). Our target solvency is of at least 25% of total assets. This target was amply met. A dividend payment of €50 million was made in 2015. The impact of this dividend payment on solvency was limited, due to the addition of the positive result for 2015, amounting to €125 million.

Net debt reduction

We focus constantly on structurally reducing working capital and net debt. We commit our cash as efficiently and as effectively as possible. We free up money for desired investments. Investments in the past year were slightly lower than in 2014 (2015: €66 million, compared with €80 million in 2014).

In 2015, we invested in the second line of our MorgenWonen (Future Living) concept and in our equipment in Canada, as well as the making the usual replacement investments within Infrastructure in the Netherlands. We also increased our interest in G&S Vastgoed from 30% to 70% during the past year. Our interests in Westo Prefab Betonsystemen and project developer Biesterbos were also increased from 50% to 100%. At the same time, we ensure that there is always ample 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 few years, our focus on cash flow and working capital has enabled us to realise a strong improvement in liquidity, once again by more than €100 million in the past year.

This makes us financially stronger.

Increasingly, our working capital is under pressure from the slow processing of 'change requests' by our key clients. Despite this pressure, we were able to reduce our working capital by about €50 million in 2015, partly through the sale of a number of real estate holdings. It remains our aim to continue to improve our liquidity position over the next few years.

At year-end 2015, our net cash position was €153 million, an improvement of €109 million compared with year-end 2014 (net cash position €44 million). The covenants in respect of our bank overdraft facilities were comfortably satisfied as at 31 December 2015.

Operational Excellence

Operational excellence is about working better, smarter, faster and/or more efficiently for our customers and encompasses two aspects: quality and efficiency. Effective, efficient and disciplined management of projects, costs and risks is crucial.

We maintain a high level of quality by paying attention to and steering our project management. The quality of our project management is high on the agenda of all divisions of our company. From the tendering phase to the delivery and any operation, sound risk and project management are crucial in order to avoid failure costs. We also believe there is ample scope to reduce any costs of failure through more efficient and effective governance and thereby increase our margin. Our Building Smarter Together programme, based on the LEAN philosophy, is an important element of this, as are construction methods such as systems engineering, value engineering and BIM. This means that ideas for specific improvements put forward throughout the organisation are translated into results. Operating companies grow by becoming ever more professional in their approach and automating projects and work processes, which limits failure costs. Furthermore, innovation continues to play an important role in our entire organisation, including smart apps and (other) innovative technologies, enabling us to make savings for our clients as well as ourselves.

In addition, we are intensifying our internal and external collaboration efforts, which include sharing knowledge through various platforms, meetings and networks covering a wide range of subjects. Whilst the growing

complexity of integrated projects requires us to pool knowledge, we are also firmly committed to seeking strategic alliances with our clients and other reliable external partners.

Further efficiency gains are being achieved by focusing on costs, professionalising the procurement organisation, optimising working capital and reducing net debt. This is very much an ongoing process which is never complete.

Further details of our Operational Excellence programme and important innovations can be found in the sector reports.

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, maintenance and operations. At the front end of the value chain, as part of our strategy, we aim to secure raw materials. Expanding our position in the value chain 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, performance agreements for the management and maintenance of public spaces and parking management.

Within Construction & Real Estate, several operating companies are involved in our sustainable innovations, ranging from our developers to our own supply companies. Complex, integrated and multi-disciplinary projects suit us well. Here we can distinguish

ourselves with our knowledge, expertise and sustainable technologies.

Knowledge also helps us to broaden our position in the value chain within Infrastructure. A good example of this is our increasingly prominent and crucial position in knowledge-intensive and advanced industrial automation, such as control systems for bridges, sluices and tunnels.

In Offshore, we increasingly focus on the offshore wind market and are seeing a growing volume of framework contracts for repair and maintenance of offshore cable installations. In Telecoms, we are expanding our activities for existing client with above-ground activities and mechanical/electrical installations. We are upscaling from

conventional network building to the design, realisation and maintenance of complete telecoms infrastructures. We also introduced various innovations, including MapXact, which depicts underground and above-ground infrastructure with a combination of mobile mapping, 3D-scanners, ground radar technology and innovative software.

In 2015, our service and maintenance revenue totalled some €0.6 billion (2014: €0.6 billion), which is approximately 11% of our total revenue (2014: 13%). 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 came to €1.5 billion last year (year-end 2014: €1.4 billion).



Working on a second Hollandse Brug bridge.



Market leadership

We strive to attain leading positions in our sectors. 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 in Construction & Real Estate in the Netherlands was €1.7 billion in 2015, representing an increase in comparison with 2014 which partly reflects the improved market conditions. Part of the increase in revenue is due to the expansion of a number of minority interests.

The combined infrastructure companies of VolkerWessels are market leaders in terms of their technical capacity, size and results, a position that we chiefly want to consolidate in this tough market. Volume is less important than a healthy return.

We operate in the fields of civil engineering, road construction and traffic management as well as in the rail market. We offer all these disciplines in an integrated manner under our VolkerInfra collaborative banner. By further strengthening VolkerInfra, we are responding to the sustained shift away from traditional schemes towards complex, integrated infrastructure projects.

Volume is less important than a healthy return.

Through our focus on costs, we are able to execute smaller works at the local level cost efficiently, as well as the complex integrated works.

VolkerWessels Telecoms occupies a leading position with a substantial market share in the construction of fixed and mobile networks in the telecoms infrastructure sector.

In the UK, VolkerWessels is one of the top ten players and the expansion of its activities, particularly in the rail and energy markets, opens up opportunities for further growth.

In Canada, we enjoy a strong position in the infrastructure market in

Alberta and can capitalise on the Canadian government's preference for outsourcing more and more maintenance and management tasks to private parties.

The best people

Our people are the foundation upon which our business and our strategy rest. The quality of our employees lies at the very heart of our success. They make the difference and we strive to recruit, train and retain the best people. Thanks to the combination of our solid position and reputation and the opportunities we offer in our group for personal development, entrepreneurship and personal responsibility, we succeed in winning the loyalty of and retaining good people. In this

way, we secure the knowledge within our organisation.

VolkerWessels has many diverse operating companies. The decentralised model stimulates entrepreneurship, because managers and employees themselves feel a sense of responsibility for their own organisation. This stimulates (technological) innovation and fresh approaches to the market and society. Within a central 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 at home and abroad.

In order to continue to retain our directors, members of the Board of Management and other key employees at VolkerWessels, a new participation programme has been introduced, under which a total of around 200 VolkerWessels employees have the opportunity to invest in profit-sharing bonds. The related scheme stimulates long-term profit growth and pays out for a given performance year over the three subsequent years.

Through our activities, we make a positive contribution to our employees, the market, the environment and society at large. This requires that our professionals possess not only specialist knowledge, but also entrepreneurship, a broad view of society and the ability to work with partners in the chain. Boasting the best people, we are able to make the difference, particularly in fast-changing

markets. The better equipped we are to empathise with our customers' 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. It remains a challenge to find and win the loyalty of good (professional) people. Investing in our own staff therefore has high priority.

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, in which we strive for continuous process improvement, fed by ideas put forward by people throughout the organisation. In our training programmes, a great deal of attention is devoted to these working methods, in order to increase knowledge.

Central Works Council

We continued to hold constructive talks with the Central Works Council (COW) and the European Works Council (EOW) in 2015. Besides the usual subjects, the topics discussed in 2015 included the pension scheme, the enforcement policy, our safety policy, a model protocol for camera



surveillance and the continuation of our redundancy scheme, which, unlike our previous redundancy schemes, was co-signed by the COR.

European Works Council

Besides the topics on the standard agenda, such as the developments in the European businesses, discussions with the EOR included the sustainability policy and the design and representation of the international employee participation structure.

Average number of employees

	2015	2014
Construction & Real Estate	3,478	3,221
Infrastructure	4,890	4,928
Energy & Telecoms	2,955	3,075
International	3,522	3,343
Other	309	343
Total	15,154	14,910

Male/female distribution

The Dutch Management and Supervision (Public and Private Companies) Act came into force on 1 January 2013. Amongst 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 made to the Board of Management and one to the Supervisory

Board since the Act came into force. When these positions were filled, no female candidates were identified who were equally suitable for the role. 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.

Health management

In 2015, we continued our efforts to reduce long-term sickness absence and thereby limit the intake of employees for benefits under the Resumption of Work (Partially Disabled Persons) Regulations (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.

In addition, our ‘Be Alert! Safety First!’ (WAVE) safety campaign seeks to limit long-term sickness absence. The general rate of sickness absence in the Netherlands has fallen to 3.9% (2014: 4.8%).

Core values

Integrity, safety and sustainability are crucial elements of VolkerWessels’ strategic course. These core values form an integral part of the group policy and are an important item on the agenda at various meetings, ranging from project meetings to Board of Management meetings with the directors of the operating companies.

Safety

Safety has priority at VolkerWessels. We make no concessions on safety. We work safely or we don’t work at all. We have a corporate culture in which safety is continually embedded in our consciousness. It is not enough to jointly follow rules and comply with laws and regulations. Our WAVE safety programme therefore focuses on increasing safety awareness within our group. From the building site to the Board of Management, working safely is a shared responsibility. This continual growth process will not have succeeded until accidents no longer occur.

We are also making progress in terms of figures. In 2015, for example, VolkerRail became the first railway contractor to attain the fourth step of ProRail’s stringent Safety Ladder. With this, our railway infrastructure company demonstrates a proactive safety culture. Our performance is also improving according to the accident frequency index (IF). In absolute terms, the number of accidents and

days of absence as a result of safety incidents are diminishing. Safety is an integral part of our reporting system. Our operating companies are required to provide evidence of their safety policies and ambitions. We also appointed a new safety officer in 2015 and have a central safety platform in which all echelons are represented, including directors and members of the Board of Management, and in which our (experience) experts on the (external) shop floor have an important say.

We make no concessions on safety.

However, it is always important to guard against the mere appearance of safety or ‘hidden’ unsafe situations. In 2015, we introduced the WAVE app, which presents a picture of unsafe situations. This also takes place literally, thanks to the option of adding photographs. The principle is to increase the learning capacity of our business. We call on our people to help prevent accidents for colleagues by sharing experiences. Another initiative taken during the year under review in order to further increase safety awareness was the VolkerWessels Safety Newsletter, with examples of successful ways in which operating companies realise WAVE. Our colleagues working in the Construction & Real Estate sector have a national annual WAVE Day. The first of these days, at the end of 2014, focused on order and neatness on the work floor. In 2015, the theme was working at heights. VolkerWessels decided to upscale this successful initiative. The theme of the first group-wide WAVE Day in early 2016 was safety at and around the construction site.



In 2015, VolkerWessels launched the WAVE app, with which unsafe situations can be reported.

Safe behaviour is not confined to the work floor. It can also involve, for example, responsible driving. But VolkerWessels applies the broadest possible definition of safety. Personal safety, construction safety, a safe environment, working with the right equipment and good materials, healthy working conditions, cyber security: safety has many different faces and dimensions. At the same time, safety is not a voluntary choice. By agreement with the COR, we introduced an enforcement policy on 1 January 2016, which enables sanctions to be taken if discussions do not lead to a change in behaviour. In the most extreme case, deliberate unsafe behaviour can lead to dismissal. In cases of serious negligence, non-compliant subcontractors risk being blacklisted.

Integrity

Integrity forms an inseparable part of VolkerWessels and its business activities. We always want to be amongst the top Dutch companies in terms of integrity and consider that we owe this to all our stakeholders. That goal can only be achieved through a continual focus on this theme. We promote action with integrity amongst our colleagues and also require this of our subcontractors, suppliers and other partners. Professional conduct and doing business with integrity must be conditions for all our activities. Only then can we work together on a culture of openness, responsibility and integrity.

VolkerWessels has a group-wide Integrity Platform which formulates, determines, implements and disseminates the integrity policy of our organisation. The Platform consists of directors of the different operating companies and two delegates from the Board of Management. Together, they ensure that colleagues are made aware of this theme. The Integrity Platform also stimulates initiatives that promote and ensure action with integrity. We have recorded the basis for this in our Code of Conduct. This provides practical guidelines and describes the procedures for reporting violations of the code safely and with due care. In order to keep pace with current developments, the Code of Conduct was updated in 2015 and supplemented with the Social Media Guidelines. VolkerWessels also once again organised different integrity workshops in 2015. We developed an e-learning tool in order to be able to train employees still more effectively. This tool, launched at the start of 2016, zooms in on dilemmas that employees

may encounter in their own jobs and familiarises colleagues with the current regulations.

In 2015, we further expanded the whistleblowers' scheme (Confidential Line Regulations), which enables employees, subcontractors, clients and suppliers to report suspicions of violations anonymously. We also increased awareness of the services of the confidential adviser through good information and communications. Naturally, our ultimate goal is zero incidents, but at the same time, we are aware that the reports in a large corporate group are a reflection of incidents in society.

In 2015, our confidential advisers received a total of 33 reports of integrity violations (2014: 49 reports). In 13 instances, this led to the termination of an employment contract (2014: 16 instances). In 2015, the whistleblowers' scheme was used on 3 occasions (2014: 3 occasions).



Sustainability

Working together with clients, subcontractors, suppliers, employees, end-users, members of the public and other stakeholders to create a better quality of life. Although Corporate Social Responsibility (CSR) is continually evolving and covers many themes, our sustainability policy is focused on this clear ambition. Individually, as an organisation or from the point of view of society as a whole, everyone strives for the best possible quality of life. If we focus not only on the realisation, but also think carefully about the operation phase, we can make a substantial contribution to that quality of life with our activities. This has a positive effect on the immediate environment and on society. Internally, too, we see the added value of our policy. We observe that our colleagues are proud if they make a contribution to society and are creatively challenged to find innovative and sustainable solutions.

In order to realise our aspirations and ambitions, we ask four key questions. What do end-users want? How can we make our own contribution to a better quality of life? Which partners do we need? And how do we define and measure quality of life? In order to increase the engagement of our operating companies, we develop each key question in a pilot project for each sector. We explicitly seek alliances with different partners here. During the annual Sustainability Challenge, for example, 20 students exchanged ideas with us on our Smart City concept. A smart city in which new digital applications support citizens and the government and improve the quality of life. The students developed a concept in which time, money and commodities literally

become common property, so that the 'smart city' not only gains economic value, but also social value. Defining and quantifying quality of life are enormous challenges. We once again worked intensively on this in 2015, including in the Social Value Creation business coalition of De Groene Zaak, in which we participate, as well as together with knowledge partners and researchers. We translate the main lessons and experiences of this platform of sustainability leaders, partners and researchers in terms of our pilot projects and have bundled them in two publications.

VolkerWessels also took other important steps in 2015 to underscore its sustainability ambitions. The sustainability performance of the operating companies is now a standard item in the quarterly reports to the Board of Management. This makes better monitoring and management of the main KPIs possible, as well as comparison of performance with internal benchmarks. A specific example is the waste separation within our construction companies. Why does one operating company manage to separate 90% of its waste and another 'only' 60%? On the basis of these insights, we defined process steps in order to improve the average separation percentage. This is partly because every percentage point extra in waste separation also means a reduction in costs by 0.6%. Waste separation therefore has our continual attention.

A related theme is sustainable (re-)use of raw materials. A good example is the new accommodation of Alliander, which VolkerWessels delivered in 2015 and which qualifies as the most sustainable renovation in the Netherlands. The renovated building is not

only energy-neutral, but actually supplies power to the grid. Furthermore, more than 80% of the construction materials were re-used. For example, pallet wood was not burned in the furnace, but was reutilized as facade covering. That reuse, our transparency on the use of sustainable timber and the fact that 96% of the timber that VolkerWessels buys and sells is now sustainable won us a shared first place in the Forest 50 in 2015. Forest 50 is an initiative of the Netherlands Forest Stewardship Council (FSC), which ranked the 50 largest construction companies in the Netherlands according to the criteria of sustainable timber and transparency in that regard. In addition to timber, VolkerWessels also devotes attention to sustainable reutilisation of other raw materials. A clear objective for 2016, for instance, is to make the concrete chain more sustainable. Our ultimate ambition is to use only recycled or recyclable raw materials.

In 2015, Rijkswaterstaat approved our new two-layer highly pervious concrete, in which the underlayer also contains recycled asphalt. The use of this material reduces CO₂ emissions by 50% in comparison with conventional two-layer pervious concrete. VolkerWessels made the news worldwide in 2015 with the 'Plastic Road': A road that does not use asphalt, but a prefabricated plastic construction as its basic material and which therefore re-uses waste and requires less maintenance. Whilst many municipal

authorities are interested in a test section, an exceptionally high number of international parties also registered in order to make a contribution. We will now be developing this innovation further, with the right partners, to make it applicable for the market.

Another ambition is more sustainable construction logistics. The pilot project in Utrecht in which, together with TNO and various educational institutes, we route the distribution of construction materials via a hub on the edge of the city, has proved to be a success. Various construction projects in the Utrecht inner city are now operating via this hub. This results in fewer traffic movements and less noise pollution, and also reduces CO₂ emissions of traffic movements at the project

by 60% – 70%. Our ambitions in general, and on the hub in particular, are to use and generate green energy and devote more attention to social return. Group-wide, we have a higher than average score in this regard, but the objective is still to create 300 to 400 jobs by 2020 for long-term unemployed people.

In 2016, we will intensify communications on sustainability to all our employees. This will make it clear within the organisation what our shared values are and how everyone can contribute towards them.

We see that our colleagues are proud if they make a contribution to society.



Outlook

General

The outlook in the construction sector varies sharply from one market to another. Whilst certain disciplines are still facing challenging market conditions, there are also markets in which we anticipate modest growth.

In the Netherlands, the general consensus is that recovery is continuing (cautiously). The Economic Institute for Construction and Housing (EIB) calculates that output in the sector as a whole will grow by 4.5% in the coming year. The forecasts for our international markets also vary. For example, we foresee growth in the UK, whilst in Canada, we expect more difficult market conditions in the coming years.

In line with its traditions, VolkerWessels is a supporter of healthy realism. Although we are a little more optimistic than in earlier years, we also still see challenges and substantial hurdles in the market. As long as markets are struggling with overcapacity, irresponsible price levels and (near) company failures, they are vulnerable and flourishing recovery can be anything but taken for granted. VolkerWessels therefore strives that clients and market parties will find constructive solutions this year for the (re)distribution of risks, so that a new balance is found, particularly in the distorted infrastructure market.

For as the complexity of projects grows, so does the risk profile. And although the market bears a responsibility in this regard, VolkerWessels will itself continue to strive for the control and management of projects,

processes, risks and costs in the coming years, as well as the supporting working methods and systems. At the same time, it is precisely these complex challenges that fit with our expertise and our distinctive capacity. Difficult projects and contracts appeal to our creativity, innovative strength and entrepreneurial spirit.

With a stable and high quality order book, a broad position in the value chain and a solid financial position which makes it possible to continually innovate and invest, our group has an excellent starting position. We are therefore optimistic about the future of VolkerWessels.

Construction & Real Estate in the Netherlands

Although our disciplines in the Construction & Real Estate sector have different growth rates, the outlook is positive. The market is slowly reviving. We expect our margins to recover further, to the required levels. After many difficult years, the outlook in the housing market is improving. As long as interest rates remain low and house prices are rising, consumers will provide for the required impulse and for further recovery. Recovery in utilities construction is clearly going to take more time. The enormous void office space constitutes a structural problem.

The prospects for the mechanical/electrical installations and supply disciplines are good. Our companies benefit from our MorgenWonen (Future Living) concept, which involves far-reaching industrialisation of housing construction and other sustainable multi-disciplinary innovations that extend throughout the entire chain. These are developments that fit with our philosophy that

the focus must lie on the end-user's quality of life. We also expect that the increasing sustainability of the sector will accelerate further in the coming years.

Infrastructure in the Netherlands

The outlook in the infrastructure sector remains particularly challenging. In its latest Infrastructure Monitor, the EIB calculated shrinkage of (a further) 20% in the roads budget in the period between 2014 and 2016. Thereafter, the EIB foresees growth between 2017 and 2020. However, the budget for water safety will diminish after 2017. For the time being, the long-term central government plans for the years to 2028 reserve the same budget for infrastructure. At the same time, investment is still clearly below its pre-crisis level.

Local authorities are also being assigned more tasks with lower budgets and the infrastructure market is struggling with overcapacity, pressure on prices and delays in the agenda. VolkerWessels is therefore in no sense positive about rapid recovery in this late-cyclical market. We expect this sector to reach its low-point in 2016. For VolkerWessels, this means that we will hold to our strategy of selective and disciplined bidding, a healthy spread, long-term contracts and complex projects, in which we can make a difference with smart, sustainable solutions.



OCE, part of kws Infra, working at Badhoevebogen.



VBMS installed 44 km of cables for Westermeer-wind.

[Read more...](#)

Energy & Telecoms

Energy

In the energy sector, the outlook is generally favourable. In the offshore segment, various large projects for building new wind farms will go into production in 2016 and 2017. The market for preventive and corrective maintenance of offshore cables is also growing. Offshore investments in the volatile oil and gas sector will depend on any recovery of oil prices. The order book for the onshore segment is under pressure, but the outlook is improving due to (future) investments in the secondary gas network, the 380 kV electricity network and the reviving housing market and the demand for distribution networks which is inherent to this. We also foresee new initiatives and opportunities in the (petro)

chemical industry and for our specialisation in heat and steam pipelines.

Telecoms

The market is failing to capitalise sufficiently on the exponential growth in demand for data and new applications. We expect this trend to continue for the time being. This also applies for the resulting competitive battle between providers, who put continuing pressure on revenue, prices, margins and the infrastructure investments relevant for VolkerWessels. The outlook is challenging. For the short term, the order book is supported by long-term contracts. However, the sector unmistakably needs a new boost. Promising technologies and developments such as 5G, 'Internet of Things', big data, Machine-to-Machine-networks, the smart city and sensor technology have undeniable potential. Nevertheless, the impact and growth opportunities for the market are not yet entirely clear at present. VolkerWessels sees further opportunities in integrated infrastructures driven by telecoms.

International markets

United Kingdom

The outlook in the UK is good. The growth of the British economy is accelerating. This also applies for the results of VolkerWessels. The margins of our British companies are progressing well. Furthermore, the size and quality of our order book, with many long-term contracts, will provide for a good backlog of work for all our companies and sectors in the coming years.

We expect the market climate to remain favourable and see opportunities for further growth in the UK. British GDP is being given a boost from large-scale investments in infrastructure, particularly in rail infrastructure, in which VolkerWessels holds a good position. In addition to transportation, the British government is investing in sustainable energy and water. Various governments have made budget available for a market in which VolkerWessels is well-positioned: coastal defences and other flood defence projects.

North America

In Canada, the outlook is affected by low oil prices. With low raw material prices, the oil and gas sector has less appetite for infrastructural investments. Because public investments are more stable, new entrants in that market are causing overcapacity and pressure on prices. We expect these difficult market conditions to persist for the time being, and that there will be no strong economic recovery in our Alberta market. With long-term contracts and a healthy spread of regions and activities, we remain optimistic with regard to our own prospects. Furthermore, we are always seeking attractive new opportunities and companies that fit within our strategy and corporate culture. The outlook in the US is significantly better. Although VolkerWessels is active only on a limited scale in Seattle and has no specific growth ambitions there, we expect strong growth in the region to continue as a spin-off of the presence of the multinationals there.





Risk management

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Risk management

RISK MANAGEMENT

Risk management philosophy

VolkerWessels has a wide range of operating companies with a relatively high degree of autonomy. This means that the managers and employees of these companies have a strong sense of responsibility for their organisation, which stimulates (technological) innovations and innovative approaches. We give them the scope for this and also offer excellent opportunities to develop the relevant competencies. We take account of this relative autonomy in the design of our internal risk management and control systems. The VolkerWessels operating companies operate within clear legal and financial frameworks. In order to be able to manage risks adequately, it is important that risk awareness is widely embedded in the

organisation. VolkerWessels steers this by creating an open and transparent corporate culture.

The VolkerWessels Board of Management holds final responsibility for identifying, prioritising, managing and monitoring risks within the business. As far as possible, this matches the decentralised organisational structure, as the risks lie locally in the organisation. The local managing boards account for their policies to the Board of Management each year via an In Control Statement.

We secure long-term continuity by being a profitable company within our market sectors. Operational Excellence, expanding the value chain and market leadership and the three

pillars of our strategy. Operational Excellence and risk management are inseparably linked. The Board of Management and the managing boards of our operating companies therefore work continually to improve and optimise the risk management measures. The subject of risk management is therefore a standard item on the agenda for the quarterly meetings between the Board of Management and the managing boards of the operating companies.

An important element of risk management is that in an increasingly complex environment, the financial, fiscal, legal and risk management positions grow with the business and that sufficient attention is also devoted in this regard to the best people.

both risks and opportunities is essential for successful realisation of our strategic objectives. The identification, quantification and monitoring of risks and opportunities with regard to the preparation and execution of projects is secured in our project control system. For contracts for major projects, VolkerWessels prefers to work in combination with solid and solvent partners.

However, the Board of Management is aware that risk management within VolkerWessels, no matter how professionally this is performed, cannot offer absolute certainty that the strategic objectives will be realised or that material misstatements, negative results, fraud or violations of laws and regulations will be entirely prevented.

Risk management is of a dynamic nature, which means that internal and external factors can continually give rise to a need for enhancement of the management measures. It is therefore a continual process in which we continually consider risks in relation to the existing management measures.

As described above, risk management creates a greater assurance of the realisation of strategic objectives. We distinguish the following here:

- Strategic and market risks
- Operational risks
- Financial risks

These are described on the following pages.

Risk appetite

The success of the business is largely determined by the way in which we are able to handle risks. Within the risk appetite of the business, we therefore continually assess risks and returns in the realisation of the strategy. Our risk management is based on our focus on returns rather than volume (revenue) and a clear definition of our activities, both geographically and in terms of their nature. Outside its primary markets, VolkerWessels is active only with a number of specialisms, as a subcontractor of reputable principals.

We also keep a close watch on the point at which risks can lead to opportunities. This enables us to manage risks pro-actively, on the basis of a structured approach, rather than solving problems after the event when risks materialise. Effective management of



Visser & Smit Hanab maintains the Rotterdam-Beek pipeline (PRB).



Strategic and market risks

RISK MANAGEMENT STRATEGIC AND MARKET RISKS

Risk	Description of the risk	Potential consequence/expected impact	Risk limitation measures
<p>Economic cycle sensitivity</p>	<p>Economic conditions largely determine the financial performance of the construction and real estate activities. These may include changes in the housing construction and office markets, partly through stricter rules for granting mortgages, the austerity measures in the government coalition accord and consumer or product confidence.</p>	<p>Peaks and troughs in the order book and the accompanying fluctuations in results, partly as a result of overcapacity and voids.</p> <p>In the past year, our order book once again grew, to a record level of €7 billion. Our order book was also expanded by a number of notable orders, as explained in our Foreword and the sector reports.</p> <p>In addition, we saw a clear recovery of the housing market for private individuals in 2015, leading to rising volumes. However, the volumes remain substantially below the level before the crisis. In non-residential construction, there is modest recovery. The competition in this market is fierce and there are structurally high voids, which means lower demand and price pressure will persist for the time being.</p>	<p>Focus on long-term maintenance contracts with more predictable cash flow, creating more continuity in the order book.</p> <p>Through investments in integrated project forms, such as public-private partnerships in building infrastructure, VolkerWessels aims to create additional building volume for the operating companies. These altered contract forms require extra attention in relation to contract management. A spread of activities over sectors and geographical areas reduces the company's sensitivity to changing market and economic conditions. The activities matrix is evaluated with some regularity and is adjusted where necessary.</p> <p>In order to keep pace with the changing circumstances in the housing market, VolkerWessels responds pro-actively with the following measures:</p> <ul style="list-style-type: none"> – smaller-scale residential construction projects; – development of cheaper homes; – reduced realisation times through prefabrication of housing (the MorgenWonen (Future Living) concept); – development of customer-oriented housing concepts. <p>In order to limit the risk of voids, projects go ahead only if the object to be built is sold (with a minimum rent guarantee) or largely let in advance.</p>





Risk	Description of the risk	Potential consequence/expected impact	Risk limitation measures
<p>Property development</p>	<p>Economic conditions largely determine the financial performance of the construction and real estate activities. These may include changes in the housing construction and office markets, partly through stricter rules for granting mortgages, the austerity measures in the government coalition accord and consumer or product confidence.</p> <p>The development of real estate is inextricably linked to construction. The difficult market conditions mean that the risk of disappointing sales remains present.</p>	<p>Impairments of real estate positions and excessive demands on working capital. The estimated realisable value of land positions and unsold housing stock may be lower than the current book value, which can lead to further write-downs. After a number of difficult years, the net capital invested in real estate fell in 2015 through the sale of a number of real estate projects and conversion of land positions into work in progress.</p> <p>We conduct detailed analyses of our positions each year, on the basis of updated expectations for development potential, development terms and price levels. On the basis of this update, adjustments in the book value of our real estate positions were made to only a very limited extent (€6 million).</p> <p>Rental contracts were concluded for a large number of the properties intended for sale.</p>	<p>Management of the net capital invested in real estate through the sale of a number of real estate projects and conversion of land positions into project development.</p> <p>The following measures are in effect in order to prevent and manage these risks:</p> <ul style="list-style-type: none"> – housing construction projects in the Netherlands go ahead only if 70% of the homes for sale are sold and the buyers have secured the financing of these; – investments in land positions require the prior approval of the Board of Management.
<p>Competition and price pressure in the contracting market in the Netherlands and the UK</p>	<p>VolkerWessels invests in contracting of complex multi-disciplinary projects in its markets, where there is fierce competition for a shrinking supply of projects due to cut-backs by local authorities and central government. In addition, design and execution risks are increasingly being passed on to construction companies.</p>	<p>In a market with overcapacity, design and execution risks are not sufficiently included in prices, which places pressure on margins.</p> <p>The ‘bonuses to be earned’ and ‘penalties to be imposed’ do not always provide the incentives required in advance by parties, but often result in cost overruns and disruption of the construction process.</p>	<p>‘Healthy’ prices and margins are needed in order to ensure continuity. VolkerWessels applies the principle of ‘margins before volume’, with a focus on projects that do justice to our distinctive capacity.</p> <p>The development of results in Infrastructure Netherlands and specifically, for multi-disciplinary projects calls for continual attention to risk management.</p> <p>In addition, creative initiatives are started or intensified, such as further positioning in niche markets, forward and backward integration, a customer-oriented approach, a shift towards complex, multi-disciplinary projects and offering alternative project financing methods.</p>





Risk	Description of the risk	Potential consequence/expected impact	Risk limitation measures
<p>Reputational damage and compliance risk</p>	<p>Questions relating to reputation often bear a direct relationship with other areas of risk, including violations of safety regulations (see 'Safety risk'), non-compliance with laws and regulations and errors in the execution of projects.</p> <p>VolkerWessels is subject to national and international laws and regulations, including in relation to competition, employment contracts, employee safety, the environment, corporate governance and taxes. Potential risks may include the risk of non-compliance with laws and regulations and risks relating to failure to follow changes in legislation.</p>	<p>In the event of non-compliance with these laws and regulations, VolkerWessels could face unwanted (legal) consequences and financial and/or reputational damage.</p> <p>If the relationship between VolkerWessels and its clients deteriorates as a result of, for instance, inadequate customer service or transparency, this can lead to a loss of market share.</p>	<p>In order to manage the reputational risk, we devote close attention to relationships with our clients. Our operating companies regularly conduct customer satisfaction surveys on the basis of three customer satisfaction factors: quality, compliance with agreements and the customer-orientation of the organisation. Points for improvement are followed up immediately in order to optimise relations with our clients.</p> <p>Various measures are in effect to avoid compliance risks. They include the VolkerWessels Code of Conduct, the Regulations on the Management of Operating Companies According to the Articles of Association, the Integrity e-learning course and the Confidential Line.</p> <p>Compliance with specific laws and regulations concerning outsourcing of work and hiring temporary staff (such as the Foreign Nationals Employment Act (wv)) are of material importance, due to an increase in the number of company failures in the construction sector and more stringent government action. Our management teams are regularly kept informed of developments in relevant regulations.</p>
<p>Labour capacity</p>	<p>Our people are the foundation on which our business and our strategy rest. The quality of our employees lies at the very heart of our success. It is therefore crucial that we retain labour capacity with advanced (technical) knowledge.</p>	<p>With the threat of shortages of qualified employees, it is important to provide for sufficient intake of young employees and to retain experienced employees with a range of different competencies. The workforce is ageing as a result of changed pension rules, as a result of which employees must continue to work for longer. This results in lower demand for replacements, which could lead to imbalances in the age structure of the workforce.</p>	<p>VolkerWessels is active in the labour market through labour market communications, traineeships and partnerships with educational institutions.</p>



Operational risks

RISK MANAGEMENT OPERATIONAL RISKS

Risk	Description of the risk	Potential consequence/expected impact	Risk limitation measures
<p>Contract risk</p>	<p>A wide variety of contract forms are used within our sectors, often involving a pre-agreed price which is more or less fixed. The number of large-scale and complex projects is growing, with construction, financing, maintenance and management becoming the responsibility of a single provider.</p>	<p>In the sector as a whole, there is an imbalance between risks and returns.</p> <p>Incorrect, incomplete or unfavourable contract terms may be agreed, which can lead to substantial risks and financial damage.</p>	<p>Before the acceptance of every project, the risks are assessed in both quantitative and qualitative terms. Clear project specifications, properly recorded agreements, (technical) project reviews and good, complete cost budgets, as well as legal assessment of contracts, contribute towards a reduction in contract risks. In the tendering phase, specialised contract managers are added to the tender team.</p> <p>Specialised lawyers are also involved in the tendering phase. This risk makes it necessary to train our employees intensively in the field of contract and risk management.</p>
<p>Project risk</p>	<p>Errors in designs and/or calculations and failure to hedge all risks contractually can have a negative impact on the execution phase.</p> <p>The growing complexity of projects, combined with the increasing regulation of society, form a risk for the financial settlement of the (change) orders.</p> <p>In addition, projects are becoming more complex as a result of the application of ICT in projects, more stringent sustainability requirements and increased demand for modular products, which requires optimisation of logistics.</p>	<p>Project valuations are based on estimates and depend on the outcome of negotiations and discussions on the financial settlement of projects (additional and less work, penalties, claims, delivery times, the quality level of the work, etc.). This can lead to liability, project losses and negative cash flows</p>	<p>Bids above €10 million must be approved by the Board of Management in writing in advance. With very large projects, the Supervisory Board is also involved in the decision-making. In addition to a review of the calculation, the risk inventory of the relevant offer forms an important decision-making criterion. During the execution period, adequate interim project management measures are set up, such as monthly project monitoring. In large projects, specialised contract managers are also added to the project team in the execution phase.</p> <p>During the execution, the project team assesses the risks and opportunities of the project. The project team focuses here in particular on the quality of the building to be delivered, the reduction of failure costs, steering for efficiency and timely delivery.</p> <p>Stimulation of the active exchange of knowledge and skills, intensification of LEAN, Building Smarter Together and the BIM approach to integrated projects are also designed to contribute towards a reduction in our failure costs.</p>





Risk	Description of the risk	Potential consequence/expected impact	Risk limitation measures
<p>Working in consortia/ counterparty risks</p>	<p>Throughout our group, bids are made and projects are executed in cooperation with third party limited partnerships or private limited liability companies. These are both partners from within the sector in which we operate and partners from outside it. Different corporate cultures and working methods therefore come together on the same work floor.</p> <p>There is also a risk that partners in a consortium will be granted a moratorium on payments or be issued a mandatory liquidation order as a result of financial problems.</p>	<p>Insufficiently clear agreements between partners can lead to an inability to provide a proper, documented response to clients and suppliers that hold us liable.</p> <p>This risk is limited by contracting partnerships only with solid and solvent consortium partners. With an increased risk, the consortium partner will be required to provide additional surety, for example in the form of a bank guarantee.</p>	<p>The Legal and Tax Department is closely involved in the design and assessment of these forms of partnership.</p> <p>Attention is already devoted to our partners (both consortium members and the main suppliers) in the tendering phase. Risks resulting from this are addressed in the tender documents, which are submitted to the Board of Management for approval.</p>
<p>Procurement</p>	<p>In the event of economic recovery, VolkerWessels could face rising wages and commodity prices.</p>	<p>Wage rises and price increases for equipment units during the construction period cannot be charged on to the client.</p>	<p>Our policy is to hedge this risk as far as possible, partly by (i) agreeing fixed prices with suppliers, (ii) contracting commodity hedges and (iii) agreeing with clients in advance, in the tender, that price fluctuations can be charged on.</p>
<p>Health and safety on the work floor</p>	<p>Many accidents and health and safety issues can lead to reputational damage, as a result of which clients and/or (potential) employees will no longer be willing to do business with VolkerWessels.</p>	<p>Any accidents can have a major impact in terms of human suffering and (reputational) damage for the business.</p>	<p>With its health and safety policy, VolkerWessels aims for zero cases of physical injury. The financial impact of company incidents is also limited by contracting insurance. VolkerWessels has a safety policy (WAVE) aimed at creating a pro-active safety culture within VolkerWessels, in which employees call each other to account for unsafe conduct.</p>
<p>Security (including security of information)</p>	<p>In view of the growing tensions between the widespread use of (mobile) IT and the increasing professionalism of cyber criminals, continual attention must be devoted to monitoring and limiting risks relating to security and access to data in our ICT systems.</p>	<p>Unsecured access can result in abuse, damage, loss or theft of business assets and/or business data.</p> <p>Unauthorised access to systems increases the risk of integrity, reliability, availability and completeness issues.</p>	<p>VolkerWessels uses a Framework for Security of Information, which includes measures concerning the security, management, availability and continuity of the information. This Framework for Security of Information forms the basis for the design of the management measures for the various ICT systems.</p>





Financial risks

RISK MANAGEMENT FINANCIAL RISKS

Risk	Description of the risk	Potential consequence/expected impact	Risk limitation measures
<p>Guarantees</p>	<p>On contracting of new projects, different sureties are issued to our clients for the proper execution of the project. These may include bank and group guarantees.</p>	<p>We have non-committed guarantee facilities, so we cannot be certain that every guarantee request will be honoured.</p> <p>Depending on whether uncertain events materialise in the future, an obligation can arise that leads to an outflow of financial resources.</p>	<p>VolkerWessels' financial policy is aimed at maintaining the group's credit profile and, where possible, improving this, so that we retain access to the banking/financial markets on terms acceptable to the group.</p> <p>Bank guarantees are requested under the guarantee facilities via a central guarantee specialist, subject to strict procedures. As a result of this strict policy, claims under guarantees issued have been minimal.</p> <p>We also limit the risk for the group through a layered structure, in which liability by means of '403 declarations' (joint and several liability undertaking) and the issue of group guarantees at the KVWS level is not automatic.</p>
<p>Liability risk</p>	<p>The complexity and scale of the projects we perform means that errors in preparation and/or execution can lead to substantial (financial) liability.</p>	<p>The balance between identified risks and the risks to be insured is not correct and/or complete, which means that in the event of a claim, the damage cannot be recovered fully from the insurance company.</p>	<p>Our policy provides for insurance of the risks that we are not willing or able to bear ourselves. Each year, the insurance programme is assessed in terms of amended laws and regulations, insured amounts and new risks, and is adjusted (in the interim) where necessary. Annual assessments of the solvency position of the insurance companies working with VolkerWessels are also conducted. The principle is the reinforcement and expansion of long-term relationships with well-known insurance companies.</p>





Risk	Description of the risk	Potential consequence/expected impact	Risk limitation measures
Project financing	The limited availability of capital in the market, due to tightened guidelines from the BASEL III agreement, means that banks are less willing to provide financing for construction and real estate projects.	The financing and pre-financing of projects is under pressure, as a result of which projects are being cancelled or postponed.	<p>On the basis of the current credit profile of VolkerWessels and/or its operating companies, the group has access to the project financing market on acceptable terms.</p> <p>VolkerWessels employs a number of experienced financing specialists. VolkerWessels also works with a number of financial institutions with a great deal of experience in the field of project financing.</p> <p>VolkerWessels is willing to contribute towards the risk-bearing capital of a project on commercial terms, provided that VolkerWessels also has a share in the construction of such a project.</p> <p>The prior consent of the Board of Management is always required for the contracting of large project financing agreements.</p>

VolkerWessels also anticipates other financial risks. These risks and the management measures are explained in detail in the financial statements on page 72.





Internal risk management and control systems

We use a risk management system for risk management. Risk management concerns the set of processes and procedures that secure the realisation of strategic goals, the effectiveness and efficiency of business processes, the reliability of the provision of financial information and compliance with relevant laws and regulations.

VolkerWessels has a wide range of operating companies with a relatively high degree of autonomy. Together with the Code of Conduct, the

VolkerWessels core values form the internal framework within which risk management takes place. In addition, central guidelines and procedures form the point of departure for the design of the management environment for the managers of the operating companies. These guidelines were updated and tightened further last year.

The progress and development of the operating results, the liquidity and the financial position of the company, as well as the operational and financial risks, are recorded in the regular management reports and discussed at the Board of Management level during the quarterly meetings with the managing boards of the operating companies.

In 2015, risk management was further embedded in the regular planning and control cycle.

In 2015, risk management was further embedded in the regular planning and control cycle, devoting extra attention to the process and to risk awareness. The risk management system provides for a platform in which best-practices, knowledge and skills are shared

between the operating companies in a structured manner.

The attitude and conduct of our employees and contract partners are crucial for the management of risks.

We steer for conduct with integrity by all persons involved in our projects.

In 2015, we implemented a number of specific

improvement initiatives in this regard:

- The expansion of the whistleblowers' scheme (Confidential Line Regulations), which enables employees, subcontractors, clients and suppliers to report suspicions of violations anonymously;
- The development of an e-learning tool to raise awareness of integrity issues, based on dilemmas in day-to-day practice;
- An update of the VolkerWessels Code of Conduct, supplemented by the Social Media Guideline.





Financial results

33 Financial results





Financial results

FINANCIAL RESULTS

Operating income and order book

The operating income for 2015 amounted to €4,906 million (2014: €4,400 million), an increase of more than €500 million (11.5%). The order book amounted to some €7.0 billion at the end of 2015, about €1.2 billion higher than the order book at year-end 2014, amounting to €5.8 billion).

Result (EBITDA and net profit after tax)

Our operating profit (EBITDA) amounted to €235 million, an increase of some €7 million compared with 2014 (€228 million). The EBITDA margin fell from 5.2% in 2014 to 4.8% in 2015. The EBITDA was influenced by a number of underlying extraordinary items in 2015, such as reorganisation costs and liquidation costs totalling €15 million (2014: €7 million) and positive sales results for minority interests or other investments amounting to €9 million (2014: €20 million).

A write-down of land and real estate holdings totalling €6 million (2014: €10 million) also took place in 2015.

The net profit for 2015 amounted to €125 million, an increase of €4 million in comparison with 2014 (net profit €121 million).

Financial position

The solvency ratio before profit appropriation amounted to 27% (2014: 26%). A dividend payment of €50 million was made in 2015 (2014: €117 million). The impact of this dividend payment on solvency was limited, due to the addition of the positive result for 2015, amounting to €125 million (2014: €121 million).

Development of net debt

The net receivable increased by €109 million in 2015. Consequently, the cumulative reduction between 2010 and year-end 2015, corrected for payments to shareholders and acquisitions (net) is more than €750 million. For a further explanation, please see page 14.

Investments in tangible fixed assets

Investments in tangible fixed assets (excluding acquisitions) amounted to €66 million in 2015 (2014: €80 million). Our operating lease obligations were €7 million lower in 2015 (2014: reduction of €22 million).

Depreciation of tangible fixed assets (including impairments) in 2015 amounted to €60 million (2014: €57 million).

Investments primarily related to the replacement and expansion of equipment for the operating activities.

We expect a similar level of investment for 2016.

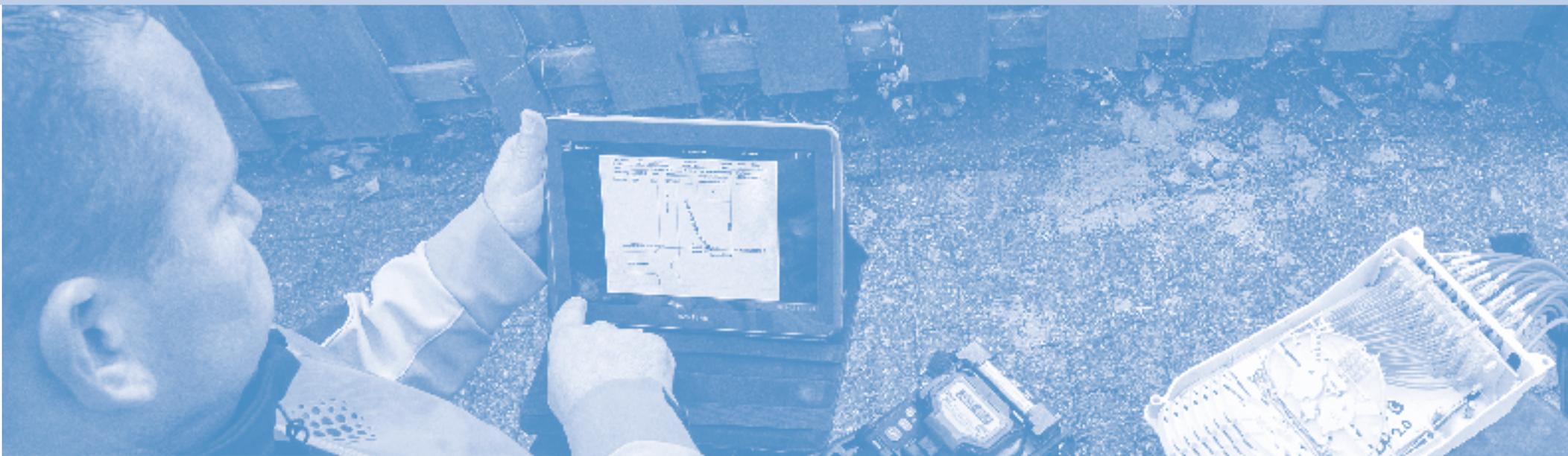
Financing

At year-end 2015, VolkerWessels had a committed, syndicated credit facility of €600 million with a term until mid-2019 at its disposal. A maximum leverage ratio of 2.75 and a minimum interest cover ratio of 5 apply to this credit facility and these covenants were comfortably met as at 31 December 2015. In addition to the committed credit facilities, VolkerWessels also has uncommitted credit facilities of €75 million in the Netherlands.

Other financing

These loans were mainly entered into to finance land for property development and property development projects in progress and, where possible, they were obtained on a stand-alone basis from several banks. The interest on these loans is mostly floating and based on Euribor plus a margin. VolkerWessels has access in the UK to an uncommitted current account facility of GBP 10 million. Uncommitted credit facilities worth a total of CAD 23 million are available for our Canadian activities. In addition the sum of CAD 22 million is available in the form of an uncommitted lease facility. Of this amount, leases totalling roughly CAD 5 million were outstanding at the end of 2015. An uncommitted credit facility of USD 4 million is available for our US activities.

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 and this aim was comfortably achieved at the end of 2015.



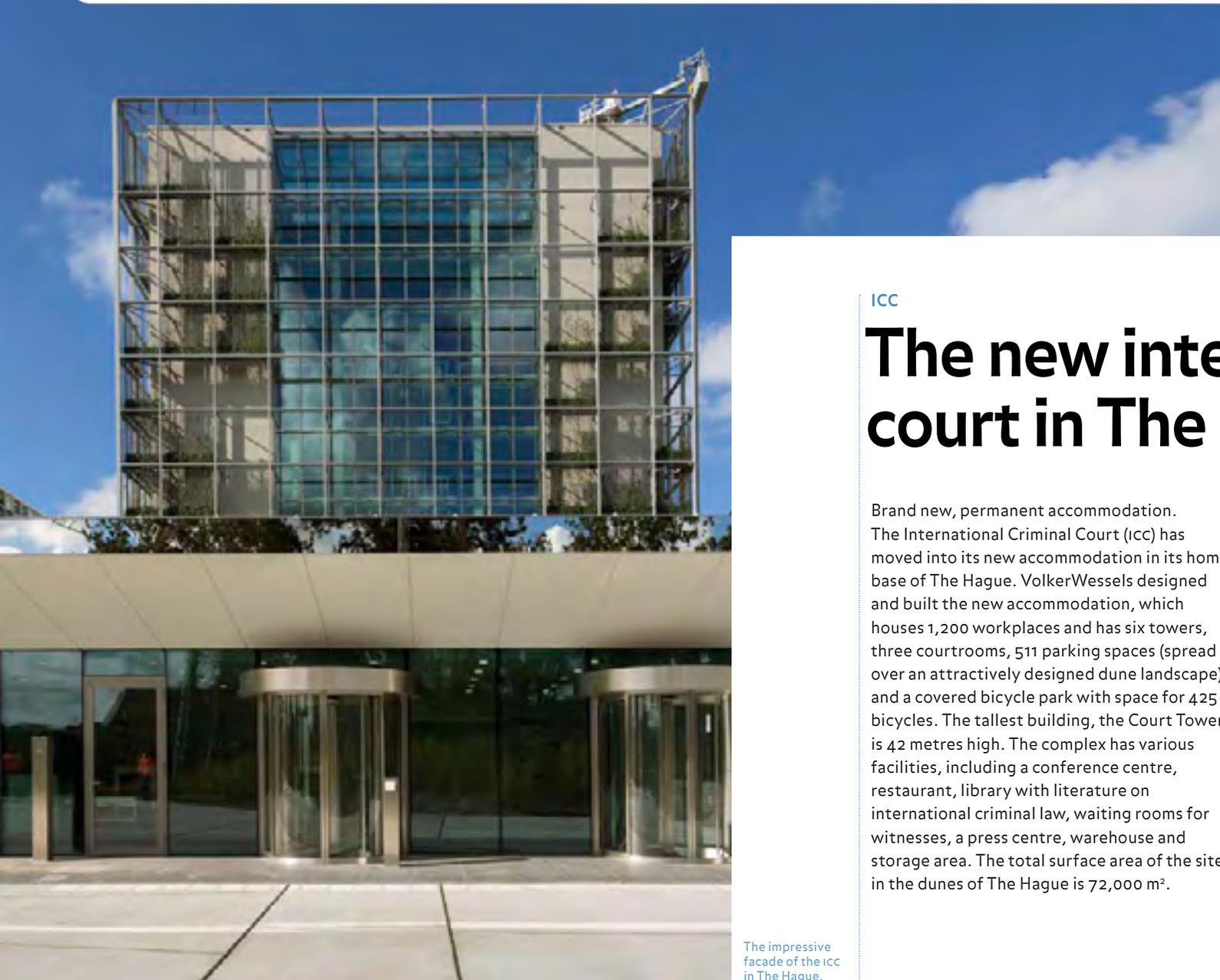
Report by sector

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Construction & Real Estate in the Netherlands

REPORT BY SECTOR CONSTRUCTION & REAL ESTATE IN THE NETHERLANDS



The impressive facade of the ICC in The Hague.

ICC

The new international court in The Hague...

Brand new, permanent accommodation. The International Criminal Court (ICC) has moved into its new accommodation in its home base of The Hague. VolkerWessels designed and built the new accommodation, which houses 1,200 workplaces and has six towers, three courtrooms, 511 parking spaces (spread over an attractively designed dune landscape) and a covered bicycle park with space for 425 bicycles. The tallest building, the Court Tower, is 42 metres high. The complex has various facilities, including a conference centre, restaurant, library with literature on international criminal law, waiting rooms for witnesses, a press centre, warehouse and storage area. The total surface area of the site in the dunes of The Hague is 72,000 m².

The ICC hears major international criminal cases concerning matters such as war crimes, crimes against humanity and genocide. Obviously, the strictest security measures applied for the complex programme of requirements and the requirements for the accommodation. Another challenge was the NEC3, a contract form originating from the UK and previously unknown in the Netherlands. The primary principles of these contracts are transparency, cooperation, sharing opportunities and risks and a joint drive for optimal value for money.

Operating companies involved: Visser & Smit Bouw, Boele & van Eesteren, HOMIJ Technische Installaties, Van Kessel Sport en Cultuurtechniek, kws Rotterdam, Westo Prefab Beton Systemen, VolkerWessels Bouwmaterieel, REINÆRDT Deuren and Smits Neuchâtel



VolkerWessels is active in housing construction, non-residential construction, industrial construction, real estate, project and area development, supply and technical installations; from development, construction and realisation to management, maintenance, financing and operation. With integrated projects and driven by sustainable innovation and a multi-disciplinary approach, VolkerWessels Construction & Real Estate development covers the entire value chain.

State of affairs for 2015

2015 was a good year for the Construction & Real Estate sector, presenting a varied picture. Although the recovery is still fragile, the market is showing signs of a cautious revival. At the same time, there are not yet enough challenges. Whilst the non-residential building segment is struggling with difficult market conditions, the housing market is recovering. Given this market situation, we are satisfied with the increase in our results and the margin improvements. A healthy focus on those margins (rather than on revenue and volume) also led to a stable and good quality order book. The reviving economy does require us to manage the necessary working capital with care. A number of loss-making projects that had a negative impact on the results also form a point for attention.

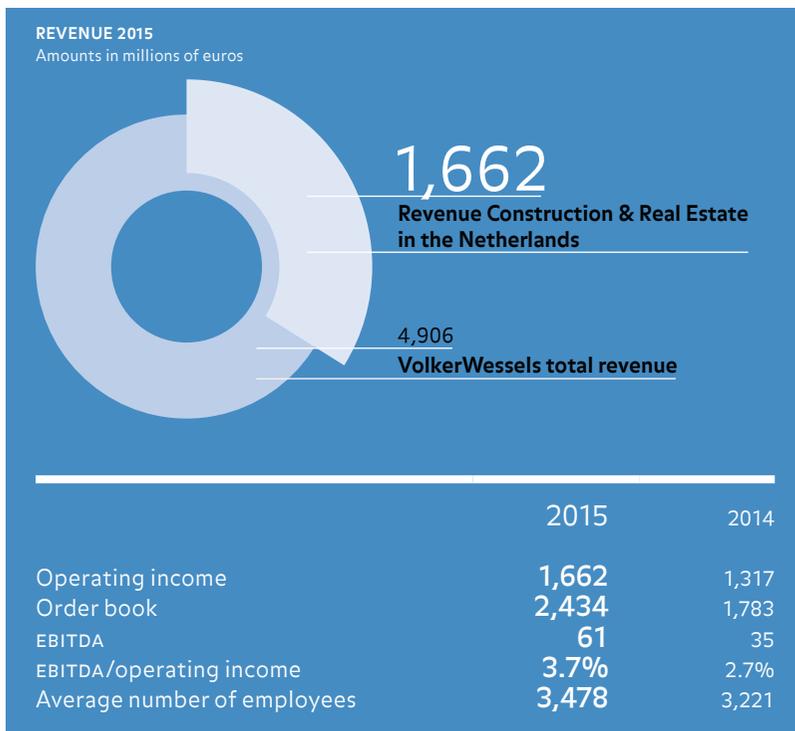
In the housing market, consumers provide an important stimulus. Buyers benefited from low interest rates and demand from (private) investors is also rising sharply. Of the residential properties developed in-house in 2015, 2,373 were sold (2014: 1,613). At year-end 2015, the stock of unsold delivered homes amounted to 134 (2014: 166) and 326 unsold homes were under construction (2014: 131). The commercial property market remains meagre. Investors remain very cautious about investments in commercial property, except at desirable locations such as the Zuidas in Amsterdam.

The traditional contrast between urban and rural areas continues to grow. There is a world of difference between the strong growth in the inner cities (particularly the four major cities) and the peripheral areas. Outside the Randstad metropolitan region in the Western Netherlands, the housing and non-residential markets are barely benefiting from the economic revival, if at all.

2015 was a good year for the Construction & Real Estate sector, presenting a varied picture.

Although VolkerWessels is always prepared to invest in opportunities, we are ourselves selective with regard to our own

developments. That healthy focus contributes towards the improvement of the results of our developers, which are also slowly but surely seeing the disappearance of the number of files from the crisis years from the order books. After a difficult start, our industrial construction received a boost later in the year from a number of new large projects. Our installation and supply companies also benefited from the market recovery. The higher procurement prices for suppliers mean shrinking margins on projects for other operating companies.



Highlights 2015

With its 250th home, the MorgenWonen (Future Living) project was again an important highlight in 2015. VolkerWessels is expanding this innovative concept to include a smaller version, developed especially for corporations wishing to replace old rented properties with affordable and sustainable new buildings with no energy bills. In Duiven, Alliander's new circular and energy-positive accommodation opened its doors. We also delivered the U hall and U passage at Amsterdam Central Station and the new permanent accommodation for the International Criminal Court in The Hague. Queen Maxima opened the new Juliana Children's Hospital in The Hague. In Emmen, we began with the completion of the Wildlands Adventure Zoo theme park.

New projects in the order book include the Breda Courthouse, the new Westland Town Hall, the Gelderland Provincial Hall, the Education and Culture Complex in The Hague, the Jaarbeursplein car park (Utrecht), the Vlaardingen River Zone and the new Singer theatre in Laren. Other notable projects include the inner city redevelopment Strijp-S in Eindhoven, the Tilburg Railway Zone, the Maankwartier in Heerlen, the Princess Maxima Centre for Paediatric Oncology in Utrecht, the completion of the North/South line, the campus for the Free University of Amsterdam, the Change= accommodation for young people, the Food Centre and Kop in de Wind in Amsterdam, Pakhuismeesteren and FIRST in

Sustainable innovation is our driver.

Rotterdam, the Pier in Scheveningen, the Olympia quarter (Almere) and the Meinerswijk district (Arnhem).

During the year under review, we acquired the remaining half of the shares in WESTO Prefab Betonsystemen and the Biesterbos developer in Amsterdam North, as a result of which both companies are now wholly owned by VolkerWessels. We also increased our interest in the leading Amsterdam property developer G&S Vastgoed from 30% to 70%.

Strategy

Sustainable innovation is our driver. This is a continual process, in which VolkerWessels invests with conviction and success. The continued development of our sustainable and energy-neutral 'MorgenWonen' (Future Living) housing concept has proved to be

a cradle for innovations that we can also apply elsewhere in our business. In addition, VolkerWessels is involved in The Valley in Hoofddorp, an alliance that many public and private parties in the Netherlands aim to place on the map as a 'circular hotspot'. We are also taking important steps in the use of bio-based materials, a development in line with our central sustainability theme of quality of life.

Several operating companies are involved in our sustainable innovations, ranging from our developers to our own supply companies. In this way, we are realising our group ambition of covering the entire value chain.



Wildlands Adventure Zoo
A ZOO FULL OF ADVENTURE...

'An adventure right across the world'. At the Wildlands Adventure Zoo in Emmen, visitors will be able to admire wild animals in their own space and natural habitats starting from the end of March. Many of the animals here did not have to move far. Wildlands is the successor of Emmen Zoo, which closed its doors at New Year, after 80 years in operation. The new zoo, covering 22 hectares, consists of three climatic worlds, a central meeting square and a covered play paradise. From rock walls and sandbanks to greenhouses with (tropical) plants: Wildlands was anything but an everyday project. Architecture, landscape development (civil engineering), infrastructure, installation engineering, telecoms, sustainability and energy supply: our companies combined a large number of disciplines and specialisms in order to realise this varied project. Wildlands Adventure Zoo therefore bears the signature of many colleagues from different operating companies. The leading factor in the construction was not the conventional construction drawing, but a model.

Operating companies involved: Kondor Wessels Projecten, Koenen Bouw, kws Infra, HOMIJ Technische Installaties, Visser & Smit Hanab, Aveco de Bondt, GAIM and Van Kessel



Prefabricated building elements for MorgenWonen (Future Living) were assembled at Westo.

This strategy is fed by a market trend in which tenders increasingly also include financing, management, maintenance and operations (Design, Build, Finance, Maintain and Operate (DBFMO) contracts). Complex, integrated and multi-disciplinary projects suit us well. These are ideal processes for us to distinguish ourselves with our knowledge, expertise and sustainable technologies. At the same time, that complexity quite often increases the risk profile. This means that Operational Excellence demands and receives our continual attention. From the tendering phase to the delivery and operation, sound risk and project management are crucial in order to avoid slip-ups.

In order to embed the control and management of risks and (failure) costs still more firmly in our organisation, we are focusing strongly on sharing and further development of knowledge, as well as cooperation in the chain. Amongst other things, this means that we provide (further) education and training for colleagues in working methods such as BIM and the LEAN-inspired group-wide Building Smarter Together programme. Although VolkerWessels is certainly a popular employer with a good reputation in the sector, it remains a challenge to find and win the loyalty of good (skilled) people. Investing in our own staff therefore has high priority. Another solution is automation. VolkerWessels never stands still. Pioneering with new developments in sustainability and industrialisation of construction suits our spirit of enterprise. VolkerWessels never shies away from an innovative vision. A vision in which the leading

factor is not projects but the foundation of our raison d'être: sustainable improvement of the end user's quality of life. That is ultimately what VolkerWessels builds for.

Infrastructure in the Netherlands

REPORT BY SECTOR INFRASTRUCTURE IN THE NETHERLANDS



SAAone

Widening the way in SAAone

It counts as the Netherlands' biggest road building project at this moment. The widening of the Schiphol – Amsterdam – Almere (SAA) motorway will facilitate traffic flows and improve access to the northern part of the Randstad metropolitan region. In this road programme, the SAAone consortium, in which VolkerWessels has joined forces with external partners, is responsible for the design, building, financing and 30 years of maintenance of a 20-kilometer stretch of the A1 and A6 motorways between Diemen and Almere Havendreef. The widened section between Diemen and the Hollandse Brug bridge will ultimately have 2 x 5 lanes, and will continue from there with 4 x 2 lanes to the Hogering at Almere. 2015 brought the opening of the Hollandse Brug, one of the tours de force of the SAAone project, which, together with its 'older sister', connect North Holland province to Flevoland province. Other

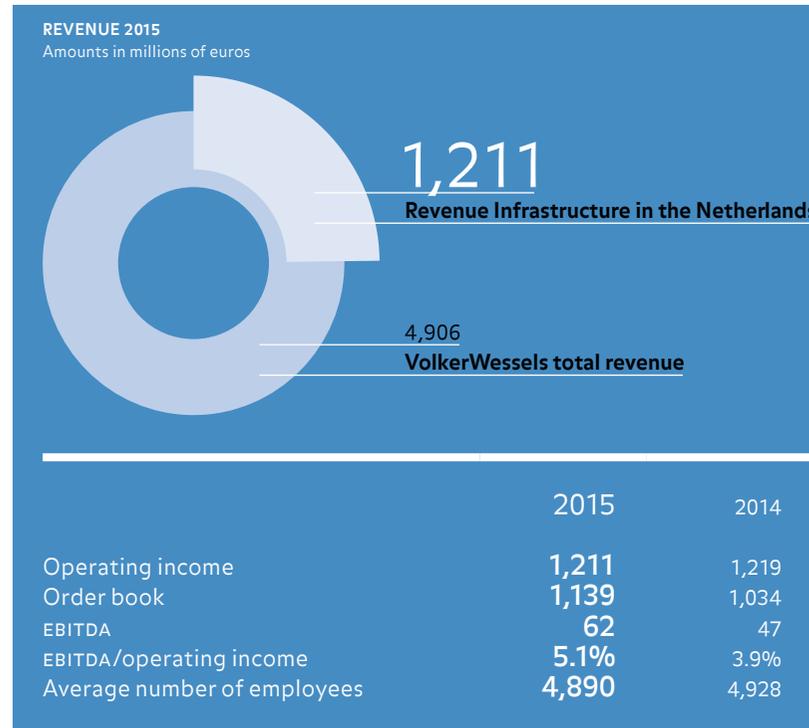
striking elements are the new railway bridge at Muiderberg, Europe's widest aquaduct below the Vecht at Muideren and the new bridge over the Amsterdam Rijn Canal with the new connecting road between the A1 and A9 at the Diemen junction.

The photograph shows that the Vechtzicht aquaduct is already taking on its final shape. The colourful carpets still lying on the floor protected the concrete during the hardening process. The roof is finished and local traffic on the Lange Muiderweg now also drives over it. In the distance are dam walls, behind which lies the Vecht.

Operating companies involved: Van Hattum en Blankevoort, kws Infra, Vialis, VolkerRail, Holland Scherm, Volker Staal en Funderingen and VolkerWessels Telecom

Photograph: Rijkswaterstaat

From design and realisation to management and maintenance; from local neighbourhood projects to integrated multi-disciplinary projects: the strength of VolkerWessels lies in the fact that we are represented throughout the entire infrastructure chain. Our companies are active in road building, concrete and hydraulic engineering, rail infrastructure, traffic management and traffic technology.



State of affairs for 2015

The Dutch Infrastructure market is struggling with a persistent slump. VolkerWessels expects this slump in the late-cyclic infrastructure sector to bottom out in 2016. Because the level of public investment is still 30% to 40% below its pre-crisis level and equal budgets (with no correction for inflation) have been allocated for infrastructure in central government long-term plans until 2028, we do not foresee recovery in market volume for the time being.

Despite these exceptionally challenging market conditions, our results were positive and showed a substantial improvement in comparison with 2014. However, the market does not pay sufficient compensation for the substantial risk profile. Unacceptable risks with unacceptable pressure on prices are taking their toll in the sector. Because VolkerWessels refused to comply with these distorted market conditions, we faced pressure on the number of large projects in our order book. Towards the end of the year, the supply of work was enhanced with a few large infrastructural projects, which will obviously only be reflected in the results a few years from now.

Whilst many projects from the Crisis and Recovery Act have been completed, it often takes a while before new large-scale infrastructural projects come into production. At the local level, many municipal authorities

face cut-backs due to the combination of more tasks and smaller budgets. In the water market, which is promising, we are seeing a similar trend as in the national infrastructural works segment: i.e. delays in the agenda of clients. Whilst the Space for the River project has passed its highpoint, the High Water Barrier Programme clearly still needs a run-up period.

Nevertheless, 2016 will not be a transitional year. Propelled by long-term contracts and a healthy spread of activities, our work in hand and budgets give cause for satisfaction. The fact that our performance and the high quality order book have retained their level is due to a combination of factors. Conservative estimates, disciplined bidding and a strong focus on project management help to prevent unpleasant surprises. In addition, some project losses reported in earlier years were (partially) offset by additional work during the year under review. Furthermore, with a new course and a modified organisation, the losses of our traffic management and traffic engineering discipline have been neutralised.

Despite these exceptionally challenging market conditions, our results are positive.



Van Hattum en Blankevoort pours concrete for OV SAAL.

Highlights 2015

Once again in 2015, we worked on various notable projects. After a wait of decades, the missing link of the A4 has become a reality. The new motorway between Delft and Schiedam reduces the driving time between Rotterdam and The Hague. Queen Maxima officially opened the Maxima Canal around Den Bosch, which is named after her. Colleagues also completed the renovation of the Galecopper bridge on the A12, the Nijverdal Combunnel and the reverse polderisation of the Noordwaard polder as part of the Space for the River programme. Production for SAAOne is in full swing.

We also renovated eight steel bridges over the Amsterdam Rijn Canal (KARGO), the long-term contract for the maintenance of rail infrastructure in Twente was awarded and we will also be creating space for the river in Veessen-Wapenveld and the IJssel delta. New highlights in the order book include the reinforcement of 33 kilometres of the Markermeer dikes and the realisation of a new sea sluice in IJmuiden.

Our Plastic Road innovation has attracted interest worldwide. In addition to a large number of potential parties, many municipal authorities have also shown interest in a test section. We will further develop this concept of producing sustainable roads from recycled plastic in order to make it applicable for the market. Another innovation that we

introduced during the year is FloWithD Glow: a reflecting light charged by daylight and artificial light, which promotes safety on dark roads.

Strategy

VolkerWessels is committed to its own strategic course and, therefore, focuses consistently on its strategic priorities of market leadership, a broad position in the value chain and Operational Excellence in the infrastructure sector too. The latter ambition calls for our continual special attention. Precisely in the difficult and complex infrastructure market, a single slip-up in a

large project can be disastrous for the results of an entire sector.

Effective, efficient and disciplined management of projects, costs and risks is therefore crucial.

Operational Excellence is also supported by developments such as the most economically

advantageous tender (MEAT), our WAVE safety programme, construction methods such as systems engineering, value engineering, BIM and the translation of LEAN principle in our own group programme Building Smarter Together, as well as by smart apps and (other) innovative technologies and concepts. Without exception, these are developments requiring advanced knowledge and skills. VolkerWessels therefore invests continually and intensively in expertise, tools and obviously, the foundation of all our knowledge: our people.

Our willingness to invest in our people does not go unnoticed.





A4
THE MISSING LINK...

Rotterdam and The Hague. The distance as the crow flies is less than 25 kilometres. But during tailbacks, the travelling time between Rotterdam and The Hague could climb substantially. A new link between Delft and Schiedam was therefore high on the wish list. More than half a century after the first plans for it were drawn up, the 'missing link' has now become a reality. The new section of the A4 considerably relieves the traffic density between the second and third-largest cities in the country. The capacity of the new section is about 10,000 cars per hour. On an average day, Rijkswaterstaat expects around 128,000 vehicles. The A4all consortium realised the connection passing through Midden-Delfland. The route covers 7 kilometres of motorway. From Delft onwards, a 2.6 kilometre section runs at a deepened level of two metres below ground level. Towards Schiedam, a 1.4 kilometre section of the A4 runs at a deepened level of 7.5 metres below ground level. A 2-kilometre land tunnel runs between Vlaardingingen and Schiedam.

Operating companies involved: kws Infra, Van Hattum en Blankevoort, Vialis, Volker InfraDesign and Volker Staal en Funderingen

Our willingness to invest in our people does not go unnoticed. Thanks to the combination of our solid position and reputations and the opportunities we offer in our group for personal development, entrepreneurship and personal responsibility, we succeed in winning the loyalty of and retaining good people. In this way, we secure the knowledge within our organisation. This is an absolute must in a sector in which integrated, multidisciplinary and multi-faceted projects and complex contracts are more the rule than the exception.

It is precisely in processes of that kind that our strengths lie, and we can make the difference with our expertise. Knowledge also helps us to broaden our position in the value chain. A good example of this is our increasingly prominent and crucial position in knowledge-intensive and advanced industrial automation, such as control system for bridges, sluices and tunnels. The complexity and scale of projects also calls for exceptionally close cooperation. Internally, our VolkerInfra platform combines all the necessary disciplines for a project.

But clients and other external partners also play a key role. VolkerWessels therefore primarily sees many opportunities in the strategic alliances, with which we have gained exceptionally good experience in projects including OV SAAL. Alliance contracts can play an important role in restoring balance in the market. In recent years, market parties have borne a disproportionate number of risks. Because this has unmistakably had an impact on the sector, we foresee a turning point in the market. We therefore believe that it is high time, and extremely important, to conduct constructive talks in the sector on the (re)distribution of risks.



Energy & Telecoms

REPORT BY SECTOR ENERGY & TELECOMS



WESTERMEERWIND

Green power from the IJsselmeer

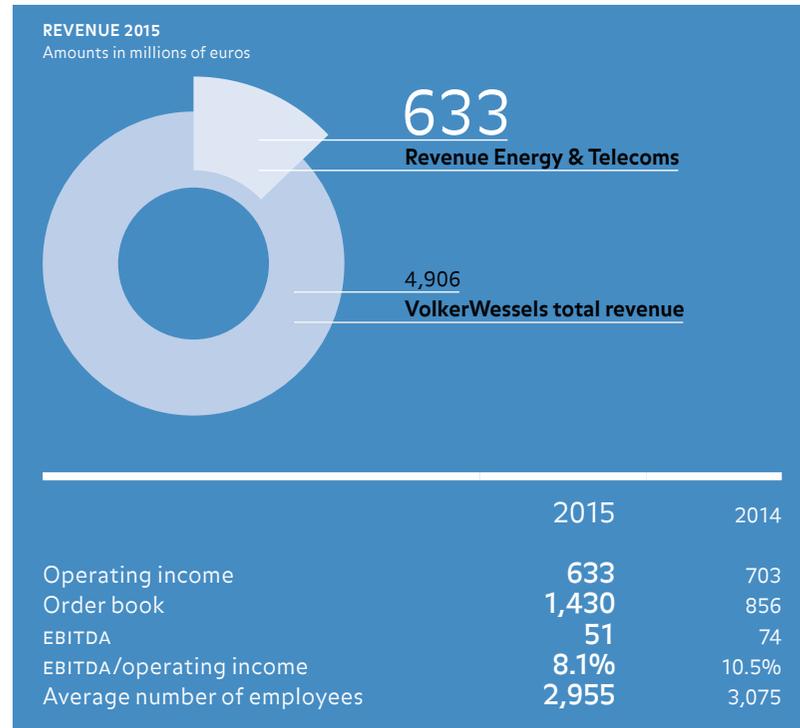
A first in the IJsselmeer. Westermeerwind is the Netherlands' first nearshore wind park. The turbines standing in two rows 'side by side' along the banks of the Noordoost polder supplied their first green power at the end of 2015. The intention is that the 48 wind turbines in the wind park between Urk and Lemmer will all be operational by this spring and will provide some 160,000 households with wind power. VBMS installed the 42 cables between the wind turbines, with a total length of 44 kilometres, in 2015. The length of the longest cable was 10 kilometres. The order also included the installation and landing of six

export cables (which each transport the energy generated by a group of eight wind turbines) and the horizontal directional drilling for the pipes that lead the export cables to the transformer station behind the Westermeer dike. The wind park is controlled from this station and the energy generated is converted into high voltage power that is fed to the electricity grid via an underground connection.

Operating companies involved: VBMS, Visser & Smit Hanab, Volker Stevin Materieel, Stemat, De Keerkring and Gebr. van Kessel



VolkerWessels realises and maintains distribution, transportation, energy and telecoms networks. We are active internationally in the construction and maintenance of offshore connections, (maritime) hydraulic structures, submerged tunnels, jetties and quays and directional drilling. In the Netherlands, we are among the market leaders in the design, construction and maintenance of telecoms infrastructure.



Energy

State of affairs for 2015

Offshore

In the Offshore market, we again realised good results, although these were below those of 2014, due to a lower supply of work. On the one hand, 2015 was a transitional year of investments in equipment and organisation, in order to prepare projects from 2016 onwards. At the same time, we performed above budget, thanks to a strong focus on operational excellence and unexpected opportunities in the field of offshore maintenance.

In the market for offshore renewables, we are seeing continued developments such as upscaling of the work packages and a trend for wind parks to arise increasingly further away from coastlines. In the interests of cost reductions, wind turbines are becoming increasingly large, with increasingly heavy foundations and longer cables. As a result of these developments, increasingly stringent requirements are set for our equipment. More demanding conditions, different weather influences, longer and thicker cables and heavier piles require heavy investments in our equipment and our fleet. In addition, operators are inviting tenders for increasingly large, integrated work packages. The Balance of Plant (delivery and installation of the array cables and foundations, including the transition piece) is more and more frequently contracted as a single package.

Shrinking subsidies in Germany mean a lower volume of wind turbines in German waters. However, there is growing certainty that specific wind parks will actually be realised. In the Netherlands, the Offshore Wind Energy Act is improving the chances of new offshore wind parks. The 2015 figures for maritime hydraulic engineering structures were satisfactory. Through the current and future offshore wind projects, the focus is switching to structures for offshore renewables.

2015 was a transitional year of investments in equipment and organisation.

Onshore

Despite the difficult conditions in the Dutch (onshore) market for transport pipelines and distribution networks, we performed in line with expectations, with good results. The order book remains under pressure, but expectations for 2016 are positive. The revival in residential building is leading to a tentative rise in demand for distribution networks. In addition, plans to upgrade the secondary gas network and for investments in the 380 kV electricity grid are becoming increasingly concrete. As the market leader in knowledge in the field of heat and steam pipelines, we foresee new initiatives and major opportunities here, as we do in the (petro) chemical industry, where stricter laws and regulations are leading to new investments.

Highlights 2015

Offshore

VolkerWessels was involved in the construction and delivery of various offshore wind parks in 2015. In the IJsselmeer, we supplied and installed 48 inter array cables and six export cables for the Westermeerwind wind park. We also assisted in the installation of an export cable for one of the largest wind parks in the world in the Dutch section of the North Sea. In Germany, we installed the in-field cables for the Sandbank offshore wind park. In the UK, we provided the horizontal directional drilling (HDD) for the landing of the export cables for the Burbo Bank and Dudgeon offshore wind parks, where we will lay two export cables and 67 in-field cables in 2016. In the oil and gas sector, we installed an 18.5 kilometre umbilical in the North Sea in 2015.

The contracts for the foundations of German wind parks were other highlights. Wikingier involves 70 foundations on 280 piles, for which we built a special frame in order to be able to anchor the four piles of each foundation in the sea bed with minimum mutual tolerance. The piles for the 67 foundations of Veja Mate are the heaviest ever used for an offshore wind park. A new ship and a heavier hydraulic impact hammer are being built for this.

On 4 March 2016, VolkerWessels signed a letter of intent to sell offshore activities to Koninklijke Boskalis Westminster N.V. (Boskalis). As part of the proposed transaction, Boskalis will acquire maritime and offshore wind energy-related activities from VolkerWessels, being, Stemat and Volker Stevin International (vsi). The aim is to complete this transaction in the second

quarter of 2016, after the usual conditions have been met, with 1 January 2016 as the effective date.

Onshore

In Suriname, VolkerWessels replaced a high-pressure oil pipeline with the aid of three horizontal directional drills below the Saramacca river. Another highlight was the installation of a 6.5 kilometre steam pipeline through seven active plants of a Dutch refinery. VolkerWessels also won a framework contract in 2015 as one of the three house contractors for projects on the high-voltage grid in the Netherlands.

Strategy

For reliable and predictable performance during execution, VolkerWessels concentrates on a complete risk analysis and detailed preparations. From the bidding stage to the contract and from execution to after-care. We can only guarantee operational excellence and better reliability by investing both offshore and onshore in new (maritime) equipment, our own people, who we train ourselves, better maintenance management and a back-up for our vulnerable links.



HDD for export cables

LANDFALLS DUDGEON OFFSHORE WIND FARM

As a subcontractor of VBMS, Visser & Smit Hanab was responsible for the execution of two landfalls that were used for the landing of the export cables.

The work by Visser & Smit Hanab took place at the Muckleburgh site collection, a museum of military equipment. Visser & Smit Hanab was responsible for the entire realisation of the set-up, the procurement and composition of the HDPE cable and for drilling and pulling the HDPE cable through the 1125-metre long landfalls. As the client, VBMS was responsible for the offshore work. The close cooperation resulted in fast and accurate execution, with both cable pipes realised within planning and budget.

Operating companies involved: Visser & Smit Hanab and VBMS

Telecoms

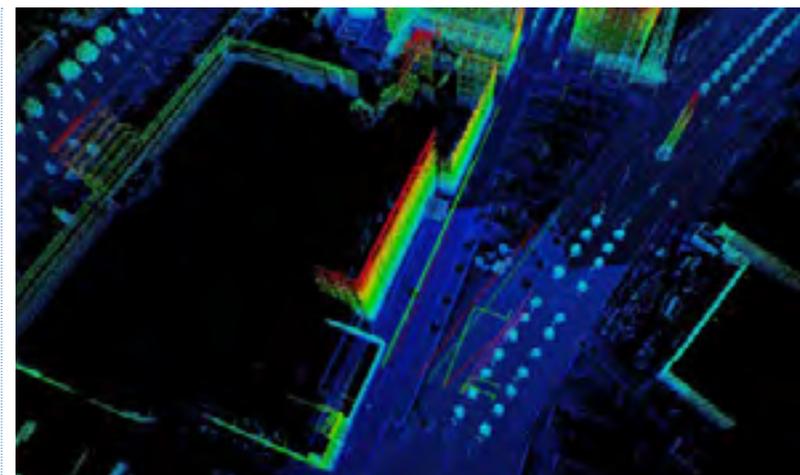
State of affairs for 2015

Difficult market conditions made 2015 a challenging year. The reasons were delays in new orders and promising leads, shrinking supply within existing work packages, rising price pressure and a number of financial setbacks in current contracts. We also had a difficult year in the highly fragmented Belgian market. This was offset by good results of a number of business units and sound business operations through diversification in terms of clients and disciplines, higher productivity and a strong focus on management of risks, costs and processes. With slightly shrinking revenue, the ultimate results were reasonably satisfactory.

The telecoms sector is an exceptionally volatile market, marked by globalisation and consolidation. Although the economy is recovering, new construction is rising and with 4G, data consumption and demand for telecoms services is showing strong growth, our clients are not profiting sufficiently from this. Fierce competition is placing pressure on revenues, prices and margins in the sector. The outlook in the sector is challenging. There is a lack of large-scale stimulants for sustained growth. Whilst long-term master contracts form a sound foundation for the existing order book, revenue for the medium term is somewhat uncertain. Formal endorsement of declarations of intent for potential new long-term contracts is an essential building block for future work. In 2015, we won a number of large long-term maintenance and installation contracts.

At the same time, there are always opportunities. With the 'Internet of Things', Machine-to-Machine networks, big data, 5G, the smart city, sensor technology and telecoms-driven integrated infrastructures, the promise of growth is dangling above the market. At present, however, the figures do not yet reflect that potential.

Mobile networks are becoming increasingly fast and more demanding. At the same time, there is also an anti-cyclic need for new networks with lower frequencies. In the fibre optics market, fragmented fibre optics cabling of urban areas and a shift towards rural areas are important trends. Now that the main infrastructure (macro cells) is approaching full coverage, the emphasis is shifting towards the less capital-intensive densification of the existing network (small cells). Furthermore, innovations make it possible to significantly improve existing infrastructure. For example, a number of clients are deliberately opting to modernise (copper) networks rather than to install new fibre optics networks. Technology and band width are no longer leading. The issues for clients are no longer a choice between mobile or landline services, or copper or fibre optics, but connections and availability. Connection is a primary need. Depending on the client's requirements, therefore, we search the entire spectrum of connection possibilities for the fastest smart, affordable, effective and efficient solution.



MapXact

THE WORLD IN 3D...

Anyone who works in infrastructure will undoubtedly recognise the problem. It is rush hour underground. But efforts to check the location of cables and pipelines quite often reveal that the information is out of date and inaccurate. The result: excavation damage, unsafe situations and high costs. The VolkerWessels solution is named MapXact. A combination of technologies such as mobile mapping, 3D-scanners and ground-penetrating radar with smart software creates an accurate, reliable and very detailed insight into where objects such as cables, pipelines, foundations, pavements, facades and piles are located, both underground and above ground. With MapXact, you can take measurements of up to one million points per second and up to 200 times as fast (underground), present all data in a 3D world and convert them into 3D line drawings. A 360° panoramic photograph taken every 5 metres also makes it possible to view the situation at street level. All data are suitable for countless applications, are always accessible everywhere (for example with tablets and smart phones) and can be supplemented with existing data and new measurements.

Operating company involved: VolkerWessels Telecom/ MapXact



Highlights 2015

In addition to the roll-out of 4G and the installation of fibre optic networks for different telecom providers, we worked at several very high speed digital subscriber line (VDSL) locations in 2015, upgrading existing copper networks. In Rotterdam and Amsterdam, we installed small cells on a large scale. We also helped to solve a major malfunction in the Waalhaven harbour in Rotterdam. In Flanders, we won a large order for the expansion and upgrading of existing telecoms infrastructure to form a 'giga-network'. In the energy sector, we have a contract for high-voltage connections: the production, installation and maintenance of Wintrack masts. During the year under review, we succeeded in concluding new long-term framework agreements for installation and maintenance, alliances and declarations of intent with various partners.

Other prominent projects in which we realised telecoms infrastructure included the WTC and the North/South Line in Amsterdam, the metro in Rotterdam, the public transport terminal at Utrecht Central Station, the Kethel tunnel (A4), the Delft Railway Tunnel Delft and a large-scale fibre optic cable project in Hengelo (Fibre to the Home (FtTH)). VolkerWessels and its partners also introduced various innovations. These included the super-fast home network BASE, the latest generation of DAS antennas which provide for optimal indoor cover of mobile signals and MapXact, which depicts underground and above-ground infrastructure with a combination of mobile mapping, 3D-scanners, ground radar technology and

innovative software and avoids excavation damage.

Strategy

With the FIT programme, our VolkerWessels Telecom company is driving strongly for a 'flexible' organisation. 'Flexible' assumes alert anticipation and foresight, with a pro-active attitude. In view of the continuing pressure on margins, this is no luxury. For long-term contracts and the large work packages, clients often require price reductions and agreements on the total costs of ownership. In order to maintain profitability with lower prices, very rigorous project and risk management and cost control are absolute necessities.

A shared vision is essential for this. This includes the clarification and standardisation of processes, definitions, numbers, lead times, plans and service level agreements and the centralisation of functions such as procurement. Initiatives of this kind and other horizontal alliances lead to more effective and efficient operations and develop operational excellence internally. This is a strategic priority, which we also translate in the development of an infrastructure for operational intelligence. The external equivalent is an integrated alliance in the chain. VolkerWessels works for and with a growing number of partners in the telecoms, energy and public sectors. We are also expanding our activities for existing clients with above-ground activities and mechanical/electrical installations. With this diversification of disciplines, we are broadening our position in the value chain, from conventional network building to the design, realisation and maintenance of

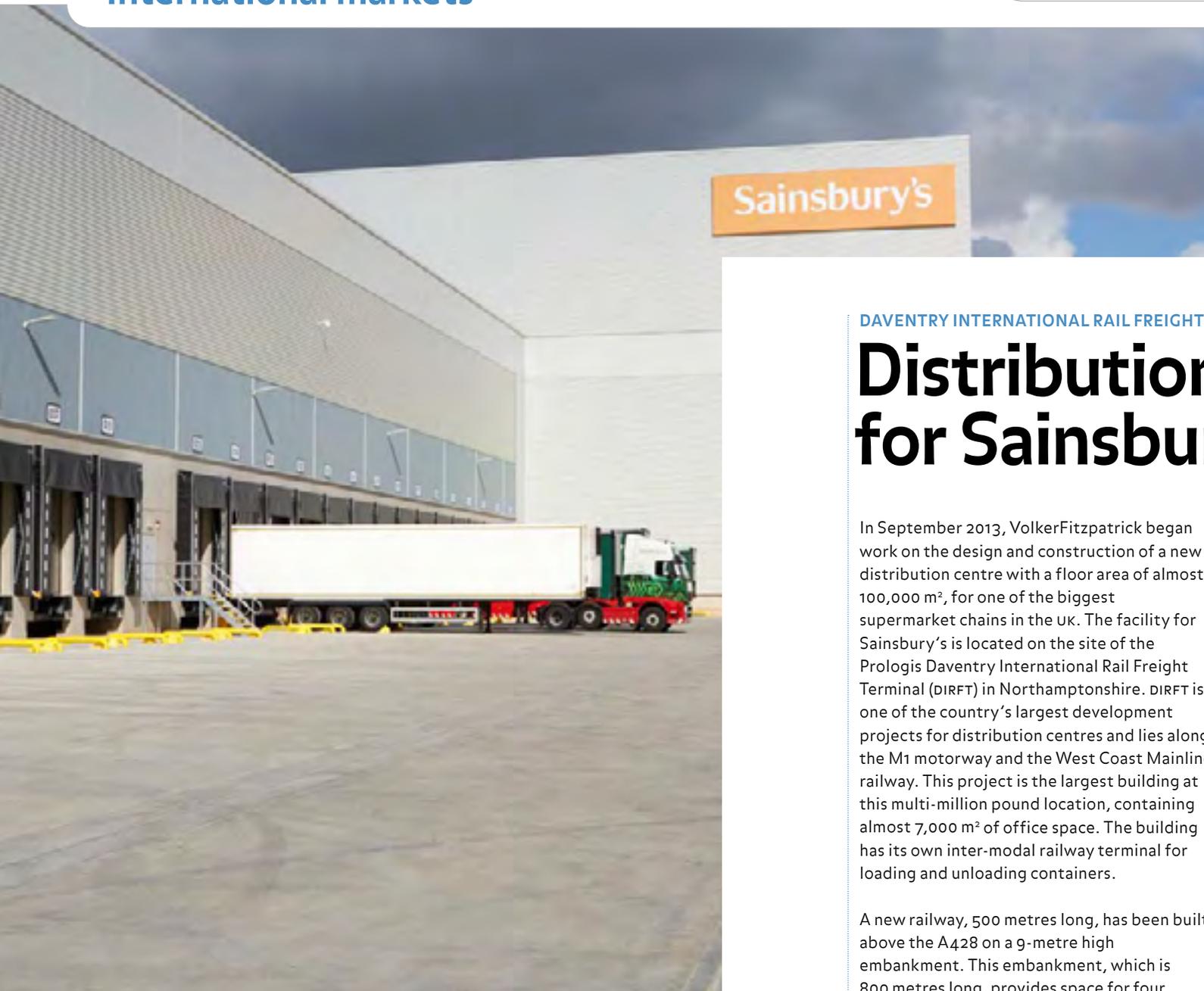
complete telecoms infrastructures. The ultimate aim is the management of integrated infrastructures in which telecoms play a key role. These complex integrated projects, together with the short-cyclic service market and the mobile 4G (and later 5G) networks, form the three pillars of our current and future order book. This is organically changing the character of our revenue. In the short and medium term, we see opportunities in the fields of smart cities, the Internet of Things, Machine-to-Machine applications, energy transition and area development. Without exception, these are developments that call for integrated, data-driven solutions, technologies and reliable and fast network infrastructure.

Telecoms operators face their biggest challenges in urban areas. Installing fibre optic networks in urban areas is difficult. At the same time, it is particularly in urban areas that connections are crucial. With our involvement in the Strijp-S centre in Eindhoven and the EnTranCe energy research centre in Groningen, where we develop integrated solutions with partners, and our vWT City initiative, we demonstrate the services we have in-house and how everything and everyone is connected. For connections and being connected are not only a primary need for individuals, but also for society as a whole.



International markets

REPORT BY SECTOR INTERNATIONAL MARKETS



DAVENTRY INTERNATIONAL RAIL FREIGHT TERMINAL (DIRFT)

Distribution centre for Sainsbury's

In September 2013, VolkerFitzpatrick began work on the design and construction of a new distribution centre with a floor area of almost 100,000 m², for one of the biggest supermarket chains in the UK. The facility for Sainsbury's is located on the site of the Prologis Daventry International Rail Freight Terminal (DIRFT) in Northamptonshire. DIRFT is one of the country's largest development projects for distribution centres and lies along the M1 motorway and the West Coast Mainline railway. This project is the largest building at this multi-million pound location, containing almost 7,000 m² of office space. The building has its own inter-modal railway terminal for loading and unloading containers.

A new railway, 500 metres long, has been built above the A428 on a 9-metre high embankment. This embankment, which is 800 metres long, provides space for four

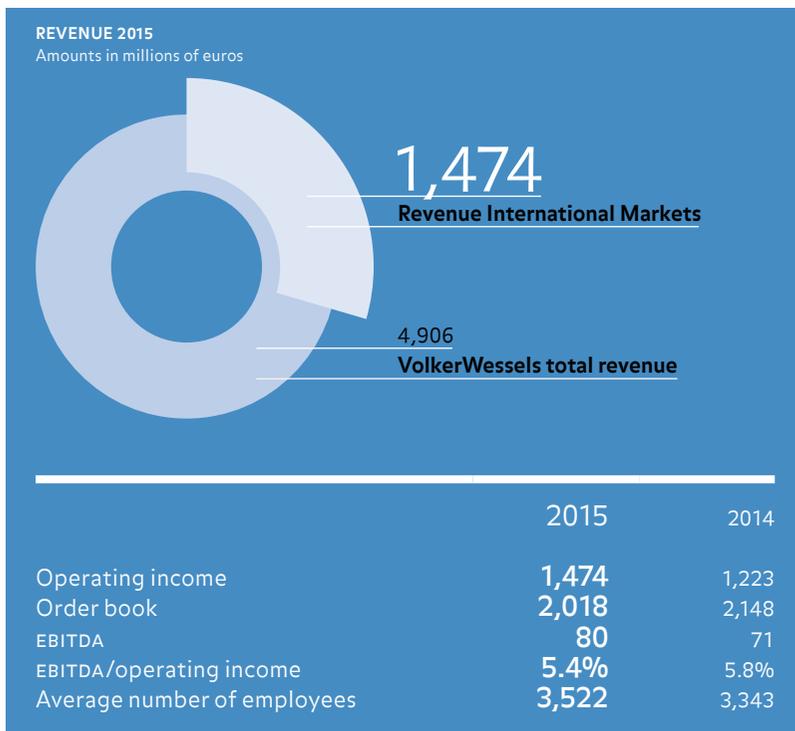
railway tracks. Two of these railway lines will stop at the Sainsbury's depot to load and unload goods, and the other two will connect DIRFT II with the future DIRFT III. After the building was completed, VolkerFitzpatrick started work on the layout and fittings of the facility. These fittings include special racks with wide corridors in the low-rise warehouse and a monorail system in the narrow corridors of the high-rise warehouse, sprinkler systems integrated with the racks, and there are offices, meeting rooms, toilets and a reception area.

The project was successfully completed in February 2015 and transferred to Sainsbury's.

Operating companies involved: VolkerFitzpatrick and VolkerLaser



The main activities of VolkerWessels UK are civil engineering, railway infrastructure, construction, motorway upgrading and maintenance, maritime and environmental works and energy infrastructure. In Canada, we are active in road building, road management and maintenance, civil engineering, non-residential construction and area development. We are also active in civil construction and area development in the us.



United Kingdom

State of affairs for 2015

VolkerWessels UK again realised good results in 2015, with growth in both operating revenue and the operating result (EBITDA). This was combined with strong growth in our cash flows and stabilisation of our historically high order book of about €1.2 billion.

This is the sixth successive year in which the annual figures have shown an improvement. The success is based largely on keeping to a consistent strategy, with a focus on margins rather than volume, combined with the contracting of a number of prestigious long-term framework agreements.

Highlights 2015

VolkerWessels UK completed a number of prominent projects in 2015 and won a number of new contracts. VolkerFitzpatrick works for Prologis, with which the company maintains a long-lasting client relationship, on a number of large projects. In 2015, a distribution centre with a floor area of 100,000 m² was delivered in Daventry for Sainsbury's, one of the largest British supermarket chains. The company also showed steady growth in the construction of railway depots. For example, the Three Bridges maintenance depot was delivered for Siemens as part of the Thameslink rail project. In 2016, another ultra-modern depot will be delivered for this project in Hornsey in North London. VolkerFitzpatrick further expanded its relationship with Siemens in 2015 with the

start of building work on a plant for wind turbine rotor blades in Hull. After delivery, this plant will supply the rotor blades for wind parks in the UK. The rail division of VolkerRail and VolkerFitzpatrick are working hard on rail infrastructure and electrification projects as part of the five-year CP5 framework contract with Network Rail. VolkerRail is also participating in a project to build a railway line

between the East and West of England.

This connection runs through Bedfordshire, Buckinghamshire and Oxford to London.

The project will start in 2016 and make a major contribution to the volume of VolkerRail.

Strategy

Through close cooperation with clients, VolkerWessels UK has built up an excellent reputation for delivery of high quality projects in a large number of disciplines. This expertise provides us with an outstanding platform for development and growth in the future. The British government's focus on investment in infrastructure, in order to stimulate the growth of GDP, offers a large number of attractive opportunities and we continue to work on the pipeline that connects all the sectors that are essential to us.

The success is largely based on keeping to a consistent strategy.



MidMountain Contractors in North America performs various activities for the Boeing plant in Everett in Washington State, such as laying underground infrastructure, demolition work and building concrete platforms.

Picture caption: Work at the Boeing Field Support Building.

North America

State of affairs for 2015

The results in North America showed positive development. In Canada, despite a volatile market, we succeeded in performing in line with expectations. The figures for the us were also satisfactory. Through strong economic recovery in the Seattle region, our results exceeded expectations.

Highlights 2015

Our activities in Canada are concentrated in the extensive province of Alberta, with Calgary as the head office location for all our North American activities. Through a strong correlation with commodities, the economy of Alberta is subject to fluctuations. Although the oil fields are still in full production,

investments in the infrastructure are being reduced due to falling oil prices.

Because in addition to the management and maintenance of roads, underground infrastructure and area development, VolkerWessels is also active in service provision to the oil and gas industry and the commodities trade in Alberta, the challenging market conditions are also affecting our activities. Public investments in infrastructure are stable, although a new political orientation is causing uncertainty about the business climate. Furthermore, market entrants that see less potential in their own markets are causing overcapacity and pressure on margins and price levels. We believe that the difficult market picture is fairly structural and do not foresee recovery in the next few years.

Long-term maintenance contracts, particularly in the large-scale road maintenance throughout the province of Alberta and a healthy spread in disciplines and markets do create a stable base for our order book. In Alberta, we are also active in the growing agricultural region of Lethbridge and in Grand Prairie, where the regional market for liquid gas is extracting itself from the problems of the commodities market somewhat. Weather conditions provided an important stroke of good luck in 2015. Whilst the market and our companies regularly suffer severe weather conditions such as extreme cold, heavy snowfalls and flooding, the number of workable days in the past year was above average.

In the us, we are active in the Seattle region in the extreme North-West of the country, close to the Canadian border. The presence of several major multinationals leads to strong growth in the regional economy. This has a positive effect on the value of land positions and real estate. Our civil engineering and area development disciplines also benefit. A good example is provided by the different (additional) civil engineering projects that our American colleagues perform for the expansion of the infrastructure of the Boeing aviation company.

Strategy

In Canada, we are holding fast to our growth strategy despite the difficult market conditions. In addition to organic growth, we also seek attractive opportunities in the market. The principle for any acquisition is that they should be a good fit with the VolkerWessels philosophy and corporate culture and contribute towards our strategic priorities. These include a substantial market share, growth opportunities, a broad position in the value chain and a healthy spread of activities by markets, geographical regions and sectors. We have no growth ambitions in the us. The main objectives here are healthy margins, a stable position and a substantial share of our markets.

Report of the Supervisory Board

To the shareholder of Koninklijke Volker Wessels Stevin NV

Annual Report 2015

In accordance with Article 38 of the Articles of Association, we hereby present the annual report drawn up by the Board of Management on the 2015 financial year. This includes the financial statements for 2015. These financial statements have been audited by Deloitte Accountants BV, which issued an unqualified auditor's report. We have discussed the financial statements with the Board of Management and the auditors and these were subsequently approved at our meeting on 15 March 2016.

At the General Meeting of Shareholders to be held on 15 March 2016, you will be invited to adopt the financial statements for 2015 and the proposal made by the Board of Management therein for the appropriation of profit. The Supervisory Board has approved this proposal. We shall also request that you grant formal approval to the Board of Management for its governance for the 2015 financial year and to the Supervisory Board for the supervision conducted on this. The Supervisory Board recommends you vote in favour of these proposals.

Composition of the Supervisory Board

The composition of the Supervisory Board was changed in the past year by the appointment of Mr Kuipers. Mr Kuipers is a highly experienced entrepreneur and managing director. He has international administrative and organisational experience at both listed and non-listed companies and broad knowledge and experience in the fields of

innovation, integrated projects, financial management and risk management. The Supervisory Board is convinced that, with his knowledge and experience, Mr Kuipers will make an important contribution to the performance of the tasks assigned to the Supervisory Board as a supervisor and advisor of the company's Board of Management.

Supervision and advice

In 2015, the Supervisory Board and the Board of Management met jointly on four occasions, at which meetings all members were present. There were also many interim contacts between supervisory directors and frequent contacts with the managing directors. Until mid-2015, Mr Holterman attended the meetings of the Board of Management as a delegated supervisory director. Mr Kuipers took over the role of delegated supervisory director from Mr Holterman from mid-2015.

As in earlier years, close attention was devoted to the strategy and objectives defined by the Board of Management for the medium term, and the accompanying policy. The three pillars of the strategy are: Operational Excellence, expanding the value chain and market leadership. This strategy is implemented by providing our customers with optimum services and products, relying on the best people and putting sustainability, integrity and safety in the centre of our operations.

At each meeting, close attention is devoted to the development of the results, the focus on margins over volume and the financial position of the company. The management of risks and the further improvement of the working capital formed part of this.

Other matters discussed and, where necessary, approved by the Board included:

- the risks relating to the strategy and the company's operating activities, as well as the measures directed at management of these risks;
- counterparty risks;
- the risk of upward price pressure from suppliers of raw materials;
- the policy aimed at improving the safety of employees;
- the policy aimed at integrity and prevention of fraud;
- management development within the group and the appointment of a number of new group directors;
- the expansion of our existing interests in PCB Holding, G&S Vastgoed and Biesterbos and the investment levels;
- the financing policy of the group and of its guarantee lines in particular;
- the sales processes intended to lead to easing of capital demand on the basis of finished products;
- VolkerWessels' activities in its international markets;
- VolkerWessels' offshore strategy;
- the operational performance of the various operating companies;
- the simplification of the corporate structure and the shareholder structure;
- the importance of innovation and rising labour productivity;
- the persistently difficult market conditions in a number of segments in the Netherlands;
- the spread of risks between the business and its clients;
- major tenders and the evaluation of current and completed major projects, in particular

the large integrated projects with a financing component (DBFM(O) projects) and the associated risks in relation to the earning capacity of these projects;

- the developments in a number of substantive claims and arbitration cases.

Individual members of the Board visited a number of projects, together with members of the Board of Management or otherwise.

Finally, the Supervisory Board would like to express its appreciation for the efforts made for the group by the Board of Management and the employees in 2015. Although the persistent difficult market conditions in segments of the group will continue to make demands on the entrepreneurship, professional skills and input of everyone in 2016, the good results in 2015 are cause for satisfaction.

We wish the Board of Management and the employees every success in the further improvement of the group's performance.

[H.M. Holterman](#)
[R.J.H.M. Kuipers](#)
[R.L.J. van Rappard](#)
[D. Wessels](#)



Abridged financial statements

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- 54 Consolidated income statement 2015
- 54 Notes to the income statement
- 55 Consolidated statement of cash flows for 2015



CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2015 (BEFORE APPROPRIATION OF RESULT)

Amounts in thousands of euros

	31 December 2015	31 December 2014
Fixed assets		
Intangible fixed assets	55,621	44,662
Tangible fixed assets	359,953	338,060
Financial fixed assets	569,186	577,262
	984,760	959,984
Current assets		
Inventories	477,985	434,116
Work in progress on construction contracts	109,866	39,227
Receivables and prepayments and accruals	819,438	825,566
Cash and cash equivalents	336,935	241,486
	1,744,224	1,540,395
Total assets	2,728,984	2,500,379
Group equity		
Share of the legal entity in group equity	724,915	651,184
Third party share in group equity	2,408	1,092
	727,323	652,276
Provisions	301,365	296,919
Long-term liabilities	122,053	102,837
Current liabilities, accruals and deferred income	1,578,243	1,448,347
Total equity and liabilities	2,728,984	2,500,379



CONSOLIDATED INCOME STATEMENT 2015

Amounts in thousands of euros

	2015	2014*
Operating income	4,905,924	4,400,098
Operating expenses		
Costs of raw materials and consumables	-1,172,032	-1,038,044
Costs of subcontracted work and other external costs	-2,171,619	-1,931,574
Wages and salaries	-864,001	-810,349
Social charges	-212,687	-199,282
Amortisation and other impairment of intangible fixed assets	-23,298	-21,184
Depreciation and other impairment of tangible fixed assets	-60,071	-56,759
Other operating expenses	-260,768	-236,069
Total operating expenses	-4,764,476	-4,293,261
Share in result of non-consolidated companies in which a participating interest is held	10,314	43,667
Operating result	151,762	150,504
Financial income and expenditure	6,400	4,461
Result before tax	158,162	154,965
Taxes	-31,465	-34,112
Result after tax	126,697	120,853
Share of third parties in result of group companies	-1,719	29
Net result	124,978	120,882

NOTES TO THE INCOME STATEMENT

Amounts in thousands of euros

	2015	2014
Operating result	151,762	150,504
Amortisation and other impairment of intangible fixed assets	23,298	21,184
Depreciation and other impairment of tangible fixed assets	60,071	56,759
EBITDA	235,131	228,447

* Adjusted for the purposes of comparison.



CONSOLIDATED STATEMENT OF CASH FLOWS FOR 2015 (ACCORDING TO THE INDIRECT METHOD)

Amounts in thousands of euros

	2015	2014
Operating result	151,762	150,504
Adjustments for:		
– Depreciation (and other impairments)	83,369	77,943
– Result from the sale of tangible fixed assets	–3,538	–10,130
– Result from the sale of participating interests	–40	–19,940
– Share in result of non-consolidated companies in which a participating interest is held	–10,274	–23,727
– Changes in provisions	6,739	–9,257
– Changes in working capital:		
– changes in operating receivables	–9,380	–3,159
– changes in inventories	–40,374	–6,182
– changes in work in progress	–28,934	–43,935
– changes in operating debts	167,496	775
	165,064	–37,612
Cash flow from operating activities	316,826	112,892
Interest received	22,343	27,482
Interest paid	–18,198	–26,675
Dividends received	26,547	52,917
Income tax paid/received on operating activities	–43,796	–30,045
Cash flow from operating activities	303,722	136,571
Investment in intangible fixed assets	–10,653	–14,475
Disposals of intangible fixed assets	15	461
Investments in tangible fixed assets	–58,888	–86,158
Disposals of tangible fixed assets	7,740	17,816
Acquisition of group companies	–23,451	–
Disposals of group companies	–	92
Acquisition of non-consolidated companies	–	–
Disposal of non-consolidated companies	23,569	18,353
Investment in other financial fixed assets	–126,292	–110,620
Disposals of other financial fixed assets	57,428	103,710
Cash flow from investment activities	–130,532	–70,821



ABRIDGED FINANCIAL STATEMENTS

	2015	2014
Change in overdrafts at banks	-8,273	4,672
Income from long-term liabilities	61,784	67,890
Redemption of long-term liabilities	-85,475	-75,966
Dividends paid	-50,000	-40,987
Cash flow from financing activities	-81,964	-44,391
Net cash flow	91,226	21,359
Effect of exchange rate differences on cash	4,223	11,927
Movements in cash	95,449	33,286





OVERVIEW OF GROUP COMPANIES

As at 15 February 2016. This is the operational structure, which differs from the legal structure

Construction & Real Estate

VolkerWessels Bouw & Vastgoedontwikkeling bv
D. Boers, L.F.J. Bruggink, M. den Harder,
L.A.S. van der Ploeg

Property development

A.H.M. de Koning, Director integrated projects

Biesterbos bv T. Biesterbos, E.B.H. de Weijer
Bouwontwikkeling Jongen bv C.P.H. Kälter,
F.W.J. Zuthof

Credo Integrale Planontwikkeling bv J. Boxem
Credo Real Estate Development Espana sl*
P.M.J.M. Jacobs

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

Kontour Vastgoed bv* J. van der Mijl,
H. Tillema

Kondor Wessels Projecten bv
M.H. Luchjenbroers, H.T.J.M. Roelofs

Loostad bv H. Driesen

Stam + de Koning Vastgoed bv
F.P.M. Gremmen

VolkerWessels Vastgoed bv M.H. Schipper
Zorgid H. Soepenbergh

VolkerWessels Woonconsult bv J.B. Zippro

VolkerWessels Logistics Development bv
M.R. van den Berg

VolkerWessels Bouw & Vastgoedontwikkeling Noord

J. Dobben

Koenen Bouw- en Aannemingsmaatschappij bv
P.L. Wigboldus, J. Dobben

Rottinghuis' Aannemingsbedrijf bv
J. Dobben, W.M. van Vilsteren

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
H.J. Schoonhoven, V. Klompenhouwer

Bouwbedrijf Wessels Rijssen bv G.J. Boers,
C.J. Knoop, P.G.M. Bekhuis,

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 A.B.J.M. Pompe,
R.G. Dressel

Boele & van Eesteren bv P. van Dijk,
R.J.L. de Koning, C.H. Bok

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

G&S Bouw bv H. Huisman, J.A. Messemaker
IBB Kondor bv A. Spaan, J.P.G. Bac

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, L.H.P. Horsthuis

Aannemersbedrijf Van der Poel bv

R.M. van Pamelan, C.J.J. de Regt

De Bonth van Hulsten bv J.A.W. Schepens,

A.J.M. Krekels

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

Van de Ven Bouw en Ontwikkeling bv
A.J.M. Krekels, J.A.W. Schepens

VolkerWessels Bouw & Vastgoedontwikkeling Zuid

F.W.J. Zuthof

Aannemersbedrijf Jongen bv W.A.P.M. Leurs,
R.H.J. Schreurs

Aannemersbedrijf Jongen-Meulen bv
A.C.G. Meulen, M.W.H. Hensgens

Aannemersbedrijf Jongen Venlo bv
T.W.J. Eijkenboom, H.W. van Eck

Industrial construction

Visser & Smit Bouw bv (MedicomZes, VolkerWessels Bouw Schiphol) F. Snaaijer,
B.R. Roosendaal, L. Born

Integrated development

VolkerWessels Integraal bv F. Snaaijer

Mechanical/electrical installations

Dubotechniek* A.G.M. van Rijsewijk,
M.B. van den Heuvel

HOMIJ 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, W. Sturris

De Mors Houtbouw bv/De Mors bv G. Winkel,
M. Zomer

PGB Holding bv G.J. Baan

PGB Holding bv G.J. Baan, J.W. Olde Kalter,
H. Kleijer

Reinaardt Deuren bv G. Beltman,
C.E.M. Hendriks, J.P. Bouws

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

Infrastructure in the Netherlands

Staff organisation of VolkerWessels

Infrastructuur Nederland P.W.J. Smorenburg,
A.M.J. Vos, J.W. Vermeulen

VolkerInfra bv R.P. Rijper, G.R. Bos

iDrones bv*

Civil Engineering

Van Hattum en Blankevoort bv J.W. Ligterink,
S.A.A. Weghorst, J.B.L. Verhoeff, W.T.M. van
der Meer, R.S. Beurze, P.A. Kraaijeveld,
L.F.P.C. van Mansfeld, J. Bonekamp
(Volker InfraDesign bv, Volker Staal en Funderingen bv)

* Not wholly owned.



Road construction

kws Infra bv J.P. de Boer, K.J. de Vries, R.M. Mars, M.A.P. Euser RA, M.J.P. Veldt
kws Infra bv, Leek office W.Dijkstra
kws Infra bv, Zwolle office **A. de Jong**
kws Infra bv, Amsterdam/Heerhugowaard office T.C. Stoop
kws Infra bv, Utrecht office J. Brouns
kws Infra bv, Rotterdam office J.H. de Morée
kws Infra bv, Wijndrecht/Rozenburg office R.G.W. de Ruijter
kws Infra bv, Roosendaal/Sas van Gent office M. Dees
kws Infra bv, Eindhoven office P.A. Ahsman
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)
M.J.O. Holding bv P.A. van der Wee
Wilchem bv R.G.W. de Ruyter
InfralinQ M.J. Kok

Grond- en Zandexploitatie maatschappij 'Rijnland' bv, Handelmaatschappij De Keerkring bv, Holland Scherm bv, Bruil Infra bv, Smits Neuchâtel Infrastructuur bv, Wegenbouw Stevin Projectbureau bv, bkV Infra, Timmer-Verzijl bv, Verhoeve Infra, Romers Grondstoffen, Opsporen Conventionele Explosieven, Gelders Adviesbureau Infrastructuur & Milieu (G.A.I.M.) bv, Aquavia, Nederlands Wegenmarkerbedrijf 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*, Multiline Markering bv*, AKROH Slijtlagen bv* Aduco bv*, Van Straten Geleiderail bv*, NSE AS*

Traffic and Rail Technology

Vialis bv M.S. Bakker, H.A. Hendriks
(Vialis Belgium nv, Vialis IT&M bv, vrs Railway Industry bv)
Holland Systemen bv* R.A.L. Hijdra

Railway construction

VolkerRail Nederland bv J.J. Vos, P. M. de Hair, D.S.E.M. Wieggers, B.F. Hendriks, W. Ringenier, E. Gaaikema, O.P. van Soomeren
(Tribase Datasystems & Network Services vof*, Van der Worp, Inspectation, VolkerRail Engineering bv, VolkerRail Materieel en Logistiek bv, VolkerRail SAFAC bv, RailCom bv, VolkerRail Plant & Equipment bv)

Equipment Management and Service Delivery

Volker Stevin Materieel bv J.H.H. Hertsenbergh, P.W.J. Smorenburg
Romers Transport bv J.H.H. Hertsenbergh

Advice and Service Delivery

Aveco de Bondt bv G.J. Paalman, P.W.J. Smorenburg
(Archiment bv, Compositie 5 Stedenbouw bv, Surface Cracks bv, Contura GmbH)

pch Service Group

R.E. Kas
pch Integrated Facility Management & Services bv
pch Parking & Facility Services bv
pch Parking & Facility Services Schiphol bv
BBH Security Services bv
IJsbaan Twente bv

Energy & Telecoms

Networks (Energy and Water)

Visser & Smit Hanab bv R.C.H. Koole, H. Herremans, R. Veffier, L.F. Wartna, A.F.M. van Kaam, V.E. van Esbroeck, A. Krijgsman

Visser & Smit Hanab bv Distribution

Visser & Smit Hanab bv Installation

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 & Offshore Construction

VBMS bv*

A.M.J. van Poppel, J.J.J. Mulder

Volker Stevin International bv

M.R.J. van Bergen, A. Klaver, B.G. van Katwijk

SPT Offshore bv*

M.E. Riemers, B.G. van Katwijk

Stemat bv

J.W. Dijkshoorn, T.A.M. Oorsprong

Networks (Telecoms)

VolkerWessels Telecom

W.R. van de Mast, E.S. Velderman, R.M. Wittmaekers, P. Colman

(Belgium)

VolkerWessels Telecom | FttH

VolkerWessels Telecom | Infratechniek

VolkerWessels Telecom | Network Solutions

VolkerWessels Telecom | Services

VolkerWessels Telecom | Belgium

Oil & Gas

Oil & Gas Pipeline Control bv

Pipeline Refinery Services bv

A. Stoevelaar MBA

Oakite bv

A. Stoevelaar MBA

Maester Equipment bv

A. Stoevelaar MBA

International markets

United Kingdom

VolkerWessels uk Ltd

A.R. Robertson

VolkerFitzpatrick Ltd

R.A. Offord, A.R. Robertson, N.A. Connell, M.G. Woods,

J.M. Suckling, C. Humphrey

VolkerRail Group Ltd

S. Cocliff, A.R. Robertson, N.A. Connell, P.H. Nolan,

M.G. Woods, A. Wilkins

VolkerHighways Ltd

A. Thompson, A.R. Robertson, N.A. Connell, M.G. Woods,

G. Simms

VolkerStevin Ltd

R. Coupe, A.R. Robertson, N.A. Connell, M.G. Woods, R. Towse

VolkerLaser Ltd

M.J. Weaver, A.R. Robertson, N.A. Connell, M.G. Woods

VolkerInfra Ltd

J.M. Humphries, A.R. Robertson, N.A. Connell, M.G. Woods



North-America

Volker Stevin Canada K.R. Briscoe, J.M. Festa, J.W. Vanover

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

McNally Contractors Ltd, Canada K.R. Briscoe, F.D. Desjarlais, J.W. Vanover

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

Volker Stevin Highways Ltd, Canada K.R. Briscoe, F.D. Desjarlais, J.W. Vanover

Mainline Construction Ltd, Canada K.R. Briscoe, J.W. Vanover

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

Yarrowbay Group LLC*, United States J. Levere

Group head office

S.H.M. Braam, Director Treasury & Financing

E.H. van Gasteren, Manager Tax Affairs

H.H. Gorrée, Director Insurance & Risk Management/Pension Knowledge Centre

V.P.M. Haex, Risk Management

H.W.R.A.M. Janssen, General Counsel

H. de Jong, Director Finance & Control

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

Supervisory Board

H.M. Holterman

R.L.J. van Rappard

R.J.H.M. Kuipers

D. Wessels

Board of Management

D. Boers

H.J. van der Kamp

J.G. van Rooijen RA

A. Vos

Central Works Council

F.T.M. Engelen, Chairman

E.J. van Heeren, Secretary

European Works Council

M. van der Sluys, Chairman



DEFINITIONS

Operating revenue Net revenue 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 tangible fixed assets and amortisation and impairment of intangible assets.

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/net credit position Liquidity less interest-bearing banking liabilities.

Non-recourse financing is project financing where the lender himself can only seek redress from the cash flows and assets of that specific project. For a project financing, the lender has no or hardly any recourse against other companies of VolkerWessels.

Operating capital Inventories + participating interests + investments + non-current receivables from companies in which a participating interest is held + work in progress + receivables and prepayments and accruals - current liabilities and prepayments and accruals (excluding bank overdrafts and current portion of long-term liabilities).

Return on equity 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 Fixed assets + current assets.





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Paul Painter
Boeing

This is the English translation of the original Dutch Report.

An Dutch version of this report is available as a pdf at <http://en.volkerwessels.com>

In the event of textual contradictions, the Dutch version shall prevail