



VolkerWessels

P R E S S R E L E A S E

FIRST NINE MONTHS 2019

VolkerWessels reports EBITDA of € 148 million, interim dividend of € 0.28 per share

- EBITDA 9M 2019 increased to € 148 million from € 130 million (9M 2018)
- Underlying EBITDA (excluding OpenIJ provision) decreased to € 157 million from € 167 million
- Net result attributable to shareholders € 65 million (+6.6%), net result per share € 0.81 (9M 2018: € 0.76)
- Order book remains high at € 9,043 million (+1.9%)
- Revenue increased to € 4,760 million (+14.3%)
- Interim dividend of € 0.28 per share
- Outlook 2019: EBITDA expected to increase between 4% and 7%
- OpenIJ 76% completed; managerial target for the final project result is estimated between - € 110 million and - € 77.5 million versus the current loss provision of € 115 million

The above numbers exclude the impact of IFRS 16

Amersfoort, 12 November 2019 – Koninklijke VolkerWessels N.V. reports an increased EBITDA of € 148 million, an order book of € 9.0 billion and expects EBITDA for 2019 to increase between 4% and 7%. Most segments perform in line with expectation, except Infrastructure and North America.

Jan de Ruiter, Chairman of the Management Board

“EBITDA (including OpenIJ) for the first nine months came in at € 148 million, which is € 18 million higher than 9M 2018. We saw EBITDA growth in most of our businesses, including Infrastructure as a result of a much lower addition to the OpenIJ loss provision. Only our North American business came in lower than last year due to continued weather-related inefficiencies in our operating businesses.

Our order book at the end of September was € 9,043 million, an increase of € 167 million as compared to the end of 9M 2018. The increase relates to the order books of Construction & Real Estate Development (C&RED), United Kingdom and North America. Production volumes in Infrastructure and Germany outpaced new order intake in those segments. The decrease in the E&T segment is due to the volumes delivered on long-term framework contracts.

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The completion of project OpenIJ at the end of the third quarter is approximately 76%. During the third quarter we increased the loss provision for OpenIJ by € 1 million, bringing the total for 2019 to € 8.5 million (and for the project to € 115 million, VolkerWessels' share). The managerial target for the final project result is estimated between - € 110 million and - € 77.5 million.

Excluding the impact of IFRS 16 on the lease liabilities included in the debt position, the net cash position increased by € 275 million to € 76 million. This is a reflection of our ongoing profitability, a strong focus on traditional working capital and the successful reduction in strategic working capital. Including the IFRS 16 impact on the 30 September 2019 balance sheet, the net debt position is € 165 million at the end of September, an improvement of € 34 million as compared to the end of September 2018.

The issues surrounding Nitrogen, PFAS and PFOS have not been resolved as yet. It is clear that after the summer the call for action has become very loud and the Dutch government has promised an interim solution to be announced before the 1st of December 2019. The impact on our company very much depends on the outcome of these discussions but – if unresolved - will have the biggest impact on our Infra business in the Netherlands. The impact of Brexit remains unpredictable and weighs on the economic development of the UK while in Germany the bill by the state government of Berlin on freezing rent passed in October 2019 and will be effective as from January 2020.

We will pay an interim dividend of € 0.28 per share. The payment date of the dividend is November 27, 2019.

For 2019, we expect all our segments to contribute to our EBITDA, and we expect full year EBITDA to increase between 4% and 7% (incl. the OpenIJ provision)."

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Underlying operational performance (excluding the OpenIJ provision and IFRS 16)

Net result attributable to shareholders	EBITDA	EBITDA margin	ROCE	Solvency	Net cash position	Order Book	Revenue
9M 2019 € 73 m	9M 2019 € 157 m	9M 2019 3.3%	30/09/19 16.5%	30/09/19 32.8%	30/09/19 € 76m	30/09/19 € 9,043m	9M 2019 € 4,760m
↓ 18.0 %	↓ 6.0 %	↓ 70 bps	↑ 210 bps	↑ 260 bps	↑ €275 m	↑ 1.9%	↑ 14.3 %
9M 2018 € 89 m	9M 2018 € 167 m	9M 2018 4.0%	30/09/18 14.4%	30/09/18 30.2%	30/09/18 € -199m	30/09/18 € 8,876m	9M 2018 € 4,166 m

Financial performance (including the OpenIJ provision and excluding IFRS 16)

Net result attributable to shareholders	EBITDA	EBITDA margin	ROCE	Solvency	Net cash position	Order Book	Revenue
9M 2019 € 66 m	9M 2019 € 148 m	9M 2019 3.1%	30/09/19 16.1%	30/09/19 32.8%	30/09/19 € 76m	30/09/19 € 9,043 m	9M 2019 € 4,760m
↑ 8.2 %	↑ 13.8 %	=	↑ 420 bps	↑ 260 bps	↑ €275 m	↑ 1.9%	↑ 14.3 %
9M 2018 € 61 m	9M 2018 € 130 m	9M 2018 3.1%	30/09/18 11.9%	30/09/18 30.2%	30/09/18 € -199m	30/09/18 € 8,876m	9M 2018 € 4,166m

Reported financial performance (including the OpenIJ provision and IFRS 16)*

Net result attributable to shareholders	EBITDA	EBITDA margin	ROCE	Solvency	Net cash position	Order Book	Revenue
9M 2019 € 65 m	9M 2019 € 200 m	9M 2019 4.2%	30/09/19 13.2%	30/09/19 30.8%	30/09/19 € -165m	30/09/19 € 9,043 m	9M 2019 € 4,760m
↑ 6.6 %	↑ 53.8 %	↑ 110 bps	↑ 130 bps	↑ 60 bps	↑ €34 m	↑ 1.9%	↑ 14.3 %
9M 2018 € 61 m	9M 2018 € 130 m	9M 2018 3.1%	30/09/18 11.9%	30/09/18 30.2%	30/09/18 € -199m	30/09/18 € 8,876m	9M 2018 € 4,166m

All numbers exclude share incentive charge (9M 2019: € 4 million; 9M 2018: € 5 million).

* The comparative information for 9M 2018 is not restated for IFRS 16.

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Overall performance of VolkerWessels

Summary overview of results

(€ million, unless otherwise stated)

	9M 2019	9M 2018	FY 2018
Revenue	4,760	4,166	5,924
Operating expenses	*-4,683	*-4,115	*-5,790
Share in results of associates and JVs (after income tax and 3rd party result)	8	19	33
Operating result	85	70	167
Net financial result	-5	2	3
Income tax	-13	-9	-30
Net result from continuing operations	67	63	140
Net result from discontinued operations (after tax)	-1	-1	-2
Net result for the financial period	66	62	138
Minority interests	1	1	1
Net result attributable to shareholders	65	61	137
Operating result	85	70	167
D&I of property, plant and equipment	56	53	74
A&I of intangible assets	8	7	9
EBITDA	148	130	250
IFRS 16 impact	52	0	0
EBITDA incl. impact IFRS 16	200	130	251
EBITDA margin (%)	4.2%	3.1%	4.2%
Order book (at year end)	9,043	8,876	8,924
Interim dividend			22.4
Final dividend			61.6
Total dividend			84.0
Total dividend as % of net results attributable to shareholders (adjusted for share incentive plan)			61%
Per share data attributable to shareholders			
Number of shares (in millions)	80	80	80
Earnings per share (€)	0.81	0.76	1.71
Earnings per share from continuing operations (€)	0.83	0.78	1.74
Earnings per share from discontinued operations (€)	-0.02	-0.02	-0.03
Interim dividend			0.28
Final dividend			0.77
Total dividend			1.05

* Under IFRS any benefit due to the Managing Directors or any of the relevant key managers will need to be reflected in the annual accounts of VolkerWessels as personnel expenses, irrespective of whether the costs are borne by VolkerWessels or not. The cash flow related to these share incentives including tax, are borne in full by Reggeborgh Holding and consequently, the cash flow impact for VolkerWessels is nil. For the period between 1 January 2019 and 30 September 2019 € 4 million, for the period 1 January 2018 and 30 September 2018 € 5 million and FY 2018: € 6 million, this is adjusted in comparison to the (interim) financial statements.

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Summary overview of results by operating segment

(€ million, unless stated otherwise)	Revenue			EBITDA*			Order Book (period end)		
	9M 2019	9M 2018	Δ	9M 2019	9M 2018	Δ	9M 2019	9M 2018	Δ
NL – C&RED	1,654	1,455	13.7%	54	50	8.0%	3,716	3,589	3.5%
NL – Infrastructure	1,076	993	8.4%	22	22	0.0%	1,660	1,849	-10.2%
NL – E&T Infrastructure	628	526	19.4%	26	23	13.0%	806	887	-9.1%
United Kingdom	995	816	21.9%	30	28	7.1%	1,353	1,108	22.1%
Local currency (GBPm)	873	719	21.4%	26	25	4.0%	1,198	983	21.9%
North America	249	250	-0.4%	24	31	-22.6%	1,100	824	33.5%
Local currency (CADm)	374	386	-3.1%	36	48	-25.0%	1,587	1,241	27.9%
Germany	215	178	20.8%	14	12	16.7%	453	664	-31.8%
Other/eliminations	-57	-52		-13	1		-45	-45	
Subtotal	4,760	4,166	14.3%	157	167	-6.0%	9,043	8,876	1.9%
OpenIJ provision				9	37				
Subtotal	4,760	4,166	14.3%	148	130	13.8%	9,043	8,876	1.9%
IFRS 16 impact				52	0				
Total	4,760	4,166	14.3%	200	130	53.8%	9,043	8,876	1.9%

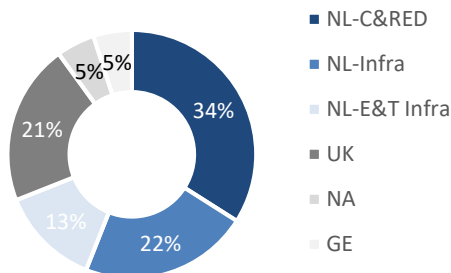
* All EBITDA numbers are excluding share incentive charge.

Quarterly revenue and EBITDA (including OpenIJ provision)

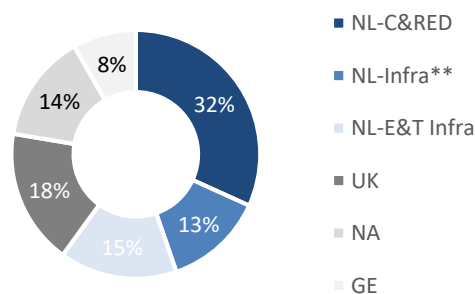
(€ million)	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Revenue	1,705	1,681	1,374	1,758	1,397	1,539	1,230	1,747	1,299	1,473	1,195
EBITDA*	82	99	19	121	69	53	8	110	65	77	13
of which IFRS 16 impact	19	17	16								

* 2017, 2018 and 2019 EBITDA includes OpenIJ provisioning: 2017: € 67.5 million; 2018: € 39 million; 9M 2018: € 37 million, 9M 2019: € 8.5 million.

9M 2019 Revenue per segment*



9M 2019 EBITDA per segment*



* Breakdown excludes Other/Eliminations and the IFRS 16 impact, NL-E&T Infrastructure includes the activities in Belgium.

** NL-Infra EBITDA and total EBITDA exclude the OpenIJ provisioning.

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OpenIJ update

On October 10, 2019 OpenIJ announced the successful immersion of the second – bigger – inner lock head (“binnenhoofd”). With the inner lock head now at its final position, OpenIJ successfully concluded the three key milestones it defined for itself at the beginning of 2018: the immersion of the outer lock head (“buitenhoofd”), the arrival of the lock doors in Amsterdam and the immersion of the inner lock head. The expected remaining construction time of the world’s largest sea lock is between 17 and 22 months.

Delivery date is scheduled for Q2 2021. With a percentage completion of 76%, the remaining construction value is approx. € 200 million (VolkerWessels’ share € 100 million). For VolkerWessels, the loss provision for OpenIJ currently amounts to € 115 million as per the end of the 3rd quarter. 93% of this amount has been funded. Furthermore, due to the delay, VolkerWessels will need to make available to the SPC a 26 year loan of € 20 million.

At this moment in time, our managerial target for the final project result is estimated between - € 110 million and - € 77.5 million. Please note that the managerial target is based on estimates which may be subject to changes that may have a material effect as the final outcome depends on factors which are uncertain and/or outside the control of VolkerWessels. Hence, no certainty can be ascribed to this managerial target. Potential negative and/or positive effects may occur at different moments in time and may not necessarily cancel each other out in any given time period.

IFRS 16 transition

VolkerWessels adopted IFRS 16 with effect from January 1 2019. We have applied the simplified transition approach and have not restated comparative amounts for the year prior to first adoption (9M 2018 and FY 2018). As a result of this new accounting standard we expect an increase in EBITDA in 2019 of approximately € 70 million (actual impact in 9M 2019: € 52 million). The impact on our net result for 2019 is expected to be limited. On adoption of IFRS 16, we have recognized, in addition to the already existing finance lease agreements, right-of-use assets of € 235 million and corresponding lease liabilities of € 235 million. Operating cash flows increased and financing cash flows decreased by € 52 million as repayment of the principal portion of the lease liabilities are classified as cash flows from financing activities instead of cash flows from operating activities.

Order Book

VolkerWessels’ order book at 30 September 2019 increased to € 9,043 million as compared to € 8,876 million at 30 September 2018, which represents an increase of 1.9%. The strong order book consists of an increased pipeline of projects in Construction & Real Estate Development, in the United Kingdom and North America, balanced by a decrease in the Dutch Infrastructure and E&T Infrastructure segments. Dutch Infrastructure experienced low tender volume. The decrease in the E&T segment is due to the volumes delivered on long-term framework contracts. In Germany our order book decreased compared with 9M 2018 but is still very strong and amounts to 1.7 times the revenue delivered in 2018. Our order book in Germany is expected to benefit from land acquisitions in the fourth quarter.

We take a prudent approach to order book recognition; we only include signed contracts, and for framework contracts, work packages agreed with our clients.

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Consolidated income statement

Revenue

Revenue in 9M 2019 increased by 14.3%, or € 594 million, to € 4,760 million as compared to € 4,166 million in 9M 2018. Revenues increased in all segments, except in North America, where it was stable.

EBITDA and EBITDA margin

Underlying EBITDA -i.e. excluding OpenIJ and IFRS 16- decreased to € 157 million from € 167 million in 9M 2018. Stepping away from the impact of IFRS 16 EBITDA increased from € 130 million to € 148 million in 9M 2019. Excluding IFRS 16 and the additional loss provision for OpenIJ, our EBITDA margin is 70 bps lower than in the same period last year. Reported EBITDA increased by 53.8% to € 200 million (including the effect of IFRS 16 of € 52 million) and the EBITDA margin increased to 4.2%.

The C&RED (+€ 4 million), E&T (+€ 3 million), UK (+€ 2 million) and Germany (+€ 2 million) segments delivered increased EBITDA resulting mainly from positive momentum in these markets. The Infrastructure segment improved € 28 million to € 13 million in 9M 2019, which is driven by a lower loss provision for OpenIJ in 9M 2019, excluding OpenIJ performance was stable.

In North America, our results are behind last year which is primarily weather related as well as the effect from lower results from participating interests and lower land sales in the US.

Other

Increased expenses for digitisation and innovation projects and lower book profits on non-core asset sales are included in “Other”.

Personnel

VolkerWessels' average number of employees increased by 467 to 17,097 in the first nine months of 2019.

Net financial result

The net financial result decreased in 9M 2019 to € 5 million negative (9M 2018: € 2 million positive). Due to our continued strong focus on working capital our net debt position improved significantly. This resulted in an over-hedged situation, with a cost of € 3 million which has been accounted for as a loss in the profit and loss. Furthermore net financial result was impacted for an amount of € 2 million negative by the transition to IFRS 16.

Income tax

Income tax increased from € 9 million in 9M 2018 to € 13 million in 9M 2019 due to overall higher taxable profits and less results from participations where we have tax exemption.

Net result

The 9M 2019 net result attributable to shareholders amounted to € 65 million (9M 2018: € 61 million).

Capital expenditure

In 9M 2019, the gross capital expenditure relating to property, plant and equipment amounted to € 87 million, 1.8% of revenue (9M 2018: € 54 million, 1.3% of revenue). In 9M 2019, the net capital

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expenditure relating to property, plant and equipment amounted to € 71 million, 1.5% of revenue (9M 2018: € 37 million, 0.9% of revenue). The increased capital expenditure is predominantly the result of contract renewals and our growing highway maintenance business in Canada.

Key balance sheet items

(€ million, unless stated otherwise)

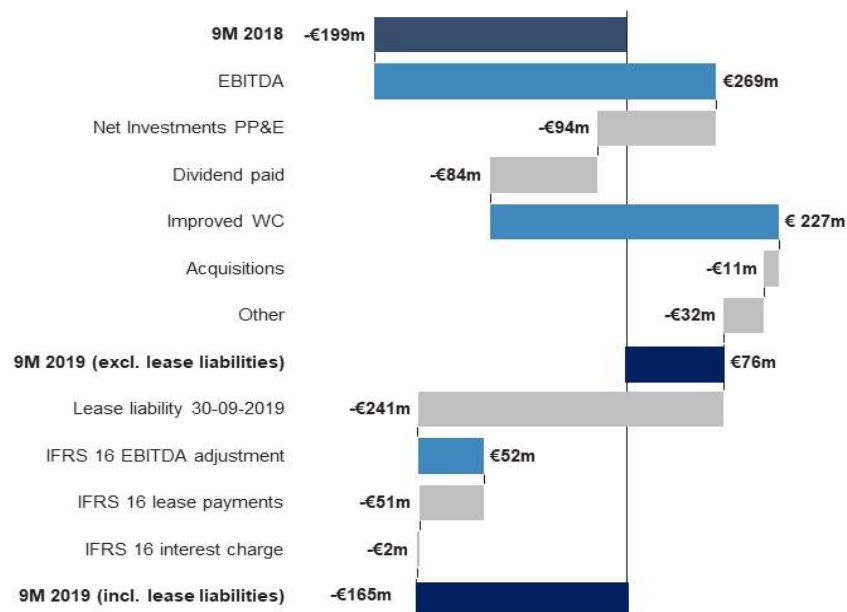
	30/09/2019	30/09/2018	31/12/2018
Total assets	3,923	3,748	3,684
Total group equity	1,208	1,133	1,196
Net cash / debt	-165	-199	366
Capital employed	1,373	1,332	830
Solvency ratio (%)	30.8%	30.2%	32.5%

Solvency and net cash position

VolkerWessels has a solid capital structure, with a solvency ratio of 30.8% at 30 September 2019 (30.2% at 30 September 2018). Total equity increased by € 75 million to € 1.2 billion at 30 September 2019. This is the net impact after allocation of the profit over the last twelve months and reduction for dividends of € 84 million which includes both the final and the interim dividend for 2018. As a result of the IFRS 16 transition total assets increased by € 242 million at 30 September 2019. Excluding the IFRS 16 effect the solvency increased to 32.8%.

Our net debt position improved by € 34 million, resulting in a net debt position of € 165 million at 30 September 2019. Excluding the IFRS 16 impact the net cash position increased by € 275 million compared to 30 September 2018.

Change in net debt position



At 30 September 2019 € 90 million was drawn under the RCF (€ 325 million at 30 September 2018).

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Working capital overview

(€ million)

	30/09/2019	30/09/2018	31/12/2018
Inventories (excl. property development)	75	74	76
Contract balances (including provision onerous contracts)	-2	65	-28
Trade and other receivables (excl. receivables from associates and JVs and current 3 rd party loans)	937	924	839
Trade and other payables (excl. amounts owed to associates and JVs)	-1,319	-1,249	-1,497
Net taxes	-5	-15	-15
Traditional working capital	-314	-201	-625
Land	172	184	184
Property development	39	119	81
Property held for sale	22	41	42
Investments in associates and JVs (less provisions)	141	125	132
Non-current receivables from associates and JVs	86	97	71
Net receivables on participations	95	103	101
Strategic working capital	555	669	611
Net working capital	241	468	-14

Traditional negative working capital improved to - € 314 million on 30 September 2019 compared to - € 201 million at 30 September 2018. This is mainly the effect of an improvement in the contract balances position of € 67 million. Strategic positive working capital improved by € 114 million to € 555 million at 30 September 2019. This mainly relates to a lower working capital requirement for property development following the sale of several properties. The directly owned land bank decreased by € 12 million to € 172 million at 30 September 2019. Overall net working capital improved by € 227 million to a working capital position of € 241 million at 30 September 2019 compared to € 468 million at 30 September 2018.

Interim dividend

VolkerWessels will pay an interim dividend of € 0.28 per share. The payment date of the dividend is November, 27 2019.

Outlook 2019

For 2019, we expect all our segments to contribute positively to our EBITDA, and we expect full year EBITDA to increase between 4% and 7% (including the OpenIJ provision).

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Results per segment

Netherlands – Construction & Real Estate Development

(€ million, unless stated otherwise)

	9M 2019	9M 2018	2018
Revenue	1,654	1,455	2,105
EBITDA	54	50	100
EBITDA margin (%)	3.3%	3.4%	4.8%
Average number of employees (#)	3,860	3,787	3,768
Order book <i>(at period end)</i>	3,716	3,589	3,493

Construction & Real Estate Development segment's (C&RED) revenue increased by 13.7% or € 199 million, to € 1,654 million in 9M 2019, mainly as a result of continuous strong market conditions especially in the residential construction market. The number of new homes sold increased to 1,871 in 9M 2019 from 1,477 in 9M 2018. EBITDA increased by € 4 million to € 54 million, the EBITDA margin was stable. C&RED's results are held back by fewer large real estate transactions compared to 2018.

Market developments in 9M 2019

Demand in the residential market remains buoyant while price increases are levelling off. The relatively slow process of obtaining permits for new build homes and the increased focus on social housing developments in certain bigger cities cause the growth in new build homes to remain below the national target. The recent ruling from the State Council on nitrogen emissions delayed the start and sale of certain projects. The impact of nitrogen deposition on C&RED projects in 2020 (and beyond) very much depends on the willingness of the Dutch government to raise the current very low norm on nitrogen emissions (of 0.05 mol/ha/year).

We continue to see healthy interest from international investors in residential products and expect this trend to continue. Looking forward, we expect the price of materials to consolidate whilst labour costs will continue to rise. The construction of industrial/logistics buildings shows strong growth.

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Netherlands – Infrastructure

(€ million, unless stated otherwise)

	9M 2019	9M 2018	2018
Revenue	1,076	993	1,414
EBITDA	22	22	61
OpenIJ provision	-9	-37	-39
EBITDA including OpenIJ provision	13	-15	22
EBITDA margin (%)	1.2%	-1.5%	1.6%
Average number of employees (#)	4,844	4,930	4,903
Order book <i>(at period end)</i>	1,660	1,849	1,660

Netherlands – Infrastructure segment’s revenue increased by 8.4% or € 83 million to € 1,076 million in 9M 2019. Including the provision for OpenIJ in 9M 2018 and 9M 2019, EBITDA increased by € 28 million to € 13 million. The order book decreased by 10.2% to € 1.7 billion at 30 September 2019 but was stable compared with the 2018 year end.

Market developments in 9M 2019

The market for multidisciplinary infra projects is severely disrupted by the Nitrogen, PFAS and PFOS issues. As a consequence, government entities are delaying and/or cancelling Infra projects which translates in lower capacity utilization and unbillable hours going forward. We now expect that this will result in lower revenue in our Infra segment in 2020, even in a situation when the Dutch government decides to raise the current low deposition norm for nitrogen and PFAS/PFOS before the end of this year. Due to the nature of these businesses, a (relatively) small increase of the deposition norm will benefit C&RED more than our Infra business where nitrogen deposition is normally higher (requiring a more substantial increase).

We continue to focus on margin over volume, on constructive cooperation with our partners and clients, and on the quality of our order book.

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Netherlands – Energy & Telecoms Infrastructure*

(€ million, unless stated otherwise)

	9M 2019	9M 2018	2018
Revenue	628	526	751
EBITDA	26	23	39
EBITDA margin (%)	4.1%	4.4%	5.2%
Average number of employees (#)	3,134	2,966	2,950
Order book (at period end)	806	887	932

* NL-E&T Infra includes the activities in Belgium

The revenue of our Netherlands – Energy & Telecoms Infrastructure segment increased by 19.4%, or € 102 million, to € 628 million. The increased revenue relates to the acquisition of JES and higher volumes both in our Energy and Telecoms activities. EBITDA increased by € 3 million to € 26 million in 9M 2019. The improvement in our result was delivered by both the Energy and Telecoms companies, including our Belgian E&T activities. The order book decreased due to the volume delivered in 9M 2019 on long-term framework contracts. Underlying, the order book increased significantly.

Market developments in 9M 2019

Digital transformation is an important ongoing trend in the telecoms market, requiring a continuing need for fast data transmission. Connectivity is seen as a basic need and is therefore becoming a growing commodity. The roll-out of 5G, optical fibre and IoT will have a positive impact on VolkerWessels Telecoms business.

The transition to sustainable energy sources, such as wind, solar and hydrogen continues to be an important driver for the demand in the energy infrastructure market in the Netherlands. VolkerWessels' energy business is focused on the associated transmission and distribution infrastructure for these energy sources.

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VolkerWessels United Kingdom
(€ million, unless stated otherwise)

	9M 2019	9M 2018	2018
Revenue	995	816	1,116
Revenue in GBP m	873	719	984
EBITDA	30	28	39
EBITDA in GBP m	26	25	34
EBITDA margin (%)	3.0%	3.4%	3.5%
Average number of employees (#)	3,071	2,873	2,890
Order book (at period end)	1,353	1,108	1,528
Order book (at period end) GBP m	1,198	983	1,367

In local currency, revenue in 9M 2019 increased by 21.4% to £ 873 million following positive developments across all market sectors in which we operate. EBITDA improved by £ 1 million to £ 26 million. In euro terms the increase in revenue and EBITDA are in line with the increase in GBP terms. The UK order book increased by 21.9% to £ 1,198 million which is largely a reflection of the growth in infrastructure build as set out in the National Infrastructure plan in the UK. During 9M 2019 we further strengthened our market position by securing, extending and renewing a number of long-term contracts. For FY 2019 we expect the EBITDA margin to improve towards the FY 2018 level.

Market developments in 9M 2019

The nine months to September 2019 have seen a general slowdown across the wider construction sector in the UK, against a challenging and distracting economic backdrop. Political and policy uncertainty has been a theme, as a result of protracted debate and indecision relating to Brexit, and a change of government leadership. This uncertain environment, along with the weakness of sterling and slowing growth in the construction market, has seen a number of companies in the sector fall into difficulty. A general election has been scheduled for December 2019, and a decision on Brexit is due at the end of January 2020; it is hoped that this will bring more political and economic clarity in the medium term.

Despite the challenges and uncertainty of this backdrop, VolkerWessels UK has maintained its strong position in the infrastructure sector; with a quality order book and sound financial footing, a track record of delivery and effective risk management processes, the business has seen minimal direct impact from these external factors.

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VolkerWessels North America

(€ million, unless stated otherwise)

	9M 2019	9M 2018	2018
Revenue	249	250	350
Revenue in CAD m	374	386	538
EBITDA	24	31	47
EBITDA in CAD m	36	48	72
EBITDA margin (%)	9.6%	12.4%	13.4%
Average number of employees (#)	1,486	1,316	1,400
Order book (at period end)	1,100	824	764
Order book (at period end) CAD m	1,587	1,241	1,193

Revenue from our North America segment was stable at € 249 million while EBITDA decreased by € 7 million to € 24 million. Our results are behind last year which is partly weather related, the effect from lower results from participating interests and lower land sales in the US.

Market developments in 9M 2019

Our companies in Canada are based in Alberta and British Columbia. The economy of these two provinces is primarily resource based. The outlook for VolkerWessels in British Columbia remains strong for the coming years, with the successful renewal of two long-term contracts for provincial highway maintenance (“Service Area 24 and 28”).

The outlook for VolkerWessels in Alberta remains solid, with a dependency on market developments within the energy industry (especially the price of oil) and housing. In the Seattle area, VolkerWessels is well positioned to benefit from increased investment in infrastructure, particularly through its exposure to roadworks (including new construction, rehabilitation and intersections), civil work (for example, bridges and retaining walls), as well as underground utilities and development construction.

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VolkerWessels Germany

(€ million, unless stated otherwise)

	9M 2019	9M 2018	2018
Revenue	215	178	268
EBITDA	14	12	16
EBITDA margin (%)	6.5%	6.7%	6.0%
Average number of employees (#)	334	355	353
Order book <i>(at period end)</i>	453	664	595

The Germany segment's revenue increased by 20.8%, or € 37 million, to € 215 million. EBITDA increased by € 2 million to € 14 million. The order book declined to € 453 million, which is still exceptionally strong and amounts to 1.7 times the revenue in 2018. This decrease mainly relates to delays in the commencement of a few new development projects.

Market developments in 9M 2019

VolkerWessels expects to see ongoing favorable market conditions over the coming years with strong demand in Germany for owner-occupied and rented apartments, as well as for office, commercial and logistic space for all three regions where VolkerWessels is active.

VolkerWessels is closely monitoring political developments in general and in the Berlin housing market in particular. One of these developments is a bill by the state government of Berlin, to set a new upper rental limit for apartments built before 2014. This law passed in October 2019 and will be effective at January 2020. It intends to limit rental price increases for existing properties over a period of five years starting from the year 2020.

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The financial information in this press release has not been audited

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Analyst meeting

VolkerWessels will comment on the announcements during an analyst meeting with moderated call on 12 November 2019 at 11.30 CET. You can download the presentation on: www.volkerwessels.com => Investor Relations => Financial Information. You can follow the meeting by dialling: 0031-20-531 5867 (international numbers available via this [link](#)). *Please dial in five minutes prior to commencement.*

Financial calendar

Event	Date
Ex-dividend date (interim dividend 2019)	20 November 2019
Record date (interim dividend 2019)	21 November 2019
Payment date (interim dividend 2019)	27 November 2019
Annual results 2019 (before trading)	27 February 2020
Annual report 2019 available	2 March 2020
Annual General Meeting of shareholders	16 April 2020
Ex-dividend date (final dividend 2019)	20 April 2020
Record date (final dividend 2019)	21 April 2020
Payment date (final dividend 2019)	29 April 2020
First quarter 2020 trading update (before trading)	14 May 2020
Half year results 2020 (before trading)	27 August 2020
Nine months trading update 2020 and interim dividend 2020 announcement (before trading)	12 November 2020
Ex-dividend date (interim dividend 2020)	18 November 2020
Record date (interim dividend 2020)	19 November 2020
Payment date (interim dividend 2020)	26 November 2020

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Important information:

This document is intended to provide financial and general information about Koninklijke VolkerWessels and its group companies in respect of its most recent financial results and, as such, is solely informative. This document must be read in connection with the relevant financial documents it refers to and such financial documents take primacy in case of any inconsistency with the information as provided herein. This document contains forward-looking statements which are based on the current expectations, estimates and projections of Koninklijke VolkerWessels' management and information available at the date of publication of this document. These forward-looking-statements are subject to uncertainties and cannot be relied upon. VolkerWessels does not assume any obligation to update or revise forward-looking-statements after the date of publication of this document.

This press release contains information that qualifies, or may qualify, as inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

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APPENDIX

Consolidated income statement

(€ million)

	9M 2019	9M 2018	2018
Continuing operations			
Revenue	4,760	4,166	5,924
Operating expenses *	-4,687	-4,120	-5,796
Result from sale of participating interests (after income tax)	8	19	33
Operating result	81	65	161
Financial income	14	14	22
Financial expenses	-19	-12	-19
Net financial result	-5	2	3
Result before tax	76	67	164
Income tax	-13	-9	-30
Result from continuing operations	63	58	134
Result from discontinued operations (after income tax)	-1	-1	-2
Net result for the financial year	62	57	132
Attributable to:			
Shareholders of the Company	61	56	131
Minority interests	1	1	1
Net result for the financial year	62	57	132

The comparative information for 9M 2018 and FY 2018 is not restated for IFRS 16.

* Including share incentive charge of € 4 million (9M 2018: € 5 million; FY 2018: € 6 million).

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Consolidated statement of financial position
(€ million)

	30/09/2019	30/09/2018	31/12/2018
Property, plant and equipment	505	479	482
Right-of-use assets	242	-	-
Intangible assets	491	453	484
Investments in associates and joint ventures	163	132	153
Non-current receivables	129	139	107
Other non-current assets	5	27	6
Deferred tax assets	29	58	31
Other non-current assets	326	356	297
Total non-current assets	1,564	1,288	1,263
Land	172	184	184
Property held for sale	22	41	42
Inventories	114	194	157
Contract assets	721	682	579
Trade and other receivables	1,085	1,065	986
Income tax receivable	6	11	6
Cash and cash equivalents	239	283	467
Total current assets	2,359	2,460	2,421
Total assets	3,923	3,748	3,684

The comparative information for 9M 2018 and FY 2018 is not restated for IFRS 16.

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Consolidated statement of financial position

(€ million)

	30/09/2019	30/09/2018	31/12/2018
Equity			
Equity attributable to shareholders of the Company	1,195	1,119	1,182
Minority interests	13	14	14
Total group equity	1,208	1,133	1,196
Loans and other financing obligations	26	88	43
Lease liabilities	170	-	-
Derivatives	5	1	2
Employee benefits	40	34	40
Provisions for associates and joint ventures	22	8	16
Other provisions	121	127	138
Deferred tax liabilities	32	41	31
Total non-current liabilities	416	299	270
Loans and other financing obligations	132	393	56
Lease liabilities	72	-	-
Contract liabilities	610	515	489
Trade and other payables	1,361	1,276	1,532
Employee benefits	9	16	19
Provisions for associates and joint ventures	-	-	3
Other provisions	104	90	98
Income tax payable	11	26	21
Total current liabilities	2,299	2,316	2,218
Total equity and liabilities	3,923	3,748	3,684

The comparative information for 9M 2018 and FY 2018 is not restated for IFRS 16.

The financial information in this press release has not been audited

Consolidated cash flow statement
(€ million)
Liquidity position at beginning of the period

Net cash flow continuing operating activities

Net cash flow from discontinued operating activities

Net cash flow from operating activities (total)

Net cash flow from continuing investment activities

Net cash flow from discontinued investment activities

Net cash flow from investing activities (total)

Net cash flow from continuing financing activities

Net cash flow from discontinued financing activities

Net cash flow from financing activities (total)
Decrease in liquidity position

Effects of exchange rate differences on cash, cash equivalents and bank overdrafts

Liquidity position at the end of the period

	9M 2019	9M 2018	2018
Liquidity position at beginning of the period	445	484	484
Net cash flow continuing operating activities	-69	-304	242
Net cash flow from discontinued operating activities	-2	-4	-5
Net cash flow from operating activities (total)	-71	-308	237
Net cash flow from continuing investment activities	-118	-120	-117
Net cash flow from discontinued investment activities	2	-1	-
Net cash flow from investing activities (total)	-116	-121	-117
Net cash flow from continuing financing activities	-52	209	-159
Net cash flow from discontinued financing activities	-	-	-
Net cash flow from financing activities (total)	-52	209	-159
Decrease in liquidity position	-239	-220	-39
Effects of exchange rate differences on cash, cash equivalents and bank overdrafts	3	-	-
Liquidity position at the end of the period	209	264	445

Consolidated statement of changes in equity
(€ million)
Balance as at 31 December 2018

Impact of change in accounting policy (IFRS 16)

Balance as at 1 January 2019 (after adjustment)

Result for the financial year YTD

Other comprehensive income for the financial year

Total comprehensive income for the financial year

Dividends

Share based payments by the majority shareholder *

Other movements

Balance as at 30 September 2019

	Equity shareholders	Minority interests	Total equity
Balance as at 31 December 2018	1,182	14	1,196
Impact of change in accounting policy (IFRS 16)	-	-	-
Balance as at 1 January 2019 (after adjustment)	1,182	14	1,196
Result for the financial year YTD	61	1	62
Other comprehensive income for the financial year	16	-	16
Total comprehensive income for the financial year	77	1	78
Dividends	-62	-1	-63
Share based payments by the majority shareholder *	-	-	-
Other movements	-2	-1	-3
Balance as at 30 September 2019	1,195	13	1,208

* Share based payments by the majority shareholder includes the share incentive charge for 9M 2019 (€ 4.2m) and the settlement of wage taxes (€ - 4.3m).
The comparative information for 9M 2018 and FY 2018 is not restated for IFRS 16.

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From left to right from:

KWS piloted the noise-reducing sustainable asphalt mixture KonwéCity 5 Circulair (circular) to surface a section of test road in Vianen, near the Dutch city of Utrecht. It is the first KWS noise-reducing mixture to contain 50% recycled asphalt, resulting in substantial carbon savings of 33.5%.

Measuring and data analyses of railway by Asset.Insight.

On October, 3 2019, His Majesty King Willem-Alexander of the Netherlands officially opened Brainport Industries Campus (BIC) in Eindhoven, BIC is developed by SDK Vastgoed.

Scout-In19 Festival in Zeewolde, VolkerWessels provided a mast to improve communication of the participants.

About VolkerWessels

Koninklijke VolkerWessels is a leading integrated and diversified listed construction group with a “think global, act local” mind-set. VolkerWessels’ operating model combines a local sales and client focus with a control and support structure at divisional level that optimises scale and expertise across its operating companies.

VolkerWessels operates primarily in the Netherlands, the United Kingdom, North America and Germany. Operationally, its business is organised in six segments. In the countries in which VolkerWessels operates it has over 120 local operating companies, which have national and regional offices and management.

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