

Press Release - Interim figures 2012

Amersfoort, 24 August 2012

VolkerWessels focuses on growth markets

- Turnover in 1st semester: € 2.3 billion (1st semester 2011: € 2.2 billion)
- Operating profit (EBITDA) in 1st semester: € 56 million (1st semester 2011: € 72 million)
- Net profit in 1st semester: € 17 million (1st semester 2011: € 24 million)
- In June 2012, our order book stood at € 5.7 billion (year-end 2011: € 5.5 billion).

As a result of our focus on growth markets and the good spread of our activities, VolkerWessels' turnover has grown by 6%, as revealed by the figures for the first 6 months of 2012.

The activities that are responsible for this growth are:

- Canada (+ 42% partly due to acquisitions in 2011);
- Energy & Telecoms (+ 26% partly due to a peak in offshore activities)
- United Kingdom (+ 5%)

We are seeing strong growth in Canada and in the Energy & Telecoms sector, whilst growth is stable in the UK. The activities in the Netherlands in the Building & Property Development and Infrastructure segment recorded a relatively modest 2% decline in turnover, on markets that continued to deteriorate. Currently, over 40% of VolkerWessels' turnover originates from international markets and the Energy & Telecoms sector.

Operating profit and net profit are under pressure. We are faced with overcapacity and price pressure in the Netherlands and start-up costs and project losses on the fast-growing offshore market. This is offset to some extent by good results in the Infrastructure sector.

The order book has grown as a result of an increase in long-term management and maintenance contracts.

VolkerWessels' financial position remains solid.

Gerard van de Aast, Chairman of the Management Board, says: "The focus on growth markets such as Energy, Telecoms and Canada has resulted in good growth in turnover. Of course we are affected by the crisis on the Dutch market, but we can largely counterbalance that by continuing to invest in strategic growth markets."

Dutch market

The Dutch market is confronted with lower volumes, overcapacity and price pressure. The residential and office markets are contending with decreasing volumes and the problem of unoccupied premises. In the Infrastructure sector, volumes and prices are being squeezed by government cutbacks and overcapacity. This is also affecting VolkerWessels and forcing us to make changes to our organisation in the Netherlands. Therefore reorganisations are being carried out to keep the company healthy and competitive in future.

(in millions of euros)	1 st semester 2012	1 st semester 2011	Year-end 2011
Turnover	2,287	2,156	4,713
EBITDA	56	72	180
EBITDA margin	2.4%	3.3%	3.8%
Net result	17	24	81
Order book	5,672	5,634	5,484
Solvency	22%	27%	26%

Outlook

Market conditions in the Dutch Building & Property Development sector are not set to improve for the time being. The residential market virtually ground to a halt in the first half of 2012, due to continuing uncertainty, the difficulty of obtaining finance and a lack of people moving up the housing ladder. Commercial property also remains a concern, due to disappointing demand and a severe lack of available finance.

The Infrastructure sector in the Netherlands is still suffering the effects of government cuts, which have led to a decline in volumes and put pressure on prices. The outlook in the UK is uncertain, and depends on the timing of the government's planned investments in the Construction, Rail and Infrastructure markets.

The market outlook is good for the Energy & Telecoms sector and our Canadian activities.

Although growth in turnover and a good order book are an auspicious starting point, given the uncertain economic circumstances at present, we are not making any specific projections for the year as a whole.

Turnover and order book in the various market sectors

VolkerWessels operates in three home markets - the Netherlands, the United Kingdom and Canada/United States - and three sectors: Building & Property Development, Infrastructure, and Energy & Telecoms.

Turnover increased by almost 6% in the first half of 2012, and stands at € 2.3 billion.

The order book has grown by around 3.5%, to € 5.7 billion in mid-2012.

Turnover (in millions of euros)	The Netherlands		United Kingdom		Canada/United States		Total	
	1 st semester 2012	1 st semester 2011	1 st semester 2012	1 st semester 2011	1 st semester 2012	1 st semester 2011	1 st semester 2012	1 st semester 2011
Building & Property Development	805	763	78	95	-	-	883	858
Infrastructure	591	668	327	292	121	85	1,039	1,045
Energy & Telecoms	541	430	-	-	-	-	541	430
Other/elimination							-176	-177
Total							2,287	2,156

Order book (in millions of euros)	The Netherlands		United Kingdom		Canada/United States		Total	
	1 st semester 2012	Year-end 2011	1 st semester 2012	Year-end 2011	1 st semester 2012	Year-end 2011	1 st semester 2012	Year-end 2011
Building & Property Development	2,398	2,559	95	126	68	61	2,561	2,746
Infrastructure	1,080	1,137	647	642	838	444	2,565	2,223
Energy & Telecoms	846	781	-	-	-	-	846	781
Other/elimination							-300	-266
Total							5,672	5,484

The Netherlands - Building & Property Development

Conditions on the residential and office markets remain as difficult as ever. Projects are starting later. Despite these market conditions, we are able to hold our ground, with a rise in turnover of approximately 6%.

Our projects are going well, but we are increasingly concerned about the financial position of some of our clients. We are experiencing payment problems with clients in a number of projects. Because of this, we are retaining possession of the property, which is placing greater strain on our capital. By launching the "Wooniversum" experience centre, we are helping to get the residential market moving again. This innovative approach to selling residential property has been well-received on the market.

Fewer homes were sold in the first half of this year than in the previous year. The number of unsold homes under construction is decreasing.

	1 st semester 2012	1 st semester 2011
New homes delivered	764	1,401
Homes sold	311	417
Unsold homes under construction	268	400
Homes delivered but unsold	36	128

In mid-2012, our order book stood at € 2.4 billion (year-end 2011: € 2.6 billion).

Highlights of the first half of 2012:

The Wooniversum is a unique innovation. This world first uses 3D technology to give guided tours of new homes that have not yet been built. The Dierenpark Emmen, which we have been commissioned to build, demonstrates our innovative capacity. This is not a zoo, but an Experience Park, which allows visitors to get right amidst nature and the animals. It takes technical creativity to achieve this. In The Hague, we are undertaking the renovation of the Mauritshuis. This project calls for a meticulous approach and will enable us to give full rein to our knowledge and expertise. Another prominent project in which we are involved is the HagaZiekenhuis in The Hague, one of the Netherlands' largest general hospitals.

The Netherlands – Infrastructure

The figures still look good for this year. The results of our major projects are continuing to develop positively, although there is still overcapacity in the market which is placing pressure on turnover. In the first half of 2012, turnover was approximately 12% lower than in the same period in 2011. This can be blamed partly on the slow start to 2012, due to the freezing weather conditions at the start of the year. Cuts by local authorities are also resulting in less work and lower margins. In the longer term, we expect this may lead to a fall in the number of contracts and our order book. However, the market for large infrastructure projects does still offer some promising commissions for us.

In mid-2012, our order book stood at € 1.1 billion (year-end 2011: € 1.1 billion).

Highlights of the first half of 2012:

The green light has finally been given for a project that has been under discussion for more than 25 years: the construction of A4 Delft – Schiedam. We are one of the parties involved in creating this 7-

kilometre stretch of motorway. We are also working on the Tweede Maasvlakte where, among other things, we are involved in the construction of an imposing container terminal.

The Netherlands – Energy & Telecoms

We are expecting growth in this sector, and are actively investing in the energy sector in particular. This year, we are recording a substantial rise in turnover, on both the offshore and the telecoms markets. In the first half of 2012, our turnover has risen 26% compared with the same period in 2011.

However, the economic crisis is starting to take its toll on the development of sustainable energy.

Developers from both the private and commercial markets have inadequate financial resources.

Moreover, the technical and financial requirements for obtaining financing are increasingly stringent, which is delaying the start of projects. On the fast-growing offshore market, returns are being squeezed by start-up costs and project losses.

In mid-2012, our order book stood at € 0.8 billion (year-end 2011: € 0.8 billion).

Highlights of the first half of 2012:

The rebuilding of the Hoogersmilde broadcast tower is, both literally and figuratively, taking us to new heights. This technical tour de force, standing over 300 metres tall, provides a solution to the accommodation problems in the North Netherlands. We are also very busy in the sphere of energy. The construction of the “West of Duddon Sands” wind park in the Irish Sea and the “Meerwind” offshore wind park in Germany are good examples of this.

VolkerWessels UK

In the UK, we operate in the construction, rail, energy and infrastructure markets. In the rail segment, we are well positioned and have sufficient opportunities. We are also winning lots of new commissions in infrastructure. Our market share is growing, albeit with pressure on margins. The civil engineering and rail sectors in which we operate in the UK are less severely affected by the difficult market. In the first half of 2012, we achieved an increase in turnover of almost 5%.

In mid-2012, our order book stood at € 0.7 billion (year-end 2011: € 0.8 billion).

Highlights of the first half of 2012:

We are strengthening our position in transport infrastructure. By way of example our involvement in the Birmingham Airport project includes constructing a 405 metre-long extension to the runway. This will increase the airport’s capacity and ease the pressure on the overburdened airports in the south-east. We also continue to deliver enhancements to the rail industry for both Network Rail and Manchester Metrolink.

VolkerWessels Canada/United States

Our businesses in Canada and the United States, which operate mainly in infrastructure, are developing positively, and the outlook is also good. There is a good volume of work on offer in Canada, generated primarily by energy-related investments in the province of Alberta. This area is a growth market for VolkerWessels. In this sphere, we are an important partner of the Canadian government, which is increasingly handing over infrastructure maintenance and management tasks to private parties.

In the first half of 2012, we recorded an increase in turnover of 42% compared with the same period in 2011, due partly to the relatively mild winter in Canada which meant that work on projects could continue. In addition, the turnover figures for our acquisition, McNally (as at 1 June 2011), have been included in full in the first half of 2012.

In mid-2012, our order book stood at € 0.9 billion (year-end 2011: € 0.5 billion).

Highlights for the first half of 2012

One project that is making a major contribution to the increase in our order book in Canada is the Anthony Henday Drive new construction project in Edmonton. This contract has a 30-year term and comprises a 27 kilometre-long, six and eight-lane freeway, nine junctions, two fly-overs over the road, eight fly-overs over the railway and two bridges. We are responsible for management and maintenance, with a project value of approximately € 500 million.

Financial

EBITDA margin

Although our EBITDA margin is developing relatively positively, given the difficult conditions on the market, it is not in line with our targets and is under pressure (1st semester 2012, 2.4% compared with 3.3% in same period in 2011). The causes of this are twofold: mounting price pressure and payment difficulties experienced by clients. Start-up costs and project losses in the Offshore business have a substantial impact on our return.

EBITDA contribution abroad

The EBITDA contribution abroad is also developing positively and is around 40% of the total (2011: 38%).

Solvency

In the first half of 2012, the balance-sheet total fell by approximately € 74 million, to € 3,506 million. Solvency in mid-2012 was 22% before dividend distribution (year-end 2011: 26%). In May 2012 an extra dividend payment of € 180 million was made to the parent company Victor Holdings B.V. This dividend was used to pay off group debts to banks in 2012 and our total external financing has been reduced.

Financing/net debt

We have extended our financing, which was due to end in May 2012, with a Forward Start Facility to the end of 2015. This has given us assurance about the availability, conditions and prices for the financing required in the years ahead, and serves as an important foundation for our future activities.

There is a continual focus within the company on reducing working capital and net debt. In the last three years, we have reduced our debt by approximately € 500 million and as a result we are in a solid financial position and have a reserve for times of crisis.

The covenant criteria for our bank facilities were satisfied comfortably as at 30 June 2012.

Note for the editors (not for publication):

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VolkerWessels strategy model



About VolkerWessels

VolkerWessels (www.volkerwessels.com) is a Dutch construction group with a decentralised organisation structure and 120 operating companies. With around 16,000 employees, VolkerWessels boasts a wealth of experience in residential and commercial construction, mobility, energy & telecoms. We handle development, design, construction, financing, management and operation, for all our stakeholders: our clients, employees, shareholders, suppliers and society in the broadest sense.

Our businesses operate in three markets: Building & Property Development, Infrastructure and Energy & Telecoms, in three geographical areas: the Netherlands, the United Kingdom and Canada/Unites States. In all our sectors, we aim to be the highest yielding company, a company that exploits opportunities and introduces sustainable innovation, where the best people enjoy working in a safe, reputable environment with good opportunities for personal development and room for enterprise. In short, a company that creates value for all its stakeholders. The cornerstones of our strategy are operational excellence, broadening the value chain and market leadership.

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