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

HALF YEAR RESULTS 2019

VolkerWessels reports stable underlying EBITDA of € 93 million and a record high order book of € 9,352 million

- Underlying EBITDA H1 2019 stable at € 93 million (including OpenIJ: € 85 million)
- Net result attributable to shareholders € 32 million (+68.4%), net result per share € 0.40 (H1 2018: € 0.24)
- Order book at historic high of € 9,352 million (+6.7%)
- Revenue increased to € 3,055 million (+10.3%)
- Expects to pay an interim dividend which is equal to the € 0.28 per share paid in November 2018
- Confirmation of outlook: 2019 EBITDA to increase, on track to meet medium-term objectives

The above numbers are excluding the impact of IFRS 16.

Amersfoort, 29 August 2019 – Koninklijke VolkerWessels N.V. reports - excluding the impact of IFRS 16 - a stable underlying EBITDA of € 93 million, a record high order book of € 9.4 billion and confirms outlook for 2019. All segments contributed to our EBITDA, these results are underpinned by sound operational cash flows.

Jan de Ruiter, Chairman of the Management Board

"*Underlying EBITDA – i.e. excluding OpenIJ – was € 93 million, unchanged from H1 2018. Stepping away from the impact of IFRS 16 EBITDA increased from € 61 million to € 85 million in H1 2019. The balance of € 24 million is the result of improved operational performance particularly driven by a lower loss provision for OpenIJ in H1 2019. Our Energy & Telecoms Infrastructure, United Kingdom and Germany businesses showed improved operational performance. Construction & Real Estate Development came in slightly lower due to the absence of significant real estate transactions in the first half of the year. The number of houses sold increased to 1,278 (versus 1,076 in the same period last year). In North America, 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.*

During the last quarter, risks and uncertainties increased in the markets in which we operate. We expect that the recent ruling by the State Council in the Netherlands on nitrogen emissions may have a significant negative impact on the commencement of infrastructure and certain construction projects. Brexit remains unpredictable and weighs more and more on the economic development of the UK while in

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Germany the discussion in the Berlin council on potentially freezing rent increases is causing investors to become more cautious.

Despite these risks and uncertainties, we see an overall continuous inflow of projects in our order book and as a consequence we are able to take confidence in our outlook for the remainder of the year. Our order book at the end of June was € 9,352 million which is yet again a record high. Worthy of note are some significant orders in North America (where we won four long term maintenance contracts in the provinces of Alberta and British Columbia), the United Kingdom and in our Construction and Real Estate Development segment.

Stepping away from the impact of IFRS 16 on the lease liabilities included in the debt position, the net cash position increased by € 186 million to € 199 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 June 2019 balance sheet, the net debt position is € 37 million at the end of June, a decrease of € 50 million as compared to June 30 2018.

The construction of the sea lock at IJmuiden is progressing well with now approximately 72% complete. The immersion of the second caisson is progressing well. The loss provision for OpenIJ has been increased by € 4 million in the second quarter (bringing the total impact to € 7.5 million in H1 2019), with the total VolkerWessels' share of the provision increasing to € 114 million.

Our focus continues to be on controlled and profitable growth. In order to achieve this we have started our leadership development programme in the Netherlands, as well as a group-wide digitalisation initiative to introduce new technology into our business processes. We believe that applying new, digital tools – while continuing to focus on better project management will help us to reduce our failure costs. Other important factors in being able to achieve our goals are to ensure top level contract management and a relentless focus on delivery. We are pleased to confirm our expectation that our EBITDA for the full year - excluding the IFRS 16 impact - will increase as compared to the € 251 million we recorded during 2018."

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
H1 2019 € 39 m	H1 2019 € 93 m	H1 2019 3.0%	30/06/19 20.4%	30/06/19 30.6%	30/06/19 € 199 m	30/06/19 € 9,352 m	H1 2019 € 3,055 m
-9.3%	=	-40 bps	340 bps	+70 bps	€186 m	6.7%	10.3 %
H1 2018 € 43 m	H1 2018 € 93 m	H1 2018 3.4%	30/06/18 17.0%	30/06/18 29.9%	30/06/18 € 13 m	30/06/18 € 8,767m	H1 2018 € 2,769 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
H1 2019 € 33 m	H1 2019 € 85 m	H1 2019 2.8%	30/06/19 19.5%	30/06/19 30.6%	30/06/19 € 199 m	30/06/19 € 9,352 m	H1 2019 € 3,055 m
73,7 %	39.3 %	60 bps	510 bps	+70 bps	€186 m	6.7%	10.3 %
H1 2018 € 19 m	H1 2018 € 61 m	H1 2018 2.2%	30/06/18 14.4%	30/06/18 29.9%	30/06/18 € 13 m	30/06/18 € 8,767m	H1 2018 € 2,769 m

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
H1 2019 € 32 m	H1 2019 € 118m	H1 2019 3.9%	30/06/19 15.7%	30/06/19 28.8%	30/06/19 € -37 m	30/06/19 € 9,352 m	H1 2019 € 3,055 m
68.4 %	93,4 %	+170 bps	+130 bps	-110 bps	€-50 m	6.7%	10.3 %
H1 2018 € 19 m	H1 2018 € 61 m	H1 2018 2.2%	30/06/18 14.4%	30/06/18 29.9%	30/06/18 € 13 m	30/06/18 € 8,767 m	H1 2018 € 2,769 m

All numbers exclude share incentive charge (H1 2019: € 3 million; H1 2018: € 3 million).
* The comparative information for H1 2018 is not restated for IFRS 16.

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Overall performance of VolkerWessels

Summary overview of results

(€ million, unless otherwise stated)	**H1 2019**	**H1 2018**	**FY 2018**
Revenue	3,055	2,769	5,924
Operating expenses	*-3,018	*-2,759	*-5,790
Share in results of associates and JVs (after income tax and 3rd party result)	7	12	33
Operating result	**44**	**22**	**167**
Net financial result	-1	0	3
Income tax	-10	-3	-30
Net result from continuing operations	**33**	**19**	**140**
Net result from discontinued operations (after tax)	0	0	-2
Net result for the financial period	**33**	**19**	**138**
Minority interests	1	0	1
Net result attributable to shareholders	**32**	**19**	**137**
Operating result	44	22	167
D&I of property, plant and equipment	36	35	75
Depreciation of right-of-use assets	33	0	0
A&I of intangible assets	5	4	9
EBITDA	****118**	**61**	**251**
EBITDA margin (%)	3.9%	2.2%	4.2%
EBITDA excluding OpenIJ provision	****126**	**93**	**290**
Order book (at year end)	9,352	8,767	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 (€)	0.40	0.24	1.71
Earnings per share from continuing operations (€)	0.40	0.24	1.74
Earnings per share from discontinued operations (€)	0.00	0.00	-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 June 2019, for the period 1 January 2018 and 30 June the total amount is € 3 million and FY 2018: € 6 million, this is adjusted in comparison to the (interim) financial statements.
** The Impact of IFRS 16 is € 33 million.

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Summary overview of results by operating segment

(€ million, unless stated otherwise)	Revenue			EBITDA*			Order Book (period end)		
	H1 2019	**H1 2018**	**Δ**	**H1 2019**	**H1 2018**	**Δ**	**H1 2019**	**H1 2018**	**Δ**
NL – C&RED	1,105	1,041	6.1%	36	39	-7.7%	3,859	3,315	16.4%
NL – Infrastructure	671	645	4.0%	15	11	36.4%	1,717	1,829	-6.1%
NL – E&T Infrastructure	414	332	24.7%	17	13	30.8%	900	921	-2.3%
United Kingdom	636	548	16.1%	18	16	12.5%	1,374	1,162	18.2%
Local currency (GBPm)	*556*	*482*	*15.4%*	*16*	*14*	*14.3%*	*1,231*	*1,030*	*19.5%*
North America	124	130	-4.6%	4	9	-55.6%	1,056	877	20.4%
Local currency (CADm)	*187*	*200*	*-6.5%*	*5*	*14*	*-64.3%*	*1,573*	*1,355*	*16.1%*
Germany	141	110	28.2%	9	6	50%	498	711	-30.0%
Other/eliminations	-36	-37		-6	-1		-52	-48	
Total				**93**	**93**				
OpenIJ provision				-8	-32				
Total				**85**	**61**	**39.3%**			
IFRS impact				33	-	-			
Total	**3,055**	**2,769**	**10.3%**	**118**	**61**	**93.4%**	**9,352**	**8,767**	**6.7%**

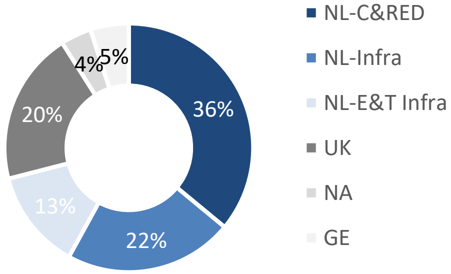
* All EBITDA numbers are excluding share incentive charge.

Quarterly revenue and EBITDA (including provision for OpenIJ)

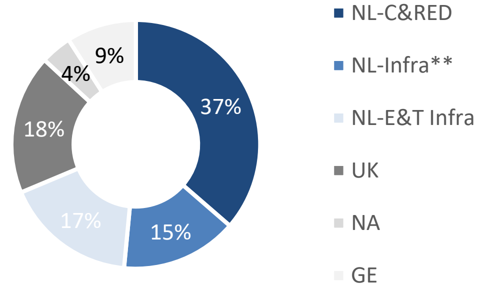
(€ million)	**Q2 2019**	**Q1 2019**	**Q4 2018**	**Q3 2018**	**Q2 2018**	**Q1 2018**	**Q4 2017**	**Q3 2017**	**Q2 2017**	**Q1 2017**
Revenue	1,681	1,374	1,758	1,397	1,539	1,230	1,747	1,299	1,473	1,195
EBITDA*	99	19	121	69	53	8	110	65	77	13
of which IFRS 16 impact	17	16								

* 2017, 2018 and 2019 EBITDA includes OpenIJ provisioning: 2017 € 67.5 million; 2018: € 39 million; H1 2018: € 31.5 million, H1 2019: € 7.5 million.

H1 2019 Revenue per segment*



H1 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 provision.

OpenIJ update

The construction of the sea lock at IJmuiden is progressing well with the project now approximately 72% complete. The immersion of the second caisson is progressing well. The loss provision for OpenIJ has been increased by € 4 million in the second quarter (bringing the total impact to € 7.5 million in H1 2019), with the total VolkerWessels' share of the provision increasing to € 114 million.

VolkerWessels' share in the cash outflow of the project for H1 2019 is € 10 million. VolkerWessels' share in the cash outflow of the project at 30 June 2019 is in total € 108 million and we have almost fully funded our share in the project loss through our own funds.

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 (H1 2018 and FY 2018). As a result of these new accounting standards we expect an increase in EBITDA in 2019 of approximately € 65 - € 70 million (actual impact in H1 2019: € 33 million). The impact on our net result for 2019 is expected to be very 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 € 33 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 June 2019 increased to a historic high of € 9,352 million as compared to € 8,767 million at 30 June 2018, which represents an increase of 6.7%. The strong order book consists of an increased pipeline of projects in Construction & Real Estate Development (especially in the Development sector), in the United Kingdom and North America, balanced by a small decrease in the Dutch Infrastructure and E&T Infrastructure segments. 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 H1 2018 but is still very strong and amounts to 1.9 times the revenue delivered in 2018.

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

Consolidated income statement

Revenue

Revenue in H1 2019 increased by 10.3%, or € 286 million, to € 3,055 million as compared to € 2,769 million in H1 2018. Revenues increased in all segments, except in North America, which was mainly weather related.

EBITDA and EBITDA margin

Underlying EBITDA -i.e. excluding OpenIJ and IFRS 16- was € 93 million and unchanged from H1 2018. Stepping away from the impact of IFRS 16 EBITDA increased from € 61 million to € 85 million in H1 2019. Excluding IFRS 16 and the additional loss provision for OpenIJ, our EBITDA margin is slightly lower than in the same period last year. Reported EBITDA increased by 93.4% to € 118 million (including the effect of IFRS 16 of € 33 million) and the EBITDA margin increased to 3.9%.

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The E&T, UK and German segments delivered increased EBITDA of € 4 million, € 2 million and € 3 million respectively resulting mainly from positive momentum in these markets and favourable timing of projects. The Infrastructure segment improved € 28 million to € 7 million in H1 2019, € 24 million improvement is driven by a lower loss provision for OpenIJ in H1 2019.

Construction & Real Estate Development was slightly lower due to the absence of significant real estate transactions in the first half year of 2019. In North America, 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. Increased expenses for digitisation and innovation projects are included in “Other”.

Our aim is to increase our EBITDA margin by continuing to focus on margin rather than volume. Our operational excellence initiatives, including the focus on improving and optimizing our risk, project and contract management processes, will enable us to reduce our failure costs going forward.

Personnel
VolkerWessels’ average number of employees increased by 188 to 16,818 in the first half of 2019.

Net financial result
The net financial result decreased slightly in H1 2019 to € 1 million negative (H1 2018: € 0 million).

Income tax
Income tax increased from € 3 million in H1 2018 to € 10 million in H1 2019 due to overall higher taxable profits.

Net Result
The H1 2019 net result attributable to shareholders amounted to € 32 million (H1 2018: € 19 million).

Capital Expenditure
In H1 2019, the gross capital expenditure relating to property, plant and equipment amounted to € 45 million, 1.5% of revenue (H1 2018: € 31 million, 1.1% of revenue). In H1 2019, the net capital expenditure relating to property, plant and equipment amounted to € 31 million, 1.0% of revenue (H1 2018: € 16 million, 0.6% 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)	**30/06/2019**	**30/06/2018**	**31/12/2018**
Total assets	4,042	3,637	3,684
Total group equity	1,165	1,087	1,196
Net cash	-37	13	366
Capital employed	1,202	1,074	830
Solvency ratio *(%)*	28.8%	29.9%	32.5%

Solvency and Net cash position
VolkerWessels has a solid capital structure, with a solvency ratio of 28.8% at 30 June 2019 (29.9% at 30 June 2018). Total equity increased by € 78 million to € 1.2 billion at 30 June 2019. This is the net impact after allocation of the 2018 profit and reduction for dividends of € 84 million which includes both the final

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and the interim dividend for 2018. As a result of the IFRS 16 transition the total assets increased by € 235 million at 30 June 2019. Excluding the IFRS 16 effect the solvency increased to 30.6%.

Our net cash position decreased by € 50 million, resulting in a net cash position of € 37 million negative at 30 June 2019. Excluding the IFRS 16 impact the net cash position increased by € 186 million.

At 30 June 2019 € 100 million was drawn under the RCF (€ 200 million at 30 June 2018).

Working capital overview

(€ million)	**30/06/2019**	**30/06/2018**	**31/12/2018**
Inventories (excl. property development)	81	73	76
Contract balances (including provision onerous contracts)	-31	30	-28
Trade and other receivables (excl. Receivables from associates and JVs and current 3rd party loans)	925	889	839
Trade and other payables (excl. amounts owed to associates and JVs)	-1,456	-1,395	-1,497
Net taxes	-5	-9	-15
Traditional working capital	**-486**	**-412**	**-625**
Land	174	194	184
Property development	64	133	81
Property held for sale	32	40	42
Investments in associates and JVs (less provisions)	136	118	132
Non-current receivables from associates and JVs	78	69	71
Net receivables on participations	103	105	101
Strategic working capital	**587**	**659**	**611**
Net working capital	**101**	**247**	**-14**

Traditional negative working capital improved to - € 486 million on 30 June 2019 compared to - € 412 million at 30 June 2018. This is mainly the effect of an improvement in the contract balances position of € 61 million. Strategic positive working capital improved by € 72 million to € 587 million at 30 June 2019. This mainly relates to a lower working capital requirement for property development following the sale of several properties, a reduction in land positions and the divestment of three DBFM(O) projects. The land bank decreased by € 20 million to € 174 million at 30 June 2019. Overall net working capital improved by € 146 million to a working capital position of € 101 million at 30 June 2019 compared to € 247 million at 30 June 2018.

Interim Dividend

We expect to pay an interim dividend which is equal to the € 0.28 per share paid in November 2018. We will formally announce our interim dividend on 14 November 2019.

Sustainability

VolkerWessels is committed to contribute to a better quality of life through a climate-neutral, circular and healthy living environment. To strengthen this commitment, VolkerWessels has identified six initiatives, to which we will dedicate additional, proactive effort in the coming years. These initiatives are:

Basics

1. % waste separation
2. Own car fleet CO_2 reduction
3. Employ more people who are at a disadvantage to the labour market (“PSO score”)

Increasing our impact

4. Increase the use of circular design concepts
5. CO_2 reduction in asphalt and concrete production
6. CO_2 reduction of our building equipment and machinery

In H1 2019, we have started developing new quality of life targets for 2025 implementation programmes for these six initiatives. The strategic management of our sustainability policy is further strengthened by the appointment of a CSR Director. The CSR Director reports directly to the Chairman of the Management Board and is responsible for the implementation of the quality of life vision and the six initiatives.

In April 2019, VolkerWessels signed up to the covenant known as ‘Accelerating Together’ which we co-developed with partners. This is aimed at speeding up our joint efforts towards a circular economy. We will contribute seven specific VolkerWessels projects for research on circularity. In the next few years, an independent team of auditors will review the project results of all partners involved.

As of May 1, 2019 we are neutralizing the CO_2 emissions from our own car fleet of over 5,000 vehicles. At the same time we are changing the composition of our fleet by adding more electric powered and H_2 powered vehicles.

In the past half year, one of our new asphalt mixtures has been independently tested and approved by the ‘Asphalt Quality Desk’ (Asfaltloket). This sustainable mixture uses more recycled asphalt and therefore less virgin material. The ’Asphalt Quality Desk’ was launched by the sector to accelerate the introduction of asphalt innovations in the infrastructure sector.

Divestment

VolkerWessels sold its 60% interest of Holland Systemen Elektronische Beveiliging Den Haag (Holland Systemen) to ENGIE Services Nederland (ENGIE).

Outlook

We confirm our latest outlook that our current expectations are for our 2019 EBITDA to increase - excluding IFRS 16 impact - and we confirm that we are on track to meet our medium-term objectives.

Declaration of the Management Board

The Management Board of VolkerWessels, hereby declares that, to the best of its knowledge:

1. the interim financial statement for the first half year of 2019 provides a true and fair view of the assets, liabilities, financial position and result of VolkerWessels and the companies included in the consolidation as a whole;
2. the interim financial statement for the first half year of 2019 provides a true and fair overview of the information required pursuant to section 5:25d, subsections 8 and 9 of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*).

Amersfoort, 29 August 2019

Management Board
Jan de Ruiter
Jan van Rooijen
Alfred Vos
Dick Boers
Alan Robertson

Results per segment

Netherlands – Construction & Real Estate Development

(€ million, unless stated otherwise)	H1 2019	H1 2018	2018
Revenue	1,105	1,041	2,105
EBITDA	36	39	100
EBITDA margin *(%)*	3.3%	3.7%	4.8%
Average number of employees (#)	3,852	3,724	3,768
Order book *(at period end)*	3,859	3,315	3,493

Construction & Real Estate Development segment's (C&RED) revenue increased by 6.1% or € 64 million, to € 1,105 million in H1 2019, mainly as a result of continuingly strong market conditions especially in the residential construction market. The number of new homes sold increased to 1,278 in H1 2019 from 1,076 in H1 2018. EBITDA decreased by € 3 million to € 36 million, due to absence of significant real estate transactions in the first half of the year.

Market developments in H1 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 may delay the start of certain projects, depending on the advice from the recently installed advisory committee by the Minister of Agriculture, Environment and Food Quality. We continue to see healthy interest from international investors in residential product 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.

H1 2019 highlights

In Amsterdam, we completed the exterior construction and started the fitting out of the new ING head office, whilst the development of the NDSM wharf is ongoing. Other projects under construction include: The Valley in Amsterdam, the NATO complex, the Onderwijs and Cultuur Complex in The Hague, E-Shelter at Schiphol Rijk, Brainport Industry Campus in Eindhoven, Wilhelminawerf and Uptoren in Utrecht and Westcord Market Hotel in Groningen. Additions to our order book include construction of the Westfield logistics centre in Eindhoven, residential units in Eindhoven, Schiphol Trade Parc and the renovation of 226 homes in Leiden.

Netherlands – Infrastructure

(€ million, unless stated otherwise)	H1 2019	H1 2018	2018
Revenue	671	645	1,414
EBITDA	15	11	61
OpenIJ provision	-8	-32	-39
EBITDA including OpenIJ provision	7	-21	22
EBITDA margin (%)	1.0%	-3.3%	1.6%
Average number of employees *(#)*	4,813	5,002	4,903
Order book *(at period end)*	1,717	1,829	1,660

Netherlands – Infrastructure segment's revenue increased by 4.0% or € 26 million to € 671 million in H1 2019. Including the provision for OpenIJ in 2018 and H1 2019, EBITDA increased by € 28 million to € 7 million. The order book decreased by 6.1% to € 1.7 billion at 30 June 2019 but increased compared with the 2018 year end.

Market developments in H1 2019

The market for large, multidisciplinary infra projects remains highly competitive. At the same time, we are seeing a more selective approach from both national and international competitors, due to the current imbalance between risk and reward for large integrated (DBFM) projects in particular. We continue to focus on margin over volume, on constructive cooperation with our partners and clients, and on the quality of our order book. We expect that the ruling by the State Council on nitrogen may negatively impact the start of new infra projects and (temporarily) result in lower capacity utilization.

H1 2019 highlights

In recent years, more complex long-term construction projects were entered into on a fixed-price or lump-sum basis for contract models with terms that increased the risk exposure of construction companies in a more legalistic environment.

As a result of this changing nature of the infrastructure market, the risk - reward balance in our Dutch infrastructure segment was adversely affected. In 2018 it was decided that a change to our Dutch infrastructure management was required and VolkerWessels decided to reposition the Dutch infrastructure business.

Discussions with RWS to revisit this risk – reward balance are ongoing. RWS has conducted a sector wide consultation in Q2 and has made certain proposals with respect to new contract forms. We strongly believe that a swift implementation of the current proposals will benefit the sector as well as RWS, as the largest client in the Dutch Infra sector.

VolkerWessels continues to work on the reconstruction of the Amstelveenlijn, Noorderspoort railway project, the renovation of the Waalbrug near Nijmegen, the 'Room for the River' flood protection project in the IJsseldelta and a number of long term maintenance contracts for Prorail.

Netherlands – Energy & Telecoms Infrastructure*

(€ million, unless stated otherwise)	H1 2019	H1 2018	2018
Revenue	414	332	751
EBITDA	17	13	39
EBITDA margin (%)	4.1%	3.9%	5.2%
Average number of employees (#)	3,111	2,821	2,950
Order book *(at period end)*	900	921	932

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

The revenue of our Netherlands – Energy & Telecoms Infrastructure segment increased by almost 25%, or € 82 million, to € 414 million. The increased revenue relates to the acquisition of JES and higher volumes both in our Energy & Telecoms activities. EBITDA increased by € 4 million to € 17 million in H1 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 H1 2019 on a long-term contract. Underlying, the order book increased significantly.

Market developments in H1 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.

The transition to sustainable energy sources, such as wind, solar and H_2 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.

H1 2019 highlights

We will be installing the export cable for Windpark Fryslan, a new 382.7 MW windfarm in the IJsselmeer. This export cable will transport energy for 500,000 households, and will lead to an annual CO_2 reduction of 800,000 tonnes.

VolkerWessels Telecoms has signed a cooperation agreement with the municipality of The Hague for the rollout of Fibre to the Home networks. A consortium of T-Mobile, Primevest Capital Partners and VolkerWessels Telecoms has been formed to roll out an open-access FTTH network on which 5G and Smart City applications can also be deployed in urban areas.

Telecoms subsidiaries Hyrde, Recognize and MapXact continue to work on digital solutions to improve smart infrastructure – for example, a fleet management tool to improve planning, navigation and registration. Telecoms is also expanding its optical fibre activities in Germany.

VolkerWessels United Kingdom

(€ million, unless otherwise stated)	H1 2019	H1 2018	2018
Revenue	636	548	1,116
Revenue in GBP m	*556*	*482*	*984*
EBITDA	18	16	39
EBITDA in GBP m	*16*	*14*	*34*
EBITDA margin *(%)*	2.8%	2.9%	3.5%
Average number of employees *(#)*	3,038	2,876	2,890
Order book *(at period end)*	1,374	1,162	1,528
Order book (at period end) GBP m	*1,231*	*1,030*	*1,367*

In local currency, revenue in H1 2019 increased by 15.4% to £ 556 million following positive developments across all market sectors in which we operate. EBITDA improved by £ 2 million to £ 16 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 19.5% to £ 1,231 million which is largely a reflection of the growth in infrastructure build as set out in the National Infrastructure plan in the UK. During H1 2019 we further strengthened our market position by securing, extending and renewing a number of long-term contracts.

Market developments in H1 2019

The first half of 2019 has seen a general slow-down across the wider construction sector in the UK, against a challenging economic backdrop. Political and policy uncertainty has been a theme, as a result of the ongoing Brexit indecision, the resignation of the prime minister and the subsequent Conservative party leadership contest. Alongside this, the weakness of sterling and a slowdown in the UK construction market growth have created an environment which has seen a number of companies in the sector fall into difficulty. Whilst there is some optimism that the new government will bring more certainty to the situation, as well as support for policies which are positive for the sector, current uncertainty is leading to delayed decisions surrounding a number of key infrastructure programmes.

Despite 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, it has seen minimal direct impact from these external factors.

H1 2019 highlights

The first half of 2019 has remained buoyant for VolkerWessels UK, with a number of significant contract awards across the business. These include places on two key frameworks for VolkerStevin to work with the Environment Agency on its flood and coastal erosion risk management programme - the Marine and Coastal Framework (Lots 1 and 2), and the Collaborative Delivery Framework (two regions); contracts for VolkerFitzpatrick to construct a maintenance, repair and overhaul facility for Gulfstream Aerospace in Farnborough, and to deliver warehouse and office space for Prologis at DIRFT III. VolkerRail has secured a number of key signalling contracts for Network Rail.

VolkerFitzpatrick commenced work on an infrastructure project at RAF Lakenheath for the new US Air Force F-35 Fighter Jet, and topped out its three central London building projects: Rolling Stock Yard, Essoldo House and Coleman Street. The period has seen progress on the Hornsea 2 and Moray Firth windfarm network corrections and at Victory Jetty and the Thanckes Oil Fuel Depot for VolkerStevin.

VolkerWessels North America

(€ million, unless otherwise stated)	**H1 2019**	**H1 2018**	**2018**
Revenue	124	130	350
Revenue in CAD m	*187*	*200*	*538*
EBITDA	4	9	47
EBITDA in CAD m	*5*	*14*	*72*
EBITDA margin *(%)*	3.2%	6.9%	13.4%
Average number of employees (#)	1,345	1,200	1,400
Order book *(at period end)*	1,056	877	764
Order book (at period end) CAD m	*1,573*	*1,355*	*1,193*

Revenue from our North America segment decreased 4.6% to € 124 million while EBITDA decreased by € 5 million to € 4 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 H1 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 is also strong, with a dependency on market developments within the energy industry (especially the price of oil) and housing. In the Seattle area, MidMountain is well positioned to benefit from increased investment in infrastructure, particularly through its exposure to roadworks (including new construction, rehabilitation and intersections), civils work (for example, bridges and retaining walls), as well as underground utilities and development construction.

H1 2019 highlights

In February 2019 we announced that we successfully retendered for three seven-year maintenance contracts in the province of Alberta in excess of C$ 300 million with the potential to increase to C$ 450 million. In June 2019 we announced that we had won a ten-year contract for highway maintenance in North-western British Columbia Canada “(“Service Area 28), with a five-year extension option. The total value of the ten-year contract is around C$ 150 million and will exceed C$ 225 million with the contract extension. We will invest significantly in new equipment in relation to these contracts, which will increase the 2019 capital expenditure. Our current order book only recognises the initial contract periods, valued at c. C$ 450 million (C$ 300 million, plus C$ 150 million or c.€ 300 million).

In the first half of 2019, the activity in most of our businesses in North America has been impacted by weather and tender delays in our already short construction season. Our long-term road maintenance contracts in Alberta and British Columbia continue to provide a solid basis for our order book in North America. In the US, market conditions remained strong. In the Seattle region, in particular, this is partly thanks to the presence of various multinationals, such as Boeing, Microsoft and Amazon, and a high level of economic activity. We are continuing our work at the North Satellite Terminal (N-Sat) at Sea-Tac Airport. Work on the Sound Transit East Link Light Rail project - on behalf of the Port of Seattle – has experienced some delays but continues well.

VolkerWessels Germany

(€ million, unless otherwise stated)	H1 2019	H1 2018	2018
Revenue	141	110	268
EBITDA	9	6	16
EBITDA margin (%)	6.4%	5.5%	6.0%
Average number of employees (#)	333	356	353
Order book *(at period end)*	498	711	595

The Germany segment's revenue increased by 28%, or € 31 million, to € 141 million. EBITDA increased by € 3 million to € 9 million. The order book declined to € 498 million, which is still exceptionally strong and amounts to 1.9 times the revenue in 2018. This decrease mainly relates to delays in the commencement of a few new development projects.

Market developments in H1 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 and commercial space. VolkerWessels is closely monitoring concerning developments in the Berlin housing market. One of these developments is a bill by the state government of Berlin, to set a new upper rental limit. This law is intended to limit rental price increases for existing properties over a period of five years starting from the year 2020. New residential properties are not expected to be affected. VolkerWessels will continue to monitor developments in order to proactively react to market events.

H1 2019 highlights

VolkerWessels is currently building the Maximilians Quarter – a modern, family-friendly residential area between Grunewald and Kurfürstendamm – on a 4.7-hectare site in Forckenbeckstraße in the Schmargendorf neighborhood of Berlin and on the "Am Lückefeld" project, in Blankenfelde-Mahlow, in the south of Berlin near the BER airport.

Another highlight is our newest project in the Hellersdorf neighbourhood of Berlin, on Mittenwalder Straße. This project is being delivered in partnership with a municipal housing company and involves the construction of three buildings with a floor space of 20,000 m². Two of the buildings will reach heights of 31 and 37 metres, with nine and 11 floors, whilst the residential complex will offer 310 apartments for single and family occupancy. The project is expected to reach completion by the end of 2022.

# # #

The financial information in this press release has not been audited

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For more information please visit our corporate website: www.volkerwessels.com

Analyst meeting

VolkerWessels will comment on its annual results during an analyst meeting on 29 August 2019 at 10.30 CET. You can download the presentation for H1 2019 on: www.volkerwessels.com => Investor Relations => Financial Information. You can follow the meeting by dialling: 0031-20-531 5851 (international numbers available via this link).

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.

The financial information in this press release has not been audited

Financial calendar

Event	Date
Half year results 2019 (before trading)	29 August 2019
Nine months trading update 2019 and interim dividend 2019 announcement (before trading)	14 November 2019
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

**Date has been changed from 11 to 12 November 2020*

Interim Financial statements
of Royal VolkerWessels NV

as at 30 June 2019, 30 June 2018 and 31 December 2018

based on IAS 34

The financial information in this press release has not been audited

(1) INTERIM CONSOLIDATED INCOME STATEMENT

Amounts in millions of euros

	Note		1 January 2019 to 30 June 2019			1 January 2018 to 30 June 2018			1 January 2018 to 31 December 2018	
Continuing operations										
Revenue	8.7		3,055			2,769			5,924	
Operating expenses			-3,021	*		-2,762	*		-5,796	*
Results from participating interests (after income tax)			7			12			33	
Operating result			41			19			161	
Financial income		10			10			22		
Financial expenses		-11			-10			-19		
Net financial result			-1			-			3	
Result before tax			40			19			164	
Income tax			-10			-3			-30	
Result from continuing operations			30			16			134	
Result from discontinued operations (after income tax)			-			-			-2	
Net result for the financial period			30			16			132	
Attributable to:										
Shareholders of the Company			29			16			131	
Minority interests			1			-			1	
Net result for the financial period			30			16			132	

The comparative information HY 2018 and FY 2018 is not restated for IFRS 16. See note 8.3

* Including share incentive charge of € 3 million (HY 2018: € 3 million; FY 2018: € 6 million).

(2) EARNINGS PER SHARE

	Note	1 January 2019 to 30 June 2019		1 January 2018 to 30 June 2018		1 January 2018 to 31 December 2018	
Basic							
Weighted average number of ordinary shares in issue (x 1)		80,000,000		80,000,000		80,000,000	
Net result attributable to shareholders (in million €)		29	*	16	*	131	*
Basic earnings per share (in €)		0.36		0.20		1.63	
Net result from continuing operations attributable to shareholders (in million €)		29		16		133	
Basic earnings per share from continuing operations (in €)		0.36		0.20		1.66	
Net result from discontinued operations attributable to shareholders (in million €)		-		-		-2	
Basic earnings per share from discontinued operations (in €)		-		-		-0.03	
Diluted							
Weighted average number of ordinary shares in issue (x 1)		80,000,000		80,000,000		80,000,000	
Net result attributable to shareholders (in million €)		29	*	16	*	131	*
Diluted earnings per share (in €)		0.36		0.20		1.63	
Net result from continuing operations attributable to shareholders (diluted) (in million €)		29		16		133	
Diluted earnings from continuing operations per share (in €)		0.36		0.20		1.66	
Net result from discontinued operations attributable to shareholders (diluted) (in million €)		-		-		-2	
Diluted earnings from discontinued operations per share (in €)		-		-		-0.03	

The comparative information HY 2018 and FY 2018 is not restated for IFRS 16. See note 8.3

* Including share incentive charge of € 3 million (HY 2018: € 3 million; FY 2018: € 6 million).

(3) INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in millions of euros

	Note		1 January 2019 to 30 June 2019		1 January 2018 to 30 June 2018		1 January 2018 to 31 December 2018
Net result for the financial period			30		16		132
Revaluations of commitments/ (assets) defined benefit plans		-		-		-	
Income tax		-		-		-	
Items which will never be transferred to the income statement			-		-		-
Foreign currency exchange differences from foreign operations		6		-3		-3	
Share of unrealised result from associates and joint ventures		-		-		14	
Effective portion from changes of fair value cash flow hedges		-1		-2		-2	
Income tax		-		-		-	
Items which have been or may be transferred to the income statement			5		-5		9
Total other comprehensive income after income tax			5		-5		9
Total comprehensive income for the financial period			35		11		141
Attributable to:							
Shareholders of the Company			34		11		140
Minority interests			1		-		1
Total comprehensive income for the financial period			35		11		141
Total comprehensive income attributable to shareholders of the Company arises from:							
Continuing operations			34		11		140
Discontinued operations			-		-		-
Total comprehensive income attributable to shareholders of the Company			34		11		140

The comparative information HY 2018 and FY 2018 is not restated for IFRS 16. See note 8.3

(4) INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in millions of euros

	Note	30 June 2019		30 June 2018		31 December 2018	
Property, plant and equipment			478		467		482
Right-of-Use assets	8.3		247		-		-
Intangible assets			490		441		484
Investments in associates and joint ventures		156		132		153	
Non-current receivables		115		118		107	
Other non-current assets		6		27		6	
Deferred tax assets		32		57		31	
Other non-current assets			309		334		297
Total non-current assets			1,524		1,242		1,263
Land		174		194		184	
Property held for sale		32		40		42	
Inventories		145		206		157	
Contracts assets		699		535		579	
Trade and other receivables		1,075		1,043		986	
Income tax receivable		8		9		6	
Cash and cash equivalents		385		368		467	
Total current assets			2,518		2,395		2,421
Total assets			4,042		3,637		3,684

The comparative information HY 2018 and FY 2018 is not restated for IFRS 16. See note 8.3

(4) INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in millions of euros

	Note	30 June 2019		30 June 2018		31 December 2018	
Equity attributable to shareholders of the Company		1,151		1,076		1,182	
Minority interests		14		11		14	
Total group equity	6		1,165		1,087		1,196
Loans and other financing obligations	8.10	31		83		43	
Lease liabilities	8.3	176		-		-	
Derivatives		4		2		2	
Employee benefits		38		38		40	
Provisions for associates and joint ventures		18		11		16	
Other provisions		134		129		138	
Deferred tax liabilities		36		42		31	
Total non-current liabilities			437		305		270
Loans and other financing obligations	8.10	139		270		56	
Lease liabilities	8.3	73		-		-	
Contract liabilities		617		416		489	
Trade and other payables		1,497		1,419		1,532	
Employee benefits		9		10		19	
Provisions for associates and joint ventures		2		3		3	
Other provisions		90		108		98	
Income tax payable		13		19		21	
Total current liabilities			2,440		2,245		2,218
Total equity and liabilities			4,042		3,637		3,684

The comparative information HY 2018 and FY 2018 is not restated for IFRS 16. See note 8.3

VolkerWessels

(5) INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in millions of euros

	Note	1 January 2019 to 30 June 2019		1 January 2018 to 30 June 2018		1 January 2018 to 31 December 2018	
Cash flow from operating activities							
Result from continuing operations		30		16		134	
Adjustments for:							
- Depreciation and impairment of property, plant and equipment		36		35		75	
- Depreciation of right-of-use assets		33		-		-	
- Amortisation and impairment of intangible assets		5		4		9	
- Proceeds from sale of property, plant and equipment		-3		-5		-12	
- Result from the sale of participating interests		-2		3		-6	
- Other impairments		-		-		-5	
- Share of result, less dividend received, from associates and joint ventures		5		-5		3	
- Financial income		-10		-10		-22	
- Financial expenses		11		10		19	
- Income tax		10		3		30	
- Share incentive		3		3		6	
Operating cash flow before changes in working capital and provisions			118		54		231
Changes in land, property classified as held for sale, inventories and contract balances		41		-60		33	
Changes in trade and other receivables		-110		-51		27	
Changes in trade and other payables		-36		-85		4	
Changes in provisions and employee benefits		-21		-18		-35	
			-126		-214		29
Cash (used in) / generated by operating activities			-8		-160		260
Interest paid		-8		-9		-15	
Interest received		10		10		19	
Income tax paid		-14		-15		-22	
			-12		-14		-18
Net cash (used in) / generated by continuing operating activities			-20		-174		242
Net cash (used in) / generated by discontinued operating activities			-		-2		-5
Net cash (used in) / generated by operating activities			-20		-176		237

The comparative information HY 2018 and FY 2018 is not restated for IFRS 16. See note 8.3

(5) INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in millions of euros

	Note	1 January 2019 to 30 June 2019		1 January 2018 to 30 June 2018		1 January 2018 to 31 December 2018	
Cash flow from investment activities							
Acquisitions, net of cash		-		-1		-29	
Investment in property, plant and equipment		-45		-31		-84	
Investment in intangible assets		-6		-8		-16	
Proceeds from the sale of property, plant and equipment		13		16		28	
Granted borrowings		-54		-43		-98	
Repayments of borrowings		39		15		70	
Investments in other financial assets		-1		3		4	
Investments in joint ventures, associates and other investments		-		-		-32	
Proceeds from sale of non-consolidated entities		1		-		10	
Proceeds from sale of subsidiaries, net of cash		3		5		30	
Net cash (used in) / generated by continuing investment activities			-50		-44		-117
Net cash (used in) / generated by discontinued investment activities			2		-		-
Net cash (used in) / generated by investment activities			-48		-44		-117
Cash flow from financing activities							
Receipts from non-current loans and borrowings		104		232		47	
Repayment of non-current loans and borrowings		-23		-69		-102	
Payment arising from lease liabilities		-37		-16		-20	
Dividends paid to shareholders of the Company		-62		-62		-84	
Net cash (used in) / generated by continuing financing activities			-18		85		-159
Net cash (used in) / generated by discontinued financing activities			-		-		-
Net cash (used in) / generated by financing activities			-18		85		-159

The comparative information HY 2018 and FY 2018 is not restated for IFRS 16. See note 8.3

(5) INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in millions of euros	Note	1 January 2019 to 30 June 2019	1 January 2018 to 30 June 2018	1 January 2018 to 31 December 2018
Change in liquidity position				
Liquidity position as at 1 January		445	484	484
Effect of exchange rate differences on cash and cash equivalents and bank overdrafts		-	-	-
Net cash (used in) / generated by operating activities		-20	-176	237
Net cash (used in) / generated by investment activities		-48	-44	-117
Net cash (used in) / generated by financing activities		-18	85	-159
Liquidity position as at the end of the reporting period		359	349	445
Composition of liquidity position at the ending of financial period				
Cash and cash equivalents		385	368	467
Bank overdrafts		-26	-19	-22
Total liquidity position at the ending of the financial period		359	349	445

The comparative information HY 2018 and FY 2018 is not restated for IFRS 16. See note 8.3

(6) INTERIM CONSLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in millions of euros

	Note	1 January 2019 to 30 June 2019		1 January 2018 to 30 June 2018		1 January 2018 to 31 December 2018	
Group equity at the beginning of the financial period							
Equity attributable to shareholders of the Company		1,182		1,124		1,124	
Minority interests		14		11		11	
Total group equity at the beginning of the financial period			1,196		1,135		1,135
Impact of change in accounting policy			-		-2		-2
Adjusted total group equity at the beginning of the financial period			1,196		1,133		1,133
Comprehensive income for the financial period							
Result for the financial period		30		16		132	
Other comprehensive income for the financial period		5		-5		9	
Total comprehensive income for the financial period			35		11		141
Dividends			-62		-62		-85
Share based payments by the majority shareholder *			-2		3		6
Other movements			-2		2		1
Group equity at the ending of the financial period			1,165		1,087		1,196
Group equity at the ending of the financial period							
Equity attributable to shareholders of the Company		1,151		1,076		1,182	
Minority interests		14		11		14	
Total group equity at the ending of the financial period			1,165		1,087		1,196

The comparative information HY 2018 and FY 2018 is not restated for IFRS 16. See note 8.3

** Share based payments by the majority shareholder includes the share incentive charge for 6M 2019 (€ 2.8m) and the settlement of wage taxes (€ - 4.3m).*

(7) SEGMENT INFORMATION

Amounts in millions of euros

	Note	1 January 2019 to 30 June 2019		1 January 2018 to 30 June 2018		1 January 2018 to 31 December 2018	
Revenue							
The Netherlands							
Construction & Real Estate Development		1,105		1,041		2,105	
Infrastructure		671		645		1,414	
Energy & Telecoms Infrastructure		414		332		751	
United Kingdom		636		548		1,116	
North America		124		130		350	
Germany		141		110		268	
Other / eliminations		-36		-37		-80	
Total revenue	8.7		3,055		2,769		5,924
EBITDA							
The Netherlands							
Construction & Real Estate Development		36		39		100	
Infrastructure		7		-21		22	
Energy & Telecoms Infrastructure		17		13		39	
United Kingdom		18		16		39	
North America		4		9		47	
Germany		9		6		16	
Other / eliminations		-9 *		-4 *		-18 *	
Total EBITDA (excl. IFRS 16 effects)			82		58		245
Effect IFRS 16	8.3		33		-		-
Total EBITDA			115		58		245
Amortisation and depreciation			-74		-39		-84
Operating result (EBIT)			41		19		161
Net financial result			-1		-		3
Result before tax			40		19		164
Income tax			-10		-3		-30
Result from discontinued operations (after income tax)			-		-		-2
Result for the financial year			30		16		132
Attributable to:							
Shareholders of the Company		29		16		131	
Minority interests		1		-		1	
Result for the financial year			30		16		132

The comparative information HY 2018 and FY 2018 is not restated for IFRS 16. See note 8.3

* Including share incentive charge of € 3 million (HY 2018: € 3 million; FY 2018: € 6 million).

(7) SEGMENT INFORMATION
Amounts in millions of euros

Orderbook		**30 June 2019**		**30 June 2018**		**31 December 2018**
The Netherlands						
Construction & Real Estate Development	3,859		3,315		3,493	
Infrastructure	1,717		1,829		1,660	
Energy & Telecoms Infrastructure	900		921		932	
United Kingdom	1,374		1,162		1,528	
North America	1,056		877		764	
Germany	498		711		595	
Other / eliminations	-52		-48		-48	
Total orderbook *[unaudited non-GAAP information]*		9,352		8,767		8,924
Other information						
Total assets		4,042		3,637		3,684
Total liabilities		2,877		2,550		2,488
Investments in property, plant and equipment		45		31		87
Average numbers of employees		16,818		16,331		16,630

The comparative information HY 2018 and FY 2018 is not restated for IFRS 16. See note 8.3

(8) NOTES TO THE INTERIM FINANCIAL STATEMENTS

(8.1) General information

Royal VolkerWessels NV has its registered office in Rotterdam, the Netherlands with its head office located at Podium 9, Amersfoort, the Netherlands. The consolidated financial statements of the Company for the first half year of 2019 comprise the Company and its subsidiaries (collectively referred to as 'VolkerWessels' or 'the Group'). The Chamber of Commerce number of VolkerWessels is 34270985.

VolkerWessels is the preferred partner for its stakeholders to shape a sustainable society in terms of construction, transport, energy and communications.

The information in these interim financial statements is unaudited nor have been subject to a limited review by the external auditors of Deloitte Accountants BV.

These interim financial statements have been prepared by the Management Board and released for publication on 29 August 2019.

(8.2) Declaration of conformity

These interim consolidated financial statements of the Group have been prepared in accordance with IAS 34 *Interim Financial Reporting*. This financial report does not contain all the information that is required for complete financial statements and therefore it should be read in conjunction with the Annual Report 2018 of the Group, which has been prepared in accordance with IFRS as adopted by the European Union, including the notes and the report of the Management Board. The Annual Report 2018 of the Group is available on www.volkerwessels.com.

(8.3) General accounting policies

The accounting principles adopted are consistent with those of the Annual Report 2018 of the Group, except for the new and amended standards as set out below.

The interim consolidated financial statements are prepared on the historical cost bases, with the exception of the following assets and liabilities:
- derivative financial instruments are shown at their fair value;
- plan assets related to defined benefit obligations are valued at their fair value.

All amounts are, unless otherwise stated, in euro and in millions.

Changes in significant accounting policies

The Group has adopted IFRS 16 *Leases,* as from 1 January 2019.

IFRS 16 Leases

The Group has applied IFRS 16 using the modified retrospective method, meaning that leases are accounted based on IFRS 16 as of the date of initial application (i.e. 1 January 2019). Accordingly, the information presented for FY 2018 and HY 2018 have not been restated – i.e. it is presented, as previously reported under IAS 17 and related interpretations.

The Group leases many assets, which for most part consists of property and car leases. IFRS 16 results in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exemptions are short term leases and leases of low-value asset classes (e.g. laptops, printers and coffee machines). These assets are small ticket items for which no right-of-use asset nor liability are being recognised. The expenses relating to the lease of small ticket items will still be recognised as an expense in the income statement for the period over which the asset is utilised by the Group.

The Group presents right-of-use assets on a separate line item in the statement of financial position. Lease liabilities are no longer presented in 'Loans and other financing obligations' but on a separate line item in the statement of financial position.

Significant accounting policies

Until the 2018 financial year, leases were classified as either financial or operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis of the period of the lease. The most significant change resulting from the adoption of the new standard is the recognition of right-of-use assets and lease liabilities for our operating leases. The right-of-use asset is depreciated over the lease term on a straight line basis and finance costs are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

At commencement date the right-of-use assets are recognised at cost. The cost comprises of the amount of the initial measurement of the lease liability and includes any lease payment made at or before the commencement date and any initial direct costs incurred.

Lease liabilities are recognised based on the present value of the future minimum lease payments over the lease term at commencement date.

Generally our leases do not provide an implicit rate, VolkerWessels uses therefore its incremental borrowing rate based upon information available at the commencement date in determining the present value of future payments.

Our lease terms may include options to extend or terminate the lease, which will be included in the measurement of the right-of-use assets and lease liabilities when it is reasonably certain that we will exercise that option. The assessment of whether the Group is reasonably certain involves judgement and impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Transition

In applying IFRS 16 for the first time, the Group has used the following practical expedients, which are permissible under the standard:

- reliance on previous assessments on whether any expired or existing contracts are or contain leases;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- the exclusion of accounting for low value operating leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application;
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- the application of the incremental borrowing rate as per initial application date for existing contracts, rather than the incremental borrowing rate at commencement date of these contracts.

The group has a number of leases which were classified as finance leases under IAS 17. For these leases, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

Impacts on transition

On adoption of IFRS 16, the Group recognised, in addition to the Group's already existing finance lease agreements, right-of use assets of € 235 million and corresponding lease liabilities of € 235 million. When measuring lease liabilities for leases that were previously classified as 'operating leases', the Group discounted the remaining lease payments using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied was 1.1%.

The following table reconciles the Group's operating lease commitments at 31 December 2018, as previously disclosed in the Annual Report 2018, to the lease liabilities recognised on initial application of IFRS 16 at 1 January 2019.

	1 January 2019
Operating lease commitments disclosed as at 31 December 2018	251
Less: Discount based on the lessee's incremental borrowing rate	-/- 12
Less: recognition exemption for short-term and low value leases	-/- 5
Add: other adjustments	1
Discounted operational lease commitment recognised at 1 January 2019	235

The following table shows the effect of the adoption of IFRS 16 on the statement of financial position as at 1 January 2019, including the reclassification of financial leases (previously included in property, plant and equipment and loans and other financing obligations).

	Right-of-Use Assets	Lease Liabilities
Operational lease commitment recognised at 1 January 2019	235	235
Reclassification of financial leases	16	16
Opening balance as of 1 January 2019 (adjusted for reclassifications)	251	251

Impacts for the period

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, as at 30 June 2019, the Group recognised right-of-use assets of € 235 million and corresponding lease liabilities of € 236 million.

Also in relation to those leases under IFRS 16, the Group has recognised depreciation and interest costs, instead of operating lease expense. During the six months ended 30 June 2019, the Group recognised € 33 million of depreciation charges and € 1 million on finance costs from these leases.

Operating cash flows increased and financing cash flows decreased by € 33 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.

Transactions in foreign currency

Transactions in foreign currency are translated into euros at the exchange rate on the transaction date.
Monetary assets and liabilities denominated in foreign currency are translated into euros as at the reporting date at the exchange rate prevailing on that date. The differences that arise from the translation are recognised in the income statement.
Non-monetary assets and liabilities that are denominated in a foreign currency and valued on the basis of historical cost are translated at the exchange rate on the transaction date.

The euro exchange rate against the significant currencies for the Group are as follows:

	Average exchange rate		
	HY 2019	HY 2018	FY 2018
GBP	1.15	1.14	1.13
CAD	0.66	0.65	0.65

	Closing exchange rate		
	30 June 2019	30 June 2018	31 Dec 2018
GBP	1.12	1.13	1.12
CAD	0.67	0.65	0.64

(8.4) Seasonality

As is common in the construction industry, VolkerWessels' quarterly results of operations are affected by seasonality. VolkerWessels typically experiences reduced levels of construction activity during the first quarter as a result of frost, snow and heavy rain during winter. Consequently, VolkerWessels' revenue and EBITDA are typically lowest in the first quarter and EBITDA has in the past been nil or negative during the first quarter. The seasonality of the sector has a significant impact on the ratio's for the first half year, compared with year end numbers.

VolkerWessels requires working capital to support seasonal variations in its business which influence the timing of associated spending. Weather and seasonality conditions may generally impact working capital requirements across VolkerWessels' segments. The increase of the working capital compared with year end 2018 is in line with seasonality impact and is expected to decrease during the second half of 2019.

(8.5) Use of estimates and judgements in this interim financial report

The preparation of these interim financial statements in accordance with EU-IFRS requires management to make judgements, estimates and assumptions that affect the application of principles and reported values of assets and liabilities, and of income and expenses.

Based on past experience the Group makes estimates and assumptions with regard to the future, that could reasonably be expected to occur. The outcome may differ from these estimates.

The estimates and underlying assumptions are constantly re-evaluated. Revisions of accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or the period of revision and future periods if the revision affects both current and future periods.

Information about significant areas of estimation uncertainty and critical assessments in the application of the accounting principles are particularly important if they have a significant impact on the amounts included in these interim financial statements.

The Group acknowledges the following areas:
- the valuation of trade receivables;
- measuring progress for recognizing revenue over time;
- the estimate of contract costs and contract revenues, and consequently the profitability of long-term contracts;
- the height of potential liabilities arising from guarantees, claims, legal cases, and environmental and remediation costs;
- the useful life estimate of assets;
- the estimate of the use of extension and other contractual options in lease contracts;
- fair value measurements and valuation processes.

These areas are the same areas as in the consolidated financial statements 2018.

(8.6) Determination of the fair value

The measurement methods for determination of the fair value are defined as follows:

Level 1: Quoted market prices (unadjusted) in active markets for identical assets or liabilities, that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobserved inputs).

The interest rate swaps used for hedging are valued at fair value. For determination of the fair value measurement method of level 2 is used.

(8.7) Revenue

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services in the following major activities. The table also includes a reconciliation of the disaggregated revenue with the Group's six divisions, which are its reportable segments (note 7).

1 January 2019 to 30 June 2019

	Construction contracts	Property development	Service and maintenance	Goods sold and other services rendered	Total
The Netherlands					
C&RED	684	337	40	44	1,105
Infrastructure	515	-	102	54	671
E&T Infrastructure	326	-	59	29	414
United Kingdom	551	-	84	1	636
North America	88	-	35	1	124
Germany	95	38	-	8	141
Other/eliminations	-24	-	1	-13	-36
Total revenue	2,235	375	321	124	3,055

1 January 2018 to 30 June 2018

	Construction contracts	Property development	Service and maintenance	Goods sold and other services rendered	Total
The Netherlands					
C&RED	642	313	47	39	1,041
Infrastructure	495	-	103	47	645
E&T Infrastructure	270	-	62	-	332
United Kingdom	480	-	67	1	548
North America	87	5	36	2	130
Germany	60	47	-	3	110
Other/eliminations	-23	-	1	-15	-37
Total revenue	2,011	365	316	77	2,769

1 January 2018 to 31 December 2018

	Construction contracts	Property development	Service and maintenance	Goods sold and other services rendered	Total
The Netherlands					
C&RED	1,329	600	98	78	2,105
Infrastructure	1,121	-	195	98	1,414
E&T Infrastructure	625	-	126	-	751
United Kingdom	968	-	146	2	1,116
North America	262	7	77	4	350
Germany	164	96	-	8	268
Other/eliminations	-53	-	1	-28	-80
Total revenue	4,416	703	643	162	5,924

(8.8) Issued Capital

The authorised capital as at 30 June 2019 amounted to € 800,000 and consists of 80,000,000 ordinary shares with a nominal value of € 0.01 each. There were no movements in the issued capital of the Company in the first half year of 2019.

(8.9) Dividend payments

In May 2019 VolkerWessels paid a final dividend of € 62 million (May 2018: € 62 million) which is € 0.77 per share (May 2018: € 0.77 per share).

(8.10) Loans and other financing obligations

	30 Jun 2019	30 Jun 2018	31 Dec 2018
Committed credit facility	100	200	-
Other financing	44	116	61
Lease liabilities	-	18	16
Bank overdrafts	26	19	22
Total	170	353	99
Repayment in coming year (including bank overdrafts)	-139	-270	-56
Total non-current loans and other financing obligations	31	83	43

As a result of applying IFRS 16 *Leases* as mentioned in 8.3 the lease liabilities as per 30 June 2019 are presented on a separate line item in the statement of financial position.

Committed financing

In January 2019, we successfully exercised the first one-year extension option of our € 600 million revolving credit facility (the "RCF"), extending the maturity of the facility to January 2024.

In addition, we also restructured the existing floating-to-fixed interest rate swap of € 250 million through a 'blend & extend' transaction, extending the maturity of the swap to January 2025 at a fixed interest rate of 0.45% and a floor of 0%. The fair value of the swap prior to this transaction will be amortised over the remaining life time.

The drawn amount on the RCF as at 30 June 2019 is € 100 million (30 June 2018: € 200 million; 31 December 2018: € 0 million).

Following the introduction of IFRS 16, effective as from 1 January 2019, we have amended our finance documentation (including an upward adjustment to the Leverage covenant) with the purpose of bringing the documentation, which is based on Loan Market Association investment grade documentation, in line with the new lease accounting standard.

As at 30 June 2019, VolkerWessels was in compliance with the Leverage and Interest Cover covenants.

Net cash position

	30 Jun 2019	30 Jun 2018	31 Dec 2018
Cash and cash equivalents	385	368	467
Loans and other financing obligations (excluding bank overdrafts)	-143	-334	-77
Lease liabilities	-249	-	-
Non-current derivatives	-4	-2	-2
Bank overdrafts	-26	-19	-22
Net cash position	-37	13	366
Non-recourse financing	25	61	46
Net cash position adjusted for non-recourse financing	-12	74	412

As a result of applying IFRS 16 *Leases* as mentioned in 8.3 the net cash position as per 30 June 2019 is lower in comparison to 30 June 2018 (comparative figures are not restated). The impact of IFRS 16 on the net cash position is € 236 million, excluding this effect net cash improved with € 186 million compared to 30 June 2018.

As a result of the usual seasonal pattern in the construction industry as mentioned in 8.4 the net cash position as per 30 June 2019 is low in comparison to 31 December 2018.

The non-recourse financing has decreased due to settlements in project financing in the Construction & Real Estate Development segment.

(8.11) Guarantees, commitments and contingent liabilities

Bank and parent company guarantees

The bank and parent guarantees are as follows:

Guarantees	30 Jun 2019	30 Jun 2018	31 Dec 2018
Guarantees relating to performance	538	539	547
Guarantees relating to credit facilities	1	1	1
Guarantees relating to prepayments received	19	3	4
Guarantees issued to clients based in North America	351	203	236
Total bank guarantees	909	746	788
Guarantees relating to performance	1,375	1,135	1,348
Guarantees relating to credit facilities	158	152	151
Guarantees relating to prepayments received	2	6	3
Total parent company guarantees	1,535	1,293	1,502

Commitments and contingent liabilities

The commitments and other contingent liabilities are as follows:

	30 Jun 2019	30 Jun 2018	31 Dec 2018
Lease, rental and leasehold obligations	6	204	251
(Contingent) obligation to purchase building land	80	119	88
Other	74	60	59
Total commitments and contingent liabilities	160	383	398

The contingent lease and rental obligations amounts to € 6 million (31 December 2018: € 251 million; 1 January 2019: € 5 million) and relate to the exemptions under IFRS 16 for short-term and low value leases, refer to 8.3 for further disclosure.

(8.12) Related Party Transactions

The Group identifies the shareholders, subsidiaries, associates, joint arrangements and key management as related parties. All related party transactions have been concluded at arm's length.

The total sales to the related parties in the first half year 2019 amounts to € 109 million (HY 2018: € 58 million). The relating outstanding balance as at 30 June 2019 is € 27 million (30 June 2018: € 6 million) and the commitments as at 30 June 2019 are € 178 million (30 June 2018: € 200 million).

The total purchases from related parties in the first half year 2019 amounts to € 7 million (HY 2018: € 7 million). The relating outstanding balance as at 30 June 2019 is € 2 million (30 June 2018: € 1 million) and the commitments as at 30 June 2019 are € 40 million (30 June 2018: € 45 million).

(8.13) Events after the reporting date

After the reporting date, no significant events occurred that affect the results, the balance sheet or the cash flow in these interim financial statements of the first half year of 2019.

From left to right

Noorderspoort: *NoorderSpoort is a rail- and civil engineering project. The scope of the project is to expand the rail infrastructure capacity to the North of the Netherlands and remodel the depot and sidings at Zwolle station. The depot and sidings at Zwolle station form the second most complex area of this nature in the Netherlands (after Utrecht). After completion of this project Zwolle station will significantly enhance the Dutch railway infrastructure.*

ING building: *G&S Vastgoed and G&S Bouw are constructing the new sustainable headquarters of ING in Amsterdam.*

Waalbrug: *Renovation of the Waalbrug near Nijmegen by team Waalbrug (KWS and VolkerRail).*

Telecoms: *VolkerWessels Telecoms input covers the entire process involved in establishing high-quality infrastructure: analysis, design, community engagement, engineering, construction, installation, project management, maintenance, management and service.*

About VolkerWessels

Royal 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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