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PRESS RELEASE

VolkerWessels Annual Figures for 2009:

Solid year in difficult market circumstances due to a good spread of activities

Highlights

- Operating revenues: € 4,419 million (2008: € 4,874 million);
- Result before interest, depreciation, amortisation and tax (EBITDA): € 198 million (2008: € 262 million);
- Net profit: € 91 million (2008: € 145 million);
- Order book as at end 2009: € 4,499 million (2008: € 4,966 million).

The wider economic situation impacted the construction industry in the year under review. 2009 was a difficult year for VolkerWessels and the company achieved results conforming to earlier expectations. “We have achieved a solid result in difficult market circumstances, mainly due to the diversity of our activities and the markets in which we operate,” says CEO Gerard van de Aast.

Initially, the decreased activities in the construction sector ran parallel to that of other sectors but the outlook worsened at the end of the construction industry holiday. Order books declined, as did licensing for houses and utility building. Investment in the construction of business premises, offices and health care were often postponed. The banks’ reserved attitude to funding companies and projects also had a negative impact on the industry. Throughout this industry pressure VolkerWessels’ long-term contracts enabled maintenance activities to continue at the same level. The market for civil engineering, roads and rail remained stable due to additional government investment.

Gerard van de Aast commented that: “The changing economic climate has resulted in a greater focus on risk management, also, in starting new projects with a further emphasis on the control of and focus on operating capital management, sharper monitoring of current capacity in relation to the capacity available and, where possible, cost reduction.”

“In addition, we have concentrated more on innovation, in particular in relation to sustainability, and given ample room to the decentralised entrepreneurship within our company. All in all this resulted in solid annual results, good-quality orders and a further enhancement to our already financially sound position.”

Outlook

“The majority of the markets in which we operate will continue to be under pressure in 2010. Further decline is expected in particular for housing and utility building. The market for infrastructure seems to be remaining reasonably stable but will be faced with increasing price pressure. We hope that the emergency projects that the government has announced will be delivered,” says Gerard van de Aast. “For the company as a whole, a decrease in turnover is expected, although the decline will probably level off slightly.”

Operating revenue and order book

In 2009 the operating revenue amounted to € 4,419 million (2008: € 4,874 million), a decrease of € 455 million. The order book at 31 December 2009 amounts to € 4,499 million as compared to € 4,966 at the 2008 year end.

Operating revenues by sector for 2009/2008 are detailed below:

<i>(in millions of Euros)</i>	<i>Operating revenues</i>	
	<u>2009</u>	<u>2008</u>
Building & Property Development Netherlands	1.640	1.995
Civil Engineering, Roads & Rail	1.252	1.206
Civil Engineering, Roads and Building USA/Canada	167	202
Civil Engineering, Roads and Building UK	513	785
Infrastructure Technology and Telecommunication	1.036	967
Supplies & Services	148	70
Unallocated	3	4
Total	4.759	5.229
Less: intercompany	-340	-355
Operating revenues	4.419	4.874

Result (EBITDA and net profit)

In spite of the difficult market circumstances, satisfactory results were achieved in many of our companies, enabling the result before interest, tax, depreciation and amortisation (EBITDA) for 2009 to reach a level of € 198 million. This is € 64 million less than in 2008 (€ 262 million). Net profits reached € 91 million; € 54 million less than the € 145 million in profits for 2008.

Building & Property Development Netherlands

As a result of the market circumstances, both turnover and margin in Building & Property Development Netherlands were under pressure. Our construction companies supplied a total of 4,657 houses as compared to 5,413 in 2008. 1,947 of these houses were developed under our own management. In utility construction, activities continued at a reasonable level due to the continuation of projects from earlier years;

the outlook for 2010 is uncertain, however. A recovery in the construction sector is not to be expected yet; whilst new projects are still coming onto the market, increasing overcapacity results in price pressure. Lower procurement costs and higher productivity can only partially compensate for this market pressure. Our companies have reasonably well-filled order books but there remains a possibility that some projects will only be partially delivered.

Turnover, margin and results in the construction supply companies were under pressure as a result of fewer orders. This resulted among other things in lower utilisation of the available equipment. Declining demand and price pressure were felt mainly in the second half of the year.

Civil Engineering, Roads & Rail

Results in the Civil Engineering, Roads and Rail sector showed a varying picture in 2009. The market for concrete construction and civil engineering developed reasonably favourably in 2009 thanks to a large number of sizeable government infrastructure projects. The outlook for 2010 is reasonably positive. The order book for our Dutch activities is sufficiently filled and we also see opportunities in the Dutch government's emergency projects which will come onto the market in 2010.

The Dutch road construction and maintenance market began to show the results of the recession quite clearly in 2009, mainly because of the almost complete disappearance of orders from the private sector, which make up a quarter of road works. The flow of orders from local authorities remained at expected levels in the first half of the year but clearly declined in the second half. The number of central government orders increased slightly also as a result of the accelerated execution of projects already planned. The lower demand led to greater competition between contractors which resulted in price pressure.

The turnover in road construction stayed up and the result improved. A large number of orders was acquired in 2009 and this yielded a well-filled order book. The outlook for 2010 is that orders from the central government will remain at expected levels; the local authorities are expected to become more reserved in their attitude as a result of uncertain financial prospects. We predict a further decline in orders from the private sector. As a result of the decline in orders, competition will increase, which will inevitably lead to increased price pressure.

The rail market was under pressure in all countries in 2009. Market circumstances led to fewer orders, increasing competition between providers and higher pressure on prices, resulting in lower margins. Almost all rail suppliers have implemented reorganisations and capacity reduction schemes. We do not expect an increase in volume in the Netherlands for 2010. Moderate recovery is expected in the United Kingdom and Poland but it is unclear how price levels will continue to develop; in Germany, fierce competition will continue.

Civil Engineering, Roads & Building United Kingdom

In 2009 our operating companies were brought together under the VolkerWessels UK brand to encourage a more integrated approach in direct response to client demand. This helps us to promote the wider skills available and provides the opportunity to tender for larger projects. The construction industry in the UK suffered a decline in 2009, in particular privately funded building projects. The decline was less marked in government-dominated sectors like highway maintenance. As a result of the decline in orders, competition increased and this resulted in price pressure. Although the market still provides many opportunities, like projects to be carried out for the 2012 Olympic Games in London, orders are expected to decline further in

2010 due to ever increasing British government cost reductions. It is expected that few large new construction projects will come onto the market, which will result in greater competition between contractors.

Civil Engineering, Roads & Building United States/Canada

The market in the United States developed very unfavourably in 2009. In particular land development in the Seattle area fell off almost completely as a result of the economic crisis. For our company, the arrival of more suppliers in the market has led to a decline in the number of our projects, in enhanced competition and in increased pressure on margins. Although the American market seems to be stabilising somewhat it is unclear to what extent this will also lead to a recovery of the markets that are relevant to us. For 2010 we expect stable turnover and a slight improvement in result.

In Canada, projects for the private sector and in land development decreased in volume. In spite of the difficult market circumstances we achieved good results at only slightly lower levels than in 2008. The result was mainly due to projects that were already started in 2008. A reduction in land development orders has caused us to focus more on the construction and maintenance of roads. Lower turnover and results are expected for 2010. The public market is under pressure mainly because of increasing competition and lower margins.

Infrastructure Technology and Telecommunication

The companies that are active in the often somewhat more specialised market areas of infrastructure and telecommunication achieved good results in 2009, apart from a few exceptions.

The order book in the cables and pipes segment increased. We are able to cater successfully to the demand for wind farms (both on and offshore) that require cabling and our companies are also working to improve the infrastructure for natural gas and to find solutions for CO₂ recycling. The industrial division was an exception in 2009; market capacity was strong. The 2010 outlook for the entire cable and pipe market is positive, partly as a result of the fuller order book. Most of the market segments in which we operate continue to develop favourably.

The market for telecommunication network construction was varied in 2009. The decreased demand for new houses and office buildings also caused a decline in the demand for networks. The demand for mobile telephony networks stabilised, whereas the market for glass fibre networks grew in volume. The construction of data centres stagnated in 2009. Prospects are not all positive for 2010; mainly as a result of a decline in investment, the market is expected to show little or no growth.

The demand for installation activities declined in 2009 as a result of less new building activity. The turnover and result in this market segment decreased. Although our order book is reasonably well-filled, we expect lower turnover for 2010 mainly because of a further decrease in construction.

Results in traffic technology and mobility management were very disappointing. A reorganisation was implemented against the background of the market development in these areas. The emphasis is on improving customer satisfaction and further enhancing project execution. We will focus primarily on traffic technology products, public transport and rail technology. Prospects in the traffic technology segment are better for 2010. The order book is well-filled and a better result is expected.

Supplies & Services

The equipment company that focuses on the infrastructure market suffered less from the general building slump because the work volume in infrastructure remained reasonably stable in 2009. Maritime services were adversely affected by the decrease in dredging activities but we managed to deploy relevant equipment to other market subsections. Our confidence in the future can be seen in the construction of the Stemat Spirit, a working vessel to be deployed for the laying of cable to and from offshore wind farms. This vessel, which began to be used early in 2010, will be working for various clients to install a large network of wind farms.

Acquisitions

In 2009 the acquisitions of the companies Van Dulmen Telecommunicatie Kabelwerken BV and part of the infrastructure activities of Verhoeve Groep were concluded; a 40% interest was acquired in Dubo Techniek Beheer BV. These acquisitions have further enhanced our market position. The companies acquired were consolidated in 2009. There was no significant divestment in 2009.

Capital position

The balance sheet total for the year under review decreased by € 133 million to € 3,163 million (2008: € 3,296 million). Solvency* at year end before profit distribution is 30% (2008: 28%) and 27% of the balance sheet total (2008: 26%) after profit distribution. The company's objective for the coming years is to achieve a solvency ratio of at least 20% of total long-term capital, after deduction of the dividend to be paid for the relevant year. This target was readily met at the end of 2009. The goodwill position is € 69 million.

Net debt

Net debt at 31 december 2009 amounts to € 114 million, a reduction of € 191 million compared to 31 December 2008. There is strong focus on decreasing our working capital with good results showing in the net debt position. This subject will remain high on the agenda for the coming years.

Investment in tangible fixed assets

Net investments in tangible fixed assets came to € 96 million in 2009 (2008: € 117 million). € 11 million of this relate to acquisitions concluded in the year under review and included in the consolidation (2008: € 12 million). Depreciation on tangible fixed assets amounted to € 71 million in 2009 (2008: € 68 million).

As in previous reporting years, investment was related mainly to the replacement and expansion of equipment needed for project delivery. Investment was also made in two asphalt plants (Doetinchem and Roosendaal) and in the Stemat Spirit, a working vessel to be deployed for laying cable to and from offshore wind farms.

Sustainability policy

Our sustainability policy received a powerful impulse in 2009. Clients (both public and private) increasingly ask us to account for this, which is one of the reasons that we chose to issue a special sustainability report this year. Now and in the future we will continue to take responsibility for sustainability and to report on this

matter. The sustainability report will be available through the company internet from mid-April; you may also register on the website to receive a copy.

* Definition of solvency: Shareholders' equity as a percentage of total long-term capital.

Note to the editor (not for publication):

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