

Press release

## Solid performance in difficult markets.

- Turnover in the 1<sup>st</sup> semester increased by 12% to € 2.1 billion (1<sup>st</sup> semester 2010: € 1.9 billion)
- Operating profit (EBITDA) increased by 4.4% to € 67.0 million (1<sup>st</sup> semester 2010: € 64.2 million)
- Net profit increased to € 24.4 million (1<sup>st</sup> semester 2010: € 18.6 million)
- Order book increased in the 1<sup>st</sup> semester by 11% to € 5,706 million (at the end of 2010: € 5,128 million)

	1 <sup>st</sup> semester 2011	1 <sup>st</sup> semester 2010	Full year 2010
Operating income	2.108	1,875	4.250
EBITDA	67	64	186
EBITDA margin	3.2%	3.4%	4.4%
Net result	24	19	87
Order book	5.706	4.838	5.128
Solvency	27%	27%	27%

“Despite difficult market conditions, VolkerWessels has recorded growth in turnover and results in the first six months of 2011. The order book also showed good growth, resulting in an improvement to our market position” says Gerard van de Aast, Chairman of the Board.

VolkerWessels operates in three home markets: The Netherlands, the United Kingdom and Canada and is active in three sectors: Building & Real estate, Infrastructure, and Energy & Telecoms.

The market conditions in The Netherlands and the United Kingdom have not improved. Continuing economic uncertainties, combined with the restraint of banks in providing mortgages and credit, mean that consumer confidence and the investment climate have still not improved. Moreover government cutbacks create further price pressure in tenders. On the other hand, the economic prospects for Canada (Alberta province) are positive. We also see a positive market development in the Energy & Telecoms sector through investment in infrastructure.

Helped by the favourable weather conditions, all businesses contributed to the growth in turnover. The result in the 1<sup>st</sup> semester of 2011 was positively influenced by the good results in Canada and the United Kingdom as well as in the Infrastructure sector in The Netherlands. In the first six months of 2011, the order book increased by € 578 million (11%) to € 5,706 million. A number of significant orders were also won in The Netherlands, the UK and Canada during July and August.

VolkerWessels expects to deliver a healthy turnover growth in 2011, helped by a good start at the beginning of the year and a good order book. Unforeseen circumstances permitting, the results will develop in line with the turnover, although increasing price pressure will cause pressure on the operational margins.

**The development in our sectors is as follows:**

<i>Operating incomes (in millions of Euros) *</i>	1 <sup>st</sup> semester 2011	1 <sup>st</sup> semester 2010	Full year 2010
Building & Real estate (The Netherlands)	765	699	1.447
Infrastructure (The Netherlands)	637	615	1.454
Energy & Telecoms (The Netherlands)	412	385	870
VolkerWessels UK	387	248	614
VolkerWessels Canada	85	71	217
Inter company elimination	-178	-143	-352
Total VolkerWessels	2.108	1.875	4.250

\* Excluding joint ventures

From 2011 the sector classification has been adapted to reflect the amended internal reporting structure of VolkerWessels. With respect to the 2010 comparatives, the operations formerly under the Supply and Maritime sector were subdivided into the Building & Real estate, Infrastructure and Energy & Telecom sectors.

***Building & Real estate (The Netherlands)***

The residential market has not shown any improvement on 2010. The weak economy, the more stringent rules for mortgage provision, uncertainty about mortgage deductibility and reduced consumer confidence have impacted on the number of residential sales. The positive effect of the reduction of transfer tax on the turnover has not yet been seen. VolkerWessels sold 537 houses during the first 6 months of 2011 (1<sup>st</sup> semester 2010: 847). The number of unsold houses under construction decreased to 400 (at the end of 2010: 459). The number of unsold completed houses increased to 91 houses (at the end of 2010: 46). The demand for houses with good price/quality relationship remains substantial.

Efforts in the area of sustainability are continuing unabatedly. In June one of our construction companies, Veluwezoom Verkerk, was the first Dutch construction company to receive the “PassiefBouwenKeur” certificate for new build social rental housing.

There is a notable increase in the demand for care homes and houses for the elderly. VolkerWessels anticipated this with its successful “PlusWonen” concept, a living concept that combines low costs with sustainability, quick construction time, flexibility and low failure costs. Through this, VolkerWessels provides a larger freedom of choice for consumers and even better service delivery. Through continuous innovation and listening to the market,

VolkerWessels wishes to permanently establish itself with this flexible and affordable construction concept, both for houses and for apartments.

At the beginning of the year VolkerWessels took over a number of projects, including the Stedelijk Museum project in Amsterdam, along with some of the staff from the Midreth construction company. The new contours of the Museum are becoming increasingly visible. The first panels of the façade under construction have now been fitted. An agreement has also been reached with ING Real Estate Development concerning the takeover of 12 development projects in Zuid-Limburg (South Limburg) from the portfolio of the ING-subsiidiary, 3W.

VolkerWessels' companies Boele & van Eesteren and G&S Bouw, together with the developer NS Poort will build the municipal office in Utrecht. The Utrecht municipal office covers 66,000 m<sup>2</sup> and is one of the largest buildings to be built in The Netherlands over the coming three years.

Our technical installation activities were reinforced at the beginning of this year through the acquisition of IT<sup>2</sup> Installation group by Homij Technische Installaties. This brings specific knowledge concerning the installation of electrical and mechanical installations for apartment complexes and care homes.

The results in the Industrial construction segment, just as last year, really deserve a mention. The order for reducing the North/South line in Amsterdam was recently awarded. This order, estimated to be worth approximately € 270 million in total for the partners, is again an important step in the delivery of the North/South line.

The commercial office market remained weak and unchanged and fears exist that the market situation will deteriorate even further. VolkerWessels is involved in initiatives, in different places, for re-use and preservation of existing office buildings and in this way contributes to the supply of reasonably priced sustainable real estate.

One of our operating companies forms part of the building consortium Grolsch Veste, which is building the FC Twente Stadion. During the activities, part of the roof collapsed. The Board of VolkerWessels once again expresses its sympathy for the families of the victims and expresses its support for all others involved in this tragic event.

### ***Infrastructure (The Netherlands)***

The infrastructure sector for almost all segments (civil engineering, road construction and railway construction) has been marked by sharp price battles due to the budget cuts announced by both the Central Government and municipal governments. Partly thanks to the solid order book, VolkerWessels does not yet have to participate in these price battles in the tender market. These cuts also influence the private market, resulting in increasing margin pressure.

Despite these negative market developments, the performance of the Dutch Infrastructure sector improved compared to the previous year, which is due to the high production on a few large infrastructural projects (urgent project A1/A6 and A2 Hooggelegen).

Efforts to reduce CO<sub>2</sub> in Infrastructure have again been rewarded with certificates at the top rung of the CO<sub>2</sub> performance ladder of ProRail. A number of initiatives have been developed in the sector, including a pilot by KWS Infra in the Ridderkerk municipality with air purifying pavements to improve local air quality and a more efficient use of diesel trucks in the Amsterdam region.

Integrated projects are increasingly being offered on the market, where selection is not only based on price, but also on quality. VolkerWessels applauds this. Due to this, RWS Zuid-Holland granted maintenance, through an integrated approach, to the consortium VolkerInfra Vaarwegen Zuid-Holland for 3 years.

Van Hattum en Blankevoort & Gebr. Van Kessel was awarded the joint venture contract for the project "Noordwaard" with Boskalis and Martens van Oord by the Ministry of Infrastructure and the Environment. It is one of the projects that form part of the rural water safety programme "Ruimte voor de Rivier." With the de-poldering project, a large section of Noordwaard has opened up and there has been a lowering of the water level by 30 cm in Gorinchem.

The tender market for railway construction and maintenance is still marked by price pressure due to minimal work being available. VolkerRail recently acquired the Performance Oriented Maintenance Contract (POM) for the West Barbant/Zeeland region. The maintenance contract commences on 1st January 2012 for a term of 5 years.

The market for traffic management, where the existing capacity is better utilised, shows good growth. VolkerWessels increasingly integrates innovative solutions in its tenders. For the coming five years, Vialis will perform fixed maintenance to the traffic management chains of the highway network in the Utrecht region and we have been assigned to install 1,389 access gateways across 62 NS train stations in The Netherlands.

### ***Energy & Telecoms (The Netherlands)***

The market for energy and water infrastructure continues to develop positively. The demand for green power from wind turbines at sea creates increasing potential for building volume, including the demand for laying large power cables on the seabed over distances of up to 50 kilometres. Our order book in this growth market increased greatly during 2011. Visser & Smit Marine Contracting (VSMC) have been commissioned by the Danish energy company Dong Energy to oversee the construction and installation of cables for the Anholt Offshore Wind Farm under construction in Denmark in an order worth more than € 50 million.

The re-opening of the oilfield in Schoonebeek was an important development for Visser & Smit Hanab in the first semester of 2011. Partly through the introduction of new technology, oil will again flow through the oil pipes constructed by Visser & Smit Hanab. Highly efficient pumps were selected, which means fewer wells are required. This is not only cheaper but also better for the environment and landscape.

The market for construction and maintenance of the telecommunication networks continues to show structural growth. The largest growth is in the area of fibre optic networks for residential areas ("fibre to the home") and the roll out of VDSL (Very-high-bitrate Digital Subscriber Line). Due to this, at the beginning of the year, VolkerWessels Telecom signed a contract with GlasLokaal to extend the fibre optic network for the public sector in The Hague and surrounding areas. Furthermore, VolkerWessels Telecom is active in installing various high tension masts for its client Tennet.

### ***VolkerWessels UK***

The UK construction market remains very challenging, exacerbated by the public sector revenue and capital expenditure spending cuts announced in October 2010. This further decline in total construction volumes continues to impact tender margins. Notwithstanding this, and following the restructuring and repositioning of the business in 2009 and 2010, VolkerWessels

UK reports a solid increase in first half turnover, and increases in both EBITDA and order book volumes. We have also improved our ability to exploit larger multi-disciplinary opportunities particularly in the infrastructure sectors.

During the first half of 2011, VolkerRail UK secured the National On-Track Machine Contract for Network Rail with a value of approximately € 80 million and a 7 year term. This contract entails in excess of 20,000 machine shifts.

VolkerFitzpatrick has recently secured a contract to resurface the 3.3km main runway at Gatwick Airport - the world's busiest single runway with up to 53 aircraft taking off and landing per hour. The project involves the overnight resurfacing of an area of 400,000 m<sup>2</sup>. Additionally, around 1,900 runway and taxiway lights and 530 km of electrical cabling will be replaced, and improvements made to the drainage system.

VolkerFitzpatrick is well advanced in delivering the Hoe Valley regeneration project – a €35 million contract to provide new community facilities and protect hundreds of homes in the flood plain. VolkerFitzpatrick is the principle design and build contractor, and VolkerStevin is the joint venture partner constructing the flood defences. In addition, VolkerLaser, VolkerSteel Foundations and VolkerHighways are providing specialist sub-contract skills.

### ***VolkerWessels Canada***

The economic prospects for Alberta are considered to be positive. The rising growth in this region offers opportunities in our activities in the areas of both infrastructure and area development. The company McNally was purchased effective June 1<sup>st</sup> to strengthen our market position in Alberta. Wilson, a company purchased in 2010, profits from an infrastructure development rising from the investments in the oil sands. Wilson is performing according to expectations and directly contributes to the operational profit. Volker Stevin Contracting Ltd recently received a contract from Calgary Airport Authority valued at 70 million dollars for underground utilities. This contract is part of the Runway Development Program of Calgary International Airport and is the largest contract that has ever been awarded in Calgary for underground utilities.

### **Solvency**

Solvency remains solid at 27%.

### **Note to the editors:**

#### **VolkerWessels UK**

VolkerWessels ([www.volkerwessels.com](http://www.volkerwessels.com)) is a Dutch construction group with a decentralised organisation structure. The concern has 16,600 employees in 125 subsidiaries. These companies are active in the following areas: housing and utility construction, industrial construction, real estate development, concrete and water construction, road construction, energy, water and telecoms infrastructure, railway construction, installation technology, traffic technology, parking management, building materials and advice and service delivery. VolkerWessels has branches in the Netherlands, Belgium, Germany, the United Kingdom, Canada and the United States.

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