heijmans

Press release
Half year report
2024

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Royal Heijmans records rise in revenue and strong rise in profit

Highlights H1 2024

- Revenue rises to € 1.217 billion (H1 2023: € 937 million).
- Underlying EBITDA rises sharply to € 91 million from € 49 million (margin to 7.5% from 5.2%).
- Number of homes sold: 1,587 compared with 876 in H1 2023. Increase primarily from B2C market and driven by acquisition of Van Wanrooij (528 homes sold).
- Order book increased to € 3.0 billion from € 2.6 billion (H1 2023) .
- Accelerated repayment of € 35 million acquisition financing thanks to good financial performance.
- Earnings per share € 1.39 (H1 2023: €0.77).
- Heijmans revises its outlook for FY2024 upwards: underlying EBITDA margin to around 7.5% (was at least 6.5%) on increasing revenue heading towards € 2.5 billion (revenue outlook unchanged).

Key figures

x € 1 million

	H1 2024	H1 2023	2023
Revenues	**1.217**	**937**	**2.117**
Underlying EBITDA*	**91**	**49**	**147**
Result after tax	37	18	60
Earnings per share (in €)	1,39	0,77	2,4
Order book	3.001	2.641	2.757
Net (-) debt / (+) cash	-92	116	-137
Solvency	31%	30%	29%
Number of FTEs	5.518	5.021	5.316

* *Underlying EBITDA refers to operational result before depreciation/amortization and adjusting for EBITDA joint ventures excluding impairment on land holding and goodwill, restructering costs, acquisition costs including retention bonusses, book results on investements and any other non-operational results, if applicable, that are designated by the Group as special.*

Ton Hillen, Heijmans CEO

"Royal Heijmans delivered good results in the first half of 2024, with margin over volume continuing to be our guiding principle. In addition to the growth in revenue, we saw a sharp improvement in our underlying EBITDA margin, which increased to 7.5%. All segments showed healthy a margin development, in line with the medium-term target issued during our Capital Markets Day (CMD) earlier this year. Thanks to improved project profitability, we were able to post a higher net profit. This in turn meant we were able to accelerate the repayment of part (€ 35 million) of our Van Wanrooij acquisition financing. Heijmans sold 1,587 homes in the first six months of 2024, substantially more than in the first half of 2023 (876 homes). This significant increase consisted primarily of residential sales to consumers (B2C), demonstrating the high demand for new-build homes. This reinforces our belief that the underlying indicators for the housing market are good. This is partly why we recently announced our proposed acquisition of project developer and construction firm Van Gisbergen, which is currently before the Consumer and Market Authority for approval".

> ***" It would be good if the new cabinet looked at the housing market as a whole and allowed the construction of homes for all target groups, i.e. for first-time buyers, as well as people moving up the property ladder. After all, circulation on the housing market will free up more existing housing stock and help make it future-proof. "***

New cabinet and the housing market

"We are pleased that the new cabinet's outline agreement signals a continuation of the current housing policy. Nevertheless, Heijmans continues to call for the government to devote attention to the addition of plan capacity (in and outside urban areas) and the shortening and speeding up of spatial planning procedures and the granting of permits, among other things by adding official capacity. In addition, the new Housing Minister needs to look at the housing market as a whole and thus also at the circulation of homeowners. Of course, the construction of affordable homes is important, especially for first-time buyers, but we also need to add more expensive homes to the existing housing stock. By building in all price ranges, we encourage people to move up the property ladder, which will free up more affordable, existing homes for first-time buyers. Only a balanced combination of measures will be effective in making affordable housing available to young people. On top of this, a mix of housing also ensures that our housing stock is future-proof for the longer term."

Safety is a prerequisite

At Heijmans, we see safety is a hard prerequisite: either we work safely or we do not work at all. The fact that work on the A13 did not start over a weekend, despite hundreds of employees being on standby, was disappointing and obviously not good. But safety was not in order. The fact that the work did not start, was a clear signal that the safety mindset in the Netherlands is changing. It is a credit to both our client the Ministry of Public Works and Waterways and our organisation that we did not start work. We applied the adage I used above, providing valuable lessons for the future.

Making progress on sustainability

As a prominent player in the sector, Heijmans wants to play a leading role in making the living environment more sustainable. We can make a difference by designing and building sustainably, with an eye to alternative and decentralised energy generation, the efficient (re)use of raw materials and equipment and an optimum focus on comfort and user experience.

In accordance with the new reporting requirements pursuant to the EU Corporate Sustainability Reporting Directive (CSRD), Heijmans performed a so-called double materiality analysis in the recent period. This identified the following seven material themes as being of major importance to Heijmans: (1) climate change, (2) water and marine resources, (3) biodiversity and ecosystems, (4) material use and the circular economy, (5) own employees, (6) employees in the value chain, and (7) business conduct. Heijmans is working hard to be able to report on these themes, including the relevant indicators, by the end of 2024.

AsfaltNu (a collaboration of Heijmans and BAM) and Theo Pouw Group recently announced that they are joining forces to build the most sustainable, innovative and environmentally friendly asphalt plant in Europe. This plant will be able to produce asphalt at a greatly reduced temperature. This will reduce CO_2 emissions by more than 50% compared with the current standard.

Heijmans raises outlook

The tentative recovery of the housing market seen in late 2023 has continued, resulting in rising home sales and a strong performance in the Living segment. Heijmans is also acquiring an increasing number of recurring management and maintenance orders (recurring business) in the Working and Connecting segments. Thanks to Heijmans' strong financial performance in the first half of the year, we are well on track with the guidance issued during our Capital Markets Day earlier this year. At that event, we also presented our perspective on effective risk management in the construction industry and our revised strategy, 'Together towards 2030'. Revenue of € 2.5 billion remains in sight for the full year 2024. We now expect profitability for the full year 2024 to increase to an underlying EBITDA margin of around 7.5%, from our previous target of at least 6.5%. Our strong financial results in the first half of 2024 enabled us to accelerate partial repayment of the temporary term loan for the acquisition of Van Wanrooij. Heijmans expects to achieve a positive net cash position no later than early 2025 (was: in 2026). The order book increased to € 3.0 billion from € 2.6 billion at the end of H1 2023 and gives us a structural foundation for EBITDA margin growth in a range of 7% to 9% towards 2027. This means that Heijmans is firmly on track with respect to the multi-year outlook issued during our Capital Markets Day.

Developments per segment

Living

x € 1 million

Living	H1 2024	H1 2023	2023
Revenues	485	329	820
Underlying EBITDA	41	20	59
Underlying EBITDA margin	8,5%	6,1%	7,2%
Order book	1.099	860	989

The Dutch housing market is marked by a much higher demand than supply of homes. In order to increase the supply, Heijmans has long advocated increasing the planning capacity (urban and suburban), increasing the administrative capacity of local authorities and shortening and accelerating objection and appeal procedures.

Living looks back on a six-month period in which we saw a clear pick-up in demand for new owner-occupied homes. Revenue at Living increased to € 485 million from € 329 million a year earlier, largely driven by the acquisition of Van Wanrooij. As a result of the improving housing market, underlying EBITDA rose more rapidly than expected to € 41 million from € 20 million, reflecting an underlying EBITDA margin of 8.5%. Living's order book increased to € 1,099 million from € 860 million H1 2023.

In the first six months of this year, the number of home sales saw very strong growth to come in at 1,587 homes. Homes sales to consumers (B2C) performed particularly well. Total sales growth included both organic growth and growth as a result of the acquisition of Van Wanrooij. We are seeing a shift in the B2B commercial segment. Institutional investors are withdrawing from the market. On the other hands, housing corporations now appear to be in a position to invest in the housing market again, mainly thanks to the abolition of the landlord levy.

Heijmans started several housing construction and renovation projects in the first half of the year. In April, we started construction on 264 affordable rental homes at Berlijnplein in the Leidsche Rijn Centre in Utrecht. This project, Bloei 030, consists of 156 social rental homes and 108 mid-rental segment homes. A portion of these homes will be used for the Dutch Salvation Army. In the first half of the year, Heijmans delivered 735 brand new student homes on the TU/e campus, a significant achievement considering the fact that an important supplier of the facade construction went bankrupt during the construction work. Nevertheless, we were able to deliver this project to the building society on time, so that the students can move in as planned this summer. In total, the 735 units provide housing for approximately 800 students.

In June, Heijmans and housing corporation Rochdale signed a cooperation agreement for the transformation of the southern section of the Lodewijk Van Deyssel neighbourhood in Amsterdam New West. In total, Heijmans will develop and build around 590 homes: over 400 social and mid-rental segment homes for Rochdale, plus 184 owner-occupied homes. In addition to this, the project includes the redesign of the local public spaces with a focus on accessible social facilities, greening, climate adaptation and nature inclusivity, all of which will improve liveability and combat heat stress, among other things. This is yet another major area redevelopment in the Netherlands that Heijmans is working on.

Van Wanrooij performing as we expected. The family stepped down from day-to-day management as planned at the end of June. They still remain available behind the scenes to support the new management and to answer any questions they might have. We have full confidence in the current organisation and the new management, which consists of a mix of people with many years of experience at Van Wanrooij and Heijmans.

Heijmans also expects healthy market demand in the second half of the year, especially from consumers. Partly thanks to the recently proposed acquisition of Van Gisbergen, in the near future Heijmans will be able to respond effectively to the continuing demand for energy-efficient houses.

Working

x € 1 million

Working	H1 2024	H1 2023	2023
Revenues	304	242	536
Underlying EBITDA	22	14	34
Underlying EBITDA margin	7,2%	5,8%	6,3%
Order book	885	827	786

The revenue at Working increased to € 304 million from € 242 million. Driven in part by higher volume, underlying EBITDA rose to € 22 million from € 14 million, reflecting an underlying EBITDA margin of 7.2%. Both Non-Residential Projects and Services revenues increased by over 25%, driven in part by volume growth at existing clients such as Schiphol, ASML and Rabobank. The demand for management and maintenance work thus remains as high as ever. The Working order book increased to € 885 million from € 827 million in H1 2023.

One of the milestones in the Working segment was the delivery of the revitalisation of the lower section of Rabobank's iconic glass headquarters in Utrecht. The assignment involved a large-scale structural and installation-related renovation of the basement, ground and first floors and covered a total of some 30,000 square metres of floor space.

Heijmans signed a six-year management and maintenance contract with Royal Flora Holland (RFH) in the first half of 2024. Heijmans now performs technical maintenance and management of the grounds, buildings and technical installations of three RFH locations in Aalsmeer, Rijnsburg and Naaldwijk. The total built-up area we manage is 1.8 million square metres.

Heijmans won a number of orders from various government bodies and business clients for the renovation of offices, while also making them more sustainable. In many cases, this involves creating future value, for example by making buildings more energy-efficient and sustainable. Examples of such renovation assignments include a penitentiary in the province of Utrecht and the Rijnhaven building of the Central Government's Real Estate Agency.

In an assignment for TU Delft, Heijmans started the demolition of the existing buildings of the Faculty of Applied Sciences. The new 'Physics' building on that site is expected to open in 2027. The Physics building will include research spaces, such as physics laboratories and chemistry and biology labs. The new building will also include office spaces, teaching rooms, practical classrooms and general facilities. Wherever possible, Heijmans will reuse the materials released from the demolition.

On account of its know-how and expertise, Heijmans is being asked by an increasing number of clients to participate in projects as a construction team partner. Given these 1:1 contacts, Heijmans expects the Working order book to show significant volume growth in the second half of 2024 and in 2025.

Connecting

x € 1 million

Connecting	H1 2024	H1 2023	2023
Revenues	452	381	800
Underlying EBITDA	30	23	66*
Underlying EBITDA margin	6,6%	6,0%	8,3%
Order book	1.040	1.010	1.011

* *The 2023 result was positively impacted by the release of the provision of € 14 million (Wintrack II case).*

As expected, revenue at Connecting increased to € 452 million from € 381 million. Partly driven by higher volume, underlying EBITDA rose to € 30 million from € 23 million, reflecting an underlying EBITDA margin of 6.6%. The order book at Connecting increased to €1,040 million from €1,010 million in H1 2023.

After carrying out major maintenance work on the Polderbaan and Zwanenburgbaan runways in recent years, Heijmans delivered the renovated Kaagbaan runway to Schiphol Airport this May, despite the difficult weather conditions.

One of the many new orders Heijmans won in in the first half of the year was a framework contract with Gasunie for the maintenance and management of existing natural gas pipelines and the construction of new pipelines for hydrogen, green gas and CO_2, among other things. The contract, which involves five other parties besides Heijmans, includes a maximum investment volume of € 4 billion, spread over a 10-year period. This type of complex challenge calls for direction and connection. Because Heijmans is engaged in the future of the Netherlands, it playing a prominent role as a sustainable leader. Heijmans previously concluded similar framework contracts in strategic partnerships with TenneT (high voltage/electricity) and Vitens (water).

Grid congestion in the energy market remains a significant issue for the future of the Netherlands. What we are now seeing is that some construction clients are shifting the risk of being able or being unable to connect to the grid from the client to the builder. Builders cannot influence the risk of utility connections and we therefore find this an unacceptable risk. This trend does signal that grid congestion is becoming an increasingly pressing problem.

Heijmans is currently experimenting with an energy management system in the Waterviolier neighbourhood in the municipality of Nuenen, to drastically reduce the need for power from the grid. The results of this experiment are encouraging and there is now a desire to expand this system to a district level. Such innovations are badly needed to meet energy needs in the future.

In the first half of 2024, Heijmans carried out major maintenance on parts of the A12 motorway on behalf of the Dutch Ministry of Public Works and Waterways (Rijkswaterstaat). The assignment included replacing the existing asphalt with a variant with a noise-reducing layer. The Ministry of Public Works and Waterways tendered this assignment in line with the 'front-runner approach to sustainable road surfacing' methodology, which challenges companies to carry out road maintenance as sustainably as possible. For the most part, Heijmans used circular asphalt in this project.

In June, Heijmans and the province of Utrecht signed a four-year cooperation agreement for the preparation and realisation of projects from the province's multi-year investment programme. Projects covered by the framework agreement have a total contract value of up to EUR 125 million. In the coming years, the parties will work together on a strong and sustainable road network, with an eye to traffic flow, safety and cycling infrastructure. The client and Heijmans will work together in the preparatory phase and on the final design of a project. Heijmans will then carry out the work. Heijmans was selected partly on the basis of its vision on sustainability based on its 'Together towards 2030' strategy and the sustainable measures we can deploy when working under the terms of this framework agreement.

Financial results

Revenue

Revenue came in at € 1,217 million in H1 (H1 2023: € 937 million), nearly 30% above last year's revenue. All sectors contributed to this growth.

At Living, the higher revenue was partly driven by the acquisition of Van Wanrooij. Overall, revenue at Living rose by more than 48%. Revenue at Working saw a marked increase of 24%, while revenue at Connecting came in 18% higher, based on a constant good order intake.

x € 1 million

	H1 2024	H1 2023	2023
Revenues	**1.217**	**937**	**2.117**
Living	41	20	59
Working	22	14	34
Connecting (excluding Wintrack II)	30	23	52
Impact Wintrack II	0	0	14
Corporate	-2	-8	-12
Underlying EBITDA	**91**	**49**	**147**
EBITDA joint ventures	-6	-2	-5
Impairment on land holding	-4	0	0
Acquisition costs	0	-3	-9
Retention bonusses	-4	0	-3
Restructuring costs	-1	-1	-3
EBITDA	**76**	**43**	**127**
Depreciation/amortisation	-28	-20	-46
Operating result (EBIT)	**48**	**23**	**81**
Financial results	-3	0	-3
Share of profit of associates and joint ventures	5	2	3
Result before tax	**50**	**25**	**81**
Income tax	-13	-7	-21
Result after tax	**37**	**18**	**60**

Underlying EBITDA

The underlying EBITDA margin increased to a level of 7.5%. Underlying EBITDA rose to € 91 million in H1 2024 (H1 2023: € 49 million). All segments showed an improvement in the underlying EBITDA margin, partly driven by the fact that all segments generated growth in revenue and coverage results. Living's underlying EBITDA in 2024 includes Van Wanrooij (H1 2023: excluding van Wanrooij). Due to the change in the system for the charging of holding costs, group costs declined to € 2 million (H1 2023: € 8 million); starting in 2024, a higher proportion of group costs is now charged on to the segments.

Operating result

The operating result (EBIT) for H1 2024 came in at € 48 million (H1 2023: € 23 million). The result from joint ventures increased to € 5 million from € 2 million, partly due to the result from associates of Van Wanrooij. The retention bonus item relates to the retention bonuses (€ 4 million) following the acquisition of Van Wanrooij. Heijmans recognised a write-down of € 4 million in the Zuidplaspolder area development.

Depreciation/amortisation increased to € 28 million (H1 2023: € 20 million). This item includes a € 3-million amortisation of Van Wanrooij's order book. In addition, the higher depreciation reflects investments in electric equipment, the expansion of the electric vehicle fleet and further industrialisation of, in particular, the Heerenveen house production plant. This is in line with Heijmans' strategic drive to continue to electrify our equipment and industrialise our production.

Net profit

Net profit increased to € 37 million in the first six months of 2024 from € 18 million in H1 2023. Financial income and expenses amounted to € 3 million costs on balance, primarily related to the interest expense on the acquisition financing for Van Wanrooij.

Order book

Heijmans' order book continued to grow, to € 3.0 billion at the end of H1 2024 from € 2.8 billion at the end of 2023. Taking into account the significantly higher level of revenue in H1, this meant strong order intake on balance. The increase in the order book in H1 was € 238 million. On this front, too, we saw that all segments managed to increase their order book. Living's order book increased to € 1,099 million from € 989 million, while Working's order book rose to € 885 million (2023: € 786 million) and Connecting saw its order book increase slightly to a level of € 1,040 million (2023: €1,011 million).

Net debt position, cash flow and solvency

Heijmans' net debt position stood at € 92 million on 30 June 2024 and we expect to return to a net positive cash position in early 2025. In H1 2024, we also accelerated the repayment of € 35 million of our term loan, leaving € 30 million of the original € 80 million outstanding on 30 June 2024. The increase compared to end 2023 is due to good operating results and the increase in home sales under construction. The net debt position is after a dividend payment of € 0.89 per share for 2023, which resulted in a cash dividend payment of € 11 million in May.

Total capital expenditure was in line with depreciation. Working capital remained at a similar level as at year-end 2023. Within working capital, there was an increase in work-in-progress credit position due to revenue increases at Connecting and Working. The number of homes completed and unsold remains extremely limited. The debtor/creditor balance remained comparable to last year.

As at 30 June 2024, solvency stood at 31% compared with 30% a year earlier. This was due partly to good operating results and partly to the accelerated repayment of € 35 million on the term loan, resulting in a lower balance sheet total.

Financial calendar

2024	
31-Oct	Trading update third quarter

2025	
21-Feb	Presentation Annual Results
16-Apr	Annual General Meeting of Shareholders (AGM)
25-Apr	Trading update first quarter
25-Jul	Presentation Half Year Results
31-Oct	Trading update third quarter

About Heijmans

Royal Heijmans is a leading Dutch listed company with activities in property development, construction, technical services and infrastructure. In 1923, Jan Heijmans started the company as a road paver. In a hundred years, Heijmans has grown into an area developer, technical service provider and construction company with more than 5,500 employees. They ensure that people can enjoy living, working and connecting. Every single day, Heijmans works on complex construction projects and social challenges that have an impact on the future of the Netherlands. As a sustainable leader, Heijmans is taking a step forward on this front by dedicating itself to the creation of a healthy living environment. Where people have a nice live and animals and nature are taking into account.

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Addenda to the Royal Heijmans N.V. first half 2024 press release

The financial statements included in this press release are unaudited.

1. Condensed consolidated statement of profit or loss

x € 1 million

	H1 2024	H1 2023	2023
Revenues	**1.217**	**937**	**2.117**
Gross profit	**171**	**125**	**289**
Operating result	**48**	**23**	**81**
Financial result	-3	0	-3
Share of profit of joint ventures and associates	5	2	3
Result before tax	**50**	**25**	**81**
Income tax	-13	-7	-21
Result after tax	**37**	**18**	**60**

Earnings per share (in €):			
Basic earnings per share	1,39	0,77	2,40
Diluted earnings per share	1,39	0,77	2,39

In the first half of 2023, Heijmans did not recognise any gains or expenses related to Wintrack II. For the full year 2023, the operating result included the gain related to the partial release of the Wintrack II provision of € 14 million set aside in 2021. See also selected note 6.5.

2a. Consolidated statement of comprehensive income

x € 1 million

	H1 2024	H1 2023	2023
Result after tax	**37**	**18**	**60**
Other comprehensive income that is never reclassified to the statement of profit or loss:			
Changes in acuarial results on defined benefit plans	0	-3	-5
Tax-effect of other comprehensive income that is never recalssified to the statement of profit or loss	0	1	1
Other comprehensive income after tax	**0**	**-2**	**-4**
Total comprehensive income	**37**	**16**	**56**

The total comprehensive income is entirely attibutable to the shareholders.

2b. Consolidated statement of changes in equity

x € 1 million

2024	Paid up and called-up share	Share premium reserve	Reserve for actuarial results	Retained earnings	Result for the year after tax	Total equity
Balance at 31 december 2023	**8**	**300**	**-64**	**80**	**60**	**384**
Result after tax					37	37
Other comprehensive income			0			0
Comprehensive income for the reporting period	**0**	**0**	**0**	**0**	**37**	**37**
Dividend payment	0	13		-24		-11
Issuance of shares						
Result appropriation 2023						
Transferred to the retained earnings				60	-60	0
Balance at 30 June 2024	**8**	**313**	**-64**	**116**	**37**	**410**

2023	Paid up and called-up share	Share premium reserve	Reserve for actuarial results	Retained earnings	Result for the year after tax	Total equity
Balance at 31 december 2022	**7**	**267**	**-60**	**43**	**60**	**317**
Result after tax					18	18
Other comprehensive income			-2			-2
Comprehensive income for the reporting period			**-2**		**18**	**16**
Dividend payment	0	11		-23		-12
Issuance of shares						
Result appropriation 2022						
Transferred to the retained earnings				60	-60	0
Balance at 30 June 2023	**7**	**278**	**-62**	**80**	**18**	**321**

3. Condensed consolidated balance sheet

x € 1 million

ASSETS	30 June 2024	31 december 2023	30 June 2023
Non-current assets			
Property, plant and equipment	114	115	82
Right-of-use assets	95	90	75
Intangible assets including goodwill	175	176	81
Joint ventures and associates	103	101	74
Other fixed assets	55	56	37
	542	**538**	**349**
Current assets			
Strategic land portfolio	163	159	87
Residential properties in preparation or under construction	190	208	91
Other inventory	12	22	14
Construction work in progress	137	139	115
Trade and other receivables	226	229	204
Cash and cash equivalents	46	40	205
	774	**798**	**716**
Total assets	**1.316**	**1.336**	**1.065**

EQUITY AND LIABILITIES	30 June 2024	31 december 2023	30 June 2023
Equity	**410**	**384**	**321**
Non-current liabilities			
Interest-bearing	39	65	13
Lease liabilities	67	62	52
Non-interest-bearing liabilities	90	97	55
	196	**225**	**120**
Current liabilities			
Interest-bearing loans and other current financing liabilties	2	22	1
Lease liabilities	30	27	23
Trade and other payables	370	347	337
Construction work in progress	283	305	230
Provisions	25	20	33
Other current liabilites	**0**	**6**	**0**
	710	**727**	**624**
Total equity and liabilities	**1.316**	**1.336**	**1.065**
Solvency rate	31%	29%	30%

4. Condensed consolidated statement of cash flows

x € 1 million

	H1 2024	H1 2023	2023
Operating result	**48**	**23**	**81**
Adjusted for:			
Depreciation of property, plant and equipment	7	6	12
Depreciation of right-of-use assets	17	13	29
Amortisation of intangible assets	4	1	5
Adj. valuation of property investments and land portfolio's excl. JV's	4	0	0
Change in working capital and non-current provisions	28	-25	-29
Cash flow from operating activities before interest and tax	**108**	**18**	**98**
Interest paid (-/-) / received (+)	-3	0	-3
Tax expenses paid	-16	-4	-9
Cash flow from operating activities	**89**	**14**	**86**
Cash flow from investment activities	**-11**	**-20**	**-314**
Cash flow from financing activities	**-72**	**-26**	**31**
Net cash flow in the period	**6**	**-32**	**-197**
Cash and cash equivalents at January 1	40	237	237
Cash and cash equivalents at the end of the period	**46**	**205**	**40**

Part of the cash flow from financing activities is the accelerated repayment of €35 million on the Term Loan and the impact of the cash dividend of €11 million.

5. Information per business segment

Condensed statement of profit or loss per business segment

The disaggregation of revenue into categories that reflect the nature, the amount, the timing and the uncertainty of revenues and cash flows are affected by economic factors is in line with the segment information per sector.

From 2024, segment information will be reported on the basis of the Living, Working and Connecting business segments. The comparative figures have been adjusted accordingly.

x € 1 million

H1 2024	**Living**	**Working**	**Connecting**	**Other/ eliminations**	**Total**
Third parties	485	295	437	0	1.217
Intercompany	0	9	15	-24	0
Total revenues	**485**	**304**	**452**	**-24**	**1.217**
Underlying EBITDA	**41**	**22**	**30**	**-2**	**91**
EBITDA joint ventures	-3	-1	-2	0	-6
Impairment on land holding	-4				-4
Acquisition costs					0
Employee retention bonus	-4				-4
Restructuring costs				-1	-1
Total exceptional items	**-11**	**-1**	**-2**	**-1**	**-15**
Depreciation/amortisation	-9	-4	-12	-3	-28
Operating result	**21**	**17**	**16**	**-6**	**48**
Net financing costs					-3
Result of joint ventures and associates					*5*
Result before tax					**50**
Tax result					-13
Result after tax					**37**
Operating results as percentage of revenues					*3,9%*

H1 2023	**Living**	**Working**	**Connecting**	**Other/ eliminations**	**Total**
Third parties	328	238	371	0	937
Intercompany	0	4	10	-14	0
Total revenues	**328**	**242**	**381**	**-14**	**937**
Underlying EBITDA	**19**	**14**	**23**	**-8**	**49**
EBITDA joint ventures	-1	0	-1		-2
Impairment on land holding					0
Acquisition costs				-3	-3
Restructuring costs	-1				-1
Total exceptional items	**-2**	**0**	**-1**	**-3**	**-6**
Depreciation and amortisation	-3	-3	-10	-4	-20
Operating result	**11**	**14**	**12**	**-14**	**23**
Net financing costs					0
Result of joint ventures and associates					*2*
Result before tax					**25**
Tax result					-7
Result after tax					**18**
Operating result as percentage of revenues					*2,5%*

Underlying EBITDA refers to operational result before depreciation/amortization and adjusting for EBITDA joint ventures excluding impairment on land holding and goodwill, restructering costs, acquisition costs including retention bonusses, book results on investements and any other non-operational results, if applicable, that are designated by the Group as special.

Condensed balance sheet per business segment

x € 1 million

30 June 2024	Living	Working	Connecting	Other/ eliminations	Total
Assets	816	327	405	-247	1.301
Not allocated					15
Total assets	**816**	**327**	**405**	**-247**	**1.316**
Liabilities	352	266	277	-92	803
Not allocated					103
Total liabilities	**352**	**266**	**277**	**-92**	**906**
Equity					**410**
Total equity and liabilities					**1.316**

31 December 2023	Living	Working	Connecting	Other/ eliminations	Total
Assets	854	286	394	-220	1.314
Not allocated					22
Total assets	**854**	**286**	**394**	**-220**	**1.336**
Liabilities	366	237	266	-105	764
Not allocated					188
Total liabilities	**366**	**237**	**266**	**-105**	**952**
Equity					**384**
Total equity and liabilities					**1.336**

6. Selected notes

6.1 Reporting entity

Royal Heijmans N.V. (the Company) is registered and has its head office in Rosmalen, the Netherlands. The Company's consolidated financial statements for the first half of 2024 include the Company and its subsidiaries (collectively referred to as the Group) and its interest in associates and the Group's share in joint arrangements.

6.2 Accounting policies

6.2.1 Statement of compliance

The consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) for interim financial statements as adopted within the EU (IAS 34). The consolidated interim financial statements do not include all the information required for full financial statements and should be read in conjunction with Heijmans' consolidated financial statements for 2023.

The management prepared the consolidated interim financial statements on 26 July 2024.

6.2.2 Use of estimates and judgements

The preparation of this interim report requires management to make judgements, estimates and assumptions that affect the reported values of assets and liabilities and income and expenses. The estimates and underlying assumptions are based on experience and other factors that are considered reasonable. The outcomes of the estimates form the basis for the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual outcomes may differ from these estimates.

The significant judgements made by management in the application of the Group's accounting policies, as well as the key sources of estimation uncertainty, are the same as those applied in the Heijmans consolidated financial statements for 2023, as no details have arisen that would warrant modification. For a more detailed explanation of the limited effects of the nitrogen issue, climate-related matters and macro-economic developments, see sections 6.11 through 6.13.

6.3 Significant accounting policies

The accounting policies applied in the consolidated interim financial statements are the same as those applied in the consolidated financial statements for the financial year 2023.

6.4 Acquisition

Van Gisbergen

On 9 July 2024, Heijmans announced that it had reached an agreement to acquire all the activities of Hooge Mierde-based development and construction company Van Gisbergen. Van Gisbergen is a developing builder with a primary focus on houses in the Greater Eindhoven region. Van Gisbergen recorded revenues of € 45 million in 2023 with a net profit of € 3 million. The company has its own portfolio of 2,200 land positions. The acquisition price is € 13 million to be paid in cash.

The proposed acquisition strengthens Heijmans' market position in property development and construction in the Greater Eindhoven area. Closing is expected in the third quarter of 2024, subject to approval by the Consumer & Market Authority (ACM). The results and balance sheet of the acquired activities will be recognised in the Group's consolidated figures from the moment the purchase agreement is finalised. Heijmans is financing this acquisition from its existing facilities.

Van Wanrooij

In June 2023, Heijmans announced the acquisition of Van Wanrooij. On 5 September 2023, Heijmans completed the acquisition after obtaining approval from the ACM. Through this acquisition, Heijmans further strengthened its position in construction and property development. This fulfilled one of the company's strategic objectives, namely to further strengthen its position in property development and residential construction.

6.5 Wintrack II arbitration ruling

In 2023, the Wintrack II dossier was concluded in Heijmans' favour. Heijmans had been involved in this case since September 2018, when the agreement between Heijmans Europoles B.V. (HEP) and TenneT for the purpose of constructing new high-voltage pylons (project name Wintrack) was terminated by TenneT. This was followed by arbitration proceedings in which it was ruled in May 2021 that TenneT had lawfully terminated the contract. Heijmans then set aside a provision for reasons of prudence. With the final ruling by the Council of Arbitration on appeal regarding the Wintrack II project in October 2023, the case ended in Heijmans' favour. This released the remaining provision, which had a positive impact of € 14 million on underlying EBITDA in H2 2023. There is no further impact for 2024.

6.6 Tax rate

The effective tax rate (25.1%) was slightly lower than the nominal tax rate (25.8%) in H1 2024 due to exempted associate results.

6.7 Dividend pay-out

The cash dividend on ordinary shares paid out in May 2024 for 2023 was € 11 million. In May 2024, 652,146 new shares were issued and paid as stock dividend. Heijmans intends (to be put on the agenda at the forthcoming AGM) to pay the dividend for 2024, payable in 2025, entirely in cash and to increase the dividend percentage to 50% from 40%.

6.8 Share Matching Plan

In April 2021, Mr Hillen purchased 5,500 depositary receipts for Heijmans shares for 23% of the 2020 short-term bonus he was awarded. One conditional share was allocated for each share purchased pursuant to the Share Matching Plan. These shares vested after three years. In May 2024, the Group purchased and issued 5,500 depositary receipts for shares to Mr Hillen; these shares are subject to a mandatory lock-up period of two years.

In May 2024, Mr Hillen and Mr Van Boekel purchased 4,200 and 3,100 depositary receipts for Heijmans shares, respectively, from the 2023 short-term bonus they were awarded. One conditional share was allocated for each share purchased pursuant to the Share Matching Plan. These shares vest after three years.

The Share Matching Plan ceased to be part of the Executive Board remuneration policy on 1 January 2024. The conditional rights attached to purchases pursuant to the Plan over the 2022 and 2023 financial years will vest in 2025 and 2026 respectively if the conditions are met. Thereafter, the Share Matching Plan will lapse in full.

6.9 Fair values

The table below shows the carrying amount and fair value of the financial instruments:

x € 1 million

	30 June 2024	
	Book value	**Fair value**
Financial assets and -liabilities		
Loans granted to joint ventures	41	41
Trade and other receivables	226	226
Cash and cash equivalents	46	46
Syndicated bank financing	-29	-29
Project financing	-11	-10
Other non-current liabilities	-1	-1
Trade and other payables	-370	-370
Total	**-98**	**-97**

The Group has no financial assets and financial liabilities measured at fair value.

6.10 Seasonal patterns

The usual seasonal pattern in the construction industry affects reported results, the balance sheet and cash flows. Revenue and operating result are historically lower in the first half of a year than in the second half. Working capital requirements and net debt are historically higher in June than in December. However, in recent years this effect has been more limited because clients pay relatively quickly and the Group has been able to invoice quickly, resulting in a favourable (low) balance of work in progress.

6.11 Nitrogen issue

The impact of the nitrogen issue on financial results was limited in the first half of 2024. This issue is leading to delays in tenders on major infrastructure projects. For the moment, the delay in the execution of our projects remains limited. Heijmans continuously monitors the potential impact of delays in the issuance of permits. The Group's outlook for the coming years is good, given, among other things, the orders in the pipeline (which is of good quality and has a limited risk profile) and the headroom available in the financing facilities.

6.12 Climate-related matters

Climate change presents both risks and opportunities for the Group. These may affect the medium-term projections underlying asset valuations. The Group's analyses show that the opportunities outweigh the risks. The Group sees no reason to adjust its medium-term projections downwards.

6.13 Macro-economic developments

The current economic situation is marked by falling inflation, a modestly moderate growth path for economic growth and a worsening government budget deficit due to increased interest payments on the government's own debt. In the construction industry, procurement prices across the board have increased in recent years but are currently stabilising. The availability of materials and labour remains under pressure. The Group is therefore not taking on larger works or works with a longer execution period without indexation arrangements. The IMF (International Monetary Fund) is forecasting modest global growth over the next two years, with an expected slowdown (less rapid than previously) in the pace of price growth due to international geopolitical developments with upward inflation risks. This could potentially delay further interest rate cuts and have a negative impact on private consumption. Private consumption is expected to grow due to higher wages, low unemployment and lending to households. Given the undiminished high demand for housing, the medium-term outlook for the housing market remains positive, especially as regards the new construction of energy-efficient houses.

7. Executive Board statement

Taking into account the contents of this report, the Executive Board declares that, to the best of its knowledge, the interim financial information with respect to the companies included in consolidation, prepared in accordance with IAS 34 'Interim Financial Reporting' as accepted within the European Union, provides a true and fair view of the assets, liabilities financial position and result for the first half of 2024, and that the interim report provides a true and fair view of the main events that occurred in the first half of the year and their impact on the interim financial statements, a fair description of the principal risks and uncertainties for the further periods of the year, as well as a fair overview of the main transactions with related parties.

Rosmalen, 26 July 2024

The members of the Executive Board

Ton Hillen, chairman

Gavin van Boekel