

Press release

De Bilt, 18 August 2011

Grontmij - first Half 2011 results

Stable results in tough markets

- Total Revenue +46% € 547 million (2010: € 376 million)
- Underlying EBITA +30% € 22.1 million (2010: € 17 million)
- Profit after tax +49% € 6.1 million (2010: € 4.1 million)
- Organic growth in all business lines except for Planning & Design
- Agreement to convert Netherlands pension scheme to defined contribution
- Telecoms divestment on schedule
- Forward orders stable, but pricing pressure continues

Half Year Highlights

€ million	<u>2011</u>	<u>2010</u>	Variance
Total revenue	547	376	45.6%
Net revenue	416	313	33.1%
Underlying EBITDA*	29.5	22.4	31.7%
Underlying EBITA* (Operating profit)	22.1	17.0	30.0%
Exceptionals/non-recurring EAI/divestments	(3.1) <u>0.4</u>	(5.0) <u>0.6</u>	
Adjusted EBITA	19.4	12.6	54.3%
Profit after tax	6.1	4.1	49.0%
Earnings per share €	0.29	0.23	26.1%

* Before exceptional / non-recurring items € (3.1)m (2010: € (4.4)m), EAI/divestments € 0.4m (2010: € 0.6m) and acquisition costs € nil (2010: € (0.6)m)

Sylvo Thijsen, CEO Grontmij N.V.: 'In the second quarter of 2011 we continued to stabilize our business in Europe under difficult market circumstances, through key planned structural improvements and increased marketing and tendering activities. Growth overall is stable.

Organic growth remained strongest in our Transportation & Mobility and Water & Energy business lines, and in particular in the Nordic region. In France trading was strong for Monitoring & Testing and Telecom. On the other hand, the cost-cutting programs of most European governments were mainly felt in Planning & Design particularly in the UK and in the Netherlands. This has led to increased and severe price competition. Overall, our forward order book remained stable and at satisfactory levels for the next half year.

We were awarded some significant contracts during the quarter; in Planning & Design we were awarded a contract by the city of Toulouse for the renovation of the city's science park. In Transportation & Mobility we gained a place on England's Highways Agency's Project Support Framework enabling us to partake in upcoming major infrastructure projects on England's strategic road network. In Monitoring & Testing we gained a key contract in the city of Nice (France) for geotechnical testing for two new tram lines, and in the UK we gained a significant contract with Yorkshire Water for telemetry testing. In Water & Energy we gained valuable contracts for waste management in Poland, a large bio-energy plant in Norway and Germany, and an advisory contract in Turkey with the Turkish Ministry of Environment and Forestry.

Subsequently we have had a major contract award for the project planning of the new Stockholm ring road, a multi-million contract that secures for many years the workload for our Transportation & Mobility business line in Sweden. We also continue to see good development generally elsewhere in our pipeline opportunities.

In the last few months we have concluded some important and positive structural changes in the business:

We have continued with good progress on our office property reduction project with target reductions of more than 30% over a five year period.

We concluded the process of agreeing the transfer of the pension scheme in the Netherlands from a defined benefit scheme to a collective defined contribution scheme. This will considerably reduce the potential volatility in long term liabilities for the Group's balance sheet for the future. In comparison to 2010 the non-cash impact of the new pension agreement will result in on average € 1.5m per quarter higher employee expenses in the Netherlands for the current year.

We have continued our focus on improving working capital management, which together with the planned proceeds from the divestment of the Telecoms business, and other non-core activities will continue the overall deleveraging of the Group's balance sheet for full 2011. Combined with de-risking the long term balance sheet by converting the pension scheme in the Netherlands this means a more stable platform for future growth.'

Financial commentary

Profit and loss account

Total revenue increased by 46% to € 547 m from € 376 m last year primarily due to a contribution of € 166 m from France. Currency effect was 1%. There was organic growth of 4.4% in Transportation & Mobility and 1.2% in Water & Energy and organic decline of 4% in Planning & Design.

Half year results			
Profit and loss account			
€ million	<u>2011</u>	<u>2010</u>	Variance
Total revenue	547	376	45.6%
Net revenue	416	313	33.1%
Gross margin	139	99	40.5%
Gross margin %	25.4%	26.3%	
Underlying EBITDA*	29.5	22.4	31.7%
Underlying EBITA*	22.1	17.0	30.0%
% total revenue	4.0%	4.5%	
% net revenue	5.3%	5.4%	
Divestments	-	(0.5)	
Results from EAI	0.4	1.1	
Restructuring	(3.1)	(4.4)	
Acquisition costs	-	(0.6)	
Amortisation	(4.1)	(3.3)	
Finance result	(6.8)	(3.4)	
Income tax expense	(2.4)	(1.8)	
Effective tax rate	28%	31%	
Profit after tax	6.1	4.1	

* Before exceptional / non-recurring items € (3.1)m (2010: € (4.4)m), EAI/ divestments € 0.4m (2010: € 0.6m) and acquisition costs € nil (2010: € (0.6)m)

The operational profit, before exceptional items expressed as underlying EBITA, increased by 30% to € 22.1 m from € 17 m last year and represented a return on Total revenue of 4.0% compared to 4.5% last year and return on Net revenue of 5.3% slightly down from last year reflecting the poor market situation in the UK and in the local markets in the Netherlands. The contribution from France in the first half of 2011 was € 9.5 m. Due to a combination of the downsizing of the business in the Netherlands, and the non-cash effect of the revised defined contribution pension scheme, there was a decline of underlying EBITA in the Netherlands. In the rest of the business there was an improvement in underlying EBITA in the Nordics and Belgium in particular.

Results from investments in equity accounted investees (EAI) of € 0.4 m remained below the level of € 1.1 m from last year due to divestments during 2010.

Restructuring/acquisition costs of € (3.1) m were below the level of last year of € (5) m and related principally to further direct resource reductions in the UK and the Netherlands. We expect less restructuring costs in the second half of 2011.

Amortisation of € (4.1) m was slightly up from the level of last year of € (3.3) m principally due to the amortisation of intangible assets from the acquisition of Ginger.

Finance result of € (6.8) m was higher than last year € (3.4) m principally due to the interest on the increased acquisition debt for the purchase of Ginger, and the higher spread resulting from the higher leverage of the Group compared to first half of 2010.

The effective tax rate increased to 28% compared to 27% for the first quarter of 2011, but still below the 31% for the first half of 2010. The movements are principally due to higher expected tax exempt capital gains and innovation box tax credits. Overall, profit after tax was € 6.1 m compared to € 4.1 m for last year.

Quarterly and Organic overview:

On a quarterly basis Total revenue Q2 2011 vs Q2 2010 remained relatively stable, as a result of growth in the Nordics and Belgium offset by the Netherlands and UK; currency effect was 0.4%.

Profit and loss account - quarterly development

€ million	<u>Q2 11</u>	<u>Q1 11</u>	<u>Q4 10</u>	<u>Q3 10</u>	<u>Q2 10</u>	<u>Q1 10</u>
Total revenue	274	273	296	251	190	185
including France	94	83	104	78	10	
Net revenue	202	214	212	191	159	154
including France	54	54	61	49	7	
Underlying EBITA*	10.7	11.4	18.5	11.0	9.0	8.0
including France	6	3	8	3	-	
Restructuring	(2.1)	(1.0)	(2.0)	(0.8)	(3.4)	(1.0)
Acquisition and refinancing costs	-	-	-	-	(2.6)	-

*Before non-recurring restructuring costs, acquisition and refinancing costs, profits from EAI and result on divestment of EAI

Balance sheet

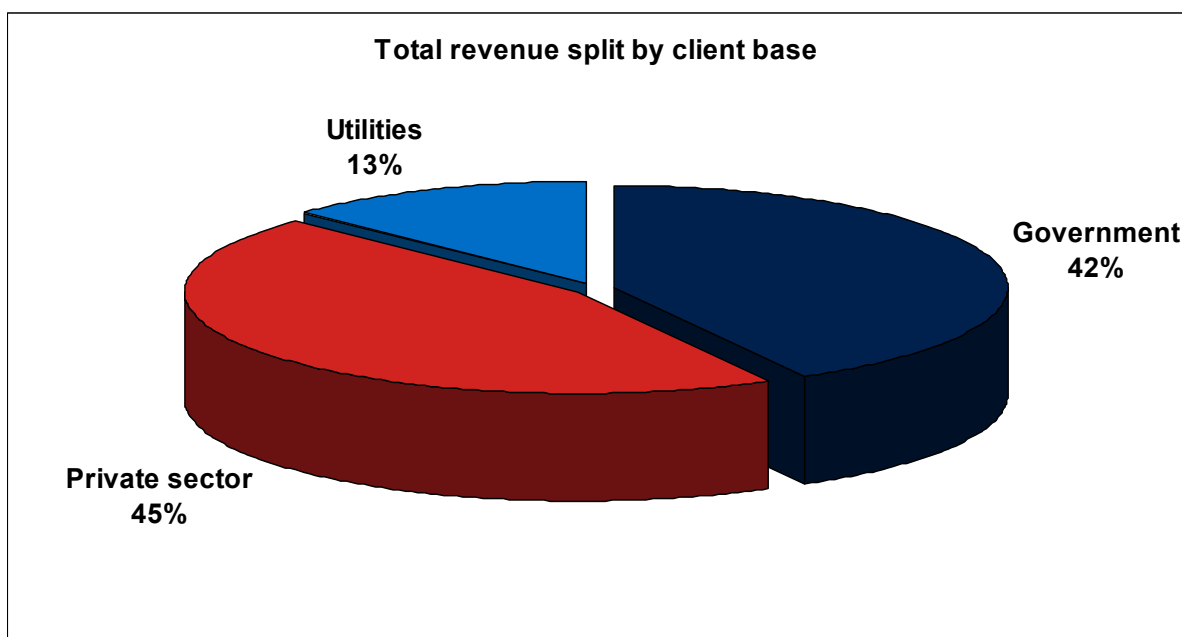
Half year results		
Balance sheet extract		
€ million	30-Jun	31-Dec
	2011	2010
Intangible assets and goodwill	255	259
Work in progress	69	25
Inventories	17	19
Trade receivables	179	198
Net debt	(199)	(194)
Cash	62	62

Intangible assets and goodwill decreased to € 255 m from € 259 m through normal amortisation. Work in progress increased to € 69 m from € 25 m reflecting the normal seasonal pattern for the first half of the year, inventories decreased slightly to € 17 m from € 19 m, and trade receivables decreased to € 179 m from € 198 m. Group net debt was € (199) m slightly up from € (194) m at the year end again reflecting the normal seasonal pattern for the first half of the year.

Operational commentary

Business Lines

	2011			2010		
	Revenue	EBITA	Margin	Revenue	EBITA	Margin
	€m	€m	%	€m	€m	%
Planning & Design	193.1	4.8	2.5%	147.9	5.4	3.7%
Transportation & Mobility	103.1	8.3	8.0%	93.0	8.1	8.7%
Water & Energy	107.5	2.4	2.3%	104.1	2.5	2.4%
Monitoring & Testing	66.4	6.2	9.4%	13.4	1.4	10.6%
Telecoms	70.8	3.9	5.5%	4.4	0.1	1.2%
Other / Non-core / HQ	6.3	(6.3)		13.0	(4.8)	
Total	547.2	19.4		375.8	12.6	
Restructuring, acquisitions, EAI:		2.7			4.4	
Underlying EBITA		22.1	4.0%		17.0	4.5%



Overall, there was a slight move towards more private sector clients from public sector, with the private sector portion representing 45% (excluding utilities).

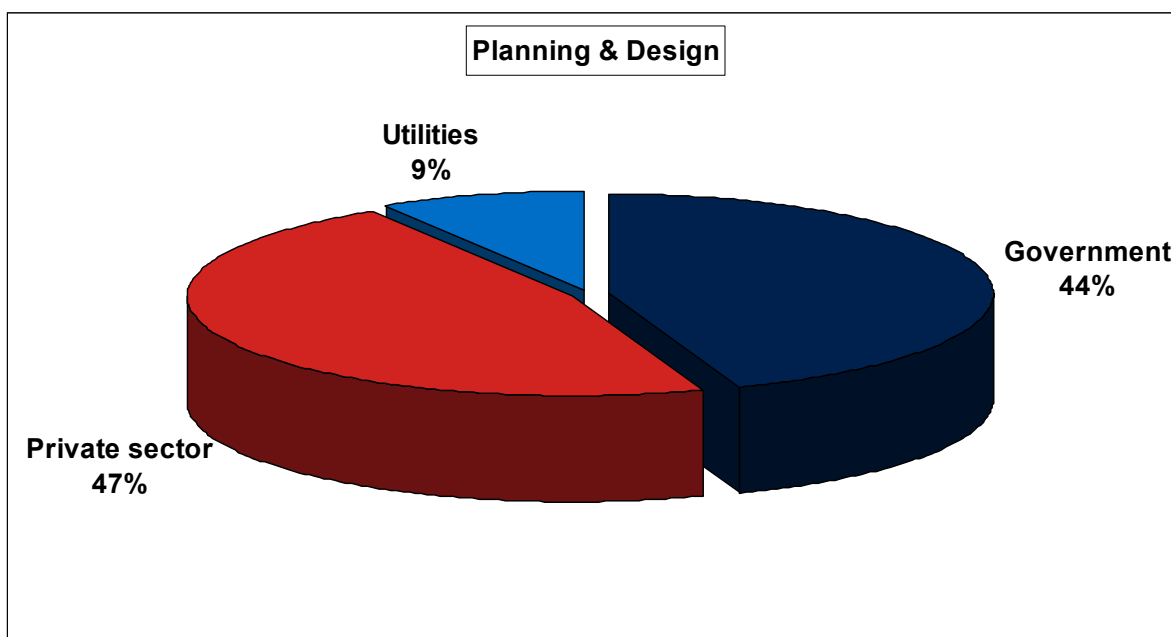
Planning & Design

Representing all design, engineering and consultancy activities for the built and natural environments (building, structural, architectural, environmental engineering). Predominately in local markets for governments, real estate developers, small/mid-sized enterprises.

Planning & Design	2011			2010		
	Revenue	EBITA	Margin	Revenue	EBITA	Margin
	€m	€m	%	€m	€m	%
Nordic	39.8	1.0	2.5%	37.1	-0.4	-1.1%
Benelux	82.1	3.3	4.0%	87.2	4.2	4.9%
UK & CEE	20.7	0.2	1.0%	20.3	1.5	7.5%
France	50.6	0.3	0.6%	3.3	-	
Total	193.1	4.8		147.9	5.4	
Restructuring, EAI:		0.8			1.9	
Underlying EBITA		5.5	2.9%		7.3	4.9%

Organic growth in Revenue in the Nordics was 3.4% as the business continued to recover. Due to actions taken the business has now returned to profitability. The decline in profitability in the Benelux is mainly due to the poor market circumstances at municipality-level in the Netherlands, as well as the pension charge. The smaller volumes have led to severe price competition amongst competitors. Whilst Germany Planning & Design is trading strongly at target EBITA level, the UK Planning & Design is loss making, due to the completely devastated market for town and country planning. Extra restructuring measures have been taken to improve the situation in the second half. In France the integration of Coplan (acquired by Ginger, March 2010) and some incidental project losses led to a low margin in the first half year. Improvement is expected in the second half.

In the first half year we won a major contract by the city of Toulouse for the renovation of the city's science park.



There was a further small shift towards private sector clients, now representing 47% of the total, excluding utilities.

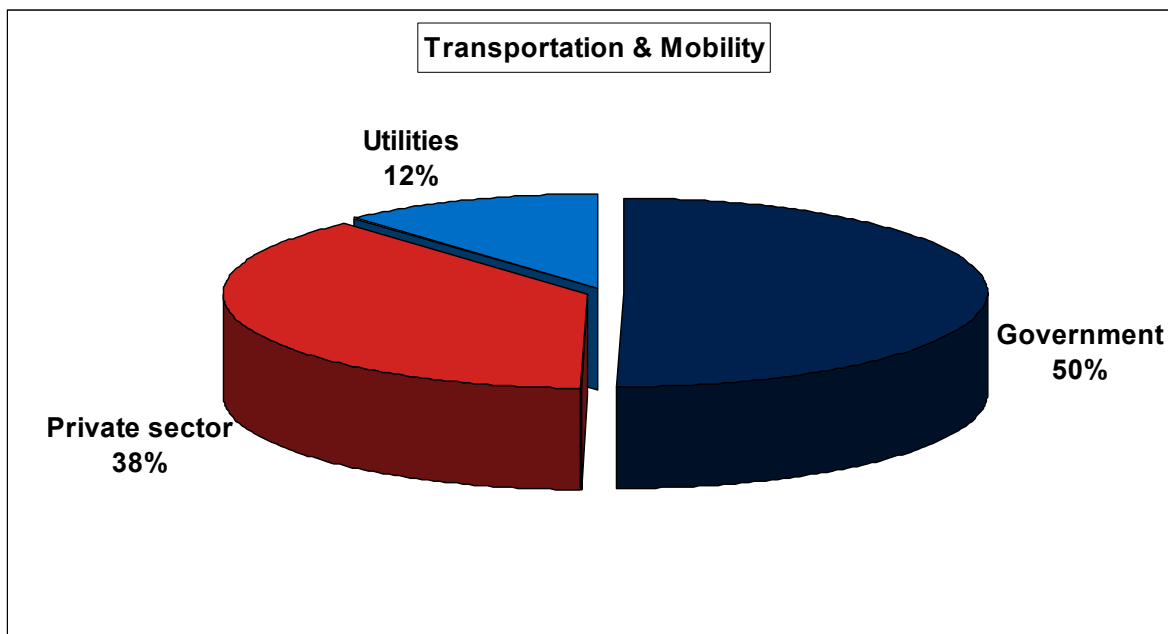
Transportation & Mobility

Representing all design, engineering and consultancy activities for transportation, logistics of movements of people and goods by road, rail, water and air. Predominately in national market for governmental authorities, some privatised bodies and for larger construction companies and investors (in PPP).

Transportation & Mobility	2011			2010		
	Revenue	EBITA	Margin	Revenue	EBITA	Margin
	€m	€m	%	€m	€m	%
Nordic	44.1	3.7	8.4%	39.4	1.9	4.8%
Benelux	43.8	4.5	10.3%	37.9	5.3	14.0%
UK & CEE	15.2	0.1	0.7%	15.7	0.9	5.7%
Total	103.1	8.3		93.0	8.1	
Restructuring, EAI:		0.2			0.3	
Underlying EBITA		8.5	8.2%		8.4	9.0%

Overall the business Transportation & Mobility showed a more than 10% growth in the first half year. Grontmij has a solid and acknowledged position in these sectors in Europe. Nevertheless there were some postponed projects, and the highly competitive market influenced bidding costs and prices. Again this mainly impacts the UK, where the general trading conditions are poor and, as an incidental event, the postponement of the Stuttgart 21 project in Germany. However with the award of the Forth Road Bridge and Highways Agency PSF contracts, the forward order book in the UK looks strong. In the Benelux, there was some decline in EBITA principally in the Netherlands where

pricing remains competitive, and also due to the pension charge. Major projects awarded included a place on England's Highway Agency's project Support Framework enabling us to partake in upcoming major infrastructure projects on England's strategic road network. More recently, we had confirmation of our award of the design contract for the Stockholm ring road, a major contract for our Swedish business worth circa € 10 m.



The split of private versus public clients remained constant at 50%.

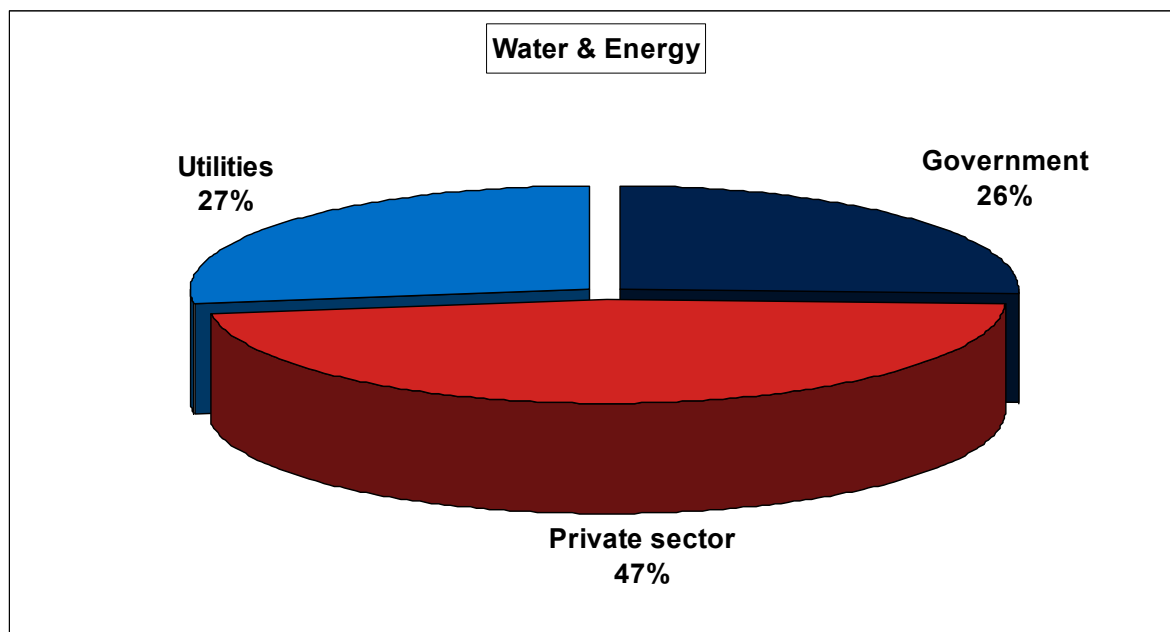
Water & Energy

Representing all design, engineering and consultancy activities for technological process improvement in the treatment and/or generation in plants and installations for water, energy, soil. Predominately in national and international markets, for larger energy and water utilities in Europe and multi-national corporations.

Water & Energy	2011			2010		
	Revenue	EBITA	Margin	Revenue	EBITA	Margin
	€m	€m	%	€m	€m	%
Nordic	37.0	0.3	0.8%	35.1	(1.2)	-3.4%
Benelux	34.1	2.4	7.0%	31.2	4.1	13.1%
UK & CEE	36.4	(0.3)	-0.7%	37.8	(0.4)	-1.1%
Total	107.5	2.4		104.1	2.5	
Restructuring, EAI:		1.3			1.0	
Underlying EBITA		3.7	3.4%		3.5	3.3%

There was 5% growth in revenue in the Nordics, and 9% growth in revenue in the Benelux. The decline in EBITA in the Benelux was wholly due to the Netherlands where price competition remained fierce, as well as the increased pension charge. In the UK & CEE, Revenues were relatively flat mainly caused by the UK where AMP 5 ramp up is still slower than anticipated. Major

contracts won included a significant contract for waste management in Poland, large bio energy plants in Norway and Germany and an advisory contract in Turkey with the Turkish ministry of Environment and Forestry.



There was a further shift towards private sector clients, which now represent 47% of the total, excluding utilities.

Monitoring & Testing

All control, measurement testing, certification activities by dedicated methodology and equipment over total life cycle of physical assets as building, bridges, roads etc. Clients mainly local and national customers, governmental and industrial. Delivering to all other business lines.

Monitoring & Testing	2011			2010 Modelled pro-forma		
	Revenue	EBITA	Margin	Revenue	EBITA	Margin
	€m	€m	%	€m	€m	%
Benelux	11.0	0.8	7.5%	10.6	1.4	12.9%
France	55.4	5.4	9.8%	2.8	0.1	1.9%
Total	66.4	6.2		13.4	1.4	10.6%
Restructuring, EAI:		-			0.2	
Underlying EBITA		6.2	9.4%		1.6	12.3%

The Monitoring & Testing business line in France had a strong first half, maintained a strong forward order book, and is on track to achieve the target EBITA %. Although difficult to compare as the business line was created early this year we see an increasing demand for Life Cycle Asset management services based on reliable data sequences client assets. In Q3 Monitoring & Testing units will be designated in the UK, Germany, Belgium and Denmark.

Major contracts awarded included a key contract in the city of Nice (France) for geotechnical testing of two new tram lines and a significant contract with Yorkshire Water for telemetry testing.

Regions

	2011			2010		
	Revenue	EBITA	Margin	Revenue	EBITA	Margin
	€m	€m	%	€m	€m	%
Nordic	120.9	5.1	4.2%	111.6	0.3	0.3%
Benelux	171.0	11.0	6.4%	166.9	15.0	9.0%
UK & CEE	72.2	-	0.0%	73.8	2.0	2.7%
France	106.0	5.7	5.4%	6.1	0.1	1.2%
Telecoms	70.8	3.9	5.5%	4.4	0.1	1.2%
Other / HQ	6.3	(6.3)		13.0	(4.8)	
Total	547.2	19.4		375.8	12.6	
Restructuring, acquisitions, EAI:		2.7			4.4	
Underlying EBITA		22.1	4.0%		17.0	4.5%

Nordic

The Nordic region showed a good recovery for the first half of 2011, total Revenues increased by over 8%. Margins remained highest in Transportation & Mobility, with further improvement targeted for Water & Energy and Planning & Design, and EBITA margin recovered to above 4% from breakeven last year.

Benelux

In the Benelux total revenue increased organically by 2.4%, driven by Belgium, where trading was strong in particular in Transportation & Mobility and Water & Energy. In the Netherlands there was organic decline in Revenues due to the downsizing of the business. The decline in EBITA in the Benelux was due to the Netherlands where budget cuts in the public sector led to lower volumes and increased price competition, particularly in Planning & Design, and also to some extent in Water & Energy, in addition to the increased pension charge.

UK & CEE

The UK & CEE revenues were relatively flat, whilst Germany is performing well. The decline in EBITA was again principally in the UK due to the difficult trading conditions, the poor governmental market and slower than anticipated pick up in AMP 5 work.

France

Trading in France for the first half was strong, with organic growth on a pro-forma basis in both Planning & Design and Monitoring & Testing. Telecoms (as an asset held for sale) had a good order intake in the first half year.

Outlook

Based on the order book for the coming year we expect Planning & Design to remain strong in Germany, but weak in the Netherlands, and Transportation & Mobility to remain strong and growing. We expect a continued slow recovery in Water & Energy in the UK, and Monitoring & Testing to remain strong and growing. Overall the order book remains stable, but pricing pressure continues. The divestment of the Telecoms division is on schedule.

On balance therefore for 2011 we expect to achieve underlying EBITA close to the level of last year, including the effect of pensions.

This press release and the Interim Financial Statements 2011 can be found on our website www.grontmij.com

Analysts meeting audio webcast and conference call

Today 18 August, at 10.30 CET, Grontmij will host a presentation for analysts. You can listen to the analysts conference through real time audio webcast.(www.grontmij.com)

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Note to editors

Grontmij is a leading sustainable design and management consultancy active in four business lines: Planning & Design, Transportation & Mobility, Water & Energy, Monitoring & Testing.

At the heart of our business is the sustainability by design principle. It is a leading value proposition for our customers. Grontmij is the fourth largest engineering consultancy in Europe with almost 300 offices across the region and a further 50 offices globally. We have nearly 11,000 professionals around the world.

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