

Grontmij Half Year Results 2010

Cost reductions and improving forward orders in difficult markets

- Improvement in forward order book, pressure on pricing
- Progress on cost reductions and non-core divestments
- Ginger acquisition on plan
- Outlook: second half year better than first half year 2010

| Half Year - Highlights | | |
|---|---------------|-------------|
| <u>Consolidated Group Profit & Loss and Balance Sheet extract</u> | | |
| € million | <u>2010</u> * | <u>2009</u> |
| Total revenue | 376 | 416 |
| EBITA | 17 | 23 |
| % total revenue | 4.5% | 5.5% |
| Divestments | -0.5 | 5.2 |
| Restructuring | -4.4 | -2.2 |
| Acquisition and refinancing | -2.6 | - |
| sub-total non recurring | -7.5 | 3.0 |
| Profit after Tax | 4.1 | 15.4 |
| Grontmij working capital | 174 | 204 |
| Ginger working capital | 109 | - |
| Total working capital | 283 | 204 |
| Grontmij net debt | -97 | -118 |
| Grontmij acquisition debt | -27 | - |
| Ginger net debt** | -29 | - |
| Total net debt | -153 | -118 |

* 2010 includes a small portion of Ginger Groupe first half 2010 result, representing 13 days of ownership. At Total Revenue and underlying EBITA level this represents € 10.5 million and € 0.3 million respectively.

** Excluding finance lease obligations of €3.4 million.

Sylvo Thijsen, CEO Grontmij N.V.: 'The second quarter of 2010 was consistent with the first quarter, with the underlying performance of the business beginning to stabilise and the forward order book starting to improve. The new required IFRS treatment of the Ginger S.A. ('Ginger') acquisition and refinancing costs (€ -2.6 million), combined with

further restructuring to reduce the cost base (€ -4.4 million), and no comparable result on divestments (€ -0.5 million), resulted in non-recurring costs of € -7.5 million in the first six months of 2010 compared to income of € 3 million in the first six months of 2009 – a total difference of above € 10 million. All of these actions are designed to strengthen and grow the business for the future. In these weaker trading conditions, Grontmij's net debt was reduced through the proceeds of planned divestments of non-core assets.

The acquisition of Ginger continues on plan, with the launch of the public offer for the remainder of the Ginger shares on 23 July.

The forward order situation started to slightly improve in the second quarter in all business line areas, the effects of which will begin to show at the end of this year and the beginning of next year, although the local markets in Planning & Design suffer from cuts in governmental spending. There were also increasing instances of cross border contract awards in line with the new focus for organic growth through the three business lines.

There was some recovery in the Nordic region, after a difficult start in the first quarter. The slight improvement in the Benelux region improved EBITA margins compared to 2009, as the benefits of cost reductions begin to show. Trading in the UK remained slow, although the AMP5 order book (fifth Asset Management Plan) continued to strengthen in comparison to AMP4.

Overall, our markets remain uncertain, especially in building related services, and so we will continue to take necessary action on our cost base, and manage our working capital and cash tightly. We will continue to vigorously pursue organic growth opportunities through the cross border business lines, and we will build further on these through the integration of the Ginger acquisition. With the stabilisation of our business in the Nordic region, the cost reductions and the expected pick up in the regulated water business in the UK we expect a stronger second half in 2010 for the organic business, to be further supplemented by the consolidation of Ginger'.

Financial Commentary

| <u>Interim Results 30 June</u> | | |
|--|--------------|-------------|
| <u>Profit and Loss account</u> | | |
| Including Ginger results | | |
| € million | <u>2010*</u> | <u>2009</u> |
| Total revenue | 376 | 416 |
| Net revenue | 313 | 331 |
| Gross Margin | 99 | 107 |
| Gross Margin % | 26% | 26% |
| EBITDA | 22 | 29 |
| EBITA | 17 | 23 |
| % total revenue | 4.5% | 5.5% |
| % net revenue | 5.4% | 7.0% |
| Results from EAI | 1.1 | 2.1 |
| Divestments | <u>-0.5</u> | <u>5.2</u> |
| Adjusted EBITA | 17.6 | 30.3 |
| Amortisation | -3.3 | -4.2 |
| EBIT | 14.3 | 26.1 |
| Restructuring | -4.4 | -2.2 |
| Acquisition and refinancing costs | <u>-2.6</u> | <u>-</u> |
| sub-total | -7.0 | -2.2 |
| Finance result | -1.4 | -3.2 |
| Taxation | -1.8 | -5.4 |
| Effective tax rate | <u>31%</u> | <u>26%</u> |
| Profit after Tax | 4.1 | 15.4 |

* 2010 includes a small portion of Ginger Groupe first half 2010 result, representing 13 days of ownership. At Total Revenue and underlying EBITA level this represents € 10.5 million and € 0.3 million respectively.

The decline in total revenue to € 376 million compared to € 416 million (9.6% decline, 12.5% organic decline) in the first six months of 2009 was consistent to the decline in the first quarter, with Planning & Design showing the largest reduction in all regions, followed by Water & Energy, partly offset by an increase in revenue in Transportation & Mobility. The decline in net revenue was 5.4% (9.3% organic decline).

As a result of the actions taken to reduce surplus direct resources late in 2009 and during the first half of 2010 the underlying gross margin percentage remained at the

same level as reported in the first half of 2009 (26%). EBITA margins remained slightly below the levels of 2009 as the full effects of indirect cost reductions have yet to feed through.

Continued focus on all opportunities to reduce indirect costs resulted in further restructuring costs totaling € -4.4 million for the first six months of 2010 compared to € -2.2 million in the same period in 2009. These costs were largely incurred in the Netherlands where there were further indirect headcount reductions due to back office centralization. There were also further restructuring costs in the UK, where the AMP5 cycle pick up remained slow, and also in Denmark where the slow start to 2010 led to reductions in direct resource.

Contribution from Equity Accounted Investees ('EAI') was below last year due to the divestments in 2009 and the first six months of 2010. Divestments of EAI resulted in a loss of € -1.1 million partly offset by a profit on sale of other, non-core assets of € 0.6 million, compared to an overall profit on divestments of € 5.2 million in the first six months of 2009.

The transaction costs taken through the profit & loss account for the acquisition of Ginger were accounted for in accordance with IFRS 3 and expensed, together with the write off of un-amortised capitalized arrangement fees relating to the term loans that were re-financed under the new revolving credit agreement.

The small net loss on divestment of assets, combined with restructuring costs, acquisition and re-financing transaction costs resulted in a total of € -10.5 million higher non-recurring costs in the first half of 2010 compared to the same period in 2009. As a result therefore, the profit after tax was reduced to € 4.1 million compared to € 15.4 million in the first six months of 2009.

| Profit & Loss Account | | | | | | |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| € million | <u>Q2 10</u> | <u>Q1 10</u> | <u>Q4 09</u> | <u>Q3 09</u> | <u>Q2 09</u> | <u>Q1 09</u> |
| Total revenue | 191 | 185 | 192 | 191 | 208 | 208 |
| Net revenue | 159 | 154 | 152 | 146 | 164 | 167 |
| EBITA* | 9.0 | 8.0 | 11.5 | 10.2 | 12.5 | 10.5 |
| Restructuring | -3.4 | -1.0 | -7.6 | -1.9 | -1.7 | -0.5 |
| Acquisition and refinancing costs | -2.6 | - | - | - | - | - |

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

On a quarterly basis, the organic decline observed in the fourth quarter of 2009 stabilised during the first half year of 2010 in terms of both net revenues and underlying EBITA.

| Balance sheet extract 30 June | | |
|--|-------------|-------------|
| € million | <u>2010</u> | <u>2009</u> |
| Grontmij - Intangible assets & Goodwill | 231 | 203 |
| Ginger - Intangible assets & Goodwill | 47 | - |
| | 278 | 203 |
| Grontmij - Work in progress | 37 | 35 |
| Ginger - Work in progress | 26 | - |
| | 63 | 35 |
| Grontmij - Inventories | 18 | 36 |
| Ginger - Inventories | 7 | - |
| | 25 | 36 |
| Grontmij - Trade Receivables | 119 | 133 |
| Ginger - Trade Receivables | 76 | - |
| | 195 | 133 |
| Grontmij net debt | -97 | -118 |
| Net acquisition debt | -27 | - |
| Ginger - net debt* | -29 | - |
| Total net debt | -153 | -118 |

* Excluding finance lease obligations of €3.4 million.

Intangible assets and goodwill increased by € 75 million due to the acquisition of 51.8% of Ginger on 18 June 2010.

Work in progress (excluding Ginger) was slightly higher at € 37 million, but inventories were significantly reduced to € 18 million due to the divestment of non-core assets. Trade receivables were lower at € 119 million due to the reduced level of revenue and continued focus on debt collection.

Grontmij net debt (before the effects of the acquisition of Ginger) reduced by € 21 million to € 97 million, and the acquisition of 51.8% of Ginger in June was financed by a combination of € 27 million of debt and € 38 million of new shares. Ginger net debt was € 29 million (excluding finance lease obligations of €3.4 million), total net debt therefore stood at € 153 million at the half year.

The debt financed element of both the initial acquisition of 51.8% of Ginger, together with the ongoing acquisition of the balance of shares is financed by an amendment of the € 140 million revolving credit facility put in place during the first quarter of 2010. This facility was replaced by a new revolving credit facility of € 260 million on the same terms. This new facility will also support both further growth in the core business, together with a re-financing of Ginger's facilities where appropriate. As with the original € 140 million facility, this new facility will also enable the roll out of the cross border cash pooling and treasury management system during the second half of 2010.

Business lines

| Planning & Design | | | |
|--|---|---|------------------------|
| Excluding Ginger | | | |
| Amounts in € million | | | |
| <u>Key performance indicators</u> | <u>30 June</u> <u>2010</u> | <u>30 June</u> <u>2009</u> | <u>Variance</u> |
| Total Revenue | 133.6 | 166.2 | -20% |
| Net Revenue | 115.0 | 139.2 | -17% |
| EBITA | 5.1 | 8.6 | -41% |
| % Total revenue | 3.8% | 5.2% | |
| % Net revenue | 4.4% | 6.2% | |

The markets in all regions for Planning & Design remained uncertain in particular with public sector clients, and within the public sector sphere the local authority order situation remained subdued. There were continuing signs of some pick up in demand in the private sector in some regions, and overall continued signs of small improvement in forward orders during the first half of 2010. The 3-month forward orders coverage increased by 17% compared to the first quarter.

Transportation & Mobility

Excluding Ginger
Amounts in € million

| <u>Key performance indicators</u> | <u>30 June</u> <u>2010</u> | <u>30 June</u> <u>2009</u> | <u>Variance</u> |
|-----------------------------------|-------------------------------|-------------------------------|-----------------|
| Total Revenue | 102.1 | 97.1 | 5% |
| Net Revenue | 83.1 | 77.6 | 7% |
| EBITA | 5.8 | 6.8 | -15% |
| % Total revenue | 5.7% | 7.0% | |
| % Net revenue | 7.0% | 8.8% | |

Successful bidding activity in all three regions saw Transportation & Mobility revenues in the first half of 2010 exceed that of the same period in 2009 – with a 7% increase in net revenue. Our market position in the Benelux region remains strong, with continued focus on some of the larger road infrastructure projects. In Germany and in Denmark we continue to have success in rail, and our order book in Poland remains very strong. Overall, forward orders picked up during the first half of 2010, resulting in the 3-month forward orders coverage increasing by 6% compared to the first quarter.

Water & Energy

Excluding Ginger
Amounts in € million

| <u>Key performance indicators</u> | <u>30 June</u> <u>2010</u> | <u>30 June</u> <u>2009</u> | <u>Variance</u> |
|-----------------------------------|-------------------------------|-------------------------------|-----------------|
| Total Revenue | 117.8 | 130.0 | -9% |
| Net Revenue | 103.9 | 109.1 | -5% |
| EBITA | 3.4 | 9.3 | -63% |
| % Total revenue | 2.9% | 7.2% | |
| % Net revenue | 3.3% | 8.5% | |

The start of AMP5 in the UK continued to be slow during the second quarter and as such there was some further delay in the pick up in performance in our UK business. Markets in the Nordic and Benelux region remained weak in particular with municipality clients. Markets in Germany remained stable. The framework award process for AMP5 has left us in a stronger position when compared to our client base for AMP4 with a bigger spread of regulated water clients. The finalization of the award of the AMP5 five year framework contracts has significantly increased our forward orders for 2011 and beyond, with a pick up in this work expected in the second half of 2010. Of particular importance was the recent award of the Scottish Water Framework contracts. The 3-month forward orders coverage increased by 8% compared to the first quarter.

Outlook 2010

The first half of 2010 has seen continuing management actions to strengthen the business for the future, including the divestments of non-core assets, further

restructuring activity to reduce surplus direct resources and indirect overheads, and a significant strategic acquisition to strengthen our position in Europe. We expect the second half year results in 2010, in terms of underlying EBITA (excluding Ginger), to be better than the first half, in particular due to the effects of the indirect cost reductions, the stabilization of trading in the Nordic region and the pick up in AMP5 activity in the UK.

This press release and the Interim Financial Statements 2010 can be found on our website www.grontmij.com

Analysts meeting audio webcast and conference call

Today 19 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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Notes to the editors

Grontmij is a leading sustainable design, engineering and management consultancy active in the growth markets of water, energy, transportation and sustainable planning and design. At the core of our business is the principle of sustainability by design that 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.

Our value chain of services stretches from major renewable water and energy infrastructure through designing efficient and environmentally-sensitive mobility and transportation networks to shaping our urban and green living spaces.

Whilst we are approaching our 100th anniversary, and benefit from the experience nearly a century provides, we prefer to look to the future to enhance the world we live in. By applying sustainability considerations to all our design, consultancy and management services right across the value chain, our highly-skilled, expert people are able to create lasting solutions that plan for, connect and respect the future.

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