BESIX FINANCE

Message from the CFO of BESIX Group

THE GOOD RESULTS OF THE LAST TWO YEARS CONTINUED IN 2018

Although 2018 wasn't the third consecutive record year, it came close. A strong performance, since provisions were made based on the principle of prudence. BESIX Group achieved consolidated revenues of €2,542 million. The consolidated net result stood at €95.3 million.

BESIX Group reported a consolidated net cash position of €135.7 million. Its solvency ratio stood at 26%, which is above the minimum standards for the sector.

In October 2018, BESIX Group launched an unconditional takeover bid for the remaining shares of Australian construction company Watpac, in which it already held a 28.11% stake. Following its successful completion, on 3 December 2018, the group owned around 92% of the shares. In accordance with the Australian Corporations Act 2001, BESIX Group then acquired the remaining Watpac shares.

Since the acquisition took place at the end of 2018, no result for Watpac is recorded in the figures for 2018. However, its assets and liabilities have been integrated into the closing balance sheet, increasing the group balance sheet total.

In addition, BESIX Group acquired stakes of 51% in the A-Star Group (renamed BESIX Stay), 50% in Flamant and 33% in Les News 24. Via its subsidiaries, BESIX acquired interests in several companies: Van den Berg took over Uniconnect (100%), Jacques Delens acquired Corebat (100%), Vanhout took over De Bie-Veba (100%).

Some divestments also occurred in 2018. BESIX Group sold 75% of its interest in subsidiary BESIX Park to INDIGO, a world leader in parking management. It also sold its 50% stake in Cofely BESIX Facility Management (CBFM) to ENGIE.

2018 was a very strong year for sales as well. This translated into a record order book of €4.8 billion at the start of 2019, representing a €1.7 billion increase year on year (including €1 billion from the acquisition of Watpac).

JAN GESQUIÈRE
CFO of BESIX Group

"The decision to make provisions and file recoverable claims for a number of challenging projects reflects a proactive approach as part of sound risk management. This safeguards the company's long-term financial health."

Performance by activity and business unit

Contracting

BESIX Group's Contracting business generated revenues of €2,395 million and a net result of €14.1 million.

2018 was a solid year for the Middle East with revenues of €771.5 million and a net result of €44.3 million. The group was involved in new and interesting projects in Oman and Bahrain and continued several large-scale projects in Dubai.

The contracting activities of the European and International business units achieved revenues of €562.6 million, but with a negative net result. This was due to the decision to make provisions as a precaution and to file claims for recovery from third parties which are not yet recorded in the result.

The regional entities performed very well, generating revenues of €1,060.9 million and a net result of €13.5 million. An exception to this was Franki Foundations, which also filed recoverable claims against third parties as a precaution, but has not yet included these in its result.

The decision to make provisions and file recoverable claims for a number of challenging projects reflects a proactive approach as part of sound risk management. This safeguards the company's long-term financial health.

Real Estate Development

BESIX Real Estate Development, the Group's real estate division, had another record year in 2018, with revenues of €156.9 million, a profit of €18.9 million and a ROE of 21.7%.

BESIX RED continued to expand at a rapid pace in 2018, through geographical and sector diversification. This strategy was based on a focus on innovation and the development of synergies with various other BESIX Group entities.

Thanks to these advantages and 30 years' experience in complex and large-scale projects, BESIX RED was able to develop strong public and private partnerships and respond to market cycles and client requirements. The company has successfully developed solutions matching people's highest expectations and changing requirements regarding their living and working environments.

Concessions & Assets

Concessions & Assets were profitable once again, with a net result of €18.9 million, and a very strong, sustainable performance in Europe and in the Middle East.

In Europe, BESIX Concessions & Assets expanded its highly successful portfolio of DBFM (Design, Build, Finance & Maintain) projects in the Netherlands.

2018 also saw the grand opening of two hotels – one in Luštica Bay (Montenegro) and one in Andermatt (Switzerland) – co-developed and co-owned by BESIX Group. In June, the business unit also acquired a 51% stake in BESIX STAY. This company develops and operates a new kind of city hotel for short and medium stays under the commercial brand A-STAY.

In the Middle East, where BESIX Concessions & Assets has already been actively involved in municipal water treatment projects for a long time, the focus shifted towards areas such as Waste-to-Energy.

Balance Sheet

The balance sheet total stood at €2.7 billion in 2018, representing a rise of €321 million year on year, partly explained by the integration of Watpac (€244 million). Non-current assets increased by €43 million and current assets by €237 million, mainly as a consequence of a series of acquisitions. Current liabilities increased due to the integration of Watpac and the financing of this acquisition.

Progress continues to be made in securing the group necessary funding requirements for the coming years. In 2018, two new short-term facilities of €50 million and €30 million were finalized and the Commercial Paper programme was increased from €50 million to €100 million.

Net Cash Evolution

BESIX Group's consolidated net cash position stood at €135.7 million at the end of 2018, compared to €34.1 million the previous year.

This significant increase is mainly attributable to the positive difference between income from operating cash flow, the sale of BESIX Park, the integration of Watpac's cash and dividends received from associated companies and, on the other hand, expenditure on current investments, acquisitions (including Watpac and support for associated companies) and dividends paid.

CONSOLIDATED BALANCE SHEET

(in EUR '000)	31 Dec. 2018	31 Dec. 2017
ASSETS		
NON-CURRENT ASSETS	**580,173**	**496,653**
Intangible assets	38,308	35,569
Goodwill	53,211	12,715
Tangible assets	236,745	237,032
Investments in associates	96,932	100,006
Receivables	121,485	94,130
Other assets	14,274	14,058
Deferred income tax assets	19,218	3,143
CURRENT ASSETS	**2,102,881**	**1,865,331**
Inventories	29,241	27,061
Construction contracts in progress	108,973	77,698
Real estate held for sale	229,099	217,330
Trade receivables	893,570	907,621
Other receivables and other assets	253,830	275,086
Cash and cash equivalents	588,168	360,535
TOTAL ASSETS	**2,683,054**	**2,361,984**
EQUITY AND LIABILITIES		
EQUITY		
SHAREHOLDERS EQUITY	**695,132**	**660,395**
Capital	32,000	32,000
Retained earnings	656,018	635,225
Hedge reserves	-10,913	-13,938
Translation differences	18,027	7,108
MINORITY INTEREST	**1,204**	**2,970**
TOTAL EQUITY	**696,336**	**663,365**
LIABILITIES		
NON-CURRENT LIABILITIES	**371,578**	**387,156**
Borrowings	230,060	244,192
Provisions	72,163	75,258
Other liabilities	50,003	45,692
Deferred income tax liabilities	19,352	22,014
CURRENT LIABILITIES	**1,615,140**	**1,311,463**
Borrowings and bank overdraft	222,396	82,224
Trade payables	903,573	721,342
Advances received on contracts	117,640	162,647
Billing in excess on construction contracts	136,783	151,050
Current income taxes payable	18,019	20,182
Provisions	46,363	24,877
Other liabilities	170,366	149,141
TOTAL EQUITY AND LIABILITIES	**2,683,054**	**2,361,984**

CONSOLIDATED INCOME STATEMENT

(in EUR '000)	2018	2017
CONSOLIDATED INCOME STATEMENT		
SALES	**2,542,129**	**2,337,044**
COST OF SALES	**-2,316,221**	**-2,084,547**
of which depreciation	-42,283	-38,617
of which provisions	-9,428	7,890
GROSS PROFIT	**225,908**	**252,497**
GENERAL & ADMINISTRATIVE EXPENSES	**-191,862**	**-177,753**
of which depreciation	-5,501	-4,894
of which provisions	3,245	-3,746
OTHER INCOME / EXPENSES	**49,618**	**4,201**
OPERATING PROFIT	**83,664**	**78,945**
Financial income	11,498	25,697
Financial charges	-11,854	-16,092
Results from associates	19,882	26,955
PROFIT BEFORE INCOME TAXES	**103,190**	**115,505**
INCOME TAX EXPENSE	**-7,405**	**-12,466**
of which current taxes	-18,293	-17,921
of which deferred taxes	10,888	5,455
CONSOLIDATED PROFIT	**103,039**	**121,341**
Minority interest	-481	-587
GROUP CONSOLIDATED PROFIT	**95,298**	**102,558**
Earnings per share – basic (in EUR)	33.65	36.21
Earnings per share – diluted (in EUR)	33.65	36.21
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		
PROFIT FOR THE YEAR	**95,298**	**102,558**
OTHER COMPREHENSIVE INCOME		
Cash flow hedges	2,944	4,019
Fair market value - available for sale	0	0
Actuarial impact provision for employee benefits	497	-1,433
Currency translation differences	11,181	-47,769
Other comprehensive income for the year, net of tax	**14,622**	**-45,183**
ATTRIBUTABLE TO		
Owners of the parent	109,918	57,372
Minority interest	0	0
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAXES	**109,918**	**57,372**

CONSOLIDATED CASH FLOW STATEMENT

(in EUR '000)	2018	2017
Operating result	83,664	78,945
Adjustments for:		
Depreciation	47,784	43,511
Result on disposal of (in)tangible assets	-3,935	-4,411
Result on disposal of other long term assets	0	0
Result on disposal of investment in associates	-16,771	0
Provisions	6,184	-4,144
Allowances	302	614
OPERATING CASH FLOW BEFORE CHANGES IN WORKING CAPITAL	**117,228**	**114,515**
Income taxes paid (net)	-11,283	-14,517
Changes in working capital	-7,854	-40,718
CASH FLOW FROM OPERATING ACTIVITIES	**98,091**	**59,280**
TRANSLATION DIFFERENCE CASH AND CASH EQUIVALENTS FOR ENTITIES REPORTING IN FOREIGN CURRENCY	**2,267**	**-29,606**
Purchase of intangible assets	-6,604	-3,416
Purchase of tangible assets	-54,970	-55,588
Purchase of other long term assets	-106	-2,416
Acquisition and capital increase / (decrease) investment in associates	-19,797	-5,417
Proceeds from sale of intangible assets	3	0
Proceeds from sale of tangible assets	10,457	8,513
Proceeds from sale of other long term assets	19	28
Proceeds from sale of investment in associates	46,044	5
Dividends received from investment in associates	21,120	27,189
Change in consolidation scope	93,084	-58,282
NET CASH FROM INVESTING ACTIVITIES	**89,250**	**-89,384**
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds / (repayments) of borrowings	136,844	38,405
(Proceeds) / repayments of long term receivables	-20,518	-16,128
Interest paid (net)	-3,061	-1,963
Fair Market Value - Cash and Cash equivalent	0	0
Change in consolidation methods	0	180
Dividends paid to Group shareholders	-75,000	-50,000
Dividends paid to minority interests	-240	-240
NET CASH FROM FINANCING ACTIVITIES	**38,025**	**-29,746**
(DECREASE)/INCREASE IN CASH & CASH EQUIVALENTS	**227,633**	**-89,456**
MOVEMENTS IN CASH & CASH EQUIVALENTS		
Cash at beginning of the year	360,535	449,991
(Decrease)/Increase	227,633	-89,456
Cash at the end of the year	588,168	360,535

STATUTORY AUDITOR'S REPORT

TO THE GENERAL SHAREHOLDERS' MEETING OF BESIX GROUP NV
ON THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

In the context of our statutory audit of the consolidated financial statements of Besix Group NV (the 'Company') and its subsidiaries (jointly 'the Group'), we hereby submit our statutory audit report to you. This report includes our report on the consolidated financial statements, as well as other legal and regulatory requirements. The whole is integrated and is indivisible.

We were appointed as statutory auditor by the general meeting of June 8th, 2018, following the proposal formulated by the board of directors. Our mandate will expire on the date of the general meeting which will deliberate on the consolidated financial statements prepared on 31 December 2020. We have been in place since at least 12 years.

Report on the consolidated financial statements

Unqualified opinion

We have performed the statutory audit of the Group's consolidated financial statements, which comprise the consolidated balance sheet as at 31 December 2018, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and other explanatory information, and which is characterised by a consolidated balance sheet total of KEUR 2.683.054 and for which consolidated income statement and other comprehensive income shows a profit for the year of KEUR 95.785.

In our opinion, the consolidated financial statements give a true and fair view of the group's net equity and consolidated financial position as at 31 December 2018 and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. Our responsibilities under those standards are further described in the Statutory auditor's responsibilities for the audit of the consolidated financial statements section of our report. We have fulfilled our ethical responsibilities in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Belgium, including the requirements related to independence.

We have obtained from the board of directors and Company officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the board of directors for the preparation of consolidated financial statements

The board of directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

For the execution of our control, we respect the legal, regulatory and normative framework applicable to the audit of consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.

- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the director's report on the consolidated financial statements and the other information included in the annual report.

Statutory auditor's responsibilities

In the context of our mandate and in accordance with the Belgian standard (Revised) which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, the directors' report on the consolidated financial statements and the other information included in the annual report, and to report on these matters.

Aspects related to the directors' report on the consolidated financial statements and to other information included in the annual report

After having performed specific procedures in relation to the directors' report on the consolidated financial statements and the other information included in the annual report, we are of the opinion that this report is consistent with the consolidated financial statements for the year under audit and is prepared in accordance with the article 119 of the Companies' Code.

In the context of our audit of the consolidated financial statements, we are also responsible for considering, in particular based on the knowledge acquired resulting from the audit, whether the directors' report on the consolidated financial statements and the other information included in the annual report on the consolidated financial statements is materially misstated or contains information which is inadequately disclosed or otherwise misleading. In light of the procedures we have performed, there are no material misstatements we have to report to you.

Statement related to independence

Our audit firm and our network did not perform any assignments that are incompatible with the legal audit of the financial statements, and our audit firm remained independent of the company during the course of our mandate.

The fees for additional services which are compatible with the statutory audit of the consolidated financial statements referred to in article 134 of the Companies' Code are correctly disclosed and itemized in the notes to the consolidated financial statements.

Antwerp, May 15, 2019

Mazars Bedrijfsrevisoren - Réviseurs d'Entreprises SCRL
Statutory auditor
Represented by

Anton Nuttens
Registred auditor