

ANNUAL
REPORT 2012



**Royal
HaskoningDHV**
Enhancing Society Together



*The fly-over Waarderpolder improves accessibility
to the city of Haarlem, the Netherlands*

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For an overview of our offices please visit
royalhaskoningdhv.com/offices

This book together with the Annual Financial Statements and the
Corporate Responsibility report form the 2012 Annual Report.



Welcome to the first annual report of Royal HaskoningDHV.

This year's report provides you with an overview of our newly formed company; a company that has at its heart the drive to enhance society together – with its clients, staff and partners.

The global challenges faced by our world today ask for real teamwork by governments, business, knowledge institutions, communities, and society as a whole. As a business, our contribution is not only expertise, but also a pragmatic approach with solutions that are innovative and sustainable. Innovation and sustainability go hand in hand to design solutions that are affordable, easy to maintain, and deliver clear benefits to owners and users.

We are therefore proud to report on our activities and achievements in 2012, the most momentous being the merger of our two organisations to become Royal HaskoningDHV. A merger accomplished in record time.

Now, as one of Europe's leading independent, international, consultancy, engineering and project management service providers, we deliver projects from more than 100 offices in over 35 countries.

Our staff are commended for their determination and commitment to the enormous challenge of integrating our market sector teams, systems and processes, and creating a new industry brand. We became a legally integrated entity on 1 January 2013.

While serving our clients and attending to activities concerning the merger, we have also kept our sights on expansion. Turkish geotechnical consultancy, ELC Group, joined the company and our capabilities within the aviation sector were extended by acquiring IPM, the United Kingdom based aviation specialist.

From a market perspective 2012 was, without a doubt, the most challenging year we have endured, especially in the public sector in Europe. This is reflected in our financial results and actions to adapt capacity to market demand. We are disappointed to report negative

results, due to market conditions and resulting restructuring costs, as well as costs associated with the merger. However, the company has sufficient buffers to fund these costs.

As the Executive Board we are nevertheless positive about what has been achieved; a merger in record time and continuing our leadership in sustainability and innovation. Royal HaskoningDHV emerges ready to take on great things in 2013, by delivering world-class solutions not only in Europe, but especially in growth markets in Africa, the Middle East, Southeast Asia and South America.

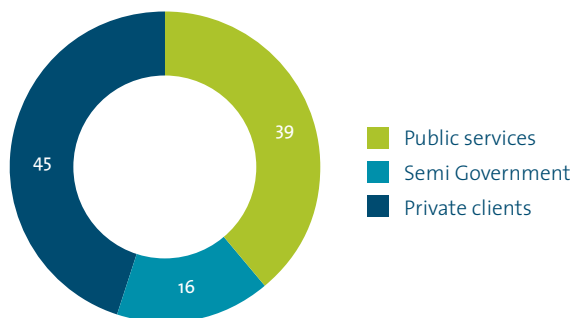
We look forward to continuing our work with long standing clients and partners, and to forging new alliances across our industry sectors. In partnership, we solve some of the world's most pressing challenges – enhancing society together, now and for future generations.



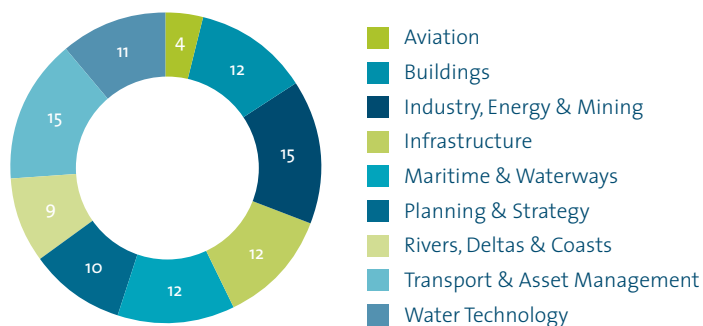
Bertrand van Ee,
Chair of the Executive Board

KEY FIGURES

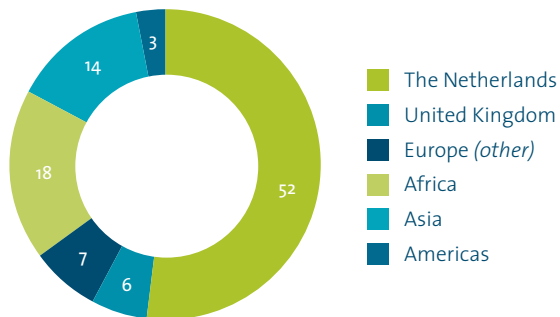
Turnover by client group (in %)



Turnover by market sector (in %)



Turnover by region (in %)



Revenue

€ **702** million

Average workforce

7,100

Diversity

15% female management

Shareholders' equity

€ **124** million

(€ millions, unless stated otherwise)

	2012	2011
Revenue	701.5	737.1
Added value	531.2	567.0
Results		
EBITA recurring	9.7	21.0
EBITA	(12.4)	12.8
Net result	(19.9)	4.3
Return on average shareholders' equity	-14.6%	2.9%
EBITA margin, recurring	1.4%	2.9%
Earnings per share (€)	(3.98)	0.86
Capital employed		
Total assets	333.2	356.1
Shareholders' equity	123.6	149.3
Group equity	128.1	152.4
Group equity as percentage of total assets	38.4%	42.8%
Financial position		
Net working capital	33.2	29.6
Movement in net cash	(22.5)	7.1
Workforce		
Number of staff (ultimo)	6,905	7,312

Definitions

Added value

Revenue less cost of work subcontracted and other external charges

EBITA recurring

EBITA excluding non-operational items

EBITA margin

EBITA / Revenue

Earnings per share

Net result / Number of ordinary shares issued

Net working capital

Current assets less current liabilities (excluding cash and cash equivalents less amounts owed to credit institutions)

Movement in net cash

Movement in cash and cash equivalents less amounts due to credit institutions

WORLD-CLASS SOLUTIONS....

● Royal HaskoningDHV Offices

... DELIVERED LOCALLY...

Royal HaskoningDHV delivers world-class solutions around the globe. As a leader in sustainable development and innovation, we help our clients achieve their goals and address issues relating to key world challenges: food security, water scarcity, the development of megacities, mobility, clean energy and responsible processes in the resources chain of pit-to-port-to-industry.

We bring special expertise in aviation, buildings, industry, energy and mining, infrastructure, maritime and waterways, planning and strategy, rivers, deltas and coasts, transport and asset management and water technology.

We have on-going operations in all continents and collaborate closely with our clients, staff and partners, as well as with industry and academic leaders. We contribute to a better, brighter future for all – enhancing society together.



... 7,000 staff in 100 offices

PROFILE

Our Clients

Relationships with our clients are based on trust. We work closely with our clients to understand and achieve their ambitions, adding value through innovation and local delivery of world-class solutions. Our commitment to innovation goes beyond the immediate; we make long-term investments, co-create with clients, and collaborate with knowledge institutions on leading-edge sustainable solutions.

Our major clients include:

- Public services: governments, ministries and municipalities
- Semi government: parastatals and (semi) government entities
- Private clients: industry, contractors and developers

Our Markets

Royal HaskoningDHV experts provide fully integrated multi-disciplinary services covering:

- Aviation
- Buildings
- Industry, Energy and Mining
- Infrastructure
- Maritime and Waterways
- Planning and Strategy
- Rivers, Deltas and Coasts
- Transport and Asset Management
- Water Technology

World-Class Solutions Delivered Locally

We deliver world-class solutions and services by combining global expertise and local knowledge. Our roots as an independent international, consultancy, engineering and project management service provider are in the Netherlands, the United Kingdom and South Africa, and we have a long history of service in Asia. In the last decade we started permanent operations in the Americas. We operate as one company with 7,000 people through our network of more than 100 offices in over 35 countries.

Our Certifications

Our processes are certified by internationally recognised bodies and we align with global initiatives for corporate responsibility.



Our Vision

To be a strong, independent and globally operating engineering consultancy, sustainable and leading in our industries. Together we create an inspiring environment that we can be proud of and that others want to join.

Our Mission

We are a company for people from people. In partnership with our clients, we create solutions for the sustainable interaction between people and their environment.

Our Values – Brightness, Integrity, Team Spirit and Excellence (BrITE)

We operate under a strong set of BrITE values:

Brightness in keeping an open mind to ideas that lead to the best solutions for our clients. We innovate and are eager to lead by inspiration.

Integrity in our care about our clients, our staff and society as a whole; creating integrated and pragmatic solutions for sustainable interaction with a high respect for people and their environment, having zero tolerance for non-compliance with our integrity code.

Team spirit in our way of working, which is pro-active, open and inclusive.

Excellence in delivering on our promise and our continuous striving to improve the added value of our services.

Our Corporate Responsibility

We work together with our clients and our partners to realise opportunities for sustainable development and the reuse of resources in our projects. We practice what we preach in our own operations, not only assisting our clients in limiting their carbon footprints, but with attention to our own as well. And we give back by helping to build futures through education and capacity development in communities.

Our Brand Promise

Our commitment to stakeholder engagement has earned us a reputation for working in partnership to create solutions that bring about positive interaction between people and their environment.

A footbridge across the dangerous Senqu river provides a safe crossing and a sustainable future for the 2,000 inhabitants of Ha Mofutho in the Kingdom of Lesotho

...in short, Enhancing Society Together

RECOMMENDATIONS TO THE ANNUAL GENERAL MEETING

We have pleasure in presenting the 2012 Royal HaskoningDHV Annual Report. The annual accounts were prepared by the Executive Board, audited by the external accountant PwC and signed following discussions with the Executive Board. Given the loss of 2012, we support the proposal of the Executive Board not to pay a dividend. We recommend that the annual accounts for 2012 be adopted and we call on you to discharge the Executive Board from liability for its management, and the Supervisory Board for its supervision during the 2012 financial year.

Merger

The year 2012 was focused fully on the merger between Royal Haskoning and DHV. From the very outset the Supervisory Board was kept informed frequently on the development of the process and the issues that were encountered. This included the period up to mid-2012 by both individual Supervisory Boards, and by mid-2012, after the incorporation of the new

company Royal HaskoningDHV, as the new 'common' Supervisory Board.

Besides frequent meetings between the Supervisory Board and the Executive Board, separate joint consultation meetings were held at least once a month between both Chairs of the two individual Executive Boards and the Chairs of the two individual Supervisory Boards. After mid-2012 these so-called '2 + 2' meetings were continued. From the very beginning it was acknowledged by all parties concerned that this was to be a merger of equals. In view of this, it was important to focus on key issues such as the continued employee ownership, the organisational and legal structures, finance, HRM, strategy and the implementation of a joint culture. On all issues the Supervisory Board's approach was always critical, but open and constructive at the same time. Apart from the frequent meetings between the Supervisory Board and the Executive Board, sufficient time was spent keeping the shareholders informed of progress, the developments and completion of the decision-making process.

Supervisory Board

The major part of the Supervisory Board meetings was spent on the merger, but the day-to-day business, the financial results and the major developments were also discussed with the Executive Board. As in the previous years, the ongoing impact of the financial and economic crisis, and the measures required to deal with its effects, were tabled at every meeting.

The Supervisory Board discussed with the Executive Board short and longer term strategies, main risks of the business, and results of the Executive Board's assessment of the design and effectiveness of the internal risk management and control systems on a regular basis. Other main items on the agenda included: operational excellence, corporate responsibility, claims and risks, investments and divestments, remuneration philosophy and compliance.

In particular, considerable attention was paid to the urgent need to bring the overhead costs to a competitive level. Substantial cost reductions were required at all levels across the company. This resulted in the adoption



and implementation of a firm and long-term restructuring programme, to achieve the required cost reductions. This will have a big impact on the company and its staff, but the Board is convinced that it is absolutely necessary and a precondition to prepare the company for the future. The Supervisory Board will closely monitor that the programme is carried out with the utmost care and speed. Though 2012 was a very intense year for all members of the Board, the attendance record of Board members at meetings was very high.

Outlook 2013

By the end of 2012 the merger of the administrative and legal processes was finalised. In 2013 there will be further implementation of new systems and developments derived from the merger. The acceleration of cost reductions and the increase of sales remain top priorities. As there is no indication that the economic crisis will end any time soon, there remains an urgency to continuously review, reshape, align and focus on the internal processes and costs at all levels of the company. In addition, business processes and operational excellence will be

monitored closely and adapted where necessary. In addition, the Board will pay close attention to commercial and cost awareness, optimisation of staff utilisation, efficiency and processes that are related to management and risk control. In parallel, the Board will closely follow and monitor the development and implementation of corporate responsibility, integrity and compliance.

Audit Committee Meetings

The Audit Committee of Royal HaskoningDHV is composed of Mr. Lindenberg as Chair, Mr. Bout and Mr. Van der Poel. The Committee met on two occasions, while the separate Audit Committees met several times pre-merger to discuss, amongst others, outcomes of the due diligence. Like the Supervisory Board meetings, the Audit Committee's meetings paid lots of attention to the merger. Other topics on the agenda were the annual accounts, the external auditor's report and finalisation of the budget. In addition, the auditor's Audit Plan, refinancing, compliance with bank covenants, tax planning, pensions, the financial impact of divestments and management information were discussed. The quarterly results and

internal controls were on the agenda for all meetings.

Nomination and Remuneration Committee

At the end of 2012 a Nomination and Remuneration Committee was established. Members are Mr. Van Vonno (Chair), Mr. Van Oosten and Mr. De Vries.

Profile and Composition of the Supervisory Board

The Board has been composed and appointed by the deed of incorporation of the company and consists of most of the members of the previous individual Boards of Royal Haskoning and DHV. The Board is properly constituted and its members possess the desired competencies in accordance with the profile of the Board. All members are 'independent' as provided in best practice provision III.2.2 of the Dutch Corporate Governance Code. One of the members is a financial expert as provided in best practice provision III.3.2 of the Code. The current Board consists of eight members. A reappointment and resignation scheme is agreed for the coming years. For background information on the Board we refer to our website.



M.T.H. de Caay Fortman



J.H.M. Lindenberg



A.P.M. van der Poel



K.G. de Vries

Viracopos International Airport – gateway to the games

Client: Aeroportos Brasil
Viracopos S.A., Brazil

The extension of Viracopos International Airport in São Paulo will deliver enormous benefit to Brazil's economy and its people when it completes in 2014. A large international airport is a priority for Brazil as it prepares to host the FIFA 2014 World Cup and the 2016 Olympic Games. With an ultimate capacity to handle 80 million passengers and 1.4 million tons of cargo, Viracopos International Airport will become one of South America's largest airports. It will vastly improve the passenger experience, provide jobs and revenue through commercial airport facilities and services and bring much needed relief to other airports in the region already running to capacity.

Royal HaskoningDHV's aviation specialist NACO developed the master plan and preliminary designs for the airport passenger terminal, a multi-storey car park, air and land side engineering, and capital investment forecast. With the aim to provide functionality, efficiency and expandability, the design is compact and modular. It efficiently delivers room for expansion and straightforward construction. Special attention has been paid to sustainability. Photo-voltaic roof panels, reusable water and an energy efficient mechanical and electrical system are incorporated into the design. Environmental impact on the surrounding area was considered carefully to meet stringent environmental agency criteria.

The terms of Mr. Veraart, Chair of the Supervisory Board of Royal Haskoning and Mr. Opschoor, member of the Supervisory Board of Royal Haskoning, ended on 31 December 2012.

Mr. Veraart served 12 years on the Board and as the Chair from 2001 to 2012. Mr. Opschoor served eight years. Both contributed significantly to the development and the interests of Royal Haskoning and the Board is keen to thank them for their valuable contributions.

Executive Board

The Supervisory Board reviewed the performance, composition and remuneration of the Executive Board. The Executive Board, both as a team and as individual members, is deemed by the Supervisory Board to possess the requisite competencies. The Board noted that Mr. Heemskerk, member of the Executive Board, was appointed and will take up the position of Executive Director at the World Bank on 1 April 2013. He will leave the Executive Board per that date but his vacancy will not be filled. As from that date the Executive Board will consist of five members. Mr. Heemskerk joined Royal Haskoning in 2011. The Supervisory Board thanks Mr. Heemskerk for his dedication and contributions as a member of the Executive Board and wishes him every success in his new position.

Diversity

The Supervisory Board has a diverse composition in terms of experience, gender and age, and consists of two female and six male members. The

Supervisory Board is of the opinion that the present composition reflects a broad selection of society, industry and markets. From 1 April 2013 the Executive Board will consist of five members: one female and four male; four are of Dutch and one is of British nationality. Diversity and gender will also in the future be important drivers in the selection process for new members of the Supervisory Board as well as the Executive Board.

Corporate Governance

The Royal HaskoningDHV Corporate Governance Report and further information concerning the remuneration policy, the Code of Conduct, the SpeakUp Line and regulations for the Executive Board, Supervisory Board, Audit Committee and Nomination and Remuneration Committee can be found on our website. The remuneration of the Supervisory Board is reported in the Financial Statements and is also available on our website.

Works Councils

A delegation of the Supervisory Board and of the Executive Board met with delegates of the Works Councils to discuss the merger and the general course of events of the company, in an open and constructive dialogue.

In Closing

2012 was a very special year for Royal Haskoning and DHV. Both companies belong to the oldest engineering and consultancy firms of the Netherlands. In fact, the merger intertwined two

histories of 131 and 95 years of Royal Haskoning and DHV respectively; the basis of the heritage, high level knowledge and experience of the new company as we know it now. The Board feels that although the continued economic downturn forces us to take strong and painful measures, the combined long-term knowledge and experience provides for a strong base for the future.

At this point various measures are being taken across all levels and areas of the company. We will continue to do so if and when necessary, while being kept closely informed about the developments and the results. The Board is well aware that these hard times and the difficult measures that are required, place, and will continue to place a heavy burden on our staff. However, we have noted that despite this, staff remain positive, loyal and focused on business opportunities. The Board wants to thank all staff for their commitment and loyalty, that contribute highly to a healthy future for Royal HaskoningDHV.

Amersfoort, the Netherlands
14 March 2013

Supervisory Board

J.A.P. van Oosten (Chair)
W. van Vonno (Vice Chair)
J. Bout
S.M. Dekker
M.T.H. de Gaay Fortman
J.H.M. Lindenberg
A.P.M. van der Poel
K.G. de Vries

REPORT OF THE EXECUTIVE BOARD

Monday 2 July 2012 was an historic day as we celebrated the official launch of Royal HaskoningDHV. Reactions from our clients, our people and other stakeholders were overwhelmingly positive, confirming the value of this strategic move.

As a result of the merger we are among the top 10 independently owned, non-listed engineering consultancies in the world. Through the increased network of more than 100 offices in over 35 countries, we are now in a strong position to deliver world-class solutions to our clients all over the world. The merger accelerates the implementation of our strategy, strengthens our financial and market positions, and as such, provides continuity towards our clients, our people, and the communities we serve.

All legal and financial activities associated with the merger were completed on schedule. While the company started working as one from 2 July 2012, the legal merger came into effect on 1 January 2013. This concludes the official part of the merger process.

*From left to right;
Frank Heemsker
Bertrand van Ee (Chair)
Erik Oostwegel (Vice Chair)
Piet Besselink
Jaska de Bakker (CFO)
Henry Rowe*

The organisation achieved what it set out to do in 2012, which was to use our combined expertise to widen our global reach and to take advantage of growth markets while maintaining position in our home markets. There is no doubt however, that the economic

circumstances of previous years continued to affect our business in 2012. This has forced us to adapt our capacity to market demand, which had the largest negative effect on our European operations.



*“We thank our staff for their commitment and dedication
and for supporting us in achieving the objectives we set out
for the new company.”*



New life for heritage foundations

An inspired regeneration and urban densification project has brought new life and economic activity to what had become a deprived and unattractive area in Rotterdam city centre. The renovation of the Karel Doorman shopping centre retains the striking 1950's structure while incorporating a new 16-storey apartment block above. This is the first time a residential development of this size has been constructed on top of a pre-existing structure and foundations.

Expert in creating inspiring, sustainable buildings using innovative technologies, Royal HaskoningDHV engineers developed an ingenious lightweight design for this unique development. The resulting mass was five times lighter than traditional Dutch apartments. Innovative solutions were implemented to avoid the sound and vibration issues which are typically associated with light structures. The apartment block incorporates full disassembly and recycling in a development which proves that new ways of thinking, design expertise and creativity can produce high-quality sustainable urban renewal at an affordable price.

Client: De Wilgen Vastgoed, the Netherlands

Royal HaskoningDHV wants to be recognised by clients and partners as being thought leaders in our fields of expertise, innovative in the way that we respond to their needs and for incorporating sustainability in our approach. We are an independent non-listed company, whose profitability enables investment in our people, our business and our environment.

Our business objectives for 2015 are clear; we want to remain in the top of the global non-publicly owned engineering consultancies (ENR or equivalent), realise profitability equal to or above 5% EBITA margin on revenue and deliver integrated sustainable solutions and methods as standard procedure.

The main way to achieve this is to have an outside-in approach, i.e. a client focus approach in everything we do and by looking forward with them regarding global developments. We enable our clients to achieve their ambitions through excellence in our services and expertise and by addressing their sustainability challenges and opportunities through thought leadership and dialogue.

We operate within a framework of good governance of People, Planet and Profit. This means providing a positive environment for the people we affect, incorporating environmental responsibility in our work and our own footprint, and giving back to the communities in which we work.

Our profitability provides long-term continuity of the business and its stakeholders.

Royal HaskoningDHV believes in delivering world-class solutions locally. With this in mind, we have organised our consultancy services in teams that can deliver high quality expertise to clients worldwide, supported on the ground by able staff. Our aim is to act as one company wherever we are and whoever the client might be.

We serve both public and private clients, understanding their differences in context and needs, and seeing how their mutual interests can overlap and strengthen each other. In a networked world, managing interfaces and stimulating co-creation can add enormous value when delivered practically and with respect.

In order to achieve international growth and to implement our company's expertise from a position of strength, we have defined four main themes for Royal HaskoningDHV to pursue in an integrated, sustainable and innovative manner.

Megacities and Strained Cities

The world population is growing by approximately 80 million people a year with migration from rural to urban areas taking place simultaneously. Sixty per cent of the world's population will be living in urban areas by 2030. This leads to the formation of 'megacities' in many areas in the

world. They are characterised by a large population and an under-capacity of logistics, infrastructure, buildings and resources. In Europe, many cities are also experiencing population growth, but generally the city's boundaries are set and provide a hard constraint. This leads to a 'strained city' with high population density. This, by itself, raises issues that are different from the issues present in megacities.

Royal HaskoningDHV is a world leading consultant in (urban) planning and strategy, infrastructure, buildings, transportation and urban (waste-) water systems. With the combination of in-house expertise, we can provide sustainable solutions for the challenges faced by megacities and strained cities, in an integrated and innovative manner.

Water Scarcity and Food Security

Clean, accessible water for all is essential for a safe and stable society. There is sufficient fresh water on the planet to achieve this. However, due to economic differences or poor infrastructure, millions of people, most of them children, die every year from diseases associated with inadequate water supply, sanitation and hygiene.

There is a sincere need to close the human dignity gap. Water is crucial for food production and industrial processes as well as for drinking. Water scarcity, poor water quality and inadequate sanitation negatively



Client: GHA Livigunn,
United Kingdom

Reducing waste, generating jobs

MVW Environment Devonport Ltd is in the process of building an energy from waste and CHP (Combined Heat and Power) facility at the Devonport Royal Dockyard in Plymouth, United Kingdom. When it completes in 2014, the plant will incinerate 245,000 tonnes per annum of municipal solid waste and export up to 22.5MW electricity and up to 23.5MW heat. As well as benefiting the environment and community by reducing waste to landfill and generating renewable energy, the plant will also generate jobs for the local community.

As leading experts in energy from waste, Royal HaskoningDHV was appointed to design the plant's mechanical building services. The design incorporates low energy systems to reduce carbon emissions. Heating and cooling of the administration block is achieved by an air source heat pump system. This also provides domestic hot water for workers' showers. High efficiency chillers will keep the switchgear cool, and to ensure noise is kept to a minimum, attention to detail has ensured all acoustic parameters are complied with.

impact food security, livelihood choices and educational opportunities for poor families across the world. Drought afflicts some of the world's poorest countries, increasing hunger and malnutrition.

By 2050, at least one in four people is likely to live in a country affected by chronic or recurring shortages of fresh water. Therefore, Royal HaskoningDHV works closely with parties for water delivery and reuse to find innovative solutions for a more sustainable use of this primary resource. In addition, an integrated (urban) water system approach enables our clients to align the fresh water distribution to the local fluctuating demands of both human lives and industrial use.

Pit-to-port-to-industry

In the last decade the ratio of infrastructure costs versus equipment has dramatically shifted, and transportation costs now make up some of the biggest expenditures for

mining companies. Choosing the right options, optimising the logistic chain and improving the effectiveness of transport systems can therefore have a big impact on the costs of resources and operations, while potentially reducing negative environmental and social impacts.

Royal HaskoningDHV thoroughly understands the mining industry, global market developments, and the entire transport chain. We are able to deliver an integrated pit-to-port approach to the (mining and related process) industry. This allows companies to optimise their cost balances, and achieve the best performance from a broader perspective, by selecting the most favourable transport commodities and facilities.

Sustainable Resources

The depletion of resources is placing a burden on the environment and the world. Consumption is beyond the

rate of replenishment. Over the past 30 years, thirty per cent of the earth's known resources have been consumed. There is increasing pressure to ensure that resources are used in a sustainable manner and to cope with scarcity in water, food and other resources. The challenges faced in this respect vary, based on the economic situation of the region.

There is a need to develop new solutions and technology for responsible production, supply chains and resource management (water, energy and materials).

Royal HaskoningDHV is a global service provider with respect to sustainable resources. Over the next few years an increasing focus will ensure that we are able to more fully understand and service clients in this field. We are actively working on developments including renewable energy, circular economy, responsible bio-based economy, and responsible mining.

Developments 2012

The newly created combined Royal HaskoningDHV achieved the merger in record time while dealing with challenging economic circumstances and overcapacity in Europe. Systems and processes were integrated and new reporting systems were set up, choosing the best practice of either company, including our market sector approach, which is led by our team of Business Directors (see below).

Royal HaskoningDHV recorded a turnover of €704 million, a decline of 5.8% compared to the previous year. This was primarily due to the economic downturn in Europe, but also due to the impact of the 2011 divestment of a Canadian subsidiary which was executed in the second half of 2011.

We incurred a net loss of €19.9 million (2011: €4.3 million profit). Recurring EBITA at €9.7 million declined compared to €21.0 million in 2011.



*Business Directors from left to right;
Craig Huntbatch (Industry, Energy & Mining) > Anton van der Sanden
(Infrastructure) > Marco Mijnders (Transport & Asset Management)
> Nyami Mandindi (Southern & Eastern Africa) > Eugene Grüter
(Buildings) > Marije Hulshof (Planning & Strategy) > Vic Prins (Aviation;
succeeded Roel Overakker per 1 April 2013) > Simon Harries
(Maritime & Waterways) > Naren Bhojaram (Rivers, Deltas & Coasts) >
Anke Mastenbroek (Water Technology)*

For 2012, our aviation, industry, energy and mining, maritime and waterways businesses contributed significantly to the results achieved, as did operations in Southern and Eastern Africa and the United Kingdom.

The uncertain European economy resulted in the company struggling to perform in planning and strategy, transport and asset management and water technology.

In the Netherlands, which accounts for 52% of total turnover, the company saw a strong decline in the public sector market in the second half of 2012.

In support of the one-company philosophy, Royal HaskoningDHV has established an Operational Excellence team. With representatives across the business, operational excellence is developing and implementing processes and procedures that focus on improved project and account management across the entire company.

Looking back on 2012, we can conclude that the financial results were disappointing. However, joining forces and with a now increased global spread, the merger has positioned us to focus on the future and enabled us to adapt to market conditions, to look at new market opportunities and to look beyond the horizon. This has included greater utilisation of technical innovations and better international coverage.



Innovative approach to bridge preservation

Eight significant steel bridges linking major roads in the Dutch highway system are suffering early fatigue in the orthotropic decks and require renovation. Any repairs involving public highways bring potential congestion for all users of the road network. Innovative solutions which minimise disruption and prolong the lifespan of the bridges are needed to avoid further repairs and consequent disruption, while offering best possible value for public money.

Royal HaskoningDHV, together with Arup and Greisch, form the consortium appointed to deliver the project under a management contract. Royal HaskoningDHV has a record of applying innovative, sustainable solutions to infrastructure development, as well as appreciating the added value of these projects for society as a whole. A pioneering engineering approach is being used in the renovation which involves the application of high strength concrete on steel decks. This will increase the lifetime of each bridge by 30 years at minimal financial cost and decreases negative social impacts through avoiding lengthy traffic delays. The approach prevents extensive steel production and, in reducing the environmental burden, provides a solution which is sustainable as well as economical and practical.

Client: Dutch Ministry of Infrastructure and the Environment (Rijkswaterstaat), the Netherlands

Royal HaskoningDHV recorded a turnover of €704 million, EBITA recurring of €9.7 million and a net loss of €19.9 million for 2012.

Turnover and Added Value

Turnover in 2012 shows a decline of 5.8% compared to the previous year, primarily due to the economic downturn in Europe, but also due to the impact of the 2011 divestment of Delcan in North America (causing a decrease of 2.5%). There is a struggle in a number of market sectors, such as water technology, planning and strategy, transport and asset management. We also see highlights in the aviation, industry, energy and mining sectors as well as in Southern and Eastern Africa. In the third quarter of 2012 we acquired 90% ownership of ELC in Turkey, opening new opportunities for the company in a high growth market. The decline in added value (revenue produced by own staff) is in line with that of turnover.

The impact of exchange rate differences on turnover and added value was a negative of €0.2 million, and a positive of €0.8 million respectively.

Operating Result

Recurring EBITA at €9.7 million is a sharp decline compared to 2011. The market sectors transport and asset management, planning and strategy and water technology and our operations in Poland were especially

disappointing, while Southern and Eastern Africa, aviation and industry, energy and mining showed a stable performance. Currency rate differences marginally impacted EBITA. The operating result includes one-off gains and losses totalling €22.1 million negative (2011: €8.3 million negative). These items include restructuring costs in order to adapt our capacity to meet market demands in our various regions and integration costs related to the merger. Including non-recurring items, total EBITA amounts to €12.4 million negative (2011: €12.8 million profit).

Depreciation and Amortisation

Depreciation for the year amounts to €11.8 million (2011: €12.9 million) and amortisation €4.0 million (2011: €6.6 million). Included in the depreciation of 2012 is an amount of €1.4 million due to extra write-off related to office restructuring. Goodwill impairment charges in 2012 amount to €0.5 million (2011: €2.8 million).

Net Interest Expense

The merger allowed us to optimise the financing structure of the company resulting, together with the good financial position, in a decrease of 20% in the interest cost compared to 2011. In 2012, no losses or gains were incurred on financial hedging instruments.

Net Result

In 2012 we realised a sharp decline of the net result to a loss of €19.9 million

(2011: €4.3 million profit). The 2011 result includes the positive impact on the divestment of Delcan of €4.6 million.

Taxes

The net tax charge in 2012 was €1.0 million. This includes a tax asset of €3.4 million due to the discontinuation of our operations in Portugal. The effective tax rate of -5.9% is negatively impacted by non-tax deductible costs, which include goodwill amortisation and unrecognised losses.

Balance Sheet

The balance sheet total at the end of 2012 was €333 million, a 6% decrease compared to 2011. This is largely the effect of the 2012 result. Net working capital increased to €33 million, which is 4.7% of revenue (2011: €30 million, 4.0% of revenue). Our net debt was €7 million negative, which means there was in fact no net debt (2011: €28 million negative). The equity ratio decreased to 38.4% and is above the long-term target of 30-35%. The negative result in 2012 led to a decrease in shareholders' equity to €123.6 million. The decrease of €25.6 million was mainly caused by the result for the current book year and dividend payments (€5.5 million). The movement in minority interest is mainly the result of the acquisition in Turkey and a decrease of our share in our South African company.

Our experts around the globe have worked hard on projects for their clients in their various market sectors. They delivered excellent solutions for clients worldwide, an overview of which is given below.

Aviation

Our Aviation team, consisting of the business units NACO and InterVISTAS, had a successful year. In Brazil NACO supported the winning consortium with the master plan and terminal design of the airport of Viracopos (see also page 14). This is a project under high time pressure, as the airport must be ready before the 2014 FIFA World Cup. The airport has a long-term economic benefit for the region. The project deals with strict environmental requirements, while optimising the functionality and design. Opportunities for energy and resource-efficiency are integrated.

In Saudi Arabia, InterVISTAS supported a banking consortium to review the business plan for the Public Private Partnership (PPP) project of Madinah airport. NACO (together with HOK) won the project for the design of the expansion of Terminals 3 and 4 of King Khaled International Airport in Riyadh. Together NACO and InterVISTAS were able to win several projects in different parts of the world, including Russia, Latin America and Africa.

In terms of adding complementary services, the acquisition of IPM in early 2013 covers the delivery elements of an airport project, as well as baggage handling expertise, from briefing into operation.

Buildings

The Buildings experts set out to be the best service provider for professional building solutions. Acting on the growing market demand for sustainable redevelopment, we delivered high-end consultancy and management, design and engineering services to existing and new clients in the public, education, health care and private real estate markets, and multinationals worldwide. Economic circumstances meant a focus on the Netherlands, Southeast Asia, the Middle East and Southern Africa.

We carried out a large number of projects in 2012; We advised the City of Nijmegen on effective asset management and investments in sustainability which will reduce energy consumption and lower maintenance and management costs. These savings will be placed in a revolving fund providing Nijmegen with effective real estate maintenance at substantially lower costs, while providing a healthier, greener urban environment.

We started the structural and building services designs for the teaching hospital in Aalborg in Denmark. Special focus will be on creating a hospital environment that focuses on the individual comfort of patients and visitors and encourages a more informal and personal atmosphere (see front cover image).

The transformation of the Karel Doorman building in Rotterdam, which received the prestigious Dutch Audience Award 'Nederlandse Bouwprijs 2013', is an excellent example of urban densification enabled by smart sustainable solutions (see also page 18).

Industry, Energy and Mining

Our Industry, Energy and Mining experts showed good financial performance and met its forecast revenue and profitability targets. Operations in mining and heavy industry grew and we expanded activities and staff numbers in Mozambique and Saudi Arabia. The oil and gas industry continued to be a very stable sector and is still making large investments in exploration, production and infrastructure. The sector has a stronger focus on environmental impact, stakeholder management, and safety and compliance.

With our excellent expertise, experience and sector knowledge, we fulfilled growing market demands.

In the chemical sector, we increased turnover and profitability on consultancy services for safety, regulatory affairs (REACH) and licence to operate. Financial performance of our engineering services in the oil and gas and chemical sectors improved significantly through strategic focus, increased services for off-shore platforms and expansion of our India office.

In Asia and the Middle East, our light industry and food & beverage operations continue to grow, due to repeat business and our excellent reputation in the market.

We maintained a strong position in the energy and renewables market, where we were involved in consenting and engineering services for major wind farm, biofuel and renewable energy initiatives. In the United Kingdom our expertise was called in to advise the City of Plymouth on reducing their solid waste into renewable energy (see also page 20).

Infrastructure

Due to decreasing government investments, development of the Dutch infrastructure market is shrinking. Although there was a decrease during the second half of the year, design and engineering activities in infrastructure projects remained similar to previous years. We see a shift towards a more efficient tender process with clients. This offers opportunities for us to demonstrate our expertise in innovative design techniques such as BIM (Building Information Modelling) and VDC (Virtual Design and Construction).

In emerging and developing countries there is still great demand for infrastructure. We aim to become further involved in more complex developments where our track record is extensive, such as bridges, underground structures and immersed tunnels. We have an excellent reputation and market position through our long-term joint partnership as Tunnel Engineering Consultants (TEC).



State of Environment Report, basis for responsible decision making, ensuring a sustainable future, Province of Gauteng, South Africa

New marine base supports renewable energy in Orkney

Client: BAM Nuttall,
United Kingdom

Home to some of the most energy-rich waters in Europe, the Orkney Islands off the north coast of Scotland are playing a leading role in the evolution of wave and tidal technologies. The construction of a new marine renewables services base for tugs, marine supply boats and maintenance vessels on behalf of Orkney Islands Council, will support the offshore renewable energy facilities.

With a strong history of working together to provide cost effective solutions to maritime projects, BAM Nuttall appointed Royal HaskoningDHV to deliver detailed structural designs and construction drawings for a new pier and approach structure. With a suspended deck structure and steel piles anchored into bedrock, the pier includes wave screens to provide a solid barrier to approaching waves. When construction is complete, the pier will accommodate 3,000 tonne general cargo and 500 tonne 'multicat' type vessels.

We were involved in major international immersed tunnelling projects during the year, including the Fehmarnbelt tunnel between Denmark and Germany, the Hong Kong–Zhuhai–Macau Bridge (HZMB) Fixed Link in Hong Kong and the first immersed tunnel in Mexico, the Coatzacoalcos tunnel.

Maritime and Waterways

The global maritime market tightened significantly in the second half of 2012. The slow-down in growth in China resulted in many projects being postponed and/or cancelled, particularly in the minerals and metals sector. Central government investment in major port infrastructure has slowed and there is generally a lack of confidence among many private clients. This has resulted in projects being delayed or cancelled. Conversely, the oil and gas sector remains relatively buoyant, particularly in the Middle East. Container terminal development is continuing in growth markets in South America and ASEAN. Africa, the Middle East, ASEAN and South America probably present the best opportunities in the maritime sector in the coming three to five years. In the United Kingdom the team is working on a new marine renewables services base in Orkney (see also page 28).

Planning and Strategy

While Planning and Strategy faced a difficult and highly competitive market in the Netherlands, it expanded its international activities. The merger has boosted our market share although we did not achieve the results we intended.

Results for 2012 included winning an assignment for the Energy Fund Overijssel in the Netherlands, due to our strong client-centric and innovative approach. This assignment is part of a €250 million fund for entrepreneurs and housing cooperatives undertaking renewable energy projects. The assignment also led to an environmental impact assessment and spatial plan for the IJmond lock sea port. Strong client relations and innovative 'iRoom' technology again resulted in a project to develop the area surrounding Venlo's railway station.

Our focus on international growth led to a master planning assignment for a multi-sector urban area in Mauritius, as well as a project to improve the historic Lower River Jordan area. Both projects will benefit local inhabitants and ecosystems. Meanwhile our India team has expanded its market position by winning and delivering a number of prestigious assignments.

Rivers, Deltas and Coasts

Traditionally in our home countries the majority of the work we did was for the public sector. Worldwide, however, the private market for our services is growing. We are currently undertaking flood risk analyses and design protection plans for industries affected by severe flooding, such as those located in Bangkok, Thailand.

In the Netherlands the market for hydraulic engineering in the coastal and rivers sector is still strong. However, our hydrology and ecology services are under pressure to meet reduced public sector budgets. In the United Kingdom recent flooding indicates business potential, but as with the Netherlands, margins are under pressure to fulfil tight public sector framework contracts.

In Southeast Asia, land reclamation services indicated a strong rising market for 2012, particularly in Jakarta where we delivered ten large land development projects, such as Pluit City (see also page 32). In Vietnam, the majority of projects the Rivers, Deltas and Coasts experts delivered entailed water governance and strategies for flood risk reduction and modelling.

Creating wealth and sustainability in Cameroon

Client: Kribi Industrial Port Complex, Cameroon

Construction of the Kribi Industrial Port Complex, a 260km² industrial and residential city is underway near Kribi, a coastal town in south western Cameroon. The project will provide a deep sea port, an extensive industrial zone for heavy, medium and light industry and a modern residential city to house up to 300,000 people by 2040. The development starts with the production and export of minerals, energy and petrochemicals. The development of medium and light industry is to bring more jobs and added value.

Royal HaskoningDHV was commissioned by the Cameroonian government to create a master plan and development strategy for the project to ensure sustainable urban, social and economic development. With several major companies and investors declaring an interest, the project is seen as a key step in creating wealth and sustainability in Cameroon. Regional investment will also be used to develop tourism and preserve marine and terrestrial nature.

Brazil is also a growing market for us. In 2012 we carried out work for embankments as part of flood protection. In West Africa the private sector of global operating industries offers good market potential in Ghana and Nigeria. In addition, we have expanded our services to Australia.

Transport and Asset Management

Transport and Asset Management faced challenging circumstances in most of its markets. This led to a refocus of our approach, resulting in bringing innovations to market and the first sales of Cortex, our maintenance and operations software, Aimsun software for traffic modelling, and Uwaygo, the service line for personal mobility budgeting, recognised by clients for its CO₂ reduction potential.

In 2012, a strong business development approach on the Saudi market resulted in the introduction to new clients and potential partners. Good examples include two projects in Riyadh: a traffic management relief project, and support to contractors in the design and build tender procedure for the city's metro. We also carried out a feasibility study for a public transport system in Surabaya, Indonesia.

We have extended our long-term relationships with clients such as the Dutch Railways and Sitech in the Netherlands and EDF in the United Kingdom.

Water Technology

The global trends for water technology remain unchanged. The growing demand for water and its inefficient use drive our business. Innovative technologies are becoming increasingly important to meet the demand for water. Water and energy, but also water and food are inextricably linked. Our passion to develop new sustainable solutions in these areas makes innovation one of our top priorities.

However, closer collaboration is required between all parties involved to address the issue of water scarcity and find innovative solutions and different funding models. As governments around the world find it harder to find funding for water investments, alternative sources of funding are becoming more important.

We are active in all aspects of the water cycle; from managing large water supply and sanitation schemes to developing and delivering very specific technical solutions for water and wastewater treatment. For example our Nereda® technology is now recognised as an important new alternative for wastewater treatment solutions. Our innovations also focus on the smart use of existing water systems, as water continues to be our most precious resource (see also page 36).

Client: PT Muara Wisesa Samudra
(subsidiary of Agung Podomoro Group),
Indonesia

Reclaiming Jakarta's future

Pluit City Land Development Project is part of an ambitious land reclamation project in Jakarta Bay. The high-quality residential area will be situated on a new island which promises to bring much-needed commercial and living space to the overcrowded Indonesian capital. Central to its success is an appreciation of the environmental context. Issues of urban sprawl, climate change, land subsidence, and on-going plans to better protect Jakarta in the future all have the potential to impact on the project.

With a reputation for multi-disciplinary excellence and a commitment to global leadership in sustainability, Royal HaskoningDHV is creating a development which can adapt to changes in the environment. A flexible design approach enables changes to be made in response to external factors. No regret measures – those which yield benefits even in the absence of environmental change – have already been taken into account and will be built in during construction, while other measures will be incorporated later depending on the future circumstances. This innovative, holistic approach minimises initial investment costs while providing a sustainable solution for the future.

ACQUISITIONS

ELC Group

The agreement to acquire the ELC Group was signed in Istanbul, on 28 June 2012. The ELC Group provides geotechnical and environmental services to oil and gas, ports, energy, finance, real estate, health care and construction sectors. ELC Group, established in 1992, represents one of the oldest and most successful consulting companies in Turkey, combining academic support with state-of-the-art consulting services. The move will enhance our international standing by enabling us to establish footholds in Istanbul and Ankara and offer more sustainable solutions that will benefit Turkish society and its environment.



IPM

Airport development has the ability to bring about enormous economic and social benefits. At the end of the year we acquired Integrated Project Management (IPM). A leading aviation specialist in the United Kingdom since 1995, IPM has a strong reputation, having delivered over £2 billion worth of construction projects including work at London Heathrow's Terminal 5 and the iconic world-first Pier 6 bridge at London Gatwick Airport. As well as the opportunity to expand our aviation sector presence in the United Kingdom, we see huge opportunities for our other sector teams within this market.



DIVESTMENTS

During 2012 we divested from Royal Haskoning France by selling the business to a third party consultant in France for strategic reasons. Staff was consulted in the process and transferred to the new owners.

During 2012 it was decided to end our local presence in Portugal. The Lisbon office is in the process of closing and the local company will be wound down in the coming year. All commitments to our local clients are being honoured and projects completed after which the Lisbon office will be closed, expected in the third quarter of 2013. Employees have been given notice and are leaving the company over time or will be transferred to elsewhere in the company once projects have been completed. The full process of closing the company will run into 2014.

Green light for Arriyadh road network

Within 50 years Saudi Arabia's capital city Arriyadh has developed from a walled town into a 1,554km² metropolis with 5.5 million people. To solve severe traffic congestion and road safety issues caused by population growth and increased economic activity, Royal HaskoningDHV's transport team is analysing the city's road network and transport system on behalf of Arriyadh's Development Authority. Between 2012 and 2014 the team will identify 30 critical locations and define measures to increase efficiency and safety through traffic management enhancement and innovative technology.

The outcome will lead to the development of a proper transport system for the city. This will enhance the quality of life in the city by making the city roads safer, more accessible and more sustainable through the reduction of congestion, road traffic accidents and carbon emissions. A wide range of transport services are being delivered, including traffic modelling and micro simulation, traffic management and ITS applications, road geometric design, impact analysis and detailed designs.

Client: Arriyadh Development Authority (ADA), Kingdom of Saudi Arabia

Royal HaskoningDHV owes its success to its people. We are a company for people from people, based on the connection between our people and the communities and environment in which we operate. Our people philosophy is underpinned by our culture, our core values. Brightness, Integrity, Team Spirit and Excellence (BrITE) – are all about people.

We believe in the value of diversity, respecting and embracing different perspectives. Our staff enjoys a safe, inclusive and challenging work environment where professionals can reach their full potential, contributing to an organisation known for its technical excellence and strong people leadership.

Team spirit is central to the way we work. We engage and listen to our employees utilising various formal and informal platforms. Our focus is on people development, enabling accountability and being the best in what you do. In keeping with our core values this approach facilitates the attraction and retention of high performing and motivated employees. 2012 was the 'merger year'. Putting the new organisation in place required enormous effort with regard to appointments and synchronising HRM policies and procedures. On the basis of adopting best practice we implemented the Talent Development Programme, established our Leading Professionals team and took on



Knowledge sharing in Ethiopia through VSO 'Secure Livelihood' programme (Voluntary Service Overseas); Frank Sorée (Royal HaskoningDHV), third from the left

board a well-established approach to succession planning.

The merger also brought the opportunity to develop new HRM instruments. It is becoming increasingly important to use the same 'HRM language' in all the countries in which we operate in order to facilitate mobility and increase efficiency. To this end we are in the process of setting up a global framework for functions and roles, which will be essential for international staff exchange.

Linked to this, a modern approach to performance and development is being implemented. The key to this new approach is employability: employees taking stronger ownership for their own development and ability to adapt to rapidly changing circumstances in our world, and that of our clients. The emphasis is on bringing the right

balance between company strategy and individual ambitions, with an increased focus on professionalism. In short, people are our strength; having the right people in the right place at the right time is what it is about.

Integration activities continue in 2013. In the Netherlands especially, we are facing the big challenge of harmonising pay and benefits for some 3,600 staff. Having established the new organisation, market sector teams and business supporting departments are focussing on right-sizing to the market, which will mean growth in some areas and reduction in others.

All in all, the merger from a people perspective is not only the driver to harmonise HRM processes, but also a great opportunity for staff and Royal HaskoningDHV to take a big step towards a BrITE future.

Water technology brings sanitation and irrigation to Vietnam

Client: Ninh Thuan MCDU, Vietnam

Construction of sewerage and a 10,000 m³/day wastewater treatment plant for the city centre is underway in Phan Rang Thap Cham city, the administrative capital of Vietnam's Ninh Thuan province. The project will bring much needed sanitation to the city, dramatically improving the lives of 125,000 people who live there.

The region is one of Vietnam's poorest and driest. The absence of a sewerage and wastewater treatment system means wastewater discharges directly into city and surrounds, causing serious pollution to ground and surface water. When the project completes, 10,000 m³/day of treated wastewater will be reused to irrigate surrounding agricultural areas, improving the quality of the region's lakes, rivers, protecting the environment, surface and ground water.

Royal HaskoningDHV acted as private initiator in the application, helped secure ORIO* funding for the project, and carried out technical and socio-economic surveys, Environmental Impact Assessments, basic and detailed designs, financing plans and a capacity building programme.

**ORIO funding by the Dutch Ministry of Foreign Affairs to encourage public infrastructure development in developing countries.*

Innovation is a collaborative process. Royal HaskoningDHV works in partnership with clients, project partners, universities, government agencies, NGOs and many other organisations. We believe in the golden triangle of driving innovation through the collaboration between the business community, government bodies and knowledge institutions.

Approach

Our approach to innovation is twofold; co-creation with clients and our own response to latent market demand. In co-creation with our clients, we find innovative solutions for their needs using the golden triangle. This enables commercialisation and implementation of new, almost proven, technologies that create greater added value for the client and benefit society. The new way of serving our clients has resulted in, for example, the development of a new service introducing a closed loop concept for the chemical industry, called TaBaChem; the creation of a Levee Information Management System reducing potential flooding risks; and the implementation of smart engineering solutions, such as the transformation of a paper and pulp factory into a bio-refinery. We also respond to latently present market demands, initiating ideas ourselves

and developing them into innovative new services and products that we can bring to the market. An example of this approach is our new water treatment technology, Nereda®. At this moment we are fully involved in marketing this new bright technology worldwide, which is proving to be very promising.

We know that innovation and sustainability go hand in hand. We are proud of what we have achieved in our projects and activities, such as our involvement in developing new technologies for the transformation of agricultural waste into bio-ethanol and our close collaboration with the Delft University to develop a smart underground storage system for fresh water in areas with a shortages such as arid regions.

Awards

We encourage our staff to enter external and internal competitions.

In 2012 we won a number of prestigious awards and commendations around the globe, such as in South Africa where we won the SAICE Engineering Excellence Award for the Bedford Dam at the Ingula Pumped Storage Scheme. In the Netherlands the 'Karel Doorman' apartment block in Rotterdam designed by Royal HaskoningDHV and Ibelings Van Tilburg Architects won the Audience

Award of the prestigious Dutch Building Award 'Nederlandse Bouwprijs 2013'. The Benelux Aluminium Award 2012 for the sustainable renovation of company buildings was awarded for our own renovated head offices in Amersfoort, the Netherlands. In the United Kingdom we received a commendation as finalists in the 'Environmental Initiative of the Year' award for the Kai Tak cruise terminal passenger walkway specification in Hong Kong.

Royal HaskoningDHV Da Vinci Award

The Da Vinci Award is our internal competition to encourage innovation in our company and staff. Teams can enter projects with innovation at their core, which can be either proven technology (implemented in a project) or an idea or concept (not proven, but with potential). The jury is comprised of senior professionals, executives and external experts. The winners receive the Da Vinci Award and the special recognition gives their projects a boost and promotion internally and externally. In the case of ideas and concepts, the winners are supported to develop their ideas further into a marketable service.

For 2013 we will look at how we can structure innovative developments even further within our work to keep ensuring added value for our clients and partners.

Corporate Responsibility

As the world changes rapidly, defining the best and most sustainable way for us to service our clients' needs and solve their challenges is changing too. As an engineering consultancy, Royal HaskoningDHV has the ability, opportunity and responsibility to take into account the global challenges that society faces, and to deliver new, innovative approaches to these issues.

In 2012 our priority was integrating Corporate Responsibility (CR) in our new organisation, in line with CSR 2.0. This means that CR is adopted as an integrated responsibility by senior management and objectives and plans are being implemented accordingly. To manage this implementation process and to maintain our position as leader in sustainability, we appointed a CR director at corporate level.

Our international CR approach involves stakeholder dialogue, integrity and a sustainability programme that consists of the following elements:

- Sustainability in projects
- Sustainability in operations
- Community engagement (giving back)

Sustainability in Projects

Our main contribution to the sustainable development of society, in terms of environmental, social and economic value, is the work that we deliver through our projects. Our aim is to create sustainable value that benefits our clients. We look at opportunities in each project by using our own e-Value tool, and we show leadership in specific key sustainability issues in all our markets. We ask our clients for feedback through stakeholder dialogue and project based client satisfaction surveys. Many market activities have taken place to involve clients and professionals in new developments driven by sustainable development. Examples are the 13th edition of The National Sustainability Conference in the Netherlands and a seminar on Bio-based Economy.

Sustainability in Operations

While we aim to create sustainable value for our clients, we also apply high standards to continuously improve the way we operate ourselves. We want to “walk the talk” and apply the best practices and new solutions.

In 2012 we redefined our international management systems for quality, health, safety and environment according to international standards. Roll out and further development will take place in 2013.

In our operations we focus on reducing our footprint, while also improving work conditions and supporting a culture in which responsible and sustainable behaviour is standard. This is translated into plans and targets for (the impact of) our offices, our mobility, our ICT, and people management. In 2013 we will report against these plans and targets.

For 2012 we defined our CO₂ footprint as a reference for further improvement. This is the first footprint for the merged company, and due to data issues, we will not be able to give a full historic overview. For 2013 we will improve the coverage and quality of our environmental data.

Giving back Programme

As a knowledge-based company, we strive to add value to local communities through education and capacity building. Despite the continued tight economic times, we maintained our commitment to our social programmes. Staff from our offices around the world participated in educational programmes for primary and secondary schools, universities and weekend schools, sharing their knowledge about their various professions.

In the Netherlands we are members of the RCE Rhine-Meuse (Regional Center of Expertise on Education for Sustainable Development) and Jet-Net (Youth and Technology Network Netherlands). Through these organisations our staff shares their knowledge in various fields of expertise. In 2012, 35 staff members were involved in school activities with RCE and Jet-Net, in which around 700 students participated.

In South Africa Royal HaskoningDHV launched its Saturday School Initiative in 2007. Employees provide voluntary tuition in mathematics and science subjects to disadvantaged children. Some 780 children have taken part in the programme, 100 of which have been admitted to university to date.

In the United Kingdom, our Solihull colleagues joined together with a group of local companies in order to improve the amenity value of the local park.

In Indonesia, our team has supported Hanifa, an early childhood educational centre, for many years. In 2012 the school opened its new building brought about by funds from our staff.

Reporting

In 2012 we ranked in the top twenty of the Transparency Benchmark of the Dutch Ministry of Economic Affairs, with the 2011 DHV B.V. CR report, thus extending our leading position in our sector for the fifth year in a row. Our CR report, which is available on our website, will give a limited overview of our combined achievements over 2012.



The global economic outlook remains challenging for 2013 and most forecasts look well into 2014 to 2015 for a pick-up on growth. We therefore foresee continued tight trading conditions with a need to look very carefully at all levels of cost, while focusing on the true needs of clients and meeting their demands in an innovative manner. This requires keeping a strong focus on market demand and adjusting our capacity accordingly.

Investments however continue to be made in specific geographies and industries for specific purposes, thus generating demand for the services of Royal HaskoningDHV. Concerns regarding especially the European market in the coming year are somewhat mitigated by the positive outlook for the African continent and ongoing activities in the Middle East, Southeast Asia and South America.

Consolidation of consultancy and engineering firms could be seen as a major trend. This trend is expected to continue in 2013, when further consolidation will take place, and companies will review their services and approach towards the market. Additionally, there is a belief in the potential of new technology and innovation.

The merged company of Royal HaskoningDHV is now able and willing to take on larger and more complex projects worldwide. The focus on the

market, in combination with thought leadership, will ensure that we will remain capable of delivering world-class solutions locally. Clients can benefit from the expansion in size, market knowledge and experience of the merged company. We have already proven in several projects that we are able to deliver excellence and tangible sustainable solutions. We see the first benefits of our approach coming to fruition in 2013, especially in Africa and the Middle East.

In 2013 we will continue to focus our efforts on forging closer client relationships and providing sustainable services to developing countries. We see specific opportunities here for all our services and expertise, particularly in the areas of planning and strategy and transport and asset management. In addition, we see increased opportunities for infrastructure in the international market, especially for underground structures (immersed tunnels, metro, parking) while our Buildings experts see a growing demand in smart concepts for health care real estate and data centres in several regions globally.

The growing demand for water and the inefficient use thereof means innovative technologies are becoming increasingly important. Our Nereda® technology is now recognised as a significant new alternative for wastewater treatment solutions. Likewise our Hurricane Surge Atlas tool, which is helping New Orleans

plan for future hurricanes, can make a huge difference to other areas prone to extreme weather.

The focus of our industrial clients is shifting towards Africa, South America, India and Southeast Asia, which is also experiencing expansion by the food and beverage industry and the pharmaceutical sector. The mining sector is showing positive development and the international resource recovery sector is expected to grow. The acquisition of ELC positions us to respond to developments in the market in Turkey, while the acquisition of IPM strengthens our aviation portfolio and will enhance our international market position. We are becoming further involved in more complex infrastructure projects in developing countries and the demand for our maritime services is envisaged in the Middle East, ASEAN and South America.

While developing our international activities, we also secure the link between local and global account management, expertise, experience and knowledge.

We can look back on 2012 with pride, in knowing that we have achieved a challenging task. However, we have work to do to restore profitability to the desired level. We are confident that we have a solid base to take on the future and look forward to working for and with our clients, colleagues and stakeholders to continue to enhance society together in 2013 and far beyond.

We thank our staff for their commitment and dedication and for supporting us in making it possible to achieve the objectives we set out for the new company.

Amersfoort, the Netherlands
14 March 2013



Bertrand van Ee (Chair)



Erik Oostwegel (Vice Chair)



Jaska de Bakker (CFO)



Piet Besselink



Frank Heemsker



Henry Rowe



State of Environment Report, basis for responsible decision making, ensuring a sustainable future, Province of Gauteng, South Africa

Environmental report helps Gauteng make sustainable decisions

Gauteng is South Africa's smallest and most populous province, a fact which creates a number of complexities for environmental management. Economic development in Gauteng is the engine that helps drive the national and African economies. However high levels of development, industrial and mining activities, population growth and urbanisation have created both challenges and opportunities for the province to manage its natural resource base.

Last year Royal HaskoningDHV delivered the 2011 State of the Environment Report for Gauteng. The report provides an 'environmental census' of the province at a particular point in time, and a basis of information on trends and conditions in the environment. Covering issues relating to land, agriculture, biodiversity, water, air quality, climate change, human settlements, waste and environmental governance, the report is helping the provincial government, policy makers, planners and others to make informed decisions about sustainable development and resource management.

Client: Gauteng
Department of Agriculture
& Rural Development,
South Africa

Consolidated Balance Sheet

(before profit appropriation)

(€ thousands)

Assets

	2012	2011
Non-current assets		
Intangible assets	50,737	50,719
Tangible fixed assets	44,470	48,481
Financial fixed assets	14,230	7,670
	109,437	106,870
Current assets		
Work in progress	2,478	3,066
Receivables	171,219	175,392
Cash and cash equivalents	50,072	70,729
	223,769	249,187
	333,206	356,057

Equity & liabilities

	2012	2011
Group equity		
Equity	123,606	149,254
Minority interest	4,456	3,117
	128,062	152,371
Provisions	27,718	20,511
Non-current liabilities	36,957	34,313
Current liabilities	140,469	148,862
	333,206	356,057

Consolidated Income Statement

(€ thousands)

	2012	2011
Net turnover	704,028	747,647
Change in work in progress	(2,496)	(10,543)
Revenue	701,532	737,104
Costs of work subcontracted and other external charges	170,359	170,115
Salaries and wages	329,058	343,014
Social security contributions	53,500	53,427
Depreciation and amortisation on tangible and intangible assets	15,741	19,470
Other operating costs	149,216	144,927
Operating expenses	717,874	730,953
Operating result	(16,342)	6,151
Interest income	1,452	1,774
Interest costs	(3,488)	(4,317)
Net interest expense	(2,036)	(2,543)
Result before tax	(18,378)	3,608
Income tax expense	(1,047)	(5,203)
Share of result of participating interests	501	5,541
Result after tax	(18,924)	3,946
Minority interest	(974)	351
Result for the year	(19,898)	4,297

Consolidated Cash Flow Statement

(€ thousands)

	2012	2011
Cash flow from operating activities		
Operating result	(16,342)	6,151
Adjustments for		
Amortisation and depreciation	15,742	19,470
Change in provisions	<u>7,148</u>	<u>(4,243)</u>
	22,890	15,227
Changes in working capital		
Work in progress	1,077	(204)
Receivables	(2,805)	11,003
Current liabilities	<u>(7,126)</u>	<u>(18,154)</u>
	(8,854)	(7,355)
Cash generated from operations	(2,306)	14,023
Interest paid/received	(2,036)	(2,601)
Income tax expense	(3,293)	(3,702)
Dividends received	1,157	241
	<u>(4,172)</u>	<u>(6,062)</u>
Net cash generated from operating activities	(6,478)	7,961
Cash flow from investing activities		
Investment/divestment of group companies	(4,572)	8,672
Purchase/sale intangible assets	(2,584)	(4,444)
Purchase/disposal of tangible fixed assets	(5,019)	(4,586)
Investment in/disposal of participating interests	(313)	2,226
Net cash used in investing activities	(11,862)	1,868
Cash flow from financing activities		
Proceeds from issuance of shares	(469)	243
Dividends paid	(5,845)	(287)
Proceeds from borrowings	2,703	16,372
Repayments of borrowings	<u>(34)</u>	<u>(16,588)</u>
Net cash used in financing activities	(3,645)	(260)
Net cash flows	(21,985)	9,569
Exchange gains/losses on cash and cash equivalents	(494)	(2,473)
Net increase/decrease in cash and cash equivalents	(22,479)	7,096
Movements in cash and cash equivalents can be broken down as follows:		
At 1 January	66,793	59,697
Movements during the year	(22,479)	7,096
At 31 December	44,314	66,793

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