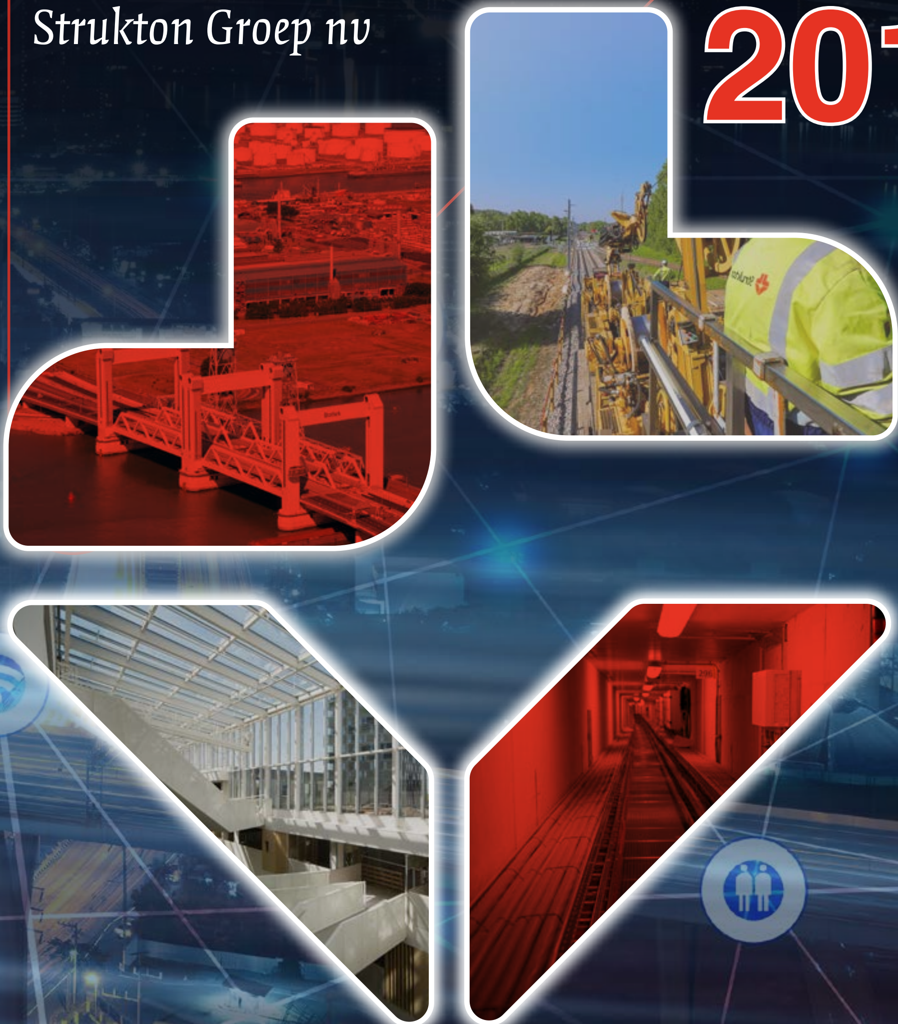
Annual Report

Strukton Groep nv

2018



Strukton

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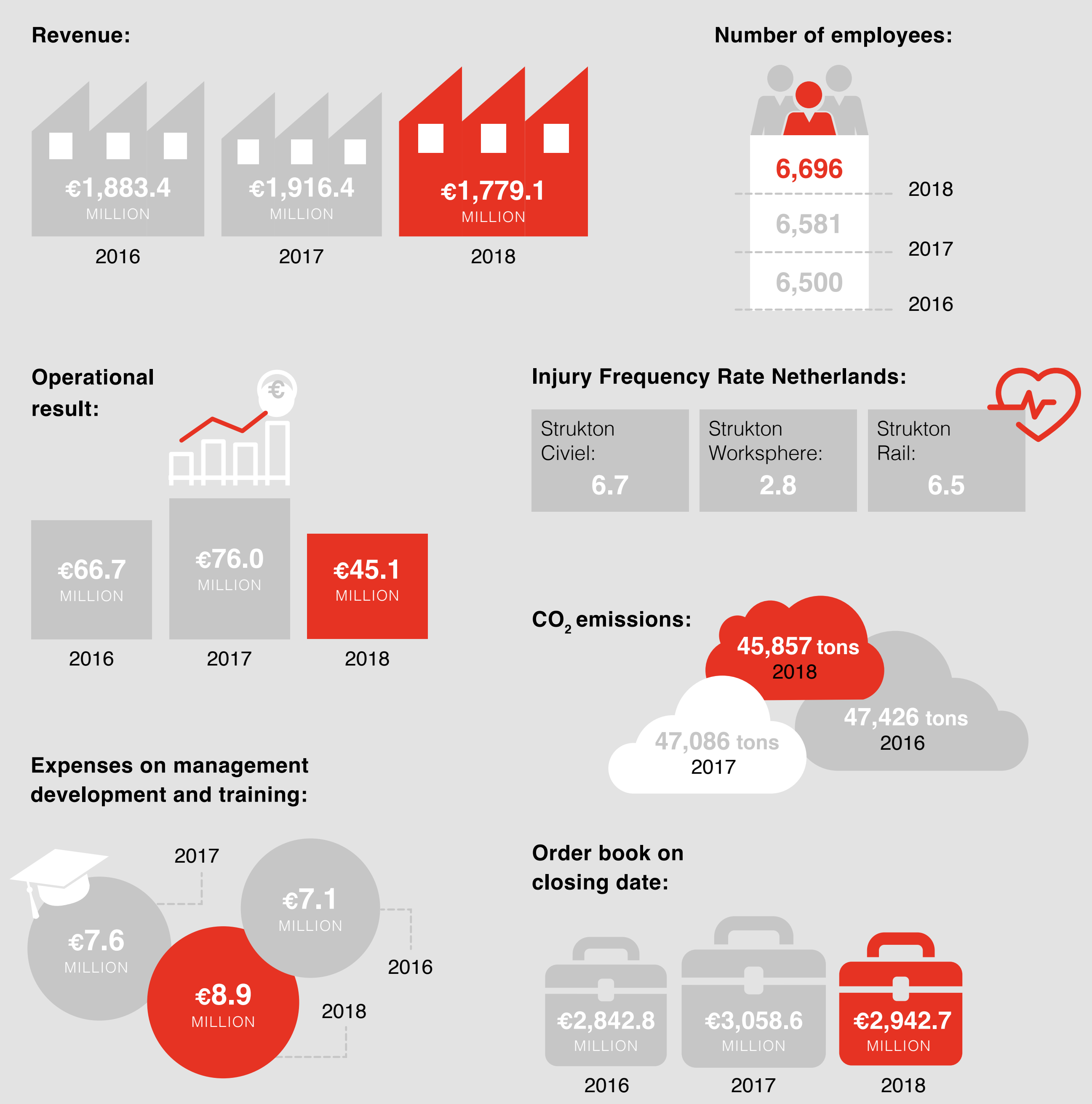
Strukton's power is the expertise and domain know-how of the employees combined with high-end technology.

Strukton

01 Key figures



Amounts stated in millions of euros (unless indicated otherwise)	**2018***	2017	2016	2015	2014
Revenue from contracts with customers	1,779.1	1,916.4	1,883.4	1,907.2	1,724.0
Operational result (EBITDA)	45.1	76.0	66.7	70.7	(6.8)
Operating result (EBIT)	16.8	44.0	35.4	35.0	(40.9)
Net result	(0.2)	25.1	13.3	16.8	(32.8)
Cash flow					
- Operational	(20.2)	27.1	64.3	22.1	27.1
- Investments	91.4	(27.2)	(30.2)	(17.6)	(24.9)
- Financing	8.3	(13.8)	4.9	45.0	8.8
Total cash flow	**79.5**	**(13.9)**	**39.0**	**49.6**	**11.0**
Investments in property, plant and equipment	22.8	22.7	21.0	15.2	23.3
Depreciation / impairment on fixed assets	28.3	32.1	31.3	35.6	33.9
Excl. consolidation (non-recourse) PPP projects					
Balance sheet total	1,140.7	1,145.4	1,346.0	1,361.5	1,183.5
Invested equity	312.2	363.0	347.9	345.9	282.0
Net debt	38.2	53.4	69.5	159.2	130.2
Solvency rate**	21.2	24.3	18.8	14.3	16.3
Incl. consolidation (non-recourse) PPP projects					
Balance sheet total	1,313.9	1,148.4	1,349.8	1,365.6	1,186.1
Total equity	189.6	231.0	207.9	179.1	141.0
Total group equity	230.6	267.7	242.6	179.1	141.0
Invested equity	484.6	365.1	350.5	348.8	284.0
Net debt	210.5	54.8	71.2	160.9	132.1
Solvency rate based on group equity and subordinated loans**	18.4	24.3	18.8	14.2	16.3
Net results as a % of average equity	(0.1)	11.4	6.4	10.5	(19.8)
Net result as a % of revenue from contracts with customers	0.0	1.3	0.7	0.9	(1.8)
Order book on closing date	2,942.7	3,058.6	2,842.8	3,215.0	2,983.9
Non-financial indicators					
Average number of employees	6,696	6,581	6,500	6,561	6,711
Sick leave rate (%)	3.2	3.4	3.2	3.0	3.0
Costs of management development and training	8.9	7.6	7.1	8.7	6.4
Employees assessed (%)	98.7	95.9	96.8	98.0	97.3
CO2 emissions in tons	45,857	47,086	47,426	49,087	58,032

* After amendments to the accounting policies regarding Financial instruments (IFRS 9) and Revenue from contracts with customers (IFRS 15). Also refer to paragraph 'Newly applied and revised standards and interpretations' in the accounting policies for financial reporting.
** Solvency 2014 calculated including put option and capital injection of 6 March 2015.

02 Report of the Supervisory Board

In consultation with Strukton's financiers, Strukton Groep nv appointed a separate Supervisory Board at Strukton Groep nv level on 20 December 2017. The Supervisory Board members in the financial year 2018 are Mr H.G.B. Spenkelink (Chairman), Mr. J.P.F. van Zeeland, Mr W.G.B. te Kamp and Ms H.P.J.M Jans. All members of the Supervisory Board were part of the Oranjewoud nv Supervisory Board in 2017, and on that basis have been familiar with Strukton for some time. In 2018, Mr W.G.B. te Kamp withdrew from the Board. Ms Jans accepted the position of CFO at Centric Holding bv as from 1 July 2019 and would therefore not be an independent member of the Supervisory Board based on the best practice provisions as from that date. For that reason, Ms Jans has withdrawn as a member of the Supervisory Board of Strukton Groep nv and Oranjewoud nv as from 30 June 2019. Her succession within the Supervisory Board is a topic of discussion.

In the Supervisory Board's opinion, the Board members are able to operate independently and critically, both mutually and towards the Group Board of Directors of Strukton and in any specific interest.

The Supervisory Board serves to supervise the Group Board of Directors' policy and the Company's and Group companies' general operations, and to provide advice to the Group Board of Directors. The Supervisory Board also focuses on the effectiveness of the Company's internal risk management and control systems and the integrity and quality of financial reporting. In the performance of its tasks, the Supervisory Board focuses on the interests of the Company and its affiliated companies and considers the relevant interests of the Company's stakeholders. The Supervisory Board annually evaluates both its own performance and the performance of the Board of Directors and discusses the conclusions. Such evaluations and discussions are not attended by the Directors.

In 2018 the Supervisory Board convened with Strukton's Group Board of Directors several times to discuss the strategy. Furthermore, these meetings were a platform to provide an insight into the strategic, operational and financial objectives of the Company. During the meetings, other topics included further reinforcement of internal procedures regarding anti-corruption and integrity. The Supervisory Board is aware of the new reporting procedure and the launch of the e-learning programme for employees to be introduced in the course of 2019.

On Friday 15 February 2019, Strukton was unexpectedly raided by the FIOD, the fraud division of the Dutch Tax Authorities, based on suspicions of corruption and falsification of documents during the acquisition process of a contract for the metro project in Riyadh. The Supervisory Board agrees with the Board of Directors that there is no reason whatsoever for a raid and that this raid was entirely unprepared. The FIOD could have obtained all information beforehand. During the meetings with Strukton's Supervisory Board after the raid by the FIOD, the measures that Strukton implemented following the investigations by the FIOD were discussed. One of these measures is an internal investigation by Strukton Group's compliance officer led by the board of directors. We currently do not have any concrete indications of irregularities. The Supervisory Board has sought professional advice regarding the process to be followed and the quality of the internal investigation. An independent consultant concluded that the internal investigation was performed carefully and adequately, and that the Supervisory Board has performed its role as a supervisor in a proper way and has always acted adequately on the information received considering the risks involved in the Riyadh metro project based on its supervisory responsibility.
In the current circumstances, the Supervisory Board has intensified its supervision while the criminal investigations are ongoing.

Photographer: Fredrik Hjerling

All Supervisory Board members attended the meetings convened with the Supervisory Board. The Supervisory Board is committed to regularly meet with the management of the operating companies to build personal relations in order to gain insight into their competencies and skills.

Strukton's continuity was assured based on a new financing arrangement concluded in 2018 for a 3-year period with two one-year extension options.

In the past years, Strukton adjusted its strategy, concentrating on activities that match its strengths. Maintenance and management using high-end technology, domain knowledge and professionalism are the foundation of the Company. The results in the year 2018 are disappointing, but do not give us any reason to adjust the policy implemented pursuant to the strategy. The results once again highlight the importance of adequate project and contract management.

Strukton aims to lower its risk profile (risk-reward) of the order book and order intake, and to market its technology and speciality products in the Netherlands and a selection of other countries. The order intake is mainly focused on ensuring a healthy risk/reward ratio, for example based on formalised tender board procedures.

In 2019, the Company will require everyone in the organisation to continue dedicating a lot of energy to achieving the strategic objectives and a leading edge. The Supervisory Board has full confidence in the strategic proposition of the Company as a whole. The Supervisory Board members of Strukton Groep NV wish to thank the management and the employees for their efforts and commitment in 2018.

The Supervisory Board members
H.G.B. Spenkelink
J.P.F. van Zeeland
12 September 2019

▸ "With our passion, technical knowledge and almost one hundred years of experience and expertise we create solutions that genuinely help the principal."

Photographer: Lennaerd Vos

Message from the Board of Directors

03

Result and Operating income

In 2018, Strukton's net result was EUR 0.2 million negative. This is significantly lower than in 2017. This decrease is due to the disappointing results of divisions of Strukton Rail and international projects. Additionally, Strukton needed to make various adjustments to projects due to the implementation of a new accounting standard (IFRS 15). This affected both the result and the equity.

The operational result amounts to EUR 45.1 million (2017: EUR 76.0 million). The Rail systems segment provided a key contribution to the operational result with EUR 31.6 million (2017 EUR 64.5 million).

The operating income has slightly decreased in 2018 compared to 2017, amounting to EUR 1.8 billion. This is mainly due to the construction of three metro lines in Riyadh being in the final finishing phase, with annual production well down from peak activity. However, Strukton is pleased with the operating income, as growth of operating income is not a target in itself. The Company focuses on management and maintenance, projects and works that allow Strukton to use its proven core competencies with a low risk profile and a promising earning capacity.

Operating income
€1.8
BILLION

FIOD

On Friday 15 February 2019, we were unexpectedly raided by the FIOD, the fraud division of the Dutch Tax Authorities, based on suspicions of corruption and falsification of documents during the acquisition process of a contract for the metro project in Riyadh. We believe that there is no reason whatsoever for a raid and that this raid was entirely unprepared. The FIOD could have obtained all information beforehand. The exact reason for the FIOD investigation remains unclear up to now. We fully cooperate with the FIOD investigators and provide full transparency. We have started an internal investigation directly after the raid.

The list with all data seized by the FIOD has been assessed in terms of indications of irregularities. The assessment has not resulted in findings indicating non-compliance to applicable rules and legislation. We are fully committed to integrity in doing business and, insofar as the internal assessment indicates, no bribes have been paid for the acquisition of the metro project in Riyadh. We walk the talk set out in our Code of Conduct 'Honest Business Practice' at all times as part of the Strukton All Right programme and enforce compliance.

Strategy

The customer's success is central to Strukton. With its passion, technical knowledge and almost one hundred years of experience and expertise, the Company creates solutions that genuinely help the principal. Sustainability plays a major role in it all, with a focus on people and the environment. Strukton's power is the expertise and domain know-how of the employees combined with high-end technology. This trio shines in management and maintenance. Practical use of data in management and maintenance allows Strukton to discern itself. Strukton focuses on projects where the technology component is key, and projects that match its specialist fields. Most of all, it is important that the works are in line with Strukton's proven knowledge and expertise. In the past, Strukton mainly performed project-based work. Since a few years, the Company focuses more on management and maintenance, followed by specialist fields and projects.

Strukton focuses on projects and growth in Europe, the Middle East, the United States, Canada and Australia. Strukton also sees opportunities outside these areas. The Company selectively aligns with worldwide developments on a project basis, including urbanisation and the related growing need for metros and light rail.

Strukton is committed to doing business with integrity. In 2017 and 2018, the Code of Conduct was updated. With the titled Strukton All Right, the employees are made aware of the importance of integrity in various ways, whether concerning minor regional projects or major foreign projects.

Segments and operating companies

▶ Rail Systems

Strukton Rail has realised excellent results in the Netherlands, Denmark and Italy. The result in Sweden is disappointing, mainly due to disappointing results in a number of maintenance contracts. In Belgium, Strukton Rail is still confronted with a difficult market. Strukton Rolling Stock operates at a loss. Strukton Rolling Stock expects to realise better results in 2019.

Strukton Rail generates an increasing share of its operating income outside the Netherlands. The Company intends to continue this upward trend, among others based on growth in the United States and Australia. The outlook in the above countries is excellent. In these countries, we mainly focus on data and smart maintenance.

▶ Civil infrastructure

In 2018, Strukton International became part of Strukton Civiel. The financial reporting was also combined. The 2018 results were approximately equal to the combined 2017 results of Strukton Civiel and Strukton International. This could suggest that no progress was made but nothing could be further from the truth. The Dutch branch of Strukton Civiel clearly found the upward curve. The domestic results show a slight increase. The income from foreign projects is positive on balance but significantly lower than in 2017. This is mainly due to a number of onerous contracts and lower contribution of the Riyadh metro project as production is now at a lower level than in previous years.

In the Netherlands, the three regional companies and the specialist fields have made an excellent contribution to the result. The large projects division had another challenging year in 2018 but things are slowly looking up. This trend should become more defined in 2019. The focus is increasingly shifting towards integrated railroads and civil engineering works. In such projects, Strukton can discern itself in the market based on its proven knowledge and expertise.

In its international work, Strukton Civiel was confronted with several project adjustments.

This is why we will refocus on the type of projects to bid for in 2019. The results of the Riyadh metro project were realised at the expected standards and the project development is excellent.

▶ Technology and Buildings

Strukton Worksphere showed a good result in 2018. The management and maintenance works are going very well. Their share in the result has increased and customers are very satisfied. The newly chosen course regarding projects and development gives a positive contribution. In its strategy, Strukton Worksphere increasingly focuses on digitisation and sustainability. The activities in these two fields have increased significantly in 2018 and the expectation is that this offers sufficient work in the coming years. We created an additional provision for a number of projects that were completed in 2018. This has significantly decreased the organisation's risk profile. Progress of construction of the new premises for RIVM and CBG is excellent: the PPP project is now on schedule. The order book for the entire organisation is well-filled.

▶ Strukton Integrale Projecten

Strukton Integrale Projecten is responsible for managing the PPP projects in Strukton's order book in 2018. For the A15 Maasvlakte-Vaanplein project, we successfully implemented a major contract change for the construction of the rails on Botlekbrug bridge. In addition to the regular PPP asset management, the Company actively reviewed opportunities for financial value creation on the PPP assets, for example by refinancing the existing PPP loans, by responding to appealing options for PPP shares transactions, and by benefiting from management efficiencies. The tender activities for new PPP Projects are limited due to a selective tender policy. In 2018, the tender activities were limited to successful pre-qualification for a light rail project in Belgium.

Employee wellbeing

Staying safe and healthy both at home and away. That is the main focus of Strukton for employee wellbeing. The programme highlighting this key commitment has the title 24Safe and is applied company-wide. Within this programme, employees are frequently given training and toolbox meetings. Additionally frequent campaigns increase the employees' awareness of the importance of health and safety at work, both in the office and on-site.

Health, social return and training are also part of employee wellbeing. In addition to training programmes in the various operating companies and countries, the Company has a company-wide training programme. The expanded method for the high potentials in the 2019 programme ensures that people with management potential and technical top talents have an opportunity of joining Strukton Young Professionals. This expansion is in line with Strukton's commitment to develop into a more technology-driven company.

Outlook

Strukton's order book is well-filled, which gives us confidence. The market situation is also favourable. There are still parties in the market trying to acquire projects with unrealistically low tender bids. Strukton explicitly distances itself from that approach, instead choosing a perspective based on certainty, quality and trust. This takes the company to a higher level, ensuring that the work is performed with high quality and to full satisfaction of the principal. This enables Strukton to build long-term relations with principals.

We thank the Strukton employees for their efforts in 2018. In spite of the disappointing results, they continue their full commitment to both the Company and the customers. We are grateful to all. We hope that in 2019 we may continue to rely on their expertise, dedication and loyalty.

Gerard Sanderink
Aike Schoots
Erik Hermsen
12 September 2019

04

Profile

Strukton is passionate about technology, skills and expertise, focusing on railway and civil engineering works and technology-driven specialist fields. Maintenance and management using high-end technology, domain knowledge and professionalism are the foundation of the Company. On this basis, Strukton contributes to the safety, quality and sustainability of rail transport, road infrastructure and technical systems and buildings. After all, everyone has the right to a comfortable, safe and accessible world, both now and in the future.

In its more than 95 years in business, Strukton has developed a strong basis in its home countries: Italy, Sweden, the Netherlands, Denmark and Belgium. With its projects and products, Strukton also focuses on the Middle East, the United States, Canada and Australia. Customers are also located in other countries, within as well as outside Europe.

Markets

Strukton has operations in three markets:
Rail systems: design, construction, renewal, management and maintenance of both light and heavy rail infrastructure, electric train systems and mobility systems
Civil infrastructure: design, realisation, management and maintenance of infrastructure projects in the Netherlands. Abroad, Strukton International realises integrated rail and civil engineering solutions, in particular in the construction of transport systems in densely populated areas, ports and connections between ports and their hinterland.
Technology and Buildings: design, development, realisation, maintenance, management and the operation of technical systems and buildings (in the Netherlands)

Attitude

Strukton employees are highly skilled and knowledgeable professionals. They are fair, straight-forward and down-to-earth with integrity. Their words are substantiated with a sound technical basis. Providing knowledge and experience is their value. They are committed to safety. They take the initiative in contributing innovative, reliable solutions. They always review requests from the principal's perspective and then propose innovative and sustainable concepts and solutions. Strukton employees are driven and engaged with their principals, customers and the environment.

Safety

Strukton's work comes with the necessary safety risks, both to the employees, the chain partners and the environment. Health and safety at work is an integral part of Strukton employees' skills, and this extends to the people Strukton works with.

Safety is in the organisation's genes, and is a key success factor. This is why Strukton applies the 24Safe safety programme. Its mission is: Focusing on safety together. In Strukton's opinion, every employee is entitled to a safe work environment in order to ensure that everyone can return home safe and sound after work.

The 24Safe programme applies to all of Strukton's projects and activities. Additionally, supplementary measures and programmes apply in some projects and countries and for some operating companies. An example is the construction of three metro lines in Riyadh, Saudi Arabia, where Strukton is a construction partner in the FAST consortium. 35 different nationalities collaborate in this project, and most receive the safety instructions in their own language. Cultural differences are specifically respected.

Sustainable operations

Strukton is committed to corporate social responsibility and takes up a leading role within the sector. Safety is a key factor in the operations, not just in the projects and contracts, but also for the railway systems, road infrastructure, technical systems and buildings. To optimise operational life, Strukton is committed to quality by providing safe designs and safe products. In addition Strukton actively contributes to reducing CO_2 emissions, for example by using domestically generated renewable energy and applying a sustainable mobility policy. Strukton also applies proven methods in helping its customers realise energy savings. This way, Strukton reduces both its own CO_2 emissions and the emissions produced by third-parties. Furthermore, the organisation focuses on reusing and recycling materials, raw materials and commodities, such as asphalt, concrete and rail ballast.

We are *a service provider innovating based on insight into and knowledge of technology.*

We are committed *to honesty, sincerity and integrity in doing business both at home and abroad, at every single level in the company.*

We aim *to contribute to the safety and quality of rail transport, road infrastructure and technology and buildings.*

Vision

Railway and road infrastructure require excellent safety and availability. The public sector, travellers, transport firms and carriers, and the industry can rely on safe, reliable, efficient and sustainable transport. This requires smart management and maintenance. The market for technology and buildings requires high-end knowledge of technical systems. In particular where technology plays a crucial role in sustainability and continuity, such as in the markets segments healthcare, industry, education, data centers / ICT, commercial real estate and all facilities relating to mobility hubs and transport. In view of the worldwide trend of urbanisation, cities can increasingly develop only if their urban infrastructure is improved with sustainable mobility systems, such as light rail and metro. Access to mining and port areas by means of a reliable infrastructure can also provide a major impulse to the economic development of such countries. Several heavy-rail connections are forecast to be constructed in the next few years, to be managed and maintained subsequently.

Mission

Strukton aims to contribute to the safety, quality and sustainability of rail transport, road infrastructure, and technical systems and buildings. This involves developing technologies and integrating solutions. It also means encouraging principals to choose contract types that leave space for innovation. Strukton is synonymous with due care, integrity and sustainability in doing business, and is committed to encouraging the sector to follow its lead. Strukton's business principles are combined with attention for functionality, quality, operational life and a good price-quality ratio.

Strategy

Strukton aims to align with worldwide developments, including urbanisation and the associated growing need for metros and light rail. Additionally, Strukton sees opportunities in access to mining and port areas based on reliable and sustainable infrastructure, among others in combination with asset management solutions.

The Company increasingly narrows its work focus, focusing on activities that leverage its strengths. Maintenance and management using high-end technology, domain knowledge and professionalism are the foundation of the Company. This provides stability and enables Strukton to discern itself from its competitors, based on applied use of data in management and maintenance. Additionally, Strukton focuses on projects where the technology component is key, and projects that match its specialist fields and are in line with Strukton's proven knowledge and expertise. Knowledge of such integrated technologies is what makes Strukton unique. This is the extra mile that truly helps Strukton's customers. The focus and growth are mainly geared toward technology-oriented specialist fields, in Europe, the Middle East, the United States, Canada and Australia.

- We are a service provider innovating based on insight into and knowledge of technology.
- We are committed to honesty, sincerity and integrity in doing business both at home and abroad, at every single level in the Company.
- We aim to contribute to the safety and quality of rail transport, road infrastructure and technical systems and buildings.

Executives and Management

Chairman of the Group Board of Directors

Gerard Sanderink

Group Board of Directors

Gerard Sanderink
Aike Schoots
Erik Hermsen

Management

Strukton Rail
Jacob Zeeman
Jos Kool

Strukton Worksphere
Evert Lemmen
Mark Ooijen

Strukton Civiel
Frank Bekooij

Strukton Integrale Projecten
Paul Peekel

Central Works Council (COR)

Henk van der Meijden
Roland Stoekenbroek
Jeroen Pas
Jeroen Schrader
Marco van Meurs
Michiel Hack
Leo Oussoren
René van Doren

06 Core activities and specialist fields

In line with worldwide developments, Strukton is increasingly narrowing its focus in its projects. The Company concentrates on activities that take advantage of its strengths, in particular maintenance and management, using high-end technology, domain knowledge and professionalism. In these areas, Strukton invests in research & development in order to create solutions leading to improved safety, availability, efficiency and sustainability. For example applied use of data in management and maintenance.

Rail Systems

www.struktonrail.com

Maintenance, renewal and construction of rail, rail systems and electric train systems, both main tracks and cargo tracks, and light rail, both in and outside Europe.

Core activities
- Construction, renewal, management and maintenance of rail infrastructure, including: traction and overhead cable, signalling, safety, telecommunication and information and control systems
- Design, construction, installation and commissioning of electric systems for rolling stock
- Data acquisition, data analysis and data management
- System integration

Specialist fields
- Asset management
- Highly mechanised working methods
- Monitoring systems
- Measuring and inspection systems
- Energy systems
- Traction electronics and auxiliary systems
- Installation and integration of ERTMS and other train safety systems

Civil Infrastructure

www.struktonciviel.com

Design, realisation, management and maintenance of infrastructure projects (domestic) and rail/civil engineering (metro) projects (international). Focusing on development (innovations) and sale of infrastructure products, both on a domestic and international level.

Core activities
- Design, realisation, management and maintenance of integrated infrastructure projects
- Civil engineering structures
- Road construction
- Water engineering works
- Concrete structures
- Circular construction
- Generating and distributing sustainable energy
- Underground construction

Products
- Foundation technologies
- Immersion and under-water technology
- Polymer modified bitumen (pmb)
- Injection technology
- Environmental engineering
- Asset management
- Bridge resurfacing
- Traffic technologies (technical traffic and tunnel systems)
- Prefab concrete
- Noise screens
- Management of soil and waste
- Traffic management
- Incident management
- Renovation of bridges and locks
- Compressing, grinding and jacking
- Rail-bound civil engineering infrastructure

Technology and Buildings

www.struktonworksphere.com

Design, development, realisation, maintenance, and operation of technical systems and buildings in the Netherlands.

Core activities
- System technology and civil engineering
- Management and maintenance
- Project design and realisation
- Operation
- Revitalisation and development

Specialist fields
- Asset management
- Risk-driven maintenance
- Strukton PULSE
- Monitoring systems
- Data management
- Energy management
- System engineering
- Electrical and mechanical engineering
- DBMO contracts
- Operations management (including ESCos)
- Sustainability advice

Strukton Integrale Projecten

www.struktonpps.com

Within each of the Strukton segments, and across markets, Strukton Integrale Projecten works on acquisition and management of PPP concession projects. Additionally, the operating company issues advice on financing solutions and supports the development of new concepts and business cases.

Core activities
- Financing and financial management
- PPP asset management
- PPP project development

Specialist fields
- PPP concession projects
- Analysis and development of business cases
- Financial advice

07 Financial results

- Operational result EUR 45.1 million (2017: EUR 76.0 million)
- Lower results due to disappointing performance of Strukton Rail in Sweden and the impact of the new accounting standard
- Operational result of Rail Systems segment EUR 31.6 million (2017: EUR 64.5 million)
- Net result 2018 EUR 0.2 million negative (2017: EUR 25.1 million positive)
- Negative impact on net result due to the decrease of the corporate income tax rates, resulting in a EUR 6.3 million impairment of the offsettable losses as measured.
- Solvency rate decreased to 21.2% (2017: 24.3%), mainly due to the impact of the new reporting standards.
- Revenue stable at EUR 1.8 billion

General
2018 was a turbulent year. The Rail Systems segment was confronted with disappointing performance on a number of maintenance contracts in Sweden. The results of the Rail Systems segment came under pressure, but still provide a key contribution to Strukton's operational result. The implementation of a new reporting standard (IFRS 15) resulted in a negative impact on the result in the Rail Systems segment. This is due to having a higher threshold for the measurement of claims, variable considerations and contract deviations than before.

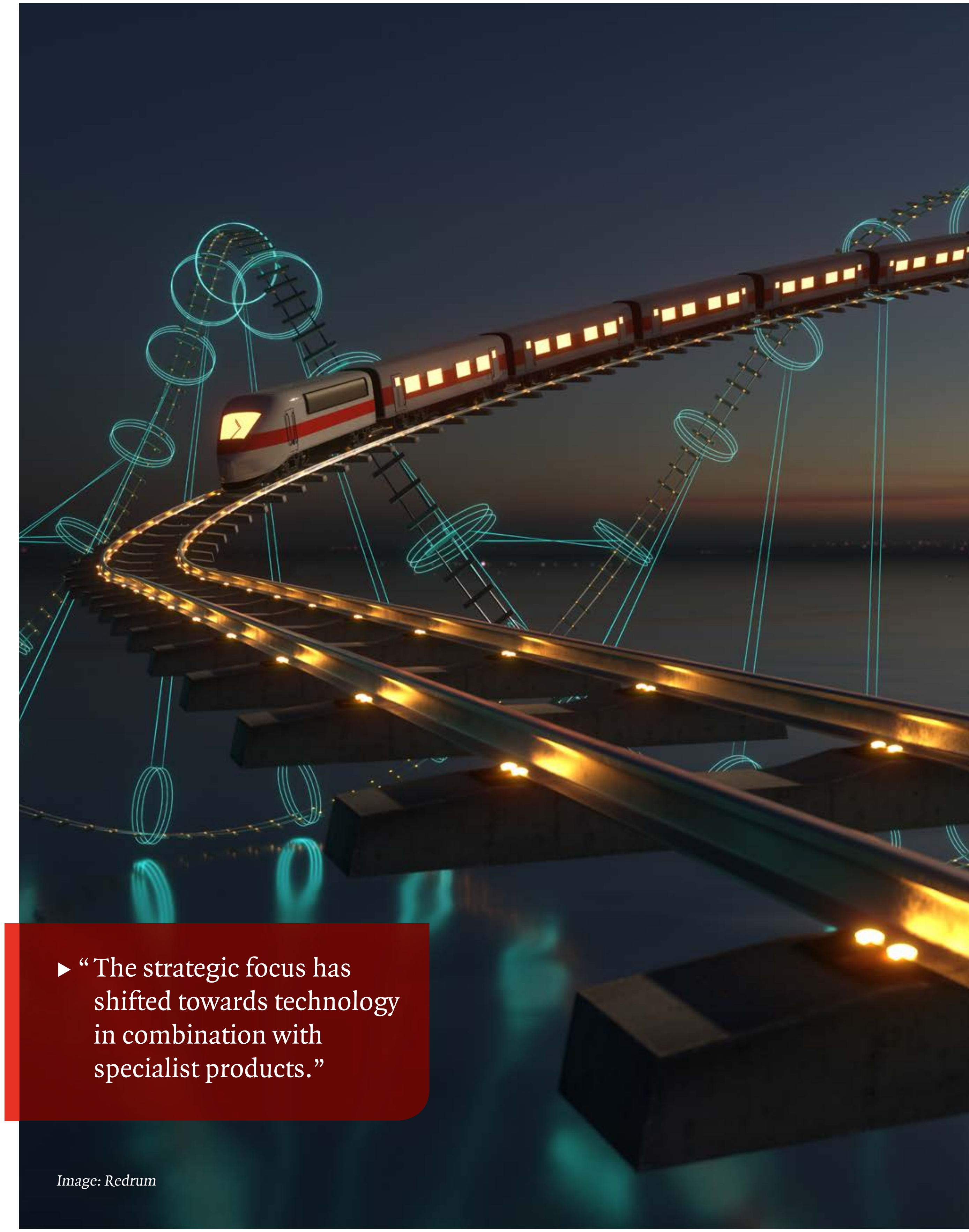
The segments Civil Infrastructure and Technology and Buildings have realised a reasonable performance in the reporting year 2018. Some divisions were restructured in 2018. The civil activities and specialist fields of Strukton Civiel and Strukton International have been integrated. In all regions and units of the new Civil Infrastructure segment, measures were implemented to decrease the risks and increase the quality of the works. The regional operations and specialist fields showed good performance in 2018. The income from foreign projects is positive on balance but significantly lower than in 2017. This is mainly due to a number of onerous contracts and lower contribution of the Riyadh metro project as production is now at a lower level than in previous years.

In March 2018, Strukton concluded a new financing arrangement for a term of at least three years with two one-year extension options.

Operating income
The 2018 revenue was slightly down from 2017. This is due to the Riyadh metro project entering its final phase, due to which a lower production was realised than last year. In addition, the production in maintenance at Strukton Rail in Sweden decreased. Furthermore, the decrease of the Company's risk profile resulted in lower operating income. The strategic focus shifted towards technology in combination with specialist products. The Company applies a highly selective policy relating to larger, higher-risk projects. We focus on sound earning capacity.

€1.8
BILLION

Operating income stabilised



▸ "The strategic focus has shifted towards technology in combination with specialist products."

Image: Redrum

Photographer: Ryno Quantz

The operating income for each segment can be represented in a chart as follows:

Operating income in millions of Euros	**2018**	2017
Rail systems	827.7	877.9
Civil infrastructure	583.1	691.0
Technology & buildings	368.4	347.5
Total	**1,779.1**	**1,916.4**

Operational result

The operating result for each segment can be represented in a chart as follows:

Operational result (EBITDA) in millions of Euros	**2018**	2017
Rail systems	31.6	64.5
Civil infrastructure	7.3	6.9
Technology and buildings	6.2	4.6
Total	**45.1**	**76.0**

Operational result 2018

€45.1

MILLION

The operational result for the financial year 2018 amounted to EUR 45.1 million.

The poor performance on a number of maintenance contracts in Sweden have led to a disappointing operational result of the Rail Systems segment. On the other hand, Strukton Rail in Italy realised an excellent result. Projects and maintenance contracts in the Netherlands also made a great contribution to the result. In Belgium, Strukton Rail is still confronted with a difficult market. Strukton Rolling Stock operates at a loss. Strukton Rolling Stock expects to realise better results in 2019.
The Civil Infrastructure segment has realised a better result than in 2017. In particular, this was due to the regional operations and specialist fields. The results realised by the large projects division are disappointing. The large projects division is slowly progressing towards an upward curve, and this should be confirmed in 2019. The focus is increasingly shifting towards integrated railroads and civil engineering works. In such projects, Strukton can discern itself in the market based on its proven knowledge and expertise. The results of the Riyadh metro project were realised at the expected standards and the project development is excellent.

The operational result of the Technology and Buildings segment is slightly above the previous reporting year. The management and maintenance work have made an excellent contribution to the result. We created an additional provision for a number of projects that were completed in 2018. This has significantly decreased the organisation's risk profile. Progress of new construction for the RIVM and CBG is excellent: the PPP project is now on schedule.

Order book

The order book is well-filled and virtually unchanged compared with 2017.
In the Rail Systems segment, the order book in the Netherlands also increased compared to the previous financial year. Sweden also has a very sound order book. The order book in Italy slightly decreased compared with 2017 because part of the major maintenance contracts awarded in Italy in 2017 has been realised meanwhile.
The order book of the Civil Infrastructure segment decreased compared to 2017 due to the realised production for the Riyadh metro project.
The order book of the Technology and Buildings segment is well-filled. In June 2018, the shares in MEET RIVM CBG BV were acquired from Hurks and Heijmans. This caused an additional increase in the order book.

Order book in millions of Euros	The Netherlands	Abroad	**Total**
Rail systems	546	1,335	1,881
Civil infrastructure	359	83	442
Technology & buildings	619	-	619
Total	**1,524**	**1,418**	**2,942**

=

Order book virtually unchanged compared with 2017

Cash flow and financing

The cash flow of disposable cash and cash equivalents amounted to EUR 79.5 million in 2018. The acquisition of the shares in MEET Strukton Holding BV had a significant positive impact on the 2018 cash flow, as this resulted in consolidation of tied cash. Abstracted for the movement in tied cash, the cash flow is about EUR 10 million positive. This is mainly driven by a positive EBITDA of EUR 45.1 million, a negative development in the working capital and investments in assets.

On 13 April 2018 Strukton Group contracted new financing with 13 April 2021 as the term expiration date and with an option of renewal, extending the contract latest until 13 April 2023. The key components of this financing are set out in the annual financial statements.

Equity position

The implementation of a new reporting standard (IFRS 15) incurred a significant negative impact on the Company's solvency. Due to the implementation of this standard, the threshold for measurement of claims, variable considerations and contract deviations was increased. The impact on equity due to the implementation of IFRS 15 amounts to about EUR 36 million.
The solvency rate excluding the consolidation of PPP projects in late 2018 was 21.2% (2017: 24.3%). This reduction compared to 2017 is mainly due to the implementation of IFRS 15.

Acquisitions

No material acquisitions have taken place in the reporting year 2018.

08 Safety

Strukton prioritises the wellbeing, health and safety of its employees, suppliers and surroundings. They may expect to return home safely every day. Strukton is fully committed to guaranteeing this result.

Strukton feels that the wellbeing of its employees is the top priority. Safety plays a major role in this respect, certainly in view of Strukton's work. Naturally, Strukton takes organisational and technical measure to ensure optimal health and safety at work. Strukton implements the right measures to ensure employees can do their job safely and in a healthy way and is committed to optimising the safety instructions for the employees and suppliers. The Company explicitly addresses safety awareness among the employees. It is essential for employees to always be aware of their own safety and the safety of others, and of their influence on safety during the performance of their work. The ambition is to focus and increase their intrinsic motivation to ensure safety at work. This process of influencing behaviour is never 'complete', which is why Strukton always looks for new ways to keep the employees aware and continuously alert.

24Safe

A few years ago, Strukton implemented the safe behaviour programme 24Safe. This programme focuses on initiatives that make people think, share ideas and issue warnings. Active focus enhances safety. In addition to 24Safe, the operating companies and home countries have supplementary awareness campaigns.

IF figures 2018 (Netherlands)
Strukton Civiel: 6.7
Strukton Worksphere: 2.8
Strukton Rail: 6.5

Surroundings

A key point of attention in safety are local conditions. Many of the works performed in the sector take place on sites not set up by Strukton. For example works around the public road with various types of road users, or in office buildings where Strukton works around the office employees. This gives different dynamics. Strukton needs to create a safe workspace for its own people, and also plays a key role in keeping the environment safe. This involves more than the traditional environmental management and traffic measures.

Safe behaviour programme 24Safe

Regulations and sector initiatives

Strukton actively takes part in safety initiatives in the sector. For example, Strukton is one of the initiators of the Safety in the Construction Industry Governance Code in the Netherlands. Together with other construction companies and customers, Strukton set out joint principles and core values in safety by harmonising work methods and standardising instruments. This involves the entire construction chain. Another initiative is the generic safety instruction (GPI) needed to enter construction sites in the Netherlands. The rules are generic and everyone working on a construction site in the Netherlands must recertify on an annual basis. The preparations were made in 2018. The GPI has come into effect in April 2019.

Measuring safety

Strukton is looking for ways to measure if employee safety is increasing. This is challenging, as 'safety' is an abstract term that is not easy to measure. Safety cannot be derived simply from 'having no accidents'. During inspections and safety walks, hazardous situations are still found, which have up to the time of detection not resulted in an accident but are classed as a safety risk. This is why Strukton focuses on measuring if people observe the internal safety agreements. For example, the extent to which employees have adhered to the pre-agreed toolbox meetings and safety walks says something about the organisation's agility. If this is not the case, there is potential for improvement and improvement measures must be implemented.

"It is my job to check whether everyone is working safely. But the guys darn well know this by themselves."
Saskia - SHE coordinator

Photographer: Linh Kruger

The Green House opened in April 2018 and has become the circulair meeting point in Utrecht.
Image: Cepezed

Corporate social responsibility

Strukton operates with respect for the environment. Corporate social responsibility (CSR) has a well-deserved, prominent place in our business operations. The motto of our CSR policy is 'Thinking in terms of operational life together'. People, planet and profit are the three pillars of the policy.

With its employees, customers, suppliers and sub-contractors and other chain partners, Strukton is working to enhance sustainability, wellbeing and extending economic life. This approach reflects the importance of the word 'together' in Strukton's CSR motto. Additionally, Strukton is committed to a practical approach, embedding sustainable operations at all levels of the company. This involves the health, safety and vitality of employees and chain partners, the operational life of materials and equipment, the quality of products and services, attention for nature and sustainability of relations.

People

The first pillar of the CSR policy concerns the wellbeing of people. In the first place, the well-being of our own employees, and also that of employees of chain partners and residents in our vicinity. Wellbeing of employees is broken down into three elements: safety, vitality and sick leave. Strukton does not compromise on safety. Working safely is a hygiene factor, a basic work condition. Strukton has noticed that the basic requirements regarding safety at work imposed by the Dutch legislator are significantly higher than elsewhere in Europe. Works on the railway in the Netherlands is subject to full closure of the lines. No trains will pass on both the track that people work on and the adjacent track. In other countries, trains can still use the adjacent track, even at high speed. Clearly, such passing trains are a safety risk, certainly to Dutch employees who are working abroad on a temporary basis and are accustomed to the Dutch situation. Strukton continues the discussion with the principals both at home and abroad in order to continuously improve the safety of the employees. More information about this subject and about the safety programme 24Safe is available in the section on Safety.

Furthermore, vitality and sick leave play a key role in Strukton's task in ensuring that employees can handle work pressure, which may sometimes be high, and are fit upon retirement. The fitter the employees, the lower the sick leave rates. Certainly the Company has extra attention for employees performing physically heavy work. This is why Strukton makes significant investments in tools and equipment alleviating heavy work. We are experimenting with the exoskeleton, a harness for trunk and arms, literally supporting the employees when they are lifting heavy loads or working above their heads for a long time. Strukton is also developing innovative tools to ensure that from 2023 onwards, employees do not need to perform work bending over or kneeling down.

In a variety of ways, Strukton encourages the employees to exercise more. This is especially important for people with an office job. This is why in the Netherlands Strukton started using e-bikes that employees can use on their commute. The e-bikes are in line with Strukton's policy to encourage people to consider the environment in their mobility. In many cases, cars and traffic jams can be avoided. This is based on awareness: is it necessary to have the meeting in a single physical space, or can we use Skype? In 2018, Strukton facilitated and explicitly encouraged the use of Skype on both a domestic and international level. If travel is necessary, Strukton encourages its employees to use the train or electric bike. This also has the extra benefit of being environmentally friendly.
In Sweden, Strukton launched an environment e-learning programme for its employees in late 2018.

Training is also part of the people pillar. Strukton has a company-wide training programme that was further refined in 2018. The training programme for young high-potentials in the Netherlands was

expanded. Not only people with management potential but also technical top talents are eligible for the programme.
An increasing number of training courses, for example for project-based work are organised for all Strukton companies and disciplines. This joint approach is necessary to reinforce the connections between the various operating companies.
Traditionally, there is an array of company cultures, impeding the starting points for working together. This is why Strukton applies the philosophy that the project on which the divisions collaborate is leading. Joint, group-wide training is in line with that philosophy.

Strukton respects the internationally accepted human rights. The human rights principles in accordance with the Guiding Principles on Business and Human Rights of the United Nations (UN) were set out in the Strukton Human Rights Policy. This policy is part of the Code of Conduct Honest Business Practice, which was launched with the title Strukton All Right in 2017. Sometimes Strukton operates in countries where human rights are under pressure to a lesser or greater extent. In principle, Strukton does not work in war zones and in countries that are subject to trade embargoes imposed by the UN or the European Union. In all other countries, Strukton works on the basis of the principles set out in Strukton's CSR policy statement.

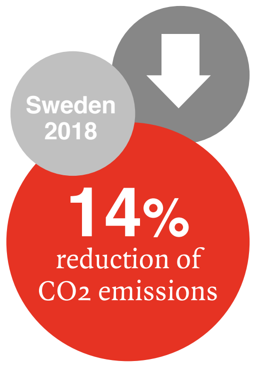
Planet
Decreasing carbon dioxide emissions is the key reference in the planet pillar. Strukton does this in various ways. The first way is limiting the Company's own emissions. The Dutch operations currently have ten electric lease vehicles in the fleet. This will soon be expanded to fifty. Employees are generally open to choosing the electric lease car. In most cases, they decide against it due to the smaller radius, which is a limitation when having to drive long distances. This is also the main reason that maintenance vehicles are not yet electric. However, where possible, Strukton opts for electric. Strukton Rail uses electric vehicles for its rail and lightrail maintenance contracts in Stockholm. Electric scooters are available on large project locations.

An increasing number of tools are battery-driven rather than fuel-based. For cranes and road construction vehicles, Strukton is currently forced to opt for the diesel version, as the electric versions cannot deliver the required power for eight or more hours. But the cranes and machines do run on Good Fuel, a synthetic diesel extracted from plastics instead of crude oil. This limits the CO_2 emissions.

In 2018, Strukton had an app developed allowing travellers to make an environmentally aware choice in all travel up to 500 kilometres. This European travel planner is based on all timetables of European rail transport companies. The app serves to encourage people to choose the train more often, also to foreign destinations.
In order to improve awareness of sustainable mobility, Strukton is currently developing a mobility dashboard. This serves to show employees their daily footprint, and how much CO_2 emission they avoided by for instance using Skype or an electric vehicle.

The second way to limit Strukton's CO_2 emissions is ensuring that a smaller amount of packaging waste ends up on site. Materials sent to project sites are often packed with unnecessary packaging materials. Strukton encourages its suppliers to reduce packaging materials and use biodegradable materials where possible.

The third planet element that Strukton focuses on is re-using materials. GBN, one of Strukton's subsidiaries, has developed a wide range of initiatives concerning circularity. An absolute break-through in this area is the world's first mobile factory developed by GBN in partnership with TU Delft. This factory is able to separate concrete rubble and process it into high-quality, directly usable materials for Circuton. This allows making new concrete from old concrete, a giant leap forward in reducing CO_2 emissions in construction. Thanks to this innovation, Strukton is leading in the civil and hydraulic engineering industry



in the field of re-using concrete.
The railroad sector also increasingly focuses on re-using materials. Ballast and copper are re-used, as are stone chips, as a base layer for ballast. Strukton and GBN play an active role in this development.

Long-term target
Strukton aims for a 15 percent reduction of CO_2 emissions by 2020 compared with 2009, proportionate to revenue. In 2018, Strukton was well on target for achieving the 2020 target.

Profit
Strukton uses budget for developing sustainable, smart and safe innovations for the works. Rather than being reactive, Strukton pro-actively works on permanent improvement of the organisation. The central question is: how can Strukton improve its business processes, for example by mechanisation or robotisation, ensuring employees can do more with less physical effort? This is killing two birds with one stone: fewer injuries and lower cost of sick leave and replacement, increasing the profit. Strukton has a work method to disassemble Chrome6 in a worker-friendly, safe way. Strukton developed special tools for this purpose. The afore-mentioned example of the exoskeleton is also in line with this approach, with the aim of no longer having employees do work bending over or kneeling down from 2023 onwards.

Strukton also looks for sustainable innovations in combination with a sound earnings model for customers. After all, an effective earnings model increases the probability that the innovation is sustainable. A great example is the improvement of the Silent Green Wall developed by Strukton Civiel a few years ago. The material in the wall absorbs both noise and carbon dioxid. In 2018, Strukton Civiel added solar panels to the wall in collaboration with Strukton Rail. The power generated is returned to ProRail's grid for overhead cables. This approach is an additional motivation for ProRail to choose the sustainable sound-absorbing wall. Strukton Rail will also advise ProRail to use the energy of the overhead cable for heating the switches. Heating is necessary to prevent freezing in winter. This currently uses mostly gas and is ProRail's main CO_2 emission source.


The mobile circulation factory developed by GBN in partnership with TU Delft.
Image: TU Delft

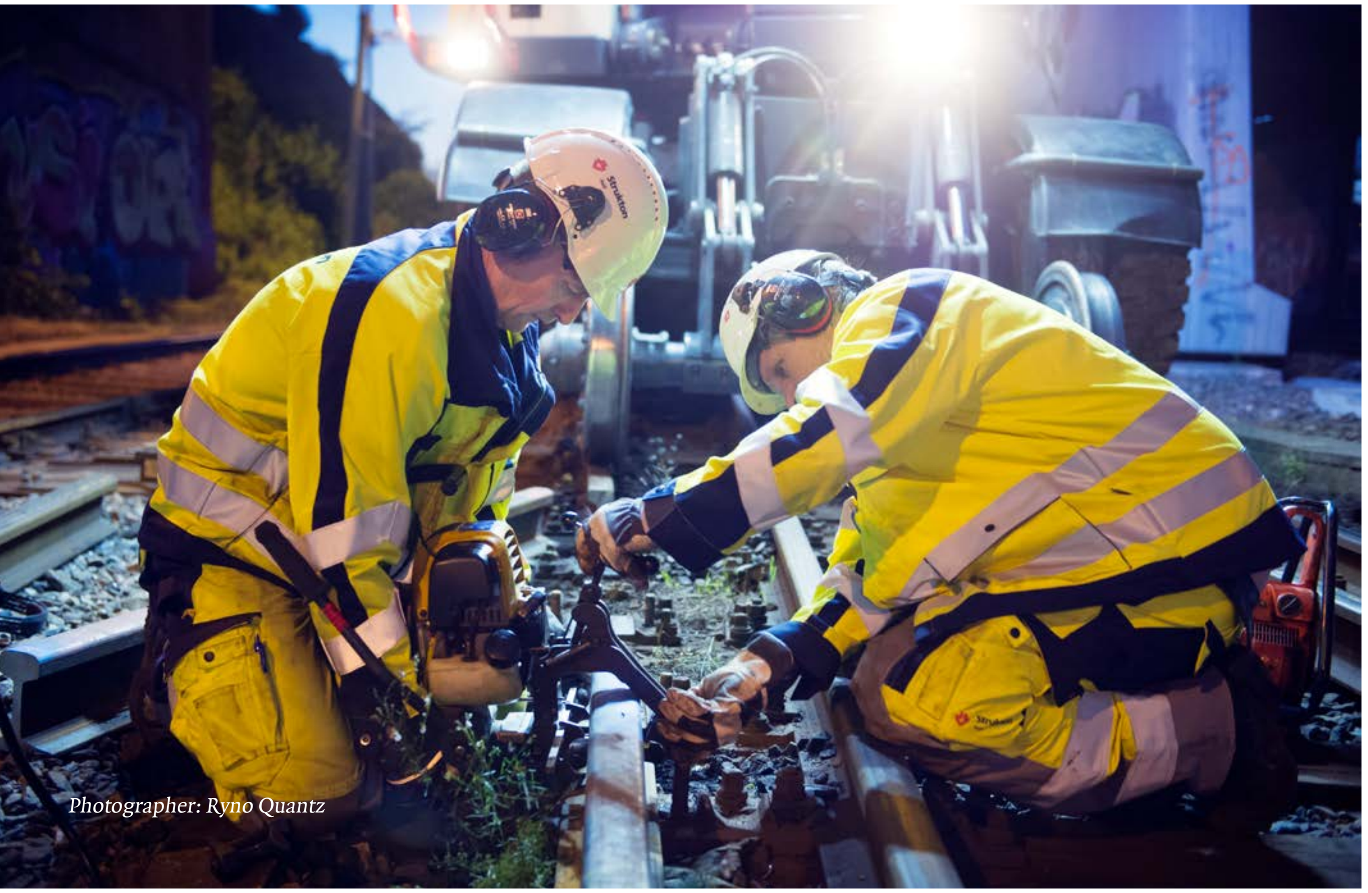
Carbon dioxide emissions by Strukton

Netherlands
- Absolute reduction since 2017: **2%**
- Relative reduction since 2017: **3.1%**
- Green power: **99%**
- Emissions per fte: **7.05 tonnes (2017: 7.18 tonnes)**

Sweden
- Emission reduction per fte: **14%**

Some more 2018 milestones

- Strukton Rail has invested in an electric locomotive in order to move the work trains electrically.
- Strukton Civiel and Strukton Worksphere have realised the Green House in Utrecht. This restaurant and meeting centre at walking distance of Utrecht Central Station is made from 100% re-used materials. The building is temporary and a new destination was found for all materials. The Green House offers jobs to people with poor job prospects, among others.
- Strukton Rail has installed 190 solar panels along the tracks in 2018 to power the remote-controlled shunt bars. These shunt bars allow Strukton Rail to deactivate the tracks by remote control. The technical performance of the panels is problem-free. In 2019, Strukton Rail will place another 60 solar panels to operate the shunt bars. The aim is to have all 300 shunt bars operate on solar energy.
- For the renovation of the Alliander Bellevue office in Arnhem, Strukton Worksphere created a circular design so that it could take responsibility for the performance-oriented structural management after the renovation. As much as 81% of the materials removed from the old building were reused in the office. The building is one of the first with a materials passport that is carefully updated. with a materials passport that is carefully updated.
- GBN, a Strukton Civiel company, made preparations in 2018 to make artificial turf circular. Both the filling materials - sand and rubber - and the artificial turf itself will get a new destination. The plant is scheduled to open its doors in early 2020.
- For a road project in Breda, Strukton Civiel used its internally developed sustainable Greenfalt. This asphalt fully consists of re-used materials and the quality is the same as new asphalt. This is the first project using Greenfalt for the base layer, intermediate layer and noise reduction surface layer.



Photographer: Ryno Quantz

Corporate governance

Good business practices, integrity, respect, supervision, transparent reporting and accountability: these are the leading aspects Strukton's corporate governance policy is based on.

Photographer: René van der Waal

Strukton's corporate governance policy is determined by the legislation, justice system and best practice codes (codes of conduct) of the countries where the Company operates. Strukton monitors best practice aspects relevant to Strukton, mainly seeking alignment with the Dutch Corporate Governance Code. In view of the increasingly international character of Strukton's activities, international compliance has claimed a key role in the organisation. Strukton Groep NV is a public limited liability company governed by Dutch law. The company is managed by the Group Executive Board, led by the Chairman of the Group Executive Board. Oranjewoud NV holds 100% of the shares in Strukton Groep NV.

Management

The Group Executive Board manages the company and determines the vision and the ensuing mission, strategy and objectives of the company. The Group Executive Board consists of two members and the Chairman. The Chairman of the Group Executive Board has final responsibility for the entire company. The Group Executive Board is responsible for transparent governance within the company. The Executive Rules were prepared and approved by the shareholder for this purpose. In fulfilling its tasks, the Group Board of Directors focuses on the Company's interests. The Chairman of the Group Board of Directors frequently provides information and tools to the shareholder and the Supervisory Board as required for adequate fulfilment of their tasks. The Chairman of the Group Board of Directors annually reports to the General Meeting of shareholders on the results of the past reporting year.

The Executive Boards of the operating companies are responsible for defining and executing the strategies of their respective operating companies. The responsibility for the management of and the operational decisions in the operating companies are also allocated to the statutory board members of the operating companies.

Appointment and remuneration of the Chairman of the Group Executive Board

At Strukton the shareholder appoints the members of the Executive Board. The current Chairman of the company's Executive Board is Mr. G.P. Sanderink. He was appointed as the Chairman as per 29 October 2010. He is also the Chief Executive Officer of Oranjewoud NV. The shareholder determines the remuneration of the Board of Directors members based on an advice issued by the Supervisory Board.

Supervisory Board
In consultation with Strukton's financiers, Strukton Groep NV appointed a Supervisory Board at Strukton Groep NV level in 2017. The Supervisory Board members in financial year 2018 are Mr H.G.B. Spenkelink (Chairman), Ms H.P.J.M. Jans, Mr W.G.B. te Kamp and Mr. J.P.F. van Zeeland. Mr W.G.B. te Kamp withdrew from the Supervisory Board in 2018, but will remain available as an adviser for the time being. Ms Jans accepted the position of CFO at Centric Holding bv as from 1 July 2019 and would therefore not be an independent member of the Supervisory Board based on the best practice provisions as from that date. For that reason, Ms Jans has withdrawn as a member of the Supervisory Board of Strukton Groep nv and Oranjewoud nv as from 30 June 2019. Her succession within the Supervisory Board is a topic of discussion.

Diversity
Strukton aims for a balanced workforce in different positions in terms of age, gender and background, training, education and professional experience. The regulation in Book 2 of the Dutch Civil Code (BW) on a balanced gender ratio for Executive and Supervisory Board seats includes a best-effort obligation imposed on large companies for the seats of the Board of Directors to be occupied by women for at least thirty percent, and by men for at least thirty percent, insofar as such seats are divided among natural persons. Strukton Group aims for a balanced representation of men and women within its organisation. With the appointment of Strukton Group NV's Supervisory Board in 2017, four members were appointed, including one woman. The gender balance therefore approaches the statutory aim of 30%. However, the statutory target percentage at Board of Directors level has not yet been achieved. No new appointments in the Group Board of Directors have occurred in the financial year 2018. If a new member is appointed to the Group Board of Directors, such statutory requirements will be taken into account in addition to qualifications for the relevant position.

Conflict of interest and transactions between related parties
The Supervisory Board of Strukton Groep NV is responsible for resolving any conflicts of interest between the company on the one hand and the Executive Board of Oranjewoud NV, the Supervisory Board, the Board of Directors of Strukton Group and the external auditor on the other. All decisions pertaining to entering into transactions that may involve a possible conflict of interest with the Chairman of the Group Executive Board or a member of the Supervisory Board of Strukton Groep NV, that has significant importance to the company and/or the Chairman of the Group Executive Board, is subject to the approval of Strukton Groep NV's Supervisory Board. The Chairman of the Group Executive Board should report any actual or potential conflict of interest significant to the company and/or himself immediately to the shareholder and the Chairman of the Supervisory Board of Strukton Groep NV (and to the other members of the Executive Board if it concerns a member of the Executive Board), and must provide all relevant information. Transactions with the shareholder are limited and are conducted in line with market practice.

Auditor
Oranjewoud NV, Strukton's parent company, selects the external auditor for the group as a whole.

Internal stakeholders
Employees are a key stakeholder group to Strukton. The employees are represented in Strukton's employee participation body. Each operating company has its own Works Council. For issues concerning all operating companies, a central Works Council was appointed.

External stakeholders
In view of the Company's importance and position, Strukton frequently publishes its results and key events in press releases and on its website.

Compliance
Strukton owes its success to its core competencies in the implementation of projects at world level, and to always acting ethically correct and with integrity. In all operating companies worldwide, Strukton insists on integrity in doing business. In 2017, Strukton All Right was launched, the title of Strukton's policy of acting with integrity. With this programme, we use training courses, presentation and internal communication to pay intensive attention to our company culture to make employees more aware

The reconstruction of the NedTrain workshop in Leidschendam was completed in 2018.
Photographer: René van der Waal.

of ethical rules, authorisations, compliance with legislation and regulations both at home and abroad, and risk management when collaborating with domestic and foreign parties. Strukton has various rules and by-laws indicating the framework for the performance and operations of the Company. The Code of Conduct Honest Business Practice sets out the key rules that Strukton imposes for fair and just business. In 2017 and 2018, the Code of Conduct was assessed for current developments. It was fully revised and the update was released.

The Code of Conduct Honest Business Practice is applicable to all persons working for and with Strukton. The Code of Conduct helps determine what is fair and just at work, in addition to the existing local legislation. The Code has an integral structure, clearly connecting into various existing policy documents and rules, including the policy for dealing with gifts and invitations, the policy for countering bribes and corruption, the human rights policy and the regulations regarding undesirable behaviour. The regulations regarding undesirable behaviour allow employees to report any actual or suspected irregularities within the Company to a Confidential Counsellor. Additionally, Strukton offers employees the possibility to anonymously report any suspected abuse of or non-compliance with the regulations to an external party. This reporting procedure is new compared with the previous Code of Conduct. The revision of the Code of Conduct Honest Business Practice enables Strukton to better integrate compliance in the Company's operations, among others by appointing a compliance organisation within Strukton Group. This organisation takes compliance closer to the employees, both in the Netherlands and abroad. In 2018, the importance of integrity in doing business was highlighted to the employees in various ways, among others via the digital newsletter, presentations and training courses. The integrity committees convened frequently. As from 2019, an extensive e-learning was made available to employees. The compliance officers ensure uniform policy and consistency in the interpretation of and compliance with the Code of Conduct. The Code of Conduct Honest Business Practice is available from Strukton's website and on all Strukton Intranets.

Breda was the first town in the Netherlands to apply Greenfalt, which has been made of 97% reused materials..
Photographer: René van der Waal

▸ "Greenfalt is a combination of reused asphalt and recycled ballast material in all layers of the road deck."

11 Risk management

Just like other companies, Strukton is confronted with various commercial, operational and financial risks. Such risks are inherent to the business activities. The Company aims to limit these risks with a systematic approach, both at a strategic and an operational level.

Risk appetite
Strukton identifies and monitors risks within the Company in a structural way. In order to ensure adequate risk control, it is important to integrate risk awareness company-wide. Strukton manages such awareness by creating an open and transparent company culture. To decrease the organisation's risk profile, the Boards of the operating companies apply strict selection criteria for new projects. Strukton tenders only for maintenance and management projects that are a good match with its core competencies, with limited risks and justified expectations of healthy earning capacity. In particular projects with a long-term maintenance and management component are interesting to Strukton. In line with the company's strategy, the Group Executive Board continuously rebalances the risks and return within the risk appetite framework of the Company. In order to ensure continuity, sufficient insight in sound earning capacity is essential. In 2018, the various risks were reviewed and weighted again. The key themes relating to business risks and strategic objectives are set out in this section.

▸ Strategic risks and market risks

Purchasing policy of principals
Strukton has various large principals. About fifteen percent of the Company's operating income is attributable to the Dutch rail market. This market can be characterised as a monopsony. The market volume generated by ProRail, the largest principal in this market, has decreased in the past few years. ProRail actively supports new parties in their attempts to access this market, which is complex both in terms of technology and logistics. As the market leader, Strukton is confronted with the consequences of this policy. In order to remain competitive, Strukton is continually alert on keeping the size of the organisation and the quality proposition at market level. Additionally, the Company invests in research & development in order to create solutions that are discerning in the market. Strukton reinforces its activities outside the Netherlands and aims to expand the activities in the Dutch rail market towards non-ProRail work (private parties and railway connections) and municipal transit companies.

Tender costs
Strukton generates a significant portion of its operating income from public tender procedures. The tender costs are increasing, due to the increasing complexity of some of these tenders (in particular projects awarded on a D&C or DBFMO basis). The principal's fee is generally limited. If Strukton is not successful in such procedures, the company will not be able to earn back the cost incurred. This is why Strukton is very selective in tendering.

Labour market
In order to operate safely and successfully, Strukton needs the right employees with the right competencies and passion. The scarcity in specific areas of the labour market means that it is a challenge to recruit sufficient, people who are suitable to do the job. This is why Strukton invests in its position as a preferred employer, in particular by creating an appealing work environment, giving people the opportunity for optimal leverage of their talents, both in the Netherlands, in Europe and far beyond.

Public sector principals
For a large percentage of its operating income, Strukton depends on orders tendered by public and semi-public authorities. Delays in political decision-making processes and adjustments to the government's investment budgets affect the size and number of orders to be awarded. Strukton closely monitors the development of the order book and the activity level in relation to the size of its organisation to enable the implementation of appropriate measures in due course. Extra vigilance relating to solvency is required in the event of payment risks, where supplementary guarantees are frequently asked, and risks are transferred within the chain to subcontractors and suppliers. In order to limit its vulnerability to fluctuations in the economic climate, Strukton undertakes to create a situation where long-term, repetitive orders form a substantial part of operating income.

▸ Operational risks

Realisation and design
Strukton generally carries out project-based work for third parties. Both design risks and realisation risks play a role in this type of work. This involves a wide range of works in terms of complexity and scale and order size. Depending on the contract type, errors in forecasts and estimates may result in losses and negative cash flow. In some cases, this results in discussions regarding the financial settlement of the project with the principal. This generally concerns the invoicing of contract deviations, the cost of delays or the quality of the work. In some cases, this leads to claims and further legal proceedings. However, in most cases such discussions are resolved to the satisfaction of all parties involved.
Strukton is committed to structural application of procedures, both during the acquisition phase and during the implementation phase, in order to prevent this sort of problems. Third-party reviews are highly valued relating to the design risks. Additionally, Strukton is insured against design errors.

Safety
This concerns the risk that operational activities result in accidents, injuries and loss of reputation or non-compliance with the occupational health and environmental regulations. Careful preparation of activities, toolbox meetings and analysis of accidents and near-misses are designed to minimise this risk. Strukton applies the 24Safe safety policy. Its mission is: Focusing on safety together. The programme

focuses on prevention and increasing safety awareness. The safety policy also focuses on human behaviour as a risk factor. Naturally, all employees have access to the QHSE systems. These are frequently audited by external accredited and certifying bodies. A number of examples regarding control measures relating to safety:

- Suppliers and sub-contractors are actively involved in safety awareness campaigns
- Strukton actively encourages reporting, which can be used for continuous improvement
- Preventive measures are taken to prevent calamities
- Strukton actively encourages working with a Last Minute Risk Analysis (LMRA)

Fixed prices

Strukton mostly operates in an environment where principals wish to transfer risks to the contractor in exchange for a fixed price. Such risks may result in incurring losses and negative cash flows. Strukton exclusively accepts risks that can be taken under direct management. As part of its project monitoring method, Strukton has, for many years, used an advanced system for risk identification and quantification. This applies to both the acquisition and implementation phase. In this period of potential fluctuations in raw material prices, Strukton is cautious in accepting inflation risks. In long-term projects, adequate indexation schemes are a key point of attention.

Agent contracts

Strukton Group makes limited use of agents. There is only one agent contract that is relevant. This concerns the contract with the local agent for the metro project in Riyadh, Saudi Arabia. This project was started in the course of 2013. The contract with the local agent was concluded in the first quarter of 2013.
In the second quarter of 2017, the Supervisory Board of Oranjewoud NV conducted a survey into the conclusion of this contract, focusing on the performance of internal procedures regarding integrity and anti-corruption. External experts were hired on behalf of this survey. Based on the survey, the Oranjewoud NV Supervisory Board concluded that no indications of potential irregularities were detected. Oranjewoud's Supervisory Board did however conclude from the survey that the internal procedures regarding subjects such as compliance and standardisation of agent contracts should become stricter. In view of Strukton Group's international ambition, this process will require continuous attention. Improving compliance and risk management is a continuous process, which is also affected by the continually changing social context in which Strukton Group operates.

Strukton Group has subsequently implemented the following recovery measures.

- The internal procedures regarding anti-corruption and integrity were further reinforced, among others in the Code of Conduct as part of the Strukton All Right programme. The Company makes use of third-party expertise in this respect.
- Compliance officers were appointed and trained and employees who are involved in international tenders or are being awarded orders receive training regarding compliance.
- Best practices regarding compliance and duty of care are exchanged with similar companies in our sector.
- The current standard agent contract includes, among others, disclosures, anti-corruption clauses and compliance with the Code of Conduct Honest Business Practice. Agents with existing agreements confirm the latter annually in a Letter of Representation.
- Foreign agents are screened for good conduct, among others using an American database.
- Internal audits were completed and the underlying documentation was set up to substantiate the future or completed works of agents (minutes, e-mails, letters).
- Existing agent agreements were improved and updated where possible.

Following suspicions of corruption and falsification of documents during the acquisition process of a contract for the metro project in Riyadh, we have started an internal investigation. The list with all data seized by the fraud division of the Dutch Tax Authorities (FIOD) has been assessed in terms of indications of irregularities. The assessment has not resulted in findings indicating non-compliance to applicable rules and legislation.

Utilisation rate

Strukton is a capital-intensive company managing a large, specialist fleet of machines and equipment, in particular relating to rail systems. This fleet is mostly owned by Strukton. The cost is depreciated on the economic operational life of the object. Negative cash flow will not directly be the result if Strukton fails to deploy its fleet at self-funding rates, but this will have a negative effect on Strukton's result.
Additionally, a large portion of Strukton employees has permanent employment contracts. The Company's profitability and cash flow will be negatively affected if these employees are not employed at current projects or contracts at self-funding rates, which may for example be the case if there are not many orders. Strukton Rail manages this risk with international expansion in the European market and with international deployment of both its fleet and its employees. Major investments are in some cases shared with partners. Additionally, Strukton limits the understaffing risk by continuously aiming for an increase in the share of non-project based activities. This is in line with the life cycle approach that is applied within all Strukton companies.

Information security

With its technology solutions, Strukton depends on the availability and continuity of information provision. Without information, Strukton's processes are frozen, effectively suspending operations. If the information crucial to operations is not available, or becomes available to unauthorised parties, this may have a major impact on Strukton. The risks regarding information provision are on the increase due to developments in the use of technology. In order to stay in control, Strukton continuously provides integral, structured attention to protection of information and connections.

▶ Financial risks

Available credit facilities

On 13 April 2018, Strukton concluded a new financing arrangement for the Dutch companies with a term of three years with two one-year extension options. Based on the agreed financing arrangement, Strukton has sufficient credit and bank guarantee facilities. The Company's financing requirement is forecast on a frequent basis, and the application of this facility is continually monitored. The financing documentation sets out various covenants that are mainly related to the company's cash-generating capability. These covenants are assessed on a frequent basis as well. Strukton's investment and depositing commitments pursuant to current investment programmes, projects and PPP shares are included in this financing requirement. Realisation of the liquidity forecast is strongly dependent on the development of external market conditions, order intake, development of project results and the development of the net working capital.

Due to the project-based character of the Company, one-off negative project results may affect both the financing requirement and the covenants. This risk is limited by strongly steering on process control and by increasing the share of non-project based activities. Additionally, Strukton aims to further reduce the Company's net debt in the near future, repaying the loans. Strukton's financial policy aims to maintain and where possible improve Strukton's credit rating in order to assure Strukton's access to the banking and financial markets at conditions acceptable to Strukton Group. Strukton does not have any specific indications that certain market conditions, such as price development with both principals, and suppliers and contractors, or agreements with suppliers and credit insurers are developing in any way unfavourably. This also applies to the order intake and timely conversion into operating income and development of project results within the expected bandwidths. The Strukton Board of Directors identified various measures that may ensure additional financial room.

This concerns, among others:

- Better payment conditions, quicker invoicing and collection of invoices, improving the working capital
- Securing dividends from non-credit base subsidiaries, associates and related investments
- Sales of specific assets

Financial instruments

Strukton Group makes use of interest rate swaps and currency forward contracts in order to hedge some of the interest rate risks pursuant to concern and project financing, and in order to hedge currency risks on future USD cash flows. Most of Strukton Group's activities are carried out within the Euro zone. The activities of subsidiaries outside the Euro zone are mostly carried out within the currency zone of the relevant country. Relating to transactions denominated in foreign currencies, the policy sets out that the net position should be fully hedged with foreign currency forward contracts. In 2014 and 2016, the Company closed forward exchange contracts for the Riyadh metro project, hedging the currency risk on future cash flows in USD. The translation risk on share capital and loans provided to subsidiaries outside the Euro zone is not hedged.

Insurance

The necessary risks are insured as a supplement to controlling operational and financial risks in particular. The company's policy relating to insurance concerns insurance of risks that Strukton is not able or willing to bear. The insurance policies are assessed for amended legislation and regulations, sums insured and new risks on an annual basis. The insurance policies are updated where necessary.

Internal risk management and control systems

Risk control framework

Relevant parts of the risk control framework include the applicable Code of Conduct, the Board regulations, the authorisation rules, the procedure for authorisation applications relating to complex and large-scale projects, the planning and control cycles and the relevant reports.

Internal control systems

The Executive Board is responsible for the company's internal risk control and auditing system, and assessing its effectiveness. The system is designed to control risks related to business activities and the realisation of company objectives.

It also monitors the efficiency and effectiveness of business processes and the consistency of the administrative processes. The risk control framework is implemented throughout Strukton Group. The responsibility for the control system is primarily allocated to the operating companies. Risk assessments are an integral part of the company's annual planning and control cycle, which is discussed with the shareholder on an annual basis. The risk control and auditing system for financial reporting is based on the central guidelines and procedures. Clear accounting rules are set out in the Strukton Reporting Manual and in a standard reporting structure.

External auditor

The external auditor annually completes auditing activities designed to issue an auditor's statement with the annual financial statements. The external auditor is appointed by the shareholders. In consultation with the auditor, both the shareholder and the Supervisory Board annually determine the activities to be added to the work required pursuant to the auditor's statement. This may concern specific risks, business processes or sites where the Chairman of the Supervisory Board or the shareholder require more in-depth auditing. Recommendations from external auditing activities at any level are reported to the Supervisory Board and the Board of Directors, and followed up by the Board of Directors.

Board regulations and authorised representatives

Board regulations apply to both the Chairman of the Group Executive Board and the Executive Boards of the operating companies. In addition to the necessary attention for tasks, responsibilities and authorisations to be obtained, this also records the rules relating to authorised representatives. Each of the Executive Board members separately is an authorised representative, as are any other officers appointed as an authorised representative by the Executive Board, subject to limitations as lodged with the Chamber of Commerce.

Reporting structure

Strukton's reporting structure is in line with the management of the separate operating companies. The Chairman of the Group Executive Board is responsible for the introduction and assurance of control effectiveness. The success of such controls is measured based on self-assessment by the Executive Board members of the business units and on frequently assuring the adequacy of the internal control system. The progress and development of the operational results, the liquidity and financial position of the company, the safety risks, operational and financial risks, and also the CSR results are set out in the periodical management reports. These are discussed at Group Board of Directors level during the quarterly meeting with the Executive Boards of the operating companies. The implementation of the strategy is achieved based on a number of improvement programmes focusing on the operational processes regarding tender management and project management, and also in the field of working capital and cash management.

Conclusion

Based on the above systems, the frameworks applied and the relevant reporting structure, the risk control and auditing system has an adequate structure in our opinion, and has performed adequately in the past financial year. In 2017, the Group Board of Directors and the external auditor have detected some room for improvement regarding tender management, project management, working capital and cash management. These were followed up with changes in processes accordingly in 2018. Furthermore, we are planning to further refine the risk management and control systems in 2019 by investing in highly-educated financial professionals.

In the Executive Board's opinion, the risk control and auditing systems of the financial reporting provide a reasonable measure of certainty that the financial reporting does not contain any material misstatements or errors, and that the risk control and auditing systems were performed adequately during the reporting year. The risk control and auditing systems in place significantly decrease the risk of wrong decisions, deliberately avoiding control processes and non-compliance with legislation and regulations. However, it is virtually impossible to know, fully describe and fully control all risks at any given time. The existing systems may not offer absolute certainty of not realising the targets and full prevention of material misstatements, loss, fraud or non-compliance with legislation and regulations.

Gerard Sanderink (Chairman)
Aike Schoots
Erik Hermsen

12 September 2019

12 Annual financial statements

Station 6F1 online 6, part of the metro project in Riyadh, Saudi Arabia
Photographer: Gitte Spinder

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Consolidated statement of financial position (x EUR 1,000)

Assets

		31-12-2018*		31-12-2017	
	Non-current assets				
01.	Property, plant and equipment	142,161		140,719	
02.	Intangible assets	58,889		55,374	
03.	Investment property	4,950		5,053	
04.	Associates and joint ventures	39,269		36,867	
05.	Other financial non-current assets	48,722		18,855	
06.	Deferred tax assets	45,355		42,260	
			339,345		299,127
	Current assets				
07.	Inventories	20,405		20,950	
08.	Trade and other receivables	483,189		452,851	
09.	Projects in progress	222,819		199,454	
	Tax on profit, receivables	15,866		13,521	
10.	Cash and cash equivalents	232,277		162,538	
			974,556		849,314
	Total assets		**1,313,901**		**1,148,440**

Liabilities

		31-12-2018*		31-12-2017	
	Equity				
	Issued share capital	2,269		2,269	
	Share premium reserve	39,000		39,000	
	Other reserves	152,809		166,518	
	Undistributed result	(4,496)		23,186	
11.	Total equity	189,582		230,973	
12.	Minority interest	41,036		36,760	
11.	Total Group equity		230,618		267,733
	Non-current liabilities				
11.	Subordinated loans	11,000		11,000	
13.	Non-current liabilities	182,562		17,690	
06.	Deferred tax liabilities	5,642		8,961	
14.	Provisions	92,941		56,561	
			292,145		94,212
	Current liabilities				
15.	Trade and other payables	511,144		551,249	
24.	Debts to financial institutions	60,191		33,306	
09.	Projects in progress	195,318		197,082	
	Income tax payable	8,928		3,874	
14.	Provisions	15,557		984	
			791,138		786,495
	Total liabilities		**1,313,901**		**1,148,440**

* After amendments to the accounting policies regarding Financial instruments (IFRS 9) and Revenue from contracts with customers (IFRS 15). Also refer to paragraph 'Newly applied and revised standards and interpretations' in the accounting policies for financial reporting.

Consolidated statement of income (x EUR 1,000)

		2018*		2017	
16.	**Revenue from contracts with customers**		**1,779,117**		**1,916,386**
17.	Cost of raw materials and consumables, equipment and outsourced work	950,713		1,075,349	
18.	Personnel expenses	498,029		485,334	
19.	Other operating costs	292,344		291,948	
	Total operating costs before depreciations		**1,741,087**		**1,852,631**
04.	Result investments /associates after taxes		7,117		12,274
	Operational result (EBITDA)		**45,148**		**76,029**
01.; 02.	Amortisation of intangible assets and depreciation of property, plant and equipment	28,312		31,934	
01.; 02.	Impairment of intangible assets and property, plant and equipment	30		145	
			28,342		32,079
	Operating result (EBIT)		**16,806**		**43,950**
20.	Finance income	4,653		4,645	
20.	Finance costs	12,023		15,244	
			(7,370)		(10,599)
	Result before income tax (EBT)		**9,436**		**33,351**
21.	Taxes		9,594		8,297
	Result after taxes		**(158)**		**25,054**
	Attributable to:				
	Shareholders in the parent company		(4,496)		23,186
12.	Minority Interest		4,338		1,868
	Result after taxes		**(158)**		**25,054**

* After amendments to the accounting policies regarding Financial instruments (IFRS 9) and Revenue from contracts with customers (IFRS 15). Also refer to paragraph 'Newly applied and revised standards and interpretations' in the accounting policies for financial reporting.

Consolidated statement of comprehensive income (x EUR 1,000)

Note		2018*	2018*	2017	2017
	Result after taxes		**(158)**		**25,054**
	Unrealised results that may be reclassified to the statement of income after initial recognition:				
11.	Changes in fair value of derivatives for hedge accounting	(1,994)		7,918	
	Effect of income tax	498		(1,978)	
			(1,496)		5,940
11.	Changes in fair value of derivatives for hedge accounting of joint ventures and associates	(119)		568	
	Effect of income tax	30		(142)	
			(89)		426
11.	Translation differences foreign currencies	204		(1,881)	
	Effect of income tax	-		-	
			204		(1,881)
	Comprehensive income to be reclassified to statement of income in future periods		**(1,381)**		**4,485**
	Unrealised results that will never be reclassified to the statement of income:				
11.	Movement in actuarial reserve	(2,939)		(6,591)	
	Effect of income tax	349		1,526	
			(2,590)		(5,065)
11.	Change in equity instruments				
	Effect of imcome tax	-		-	
			-		-
11.	Other changes	-		-	
	Effect of income tax	(1,186)		-	
			(1,186)		-
	Comprehensive income not to be reclassified to statement of income in future periods		**(3,776)**		**(5,065)**
	Total comprehensive income for the reporting period		**(5,315)**		**24,474**
	Attributable to:				
	Shareholders in the parent company		(9,832)		23,054
12.	Minority interest		4,517		1,420
	Total comprehensive income for the reporting period		**(5,315)**		**24,474**

* After amendments to the accounting policies regarding Financial instruments (IFRS 9) and Revenue from contracts with customers (IFRS 15). Also refer to paragraph 'Newly applied and revised standards and interpretations' in the accounting policies for financial reporting.

Consolidated statement of movements in equity (x EUR 1,000)

Note		Issued and paid up capital	Share premium	Translation reserve differences	Hedging reserve	Actuarial reserves	Retained profits	Undistributed earnings	Equity to be attributed to a share holders' parent company	Minority interest	Total group equity
11.	**Equity as per 1 January 2017**	**2,269**	**39,000**	**1,018**	**(6,565)**	**(7,986)**	**169,372**	**10,812**	**207,920**	**34,730**	**242,650**
	Appropriation of 2016 profit	-	-	-	-	-	10,812	(10,812)	-	-	-
12.	Acquisition of subsidiaries	-	-	-	-	-	-	-	-	610	610
	Result after taxes	-	-	-	-	-	-	23,186	23,186	1,868	25,054
	Unrealised results	-	-	(1,446)	6,366	(5,053)	-	-	(133)	(448)	(581)
	Total recognised income and expense for the reporting period	**-**	**-**	**(1,446)**	**6,366**	**(5,053)**	**-**	**23,186**	**23,053**	**1,420**	**24,473**
	Share premium	-	-	-	-	-	-	-	-	-	-
	Equity as at 31 December 2017	**2,269**	**39,000**	**(428)**	**(199)**	**(13,039)**	**180,184**	**23,186**	**230,973**	**36,760**	**267,733**

Note		Issued and paid up capital	Share premium	Translation reserve differences	Hedging reserve	Actuarial reserves	Retained profits	ndistributed earnings	Equity to be attributed to a share holders' parent company	Minority interest	Total group equity
11.	**Equity as at 31 December 2017**	**2,269**	**39,000**	**(428)**	**(199)**	**(13,039)**	**180,184**	**23,186**	**230,973**	**36,760**	**267,733**
	Effect of changes to accounting principles	-	-	-	-	-	(1,140)	(30,419)	(31,559)	-	(31,559)
	Equity as per 1 January 2018 (revised)	**2,269**	**39,000**	**(428)**	**(199)**	**(13,039)**	**179,044**	**(7,233)**	**199,414**	**36,760**	**236,174**
	Appropriation of 2017 profit	-	-	-	-	-	(7,233)	7,233	-	-	-
12.	**Acquisition of subsidiaries**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(241)**	**(241)**
	Result after taxes	-	-	-	-	-	-	(4,496)	(4,496)	4,338	(158)
	Unrealised results	-	-	50	(1,585)	(2,615)	(1,186)	-	(5,336)	179	(5,157)
	Total recognised income and expense for the reporting period	**-**	**-**	**50**	**(1,585)**	**(2,615)**	**(1,186)**	**(4,496)**	**(9,832)**	**4,517**	**(5,315)**
	Share premium	-	-	-	-	-	-	-	-	-	-
	Equity as at 31 December 2018	**2,269**	**39,000**	**(378)**	**(1,784)**	**(15,654)**	**170,625**	**(4,496)**	**189,582**	**41,036**	**230,618**

Consolidated cash flow statement (x EUR 1,000)

		2018		2017
Cash flow from operating activities				
Result after taxes		(158)		25,054
Changes without cash flows:				
Depreciations, amortisations and impairments	25,296		32,078	
Movements in provisions	9,412		3,267	
Result on associates and joint ventures	(7,117)		(12,274)	
		27,591		23,071
Dividend distributed by associates		4,839		5,825
Interest income and costs		7,732		10,965
Corporate tax		9,595		8,297
Interest received		3,778		4,328
Interest paid		(12,207)		(12,373)
Corporate tax paid		(6,358)		(5,354)
Badwill from acquisition of group company		(2,417)		-
Movements in working capital:				
Inventories		1,609		4,304
Projects in progress		(44,536)		(91,108)
Receivables		7,490		75,517
Current debts, excluding financial institutions		(17,111)		(21,403)
Cash flow from operating activities		**(20,153)**		**27,124**
Cash flow used in investing activities				
Investment in intangible assets		(2,512)		(1,718)
Investments in property, plant and equipment		(22,782)		(22,580)
Acquisitions/disposals of group companies and business combinations		(3,488)		(3,420)
Acquisitions/disposals of associates		(818)		(2,233)
Disposals of property, plant and equipment, including other movements		1,424		1,499
Other movements in shares in associates		(723)		(390)
Expansion of share in special purpose company		119,704		-
Decrease/increase in other financial non-current assets		585		1,597
Cash flow used in investing activities		**91,390**		**(27,246)**
Cash flow from financing activities				
Subordinated loans taken out		-		-
Repayments of subordinated loans		-		-
Long-term loans taken out		14,278		589
Redemption of long-term loans		(4,438)		(14,294)
Dividend paid		-		-
Share premium		-		-
Other movements		(1,571)		(75)
Cash flow from financing activities		**8,269**		**(13,780)**
Cash flow recapitulation				
From operating activities		(20,153)		27,124
From investing activities		91,390		(27,246)
From financing activities		8,269		(13,780)
Total net cash flow		**79,506**		**(13,902)**
24. Liquidity opening balance		129,231		158,203
24. Liquidity closing balance		212,086		129,231
Exchange rate differences		(3,349)		15,069
Total net cash flow		**79,506**		**(13,902)**

Notes to the consolidated financial statements

Accounting Policies

Reporting entity

Strukton Groep nv is a holding company that directly or indirectly holds a number of associates collectively known as Strukton. Strukton Group has its registered seat and its actual offices in Utrecht, the Netherlands. The Company's 2018 consolidated annual financial statements pertain to the Company and its subsidiaries and Strukton Group's stake in associates and entities over which it exercises control jointly with third parties. Strukton operates in the rail systems, civil infrastructure and technology and buildings markets. Paragraph 33 contains an overview of the group companies and associates; this also shows which companies are included in the consolidation. Statements of financial liability have been filed for a number of group companies (see page 111 and onwards). As at 31 December 2018, Oranjewoud nv owns all shares in Strukton Group. On 20 December 2017, Strukton Group appointed a Supervisory Board at Strukton Group level.

Principles

The consolidated annual financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted for use within the European Union (IFRSEU). The consolidated annual financial statements are presented in euros, the Company's operational currency. All financial figures in euros are rounded off to the nearest thousand, unless mentioned otherwise. The consolidated annual financial statements were prepared by the Board of Directors on 12 September 2019 and approved by the Supervisory Board members, and will be submitted to the General Meeting of Shareholders for adoption.

Going concern assumption

The 2018 annual financial statements of Strukton Group were prepared on the basis of the going concern assumption. For further explanation of the underlying reasons, please refer to the paragraph 'Financial risk management' under 'Liquidity risk'.

Accounting policies for the preparation of the consolidated annual financial statements

Unless stated otherwise, the consolidated annual financial statements have been prepared on the basis of historical cost. The accounting policies described below have been applied consistently to the periods presented in these consolidated annual financial statements, with the exception of the standards and interpretations that have not yet been implemented. The financial information for Strukton Group is included in the consolidated annual financial statements. Consequently, the Company annual financial statements contain only an abridged statement of income, making use of Section 402 of Book 2 of the Dutch Civil Code.

Newly applied and revised standards and interpretations (IAS/IFRS)

Since the financial year 2018, Strukton Group has applied IFRS 15 and IFRS 9. The nature and effect of the changes due to application of these new standards on the 2018 annual financial statements is set out below. Various other changes and interpretations were first applied in 2018, but have no impact on Strukton Group's consolidated annual financial statements.

IFRS 15 Revenue from contracts with customers

IFRS 15 sets out new rules for recognising and explaining revenue in the annual financial statements. The standard is aimed at reporting useful information to users of the annual financial statements regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.
Based on IFRS 15, revenue is recognised as soon as control is transferred to the customer. The new standard replaces IAS 18 'Revenue', IAS 11 'Construction Contracts' and related interpretations. Strukton Group has applied the standard since 1 January 2018, using the modified retrospective method. The standard has only been applied to contracts not completed on 1 January 2018. Based on this method, the comparative figures in the 2018 annual financial statements are still based on the previous rules (IAS 11 and IAS 18). The revenue recognition in the financial year 2018 will be based on the new rules (IFRS 15). The cumulative effect of first application is recognised in the 2018 balance sheet as an adjustment of the opening balance of equity.

Consolidated statement of financial position (x EUR 1,000)

The cumulative effect of initially applying IFRS 15 as from 1 January 2018 is as follows:

		31-12-2017	IFRS 15 impact	01-01-2018 Revised	31-12-2018 Before system change	IFRS 15 impact	31-12-2018 After system change
	Non-current assets						
01.	Property, plant and equipment	140,719	-	140,719	142,161	-	142,161
02.	Intangible assets	55,374	-	55,374	58,889	-	58,889
03.	Investment property	5,053	-	5,053	4,950	-	4,950
04.	Associates and joint ventures	36,867	-	36,867	39,269	-	39,269
05.	Other financial non-current assets	18,855	-	18,855	48,722	-	48,722
06.	Deferred tax Assets	42,260	6,172	48,432	38,742	6,613	45,355
		299,127	6,172	305,299	332,732	6,613	339,345
	Current Assets						
07.	Inventories	20,950	-	20,950	20,405	-	20,405
08.	Trade and other receivables	452,851	-	452,851	483,189	-	483,189
09.	Projects in progress	199,454	(3,874)	195,580	224,479	(1,660)	222,819
	Tax on profit, receivables	13,521	2,737	16,258	12,009	3,857	15,866
10.	Cash and cash equivalents	162,538	-	162,538	232,277	-	232,277
		849,314	(1,137)	848,177	972,359	2,197	974,556
	Total assets	**1,148,440**	**5,035**	**1,153,475**	**1,305,091**	**8,810**	**1,313,901**
	Equity						
	Issued share capital	2,269	-	2,269	2,269	-	2,269
	Share premium reserve	39,000	-	39,000	39,000	-	39,000
	Other Reserves	166,518	-	166,518	183,228	(30,419)	152,809
	Undistributed result	23,186	(30,419)	(7,233)	1,184	(5,680)	(4,496)
11.	Total equity	230,973	(30,419)	200,554	225,681	(36,099)	189,582
12.	Non-controlling interest	36,760	-	36,760	41,036	-	41,036
11.	Total Group equity	267,733	(30,419)	237,314	266,717	(36,099)	230,618
	Non-current liabilities						
11.	Subordinated loans	11,000	-	11,000	11,000	-	11,000
13.	Non-current liabilities	17,690	-	17,690	182,562	-	182,562
06.	Deferred Tax Liabilities	8,961	-	8,961	5,642	-	5,642
14.	Provisions	56,561	11,126	67,687	69,684	23,257	92,941
		94,212	11,126	105,338	268,888	23,257	292,145
	Current liabilities						
15.	Trade and other payables	551,249	-	551,249	511,144	-	511,144
24.	Debts to financial institutions	33,306	-	33,306	60,191	-	60,191
09.	Projects in progress	197,082	17,347	214,429	187,234	8,084	195,318
	Income tax payable	3,874	-	3,874	8,928	-	8,928
14.	Provisions	984	6,981	7,965	1,989	13,568	15,557
		786,495	24,328	810,822	769,486	21,652	791,138
	Total liabilities	**1,148,440**	**5,035**	**1,153,475**	**1,305,091**	**8,810**	**1,313,901**

Consolidated statement of income (x EUR 1,000)

			2018 Before accoun-ting policy change		IFRS 15 impact		2018 After accoun-ting policy change
16.	**Revenue from contracts with customers**		**1,786,358**		**(7,241)**		**1,779,117**
17.	Cost of raw materials and consumables,						
	equipment and outsourced work	950,713		-		950,713	
18.	Personnel expenses	498,029		-		498,029	
19.	Other operating costs	292,344		-		292,344	
	Total operating costs before depreciations		**1,741,087**		**-**		**1,741,087**
04.	Result investments /associates after taxes		7,117		-		7,117
	Operating result (EBITDA)		**52,389**		**(7,241)**		**45,148**
01.; 02.	Amortisation of intangible assets and			-			
	depreciation of property, plant and equipment	28,312				28,312	
01.; 02.	Impairment of intangible assets and			-			
	property, plant and equipment	30				30	
			28,342		-		28,342
	Operating result (EBIT)		**24,047**		**(7,241)**		**16,806**
				-			
20.	Finance income	4,653		-		4,653	
20.	Finance costs	12,023				12,023	
			(7,370)		-		(7,370)
	Result before income tax (EBT)		16,677		(7,241)		9,436
21.	Taxes		11,155		(1,561)		9,594
	Result after taxes		**5,522**		**(5,680)**		**(158)**
	Attributable to:						
	Shareholders in the parent company		1,184		(5,680)		(4,496)
12.	Minority Interest		4,338		-		4,338
	Result after taxes		**5,522**		**(5,680)**		**(158)**

The main considerations and adjustments ensuing from the application of IFRS 15 are set out below:

Valuation of Projects in progress
Based on IFRS 15, the threshold for the recognition of variable considerations increased from 'probable' to 'highly probable' that a significant reversal of cumulative revenue will not occur. The impact on the equity as at 1 January 2018 and the impact on the 2018 statement of income is mainly related to the recognition of variable considerations of projects within the civil infrastructure segment.

Onerous contracts
Based on the previous standard, Strukton Group qualified the net position of projects in progress as an asset or liability. A project in progress was presented as an asset if the cost incurred plus the results recognised represented a value higher than the instalments invoiced. A project in progress was presented as a liability if the instalments invoiced represented a value higher than the cost incurred plus the results recognised. Provisions for projects in progress were recognised in the same fashion in the balance sheet item 'work in progress'. Due to the implementation of IFRS 15, the provisions for projects in progress should be reclassified from the balance sheet item 'work in progress' to the balance sheet item 'provisions', in accordance with the requirements set out in IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. This provision represents the amount of the onerous contract result to be realised based on progress of the project.

Discussions regarding the interpretation of the loss within IFRIC (International Financial Reporting Interpretation Committee) were still ongoing in the financial year 2018. This discussion concerned the application of the incremental cost approach versus the direct costing method. The outcome of the discussion will affect the impact of the application of IFRS 15 for onerous contracts. In December 2018, the IASB issued an exposure draft, setting out that it decided on the concept that the costs to fulfil a performance obligation are defined as the costs directly related to a contract. Strukton Group will follow this exposure draft guideline, and therefore applies the direct costing approach in measuring the loss on a contract.

Based on IAS 37, the loss on the entire contract should be recognised. This could imply that the profit on a performance obligation in an onerous contract, prior to realising the performance obligation, is already fully deducted from the loss of the other performance obligation(s). The provision for onerous contracts represents the value of the loss to be produced.

Revenue recognition method
Based on the new standard, revenue recognition is still based on the progress of the project. This is mainly the result of the fact that Strukton Group is active in developing, building, maintaining and operating projects which are in the principal's control. Therefore, the revenue recognition method has not changed compared with the previous standard.

Inefficiencies
IFRS 15 does not allow revenue recognition for costs incurred that can be attributed to significant inefficiencies and that are not factored into the contract sum, as such costs do not contribute to progress regarding fulfilment of the performance obligation. No impact on the result was identified during the conversion to IFRS 15.

IFRS 9 Financial instruments
IFRS 9 is the new standard for the reporting of financial instruments. The modified retrospective method has been applied for the transition to IFRS 9. IFRS 9 is divided into three main components: classification & measurement, impairment and hedge accounting. The main change within classification and measurement is that the business model and the characteristics of the financial instrument have become leading. On this basis, the financial assets are measured at amortised cost or the fair value. Fair Value through Other Comprehensive Income (FVOCI) is introduced as a new category for financial assets. The 10% share held in voestalpine Railpro bv is classed as an equity instrument, recognising movements at fair value through OCI, resulting in a EUR 1.1 million decrease of the Other financial non-current assets and comprehensive income respectively as per 1 January 2018. The classification and measurement of financial assets for Strukton Group has not changed based on IFRS 9.
IFRS 9 sets out adjusted conditions subject to which hedge accounting may be applied. Although the hedge models do not change, the hedge accounting rules have become less strict. IFRS 9 offers the option to continue applying the previous rules set regarding hedge accounting. Strukton Group applies hedge accounting for the forward exchange contracts that were concluded for the Riyadh metro project. Strukton Group has continued to apply the previous standard (IAS 39), while ensuring compliance with the more extensive explanation requirements.

Concerning impairments, IFRS 9 introduces a single impairment model based on expected credit losses introduced to replace the model based on losses incurred. The implementation of IFRS 9 has not resulted in a material movement in the measurement of trade receivables, contract assets and other receivables. This is inter alia related to the fact that most of Strukton Group's principals are government organisations and semi-public bodies.

New standards and interpretations not yet applied
The following standards and interpretations, which were not yet mandatory as per 1 January 2018, have not been applied in these annual financial statements.

IFRS 16 Leases
IFRS 16 is applicable as of 1 January 2019. IFRS 16 serves to replace the current standard, IAS 17, and the associated interpretations. The new standard requires systematic recognition of the rights and obligations associated with lease contracts. This implies that virtually all lease contracts in the balance sheet are stated under the lessee, similarly to financial leases in accordance with IAS 17, with the exception of measurement of leases of 'low-value' assets and short-term lease contracts. Such exceptions will be applied. Lessees recognise a liability for lease payments with a corresponding asset in the consolidated balance sheet, and separately recognise interest expenses and depreciations in the consolidated statement of income. An assessment or reassessment of certain key considerations (such as the lease term, whether or not options are used, indexations, discount rate) by the lessee is necessary. Lessor accounting is essentially the same as the lessor accounting under IAS 17. IFRS 16 also requires lessees and lessors to include more detailed disclosures in the annual financial statements compared with IAS 17.

Key ratios will be affected by the implementation of IFRS 16.
IFRS 16 produced a front-loaded expense profile as Strukton capitalises the right-of-use, which is depreciated on a straight-line basis. This is offset by recognising a liability for future lease payments, recognising higher interest expenses in previous years. IFRS 16 will not affect Strukton's profitability over the full lease period. However, the EBITDA will increase due to changes in the classification. Strukton recognised lease costs in EBITDA under IAS 17. This will change under IFRS 16, with the exception of the costs associated with the low-value assets and short-term lease contracts, to which practical expedients will be applied, as costs related to lease will be classified as depreciations and interest expenses. The cash flow statement will also be affected, as the cash payments for the principal portion of the lease liability are presented within the financing activities.

Strukton Group is currently analysing the impact of the IFRS 16 implementation.
Based on current insights, Strukton will apply the modified retrospective method based on practical expedients and comparative information will not be adjusted. Relating to leases previously classified as operating leases, Strukton will measure the lease liability based on the present value of the remaining lease instalments. The right of use will be equivalent to the lease liability as from the start date of the lease. It is not yet possible to quantify the impact at this stage. As set out in paragraph 25, Strukton Group has a number of lease and operational lease contracts that in principle will have to be stated in the balance sheet according to the new standard.

Accounting policies for consolidation
Subsidiaries (full consolidation)
Subsidiaries are entities in which the Company has a direct or indirect controlling interest. Controlling interest is achieved if Strukton Group:
- has the power to direct the relevant activities of an organisation to acquire benefits from its activities;
- is exposed to or entitled to a variable return on its investment in the organisation; and
- has the option of exercising its power to manage

or influence the return.
Subsidiaries are fully consolidated from the first date of decisive control being transferred to Strukton Group. Deconsolidation is implemented on the first date where Strukton Group no longer has decisive control. Acquisition of subsidiaries is recognised by Strukton Group based on the acquisition method. The transferred consideration is valued based on the fair value of the assets presented, the equity instruments issued as per the acquisition date, and the liabilities accepted or transferred. The transferred consideration also includes the fair value of the assets, fees and liabilities pursuant to contractual contingent liabilities. Transaction fees in the context of an acquisition are stated at the moment these are incurred and charged to the result.

The acquired identifiable assets and the accepted (contingent) liabilities are stated at fair value as per the acquisition date upon initial recognition in the annual financial statements. For each acquisition, Strukton Group states any non-controlling interests at either the fair value or at the share of the non-controlling interest in the identified net assets of the party acquired.

If the transferred consideration, the non-controlling interest and the fair value as at the acquisition date of a share in the acquired party that existed on the acquisition date is higher than the fair value of Strukton Group's share in the identifiable net assets, then the difference is stated as goodwill. If the transferred consideration is lower than the fair value of the identifiable net assets, the difference is directly taken to the statement of income.

Joint arrangements
Based on IFRS 11 'Joint arrangements', joint agreements are classified as 'joint venture' or as 'joint operation'. The classification depends on the rights and obligations of each shareholder or partner, and is not related to the legal form. Strukton Group's consolidation includes both joint ventures and joint operations.

Joint operations
Joint operations are interests in entities over which Strukton Group has contractually agreed to exercise joint control with third parties. Strukton Group recognises its interest in the revenues and costs, and assets and liabilities of the joint operation and combines them, item by item, with the corresponding items in Strukton Group's annual financial statements.

Joint ventures
Joint ventures are entities over which Strukton Group exercises joint control with one or more third parties, with this control set out in an agreement. Strukton Group is entitled to a share of the net profits generated by such entities and it is entitled to a share in the net assets. The joint ventures are recognised as associates in the consolidated annual financial statements using the equity method.
The valuation of the associates includes the goodwill as recognised upon acquisition, deducting any cumulative impairments. The parties involved concluded a contract agreeing to share control; any decisions relating to relevant activities require the unanimous approval of the parties who have joint control of the joint venture.

Associates
Associates are entities in which Strukton Group has significant influence on the financial and operational policies, but in which it does not have a controlling interest and which are not joint ventures. The consolidated financial statements include Strukton Group's share in the overall result of non-consolidated investments according to the equity method, after adjustment of the policies to bring them in line with Strukton Group's policies, from the date on which significant influence by Strukton Group commences until the date on which significant influence ceases. The valuation of the associates includes the goodwill as recognised upon acquisition, deducting any cumulative impairments.

Elimination of transactions on consolidation
Intra-group balances and any unrealised gains and losses on transactions within Strukton Group or income and expenses from similar transactions are eliminated in the preparation of the consolidated annual financial statements. Unrealised gains and losses from transactions with associates and entities over which joint control is exercised are eliminated in proportion to Strukton Group's share in the entity.

Valuation principles

Foreign currency transactions and investments in foreign activities
Foreign currency transactions are initially recognised at the exchange rate of the functional currency at the transaction date. Cash and cash equivalents, receivables, debts and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the balance sheet date. Any translation differences ensuing from the conversion are charged to the statement of income. This does not apply to the differences on loans denominated in foreign currencies as a hedge for an investment in foreign activities. Such differences are taken to the translation reserve of 'unrealised gains and losses' until the date the foreign activities are sold. On this date the amount (plus or minus) is taken to the statement of income.
The assets and liabilities of foreign activities are translated into euros at the applicable exchange rate at the balance sheet date. Exchange differences arising from this translation are taken to the translation reserve of 'unrealised gains and losses'. The translation differences are transferred to the statement of income on the full or partial disposal of foreign subsidiaries, joint operations, joint ventures and associates as a result of which Strukton Group ceases to exercise decisive control. The income and expenses arising from foreign activities are converted to euros at a rate approximating the exchange rate on the transaction date.

Derivative financial instruments
Strukton Group makes use of interest rate swaps, an overdraft facility and forward exchange contracts in order to hedge the interest rate risks pursuant to concern and project financing, and in order to hedge currency risks on future USD cash flows.
The interest-rate swaps, the overdraft facility and forward exchange contracts are stated at fair value. This is equal to the present value of the projected cash flows.
Hedge accounting is applied for the interest rate swaps, the overdraft facility and forward exchange contracts. Changes in the fair value of interest rate swaps, the overdraft facility and forward exchange contracts that serve to hedge the interest rate risks and currency risks arising from future interest rate payments and future USD cash flows are taken directly to equity to the extent that the hedge can be classified as effective. The deferred amounts in equity are taken to the statement of income on the completion date of the forward exchange contracts and as soon as the hedged future interest coupons are taken to the result. For the portion of which the hedge effectiveness of the hedge cannot be shown, the change in the value is directly taken to the statement of income. If an interest rate swap is sold or terminated or if the hedge relationship is no longer effective, the cumulative gain or loss up to that point remains recognised in equity unless there is no longer an expectation of the original hedged future cash flows taking place. The results deferred in equity are then recognised immediately in the statement of income.

Property, plant and equipment
Company buildings and land
Company buildings are stated at cost price less the annual straight-line amortisation based on expected useful life, taking into account any residual value and any cumulative impairments. The useful life applied for company buildings is twenty-five years. In the event of major maintenance, the amount is capitalised and written off. Land is not subject to depreciation (with the exception of paving (10 years)).

Machines and installations, and other equipment
The equipment, instruments and other items (including inventories) are stated at cost price less annual straight-line amortisation based on expected useful life, taking into account any residual value and any cumulative impairments. The cost price lso includes the cost of replacing parts of the equipment and instruments insofar as such costs fulfil the conditions for inclusion in the balance sheet, and financing fees for long-term projects if the capitalisation criteria are fulfilled. The useful life in years as applied is two to six years for equipment and instruments, and three to ten years for other items.

Assets under construction
Assets under construction are stated at the cost incurred and mainly consist of instalments for the acquisition of equipment that has not yet been commissioned.
No longer recognised in the balance sheet

A property, plant and equipment item is no longer recognised in the balance sheet if divested or if no more economic benefits are expected from use or divestment. Any proceeds or losses ensuing from removing the asset are taken to the statement of income of the year in which the asset is removed from the balance sheet. The residual values, the useful life and the valuation methods are assessed and where necessary adjusted as per the closing date of the financial year. When property, plant and equipment items consist of components that have different useful lives, these components are accounted for as separate items (key components) under Property, plant and equipment.

Leased assets 'Group as Lessee'
Leases pursuant to which Strukton Group assumes virtually all risks and benefits attaching to the property are classified as finance leases. Upon its initial recognition, the leased asset is stated at the lower of fair value and present value of the minimum lease payments. After its initial recognition, the leased asset is stated in accordance with the applicable policy.
Other leases concern operational lease contracts whose leased assets are not recognised in Strukton Group's statement of financial position. The lease costs are attributed to the lease period on a straight-line basis.

Intangible assets
Patents and intellectual property
Patents and intellectual property are stated at acquisition cost less the cumulative amortisation and any cumulated impairment losses. Patents are amortised on a straight-line basis over a five-year useful life. For intellectual property, a seven-year useful life is applied.

Software
Software is stated at statistical cost including the capitalised financing costs, deducting the annual straight-line amortisation based on expected useful life and any cumulative impairments. The useful life applied is two to five years.

Business combinations and goodwill
Business combinations are stated in accordance with the acquisition method. The acquisition cost is based on the total of the transferred consideration (determined at the fair value as at the acquisition date) and the amount of any non-controlling interest in the acquired party. For each business combination, the acquiring party states the non-controlling interest in the acquired party at either the fair value or a proportionate part of the net assets of the acquired party. Costs associated with the acquisition are directly charged to the statement of income.

If Strukton Group acquires a company, it assesses the acquired financial assets and liabilities in the context of correct classification and allocation, such in accordance with the contractual terms and conditions, economic conditions and other applicable circumstances. This also includes the acquired party's separation of the contractual derivatives. If the business combination is structured in different phases, the fair value of the interest previously held by Strukton Group in the acquired party is redetermined as at the acquisition date, taking any differences in the value to the statement of income.

Any conditional considerations to be transferred by Strukton Group are stated at fair value as at the acquisition date. Subsequent changes in the fair value of the conditional consideration that is classed as an asset or liability is taken to the statement of income in accordance with IAS 39. If the conditional consideration is classed as equity, revaluation is subject to final settlement in the item Equity.

Goodwill is initially stated at cost, i.e. the amount by which the transferred consideration exceeds the balance of the acquired assets and liabilities. If this consideration is an amount lower than the fair value of the net assets of the acquired subsidiary, the difference is taken to the statement of income.

After initial recognition, the goodwill is stated at cost, less any cumulative impairment losses. In the context of the impairment test, the goodwill ensuing from a business combination as from the date of acquisition is allocated to the cash-generating units that are expected to benefit from the business combination, irrespective if the assets or liabilities of the acquired entity were allocated to these units.

If goodwill is a part of a cash-generating unit and a part of the business activity within this unit is divested, the goodwill relating to the divested

activity is recognised in the carrying amount of the relevant activity in order to determine the divestment result. Goodwill divested in such circumstances is based on the relative ratio in values of the divested activity and the portion of the cash-generating unit that is retained.

Other intangible non-current assets
If separately identifiable intangible assets can be discerned upon acquisition of an entity, these are capitalised and amortised within the relevant applicable amortisation period. In this context, the value of a customer base is subject to application of an amortisation period ranging from 4 to 12 years, depending on the nature and expected 'churn rate'. The value of an order book is subject to an amortisation period of 6 months to 6 years. The amortisation period is assessed annually.

Investment property
Investment property is property which is held either to earn rental income or for capital appreciation, or for both. Investment property is carried at cost less cumulative depreciation and impairment.

Investment property for own use is recognised as property, plant and equipment. The fair value of the investment property is disclosed in the notes to the consolidated financial statements.
The fair value is defined as the price that would be received for the sale of an asset or would be paid for the transfer of a liability in a regular transaction between market parties on the valuation date.
The determination of the fair value is based on the assumption that the transaction for the sale of an asset or transfer of a liability takes place in the principal market for the asset or liability, or if there is no principal market, in the most favourable market for the asset or liability. The principal or most favourable market must be one to which Strukton Group has access.

Depreciation is charged to the statement of income according to the straight-line method based on the estimated useful life of each component. Depreciation rates correspond to those of the categories of property, plant and equipment. The depreciation methods, useful lives and residual values are reassessed on the reporting date.

Non-current assets held for sale
Non-current assets (or groups of assets and liabilities being sold) of which the carrying amount is expected to be primarily realised through a sales transaction rather than through their continued use, are classified as 'held for sale'. Immediately before this classification, the assets (or the components of a group of assets being sold) are revalued in accordance with Strukton Group's accounting policies. The assets (or group of assets being sold) are stated at the lower of carrying amount and fair value (less the costs of selling). An impairment loss on a group of assets held for sale is allocated to goodwill in the first instance, and subsequently in proportion to the remaining assets and liabilities. Impairment losses arising from the initial classification are taken to the statement of income.

Other financial non-current assets
Other non-current receivables
The other non-current receivables concern assets that are held within a business model designed to hold financial assets to receive contractual cash flows. Such cash flows exclusively concern repayments and interest payments on the principal outstanding. Such non-current receivables are initially recognised at the fair value of the relevant performance, and subsequently at amortised cost based on the effective interest rate method.

PPP receivables
PPP receivables (Public-Private Partnership receivables) concern concessions payments still due from public bodies (government authorities) for PPP concession projects. PPP receivables are recognised as financial non-current assets. This concerns assets that are held within a business model designed to hold financial assets to receive contractual cash flows. Such cash flows exclusively concern repayments and interest payments on the principal outstanding. Such non-current receivables are initially recognised at the fair value of the relevant performance, and subsequently at amortised cost based on the effective interest rate method.
The interest rate applied is (virtually) equal to the interest rate (after hedging) of the associated non-recourse PPP loan (PPP loan for which the borrower is not severally liable towards the financier).

Investments in equity instruments
Upon initial recognition, Strukton Group may choose to irrevocably designate its investments in shares as equity instruments measured at fair value through unrealised gains and losses (FVOCI, Fair Value through Other Comprehensive Income) if they fulfil the definition of equity according to IAS 32 'Financial instruments: presentation' and are not held for trading purposes. The classification is determined on an instrument basis.
Gains and losses on such financial assets are never recycled into profit or loss. Dividends are recognised as other income in the statement of income if the right to receive payment is established. Strukton Group chose to irrevocably designate the equity investments to this category.

Deferred taxes
Deferred tax assets and liabilities are recognised for temporary differences between the value of the assets and liabilities in accordance with the accounting principles for valuation and determining the result applied in these annual financial statements and in accordance with the tax policies, also for the portion of carry-over losses with a high probability of being realised against sufficient positive taxable results. The carrying amount of deferred tax assets is assessed on each balance sheet date and decreased insofar sufficient future taxable profits are not expected to be probable.

Deferred taxes are based on the rate that is likely to be applicable on the date of settlement according to the tax rules. Deferred taxes are recognised in the statement of income, excepting if related to items that are recognised in the other comprehensive result. In such cases, the deferred taxes are also recognised as other comprehensive result. If this results on balance in a deferred tax asset, it is recognised as a non-current asset. Deferred tax assets and liabilities are set off in a balance if there is a legally enforceable right to do so, if these are associated with tax on profit imposed by the same tax authorities, and if the Company has the legally enforceable right to set off the items on a net basis.

Impairments
Other financial assets
Strukton Group created a provision for expected credit losses on any differences between the cash flows due according to the contract, and the cash flows that Strukton Group expects to receive, discounted at the approximate original effective interest rate.
The amount of expected credit losses (or their reversal) is recognised as an impairment result in the statement of income.

Non-financial assets
The carrying amount of Strukton Group's non-financial assets, except for inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If there are such indications, an estimate is made of the recoverable amount of the asset in question.
For goodwill and intangible assets with an indeterminate useful life or that are not yet available for use, an estimate of the recoverable amount is made at each reporting date. An impairment loss is recognised if the carrying amount of an asset or the cash-generating unit to which the asset belongs, is greater than the recoverable amount. Impairment losses are recognised in the statement of income. The recoverable amount of an asset or a cash-generating unit equals the higher of the value in use and the fair value net of selling costs. In assessing the value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects both the current market assessments of the time value of money and the specific risks with respect to the asset.

Impairments of goodwill are not reversed (except for goodwill included in the carrying amount of associates). In the case of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the recognised loss has decreased or no longer exists.
An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Inventories
Inventories are stated at the lower of cost and the net realisable value. The net realisable value is the estimated sales price in the normal conduct of business, less the estimated cost of completion and the cost of sales. The cost of the inventories is based on the average purchase price or cost price and includes expenditure incurred in acquiring the inventories and the associated costs of purchase.
The cost of inventories of finished products includes an appropriate share of the indirect overheads based on normal production capacity.

Projects in progress
Projects in progress concern the gross amounts to be invoiced for the contract work performed until the reporting date still to be collected from the customer. This item is recognised at realised revenue less invoiced instalments. Projects are presented in the statement of financial position as receivables from or payables to the customer based on the contract. A receivable is created if the revenue exceeds the amount of the invoiced instalments.
A payable is created if the revenue falls below the amount of the invoiced instalments.

Trade and other receivables
Trade and other receivables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

Impairments projects in progress and trade and other receivables
For projects in progress and trade and other receivables, Strukton Group applies the simplified approach for calculating expected credit losses. A provisions matrix is used for calculating expected credit losses on projects in progress and trade and other receivables. Based on this matrix, expected credit losses for groups of different customer segments are set out in a table in order to write off amounts on projects in progress and trade and other receivables if credit losses are expected.

Cash and cash equivalents
Cash and cash equivalents comprise bank balances, deposits and cash balances. Amounts due to banks that are payable on demand and that form an integral part of the Company's cash management system are recognised in the statement of cash flows under the cash and cash equivalents.

Equity attributable to shareholders of the parent company
Reserves
The reserves consist of a share premium reserve, a translation reserve, a statutory reserve for associates, a hedging reserve and an actuarial reserve. The share premium reserve is a reserve resulting from additional capital contributions by the shareholder. The translation reserve covers all the gains and losses from the translation of Strukton Group's net investments in foreign subsidiaries. The statutory reserve for associates consists of results for associates that have not been paid out where such payments are bound by restrictions. The hedging reserve consists of the accumulated change in the fair value of hedging instruments before the hedged transaction actually takes places, or if the hedged position has not been terminated as yet. An actuarial reserve is formed for the cumulative change in the fair value of the pension liabilities arising from changes in the actuarial assumptions.

Retained earnings
The retained earnings comprise the cumulative results from previous financial years following deduction of dividend payments.

Minority interests
The 'Minority interests' item comprises the equity capital provided by third parties and relates to the non-controlling interests in consolidated associates.

Group equity
The group equity consists of the equity attributable to the shareholders of the parent company and minority interests.

Subordinated loans
A loan is classified as a subordinated loan if subordinated to other recognised liabilities.
Upon initial recognition in the annual financial statements, subordinated loans are stated at fair value (net of transaction fees) and subsequently at amortised cost using the effective interest method.

Non-current liabilities
The non-current liabilities consist of liabilities for financing property development, liabilities in financing public-private partnership projects, bank credit facilities, financial derivatives (the non-current

portion) and other non-current liabilities. On initial recognition in the consolidated annual financial statements, liabilities for financing property development, liabilities in financing public-private partnership projects, bank credit facilities and other non-current liabilities are valued at fair value (after deducting transaction fees). Subsequently they are valued at amortised cost using the effective interest method. Transaction fees are depreciated over the duration of the loan. The share of non-current liabilities that must be repaid within one year is stated as a repayment liability of non-current liabilities in current debt. A liability is written off on the date the obligation expires, lapses or terminates. Unconditional liabilities based on an option agreement are stated at the fair value. This fair value is calculated by discounting the nominal liability using a real interest rate.

Provisions

A provision is recognised in the balance sheet whenever Strukton Group has a legally enforceable or de facto liability as a consequence of a past event, if that liability can be reliably estimated and it is more likely than not that the settlement of that liability will entail an outflow of funds. Provisions are determined by calculating the present value of the expected future cash flows. The applied discount rate is a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation.

Onerous contracts provisions

Strukton Group will apply the directly related cost approach in measuring the loss on a contract. The loss is recognised on the entire contract. This could imply that the profit on a performance obligation in an onerous contract, prior to realising the performance obligation, is already fully deducted from the loss of the other performance obligation(s). The provision for onerous contracts represents the value of the loss to be produced.

Restructuring provisions

A restructuring provision is created if a detailed formal restructuring plan has been approved and those who will be affected have valid expectations that the restructuring will be effected, because the implementation of the plan has been started or the main features of the plan have been announced to those affected.

Employee benefits

a. Defined contribution plans

For defined contribution plans, Strukton Group pays contributions on a mandatory, contractual or voluntary basis to pension funds or insurance companies. Strukton Group has no further obligations beyond the payment of contributions. Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of income when the contributions are due.

b. Defined benefit plans

Defined benefit plans lead to a fixed pay-out after termination of employment; the amount depends on factors such as salary, service years and accrual rate. Pursuant to IAS 19, Strukton Group is required to create a provision for this fixed annuity after termination of employment. Strukton Group's net liability on account of defined benefit plans is determined separately for each plan by estimating the pension entitlements that employees have accrued and will accrue pursuant to their services in the reporting period and previous periods. The present value of these pension entitlements is determined and the fair value of the plan assets is deducted from this amount. The discount rate is the yield as at the balance sheet date for blue chip corporate bonds with a maturity approximately the same as that of Strukton Group's liabilities. The calculation is performed by a qualified actuary using the projected unit credit method. This method allows for future increases in salary due to employees' promotions and general wage trends, including adjustments for inflation.
In the event of an improvement to pension entitlements under a plan, the portion of the improved pension entitlements relating to employees' past service is recognised immediately as an expense in the statement of income. Strukton Group takes actuarial gains and losses with respect to defined benefit plans and the notional excess or deficit in return on investments directly to the other comprehensive income (OCI). The notional return on investments is determined based on the same discount rate used for interest accrual. If the fund assets exceed the liabilities, the recognised assets are limited to an amount that cannot exceed the present value of any future refunds by the fund or reductions in future pension contributions.

c. Other long-term employee benefits

Strukton Group's net liability for other long-term employee benefits, with the exception of pension plans, is the amount of the future entitlements that employees have earned in return for their services in the reporting period and previous periods. Examples include jubilee benefits and bonuses. These liabilities are calculated using the projected unit credit method and are discounted to give the present value. The discount rate is the yield as at the balance sheet date for high-value government bonds with a maturity that approximates that of these long-term liabilities of Strukton Group. Any actuarial gains or losses are recognised in the statement of income in the period in which they occur.

Guarantee commitments

A guarantee provision is recognised if the underlying projects or services have been sold and delivered. This provision is created for the costs that will have to be incurred to rectify deficiencies that become evident after the delivery, yet during the guarantee period. The provision is based on the best estimate for the cash outflow.

Other provisions

The other provisions comprise provisions for specific guarantees issued when associates are sold, risks of legal proceedings against Strukton Group and/or its operating companies, redundancy arrangements and other relatively minor risks.

Trade and other payables, amounts payable to credit institutions and income tax payable

Trade and other payables, and amounts payable to credit institutions are initially recognised at fair value and subsequently at amortised cost using the effective interest method. Any income tax payable is recognised at face value.

Revenue from contracts with customers

Projects for third parties, service and maintenance contracts

When determining the revenue recognition, the number of performance obligations in a contract is identified. Subsequently, the transaction price is determined. If the consideration promised in a contract includes a variable component, such as a performance bonus or penalty for delays, the amount of consideration to be received is estimated. In such an event, the variable component is measured using the expected value or the most likely amount, depending on the method that can be expected to best predict the amount of consideration that the entity will be entitled to. This method is subsequently applied consistently throughout the contract. An increase of the amount of consideration due to including or excluding the variable component may not take place until it is highly probable that a significant reversal in the amount of cumulative revenue will not occur when the uncertainty associated with the variable consideration has been resolved.

After determining the amount of consideration, this consideration is allocated to the separate performance obligations. This allocation is based on determining the 'stand-alone selling price' for each performance obligation. The stand-alone selling price is measured based on the 'cost plus a margin' method, determining the cost based on the preliminary calculation as prepared during the tender phase. Subsequently, a customary margin is allocated.

Finally, revenue is recognised when transferring control of the goods or services to the customer against an amount reflecting the consideration that Strukton Group expects to be entitled to in exchange for the relevant goods or services.

Strukton is active in developing, building, maintaining and operating infrastructure projects, buildings and technical installations and rail systems, that are in the principal's control. If the principal has control during the project, the revenue recognition will be based on progress of the project. Progress of the project is determined based on the input method, with project progress being measured based on the cost incurred by the entity in fulfilling a performance obligation. It is not permitted to recognise revenue for costs incurred that can be attributed to significant inefficiencies and that are not factored into the contract sum, as such costs do not contribute to progress regarding fulfilment of the performance obligation.

In the event of additional work, claims or other changes in the scope of a contract or a (potential) change in the contract consideration, revenue relating to this modification will not be recognised until a written or oral agreement has been reached.

If the date of transferring the performance obligation is not the same as the date of receiving the consideration, the time value of money is taken into account when recognising revenue. For this purpose, Strukton Group makes use of the practical expedient to not adjust the promised amount of consideration for the effects of a significant financing component if Strukton Group expects that the period between the date on which the entity transfers a performance consideration and the date on which the customer pays for this performance obligation is no more than one year.

Tender fees are recognised as part of the amount of consideration over the term of the contract in proportion with performances completed, since tender fees do not represent a separate performance obligation.

Revenue from sale of goods from inventories
The sale of goods from inventories primarily pertains to the sale of prefabricated concrete applications. Revenue from sales from stock are recognised in the statement of income when handing over control over the goods or services to the customer against an amount reflecting the consideration that Strukton Group expects to be entitled to in exchange for the relevant goods or services.

Concessions
During the operational phase, revenues from concession management comprise:
- the fair value of the provision of the contractually agreed services; and
- the interest income related to the investment in the project.

Revenue is recognised in proportion to the progress as soon as the related services are provided. Interest is recognised as finance income in the period to which it relates.

Other revenue
Other revenue includes transaction results of associates, property transaction results and Property, plant and equipment transaction results. Transaction results are recognised when handing over control of the associates, property or property, plant and equipment items to the customer against an amount reflecting the consideration that Strukton Group expects to be entitled to in exchange for the relevant items.

Expenses
Costs to obtain a contract
Costs incurred to obtain a contract with a customer that would not have been incurred if the contract had not been obtained, or incremental costs of obtaining a contract, are capitalised. If the criteria of incremental costs are not met, costs to obtain a contract are recognised as an expense. Therefore, the costs of obtaining a contract are in principle charged to the result directly, unless such costs are explicitly chargeable to the customer, regardless of whether the contract is obtained.

Costs to fulfil the performance obligation
The costs to fulfil a future performance obligation are capitalised if such costs are directly related to an existing contract or specific anticipated contract, provided that these costs are expected to be recovered.

Operating costs
Operating costs are allocated to the year these are related to.

Lease payments under operating leases
Payments made under operating leases are recognised in the statement of income on a straight-line basis over the term of the lease.

Public-private partnerships (concessions)
The costs incurred for proposals for PPP projects are in principle charged to the result, unless such costs are explicitly charged to the customer, regardless of whether the contract is obtained. If such costs are chargeable to the customer, regardless of whether the contract is obtained, these costs are capitalised as soon as it is probable that the contract will be obtained.

Finance income and expenses
Finance income comprises interest received on invested funds, exchange rate gains, and gains on hedging instruments that are recognised in the statement of income. Finance expenses comprise interest payable on borrowings, interest added to provisions, exchange rate losses, impairment losses on financial assets and losses on hedging instruments that are recognised in the statement of income.

Government grants
Government grants are recognised if there is reasonable certainty that the entity will comply with the conditions attached to them and that the grants will be received. Government grants relating to investment grants are deducted from the carrying amount of the asset. Operating grants are deducted from the costs to which they relate.

Income tax
Income tax comprises the payable and offsettable income tax relating to the period under review and deferred income tax. The income tax is recognised in the statement of income, except if it relates to items recognised directly in equity, in which case the tax is charged to equity. The current tax payable and offsettable is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantially enacted at the reporting date, and any adjustments to tax payable in respect of previous years.
Deferred tax assets and liabilities are recognised for temporary differences between the value of the assets and liabilities in accordance with the accounting principles for valuation and determining the result applied in these annual financial statements and in accordance with the tax policies. Deferred tax liabilities are not recognised for the following temporary differences: the initial recognition of goodwill, initial recognition of assets and liabilities in a transaction that do not involve a business combination and that affect neither the accounting nor the taxable profit, and differences relating to investments in subsidiaries and entities over which joint control is exercised to the extent that they are unlikely to be settled in the foreseeable future. Deferred Tax Liabilities are measured using tax rates expected to apply when the temporary differences are reversed, based on legislation enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available for the realisation of the temporary difference. At each reporting date, deferred tax assets are reviewed and reduced to the extent that it is no longer probable that the corresponding tax benefit will be realised.
Additional income tax on account of dividend payments is recognised at the same time as the obligation to pay the dividend in question.
Strukton Groep nv constitutes an independent tax group together with most of its 100% domestic subsidiaries.

Discontinued operations
A discontinued operation is any part of Strukton Group's operations that constitutes a significant separate operation or a significant separate geographical area of operation and has been sold or is being held for sale. A discontinued operation can also be a subsidiary that has been acquired purely with the intention of reselling it. Classification as a discontinued operation takes place on disposal or as soon as the operation satisfies the criteria for classification as held for sale. When an activity is classified as discontinued, the comparative figures in the statement of income are restated as if the operation had been discontinued at the beginning of the comparative period.

Information per segment
For management purposes, Strukton Group has a segmented structure based on its products and services. The income statement and a number of balance sheet items are presented for each segment. This structure is supported by the management reporting structure, with the afore-mentioned divisions reporting to Group management entirely separately. The management monitors the operating results of the segments separately to support decision-making regarding allocation of resources and assessment of the results. The segment results are assessed on the basis of the operating result determined in accordance with the operating result in the consolidated annual financial statements. The management of Group financing and income tax is conducted at Group level. Prices for transactions between segments are determined at arm's length.

Policies for the consolidated statement of cash flows
The statement of cash flows is prepared according

to the indirect method. Cash flows in foreign currencies are translated at the exchange rate that applies on the transaction date. For associates, this is based on the average exchange rate during the financial year. The inventories, receivables, debts, provisions, and debts to credit institutions included in acquisitions are incorporated in the statement of cash flows under investing activities. The acquisition cost paid for acquired associates (after deduction of the purchased cash and cash equivalents), and the selling price received for divested associates, are recognised in the cash flow from investment activities. Income on the basis of interest, dividends and income taxes are included in the cash flow from operations. Transactions that do not involve an exchange of money are not recognised in the statement of cash flows. Amounts owing to banks that are payable on demand and that form an integral part of the Company's cash management system are recognised in the statements of cash flows under the cash and cash equivalents item.

Significant estimates and assumptions in the consolidated annual financial statements

The preparation of the consolidated annual financial statements requires the management to make judgements, estimates and assumptions that influence the application of the accounting principles and the reported values of assets and liabilities and of income and expenses. The estimates and corresponding assumptions are based on experiences from the past and various other factors that could be considered reasonable under the circumstances. The actual outcomes may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognised in the period in which the estimate is revised or in future periods if the revision has consequences for these periods. The key elements of uncertainty in the estimates are as follows.

Assumptions when determining revenue recognition from contracts with customers

When recognising revenue from contracts with customers, the contract consideration must be determined. This consideration may also include variable components, such as a performance bonus or penalty for delays. If the consideration promised in a contract includes a variable component, the amount of consideration to be received is estimated. In such an event, the variable component is measured using the expected value or the most likely amount, depending on the method that can be expected to best predict the amount of consideration that the entity will be entitled to. This method is subsequently applied throughout the contract. An increase of the amount of consideration due to including or excluding the variable component may not take place until it is highly probable that a significant reversal in the amount of cumulative revenue will not occur when the uncertainty associated with the variable consideration has been resolved. Pursuant to IFRS 15, the threshold to recognise positive variable considerations is therefore relatively high. Nevertheless, this variable component is subject to management estimates.

In the event of changes in the scope of a contract or a (potential) change in the contract consideration, revenue relating to this modification will not be recognised until a written or oral agreement has been reached. If this agreement is reached but no agreement was reached about the consideration, the recognition will not take place until it is highly probable that a significant reversal in the amount of cumulative revenue will not occur when the uncertainty regarding the consideration for the contract modification has been resolved. In practice, this means that considerations for requests for change or claims cannot be recognised until a written or oral agreement has been reached on the nature of the change and the relevant consideration.

When allocating the contract consideration to the separate performance obligations, the stand-alone selling price of the performance obligations must be determined. This stand-alone selling price is measured based on the 'cost plus a margin' method, determining the cost based on the preliminary calculation as prepared during the tender phase. Subsequently, a customary margin is allocated. Both the measurement of the cost and the measurement of the margin are subject to the management's estimates.

Revenue recognition is based on the input method, with project progress based on the cost incurred by the entity in fulfilling a performance obligation in proportion with the total forecast project cost. The total project cost is subject to accounting estimates. Such accounting estimates are subject to more uncertainty as:

- The agreed contract form entails more risk for the contractor. After all, in a design & construct contract the contractor also bears the design risk. In a DBMO contract, the contractor is also responsible for maintenance and operations;
- The contract is still at an early stage in the design or realisation process. When a provisional design is being worked out in detail to create the final design, it may be necessary to deviate considerably from the provisional design (for instance because the initial solution turns out to be not feasible, because the soil conditions are better or worse than expected, or because the dialogue with stakeholders turns out to be much more complicated, and therefore more costly, than anticipated). Numerous risks may also emerge during the execution phase that are for the account of the contractor. It should however be noted that such deviations can be either positive or negative;
- The contract term is longer, whereby the estimate of the final amount of work is inherently subject to greater uncertainty.

Corporate income tax

Measured deferred tax assets due to tax loss carried forward are subject to the management's estimates in terms of future taxable results to be achieved.

Strukton operates in various countries. Tax legislation and guidelines vary for each country. Tax treaties between various countries do not always offer full prior certainty about the effects and solutions of tax issues. When determining the tax position, it is possible that assumptions must be made. If such assumptions may lead to uncertainties regarding the correctness of the tax position recognised, this is explained in the Notes to the annual financial statements.

Defined benefit plans and deferred employee benefits

The most important actuarial principles at the basis of the recognised pension commitments and other employee benefits are included in the notes to the relevant items. All assumptions, forecasts and expectations applied as a basis for accounting estimates in the consolidated annual financial statements reflect the actual outlook of Strukton Group as accurately as possible.

Goodwill

Goodwill is subject to annual impairment tests. An assessment is made of the expected cash flows per business unit based on the business plans drawn up for the next five years. A weighted average cost of capital (WACC) is determined for each business unit on the basis of a representative peer group. The expected cash flows and the WACC form the basis of the discounted cash flow method for the goodwill test. Strukton Group has developed a standard method for this.

Impairments

Non-financial assets

In order to ascertain whether assets are impaired it is necessary to make an estimate of the recoverable amount. The recoverable amount of an asset or a cash generating unit equals the higher of the value in use and the fair value net of cost of selling. If possible, the fair value net of cost of selling is calculated on the basis of a binding sales contract in an arm's length and objective transaction between independent parties. If there is no binding sales contract, but the asset is traded on an active market, the fair value net of cost of selling is equal to the market price of the asset net of cost of selling. If there is neither a binding sales contract nor an active market for an asset, the fair value net of cost of selling is based on the best information available to agree a price that could be achieved at the balance sheet date from the sale of the asset in a transaction between properly informed, willing and independent parties, net of the cost of selling. When calculating this value, account is taken of the results of recent transactions involving similar assets in the same business sector. In determining the value in use, the present value of estimated future cash flows is calculated using a discount rate that reflects both the current market rate and the specific risks relating to the asset. The cash flow forecasts are based on reasonable and substantiated assumptions representing the best estimates by the management of the economic circumstances that will exist during the residual useful life of the asset.

Agent contracts
Strukton Group makes use of agent contracts. In view of the increased risk regarding corruption inherently associated with these contracts, Strukton annually conducts a risk analysis regarding corruption, and defined a policy for countering corruption. 'Tone at the top' and making employees more 'corruption-proof' are key pillars of Strukton's anti-corruption policy, as are the mechanisms of internal procedures regarding anti-corruption and integrity. Improving compliance and risk management is a continuous process therefore. Compliance officers were appointed and trained, and employees who are involved in international tenders or are being awarded orders receive training regarding compliance. Best practices regarding compliance and duty of care are discussed with similar companies. Agent contracts set out provisions regarding mandatory disclosure, anti-corruption and compliance with the Code of Conduct Honest Business Practice .
Strukton Group also conducts background checks of its foreign agents. Invoices and payments are intensively checked using the four-eyes principle before executing any payment transactions. Strukton aims to comply with all anti-corruption legislation and regulations at all times, preventing corruption and the potential ensuing criminal proceedings and loss of reputation.

▶ Financial risk management
Strukton Group applies a policy focusing on maximum limitation and control of current and future risks, minimising the financial cost. This is based on general control measures, such as internal procedures and instructions and specific measures designed to control the specified risks.
Strukton Group's financial risks mainly concern credit risks, interest rate risks, currency risks, liquidity risks and inflation rate risk.
The risk of fluctuations in currency exchange rates and interest rates is hedged with a range of derivatives, transferring the risks that apply to the primary financial instruments to other contract parties. Interest rate and currency risks are mainly centrally managed. No speculative positions are held.

Credit risk
Most of the principals are public organisations (government bodies), which implies minimum credit risk. For orders from private principals in excess of a certain limit, the credit risk is a factor in the contract assessment. Additionally, the orders are invoiced in advance in proportion to progress in the projects. The cash and cash equivalents available are held with financial institutions with a high credit rating.

Interest rate risk
Loans with a variable interest rate are exposed to the risk of changes in cash flows due to interest rate changes. Strukton Group's policy is designed to conclude long-term loans at a fixed interest rate. Interest rate swaps are concluded to achieve fixed rates. The interest rate risk relating to financing the long-term PPP projects is always hedged with interest rate swaps.

Currency risk
The bulk of Strukton Group's operations take place in the euro zone. Additionally, 2013 saw the commencement of the metro project in Riyadh, Saudi Arabia. Strukton Group's currency risk relates to its foreign subsidiaries in Scandinavia and in Riyadh (Saudi Arabia). For the metro project in Riyadh, the currency risk in respect of a high percentage of the future cash flows is hedged in USD. Additionally, incidental positions in foreign currencies are hedged using forward exchange contracts. The foreign currency risks on the equity of foreign subsidiaries and long-term loans provided to such subsidiaries, the so-called translation risk, is not hedged.

Liquidity risk
The liquidity risk is the risk of Strukton Group being unable to meet its financial obligations on the due dates. Liquidity management is based on having adequate liquidity to fulfil both current and future financial obligations in regular and special circumstances, without incurring unacceptable losses or jeopardising Strukton Group's reputation.
Using progressive liquidity forecasts, Strukton Group assesses the adequacy of liquidity levels.
Relating to long-term contracts, principals are usually requested to pay instalments to allow for financing of the project costs.
On 13 April 2018, Strukton concluded a new financing arrangement for the Dutch companies with a term of three years with two one-year extension options. The liquidity levels were assured based on a committed facility for the Dutch companies amounting to EUR 115 million (2017: EUR 115 million). This facility fully consists of a current account facility of EUR 115 million.
Additionally, the total of guarantee facilities amounts to EUR 310 million (EUR 130 million of which covers the Riyadh metro project). No mandatory repayments apply during the contract period.
In addition to the committed facility for the Dutch companies, Strukton Group has facilities in Italy, Sweden, Belgium and Denmark.
Furthermore, Strukton Group has some separate facilities for Dutch companies. The key facilities in Italy, Sweden and Denmark are specified separately below:
The facility in Italy can be specified as follows:
- Current account facility of EUR 73.1 million (2017: EUR 61.3 million). EUR 12.5 million of this total was withdrawn (2017: EUR 2.1 million).
- Loan facility EUR 12.8 million (2017: EUR 20.4 million). This was fully withdrawn.
- Bank guarantee facility EUR 109.5 million (2017: EUR 82.9 million), EUR 60.6 million is in use (2017: EUR 37.2 million).
- Factoring contracts EUR 21.5 million (2017: EUR 42.2 million, EUR 21.5 million (2017: EUR 18.2 million) is in use.

In Sweden/Denmark, Strukton Group has the following facilities:
- Current account facility SEK 125 million (2017: SEK 125 million). An amount of SEK 35.2 million was withdrawn (2017: SEK 34.3 million).
- Bank guarantee facility SEK 735 million (2017: SEK 535 million). An amount of SEK 357.4 million was withdrawn (2017: SEK 354.7 million).

Based on the liquidity forecasts and the agreed financing, the Board of Directors of Strukton expects to have sufficient financial room to implement the business plan. Realisation of the liquidity forecast is strongly dependent on the development of external market conditions, order intake, development of project results and the net working capital.
Strukton does not have any specific indications that certain market conditions, such as price development with both customers, and suppliers and contractors, or agreements with suppliers and credit insurers, are developing in any way unfavourably. This also applies to the order intake and timely conversion into sales and development of project results within the expected bandwidths.
The Strukton Executive Board identified various measures that may ensure additional financial room.
These measures concern, among other things:
- Quicker invoicing, better payment conditions and collection of invoices, improving the working capital
- Securing dividends from non-credit base subsidiaries, associates and related investments
- Sales of specific assets

In the opinion of the Board of Directors of Strukton Group, and based on the new financing arranged in 2018, the business plan (taking into consideration the identified vulnerabilities), measures to create additional financial room, and the results already realised, the Company will be able to remain within the margins of its credit and guarantee facilities and achieve the agreed covenants.

The agreed covenants are:
- Leverage ratio (of the Dutch Credit Base)
- Interest cover ratio (of the Dutch Credit Base)
- Solvency ratio (of Strukton Group excluding the Riyadh metro project)

Collateral has been provided to the banks for establishing the facility. This means that the majority of Strukton Group's assets is pledged to the banks that provided the committed facility.

Inflation rate risk
The long-term contracts generally include indexations for the principal. Incidentally, the inflation rate risk is hedged based on an inflation rate swap.

Capital management
The Executive Board's policy is designed to maintain a strong equity position, enabling Strukton Group to assure the trust of principals, creditors and the markets, fulfil requirements ensuing from bank covenants and ensure future development of the business activities. Capital consists of issued and paid-up capital, retained earnings, share premium reserve, hedging reserve, translation reserve, statutory reserve and an actuarial reserve.

Notes to the consolidated financial statements (x EUR 1,000)

01. Property, plant and equipment

	Land	Company buildings	Machines and installations	Other equipment	Assets under construction	Total
As at 1 January 2017						
Cost	8,643	63,749	320,166	45,635	2,263	440,456
Cumulative depreciation and impairments	1,004	27,265	232,533	35,724	-	296,526
Carrying amount	**7,639**	**36,484**	**87,633**	**9,911**	**2,263**	**143,930**
2017						
Carrying amount as at 1 January 2017	7,639	36,484	87,633	9,911	2,263	143,930
Acquisition of subsidiaries	-	309	338	-	-	647
Investments	-	437	16,109	1,596	4,541	22,683
Disposals	-	-	774	72	-	846
Impairments	-	-	-	-	-	-
Depreciation and amortisation	2	1,917	20,148	2,786	-	24,853
Translation differences	-	-	(318)	(2)	(6)	(326)
Deconsolidation	-	-	-	-	-	-
Other changes	-	29	(575)	(90)	119	(517)
Carrying amount as at 31 December 2017	**7,637**	**35,342**	**82,265**	**8,557**	**6,917**	**140,719**
As at 31 December 2017						
Cost	8,643	64,524	334,946	47,067	6,917	462,098
Cumulative depreciation and impairment						
Carrying amount	1,006	29,182	252,681	38,510	-	321.379
	7,637	**35,342**	**82,265**	**8,557**	**6,917**	**140,719**
2018						
Carrying amount as at 1 January 2018	7,637	35,342	82,265	8,557	6,917	140.719
Acquisition of subsidiaries	-	60	485	49	-	594
Investments	-	16	20,457	3,992	(1,666)	22,798
Disposals	-	5	487	22	-	514
Impairments	-	-	-	-	-	-
Depreciation and amortisation	1	1,969	19,000	2,771	-	23,741
Translation differences	-	-	(353)	(4)	(15)	(372)
Deconsolidation	-	-	-	-	-	-
Other movements	-	2	(7)	132	2.550	2,676
Carrying amount as per 31 December	**7,636**	**33,446**	**83,360**	**9,933**	**7,785**	**142,161**
As at 31 December 2018						
Cost	8,643	64,597	355,041	51,214	7,785	487,281
Cumulative depreciation and impairment	1,007	31,151	271,681	41,281	-	345,120
Carrying amount	**7,636**	**33,446**	**83,360**	**9,933**	**7,785**	**142,161**

The 2018 investments mainly relate to the rail systems segment.

The item Machines and installations includes:
- Machines and installations for production
- Equipment used in the realisation of works
- Office inventories, computer systems, telecom systems etc.

Items of Property, plant and equipment financed with financial lease contracts amount to a carrying amount of EUR 16.7 million (2017: EUR 16.3 million) and concern machines and installations. The payment obligations corresponding with the lease contracts are recognised in current debts and non-current liabilities. The legal title to these assets is not held by Strukton.
The majority of Property, plant and equipment items serve as collateral to banks and/or other providers of loan capital. This collateral was provided mainly in the context of the committed bank facilities.

The depreciation terms are based on expected economic life.
- Commercial property 25 years
- Land not (paved areas are subject to depreciation)
- Machines and instruments 2 to 6 years
- Assets under construction not
- Other 3 to 10 years

Notes to the consolidated financial statements (x EUR 1,000)

02. Intangible assets

	Goodwill	Other intangible assets	Total
As at 1 January 2017			
Cost	95,723	87,858	183,581
Cumulative depreciation and impairment	51,469	71,550	123,019
Carrying amount	**44,254**	**16,308**	**60,562**
2017			
Carrying amount as at 1 January 2017	**44,254**	**16,308**	**60,562**
Acquisition of subsidiaries	-	6	6
Investments	284	1,718	2,002
Disposals	-	-	-
Impairments	30	-	30
Depreciation and amortisation	-	6,971	6,971
Translation differences	(172)	(20)	(192)
Other changes	1	(4)	(3)
Carrying amount as at 31 December 2017	**44,337**	**11,037**	**55,374**
As at 31 December 2017			
Cost	95,836	89,558	185,394
Cumulative depreciation and impairment	51,499	78,521	130,020
Carrying amount	**44,337**	**11,037**	**55,374**
2018			
Carrying amount as at 1 January 2018	**44,337**	**11,037**	**55,374**
Acquisition of subsidiaries	935	6,041	6,976
Investments	-	2,051	2,051
Disposals	-	-	-
Impairments	30	-	30
Depreciation and amortisation	2	4,464	4,466
Translation differences	(227)	(22)	(249)
Other changes	1	(767)	(766)
Carrying amount as at 31 December 2018	**45,014**	**13,875**	**58,889**
As at 31 December 2018			
Cost	96,545	96,860	193,405
Cumulative depreciation and impairment	51,531	82,985	134,516
Carrying amount	**45,014**	**13,875**	**58,889**

The acquisition of intangible assets in 2018 amounted to EUR 6.0 million and mainly relates to the rail systems segment.
Strukton Group states its intangible assets in accordance with IAS 38 and IFRS 3.
Strukton Group performs a yearly impairment test in accordance with IAS 36 on the capitalised goodwill of cash generating units. The value in use is determined using the discounted cash flow method, taking the unlimited economic life as the basis. The cash flows are based on the five-year business plans prepared by the relevant business unit. This is based on stabilisation and limited growth in the sub-segments. The management's expectation is based on historical data, order portfolios, assessments and external information. The business plans applied do not include any acquisitions. For each cash generating unit, a discount rate, the WACC (weighted average cost of capital) is determined, based on a representative peer group.
The forecast is based on the cash flows before tax.
The cash flows are discounted at a gross WACC (pre-tax WACC). In accordance with IAS 36.44, the forecast years were abstracted from expansion investments.

Goodwill per cash-generating unit		**31-12-2018**	**31-12-2017**
Strukton Worksphere bv	Netherlands	20,999	20,999
Strukton Rail AB	Sweden	4,718	4,915
Strukton Rail Västerås AB	Sweden	700	729
Siebens Spoorbouw BVBA	Belgium	294	294
Terracon Molhoek Beheer bv	Netherlands	3,831	3,831
GBN Groep bv	Netherlands	153	153
Strukton Milieutechniek bv	Netherlands	1,441	1,441
Van Rens bv	Netherlands	148	178
Strukton Civiel Zuid bv	Netherlands	5,971	5,971
Promofer S.r.l.	Italy	580	284
Costruzioni Linee Ferroviarie S.p.A.	Italy	5,542	5,542
A1 Electronics Netherlands bv	Netherlands	628	-
Buca Electronics bv	Netherlands	9	-
		45,014	**44,337**

The key assumptions and the quantification method for each cash generating unit are:

	Strukton Worksphere bv	Strukton Rail AB (Sweden), Strukton Rail Västerås AB (Sweden)	Terracon Molhoek bv	Grondbank Nederland/ Milieu-techniek/ Van Rens bv	Strukton Civiel Zuid bv	Costruzioni Linee Ferroviarie S.p.A.	Siebens Spoorbouw BVBA	Promofer S.r.l.
WACC (before taxes)								
Financial year 2017	12.8%	12.9%	13.1%	11.8%	11.8%	15.9%	13.3%	15.6%
Financial year 2018	10.2%	11.3%	10.2%	10.2%	10.2%	12.4%	10.8%	12.4%
Average annual sales growth business plan period								
Financial year 2017	4.7%	1.8%	0.2%	1.8%	2.1%	0.0%	1.6%	2.4%
Financial year 2018	(1.2%)	1.0%	(0.2%)	2.8%	2.4%	(1.1%)	3.8%	0.1%
Sales growth residual value period								
Financial year 2017	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Financial year 2018	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%

The table below shows the impact on the realisable values in millions of euros in the impairment test for the sensitive cash-generating units for changes in the assumptions if the other assumptions remain unchanged.

	Strukton Worksphere bv	Strukton Rail AB (Sweden), Strukton Rail Västerås AB (Sweden)	Terracon Molhoek bv	Grondbank Nederland/ Milieu-techniek/ Van Rens bv	Strukton Civiel Zuid bv	Costruzioni Linee Ferroviarie S.p.A.	Siebens Spoorbouw BVBA	Promofer S.r.l.
WACC + 1%								
Financial year 2017	(5.3)	(6.8)	(0.8)	(0.5)	(2.1)	(6.1)	(0.1)	(0.1)
Financial year 2018	(7.0)	(6.6)	(1.0)	(0.7)	(1.9)	(4.5)	(0.2)	(0.2)
WACC - 1%								
Financial year 2017	6.2	8.0	0.9	0.6	2.5	10.6	0.1	0.1
Financial year 2018	8.7	8.1	1.3	0.9	(2.4)	5.3	0.3	0.2
No perpetual growth								
Financial year 2017	(1.4)	(1.4)	(0.2)	(0.2)	(0.6)	(1.1)	(0.0)	(0.0)
Financial year 2018	(2.0)	(1.8)	(0.4)	(0.2)	(0.8)	(0.9)	(0.0)	(0.0)

Strukton Worksphere bv

The test was performed on future cash flows within the Netherlands. The outcome of the calculation of the realisable value is above the Company's book value by EUR 57.4 million including the goodwill recognised. If the adjustment in the key variables is improbably high, the realisable value will still not drop below the Company's book value. Strukton Group therefore has not implemented any impairment to Strukton Worksphere's goodwill in this financial year.

Strukton Rail AB (Sweden), Strukton Rail Västerås AB (Sweden)

The projects, assets and personnel of Strukton Rail Västerås AB were transferred to and merged with Strukton Rail AB after the acquisition on 8 January 2014. The impairment test was therefore based on the consolidated statements of Sweden. The test was performed on the future cash flows within Sweden.
The outcome of the calculation of the realisable value is above the Company's book value by EUR 22.7 million including the goodwill recognised. If the adjustment in the key variables is improbably high, the realizable value will still not drop below the Company's book value. Strukton Group has not implemented any impairment to Strukton Rail AB and Strukton Rail Västerås AB's goodwill in this financial year.

Terracon Molhoek Beheer bv

The test was performed on the future cash flows in the Netherlands. The outcome of the calculation of the realisable value is above the Company's book value by EUR 1.9 million including the goodwill recognised. If the WACC is increased to above 12.2%, the realisable value will drop below the Company's book value. Strukton Group has not implemented any impairment to TM Beheer's goodwill in this financial year.

Strukton Milieutechniek bv

The test was performed on the future cash flows in the Netherlands. The outcome of the calculation of the realisable value is above the Company's book value by EUR 5.6 million including the goodwill recognised. If the adjustment in the key variables is improbably high, the realizable value will still not drop below the Company's book value. Strukton Group has not implemented any impairment to Strukton Milieutechniek bv's goodwill in this financial year.

Strukton Civiel Zuid bv

The test was performed on the future cash flows in the Netherlands. The outcome of the calculation of the realisable value is above the Company's book value by EUR 7.8 million including the goodwill recognised. If the WACC is increased to above 16.3%, the realisable value will drop below the Company's book value. Strukton Group has not implemented any impairment to Strukton Civiel Zuid bv's goodwill in this financial year.

Costruzioni Linee Ferroviarie S.p.A.

The test was performed on the future cash flows in Italy. The outcome of the calculation of the realisable value is above the share in the Company's book value by EUR 2.1 million including the goodwill recognised. If the WACC is increased to above 12.9%, the realisable value will drop below the Company's book value. Strukton Group has not implemented any impairment to Costruzioni Linee Ferroviarie S.p.A.'s goodwill in this financial year.

Sensitivity analysis

If the gross WACC is 1% point higher than set out above, the cash value of the total cash flows will decrease by approximately EUR 22.1 million. If the gross WACC is 1% point lower than set out above, the cash value of the total cash flows will increase by approximately EUR 22.4 million. Without factoring in a growth rate, the cash value of the total cash flows will decrease by approximately EUR 6.1 million.

03. Investment property

As at 1 January 2018	2018	2017
Cost	6,044	6,414
Cumulative depreciation and impairment	991	881
Carrying amount	**5,053**	**5,533**
Movements during the financial year		
Carrying amount as at 1 January 2018	**5,053**	**5,533**
Acquisition of subsidiaries	-	-
Investments	-	-
Disposals	3	415
Impairments	-	-
Depreciation and amortisation	105	110
Translation differences	-	-
Deconsolidation	-	-
Other changes	5	45
Carrying amount as at 31 December 2018	**4,950**	**5,053**
As at 31 December 2018		
Cost	6,046	6,044
Cumulative depreciation and impairment	1,096	991
Carrying amount	**4,950**	**5,053**

As at 31 December 2018, the fair value of the investment properties amounts to EUR 5.0 million (2017: EUR 5.1 million). This value is based on the valuation reports prepared by certified experts.
Over 2018, Strukton Group received EUR 0.4 million for the management of the properties (2017: EUR 0.6 million).
The depreciation periods are based on the expected useful life.

- Foundation / skeleton / other 50 years
- Roofs / heating / ventilation 15 years
- Frames / exterior walls / gas / electrics / lifts 25 years

04. Associates and joint ventures

	Operations	Main registe-red office	Strukton's share 31-12-2018	31-12-2017
A1 Electronics Netherlands bv	Production / maintenance of electronic systems	Almelo	N/A	50%
Eurailscout Inspection & Analysis bv	Rail infrastructure maintenance	Utrecht	50%	50%
Tubex bv	Foundation works	Oostburg	50%	50%
DMI Geräte GmbH	Concrete injection and sealing works	Berlin	50%	50%
Aduco Holding bv	Civil engineering activities	Haarlem	25%	25%
APA bv	Production and sales of road construction products	Amsterdam	25%	25%
APRR bv	Production and sales of road construction products	Rotterdam	25%	25%
Bituned bv	Trade oil and other bituminous products	Reeuwijk	50%	50%
NOAP bv	Production and sale of road construction products	Heerenveen	50%	50%
Dual Inventive bv	Services and products for rail works	Oisterwijk	50%	50%
Fast Consortium LLC	Construction of Riyadh metro	Riyadh	18%	18%
Exploitatiemaatschappij A-Lanes A15 bv	Management and maintenance of infrastructure and civil works	Nieuwegein	33%	33%
R Creators bv	DBFMO for de Knoop government offices	Utrecht	80%	80%
Strukton Arrigoni SpA	Construction activities and construction materials	Santiago	50%	50%

A1 Electronics Netherlands bv is fully consolidated since 2018.
Strukton Group has joint control with the other consortium partners over Fast Fast Consortium LLC. A unanimity requirement in the decision-making process applies to major operational decisions.

2017	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Balance	Balance proportional to share	Revenue from contracts with customers	Result after taxes	Result after taxes proportional to share	Unrealised results	Overall result after taxes	Cash and cash equivalents	Financial income	Financial expenses	Corporate income tax liability	Dividend	Depreciations
Dual Inventive bv	8,360	6,084	7,322	426	6,696	3,348	3,686	456	228	-	456	522	-	52	(48)	-	686
A1 Electronics																	
Netherlands bv	3,568	718	1,118	514	2,654	1,327	8,822	828	414	-	828	526	40	26	(262)	300	188
Eurailscout Inspection																	
& Analysis bv	19,094	24,758	13,236	9,966	20,650	10,325	26,934	1,170	585	-	1,170	13,492	122	324	(356)	-	4,292
Tubex bv	2,576	310	994	140	1,752	876	5,168	80	40	-	80	(150)	-	-	34	-	128
DMI Geräte GmbH	4,914	116	1,550	-	3,480	1,740	7,678	876	438	-	876	1,522	2	6	376	1,200	66
Aduco Holding bv	5,510	1,725	1,503	434	5,298	1,325	8,731	1,352	338	-	1,352	2,760	-	-	436	1,404	340
APA bv	8,261	3,791	4,848	696	6,508	1,627	21,473	2,100	525	-	2,100	770	-	-	596	1,000	384
APRR bv	4,260	5,338	2,118	950	6,530	1,633	14,875	1,278	319	-	1,278	(179)	-	14	346	1,000	856
Bituned bv	6,664	54	2,906	109	3,703	1,852	24,950	671	335	-	671	2,874	6	-	218	700	26
NOAP bv	1,046	-	66	72	908	454	824	86	43	-	86	1,044	-	-	-	-	-
Fast Consortium LLC	233,658	12,166	209,231	2,310	34,284	6,157	764,677	34,710	6,234	-	34,710	25,924	-	-	18,831	13,486	16,927
Exploitatiemaatschappij																	
A-Lanes A15 bv	13,818	297	10,197	-	3,918	1,306	-	-	-	-	-	2,151	-	-	-	-	-
R Creators bv	644	95,345	2,104	92,302	1,583	1,266	47,780	1,175	940	-	1,175	631	2,277	708	392	-	-
Strukton Arrigoni SpA	8,034	218	4,406	1,690	2,155	1,078	25,260	2,144	1,072	-	2,144	892	14	74	636	-	-
Other						2,554			762	426							
TOTAL						**36,867**			**12,274**	426							

2018	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Balance	Balance proportional to share	Revenue from contracts with customers	Result after taxes	Result after taxes proportional to share	Unrealised results	Overall result after taxes	Cash and cash equivalents	Financial income	Financial expenses	Corporate income tax liability	Dividend	Depreciations
Dual Inventive bv	2,992	6,640	1,342	550	7,740	3,870	1,302	1,036	518	-	1,036	582	-	(4)	(270)	-	816
A1 Electronics																	
Netherlands bv	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Eurailscout Inspection																	
& Analysis bv	14,628	24,994	9,760	9,398	20,464	10,232	6,384	(188)	(94)	-	(188)	8,632	26	(376)	(1,208)	-	4,412
Tubex bv	1,930	1,586	1,680	176	1,660	830	4,092	(92)	(46)	-	(92)	(78)	-	10	(34)	-	144
DMI Geräte GmbH	4,160	94	1,594	-	2,660	1,330	7,190	880	440	-	880	1,876	2	2	376	1,700	60
Aduco Holding bv	5,288	1,894	1,424	764	4,994	1,249	12,729	828	207	-	828	668	-	(31)	(383)	1,132	569
APA bv	6,575	4,001	2,525	785	7,266	1,817	22,426	1,960	490	-	1,960	1,651	-	(1)	650	1,200	404
APRR bv	4,914	4,577	1,299	855	7,337	1,834	23,228	1,404	351	-	1,404	727	-	(1)	476	600	868
Bituned bv	5,979	84	2,126	73	3,864	1,932	42,047	760	380	-	760	2,524	4	-	238	600	26
NOAP bv	36	-	-	-	36	18	-	34	17	-	34	-	-	-	-	-	-
Fast Consortium LLC	263,351	3,169	210,275	3,362	52,884	9,498	703,434	27,198	4,885	-	27,198	24,791	-	-	6,299	10,195	3,684
Exploitatiemaatschappij																	
A-Lanes A15 bv	20,469	258	13,208	-	7,519	2,506	44,121	-	-	-	-	3,958	-	1	-	-	69
R Creators bv	718	64,762	6,080	57,292	2,108	1,686	5,569	780	624	-	780	19	2,673	1,900	178	-	-
Strukton Arrigoni SpA	-	-	1,800	-	(1,800)	(900)	-	(3,958)	(1,979)	-	(3,958)	-	-	-	-	-	-
Other						3,367			1,324	(89)							
TOTAL						**39.269**			**7,117**	**(89)**							

The item Other in 2017 and 2018 concerns several relatively small, non-consolidated participating interests of the road construction companies and Strukton International.

The movement in the value of associates was as follows:	2018	2017
As at 1 January	**36,867**	**27,369**
Effect of changes to accounting principles	-	N/A
As at 1 January (revised)	**36,867**	**27,369**
Exchange rate differences	-	-
Increase due to expansion of interest	2,018	2,233
Decrease due to expansion of interest	1,327	-
Result on current year	7,117	12,274
Dividend paid	4,839	5,825
Other movements	(567)	816
As at 31 December	**39,269**	**36,867**

Actual and unrealised results of the associates:	2018	2017
Actual result	7,117	12,274
Unrealised result	(89)	426
Total result	**7,028**	**12,700**

05. Other financial non-current assets

	Non-current receivables	PPP receivables	Investments in equity instruments	Non-current financial derivatives	Total
As at 1 January 2017	**14,559**	**2,560**	**2,950**	**-**	**20,069**
Investments	-	-	-	-	-
Disposals	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-
Loans granted	30	-	-	385	415
Repayments on loans	1,226	495	-	-	1,721
Translation differences	-	-	-	-	-
Deconsolidation	-	-	-	-	-
Interest accruals	-	94	-	-	94
Movement in fair value	-	-	-	-	-
Other movements	(2)	-	-	-	(2)
As at 31 December 2017	**13,361**	**2,159**	**2,950**	**385**	**18,855**
As at 1 January 2018	**13,361**	**2,159**	**2,950**	**385**	**18,855**
Effect of changes to accounting principles	-	-	(1,140)	-	(1,140)
As at 1 January 2018 (revised)	**13,361**	**2,159**	**1,810**	**385**	**17,715**
Investments	-	-	-	-	-
Disposals	-	-	-	-	-
Acquisition of subsidiaries	-	31,956	-	-	31,956
Loans granted	5	-	-	-	5
Repayments on loans	1,391	443	-	371	2,205
Translation differences	-	-	-	-	-
Deconsolidation	-	-	-	-	-
Interest accruals	-	817	-	-	817
Movement in fair value	-	-	-	-	-
Other changes	10-	444	-	-	434
As at 31 December 2018	**11,965**	**34,933**	**1,810**	**14**	**48,722**

The 10% investment in voestalpine Railpro bv is recognised in Investments in equity instruments. This investment is allocated irrevocably to fair value via the unrealised gains and losses (FVOCI), as in Strukton Group's opinion, this concerns a strategic investment. In 2018, Strukton Group received a EUR 0.4 million dividend from voestalpine Railpro bv.
The expansion of PPP receivables due to the acquisition of subsidiaries is related to the acquisition of the remaining 50% share in MEET Strukton Holding bv (formerly StruktonHurksHeijmans Holding bv) from Hurks and Heijmans.

06. Deferred tax assets and liabilities

	Receivables		Liabilities		Balance	
	31-12-2018	**31-12-2017**	**31-12-2018**	**31-12-2017**	**31-12-2018**	**31-12-2017**
Property, plant and equipment	695	847	1,131	3,870	(436)	(3,023)
Intangible assets	-	-	2,137	2,594	(2,137)	(2,594)
Projects in progress / trade receivables	2,772	-	2,087	1,791	685	(1,791)
Financial derivatives	10	-	181	706	(171)	(706)
Value for tax purposes of recognised tax loss carryforward	32,260	31,534	-	-	32,260	31,534
Service anniversary commitments	41	70	-	-	41	70
Pension commitments	6,095	5,755	-	-	6,095	5,755
Group companies	3,324	4,054	-	-	3,324	4,054
Other	158	-	106	-	52	-
Total	**45,355**	**42,260**	**5,642**	**8,961**	**39,713**	**33,299**

2017 movements relating to the balance of tax assets and liabilities

	Balance as at 01-01-2017	Recognised in 2017 tax liabilities	Recognised in unrealised results	Other movements	Balance as at 31-12-2017
Property, plant and equipment	(2,632)	(391)	-	-	(3,023)
Intangible assets	(3,853)	1,259	-	-	(2,594)
Projects in progress	(1,053)	(738)	-	-	(1,791)
Financial derivatives	1,270	2	(1,978)	-	(706)
Service anniversary commitments	70	-	-	-	70
Pension commitments	3,997	528	1,230	-	5,755
Group companies	4,054	-	-	-	4,054
Other	(4)	4	-	-	-
	1,849	664	(748)	-	1,765
Value for tax purposes of recognised tax loss carryforward	33,867	(2,333)	-	-	31,534
Total	**35,716**	**(1,669)**	**(748)**	**-**	**33,299**

2018 Movements relating to the balance of tax assets and liabilities

	Balance as at 01-01-2018	Effect of accounting policy changes	Balance as at 01-01-2018 (revised)	Recognised in 2018 tax liabilities	Recognised in unrealised results	Other move-ments	Balance as at 31-12-2018
Property, plant and equipment	(3,023)	-	(3,023)	2,587	-	-	(436)
Intangible assets	(2,594)	-	(2,594)	457	-	-	(2,137)
Projects in progress	(1,791)	-	(1,791)	2,476	-	-	685
Financial derivatives	(706)	-	(706)	37	498	-	(171)
Service anniversary commitments	70	-	70	(29)	-	-	41
Pension commitments	5,755	-	5,755	(30)	370	-	6,095
Group companies	4,054	-	4,054	(730)	-	-	3,324
Other	-	-	-	52	-	-	52
	1,765	-	1,765	4,820	868	-	7,453
Value for tax purposes of recognised tax loss carryforward	31,534	6,172	37,706	(4,260)	(1,186)	-	32,260
Total	**33,299**	**6,172**	**39.471**	**560**	**(318)**	**-**	**39,713**

The value for tax purposes of tax loss carried forward in 2018 amounted to EUR 32.3 million (2017: EUR 31.5 million). This is mainly due to the pre-tax loss for the Dutch tax group in the financial years 2013, 2014 and 2015. The responsible executives expect that the loss carried forward can be fully set off against future profits. This is substantiated in the business plans.
The current portion of the value for tax purposes of the recognised tax loss carried forward as at 31 December 2018 amounts to EUR 1.5 million.

The measurement of the Dutch deferred tax assets and liabilities factors in the change in the corporate income tax rates from 25.0% in 2018 to 20.5% in 2021.

07. Inventories

	31-12-2018	**31-12-2017**
Raw materials and consumables	13,097	12,188
Finished goods	3,281	1,723
Merchandise	3,297	4,026
Property	730	3,013
	20,405	20,950

The unsold property items concern land positions and expenses incurred for property development projects in progress.

08. Trade and other receivables

	31-12-2018	**31-12-2017**
Receivables	305,038	323,576
Receivables from related parties	821	505
Other receivables and accrued income	177,330	128,770
	483,189	**452,851**

The other receivables and accrued income mostly concern instalments of work in progress for projects already completed. Furthermore, an item of EUR 53.0 million (2017: EUR 31.1 million) is stated in Other receivables and accrued income; this pertains to prepayments to contractors in the context of the Riyadh metro project. Remaining receivables and accrued income concern receivables from combinations, prepaid taxes and social insurance, and various other types of prepaid amounts. For receivables risk, see section 23.

09. Projects in progress

	31-12-2018	31-12-2017
Cost, plus or minus realised result	4,652,482	4,277,560
Less: Invoiced instalments	4,624,982	4,275,188
	27,500	**2,372**
The balance of Projects in progress is specified as follows:		
Positive balance Projects in progress	222,819	199,454
Negative balance Projects in progress	195,318	197,082
	27,500	**2,372**

The positive balance of projects in progress includes all projects in progress where the costs incurred plus or less the actual result recognised exceed the invoiced instalments. The positive balance of projects in progress is stated in current assets. The negative balance of projects in progress includes all projects in progress where the costs incurred plus or less the actual result recognised are lower than the invoiced instalments. The negative balance of projects in progress is stated in current liabilities. Major long-term projects are generally financed with loan capital. This means the invoiced instalments on such projects exceed the costs incurred. The positive balance of projects in progress mainly consists of short-term projects.

Due to the system change pursuant to IFRS 15, the potential losses on contracts with customers were reclassified to the provisions. This implies that the provision for losses to be incurred is no longer part of the balance of projects in progress as from 1 January 2018. This means that the balance of projects in progress increases. The increase of the balance of projects in progress is mainly caused by reduction of the pre-financing of the Riyadh metro project due to the realised production in the financial year.

For a further explanation of the impact of the system change, please refer to the paragraph 'Newly applied and revised standards and interpretations'. For a further explanation of the provision for potential losses on contracts with customers, please refer to paragraph 14, Provisions.

10. Cash and cash equivalents

	31-12-2018	31-12-2017
Balance of cash and cash equivalents	**232,277**	162,538

The liquid assets include cash and cash equivalents of construction combinations amounting to EUR 177.8 million (2017: EUR 109 million) and funds received on frozen accounts amounting to EUR 1.3 million (2017: EUR 0.6 million). These funds are not at Strukton Group's free disposal. The funds recognised in construction combinations concern funds in partnerships that are subject to contractual provisions governing restrictions on the liquid assets. The funds received in frozen accounts mainly concern deposits pursuant to the Chain Liability Act (G-accounts). The other liquid assets are fully at the Company's free disposal.

11. Group equity

	Issued and paid up capital	Share premium reserve	Translation reserve differences	Hedging reserve	Actuarial reserves	Retained profits	Undistributed earnings	Equity to be attributed to a share holders' parent company	Minority interest	Total group equity
2017										
As at 1 January 2017	**2,269**	**39,000**	**1,018**	**(6,565)**	**(7,986)**	**169,372**	**10,812**	**207,920**	**34,730**	**242,650**
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	610	610
Appropriation of 2016 profit	-	-	-	-	-	10,812	(10,812)	-	-	-
Result after taxes	-	-	-	-	-	-	23,186	23,186	1,868	25,054
Unrealised results	-	-	(1,446)	6,366	(5,053)	-	-	(133)	(448)	(581)
Share premium	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-
As at 31 December 2017	**2,269**	**39,000**	**(428)**	**(199)**	**(13,039)**	**180,184**	**23,186**	**230,973**	**36,760**	**267,733**
2018										
Opening balance as at 1 January 2018	**2,269**	**39,000**	**(428)**	**(199)**	**(13,039)**	**180,184**	**23,186**	**230,973**	**36,760**	**267,733**
Effect of changes to accounting principles	-	-	-	-	-	(1,140)	(30,419)	(31,559)	-	(31,559)
Opening balance as at 1 January 2018 (revised)	**2,269**	**39,000**	**(428)**	**(199)**	**(13,039)**	**179,044**	**(7,233)**	**199,414**	**36,760**	**236,174**
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	(241)	(241)
Appropriation of 2017 profit	-	-	-	-	-	(7,233)	7,233	-	-	-
Result after taxes	-	-	-	-	-	-	(4,496)	(4,496)	4,338	(158)
Unrealised results	-	-	50	(1,585)	(2,615)	(1,186)	-	(5,336)	179	(5,157)
Share premium	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-
Closing balance as at 31 December 2018	**2,269**	**39,000**	**(378)**	**(1,784)**	**(15,654)**	**170,625**	**(4,496)**	**189,582**	**41,036**	**230,618**

Issued and paid-up capital

Strukton Groep nv's authorised share capital in 2018 consisted of 500 ordinary shares with a nominal value of EUR 4,538 per share (2017: ditto). Strukton Groep nv's issued share capital in 2018 consisted of 500 ordinary shares with a nominal value of EUR 4,538 per share (2017: ditto). All shares were issued and paid up.

Share premium reserve

During both 2017 and 2018, no movements were recognised in the share premium reserve.

Translation differences reserves

The translation reserve covers all the gains and losses from the translation of Strukton Group's net investments in foreign subsidiaries.

Hedging reserve

The hedging reserve consists of the accumulated change in the fair value of hedging instruments before the hedged transaction actually takes places, or if the hedged position has not been terminated as yet.
The hedging reserve relates to the measurement of swaps in the special purpose companies in which PPP projects are performed and in which Strukton Group participates. Additionally, currency forward contracts were closed in 2014 and 2016 in the context of the Riyadh metro project, hedging the currency risk on future USD cash flows. In 2018, the reserve was decreased by an amount of EUR 1.6 million (2017: increase by EUR 6.4 million), which was mainly due to settlement of forward exchange contracts and a negative movement in the fair value of forward exchange contracts not yet settled.

Actuarial reserve

The actuarial reserve consists of the accumulated movement of the net present value of pension liabilities due to changes to the actuarial assumptions. In 2018, the actuarial reserve was decreased by EUR 2.6 million (2017: decrease by EUR 5.1 million). This decrease is mainly due to a decrease in the discount rate in Sweden, resulting in an increase in the pension liability.

Retained earnings

No dividends were distributed in 2018 (2017: ditto).

Capital base

The Group equity including the subordinated loan decreased by EUR 37.1 million compared with 2017, from EUR 278.7 million to 241.6 million. This decrease is mainly due to the impact of the implementation of IFRS 15.

12. Minority interests

The minority interests mainly consist of the minority interest in the Italian railroad construction company, Costruzioni Linee Ferroviarie S.p.A. Strukton has full control of this associate, which is why it is fully consolidated. In the reporting year 2018, Costruzioni Linee Ferroviarie S.p.A. did not distribute any dividends to its shareholders. The table below sets out the summarised financial information of Costruzioni Linee Ferroviarie S.p.A. on a 100% basis.

As at 31-12-2018	Costruzioni Linee Ferroviarie S.p.A.
Current assets	181,394
Non-current assets	56,732
Current liabilities	112,928
Non-current liabilities	28,266
Balance	96,933
Cash and cash equivalents	27,925

2018	
Revenue from contracts with customers	158,010
Result after taxes	10,724
Unrealised results	-
Overall result after taxes	10,724

13. Non-current liabilities

	31-12-2018	31-12-2017
Liabilities for financing property development	2,024	2,325
Bank loans	15,274	53,358
Financial derivatives	-	-
Lease commitments	4,251	6,441
Non-recourse PPP financing	172,226	1,905
Other non-current liabilities	7	8
	193,782	**64,037**
Long-term portion	182,562	17,690
Short-term portion	11,220	46,347
	193,782	**64,037**

The repayment schedule for the non-current liabilities is as follows:

2017	< 1 year	1-5 years	> 5 years	Total
Liabilities for financing property development	216	2,109	-	2,325
Bank loans	40,000	11,159	2,199	53,358
Financial derivatives	-	-	-	-
Lease commitments	5,735	706	-	6,441
Non-recourse PPP financing	396	1,245	264	1,905
Other non-current liabilities	-	8	-	8
	46,347	**15,227**	**2,463**	**64,037**

2018	< 1 year	1-5 years	> 5 years	Total
Liabilities for financing property development	172	1,852	-	2,024
Bank loans	8,036	5,746	1,492	15,274
Financial derivatives	-	-	-	-
Lease commitments	2,613	1,635	3	4,251
Non-recourse PPP financing	399	34,119	137,708	172,226
Other non-current debt	-	-	7	7
	11,220	**43,352**	**139,210**	**193,782**

For more information relating to the interest rate and currency risks, please refer to section 23 Financial instruments and section 'Financial risk management' in the Accounting Policies.

	Liabilities financing property projects	Bank loans	Financial derivatives	Lease commit-ments	Non-recourse PPP financing	Other non-current liabilities	Total
Opening balance as at 1 January 2018	**2,325**	**53,358**	**-**	**6,441**	**1,905**	**8**	**64,037**
Acquisition of subsidiaries	-	21	-	190	160,011	-	160,222
Long-term loans taken out	-	3,303	-	269	10,706	-	14,278
Redemption of long-term loans	(301)	(1,408)	-	(2,333)	(396)	-	(44,438)
Impact of share price fluctuations	-	-	-	(5)	-	-	(5)
Acquisition / sale of subsidiaries	-	-	-	-	-	-	-
Fair value adjustments	-	-	-	-	-	-	-
New finance lease	-	-	-	-	-	-	-
Other changes	-	(40,000)	-	(311)	-	(1)	(40,312)
Closing balance as at 31 December 2018	**2,024**	**15,274**	**-**	**4,251**	**172,226**	**7**	**193,782**

The acquisition of subsidiaries of the non-recourse PPP financing concerns the acquisition of the remaining 50% share in MEET Strukton Holding bv (formerly StruktonHurksHeijmans Holding bv) from Hurks and Heijmans. The other movements in the bank loans column is related to the new loan contract concluded on 13 April 2018. Due to this new loan, the EUR 40 million loan was converted in a current account facility. The current account facility is recognised as obligations credit institutions under current liabilities.

14. Provisions

Summary of the movements in 2017:	Restruc-turing provision	Pension provision	Service anniversary liabilities	Capital liabilities	Provision onerous contracts with customers	Other provisions	Total
Opening balance at 1 January 2017	**305**	**42,910**	**4,865**	**847**	**-**	**2,389**	**51,316**
Consolidation/ Deconsolidation	-	-	-	-	-	17	17
Exchange rate differences	-	(1,220)	-	-	-	-	(1,220)
Transfer	1,096	9,015	-	-	-	500	10,611
Withdrawal	797	-	605	-	-	1,104	2,506
Release	1	-	-	571	-	45	617
Addition of interest to provisions	-	-	-	-	-	-	-
Other changes	-	-	-	(11)	-	(45)	(56)
Closing balance as at 31 December 2017	**603**	**50,705**	**4,260**	**265**	**-**	**1,712**	**57,545**
Long-term portion	-	50,705	3,979	165	-	1,712	56,561
Short-term portion	603	-	281	100	-	-	984
	603	**50,705**	**4,260**	**265**	**-**	**1,712**	**57,545**

Summary of the movements in 2018:	Restructuring provision	Pension provision	Service anniversary liabilities	Capital liabilities	Provision onerous contracts with customers	Other provisions	Total
Opening balance at 1 January 2017	**603**	**50,705**	**4,260**	**265**	**-**	**1,712**	**57,545**
Effect of changes to accounting principles	-	-	-	-	18,107	-	18,107
Opening balance as at 1 January 2018 (revised)	**603**	**50,705**	**4,260**	**265**	**18,107**	**1,712**	**75,652**
Consolidation/Deconsolidation	-	-	-	-	-	-	-
Exchange rate differences	(17)	(1,683)	-	-	-	-	(1,699)
Transfer	1,861	5,541	206	-	57,875	2,283	67,765
Withdrawal	769	-	-	-	40,524	-	41,293
Release	25	-	-	-	3,612	105	3,742
Addition of interest to provisions	-	-	-	-	-	-	-
Other changes	-	4	-	6,857	4,979	(25)	11,815
Closing balance as at 31 December 2017	**1,653**	**54,567**	**4,466**	**7,122**	**36,825**	**3,865**	**108,498**
Long-term portion	-	54,568	4,157	7,097	23,255	3,865	92,941
Short-term portion	1,653	-	309	25	13,570	-	15,557
	1,653	**54,567**	**4,466**	**7,122**	**36,825**	**3,865**	**108,498**

The increase of provisions is mainly due to the system change pursuant to IFRS 15. This implies that the potential losses on contracts with customers are reclassified from projects in progress to provisions. The provisions therefore increased by EUR 36.8 in 2018 compared with 2017.

The Other movement in Warranty obligations concerns a reclassification to the warranty obligations from the provision for onerous contracts created before 1 January 2018.
The EUR 5.5 million increase of the pension provision is mainly due to a decrease in the discount rate in Sweden, resulting in an increase in the pension liability.
The provision for service anniversaries relates to a bonus paid out upon completing a certain number of service years. The amount and date of paying out this bonus depends on the entity employing the employee, as different companies apply different schemes. The main risk that Strukton Group incurs on this provision is the interest rate risk.
The actuarial calculation of the service anniversary commitment is based on an annual discount rate of 1.25% (2017: 1.0%). The discount rate is based on the current effective market yield of high-grade corporate bonds.

Provision for onerous contracts with customers

The Onerous contracts provision amounts to EUR 36.8 million. This provision represents the amount of the onerous contract result to be realised based on progress of the project. This provision mainly concerns the rail systems segment. Of the full Onerous contracts provision, a total of EUR 13.6 million has a current character.

Pension commitments

The pension plans of the pension funds listed below apply to the numbers of active participants of Strukton Group's operating companies as at 31 December 2018:

- Sector Pension Fund Construction (1,376)
- Sector Pension Fund Concrete Product Industry (19)
- Sector Pension Fund Metal and Engineering (1,618)
- Railroad Pension Fund (1,732)
- Pension fund for the transport sector (11)
- Delta Lloyd (62)

- Alecta pension insurance plan, Sweden, ITP scheme (396)
- Alecta pension insurance plan Sweden SAFLO scheme (633)
- Axa pension insurance for Strukton Rail nv, Belgium (52)
- Fondo TFR Pension Fund Italy (396)

The pension plans in the Netherlands are subject to the provisions of the Pension Act. As set out in the Pension Act, the pension plans must be fully funded and operate independently from the Company based on a separate legal entity. Various sector-wide pension funds and insurers manage the different pension plans. Strukton Group has no additional responsibilities for the administration of these plans.

Defined contribution plans
The above-mentioned top four pension plans concern sector-wide pension fund plans. The basic pension of the participants of these funds is covered by group schemes, with several employers participating in a fund pursuant to mandatory participation. These are based on an indexed career average plan, and are therefore classed as a defined benefit plan. As these funds are not equipped to provide the statutory information regarding the proportional share of Strukton Group in the pension liabilities and fund investments, the defined benefit plans are actually recognised as defined contribution plans. Strukton Group is subject to mandatory contribution of the pre-agreed premiums for these plans. Strukton Group is not permitted to claim refund of excess premiums, and is not liable for extra deposits to cover any deficits, excepting that adjustment of future premium levels is allowed. The portion of the basic pension exceeding group plans (the top-up portion) is administered by external parties, which concerns defined contribution plans.

The funding ratio of the sector pension funds is as follows:

	31-12-2018	31-12-2017
Sector Pension Fund Construction	113.6%	117.9%
Sector Pension Fund Concrete Products Industry	97.3%	103.7%
Sector Pension Fund Metal and Engineering	99.4%	102.1%
Railroad Pension Fund	110.3%	115.4%
Alecta Pension Insurer (Sweden)	142.0%	154.0%

Defined benefit plans
A provision was created for five pension plans that can be qualified as a defined benefit plan.

	31-12-2018	31-12-2017
Strukton Rail AB (Sweden)	45,269	41,946
Strukton Rail nv (Belgium)	1,214	1,284
Strukton Civiel Noord & Oost bv (Netherlands)	3,130	2,784
Strukton Civiel Zuid bv (Netherlands)	2,820	2,397
Costruzioni Linee Ferroviarie S.p.A. (Italy)	2,134	2,294
	54,567	**50,705**

The increase in the 2018 pension provision is mainly due to a decrease in the discount rate in Sweden, resulting in an increase in the pension liability.

Strukton Rail AB (Sweden)
The pension scheme for the Strukton Rail AB (Sweden) employees born before 1978 concerns a defined benefit plan. All active participants to this plan are participating in the Sweden Pension Plan ITP2. The other two current plans concern the Sweden pension Plan Balfour Beatty and the Sweden Pension Plan KPA. These two plans have only inactive participants of the former Balfour Beatty and the former Svensk Banproduktion. The three plans are administered by PRI, a pension insurer. The total liabilities at year-end 2018 amounted to EUR 45.3 million. For this purpose, the pension commitments were stated at present value based on IAS 19. The calculation is performed by a qualified actuary. The liability must be financed by the Company. The pension payment is carried out by the organisation Alecta. The risk of the Company's bankruptcy is insured with PRI. In the context of this insurance, guarantees were issued to PRI amounting to SEK 110 million (EUR 10.7 million). Alecta applies different principles for the calculation of the provision than PRI. This is why Alecta's calculated provision is higher. Strukton annually pays a premium to PRI for this so-called 'estimated redemption cost'.

Strukton Rail nv (Belgium)
The pension insurance for the employees of Strukton Rail nv (Belgium) is a defined benefit plan. The pension provision is funded with an insurance contract.

Strukton Civiel Noord & Oost bv (Netherlands)
An indexation commitment for the pension scheme was recognised for Strukton Civiel Noord & Oost bv. The indexation provision is funded with an insurance contract administered by Nationale Nederlanden. No new rights are accrued in this pension scheme.

Strukton Civiel Zuid bv (Netherlands)
An indexation commitment for the pension scheme was recognised for Strukton Civiel Zuid bv. The indexation provision is funded with an insurance contract which is administered by Delta Lloyd.

Costruzioni Linee Ferroviarie S.p.A. (Italy)
Costruzioni Linee Ferroviarie S.p.A. provides its employees with a defined benefit plan, Fondo TFR – Pension Fund, for which an amount of EUR 2.1 million (2017: EUR 2.3 million) was reserved in the Company balance sheet. The pension provision in Italy is not financed externally and must be financed by the Company.

Principles
The identified material principles for the calculation of the pension provisions are inflation, the discount rate and the mortality tables. Inflation is an indirect principle. Salary growth and pension growth are direct principles derived from this inflation rate.

	31-12-2018	31-12-2017
Discount rate	1.5 - 2.5%	1 - 2.75%
Inflation	1.5 - 2%	1.75 - 2%

The following mortality tables were applied:

Belgium	MR/FR (1993 Belgium mortality table)
Italy	ISTAT 2010 M/F
Sweden	DUS14
The Netherlands	Forecast table AG2018

Breakdown

The pension liabilities and pension assets are based on actuarial calculations as at 31 December. The composition and movements in the pension liabilities and pension assets for the defined benefit plans for Strukton Rail AB (Sweden), Strukton Rail nv (Belgium), Strukton Civiel Noord & Oost bv (Netherlands), Strukton Civiel Zuid bv (Netherlands), and Costruzioni Linee Ferroviarie S.p.A. (Italy) are set out below.

	31-12-2018	31-12-2017
Breakdown:		
Pension assets (fair value)	2,366	2,280
Pension liabilities (cash value)	56,933	52,985
Negative difference	**54,567**	**50,705**
Changes:		
Balance pension assets as per 1 January	**2,280**	**2,042**
Acquisition of subsidiaries	-	-
Forecast return on investments	372	37
Pension contributions	942	828
Pensions in payment	(1,204)	(773)
Actuarial gain or loss on investments	(24)	146
Other movements	-	-
Balance pension assets as per 31 December	**2,366**	**2,280**
Pension liabilities as at 1 January	52,985	44,952
Acquisition of subsidiaries	-	-
Entitlements to be granted in financial year	2,323	2,158
Interest expenses	1,626	1,120
Pensions in payment	(1,204)	(773)
Actuarial gain or loss on liabilities	2,915	6,737
Exchange rate differences	(1,679)	(1,223)
Other movements	(34)	14
Balance pension liabilities as per 31 December	**56,933**	**52,985**
Balance actuarial results as per 1 January	**16,920**	**10,328**
Opening balance correction	-	-
Acquisition of subsidiaries	-	-
Depreciation actuarial results	-	-
Actuarial gain or loss on liabilities	2,939	6,591
Actuarial (gain) or loss on investments	-	-
Share price development	-	-
Other movements	-	-
Balance actuarial results as per 31 December	**19,859**	**16,920**
	2018	**2017**
Pension expense components pursuant to defined benefit plans		
Entitlements to be granted in financial year	2,323	2,158
Interest expenses	1,626	1,120
Forecast return on investments	(372)	(37)
Other	(34)	14
Total pension cost taken to the income statement	**3,543**	**3,255**

The expected contribution to the pension plan in 2019 amounts to EUR 3.7 million (2018: EUR 4.0 million). For the pension plans in Sweden (together forming 83.0% of the total provision), the actuarial loss equals EUR 2.4 million, of which EUR 2.5 million is caused by the decreased discount rate. The main categories of fund investments as a percentage of the fair value of the total fund investments are as follows:

	2018	2017
Bonds	0%	0%
Cash and cash equivalents	0%	0%
Other fund investments	100%	100%

As virtually all pension plans are financed on the basis of an insurance contract, the assets consist of the insurer's guarantee that certain pensions will be paid out in the future. The value of these assets is the current present value of these guaranteed pay-outs. An allocation to different asset classes is not applicable. This is why these assets are presented under Other fund investments.

Vulnerabilities analysis

If the discount rate were to increase by 1 percentage point while all other assumptions remained constant, the present value of the pension commitments would fall by EUR 14.0 million. In the event of a fall of 1 percentage point in the discount rate and constant conditions in all other respects, the present value of the pension commitments would rise by EUR 18.3 million. For the three plans in Sweden, these effects are equivalent to a decrease by EUR 9.2 million or an increase by EUR 12.0 million respectively.

If the inflation rate were to further increase by 0.25 percentage point, while all other assumptions remained constant, the present value of the pension commitments would increase by EUR 2.1 million. In the event of a decrease in the inflation rate by 0.25% point, without any other factors changing, the cash value of the pension liabilities would decrease by EUR 2.0 million. For the three plans in Sweden, these effects are equivalent to an increase by EUR 2.0 million or a decrease by EUR 1.9 million respectively.

If the participants to the three Swedish plans would be assumed to live one year longer than assumed, the liabilities would increase by approximately 4.4%.

Future cash flows

The forecast cash flows for the three Swedish pension schemes are indicated below. The duration of the ITP2 scheme is equal to 24.0 years (2017: 24.0 years); for the closed KPA schemes, a duration of 21 years applies (2017: 21.5 years).

Period	EUR in millions
2019	0.5
2020	0.5
2021	0.6
2022	0.7
2023	0.7
2024-2028	6.0

15. Trade and other payables

	31-12-2018	31-12-2017
Trade payables	288,390	285,730
Amounts due to related parties	2,798	2,007
Taxes and social insurance contributions	44,820	42,248
Pension contributions	2,241	2,066
Short-term portion of non-current liability	11,220	46,347
Other liabilities and deferrals	161,675	172,850
	511,144	**551,249**

The decrease in the current portion of the non-current loan compared with the previous reporting year is due to the new loan contract concluded on 13 April 2018. Due to this new loan, the EUR 40 million loan was converted in a current account facility.
The Other liabilities and deferrals consist largely of invoices still to be received for completed work, and payable holiday allowances and leave days due. Furthermore, the item Other liabilities and deferrals includes payable positions of joint operations to partners and consortium members.

16. Revenue from contracts with customers

Specification revenue categories	2018	2017
Projects for third parties	1,247,565	1,340,919
Service maintenance and concessions	484,627	538,732
Revenue from stock	7,161	6,903
Other	39,764	29,832
	1,779,117	**1,916,386**

Projects for third parties

Projects for third parties consist of the following activities:
- renovation and new construction of rail systems;
- design, realisation and management of infrastructure projects;
- design, development and realisation of technical systems and buildings in the Netherlands.

The performance obligation is proportionately filled based on the progress of the project. Invoicing is based on instalment schedules related to the progress of the project. Applying instalment schedules means that fulfilment of the performance obligation is not synchronised with payments. If production is higher than invoiced amounts, a contract asset is recognised. If invoiced amounts are higher than production, a contract liability is recognised. In the cash of cost-plus projects, the works are invoiced upon completion of the works. Invoices are generally paid between 30 and 60 days of sending the invoice. Some contracts include prepayment clauses.

Service maintenance and concessions

Service maintenance and concessions consists of the following activities:
- maintenance of rail roads and rail systems;
- maintenance of infrastructure projects;
- maintenance and operation of technical systems and buildings in the Netherlands.

The performance obligation is fulfilled in proportion to progress in production. Service maintenance and the concessions are invoiced on a monthly basis in accordance with the contractual agreements. Maintenance contracts are invoiced at the end of the month. Invoicing at the end of the month means that fulfilment of the performance obligation is not synchronised with payments. With invoicing in arrears, a contract asset is recognised. If variable considerations are part of the contract, these are periodically measured and these are part of the transaction price. Some contracts include prepayment clauses ensuring an amount is paid before delivering the maintenance service.

Please find below supplementary information regarding the revenue from contracts with customers recognised in the reporting year.

Revenue recognised that was included in the contract liability balance at the beginning of the period:	2018
Revenue from projects	117,984
Revenue from maintenance	3,775
Revenue from sales inventories	-
Other revenue	-
	121,759

Revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods:	2018
Revenue from projects	2,031
Revenue from maintenance	-
Revenue from sales inventories	-
Other revenue	-
	2,031

Projects within the construction sector may take longer than one year, or may be carried from one calendar year to the next. The forecast revenue from contracts with customers regarding unfulfilled performance obligations (ongoing projects or projects awarded) are as follows as at 31 December:

The total amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied)	2018
Within 1 year	1,327,033
After more than one year	1,615,629
	2,942,662

For a further explanation to the Revenue from contracts with customers, please refer to sections 23, Financial instruments and 32, Information per segment.

17. Cost of raw materials and consumables, equipment and outsourced work

Cost of raw materials and consumables used, equipment and outsourced work relate to external expenses directly allocated to the production process.

18. Personnel expenses

	2018	2017
Wages and salaries	383,149	374,049
Social insurance	74,087	72,443
Defined contribution plans	37,046	34,998
Defined benefit plans	3,543	3,255
Service anniversary payments	204	589
	498,029	**485,334**

19. Other operating costs

In 2018, subsidies to a total of EUR 1 million were received. An amount of EUR 1 million was taken to the result in 2018 (2017: EUR 0.7 million). The relevant subsidies were deducted from the corresponding expenses.

20. Financial income and expenses

Finance income	2018	2017
Third-party interest	2,947	4,098
Interest accruals on financial non-current assets	817	94
Result from investments in equity instruments	362	228
Translation gains	378	225
Results on currency forward contracts	149	-
Movements in derivatives	-	-
	4,653	**4,645**
Finance costs		
Third-party interest expenses	8,180	12,305
Non-recourse PPP financing interest expenses	3,785	86
Translation losses	58	289
Results on currency forward contracts	-	2,564
Movements in derivatives	-	-
	12,023	**15,244**
Balance of finance income and costs	**(7,370)**	**(10,599)**

The interest expenses of non-recourse PPP financing mainly concern the RIVM building project.

21. Taxes

	2018	2017
Immediate taxation	10,154	6,628
Deferred tax	(560)	1,669
	9,594	**8,297**

The corporate income tax is different from the amount theoretically due when applying the weighted average tax rate (25.0%) that is applicable to the results of the consolidated group companies. The difference can be specified as follows:

	2018	2017
Result before tax	**9,436**	**33,352**
Nominal corporate income tax Dutch rate	2,359	8,338
Revaluation offsettable loss to lower corporate income tax %	5,340	-
Effect of different tax rates in various countries	1,102	842
Exemption of participation	(1,771)	(3,106)
Withholding tax	411	534
Liquidation loss	-	(34)
Adjustment with respect to previous years	620	597
Deductible and non-deductible losses	983	1,609
Object exemption	-	(950)
Other including non-deductible expenses	550	467
Effective tax rate	**9,594**	**8,297**
Effective tax rate (%)	101.7%	24.9%

In 2018, the corporate tax liability amounts to EUR 9.6 million (2017: EUR 8.3 million).
At year-end 2018, Strukton Group has a total amount of EUR 26.8 million (2017: EUR 24.6 million) of off-balance offsettable losses.

22. Workforce

Average number of full-time equivalents (FTEs)			2018			2017
	The Netherlands	Abroad	**Total**	The Netherlands	Abroad	**Total**
Rail systems	1,703	2,024	3,727	1,677	1,896	3,573
Civil infrastructure	1,229	43	1,272	1,309	25	1,334
Technology & buildings	1,697	-	1,697	1,674	-	1,674
	4,629	2,067	6,696	4,660	1,921	6,581

During the course of 2018, the group employed an average of 6,696 (2017: 6,581) FTEs, of which 2,067 (2017: 1,921) worked abroad. At year-end 2018, the number of FTEs amounts to 6,691 (2017: 6,700). On balance, the average number of FTEs increased by 115 in 2018. The increase in FTEs is mainly due to Strukton Rail in Sweden, and to a lesser extent to Strukton Rail Italy and Denmark. In the Netherlands, the number of FTEs decreased. The male/female ratio is 90%: 10%.

23. Financial instruments

Maximum credit risk	31-12-2018	31-12-2017
Financial lease receivables	-	-
Other non-current receivables	92,253	57,780
Bonds	-	-
Deposits	-	-
Trade receivables	305,859	324,081
Other receivables	416,015	341,262
Cash and cash equivalents	232,277	162,538
Used for hedging:		
interest rate swaps	-	-
inflation swaps	-	-
forward exchange contracts	14	867
	1,046,417	**886,528**

The majority (91.2%) of the maximum credit risk consists of various current receivables (accounts receivable and other receivables) and cash and cash equivalents (2017: 93.4%).

Distribution trade receivables	31-12-2018	31-12-2017
Netherlands	150,210	143,361
Euro-zone	90,148	76,885
Rest of Europe	45,830	65,556
Other	19,671	38,279
	305,859	**324,081**

The majority (78.6%) of the Trade receivables outstanding are in the Euro zone (2017: 68.0%).

Aged debtor listing	31-12-2018		31-12-2017	
	Gross	Provisions	Gross	Provisions
Not yet due	154,640	1,643	182,293	6,101
Due 31-60 days	59,616	1,789	57,382	191
Due 61-90 days	28,797	1,412	14,616	653
Due 91-180 days	23,523	1,817	53,294	2,774
Due 181-365 days	8,774	735	9,631	1,552
Due more than 1 year	44,095	6,190	23,288	5,152
Total	**319,445**	**13,586**	**340,504**	**16,423**
Net trade receivables		**305,859**		**324,081**

In 2018, the share of trade receivables with amounts payable immediately increased to 51.6% (2017: 46.5%).

Movement in provision for bad debts	2018	2017
As at 1 January 2018	16,423	7,452
Acquisition of subsidiaries	15	-
Additions	1,508	10,806
Withdrawn	1,131	1,234
Release	2,717	1,394
Deconsolidation	-	-
Exchange rate differences	(8)	(7)
Other changes	(504)	800
As at 31 December 2018	**13,586**	**16,423**

Liquidity risk

Liabilities				31-12-2018		31-12-2017	
	Curren-cies	Nominal interest	Maturity date	Nominal value	Carrying amount	Nominal value	Carrying amount
Non-current liabilities							
Bank loans	EUR	1.80%	2017-2026	7,238	7,238	13,358	13,358
Mortgage loan	EUR	2.00%	2021	1,852	1,852	2,109	2,109
Non-recourse PPP financing	EUR	3.30%-4.51%	2018-2024	171,827	171,827	1,509	1,509
Financial lease liabilities	EUR			1,638	1,638	706	706
Derivatives	EUR			-	-	-	-
Other liabilities	EUR			109,590	109,590	76,530	76,530
Subtotal				**292,145**	**292,145**	**94,212**	**94,212**
Current liabilities							
Debts to financial institutions	EUR		2019	60,191	60,191	33,306	33,306
Other liabilities	EUR		2019	730,947	730,947	753,189	753,189
Subtotal				**791,138**	**791,138**	**786,495**	**786,495**
Total				**1,083,283**	**1,083,283**	**880,707**	**880,707**

The majority (73.4%) of the liabilities is current, consisting of various trade payables and amounts owed to banks and financial institutions (2017: 89.3%).

In the context of the bank loans, collateral was provided to banks. Most of the assets were pledged.

Carrying amounts and contractual cash flows

2017	Carrying amount	Contractual cash flows	< 6 months	6-12 months	1-2 years	2 - 5 years	> 5 years
Non-derived financial liabilities							
Subordinated loans	11,000	41,250	-	-	-	-	41,250
Bank loans	53,358	55,268	40,714	159	10,635	1,197	2,563
Mortgage loans	2,325	2,519	19	19	39	2,442	-
Non-recourse PPP financing	1,905	2,166	232	233	454	932	315
Financial lease liabilities	6,441	6,441	-	5,735	706	-	-
Trade and other payables	772,372	772,372	386,186	308,949	77,237	-	-
Debts to financial institutions	33,306	33,710	33,710	-	-	-	-
Derivative financial liabilities	-	-	-	-	-	-	-
	880,707	**913,726**	**460,861**	**315,095**	**89,071**	**4,571**	**44,128**

2018	Carrying amount	Contractual cash flows	< 6 months	6-12 months	1-2 years	2 - 5 years	> 5 years
Non-derived financial liabilities							
Subordinated loans	11,000	41,250	-	-	-	-	41,250
Bank loans	15,274	16,283	4,748	3,515	4,714	1,510	1,796
Mortgage loans	2,024	2,225	20	20	40	2,145	-
Non-recourse PPP financing	172,226	257,057	7,490	10,579	20,162	52,510	166,316
Financial lease liabilities	4,251	4,281	468	1,951	1,391	468	3
Trade and other payables	818,253	818,253	409,126	327,301	81,825	-	-
Debts to financial institutions	60,191	60,191	60,191	-	-	-	-
Derivative financial liabilities	**64**	**64**	**60**	**4**	**-**	**-**	**-**
	1,083,283	**1,199,604**	**482,103**	**343,370**	**108,132**	**56,633**	**209,365**

The derivative financial liabilities in 2018 concern currency forward contracts concluded in 2014 and 2016 for the Riyadh metro project (see Note 20).

Cash flows resulting from derivatives

2017	Carrying amount	Expected cash flows	< 6 months	6-12 months	1-2 years	2 - 5 years	> 5 years
Interest rate swaps							
Assets	-	-	-	-	-	-	-
Liabilities	-	-	-	-	-	-	-
Options to shares							
Assets	-	-	-	-	-	-	-
Liabilities	-	-	-	-	-	-	-
Forward exchange contracts							
Assets	867	867	256	230	305	76	-
Liabilities	-	-	-	-	-	-	-
	867	**867**	**256**	**230**	**305**	**76**	**-**

2018	Carrying amount	Expected cash flows	< 6 months	6-12 months	1-2 years	2-5 years	> 5 years
Interest rate swaps							
Assets	-	-	-	-	-	-	-
Liabilities	-	-	-	-	-	-	-
Options to shares							
Assets	-	-	-	-	-	-	-
Liabilities	-	-	-	-	-	-	-
Forward exchange contracts							
Assets	14	14	4	10	-	-	-
Liabilities	(64)	(64)	(60)	(4)	-	-	-
	(50)	**(50)**	**(56)**	**6**	**-**	**-**	**-**

Foreign currency risks

Most of Strukton Group's activities are carried out within the Euro zone. The activities of subsidiaries outside the Euro zone are mostly carried out within the currency zone of the relevant country. Relating to transactions denominated in foreign currencies, the policy sets out that the net position should be fully hedged with foreign currency forward contracts. In 2014 and 2016, the Company closed forward exchange contracts for the Riyadh metro project, hedging the currency risk on future cash flows in USD. The translation risk on share capital and loans provided to subsidiaries outside the Euro zone is not hedged. Strukton Group's currency risk relates to its foreign subsidiaries in Scandinavia and in Riyadh (Saudi Arabia).
The total equity of these foreign subsidiaries amounted to EUR 19.1 million at year-end 2018 (2017: EUR 37.6 million).

Exchange rates	Average exchange rate		Spot rate at reporting date	
	2018	**2017**	**2018**	**2017**
DKK	0.134	0.135	0.134	0.134
NOK	0.104	0.107	0.100	0.102
SEK	0.097	0.104	0.098	0.102
USD	0.847	0.883	0.873	0.834
AUD	0.633	0.679	0.617	0.652
SAR	0.226	0.236	0.232	0.222
CLP	0.001	0.001	0.001	0.001
VEF	0.000	0.099	0.000	0.095

A 10% increase of the euro compared with these exchange rates at year-end would have decreased the equity capital by EUR 2.5 million during the reporting year (2017: EUR 2.5 million). A 10% increase of the euro compared with these exchange rates at year-end would have increased the equity capital loss by EUR 0.6 million during the reporting year (2017: EUR 1.3 million). A 10% decrease of the euro compared with these exchange rates at year-end would have had a similar reverse effect.

Interest rate risk	31-12-2018	31-12-2017
	Carrying amount	Carrying amount
Fixed-interest instruments		
Financial assets	34,933	2,159
Financial liabilities	193,775	64,029
	(158,842)	**(61,870)**
Variable-interest instruments		
Financial assets	232,277	162,538
Financial liabilities	60,191	33,306
	172,086	**129,231**

An increase by 100 base points in the interest rate would have decreased the equity and the profit on the reporting period by EUR 0.2 million (2017: EUR 0.7 million decrease). This is subject to presuming that all other variables would have remained constant. A decrease in the interest rate by 100 base points would have had a similar reverse effect. This interest rate risk does not include the effect of derivatives.

Interest rate and inflation rate swaps

An increase in the interest rate by 100 base points creates a positive change in the financial derivative amounting to EUR 0.7 million. Virtually the entire amount of EUR 0.7 million will be recognised in the equity. A decrease in the interest rate by 100 base points creates a negative movement in the financial derivative amounting to EUR 0.7 million. Virtually the entire amount of EUR 0.7 million will be recognised in the equity.

Carrying amounts versus fair values

	31-12-2018	31-12-2017	31-12-2018	31-12-2017
	Carrying amount		Fair value	
Financial assets				
Non-current receivables	11,965	13,361	11,965	13,361
PPP receivables	34,933	2,159	33,232	2,159
Associates	1,810	2,950	1,810	2,950
Financial derivatives	14	385	14	385
Trade and other receivables	483,189	452,851	483,189	452,851
	531,910	**471,705**	**530,209**	**471,705**
Financial liabilities				
Liabilities for financing property development	1,852	2,325	1,852	2,325
Bank loans	7,238	53,358	7,238	53,358
Financial derivatives	-	-	-	-
Lease commitments	1,638	6,441	1,638	6,441
Non-recourse PPP financing	171,827	1,905	174,764	1,905
Other non-current liabilities	7	8	7	8
Trade and other payables	511,144	551,249	511,144	551,249
Debts to financial institutions	60,191	33,306	60,191	33,306
	753,897	**648,592**	**756,834**	**648,592**

The measurement of the financial instrument Derivatives is based on details provided by the banks, and is assessed based on comparing market figures.

Hierarchy in fair values

Strukton Group applies the following hierarchy in determining and stating financial instruments, to be discerned into different measurement methods:

- Level 1: listed (non-adjusted) share prices in active markets for identical assets or liabilities.
- Level 2: other methods in which all variables have a significant impact on the recognised fair value and are detectable directly or indirectly.
- Level 3: methods in which variables are applied that have a significant impact on the recognised fair value, but are not based on detectable market data.

Hierarchy in fair value

31-12-2017	Total	Level 1	Level 2	Level 3
Financial assets valued at their fair value:				
PPP receivables	2,159	-	-	2,159
Financial derivatives	385	-	385	-
	2,544	**-**	**385**	**2,159**
Financial liabilities valued at their fair value:				
Financial derivatives	-	-	-	-
	-	**-**	**-**	**-**

31-12-2018	Total	Level 1	Level 2	Level 3
Financial assets valued at their fair value:				
PPP receivables	33,232	-	-	33,232
Financial derivatives	14	-	14	-
	33,246	**-**	**14**	**33,232**
Financial liabilities valued at their fair value:				
Financial derivatives	-	-	-	-
	-	**-**	**-**	**-**

24. Cash flow statement

	2018	2017
The cash and cash equivalents can be specified as follows:		
Cash and cash equivalents	232,277	162,538
Debts to financial institutions	(60,191)	(33,306)
Debts to financial institutions of a financing nature	40,000	-
	212,086	**129,231**

The cash flow of cash and cash equivalents amounted to EUR 79.5 million in 2018. The acquisition of the shares in MEET Strukton Holding bv had a significant positive impact on the 2018 cash flow, as this resulted in consolidation of tied cash. Abstracted for the movement in tied cash, the cash flow is about EUR 10 million positive. This is mainly due to a positive EBITDA of EUR 45.1 million, a negative development in the working capital and investments in assets.

25. Off-balance-sheet commitments and security provided

Contingent liabilities

Contingent liabilities are liabilities ensuing from past events, and whose existence will be confirmed only by the occurrence of one or more uncertain future events outside the entity's control. Liabilities are also classified as contingent liabilities if it is unlikely that settlement of the liability will require an outflow of resources embodying economic benefits or if the liability amount cannot be determined with sufficient reliability.

FIOD

On Friday 15 February 2019, several locations of Strukton were raided by the FIOD, the fraud division of the Dutch Tax Authorities. The Board of Directors believes that there is no reason whatsoever for a raid and that this raid was entirely unprepared. The FIOD could have obtained all information beforehand. The exact reason for the FIOD investigation remains unclear up to now. The suspicions focus on involvement of specific companies within the Strukton Group and some of its (ex) employees in corruption and falsification of documents during the acquisition process of a contract for the metro project in Riyadh. We fully cooperate with the FIOD investigators and provide full transparency. We have started an internal investigation directly after the raid, led by the Board of Directors. The list with all data seized by the FIOD has been assessed in terms of indications of irregularities. The assessment has not resulted in findings indicating non-compliance to applicable rules and legislation. The Supervisory Board has hired an independent external legal expert to assess the quality of the internal investigation. The legal expert concluded that the internal investigation was conducted adequately and accurately and that there are no concrete indications for the suspicions by the FIOD. Although Strukton's Board of Directors has confidence in the outcome of the internal investigation, the outcome of the FIOD investigation is unclear and might lead to sanctions on the Company.

Guarantees and liabilities

Strukton Group and/or its subsidiaries are severally liable for all debts of VOF firms (general partnerships, construction combinations) in which it holds direct participations. No liabilities are recognised in the annual financial statements in this respect.
Strukton Group issued guarantees for loans closed by its operating companies and associates up to an amount of EUR 5.0 million (2017 closing balance: EUR 5.0 million). As at 31 December 2018, bankers had issued guarantees and letters of intent up to a total amount of EUR 326.7 million (2017 closing balance: EUR 290.2 million). These guarantees mainly concern commitments pursuant to work in progress, maintenance commitments relating to delivered work and investment commitments.

Corporate income tax

The Dutch Tax Authorities are performing an audit of the Riyadh metro project to check the transfer prices applied and the profit distribution between the Netherlands and Saudi Arabia. In the opinion of the Tax Authorities, the Transfer Pricing report prepared by Strukton was incomplete. Based on this audit, the Tax Authorities have taken the preliminary view that similar commercial parties operating under the same circumstances would have agreed a different distribution of profits. However, the Tax Authorities have expressed their wish to come to a solution acceptable to both parties, determining the transfer prices to be applied for the project.
We have not created a provision for this issue in our annual financial statements. Based on the double taxation treaty between the governments of the Kingdom of the Netherlands and the Kingdom of Saudi Arabia, which includes a provision regarding corresponding corrections and a provision regarding a mutual consultation procedure, we assume that the countries involved will come to an extrajudicial agreement without any detrimental effects for Strukton.

Lease and operating lease contracts and investment commitments

The lease commitments concern long-term lease contracts for office space. The operating lease commitments mainly concern future instalments payable on lease contracts for passenger cars, vans and shuttles. The investment commitments concern contractual commitments in the context of the acquisition of items of Property, plant and equipment.

Lease commitments	**31-12-2018**	**31-12-2017**
Up to one year	14,015	12,210
Between 1 and 5 years	29,140	25,011
Longer than five years	3,859	6,541
	47,014	**43,762**
Operating lease commitments		
Up to one year	24,121	24,342
Between 1 and 5 years	37,758	39,772
Longer than five years	658	933
	62,537	**65,047**
Investment commitments		
Contractual commitments relating to:		
- acquisitions of property, plant and equipment	4,567	7,039
	4,567	**7,039**

The investment commitments in 2018 mainly relate to contractual obligations associated with investment in two machines.

26. Transactions with related parties

Other

As at year-end 2017 and 2018, the Group was a party in a number of legal proceedings, most of which had a limited scope. In May 2018, we received a Court decision in material legal proceedings in the Middle East, against which decision the Group has appealed. The Group has not recognised a provision for such claims. Based on a detailed analysis and supported by the opinion of external attorneys, it seems unlikely that this will result in an outflow of funds. The Group has several legal instruments at its disposal. However, if the eventual ruling is not in favour of the Group, this may lead to a significant outflow of funds.

Identification

On 29 October 2010, Strukton Groep nv became part of Oranjewoud nv. Oranjewoud nv holds all shares in Strukton Groep nv. As at year-end 2018, 97.73% of the shares in Oranjewoud nv are held by Sanderink Investments bv. Sanderink Investments bv is fully owned by Stichting Administratiekantoor Sanderink Investments of Gerard Sanderink. The shares in Oranjewoud nv are listed at the official Market of Euronext nv in Amsterdam.
The following can be classed as related parties: Oranjewoud nv and its subsidiaries, associates and joint ventures, Sanderink Investments bv and its subsidiaries, associates and joint ventures, the Supervisory Board members of Oranjewoud nv, the Supervisory Board members of Strukton Groep nv, the Executive Board of Oranjewoud nv, the Executive Board of Strukton Groep nv, the Executive Board of Sanderink Investments bv, Mafo nv and Stichting Administratiekantoor Sanderink Investments bv of Mr G.P. Sanderink.

Transactions with executives and managers in key positions

Managers in key positions include all persons authorised and responsible for directly or indirectly planning, managing and exercising influence on the activities of the entity. In the reporting year 2018, Strukton Groep nv had three Statutory Directors. These are also the identified managers in key positions. The remuneration of managers in key positions can be specified as follows:

	2018	2017
Short-term employee benefits	739	829
Allowances after termination of employment	25	24
Other long-term employee benefits	-	-
Severance pay	-	-
Share-based payments	-	-
	764	853

Strukton Group pays a management fee to Sanderink Investments bv for one of the executives.

Transactions with Supervisory Board members

A Supervisory Board at Strukton Group nv level was appointed on 20 December 2017. No remunerations were provided to the Supervisory Board members in the financial year 2018.

Other transactions with related parties

Transactions with subsidiaries, associates and joint operations are conducted at arm's length at conditions comparable to third party transactions. Deliveries totalling EUR 2.3 million were made to Oranjewoud nv in the financial year 2018 (2017: EUR 1.2 million). The total amount of purchases from Oranjewoud nv in 2018 amounted to EUR 8.8 million (2017: EUR 7.9 million).
Deliveries totalling EUR 0.7 million were made to Sanderink Investments bv in the financial year 2018 (2017: EUR 0.7 million). The total amount of purchases from Sanderink Investments bv in 2018 amounted to EUR 2.8 million (2017: EUR 3.3 million).

At year-end, the following receivables and commitments exist due to transactions with related parties:

	Oranjewoud nv	Sanderink Investments bv
Current receivables	739	82
Current debt	1,541	1,257
Loans, funds provided	-	-
Loans, funds borrowed	11,000	-

The interest on Oranjewoud nv's subordinated loan amounts to 5%.

27. Subsequent events

On 15 January 2019, Strukton Rail Italy S.r.l. expanded its share in Costruzioni Linee Ferroviarie S.p.A. from 60% to 100%. Costruzioni Linee Ferroviarie S.p.A. designs, builds, maintains and innovates railroad, metro and tram lines. In the reporting year 2018, Costruzioni Linee Ferroviarie S.p.A. had 312 employees and realised a EUR 135.1 million revenue.

On Friday 15 February 2019, Strukton was unexpectedly raided by the FIOD, the fraud division of the Dutch Tax Authorities. A further explanation is included in chapter 25.

On 14 June 2019 Strukton Groep received a share premium payment of EUR 10 million from Oranjewoud nv. This amount was used to improve the equity position of Strukton Rail in Sweden.

28. Services pursuant to concessions and PPPs

In 2018, the Strukton group companies participated in six special purpose companies for PPP concession projects. These companies have entered into a concession agreement for providing services. All agreements are based on a public-private partnership (PPP). These are referred to as DBFM(O) contracts - Design, Build, Finance, Maintain and Operate.
Companies over which Strukton Group is able to (jointly) exercise full control are recognised as associates.
If Strukton Group cannot exercise joint control, the Company is recognised as an investment.
The following applies to all concession agreements:

- The concession payments depend on the availability of equipment or accommodation;
- Insofar as the fees concern the provision of support and other services, they are recognised in proportion to the delivery of the services;
- The concession agreements contain provisions for indexation, and certain elements of the agreements can be amended with reference to a benchmark;
- Strukton Group itself does not own the installation or accommodation;
- The volatility of revenues and results is limited;
- The concession agreements do not allow for renewal.

School buildings

Strukton Group has a 9% stake (2017: 9%) in Talentgroep Montaigne bv. The concession agreement is a DBFM contract for the construction, maintenance and operation of a school building for the Montaigne Lyceum in The Hague. The concession commenced in 2004 and runs until 2034.

Strukton Group has a 10% stake (2017: 10%) in SPC ISE bv. The concession agreement is a DBFMO contract for the construction, maintenance and operation of a school building for the International School Eindhoven. The concession commenced in 2011 and runs until 2043.

Public buildings

Strukton Group has a 6% stake (2017: 6%) in DUO2 bv. The concession agreement is a DBFMO contract for the construction, maintenance and operation of the shared accommodation for the Education Executive Agency (DUO) and the Dutch Tax and Customs Administration in Groningen. The concession commenced in 2008 and runs until 2031.

During the reporting year 2018, Strukton Group has acquired the remaining 50% of its share in MEET Strukton Holding bv (formerly StruktonHurksHeijmans Holding bv) from Hurks and Heijmans. This means that Strukton Group has a 100% stake in MEET Strukton Holding bv since 8 June 2018 (2017: 50%, under the name StruktonHurksHeijmans). The concession agreement concerns a DBFMO contract for the construction, maintenance and operation of the new housing of RIVM (National Institute for Public Health and the Environment) and CBG (the Dutch Medicines Evaluation Board) at Utrecht Science Park. The concession commenced in 2014 and runs until 2043.

Since July 2015, Strukton Group has an 80% stake in the consortium R Creators Holding bv. The concession agreement is a DBFMO contract for the redevelopment of the De Knoop government office building. This project involves a combination of partial demolition, renovation and expansion at the premises of the former Knoopkazerne barracks in order to realise a combined office and meeting centre with approximately 30,000 m2 of gross surface area for the national government. The realisation phase started in the spring of 2016 and the national government building has been commissioned in early 2018. Upon commissioning, the 20-year maintenance and operation phase started.

Infrastructure
Strukton Group has a 4.8% stake (2017: 4.8%) in Exploitatie Maatschappij A-Lanes A15 bv. The concession agreement is a DBFM contract for the construction and maintenance of sustainable infrastructure solutions for the Maasvlakte–Vaanplein section of the A15 motorway, which will ensure maximum traffic flows and safety both during and after construction work. The concession commenced in 2010 and runs until 2035.
The respective special purpose companies received non-recourse finance. No repayment or interest guarantees have been issued by Strukton Group. At year-end 2018, the order book of these PPP projects amounts to EUR 493.5 million (2017: EUR 444.3 million). This order book relates to design, construction, maintenance and operations.

29. Assets and liabilities held for sale

In 2017 and 2018, no assets and liabilities were held for sale.

30. Acquisitions

Acquisitions of business combinations
Strukton Rail bv has expanded its 50% share in A1 Electronics Netherlands bv to 80% on 6 February 2018. A1 Electronics focuses on assembly of electronic print panels and complete products. In the reporting year 2018, A1 Electronics has 44 employees, generating an annual revenue of around EUR 9.6 million.

Strukton Rail Italy S.r.l. has expanded its 60% share in Promofer S.r.l. to 100% on 29 May 2018. Promofer S.r.l. realises safety systems for railways and shipyards. In the reporting year 2018, Promofer S.r.l. has 25 employees, generating annual revenue of around EUR 3.2 million.

Strukton Worksphere bv has expanded its 37.5% share in MEET RIVM CBG bv to 100% on 8 June 2018. At the instructions of the Rijksvastgoedbedrijf (Dutch Central Government Real Estate Agency), MEET RIVM CBG bv is constructing the new buildings for the National Institute for Public Health and the Environment (RIVM) and the Medicines Evaluation Board (CBG). Both institutes are part of the Ministry of Public Health, Welfare and Sport (VWS). In the reporting year 2018, MEET RIVM CBG bv does not have any employees and realised a EUR 22.9 million revenue in 2018.

Strukton Assets bv has expanded its 50% share in MEET Strukton Holding bv (known as StruktonHurksHeijmans Holding bv up to 8 June 2018) to 100% on 8 June 2018. MEET Strukton Holding bv is the special purpose company for the realisation of the PPP project for the buildings of RIVM and CBG. MEET Strukton Holding bv had no employees in the reporting year 2018.

Acquisitions of non-controlling interests and joint ventures
In the financial year 2018, no acquisitions of non-controlling interests and joint ventures were recorded.

31. Joint operations
Some of Strukton Groep's activities are carried out in either temporary or permanent joint operations. The consolidated annual financial statements state the following items, corresponding with Strukton Group's interest in the revenue, assets and liabilities of the individual joint operations:

	2018	2017
Assets		
Non-current assets	207	296
Current assets	175,558	262,405
	175,765	**262,700**
Liabilities		
Non-current liabilities	914	1,057
Current liabilities	235,170	318,150
	236,084	**319,208**
Balance of assets and liabilities	**(60,319)**	**(56,507)**
Revenue	287,604	457,054
Costs	277,773	434,206
	9,831	**22,849**

The lower position of current assets and current liabilities of the joint operations compared with the financial year 2017 is mainly due to the Riyadh metro project, where advance financing by the client and advance payments to sub-contractors are gradually decreasing.

The decrease in the revenue and costs is mainly due to a decrease of the revenue and costs of the Riyadh metro project.

Another factor in the decrease is the expansion of the share in MEET RIVM CBG bv from 37.5% to 100%, which is no longer recognised in Joint operations in 2018.

32. Information per segment
Operating segments are reported in accordance with the internal reports to the Group Board of Directors. The Group Board of Directors assesses the operating activities from a combination of sectors and geographical zones, defining the operational segments of rail systems, civil infrastructure and technology & buildings. No aggregation of operating segments was implemented.

Breakdown by segment

2017	Rail systems	Civil infrastructure	Technology & buildings	Eliminations	Total
Revenue from projects	511,457	667,900	161,562		1,340,919
Revenue from maintenance	361,554	(678)	177,856		538,732
Revenue from sales inventories	-	6,903	-		6,903
Other revenue	4,883	16,865	8,085		29,832
Total revenue from contracts with customers (external)	**877,894**	**690,990**	**347,502**		**1,916,386**
Total revenue from contracts with customers between segments	14,128	11,120	5,592	(30,840)	-
Operational result (EBITDA)	64,496	6,889	4,643		76,029
Depreciation	17,992	5,607	1,509		25,107
Amortisation	5,681	1,290	-		6,971
Operating result (EBIT)	40,824	(8)	3,134		43,951
Total assets	623,172	422,869	264,912	(162,514)	1,148,440
Total financial assets	27,608	24,983	3,130	1	55,721
Total liabilities	513,495	343,052	212,435	(162,515)	906,467
Total investments	18,141	3,844	605	-	22,590
Number of employees (closing balance)	3,742	1,358	1,765	-	6,865

2018	Rail systems	Civil infrastructure	Technology & buildings	Eliminations	Total
Revenue from projects	517,186	546,170	184,208		1,247,565
Revenue from maintenance	302,016	741	181,871		484,627
Revenue from sales inventories	-	7,161	-		7,161
Other revenue	8,476	28,997	2,291		39,764
Total revenue from contracts with customers (external)	**827,678**	**583,069**	**368,370**		**1,779,117**
Total revenue from contracts with customers between segments	7,979	13,404	8,416	(29,798)	-
Operational result (EBITDA)	31,601	7,347	6,200		45,148
Depreciation	17,584	4,960	1,334		23,878
Amortisation	3,581	883	-		4,464
Operating result (EBIT)	10,435	1,505	4,866		16,806
Total assets	668,765	375,158	428,504	(158,523)	1,313,903
Total financial assets	50,374	25,000	52,618	(40,001)	87,991
Total liabilities	559,563	293,873	389,408	(118,522)	1,124,322
Total investments	15,698	6,660	440	-	22,798
Number of employees (closing balance)	3,817	1,291	1,751	-	6,859

About EUR 235.6 million of the revenue from contracts with customers was received from a single external customer. This revenue is attributed to the rail systems segment.

The poor performance of a number of maintenance contracts in Sweden has led to a disappointing operational result of the rail systems segment. On the other hand, Strukton Rail realised an excellent result in Italy. Projects and maintenance contracts in the Netherlands also made a good contribution to the result. In Belgium, Strukton Rail is still confronted with a difficult market. Strukton Rolling Stock operates at a loss. Strukton Rolling Stock expects to realise better results in 2019.
The overall revenue from contracts with customers in the rail systems segment decreased compared with 2017. This decrease is mainly caused by a decrease of production on maintenance contracts in Sweden.

Some divisions were restructured in 2018. The civil activities and specialist fields of Strukton Civiel and Strukton International have been integrated into a single segment: civil infrastructure. The civil infrastructure segment has realised a better result than in 2017. In particular, this was due to the regional operations and specialist fields. The results realised by the projects department are disappointing. The projects department is a key focal point in 2019. The focus is increasingly shifting towards integrated railroads and civil engineering works. In such projects, Strukton can discern itself in the market based on its proven knowledge and expertise. The results of the Riyadh metro project were realised at the expected standards and the project development is going well.
The decrease in the revenue from contracts with customers in the civil infrastructure segment is mainly due to having passed the peak phase of civil production in the Riyadh metro project of the CJV (Construction Joint Venture) in previous years.

The operational result of the technology & buildings segment is slightly above the previous reporting year. The management and maintenance work have made an excellent contribution to the result. An additional provision has been made for a number of projects that were completed in 2018. This has significantly decreased the organisation's risk profile. Progress of new construction for the RIVM and CBG is going well: the PPP project is on schedule.
In June 2018, the shares in MEET RIVM CBG bv and in MEET Strukton Holding bv (formerly StruktonHurksHeijmans Holding bv) were acquired from Hurks and Heijmans. This resulted in an increase in the revenue from contracts with customers in the technology & buildings segment in 2018 compared with 2017. Furthermore, the acquisition of these shares resulted in an increase in the total assets and liabilities by EUR 171 million and an increase in the financial assets by EUR 33 million.

Geographical breakdown

2017	The Netherlands	Italy	Sweden	Europe other	Middle East	Non-European other	Total
Revenue from projects	795,003	171,134	55,375	64,011	254,690	705	1,340,919
Revenue from maintenance	302,093	-	211,510	25,129	-	-	538,732
Revenue from sales inventories	6,903	-	-	-	-	-	6,903
Other revenue	29,639	70	-	123	-	-	29,832
Revenue from contracts with customers (external)	**1,133,638**	**171,204**	**266,886**	**89,263**	**254,690**	**705**	**1,916,386**
Total assets	594,959	223,938	120,474	51,677	154,808	2,583	1,148,440
Total financial assets	47,634	7,589	5,177	(4,678)	(1)	-	55,721
Total liabilities	497,704	160,340	53,873	41,705	147,823	5,023	906,467
Total investments	9,864	7,640	2,128	2,894	-	64	22,590

2018	The Netherlands	Italy	Sweden	Europe other	Middle East	Non-European other	Total
Revenue from projects	800,425	168,404	29,503	83,988	162,652	2,593	1,247,565
Revenue from maintenance	293,350	-	190,500	778	-	-	484,627
Revenue from sales inventories	7,161	-	-	-	-	-	7,161
Other revenue	35,932	1,790	-	2,047	-	(4)	39,764
Revenue from contracts with customers (external)	**1,136,867**	**170,194**	**220,003**	**86,813**	**162,652**	**2,589**	**1,779,117**
Total assets	744,418	269,936	123,625	56,398	115,477	4.048	1,313,903
Total financial assets	79,063	7,980	9,710	(8.763)	0	-	87.991
Total liabilities	699,836	186,673	73,049	49,319	106,862	8,584	1,124,322
Total investments	15,147	3,627	2,028	1,956	-	41	22,798

2017

Total revenue from contracts with customers to geographic market	Rail systems	Civil infrastructure	Technology & buildings	Total
Netherlands	352,037	434,099	347,502	1,133,638
Italy	171,204	-	-	171,204
Sweden	266,886	-	-	266,886
Europe Other	87,062	2,201	-	89,263
Middle East	-	254,690	-	254,690
Non-Europe Other	705	-	-	705
	877,894	**690,990**	**347,502**	**1,916,386**

2018

Total revenue from contracts with customers to geographic market	Rail systems	Civil infrastructure	Technology & buildings	Total
Netherlands	348,558	419,939	368,370	1,136,867
Italy	170,194	-	-	170,194
Sweden	220,003	-	-	220,003
Europe Other	86,334	478	-	86,813
Middle East	-	162,652	-	162,652
Non-Europe Other	2,589	-	-	2,589
	827,678	**583,069**	**368,370**	**1,779,117**

33. Overview of Group companies and associates

A. Group companies

The following companies are fully consolidated::

Name	Statutory office	% Share in the issued capital 2018	% Share in the issued capital 2017
Strukton Rail bv	Utrecht (NL)	100	100
Strukton Rail Nederland bv	Utrecht (NL)	100	100
Strukton Rail Short Line bv	Utrecht (NL)	100	100
IWORKX bv (vh Strukton Rail Projects bv)	Utrecht (NL)	100	100
Strukton Rolling Stock bv	Utrecht (NL)	100	100
Strukton Embedded Solutions	Utrecht (NL)	100	100
Strukton M&E bv	Maarssen (NL)	100	100
Strukton Systems bv	Utrecht (NL)	100	100
Strukton Rail Equipment bv	Utrecht (NL)	100	100
Strukton Rail Consult bv	Utrecht (NL)	100	100
Strukton Railinfra Projecten bv	Utrecht (NL)	100	100
Strukton Rail Italy S.r.l.	Bologna (ITA)	100	100
Strukton Rail Investment S.r.l.	Bologna (ITA)	100	-
Promofer S.r.l.	Rome (ITA)	100	60
Strukton Rail Australia PTY Ltd.	Perth (AUS)	100	100
Strukton Rail International bv	Utrecht (NL)	100	100
Nova Gleisbau AG	Baar (CHE)	100	100
Strukton Rail nv	Merelbeke (BEL)	100	100
Siebens Spoorbouw BVBA	Wilrijk (BEL)	100	100
Strukton Railinfra AB	Stockholm (SWE)	100	100
Strukton Rail AB	Stockholm (SWE)	100	100
RBS ban och signal AB	Stockholm (SWE)	100	100
Strukton Rail A/S	Kopenhagen (DNK)	100	100
Strukton Railinfra Nordic AB	Stockholm (SWE)	-	100
Strukton Rail Västerås AB	Stockholm (SWE)	100	100
SR Kraft AS	Oslo (NOR)	100	100
Strukton Rail Holding A/S (DK)	Taastrup (DNK)	100	100
Strukton Rail S-Bane A/S	Taastrup (DNK)	100	100
Strukton Rail North America Inc.	Wilmington, Delaware (USA)	100	100
THV Noordzuidlijn	Merelbeke (BEL)	100	100
Strukton Civiel bv	Utrecht (NL)	100	100
Strukton Civiel Projecten bv	Utrecht (NL)	100	100
GBN Groep bv	Utrecht (NL)	100	100
GBN Immobilisatie bv	Utrecht (NL)	100	-
Grondbank Stadskanaal bv	Utrecht (NL)	100	100
Grind & Ballast Recycling Nederland bv	Utrecht (NL)	100	100
A-Lanes Asset Management bv (vh Strukton Asset Management Civiel bv)	Utrecht (NL)	100	100
Terracon Molhoek Beheer bv	Werkendam (NL)	100	100
Terracon Funderingstechniek bv	Nieuwendijk (NL)	100	100
Terracon International bv	Nieuwendijk (NL)	100	100

Name	Statutory office	% Share in the issued capital 2018	% Share in the issued capital 2017
Terracon Spezialtiefbau GmbH	Berlin (DEU)	100	100
Molhoek Aannemingsbedrijf bv	Nieuwendijk (NL)	100	100
Strukton Engineering bv	Utrecht (NL)	100	100
Strukton Infratechnieken bv	Utrecht (NL)	100	100
Strukton Microtunneling bv	Maarssen (NL)	100	100
Canor Benelux bv	Utrecht (NL)	100	100
Reanco Benelux bv	Utrecht (NL)	100	100
Strukton Prefab Beton bv	Utrecht (NL)	100	100
Strukton Verkeerstechnieken bv	Utrecht (NL)	-	100
Strukton Cviel Regio Noord & Oost (vh Strukton Civiel Noordoost bv en Reef Beheer bv)	Oldenzaal (NL)	100	100
Strukton Civiel Noord & Oost bv (vh Reef Infra bv)	Oldenzaal (NL)	100	100
Reef Milieu bv	Oldenzaal (NL)	-	100
Reef GmbH	Gronau (DEU)	100	100
Strukton Civiel Regio West bv (vh Strukton Civiel West bv en Ooms Civiel bv)	Scharwoude (NL)	100	100
Strukton Civiel West bv (vh Ooms Construction bv)	Scharwoude (NL)	100	100
Strukton Civiel West Materieel bv (vh Ooms Materieel bv)	Scharwoude (NL)	100	100
Strukton Civiel West Transport bv (vh Ooms Transport bv)	Scharwoude (NL)	100	100
Ooms Producten bv	Scharwoude (NL)	100	100
Uniforn bv	Avenhorn (NL)	100	100
Unihorn Astana Ltd. i.l. **	Astana (KAZ)	100	100
Strukton Milieutechniek bv	Utrecht (NL)	100	100
Strukton Civiel Regio Zuid bv (vh Strukton Civiel Zuid bv)	Utrecht (NL)	100	100
Strukton Civiel Zuid bv (vh Rasenberg Infra bv)	Breda (NL)	100	100
Reanco bv	Breda (NL)	100	100
Rasenberg Verkeer & Mobiliteit bv	Breda (NL)	100	100
Recycling & Overslag Breda bv	Breda (NL)	100	100
Van Rens bv	Horst (NL)	100	100
Colijn Beton- en Waterbouw bv (vh Colijn Aannemersbedrijf bv)	Breda (NL)	100	100
Tensa bv	Nieuwendijk (NL)	100	100
Comb. Strukton Infratechnieken - Colijn - Reef vof	Utrecht (NL)	100	100
Colijn-Rasenberg vof	Breda (NL)	100	100
RACO 59 vof	Breda (NL)	100	100
Avenue2 Infra vof	Nieuwegein (NL)	100	100
Meppelerdiepsluis vof	Utrecht (NL)	100	100
Combinatie Geo Grid vof	Utrecht (NL)	100	100
Strukton Bouw bv *	Utrecht (NL)	100	100
Strukton Bouw & Onderhoud bv *	Utrecht (NL)	100	100
Strukton Van Straten bv	Eindhoven (NL)	100	100
Strukton Revitalisatie en Ontwikkeling bv (vh Strukton Projectontwikkeling bv)	Utrecht (NL)	100	100
Strukton Gamma bv	Utrecht (NL)	100	100
Strukton Delta bv	Utrecht (NL)	100	100
C.V. Voorstadslaan	Utrecht (NL)	100	100
La Mondiale NV	Etterbeek (BEL)	100	100
Strukton CSNS vof	Utrecht (NL)	100	100

Name	Statutory office	% Share in the issued capital 2018	% Share in the issued capital 2017
Het Spaarne vof	Utrecht (NL)	100	100
Strukton Services bv	Utrecht (NL)	100	100
Strukton Worksphere bv	Utrecht (NL)	100	100
WorkSphere Beheer bv	Utrecht (NL)	100	100
Strukton Worksphere Bouw bv	Utrecht (NL)	100	100
Strukton Worksphere België BVBA	Tongeren (BEL)	100	100
MEET RIVM CBG bv	Utrecht (NL)	100	37,5
Strukton Integrale Projecten bv *	Utrecht (NL)	100	100
Strukton Finance ESCo's Holding bv	Utrecht (NL)	100	100
RGG cluster zwembaden ESCo Invest bv	Utrecht (NL)	100	100
RGG KPP ESCo Invest bv	Utrecht (NL)	100	100
Strukton Assets bv	Utrecht (NL)	100	100
MEET Strukton Holding bv (vh StruktonHurksHeijmans Holding bv	Utrecht (NL)	100	50
MEET Strukton bv (vh StruktonHurksHeijmans bv)	Utrecht (NL)	100	50
Strukton Management bv *	Utrecht (NL)	100	100
Strukton Vastgoedbeheer en Facility Management bv	Utrecht (NL)	100	100
Servica bv	Utrecht (NL)	100	100
Servica Advies bv	De Meern (NL)	100	100
Strukton Materieel bv *	Utrecht (NL)	100	100
Strukton Vuka bv	Utrecht (NL)	100	100
Strukton Elschot bv	Utrecht (NL)	100	100
Molhoek - CCT bv (vh Ecorail bv)	Utrecht (NL)	100	100
Combinatie Stukton Zaanstad CSZ vof	Utrecht (NL)	100	100
DUO2 vof	Maarssen (NL)	100	100
Strukton International bv	Utrecht (NL)	100	100
Strukton International Sweden AB	Gothenborg (SWE)	100	100
Strukton International Denmark A/S	Kopenhagen (DNK)	100	100
Strukton Immersion Projects bv	Utrecht (NL)	100	100
Strukton Specialistische Technieken bv	Utrecht (NL)	100	100
Onderwatertechniek Nederland bv	Utrecht (NL)	100	100
Ooms PMB bv	Scharwoude (NL)	100	100
Strukton International Rail bv	Utrecht (NL)	100	100
Strukton International Belgium nv	Merelbeke (BEL)	100	100
Strukton International Deutschland GMBH	Kleve (DEU)	100	100
Strukton Internacional Argentina SA	Buenos Aires (ARG)	100	100

The following companies are fully included in the consolidation with a minority interest:

A1 Electronics Netherlands bv	Almelo (NL)	80	50
Buca Electronics bv	Almelo (NL)	80	50
Uniferr S.r.l.	Reggio Emilia (ITA)	60	60
Costruzioni Linee Ferroviari S.p.A.	Bologna (ITA)	60	60
CLF Albania SHPK	Tirane (ALB)	60	60
Construzioni Linee Ferroviari CLF C.A.	Caracas (VEN)	60	60
Frejus s.c.r.l.	Bologna (ITA)	16,79	16,79
Sviluppo 2010 S.r.l.	Bologna (ITA)	60	60

Name	Statutory office	% Share in the issued capital 2018	% Share in the issued capital 2017
S.I.F.EL S.p.A.	Spigno Monferrato (ITA)	60	60
Société d'Installations Ferroviaires et Electriques Maroc	Rabat (MAR)	60	60
Tecno Engineering System S.r.l.	Bologna (ITA)	60	60
AR.FER S.r.l.	Alessandria (ITA)	60	60
JPL Rail A/S	Ørje (NOR)	30	-

B. The following companies are partially consolidated:

Name	Statutory office	% Share in the issued capital 2018	% Share in the issued capital 2017
Tribase Computer and Netw Serv Vof	Utrecht (NL)	33,3	33,3
Combinatie Hollandia – Strukton Systems Vof	Utrecht (NL)	50	50
Strukton-Aarsleff JV I/S	Aarhus (DNK)	45	45
SITEC Consorzio Stabile ferr.	Bologna (ITA)	28,5	28,5
Exploitatie Maatschappij A-Lanes A15 bv	Nieuwegein (NL)	33 1/3	33 1/3
A-Lanes Civil Vof	Nieuwegein (NL)	45	45
HSL1 Hollandse Meren Vof	Utrecht (NL)	12,6	12,6
HSL1 Kunstwerken Vof	Rijpwetering (NL)	22	22
Combinatie Strukton Betonbouw-Van Oord ACZ (Noord-Zuidlijn)	Utrecht (NL)	75	75
Bouwcombinatie HSL4 Drechtse Steden Vof	Zwijndrecht (NL)	15,7	15,7
Geluidschermen Combinatie HSL Vof	Zaandam (NL)	15,7	15,7
Combinatie Zinktunnel Strukton/Van Oord ACZ	Utrecht (NL)	50	50
Bouwcombinatie Strukton-Boskalis	Utrecht (NL)	58	58
Combinatie Onderwaterwerk Botlek Vof	Soest (NL)	-	50
Avenue 2 Vof	Nieuwegein (NL)	50	50
GWW Combinatie A2 Vof	Arnhem (NL)	25	25
FC AV2 Vof	Nieuwegein (NL)	50	50
Combinatie Versterken Bruggen Vof	Capelle a/d IJssel (NL)	50	50
Combinatie Strukton Ballast Maatvoering Vof	Zaandam (NL)	50	50
Bouwcombinatie Kaam Vof	Weert (NL)	7	7
Combinatie –SRS	Breda (NL)	50	50
BPL Wegen	Rotterdam (NL)	50	50
Combinatie Buitenring Vof (BPL Koepel)	Rotterdam (NL)	33 1/3	33 1/3
Combinatie Spanstaal – Tensa Vof	Werkendam (NL)	50	50
BNSG/Molhoek Vof	Soest (NL)	-	50
FC Mava Vof	Werkendam (NL)	-	50
A-Lanes A15 Mobility Vof	Nieuwegein (NL)	45	45
A-Lanes A15 JV Roads Vof	Nieuwegein (NL)	45	45
Combinatie Van Gelder – Strukton Civiel Projecten Vof (IGO A1)	Elburg (NL)		50
Combinatie Reef Infra/De Waard	Oldenzaal (NL)	-	50
DUOS Vof	Oldenzaal (NL)	50	50
A9V1	Utrecht (NL)	50	50
Combinatie Natuuronwikkeling Maasplassen Vof	Vinkel (NL)	50	50
Rions – Rasenberg	Sittard (NL)	50	50
Hydraphalt vof	Scharwoude (NL)	50	50
CE-Asfaltonderzoek vof	Scharwoude (NL)	50	50

Name	Statutory office	% Share in the issued capital 2018	% Share in the issued capital 2017
Combinatie Ooms Ballast MNO Vof	Scharwoude (NL)	33 1/3	33 1/3
Zandexploitatie Westfriesland Vof	Scharwoude (NL)	50	50
Grondbank West Brabant Vof	Utrecht (NL)	50	50
Grondbank Noord Oost Brabant Vof	Utrecht (NL)	-	50
Combinatie Dinteloord	Middelharnis (NL)	50	50
Combinatie Ooms –Schadenberg	Scharwoude (NL)	50	50
Combinatie K.Dekker – Ooms Construction Muiden	Warmenhuizen (NL)	50	50
Ooms Construction – RDM Vof	Scharwoude (NL)	50	50
Combinatie Zijkanaal D	Sliedrecht (NL)	50	-
Combinatie Colijn/Rasenberg/van den Herik	Sliedrecht (NL)	50	-
BNRA Gladheid vof	Leerdam (NL)	50	-
Fast Riyad Metro Alliance = Fast	Riyad (SAU)	14,08	14,08
Construction Joint Venture (CJV)	Riyad (SAU)	17,96	17,96
Track Joint Venture (TJV)	Riyad (SAU)	8,08	8,08
Ooms PMB Gulf Asphalt Trading LLC	Abu Dhabi (ARE)	49	49
Grondontwikkeling Beilen bv	Amsterdam (NL)	50	50
Safire Services Vof	Eindhoven (NL)	33,3	33,3
Bouwcombinatie Komfort vof	Utrecht (NL)	50	50
Bouwcombinatie DC 16 vof	Utrecht (NL)	50	50
Avenue 2 Vof	Nieuwegein (NL)	25	25
Bouwcombinatie ISE DB Vof	Eindhoven (NL)	91	91
Bouwcombinatie Strukton – De Nijs Vof	Utrecht (NL)	50	50
La Linea Leiden cv	Rotterdam (NL)	50	50
Stichting Centrum Innovatief Vakmanschap de Hallen	Amsterdam (NL)	-	50
RGG cluster Zwembaden ESCo Exploitatie Vof	Utrecht (NL)	50	50
Bouwcombinatie ICCS Vof	Utrecht (NL)	50	50
SPARK Vof	Utrecht (NL)	50	50
RCreators DBMO vof	Nieuwegein (NL)	45	45
Exploitatie maatschappij DC16 bv	Nieuwegein (NL)	50	50
Exploitatie maatschappij Komfort bv	Nieuwegein (NL)	50	50
ProCUS vof	Utrecht (NL)	50	-

C. The associates not included in the consolidation are:

Name	Statutory office	% Share in the issued capital 2018	% Share in the issued capital 2017
Strukton Finance Holding bv ***	Utrecht (NL)	11,99	11,99
TalentGroep Montaigne Holding bv	Rotterdam (NL)	8,97	8,97
TalentGroep Montaigne bv	Rotterdam (NL)	8,97	8,97
ISE Holding bv	Utrecht (NL)	10	10
SPC ISE bv	Eindhoven (NL)	10	10
Duo2 Holding bv	Utrecht (NL)	6	6
Duo2 bv	Utrecht (NL)	6	6
A-Lanes A15 Holding bv	Nieuwegein (NL)	4,8	4,8
A-Lanes A15 bv	Nieuwegein (NL)	4,8	4,8
Profin BVBA	Gent (BEL)	50	50
voestalpine Railpro bv	Hilversum (NL)	10	10
Shandong SRCC Rail Transit Technology Co.Ltd.	Jinan (CHN)	45	-

Name	Statutory office	% Share in the issued capital 2018	% Share in the issued capital 2017
Dual Inventive Holding bv	Udenhout (NL)	50	50
Dual Inventive Nederland bv	Udenhout (NL)	50	50
Dual Inventive Production bv	Udenhout (NL)	50	50
Dual Inventive Technology Centre bv	Oisterwijk (NL)	50	50
Dual Inventive Europe bv	Oisterwijk (NL)	50	50
Dual Inventive Ltd	Sheffield (GBR)	37,5	37,5
Eurailscout Inspection & Analysis bv	Utrecht (NL)	50	50
Erdmann Software GmbH	Görlitz (DEU)	25	25
Eurailscout France SAS	Parijs (FRA)	48,7	48,7
Eurailscout Italy S.r.l.	Bologna (ITA)	50	50
New Sorema Ferroviaria S.p.A.	Brescia (ITA)	30	30
C2CA Technology bv	Utrecht (NL)	50	50
BAG bv ****	Maastricht (NL)	20	20
Grondstoffen Recycling Weert bv	Weert (NL)	50	50
Nebeco bv	Ede (NL)	50	50
Combinatie Verkeersmaatregelen A-Lanes Vof	Rotterdam (NL)	50	50
Combinatie Ballast Nedam Infra Spec./Van Rens	Leerdam (NL)	30	30
Noordelijke Asfaltproduktie (NOAP) bv	Heerenveen (NL)	50	50
Nederlands Wegen Markeerbedrijf bv	Oosterwolde (NL)	25	25
Lareco Holding bv	Hardenberg (NL)	33 1/3	33 1/3
Lareco GmbH	Wesel (DEU)	-	33 1/3
Sureco nv	België (NL)	33 1/3	33 1/3
Aduco Holding bv	Ede (NL)	25	25
Aduco Nederland bv	Ede (NL)	25	25
Lareco Bornem nv	Antwerpen (BEL)	33 1/3	33 1/3
Tubex bv	Oostburg (NL)	50	50
Hoka Noord-West Vof	's-Hertogenbosch (NL)	50	50
Asfalt Productie Amsterdam bv (APA)	Amsterdam (NL)	25	25
Asfalt Productie Rotterdam Rijnmond (APRR) bv	Rotterdam (NL)	25	25
BituNed bv	Reeuwijk (NL)	50	50
Palletteer bv	Wervershoof (NL)	-	50
MT Piling bv	Harmelen (NL)	50	50
Microtunneling Equipment Exploitatie bv	Utrecht (NL)	50	50
Rebru Vof	Utrecht (NL)	50	50
GBB Grondbank Budel vof	Zeeland (NL)	50	-
BNOC vof	Leerdam (NL)	50	-
Fast Consortium LL	Riyad (SAU)	17,96	17,96
Strukton LLC	Riyad (SAU)	49	49
DMI Nederland bv	Weert (NL)	50	50
DMI Geräte GmbH	Berlijn (DEU)	50	50
DMI Spezialinjektionen Süd GmbH	Berlijn (DEU)	50	50
DMI International GmbH	Berlijn (DEU)	50	50
DMI Injektionstechnik GmbH	Berlijn (DEU)	50	50
DBS Spezialsanierungen GmbH	Forst (DEU)	50	50
Al Jaber Bitumen-Ooms Ltd. Liab. Comp. (30%)	Abu Dhabi (ARE)	-	30

Name	Statutory office	% Share in the issued capital 2018	% Share in the issued capital 2017
Tidal bridgde B.V.	Eindhoven (NL)	-	60
Fish Flow Tidal Power BV	Medemblik (NL)	-	40,02
PT Tidal bridge Indonesia	Denpasar Bali (IDN)	-	57
Strukton Arrigoni SpA	Santiago (CHL)	50	50
Strukton Construction Trading WLL	Doha (QAT)	49	49
Petroserv Ltd./Strukton Construction and Trading WLL	Doha (QAT)	50	-
A-team vof	Utrecht (NL)	50	-
La Linea Leiden Beheer bv	Rotterdam (NL)	50	50
Venturium Beheer bv	Capelle a/d IJssel (NL)	25	25
Ontwikkel- en Bouwcombinatie Laudy-Strukton Vof	Eindhoven (NL)	50	50
ISE Exploitatie bv	Eindhoven (NL)	34	34
SPC Management Services bv	Utrecht (NL)	50	50
A-Lanes Management Services bv	Nieuwegein (NL)	25	25
R Creators Holding bv	Utrecht (NL)	80	80
R Creators bv	Utrecht (NL)	80	80
Venturium Beheer bv	Capelle a/d IJssel (NL)	25	25
Ontwikkel- en Bouwcombinatie Laudy-Strukton Vof	Eindhoven (NL)	50	50
ISE Exploitatie bv	Eindhoven (NL)	34	34
SPC Management Services bv	Utrecht (NL)	50	50
A-Lanes Management Services bv	Nieuwegein (NL)	25	25
StruktonHurksHeijmans Holding bv	Utrecht (NL)	50	50
StruktonHurksHeijmans bv	Utrecht (NL)	50	50
R Creators Holding bv	Utrecht (NL)	80	80
R Creators bv	Utrecht (NL)	80	80

* For companies marked with *, Strukton Groep nv issued liability statements in accordance with Section 403 of Title 9 Book 2 of the Dutch Civil Code.

** In liquidation

*** The share capital of Strukton Finance Holding bv consists of different types of shares linked to the various investments in PPP projects. For all participations, the ratio is 80/20 (DIF/Strukton) with the exception of ISE Holding bv, which has a 90/10 ratio (DIF/Strukton), and Strukton Finance bv (Delfluent) and Komfort Holding bv, where all tracker shares are held by DIF.

**** Declared bankrupt.

Unihorn India PvT Ltd. Strukton is the legal owner of Unihorn India PvT Ltd. The control and ownership of the Company are held by Oranjewoud nv. This company is not included in the annual financial statements.

Company statement of financial position (x EUR 1,000)

Assets

	31-12-2018		31-12-2017	
Non-current assets				
01. Property, plant and equipment	9,478		10,423	
02. Financial non-current assets	375,911		424,526	
		385,389		434,949
Current assets				
03. Receivables	17,265		22,269	
04. Cash and cash equivalents	40		9,391	
		17,305		31,660
Total assets		**402,694**		**466,609**

Liabilities

	31-12-2018		31-12-2017	
Equity				
Issued and paid-up capital	2,269		2,269	
Share premium reserve	39,000		39,000	
Other reserves	152,809		166,518	
Undistributed result	(4,496)		23,186	
05. **Total equity**		189,582		230,973
Subordinated loans		11,000		11,000
06. Provisions		1,338		2,141
07. Non-current liabilities		40,000		-
08. Current debts		160,774		222,495
Total liabilities		**402,694**		**466,609**

Company statement of income (x EUR 1,000)

	2018	2017
Overall result of investments / associates after deduction of taxes	1,838	27,789
09. Other results (after tax)	(6,334)	(4,603)
Result after taxes	**(4,496)**	**23,186**

Notes to the Company financial statements (x EUR 1,000)

On 29 October 2010, Strukton Groep nv became part of Oranjewoud nv. Oranjewoud nv holds all shares in Strukton Groep nv. As at year-end 2018, 97.73% of the shares in Oranjewoud nv are held by Sanderink Investments bv. Where reference is made in the Company financial statements to transactions with group companies, this means both relations between Strukton Groep nv and its subsidiaries and the relations with other group companies that are part of Oranjewoud nv and Sanderink Investments bv, and their related companies.

General principles for the preparation of the annual financial statements

Strukton Groep nv's annual financial statement is included in the consolidated annual financial statements. The company financial statement of Strukton Groep nv is prepared in accordance with the legal provisions set out in Title 9, Book 2 of the Dutch Civil Code. Within this context, the Company utilises the option provided by Section 2:362 sub 8 of the Dutch Civil Code to apply the same accounting policies to the Company financial statements as those applied to the consolidated financial statements. The group companies included in the consolidation are stated at net equity value in accordance with the accounting policies applicable to the consolidated IFRS annual financial statements of Strukton Groep nv. Associates in which significant control is held are also valued in accordance with these accounting policies as stated in the consolidated annual financial statements. The same applies to the accounting policies for determination of the result. Consequently, the shareholders' equity and the net result of Strukton Groep nv are equivalent to the amounts in the consolidated annual financial statement.

Accounting policies for the measurement and determination of results

The accounting policies applied for the measurement of assets and liabilities and the determination of the result applied in the Company financial statements are equivalent to the accounting policies applied in the consolidated financial statements. If no specific policies are mentioned, please refer to the policies mentioned in the consolidated financial statements of Strukton Groep nv. For a correct interpretation of Strukton Groep nv's company financial statements, please refer to Strukton Groep nv's consolidated annual financial statements.

01. Property, plant and equipment

	Land	Company buildings	Machines and installations	Total
As at 1 January 2018				
Cost	2,250	27,022	2,081	31,353
Cumulative depreciation	451	18,398	2,081	20,930
Carrying amount	**1,799**	**8,624**	**-**	**10,423**
2018				
Investments	-	-	-	-
Disposals	-	-	-	-
Depreciation and Amortisation	1	944	-	945
Other changes	-	-	-	-
Carrying amount 31 December 2018	**1,798**	**7,680**	**-**	**9,478**
As at 31 December 2018				
Cost	2,250	27,022	2,081	31,353
Cumulative depreciation	452	19,342	2,081	21,875
Carrying amount 31 December 2018	**1,798**	**7,680**	**-**	**9,478**

02. Financial non-current assets

	31-12-2018	31-12-2017
Associates in group companies	257,610	305,147
Non-consolidated associates	-	89
Receivables from group companies	82,459	81,088
Third-party receivables	3,202	3,265
Deferred tax receivables	30,830	31,987
	374,101	**421,576**
Investments in equity instruments	1,810	2,950
	375,911	**424,526**

An interest rate of 3.35% is charged on loans to group companies.

The change of financial non-current assets is as follows in 2018:

	Associates group companies	Not cons. of associates	Receivables group companies	Receivables from third parties	Deferred tax receivables	Investments in equity instruments	Total
As at 1 January 2018	**305,147**	**89**	**81,088**	**3,265**	**31,987**	**2,950**	**424,526**
Effect of changes to accounting principles	-	-	-	-	-	(1,140)	(1,140)
As at 1 January 2018 (revised)	**305,147**	**89**	**81,088**	**3,265**	**31,987**	**1,810**	**423,386**
Acquisition of subsidiaries	-	-	-	-	-	-	-
Extension	3,800	-	-	-	-	-	3,800
Disposal	-	-	-	-	-	-	-
Share in result	1,838	-	-	-	-	-	1,838
Dividends	(13,000)	-	-	-	-	-	(13,000)
Loans granted	-	-	65,111	-	-	-	65,111
Repayments	-	-	(63,740)	(63)	-	-	(63,803)
Depreciation	-	-	-	-	-	-	-
Other changes	(40,175)	(89)	-	-	1,157	-	(41,421)
As at 31 December 2018	**257,610**	**-**	**82,459**	**3,202**	**30,830**	**1,810**	**375,911**

The other movement in 2018 is mainly related to the implementation of IFRS 15.

03. Receivables

	31-12-2018	31-12-2017
Receivables from group companies	16,351	20,950
Tax and social security contributions	-	-
Other receivables and accrued income	914	1,319
	17,265	**22,269**

04. Cash and cash equivalents

These liquid assets are at the Company's free disposal.

05. Equity

	Issued and paid up capital	Share premium reserve	Translation reserve differences	Statutory reserve	Hedging reserve	Actuarial reserves	Retained profits	Undistributed earnings	Total Equity
Equity as per 1 January 2017	**2,269**	**39,000**	**1,018**	**7,513**	**(6,565)**	**(7,986)**	**161,859**	**10,812**	**207,920**
Appropriation of 2016 profit	-	-	-	-	-	-	10,812	(10,812)	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-
Result after taxes	-	-	-	-	-	-	-	23,186	23,186
Unrealised results	-	-	(1,446)	-	6,366	(5,053)	-	-	(133)
Total recognised income and expense for the reporting period	**-**	**-**	**(1,446)**	**-**	**6,366**	**(5,053)**	**-**	**23,186**	**23,053**
Change in statutory reserve	-	-	-	(1,335)	-	-	1,335	-	-
Share premium	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-
Reclassification to non-current liabilities	-	-	-	-	-	-	-	-	-
Equity as at 31 December 2017	**2,269**	**39,000**	**(428)**	**6,178**	**(199)**	**(13,039)**	**174,006**	**23,186**	**230,973**

	Issued and paid up capital	Share premium reserve	Translation reserve differences	Statutory reserve	Hedging reserve	Actuarial reserves	Retained profits	Undistributed earnings	Total Equity
Equity as per 1 January 2018	**2,269**	**39,000**	**(428)**	**6,178**	**(199)**	**(13,039)**	**174,006**	**23,186**	**230,973**
Effect of changes to accounting principles	-	-	-	-	-	-	(1,140)	(30,419)	(31,559)
Equity as per 1 January 2018 (revised)	**2,269**	**39,000**	**(428)**	**6,178**	**(199)**	**(13,039)**	**172,866**	**(7,233)**	**199,414**
Appropriation of 2017 profit	-	-	-	-	-	-	(7,233)	7,233	-
Deconsolidation	-	-	-	-	-	-	-	-	-
Result after taxes	-	-	-	-	-	-	-	(4,496)	(4,496)
Unrealised results	-	-	50	-	(1,585)	(2,615)	(1,186)	-	(5,336)
Total recognised income and expense for the reporting period	**-**	**-**	**50**	**-**	**(1,585)**	**(2,615)**	**(1,186)**	**(4,496)**	**(9,832)**
Change in statutory reserve	-	-	-	(1,335)	-	-	1,335	-	-
Share premium	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-
Reclassification to non-current liabilities	-	-	-	-	-	-	-	-	-
Equity as at 31 December 2018	**2,269**	**39,000**	**(378)**	**4,843**	**(1,784)**	**(15,654)**	**165,782**	**(4,496)**	**189,582**

The statutory reserve concerns profits and reserves of investments that are not at the Company's disposal for allocation. The remaining share capital is specified in the consolidated annual financial statements.

06. Provisions

	Carrying amount 01-01-2018	Effect of accounting policy changes	Carrying amount 01-01-2018 (revised)	Transfer	Withdrawal	Release	Other	Carrying amount 31-12-2018
Tax provisions	2,138	-	2,138	-	-	-	(827)	1,311
Other provisions	3	-	3	-	-	-	24	27
	2,141	**-**	**2,141**	**-**	**-**	**-**	(803)	1,338

07. Non-current liabilities

	31-12-2018	**31-12-2017**
Non-current loans	-	-
Debts to group companies	40,000	-
Financial derivatives	-	-
Other	-	-
	40,000	**-**

08. Current debts

	31-12-2018	**31-12-2017**
Debts to financial institutions	40,048	57,807
Trade payables	735	227
Debts to group companies	100,162	143,604
Tax and social security contributions	13,779	14,617
Other liabilities and deferrals	6,050	6,240
	160,774	**222,495**

09. Other results after tax

	2018	**2017**
Other results (after tax)	(6,334)	(4,603)

In 2018, the tax liability of the tax group amounts to EUR 0.2 million (2017: EUR 0.9 million liability). Furthermore, the Other results consist of finance income and expenses and overheads. Strukton Groep nv formed an independent tax group with most of its domestic subsidiaries in 2018. Strukton Groep nv does not charge proportionate corporate income tax to its individual subsidiaries.

10. Off-balance-sheet commitments and security provided

Strukton Group issued guarantees for loans closed by its operating companies and associates up to an amount of EUR 5.0 million (2017 closing balance: EUR 5.0 million). As at 31 December 2018, bankers had issued guarantees and letters of intent up to a total amount of EUR 328.7 million (year-end 2017: EUR 290.2 million). These guarantees mainly concern commitments pursuant to projects in progress and maintenance commitments relating to delivered work.

Remuneration Supervisory Board and Board of Directors members

For an overview of the remuneration of Supervisory Board and Board of Directors members, please refer to the consolidated annual financial statements.

Auditor's fees

As the financial information regarding the auditor's fee is included in Oranjewoud nv's annual financial statements, the Company decided against disclosure, pursuant to Article 2:382a, paragraph 3 of the Dutch Civil Code.

11. Dividend proposal

The proposal is for the General Meeting of Shareholders to refrain from paying out dividends and to deduct the full result from the general reserves (2017: result added to the general reserve).

12. Subsequent events

For events after balance sheet date, please refer to the consolidated annual financial statements.

Utrecht, 12 September 2019

Group Board of Directors:	The Supervisory Board members:
ir. G.P. Sanderink (chairman)	*ing. H.G.B. Spenkelink (voorzitter)*
ir. A. Schoots	*J.P.F. van Zeeland*
drs. E.A. Hermsen RA	

Other information

Statutory profit distribution

The provisions relating to profit appropriation are set out in Article 33 of the Articles of Association. The provisions set out that the result is at the disposal of the General Meeting of Shareholders.

13 Names and addresses

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14 Glossary

24Safe	*Strukton's safety policy is named 24Safe. Its mission is: Focusing on safety together*
CBG	*College ter Beoordeling van Geneesmiddelen. This is the Dutch Medicines Evaluation Board.*
Compliance	*Fulfilling the minimum requirements of the applicable legislation and regulations; observing or implementing the standards.*
D&c	*Design & Construct*
Dbmo	*Design, Build, Maintain & Operate*
Dbfmo	*Design, Build, Finance, Maintain & Operate*
EBIT (operating result)	*Earnings Before Interest and Tax*
EBITDA (operational result)	*Earnings Before Interest, Tax, Depreciation and Amortisation*
Ertms	*The train safety system developed by the European Union (European Rail Traffic Management System), with the aim of simplifying trains running between different countries without changing to different safety systems.*
Esco	*Energy service company, a company that guarantees certain energy savings for a building owner based on applying various measures, usually based on a performance contract.*
EUR	*Euros*
Invested equity	*Equity plus the loans made available and the balance of withdrawals from and deposits into current accounts.*
IF	*Injury Frequency index. The number of accidents involving absence from work divided by the number of working hours.*
IFRS	*International Financial Reporting Standards, the standard international accounting principles for preparing annual financial statements for all listed companies within the European Union.*
Lmra	*Last Minute Risico Analyse, a simple checklist applied before work can begin to ensure that all risks are under control and the necessary prevention measures have been taken.*
Order book	*Works awarded but not yet completed*
Pmb	*Polymer Modified Bitumen*
Pps	*Public-Private partnership*
Pps-concession project	*Public-Private Partnership concession project, where a government body awards a long-term contract to a private consortium for the design, realisation, financing, management and maintenance and often also facilities services for a project.*
PULSE	*Platform for predictive and risk-driven management and maintenance.*
RIVM	*Dutch Institute for Public Health and the Environment*
Social return	*Delivering a contribution to higher labour participation for people with distance to the labour market*
Solvabiliteit	*The ratio of equity to loan capital*
Strukton All Right	*The Strukton programme to make the employees aware of the importance of integrity*
SPC	*Special Purpose Company, a special purpose vehicle specifically incorporated for the management of a PPP project.*
Working capital	*Current assets excluding available cash and cash equivalents,minus non-interest bearing current liabilities.*

15 Colophon

Strukton Groep nv

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A printed copy of the Annual Report can be requested through the corporate communications department.

This is a translation of the formal financial statements, which were originally drafted in Dutch. The English language version of the financial statements has not been audited. The Dutch version, including audit opinion, is available at www.strukton.com/about-us.

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