Royal HaskoningDHV
Enhancing Society Together

Connecting intelligence to grow and create a sustainable future

Annual Report 2018

CONTENTS

INTRODUCTION

Welcome to our 2018 Annual Report. It describes how our clients are benefitting from our commitment to accelerate change and innovation and how we are delivering real impact for stakeholders.

As concern mounts over accelerating impact of climate change, scarcity of resources and the urgent need for energy transition, organisations are increasingly seeking holistic solutions that go beyond individual, stand-alone gestures. Our multi-disciplinary expertise and long-established commitment to Enhance Society Together make our business relevant and focused as we deliver distinctive new services and solutions to meet these challenging demands.

In 2018, we focused on driving growth by investing in our people, partnerships, innovation, digital ways of working, in our globally leading services and in new innovative services.

A good example is **BlueLabel®**, a powerful new tool providing detailed flood risk insight for governments, organisations and individuals to more effectively target measures to mitigate flood damage risks. We are benefitting from our focus on the energy transition, in areas from policy setting to the engineering and design of solutions. Our Nereda® water treatment technology is being embraced in China and we support our industrial clients across Africa and Asia in responding to consumer demand created by the growing middle class. Our footprint is truly global.

We continue to realise ground-breaking projects, like the opening of the world's longest sea bridge and tunnel combination, connecting Hong Kong to Macau. Our innovative tunnelling methods contributed to the success of Amsterdam's new metro, described as one of the most challenging infrastructure projects in Dutch history.

Inspiration and innovation has many sources. We were delighted to win an Innovative Engineering Award in Singapore for our engineering design of a land reclamation project. Our meticulously researched approach draws on a 400-year-old Dutch engineering method which requires much less sand and saves on upfront construction costs.

Just as inspiring are the advanced solutions we are delivering for clients through the digital transformation of our services. We are making connections between the digital and the physical world to deliver better solutions faster. Fundamental to all we have achieved is the enthusiasm and drive of our people within a culture of innovation and co-creation.

Just two years into our strategy and our progress is solid. Market trends are positive, we have clients who need us, we have the right processes in place and we have a great team. We look forward to making the most of 2019, continuing our mission to Enhance Society Together.

Erik Oostwegel
CEO Royal HaskoningDHV

SCOPE OF THE ANNUAL REPORT

Royal HaskoningDHV's Annual Report 2018 refers to activities across our global business between 1 January and 31 December 2018. It is based on financial and administrative documentation from the entire organisation. The Financial Statements have been prepared in accordance with Title 9, Book 2 of Netherlands Civil Code, audited by KPMG.

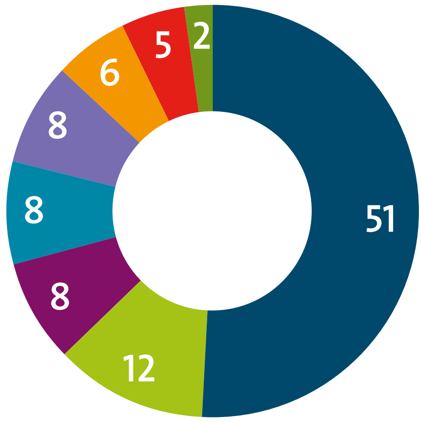
The sustainability reporting, as reflected in the chapters Key Figures and the Report of the Executive Board, is based on Global Reporting Initiative (GRI) Standards and the latest recommendations from the International Integrated Reporting Council.

KEY FIGURES

(€ MILLIONS, UNLESS STATED OTHERWISE)

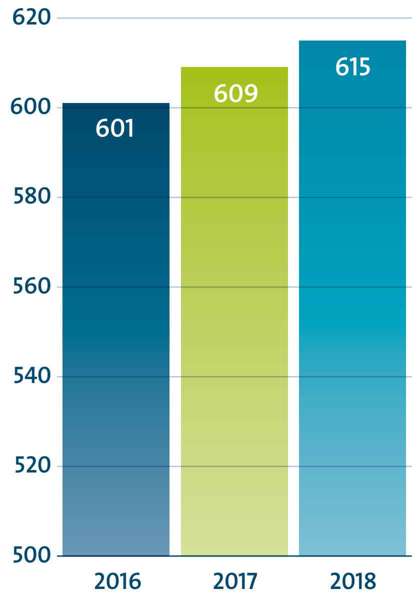
	2018	2017
Net turnover	**598.5**	**584.9**
Operating income	**614.8**	**608.6**
Added value	**477.7**	**479.0**
Results		
EBITA recurring	25.9	29.6
EBITA	22.6	24.9
Net result	12.7	12.8
Return on average shareholders' equity (%)	8.9	10.0
EBITA margin, recurring (%)	4.2	4.9
Earnings per share (€)	2.51	2.57
Balance Sheet		
Total assets	312.9	294.9
Shareholders' equity	149.6	134.2
Group equity	149.7	134.4
Group equity as percentage of total assets (%)	47.8	45.6
Financial Position		
Net working capital	14.0	18.0
Free cash flow	17.4	33.8

TURNOVER BY REGION %



Net turnover	Amounts invoiced to clients (excluding VAT), excluding invoiced in advance
Operating income	Net turnover adjusted for change in work in progress, including other operating income, excluding non-operational items
Added value	Operating income less cost of work subcontracted and other external expenses
EBITA recurring	EBITA excluding non-operational items
Non-operational items	Restructuring costs and other one-off items
EBITA margin	EBITA recurring / Operating income
Return on average shareholders' equity	Net result / Average shareholders' equity
Earnings per share	Net result / Number of ordinary shares issued
Net working capital	Current assets less current liabilities (excluding cash and cash equivalents less amounts owed to credit institutions)
Free cash flow	Cash flow from operating and investing activities

OPERATING INCOME (€ MILLION)



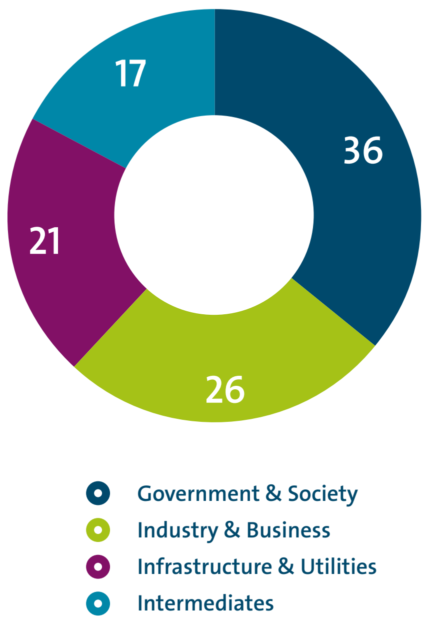
Operating income
615 € million

Shareholders' equity
150 € million

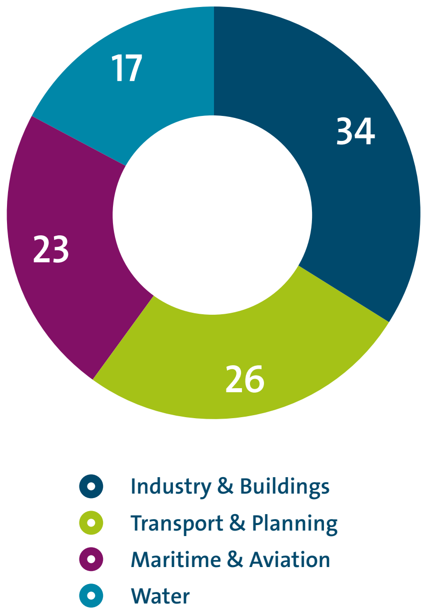
Average workforce
5,818

KEY FIGURES

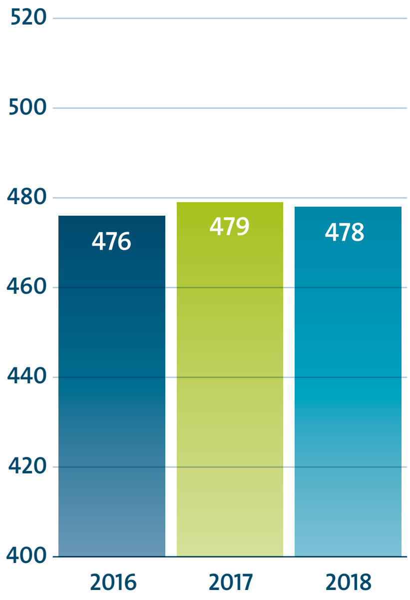
TURNOVER BY CLIENT GROUP %



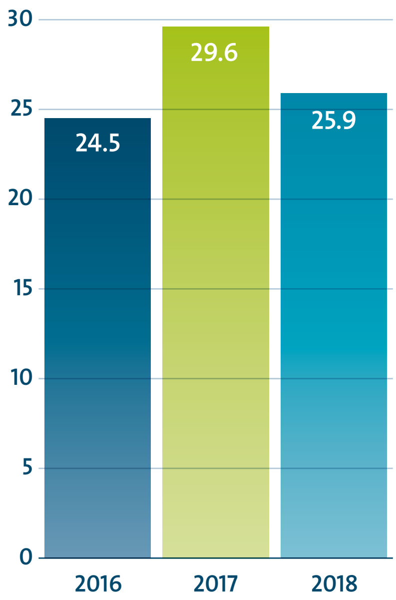
TURNOVER BY MARKET GROUP %



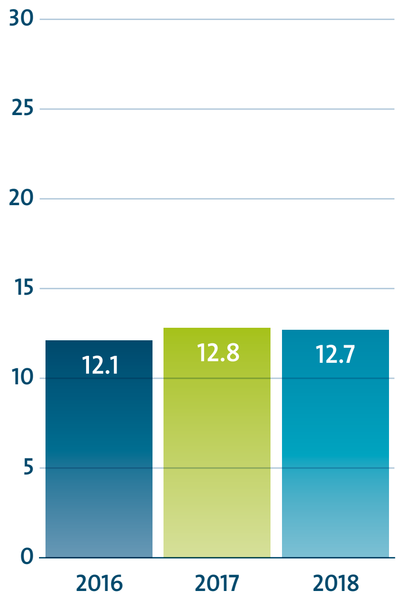
ADDED VALUE (€ MILLION)



EBITA RECURRING (€ MILLION)



NET RESULT (€ MILLION)



KEY FIGURES

ACCIDENTS & INCIDENTS

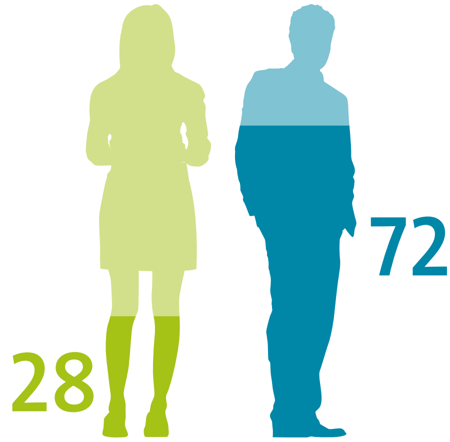
Lost time injuries
(per 200,000 workable hours)

2018:	0.07
2017:	0.23

Total recorded cases frequency
(per 200,000 workable hours)

2018:	1.92
2017:	2.84

STAFF GENDER PERCENTAGE



CARBON FOOTPRINT PER EMPLOYEE

CO_2 footprint
(tonnes CO_2 equivalent per employee)

2018:	2.72
2017:	3.10
2016:	3.28

-17.1%*

CO_2 footprint in office buildings
(tonnes CO_2 equivalent per employee)

2018:	0.29
2017:	0.39
2016:	0.56

-48.1%*

CO_2 footprint for business travel by car
(tonnes CO_2 equivalent per employee)

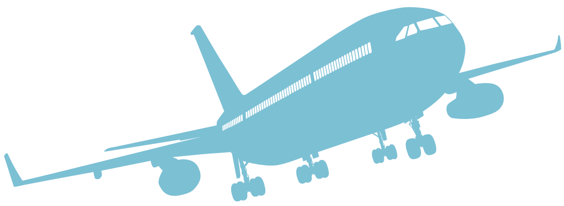
2018:	1.46
2017:	1.68
2016:	1.77

-17.6%*

CO_2 footprint for business travel by plane
(tonnes CO_2 equivalent per employee)

2018:	0.97
2017:	1.03
2016:	0.95

1.9%*



* Trend (to 2016)

OUR COMPANY

OUR COMPANY

Royal HaskoningDHV has been connecting people for more than 137 years. Together, through our expertise and passion, we strive to contribute to a better society and improve people's lives. As an independent international engineering and project management consultancy firm, our ambition is to operate a financially healthy business. We put our collective intelligence into action with clients and partners to positively impact people, our living environment and the economy.

We are commercially savvy engineers, project managers and consultants. We design smart cities, airports, ports and buildings. We reinvent industries through co-creation, for example clean energy and fresh water. We connect the digital world with the physical world using smart data and digitised information flows. We drive inclusive sustainable development with our clients in areas that we master and can actively influence. Our purpose is to Enhance Society Together.

Our 6,000 colleagues working from around 75 permanent offices in more than 30 countries on projects in over 140 countries are committed to our purpose. At any given moment we are working on projects in over 120 countries. As innovators, being smart with resources and digital technology, we challenge the status quo, ask questions, listen and unlock the power of individuals and partnerships.

OUR MARKETS AND GLOBALLY LEADING SERVICES

We deliver our engineering, project management, consultancy services and products in the markets described below. Within these markets, we offer a range of services recognised as being at the forefront of their field (highlighted in italics). Our aim is to maintain or obtain market leadership.

Aviation

NACO and InterVISTAS, full subsidiary companies of Royal HaskoningDHV, are world leading aviation consultancies. We provide independent industry services to airports, airlines, governments, investors and contractors. We are experts in airport consultancy, transportation economics, policy and regulatory advice, finance, master-planning, functional planning and design, building design and civil engineering. Our expertise in airport systems includes airport IT infrastructure and master planning, as well as passenger terminal IT, security and baggage handling systems. With our in-house knowledge centre, clients across the globe benefit from short communication lines and efficient project management.

Airports

As a global leader in airport development, we have shaped over 600 airports in more than 100 countries, with projects spanning major landmark designs to regional and domestic airports. Our clients benefit from our state-of-the-art approach to airport design, where digital engineering tooling, 3D modelling and BIM technology are used to gather and analyse vast quantities of data. This can be accessed and shared in real time to help our clients accurately understand, predict and direct passenger flows, improve their asset utilisation and deliver a better passenger experience.

Buildings

Users are at the heart of smart building design. Our solutions prioritise health, productivity and comfort, while achieving KPIs related to asset performance and management. Whether delivering an office, hospital, data centre, factory or school, we approach our clients' challenges strategically and holistically. We work in close partnership with our private and public sector customers to realise added value for their organisations. Our innovative solutions ensure the best use of space, materials and energy, while contributing to climate, business and user resilience.

Energy

One of the major challenges facing our clients is energy transition. In addressing this, our expertise in innovative energy solutions is invaluable and draws on over 30 years of experience in energy diversification consultancy ranging from strategy to implementation and the use of new technology. Whether the goal is to improve overall efficiency or develop leading-edge sustainable power supplies, we explore scenarios to identify and implement the best possible solution for our clients within existing and new assets. Our leadership ranges from large-scale wind and water infrastructure to single-source technology platforms that track and optimise energy use across a global portfolio.

Industry

Close partnerships with our food and beverage, pharmaceutical, oil and gas, chemical and automotive clients are delivering solutions that are transforming industry through innovation. Many of our industrial clients share a common objective: to produce high quality goods efficiently. We develop digital solutions that are predictive for maintenance and create adaptive environments for more reliable, sustainable, compliant and efficient operations. Our multidisciplinary support ranges from feasibility studies to full engineering, procurement and construction management services that enhance performance and minimise environmental impact for new sites and repurposed industrial assets.

Consumer goods

The voice of the consumer has never been stronger in our clients' decision-making process. Our Consumer Goods service for breweries, food and beverage and industrial, consumer and pharmaceutical goods supports manufacturers in proactively and effectively responding to changing consumer demands. Whether in existing or new sites, clients benefit from our practical knowledge and expertise for efficient production and increased flexibility. Together we develop high-performance, multi-purpose sites and place technology, automation, access and connectivity at the forefront of every project.

OUR COMPANY

Urban and Rural Development
Population growth and changes in society are bringing new challenges to both urban and rural areas. We assist our clients with economic and market research to create spatial master plans, and draw on our multi-disciplinary expertise to shape every aspect of urban design, including water management, infrastructure, utilities and transportation. Our robust, resilient solutions unlock the potential of rural areas, balancing economic growth and sustainability. Vital services include financial feasibility studies and environmental and social impact assessments. We develop plans to manage resources and improve ecologies, designing attractive living environments for the benefit of communities and stakeholders.

Infrastructure
Well-functioning infrastructure helps societies thrive and individuals prosper. Getting the infrastructure right extends benefits far beyond the functional. Smart planning, novel technologies and stakeholder management – together with our integrated engineering approaches – are achieving multiple goals and delivering wider societal benefit. Innovation is at the core of our business. From deploying the latest digital tools to designing cutting edge solutions for our roads, bridges and rail, to developing new innovative services such as **Flowtack** to optimise traffic flows, we're pushing the frontiers of infrastructure and mobility design to drive sustainability and enhance society – both now and in the future.

Tunnels and underground structures
Intensive road use is one cause of worsening traffic congestion but, in many cities, there is simply no space to build more roads. In today's busy cities and ports, tunnels and underground structures can make all the difference in connecting communities and boosting accessibility. Through our joint venture, TEC (Tunnel Engineering Consultants), we are the global leader in soft ground tunnelling. We have a strong track record demonstrating our expertise in immersed tunnels. Our integrated approach means we deliver for clients at every stage, from tunnel design and construction right through to risk management and safety analysis.

Maritime
We are a world leader in maritime port and infrastructure development and home to one of the largest groups of maritime consulting engineers in the world. We are involved in high-profile maritime projects from Europe to Australia, Asia to Latin America. We apply technology, connect minds across our global offices, consult with our specialist partners and work with our clients to develop smart solutions together. Our fully integrated, multidisciplinary approach means we can deliver all the expertise a project requires, from optimising existing terminals, creating new port facilities, relocating terminals or refurbishing facilities.

Smart ports, shipyards and terminals
Globally, ports and terminals are under pressure to become faster, more streamlined and more environmentally friendly. While economic uncertainty means new greenfield projects are limited, we see major opportunities for our clients to drive efficiency through digitalisation and automation and are applying smart solutions to improve efficiency, return on investment and sustainable performance for ports and shipyards. Our maritime experts understand the economic realities of ports and terminals and the need to work with the physical environment to create lasting solutions. We assist our clients in all phases of their maritime and transport projects: from trade and traffic forecasts, feasibility studies and first consents/permits, design and execution through to maintenance and business support. We are using new technology and data analytics to help clients optimise existing assets, and our smart ports meet the challenges of adopting sustainability initiatives while delivering more efficient operations.

Smart Water
Our clients operate in complex urban environments and seek smart water solutions to optimise their water management, from harnessing water as a resource in the water and waste water sector to building flood resilient cities. We provide smart and digital solutions that help our clients do just that.

Smart water in cities
Through our digital experience and expertise, we help clients with tailored technological solutions for water and waste water in cities. Our technology is the fruit of a network of experts within our company as well as with external partners who develop, design and implement smart, innovative solutions. Our solutions and software implementations are designed with a deep knowledge of water and its impact in urban areas. We work closely with operators in their decision making, performance management improvement and process optimisation.

Flood resilience in urban areas
Floods and extreme weather pose a threat to human life, critical infrastructure and business operations especially in complex supply and distribution chains and high-density urban environments. Our flood resilient solutions cover the whole spectrum from adaptation to prevention and include early warning systems using smart, interactive tools and analyses, and flood protection schemes to safeguard people and valuable assets. From assessment through to solution, we draw on a network of deep 'smarts' specialised in an understanding of the physics, social environment and stakeholders involved. We translate this into the real world with an eye on prevention of loss of lives, avoiding societal disruption and safeguarding economic growth.

OUR COMPANY

OUR STAKEHOLDERS AND HOW WE ENGAGE

Collaborations within and outside our organisation through networks and partnerships are central to the way we operate. By working together, we are smarter, stronger, faster and create more lasting positive impact on society. Our main stakeholders are:

Clients

Our clients are private companies (from major multinationals to small and medium-sized enterprises), government bodies (national, regional and local), international semi-governmental organisations, international finance institutes and not-for-profit organisations.

Our clients' overall satisfaction and Net Promoter Score (NPS) are two vitally important indicators of our performance as a company and are measured through client satisfaction surveys. Clients are invited to provide feedback via these surveys on the completion of a project. Our NPS in 2018 was +39, a clear improvement over 2017 (+34). The average overall client satisfaction score during 2018 was 8.32 (8.22 in 2017) on a scale from 1-10 and based on a response rate of 59%.

Comments from clients who scored us 10 on overall project satisfaction include:

NS Stations BV, Renewed entrances to one of world's largest bicycle parks at Utrecht Central Station (Netherlands): *"Unique performance: completed this project for NS Bicycle on schedule and within budget."*

North Ayrshire Council, Millport FPS Design Development (United Kingdom): *"The team of Royal HaskoningDHV delivering the Millport Coastal Flood Protection scheme design is providing an exceptional service. They provide a sound technical delivery with excellent stakeholder and project management with great attention to detail."*

Low E Co for rooftop Photovoltaic and brine/ice storage at various sites in the Wooster area (South Africa):
"The team at Royal HaskoningDHV has been incredible to work with. They are extremely professional, innovative (as was proven when we hit – and overcame - a major bump in the road) and accommodating to the inevitable changes in scope for dynamic projects such as ours. Their efficiency and commitment to the project has been an invaluable asset to our project."

Manila Goldcoast Development Corporation, Preliminary Design – Horizontal Development Works, Solar City Reclamation (Philippines):
"At the cutting edge of engineering technology and development paradigms, with the know-how to translate these visions into design drawings."

NL EVD International ORIO, ORIO submission Bijeljina (Bosnia and Herzegovina):
"We have nothing to add or subtract when it comes to drinking water and waste water because Royal HaskoningDHV and the Netherlands have already done everything for us."

Partners and associations

We continue to develop and extend partnerships and associations across our areas of expertise. The collaboration and co-creation resulting from these connections increases our collective ability to identify and accelerate innovation.

During 2018, we joined buildingSMART International to lead the development of global open BIM standards. The use of shareable asset information in creating civil infrastructure and buildings worldwide will help our industry to become more efficient and lead to improvements in costs, value and environmental performance. We have also joined the Smart Water Networks Forum (SWAN), the leading global hub for the smart water and waste water sectors. We are collaborating with colleagues in the industry to make complex water infrastructure more resilient through intelligent technology. Our focus on innovation and digital transformation creates a need for talent, particularly developers and data scientists, so we were pleased to sponsor the Dutch Open Hackathon. This saw developers gather to work on creative, smart solutions for everyday situations. We were also part of the jury organised by KIVI, the Royal Dutch Institute for Engineers, to judge the results. As a member of the 100 Resilient Cities (100RC) network and home of the Global Centre of Adaptation, the city of Rotterdam is a potential host for the next 100RC summit. We are assisting the city's chief resilience officer to bring the summit to Rotterdam in 2019. A related initiative is the Climate Campus, launched in May 2018. We are a board member of this venture which brings together more than 40 parties committed to making cities and deltas resilient to climate change. We continued our collaboration with the Green Village, accelerating innovation for a sustainable future. Besides working together on the development of the Co-Creation Centre, we investigated further collaborations in areas including digital twin developments and the hydrogen economy. Our partnership with tech start up incubator YES!Delft opens up an international network to start ups and has enabled teams from Royal HaskoningDHV to present and develop their early stage ideas. These partnerships are developing radical innovations and digital services to help solve the challenges of the future.

OUR COMPANY

In South Africa, we are partners with Orange Corners, contributing to the country's economic growth by creating an environment in which local entrepreneurship can thrive. Our Mobility Centre for Africa emerged from the need to plan for the disruptive forces shaping the transport industry. It brings together government, industry and academia to find lasting solutions to issues such as congestion, emissions and affordability.

In the United Kingdom, we enjoyed a fruitful partnership with the Institution of Civil Engineers' monthly magazine *New Civil Engineer*. Activities included hosting an exclusive round table debate to explore innovations around financing for infrastructure projects, building stakeholder and political support and how to deliver best whole life value at an early stage. We also took part in a forum for industry leaders to explore the latest developments that will shape infrastructure projects in 2019, which included our award-winning traffic management solution, Flowtack.

Shareholders

Koninklijke HaskoningDHV Groep B.V. has two shareholders: Stichting (Foundation) HaskoningDHV that holds all A-shares (representing at least 75.5% of the entire issued share capital) and Stichting Administratiekantoor (Trust Office) that holds all B-shares (representing 24.5% of the entire issued share capital at max) for which depositary receipts (certificates) have been issued which can be purchased by employees in various countries all over the world. Through these certificates, employees can share in the results of Royal HaskoningDHV. The certificate holders choose the board of the Trust Office HaskoningDHV.

The Board of the Foundation consists of five members. One has been appointed by (not out of) the Supervisory Board, the Executive Board and the Works Council. One member has been appointed by and out of the depositary receipts holders. The fifth member is the Board's chair and is an independent external individual appointed by the four other members.

The Board of the Trust Office manages the B-shares in Koninklijke HaskoningDHV Groep B.V. and issues and administers the depositary receipts for shares to eligible HaskoningDHV staff members. This board consists of three members and is appointed by and out of the depositary receipt holders.

Suppliers

We strive for lasting relationships with reliable partners and have high expectations from our suppliers. Suppliers may expect a clear, transparent and honest attitude from us and must comply with our Business Principles for our Partners and Suppliers.

Governments, NGOs and Knowledge Institutions

Royal HaskoningDHV has been a partner of the UN Global Compact (UNGC) since 2008. We support the 10 UNGC principles on human rights, labour, environment and anti-corruption (see also Integrity on page 19) and report our activities annually with our Communication on Progress (COP). We engage with various bodies of the Dutch Government to support the international trade and sustainability agenda, participating in trade missions, round tables and the like. Knowledge development is key to our business and we continuously engage with knowledge institutes on tackling challenges such as urbanisation, resource optimisation, technology disruption and water issues. Our employees have contacts with over 80 universities worldwide. We have selected: Delft University of Technology (Netherlands), Imperial College London (United Kingdom), University of Cape Town (South Africa) and Institute of Technology Bandung (Indonesia) for an intensified collaboration. By building a collaborative network, we can channel our expertise, arsenal of products and local knowledge to strengthen our reach in the global market and our positive impact on society.

Communities

We are committed to support the communities we work in. Our biggest positive impact is through our projects and we also seek to 'give back' through individual and corporate initiatives. Royal HaskoningDHV has funded solar panels for homes provided for underprivileged children by an NGO in Indonesia. The BrITE Foundation is a charitable fund set up and run by employees to create positive impact on the world. Employees donate a proportion of their salary to the fund for charity projects proposed by employees. During 2018, the Foundation made contributions to a project executed by students from TU Delft to provide safe drinking water for a tribe in Panama. It is helping fund a water purifier for a school in Kenya as part of a programme to bring clean and safe drinking water to schools in the country. In Ghana, it has helped with a project to drill a borehole and install a new water pump for a remote community. Further examples of our employees proactively supporting societies and people in need include our Saturday School programme in South Africa, raising money for educational initiatives, donating skills and expertise following natural disasters like flood or earthquakes, and participation in community improvement initiatives. See Adding value to local communities section (page 21) for more details.

Employees

We are eager to innovate and co-create through a networked organisation connecting the best and brightest people in the world. Our people are at the heart of this endeavour. Our international platform, Young Royal HaskoningDHV, enables our young professionals to get to know the organisation worldwide, to exchange ideas and to learn from each other. It aims to create cohesion by offering plenty of networking opportunities and contributes to the personal development of all young professionals. Through this and other initiatives, we are developing a culture in which every person in our company has the possibility to make a difference, where autonomy, ownership and empowerment are valued and promoted. We support curiosity: curiosity leads to innovation and innovation leads to impact. Most importantly, we are a team. There are always people around to provide support. Together we can overcome every challenge, whatever its size. (See also Our People on page 24).

OUR LEADERSHIP

Royal HaskoningDHV is organised globally across five Business Lines (four in 2018). As of 1 February 2019, the operations in Southern Africa are organised in a separate Business Line. Each Business Line Director has an integral responsibility and reports to the Executive Board, which is supervised by the Supervisory Board. The business is supported by Corporate Groups, which include Strategy & Operational Excellence, HRM, Finance & Control, Legal, Workplace Solutions, Innovation & Digital Services and Communications & Brand. Information about members of the team leading our company is available on our website (**here**).

EXECUTIVE BOARD AND EXECUTIVE COUNCIL

Standing from left to right:
Erik Oostwegel *CEO*,
Anke Mastenbroek *Business Line Director Water, Business Line Director Southern Africa from 1 February 2019*,
Craig Huntbatch *Business Line Director Maritime & Aviation*,
Niels Schallenberg *Director Strategy & Operational Excellence, Business Line Director Water from 1 February 2019*.
Sitting from left to right:
Marije Hulshof *Business Line Director Industry & Buildings*,
Meike Salvadó *Director Human Resource Management from 1 February 2019*,
Nynke Dalstra *CFO*,
Anton van der Sanden *Business Line Director Transport & Planning*.

REPORT OF THE SUPERVISORY BOARD

The Supervisory Board is pleased to present the 2018 Royal HaskoningDHV Annual Report including the Financial Statements, as prepared by the Executive Board. The company is committed to deliver responsible and sustainable solutions for clients in respect of cities, water, transport and industry. Staff in the company continues to be proud of delivering projects that matter to society and support the company's Strong22 strategy, which is well on track.

The Financial Statements were prepared by the Executive Board, audited by the external auditor KPMG and signed following consultation of the Supervisory Board. Given the 2018 result, we support the proposal of the Executive Board to pay a dividend of €1.26 per share. We recommend that the 2018 Financial Statements are adopted by the Annual General Meeting and the Executive Board is discharged from the liability for its management and the Supervisory Board for its supervision during the financial year 2018.

The company has a two-tier Board structure. The Supervisory Board advises and supervises the Executive Board of the company in setting and achieving the company's objectives, strategy and policies. The Supervisory Board is nominated by the shareholders and operates fully independently of the Executive Board. The Supervisory Board is guided by the interests of the company and shall take relevant interests of all the company's stakeholders into account. The Supervisory Board also has due regard for corporate social responsibility and culture issues that are relevant to the enterprise.

The Supervisory Board has two committees, an Audit Committee and a Remuneration and Appointment Committee, that prepare the decision-making process in the full Supervisory Board.

SUPERVISORY BOARD MEETINGS

The full Supervisory Board convened five times in 2018 in several office locations in The Netherlands and in South Africa. Two projects were visited in The Netherlands: Marker Wadden in the Markermeer and the VIIA project, related to the damage as a result of earthquakes in the Groningen province, in Loppersum.

This year the Supervisory Board visited South Africa for a week. Internal speakers informed the Supervisory Board about the projects being undertaken by the South African operating company. External speakers informed the Supervisory Board about more general and broader topics, such as the South African financial system and its economy. Various projects, such as the Granary Building project in Cape Town and the Cornubia Interchange project site in Umhlanga were visited. Also a visit was made to the giving back programme at the Kwa Bhekilanga School in Alexandra. This increased the Supervisory Board's knowledge and understanding of the company's agility to do business in such a demanding environment.

We are pleased to report that average attendance of our members was again high at 96%: Mrs. Paulussen-Hoogakker had to apologise for a meeting once.

In addition to the formal Supervisory Board meetings, various (informal) meetings between the Supervisory Board and the Executive Board took place. Almost every month there have been bilateral meetings between the chairs of the Supervisory and Executive Board. Members of the Supervisory Board participated in meetings with the Dutch Works Council. The Supervisory Board furthermore participated in two meetings where specialised knowledge of certain staff was shared with the Supervisory Board. One meeting concerned data analytics and digital services, as well as digitisation in general. The other meeting concerned an in-depth analysis of the performance of the Group on a detailed level.

The Supervisory Board advised on developments in the company and its strategy, a.o. about increased attention to culture and leadership. Project results, utilisation rates, sales, working capital and profitability were discussed in every meeting. Other main items on the agenda included compliance and integrity, investments and divestments, remuneration policy, talent development, strategy & digitisation, financial results, claims and risks, incidents and accidents and the annual plan.

The Supervisory Board held various discussions about succession planning for the Supervisory Board itself, the Executive Board and senior management.

The Supervisory Board is pleased to see continuous attention to the further improvement and reinforcement of project management within the company. This year again, this resulted in a steep improvement of project results.

AUDIT COMMITTEE MEETINGS

The Audit Committee is composed of two members Tjalling Tiemstra (chairman) and Jan Bout. They met on four occasions with management, internal audit and external audit. The committee also met with the external and internal auditors without the presence of management.

Topics on the agenda were the Financial Statements, the annual plan, cash management, return on capital employed, working capital, refinancing, compliance with bank covenants, tax policies, defined benefit pensions, risk management and developments in ICT and ICT security. In addition, the internal and external auditor's Audit Plan and audit report and the external auditor's management letter were discussed. The financial results and extended business analysis were on every meeting's agenda. The review of the external auditor resulted in a tender that was led by the Audit Committee. They recommended a new external auditor to the Supervisory Board. The Audit Committee is pleased to notice the important role the Internal Audit function plays within the company.

REMUNERATION AND APPOINTMENT COMMITTEE

Current members are Peter Blauwhoff (chairman), Joop van Oosten and Angelique Paulussen-Hoogakker. In 2018 the committee convened in scheduled meetings three times. Topics on the agenda were a.o. the functioning and remuneration of the Executive Board, where it was decided not to implement a long-term incentive scheme for the Executive Board.

The goals of the remuneration policy for members of the Executive Board are to align individual and company performance, strengthen long-term commitment to

REPORT OF THE SUPERVISORY BOARD

the company, and attract and retain the best executive management talent, whilst creating alignment with stakeholders. The policy aims to safeguard the company's performance and growth, as well as to position the company as an attractive employer.

This year, the Supervisory Board performed its self-evaluation without external support. Talent acquisition and employer branding were on the agenda. The Supervisory Board stayed in touch with the layer directly under the Executive Board, the Business Line Directors and Corporate Directors.

Special attention was given to a timely start of the search for a replacement of Jan Bout, who will leave the Supervisory Board as per the next Annual General Meeting in March 2019.

We further refer to the Remuneration Report on page 15.

PROFILE AND COMPOSITION OF THE SUPERVISORY BOARD

The Supervisory Board is properly constituted according to the Articles of Association and its members possess the desired competencies in accordance with the profile of the Board. The current Board consists of five members. A reappointment and resignation scheme has been agreed for the coming years. Background information on the Board is available on our website. In 2018 the composition of the Supervisory Board remained unchanged.

DIVERSITY

The Supervisory Board consists of one female and four male members, all of whom have the Dutch nationality.

As per 1 January 2018 the Executive Board consisted of two members: one female and one male; both having the Dutch nationality.

The Supervisory Board strives to achieve a balanced composition of both the Executive and the Supervisory Board in terms of gender in the future.

The Supervisory Board is pleased that 50% of the Executive Council is female.

CORPORATE GOVERNANCE

The Royal HaskoningDHV Corporate Governance Report and further information concerning the remuneration policy, the Code of Conduct, the SpeakUp Line and regulations for the Executive Board, Supervisory Board, Audit Committee and Remuneration and Appointment Committee are in line with the Corporate Governance Code and can be found on the company's website. The remuneration of the Executive Board is included in this Report of the Supervisory Board on page 16. The remuneration of the Supervisory Board is reported in the Financial Statements, which forms part of this Annual Report.

WORKS COUNCIL

Various delegations of the Supervisory Board met several times with the Dutch Works Council to discuss the general course of events of the company and the developments within the company in an open and constructive dialogue. The quality and outcome of these meetings are highly appreciated by the Supervisory Board.

IN CLOSING

In 2018 the Executive Council consisted of the Executive Board, the Business Line Directors, the Corporate Director Operational Excellence and Strategy and the Corporate Director HR. The Executive Council convenes with the remaining Corporate Directors several times per year in the Extended Executive Council to discuss company-wide topics. Individual Corporate Directors are also regularly invited to these Executive Council meetings depending on the subjects on the agenda. The Supervisory Board believes that in 2018 the composition of the (Extended) Executive Council has proven to be a good management model to lead our company.

The Supervisory Board is positive about the future of Royal HaskoningDHV. We thank the clients for their continued trust in the company and all staff members for their commitment and loyalty in the past year and are confident that with the strategic programme Strong22, the company can continue its journey to a sustainable financial performance.

Amersfoort, Netherlands
March 15, 2019

SUPERVISORY BOARD

J.A.P. van Oosten (Chairman)

P.M.M. Blauwhoff

J. Bout

A.M. Paulussen-Hoogakker

J.S.T. Tiemstra

REPORT OF THE SUPERVISORY BOARD

REMUNERATION REPORT

Adoption of Remuneration policy

The Supervisory Board has developed the remuneration policy for the Executive Board of Royal HaskoningDHV on the basis of a proposal of the Remuneration Committee. The remuneration policy was adopted by the General Meeting of Shareholders.

Remuneration principles

The current remuneration of the Executive Board is based on a comparative study done in 2016 by an independent firm of terms and conditions of employment in the executive remuneration market for peer companies, i.e. companies operating in a grossly comparable market with a roughly similar risk profile and size as Royal HaskoningDHV. The policy is designed to be able to attract, reward, incentivise and retain qualified and expert individuals that the company needs to achieve its strategic objectives.

The Supervisory Board periodically evaluates the remuneration package on the basis of information supplied by external remuneration experts to verify that it is in line with the company's objectives and the market.

The remuneration policy provides for a fixed component and a variable component.

The variable component is based on the performance of the company, whereby this variable component is challenging, but not excessive. Furthermore, the ratio between the total remuneration of the Executive Board relative to the average remuneration in the company was taken into consideration.

Fixed remuneration component

The Supervisory Board of Royal HaskoningDHV aims to offer its Executive Board a fixed remuneration component targeted at approximately Q1 level of the general Dutch market and at the median of the direct (mostly Dutch and some EU) peer group.

Variable remuneration component

The Supervisory Board determines the variable remuneration component for the members of the Executive Board on the basis of their performance and the company's results as compared to the agreed performance criteria.

The variable remuneration for the Executive Board is intended to drive the pursuit of Royal HaskoningDHV's short and longterm objectives and is appropriate in relation to both the fixed remuneration and the peer group. The maximum annual variable remuneration component amounts to 40% of the gross fixed remuneration if targets set are widely exceeded, whereas an on-target performance will result in 28-30% variable remuneration.

The criteria for the variable remuneration comprise both financial (max. 26%) and non-financial (max. 14%) performance elements to balance short-term operational performance with the long-term objectives and stakeholders' interests. The detailed criteria are not disclosed because of competitive and market intelligence reasons.

The criteria are agreed annually between the Supervisory Board and the Executive Board at the start of the relevant financial year. The variable income is, in principle, payable in depositary receipts.

The Supervisory Board has verified and is comfortable with the potential pay-out of the variable remuneration component for various scenarios as prescribed by the Netherlands Corporate Governance Code.

Pensions and risk premium

Pursuant to the policy applicable to all staff members in the Netherlands, the company contributes to the cost of the old-age pension and the premium for partner pension and disability. Equally, the members of the Executive Board are compensated for the reduction of the maximum pension accrual pursuant to the Reduction of Maximum Pension Accrual and Contribution Rates and Maximum Pensionable Income Act (Wet verlaging maximumopbouw- en premiepercentages pensioen en maximering pensioengevend inkomen) (Witteveen Framework 2015).

Severance pay

In the event of termination of the employment contract on Royal HaskoningDHV's initiative, a member of the Executive Board is entitled to a severance payment of one year's gross fixed annual remuneration. There is no right to the severance payment if the contract is being terminated due to urgent cause or serious culpability.

Sundry

Royal HaskoningDHV offers the members of its Executive Board a package of secondary employment benefits in accordance with those offered to other staff. The benefit package includes disability insurance, a company car and a Director's Liability insurance. The Company does not issue loans, advance payments or guarantees to the members of its Executive Board.

No other exceptional remuneration was paid to the members of the Executive Board in 2018.

The ratio of the combined remuneration of the Executive Board relative to the average of the Royal HaskoningDHV Netherlands staff for 2018 is 7.6 (2017: 7.4), with the CEO at 9.0 and the CFO at 6.3.

The Remuneration Committee of the Supervisory Board has taken note of individual Executive Board members' views with regard to the amount and structure of their respective remuneration packages. The Remuneration Committee has been informed about the remuneration packages for Business Line Directors and Corporate Directors and is confident that remuneration across the top management structure of the company is consistent.

REPORT OF THE SUPERVISORY BOARD

REMUNERATION 2018

Fixed income component

The Supervisory Board has decided, within the remuneration policy adopted by the General Meeting of Shareholders that the fixed remuneration of the Executive Board members has increased as from 1 April 2018 by 2.0%.

Variable income component

The maximum variable income continues to amount to 40% of the fixed annual income. The variable criteria for 2018 have slightly changed from the 2017 ones.

Current and former managing directors	Base salary	Social premiums/ other allowances	Variable	Pensions	2018	2017
E. Oostwegel (CEO)	482	93	157	16	748	717
N.G. Dalstra (CFO)	335	61	109	16	521	501
Total					**1,269**	**1,218**

REPORT OF THE SUPERVISORY BOARD

SUPERVISORY BOARD

From left to right:
Jan Bout,
Peter Blauwhoff,
Angelique Paulussen-Hoogakker,
Tjalling Tiemstra,
Joop van Oosten *Chairman of the Supervisory Board*.

REPORT OF THE EXECUTIVE BOARD

OUR STRATEGY

In 2018 we made progress driving forward our strategy, Strong22. We have invested in growth, innovations and digital ways of working, inspired our people and created energy and focus. We remain committed to growth within our four global base countries (the Netherlands, South Africa, United Kingdom and Indonesia), in our globally leading services, and in new innovative services. Our strategy, like everything we do, is led by our vision, to Enhance Society Together.

Growing our leading services

Our innovative technology and products contributed to growth across our leading services in 2018. In our Water business line for example, demand continues to increase for state-of-the-art solutions such as Nereda® for waste water treatment. Further examples are: Aquasuite® for complex water and waste water infrastructure management through an AI-powered analytics and autopilot and Ephyra® for advanced sludge digestion optimisation. Our Flash® flood forecasting tool is an easy to use and fully cloud based flood warning information service for all levels of government, local residents and businesses to increase resilience and minimise the impact of flooding of critical assets.

The ability of our Transport and Planning business line to make the apparently impossible become a reality was underlined in 2018 with the opening of two landmark projects. The Hong Kong Zhuhai Macau Bridge Link incorporates one of the largest and deepest immersed tunnels in the world within the world's longest sea bridge and slashes travel times between Hong Kong and Macau from three hours to just 30 minutes. In the Netherlands, a new underground metro line beneath the city of Amsterdam is widely regarded as one of the most challenging infrastructure projects in Dutch history. It was realised by applying radically innovative tunnelling methods to suit the city's unique circumstances. Our smart digital traffic management system, Flowtack, has been implemented in the Dutch municipality of Deventer, providing a showcase for urban authorities everywhere who are seeking to optimally manage ever-rising traffic. Our involvement with Amsterdam's Schiphol Airport's programme to accommodate further growth in passenger numbers includes responsibility for landside reconstruction to increase parking and road capacity for the new terminal.

Another major airport redevelopment project under way is the expansion of the terminal at **Aruba International Airport** by our Maritime and Aviation business. Having achieved the original LEED Silver ambition early in the project, our client has raised ambitions beyond initial expectations to achieve LEED Gold. The project also illustrates the benefits delivered by our new tools and working methods. The use of BIM has allowed our client and stakeholders to be more deeply involved in the design process from an early stage. Communication using an app on personal handheld devices has further encouraged full participation and an inclusive design process from client and shareholders alike. They have been guided through virtual representations of their new facilities, which proves invaluable for detecting and resolving issues. Our work with the **Tanzanian Ports Authority** is helping to improve the climate resilience and environmental performance of its ports. We developed a Green Port Policy stipulating how the Authority can minimise or mitigate the negative impact of climate change, reduce environment risks in its operations and enhance environmental opportunities. The policy and implementation plan enables the Authority to move towards ISO 14001 accreditation.

In Industry and Buildings, our **Business Case Consultancy** enables clients to optimise their investment decisions. Our Fast Moving Consumer Goods (FMCG) customers for example use these services to approach their global portfolios strategically and maximise the value gained from their expenditure. In 2018 we delivered a feasibility study for a European textile multinational which investigated the investment opportunity to combine three factories into a single operation and reduce operating costs. In West Africa, we provided support for a baby formula factory seeking to enter new markets. Our business consultancy service enables us to use our expertise to benefit clients earlier in the decision making process, and provide insight into the best possible solution together with realistic financial assessments.

New innovative services launched

We are leveraging the power of data analytics to deliver digital services and innovative solutions in response to our clients' changing needs. Connecting the digital with the physical world allows for better and faster solutions. In addition, by combining data science with domain knowledge, we are digitising key processes to allow more time for creativity and insights to benefit society.

In 2018, our launches included BlueLabel® and Assessi. **BlueLabel®** is a digital service which provides insight into the risk of rain-induced flooding to the detail of individual properties and infrastructure. It therefore enables quantified decisions around capital expenditure for flood resilience. Assessi also optimises decision making, this time in relation to building and managing large industrial assets. It helps clients understand relationships between the human factor, protocols, and physical assets to remove hidden bias from decisions.

To accelerate the development of our innovative capability and secure our Strong22 ambitions, we appointed a Corporate Director for Innovation and Digital Services. In addition, all business lines now have innovation and digital leaders, working jointly to create maximum synergy and speed to market.

We are developing innovative services in co-creation with clients and, to give space to these efforts, we have opened **Area22**. Centrally located in our Amersfoort headquarters, Area22 is available to all teams and clients as a space for experimentation and exploration. Here we regularly organise innovation boot camps and sprints focusing on customer-centric creation and new business models. Many initiatives have already emerged from co-creation sessions.

Strategic investments in data expertise

During 2018, we not only invested in innovation within our company, but also made a number of strategic acquisitions. We took a minority shareholding in data intelligence lab **HAL24K** which offers data intelligent solutions in the fields of traffic, water assets and logistics. Using its real-time data analytic power, we can co-create solutions that enable our clients to optimise their operations and processes, improving the experience for their end users.

REPORT OF THE EXECUTIVE BOARD

We also acquired data science company **Ynformed**. Its experts in artificial intelligence, machine learning and data modelling help organisations use data to innovate and perform better. Already the combination of our domain knowledge and Ynformed's data science expertise has proved successful. Together, we won the Big Data Challenge for Climate Adaptive Water Management issued by the Dutch Water Authorities with our model **HydroTwin**; our solution for data driven water management. This is a digital, self-learning replica of a physical water system which provides more accurate forecasts of the impact of heavy rainfall and enables predictive maintenance.

Our acquisition of the rail unit of **Verebus Engineering** (part of the TÜV Nord Group) strengthens our capabilities for delivering major integrated projects in the Dutch railway market.

Digital transformation of our ways of working

We further implemented Building Information Management (BIM) and a Common Data Environment in 2018 as part of our commitment to digital ways of working. Across our Business Lines, the use of digital tools is enabling our engineers to develop new solutions which add value for our customers. Parametric design for example is a responsive, configurable process which enables changes to be accommodated quickly and easily and leads to optimised solutions. The use of simulations, advanced analytics and new communication tools are similarly improving the process and realisation of our projects for the benefit of clients and stakeholders. Committed to remain at the forefront of digital engineering, we are developing applications to allow engineering consultants and relevant stakeholders to truly interact with digital technologies. Our new Digital Studio builds on our HoloLens Showcases which take inspiration from the gaming industry to bring projects to life.

We recognise the important role for colleagues in making our digital transformation happen. It is accompanied by a need for new hard and soft skills, including adaptability, creativity and agility, and new approaches to learning. To support colleagues, we launched the Digital Academy: a learning community with a strong focus on BIM, digital engineering, data science and analytics, software development, paramedic and generative design, programming, interoperability and Scrum.

We were pleased to note that these activities, together with our focus on encouraging all our colleagues to generate and develop ideas, have contributed to increased employee engagement during 2018.

Quality Management

Our global Integrated Management System ensures all employees follow common working practices. In 2018, the system was aligned with international BIM standards to support and guide digital ways of working. The management system is based on and certified against globally-accepted international standards (ISO 9001, ISO 14001 and OHSAS 18001) and also covers integrity, business continuity, knowledge management, information security and our business principles.

To confirm ongoing compliance with these standards, internal and external QHSE audits were organised and executed in 2018. Corporate QHSE conducted internal audits in all our Business Lines and offices, while DNV GL conducted external audits in the following countries: Australia, Czechia, India, Indonesia, Netherlands, Poland, Philippines, South Africa, Thailand, Turkey, UAE, United Kingdom and Vietnam. As a result of the QHSE audits, our ISO 9001:2015 (quality), ISO 14001:2015 (environment) and OHSAS 18001: 2007 (health and safety) certificates are continued and remain valid until September 2019.

Integrity highlights

Royal HaskoningDHV strives for zero tolerance towards bribery and corruption. We aim to meet and surpass standards for international best practices in anti-corruption compliance and business ethics. Our integrity policy is embedded throughout the company and we have held the **ETHIC Intelligence Anti-Corruption Certificate** since 2010, the only company in the engineering consultancy industry with this certification. In 2018, ETHIC Intelligence monitored our Integrity Management System which is robust and ensures compliant behaviour in our daily business.

There were no major integrity incidents during 2018 but reports of 98 issues and concerns were made. This number is higher than in 2017 (80). We experienced increased transparency, awareness and openness across our business in all regions. Characteristics of the reports included: unwelcome workplace behaviour; financial inaccuracies; a substantial number of concerns about working in controversial countries and involvement in publicly disputed projects (for example placement of windmills, working on military projects). All issues were investigated, discussed when appropriate and concerns addressed to mitigate risks. Several requests for advice were received about potential controversies, perceived conflicts of interest and third party due diligence.

Five employees were sanctioned for violating our Business Principles. There were no allegations against the company or its management for bribery and corruption, nor investigations on this by any authority in 2018.

We maintained a strong focus on learning and awareness during 2018. Most employees participated in Integrity and Compliance e-learnings and the interactive Integrity Moment in our meetings. All newly hired staff took part in Royal Start Integrity and Compliance training. In addition, we delivered specific business ethics risk training for our project management.

Our activities reflect the trend for integrity to be closely integrated with sustainable business, increased enforcement and accountability for a clean supply chain. In our tenders and offers, we actively show our commitment to the principles of the UN Global Compact which are integrated in our **Global Code of Business Principles**. Suppliers and sub-contractors in Vietnam and the Netherlands are invited to e-learning on integrity and compliance in our projects.

In 2019, we will further enforce our responsibility for a clean supply chain. For this, the e-learning Business Principles for Partners and Suppliers will be rolled out to all sub-contractors in all countries worldwide. Furthermore, we are investing in Third Party Due Diligence which will be integrated in our project management process and supplier selection process.

REPORT OF THE EXECUTIVE BOARD

Sustainable Management

Population growth is creating challenges in every area of human activity, from food to accommodation, transport to resources. The focus of our services, and our ambition, mean we engage with these challenges in every project we undertake. Enhancing Society Together is integral to the way in which we unlock our full potential.

Key to our strategy is the desire to focus our impact in areas that we master and actively influence and, through that impact, contribute to specific UN Sustainable Development Goals (SDGs). This is because the SDGs address the world's most pressing issues and explicitly call on businesses to contribute with other stakeholders, which is exactly what we mean by Enhancing Society Together. We will continue to look at available SDG measurement methods. In the interim, we create a practical framework for ourselves to measure and communicate our progress during 2019. In doing so, we monitor updates on the global CS/SDG measurement framework created by GRI and UN SDG. To follow our progress, including examples, see our **CSR update 2018** on our website.

Adding value through our projects

Our biggest contribution to inclusive sustainable development comes from integrating new ideas, innovations, technology and sustainability into our projects. Our focus is on where we can actually make a difference, connecting products and services key to Strong22 to SDGs where we have scalable solutions which create impact. Together with our clients and partners we aim to contribute to the following SDGs:

In 2018, our leadership in flood risk management (SDG 13: Climate Action) was underlined with an award for Excellence in Climate Resilience for the Moray Flood Alleviation project in Scotland. The project, which took 17 years to complete, provides a return on investment of 74% for the client and protects 40,000 people and 3,000 homes across four communities. BlueLabel® (described on page 18), which provides insight for improving flood resilience in vulnerable areas, is a good example of our contribution to SDG 11: Sustainable Cities and Communities.

Contributing through our operations

Our own operations form the second area of our impact and these activities are also mainly linked to relevant SDGs:

SDG 8 promotes decent work for all. To support this goal, we require that a percentage of personnel hours in outsourced service contracts (such as garden maintenance, cleaning and catering) are undertaken by people who are habitually excluded from the labour market due to low educational achievement, language barriers or other occupational disabilities. This helps to address the serious social issue of unemployment among such individuals.

A key area in which we are taking action to combat climate change (SDG 13) is in sustainable mobility. We can improve our ecological footprint in multiple ways. The first is to reduce travel by providing a virtual working environment to allow employees to work and collaborate independently from a physical location. The second is we continue to encourage our employees to use public transport. And the third is for colleagues to travel in a more sustainable way causing less emissions/km. We have increased our electric car fleet by 275% compared to 2017 (33 in 2017 to 124 in 2018), and are offering our employees the use of company ebikes. In addition, within two years our entire lease fleet in the Netherlands will be 100% electric.

Our Global Code of Business Principles

As an international organisation, we operate in a variety of cultural, social and business environments. Within all these, we conduct our business according to a universal set of principles, as we believe that society can only be served when all stakeholders act ethically and adhere to the 10 principles of the UN Global Compact. These principles are embedded in our daily business through our Code of Business Principles (see our Integrity section page 19). This is the way we can create inclusive sustainable development and contribute to SDG 8 (Good Jobs and Economic Growth).

Equality, diversity and inclusion

We are committed to equal opportunities and are proud of our increasingly diverse workforce. This diversity and a culture focused on inclusion offers economic and social added value for our business. We are encouraging more women into engineering through various initiatives, including recruitment campaigns, career encouragement and greater flexibility following parental leave. We also implemented an Equality, Diversity and Inclusion policy in the United Kingdom.

In the Netherlands, we have defined new diversity and inclusion goals and started several initiatives to achieve this. Details can be found in the **CSR update** on our website.

We retained our Level 1 Broad-Based Black Economic Empowerment (B-BBEE) accreditation in 2018, having been one of the first engineering consultancies in South Africa to achieve this level. It reflects our long commitment to developing and upskilling emerging consulting enterprises as well as our own employees.

REPORT OF THE EXECUTIVE BOARD

Adding value to local communities

We strive to add value to local communities through contributing to quality education (SDG 4) in the areas of engineering, technology and innovation. As a company, we can only grow and drive innovative sustainable development if people grow. For example, in South Africa, colleagues give their time to teach in our thriving Saturday School programme to improve the marks of underprivileged scholars in mathematics, science and engineering, graphics and design. The programme, which has benefitted more than 1,400 learners to date, improves their opportunity to gain a university place in a technical subject.

We also support colleagues in their own community endeavours that align with our values. In 2018, we sponsored a colleague who rowed the English Channel to raise funds for a watersports charity, the AHOY Centre, which runs courses for disabled and disadvantaged young people. His efforts will support an apprenticeship at the centre. Several apprentices have gone on to work for our client, the Port of London Authority. Two of our structural engineers responded to a call for help following the massive earthquake which struck Lombok, Indonesia in the summer of 2018. They travelled to the island to assist the charity Peduli Anak whose housing facilities for street children had been severely damaged. The Waka Waka sustainable solar lamp was not only our end of year gift for employees in 2018, we also donated over 3,000 of these lights to the communities in need on the earthquake struck island of Sulawesi, Indonesia. The solar lamp can be used when there is no power supply available providing a family with light. This way we enhance society together and stimulate the use of climate friendly solar energy.

We are assisting a new initiative launched in Groningen to improve the vitality of the area called 'Gro Together'. The initiative was launched with an exercise to listen to the hopes and concerns of the inhabitants of the province in order to identify the society's needs. At the launch, around 200 people visited us in the city centre, sharing more than 300 thoughts and suggestions.

Our partnerships

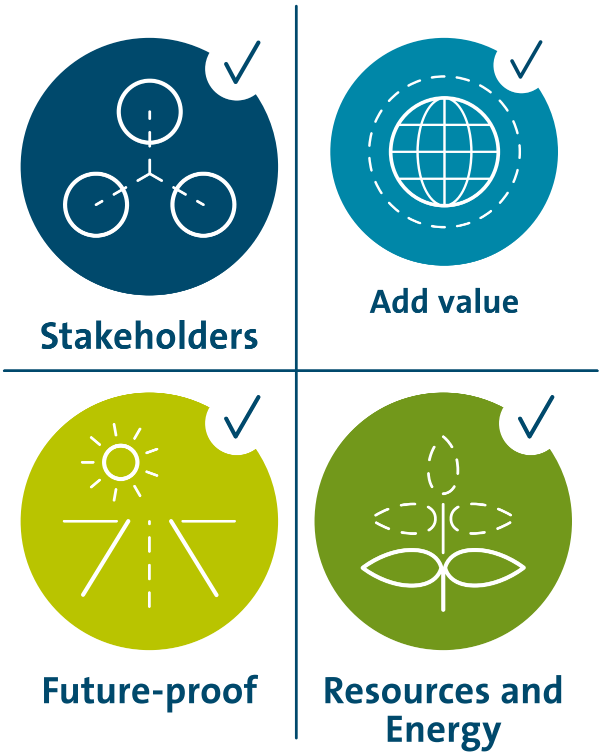
Our partnership (SDG 17) strategy focuses on influencing policy frameworks and cross-industry transformation, such as the Transition Coalition and the Energy Transition agenda in the Netherlands. We have also developed a new partnership initiative aligned to our strategic focus on innovation and digital transformation. This is the Living Lab which connects our building knowledge with technological innovations from start-ups. During the year, it was used by Office App, Lone Rooftop, Octo, Hello Energy and Nuuka as we worked together on innovations to make work environments smarter, healthier and more sustainable. We are also using the Living Lab to test new smart solutions for work environments in co-creation with clients.

Having signed the Green Deal on sustainable infrastructure in 2017, we have now updated our annual plan. In all Dutch infrastructure projects in which we play a consulting role, we apply our 4 Questions.

Making our contribution relevant and actionable

To embed Enhancing Society Together and our contribution to the SDGs in our daily practice, we use **4 Questions**. These questions guide our conversations to determine our added value for society, whether it is in our own operations or through our projects:

1. Does the output meet the requirements of most stakeholders involved?
2. Does the output serve added value for the client and society as a whole?
3. Is the result lasting, thus is it future proof?
4. Can we meet the client's demand while minimising the use of natural resources and energy?



During 2018, these 4 Questions were actively used in 76% of our projects. A good example is a railway crossing we designed in a nature reserve near Eindhoven in the Netherlands. We applied **DuboCalc**, a software tool which calculates sustainability and environmental design variants enabling us to consider various sustainable measures in the design stage. The result is a lasting solution embedded in the natural environment, which minimised the use of energy and natural resources. It meets the requirements of our client, the railway organisation, and the nature reserve which was one of the most important stakeholders.

JOIN US TO MAKE A DIFFERENCE AND CREATE A SUSTAINABLE FUTURE

Want to enrich your knowledge and connect globally with other ambitious and intelligent people?

Ambitious. Exciting. Lively. Collaborative. Dynamic. That's how our colleagues describe our company. Every person is a source of inspiration, every person in our company has the possibility to make a difference, from designing new business models to creating scalable solutions that solve the world's most pressing issues.

Want to be part of an open network where you're connected with the brightest and smartest people and technologies?

Join us! Check out our vacancies and let the world benefit from your talent.

royalhaskoningdhv.com/careers

ACHIEVING OUR OBJECTIVES

ACHIEVING OUR OBJECTIVES

FINANCIAL PERFORMANCE 2018

We are satisfied with the financial results of 2018 which show an organic revenue growth of 3%. The operating margin decreased to 4.2% (2017: 4.9%), while the order portfolio declined to €306 million (2017: €341 million) in 2018. Net result marginally decreased to €12.7 million (2017: €12.8 million).

Our operational result (EBITA recurring) ended at €25.9 million (2017: €29.6 million), which included significant operational expenditures in relation to our strategy Strong22. The Business Lines Industry & Buildings and Water improved their margin while Transport & Planning and Maritime & Aviation showed a decline. Difficulties faced by our businesses in South Africa, the Middle East and in a number of other countries had a negative impact on the result. Excluding subcontractors, organic added value growth was small (+1%) compared to 2017.

Our focus on project management delivered the required effect and significantly reduced the cost of failure. The decrease in workload was mainly caused by lower sales especially within Industry & Buildings. This in turn impacted utilisation which registered a small decline compared to last year. The digital transformation of both our engineering as well as our service delivery, required substantial time and efforts of many employees, which has impacted the operational result.

In order to achieve our Strong22 ambition, we undertook a number of investments. We bought data science company Ynformed, acquired a minority stake in data intelligence company HAL24K and took over the rail activities of Verebus.

The mixed results have been converted into a positive free cash flow in 2018 of €17.4 million (2017: €33.8 million). Trade working capital (work in progress, trade debtors and trade payables) increased during the first half of the year but thereafter decreased and was below the 2017 level for nearly the full year. The days sales outstanding (DSO) decreased to 86 days at the end of 2018 (2017: 88 days). Our financial position remains healthy, with an equity ratio of 48% (2017: 46%) and a net cash position at the end of the year. We operate well within our bank covenants.

OUR PEOPLE

Targeting our Strong22 ambitions

We are a people organisation bringing together skill, passion, creativity and entrepreneurship to serve our clients and build a stronger company that remains relevant. This is particularly true as we drive forward our Strong22 ambitions encompassing growth, operational excellence, employee engagement, accelerating digital ways of working and enhancing society together. Our ability to deliver on these ambitions relies on every colleague's contribution to targets, from client satisfaction to organic revenue growth, from the use of digital tools to the reduction in negative project results. During 2018 colleagues contributed to a range of Strong22 initiatives, demonstrating the expertise, mindset, working methods and behaviour that define our culture.

Make changes in mindset, behaviour and leadership happen

During 2018, we worked with line managers to develop the right context in which colleagues can take responsibility for delivering on our ambitions. In addition, we defined the changes desired in our people transformation process. To do so, we aligned aspects of behaviour with each of our strategic priorities, looking at where we wanted to move *from* and *to*.

Throughout 2018, we held sessions with line managers on aspects to develop the desired changes in mindset, behaviour and leadership. More than 150 of our company's leaders joined our 'Link & Learn' event on the topic of embracing data and digital – discussing our next steps to bring professionalism, client experience and efficiency to a higher level. In addition, we have appointed 25 culture champions through a training and upskilling programme to facilitate the process. Our culture champions have started working with line managers and teams on culture and leadership topics.

Measurement, pulse checks and enthusiasm

A satisfaction score of 85% in our Q2 2018 pulse check indicates that our employees are more satisfied with their jobs. This is a significant improvement on the score of 71% recorded in the initial employee engagement survey conducted during the same period in 2016. Employees have expressed that they feel encouraged to come up with new ideas, to make decisions and, importantly, that they have trust in their immediate line manager. However, there is still more work to be done in improving the connection between employees' personal contribution to Strong22, the employee-client orientation and entrepreneurship.

HEALTH & SAFETY

We commit to the highest standards of health & safety. Our vision and policies are part of our Management System and are implemented in our processes and procedures. We continue to be proactive in providing a safe working culture for employees, contractors and visitors. Our online report form ensures employees can easily report an accident or incident.

Our objective for 2018 was zero fatalities and a reduction in the frequency of lost time injuries to at least 0.21. During the year 115 accident and incident reports were submitted and no fatal accidents occurred among our employees. From these submitted reports, 77 related to accidents and injuries involving employees. In total 3 accidents resulting in at least one day off work were reported in 2018 (9 in 2017). One of these accidents occurred at an office location and the other two occurred at out-of-office locations. There were 74 other reportable cases.

- Lost time injury frequency (LTIF) per 200,000 workable hours over 2018 was 0.07. The score has decreased compared to the previous year (2017: 0.23) and is below the target set at 0.21. This is because only 3 accidents resulting in at least one day off work occurred in 2018.

- Total recordable cases frequency (TRCF) per 200,000 workable hours over 2018 was 1.92. Although the frequency decreased compared to previous years, it is still a good indication we take health & safety seriously and not only report accidents but also incidents. (2017: 2.84).

ACHIEVING OUR OBJECTIVES

CONTINUED AND INCREASED FOCUS ON INFORMATION AND CYBER SECURITY

Our Information Security Policy is aligned with principles defined by internationally accepted standards. We revise our action plan annually to ensure we can meet the increasing demand to secure our data and our clients' data, and to comply with data privacy regulations. We execute the action plan to implement and embed this security policy in our company. Information security is increasingly included within clients' requirements and we continue to be able to meet their needs by selecting the optimal mix of solutions.

We want to work and provide digital cloud services to our clients in a world of open communication via the Internet, mobile working, and mobile devices which means we take the issue of protecting our data (privacy) very seriously. We are constantly searching for weaknesses which could potentially provide unwanted access to our systems and data. We evaluate countermeasures to reduce risk and continuously improve our security measures to keep up with data privacy regulations, and to increase protection against cyber threats. Our Technology Platform is constantly monitored for security threats and is kept up to date.

Our digital business transformation, focused on extending access for clients to our digital services, online engineering work and online data science insights, is driving profound changes in our Technology Platform. Being aware of the cyber security risks, we have been able to respond adequately to any request and/or risk and we are confident we will continue to do so.

RISK MANAGEMENT

Corporate risks

Every year, management identifies the most important corporate risks, which are documented in the Group Risk Log. Actions are defined and monitored to mitigate these risks.

Each year we have significant losses on projects. Typically, these can occur through an inability to interpret client demands sufficiently or a failure to appreciate local practices. To prevent such project losses as much as possible, the Executive Board implemented a strategy focused on countries, leading services and export premium services where Royal HaskoningDHV has more thorough business experience and even better understanding of the business culture. This, in combination with the Project Health Check, has reduced project losses. And we see further opportunities in strengthening our project management and business development capabilities.

To initiate projects in countries with high business or other risks (like employees' safety), approval is needed from the Business Line Director, Executive Board member or Risk Assessment Board. In addition, best practices are shared with project managers to improve cultural awareness. The core principles of UN Global Compact in the areas of human rights, labour, environment and integrity are incorporated in our Global Business Principles, Global Code of Conduct and Integrity Management System.

Disruptive technologies and other trends will have a significant impact on our knowledge-intensive business. Royal HaskoningDHV is monitoring these developments and is actively engaging with partners on innovation and digitalisation. As part of our strategy Strong22, Royal HaskoningDHV has embraced digital engineering and digital services.

Operational risks

Projects

Project risk management procedures are integrated in our Management System to ensure consistency throughout the organisation. Control measures include the authorisation matrix and the risk and approval matrix, defining who is allowed to approve commitments and transactions. Project proposals with the highest inherent risk for the company are reviewed by the Risk Assessment Board (consisting of Executive Board, Director Project Excellence, Corporate Director Legal and Risk Manager).

Each prequalification and proposal undergoes a risk assessment. Those with higher inherent risks are analysed by our Risk Managers, advised by Controlling, Legal, HR, Tax and Treasury. Depending on the outcome of this assessment, the authority to approve such risks is defined in our risk and approval matrix. The Project Manager documents the result in a Project Risk Log which is updated throughout the project. During 2018 we started implementing the Drive to Win approach where the Proposal Manager is in the driving seat of the proposal. This should lead to a more efficient and effective consideration of risk mitigation and reward.

The Project Health Check tool supports monthly project reviews with the goal of improving our project results. Based on the risk level of a project, which can change over time, projects are reviewed and discussed up to Executive Board level to support Project Managers taking the right actions. Finance and Project Excellence Managers are also involved in those reviews, each bringing their own expertise. In this way we ensure risks are identified, sufficiently mitigated and reflected correctly in our accounting systems.

Liabilities

Our liabilities are defined within each contract. Most of these will fall within our standard conditions for what we consider acceptable risk. If conditions do not comply, additional approvals are required. Legal counsel reviews and provides recommendations to limit liability when possible. In addition we are covered to a significant level by Professional Indemnity Insurances.

Liquidity

Two main controls help to ensure sufficient funding is available for our operations: control over our working capital (mainly work in progress positions and debtors) and securing our bank facilities. Before submitting a proposal we assess the client's ability to settle our invoices over the duration of the project and monitor our credit risk continuously during project execution. In addition, for each proposal a cash flow forecast must be prepared and we aim to negotiate a positive cumulative cash position during the project. We have agreed facilities with our banks where loan covenants are applicable. Our Corporate Treasury monitors that these loan covenants are met.

ACHIEVING OUR OBJECTIVES

Currency

Fluctuations in commonly traded currencies like USD and GBP and in less traded currencies represent a risk on part of our turnover. Our treasury policy aims to cover the currency risk as much as possible during execution of projects. Corporate Treasury monitors and advises on foreign currency exposures and the use of hedge instruments.

Guarantees

A few clients require us to issue corporate guarantees for the execution of a project. It is our policy to limit the issue of these guarantees. For this reason, we manage our balance sheets to ensure solvency of our companies is sufficient to operate independently in the market. Royal HaskoningDHV has stringent procedures to review and approve bank guarantees and bonds (like advance payment guarantees and performance bonds) before they are issued.

Pensions

In principle, Royal HaskoningDHV operates pension plans under defined contribution pension schemes. However, at HaskoningDHV UK Limited there is a closed defined benefit scheme. This scheme was closed to future accrual in 2005. The closed defined benefit members became deferred members. The Group does not and will not provide any guarantees to the UK defined benefit pension scheme. The defined benefit scheme deficit under Dutch GAAP as at 31 December 2018 is €20.8 million (2017: €23.7 million) with an associated deferred tax asset of €3.5 million.

OUTLOOK

Global growth presents positive prospects

Globally the outlook is positive with growth predicted to be around 3-4% in 2019. However some individual countries and services face uncertainty. Our main market in the Netherlands has heated up during 2018 and we expect spending levels to continue to grow, albeit more moderately, providing positive indications for our business. The market in Indonesia also continues to grow. However, the outcome of the country's elections in 2019 will be important for a stable political climate which is essential for sustained growth. Developments in the United Kingdom remain uncertain over the Brexit outcome, but overall we anticipate opportunities, especially on the energy infrastructure side. Uncertainty characterises the South African market before elections in May 2019, after which we are hopeful the difficult market conditions will ease and investment increase.

New technologies and smart solutions are driving opportunities

We are optimistic about opportunities across our leading markets and services in 2019. Increased air travel, boosted by the global growth of the middle class, is leading to substantial investment in airport expansion and new greenfield developments, benefitting our aviation services. This same growth in middle class populations is leading our multi-national clients to develop new production sites and plants across Asia and Africa. While European markets continue to face pressures, our global offering enables us to meet client needs around the world.

Our move into smart port and shipyard operations is opening up new prospects. These counterbalance the slowdown in new port developments amid uncertainty in oil and gas markets. In transport and planning, we see considerable potential from the move towards self-driving cars and mobility-as-a-service, which goes beyond traditional transport systems to encompass end-to-end concepts.

We are benefitting from our focus on the energy transition, in areas from policy setting to the engineering and design of solutions. We expect substantial uptake as major transformational projects are launched and also in our work developing sustainable energy options for industry and buildings.

Demand for our water services continues to grow, particularly in water technology and treatment and for flood resilience solutions, where interest is expanding from public to private organisations seeking to protect their assets. Our Nereda® water technology maintains a good growth trajectory, most recently in China following a Memorandum of Understanding signed with one of the country's biggest water companies. Global demand for our Aquasuite® solutions is also rising.

A new mindset with the courage to look at issues in a new way

The way we do our projects is changing as a result of new design methods, such as parametric, algorithmic and generative design, together with BIM. Change is also happening in the way we carry out consulting projects through data science and IT application. We also expect the way in which we sell solutions to change as we re-evaluate how we do things, daring to look at existing issues in a new way. Our commitment to these new ways of working, to digitisation and to co-creation with clients will remain at the forefront of our activities while we continue to grow our leading services and strong market positions in 2019.

The mindset of our people remains an important metric in our success and we are proud that our engagement score is rising, endorsing the repositioning of our business and strategy. We will continue to pursue best practice in keeping costs down, reducing project losses and focusing on operational excellence.

Our mission to Enhance Society Together is more relevant than ever

It is clear that our mission is more relevant than ever, as concern mounts over accelerating impact of climate change, scarcity of resources and the urgent need for energy transition. Enhancing Society Together is a guiding principle for all our colleagues and unites us with common purpose and drive. More and more organisations – public and private – are seeking holistic, all-encompassing solutions that go beyond individual, stand-alone gestures. Our multi-disciplinary expertise across water, energy, industry and transport and our long-established commitment to Enhance Society Together make our business relevant and focused as we deliver distinctive new services and solutions to meet these challenging demands.

Amersfoort, Netherlands
March 15, 2019

EXECUTIVE BOARD

E. Oostwegel (CEO)
N.G. Dalstra (CFO)

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2018

Before profit appropriation *€ thousands*

Assets

	Note	2018	2017
Fixed assets			
Intangible fixed assets	4	20,142	21,312
Tangible fixed assets	5	9,267	11,426
Financial fixed assets	6	15,067	15,621
		44,476	**48,359**
Current assets			
Work in progress	7	-	-
Receivables	8	144,597	141,303
Cash and cash equivalents	9	123,817	105,219
		268,414	**246,522**
		312,890	**294,881**

Shareholders' equity & liabilities

	Note	2018	2017
Group equity			
Shareholders' equity	10	149,587	134,241
Minority interest	11	117	207
		149,704	**134,448**
Provisions	12	32,101	36,706
Non-current liabilities	13	178	372
Current liabilities	14	130,907	123,355
		312,890	**294,881**

CONSOLIDATED INCOME STATEMENT 2018

€ thousands

	Note	2018	2017
Net turnover	17	**598,486**	**584,928**
Change in work in progress		16,340	21,143
Other operating income	18	-	2,549
Total operating income		**614,826**	**608,620**
Costs of work subcontracted and other external expenses		137,136	129,653
Salaries and wages	19	265,406	263,731
Social security & pension charges	19	62,501	60,088
Depreciation and amortisation on tangible and intangible fixed assets	4, 5	8,914	9,322
Impairment of intangible fixed assets	4	1,503	1,552
Other operating expenses	21	121,356	123,904
Total operating expenses		**596,816**	**588,250**
Operating result		**18,010**	**20,370**
Interest income		429	1,478
Interest expenses		(769)	(1,714)
Net interest expenses		**(340)**	**(236)**
Result from ordinary activities before tax		**17,670**	**20,134**
Corporate income tax	22	(5,579)	(7,804)
Share of result of participating interests		572	538
Result after tax		**12,663**	**12,868**
Minority interest		74	(21)
Net result		**12,737**	**12,847**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 2018

€ thousands

	Note	2018	2017
Consolidated net result after tax attributable to the legal entity		12,663	12,868
Minority interest		74	(21)
Result for the period of the legal entity		**12,737**	**12,847**
Translation differences on foreign participating interests	10	(1,609)	(1,908)
Remeasurement of defined benefit plan, net of income tax	10	2,545	99
Total of items recognised directly in shareholders' equity of the company as part of the group entity		**936**	**(1,809)**
Total result of the legal entity		**13,673**	**11,038**

CONSOLIDATED CASH FLOW STATEMENT 2018

€ thousands

	Note	2018	2017
Operating result		**18,010**	**20,370**
Adjusted for:			
Amortisation, depreciation and impairment	4, 5	10,417	10,874
Other value adjustments		(694)	-
Changes in provisions	6, 12	(760)	(1,091)
Changes in working capital		4,318	15,095
Cash flow from business operations:		**31,291**	**45,248**
Interest received		429	1,633
Dividends received	6	292	555
Interest paid		(796)	(1,860)
Income tax paid		(5,623)	(6,227)
Cash flow from operating activities		**25,593**	**39,349**
Investments in:			
Intangible fixed assets	4	(2,535)	(188)
Tangible fixed assets	5	(3,086)	(6,098)
Financial fixed assets	6	(710)	(921)
Acquisition of group companies		(2,083)	-
Disposals of assets:			
Intangible fixed assets	4	22	81
Tangible fixed assets	5	124	157
Financial fixed assets	6	119	36
Proceeds from sale of interests in group companies, net of cash disposed of		-	1,392
Cash flow from investing activities		**(8,149)**	**(5,541)**
Purchase/sale of own shares	10	2,025	1,245
Repayment of borrowings	13	(227)	(4,103)
Proceeds from borrowings	13	298	-
Dividends paid	11	(354)	(306)
Cash flow from financing activities		**1,742**	**(3,164)**
Net cash flow		**19,186**	**30,644**
Net cash of deconsolidated group companies		-	-
Exchange gains/losses		(588)	(1,700)
Changes in cash and cash equivalents		**18,598**	**28,944**
Cash and cash equivalents at 1 January		105,219	76,275
Movements during the year		18,598	28,944
Cash and cash equivalents at 31 December		**123,817**	**105,219**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION AND BASIS OF PREPARATION

1.1 OPERATIONS

Royal HaskoningDHV is an independent, international engineering and project management consultancy with more than 137 years of experience. Backed by the expertise and experience of 6,000 colleagues all over the world, our professionals combine global expertise with local knowledge to deliver a multidisciplinary range of consultancy services for the entire living environment in some 140 countries.
By showing leadership in sustainable development and innovation, together with our clients, we are working to become part of the solution to a more sustainable society now and into the future.

1.2 REGISTERED OFFICE & GROUP STRUCTURE

Koninklijke HaskoningDHV Groep B.V. having its legal address and corporate seat at Laan 1914 no. 35, 3818 EX Amersfoort, Netherlands, is a private limited liability company under Dutch law and is listed under number 55525474 in the Trade Register. Koninklijke HaskoningDHV Groep B.V. has two shareholders: Stichting HaskoningDHV and Stichting Administratiekantoor HaskoningDHV. For details regarding the shareholding structure we refer to page 78.

These financial statements cover the year 2018, which ended at the balance sheet date of 31 December 2018.

1.3 CONSOLIDATION

The consolidation includes the financial information of Koninklijke HaskoningDHV Groep B.V., its group companies and other entities in which it exercises control. Group companies are entities in which Koninklijke HaskoningDHV Groep B.V. exercises direct or indirect control based on a shareholding of more than one half of the voting rights, or whose financial and operating policies it otherwise has the power to govern. Potential voting rights that can directly be exercised at the balance sheet date are also taken into account.

Group companies and other entities in which Koninklijke HaskoningDHV Groep B.V. exercises control are consolidated in full. Minority interests in group equity and group results are disclosed separately.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint ventures are valued according to the equity method on the basis of net asset value. Joint ventures with a negative net asset value are valued at nil. If the Group fully or partially guarantees the debt of the joint venture, or has a constructive obligation to enable the joint venture to pay its debts (for its share therein), a provision is recognised accordingly.

In the consolidated financial statements, intragroup shareholdings, debts, receivables and transactions are eliminated. Also, the results on transactions between group companies are eliminated to the extent that the results are not realised through transactions with third parties outside the Group and no impairment loss is applicable. For a transaction whereby the company has a less than a 100% interest in the selling group company, the elimination from the Group result is allocated pro rata to the minority interest based on the interest of the minority in the selling group company.

The main consolidated companies are listed below, stating the percentage of ownership. For a more extensive list of consolidated companies and participating interests we refer to page 75.

- HaskoningDHV Nederland B.V., Amersfoort, Netherlands *(100%)*
- HaskoningDHV UK Holdings Ltd, Peterborough, United Kingdom *(100%)*
- Haskoning International B.V., Nijmegen, Netherlands *(100%)*
- Stewart Scott International Holdings Pty Ltd., Johannesburg, South Africa *(76.95%)*

Furthermore, we have included DHV Education Foundation as a consolidated company, given the fact that we have control. In the company statements, DHV Education Foundation is not included.

1.4 RELATED PARTY TRANSACTIONS

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also, entities which can control the company are considered a related party. In addition, statutory directors, other key management of Koninklijke HaskoningDHV Groep B.V. (or the ultimate parent company) and close relatives are regarded as related parties.

Significant transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is required to provide the true and fair view.

1.5 ACQUISITIONS AND DISPOSALS OF GROUP COMPANIES

Identifiable assets acquired and liabilities assumed in a business combination are recognised in the consolidated financial statements from the acquisition date, being the moment that control can be exercised in the acquired company.

The acquisition price consists of the cash consideration, or equivalent, agreed for acquiring the company plus any directly attributable expenses. If the acquisition price exceeds the net amount of the fair value of the identifiable assets and liabilities, the excess is capitalised as goodwill under intangible fixed assets. If the acquisition price is lower than the net amount of the fair value of the identifiable assets and liabilities, the difference (i.e. negative goodwill) is recognised as deferred income under accruals or will be recognised in the income statement directly. The capitalised goodwill is amortised on a straight-line basis over the estimated useful life to the maximum of 20 years. An agreed possible adjustment to the purchase price that is contingent on future events is included in the purchase price if the adjustment is probable and the amount can be measured reliably. Such an adjustment will also result in an adjustment to (positive or negative) goodwill with retrospective effect.

Entities continue to be consolidated until they are sold; they are deconsolidated from the date that control ceases.

1.6 RECOGNISE ASSETS AND LIABILITIES

Assets that are not recognised in the balance sheet are considered as off-balance sheet assets. An asset is recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. A liability is recognised in the balance sheet when it is expected that the settlement of an existing obligation will result in an outflow of resources embodying economic benefits and the amount necessary to settle this obligation can be measured reliably. Provisions are included in the liabilities of the Group. Liabilities that are not recognised in the balance sheet are considered as off-balance sheet liabilities. An asset or liability that is recognised in the balance sheet, remains recognised on the balance sheet if a transaction (with respect to the asset or liability) does not lead to a major change in the economic reality with respect to the asset or liability. Such transactions will not result in the recognition of results.

When assessing whether there is a significant change in the economic circumstances, the economic benefits and risks that are likely to occur in practice are taken into account. The benefits and risks that are not reasonably expected to occur, are not taken into account in this assessment. An asset or liability is no longer recognised in the balance sheet, and thus derecognised, when a transaction results in all or substantially all rights to economic benefits and all or substantially all of the risks related to the asset or liability are transferred to a third party. In such cases, the results of the transaction are directly recognised in the profit and loss account, taking into account any provisions related to the transaction. If assets are recognised of which the Group does not have the legal ownership, this fact is being disclosed.

1.7 NOTES TO THE CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method. Cash and cash equivalents include cash and investments that are readily convertible to a known amount of cash without a significant risk of changes in value.

Cash flows in foreign currency are translated into euros using the weighted average exchange rates at the dates of the transactions. Foreign exchange differences with regard to cash and cash equivalents are presented separately in the cash flow statement.

Receipts and payments of interest, receipts of dividends and income taxes are presented within the cash flows from operating activities. Payments of dividends are presented within the cash flows from financing activities.

The consideration of acquired group companies is presented under the cash flows from investment activities, for the considerations paid in cash and cash equivalents. The cash and cash equivalents obtained through the acquired group companies at the acquisition date, are deducted from the consideration paid.

Transactions that do not include an exchange of cash and cash equivalents, such as finance leases, are not included in the cash flow statement. The payment of finance lease terms is allocated for the part related to the repayment of the lease obligation to the cash flows from financing activities and is allocated for the part related to the interest component to the cash flows from operational activities.

Cash flows from derivative financial instruments that are accounted for as fair value hedges or cash flow hedges, are classified in the same category as the cash flows from the hedged balance sheet items. Cash flows from derivative financial instruments whereby hedge accounting is no longer applied, are classified in accordance with the nature of the instrument, from the date at which hedge accounting is ended.

1.8 ESTIMATES

The preparation of the financial statements requires the management to form judgements and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences.

The following accounting policies are in the opinion of management the most critical for the purpose of presenting the financial position and require estimates and assumptions.

Revenue recognition

The Group uses the percentage of completion method (POC) in accounting for its fixed price contracts to deliver design services. Use of the POC method requires the Group to estimate the services performed to date as a proportion of the total services to be performed.

Project valuation

Valuation of project related work in progress and receivables require management estimates with respect to its recoverability.

Goodwill

Measurement of goodwill of an acquired company involves the use of estimates for determining the fair value at acquisition date. This mainly relates to the expected profits of the acquired company at the moment of acquisition. The fair value is based on discounted cash flows expected to be received. Goodwill and other intangibles are tested for impairment when an indicator exists that the carrying amounts may not be recoverable. In calculating the value in use management must estimate the expected enterprise value based on the expected cash flows of the cash generating unit.

Provisions

Provisions are measured at the best estimate of the amount that is necessary to settle the liability at the balance sheet date. Estimates by management and external advisors lead to an indication of the potential financial risk and whether the risk is covered by insurance policies. Please refer also to 2.14.

1.9 EVENTS AFTER BALANCE SHEET DATE

Events that provide further information on the actual situation at the balance sheet date and that appear before the financial statements are being prepared, are recognised in the financial statements.

Events that provide no further information on the actual situation at the balance sheet date are not recognised in the financial statements. When those events are relevant for the economic decisions of users of the financial statements, the nature and the estimated financial effects of the events are disclosed in the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 ACCOUNTING POLICIES FOR THE BALANCE SHEET AND INCOME STATEMENT

2.1 GENERAL INFORMATION

The consolidated financial statements have been prepared in accordance with the statutory provision of Part 9, Book 2 of Netherlands Civil Code and the financial reporting requirements as set forth in the Guidelines for Annual Reporting in Netherlands.

These financial statements have been prepared on the basis of the going concern assumption.

Unless stated otherwise, assets and liabilities are shown at nominal value.

The 2017 numbers of the Group have been changed for comparison purposes in the texts belonging to note 14.

Assets and liabilities are recognised in the balance sheet when it is probable that the expected future economic benefits will flow to the Company and the cost or value can be measured with sufficient reliability. Income is recognised in the income statement when an increase in future economic potential related to an increase in an asset or a decrease of a liability has arisen, the size of which can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, the size of which can be measured with sufficient reliability.

If a transaction results in a transfer of future economic benefits and or when all risks relating to assets and liabilities transfer to a third party, the asset or liability is no longer included in the balance sheet. Assets and liabilities are not included in the balance sheet if economic benefits are not probable and/or cannot be measured with sufficient reliability.

Revenues and expenses are allocated to the period to which they relate. Revenues are recognised using the percentage of completion method.

2.2 CHANGE IN ACCOUNTING PRINCIPLES

The principle accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.3 FOREIGN CURRENCIES

Functional currency

The consolidated financial statements are presented in euros, which is the functional and presentation currency of Koninklijke HaskoningDHV Groep B.V.

All amounts shown in the financial statements are in thousands of euros unless stated otherwise.

Transactions, receivables and debts

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary assets held at cost are recognised using the exchange rates prevailing at the dates of the transactions.

Translation differences on intragroup long-term loans that effectively constitute an increase or decrease in net investments in a foreign operation are directly recognised in shareholders' equity as a component of the foreign currency translation reserve. If a foreign operation is fully or partially sold, the respective amount is transferred from this reserve to the income statement.

Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).
- All resulting exchange differences are recognised in shareholders' equity as a component of the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity as a component of the foreign currency translation reserve for the effective part of the hedge. The non-effective part is recognised as expenditure in the income statement.

2.4 FINANCIAL INSTRUMENTS

Financial instruments include investments in shares and bonds, trade and other receivables, cash items, loans and other financing commitments, derivative financial instruments, trade payables and other amounts payable. These financial statements contain the following financial instruments: financial instruments held for trading (financial assets and liabilities), loans and receivables (both purchased and issued), equity instruments, other financial liabilities and derivatives.

Financial assets and liabilities are recognised in the balance sheet at the moment that the contractual risks or rewards with respect to that financial instrument originate.

Financial instruments are derecognised if a transaction results in a considerate part of the contractual risks or rewards with respect to that financial instrument being transferred to a third party. Financial instruments (and individual components of financial instruments) are presented in the consolidated financial

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

statements in accordance with the economic substance of the contractual terms. Presentation of the financial instruments is based on the individual components of financial instruments as a financial asset, financial liability or equity instrument.

Financial and non-financial contracts may contain terms and conditions that meet the definition of derivative financial instruments. Such an agreement is separated from the host contract if its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms and conditions as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value with changes in fair value recognised in the profit and loss account.

Financial instruments embedded in contracts that are not separated from the host contract are recognised in accordance with the host contract.

Derivatives separated from the host contract are, in accordance with the measurement policy for derivatives for which no cost price hedge accounting is applied, measured at cost or lower fair value.

Financial instruments are initially measured at fair value, including discount or premium and directly attributable transaction costs. However, if financial instruments are subsequently measured at fair value through profit and loss, then directly attributable transaction costs are directly recognised in the profit and loss account at the initial recognition.

After initial recognition, financial instruments are valued in the manner described below.

Receivables, loans granted and other receivables

Trade receivables are recognised at fair value and subsequently measured at amortised costs, net of any provision for doubtful debts. When a receivable is uncollectable, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the income statement.

Loans granted and other receivables are carried at amortised cost on the basis of the effective interest method, less impairment losses. The effective interest and impairment losses, if any, are directly recognised in the profit and loss account. Purchases and sales of financial assets that belong to the category loans granted and other receivables are accounted for at the transaction date.

Non-current and current liabilities and other financial commitments

Non-current and current liabilities and other financial commitments are measured after their initial recognition at amortised cost on the basis of the effective interest rate method. The effective interest is directly recorded in the profit and loss account.

Redemption payments regarding non-current liabilities that are due next year, are presented under current liabilities.

Derivatives

Derivatives are carried after their initial recognition at the lower of cost or market value, except if the cost model for hedge accounting is applied.
If the cost model for hedge accounting is applied for FX-derivatives, two components are taken into account:

- The profit or loss that is associated with the interest component in the value of the derivative (which is amortised on a linear basis during the tenor of the derivative) is recognised in the profit and loss account.

- The revaluation of the derivative instrument resulting from changes in the spot-rates takes place, as long as the derivative hedges the specific risk of a future transaction that is expected to take place. As soon as the expected future transaction leads to recognition in the profit and loss account, then the profit or loss that is associated with the derivative is recognised in the profit and loss account. If the hedged position of an expected future transaction leads to the recognition in the balance sheet of a non-financial asset or a non-financial liability, then the cost of the asset is adjusted by the hedge results that have not yet been recognised in the profit and loss account.

If forward exchange contracts are concluded to hedge monetary assets and liabilities in foreign currencies, cost hedge accounting is applied. This is done to ensure that the gains or losses arising from the translation of the monetary items recognised in the profit and loss account are offset by the changes in the value of forward exchange contracts arising from the difference between their forward and spot rates as at reporting date. The difference between the spot rate agreed at the inception of the forward exchange contract and the forward rate is amortised via the profit and loss account over the term of the contract.

When a derivative expires or is sold, the accumulated profit or loss (resulting from a development in the spot-rate) that has not yet been recognised in the profit and loss account prior to that time must then be included as a deferral in the balance sheet until the hedged transactions take place. If the transactions are no longer expected to take place, then the accumulated profit or loss is transferred to the profit and loss account. If a derivative no longer meets the conditions for hedge accounting, but the financial instrument is not sold, then the hedge accounting is also terminated. Subsequent measurement of the derivative instrument is then at the lower of cost or market value.

The company documents its hedging relationships in specific hedging documentation and regularly checks the effectiveness of the hedging relationships by establishing whether the hedge is effective or that there is no over-hedging.

At each balance sheet date, the company assesses the degree of ineffectiveness of the combination of the hedge instrument and the hedged position (the hedging relationship). The degree of ineffectiveness of the hedging relationship is determined by comparing the critical features of the hedging instrument against the hedged position.

As part of the measurement of derivatives in hedging relationships, the Company regularly assesses the effectiveness of hedging relationships by comparing the cumulative fair value change of the hedged position against the cumulative value changes of the derivatives. Any ineffectiveness is recognised directly in the profit and loss account.

Impairment of financial assets

At each balance sheet date, the Company tests whether there are any indications of assets being subject to impairment. If any such indications exist, the recoverable amount of the asset is determined. If this proves to be impossible, the recoverable amount of the cash generating unit to which the asset belongs is identified.

An asset or cash generating unit is subject to impairment if its carrying amount exceeds its recoverable amount; the recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss is directly expensed in the income statement. In case of an impairment loss of a cash generating unit, the loss is first allocated to goodwill that has been allocated to the cash generating unit. Any remaining loss is allocated to the other assets of the unit in proportion to their carrying values.

In addition an assessment is made on each balance sheet date whether there is any indication that an impairment loss that was recorded in previous years has decreased. If there is such indication, then the recoverable value of the related asset (or cash generating unit) is estimated.

Reversal of a previously recognised impairment loss only takes place when there is a change in the assessment used to determine the recoverable amount since the recognition of the last impairment loss. In such case, the carrying amount of the asset (or cash generating unit) is increased to its recoverable amount, but not higher than the carrying amount that would have applied (net of depreciation) if no impairment loss had been recognised in previous years for the asset (or cash generating unit).

An impairment loss of goodwill is not reversed in a subsequent period.

Contrary to what is stated before, at each balance sheet date the recoverable amount is assessed for the following assets (irrespective of whether there is any indicator of an impairment):

- intangible assets that have not been put into use yet;
- intangible assets that are amortised over a useful life of more than 20 years (counting from the moment of initial operation/use).

Financial assets are impaired if there is objective evidence of impairment as a result of events that occurred after the initial recognition, with negative impact on the estimated future cash flows, which can be estimated reliable. Objective evidence that financial assets are impaired includes delinquency by a debtor, indications that a debtor or issuer will enter or approaching bankruptcy, adverse changes in the payment status of borrowers or issuers, or disappearance of an active market for a security. Impairment losses are recognised in the income statement. In assessing impairment, the Company uses historical trends of the probability of default, the timing of collections and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested historical trends. When, in a subsequent period, the amount of an impairment loss on financial assets decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the decrease in the impairment loss is reversed through income statement (up to the amount of the original cost).

Offsetting financial instruments

A financial asset and a financial liability are offset when the entity has a legally enforceable right to set off the financial asset and financial liability and the Company has the firm intention to settle the balance on a net basis, or to settle the asset and the liability simultaneously.

If there is a transfer of a financial asset that does not qualify for derecognition in the balance sheet, the transferred asset and the associated liability are not offset.

2.5 INTANGIBLE FIXED ASSETS

Intangible fixed assets are stated at historical cost less amortisation. Allowance is made for any impairment losses expected; a loss qualifies as an impairment loss if the carrying amount of the asset (or of the cash generating unit to which it belongs) exceeds its recoverable amount. For details on how to determine whether an intangible fixed asset is impaired, please refer to note 2.4.

Goodwill

Goodwill represents the excess of the cost of the acquisition of the participating interest (including transaction costs directly related to the acquisition) over the Group's interest in the net realisable value of the assets acquired and the liabilities assumed of the acquired entity, less cumulative amortisation and impairment losses.

Goodwill at acquisition of subsidiaries and non-consolidated participations as calculated in accordance with note 1.8 is capitalised and amortised on a straight-line basis over its estimated useful life of no more than 20 years. The Group's policy to amortise the goodwill in more than 5 year is based on the assumption that the acquisitions are expected to be a permanent and integral part of the Group. Goodwill paid upon the acquisition of foreign group companies and subsidiaries is translated at the exchange rates at the date of acquisition. Internally generated goodwill is not capitalised.

Goodwill paid upon the acquisition of companies with a high risk profile will be amortised in 5 years.

Software

Software licences acquired are capitalised at acquisition cost and amortised over their estimated useful lives (3 to 8 years). Expenditures that are attributable to the production of identifiable and unique software products controlled by the Group are capitalised. Costs associated with maintaining computer software and research and development costs of internally developed software expenditure are recognised in the income statement.

2.6 TANGIBLE FIXED ASSETS

Land and buildings are stated at historical cost plus expenditure that is directly attributable to the acquisition of the items, less straight-line depreciation over their estimated useful lives.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Allowance is made for any impairment losses expected on the balance sheet date. For details on how to determine whether property, plant or equipment is impaired, please refer to note 2.4. Other non-current assets are valued at historical cost or manufacturing price including directly attributable expenditure, less straight-line depreciation over their estimated useful lives and impairment losses.

Tangible fixed assets, for which the company and its group companies possess the economic ownership under a financial lease, are capitalised. The obligation arising from the financial lease contract is recognised as a liability. The interest included in the future lease instalments is charged to the profit and loss account during the term of the finance lease contract.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each item of the tangible fixed assets. Land, tangible fixed assets under construction and prepayments on tangible fixed assets are not depreciated. Depreciation starts as soon as the asset is available for its intended use, and ends at decommissioning or divestment. The Group determines the depreciable amount without taking into account a residual value.

The estimated average useful life by category is as follows:

■ Land	not depreciated
■ Buildings	5 to 10 years
■ Furniture and fixtures	3 to 5 years
■ Computer hardware	3 to 5 years
■ Other fixed assets	3 to 5 years

The cost of major repairs to buildings is capitalised and depreciated over 5 to 10 years if such repairs extend the life of a building.

2.7 FINANCIAL FIXED ASSETS

Participating interests

Investments in group companies and other minority interests in which the company can exert significant influence are valued according to the net asset value method as derived from the latest available financial data from these investments and interests. Significant influence is in any case defined as a shareholder's interest of more than 20%. Net asset value is calculated using the accounting policies applied in these financial statements. Associates whose financial information cannot be aligned to these policies are valued based on their own accounting policies.

Associates with an equity deficit are carried at nil. A provision is formed if and when Koninklijke HaskoningDHV Groep B.V. or one of its group companies is fully or partially liable for the debts of the associate, or has the firm intention to allow the associate to pay its debts.

Associates acquired are initially measured at the fair value of the identifiable assets and liabilities upon acquisition. Any subsequent valuation is based on the accounting policies that apply to these financial statements, taking into account the initial valuation.

Associates in which no significant influence can be exercised are recognised at cost. If an asset qualifies as impaired, it is measured at its impaired value; any write-offs are disclosed in the income statement.

If transactions take place with a non-consolidated participating interest, that does not classify as a group company and that is measured according to the equity method, the gain or loss resulting from this transfer is recognised to the extent of the relative interests of third parties (proportionate determination of result). Any loss that results from the transfer of current assets or an impairment of fixed assets is fully recognised.

Loans to participating interests

Amounts owed by associates disclosed under financial fixed assets are recognised initially at fair value of the amount owed, which normally consists of its face value, net of any provisions considered necessary. These receivables are subsequently stated at amortised cost.

Deferred tax

A provision for deferred tax liabilities is recognised for taxable temporary differences.

For deductible temporary differences, unused loss carry-forwards and unused tax credits, a deferred tax asset is recognised, but only insofar as it is probable that taxable profits will be available in the future for offset or compensation.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

For taxable temporary differences related to group companies, foreign branches, associates and interests in joint ventures, a deferred tax asset is recognised unless the company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

For deductible temporary differences regarding group companies, foreign branches, associates and interests in joint ventures, a deferred tax asset is only recognised insofar as it is probable that the temporary difference will reverse in the foreseeable future and that taxable profit will be available to offset the temporary difference.

Deferred tax assets and liabilities are stated at nominal value and are only offset when they relate to the same entity and taxation authority.

Other

Loans granted and other receivables are carried at amortised cost on the basis of the effective interest method, less impairment losses. The effective interest and impairment losses, if any, are directly recognised in the profit and loss account. Purchases and sales of financial assets that belong to the category loans granted and other receivables are accounted for at the transaction date.

2.8 WORK IN PROGRESS

Work in progress is carried at contract revenue generated, which is comprised of contract costs incurred and attributable profits, based on percentage of completion less progress billings and recognised losses. Contract costs are costs which directly

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

relate to the specific project (for example, personnel costs for employees whose activities relate directly to the project, costs of materials used) and the costs which are attributable to contract activity in general and can be allocated to the project (including insurance, costs of design and technical assistance, construction overhead) as well as other costs chargeable to the customer under the terms of the project. The percentage of completion, used for calculation of work in progress is determined based on the services performed to date as a percentage of the total services to be performed.

When the outcome of a construction contract cannot be reliably estimated, revenues are recognised in the profit and loss account to the extent of the contract costs incurred which are likely to be recovered. Contract costs are recognised in the profit and loss account in the period in which they are incurred.

Contract revenues are revenues agreed in the contract, including any proceeds on the basis of more or less work, claims and fees, if and to the extent that it is probable that the benefits will be realised and can be measured reliably. Contract revenues are measured at the fair value of the services that are or will be received in return.

Where appropriate, expected losses are recognised as exposure in the income statement. Losses are determined regardless whether the project has already been started, the stage of realisation of the project or the amount of profit which is expected on other, non-related projects. In addition, progress invoices and payments received in advance are also credited against work in progress.

2.9 RECEIVABLES AND SECURITIES

The accounting policies applied for the valuation of trade and other receivables and securities are described under note 2.4 Financial instruments.

2.10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand and deposits held at call with banks. Bank overdrafts are disclosed as current liabilities on the balance sheet. Cash and cash equivalents are stated at nominal value.

If cash and cash equivalents are not readily available, this fact is taken into account in the measurement. Cash and cash equivalents denominated in foreign currencies are translated at the balance sheet date in the functional currency at the exchange rate ruling at that date. Reference is made to the accounting policies for foreign currencies.

2.11 SHAREHOLDERS' EQUITY

The consideration paid for the repurchase of shares is deducted from other reserves, until such time that these shares are cancelled or sold. If shares are sold, any proceeds are added to the other reserves.

Costs directly related to the purchase, sale and/or issue of new shares are recognised directly in shareholders' equity in the component other reserves net of any relevant tax effects. Other direct movements in shareholders' equity are also recognised net of any relevant tax effects. The purchase of own shares is deducted from other reserves.

2.12 MINORITY INTEREST

Minority interests are valued at the proportionate share of third parties in the net value of the assets and liabilities, determined in accordance with the company's measurement principles. Where the group company in question has an equity deficit, the negative value and any other losses are not allocated to the minority interest, unless the minority interest holders have a constructive obligation, and are able, to clear the losses. As soon as the group company manages to post an equity surplus, profits are allocated to the minority interest.

2.13 DIVIDENDS

Dividend distribution to shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the company's shareholders.

2.14 PROVISIONS

General information

Provisions are measured at the best estimate of the amount that is necessary to settle the liability at the balance sheet date.

A provision is recognised if the following applies:

- the company has a legal or constructive obligation, arising from a past event;
- the amount can be estimated reliably; and
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Except for pension benefits and long-term employee benefits, provisions are stated at nominal value and charged against project result as much as possible. Unless otherwise stated, provisions are of a long-term nature.

Pension benefits

The Group prepares its financial statements for pensions and 'post retirement benefits' on EU-IFRS standards instead of RJ 271.3, by using RJ 271 101.

The Group operates several pension schemes. The fact whether a scheme is classified as defined contribution or defined benefit is assessed based upon the pension agreement with the staff and the administration agreement with the pension fund or insurance agreement with the insurance company.

All schemes except one are defined contribution pension schemes, whereby, based upon the agreements with the staff, the pension fund or the insurance company, no additional commitments for the Group exist beyond the payment of the pension premium due in respect of the financial year.

In the United Kingdom the Group operates a defined benefit pension scheme, whereby the actuarial risk and the investment risk lies with HaskoningDHV UK Ltd. This scheme has been closed for new entries and future accruals in 2005. The assets of the scheme are held separately from those of HaskoningDHV UK Ltd. in an independently administered fund.

As allowed in RJ 271.101 the Group uses IAS19R 'Employee Benefits' for the accounting treatment of this scheme:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- The difference between the present value of the accrued pension liabilities and the market value of the assets of the scheme (the net pension deficit) is recorded as a provision on the balance sheet. The liabilities are calculated as the present value of the estimated future cash flows using the accumulated benefit obligation method based upon actuarial assumptions which are annually set by The Board of Management of HaskoningDHV UK Ltd. The liabilities are calculated by an independent actuary.

- A net interest expense is calculated as the difference between the expected increase of the accrued pension liabilities at the beginning of the reporting period and the expected return on the scheme's assets at the beginning of the period, and is charged to the income statement under 'interest costs'.

- The difference between the actual and expected increase of the liabilities and the actual and expected return on assets is directly credited or charged to equity.

- Any gains or losses arising from experience or assumption changes are directly credited or charged to equity.

Restructuring
A restructuring provision is recognised when at the balance sheet date the entity has a detailed formal plan, and ultimately at the date of preparation of the financial statements a valid expectation of implementation of the plan has been raised in those that will be impacted by the reorganisation. A valid expectation exists when the implementation of the reorganisation has been started, or when the main elements of the plan have been announced to those for whom the reorganisation will have consequences. The provision for restructuring costs includes the costs that are directly associated with the restructuring, which are not associated with the ongoing activities of the company.

The employees in question will be supported in finding new employment outside the Company and are entitled to a redundancy arrangement that is dependent on their salary and years of service with the Company.

Long-term employee benefits
The provision is recognised for the present value of the future long-service awards, which is calculated based on the commitments made, the likelihood of the staff concerned remaining with the company, and their age.

Several group companies are by law obliged to pay compensation for severance and disability upon termination of employment. Liabilities arising from this are calculated based on actuarial assumptions.

Other provisions
A provision for claims, disputes and lawsuits is established when it is expected that the company will be sentenced in legal proceedings. The provision represents the best estimate of the amount for which the claim can be settled, including the costs of litigation.

Provisions for long-term sickness are measured at the fair value of excepted amounts payable, which is based on commitments made, known cases and likelihood of recovery. For existing commitments at the balance sheet date to continue the payment of benefits (including termination benefits) to employees who are expected to be unable to perform work wholly or partly due to sickness or disability in the future, a provision is recognised. The recognised liability relates to the best estimate of the expenditure necessary to settle the obligation at the balance sheet date. The best estimate is based on contractual agreements with employees (collective agreement and individual employment contract). Additions to and reversals of liabilities are charged or credited to the profit and loss account.

For deferred income tax we refer to 2.7 on page 37.

2.15 NON-CURRENT LIABILITIES
The valuation of non-current liabilities is explained under note 2.4 Financial instruments.

2.16 CURRENT LIABILITIES
The valuation of current liabilities is explained under note 2.4 Financial instruments.

2.17 LEASES
The company may enter into financial and operating leases. A lease agreement under which the risks and rewards of ownership of the leased object are carried entirely or almost entirely by the lessee are classified as finance leases. All other leases are classified as operating leases. For the lease classification, the economic substance of the transaction is conclusive rather than the legal form.

Financial lease
If the Group acts as lessee in a financial lease, the leased property (and the related liability) is recognised in the balance sheet at the start of the lease period at its fair value or, if lower, at the present value of the minimum lease payments. Both amounts are determined at the start of the lease. The interest rate applied for the calculation of present value is the implicit interest rate. If it is not practically possible to determine this interest rate, then the marginal interest rate is used. The initial direct costs are included in the initial measurement of the leased property.

The accounting principles for the subsequent valuation of the leased property are described in 2.6. If there is no reasonable certainty that the company will become the owner of a leased property at the end of the lease period, the property is depreciated over the shorter of the lease period or the economic life of the property.

The minimum lease payments are split into interest expenses and redemption of the lease liability. The interest expenses are allocated during the lease term to each period in such a way that this results in a constant periodic interest rate over the remaining net liability with regard to the financial lease. Conditional lease payments are recorded as an expense in the period in which the conditions for payment are being met.

Operational leases
If the Group acts as lessee in an operating lease, then the leased property is not capitalised. Benefits received as an incentive to enter into an agreement are recognised as a reduction of rental expense over the lease term. Lease payments regarding

operating leases are charged to the profit and loss account on a straight-line basis over the lease period.

2.18 REVENUE RECOGNITION

General information

Revenue from services rendered is accounted for in net turnover at the fair value of the consideration received or receivable, net of allowances and discounts. Revenues from services rendered are recognised in the profit and loss account when the amount of the revenue can be determined reliably, collection of the related compensation to be received is probable, the extent to which the services have been performed on the balance sheet date can be determined reliably, and the costs already incurred and (possibly) yet to be incurred to complete the service can be determined reliably. If the result from a specific service contract cannot be determined reliably, then revenues are recognised up to the amount of the service costs that are covered by the revenues.

All revenue in the financial year recognised in the profit and loss account is derived from projects.

Profit on orders is recognised in accordance with the percentage of completion (POC) method. The percentage of completion is determined on the basis of the services performed up to that moment as a percentage of total services to be performed. It includes profit on orders executed entirely for the Group's own account and risk as well as a share of the profit on orders executed together with partners.

Revenue from time and material contracts, typically from delivering design services, is recognised at the contractual rates, as labour hours are delivered and direct expenses incurred.

Revenue from fixed price and percentage fee based contracts for delivering design services is recognised under the POC method. Under the POC method, revenue is generally recognised based on assessments of the services performed to date as a percentage of the total services to be performed. As soon as the outcome of a contract can be estimated reliably, project revenue and project costs associated with the project are recognised as revenue and expenses respectively in proportion to the amount of work performed as at balance sheet date. Revenue from projects includes the contractually agreed revenue plus any revenue from variations in project work, claims and reimbursements, insofar as and to the extent that it is probable that these revenues will be realised and can be reliably determined.

Expected losses and known risks are provided for in the period in which they become known and are credited against work in progress.

Exchange differences arising upon the settlement or conversion of monetary items are recognised in the income statement in the period that they arise, unless they are hedged.

Licence fees and royalties are received for the use of the assets of the Group, such as trademarks and patents. Revenue is recognised when the amount of the consideration receivable can be determined reliably and recovery is probable. Royalty revenue is recognised at the moment that the rights of the licences are transferred to the buyer.

2.19 NET TURNOVER

Turnover comprises the fair value of the consideration for the sale of goods and services to third parties, net of discounts and exclusive of value added tax attributable to activities performed during the reporting period.

2.20 MOVEMENT WORK IN PROGRESS

At the balance sheet date, the invoicing of projects does not equal project costs or project results. The difference between these two amounts at 1 January and 31 December is shown separately as a part of total operating income.

2.21 OTHER OPERATING INCOME

Other operating income includes results that arise from events or transactions that are clearly distinct from the ordinary activities of the Company. Examples of Other operating income are: gains or losses on the sale of participating interests or incidental proceedings of legal court cases or incidental sales.

2.22 COSTS OF WORK SUBCONTRACTED AND OTHER EXTERNAL EXPENSES

Costs of work subcontracted and other external expenses are costs that are directly attributable to net turnover, i.e. subcontractors, travel costs and other costs.

2.23 OPERATING EXPENSES

Operating expenses are allocated to the reporting period to which they relate.

2.24 AMORTISATION AND DEPRECIATION

Intangible fixed assets, including goodwill, are amortised and property, plant and equipment depreciated over their estimated useful lives as from the inception of their use. Land is not depreciated. Future depreciation and amortisation is adjusted if there is a change in estimated future useful life.

2.25 GOVERNMENT GRANTS

Operating grants are recognised as an income item in the income statement in the year in which the subsidised costs are incurred, income is lost or a subsidised operating deficit has occurred. Grants are recognised as soon as it is likely that they will be received and the Group will comply with all attached conditions.

2.26 EMPLOYEE BENEFITS

Benefits payable on a regular basis

Wages, salaries and social security contributions payable pursuant to employment conditions or local legislation are incorporated in the income statement to the extent that these are payable to employees or external parties.

Employee benefits are charged to the profit and loss account in the period in which the employee services are rendered and, to the extent not already paid, taken up as a liability on the balance sheet. If the amount already paid exceeds the benefits owed, the excess is recognised as a current asset to the extent that there will be a refund or a reduction in future payments by the Group.

For benefits with accumulating rights, sabbatical leave, profit-sharing and bonuses the projected costs are taken into account during the employment. An expected payment resulting from profit-sharing and bonus payments is recognised if the obligation for that payment has arisen on or before the balance sheet date and a reliable estimate of the liabilities can be made.

Pensions

For the Dutch and comparable foreign defined contribution pension schemes the pension charge to be recognised for the reporting period equals the pension premium due to the pension fund or insurance company in respect of the reporting period. Prepaid contributions are recognised as deferred assets if these lead to a refund or reduction of future payments. Contributions that are due but have not yet been paid are taken up as liabilities.

Changes in provisions for additional liabilities are also charged to the result in the period in which they arise.

In Netherlands, in line with new fiscal laws regarding pensions applicable from 2015, a new collective defined contribution pension scheme has been introduced. This scheme is based upon average pay during the employment period with conditional indexation based upon the applicable Pension Law and the financial position of the pension fund. The two former pension funds have merged with effect from 1 January 2015 and the new fund, Stichting Pensioenfonds HaskoningDHV (the Pension Fund), will administer the new scheme as well as the existing liabilities of the 2 former funds. The Group has entered into an administration agreement with the new fund whereby the premium is fixed for 5 years and its liabilities are limited to the payment of the actual premiums due without any liability for additional payments to or deficits arising in the fund.

The new pension fund has two compartments, which are legally separated. In compartment DHV the former members of the DHV fund, together with new entries since 2015, are administered. This compartment is fully self-managed. In compartment Haskoning the former members of the Haskoning fund are administered. This compartment is closed for new entries in 2015. The pension liabilities until the end of 2014 are fully insured with Nationale-Nederlanden (NN) whereby the major risks are transferred to this company. Pension accruals with effect from 2015 are self-managed.

As at 1 July 2018 the assets and liabilities, except for the liabilities insured with NN, of compartment Haskoning have been transferred to compartment DHV, after which compartment Haskoning has been put into voluntary liquidation. The liabilities insured with NN have been transferred to NN and the relating insurance contract (which has been closed for new entries since 2015) has been transferred to HaskoningDHV Nederland B.V. As the new policyholder this company may, under the terms of the applicable Pension Law, be obliged to additional payments to fund the value transfer of former employees insured under this contract to their new pension provider. However, this company has entered into an agreement with the Pension Fund, whereby the latter is obliged to fully refund this company for these additional payments, if and when arising. No other obligations or charges in respect of the transfer of the insurance contract will arise.

Because of the above The Pension Fund has become a fully self-managed regular company pension fund. At the end of 2018 the provisional actual coverage rate is 102.7% and the provisional policy coverage rate is 108.7%.

In the United Kingdom and South Africa the current pension arrangements are to be considered as individual defined contribution schemes which are administered by insurance companies.

In addition the Group operates a defined benefit pension scheme in the United Kingdom which has been closed for new entries and future accrual in 2005. Further reference is made to 2.14 and note 12.

For foreign pension schemes that are not comparable in design and functioning to the Dutch pension system a best estimate is made of the obligation at the balance sheet date using generally accepted actuarial valuation principles. Changes of the obligation are charged to the result in the period in which they arise.

2.27 FINANCE INCOME AND EXPENSES

Interest

Interest income and expenses are recognised in the income statement as it accrues using the effective interest method.

Dividends

Dividend income is recognised when the actual payment is received.

2.28 CORPORATE INCOME TAX

Corporate income tax comprises the current and deferred corporate income tax payable and deductible for the reporting period. Corporate income tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity, or to business combinations.

Current tax comprises the expected tax payable or recoverable on the taxable profit or loss for the financial year, calculated using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years. The measurement of deferred tax liabilities and deferred tax assets is based on the tax consequences following from the manner in which the Company expects, at the balance sheet date, to realise or settle its assets, provisions, debts and accrued liabilities. Deferred tax assets and liabilities are measured at nominal value.

2.29 SHARE OF RESULT OF PARTICIPATING INTERESTS

The share of the result of participating interests consists of the share of the Group in the results of these participating interests, determined on the basis of the accounting principles of the Group.

The results of participating interests acquired or sold during the financial year are stated in the group result from the date of acquisition or until the date of sale respectively.

Results on transactions, where the transfer of assets and liabilities between the Group and the non-consolidated participating interests and mutually between non-consolidated participating interests themselves, are not recognised as they can be deemed as not realised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 MERGERS AND ACQUISITIONS

The Group acquired 100% of the shares and voting rights in Ynformed B.V. on 10 July 2018. As a result, control has been obtained over Ynformed B.V., which is active in data science solutions. The acquisition of Ynformed B.V. has been recorded applying the 'purchase accounting' method.

The purchase price is composed as follows:

	2018
HAL24000 B.V.	1,800
Ynformed B.V.	1,900
Total	**3,700**

Per 1 September 2018, Ynformed B.V. has been included in the consolidated financial statements of the Company.

The Group acquired 12.5% of the shares and voting rights in HAL 24000 B.V. on 20 April 2018. Significant influence has been obtained over HAL 24000 B.V., which is active in information technology and services, by representation in the Board and thus being able to influence company policy. Thus the participation in HAL 24000 B.V. has been recorded applying the `equity method'.

Per 1 June 2018, HAL 24000 B.V. has been included as a participating interest in the consolidated financial statements of the Company.

4 INTANGIBLE FIXED ASSETS

Movements in intangible fixed assets can be broken down as follows:

	Goodwill	Computer Software	Total
At 1 January 2018			
Cost	72,875	8,921	81,796
Accumulated amortisation and impairment	(52,559)	(7,925)	(60,484)
Carrying amount	**20,316**	**996**	**21,312**
Movements			
Investments	950	1,785	2,735
Divestments	-	(22)	(22)
Exchange differences	(196)	(9)	(205)
Newly consolidated	1,689	-	1,689
Impairment	(1,503)	-	(1,503)
Amortisation	(3,042)	(822)	(3,864)
Subtotal	**(2,102)**	**932**	**(1,170)**
At 31 December 2018			
Cost	74,311	9,863	84,174
Accumulated amortisation and impairment	(56,097)	(7,935)	(64,032)
Carrying amount	**18,214**	**1,928**	**20,142**
Amortisation rate in %	5-20	12-33	

At each balance sheet date the Group tests whether there are any indicators of intangible assets being subject to impairment. If any such indicators exists, the Group carries out impairment tests on capitalised goodwill, based on the estimated cash flows of the related CGU. The CGU represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. The recoverable amount of the relevant CGU is determined on the basis of their value in use. Determination of the value in use is performed by using estimated future cash flows based on historical performance and expected future market developments, forecast 2018, budget 2019 and further financial projections for 2020-2023. Cash flows after five years are extrapolated by perpetual growth rate to calculate the terminal value.

To calculate the present value of the estimated future cash flows, post-tax discount rates have been applied.

Above mentioned tests have led to impairment of a CGU in South-Africa of €1.5 million based on the historical performance and future expectations.

The carrying amount of Goodwill is geographically divided as follows:

	2018	2017
Netherlands	7,236	6,242
United Kingdom	2,136	2,471
Africa	3,340	5,434
Asia	1,332	1,504
Americas	4,170	4,665
	18,214	**20,316**

5 TANGIBLE FIXED ASSETS

Movements in tangible fixed assets can be broken down as follows:

	Land and buildings	Furniture and fixtures	Hardware	Other fixed assets	Total
At 1 January 2018					
Cost	8,734	18,669	18,563	5,075	51,041
Accumulated depreciation and impairment	(6,431)	(16,079)	(12,832)	(4,273)	(39,615)
Carrying amount	**2,303**	**2,590**	**5,731**	**802**	**11,426**
Movements					
Investments	98	471	2,199	318	3,086
Divestments	(13)	(79)	(5)	(27)	(124)
Newly consolidated	-	25	25	-	50
Exchange differences	(21)	(47)	(51)	(2)	(121)
Depreciation	(759)	(705)	(3,241)	(345)	(5,050)
Subtotal	**(695)**	**(335)**	**(1,073)**	**(56)**	**(2,159)**
At 31 December 2018					
Cost	8,502	18,297	19,673	5,051	51,523
Accumulated depreciation and impairment	(6,894)	(16,042)	(15,015)	(4,305)	(42,256)
Carrying amount	**1,608**	**2,255**	**4,658**	**746**	**9,267**
Depreciation rate in %	0-10	20-33	20-33	20-33	

The carrying amount of assets under financial lease is as follows:

	Land and buildings	Furniture and fixtures	Hardware	Other fixed assets	Total
Financial lease	-	-	372	-	**372**

At the end of 2017 the carrying amount for financial lease for Hardware was €0.6 million. The movement in 2018 is related to regular depreciation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 FINANCIAL FIXED ASSETS

Movements in financial fixed assets can be broken down as follows:

	Participating Interests	Loans to participating interests	Deferred income tax assets	Other financial fixed assets	Total
At 1 January 2018	**3,369**	**-**	**12,124**	**128**	**15,621**
Investments/additions	-	700	674	-	1,374
Reclassification	-	-	(80)	-	(80)
Repayments/utilisation	-	-	(980)	(119)	(1,099)
Remeasurement of defined benefit plan	-	-	(432)	-	(432)
Share of result in participating interests	762	(190)	-	-	572
Accumulation by interest	-	10	-	-	10
Exchange differences	(213)	-	(393)	(1)	(607)
Dividends	(292)	-	-	-	(292)
At 31 December 2018	**3,626**	**520**	**10,913**	**8**	**15,067**

Participating interests

We refer to page 77 for the company's participating interests.

Deferred income tax assets

Deferred income tax assets relate amongst others to unused tax losses. Recognised and unrecognised deductible temporary differences and tax losses can be broken down as follows:

	2018 Deferred income tax assets	2017 Deferred income tax assets
Deductible temporary differences related to United Kingdom pensions	3,531	4,025
Other deductible temporary differences	1,109	2,767
Total deductible temporary differences	**4,640**	**6,792**
Tax losses	6,273	5,332
	10,913	**12,124**

An amount of €1.0 million of the €10.9 million deferred tax asset is anticipated to be settled within one year.

Deferred tax assets and liabilities are only offset when they relate to the same entity and tax authority.

The tax losses not valued amount to €6.3 million (2017: €6.8 million).

The deferred tax asset for tax losses includes a deferred tax benefit of €3.2 million for the liquidation of the entities in Portugal and Russia.

Movement in deferred tax on the United Kingdom pensions is related to the change in net pension liability value of the defined benefit pension scheme in the United Kingdom. In 2018 €2.5 million is recognised directly in equity (2017: €0.1 million).

Other deductible temporary differences include timing differences from participating interests.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 WORK IN PROGRESS

Costs and estimated earnings on uncompleted contracts are as follows:

	2018	2017
Costs incurred and estimated earnings	1,729,505	1,657,029
Billings to date	(1,726,578)	(1,654,535)
	2,927	**2,494**

	2018	2017
Costs incurred and estimated earnings in excess of billings	87,378	84,024
Billings in excess of costs incurred and estimated earnings	(84,451)	(81,530)
	2,927	**2,494**
Less:		
Provision for expected losses	(9,606)	(9,359)
Payments in advance	(5,646)	(3,573)
	(12,325)	**(10,438)**

Change work in progress in the income statement is not equal to the movement in the balance sheet because the income statement only includes the movement in costs incurred and provision for expected losses. Furthermore differences occur due to exchange differences and reclassification.

The negative amount of work in progress is included in the current liabilities, see note 14.

8 RECEIVABLES

	2018	2017
Trade receivables	118,429	117,555
Amounts owed from participating interests	9,853	8,110
Corporate income tax	560	376
Other taxes and social security charges	1,157	845
Employee advances	420	315
Prepaid expenses	9,556	7,560
Other receivables	4,622	6,542
	144,597	**141,303**

Amounts owed from participating interests, like joint ventures, are treated similar to trade receivables; no interest is charged. All receivables fall due in less than one year.

	2018	2017
Trade receivables	136,402	135,105
Less: provision for bad debts	(17,973)	(17,550)
	118,429	**117,555**

During the year, an addition of €0.4 million to the provision for bad debts was charged to the profit and loss account.

9 CASH AND CASH EQUIVALENTS

The cash and cash equivalents balance includes an amount of €0.2 million (2017: €0.2 million) that is not immediately accessible. This relates to funds that are in an escrow account with the Dutch Tax Authorities in line with the Dutch Sequential Liability Act.

10 SHAREHOLDERS' EQUITY

Movements in shareholders' equity can be broken down as follows:

	2018							2017
	Issued share capital	Share premium	Foreign currency translation reserve	Legal and statutory reserves	Other reserves	Unappro-priated result	Total	Total
At 1 January	**5,000**	**-**	**(10,107)**	**2,420**	**124,081**	**12,847**	**134,241**	**122,263**
Movements								
Legal and statutory reserves	-	-	-	303	(303)	-	-	-
Exchange differences	-	-	(1,609)	-	-	-	(1,609)	(1,908)
Unappropriated result	-	-	-	-	-	12,737	12,737	12,847
Transfer result last year to other reserves	-	-	-	-	12,847	(12,847)	-	-
Shares issued	52	1,535	-	-	-	-	1,587	-
Own shares (repurchased) /sold	-	-	-	-	438	-	438	1,245
Dividend	-	-	-	-	(352)	-	(352)	(305)
Other movements in reserves	-	-	-	-	2,545	-	2,545	99
Subtotal	**52**	**1,535**	**(1,609)**	**303**	**15,175**	**(110)**	**15,346**	**11,978**
At 31 December	**5,052**	**1,535**	**(11,716)**	**2,723**	**139,256**	**12,737**	**149,587**	**134,241**

Group equity comprises of the equity of Koninklijke HaskoningDHV Groep B.V., which also includes the DHV Education Foundation. The equity of Koninklijke HaskoningDHV Groep B.V. as well as reconciliation with the consolidated equity is part of note 30 of the Company Financial Statements.

Included in the line other movements in other reserves is the Defined Benefit Pension Plan United Kingdom. The movement relates to the net balance of actuarial gains and losses, after deduction of deferred tax, in respect of the closed pension scheme in the United Kingdom, which has been directly charged to the reserves. Further reference is made to note 12.

Exchange gains and losses arising from the translation of foreign operations from functional to reporting currency are accounted for in the foreign currency translation reserve.

The legal and statutory reserves consist of a statutory reserve for unappropriated income of participating interests of €2.4 million and a legal reserve of €0.3 million in Portugal, Belgium and China.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 MINORITY INTEREST

Movements in the minority interest can be broken down as follows:

	2018	2017
At 1 January	**207**	**191**
Profit for the year	(74)	21
Dividends	(2)	(1)
Exchange differences	(14)	(4)
At 31 December	**117**	**207**

12 PROVISIONS

Movements in provisions can be broken down as follows:

	Pensions	Restructuring	Long-term employee benefits	Deferred tax liability	Other provisions	Total
At 1 January 2018	**23,678**	**6,632**	**5,146**	**214**	**1,036**	**36,706**
Additions	1,912	1,250	522	101	417	4,202
Withdrawals	(1,475)	(3,335)	(304)	(17)	(58)	(5,189)
Remeasurement of defined benefit plan	(2,978)	-	-	-	-	(2,978)
Reclassification	-	-	-	(80)	-	(80)
Release to profit & loss account	-	(37)	(14)	-	-	(51)
Exchange differences	(365)	(12)	(76)	(13)	(43)	(509)
At 31 December 2018	**20,772**	**4,498**	**5,274**	**205**	**1,352**	**32,101**

Of the provisions €29.8 million (2017: €32.6 million) qualifies as long-term (in effect for more than one year).

Pensions

Provisions are recognised at the balance sheet date for unfunded obligations resulting from contractual arrangements with pension funds and from obligations to employees in the United Kingdom. These obligations are based on actuarial calculations.

United Kingdom closed defined benefit plan

This plan is a funded defined benefit arrangement. The plan is a separate trustee administered fund holding the pension plan assets to meet the long-term pension liabilities.

New entries and accruals for new benefits in the plan ceased on 30 June 2005 at which time all remaining active members became deferred members. No guarantee from the Group has been provided to the local entity in the United Kingdom for the closed defined benefit plan.

Movement in net defined benefit liability

	2018			2017
	Defined benefit obligation	Fair value of plan assets	Net defined benefit liability	Total
At 1 January	**74,450**	**50,772**	**23,678**	**25,777**
Included in income statement				
Interest	1,771	1,204	567	649
Included in equity				
Actuarial loss (gain) arising from				
- Scheme experience	368	-	368	(682)
- Financial assumptions	(1,614)	-	(1,614)	1,001
Return on plan assets (excluding interest income)	-	385	(385)	(599)
Subtotal	**(1,246)**	**385**	**(1,631)**	**(280)**
Exchange differences	(1,148)	(782)	(366)	(1,032)
	(2,394)	**(397)**	**(1,997)**	**(1,312)**
Other				
Contributions paid by employer	-	1,476	(1,476)	(1,436)
Benefits paid	(5,099)	(5,099)	-	-
	(5,099)	**(3,623)**	**(1,476)**	**(1,436)**
At 31 December	**68,728**	**47,956**	**20,772**	**23,678**

The interest is taken up in the income statement in the line interest costs.

In addition to the assets and obligations noted above the scheme holds an amount of €2.0 million (2017: €2.0 million) in relation to matching annuities with an insurance company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Plan assets

Plan assets comprise of the following:

	2018		2017	
	Amount	%	Amount	%
Corporate bonds	-		2,806	
Index-linked bonds	7,814		2,426	
Pooled liability driven investment funds	11,852		15,328	
Total matching assets	**19,666**	**41.0**	**20,560**	**40.5**
United Kingdom equities	5,117		9,081	
Overseas equities	5,755		9,370	
Diversified growth funds	14,292		3,965	
Property	3,121		5,046	
Cash	5		2,750	
Total growth assets	**28,290**	**59.0**	**30,212**	**59.5**
Total invested assets	**47,956**	**100.0**	**50,772**	**100.0**

None of the fair values of the assets shown above include any of the United Kingdom Company's own financial instruments or any property occupied by, or other asset used by, the company. All of the scheme assets have a quoted market price in an active market with the exception of the Trustee's bank account balance.

The strategic asset allocation target is 38% matching assets and 62% growth assets.

Defined benefit obligations

Actuarial assumptions
The following were the principal actuarial assumptions at the reporting date (in % per annum):

	2018	2017
Discount rate	2.8	2.5
Inflation (Retail Price Index)	3.3	3.2
Inflation (Customer Price Index)	2.3	2.2
Allowance for commutation of pension for cash at retirement	60% of Post A Day	60% of Post A Day

The discount rate is based on the iBoxx AA-rated United Kingdom 15-year corporate bond index.

The mortality assumptions adopted at 31 December 2018 are 100% of the standard tables S2PxA, year of birth, no ageing for males and females, projected using CMI_201x converging to 1.0% per annum. These imply the following life expectancies at age 65 years:

	2018	2017
Longevity at age 65 for current pensioners		
Males	21.8	21.9
Females	23.7	23.7
Longevity at age 65 for current members aged 45		
Males	22.8	23.0
Females	24.9	25.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Sensitivity analysis

Reasonably possible changes at reporting date to one of the relevant actuarial assumptions, holding other consumptions constant, would have affected the defined benefit obligation by the percentages shown below:

		2018	2017
Discount rate	Decrease of 0.1% per annum	2% increase	2% increase
Rate of inflation	Increase of 0.1% per annum	2% increase (of inflation-linked)	2% increase (of inflation-linked)
Rate of mortality	Increase of life expectancy of 1 year	2% increase	2% increase

The average duration of the defined benefit obligation at the period ending at 31 December 2018 is 17 years (2017: 18 years).

The plan typically exposes the Company to actuarial risks such as investment risk, interest rate risk, mortality risk and longevity risk. A decrease in corporate bond yields, a rise in inflation or an increase in life expectancy would result in an increase to plan liabilities. This would detrimentally impact the balance sheet position and may give rise to increased charges in future P&L accounts. This effect will, however, now be partially offset as a result of the investment in LDI assets.

Additionally, caps on inflationary increases are in place to protect the plan against extreme valuation.

Following the completion of the triennial valuation of the scheme as at 31 October 2015, the level of regular deficit funding increased to €1.4 million per annum from the start of 2017 and increased thereafter by 3% per annum, plus additional annual contributions of €0.02 million per year to a maximum of €0.1 million per annum thereafter, until the next review as at 31 October 2018 which is expected be completed by the end of 2019.

Restructuring

Restructuring costs include provisions for staff redundancy and costs due to onerous rental agreement buildings. The movements in 2018 are related to the restructuring of the organisation to be more effective, efficient and thus more successful in the market.

Approximately €1.5 million (2017: €3.4 million) of the restructuring provision is due within one year.

Long-term employee benefits

This item mainly relates to future long-service awards. The provision for long service relates to payments to employees on the basis of years of service. The provision reflects the estimated amount of the long-service awards in the future. The calculation is based on commitments made, retention rates and ages.

The following key actuarial assumptions have been used in determining the provision:

- Discount rates: based on iBoxx AA classified European corporate bonds;
- Life expectancy: forecast table AG2018 with a correction for longevity based on income class.

In addition provisions have been made for mandatory severance and disability schemes in a number of overseas countries of operation.

This provision has mainly a non-current nature; the Group expects to use approximately €4.8 million (2017: €4.5 million) after 2019.

Other provisions

Other provisions relate to the old age pension act (AOW) for employees that have been abroad for a longer period of time and the own risk regarding claims.

The expected utilisation period of these provisions is between one and five years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 NON-CURRENT LIABILITIES

	2018			2017
	At 31 December 2018	Repayment obligation in 2019	Remaining term > 1 year	Remaining term > 1 year
Financial lease liabilities	372	194	178	372
	372	**194**	**178**	**372**

The amount of contingent lease payments is recognised as an expense in 2018 for an amount of €0.2 million.

Per 31 December 2018 the facility with three banks in Netherlands consists of:

- multipurpose facility: €30 million
- guarantee facility: €50 million

As security there is a pledge on the receivables of the borrowers.

The facility has a 1-month Euribor denominated interest rate. The markup on this facility is 95 bps above 1M Euribor. The credit margin on the facility is based on the leverage ratio (net debt/EBITDA); a lower leverage ratio results in a lower credit margin. The debt covenant for the multipurpose facility states that the leverage ratio must not exceed 2.0 at 31 December 2018 and the interest coverage ratio shall not be lower than 4.0. Per 31 December 2018 the leverage ratio (net debt/EBITDA) is -3.9 and the interest coverage ratio is 94.

Parallel to the multipurpose/guarantee facilities the group has loan or guarantee facilities with banks in South Africa (€2.7 million Prime Rate denominated overdraft facility; €1.2 million guarantee facility; €0.9 million asset finance), United Kingdom (€2.8 million guarantee facility), India (€3.7 million multi-purpose facility) and Vietnam (€1.6 million multi-purpose facility and €0.4 million guarantee facility). There are no securities given for the facility in South Africa. The United Kingdom facility is secured with a debenture; a written agreement between lender and borrower, filed at Companies House. The debenture holder has the rights to any and all assets should the company become insolvent. In other countries the group has guarantee facilities with other banks of €1.8 million.

In total the company has €95.2 million banking facilities. Within these facilities €5.2 million can be used for loans, €55.0 million can be used for guarantees and €35.0 million can be used for both loans and guarantees. At 31 December 2018 the Group had contingent liabilities in respect of guarantees provided to third parties in the ordinary course of business to the value of €40.2 million. Counter guarantees in favour of the Group have been received to a value of €1.6 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 CURRENT LIABILITIES

	2018	2017
Amounts owed to credit institutions	314	16
Short-term part of non-current liabilities	194	227
Trade payables	41,878	39,067
Corporate income tax	3,160	3,278
Other taxes & social security charges	28,375	26,089
Holiday allowance	7,235	6,956
Amounts owed to participating interests	612	174
Pension premiums	3,530	3,447
Leave entitlements	10,847	10,535
Accrued expenses	7,952	10,167
Work in progress	12,325	10,438
Other short-term liabilities	14,485	12,961
Total	**130,907**	**123,355**

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the carrying amount due to their short-term character.

Other taxes & social security charges include payroll taxes of €9.9 million (2017: €9.2 million) and VAT of €18.5 million (2017: €16.9 million).

Included in accrued expenses are accruals for accommodation, ICT costs and project related costs of €3.0 million (2017: €4.5 million), staff related accruals of €2.2 million (2017: €2.1 million) and other of €2.8 million (2017: €3.6 million).

Other short-term liabilities includes other staff related accruals of €10.4 million (2017: €10.3 million).

15 FINANCIAL INSTRUMENTS

General information

During the normal course of business, the company uses various financial instruments that expose it to market, currency, interest, cash flow, credit and liquidity risks. To control these risks, the company has instituted a policy including a code of conduct and procedures that are intended to limit the risks of unpredictable adverse developments in the financial markets and thus for the financial performance of the company.

The company applies derivatives, including forward exchange contracts and purchased interest rate options to control its risks.

The company does not trade in financial derivatives.

Credit risk

Credit risk arises principally from the company receivables presented under trade and other receivables and cash. The maximum amount of credit risk that the company incurs is €286 million (2017: €263 million), consisting of trade receivables (€136 million excluding the provision for bad debts (2017: €135 million)), other receivables (€26 million (2017: €23 million)) and cash (€124 million (2017: €105 million)). The credit risk is concentrated at a large number of counterparties, the highest receivable amounts to €9.2 million (2017: €4.7 million). We received the biggest part of this outstanding amount in January 2019.

The company exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. Geographically, on the other hand, the credit risk is approximately 51% (2017: 49%) concentrated in Netherlands.

Management has established a credit policy under which each new customer is analysed individually for creditworthiness before, preferably, the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available and purchase limits are established for each customer, which represent the maximum open amount without requiring approval from the management. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

A large part of the Group's customers have been transacting with the Group for over four years. Impairment losses have been recognised against these customers. At balance date the provision for bad debts amounted to €18.0 million (2017: €17.6 million).

Currency risk

The Group is exposed to currency risk on sales denominated in a currency other than the respective functional currencies of Group entities, primarily the Euro, but also Pound Sterling (GBP). The currencies in which these transactions primarily are denominated are USD, KWD and ILS. The Group aims to mitigate as much as possible of its foreign currency exposure in respect of contracted sales.

The currency risk of net investments in foreign subsidiaries is not hedged. The current view on this translation exposure is that our investments are long-term and as such are not hedged through short-term instruments as Foreign Exchange derivatives.

The net currency position (EUR) of hedged contracts as at 31 December is specified below:

	2018		2017	
	Estimated fair value	Contract value/ projected principal amounts	Estimated fair value	Contract value/ projected principal amounts
EUR/USD	(1,082)	20,372	723	14,917
EUR/KWD	(302)	9,752	480	11,519
EUR/ILS	27	7,039	-	-
EUR/MXN	(181)	6,323	178	3,490
EUR/VND	152	5,884	(173)	6,547
EUR/INR	(173)	3,645	(22)	3,209
EUR/SAR	(60)	3,255	80	5,804
EUR/TWD	(34)	1,680	91	1,825
EUR/OMR	(68)	1,448	104	2,903
GBP/INR	(204)	3,219	(19)	2,272
GBP/USD	(33)	2,447	157	3,508
GBP/OMR	-	-	17	1,243
ILS/USD	-	-	477	10,739
Other	(79)	3,935	(42)	3,802
	(2,037)	**68,999**	**2,051**	**71,778**

The contracts expire in the next two years. Of the Estimated fair value minus €2.0 million expires within one year.

Of the Contract value / projected principal amounts €67.7 million expires within one year.

Liquidity risk

Management ensures that sufficient balances are available for a minimum period of 18 days (a minimum of €30 million) to cover the expected operational costs, including meeting the financial obligations. The potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters are not taken into account. For further details regarding our bank facility we refer to note 13.

Price risk

The Group does not hold any investments in listed and non-listed equities and therefore does not run a price risk.

Interest rate risk

The Group mitigates the interest rate risk as much as possible. Currently there are no outstanding loans and the bank balance is positive. Therefore the interest rate risk is limited.

16 COMMITMENTS AND CONTINGENCIES NOT INCLUDED IN THE BALANCE SHEET

Operational leases

	2018				2017
	Less than 1 year	Between 1 and 5 years	More than 5 years	Total	Total
Equipment/utilities	28	12	-	40	240
Buildings rental/lease	13,912	28,816	19,539	62,267	70,040
Car lease	3,724	4,029	-	7,753	9,164
ICT lease	6,918	4,561	-	11,479	9,509
	24,582	**37,418**	**19,539**	**81,539**	**88,953**

In 2018, the commitments ensuing from this recognised in the profit and loss account amounted to €23.6 million (2017: €24.3 million).

Contingent liabilities

The Company in Netherlands is liable for any obligations arising under the Dutch Sequential Liability Act. The Company executes certain projects in partnership with other parties. Based on contractual agreements, the Company bears joint and several liabilities for the contractual obligations of the partnership resulting from these projects.

Tax group liabilities

The Company forms a fiscal unity for VAT and income tax in Netherlands with a number of group companies (see page 69). Under the standard conditions, the Company and its fellow members of the tax group are jointly and severally liable for any taxes owed by the group.

By virtue of its operations in various countries, the Company incurs operational and/or tax claims. Where their effect is more likely than not and can be reasonably estimated, such claims are provided for as soon as they arise. The existing provisions are considered sufficient to cover the potential consequences of pending claims.

Contingencies

The Company is involved in certain legal proceedings relating to its projects. Provisions have been created for these insofar as these are necessary based on the management's best estimate.

Share Plan

For details about the company's share plan we refer to page 78.

Pensions

The Company in The Netherlands has taken over a closed pension insurance contract with a life insurance company from its pension fund. Under the terms of this contract and the applicable Pension Law the Company may be obliged to additional payments to fund the value transfer of former employees insured under this contract to their new pension provider. The Company has entered into an agreement with its pension fund whereby the latter has committed itself to fully refund the Company for these obligations, if and when arising.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 NET TURNOVER

The net turnover by geographical area can be broken down as follows:

	2018	2017
Netherlands	306,033	286,410
Africa, Middle East and India (excl. SA)	70,586	82,415
Asia Pacific (excl. ID)	49,859	42,479
South Africa	47,145	57,412
United Kingdom	45,893	38,590
Americas	36,296	32,358
Continental Europe (excl. NL)	30,984	32,495
Indonesia	11,690	12,769
	598,486	**584,928**

The net turnover by business line can be broken down as follows:

	2018	2017
Industry & Buildings	204,714	193,913
Transport & Planning	155,910	157,253
Maritime & Aviation	134,964	127,958
Water	102,898	105,804
	598,486	**584,928**

See key figures on pages 4 and 5 for % segmentation of turnover by region, client group and market group.

18 OTHER OPERATING INCOME

	2018	2017
Proceedings of surplus of outstanding debtors after court settlement	-	2,549
	-	**2,549**

19 SHORT-TERM EMPLOYEE BENEFITS

	2018	2017
Salaries and wages	265,406	263,731
Social security charges	30,437	29,738
Pension costs	32,064	30,350
	327,907	**323,819**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 REMUNERATION REPORT UNDER RESPONSIBILITY OF THE SUPERVISORY BOARD

Remuneration of the Executive Board

For the explanation of the remuneration of the Executive Board we refer to the Supervisory Board report on page 16.

Current and former managing directors	Base salary	Social premiums/ other allowances	Variable	Pensions	2018	2017
E. Oostwegel (CEO)	482	93	157	16	748	717
N.G. Dalstra (CFO)	335	61	109	16	521	501
Total					**1,269**	**1,218**

Remuneration of the Supervisory Board

The remuneration of the members of the Supervisory Board was agreed in 2012 and is comprised of a fixed remuneration that is independent from the company's results, whereby a distinction is made between the remuneration of the Chairman and that of the other members of the Supervisory Board. Members of the Supervisory Board receive a further remuneration for their respective memberships of committees of the Supervisory Board.

In addition to the fixed remuneration the members of the Supervisory Board also receive a fixed contribution towards their expenses. No loans, advances or guarantees have been granted to the members of the Supervisory Board. The members of the Supervisory Board do not possess depositary receipts in Royal HaskoningDHV.

Current Supervisory board members	2018	2017
J.A.P. van Oosten (Chairman)	45	45
P.M.M. Blauwhoff	35	35
J. Bout	35	35
A.M. Paulussen-Hoogakker	35	35
J.S.T. Tiemstra	35	35
	185	**185**

21 OTHER OPERATING EXPENSES

	2018	2017
Temporary staff	24,969	19,694
Office expenses	26,272	25,519
Travel and accommodation	21,742	22,639
Occupancy expenses	18,562	20,196
Work by third parties	8,119	6,849
Additional personnel expenses	7,749	8,219
Other operating expenses	10,625	16,070
Restructuring costs and other one-off items	3,318	4,718
	121,356	**123,904**

Restructuring costs include provisions for staff redundancy.

Other one-off items include a recalculation of the UK pension deficit because of GMP equalisation.

Included in other operating expenses is a loss on exchange differences of €2.4 million (2017: loss €3.4 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Auditor's fees

The following fees were charged by KPMG Accountants N.V. to the Group as referred to in Article 2:382a(1) and (2) of Netherlands Civil Code:

	2018			2017
	KPMG Accountants N.V.	Other KPMG network	Total KPMG	Total KPMG
Audit of the financial statements	250	127	377	377
Other audit related services	4	-	4	-
Tax-related advisory services	-	-	-	-
Other non-audit services	10	-	10	4
	264	**127**	**391**	**381**

The fees mentioned in the table for the audit of the financial statements 2018 (2017) relate to the total fees for the audit of the financial statements 2018 (2017), irrespective of whether the activities have been performed during the financial year 2018 (2017).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 CORPORATE INCOME TAX

The major components of the tax expense are as follows:

	2018	2017
Tax liability for current financial year	6,228	7,893
Movement in temporary differences	405	(447)
Adjustment in valuation of deductible losses	187	(548)
Adjustment for prior periods	(928)	669
Other adjustments	(313)	237
Tax expense	**5,579**	**7,804**

The applicable weighted average tax rate is 23.8% (2017: 24.4%), whereby the weighted average has been calculated based on the results before taxes in the various tax jurisdictions. The tax expense recognised in the income statement for 2018 amounts to €5.6 million, or 30.6% of the result before tax and share in result of participating interests (2017: 37.8%).
The numerical reconciliation between the applicable and the effective tax rate is as follows:

	2018		2017	
Result before tax	18,242		20,672	
Statutory tax rate NL	4,561	25%	5,168	25%
Changes related to:				
Utilisation of previously reserved loss carry-forwards	(213)	(1.2%)	(771)	(3.7%)
New loss carry-forwards not expected to be realised	400	2.2%	223	1.1%
Non tax deductible goodwill amortisation	1,176	6.4%	1,182	5.7%
Non taxable income	(41)	(0.2%)	(149)	(0.7%)
Non tax deductible expenses	417	2.3%	480	2.3%
Withholding and foreign taxes	741	4.1%	765	3.7%
Tax rate differences	(220)	(1.2%)	(133)	(0.6%)
Prior year tax results	(248)	(1.4%)	669	3.2%
Tax expenses due to other liabilities	327	1.8%	426	2.1%
Tax incentives and other	(1,321)	(7.2%)	(56)	(0.3%)
Effective tax rate	**5,579**	**30.6%**	**7,804**	**37.8%**

Other adjustments relate to amongst others unrecoverable taxes, withholding taxes and changes in the tax provision.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 NUMBER OF EMPLOYEES

During the year 2018 on average 5,077 (2017: 5,093) employees were employed by the Group.

The head count (excluding flexible workforce and minority interests) per end of year by geographical area can be broken down as follows:

	2018	2017
Netherlands	2,912	2,697
South Africa	520	620
United Kingdom	498	500
Africa, Middle East and India (excl. SA)	416	426
Asia Pacific (excl. ID)	361	298
Indonesia	214	267
Continental Europe (excl. NL)	140	145
Americas	72	67
	5,133	**5,020**

The head count (excluding flexible workforce and minority interests) per end of year is split by the following business lines:

	2018	2017
Industry & Buildings	1,500	1,406
Transport & Planning	1,270	1,253
Water	1,003	1,034
Maritime & Aviation	779	722
Corporate Groups	581	605
	5,133	**5,020**

24 CHANGES IN CONSOLIDATED INVESTMENTS

The following investments and divestments were made in 2018:

	Country	Holding at 01/01/2018	Acquired/ divested	Holding at 31/12/2018
Investments:				
HaskoningDHV Participations I B.V.	Netherlands	0%	100%	100%
Ynformed B.V.	Netherlands	0%	100%	100%

25 RELATED PARTY TRANSACTIONS

The Group's related parties comprise joint ventures, the Executive Board, the Supervisory Board, Stichting HaskoningDHV and Stichting Administratiekantoor HaskoningDHV. An extensive list of subsidiaries and joint ventures is disclosed on page 75 to 77. All transactions with related parties are at arm's length basis. The remuneration of the Executive board is included in the Supervisory board report on page 16. The remuneration of the Supervisory board is included in note 20.

LEVERAGING THE **POWER OF DATA**

Leadership event: Mission A.I.

Over 150 leaders in our company joined the 'Mission A.I.' conference. At 'Mission A.I.' our top leaders explored how data and digital can be applied in our services and new innovative solutions. Data is everything, data is everywhere. Leaders explored and learned how to leverage the power of data. Integrating the physical and the digital world.

Explore our latests insights:

royalhaskoningdhv.com/en-gb/insights

COMPANY FINANCIAL STATEMENTS

COMPANY BALANCE SHEET AT 31 DECEMBER 2018

Before profit appropriation *€ thousands*

Assets

	Note	2018	2017
Fixed assets			
Intangible fixed assets	27	6,270	7,781
Financial fixed assets	28	103,971	108,919
		110,241	**116,700**
Current assets			
Receivables	29	9,261	14,967
Cash and cash equivalents		44,823	18,043
		54,084	**33,010**
		164,325	**149,710**

Shareholders' equity & liabilities

	Note	2018	2017
Shareholders' equity			
Issued share capital		5,052	5,000
Share premium		1,535	-
Foreign currency translation reserve		(11,960)	(10,127)
Legal and statutory reserves		2,723	2,420
Other reserves		140,895	125,783
Unappropriated result		13,174	12,782
Subtotal	30	**151,419**	**135,858**
Provisions	31	11	11
Non-current liabilities	32	-	-
Current liabilities	33	12,895	13,841
		164,325	**149,710**

COMPANY INCOME STATEMENT 2018

€ thousands

	Note	2018	2017
Share of result of participating interests after tax		14,670	17,787
Company result after tax		(1,496)	(5,005)
Net result		**13,174**	**12,782**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

26 GENERAL INFORMATION

The company financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2, of Netherlands Civil Code and the financial reporting requirements as set forth in the Guidelines for Annual Reporting in Netherlands.

Since the income statement for 2018 of Koninklijke HaskoningDHV Groep B.V. is included in the consolidated financial statements, an abridged income statement has been disclosed (in the company financial statements) in accordance with Section 402, Book 2, of Netherlands Civil Code.

The accounting policies for the company financial statements and the consolidated financial statements are the same. Participating interests in group companies are accounted for in the Company financial statements according to the equity accounting method on the basis of net asset value. For details we refer to the accounting policy for financial fixed assets in the consolidated financial statements (2.7).

As per year end, the financial instruments that have the legal form of equity, are presented in the equity of the company financial statements.

The share of result of participating interests concerns the Company's share of the profit or loss of these participating interests. Results on transactions involving the transfer of assets and liabilities between the Company and its participating interests and mutually between participating interests themselves, are eliminated to the extent that they can be considered as not realised.

For accounting policies for the company balance sheet and income statement, reference is made to the notes to the consolidated balance sheet and income statement on pages 32 to 41.

27 INTANGIBLE FIXED ASSETS

Movements in intangible fixed assets can be broken down as follows:

	Goodwill
At 1 January 2018	
Cost	28,319
Accumulated amortisation and impairment	(20,538)
Carrying amount	**7,781**
Movements	
Impairment	(510)
Amortisation	(1,001)
Subtotal	**(1,511)**
At 31 December 2018	
Cost	27,643
Accumulated amortisation and impairment	(21,373)
Carrying amount	**6,270**
Amortisation rate in %	5-20

At each balance sheet date the Group tests whether there are any indicators of intangible assets being subject to impairment. If any such indicators exists, the Group carries out impairment tests on capitalised goodwill, based on the estimated cash flows of the related CGU. The CGU represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. The recoverable amount of the relevant CGU is determined on the basis of their value in use. Determination of the value in use is performed by using estimated future cash flows based on historical performance and expected future market developments, forecast 2018, budget 2019 and further financial projections for 2020-2023.

Cash flows after five years are extrapolated by perpetual growth rate to calculate the terminal value.

To calculate the present value of the estimated future cash flows, post-tax discount rates have been applied.

Above mentioned tests have led to impairment of a CGU South-Africa of €0.5 million based on the historical performance and future expectations.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

28 FINANCIAL FIXED ASSETS

Movements in financial fixed assets can be broken down as follows:

	Participating interests in group companies	Loans to participating interests	Deferred income tax assets	Other financial fixed assets	Total
At 1 January 2018	**89,520**	**15,722**	**3,558**	**119**	**108,919**
Investments/additions	1,810	4,205	150	-	6,165
Repayments/utilisation	-	(1,900)	(349)	(119)	(2,368)
Reclassification	-	1,007	-	-	1,007
Share of result in participating interests	14,670	-	-	-	14,670
Accumulation by interest	-	10	-	-	10
Exchange differences	(1,080)	(894)	-	-	(1,974)
Dividend	(25,004)	-	-	-	(25,004)
Other movements	2,546	-	-	-	2,546
At 31 December 2018	**82,462**	**18,150**	**3,359**	**-**	**103,971**

Participating interests

Two of the participating interests have a negative equity value with a total value of €1.1 million (2017: €1.2 million).

Investments relate to HaskoningDHV Participations I B.V. (€1.8 million).

Dividend has been paid by HaskoningDHV Nederland B.V. (€25.0 million).

In the other movements the remeasurement of the United Kingdom pension fund is included (€2.5 million).

The participating interests are 100% related to group companies. For an extensive list of participating interests we refer to page 75 to 76.

Loans to participating interests

Receivables from participating interests includes loans to RoyalHaskoningDHV (Pty) Ltd. of €5.8 million (2017: €3.5 million) and InterVISTAS Holding Inc. of €1.2 million (2017: €1.7 million) and HaskoningDHV Consulting Pvt. Ltd. of €2.3 million (2017: €2.4 million). The loans are provided for funding and cash management purposes. The majority of the loans have a permanent nature.

Nothing has been agreed in respect of securities. All loans are at arm's length.

The interest income on loans to associates amounted to €0.9 million (2017: €0.6 million).

29 RECEIVABLES

	2018	2017
Amounts owed from group companies/subsidiaries	9,015	14,757
Other receivables, prepayments and accrued income	246	210
	9,261	**14,967**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

30 SHAREHOLDERS' EQUITY

The authorised and issued share capital amounts to €5,051,509, divided into ordinary shares of €1.00 each, split by A and B class shares (with equal voting rights). For further information regarding the shareholder structure we refer to page 78.

Depositary receipts (DRs) of the B class shares are sold to employees during an annual trade round. In the event that more DRs are offered than requested by employees in any future year, there is an intention to buy back DRs by Stichting Administratiekantoor HaskoningDHV (the "Trust Office") to a maximum of 2.5% of the total number of A and B-shares in Koninklijke HaskoningDHV Groep B.V. This is subject to approval of the Supervisory Board.

	2018		2017	
	A-shares	B-shares	A-shares	B-shares
Stichting HaskoningDHV	4,717,359	-	4,717,359	-
Stichting Adminstratiekantoor HaskoningDHV	-	334,150	-	268,408
Koninklijke HaskoningDHV Groep B.V.	-	-	-	14,233
	4,717,359	**334,150**	**4,717,359**	**282,641**

During the annual trade round in May 2018 the Trust Office sold a balance of 65,742 DRs to employees (83,593 DRs sold and 17,851 DRs purchased). In connection therewith the company sold 14,233 B class shares held by the company to the Trust Office (total value € 0.4 million - price € 30.80) and issued 51,509 B class shares to the Trust Office (total value € 1.6 million - issue price € 30.80). The amount of the issue price that exceeds the par value has been presented as Share Premium (€ 1.5 million).

Subject to adoption of the financial statements 2018 by the Annual General Meeting, the price will rise by 7.0% to €32.94. Including the proposed dividend of €1.26 (see Proposed profit appropriation, page 68) the total return for the DR holders is 11.0%.

The movement in DRs is as follows:

	2018	2017
Balance at 1 January	268,408	225,495
Trade round (bought)	83,593	69,485
Sold	(17,851)	(26,572)
	334,150	**268,408**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

Statement of changes in shareholders' equity

Movements in shareholders' equity can be broken down as follows:

	2018							2017
	Issued share capital	Share premium	Foreign currency translation reserve	Legal and statutory reserves	Other reserves	Unappro-priated result	Total	Total
At 1 January	**5,000**	**-**	**(10,127)**	**2,420**	**125,783**	**12,782**	**135,858**	**123,961**
Movements								
Legal and statutory reserves	-		-	303	(303)	-	-	-
Exchange differences	-		(1,833)	-	-	-	(1,833)	(1,923)
Unappropriated result	-		-	-	-	13,174	13,174	12,782
Transfer result last year to other reserves	-		-	-	12,782	(12,782)	-	-
Shares issued	52	1,535	-	-	-	-	1,587	-
Own shares sold /(repurchased)	-		-	-	438	-	438	1,245
Dividend	-		-	-	(351)	-	(351)	(305)
Other movements in reserves	-		-	-	2,546	-	2,546	98
Subtotal	**52**	**1,535**	**(1,833)**	**303**	**15,112**	**392**	**15,561**	**11,897**
At 31 December	**5,052**	**1,535**	**(11,960)**	**2,723**	**140,895**	**13,174**	**151,419**	**135,858**

The reconciliation of the statutory and consolidated equity of Koninklijke HaskoningDHV Groep B.V. is as follows:

	2018	2017
Equity Koninklijke HaskoningDHV Groep B.V. (following the company financial statements)	151,419	135,858
Equity DHV Education Foundation	(1,832)	(1,617)
Equity Koninklijke HaskoningDHV Groep B.V. (following the consolidated financial statements)	**149,587**	**134,241**

The reconciliation of the statutory and consolidated result of Koninklijke HaskoningDHV Groep B.V. is as follows:

	2018	2017
Result Koninklijke HaskoningDHV Groep B.V. (following the company financial statements)	13,174	12,782
Result DHV Education Foundation	(437)	65
Result Koninklijke HaskoningDHV Groep B.V. (following the consolidated financial statements)	**12,737**	**12,847**

We have included DHV Education Foundation as a consolidated company, given the fact that we have control. In the company statements, DHV Education Foundation is not included. In above tables you can see the effect of this exclusion.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

Foreign currency translation reserve

Exchange gains and losses arising from the translation of foreign operations from functional to reporting currency are accounted for in this statutory reserve. The foreign translation reserve of €12.0 million includes a.o. investments in South Africa, Turkey, Canada and Mozambique.

Legal and Statutory reserves

The legal reserve for participating interests which amounts €2.4 million (2017: €2.1 million) pertains to participating interests that are measured at net asset value. The reserve is equal to the share in the results and direct changes in equity (both calculated on the basis of the Company's accounting policies) of the participating interests since the first measurement at net asset value, less the distributions that the Company has been entitled to since the first measurement at net asset value, and less distributions that the Company may effect without restrictions. As to the latter share, this takes into account any profits that may not be distributable by participating interests that are Dutch limited companies based on the distribution tests to be performed by the management of those companies. The legal reserve is determined on an individual basis.

The reserves required under the articles of association (€0.3 million) are related to Portugal, Belgium and China.

Other reserves

Included in the line other movements in other reserves is the Defined Benefit Pension Plan United Kingdom. The movement relates to the net balance of actuarial gains and losses, after deduction of deferred tax, in respect of the closed pension scheme in the United Kingdom, which has been directly charged to the reserves. Further reference is made to note 12.

Proposed profit appropriation

Given the profit over 2018, the Executive Board proposes that a dividend of €1.26 per B-share will be distributed to holders of B-shares, representing a value of €421,000. Due to the depositary receipts Rules and Regulations this dividend will be distributed to the depositary receipt holders on a one-to-one basis.

The Executive Board proposes that no dividend will be distributed to the A-shares (see also Dividend per share at page 66). The remaining profit of €12,316,000 will be added to the other reserves.

31 PROVISIONS

The provision is related to long-term employee benefits.

32 NON-CURRENT LIABILITIES

For terms and conditions of the loan and guarantee facility, refer to note 13 of the consolidated notes on page 51.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

33 CURRENT LIABILITIES

	2018	2017
Amounts owed to credit institutions	-	15
Amounts owed to group companies/subsidiaries	12,048	12,004
Corporate income tax	337	1,229
Other taxes & social security contributions	40	30
Other debts, accruals and deferred income	470	563
	12,895	**13,841**

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the carrying amount due to their short-term character.

34 COMMITMENTS AND CONTINGENCIES NOT INCLUDED IN THE BALANCE SHEET

At 31 December 2018 the company had contingent liabilities in respect of guarantees provided to third parties in the ordinary course of business to the value of €12.9 million.

Koninklijke HaskoningDHV Groep B.V. has issued a corporate guarantee to Castor (Amersfoort) B.V., in which it guarantees the fulfilment of the rental obligations related to the head office in Amersfoort. The guarantee amounts to a rental period of maximum five years and the term of the guarantee is equal to that of the lease.

35 TAX GROUP LIABILITIES

Together with its Dutch subsidiaries, the Company forms a fiscal unity for corporate income tax purposes and value-added tax; the standard conditions stipulate that each of the companies is liable for the tax payable by all companies belonging to the fiscal unity.

Recharges between the Company and its subsidiaries are settled through current account positions. The following method is applied with regard to recharges/allocation of corporate income taxes within the fiscal unity:

Because the Company recharges corporate income taxes within the fiscal unity under the assumption that all group companies are independent tax entities, all deferred tax positions, both deferred tax assets and deferred tax liabilities, are in principle deferred receivables and deferred liabilities of these group companies to the Company.

The company forms a fiscal unity with:
- HaskoningDHV Nederland B.V.
- HaskoningDHV Asset Management B.V.
- HaskoningDHV Participations I B.V.
- Haskoning International B.V.
- Haskoning International Services B.V.
- Haskoning B.V.
- DHV China B.V.
- DHV Global Engineering Center B.V.
- DHV NPC B.V.
- Ynformed B.V. (in 2018: VAT only)

36 JOINT AND SEVERAL LIABILITIES AND GUARANTEES

The company has issued no declarations of joint and several liabilities for debts arising from legal acts of Dutch consolidated participating interests.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

Amersfoort, Netherlands
March 15, 2019

EXECUTIVE BOARD

E. Oostwegel (CEO)

N.G. Dalstra (CFO)

SUPERVISORY BOARD

J.A.P. van Oosten (Chairman)

P.M.M. Blauwhoff

J. Bout

A.M. Paulussen-Hoogakker

J.S.T. Tiemstra

OTHER INFORMATION

OTHER INFORMATION

INDEPENDENT AUDITOR'S REPORT

To: the General Meeting of Shareholders Koninklijke HaskoningDHV Groep B.V.

Report on the accompanying financial statements

Our opinion

We have audited the financial statements 2018 of Koninklijke HaskoningDHV Groep B.V., based in Amersfoort.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Koninklijke HaskoningDHV Groep B.V. as at 31 December 2018 and of its result for 2018 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the consolidated and company balance sheet as at 31 December 2018;
2. the consolidated and company profit and loss account for 2018; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Koninklijke HaskoningDHV Groep B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

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

Report on the other information included in the Annual Report

In addition to the financial statements and our auditor's report thereon, the Annual Report contains other information that consists of:

- introduction by CEO Royal HaskoningDHV;
- key figures;
- our company;
- our leadership which comprises the report of the Supervisory board and the Executive board;
- achieving our objectives.
- other information pursuant to Part 9 of Book 2 of the Dutch Civil Code;
- glossary and definitions;

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Executive Board is responsible for the preparation of the other information, including the Report of the Executive Board, in accordance with Part 9 of Book 2 of the Dutch Civil Code, and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Description of the responsibilities for the financial statements

Responsibilities of the Executive Board and the Supervisory Board for the financial statements

The Executive Board is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Executive Board is responsible for such internal control as the Executive Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, the Executive Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Executive Board should prepare the financial statements using the going concern basis of accounting unless the Executive Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Executive Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

OTHER INFORMATION

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud during our audit.

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the financial statements is located at the website of de 'Koninklijke Nederlandse Beroepsorganisatie van Accountants' (NBA, Royal Netherlands Institute of Chartered Accountants) at: **http://www.nba.nl/ENG_algemeen_01**

This description forms part of our independent auditor's report.

Rotterdam, March 15, 2019
KPMG Accountants N.V.

J. van Delden RA

OTHER INFORMATION

PROFIT APPROPRIATION

Summary of the articles of association provisions governing profit appropriation.

Summary of the articles of association provisions governing profit appropriation Articles 23 and 24 of the articles of association contain (in summary) the following relevant provisions of profit appropriation and dividend:

- The A-shares and the B-shares shall have equal rights to the profit. Insofar as the general meeting does not reserve the profit otherwise, and insofar as no replenishment, takes place out of the profit in any one financial year, this profit shall be added to the retained A surplus and the retained B surplus, and this in the same ratio as that in which the nominal amounts of all the issued A-shares and B-shares, respectively, stand to the issued capital.

- Shares and depositary receipts issued therefore held by the company or a subsidiary thereof, from which no rights to distributions can be derived, shall not be included in the determination of the ratio referred to in the preceding sentence.

- Any addition and replenishment shall take place after the adoption of the annual accounts from which it appears that there is profit available for such addition or replenishment. The company may make distributions to the holders of B-shares and any other persons entitled to the distributable retained B surplus only insofar as the shareholders' equity exceeds the amount which must be maintained under the law. No distributions may be made out of the retained A surplus or out of any reserves other than the retained B surplus.

Subject to provisions of article 23.3, distributions out of a retained B surplus as referred to in paragraph 1, may be made at all times pursuant to a resolution of the general meeting. The general meeting cannot resolve to discontinue a retained surplus.

A resolution of the general meeting to proceed to a distribution out of the retained B surplus shall be subject to the approval of the Executive Board. The Executive Board may withhold its approval only if it knows or reasonably ought to have foreseen that the company, after such distribution, will be unable to continue to pay its due debts.

- No losses may be offset against a retained surplus, unless it concerns losses which cannot be defrayed out of a reserve – not being a retained surplus – or offset in any other way and the general meeting resolves, with the approval of all the holders of the shares corresponding with the retained surplus in question, to charge losses against the balance of the retained surplus in question. If and insofar as such is possible, losses shall be charged against the retained surpluses pro rata to the number of issued A-shares and B-shares at the time of the adoption of the aforementioned resolution.

- If a loss has been charged against one or both retained surpluses, as referred to in the preceding sentence, the profits made in the subsequent years shall be applied first of all in replenishing the amount that was charged against the retained surplus or surpluses.

- The general meeting may resolve that dividends will be paid in whole or in part in a form other than cash, but then only in the form of B-shares of the company itself.

- The general meeting can, on a proposal thereto from the Executive Board, decide, an interim addition shall be made to the retained surpluses, either chargeable against the profit or chargeable against a reserve other than a retained surplus.

SUBSEQUENT EVENTS

On 15 January 2019 Royal HaskoningDHV has acquired 100% of the shares of Lanner Group Ltd. (Lanner), a UK-based hybrid software & consultancy firm specialising in predictive simulation for industrial clients. The acquisition supports Royal HaskoningDHV's strategy to offer services in which its extensive engineering and consultancy knowledge is combined with data-driven and technology-based solutions.

OTHER INFORMATION

GROUP COMPANIES

The following is a list of the main consolidated participating interests of Koninklijke HaskoningDHV Groep B.V., Amersfoort, Netherlands (unless stated otherwise, all interests are 100%):

HaskoningDHV Nederland B.V.,	Amersfoort, Netherlands
Haskoning B.V.,	Nijmegen, Netherlands
HaskoningDHV Asset Management B.V.,	Amersfoort, Netherlands
DHV Global Engineering Center B.V.,	Amersfoort, Netherlands
Ynformed B.V.,	Utrecht, Netherlands
Stewart Scott International Holdings Pty Ltd.,	Johannesburg, South Africa *(76.95%)*
Royal HaskoningDHV (Pty) Ltd.,	Johannesburg, South Africa
Steward Scott Investments (Pty) Ltd.,	Johannesburg, South Africa
HaskoningDHV Botswana (Pty) Ltd.,	Gaborone, Botswana
ManCon Projects (Pty) Ltd.,	Johannesburg, South Africa
HaskoningDHV UK Holdings Ltd.,	Peterborough, United Kingdom
HaskoningDHV UK Ltd.,	Peterborough, United Kingdom
Integrated Project Management Ltd.,	Peterborough, United Kingdom
Haskoning International B.V.,	Nijmegen, Netherlands
Haskoning International Services B.V.,	Nijmegen, Netherlands
PT Haskoning Indonesia,	Jakarta, Indonesia
Haskoning Caribbean Ltd.,	Port of Spain, Rep. of Trinidad and Tobago
Haskoning Libya JSC,	Tripoli, Libya *(80%)*
HaskoningDHV (Malaysia) Sdn Bhd.,	Kuala Lumpur, Malaysia
Royal Haskoning Consulting (Shanghai) Co. Ltd.,	Shanghai, China
Haskoning Sénégal S.A.R.L.,	Dakar, Senegal
Haskoning Singapore Pte. Ltd.,	Vista, Singapore
Haskoning Australia Pty Ltd.,	Sydney, Australia
Haskoning Brasil Participaões Ltda.,	Rio de Janeiro, Brasil *(99%)*
Haskoning Consultaria E. Projectos Ltda.,	Rio de Janeiro, Brasil *(99%)*
HaskoningDHV Nigeria Ltd.,	Abuja, Nigeria *(86.36%)*
Haskoning Cambodia Ltd.,	Phnom-Penh, Cambodia
HaskoningDHV Vietnam Co. Ltd.,	Ho Chi Minh City, Vietnam
Royal Haskoning Qatar LLC,	Doha, Qatar
HaskoningDHV TR Mühendislik A.S.,	Istanbul, Turkey
Haskoning Philippines Inc.,	Manila, Philippines
NACO Mexican Airport Consultants S. De R.L. De C.V.,	Mexico City, Mexico
HaskoningDHV Myanmar Co. Ltd.,	Yangon, Myanmar
RHDHV Ireland Ltd.,	Dublin, Ireland

OTHER INFORMATION

GROUP COMPANIES (CONTINUED)

HaskoningDHV Participations I B.V.,	Amersfoort, Netherlands
HaskoningDHV Belgium N.V.,	De Pinte, Belgium
HaskoningDHV Consulting Private Ltd.,	New Delhi, India
HaskoningDHV CR, spol s.r.o.,	Prague, Czech Republic
DHV Polska Sp. z.o.o.,	Warsaw, Poland
DHV Hydroprojekt Sp. z.o.o.,	Warsaw, Poland
DHV China B.V.,	Amersfoort, Netherlands
DHV Engineering Consultancy (Shanghai) Co. Ltd.,	Shanghai, China (liquidated per January 18, 2019)
HaskoningDHV Moçambique, Lda.,	Maputo, Mozambique
Turgis Technology Pty Ltd.,	Johannesburg, South Africa
Turgis Consulting (Pty) Ltd.,	Johannesburg, South Africa
InterVISTAS Holding Inc.,	Vancouver, Canada
InterVISTAS Consulting Inc.,	Vancouver, Canada
InterVISTAS Holding USA Inc.,	Wilmington, Delaware, United States of America
InterVISTAS Consulting Inc.,	Washington D.C., United States of America

Besides the companies in the countries as listed above, the group has branch offices in the following countries:

Bangladesh
Colombia
Croatia
Denmark
Germany
Israel
Jordan
Lesotho
Oman
Pakistan
Peru
Romania
Sri Lanka
Taiwan
United Arab Emirates

The companies operate under the trade names of HaskoningDHV.

OTHER INFORMATION

NON-GROUP COMPANIES

Joint Ventures

VOF Tunnel Engineering Consultants	Nijmegen, Netherlands
VOF Railinfra Solutions	Utrecht, Netherlands
VOF Royal Haskoning – Arup MC Renovatie Bruggen	Amsterdam, Netherlands
VOF Mecanoo Haskoning New Premises Eurojust	Rotterdam, Netherlands
VOF Segmeer	Capelle a/d IJssel, Netherlands
VOF Adviesbureau Noord/Zuidlijn	Amsterdam, Netherlands
VOF Ontwikkeling Laurentius Ziekenhuis	Maastricht, Netherlands
VOF EGM - Deerns - Corsmit	Rotterdam, Netherlands
VOF Deerns Haskoning CSNS	Rijswijk, Netherlands
VOF Ontwikkeling Atrium Santé HaskoningDHV/Huygen I.A.	Nijmegen, Netherlands
Maatschap Benthem Crouwel NACO	The Hague, Netherlands
Indigo I/S, Aalborg Consortium	Aarhus, Denmark (resigned and no longer registered in 2018)
Braamhoek JV	Johannesburg, South Africa
TASANA Ingenieria Aeroportuaria JV	Mexico City, Mexico
Consortio Dique	Bogota, Colombia
VIIA VOF	Groningen, Netherlands

Other non-group companies

Chuchawal – Royal Haskoning Ltd.	Bangkok, Thailand *(48.925%)*
Design 103 International Ltd.	Bangkok, Thailand *(48.97%)*
SADECO	Jeddah, Saudi Arabia *(49%)*
Team van Oord Ltd.	Newbury, United Kingdom *(15%)*
Shaded Dome Technologies B.V.	Amsterdam, Netherlands *(33.3%)*
HAL 24000 B.V.	Amsterdam, Netherlands *(12.5%)*

OTHER INFORMATION

SHAREHOLDING STRUCTURE

Koninklijke HaskoningDHV Groep B.V. has two shareholders: the Stichting (foundation) HaskoningDHV and the Stichting Administratiekantoor HaskoningDHV ("the Trust Office"), which was incorporated by demerger from the Stichting HaskoningDHV. Stichting HaskoningDHV holds all A-shares (being min. 75.5% of the entire issued share capital) and the Trust Office that holds the B-shares (max. 24.5% of the entire issued share capital) equal to the issued certificates.
The B-shares allow for the issue of certificates (the depository receipts) to eligible HaskoningDHV staff. The Board of the foundation exists of five members. One member has been appointed by (not out of) the Supervisory Board, the Executive Board and the combined Works Councils respectively. One member has been appointed by and out of the depositary receipts holders (candidate must meet certain qualifications). The fifth member is the Board's chair and is an independent external individual appointed by the four other members.

Trust Office

The scope of the Trust Office will be to manage the B-shares and to issue and administer the depositary receipts for shares issued to HaskoningDHV staff. Its Board currently consists of three members. The next Board of the Trust Office will be appointed out of and by the depositary receipt holders.

Stichting HaskoningDHV (Foundation HaskoningDHV)

Objective: to manage the A-shares.

This foundation currently holds 4,717,359 A-shares.

Composition of the Board:
P.G. Boumeester (Madam Chair)
M. Doornekamp
J. Johns
J.P. Kool
R.O.T. Zijlstra

Stichting Administratiekantoor HaskoningDHV

Objective: to manage the B-shares in Koninklijke HaskoningDHV Groep B.V., and to issue and administer the depositary receipts for shares to eligible HaskoningDHV staff members.

This foundation currently holds 334,150 B-shares.

Composition of the Board:
E.Th. Holleman (Chairman)
J.D. van Eeden
J.A.M. Leeuwis - Tolboom

GLOSSARY & DEFINITIONS

GLOSSARY AND DEFINITIONS

TERM / ABBREVIATION	DEFINITION
Added value	Operating income less cost of work subcontracted and other external expenses
B-BBEE	Broad-Based Black Economic Empowerment; A scheme for businesses in South Africa that aims to improve the economic position of previously disadvantaged groups in society
BIM	Building Information Modelling
Business Line Directors	Business Line Director Industry & Buildings, Business Line Director Transport & Planning, Business Line Director Maritime & Aviation and Business Line Director Water
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Circular Economy	A concept in which resources are regarded as economic assets that are used effectively and responsibly by closing the loop in value chains
Corporate Directors	Corporate Director Communications & Brand, Corporate Director Workplace Solutions, Corporate Director Human Resource Management, Corporate Director Innovation & Digital Services, Corporate Director Legal Affairs / Company Secretary and Corporate Director Finance & Control
CSR	Corporate Social Responsibility; the responsibility of a company towards society, the environment and the economy
Earnings per share	Net result / Number of ordinary shares issued
EBITA recurring	EBITA excluding non-operational items
EBITA margin	EBITA recurring / Operating income
ETHIC Intelligence Anti-Corruption Certificate	Anti-corruption compliance certificate, awarded by ETHIC Intelligence
Executive Board	Highest executive body for the daily management of the company
Executive Council	Management platform with Executive Board and Business Line Directors
Free cash flow	Cash flow from operating and investing activities
GCO	Group Compliance Officer
GRI	The Global Reporting Initiative, an organisation that publishes international guidelines for CSR reporting
HRM	Human Resources Management
ICT	Information and Communication Technology
Integrated Report (IR)	Annual report format that integrates general, financial, environmental, and social performance
Net Turnover	Amounts invoiced to clients (excluding VAT), excluding invoiced in advance
Net working capital	Current assets less current liabilities (excluding cash and cash equivalents less amounts owed to credit institutions)
NL	Netherlands
Operating income	Net turnover adjusted for change in work in progress, excluding other operating income
QHSE	Quality, Health, Safety and Environment
Return on average shareholders' equity	Net result / Average shareholders' equity

COMPANY BRANDS

ELC Consulting & Engineering

ELC Group Consulting and Engineering (ELC) is a leading environmental and geotechnical engineering consultancy. ELC works in partnership with multinational clients that develop large infrastructure projects in the oil and gas, ports, energy, finance, building, healthcare and construction sectors.

ELC GROUP Consulting & Engineering Inc a company of Royal HaskoningDHV Enhancing Society Together

First Marine International

First Marine International (FMI) is a leading specialist consultancy to the marine industry. Established in 1991, FMI delivers expert assistance and information to shipbuilders, ship repairers and other marine related organisations worldwide. Its clients include private and public companies as well as governments, multinational authorities and funding agencies.

First Marine International a company of Royal HaskoningDHV Enhancing Society Together

InterVISTAS

InterVISTAS Consulting Group is a leading management consultancy with extensive expertise in aviation, transport and tourism.

InterVISTAS a company of Royal HaskoningDHV

NACO

Netherlands Airport Consultants B V (NACO) is one of the world's leading independent airport consultancy and engineering firms and a global provider of integrated airport planning, airport design and airport engineering services.

NACO a company of Royal HaskoningDHV

Ocean Shipping Consultants

Ocean Shipping Consultants (OSC) is a leading economic consultancy specialising in shipping economics and port development, with an unequalled database for trade, port and shipping data.

OCEAN SHIPPING CONSULTANTS a company of Royal HaskoningDHV Enhancing Society Together

Chuchawal Royal Haskoning

Chuchawal Royal Haskoning, formerly known as Chuchawal–de Weger, is a Thai/Dutch joint venture that was established and incorporated in Thailand in 1974 to provide professional services as designers, engineers, consultants and project managers.

CRH CHUCHAWAL ROYAL HASKONING

Hydroprojekt

Hydroprojekt is one of the leading engineering companies in Poland, with over 60 years' experience delivering independent projects in the area of water management, flood control, environmental protection, hydraulic engineering, wastewater, hydropower and wind power, highways, roads and bridges, transport and mining.

Hydroprojekt a company of Royal HaskoningDHV

Ynformed

Ynformed is one of Netherlands' first data science companies with the mission to help organisations in the (semi) public domain to innovate and perform better by using data. Their team consists of data scientists, data consultants and data engineers who are excellent in processing data, programming and analyses to deliver actionable insights.

Ynformed a company of Royal HaskoningDHV

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Royal HaskoningDHV is an independent, international engineering and project management consultancy with over 137 years of experience. Our professionals deliver services in the fields of aviation, buildings, energy, industry, infrastructure, maritime, mining, transport, urban and rural development and water.

Backed by expertise and experience of 6,000 colleagues across the world, we work for public and private clients in over 140 countries. We understand the local context and deliver appropriate local solutions.

We focus on delivering added value for our clients while at the same time addressing the challenges that societies are facing. These include the growing world population and the consequences for towns and cities; the demand for clean drinking water, water security and water safety; pressures on traffic and transport; resource availability and demand for energy and waste issues facing industry.

We aim to minimise our impact on the environment by leading by example in our projects, our own business operations and by the role we see in "giving back" to society. By showing leadership in sustainable development and innovation, together with our clients, we are working to become part of the solution to a more sustainable society now and into the future.

Our head office is in Netherlands, other principal offices are in the United Kingdom, South Africa and Indonesia. We also have established offices in Thailand, India and the Americas; and we have a long standing presence in Africa and the Middle East.

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