CREATE THE FUTURE | ANNUAL REPORT 2019

TBI

CONTENTS

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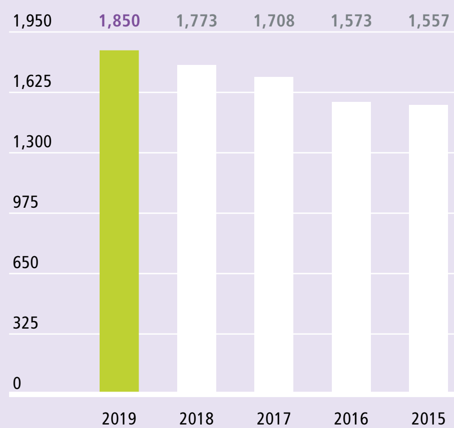
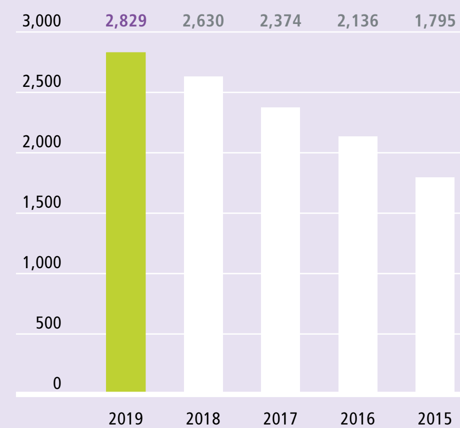
TBI AT A GLANCE

- Three strategic acceleration themes have been introduced: **energy transition**, **industrialisation** and **new revenue models**
- **Acquisition** of Giesbers InstallatieGroep
- Three **iconic projects** completed: Maastunnel, Naturalis and Triodos Bank
- Introduction of **five TBI safety values**
- Neighbourhood hydrogen energy plant and Modufy win the **2019 TBI Innovation prize**

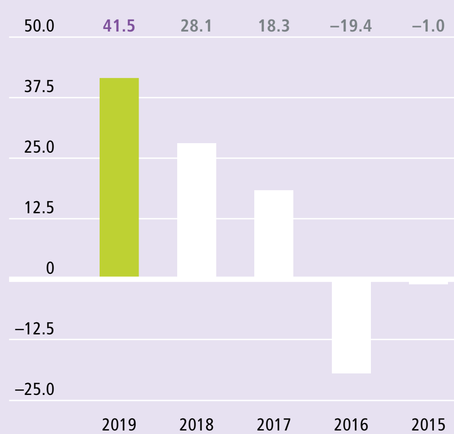
Operating revenue
(in millions of euro)



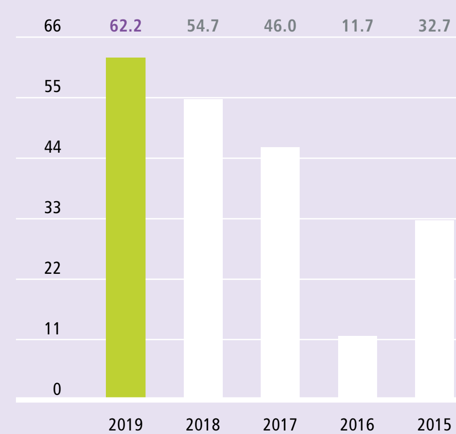
Order book
(in millions of euro)



Operating result (EBIT)
(in millions of euro)



Operating result from normal business operations before depreciation and amortisation (EBITDA)
(in millions of euro)



5,986
Number of employees
2018: 5,758
(FTEs at year end)

3.2
Injury Frequency (IF)
2018: 3.1

31.9 kton
CO_2 emissions
2018: 33 kton

98%
Sustainable timber purchased
2018: 94%

64.3%
Separated waste percentage
2018: 59.6%

PROFILE

TBI is a Group of companies that renews, constructs and maintains the built environment in a sustainable way. TBI is hallmarked by its flexible (network) organisation. TBI's 19 independent subsidiaries work together to offer market-oriented solutions in the Engineering, Construction & Development and Infra segments. TBI has highly-qualified specialist expertise and a mixed portfolio. Its integrated (project) approach based on shared knowledge is an important component for serving the Dutch market. In 2019 TBI's workforce averaged 5,994 full-time employees who were active throughout the Netherlands working on housing, offices, schools, hospitals, roads, tunnels, bridges, locks, factories and marine installations ranging from small initiatives to large, high-profile projects for public and private clients. In 2019 TBI achieved operating revenue of € 1.9 billion. TBI's strategy is based on three pillars (see pages 7 – 8):

- Market leadership
- Circular entrepreneurship
- Attractive working environment

Working from cultural values and core qualities
Responsibility, passion and connection – the three words that sum up our cultural values. They reflect how we interact with each other, our clients and other stakeholders and form the basis for our conduct and decisions.

Technical skills, entrepreneurship and innovative strength are our core competencies. They really make the difference when we apply them in our day-to-day work. Our clients recognise these qualities as the hallmarks of the TBI companies.
We safeguard these cultural values and core qualities through:

- The independent position of the TBI companies coupled with our brand strategy;
- Investing in leadership, culture and diversity;
- Firmly embedding the core qualities in our management-development policy and TBI acdmy programmes;
- Maintaining and expanding our (technical) skills, including in cooperation with technical colleges;
- Encouraging innovation through the TBI Innovation Fund and the TBI Innovation Prize;
- Promoting collaboration and knowledge sharing between the TBI companies.

TBI'S UNIQUE AND SOCIAL CHARACTER OFFERS A STABLE FOUNDATION

TBI was founded in 1982 and, thanks to its unique character, has evolved and expanded into one of the largest construction and engineering companies in the Netherlands.

Stichting TBI – the sole shareholder – strives to achieve a market-conforming return and supports and promotes activities in the field of culture, science, education and community. This is laid down in the Articles of Association. The Stichting's goals are:

- Long-term continuity
- Preservation of monumental heritage and
- To contribute towards the education of TBI employees' children via Stichting Studiefonds TBI (TBI Study Fund).

This means that social responsibility is in TBI's DNA. The result is very involved employees, stability and the freedom to be enterprising, make choices and set goals for both the short and long term. It also creates extra scope for innovation and sustainability. And that is how we create the future with people who want to do the right things and do them right.

TBI is a private company with a full structure regime. This not only gives substance to the environmental and social aspects but also to governance and transparent business operations.

ORGANISATION CHART

TBI

ENGINEERING

comfort partners | TBI
Realises high-quality installations in and around houses for a comfortable, sustainable, healthy and safe living environment.

croonwolter&dros | TBI
Specialises in electrical engineering, mechanical engineering, automation and computerisation and is active in the non-residential building, industry, infrastructure and marine & offshore sectors.

eekels | TBI
Carries out projects plus maintenance and service work in the technical automation, electrical engineering and mechanical engineering disciplines in the industrial and marine offshore sectors.

Giesbers InstallatieGroep
As a total mechanical installer has all the installation-technology disciplines in-house with a focus on sustainability in residential buildings.

SOLTEGRO
As an automation and engineering bureau delivers reliable integrated solutions for the seamless integration of automation, mechanical engineering and electrical engineering.

WTH
Supplies (floor) heating and cooling systems for residential buildings, offices, schools and hospitals.

CONSTRUCTION & DEVELOPMENT

era contour | TBI
As a sustainable urban innovator ERA Contour has for many years developed, constructed and renovated places in which people can live happily and safely. The aim is achieving strong cities and happy clients.

groothuis | TBI
Develops and builds one-off houses exactly as the client wishes, on the basis of a well thought-out and proven living concept – mooiGROOThuis.

hazenberg | TBI
As a developing builder creates residential value in new-build and transformation at own expense and risk.

HEVO
Advises on and provides building-management in many sectors, including education and healthcare, in order to achieve sustainable solutions for an optimum living and working environment.

jp van eesteren | TBI
A renowned construction company that under the motto ‘making buildings smarter’ develops and builds innovative offices, hospitals and other non-residential projects.

koopmans | TBI
Develops, builds and maintains buildings in which people live, work, learn and spend their leisure time.

mdb | TBI
Hires out construction equipment, including supply, assembly/disassembly and advice, to TBI companies and third parties.

nico de bont | TBI
Belongs at the top of the market for classical restoration, contemporary repurposing and planned maintenance of large and small monuments.

SYNCHROON ontwikkelaars
An innovative project developer that invests, on a risk-bearing basis, in urban development and the repurposing and transformation of existing real estate.

voorbij prefab beton
A leading and innovative manufacturer of prefab concrete products, with a clear focus on housing and industry.

INFRA

mobilis | TBI
A civil infrastructure builder of leading projects that offer solutions in the field of infrastructure, water and industry.

voorbij funderingstechniek
Specialises in foundation work, supplies load capacity for the infrastructure, water, utility and industrial building sectors.

voton
Specialises in the manufacture of pre-stressed, prefab concrete piles.

MESSAGE FROM THE CHAIRMAN OF THE EXECUTIVE BOARD

TBI can look back on a good 2019. Once again operating revenue increased and the operating result was better than the previous year. The companies active in the housing and non-residential building sectors and in project development had a good year, while Croonwolter&dros achieved a substantial improvement compared with 2018. TBI Infra developed slightly less well than in the previous year. The TBI companies' order books remained well-filled and our cash flow and liquidity are healthy.

At the time of writing this message the impact of the corona virus is creating considerable uncertainty regarding the progress of our projects and the macro-economic consequences. On top of that, the prospects for the coming year, which at first were favourable, are being influenced by the slow politic decision-making in respect of current files related to nitrogen and PFAS. More information about nitrogen and PFAS is included in the section 'Outlook'.

Investing in employees

Good prospects are not only dependent on the market and political environment.
The right strategic choices are also of significant importance for the further future of TBI and our employees. They must be passionate about their work, wanting to continue making the difference and be challenged to do this. In an open and safe atmosphere in which our employees have space and their own responsibilities. At the same time that also means we hold each other accountable for our responsibilities.

> **"We have added three acceleration themes: energy transition, industrialisation and new revenue models."**

We are also continuing to work hard on improving safety. Unfortunately, in 2019 TBI was confronted with two fatal accidents.
A colleague from ERA Contour died in the office and a sub-contractor's employee died while working on our RijnlandRoute project.

TBI sees itself as an engineering, construction and infrastructure company facing major social and technological challenges: the climate agreement, the complexities of (city centre) living, mobility and accessibility.
A certain cultural change is essential here. More and more often we have to develop innovative solutions together with our clients. Increasingly this involves working in alliances with a wide variety of people. This means we ourselves must be transparent, we must be open to (new) ideas, we must work on creating diversity in our own teams and in the increasingly tight labour market it is vital that we attract and retain the best people.

Three acceleration themes

In 2019 we sharpened our strategy based on market leadership, circular entrepreneurship and an attractive working environment with the addition of three acceleration themes: energy transition, industrialisation and new revenue models. Energy transition means an integrated approach to making the built environment and the necessary infrastructure more sustainable. With industrialisation we

Bart van Breukelen
Chairman of the Executive Board
TBI Holdings B.V.

are working on standardisation in order to lower construction and failure costs and reduce the dependence on scarce skilled craftsmen. New revenue models include reinforcing multi-year contracts with the utilisation of data and digitalisation.

These themes are urgent, multi-year (volume) developments that also offer opportunities for profitable growth. They demand cooperation and a cross-company approach; including in the field of digitalisation. The legitimacy of our Group also depends on our response to social developments. We want to work on issues such as sustainability and strong cities, energy neutral and circular construction, smart future-proof buildings and safe mobility. At the same time this offers the right inspiration for our employees.

Implementing the strategy

Implementing our strategy and accelerating our themes doesn't just happen by itself. We not only have to invest in our employees,

"TBI's portfolio of activities means it is very well positioned for the future."

knowledge and innovative strength, but also in our companies. Sometimes this reinforcement is achieved by adding companies to our strategic portfolio. That is why we acquired the Giesbers Installatie-Groep. This installation company with around 300 employees concentrates on sustainability and energy transition in the housing market while also accelerating modular installation. Giesbers is an attractive addition to our engineering companies and in terms of company culture also fits in well with TBI.

Our strong financial position makes further acquisitions possible, but this is not an end in itself. And acquisitions don't always have to be as big as Giesbers. Smaller companies that add expertise related to our acceleration themes are also welcome. For example,

"Companies that add expertise related to our acceleration themes are welcome."

modular construction requires a different way of thinking about projects to enable productivity to increase. With new revenue models TBI is responding to our clients' need to optimise the performance of the object, building or real estate portfolio during the management phase. The greatest opportunities here are in utilities and infrastructure construction. Better margins and less risk are the business drivers.

Connecting themes together

A common factor for all three acceleration themes is that in our sector technology and digitalisation are generally components of the solution. In many cases an integrated approach to the project is necessary. This exceeds the scope of the individual companies. Which is why TBI will, more than in the past, mobilise and share (innovative) knowledge at a Group level and connect people with each other. New (digital) platforms are absolutely essential for this. The sum of all the unique characteristics of the individual TBI companies is what makes our Group so strong. The challenge is always to maintain the balance between entrepreneurship within the independent companies and collaboration. Precisely by making use of motivated employees, the available expertise and experience and our solid financial position.

I firmly believe that TBI with its portfolio of activities is very well positioned for the future. I would like to take this opportunity to thank all our employees for their commitment and efforts. I would also like to express my gratitude to our clients and other business relations for their trust in us. Together we can take on the future, with all TBI's stakeholders in mind.

Rotterdam, 19 March 2020

Bart van Breukelen
Chairman of the Executive Board
TBI Holdings B.V.

ICONIC PROJECT

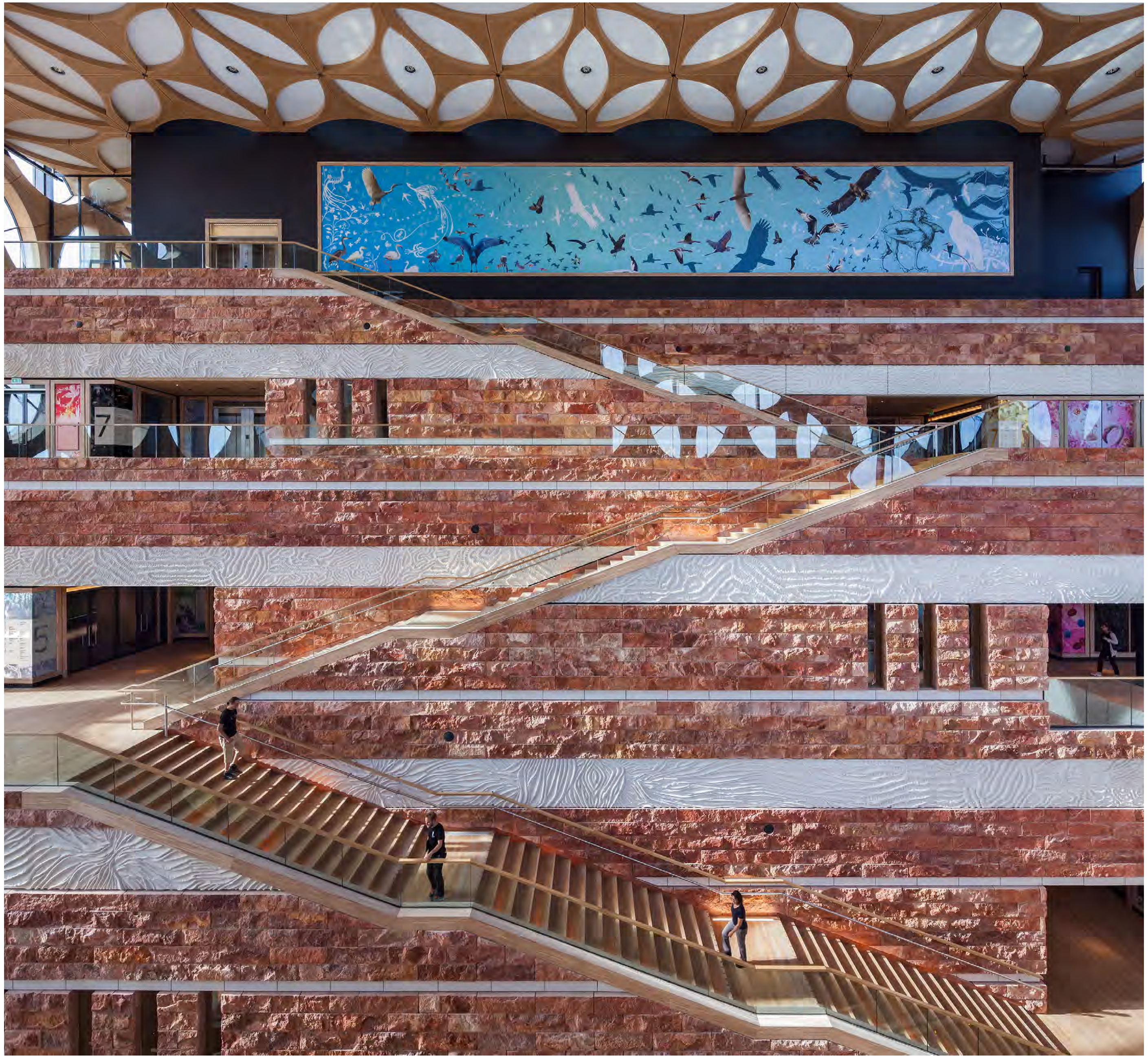
Naturalis Biodiversity Center, Leiden
J.P. van Eesteren was responsible for the renovation and new construction of the complex. The museum, all the laboratories and research facilities, the office space and the entire natural history collection of 42 million items are now housed under one roof. Trix, the Tyrannosaurus rex, excavated by researchers from Naturalis in 2013, now has a permanent place of honour in one of the exhibition halls.

IN FIGURES

38,000 m^2
floor area

40 metres
high glass crown facade

30 metres
Some walls are 30 metres long, 30 centimetres thick and up to 14 metres high



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HOW TBI CREATES VALUE

MISSION

TBI wants to improve peoples' quality of living, working and mobility. We do this by renewing, organising and maintaining the built environment in a sustainable way. Together with our partners we want to build our country's future, with the idea in mind that it can always be better: more attractive, smarter, more efficient and more sustainable. To achieve our ambitions we need the best people. This is why we put so much effort into personal development and stimulate entrepeneurship and initiative.

> **"We put effort into personal development and stimulate entrepreneurship and initiative."**

VISION

The spatial organisation of the Netherlands involves dealing with many social challenges. There are major changes in progress in demographics, the labour market and mobility. This creates both opportunities and problems. Urbanisation and the challenge of creating a sustainable built environment are leading to a transition of our society and amendments to our working environment. Society is digitising at a rapid pace and smart technologies are increasingly dominating our homes and workplaces. These technological developments are essential for solving environmental and mobility problems and will play a crucial role in the transition from centralised fossil energy to renewable (and decentralised) energy sources.

We want to build a society with a strong infrastructure and smart offices, factories and homes. The built environment mustn't only just take less and less energy out, it must also start putting it back in. New technologies must contribute towards an optimum living and working climate. We want to build safe tunnels, bridges and locks and realise groundbreaking projects. But we also want to ensure existing buildings and amazing historical monuments are preserved for future generations by rebuilding and renovating them and making them more sustainable. Our cultural heritage must be cherished.

STRATEGY

Our strategy is based on three pillars with which we create value, that have social impact and that enable our employees to develop. They are:

- Market leadership
- Circular entrepreneurship
- Attractive working environment

Market leadership

All the TBI companies operate close to the client and are leaders in their market (segment). Entrepreneurship is a high priority and encouraged. Within TBI we have all the disciplines needed to make a real contribution towards the Netherlands' spatial organisation. Our portfolio offers the opportunity to answer social challenges and meet the wishes of our clients.

The TBI companies carry out assignments under their own name, but also work together. This is how we are able to offer the scale-benefits of the Group. Together if we can, alone if we must. That makes TBI a flexible network organisation. This way of working creates fertile ground for innovation and synergy. It also increases our effectiveness and expertise in the field of multidisciplinary development, construction and maintenance.

Together we cover the total chain from concept to operation and throughout the entire process we can play the management roles and deliver the solutions needed to take the worries off our clients' shoulders. The collaboration between our engineering companies and our construction and infrastructure companies in particular gives us a significant competitive advantage. We want to strengthen our market position wherever possible through continuous investment in innovation and digitisation. We strive for robust financial results by selecting the right projects, stringent risk management and optimum project control.

Our decentralised concern structure enables us to work in close cooperation with our clients and in this way respond to their needs. We challenge ourselves every day with new complex projects. That demands good cooperation, both within the Group and with partners, as well as the use of smart technologies. The result is solutions our clients can depend on. We want to stand out due to our performance and client-friendliness and work closely together to achieve the best results – on time, on budget and of the right quality.

ACCELERATION THEMES

Circular entrepreneurship
Circular entrepreneurship is becoming a more and more integral component of our business operations. And we endorse this all the way. The ultimate goal is the development of a totally energy-neutral built environment with lasting value and fully circular business operations. The guiding principles are CO_2 reduction and energy-neutrality on the one hand, and on the other hand reusable buildings, products, equipment and raw materials in order to reduce the ecological footprint.

In our view circular entrepreneurship is inextricably linked with innovation: with looking beyond the borders of your own area of expertise and collaboration with other parties in the chain. By encouraging our employees to be enterprising, creative and critical and to think outside the box, we deliver products and services society needs. That's why all the TBI companies are always alert for circular solutions they can offer clients. For us they are opportunities to create extra value.

Attractive working environment
Developments in the construction sector place different demands on our employees and on us as an employer. At the same time we want to be one of the most attractive employers in our sector: a company in which employees remain fit and sustainably employable. One way we achieve this is to create conditions in which employees can use their own initiative and can develop optimally. In other words, by providing them with a safe and healthy working environment, good industrial relations and sufficient personal development opportunities in every TBI company, plus relevant and interesting projects and developments to work on.

We want to attract, and retain, the right top-talents and successful, enterprising professionals. This means well-trained employees, with different competencies, whose fresh vision and digital skills will strengthen our Group. We are always on the look-out for people with technical skills. This is why we invest in vocational training. Professionals with a passion for construction and engineering who can work together and are able to connect, are extremely valuable.

Naturally we expect our employees to understand their job, but we attach at least as much value to their attitude and behaviour. Integrity is one of the mainstays of our organisation and a fundamental principal in all our dealings.

TBI finds its legitimacy in the social transition and the demand from our clients this creates. This is why in 2019 we sharpened our strategic agenda by adding three acceleration themes. Energy transition, industrialisation and new revenue models, along with digitalisation, all have a profound influence on the environment and with this (the activities of) TBI. If we want to have the 'muscle' to tackle these challenges we must also innovate, invest and collaborate across the companies. Engineering's strong position within TBI has strategic value in this respect. Technology is increasingly an essential component of the integrated solutions that are demanded.

These major social and technological changes, which also go hand-in-hand with greater complexity, have considerable influence on our working terrain. An inadequate response to them will undermine our market position. They are urgent developments that offer opportunities for new products and services. And do this against a background of opportunities and threats in the labour market, rapidly advancing process digitisation and the increasing importance of social accountability and respect for the consumer's position. We are aiming for sustainable and profitable growth for TBI with three strategic pillars and acceleration themes:

- **Energy transition** and an integrated approach to making the built environment and essential infrastructure more sustainable, also against the background of raw material scarcity;
- **Industrialisation** and modular engineering, construction and installation, including the standardisation needed to lower construction and failure costs and reduce the dependence on scarce skilled craftsmanship;
- **New revenue models**, mainly in asset and energy management, or the reinforcing of multi-year contracts with the use of data and digitalisation.

These three acceleration themes are discussed in more detail on pages 30 to 41.

VALUE CREATION MODEL

The value creation model on the following page shows the relationship between TBI and its environment and how TBI creates value for its stakeholders and for society as a whole. The model shows which capitals TBI uses as input for its business model, which output this generates and what impact this has on the surrounding environment.

In 2020 we will include a more detailed view of our value and supply chain.

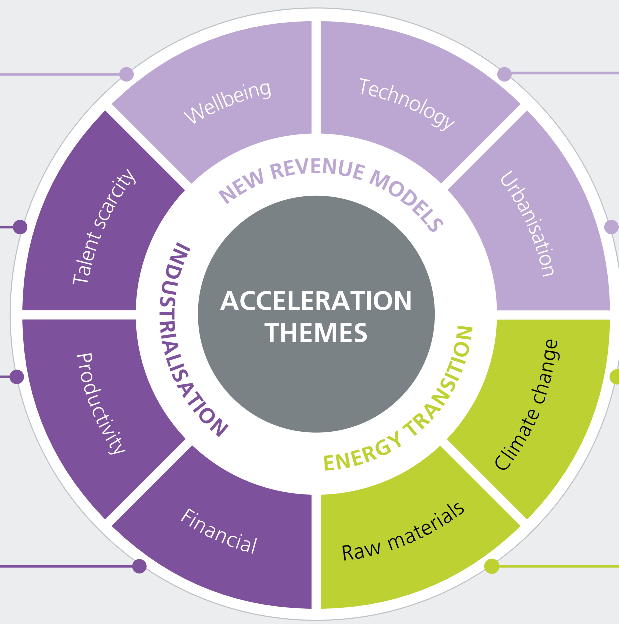
MACRO TRENDS IN CONSTRUCTION

More attention being paid to the effects the built environment has on users' **wellbeing**

In the coming five years the construction industry is likely to face a shortfall of around **60,000** workers

Over the past 20 years labour productivity in the construction industry has grown by only **5%** while the total economy has grown by **25%**

Large projects often are taking **longer** than planned and costs are **higher** than budgeted



The use of Internet of Things sensors in construction will **increase considerably** in the coming three years

Nearly **75%** of the **700,000** extra households will live in cities

30% of all gas emissions come from buildings

40% of the total weight of waste in the Netherlands comes from construction sector

INPUT

Employees
- 6,204 professional and skilled employees
- 125,088 hours training and education
- Specific knowledge and expertise since 1982
- 2,412 applications for study grants received by TBI Study Fund (2018/2019 academic year)
- 6 meetings of the Jong TBI youth network
- 14 ideas and 16 innovations submitted for the TBI Innovation Prize
- 235 runners during the TBI Business Runs

Financial means
- € 303.2 million guarantee capital
- 34.1% solvency on guarantee capital; 31.2% on shareholder equity
- € 2,829 million order book

Clients and (collaboration) partners
- Diverse public and private clients
- One long-term shareholder
- We work with independent hirers and subcontractors
- Cooperation with construction and development partners
- Participation in start-ups
- Good contacts with (local) authorities
- End-users at the centre of our projects
- Membership of various branch associa-tions, such as Bouwend Nederland, Techniek Nederland and the NEPROM (Association of Dutch Property Developers)

Raw materials, other materials, equipment and technology
- Attention paid to Socially Responsible Procurement
- Deployment of equipment through our own MDB equipment service

BUSINESS MODEL

CORE QUALITIES
Technical skills, entrepreneurship and innovative strength

MISSION

VISION

STRATEGY

STAKEHOLDERS' DIALOGUE

- Market leadership
- Circular entrepreneurship
- Attractive working environment

RISK MANAGEMENT

CULTURAL VALUES
Responsible, passionate, connected

OUTPUT

Employees
- 4.4% sick leave
- 3.2 incident frequency
- FTE outflow at own request: 5.8%
- Male/female ratio: 88.5%/11.5%
- 42 social return employees deployed
- 2,129 study grants from TBI Study Fund
- Payroll tax payment € 188 million

Financial means
- Operating revenue € 1,850 million
- Operating result (EBIT) € 41.5 million
- Return on invested capital 12%
- –8.8% trading working capital efficiency
- € 1.9 billion received orders
- 30% dividend for the shareholder
- Profit tax € 9.6 million

Clients and (collaboration) partners
- 76.3% of houses sold are without gas connections
- Customer service NPS score
- Timely payment to subcontractors and suppliers
- Long-term and reliable cooperation between construction and development partners

Raw materials, other materials, equipment and technology
- 98% of purchased timber is sustainable
- 31.9 kton CO_2 emissions
- 24,945 ton waste created by our operating activities
- 64.3% of the waste separated
- 6.6% of our vehicle fleet is electric

OUTCOME

Employees
- Employment opportunities
- Development and future prospects for employees
- Healthy and motivated employees
- Opportunities for young talent
- Specific knowledge and expertise (skills) developed

Financial means
- Solid financial position and performance
- Strong market position

Clients and (collaboration) partners
- Entrepreneurship close to the client
- Strong and healthy cities
- Safe mobility
- Intelligent and clean processes
- Smart future-proof buildings
- Operating with integrity
- Contributing towards an inclusive society
- Strengthening quality of life, security and social cohesion
- Preservation of cultural heritage

Raw materials, other materials, equipment and technology
- Chain cooperation
- Contributing towards reducing climate problems
- Minimising negative environmental impact
- Improving bio-diversity
- A healthy living and working environment (wellbeing)
- Efficient (construction) logistics
- Energy-efficient and circular construction
- Minimising waste streams

SDGS[1]

- 3 GOOD HEALTH AND WELL-BEING
- 4 QUALITY EDUCATION
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 11 SUSTAINABLE CITIES AND COMMUNITIES
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION

[1] For more information about TBI and the SDGs: www.tbi.nl/onze-themas/duurzaam-ondernemen

GOALS

Our goal is to make a social contribution by ensuring the company is future-proof. Towards this end it is important that the profitablity of all our activities is improved and our market position is strengthened. This also implies that we improve the balance between our risk profile and our strategic portfolio. The implementation of our sharpened strategy will not only optimise our existing activities, it will also enable us to serve new markets. To achieve this we are focusing on:

- Selecting the right projects
- An approach that is more market-oriented and less 'cost-plus thinking'
- Innovation and growth in market segments with better margins
- Reinforcing our project management and operational excellence.

This also implies that several aspects of project management will also be standardised. TBI must also facilitate cross-company knowledge safeguarding and sharing between companies and thus create a culture with a focus on and offering space for innovation. Innovation, like digitisation, is always at the service of our strategic goals.

The acceleration themes within our sharpened strategy are also a key starting point for our portfolio. TBI wants to strengthen the Group through acquisitions that will give our companies momentum in these fields or TBI a market position in these segments. What we seek is companies that are knowledge-intensive and/or that have technology, a client base or a track-record in those markets, or a more advanced position in the value chain. In addition to the strategic agenda, and specifically for the various segments, we are also looking closely at our geographical spread and the strengthening in the maintenance and replacement market.

Our (short-term) goals are listed in the section 'Progress of strategic pillars in 2019'.

"In recent years we have worked hard to create a culture with a focus on and space for innovation."

WHAT STAKEHOLDERS CONSIDER MATERIAL

TBI maintains good contacts with a wide spectrum of stakeholders who have an interest in or are affected by our activities. In addition to our employees these stakeholder groups are private and public clients (including municipalities, provinces and housing associations), social and strategic partners, knowledge institutes, certification organisations, banks, insurance companies, accountants, branch associations, suppliers, consultants, et cetera. In addition, TBI is an active member of industry branch and network associations and a participant in various (sector) initiatives and agreements. A full list of these organisations can be found on www.tbi.nl/jaarverslag.

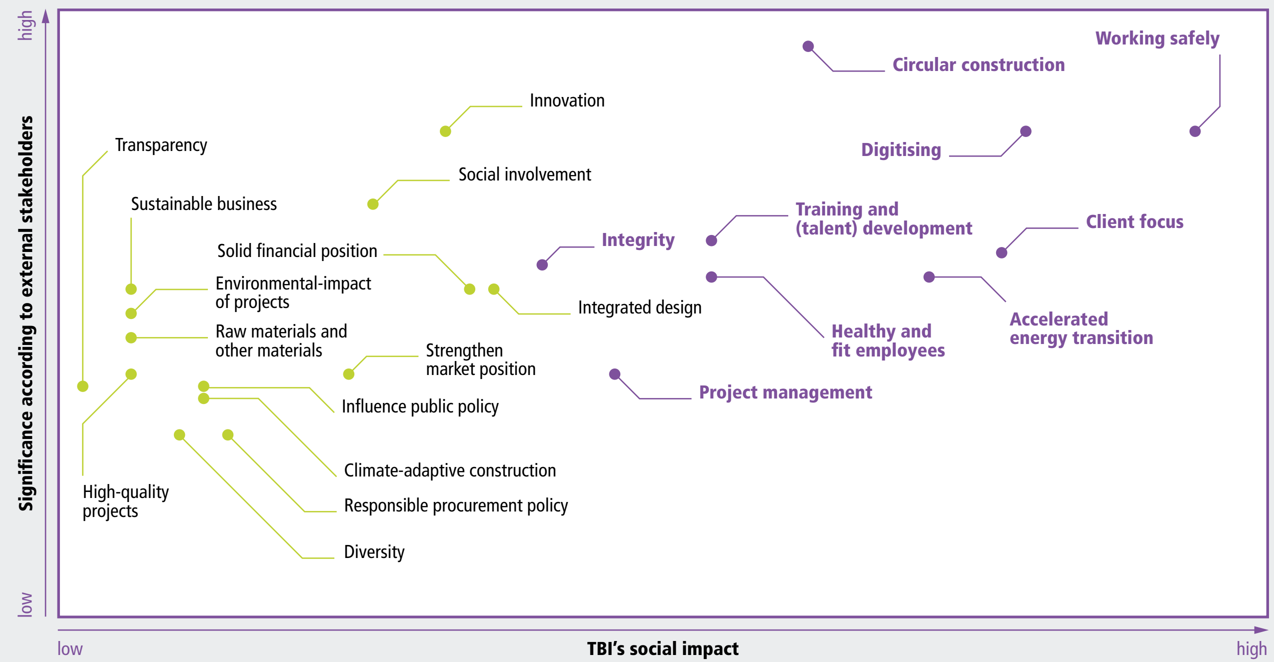
At the end of 2019 an extensive materiality analysis was carried out based on input from over 50 internal and external stakeholders. The objective was to further align our strategic priorities with what the stakeholders consider relevant. The previous materiality analysis took place in 2017 with a shortlist of 21 themes. An update of this list for the 2019 analysis resulted in a shortlist of 23 themes: *Multidisciplinary cooperation* and *Living environment* were combined into *Integrated designs*; *Social return* was deleted; new themes for 2019 were *Influencing public policy*, *Digitisation of construction processes*, *Climate-adaptive construction* and *Accelerating energy transition*. It should also be mentioned that *Digitising construction processes* and *Digitising and computerising* were combined as *Digitisation*.

One component of the materiality analysis was a physical TBI stakeholders' dialogue aimed at acquiring both quantitative and qualitative information. At the beginning of November 2019 we discussed our strategic spearheads with 23 representatives of the previously mentioned stakeholder groups and all the members of the Group Board and the Executive Board. The acceleration themes were central in three sessions: energy transition, industrialisation and new revenue models. These themes are discussed in more detail on pages 30 to 41.

The 23 different themes were voted on – including in terms of priority. In total 135 votes were cast (105 by the external stakeholders and 30 on behalf of the Group Board members). In mid December this dialogue was conducted more succinctly with the members of the Central Works Council and in the presence of the Chairman of the Executive Board and a member of the Supervisory Board. The material themes were determined on the basis of the outcomes. These were the starting points for the 2019 Annual Report.

> **“At the end of 2019 we carried out an extensive materiality analysis based on the input of over 50 internal and external stakeholders.”**

MATERIALITY MATRIX



The various material themes can be allotted to the strategic pillars as follows:

Market leadership:
Strengthen market position, solid financial position, project management, innovation, integrated designs, client focus, high-quality projects, digitalisation and influencing public policy.

Circular entrepreneurship:
Sustainable business operations, raw materials and building materials, circular construction, environmental-impact of projects, responsible procurement policy, climate-adaptive construction, accelerated energy transition.

Attractive working environment:
Integrity, transparency, healthy and fit employees, safe working practices, diversity, training and (talent) development and social involvement.

The materiality matrix shows both the interest of the stakeholders and the impact of the themes on TBI’s value creation ability. Once again the materiality matrix indicates which themes our most important external stakeholders consider to be the most significant (y axis) and the influence TBI has on these themes (x axis). The purple themes are the most material.

ICONIC PROJECT

Building the RijnlandRoute

The RijnlandRoute is a new road link from Katwijk, via the A44, to the A4 at Leiden. It is aimed at improving the region's accessibility and traffic throughput and making further economic growth possible. One key project component is the drilling of a tunnel using a tunnel boring machine designed especially for the RijnlandRoute. Two TBI companies - Mobilis and Croonwolter&dros - are members of an international contractors' consortium which is also responsible for maintaining the new road link for 15 years.

IN FIGURES

2,245 metres
2,225 meters of the 2,245 metre long tunnel were drilled

11 metres
the tunnel drilling machine is 11 metres high and 100 metres long

end of 2022
delivery

TRENDS AND DEVELOPMENTS

Political, economic, demographic and social trends and (labour) market developments offer many opportunities for the engineering, construction and infrastructure sector and, therefore, for TBI. However, there are also – unexpected – risks, including nitrogen and PFAS.

Political and social trends

The nitrogen and PFAS problem
In 2019 the nitrogen and PFAS problem had substantial (negative) effects in the construction sector. The consequences will continue to be felt in the coming years due to uncertainty regarding the speed of the political decision-making process for resolving these crises.

According to the Economisch Instituut voor de Bouwnijverheid (EIB) (Economic Institute for the Construction Industry) one effect of the nitrogen problem is the amplification of the – already predicted – decline of new-build housing construction: In 2020 down to 60,000 and in 2021 down to 55,000 instead of the 75,000 the government wants.

This issue also comes on top of the emphasis on inner-city and gas-free construction, which takes longer and costs more. This generally results in seriously delayed decision-making related to various large (infrastructure) construction projects.
This is because the drop in licensing and the postponement of construction projects cannot be reversed.

Growth in the construction sector is, therefore, not expected in 2020-2021. The EIB estimates that the production loss due to this issue in the period 2019-2021 will be around € 6 billion. This is bringing about a temporary modest lessening of the shortage on the labour market. According to the EIB licensing will be up to speed again from 2021, which will result in a sharp increase in volume growth in 2022-2024. The nitrogen and PFAS problem will, therefore, be neutralised to an extent by the favourable structural perspectives for the construction sector, in part due to the sustainability challenge and the housing need.

The impact of these developments on TBI are discussed under ‘Prospects’ and in the risk section.

Sustainability challenge
In the Netherlands we are facing a major sustainability challenge – by 2050 the entire housing stock must be energy-neutral. Commercial buildings in the non-residential sector must also be made more sustainable. This is embedded in international treaties and legislation, such as the Paris Climate Agreement and the EU Energy Performance of Buildings Directive (EPBD).

The Dutch Climate Agreement was presented on 28 June 2019. This is the outcome of the consultation of six climate tables between more than 100 parties regarding concrete measures. The goal is the reduction of CO_2 emissions by at least 49% in 2030 (and by 95% in 2050) compared to 1990. The consequences of this include:

- buildings: municipal neighbourhood plans for insulation and alternatives to gas
- mobility: electric vehicles and new mobility services
- industry (including construction): more efficient processes
- electricity: offshore wind, onshore renewable energy.

“By 2050 the (construction) economy should be fully circular.”

Transition to a circular construction economy
To make the built environment even more eco-friendly, construction processes and the (re)use of building materials are also being looked at. The (construction) economy must be fully circular by 2050. As early as 2030 at least 50% of the building materials used must be secondary (recycled). Buildings will be constructed so they can be disassembled and reassembled, (building) material passports will be introduced and there will be a shift from ownership to use. The goals of ‘circular construction’ are the development of buildings that hold their value and the reduction of waste and CO_2 emissions. In the context of the Dutch Government-wide Circular Economy Programme for a circular Netherlands in 2050 and the Raw Materials Agreement, a Transition Agenda for a Circular Construction Economy was introduced. This transition agenda states that from 2023 all government contracts (national, provincial and municipal) must be circular. Other measures are:

- a decision on the introduction of compulsory material passports in 2020
- amendments to the building regulations
- a circular construction measuring system
- the setting-up of awareness and activation programmes.


TBI acdmy has an extensive programme of training courses

The circular agenda will also make a substantial contribution towards CO_2 reduction through the extraction, production and transport of building materials. It is in-line with the Construction Agenda's ambition of halving CO_2 use in construction by 2030 and to completely eliminate it by 2050: from production and manufacture to utilisation and transport.

Market developments and competitive position

Despite the nitrogen and PFAS problems last year the Dutch construction sector achieved a robust 4% growth.

TBI strives for leading positions within its markets. But such a position is not automatically a sign of success. In the Dutch engineering, construction and infrastructure market you don't have to be big to be profitable. In recent years it's the medium-sized companies that have often been relatively successful. TBI strives for an optimum balance between large concern scale and medium-sized company entrepreneurship.

Our market positions are variable. In the installation engineering market TBI occupies a substantial position with Croonwolter&dros, Eekels, Comfort Partners, Giesbers InstallatieGroep and WTH. The trend-based growth of the total volume of construction and an increase in the share of engineering work in this total volume are bringing about positive developments in the installation engineering sector. Energy transition will mean a major task for our sector. This applies not only for the installation of systems in residential and non-residential buildings (including heat pumps, heat-cold storage and charging stations), but definitely also for infrastructure (upgrading heat and electricity networks). These developments will continue in the coming years.

With a dozen companies in the residential and non-residential building construction and development sector (see page 3) TBI holds a leading position in this market segment. The medium-term prospects for these companies is good as the demand for (new-build) housing will remain high and in the non-residential market the volume is growing and prices are rising. This situation is partly fuelled by low mortgage interest rates. The renovation, restoration and transformation market is also benefitting from this with energy transition playing a (larger and larger) role.

TBI's share of the infrastructure market is not so large. Even so, for the past few years TBI's results have been better than market despite a slightly disappointing 2019. The integrated cooperation between the TBI infrastructure companies and Croonwolter&dros has proven successful.

The (financial) risks associated with our business are substantial and are not decreasing. Clients are increasingly inclined to let the executing company take over the risks. The high-density urban locations in which construction and installation projects are taking place mean project complexity is increasing. The same applies for infrastructure projects. As far as profitability and risk profile are concerned, TBI is not an exception within the branch. With several companies we have even achieved better results than companies in comparable markets or with a comparable portfolio, particularly in non-residential buildings and engineering. However, we do need to lower our risk profile, especially related to large infrastructure projects.

"We must lower the risk profile, especially of large infrastructure projects."

Labour market developments

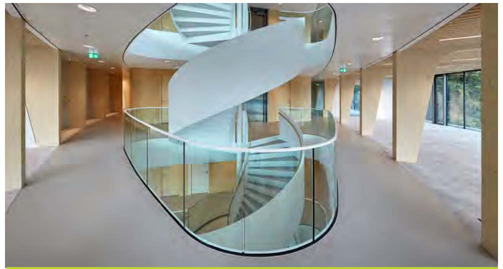
Over the next five years the construction and engineering sector will need around 60,000 new workers in order to achieve the construction targets. If the labour capacity doesn't increase sharply the completion times for new-build projects will probably become even longer. The increasing demand combined with the aging of the existing workforce will increase the scarcity on the labour market even more, including for our subcontractors and suppliers.

This is especially true for experienced building site workers, such as bricklayers and bar benders, but it also applies for technical people, who are a critical success factor for achieving our goals. Partly as a result of this, pricing in the chain is under pressure and is resulting in higher (purchase) prices. Subcontractors are going to be able to choose which main contractor they want to work for. Partnering in the chain is desirable for both the deployment of knowledge and implementation capacity. In the long run, greater efficiency, digitisation, industrialisation and robots will mean more and better work can be done with fewer employees.

Nevertheless, recruiting new people will be as much of a challenge as retaining well-trained people. Maximum effort must be focused on new inflow to and outflow from construction training courses, migrant workers and lateral entrants from other sectors. Here too safeguarding technical skills – from contractor to carpenter and from electrician to (construction) calculator – is at least as important.

"The challenge is twofold – we must retain well-trained people and we must also recruit new people."

TBI acdmy also has an extensive programme of training courses. Various training pathways are offered, such as a traineeship, a talent programme and a top programme, as well as a project management offer and an introduction programme. As far as Management Development is concerned, TBI offers director-level paths and the TBI companies themselves offer training courses at other levels. The active Jong TBI network club plays a key role in the promotion of knowledge sharing and personal development of enthusiastic young employees within the TBI companies.



ICONIC PROJECT

Triodos Bank, Driebergen-Rijsenburg
J.P. van Eesteren is building the new office of the Triodos Bank on the De Reehorst estate. The building has been awarded the BREEAM Outstanding certificate – the highest European sustainability certification.
All the building materials are recorded in Madaster, an online library of materials and the shell is made of wood and constructed so it can be disassembled and reassembled.

IN FIGURES

± 12,500 m^2
gross floor area

338
CLT trusses (Cross Laminated Timber)

3,300 m^2
solar panels

PROGRESS OF STRATEGIC PILLARS IN 2019

MARKET LEADERSHIP

AMBITION	MATERIAL THEMES	KPIS	TARGETS	RESULT 2019 (2018)	SDGS
We want to retain our market position, and where possible reinforce it, by continuously investing in innovation and digitising and by focusing on entrepreneurship close to the client. We strive for robust financial results by paying attention to the quality of the revenue, stringent risk management and optimum project management.	■ strengthen market position ■ solid financial position ■ project management ■ innovation ■ integrated design ■ client focus ■ high-quality projects ■ digitisation ■ influence public policy	Operational (EBIT) margin from normal activities	2-4%	2.3% (2.0%)	8 DECENT WORK AND ECONOMIC GROWTH
		ROIC (EBIT / invested capital)	≥ 10%	12.0% (10.7%)	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
		Solvency	≥ 30%	34.1% (34.5%)	
		Trading working capital efficiency	≤ 5%	–8.8% (–5.9%)	11 SUSTAINABLE CITIES AND COMMUNITIES

Key principles

- TBI strives for a top 5 position in its core markets. As a knowledge company our focus is margin above volume.
- Our solid financial position gives us the space to invest in product and process innovation, circular construction and new cooperations. To safeguard this solid position we focus carefully on a number of KPIs.
- TBI comprises a number of independent companies whose Management Boards have the freedom to conduct business as they deem appropriate. For many years TBI's business philosophy has been: entrepreneurship from the bottom up. The focus is on market-oriented entrepreneurship with room for 'local colour' and regional presence.

Initiatives and actions

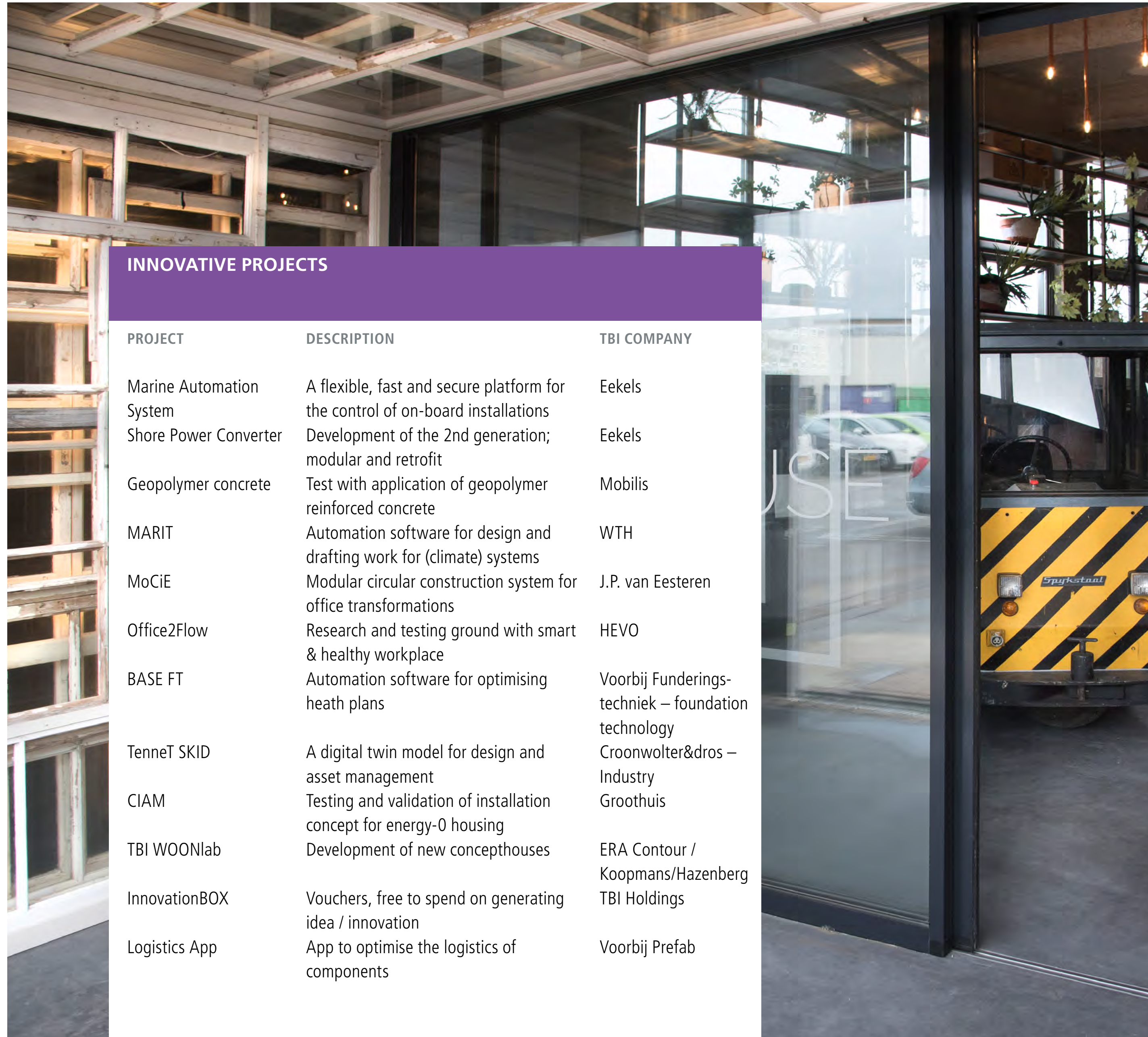
- A Digital Agenda was set up with as spearheads: value-driven engineering, information integration and SMART & Connected services.
- The central theme of the 2019 TBI Innovation Prize (5th year) was energy transition. The winners were Eekels (neighbourhood hydrogen energy plant) and Croonwolter&dros (ModuFy circular ceiling installation).
- Our companies actively monitored their clients' satisfaction using a variety of methods such as the Net Promoter Score (NPS) and benchmarks including bouwnu.nl, RWS and ProRail.

Achievements and facts

- Our market share: top 5 positions in our core markets.
- We improved our operating result (EBIT) by 48% and met the important financial targets.
- Our order book rose by 8%. This meant 83% of the budgeted operating revenue for 2020 was covered.
- We sold 960 homes (2018: 1,731).
- We delivered 1,376 prefabricated concrete shells (2018: 728) and completed a total of 428 concept homes (2018: 420).
- The acquisition of Giesbers Installatie-Groep strengthened TBI's position in residential building installation engineering in the densely-populated Randstad region in the west of the Netherlands.

- TBI invested over € 1.5 million from its Innovation Fund in innovative projects proposed by TBI companies. (see box)
- In total 12 investment proposals were honoured by the TBI Innovation Fund.
- 96 TBI projects were active with the Bewuste Bouwers (Considerate Constructors) hallmark.

"TBI has the same business philosophy for years: entrepreneurship from the bottom up."



INNOVATIVE PROJECTS

PROJECT	DESCRIPTION	TBI COMPANY
Marine Automation System	A flexible, fast and secure platform for the control of on-board installations	Eekels
Shore Power Converter	Development of the 2nd generation; modular and retrofit	Eekels
Geopolymer concrete	Test with application of geopolymer reinforced concrete	Mobilis
MARIT	Automation software for design and drafting work for (climate) systems	WTH
MoCiE	Modular circular construction system for office transformations	J.P. van Eesteren
Office2Flow	Research and testing ground with smart & healthy workplace	HEVO
BASE FT	Automation software for optimising heath plans	Voorbij Funderings-techniek – foundation technology
TenneT SKID	A digital twin model for design and asset management	Croonwolter&dros – Industry
CIAM	Testing and validation of installation concept for energy-0 housing	Groothuis
TBI WOONlab	Development of new concepthouses	ERA Contour / Koopmans/Hazenberg
InnovationBOX	Vouchers, free to spend on generating idea / innovation	TBI Holdings
Logistics App	App to optimise the logistics of components	Voorbij Prefab

CIRCULAR ENTREPRENEURSHIP

AMBITION	MATERIAL THEMES	KPIS	TARGETS	RESULT 2019 (2018)	SDGS
We are focusing with conviction on creating a circular construction economy with as the ultimate goal the development of an energy-neutral built environment and a fully circular business operation.	▪ sustainable entrepreneurship ▪ raw materials and other materials ▪ circular construction ▪ environmental-impact of projects ▪ responsible procurement policy ▪ climate-adaptive construction ▪ acceleration of energy transition	CO_2 emissions Scopes 1 and 2 (per FTE / per million € operating revenue)	10% reduction in 2020 compared to 2017	31.9 kton (33.1 kton); 5.3 ton (5.8 ton) CO_2 emission per FTE / 17.3 ton (18.7 ton) CO_2 emissions per million € operating revenue	
		Percentage of electric vehicles (of total leased vehicle fleet)	20% increase in 2020 compared to 2017	6.6% (1.8%)	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
		Waste separation percentage	≥ 65%	64.3% (59.6%)	13 CLIMATE ACTION
		Percentage of purchased timber that is sustainable	≥ 95%	98% (94%)	

Key principles

- The sustainability of the built environment is one of the greatest challenges to energy transition. In 2019 all the TBI companies once again contributed towards this transition to energy-efficient homes, smart buildings, sustainable infrastructure and affordable and sustainable energy solutions for the client.
- The transition to a circular construction economy has begun. The Dutch government wants totally circular construction by 2050 to be a component of the national construction agenda. However, we and our clients still often feel like pioneers. The focus is often on the smart reuse of materials (the target is for at least half the materials used in construction to be secondary materials rather than primary materials by 2030), but sustainable profit can also be achieved in areas such as project design and development, construction and installation methods, logistics and new service models. Circular entrepreneurship offers opportunities to lead the way in our markets and can reduce our negative environmental impact.
- TBI strives for a circular, sustainable conduct of its own business. This requires us to change the way we work, our energy and materials usage and our procurement policy.

Initiatives and actions

- Croonwolter&dros and Mobilis completed the first energy-neutral tunnel in the Netherlands as part of the Groene Boog project (A13-A16 road link). The tunnel is lit by sunlight via glass fibre, the other energy requirements are provided by a heat-cold system and 20,000 m² of solar panels.
- Eekels won the 2019 TBI Innovation Prize with its ‘neighbourhood hydrogen energy plant’. Eekels is convinced that

hydrogen offers one of the most important solutions for the required energy transition and is working on a solution based on integrating hydrogen-based energy (storage) systems in our living environment.

- TBI – a co-initiator of the 'Materials Expedition' (Materials Passport) in infrastructure – worked with various market parties and provincial clients on the drawing-up of a materials passport at 14 pilot projects. This practical learning experience was offered to CB'23, which is producing a following version of the guidelines for materials passports in construction.
- A number of TBI companies, including Koopmans, Voorbij Prefab and J.P. van Eesteren, organised workshops for employees to increase knowledge of circular entrepreneurship. The result was an action plan with which these companies have set to work internally.
- The TBI WOONlab's circular living concept was developed further. The first home will be built during 2020. A new concept that links several circular business models to create an optimum home experience was also developed.
- TBI's equipment service, MDB, began developing the sustainable building site. Solutions for various sections of a site as well as an integrated total site layout are being looked at to discover how sustainability can be improved.
- TBI worked hard on sustainable procurement. Various talks about sustainability took place with our most important suppliers and a start was made on developing an in-company training course on sustainable procurement. All the TBI Procurers will participate in the 3-days course which started in early 2020.
- At the beginning of 2020 TBI presented its fully-circular working clothing. In cooperation with several partners the various items of clothing were re-designed and manufactured from recycled cotton and PET bottles. All our employees will be encouraged and enabled to hand-in their old working clothing so the old, worn items can be turned into new clothes.

"A circular living concept was further developed by TBI WOONlab."

Achievements and facts

- 76.3% of the homes we sold did not have a gas connection.
- A number of iconic timber-construction projects were completed. J.P. van Eesteren delivered the Triodos Bank that is not only made of wood but can also be fully disassembled and reassembled. In 2020 work will continue on HAUT a high-rise apartment building made almost entirely of wood.
- Our Mobilis and Voorbij Prefab companies investigated the possibilities of sustainable concrete. This is in line with the aims laid-down in the Betonakkoord (Concrete Agreement) and various innovative market initiatives in this context.
- Two projects with a Madaster Materials Passport were completed. TBI is currently developing a number of projects for which the provision of a materials passport is one of the client's demands.
- Our total CO_2 emissions were 31.9 kton (2018: 33.1 kton). This translates to emissions of 5.3 ton per FTE and 17.3 ton per million € operating revenue. The Scope 1 CO_2 emissions amounted to 27.8 kton. Scope 2 emissions amounted to 4.1 kton CO_2.
- Our total CO_2 footprint was 3.6% lower than in 2018. One important reason for this was the increase in electric vehicles.
- 6.6% of our leased vehicle fleet was electric powered (2018: 1.8%) which, according to our lease company, Athlon, makes us one of the leaders in fleet electrification in the business market.
- Our activities created 24.9 kton of waste (2018: 30.8 kton), of which 64.3% was sorted before leaving our project and office sites (2018: 59.6%). Our target is to further reduce our total volume of waste and increase the percentage of separated waste.
- 98% of the timber we purchased was sustainable (in conformance with the PEFC/FSC certification). The percentage of sustainable timber we purchase has been stable for years with 98% (2018: 94%). By signing FSC Netherlands' Bouw en Hout convenant 2.0 (Construction & Timber Covenant) we have endorsed the ambition to use more timber in the construction industry, which will acknowledge and actively encourage the contribution of timber towards CO_2 reduction (and storage) and circular construction.

ATTRACTIVE WORKING ENVIRONMENT

	AMBITION	MATERIAL THEMES	KPIS	TARGETS	RESULT 2019 (2018)	SDGS
	TBI wants to offer talented people a safe working environment and safeguard and develop skills and knowledge. We want to be one of the most attractive employers in our sector – a company in which employees can be the best they can be and to which we attract and retain the right top-talent and successful professionals.	■ integrity ■ transparency ■ healthy and fit employees ■ safe working environment ■ diversity ■ training and (talent) development ■ social involvement	Injury frequency (IF)	≤ 3.8	3.2 (3.1)	3 GOOD HEALTH AND WELL-BEING
			Sick leave percentage	≤ 4.5%	4.4% (4.7%)	
			FTE outflow at own request	≤ 6%	5.8% (6.2%)	4 QUALITY EDUCATION
			Number of TBI Code of Conduct breaches	0	11 (17)	

Key principles

- Safety at work is a key priority for TBI. All the companies work in accordance with the TBI Safety Regulations and the TBI Safety Values that revolve around safe behaviour and safety awareness.
- Healthy employees are vital for our organisation. Sustainable employability is a key concern bearing in mind the fact that our workforce is getting older, our working conditions are physically demanding and technically-trained people are in short supply. The health and fitness of our people throughout their working life is extremely important.
- We expect our people to adapt to changes in society and our industry and to continuously work on their personal development. The TBI acdmy supports them with training courses and personal and leadership development, project management and social skills.
- We see management development as a tool with which to ensure sufficient succession capacity within the organisation to ensure continuity. This requires the identification of the key-positions and talents within the organisation and the utilisation of possibilities to facilitate the necessary development and placement of (future) successors. TBI has a company culture in which we work on the development of our employees at every level. We invest heavily in the development of our people, including through specific TBI acdmy training programmes aimed at young potentials, professionals and future directors. The target is for 60-65% of Board members to have come up through the TBI ranks.
- TBI wants to operate with integrity and transparency and towards this end has drawn-up the TBI Code of Conduct. Our values and standards must be recognisable and appropriate for our day-to-day work. They are also stated in the TBI Code of Conduct that is a specific component of every employee's individual employment contract.

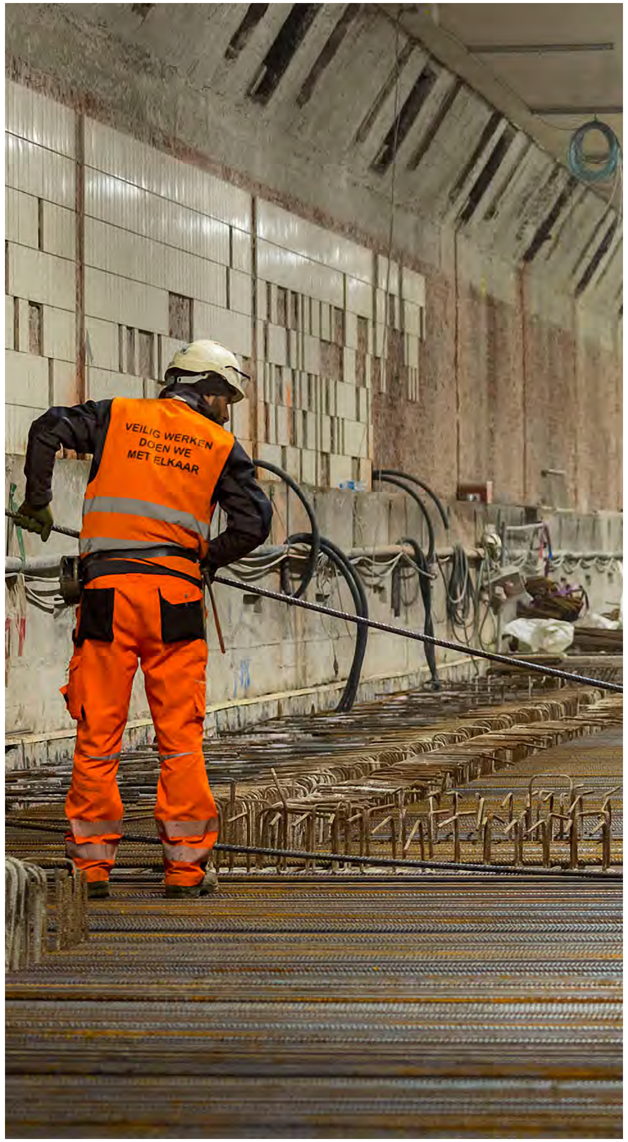
Initiatives and actions

- The TBI Safety Values were introduced throughout the Group. Every company implemented these cultural values in their own safety programme.
- All the TBI employees took part in the National Safety Day. The theme for 2019 was 'Proud to be safe'.
- The TBI Innovation Prize once again offered our employees a stage and

springboard for new initiatives. All our colleagues can also call on the TBI Innovation Fund.
- TBI sponsored the Rotterdam Marathon. Hundreds of TBI colleagues participated in the TBI Business Run in relays.
- In the context of its goal to increase learning ability, TBI Vitaal developed a number of training courses for Managers, including how to conduct absenteeism discussions, and also worked on the development of sustainable employability plans for various TBI companies.
- The TBI acdmy's Trainee, Talent and Top programmes began using Talent Analytics systematics.
- The Management Development policy will be revised in the coming year.
- TBI began a multi-year cooperation with the IMC Weekendschool. TBI colleagues gave up some of their free time to enable kids living in Rotterdam's Delfshaven neighbourhood to try their hand at all the different aspects of construction.
- Young people were inspired to opt for a career in construction and engineering in many ways. Several companies participated in a JINC 'boss for a day' project.
- Eekels welcomed a visiting group of enthusiastic primary school children and on Girlsday Croonwolter&dros introduced 25 girls to engineering and ICT.
- TBI began a Group-wide programme to increase awareness in the field of information security and privacy.

Achievements and facts
- 6 TBI companies were certificated on the Safety Ladder – an assessment method to measure safety awareness and safety behaviour.
- TBI was, unfortunately, confronted with two fatal accidents. A colleague from ERA suffered a fatal fall at the office and a subcontractor's employee died while working on our RijnlandRoute project.
- The number of lost time incidents involving our own employees and external workers rose from 36 in 2018 to 38. None of these incidents was serious (2018: 10). The result was an IF of 3.2 (2018: 3.1). There were also 130 incidents without lost time (2018: 152).
  The increasing number of lost time incidents among our subcontractors working on our projects is worrying: 40 incidents, of which 6 were serious, compared to 35 of which 7 were serious in 2018.
- The sick leave percentage fell to 4.4% (2018: 4.7%).
- 88.5% of our total workforce was male, 11.5% was female.
- 85.1% of our employees worked full-time for TBI, 14.9% were part-timers.
- An estimated around 80% of our employees were covered by a collective labour agreement.
- TBI-wide a total of 125,088 hours (an average of 20.9 hours per FTE) and over € 5.5 million was invested in employee training and development (2018: 102,049 hours and € 4.2 million).
- In total 265 employees participated in TBI acdmy training programmes (2018: 234).
- 7 TBI management trainees started and 10 were working within TBI.
- The TBI Study Fund approved 2,129 of the 2,412 study grant applications it received for the 2018/2019 academic year.
  The budget available to the Fund for 2018/2019 was € 1.8 million.
- We received a total of 270 reports concerning the TBI Code of Conduct (2018: 308), of which 11 involved actual breaches of the code (2018: 17).
- There were three reports of breaches of legislation and regulations (2018: 4).

"The TBI Innovation Prize offers employees a stage and springboard for new initiatives."



WORKING SAFELY AT TBI

Safety is a top priority at TBI. All the TBI companies work in accordance with five TBI Safety Values and the Group-wide TBI Safety Guidelines.

The TBI Safety Values relate to attitude and behaviour; how do we work together every day to build a better safety culture. The guidelines relate to processes, procedures and rules.

One supporting tool that is contributing towards improving the safety culture is the safety culture ladder. All our companies have been asked to apply for certification on this ladder and the first companies have already been successful. In the coming period this safety culture ladder will also be passed on in our chain, Safety in Construction Procurement (Veiligheid in Aanbestedingen (ViA)). We must, as companies, lead by example.

A practical tool that is raising our employees' safety-awareness is the TBI Safety App. This is an accessible way to report both unsafe and safe situations.

The 'Learn-from-cards' made as standard by TBI companies after an incident is also shared via this digital platform.

Each year the entire organisation focuses together on the National Safety Day theme of the year. The theme for 2019 was 'Proud to be Safe'. Interactive presentations got us talking to each other about safety on the project sites and how we can work together on improving the safety culture.

Within TBI there is regular consultation with the TBI Safety Advisory Council. These are cross-company consultations in which safety is discussed strategically under the Chairmanship of Bart van Breukelen (Chairman of the Executive Board).

In 2020 full attention will once again be paid to working safely. The recent fatal accidents and the large number of incidents on our project sites underline the major risks construction exposes our own employees, external staff, subcontractors and partners to every day. It is our responsibility to do everything in our power to protect our people from danger.

FIVE SAFETY VALUES

1. We take responsibility for our collective safety
2. We prepare ourselves well and discuss risks and dilemmas
3. We hold each other accountable for unsafe behaviour
4. We stop unsafe work
5. We adhere to the agreed rules

GUIDELINE FOR SAFETY MANAGEMENT

- Continue reducing incidents to the absolute minimum
- Learn from previous incidents: be and remain a learning organisation
- Aim for a leading position as a sustainable company
- Stand strong together thanks to a joint safety approach

FINANCIAL RESULTS

TBI earns more than 95% of its revenue in the Netherlands. We also have several foreign offices and projects, for example in Poland, Romania and on Aruba.

Market situation

In the course of 2019 the growth of the Dutch economy flattened out due to a slow-down of global growth and a drop in consumer confidence. The construction sector felt the effects of the nitrogen and PFAS problems, especially in the second half of 2019.

In 2019 our construction companies continued to enjoy relatively favourable market conditions: a strong economy, a historically-low mortgage interest rate and, as a result, a powerful boost to the housing market. The companies were confronted with delays in licensing, insufficient supplier capacity and pressure on margins as a result of subcontractors and suppliers raising their prices. As 2019 progressed the uncertainty in the market increased, including as a result of the nitrogen and PFAS issues. In the non-residential sector there was a recovery and prospects improved despite several projects being delayed.

The redevelopment, renovation and maintenance markets also developed strongly. The non-residential sector is important not only for our Construction & Development segment but also for our Engineering segment. Our development activities had to cope with complex licensing procedures and challenges with the financially-feasible outsourcing of new projects. In the Infra segment there were only a limited number of large tenders in the market and medium-sized work was delayed due to uncertainty in the market (including due to discussions about forms of contract, PAS and PFAS). As far as the Engineering and Infra segments are concerned it is important that there is observable growth in the energy and water-treatment market. In the Marine & Offshore market, a sector in which several of our engineering companies are active, we still had to cope with a low level of investment due to over-capacity. By contrast, as in 2018, the development in the Industry market sector was positive. Overall the offering of new projects was sufficient and, as a result, our order book increased and the price level improved.

Operating revenue and results

In 2019 TBI once again improved its profitability. The Engineering and Construction & Development segments achieved higher results than in 2018, Infra's result decreased compared to 2018.

TBI's total operating revenue rose by 4% to € 1,850 million (2018: € 1,773 million). The operating result before depreciation and amortisation (EBITDA) rose by 14% to € 62.2 million. The operating result (EBIT) rose from € 28.1 million in 2018 to € 41.5 million in 2019 – an increase of 48%. Our order book rose by 8%. The TBI companies only accept new projects if the risk profile, return and capital demand are in balance. Our project management has been tightened further and our cost structure improved and we are now in a better position to pass on more project-related costs.

Once again in 2019 we further streamlined our business processes and carried out a series of organisational changes at a cost of € 1.7 million (2018: € 5.2 million). The net of financial income and expenses worsened slightly from € 3.7 million negative in 2018 to € 3.9 million negative in 2019. The effective tax burden in 2019 was 25.6% (2018: 27.6%). The result from participations in 2019 amounted to € 0.5 million (2018: € 0.5 million). Net result rose by 57% to € 28.5 million (2018: € 18.2 million).

Results
(x € 1 million)

	2019	2018
Operating revenue	1,850	1,773
Operating result before depreciation and amortisation (EBITDA)*	62.2	54.7
Operating result (EBIT)	41.5	28.1
Net result	28.5	18.2
Operating margin in %) based on EBITDA*	3.4	3.1
Operating margin (in %) based on EBIT	2.2	1.6

* From normal business activities (before deduction of reorganisation costs and impairments).

Orders received and order book

The value of orders received (in writing) in 2019 was € 1.9 billion which was lower than in 2018 (€ 2.6 billion). The order book (contracted work still to be carried out and new contracts still to be received) increased by 8% to € 2.8 billion (end of 2018: € 2.6 billion). A total of € 1.7 billion of the total order book is expected to be carried out in 2020. This amounts to 83% of the budgeted operating revenue for 2020. At the end of 2018 that was 78% (for 2019). The remainder of the order book will be carried out in 2021 or subsequent years.

Balance sheet

TBI's financial position remained strong with a solvency based on shareholder's equity of 31.2% (2018: 31.4%). Taking into account the € 25 million subordinated loan taken out in 2016, solvency on the basis of the guarantee capital was 34.1% (2018: 34.5%).

Key balance sheet figures
(x € 1 million)

	2019	2018
Non-current assets	121	121
Investments in real estate portfolio	185	196
Net working capital	–50	–3
Cash and cash equivalents	301	229
Shareholder's equity	278	255
Subordinated loan	25	25
Balance sheet total	890	813
Solvency based on shareholder's equity	31.2%	31.4%
Solvency based on guarantee capital	34.1%	34.5%

Non-current assets remained stable at € 121 million (2018: € 121 million). In 2019 net investments (investments minus divestments) in tangible and intangible non-current assets were higher than depreciation and amortisation. Net investments amounted to € 28.4 million (2018: € 25.0 million) and depreciation and amortisation amounted to € 18.8 million (2018: € 18.5 million). Financial non-current assets decreased by € 7.5 million in 2019, in part due to a lower deferred tax asset.

At the end of 2019 investments in the real estate portfolio (land positions, building rights, unsold housing under construction and unsold completed housing) amounted to € 185 million (2018: € 196 million). The decrease of € 10.4 million was due to investments in project development decreasing by € 22.1 million to € 156 million (2018: € 178 million). The stock of unsold housing under construction and completed housing rose by € 11.7 million to € 29 million (2018: € 17 million). Taking non-recourse project financing into account, net investments in project development amounted to € 156 million (2018: € 168 million).

Net working capital dropped to € -50 million (2018: € -3 million) primarily due to the lower financing of work in hand and lower investments in project development.

Net working capital
(x € 1 million)

	2019	2018
Engineering	–38	–8
Construction & Development	–144	–141
Infra	–11	–21
Investments in project development	156	178
Other	–13	–11
Total	–50	–3

Cash and cash equivalents rose by € 72 million to € 301 million (2018: € 229 million). Net cash and cash equivalents less current liabilities owed to credit institutions (net liquidity), amounted to € 290 million at the end of 2019 (end of 2018: € 219 million).

At the end of 2019 shareholder's equity was € 278 million (2018: € 255 million). On balance shareholder's equity rose by € 23.1 million. This included the positive net result of € 28.5 million and a € 5.5 million dividend distribution to the shareholder in respect of 2018.

Financing

TBI can draw on a € 75 million committed revolving credit facility provided by three banks. The facility was amended and extended by agreement on 1 November 2018. The amended facility not only has a lower interest rate it also includes a number of positive easings compared to the facility agreed in 2015. Not unimportant is the increased sustainability of the facility: in the case of the (non) compliance with a number of the non-financial KPIs listed in the Annual Report, the surcharge can be adjusted in a way that is positive (or negative) for TBI. On 1 November 2019 this Revolving Credit Facility (RCF) was extended by one year. This possibility for extension within the RCF is offered on the first and second anniversary of the agreement. For the time being the term has been extended until 1 November 2024. On 1 November 2020 one more extension of one year is possible. If this last request for extension is honoured by the bank syndicate (ABN AMRO, Rabobank and ING) the expiry date of this RCF will become 1 November 2025.

As of the end of 2019 this facility had not been used. The interest rate is based on Euribor, with the interest rate period being dependent on the selected term, increased by a surcharge. Financial covenants have been agreed to this end. In 2019 TBI once again amply satisfied the financial covenants.
TBI also has current account facilities totalling € 30 million with three banks. Interest is payable on these facilities at Euribor plus a surcharge. These facilities are only drawn down to meet short-term liquidity requirements. As at the end of 2019 no amounts had been drawn down from this facility.

TBI can draw on two further non-recourse financing facilities with the Rabobank.
The first is a € 35 million facility for Synchroon Locaties B.V. with a maximum term of six years and an interest rate based on three months Euribor plus a surcharge. This facility was used for the first time in 2018.
The second non-recourse financing is an € 18 million facility for acquiring land and buildings in Utrecht, with a term to 1 January 2023 and a fixed interest rate until 1 July 2020.

On 20 December 2019 a committed term sheet to finance TBI Bedrijfspanden B.V. (TBI Business Premises) was signed with NIBC.
The Amended Credit Agreement as a result of the committed term sheet means the already existing financial agreement with NIBC has been more or less "rolled-on" until 28 February 2020. Compared to the current loan agreement, a number of conditions, including the margin, the fixed and flexible portions of the loan and the penalty interest rate, have been adjusted in favour of TBI Bedrijfspanden B.V.

In 2019 TBI had access to six guarantee facilities with a total commitment of € 420 million (2018: € 455 million). The commitment is available to the TBI companies. This facility, which is spread over six providers, gives the TBI companies generous 'headroom'.
In respect of bank guarantees the TBI companies are subject to the TBI guarantee policy. This policy includes guidelines regarding the maximum amounts and terms for providing individual guarantees. Deviation from the guidelines is only permitted after the prior approval of the Executive Board.

Engineering, Construction & Development and Infra results

The composition of the operating results from normal business activities was as follows:

Operating result (EBITDA)*
(x € 1 million)

	2019	2018
Engineering	15.4	10.8
Construction & Development	42.8	38.9
Infra	5.6	11.0
Holding	–1.6	–6.1
TBI	62.2	54.7

* From normal business activities (before deduction of reorganisation costs, depreciation, amortisation and impairments).

"Much improved results were achieved in the non-residential market."

Engineering
(x € 1 million)

	2019	2018
Operating revenue	723	712
Operating result before depreciation and amortisation (EBITDA)*	15.4	10.8
Operating result (EBIT)	8.7	4.6
Operating margin in % based on EBITDA	2.1	1.5
Orders received	883	837
Order book at year end	984	709

* From normal business activities (before deduction of reorganisation costs and impairments).

Operating revenue in the Engineering segment rose slightly and the operating result rose sharply. The operating margin improved from 1.5% in 2018 to 2.1% in 2019.

The Engineering companies are active in several market sectors. Substantially improved results were achieved in the non-residential market. In the industrial markets there were an increasing number of tenders and a rising price level. The infrastructure activities in the Engineering segment also achieved good results. The exception was the Marine & Offshore market in which the results were once again under pressure due to the difficult

market conditions. Although in the promising housing installations market the market conditions in 2019 were mostly positive, our results in this sector were disappointing.
On balance the prospects in the Engineering segment in 2019 improved. The order book rose by a substantial € 275 million to € 984 million.

Construction & Development

(x € 1 million)

	2019	2018
Operating revenue	866	842
Operating result before depreciation and amortisation (EBITDA)*	42.8	38.9
Operating result (EBIT)	36.7	30.9
Operating margin in % based on EBITDA	4.9	4.6
Orders received	816	1,225
Order book at year end	1,288	1,305

* From normal business activities (before deduction of reorganisation costs and impairments).

Once again the Development segment achieved excellent results as did our activities in real estate consultancy and building management. The number of housing units sold fell by 45% to 960 homes (2018: 1,731 homes). Despite late project starts due to licensing delays and building plan assessments, our companies in the Construction & Development segment achieved higher operating revenue. Fewer orders were received than in 2018. In 2019 the number of completed housing units sold fell by 53% to 843 (2018: 1,785 units). The companies also experienced pressure on margins due to higher subcontractor and supplier prices.

The demand for new-build housing remains high and the prospects for 2020 are positive despite the order book being slightly down compared to 2018. In the non-residential market there was a further recovery of price levels and volume increased.

Compared to 2018, operating revenue rose in 2019. Operating result increased by € 5.8 million to € 36.7 million. The same applied for the operating margin which rose from 4.6% in 2018 to 4.9% in 2019.

During the year we carried out an analysis of the real estate positions on the basis of which an impairment of € 0.1 million (2018: € 2.5 million) was recognised.

Infra

(x € 1 million)

	2019	2018
Operating revenue	285	258
Operating result before depreciation and amortisation (EBITDA)*	5.6	11.0
Operating result (EBIT)	4.4	8.1
Operating margin in % based on EBITDA	2.0	4.3
Orders received	194	519
Order book at year end	558	615

* From normal business activities (before deduction of reorganisation costs and impairments).

In the Infra segment only a limited number of large tenders came on the market and medium-sized orders were delayed by uncertainties in the market (including discussions about forms of contract, PAS and PFAS). Orders received were lower than in 2018 and the order book decreased by 9%. A number of large infrastructure projects were postponed for years due to the PAS and PFAS crisis. This could only be partially offset by the growing maintenance and renovation market.

In 2019 operating revenue was higher than in 2018 and profited from the order book at the end of 2018. The Infra segment's operating result (EBITDA) worsened substantially and amounted to € 5.6 million (2018: € 11.0 million). The project results in the civil concrete construction segment were particularly disappointing.

"The Development segment once again achieved an excellent result as did our real estate consultancy and building management activities."

OUTLOOK

The effects of the corona virus will lead to far lower growth expectations for the Dutch economy, or even shrinkage. The trade conflict between the United States and China plus Brexit will also play a role in macro-economic developments. On top of that, the growth of the Dutch construction sector will also be inhibited by a shortage of skilled people.

We are also being confronted with delays in licensing plus the nitrogen and PFAS problem, which in 2019 was already causing difficulties in particular for our Infra activities. What the impact will be in 2020 and subsequent years is still unclear, for our other segments as well. According to the EIB, order books in the construction sector were significantly lower at the end of 2019. Moreover, expectations are surrounded by far more and greater uncertainties than they were a year ago. The EIB is now taking a sector-wide shrinkage of at least one percent in 2020 into account.

The prospects for the medium-term remain reasonably good in view of the major challenge facing our sector. The forecast is an extra 900,000 households by 2030. This means the construction companies must complete between 80,000 and 85,000 new (climate-neutral) homes a year. A significant portion of these must be located in the larger cities. On top of that, to safeguard accessibility the government wants to increase investment in replacing and renovating the existing infrastructure. And increasing traffic will also mean extra investment in expanding the road, rail and waterway networks. Climate-resistant water security is also a key theme.

Due to the late cyclic nature of our sector some of the TBI companies, especially the ones active in Engineering and non-residential construction, have only started benefitting from the economic recovery in recent years. The result has been a gradual improvement of profitability, the order book and the return from the order intake. The starting point for 2020 in these segments is relatively positive.

The companies in the Construction & Development segment that focus on new-build housing have been profiting for a longer period from the favourable market due to several factors including the low mortgage interest rate. The order books are still good, but developing and executing new projects is becoming more difficult due to delays in licensing caused by, among other factors, the nitrogen and PFAS problem. The limited capacity at municipalities, the decreasing availability of suitable construction sites and increasing construction costs remain a challenge in this segment.

“In the medium-term the prospects remain reasonably positive due to the major challenge facing our sector.“

The fact that large infrastructure projects are being delayed for years due to the nitrogen and PFAS problem is particularly noticeable for the Infra segment. This situation will only be partially offset by the acceleration of renovation work. The anticipated investment boost has also been delayed by problems in the preparatory phase of certain projects.

CONSEQUENCES OF THE NITROGEN AND PFAS PROBLEM FOR TBI

The nitrogen and PFAS problem could (possibly) have the following consequences for TBI:

- in view of our good market position and well-filled order book TBI can start growing again as soon as this problem is resolved;
- as a result of the delays in licensing the number of new-build homes is expected to decrease in 2020/2021;
- the development of (new) sites for housing and non-residential building will be delayed even more;
- in 2020/2021 Infra’s order book will decline even more due to project postponements;
- the results of our concrete pile factory will not be as good in 2020.

ACCELERATION THEME – ENERGY TRANSITION

SUSTAINABILITY UPGRADES AFFECT EVERYONE

Energy transition affects everyone. Every resident is involved. What is hanging over our heads if we have to do without natural gas? Solutions for this have to be created for (the owners of) existing and new-build homes. There is also a significant challenge in commercial real estate, non-residential buildings and sustainable-energy distribution and storage.

An enormous sustainability task until 2050
The Netherlands is facing an enormous sustainability task. It's laid-down in concrete terms in the Climate Agreement – in 2050 the entire housing stock must be energy-neutral. At this moment, 75% of the nearly eight million homes in the Netherlands score lower than energy label B and over 45% score lower than C. If we only look at housing association properties this means upgrading 100,000 homes to energy label A every year for 30 years.

Around 30% of the total gas emissions come from buildings. So non-residential buildings and commercial property must also be made far more sustainable. This means nearly 35 million m^2 of office space (44% of the total) and around 250,000 non-residential buildings including around 10,000 schools.

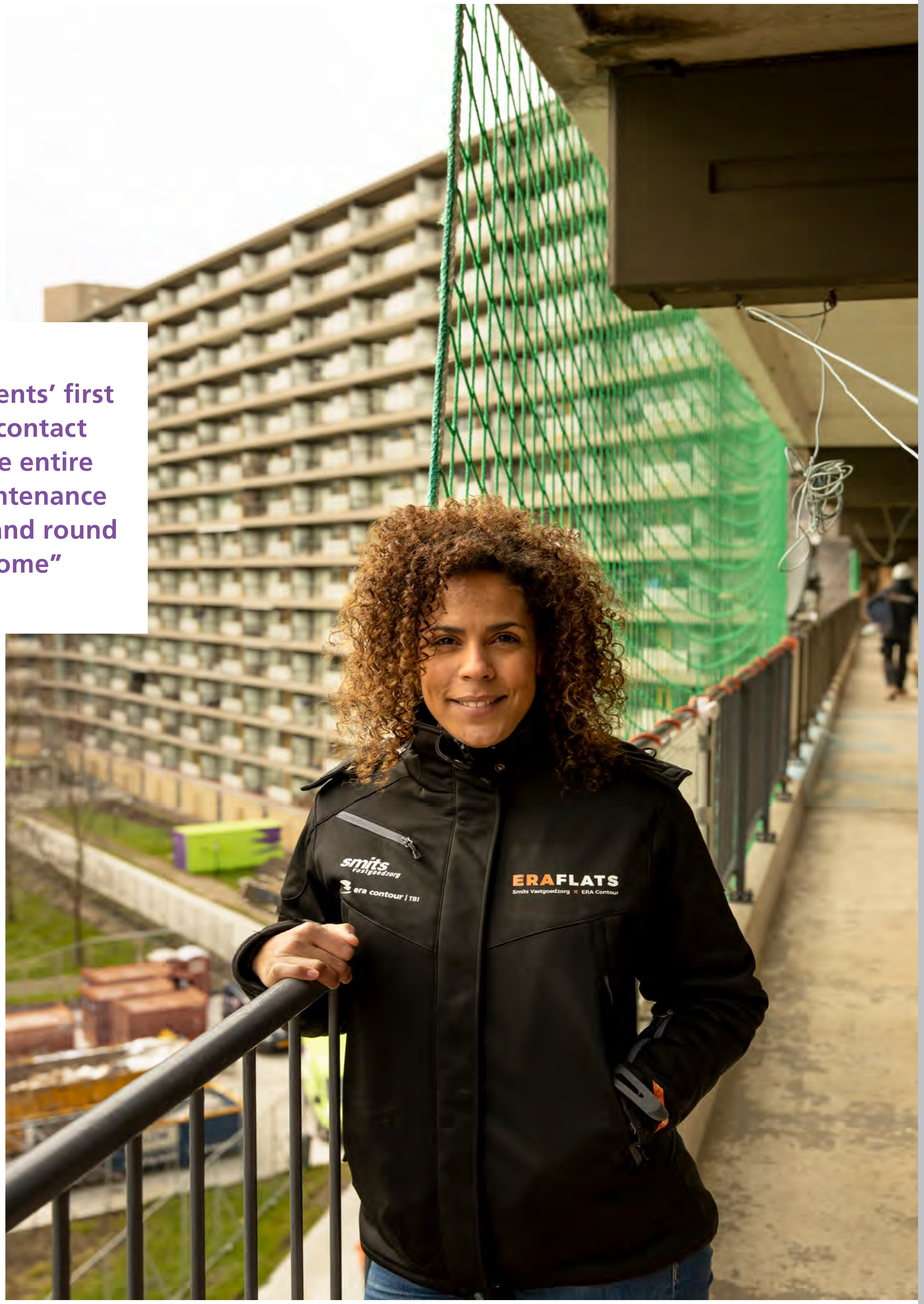
This implies major social and technological changes. Not only are substantial investments needed to enable sufficient renewable energy to be generated, the infrastructure must also be adapted – entire distribution networks must be replaced, for example. On top of that, considerable investment will be needed to insulate and adapt the systems and installations in (existing) housing so the sustainable energy can be received and used.

Accumulated knowledge and experience offers opportunities
TBI is helping to accelerate this energy transition. As a leading construction and engineering concern we must play a leading role in this process. This transition doesn't only offer good opportunities for profitable growth, this social task simultaneously legitimises our Group's future existence. In the field of energy transition TBI wants to build-up a leading position in its market segments.

Integrated and financially achievable solutions
Large-scale projects to upgrade the existing housing stock of housing associations and investors to the required level of sustainability are taking place. One such project is the future-proofing of the ERAflats in Capelle aan den IJssel. ERA Contour and Smits Vastgoedzorg received the order from the client, Havensteder, to make the 504 homes in the Purmerhoek building future-proof by insulating the building and readying it for the gas-free era. As independent project developers and financers we also offer our clients another service: they pay for the object's energy consumption and not for the ownership of the total installation. Croonwolter&dros adds the project development, financing and building management experience available within the concern as a whole to its own technical

ERA Contour built these apartment buildings in Capelle aan den IJssel many years ago. Now the company is back making them more sustainable.

"I am residents' first point of contact during the entire major maintenance process in and round their home"



Alicia Cardoso, Life Coach

IN FIGURES

34.6 million
m² office space to make more sustainable

75%
of the 7.9 million homes in the Netherlands score < energy label B

240,000
non-residential buildings must be made sustainable

100,000
housing association homes per year must be made sustainable

Better insulation offers more home comfort and energy savings.

expertise. TBI's application of intelligent technology makes it a leading party, not only in residential and non-residential building sustainability projects but also for the installation of new facilities, for example for grid operators. In the infra-structure sector too sustainability is a key factor when selecting proposals. TBI is a member of the Groene Boog consortium which is building the new A16 motorway in north Rotterdam and will also be responsible for its maintenance for 20 years. TBI is involved in building the tunnel of this first ever energy-neutral motorway that is designed to blend into the environment as optimally as possible.

Energy transition is now emphatically on our strategic agenda, but we still have an enormous battle to fight together. That applies for our expertise and experience but also in the area of being a supporting culture and having the required discipline. TBI clearly wants to be a pioneer in respect of this theme by offering integral solutions and making financially viable offers. TBI's multidisciplinary character is an excellent starting point for this. Our companies are active across a wide front; project development, (infrastructure) construction and technology. Our position in energy transition can be strengthened through collaboration with start-ups and co-makers, or by adding companies to our strategic portfolio, like Giesbers InstallatieGroep.

TOGETHER WE ARE CREATING THE FUTURE

Heleen Aarts,
Chief Executive Officer, Amvest

The energy transition is having a considerable impact on the built environment, both existing and new-build. New-build housing is already very energy-economical. It's the existing stock that is the huge challenge. Significant steps can also be taken during construction. Low energy usage must not be the only quest. Houses or other buildings must also be a nice place to be. Wellbeing and living comfort are equally crucial themes for residents or users.

In TBI all the construction and developing disciplines come together. If we want to stimulate sustainable developments we can take major steps right at the start in the design phase. In the choice of construction methods, materials and in the field of the energy transition. It is the fact that TBI commands such a wide specialist expertise that enables it to come up with innovations. This helps (institutional) clients with their sustainable choices. TBI can also build a bridge between all the disciplines in the chain so innovations don't get held up. TBI is ideally placed to stand out by being the positive exception.

Jaap van Eck,
Managing Director, Eteck Energie Bedrijven

Eteck supplies sustainable heat and cold in the Netherlands. In the new-build sector we have contracts for over 200 projects ranging in size from 50 to 5,000 units. In the existing building segment increasing sustainability is more complicated. We believe in getting on with it rather than talking about it. That's why we focus on what we can actually do – making smaller projects with sufficient collectivism more sustainable.

Projects with a single owner and a single technological solution. There are around 600,000 connections like that in the Netherlands. That's around 10%. That's where you build-up know-how, experience and a support structure so you can then tackle making the more complicated projects more sustainable. This approach also limits your risks as a contractor. The greatest challenges in the existing buildings sector are currently the shared properties, the great diversity in the types of buildings and the desire for freedom of choice.

Jan van Barneveld,
Managing Director, Alliantie Ontwikkeling (Development)

We are not going to achieve the energy transition in the traditional way. We build a lot of new buildings and maintain a lot of existing ones. Other issues besides the energy transition are also playing an increasingly important role, like parking pressure, mobility, accessibility, etc. We seek the large contractors who take charge of the entire process and look at the total area development. That party doesn't have to do it all themselves, but which companies are you going to involve?
For the integrated assignments you should go to the larger contractors, like TBI. However, very often they cannot supply the total solution. As clients we are also part of this problem. We need to look at solutions together more often. At the moment we often work with advisors who don't construct the buildings, while for the maintenance of the built environment you need a different set of companies. We're confronted with that every day. The new revenue model should be the kebab skewer through all the processes.

ACCELERATION THEME – INDUSTRIALISATION

STANDARDISATION THROUGH MODULAR CONSTRUCTION

Industrialisation and modular engineering, construction and installation are an irreversible trend. Not only due to the social and demographic developments, but also because of the developments within the industry branch. Standardisation is necessary to lower the construction and failure costs and the dependence on scarce skilled craftsmen.

The building site as an assembly line
The building site as an assembly line. This theme is also particularly valid for non-residential buildings and infrastructure projects. The current business cases are increasingly difficult to close with more traditional (construction) processes. The costs and revenue are becoming unbalanced because of the risks. Legislation and regulations are also compelling solutions to be both more efficient and sustainable. This also applies for housing, which is increasingly being built in city centre locations.

Labour productivity growth is modest
Responding to these developments and themes is very important for several reasons. Labour productivity growth in the construction sector is modest. Which is why in the coming five years there will be a shortfall of 60,000 workers in the construction sector. Large projects are also often taking longer than planned and the costs are sometimes much higher than the budget. Sustainable solutions must be found for these bottlenecks and risks. Better training of more (new) workers alone is not enough.

Industrialisation will make a major contribution towards enabling the construction sector to meet this challenge. TBI would also be able to increase productivity, reduce failure costs and improve the sustainable employability of its employees. A modular approach would give the achievement of circular installations, buildings and infrastructure a major boost. This is why TBI wants a substantial portion of its projects to be modular built, standardised and/or prefabricated.

A lot of replication and prefabrication
Industrial and modular construction will bring considerable changes. It will significantly reduce construction time and reduce construction costs. There are good opportunities for the replacement of energy supplies, bridges and locks and the more complex city-centre high-rise buildings. And in the residential building segment a lot of replication is possible – ‘Legolisation using construction sets’ will mean not having to constantly reinvent the wheel. And products will be developed that will enable real estate to endure the test of time better. The European Patent Office and Triodos Bank are good examples. The structural and installation engineering works on

Concrete products are prefabricated in Voorbij Prefab’s hyper-modern, robotised factory.

“The atmosphere of continuously wanting to improve makes going to work a daily pleasure for me.”

Lisa Rooijakkers, Project Coordinator

IN FIGURES

50%
shorter build times through modular construction

20%
lower build costs through modular construction

1,376
prefabricated building shells from Voorbij Prefab

Modular construction can substantially reduce build time.

the RijnlandRoute also comprises dozens of modules and sub-installations that are assembled and connected to each other. This saves a great deal of time. Our high-quality concept homes are partially prefabricated in the robotized factory of TBI's Voorbij Prefab.

When it comes to profitability we can still make significant improvements in the industry, for example by thinking more from the point of view of the value of our product or service for the consumer or client. Pricing is often based on the calculated cost, plus a profit and risk percentage. This is often structurally too low in relation to the risks that are run.

Failure costs must also be reduced. In broad terms this means improving the quality of project, risk and contract management, more standardisation and a modular approach to engineering. Plus a shortage of experienced workers in the execution phase. The complexity of the work is increasing in all the segments in which we are active. This makes tackling this problem even more urgent.

Projects with a manageable risk profile is the guiding principle so that TBI can complete its projects better, faster and for lower costs. Clients and contractors need each other as cooperation partners.

TOGETHER WE ARE CREATING THE FUTURE

Liesbeth Gort,
Managing Director,
FSC Nederland

The climate challenge is enormous. This creates an opportunity to look at the use of materials in a different way. Especially if you are going to standardise more. Could some things be done more efficiently, or with less or a different material? Where do my materials come from? Could recycled or reused materials be used? Sustainability is often seen as expensive, but a turning-point is in sight.

FSC Nederland is focusing more and more on the construction sector, which has a responsibility to move in the same direction as the timber industry. I call on TBI to not only use sustainably responsible timber, but also to invest in forest management. Access to timber will be assured and responsibility fulfilled. And it could be interesting bearing in mind CO_2 compensation (credits). I will continue to encourage TBI to build more with timber and other biobased materials to reduce their CO_2 footprint through beautiful model projects like HAUT and the new Triodos office.

Joep Rats,
Managing Director of Policy and Association, Bouwend Nederland

A construction company can focus on the client and help them with a made-to-measure solution and be flexible. Another approach is that the construction company focuses on solutions for the end-user and launches them as products or services on the market. That will vary per market segment. But what will apply to all markets is that in the next 10 years technology will be more dominant than in the last decade.

The Netherlands faces choices that will have a major impact on the construction sector. Are we going to shape the energy transition centrally or primarily through local and regional initiatives? Are we going to concentrate all functions in urban areas or spread them throughout the Netherlands with smart mobility? The construction industry will have to come up with solutions that fit the answers to these questions.

Matthijs Bierman,
General Manager,
Triodos Bank Nederland

Modular and standardised are nice, but as a client you know what you want; to be unique with your building. And to have that feeling as well. Mind you, prefabrication doesn't necessarily have to lead to standardisation. An integrated approach is important. Parties in the chain must cooperate more and sit round a table together at an early stage. And, for example, work with an open book. Mutual trust is very important. Sometimes that's missing.

It's not just about making a project modular, it's also about making good and smart material choices and the way a construction project is organised. The developer played an important role in our project. Before the project starts the expectations and goals of the client and the builder must be discussed and clear. The 'split incentives' in the sector are the challenge. The key to success rests in designing the mutual cooperation.

ACCELERATION THEME – NEW REVENUE MODELS

OPPORTUNITIES FOR ENDURING CLIENT RELATIONSHIPS

Development, construction and management are becoming increasingly complex. And clients and customers want more and more worries taken off their shoulders. A single party that will, in principle, take care of everything. The builder and installer who, as chain director, can supply the integrated solution for the client. A good insight into the management costs of the object or the property portfolio is equally essential. New revenue models offer unique opportunities for enduring client relationships and stable income streams.

Internet of Things
There is a shift in demand from end products to services, in part as a consequence of the Internet of Things (IoT). With the help of the IoT everyday objects are connected with a network and data is exchanged via that network. ‘Product-as-a-service’ concepts are the trend. The global growth of the use of IoT sensors in commercial real estate is enormous. A similar trend can be seen in healthcare and private sectors with domotics concepts.

This puts the focus not only on the end product, but also on the functionality or impact the product has on the customer. This can increase the comfort and reduce the total cost of ownership. In predictive maintenance, for example of locks or bridges, the collection of information, analyses, predictions and determination of the desired intervention play an important role. These new (digital) technologies will enable us to offer better and automated products and service.

Chain director
When it comes to the execution, TBI doesn’t have to do everything itself but as the chain director TBI must keep a firm hand on the reins with the help of good cooperation partners. In this context solutions that dovetail with the developments in the field of information technology and digitalisation are very important if you want to be and remain a leading market party. TBI wants to extend its market position in the maintenance and management of installations, buildings and infrastructure, including on the basis of multi-year maintenance contracts.

In view of the energy transition engineering companies will increasingly be involved in managing energy provisions. Between now and 2030 the number of households is expected to increase by 900,000. This means around 80,000 to 85,000 new (climate-neutral) homes each year. In addition, there will be the enormous challenge of making existing real estate more sustainable. Generating and storing renewable energy and the adaption of the distribution networks will play a crucial role.

Mobilis and Croonwolter-&dros are building a second lock at Eefde.

"We expect the first ships to sail through the lock in mid 2020."

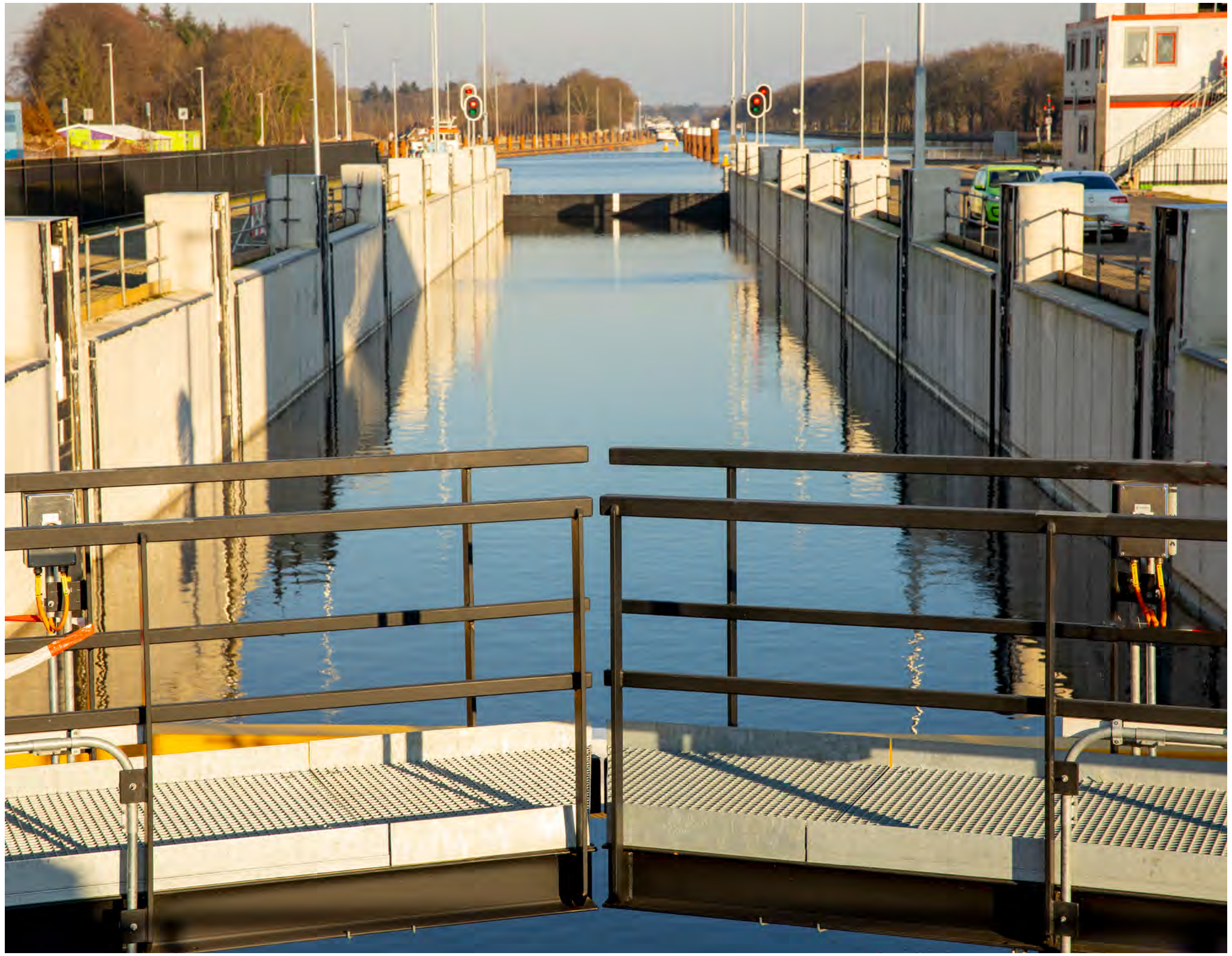
Sjoerd Opdam, DBM Manager

IN FIGURES

11.9 million
m² office space is managed by Croonwolter&dros

40,000
bridges must be maintained

137
locks to maintain in the Netherlands



The new lock is designed to be energy-neutral.

Integrated services
Croonwolter&dros already manages 11.9 million m² of office space in the Netherlands. Smart real estate is being developed with specific monitoring technology, which significantly reduces the operational management costs. Around 250,000 central heating systems and heat pumps in residential buildings are already being maintained by Comfort Partners and Giesbers through subscriptions. These are interesting market positions to develop further in the interest of our clients and the growth of TBI. There are also huge opportunities in the offering of long-term maintenance contracts in the non-residential and infrastructure construction segments, such as the social challenge related to the maintenance of the Netherlands' 40,000 bridges and 137 locks. For example, an innovative segment door with sensors that collect data so maintenance can be optimised was developed for the Eefde lock.

TBI at a glance
Message from the Chairman of the Executive Board
How TBI creates value
Trends and developments
Progress of strategic pillars in 2019
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TOGETHER WE ARE CREATING THE FUTURE

Robert Otto,
Member of the Management Board, Achmea

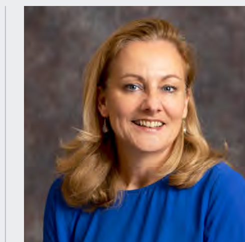
TBI is in a unique position to develop and utilise new revenue models. The only problem is there are so many areas in which you can innovate and invest. Energy neutrality on its own is a huge theme - it can be taken a long way and you can invest so much in it. But what, in the final analysis, is the revenue model? For a builder/developer and engineering concern there are an unbelievable number of choices. What are you going to gamble on and when are you going to make money from it?
If you want to take more and more worry off the client's shoulders, innovation must take central stage in the company. Then you push the innovations into the market. That's where you can go all out with your products and markets.
In many instances the key issue is data and the way you align it with other systems. All these systems have to communicate with each other and that's quite problematic. I'm noticing that housing associations see many solutions with innovations.

Martijn Oostenrijk,
Managing Director, Madaster Services

Look at it from my IT background and the construction industry is fascinating. In the IT industry the margin for customer development is around 25 to 30%. That's what the management push for. In construction it's exactly the other way around - low margins and little management.
You should think the other way round; think I'm developing it and, as a professional, I know all about it. TBI can digitize the maintenance and then complete it in the best possible way.
In this context chain extension, licenses and modular construction are some of the key themes. They make the builder's logistics process greater because you create a loop within your company - materials, products and services. If residual value is actually recognised in the reporting rules there is also a link with the financial system. This means there is also a revenue model in 'embedded carbon'.
Why doesn't TBI enter the market as a carbon-free builder and engineering company?

Petran van Heel,
Sector Banker Construction|Real Estate, ABN AMRO Bank

Data and digital modelling are important for new revenue models. Cash is king and data is queen. In the design, construction and exploitation phases data contributes towards increased efficiency for people and the planet. For this we need new insights and more knowledge.
Forwards and backwards integration complete the circle. Many successful companies do that with close cooperation partners. The construction chain can learn from that and data can contribute more than one building block towards it.



Imke van den Heuvel,
Managing Director, Head of Coverage BeNeLux, ABN AMRO Bank

In terms of culture the construction industry is very similar to the financial industry. We too have undergone a number of major processes. It's taken years, but finally the organisation sees that there is a new reality. A lot is still going to happen in construction.
In the field of new revenue models parties will eventually have to cooperate and start joint ventures. What's important is 1. how you do it, 2. what you agree with each other, and 3. that both 1 and 2 benefit you.

GOVERNANCE

RISK MANAGEMENT

In the markets in which TBI operates taking and controlling risks is closely connected to doing business. Managing the risks is a prerequisite for success. Our organisation is built on entrepreneurship with managed risks. The Management Boards of the individual TBI companies are responsible for formulating and implementing their own company's strategy. TBI offers the frameworks and resources to encourage this entrepreneurship.

Risk philosophy
We believe risk management only really comes to life when there is the right balance between an organisation's formal (hard) and informal (soft) controls. Formal controls are embedded in our management and control systems – fixed frameworks within which the TBI companies are responsible for taking and reporting risks. The informal 'soft' side of risk management puts more emphasis on the employee, culture, flexibility, learning capacity and adaptability.

Culture
By positioning responsibility at a low level in our organisation and actively sharing learning experiences, we develop our employees' risk awareness in a positive way. This culture strengthens connections within the organisation.

Risk management approach

Project management is the guiding principle of our risk management approach. From the selection and preparation of a tender up to and including the aftercare, our management and control systems are designed to strike the right balance between entrepreneurship and the risk profile we want for the Group.

Tendering process
Our Management Boards are involved in the initial decision regarding whether or not to submit a bid for a project. If the decision is to participate the structured preparation of a balanced proposal begins. We weigh up the risks, the management costs and the return against each other. Bids for projects that are outside the Netherlands, will be undertaken as a joint venture, have a DBFM(O) character, require (pre-)financing or involve a contract amount that is greater than 20% of the relevant TBI company's budgeted operating revenue, are submitted to their Supervisory Board for approval before being submitted to the (potential) client.

Projects of a given size (this differs per company) undergo a Bid/No Bid procedure to determine whether they are compatible with the Company's risk appetite. To gain an integral picture of the project risks an integrated assessment is made of the available competences, the financial, legal, fiscal and insurance aspects, the planning, the technical risks and the risk management measures.

Management and control systems
Our formal management and control systems are embedded at the strategic, tactical and operational levels of our organisation. New risks are estimated and on-going projects monitored using the following instruments:

Strategic agenda
TBI's long-term strategy is the responsibility of the Executive Board and is laid down in the Strategic Agenda. The main priorities of the Strategic Agenda are market leadership, circular entrepreneurship and an attractive working environment. In 2019 three acceleration themes were added – energy transition, industrialisation and new revenue models. The Agenda is the starting point for the TBI companies' own operating plans and budgets of which risk management is an integral component.

"We believe risk management only really comes to life when there is the right balance between an organisation's formal (hard) and informal (soft) controls."

Operating plans
Drawing-up and implementing annual plans and budgets is the responsibility of the company Management Boards. Their responsibilities and powers are laid-down in an authorisation schedule and management instructions. The Central Guidelines specify the minimum risk management measures that are required. Together these documents constitute the agreements that determine whether a process is managed centrally or locally and how decisions are made within TBI.

Reporting
TBI has drawn-up separate guidelines for financial and non-financial reporting. The financial reporting guidelines are contained in the TBI Reporting Handbook. According to these guidelines, every company Management Board must report to the Executive Board every quarter. These quarterly reports update the Executive Board regarding progress in relation to agreements and plans, financial and non-financial aspects and targets. They also include information about the most important risks. The reports are

discussed and, where necessary, measures are implemented and/or plans adjusted.

The guidelines for non-financial reporting are contained in the Non-financial Reporting Handbook. TBI's sustainability report is based on the Standards of the Global Reporting Initiative (GRI). The GRI context index can be referred to via our website: www.tbi.nl/jaarverslag. The aim of this reporting is to provide transparency regarding TBI's performance in respect of topics such as safety at work, doing business with integrity, environmental-impact and circular entrepreneurship. Our integrated annual report provides a comprehensive picture.

In addition to the quarterly reports the Executive Board receives monthly reports of the key figures and is in regular contact with the company Management Boards. Cash positions and guarantees are monitored on a daily basis.

Internal audit
The internal audit function is performed by BDO. The internal audit plan is submitted to and approved by the Audit Committee.

"In 2019 our management systems (hard and soft) worked properly."

Working of the risk management and control systems in 2019

In 2019 our hard and soft risk management systems worked properly and there are no indications that they will not continue to work properly in 2020. TBI cannot give any guarantee that risks will not arise. We will, therefore, remain constantly alert for any further tightening of procedures and measures that may be required to ensure we remain abreast of changes in the internal and external situation.

Final responsibility for risk management
The Management Boards of the TBI companies are responsible for compliance with the internal risk management and control systems and report regularly to the Executive Board.

The final responsibility for the way the TBI companies identify, manage and control risks rests with the Executive Board. To fulfil this responsibility the Executive Board decides the structure of the internal risk management and control systems and monitors compliance with these systems.

The Executive Board, supported by the Reporting and Control Department and independent experts, supervises compliance with the relevant financial and non-financial guidelines.

Risk appetite
Our risk appetite is determined by our Strategic Agenda in combination with our business goals, financial position and operational issues plus market conditions and social developments. Within this playing field we decide how much risk we are willing to take and the set of measures we will implement to manage the risk.

To protect our financial basis, risk appetite for regular activities is low. This solid basis allows us to take risks in order to innovate, invest and cooperate with other parties. We encourage entrepreneurship and use it to create opportunities to strengthen our market position.
At the same time, this approach gives priority to a safe working environment, integrity in our dealings, compliance with legislation and regulations and data protection. These are areas in which we are not prepared to accept risks. The financial consequences of major risks are hedged within the TBI insurance programme.

Risks

We determine our risk appetite in a structured way for the following risk categories: (i) strategic/market risks, (ii) operational risks, (iii) financial risks and (iv) compliance and integrity risks. The essential risks in each of these categories are identified and the related management measures are determined.
The TBI company acts according to the specified risk appetite for each of these risks.

Risk category: strategic/market

RISK	STRATEGIC RISK MANAGEMENT MEASURES	RISK APPETITE
Changes in market conditions	■ Balanced portfolio of activities spread across clients and market sectors. ■ Innovation and anticipation of market developments. Internally through our knowledge centres, TBI WOONlab and Smart TBI. Externally through cooperation with knowledge institutes and partners inside and outside the construction industry. ■ Risks are spread by means of alliances with other construction companies.	Low
Scarcity of specialists on the labour market	■ Investments in our position as a preferred employer by offering an attractive workplace with sufficient training and development opportunities and good employment conditions.	Low
Competition	■ Creation of differentiating power by focusing on client satisfaction and the potential for cooperation between the TBI companies.	Low
Price pressure	■ Clear agreements made with parties in advance regarding the effects of price increases.	Low
Climate change	■ Focus on environmental-impact analyses, CO_2 reduction and the reuse of raw and building materials. ■ Circular entrepreneurship. ■ Contribute towards the necessary reduction of emissions of harmful substances (e.g. nitrogen and PFAS). ■ Create awareness of alternate construction methods/materials taking into account the environment and prefab and modular buildings.	Low
Innovation	■ An innovative ecosystem: facilitate innovation hotbeds, offer space for innovation and stimulate cooperation. Results may be uncertain within limits.	Average

Risk category: operational

RISK AND IMPACT	OPERATIONAL RISK MANAGEMENT MEASURES	RISK APPETITE
Project management and execution	■ A constant focus on compliance with internal project management procedures. ■ Responsibility for contract acceptance rests with the Management Boards of the TBI companies. Prior approval from the Supervisory Board of the company concerned is required for large projects or tenders with a high risk profile, in accordance with management instructions. ■ Prior approval from the Supervisory Board of the company concerned for investments in land positions, the acceptance of long-term obligations, the start of sales and the start of speculative construction projects and the financing of third party projects in progress. ■ Special education and training programmes for Project Managers. ■ Early involvement of lawyers, engineers, risk and insurance specialists and other specialists in the estimation of the quality and size of risks and agree the risk management measures.	Low
Accepting work and supplying products and services	■ Early involvement of risk experts, contract managers, lawyers and insurance experts with projects to solve risk-management issues. ■ Use of the comprehensive TBI insurance programme to cover the possible negative consequences of certain risks that the Company does not wish to carry itself. ■ The insurance policies in this programme are managed by TBI and placed via the co-insurance market with (inter)national insurers with an S&P rating of A or higher.	Low

Risk category: operational (continued)

RISK AND IMPACT	OPERATIONAL RISK MANAGEMENT MEASURES	RISK APPETITE
Health and safety of employees and subcontractors	■ Prevention has the highest priority. The safety policy covers personal conduct (awareness) as a risk factor as well as physical measures. Careful preparation of work, analyses of near accidents and toolbox meetings to minimise the risks. ■ In the case of a pandemic, or epidemic and possible infections, the entire concern is affected and by extension suppliers, clients and other relations. The close monitoring of health risks and follow-up through guidelines (from institutes) for safe working conditions for employees and other relations must mitigate this risk. This measure is linked to the strict management within the management of the TBI companies of the state of affairs and progress of projects and the daily monitoring of liquidity development. ■ Appropriate safety management systems under the responsibility of the TBI companies' Management Boards in accordance with the TBI Safety Guidelines. ■ Campaigns to increase safety awareness and the use of the TBI Safety app. ■ E-learning modules to share knowledge and increase safety awareness.	Zero
Environmental awareness	■ Environmental policy aimed at reducing the environmental-impact and neighbourhood nuisance. Use of local managers.	Low

RISK AND IMPACT	OPERATIONAL RISK MANAGEMENT MEASURES	RISK APPETITE
Operational ICT systems, data integrity and cyber-risks	■ System components and the control system are routinely up-dated. ■ Data and systems are backed-up to ensure the continuity of critical functions. ■ Training and communication regarding user risks to increase risk awareness. ■ Standardisation of the application landscape. ■ Security and cyber-chain resilience are components of total risk frameworks	Zero

Risk category: financial

RISK	FINANCIAL RISK MANAGEMENT MEASURES	RISK APPETITE
Financing and liquidity	■ The treasury function is centralised. Credit lines are made available to TBI companies on the basis of internal credit ratings. Project development is financed on a non-recourse basis. ■ Constant focus on optimising working capital management. ■ TBI strives for a solvency target of > 30% for all TBI companies.	Average
Credit	■ Where necessary risks are hedged through credit insurance, bank guarantees and advance payments. ■ Trade debtors as at the balance sheet date do not include any significant concentration of receivables in particular market sectors. Some of the receivables are concentrated in the Dutch public sector.	Low
Interest rates	■ TBI is cautious about attracting external capital and therefore does not believe using financial instruments to hedge interest-rate risks is necessary.	Low
Foreign currency	■ As most of TBI's revenue is generated in the Netherlands only limited use is made of measures to mitigate foreign currency risks.	Low

Risk category: compliance and integrity

RISK	RISK MANAGEMENT MEASURES	RISK APPETITE
Legislation and regulations	■ TBI companies observe legal provisions and industry codes of conduct such as the SBIB code, the NEPROM code and the Bouwend Nederland code. ■ Supervision by internal and external experts. ■ TBI's own activities are, in the main, limited to the Dutch Legislative Areas. ■ Contract parties and cooperation are, in principle, limited to parties within the country borders.	Zero
Tax risks	■ TBI and the Dutch tax authorities have concluded a voluntary horizontal supervision agreement. TBI's tax department strives for permanent up-to-date insight into relevant events and fast determination of positions and monitors and advises regarding follow-up and amendments.	Zero
Reputation	■ TBI has an up-to-date Code of Conduct that is applicable for all employees. ■ Each year the members of the TBI companies' Management Boards sign an In Control declaration and submit it to TBI. This declaration states that the companies have worked within legal frameworks and in accordance with TBI's central guidelines. ■ A Whistle-blower's scheme. ■ Appointment of a Compliance Officer. ■ Abroad: TBI only accepts business partners who are bound by the same jurisdiction as the TBI company.	Zero

ICONIC PROJECT

Renovation of the Maastunnel, Rotterdam
TBI companies Croon-wolter&dros, Mobilis and Nico de Bont started working on the renovation and restoration of the monumental Maas tunnel (1942) in the summer of 2017. On 19 August 2019 the tunnel re-opened for traffic and the 11 month long renovation of the cycle and pedestrian tunnel began.

IN FIGURES

614,000
wall tiles: 14,000 reused, 600,000 new from Spain

16,500 m^2
yellow asphalt

71
cameras

2,000 m^2
large-scale concrete repair

CORPORATE GOVERNANCE

Responsible entrepreneurship, integrity, respect, oversight, transparent reporting and accountability are the key guiding principles for our Corporate Governance policy. Good Corporate Governance is essential if we are to achieve our goals efficiently and effectively. It helps us manage risks and take into account the interests of all our stakeholders, such as our shareholder, our employees and our clients.

TBI is a private limited company with a two-tier structure regime and with Stichting TBI as its sole shareholder.

Compliance with the Dutch Corporate Governance Code

The Executive Board and Supervisory Board of TBI apply the principles and best practices of the currently valid Dutch Corporate Governance Code (hereafter: the Code).

The provisions of the Code applied by TBI have been incorporated in TBI's Articles of Association, the Regulations of the Executive Board, the Regulations of the Supervisory Board and the profile sketch of the Supervisory Board, taking into account the ownership structure of TBI.

The principles and best practice provisions of the Code with regard to risk management, remuneration and the prevention of conflicts of interest have been implemented in the Executive Board's regulations with the exception of the provision related to the reporting of the remuneration of individual Executive Board members.

The embedding and maintenance of the standards and values of the Group and its affiliated companies, especially the supervision of the procedure for reporting (suspected) abuse and/or irregularities, is laid-down in the Supervisory Board regulations. The criteria in respect of the composition of the Supervisory Board are stated explicitly in the Supervisory Board profile sketch.

Organisation of the company

Executive Board and company Management Boards
The Executive Board is responsible for managing the Company. The Executive Board develops and lays-down the corporate mission and vision and the resulting strategy and goals. The TBI companies' Management Boards are responsible for formulating and implementing the strategies of their companies. The Management Boards are also responsible for the day-to-day management and decision-making of the TBI companies. A characteristic of TBI's structure is the direct contact between the Executive Board and the Management Boards of the TBI companies, with the support of a small professional corporate staff.

> **"The direct contact between the Executive Board and the Management Boards of the TBI companies is a characteristic of TBI's structure."**

The tasks and working method of the Executive Board are laid-down in the TBI Executive Board Regulations. The Executive Board is responsible for the policy that is implemented with the aim of achieving the Company's strategy and goals. The Executive Board is, therefore, responsible for the Company's continuity and the resulting development of its financial and non-financial results and social aspects. In addition, the Executive Board is responsible for compliance with all relevant legislation and regulations, for managing the risks arising from its business operations and for financing the Company.

The Executive Board exercises its management authority as a Board with shared responsibility: the members take decisions jointly on all matters of material importance to the Company. Each member is individually responsible for the proper performance of the tasks allotted to him or her. These tasks are allocated after consultation between the Executive Board members. The allocation of tasks and every change to the allocation are approved by the Supervisory Board in advance.

Although TBI strives for an Executive Board composition that is complementary and sufficiently diverse in terms of gender, knowledge, experience, skills and personality, it does not meet the Management & Supervision Act target quota of at least 30% of the seats to be held by women. That does not mean we do not endorse the emancipation and socio-economic principles and reasons underlying this target. We recognise that we also benefit from the wide diversity of our employees. We are, therefore, striving to improve the representation of women at every level of our organisation. The special attention paid to female potential by our recruitment and selection procedures is resulting in a steady increase in the number of female employees within TBI.

Group Board
The Group Board comprises the Executive Board, representatives of the Engineering, Construction (non-residential and residential), Development and Infra segments and the head of Legal Affairs. The Group Board is a consultative body in which cross-company themes, such as strategy, safety, sustainability, integrity and innovation, are discussed in depth. The members of the Group Board ensure knowledge is shared and discuss aspects of the multidisciplinary cooperation between the segments as well as the opportunities and risks of business development.

Supervisory Board

The Supervisory Board oversees the general operating performance of the Group and its affiliated companies, supervises the performance of the Executive Board and its policies and supports the Executive Board with advice. To enable it to perform these tasks in a proper manner the Supervisory Board receives all the necessary information from the Executive Board in good time.

The Supervisory Board has five members. The Board's composition, tasks and working method are laid-down in the Supervisory Board Regulations. The Supervisory Board members do not receive any bonuses, pensions or other forms of remuneration linked to the Company's financial performance.

Supervisory Board Committees

To prepare its decision-making the Supervisory Board has formed three committees from among its own members:
- the Strategic Committee, tasked with the Company's structure and strategy;
- the Nomination & Remuneration Committee, tasked with the remuneration and nomination policies;
- the Audit Committee, focuses on the provision of financial information, the audit process and audit plan and the internal risk management and control systems.

The report of the work of these Committees is incorporated in the report of the Supervisory Board.

"We are striving to improve female representation at every level of the organisation."

Remuneration
The Supervisory Board sets the remuneration of the Executive Board members based on the advice and recommendations of the Nomination & Remuneration Committee.

The remuneration of the members of the Executive Board comprises a fixed payment and a variable payment. The amount of the variable payment depends on the degree to which the financial and non-financial targets have been achieved. The remuneration of the members of the Executive Board is benchmarked against the remuneration of the Executive Board members of other Dutch (AMX listed) concerns, taking into account the complexity of the company. The remuneration of the Chairman and the other members of the Executive Board reflects their specific responsibilities. The Nomination & Remuneration Committee regularly assesses the remuneration level. When required a (an external) remuneration expert is consulted for advice regarding the weighting of the relevant criteria.

Financial reporting

Audit of the financial statements by the external Auditor
The shareholder appoints the external Auditor and awards the contract to audit the financial statements prepared by the Executive Board. During the year under review the shareholder approved the advice of the Supervisory Board to appoint Deloitte as the new Auditor for a period of four years.

The Supervisory Board, the Executive Board and the Auditor have taken measures to ensure the objectivity and independence of the external Auditor. In accordance with these measures the Auditor carries out mainly audit-related tasks and provides only limited (tax) consultancy services. This situation is assessed regularly by the Supervisory Board and, in particular, the Audit Committee.

The Auditor reports to the Executive Board and the Supervisory Board regarding the measures that have been taken to satisfy the professional and legal requirements regarding the Auditor's independence from TBI.

Our financial reporting is based on the principles of the applicable provisions contained in Part 9 Book 2 of the Dutch Civil Code. The interpretation of legal provisions is assessed against the applicable guidelines for annual reporting. Before the financial statements are published they are discussed in the Audit Committee in the presence of the external Auditor. They are then discussed by the full Supervisory Board. The TBI companies must prepare their financial and non-financial reports in accordance with the internal reporting guidelines laid-down in the TBI Reporting Manual and elsewhere.

Regulations and the TBI Code of Conduct

TBI has introduced several Regulations that provide the framework for the functioning of the various bodies within the Group and the relationships between them. Further information regarding the various management bodies can be found at www.tbi.nl.

The TBI Code of Conduct contains rules of behaviour that are applicable for all employees (including the Board members) of all the TBI companies.
All employees must also act in accordance with and respect the TBI core values of corporate social responsibility, integrity, acting with care and accepting responsibility, and their conduct must reflect both the letter and the spirit of the conduct rules contained in the TBI Code of Conduct.

“Compliance with the TBI Code of Conduct and monitoring that compliance is essential for doing business with integrity.”

Compliance with the TBI Code of Conduct and ensuring this compliance is essential for doing business with integrity and enables TBI to fulfil its ambition of being an attractive employer and the best partner for its clients. Monitoring compliance is primarily the task of the Supervisors of the TBI companies, but the final responsibility for monitoring proper compliance with the TBI Code of Conduct rests with the Management Boards of the TBI companies.

The combined reports of the Supervisors indicate that in 2019 42 requests for clarification, 212 requests for consent and 16 reports of suspected violations of the TBI Code of Conduct were received and that throughout the entire Group 11 breaches of the TBI Code of Conduct were identified.

COMPOSITION OF THE EXECUTIVE BOARD

AS AT 19 MARCH 2020

A.J.H. van Breukelen (1960) *Chairman*
Nationality: Dutch
First appointed: May 2019 (member of the Executive Board since January 2018)
Position: Chairman of the Executive Board
Director, TBI Bouw B.V.
Director, TBI Techniek B.V.

E.A.A. Roozen (1968)
Nationality: Dutch
First appointed: May 2016
Position: Member of the Executive Board
Director, TBI Bouw B.V.
Director, TBI Techniek B.V.
Portfolio: Finance and ICT

COMPOSITION OF THE GROUP BOARD

AS AT 19 MARCH 2020

R.J. Feijen (1977)
Chairman of the Management Board of TBI Infra B.V.

M. Peppel (1974)
Chairman of the Management Board of J.P. van Eesteren B.V.

P.J. Heijboer (1963)
Chairman of the Management Board of Croonwolter&dros B.V.

H.J. van Dam (1977)
Member of the Management Board of Synchroon B.V.

H. van Keulen (1959)
Chairman of the Management Board of TBI Bouw B.V.

M.W.L. Tromm (1963)
Head of Legal Affairs of TBI Holdings B.V.

COMPOSITION OF THE SUPERVISORY BOARD

AS AT 19 MARCH 2020

A.L.M. Nelissen (1948), *Chairman*

Nationality:	Dutch
First appointed:	September 2012, term ends in 2020 (eligible for reappointment) Member of the Audit Committee Member of the Nomination & Remuneration Committee
Former position:	Executive Board member, Dura Vermeer Groep N.V.
Other Supervisory Board memberships:	Brainport Development N.V. (Chairman) Timber and Building Supplies Holland N.V. (Chairman) Van Nieuwpoort Groep N.V.
Principal other functions:	Board member, Nederlands Blazers Ensemble Vice-chairman Prins Bernhard Cultuurfonds Noord Brabant

E.H.M. van den Assem (1949), *Vice-chairman*

Nationality:	Dutch
First appointed:	July 2012, term ends in 2020 (eligible for reappointment) Chairman of the Strategic Committee
Former positions:	Executive Board Chairman, TBI Holdings B.V. Executive Board Chairman, Cofely Nederland B.V. Executive Board member, Hagemeyer N.V. Executive Board member, DAF Trucks N.V. Various functions at ITT, Alcatel Nederland B.V. and Fokker Aircraft B.V.
Other Supervisory Board memberships:	EVCF (Eindhoven Venture Capital Fund) (Chairman) Flight Simulation Company (Chairman)
Principle other function:	Advisor to young start-up companies

H. Morelisse MBA (1964)

Nationality:	Dutch
First appointed:	April 2018, term ends in 2022 (eligible for reappointment) Member of the Strategic Committee
Current position:	Executive Board Chairman, Lagerwey
Former position:	Executive Board Chairman, Nuon
Other Supervisory Board membership:	Redwind

M. Niggebrugge (1950)

Nationality:	Dutch
First appointed:	April 2015, term ends in 2023 (eligible for reappointment) Chairman of the Audit Committee
Former positions:	Executive Board member, Urenco Ltd. Executive Board member, N.V. Nederlandse Spoorwegen
Other Supervisory Board membership:	Spoorwegpensioenfonds Beheer B.V. (railway workers' pension fund) (Chairman)

Ms Mr. D.J.B. de Wolff (1959)

Nationality:	Dutch
First appointed:	April 2013, term ends in 2021 (eligible for reappointment) Chairman of the Nomination & Remuneration Committee
Current position:	Lawyer, Stadhouders Advocaten, Utrecht
Former position:	Member of the Senate of the States-General
Principle other functions:	Deputy Justice, 's-Hertogenbosch appeal court Endowed Professor of Law, University of Amsterdam

ICONIC PROJECT

Heroes, Zeeburgereiland Amsterdam

An ensemble of three beautifully-designed, residential terraces with an international allure due to the shape and light facing brick. Synchroon was involved as developer of this unique plan on the Buiten IJ. The terraces were designed by Floor Arons from architects office Arons & Gelauff and built by HSB Bouw from Volendam.

IN FIGURES

152
apartments (65 owner-occupier and 86 rental for Altera)

112
underground parking spaces (60 purchase and 52 rental)

1
commercial space

REPORT OF THE SUPERVISORY BOARD

TBI's operating results improved significantly in 2019. The housing and non-residential buildings activities developed particularly well. The results of our engineering companies improved substantially. Although market conditions for our Infra activities worsened in the second half of the year due to the nitrogen and PFAS issues, our Infra business achieved a profit in 2019 and has started 2020 with a well-filled order book.

The Supervisory Board oversees the Executive Board's management and TBI's overall business performance and supports the Executive Board with advice. The Supervisory Board, in close consultation with the Executive Board, also focuses on the larger projects or more complex tenders of the TBI companies. The construction and installation engineering sector is undergoing major changes.
The Supervisory Board ensures it is kept informed about important themes, such as energy transition, the balance of risks between public clients and contractors, circular construction and the nitrogen and PFAS crisis, and focuses not only on the short-term consequences of these issues but also on their possible effects on TBI's long-term value creation.

Activities in 2019

In 2019 the Supervisory Board held six scheduled meetings with the Executive Board. Ahead of five of these meetings the Supervisory Board met in the absence of the Executive Board to discuss several matters, including the performance of the Executive Board as a whole and of its members individually, and the performance of the Supervisory Board and its individual members. Once again the customary annual tripartite meeting took place between the Executive Board, the Supervisory Board and the Board of Stichting TBI – TBI's sole shareholder.

Important topics discussed during the year were the handling and approval of the 2019 – 2021 Strategic Plan, the development of the Group's result, working capital and the order book, the progress of a number of large projects and the acquisition of the Giesbers InstallatieGroep. Other topics discussed included the legal merger of TBI Holdings B.V. and TBI Beheer B.V., the selection of the new independent Auditor, developments in the Marine & Offshore market and the progress of the management development programme.
The Management Boards of Voorbij Prefab and HEVO gave detailed presentations on the developments in their companies. The Supervisory Board also visited Voorbij Prefab's facility in Amsterdam as well as several construction projects.
The Chairman of the Supervisory Board held regular informal meetings with the Chairman of the Executive Board to discuss both strategic and operational matters.
The Chairman of the Audit Committee held regular talks with the member of the Executive Board responsible for finance and ICT.

Safety
Safety is high on the Supervisory Board's agenda and was discussed during every meeting. The Supervisory Board was saddened by the fatal accident that befell an employee of a subcontractor at a TBI construction site and an accident that resulted in the death of an employee in the office.
On 20 March 2019 TBI participated in the third National Construction Safety Day.
On this day extra attention was paid to the topic of safety at every TBI company and on every TBI building site. Safety Day is a joint initiative of clients, contractors, Bouwend Nederland and Techniek Nederland (branch organisations of the construction and engineering sectors respectively). Continuously focusing attention on safety is very important. The first 'Safety awareness' day of 2020 will be held on 18 March.

Nico de Bont restores the iconic Dom Church and tower in Utrecht.

Strategy
The 2019 Operating Plan was discussed as part of the 2019 – 2021 Strategic Agenda during the Supervisory Board meeting in January 2019 and approved. In 2019 the Executive Board, in close consultation with the Supervisory Board, sharpened the strategy by focusing on three acceleration themes: energy transition, industrialisation and new revenue models.

Results
The Company's financial performance was discussed at length with the Executive Board during the Supervisory Board's meetings in March, June, September and December 2019.

Prior to these meetings the financial reports were considered during the meetings of the Audit Committee. Permanent agenda items were the development of the results of larger projects, working capital management, the liquidity position, the level of the indirect costs and profitability and the solvency position.

Other matters
The 2018 Compliance Report was discussed during the meeting in March 2019. Various sustainability themes were also discussed during the scheduled meetings. The internal audit function has been carried out by BDO since 2015. In 2019 four in-depth audits were completed. The completed internal audits took place at Eekels Technology and Synchroon and a project audit was conducted at Croonwolter&dros. Quick scans of compliance with the Central Regulations by the TBI companies were also carried out. An internal audit at Voorbij Funderings-techniek has still to be completed. The internal audit plan for 2020 was approved during the Audit Committee's December meeting.

The March 2019 meeting discussed the draft 2018 Annual Report, including the 2018 financial statements and the Executive Board's internal report for the year. The Auditor's report for 2018 was also considered. Before being presented to the Supervisory Board these documents had been discussed in detail by the Auditor and the Audit Committee. On the basis of the Supervisory Board's findings it was decided to adopt the 2018 Annual Report including the financial statements for 2018 and submit them to the Annual General Meeting for approval. The 2018 Annual report and financial statements were approved by the Annual General meeting on 10 April 2019. Accordingly, the members of the Executive Board were discharged from liability for the policy followed during 2018 and the members of the Supervisory Board were discharged from liability for their supervision of the Executive Board during 2018.

Composition and meetings of the Supervisory Board's Committees

In 2019 the Supervisory Board had three committees: the Strategic Committee, the Nomination & Remuneration Committee and the Audit Committee.

Strategic Committee
The Strategic Committee met with the Executive Board three times in 2019 to discuss progress with the Strategic Agenda. In this context the important issues considered were market conditions and the possibilities for acquisitions, cooperations and divestments. The Strategic Committee was closely involved with the acquisition of Giesbers Installatie-Groep. Another important theme that was discussed was the sharpening of the strategic agenda in view of energy transition, industrialisation, new revenue models and the digitising of our processes. These themes demand an increasingly cross-company approach.
The members of the Strategic Committee as at 31 December 2019 were:
- E.H.M. van den Assem, Chairman
- H. Morelisse

Nomination & Remuneration Committee
The Nomination & Remuneration Committee's tasks include submitting proposals to the Supervisory Board regarding the nomination of members of the Supervisory Board and the Executive Board. The Committee also advises on the remuneration of the Executive Board members.

At the end of 2018 Mr. D.A. Sperling, in good consultation with the Supervisory Board, resigned as Chairman of TBI's Executive Board due to his reaching retirement age.

Mr. Sperling joined TBI's Executive Board in early 2002 and was appointed the Board's Chairman in 2012. The Supervisory Board is very grateful to Mr. Sperling for his dedication, commitment and expertise which have benefitted TBI for the past 17 years.
The Supervisory Board has decided to appoint Mr. A.J.H. van Breukelen, a member of the Executive Board since 1 January 2018, as Chairman of the Executive Board with effect from 1 May 2019. Mr. Van Breukelen joined TBI in 2007 and until 1 January 2018 was the Managing Director of the TBI company, Synchroon.

During the General Meeting Mr. M. Nigge-brugge was re-appointed as a member of the Supervisory Board for a term of four years.

In 2019 the Nomination & Remuneration Committee determined the remuneration of the members of the Executive Board. This comprises a fixed component and a variable component. The amount of the variable component depends on the achievement of both financial and personal targets.
The members of the Nomination & Remuneration Committee as at 31 December 2019 were:
- D.J.B. de Wolff, Chairman
- A.L.M. Nelissen

Audit Committee
The Audit Committee has its own regulations and meets at least twice a year. The meetings are attended by the member of the Executive Board responsible for the finance and ICT portfolios and are usually held in the presence of the external Auditor.
The Audit Committee assesses the internal control structure and the rules and guidelines in respect of financial reporting and disclosure. The Audit Committee also advises the Supervisory Board on all matters related to the Auditor's appointment or dismissal and assesses the content and scope of the audit assignment. The Chairman of the Audit Committee reports the Committee's findings to the Supervisory Board during the Board's meetings.
The Audit Committee met five times in 2019. Three of the meetings were attended by the acting external Auditor. The topics discussed were the quarterly reports, the 2018 financial statements, the Auditor's report, the external Auditor's audit plan for 2019 and the management letter. The Audit Committee also received an explanation of the size of the leasing portfolio and TBI's fiscal position.
During the year under review the Audit Committee had one meeting with the external Auditor that was not attended by the Executive Board. The Audit Committee also visited an integrated project being carried out by Mobilis and Croonwolter&dros and looked at the project progress, risks, contract process, scenario-analyses and staffing. The internal audit function is performed by BDO.
The Audit Committee took note of the four audits carried out during 2019 and discussed the audit plan for 2020 with BDO.

Appointment of external Auditor
After an evaluation of the Auditor's tasks carried out by PwC in respect of the 2018 financial statements, the Audit Committee decided to issue a tender for this service.
Three audit firms were invited to submit estimates and make a presentation to, among others, a Selection Committee comprising the members of the Audit Committee, The Supervisory Board, the head of Planning & Control and the Financial Director of Koopmans Bouwgroep. The Selection Committee then recommended the appointment of Deloitte as controlling Auditor as of the 2019 financial year. This advice was followed by the Supervisory Board and, in accordance with the Articles of Association, approved by the shareholder.
The members of the Audit Committee as at 31 December 2019 were:

- M. Niggebrugge, Chairman
- A.L.M. Nelissen

Central Works Council
In 2019 there were five consultative meetings between the Central Works Council and the Executive Board. Four of these meetings were attended by a (representative) member of the Supervisory Board.

2019 Annual Report and proposed appropriation of the result

In accordance with Article 21 of TBI's Articles of Association, the financial statements, the report of the Executive Board and the Supervisory Board are submitted to the Annual General Meeting. The Annual Report, including the report of the Executive Board and the 2019 financial statements, was prepared by the Executive Board.
The financial statements are accompanied by an unqualified Auditor's report from Deloitte Accountants B.V. The Auditor's report is included on pages 100 and 101 of this Annual Report.

We propose that the Annual General Meeting:

- Adopts the 2019 financial statements, including the proposed appropriation of the result;
- Discharges the members of the Executive Board for their management during the 2019 financial year;
- Discharges the members of the Supervisory Board for their supervision of the Executive Board's management during 2019.

The Audit Committee has discussed the 2019 Annual Report and financial statements in detail with the external Auditor in the presence of the Executive Board.
The documents were also discussed during a meeting between the full Supervisory Board and the Executive Board that was attended by the external Auditor. The quality of the internal risk management and control systems was also discussed. In 2019 TBI achieved a net result of € 28.5 million. The Executive Board proposes that a cash dividend of € 7.5 million be paid out to the shareholder. The Supervisory Board has approved the Executive Board's proposal for the appropriation of the result.

Composition and functioning of the Executive Board

During the course of 2019 the composition of the Executive Board changed: Mr. D.A. Sperling stood down from the Executive Board as of 1 May 2019 due to having reached retirement age.

As at 31 December 2019 the members of the Executive Board were:

- A.J.H. van Breukelen, Chairman
- E.A.A. Roozen

In 2019 the Supervisory Board evaluated the functioning of the Executive Board and the individual Board members. In the Supervisory Board's opinion the Executive Board has the required competences and works well as a team. This is apparent from the progress made with the themes in the Strategic Agenda and the achievement of the targets drawn-up in the 2019 Operating Plan.

Composition and independence of the Supervisory Board

As at 31 December 2019 the members of the Supervisory Board were:

- A.L.M. Nelissen, Chairman
- E.H.M. van den Assem, Vice-chairman
- H. Morelisse
- M. Niggebrugge
- D.J.B. de Wolff

The composition of the Supervisory Board is such that the Board's independence is guaranteed as understood to be stipulated in Provision 2.1.7. of the Corporate Governance Code ('the Code'). In 2019 all the Supervisory Board members were also independent within the meaning of Provisions 2.1.8 and 2.1.9 of the Code.

The composition of the Supervisory Board in 2019 was also such that the expertise, variety of backgrounds and managerial competencies required to carry out its tasks in a proper manner were present within the Board. The self-evaluation as specified in Provision 2.2.6 of the Code was carried out in December 2019.

Corporate governance

The Code is not compulsory for unlisted companies. The Corporate Governance section of this Annual Report sets out the TBI Group's Corporate Governance structure and explains its approach to the principles and best practice provisions contained in the Code. The provisions are particularly relevant to the performance of the Audit Committee, financial reporting and disclosures and independence of the Auditor. TBI's Articles of Association comply with the legislative framework for two-tier companies.

Legal merger of TBI Holding B.V. and TBI Beheer B.V.

As of 1 January 2020 TBI Holdings B.V. (CofC 24144064) and TBI Beheer B.V. (CofC 24144065) have been formally merged: the merged company has the legal name TBI Holdings B.V. and is listed in the commercial register of the Chamber of Commerce under number 24144065. Due to this merger the former TBI Holdings B.V. (CofC 24144064) has ceased to exist. Company financial statements for the 2019 financial year have been compiled for both the former TBI Holdings B.V. (CofC 24144064) and TBI Beheer B.V. (CofC 24144065). The composition of the Executive Board and the Supervisory Board of the new merged company TBI Holdings B.V. (CofC 24144065) has remained the same as for the former TBI Holdings B.V. (CofC 24144064).

In conclusion

The good results for 2019 underline the strength of the TBI business model. The TBI companies occupy good positions in the markets relevant for them. The size and quality of the order book give us every confidence that the Company has a solid basis and is on the right course to overcome future challenges. One of these challenges is the impact of the corona virus, which has created considerable uncertainty and risks to health and will also have macro and business economic consequences. The nitrogen and PFAS problems also show that vigilance remains necessary. In many fields the construction and engineering sector is, indeed, dependent on the political decision making of the national and local authorities.

We would like to thank the Executive Board, the TBI company directors and all members of staff for the dedication, the results they have achieved and the strong foundations they have laid for 2020 and the following years.

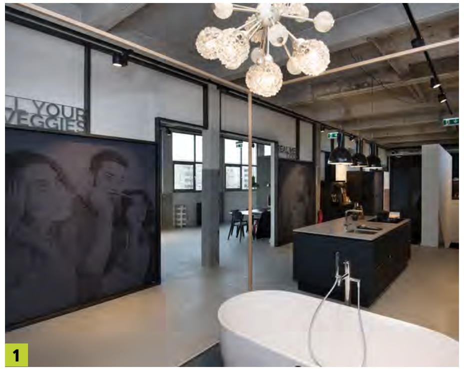
Rotterdam, 19 March 2020

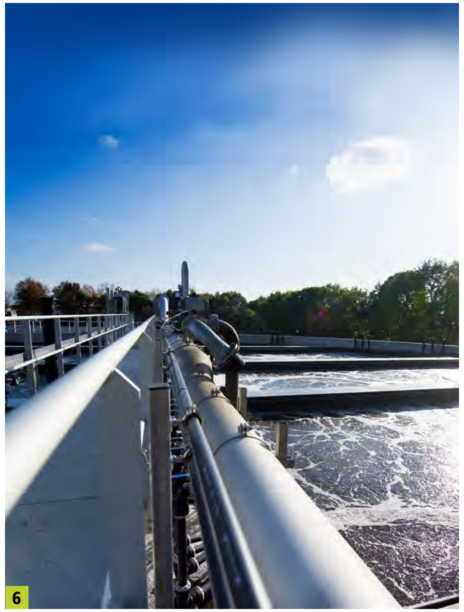
Supervisory Board

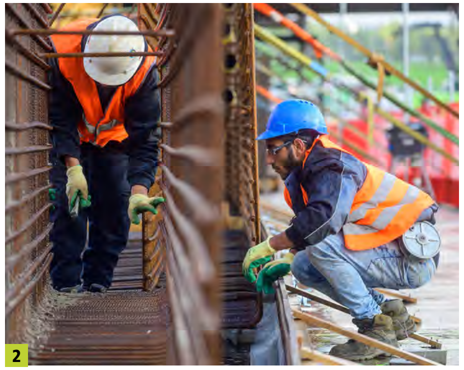
A.L.M. Nelissen, Chairman
E.H.M. van den Assem, Vice-chairman
H. Morelisse
M. Niggebrugge
D.J.B. de Wolff

2019 IN PICTURES

In 2019 the TBI companies worked on many attractive projects. There was also a focus on topics such as employee development, innovation and safety.







1 Home interior store 'WAREHOUSE' in Rotterdam from ERA Contour. **2** Placing the first concrete beams for the fly-overs on the RijnlandRoute. Mobilis is one of the companies working on the project. **3** A pile-driver from Voorbij Funderingstechniek in action. **4** TBI stakeholders' dialogue on 5 November 2019. **5** The launch of the Arklow Abbey. Eekels Technology designed and delivered the complete electrical installation. **6** In Weert Mobilis and Croonwolter&dros developed and built a modular, sustainable sewage treatment plant **7** Waterfront is a complete area development in Harderwijk. The totally new neighbourhood was built and developed by Koopmans and Synchroon. TBI companies Comfort Partners, Voorbij Prefab, Voorbij Funderingstechniek and Mobilis were also involved in the project.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8 Renovation of the Maastunnel in Rotterdam by Mobilis, Croonwolter&dros and Nico de Bont. 9 In 2018 and 2019 TBI sponsored the Vattenfall Solar Team's solar car. 10 WTH installed the underfloor heating in the Eusebius Church in Arnhem. 11 Groothuis built the Redute project in Tiel. 12 Comfort Partners and Koopmans transformed a former office building on the Laan van Meerdervoort in Den Haag into 85 modern and gas-free apartments. 13 For 5 years starting in 2019 TBI is the proud sponsor of the TBI Business Runs of the Rotterdam marathon. 14 A communications, social media and personal branding training course at TBI acdmy. 15 TBI has entered into a multi-year partnership with the IMC Weekendschool. The weekend school works with inquisitive 10 to 14 year olds living in deprived neighbourhoods in the Netherlands.


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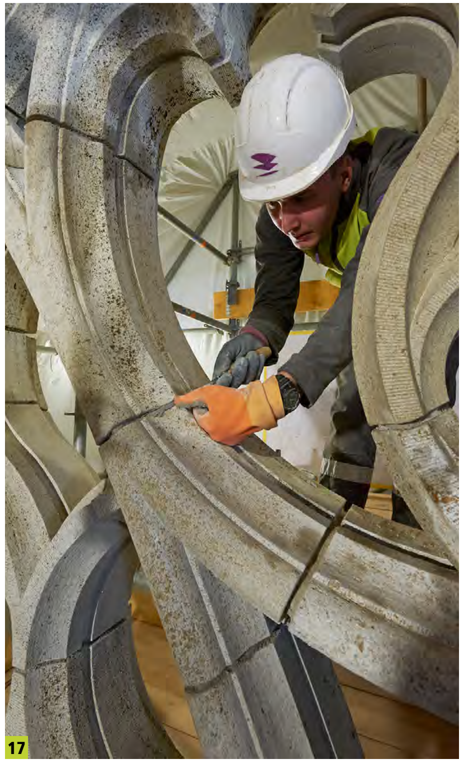
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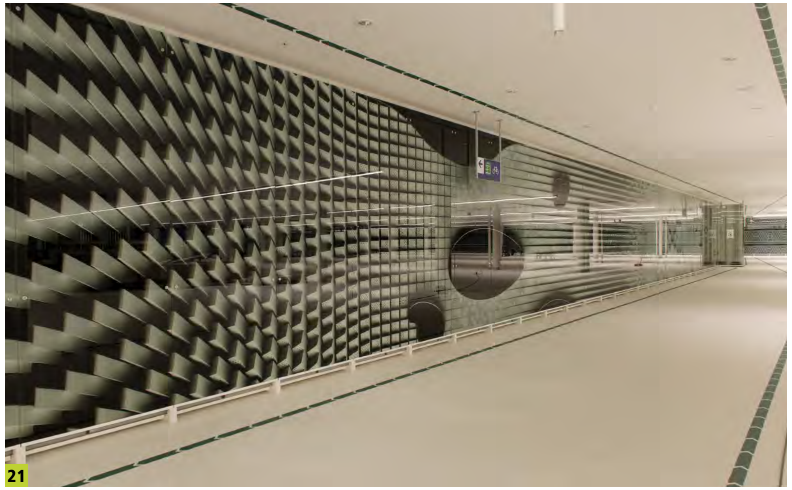
21

16 The finals of the annual TBI Innovation Prize took place in December 2019. Prizes are awarded in two categories: 'ideas' and 'innovations'. **17** A complete renovation by Nico de Bont has made the Eusebius Church and Tower in Arnhem ready for the future. **18** The Theemswegtracé is a solution for the train capacity bottle-neck expected as a result of the growth of the rail and shipping traffic to and from the Brittanniëhaven (port) in Rotterdam. The companies working on the project include Mobilis and Voorbij Funderingstechniek. **19** After completing the restoration of the Dom Church Nico de Bont has now started work on the Dom Tower in Utrecht. **20** After repurposing by HEVO the activities now housed in the Greswarenfabriek (stoneware factory, the oldest parts of which date from 1880) in Beesel include a VMBO (technical secondary school) and a social restaurant/day-care centre. **21** The Municipality of Den Haag commissioned Mobilis to construct an underground bicycle store for around 8,500 bicycles under the Koningin Julianaplein in Den Haag.

FINANCIAL STATEMENTS 2019

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2019

(Before profit appropriation, in thousands of euros)

		31 December 2019	31 December 2018
Non-current assets			
Intangible non-current assets	1	29,114	17,329
Tangible non-current assets	2	84,302	88,946
Financial non-current assets	3	7,680	15,206
		121,096	**121,481**
Current assets			
Inventories	4	196,421	203,391
Work in progress for third parties	5	–	–
Receivables	6	271,579	258,439
Cash and cash equivalents	7	301,235	229,305
		769,235	**691,135**
Total assets		**890,331**	812,616
Group equity			
Shareholders' equity	8	278,176	255,091
		278,176	**255,091**
Provisions	9	10,499	11,247
Non-current liabilities	10	72,823	71,314
Current liabilities and accrued liabilities	11	528,833	474,964
Total liabilities		**890,331**	812,616

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR 2019

(In thousands of euros)

		2019		2018	
Net revenue	12		1,446,123		1,518,583
Change in balance sheet value of work in progress and completed products			403,859		254,331
Total operating revenue			**1,849,982**		**1,772,914**
Operating costs					
Cost of raw materials and consumables		−1,007,713		−978,610	
Cost of contracted-out work and other external costs		−241,034		−237,003	
Wages and salaries	13	−338,498		−320,762	
Social security charges		−51,720		−47,761	
Pension obligations	14	−36,030		−35,406	
Amortisation and depreciation of intangible and tangible non-current assets	15	−18,843		−18,458	
Other impairment of intangible and tangible non-current assets	2	–		−477	
Impairment of current assets	4	−115		−2,500	
Other operating costs	16	−114,527		−103,860	
Total operating costs			**−1,808,480**		**−1,744,837**
Operating result			**41,502**		**28,077**
Interest and similar income			324		744
Interest and similar costs			−4,212		−4,449
Result before taxes			**37,614**		**24,372**
Taxation on result	17		−9,624		−6,720
Result from participations	18		515		520
Net result			**28,505**		18,172

CONSOLIDATED STATEMENT OF TOTAL RESULT

(in thousands of euros)

	2019	2018
Consolidated net result after taxation	28,505	18,172
Translation differences on foreign participations	31	13
Total Group result	**28,536**	18,185

CONSOLIDATED STATEMENT OF CASH FLOWS FOR 2019

(in thousands of euros)

			2019		2018
Operating result			41,502		28,077
Adjustment for:					
– amortisation and depreciation	15		18,843		18,458
– impairment of current assets	4		115		2,500
– impairment of intangible and tangible non-current assets	2		–		477
– changes to provisions	9		–847		–531
Changes in working capital (excluding cash and cash equivalents and credit institutions):					
– inventories	4	9,272		15,626	
– work in progress	5	64,142		–10,540	
– receivables	6	–1,906		–5,773	
– other liabilities	11	–21,038		26,615	
			50,470		25,928
Cash flow from operating activities			110,083		74,909
Interest received		355		540	
Interest paid		–4,231		–4,419	
Dividends received	3	335		254	
Income tax paid	17	–831		–256	
			–4,372		–3,881
Cash flow from operating activities			105,711		71,028
Investments in intangible non-current assets	1	–3,998		–10,643	
Investments in tangible non-current assets	2	–11,393		–21,108	
Investments in financial non-current assets	3	–12,870		–953	
Divestment of intangible non-current assets	1	185		294	
Divestment of tangible non-current assets	2	1,559		5,951	
Divestment of financial non-current assets	3	274		77	
Cash flow from investing activities			–26,243		–26,382

TBI at a glance
Message from the Chairman of the Executive Board
How TBI creates value
Trends and developments
Progress of strategic pillars in 2019
Financial results
Outlook
Acceleration themes
Governance
Report of the Supervisory Board
2019 in pictures
Financial statements
Other information
Additional information

CONSOLIDATED STATEMENT OF CASH FLOWS FOR 2019

(in thousands of euros)

			2019		2018
Repayment from non-current liabilities	10	4,134		13,985	
Repayment to credit institutions		−6,221		−12,817	
Dividend paid		−5,451		−3,185	
Cash flow from financing activities			**−7,538**		**−2,017**
Net cash flow for the financial year			71,930		42,629
Foreign exchange rate and translation differences on cash and cash equivalents			–		–
Increase in cash and cash equivalents			**71,930**		42,629
Changes in cash and cash equivalents:					
– position at start of year			229,305		186,676
– changes			71,930		42,629
Cash and cash equivalents at year end			**301,235**		229,305

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL

TBI Holdings B.V. is a group of companies active in the Technology, Construction and Infrastructure sectors. The companies operate both independently and cooperatively, primarily in the Dutch market. TBI Holdings B.V. has its statutory seat in Rotterdam, the Netherlands. Its head office is at Wilhelminaplein 37, Rotterdam. TBI Holdings B.V. is listed in the commercial register of the Chamber of Commerce under number 24144064. The ultimate shareholder of TBI Holdings B.V. is Stichting TBI, registered in Ammerzoden, the Netherlands.

As of 1 January 2020 TBI Holdings B.V. (CofC 24144064) and TBI Beheer B.V. (CofC 24144065) have been formally merged: the merged company has the legal name TBI Holdings B.V. and is listed in the commercial register of the Chamber of Commerce under number 24144065. Due to this merger the former TBI Holdings B.V. (CofC 24144064) has ceased to exist. Company financial statements for the 2019 financial year have been compiled for both the former TBI Holdings B.V. (CofC 24144064) and TBI Beheer B.V. (CofC 24144065). The composition of the Executive Board and the Supervisory Board of the new merged company TBI Holdings B.V. (CofC 24144065) has remained the same as for the former TBI Holdings B.V. (CofC 24144064).

ACCOUNTING POLICIES

Presentation of the financial statements
The consolidated financial statements of TBI Holdings B.V. have been prepared in accordance with the applicable statutory provisions of Title 9 Book 2 of the Dutch Civil Code and definitive statements of the Guidelines for Financial Statements as published by the Dutch Accounting Standards Board that are applicable for the reporting years commencing on or after 1 January 2019.

The summarised company profit and loss account of TBI Holdings B.V. has been prepared in accordance with Article 402 Title 9 Book 2 of the Dutch Civil Code.

The accounting policies used to prepare the financial statements are the same as for the previous year.

The accounting policies for valuation and determination of result have been applied on the assumption that the Company is a going concern.

The consolidated financial statements are presented in euros, the currency of the economic environment in which TBI Holdings conducts the majority of its business (the functional currency). All the financial information is presented in thousands of euros, unless stated otherwise. The balance sheet, profit and loss account and statement of cash flows contain references to the explanatory Notes.

MANAGEMENT ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires the management to make estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities and of income and expenses. The actual amounts may differ from these estimates. The estimates and underlying assumptions are constantly reviewed. This is particularly relevant in respect of the valuation of work in progress. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods in which the revision has consequences.
The main components of estimation uncertainty are summarised below:

Deferred tax receivables
For further information regarding the most important estimate components used in the valuation of Financial non-current assets please see Accounting Principles.
The valuation of the Deferred tax receivables recognised under Financial non-current assets is based on the management's assumption that the Deferred tax receivables remaining from the prior-year losses will be compensated in 2020. This is comfortably within the specified terms (which vary from 2022 to 2025).

Land and property positions
A further explanation regarding the main estimation components used in the valuation of Inventories please see Accounting Policies and Note 4: Inventories.
In 2019 TBI analysed its land and property positions in the light of the market conditions and expected developments. These analyses focused on the most risky positions, in particular in respect of land and the associated plan development costs. These analyses were based on a residual land value approach and looked at the effects per position of aspects such as the location, the status of development plans and administrative decision-making, demographic developments and other location-specific aspects, which effects were weighed and where deemed necessary expressed in the valuation of the position.

Work in progress for third parties
Further information about the main principles applied when valuing Work in progress can be found in Accounting Policies and Note 5: Work in progress for third parties.
The value of Work in progress is assessed regularly on a per project basis by the Project Manager and the Company Management. This assessment is based primarily on the information in the project files, the project accounts and the knowledge and experience of those involved.
An inherent feature of this process and the project-based activities is that estimates are made 'up front' and then throughout the project the Company is involved in negotiations and discussions regarding the financial aspects, such as less/more work, claims, arbitration and penalties, the timing of the delivery and the quality of the work. As the project progresses it can happen that the reality differs from the estimates. This is particular true in the case of multi-year projects involving extensive customised work and if there are on-going claims or additional work discussions that are still being discussed with clients as at the balance sheet date.

TBI's portfolio includes several DB(F)(M) contracts that, by nature of their size, complexity and long duration, have a high-risk profile. When assessing the result of such projects use is made of the most reasonable, currently available estimates of the realizable project income (including more work) as well as the expected project result from the contractual maintenance phase.
In addition, due to their size, complexity and long duration these projects can have a relatively-high impact on the Company's result. When such projects are completed and finally settled the project income (including more work), the project costs and therefore the project result may deviate substantially from the estimates as of today.

CONSOLIDATION

The consolidated financial statements comprise the financial data of TBI Holdings B.V., plus the Group companies in which TBI Holdings B.V. holds more than 50% of the voting capital, or in which TBI Holdings B.V. by virtue of supplementary regulations has control over the management and financial policy, as well as other legal entities over which TBI Holdings B.V. can exercise majority control or conducts the central management. In general these are participations in which TBI Holdings B.V. holds an interest of more than 50%. The assets, liabilities and results of these companies are included for 100% in the consolidation. Third party interests in the Group equity and the Group result are shown separately.

Participations in consortia – participations in which control is exercised jointly with third parties in accordance with a cooperation agreement – are consolidated on a pro rata basis. The duration and judicial form of the participations are not important. If a construction consortium takes the form of a general partnership, joint and several liability is taken into account if and in so far as this is indicated on the grounds of the financial position of the consortium and/or one or more of the consortium partners.

Reciprocal receivables and liabilities and the results of transactions between Group companies and other legal entities recognised in the consolidation are eliminated to the extent that the results are not due to transactions outside the Group.

In accordance with the stipulations of Articles 379 and 414 of Title 9 Book 2 of the Dutch Civil Code, a list of participations has been filed for inspection at the Commercial Register in Rotterdam.

Acquisitions and divestments of Group companies
The assets, liabilities, results and cash flows of acquired participations are included in the consolidated financial statements from the acquisition date. The acquisition date is the date on which effective control can be exercised over the commercial and financial policies of the participation concerned. Consolidated participations remain in the consolidation until the date on which they are divested.
The results of participations divested during the year under review are included up to the date on which control could no longer be exercised over the policies.

On 7 November 2019 TBI Techniek B.V. acquired all the shares in Giesbers InstallatieGroep B.V. in Rotterdam. The results since 1 November 2019 have been included in the consolidation. The purchase price of the shares was paid in cash. An additional conditional purchase sum was included in the balance sheet as of 31 December 2019.

RELATED PARTIES

Related parties are all the legal entities over which majority control, joint control or significant influence can be exercised. Legal entities that can exercise significant control over the Company are also classified as related parties.
The members of the Executive Board, other key managers and close relatives are related parties.

TBI has the following related parties: the shareholder, Group companies, the Executive Board members, key managers, close relatives and Supervisory Board members.

Significant transactions with related parties are disclosed to the extent they are not entered into under normal market conditions. The nature, size of the transaction and other information is disclosed if this is necessary to provide insight.

FOREIGN CURRENCIES

Transactions in foreign currencies during the reporting period are recognised in the financial statements at the conversion rate applicable on the transaction date.
Monetary assets and liabilities in foreign currencies are converted into the functional currency at the closing rate on the balance sheet date. Translation differences arising from settlements or conversions are credited or charged to the profit and loss account.
Non-monetary assets valued at historic cost in a foreign currency are converted at the exchange rate valid on the transaction date. Translation differences on net investments in a foreign participation are recognised directly as shareholder's equity in the statutory reserve for translation differences.

Valuation
In general assets and liabilities are valued at the acquisition price, cost price or current value. If no specific valuation policy is stated valuation is at the acquisition price.

Impairment of non-current assets
Whether there are indications that the value of a non-current asset could be impaired is evaluated on every balance sheet date. If there are such indications the recoverable amount of the asset is determined. An asset is impaired if the carrying amount of the asset exceeds its recoverable amount, whereby the recoverable amount is the higher of the asset's net realisable value and its value in use. Whether there are circumstances that could lead to a reversal of a previous impairment is also reviewed on every balance sheet date.

When a financial asset is valued at amortised cost price the size of the impairment is determined as the difference between the asset's carrying value and the best estimate of future cash flows, discounted at the effective interest rate of the financial asset, as calculated on the initial recognition of the instrument.

Intangible non-current assets
Intangible non-current assets include expenditure on internal development projects for the production of new or substantially improved products and processes. This expenditure can be capitalised if the product or process is technically and commercially viable (i.e. if economic benefits will be realised). The capitalised costs are recognised at cost price and are amortised on a straight-line basis over an estimated useful lifetime of 5 years or, if this reflects economic reality better, pro rata to the units produced using the development. A statutory reserve is formed for capitalised development costs.

Intangible non-current assets other than internally generated assets, including patents and licences, are valued at the acquisition price and amortised on a straight-line basis over the expected future useful life, with a maximum of 20 years.
Impairments foreseen on the balance sheet date are taken into account. For the determination of indications for the impairment of intangible non-current assets see the relevant paragraph.

Goodwill is defined as the positive difference between the acquisition price and the fair value of the acquired (identifiable) assets and liabilities. Goodwill is capitalised and written-off over the asset's expected economic life (10 years).

The acquisition price comprises the purchase price paid for the acquisition plus any costs directly attributable to the acquisition.

Tangible non-current assets
Tangible non-current assets are valued at the acquisition price plus associated costs or production costs or, if lower, the value in use. Tangible non-current assets are depreciated on a straight-line basis over the estimated useful life, if necessary taking into account any residual value.

The annual depreciation rates are:

Buildings	2.5 to 10%
Land	0%
Plant, machinery and materials	10 to 20%
Other non-current operating assets	20%

Impairments foreseen on the balance sheet date are taken into account. See the relevant paragraph for the determination of whether impairment is indicated for a tangible non-current asset.
The costs of major maintenance are capitalised in the year in which the major maintenance is carried out and depreciated pro rata over the remaining life of the asset if the asset's life is extended.

Financial non-current assets
Participations over which the Company cannot exercise significant influence are valued at the acquisition price.

Participations over which the Company can exercise significant influence over the commercial and financial policies are valued at net asset value in accordance with the accounting policies for the financial statements of TBI Holdings B.V.
The initial valuation of an acquired participation is based on the fair value of the identifiable assets and liabilities on the acquisition date. Subsequent valuations are on the basis of the accounting policies applicable for these financial statements based on the initial valuation.

Impairments are taken into account as at balance sheet date. If a participation's net asset value is negative the participation is carried at nil. In this situation, if and insofar as the Company totally or partially guarantees the participation's debts, or fully intends enabling the participation to settle its debts, a provision is formed for this purpose.

Deferred tax receivables are recognised for compensatable tax losses and for deductible temporary differences between the value of assets and liabilities for taxation purposes and the value in accordance with the accounting policies applicable in these financial statements, on the understanding that deferred tax receivables are only recognised to the extent that it is probable that there will be a fiscal gain against which the temporary differences can be deducted and losses can be compensated. Deferred tax receivables are calculated using the tax rates applicable at the end of the reporting year or the tax rates that will be applicable in subsequent years insofar that these rates have already been fixed by law. Deferred tax receivables are carried at nominal value.

Loans granted and other receivables under financial non-current assets are initially recognised at fair value and are subsequently carried at amortised cost price. A discount or premium present when a loan is granted is credited or charged to the result as a component of the effective interest. Transaction costs are also included as a component of the effective interest and charged to the result on initial recognition.

Inventories
Inventories of raw materials and consumables are carried at the lower of historical cost price and recoverable value.

The inventories of work in progress, semi-finished products, finished products and trade goods are carried at the lower of production cost and recoverable value. Production costs include all the costs related to acquisition or production, as well as costs incurred to bring the stocks to their current place and state. Production costs include direct wages and salaries and mark-ups for production-related indirect fixed and variable costs.

The recoverable value is the estimated sales price less directly attributable sales costs. Obsolescence of the stocks is taken into account when determining the recoverable value.

Owned land is carried at acquisition price plus the cost of infrastructural developments and other costs arising from land ownership, less the provisions deemed necessary for development risks as soon as they are foreseeable.

No interest is added to owned land or to work in progress for own development except when project financing is involved.

Capitalised costs in respect of unsold housing under construction are recognised under the stock of housing under construction. Unsold completed housing is recognised under stock of completed housing and suchlike. No profit is recognised on unsold housing.

Work in progress for third parties
Work in progress for third parties comprises the balance of unrealised project costs, attributable profit and, if applicable, recognised losses and already declared instalment payments. Work in progress is presented separately in the balance sheet under current assets. Net negative balances are presented under current liabilities.

Receivables
Receivables are carried at the fair value of the counter performance on initial recognition and subsequently at amortised cost price, taking into account the effective interest rate and less a value correction for doubtful debts, which in general reflects the nominal value.

Cash and cash equivalents
Cash and cash equivalents comprise cash, bank balances and deposits with a term of less than 12 months. Cash and cash equivalents are carried at the nominal value.

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Provisions
Provisions are formed for all legally enforceable or actual obligations arising from an event before the balance sheet date for which it is likely that the settlement will entail an outflow of funds that can be reliably estimated.

Provisions are carried at the best estimate of the amounts needed to settle the obligations as at the balance sheet date. Unless stated otherwise provisions are carried at the nominal value of the estimated expenditure required to settle the obligations.

Deferred tax liabilities are recognised for temporary differences between the value of assets and liabilities according to tax rules on the one hand, and the carrying value of these assets in these financial statements on the other hand.
Deferred tax liabilities are calculated using the tax rates applicable at the end of the reporting year, or at the tax rates that will be applicable in subsequent years if these have already been fixed by law. Deferred tax liabilities are carried at the nominal value.

The provision for long-service payments comprises the present value of the expected payments made to mark employees' service jubilees. Calculation of this provision takes into account the probability of employees leaving and a discount rate of 3.0% (2018: 3.0%).

The provision for guarantee obligations serves to cover the cost of guaranteeing completed projects. The amount of the provision is based on the specific guarantee problems known as at the balance sheet date.

A reorganisation provision is formed if, as at the balance sheet date, a detailed reorganisation plan has been formulated and before the date the financial statements are prepared the people who will be affected by the reorganisation can justifiably expect that the plan will be implemented. An expectation is justified if implementation of the reorganisation has commenced, or if the main lines of the plan have been announced to the people who will be affected. The reorganisation provision includes the expected costs related to and necessary for the reorganisation but not related to the Company's on-going activities.

Other provisions are formed for foreseeable liabilities and possible losses arising from disputes, legal proceedings and environmental risks.

Liabilities
On initial recognition liabilities are carried at fair value. Transaction costs directly attributable to the acquisition of the liabilities are included in the carrying amount on initial recognition.
After initial recognition liabilities are carried at amortised cost price, i.e. the amount received after taking premiums and discounts into account and after deduction of transaction costs.

Repayment obligations on non-current liabilities that will fall due within one year are recognised under Current liabilities: credit institutions.

Financial instruments and financial risk management
TBI uses various financial instruments in the course of its normal business activities. These financial instruments are recognised in the balance sheet and include cash and cash equivalents, debtors and other receivables, and interest-bearing loans, creditors and other liabilities.

Derivative financial instruments are carried at fair value on initial recognition in the balance sheet. Subsequent valuation depends on whether or not the underlying securities are listed on the stock exchange. If the underlying security is listed the derivative is carried at fair value. If the underlying security is not listed the derivative is carried at the lower of cost price and market value. TBI does not apply hedge accounting. To the extent that as at the balance sheet date the fair value of the derivative is lower than its cost price, the difference is taken to the profit and loss account.

Financial instruments are assessed as at the balance sheet date to determine whether there are objective indications of impairment of a financial asset or group of financial assets. If there are objective indications of impairment TBI determines the amount of the impairment loss and charges it directly to the profit and loss account.

Financial instruments expose TBI to market and credit risks. In the main these risks are financial risk factors related to foreign currencies, prices, interest rates, cash flow, credit and liquidity. These risks are not unusual and do not differ from what can be deemed normal within the sector. TBI adheres to a strict policy aimed at mitigating and managing these risks as far as possible.

MARKET RISK

Currency risk
Most of the Company's activities are carried out in the Netherlands and/or countries active within the eurozone. The transactions arising from these activities are generally settled in euros (the functional currency), which limits the currency risk. The translation risk is not hedged.

Price risk
Price risk goes hand-in-hand with the purchase of raw materials and consumables and the sub-contracting of projects and comprises the difference between the market price at the time the goods or services were purchased or tendered and the market price at the time the goods or services are used or performed. TBI's policy is aimed at agreeing an indexing option with the client when purchasing or tendering for a large project. If this is not possible prices and conditions are fixed with the main suppliers and sub-contractors at an early stage. TBI also strives to manage price risks by making use of framework contracts, quotations from suppliers and reliable sources of information.

Interest rate and cash flow risks
TBI is exposed to interest rate and cash flow risks on interest-bearing receivables (in particular on financial non-current assets, securities and cash and cash equivalents) and interest-bearing non-current and current liabilities (including borrowings from credit institutions). In the case of receivables and liabilities with variable interest rates the Company is exposed to risks in respect of future cash flows. When the interest-rates on receivables and liabilities are fixed the risks to which the Company is exposed are changes to the fair value as a result of changes to the market interest rates. Financial derivatives to hedge the interest-rate risk on receivables are deemed unnecessary.

Credit risk
Credit risk is the risk of financial loss if a client fails to make good agreed contractual obligations. Credit risks are related primarily to amounts receivable from clients. TBI implements an active policy to limit the concentration of credit risks whenever possible. To manage this risk use is made of information from recognised institutions specialised in the provision of credit information. Continuous monitoring of the credit risk is a component of the credit management system. Where necessary risks are hedged by means of credit insurance, bank guarantees, advance payments and other forms of security. The trade debtors recognised as at the balance sheet date do not represent a significant concentration of the receivables in particular market sectors. In addition, a portion of the debts is owed by the Dutch government sector.
TBI's cash and cash equivalents are held at several banks. TBI limits the credit risk related to cash and cash equivalents held by banks by selecting banks that, on the basis of their credit ratings, are reliable.

Liquidity risk
Due to the project-based nature of TBI's activities, operating funds are used in a wide variety of ways. TBI meets its working capital needs by attracting external financing centrally. In part to facilitate the management of the liquidity risk, all the TBI companies compile monthly liquidity forecasts for the coming 12 months. This enables TBI to optimise the use of its freely-available cash and cash equivalents and identify any potential shortfalls in good time.

Determination of the result
The result is determined as the difference between the income from the sale of goods and services and the costs and other expenses incurred during the year. The income from transactions is recognised in the year in which it is realised.

Operating revenue
Operating revenue comprises the net of income (excluding VAT) of work completed and delivered to third parties during the financial year (net revenue), increased or decreased by changes in the balance sheet value of work in progress and delivered goods and services.

When the project income and expenses related to work in progress can be estimated reliably it is recognised in the profit and loss account in proportion to the work completed as at the balance sheet date.
The progress of the completed work is determined on the basis of the project costs incurred as at the balance sheet date relative to the estimated total project costs. If the result cannot (yet) be estimated reliably, the income is recognised in the profit and loss account up to the amount of the project costs that can probably be recovered. The project costs are then recognised in the profit and loss account in the period in which they are incurred.

The result is defined as the difference between the project income and the project costs.
The result on the large number of smaller projects, most of which have a duration of less than one year, is recognised on delivery of the project. This method has no material influence on the capital or the result.

Project income is the contractually-agreed revenue plus revenue from more/less work, claims and reimbursements if and to the extent that it is probable they will be realised and can be estimated reliably. Project costs are the costs that are directly related to a project that can, in general, be attributed to and allocated to project activities, and other costs that can be contractually charged to the client.
Project costs are in the main connected with materials, third-party services and sub-contracting, wages and social security obligations, plus surcharges to cover general expenses.

If it is likely that the total project costs will exceed the total project income, the expected loss is taken directly to the profit and loss account. The provision for the loss is included in the item Work in progress.

Income from the sale of goods is recognised when all the important right and risks attached to ownership of the goods are transferred to the purchaser.

The percentage of the income from the performance of services that is recognised is equal to the percentage of the total services to be performed that have actually been performed as at the balance sheet date.

Operating costs
Operating costs are determined on a historical cost basis. In general, the FIFO method is used to determine the cost of raw materials and consumables. Intra-group transactions are at market-conforming prices.
Development costs are only capitalised if it is probable that the development project will be technically and commercially successful (i.e. that it will be economically advantageous) and the costs can be estimated reliably.

Operational leasing
Lease contracts that transfer a substantial portion of the advantages and disadvantages of ownership to third parties are accounted for as operating leases. Obligations arising from operational leasing are recognised in the profit and loss account on a straight-line basis over the term of the contract.

Personnel remuneration
Personnel costs, such as wages and salaries and social security charges as specified in the employment conditions, are recognised in the profit and loss account to the extent to which they are payable to employees. Other personnel remuneration, with the exception of long-service (jubilee) payments is charged to the result in the year in which it is paid out.

Costs related to pension plans are, in principle, equal to the pension contributions payable to pension funds and insurance companies during the period under review. A liability is recognised for pension contributions not paid as at the balance sheet date. If as at the balance sheet date the amount of contributions paid exceeds the amount of contributions due, the excess amount is recognised as accrued income to the extent it will be reimbursed by the pension funds and or insurance companies concerned, or deducted from future contribution payments. A provision is also formed as at the balance sheet date for existing additional obligations to the pension funds, insurance companies and employees if it is probable that the settlement of these obligations will entail an outflow of funds that can be estimated reliably. The existence or not of additional obligations is assessed on the basis of the administration agreement with the pension funds and insurance companies, the pension agreement with the employees and other explicit or implicit undertakings to employees. The provision is valued at the best estimate of the amounts needed to settle the agreements as at the balance sheet date.

Amortisation and depreciation of intangible and tangible non-current assets
Intangible non-current assets are amortised and tangible non-current assets are depreciated over their estimated useful lifetime from the moment they are taken into use, where applicable taking into account residual values.

Interest income and expense
Interest income and expense concerns interest and other financing expenses and are recognised on a time proportion basis taking into account the effective interest rate of the assets and liabilities concerned.

Exchange differences
Currency exchange differences arising on the settlement or translation of monetary items are recognised in the profit and loss account in the period in which they take place.

Result from participations
The result from non-consolidated participations is the percentage of the participation's result that reflects the percentage of TBI's interest in the participation throughout the year under review, after deduction of the relevant taxes. Dividends are recognised if the entitlement to the dividend has been obtained on the recognition of participations at cost price.

Taxes on the result
Taxes on the profit are determined on the basis of the result before taxes, taking into account tax facilities, such as loss compensation and participation exemption. Gains due to loss compensation are taken into consideration as soon as compensation is probable.

Throughout 2019 TBI Holdings B.V., together with its shareholder TBI Beheer B.V. and various subsidiary companies located in the Netherlands, formed a fiscal entity for the purpose of corporation tax. TBI Holdings acted as the head of the fiscal entity.
In accordance with the statutory requirements, all the members of a fiscal entity are jointly and severally liable for the tax obligations of the fiscal entity. Within the fiscal entity the tax burden of each individual member is determined as if the member was an independent tax payer. Settlement is from the current account.

Statement of cash flows

The statement of cash flows is prepared in accordance with the indirect method. In this method the operating result is adjusted for items in the profit and loss account that during the year have not influenced income and expenditure, changes in balance sheet items and the income and expenses from items in the profit and loss account not deemed to be related to operating activities. Transactions not involving a cash inflow or outflow are not included in the statement of cash flows.
The liquidity position comprises the cash and cash equivalents.

Currency exchange differences on cash and cash equivalents are presented separately in the statement of cash flows. Interest income and expense, dividends received and corporation taxes are recognised under cash flow from operating activities. Dividends paid are recognised under cash flow from financing activities.

The acquisition price of acquired Group companies is recognised under cash flow from investing activities to the extent that the payment was in cash and cash equivalents. The cash and cash equivalents present in the acquired Group company have been deducted from the acquisition price.

The selling price of divested Group companies (divestments) is recognised under cash flow from investing activities to the extent that payment was in cash and cash equivalents. The cash and cash equivalents present in the divested Group company have been deducted from the selling price.

NOTES TO THE CONSOLIDATED BALANCE SHEET

(in thousands of euros)

1. INTANGIBLE NON-CURRENT ASSETS

	Development costs	Software and licences	Goodwill	Total
As at 1 January 2019				
Acquisition or production costs	8,923	29,898	5,975	44,796
Accumulated impairments and amortisation	–6,415	–20,579	–473	–27,467
Carrying value	**2,508**	**9,319**	**5,502**	**17,329**
Changes in carrying value				
Investments	1,301	2,515	14,228	18,044
Divestments	–	–185	–	–185
Amortisation	–1,940	–3,529	–866	–6,335
Consolidations and deconsolidations etc.	–	–	44	44
Other changes	217	–	–	217
Balance	**–422**	**–1,199**	**13,406**	**11,785**
As at 31 December 2019				
Acquisition or production costs	10,350	32,019	20,621	62,990
Accumulated impairments and amortisation	–8,264	–23,899	–1,713	–33,876
Carrying value	**2,086**	**8,120**	**18,908**	**29,114**

2. TANGIBLE NON-CURRENT ASSETS

	Land and buildings	Plant and machinery	Other tangible non-current assets	Advance payments etc.	Total
As at 1 January 2019					
Acquisition or production costs	105,662	75,777	63,414	1,517	246,370
Accumulated impairments and depreciation	–56,596	–53,976	–46,852	–	–157,424
Carrying value	**49,066**	**21,801**	**16,562**	**1,517**	**88,946**
Changes in carrying value					
Investments	1,320	3,279	5,183	1,603	11,385
Divestments	–542	–337	–266	–194	–1,339
Depreciation	–3,466	–3,452	–5,590	–	–12,508
Consolidations and deconsolidations etc.	–	1	351	–	352
Currency translation differences	–86	–	–	–13	–99
Other changes	79	–2,125	75	–464	–2,435
Balance	**–2,695**	**–2,634**	**–247**	**932**	**–4,644**
As at 31 December 2019					
Acquisition or production costs	104,916	71,520	62,642	2,449	241,527
Accumulated impairments and depreciation	–58,545	–52,353	–46,327	–	–157,225
Carrying value	**46,371**	**19,167**	**16,315**	**2,449**	**84,302**

A portion of the land and buildings with a carrying value of € 29.3 million serves as security for the non-recourse financing of, initially, € 30.0 million as explained in Note 10. Non-current liabilities.

3. FINANCIAL NON-CURRENT ASSETS

The changes in financial non-current assets are:

	Non-consolidated participations	Loans granted	Deferred tax receivables	Other financial non-current assets	Total
As at 1 January 2019	2,471	609	10,552	1,574	15,206
Changes in 2019					
Received profit distribution and dividends	–335	–	–	–	–335
Share in result for the year	515	–	–	–100	415
Repayment of loans granted and non-consolidated participations	–	–58	–	–	–58
Investments	–	–	–	96	96
Changes in deferred tax receivables	–	–	–7,516	–	–7,516
Consolidations and deconsolidations etc.	–128	–	–	–	–128
Balance	**52**	**–58**	**–7,516**	**–4**	**–7,526**
As at 31 December 2019	**2,523**	**551**	**3,036**	**1,570**	**7,680**

For an overview of the principle consolidated participations at the end of 2019 see the ‘TBI Organisational Structure’. In accordance with the statutory requirements a list of the consolidated and non-consolidated participations as well as the main construction consortia and other cooperation agreements has been filed with the Chamber of Commerce in Rotterdam.

Loans granted comprises a loan granted to a non-consolidated participation and a loan to a Group company consolidated on a pro rata basis. At the end of 2019 the loan to the non-consolidated participation amounted to € 0.3 million (2018: € 0.3 million) and had a term ending on 5 March 2037. The interest-rate on the loan is 7%. No security has been provided. The loan granted to the Group company consolidated on a pro rata basis amounts to € 0.3 million (2018: € 0.3 million) and expires on 15 March 2023. The interest rate on the effective drawn-down portion of this loan is 7% per annum. No security has been provided.

The deferred tax receivables amounting to € 3.0 million relate to tangible non-current asset valuation differences, still to be claimed liquidation losses and tax receivables related to loss compensation (to be offset against future profit). Approximately € 1 million is expected to be offset in the coming year.

All the other receivables included under Financial non-current assets have a remaining term of more than one year.

4. INVENTORIES

	31 December 2019	31 December 2018
Raw materials and consumables	4,012	3,857
Work in progress and semi-finished	73	105
Finished products and trade goods	7,230	3,880
Housing under construction	21,159	13,748
Completed housing etc.	7,971	3,717
Land positions etc.	155,976	178,084
	196,421	203,391

The projects TBI carries out are either developed by third parties or arise from its own project development activities. The investments in project development activities, as recognised under Inventories, relate to work in progress (Land positions etc.), capitalised construction and development costs of the unsold part of work in progress (Housing under construction) and already completed projects (Completed housing etc.). The item Land positions etc. concerns primarily land positions acquired in the Netherlands for development in the near future.

In 2019 TBI carried out the annual analyses of its property position in the light of the market conditions and expectations. These analyses focused on the most risky positions, predominantly in land and the associated plan development costs. On the basis of these analyses, based on a residual land value method, TBI concluded in 2019 that the expected (future) realisable value of positions should be structurally written down. In 2019 these impairments amounted to € 0.1 million (2018: € 2.5 million).
A provision of € 71.4 million (2018: € 75.8 million) has been deducted from the inventory Land positions.

5. WORK IN PROGRESS FOR THIRD PARTIES

Work in progress for third parties as at 31 December could be specified as follows:

	31 December 2019		31 December 2018	
Work in progress for third parties				
Costs including profit based on the percentage completed. Less: provision for losses	2,673,250		2,228,533	
Less: Invoiced instalments	–2,783,816		–2,272,826	
		–110,566		**–44,293**
Recognised under Current liabilities		110,566		44,293
Balance		**–**		–

The composition is as follows:

	31 December 2019	31 December 2018
Balance of work in progress for third parties greater than the invoiced instalments	137,042	158,950
Balance of work in progress for third parties less than the invoiced instalments	–247,608	–203,243
	–110,566	–44,293

The balance of costs and invoiced instalments for third party projects includes production not yet invoiced to clients or financed by clients, against which there are commitments.

6. RECEIVABLES

	31 December 2019	31 December 2018
Debtors	214,824	210,524
Completed projects to be invoiced	7,630	8,844
Other receivables	40,206	33,139
Accrued assets	8,919	5,875
	271,579	258,439

The receivables have a term of less than one year. The fair value of the receivables approximates their carrying value due to the short-term nature of the receivables and the fact that where necessary provisions have been formed for doubtful debt. A provision for doubtful debt amounting to € 2.4 million (31 December 2018: € 2.8 million) has been deducted from receivables.

7. CASH AND CASH EQUIVALENTS

	31 December 2019	31 December 2018
Banks	301,005	229,253
Deposits	211	20
Cash	19	32
	301,235	229,305

The cash and cash equivalents is freely available to the Group, with the exception of an amount of around € 22.8 million (31 December 2018: € 20.2 million) in general partnerships and other participations consolidated on a pro rata basis in view of TBI not having a controlling interest. The Dutch bank balances also include the balance of frozen G-accounts, which amounts to around € 3.9 million (31 December 2018: € 4.3 million). The deposits have a term of less than one year.

8. GROUP EQUITY

Group equity is explained in the Notes to the Company balance sheet.

9. PROVISIONS

	Deferred taxes	Jubilee obligations	Guarantee obligations	Reorganisation	Other	Total
As at 1 January 2019	–	4,424	2,827	2,701	1,295	11,247
Changes in 2019						
Additions	–	353	2,827	1,715	1,386	6,281
Withdrawals	–	−557	−3,099	−3,341	−641	–7,638
Consolidations and deconsolidations etc.	–	–	100	–	–	100
Other changes	509	–	–	–	–	509
Balance	**509**	**–204**	**–172**	**–1,626**	**745**	**–748**
As at 31 December 2019	**509**	**4,220**	**2,655**	**1,075**	**2,040**	**10,499**

Other provisions have been formed primarily for environmental levies.
The terms of the provisions are as follows:

	31 December 2019			31 December 2018		
(x € 1 million)	< 1 JYEAR	1 – 5 YEARS	> 5 YEARS	< 1 YEAR	1 – 5 YEARS	> 5 YEARS
Provisions	5.0	2.3	3.2	4.7	3.6	2.9

10. NON-CURRENT LIABILITIES

	Subordinated loan	Non-recourse financing	Recourse financing	Other non-current liabilities	Total
As at 1 January 2019	25,000	40,980	5,334	–	71,314
Changes in 2019					
New financing	–	4,063	–	4,071	8,134
Repayment obligations in the coming year	–	–4,514	–2,111	–	–6,625
Balance	**–**	**–451**	**–2,111**	**4,071**	**1,509**
As at 31 December 2019	**25,000**	**40,529**	**3,223**	**4,071**	**72,823**

Repayments falling due within one year are recognised under Current liabilities. The fair value of the non-current liabilities approximates the carrying value.

The terms of the non-current liabilities are:

	31 December 2019		31 December 2018	
(x € 1 million)	1 – 5 YEARS	> 5 YEARS	1 – 5 YEARS	> 5 YEARS
Non-current liabilities per term				
Non-current liabilities	47.9	24.9	59.2	12.1

In January 2016 TBI Beheer B.V. granted a € 25 million subordinated loan to TBI Holdings B.V. The loan is for 10 years at an interest rate of 5%. The loan is repayment-free for the first 5.5 years and thereafter will be repaid in 5 equal and successive annual instalments. Collateral security has not been provided. This loan lapsed after the merger of TBI Beheer B.V. and TBI Holdings B.V. on 1 January 2020.

The non-recourse financing comprises the financing on some of the business premises and project financing. The recourse financing comprises project financing.

Non-recourse financing, initially of € 30 million was taken out against some of the business premises. As at 28 February 2020 this loan was refinanced, consequently at the end of 2019 € 15.8 million was recognised as a non-current liability and € 1.0 million was recognised as a current liability. The interest rate on this loan comprises a fixed component of 1.85% and a variable component based on 3-months Euribor plus a surcharge. Security was provided in the form of first right of mortgage on the premises concerned, pledges of sale and rental contracts and Group guarantees. The loan matures on 28 February 2023.

The non-recourse and recourse project financing concerns non-current project financing taken-out by Group companies. The interest rate varies from 0.35% to 4.41%. Security has been provided in the form of first right of mortgage, a pledge of receivables, purchase and lease contracts, letters of comfort and Group guarantees.

11. CURRENT LIABILITIES AND ACCRUED LIABILITIES

	31 December 2019	31 December 2018
Credit institutions	10,907	10,504
Trade creditors	248,128	256,767
Corporation tax	1,614	429
Taxes and social security contributions	53,558	52,556
Work in progress for third parties	110,566	44,293
Personnel costs	38,658	36,886
Pension contributions	475	635
Payable on completed projects	14,914	22,319
Other liabilities	40,840	42,010
Accrued liabilities	9,173	8,564
	528,833	474,963

The current liabilities and accrued liabilities have terms of less than one year. Due to their short-term nature the fair value of the current liabilities approximates their carrying value. Credit institutions relates to € 7.7 million in repayments of non-recourse financing (2018: € 7.6 million) and € 3.2 million in repayments of recourse financing (2018: € 2.9 million).

Credit facilities

As of 21 December 2015 TBI had access to a new committed Revolving Credit Facility (RCF) of € 75 million with a term of 5 years. There are also uncommitted bilateral current account facilities of € 30 million to cover short-term liquidity shortfalls. The two facilities are documented in a single agreement. The facilities are spread equally over three banks - ABN AMRO, ING and Rabobank. On 1 November 2018 the existing RCF was amended in TBI's favour via a so-called Amend & Extend agreement. The amended RCF assures TBI of better rates and conditions for a period of at least 5 years and at most 7 years, calculated from 1 November 2018. The latter is possible through extension options on the first and second anniversary of the RCF, on the basis of which the RCF as at 1 November 2019 was extended by one year to 1 November 2024.
As was the case as at 31 December 2018, as at 31 December 2019 no use had been made of these facilities. During 2019 these facilities were not drawn down (the same applies for 2018). The interest rate is linked to Euribor. A discount can be gained by complying with non-financial parameters. In 2019 all five of the pre-defined non-financial parameters were complied with. The applicable Euribor percentage depends on the selected term. The principle security is compliance with the financial covenants (the Interest Cover ratio and the Senior Debt Cover ratio). These ratios were complied with in 2019.

Off balance sheet assets and liabilities

	31 December 2019	31 December 2018
Bank guarantees and securities		
Letters of intent re. tenders	17,208	5,317
Bank guarantees re. project execution	187,052	191,809
Bank guarantees re. advance payments received for work in progress	18,023	31,082
Other	11,818	15,495
	234,101	243,703

(x € 1 million)	31 December 2019 < 1 YEAR	1 – 5 YEARS	> 5 YEARS	31 December 2018 < 1 YEAR	1 – 5 YEARS	> 5 YEARS
Other						
Lease agreements	23.4	46.4	3.5	21.0	46.8	3.7
Rental agreements etc.	9.7	30.6	14.8	8.2	27.4	12.0
Land purchase commitments	52.0	27.5	–	55.9	30.4	–

During the year the following amounts were recognised in the profit and loss account in respect of leases (x € 1 million):

	2019
Minimum lease payments	42.5
Conditional lease payments	5.0
Sub-lease income	–
	47.5

The lease obligations relate primarily to the vehicle fleet. Most of the obligations related to rental agreements concern real estate. Operating leases and rental liabilities are stated in nominal amounts and are recognised in the profit and loss account on a straight-line basis over the term of the agreement. Some of the obligations related to land purchases are conditional to changes to the land use zoning plan and/or the issuing of (building) permits.

From time to time TBI Holdings B.V. and its Group companies are involved in legal disputes. A provision is formed when the settlement of a dispute will probably entail an outflow of funds and the size of this outflow can be estimated reliably. In the case of the other on-going disputes, after taking legal advice the Company's management is of the opinion that the outcomes will not have a material effect on the consolidated position of TBI Holdings B.V.

TBI Holdings B.V., its shareholder TBI Beheer B.V. and a number of subsidiary companies in the Netherlands, form a fiscal entity for VAT and corporation tax. In accordance with statutory requirements, all the members of a fiscal entity are jointly and severally liable for the fiscal entity's tax liabilities.

NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

(in thousands of euros unless stated otherwise)

INFORMATION SEGMENTED BY ACTIVITY AREA

	Engineering		Construction		Infrastructure		Holding		Total	
(x € 1 million)	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Operating revenue										
External	704	693	870	832	276	249	–	–	1,850	1,773
Internal	19	19	–3	10	9	9	–25	–39	–	–
Total	**723**	712	**867**	842	**285**	258	**–25**	–39	**1,850**	1,773
Operating result before amortisation and depreciation*	15.4	10.8	42.8	38.9	5.6	11.0	–1.6	6.1	62.2	54.7
Operating result before contribution	9.7	3.1	36.9	30.2	4.4	9.1	–7.7	–6.2	43.3	36.2
Contribution**	–	3.5	–	3.5	–	–	–	–7.0	–	–
Operating profit*	**9.7**	6.6	**36.9**	33.7	**4.4**	9.1	**–7.7**	–13.2	**43.3**	36.2
Operating margin										
Operating profit/revenue	1.3%	0.9%	4.3%	4.0%	1.6%	3.5%	–	–	2.3%	2.0%
Investments in tangible non-current assets	4.4	12.5	4.0	5.7	2.4	2.1	0.6	0.8	11.4	21.1
Investments in intangible non-current assets	14.7	5.8	0.9	1.6	–	0.1	2.4	3.1	18.0	10.6
Depreciation of tangible non-current assets	4.2	3.7	4.2	3.6	1.2	2.0	2.9	2.9	12.5	12.1
Amortisation of intangible non-current assets	1.5	0.5	1.7	1.6	–	0.0	3.1	4.3	6.3	6.3

* Excluding impairment and reorganisation costs.

** The contribution in 2018 relates to a contribution TBI Holdings made to New Main, which is recognised for 50% under Engineering and for 50% under Construction.

12. NET REVENUE

	2019	2018
Geographic spread of net-revenue		
Netherlands	1,423,301	1,500,833
Other EU countries	13,225	11,320
Rest of Europe	524	920
Outside Europe	9,073	5,510
	1,446,123	1,518,583

13. EMPLOYEES

	2019	2018
Average number of employees per activity:		
Engineering	3,970	3,747
Construction	1,437	1,418
Infrastructure	495	478
Other	91	90
	5,993	5,733

In 2019, 214 of the average number of employees on a full-time-basis worked outside the Netherlands (2018: 248).

14. PENSION LIABILITIES

Depending on the relevant collective labour agreement and/or employment contract, the employees of TBI and its Group companies are covered by the pension plans of the following pension funds or insurance schemes:

- Pension fund for the Construction industry
- Pension fund for the Metal-working and Engineering industry (Pensioenfonds Metaal & Techniek)
- Pension fund for the Concrete Products industry
- Insurance schemes:
  - Construction Industry dispensation scheme (for pensions accrued until 1 January 2012)
  - Company Pension Plans

The first three of the pension plans listed above are plans administered by industry-branch pension funds. In all cases in which there is membership of an industry-branch pension fund, in the case of a shortfall in the industry-branch pension fund the TBI Group companies are not obliged to make supplementary contributions over and above payment of future contributions. Similarly, the TBI Group companies are not entitled to any surplus in the funds. The same applies for the insurance-based schemes which have been placed with an insurance company.

On the basis of the above characteristics, the principle is that the pension obligation recognised for the year is equal to the contributions payable to the pension funds and insurance companies over that period.

The Company's employees in the Engineering sector accrue pension with the Pensioenfonds Metaal & Techniek (Pension Fund for the Metal-working and Engineering sector). Partly as a result of the low and slightly variable interest rates, in 2019 the coverage ratio of Pensioenfonds Metaal & Techniek fluctuated around 100%. No reductions were made in 2015 to 2019. This had not been the case in 2014 and 2013 when pensions were reduced by 0.4% and 6.3%. Pensioenfonds Metaal & Techniek will also not raise the pensions as of 1 January 2020. On the basis of new legislation the pension fund was not required to reduce pensions as of 1 January 2020 despite the low coverage ratio.

In 2019 the coverage ratio of the Pension Fund for the Construction Industry fell to 112.4% (end of 2018: 118.3%). The pensions of both the active and inactive members were increased by 1.07% as of 1 January 2019. As of 1 January 2020 the pensions of active members, former members and retired members were increased by 0.26%.

On 31 December 2019 the coverage rate of the Pension Funds for the Concrete Products Industry was 97.9% (end of 2018: 102.4%). This pension fund did not increase pensions as of 1 January 2020. On the basis of new legislation the pension fund was not required to reduce pensions as of 1 January 2020 despite the low coverage rate.

From 1 January 2017 a direct agreement was reached between the employer, TBI, and insurance company, Nationale Nederlanden, in respect of the administration of the pension plan for TBI employees (with the exception of those administered by the compulsory industry branch pension funds).

15. AMORTISATION OF INTANGIBLE NON-CURRENT ASSETS AND DEPRECIATION OF TANGIBLE NON-CURRENT ASSETS

	2019	2018
Amortisation of intangible non-current assets	6,335	6,344
Depreciation of material non-current assets	12,508	12,114
	18,843	18,458

Amortisation of intangible non-current assets		
Development costs	1,940	1,598
Software and licences	3,529	4,293
Goodwill	866	453
	6,335	6,344

Depreciation of tangible non-current assets		
Land and buildings	3,466	3,317
Plant and machinery	3,452	3,739
Other non-current operating assets	5,590	5,058
	12,508	12,114

16. OTHER OPERATING COSTS

	2019	2018
Vehicle costs	27,342	26,304
Automation costs	23,156	22,322
Accommodation costs	12,589	12,750
Other personnel costs	14,248	13,240
Other costs	37,192	29,244
	114,527	103,860

17. TAXATION ON THE RESULT

This concerns the tax payable on the results achieved in the Netherlands and abroad, taking into account the changes in deferred taxes. The tax payable has been calculated at the applicable rates taking into account tax-exempt profit components, permanent differences and non-deductible costs.

	2019	2018
Result before taxes	37,614	24,372
Deferred corporation tax	−1,628	4
Acute current year corporation tax	−8,001	−6,430
Prior year corporation tax	5	−294
Tax on result	**−9,624**	−6,720

The effective tax rate for 2019 was 25.6% (2018: 27.6%). The relationship between the average effective tax rate and the statutory corporation tax rate was as follows:

	2019	2018
(in %)		
Corporation tax rate	25.0	25.0
Non-deductible costs	0.8	1.3
Differences in foreign tax rates	0.5	0.6
Prior year adjustment	–	1.2
Liquidation losses	−0.6	–
Tax facilities etc.	−0.1	−0.5
Effective tax rate	**25.6**	27.6

18. RESULT FROM PARTICIPATIONS

Result from participations includes the profit from non-consolidated participations of € 0.5 million (2018: € 0.5 million).

Exchange rate differences

The exchange rate differences recognised in the profit and loss account amounted to nil (2018: nil).

Research & development costs

Research & development costs charged to the result, including the amortisation of capitalised development costs, amounted to € 3.1 million (2018: € 4.1 million).

Reorganisation costs

With a view to maintaining profitability and with it the continuity of TBI, a number of TBI companies adjusted their cost structure and organisations to reflect the expected level of activity in the coming years. The related reorganisation costs amounted to € 1.7 million (2018: € 5.2 million).

Remuneration of Executive and Supervisory Board members

The remuneration of the members and former members of the Executive Board includes both regular components, such as salaries, social security contributions and pension contributions as well as variable components. The awarding of variable payments is partly dependent on the achievement of personal and sustainability targets. In 2019 an amount of € 2.384 million was charged to the Company in respect of these payments (2018: € 3.079 million). The remuneration of the Executive Board was lower than in 2018 due to the retirement of Mr. D.A. Sperling as of 1 May 2019.

In 2019 the remuneration of the Supervisory Board members charged to the Company amounted to € 0.234 million (2018: € 0.234 million).

Auditor's fee

The Auditor's fee can be broken-down by category as follows:

	2019	2018
Audit of the consolidated financial statements	1,350	1,255
Other audit tasks	22	22
Taxation advice	–	8
Other non-audit services	37	46
	1,409	1,331

The taxation advice related to advice regarding corporation tax. Other non-audit services were tasks relating to strategic targets.

The fees shown above relate to the tasks carried out at the Company and the Group companies included in the consolidation by external accountant companies and external independent auditors as understood by Article 1, Clause 1 of the Wet toezicht accountantsorganisaties (Audit Firms Supervision Act) and the fees charged by the entire network to which the Auditor's organisation belongs. These fees relate to the examination of the financial statements for the 2019 financial year, whether or not the tasks were carried out during the financial year.

COMPANY BALANCE SHEET AS AT 31 DECEMBER 2019

(before profit appropriation, in thousands of euros)

		31 December 2019	31 December 2018
Non-current assets			
Tangible non-current assets	1	529	685
Financial non-current assets	2	315,809	340,530
		316,338	**341,215**
Current assets			
Receivables	3	98,232	3,083
Cash and cash equivalents	4	235,424	180,710
		333,656	**183,793**
Total assets		**649,994**	525,008
Shareholder's equity	5		
Issued capital		45,378	45,378
Share premium reserve		7,683	7,683
Statutory reserves		2,591	2,460
Other reserves		194,019	181,398
Retained profit		28,505	18,172
		278,176	**255,091**
Provisions	6	1,763	1,316
Non-current liabilities	7	25,000	25,000
Current liabilities and accrued liabilities	8	345,055	243,601
Total liabilities		**649,994**	525,008

COMPANY PROFIT AND LOSS ACCOUNT FOR 2019

(in thousands of euros)

	2019	2018
Result from participations after tax	36,310	31,974
Company result after tax	–7,805	–13,802
	28,505	18,172

NOTES TO THE 2019 COMPANY FINANCIAL STATEMENTS

(in thousands of euros)

GENERAL

The Company financial statements of TBI Holdings B.V. have been prepared in accordance with the statutory provisions laid down in Part 9 Book 2 of the Dutch Civil Code and definitive statements of the Guidelines for Financial Statements as published by the Dutch Accounting Standards Board. The accounting policies used for the Company financial statements are the same as those used for the consolidated financial statements. The policies for the valuation of assets and liabilities and for the determination of the result are explained in the Notes to the consolidated balance sheet and profit and loss account. Accordingly, participations in Group companies are carried at net asset value.

COMPANY BALANCE SHEET

1. TANGIBLE NON-CURRENT ASSETS

	Other non-current business assets
As at 1 January 2019	
Acquisition price or production costs	1,668
Accrued impairments and depreciation	–983
Carrying value	**685**
Changes in carrying value	
Investments	61
Depreciation	–217
Balance	**–156**
As at 31 December 2019	
Acquisition price or production costs	1,729
Accrued impairments and depreciation	–1,200
Carrying value	**529**

2. FINANCIAL NON-CURRENT ASSETS

	31 December 2019	31 December 2018
Share in Group companies	309,525	288,632
Deferred tax receivables	–	16,049
Other participations	1,018	1,018
Loans granted	4,863	34,378
Other financial non-current assets	403	453
	315,809	340,530

The changes in the financial year were as follows:

	Share in Group companies	Deferred tax receivables	Other participations	Loans granted	Other financial non-current assets	Total
As at 1 January 2019	288,632	16,049	1,018	34,378	453	340,530
Changes in 2019						
Net profit for 2019	36,235	–	75	–	–	36,310
Dividends received	–15,900	–	–75	–	–	–15,975
Loans granted	–	–	–	500	–	500
Loans repaid	–	–	–	–15	–	–15
Changes to deferred tax receivables	–	–16,049	–	–	–	–16,049
Addition to provision for negative participations	527	–	–	–	–	527
Exchange rate differences	31	–	–	–	–	31
Other changes	–	–	–	–30,000	–50	–30,050
Balance	**20,893**	**–16,049**	**–**	**–29,515**	**–50**	**–24,721**
As at 31 December 2019	**309,525**	**–**	**1,018**	**4,863**	**403**	**315,809**

The principle consolidated participations at the end of 2019 are shown in the 'TBI Organisational Structure'. In accordance with the statutory requirement a list of the consolidated and non-consolidated participations and the principle construction consortia and other joint arrangements has been filed for inspection in the Trade Register of the Chamber of Commerce in Rotterdam.

Loans granted concerns a loan to a non-consolidated participation and three loans to Group companies. At the end of 2019 the outstanding amount of the loan to a non-consolidated participation was € 0.3 million (2018: € 0.3 million). The term runs until 5 March 2037. The interest rate on the loan is 7%. No collateral security has been given for the loan. In addition loans have been granted to two Group companies. At the end of 2019 the outstanding amount was € 4.6 million (2018: € 34.1 million). The first loan will mature on 31 December 2027 and the interest rate is 4%. Collateral security has been provided in the form of a mortgage on the company's premises. The second loan matures on 15 March 2023 and the interest rate is 7%. This is a subordinated loan with a principal of € 4.0 million.

All the other receivables recognised under Financial non-current assets have a remaining term longer than one year.

3. RECEIVABLES

	31 December 2019	31 December 2018
Debtors	2	110
Receivable from Group companies	90,801	–
Corporation tax	6,210	–
Other receivables and accrued assets	1,219	2,973
	98,232	3,083

The receivables have a term of less than one year. Receivables include an amount of nil receivable from the shareholder (2018: € 2.9 million).

4. CASH AND CASH EQUIVALENTS

	31 December 2019	31 December 2018
Banks	235,424	180,710
	235,424	180,710

The cash and cash equivalents are freely available to the Company.

TBI acts as banker for its subsidiary companies. The cash and cash equivalents of these subsidiaries that are not needed for their day-to-day operations can be deposited in the Company's financing account. The interest payable on this instant-access current account is based on the base rate set by the commercial banks plus a surcharge. In 2019 the average interest rate on receivables from Group companies was 1.4% (2018: 1.4%). In 2019 the reimbursed interest on the credit funds deposited with the Company averaged 0.4% (2018: 0.4%). For completeness refer to the Note: Current liabilities and accrued liabilities in the consolidated financial statements.

5. SHAREHOLDER'S EQUITY

The authorised capital comprises 2,250,000 ordinary shares with a nominal value of € 100, of which 453,780 shares have been issued and are fully paid up. The share premium reserve created on payment for the shares is not distributable free of tax.
The composition of and movements in the shareholder's equity were as follows:

	Issued capital	Share premium reserve	Statutory reserves	Other reserves	Retained profit	Total
Shareholder's equity						
As at 1 January 2018	45,378	7,683	2,217	174,197	10,616	240,091
Added to the reserves	–	–	–	10,616	–10,616	–
Dividend	–	–	–	–3,185	–	–3,185
Net result 2018	–	–	–	–	18,172	18,172
Exchange rate differences and other movements	–	–	243	–230	–	13
As at 31 December 2018	**45,378**	**7,683**	**2,460**	**181,398**	**18,172**	**255,091**
Added to the reserves	–	–	–	18,172	–18,172	–
Dividend	–	–	–	–5,451	–	–5,451
Net result 2019	–	–	–	–	28,505	28,505
Exchange rate differences and other movements	–	–	131	–100	–	31
As at 31 December 2019	**45,378**	**7,683**	**2,591**	**194,019**	**28,505**	**278,176**

Of the statutory reserves an amount of nil relates to exchange rate differences participations (2018: € -0.1 million), an amount of nil relates to retained profit minority participations (2018: nil) and an amount of € 2.6 million relates to development costs of intangible non-current assets (2018: € 2.5 million). These amounts are not freely distributable on the grounds of Part 9, Book 2 Article 389 Clause 8 and Article 365 Clause 2 of the Dutch Civil Code (statutory reserves).

In April 2019 the Annual General Meeting, acting on a recommendation of the Supervisory Board, adopted the 2018 financial statements without change. In accordance with the Company's Articles of Association it was also agreed to distribute a dividend of € 5.5 million to the shareholder and to add the remainder of the profit for 2018 to the other reserves.

6 PROVISIONS

	Reorganisation	Other	Total
As at 1 January 2019	1,280	36	1,316
Movements in 2019			
Addition	596	1,386	1,982
Withdrawals	–1,521	–14	–1,535
Balance	**–925**	**1,372**	**477**
As at 31 December 2019	**355**	**1,408**	**1,763**

Other provisions have been formed for credit risk and personnel-related costs.

The terms of the provisions are as follows:

	31 December 2019			31 December 2018		
Other (x € 1 million)	< 1 YEAR	1 – 5 YEARS	> 5 YEARS	< 1 YEAR	1 – 5 YEARS	> 5 YEARS
Provisions	0.4	1.4	–	1.3	–	–

7. NON-CURRENT LIABILITIES

Non-current liabilities by category

	31 December 2019	31 December 2018
Subordinated loan	25,000	25,000

Non-current liabilities by term

	31 December 2019		31 December 2018	
	1 – 5 YEARS	> 5 YEARS	1 – 5 YEARS	> 5 YEARS
Non-current liabilities	20,000	5,000	15,000	10,000

In January 2016 TBI Beheer B.V. granted a subordinated loan of € 25 million to TBI Holdings B.V. This loan has a term of 10 years and an interest rate of 5%. This loan is part of the guarantee capital. The loan became void after the merger of TBI Beheer B.V. and TBI Holdings B.V. on 1 January 2020.

8. CURRENT LIABILITIES AND ACCRUED LIABILITIES

	31 December 2019	31 December 2018
Trade creditors	1,387	584
Owed to Group companies	332,090	237,766
Other liabilities and accrued liabilities	11,578	5,251
	345,055	243,601

The current liabilities and accrued liabilities have terms of less than one year. The fair value of the current liabilities approximates the carrying value owing to their short-term nature. Current liabilities relates to a debt to the shareholder of € 0.7 million (2018: nil).

	31 December 2019			31 December 2018		
(x € 1 million)	< 1 YEAR	1 – 5 YEARS	> 5 YEARS	< 1 YEAR	1 – 5 YEARS	> 5 YEARS
Other						
Lease agreements	0.3	0.7	–	0.3	0.7	–
Rental agreements etc.	0.3	1.3	0.8	0.2	1.3	1.2

During the year the following amounts were recognised in the profit and loss account in respect of lease agreements:

	2019
Minimum lease payments	309
	309

TBI Holdings B.V. plus its shareholder TBI Beheer B.V. and a number of subsidiary companies in the Netherlands together form a fiscal unity for the VAT and corporation tax. In accordance with statutory requirements all the members of a fiscal unity are jointly and severally responsible for the entity's tax liabilities. The tax liability of each member of the fiscal unity is determined on the basis of it being an independent tax payer. Settlement takes place in the current account.

Off balance sheet commitments

	31 December 2019	31 December 2018
Bank guarantees and securities		
Other	1,771	1,771
	1,771	1,771

The Company has issued Group guarantees, mainly to project clients, instead of bank guarantees. At the end of 2019 the amount involved was € 33.6 million (end of 2018: € 40.5 million).

Company profit and loss account
The abridged profit and loss account has been prepared in accordance with Article 402, Part 9, Book 2 of the Dutch Civil Code.

In 2019 an average of 49 people were employed by the Company (2018: 51 employees). In 2019, as in 2018, all the employees worked in the Netherlands.

Financial income and expense from transactions with Group companies
TBI Holdings B.V. acts as the Group's internal banker. In principle, the Group companies deposit the funds they do not need for their day-to-day operations with TBI. The interest payable on this instant-access current account is based on the base rate set by the European Central Bank plus a surcharge. In 2019 the financial income from this relationship with Group companies was € 1.7 million (2018: € 1.8 million). In 2019 the financial expense arising from this relationship with Group companies was € 2.4 million (2018: € 2.1 million).

Transactions with related parties
In 2019 TBI Holdings B.V. did not charge any exceptional costs incurred by New Main B.V. (2018: € 7.0 million) to the result.
In 2019 TBI Holdings B.V. reimbursed the TBI companies € 0.9 million in respect of reorganisation costs (2018: € 1.8 million).

Post balance sheet date events
As of 1 January 2020 TBI Holdings B.V. (CofC 24144064) and TBI Beheer B.V. (CofC 24144065) have been formally merged: the merged company has the legal name TBI Holdings B.V. and is listed in the commercial register of the Chamber of Commerce under number 24144065. Due to this merger the former TBI Holdings B.V. (CofC 24144064) has ceased to exist. Company financial statements for the 2019 financial year have been compiled for both the former TBI Holdings B.V. (CofC 24144064) and TBI Beheer B.V. (CofC 24144065). The composition of the Executive Board and the Supervisory Board of the new merged company TBI Holdings B.V. (CofC 24144065) has remained the same as for the former TBI Holdings B.V. (CofC 24144064).

There were no further post balance sheet date events as understood in Article 2:380a of the Dutch Civil Code.

Proposed appropriation of the result for 2019
The net result for 2019 amounts to € 28.5 million. In anticipation of the aforementioned merger between TBI Holdings B.V. and TBI Beheer B.V. the Executive Board proposes that an amount of € 7.5 million be distributed to the shareholder as a dividend.

Rotterdam, 19 March 2020
TBI Holdings B.V.

Supervisory Board
A.L.M. Nelissen, Chairman
E.H.M. van den Assem
H. Morelisse
M. Niggebrugge
D.J.B. de Wolff

Executive Board
A.J.H. van Breukelen, Chairman
E.A.A. Roozen RA

OTHER INFORMATION

PROVISIONS OF THE ARTICLES OF ASSOCIATION IN RESPECT OF PROFIT APPROPRIATION

In view of the aforementioned merger of TBI Holdings B.V. and TBI Beheer B.V., on 19 March 2020 the provisions contained in the Articles of Association of the acquiring company are applicable.

Article 22

22.1 The Annual General Meeting of Shareholders is authorised to allocate the profit determined by adoption of the financial statements. If the Annual General Meeting of Shareholders does not take a decision to allocate the profit prior to, or at the latest immediately after, the adoption of the financial statements Annual General Meeting of Shareholders, the profit will be reserved.

22.2 The Annual General Meeting of Shareholders is authorised to determine distributions. If the Company is legally obliged to maintain reserves, this authority only applies to the extent that shareholder equity exceeds these reserves. A decision of the Annual General Meeting of Shareholders to pay-out a dividend has no consequences unless it is approved by the Supervisory Board. The Executive Board may only reject this approval if it knows, or has good reason to foresee, that after the pay-out the Company would not be able to continue paying its due debts.

22.3 The nominal value of the share is decisive for the calculation of the amount to be paid on each share.

INDEPENDENT AUDITOR'S REPORT

To the shareholder and supervisory board of TBI Holdings B.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2019 INCLUDED IN THE ANNUAL REPORT

Our opinion
We have audited the accompanying financial statements 2019 of TBI Holdings B.V., based in Rotterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of TBI Holdings B.V. as at 31 December 2019, and of its result for 2019 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:
1. The consolidated and unconsolidated balance sheet as at 31 December 2019.
2. The consolidated and unconsolidated profit and loss account for 2019.
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 TBI Holdings 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Paragraph to emphasize the impact of the corona virus
We draw attention to the explanation of the impact of the corona virus as set out in the 2019 annual report. The 'Message from the Chairman of the Executive Board' on page 4 states that: "At the time of writing the impact of the corona virus is creating considerable uncertainty regarding the progress of our projects and the macro-economic consequences." The Outlook section on page 29 states that: "The effects of the corona virus will lead to far lower growth expectations for the Dutch economy, or even a shrinkage". Our opinion is not modified in respect of this matter.

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:
- TBI at a glance
- Message from the chairman of the Executive Board
- How TBI creates value
- Trends and developments
- Progress of strategic pillars in 2019
- Financial results
- Outlook
- Acceleration themes
- Governance
- Report of the Supervisory Board
- 2019 in pictures
- Other information
- Additional information

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 substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the Executive Board's Report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

Responsibilities of management for the financial statements
Management 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, management is responsible for

such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.
As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management 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.

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 detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

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

Rotterdam, March 19, 2020

Deloitte Accountants B.V.
Was signed: D.A. Sonneveldt RA

ASSURANCE REPORT OF THE INDEPENDENT AUDITOR FOR THE SUSTAINABILITY INFORMATION IN THE ANNUAL REPORT 2019

To the shareholder and supervisory board of TBI Holdings B.V.

Our conclusion
We have reviewed the sustainability information in the annual report 2019 of TBI Holdings B.V. based in Rotterdam. The review is aimed at obtaining a limited level of assurance.

Based on our review, nothing has come to our attention that causes us to believe that the sustainability information in the annual report 2019 of TBI Holdings B.V. does not present, in all material respects, a reliable and adequate view of:

- the policy and business operations regarding corporate social responsibility; and
- the thereto related events and achievements for the year 2019 in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) Core option and internally used reporting criteria; as included in paragraph 'Scope and accountability'.

We have been asked to provide a limited level of assurance for the sustainability information as presented in the following chapters:

- TBI at a glance
- How TBI creates value
- Trends and developments
- Progress of strategic pillars in 2019
- Acceleration themes
- 2019 in pictures
- Other information

Basis for our conclusion
We have performed our assurance engagement on the sustainability information in the annual report 2019 in accordance with Dutch law, including Dutch Standard 3810N 'Assurance engagements for sustainability reports'. This assurance engagement is aimed to obtaining limited assurance. Our responsibilities under this standard are further described in the 'Our responsibilities for the assurance engagement of the sustainability information' section of our report.

We are independent of TBI Holdings B.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO) and other relevant independence requirements in The Netherlands. Furthermore we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA).

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

Reporting criteria
The sustainability information needs to be read and understood together with the reporting criteria. TBI Holdings B.V. is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting.

The reporting criteria used for the preparation of the sustainability information are the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) as disclosed in the section 'Scope and accountability' of the annual report and further described in the reporting manual.

Our procedures for the review and measurement of the non-financial information provides the opportunity to use several acceptanle measurement techniques. Using this can affect the comparability between the entities and comparability over time.

Scope of the assurance engagement TBI Holdings B.V.
TBI Holdings B.V. consists of a group of entities. The sustainability information comprises the consolidated information of this group of entities as explained in the section 'Scope and accountability' of the annual report.

Our procedures for reviewing the group existed of reviewing procedures on holding level (consolidated) as well as on entity level. The decision to include entities in our procedures is based on the individual contribution of an entity to the consolidated information. Additionally, for the selection of the entitites, also relevant reporting risks and geographical locations were taken into account.

We combine procedures on entity level with additional procedures on holding level and have thereby collected sufficient and suitable assurance information in relation to the reported information of the holding to draw a conclusion on the sustainability information.

Limitations to the scope of our examination

The sustainability information includes prospective information such as ambitions, strategy, plans, expectations and estimates. Inherent to prospective information, the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the sustainability information.

Responsibilities of the executive board and the supervisory board for the sustainability information

The executive board of TBI Holdings B.V. is responsible for the preparation of the sustainability information in accordance with the reporting criteria as disclosed in the section 'Scope and accountability', including the identification of determination of material topics. The decisions made by the executive board relating to the scope fo the sustainability information and the reporting policy are disclosed in the chapter 'Scope and accountability'.

The executive board is also responsible for such internal control as it determines is necessary to enable the preparation of the sustainability information that is free from material misstatement, whether due to fraud or errors.

The supervisory board is responsible for overseeing the company's reporting process.

Our responsibilities for the assurance engagement of the sustainability information

Our responsibility is to plan and perform the assurance assignment in a manner that allows us to obtain sufficient and appropriate review evidence for our conclusion.

This assurance engagement is aimed at obtaining limited assurance. The performed procedures by obtaining a limited level of assurance are aimed at determining the plausibility of information and are less extensive than those aimed at obtaining reasonable assurance in an assurance engagement.

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 decisions of users taken on the basis of the sustainability information. The materiality affects the nature, timing and extent of our procedures and the evaluation of the effect of identified misstatements on our conclusion.

We apply the 'Nadere voorschriften kwaliteitssystemen' (NVKS) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have exercised professional judgement and have maintained professional skepticism throughout the assurance engagement, in accordance with the Dutch Standard 3810N.

Our assurance engagement included amongst others:

- Performing an analysis of the external environment and obtaining an understanding of relevant social themes and issues, and the characteristics of the company.
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the sustainability information. This includes the evaluation of the results of the stakeholders' dialogue and the reasonableness of estimates made by the executive board.
- Obtaining an understanding of the reporting processes for the sustainability information, including obtaining a general understanding of internal control relevant to our examination.
- Identifying areas of the sustainability information with a higher risk of misleading or unbalanced information or material misstatements, whether due to fraud or error. Designing and performing further assurance procedures aimed at determining the plausibility of the sustainability information responsive to this risk analysis. These procedures consisted amongst others of:
  - Interviewing management (and/or relevant staff) at corporate (and business/division/cluster/local) level responsible for the sustainability strategy, policy and results;
  - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the sustainability information;
  - Obtaining assurance information that the sustainability information reconciles with underlying records of the company;
  - Examining, on a limited test basis, relevant internal and external documentation;
  - Performing an analytical examination of the data and trends;
- Reconciling the relevant financial information with the financial statements.
- Evaluating the presentation, structure and content of the sustainability information.
- To consider whether the sustainability information as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

From the matters communicated with the supervisory board of TBI Holdings B.V. we determine those matters that were of most significance in the review of the sustainability information and are therefore the key review matters.

Rotterdam, March 19, 2020

Deloitte Accountants B.V.
Was signed: D.A. Sonneveldt RA

ADDITIONAL INFORMATION

SCOPE AND ACCOUNTABILITY

Each year TBI publishes an integrated Annual Report. In this report we report on our strategy and on economic, social, environmental, and societal developments and results. The Annual Report is prepared in accordance with the standards of the Global Reporting Initiative (GRI) and is based on the IIRC Reporting Framework.

The scope of the Annual Report was determined on the basis of a materiality analysis. This means that we report on the material themes and when defining the scope of the reporting we let ourselves be guided by the insights gained from this materiality analysis.

Reliability
The Executive Board was closely involved in the preparation of this report and the outcomes of the materiality analysis.
This Annual Report, like the 2018 Annual Report (published on 11 April 2019) was verified externally (limited assurance) and complies with the GRI standards 'Core' option. The independent Auditor's Assurance report is included on pages 102 to 104 of this Report.

Availability
The 2019 Annual Report and the GRI Standards content index can be downloaded as pdf files from www.tbi.nl. The Annual Report, which is available in both Dutch and English, was published on 16 April 2020.

Target groups
The most important target groups for this Annual Report are our shareholder, (potential) clients, (potential) employees, cooperating partners, suppliers and NGOs.

Scope
The Report covers the 2019 financial year that ran from 1 January 2019 to 31 December 2019. The reported financial data and number of FTEs encompass all TBI's activities, both national and international. All the non-financial information, with the exception of the safety performances, relates exclusively to TBI's activities in the Netherlands. In the case of consortia – enterprises in which the control is exercised jointly with third parties on the basis of a cooperation agreement – the reporting reflects the size of the interest the TBI concern holds in the relevant consortium. Data from entities in which TBI holds a minority interest or does not have managerial control is excluded.

Comparability
All specific issues that may affect the comparability of the data are explained in the text and/or by means of footnotes to the text concerned.

Measurement method and data collection
The (consolidated) figures in this report are based on measurements, calculations or statements made by the TBI companies.
The TBI companies' Controllers are responsible for the validation of all the data reported to TBI. TBI uses a consolidation tool to consolidate the financial and non-financial figures. All quantitative information about the financial and non-financial performance is based on internal memoranda, reports, correspondence or interviews with key figures.

The definitions used for the reported KPIs are included in the Glossary on pages 108 and 109.

OVERVIEW OF TBI COMPANIES

ENGINEERING

	Management Board	Website
Comfort Partners B.V.	R.H.L. van Schaijck	www.comfort-partners.nl
Croonwolter&dros B.V.	P.J. Heijboer	www.croonwolterendros.nl
	B.J. Ambachtsheer	
	E. de Roodt	
	J.T.M. van Rijn-Hoogweg	
Eekels Technology B.V.	H. de Haan	www.eekels.com
	J.H. Hoegee	
Giesbers InstallatieGroep B.V.	P. Giesbers	www.giesbers.com
	R. Giesbers	
	R. van Breemen	
Soltegro B.V.	J. de Man	www.soltegro.nl
	J.M. Teeuw	
WTH Vloerverwarming B.V.	inF.J.M. Verdel	www.wth.nl

CONSTRUCTION AND DEVELOPMENT

	Management Board	Website
ERA Contour B.V.	B. Seekles	www.eracontour.nl
	J.J.L. Heijdra	
	J.P. van Zomeren	
Groothuis Wonen B.V.	S.J.F. de Wit	www.groothuis.nl
Hazenberg Bouw B.V.	B.N.W. de Bont	www.hazenberg.nl
	R.J.P. Maas	
HEVO B.V.	E.R. van der Sluis	www.hevo.nl
	M.A. Otto	
J.P. van Eesteren B.V.	M. Peppel	www.jpvaneesteren.nl
	A. van Lunteren	
Koopmans Bouwgroep B.V.	H.C. Smit	www.koopmans.nl
	M.J. Groenendijk	
MDB B.V.	J.M. Huizer	www.mdb.nl
Synchroon B.V.	H.J. van Dam	www.synchroon.nl
	T.B. Verhoeven	
Voorbij Prefab B.V.	D. Staal	www.voorbijprefab.nl

INFRA

	Management Board	Website
TBI Infra B.V.	R.J. Feijen	www.tbi-infra.nl
	I.Baert	
Mobilis B.V.	R.M. Hoeboer	www.mobilis.nl
	TBI Infra	
Voorbij Funderingstechniek B.V.	M. Sterk	www.voorbijfunderings-techniek.nl
	TBI Infra	
Voton B.V.	M. Sterk	www.voorbijfunderings-techniek.nl

FIVE-YEAR SUMMARY

(x € 1 million, unless stated otherwise)

	2019	2018	2017	2016	2015
Market					
Orders received	1,893	2,581	1,711	1,833	1,508
Order book	2,829	2,630	2,374	2,136	1,795
Housing units sold	960	1,731	1,251	1,671	1,707
Housing units delivered	843	1,785	2,345	1,649	nb[2]
Financial[1]					
Operating result	1,850	1,773	1,708	1,573	1,557
Operating result before amortisation and depreciation (EBITDA)[1]	62.2	54.7	46.0	11.7	32.7
Operating result (EBIT)[1]	43.3	36.2	28.0	–7.3	14.2
Operating result (EBIT)	41.5	28.1	18.3	–19.4	–1.0
Net result	28.5	18.2	10.6	–16.7	1.3
Total assets	890.3	812.6	779.9	707.7	766.8
Shareholder equity	278.2	255.1	240.1	229.7	247.0
Interest-bearing non-current liabilities	72.8	71.3	66.1	66.5	52.5
Interest-bearing current liabilities	10.9	10.5	14.6	13.2	14.1
Net working capital	–49.9	–2.6	28.0	65.3	47.7
Cash and cash equivalents	301.2	229.3	186.7	138.3	166.5
Ratios					
Operating result before amortisation and depreciation (EBITDA) as a % of operating revenue[1]	3.4	3.1	2.7	0.7	2.1
Operating result (EBIT) as a % of operating revenue[1]	2.3	2.0	1.6	–0.5	0.9
Net result as a % of:					
– operating revenue	1.5	1.0	0.6	–1.1	0.1
– shareholder's equity	10.2	7.1	4.4	–7.3	0.5
Solvency as a % of guarantee capital	34.1	34.5	34.0	36.0	32.2

	2019	2018	2017	2016	2015
Employees[3]					
Number of FTEs at year end	5,986	5,758	5,746	5,677	5,744
Training costs per FTE in €	927	744	692	702	578
Breaches of the TBI Code of Conduct	11	17	9	16	14
Health and safety					
Lost time incidents	38	36	39	37	33
Incident frequency (IF)	3.2	3.1	3.5	3.6	3.1
Sick leave in %	4.4	4.7	4.5	4.4	4.1
Environmental-impact					
CO_2 emissions (kton)	32	33	32[4]	29	29
CO_2 emissions/per million € operating revenue (ton)	17.3	18.7	18.5	18.4	18.9
Waste volume (kton)	24.9	31	33	28	25
Waste volume/per million € operating revenue (ton)	13.5	17.4	19.3	17.9	16.1
Waste separation percentage	64.3	59.6	51.5	66.5	nb[2]
Percentage sustainable timber	98	94	95	91	95

1 Operating result from normal business operations (before deduction of reorganisation costs, impairments and other devaluations).
2 Not available.
3 Excluding foreign entities for the year up to and including 2017.
4 The total CO_2 footprint in 2017 has been adjusted in the light of more recent insight into the application of the scope definition in relation to refrigerant gases.

GLOSSARY

B

BENG
Acronym of the Dutch Bijna Energie Neutraal Gebouw (Nearly Energy-Neutral Building).

Building Information Model (BIM)
A digital representation of all the physical and functional characteristics of a building. A BIM model is a shared knowledge source or file containing information about the building that serves as a reliable basis for making decisions about the building throughout its entire life cycle. This means from initial design via construction and management/use to final demolition.

C

Carbon footprint
CO_2 gas is one of the main causes of the greenhouse effect and burning fossil fuels is one cause of CO_2 emissions. In accordance with the SKAO Emission Factors Handbook (version 3.0, June 2015) (Stichting Klimaat-vriendelijk Aanbesteden en Ondernemen (SKAO) Dutch Climate Friendly Procurement and Entrepreneurship Foundation), TBI only reports the Scope 1 and Scope 2 emissions of its activities in the Netherlands.
Scope 1 emissions are direct emissions caused by the organisation itself, such as emissions due the organisation's own gas consumption and from its own vehicle fleet (including employees' private mileage in company lease vehicles).
Scope 2 emissions are indirect emissions released during the generation of the electricity used by the organisation, such as emissions from the plant that supply the electricity. This is after the deduction of renewable energy. Scope 2 emissions also include air travel and business mileage driven by employees in private vehicles. The CO_2 calculations are based on actual (measured) data.
The CO_2 emissions from small(er) projects are excluded from this reporting if together they contribute a maximum of 5% of TBI's total annual revenue. Project-related energy and/or fuel usage that is paid for by the client is not included in TBI's CO_2 emissions.

E

Employee
A person with a permanent (no fixed period) or temporary (fixed period) contract of employment with a TBI company.

External staff
Independent workers who are not employed by TBI, but who are instructed directly by TBI Managers.

I

(Work related) Incident with lost time
A work-related incident (excluding incidents while commuting), that causes injury, sickness or death such that the person concerned is absent from work for at least the whole of the working day following the incident and does not carry-out any alternative work. A 'serious work-related incident' is an incident that must be reported to the Ministry of Social Affairs and Employment Inspectorate (inspectiedienst SZW). Serious incidents are those that lead to death, hospitalisation, permanent injury and/or permanent damage to health.

(Work-related) Injury Frequency (IF)
The total number of recordable (lost time or fatal) work-related incidents multiplied by 1 million (hours) divided by the total number of hours worked by employees and external staff.

(Work-related) Incident without lost time
A work-related incident such that the person concerned can resume work within 8 hours after the incident and/or can carry out alternative work.

N

NOM
NOM is the Dutch acronym for Nul op Meter (Nothing on the Meter). A NOM building generates as much, or more, energy than is needed to run or live in the building. This can be achieved by a building upgrade that includes gable insulation, smart building systems and own energy generation.

O

Operating margin
Operating result (EBIT/EBITDA) as a percentage of operating revenue.

Operating revenue
By operating revenue is understood the production at net realisable value. Operating revenue includes net turnover, movements in work in progress (including profit mark-up and/or provisions formed for losses) and other operating income. Net revenue comprises the income from goods and services delivered during the year (excluding VAT).

Operating result before depreciation and amortisation (EBITDA)
Operating result from normal business activities before the deduction of the costs of depreciation (tangible non-current assets) and amortisation (intangible non-current assets). This term is a measure of the Group's ability to generate cash and a component of the banking syndicate's financial covenants.

Operating result from normal business activities (EBIT)
The operating result before deduction of reorganisation costs and impairments.

Order book
The portion of the contracted value of work and/or projects in progress that as at the balance sheet date has not yet been completed, or has not yet been started plus work and/or projects in the pipeline: the total value of the to be received contracts or projects for which prices have been agreed (construction teams) or with the lowest tender (tender procedure).

P

PAS (NAP)
The Programma Aanpak Stikstof (PAS) (Nitrogen Approach Programme) is a Dutch government policy framework with which since 2015 development has been possible in the areas around so-called Natura 2000 areas. The PAS is an integral programme for activities with a threshold value for nitrogen emission (nitrogen deposition). This concerns, for example, expansions of livestock farms, the construction of residential areas and roads and industrial activities. Below this value application for a license in respect of the Nature Conservation Act is not necessary.

PFAS
PFAS stands for Poly and perfluoralkyl substances. PFAS are a group of materials made because of their specific properties, such as fire resistance and dirt and water repellence. They have been used for decades in a variety of applications including paint, fire extinguisher foam, pans, clothing and cosmetics. PFAS also have negative environmental properties – they are persistent, mobile and hardly biodegradable. Some PFAS are toxic. PFAS are found as contamination in soil, groundwater and surface water.

S

Sick leave
The weighted average of absence due to sickness calculated on the basis of calendar days (pregnancy and maternity/paternity leave are not included), adjusted for part-time employees (in conformance with the Dutch National Absenteeism Standard).

Solvency
The solvency ratio is shareholder's equity resp. Guarantee capital as a percentage of total assets.

Separated waste percentage
The portion of the waste that is offered sorted at our construction sites and taken away by the waste processor. The construction and demolition, business and other waste streams are counted as non-separated waste streams. The total quantity of waste included in the calculation of the separated waste percentage includes: 1) all waste streams from the collectors with which there is a framework contract and 2) all significant waste streams supplied via other collectors.

Sustainable timber
Timber and woody products are covered by the FSC's Construction & Timber Covenant. Therein the guidelines set by the Dutch government for sustainable timber procurement (TPAC) are followed for certificated sustainable timber; FSC for timber sourced from temperate and tropical regions, and PEFC (Programme for the Endorsement of Forest Certification) for timber from temperate regions.

T

TBI Code of Conduct
A TBI document containing rules and guidelines to prevent conflicts between the business and private interests of all employees and other involved parties and the misuse of confidential information and also to provide guidance in respect of standards of personal behaviour within TBI.

Trade working capital efficiency
The net of current assets minus current liabilities, excluding investments in project development, cash and cash equivalents and interest-bearing debts (trade working capital) expressed as a percentage of operating revenue on a rolling four-quarter basis.

Cover:
In May 2019 J.P. van Eesteren delivered the new Naturalis Biodiversity Center in Leiden.

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April 2020

This is an English translation of the 2019 Annual Report of TBI Holdings B.V. In the case of differences in interpretation, the Dutch text will prevail.

TBI Holdings B.V.
Wilhelminaplein 37, 3072 DE Rotterdam