Boskalis
Dredging & Marine Experts

ANNUAL
REPORT 2013

# ANNUAL REPORT 2013

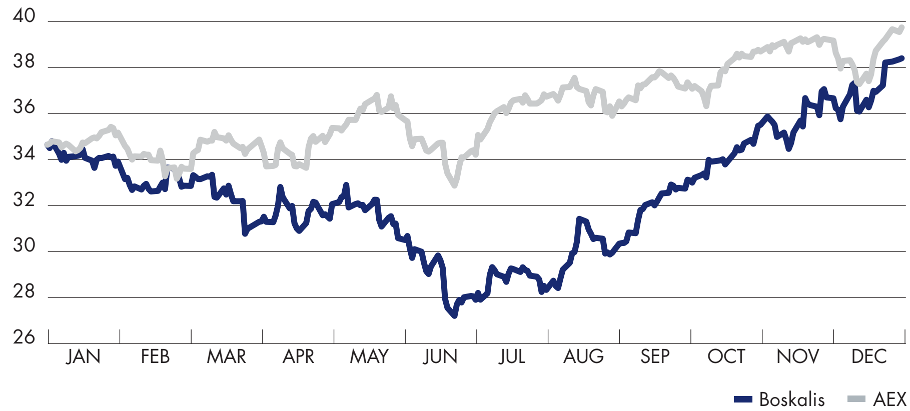

# KEY FIGURES

| (in EUR million, unless stated otherwise) | 2013 | 2012** |
|---|---|---|
| **Revenue (work done)*** | **3,539** | 3,081 |
| **Order book (work to be done)** | **4,005** | 4,106 |
| **Operating profit** | **465.9** | 335.8 |
| **EBITDA*** | **800.1** | 567.1 |
| **Net profit** | **365.7** | 249.0 |
| **Net group profit*** | **366.5** | 252.0 |
| Depreciation, amortization and impairment losses | **334.2** | 231.3 |
| Cash flow* | **700.6** | 483.3 |
| **Shareholders' equity** | **2,525** | 1,898 |
| **Personnel (headcount)** | **10,997** | 15,653 |
| **RATIOS (IN PERCENTAGES)** | | |
| Operating result as % of revenue | **13.2** | 10.9 |
| Return on capital employed* | **12.7** | 11.1 |
| Return on equity* | **16.5** | 13.8 |
| Solvency* | **44.3** | 39.2 |
| **FIGURES PER SHARE (IN EUR)** | | |
| Profit | **3.09** | 2.36 |
| Dividend | **1.24** | 1.24 |
| Cash flow* | **5.92** | 4.59 |

* *Refer to glossary for definitions*
** *Adjusted for changes in the IFRS regulations (IAS19R)*

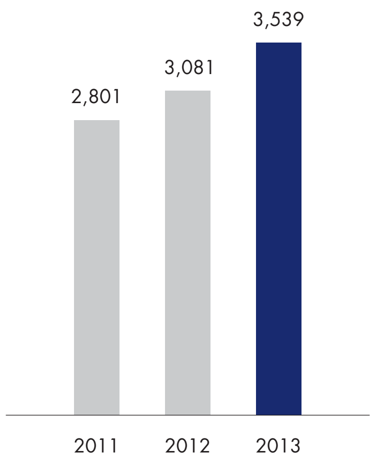
| SHARE INFORMATION | 2013 | 2012 |
|---|---|---|
| (Share price in EUR) | | |
| High | **38.58** | 34.50 |
| Low | **26.92** | 23.27 |
| Close | **38.41** | 34.00 |
| Average daily trading volume | **336,227** | 331,617 |
| Number of issued ordinary shares at year-end (x 1,000) | **120,265** | 107,284 |
| Average number of outstanding shares (x 1,000) | **118,445** | 105,644 |
| Stock market capitalization (in EUR billions) | **4.619** | 3.648 |

**DEVELOPMENT BOSKALIS SHARE PRICE 2013,**
**AEX INDEX REBASED TO BOSKALIS** (in EUR)

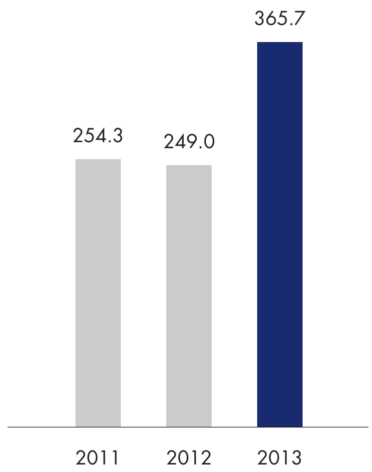



KEY FIGURES

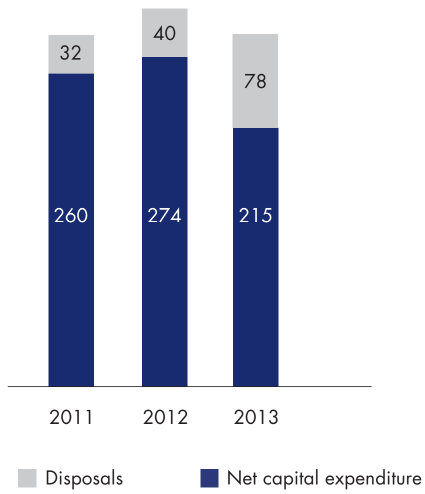
**REVENUE** (in EUR million)



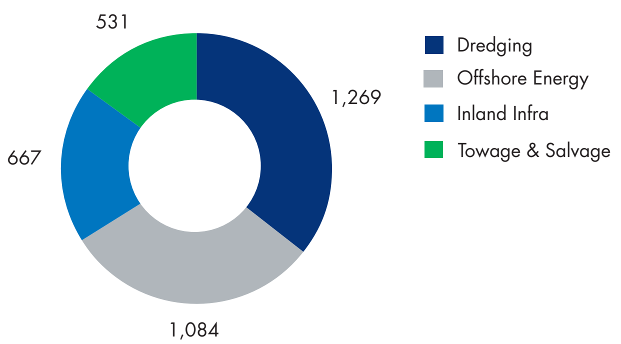

**NET PROFIT** (in EUR million)



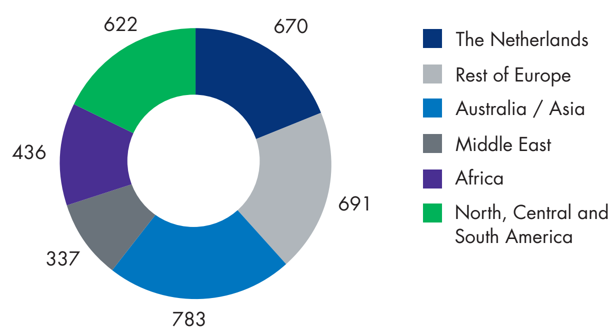

**CAPITAL EXPENDITURE** (in EUR million)



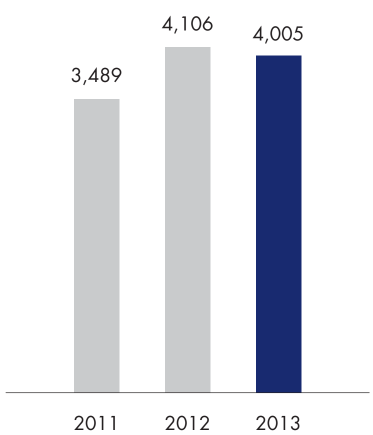

**REVENUE BY SEGMENT** (in EUR million)



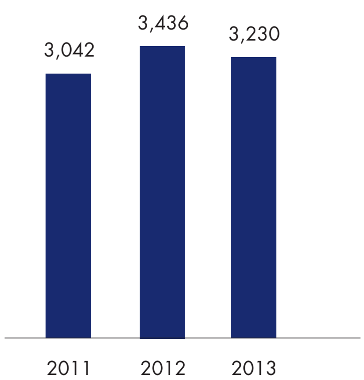

**REVENUE BY GEOGRAPHICAL AREA** (in EUR million)



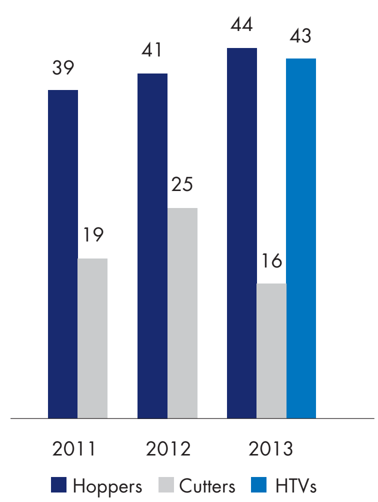

**ORDER BOOK** (in EUR million)




**ACQUIRED ORDERS** (in EUR million)




**FLEET UTILIZATION** (in weeks per year)



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# ANNUAL REPORT 2013

This Annual Report contains forward-looking statements. These statements are based on current expectations, estimates and projections of Boskalis' management and information currently available to the company. These forecasts are not certain and contain elements of risk that are difficult to predict and therefore Boskalis does not guarantee that its expectations will be realized. Boskalis is under no obligation to update the statements contained in this Annual Report.

Some of the projects referred to in this report were carried out in cooperation with other companies.

This is an English translation of the official Annual Report in the Dutch language. In the event of discrepancies between the two, the Dutch version shall prevail.

Trailing suction hopper dredger Willem van Oranje during dredging work in Mombasa, Kenya

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# CHAIRMAN'S STATEMENT

**Dear shareholders,**
**Once again we are able to look back on a strong year for Boskalis. Despite the continued challenging conditions we succeeded in achieving a record revenue of EUR 3.5 billion and record profit of EUR 366 million. And while we were helped in this by major contributions from exceptional items, it is still fair to say that this was a great achievement for the company. On top of this our acquisition of Dockwise enabled us to further expand the business towards the offshore energy sector and to keep the order book at a healthy EUR 4 billion.**

## NEW HORIZONS

2013 was another very turbulent year – in general, but for our company in particular. A year in which we took another major step in expanding our position in the Offshore Energy market with the acquisition of Dockwise, which was effectuated at the end of March – just four months after we announced our intention. In order to finance this acquisition we issued, amid great interest, around 10 per cent extra shares worth EUR 320 million in early 2013. We attracted even greater interest with the private placement in the United States of the required long-term loan – the US Private Placement. The targeted USD 325 million was more than six times oversubscribed. A clear sign that investors have confidence in our company, its track record and its vision for the future. With the arrival of Dockwise we have raised the profile of our company in the Offshore Energy market. It considerably broadens our field of opportunities – together we create New Horizons.

At the end of March we made a vibrant start on the process of integrating Dockwise. The first stage has now been completed and has resulted in the integration of the Dockwise activities in the Offshore Energy division. Just as with SMIT back in the day, the integration will only be completed with the physical move to Papendrecht, where building work has started on new office premises that will accommodate 500 employees from the end of 2014.

## DEVELOPMENTS IN THE CORE ACTIVITIES

Expansion, broadening, integration – the company is undergoing many developments. In spite of this we have remained focused on the market, successfully executing projects and winning new contracts on all fronts.

### DREDGING

At Dredging we took on a large number of projects, including a three-year maintenance contract on the Elbe river in Germany worth EUR 75 million, construction of the Bronka terminal and access channel in St. Petersburg, Russia (EUR 155 million), maintenance of Melbourne port (EUR 40 million), land reclamation in Incheon, South Korea (EUR 80 million), deepening the access channel to the port of Southampton (EUR 35 million) and port dredging work in Qatar (EUR 150 million), and in the Netherlands the reinforcement and maintenance of the Hondsbossche and Pettemer Sea Defense (EUR 140 million with a partner) and the construction of the Veessen-Wapenveld high-water channel as part of the Dutch government's Room for the River project (EUR 40 million).

### OFFSHORE ENERGY

At Offshore Energy we also took on substantial works, including the Malampaya project in the Philippines worth USD 60 million – a great installation project that allows us to showcase what we are able to offer clients with the combination of our broad product offering offering (read more on pages 18 and 19). Substantial contracts were won in Brazil and Europe for our Taklift sheerlegs, including the lifting and installation of bridge segments in Cádiz, Spain and Izmit, Turkey. In Brazil we carried out complex installation work for Modec with the anchor installation of the OSX3 FPSO. Together with a partner we installed the foundations for 108 turbines for the West of Duddon Sands wind farm in the Irish Sea. Various cable-laying projects were undertaken in collaboration with VolkerWessels' cable-laying company VSMC, with which we set up a 50/50 joint venture in November, and work started on the execution of the Subsea Services contract for Maersk Oil in the North Sea.

### TOWAGE & SALVAGE

With our harbour towage activities we experienced a busy year in Singapore in particular, supporting local shipyards that were operating at full steam, and in the United Kingdom we carried out specials for the installation of offshore wind farms. The Salvage division undertook a number of high-profile salvage operations, including the salvage of the Arctic drilling rig Kulluk in Alaska, the removal of a US Navy vessel from a reef in the Philippines, the salvage of the capsized jack-up platform SEP Orion in Brazil and the salvage of the oil tanker Silver off the Moroccan coast. This required SMIT Salvage to remove the cargo of fuel oil from the ship in order to avert an environmental disaster.

### DOCKWISE

Various attractive new contracts were also won at our latest addition Dockwise, including three long-term Heavy Marine Transport contracts for Hyundai Heavy Industries and a number of float-over contracts. An FPSO transport was booked for our new mega transport vessel, the Vanguard, and we won the prestigious contract for the removal of the Costa Concordia. And just before the end of the year the contract was signed for the logistic management and transport of the LNG modules for the Wheatstone project in Australia, worth USD 275 million: a record order amount for Dockwise. This is a great example of combination and cooperation within the group, with knowledge and expertise being contributed by both Dockwise and SMIT.

### COMPOSITION OF ACTIVITIES

We are not just expanding the company, we are also taking a critical look at how the existing portfolio of business activities is composed. It is in this context that we sold our 40% stake in Archirodon for USD 190 million, generating a book gain of EUR 51 million, sold Dockwise Yacht Transport for USD 40 million and transferred the SMIT harbour towage activities in Australia to Smit Lamnalco for USD 55 million.

### SAFETY

Despite the whirlwind of acquisition, execution, integration and optimization we managed to achieve not only a good financial result but also an excellent safety result. In 2013 we continued to roll out our safety program *NINA* (No Injuries No Accidents), which was embraced with great enthusiasm at the Offshore Energy division. And with the aid of *NINA* we once again achieved a further drop in our LTIF rate, from 0.26 injuries resulting in absence from work per 200,000 hours worked in 2012 to 0.11 in 2013 for the entire group. This is the achievement of 2013 that we take most pride in.

### IN GOOD SHAPE

We can safely say that we have started off 2014 in good shape: the order book is well filled and financially we are also in good health. Supported by the strong result and the sale of some business activities over the year we brought the net debt back down from above two times EBITDA to 1.1 EBITDA. In that sense we can look to the future with confidence.

In order to effectively structure that future we have been working hard on the new 2014-2016 Corporate Business Plan, the main points of which can be found in this annual report. All the business units have provided input for this by preparing their own three-year plans. In addition an in-depth market analysis has been made of the developments on the supply and demand side. The plan provides for further targeted expansion of the offshore energy activities in the area of Transport, Logistics and Installation. With the recent Fairmount acquisition we have strengthened our transport proposition through wet towage. Attention is also being paid to how the organization is currently functioning – after three large acquisitions in a row. The three-year plan expressly allows room for optimizing both the organization and the processes and systems.

On behalf of the Board of Management I want to thank all colleagues for the great effort they put in during 2013, as well as our clients, partners and shareholders for putting their trust in us.

Peter Berdowski

# BOSKALIS AT A GLANCE

# COMPANY PROFILE

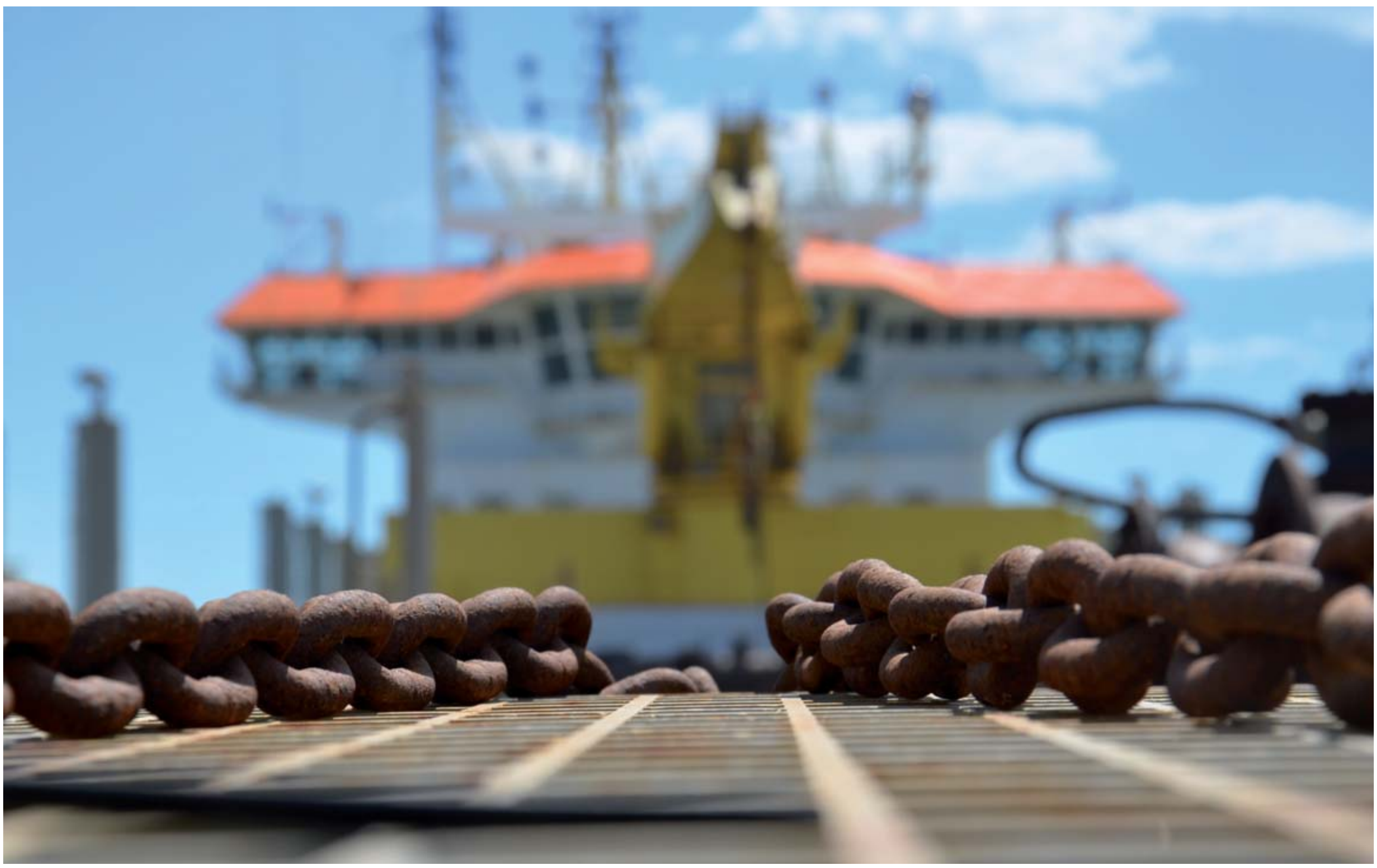
**Boskalis is the leading dredging & marine expert creating new horizons for all its stakeholders.**

In addition to our traditional dredging activities we offer a broad range of maritime services for the offshore energy sector. In addition to heavy transport and lifting and installation activities we provide towage services as well as emergency response and salvage related services.

As a partner we are able to realize complex infrastructural works for our clients within the chain of design, project management and execution, on time and within budget, even at vulnerable or remote locations around the world. We strive for sustainable design and realization of our solutions.

Demand for our services is driven by growing energy consumption, growth in global trade, growth in world population and climate change. Boskalis operates worldwide but concentrates on seven geographic regions which have the highest growth expectations for the energy and ports markets. This spread gives us both a solid foundation and the flexibility to be able to secure a wide range of projects, as well as providing good prospects for balanced and sustained growth. Our main clients are oil, gas and power companies, port operators, governments, shipping companies, international project developers, insurance companies and mining companies.

Boskalis has 11,000 employees, including our share in associate companies. The safety of our own employees and those of our subcontractors is paramount. Boskalis operates a progressive global safety program which is held in high regard in the industry and by our clients. We operate on behalf of our clients in over 75 countries across six continents. Our versatile fleet consists of 1,000 vessels and equipment. Our head office is based in the Dutch city of Papendrecht. Royal Boskalis Westminster N.V. shares have been listed on Euronext Amsterdam since 1971 and are again included in the AEX index from March 2014.



# ACTIVITIES

We are renowned for our innovative approach and specialist knowledge of environmentally friendly techniques. With our great expertise, multidisciplinary approach and extensive experience in engineering and project management we have proven time and again that we are able to realize complex projects on time and within budget, even at difficult locations.

## DREDGING

Traditionally, dredging is the core activity of Boskalis. It involves all activities required to remove silt, sand and other layers from the water bed and in some cases utilizing it elsewhere, for example for land reclamation. The services we provide also include the construction and maintenance of ports and waterways, and coastal defense and riverbank protection, as well as associated specialist services such as underwater rock fragmentation. In addition, Boskalis is active in the extraction of raw materials using dredging techniques. Our global spread, high professional standards, versatile state-of-the-art fleet and conscious focus on cost efficiency have earned us a recognized position as a global market leader in dredging.

## INLAND INFRA

Boskalis also operates as a contractor of dry infrastructure projects. In this area we are involved mainly in the Netherlands in the design, preparation (by means of dry earthmoving) and execution of large-scale civil infra works, such as the construction of roads and railroads, bridges, dams, viaducts and tunnels. In doing so, we also perform specialist works such as soil improvement and land remediation.

## OFFSHORE ENERGY

With our offshore services we support the activities of the international energy sector, including oil and gas companies and providers of renewable energy such as wind power. We are involved in the development, construction, maintenance and decommissioning of oil and LNG-import/export facilities, offshore platforms, pipelines and cables and offshore wind farms.
In performing these activities Boskalis applies its expertise in the areas of heavy transport, lift and installation work, as well as diving and ROV services complemented with dredging, offshore pipeline, cable and rock installation.

## TOWAGE

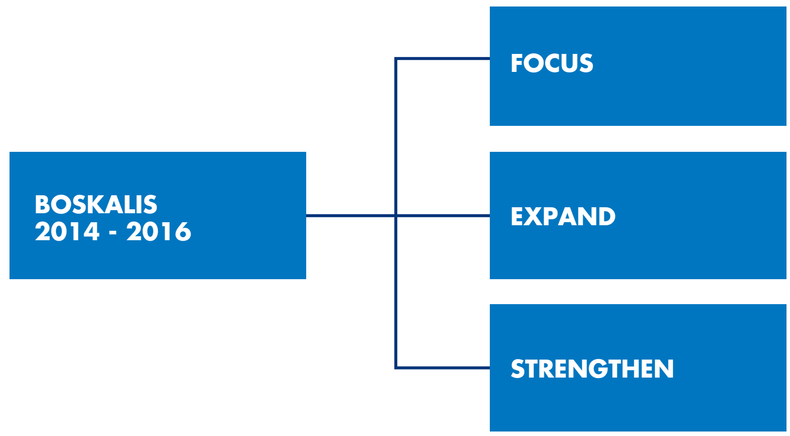
In ports around the world SMIT Harbour Towage provides assistance to incoming and outgoing oceangoing vessels. With a versatile fleet of over 200 tugs we assist vessels including RoRo ships, oil and chemical tankers, container ships, reefers and mixed cargo ships. We operate our tug services in the Netherlands, Belgium, the United Kingdom, Canada, Brazil, Panama, Singapore, Malaysia, Indonesia, Brunei, China and Taiwan. In addition, we offer a full range of services for the operation and management of onshore and offshore terminals through Smit Lamnalco, which is 50% owned by Boskalis. These include assistance with the berthing and unberthing of tankers at oil and LNG terminals and additional support services such as pilotage, subsea inspection and maintenance, firefighting, and the coupling and uncoupling of terminal connections.

## SALVAGE

Through SMIT Salvage we provide services relating to the salvage of ships and wreck removal. SMIT Salvage provides assistance to vessels in distress and is able to spring into action at any time and anywhere in the world. We are able to do so by operating out of four locations which are strategically situated in relation to the main international shipping routes: Houston, Cape Town, Rotterdam and Singapore. Clearance of wrecks of sunken ships almost always takes place at locations where the wreck forms an obstruction to traffic or presents an environmental hazard. We have the advanced technology and expertise needed to remove hazardous substances such as bunker fuel from wrecks and boast a successful track record in salvaging ships.

# STRATEGY

**Boskalis operates around the world and is a leading player in the field of dredging and maritime services. The Offshore Energy activities form an increasingly important part of the business. With its broad portfolio of specialist activities combined with innovative all-round solutions Boskalis is both an expert and a leader in its market segments. Systematic execution of the strategy is an important pillar underpinning Boskalis' success.**




In early 2014 Boskalis formulated its Corporate Business Plan for 2014-2016. The updated strategy (Focus, Expand & Strengthen) is a natural consequence from the completed 2011-2013 planning period in combination with the successful acquisition and subsequent integration of Dockwise, which is still ongoing. Dockwise is a global market leader in heavy marine transport for the onshore and offshore sector, while Boskalis has a wide range of services for clients in the oil and gas sector. The addition of Dockwise provides new strategic scope for accelerated growth in offshore services.

Boskalis is able to 'push back boundaries' for its clients, optimizing the use of staff and equipment ('assets') to cater to their needs under increasingly complex circumstances across the globe. In the higher market segment there is demand for high-quality services and innovative and sustainable solutions, with an increasing need to add more value. This ties in seamlessly with our mission and vision.

## MARKET DEVELOPMENTS

Increases in the world's population and in wealth are fueling structural growth in world trade. Part of this growth is carried through into the volume of seaborne trade. Demand for energy is also growing steadily (see figure 2).

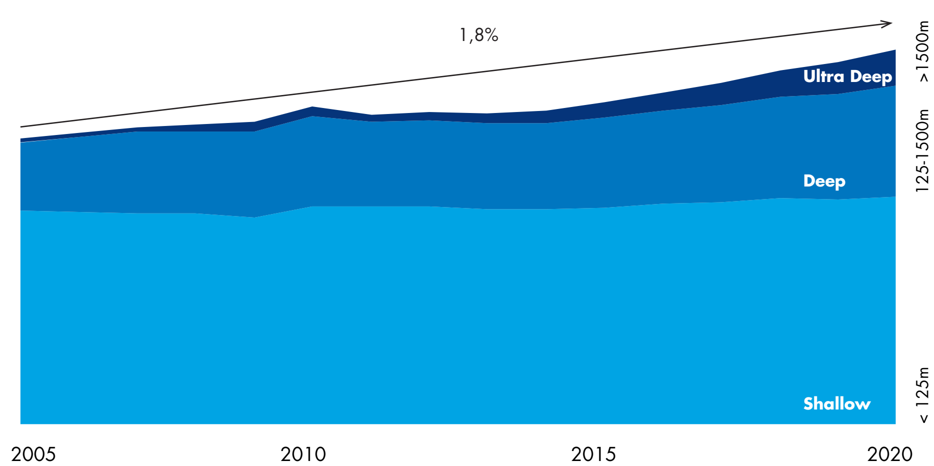



Figure 2: Offshore oil & gas production (in barrels oil equivalent)

These indisputable trends are the key drivers for growth at ports and in the energy markets. Global market research conducted periodically by Boskalis shows these trends continuing despite regional economic stagnation. Positive developments for Boskalis can be identified in two underlying trends: (i) despite the slower growth in seaborne trade, there is demand for larger and deeper ports with associated infrastructure to accommodate larger oceangoing vessels with deeper drafts, and (ii) the growing demand for energy and the associated increase in offshore exploration and production, also in vulnerable regions, thus also increasing the need for sustainable solutions.

Global population growth is fueling sustained structural demand for our land reclamation and infra activities. Climate change is forcing governments on several continents to take steps to protect their populations against flooding and rising sea levels. As a result we see growing demand for integrated sustainable solutions for complete maritime infrastructures.

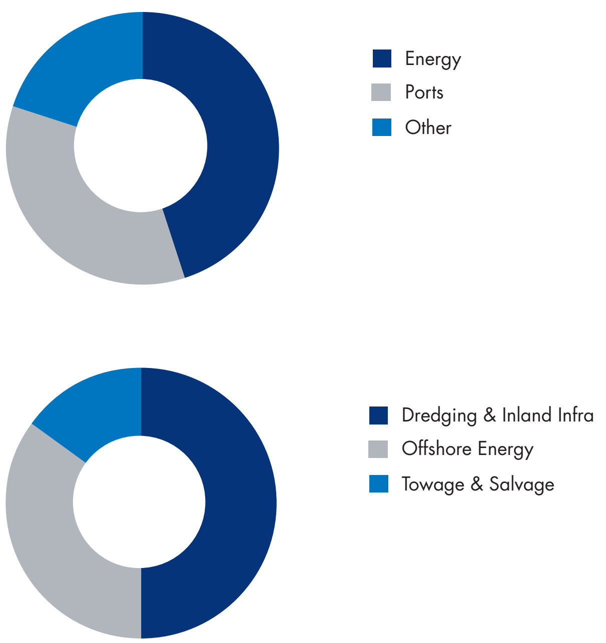



Figure 3: Boskalis - breakdown of revenue by market segment and activity

Boskalis continues to focus its activities and services (see figure 3) on markets that demonstrate structural growth in the longer term. The key activities are:
- Dredging
- Offshore Energy

The key market segments are:
- Energy (oil, gas and wind)
- Ports (seaports)

## STRATEGIC FRAMEWORK

The updating of the Boskalis strategy for 2014-2016 is a natural consequence from our mission and vision.

*We are a leading global dredging & marine expert and create new horizons for all our stakeholders. We offer a unique combination of people, vessels and activities. Against the highest standards of safety and sustainability, we provide innovative and competitive solutions for our clients in the offshore industry, ports and coastal and delta regions.*

With a broad, integrated range of maritime activities and (logistical) services Boskalis holds a unique position in the global maritime market. This translates into a host of opportunities with both existing and new clients, the offshore oil and gas sector being a case in point. We want to strengthen and expand this position, for example by fully leveraging the synergies that exist within the group and through organic and acquired growth.

Our 2014-2016 strategy for growth is based on three pillars: *Focus, Expand & Strengthen.*

### FOCUS

The Focus pillar of our strategy is aimed at:
- Value-Adding Assets
- Specific market segments
- Seven geographic regions

**Value-Adding Assets**
Boskalis increasingly focuses on the availability and supply of Value-Adding Assets. The strength of Boskalis lies in its ability to employ its assets to cater to both the top and the lower end of the market. The company's success will be perpetuated as long as we use our broad range of equipment, staff and competencies to provide a balanced service to the various client groups (see figure 4), whose requirements vary widely both within and between the market segments.

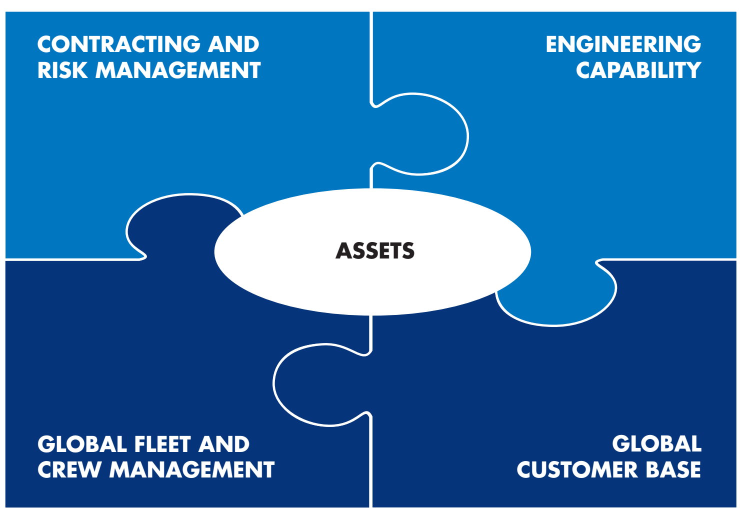
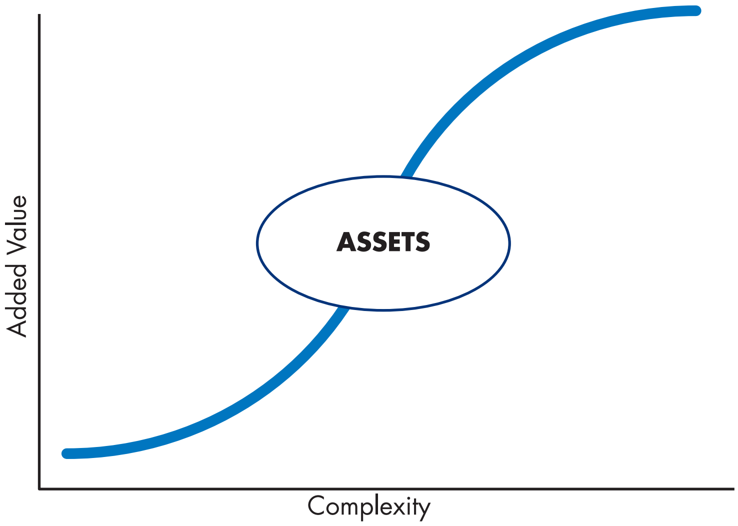



Figure 4: Interrelated core competencies

On the one hand we have clients who need us to deliver integrated, innovative services or turnkey solutions. In order to meet these high-end client requirements we need competencies that complement and strengthen one another, such as risk management and engineering and the ability to act as lead contractor. Project management experience is also essential. We want to strongly position ourselves on a global scale in this segment with its higher margin potential. In doing so Boskalis moves towards the top of the S curve (see figure 5).




Figuur 5: S curve - creating value with assets

At the bottom of the S curve we find clients looking for relatively straightforward and standard services, such as equipment hire or transportation. Cost leadership is an important precondition for lasting success in this segment. By operating our assets at various points on the S curve we are able to create a balance between the complex projects with a higher margin at the top of the curve and the stable volumes at the bottom, on balance allowing us to optimize the utilization of the fleet.

**Specific market segments**
Our core activities are focused on markets and market segments where the opportunities for growth and expansion are greatest. In each of these markets we offer our services both in combination and separately.

**Energy** The oil and gas market is very important in terms of both size and growth potential. Boskalis designs and builds new ports. For oil and gas companies we create new land, realize pipeline infrastructures and take care of their maintenance. We also execute offshore projects for these clients and we provide a broad range of maritime services, including subsea services, heavy and specialist transport, lifting and installation work. This way fully integrated offshore production facilities can be built in Asia and then safely transported using Dockwise vessels to the other side of the world for installation. We also provide onshore and offshore terminal services through our 50% holding in Smit Lamnalco. In addition to this traditional segment the energy market comprises the strongly growing renewables market, where the emphasis for Boskalis lies on the construction of offshore wind farms, including their foundations and cable laying.

**Ports** The design and construction of new ports and the expansion and maintenance of existing ports on behalf of governments and port operators is another important market. Here we call our dredging and earthmoving activities into play, with civil engineering work at times also playing a major role. For the transportation of port related equipment such as container cranes, Dockwise comes into play and in the operational stage we provide shipping companies with in-port services such as harbor towage. In addition we can be of service to these same shipping companies and their underwriting agents with our salvage activities.

**Geographic regions**
Within the market segments we target our services at seven geographic regions (see figure 6). The key developments are taking place and the best opportunities for our activities lie in:

1. North-West Europe
2. East and West Africa
3. Middle East
4. Southeast Asia
5. Australia
6. Brazil
7. Gulf of Mexico

## EXPAND

The Expand pillar of our strategy concentrates mainly on the Offshore Energy activity, which is focused on a large and structurally growing market segment with a potential project value of around EUR 60 billion in the period to end-2016. With a modest market share of just a few percent Boskalis has a great scope for growth.

Following the acquisition of Dockwise in 2013 (and previously SMIT) Boskalis is extremely well-equipped to supply global clients in the offshore energy sector with people and own equipment. In addition the combination of assets along with Boskalis' project management experience and engineering knowledge enable an accelerated realization of the strategic ambition to carry out Transport, Logistics & Installation (TL&I) projects (see figure 7).

In the regions we are concentrating on there is a growing demand for new activities that allow us to apply our full range of expertise in the area of T&I. Examples include projects for the transport and installation of (fixed and floating) production structures for oil and gas, the construction of offshore wind farms and the decommissioning of obsolete offshore platforms.

We want to strengthen our position in the seven geographic focus areas. By leveraging our local presence and strong client relationships we are able to provide an ever-increasing range of services. For example at remote locations, where we are building large-scale maritime infrastructures, we see opportunities to also offer terminal and subsea services. We see major opportunities for developing a broader range of activities in the Gulf of Mexico and Brazil as well as in Northwest Europe. In Africa, where we have been successful in dredging and terminal services for many decades, we see opportunities for expanding our offshore activities to include transport and heavy lift. This way Boskalis is increasingly becoming a high-quality provider of maritime logistics services to the offshore sector.

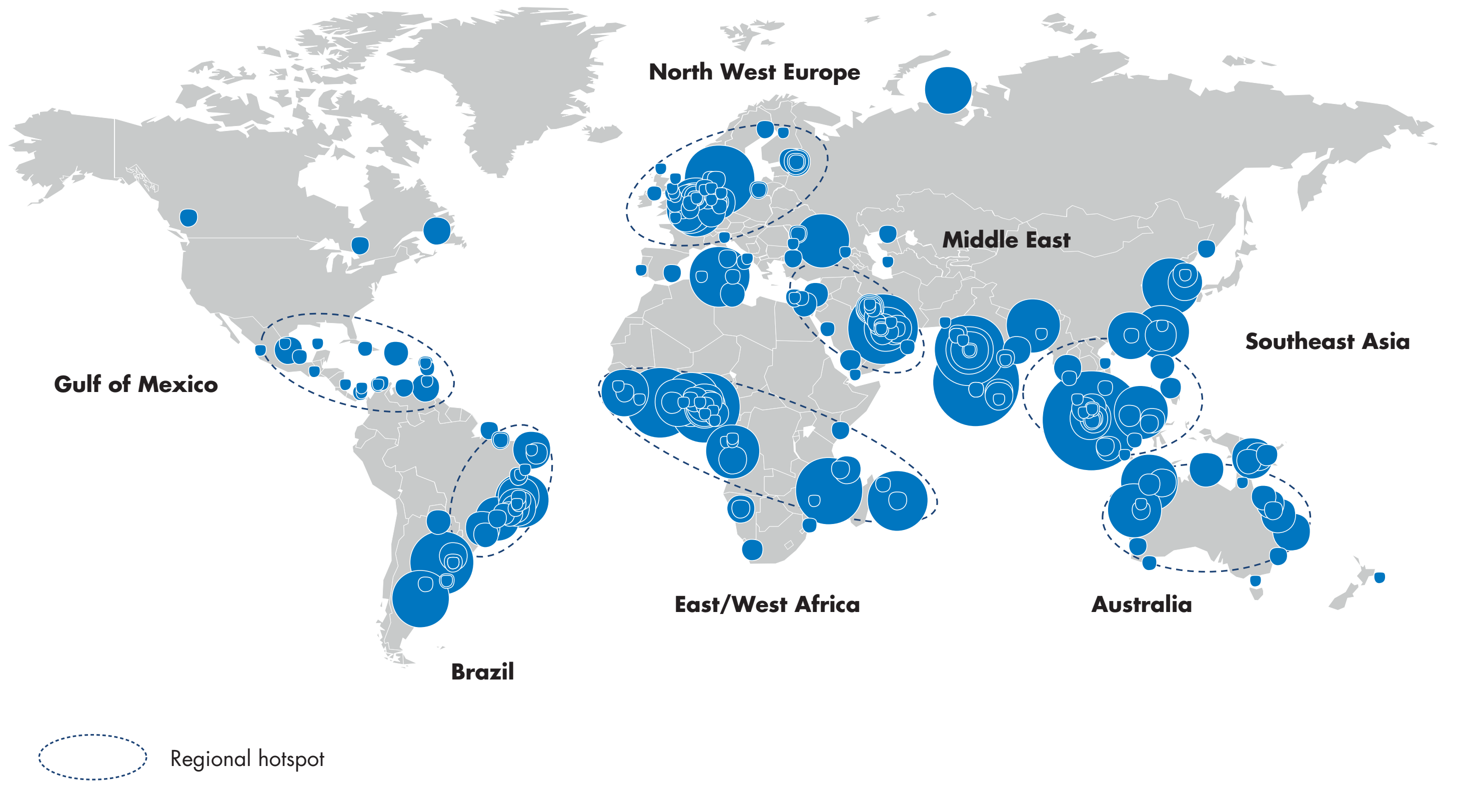



Figure 6: Identified offshore energy and dredging projects

The Expand strategy is specifically focused on:

- Transport
- Logistics
- Installation

| | | Transport | Logistics | Installation |
|---|---|---|---|---|
| **Exploration** | Offshore Drilling Rigs: Jack Ups and Semi Submersibles | + | | |
| **Production** | Fixed (jacket/topside) & Floating structures (FPSOs) | ++ | | ++ |
| **Refining & processing** | Shore side facilities: LNG trains, petrochemical facilities | + | ++ | |
| **Decommissioning** | Fixed Structures | | | + |
| **Renewables** | Offshore Wind Farms | + | + | + |

Figure 7: Growth opportunities in T, L & I

**Transport**

Boskalis has built up a strong position in dry heavy marine transport, for example for heavy offshore platforms and Floating Production, Storage and Offloading units (FPSOs). This market position will be selectively expanded with assets to further strengthen the broad Boskalis portfolio from wet towage to dry transport. The recent acquisition of Fairmount with its fleet of five large ocean-going tugs is an immediate example of this.

**Logistics**

Boskalis sees opportunities for growth with existing and new clients, in particular in onshore developments at remote locations. There is a global requirement for logistics services in connection with the shipping and installation of for example prefab modules for LNG production. Boskalis leverages the opportunities in this sector by combining its broad knowledge of project management with its own specialist equipment.

**Installation**

The transportation and subsequent installation of facilities (T&I) is a large and interesting market where a great deal of knowledge and experience is required. It particularly offers Boskalis opportunities for employing its engineering knowledge, experience in risk management and its versatile fleet. In doing so it mainly caters to the top end of the market, with Boskalis contracting complex logistics and installation projects.

To ensure the successful implementation of the growth strategy in this sector the company will make selective investments in assets such as marine transport equipment and ships with installation technology as well as in competencies. In terms of transport equipment the main focus will be on optimizing the existing fleet, adding large barges (Smit Giant barges) and complementing the fleet with ocean-going tugs for wet heavy marine transport. For our installation technology portfolio we will invest in specific equipment for the support of offshore construction work (multifunctional construction support vessels and lifting capacity with an indicative capacity of 1,000 to 2,000 MT). The expansion of our fleet will be achieved through our own building program, in some cases in conjunction with third parties, or by acquiring existing equipment.

## STRENGTHEN

The Strengthen pillar of our strategy mainly concentrates on the Dredging & Inland Infra and Towage & Salvage activities, which are focused on large market segments with structural growth. However, in the short term the pace of this growth will be slower than in the offshore energy sector. Moreover Boskalis has limited scope for growing its market share, in particular at Dredging where it already holds a large share of a heavily consolidated market.

Boskalis has a very strong global presence in the dredging market with a modern and versatile fleet. This puts Boskalis in a good position to take advantage of forthcoming projects in this market segment worth some EUR 56 billion in the period to the end of 2018. Relatively small replacement and other investments will enable Boskalis to maintain and where appropriate expand its market position. These investments mainly concern the existing order for the mega cutter, two 4,500 m3 hoppers and a jumbo backhoe.

At Harbour Towage the emphasis will lie mainly on the further development and strengthening of regional partnerships, with the focus also set on an efficient cost and capital structure. The Terminal activities of Smit Lamnalco make a major contribution to the growth of these activities. Boskalis will make further investments in these partnerships as and when opportunities arise. At Salvage the group's global network is brought into play for the Emergency Response activities while Boskalis' engineering and contract and risk management expertise are used in wreck removal projects.

**Organization**
Furthermore, the Strengthen pillar is focused on the organization. The operating model of the business units will be streamlined further to reinforce the focus on the strategy. This will be facilitated by the further implementation of a divisional structure with its own operational support functions, such as engineering, fleet management and crewing. Three divisions will be formed based on business-specific characteristics and success factors:

- Dredging & Inland Infra
- Offshore Energy
- Towage & Salvage

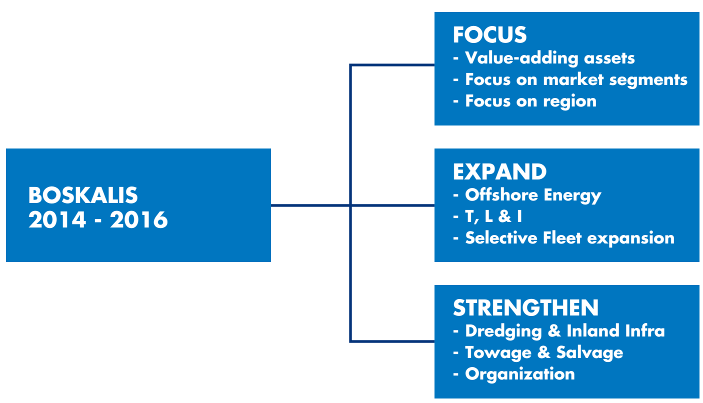



Figure 8: Strategic framework for 2014 - 2016

**In conclusion**
Boskalis is entering the 2014-2016 Business Plan period with a solid balance sheet and a healthy cash flow. This point of departure gives us sufficient headroom to invest and replace parts of the fleet and further strengthen the business. The total capital expenditure program to end-2016 is projected at around EUR 800 million, in line with depreciation. The strategic framework of our Business Plan is based on current expectations with regard to the global developments in the market segments that are relevant to us, in particular the Offshore Energy market. A healthy balance sheet is essential, whereby we aim for a net debt: EBITDA ratio in a range of 1 to 1.5. For our shareholders we are committed to maintaining our current dividend policy. We expect to realize a return on equity of approximately 12% during the planning period. Having identified headroom within this framework Boskalis intends to initiate a 10 million share buyback program during the business plan period.


Anchor installation of
FPSO OSX-3 in Brazil

# SHAREHOLDER INFORMATION

**It is important to us that the value of our share adequately reflects our performance and the development in our markets. We therefore strive to inform our stakeholders as completely and transparently as possible about our strategy and policy and the ensuing financial performance.**

## OPEN DIALOG

Transparent and regular communication with our stakeholders is something we value highly. We consider our financial stakeholders to include existing and potential shareholders, other investors and their brokers as well as the media. It is important to us to provide them with clear and accessible information. The Boskalis share is covered by the major Dutch brokers as well as a number of foreign brokers and their analysts, whom we also consider as financial stakeholders. They want to provide their clients with good advice and information about our company and the general developments in the markets that are relevant for us. Questions from stakeholders are answered candidly; wherever possible we take the initiative when it comes to raising important issues. For example following an important announcement we proactively contact shareholders. We maintain regular contact with major investors and analysts, for example by organizing annual visits to project sites. In 2013 we held approximately 340 meetings with investors from Western Europe, the United States, Australia and Canada, both during roadshows and conferences and in one-on-ones. Meetings with investors and analysts are held using publicly available presentations (www.boskalis.com) and stock price-sensitive information is never shared.



SMIT tug en route to provide assistance to a container ship in the port of Rotterdam

## CORPORATE WEBSITE

Our corporate website provides a constantly updated source of information about our core activities and ongoing projects. The Investor Relations section offers share information and other information relevant to shareholders, as well as the latest and archived press releases and analyst and company presentations.

## SHARE INFORMATION

Boskalis' authorized share capital of EUR 240 million is divided into 200 million shares, comprising 150 million ordinary shares and 50 million cumulative protective preference shares. The issued capital as at 1 January 2013 consisted of 107.3 million ordinary shares.

On 10 January 2013 Boskalis successfully placed a EUR 320 million share issue at a price of EUR 33.00 per share amid very strong interest. The proceeds of the issue were used towards partly financing the acquisition of Dockwise Ltd. A total of 4,896,180 new ordinary shares were placed with institutional investors at home and abroad by means of an accelerated bookbuild (ABB) offering. Another 4,800,789 shares were placed with HAL Investments B.V. and Project Holland Fund by means of a private placement.

Seventy per cent (70%) of shareholders opted to have their 2012 dividend distributed in the form of a stock dividend, in light of which we issued 3,284,415 new shares on 4 June 2013.

On balance, the issued share capital as at 31 December 2013 consisted of 120,265,063 ordinary shares.

Royal Boskalis Westminster N.V. shares are listed on Euronext Amsterdam. Indices of which the share is a component include the Euronext Next 150 index and the STOXX Europe 600 Index.

Tickers: Bloomberg: BOKA:NA, Reuters: BOSN.AS

In 2013, around 87 million Boskalis shares were traded on Euronext Amsterdam (2012: 85 million). The average daily trading volume in 2012 was over 336,000 shares. In the course of 2013 the share price rose by 13% from EUR 34.00 to EUR 38.41. The market capitalization increased by 27% compared to the end of 2012 to EUR 4.62 billion.

## SHAREHOLDERS

The following shareholders are known to have been holders of at least 3% in Boskalis as at 31 December 2013:

HAL Investments B.V.: 34.28%
Sprucegrove Investment Management Limited: 4.78%
Mondrian Investment Partners Limited: 4.47%
Marathon Asset Management: 3.65%
Oppenheimer Funds, Inc.: 3.07%
Standard Life Investments Plc: 3.06%
BlackRock, Inc.: 3.05%

Besides these large shareholders, an estimated 12% of the shares are held by shareholders in the United Kingdom, 9% in the Netherlands, 5% in the United States and Canada and the remainder in mainly France, Germany and Scandinavia.

## DIVIDEND POLICY

The main principle underlying the Boskalis dividend policy is to distribute 40% to 50% of the net profit from ordinary operations as dividend. At the same time Boskalis aims to achieve a stable development of the dividend in the longer term. The choice of dividend (in cash and/or entirely or partly in shares) takes into account both the company's desired balance sheet structure and the interests of shareholders.

## FINANCIAL AGENDA 2014

| | |
|---|---|
| 13 March | Publication of 2013 annual results |
| 13 May | Trading update on first quarter of 2014 |
| 13 May | Annual General Meeting of Shareholders |
| 15 May | Ex-dividend date |
| 19 May | Record date for dividend entitlement (after market close) |
| 2 June | Final date for stating of dividend preference |
| 5 June | Determination and publication of conversion rate for dividend based on the average share price on 3, 4 and 5 June (after market close) |
| 11 June | Date of dividend payment and delivery of shares |
| 14 August | Publication of 2014 half-year results |
| 14 November | Trading update on third quarter of 2014 |

# ALL OUR KNOWLEDGE AND EXPERTISE COMBINED IN ONE CONTRACT

The Ndeavor en route to the Malampaya gas field in the Philippines

Boskalis is installing a new offshore platform alongside an existing gas platform for Shell in the Malampaya Gas Field in the Philippines. The deployment of an N-class multipurpose vessel plays a key role in this project.

“Three years ago Boskalis decided to move back into the cable-laying market. We know how volatile this market is and have very consciously opted for a multipurpose approach: we build ships that can not only lay cables but also be deployed for other activities. The first N-class ship, the Ndurance, was immediately equipped for cable laying. With the Ndeavor, we’ve kept our options open,” explained Bas van Bemmelen, business unit manager at Boskalis Offshore Subsea Contracting. “She has a 70 x 30 meter afterdeck where various tools can be installed depending on the work we need to do and 5,000 tonnes of rock can be transported at the same time.

“We first looked at conventional solutions for Malampaya, in the first instance dredging and rock installation using the usual vessels. We could have used a fallpipe vessel to install rock for the platform’s four foundations. We are going to use two large 200-tonne ocean-going tugs belonging to our fleet to tow the platform to the site. Then we were going to need another two 150-tonne tugs onsite to position the platform alongside the existing platform within a meter’s accuracy. Then yet another ship would have to come to fill the platform footings with iron ore to stabilize it on the seabed. All in all it meant that we would need to mobilize quite a few vessels from around the world for a few short operations.

“That’s when we decided to add dredging capability to the DP2 vessel the Ndeavor. We turned the ship into a kind of Swiss Army knife, equipping her with proven technology. In addition to a modular dredging system, a modular ballasting system and a side dumping facility we also installed a 50-meter fallpipe. Below deck there is also every kind of measuring equipment for underwater precision work. The ship will play a key role in the dredging, rock installation and positioning of the platform by the SMIT tugs, as well as in connecting the ballast hoses at a depth of 50 meters using remote-controlled equipment and injecting the iron ore into the footings. The project will conclude with the presentation of the 200-tonne connection bridge to the installation team on board of the two platforms. This project combines all our expertise.”

# REPORT OF THE SUPERVISORY BOARD

# REPORT OF THE SUPERVISORY BOARD

**The Supervisory Board wishes to thank the Board of Management and all the company's employees for their great efforts shown in 2013 and the good cooperation between all parts ofthe company. The Board extends its compliments for the good results achieved in 2013.**

In accordance with Article 27 of the Articles of Association of Royal Boskalis Westminster N.V., the Supervisory Board presents the 2013 annual report to the Annual General Meeting of Shareholders. The annual report, including the financial statements and the management statement, was drawn up by the Board of Management. The financial statements are accompanied by the report of the company's external auditor KPMG Accountants N.V., which is included on page 128 of this report.

We recommend the following to the Annual General Meeting of Shareholders:
1. The adoption of the financial statements, including the proposed profit appropriation;
2. The discharge of the members of the Board of Management in respect of their management activities during 2013;
3. The discharge of the members of the Supervisory Board for their supervision of management during 2013; and
4. The distribution to shareholders of a dividend of EUR 1.24 per ordinary share to be paid in ordinary shares, unless the shareholder opts to receive a cash dividend.

## COMPOSITION OF THE BOARD OF MANAGEMENT

At the start of the 2013 reporting year the Board of Management consisted of four members. On 8 May 2013 the Supervisory Board appointed Mr. A. Goedée to the Board of Management for a period of one year. There were no other changes to the composition of the Board of Management during the year under review.

## COMPOSITION OF THE SUPERVISORY BOARD

In 2013 the Supervisory Board consisted of six members.

On 8 May 2013 the Annual General Meeting considered the re-appointment of Mr. M. Niggebrugge, on the recommendation of the Supervisory Board. Supported by the Works Council, the Annual General Meeting re-appointed Mr. Niggebrugge to the Supervisory Board for a period of four years.

There were therefore no changes to the composition of the Supervisory Board during the year under review.

## ACTIVITIES OF THE SUPERVISORY BOARD

The Supervisory Board held five meetings with the Board of Management of the company. The attendance rate at the five meetings of the Supervisory Board was 93.33%. On two occasions one member was unable to attend the Supervisory Board meeting for personal reasons and on one occasion he participated in the meeting by telephone. The Supervisory Board also met several times without the Board of Management being present. In view of a potential conflict of interest Mr. Van Wiechen did not participate in the discussions and decision making concerning the offer for Dockwise. Mr. Van Wiechen is director of HAL Investments B.V., the principal shareholder in Boskalis and Dockwise, and was non-executive director of Dockwise. Once the company had acquired more than a majority stake in Dockwise Mr. Van Wiechen rejoined the meetings on items pertaining to Dockwise.

Permanent items on the agenda of the Supervisory Board are: the development of the results, the balance sheet, the safety performance, and industry and market developments. With regard to the market developments, the order book and potential large projects as well as the status of important contracted projects are discussed. During the year under review subjects discussed included the contracting of large projects such as Wheatstone in Australia for Dockwise, the transport of the Concordia by the Vanguard, the dredging projects for the Hondsbossche and Pettemer Sea Defense in the Netherlands and St. Petersburg in Russia, and the salvage of the Kulluk in Alaska, as well as the execution of projects such as Maasvlakte 2 in the Netherlands, Superporto do Açu in Brazil, Java-Bali in Indonesia and Gorgon in Australia. Results from the financial settlement of projects whose technical completion took place earlier and the insurance case concerning the Tauracavor were also discussed.

In addition the Supervisory Board devoted attention to the various operational, political and financial risks and judged any provisions made by the Board of Management.

Other topics under scrutiny in 2013 included the corporate budget, liquidity, acquisition and investment proposals, the organizational structure and the staffing policies. This included extensive discussion and decision making regarding the investment in a new mega cutter, the reconstruction of the Fairway, the delivery of the Ndeavor and the Ndurance and the sale of the vessel Ursa. Special attention was paid to the company's policy on safety, health and the environment and the social aspects of doing business, with extensive discussion of the company's safety program *NINA* (No Injuries No Accidents), and how this program is being implemented within the organization and with subcontractors. In this context the board paid attention to a number of accidents at subcontractors working on company projects. The outcome of the related investigations and the measures to improve procedures were also discussed.

The Board also discussed the revised General Code of Business Conduct and the Supplier Code of Conduct as well as the company's compliance with anti-corruption legislation. This included discussing the court case in Mauritius and the outcome. With regard to the new anti-corruption legislation the further implementation of the newly drafted agent contracts was discussed.

The Supervisory Board examined the company's strategy and the risks associated with it. In this context the Supervisory Board discussed the development of a new Corporate Business Plan for the period 2014-2016 to give focus to the new organization following the acquisition of Dockwise.

Another regular topic of discussion concerned the principal risks inherent to the management of the company, such as the risks associated with contracting. In this context the Board held an in-depth discussion about the central tender procedure for large projects within the company. Further information about the company's risk management can be found on pages 48 to 52 of this annual report. The Audit Committee regularly assessed the structure and operation of the associated internal risk management and control systems and discussed these with the Supervisory Board. No significant changes were made to the internal risk management and control systems during the year under review. The meetings to discuss the annual and semi-annual results were held in the presence of the external auditor.

In 2013 the Supervisory Board gave extensive consideration to the completion of the acquisition of Dockwise and the conclusion of a joint venture agreement with SAAM for the joint operation of harbour towage activities in Canada, Central and South America. Another topic of discussion was the acquisition of a 50 per cent stake in cable-laying company VSMC, which is consistent with the company's strategy and will deliver the desired further expansion and reinforcement of the company's position as a maritime services provider, in particular in the offshore energy market. In this context the Board also discussed the acquisition of the activities of Fairmount.

During the year under review Boskalis sold both the company's 40 per cent stake in Archirodon and the activities of Dockwise Yacht Transport in the interests of introducing strategic focus to thecompany. Furthermore the towage activities in Gladstone, Australia were transferred to Smit Lamnalco.

During the year under review the Supervisory Board paid a working visit to Singapore. During this visit the Supervisory Board familiarized itself with the various Boskalis business units in Singapore, including Dockwise. In the course of doing so extensive attention was paid to the market trends and possible new projects in Singapore in the field of land reclamation. Other areas of attention were the projects in the region, the reconstruction of the Fairway and the joint ventures of SMIT with local partners.

A number of Supervisory Board members met with the Works Council to discuss the results, the corporate strategy, the market developments and the current situation in relation to the pension funds as well as the effects of the integration with MNO Vervat and Dockwise.

The Supervisory Board has instituted three core committees – the Audit Committee, the Remuneration Committee and the Selection and Appointment Committee. They performed their tasks as follows:

## AUDIT COMMITTEE

**Members of the Audit Committee**
The Audit Committee consists of two members: Mr. Niggebrugge (chairman) and Mr. Van Wiechen.

**Duties and responsibilities of the Audit Committee**
The main duties of the Audit Committee are to advise the Supervisory Board on:


The Mighty Servant 1 transports Chevron's Big Foot platform from Geoje in South Korea to Corpus Christi in the US.

- Supervising and monitoring and advising the Board of Management concerning, the operation of the internal risk management and control systems, including the supervision of compliance with the relevant legislation and regulations, and supervision of the operation of the codes of conduct.
- Supervising the provision of financial information by the company, its tax planning, the application of information, communication and communication technology, and the financing of the company.
- Maintaining regular contacts with the external auditor and supervising the relationship with the external auditor as well as the compliance with and implementation of the external auditor's recommendations.
- Nominating an external auditor for appointment by the General Meeting of Shareholders.
- The financial statements, the annual budget and significant capital investments by the company.
- Supervising the functioning of the internal audit function.

**Activities during 2013**
The Audit Committee met on three occasions during 2013, with both members as well as the chairman of the Supervisory Board always being present. Regular topics discussed during these meetings included: the 2012 financial statements, the (interim) financial reporting for the 2013 financial year, the results relating to large projects and operating activities, developments in IFRS regulations, in particular those relating to joint venture accounting, risk management and control, developments in the order book, share price development, the financing and liquidity of the company and cost control.

Other topics of discussion included the impact of the situation on the financial markets, insurance matters, the company's tax position, the internal control procedures and administrative organization, the relevant legislation and regulations and the Corporate Governance Code. The follow-up of the Management Letter issued by the external auditor as part of the audit of the 2012 financial statements was also discussed.

The new Dutch legislation governing the rotation of the external auditor was a regular topic of discussion during Audit Committee meetings. After deciding in favor of a tender process the Audit Committee recommended to the Supervisory Board that a new external auditor be selected with effect from the 2014 financial year. The Supervisory Board will submit the relevant proposal for the approval of the 2014 General Meeting of Shareholders.

In addition, the Audit Committee focused more specifically on the financing of the company, partly through an issue equaling around 10 per cent of the issued share capital. The Audit Committee also discussed the integration of the Dockwise business units and the further integration and reorganization of the activities of the previously acquired MNO Vervat. Extra attention was also paid to the integration of the accounting and reporting processes and systems within the group in the context of the acquisitions made in recent years.

The Audit Committee also discussed the development of the financial position of the pension funds, in which the company is involved.

Together with the internal auditor the Audit Committee discussed the activities performed by the internal auditor during 2013 as well as the internal Audit Plan for 2014.

In addition to the chairman of the Board of Management and the Chief Financial Officer, the Group Controller and the external auditor were also present at the meetings of the Audit Committee.

During the year under review meetings were also held with the external auditor without the company's Board of Management being present. The Audit Committee discussed the audit fees and the audit approach with the external auditor. The Audit Committee also established the independence of the external auditor.

Reports and findings of the meetings of the Audit Committee were presented to the entire Supervisory Board.

## REMUNERATION COMMITTEE

**Members of the Remuneration Committee**
The Remuneration Committee consists of two members:
Mr. Van Woudenberg (chairman) and Mr. Kramer.

The Remuneration Committee regularly avails itself of the services of an independent remuneration adviser selected by the Supervisory Board, and ascertained that this remuneration adviser does not provide advice to the members of the Board of Management.

**Duties and responsibilities of the Remuneration Committee**
The Remuneration Committee performs the following duties:

- Submitting proposals to the Supervisory Board concerning the remuneration policy to be pursued for the members of the Board of Management. The policy is submitted to the General Meeting of Shareholders for approval.
- Investigating whether the agreed remuneration policy is still up to date and if necessary proposing policy amendments.
- Submitting proposals to the Supervisory Board concerning the remuneration of individual members of the Board of Management (in accordance with the remuneration policy adopted by the General Meeting of Shareholders).
- Preparing the remuneration report on the remuneration policypursued, subject to adoption by the Supervisory Board.

**Activities during 2013**
The Remuneration Committee met on three occasions during 2013, with both members attending all the meetings. In addition the Committee also held regular consultations outside these meetings. Further details of the activities of the Remuneration Committee can be found in the 2013 Remuneration Report.

Reports and findings of the meetings of the Remuneration Committee were presented to the entire Supervisory Board.

**Remuneration policy for the Board of Management**
The remuneration policy for the Board of Management was adopted by the Extraordinary General Meeting of Shareholders on 21 January 2011. The remuneration policy is consistent with the strategy and core values of Boskalis, which are centered on long-term orientation and continuity, and take into account the interests of Boskalis' shareholders, clients, employees as well as the 'wider environment'. Throughout 2013 the remuneration policy was executed in accordance with the remuneration policy as adopted by the Extraordinary General Meeting of Shareholders. The full text of the remuneration policy as well as the remuneration report can be found on the website.

**Remuneration policy for the Supervisory Board**
The remuneration policy for the Supervisory Board was adopted by the General Meeting of Shareholders on 10 May 2012. During the year under review the remuneration policy was executed in accordance with the remuneration policy as adopted. The remuneration report 2013 can be found on the website.

## SELECTION AND APPOINTMENT COMMITTEE

**Members of the Selection and Appointment Committee**
The Selection and Appointment Committee consists of two members: Mr. Hessels (chairman) and Mr. Van Woudenberg.

**Duties and responsibilities of the Selection and Appointment Committee**
The duties of the Selection and Appointment Committee concern the following matters:

- Drawing up selection criteria and appointment procedures with respect to members of the Supervisory Board and members of the Board of Management of the company.
- Conducting a periodic assessment of the size and composition of the Supervisory Board and the Board of Management and drawing up the profile.
- Conducting a periodic assessment of the functioning of individual members of the Supervisory Board and Board of Management and reporting thereon to the Supervisory Board.
- Proposing appointments and re-appointments.
- Supervising the policy of the Board of Management with respect to selection criteria and appointment procedures for the senior management of the company.

**Activities during 2013**
In 2013 the Selection and Appointment Committee held one meeting, which was attended by both members of the Selection and Appointment Committee and all other members of the Supervisory Board. In addition, the Committee consulted by telephone on several occasions. During the year under review, the Selection and Appointment Committee discussed a balanced composition of and succession planning for the Board of Management, diversity, and the composition and size of the Supervisory Board, bearing in mind the Board's profile and retirement rota. The Committee discussed how to implement the objective stipulated in the profile of the Supervisory Board to appoint a female member to the Supervisory Board by 2015 or sooner insofar as this is possible..

According to the Supervisory Board retirement rota, the term of office of Mr. Niggebrugge ended in 2013. The Supervisory Board simultaneously informed both the shareholders and the Works Council of the resulting vacancy. Mr. Niggebrugge let it be known that he was available for re-appointment. The Supervisory Board proposed to the General Meeting of Shareholders that Mr. Niggebrugge be re-appointed to the Supervisory Board. The proposal to re-appoint rested on the fact that Mr. Niggebrugge has extensive experience as a member of the Supervisory Board and puts this membership into practice with great expertise. The recommendation to re-appoint Mr. Niggebrugge was in accordance with the law and the company's Articles of Association. The recommendation to re-appoint Mr. Niggebrugge had the full support of the Works Council. On 8 May 2013, the General Meeting of Shareholders re-appointed Mr. Niggebrugge for a period of four years.

The Selection and Appointment Committee prepared the proposal to appoint Mr. Baan, chairman of the non-executive board of Dockwise, as a member of the company's Supervisory Board. However, this proposal was precluded by the sad passing away of Mr. Baan.

Furthermore, the Selection and Appointment Committee discussed the appointment of Mr. A. Goedée as a member of the Board of Management. The Supervisory Board adopted the proposal for his appointment and, having sought the opinion of the General Meeting of Shareholders, on 8 May 2013 appointed Mr. Goedée to the Board of Management for a period of one year.

A further topic of discussion was the re-appointment of Mr. J.H. Kamps as a member of the Board of Management. Mr. Kamps' experience as the company's Chief Financial Officer and the expertise and the conscientious way in which he performs his job led the Supervisory Board to decide to submit the proposed resolution to re-appoint Mr. Kamps for discussion by the General Meeting of Shareholders to be held on 13 May 2014.

The Supervisory Board also discussed the extension of the term of appointment of Mr. F.A. Verhoeven, which expires on the date of the General Meeting of Shareholders in 2015. It is the intention of the Supervisory Board to extend this term by a period of one year to the General Meeting of Shareholders in 2016. In the opinion of the Supervisory Board this extension will contribute to the transformation of the company's organizational structure to a new divisional structure, with the expertise and experience of Mr. Verhoeven safeguarding the continuity in the further integration of Dockwise.

Reports and findings of the meetings of the Selection and Appointment Committee were presented to the entire Supervisory Board.

## DUTCH CORPORATE GOVERNANCE CODE

Since the introduction of the Dutch Corporate Governance Code (the 'Code') in 2004, the principles of proper corporate governance and best practice provisions set out in the Code have regularly been discussed at Supervisory Board meetings. The principal points of the Boskalis Corporate Governance policy can be found on pages 54 and 55 of this annual report.

In the opinion of the Supervisory Board, the provisions of the Code regarding the independence of the members of the Supervisory Board have been complied with. The Supervisory Board considers Mr. van Wiechen not to be independent in the light of the Code.

Outside the presence of the board members, the Supervisory Board discussed the performance of the Board of Management and its individual members. It also discussed the performance of the Supervisory Board, the chairman of the Supervisory Board, the three committees and the individual members of the Supervisory Board as compared to the profile. This evaluation took place with the aid of a questionnaire as well as through collective and bilateral discussions between the members of the Supervisory Board, the chairman of the Supervisory Board and the individual members of the Board of Management.

The Supervisory Board wishes to thank the Board of Management and all the company's employees for their great efforts shown in 2013 and the good cooperation between all parts of the company. The Board extends its compliments for the good results achieved in 2013.

Papendrecht / Sliedrecht, 12 March 2014

Supervisory Board
Mr. J.M. Hessels, chairman
Mr. H.J. Hazewinkel, deputy chairman
Mr. M.P. Kramer
Mr. M. Niggebrugge
Mr. J. van Wiechen
Mr. C. van Woudenberg


Members of the SMIT Salvage team are winched aboard the stranded oil tanker Silver in Morocco

# GROWING IN TOWAGE THROUGH PARTNERSHIPS


The Smit Aruba and Smit Cristobal provide assistance to a container ship in the port of Balboa

Boskalis has made the strategic choice to develop its towage activities around the world through partnerships. Pooling resources creates more chances for success.

"Our partnership strategy brings major benefits to our clients. With our excellently maintained fleet and highly qualified staff we can offer the scale and technical reliability they are looking for. With SMIT as one of our permanent joint venture partners this means that we can offer clients the highest quality in terms of safety, reliability and availability," said Tom Bennema, Head of Corporate Strategy & Business Development.

"Harbour towage services are strongly regional and local in nature. We are dealing with local stakeholders and business conditions. And so we look to join forces with successful players who have regional knowledge to set up and grow a joint company. There are also clear operational benefits of scale in using the joint ventures to concentrate on certain regions, resulting in efficient deployment of the fleet and scope for standardization. Finally, the financing benefits were also a consideration in transferring these activities to joint ventures. The nature of harbour towage activities means that these operations can be financed more efficiently. Through non-recourse financing we place these activities at a distance and this efficient capital structure allows us to achieve higher returns."

"We already have two major joint ventures that are strong in towage services. Based in Singapore our Keppel SMIT Towage joint venture caters to the Southeast Asia region, mainly Singapore, Brunei, Malaysia and Indonesia. We are now slowly expanding our position there to China and Taiwan. The Smit Lamnalco joint venture works for clients in the oil and gas industry in the Middle East, Africa, Russia and Australia. The partnership with Lamnalco has been going for 50 years. When we took over SMIT it was already clear that we wanted to merge the SMIT terminal activities with the Lamnalco ones. The step provided a major growth boost to Lamnalco. In 2013 we also sold our Australian harbour towage services to Smit Lamnalco, thus further extending this joint venture's reach."

"We are currently working on the establishment of a third major joint venture with SAAM of Chile in order to strengthen the towage activities in North, Central and South America. We want to merge the SMIT harbour towage activities in Canada, Panama and Brazil with those of SAAM in Mexico and Brazil. In the course of 2014 this will create a strong provider of harbour towage services in important growth markets."

WORK VEST ONLY

# REPORT OF THE BOARD OF MANAGEMENT

# MARKET DEVELOPMENTS

**The markets in which Boskalis operates are driven by growth in global trade, energy consumption and the world's population, as well as by the effects of climate change.**

Recent research has confirmed that these trends will continue in the longer term despite regional economic stagnation.

In the short term we are assisted by the growing demand for deep sea ports with the ability to cater to the new generation of bulk carriers and container ships, as well as by the increasing shift towards (complex) offshore locations for oil and gas extraction.

Boskalis expects market conditions for its Dredging and Towage activities to be stable in the next three years, with scope for growth mainly seen for Offshore Energy in the area of Transport, Logistics & Installation. There are clear opportunities here for Boskalis with its combination of assets and expertise following the acquisitions of SMIT and Dockwise. Boskalis can further strengthen its position in this segment through targeted investments in ships or through acquisitions, for example the recent takeover of Fairmount with its leading position in the global market for oceangoing tugs.

# FINANCIAL PERFORMANCE

Royal Boskalis Westminster N.V. (Boskalis) achieved revenue of EUR 3.5 billion in 2013 (2012: EUR 3.1 billion). Net profit rose sharply to EUR 366 million (2012: EUR 249 million), partly due to a number of extraordinary items amounting to EUR 97 million post tax. Boskalis intends to distribute a dividend of EUR 1.24 per share and intends to start a three-year share buyback program.

EBITDA also reached a record high level of EUR 800 million (2012: EUR 567 million) and EBIT was EUR 466 million (2012: EUR 336 million). The contribution to the result from Dredging increased, partly due to substantial results on the financial settlement of projects completed at an earlier date, the sale of equipment and the settlement of an insurance claim. Offshore Energy's contribution to the result rose sharply, in part explained by the contribution from the Dockwise activities acquired at the start of 2013. The contribution to the result from Inland Infra fell, partly due to the sale of the 40% stake in Archirodon as well as integration and reorganization expenses. Towage & Salvage had a good year.

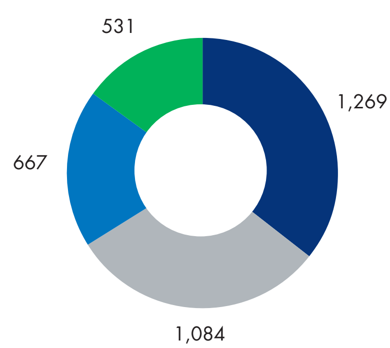
The order book declined slightly to EUR 4,005 million (end-2012: EUR 4,106 million). The acquisition of Dockwise and the sale of the 40% stake in Archirodon on balance had a neutral effect on the size of the order book.

## OPERATIONAL AND FINANCIAL DEVELOPMENTS

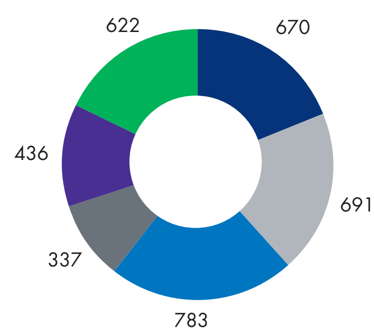
In early 2013 Boskalis successfully completed the acquisition of Dockwise by means of a public offer and subsequent squeeze-out procedure for all shares not already tendered under the offer. The Dockwise results for the first quarter have been recognized as result from associated companies based on a pro rata stake, with the results being fully consolidated as from the second quarter and reported under the Offshore Energy segment.

At the beginning of the third quarter the 40% stake in Archirodon was sold. These activities, which were previously reported under the Inland Infra segment, are no longer included in the consolidated figures as from the third quarter. The transaction resulted in a book gain of EUR 50.9 million, which has been recognized under the Holding and Eliminations segment.

| BY SEGMENT | **2013** | 2012 |
|---|---|---|
| (in millions of EUR) | | |
| Dredging | **1,269** | 1,290 |
| Offshore Energy | **1,084** | 481 |
| Inland Infra | **667** | 777 |
| Towage & Salvage | **531** | 533 |
| Non-allocated group revenue | **-12** | - |
| **Group** | **3,539** | 3,081 |




| BY GEOGRAPHICAL AREA | **2013** | 2012 |
|---|---|---|
| (in millions of EUR) | | |
| The Netherlands | **670** | 763 |
| Rest of Europe | **691** | 570 |
| Australia / Asia | **783** | 484 |
| Middle East | **337** | 341 |
| Africa | **436** | 428 |
| North and South America | **622** | 495 |
| **Group** | **3,539** | 3,081 |



## REVENUE

During the past year revenue rose by 15% to EUR 3.54 billion (2012: EUR 3.08 billion). Adjusted for the acquisition of Dockwise and the sale of the stake in Archirodon revenue rose by 8%.

Revenue was stable at the Dredging, Towage & Salvage and Inland Infra (adjusted for the sale of Archirodon) segments. The Offshore Energy segment saw a sharp rise in revenue, even adjusted for the addition of Dockwise, with the growth being broadly spread across the various activities in this segment.

## RESULT

The operating result including the result of associated companies and before interest, taxes, depreciation, amortization and impairments (EBITDA) was EUR 800.1 million (2012: EUR 567.1 million). The contribution by Dockwise was EUR 145.6 million, including a EUR 18.5 million effect from the Purchase Price Allocation (PPA).

The operating profit (EBIT) was EUR 465.9 million in 2013 (2012: EUR 335.8 million). The contribution from Dockwise to the operating profit, including a EUR 0.6 million effect from the PPA, was EUR 55.6 million.

The Dredging segment realized a higher result, with the result for the year under review once again being influenced by substantial results from the financial settlement of projects whose technical completion took place earlier. In addition there were substantial results from the sale of equipment and the settlement of an equipment-related insurance claim.

Offshore Energy reported an operating result of EUR 149.5 million. Even adjusted for the contribution from Dockwise, the result in this segment rose significantly to EUR 94.0 million.

The results in the Inland Infra segment, adjusted for the sale of Archirodon, were lower, partly related to a provision for integration and reorganization costs taken in early 2013. Towage & Salvage had a good year with an increase in operating profit.

| RESULT BY SEGMENT | 2013 | 2012 |
|---|---|---|
| (in millions of EUR) | | |
| Dredging | **249.5** | 200.6 |
| Offshore Energy | **149.5** | 60.3 |
| Inland Infra | **8.3** | 38.1 |
| Towage & Salvage | **83.4** | 74.0 |
| Non-allocated group costs | **-24.8** | -37.2 |
| **Total** | **465.9** | 335.8 |

## NET PROFIT

The operating profit (EBIT) was EUR 465.9 million. Net of financing expenses of, on balance, EUR 55.2 million and EUR 20.2 million in results from associated companies, profit before taxation amounted to EUR 430.9 million. Net profit attributable to shareholders totaled EUR 365.7 million (2012: EUR 249.1 million).

The result includes a number of exceptional items: a book gain of EUR 50.9 million on the sale of the 40% stake in Archirodon; a pre-tax book gain of EUR 17.8 million on the sale of the cutter the Ursa; a positive result of EUR 13.9 million pre tax from the settlement of an equipment-related insurance claim; and a non-cash revaluation gain of EUR 22.7 million in relation to the equity stake held in Dockwise immediately prior to the offer being declared unconditional. On balance the impact of these items on net profit was EUR 97.4 million.

Salvage of the capsized SEP Orion jack-up platform in Brazil by SMIT Salvage

## ORDER BOOK

In 2013 Boskalis acquired, on balance, EUR 3,230 million worth of new contracts. At the end of the year the order book stood at EUR 4,005 million (end-2012: EUR 4,106 million).

The contracts held by Dockwise at the time of its inclusion in the consolidated figures were valued and added to the order book for an amount of EUR 496 million. Archirodon's share in the order book at the time of its sale was EUR 509 million.

| ORDER BOOK | 31 dec 2013 | 31 dec 2012 |
|---|---|---|
| (in millions of EUR) | | |
| Dredging | **1,094** | 1,143* |
| Offshore Energy | **1,338** | 820 |
| Inland Infra | **923** | 1,533* |
| Towage & Salvage | **650** | 610 |
| **Total** | **4,005** | 4,106 |

* As from the beginning of 2013 the projects on and around the Dutch inland waterways are recognized under Inland Infra. The comparative figures have been adjusted accordingly.

## DREDGING

*Construction, maintenance and deepening of ports and waterways, land reclamation, coastal defense, underwater rock fragmentation and the extraction of minerals using dredging techniques.*

| DREDGING | 2013 | 2012 |
|---|---|---|
| (in millions of EUR) | | |
| Revenue | **1,269** | 1,290 |
| EBITDA | **336.0** | 286.0 |
| Operating result | **249.5** | 200.6 |
| Order book | **1,094** | 1,143 |

## REVENUE

Revenue in the Dredging segment totaled EUR 1,269 million (2012: EUR 1,290 million).

| REVENUE BY MARKETS | 2013 | 2012 |
|---|---|---|
| (in millions of EUR) | | |
| European home markets | **330** | 468 |
| Non-European home markets | **69** | 143 |
| International projects | **870** | 679 |
| **Total** | **1,269** | 1,290 |

### European home markets

Revenue in the European home markets (the Netherlands, Germany, United Kingdom, Nordic countries) fell to EUR 330 million (2012: EUR 468 million). The decline was mainly attributable to the lower activity level in the Netherlands as a result of the conclusion of work on the Maasvlakte 2 project and a smaller volume of coastal defense projects. The construction of Maasvlakte 2 was technically completed in 2013 and Boskalis will be responsible for maintaining the seawall for the next 10 years. In the other European home markets work took place on a large number of maintenance projects for ports and waterways. Germany and Sweden had a busy year with maintenance and other projects. In Germany Boskalis Hirdes once again performed a large volume of munitions clearance work to facilitate the construction of offshore wind farms. These projects involved combining the expertise of Boskalis Hirdes with that of Boskalis Offshore's Subsea Services.

### Non-European home markets

Revenue in the home markets outside Europe (Nigeria and Mexico) fell to EUR 69.3 million (2012: EUR 143 million). Both countries experienced a decline in activity levels due to the conclusion of a number of substantial projects. While the prospects for further growth in Nigeria remain good, decision-making processes at oil and gas companies with regard to major investments are slow to proceed.

### International project market

Revenue from the international project market rose compared to last year to EUR 870 million (2012: EUR 679 million). Following the technical completion of the substantial Gorgon project in Western Australia revenue is mainly being generated on a large number of smaller projects. The regions of Africa, Asia, the Middle East and India in particular demonstrated strong revenue growth. Last year Boskalis was active on projects in countries including Kenya (port of Mombasa), Morocco (port of Tangiers), Benin (coastal defense at Cotonou), India (port of Mumbai) and Iraq, as well as on various projects in Southeast Asia and Australia. In Central and South America work was carried out on projects including Superporto do Açu (Brazil) and Lelydorp I (Suriname).

### Fleet developments

Utilization of the hopper fleet was strong at 44 weeks (2012: 41weeks). The utilization rate for the cutter fleet on the other hand was low at 16 weeks (2012: 25 weeks). The cutter Ursa was sold at the beginning of the year and the limited volume of cutter work in the market resulted in low utilization levels for the rest of the fleet. In the fourth quarter an order was placed for the construction of a mega cutter. The value of this replacement investment, which will be completed in 2017, is approximately EUR 170 million.

## SEGMENT RESULT

EBITDA in the Dredging segment totaled EUR 336.0 million with an operating result of EUR 249.5 million (2012: EUR 286.0 million and EUR 200.6 million, respectively). This result includes a EUR 17.8 million book gain on the sale of the Ursa and a EUR 13.9 million result from the settlement of an equipment-related insurance claim relating to damage sustained in 2007. In addition to the usual project results, which included good results on a number of larger projects nearing completion, there were considerable results from the financial settlement of projects whose technical completion took place earlier. Depreciation was higher than in the previous financial year due to a EUR 9.0 million impairment charge on cutter equipment.

## ORDER BOOK

On balance EUR 1,212 million of new work was acquired in the course of 2013. In addition to a large number of relatively small maintenance projects for ports and waterways, several other noteworthy contracts were won. These included land reclamation projects in Vietnam and South Korea as well as contracts for the maintenance of the shipping fairways in the port of Melbourne, Australia and on the Elbe River in northern Germany over the next few years. Work will be undertaken to deepen access channels in Qatar and the UK port of Southampton. In St. Petersburg, Russia a project was contracted for the expansion of the port, and just before the end of the year Boskalis was awarded the contract for the reinforcement of the Hondsbossche and Pettemer Sea Defense in the Dutch province of Noord-Holland.

| ORDER BOOK BY MARKETS | 31 dec 2013 | 31 dec 2012 |
|---|---|---|
| (in millions of EUR) | | |
| European home markets | **440** | 238 |
| Non-European home markets | **22** | 51 |
| International projects | **632** | 854 |
| **Total** | **1,094** | 1,143 |

The value of the order book at the end of 2013 was EUR 1,094 million (end-2012: EUR 1,143 million).

## OFFSHORE ENERGY

*Offshore dredging and rock dumping projects, heavy transport, lift and installation work, diving and ROV services in support of the development, construction, maintenance and dismantling of oil and LNG import/export facilities, offshore platforms, pipelines and cables and offshore wind turbine farms.*

| OFFSHORE ENERGY | 2013 | 2012 |
|---|---|---|
| (in millions of EUR) | | |
| Revenue | **1,084** | 481 |
| EBITDA | **282.8** | 95.4 |
| Operating result | **149.5** | 60.3 |
| Order book | **1,338** | 820 |

The revenue and results of Dockwise are fully consolidated from the second quarter of 2013.

### REVENUE

Revenue in the Offshore Energy segment rose to EUR 1,084 million, with Dockwise contributing EUR 332 million to this figure. Excluding this consolidation effect, revenue was EUR 752 million (2012: EUR 481 million).

Both Subsea Contracting and Marine Contracting had a good and busy year. Subsea Contracting performed various offshore dredging and cable work projects in addition to rock dumping work to protect pipelines. The second half of the year saw the commencement of work on the Ichthys offshore project in Australia as well as the start of preparatory work in connection with the Malampaya transport and installation project in the Philippines. Installation work for the West of Duddon Sands offshore wind farm project in the Irish Sea was successfully completed, as well as the OSX3 FPSO installation project in Brazil. At Marine Services capacity utilization of the transport equipment was lower in 2013, while capacity utilization of the floating sheerlegs was good, with projects in Southeast Asia, Brazil, Turkey and Germany. After a quiet first half year Subsea Services achieved good operating results in the second half year.

Dockwise can look back on a good year, with a strong fleet utilization level amid competitive market conditions. While the market for short-term Heavy Marine Transport activities started out weak in early 2013, demand picked up in the course of the second quarter and it was positively busy during the remainder of the year. Demand for the longer-term focused activities of the Heavy Marine Transport, Transport & Installation and Logistical Management segments arises mainly from projects with a multi year planning horizon. The market prospects for this type of project are good, mainly in light of expected deep-sea oil and gas projects in Norway, Western Australia, the Gulf of Mexico and West Africa. The year under review saw a great deal of work carried out on the Gorgon project (Australia) as well as the installation of the Gumusut platform (Malaysia) and the successful completion of the logistical management project, using Floating Super Pallets, for Bechtel (Australia). The Dockwise Vanguard, the flagship brought into service at the beginning of 2013, had a successful and busy first year. After the delivery of the world's biggest semi-submersible offshore platform in the Gulf of Mexico, the vessel was used as a floating dry dock for a damaged oil rig in Malta and to transport a large platform from Brazil to Indonesia before embarking on the transportation of an integrated lower hull from Singapore to Brazil round the turn of the year.

### FLEET DEVELOPMENTS

In 2013 the AHT (Anchor Handling Tug) the Smit Komodo was modified and taken into service as a DSV (Diving Support Vessel). In addition construction work was completed on the two N class vessels, which were brought into service in early 2014 and immediately deployed on projects. The Ndeavor was completed as a multifunctional rock-dumping, fallpipe and dredging vessel and has been deployed on the Malampaya project in the Philippines. The second N class vessel, the Ndurance, was finished as a 5,000 MT cable-laying ship and deployed into VSMC, the 50/50 joint venture with VolkerWessels. The Ndurance was immediately deployed on a cable-laying project in Indonesia and successfully installed two cables in record time under challenging circumstances.

Utilization of the Dockwise fleet was 83% from the second quarter. As well as the Dockwise Vanguard being taken into service in the year under review, construction work commenced on the White Marlin. The keel was laid in China on 23 May and this type I vessel is expected to be completed by the end of 2014.

### SEGMENT RESULT

EBITDA for the Offshore Energy segment was EUR 282.8 million with an operating result of EUR 149.5 million (2012: EUR 95.4 million and EUR 60.3 million, respectively).

Dockwise contributed EUR 145.6 million to EBITDA including a EUR 18.5 million effect from the Purchase Price Allocation (PPA). The contribution from Dockwise to the operating result was EUR 55.6 million, including a limited PPA effect of EUR 0.6 million.

### ORDER BOOK

At the end of the year the order book stood at EUR 1,338 million (end-2012: EUR 820 million). EUR 687 million of this related to Dockwise projects.

The value of the contracts held by Dockwise at the time of its inclusion in the consolidated figures at the end of March was EUR 496 million.
On balance EUR 1,107 million of new work was acquired within the segment in the course of the year under review. EUR 523 million of this related to new orders for Dockwise.

Dockwise contracted a number of noteworthy projects. The Dockwise Vanguard won various contracts, including the dry-docking of a damaged oil rig, the transportation of an FPSO in 2016, and the contract to transport the Concordia, scheduled for mid-2014. At the end of the year under review Dockwise was awarded a contract by Bechtel worth a record USD 275 million. The contract concerns the logistical management and transportation of over 100 modules for the Wheatstone LNG project in Western Australia. These modules will be transported from China and Malaysia to Australia over period of two years using a combination of Dockwise and Boskalis equipment.

## INLAND INFRA

*Riverbank protection and construction of roads and railroads, bridges, dams, overpasses and terminals including earthmoving, soil improvement and remediation.*

| INLAND INFRA | 2013 | 2012 |
|---|---|---|
| (in millions of EUR) | | |
| Revenue | **667** | 777 |
| EBITDA | **38.7** | 78.8 |
| Operating result | **8.3** | 38.1 |
| Order book | **923** | 1,533 |

At the beginning of July 2013 Boskalis sold its 40% stake in Archirodon for USD 190 million. As a result Archirodon is no longer included in the consolidated figures as from 1 July 2013. The divestment resulted in a book gain of EUR 50.9 million, which has been recognized under ‘Other income and expenses’ in the Holding and Eliminations segment.

### REVENUE

Revenue in the Inland Infra segment was EUR 667 million (2012: EUR 777 million). The decline is largely attributable to the sale of the 40% stake in Archirodon. Excluding Archirodon revenue was EUR 499 million (2012: EUR 511 million).

### SEGMENT RESULT

EBITDA and operating result in the Inland Infra segment were EUR 38.7 million and EUR 8.3 million, respectively (2012: EUR 78.8 million and EUR 38.1 million, respectively). Archirodon’s share in the operating result was EUR 9.7 million (2012: EUR 28.6 million). Results in the Netherlands were under pressure, mainly as a result of the extremely competitive market conditions in the Dutch market for infrastructure projects. The integration of MNO Vervat into Boskalis Nederland was started at the beginning of the year under review, with implementation subsequently being accelerated in light of the worsening market conditions. The integration will be completed in the course of 2014. In connection with this, substantial integration and restructuring charges were taken during the year.

### ORDER BOOK

At the end of the year the Inland Infra order book stood at EUR 923 million. Excluding our 40% share of the Archirodon order book the order book was worth EUR 954 million at the end of 2012 (including Archirodon: EUR 1,533 million).

## TOWAGE & SALVAGE

*Towage: towage services and berthing and unberthing of oceangoing vessels in ports and at offshore terminals, management and maintenance both above and below the surface of onshore and offshore oil and gas terminals and associated maritime and management services.*
*Salvage: providing assistance to vessels in distress, wreck clearance, environmental care services and advice.*

| TOWAGE & SALVAGE | 2013 | 2012 |
|---|---|---|
| (in millions of EUR) | | |
| Revenue | **531** | 533 |
| EBITDA | **145.5** | 142.0 |
| Operating result | **83.4** | 74.0 |
| Order book | **650** | 610 |

### REVENUE

Revenue in the Towage & Salvage segment was EUR 531 million in 2013 (2012: EUR 533 million).

Boskalis provides towage services in the port of Rotterdam and in countries including Belgium, Brazil, Panama, Canada and Singapore. In early October the harbour towage activities in Gladstone (Australia) were transferred to Smit Lamnalco. The elimination of these activities as well as currency translation effects contributed towards a slight decline in the revenue of the harbour towage activities compared to 2012.

Boskalis is also active, mainly through its 50% stake in Smit Lamnalco, in providing towage and additional services in connection with offshore terminals, often under long-term contracts. The addition of the activities in Gladstone, Australia, as well as a good revenue contribution from contracts in Russia and Iraq enabled Smit Lamnalco to realize a rise in revenue.

Salvage had a busy first half of the year followed by a somewhat quieter second half. Noteworthy projects, which were all completed successfully, included the refloating of the Kulluk Arctic drilling rig in Alaska, the salvage operation involving the broken container ship the MOL Comfort in the Arabian Sea, the removal of oil from a jack-up rig in Angola and from a cape size bulker off the coast of South Africa and the wreck clearance of a capsized jack-up rig in Brazil.

### SEGMENT RESULT

The operating result, including the proportionate consolidation of associates, was EUR 83.4 million (2012: EUR 74.0 million).

### ORDER BOOK

The order book grew to EUR 650 million (end-2012: EUR 610 million) and contains solely terminal contracts.

In February 2014 Boskalis won the contract for the removal of a damaged jack-up rig from the seabed off the coast of Angola. In the same month Boskalis was notified of the intention to award it the contract for the removal of the wreck of the car carrier Baltic Ace which sank in the North Sea. Equipment belonging to various Boskalis business units, including Dockwise, will be deployed on the salvage operation.

## HOLDING AND ELIMINATIONS

*Non-allocated head office activities.*

| HOLDING | 2013 | 2012 |
|---|---|---|
| (in millions of EUR) | | |
| Revenue eliminations | **-11.9** | - |
| Operating result | **-24.8** | -37,2 |

## SEGMENT RESULT

The operating result includes the usual non-allocated head office costs, as well as various non-allocated (exceptional) income and expenses. A book gain of EUR 51 million has been recognized in the operating result, arising from the sale of the 40% stake in Archirodon. Upon the acquisition of SMIT in 2010 a value was assigned to the SMIT trade name. Following the merging of the former SMIT Subsea, Transport and Heavy Lift activities with those of Boskalis Offshore in the Boskalis Offshore Energy division the SMIT trade name is (virtually) no longer in use for these activities. This resulted in a EUR 16.4 million impairment charge in relation to the SMIT trade name. Costs associated with the acquisition and integration of Dockwise amounting to EUR 8.2 million, have also been recognized in the operating result.

## OTHER FINANCIAL INFORMATION

Depreciation, amortization and impairments totaled EUR 334 million (2012: EUR 231 million). EUR 90 million of the increase compared to 2012 was due to the consolidation of Dockwise (including PPA effects), EUR 22.1 million for impairment charges on intangible assets (2012: nil) and EUR 17.3 million for impairment charges on property, plant and equipment (2012: EUR 4.1 million).

The result from associated companies was EUR 20.2 million (2012: EUR 0.3 million) and mainly concerned Dockwise. The result includes a gain of EUR 22.7 million relating to the revaluation of the stake in Dockwise held directly prior to the offer being declared unconditional. This revaluation result concerns the difference between the valuation of the stake based on the offer price and the valuation based on the purchase price. The result from associated companies also includes the share in the Dockwise result for the first quarter of the year under review based on an average stake of 39.1%. This result was a negative EUR 3.7 million due to one-off costs recognized by Dockwise associated with the acquisition.

The tax burden increased during the year under review to EUR 64.4 million (2012: EUR 49.5 million). The effective tax rate fell to 15.0% (2012: 16.4%). The results from the activities of Dockwise are largely taxed at a low rate under a special tax regime (tonnage tax). Moreover the book gain on the sale of the stake in Archirodon and the result from associated companies are tax-exempt.

## CAPITAL EXPENDITURE AND BALANCE SHEET

During the reporting year a total of EUR 296 million was invested in property, plant and equipment. Important investments in the Dredging segment concerned reconstruction work on the mega hopper Fairway and the construction of three 4,500 $m^3$ hoppers to replace smaller hoppers already taken or scheduled to be taken out of service. The Causeway (the first of the 4,500 $m^3$ hoppers) was brought into service in the third quarter and the Fairway is expected to enter service in March 2014. At the end of the reporting year construction work started on a new mega cutter with total installed capacity of 23,700 kW. Investments in the Offshore Energy segment included the Ndurance and Ndeavor (new multifunctional cable laying/offshore services vessels), the Asian Hercules III (5,000 MT floating sheerlegs in the Asian Lift JV) and the White Marlin (Dockwise type I transport vessel). Delivery of the Ndurance and Ndeavor took place in the fourth quarter. Delivery of the White Marlin is expected in late 2014 with the new mega cutter following in 2017.

Towage & Salvage made various smaller investments during the year, for example in six new tugs for SMIT Brasil of which two were brought into service.

Capital expenditure commitments as at 31 December 2013, including Dockwise, were higher at EUR 324 million (end-2012: EUR 126 million), mainly as a result of the commitments in relation to the mega cutter.

Cash flow amounted to EUR 701 million (2012: EUR 483 million). The cash position at the end of the reporting year was EUR 411 million, of which EUR 29.7 million related to group companies which have been recognized under ‘Assets held for sale’ in connection with their intended transfer to the new joint ventures to be created with SAAM. The solvency ratio rose to 44.3% (end-2012: 39.2%).

The net debt position rose compared to the end of 2012 as a result of the acquisition of Dockwise. On that occasion a three-year loan of USD 525 million was taken out, EUR 290 million was drawn under a five-year revolving credit facility (EUR 500 million) and a USD 525 million bridging loan was taken out. The bridging loan was fully repaid at the beginning of the third quarter from the proceeds of a USD 325 million US Private Placement (USPP), USD 190 million in proceeds from the sale of the stake in Archirodon and existing cash resources.

The remaining interest-bearing debt totaled EUR 1,254 million at the end of the year under review, with EUR 59 million of this recognized under ‘Assets held for sale’. The net debt position stood at EUR 845 million. At the end of first half year interest-bearing debt still totaled EUR 1,745 million and the net debt position stood at EUR 1,376 million. The majority of the debt position consists of long-term US Private Placement loans and drawings on the three-and five-year syndicated bank facility taken out as part of the Dockwise acquisition financing package. Boskalis must comply with various covenants as agreed with the syndicate of banks and the USPP investors. These agreements were comfortably met as at the end of the financial year. The main covenants relate to the net debt : EBITDA ratio, with a limit of 3, and the EBITDA : net interest ratio, with a minimum of 4. At year-end the net debt : EBITDA ratio stood at 1.1 and the EBITDA : net interest ratio at 11.8.

## OTHER DEVELOPMENTS

### NEW CORPORATE BUSINESS PLAN

In early 2014 Boskalis formulated the Corporate Business Plan for 2014-2016. The updated strategy (Focus, Expand & Strengthen) follows on logically from the completed 2011-2013 planning period and the successful acquisition of Dockwise and the ongoing integration process. Further details of the 2014-2016 Corporate Plan can be found in the 2013 Annual Report.

### VSMC

At the end of November Boskalis and Royal Volker Wessels Stevin N.V. combined their forces in the field of offshore cable installation by establishing a 50/50 joint venture named VSMC. VSMC will have two cable-laying vessels at its disposal, VolkerWessels' Stemat Spirit and Boskalis' Ndurance.

### GLADSTONE HARBOUR TOWAGE

In mid-October Boskalis sold its Australian harbour towage activities to its strategic partner Smit Lamnalco for a cash consideration of USD 55 million. Shipping activity in the port of Gladstone is primarily related to commodity exports and several LNG terminals are also currently under construction here. The nature of these activities means they are a good fit with Smit Lamnalco's focus on the oil and gas sector. In addition these activities complement the existing LNG terminal activities of Smit Lamnalco in Papua New Guinea.

### DOCKWISE YACHT TRANSPORT

In mid-October Boskalis sold the activities of Dockwise Yacht Transport B.V. (DYT) to Sevenstar Yacht Transport B.V. DYT's core business is the transatlantic migration of luxury yachts between Florida, the Caribbean and the Mediterranean. These activities have no strategic value for Boskalis and are not consistent with the group's existing core business. Boskalis sold the DYT activities, mainly consisting of two dedicated semi-submersible yacht transport vessels (the Super Servant 4 and the Yacht Express), for a sum of USD 40 million.

### SAAM

On 11 September 2013 Boskalis signed an agreement with Sudamericana Agencias Aéreas y Marítimas S.A. (SAAM) to merge the harbour towage operations of SMIT and SAAM in Canada/Central America and Brazil. It is expected that the combined entity will be established in mid-2014 by means of two separate joint ventures once the required approval from parties including regulators and local financiers has been obtained. In view of the proposed cooperation with SAAM, the assets and liabilities to be transferred, including EUR 59.2 million in interest-bearing debt and EUR 29.7 million in cash reserves, have been classified as 'Assets held for sale' in the balance sheet as at year-end.

### FAIRMOUNT

After the balance sheet date, on 3 March 2014, Boskalis reached an agreement to acquire Fairmount, a leading global provider of ocean towage services that operates a fleet of five 205 tonne bollard pull Anchor Handling Tugs (AHTs). The addition of these ships represents a further strengthening of Boskalis' market position in both offshore energy and salvage. The use of ocean-going tugs for long-distance wet towage is complementary to Boskalis' current dry heavy transport offering. The AHTs can also be deployed on offshore projects, thus expanding Boskalis' current transport and installation offering, and are also suitable for deployment on salvage projects.

# UNPARALLELED POSSIBILITIES OF THE DOCKWISE VANGUARD


Offshore drilling rig en route to a port in Malta for a dry-docking operation on board of the Dockwise Vanguard

An appropriate ship that has no competition creates its own market. This certainly applies to the Vanguard. The Dockwise semi-submersible transport vessel that was brought into service in early 2013 was a success right from the start. Two mega transport contracts were added to the portfolio even before the ship was taken into service and four more contracts were acquired in 2013.

The Vanguard was designed for deployment in the offshore industry, to transport the increasingly heavy constructions for oil and gas platforms. “The Vanguard is unique in its kind because its exceptional load capacity and design mean that it can do more than any other transport vessel in the market,” explained Sander Bikkers, Director Sales Heavy Marine Transport at Dockwise.

“The existing Heavy Lift offering in the market was an obstacle to the growth and size of offshore constructions. The Vanguard allows us to remove this barrier by making the integrated construction of platforms a possibility for our clients. So rather than having the lower part built in Korea and the top structure in America, the entire platform can be built wherever in the world this can be done most efficiently. The Vanguard has the capability to transport all the parts to their destination in one go, something that is virtually impossible with traditional tugs. What’s more, we are also able to transport extremely long sections thanks to the Vanguard’s open bow and stern construction. In addition, the Vanguard can sail 50% faster than large oceangoing tugs; this frees up time to complete the construction of parts at the yard or to get down to work sooner at the installation site. The environmental impact from emissions is also almost 50% lower. Moreover, faster and dry transport means a lower risk premium for the transport, cutting clients’ insurance expenses by nearly 15%.”

Dockwise is eyeing a new market segment for the Vanguard: the dry-docking, both at the quayside and offshore, and transportation of FPSOs. “The advantage for the client is that such a platform will be back in production sooner than with conventional dry-docking. Last summer the Vanguard already carried out a dry-dock repair in Malta, where it was used to dock a semi-submersible oil platform at the quayside. Another unforeseen use is for salvage work involving very large or badly damaged ships that cannot be towed, such as the contract to transport the heavily damaged cruise ship Concordia that - to further complicate matters - lies in shallow water off the Italian coast.”

# OPERATIONAL PERFORMANCE

## SAFETY

The safety of our own employees and those employed by our subcontractors is one of our core values and is given top priority. Our progressive safety program, 'No Injuries No Accidents' (*NINA*), is attracting a lot of positive attention within the industry and from our clients. *NINA* fosters ownership. The program holds all employees personally responsible for their own contribution to safety and ensures that safety can be discussed openly. Five short and sharply worded values with five supporting rules provide the framework designed to help prevent incidents. The program has been widely introduced. Everyone in a management position has received training and dozens of *NINA* workshops have been held for employees on board of ships, on projects and in the staff departments.

The figures are convincing: *NINA* works. Since its introduction the number of accidents has fallen by over 80%. The Lost Time Injury Frequency (LTIF) figure expresses the number of incidents per 200,000 hours worked resulting in absence from work. Prevention is an important part of safety awareness. 2011 saw the wider introduction of Safety Hazard Observation Cards (SHOCs), which employees can use to report dangerous situations. The number of SHOC reports was 10,054 in 2013 (2012: 3,800). In addition 1,555 near misses were reported (2012: 210). We see SHOC and near misses reporting as a benchmark for the proactive safety experience within the organization. *NINA* encourages reporting on such situations to allow us to make proactive adjustments. Despite both the relatively high risk profile associated with our activities and the recent growth of our company the figure fell from 0.26 in 2012 to 0.11 in 2013. With this LTIF figure and the near misses score we comfortably meet the standards applicable in the oil and gas industry that is so important to us.

Reclamation of land by trailing suction hopper dredger Gateway in the port of Tangiers, Morocco

In 2013 we focused on the introduction of *NINA* at Boskalis Offshore. Boskalis wants to present itself to clients in the offshore energy market as a safe and reliable partner. In 2013 this already proved to be a significant factor in the Dabrat project for Maersk Oil. All Subsea staff – around 80 – on two of the largest Diving Support Vessels were given an introduction and special training course. This approach was much appreciated by the client.
For detailed reporting on our safety policy and our safety performance, please refer to our CSR report.

## PERSONNEL & ORGANIZATION

### STRENGTHENING OUR OFFSHORE PROFILE

Our activities in the offshore energy sector have grown considerably as a result of the SMIT and Dockwise acquisitions. The composition of our revenue is changing rapidly. This also offers new career perspectives for our staff who can for example make the switch from Dredging to Offshore Energy. Employees have expressed that this is very interesting for them.

In order to carry out the growing number of offshore projects and be able to meet our clients' quality requirements we need to attract enough qualified staff with an offshore profile as well as give our own employees the opportunity to develop in this direction.
To achieve this we are scaling up our practical training programs and concentrating on fast-track training for our employees. Our Boskalis Offshore Development Program has been augmented with specific offshore industry modules, designed to bring participants up to the right level within a year. In 2013 a group of nine employees followed this course, with another 10 set to follow in 2014.

At the same time we are expanding our flexible shell by building a network of independent offshore professionals who can be deployed on a project basis. We also invest actively in the relationship with agencies that act as intermediaries between us and the labor market.

In order to offer competitive terms of employment we have devised special schemes for dredging fleet officers who are brought in on the preparation of offshore projects.

### INTEGRATION OF DOCKWISE

The integration with Dockwise is well underway. We are approaching this in a similar way to the integration of SMIT, based on a process of due care, with ample preparation and time to get to know each other and each other's business. We have looked into areas where we can already cooperate or realize synergy benefits. In 2013 this led to savings on amongst others insurance and procurement costs. Given the similarities in our activities the Dockwise Academy training program dovetails well with the Boskalis program. In 2014 we will do more to coordinate our range of courses. We are already working together on recruitment and selection and are now using the same system to ensure clarity both in our communication towards the labor market and in the selection process.

In the few cases where we had to let employees go we agreed on appropriate individual redundancy packages.

The works councils of both Boskalis and Dockwise have been closely involved in the whole process. We want to give further expression to the integration towards the end of 2014 when the Dockwise office staff move into the office complex at Papendrecht. Extra office space is currently under construction to accommodate them.

### INTEGRATION OF MNO VERVAT INTO BOSKALIS NETHERLANDS

The integration of MNO Vervat has been largely completed.
The combined business will continue under the Boskalis name.
One of the most important considerations for taking over MNO Vervat was our ambition to act as main contractor on large projects, with the project organization to go with that. The EUR 1 billion SAA road construction project (extension of the motorway network linking Schiphol Airport, Amsterdam and Almere), in which Boskalis has a 30% stake, has given a great impetus to the company's growth. The portfolio of small projects will be scaled down more rapidly. Appropriate individual redundancy packages were agreed on with employees who have left or are yet to leave the company.

### CULTURE SURVEY

The addition of SMIT, MNO Vervat and Dockwise is transforming Boskalis from a traditional dredging company into an expert in maritime infrastructure solutions and services. A smooth integration process is not just an organizational feat, it also entails an important cultural aspect to which we are devoting a great deal of attention. And so we commissioned a culture survey, which showed that our cultures are a good fit. For further information on our personnel policy please refer to our CSR report.

## EQUIPMENT

The main objective of Fleet Management remains the same: to ensure that the equipment is reliable and available for deployment on projects. Fleet Management is also responsible for carrying out the entire Boskalis newbuild and maintenance program.

For the dredging and offshore fleet the integration with SMIT has resulted in good cross-pollination of knowledge and experience in terms of fleet management. We have brought together the best of both worlds and are able to put our shared knowledge to the best possible use for our business.

The Fleet Management department is responsible for the management and maintenance of the dredging fleet and the SMIT vessels used for Offshore Energy and Salvage. The management and maintenance of the terminal services equipment has been transferred to Smit Lamnalco. Equipment used for the SMIT harbour towage activities is managed locally out of the respective locations. The management and maintenance of the Dockwise fleet has been outsourced to an external party, Anglo Eastern of Hong Kong. The four vessels belonging to Fairstar, the company acquired by Dockwise in 2012, are an exception, with these fleet management tasks being handled by the company itself.

Fleet Management also sees to it that decommissioned ships are dismantled in an environmentally friendly way in accordance with the strict Boskalis standards. For more information about this please refer to our CSR report.

### FLEET DEVELOPMENTS

In 2013 we once again made targeted investments in our equipment both in response to demand in the market and to lead the way with innovative technology. The following vessels were brought into service in the course of 2013 and in early 2014:

- The dredging fleet was augmented with the 4,500 $m^3$ trailing suction hopper dredger the Causeway.
- The Dockwise Vanguard, the world's largest semi-submersible heavy marine transport vessel, was commissioned in February 2013.
- The multifunctional offshore vessels, the Ndeavor and the Ndurance, were commissioned in early 2014. The Ndeavor has been equipped with modules for dredging and rock installation activities for the Malampaya project in the Philippines and the Ichthys project in Australia. The Ndurance will be deployed as a cable-laying vessel.
- Two anchor handlers, the Sentosa and the Seraya, were taken into service.
- The Smit Lamnalco fleet was augmented with five ships, including pilot ships, to help the company provide its terminal services. The global fleet consists of around 200 ships.

The following vessels and specialist equipment are currently under construction:

- The megahopper Fairway with a capacity of 35,500 $m^3$ is expected to be taken into service at the end of March 2014.
- The Strandway and the Freeway, two medium-sized hoppers with a capacity of 4,500 $m^3$, will be taken into service in the course of 2014 and in 2015, respectively.
- In 2014 building work will start on a new megacutter with total installed capacity of 23,700 kW and pump capacity of 15,600 kW. This cutter suction dredger, with a length of 152 meters and a width of 28 meters, will be commissioned in 2017.
- The Giant 5 and 6, two oceangoing semi-submersible flat-top barges with a load capacity of 21,000 tonnes, will be taken into service in late 2014 and early 2015, respectively.
- Delivery of the Asian Hercules III, a large sheerleg floating crane with a lift capacity of 5,000 tonnes for our Asian Lift Singapore joint venture, is expected to take place in mid-2014.
- The White Marlin is a new Type 1 semi-submersible transport vessel for Dockwise with an open stern and a transport capacity of 72,000 tonnes. The ship, with a length of 216 meters and a width of 63 meters, will be brought into service in late 2014.
- To facilitate the expansion of the harbour towage activities in Brazil two of the six tugboats ordered in 2012 were delivered . The other four are now under construction.
- In 2013 SMIT Lamnalco invested in the construction of seven new ships for carrying out its terminal services.

## RESEARCH AND DEVELOPMENT

Boskalis makes targeted investments in applied (scientific) research and the development of new techniques to keep us ahead of the field. Innovations in working methods and equipment allow for the efficient and sustainable deployment of our people and resources. New activities we have added to our portfolio in the past few years call for new ideas and applications or refinement of existing techniques.

### TRENCHFORMER

Boskalis collaborated with VSMC (in which we took a 50% stake later in 2013) to develop a new innovative trencher to deploy for the offshore cable-laying activities: the Trenchformer. Moving across the seabed on rubber tracks this new type of unmanned vehicle is able to dig a trench in a single movement and draw a cable at the guaranteed digging depth. The Trenchformer is capable of dealing with many different types of soil. Its precise and efficient way of working avoids unnecessary earthmoving as the trench is made no deeper or wider than necessary. This reduces the energy consumption involved in cable-laying work, lowers costs and causes less disruption to the underwater world. The Trenchformer's maiden deployment will be on the Baltic 1 and 2 offshore wind farm projects, for which it will be mobilized in 2014.

### POLE GRIPPER

Boskalis has developed special equipment for placing the piles used to fix wind turbines to the seabed during the installation of offshore wind farms. First an upending hinge is used to set the piles upright in a safe and controlled manner before pile-driving commences. Once a pile has been upended the Boskalis Pole Gripper ensures that it is held stable and vertically in the right position. What makes the Boskalis Pole Gripper special is that it can hold a pile in position 13 meters below deck level. This means that shorter piles can be used. This was necessary with the construction of the West of Duddon Sands wind farm; there was a volcanic seabed to contend with and shorter piles were used that had to be able to be manipulated below deck level. The Boskalis Pole Gripper enabled this part of the work to be performed with great precision.

### HARD SOIL CUTTING

Boskalis develops techniques that enable us to break new ground with existing equipment. In 2013 we developed a new cutter head for our cutter suction dredgers to equip them for cutting harder soil. We are gaining initial experience with this in Qatar. For our backhoe we are using a new drum cutter that uses a rotating drum to cut the soil loose. We have developed a drag arm for use in conjunction with this which then sucks up the soil. Our new ship the Ndeavor is being equipped with this drag arm.

## ICT

We are harmonizing our business information systems to allow our organization to work more efficiently. We are introducing a single ERP system for the Dredging, Offshore Energy and Salvage divisions and the staff departments. Initially, we will focus on the financial and logistic processes of our central procurement organization and Fleet Management. A second stage will involve supporting project administrations around the globe. This central business information system will allow for management information to be available sooner and will give us more flexibility to add new business units to our administrative organization. This harmonization project was launched in 2013 with the first business units scheduled to migrate in January 2015. We have opted for a separate business information system for Inland Infra because of the different nature of its activities. This system is being used as from the 2014 financial year.


The crew of the trailing suction hopper dredger Queen of the Netherlands celebrate the ascension to the throne of the new king on 30 april 2013

# CORPORATE SOCIAL RESPONSIBILITY

**Our strategy is aimed at sustainable design and execution of our solutions around the globe.**

In our CSR report we account for material and relevant non-financial aspects of our performance arising from our strategy and core activities. We report in accordance with the international guidelines set out by the Global Reporting Initiative (version G3-1). In selecting the performance indicators and compiling our CSR report, we take the information requirements of our main stakeholders into account.
In mid-2013, we have set ourselves the objective to have the entire CSR report verified by an independent external party within the next few years. The 2013 CSR report is a major first step in that direction with the verification of our safety record for 2013.

Our strategy is aimed at sustainable design and execution of our solutions around the globe. In order to safeguard our social, societal and environmental responsibilities as much as possible, our CSR policy focuses on the key areas where our impact is greatest:

- Our **social performance** is mainly concerned with our employees, with the objectives being to promote their safety, opportunities for self-development and well-being.
- Our **societal performance** is expressed in contributions to local communities, investment in education, research and knowledge transfer, and social sponsorship and donations.
- Our **environmental performance** is mainly concerned with limiting and preventing a negative impact on the environment, with objectives being the further expansion of our environmental expertise, the provision of eco-dynamic designs and the ongoing investment in and deployment of environmentally friendly equipment.

Since 2012 we have taken part in the CDP (Carbon Disclosure Project). Early in 2013 Boskalis Nederland reached the highest level of the $CO_2$ performance ladder (level 5).

The 2013 CSR report (at GRI level B) is available on the corporate website www.boskalis.com/csr.

Anchor handler Union Sovereign during offshore activities in Brazil

# NEW MEGACUTTER: A DESIGN FROM OUR OWN DRAWING BOARD




After many years Boskalis is once again building a new megacutter. Kees Kamp, who is responsible for this project, expects the cutter suction dredger to leave the yard in 2017. For him and his team that will mark the end of a period of many years of thinking, feasibility studies, design, engineering and supervising construction.

“In-house preparation of the design for this cutter and its subsequent development together with IHC enables the expertise we have at Boskalis to be used and safeguarded to the full. During the design process the cooperation between the various corporate staff departments, experienced crew members and the yard resulted in the best possible design for the ship,” said Kamp. “The design is based on eighty per cent of the works out there in the market. The ship will include a number of technical details that will put Boskalis a step ahead of the competition.”

Boskalis will use this EUR 170 million investment to replace the old cutter Ursa, which was sold last year. At 152 meters long and 28 meters wide the new vessel is bigger than the Ursa. The overall equipment is also bigger and heavier; weighing 1,950 tonnes, the ladder construction supporting the cutter head is particularly impressive. “To improve the trim of the ship, the cutter ladder has been placed at the stern of the ship instead of in the sailing direction,” Kamp explained. “The stern of the ship is wider than the fore and this tapered shape also contributes to a better trim.”

“The new megacutter enables us to perform dredging works in water depths of up to 35 meters, but also at a minimal dredging depth of 6 meters. That means the vessel can also be deployed to dredge shore approaches for pipelines,” said Kamp. Cutters of two different heights can be used, providing the capability to cut very hard soil. The cutter capacity is between 4,200 and 7,000 kW, the pump capacity equals 3 x 5,200 kW.

Unusually the cutter ladder has only one turning point, meaning that it is not adjustable in height. This contributes to crew safety. The ladder lifting winches have been situated below deck to gain space, reducing the number of cables on deck. An added advantage is that there is less noise nuisance for the crew during dredging. The ship is equipped with anchor booms so that it can move the anchors for the side winches on its own, without the need for assistance from multicats. The Boskalis safety standards have been applied during the design (EQP-501) and the SHE-Q department will advise the yard on applying the Boskalis *NINA* safety standard during detail engineering and construction.

# RISK MANAGEMENT




## STRATEGY AND BUSINESS DRIVERS

Boskalis' strategy is aimed at being prepared for the opportunities and challenges that present themselves to the company. This strategy is focused on sustainable growth in attractive market segments as well as expanding and reinforcing the core activities.

The markets in which Boskalis operates are mainly driven by long-term economic factors, such as the growth of the global population, expansion of the global economy and growth in international trade and transport volumes, particularly over water. The long-term prospects for these factors are favorable.

Effective management of risks and opportunities is essential for the successful delivery of the group's strategy and plans. Identifying, measuring and monitoring risks and opportunities, particularly with respect to tendering, preparation and execution of projects, is embedded in our management approach.

An overview of the key strategic, operational and financial risks and the risks with respect to financial reporting is set out below.

## STRATEGIC AND MARKET RISKS

The Boskalis markets are heterogeneous and often develop differently. Our main (end) customer groups are national, regional and local governments, or associated institutions such as port authorities, private port operators and oil & gas and energy companies (operators as well as contractors). Other customer types are (container) shipping companies, mining companies and (infrastructure and real estate) project developers.

Despite the favorable long-term growth prospects, our markets can be regularly – certainly in the short and medium term – negatively impacted by factors outside our control. Such factors include e.g. general and/or regional geo-political developments, such as political unrest, piracy, regime changes, government-imposed trade barriers, turmoil on financial markets and crises in the financial sector. Such developments may negatively affect our activities in certain regions or even globally if they have major negative consequences for the economic developments in certain regions or for the global economy, or for exploration and exploitation activities in the energy and commodities markets. Boskalis aims to respond as effectively as possible to both positive and negative developments in individual markets by means of a global spread of its activities, an extensive and versatile fleet operating out of various international locations, and strong positions in its core markets. Moreover, our activities are largely focused on the development, construction, installation and maintenance of infrastructure, which means that longer-term developments will generally outweigh short-term economic fluctuations.

Boskalis does not include contracts in the order book until agreement has been reached with the client. Although experience shows that, once agreement has been reached, cancellations or substantial reductions in the size of contracts are rare, such cancellations or substantial reductions of work in the portfolio cannot be ruled out. As a consequence, if such cancellation or substantial reduction occurs, losses may arise from the unwinding or settlement of financial derivatives which were taken out to cover related currency risks and/or fuel cost risks, but for which the underlying transaction or cash flows will no longer be realized.

Boskalis deals with a variety of competitors in the various markets in which it operates. Such competitors vary from large, internationally operating competitors to more regional and local competitors with activities restricted to one or several (geographical or service) submarkets. With respect to a large part of our revenues, contracts are awarded through public or private tender procedures. Competition for most contracts is primarily price-based. However, many clients – particularly in the oil & gas sector and private port operators – are increasingly taking other factors, including qualitative ones, such as assuring safety and environmental guidelines and policy, into consideration when awarding contracts. We have appropriate approval processes in place for the submission of tenders, including the evaluation of identified risks and/or potential risk factors associated with the execution of a particular project.

Almost all of Boskalis' activities are capital-intensive, with Dredging and, to a somewhat lesser extent also Heavy Marine Transport, being capital-intensive businesses with high entry and exit barriers, especially for companies operating globally. Because of the capital intensive nature of these activities, market prices are to a great extent influenced by the balance between the demand for these services and the availability of capacity be it actual utilization levels of the relevant equipment. This implies that a broad international spread of market positions as well as a leadership position in terms of equipment, costs and standardization of equipment are key success factors. Boskalis places a great deal of emphasis on these, both as a critical point of attention in operational management as in terms of capital expenditure strategy. A sound evaluation and approval process is in place for individual investment proposals.

A key principle of our tender and contracting policy is to aim for a good balance in terms of size and type of projects tendered for, type of equipment available and geographical spread of activities.

In the course of implementing its strategy, Boskalis also acquires other companies. In order to be able to realize the anticipated results, Boskalis attaches great importance to integrating such acquisitions with care. Creating value for our stakeholders and retaining key personnel are important elements in this process.

## OPERATIONAL RISKS

The operational risks faced by Boskalis are varied in nature, particularly as the group operates in various activity segments around the world. This means that the activities are exposed to economic, legal and political risks in the countries where the company operates.

The main operational risks for Boskalis concern the contracting and execution of projects for clients, as outlined above. For most of our project activities the most common contract type is 'fixed price/lump sum'. With this type of contract, the contractor's price must include virtually all the operational risks as well as the cost risks associated with the procurement of materials and subcontractor services. In most cases it is impossible to charge clients for any unexpected costs arising during the course of a project. Furthermore, many contracts include 'milestones' as well as associated penalty clauses if these are not achieved. For these reasons, considerable emphasis is placed on identifying, analyzing and quantifying operating, cost and delay risks during the tendering and contracting phases of projects and in calculating cost prices.

Operational risks mainly relate to variable weather or working conditions, technical suitability and availability of the equipment, unexpected soil and settlement conditions, wear and tear on dredging equipment due to the excavation and processing of dredged materials, damage to third-party equipment and property, the performance of subcontractors and suppliers and the timely availability of cargo or services provided by the client in case of heavy marine transport and/or installation activities.

Boskalis focuses on pro-actively controlling such risks, first of all by adopting a structured approach in the tender phase to identify risks and their possible consequences. Contracts are classified by risk category, based on size and risk profile. The exact tender procedure and requirements for authorization of tender price and conditions are dependent on this classification. Above a certain level of risk, tender commitments require to be authorized at Board of Management/Group Director level.

In the preparation phase of a project tender, and depending on the risk classification and nature of the projects, we use resources such as subsea and soil investigations, readily accessible databases containing historical data, and extensive risk analysis techniques. The results of the risk analysis are then used as a factor in determining the cost price and/or selling price, and in defining the tender and/or contract terms and conditions. When a contract is awarded, an updated risk analysis is part of the project preparation process, based upon which concrete actions are taken as necessary, in order to mitigate the risks identified. In addition, proper attention is devoted to the education and training of staff, appropriate project planning and project management, implementation of a certified quality and safety program, and optimal maintenance of equipment. When appropriate and possible, certain risks are insured.

The ability to manage operational risks effectively and responsibly is key to the company's professionalism and expertise.

Risks related to price developments on the procurement side, such as costs of materials and services, sub-contracting costs and fuel prices, as well as increases in cost of labor, are all taken into account in calculating cost prices. Wherever possible, and especially on projects with a long execution time, cost indexation clauses are included in the contract, particularly with regard to labor and fuel costs.

Within the Towage & Salvage segment, the Harbour Towage division is characterized by a broad geographical spread of the activities, with towage contracts often being carried out under long-term contracts in which fees are reviewed annually. This allows for taking into account local wage cost developments, fuel price developments and the available capacity of the equipment – for example tugboats – concerned. Terminal services, most of which have been incorporated into the joint venture Smit Lamnalco (50% stake) since the end of 2011, are usually performed under long-term contracts with a fixed price for the contract period, corresponding to the requirements and specifications of the client. The majority of these contracts include some form of price indexation.

For the Salvage activities, contracts with clients concerning vessels in distress are often concluded based on a standard 'Lloyd's Open Form' contract (LOF). This means that compensation is based on a valuation mechanism related to various factors, including the salvage value of the vessel and its cargo, the technical complexity of the salvage operation, environmental risks and the use of own equipment and subcontractors. This valuation results in a lump sum, which is finalized through negotiations with the client or through an arbitration process. Should it transpire in the course of a salvage operation that the final salvage fee will not be sufficient to cover the costs involved, then the LOF can be converted to a contract based on a daily hire fee, thus limiting the financial risks.

Within the Offshore Energy segment, the transport & heavy lift equipment of the Marine Services division tends to be chartered out for relatively short periods (spot markets), on mostly standard conditions. The operational risks in general of such activities are relatively limited.

Local management on projects and in operations is expected to have a proper understanding of the complexity of working under the specific local circumstances. The scale of local operations is often too small to warrant a fully-fledged organization, complete with extensive support services and staff departments. This is compensated for by regular visits by responsible managers and employees from the relevant business units and support from highly qualified central staff departments at the head-office.

## FINANCIAL RISKS

In conducting its business, Boskalis is exposed to various non-operational, financial risks. This section describes the main categories of financial risk.

### POLITICAL AND CREDIT RISKS

These risks include risks related to unrest or disruption due to political developments and violence, and the risk of non-payment by clients. Boskalis operates a strict acceptance and hedging policy with respect to political and payment risks. Except in the case of very strong, credit-worthy clients with an undisputed credit track record, generally all substantial credit risks are covered by way of credit insurance, bank guarantees and/or advance payments. Revenues and earnings are only accounted for when it is sufficiently certain that they will be realized. In situations where the client is a special purpose vehicle, increased attention is paid to identifying and managing credit risks.

### LIQUIDITY AND FUNDING RISKS

As is customary in the contracting industry, Boskalis also has large amounts outstanding in the form of bank guarantees and surety bonds (guarantees from insurance companies), mainly in favour of clients. Given that the availability of sufficient credit and bank guarantee facilities is essential to the continuity of the business, Boskalis' funding policy is aimed at maintaining a solid financial position. Solid balance sheet ratios and the use of diversified sources of funding provide for sufficient capacity to absorb liquidity risks and secure constant availability of adequate borrowing capacity and guarantee facilities. The company has ample credit and bank guarantee facilities at its disposal and operates well within the agreed covenants under its financing agreements. In case developments on financial and/or currency markets require this, additional specific risk management measures will be applied.

### CURRENCY RISKS

The functional currency of Boskalis is the euro. A number of group companies, the most important one of which is Dockwise, as well as several substantial associated companies (Smit Lamnalco, Keppel Smit Towage, Asian Lift) have a functional currency other than the euro. The most important one of these is the US dollar, which is also the functional currency of Dockwise, followed by the Singapore dollar. However, most of the revenues and expenses of these entities are also largely or entirely based on these same non-euro currencies. The holdings in these entities are viewed from a long-term perspective. Exchange rate risks related to these entities are not hedged, as it is assumed that currency fluctuations and developments in interest rates and inflation will offset each other in the long term. The income statements of these entities are translated at average exchange rates and the balance sheets are translated at the relevant exchanges rates per the balance sheet date. Translation differences are charged or credited directly to shareholders' equity.

A large proportion of the activities of the group companies that have the euro as functional currency are not contracted in euros. This applies in particular to the group companies that are involved in dredging and related projects. The costs of these entities, however, are largely based on the euro. Generally, the net cash flows in


Smit Lamnalco tugs provide assistance to an oil tanker at an offshore terminal in Iraq

non-euro currencies within these entities are fully hedged as soon as they occur, usually by means of forward exchange contracts. The US dollar exchange rate in relation to the euro is particularly relevant in this context. A large proportion of the projects are contracted in US dollars or in currencies that are to a greater or lesser extent linked to the US dollar. Most of our major international competitors in the dredging industry also have cost structures largely based on the euro. This implies that exchange rate fluctuations have no major impact on our relative competitive position. In a number of market segments, in particular Offshore Energy and Towage, there is competition from parties whose cost structures are not based on the euro, and the competitive impact of currency fluctuations in these market segments is greater. On balance, exchange rate fluctuations only have a limited impact on the company's competitive position in these activities.

### INTEREST RATE RISKS

We have limited our exposure to interest rate fluctuations by fixing the interest rates on the largest part of our long-term financial liabilities, primarily by using interest rate swap arrangements.

### FUEL PRICE RISKS

In a substantial part of its business, Boskalis runs a risk due to changes in fuel prices. As a policy, material fuel cost exposures are hedged. Such hedging occurs in a number of different ways. Where possible, fuel cost variation clauses are included in the contract or the fuel is to be supplied by the client. If such contractual arrangements are not possible, the fuel cost exposure is hedged with financial instruments such as forward contracts, futures or fixed-price supply contracts.

### DERIVATIVES

Financial derivatives (such as forward contracts, options, interest rate swaps and futures) are only used to hedge underlying currency risks, fuel cost risks and/or other risks where there is a physical underlying transaction. However, there is a risk that, as a consequence of a cancellation or substantial downsizing of contracts, losses arise from the unwinding or settlement of financial derivatives taken out to hedge contract-related exposures.

### PROPERTY DAMAGE AND THIRD-PARTY LIABILITIES

Boskalis maintains an appropriate package of insurance facilities to cover the risks with respect to damage to its properties and to potential third-party liabilities.

## INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS

The internal risk management and control systems of Boskalis are based on the principles of effective management control at various levels in the organization and tailored to the day-to-day working environment in which the company operates worldwide. One of the main foundations for risk control is the internal culture of the company, which is characterized by a high degree of transparency with regard to the timely identification, evaluation and reporting of risks and the avoidance of potentially perverse incentives. Given the hands-on nature of the company's management style and the short lines of communication, there are three important factors in assessing and evaluating the internal risk management and control systems and practices at Boskalis:

1. In the daily operations the backbone of operational risk management and control is formed by an extensive framework of quality assurance rules, procedures and systems, including clear guidelines for responsibilities, decision-making and risk control. The adequacy of this framework is reviewed regularly, also in light of the increasing diversity of the contracting and project activities the company performs in line with its strategy. In addition to audits by external certification agencies, Boskalis also performs regular internal audits under the auspices of the SHE-Q department. Reports of these audits are a regular topic of discussion at meetings between the Board of Management and the business unit managers.

2. The daily management of the organization is based on clear responsibilities and short, clear lines of command which are unambiguously defined. Speed, know-how and decisiveness are of the essence, both competitively and in project implementation. Daily management is hands-on.

3. The progress and development of the operating results and the company's financial position, as well as the operational and financial risks, are monitored by means of structured periodical reporting, analysis of the financial results and performance reviews at Board of Management and senior management levels.

## RISKS WITH REGARD TO FINANCIAL REPORTING

### STRUCTURE OF THE FINANCIAL REPORTING

Financial reporting at Boskalis is structured within a tight framework of budgeting, reporting and forecasting. A distinction is made between reports for internal and external use. External reporting at group level consists of an annual report, including financial statements audited by the external auditors, as well as a mid-year report, containing summarized financial information, both consolidated and segmented, and intermediate trading updates. The external reports are set-up in accordance with EU-IFRS, on the basis of the internal financial reporting.

Internal financial reporting consists of extensive consolidated quarterly reports in which current developments are compared to the quarterly (cumulative) budgets and previous forecasts. In addition, each quarter forecasts are prepared of the annual results, cash flows and balance sheet positions at the end of the financial year. The quarterly budgets are part of the annual group budget, which is prepared every year by the Board of Management and approved by the Supervisory Board. The internal financial reporting has a layered structure - in accordance with the internal allocation of management responsibilities - with consolidation taking place at successive levels, starting with the projects, through the business units and divisions and resulting in consolidated group reports. The financial and operating results are analyzed and clarified at each of these levels. Project and contract managers are responsible for budgets, income statements and balance sheets for their projects or contracts, and these are drawn up in accordance with the applicable guidelines and instructions. In turn, business unit managers are responsible for their business unit's financial reports.

Boskalis holds substantial investments in associated companies and is represented on the board of companies in which it holds significant participating interests. This gives it access to (interim) reporting. The figures of significant holdings are verified by external auditors

The Board of Management discusses the quarterly reports with the relevant business unit managers in formal quarterly meetings. These meetings are minuted. The consolidated group reports are discussed with the Supervisory Board on a quarterly basis.

The structure and quality of the financial accounting and control systems of Boskalis and its group companies are assured by unambiguous periodical internal and external audits. Relevant aspects of the financial accounting and control systems are set out in manuals, guidelines and procedures, all of which are available electronically. Staff are trained in how to apply accounting standards, guidelines and procedures. Internal audits to monitor and improve quality and discipline are conducted on the basis of an annual audit plan and ad hoc investigations (‘financial audits’) that also encompass internal procedures and training. Moreover, the quality of the financial control systems is evaluated regularly in the context of the activities of the external auditor. Any findings with regard to the quality of the financial control systems discovered during the audit of the financial statements are reported on by the external auditor in the management letter.

### STATEMENT REGARDING THE RISKS RELATING TO FINANCIAL REPORTING

Despite the risk management and control systems that Boskalis has put in place, there can be no absolute certainty that mistakes, losses, fraud or unlawful activities will be prevented.

The effectiveness and functioning of the internal risk management and control systems have been discussed with the Supervisory Board. No material changes were introduced in the risk management and internal control systems during the course of the year under review. Having considered the structure and operation of the financial reporting and control systems at Boskalis, the Board of Management is of the opinion that:

- the internal risk management and control systems provide a reasonable degree of assurance that the financial reporting does not contain any errors of material importance; and
- the risk management and control systems have worked properly during the year under review.


Application of vertical drainage by Cofra in the port of Mombasa, Kenya

# CORPORATE GOVERNANCE

**The Board of Management and the Supervisory Board are jointly responsible for looking after the interests of our stakeholders.**

## APPLICATION AT BOSKALIS

Boskalis operates a two-tier board model, which means that management and supervision are segregated.

The Board of Management is responsible for the day-to-day management of the business, and for setting out and realizing the company's long-term strategy along with the associated risks, the results and entrepreneurial matters relevant to the company. The Board of Management is responsible for establishing the company's objectives, implementing its business policies and for the resulting performance. The Board of Management is accountable to the Supervisory Board and the General Meeting of Shareholders. In performing its tasks, the Board of Management is guided by the interests of the company and its activities, and takes into account any relevant interests of parties involved with the company.

The Supervisory Board is responsible for supervising management performance and advising the Board of Management. The Supervisory Board is supported in its work by three so-called core committees: the Audit Committee, the Remuneration Committee and the Selection and Appointment Committee. For a summary of the committees' activities in 2013, please refer to pages 24 to 26 of this report.

At Boskalis there is close collaboration between the Supervisory Board and its committees, the Board of Management and the stakeholders. The Board of Management and the Supervisory Board are jointly responsible for looking after the interests of our stakeholders, which includes creating shareholder value in the long term.

Work on board of the Union Sovereign to anchor the OSX-3 FPSO in Brazil

Our stakeholders are those groups and individuals that directly or indirectly influence the company's activities, or are influenced by them. They include the employees, shareholders and other financiers, suppliers, clients, government bodies, educational and knowledge institutes, industry and society associations (including NGOs) and the communities in which Boskalis operates.

At least one General Meeting of Shareholders takes place every year. Its tasks include the adoption of financial statements and it holds authority with regard to the appointment and dismissal of Supervisory Board members.

The interests of employees are promoted by the Works Council, which provides ongoing employee representation as required under the Dutch Works Councils Act. It is the task of the Works Council to ensure that management objectives correspond to those of the employees.

The general standards and values relating to our business activities are set out in the General Code of Business Conduct and the Supplier Code of Conduct, both of which can be found on the company's website. The General Code of Business Conduct and the Supplier Code of Conduct were revised in early 2014 in line with the periodical evaluation as set out in these documents. In addition, the core values and rules for safety at work are set out in our safety program, *NINA* (No Injuries No Accidents). The Board of Management regularly stresses the importance of complying with the General Code of Business Conduct and the *NINA* principles. The Board of Management also provides employees with the opportunity to report any alleged irregularities of a general, operational or financial nature to an independent confidential counselor, without jeopardizing their legal position.

## COMPLIANCE

The Dutch Corporate Governance Code (the 'Code') applies to all Dutch companies listed on the stock exchange and comprises a code of conduct for governance best practice. This Code includes both specific principles and best practice provisions, as well as guidelines for their proper supervision.

Boskalis subscribes to the notion that a sound and transparent system of checks and balances is key to maintaining confidence in companies operating on the capital market. Boskalis believes clarity and openness in accountability and supervision are the cornerstones of good management and entrepreneurship.

As required since the introduction of the Code in 2004, Boskalis published an 'Apply or Explain' report that sets out how the principles and best practice provisions are applied at Boskalis. This report is available on the website and copies can also be requested from the company.

Boskalis subscribes to and applies all the principles and best practice provisions contained in the Corporate Governance Code, with the exception of the following provisions:

- In deviation of best practice II.1.1., the chairman of the Board of Management has been appointed for an indefinite period. This appointment predates the introduction of the Corporate Governance Code. His contract with the company was also entered into prior to the introduction of the Corporate Governance Code and applies for an indefinite period. Boskalis does apply the best practice provision to the other members as well as future members of the Board of Management.
- The contracts between the company and two members of the Board of Management deviate from best practice provision II.2.8. The contract of the chairman of the Board of Management provides for a severance payment equal to 18 months and the contract of the Chief Financial Officer provides for a 24-month severance payment. Boskalis does apply the best practice provision to the contracts of all other members as well as future members of the Board of Management.

The composition and size of the Board of Management are based on the profile and strategy of the company. The expertise, experience and various competencies of the members of the Board of Management should contribute to this profile and strategy. In the year under review the combination of these elements resulted in the five members of the current Board of Management being male, meaning that the Board of Management, partly due to the nature of the company, is a reflection of the majority of company's employee population. When drafting the profile for new members of the Board of Management emphasis will be placed on diversity in view of the objective of achieving a balanced gender representation on the Board of Management.

The composition and size of the Supervisory Board are based on the company's profile and strategy. As stated in the Profile drawn up by the Board of Management, the expertise, experience and various competencies of members of the Supervisory Board should contribute to proper supervision of the company's management and general performance. In the year under review, the combination of these elements resulted in the six members of the current Supervisory Board being male. In view of the objective to achieve gender balance, the Supervisory Board has added to the Profile that every effort will be made to achieve a balanced composition, where possible in terms of both age and gender. The Supervisory Board has the specific objective of appointing a female member to its ranks from 2015, or sooner if possible.

For appointments during the reporting year, the Supervisory Board took into account the restrictions on supervisory roles at large public and private limited companies and foundations, and further described the conditions for agreements between the company and members of the Board of Management. The CFO's newly agreed contract with the company effective from 1 January 2014 has been converted from a contract of employment into a contract for services with the incorporation of the legal provisions that are applicable from 1 January 2014 with regard to the possible adjustment and reclaiming of incentives. These provisions have been incorporated into the existing contracts of the members of the Board of Management by means of an addendum.

The Corporate Governance Declaration can be found on the website www.boskalis.com/corporategovernance.

# OUTLOOK

Current information suggests that no major changes are to be expected in the market environment compared to 2013. At Dredging and Offshore Energy we once again expect healthy fleet utilization levels in the first half of the year. After a strong 2013 for Dredging the absence of comparable extraordinary effects will result in a lower operating margin in 2014. The outlook for Offshore Energy, Inland Infra and Towage & Salvage is stable compared to 2013.

The project-based nature of a significant part of our activities tends to make it difficult to give a specific quantitative forecast for the full-year result early on in the year. In light of this we are currently unable to provide quantitative guidance with regard to the 2014 full-year result.

Boskalis has a very sound financial position. Maintaining a healthy balance sheet is an important principle underlying the business plan for the 2014-2016 period, whereby we aim for a net debt : EBITDA ratio in a range of 1 to 1.5 times. Total capital expenditure for the renewal and strengthening of the fleet is projected at around EUR 800 million in the next three years, of which around EUR 300 million in 2014. This amount is in line with the level of depreciation and excludes of any possible acquisitions.

The business plan is based on current expectations with regard to global developments in the market segments that are relevant to us, in particular the Offshore Energy market. Based on these plans we expect to realize a return on equity of approximately 12% in the coming years.

Within this framework and based on these principles Boskalis intends to launch a share buyback program for 10 million shares. The program will be executed in the period 2014-2016, subject to the development of results and maintaining the desired balance sheet ratios. The repurchasing of shares is also subject to annual approval by the General Meeting of Shareholders.



Reclamation of land and construction of jetty in the port of Lagos, Nigeria

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board of Management of Royal Boskalis Westminster N.V. hereby declares, in accordance with article 5:25c of the Dutch Financial Supervision Act, that to the best of its knowledge:

(1) the financial statements, which have been prepared in accordance with the applicable standards for preparing financial statements and as included on pages 59 to 127 of the Annual Report, provide a true and fair view of the assets, liabilities and financial position as at 31 December 2013 as well as the profit or loss of Royal Boskalis Westminster N.V. and all the business undertakings included in the consolidation;
(2) the annual report provides a true and fair view of the condition, the business performance during the financial year of Royal Boskalis Westminster N.V. and the companies associated with it whose details are included in the financial statements, as at the balance sheet date of 31 December 2013;
(3) the annual report provides a description of the material risks faced by the company.

Papendrecht / Sliedrecht, 12 March 2014

Board of Management
dr. P.A.M. Berdowski, chairman
T.L. Baartmans
A. Goedée
J.H. Kamps, CFO
F.A. Verhoeven


A Boskalis surveyor on a land reclamation project in the port of Mombasa, Kenya

# BOSKALIS
# FINANCIAL STATEMENTS 2013

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# CONSOLIDATED INCOME STATEMENT

| (in thousands of EUR) | Note | 2013 | 2012 REVISED*) |
|---|---|---|---|
| **OPERATING INCOME** | | | |
| Revenue | [6] | **3,538,718** | 3,080,862 |
| Other income | [7] | **96,385** | 14,460 |
| | | **3,635,103** | 3,095,322 |
| **OPERATING EXPENSES** | | | |
| Raw materials, consumables, services and subcontracted work | [8] | **- 2,253,844** | - 1,947,497 |
| Personnel expenses | [9] | **- 576,483** | - 580,758 |
| Other expenses | [7] | **- 4,678** | - |
| Depreciation, amortization and impairment losses | [14/15] | **- 334,174** | - 231,310 |
| | | **- 3,169,179** | - 2,759,565 |
| **OPERATING RESULT** | | **465,924** | 335,757 |
| **FINANCE INCOME AND COSTS** | | | |
| Finance income | [10] | **19,919** | 14,968 |
| Finance costs | [10] | **- 75,139** | - 49,448 |
| | | **- 55,220** | - 34,480 |
| Revaluation of stake in associated company prior to business combination | [16] | **22,716** | - |
| Share in result of associated companies (after taxation) | [16] | **- 2,502** | 252 |
| **PROFIT BEFORE TAXATION** | | **430,918** | 301,529 |
| Income tax expense | [11] | **- 64,444** | - 49,502 |
| **NET GROUP PROFIT** | | **366,474** | 252,027 |
| **NET GROUP PROFIT ATTRIBUTABLE TO:** | | | |
| Shareholders | | **365,691** | 249,093 |
| Non-controlling interests | | **783** | 2,934 |
| | | **366,474** | 252,027 |
| Average number of shares | [22.4] | **118,445,238** | 105,644,024 |
| Earnings per share | [22.4] | **EUR 3.09** | EUR 2.36 |
| Diluted earnings per share | [22.4] | **EUR 3.09** | EUR 2.36 |

* For the revisions in previous year reference is made to note 2.2 in the accounting policies.

The notes on pages 68 to 121 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF RECOGNIZED AND UNRECOGNIZED INCOME AND EXPENSES

| (in thousands of EUR) | Note | 2013 | 2012 REVISED*) |
|---|---|---|---|
| **NET GROUP PROFIT FOR THE REPORTING PERIOD** | | **366,474** | 252,027 |
| **ITEMS THAT WILL NEVER BE RECLASSIFIED TO PROFIT OR LOSS** | | | |
| Actuarial gains and losses and asset limitation on defined benefit pension schemes | [24.1] | **64,776** | - 33,222 |
| Income tax on unrecognized income and expenses that will never be reclassified to profit or loss | [13] | **- 8,853** | 7,028 |
| Total unrecognized income and expenses for the period that will never be reclassified to profit or loss, net of income tax | | **55,923** | - 26,194 |
| **ITEMS THAT ARE OR MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS** | | | |
| Currency translation differences on foreign operations | | **- 50,241** | - 2,976 |
| Change in currency translation reserve related to disposal of share in joint venture | | **- 257** | - |
| Movement in fair value of cash flow hedges | [27.2] | **- 15,457** | - 18,988 |
| Income tax on unrecognized income and expenses that are or may be reclassified subsequently to profit or loss | [13] | **- 4,886** | 4,573 |
| Total unrecognized income and expenses for the period which are or may be reclassified to profit or loss | | **- 70,841** | - 17,391 |
| **UNRECOGNIZED INCOME AND EXPENSES FOR THE REPORTING PERIOD, AFTER TAXATION** | | **- 14,918** | - 43,585 |
| **TOTAL RECOGNIZED AND UNRECOGNIZED INCOME AND EXPENSES FOR THE REPORTING PERIOD** | | **351,556** | 208,442 |
| **ATTRIBUTABLE TO:** | | | |
| Shareholders | | **352,584** | 203,686 |
| Non-controlling interests | | **- 1,028** | 4,756 |
| **TOTAL RECOGNIZED AND UNRECOGNIZED INCOME AND EXPENSES FOR THE REPORTING PERIOD** | | **351,556** | 208,442 |

* For the revisions in previous year reference is made to note 2.2 in the accounting policies.

The notes on pages 68 to 121 are an integral part of these consolidated financial statements.

# CONSOLIDATED BALANCE SHEET

| (in thousands of EUR) | Note | 31 DECEMBER 2013 | 2012 REVISED *) |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Intangible assets | [14] | **748,062** | 596,013 |
| Property, plant and equipment | [15] | **3,034,862** | 2,260,968 |
| Investments in associated companies | [16] | **11,897** | 228,605 |
| Non-current receivables | [17] | **49,819** | 51,192 |
| Derivatives | [27] | **547** | 819 |
| Deferred income tax assets | [13] | **6,476** | 25,712 |
| | | **3,851,663** | 3,163,309 |
| **CURRENT ASSETS** | | | |
| Inventories | [18] | **103,328** | 105,150 |
| Due from customers | [19] | **262,758** | 239,253 |
| Trade and other receivables | [20] | **826,013** | 953,036 |
| Derivatives | [27] | **12,597** | 15,571 |
| Income tax receivable | [12] | **8,890** | 14,350 |
| Cash and cash equivalents | [21] | **386,887** | 398,102 |
| Assets disposal group | [5.5] | **280,387** | - |
| | | **1,880,860** | 1,725,462 |
| **TOTAL ASSETS** | | **5,732,523** | 4,888,771 |
| **GROUP EQUITY** | | | |
| Issued capital | [22] | **96,212** | 85,827 |
| Share premium | [22] | **538,407** | 229,452 |
| Other reserves | [22] | **232,915** | 202,599 |
| Retained earnings | [22] | **1,657,703** | 1,380,127 |
| **SHAREHOLDERS' EQUITY** | | **2,525,237** | 1,898,005 |
| **NON-CONTROLLING INTERESTS** | | **14,692** | 18,147 |
| **TOTAL GROUP EQUITY** | [22] | **2,539,929** | 1,916,152 |
| **NON-CURRENT LIABILITIES** | | | |
| Interest-bearing borrowings | [23] | **1,168,082** | 605,473 |
| Employee benefits | [24] | **15,813** | 113,084 |
| Deferred income tax liabilities | [13] | **55,621** | 78,038 |
| Provisions | [25] | **28,710** | 26,402 |
| Derivatives | [27] | **45,879** | 18,771 |
| | | **1,314,105** | 841,768 |
| **CURRENT LIABILITIES** | | | |
| Due to customers | [19] | **313,190** | 352,893 |
| Interest-bearing borrowings | [23] | **26,366** | 382,317 |
| Bank overdrafts | [21] | **5,794** | 8,120 |
| Income tax payable | [12] | **156,083** | 138,114 |
| Trade and other payables | [26] | **1,229,121** | 1,223,254 |
| Provisions | [25] | **4,659** | 5,906 |
| Derivatives | [27] | **24,919** | 20,247 |
| Liabilities disposal group | [5.5] | **118,357** | - |
| | | **1,878,489** | 2,130,851 |
| **TOTAL LIABILITIES** | | **3,192,594** | 2,972,619 |
| **TOTAL GROUP EQUITY AND LIABILITIES** | | **5,732,523** | 4,888,771 |

* For the revisions in previous year reference is made to note 2.2 in the accounting policies.

The notes on pages 68 to 121 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

| (in thousands of EUR) | Note | 2013 | 2012 REVISED*) |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Net group profit | | **366,474** | 252,027 |
| Depreciation, amortization and impairment losses | | **334,174** | 231,310 |
| Cash flow | | **700,648** | 483,337 |
| | | | |
| **Adjustments for:** | | | |
| Finance income and costs | | **55,220** | 34,480 |
| Income tax expense | | **64,444** | 49,502 |
| Results from disposals | | **- 77,807** | - 11,094 |
| Movement non-current receivables | | **- 18,673** | 10,959 |
| Movement provisions and employee benefits | | **- 27,367** | - 14,912 |
| Movement in inventories | | **- 4,156** | - 5,647 |
| Movement trade and other receivables | | **28,303** | 10,093 |
| Movement trade and other payables | | **41,201** | - 49,475 |
| Movement due from and due to customers | | **- 66,653** | - 149,833 |
| Share in result of associated companies, including revaluation result | | **- 20,214** | - 252 |
| Cash generated from operating activities | | **674,946** | 357,158 |
| | | | |
| Dividends received | | **884** | 2,109 |
| Interest received | | **6,409** | 8,576 |
| Interest paid | | **- 49,078** | - 38,842 |
| Income taxes paid | | **- 47,049** | - 50,181 |
| Net cash from operating activities | | **586,112** | 278,820 |
| | | | |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchases of property, plant and equipment, excluding capitalized borrowing costs | [15] | **- 292,675** | - 313,893 |
| Proceeds from disposals of property, plant and equipment | | **77,982** | 39,447 |
| Investment in group company, net of cash acquired | [5.1] | **- 398,677** | - |
| Disposal of joint venture, net of cash disposed | [5.3] | **123,199** | - |
| Disposal of (a part of) group companies, net of cash disposed and loans issued | | **40,575** | - |
| Acquisition of (a part of) joint venture, net of cash acquired | | **- 20,009** | - |
| Repayment of outstanding loan by joint venture | | **-** | 77,299 |
| Net investments in associated companies prior to bussiness combination | [16] | **- 65,248** | - 225,288 |
| Net investments in other associated companies | [16] | **- 1,767** | - 7,376 |
| Net cash used in investing activities | | **- 536,620** | - 429,811 |
| | | | |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from loans | | **3,377,382** | 696,403 |
| Repayment of loans | | **- 3,651,256** | - 495,413 |
| Transaction costs paid related to raising financing | | **- 15,974** | - 2,226 |
| Proceeds from issue of share capital | [22.1] | **320,000** | - |
| Acquisition of non-controlling interests | | **- 4,482** | 10 |
| Dividends paid to the Company's shareholders | | **- 43,237** | - 38,493 |
| Dividends paid to non-controlling interests | | **- 2,427** | - 1,122 |
| Net cash used in / from financing activities | | **- 19,994** | 159,159 |
| | | | |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | | **29,498** | 8,168 |
| | | | |
| Net cash and cash equivalents as at 1 January | [21] | **389,982** | 382,593 |
| | | | |
| Net increase in cash and cash equivalents | | **29,498** | 8,168 |
| Currency translation differences | | **- 8,725** | - 779 |
| **MOVEMENT IN NET CASH AND CASH EQUIVALENTS** | | **20,773** | 7,389 |
| | | | |
| **NET CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER** | [21] | **410,755** | 389,982 |

* For the revisions in previous year reference is made to note 2.2 in the accounting policies.

The notes on pages 68 to 121 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| (in thousands of EUR) | ISSUED CAPITAL | SHARE PREMIUM | OTHER RESERVES | RETAINED EARNINGS | TOTAL | NON-CONTROLLING INTEREST | TOTAL GROUP EQUITY |
|---|---|---|---|---|---|---|---|
| *Note* | *[22.1]* | *[22.1]* | *[22.5]* | *[22.2]* | | | |
| **Balance as at 1 January 2013** | **85,827** | **229,452** | **202,599** | **1,380,127** | **1,898,005** | **18,147** | **1,916,152** |
| **TOTAL RECOGNIZED AND UNRECOGNIZED INCOME AND EXPENSES FOR THE PERIOD** | | | | | | | |
| *Net group profit for the period* | | | | **365,691** | **365,691** | **783** | **366,474** |
| **Unrecognized income and expenses for the period** | | | | | | | |
| Defined benefit plan actuarial gains (losses) and asset limitation, after taxation | | | **96,983** | **- 41,060** | **55,923** | **-** | **55,923** |
| Foreign currency translation differences for foreign operations, after taxation | | | **- 57,872** | **-** | **- 57,872** | **- 1,811** | **- 59,683** |
| Effective cash flow hedges, after taxation | | | **- 11,158** | **-** | **- 11,158** | **-** | **- 11,158** |
| Revaluation existing participation prior to business combination with Dockwise | | | **22,716** | **- 22,716** | **-** | **-** | **-** |
| Movement other legal reserve | | | **- 20,353** | **20,353** | **-** | **-** | **-** |
| *Total unrecognized income and expenses for the period* | | | **30,316** | **- 43,423** | **- 13,107** | **- 1,811** | **- 14,918** |
| Total recognized and unrecognized income and expenses for the period | | | **30,316** | **322,268** | **352,584** | **- 1,028** | **351,556** |
| **TRANSACTIONS WITH SHAREHOLDERS, RECOGNIZED DIRECTLY IN EQUITY** | | | | | | | |
| Issue of ordinary shares | **7,758** | **310,127** | **-** | **-** | **317,885** | **-** | **317,885** |
| **Distributions to shareholders** | | | | | | | |
| Cash dividends | **-** | **-** | **-** | **- 43,237** | **- 43,237** | **- 2,427** | **- 45,664** |
| Stock dividends | **2,627** | **- 1,172** | **-** | **- 1,455** | **-** | **-** | **-** |
| **Movements in interests in subsidiaries** | | | | | | | |
| Non-controlling interest in Dockwise Ltd. | **-** | **-** | **-** | **-** | **-** | **4,482** | **4,482** |
| Non-controlling interest in Dockwise Ltd. | **-** | **-** | **-** | **-** | **-** | **- 4,482** | **- 4,482** |
| **Total transactions with shareholders** | **10,385** | **308,955** | **-** | **- 44,692** | **274,648** | **- 2,427** | **272,221** |
| **Balance as at 31 December 2013** | **96,212** | **538,407** | **232,915** | **1,657,703** | **2,525,237** | **14,692** | **2,539,929** |

The notes on pages 68 to 121 are an integral part of these consolidated financial statements.

| (in thousands of EUR) | ISSUED CAPITAL | SHARE PREMIUM | OTHER RESERVES | RETAINED EARNINGS | TOTAL | NON-CONTROLLING INTEREST | TOTAL GROUP EQUITY |
|---|---|---|---|---|---|---|---|
| *Note* | *[22.1]* | *[22.1]* | *[22.5]* | *[22.2]* | | | |
| **Balance as at 1 January 2012** | 82,777 | 230,360 | 230,175 | 1,189,500 | 1,732,812 | 14,503 | 1,747,315 |
| **TOTAL RECOGNIZED AND UNRECOGNIZED INCOME AND EXPENSES FOR THE PERIOD** | | | | | | | |
| *Net group profit for the period* | | | | 249,093 | 249,093 | 2,934 | 252,027 |
| **Unrecognized income and expenses for the period** | | | | | | | |
| Defined benefit plan actuarial gains (losses) and asset limitation, after taxation | | | - 26,194 | - | - 26,194 | - | - 26,194 |
| Foreign currency translation differences for foreign operations, after taxation | | | - 4,974 | - | - 4,974 | 1,822 | - 3,152 |
| Effective cash flow hedges, after taxation | | | - 14,239 | - | - 14,239 | - | - 14,239 |
| Realization through sale of underlying asset | | | - 716 | 716 | - | - | - |
| Movement other legal reserve | | | 18,547 | - 18,547 | - | - | - |
| *Total unrecognized income and expenses for the period* | | | - 27,576 | - 17,831 | - 45,407 | 1,822 | - 43,585 |
| **Total recognized and unrecognized income and expenses for the period** | | | - 27,576 | 231,262 | 203,686 | 4,756 | 208,442 |
| **Distributions to shareholders** | | | | | | | |
| Cash dividends | - | - | - | - 38,493 | - 38,493 | - 1,122 | - 39,615 |
| Stock dividends | 3,050 | - 908 | - | - 2,142 | - | - | - |
| **Movements in interests in subsidiaries** | | | | | | | |
| New in consolidation | - | - | - | - | - | 10 | 10 |
| **Total transactions with shareholders** | 3,050 | - 908 | - | - 40,635 | - 38,493 | - 1,112 | - 39,605 |
| **Balance as at 31 December 2012 REVISED*)** | 85,827 | 229,452 | 202,599 | 1,380,127 | 1,898,005 | 18,147 | 1,916,152 |

* For the revisions in previous year reference is made to note 2.2 in the accounting policies.

The notes on pages 68 to 121 are an integral part of these consolidated financial statements.

# EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL

Royal Boskalis Westminster N.V. is a leading global services provider operating in the dredging, dry and maritime infrastructure and maritime services sectors. Royal Boskalis Westminster N.V. (the 'company') has its registered office in Sliedrecht, the Netherlands, and its head office is located in Papendrecht, the Netherlands. The company is a public limited company listed on the NYSE Euronext Amsterdam stock exchange.

The consolidated financial statements of Royal Boskalis Westminster N.V. for 2013 include the company and group companies (hereinafter referred to jointly as the 'Group' and individually as the 'Group entities') and the interests of the Group in associated companies and entities over which it has joint control. The consolidated financial statements were prepared by the Board of Management and have been signed on 12 March 2014. The financial statements 2013 will be submitted for approval to the Annual General Meeting of Shareholders of 13 May 2014.

## 2. COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING

### 2.1 COMPLIANCE STATEMENT

The consolidated financial statements and the accompanying explanatory notes have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union, and with Part 9 of Book 2 of the Dutch Civil Code.

### 2.2 NEW AND REVISED STANDARDS

Except as described below, the accounting principles applied to the valuation of assets and liabilities and the determination of results are the same as the valuation principles applied to the 2012 consolidated financial statements

**Defined benefit pension schemes**

As a result of the in June 2012 revised IAS19 (2011), which became effective on 1 January 2013, the Group has changed its accounting policy with respect to the basis for determining the income or expense related to defined benefit schemes. Under IAS19 (2011), the Group determines the net interest expense (income) for the period on the net defined benefit liability (asset) by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset) at the beginning of the annual period, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Consequently, the net interest on the net defined benefit liability (asset) now comprises: interest cost on the defined benefit obligation, interest income on plan assets and interest on the effect on the asset ceiling. Previously, the Group determined interest income on plan assets based on their long-term rate of expected return. IAS19 (2011) should be applied retrospectively meaning that the comparative figures have been adjusted. As a result the pension expenses for the year 2012 increased by EUR 1.1 million and for the same amount the Actuarial losses decreased. The effect of these changes on the opening balance sheet 2012 and total shareholders' equity is nil. The changed standards are applied retrospectively, as required, as from 1 January 2014, and have no impact on shareholders' equity.

**Presentation of items of other comprehensive income**

As a result of the amendments to IAS1, the Group has modified the presentation of items of other comprehensive income in its consolidated statement of recognized and unrecognized income and expenses, to present separately items that would be reclassified to profit or loss in the future from those that would not be reclassified. Comparative information has been re-presented accordingly.

**Fair value measurement**

IFRS13 establishes a framework with respect to the measurement of fair values and making disclosures about fair value measurements, when such measurements are required or permitted by other IFRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also expands the disclosure requirements about fair value measurements. In accordance with the transitional provisions of IFRS13, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the application of IFRS13 had no significant impact on the measurement of the Group's assets and liabilities.

### 2.3 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The following standards, amendments to standards and interpretations, are not effective in 2013 and / or not yet endorsed by the European Committee. They have therefore not been applied in these consolidated financial statements. Based on the current insights, the Group does not plan to adopt these standards and interpretations early and the extent of the possible impact has not been determined. The most important possible changes for the Group can be summarized as follows:

- IFRS9 Financial instruments: classification and measurement, has an effective date for annual periods starting on or after January 1, 2015 with earlier application being permitted.
- IFRS10 Consolidated financial statements replaces all the guidance on control and consolidation in IAS27. IFRS10

introduces a single consolidation model based on control, irrespective the type of entity to be consolidated. IFRS10 has no material impact on the group.
- IFRS11 Joint arrangements revises the accounting for joint ventures (in the new standard called “joint arrangements”). Most important change is that for joint arrangements the option of applying the “equity” method or proportional consolidation is removed; only the equity method can be applied for joint ventures and joint operations should be consolidated proportionally. Combined with the decrease of the balance sheet total at year end 2013 the Groups solvability will increase approximately 3.34%. Revenue in 2013 decreases approximately by EUR 406 million, the net result does not change. The share in result of joint ventures reflects mainly the share in operating result. Accordingly, the share in the result of associated companies and joint ventures will be presented in the operating result of the Group. Note 3.32 shows the main figures of the consolidated income statement 2013 and the consolidated balance sheet if both IFRS10, IFRS11 and IAS28R would have been applied in 2013. The changed standards are applied retrospectively, as required, as from 1 January 2014, and have no impact on shareholders’ equity.
- IFRS12 Disclosure of interests in other entities includes the disclosure requirements for subsidiaries, associates and joint arrangements, as well as unconsolidated structured entities. IFRS12 is effective for annual periods beginning on or after January 1, 2014. Accordingly, the first application of IFRS10 and IFRS11 and the adjustments in IAS28R the requirements of IFRS12 will be disclosed in the financial statements 2014.

## 3. PRINCIPLES OF FINANCIAL REPORTING

The principles for financial reporting subsequently disclosed are applied consistently for all periods included in these consolidated financial statements and have been applied consistently by the Group entities.

The presentation of last year’s figures has been modified to be consistent with current financial year’s presentation.

### 3.1 FORMAT AND VALUATION

The consolidated financial statements are presented in euros, the Group’s functional currency. The consolidated financial statements are based upon historical cost to the extent that IFRS does not prescribe another accounting method for specific items. Preparing financial statements means that estimates and assumptions made by the management partly determine the recognized amounts under assets, liabilities, revenues and costs. The estimates and assumptions are mainly related to the measurement of intangible assets (including goodwill), property, plant and equipment, results on completion of work in progress, pension liabilities, taxation, provisions and financial instruments. Judgements made by management within the application of IFRS with an material effect on the financial statements are the qualifications of investments as Group companies, joint ventures or associated companies. Details are incorporated in the explanatory notes to these items. Next to the elements already explained in the explanantory notes to the financial statements, there are no other critical valuation judgements in the application of the principles that need further explanation. The estimates made and the related assumptions are based on management’s experience and understanding and the development of external factors that can be considered reasonable under the given circumstances. Estimates and assumptions are subject to alterations as a result of changes to facts and understanding and may have different outcomes per reporting period. Any differences are recognized in the balance sheet or income statement, depending on the nature of the item. The actual results may deviate from results reported previously on the basis of estimates and assumptions. Unless stated otherwise, all amounts in the notes in these financial statements are stated in thousands of euros.

### 3.2 CONSOLIDATION

#### 3.2.1. BUSINESS COMBINATIONS AND ACQUISITIONS OF NON-CONTROLLING INTERESTS

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in the income statement.

The consideration transferred does not include amounts related to the settlement of preexisting relationships. Such amounts are recognised in the income statement. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

**Accounting for acquisitions of non-controlling interests**
Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized as a result of such transactions.

### 3.2.2. GROUP COMPANIES

Group companies are included in the consolidation for 100% on the basis of existing control, taking into account any minority interests. The figures of Group companies are included in the consolidated financial statements from the date that control commences until the date that control ceases.

When the Group loses control over a Group Company, it derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any resulting gain or loss is recognised in the income statement. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as a joint venture or as an associated company depending on the level and nature of influence retained.

### 3.2.3. JOINT VENTURES

Joint ventures are those entities over which the Group has joint control, whereby this control has been laid down in a contract and strategic decisions on financial and operational policy are taken by unanimous agreement. Joint ventures, both strategic alliances and contractual project-driven construction consortiums, are included in the consolidation on a proportional basis in accordance with the share in joint control. Amounts receivable from and payable to project-driven construction consortiums are eliminated in the consolidation. Elimination differences as a result of imbalances between partners in current account relation with project-driven construction consortiums are recognized in the consolidated balance sheet under other receivables or other creditors.

### 3.2.4. ASSOCIATED COMPANIES

Shareholdings that are not eligible for consolidation based on control, but where there is significant influence on the financial and operating policy, are recognized under associated companies. Significant influence is presumed to exist when the Group holds 20 percent or more of the voting power of another entity. The consolidated financial statements include the Group's share in the result of associated companies, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases (see note 3.8). Long term loans to associated companies are recognized as non-current receivables.

### 3.2.5. ELIMINATION OF TRANSACTIONS UPON CONSOLIDATION

Intragroup receivables and payables, as well as intragroup transactions and finance income and expenses and unrealized results within the Group and with associated companies and joint ventures, are eliminated in preparing the consolidated financial statements to the extent of the Group's share in the entity.

## 3.3 FOREIGN CURRENCIES

The assets and liabilities of foreign Group companies and joint ventures that are denominated in functional currencies other than the euro have been translated at the exchange rates as at the end of the reporting period. The income statement items of the foreign Group companies and joint ventures concerned have been translated at average exchange rates, which approximate the applicable exchange rates at transaction settlement date. Resulting currency translation differences are added or charged directly to the currency translation reserve in group equity. Exchange rate differences as a result of operational transactions are included in the consolidated income statement of the reporting period. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences on non-current receivables, loans and other borrowings are recognized as finance income and expenses; other foreign currency differences as a result of transactions are recognized in the related items within the operating result.

### 3.4 DERIVATIVES AND HEDGING

It is the policy of the Group to use cash flow hedges to cover all operational currency risks that mainly relate to future cash flows from contracts that are highly probable and that are denominated in currencies other than the relevant functional currency. Fuel price risks and interest rate risks in future cash flows can be hedged from time to time using specific derivatives.

Hedge accounting is applied to the majority of cash flow hedges as follows. On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "effective" in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80 - 125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported net income.

The application of hedge accounting means that movements in the market value of cash flow hedges not yet settled – including results realized on the "rolling forward" of existing hedges as a result of differences between the duration of the hedges concerned and the underlying cash flows – will be directly added or charged to the hedging reserve in group equity, taking taxation into account. If a cash flow hedge added or charged to the group equity either expires, is closed or is settled, or the hedge relation with the underlying cash flows can no longer be considered effective, the accumulated result will continue to be recognized in group equity as long as the underlying cash flow is still expected to take place. When the underlying cash flow actually takes place, the accumulated result is included directly in the income statement. Movements in the market value of cash flow hedges to which no hedge accounting is applied (ineffective cash flow hedges and the ineffective portion of effective cash flow hedges) are included in the income statement for the reporting period. Results from settled effective cash flow hedges and the movements in the market value of ineffective cash flow hedges insofar these relate to non-current receivables, loans and other borrowings are recognized as finance income and finance expenses and otherwise in the related items within operating result. The purchase or sale of financial instruments is generally recorded at transaction rate. Derivatives are stated at fair value; attributable transaction costs are recognized in the income statement as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described.

### 3.5 IMPAIRMENT

The book value of the assets of the Group, excluding inventories, assets arising from employee benefits and deferred income tax assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, an estimate of the realizable amount of the asset is made. For goodwill, assets with an indefinite useful life, the realizable amount is estimated annually. An impairment loss is recognized when the book value of an asset or its cash-generating unit to which it belongs exceeds its realizable amount.

Impairment losses are recognized in the income statement. Impairment losses recognized in respect of cash generating units are allocated first to reduce the book value of any cashgenerating units (or groups of units) goodwill and then proportionally deducted from the book value of the assets of the unit (or group of units).

The realizable amount of receivables accounted for at amortized cost is calculated as the present value of expected future cash flows, discounted at the effective interest rate. For the other assets or cash generating segments, the realizable amount equals the fair value less costs to sell or value, whichever is higher. In determining the value, the present value of estimated future cash flows is calculated using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Indications of impairment of floating and other construction material are based on long-term expectations for the utilization of equipment or of interchangeable equipment. If there is any indication of impairment, the realizable value of the asset concerned is determined on the basis of the net realizable value or present value of the estimated future cash flows.

In respect of goodwill no impairment losses are reversed. An impairment loss in respect of an receivable account for at amortized cost is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recorded. For other assets, impairment losses are reversed if the estimates used to determine the realizable amount give cause to do so, but only to the extent that the book value of the asset does not exceed the book value net of depreciation or amortization that would have applied if no impairment loss had been recognized.

### 3.6 INTANGIBLE ASSETS

Goodwill arises upon acquiring Group companies, joint ventures and associated companies and is calculated as the difference between the acquisition price and the fair value of the assets and liabilities acquired, according to the accounting principles of Royal Boskalis Westminster N.V. The goodwill has been allocated to the cash generating unit representing the lowest level within the Group at which the goodwill is monitored for internal management purposes, which does not exceed the level of the Group's operating units. Goodwill and other intangible assets are capitalized net of accumulated amortization and accumulated impairment losses. Amortization of trademarks valued at acquisition takes place over four years, the amortization of customer portfolios and contracts valued at acquisition takes place over seven to twentytwo years. Goodwill and intangible assets with an infinite useful life are not systematically amortized, but are tested for impairment every year or in case of an indication for impairment (see note 3.5). Negative goodwill that may arise upon acquisition is added directly to the income statement. In respect of associated companies, the book value of goodwill is included in the book value of the investment.

Other intangible assets are capitalized only when it is probable that future economic benefits embodied in an asset, will flow to the Group and the cost of the asset can be reliably measured. Other intangible assets with a finite useful life are stated at cost less accumulated amortization and accumulated impairment losses.

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is expensed as incurred.

### 3.7 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost price less accumulated depreciation calculated from the date of commissioning and accumulated impairment losses. The cost price is based on the purchase price and / or the internally generated cost based on directly attributable expenses. The depreciation, allowing for an assumed residual value, is calculated over the estimated remaining useful lives assigned to the various categories of assets. Modifications and capacity enhancing investments are also capitalized at cost and amortized over the remaining life of the asset. Property, plant and equipment under construction are included in the balance sheet on the basis of installments paid, including interest during construction. Where property, plant and equipment consist of components with different useful lives, they are accounted for as separate items.

Buildings are depreciated over periods ranging from ten to thirty years. The depreciation periods of components of the majority of the floating and other construction materials ranges from five to thirty years. Furnitures and other fixed assets are depreciated over a period between three and ten years. Land is not depreciated. The wear of dredging equipment is highly dependent on unpredictable project-specific combinations of soil conditions, material to be processed, maritime circumstances, and the intensity of the deployment of the equipment. As a result of this erratic and time-independent patterns, the maintenance and repair expenses for upkeep the assets are charged to the income statement.

Methods for depreciation, useful life and residual value are reassessed at the end of each financial year and amended if necessary.

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset classified as tangible fixed asset and is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's consolidated balance sheet.

### 3.8 ASSOCIATED COMPANIES

Associated companies are initially recognized at cost including the goodwill determined at acquisition date. Subsequently accounted companies are accounted for using the equity method, adjusted for differences with the accounting principles of the Group, less any accumulated impairment. When the Group's share of losses exceeds the book value of the associated company, the book value is reduced to zero and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associated company.

### 3.9 NON-CURRENT RECEIVABLES

The non-current receivables are mainly held on a long-term basis and/or until maturity and are carried at amortized cost. Accumulated impairment losses are deducted from the book value.

Receivables in respect of Public-Private Partnerships (PPPs) relate to concession fees from public bodies (public authorities) receivable in connection with PPP projects. PPP receivables are recognized as financial assets. PPP receivables are initially recognized at fair value and are subsequently measured at amortized cost based on an effective interest rate.

### 3.10 INVENTORIES

Inventories, which mainly consist of fuel, auxiliary materials and spare parts, are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of selling.

### 3.11 DUE FROM AND DUE TO CUSTOMERS

Due from and due to customers concerns the gross amount yet to be charged which is expected to be received from customers for contractual work done up to the reporting date (hereinafter: "work in progress") and services rendered (mainly salvage work). Work in progress is valued at the cost price of the work done, plus a part of the expected results upon completion of the project in proportion to the progress made and less progress billings, advances and possible provisions for losses. Provisions are recognized for expected losses on work in progress as soon as they are foreseen, and deducted from the cost price; if necessary, any profits already recognized are reversed. Revenues from additional work are included in the overall contract revenues if the client has accepted the sum involved in any way. Claims and incentives are carried in construction work in progress if negotiations with the customer are in a sufficiently advanced stage. The cost price includes project costs, consisting of payroll costs, materials, costs of subcontracted work, rental charges and maintenance costs for the equipment used and other project costs. The rates used are based on the expected average occupation in the long run. The progress of a project is determined on the basis of the cost of the work done in relation to the expected cost price of the project as a whole. Profits are not recognized unless a reliable estimate can be made of the result on completion of the project. The balance of the value of work in progress, progress billings and advance payments is determined per project. For projects where the progress billings and advance payments exceed the value of work in progress, the balance is recognized under current liabilities instead of under current assets. The respective balance sheet items are "due from customers for work in progress" and "due to customers".

Salvage work that is completed at the balance sheet date, but for which the proceeds are not yet finally determined between parties, is recognized at expected proceeds taking into account the estimation uncertainty less progress billings and advances. If the revenue of a completed salvage contract cannot be estimated reliably, revenue is recognized to the maximum of the extent of the recognized expenses. For expected losses on salvage work, provisions are recognized as soon as they are foreseen.

### 3.12 TRADE AND OTHER RECEIVABLES

Trade and other receivables are stated initially at fair value and subsequently at amortized cost less accumulated impairment losses, such as doubtful debts. Amortized cost is determined using the effective interest rate.

### 3.13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash and bank balances and deposits with terms of no more than three months. The explanatory notes disclose the extent to which cash and cash equivalents are not freely available as a result of transfer restrictions, joint control or other legal restrictions. Bank overdrafts are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

### 3.14 SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

### 3.15 INTEREST-BEARING BORROWINGS

Interest-bearing borrowings are liabilities to financial institutions. At initial recognition, interest-bearing borrowings are stated at fair value less transaction costs. Subsequently, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

### 3.16 EMPLOYEE BENEFITS

*Defined contribution pension schemes*

A defined contribution pension scheme is a post-employment benefit scheme under which an entity pays fixed contributions into a separate entity. The entity will have no legal or constructive obligation to pay further amounts if the pension fund has insufficient funds to pay employee benefits in connection with services rendered by the employee in the current of prior periods. Obligations for contributions to defined contribution pension schemes are recognized as an employee benefit expense as part of the personnel expenses in the income statement when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payment is available. Contributions to a defined contribution pension sheme payable more than twelve months after the period during which the employee rendered the services, are discounted.

*Defined benefit pension schemes*

A defined benefit pension scheme is every post-employment benefit scheme other than a defined contribution scheme. For each separate defined benefit pension scheme, the net asset or liability is determined as the balance of the discounted value of the future payments to employees and former employees, less the fair value of plan assets. The calculations are done by qualified actuaries using the projected unit credit method. The discount rate equals the yield on high quality corporate bonds as at the balance sheet date, with the period to maturity of the bonds approximating the duration of the liability. If the calculation results in a positive balance for the group, the asset is included up to an amount equal to any unrecognized past service pension costs and the discounted value of economic benefits in the form of possible future refunds or lower future pension premiums from the fund. In calculating the discounted value of economic benefits, the lowest possible financing obligations are taken into account as applicable to the individual schemes in force within the group. An economic benefit is receivable by the Group if it can be realized within the period to maturity of the scheme or upon settlement of the scheme's obligations. Actuarial gains and losses, including any movements in limitations on the net pension assets, are recognized in the unrecognized results within the Consolidated statement of recognized and unrecognized income and expenses. If plan benefits are changed or when a scheme is constrained, past service cost or a resulting curtailment profit or loss is recognized directly in the income statement. The Group recognizes profit or losses on the settlement of defined benefit schemes at the time of the settlement.

*Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee, and the obligation can be estimated reliably.

*Other long-term employee benefits*

The other long-term employee benefits consist mainly of jubilee benefits. The calculation of these liabilities is executed according to the 'projected unit method' using the actuarial assumptions for the predominant defined benefit scheme.

*Share-based remuneration plans*

Member of the Board of Management and some senior employees are granted a bonus scheme that is based on the development of the share price, whereby the bonus is distributed in cash. The fair value of the amount payable over the year, is recognised as personnel expenses in the income statement, with a corresponding increase in liabilities. The liability is remeasured each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expenses in the income statement

### 3.17 PROVISIONS

Provisions are determined on the basis of estimates of future outflows of economic benefits relating to operational activities for legal or constructive obligations of an uncertain size or with an uncertain settlement date that arise from past events and for which a reliable estimate can be made. Provisions are discounted insofar as the difference between the discounted value and nominal value is material. Provisions, if applicable, relate to reorganization, warranties, provisions for unfavarouble contracts and onerous contracts, legal proceedings, submitted claims and soil decontamination. Provisions for reorganization costs are recognized when a detailed and formal plan is announced at balance sheet date to all those concerned or when the execution of the plan has commenced. Provisions for warranties are recognized for warranty claims relating to completed projects with agreed warranty periods applying to some of the consolidated/proportionally consolidated entities. The book value of these provisions is based on common practice in the industry and the company's history of warranty claims over the past ten years for relevant projects.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group form a contract are lower than the unavoidable cost of meeting its obligations under the contract.

In accordance with the Group's policy and applicable legal requirements, a provision for site restoration in respect of contaminated land, and the related expenses, is recognized when the land is contaminated.

### 3.18 TRADE AND OTHER PAYABLES

Trade and other payables are recognized initially at fair value and subsequently at (amortized) cost. Insofar as the difference between the discounted and nominal value is not material, trade and other payables are stated at cost.

### 3.19 ASSETS HELD FOR SALE

Assets are classified as held for sale (disposal group) when it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Liabilities related to the assets held for sale are separately recognized as liabilities held for sale. Once classified as held for sale, intangible assets and property, plant and equipment are longer amortized or depreciated.

### 3.20 REVENUE

Revenue of the operational segments Dredging, Offshore Energy (excluding ocean going transport services) and Inland Infra mainly consists of the cost price of the work done during the reporting period, plus a part of the expected results upon completion of the project in proportion to the progress made during the reporting period, and including and/or deducting the provisions recognized and/ or used and released during the reporting period for expected losses. Revenues from additional work are included in the overall contract revenues if the client has accepted the sum involved in any way. Claims and incentives are carried in construction work in progress if negotiations with the customer are in a sufficiently advanced stage. The applied "percentage-of-completion" method is, by its nature, based on an estimation process. Revenue also includes services rendered to third parties during the reporting period. The revenue from services relates in particular to activities of Harbour Towage and to hire or to make available equipment and/or personnel (including ocean going transport services of Offshore Energy) and this revenue is recognized in the income statement in proportion to the stage of completion of the work performed at the reporting date. The stage of completion is determined based on assessments of the work performed. Revenue from salvage work that is completed at the balance sheet date (part of the operational segment Towage & Salvage), but for which the proceeds are not finally determined between parties, is recognized at expected proceeds taking into account the estimation uncertainty. When it is uncertain whether the economic benefits of work done or services rendered will flow to the Group, the relevant revenue is not recognized. Revenue does not include any direct taxes.

During the construction phase of the asset, PPP projects are recognized as projects for third parties. The related financial asset is recognized based on invoiced instalments. The contractual income and expenses are recognized in the income statement in accordance with the accounting principles as used for due from and to customers. During the operating phase, the income from PPP projects comprises the fair value of the delivery of contractually agreed services and the interest income related to the investment in the project. The interest income of the financial asset is recognized as financial income in the income statement (reference is made to note 3.25).

### 3.21 OTHER INCOME AND OTHER EXPENSES

Other income and other expenses mainly consists of book results from disposals and insurance results.

### 3.22 RAW MATERIALS, CONSUMABLES, SERVICES AND CONTRACTED WORK

Raw materials, consumables, services and contracted work consist of the cost price of the work done during the reporting period, excluding personnel expenses, amortization depreciation and impairments. This item also includes among others equipment utilization costs, cost of operational leases, general overhead costs, external costs for research and development where not capitalized, currency translation differences, fair value changes of derivatives and other results/late results.

### 3.23 PERSONNEL EXPENSES

Personnel expenses consist of wages and salaries for own personnel and the related social security charges and pension costs, including paid and accrued contributions for defined pension contribution plans and the movement in the assets and liabilities from defined benefit plans, excluding actuarial gains and losses and the limitation on net pension plan assets added or charged directly to group equity.

### 3.24 LEASE PAYMENTS

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

### 3.25 FINANCE INCOME AND COSTS

Finance income comprises interest received and receivable from third parties (including interest related to PPS projects), currency gains and gains on financial instruments to hedge risks of which the results are recognized through the finance income and expenses. Interest income is recognized in the income statement as it accrues, using the effective interest rate method.

Finance costs include interest paid and payable to third parties, which are allocated to reporting using the effective interest method, currency losses, arrangement fees, and losses on financial instruments used to hedge risks of which the results are recognized through the finance income and expenses. The interest component of financial lease payments is recognized in the income statement using the effective interest rate method.

Borrowing costs not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the income statement.

### 3.26 SHARE IN RESULT OF ASSOCIATED COMPANIES

Share in result of associated companies comprises the share in the results after taxation of the participating interests not included in the consolidation and, if applicable, (the reversal of) impairment losses recognized in the reporting period.

### 3.27 TAXATION / DEFERRED INCOME TAX ASSETS AND LIABILITIES

Taxation is calculated on the basis of the result before taxation for the reporting period, taking into account the applicable tax provisions and tax rates, and also includes adjustments on taxation from previous reporting periods and movements in deferred taxes recognized in the reporting period. Taxation is included in the income statement unless it relates to items directly recognized in equity, in which case taxation is included in equity. Income tax expense also include the corporate income taxes which are levied on a based on revenue determined deemed profit (withholding tax). Temporary differences are accounted for in deferred tax assets and/or deferred tax liabilities. Deferred tax assets are only recognized to the extent that it is probable that taxable profit will be available for realization in the foreseeable future. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. Deferred income tax assets and liabilities are recognized at norminal value. Additional income taxes that arise from the distribution of dividends are recognized at the same time that the liability to pay the related dividend is recognized.

### 3.28 PROFIT PER SHARE

The Group discloses profit per ordinary share as well as diluted profit per ordinary share. The net profit per ordinary share is calculated based on the result attributable to the Group's shareholders divided by the calculated average of the number of issued ordinary shares during the reporting period. In calculating the dilluted profit per share the result attributable to the Group's shareholders and the calculated average number of issued ordinary shares are adjusted for all potentially diluting effects for ordinary shares.

### 3.29 DIVIDENDS
Dividends are recognized as a liability in the period in which they are declared.

### 3.30 DETERMINATION OF FAIR VALUE
A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

*Intangible assets*
The fair value of other intangible assets recorded as a result of a business combination, is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

*Property, plant and equipment*
The fair value of property, plant and equipment recognized as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

*(Listed) associated companies*
The fair value is disclosed based on quoted prices.

*Trade and other receivables*
The fair value of trade and other receivables, exept due from customers, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

*Share-based payment transactions*
The fair value is determined based on quoted prices.

*Derivatives*
The fair value of derivatives is based on the estimated amount to be paid or received for a settlement of the contract as at reporting date taking into account the actual interest rate en and the credit rating of the counterparty. These fair values are based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

*Non-derivative financial liabilities*
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

### 3.31 CONSOLIDATED STATEMENTS OF CASH FLOWS
The consolidated statement of cash flows is drawn up using the indirect method. Cash is defined as cash and cash equivalents including bank overdrafts as presented in the explanatory notes to the cash and cash equivalents and the interest-bearing borrowings. Cash flows are presented separately in the statement of cash flows as cash flows from operating activities, investing activities and financing activities. In the cash flows are also included the cash flows, if any, related to the disposal group.

### 3.32 FIRST APPLICATION OF IFRS10 AND IFRS11 IN 2014

In 2014 the Group will start applying IFRS10 and IFRS11. Changes resulting from the first application of these standards will be included in the financial statements 2014 for the first time en not in the financial statements for the year 2013. In the financial statements 2014 the changes will be applied retrospective. Changes resulting from the application of IFRS10 and IFRS11 in the consolidated income statement and balance sheet relating to 2013 are summarized below.

| | 2013 | |
|---|---|---|
| Consolidated Financial Statements | **CURRENT ACCOUNTING POLICIES** | AFTER CHANGE IN ACCOUNTING POLICIES |
| Operating income (Revenue and Other income) | **3,635,103** | 3,229,115 |
| Operating expenses | **- 3,169,179** | - 2,828,475 |
| Revaluation of stake in associated company prior to business combination | **-** | 22,716 |
| Share in result of associated companies and joint ventures (after taxation) | **-** | 40,063 |
| **OPERATING RESULT** | **465,924** | 463,419 |
| Finance income and expenses | **- 55,220** | - 45,381 |
| Taxation | **- 64,444** | - 52,756 |
| Revaluation of stake in associated company prior to business combination | **22,716** | - |
| Share in result of associated companies (after taxation) | **- 2,502** | - |
| **NET GROUP PROFIT** | **366,474** | 365,282 |
| Non-controlling interests | **- 783** | 409 |
| Net group profit attributable to shareholders | **365,691** | 365,691 |
| **EBITDA** | **800,098** | 758,513 |

| Consolidated Balance Sheet | AS AT 31 DECEMBER 2013 **CURRENT ACOUNTING POLICIES** | AFTER CHANGE IN ACCOUNTING POLICIES |
|---|---|---|
| **Non-current assets** | | |
| Intangible assets | **748,062** | 586,166 |
| Property, plant and equipment | **3,034,862** | 2,628,078 |
| Investments in associated companies | **11,897** | 430,497 |
| Other | **56,842** | 18,441 |
| | **3,851,663** | 3,663,182 |
| **Current assets** | | |
| Inventories | **103,328** | 97,925 |
| Receivables (including due from customers) | **1,110,258** | 939,692 |
| Cash and cash equivalents | **386,887** | 331,272 |
| Assets disposal group | **280,387** | 280,387 |
| | **1,880,860** | 1,649,276 |
| **TOTAL ASSETS** | **5,732,523** | 5,312,458 |
| **Group equity** | | |
| Equity | **2,525,237** | 2,525,237 |
| Non-controlling interests | **14,692** | 6,922 |
| | **2,539,929** | 2,532,159 |
| **Non-current liabilities** | | |
| Interest-bearing borrowings | **1,168,082** | 958,039 |
| Other | **146,023** | 152,446 |
| | **1,314,105** | 1,110,485 |
| **Current liabilities** | | |
| Due to customers | **313,190** | 253,621 |
| Interest-bearing borrowings | **26,366** | 5,163 |
| Bank overdrafts | **5,794** | 5,709 |
| Other | **1,414,782** | 1,286,964 |
| Liabilities disposal group | **118,357** | 118,357 |
| | **1,878,489** | 1,669,814 |
| **TOTAL LIABILITIES** | **3,192,594** | 2,780,299 |
| **TOTAL GROUP EQUITY AND LIABILITIES** | **5,732,523** | 5,312,458 |
| **SOLVABILITY** | **44.3%** | 47.7% |

## 4. SEGMENT REPORTING

The Group recognizes four operational segments which, as described below, constitute the strategic business units of the Group. These strategic business units offer different products and services and are managed separately because they require different strategies. Each of the strategic business units is reviewed by the Board of Management based on internal management reporting at least once every quarter. The by the end of March 2013 acquired company Dockwise Ltd. is presented in the operational segment Offshore Energy.

The following is a brief summary of the activities of the operational segments:

- Dredging

This operational segments involves all activities required to remove silt, sand and other layers from the water bed and in some cases utilizing them elsewhere, for example for land reclamation. The services we provide also include the construction and maintenance of ports and waterways, and coastal defense and riverbank protection, as well as associated specialist services such as underwater rock fragmentation. In addition, Boskalis is active in the extraction of raw materials using dredging techniques. This segment is active around the world and can be dvided into home markets (inside and outside Europe) and international project markets.

- Offshore Energy

Within this operational segment Boskalis supports the activities of the international energy sector, including oil and gas companies and providers of renewable energy such as wind power. Boskalis is involved in the development, construction, maintenance and decommissioning of oil and LNG-import/export facilities, offshore platforms, pipelines and cables and offshore wind farms. In performing these activities Boskalis applies its expertise in the areas of dredging, offshore pipeline, cable and rock installation, heavy transport, lifting and installation work, as well as diving and ROV services.

- Inland Infra

Within this operational segment Boskalis operates as a contractor for dry and maritime infrastructure projects. In the area of dry infrastructure we are involved mainly in the Netherlands in the design, preparation (by means of dry earthmoving) and execution of large-scale civil infra works, such as the construction of roads and railroads, bridges, dams, viaducts and tunnels. In doing so, Boskalis also performs specialist works such as soil improvement and land remediation. Maritime infrastructure projects were conducted internationally, amongst others, through the strategic partner Archirodon (40% owned). On 11 July 2013 the Group has sold her stake in Archirodon (reference is made to note 5.3).

- Towage & Salvage

In the world's biggest ports Boskalis, by means of SMIT Harbour Towage, provides assistance to incoming and outgoing oceangoing vessels. With a versatile fleet of over 200 tugs Boskalis assists vessels including Ro-Ro ships, oil and chemical tankers, container ships, reefers and mixed cargo ships. In addition, a full range of services for the operation and management of onshore and offshore terminals is offered through Smit Lamnalco, which is 50% owned by Boskalis. These include assistance with the berthing and unberthing of tankers at oil and LNG terminals and additional support services such as pilotage, subsea inspection and maintenance, firefighting, and the coupling and uncoupling of terminal connections. Through SMIT Salvage services are provided relating to the salvage of ships and wreck removal. SMIT Salvage provides assistance to vessels in distress and is able to spring into action at anytime and anywhere in the world. Boskalis is able to do so by operating out of four locations which are strategically situated in relation to the main international shipping routes: Houston, Cape Town, Rotterdam and Singapore. Clearance of wrecks of sunken ships almost always takes place at locations where the wreck forms an obstruction to traffic or presents an environmental hazard.

The operational segments are monitored based on the segment result (operating result). The segment result and EBITDA are used for performance measurement of operational segments, both between segments and compared to other companies in the same industries. Inter-operational segment services, if any, take place at arm's length basis. EBITDA is defined as being the segment result before depreciation, amortization and impairments. In the reporting period there were no material inter-operational segment services.

### 4.1 OPERATIONAL SEGMENTS

| 2013 | DREDGING | OFFSHORE ENERGY | INLAND INFRA | TOWAGE & SALVAGE | HOLDING & ELIMINATIES | GROUP |
|---|---|---|---|---|---|---|
| Revenue | **1,268,650** | **1,083,898** | **666,565** | **531,547** | **- 11,942** | **3,538,718** |
| Segment result | **249,494** | **149,535** | **8,304** | **83,403** | **- 24,812** | **465,924** |
| Operating result | | | | | | **465,924** |
| Share in result of associated companies | **- 526** | **103** | **622** | **1,008** | **- 3,709** | **- 2,502** |
| Revaluation share in associated company prior to business combination | | | | | **22,716** | **22,716** |
| Non-allocated finance income and expenses | | | | | | **- 55,220** |
| Non-allocated taxation | | | | | | **- 64,444** |
| Net group profit | | | | | | **366,474** |
| Investments in associated companies | **807** | **2,470** | **2,960** | **4,218** | **1,442** | **11,897** |
| Investments in property, plant and equipment | **82,180** | **132,734** | **24,867** | **46,789** | **9,505** | **296,075** |
| Depreciation on property, plant and equipment | **77,490** | **100,668** | **26,064** | **55,805** | **106** | **260,133** |
| Amortization on intangible assets | **16** | **29,187** | **360** | **5,570** | **- 493** | **34,640** |
| Impairment losses on property, plant and equipment | **9,000** | **3,090** | **3,924** | **730** | **602** | **17,346** |
| Impairment losses on intangible assets | **-** | **292** | **-** | **-** | **21,763** | **22,055** |
| EBITDA | **336,000** | **282,772** | **38,652** | **145,508** | **- 2,834** | **800,098** |

| 2012 | DREDGING | OFFSHORE ENERGY | INLAND INFRA | TOWAGE & SALVAGE | HOLDING & ELIMINATIES | GROUP |
|---|---|---|---|---|---|---|
| Revenue | 1,289,718 | 480,545 | 777,454 | 533,144 | - | 3,080,862 |
| Segment result | 200,604 | 60,310 | 38,100 | 74,012 | - 37,269 | 335,757 |
| Operating result | | | | | | 335,757 |
| Share in result of associated companies | - 1,209 | - 40 | 440 | 658 | 403 | 252 |
| Non-allocated finance income and expenses | | | | | | - 34,480 |
| Non-allocated taxation | | | | | | - 49,502 |
| Net group profit | | | | | | 252,027 |
| Investments in associated companies | 1,357 | 1,713 | 2,460 | 3,615 | 219,460 | 228,605 |
| Investments in property, plant and equipment | 94,296 | 114,976 | 45,885 | 49,239 | 9,497 | 313,893 |
| Depreciation on property, plant and equipment | 83,580 | 31,599 | 39,498 | 60,974 | 2,838 | 218,490 |
| Amortization on intangible assets | - | 1,208 | 1,152 | 7,036 | - 673 | 8,723 |
| Impairment losses on property, plant and equipment | 1,792 | 2,306 | - | - | - | 4,098 |
| EBITDA | 285,976 | 95,423 | 78,750 | 142,022 | - 35,104 | 567,068 |

## 5. BUSINESS COMBINATIONS AND ASSETS HELD FOR SALE

### 5.1 ACQUISITION DOCKWISE

In 2013, the scope of consolidation changed. On 20 March 2013 the Group gained control of Dockwise after acquiring 99.37% of all outstanding Dockwise shares and voting rights. At that date a business combination was realized and reported accordingly within the consolidated Group. The share in Dockwise is extended to 100% in April 2013.

Dockwise is a leading marine contractor providing total transport services to the offshore and construction industries as well as installation services of extremely heavy offshore platforms. Acquiring control in Dockwise provides new strategic opportunities for accelerated growth of the offshore services. The new combination will be in a better position to serve clients with the optimal deployment of people and equipment under increasingly complex circumstances worldwide. The Group also expects synergy effects to result in cost savings. It is expected that the Group's potential will be strengthened further through economies of scale, the use of best practices, the optimization of the regional branch office network and joint purchasing opportunities.

After gaining control Dockwise contributed EUR 331.6 million to Group revenue EUR 42.7 million positive to the net group profit and EUR 29.9 million negative the other comprehensive income in the 2013. This does not include costs related to the acquisition and the result arising from the fair value revaluation of the Group's existing stake in Dockwise at the date of acquisition. Management believes that if the acquisition had taken place at the start of 2013, revenue for the reporting period would have totaled EUR 3,646 million, the consolidated net group profit would have been EUR 375.2 million and the other comprehensive income EUR 32.5 million. In determining these amounts Management assumed the same fair value adjustments as at the date of acquisition.

**Considerations paid**

After building up a shareholding in Dockwise in the last quarter 2012, the acquisition of Dockwise was realized through stock market purchases, a public offer for all remaining Dockwise shares and the finalization of a buyout procedure concerning the non-offered shares. In 2013 a total amount of EUR 489.3 million was involved in these purchases, of which EUR 65.3 million up to the moment that control over Dockwise was acquired.

**Identifiable assets and liabilities acquired**

Resulting from the acquisition, the following identifiable assets and liabilities are acquired:

| As at 20 March 2013 | |
|---|---|
| Intangible assets | **80,462** |
| Property, plant and equipment | **1,121,130** |
| Employee benefit assets | **898** |
| Inventory | **30,317** |
| Current receivables and other current assets | **77,236** |
| Cash, cash equivalents and bank overdrafts | **20,862** |
| Interest bearing loans | **- 665,773** |
| Provisions | **- 22,328** |
| Current liabilities | **- 157,327** |
| **NET AMOUNT OF IDENTIFIED ASSETS** | **485,477** |

Trade accounts and other receivables consist of a gross amount of contractual obligations of EUR 57.2 million, of which an amount of EUR 11.3 million was deemed irrecoverable at the date of acquisition. Trade and other payables consist of EUR 12.4 million for the settlement of identified conditional liabilities.

When assessing the value of (all categories of) identifiable assets and liabilities certain values were determined on a provisional basis. Review in the twelve months following the date of acquisition may lead to an adjustment of the fair value applied and the goodwill referred to below.

The following valuation techniques were used in assessing the fair value of identified assets and liabilities:

- Property, plant & equipment. Combination of the cost approach and income approach, where the cost approach is based on the 'depreciated replacement cost new'. This estimate incorporates operational and financial wear and tear. The income approach is based on the present value of expected future net cash flows discounted back at a rate that reflects the time value of money as well as specific risks of the asset. The concluded value is based on the minimum of the replacement cost and the value from the income approach as based on the use of the tangible fixed asset over its remaining useful life.
- Intangible assets and provision unfavorable contracts. 'Relief-from-royalty'-method, 'multi-period excess earnings'-method and cost approach. The 'relief-from-royalty' approach is based on the discounted estimated expected royalty payments that can be avoided as a result of ownership of patents and trademarks. The 'multi-period excess earnings'-method is based on the present value of the expected future net cash flows to be generated by customer relationships after accounting for the cash flows attributable to contributory assets. The cost approach is based on reproduction costs.
- Inventories. Market comparable approach: the fair value of the inventories, mainly bunkers, is based on the estimated sales price minus (selling)costs and the related profit margin.
- Other assets and liabilities: the fair value is based on the market value at which these assets or liabilities can be, or are, settled with contractual parties, including financial institutions, creditors and debtors.

**Goodwill**
Goodwill arising from the acquisition:

| Goodwill due to the acquisition of Dockwise | |
|---|---|
| Consideration paid at 20 March 2013 | **419,539** |
| Fair value of existing share | **309,921** |
| Measurement non-controlling interest | **4,482** |
| Less: Net amount of identified assets | **- 485,477** |
| Goodwill (as at 20 March 2013) | **248,465** |

**Revaluation of existing stake in Dockwise Ltd prior to business combination**
The revaluation to fair value of the existing stake in Dockwise resulted in a recognized gain of EUR 22.7 million which is included in the item Revaluation of existing share in Dockwise. This item is included in 'Holding & eliminations' in the table 'Operational segments' in note 4.1

The value of the non-controlling interests is based on the fair value of the Dockwise share at the date of acquision, i.e. EUR 18.50. In April 2013 the Group acquired these shares.

Goodwill recognized as a result of the acquisition is mainly related to the expertise and technical skills of Dockwise's employees and the synergies which are expected to result from the integration of the company into the Group's existing activities. The goodwill recognized is not tax deductible.

**Transactions related to the acquisition**
The Group incurred acquisition-related expenses of EUR 5.7 million in connection with the costs of external advisors, due dilligence and fees paid to the institutions involved. These costs are recognized in the consolidated income statement in the line 'raw materials, consumables, services and subcontracted work'. This item is included in 'Holding & eliminations' in the table 'Operational segments in note 4.1. With regard to the revaluation gain a revaluation reserve is recognized in equity.

**Disposal DYT**
The Group has sold the activities of Dockwise Yacht Transport (DYT) mid October 2013 for an amount of USD 40 million. Because the sold assets, mainly two special semi-submersible yacht carriers, were valued at fair value in 2013 the book result on this disposal is almost zero.

**5.2 VSMC**
In November 2013 the Group and Royal Volker Wessels Stevin N.V. (VolkerWessels) have combined their forces in the field of offshore cable installation by establishing a 50/50 joint venture. The joint venture creates a strong party combining know-how and equipment allowing it to respond effectively to growth in the market for offshore cable installation projects, particularly in relation to offshore wind farms. Therefor 50% of the shares in Visser & Smit Marine Contracting Holding B.V. (VSMC) is transferred from VolkerWessels to the Group. From the moment joint control was established, VSMC has been proportionally consolidated by the Group. The transaction, combined with the proportional consolidation, has resulted in a recognized goodwill of EUR 12.9 million.

### 5.3 DISPOSAL OF ARCHIRODON

On 11 July 2013 Boskalis has sold her (40%) stake in Archirodon for USD 190 million in cash. Following this transaction Archriodon is not (proportionally) consolidated from that moment on. The book result on this transaction amounts to EUR 50,9 million and is presented in Other income.

The disposed assets and liabilities and consideration received are as follow:

| | 2013 |
|---|---|
| Non-current assets | 64,689 |
| Working capital | 58,813 |
| Cash and cash equivalents | 22,462 |
| Non-current liabilities | - 54,086 |
| NETT ASSETS | 91,878 |
| | |
| Received consideration | 145,661 |
| Disposed cash and cash equivalents | - 22,462 |
| NETT CASH INFLOW | 123,199 |

### 5.4 SALE OF AUSTRALIAN HARBOUR TOWAGE OPERATIONS TO SMIT LAMNALCO

During the first half of October 2013 the Group completed the sale of its Australian harbour towage operations for USD 55 million in cash to its strategic partner Smit Lamnoalco, in which the Group holds a 50% stake. This transaction is processed in the consolidation from the beginning of October on, resulting in a proportionally consolidation of this harbour towage business through Smit Lamnalco. The effects from the decline in assets and liabilities are disclosed in the explanatory notes to the consolidated financial statements as part of 'in/out consolidation'.

### 5.5 INTENDED COOPERATION IN A JOINT VENTURE WITH SAAM

In Mid-September the Group signed an agreement with Sudamericana Agencias Aereas y Maritimas S.A. (SAAM) to merge their harbour towage operations in North and South America. The combined entity will be formed in 2014 by means of two joint ventures, following the required approval of the regulators and local financiers. The geographic scope of the first joint venture covers the Brazilian towage market and the Group will have a 50% share in this joint venture. The second joint venture in which SAAM will hold a 51% stake relates to the towage activities in Panama and Canada (SMIT) and Mexico (SAAM). The joint operation between SMIT and SAAM will create a leading provider of towage services in North and South America. Besides operational synergies, the joint operations will also strengthen the market position of the combined companies. Starting fourth quarter of 2013 the assets and liabilities to be attributed to the joint ventures are classified as assets disposal group and liabilities disposal group and depreciation and amortization are no longer recognized on this assets

As at 31 December 2013 the assets and liabilities of the disposal group within the operational segment Harbour Towage at bookvalue and are as follows:

| | 2013 |
|---|---|
| Intangible assets | 100,525 |
| Property, plant and equipment | 122,684 |
| Other non-current assets | 137 |
| Receivables and other non-current assets | 27,380 |
| Cash and cash equivalents | 29,661 |
| ASSETS DISPOSAL GROUP (ATTRIBUTION TO JOINT VENTURE) | 280,387 |
| | |
| Financing and intrest bearing loans | 59,176 |
| Provisions | 2,551 |
| Creditors and other current liabilities | 56,630 |
| LIABILITIES DISPOSAL GROUP (ATTRIBUTION TO JOINT VENTURE) | 118,357 |

As at 31 December 2013 the cumulative unrecognized income and expenses relating to the disposal group amount to EUR 6.3 million and consist of currency translation differences and actuarial results.

## 6. REVENUE

The revenue of the segments Dredging, Offshore Energy and Inland Infra mainly comprises revenues from work in progress. Movements in the value of work in progress, consisting of cumulative incurred costs plus profit in proportion to progress less provisions for losses, together with the work done and completed during the reporting period, determine the revenue for these segments. The revenue from services rendered to third parties is partly realized in the operational segments Offshore Energy and Inland Infra, but mainly in the segment Towage & Salvage. The revenue from construction contracts (IAS 11) and services on a project base by analogy with this standard amounts to approximately EUR 2,358 million (2012: EUR 2,317 million). The revenue from other services amounts to approximately EUR 1,181 million (2011: EUR 764 million).

If certain projects are executed together in a joint venture, the segments only report their own share in the revenue and results recognized, resulting in no material related party transactions that need to be eliminated.

Revenue by region can be specified as follows:

| | **REVENUE** | |
|---|---|---|
| | **2013** | 2012 |
| Netherlands | **669,745** | 762,563 |
| Rest of Europe | **690,387** | 570,093 |
| Australia / Asia | **783,044** | 483,753 |
| Middle East | **337,471** | 341,314 |
| Africa | **436,070** | 427,845 |
| North and South America | **622,001** | 495,294 |
| | **3,538,718** | 3,080,862 |

A large part of the Group's revenue is executed project based for a various group of clients in various countries and geographical areas. Because of the often incidental character and spread of the contracts none of these clients qualifies structurally as a material client in relation to the total revenue of the Group.

Revenue includes the movements in work in progress of EUR 293.4 million negative (2012: EUR 29.2 million).

## 7. OTHER INCOME AND OTHER EXPENSES

Other income mainly comprises the settlement of equipment related claims (EUR 13.9 million; 2012: EUR 3.4 million), book results on the disposal of equipment (EUR 31.5 million; 2012: EUR 11.1 million) and result of the disposal of shares in joint ventures (EUR 50.9 million related to the disposal of Archirodon).

The other expenses comprise negative book results and the disposal of equipment (EUR 1.7 million) and the sale of subsidiaries (EUR 3.0 milion).

## 8. RAW MATERIALS, CONSUMABLES, SERVICES AND CONTRACTED WORK

During 2013 EUR 35.2 million (2012: EUR 45.1 million) was recognized as an expense in the consolidated income statement for operating leases.

Expenses for reorganizations amounted to EUR 14.3 million during the year and related to unused rented buildings, decrease in value of a limited number of assets to net selling price (note 15) and losses on interests (note 7).

## 9. PERSONNEL EXPENSES

| | 2013 | 2012 |
|---|---|---|
| Wages and salaries | **- 471,476** | - 484,050 |
| Social security costs | **- 52,733** | - 54,627 |
| Pension costs for defined benefit pension schemes | **- 33,112** | - 22,915 |
| Pension costs for defined contribution pension schemes | **- 19,162** | - 19,166 |
| | **- 576,483** | - 580,758 |

For the remuneration of the Board of Management and the Supervisory Board reference is made to note 30.2. For the pension costs for defined benefit pension schemes reference is made to note 24.1.

## 10. FINANCE INCOME AND EXPENSES

| | 2013 | 2012 |
|---|---|---|
| Interest income on short-term bank deposits | **6,409** | 8,576 |
| Change in fair value of (hedging instruments regarding) borrowings | **13,510** | 6,392 |
| Finance income | **19,919** | 14,968 |
| | | |
| Interest expenses | **- 45,679** | - 36,040 |
| Change in fair value of (hedging instruments regarding) borrowings | **- 20,581** | - 10,199 |
| Other finance expenses | **- 8,879** | - 3,209 |
| Finance expenses | **- 75,139** | - 49,448 |
| | | |
| Net finance expense recognized in consolidated income statement | **- 55,220** | - 34,480 |

During the year the other finance expenses consist of amortized financing costs EUR 3.7 million (2012: EUR 1.0 million), commitment fees EUR 2.2 million (2012: EUR 2.2 million) and the settlement of a forward start interest (EUR 2.9 million). Furthermore finance income amounting to EUR 0.5 million and finance expenses amounting to EUR 0.3 million are recognized regarding to Design, Build, Finance and Maintenance contracts.

## 11. TAXATION

| | 2013 | 2012 |
|---|---|---|
| **Current tax expense** | | |
| Current year | **- 89,010** | - 67,685 |
| Over / under(-) provided in prior years | **13,579** | 9,472 |
| Reclassification of deferred taxes regarding prior financial years | **736** | 7,208 |
| | **- 74,695** | - 51,005 |
| | | |
| **Deferred tax expense** | | |
| Origination and reversal of temporary differences | **11,685** | 9,937 |
| Effect of changes in tax rates on deferred taxes | **-** | 117 |
| Reclassification of deferred taxes regarding prior financial years | **- 736** | - 7,208 |
| Movement of recognized tax losses carried forward | **- 698** | - 1,343 |
| | **10,251** | 1,503 |
| | | |
| Taxation in the consolidated income statement | **- 64,444** | - 49,502 |

The operational activities of the Group are subject to various tax regimes with tax rates varying from 0% to 40% (2012: 0% to 42%). These different tax rates, together with fiscal facilities in various countries and the treatment of tax losses, results not subject to taxation and non-deductible costs, lead to an effective tax rate in the reporting period of 15.0% (2012 16.4%). The effective tax rate is calculated as the tax charge divided by the profit before tax, as shown in the consolidated income statement.

The reconciliation between the Dutch nominal tax rate and the effective tax rate is as follows:

| | **2013** | 2012 |
|---|---|---|
| Nominal tax rate in the Netherlands | **25.0%** | 25.0% |
| Application of local nominal tax rates | **- 5.5%** | - 7.3% |
| Non-deductible expenses | **2.9%** | 3.6% |
| Effect of unrecognized tax losses and temporary differences | **2.9%** | 3.2% |
| Effect of previously unrecognized tax losses | **- 0.8%** | - 3.6% |
| Special taxation regimes | **- 2.7%** | - 1.3% |
| Adjustment in respect of prior years | **- 2.8%** | - 3.2% |
| Application of participation exemtion of result in Other income | **- 3.1%** | - |
| Effect of share in result of associated companies | **- 0.9%** | - |
| Effective tax rate | **15.0%** | 16.4% |

## 12. INCOME TAX RECEIVABLE AND PAYABLE

The current income tax receivables and income tax payables relate to the fiscal positions of the respective Group companies and consist of fiscal years still to be settled less withholding taxes or tax refunds.

## 13. DEFFERRED INCOME TAX ASSETS AND LIABILITIES

| | **BALANCE AS AT 1 JANUARY 2013** | | **MOVEMENT IN TEMPORARY DIFFERENCES DURING THE YEAR** | | | | | **BALANCE AS AT 31 DECEMBER 2013** | |
|---|---|---|---|---|---|---|---|---|---|
| | **Asset** | **Liability** | **Charged (-)/ added to net profit** | **Charged to equity** | **Reclass to disposal group** | **In / out consolida-tion** | **Currency translation differences** | **Asset** | **Liability** |
| Intangible assets | **-** | **- 19,420** | **8,176** | **-** | **- 1,456** | **-** | **- 254** | **-** | **- 12,954** |
| Property, plant and equipment | **4,624** | **- 50,969** | **825** | **-** | **7,324** | **772** | **3,275** | **2,252** | **- 36,401** |
| Due from and due to customers | **-** | **- 3,250** | **1,811** | **-** | **-** | **1,381** | **58** | **-** | **-** |
| Trade and other receivables | **148** | **- 38** | **- 28** | **-** | **- 204** | **- 29** | **- 24** | **38** | **- 213** |
| Hedging reserve | **3,599** | **-** | **-** | **4,299** | **-** | **-** | **-** | **7,898** | **-** |
| Actuarial gains and losses and asset limitation on defined benefit pension schemes | **27,197** | **-** | **-** | **- 19,114** | **-** | **-** | **-** | **8,083** | **-** |
| Employee benefits | **1,118** | **- 11,686** | **- 5,030** | **10,261** | **73** | **- 342** | **- 7** | **2,274** | **- 7,887** |
| Provisions | **1,458** | **- 1,127** | **1,050** | **-** | **- 1,132** | **- 569** | **- 182** | **1,500** | **- 2,002** |
| Interest-bearing borrowings | **619** | **-** | **2,210** | **-** | **- 2,415** | **-** | **- 336** | **384** | **- 306** |
| Trade and other payables | **1,069** | **- 461** | **75** | **-** | **-** | **-** | **- 96** | **893** | **- 306** |
| Other assets and liabilities | **270** | **- 2,925** | **476** | **- 9,185** | **-** | **708** | **145** | **276** | **- 10,787** |
| Fiscal reserves | **-** | **- 1,368** | **189** | **-** | **-** | **-** | **1** | **-** | **- 1,178** |
| Foreign branch results | **-** | **- 3,137** | **1,195** | **-** | **-** | **-** | **-** | **-** | **- 1,942** |
| Tax losses carried forward | **1,953** | **-** | **- 698** | **-** | **-** | **-** | **- 22** | **1,233** | **-** |
| | **42,055** | **- 94,381** | **10,251** | **- 13,739** | **2,190** | **1,921** | **2,558** | **24,831** | **- 73,976** |
| Offsetting deferred tax assets and liabilities | **- 16,343** | **16,343** | | | | | | **- 18,355** | **18,355** |
| Net in the consolidated balance sheet | **25,712** | **- 78,038** | | | | | | **6,476** | **- 55,621** |

| | Balance as at 1 January 2012 | | Movement in temporary differences during the year | | | | | Balance as at 31 December 2012 | |
|---|---|---|---|---|---|---|---|---|---|
| | Asset | Liability | Charged (-)/ added to net profit | Charged to equity | Business combi-nation | In / out consolida-tion | Currency translation differences | Asset | Liability |
| Intangible assets | - | - 23,954 | 4,281 | - | - | - | 253 | - | - 19,420 |
| Property, plant and equipment | 4,628 | - 60,674 | 8,293 | - | - | 403 | 1,005 | 4,624 | - 50,969 |
| Due from and due to customers | - | - 6,873 | 3,564 | - | - | - | 59 | - | - 3,250 |
| Trade and other receivables | 172 | - 639 | 727 | - | - | - | - 150 | 148 | - 38 |
| Hedging reserve | 701 | - 1,874 | - | 4,749 | - | - | 23 | 3,599 | - |
| Actuarial gains and losses and asset limitation on defined benefit pension schemes | 20,169 | - | 87 | 7,028 | - | - | - 87 | 27,197 | - |
| Employee benefits | 1,718 | - 5,727 | - 5,816 | - | - | - | - 743 | 1,118 | - 11,686 |
| Provisions | 7,409 | - 438 | - 6,638 | - | - | - | - 2 | 1,458 | - 1,127 |
| Interest-bearing borrowings | 55 | - | 1,158 | - | - | - | - 594 | 619 | - |
| Trade and other payables | 1,593 | - 138 | - 351 | - | - | - | - 496 | 1,069 | - 461 |
| Other assets and liabilities | 973 | - 2,037 | - 1,422 | - 176 | - | - | 7 | 270 | - 2,925 |
| Fiscal reserves | - | - 274 | - 1,037 | - | - | - | - 57 | - | - 1,368 |
| Foreign branch results | - | - 3,137 | - | - | - | - | - | - | - 3,137 |
| Tax losses carried forward | 3,677 | - | - 1,343 | - | - | - | - 381 | 1,953 | - |
| | 41,095 | - 105,765 | 1,503 | 11,601 | - | 403 | - 1,163 | 42,055 | - 94,381 |
| Offsetting deferred tax assets and liabilities | - 12,282 | 12,282 | | | | | | - 16,343 | 16,343 |
| Net in the consolidated balance sheet | 28,813 | - 93,483 | | | | | | 25,712 | - 78,038 |

Deferred tax assets are not recognized as long as it is not probable that economic benefits can be expected in future periods. Deferred tax assets and liabilities within fiscal entities are offset in the balance sheet.

The following movements in deferred tax assets and liabilities, including applicable tax rate changes, together with the items they relate to, are recognized directly in group equity:

| | 2013 | | |
|---|---|---|---|
| | Before Tax | Tax (expense) benefit | Net of tax |
| Foreign currency translation differences for foreign operations | **- 50,241** | **- 9,185** | **- 59,426** |
| Adjustment currency translation reserve prior to disposal of joint venture | **- 257** | **-** | **- 257** |
| Fair value of cash flow hedges | **- 15,457** | **4,299** | **- 11,158** |
| Defined benefit plan actuarial gains (losses) and asset limitation | **64,776** | **- 8,853** | **55,923** |
| | **- 1,179** | **- 13,739** | **- 14,918** |

| | 2012 | | |
|---|---|---|---|
| | Before Tax | Tax (expense) benefit | Net of tax |
| Foreign currency translation differences for foreign operations | - 2,976 | - 176 | - 3,152 |
| Fair value of cash flow hedges | - 18,988 | 4,749 | - 14,239 |
| Defined benefit plan actuarial gains (losses) and asset limitation | - 33,222 | 7,028 | - 26,194 |
| | - 55,186 | 11,601 | - 43,585 |

**UNRECOGNIZED DEFFERRED INCOME TAX ASSETS**

Unrecognized deferred tax assets regarding tax losses carried forward of Group companies amount to EUR 128.5 million (2012: EUR 99.2 million). These deferred tax assets are not recognized in the balance sheet as long as recovery through taxable profit or deductible temporary differences before expiration is not probable.

| | 2013 | | |
|---|---|---|---|
| | TAX LOSSES CARRIED FORWARD | DEDUCTIBLE TEMPORARY DIFFERENCES | DISPOSAL GROUP |
| No later than 1 year | - | - | 548 |
| Later than 1 year and no later than 5 years | 7,904 | - | 1,812 |
| Later than 5 years | 98,918 | 8,993 | 10,303 |
| | 106,822 | 8,993 | 12,663 |

| | 2012 | | |
|---|---|---|---|
| | TAX LOSSES CARRIED FORWARD | DEDUCTIBLE TEMPORARY DIFFERENCES | DISPOSAL GROUP |
| No later than 1 year | - | 340 | - |
| Later than 1 year and no later than 5 years | 5,728 | 1,700 | - |
| Later than 5 years | 72,710 | 18,724 | - |
| | 78,438 | 20,764 | - |

## 14. INTANGIBLE ASSETS

| | GOODWILL | OTHER | TOTAL |
|---|---|---|---|
| **Balans as at 1 January 2013** | | | |
| Cost | 489,174 | 132,551 | 621,725 |
| Accumulated amortizations and impairments | - | - 25,712 | - 25,712 |
| Book value | 489,174 | 106,839 | 596,013 |
| **Movements** | | | |
| Acquired through business combinations | 248,465 | 80,462 | 328,927 |
| Reclassified to Assets held for Sale | - 100,525 | - | - 100,525 |
| In / (out) consolidation | 15,784 | - 3,019 | 12,765 |
| Amortization | - | - 34,640 | - 34,640 |
| Impairment | - | - 22,055 | - 22,055 |
| Currency translation differences and other movements | - 19,153 | - 13,270 | - 32,423 |
| | 144,571 | 7,478 | 152,049 |
| **Balans as at 31 December 2013** | | | |
| Cost | 633,746 | 193,765 | 827,511 |
| Accumulated amortizations and impairments | - | - 79,449 | - 79,449 |
| Book value | 633,746 | 114,316 | 748,062 |

| | GOODWILL | OTHER | TOTAL |
|---|---|---|---|
| **Balans as at 1 January 2012** | | | |
| Cost | 481,226 | 131,359 | 612,585 |
| Accumulated amortizations and impairments | - | - 16,989 | - 16,989 |
| Book value | 481,226 | 114,370 | 595,596 |
| | | | |
| **Movements** | | | |
| Adjustment previous year | 10,104 | - 2,235 | 7,869 |
| Amortization | - | - 8,723 | - 8,723 |
| Currency translation differences and other movements | - 2,156 | 3,427 | 1,271 |
| | 7,948 | - 7,531 | 417 |
| **Balans as at 31 December 2012** | | | |
| Cost | 489,174 | 132,551 | 621,725 |
| Accumulated amortizations and impairments | - | - 25,712 | - 25,712 |
| Book value | 489,174 | 106,839 | 596,013 |

### 14.1 GOODWILL

The separate homemarket and cash flow generating unit 'Mexico' no longer exists due to the integration of these activities is the Dredging segment. This goodwill is therefore allocated to the cash flow generating unit Dredging. The allocation of goodwill to other cash flow generating units did not change in 2013.

The presented goodwill of the cash flow generating unit Harbour Towage decrease due to reclassification of this goodwill to the disposal group. The goodwill relating to Smit Lamnalco and Dockwise is in US Dollar, the functional currency of the cash flow generating unit. The presented goodwill for Dockwise decreased compared to acquisition date, because of foreign currency exchange differences.

The adjustment of goodwill in 2012 relates to changes in the preliminary balance of identified assets and liabilities in respect of the business combination MNO Vervat and the sale of the (SMIT) terminal activities to Smit-Lamnalco. Both transactions have been completed in 2011 and adjustments regarding the balance of identifiable assets and liabilities have resulted in a net increase of EUR 10.1 million of goodwill within 12 months after the transaction date.

The goodwill is allocated to the following cash generating units:

| CASH GENERATING UNIT | OPERATIONAL SEGMENT | 2013 | 2012 |
|---|---|---|---|
| Harbour Towage | Towage & Salvage | **95,565** | 197,407 |
| Salvage | Towage & Salvage | **36,875** | 36,875 |
| Smit-Lamnalco | Towage & Salvage | **75,296** | 75,468 |
| Offshore Energy | Offshore Energy | **132,127** | 119,222 |
| Dockwise | Offshore Energy | **233,681** | - |
| Dry Infrastructure (Netherlands) | Inland Infra | **46,607** | 46,607 |
| Dredging | Dredging | **13,595** | 13,595 |
| TOTAL | | **633,746** | 489,174 |

When conducting the impairment testing of goodwill, the value in use of the cash generating unit is determined by discounting future cash flows from continuing operations of the unit. The calculation comprises of cash flow projections for a period of five years starting with the budget 2014, after which the cash flows are extrapolated at the assumed growth rate. The valuation models have been consistently applied for the different cash generating units.

Management has projected cash flows based on past trends and estimates and of future market developments. Also it is assumed that cost efficiencies can and will be realized. The key assumptions relate to the discount rate used and the growth rate applied in the calculation of the terminal value. The discount rates used are for Harbour Towage 8.4% (2012: 8.6%), for Salvage 11.0% (2012: 11.0%), for Smit-Lamnalco 9.0% (2012: 8.8%), for Offshore Energy 9.2% (2012: 9.3%), for Dry Infrastructure (Netherlands) 11.1% (2012: 11.0%) and for Dredging 9.2%.

The growth rate applied in the terminal value is set at 1.6% (2012: 2.0%), the growth rate applied for Smit-Lamnalco is accounted for at 2.0%. The growth rates applied do not exceed the long-term average growth rate which may be expected for the activities. The assessment has indicated that no impairment is required since the recoverable amount is higher than the sum of the recognized goodwill and the carrying amount of the assets and liabilities attributable to the respective cash generating unit. Changes that could be reasonably expected in the underlying parameters for calculating the recoverable amount at year-end such as an increase in the discount rate by 1% or a decrease in growth rate in the terminal value by 1% do also not give rise to an impairment. Moreover, considering the sufficient amount of headroom for each cash generating unit, no further, detailed sensitivity analysis has been presented.

**14.2 OTHER INTANGIBLE ASSETS**

Other intangible assets, which are identified and recognized at fair value during business combinations, consist of tradenames, client portfolio, order portfolio, technology (including software) and favourable contracts. As at year-end 2013 intangible assets with an infinite useful life are capitalized to an amount of EUR 20 million, net of an impairment loss recognized in 2013 (EUR 16.4 million) on the tradename SMIT within the operational segment Offshore Energy caused by a strongly reduced use of this tradename. The evaluation of the favorable contracts resulted, following the conclusion that the realizable value was below the book value, in an impairment loss of EUR 5.3 million. Regaring the order portfolio, duration up to and including 2016, a valuation and useful life for every acquired contract is determined. The amortization of the remaining, other intangible assets is calculated on a straight line over the remaining useful lifes assigned to the individual identified assets. The remaining useful lifes varies between 1 and 19 years.

## 15. PROPERTY, PLANT AND EQUIPMENT

| | LAND AND BUILDINGS | FLOATING AND OTHER CONSTRUCTION EQUIPMENT | OTHER FIXED ASSETS | PROPERTY, PLANT & EQUIPMENT UNDER CONSTRUCTION | TOTAL |
|---|---|---|---|---|---|
| **Balance as at 1 January 2013** | | | | | |
| Cost | **99,778** | **3,396,362** | **53,812** | **226,384** | **3,776,336** |
| Accumulated depreciation and impairment losses | **- 31,268** | **- 1,440,338** | **- 33,637** | **- 10,125** | **- 1,515,368** |
| Book value | **68,510** | **1,956,024** | **20,175** | **216,259** | **2,260,968** |
| **Movements** | | | | | |
| Investments, including capitalized borrowing cost | **3,991** | **102,715** | **5,428** | **183,941** | **296,075** |
| Acquired through business combinations | **-** | **1,063,011** | **4,737** | **53,382** | **1,121,130** |
| In / (out) consolidation | **-** | **- 63,080** | **364** | **-** | **- 62,716** |
| Put into operation | **914** | **94,045** | **2,721** | **- 97,680** | **-** |
| Impairment losses | **-** | **- 15,159** | **- 2,187** | **-** | **- 17,346** |
| Depreciation | **- 3,713** | **- 250,248** | **- 6,172** | **-** | **- 260,133** |
| Disposals | **- 2,274** | **- 49,038** | **- 375** | **- 1,545** | **- 53,232** |
| Other movements | **379** | **8,942** | **- 4,001** | **- 8,872** | **- 3,552** |
| Reclassified to disposal group | **-** | **- 110,738** | **- 356** | **- 11,590** | **- 122,684** |
| Currency translation differences | **- 619** | **- 111,905** | **- 2,291** | **- 8,833** | **- 123,648** |
| | **- 1,322** | **668,545** | **- 2,132** | **108,803** | **773,894** |
| **Balance as at 31 December 2013** | | | | | |
| Cost | **97,639** | **4,066,447** | **47,057** | **326,512** | **4,537,655** |
| Accumulated depreciation and impairment losses | **- 30,451** | **- 1,441,878** | **- 29,014** | **- 1,450** | **- 1,502,793** |
| Book value | **67,188** | **2,624,569** | **18,043** | **325,062** | **3,034,862** |

| | LAND AND BUILDINGS | FLOATING AND OTHER CONSTRUCTION EQUIPMENT | OTHER FIXED ASSETS | PROPERTY, PLANT & EQUIPMENT UNDER CONSTRUCTION | TOTAL |
|---|---|---|---|---|---|
| **Balance as at 1 January 2012** | | | | | |
| Cost | 76,289 | 3,156,649 | 41,525 | 246,970 | 3,521,433 |
| Accumulated depreciation and impairment losses | - 24,282 | - 1,260,467 | - 23,108 | - 7,538 | - 1,315,395 |
| Book value | 52,007 | 1,896,182 | 18,417 | 239,432 | 2,206,038 |
| **Movements** | | | | | |
| Investments, including capitalized borrowing cost | 5,075 | 83,413 | 9,933 | 215,472 | 313,893 |
| Put into operation | 16,376 | 208,416 | 1,793 | - 226,585 | - |
| Impairment losses | - | - 4,098 | - | - | - 4,098 |
| Depreciation | - 2,818 | - 209,770 | - 5,902 | - | - 218,490 |
| Disposals | - 2,033 | - 6,819 | - 3,791 | - 11,765 | - 24,408 |
| Currency translation differences | - 97 | - 11,300 | - 275 | - 295 | - 11,967 |
| | 16,503 | 59,842 | 1,758 | - 23,173 | 54,930 |
| **Balance as at 31 December 2012** | | | | | |
| Cost | 99,778 | 3,396,362 | 53,812 | 226,384 | 3,776,336 |
| Accumulated depreciation and impairment losses | - 31,268 | - 1,440,338 | - 33,637 | - 10,125 | - 1,515,368 |
| Book value | 68,510 | 1,956,024 | 20,175 | 216,259 | 2,260,968 |

Annually the Group reviews the main units of the fleet on (expected) utilization and operational results. In 2013 this resulted in the testing of a limited number of specific units on possible impairments and the recognition of an impairment charge amounting to EUR 17.3 million (2012: EUR 4.1 million). For equipment that will be put out of operation on short term the realizable value is determined being the net selling price net of sale and demolition expenses. As a consequence an impairment loss of EUR 6.4 million was recognized. Furthermore impairments to value in use were recognized amounting to EUR 10.9 million. The realizable value of the assets concerned is determined on the basis of the present value of the estimated future cash flows, remaining useful life and relevant discount rates (7 – 8%).

The financing costs on investments recognized amounts to 3.4 million in 2013 (2012:nil).

The Group leases various assets through financial lease agreements. The book value of the leased equipment was EUR 10.8 million at the end of 2013 (2012: EUR 8.8 million).

The securities provided for financing granted by means of mortgage rights on property, plant and equipment are disclosed in note 23.

In accordance with the characteristics of the Group's activities property, plant & equipment can be deployed on a worldwide scale during the reporting period. As a consequence, segmentation of the property, plant & equipment to geographical areas would not provide additional relevant information.

## 16. ASSOCIATED COMPANIES

| | **2013** | 2012 |
|---|---|---|
| Balance as at January 1 | **228,605** | 8,927 |
| | | |
| Investment Dockwise Ltd | **65,248** | 225,288 |
| Share in result of Dockwise | **- 3,709** | 378 |
| Currency translation differences | **6,494** | - 6,494 |
| Revaluation of existing stake in Dockwise prior to business combination | **22,716** | - |
| Decrease due to extending share in Dockwise resulting in control | **- 309,921** | - |
| | **- 219,172** | 219,172 |
| | | |
| Other net investments | **1,767** | 124 |
| Share in result in other associated companies | **1,207** | - 126 |
| Dividends received | **- 884** | - 2,109 |
| Currency translation differences and other movements | **374** | 2,617 |
| | **2,464** | 506 |
| | | |
| Balance as at December 31 | **11,897** | 228,605 |

The key associated companies of the Group are:

| | | **Ownership interest** | |
|---|---|---|---|
| **COMPANY** | **COUNTRY OF INCORPORATION** | **2013** | 2012 |
| IRSHAD | Abu Dhabi, United Arab Emirates | **20%** | 20% |
| RW Aggregates Ltd | United Kingdom | **50%** | 50% |
| Taizhou Smit Towage Services Co Ltd | China | **40%** | 40% |
| Damietta for Maritime Services Company S.A.E. | Egypt | **31%** | 31% |
| Fleetcare Services Pte Ltd | Singapore | **45%** | 45% |

At year-end 2012 the Group held a stake in Dockwise Ltd. of 33.3%. During the financial year 2013 the Group gained control of Dockwise (reference is made to note 5.1).
The voting rights in associated companies are equal to the ownership interests. The share of the Group in assets, liabilities, revenue and result of the aforementioned associated companies is stated below:

| | 2013 | 2012 |
|---|---|---|
| Assets | **22,588** | 484,043 |
| Liabilities | **- 10,691** | - 255,438 |
| Equity | **11,897** | 228,605 |
| | | |
| Revenues | **41,413** | 16,450 |
| Share in result | **- 2,502** | 252 |

## 17. OTHER NON-CURRENT RECEIVABLES

| | 2013 | 2012 |
|---|---|---|
| Balance as at January 1 | **51,192** | 126,566 |
| Service concession arrangement receivable | **17,248** | - |
| Out consolidation | **- 18,559** | - |
| Repayment of loan by joint venture | **-** | - 77,299 |
| Currency translation differences and other movements | **- 62** | 1,925 |
| Balance as at December 31 | **49,819** | 51,192 |

The other non-current receivables comprise loans to strategic joint ventures, associated companies, long-term advance payments to suppliers and long-term receivables and retentions from customers, which are due in agreed time schedules. This item also includes accrued receivables which are allocated to the result over periods longer than one year.

As at year-end 2013 other non-current receivables consist a long term receivable of EUR 17.2 milion on a proportionally consolidated PPS project. This concerns a concession to be received from a Public body (government) associated to provision of the sections of highways. The PPP asset is pledged as security for the related finance

## 18. INVENTORIES

| | 2013 | 2012 |
|---|---|---|
| Fuel and materials | **41,586** | 45,811 |
| Spare parts | **58,007** | 56,771 |
| Other inventories | **3,735** | 2,568 |
| | **103,328** | 105,150 |

During 2013 and 2012 no write-down of inventories to net realisable value was required.

## 19. DUE FROM AND DUE TO CUSTOMERS

| | 2013 | 2012 |
|---|---|---|
| Cumulative incurred costs plus profit in proportion to progress less provisions for losses | **4,477,031** | 4,770,427 |
| | | |
| Progress billings | **4,404,035** | 4,794,765 |
| Advances received | **123,428** | 89,302 |
| Progress billings and advances received | **4,527,463** | 4,884,067 |
| | | |
| Balance | **- 50,432** | - 113,640 |
| | | |
| Due from customers | **262,758** | 239,253 |
| Due to customers | **- 313,190** | - 352,893 |
| Balance | **- 50,432** | - 113,640 |

As at year-end 2013 the payments due from customers includes an amount of EUR 10.2 million (2012: EUR 12.9 million) which will be paid subject to specified conditions (retentions) from third parties. The determination of the profit in proportion to the stage of completion and the provision for losses is based on estimated costs and revenues of the relating projects. These estimates contain uncertainties.

## 20. TRADE AND OTHER RECEIVABLES

| | 2013 | 2012 |
|---|---|---|
| Trade receivables | **495,438** | 563,916 |
| Amounts due from associated companies | **14,182** | 16,781 |
| Other receivables and prepayments | **316,393** | 372,339 |
| | **826,013** | 953,036 |

## 21. CASH AND CASH EQUIVALENTS

| | 2013 | 2012 |
|---|---|---|
| Bank balances and cash | **331,065** | 309,416 |
| Short-term bank deposits | **55,822** | 88,686 |
| Cash and cash equivalents | **386,887** | 398,102 |
| | | |
| Bank overdrafts | **- 5,794** | - 8,120 |
| Bank balances and cash of disposal group | **24,526** | - |
| Short-term bank deposits to disposal group | **5,136** | - |
| Net cash and cash equivalents in the consolidated statement of cash flows | **410,755** | 389,982 |

Cash and cash equivalents include EUR 63.3 million (2012: EUR 77.6 million) held by project-driven construction consortiums and EUR 50.8 million (2012: EUR 48.3 million) mainly held by strategic alliances, which are subject to joint control. The remaining funds were freely disposable.

## 22. GROUP EQUITY

### 22.1 ISSUED CAPITAL AND SHARE PREMIUM

The authorized share capital of EUR 240 million is divided into 150,000,000 ordinary shares with a par value of EUR 0.80 each and 50,000,000 cumulative protective preference shares with a par value of EUR 2.40 each.

Movements can be specified as follows:

| (in number of shares) | 2013 | 2012 |
|---|---|---|
| On issue and fully paid at January 1 | **107,283,679** | 103,471,742 |
| Stock dividend | **3,284,415** | 3,811,937 |
| Stock issuance | **9,696,969** | - |
| On issue and fully paid at December 31 | **120,265,063** | 107,283,679 |

On 10 January 2013 Boskalis issued shares for a price of EUR 33.00 per share to finance the acquisition of shares of Dockwise. Boskalis issued 9,696,969 shares. The expenses related to the issuance of these shares amounted EUR 2.1 million after taxation.

During 2013 a dividend of EUR 1.24 per share for the year 2012 is declared and distributed. This resulted in a dividend of EUR 145.1 million distributed to shareholders. Issued capital increased by 3,284,415 ordinary shares in the course of 2013 as a result of the stock dividend (70% of the total dividend). The other 30% of the shareholders received a dividend payment in cash of EUR 43.2 million (including withholding tax) which is paid in July 2013.

The issued capital as at 31 December 2013 consists of 120,265,063 ordinary shares with a par value of EUR 0.80 each and consequently amounts to EUR 96.2 million (2012: EUR 85.8 million). Of the issued capital as at 31 December 2013 six ordinary shares were owned by the Group.

The as yet unexercised option right to take cumulative protective preference shares in Royal Boskalis Westminster N.V. has been assigned to the Stichting Continuïteit KBW.

Share premium comprises additional paid-in capital exceeding the par value of outstanding shares. Share premium is distributable free of tax.

### 22.2 RETAINED EARNINGS

Retained earnings consist of additions and distributions based on profit appropriations, effects of changes in accounting principles and losses and movements in the legal reserve. The balance is at the disposal of the shareholders. Retained earnings also comprises the yet unappropriated current year profit. A proposal for profit appropriation is included in the Other Information.

### 22.3 DIVIDENDS

Royal Boskalis Westminster N.V. announced and distributed the following dividends to holders of ordinary shares:

| | **2013** | 2012 |
|---|---|---|
| Dividends previous year EUR 1.24 respectively EUR 1.24 per ordinary share | **145,056** | 128,305 |
| Total announced and distributed dividend | **145,056** | 128,305 |
| | | |
| Stock dividend | **101,819** | 89,812 |
| Cash dividend | **43,237** | 38,493 |
| **Total distributed dividend** | **145,056** | 128,305 |

### 22.4 EARNINGS PER SHARE

Earnings per share over 2013 amount to EUR 3.09 (2012: EUR 2.36). Because there are no dilution effects, the diluted earnings per share also amount to EUR 3.09 (2012: EUR 2.36). The calculation of earnings per share is based on the profit attributable to shareholders of EUR 365.7 million (2012: EUR 249.1 million) and the weighted average number of ordinary shares for the year 2013 is 118,445,238 (2012: 105,644,024:). This number is calculated as follows:

| (in number of shares) | **2013** | 2012 |
|---|---|---|
| Issued ordinary shares as at January 1 | **107,283,679** | 103,471,742 |
| Weighted effect of ordinary shares issued due to optional dividend | **1,889,663** | 2,172,282 |
| Weighted effect of ordinary shares issued | **9,271,896** | - |
| Weighted average number of ordinary shares during the fiscal year | **118,445,238** | 105,644,024 |

### 22.5 OTHER RESERVES

Movement in other reserves:

| | Legal reserves | | | | | |
|---|---|---|---|---|---|---|
| | OTHER LEGAL RESERVE | HEDGING RESERVE | REVALUATION RESERVE | CURRENCY TRANSLATION RESERVE | ACTUARIAL RESERVE | TOTAL OTHER RESERVES |
| *Note* | *[22.5.1]* | *[22.5.2]* | *[22.5.3]* | *[22.5.4]* | *[22.5.5]* | |
| **Balance as at 1 January 2013** | **325,853** | **- 11,440** | **20,434** | **- 3,234** | **- 129,014** | **202,599** |
| Defined benefit plan actuarial gains (losses) and asset limitation, after taxation | **-** | **-** | **-** | **-** | **63,919** | **63,919** |
| Foreign currency translation differences for foreign operations, after taxaton | **-** | **-** | **-** | **- 57,872** | **-** | **- 57,872** |
| Cash flow hedges, after taxation | **-** | **- 11,158** | **-** | **-** | **-** | **- 11,158** |
| Gross up actuarial reserve regarding company pension fund Smit prior to reclassification | **-** | **-** | **-** | **-** | **- 7,996** | **- 7,996** |
| Reclass relating to settlement of Smit company pension scheme | **-** | **-** | **-** | **-** | **41,060** | **41,060** |
| Revaluation existing participation prior to business combination Dockwise | **-** | **-** | **22,716** | **-** | **-** | **22,716** |
| Movement legal reserve | **- 20,353** | **-** | **-** | **-** | **-** | **- 20,353** |
| **Total movement** | **- 20,353** | **- 11,158** | **22,716** | **- 57,872** | **96,983** | **30,316** |
| **Balance as at 31 December 2013** | **305,500** | **- 22,598** | **43,150** | **- 61,106** | **- 32,031** | **232,915** |

| | Legal reserves | | | | | |
|---|---|---|---|---|---|---|
| | OTHER LEGAL RESERVE | HEDGING RESERVE | REVALUATION RESERVE | CURRENCY TRANSLATION RESERVE | ACTUARIAL RESERVE REVISED*) | TOTAL OTHER RESERVES REVISED*) |
| *Note* | *[22.5.1]* | *[22.5.2]* | *[22.5.3]* | *[22.5.4]* | *[22.5.5]* | |
| **Balance as at 1 January 2012** | 307,306 | 2,799 | 21,150 | 1,740 | - 102,820 | 230,175 |
| Defined benefit plan actuarial gains (losses) and asset limitation, after taxation | - | - | - | - | - 26,194 | - 26,194 |
| Foreign currency translation differences for foreign operations, after taxaton | - | - | - | - 4,974 | - | - 4,974 |
| Cash flow hedges, after taxation | - | - 14,239 | - | - | - | - 14,239 |
| Realization through sale of underlying asset | - | - | - 716 | - | - | - 716 |
| Movement legal reserve | 18,547 | - | - | - | - | 18,547 |
| **Total movement** | 18,547 | - 14,239 | - 716 | - 4,974 | - 26,194 | - 27,576 |
| **Balance as at 31 December 2012** | 325,853 | - 11,440 | 20,434 | - 3,234 | - 129,014 | 202,599 |

The legal reserves are based on Dutch law and are not available for dividend distribution to shareholders.

#### 22.5.1. OTHER LEGAL RESERVE (LEGAL RESERVE)

With regard to the difference between the cost price and equity value of entities, consolidated either proportionally as well as associated companies recognized in accordance with the equity method, a legally required reserve is recognized because of a lack of control over the distribution of profits only to the extent that these differences are not included in the accumulated currency translation differences on foreign operations.

#### 22.5.2. HEDGING RESERVE (LEGAL RESERVE)

The hedging reserve comprises the fair value of effective cash flow hedges, not yet realized at balance sheet date, net of taxation, including results realized on the "rolling forward" of existing hedges as a result of differences between the duration of the hedges concerned and the underlying cash flows. Details about the movements in the hedging reserve are disclosed in note 27.2.

#### 22.5.3. REVALUATION RESERVE (LEGAL RESERVE)

This reserve at year-end 2013 relates mainly to the revaluations of the existing interests following the business combination Dragamex SA de CV and Codramex SA de CV in 2008 and the profit with respect to the revaluation of the existing non-controlling interest prior to the business combination with Smit Internationale N.V. (EUR 17.3 million) and Dockwise Ltd. (2013: EUR 22.7 million).

#### 22.5.4. CURRENCY TRANSLATION RESERVE (LEGAL RESERVE)

The currency translation reserve comprises all accumulated currency translation differences arising from the translation of investments in foreign operations, which are denominated in reporting currencies other than those used by the Group, including the related intragroup financing. These currency translation differences are accumulated as from the IFRS transition date (1 January 2004) and are taken into the income statement at disposal or termination of these foreign operations.

#### 22.5.5. ACTUARIAL RESERVE

The actuarial reserve relates to the limitation on net plan assets of defined benefit pension schemes and the actuarial gains and losses, which originated from the difference between the realized and the expected movement in defined benefit obligations and the return on plan assets. The movement from actuarial reserve to reserve retained earnings is initiated by the settlement of a company pension scheme (reference is made to note 24.1).

## 23. INTEREST-BEARING BORROWINGS

| | 31 DECEMBER | |
|---|---|---|
| | **2013** | 2012 |
| **NON-CURRENT LIABILITIES** | | |
| Mortgage loans | **186,776** | 239,825 |
| Other interest-bearing loans | **981,306** | 365,648 |
| | **1,168,082** | 605,473 |
| **CURRENT LIABILITIES** | | |
| Mortgage loans (current portion) | **25,255** | 25,526 |
| Other interest-bearing loans (current portion) | **1,111** | 356,791 |
| | **26,366** | 382,317 |
| Total interest-bearing borrowings | **1,194,448** | 987,790 |

As security for the mortgage loans, denominated partly in other currencies than the Euro, mortgage rights are vested on property, plant and equipment, mainly vessels, with a book value of EUR 347.7 million (2012: EUR 421.0 million). For certain loans, additional securities have been provided by means of the assignment of revenues from rental contracts to third parties and insurance policies regarding this property, plant and equipment.

At the end of January 2013, Boskalis has signed new financing agreements. The new credit facilities consist of a combination of a 3-year term loan (USD 525 million) and a 5-year revolving credit facility (EUR 500 million). In addition to these credit facilities, Boskalis has entered into a one-year bridge credit facility (USD 525 million).
On 20 March 2013 Boskalis has drawn loans under these facilities and the at year-end 2012 existing three and five year facilities were withdrawn and redeemed (EUR 350 million). Also USD 851 million was drawn and used to redeem interest bearing debt that was acquired through the business combination Dockwise. In July 2013 the bridge credit facility is redeemed.

On 22 July 2013 a US Private Placement amounting to USD 325 million was placed with institutional investors (at year-end rates: EUR 236 million). The proceeds were used to repay a part of the bridge loan. The issued notes carry a 10 year maturity and are repaid in full at the end and the annual interest rate amounts to 3,66%. The Other interest-bearing loans concern, translated at year-end foreign currency rates, for EUR 327 million (2012: EUR 341 million) an inaugural US dollar 433 million and GBP 11 million US private placement, in July 2010, with 26 institutional investors in the United States and the United Kingdom. The placement consists of three tranches with an original duration of 7, 10 and 12 year respectively. The US dollar and GBP proceeds have been swapped into euros, for a total amount of EUR 354 million, through a cross currency rate swap.

As per 31 December 2013 the three year loan (USD 525 million) has been fully drawn. The five year revolving credit facility (EUR 500 million) has not been drawn as per 31 December 2013.

The Group has agreed to comply with a number of covenants with the bank syndicate and US private placement holders. These are mainly a nett debt / EBITDA ratio, with a limit of 3, and the EBITDA / nett interest ratio, with a minimum of 4.

Where applicable, financial ratio and negative pledge clause requirements are met as at 31 December 2013.

The interest bearing loans consist an amount of EUR 18.4 million which is a proportional part of a service concession finance included in joint ventures, with a duration of 26 years. This finance has a variable interest and derivatives are used to hedge the interest / cash flow exposure. The shares of the Group in this project joint ventures and the receivables and other assets of these companies are pledged.

Effective interest rates, remaining terms and currencies of the interest-bearing borrowings are disclosed in the explanatory notes to the financial instruments in the interest rate risk paragraph. As at 31 December 2013 the average interest rate for the non-current portion of the mortgage loans and other interest-bearing loans was 4.92% (2012: 5.12%) and 3.22% (2012: 2.58%) respectively. The non-current portions of mortgage loans and other interest-bearing loans due after more than five years amount to EUR 49.9 million (2012: EUR 82.1 million) and EUR 360.0 million (2012: EUR 143.9 million) respectively. The loans of the disposal group are disclosed in note 5.5.

## 24. EMPLOYEE BENEFITS

The liabilities associated with employee benefits consist of defined benefit pension schemes and other liabilities relating to a number of defined contribution schemes in the Netherlands and foreign countries and jubilee benefits. They amount to a total of:

| | | **31 DECEMBER** | |
|---|---|---|---|
| | *Note* | **2013** | 2012 |
| Defined benefit pension schemes | *[24.1]* | **6,061** | 104,576 |
| Other liabilities on account of employee benefits | | **9,752** | 8,508 |
| Employee benefits | | **15,813** | 113,084 |

## 24.1 DEFINED BENEFIT PENSION SCHEMES

| | DEFINED BENEFIT OBLIGATION | FAIR VALUE PLAN ASSETS | SURPLUS/ DEFICIT (-) | UNFUNDED PENSION LIABILITIES | TOTAL | CHARGED TO CONSOLIDATED INCOME STATEMENT | RECOGNIZED DIRECTLY IN EQUITY |
|---|---|---|---|---|---|---|---|
| **Balance as at 1 januari 2013** | **789,692** | **700,381** | **- 89,311** | **- 9,695** | **- 99,006** | | |
| Current service cost | **32,414** | **-** | **- 32,414** | **- 259** | **- 32,673** | **32,673** | |
| Past service cost | **- 3,556** | **-** | **3,556** | **-** | **3,556** | **- 3,556** | |
| Interest cost on obligation | **23,238** | **-** | **- 23,238** | **- 262** | **- 23,500** | **23,500** | |
| Contributions received | **-** | **60,291** | **60,291** | **-** | **60,291** | | |
| Return on plan assets | **-** | **19,505** | **19,505** | **-** | **19,505** | **- 19,505** | |
| Net actuarial gains / losses | **- 120,162** | **- 12,250** | **107,912** | **- 178** | **107,734** | | **- 107,734** |
| Benefits paid | **- 24,507** | **- 24,507** | **-** | **525** | **525** | | |
| Acquired through business combination | **26,350** | **27,248** | **898** | **-** | **898** | | |
| Transfers, foreign currency exchange rate changes and other changes | **- 168,983** | **- 185,630** | **- 16,647** | **5,196** | **- 11,451** | | **16,588** |
| **Total movement** | **- 235,206** | **- 115,343** | **119,863** | **5,022** | **124,885** | **33,112** | **- 91,146** |
| **Balance as at 31 december 2013** | **554,486** | **585,038** | **30,552** | **- 4,673** | **25,879** | | |
| Limitation on net plan assets as at 1 January | | | | | **- 5,570** | | |
| Movement in limit on net plan assets | | | | | **- 26,370** | | **26,370** |
| Limitation on net plan assets as at 31 December | | | | | **- 31,940** | | |
| **Balance as at 31 December 2013 after limitation on net plan assets** | | | | | **- 6,061** | | |
| Total result defined benefit pension schemes | | | | | **- 31,664** | **33,112** | **- 64,776** |

| | DEFINED BENEFIT OBLIGATION | FAIR VALUE PLAN ASSETS | SURPLUS/ DEFICIT (-) | UNFUNDED PENSION LIABILITIES | TOTAL | CHARGED TO CONSOLIDATED INCOME STATEMENT | RECOGNIZED DIRECTLY IN EQUITY |
|---|---|---|---|---|---|---|---|
| **Balance as at 1 januari 2012** | 687,660 | 629,183 | - 58,477 | - 9,134 | - 67,611 | | |
| Current service cost | 20,119 | - | - 20,119 | - 430 | - 20,549 | 20,549 | |
| Interest cost on obligation | 30,270 | - | - 30,270 | - 394 | - 30,664 | 30,664 | |
| Contributions received | - | 26,875 | 26,875 | - | 26,875 | | |
| Return on plan assets | - | 28,298 | 28,298 | - | 28,298 | - 28,298 | |
| Net actuarial gains / losses | 80,280 | 44,491 | - 35,789 | - 638 | - 36,427 | | 36,427 |
| Benefits paid | - 29,847 | - 29,847 | - | 815 | 815 | | |
| Foreign currency exchange rate changes and other changes | 1,210 | 1,381 | 171 | 86 | 257 | | |
| **Total movement** | **102,032** | **71,198** | **- 30,834** | **- 561** | **- 31,395** | **22,915** | **36,427** |
| **Balance as at 31 december 2012** | 789,692 | 700,381 | - 89,311 | - 9,695 | - 99,006 | | |
| Limitation on net plan assets as at 1 January | | | | | - 8,775 | | |
| Movement in limit on net plan assets | | | | | 3,205 | | - 3,205 |
| Limitation on net plan assets as at 31 December | | | | | - 5,570 | | |
| **Balance as at 31 December 2012 after limitation on net plan assets** | | | | | - 104,576 | | |
| Total result defined benefit pension schemes | | | | | 56,137 | 22,915 | 33,222 |

Some of the Dutch staff participate in five multi-employer pension funds. These pension funds have indicated they are not able to provide sufficient information for a calculation in accordance with IFRS because there is no reliable and consistent basis to attribute the pension obligations, plan assets, income and expenses to the individual member companies of these pension funds. These pension schemes are accounted for as defined contribution schemes.

In June 2013 assets and liabilities of the Smit Pension fund has been transferred to an insurance company and the Boskalis Pension fund. The transfer does not affect the consolidated result. Due to this transfer an amount of EUR 41.1 million is reclassified from Actuarial Reserve to the Retained Earnings (reference is made to the Consolidated Statement of Changes in Equity).

The defined benefit pension schemes that are funded are the company pension funds in The Netherlands, Belgium, United Kingdom, United States and South Africa. The pension rights include retirements and dependants pensions  These pension schemes are characterized by defined pension rights over service years, mainly based on average wages. The pension rights are indexed where for the main part of these schemes a limit is set to the available contributions and the return on investments respectively. The pension schemes, liabilities and plan assets are managed by pension funds or insurance companies. The risks for the Group related to the pensions is therefore limited.

The unfunded defined benefit pension schemes are small pension schemes for two German Group companies. The other pension schemes within the Group do not classify as defined benefit pension schemes.

Plan assets consist of the following:

| | 31 DECEMBER 2013 | 2012 |
|---|---|---|
| **Investments quoted in active markets** | | |
| Equities | **170,927** | 158,744 |
| Bonds | **357,089** | 458,608 |
| Real estate | **14,171** | 10,927 |
| | **542,187** | 628,279 |
| **Unquoted investments** | | |
| Cash (non-interest-bearing) | **54,195** | 85,459 |
| Other receivables and payables | **- 11,344** | - 13,357 |
| | **42,851** | 72,102 |
| **TOTAL PLAN ASSETS** | **585,038** | 700,381 |

As per 31 December 2013 end 31 December 2012 the plan assets do not include shares which were issued by Royal Boskalis Westminster N.V.

Periodic the management of the pension funds prepares an asset liability management study to assess the matching of the pension liability and the expected duration of the investments. Based on the outcome of these studies the management of the pension funds adjusts, if necessary, the nature and mix of the asset portfolio on the expected duration of the pension liabilities. The average duration of the obligations of the pension schemes is about 19 years.

Regarding the funded defined benefit schemes there are no legal or constructive obligations for the Group to immediate replenishment when the funds are insufficient to fulfill future actuarial determined obligations. The future cashflows are limited to the yearly actuarial determined yearly contributions due. The contribution is subject to the usual, actuarial assumptions, expected returns and agreed contribution ceiling.

The recognition of pension costs from defined benefit pension schemes in the consolidated financial statements is presented in the statement below:

| | 2013 | 2012 |
|---|---|---|
| Total result defined benefit schemes | **- 31,664** | 56,137 |
| Pension costs for defined benefit pension schemes charged to the consolidated income statement | **- 33,112** | - 22,915 |
| Actuarial gains and losses and asset limitation recognized directly in equity | **- 64,776** | 33,222 |
| Taxation | **8,853** | - 7,028 |
| Actuarial gains and losses and asset limitation recognized directly in equity net of tax | **- 55,923** | 26,194 |
| Effective return on plan assets | **7,255** | 72,789 |

The accumulated actuarial gains and losses and the balance of the limitation on net plan assets amount to:

| | 2013 | 2012 |
|---|---|---|
| Accumulated actuarial gains and losses as per December 31 | **- 26,086** | - 150,296 |
| Asset limitation on net plan assets as per December 31 | **- 31,940** | - 5,570 |
| | **- 58,026** | - 155,866 |

In 2014 the Group expects to contribute premiums at an amount of EUR 27.1 million to funded defined benefit schemes and premiums at an amount of EUR 0.3 million to unfunded defined benefit schemes.

The principal actuarial assumptions used for the calculations are:

| | **2013** | 2012 |
|---|---|---|
| Discount rate | **3.90%** | 3.66% |
| Expected future salary increases | **2.00%** | 2.00% |
| Expected future inflation | **2.30%** | 2.60% |
| Expected future pension increases active participants | **1.90%** | 2.15% |
| Expected future pension increases inactive participants | **1.00%** | 1.80% |

| Assumptions per 31 December 2013 | Increase of 0.25% | Decrease of 0.25% |
|---|---|---|
| **EFFECT ON DEFINED BENEFIT OBLIGATION** | | |
| Change in discount rate | **- 22,514** | 24,244 |
| Change in expected future salary increases | **3,914** | - 3,730 |
| Change in pension increase participants | **4,016** | - 3,623 |
| Change in pension increase participants | **16,696** | - 15,751 |
| **EFFECT ON ATTRIBUTED PENSION EXPENSES TO THE SERVICE YEAR** | | |
| Change in discount rate | **- 1,790** | 1,946 |
| Change in expected future salary increases | **402** | - 390 |
| Change in pension increase participants | **489** | - 424 |
| Changen in pension increase participants | **1,244** | - 1,164 |

Historical information:

| | **2013** | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|
| Defined benefit obligation | **- 554,486** | - 789,692 | - 687,660 | - 586,570 | - 327,872 |
| Fair value of plan assets | **585,038** | 700,381 | 629,183 | 580,157 | 327,935 |
| Surplus / deficit (-) | **30,552** | - 89,311 | - 58,477 | - 6,413 | 63 |
| Unfunded pension liabilities | **- 4,673** | - 9,695 | - 9,134 | - 9,157 | - 8,288 |
| Total surplus / deficit (-) | **25,879** | - 99,006 | - 67,611 | - 15,570 | - 8,225 |

### 24.2 DEFINED CONTRIBUTION PENSIOEN SCHEMES

In 2014 the Group expects to contribute an amount of EUR 19.5 million for premiums to defined contributions schemes.

## 25. PROVISIONS

| | UNFAVOURABLE AND ONEROUS CONTRACTS | CLAIMS | GUARANTEE OBLIGATIONS | SOIL DECONTA-MINATION | OTHER | TOTAL | 2012 |
|---|---|---|---|---|---|---|---|
| **Balance as at 1 januari 2013** | **7,602** | **13,084** | **5,707** | **4,325** | **1,590** | **32,308** | 38,239 |
| Acquired through business combinations | **21,527** | **800** | **-** | **-** | **-** | **22,328** | - |
| In / (out) consoldiation | **-** | **-** | **- 3,579** | **-** | **-** | **- 3,579** | - |
| Provisions made during the year | **7,018** | **-** | **309** | **22** | **540** | **7,889** | 2,147 |
| Provisions used during the year | **- 19,429** | **-** | **-** | **-** | **- 165** | **- 19,594** | - 1,610 |
| Provisions reversed during the year | **-** | **- 1,000** | **- 1,248** | **- 1,491** | **-** | **- 3,739** | - 2,426 |
| Discount to present value | **-** | **950** | **-** | **-** | **-** | **950** | 948 |
| Reclass to disposal group | **- 2,551** | **-** | **-** | **-** | **-** | **- 2,551** | - |
| Other movements | **3** | **- 77** | **55** | **-** | **724** | **704** | - 4,437 |
| Exchange rate differences | **- 1,141** | **- 20** | **- 181** | **-** | **- 5** | **- 1,347** | - 553 |
| **Balance as at 31 december 2013** | **13,029** | **13,737** | **1,063** | **2,856** | **2,684** | **33,369** | 32,308 |
| | | | | | | | |
| Non-current | **9,970** | **12,957** | **1,063** | **2,486** | **2,234** | **28,710** | 26,402 |
| Current | **3,059** | **780** | **-** | **370** | **450** | **4,659** | 5,906 |
| **Balance as at 31 december 2013** | **13,029** | **13,737** | **1,063** | **2,856** | **2,684** | **33,369** | 32,308 |

The provision for unfavourable and onerous contracts consist mainly of provisions, resulting from business combinations, for projects or customer contracts which, when valued at fair value, are classified as unfavourable. The addition made to these provisions during 2013 related mostly to identified, at fair value valued, unfavourable contracts in the backlog of Dockwise. For most of these contracts amounts were already withdrawn from the provision this year. Also in 2013 a provision is made for onerous contracts for unused offices. The provision for unused offices (year-end 2013: EUR 6.8 million) includes expected income on (sub)rental (2013: EUR 2.1 million). This provision is discounted.

The other provisions relate mainly to warranty liabilities, expected costs for cleaning up soil contamination and claims for completed projects received during the reporting period and in previous years. The Group disputes these claims and has made an assessment of the projected costs resulting from these claims. The results of the claims are uncertain and may differ from the above listed provisions.

## 26. TRADE AND OTHER PAYABLES

| | 31 DECEMBER | |
|---|---|---|
| | **2013** | 2012 |
| Trade payables | **251,210** | 260,734 |
| Taxes and social security payables | **55,013** | 67,242 |
| Amounts due to associated companies | **1,850** | 6,211 |
| Other creditors and accruals | **921,048** | 889,067 |
| | **1,229,121** | 1,223,254 |

The trade and other payables are generally not interest-bearing.

## 27. FINANCIAL INSTRUMENTS

### GENERAL

Pursuant to a financial policy maintained by the Board of Management, the Group and its Group companies use several financial instruments in the ordinary course of business. The policy with respect to financial instruments is disclosed in more detail in the Annual Report in the “Corporate Governance” chapter. The Group’s financial instruments are cash and cash equivalents, trade and other receivables, interest-bearing loans and bank overdrafts, trade and other payables and derivatives. The Group enters into derivative transactions, mainly foreign currency forward contracts and to a limited extent interest rate swaps, to hedge against the related risks as the Group’s policy is not to trade in derivatives.

### 27.1 FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk, existing of: currency risk, interest rate risk and price risk

#### 27.1.1. CREDIT RISK

The Group has a strict acceptance and hedging policy for credit risks, resulting from payment and political risks. In principle, credit risks are covered by means of bank guarantees, insurance, advance payments, etcetera, except in the case of creditworthy, first class debtors. These procedures and the (geographical) diversification of the operations of the Group companies reduce the risk with regard to credit concentration.

*Exposure to credit risk*

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and other receivables. The Group's exposure to credit risk is mainly determined by the individual characteristics of each of the customers and the location of these customers.

A large part of the Group's projects in progress within the operational segments Dredging, Offshore Energy and Inland Infra is directly or indirectly with state controlled authorities and (contractors of) oil and gas producers in various countries and geographical areas. Activities relating to Harbour Towage activities (part of Towage & Salvage) are often performed for major ship owning companies and harbor agents. Receivables relating to terminal services (part of Towage & Salvage) are generally outstanding with oil and gas producers, therefore a significant portion of the receivables relates to clients from these industries. Salvage receivables (part of Towage & Salvage) are mainly outstanding with shipping companies and their Protection & Indemnity Associations, or "P&I Clubs". In general there is healthy diversification of receivables with different customers in several countries in which the Group is performing its activities. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The credit history of the Group over the recent years indicates that bad debts incurred are insignificant compared to the level of activities. Therefore, management is of the opinion that credit risk is adequately controlled through the currently applicable procedures.

The maximum credit risk as per balance sheet date, without taking into account the aforementioned financial risk coverage instruments and policy, consists of the book values of the financial assets as stated below:

| | **31 DECEMBER** | |
|---|---|---|
| | **2013** | 2012 |
| Non-current receivables | **49,819** | 51,192 |
| Trade receivables | **495,438** | 563,916 |
| Amounts due from associated companies | **14,182** | 16,781 |
| Other receivables and prepayments | **316,393** | 372,339 |
| Derivatives (receivable) | **13,144** | 16,390 |
| Income tax receivable | **8,890** | 14,350 |
| Cash and cash equivalents | **386,887** | 398,102 |
| | **1,284,753** | 1,433,070 |

The maximum credit risk on trade debtors at reporting date by operational segment was as follows:

| | **31 DECEMBER** | |
|---|---|---|
| | **2013** | 2012 |
| Dredging | **171,786** | 224,381 |
| Offshore energy | **139,911** | 101,720 |
| Inland Infra | **88,344** | 132,629 |
| Towage & Salvage | **93,228** | 99,342 |
| Holding | **2,169** | 5,844 |
| | **495,438** | 563,916 |

The aging of trade debtors as at December 31 was as follows:

| | 2013 | | 2012 | |
|---|---|---|---|---|
| | **GROSS** | **IMPAIRMENT** | GROSS | IMPAIRMENT |
| Not past due | **255,143** | **-** | 345,214 | - |
| Past due 0 - 90 days | **157,406** | **- 1,558** | 123,599 | - 5,489 |
| Past due 90 - 180 days | **54,706** | **- 4,124** | 41,618 | - 1,482 |
| Past due 180 - 360 days | **12,584** | **- 1,812** | 33,138 | - 3,606 |
| More than 360 days | **31,811** | **- 8,718** | 41,620 | - 10,696 |
| | **511,650** | **- 16,212** | 585,189 | - 21,273 |
| Impairment | **- 16,212** | | - 21,273 | |
| Trade receivables at book value | **495,438** | | 563,916 | |

With respect to the receivables that are neither impaired nor past due, there are no indications as of the reporting date that these will not be settled.

The movement in the allowance for impairment in respect of trade debtors during the year was as follows:

| | 2013 | 2012 |
|---|---|---|
| **Balance as at January 1** | **21,273** | 27,007 |
| In / (out) consolidation | **- 827** | - |
| Provisions made during the year | **1,785** | 1,834 |
| Provisions used during the year | **- 2,375** | - 10 |
| Provisions released during the year | **- 3,426** | - 7,431 |
| Exchange rate differences | **- 218** | - 127 |
| | **- 5,061** | - 5,734 |
| Balance as at December 31 | **16,212** | 21,273 |

*Concentration of credit risk*
As at reporting date there is no concentration of credit risk with certain customers.

**27.1.2. LIQUIDITY RISK**
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. Liquidity projections including available credit facilities are incorporated in the regular management information reviewed by the Board of Management. The focus of the liquidity review is on the net financing capacity, being free cash plus available credit facilities in relation to the financial liabilities. Furthermore, based on the Group's financial ratios it can be concluded that the Group has significant debt capacity available under an (implied) "investment grade"-credit profile.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements and excluding financial liabilities accounted for as part of the disposal group:

| As at 31 December 2013 | Book value | Contractual cash flows | One year or less | 1 - 5 years | More than 5 years |
|---|---|---|---|---|---|
| Mortgage loans | **- 212,031** | **- 259,040** | **- 35,471** | **- 192,269** | **- 31,300** |
| Other interest-bearing loans | **- 982,417** | **- 1,097,779** | **- 32,714** | **- 717,983** | **- 347,082** |
| Bank overdrafts | **- 5,794** | **- 5,794** | **- 5,794** | **-** | **-** |
| Trade and other payables | **- 1,229,121** | **- 1,229,121** | **- 1,229,121** | **-** | **-** |
| Current tax payable | **- 156,083** | **- 156,083** | **- 156,083** | **-** | **-** |
| Derivatives | **- 70,798** | **- 73,812** | **- 2,427** | **- 25,440** | **- 45,945** |
| | **- 2,656,244** | **- 2,821,629** | **- 1,461,610** | **- 935,692** | **- 424,327** |

| As at 31 December 2012 | Book value | Contractual cash flows | One year or less | 1 - 5 years | More than 5 years |
|---|---|---|---|---|---|
| Mortgage loans | - 265,351 | - 322,320 | - 39,109 | - 188,167 | - 95,044 |
| Other interest-bearing loans | - 722,439 | - 800,668 | - 375,405 | - 257,601 | - 167,662 |
| Bank overdrafts | - 8,120 | - 8,120 | - 8,120 | - | - |
| Trade and other payables | - 1,223,254 | - 1,223,254 | - 1,223,254 | - | - |
| Current tax payable | - 138,114 | - 138,114 | - 138,114 | - | - |
| Derivatives | - 39,018 | - 39,018 | - 20,247 | - 2,470 | - 16,301 |
| | - 2,396,296 | - 2,531,494 | - 1,804,249 | - 448,238 | - 279,007 |

**27.1.3. MARKET RISK**

Market risk concerns the risk that group income or the value of investments in financial instruments is adversely affected by changes in market prices, such as exchange rates and interest rates. The objective of managing market risks is to keep the market risk position within acceptable boundaries while achieving the best possible return.

*Currency risk*

The functional currency of the Group is the euro. A number of group companies, the most important companies are Dockwise and other substantial group companies (Smit-Lamnalco, Keppel Smit Towage, Asian Lift) have different functional currencies than the euro. The main other currency is the US Dollar, which is the functional currency of Dockwise and Smit-Lamnalco, and subsequently the Singapore Dollar. The main part of the revenues and expenses of these companies are mainly expressed in other currencies than the euro. These group companies attribute approximately 40 – 45% to the group revenue, 45 – 50% to the operational result and 55 – 60% to the EBITDA. The Board of Management has defined a policy to control foreign currency risks based on hedging of material transactions in foreign currencies of group companies other than the functional currency. The same applies for euro transactions of these group companies.

The Group agrees a main part of the projects in US Dollars and currencies which are related to some extent to the US Dollar or another currency. Consequently, a main part of the activities of the group companies which have the euro as functional currency. This is mainly relevant for group companies involved in dredging or offshore projects. These group companies contribute approximately 45 – 50% to the group revenue, 40 – 45% to the operational result and 30 – 35% to the EBITDA. The expenses of these companies are mainly expressed in euro's and to less extent in local currencies of the country of operation of the activities. Consequently, the reported financial results and cash flows are exposed to foreign currency risk. The exchange rate of the US Dollar and the euro are relevant in this perspective. The Board of Management has defined a policy to mitigate foreign risks through hedge the foreign currency exposure of operational activities immediately, in most cases by forward currency contracts.

The Group uses derivative financial instruments only to the extent to hedge related transactions, mainly from future cash flows from agreed project. The Group applies hedge accounting for its cash flow hedges.

*Exposure to currency risk*

The Group's currency risk management policy was carried out during 2013 and resulted in a non-material sensitivity of the Group to currency transaction risk.

The following significant exchange rates applied during the year under review:

| | Average rate | | Spot rate as per 31 December | |
|---|---|---|---|---|
| Euro | **2013** | 2012 | **2013** | 2012 |
| US Dollar | **1.330** | 1.291 | **1.378** | 1.322 |
| Arab Emirates Dirham | **4.887** | 4.471 | **5.061** | 4.856 |
| Singapore Dollar | **1.667** | 1.614 | **1.740** | 1.620 |
| South African Rand | **12.850** | 10.601 | **14.440** | 11.210 |
| Australian Dollar | **1.382** | 1.250 | **1.550** | 1.270 |
| Brazilian Real | **2.883** | 2.519 | **3.240** | 2.700 |
| Indian Rupees | **78.117** | 68.710 | **85.300** | 72.500 |

*Currency translation risk*
The currency translation risk can be summarized as follows:

| | 31 DECEMBER | |
|---|---|---|
| | **2013** | 2012 |
| Expected cash flows in US dollars | **238,482** | 291,890 |
| Expected cash flows in Australian dollars | **- 84,710** | 4,746 |
| Expected cash flows in Indian Rupees | **73,998** | 95,163 |
| Expected cash flows in other currencies | **-773** | 66,743 |
| Expected cash flows in foreign currencies | **226,997** | 458,542 |
| Cash flow hedges | **229,837** | 451,367 |
| Net position | **- 2,840** | 7,175 |

Because of the relative linkage between the exchange rates of a number of currencies and the US Dollars, these currencies are mainly hedged by means of US Dollar cash flow hedges.

*Currency translation risk and financing*
The currency translation risk arises mainly from the net asset position of subsidiaries, associated companies and joint ventures, whose functional currency is different form the presentiation currency of the Group. These investments are viewed from a long-term perspective. Currency risks associated with investments in these affiliated companies are not hedged, under the assumption that currency fluctuations and interest and inflation developments balance out in the long run. Items in the income statements of these subsidiaries are translated at average exchange rates. Currency translation differences are charged or credited directly to equity.

At reporting date the net asset positions of the main subsidiaries, associated companies and joint ventures in main functional currencies other than the euro were as follows:

| | 31 DECEMBER | |
|---|---|---|
| Euro | **2013** | 2012 |
| US dollar | **1,100,342** | 625,971 |
| Singapore dollar | **295,793** | 213,504 |
| South African rand | **20,904** | 21,941 |
| Brazilian real | **46,093** | 59,863 |
| Total net equity | **1,463,132** | 921,279 |

*Sensitivity analysis*
The Group is mainly funded with loans denominated in euros and in US Dollars, as well as US Private Placements denominated in USD Dollars and in Great British Pounds Sterling (reference is made to note 23). To a large extent the US Dollar Private Placements and the full amount expressed in Great British Pound Sterling is swapped into euros, by means of cross currency swaps. The other part of the US Private Placements expressed in US Dollar and the other US Dollar financing are used to hedge, in part, the net-investment in Dockwise, including the intercompany financing provided to Dockwise. As a result there is no

sensitivity in the profit and loss account with respect to financing concluded in other currencies that the euro. The Harbour Towage activities in Brazil, which are classified as assets held for sale, have for a part an underlying US Dollar cash inflow which is locally hedged with a cash outflow on the US Dollar financing (outstanding financing as at reporting date: USD 67.7 million, 2012: EUR 50.3 million). A 5% weakening of the US Dollar against the Brazilian Real results in a currency gain of EUR 2.6 million (2012: EUR 1.9 million) and vice versa assuming that the exchange rate with the euro does not change. These currency translation differences are recognized in the income statement. The other US Dollar loans are mainly used for financing property, plant and equipment in proportionally consolidated strategic joint ventures.

For the year 2013, profit before taxation, excluding the effect of non-effective cash flow hedges, would have been EUR 10.9 million higher (2012: EUR ; 3.3 million higher) if the corresponding functional currency had strengthened by 5% against the euro with all other variables, in particular interest rates, held constant. This would have been mainly as a result of foreign exchange gains on translation of the US Dollar denominated result of the affiliates mentioned above. The total effect on the currency translation reserve amounts to about EUR 73 million (2012: about EUR 46 million).

A 5% weakening of the corresponding functional currency against the euro at year-end would have had the equal but opposite effect assuming that all other variables would remain constant.

*Interest rate risk*

The Group has both fixed and variable interest rate liabilities. In respect of controlling interest risks, the policy is that, in principle, interest rates for loans payable are primarily fixed for the entire maturity period. This is achieved by contracting loans that carry a fixed interest rate or by using derivatives such as interest rate swaps.

The effective interest rates and the maturity term profiles of interest-bearing loans, deposits and cash and cash equivalents are stated below:

| As at 31 December 2013 | Effective interest rate | One year or less | 1 - 5 years | Over 5 years | Total |
|---|---|---|---|---|---|
| Cash and cash equivalents | 0.03% | 331,065 | - | - | 331,065 |
| Short-term deposits | 2.26% | 55,822 | - | - | 55,822 |
| Mortgage loans (EUR) | 4.25% | - 3,892 | - 10,696 | - 7,979 | - 22,567 |
| Mortgage loans (US Dollar) | 4.84% | - 19,961 | - 148,250 | - 12,443 | - 180,654 |
| Mortgage loans (other) | 5.83% | - 1,402 | - 5,530 | - 1,878 | - 8,810 |
| Other interest-bearing loans (EUR) | 4.66% | - 1,111 | - 27,913 | - | - 29,024 |
| Other interest-bearing loans (US Dollar) | 3.18% | - | - 579,459 | - 347,082 | - 926,541 |
| Other interest-bearing loans (other) | 2.93% | - | - 13,958 | - 12,894 | - 26,852 |
| Bank overdrafts (EUR) | 1.25% | - 5,337 | - | - | - 5,337 |
| Bank overdrafts (other) | 17.00% | - 457 | - | - | - 457 |
| | | 354,727 | - 785,806 | - 382,276 | - 813,355 |

| As at 31 December 2012 | Effective interest rate | One year or less | 1 - 5 years | Over 5 years | Total |
|---|---|---|---|---|---|
| Cash and cash equivalents | 0.34% | 309,416 | - | - | 309,416 |
| Short-term deposits | 0.20% | 88,686 | - | - | 88,686 |
| Mortgage loans (EUR) | 4.28% | - 5,989 | - 15,723 | - 6,103 | - 27,815 |
| Mortgage loans (US Dollar) | 4.84% | - 16,817 | - 120,125 | - 74,413 | - 211,355 |
| Mortgage loans (other) | 8.26% | - 2,720 | - 21,923 | - 1,538 | - 26,181 |
| Other interest-bearing loans (EUR) | 1.20% | - 324,395 | - 17,660 | - | - 342,055 |
| Other interest-bearing loans (US Dollar) | 4.75% | - | - 189,093 | - 130,495 | - 319,588 |
| Other interest-bearing loans (other) | 3.00% | - 32,396 | - 14,961 | - 13,439 | - 60,796 |
| Bank overdrafts (EUR) | 2.00% | - 5,593 | - | - | - 5,593 |
| Bank overdrafts (US Dollar) | 3.31% | - 1,225 | - | - | - 1,225 |
| Bank overdrafts (other) | 18.00% | - 1,302 | - | - | - 1,302 |
| | | 7,665 | - 379,485 | - 225,988 | - 597,808 |

Cash, deposits and bank overdrafts and the other interest-bearing loans do not have fixed interest rates.

*Sensitivity analysis*
In managing interest rate risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. In the long term, however, permanent changes in interest rates will have an impact on profit.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments taking into account the corresponding effective hedge instruments, was:

| | 31 DECEMBER | |
|---|---|---|
| | **2013** | 2012 |
| **FIXED RATE INSTRUMENTS** | | |
| Financial assets | **269,872** | 191,934 |
| Financial liabilities | **- 790,377** | - 755,981 |
| | **- 520,505** | - 564,047 |
| **VARIABLE RATE INSTRUMENTS** | | |
| Financial assets | **117,015** | 165,197 |
| Financial liabilities | **- 404,071** | - 239,930 |
| | **- 287,056** | - 74,733 |

A decrease of 100 basis points in interest rates at 31 December 2013 would have increased the Group's profit before income tax by approximately EUR 2.9 million increase/decrease (2011: EUR 0.7 million increase), with all other variables, in particular currency exchange rates, held constant. Price risks

Risks related to price developments on the purchasing side, such as amongst others increased wages, costs of materials, sub-contracting costs and fuel, which are usually for the Group's account, are also taken into account when preparing cost price calculations and tenders. Wherever possible, especially on projects that extend over a long period of time, price index clauses are included in contracts.

With regard to fuel price risk, the Board of Management has established a fuel price risk management policy stipulating approved fuel price risk management instruments. These include: delivery of fuel by the client, price escalation clauses, fixed price supply contracts and financial derivatives (forward, future and swap contracts).

### 27.2 ON-BALANCE FINANCIAL INSTRUMENTS AND FAIR VALUE

Financial instruments accounted for under assets and liabilities are financial fixed assets, cash and cash equivalents, receivables, and current and non-current liabilities. Derivatives are mainly future cash flows hedged by forward contracts to which hedge accounting is applied. Furthermore, the Group holds a number of interest rate swaps. These are recognized under other derivatives.

The fair value of most of the financial instruments does not differ materialy from the book value, with the exception of, long term and short term, loans and other payables with a fixed rate. Below the fair value of these instruments are disclosed.

*Fair value hierarchy*

For the fair value measurement of the recognized financial instruments a fair value hierarchy is defined in accordance with IFRS 13:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of the forward exchange contracts is based on their listed market price (unadjusted market prices in active markets for identical assets and liabilities) or discounted cash flows based on relevant conditions and durations of the contracts and including public interest rates for comparable instruments per balance sheet date, taking in account the credit risk of the counterparty. The fair value other financial instruments is based on the actual interest rate as at balance sheet date, taking into account terms and maturity. The effective interest does not differ materially from the current market interest. The fair value of non-interest bearing financial instruments with a maturity of twelve months or less is supposed to be equal to their book value.

The fair value and the related hierarchy of the aforementioned financial instruments are:

| | As at 31 december 2013 | | | As at 31 december 2012 | | |
|---|---|---|---|---|---|---|
| | **CARRYING AMOUNT** | **FAIR VALUE** | **HIERACHY** | CARRYING AMOUNT | FAIR VALUE | HIERACHY |
| Assets | | | | | | |
| Derivatives | **13,144** | **13,144** | **2** | 16,390 | 16,390 | 2 |
| Liabilities | | | | | | |
| Derivatives | **70,798** | **70,798** | **2** | 39,018 | 39,018 | 2 |
| Interest bearing loans with fixed interest rates | **790,377** | **842,003** | **3** | 755,981 | 793,381 | 3 |

*Derivatives*

The composition of outstanding derivatives at year-end is presented below.

| 2013 | WITHIN ONE YEAR | AFTER ONE YEAR | TOTAL |
|---|---|---|---|
| USD forward selling (in US Dollar) | **296,546** | **13,512** | **310,058** |
| USD forward buying (in US Dollar) | **2,077** | **19** | **2,096** |
| Forward selling of other currencies (average contract rates in EUR) | **114,835** | **-** | **114,835** |
| Forward buying of other currencies (average contract rates in EUR) | **123,864** | **1,680** | **125,544** |
| Fuel hedges (in US Dollar) | **80** | **75** | **155** |
| Interest Rate Swaps (in US Dollar) | **- 437** | **- 1,763** | **- 2,200** |
| Interest Rate Swaps (in EUR) | **-1,384** | **- 57,904** | **- 59,288** |

| 2012 | WITHIN ONE YEAR | AFTER ONE YEAR | TOTAL |
|---|---|---|---|
| USD forward selling (in US Dollar) | 374,080 | 19,026 | 393,106 |
| USD forward buying (in US Dollar) | 18,238 | - | 18,238 |
| Forward selling of other currencies (average contract rates in EUR) | 132,098 | 45,284 | 177,382 |
| Forward buying of other currencies (average contract rates in EUR) | 12,929 | - | 12,929 |
| Fuel hedges (in US Dollar) | 507 | 1,135 | 1,642 |
| Interest Rate Swaps (in US Dollar) | - 786 | - 1,726 | - 2,512 |
| Interest Rate Swaps (in EUR) | 784 | - 16,916 | - 16,132 |

The remaining time to maturity of these derivatives has a direct relation to the remaining time to maturity of the relating underlying contracts in the order book.

Cash flows from forward currency buyings and sellings can be rolled forward at settlement date when they differ from the underlying cash flows.

The results on effective cash flow hedges are recognized in group equity as stated below:

| | **2013** | 2012 |
|---|---|---|
| Hedging reserve as at January 1 | **- 11,440** | 2,799 |
| Movement in fair value of effective cash flow hedges recognized in group equity | **- 17,060** | - 15,744 |
| Transferred to the income statement | **1,603** | - 3,244 |
| Total directly recognized in group equity | **- 15,457** | - 18,988 |
| Taxation | **4,299** | 4,749 |
| Directly charged to the Hedging reserve (net of taxes) | **- 11,158** | - 14,239 |
| Balance Hedging reserve as at December 31 | **- 22,598** | - 11,440 |

The results on non-effective cash flow hedges are presented within the operational costs and amount to EUR 1.1 million negative in 2013 (2012: EUR 0.9 million positive).

*Netting of financial instruments*

The Company nets financial instruments as far as this is appropriate. Below the netting of the balance sheet items is disclosed:

| | AS AT 31 DECEMBER | |
|---|---|---|
| | **2013** | 2012 |
| Gross amount cash and cash equivalents | **448,080** | 436,654 |
| Nett bank overdrafts | **- 61,193** | - 38,552 |
| Netted amount in balans sheet | **386,887** | 398,102 |

### 27.3 CAPITAL MANAGEMENT

The Board of Management's policy is to maintain a strong capital base so as to maintain customer, investor, creditor and market confidence and to support future development of the business. The Board of Management monitors the return on equity, which the Group defines as net operating income divided by total shareholders' equity, excluding minority interests. The Board of Management also monitors the level of dividend to be paid to holders of ordinary shares. For the dividendpolicy reference is made to the Shareholdersinformation in the Annual Report.

The Board of Management seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the benefits of a sound capital position. The Group's target is to achieve a long-term return on equity of at least 12% in 2013 the return was 16.5% (2012: 13.8%).

There were no changes in the Group's approach to capital management during the year. Neither the Group or any of its Group companies are subject to externally imposed capital requirements.

The Group's net debt (EUR 3,193 million; 2012: EUR 2,973 million) to Group equity (EUR 2,540 million; 2012: EUR 1,916 million) at the reporting date amounts to 1.26 (2012: 1.55).

### 27.4 OTHER FINANCIAL INSTRUMENTS

Pursuant to the decision of the General Meeting of Shareholders held on 9 May 2001, the Stichting Continuïteit KBW has acquired the right to take cumulative protective preference shares in Royal Boskalis Westminster N.V. for a nominal amount which shall be equal to the nominal amount of ordinary shares outstanding minus one share at the time of the issue. This right qualifies as a derivative financial liability, with the following important conditions. The cumulative protective preference shares are to be issued at par against a 25% cash contribution, the remainder after call-up by the Stichting in consultation with Royal Boskalis Westminster N.V. After the issue, Royal Boskalis Westminster N.V. has the obligation to buy or cancel the shares upon the Stichting's request. The preferential dividend right amounts to Euribor increased by 4% at most. The interest and credit risk is limited. The fair value of the option right is nil.

## 28. COMMITMENTS AND CONTINGENT LIABILITIES

*Operational lease obligations*

The operational lease obligations relate primarily to the operational lease of some vessels, cars and offices. Additional clauses are not taken into account presuming that these are not unconditional.

Non-redeemable operating lease contracts are recognized at nominal amounts and are due as follows:

| | **2013** | 2012 |
|---|---|---|
| Within one year | **42,686** | 36,558 |
| Between one and five years | **42,767** | 31,481 |
| After more than five years | **9,333** | 12,206 |
| | **94,786** | 80,245 |

*Guarantees*

The guarantee commitments as at 31 December 2013 amount to EUR 701million (2012: EUR 991 million) and can be specified as follows:

| | **2013** | 2012 |
|---|---|---|
| Guarantees provided by third parties with respect to: | | |
| Associated companies | **10,000** | 21,000 |
| Contracts and joint ventures | **678,000** | 968,000 |
| Lease obligations and other financial obligations | **13,000** | 2,000 |
| | **701,000** | 991,000 |

For the above guarantees outstanding as at 31 December 2013, counter-guarantees have been provided to financial institutions for approximately EUR 700 million (2012: approximately EUR 989 million). 28 key Group companies are jointly and severally liable in respect of credit facilities and guarantees provided to several Group companies. In respect of these credit facilities, it has been agreed to limit the provision of further securities on existing property, plant and equipment. The strategic alliance Smit-Lamnalco has, in relation to subsidiaries of the Group, nonrecourse credit- and guarantee facilities in place. Within a strategic alliance certain companies are jointly and severally liable with respect to the credit- and guarantee facilities. Group companies are jointly and severally liable for the non-consolidated part of the liabilities of their joint ventures: in total EUR 201 million (2012: EUR 131 million). Group companies are also jointly and severally liable for performance obligations for contracts with third parties in project-driven construction consortiums. In addition, certain recourse obligations exist in respect of project financiers and guarantees of deployment relating to equipment. Where deemed necessary, provisions have been made.

*Capital commitments*

As at at 31 December 2013, capital commitments amount to EUR 324 million (year-end 2012: EUR 126 million).

*Capital contribution obligations*

At year-end 2013 capital contribution obligations relating to PPS-companies amount to EUR 12.5 million (2012: EUR 12.4 million).

*Other*

Some legal proceedings and investigations have been instituted against (entities of) Royal Boskalis Westminster N.V. Where deemed necessary and if a reliable estimate of the future cash flows can be made, provisions have been made. Dutch companies were part of a fiscal unity. The companies are therefore liable for the tax obligations of the fiscal unity as a whole.

## 29. SUBSEQUENT EVENTS

*Business combination Fairmount*
After balance sheet date, on 3 March 2014, Boskalis reached an agreement to acquire Fairmount, a leading global providor of long distance ocean towage services operating five 205 ton bollard pull Anchor Handling Tugs (AHT's). The addition of these ocean going AHT's allows Boskalis to further expand its market position in both offshore energy and salvage. The use of ocean going tugs for long distance wet towage is complementary to Boskalis' current dry heavy marine transport offering. With the Fairmount assets, Boskalis can offer clients the full spectrum of heavy marine transport solutions tailored for the type of cargo or specific requirements. The AHTs also have the potential of being deployed into offshore projects thereby expanding Boskalis' current transport and installation offering and can be used in salvage projects.

Gaining control of Fairmount offers the Group new strategical opportunities to accelerate the growth of the offshore services. It will help the Group to fullfill the needs of her customers worldwide with an optimal use of workforce and equipment. Furthermore the Group expects by means of synergy to realize cost efficiency and to strengthen her potential with the economies of scale, the use of best practices, optimization of the branch network and joint purchasing opportunities.

The consideration paid in cash amounts to USD 88.9 million. The Group did not recognize any external expenses related to the business combination in the consolidated income statement 2013. In view of the short period of time between the date of acquisition and the reporting date, there has been a lack of time to determine the (net) identifiable assets and liabilities and goodwill and to prepare the usual statistical overviews in relation to this business combination. This will be done at the next reporting.

## 30. RELATED PARTIES

### 30.1 IDENTITY OF RELATED PARTIES

The identified related parties to the Group are its Group companies, its joint ventures, its associated companies (see note 16), its shareholders with significant influence, its pension funds that are classified as funded defined benefit pension schemes in accordance with IAS 19 and the members of the Supervisory Board and Board of Management.

**GROUP COMPANIES**
The following are the most relevant active Group companies.

| COMPANY | CITY OF INCORPORATION | COUNTRY OF INCORPORATION | 2013 | 2012 |
|---|---|---|---|---|
| Baggermaatschappij Boskalis B.V. | Papendrecht | Netherlands | **100%** | 100% |
| Boskalis Finance B.V. | Papendrecht | Netherlands | **100%** | 100% |
| Boskalis Holding B.V. | Papendrecht | Netherlands | **100%** | 100% |
| Boskalis Holding I (dollar) B.V. | Papendrecht | Netherlands | **100%** | - |
| Boskalis Holding II (dollar) B.V. | Papendrecht | Netherlands | **100%** | - |
| Boskalis International B.V. | Papendrecht | Netherlands | **100%** | 100% |
| Boskalis Nederland B.V. | Rotterdam | Netherlands | **100%** | 100% |
| Boskalis Offshore Subsea Contracting B.V. | Papendrecht | Netherlands | **100%** | 100% |
| Boskalis Offshore Subsea Services B.V. | Rotterdam | Netherlands | **100%** | 100% |
| Boskalis Offshore Marine Services B.V. | Rotterdam | Netherlands | **100%** | 100% |
| Boskalis Offshore Marine Contracting B.V. | Rotterdam | Netherlands | **100%** | 100% |
| Boskalis Westminster Dredging B.V. | Papendrecht | Netherlands | **100%** | 100% |
| Boskalis Westminster International B.V. | Papendrecht | Netherlands | **100%** | 100% |
| Boskalis Westminster Shipping B.V. | Papendrecht | Netherlands | **100%** | 100% |
| BW Marine B.V. | Papendrecht | Netherlands | **100%** | 100% |
| BW Soco B.V. | Sliedrecht | Netherlands | **100%** | 100% |
| Hydronamic B.V. | Sliedrecht | Netherlands | **100%** | 100% |
| Boskalis Dolman B.V. | Dordrecht | Netherlands | **100%** | 100% |
| A.H. Breijs & Zonen B.V. | Rotterdam | Netherlands | **100%** | 100% |
| Cofra B.V. | Amsterdam | Netherlands | **100%** | 100% |
| Aannemingsbedrijf De Jong & Zoon Beesd B.V. | Beesd | Netherlands | **100%** | 100% |
| Zuurmond Groen B.V. | Acquoy | Netherlands | **100%** | 100% |
| Aannemingsmaatschappij Markus B.V. | Halfweg | Netherlands | **100%** | 100% |
| MNO Vervat - International B.V. | Nieuw Vennep | Netherlands | **100%** | 100% |
| MNO Vervat B.V. | Nieuw Vennep | Netherlands | **100%** | 100% |
| MNO Vervat NL B.V. | Nieuw Vennep | Netherlands | **100%** | - |
| M.N.O. Vervat Grond- Weg- en Waterbouw B.V. | Rotterdam | Netherlands | **100%** | 100% |
| J. van Vliet B.V. | Wormerveer | Netherlands | **100%** | 100% |
| Dockwise B.V. | Breda | Netherlands | **100%** | 33% |

| COMPANY | CITY OF INCORPORATION | COUNTRY OF INCORPORATION | 2013 | 2012 |
|---|---|---|---|---|
| Dockwise Transport N.V. | Breda | Netherlands | **100%** | 33% |
| Dockwise Shipping B.V. | Breda | Netherlands | **100%** | 33% |
| Dockwise Transporter B.V. | Breda | Netherlands | **100%** | 33% |
| Dockwise Vanguard B.V. | Breda | Netherlands | **100%** | 33% |
| Fairstar Heavy Transport N.V. | Rotterdam | Netherlands | **100%** | 33% |
| Fairstar Finesse B.V. | Rotterdam | Netherlands | **100%** | 33% |
| Target B.V. | Breda | Netherlands | **100%** | 33% |
| Talisman B.V. | Breda | Netherlands | **100%** | 33% |
| Treasure B.V. | Breda | Netherlands | **100%** | 33% |
| Triumph B.V. | Breda | Netherlands | **100%** | 33% |
| Trustee B.V. | Breda | Netherlands | **100%** | 33% |
| SMIT Harbour Towage Rotterdam B.V. | Rotterdam | Netherlands | **100%** | 100% |
| Smit Internationale Beheer B.V. | Rotterdam | Netherlands | **100%** | 100% |
| Smit Internationale N.V. | Rotterdam | Netherlands | **100%** | 100% |
| Smit Internationale Overseas B.V. | Rotterdam | Netherlands | **100%** | 100% |
| SMIT Salvage B.V. | Rotterdam | Netherlands | **100%** | 100% |
| Smit Vessel Management Services B.V. | Rotterdam | Netherlands | **100%** | 100% |
| Boskalis Offshore Transport Services | Antwerp | Belgium | **100%** | 100% |
| Unie van Redding- en Sleepdienst België | Antwerp | Belgium | **100%** | 100% |
| Unie van Redding- en Sleepdienst | Antwerp | Belgium | **100%** | 100% |
| URS Salvage & Maritime Contracting | Antwerp | Belgium | **100%** | 100% |
| Dredging & Contracting Belgium N.V. | Overijse | Belgium | **100%** | 100% |
| Heinrich Hirdes GmbH | Hamburg | Germany | **100%** | 100% |
| Heinrich Hirdes EOD Services GmbH | Hamburg | Germany | **100%** | 100% |
| Heinrich Hirdes Kampfmittelräumung GmbH | Duisburg | Germany | **100%** | 100% |
| Rock Fall Company Ltd | Ayrshire | United Kingdom | **100%** | 100% |
| Boskalis Westminster Ltd | Fareham | United Kingdom | **100%** | 100% |
| Cofra Ltd | Fareham | United Kingdom | **100%** | 100% |
| Westminster Dredging (Overseas) Ltd | Fareham | United Kingdom | **100%** | 100% |
| Westminster Gravels Ltd | Fareham | United Kingdom | **100%** | 100% |
| Smit Harbour Towage (U.K.) Ltd. | London | United Kingdom | **100%** | 100% |
| Irish Dredging Company Ltd. | Cork | Ireland | **100%** | 100% |
| Atlantique Dragage SARL | Nanterre | France | **100%** | 100% |
| Sociedad Española de Dragados SA | Madrid | Spain | **100%** | 100% |
| Dragapor Dragagens de Portugal SA | Alcochete | Portugal | **100%** | 100% |
| Boskalis Italia S.r.l. | Rome | Italy | **100%** | 100% |
| Terramare Oy | Helsinki | Finland | **100%** | 100% |
| Boskalis Offshore A/S | Randaberg | Norway | **100%** | 100% |
| Boskalis Sweden AB | Gothenburg | Sweden | **100%** | 100% |
| Boskalis Polska Sp. z O.O. | Szczecin | Poland | **100%** | 100% |
| Terramare Eesti Osaühing | Tallinn | Estonia | **100%** | 100% |
| UAB Boskalis Baltic | Klaipeda | Lithuania | **100%** | 100% |
| Limited Liability Company "Boskalis" | St. Petersburg | Russian Federation | **100%** | 100% |
| BKW Dredging & Contracting Limited | Nicosia | Cyprus | **100%** | 100% |
| Boskalis Westminster Dredging Ltd | Nicosia | Cyprus | **100%** | 100% |
| Boskalis Westminster Middle East Ltd | Nicosia | Cyprus | **100%** | 100% |
| BW Marine (Cyprus) Ltd | Nicosia | Cyprus | **100%** | 100% |
| Boskalis do Brasil Dragagem e Serviços Maritímos Ltda | Rio de Janeiro | Brazil | **100%** | 100% |
| Rebras Rebocadores do Brasil S.A. | Rio de Janeiro | Brazil | **100%** | 100% |
| Boskalis Canada Dredging & Marine Service Ltd. | Vancouver | Canada | **100%** | 100% |
| Smit Marine Canada Inc. | Whitehorse | Canada | **100%** | 100% |
| Stuyvesant Projects Realization Inc. | Metairie | United States of America | **100%** | 100% |
| Boskalis Westminster Inc. | Wilmington | United States of America | **100%** | 100% |
| Stuyvesant Envirionmental Contracting LLC | Wilmington | United States of America | **100%** | 100% |
| Dragamex S.A. de CV | Coatzacoalcos | Mexico | **100%** | 100% |
| Boskalis Panama S.A. | Ancon | Panama | **100%** | 100% |
| Smit Harbour Towage (Panama), Inc. | Panama City | Panama | **100%** | 100% |
| Virtual Logistic Marine Services, Inc. | Panama City | Panama | **100%** | 100% |
| Boskalis Guyana Inc. | Georgetown | Guyana | **100%** | 100% |
| Riovia S.A. | Montevideo | Uruguay | **100%** | 100% |
| Boskalis International Uruguay S.A. | Montevideo | Uruguay | **100%** | 100% |
| Dravensa C.A. | Caracas | Venezuela | **100%** | 100% |
| Nigerian Westminster Dredging and Marine Ltd | Lagos | Nigeria | **60%** | 60% |
| BKI Gabon S.A. | Libreville | Gabon | **100%** | 100% |
| Smit Amandla Marine (Pty) Ltd. | Capetown | South Africa | **70%** | 70% |
| Smit Marine South Africa (Pty) Ltd. | Capetown | South Africa | **100%** | 100% |
| Boskalis Westminster (Oman) LLC | Seeb | Oman | **49%** | 49% |
| Boskalis Westminster Al Rushaid Co Ltd | Dhahran | Saoudi Arabia | **49%** | 49% |

| COMPANY | CITY OF INCORPORATION | COUNTRY OF INCORPORATION | 2013 | 2012 |
|---|---|---|---|---|
| Boskalis Offshore Subsea Services (Middle East) L.L.C. | Dubai | United Arab Emirates | **49%** | 49% |
| Boskalis Australia Pty Ltd | Chatswood | Australia | **100%** | 100% |
| Boskalis Offshore Subsea Services (Australia) Pty Ltd | Chatswood | Australia | **100%** | 100% |
| Boskalis International (S.) Pte Ltd | Singapore | Singapore | **100%** | 100% |
| Zinkcon Marine Singapore Pte Ltd | Singapore | Singapore | **100%** | 100% |
| Koon Zinkcon Pte Ltd | Singapore | Singapore | **50%** | 50% |
| Smit Shipping Singapore Pte. Ltd. | Singapore | Singapore | **100%** | 100% |
| Smit Singapore Pte Ltd | Singapore | Singapore | **100%** | 100% |
| Smit Holding Singapore Pte. Ltd. | Singapore | Singapore | **100%** | 100% |
| Smit Tak Heavy Lift (S) Pte Ltd | Singapore | Singapore | **100%** | 100% |
| P.T. Boskalis International Indonesia | Jakarta | Indonesia | **100%** | 100% |
| Boskalis Smit India LLP | Mumbai | India | **100%** | 100% |
| Beijing Boskalis Dredging Technology co Ltd. | Beijing | China | **100%** | 100% |
| Boskalis Taiwan Ltd | Taipei | Taiwan | **100%** | 100% |
| Smit Taiwan Investments Holding Co. Ltd. | Taipei | Taiwan | **100%** | 100% |

**JOINT VENTURES**

The following are the most relevant active joint ventures.

*Strategic alliances:*

| ENTITY | COUNTRY OF INCORPORATION | 2013 | 2012 |
|---|---|---|---|
| Archirodon Group N.V. | Netherlands | **-** | 40% |
| Deeprock CV | Netherlands | **50%** | 50% |
| Visser & Smit Marine Contracting Holding B.V. | Netherlands | **50%** | - |
| Adriatic Towage S.r.l. | Italy | **50%** | 50% |
| Smit Lamnalco Ltd | Sharjah, United Arab Emirates | **50%** | 50% |
| Ocean Marine Egypt S.A.E | Egypt | **50%** | 50% |
| Asian Lift Pte. Ltd. | Singapore | **49%** | 50% |
| Keppel Smit Towage Pte Ltd | Singapore | **49%** | 49% |
| Maju Maritime Pte Ltd | Singapore | **49%** | 49% |
| Donjon-SMIT LLC | United States of America | **50%** | 50% |

*Project-driven construction consortiums:*

| ENTITY | COUNTRY OF INCORPORATION | 2013 | 2012 |
|---|---|---|---|
| Overseas Contracting & Chartering Services B.V. | The Netherlands | **50%** | 50% |
| Rock Braz B.V. | The Netherlands | **50%** | 50% |
| SAAone Holding B.V. | The Netherlands | **17%** | 17% |
| SAAone EPCM bouwcombinatie V.O.F. | The Netherlands | **30%** | 30% |
| SAAone GWW V.O.F. | The Netherlands | **50%** | 50% |
| Projectorganisatie Uitbreiding Maasvlakte (PUMA) | The Netherlands | **50%** | 50% |
| Combinatie BadhoeverBogen V.O.F. | The Netherlands | **20%** | 20% |
| A4ALL V.O.F. | The Netherlands | **10%** | 10% |
| Combinatie A2 HoMa | The Netherlands | **38%** | 38% |
| Combinatie Dinteloord | The Netherlands | **50%** | 50% |
| Combinatie Plas van Heenvliet | The Netherlands | **33%** | 33% |
| Combinatie Ooms-Ballast-MNO | The Netherlands | **33%** | 33% |
| Infra Team N50 Ramspol | The Netherlands | **18%** | 18% |
| ZSNH Combinatie Van Oord/Boskalis V.O.F. | The Netherlands | **50%** | - |
| SJV Rena VOF | The Netherlands | **50%** | 50% |
| Boskalis Offshore AS - Tideway v.o.f. | The Netherlands | **50%** | 50% |
| Offshore Windforce V.O.F. | The Netherlands | **50%** | 50% |
| Combinatie Regenboog V.O.F. | The Netherlands | **38%** | 38% |
| C.V. Projectbureau Grensmaas | The Netherlands | **17%** | 17% |
| Boskalis International-Haukes V.O.F. | The Netherlands | **50%** | - |
| Joint Venture Boskalis - Jac. Rijk | The Netherlands | **50%** | 50% |
| Joint Venture Boskalis International - Jac. Rijk V.O.F. | The Netherlands | **50%** | 50% |
| Swinoujscie Breakwater | Poland | **60%** | 60% |
| Ras Laffan Port Extension | Qatar | **50%** | 50% |
| Penta-Ocean Koon DI Boskalis Ham JV (Jurong 4) | Singapore | **17%** | 17% |
| Boskalis Jan de Nul - Dragagens E Afins LDA | Angola | **50%** | 50% |
| Boscampo | Cameroon | **50%** | 50% |
| Bahia Blanca | Argentina | **50%** | 50% |

| ENTITY | COUNTRY OF INCORPORATION | 2013 | 2012 |
|---|---|---|---|
| Quequen | Argentina | **50%** | 50% |

*Associated companies*
The most relevant active associated companies are mentioned in note 16.

*Pension funds that are classified as funded defined pension schemes in accordance with IAS 19*
For information on pension funds that are classified as funded defined benefit pension plans in accordance with IAS 19, reference is made to note 24.1. There were no further material transactions with these pension funds.

*Members of the Board of Management and members of the Supervisory Board*
The only key management officers qualifying as related parties are the members of the Board of Management and the members of the Supervisory Board.

### 30.2 RELATED PARTY TRANSACTIONS

*Joint ventures*
In 2011 the Group has provided a loan to Smit-Lamnalco, which was repaid in 2012 (reference is made to note 17). Reference is made to note 5.4 with regard to the sale of the Australian harbor towage business to Smit-Lamnalco. During the financial years 2013 and 2012, there were no other material transactions with strategic alliances other than in joint control. Those material transactions were mainly in proportion to the percentage of participation in the activities in project-driven construction consortiums. Transactions with project-driven construction consortiums take place on a large scale because of the nature of the business activities. The joint Group companies have, at year-end 2013, amounts receivable from and payable to project-driven construction consortiums amounting to EUR 89 million and EUR 237 million respectively (2012: EUR 36 million and EUR 767 million respectively).

The proportional share of the Group in the assets, liabilities, revenue and expenses of joint ventures is stated below.

| | 2013 | 2012 |
|---|---|---|
| Non-current assets | **521,987** | 580,408 |
| Current assets | **297,892** | 727,508 |
| Total assets | **819,879** | 1,307,916 |
| | | |
| Non-current liabilities | **207,126** | 234,393 |
| Current liabilities | **254,872** | 628,385 |
| Total liabilities | **461,998** | 862,778 |
| | | |
| Net assets | **357,881** | 445,138 |
| | | |
| Contract revenue | **699,251** | 1,290,158 |
| Expenses | **- 595,070** | - 1,079,599 |
| Net profit | **104,181** | 210,559 |

*Associated companies*
Transactions with associated companies other than those disclosed in note 16, are not material.

*Shareholder with significant influence*
With reference to note 22.1, of the equity offering 3,258,638 shares were placed at HAL Investments B.V. and with reference to note 5.1, 31.6% of the share Dockwise were purchased from the cumulative preference shares amounting to EUR 41.6 million were transferred from HAL Investments B.V.

*Members of the Board of Management and members of the Supervisory Board*

The emoluments for members of the Board of Management and Supervisory Board of the company in 2013 and 2012 were as follows:

| | ANNUAL SALARIES AND REMUNERATION | EMPLOYER'S PENSION CONTRIBUTIONS | SHORT- AND LONGTERM VARIABLE REMUNERATION PAID | OTHER REIMBURSEMENTS | TOTAL | 2012 |
|---|---|---|---|---|---|---|
| **Members of the Board of Management** | | | | | | |
| dr. P.A.M. Berdowski | **708** | **177** | **944** | **28** | **1,857** | 1,963 |
| T.L. Baartmans | **512** | **128** | **601** | **27** | **1,268** | 1,320 |
| A. Goedée (from 8 May 2013) | **319** | **96** | **-** | **5** | **420** | - |
| J.H. Kamps | **512** | **128** | **615** | **25** | **1,280** | 1,318 |
| F.A. Verhoeven (from 10 May 2012) | **512** | **135** | **319** | **21** | **987** | 394 |
| | **2,563** | **664** | **2,479** | **106** | **5,812** | 4,995 |
| **Members of the Supervisory Board** | | | | | | |
| J.M. Hessels | **66** | | | **2** | **68** | 62 |
| H.J. Hazewinkel | **45** | | | **2** | **47** | 42 |
| M.P. Kramer | **50** | | | **2** | **52** | 47 |
| M. Niggebrugge | **55** | | | **2** | **57** | 52 |
| J. van Wiechen | **52** | | | **2** | **54** | 49 |
| C. van Woudenberg | **56** | | | **2** | **58** | 52 |
| | **324** | | | **12** | **336** | 304 |
| **Total 2013** | **2,887** | **664** | **2,479** | **118** | **6,148** | |
| Total 2012 | 2,277 | 463 | 2,453 | 106 | | 5,299 |

The variable remuneration paid in 2013 is related to the achievement of certain targets during the 2012 financial year (short-term variable remuneration: EUR 1,433 thousand) and the achievement of certain targets during the 2010 - 2012 period (long-term variable remuneration: EUR 1,046 thousand). The accounting burden on executive remuneration differs from the abovementioned remuneration as a result of specific accounting rules with regard to in particular pensions and variable remunerations. The accounting burden on pension schemes and short and long term variable remuneration regarding the members of the Board of Management amounts to EUR 767 thousand and EUR 3,400 thousand. Furthermore, a burden on a crisis tax levy of 16% as imposed by the Dutch government regarding the members of the Board of Management amounting to EUR 688 thousand has been accounted for in the result 2013. The resulting total accounting burden on remuneration for members of the Board of Management amounts to EUR 7,524 thousand.

*Long-term incentive plan*

The members of the Board of Management participate in a long-term (three years) incentive plan which consist of a part that is based on the development of the share price of the ordinary shares of Boskalis and for a part that depends on the realization of certain objectives, as defined by the Supervisory Board, which are derived from the strategic agenda and in accordance with the objectives of Boskalis for the underlying periods.

*Multi-year summary of variable remunerations*

With regard to the years 2011, 2012 and 2013 the following variable remunerations were granted to the members of the Board of Management:

| | Year of payment | | |
|---|---|---|---|
| | **2014** | 2013 | 2012 |
| dr. P.A.M. Berdowski | **1,018** | 944 | 1,089 |
| T.L. Baartmans | **634** | 601 | 682 |
| A. Goedée (vanaf 8 mei 2013) | **-** | - | - |
| J.H. Kamps | **663** | 615 | 682 |
| F.A. Verhoeven (from 10 May 2012) | **331** | 319 | - |
| Total | **2,646** | 2,479 | 2,453 |

*Balance sheet position*

As at 31 December 2013 the Group has recognized a liability in the balance sheet item Trade and other payables amounted EUR 2.5 million (2012: EUR 1.9 million) related to the long term benefit schedule for the periods 2011-2013, 2012-2014 and 2013-2015. A receivable is included for the remuneration of the Supervisory Board for an amount of EUR 5 thousand, which is repaid in 2014. No loans or guarantees have been provided to, or on behalf of, members of the Board of Management or members of the Supervisory Board.

# COMPANY INCOME STATEMENT

| (in thousands of EUR) | Note | 2013 | 2012 REVISED*) |
|---|---|---|---|
| Result of group companies | [3] | **362,871** | 249,093 |
| Other results, after taxation | | **2,820** | - |
| **NET PROFIT** | | **365,691** | 249,093 |

# COMPANY BALANCE SHEET BEFORE PROFIT APPROPRIATION

| | | 31 DECEMBER | |
|---|---|---|---|
| (in thousands of EUR) | Note | 2013 | 2012 REVISED*) |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Investments in group companies | [3] | **2,527,144** | 1,897,380 |
| | | **2,527,144** | 1,897,380 |
| **Current assets** | | | |
| Amounts due from group companies | | **-** | 798 |
| Other receivables | | **716** | - |
| | | **716** | 798 |
| **TOTAL ASSETS** | | **2,527,860** | 1,898,178 |
| **EQUITY AND LIABILITIES** | | | |
| **Shareholders' equity** | | | |
| Issued capital | [4] | **96,212** | 85,827 |
| Share premium | [4] | **538,407** | 229,452 |
| Other legal reserve | [5] | **305,500** | 325,853 |
| Hedging reserve | [5] | **- 22,598** | - 11,440 |
| Revaluation rserve | [5] | **43,150** | 20,434 |
| Currency translation reserve | [5] | **- 61,106** | - 3,234 |
| Actuarial reserve | [5] | **- 32,031** | - 129,014 |
| Retained earnings | [5] | **1,292,012** | 1,129,934 |
| Profit for the year | [6] | **365,691** | 250,193 |
| | | **2,525,237** | 1,898,005 |
| **Current liabilities** | | | |
| Amounts due to group companies | | **2,333** | - |
| Trade and other payables | | **290** | 173 |
| | | **2,623** | 173 |
| **TOTAL EQUITY AND LIABILITIES** | | **2,527,860** | 1,898,178 |

* For the revisions in previous year reference is made to note 2.2 in the consolidated accounting policies.

# STATEMENT OF CHANGES IN SHAREHOLDERS

| (in thousands of EUR) | Note | Balance as at 1 January 2013 | Issue of ordinairy shares | Cash dividend | Stock dividend | Addition to retained earnings | Other movements | Total recognized income and expenses | Balance as at 31 December 2013 |
|---|---|---|---|---|---|---|---|---|---|
| Issued capital | [4] | **85,827** | **7,758** | | **2,627** | | | | **96,212** |
| Share premium | [4] | **229,452** | **310,127** | | **- 1,172** | | | | **538,407** |
| | | **315,279** | **317,885** | | **1,455** | | | | **634,619** |
| Other legal reserve | [5] | **325,853** | | | | **-** | **- 20,353** | **-** | **305,500** |
| Hedging reserve | [5] | **- 11,440** | | | | **-** | **-** | **- 11,158** | **- 22,598** |
| Revaluation reserve | [5] | **20,434** | | | | **-** | **22,716** | **-** | **43,150** |
| Currency translation reserve | [5] | **- 3,234** | | | | **-** | **-** | **- 57,872** | **- 61,106** |
| Actuarial reserve | [5] | **- 129,014** | | | | **-** | **41,060** | **55,923** | **- 32,031** |
| Retained earnings | [5] | **1,131,034** | | | | **204,401** | **- 43,423** | **-** | **1,292,012** |
| | | **1,333,633** | | | | **204,401** | **-** | **- 13,107** | **1,524,927** |
| Profit appropriation 2012 | | **249,093** | | **- 43,237** | **- 1,455** | **- 204,401** | | | **-** |
| Net profit 2013 | | | | | | | | **365,691** | **365,691** |
| Profit for the year | [6] | **249,093** | | **- 43,237** | **- 1,455** | **- 204,401** | | **365,691** | **365,691** |
| Shareholders' equity | | **1,898,005** | **317,885** | **- 43,237** | **-** | **-** | **-** | **352,584** | **2,525,237** |

| (in thousands of EUR) | Note | Balance as at1 January 2012 | Issue of ordinairy shares | Cash dividend | Stock dividend | Addition to retained earnings | Other movements | Total recognized income and expenses | Balance as at 31 December 2012 REVISED*) |
|---|---|---|---|---|---|---|---|---|---|
| Issued capital | [4] | 82,777 | - | | 3,050 | | | | 85,827 |
| Share premium | [4] | 230,360 | - | | - 908 | | | | 229,452 |
| | | 313,137 | - | | 2,142 | | | | 315,279 |
| Other legal reserve | [5] | 307,306 | | | | - | 18,547 | - | 325,853 |
| Hedging reserve | [5] | 2,799 | | | | - | - | - 14,239 | - 11,440 |
| Revaluation reserve | [5] | 21,150 | | | | - | - 716 | - | 20,434 |
| Currency translation reserve | [5] | 1,740 | | | | - | - | - 4,974 | - 3,234 |
| Actuarial reserve | [5] | - 102,820 | | | | - | - | - 26,194 | - 129,014 |
| Retained earnings | [5] | 935,246 | | | | 213,619 | - 17,831 | - | 1,131,034 |
| | | 1,165,421 | | | | 213,619 | - | - 45,407 | 1,333,633 |
| Profit appropriation 2011 | | 254,254 | | - 38,493 | - 2,142 | - 213,619 | | | |
| Net profit 2012 | | | | | | | | 249,093 | 249,093 |
| Profit for the year | [6] | 254,254 | | - 38,493 | - 2,142 | - 213,619 | | 249,093 | 249,093 |
| Shareholders' equity | | 1,732,812 | - | - 38,493 | - | - | - | 203,686 | 1,898,005 |

* For the revisions in previous year reference is made to note 2.2 in the consolidated accounting policies.

# EXPLANATORY NOTES TO THE COMPANY FINANCIAL STATEMENTS

## 1. GENERAL

The Company Financial statements are part of the Financial statements 2013 of Royal Boskalis Westminster N.V. (the 'Company').

## 2. PRINCIPLES OF FINANCIAL REPORTING

### 2.1 ACCOUNTING POLICIES

The company financial statements have been drawn up using the reporting standards applied for drawing up the consolidated financial statements, in accordance with Section 362(8), Part 9 of Book 2 of the Dutch Civil Code except for the investment in Group company, which is recognized in accordance with the equity method. Based on Section 362(1), Part 9 of Book 2 of the Dutch Civil Code, the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. These accounting principles are disclosed in note 3 of the consolidated financial statements.

### 2.2 FORMAT

Unless stated otherwise, all amounts in these explanatory notes are stated in thousands of euros. The company balance sheet is drawn up before profit appropriation. The company income statement is limited in accordance with Section 402, Part 9 of Book 2 of the Netherlands Civil Code.

### 2.3 INVESTMENTS IN GROUP COMPANIES

Investments in Group companies are accounted for using the equity method, as described in the principles of Financial Reporting relating to associated companies in the consolidated Financial statements.

### 2.4 A MOUNTS DUE FROM GROUP COMPANIES

Amounts due from Group companies are stated initially at fair value and subsequently at amortized cost using the effective intereste rate less impairments.

### 2.5 AMOUNTS DUE TO GROUP COMPANIES

Amounts due to Group companies are recognized initially at fair value and subsequently at amortized cost using the effective intereste rate.

### 2.6 RESULT OF GROUP COMPANY

The result of Group company consists of the share of the Company in the result after taxation of this Group company. Results on transactions, where the transfer of assets between the Company and its Group companies and mutually between Group companies themselves are not incorporated as far as they can be deemed to be unrealised.

## 3. INVESTMENTS IN GROUP COMPANIES

Investments in Group companies consists solely of the 100% investment in Boskalis Westminster Dredging B.V., Papendrecht. The movements in this investment are shown below.

| | **2013** | 2012 |
|---|---|---|
| **Balance as at 1 January** | **1,897,380** | 1,728,694 |
| Dividends received | **- 40,000** | - 35,000 |
| Profit for the year | **362,871** | 249,093 |
| Movements directly recognized in equity of group company | **- 13,107** | - 45,407 |
| Paid-in capital | **320,000** | - |
| **Balance as at 31 December** | **2,527,144** | 1,897,380 |

Reference is made to the notes 16 and 30.1 of the consolidated financial statements 2013 for an overview of the most important direct and indirect Group companies.

## 4. ISSUED CAPITAL AND SHARE PREMIUM

The authorized share capital of EUR 240 million is divided into 150,000,000 ordinary shares with a par value of EUR 0.80 each and 50,000,000 cumulative protective preference shares with a par value of EUR 2.40 each.

In the course of 2013 the issued capital of the Company increased by 9,696,969 ordinary shares due to the issuance of new shares to finance the acquisition of Dockwise and 3,284,415 ordinary shares as a result of the distribution of stock dividend.

| (in number of shares) | **2013** | 2012 |
|---|---|---|
| On issue and fully paid at 1 January | **107,283,679** | 103,471,742 |
| Stock dividend | **3,284,415** | 3,811,937 |
| Stock issuance | **9,696,969** | - |
| On issue and fully paid at 31 December | **120,265,063** | 107,283,679 |

The issued capital as at 31 December 2013 consists of 120,265,063 ordinary shares with a par value of EUR 0.80 each and consequently amounts to EUR 96.2 million (2011: EUR 85.8 million).

Of the issued capital as at 31 December 2013, six ordinary shares were owned by Royal Boskalis Westminster N.V.

The as yet unexercised option right to take cumulative protective preference shares in Royal Boskalis Westminster N.V. has been assigned to the Stichting Continuïteit KBW.

Share premium comprises additional paid-in capital exceeding the par value of outstanding shares. Share premium is distributable free of tax.

## 5. OTHER RESERVES

With regard to the difference between the cost price and equity value of entities, either consolidated proportionally as well as associated companies recognized in accordance with the equity method, a legally required reserve is recognized because of a lack of control over the distribution of profits only to the extent that these differences are not included in the accumulated currency translation differences on foreign operations. The legal reserve for non-distributed profits of group and/or associated companies amounted to EUR 305.5 million at the end of 2013 (2012: EUR 325.9 million). The legal reserve for associated companies is determined on an individual basis.

The other reserves recognized in the company balance sheet are disclosed in the notes to the consolidated financial statements (note 22.5).

## 6. PROFIT FOR THE YEAR

An amount of EUR 216.6 million will be added to the retained earnings. The proposal to the Annual General Meeting will be to appropriate the remainder, EUR 149.1 million, for a dividend payment of EUR 1.24 per ordinary share.

The dividend will be made payable in ordinary shares to be charged to the tax-exempt share premium or to be charged to the retained earnings, unless a shareholder expressly requests payment in cash.

## 7. FINANCIAL INSTRUMENTS

*General*
Pursuant to its use of financial instruments, the Group is exposed to credit risk, liquidity risk and market risk. The notes to the consolidated financial statements provide information on the Group's exposure to each of the aforementioned risks, its objectives, principles and procedures for managing and measuring these risks, as well as group capital management. These risks, objectives, principles and procedures for managing and measuring these risks as well as capital management apply mutatis mutandis to the company financial statements of Royal Boskalis Westminster N.V.

*Fair value*
The fair value of most of the financial instruments presented in the balance sheet, including receivables, securities, cash and cash equivalents and current liabilities are close to the book value.

## 8. REMUNERATION OF THE MEMBERS OF THE BOARD OF MANAGEMENT AND MEMBERS OF THE SUPERVISORY BOARD

The remuneration of members of the Board of Management and members of the Supervisory Board is disclosed in the consolidated financial statements under related party transactions (note 30.2).

## 9. AUDITOR REMUNERATION

With reference to Section 382A, Part 9 of Book 2 of the Netherlands Civil Code, KPMG Accountants N.V. has charged the following fees to the Company, its subsidiaries and other consolidated entities:

| | **2013** | 2012 |
|---|---|---|
| Audit of the financial statements | **1,010** | 891 |
| Other audits | **232** | 102 |
| | **1,242** | 993 |

Total audit fees, including fees for auditors other than KPMG Accountants N.V., related to the audit of the financial statements amount to EUR 1.9 million (2012: EUR 1.8 million).

## 10. COMMITMENTS AND CONTINGENT LIABILITIES

Royal Boskalis Westminster N.V. heads a fiscal unity. The company is therefore liable for the tax obligations of the fiscal unity as a whole.

The Company has arrangements with third parties, amongst which banks and pension funds. These arrangements are on behalf of her Group companies. Because the risks and rewards are with these Group companies, the costs are charged to these companies and the liabilities are recognized by these companies. The Company is jointly and severally liable for the fulfillment of the liabilities under aforementioned arrangements.

The company has issued guarantees on behalf of project-driven construction consortiums, and Group companies' own contracts, amounting to EUR 1 million as at 31 December 2013 (2012: EUR 1 million). In addition, certain recourse obligations exist in respect of project financing. Where deemed necessary, provisions have been made.

Some legal proceedings and investigations are ongoing with respect to entities of Royal Boskalis Westminster N.V. Where deemed necessary, provisions have been made.

Papendrecht / Sliedrecht, 12 March 2014

Supervisory Board
J.M. Hessels, chairman
H.J. Hazewinkel
M.P. Kramer
M. Niggebrugge
J. van Wiechen
C. van Woudenberg

Board of Management
dr. P.A.M. Berdowski, chairman
T.L. Baartmans
A. Goedée
J.H. Kamps
F.A. Verhoeven

# OTHER INFORMATION

## PROVISIONS IN THE ARTICLES OF ASSOCIATION RELATING TO PROFIT APPROPRIATION

### ARTICLE 28.

1. From the profits realized in any financial year, first of all, distributions will be made on cumulative protective preference shares if possible, in the amount of the percentage specified below of the amount that has to be paid up on these shares as from the beginning of the financial year to which the distribution is related. The percentage referred to above equals the average Euribor interest rate determined for loans with a term of one year – weighted in respect of the number of days to which this interest rate applied – during the financial year to which the distribution is related, increased by four percentage points at most; this increase will be determined every five years by the Board of Management subject to the approval of the Supervisory Board. If in the financial year in respect of which the above-mentioned distribution takes place, the amount that has to be paid up on cumulative protective preference shares has been reduced or, pursuant to a resolution for further payment, has been increased, the distribution shall be reduced or, if possible, be increased by an amount equal to the above-mentioned percentage of the amount of the reduction or the increase, as the case may be, calculated from the moment of the reduction or from the moment further payment became compulsory. If in the course of any financial year cumulative protective preference shares have been issued, the dividend on those cumulative protective preference shares shall be reduced for that year in proportion to the day of issue, taking into account a part of a month as a full month.
2. If and in so far as the profit is not enough to realize the distribution referred to in paragraph 1, the deficit shall be distributed from the reserves, subject to statutory provisions.
3. If in any financial year the profit referred to in paragraph 1 is not enough to realize the distributions referred to above in this article, and furthermore no distribution or only a partial distribution from the reserves as referred to in paragraph 2 is realized, so that the deficit is not or not completely distributed, the provisions of this article and the provisions of the following paragraphs shall only apply in the following financial years after the deficit has been made up for. After application of paragraphs 1, 2 and 3, no further distribution shall take place on the cumulative protective preference shares.
4. Out of the remaining profit, an amount shall be reserved annually to the extent as shall be determined by the Board of Management under approval of the Supervisory Board. The remaining part of the profits after reservation, as referred to in the immediately preceding sentence, is at the free disposal of the General Meeting of Shareholders and in case of distribution, the holders of ordinary shares will be entitled thereto in proportion to their holding of ordinary shares.

### ARTICLE 29

1. Dividends shall be made available for payment within thirty days of their declaration, or any sooner as the Board of Management may determine.
2. Unclaimed dividends will revert to the company after five years.
3. If the Board of Management so decides, subject to the approval of the Supervisory Board, an interim dividend shall be distributed, subject to the preference of the cumulative protective preference shares and the provisions of Article 2:105 of the Dutch Civil Code.
4. The General Meeting of Shareholders may decide, on the proposal of the Board of Management, that dividends will be distributed fully or partially in the form of shares in the company or depositary certificates thereof.
5. The company may only realize distributions to the shareholder to the extent that its equity capital exceeds the amount of the subscribed capital, increased by the reserves that have to be maintained by law or by the articles of association.
6. A deficit may only be offset against reserves that have to be maintained by law to the extent that this is permitted by the law.

### PROPOSED PROFIT APPROPRIATION 2013

An amount of EUR 216.6 million will be added to the retained earnings. The proposal to the Annual General Meeting will be to appropriate the remainder, EUR 149.1 million, for a dividend payment of EUR 1.24 per share.

The dividend will be made payable in ordinary shares to be charged to the tax-exempt share premium or to be charged to the retained earnings, unless a shareholder expressly requests payment in cash.

# INDEPENDENT AUDITOR'S REPORT

To: Annual General Meeting of Shareholders of
Royal Boskalis Westminster N.V.

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements 2013 of Royal Boskalis Westminster N.V., Sliedrecht, as set out on pages 59 to 126. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2013, the consolidated income statement, the consolidated statement of recognized and unrecognized income and expenses, the consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at 31 December 2013, the company income statement for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

**MANAGEMENT'S RESPONSIBILITY**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

**AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**OPINION WITH RESPECT TO THE CONSOLIDATED FINANCIAL STATEMENTS**

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Royal Boskalis Westminster N.V. as at 31 December 2013 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

**OPINION WITH RESPECT TO THE COMPANY FINANCIAL STATEMENTS**

In our opinion, the company financial statements give a true and fair view of the financial position of Royal Boskalis Westminster N.V. as at 31 December 2013 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, as set out on pages 31 to 57, to the extent we can assess, has been prepared in accordance with part 9 of Book 2 of this Code, and if the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, we report that the management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Amstelveen, 12 March 2014
M.J.P. Thunnissen RA


The Smit Cheetah assists a container ship in the port of Rotterdam

Transportation of the Kan Tan IV platform from Singapore to New Zealand on board of the Blue Marlin

# OTHER INFORMATION

# TEN YEARS BOSKALIS (1)(10)

| in EUR million, unless stated otherwise | | 2013 | 2012 (11) | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue (work done)** | | **3,539** | 3,081 | 2,801 | 2,674 | 2,175 | 2,094 | 1,869 | 1,354 | 1,156 | 1,020 |
| **Order book (work to be done)** | | **4,005** | 4,106 | 3,489 | 3,248 | 2,875 | 3,354 | 3,562 | 2,543 | 2,427 | 1,244 |
| **EBIT** | *(2)* | **465.9** | 335.8 | 354.1 | 401.9 | 249.3 | 339.1 | 245.5 | 150.3 | 82.3 | 47.5 |
| **EBITDA** | *(3)* | **800.1** | 567.1 | 590.5 | 621.5 | 444.9 | 454.6 | 348.1 | 236.8 | 162.5 | 136.5 |
| **Net result** | | **365.7** | 249.0 | 254.3 | 310.5 | 227.9 | 249.1 | 204.4 | 116.6 | 62.7 | 33.9 |
| **Net group profit** | | **366.5** | 252.0 | 261.0 | 312.9 | 229.2 | 250.1 | 207.1 | 117.0 | 63.3 | 34.1 |
| Depreciation, amortization and impairment losses | | **334.2** | 231.3 | 236.4 | 219.6 | 195.7 | 115.4 | 102.5 | 86.6 | 80.2 | 89.0 |
| Cash flow | | **700.6** | 483.3 | 497.4 | 532.5 | 424.8 | 365.6 | 309.6 | 203.6 | 143.5 | 123.1 |
| **Shareholders' equity** | | **2,525.2** | 1,898.0 | 1,732.8 | 1,565.0 | 1,295.8 | 860.1 | 768.1 | 618.6 | 542.9 | 467.9 |
| Average number of outstanding shares (x 1,000) | *(4)* | **118,445** | 105,644 | 102,391 | 99,962 | 88,372 | 85,799 | 85,799 | 85,799 | 85,254 | 83,307 |
| Number of outstanding shares (x 1,000) | *(5)* | **120,265** | 107,284 | 103,472 | 100,974 | 98,651 | 85,799 | 85,799 | 85,799 | 85,799 | 84,522 |
| Personnel (headcount) | | **10,997** | 15,653 | 13,935 | 13,832 | 10,514 | 10,201 | 8,577 | 8,151 | 7,029 | 7,033 |
| **Ratios** (percentages) | | | | | | | | | | | |
| Operating result as % of the turnover | | **13.2** | 10.9 | 12.6 | 15.0 | 11.5 | 16.2 | 13.1 | 11.1 | 7.1 | 4.7 |
| Return on capital employed | *(6)* | **12.7** | 11.1 | 12.1 | 18.1 | 20.2 | 29.1 | 27.7 | 19.1 | 12.0 | 7.0 |
| Return on equity | *(7)* | **16.5** | 13.8 | 15.4 | 21.7 | 21.1 | 30.6 | 29.5 | 20.1 | 12.4 | 7.2 |
| Solvency | *(8)* | **44.3** | 39.2 | 37.4 | 37.1 | 46.5 | 34.0 | 35.3 | 39.4 | 41.3 | 38.1 |
| **Figures per share** (in EUR) | | | | | | | | | | | |
| Profit | *(5) (9)* | **3.09** | 2.36 | 2.48 | 3.11 | 2.58 | 2.90 | 2.38 | 1.36 | 0.74 | 0.41 |
| Cash flow | *(5)* | **5.92** | 4.59 | 4.86 | 5.33 | 4.81 | 4.26 | 3.61 | 2.37 | 1.68 | 1.48 |
| Dividend | | **1.24** | 1.24 | 1.24 | 1.24 | 1.19 | 1.19 | 1.19 | 0.68 | 0.37 | 0.25 |
| **Share price range** (in EUR) | | | | | | | | | | | |
| (Depositary receipts of) ordinary shares | | **26.92** | 23.26 | 20.67 | 23.16 | 13.25 | 15.30 | 21.06 | 14.67 | 8.58 | 6.02 |
| | | **38.58** | 34.50 | 38.46 | 36.58 | 28.45 | 42.45 | 46.25 | 25.48 | 18.75 | 8.33 |

(1) Figures taken from the respective financial statements.
(2) Operating result as reported in the consolidated income statement.
(3) Operating result before depreciation, amortization and impairment losses.
(4) Weighted average number of outstanding shares less the number of shares owned by the company.
(5) Number of outstanding ordinary shares less the number of shares owned by the company as at December 31.
(6) Net result + interest paid on long-term loans as % of the average capital employed (shareholders' equity + long-term loans).
(7) Net result as % of the average shareholders' equity.
(8) Group equity as % of the balance sheet total (fixed assets + current assets).
(9) The dilution effect was practically nil up to and including the financial year 2013.
(10) On May 21, 2007 Royal Boskalis Westminster N.V. effected a share split on a three-for-one basis (three new shares for one old share) in order to increase the liquidity of the Boskalis share. For comparative purposes the data regarding the number of shares and figures per share of all the periods has been recalculated to the situation after the split of the ordinary Boskalis shares in 2007.
(11) Adjusted for changes in the IFRS regulations (IAS19R).

# STICHTING CONTINUÏTEIT KBW

## REPORT

By decision of the General Meeting of Shareholders held on 9 May 2001 the foundation Stichting Continuïteit KBW was granted the right to acquire cumulative protective preference shares in Royal Boskalis Westminster N.V. for a nominal amount equal to the nominal amount of ordinary shares outstanding at the time of issue of the shares concerned. The option of issuing such cumulative protective preference shares was not exercised during the period under review.

The Board of Stichting Continuïteit KBW consists of three members:

J.A. Dekker, chairman
J.S.T. Tiemstra
P.N. Wakkie

## DECLARATION OF INDEPENDENCE

The Board of Stichting Continuïteit KBW and the Board of Management of Royal Boskalis Westminster N.V. hereby declare that in their opinion Stichting Continuïteit KBW is an independent legal entity, separate from Royal Boskalis Westminster N.V., as defined in Section 5:71, first paragraph under c of the Dutch Financial Supervision Act.

Papendrecht / Sliedrecht, 12 March 2014
Royal Boskalis Westminster N.V.
Board of Management

’s-Gravenland, 12 March 2014
Stichting Continuïteit KBW
The Board

# SUPERVISION, BOARD AND MANAGEMENT

## MEMBERS OF THE SUPERVISORY BOARD

### MR. J.M. HESSELS (1942), CHAIRMAN

- date of first appointment 17 August 2011, current term ends AGM 2015
- former chairman of the Management Board of Royal Vendex KBB N.V.
- member of the Board of IntercontinentalExchange Group Inc.
- chairman of the Central Planning Committee (at CPB Netherlands Bureau for Economic Policy Analysis)
- special advisor/chairman Supervisory Board General Atlantic Coöperatief U.A.

### MR. H.J. HAZEWINKEL (1949), DEPUTY CHAIRMAN

- date of first appointment 27 March 2010, current term ends AGM 2014
- former chairman of the Management Board of Royal Volker Wessels Stevin N.V.
- chairman of the Supervisory Board of TKH Group N.V. and SOWECO N.V.
- member of the Supervisory Board of Heisterkamp Beheer II B.V. and Schiphol Group N.V.
- member of the Supervisory Board of the Netherlands Symphony Orchestra
- non-executive partner Baese Strategy & Finance B.V.
- member of the Board of Stichting ING Aandelen
- member of the Board of Stichting Slagheek

### MR. M.P. KRAMER (1950)

- date of first appointment 19 August 2009, current term ends AGM 2016
- former Chief Executive Officer of N.V. Nederlandse Gasunie and CEO of South Stream Transport B.V.
- senior Counsel of the management of OAO Gazprom

### MR. M. NIGGEBRUGGE (1950)

- date of first appointment 30 August 2006, current term ends AGM 2017
- former member of the Executive Board of N.V. Nederlandse Spoorwegen
- member of the Executive Board of URENCO Limited
- member of the Supervisory Board of SPF Beheer B.V

### MR. J. VAN WIECHEN (1972)

- date of first appointment 12 May 2011, current term ends AGM 2015
- director of HAL Investments B.V.
- chairman of the Supervisory Board of N.V. Nationale Borgmaatschappij
- Member of the Supervisory Board of Atlas Services Group Holding B.V., FD Mediagroep B.V., InVesting B.V. and Orthopedie Investments Europe B.V.

### MR. C. VAN WOUDENBERG (1948)

- date of first appointment 9 May 2007, current term ends AGM 2015
- former member of the Executive Committee of Air France-KLM
- member of the Supervisory Board of Royal Grolsch N.V., MN Services N.V.
- member of the Supervisory Board of The Arnhem Philharmonic Orchestra (Het Gelders Orkest)

All members of the Supervisory Board have the Dutch nationality. They do not hold shares or associated option rights in Royal Boskalis Westminster N.V.

Secretary: Ms. F.E. Buijs (1969)

# MEMBERS OF THE BOARD OF MANAGEMENT

**DR. P.A.M. BERDOWSKI (1957), CHAIRMAN**

- chairman of the Board of Management since 2006
- member of the Board of Management since 1997
- chairman of the Supervisory Board of Amega Holding B.V.
- member of the Supervisory Board of Van Gansewinkel Groep B.V.

**MR. T.L. BAARTMANS (1960)**

- member of the Board of Management since 2007
- chairman of the Netherlands Association of International Contractors (NABU)
- member of the Executive Board of the International Association of Dredging Companies (IADC)

**MR. A. GOEDEE (1951)**

- member of the Board of Management since 2013
- chairman of the Supervisory Board Amphia Ziekenhuis
- member of the Board of the Royal Association of Netherlands Shipowners (KVNR)

**MR. J.H. KAMPS (1959), CHIEF FINANCIAL OFFICER**

- member of the Board of Management since 2006
- member of the Executive Board of Stichting Fondsenbeheer Waterbouw and Stichting Bedrijfstakpensioenfonds Waterbouw
- chairman of the Board of Stichting Pensioenfonds Boskalis

**MR. F.A. VERHOEVEN (1951)**

- member of the Board of Management since 2012
- member of the Supervisory Board of Houdstermaatschappij Dekker B.V.
- member of the Supervisory Committee of Stichting Maritiem Research Instituut Nederland (Marin)
- Member of the Board of Stichting Vrienden van het Nationaal Baggermuseum

All members of the Board of Management have the Dutch nationality. They do not hold shares or associated option rights in Royal Boskalis Westminster N.V.

Secretary: Ms. F.E. Buijs (1969)

# GROUP MANAGEMENT

| | |
|---|---|
| **dr. P.A.M. Berdowski** | chairman Board of Management |
| **T.L. Baartmans** | member Board of Management |
| **A. Goedée** | member Board of Management |
| **J.H. Kamps** | member Board of Management, Chief Financial Officer |
| **F.A. Verhoeven** | member Board of Management |
| **P. van der Linde** | group director |

## CORPORATE STAFF

| | |
|---|---|
| **IR & Corporate Communications** | M.L.D. Schuttevâer |
| **Group Controlling** | J.O.B. Goslings RC |
| **Fiscal Affairs** | R.J. Selij |
| **Legal Affairs** | M.A. van de Molen |
| **Treasury & Insurance** | F.A.J. Rousseau |
| **Company secretary** | F.E. Buijs |
| **ICT** | M.J. Krijger |
| **SHE-Q** | W. Haaijer |
| **Strategy & Business Development** | T.R. Bennema |

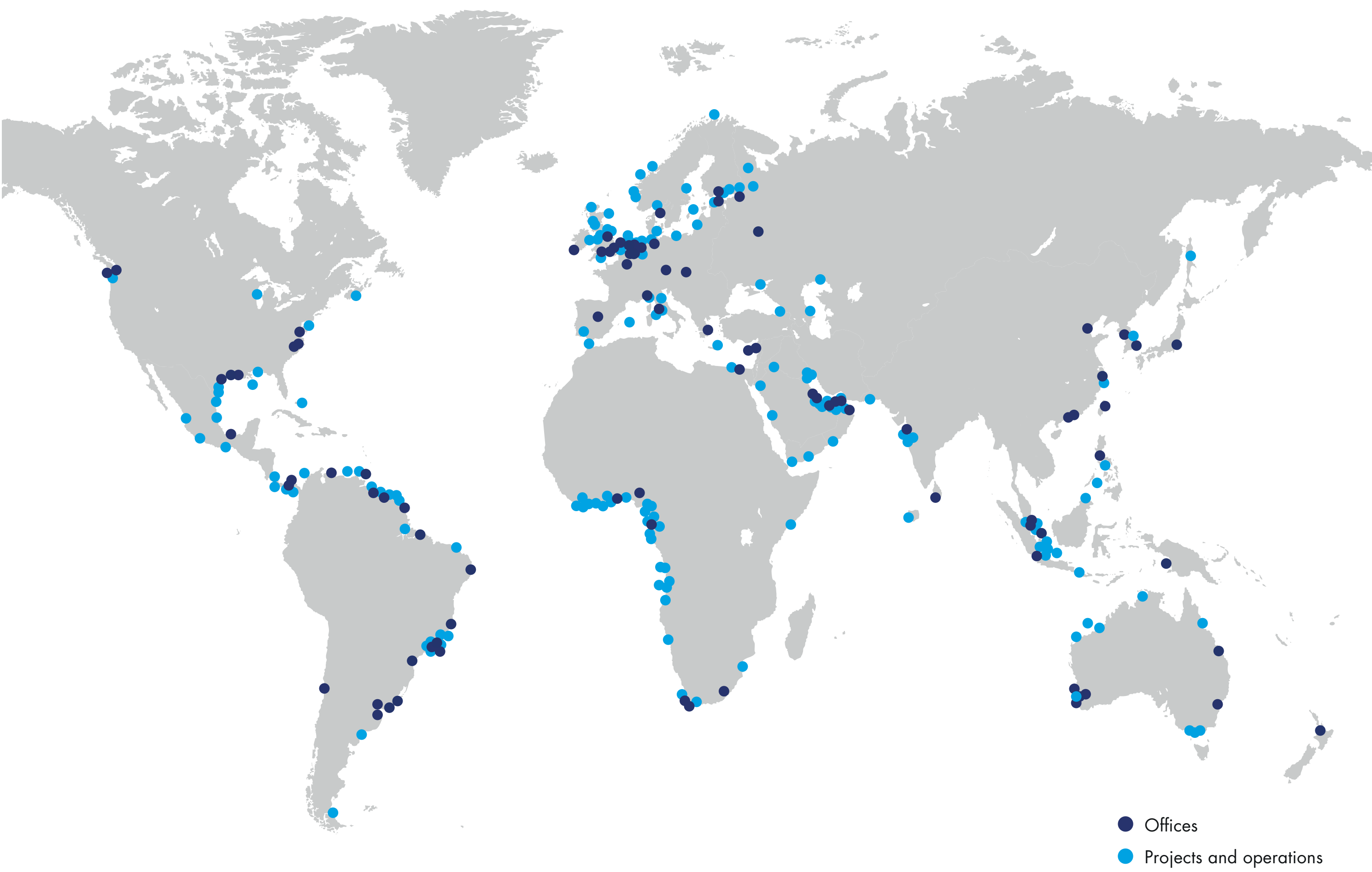
## OPERATIONAL STAFF

| | |
|---|---|
| **Personnel & Organization** | J. den Hartog |
| **Research & Development** | dr. ir. A.C. Steenbrink |
| **Design, Tendering & Engineering** | B.J.H. Pröpper |
| **Fleet Management** | E.C. Holman |

## DREDGING & INLAND INFRA

## OFFSHORE ENERGY

## TOWAGE & SALVAGE



## DREDGING & INLAND INFRA

### INTERNATIONAL PROJECTS MARKET

**Area Europa**
M. Siebinga, J.M.L. Dieteren
**Area Middle**
P.G.R. Devinck
**Area Middle East**
J.F.A. de Blaeij
**Area East**
L. Slinger
**Area West**
P. Klip

### HOME MARKETS

**The Netherlands**
*Boskalis:*
P. van der Knaap
*Boskalis Environmental:*
J.A. Dolman
*Cofra:*
J.K. van Eijk
**United Kingdom**
*Boskalis Westminster:*
H.H.A.G. Wevers
**Germany**
*Boskalis Hirdes:*
H.G. Peistrup
**Nordic (Finland and Sweden)**
*Boskalis Terramare:*
J.K. Yletyinen
**Mexico**
*Boskalis Dragamex:*
F.J. Buitenhuis
**Nigeria**
*Nigerian Westminster Dredging & Marine Ltd:*
A. Landewee

## OFFSHORE ENERGY

**Boskalis Offshore**
**Subsea Contracting**
J. Boender, S.G.M. van Bemmelen
**Subsea Services**
S. Korte
**Marine Contracting & Marine Services**
W.B. Vogelaar, M. Meeuwisse

**Dockwise**
A. Goedée (CEO), M. Adler (COO)
**Heavy Marine Transport**
A.C. Bikkers, H. van Raaphorst
**Transport & Installation**
J.G.M. Meij
**Logistical Management**
K.E. Lewton-Jones

## TOWAGE

**Northwest Europe**
P. Vierstraete
**Americas**
F.J. Tjallingii (Canada)
M.F. Sales (Brazil)
W.M. van der Dussen (Panama)
**Asia**
P.J.G. van Stein (Singapore)

## SALVAGE

R.J.A. van Acker

## WORKS COUNCIL

T.A. Scheurwater (chairman), C.C. Brijder, J.G.L. Janssen, C.A. van Dam, J.C. Elenbaas, A.D. Groeneveld, A. Kastelein, A.M.W. Kruithof, S. van der Land, B.A.J. Mes (vice-chairman), F. Pronk, J.G. Roos, W.L. Stander, F.R. Timmer, M. Treffers, D.A. van Uitert, M.F. van Wijk (secretary), P.E. den Otter-Bakker (administrative secretary)

# DISCLOSURES REQUIRED BY THE DECREE ARTICLE 10 OF THE EU DIRECTIVE ON TAKEOVER BIDS

Under the Decree article 10 of the EU Directive on takeover bids companies whose securities are admitted to trading on a regulated market must disclose information in their annual reports on matters including their capital structure and the existence of any shareholders with special rights. In accordance with these requirements, Boskalis hereby makes the following disclosures:

a. For information on the capital structure of the company, the capital and the existence of various types of shares, please refer to page 95 of the notes to the consolidated financial statements in this annual report. For information on the rights attached to these shares, please refer to the company's Articles of Association which can be found on the company website. To summarize, the rights attached to ordinary shares comprise pre-emptive subscription rights upon the issue of ordinary shares, the entitlement to attend the General Meeting of Shareholders, and to speak and vote at that meeting, and the right to distribution of such amount of the company's profit as remains after allocation to reserves. As at December 31, 2013 the issued capital consisted exclusively of ordinary shares (partly registered and partly bearer shares). These are only issued against payment in full.

b. The company has imposed no limitations on the transfer of ordinary shares. The Articles of Association have stipulated a blocking procedure for protective preference shares. The company is not aware of any shares having been exchanged for depositary receipts.

c. For information on equity stakes in the company to which a notification requirement applies (pursuant to Sections 5:34, 5:35 and 5:43 of the Financial Supervision Act), please refer to the section 'Investor Relations' on page 17 of this annual report. Under the heading 'Shareholders' you can find a list of shareholders who are known to the company to have holdings of 3% or more at the stated date.

d. There are no special control rights or other rights associated with shares in the company.

e. The company does not operate a scheme granting employees rights to acquire or obtain shares in the capital of the company or any of its subsidiaries.

f. No restrictions apply to voting rights associated with the company's shares, nor are there any deadlines for exercising voting rights.

g. No agreements with shareholders exist which may result in restrictions on the transfer of shares or limitation of voting rights.

h. The rules governing the appointment and dismissal of members of the Board of Management and the Supervisory Board and amendment of the Articles of Association are stated in the company's Articles of Association. To summarize, the statutory structure regime is applicable to the company. Members of the Board of Management are appointed and dismissed by the Supervisory Board, with the proviso that the General Meeting of Shareholders must be consulted prior to the dismissal of any member of the Board of Management. Supervisory Board members are nominated by the Supervisory Board and appointed by the General Meeting of Shareholders. The Works Council has an enhanced right of recommendation for one-third of the number of Supervisory Board members. The General Meeting of Shareholders can declare a vote of no confidence in the Supervisory Board by an absolute majority of votes cast, representing at least one-third of issued capital. Such a vote of no confidence shall result in the immediate dismissal of the Supervisory Board members. An amendment of the company's Articles of Association requires a decision by the General Meeting of Shareholders in response to a proposal made by the Board of Management with the approval of the Supervisory Board.

i. The general powers of the Board of Management are set out in the Articles of Association of the company. The powers of the Board of Management in respect of the issuance of shares in the company are set out in article 4 of the company's Articles of Association. To summarize, the General Meeting of Shareholders – or the Board of Management authorized by the General Meeting of Shareholders – takes the decision, subject to prior approval by the Supervisory Board, to issue shares, whereby the issue price and other conditions relating to the issue are determined by the general meeting – or the Board of Management authorized by the General Meeting of Shareholders. In the event the Board of Management is authorized to take decisions with respect to the issue of shares, the number of shares that may be issued as well as the term of the authorization must also be determined. Procedures governing the acquisition and disposal by the company of shares in its own capital are set out in article 7 of the Articles of Association. To summarize (briefly), the Board of Management may decide, subject to authorization by the General Meeting of Shareholders and to prior approval by the Supervisory Board, for the company to buy back fully paid-up shares up to a statutory maximum of 50% of issued capital. Decisions regarding the disposal of shares acquired by the company are taken by the Board of Management, subject to prior approval by the Supervisory Board.

j. With the exception of the option agreement with Stichting Continuïteit KBW concerning the placement of cumulative protective preference shares as set out in section 27.4 of the financial statements, the company is not a party to any significant agreements which take effect or are altered or terminated upon a change of control of the company as a result of a public offer within the meaning of Section 5:70 of the Financial Supervision Act. The General Meeting of Shareholders of May 9, 2001 decided to grant Stichting Continuïteit KBW the right to acquire protective preference shares.

k. The company has not entered into any agreements with either members of the Board of Management or employees, which provide for a pay-out on termination of their employment as a result of a public offer within the meaning of Section 5:70 of the Financial Supervision Act.

# GLOSSARY

**Acquired orders** Contract value of acquired assignments.

**AGM** Annual General Meeting of Shareholders.

**Backhoe** A large hydraulic excavating machine positioned on the end of a pontoon. The pontoon is held firmly in place using spuds. Backhoes can dredge in a range of soil types with extreme precision.

**Bunker fuel** Type of fuel used by oceangoing and other vessels. Bunkering refers to the act or process of supplying a ship with this type of fuel.

**Cash flow** Group net profit adjusted for depreciation, amortization and impairments.

**Cost leadership** Achieving lowest cost price.

**Cutter** *See cutter suction dredger.*

**Cutter suction dredger (CSD)** A vessel that dredges while being held into place using spuds and anchors. This technique combines powerful cutting with suction dredging. Cutter suction dredgers are mainly used where the bed is hard and compact. The dredged material is sometimes loaded into hoppers but is generally pumped to land through a pressure pipeline.

**Decommission** To dismantle and/or remove an object.

**EBITDA** Group earnings before the result of associated companies, interest, tax, depreciation, amortization and impairments.

**$CO_2$ Emissions** Carbon dioxide released into the environment.

**EU-IFRS** IFRS stands for International Financial Reporting Standards. EU-IFRS are financial reporting rules drawn up and issued by the IASB (International Accounting Standards Board) and adopted within the European Union. Since 2005 all publicly listed companies within the European Union have been obliged to comply with these standards in their external financial accounting/reporting.

**Fallpipe vessel** Vessel that moves over the area to be covered, while dumping the stones on board through a fallpipe. The vessel is kept in place by a dynamic positioning system in which the propellers and rudders are controlled by an automatic system. The end of the pipe is located just a few meters above the level of the surface to be covered. The fallpipe is controlled using a precise positioning system. The fallpipe vessel Seahorse can also be equipped with an A-frame on the aftship and a grab controlled by an ROV (Remotely Operated Vehicle). This makes it possible to dredge down to depths of 1,000 meters.

**Float-over installation** Installation of a topside (for an offshore oil or gas platform production unit) on a subsea structure such as a jacket. A semi-submersible heavy transport vessel is used to convey the topside to the site and position it precisely in relation to the subsea structure piles. The ship is then partially submerged, allowing the support points of the topside to be lowered precisely onto the jacket connectors.

**Floating Sheerlegs** Floating cranes for heavy lifting.

**FPSO** Floating Production Storage and Offloading system. Floating production, storage and transshipment systems that often operate a long way offshore. The systems separate the incoming liquids into oil, gas and water and temporarily store the crude oil. Tankers are used to transport the oil.

**Futures** A future (derivative) is a so-called forward contract; an agreement between traders to purchase or sell certain financial products on a specified future date at a previously agreed fixed price.

**Global Reporting Initiative** International organization that develops global standards for sustainability reporting.

**Hazardous substances** Liquid or solid substances which present a health hazard and/or are damaging to the environment.

**Heavy-lift vessel** *See HTV*

**Home market** Boskalis distinguishes itself from its competitors in the Dredging segment by the use of a home market strategy. The home market organizations have local marketing profiles, as well as their own fleets and infrastructures. They can rely on the support of the financial and technical resources of the global Boskalis organization. Home markets provide a stable flow of assignments and opportunities to generate additional margins through associated activities.

**Hopper/hopper dredger** *See trailing suction hopper dredger.*

**HTV** A (semi-submersible) heavy transport vessel. At 275 meters long and 75 meters wide the Dockwise Vanguard is the biggest semi-submersible heavy transport vessel in the world and is capable of conveying objects weighing up to 110,000 tonnes.

**International projects market** Market that focuses primarily on larger capital expenditure projects for new buildings and/or extensions. In addition, there are projects that regularly involve cooperation with third parties. This makes it possible to provide clients with optimal services and to share risks.

**Jack-up platform** An offshore platform that can either float or have its legs lowered to stand on the seabed. Jack-up rigs are generally used by oil and gas companies for exploration and production purposes. Platforms of this type can be transported either by semi-submersible heavy transport vessel (Dockwise) or by oceangoing tug (Fairmount).

**LNG** Liquefied Natural Gas.

**LTI** Lost Time Injury. Expresses the number of workplace accidents serious enough to result in absence from work.

**LTIF** Lost Time Injury Frequency. Expresses the number of workplace accidents serious enough to result in absence from work, per 200,000 hours worked.

**Net Group profit** Net result + net profit attributable to non-controlling interests.

**NINA** No Injuries No Accidents. In a bid to achieve an incident and accident-free working environment Boskalis applies the NINA safety program. NINA sets out Boskalis' vision on safety and describes the safety conduct the company expects from its staff and subcontractors. The program makes people aware of their own responsibility and encourages them to take action in situations which are unsafe.

**Order book** The revenue accounted for by parts of orders as yet uncompleted.

**Return on capital employed** Net result + interest paid on long-term loans as % of the average capital employed (shareholders' equity + long-term loans).

**Return on equity** Net result as % of the average shareholders' equity.

**Revenue work done** Work executed for a client related to a project and/or a service contract.

**RoRo** (Roll-on/Roll-off) ship Vessels designed to carry wheeled cargo such as automobiles, trucks, semi-trailer trucks, trailers or railroad cars that are driven on and off the ship on their own wheels.

**Rock fragmentation under water** Drilling and blasting hard materials such as rock and granite, often to deepen ports and clear navigational channels.

**ROV** Remotely Operated Vehicle. An unmanned robotic subsea vehicle that is remotely controlled (often from a ship or platform).

**SHE-Q** Safety, Health, Environment & Quality.

**Solvency** Group equity as % of the balance sheet total (non-current assets + current assets).

**Trailing suction hopper dredger (TSHD)** A self-propelled unit that loads its well or hopper using centrifugal pumps and pipes that trail over the bed as the ship sails. Trailing suction hopper dredgers can operate independently of other equipment and can transport material over long distances. The dredged material is dumped through flaps or bottom doors, by rainbowing, or pumped onto land using a pipeline.

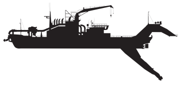
**Work done** Work executed for a client in relation to a project and/or service contract.


Smit
Lamnalco
SOLAS FRONT
ADULT-VOKSEN

# EQUIPMENT

## DREDGERS

**Trailing suction hopper dredgers** — **26**
Capacity > 6,000 $m^3$ — 9
Capacity ≤ 6,000 $m^3$ — 17



**Cutter suction dredgers** — **24**
Capacity > 12,000 kW — 3
Capacity ≤ 12,000 kW — 21

**Backhoes** — **16**
Bucket capacity from 1.4 to 24 $m^3$

**Floating grab cranes** — **17**
Grab capacity from 1.2 to 9.2 $m^3$

**Other dredging equipment** — **24**
bucket dredger, environmental disc cutter, barge unloading dredgers, suction dredgers, stone placing vessels

## OFFSHORE VESSELS

**Heavy lift vessels (semi-submersible)** — **23**
Capacity up to 110,000 tons

**Fallpipe vessels** — **3**
Capacity from 17,000 to 18,500 tons

**Diving support vessels** — **5**
Air and saturation diving support, ROV services

**Multipurpose/cable laying vessels** — **3**

**Floating sheerlegs** — **10**
Capacity from 400 to 5,000 tons

## BARGES

**Hopper barges** — **88**
Capacity from 50 to 3,800 $m^3$

**Oceangoing flat top barges (semi-submersible)** — **2**
Capacity 21,000 tons



**Oceangoing flat top barges/ Floating Super Pallets** — **27**
Capacity from 1,000 to 14,000 tons



**Inland barges** — **48**
Capacity from 100 to 2,000 tons

## TUGS

**Anchor handling tugs** — **66**
Capacity from 2,239 kW

**Coastal/harbor tugs** — **300**
Capacity from 358 to 5,224 kW

**Harbor/river (pusher tugs)** — **58**
Capacity from 75 to 2,089 kW

## SUPPORT VESSELS — 43

## LAUNCHES, WORK/SUPPLY VESSELS — 103

## VARIOUS/OTHERS — 111

The numbers listed above include the vessels under construction and vessels and floating equipment of the (non-controlled) associated companies. In addition to the equipment shown here, the group also owns a range of auxiliary equipment such as floating pipelines, winches, pumps, draglines, hydraulic excavators, wheel loaders, dumpers, bulldozers, mobile cranes, crawler drill rigs, sand pillers, filling installations for shore protection, mattresses, fixed land pipelines and a wide variety of salvage equipment, such as fire-fighting, diving and anti-pollution equipment.


Fairmount
marine
www.fairmount.nl
FAIRMOUNT GLACIER
RESCUE ZONE

# COLOPHON

**Compiled and coordinated by**
Royal Boskalis Westminster N.V.
Corporate Communications Department
Group Controlling Department

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