



Boskalis result in line with expectations under difficult market conditions

Papendrecht, 18 August 2016

HIGHLIGHTS FIRST HALF YEAR 2016

- Revenue: EUR 1.17 billion
- EBITDA: EUR 318 million
- Net profit: EUR 148 million
- Order book: EUR 2.70 billion

OUTLOOK

- Dredging: continued challenging market conditions with upside potential for the utilization rate
- Offshore Energy: difficult conditions, particularly in the service-related activities
- Towage: relatively stable market volumes
- Profit outlook: operating net profit in the second half of 2016 to approach the level achieved in the first half of the year

Royal Boskalis Westminster N.V. (Boskalis) realized a net profit of EUR 147.5 million in the first half of 2016 (H1 2015: EUR 306.5 million).

Revenue in the first half of the year fell 25% compared to the first half of last year to EUR 1.17 billion (H1 2015: EUR 1.57 billion). Whereas the first half of 2015 was extremely busy, revenue declined in the first half of this year as a result of the deteriorated market conditions.

EBITDA in the first half of the year totaled EUR 317.6 million and the operating result (EBIT) was EUR 182.4 million (H1 2015 EBITDA: EUR 500.1 million, EBIT: EUR 359.3 million).

In the Dredging & Inland Infra segment revenue and the result declined as a result of weak market conditions and the completion of the Suez Canal project that made a substantial contribution last year. Furthermore, fleet utilization was adversely affected by the suspension of work on the Pluit project in Indonesia. Results on projects in progress were reasonable to good.

Offshore Energy managed to have a good first half of the year despite market conditions and the resulting lower revenue and fleet utilization. The EBIT and EBITDA margins were virtually stable compared to the same period last year.

At the start of April Boskalis' 50/50 joint venture with KOTUG aimed at combining the European harbour towage activities together was effected. This joint venture has been reported under joint ventures and associated companies as of the second quarter. Due in part to this, revenue in the Towage & Salvage segment declined in the first half of the year compared to 2015. Salvage had a busy start to the year with various emergency response assignments, but the result declined on balance due to the absence of larger wreck removal projects.

In accordance with IFRS the inclusion of SMIT Towage Northwest Europe in the joint venture with KOTUG must be recognized as a sales transaction and a subsequent acquisition of a minority stake. This 'sale' resulted in a book profit of EUR 37.0 million after taxation in the first half of the year. Our stake in the (adjusted) loss incurred by Fugro in the first half of the year was EUR 27.9 million.

At the end of the first half of the year the order book excluding our share in the order book of joint ventures and associated companies stood at EUR 2,697 million (end-2015: EUR 2,490 million). The offshore activities acquired from VolkerWessels on 1 July will be included in the order book as of the third quarter.

Peter Berdowski, CEO Boskalis:

"At the start of the year we indicated that we are experiencing stormy conditions. Falling prices of oil, gas and commodities are the dark clouds on the horizon that ultimately also affect late-cyclical companies such as Boskalis. The volume of work in the market has dropped significantly and a decline in revenue and the result is therefore inevitable.

We foresee that the current market environment may persist for several years. We have therefore taken the necessary steps to adjust the size and composition of the fleet to this new reality. As previously announced we will take 24 vessels out of service in the 2016-2018 period and consequently have to let go of a large number of employees. These are drastic measures that unfortunately need to be taken to ensure that Boskalis remains healthy going forward."

Market developments

The trends on which the Boskalis business model is based continue to apply. These relate to both global population growth and increasing prosperity. In a number of regions and markets where Boskalis is active these trends are developing less favorably in the short and medium term, making the outlook uncertain. Boskalis remains focused on market segments that show structural growth in the longer term while also providing short-term opportunities: Energy (oil, gas and wind), Ports and Climate change-related projects (coastal defense and riverbank protection).

There is a reluctance to invest in major new ports and offshore-related projects. Despite slower growth in sea freight, demand for larger and deeper ports with the associated infrastructure to accommodate larger oceangoing and other vessels with deeper drafts provides opportunities. In addition, demand for energy and the associated increase in offshore exploration and production, often in vulnerable regions, which in turn increases the need for sustainable solutions is also favorable for Boskalis. The greater focus on climate-related issues and ensuing opportunities in the field of offshore wind farm projects has created a sizable growth market with interesting projects. And one of the positive short-term consequences of the low price of oil is that old offshore oil and gas platforms are now permanently being taken out of operation and are being decommissioned.

Global population growth ensures 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. The result of this is a structural demand for integrated sustainable solutions.

Outlook

The general market outlook for the coming period is expected to continue to be characterized by lower volumes of work and pressure on utilization rates and margins. At Dredging & Inland Infra the emphasis is on safeguarding utilization rates at responsible levels of project risk. At Offshore Energy a number of long-term contracts and work already contracted provide stability for part of the fleet, but the spot market-

related transport activities and subsea services are experiencing pressure on utilization rates and margins. The offshore wind market presents new opportunities, partly through the recently acquired offshore activities of VolkerWessels. At Towage all activities have now been transferred to joint ventures. Market volumes in this segment are relatively stable, although competition is expected to increase further here, too, particularly in oil and gas-related services.

The fleet rationalization program will be implemented in the next two years. This will involve vessels being taken out of service and the loss of 650 jobs. It will also involve taking a critical look at reducing costs of the global office network.

Based on the fleet planning and work in the order book, and subject to unforeseen circumstances, the Board of Management expects the level of operating net profit in the second half of 2016 to approach the level achieved in the first half of the year.

Capital expenditure is expected to be approximately EUR 200 million in 2016, excluding acquisitions, and will be financed from the company's own cash flow. Boskalis has a very sound financial position and the solvency ratio has increased further to over 60%.

>>> [Click here](#) for the full version of the half year report including all the financial details <<<

KEY FIGURES	1ST HY 2016	1ST HY 2015	2015
<i>(in EUR million)</i>			
Revenue	1,171.3	1,570.3	3,240.3
EBITDA*	317.6	500.1	884.7
Net result from joint ventures and associates	-7.6	30.0	43.3
Operating result (EBIT)*	182.4	359.3	562.8
Net profit	147.5	306.5	440.2
Earnings per share (in EUR)	1.17	2.50	3.54
	30 June 2016	30 June 2015	End 2015
Order book	2,696.9	2,962.9	2,490.0

* Our share in the net result of the joint ventures and associated companies is included in EBIT(DA).

Live audio webcast

The Board of Management of Royal Boskalis Westminster will comment on the 2016 half-year results at the analyst meeting (11.30 am - 12.45 pm CET) on 18 August 2016. This meeting can be followed by means of a live audio webcast, details of which can be found on the homepage (www.boskalis.com).

2016-2017	FINANCIAL CALENDAR
18 August 2016	Publication of 2016 half-year results
11 November 2016	Trading update on third quarter of 2016
8 March	Publication of 2016 annual results
10 May	Trading update on first quarter of 2017
10 May	Annual General Meeting of Shareholders
17 August	Publication of 2017 half-year results
10 November	Trading update on third quarter of 2017

>>> Click [here](#) for the full version of the half year report including all the financial details <<<

FOR FURTHER INFORMATION

Investor relations:

Martijn L.D. Schuttevâer
ir@boskalis.com

Press:

Arno Schikker
press@boskalis.com

T +31 78 6969310

This is an English translation of the Dutch press release. In the event of any disparity between the Dutch original and this translation, the Dutch text will prevail.

Royal Boskalis Westminster N.V. is a leading global services provider operating in the dredging, maritime infrastructure and maritime services sectors. The company provides creative and innovative all-round solutions to infrastructural challenges in the maritime, coastal and delta regions of the world with services including the construction and maintenance of ports and waterways, land reclamation, coastal defense and riverbank protection. In addition, Boskalis offers a wide variety of marine services and contracting for the oil and gas sector and offshore wind industry and salvage (SMIT Salvage). Furthermore, Boskalis has a number of strategic partnerships in harbour towage and terminal services (KOTUG SMIT Towage, Keppel Smit Towage, Saam Smit Towage and Smit Lamnalco). With a versatile fleet of 1,000 units Boskalis operates in around 75 countries across six continents. Boskalis has over 8,200 employees, excluding its share in partnerships.

This press release can also be found on our website www.boskalis.com.

[Half year report](#)