Boskalis
Dredging & Marine Experts

HALF YEAR REPORT 2016

HALF YEAR REPORT 2016

Transport of the jack-up platform Haven from Esbjerg in Denmark to Eydnhavn in Norway by the Union Bear and the Union Princess.

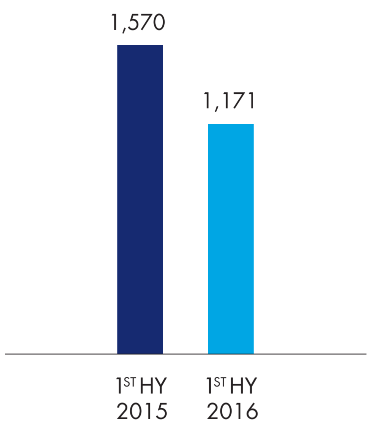

Boskalis
UNION PRINCESS
RESCUE ZONE

KEY FIGURES

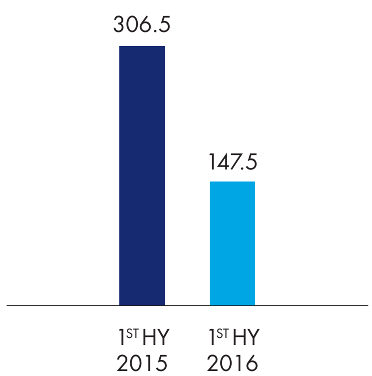
KEY FIGURES	**1ST HY 2016**	1ST HY 2015	2015
(in EUR million)			
Revenue	**1,171.3**	1,570.3	3,240.3
EBITDA*	**317.6**	500.1	884.7
Net result from strategic JVs and associates	**-7.6**	30.0	43.3
Operating result (EBIT)*	**182.4**	359.3	562.8
Net profit	**147.5**	306.5	440.2
Earnings per share (in EUR)	**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).

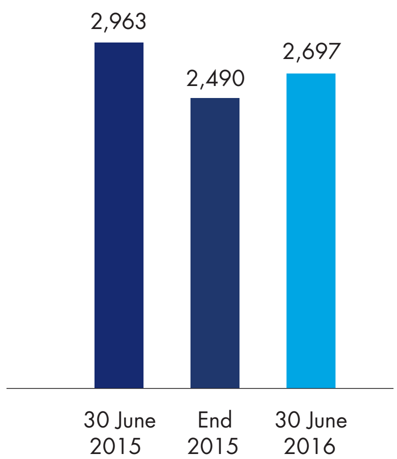
REVENUE (in EUR million)



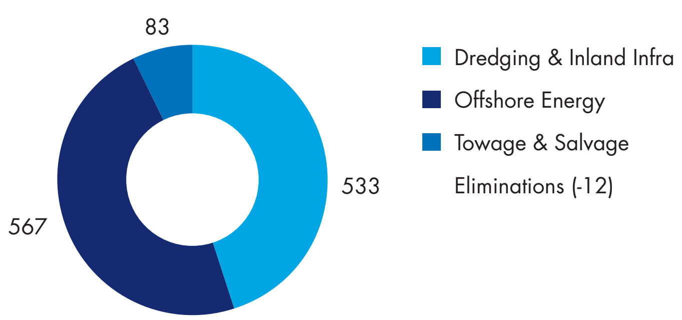
NET PROFIT (in EUR million)



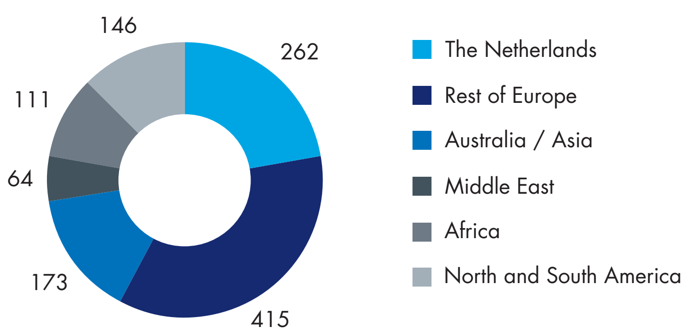
ORDER BOOK (in EUR million)



REVENUE BY SEGMENT (in EUR million)



REVENUE BY GEOGRAPHICAL AREA (in EUR million)



HALF YEAR REPORT 2016

This half year 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 has no obligation to update the statements contained in this half year report. Unless stated otherwise, all amounts in this half year report are in euros (EUR). Some of the projects referred to in this report were carried out in joint venture or in a subcontractor role. This is an English translation of the Dutch half year report. In the event of any disparity between the Dutch original and this translation, the Dutch text will prevail. This half year report as well as the Annual Report 2015 can be read on www.boskalis.com.

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Construction of the artificial island
Punta Pacifica 2 in Panama.

CHAIRMAN'S STATEMENT

"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."

Peter Berdowski, CEO

Trailing suction hopper dredger Prins der Nederlanden.

RESULTS

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.

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.

OPERATIONAL AND FINANCIAL DEVELOPMENTS

HIGHLIGHTS OF FIRST HALF 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

REVENUE

In the first half of 2016 revenue fell 25% to EUR 1,171 million (H1 2015: EUR 1,570 million). Whereas the first half of 2015 was extremely busy, revenue declined in all three divisions in the first half of this year, mainly as a result of the prevailing market conditions. Adjusted for consolidation, deconsolidation and currency effects, revenue dropped 23%.

The decline in revenue in the Dredging & Inland Infra segment resulted from the weak market conditions and the completion of the Suez Canal project which made a substantial contribution to revenue last year. Revenue and the fleet utilization were also adversely affected by the suspension of work on the Pluit project in Indonesia.

Under the circumstances Offshore Energy had a good first half of the year with a relatively modest revenue decline.

The revenue decline in the Towage & Salvage segment was primarily attributable to the falling away of revenue from European harbour towage services. Following the transfer of these activities to the KOTUG SMIT Towage strategic joint venture at the start of April, only our share in the net result is recognized. Revenue at Salvage was lower due to the absence of larger wreck removal projects compared to last year when two large projects were being executed.

REVENUE BY SEGMENT	1ST HY 2016	1ST HY 2015	2015
(in EUR million)			
Dredging & Inland Infra	**533.0**	814.2	1,727.2
Offshore Energy	**567.0**	619.9	1,233.4
Towage & Salvage	**83.3**	133.6	294.9
Non-allocated and eliminations	**-12.0**	2.6	-15.2
Total	**1,171.3**	1,570.3	3,240.3

REVENUE BY GEOGRAPHICAL AREA	1ST HY 2016	1ST HY 2015	2015
(in EUR million)			
The Netherlands	**262.3**	362.7	640.2
Rest of Europe	**415.1**	282.2	779.3
Australia / Asia	**173.0**	313.4	540.1
Middle East	**64.1**	106.9	250.5
Africa	**110.5**	332.9	615.3
North and South America	**146.3**	172.2	414.9
Total	**1,171.3**	1,570.3	3,240.3

RESULT

In the first half of the year the operating result including the contribution from our share in the net result of joint ventures and associated companies before interest, taxes, depreciation, amortization and impairments (EBITDA) totaled EUR 317.6 million (H1 2015: EUR 500.1 million).

The operating result (EBIT) fell 49% to EUR 182.4 million (H1 2015: EUR 359.3 million).

The result includes our share in the net result from joint ventures and associated companies. On balance this amounted to a loss of EUR 7.6 million (H1 2015: EUR 30.0 million positive). The decline is mainly due to our share in the (adjusted) loss of Fugro of EUR 27.9 million (H1 2015: EUR 3.9 million positive).

At Dredging & Inland Infra, lower revenue and an associated decline in equipment utilization resulted in a lower result. The results on projects in progress or in the process of being completed were reasonable to good.

Offshore Energy still achieved a good result despite market conditions and resulting lower revenue and fleet utilization. Margins were virtually stable compared to the same period last year.

Towage & Salvage closed the first half of the year with a lower result due to the deconsolidation of the European harbour towage activities, a lower result from several joint ventures and associated companies and a lower level of activity at Salvage.

Non-allocated group income and expenses amounted to minus EUR 13.3 million on balance. In addition to the usual non-allocated head office costs this included a book profit on the KOTUG SMIT transaction (EUR 34.0 million before taxation) and our share in the Fugro loss (EUR 27.9 million). In the first half of 2015 a positive result of EUR 32.4 million on the Fugro stake was recognized, of which EUR 28.5 million was a non-recurring revaluation result.

RESULT (EBIT) BY SEGMENT*	1ST HY 2016	1ST HY 2015	2015
(in EUR million)			
Dredging & Inland Infra	**63.2**	**152.6**	296.3
Offshore Energy	**107.7**	**158.6**	239.2
Towage & Salvage	**24.8**	**40.5**	79.1
Non-allocated group costs	**-13.3**	**7.6**	-51.8
Total	**182.4**	**359.3**	562.8

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

NET PROFIT

The operating result (EBIT) amounted to EUR 182.4 million (H1 2015: EUR 359.3 million). Net of financing expenses of EUR 15.0 million on balance, profit before taxation was EUR 167.4 million. Net profit attributable to shareholders totaled EUR 147.5 million (H1 2015: EUR 306.5 million).

ORDER BOOK

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).

In the course of the first half of the year Boskalis acquired new contracts worth EUR 1,235 million on balance. Notable projects at Dredging & Inland Infra include the dredging activities for the Fehmarnbelt tunnel between Germany and Denmark, the construction of artificial islands near Makassar (Indonesia), the construction of the Bremerhaven Offshore Terminal (Germany), the reinforcement of the Wadden Sea dike of Texel and the reinforcement of the Wadden Sea dike between Eemshaven and Delfzijl (the Netherlands). At Offshore Energy the projects previously announced were complemented by many smaller projects as well as a logistical management contract for Yamal LNG.

After the close of the first half of the year Boskalis was awarded the Aberdeen Offshore Wind Farm contract. The offshore activities acquired from VolkerWessels on 1 July will also be included in the portfolio from this date.

ORDER BOOK	30 JUNE 2016	END 2015	30 JUNE 2015
(in EUR million)			
Dredging & Inland Infra	**1,895.0**	1,506.9	1,722.1
Offshore Energy	**785.1**	975.2	1,204.2
Towage & Salvage	**16.8**	7.9	36.6
Total	**2,696.9**	2,490.0	2,962.9

DREDGING & INLAND INFRA

Construction, maintenance and deepening of ports and waterways, land reclamation, coastal defense and riverbank protection, underwater rock fragmentation and the extraction of minerals using dredging techniques. Construction of roads and railroads, bridges, dams, viaducts and tunnels including earthmoving, soil improvement and remediation – mainly in the Netherlands.

DREDGING & INLAND INFRA	1ST HY 2016	1ST HY 2015	2015
(in EUR million)			
Revenue	**533.0**	814.2	1,727.2
EBITDA*	**111.6**	203.0	400.4
Net result from JVs and associates	**1.1**	1.1	2.9
Operating result (EBIT)*	**63.2**	152.6	296.3
Order book	**1,895.0**	1,722.1	1,506.9

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

REVENUE

Revenue in the Dredging & Inland Infra segment amounted to EUR 533.0 million (H1 2015: EUR 814.2 million).

REVENUE BY REGION	1ST HY 2016	1ST HY 2015	2015
(in EUR million)			
The Netherlands	**195.0**	210.8	455.2
Rest of Europe	**137.2**	135.1	287.9
Rest of the world	**200.8**	468.3	984.1
Total	**533.0**	814.2	1,727.2

The Netherlands

Revenue in the Netherlands totaled EUR 195.0 million in the first half of the year. A lot of work was performed in connection with various Room for the River projects, with the SAAone project (A1-A6 motorway) and the Buitenring Parkstad Limburg projects in particular making good contributions to revenue. The construction of the Marker Wadden nature reserve island, commissioned by Dutch environmental organization Natuurmonumenten, in the Markermeer lake is progressing well.

Rest of Europe

Revenue in the rest of Europe amounted to EUR 137.2 million. In the home markets (Germany, the UK, Sweden and Finland) a lot of work was performed on various port-related capital and maintenance projects, as well as dredging activities for various offshore wind farms.

Rest of the world

Outside of Europe revenue fell sharply compared to the first half of 2015 to EUR 200.8 million. The decline was mainly attributable to the absence of the Suez Canal project that made a strong contribution to the revenue last year, along with a market where volumes are under pressure. In addition, activities relating to the ongoing Pluit project in Jakarta Bay have been suspended due to a dispute between the government and the client. Countries in which Boskalis was active during the first half of the year included Indonesia (Jakarta Bay), Australia (Melbourne), Kuwait, Mexico (various port-related activities) and Panama (Punta Pacifica 2 artificial island).

FLEET DEVELOPMENTS

Utilization of the hopper and cutter fleet was considerably lower than last year, in line with the volume of work and as a result of repairs. The hopper fleet had an effective annual utilization rate of 25 weeks (H1 2015: 44 weeks), with the cutter fleet utilization rate at 10 weeks (H1 2015: 48 weeks).

In light of market conditions and after completion of its fleet rationalization study, Boskalis announced at the start of July that it will take 10 dredging vessels including trailing suction hopper dredgers and cutter suction dredgers out of service in the 2016-2018 period. This will be implemented through the scrapping, sale and/or lay-up of vessels.

SEGMENT RESULT

In the first half of the year EBITDA of EUR 111.6 million was achieved and an operating result of EUR 63.2 million (H1 2015: EUR 203.0 million and EUR 152.6 million, respectively).

The results on dredging projects were reasonable to good and the Dutch Inland Infra activities made a positive contribution to the result. Conversely, and particularly compared to last year, the result was adversely impacted by a considerably lower utilization rate of the equipment. The financial settlement of projects that were technically completed at an earlier stage also made a positive contribution to the result in the first half of this year, albeit a smaller contribution than in previous years. This relates mainly to the results of financial settlements of projects in Australia, Africa and the Middle East.

ORDER BOOK

On 30 June the order book stood at EUR 1,895 million (end-2015: EUR 1,507 million).

The Rest of Europe region posted the strongest rise, which can be attributed to the Fehmarnbelt tunnel project. For the construction of this link between Denmark and Germany a joint venture including Boskalis will dredge a tunnel trench in the seabed over a distance of 16 kilometers. The dredged material will be reused to create a new recreational area and nature reserve on the Danish side of the Fehmarnbelt. The joint venture will also construct a new working harbor where the tunnel contractors will construct a fabrication yard for the construction of the tunnel sections. The project will commence in 2018 at the earliest, once the required environmental permits have been issued by the German authorities.

In the first half of the year new contracts worth EUR 921 million on balance were acquired. In addition to the Fehmarnbelt tunnel contract and the previously announced projects in Germany (Offshore Terminal Bremerhaven), the Netherlands

Installation of cables for a wind farm by cable-laying vessel Ndurance.

(Wadden Sea dike of Texel and Wadden Sea dike between Eemshaven and Delfzijl) and Indonesia (creation of islands), various port-related projects were acquired in countries including South Korea, Mexico and Colombia, along with many smaller works in the Netherlands.

ORDER BOOK BY REGION	30 JUNE 2016	END 2015	30 JUNE 2015
(in EUR million)			
The Netherlands	**732.9**	747.1	728.5
Rest of Europe	**578.9**	219.8	221.6
Rest of the world	**583.2**	540.0	772.0
Total	**1,895.0**	1,506.9	1,722.1

OFFSHORE ENERGY

Offshore dredging and rock installation 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 farms.

OFFSHORE ENERGY	1ST HY 2016	1ST HY 2015	2015
(in EUR million)			
Revenue	**567.0**	619.9	1,233.4
EBITDA*	**190.5**	242.9	418.4
Net result from JVs and associates	**0.1**	5.4	7.0
Operating result (EBIT)*	**107.7**	158.6	239.2
Order book	**785.1**	1,204.2	975.2

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

REVENUE

Revenue in the Offshore Energy segment amounted to EUR 567.0 million (H1 2015: EUR 619.9 million).

Marine Contracting, which includes Dockwise's long-term Heavy Marine Transport activities and the Transport & Installation projects, had a busy first half of the year. The most important projects were the transport and installation of the foundations for offshore wind turbines for the Veja Mate and Wikinger projects, and the transport and installation of modules for the Hebron and Clair Ridge developments in Canada and the United Kingdom, respectively.

Subsea Contracting had a quiet first half of the year with rock installation work on projects including the Veja Mate offshore wind project.

In the past couple of years Logistical Management executed a lot of work on the LNG developments in Australia. The number of transports declined in the first half of the year with the Wheatstone project being completed, and Ichthys is expected to be completed later this year.

The consequences of the deteriorated market conditions were clearly felt at Marine Services. At wet towage there was a great deal of pressure on utilization and prices. The same applied to Dockwise's short-term Heavy Marine Transport activities. Utilization levels for the other equipment, including the floating sheerleg cranes, were good, albeit often at lower prices.

At Subsea Services the activities continue to be under pressure as a result of the difficult market conditions. This was partly offset by deploying equipment on the company's own decommissioning activities and offshore wind energy and ordnance clearance projects in Europe, as well as by the stable activities in the Middle East.

FLEET DEVELOPMENTS

In the first half of the year the utilization rate of the Dockwise fleet was 67% (H1 2015: 84%). The N-class vessels reported good utilization levels; the fallpipe vessels and DSVs had reasonable utilization rates.

In light of market conditions and after completion of its fleet rationalization study, Boskalis announced at the start of July that 14 vessels will be taken out of service at this division in the 2016-2018 period. These include anchor handling tugs, ocean-going tugs and heavy transport vessels. The fleet rationalization will be implemented through the scrapping, sale and/or lay-up of vessels.

In order to respond well to opportunities in the offshore wind energy market, Boskalis has started to develop a crane vessel. One of the existing F-class heavy transport vessels will be modified for this purpose and equipped with features including dynamic positioning, additional accommodation and a heavy crane system with a lifting capacity of 3,000 tons. The combination of a large amount of deck space for transport and a large lifting capacity for the installation of foundations will provide Boskalis with a unique installation vessel. The vessel will also be deployable on transport and installation activities in the oil and gas sector, decommissioning and salvage projects. Taking into account the engineering and modification period, the vessel is expected to be deployable from the end of 2017.

SEGMENT RESULT

In the first half of the year EBITDA for the Offshore Energy segment amounted to EUR 190.5 million and the operating result was EUR 107.7 million (H1 2015: EUR 242.9 million and EUR 158.6 million, respectively).

The deteriorated market conditions in the oil and gas sector predominantly impacted results in the services business units, where the short-term wet towage and short-term Heavy Marine Transport activities were under the most pressure.

The result includes our share in the net result from joint ventures and associated companies, particularly VBMS and Asian Lift. The contribution of these activities was EUR 0.1 million (H1 2015: EUR 5.4 million). VBMS had a modest first half of the year, mainly due to a shift in the execution of projects to the second half of the year for which the outlook appears much more favorable. The results of VBMS will be fully consolidated from the third quarter. The Asian Lift joint venture in Singapore continues to be hampered by the decline in demand and resulting pressure on utilization and prices.

ORDER BOOK

On 30 June the order book, excluding our share in the order book of joint ventures and associated companies, stood at EUR 785.1 million (end-2015: EUR 975.2 million).

On balance EUR 377 million of new work was acquired in the first half of the year. In addition to projects previously announced in Abu Dhabi (pipeline trenching and backfilling) and transporting various modules for the Johan Sverdrup project, Logistical Management acquired a contract for three transports for the Yamal LNG project.

After the close of the first half of the year Boskalis was awarded the Aberdeen Offshore Wind Farm contract valued at more than EUR 100 million. The offshore activities acquired from VolkerWessels on 1 July will also be included in the order book from this date.

SMIT Salvage assisting the listing car carrier Modern Express adrift in the Bay of Biscay.

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 removal, environmental care services and consultancy.*

TOWAGE & SALVAGE	1ST HY 2016	1ST HY 2015	2015
(in EUR million)			
Revenue	**83.3**	133.6	294.9
EBITDA*	**29.5**	49.0	96.2
Net result from JVs and associates	**19.1**	19.6	36.3
Operating result (EBIT)*	**24.8**	40.5	79.1
Order book	**16.8**	36.6	7.9

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

REVENUE

Revenue in the Towage & Salvage segment declined to EUR 83.3 million in the first half of the year (H1 2015: EUR 133.6 million). This drop is partly attributable to the further implementation of the Towage strategy in which the harbour towage activities have been fully placed in joint ventures. The joint venture with KOTUG aimed at combining the European harbour towage activities was effected at the start of April. The European harbour towage activities were deconsolidated from the second quarter of 2016 and our share in the result of the new KOTUG SMIT Towage joint venture is recognized in the result from joint ventures and associated companies.

SMIT Salvage started the year well with a number of impressive and successful emergency response assignments, such as rescuing a RoRo carrier that had gone adrift in the Bay of Biscay and refloating a 19,000 TEU container ship on the Elbe River near the port of Hamburg in Germany. Contrary to last year, no major wreck removal projects were executed or included in the portfolio. As a result, revenue at Salvage declined by around 30%.

SEGMENT RESULT

EBITDA in the Towage & Salvage segment totaled EUR 29.5 million and the operating result was EUR 24.8 million (H1 2015: EUR 49.0 million and EUR 40.5 million, respectively). At Salvage the result in the first half of 2016, as in the same period of 2015, was positively impacted by the financial settlement of salvage projects that were executed previously.

The result includes our share in the net result from joint ventures and associated companies, particularly Smit Lamnalco, Keppel Smit Towage, Saam Smit Towage and, from the second quarter, KOTUG SMIT Towage. The contribution from these activities was EUR 19.1 million in the first half of the year (H1 2015: EUR 19.6 million). The contribution of Keppel Smit Towage to the result lagged due to market pressure in the Singapore region.

ORDER BOOK

The order book, excluding our share in the order book of joint ventures and associated companies, was EUR 16.8 million on 30 June (end-2015: EUR 7.9 million). In the first half of the year new work worth on balance EUR 66 million was acquired. The order book relates solely to the Salvage business unit.

HOLDING AND ELIMINATIONS

Non-allocated head office activities.

HOLDING AND ELIMINATIONS	1ST HY 2016	1ST HY 2015	2015
(in EUR million)			
Revenue (eliminations)	**-12.0**	2.6	-15.2
EBITDA*	**-14.0**	5.2	-30.3
Net result from JVs and associates	**-27.9**	3.9	-2.8
Operating result (EBIT)*	**-13.3**	7.6	-51.8

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

SEGMENT RESULT

The operating result mainly includes the usual non-allocated head office costs as well as various non-allocated (in many cases non-recurring) income and expenses.

Boskalis' stake in Fugro is recognized in the Holding and Eliminations segment as an associate. A negative result of EUR 27.9 million was recognized for our stake in the (adjusted) loss incurred by Fugro in the first half of the year (H1 2015: positive result of EUR 32.4 million including a non-recurring revaluation gain of EUR 28.5 million).

In accordance with IFRS the inclusion of SMIT Towage Northwest Europe in the joint venture with KOTUG must be recognized as a sales transaction by group companies, followed by the acquisition of an associated company in a joint venture. The 'sale' of SMIT Towage Northwest Europe resulted in a book gain of EUR 34.0 million before taxation and EUR 37.0 million after taxation.

OTHER FINANCIAL INFORMATION

Construction of the Marker Wadden nature reserve island in the Markermeer lake.

In the first half of the year depreciation, amortization and impairments amounted to EUR 135.2 million (H1 2015: EUR 140.8 million).

Our share in the net result from joint ventures and associated companies was EUR 7.6 million negative (H1 2015: EUR 30.0 million positive). This result related mainly to our share in the results of Smit Lamnalco, VBMS, the Singapore partnerships with Keppel (Keppel Smit Towage, Maju Maritime and Asian Lift), Saam Smit Towage, KOTUG SMIT Towage (from Q2 2016) and Fugro (from Q1 2015). The 2016 result includes a negative result of EUR 27.9 million for our share in the (adjusted) loss of Fugro.

The tax charge in the first half was EUR 18.9 million (H1 2015: EUR 37.4 million). The tax rate excluding the result from joint ventures and associates was 10.8%, compared to 13.1% in the first half of 2015, adjusted for the revaluation of the Fugro stake. This lower tax rate is mainly due to the fact that a larger proportion of the project results was achieved in countries with lower tax rates or is exempt from tax, and because the book profit from the inclusion of activities in the KOTUG SMIT Towage joint venture has a positive tax impact.

CAPITAL EXPENDITURE AND BALANCE SHEET

In the first half of the year an amount of EUR 99.6 million was invested in property, plant and equipment (H1 2015: EUR 79.0 million). In addition to the customary dry dockings, several notable investments were made, mainly in the Dredging division. In the first half of the year a lot of work was undertaken on the construction of a new jumbo backhoe dredger (Magnor), a water injection dredger (Terra Plana) and a megacutter (Helios). Both the Magnor and the Terra Plana were delivered and taken into service in the first half of the year. Divestments amounted to EUR 0.8 million in the first half of the year.

At the end of the first half capital expenditure commitments for tangible fixed assets were down at EUR 97 million (end-2015: EUR 108 million). These commitments relate mainly to the megacutter under construction.

In the first half of the year Boskalis paid out a cash sum of EUR 55.8 million in dividends for the 2015 financial year (2015: EUR 47.6 million) to those shareholders who opted to receive a cash dividend. This represented around 28% of the dividend, with the remaining 72% of the dividend distributed in shares to shareholders who chose this option. In view of this 4,449,790 new ordinary shares were issued, putting the current total number of outstanding Boskalis shares at 130,076,852.

Boskalis has a 28.6% stake in the (certificates of) shares of Fugro N.V. This stake is recognized as an associate. At 30 June 2016 the book value of the Fugro stake was EUR 356.4 million (EUR 14.75 per Fugro share).

The cash flow in the first half of the year amounted to EUR 283.7 million (H1 2015: EUR 447.0 million). As part of the KOTUG SMIT transaction Boskalis received a cash consideration of EUR 90 million. The payment of the acquisition price for Strabag resulted in a cash outflow of EUR 71 million.

The cash position at 30 June 2016 was EUR 506.7 million (end-2015: EUR 766.7 million). The solvency ratio rose further to 61.8% (end-2015: 56.3%).

The interest-bearing debt totalled EUR 743.1 million at 30 June, of which EUR 5.5 million is recognized as Assets Held For Sale. The net debt position stood at EUR 191.9 million. At the end of 2015 interest-bearing debt before taxation was EUR 968.5 million and the net debt position was EUR 171.2 million.

By far the largest component of the interest-bearing debt position relates to the long-term US Private Placements (USPP). Boskalis has EUR 693 million in outstanding USPPs (unchanged), of which EUR 292 million (USD 325 million) has not been swapped into euros. The maturity of the US Private Placements ranges from one to seven years (2017 to 2023). Furthermore, Boskalis has a EUR 600 million syndicated bank facility at its disposal. In the first half of the year an amount of EUR 199 million was repaid on the facility which consists of a revolving multi-currency credit facility maturing in 2021.

Boskalis has agreed a number of covenants with the syndicate of banks and the USPP investors with which it must comply. These covenants were comfortably met as at 30 June 2016. 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 30 June 2016 the net debt : EBITDA ratio stood at 0.5 and the EBITDA : net interest ratio at 21.2.

PRINCIPAL RISKS AND UNCERTAINTIES

The 2015 Annual Report of Royal Boskalis Westminster N.V. provides an overview of Boskalis' risk management and describes the main risk categories: strategic and market risks, operational risks, financial risks, other risks including non-compliance with laws and regulations, and risks related to financial reporting as well as internal risk management and control systems. More information can be found on pages 49-54 of the 2015 Annual Report and in the online annual report at http://boskalis-annualreports.com.

The principal risks also apply to the current financial year. In the second half of 2016 the extent to which new projects are acquired and the associated commercial terms and conditions will be largely dictated by the general prevailing economic circumstances in the geographic markets relevant to Boskalis and in particular by the state of affairs for services providers to the oil and gas sector.

OTHER DEVELOPMENTS

VOLKERWESSELS OFFSHORE ACTIVITIES

The acquisition of the maritime and offshore wind energy-related activities of VolkerWessels was closed on 1 July. The acquisition concerns Stemat, VSI (Volker Stevin International) and the remaining shares in VBMS, a joint venture in which Boskalis already had a 50% stake. The transaction price was EUR 180 million. Due to the cash position of the companies involved and as a result of the full consolidation of VBMS the effect on the net debt position on the date of acquisition was limited to EUR 78 million. The activities will be consolidated in Boskalis' results from the third quarter.

SMIT AMANDLA MARINE

Boskalis has signed an agreement for the sale of its 70% stake in SMIT Amandla Marine. SMIT Amandla Marine provides a variety of maritime services in Southern Africa and is currently part of the Offshore Energy division. The sale is subject to the customary conditions and is expected to be closed in the fourth quarter.

FINANCIAL CALENDAR 2016-2017

18 August	Publication of 2016 half-year results
11 November	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

The Union Bear marks the successful installation of the Ocean Cleanup's prototype on the North Sea with water fountains. Boskalis is one of the main sponsors of this test.

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%.

The Dockwise Swan transports wind turbine foundations for the Wikinger offshore wind farm.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST HALF YEAR 2016

CONDENSED CONSOLIDATED INCOME STATEMENT

(in millions of EUR)	Note	1ST HALF YEAR 2016	1ST HALF YEAR 2015
OPERATING INCOME			
Revenue	[9]	**1,171.3**	1,570.3
Other income	[11]	**36.6**	3.0
		1,207.9	1,573.3
OPERATING EXPENSES			
Raw materials, consumables, personnel expenses, services and subcontracted work		**- 882.7**	- 1,131.7
Depreciation, amortization and impairment losses		**- 135.2**	- 140.8
		- 1,017.9	- 1,272.5
Share in result of joint ventures and associated companies	[13]	**- 7.6**	30.0
Revaluation of stake in Fugro N.V.		**-**	28.5
OPERATING RESULT		**182.4**	359.3
Finance income and costs		**- 15.0**	- 15.7
PROFIT BEFORE TAXATION		**167.4**	343.6
Income tax expense	[16]	**- 18.9**	- 37.4
NET GROUP PROFIT FOR THE REPORTING PERIOD		**148.5**	306.2
NET GROUP PROFIT FOR THE REPORTING PERIOD ATTRIBUTABLE TO:			
Shareholders		**147.5**	306.5
Non-controlling interests		**1.0**	- 0.3
		148.5	306.2
Average number of shares (x 1,000)		**126,312**	122,712
Number of shares at the end of the reporting period (x 1,000)		**130,077**	125,627
Earnings per share		**EUR 1.17**	EUR 2.50
Diluted earnings per share		**EUR 1.17**	EUR 2.50
EBITDA		**317.6**	500.1

The notes on pages 27 to 33 are an integral part of these Condensed Interim Consolidated Financial Statements for the first half year 2016.

CONDENSED CONSOLIDATED STATEMENT OF RECOGNIZED AND UNRECOGNIZED INCOME AND EXPENSES

(in millions of EUR)	Note	**1ST HALF YEAR 2016**	1ST HALF YEAR 2015
NET GROUP PROFIT FOR THE REPORTING PERIOD		**148.5**	306.2
ITEMS THAT WILL NEVER BE RECLASSIFIED TO THE PROFIT OR LOSS			
Actuarial gains (losses) and asset limitation on defined benefit pension schemes, after taxation		**0.9**	1.0
Share of other comprehensive income of associates and joint ventures, after taxation	[13]	**- 6.2**	-
		- 5.3	1.0
ITEMS THAT ARE OR MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS			
Reclassification of revaluation result of stake in Fugro N.V.		**-**	- 28.5
Movement of fair value of stake in Fugro N.V.		**-**	- 20.1
Currency translation differences on foreign operations, after taxation		**- 29.6**	113.9
Currency translation differences from joint ventures and associated companies, after taxation	[13]	**- 14.9**	54.0
Change in fair value of cashflow hedges, after taxation		**3.2**	14.1
Change in fair value of cashflow hedges from joint ventures and associated companies, after taxation	[13]	**7.5**	- 0.5
		- 33.8	132.9
Unrecognized income and expenses for the reporting period, after taxation		**- 39.1**	133.9
TOTAL RECOGNIZED AND UNRECOGNIZED INCOME AND EXPENSES FOR THE REPORTING PERIOD		**109.4**	440.1
ATTRIBUTABLE TO:			
Shareholders		**108.4**	440.6
Non-controlling interests		**1.0**	- 0.5
TOTAL RECOGNIZED AND UNRECOGNIZED INCOME AND EXPENSES FOR THE REPORTING PERIOD		**109.4**	440.1

The notes on pages 27 to 33 are an integral part of these Condensed Interim Consolidated Financial Statements for the first half year 2016.

CONDENSED CONSOLIDATED BALANCE SHEET

(in millions of EUR)	Note	**30 JUNE 2016**	31 DECEMBER 2015
NON-CURRENT ASSETS			
Intangible assets		**520.8**	533.3
Property, plant and equipment	[12]	**2,773.6**	2,784.9
Investments in joint ventures and associated companies	[13]	**1,283.9**	1,192.8
Other non-current assets		**48.1**	68.7
		4,626.4	4,579.7
CURRENT ASSETS			
Inventories and receivables		**897.4**	1,007.5
Cash and cash equivalents		**548.7**	793.7
Assets disposal group	[8]	**36.3**	224.4
		1,482.4	2,025.6
TOTAL ASSETS		**6,108.8**	6,605.3
GROUP EQUITY			
Shareholders' equity	[14]	**3,766.9**	3,714.3
Non-controlling interests		**7.8**	7.6
		3,774.7	3,721.9
NON-CURRENT LIABILITIES			
Interest-bearing borrowings		**694.6**	914.2
Provisions		**72.1**	67.5
Other liabilities and payables		**13.2**	27.2
		779.9	1,008.9
CURRENT LIABILITIES			
Interest-bearing borrowings		**0.3**	18.1
Bank overdrafts		**42.7**	30.6
Provisions		**3.4**	7.0
Other liabilities and payables		**1,492.0**	1,781.7
Liabilities disposal group	[8]	**15.8**	37.1
		1,554.2	1,874.5
TOTAL GROUP EQUITY AND LIABILITIES		**6,108.8**	6,605.3
Solvency		**61.8%**	56.3%

The notes on pages 27 to 33 are an integral part of these Condensed Interim Consolidated Financial Statements for the first half year 2016.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of EUR)	Note	**1ST HALF YEAR 2016**	1ST HALF YEAR 2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Net group profit		**148.5**	306.2
Depreciation, amortization and impairment losses		**135.2**	140.8
Cash flow		**283.7**	447.0
Adjustments for:			
Finance income and costs, taxation, results from disposals		**- 2.7**	50.1
Movement other non-current assets, excluding deferred taxes		**2.2**	4.8
Movement provisions, excluding deferred taxes		**- 1.0**	4.6
Movement in working capital (including inventories, excluding taxation and interest)		**- 141.5**	- 81.2
Share in result of joint ventures and associated companies and revaluation result of stake in Fugro N.V.		**7.6**	- 58.5
Cash generated from operating activities		**148.3**	366.8
Dividends received	*[13]*	**17.6**	40.1
Interest paid and received		**- 14.6**	- 14.8
Income taxes paid		**- 51.7**	- 92.9
Net cashflow from operating activities		**99.6**	299.2
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in intangible assets and property, plant and equipment	*[12]*	**- 98.8**	- 115.3
Investment in business combination, net of cash acquired	*[5]*	**- 70.7**	-
Investment in additional share in Fugro N.V.		**-**	- 99.9
Investment in other associated companies and/or joint ventures		**- 0.7**	-
Disposal of (a part of) group companies, net of cash disposed	*[6]*	**86.2**	29.4
Net cashflow used in investing activities		**- 84.0**	- 185.8
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of interest-bearing borrowings		**- 217.3**	- 83.7
Dividends paid to shareholders and non-controlling interests	*[14]*	**- 56.6**	- 48.6
Net cash used in / from financing activities		**- 273.9**	- 132.3
NET INCREASE IN CASH AND CASH EQUIVALENTS		**- 258.3**	- 18.9
Net cash and cash equivalents and bank overdrafts as at 1 January (including of disposal group)		**766.7**	395.4
Net increase in cash and cash equivalents and bank overdrafts		**- 258.3**	- 18.9
Currency translation differences		**- 1.7**	3.8
Movement in net cash and cash equivalents		**- 260.0**	- 15.1
NET CASH AND CASH EQUIVALENTS AND BANK OVERDRAFTS AS AT 30 JUNE (INCLUDING OF DISPOSAL GROUP)		**506.7**	380.3

The notes on pages 27 to 33 are an integral part of these Condensed Interim Consolidated Financial Statements for the first half year 2016.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN GROUP EQUITY

	1ST HALF YEAR 2016			1ST HALF YEAR 2015		
(in millions of EUR)	SHARE HOLDERS' EQUITY	NON-CONTROLLING INTERESTS	GROUP EQUITY	SHARE HOLDERS' EQUITY	NON-CONTROLLING INTERESTS	GROUP EQUITY
Balance as at 1 January	**3,714.3**	**7.6**	**3,721.9**	3,151.9	7.9	3,159.8
TOTAL RECOGNIZED AND UNRECOGNIZED INCOME AND EXPENSE FOR THE REPORTING PERIOD						
Net group profit for the reporting period	**147.5**	**1.0**	**148.5**	306.5	- 0.3	306.2
Unrecognized income and expenses for the reporting period	**- 39.1**	**-**	**- 39.1**	134.1	- 0.2	133.9
Total recognized and unrecognized income and expenses for the reporting period	**108.4**	**1.0**	**109.4**	440.6	- 0.5	440.1
TRANSACTIONS WITH SHAREHOLDERS						
Distributions to shareholders						
Cash dividend	**- 55.8**	**- 0.8**	**- 56.6**	- 47.6	- 1.0	- 48.6
Total transactions with shareholders	**- 55.8**	**- 0.8**	**- 56.6**	- 47.6	- 1.0	- 48.6
Balance as at 30 June	**3,766.9**	**7.8**	**3,774.7**	3,544.9	6.4	3,551.3

The notes on pages 27 to 33 are an integral part of these Condensed Interim Consolidated Financial Statements for the first half year 2016.

EXPLANATORY NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

Royal Boskalis Westminster N.V. (the "Company") is a leading global services provider in the dredging, inland and maritime infrastructure and maritime services sectors. Royal Boskalis Westminster N.V. has its statutory residence in Sliedrecht, the Netherlands, and its head office in Papendrecht, the Netherlands. The Interim Consolidated Financial Statements for the first half year of 2016 of Royal Boskalis Westminster N.V. include the Company and its group companies (together referred to as the "Group") and the interests of the Group in associated companies and the entities over which it has joint-control.

The Interim Consolidated Financial Statements have been prepared by the Board of Management and has been cleared for publication on 18 August 2016.

The Interim Consolidated Financial Statements for the first half year 2016 have not been audited by an independent auditor.

The Group's audited 2015 consolidated financial statements are available at www.boskalis.com.

2. STATEMENT OF COMPLIANCE

The Interim Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting. These Interim Consolidated Financial Statements do not include all the information required for full financial statements and are to be read in combination with the audited 2015 consolidated financial statements of the Group.

3. ACCOUNTING PRINCIPLES APPLIED FOR THE PREPARATION OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accounting principles applied to the valuation of assets and liabilities and the determination of results are equal to the valuation principles applied to the 2015 consolidated financial statements, taking in account the application of the new interpretation mentioned in the paragraph below.

Unless stated otherwise, all amounts are reported in millions of euros.

NEW INTERPRETATION ADOPTED

Amendments in IAS 19 'Defined Benefit Plans: Employee Contributions' relate to employee contributions for defined benefit plans. These amendments have an effective date for annual periods starting on or after 1 February 2015. As from 1 January 2016 these amendments are applied by the Group and have no material impact on equity and result and the presentation in the Interim Consolidated Financial Statements of the Group.

NEW INTERPRETATIONS NOT YET ADOPTED

The following standards, amendments to standards and interpretations, are not effective as of 30 June 2016 and / or not yet endorsed by the European Union (EU). They have therefore not been applied in these Interim Consolidated Financial Statements. The Group does not early adopt these standards and interpretations and the extent of the possible impact has not been determined yet. The most important possible changes for the Group can be summarized as follows:

- IFRS9 'Financial Instruments', has an effective date for annual periods starting on or after 1 January 2018. The EU has not yet adopted this Standard.
- IFRS15 'Revenue from Contracts with Customers' provides a framework for recognition of income and will replace the current standards (IAS 18) Revenue and (IAS 11) Construction Contracts. The Standard has an effective date for annual periods starting on or after 1 January 2018. The EU has not yet adopted this Standard.
- IFRS16 'Leases' replaces the current standard for leases (IAS17) and provides a new framework for the recognition of lease contracts. The new Standard mainly requires lessees to recognize on their balance sheets a liability and to capitalize for the right-to-use of a leased asset if leased for a period exceeding one year. The Standard was issued in January 2016 and will be effective for periods beginning on or after 1 January 2019. The EU has not yet adopted this standard.

4. ESTIMATES

The preparation of Interim Consolidated Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting principles and the recognized amounts under assets, liabilities, revenue and costs. Actual results may differ from these estimates. Judgements made by management in applying the Group's accounting principles and the key sources for making estimates were the same as the judgements and sources applied when preparing the 2015 consolidated financial statements, with the exception of:

TAXATION

Tax expense is accounted for based on the weighted average rate that would apply to expected pre-tax profit for the full year multiplied by the pre-tax profit for the reporting period, taking into account known deviations.

IMPAIRMENT LOSS ON GOODWILL AND OTHER INTANGIBLE ASSETS

The Group makes an annual judgement of impairment losses on goodwill and other intangible assets with an indefinite useful life in the fourth quarter.

5. ACQUISITION DREDGING ACTIVITIES OF STRABAG WASSERBAU GMBH

On 31 March 2016 the Group has obtained control over the German dredging activities of STRABAG Wasserbau GmbH (further: STRABAG business) by means of an Asset Purchase Agreement and payment of the agreed purchase price, through which the Group has acquired vessels and equipment and related personnel. Therefore this transaction classifies as a business combination and is as such included in the consolidation.

The acquisition of STRABAG business strengthens market position of the Group and service of the division Inland Dredging & Infrastructure. In addition, the acquisition of the STRABAG business creates new opportunities for synergies and cost savings.

After the Group obtained control, the STRABAG business has not yet contributed to the revenue of the Group and incurred a negative result of EUR 2.9 million. If the Group had acquired the STRABAG business at the beginning of the year, management estimates that this would not have had a material impact on the consolidated revenue and result over the reporting period. This is excluding the transaction costs related to the acquisition. The Group has incurred EUR 0.1 million for services of external advisors related to this transaction. These costs are included as expenses in the Condensed Consolidated Income Statement as part of Raw materials, consumables, personnel expenses, services and subcontracted work and are included in the segment result under Holding & Eliminations.

CONSIDERATION PAID AND ACQUIRED IDENTIFIABLE ASSETS AND ASSUMED LIABILITIES

The consideration paid amounted to EUR 70.7 million in cash and on a provisional basis for virtually the same amounts mainly the vessels have been identified as acquired assets. No other material acquired assets and/or liabilities were identified. Due to the short timeframe between the acquisition date and reporting date, the valuation of identified assets acquired and liabilities assumed was not yet completed. Therefore, the provisional fair values are aligned with and kept equal to the consideration paid. Further insights obtained may result in adjustment of the applied provisional fair values within one year after the acquisition date or sooner upon earlier completion of the determination of fair values. As a consequence of the relatively young age and technical characteristics of the main vessels acquired, this transaction could possibly result in badwill upon completion of the valuation process.

6. MERGER KOTUG SMIT

As at 7 April 2016 the Group has completed the merger of its European harbor towage activities with those of KOTUG International B.V.. Both partners each have a 50% interest in the established joint venture, which operates under the name KOTUG SMIT Towage and has a fleet of 65 tugboats and operates in eleven ports in Belgium, Germany, the United Kingdom and the Netherlands.
The new situation has been accounted for in the consolidation as from April 2016 and from this date, the towage activities are included through the strategic joint venture KOTUG SMIT Towage. In accordance with IFRS, the transaction is accounted for as a sale of group companies by the Group and subsequently as an investment in the strategic joint venture KOTUG SMIT Towage.
The fair value of the contributed group companies is estimated based on company valuations. Provisional determined fair values are estimated for the assets and liabilities for the determination of goodwill included value of the strategic joint venture. The book profit before taxation arising from the transaction amounts to EUR 34.0 million (EUR 37.0 million after tax effects), including EUR 1.7 million positive as a result of the recycling of accumulated currency translation differences. The Group has received proceeds related to this transaction of EUR 90 million; which is reported as a cash flow from divestment.

Since 2014 the Group had classified these activities from the operating segment Towage & Salvage, which were contributed on 7 April 2016, as assets held for sale.

7. ACQUISITION OFFSHORE ACTIVITIES OF VOLKERWESSELS AFTER BALANCE SHEET DATE

On 1 July 2016, the Group has obtained control of the maritime and offshore wind energy-related activities of VolkerWessels through the acquisition of 100% of the shares and voting rights in Stemat and VSI (Volker Stevin International) and the remaining 50% of the outstanding shares and voting rights in VBMS, expanding its share in VBMS from 50% to 100%. For the acquisition of VBMS, Stemat and VSI including two large offshore projects, the Group has paid an amount of EUR 180 million to VolkerWessels on 1 July 2016. The net change in cash and cash equivalents taking into account the cash and cash equivalents held by the acquired companies and VBMS to be fully consolidated, amounts to EUR 78 million. As of 1 July 2016 the business combination is realised, which will be accounted for as such and included in the consolidation by the Group.

VBMS is the European leader in the field of the offshore installation of cables and has a strong market position. Stemat offers global specialist floating structures and features a diverse fleet including a cable laying ship and multi-purpose vessels. VSI is a specialist in building foundations and offshore marine structures. Late 2014 and mid-2015, the Group and VSI in joint venture acquired two large offshore wind park projects. With the transaction, the Group will further execute these two projects on a 100% basis.

This business combination is a logical step in enhancing our services in the offshore, which makes the Group expected even better to be abler, under complex conditions, to serve its customers with optimum deployment of people and equipment. The Group expects market and cost synergies through economies of scale, the use of best practices, optimize the branch network and combined purchasing opportunities.

Up to and including 30 June 2016, the 50%-share of the Group in VBMS is accounted for as a strategic investment. In accordance with IFRS, due to obtaining control per 1 July 2016, this interest in the strategic investment is accounted for as a sale of a joint venture by the Group. The fair value of the interest sold will be estimated based on company valuations and is part of the investment in the business combination. The revaluation to fair value of the existing interest in VBMS will result in a positive book result which will be recognized in the income statement during the second half year of 2016.

Due to the short timeframe between the acquisition date and reporting date the required purchase price allocation according to IFRS is not yet completed. The fair values of assets acquired (including receivables) and (contingent) liabilities assumed as well as the expected positive book result on the 50%-share in VBMS have not yet been determined. The book result is also dependent on the outcome of the valuations made as part of the purchase price allocation process. Both, together with the determination of goodwill related to this transaction, will be completed prior to the publication of the financial statements for the year 2016.

8. ASSETS HELD FOR SALE

SMIT AMANDLA MARINE

In the second half of February 2016 the Group has signed a letter of intent to sell its 70% stake in SMIT Amandla Marine. The related assets and liabilities are therefore classified from March 2016 as held for sale and are from that moment no longer depreciated and amortized. During July 2016 both parties signed the Sale and Purchase Agreement. The sale is expected to be completed during the fourth quarter of 2016, after fulfilment of a number of (usual) conditions. SMIT Amandla Marine provides a variety of maritime services in South-Africa and is part of the Offshore Energy division.

MERGER KOTUG SMIT

As mentioned in note 6, on 7 April 2016 the assets and liabilities, that were classified as held for sale per year end 2015, have been contributed to the joint venture KOTUG SMIT Towage, in which the Group’s European harbor towage activities with those of KOTUG International B.V. have been merged.

9. OPERATIONAL SEGMENTS

The Group recognizes three operational segments which, as described below, constitute the divisions (‘lines of businesses’) of the Group. These divisions offer different products and services and are managed separately because they require different strategies. Each of the divisions is reviewed by the Board of Management based on internal management reporting on a quarterly basis.

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

DREDGING & INLAND INFRA

Traditionally, dredging is the core activity of the Group. It involves all activities required to remove silt, sand and other layers from the water bed and in some cases using it elsewhere, for example for coastal protection or land reclamation. The services 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, the Group is active in the extraction of raw materials using dredging techniques. In the Netherlands, the Group also operates as a contractor of dry infrastructure projects. This involves 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. These activities include performing specialist works such as soil improvement and land remediation.

OFFSHORE ENERGY

With the offshore services of Boskalis, such as provided by Dockwise and Fairmount, the Group supports the activities of the international energy sector, including oil and gas companies and providers of renewable energy such as wind power. The Group 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 the Group 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. With VBMS, until 1 July 2016 as a joint venture, the Group is a leading player in the European market for offshore cable installation. With effect of 1 July 2016 the acquired offshore activities of VolkerWessels consisting of VSI, Stemat and VBMS are part of this segment.

TOWAGE & SALVAGE

In ports around the world assistance is provided to incoming and outgoing oceangoing vessels through the Group's joint ventures Keppel Smit Towage, SAAM SMIT Towage and KOTUG SMIT Towage. In addition, a full range of services for the operation and management of onshore and offshore terminals is offered through its strategic company Smit Lamnalco. These include assistance with the berthing and unberthing of tankers at oil and LNG terminals and additional support services. With a versatile fleet of over 450 vessels the Group assists vessels in over 90 ports in 35 countries, including oil and chemical tankers, container ships, reefers, RoRo ships and mixed cargo ships. Through SMIT Salvage the Group provides services relating to the salvage of ships and wreck removal. SMIT Salvage provides assistance to vessels in distress and is able to act at anytime and anywhere in the world. It 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. Wreck removal of sunken ships and offshore platforms almost always takes place at locations where the wreck forms an obstruction to traffic or presents an environmental hazard.

SEGMENTS

The operational segments are monitored based on the segment result (operating result) and EBITDA. 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 segment result before depreciations, amortisations and impairments. During the reporting period no material transactions occurred between the segments.

INFORMATION ON OPERATIONAL SEGMENTS AND RECONCILIATION TO GROUP RESULTS

(in millions of EUR)	DREDGING & INLAND INFRA	OFFSHORE ENERGY	TOWAGE & SALVAGE	HOLDING & ELIMINATIONS	GROUP
1st half year 2016					
Revenue	533.0	567.0	83.3	- 12.0	1,171.3
EBITDA	111.6	190.5	29.5	- 14.0	317.6
Share in result of joint ventures and associated companies	1.1	0.1	19.1	- 27.9	- 7.6
Segment result / operating result	63.2	107.7	24.8	- 13.3	182.4
Non-allocated finance income and expenses					- 15.0
Non-allocated taxation					- 18.9
Net group profit					148.5
Investments in property, plant and equipment	61.3	34.3	0.9	3.1	99.6
Depreciation, amortization and impairment losses	48.4	82.8	4.7	- 0.7	135.2

(in millions of EUR)	DREDGING & INLAND INFRA	OFFSHORE ENERGY	TOWAGE & SALVAGE	HOLDING & ELIMINATIONS	GROUP
1st half year 2015					
Revenue	814.2	619.9	133.6	2.6	1,570.3
EBITDA	203.0	242.9	49.0	5.2	500.1
Share in result of joint ventures and associated companies	1.1	5.4	19.6	3.9	30.0
Segment result / operating result	152.6	158.6	40.5	7.6	359.3
Non-allocated finance income and expenses					- 15.7
Non-allocated taxation					- 37.4
Net group profit					306.2
Investments in property, plant and equipment	27.9	28.7	13.0	9.4	79.0
Depreciation, amortization and impairment losses	50.4	84.3	8.5	- 2.4	140.8

A large part of the Group's projects that have been executed or are currently in progress within the operational segments Dredging & Inland Infra and Offshore Energy is directly or indirectly conducted for state controlled authorities and (contractors of) oil and gas producers in various countries and geographical areas. Because of the spread of the contracts none of these clients qualifies as a material client in relation to total Group revenue.

10. SEASONAL OPERATIONS

The Group's operations are mainly project-based and therefore influenced by the timing of commencement and completion of these projects. Projects are executed and services are provided all over the world. There is no clear seasonal influence on operations.

11. OTHER INCOME

The other income mainly consists of the positive book result of EUR 34.0 million (note 6) related to the merger of the Group's European harbor towage activities with those of KOTUG International B.V. and positive book results on disposal of equipment.

12. PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment in the reporting period can be explained as follows:

(in millions of euros)	TOTAL
Balance as at 1 January 2016	**2,784.9**
Investments	99.6
Acquired through business combinations	69.8
Depreciation and impairment losses	- 130.7
Disposals	- 0.8
Reclassified to disposal group	- 27.2
Currency translation differences and other movements	- 22.0
Balance as at 30 June 2016	**2,773.6**

13. JOINT VENTURES AND ASSOCIATED COMPANIES

Movements in joint ventures and associated companies in the reporting period can be explained as follows:

(in millions of euros)	TOTAL
Balance as at 1 January 2016	**1,192.8**
Net investment in KOTUG SMIT Towage	129.2
Other net investments	0.7
Share in result of associated company Fugro N.V.	- 27.9
Share in result of joint ventures and other associated companies	20.3
Share in result of joint ventures and associated companies	- 7.6
Dividends received	- 17.6
Currency translation differences and other movements	- 13.6
Balance as at 30 June 2016	**1,283.9**

Over the first half year Fugro N.V. reported a loss of EUR 202.1 million, including impairments of mainly goodwill, equipment and long term receivables. In 2015 the Group estimated, based upon available public information, the fair value of assets and liabilities of Fugro N.V. to determine the goodwill included in the book value of this associated company. Taking into account the impact of these adjustments to fair value and differences in the principles of financial reporting between the Group and Fugro N.V., the loss of Fugro amounts EUR 97.7 million. The share of the Group amounts to a loss EUR 27.9 million, recognized in the income statement.

14. DIVIDEND PAYMENTS TO SHAREHOLDERS OF ROYAL BOSKALIS WESTMINSTER N.V.

In the first half year of 2016 EUR 201.0 million was distributed with regard to the 2015 financial year (EUR 1.60 per ordinary share).

72% of the shareholders opted for a stock dividend in the form of ordinary shares. Related to the stock dividend 4,449,790 new ordinary shares were issued. The number of outstanding shares was 130,076,852 at 30 June 2016.

The remaining shareholders (28%) opted for a cash dividend. An amount of EUR 55.8 million was distributed and the associated tax on dividend was paid in July 2016.

15. RELATED PARTIES

The parties related to the Group are its group companies, joint ventures, its associated companies, 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. No significant changes occurred in the related parties to the Group, other than the following. During the General Meeting of Shareholders on 10 May 2016 Mr. Ir. FA. Verhoeven resigned from the Board in connection with reaching the age of retirement.

Transactions with joint ventures and associated companies in the course of normal business activities take place at arm's length basis. In the first half year of 2016 sales and purchases amount to EUR 13.3 million respectively EUR 3.1 million (first half year 2015: EUR 9.2 million and EUR 0.2 million). Receivables from and liabilities to joint ventures and associated companies amount to EUR 22.8 million respectively EUR 3.5 million as at 30 June 2016 (at year-end 2015: EUR 12.7 million and EUR 3.1 million). Transactions with members of the Board of Management and Supervisory Board comprise only regular remuneration.

During the first half year of 2016 there were no other material transactions with related parties that could influence, on a reasonably basis, any decision taken by users of these Interim Consolidated Financial Statements.

16. TAXATION

In respect of the profit realized in the first half year of 2016 an amount of EUR 18.9 million is recognized as taxation (first half year of 2015: EUR 37.4 million).

The applicable tax rate in the Netherlands is 25.0%. Different rates, non-deductible costs, the treatment of fiscal losses and special taxation regimes in different countries, adjustments in respect of prior years and the effects of results exempted from tax resulted in an effective tax rate of 11.3% for the reporting period (first half year 2015: 10.9%).

17. COMMITMENTS AND CONTINGENT LIABILITIES

The total of outstanding guarantees, mainly relating to projects in progress, amounts to EUR 0.6 billion as at 30 June 2016. Compared to 31 December 2015 there were no material changes to the other commitments, including operational lease commitments and investment commitments, except for the investment commitment for the acquisition of the offshore activities of VolkerWessels (note 7). Some legal proceedings and investigations have been initiated against (entities of) the Group. Where deemed necessary and if a reliable estimate of the future cash flows can be made, provisions have been made.

18. SUBSEQUENT EVENT

Early July 2016 the Group announced that in light of the current market conditions, upon completion of its fleet rationalization study, 24 vessels will be taken out of service in the period 2016-2018. This will be implemented through the scrapping, sale and lay-up of vessels. As a consequence of the fleet rationalization approximately 650 jobs worldwide will be lost.

19. FINANCIAL INSTRUMENTS

FAIR VALUE

The fair value of the majority of the financial instruments does not differ materially from the book value, with the exception of, long term and short term, loans and other payables with a fixed interest rate. The fair value of these items exceeds the book value by EUR 68.1 million as at 30 June 2016 (31 December 2015: EUR 62.5 million higher).

On the balance sheet the following financial instruments have been recognized at fair value:

(in million EUR)	30 JUNE 2016	31 DECEMBER 2015
FINANCIAL ASSETS		
Derivatives non-current	**36.7**	50.8
Derivatives current	**8.5**	5.2
	45.2	56.0
FINANCIAL LIABILITIES		
Derivatives non-current	**0.6**	1.1
Derivatives current	**10.6**	13.7
	11.2	14.8

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 derivatives is based on the future cash flows, objectively determinable forward rates of the relevant interest rates, foreign currencies and commodities at balance sheet date and forward rates according to the respective contracts. Moreover the discount rate applied is derived from the relevant interest curves. The fair values of derivatives are categorized as level 2 (31 December 2015: level 2).

The fair value of the long-term and short-term loans and other payables with a fixed interest rate is determined based on the present value of the future cash flows for which the discount rate is derived from relevant interest curves. The fair value of these loans and payables are categorized as level 3 (31 December 2015: level 3).

20. BOARD OF MANAGEMENT DECLARATION

The Board of Management of Royal Boskalis Westminster N.V. hereby declares that, to the best of its knowledge, the Interim Consolidated Financial Statements for the first half year of 2016 as prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting gives a true and fair view of the assets, liabilities, financial position and the profit or loss of Royal Boskalis Westminster N.V. and its jointly consolidated companies included in the consolidation as a whole, and that the semi-annual report gives a fair view of the information required in accordance with Section 5:25d subsections 8 and 9 of the Dutch Financial Supervision Act (Wet op het financieel toezicht).

Papendrecht / Sliedrecht, The Netherlands, 18 August 2016

Board of Management
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