

PRESS RELEASE

Boskalis: strong full year result in difficult market

Royal Boskalis
Westminster N.V.
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Page
1 | 22

HIGHLIGHTS OF 2015

- Revenue: EUR 3.24 billion (+2%)
- EBITDA: EUR 885 million (-6%)
- Net profit: EUR 440 million (-10%)
- Order book: EUR 2.49 billion
- Proposed dividend: EUR 1.60 per share

OUTLOOK

- Continued market weakness due to low oil and commodity prices
- Enhanced opportunities in offshore wind market

Royal Boskalis Westminster N.V. (Boskalis) achieved net profit of EUR 440 million in 2015 (2014: EUR 490 million).

Revenue rose by 2.3 per cent to EUR 3.24 billion (2014: EUR 3.17 billion). Adjusted for consolidations, deconsolidations and currency effects, revenue was stable.

EBITDA amounted to EUR 885 million and the operating result (EBIT) was EUR 563 million (2014 EBITDA: EUR 946 million and EBIT: EUR 652 million).

From an operational perspective the result for 2015 was even better than the 2014 record result, which included a large number of exceptional items of EUR 200 million on balance before taxation.

Dredging & Inland Infra achieved a high fleet utilization rate and good results on projects in progress. The large Suez Canal project, which was completed successfully in 2015, made a significant contribution to both revenue and earnings.

Offshore Energy also had a good year and despite the deteriorated market conditions earnings increased slightly, partly helped by the strong US dollar. The good result was driven by good utilization of the equipment and good project results.

Towage & Salvage saw a decline in the result on balance compared to the previous year, mainly as a result of deconsolidation effects at Towage. From an operational perspective Salvage can look back on a very busy and successful year.

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In the course of 2015 Boskalis increased its stake in Fugro N.V. from 19.9% to 28.6% at end-2015. The revaluation gain from the first half of the year was reversed as at end-2015, as a result of which the Fugro stake is now recognized at EUR 16.15 per share – virtually equal to the average purchase price.

The order book fell to EUR 2,490 million (end-2014: EUR 3,286 million).

Peter Berdowski, CEO of Boskalis:

“We look back on a very successful year in which we achieved excellent results across the entire business. While the storm was gathering strength outside, we had an exceptionally busy year with many impressive projects. At Dredging, with projects such as the expansion of the Suez Canal – a project of unprecedented scope that was delivered on time and within budget. At Offshore Energy, where we were actually able to beat our record year of 2014. Salvage, too, had one of its busiest years ever, with prominent projects such as the removal of the wreck of the Baltic Ace from the access channel to the Port of Rotterdam.

The stormy conditions outside are also increasingly being felt within our company. Falling prices for oil, gas and commodities are also taking their toll in various market segments we operate in. Volumes and prices are under pressure, which also translates into our order book. Conditions that require us to steer a different course and demonstrate helmsmanship. We are tightening up the fleet and the organization and are alert to respond to the opportunities the market continues to present – opportunities in existing market segments as well as opportunities created by adjusting our playing field and extending it to growth markets. A good example of this is the acquisition of VolkerWessels’ offshore activities, which substantially strengthens our position in the growing offshore wind market.

Our fleet, organization and balance sheet put us in an excellent position to weather the storm with reason and consideration and come out of it even stronger.”

Market developments

The megatrends on which the Boskalis business model is based continue to apply. These are global population growth and increasing prosperity. However, the timing and momentum with which these trends translate into promising projects varies widely from region to region. 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 continues to focus on market segments that display structural growth in the longer term whilst also offering opportunities in the short term: Energy (oil, gas, wind and the decommissioning of old offshore platforms), Ports and Climate change-related projects (coastal defense and riverbank protection).

In the past 18 months the oil price has fallen by approximately 75% to USD 30-40 per barrel. Prices of numerous commodities have also dropped by around 50%. Players in these markets have invested heavily in production capacity, but in the meantime there has been a substantial drop in demand, partly because the Chinese economy has moved onto a much lower growth path than predicted. Many investments in the oil and gas industry have now been scaled down or put on hold.

Against this backdrop short-term developments in the Dredging and Offshore Energy segments have become more unpredictable. There is a reluctance to invest in major new port and offshore-related projects. Despite this the global megatrends on which our strategy is based remain unchanged. 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. This will result in growing demand for integrated sustainable solutions for complete maritime infrastructures. Moreover one of the positive developments for Boskalis arising from the extremely low oil price is that many old offshore oil and gas rigs are now being taken out of service and decommissioned. The following underlying trends also remain favorable for Boskalis:

- demand for larger and deeper ports with associated infrastructure to accommodate larger oceangoing and other vessels with deeper drafts, despite current expectations for the slower growth in seaborne trade;

- demand for energy and the associated increase in offshore exploration and production, also in vulnerable regions, which in turn increases the need for sustainable solutions;
- the greater focus on climate-related issues partly as a result of the Paris Agreement (COP21), which creates opportunities such as new offshore wind farm projects and potentially greater demand for coastal defense and riverbank protection projects.

Outlook

In the coming period the general market conditions will be characterized by lower volumes of work and pressure on utilization rates and margins. At Dredging & Inland Infra the emphasis will be on maintaining utilization rates at responsible levels of project risk. With the current orders in hand a good part of the fleet is utilized for 2016, albeit at lower margins than in previous years. The picture at Offshore Energy remains mixed. 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 announced intention to acquire offshore activities of VolkerWessels. By the end of this year all the Towage activities will have been transferred to joint ventures. Market volumes in this segment are relatively stable, although competition is expected to increase here, too, especially in terminal services.

To respond to these market developments we have launched a fleet rationalization and cost reduction program. It is expected that equipment will be taken out of service at both Dredging and Offshore Energy with the associated implications for staffing levels. In addition, we are taking a critical look at reducing the cost of the global office network.

The project-based nature of a significant part of our activities, in addition to the uncertain market conditions, makes it difficult to give a specific quantitative forecast with regard to the 2016 full-year result early on in the year. It is, however, clear that net profit will be substantially lower than the very strong 2015 result.

Capital expenditure in 2016 is expected to be approximately EUR 200 million, 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 to 56%. The good result and lower net debt position has further reduced the net debt : EBITDA ratio to 0.4.

Dividend policy and dividend proposal

The main principle underlying the Boskalis dividend policy is to distribute 40% to 50% of the net profit from ordinary operations as dividend, with Boskalis aiming to achieve a stable development of the dividend for the longer term. The choice of dividend form (in cash and/or fully or partly in shares) takes into account the company's desired balance sheet structure as well as the interests and wishes of the shareholders. In light of this, Boskalis will propose to the Annual General Meeting of Shareholders to be held on 10 May 2016 that a dividend of EUR 1.60 per share be distributed in the form of ordinary shares, unless the shareholder opts to receive a cash dividend. The dividend will be payable from 3 June 2016.

KEY FIGURES	2015	2014
<i>(in millions of EUR)</i>		
Revenue	3,240.3	3,166.9
EBITDA	884.7	945.9
Net result from JVs and associates	43.3	56.4
Operating result (EBIT)	562.8	652.3
Net profit	440.2	490.3
Dividend (proposal*) per share in euro	1.60*	1.60
	31-12-2015	31-12-2014
Order book	2,490.0	3,285.5

Live audio webcast

The Board of Management of Royal Boskalis Westminster N.V. will comment on the 2015 full-year results at the analyst meeting (11.30 am - 1.30 pm CET) on 9 March 2016. This meeting can be followed by means of a live audio webcast (Dutch spoken with simultaneous translation into English), details of which can be found on the homepage (www.boskalis.com).

Publication of Annual Report

Royal Boskalis Westminster N.V. will publish both its Annual Report 2015 and its Corporate Social Responsibility (CSR) report 2015 today, 9 March. The reports, which are published in both Dutch and English, will be made available in the course of the day on www.boskalis.com.

2016	FINANCIAL AGENDA
9 March	Publication of 2015 annual results
10 May	Q1 2016 trading update
10 May	Annual General Meeting of Shareholders
12 May	Ex-dividend date
13 May	Record date for dividend entitlement (after market close)
27 May	Final date for stating preference for dividend in cash or shares
1 June	Determination and publication of conversion rate for stock dividend based on the volume-weighted average share price on 30 and 31 May and 1 June (after market close)
3 June	Dividend payment and delivery of shares
18 August	Publication of 2016 half-year results
11 November	Q3 2016 trading update

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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 offshore energy sector including subsea, heavy transport, lifting and installation (through Boskalis, Dockwise and Fairmount) and towage and salvage (through SMIT). Furthermore, Boskalis has a number of strategic partnerships in harbor towage and terminal services (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. Excluding its share in partnerships, Boskalis has over 8,200 employees.

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

OPERATIONAL AND FINANCIAL DEVELOPMENTS

In the course of 2015 Boskalis increased its stake in Fugro N.V. from 19.9% at end-2014 to 28.6% at end-2015. As a result of surpassing the 20% threshold early 2015 this stake is now recognized – in accordance with IFRS – as an associate and no longer as a financial instrument, resulting in a revaluation of the Fugro stake at the beginning of 2015. At end-2015 Boskalis performed an impairment test on the stake in Fugro. The on balance effect of this earlier revaluation and the impairment charge is minus EUR 0.3 million. In addition, our share in the operational result of Fugro amounted to minus EUR 3.1 million. The Fugro result is recognized in the segment Holding.

Revenue

During the past year revenue increased by 2.3% to EUR 3.240 billion (2014: EUR 3.167 billion). Adjusted for consolidation, deconsolidation and currency effects, revenue was stable.

Dredging & Inland Infra had a good year with high fleet utilization and slightly higher revenue compared to the previous year. Taking into account the market conditions and lower fleet utilization levels Offshore Energy also had a good year with revenue remaining stable, partly thanks to a stronger US dollar. Revenue in the Towage & Salvage segment rose as a result of a very busy year within Salvage. Revenue at Towage declined due to the transfer of the harbour towage activities in Brazil, Mexico, Panama and Canada to the Saam Smit Towage joint venture in mid-2014. Adjusted for this effect revenue at Towage was virtually stable compared to the previous year.

BY SEGMENT	2015	2014
<i>(in millions of EUR)</i>		
Dredging & Inland Infra	1,727.2	1,664.8
Offshore Energy	1,233.4	1,238.6
Towage & Salvage	294.9	270.6
Eliminations	-15.2	-7.1
Total	3,240.3	3,166.9

BY GEOGRAPHIC AREA	2015	2014
<i>(in millions of EUR)</i>		
Netherlands	640.2	714.1
Rest of Europe	779.3	766.9
Australia / Asia	540.1	832.7
Middle East	250.5	173.8
Africa	615.3	274.4
North and South America	414.9	405.0
Total	3,240.3	3,166.9

Result

In 2015 the operating result before interest, taxes, depreciation, amortization and impairments (EBITDA) and including the contribution from our stake in the net result of joint ventures and associated companies totaled EUR 884.7 million (2014: EUR 945.9 million).

The operating profit (EBIT) was EUR 562.8 million (2014: EUR 652.3 million).

The operating profit includes our stake in the net result of joint ventures and associates of EUR 43.3 million (2014: EUR 56.4 million). Our share in the operational result of Fugro was on balance a negative EUR 3.1 million in 2015.

Dredging & Inland Infra had an exceptionally good and a busy year operationally. A very high fleet utilization and generally speaking good results from ongoing projects as well as from financial settlements on work completed previously led to a strong result. In 2014 the result was to a larger extent impacted by very substantial results from financial settlements on old projects.

Offshore Energy also had a good year with good utilization of its equipment and generally speaking good project results. Despite the deteriorating market conditions the result for 2015 was slightly higher.

On balance, the result at Towage & Salvage was lower compared to the previous year. At Towage the result declined, mainly as a result of deconsolidation effects. Salvage had a good year with a higher result from various wreck removal projects and a contribution from the financial settlement of salvage projects carried out in previous years.

On balance non-allocated group income and expenses amounted to minus EUR 51.8 million. In addition to the usual non-allocated head office costs a negative result of on balance EUR 3.4 million was recognized on the Fugro stake.

RESULT BY SEGMENT (EBIT)	2015	2014
<i>(in millions of EUR)</i>		
Dredging & Inland Infra	296.3	380.1
Offshore Energy	239.2	236.1
Towage & Salvage	79.1	84.0
Non-allocated group costs	-51.8	-47.9
Total	562.8	652.3

Net profit

The operating result (EBIT) was EUR 562.8 million (2014: EUR 652.3 million). Net of financing expenses of, on balance, EUR 31.8 million, profit before taxation was EUR 531.0 million. Net profit attributable to shareholders totaled EUR 440.2 million (2014: EUR 490.3 million).

The 2014 result was exceptionally high due to a large number of exceptional items amounting to on balance EUR 200 million before taxation and EUR 154 million after tax.

Order book

In 2015 Boskalis acquired, on balance, EUR 2,394 million worth of new contracts. At the end of the year the order book, excluding our share in the order book of joint ventures and associated companies, stood at EUR 2,490 million (end-2014: EUR 3,286 million).

ORDER BOOK	31-12-2015	31-12-2014
<i>(in millions of EUR)</i>		
Dredging & Inland Infra	1,506.9	2,014.2
Offshore Energy	975.2	1,207.4
Towage & Salvage	7.9	63.9
Total	2,490.0	3,285.5

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	2015	2014
<i>(in millions of EUR)</i>		
Revenue	1,727.2	1,664.8
EBITDA	400.4	487.5
Net result from JVs and associates	2.9	3.1
Operating result (EBIT)	296.3	380.1
Order book at year end	1,506.9	2,014.2

Revenue

Revenue in the Dredging & Inland Infra segment rose to EUR 1,727 million (2014: EUR 1,665 million).

REVENUE BY MARKET	2015	2014
<i>(in millions of EUR)</i>		
The Netherlands	455.2	551.5
Rest of Europe	287.9	250.9
Rest of the world	984.1	862.4
Total	1,727.2	1,664.8

The Netherlands

In 2015 revenue in the Dutch market was EUR 455.2 million. The decline is largely attributable to the sale of the activities of De Jong in early 2015 and the completion in mid-2015 of the multiyear project to strengthen the Hondsbossche and Pettemer Sea Defense in the Dutch province of Noord-Holland. A great deal of work was performed in connection with various Room for the River projects and the SAAone project (A1-A6 motorway expansion). In addition, a large number of medium-sized and smaller infrastructure projects were in progress.

Rest of Europe

Revenue in the rest of Europe increased to EUR 287.9 million. The revenue growth was spread across the three home markets (Germany, the United Kingdom and Nordic). Noteworthy projects include maintenance dredging on the River Elbe in Germany, dredging work for the Baltic II offshore wind farm (Germany) and reinforcing the coastline at Clacton-on-Sea (UK). Revenue for the Rest of Europe excluding the home markets was limited during the year under review.

Rest of the world

Outside of Europe revenue increased to EUR 984.1 million. The exceptionally large project for the expansion of the Suez Canal made a major contribution to this revenue. The Suez Canal project was contracted at the end of 2014 and was successfully completed in 2015 within a very challenging tight deadline. In 2015 Boskalis also executed projects in countries including Qatar (access channels), Brazil (Açu Port), Mexico (port-related projects), Indonesia (Pluit City) and South Korea (Incheon and Songdo).

Fleet developments

Utilization of the hopper fleet was very strong at 43 weeks (2014: 40 weeks). In mid-January the new trailing suction hopper dredger Freeway (4,500 m³) was named and taken into service. The utilization rate of the cutter fleet was high in 2015 at 34 weeks (2014: 36 weeks) as a result of an exceptionally high utilization in the first half of the year due to the Suez Canal project. As expected a significant part of the cutter fleet was out of operation in the second half for scheduled maintenance.

Segment result

Dredging & Inland Infra achieved a very good result in 2015, with EBITDA of EUR 400.4 million and an operating result of EUR 296.3 million (2014: EUR 487.5 million and EUR 380.1 million, respectively). In 2014 the result was exceptionally strongly impacted by substantial positive settlement results on old projects.

Besides the generally good results on projects in progress and a positive contribution from the Dutch Inland Infra activities, there was a significant positive effect on the result from the sizable Suez Canal project. As with the revenue this project made a strong contribution to the result, partly due to a very high fleet utilization rate. In addition to the projects in progress, projects that had technically been completed earlier made a positive contribution to the result, albeit to a very considerably lesser extent than in 2014.

Order book

At end-2015 the order book stood at EUR 1,507 million (end-2014: EUR 2,014 million). Around two-thirds of the decline was attributable to the execution of the Suez Canal project. In addition, EUR 55 million was removed from the Dutch order book as a result of the divestment of the De Jong activities. New noteworthy projects include the Marker Wadden nature restoration project and the reinforcement of the Markermeer dikes (both in the Netherlands), various port maintenance works for example in Germany, the UK, Qatar, Angola and Mexico, and the construction of a new artificial island off the coast of Panama City. On balance EUR 1,275 million of new work was acquired during the course of the year.

ORDER BOOK BY MARKET	31-12-2015	31-12-2014
<i>(in millions of EUR)</i>		
The Netherlands	747.1	865.0
Rest of Europe	219.8	188.9
Rest of the world	540.0	960.3
Total	1,506.9	2,014.2

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	2015	2014
<i>(in millions of EUR)</i>		
Revenue	1,233.4	1,238.6
EBITDA	418.4	387.8
Net result from JVs and associates	7.0	15.1
Operating result (EBIT)	239.2	236.1
Order book at year end	975.2	1,207.4

Revenue

Revenue in the Offshore Energy segment was practically stable at EUR 1,233 million (2014: EUR 1,239 million), partly helped by a strong US dollar.

At Subsea Contracting the substantial Ichthys Gas Export Pipeline project in Australia was completed in early 2015. In addition, projects in countries including Azerbaijan (Shah Deniz), Germany (DoIWin2), the Philippines (Malampaya) and Argentina (Vega Pleyade) contributed to the revenue.

Marine Contracting, which as of 2015 comprises both the long-term Heavy Marine Transport activities and the Dockwise Transport & Installation projects, had a busy year. The most important projects were the first part of the Veja Mate offshore wind farm, the transport of the Goliat FPSO (Floating Production Storage and Offloading unit) to Norway, and the commencement of the transport and installation of modules for the Hebron and Clair Ridge projects in Canada and the United Kingdom, respectively. With an increase in the number of projects for the decommissioning of old offshore platforms the expertise of Salvage is also increasingly being used in this division.

Logistical Management concluded an exceptionally busy year with the execution of a large number of transports for the Ichthys and Wheatstone LNG projects in Australia.

At Marine Services, which as of 2015 also comprises Fairmount and the Dockwise short-term Heavy Marine Transport activities, the consequences of the deteriorated market conditions were clearly evident. There was pressure on margins and utilization levels within wet towage in particular but also for the Dockwise vessels. Contracts worth mentioning include the eight transports for the mobilization and demobilization of dredging equipment for the Suez Canal project and the transport of the Armada Intrepid FPSO from Rotterdam to Indonesia.

As a result of the low oil price and deteriorated market conditions Subsea Services activities continue to be under pressure with corresponding implications for utilization rates and earnings. This was partially offset by deploying equipment on own decommissioning, offshore wind and unexploded ordnance clearance projects in Europe.

Fleet developments

In 2015 the Dockwise fleet achieved a utilization rate of 76% (2014: 84%). The new Dockwise vessel White Marlin, with a deadweight of 72,000 metric tons, was named and taken into service in mid-February. The N-class and fallpipe vessels saw similar utilization levels to those of the Dockwise fleet. In early 2016 the multifunctional N-class vessel Ndeavor was converted in the Netherlands from a side stone-dumping vessel to a cable laying vessel. Along with the Ndurance the ship will be deployed on projects undertaken by VBMS.

Segment result

In 2015 EBITDA for the Offshore Energy segment amounted to EUR 418.4 million and the operating result was EUR 239.2 million (2014: EUR 387.8 million and EUR 236.1 million, respectively).

Given the deteriorated market conditions in the oil and gas sector the division achieved an exceptionally good result, which was even slightly higher than the previous year. Across the mix of activities the margin on balance remained at a similar level to 2014, despite strong differences in results and margins between the various activities.

The segment result of Subsea and Marine Contracting was at a similar and good level as in 2014. At Marine Services the short-term focused wet towage and short-term Heavy Marine Transport activities are coming under increasing pressure and at Subsea Services in particular an important part of the demand has fallen away amid a sharp increase in competition. The contribution to the result from Logistical Management was substantially higher than in the previous year, in line with the sharply higher revenue.

The result includes our stake in the net profit of joint ventures and associated companies, mainly VBMS and Asian Lift. The contribution from these activities was EUR 7.0 million (2014: EUR 15.1 million). VBMS had a relatively quiet year, which led to a lower result than in 2014. Asian Lift in Singapore in particular had a difficult year, with declining demand and lower-than-expected utilization.

Order book

At the end of 2015 the order book, excluding our share in the order books of joint ventures and associates, stood at EUR 975 million (end-2014: EUR 1,207 million).

In 2014 EUR 1,001 million of new work was acquired on balance. In joint venture with VolkerWessels a large contract was won for the construction of the Veja Mate offshore wind farm. In addition, variation orders were agreed on a number of existing contracts and several smaller platform decommissioning contracts were acquired, as well as a wide variety of long and short-term transport contracts.

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	2015	2014
<i>(in millions of EUR)</i>		
Revenue	294.9	270.6
EBITDA	96.2	118.6
Net result from JVs and associates	36.3	38.3
Operating result (EBIT)	79.1	84.0
Order book at year end	7.9	63.9

Revenue

Revenue at the Towage & Salvage segment rose in 2015 to EUR 294.9 million (2014: EUR 270.6 million). The increase was wholly attributable to a busy year at Salvage.

Revenue at Towage declined in 2015 as a result of the strategy to transfer these activities into joint ventures wherever possible. From the third quarter of 2014 the harbour towage activities in North and South America are carried out in joint venture with SAAM S.A. of Chile and have been deconsolidated in accordance with IFRS11.

In 2015 Boskalis – operating under the name SMIT Towage Northwest Europe – provided towage services in the ports of Rotterdam and Liverpool as well as ports in Belgium. On balance the level of activities remained virtually stable.

Salvage had a very busy year with a large number of wreck removal operations. In addition to the removal of the sunken car carrier Baltic Ace in the North Sea and the removal of a jack-up platform off the coast of Angola, SMIT Salvage was kept busy with work including the salvage of capsized jack-up platforms in Mexico and Qatar.

Segment result

EBITDA in the Towage & Salvage segment totaled EUR 96.2 million and the operating result was EUR 79.1 million (2014: EUR 118.6 million and EUR 84.0 million, respectively).

There was a decline in the result at Towage, mainly as a result of deconsolidation effects. The result at Salvage was positively impacted by the execution of the aforementioned projects as well as by customary settlement effects from previously completed emergency response projects.

The result includes our stake in the net profit of joint ventures and associated companies, primarily Keppel Smit Towage (KST), Smit Lamnalco and Saam Smit Towage. The contribution of these activities was EUR 36.3 million (2014: EUR 38.3 million). The contribution to the result from Keppel Smit Towage and Smit Lamnalco was lower due to a combination of weak market conditions in both the spot market and long-term contracts as well as an impairment charge at KST.

Order book

At end-2015 the order book, excluding our share in the order book of joint ventures and associated companies, stood at EUR 7.9 million (end-2014: EUR 63.9 million). On balance EUR 133.1 million of work was contracted in the course of the year. The order book relates solely to the Salvage activities.

Holding and Eliminations

Non-allocated head office activities.

HOLDING AND ELIMINATIONS	2015	2014
<i>(in millions of EUR)</i>		
Revenue eliminations	-15.2	-7.1
EBITDA	-30.3	-48.1
Net result from JVs and associates	-2.8	0.0
Operating result (EBIT)	-51.8	-47.9

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.

In addition to these costs a negative result of on balance EUR 3.4 million was accounted for on the stake in Fugro. This result includes a positive revaluation from the first half of 2015 (EUR 28.5 million), an impairment charge per year-end (EUR 28.8 million) and our share in a negative operational result of Fugro.

Our share in the operational result of Fugro amounted to minus EUR 3.1 million and is recognized as net result from joint ventures and associates. In accordance with IFRS the result reported by Fugro has been adjusted for the effects of the Purchase Price Allocation carried out by Boskalis in connection with the reclassification of the stake as 'associate'.

OTHER FINANCIAL INFORMATION

Depreciation, amortization and impairments totaled EUR 321.9 million in 2015. This was EUR 293.1 million excluding the Fugro impairment charge (2014: EUR 293.5 million).

Our share in the net result from joint ventures and associates was EUR 43.3 million (2014: EUR 56.4 million). This result relates 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 and Fugro.

The tax charge declined in 2015 to EUR 87.5 million (2014: EUR 124.2 million). The tax rate, excluding the net result from joint ventures and associates and corrected for the revaluation and impairment on the Fugro stake, amounted to 18.1% compared to the relatively high level of 21.4% in 2014, with the decline mainly due to a larger share of the project results being achieved in countries with relatively low tax rates or being exempted from tax.

Capital expenditure and balance sheet

In 2015 a total amount of EUR 230.4 million was invested in property, plant and equipment (2014: EUR 313.0 million). In addition to the customary periodic dry dockings there were several investments worth mentioning at the divisions. At Dredging work continued apace on the construction of a new mega cutter and a new jumbo backhoe dredger. Investments within the Offshore Energy segment included the construction of two new Giant oceangoing barges, one of which is being converted into a crane vessel with accommodation. The White Marlin, which was completed in 2014, was delivered and taken into service in early 2015.

In 2015 divestments were made totaling EUR 26.7 million. Assets sold by Boskalis in the second half of the year included six former SMIT B-class work vessels.

Capital expenditure commitments at end-2015 were down at EUR 108 million (end-2014: EUR 125 million). These commitments relate mainly to the aforementioned investments, particularly the mega cutter and the jumbo backhoe dredger.

In 2015 Boskalis paid out a cash sum of EUR 47.6 million in dividends for the 2014 financial year (2014: EUR 37.1 million) to those shareholders who opted to receive a cash dividend. This represented around 24% of the dividend, with the remaining 76% of the dividend being distributed in shares to shareholders who chose this option. To this end Boskalis issued 2,689,242 new ordinary shares and used 629,123 shares purchased under the share buy-back program. As a consequence the total number of outstanding ordinary Boskalis shares equaled 125,627,062 at end-2015.

Since the end of 2014 Boskalis has increased its stake in Fugro N.V. by 8.7% to 28.6% through the purchase of (certificates of) shares. In accordance with IFRS this stake is recognized as an 'associate'. The book value of the stake in Fugro at 31 December 2015 was EUR 390.4 million (EUR 16.15 per Fugro share).

The cash flow amounted to EUR 765.4 million (2014: EUR 785.7 million). The cash position at end-2015 was EUR 766.7 million (end-2014: EUR 395.4 million). The solvency ratio rose to 56.3% (end-2014: 53.4%).

The interest-bearing debt totaled EUR 937.9 million at year-end, of which EUR 5.5 million is recognized as Assets Held For Sale. The net debt position stood at EUR 171 million. At the end of 2014 the gross debt position was EUR 914.2 million and the net debt position was EUR 519 million.

The largest component of the interest-bearing gross debt position relates to the long-term US Private Placements (USPPs) and drawings under the syndicated credit facility. This syndicated facility consists of a USD 600 million revolving multi-currency credit facility maturing in 2020, with an option to extend the term to 2021. In addition, Boskalis has EUR 712 million in outstanding USPPs (unchanged), of which EUR 299 million (USD 325 million) has not been swapped into euros. The remaining term on the USPPs ranges from just over one to seven years (2017 to 2023).

Boskalis must comply with a number of covenants as agreed with the syndicate of banks and the USPP investors. These covenants were comfortably met as at end-2015. 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 31 December 2015 the net debt : EBITDA ratio stood at 0.4 and the EBITDA : net interest ratio at 27.

OTHER DEVELOPMENTS

KOTUG

In mid-December 2014 Boskalis signed a Memorandum of Understanding (MoU) with Kotug International B.V. (KOTUG) to merge their European harbour towage operations by establishing a 50/50 joint venture. On 23 December 2015 the parties formalized this intention in a definite agreement. The definitive establishment of the joint venture and the financial close are expected to take place during the first half of 2016.

STRABAG

At the end of 2015 Boskalis reached a heads of agreement with STRABAG SE for the acquisition of the dredging activities and assets of STRABAG Wasserbau GmbH, formerly known as Möbius Wasserbau. The agreed transaction price is EUR 70 million. The acquisition will strengthen Boskalis' position in the German home market. Furthermore, by acquiring two 7,350 m³ trailing suction hopper dredgers from STRABAG the requirement to renew part of the Boskalis dredging fleet in the 6,000 m³ to 9,000 m³ space will be fulfilled. This transaction is expected to be closed in the first quarter 2016 subject to the satisfaction of customary conditions.

VolkerWessels offshore activities

Early March 2016 Boskalis signed a Letter of Intent with Koninklijke Volker Wessels Stevin N.V. (VolkerWessels) to acquire offshore activities of VolkerWessels. Under the intended transaction, Boskalis will acquire maritime and offshore wind energy related activities of VolkerWessels, specifically VBMS, Stemat and VSI (Volker Stevin International). Boskalis and VolkerWessels have been working together successfully for years in the offshore wind energy market. VBMS, a 50/50 Boskalis - VolkerWessels joint venture, is the European market leader in the field of offshore cable installation with a strong market position and well-filled order book. As a consequence of this transaction, Boskalis will acquire the remaining 50% share in VBMS. Late 2014 and mid-2015, Boskalis and VSI in joint venture acquired two large offshore wind park projects, Wikinger and Veja Mate respectively. As a consequence of this transaction, Boskalis will execute these two projects on a 100% basis. It is the intention to close this transaction in the second quarter 2016 subject to the satisfaction of customary conditions.

SMIT Amandla Marine

Boskalis has signed an agreement for the sale of its 70% stake in SMIT Amandla Marine. SMIT Amandla Marine offers 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 more details will be provided following the definitive transaction.

Cost reduction and fleet rationalization study

In light of the market developments and in anticipation of a lower volume of work, a study has been launched which will take a critical look at the composition of the fleet across the entire group. It is expected that equipment will be taken out of service at both Dredging and Offshore Energy with the associated implications for staffing levels. In addition, we will take a critical look at reducing the cost of the global office network. Our objective is to stay a step ahead of market developments and ensure that Boskalis remains in good shape for the future.

Share buy-back program

Boskalis launched a share buy-back program on 14 August 2014. In light of the uncertain market conditions and the interest acquired in Fugro the program was temporarily suspended last year. Boskalis has no plans to resume the program in the foreseeable future.

APPENDIX: FINANCIAL STATEMENTS

Consolidated income statement

(in thousands of EUR)	2015	2014
OPERATING INCOME		
Revenue	3,240,327	3,166,888
Other income	8,404	11,296
	<u>3,248,731</u>	<u>3,178,184</u>
OPERATING EXPENSES		
Raw materials, consumables, services and subcontracted work	- 1,918,116	- 1,774,745
Personnel expenses	- 513,088	- 513,991
Other expenses	- 4,557	-
Depreciation, amortization and impairment losses	- 293,091	- 293,514
	<u>- 2,728,852</u>	<u>- 2,582,250</u>
Share in result of joint ventures and associated companies (after taxation)	43,260	56,411
Revaluation of stake in Fugro N.V.	28,478	-
Impairment Fugro N.V.	- 28,824	-
	<u>562,793</u>	<u>652,345</u>
OPERATING RESULT		
FINANCE INCOME AND COSTS		
Finance income	1,163	10,100
Finance costs	- 32,974	- 46,054
	<u>- 31,811</u>	<u>- 35,954</u>
Profit before taxation	530,982	616,391
Income tax expense	- 87,452	- 124,163
	<u>443,530</u>	<u>492,228</u>
NET GROUP PROFIT		
Net group profit attributable to:		
Shareholders	440,178	490,290
Non-controlling interests	3,352	1,938
	<u>443,530</u>	<u>492,228</u>
Average number of shares	124,181,528	121,606,364
Earnings per share	EUR 3.54	EUR 4.03
Diluted earnings per share	EUR 3.54	EUR 4.03

Consolidated statement of recognized and unrecognized income and expenses

(in thousands of EUR)	2015	2014
NET GROUP PROFIT FOR THE REPORTING PERIOD	443,530	492,228
ITEMS THAT WILL NEVER BE RECLASSIFIED TO PROFIT OR LOSS		
Actuarial gains and losses and asset limitation on defined benefit pension schemes	45,554	- 63,542
Share of other comprehensive income of associates and joint ventures	2,310	-
Income tax on unrecognized income and expenses that will never be reclassified to profit or loss	<u>- 6,772</u>	<u>10,272</u>
Total unrecognized income and expenses for the period that will never be reclassified to profit or loss, net of income tax	<u>41,092</u>	<u>- 53,270</u>
ITEMS THAT ARE OR MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS		
Reclassification of revaluation of stake in Fugro N.V.	- 28,478	-
Movement in fair value of financial instruments available for sale	- 20,093	48,571
Currency translation differences on foreign operations	169,474	191,166
Change in currency differences related to disposal of share in joint venture	-	9,583
Movement in fair value of cash flow hedges	7,013	5,505
Income tax on unrecognized income and expenses that are or may be reclassified subsequently to profit or loss	<u>- 847</u>	<u>- 313</u>
Total unrecognized income and expenses for the period which are or may be reclassified to profit or loss	<u>127,069</u>	<u>254,512</u>
UNRECOGNIZED INCOME AND EXPENSES FOR THE REPORTING PERIOD, AFTER TAXATION	168,161	201,242
TOTAL RECOGNIZED AND UNRECOGNIZED INCOME AND EXPENSES FOR THE REPORTING PERIOD	611,691	693,470
ATTRIBUTABLE TO:		
Shareholders	609,938	691,532
Non-controlling interests	<u>1,753</u>	<u>1,938</u>
TOTAL RECOGNIZED AND UNRECOGNIZED INCOME AND EXPENSES FOR THE REPORTING PERIOD	611,691	693,470

Consolidated balance sheet

(in thousands of EUR)	31 DECEMBER	
	2015	2014
NON-CURRENT ASSETS		
Intangible assets	533,280	517,668
Property, plant and equipment	2,784,889	2,743,888
Investments in associated companies	1,192,773	775,467
Non-current financial assets	5,915	299,026
Derivatives	50,779	3,013
DEFERRED INCOME TAX ASSETS	12,020	19,187
	4,579,656	4,358,249
CURRENT ASSETS		
Inventories	82,610	103,076
Due from customers	182,302	167,494
Trade and other receivables	727,567	631,997
Derivatives	5,155	6,316
Income tax receivable	9,893	11,558
Cash and cash equivalents	793,720	395,952
Assets disposal group	224,444	237,985
	2,025,691	1,554,378
TOTAL ASSETS	6,605,347	5,912,627
GROUP EQUITY		
Issued capital	100,501	98,350
Share premium	535,807	537,245
Other reserves	621,775	422,744
Retained earnings	2,456,230	2,093,598
SHAREHOLDERS' EQUITY	3,714,313	3,151,937
NON-CONTROLLING INTERESTS	7,593	7,877
TOTAL GROUP EQUITY	3,721,906	3,159,814
NON-CURRENT LIABILITIES		
Interest-bearing borrowings	914,234	822,817
Employee benefits	43,703	76,060
Deferred income tax liabilities	26,005	26,074
Provisions	23,775	28,591
Derivatives	1,147	7,684
	1,008,864	961,226
CURRENT LIABILITIES		
Due to customers	320,977	283,733
Interest-bearing borrowings	18,127	78,123
Bank overdrafts	30,603	2,371
Income tax payable	182,886	195,162
Trade and other payables	1,264,099	1,160,581
Provisions	7,033	3,776
Derivatives	13,720	13,595
Liabilities disposal group	37,132	54,246
	1,874,577	1,791,587
TOTAL LIABILITIES	2,883,441	2,752,813
TOTAL GROUP EQUITY AND LIABILITIES	6,605,347	5,912,627

Consolidated statement of cash flow

(in thousands of EUR)	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net group profit	443,530	492,228
Depreciation, amortization and impairment losses (in) tangible fixed assets	293,091	293,514
Impairment stake in Fugro N.V.	<u>28,824</u>	-
Cash flow	765,445	785,742
Adjustments for:		
Finance income and costs	31,811	35,954
Income tax expense	87,452	124,163
Results from disposals	- 3,847	- 11,296
Movement provisions and employee benefits	11,389	- 3
Movement in inventories	17,560	- 454
Movement trade and other receivables	- 57,584	35,744
Movement trade and other payables	97,285	- 69,963
Movement due from and due to customers	19,250	109,599
Share in result of joint ventures and associated companies	- 43,260	- 56,411
Revaluation result reclassification of stake in Fugro N.V.	<u>- 28,478</u>	-
Cash generated from operating activities	897,023	953,075
Dividends received	69,444	26,964
Interest received	1,163	7,034
Interest paid	- 31,252	- 42,954
Income taxes paid	<u>- 90,904</u>	<u>- 92,042</u>
Net cash from operating activities	<u>845,474</u>	<u>852,077</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment, excluding capitalized borrowing costs	- 276,062	- 266,028
Proceeds from disposals of property, plant and equipment	30,448	25,531
Investment in group company, net of cash acquired	-	- 43,841
Investment in additional share in Fugro N.V.	- 147,062	- 242,364
Disposal of (a part of) group companies, net of cash disposed	29,444	- 26,292
Issued loan to a joint venture	- 179	- 7,153
Repayment of outstanding loan by joint venture	<u>1,820</u>	<u>11,736</u>
Net cash used in investing activities	<u>- 361,591</u>	<u>- 548,411</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans	19,253	318,125
Repayment of loans	- 87,192	- 515,749
Transaction costs paid related to raising financing	-	- 3,610
Purchase of own shares	-	- 27,724
Dividends paid to the Company's shareholders	- 47,562	- 37,108
Dividends paid to non-controlling interests	<u>- 2,037</u>	<u>- 1,607</u>
Net cash used in / from financing activities	<u>- 117,538</u>	<u>- 267,673</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>366,345</u>	<u>35,993</u>
Net cash and cash equivalents as at 1 January	<u>395,436</u>	<u>354,304</u>
Net increase in cash and cash equivalents	366,345	35,993
Currency translation differences	<u>4,915</u>	<u>5,139</u>
MOVEMENT IN NET CASH AND CASH EQUIVALENTS	<u>371,260</u>	<u>41,132</u>
NET CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	<u>766,696</u>	<u>395,436</u>

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
Balance as at 1 January 2015	98,350	537,245	422,744	2,093,598	3,151,937	7,877	3,159,814
TOTAL RECOGNIZED AND UNRECOGNIZED INCOME AND EXPENSES FOR THE PERIOD							
<i>Net group profit for the period</i>				440,178	440,178	3,352	443,530
Unrecognized income and expenses for the period							
Defined benefit plan actuarial gains (losses) and asset limitation, after taxation			38,782	-	38,782	-	38,782
Share of other comprehensive income of associates and joint ventures			2,310	-	2,310	-	2,310
Foreign currency translation differences for foreign operations, after taxation			173,407	-	173,407	- 1,599	171,808
Effective cash flow hedges, after taxation			3,832	-	3,832	-	3,832
Reclassification of revaluation of stake in Fugro N.V.				- 28,478	- 28,478	-	- 28,478
Revaluation of share in Fugro N.V.				- 20,093	- 20,093	-	- 20,093
Movement other legal reserve			- 19,300	19,300	-	-	-
<i>Total unrecognized income and expenses for the period</i>			199,031	- 29,271	169,760	- 1,599	168,161
Total recognized and unrecognized income and expenses for the period			199,031	410,907	609,938	1,753	611,691
TRANSACTIONS WITH SHAREHOLDERS, RECOGNIZED DIRECTLY IN EQUITY							
Purchase own shares	-	-	-	-	-	-	-
DISTRIBUTIONS TO SHAREHOLDERS							
Cash dividends	-	-	-	- 47,562	- 47,562	- 2,037	- 49,599
Stock dividends	2,151	- 1,438	-	- 713	-	-	-
Total transactions with shareholders	2,151	- 1,438	-	- 48,275	- 47,562	- 2,037	- 49,599
Balance as at 31 December 2015	100,501	535,807	621,775	2,456,230	3,714,313	7,593	3,721,906

Accounting principles

Royal Boskalis Westminster N.V. prepares its financial reports in accordance with the International Financial Reporting Standards (IFRS) as adopted within the European Union. These principles are applied for the entire group. For the main principles of financial reporting reference is made to the 2015 financial statements.

Dividend payments to shareholders of Royal Boskalis Westminster N.V.

During 2015 a dividend for the 2014 financial year was distributed of EUR 1.60 per share in the form of ordinary shares, unless the shareholder elected to receive the dividend in cash.

Commitments and contingent liabilities

The total outstanding guarantee commitments, which relate mainly to ongoing projects, were EUR 742 million at 31 December 2015 (31 December 2014: EUR 604 million). The capital commitments declined to EUR 108 million (end-2014: EUR 125 million). The operating lease obligations were EUR 87.1 million at 31 December 2015 (31 December 2014: EUR 127.5 million).

This press release is based on the financial statements prepared for 2015 to be presented for adoption by the General Meeting of Shareholders. The external auditor has issued an unqualified auditor's report on the financial statements prepared for 2015.