

PRESS RELEASE

Royal Boskalis
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Boskalis posts lower result in line with expectations

Papendrecht, 17 August 2017

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HIGHLIGHTS FIRST HALF YEAR 2017

- Revenue: EUR 1.09 billion
- EBITDA: EUR 225.1 million
- Net profit: EUR 75.1 million
- Order book: EUR 3.25 billion

OUTLOOK FOR 2017

- Mixed market picture
- Dredging & Inland Infra: reasonable market volumes with further upward potential for utilization rates
- Offshore Energy: fewer contracting projects and continued friction between supply and demand in services
- Towage: relatively stable market volumes
- Profit outlook: net profit in the second half of the year comparable to the first half of the year, excluding restructuring charges

Royal Boskalis Westminster N.V. (Boskalis) realized a net profit of EUR 75.1 million in the first half of 2017 (H1 2016: EUR 147.5 million).

Revenue in the first half of the year declined by 7% compared to the first half of last year to EUR 1.09 billion (H1 2016: EUR 1.17 billion). Adjusted for consolidation, deconsolidation and currency effects, revenue was down by 13%.

EBITDA in the first half of the year totaled EUR 225.1 million and the operating result was EUR 101.7 million (H1 2016 EBITDA: EUR 317.6 million, operating result: EUR 182.4 million).

Both revenue and fleet utilization increased at the Dredging & Inland Infra segment, with large projects in execution in Brazil, Indonesia and Oman contributing to the rise. The result was virtually stable with continued margin pressure.

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At Offshore Energy revenue and result declined, due in part to poor market conditions in the oil and gas industry. In addition there are no major offshore wind farm projects in progress this year, whereas the construction of two sizable wind farms contributed to revenue and the result last year. The VBMS cable-laying activities had a good first half of the year, making a significant contribution to the division's results.

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Revenue and results were also under pressure at Towage & Salvage, partly due to the deconsolidation of the European harbor towage services but also as a result of a very quiet first half of the year at Salvage. It was quiet globally, with a limited number of emergency response assignments. Furthermore there were no major wreck removal projects being executed.

Boskalis' financial position continues to be strong, with a solvency ratio of 62.6% and a positive net cash position of EUR 235 million.

The order book, excluding our share in the order book of joint ventures and associated companies, increased to EUR 3.246 billion at the end of the first half of the year (end-2016: EUR 2.924 billion).

Peter Berdowski, CEO of Boskalis:

"Developments in the first half of the year were in line with expectations. The results of the traditional dredging activities were stable with higher fleet utilization rates. The outlook is moderately positive given the volume of work in the market and an increase in the order book. As expected, the situation in the offshore market resulted in a further drop in the result. We do not foresee a quick recovery in the offshore market, as previously stated, and have adjusted our fleet and organization to this new reality.

The weak offshore market also presents clear opportunities for us to strengthen the company, as evidenced by the recently announced acquisition of Gardline. This acquisition will specifically help fulfill our strategic ambition to build a position in offshore survey. Gardline is a key player in the survey market with years of experience and a strong reputation. The acquisition will enable us to further position ourselves for opportunities in offshore wind energy, as well as to be well placed to take advantage of growth opportunities when the offshore market picks up again. In the coming period we will continue to look actively at opportunities to strengthen and expand the company in the medium term."

Market developments

The market developments as presented in the Corporate Business Plan 2017-2019 and discussed in greater detail in the Annual Report 2016 have not materially changed.

The long-term megatrends that underpin the Boskalis business model remain positive. These business drivers are the structural growth and rising prosperity of the global population, which in turn drive growth in global trade and demand for raw materials and energy. Global warming also continues to create business opportunities for Boskalis, with a growing need for coastal defense and riverbank protection in response to increased flooding as a result of the more extreme weather conditions. While the long-term trends are positive, in the short term they are not converting into promising projects across the board. In some of the regions and markets where Boskalis is active demand is expected to develop less favorably in the coming years and the outlook is uncertain. Boskalis will continue to focus on market segments that demonstrate long-term structural growth as well as offering opportunities in the short term: Ports, Energy (oil, gas, wind and the dismantling of old offshore platforms) and Climate change-related projects (coastal defense and riverbank protection).

We see plenty of opportunities to expand the company further; opportunities at Dredging & Inland Infra and at Towage, but particularly in the high-end section of the Offshore Energy market where current market conditions also present clear opportunities.

Outlook

The coming period will continue to present a mixed market picture. At Dredging & Inland Infra we see a reasonable volume of work in the market in the short term. For Boskalis the emphasis lies on maintaining utilization at a responsible level of project risk. The current size of the order book means that a good part of the fleet will be occupied for the coming nine months, albeit at lower margins than in previous years. The outlook for the remainder of 2017 is less favorable for Offshore Energy, with lower work volumes and pressure on utilization rates and margins. Following the conclusion of a number of long-term contracts from previous years revenue is under pressure with increasing dependence on the spot market, resulting in further pressure on margins. The offshore wind outlook for the second half of the year is mixed, with a sustained favorable outlook for the cable-laying activities but no large offshore wind farm projects in progress. The Towage activities have relatively stable market volumes and this is not expected to change materially in the second half of the year.

In the past 18 months the market conditions combined with the outlook described gave rise to the fleet rationalization project, an impairment of vessels and goodwill, and a cost-reduction program aimed at reducing head-office costs. The implementation of this cost-reduction program started recently and is well on track. The associated costs of around EUR 15 million will be recognized in the second half of 2017. Annual cost savings of this program of around EUR 30-35 million will be fully realized by the end of 2018.

Based on the fleet planning and work in the order book and barring unforeseen circumstances, the Board of Management expects net profit in the second half of 2017, excluding the stated restructuring charge, to be comparable to the level of net profit realized in the first half of the year.

Capital expenditure in 2017 is expected to be around EUR 250 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 improved further to 62.6%. At the end of the period Boskalis had a net cash position of EUR 235 million and comfortably met its financial covenants.

KEY FIGURES	1ST HY 2017	1ST HY 2016	2016
<i>(in EUR million)</i>			
Revenue	1,092.6	1,171.3	2,596.3
EBITDA	225.1	317.6	660.5
Net result from JVs and associates	21.9	-7.6	11.3
Operating result	101.7	182.4	384.6
Impairment charges	-	-	842.6
EBIT	101.7	182.4	-458.1
Net profit adjusted for impairments	75.1	147.5	276.4
Net profit (loss)	75.1	147.5	-563.7
Earnings per share (in EUR)	0.58	1.17	2.16
	30 June 2017	30 June 2016	End 2016
Order book	3,245.7	2,696.9	2,923.9

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

2016 full-year EBITDA, operating result, net result from associates and earnings per share are presented excluding impairment charges.

Live audio webcast

The Board of Management of Royal Boskalis Westminster will comment on the 2017 half-year results at the analyst meeting (11.30 am - 12.45 pm CET) on 17 August 2017. This meeting can be followed by means of a live audio webcast, details of which can be found on the homepage (www.boskalis.com).

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

2017-2018	FINANCIAL CALENDAR
17 August	Publication of 2017 half-year results
10 November	Q3 2017 trading update
8 March	Publication of 2017 annual results
9 May	Q1 2018 trading update
9 May	Annual General Meeting of Shareholders
16 August	Publication of 2018 half-year results
9 November	Q3 2018 trading update

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This is a Boskalis press release on the grounds of article 17 paragraph 1 of the European Market Abuse Regulation (596/2014).

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

Royal Boskalis Westminster N.V. is a leading global services provider operating in the dredging, maritime infrastructure and maritime services sectors. The company provides creative and innovative all-round solutions to infrastructural challenges in the maritime, coastal and delta regions of the world with services including the construction and maintenance of ports and waterways, land reclamation, coastal defense and riverbank protection. In addition, Boskalis offers a wide variety of marine services and contracting for the oil and gas sector and offshore wind industry as well as salvage solutions (SMIT Salvage). Furthermore, Boskalis has a number of strategic partnerships in harbor towage and terminal services (Kotug Smit Towage, Keppel Smit Towage, Saam Smit Towage and Smit Lamnalco). With a versatile fleet of more than 900 vessels and floating equipment and 11,700 employees, including associated companies, Boskalis operates in 90 countries across six continents.

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