Boskalis

Dredging & Marine Experts

HALF YEAR
REPORT 2017

HALF YEAR REPORT 2017

The Dockwise Vanguard transporting the world's largest spar platform Aasta Hansteen from South Korea to Norway.

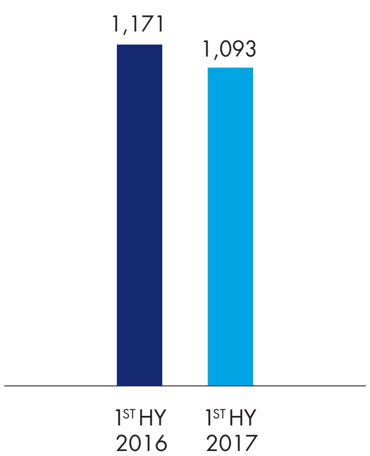

DOCKWISE
DOCKWISE

KEY FIGURES

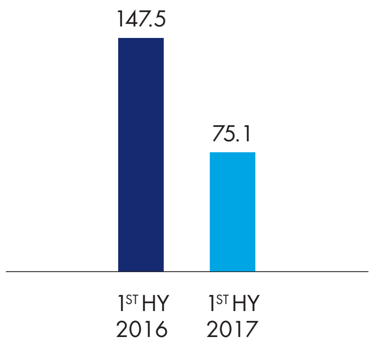
KEY FIGURES	1ST HY 2017	1ST HY 2016	2016
(in EUR million)			
Revenue	**1,092.6**	1,171.3	2,596.3
EBITDA	**225.1**	317.6	660.5
Net result from JVs and associates	**21.9**	-7.6	11.3
Operating result	**101.7**	182.4	384.6
Impairment charges	**-**	-	842.6
EBIT	**101.7**	182.4	-458.1
Net profit adjusted for 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

EBIT(DA) and operating result include our share in the net result of the joint ventures and associated companies.
2016 full year EBITDA, operating result, result from associates and earnings per share are presented excluding impairment charges.

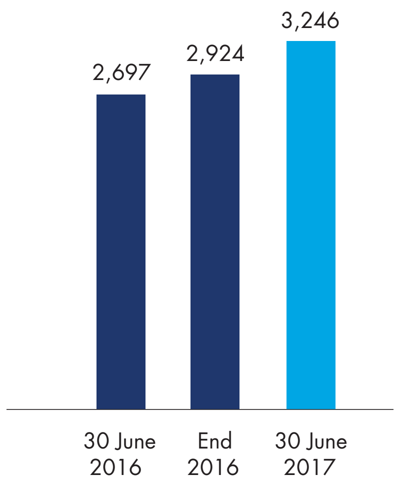
REVENUE (in EUR million)



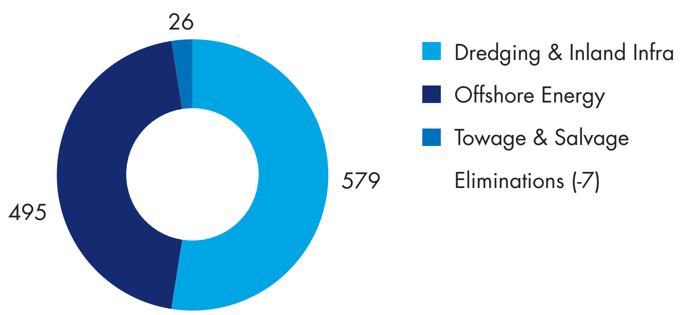
NET PROFIT (in EUR million)



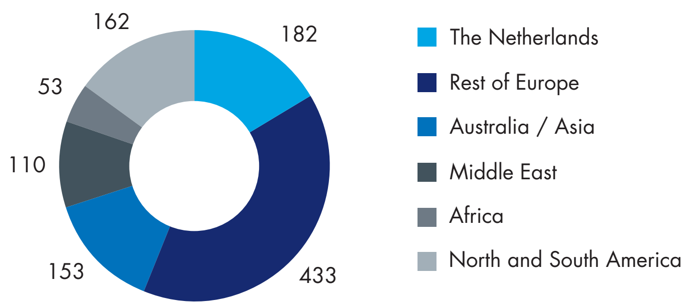
ORDER BOOK (in EUR million)



REVENUE BY SEGMENT (in EUR million)



REVENUE BY GEOGRAPHICAL AREA (in EUR million)



HALF YEAR REPORT 2017

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 half year report as well as the Annual Report 2016 can be read on www.boskalis.com.

TABLE OF CONTENTS

Cutter head of the new cutter suction dredger Helios.


LIM
IM

CHAIRMAN'S STATEMENT

"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."

Peter Berdowski, CEO

Trailing suction hopper dredgers Prins der Nederlanden and Oranje at work in Porto do Açu, Brazil.

OVERVIEW

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.

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.

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).

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.

OPERATIONAL AND FINANCIAL DEVELOPMENTS

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

REVENUE

Revenue for the first half of 2017 decreased by 7% to EUR 1,093 million (H1 2016: EUR 1,171 million). This decrease is a consequence of the continued challenging market conditions in particular in the offshore sector and a very quiet half year for Salvage. Adjusted for consolidation, deconsolidation and currency effects, revenue declined by 13%.

Within the Dredging & Inland Infra division, a 9% revenue increase was accompanied by a higher utilization of the fleet. The biggest revenue growth was realized outside of Europe, with large projects under execution in Brazil, Indonesia and Oman.

The revenue decline within Offshore Energy is a result of the deteriorated market circumstances in the oil and gas industry. Furthermore, the contribution from offshore wind projects was limited compared to a very busy 2016, when two large projects were under execution. The cable-laying activities of VBMS had a busy first half of the year.

Revenue within the Towage & Salvage division declined as a consequence of the deconsolidation of the European harbor towage activities as per the second quarter of 2016 and due to a very quiet start to the year for Salvage. A very low market volume resulted in only a limited number of emergency response contracts, while at the same time there were no sizable wreck removal projects in execution.

REVENUE BY SEGMENT	1ST HY 2017	1ST HY 2016	2016
(in EUR million)			
Dredging & Inland Infra	**579.3**	533.0	1,164.5
Offshore Energy	**495.2**	567.0	1,333.7
Towage & Salvage	**25.6**	83.3	121.4
Eliminations	**-7.5**	-12.0	-23.3
Total	**1,092.6**	1,171.3	2,596.3

REVENUE BY GEOGRAPHICAL AREA	1ST HY 2017	1ST HY 2016	2016
(in EUR million)			
The Netherlands	**181.6**	262.3	552.2
Rest of Europe	**432.7**	415.1	1,078.6
Australia / Asia	**153.0**	173.0	283.7
Middle East	**110.4**	64.1	134.6
Africa	**52.6**	110.5	232.6
North and South America	**162.3**	146.3	314.6
Total	**1,092.6**	1,171.3	2,596.3

Non-allocated group income and expenses amounted to minus EUR 12.8 million and relate primarily to the usual non-allocated head office costs. In the first half of 2016 a book profit on the Kotug Smit transaction (EUR 34.0 million before taxation) and our share in the adjusted Fugro loss (EUR 27.9 million) were also recognized in this segment.

RESULT (EBIT) BY SEGMENT	1ST HY 2017	1ST HY 2016	2016
(in EUR million)			
Dredging & Inland Infra	**61.7**	63.2	119.7
Offshore Energy	**36.1**	107.7	209.5
Towage & Salvage	**16.7**	24.8	48.8
Non-allocated group result	**-12.8**	-13.3	6.5
Total Operating result	**101.7**	182.4	384.6
Impairment charges	**-**	-	-842.6
Total EBIT	**101.7**	182.4	-458.1

RESULT

The operating result before interest, taxes, depreciation, amortization and impairments, including the contribution from our share in the net result of joint ventures and associated companies, (EBITDA) totaled EUR 225.1 million for the first half of the year (H1 2016: EUR 317.6 million).

The operating result (EBIT) declined to EUR 101.7 million (H1 2016: EUR 182.4 million).

This result includes our share in the net result from joint ventures and associated companies, which on balance amounted to EUR 21.9 million (H1 2016: EUR 7.6 million negative). The first half of 2016 included our share in the adjusted loss of Fugro.

For Dredging & Inland Infra the operating result amounted to EUR 61.7 million (H1 2016: EUR 63.2 million). The results on projects in progress or in the process of being completed were reasonable, although margins were lower than in previous years.

Offshore Energy saw a strong decline in earnings with an operating result of EUR 36.1 million (H1 2016: EUR 107.7 million). The decline reflects the poor market conditions in the oil and gas industry. Furthermore, the contribution from offshore wind projects was limited compared to 2016, when two large projects were under execution. The VBMS cable-laying activities that were acquired mid-2016 had a good first half of the year, making a significant contribution to the division's results.

Also, Towage & Salvage closed the first half of the year with a lower result. Apart from the deconsolidation of the European harbor towage activities in April 2016, a lower result from the Towage joint ventures and the low level of activity within Salvage were the reasons for this decline.

NET PROFIT

The operating result (EBIT) amounted to EUR 101.7 million (H1 2016: EUR 182.4 million). Net of financing expenses of EUR 7.0 million on balance, profit before taxation was EUR 94.7 million. Net profit attributable to shareholders totaled EUR 75.1 million (H1 2016: EUR 147.5 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 3,245.7 million (end 2016: EUR 2,923.9 million).

In the course of the first half of the year Boskalis acquired, on balance, EUR 1,414 million worth of new contracts. Notable projects at Dredging & Inland Infra include the development of the port of Duqm (Oman), capital dredging for the port of Santos (Brazil), the deepening of the access channel to Jawaharlal Nehru Port in Mumbai (India) and maintenance dredging in Soyo (Angola).
At Offshore Energy the Hohe See and East Anglia ONE cable-laying contracts were acquired in addition to many small Transport and Marine Services and Subsea Services contracts.

After the close of the first half of the year Boskalis was awarded a contract to construct the quay wall for the new Stockholm Norvik Port in Sweden and signed a Letter of Intent for rock placement services for the Nord Stream 2 project.

ORDER BOOK	30 JUNE 2017	30 JUNE 2016	END 2016
(in EUR million)			
Dredging & Inland Infra	**2,309.2**	1,895.0	1,892.5
Offshore Energy	**930.2**	785.1	1,023.9
Towage & Salvage	**6.3**	16.8	7.5
Total	**3,245.7**	2,696.9	2,923.9

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, aqueducts, viaducts and tunnels including earthmoving, soil improvement and remediation – mainly in the Netherlands.

DREDGING & INLAND INFRA	1ST HY 2017	1ST HY 2016	2016
(in EUR million)			
Revenue	**579.3**	533.0	1,164.5
EBITDA	**112.4**	111.6	223.0
Net result from JVs and associates	**5.4**	1.1	3.6
Operating result	**61.7**	63.2	119.7
Order book	**2,309.2**	1,895.0	1,892.5

EBITDA and operating result include our share in the net result of the joint ventures and associated companies.
2016 full year EBITDA and operating result are presented excluding impairment charges.

REVENUE

Revenue in the Dredging & Inland Infra segment amounted to EUR 579.3 million (H1 2016: EUR 533.0 million).

REVENUE BY REGION	1ST HY 2017	1ST HY 2016	2016
(in EUR million)			
The Netherlands	**178.2**	195.0	465.9
Rest of Europe	**143.0**	137.2	272.7
Rest of the world	**258.1**	200.8	425.9
Total	**579.3**	533.0	1,164.5

The Netherlands

Revenue in the Netherlands totaled EUR 178.2 million for the first half of the year. The largest revenue contribution came from the Buitenring Parkstad Limburg and SAAone (A1-A6 motorway) projects. The Wadden Sea dike reinforcement projects between Eemshaven and Delfzijl and the dike on the island of Texel as well as work related to the Room for the River projects contributed to this revenue.

Rest of Europe

Revenue in the rest of Europe amounted to EUR 143.0 million. The largest contribution came from the UK market, including the Portsmouth channel and inner harbor dredging project and the redevelopment of the Dover Western Docks. In the other European home markets (Germany, Sweden and Finland) numerous port-related capital and maintenance projects were executed.

Rest of the world

Outside of Europe revenue increased to EUR 258.1 million. Important projects under execution included the expansion of the Porto do Açu Oil Transshipment Terminal (Brazil), reclamation activities in Makassar (Indonesia) and early works for the development of the port of Duqm (Oman). Activities related to the Pluit project in Jakarta Bay (Indonesia) that were suspended in early 2016 are not expected to recommence before the end of the year.

FLEET DEVELOPMENTS

Utilization of the hopper fleet improved in the first half of the year compared to the same period last year. The hopper fleet had an effective annual utilization rate of 31 weeks (H1 2016: 25 weeks), with the cutter fleet utilization rate at 20 weeks (H1 2016: 10 weeks).

On 1 July the mega cutter Helios was named and christened in the port of Rotterdam, the Netherlands. The Helios is the largest and most powerful cutter suction dredger Boskalis has ever developed. With a total installed power of almost 24,000 kW, a total pumping capacity of 15,600 kW and a maximum cutter power of 7,000 kW, the Helios is one of the most powerful cutter suction dredgers in the industry. The first project for the Helios is in the port of Rotterdam on the construction of Offshore Center Maasvlakte 2. The Helios will subsequently be deployed for dredging activities related to the development of the port of Duqm in Oman. A sister vessel of the Helios is expected to be taken into service in the course of 2020.

SEGMENT RESULT

In the first half of the year an EBITDA of EUR 112.4 million was achieved, with an operating result of EUR 61.7 million (H1 2016: EUR 111.6 million and EUR 63.2 million, respectively).

In view of the challenging market conditions, the results from dredging projects were reasonable. The Dutch Inland Infra activities delivered a positive contribution to the result. The larger revenue generating projects were also the most important contributors to this segment result. The impact of positive financial settlements from projects that were technically completed at an earlier stage was limited compared to previous years.

ORDER BOOK

On 30 June the order book stood at EUR 2,309.2 million (end-2016: EUR 1,892.5 million).

The order book for the Netherlands was stable whilst that for the Rest of Europe declined relative to the end of 2016. The order book for the Rest of the World increased significantly with the most noteworthy contract wins being the development of the port of Duqm (Oman), the deepening of the port of Santos (Brazil) and the deepening of the access channel to Jawaharlal Nehru Port in Mumbai (India). Other smaller contract wins include port maintenance contracts in Angola, Australia and Mexico in addition to variation orders on existing contracts. On balance EUR 996 million of new work was acquired in the course of the first half of the year.

After the close of the first half year Boskalis was awarded a contract to construct a 1,100-meter quay wall for the new Stockholm Norvik Port in Sweden. The project is expected to commence in the autumn of 2017 and should be completed in the spring of 2020.

All three VBMS cable laying vessels working at the same time for the Galloper offshore wind farm project.

ORDER BOOK BY REGION	30 JUNE 2017	30 JUNE 2016	END 2016
(in EUR million)			
The Netherlands	**720.1**	732.9	723.5
Rest of Europe	**507.0**	578.9	590.4
Rest of the world	**1,082.1**	583.2	578.6
Total	**2,309.2**	1,895.0	1,892.5

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 2017	1ST HY 2016	2016
(in EUR million)			
Revenue	**495.2**	567.0	1,333.7
EBITDA	**105.3**	190.5	374.6
Net result from JVs and associates	**0.8**	0.1	2.2
Operating result	**36.1**	107.7	209.5
Order book	**930.2**	785.1	1,023.9

EBITDA and operating result include our share in the net result of the joint ventures and associated companies.
2016 full year EBITDA and operating result are presented excluding impairment charges.

REVENUE

Revenue in the Offshore Energy segment amounted to EUR 495.2 million (H1 2016: EUR 567.0 million).

Offshore Services (including transport and marine services, logistical management and subsea services) had a difficult six months. The consequences of the deteriorated market conditions are clearly visible, with pressure on both utilization and prices. Within transport and marine services large projects like Aasta Hansteen and Mariner, acquired under much better market conditions, made an important contribution. As these projects are being completed, new contracts have to be acquired in a very competitive spot market.
Following a number of very busy years for logistical management and with the completion last year of the Wheatstone and Ichthys projects, there is currently no order backlog. The outlook for new logistical management contracts is highly dependent on new large-scale industrial developments, which are often LNG or petrochemical-related. The activities of Subsea Services remain under pressure as a result of the difficult market conditions, in particular in the North Sea.

Offshore Contracting (including installation and intervention (I&I) of floating and fixed structures, offshore wind and the VBMS cable-laying activities) had a reasonable first half of the year. The two largest I&I projects under execution are the installation of DolWin3 power platform and the installation of a gas pipeline for Gasco. The contribution from offshore wind projects was limited to the Aberdeen OWF project, compared to a very busy 2016 when the large Veja Mate and Wikinger projects were under execution. VBMS had a busy first six months with Galloper, Dudgeon, Rampion and Horns Rev 3 being the most noteworthy projects.

FLEET DEVELOPMENTS

In the first half of the year the utilization rate of the Dockwise fleet was 70% (H1 2016: 67%), with the type 0 and type 1 vessels being extremely well utilized. The Cable Laying Vessels (CLVs), Diving Support Vessels (DSVs) and the Rockpiper (fallpipe vessel) all saw reasonable utilization levels in the first quarter and better levels in the second quarter.

The conversion of the former Finesse type II heavy transport vessel into the Bokalift I crane vessel is progressing according to plan. The outfitting of dynamic positioning and additional accommodation has been completed and the rotating mast crane with a lifting capacity of 3,000 tons will be installed in the coming months. 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 offshore wind sector, oil and gas industry, as well as on decommissioning and salvage projects.

SEGMENT RESULT

In the first half of the year an EBITDA of EUR 105.3 million was achieved, with an operating result of EUR 36.1 million (H1 2016: EUR 190.5 million and EUR 107.7 million, respectively).

The deteriorated market conditions in the oil and gas sector impacted results in the services business units, with the short-term heavy marine transport, wet towage and subsea services under most pressure. Within contracting, the earnings decline in offshore wind foundation installation was offset by a good first half year for VBMS.
The VBMS activities, together with the other activities acquired from VolkerWessels last year, were fully consolidated from the third quarter of 2016. The activities of SMIT Amandla Marine were deconsolidated following the divestment on 1 December 2016.

The segment result includes our share in the net result of joint ventures and associated companies of EUR 0.8 million.

ORDER BOOK

On 30 June the order book stood at EUR 930.2 million (end-2016: EUR 1,023.9 million).

On balance EUR 394 million of new work was acquired in the first six months. A number of cable-laying contracts were acquired, including the Hohe See and East Anglia ONE contracts, as well as a contract for subsea survey and identification of unexploded ordnance in the Borssele Offshore Wind Farm Zone. VBMS already acquired the Alpha export cable-laying contract for the Borssele OWF last year.

After the close of the first half of the year Boskalis, in joint venture, signed a Letter of Intent for rock placement services for the Nord Stream 2 project. The award was made by the project developer Nord Stream 2 AG and is part of the construction of the planned twin 1,200-kilometer gas pipelines running through the Baltic Sea, connecting Russia to Europe. Rock needs to be installed at specific locations along the pipeline route to level the seabed and protect the pipelines.

Kotug Smit tugs assisting one of the world's largest container ships in the port of Rotterdam.

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 2017	1ST HY 2016	2016
(in EUR million)			
Revenue	**25.6**	83.3	121.4
EBITDA	**17.8**	29.5	55.1
Net result from JVs and associates	**15.7**	19.1	35.5
Operating result	**16.7**	24.8	48.8
Order book	**6.3**	16.8	7.5

EBITDA and operating result include our share in the net result of the joint ventures and associated companies.
2016 full year EBITDA and operating result are presented excluding impairment charges.

REVENUE

Revenue in the Towage & Salvage segment declined to EUR 25.6 million for the first half of the year (H1 2016: EUR 83.3 million). The decline was on the one hand due to deconsolidation effects, but also due to a very quiet start of the year for Salvage, with a limited number of emergency response contracts and no sizable wreck removal project under execution.

In line with the Towage strategy, as of the second quarter 2016, all the harbor towage activities have been transferred into joint ventures. Our share in the net result of the towage joint ventures is recognized as net results from joint ventures and associated companies.

SEGMENT RESULT

EBITDA for the Towage & Salvage segment totaled EUR 17.8 million, with an operating result of EUR 16.7 million (H1 2016: EUR 29.5 million and EUR 24.8 million, respectively).

The Salvage result included financial settlements from projects that were executed in previous years. Such settlements are a common part of the salvage business, but the size and timing thereof are unpredictable.

The segment result includes our share in the net result from joint ventures and associated companies, the main ones being Smit Lamnalco, Keppel Smit Towage, Saam Smit Towage and Kotug Smit Towage. The contribution from these joint ventures was EUR 15.7 million (H1 2016: EUR 19.1 million). The lower contribution compared to last year was caused by lower results from the joint ventures operating in Singapore and Brazil, mainly due to lower volumes in the oil & gas, agri and commodity shipping volumes.

ORDER BOOK

The order book, excluding our share in the order book of joint ventures and associated companies, was EUR 6.3 million on 30 June (end-2016: EUR 7.5 million). The order book relates solely to the Salvage business unit.

HOLDING AND ELIMINATIONS

Non-allocated head office activities.

HOLDING AND ELIMINATIONS	1ST HY 2017	1ST HY 2016	2016
(in EUR million)			
Revenue	**-7.5**	-12.0	-23.2
EBITDA	**-10.4**	-14.0	7.7
Impact Fugro	**-**	-27.9	-30.1
Operating result	**-12.8**	-13.3	6.5

2016 full year EBITDA and operating result are presented excluding impairment charges.

SEGMENT RESULT

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

On 28 February 2017 Boskalis sold its remaining investment in Fugro. 7.9 million certificates of shares in Fugro were placed with institutional investors at EUR 14.50 per share. The total proceeds amounted to EUR 115.0 million.

OTHER FINANCIAL INFORMATION

The new mega cutter Helios that was taken into service in July 2017.

DEPRECIATION, AMORTIZATION AND IMPAIRMENTS

Depreciation, amortization and impairments amounted to EUR 123.4 million (H1 2016: EUR 135.2 million).

INCOME FROM JOINT VENTURES AND ASSOCIATES

Our share in the net result from joint ventures and associated companies was EUR 21.9 million. This result relates mainly to our share in the net results of Smit Lamnalco, the Singapore partnerships with Keppel (Keppel Smit Towage, Maju Maritime and Asian Lift), Saam Smit Towage and Kotug Smit Towage. The 2016 result (H1 2016: EUR 7.6 million negative) included a negative result of EUR 27.9 million for our share in the adjusted loss of Fugro.

TAX

The tax charge in the first half of the year was EUR 19.6 million (H1 2016: EUR 18.9 million). The tax rate, excluding the result from joint ventures and associates, was 27.0%, compared to 10.8% for the first half of 2016. This relatively high tax rate is explained by the relatively large share of the earnings generated in higher rate regimes, mainly in Europe. The low rate in 2016 was mainly due to the fact that a larger proportion of the project results were achieved in countries with lower tax rates and the largely untaxed book profit relating to the Kotug Smit Towage joint venture transaction.

CAPITAL EXPENDITURE AND BALANCE SHEET

In the first half of the year an amount of EUR 112.2 million was invested in property, plant and equipment (H1 2016: EUR 99.6 million), of which EUR 14.4 million was related to dry dockings. Divestments were made totaling EUR 8.4 million.

Within Dredging the construction of the new mega cutter Helios was the largest investment. The vessel has been completed and was commissioned on 1 July. Investments within the Offshore Energy segment included the conversion of the Finesse heavy transport vessel into the Bokalift I crane vessel.

At 30 June, capital expenditure commitments increased to EUR 193 million (end-2016: EUR 62 million). These commitments mainly relate to the sister vessel of the Helios and the Bokalift I crane vessel.

In the second quarter Boskalis paid EUR 29.5 million (2016: EUR 55.8 million) to those shareholders who opted to receive the 2016 dividend in cash. This represented around 23% of the dividend, with the remaining 77% distributed in the form of shares. As a result, 3,275,042 new ordinary shares were issued, bringing the current total number of outstanding Boskalis shares to 133,351,894.

The cash flow for the first six months amounted to EUR 198.5 million (H1 2016: EUR 283.7 million).

On 28 February 2017 Boskalis sold its remaining investment in Fugro N.V. The shares were sold through an accelerated bookbuild, via which 7.9 million (9.4%) certificates of shares in Fugro were placed with institutional investors at EUR 14.50 per share. The total proceeds amounted to EUR 115.0 million.

The cash position at 30 June was EUR 522.5 million (end-2016: EUR 965.3 million). The solvency ratio increased to 62.6% (end-2016: 56.1%).

The interest-bearing debt totaled EUR 288.0 million at 30 June, resulting in a net cash position of EUR 234.5 million. At the end of 2016 interest-bearing debt was EUR 762.6 million and the net cash position EUR 202.7 million.

The interest-bearing debt position relates to a long-term US Private Placement (USPP) of USD 325 million (EUR 285.0 million as at 30 June 2017). This US Private Placement matures in six years (2023). Furthermore, Boskalis has a EUR 600 million syndicated bank facility at its disposal, which was undrawn as at 30 June 2017.

Boskalis has agreed a number of covenants with the syndicate of banks and the USPP investors. These covenants were comfortably met as at 30 June 2017. 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 2017 the net debt : EBITDA ratio stood at -0.4 (net cash position) and the EBITDA : net interest ratio at 17.5.

PRINCIPAL RISKS AND UNCERTAINTIES

The 2016 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 2016 Annual Report and in the online annual report at https://boskalis.com/annualreport.

The principal risks also apply to the current financial year. In the second half of 2017 the extent to which new projects are acquired with 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

SHARE BUYBACK

On 3 July, Boskalis started a share buyback program with the intent to neutralize the dilution resulting from the 2016 stock dividend of 3.2 million new shares, which at the time of issue represented an amount of over EUR 100 million. As per 16 August, Boskalis had repurchased 1,095,545 shares at an average price of EUR 29.54 per share.

HEAD OFFICE RESTRUCTURING

On 15 May, Boskalis announced the completion of a head office cost study. The deteriorated market circumstances and the expected long spell of low energy prices were the reason for the study. As a result of these measures a reduction of 230 positions will be implemented including 130 redundancies. Boskalis has made good progress in settling with the affected employees based on a sound social plan. The cost associated with these measures are approximately EUR 15 million and will be charged in the second half of 2017. The targeted total cost savings are EUR 30-35 million per annum and will be realized upon the full implementation late 2018.

GARDLINE

On 15 August Boskalis announced that it acquired all shares of the Gardline Group. With the acquisition Boskalis strengthens its existing survey activities and becomes a specialist provider of subsea geotechnical surveys with an exposure to the renewables market and the early cyclical oil and gas market. The consideration paid including assumed debt amounts to approximately GBP 40 million.

FINANCIAL CALENDAR 2017-2018

17 August	Publication of 2017 half-year results
10 November	Trading update on third quarter of 2017
8 March	Publication of 2017 annual results
9 May	Trading update on first quarter of 2018
9 May	Annual General Meeting of Shareholders
16 August	Publication of 2018 half-year results
9 November	Trading update on third quarter of 2018

Diving Support Vessel Constructor working alongside the DolWin Alpha platform preparing the jacket for the float-over of the DolWin Gamma High Voltage Converter Station.

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.

One of the turbine foundations of the Veja Mate offshore wind farm installed by Boskalis.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST HALF YEAR 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(Condensed consolidated Income statement)

(in millions of EUR)	Note	**1ST HALF YEAR 2017**	1ST HALF YEAR 2016
OPERATING INCOME			
Revenue	[5]	**1,092.6**	1,171.3
Other income	[7]	**3.7**	36.6
		1,096.3	1,207.9
OPERATING EXPENSES			
Raw materials, consumables, personnel expenses, services and subcontracted work		**- 891.6**	- 882.7
Depreciation, amortization and impairment losses		**- 123.4**	- 135.2
Other expenses	[7]	**- 1.5**	-
		- 1,016.5	- 1,017.9
Share in result of joint ventures and associated companies		**21.9**	- 7.6
RESULTS FROM OPERATING ACTIVITIES (EBIT)		**101.7**	182.4
Finance income and expenses		**- 7.0**	- 15.0
PROFIT BEFORE TAXATION		**94.7**	167.4
Income tax expense	[14]	**- 19.6**	- 18.9
NET GROUP PROFIT FOR THE REPORTING PERIOD		**75.1**	148.5
NET GROUP PROFIT FOR THE REPORTING PERIOD ATTRIBUTABLE TO:			
Shareholders		**75.1**	147.5
Non-controlling interests		**-**	1.0
		75.1	148.5
Average number of shares (x 1,000)		**130,565**	126,312
Number of shares at the end of the reporting period (x 1,000)		**133,352**	130,077
Earnings per share		**EUR 0.58**	EUR 1.17
Diluted earnings per share		**EUR 0.58**	EUR 1.17
EBITDA		**225.1**	317.6

The notes on pages 27 to 31 are an integral part of these Interim Consolidated Financial Statements for the first half year 2017.

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(Condensed consolidated Statement of Recognized and Unrecognized Income and Expenses)

(in millions of EUR)	Note	1ST HALF YEAR 2017	1ST HALF YEAR 2016
NET GROUP PROFIT FOR THE REPORTING PERIOD		**75.1**	148.5
ITEMS THAT WILL NOT BE SUBSEQUENTLY RECLASSIFIED TO THE STATEMENT OF PROFIT OR LOSS			
Actuarial gains (losses) and asset limitation on defined benefit pension schemes, after tax		**- 0.1**	0.9
Share of other comprehensive income of associates and joint ventures, after tax		**-**	- 6.2
		- 0.1	- 5.3
ITEMS THAT ARE OR MAY BE RECLASSIFIED SUBSEQUENTLY TO STATEMENT OF PROFIT OR LOSS			
Movement in fair value of investment in Fugro N.V.	*[9]*	**- 0.4**	-
Currency translation differences on foreign operations, after tax		**- 33.1**	- 29.6
Currency translation differences from joint ventures and associated companies, after tax		**- 42.0**	- 14.9
Change in fair value of cash flow hedges, after tax		**8.5**	3.2
Change in fair value of cash flow hedges from joint ventures and associated companies, after tax		**1.9**	7.5
		- 65.1	- 33.8
Other comprehensive income for the reporting period, after tax		**- 65.2**	- 39.1
TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD		**9.9**	109.4
ATTRIBUTABLE TO:			
Shareholders		**9.9**	108.4
Non-controlling interests		**-**	1.0
TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD		**9.9**	109.4

The notes on pages 27 to 31 are an integral part of these Interim Consolidated Financial Statements for the first half year 2017.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Condensed consolidated Balance Sheet)

(in millions of EUR)	*Note*	**30 JUNE 2017**	31 DECEMBER 2016
NON-CURRENT ASSETS			
Intangible assets		**278.4**	287.5
Property, plant and equipment	*[8]*	**2,403.9**	2,484.1
Investments in joint ventures and associated companies		**791.5**	827.0
Other non-current assets	*[9]*	**17.3**	131.1
		3,491.1	3,729.7
CURRENT ASSETS			
Inventories and receivables		**941.3**	859.4
Cash and cash equivalents		**522.5**	965.3
Assets disposal group	*[10]*	**-**	9.6
		1,463.8	1,834.3
TOTAL ASSETS		**4,954.9**	5,564.0
GROUP EQUITY			
Shareholders' equity	*[12]*	**3,101.6**	3,121.2
Non-controlling interests		**2.0**	2.0
		3,103.6	3,123.2
NON-CURRENT LIABILITIES			
Interest-bearing borrowings		**284.7**	308.3
Provisions		**57.6**	61.7
Other liabilities and payables		**25.2**	24.2
		367.5	394.2
CURRENT LIABILITIES			
Interest-bearing borrowings	*[11]*	**0.3**	453.1
Bank overdrafts		**3.0**	1.2
Provisions		**19.9**	22.0
Other liabilities and payables		**1,460.6**	1,562.6
Liabilities disposal group	*[10]*	**-**	7.7
		1,483.8	2,046.6
TOTAL GROUP EQUITY AND LIABILITIES		**4,954.9**	5,564.0
Solvency		**62.6%**	56.1%

The notes on pages 27 to 31 are an integral part of these Interim Consolidated Financial Statements for the first half year 2017.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of EUR)	Note	**1ST HALF YEAR 2017**	1ST HALF YEAR 2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Net group profit		**75.1**	148.5
Depreciation and amortization		**123.4**	135.2
Cash flow		**198.5**	283.7
Adjustments for:			
Finance income and expenses, income tax expenses, results from disposals / divestments		**24.4**	- 2.7
Movement in other non-current assets, excluding Fugro, excluding deferred tax		**- 3.0**	2.2
Movement in provisions, excluding deferred tax		**6.3**	- 1.0
Movement in working capital (including inventories, excluding tax and interest)		**- 188.2**	- 141.5
Share in result of joint ventures and associated companies		**- 21.9**	7.6
Cash generated from operating activities		**16.1**	148.3
Dividends received		**14.0**	17.6
Interest paid and received		**- 15.3**	- 14.6
Income tax paid		**- 23.6**	- 51.7
Net cash from operating activities		**- 8.8**	99.6
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in intangible assets and property, plant and equipment	*[8]*	**- 120.9**	- 98.8
Investment in business combination, net of cash acquired		**-**	- 70.7
Divestment of Fugro N.V.	*[9]*	**114.1**	-
Investment in associated companies and/or joint ventures		**-**	- 0.7
Disposal of (a part of) group companies, net of cash disposed		**- 5.4**	86.2
Net cash used in investing activities		**- 12.2**	- 84.0
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of interest-bearing borrowings, including make-whole payments	*[11]*	**- 445.9**	- 217.3
Net proceeds from settlement of hedges on early repayment of borrowings		**52.6**	-
Dividends paid to shareholders and non-controlling interests	*[12]*	**- 29.5**	- 56.6
Net cash used in / from financing activities		**- 422.8**	- 273.9
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**- 443.8**	- 258.3
Net cash and cash equivalents and bank overdrafts as at 1 January (including amounts in disposal groups)		**969.7**	766.7
Net increase (decrease) in cash and cash equivalents		**- 443.8**	- 258.3
Currency translation differences		**- 6.4**	- 1.7
Movement in net cash and cash equivalents		**- 450.2**	- 260.0
NET CASH AND CASH EQUIVALENTS AND BANK OVERDRAFTS AS AT 30 JUNE (INCLUDING AMOUNTS IN DISPOSAL GROUPS)		**519.5**	506.7

The notes on pages 27 to 31 are an integral part of these Interim Consolidated Financial Statements for the first half year 2017.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN GROUP EQUITY

	1ST HALF YEAR 2017			1ST HALF YEAR 2016		
(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	**3,121.2**	**2.0**	**3,123.2**	3,714.3	7.6	3,721.9
TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD						
Net group profit for the reporting period	**75.1**	**-**	**75.1**	147.5	1.0	148.5
Other comprehensive income for the reporting period	**- 65.2**	**-**	**- 65.2**	- 39.1	-	- 39.1
Total comprehensive income for the reporting period	**9.9**	**-**	**9.9**	108.4	1.0	109.4
TRANSACTIONS WITH SHAREHOLDERS						
Distributions to shareholders						
Cash dividend	**- 29.5**	**-**	**- 29.5**	- 55.8	- 0.8	- 56.6
Total transactions with shareholders	**- 29.5**	**-**	**- 29.5**	- 55.8	- 0.8	- 56.6
Balance as at 30 June	**3,101.6**	**2.0**	**3,103.6**	3,766.9	7.8	3,774.7

The notes on pages 27 to 31 are an integral part of these Interim Consolidated Financial Statements for the first half year 2017.

EXPLANATORY NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

Royal Boskalis Westminster N.V. (the 'Company') is a leading global services provider operating in the dredging, dry and maritime infrastructure and maritime services sectors. Royal Boskalis Westminster N.V. has its registered office in Sliedrecht, the Netherlands, and its head office is located at Rosmolenweg 20, 3556 LK in Papendrecht, the Netherlands. The Company is a publicly listed company on Euronext Amsterdam.

The Interim Consolidated Financial Statements for the first half year of 2017 of Royal Boskalis Westminster N.V. includes the Company and its Group companies (hereinafter referred to jointly as the 'Group') and the interests of the Group in associated companies and entities over which it has joint control.

The Interim Consolidated Financial Statements were prepared by the Board of Management and were cleared for publication on 17 August 2017.

The Interim Consolidated Financial Statements for the first half year of 2017 have not been audited or reviewed by an independent auditor.

The Group's audited consolidated financial statements for 2016 are available at www.boskalis.com.

2. COMPLIANCE STATEMENT

The Interim Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standard 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 2016 consolidated financial statements of the Group, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU).

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 the same as the valuation principles applied to the 2016 consolidated financial statements.

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

NEW INTERPRETATIONS NOT YET ADOPTED

The following standards, amendments to standards and interpretations, are not effective as of 30 June 2017 and / or not yet adopted by the European Union (EU). As a consequence, these new standards, amendments and interpretations have not been applied in these Interim Consolidated Financial Statements. The Group does not adopt these standards and interpretations early and the extent of the possible impact has not been or cannot be determined yet. The most important possible changes for the Group can be summarized as follows:

- IFRS 9 'Financial instruments' addresses the classification, measurement and recognition of financial assets and financial liabilities. This new standard replaces the guidance provided in IAS 39. The Group has started its impact assessment of IFRS 9 'Financial Instruments' and it is expected that the effects of implementation of this standard on the Group's statement of profit or loss and statement of financial position will be limited. The new standard does not change hedge accounting and allows more hedges to qualify for hedge accounting. The introduction of the required expected credit loss model may result in a non-material increase of the allowance for receivables at implementation. IFRS 9 is not expected to materially impact the results of the Group in subsequent periods. This new standard was endorsed by the European Union in the second half of 2016 and will be effective as of 1 January 2018.

- IFRS 15 'Revenue from Contracts with Customers' provides a framework for the recognition of income and will replace the current standards IAS 18 'Revenue' and IAS 11 'Construction Contracts'. The Standard was endorsed by the European Union in the second half of 2016 and will be effective as of 1 January 2018. Amongst other, IFRS 15 changes the thresholds for the recognition of variation orders and variable considerations, such as claims and incentives. The Group has made a qualitative analysis of the possible effect. The impact is not expected to be material. Also, the standard requires additional internal documentation and additional disclosures, including disclosures regarding the order book. The Group intends to apply the retrospective approach and considers using certain practical expedients facilitated by IFRS15 for the transition towards this new standard and as such the impact can only be quantified from the effective date 1 January 2018.

- IFRS 16 'Leases' replaces the current standard for leases (IAS 17) and provides a new framework for the recognition of lease contracts. The new standard mainly requires lessees to recognize a liability in their Statement of Financial Positions and to capitalize the right-of-use of a leased asset if it is leased for a period exceeding one year. The new standard relates to changes in accounting for operational lease commitments of the Group (see note 16). The standard was issued in January 2016 and will be effective for periods beginning on or after 1 January 2019. The European Union has not yet endorsed this standard.

- IFRIC 23 'Uncertainty over Income Tax Treatments' was issued in June 2017 and is effective for periods beginning on or after 1 January 2019. The interpretation as included in IFRIC 23 is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. The European Union has not yet endorsed this interpretation.

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, income and expense. Actual results may deviate from results reported previously on the basis of estimates and assumptions. 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 2016 consolidated financial statements, with the exception of income tax expense. Income tax expense is accounted for based on the weighted average tax 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.

5. OPERATIONAL SEGMENTS

The Group recognizes three operational segments which comprise the divisions of the Group as described below. These divisions offer different products and services and are managed separately because they require different strategies. Each of the divisions reports on a quarterly basis, by means of internal management reporting to the Board of Management.

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 seabed or riverbed and reusing it elsewhere where possible, for example for coastal protection or land reclamation. The services provided 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 and dry earthmoving. In the Netherlands, the Group also operates as a contractor of dry infrastructure projects. This involves the design, preparation and execution of large-scale civil infra works, such as the construction of roads and railroads, bridges, aqueducts, viaducts and tunnels in addition to dike and riverbank-related projects. In doing so, the Group also performs specialist works such as soil improvement and land remediation.

OFFSHORE ENERGY

With its offshore contracting capabilities and services 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 engineering, 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 by dredging, offshore pipeline, cable and rock installation. Since 1 July 2016 the acquired offshore activities of VolkerWessels consisting of VSI, Stemat and VBMS (expanding the Group's share in VBMS from 50% to 100%) are part of this segment. Through VBMS, the Group is a leading player in the European market for offshore cable installation.

TOWAGE & SALVAGE

In ports around the world assistance is provided to incoming and outgoing ocean-going 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 joint venture Smit Lamnalco. These services include providing assistance with the berthing and unberthing of tankers at oil and LNG terminals as well as additional support services. Assistance is provided in around 90 ports in 36 countries with a versatile fleet of over 400 vessels, including oil and chemical tankers, container ships, reefers, RoRo ships and mixed cargo ships. Through SMIT Salvage marine salvage related and wreck removal services are provided. SMIT Salvage provides assistance to vessels in distress and is able to come into action at anytime and anywhere in the world. It is able to do so by operating out of four locations which are strategically situated along 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 to measure the performance of operational segments, both between segments and compared to other companies in the same industry. Inter-operational segment services, if any, take place at arm's length basis. EBITDA is defined as the segment result before depreciation, amortization and impairments. In the reporting period there were no material inter-operational segment services. During the first half year of 2016 the Group reported its share in Fugro N.V. as an associated company and reclassified it as an available-for-sale investment during December 2016, in both cases reporting the share in Holding & Eliminations. The Group sold its remaining share in Fugro N.V. in the first quarter of 2017.

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 2017					
Revenue	579.3	495.2	25.6	- 7.5	1,092.6
EBITDA	112.4	105.3	17.8	- 10.4	225.1
Share in result of joint ventures and associated companies	5.4	0.8	15.7	-	21.9
Operating result / EBIT	61.7	36.1	16.7	- 12.8	101.7
Non-allocated finance income and expenses					- 7.0
Non-allocated income tax expenses					- 19.6
Net Group profit (loss)					75.1
Investments in property, plant and equipment	61.1	48.6	0.1	2.4	112.2
Depreciation and amortization	50.7	69.2	1.1	2.4	123.4

(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 excluding Fugro N.V.	1.1	0.1	19.1	-	20.3
Share in result of investment Fugro N.V.				- 27.9	- 27.9
Bookresult Kotug Smit Towage				34.0	34.0
Operating result / EBIT	63.2	107.7	24.8	- 13.3	182.4
Non-allocated finance income and expenses					- 15.0
Non-allocated income tax expenses					- 18.9
Net Group profit (loss)					148.5
Investments in property, plant and equipment	61.3	34.3	0.9	3.1	99.6
Depreciation and amortization	48.4	82.8	4.7	- 0.7	135.2

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 performed on behalf of state-controlled authorities and oil and gas producers (or contractors thereof) in various countries and geographical areas. In general there is a healthy diversification of receivables from different customers in several countries in which the Group performs its activities.

6. 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 provided all over the world. There is no clear seasonal influence on operations.

7. OTHER INCOME AND EXPENSES

Other income mainly consists of the positive book result on the disposal of property and equipment. Other expenses include EUR 0.9 million relating to the divestment of the remaining share in Fugro N.V.

8. PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment in the reporting period are summarized as follows:

(in millions of euros)	TOTAL
Balance as at 1 January 2017	**2,484.1**
Investments	112.2
Depreciation	- 115.9
Disposals	- 8.4
Currency translation differences and other movements	- 68.1
Balance as at 30 June 2017	**2,403.9**

9. OTHER NON-CURRENT ASSETS

As at 31 December 2016 the investment of 9.4% in Fugro N.V. was reported in the consolidated balance sheet as a financial instrument available-for-sale under Other non-current assets. On 28 February 2017 Boskalis sold its remaining investment in Fugro N.V. through an accelerated book-build at EUR 14.50 per share. The net proceeds amounted to EUR 114.1 million.

10. ASSETS AND LIABILITIES OF DISPOSAL GROUPS

On 12 January 2017, the Group sold the assets and liabilities related to the subsidiary Aannemingsmaatschappij Markus B.V. which were held for sale as at year-end 2016. The transaction did not result in a book result.

11. INTEREST-BEARING BORROWINGS

In January 2017 Boskalis repaid early the US private placement originating from July 2010 and amounting to USD 433 million and GBP 11 million. The expenses of make-whole payments and the early unwinding of cross-currency swaps relating to this transaction were mainly accounted for in 2016 and had no material impact on the 2017 half year result.

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

In the first half year of 2017 a total dividend of EUR 130.1 million was distributed with regard to the 2016 financial year (EUR 1.00 per ordinary share).

77% of all shareholders opted to receive a stock dividend in ordinary shares. As a result 3,275,042 new ordinary shares were issued. At 30 June 2017 the number of outstanding shares was 133,351,894.

The remaining 23% of all shareholders opted for a cash dividend. An amount of EUR 29.5 million was distributed and the associated dividend tax was paid in July 2017.

13. RELATED PARTIES

The identified related parties of the Group are its Group companies, joint ventures, associated companies, shareholders with significant influence, pension funds that are classified as funded defined benefit pension plans in accordance with IAS 19, and the members of the Supervisory Board and Board of Management.
Mr. M. Niggebrugge resigned as a member of the Supervisory Board at the General Meeting of Shareholders on 10 May 2017. There were no other significant changes to the identified related parties to the Group.

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 2017 sales and purchases amounted to EUR 19.5 million and EUR 11.5 million, respectively (first half year 2016: EUR 34.6 million and EUR 6.2 million, respectively). Receivables from and liabilities to joint ventures and associated companies amount to EUR 24.7 and million EUR 3.2 million, respectively as at 30 June 2017 (year-end 2016: EUR 22.8 million and EUR 3.5 million, respectively). Transactions with members of the Board of Management and Supervisory Board comprise only regular remuneration.

During the first half year of 2017 there were no other material transactions with related parties that could reasonably be expected to influence any decision taken by users of these Interim Consolidated Financial Statements.

14. INCOME TAX EXPENSE

In respect of the profit realized in the first half year of 2017 an amount of EUR 19.6 million was recognized as taxation (first half year of 2016: EUR 18.9 million).

The applicable tax rate in the Netherlands is 25.0%. Different rates, non-deductible costs, the treatment of tax losses, special taxation regimes, adjustments in respect of prior years and results not subject to taxation result in an effective tax rate of 20.7% for the reporting period (first half year 2016: 11.3%) and 27.0% if adjusted for the net result from joint ventures and associates.

15. COMMITMENTS AND CONTINGENT LIABILITIES

The total of outstanding guarantees, mainly relating to projects in progress, amounted to EUR 0.7 billion as at 30 June 2017. Compared to 31 December 2016 there were no material changes to the other commitments, including operational lease commitments and investment commitments. Some legal proceedings and investigations have been initiated against the Group or entities of the Group. Provisions have been made where deemed necessary and if a reliable estimate of future cash flows can be made.

16. SHARE BUYBACK PROGRAM

On 3 July 2017 the Company announced a share buyback program to reduce the capital outstanding with the intention to neutralize the effect resulting from the distribution of the 2016 stock dividend.

17. SUBSEQUENT EVENT

On 15 August 2017 Boskalis acquired control of the Gardline Group, United Kingdom, through the acquisition of all outstanding shares. This acquisition will be accounted for as a business combination. With the acquisition Boskalis strengthens its existing survey activities and becomes a specialist provider of subsea geotechnical surveys with an exposure to the renewables market and the early cyclical oil and gas market. The consideration paid including assumed debt amounts to approximately GBP 40 million.

18. 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 exceeded the book value by EUR 12.6 million as at 30 June 2017 (31 December 2016: EUR 18.2 million higher).

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

(in million EUR)	**30 June 2017**	31 December 2016
FINANCIAL ASSETS		
Derivatives non-current	**7.1**	4.1
Derivatives current	**30.2**	76.7
	37.3	80.8
FINANCIAL LIABILITIES		
Derivatives non-current	**7.3**	0.8
Derivatives current	**3.8**	8.8
	11.1	9.6

FAIR VALUE HIERARCHY

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

- 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 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 value of derivatives is categorized as level 2 (31 December 2016: 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 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 2016: level 3).

19. 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 2017 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 all its business undertakings included in the consolidation 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,
16 August 2017

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

Royal Boskalis Westminster N.V.
Rosmolenweg 20
PO Box 43
3350 AA Papendrecht
The Netherlands

royal@boskalis.com
T +31 78 6969000
F +31 78 6969555

www.boskalis.com