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PRESS RELEASE

Boskalis half year result 2019 tainted by offshore projects; 2019 EBITDA guidance unchanged

Papendrecht, 22 August 2019

KEY FIGURES FIRST HALF YEAR 2019

- Revenue: EUR 1.3 billion
- EBITDA: EUR 135.7 million
- Net profit: EUR 1.3 million
- Order book: EUR 4.4 billion

OUTLOOK 2019

- Dredging: stable market volume
- Offshore Energy contracting: positive contribution from projects in second half year
- Offshore Energy services: reasonable volume and vessel utilization
- Towage: sale of equity stake in Saam Smit Towage; other joint ventures stable
- Salvage: strong year
- Profit outlook second half year: substantial improvement of the net profit relative to the first half year
- 2019 EBITDA guidance maintained; comparable to level last year

Royal Boskalis Westminster N.V. (Boskalis) realized a net profit of EUR 1.3 million in the first half of the year (H1 2018: negative EUR 361.4 million).

Revenue in the first half of the year increased 8.6% compared to the first half of last year to EUR 1.27 billion (H1 2018: EUR 1.17 billion).

EBITDA in the first half of the year totaled EUR 135.7 million and the EBIT was EUR 9.1 million (H1 2018 EBITDA: EUR 167.2 million, EBIT: negative EUR 349.6 million).

A strong decline of the result was caused by operational and contractual issues on a limited number of offshore projects, partly in decommissioning but mostly in offshore wind cables. In the offshore wind market circumstances have changed as a consequence of the move to zero subsidies and increased competition. This has resulted in a recent and unexpected change in the attitude of clients, which is reflected in a sharp increase in the number of disputes and protracted claim negotiations. Following a thorough review of the projects in hand, provisions of slightly more than EUR 100 million have been made on a limited number of onerous contracts. The entire order book was reviewed when determining these provisions. Boskalis is confident that in time a substantial part of these provisions will be recovered, however has not taken this into consideration in the reported figures.

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Extraordinary items impacted both the 2018 and 2019 half year result. In 2018, these were related to (impairment) charges of EUR 397.0 million pre tax whilst in 2019 a book profit of EUR 42.2 million is included in the earnings, relating to the sale of the Kotug Smit Towage joint venture and the sale of a vessel. The extraordinary items are accounted for at group level.

Within the Dredging & Inland Infra segment, revenue increased with the strongest growth realized outside Europe. Large projects in progress in Oman, Singapore, Canada and the Indian subcontinent contributed to this. The results were virtually stable compared to the same period last year.

At Offshore Energy, revenue from contracting activities increased with important contributions from the cable laying activities and seabed intervention projects such as Nord Stream 2. Within the services cluster, the developments were in line with expectations. The subsea and survey activities had a relatively busy first half year. Within heavy marine transport, revenue decreased in part due to the decision taken last year to exit the low-end transport market. The sharp decline in the division result is fully explained by provisions for onerous contracts of more than EUR 100 million.

Salvage had a very good first half year with high-profile and successful salvage operations. The contribution from the Towage joint ventures decreased, which is entirely attributable to the (intended) sale of our interest in Kotug Smit Towage and Saam Smit Towage. The contribution from the remaining joint ventures was higher compared to the same period last year.

The net debt position increased to EUR 419.8 million in the first half year, partly due to ongoing investments, acquisitions, the share buy-back program and the effect of an all-cash dividend. With the proceeds of the (intended) sale of our share in two harbor towage joint ventures (Kotug Smit Towage and Saam Smit Towage) combined with the operational outlook, the net debt position will improve substantially in the second half of the year. Boskalis' financial position remains strong with a solvency of 50.9%.

The order book, excluding our share in the order book of associates, increased to EUR 4.36 billion at the end of the first half year (year-end 2018: EUR 4.29 billion).

Peter Berdowski, CEO:

“Over the past six years we have built up a strong leading position in the offshore cable market in Northwest Europe. These activities contributed well to the result in that period. We have successfully completed many projects in close and constructive cooperation with clients. Recently, however, we are being confronted with a drastically changed attitude of many of these clients. Under pressure from the disappearance of subsidies on wind farms, clients are keenly looking for ways to reduce costs. This has resulted in a considerably more tense situation in the execution of projects and an accumulation of disputes on projects and lengthy claim procedures. Although we are confident that we will be able to recover a large proportion of the outstanding claims in the future, we have prudently taken provisions on a limited number of offshore projects, whereby we reviewed the entire offshore portfolio.

In order to respond better to the changed market situation, we have tightened the organization of the Offshore Energy division and in particular that of Subsea Cables. The provisions have a major impact on the earnings of the Offshore Energy division in the first half of the year resulting in a loss, despite the stable revenue and the decent occupancy of the vessels. We expect a positive contribution from the Offshore Division for the second half of the year and we see clear signs of recovery for the medium term. At Dredging & Inland Infra the picture was stable in terms of volume, vessel utilization and earnings and Salvage had a very strong first half year with high-profile projects and a strong increase in the result.

Finally, we have taken major steps in the repositioning of our business portfolio this half year, on the one hand with agreements reached on the sale of our harbor towage joint ventures Kotug Smit Towage and Saam Smit Towage and on the other hand with the expansion of our position in the early cyclical survey market with the acquisition of a majority stake in the survey company Horizon."

Outlook

The market picture for the rest of 2019 is not fundamentally different from that in the first half year and with no further loss provisions anticipated, a strong improvement of the result is expected.

At Dredging & Inland Infra we see a reasonable volume of work in the market in the short term, with the timing of new project awards being the biggest uncertainty. The emphasis for Boskalis is on maintaining utilization at a responsible level of project risk. With the current projects in hand, a reasonable part of the fleet is set to be utilized in the remainder of 2019.

The picture for the Offshore Energy market has not changed and the second half year is expected to be comparable to the first half year, adjusted for the onerous contract provisions. Transport and diving will be largely dependent on the spot market. Survey is expected to have another good year with further growth, partly thanks to the addition of Horizon. For the contracting activities we expect the projects in the order book to result in a reasonable second half year.

At Towage, market volumes within the remaining towage joint ventures are stable and the sale of our stake in Saam Smit Towage is expected to be completed in the second half year. Following a very strong first half year Salvage will be dependent on new emergency response assignments and settlement results from old projects, as is customary for this business.

Based on the fleet planning and work in the order book and barring unforeseen circumstances, the Board of Management expects a sharp improvement in the net profit in the second half of 2019 compared to the first half year. The guidance stated earlier in 2019 that EBITDA levels will be stable relative to the approximately EUR 350 million of last year is maintained.

Capital expenditure in 2019 is expected to be slightly more than EUR 250 million, excluding acquisitions, and will be financed from the company's own cash flow.

The net debt position increased temporarily to EUR 419.8 million at the end of the first half year. With the proceeds from the sale of our share in Kotug Smit Towage and Saam Smit Towage and with the operational outlook, the net debt position is expected to improve substantially towards the end of the year.

**>>> click [here](#) for the full version of the 2019 half year report
including all the financial details <<<**

KEY FIGURES	1ST HY 2019	1ST HY 2018	2018
<i>(in EUR million)</i>			
Revenue	1,265.9	1,165.7	2,569.5
EBITDA	135.7	167.2*	353.6*
Net result from JVs and associates	8.6	14.8	28.4*
Operating result	-33.1	47.4	119.0
Extraordinary items	42.2	-397.0	-519.5
EBIT	9.1	-349.6	-400.5
Net profit adjusted for extraordinary income and charges after tax	-40.9	34.5	82.8
Net profit (loss)	1.3	-361.4	-435.9
Earnings per share	0.01	-2.76	-3.29
	30 June 2019	30 June 2018	End 2018
Order book	4,363	3,885	4,292

*EBITDA and operating result include our share in the net result of joint ventures and associates
* adjusted for extraordinary items*

Live audio webcast

The Board of Management of Royal Boskalis Westminster will comment on the 2019 half-year results at the analyst meeting (11.30 am - 12.45 pm CET) on 22 August 2019. This meeting can be followed by means of a live audio webcast, details of which can be found on the homepage (www.boskalis.com).

2019-2020	FINANCIAL CALENDAR
22 August	Publication of 2019 half-year results
8 November	Trading update on third quarter of 2019
5 March	Publication of 2019 annual results
13 May	Trading update on first quarter of 2020
13 May	Annual General Meeting of Shareholders
20 August	Publication of 2020 half-year results
6 November	Trading update on third quarter of 2020

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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 core activities such as coastal defense, riverbank protection and land reclamation Boskalis is able to provide adaptive and mitigating solutions to combat the effects of climate change, such as extreme weather conditions and rising sea levels, as well as delivering solutions for the increasing need for space in coastal and delta regions across the world. The company facilitates the development of offshore energy infrastructure, including renewable wind energy. Boskalis is furthermore active in the construction and maintenance of ports, waterways, access channels and civil infrastructure, thus helping to facilitate trade flows and regional socio-economic development. In addition, Boskalis is a global marine salvage expert and 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 11,300 employees, including associates, Boskalis is creating new horizons around the world.

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