Boskalis
Dredging & Marine Experts

ANNUAL REPORT 2015

# ANNUAL REPORT 2015

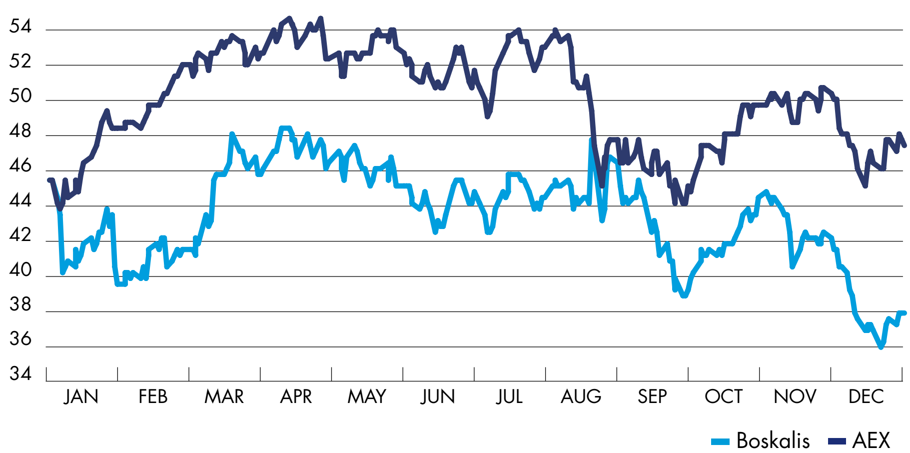

# KEY FIGURES

| (in EUR million, unless stated otherwise)* | 2015 | 2014 |
|---|---|---|
| **Revenue** | **3,240** | 3,167 |
| **Order book** | **2,490** | 3,286 |
| **EBITDA** | **884.7** | 945.9 |
| **Net result from joint ventures and associates** | **43.3** | 56.4 |
| **Operating result** | **562.8** | 652.3 |
| **Net profit** | **440.2** | 490.3 |
| **Net group profit** | **443.5** | 492.2 |
| Depreciation, amortization and impairment losses | **321.9** | 293.5 |
| Cash flow | **765.4** | 785.7 |
| **Shareholders' equity** | **3,714** | 3,152 |
| **Personnel (headcount)** | **8,268** | 8,446 |
| **RATIOS (IN PERCENTAGES)** | | |
| Operating result as % of revenue | **17.4** | 20.6 |
| Return on capital employed | **10.8** | 13.8 |
| Return on equity | **12.8** | 17.3 |
| Solvency | **56.3** | 53.4 |
| **FIGURES PER SHARE (IN EUR)** | | |
| Profit | **3.54** | 4.03 |
| Dividend | **1.60** | 1.60 |
| Cash flow | **6.16** | 6.46 |

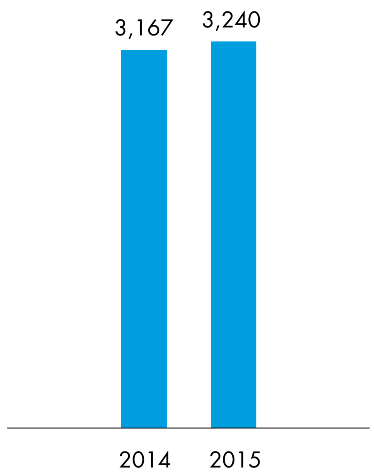
* *Please refer to the glossary for definitions of the terms used.*

| SHARE INFORMATION | 2015 | 2014 |
|---|---|---|
| (Share price in EUR) | | |
| High | **49.21** | 47.18 |
| Low | **35.70** | 33.71 |
| Close | **37.63** | 45.45 |
| Average daily trading volume | **468,129** | 354,053 |
| Number of issued ordinary shares at year-end (x 1,000) | **125,627** | 122,938 |
| Average number of outstanding shares (x 1,000) | **124,182** | 121,606 |
| Stock market capitalization (in EUR billion) | **4.727** | 5.588 |

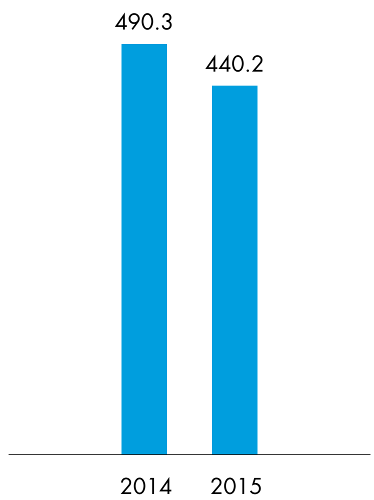
**DEVELOPMENT BOSKALIS SHARE PRICE 2015, AEX INDEX REBASED TO BOSKALIS** (in EUR)



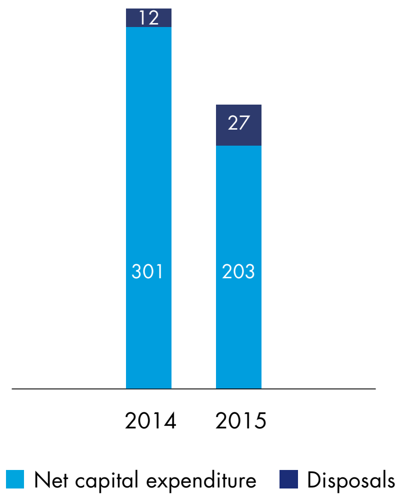
**REVENUE** (in EUR million)



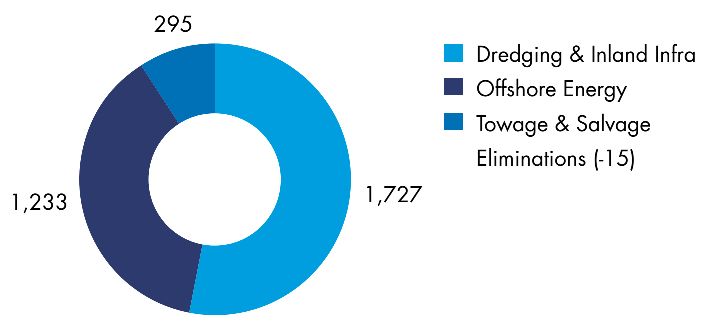

**NET PROFIT** (in EUR million)



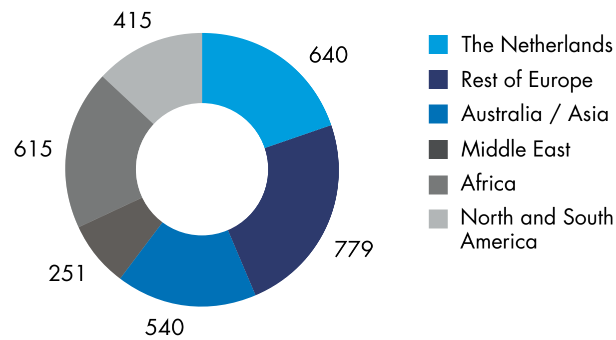

**CAPITAL EXPENDITURE** (in EUR million)



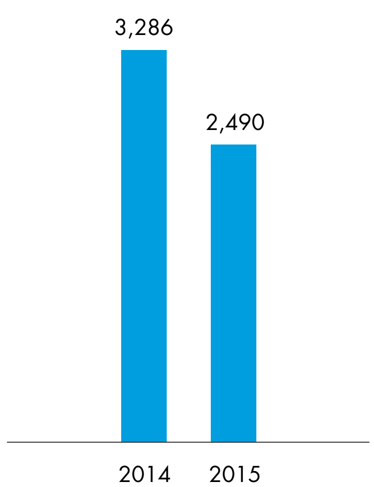

**REVENUE BY SEGMENT** (in EUR million)



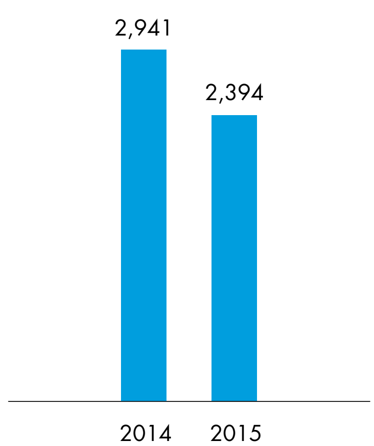

**REVENUE BY GEOGRAPHICAL AREA** (in EUR million)



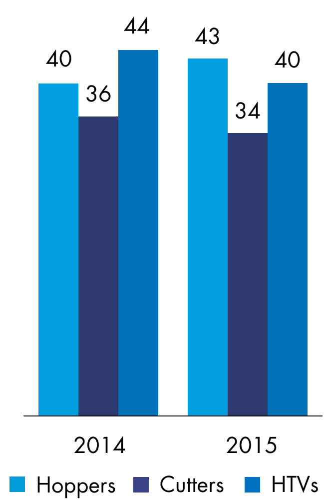

**ORDER BOOK** (in EUR million)




**ACQUIRED ORDERS** (in EUR million)




**FLEET UTILIZATION** (in weeks per year)



# ANNUAL REPORT 2015

This Annual 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 is under no obligation to update the statements contained in this Annual Report. Some of the projects referred to in this report were carried out in cooperation with other companies.This is an English translation of the official Annual Report in the Dutch language. In the event of discrepancies between the two, the Dutch version shall prevail.

# TABLE OF CONTENTS


Dredging work by the trailing suction hopper dredger
Prins der Nederlanden for the construction of Açu Port in Brazil.

# CHAIRMAN'S STATEMENT

**Dear shareholders,**
**Despite the deteriorating market conditions 2015 turned out to be a good year. Another very busy year with many highlights, which also saw a satisfactory close in financial terms with revenue of EUR 3.2 billion and net profit of EUR 440 million. The order book at year-end stood at EUR 2.5 billion. In addition, we worked very hard on the integration and further strengthening of our internal organization, among others through the harmonization of various business processes and support systems.**

## DEVELOPMENTS IN CORE ACTIVITIES

### DREDGING & INLAND INFRA

2015 will definitely go down in history as the year that the second Suez Canal was opened. Whereas a year or so ago there were still doubts as to whether this highly ambitious project could be realized in such an extremely short space of time, we now know that it could. In the space of around nine months a volume of no less than 220 million cubic meters was dredged by the biggest combined dredging fleet in history, with around 2,000 people of no fewer than 45 different nationalities having been involved in the project. The ceremonial opening of the canal by Egyptian President al-Sisi on 6 August 2015 was attended by an array of world leaders. 2015 also saw the conclusion of two other important projects that had been ongoing for some time: the construction of Açu Port in Brazil and the A4 Midden-Delfland motorway in the Netherlands. New projects acquired during the year included the construction of the Pluit City artificial island near Jakarta in Indonesia, the artificial island Punta Pacifica 2 in Panama and in the Netherlands the construction of the Marker Wadden and the reinforcement of the Markermeer dikes.

### OFFSHORE ENERGY

The Offshore Energy division also executed a large number of projects in 2015. One of the most extraordinary was undoubtedly the DolWin2 project, involving the transportation and installation of the world's largest offshore converter platform, especially because it's such a great example of what we as a group – deploying our own equipment – are capable of. The project kicked off with the tow-out in Dubai by Smit Lamnalco. This was followed by the transportation of the platform from Dubai to Norway by Dockwise using the Mighty Servant 1. Next, the tow-out to the wind farm site in the German Bight was executed by Fairmount, while the anchor pattern was simultaneously laid by our anchor handling tugs. The ballasting of the platform with 60,000 tons of rock was carried out by the Rockpiper and the scour protection consisting of 10,000 tons of rock around the legs was installed by the Seahorse. Finally, the concrete mattresses to protect the platform's bellmouths were installed by the Protea. A great example of operational collaboration and commercial cross-pollination.

Dockwise worked hard on the biggest contract in its history, the Wheatstone LNG project in Australia, with nearly 50 transports and more than 100 modules. At its peak 18 vessels and barges were deployed on the project and delivery of the final modules for the first LNG train was completed on time just before the new year.
In addition, Dockwise deployed the Dockwise Vanguard to transport the FPSO Goliat from South Korea to Norway. Weighing 65,000 tons, this was the heaviest cargo ever transported by Dockwise. Dockwise also carried out eight transports in support of the mobilization and demobilization of dredging vessels, pipelines and support equipment for the Suez Canal project.

An important and sizable project won in 2015 was the Veja Mate offshore wind park project, which comprises the design, procurement, manufacture, transportation, installation and scour protection of 67 wind turbine foundations. With a diameter of almost 8 meters and a maximum length of 85 meters, the monopiles are the biggest ever made and installed for a wind park.

## TOWAGE & SALVAGE

At Towage further progress was made with the execution of the strategy aimed at the development and expansion of regional partnerships. The Saam Smit joint venture in North and South America has taken on its permanent shape and in December 2015 we took a major next step in the establishment of the Kotug Smit joint venture, which we expect to be able to effectuate in the first half of 2016.

Salvage had a historically busy and successful year. The highlight was the wreck removal of the car carrier Baltic Ace, which sank off the Dutch coast. After the removal of the heavy fuel oil from the wreck, it was cut into eight sections, using an innovative heave-compensation cutting method developed in-house. The sections were lifted using the Taklift 4 floating sheerleg crane, with loose debris being removed by the grab crane. In this way the entire ship, including its cargo of 1,400 cars, was removed from the seabed: neatly, carefully and with control. In addition, Salvage worked on no fewer than three salvage jobs involving oil rigs during the year: the Perro Negro in Angola, the Troll in Mexico and the Rumailah in Qatar.

## SAFETY

2015 was also the year in which we celebrated the fifth anniversary of NINA. Five years during which our NINA (No Injuries, No Accidents) safety program has become an inextricable part of our culture, part of our DNA. In 2015 NINA was successfully introduced at the Offshore Energy division and at Salvage, where it has now also become impossible to imagine the business without NINA. Last year also saw the introduction of the first NINA workbox, with practical training methods and tools focused on a specific theme. The *workbox Hands* was well received both on board of the vessels and on the projects, and was followed early this year by the important *workbox Mooring*, which will meet a pressing need aboard the vessels.

## FLEET REINFORCEMENT

Despite the prevailing market conditions we still invested considerably in 2015. The hopper Freeway was named and taken into service in Papendrecht in mid-January, followed by the flat-top barge Giant 6, semi-submersible heavy transport vessel White Marlin, the floating sheerleg crane Asian Hercules III and the Giant 7.

In early 2016 we announced the purchase of the activities of STRABAG Wasserbau, based in the German city of Hamburg. The acquisition will allow us to strengthen the fleet with vessels including two young medium-sized hoppers in a segment where we were looking for reinforcement and renewal.

## OPPORTUNITIES IN WIND ENERGY

Early March 2016, Boskalis signed a Letter of Intent to acquire offshore activities of VolkerWessels. 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 VolkerWessels in joint venture acquired two large offshore wind park projects. With the transaction, Boskalis will execute these two projects on a 100% basis. We have high expectations for new offshore wind park developments in Northwestern Europe and, in view of the much needed transition to more sustainable forms of energy, expect other regions globally to follow.

## FUGRO

In 2015 we increased our stake in Fugro from 19.9% to 28.6%. As we have stated previously we consider Fugro to be an interesting company whose activities fit very well with our own activities. As a major shareholder in Fugro during 2015 we engaged in a dialogue at Management Board and Supervisory Board level regarding the company's strategy and operational performance.

## CONCLUSION OF A PERIOD

Along with 2015 we conclude a period of exceptional growth and success, and prepare for a period of stagnation and rationalization, governed by low oil prices and a decline in the global demand for commodities. Markets are under pressure and are saturated with assets, in many cases held by companies unable to keep them sufficiently utilized and with weak balance sheets. On the one hand this provides us with opportunities for selective fleet reinforcement. At the same time we, too, are subject to market constraints and will have to adapt to this new market order. This means taking a critical look at the size and composition of the fleet, ensuring we are sufficiently flexible in the deployment of our vessels and people, and keeping an eye on costs, both in terms of overhead and operating costs. Above all we will be alert to respond to all the opportunities the market presents us with – in wind energy, in decommissioning, in port developments, in salvage, numerous. With a large, diversified fleet of vessels, a very sound financial position and, above all, highly committed and passionate employees we are well placed to take advantage of these opportunities.

On behalf of the Board of Management I want to thank all colleagues for the tremendous effort they once again put in in 2015, and thank our clients, partners and shareholders for the trust they place in us.

Peter Berdowski

# BOSKALIS AT A GLANCE

Ballasting by the Ndeavor of the legs of the new offshore platform for the Malampaya project in the Philippines.


Boskalis

# COMPANY PROFILE

**Royal Boskalis Westminster N.V. (Boskalis) is a leading dredging & marine expert creating new horizons for all its stakeholders.**

In addition to our traditional dredging activities we offer a broad range of maritime services for the offshore energy sector. In addition, we provide towage services as well as emergency response and salvage-related services.

As a partner we are able to realize complex infrastructural works for our clients within the chain of design, project management and execution, on time, safely and within budget, even at vulnerable or remote locations around the world. We strive for sustainable design and realization of our solutions.

Demand for our services is driven by growing energy consumption, growth in global trade, growth in world population and climate change. Boskalis operates worldwide but concentrates on regions which have the highest growth expectations for the energy and ports markets. This spread gives us both a solid foundation and the flexibility to be able to secure a wide range of projects, as well as providing good prospects for balanced and sustained growth. Our main clients are oil, gas and wind energy companies, mining companies and related EPC (sub)contractors, governments, port and terminal operators, shipping companies and agents, insurance companies and international project developers.

Boskalis has more than 8,200 employees, excluding our share in associated companies. The safety of our own employees and those of our subcontractors is paramount. Boskalis operates its progressive global safety program NINA (No Injuries, No Accidents), which is held in high regard in the industry and by our clients. We operate on behalf of our clients in over 75 countries across six continents. Our versatile fleet consists of approximately 1,000 vessels and floating equipment. Our head office is based in the Dutch city of Papendrecht. Royal Boskalis Westminster N.V. shares have been listed on Euronext Amsterdam since 1971 and are included in the AEX-Index.

# ACTIVITIES

**Boskalis is renowned for its innovative approach and specialist knowledge of environmentally friendly techniques. With our great expertise, multidisciplinary approach, versatile state-of-the-art fleet and extensive experience in engineering and project management we have proven time and again that we are able to realize complex projects on time, safely and within budget, even at difficult locations anywhere in the world.**

### DREDGING & INLAND INFRA

Traditionally, dredging is the core activity of Boskalis. It involves all activities required to remove silt, sand and other layers from the water bed and reusing it elsewhere when possible, for example for coastal protection or land reclamation. The services we provide also include the construction and maintenance of ports and waterways, and coastal defense and riverbank protection.
In addition, Boskalis is active in the extraction of raw materials using dredging techniques and dry earthmoving.
In the Netherlands, Boskalis also operates as a contractor of dry infrastructure projects. This involves the design, preparation (by means of dry earthmoving) and execution of large-scale civil infra works, such as the construction of roads and railroads, bridges, dams, viaducts and tunnels. In doing so, we also perform specialist works such as soil improvement and remediation.

### OFFSHORE ENERGY

With the offshore services of Boskalis we support the activities of the international energy sector, including oil and gas companies and providers of renewable energy such as wind power.
We are involved in the development, construction, maintenance and decommissioning of oil and LNG import/export facilities, offshore platforms, pipelines and cables and offshore wind farms. In performing these activities Boskalis applies its expertise in the areas of heavy transport, lift and installation work, as well as diving and ROV services complemented with dredging, offshore pipeline, cable and rock installation. With VBMS we are a leading player in the European market for offshore cable installation.

### TOWAGE

In ports around the world assistance is provided to incoming and outgoing oceangoing vessels. This service is provided in joint venture with regional partners: Keppel Smit Towage in Asia, Saam Smit Towage in the Americas and the forthcoming joint venture KOTUG SMIT Towage in Northwest Europe. In addition, we offer a full range of services for the operation and management of onshore and offshore terminals through Smit Lamnalco, which is 50% owned by Boskalis. These include assistance with the berthing and unberthing of tankers at oil and LNG terminals and additional support services such as pilotage, subsea inspection and maintenance, firefighting, and the coupling and uncoupling of terminal connections. With our versatile fleet of over 450 vessels we assist vessels in over 90 ports in 38 countries, including oil and chemical tankers, container ships, reefers, RoRo ships and mixed cargo ships.

### SALVAGE

Through SMIT Salvage we provide services relating to the salvage of ships and wreck removal. SMIT Salvage provides assistance to vessels in distress and is able to spring into action at any time and anywhere in the world. We are able to do so by operating out of four locations which are strategically situated in relation to the main international shipping routes: Houston, Cape Town, Rotterdam and Singapore. Clearance of wrecks 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. We have the advanced technology and expertise needed to remove hazardous substances such as heavy fuel oil from wrecks and boast a successful track record in salvaging ships and platforms under challenging circumstances.

# STRATEGY

**Boskalis operates around the world and is a leading player in the field of dredging, offshore energy and maritime services. The company is a leader in its market segments thanks to its innovative all-round solutions combined with a broad portfolio of specialist activities. Systematic execution of the strategy is an important cornerstone for Boskalis' success, and the strategy is reviewed regularly in light of relevant market developments.**

In early 2014 Boskalis presented its Corporate Business Plan for 2014-2016 and we have since made good progress in implementing this plan. At the same time we are aware that market conditions have changed drastically since mid-2014. Many assumptions underlying the plan have been overtaken by recent market developments, meaning that we need to re-assess the strategy and where necessary adapt it.

## MARKET DEVELOPMENTS

### MEGATRENDS

The long-term megatrends on which the Boskalis business model and Corporate Business Plan are based remain unchanged. These are global population growth and increasing prosperity. Together these trends are the driving force behind structural growth in global trade and growing demand for natural resources and energy. Moreover, global warming continues to create opportunities for Boskalis around the world, such as coastal defense and riverbank protection and the need to reclaim new land. Boskalis is very aware of the fact that the timing and momentum with which these trends and opportunities translate into projects varies widely from region to region. In a number of regions and markets where Boskalis is active these trends are developing less favorably, making the outlook uncertain for both the short and the medium term.

### MASSIVE SUPPLY OVERHANG

In the past 18 months the oil price has fallen by around 75% from over USD 115 per barrel to under USD 30 per barrel at the beginning of 2016. Prices of numerous commodities, such as iron, copper and nickel, have also declined substantially, dropping by around 50% (see figure 1). The cause for this is referred to as the 'massive supply overhang' and is a consequence of the fact that many players in these markets invested heavily at the top of the market (until mid-2014), when demand for oil and raw materials was strong and prices were high. This led to a sharp rise in supply in 2015. At the same time there was a substantial drop in demand, partly because the Chinese economy moved onto a much lower growth path. The global economy needs to adjust to this new reality. Many investments in the oil and gas industry have now been scaled or slowed down. This sector is also affected by the lifting of (most of) the international sanctions against Iran, boosting supply to the market even further. The abundant supply at what have become very low oil prices translates into budgetary problems for many countries that are dependent on oil

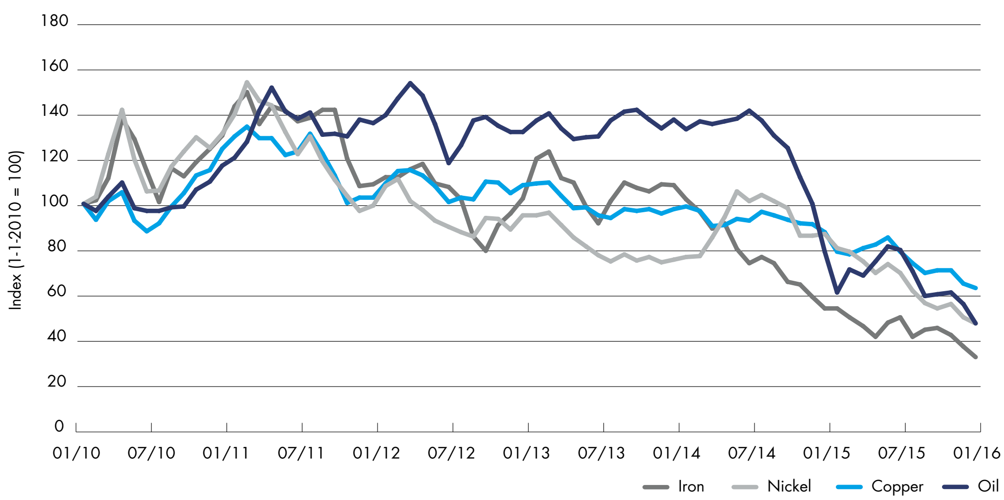



Figure 1: Commodity price development

production, often resulting in even more oil being brought on the market. This vicious circle, in which OPEC previously played a major role, will need to be broken if global supply and demand balance is to be restored.

Another consequence of this massive supply overhang has been that many countries have in recent years significantly expanded their port infrastructure in order to accommodate the expected increase in trade flows. As a result many of these export ports now have sufficient capacity to meet any rise in demand for commodities in the near future while growth expectations are low. Moreover, the slowdown in global trade also impacts on the volume of seaborne trade in general and the consequential demand for port-related services and the need for port expansion.

## UNPREDICTABLE DEVELOPMENTS

The market conditions described above make short-term developments less predictable. This translates into 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 population against flooding and rising sea levels. This will result in growing demand for integrated and 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 oil and gas rigs are now being taken out of service and decommissioned.

The following underlying trends also remain favorable for Boskalis: (i) 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, (ii) 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, and (iii) 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.

Boskalis continues to focus its activities and services (see figure 2) on markets that demonstrate structural growth in the longer term. The key activities are:
- Dredging
- Offshore Energy

The key market segments are:
- Energy (oil, gas, wind and decommissioning)
- Ports
- Climate change-related (coastal defense and riverbank protection)

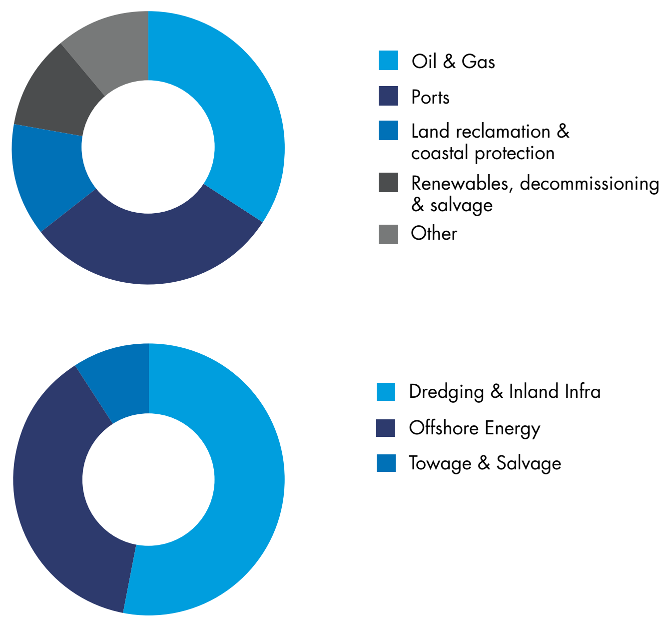



Figure 2: Boskalis - breakdown of revenue by market segment and activity

## STRATEGIC FRAMEWORK

The Boskalis strategy is a logical progression from our mission and vision.

*We are a leading global dredging & marine services expert that creates new horizons for all our stakeholders. We do so by offering a unique combination of people, equipment and activities. We provide innovative and competitive all-round solutions for our clients in the offshore energy sector, ports, and coastal and delta regions, always maintaining the highest standards of safety and sustainability.*

In light of the changed market conditions the strategic course for the coming period has been shifted from growth (Expand) to reinforcement (Strengthen) and taking advantage of the opportunities presented to us by the current markets. This will involve tightening up the organization and rationalizing it in places (Rationalize). This means that the emphasis will be on two pillars: *Focus* and *Strengthen* & *Rationalize*.

## FOCUS

The Focus pillar of our strategy is aimed at:
- Value-Adding Assets
- Specific market segments

**Value-Adding Assets**
Boskalis' strength lies in deploying its equipment (assets) to cater to both the top and the lower end of the market. Boskalis will sustain its success as long as we use our broad range of equipment, staff and competencies to provide a balanced service

to the various client groups. However, their requirements vary widely, both within and between the market segments, which means that choices have to be made. Boskalis focuses on the availability and supply of Value-Adding Assets.

We have clients who need us to deliver integrated, innovative services or turnkey solutions. In order to meet these client requirements we need competencies that complement and reinforce one another, such as risk management and engineering. In addition, we need to be able to act as lead contractor, and project management experience is essential. In this segment with its higher margin potential we expressly position ourselves globally towards the top of the S curve (see figure 3).

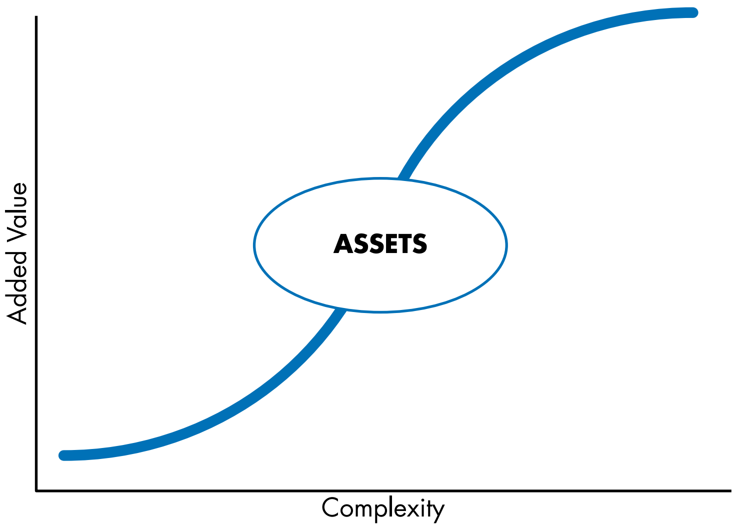



Figure 3: S curve - creating value with assets

By operating our assets at various points on the S curve we seek to achieve the optimum balance between margin maximization and fleet utilization. In a market where both volumes and margins are under pressure most of the work is to be found in the bottom half of the S curve with an emphasis on sustaining fleet utilization levels whilst maintaining a responsible risk profile. Cost leadership is an important prerequisite here. At the same time we need to be critical with regard to the scope for adding sufficient value to assets at the bottom of the S curve, where pressure on capacity is greatest. If there is insufficient scope for sustainable value creation we will divest assets (rationalization).

**Specific market segments**

Our core activities are focused on markets and market segments where we have the greatest opportunities. We offer our services in these markets both in combined and on a standalone basis.

Energy

The energy market is very important in terms of both size and growth potential. Services we provide to oil and gas companies include creating new land, realizing pipeline infrastructures and ports and handling their maintenance. We also execute offshore projects for these clients and provide an ever-growing range of maritime services, including subsea services, heavy and specialist transport, lifting and installation work. For example, we are able to transport fully integrated offshore production facilities from Asia, where they are built, to the other side of the world, where we also take care of the installation. With these capabilities Boskalis is also well positioned to dismantle old – decommissioned – oil and gas rigs. In addition to this traditional segment the energy market comprises the strongly growing renewable energy segment, where the emphasis for Boskalis lies on the construction of offshore wind farms, including the laying of the foundations and, through VBMS, the power cable installation. We also provide onshore and offshore terminal services through Smit Lamnalco.

Ports

Another important market encompasses the design and construction of new ports and the expansion and maintenance of existing ports on behalf of governments and port operators. Here our dredging and earthmoving activities come into play, with civil engineering at times also playing a major role. We are also involved in the transportation of port-related equipment such as container cranes, and at the operational stage we provide shipping companies with harbor towage and other services. We can be of service to these same shipping companies, as well as their underwriting agents, with our salvage activities.

Climate change-related

Through its coastal defense and riverbank protection activities Boskalis helps provide protection against flooding around the world. Climate change leads to rising sea levels and coastal erosion, making coastlines more vulnerable and in need of extra protection. In addition, weather conditions are becoming more extreme. Boskalis is an expert in designing, realizing and maintaining sea defenses and foreshore and beach replenishments. We widen rivers and channels and create floodplains to contain the water or facilitate safe discharge. Our Building with Nature approach plays an important part in the realization of these projects, allowing us to deliver sustainable and socially responsible solutions.

## STRENGTHEN & RATIONALIZE

The Strengthen & Rationalize pillar relates to all the divisions.

**Dredging & Inland Infra**

The Dredging & Inland Infra segment is focused on market segments with structural growth. Boskalis has a very strong presence in the global dredging market with a modern and versatile fleet. Due to current market conditions, expectations for the next few years are moderate. In addition, Boskalis' scope for growth in dredging is limited due to its already large market share of this heavily consolidated market. With relatively limited replacement and other investments, Boskalis can maintain its market position.

Results:

A trailing suction hopper dredger with a capacity of 4,500 $m^3$ was taken into service in early 2015 and during the year work continued apace on the construction of a mega cutter and a new jumbo backhoe dredger. In addition, the road maintenance activities of De Jong were sold in early 2015 and at the start of 2016 we announced the acquisition of German competitor STRABAG Wasserbau. The STRABAG Wasserbau acquisition is


Installation and ballasting of the DolWin Beta platform off the German coast using Boskalis and Fairmount vessels.

typical of the sort of equipment-driven acquisition that Boskalis is looking at in the current market. The STRABAG Wasserbau acquisition will allow us to strengthen our position in the German market and simultaneously allows us to rejuvenate the fleet by acquiring existing quality assets from the market.

In light of the market outlook and the acquisition of STRABAG Wasserbau a rationalization study will be carried out in 2016. It is expected that this program will result in the scrapping of a number of dredging vessels, including older trailing suction hopper dredgers, cutter suction dredgers and backhoe dredgers.

**Offshore Energy**

Boskalis is very well equipped to provide services to clients in the global offshore energy sector and under increasingly complex conditions. In a challenging market Boskalis is developing specifically in the areas of transport, logistics & installation and decommissioning.

Transport

Boskalis has a strong market position in heavy marine transport, including for extremely heavy offshore platforms and FPSOs. It is our ambition to maintain this market position and where possible take selective steps to reinforce it.

Results:

In early 2015 the White Marlin, a semi-submersible heavy transport vessel with a load capacity of 72,000 tons, was taken into service. In 2015 we took a step towards fleet rationalization with the sale of six work vessels (B boats). These vessels along with their crews were transferred to a local market player.

Logistical Management

Boskalis is able to play a leading role in realizing large-scale facilities at remote onshore locations. Logistics services are required in connection with the shipping and installation of for example prefab modules for LNG plants. Boskalis leverages the opportunities in this sector by combining its broad knowledge of project management with its own specialist transport equipment.

Results:

In 2015 we strengthened our Logistical Management track record and achieved good results. Modular construction is very attractive for projects in remote locations and Boskalis is well positioned in this segment for the future. In Australia we once again put in a great deal of work into delivering LNG modules for both the Ichthys project and the sizable Wheatstone project. Both projects will continue well into 2016.

Transport & Installation

The T&I market still presents Boskalis with interesting opportunities for employing its engineering knowledge, risk management experience and its versatile fleet.

Results:

We successfully expanded our T&I track record in 2015, with Boskalis employing a very broad range of services for the transport and installation of the DolWin Beta platform, the largest offshore convertor platform in the world (see pages 28 and 29 for details about this project). In addition, some important offshore wind farm projects were acquired in the past year including the project responsibility for the procurement, manufacture, transportation, installation and scour protection of the wind turbine foundations. In order to strengthen our position in T&I in 2015 we invested in the Giant 7. In 2016 this construction vessel with accommodation facilities and a crane with a lifting capacity of 600 tons will be deployed on the Wikinger offshore wind farm project. The floating sheerleg crane Asian Hercules III, with lifting capacity of 5,000 tons, was delivered in early 2015.

In addition, we will continue to look selectively at opportunities to strengthen our installation proposition. We anticipate that the current market turbulence will present not only threats but also opportunities for the acquisition of both interesting assets and companies. We will weigh such opportunities with the necessary care.

In light of the market prospects we will take a critical look at the composition of the fleet and the associated staffing levels. On the basis of current information it is expected that several older, generally less competitive ships at the bottom of the S curve will be taken out of service.

**Towage & Salvage**
For the past few years the emphasis at Harbour Towage has been on the further development and expansion of regional partnerships, with the focus also set on an efficient cost and capital structure. Boskalis invests in these partnerships as and when opportunities arise. At Salvage the group's global network is brought into play for the emergency response activities while Boskalis' engineering and contract and risk management expertise is applied on wreck removal projects.

Results:
In the past year once again major steps were taken in the further execution of the strategy for Harbour Towage. The Saam Smit Towage joint venture for the North and South America region established in 2014 took further shape, and at the end of 2015 it was announced that virtually everything is in place for the proposed joint venture between KOTUG and SMIT for the joint continuation of their European harbour towage operations.

**Organization**
Streamlining the organization is a key priority of our strategy, with the aim of increasing the focus on the business opportunities and the clients. In order to facilitate this a new organizational structure has been put in place with three divisions, each with its own operational support functions, such as tendering, engineering, fleet management and crewing.

Results:
The implementation of the new divisional model progressed well in 2015. The Dredging and Offshore Energy divisions were physically brought together and each now has its own offices on the head office campus in Papendrecht, the Netherlands. Various systems were harmonized and new systems implemented, including a central staff information system and a cross-divisional CRM system. Good progress was also made with the introduction of a new ERP system. The introduction of the divisional model and systems harmonization has laid an important foundation for the future.

In the course of 2016 the organizational consequences of the aforementioned fleet rationalization will take further shape. In anticipation of a lower volume of work we will take a critical look at the composition of the fleet. 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 continues to be well positioned for the future.

**Fugro**
At the end of 2014 Boskalis acquired a strategic interest in Fugro. Boskalis' strategy is aimed at the offshore and (maritime) infrastructure markets, leveraging the combination of advanced knowledge and maritime assets. Fugro's core activities are an excellent fit with this and we consider Fugro to be an interesting company. The two companies have much in common in terms of assets, knowledge, capital intensity, global spread and customer base, and both are global leaders in niche markets. We support the Fugro strategy as realigned in November 2014 and in 2015 we increased our strategic stake in Fugro from 19.9% to 28.6%.

**In conclusion**
A healthy balance sheet is very important to Boskalis, and under normal circumstances we aim for a net debt : EBITDA ratio in a range of 1 to 1.5. However, in light of the uncertain market prospects we consider it desirable to maintain a more conservative balance sheet ratio. The extra solid balance sheet is considered desirable from the perspective of a prudent financial policy, but also in order to be able to take advantage of potential opportunities in the market such as the recently announced intended acquisition of STRABAG Wasserbau and the offshore activities of VolkerWessels. In line with this vision it has also been decided to suspend the share buy-back program until further notice.


Transportation by the Target of the Hakuryu 12 jack-up platform from Chaguaramas, Trinidad to Sharjah, UAE.

# SHAREHOLDER INFORMATION

**It is important to us that the value of our share adequately reflects our performance and the development in our markets. We therefore strive to inform our stakeholders as completely and transparently as possible about our strategy and policy and the ensuing financial performance.**

## OPEN DIALOG

Transparent and regular communication with our stakeholders is something we value highly. We consider our financial stakeholders to include existing and potential shareholders, other investors and their brokers as well as the media. It is important to us to provide them with clear and accessible information. The Boskalis share is covered by the major Dutch brokers as well as a number of foreign brokers and their analysts, whom we also consider as financial stakeholders. They aim to provide their clients with good advice and information about our company and the general developments in the markets that are relevant for us. Questions from stakeholders are answered candidly and wherever possible we take the initiative in raising important issues; for example following an important announcement we contact shareholders proactively. We maintain regular contact with major investors and analysts, for example by organizing annual visits to project sites or vessels. In 2015 we held more than 300 meetings with investors from Northern and Western Europe, the United States, Australia and Canada, both during roadshows and conferences and in one-on-ones. Meetings with investors and analysts are held using publicly available presentations, and stock price-sensitive information is never shared.

## CORPORATE WEBSITE

Our corporate website provides a constantly updated source of information about our core activities and ongoing projects. The Investor Relations section offers share information and other developments relevant to shareholders, as well as the latest and archived press releases and analyst and company presentations.

## SHARE INFORMATION

Boskalis' authorized share capital of EUR 240 million is divided into 200 million shares, comprising 150 million ordinary shares and 50 million cumulative protective preference shares. The issued capital as at 1 January 2015 consisted of 122,937,820 ordinary shares.

Seventy-six per cent (76%) of shareholders opted to have their 2014 dividend distributed in the form of a stock dividend, in light of which we issued 2,689,242 new shares on 9 June 2015. The remaining 629,123 shares required were shares purchased by Boskalis in the share buy-back program in 2014.

On balance, the issued share capital as at 31 December 2015 consisted of 125,627,062 ordinary shares.

Royal Boskalis Westminster N.V. shares are listed on Euronext Amsterdam and are included in indices such as the Euronext Next 150 index and the STOXX Europe 600 Index.

Tickers: Bloomberg: BOKA:NA, Reuters: BOSN.AS

In 2015, around 120 million Boskalis shares were traded on Euronext Amsterdam (2014: 90 million). The average daily trading volume in 2015 was over 468,000 shares. In the course of 2015 the share price fell by 17% from EUR 45.45 to EUR 37.63. The market capitalization declined by 15% compared to the end of 2014 to EUR 4.73 billion.

## SHAREHOLDERS

The following shareholders are known to have been holders of at least 3% in Boskalis share capital as at 31 December 2015:

HAL Investments B.V.: 34.99%
Sprucegrove Investment Management Limited: 5.16%
Marathon Asset Management: 3.57%
Oppenheimer Funds, Inc.: 3.07%
Blackrock Inc.: 3.00%

Besides these large shareholders, an estimated 15% of the shares are held by shareholders in the United Kingdom, 13% in the United States and Canada and the remainder in mainly the Netherlands, Norway, Germany, France, Switzerland and Hong Kong.

## DIVIDEND POLICY

The main principle underlying the Boskalis dividend policy is to distribute 40% to 50% of the net profit from ordinary operations as dividend. At the same time Boskalis aims to achieve a stable development of the dividend in the longer term. The choice of dividend (in cash and/or entirely or partly in shares) takes into account both the company's desired balance sheet structure and the interests of shareholders.

## FINANCIAL AGENDA 2016

| | |
|---|---|
| 9 March | Publication of 2015 annual results |
| 10 May | Trading update on first quarter of 2016 |
| 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 of dividend preference |
| 1 June | Determination and publication of conversion rate for dividend based on the volume weighted average share price on 30 and 31 May and 1 June (after market close) |
| 3 June | Date of dividend payment and delivery of shares |
| 18 August | Publication of 2016 half-year results |
| 11 November | Trading update on third quarter of 2016 |

# SUEZ CANAL EXPANSION: LOGISTICAL AND ORGANIZATIONAL TOUR DE FORCE

**Never before was so much equipment deployed on a dredging project as on the Suez Canal expansion. Never before was the time pressure so great and were such high production volumes achieved on a project. In Egypt the scale of the project was even compared to the construction of the pyramids. "Planning, organization and logistics were the greatest challenges," said Bas van Bemmelen, Director of the Dredging division's Area Middle.**

Exactly on schedule the new Suez Canal was officially opened by Egyptian President al-Sisi on 6 August 2015 amid keen global interest. In just nine months the canal was deepened to 24 meters along a distance of 52 kilometers, its width ranging from 200 to 400 meters. The largest part of the project, the construction of a shipping lane of around 35 kilometers parallel to the existing canal, was executed by a consortium comprising Boskalis and three partners.

## IMPRESSIVE

"Certainly for a dredging project it was a sizable contract, with a value of USD 1.5 billion for the consortium of which USD 375 million for Boskalis," said Van Bemmelen. "From day one Boskalis played a leading role in the execution of the project." With daily production volumes in excess of 1.4 million cubic meters, a total dredged volume of 220 million cubic meters and around 2,000 people of 45 different nationalities involved, the Suez project is unquestionably one of the most impressive dredging works in history. "To compare: Maasvlakte 2 – the large-scale expansion of the Port of Rotterdam – involved 240 million cubic meters over three years," said Van Bemmelen. "Planning, organization and logistics were the greatest challenges on this project."

Dredging work by the cutter suction dredger Phoenix I supported by the multicat BKM103 near the accommodation vessel Ocean Majesty.

## TRANSPORTS AND LOGISTICS

The project required the deployment of 21 cutter suction dredgers (including the Boskalis vessels Cyrus II, Phoenix I, Edax and Jokra) and five trailing suction hopper dredgers, of which three belonging to Boskalis: the Coastway, Barent Zanen and Oranje. Over 400 Boskalis colleagues contributed to the project. "The speed with which a huge amount of dredging equipment had to be mobilized in a short space of time was unprecedented. The rush to organize over 50 large transports of dredging units, and the transportation of 80 kilometers of pipeline and an arsenal of smaller equipment was a major logistical achievement for our Mobilization department," said Van Bemmelen.

Boskalis' many transport capabilities were put to optimum use and a successful attempt was made to combine as many transports as possible. The Dockwise transport vessel Trustee was used to ship five large dredging units from Rotterdam, the Netherlands to Egypt in a single transport. In the course of the mobilization and demobilization Dockwise handled a total of eight transports of dredging vessels and other equipment, belonging both to Boskalis, consortium partners and dredging companies working on other sections of the canal. The transport vessels Dockwise Vanguard, Mighty Servant 3, Black Marlin, Triumph and Tern were deployed for this purpose. An important role was also reserved for our Transport department, which was in charge of supplying the project out of our distribution center in Moerdijk near Rotterdam, the Netherlands.

## TIME PRESSURE

"The production schedule for the dredging vessels was a complex puzzle. Smart deployment of the dredging equipment enabled us to achieve maximum results. "The overriding factor was the time pressure," continued Van Bemmelen. "One big worry was whether the local contractors would finish the dry earthmoving in time. Our section of the canal went straight through the Sinai desert, which is 20 meters above sea level in some places. Local companies needed to remove 200 million cubic meters of soil, excavating the site down to a level of 1 meter above sea level before the dredging work could begin. All that material was deposited along our stretch, resulting in mounds of sand 200 meters wide and 40 meters high rising up on either side. These 'pyramids of sand' hampered drainage on the sandfill, and the steep slopes made it very difficult for our sandfill crews to lay pipelines. As soon as the local contractors released a site we sprang into action. We saw to it that the sandfills, pipelines and drainage were ready and started the pre-dredge surveys, which had to be completed before the cutter suction dredgers could get to work. Given that the Boskalis survey system had been selected by the consortium for use on the project most of the survey tasks were carried out by Boskalis surveyors."

## 80 PYRAMIDS OF SAND

"In all, we moved enough sand to make up 80 Great Pyramids of Giza in barely nine months' time. That was unprecedented," concluded Van Bemmelen. "We were able to schedule the work accurately to within a day, and it was a great moment when the last cubic meters were dredged." The final big logistical challenge was to demobilize equipment, pipelines, spare parts, containers and work stations, and this was completed successfully at the end of October 2015.

# REPORT OF THE SUPERVISORY BOARD

Transportation by the Trustee of onshore modules over the Pacific Ocean to New Caledonia.

# REPORT OF THE SUPERVISORY BOARD

**The Supervisory Board wishes to thank all employees and the Board of Management of Boskalis for the great efforts they have shown in 2015. The Board compliments them on the accomplished good results.**

In accordance with Article 27 of the Articles of Association of Royal Boskalis Westminster N.V., the Supervisory Board presents the 2015 annual report to the Annual General Meeting of Shareholders. The annual report, including the report of the Board of Management, the statement of directors' responsibilities and the financial statements, was drawn up by the Board of Management. The financial statements are accompanied by the report of the company's external auditor Ernst & Young Accountants LLP, which is included on pages 130 to 134 of this report.

We recommend the following to the Annual General Meeting of Shareholders:
- The adoption of the financial statements, including the proposed profit appropriation;
- The discharge of the members of the Board of Management in respect of their management activities during 2015;
- The discharge of the members of the Supervisory Board for their supervision of management during 2015; and
- The distribution to shareholders of a dividend of EUR 1.60 per ordinary share to be paid in ordinary shares, unless the shareholder opts to receive a cash dividend.

## COMPOSITION OF THE BOARD OF MANAGEMENT

The Board of Management consisted of four members at the start of the 2015 reporting year. On 12 May 2015 the Supervisory Board re-appointed Mr. Baartmans as a member of the Board of Management for a period of four years, after having notified the Annual General Meeting of Shareholders of the intention thereto. There were no changes to the composition of the Board of Management during the year under review. Mr. Verhoeven shall, due to retirement, resign his function as member of the Board of Management at the Annual General Meeting of Shareholders on 10 May 2016. From that date onwards the Board of Management will consist of three members.

## COMPOSITION OF THE SUPERVISORY BOARD

In 2015 the Supervisory Board consisted of six members. Mr. Kramer stepped down as member of the Supervisory Board at the Annual General Meeting on 12 May 2015. The Annual General Meeting considered the appointment of Mr. Van der Veer on the recommendation of the Supervisory Board. Supported by the Works Council, the Annual General Meeting of Shareholders appointed Mr. Van der Veer to the Supervisory Board for a period of four years. Furthermore, the re-appointment of Messrs. Hessels, Van Wiechen and Van Woudenberg was considered at this meeting. The Annual General Meeting of Shareholders re-appointed these three Supervisory Board members for a period of four years, again with the full support of the Works Council.

## ACTIVITIES OF THE SUPERVISORY BOARD

The Supervisory Board held five regular meetings with the Board of Management of the company and scheduled two additional meetings by telephone. The attendance rate at the meetings of the Supervisory Board is 100%. The Supervisory Board also met several times without the Board of Management being present and there was regular telephone and one-on-one contact between the chairman of the Supervisory Board and the chairman of the Board of Management. During the year under review, no Supervisory Board members were absent from meetings due to a potential conflict of interest. The Supervisory Board held its meetings to discuss the annual and half-year results in the presence of the external auditor, Ernst & Young Accountants LLP.

Permanent items on the agenda of the Supervisory Board are: the development of the results, the balance sheet, the safety performance, and industry and market developments.

Within the context of the market developments the order book and potential large projects as well as the status of important contracted projects are discussed. During the year under review subjects discussed included among others the impact of the declining oil price on the company as well as the contracting of large projects such as the Veja Mate wind farm in Germany, the land reclamation for Pluit City in Jakarta, Indonesia, and the Marker Wadden and Markermeer dikes projects in the Netherlands, as well as the execution of projects such as the expansion of the Suez Canal in Egypt, the port development Açu Port in Brazil, the transportation of the Goliat platform, the Wheatstone LNG project in Australia, and the wreck removal of the Baltic Ace in the North Sea and the Perro Negro platform in Angola. Furthermore, the financial settlement effects of projects, which were already technically completed, such as the Gorgon project in Australia, were discussed. In discussing these projects the Supervisory Board devoted attention to the various operational, geopolitical, societal, environmental and financial risks, and, where applicable, judged provisions made by the Board of Management.

Other topics under scrutiny in 2015 included the corporate budget, liquidity, acquisition and investment/divestment proposals, the organizational structure and the staffing policies. Specific attention was paid to the company's policy on safety, health and the environment and the societal aspects of doing business.

The Supervisory Board received presentations by senior managers within the company to inform themselves on the developments in the areas of the procurement and the management development and succession policies.

Attention was also paid to corporate social responsibility, with a comprehensive discussion by the Supervisory Board of the Boskalis Corporate Social Responsibility report.

The Supervisory Board examined the company's strategy and the risks associated with it. During the year under review the implementation of the Corporate Business Plan for 2014-2016 was extensively discussed, whereby more in particular the new organizational structure of the company, comprising the divisions Dredging & Inland Infra, Offshore Energy and Towage & Salvage was addressed as well as the strengthening and harmonization of the processes and systems within the organization, among others in the field of finance. In this context the Supervisory Board also discussed the progress of project Quality, that is aimed at the further improvement of the quality management system.

The Audit Committee regularly assessed the structure and operation of the internal risk management and control systems associated with the strategy and discussed these with the Supervisory Board. No significant changes to the internal risk management and control systems were made during the year under review. Further information about the company's risk management can be found on pages 49 to 54 of this annual report.

In 2015, the Supervisory Board gave consideration to the sale of the business activity of De Jong, a company responsible for road maintenance, as well as the proposed transactions to continue the respective harbour towage operations of SMIT and KOTUG in Germany, the Netherlands, Belgium and the UK in joint venture, and to acquire the dredging activities and -equipment of STRABAG Wasserbau. Furthermore, attention was paid to the possible acquisition of offshore activities of VolkerWessels and the divestment of SMIT Amandla Marine in South Africa.

Furthermore, considerable attention was paid to the build-up of the strategic long-term interest in Fugro N.V. The activities of Fugro are consistent with the company's strategy and are a good fit with Boskalis' activities.

During the year under review the share buy-back program proposed by the Board of Management to acquire its own shares in the company was also discussed by the Supervisory Board. On 11 March 2015 the decision was taken to suspend the share buy-back program in light of the changed market conditions.

The Supervisory Board paid a working visit to Hamburg, Germany, during the year under review. During this visit the Supervisory Board familiarized itself with the activities of the various Boskalis business units in Germany operating in the areas of dredging and infrastructure, wind farm construction and ordnance clearance. In the course of doing so extensive attention was paid to the market trends and possible new projects in the region. In addition, the Supervisory Board visited the maintenance dredging project for the River Elbe. In early August, the chairman of the Supervisory Board attended the opening of the Suez Canal expansion along with a member of the Board of Management.

A number of Supervisory Board members met with the Works Council to discuss the results, the corporate strategy, the market developments, the establishment of the proposed joint venture with KOTUG and the current situation with regard to the strategic stake in Fugro.

The Supervisory Board has three core committees – the Audit Committee, the Remuneration Committee and the Selection and Appointment Committee. The committees performed their tasks as follows:

## AUDIT COMMITTEE

**Members of the Audit Committee**

At the beginning of the year under review the Audit Committee consisted of three members: Mr. Niggebrugge (chairman), Mr. Van Wiechen and Mr. Hessels. On 19 August 2015 Mr. Hessels stepped down as a member of the Audit Committee, and was succeeded by Mr. Van der Veer. Mr. Niggebrugge fulfills the role of financial expert in the Audit Committee.

**Duties and responsibilities of the Audit Committee**

The main duties of the Audit Committee are to advise the Supervisory Board on:

- Supervising, monitoring and advising the Board of Management concerning the operation of the internal risk management and control systems, including the supervision of compliance with the relevant legislation and regulations, and supervision of the operation of the codes of conduct.
- Supervising the provision of financial information by the company, the tax planning, the application of information, communication and communication technology, and the financing of the company.
- Maintaining regular contacts and supervising the relationship with the external auditor as well as the compliance with and implementation of the external auditor's recommendations.
- Nominating an external auditor for appointment by the General Meeting of Shareholders.
- The financial statements, the annual budget and significant capital investments by the company.
- Supervising the functioning of the internal audit function.

**Activities during 2015**

The Audit Committee in full met on three occasions during 2015. Regular topics discussed during these meetings included: the 2014 financial statements, the (interim) financial reporting for the 2015 financial year, the results relating to large projects and operating activities, developments in IFRS regulations, risk management and control, developments in the order book, cost control, share price developments, and the financing and liquidity of the company.

Other topics of discussion included the impact of the situation on the financial markets, insurance matters, the company's tax position, the internal control procedures and administrative organization, the relevant legislation and regulations and the Corporate Governance Code. The follow-up of the Management Letter issued by the external auditor as part of the audit of the 2014 financial statements was also discussed.

In addition, the Audit Committee focused more specifically on the suspension of the share buy-back program, the recognition of the

strategic stake in Fugro N.V. in the accounts, the implementation of procedures connected with anti-corruption legislation and the introduction of new agent contracts, among others at associated companies of Boskalis.

Furthermore, the decision to make use of the option to extend the revolving credit facility by one year until 2020 was discussed.

In light of the acquisitions made in recent years and the introduction of the new division structure, extra attention was paid to projects aimed at the further strengthening and integration of the accounting and reporting systems within the group as well as the management of internal financial processes. In this regard also the ICT systems were addressed and the continuity and security of data processing was considered.

In the Audit Committee the activities performed by the internal auditor during 2015 as well as the internal Audit Plan for 2016 have been discussed with the internal auditor. Other topics of discussion included a review of the internal audit function conducted by an external party and the revised internal Audit Charter.

In addition to the chairman of the Board of Management and the Chief Financial Officer, the Group Controller and the external auditor were also present at the meetings of the Audit Committee.

During the year under review meetings were also held with the external auditor without the company's Board of Management being present. The Audit Committee discussed with the external auditor the audit fees as well as the audit approach. The Audit Committee also established the independence of the external auditor.

Reports and findings of the meetings of the Audit Committee were presented to the entire Supervisory Board.

## REMUNERATION COMMITTEE

**Members of the Remuneration Committee**

The Remuneration Committee consists of two members, with Mr. Van Woudenberg acting as chairman. Mr. Kramer acted as a member of the Remuneration Committee until 12 May 2015, with the Supervisory Board having appointed Mr. Niggebrugge as his successor with effect from that same date.

The Remuneration Committee regularly avails itself of the services of an independent remuneration advisor selected by the Supervisory Board, having ascertained that this remuneration adviser does not provide advice to the members of the Board of Management.

**Duties and responsibilities of the Remuneration Committee**

The Remuneration Committee performs the following duties:

- Submitting proposals to the Supervisory Board concerning the remuneration policy to be pursued for the members of the Board of Management. The policy is submitted to the General Meeting of Shareholders for approval.
- Investigating whether the agreed remuneration policy is still up to date and if necessary proposing policy amendments.
- Submitting proposals to the Supervisory Board concerning the remuneration of individual members of the Board of Management (in accordance with the remuneration policy adopted by the General Meeting of Shareholders).
- Preparing the remuneration report on the remuneration policy pursued, subject to adoption by the Supervisory Board.

**Activities during 2015**

The Remuneration Committee met three times during 2015, with both members attending all meetings. The Committee also held regular consultations outside these meetings. Further details of the activities of the Remuneration Committee can be found in the Remuneration Report 2015 (www.boskalis.com).

Reports and findings of the meetings of the Remuneration Committee were presented to the entire Supervisory Board.

**Remuneration policy for the Board of Management**

The remuneration policy for the Board of Management was adopted by the Extraordinary General Meeting of Shareholders on 21 January 2011. The remuneration policy is consistent with the strategy and core values of Boskalis, which are centered on long-term orientation and continuity, and take into account the interests of Boskalis' shareholders, clients, employees as well as the 'wider environment'. Throughout 2015 the remuneration policy was executed in accordance with the remuneration policy as adopted by the Extraordinary General Meeting of Shareholders. The full text of the remuneration policy can be found on the company's website.

As is customary on a periodical basis, the Remuneration Committee instructed an external remuneration advisor to conduct a remuneration survey to establish whether the levels of remuneration for the members of the Board of Management are sufficiently competitive compared to the representative labour market. In that context a revision has been made to the labour market reference group due to changes in the status of some of the included companies.

The remuneration survey has made a comparison between the current remuneration of the members of the Board of Management and the remuneration within this labour market reference group. The conclusion is that the members of the Board of Management receive an appropriate fixed annual base salary.

The overall direct remuneration package of the members of the Board of Management is however below the median for the labour market reference group. This is caused by a lower short-term variable element and especially a lower long-term variable element.

Despite the fact that the remuneration policy has identified deviations in both variable remuneration elements, the Remuneration Committee has proposed to the Supervisory Board not to adjust the current remuneration policy taking into account the fast-changing market dynamics. In 2017 the current policy shall again be evaluated in light of the then prevailing developments and circumstances. The Supervisory Board has adopted these proposals.

### Remuneration policy for the Supervisory Board

The remuneration policy for the Supervisory Board was adopted by the General Meeting of Shareholders on 10 May 2012. During the year under review the remuneration policy was executed in accordance with the remuneration policy as adopted. The Remuneration Report 2015 can be found on the website.

## SELECTION AND APPOINTMENT COMMITTEE

### Members of the Selection and Appointment Committee

The Selection and Appointment Committee consists of two members, with Mr. Hessels acting as chairman. Mr. Van Woudenberg acted as a member of this committee until 19 August 2015, with the Supervisory Board having appointed Mr. Van Wiechen as his successor on the Selection and Appointment Committee with effect from that same date.

### Duties and responsibilities of the Selection and Appointment Committee

The duties of the Selection and Appointment Committee concern the following matters:

- Drawing up selection criteria and appointment procedures with respect to members of the Supervisory Board and members of the Board of Management of the company.
- Conducting a periodic assessment of the size and composition of the Supervisory Board and the Board of Management and drawing up the Profile.
- Conducting a periodic assessment of the functioning of individual members of the Supervisory Board and Board of Management and reporting thereon to the Supervisory Board.
- Proposing appointments and re-appointments.
- Supervising the policy of the Board of Management with respect to selection criteria and appointment procedures for the senior management of the company.

### Activities during 2015

In 2015, the Selection and Appointment Committee held one meeting in full, in addition to which it consulted by telephone on several occasions. During the year under review, the Selection and Appointment Committee discussed the balanced composition of and succession planning for the Board of Management and the composition and size of the Supervisory Board, bearing in mind the profile and retirement rota.

According to the Supervisory Board retirement rota, the term of office of Messrs. Hessels, Van Wiechen and Van Woudenberg ended in 2015. The Supervisory Board simultaneously informed both the shareholders and the Works Council of the resulting vacancies. Messrs. Hessels, Van Wiechen and Van Woudenberg let it be known that they were available for re-appointment. The Supervisory Board proposed to the Annual General Meeting of Shareholders that Messrs. Hessels, Van Wiechen and Van Woudenberg be re-appointed to the Supervisory Board. The proposal to re-appoint rested on the fact that Messrs. Hessels, Van Wiechen and Van Woudenberg have extensive experience as members of the Supervisory Board and exercise their membership with great expertise. The recommendation to re-appoint Messrs. Hessels and Van Wiechen was in accordance with the law and the company's Articles of Association. The recommendation to re-appoint Messrs. Hessels and Van Wiechen had the full support of the Works Council. The recommendation to re-appoint Mr. Van Woudenberg was in accordance with the law and the company's Articles of Association, which state that the Supervisory Board shall put forward individuals recommended by the Works Council for one-third of the number of members of the Supervisory Board. The recommendation to re-appoint Mr. Van Woudenberg had the full support of the Works Council. On 12 May 2015 the Annual General Meeting of Shareholders re-appointed Messrs. Hessels, Van Wiechen and Van Woudenberg for a period of four years until the Annual General Meeting of Shareholders in 2019.

During the year under review Mr. Kramer stepped down as a member of the Supervisory Board. The Selection and Appointment Committee subsequently re-assessed the size and composition of the Supervisory Board in light of the company's strategy and the Supervisory Board profile. It concluded that the current size of the Supervisory Board sufficed very well, but that the Board could do with reinforcement in terms of operational knowledge in the field of oil and gas. The Supervisory Board simultaneously informed both the shareholders and the Works Council of the vacancy thus arisen. The Selection and Appointment Committee subsequently found Mr. Van der Veer prepared to fill this vacancy. The Supervisory Board adopted this recommendation by the Selection and Appointment Committee and proposed to the Annual General Meeting of Shareholders on 12 May 2015 that Mr. Van der Veer be appointed for a period of four years until the Annual General Meeting of Shareholders in 2019 given his broad international management experience gained while working for one of the largest oil and gas companies in the world. The Annual General Meeting of Shareholders adopted this proposal.

The company arranged a corporate induction program for Mr. Van der Veer during the year under review.

A further topic of discussion was the re-appointment of Mr. Baartmans as a member of the Board of Management. Mr. Baartmans was first appointed to the board in 2007. The Supervisory Board decided to adopt the Selection and Appointment Committee's proposal to re-appoint Mr. Baartmans on the grounds of his experience and expertise and the conscientious way in which he performs his job. Having sought the opinion of the Annual General Meeting of Shareholders on 12 May 2015 the Supervisory Board re-appointed Mr. Baartmans as a member of the Board of Management for a period of four years until the Annual General Meeting of Shareholders in 2019.

Reports and findings of the meetings of the Selection and Appointment Committee were presented to the entire Supervisory Board.

## DUTCH CORPORATE GOVERNANCE CODE

Since the introduction of the Dutch Corporate Governance Code (the "Code") in 2004, the principles of proper corporate governance and best practice provisions set out in the Code have regularly been discussed at Supervisory Board meetings. The principal points of the Boskalis Corporate Governance policy can be found on pages 58 and 59 of this annual report.

In the opinion of the Supervisory Board, the provisions of the Code regarding the independence of the members of the Supervisory Board have been complied with. The Supervisory Board considers Mr. van Wiechen not to be independent in light of the Code.

Outside the presence of the Board of Management the Supervisory Board discussed the performance of the Board of Management. It also discussed the performance of the Supervisory Board, the chairman of the Supervisory Board, the three committees and the individual members of the Supervisory Board as compared to the Profile. This evaluation was conducted by means of a questionnaire as well as through collective and bilateral discussions between the members of the Supervisory Board, the chairman of the Supervisory Board and the chairman of the Board of Management. In its opinion the Supervisory Board is functioning well.

The Supervisory Board wishes to thank the employees and the Board of Management of Boskalis for the great efforts they have shown in 2015. The Board compliments them on the accomplished good results.

Papendrecht / Sliedrecht, 8 March 2016

Supervisory Board

Mr. J.M. Hessels, chairman
Mr. H.J. Hazewinkel, deputy chairman
Mr. M. Niggebrugge
Mr. J. van der Veer
Mr. J.N. van Wiechen
Mr. C. van Woudenberg

Earthmoving activities for the SAAone project (A1-A6 motorway) in the Netherlands.

# DOLWIN2 PROJECT: A GREAT EXAMPLE OF SYNERGY


**Coordination of the installation work for the world's largest offshore converter platform, rock placement, transports by Dockwise and Fairmount, surveying, anchoring, ballasting: orchestrated by the Offshore Energy division various business units put an unmistakable 'Boskalis stamp' on the installation of the DolWin Beta platform off the German coast.**

The DolWin Beta HVDC platform is a huge converter weighing 15,000 tons. It is the size of a soccer pitch and stands 90 meters high. With a power transmission capacity of more than 900 MW the platform can supply enough energy to power a large city. The platform converts the electricity generated by various offshore wind farms from alternating current (AC) into high-voltage direct current (HVDC), which is then transmitted to the mainland via export cables.

The platform, which was constructed as a floating, semi-submersible object, was installed at a project site 45 kilometers off the coast of northern Germany, in a water depth of 30 meters. The platform stands on six columns, which are supported by two huge pontoons. During the installation these columns were ballasted using rock. Boskalis was responsible for the execution of a wide range of activities on behalf of Aibel, ABB and end client TenneT.

Ballasting the legs of the DolWin Beta platform by the Rockpiper and installation of concrete mattresses using the Protea.

## FLEXIBLE AND VERSATILE

"From a logistical and technical point of view this was an exceptionally complex and demanding project. For us it was an excellent opportunity to demonstrate just how flexible and versatile Boskalis is," said Dirkjan van den Boom, Regional Manager Subsea Contracting at Boskalis. Boskalis' involvement started in 2014, when five tugs belonging to Boskalis joint venture Smit Lamnalco towed the platform to a location 38 kilometers off the coast of Dubai. There the platform was loaded aboard the semi-submersible heavy transport vessel Dockwise Mighty Servant 1 for transportation to Haugesund in Norway, where its construction was completed. Round about the same time the fallpipe vessel Rockpiper carried out rock placement work at the project site in order to prepare the seabed for the installation of the platform. Once a team of engineers had made detailed calculations, a 15-strong project team started work on the next stage in the summer of 2015. "The first stage of the project execution took place in August and comprised the tow-out using Anchor Handling Tugs (AHTs)," explained Van den Boom. "This involved the transport of the platform from Norway to the project site by the heavy AHTs Fairmount Expedition and Fairmount Sherpa. At the same time the AHTs Union Sovereign and Fairmount Alpine were deployed to lay the anchor pattern on the seabed at the project site."

## WITH GREAT SPEED AND SUCCESS

"After the platform had arrived at the site four of our AHTs were deployed to keep it in position on the seabed as the supporting columns or legs were filled with water. This part of the operation was completed very quickly and successfully." This was immediately followed by the execution of the next stage, which involved the ballasting of the platform's legs. To enable the structure to withstand heavy storms the legs were filled with 60,000 tons of rock. "For this we deployed our fallpipe vessel Rockpiper, equipped with a ballasting module developed by Boskalis," said Van den Boom. The rock sourced from Norway was mixed with water on the Rockpiper and this mixture was then pumped into the legs. Next, the fallpipe vessel Seahorse was deployed to deposit another 10,000 tons of rock to prevent erosion of the seabed around the legs (scour protection). "We opted for the Seahorse because this vessel is equipped with a sloping fallpipe installation, enabling precision placement of the rock around the platform," explained Van den Boom.

## EXTRA PROTECTION

The operation concluded with the installation of extra scour protection around the platform's bell mouths, the openings on either side of the bottom of the platform that allow for connecting the infield and export cables. A total of 22 concrete mattresses measuring 6 by 3 meters were installed to protect these connections. The mattresses were designed and produced in Scotland specifically for this purpose. "To avoid damage to the bell mouths the mattresses had to be positioned with great precision," explained Van den Boom. "Following extensive tests we decided to perform this task using one of our Remotely Operated Vehicles, operated from the Diving Support Vessel Protea. This enabled us to perform this part of the project under our own management using our own equipment. This project gave us the opportunity to prove that we can offer literally everything in-house: that we really are a one-stop shop contractor," concluded Van den Boom.

# REPORT OF THE BOARD OF MANAGEMENT

# FINANCIAL PERFORMANCE

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.

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


Transportation of the jack-up platform Noble Tom Prosser by the Mighty Servant 1.

## 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.

## 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).

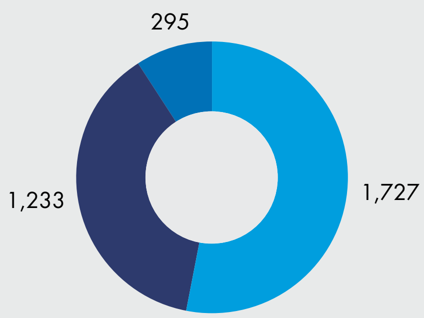
The operating profit includes our stake in the net result of joint ventures and associates of EUR 43.3 million (2014: EUR 56.4 million). Our share in the operational result of Fugro was on balance a negative EUR 3.1 million in 2015.

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.

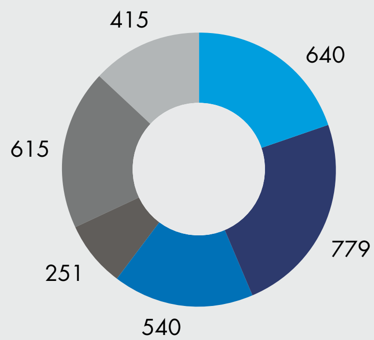
Offshore Energy also had a good year with good utilization of its equipment and generally speaking good project results. Despite the deteriorating market conditions the result for 2015 was slightly higher.

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

| REVENUE BY SEGMENT | **2015** | 2014 |
|---|---|---|
| (in EUR million) | | |
| 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 |




| REVENUE BY GEOGRAPHICAL REGION | **2015** | 2014 |
|---|---|---|
| (in EUR million) | | |
| The 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 |



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 |
|---|---|---|
| (in EUR million) | | |
| 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

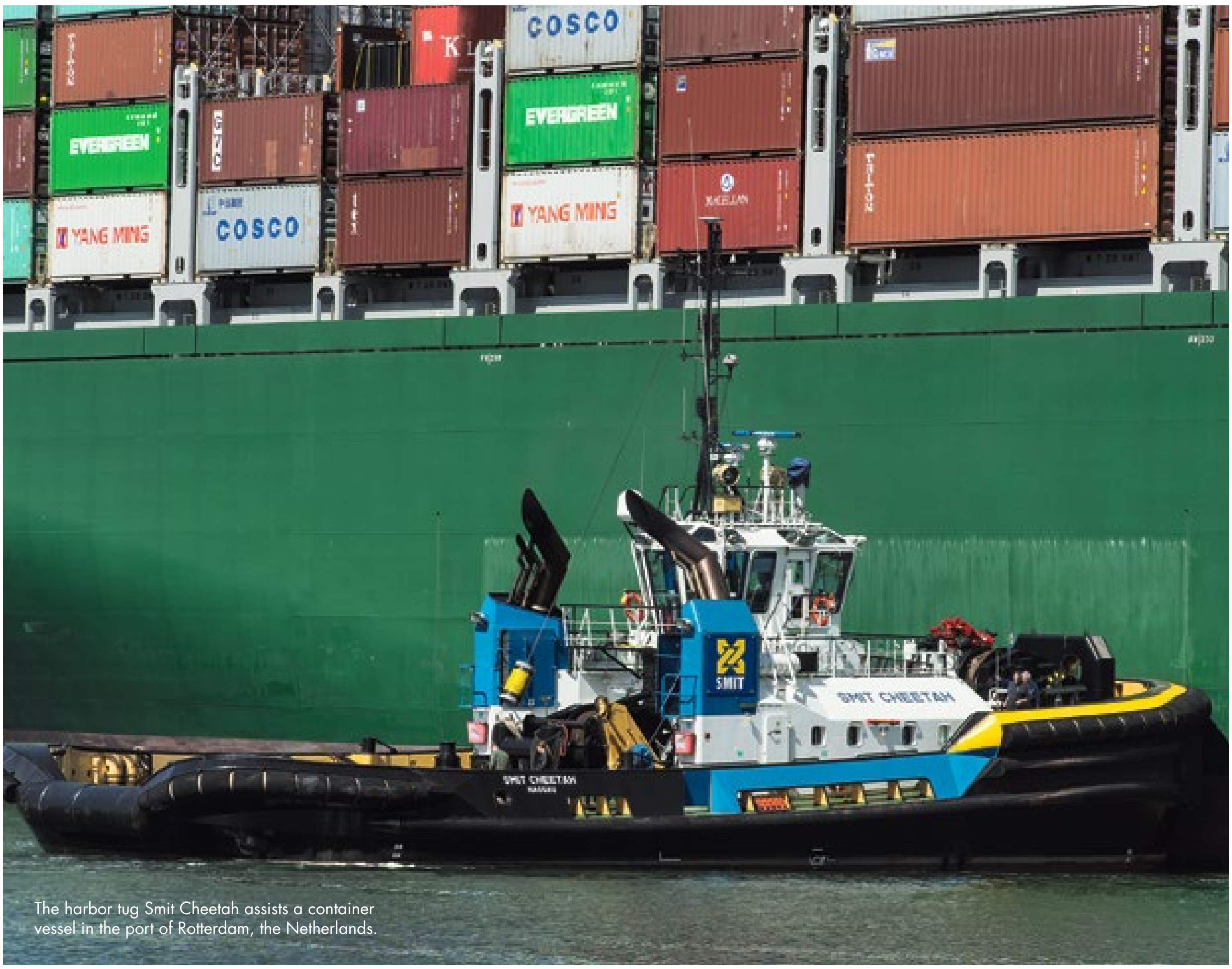
The operating result (EBIT) was EUR 562.8 million (2014: EUR 652.3 million). Net of financing expenses of, on balance, EUR 31.8 million, profit before taxation was EUR 531.0 million. Net profit attributable to shareholders totaled EUR 440.2 million (2014: EUR 490.3 million).

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 | 2015 | 2014 |
|---|---|---|
| (in EUR million) | | |
| 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 |



The harbor tug Smit Cheetah assists a container vessel in the port of Rotterdam, the Netherlands.

## 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 |
|---|---|---|
| (in EUR million) | | |
| 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 |
|---|---|---|
| (in EUR million) | | |
| 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 m$^3$) 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 | 2015 | 2014 |
|---|---|---|
| (in EUR million) | | |
| 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 |
|---|---|---|
| (in EUR million) | | |
| 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 (DolWin2), 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.

The FPSO Armada Intrepid aboard the Dockwise Vanguard in the port of Rotterdam, the Netherlands.

The world's heaviest monopile is leaving the fabrication site. This monopile for the Veja Mate offshore wind farm has a diameter of almost 8 meters, is more than 80 meters long and weighs 1,300 tons.

## 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 |
|---|---|---|
| (in EUR million) | | |
| 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.

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

## 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 |
|---|---|---|
| (in EUR million) | | |
| 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 m$^3$ trailing suction hopper dredgers from STRABAG the requirement to renew part of the Boskalis dredging fleet in the 6,000 m$^3$ to 9,000 m$^3$ 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.


The harbor tug Smit Seine assists an oil tanker in the port of Rotterdam, the Netherlands.

# INNOVATIVE WRECK REMOVAL BALTIC ACE


**The removal of 456,000 liters of heavy oil in 2014 marked the completion of the first stage of the salvage of the car carrier Baltic Ace by SMIT Salvage. Stage 2 followed in 2015 and comprised the removal of the wreck and the controlled dismantling of both the wreck and its cargo. This comprehensive project was completed successfully, partly thanks to the introduction of new working methods and the collaboration between various Boskalis business units.**

The car carrier Baltic Ace set out from Zeebrugge, Belgium in December 2012 in poor weather with a cargo of around 1,400 new cars destined for Finland. 65 kilometers off the coast of the Western Dutch island of Goeree-Overflakkee the Baltic Ace collided with a container ship and sank on one of the world's busiest shipping routes. "Where the ship went down the water depth is 37 meters; the ship was lying on its side and had a width of 25 meters, which meant that the highest point was only 12 meters below the water line," said Pieter van Vuuren, Operations Manager at SMIT Salvage. "The wreck posed a hazard to the 16,000 ships that come in and out of the Port of Rotterdam every year. In addition, the fuel oil and other hazardous substances posed a threat to the environment." The Dutch Department of Public Works awarded the salvage contract to a consortium of Boskalis Nederland and Mammoet Salvage, with SMIT Salvage executing the salvage operation on behalf of Boskalis Nederland. "Surveys showed that the planned approach for raising the ship in one piece was unfeasible. It was then decided to saw the wreck into sections," explained Van Vuuren.

The sheerleg crane Taklift 4 lifts a section of the wreck of the Baltic Ace from the bed of the North Sea.

## REMOVING THE FUEL OIL

Following intensive preparations a 25-strong salvage team started work on removing the fuel oil in May 2014. They used an innovative method, partly developed in-house, based on the experiences gained while removing oil from the Kyung Shin and Costa Concordia vessels. Hot taps were applied to the largest tanks, after which steam was used to heat the fuel oil and liquefy it. Once the oil had been pumped out the tanks were repeatedly rinsed with hot water in order to remove any oily remnants. In less than two weeks 456,000 liters of heavy oil was removed and brought to a recycling company. Smaller tanks containing various types of oil could not be reached. This was taken into account during the subsequent stages, allowing these materials to be safely disposed of at a later date.

## EIGHT SECTIONS

In late 2014 preparations started for the wreck to be sawn into six large sections which would then be lifted by a floating sheerleg crane. In order to attach the lifting cables divers drilled dozens of holes in the hull, partly using the cold cutting method, whereby water is mixed with an abrasive mineral sand under very high pressure (2,500 bar). “Because the divers could only work when the tide was turning – for about two hours, only four times a day – work was carried out both day and night in shifts of four,” said Van Vuuren. As the operation proceeded, it became clear that the condition of the wreck was deteriorating rapidly. It was therefore decided that during stage 2 the ship would be cut into eight smaller sections, that these would be lifted using a floating sheerleg crane and that the remaining pieces of the wreck would be raised using a grab crane.”

## MOBILIZATION

The follow-up operation got underway in the spring of 2015 when a longitudinal cut was made down the full length of the ship. “SMIT Salvage gained a great deal of knowledge of cutting ship wrecks during the salvage of the submarine Kursk in 2001 and the car carrier Tricolor in 2003/2004. Using that experience we developed new methods for cutting the Baltic Ace,” explained Van Vuuren. “For example, the saw wire was fitted with a new kind of ‘cutting bushes’ made of a higher grade of tungsten carbide. In addition, we used special heave compensators, which allowed the cutting process to be carried out from floating barges. This maintained the tension on the cutting wire. We were able to finish each cut in under 30 hours – a record speed. With support from various Boskalis departments we were also able to greatly improve the software control of the cutting process. Boskalis’ survey vessels and advanced survey technology also played an important role.”

## HUGE JOB

The next stage involved removing the eight sections and the remaining pieces of the wreck, for which the floating sheerleg crane Taklift 4 and a 200-ton hydraulic grab crane were deployed. The grab crane underwent drastic modification for this project. “The ship and its cargo had a combined weight of 13,000 tons,” explained Van Vuuren. “8,000 tons was lifted in eight sections using the floating sheerleg crane Taklift 4, while the remaining 5,000 tons was lifted from the seabed using the grab crane. Some sections were 25 meters long, so it was a huge job. During the cutting and drilling over 100 people and a vast amount of equipment were deployed on the job.” After the pieces of the wreck had been put on barges, tugs towed them to a specialized recycling facility, where they could be dismantled and recycled safely and under fully controlled conditions. In October 2015 the seabed underwent intensive checks and the last pieces of the wreck were removed. The shipping channel is now once again fully accessible.

# ORGANIZATIONAL DEVELOPMENTS


The Dockwise vessel Swan loaded with the living quarters for the future Aasta Hansteen platform in Schiedam, the Netherlands.

## SAFETY

Boskalis views safety as a license to operate and a top priority in an environment and amid activities with a relatively high risk profile. Since the introduction of our company-wide safety program NINA (No Injuries, No Accidents) five years ago there has been a clear change in culture. Safety has become a major unifying factor and an intrinsic value for our employees. NINA has now been successively introduced and embraced within all our business units.

Since the launch of NINA in 2010 the Lost Time Injury Frequency (LTIF) has fallen significantly. The number of incidents resulting in absence from work per 200,000 hours worked dropped considerably from 0.67 in 2010 to 0.08 in 2015 (2014: 0.09). This decline was achieved despite our company's strong growth.
In order to further improve our safety performance we will tighten up our management process in the coming years as well as focusing on the Medical Treatment Cases and Restricted Work Cases. By aiming for a reduction in all three categories we expect to achieve a further decline in the number of incidents resulting in injury.

Following the introduction of NINA at the Offshore Energy division in 2014 an intensive training program was launched in 2015. This was also rolled out at Salvage and for former MNO Vervat employees at Boskalis Nederland, thus achieving the objective of introducing NINA across the entire organization in 2015.

Thanks to NINA both the frequency and the impact of accidents have declined, in other words there are fewer accidents resulting in (serious) injury. Despite this, the number of incidents reported using Safety Hazard Observation Cards (SHOCs) increased over the years. The number of SHOC reports in 2015 was 5,642, in addition to which 864 near misses were reported in the year under review. We view SHOC and near misses reports as a proxy for the proactive safety culture within the organization. NINA encourages reporting of such situations, allowing us to make proactive adjustments.

For detailed reporting on our safety policy and our safety performance please refer to our CSR report.

## QUALITY MANAGEMENT

During 2015 an integral management team with representatives from the divisions worked on developing a new quality management system. The fundamental idea behind the new system is to keep quality as close as possible to the primary processes and to base and implement it as a supplement to existing processes, tools and certifications. The new system is not only aimed at providing ever-better, tailor-made services to our clients, but will also integrate the requirements, expectations and associated risks of other stakeholders. The draft version was approved in October 2015, before being fleshed out in more detail at divisional level from the fourth quarter of 2015. Implementation of the system will commence in 2016.

## PERSONNEL AND ORGANIZATION

### DIVISIONAL PREMISES

The internal relocation necessitated by the new divisional structure was completed in 2015. The Dredging and Offshore Energy divsions now each have their own premises on the Papendrecht campus and after moving from Breda the Dockwise colleagues have been incorporated in the Offshore Energy division.

### TRAINING AND DEVELOPMENT

Boskalis has various ways of attracting and retaining employees. In addition to an open, enterprising business culture that enables employees to develop their talents, staff are also given plenty of opportunities for personal development during their career. Opportunities for the further development of talent are offered at three different levels.

**Trainee programs**
As a leading international company with high-profile projects we hold a great attraction for young people. We offer a trainee program for graduates with a technical or financial/economic background who are then trained at our company under supervision of a mentor. With 500 applications of new graduates in 2015 Boskalis is clearly viewed as an attractive employer on the labor market. During the year under review we selected several dozen trainees who are currently gaining experience on various projects across several departments within the divisions. The program consists of three six-month periods.

**Young Professional programs**
In 2015 we once again selected a group of young professionals for the Boskalis Offshore Professional Program. Knowledge specific to the offshore sector is imparted in modules based on actual cases. In addition, a group of cost engineers are following a two-year post-graduate course in their field and Boskalis has also launched an ICT Young Professional program. All these programs combine learning experience with working practice.

**Management Development programs**
Leadership and personal development within the organization is a constant point of attention. Developing personal leadership, building an internal network and encouraging innovation and entrepreneurship are important core values in our management development programs. In 2015 the Boskalis Staff Development Program was run for staff department managers with a total of 22 managers taking part.

## FLEET DEVELOPMENTS

With the implementation of the divisional structure in early 2015 responsibility for the Dredging and Offshore fleet has been assigned to the respective divisions. For the Towage joint ventures operational management of the fleet rests with the joint ventures themselves. Boskalis makes targeted investments to retain or expand its strong market position. The following developments took place in 2015:

**Dredging**
- The trailing suction hopper dredger Freeway was named and taken into service in January 2015. The vessel has a capacity of 4,500 m$^3$.
- The construction of the mega cutter with a total installed capacity of 23,700 kW and a pumping capacity of 15,600 kW is progressing according to plan and the vessel is expected to join the fleet in the course of 2017.
- In the first half of 2016 the fleet will be expanded with the Magnor, the world’s biggest backhoe dredger. With a total capacity of 4,100 kW the Magnor’s bucket is capable of lifting around 67,000 kilograms of dredged material.

- A new water injection dredger will be taken into service in the first half of 2016. The vessel will be deployed for example on port maintenance work.
- The announced acquisition of STRABAG Wasserbau will allow us to strengthen the Dredging fleet with two young, shallow-draft hoppers with a capacity of 7,350 $m^3$, a large, modern backhoe dredger and four self-propelled barges.

**Offshore**

- During the year under review the Dockwise fleet was expanded with the White Marlin, a semi-submersible heavy transport vessel with a load capacity of 72,000 tons. The ship, a sister ship to the Black Marlin, was taken into service in February 2015.
- The Asian Hercules III, a floating sheerleg crane with a lift capacity of 5,000 tons, was also delivered in February 2015 and has joined the fleet of our Asian Lift Singapore joint venture.
- The second half of 2015 saw the naming of the oceangoing barge Giant 7. As a sister ship to the Giant 5 and 6, it has a load capacity of 21,000 tons and has been converted into a crane vessel. The Giant 7 provides accommodation for 80 people and will be deployed on the Wikinger offshore wind farm project.

## RESEARCH AND DEVELOPMENT

### BOSKALIS INNOVATION CHALLENGE

Constant innovation is crucial to Boskalis' future. We want to leverage our wealth of knowledge and experience and transform it into innovative initiatives that support our activities. We give our employees all the space they need for this, for example through the Boskalis Innovation Challenge (BIC) introduced in 2014. The focus of the program, which challenges individual employees or teams to put their innovative ideas forward, keeps shifting slightly in order to keep people interested. Of the 70 ideas presented in the context of the BIC at the end of 2014 seven inspirational projects were further developed in 2015. The winning idea – 3D printing of reefs using sand – will be put into practice in 2016 during a pilot project in Monaco (see CSR report 2015 for a case study).
The BIC was repeated in 2015 and this resulted in 123 ideas, six of which were selected by a jury chaired by a group director. Moreover, three topics were chosen which could turn out to be groundbreaking in the long term.

### PORT INNOVATION ACCELERATOR

When it comes to innovation we do not only take an inside-out approach (for example with the Boskalis Innovation Challenge) but also an outside-in approach. A good example of the latter, which also involves looking at innovations that could be game-changers for Boskalis, is the Port Innovation Accelerator (PortXL). Boskalis participates in this initiative, which was launched at the end of 2015 by the Rotterdam Port Authority and pools the forces of companies with international standing. The Rotterdam Port Authority hopes to attract 10 port-related start-ups with the initiative.

### ICT

In 2015 good progress was made with the development of the new company-wide ERP system for Boskalis, following analysis of the processes at the various business units in 2014. In view of the different characteristics of the Dredging & Inland Infra division on the one hand and the Offshore Energy division on the other, two ERP programs are being used: Infor LN and SAP, respectively.
The system went live at the beginning of 2016. In addition, the improved SAP BPC consolidation program, which has made the financial reporting at group level more efficient, was introduced according to plan during the budget round at the end of 2015.

During the year under review a lot was also achieved in terms of harmonizing the HR management systems. As a result of the many acquisitions in the past few years Boskalis had ended up with a large number of HR systems suppliers. The introduction of a single system has made the information clearer and more accessible, as well as further enhancing efficiency and effectiveness. For the time being the system is focused on employees working for one of the organization's Dutch business units, before being rolled out to other countries in the year ahead.

A new CRM system has been implemented in order to better facilitate the needs of the commercial teams at the Dredging & Inland Infra and Offshore Energy divisions. This has strongly improved the insight into the pipeline of potential projects, both company-wide and cross-divisional.

In addition to the further rollout of the ERP system the aim for 2016 is to also transfer the time registration to a single new system, as well as rolling out the second phase of the HR management system for performance management and talent development.

Inspection of a dredging vessel's pump casing.

# CORPORATE SOCIAL RESPONSIBILITY

In our CSR report we account for material and relevant non-financial aspects of our performance arising from our strategy and core activities. We report in accordance with the international guidelines set out in the Global Reporting Initiative (version G3.1) and are making preparations for reporting in accordance with the GRI G4 guidelines.

In 2015 we conducted our first materiality analysis, incorporating input from around 70 important stakeholders (investors and shareholders, employees, clients, suppliers and non-governmental organizations). The analysis resulted in the following key and sub-topics which create focus in our CSR policy:

| KEY TOPICS | SUB-TOPICS |
|---|---|
| **IMPACT ON LOCAL COMMUNITIES** | |
| Create shared positive values and avoid, mitigate or remedy (potential) adverse impact | · Activities with (potential) positive/ adverse impact<br>· Socio-economic impact<br>· Community investment programs |
| **IMPACT ON THE ENVIRONMENT AND THE NATURAL SURROUNDINGS** | |
| Be the distinguishing provider of sustainable solutions and mitigate and where possible avoid (potential) adverse impact | · Biodiversity and ecosystems<br>· Climate change-related<br>· Emissions<br>· Use of natural resources<br>· Activities related to the fleet |
| **CARE FOR HUMAN CAPITAL** | |
| Attract and retain talent and provide them with a safe working environment with good development opportunities | · Safety<br>· Talent management<br>· Labor practices<br>· Sustainable employability<br>· Diversity |
| **RESPONSIBLE BUSINESS CONDUCT** | |
| Be a partner that acts with integrity, reliability and responsibility towards stakeholders | · General business principles<br>· Bribery and corruption<br>· Tax<br>· Supply chain management |

Since 2012 we have taken part in the CDP (Carbon Disclosure Project). In 2015 Boskalis Nederland once again obtained certification on the $CO_2$ Performance Ladder, achieving the highest level attainable (5).

The CSR report 2015 has been verified by an independent auditor and is available on the corporate website www.boskalis.com/csr.

# RISK MANAGEMENT

## STRATEGY AND BUSINESS DRIVERS

Boskalis' strategy is aimed at the opportunities and challenges that present themselves to the company. This strategy is based on two pillars: *Focus* and *Strengthen & Rationalize*. Focus is aimed at Value-Adding Assets and specific market segments. In this context we are increasingly seeing that clients request us to provide integrated, innovative services or turnkey solutions, whereby they also often want to assign the responsibility for the associated risks to us.

Boskalis operates in markets that are mainly driven by long-term demographic and economic factors, including growth of the global population, expansion of the global economy and growth in international trade and transport volumes, particularly seaborne. Although the long-term prospects for these factors are favorable, the trends in a number of the regions and markets in which Boskalis operates are developing less favorably and the outlook for both the short and the medium term is uncertain.

Certainly also in light of the above, effective management of both risks and opportunities is essential for the successful realization of the group's strategy and plans. Identifying, assessing and managing risks and opportunities – particularly with respect to tendering, preparation and execution of projects – is an integral part of our management approach.

An overview of the key strategic, operational and financial risks and risks with respect to the financial reporting is set out below. Where possible, given the nature of our activities, we have stated what kinds of risks we are prepared to accept and for what kinds of risks we generally take mitigating measures.

## STRATEGIC AND MARKET RISKS

The Boskalis markets are heterogeneous and often develop differently. Our main (end) customer groups are national, regional and local governments, or associated institutions such as port authorities, private port operators and major international oil and gas companies and wind energy companies (operators as well as contractors). Other customer types are (container) shipping companies, mining companies and (infrastructure and real estate) project developers.

Despite the positive long-term growth prospects for our markets they can be – certainly in the short and medium term – negatively impacted by factors outside our control. Such factors include for example general and/or regional geopolitical developments, such as political unrest, piracy, regime changes, government-imposed trade barriers (such as in Russia) and volatility on the energy and commodities markets. The latter has mainly manifested itself in terms of the sharp decline in oil prices, which has impacted activity levels in the oil and gas sector and therefore in countries which are dependent on this sector for income.

Boskalis aims to respond as effectively as possible to both positive and negative developments in individual markets through a global spread of its activities, an extensive and versatile fleet operating out of various international locations, and strong positions in its core markets. Moreover, our activities are largely focused on the development, construction, installation and maintenance of infrastructure, which means that longer-term developments will generally outweigh short-term economic fluctuations.

Contracts are not included in our order book until agreement has been reached with the client. Although experience shows that, once agreement has been reached, cancellations or substantial reductions in the size of contracts are rare, such cancellations or substantial reductions of work in the portfolio cannot be ruled out. As a consequence, if such a cancellation or substantial reduction occurs, losses may arise from the unwinding or settlement of financial derivatives which were taken out to hedge related currency risks and/or fuel price risks, but for which the underlying transaction or cash flows can no longer be realized.

Boskalis deals with a variety of competitors in the various markets and submarkets in which it operates. Such competitors vary from large, internationally operating companies to more regional and local companies.

A large part of our revenue derives from contracts awarded through public or private tender procedures, with competition often being largely price-based. However, many clients, particularly in the oil and gas sector and private port operators, are taking other factors – such as the assurance of an adequate safety and environmental policy – into consideration when awarding contracts. Decision-making processes have been put in place for the submission of tenders to ensure that the risks associated with the execution of a particular project are systematically identified and assessed.

Almost all of Boskalis' activities are capital-intensive, with the dredging activities within Dredging & Inland Infra and the Heavy Marine Transport business units within Offshore Energy in particular being capital-intensive sectors of the market with high entry and/or exit barriers, especially for companies operating globally. The capital-intensive nature of these activities means that market prices in these sectors are largely influenced by the utilization level of the relevant equipment at a given time. This implies that a broad international spread of market positions as well as a leadership position in terms of equipment are key success factors. Boskalis places a great deal of emphasis on these, both as a critical point of attention in operational management and in its capital expenditure policy. As a consequence, individual investment proposals are subject to a thorough evaluation and approval process.

In the course of executing its strategy, Boskalis also acquires other companies. In order to achieve the anticipated results, Boskalis attaches great importance to integrating such acquisitions with care. Creating value for our stakeholders and retaining key personnel are important elements in this process.

## OPERATIONAL RISKS

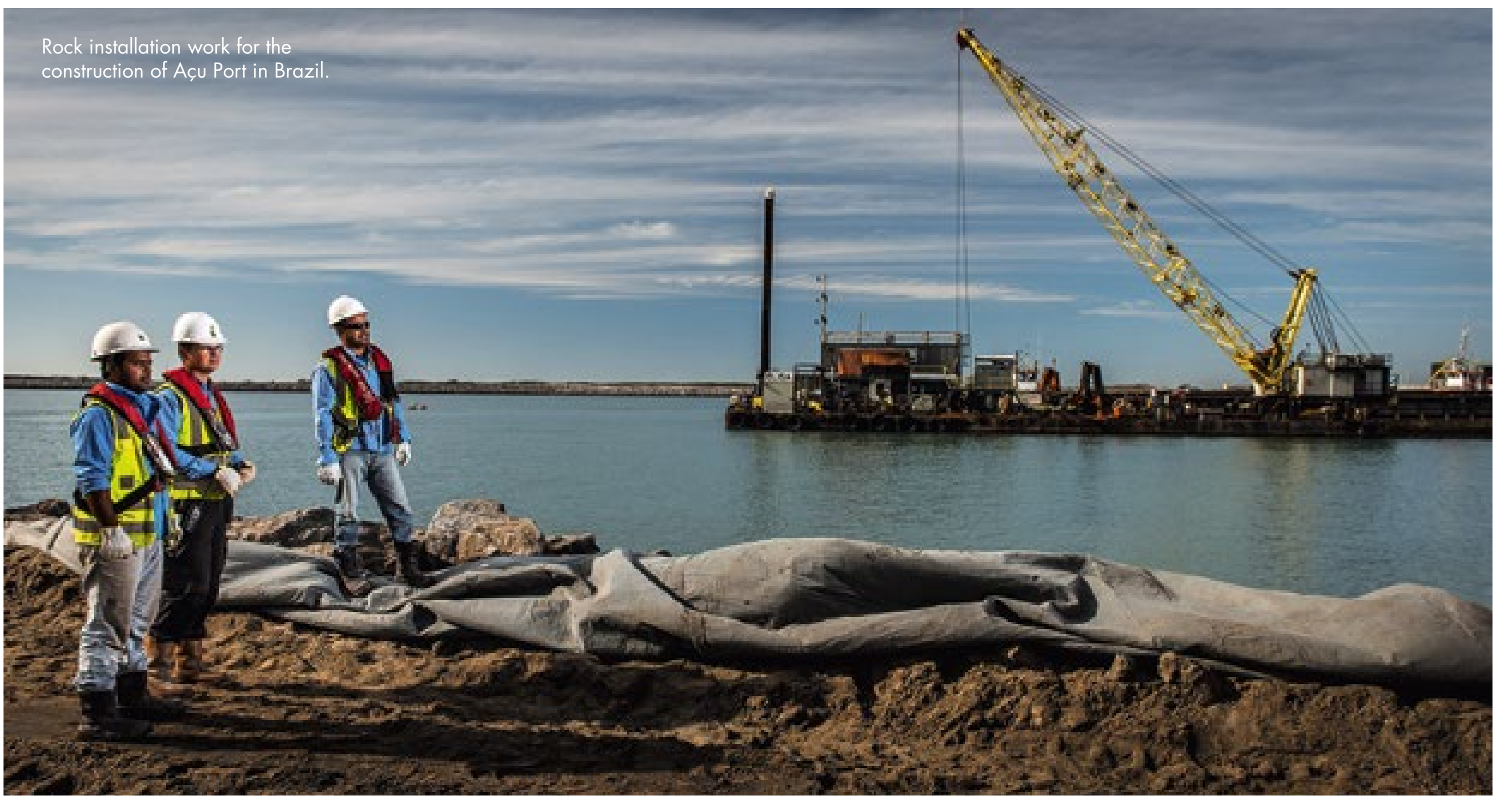
The operational risks faced by Boskalis are diverse in nature, particularly because the group conducts various types of activities around the world within the three divisions. This means that the activities are exposed to economic, legal, tax and political risks in the countries where the company operates.

The main operational risks for Boskalis concern the contracting and execution of projects for clients, as outlined above. For most of our project activities the most common type of contract is fixed price/ lump sum, under which the contractor's price must take into account virtually all the operational risks as well as the cost risks associated with the procurement of materials and subcontractor services. In most cases it is not possible to charge clients for any unexpected costs. Furthermore, many contracts include milestones and associated penalty clauses if the milestones are not achieved on time. That is why much emphasis is placed on identifying, analyzing and quantifying such operating, cost and delay risks during the tendering procedure and contracting phase of a project.

Operational risks mainly relate to variable weather or working conditions, technical suitability and availability of the equipment, unexpected soil and settlement conditions, wear and tear on equipment (especially dredging equipment), damage to third-party equipment and property, the performance of subcontractors and suppliers, and the timely availability of cargo or services provided by the client in case of heavy marine transport and/or installation activities.

The following measures are taken systematically in order to control the aforementioned risks in the tender, preparation and/or execution phase:

- During the tendering procedure and the contracting phase of projects much emphasis is placed on identifying, analyzing and quantifying execution, cost and delay risks. Contracts are classified based on their size and risk profile. This classification determines the subsequent course of the tender procedure and the requirements for authorization of the tender price and conditions. Above a certain level of risk, tender commitments require authorization at Board of Management/Group Director level.
- In the preparation phase of a project tender and depending on the nature and risk classification of the project we use resources such as survey and soil investigations, readily accessible databases containing historical data and extensive risk analysis techniques. The results of the risk analysis are then used in calculating the cost price, determining the commercial price and in defining the tender and/or contract terms and conditions.
- Risks related to price developments on the procurement side, such as costs of materials and services, sub-contracting costs and fuel prices, as well as the cost of labor, are all taken into account in calculating cost prices. Wherever possible, and especially on projects with a long execution time, cost indexation clauses are included in the contract, particularly with regard to labor and fuel costs.
- When a contract is awarded, an updated risk analysis is a standard part of the project preparation process based upon which measures are taken to mitigate the risks identified.
- In addition, much attention is devoted to the education and training of staff, appropriate project planning and project management, the execution and implementation of certified quality, safety and environmental systems, and the optimal maintenance of equipment.


Rock installation work for the construction of Açu Port in Brazil.

Within the Towage & Salvage division, the Harbour Towage business unit is characterized by a broad geographical spread of the activities, which are conducted by autonomous strategic joint ventures with third parties. Towage contracts are often carried out under long-term contracts with fees that are reviewed annually. This allows for local wage cost developments, fuel price developments and the available capacity of the equipment to be taken into account. Terminal services, which have been incorporated in the Smit Lamnalco strategic joint venture since the end of 2011, are usually performed under long-term contracts corresponding to the client's requirements and specifications. The majority of these contracts include some form of price indexation.

Salvage activities relating to vessels in distress are often carried out under great time pressure and without an extensive tendering procedure and associated preparation activities. Such contracts are therefore often concluded based on the standard Lloyd's Open Form (LOF). This means that compensation is based on a valuation mechanism related to various factors, including the salvage value of the vessel and its cargo, the technical complexity of the salvage operation, environmental risks and the use of own equipment and subcontractors. This valuation results in a lump sum, which is finalized through negotiations with the client or through an arbitration process. Experience shows that the company is usually able to make a reasonably accurate estimate of this income. Should it transpire in the course of a salvage operation that the final salvage fee may not be sufficient to cover the costs involved, then the choice can be made to convert the LOF into a contract based on a daily hire fee, thus limiting the financial risks. Contracts for salvaging sunken vessels (wrecks) are usually carried out on a lump sum basis. The contracting and execution of such projects, which in many cases do involve a tendering procedure, are subject to the customary procedures for contracting and execution activities applicable within the company.

Within the Offshore Energy division, a part of the equipment tends to be chartered out for relatively short periods (spot markets), mainly subject to standard conditions. In general the operational risks involved in such activities are relatively limited.

Local management on projects and operations must have a proper understanding of the local (working) conditions. The scale of local operations is often too small to warrant a fully-fledged organization, complete with extensive support services and staff departments. This is compensated for by regular visits by responsible managers and employees from the relevant business units and support from highly-qualified central staff departments at head office.

## FINANCIAL RISKS

In conducting its business Boskalis is exposed to various kinds of non-operational financial risks. The most important of these are described in this section.

### POLITICAL AND CREDIT RISKS

These include risks related to unrest or disruption due to political developments and violence, and the risk of non-payment by clients. Boskalis operates a strict acceptance and hedging policy with respect to political and payment risks. Other than in the case of very strong, credit-worthy clients with an undisputed credit history, all substantial credit risks are normally covered by means of credit insurance, bank guarantees and/or advance payments. Revenues and earnings are only recognized in the accounts where there is sufficient certainty that they will be realized. Extra attention is paid to identifying and managing credit risks in situations where the client is a special purpose vehicle.

## LIQUIDITY AND FUNDING RISKS

As is customary for a contractor Boskalis also has large amounts outstanding in the form of guarantees from banks and insurance companies, mainly in favor of clients. Given that the availability of sufficient credit and bank guarantee facilities is essential to the continuity of the business, Boskalis' funding policy is aimed at maintaining a solid financial position. Solid balance sheet ratios and the use of diversified sources of funding provide for ample capacity to absorb liquidity risks and the constant creation of adequate borrowing capacity and guarantee facilities. The company has ample credit and bank guarantee facilities at its disposal and operates well within the agreed covenants under its financing agreements.

## CURRENCY RISKS

The functional currency of Boskalis is the euro. A number of business units, especially in Heavy Marine Transport, as well as several substantial associated companies (Smit Lamnalco, Keppel Smit Towage, Asian Lift, Saam Smit Towage) have a functional currency other than the euro. The most important of these is the US dollar, followed by the Singapore dollar. Most of the revenues and expenses of these entities are largely or entirely based on these same non-euro currencies. The holdings in these entities are viewed from a long-term perspective. Exchange rate risks related to these entities are not hedged as it is assumed that currency fluctuations and developments in interest rates and inflation will offset each other in the long term.

A large proportion of the activities of the group companies that have the euro as their functional currency are not contracted in euros. This particularly applies to the group companies that are involved in dredging and related projects. The costs of these entities, however, are largely based on the euro. Generally, the net cash flows in non-euro currencies within these entities are fully hedged straight away, usually by means of forward exchange contracts. The US dollar exchange rate in relation to the euro is particularly relevant in this context. A large proportion of the projects are contracted in US dollars or in currencies that are to a greater or lesser extent linked to the US dollar. Most of our major international competitors in the dredging industry also have cost structures largely based on the euro. This implies that exchange rate fluctuations have no major impact on our relative competitive position. In a number of market segments, in particular in Offshore Energy, there is competition from parties whose cost structures are not based on the euro, meaning that the competitive impact of currency fluctuations in these market segments is greater. On balance, exchange rate fluctuations only have a limited impact on the company's competitive position in these activities.

## TAX RISKS

Because of the (constantly changing) mix of project and operational results in a large number of countries and entities, various kinds of taxes, such as income tax, wage tax, VAT and import duties, are assessed and then paid in various countries. Profits are attributed to countries where value is created in


Asphalting work for the widening of the N62 provincial road in the Netherlands.

accordance with national and international rules and standards, which can be extremely complex. Knowledge in this area along with related compliance and application are embedded in procedures within the Tax Affairs function. In cases where insufficient knowledge is available in-house, external advisors are used.

#### INTEREST RATE RISKS

We have limited our exposure to interest rate fluctuations by fixing the interest rates on the majority of our long-term financial liabilities, primarily by using interest rate swap arrangements.

#### FUEL PRICE RISKS

In a substantial part of its activities, Boskalis is exposed to risks arising from changes in fuel prices. Fuel costs are hedged in a number of different ways. Where possible, contracts include fuel price variation clauses. It is also a regular occurrence for contracts to provide for fuel to be supplied by the client. In other cases where fuel price risks are substantial, exposure is usually hedged by means of financial instruments such as forward contracts.

#### DERIVATIVES

Financial derivatives are only used to hedge underlying currency risks, fuel cost risks or other risks where there is a physical underlying transaction. There is, however, a risk of losses arising from the unwinding or settlement of such financial derivatives as a result of the cancellation or substantial downsizing of contracts.

### OTHER RISKS

#### COMPLIANCE WITH LEGISLATION AND REGULATIONS

As an international maritime services provider Boskalis is active in numerous countries, meaning it has to deal with a wide range of diverse legislation and regulations. Some of the activities are headed by their own local management, but in many countries intermediaries and/or local representatives are used in securing and executing projects. This combination of factors means there is a heightened risk that relevant (local) legislation and regulations may not be fully complied with. These risks are mitigated by the company's internal risk management and control systems, which are set out below. In addition, the company has a General Code of Business Conduct and a Supplier Code of Conduct, which are reviewed and evaluated regularly. Intermediaries and/or local representatives are also contractually bound to comply with our codes of conduct. The concluding of contracts with local intermediaries and/or representatives is subject to clearly defined procedures. Furthermore, Boskalis has a whistleblower policy in place and a counsellor to enable employees to report any suspected irregularities.

#### PROPERTY DAMAGE AND THIRD-PARTY LIABILITIES

Boskalis has taken out a broad package of insurance to cover against risks with respect to damage to its properties as well as third-party properties and potential other third-party liabilities. The above is a list of what we currently consider to be the most important risks that we face. The list is not exhaustive. There may be other risks which we currently do not consider to be significant but which may manifest themselves as such.

### INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS

The internal risk management and control systems of Boskalis are based on the principles of effective management control at various levels in the organization and are tailored to the day-to-day working environment in which the company operates worldwide. One of the main foundations for risk control is the internal culture of the company, which is characterized by a high degree of transparency with regard to the timely identification, evaluation and reporting of risks and a remuneration system that is geared to avoiding potentially perverse incentives.

Given the hands-on nature of the company and the short lines of communication, there are three important factors in assessing and evaluating our internal risk management and control systems:

1. In the daily operations the operational risk management and control is largely supported by an extensive framework of quality assurance rules, procedures and systems, in particular with regard to the acquisition and execution of contracts. These include guidelines for responsibilities, powers and risk control. The adequacy of this framework is reviewed regularly, also in light of the increasing diversity of the contracting and project activities the company performs in accordance with its strategy. In addition to audits by external certification agencies, Boskalis also performs regular internal audits under the auspices of the SHE-Q department. SHE-Q is discussed at the quarterly meetings between the Board of Management and the management of the business units, with the management of the SHE-Q department also being present.
2. The daily management of the organization is based on short lines of communication and command. Speed, know-how and decisiveness are of the essence, both in the tendering phase and in project execution. Daily management is hands-on.
3. The progress and development of the operating results and the financial position of individual business units and the company as a whole, as well as the operational and financial risks, are monitored by means of structured periodical reporting, analysis of the financial results and performance reviews at Board of Management and senior management levels.

### RISKS WITH REGARD TO FINANCIAL REPORTING

#### FINANCIAL REPORTING STRUCTURE

Financial reporting at Boskalis is structured within a tight framework of budgeting, reporting and forecasting. A distinction is made between reports for internal and external use. External reporting at group level consists of an annual report, including financial statements audited by the external auditor, as well as a half year report, containing summarized financial information, both consolidated and segmented. The external reports are prepared on the basis of the internal financial reporting, in accordance with EU-IFRS.

Internal financial reporting consists of extensive consolidated quarterly reports in which current developments are compared to the quarterly (cumulative) budgets and previous forecasts. In addition, each quarter forecasts are prepared for the annual results, cash flows and balance sheet positions at the end of the financial year. The quarterly budgets are part of the annual group budget, which is prepared every year by the Board of Management and approved by the Supervisory Board. Internal financial reporting has a layered structure – in accordance with the internal allocation of management responsibilities – with consolidation taking place at successive levels, starting with the projects, through the business units and divisions, and resulting in consolidated group reports. The financial and operating results are analyzed and clarified at each of these levels. Project and contract managers are responsible for budgets, income statements and balance sheets for their projects or contracts, and these are drawn up in accordance with the applicable guidelines and instructions. In turn, business unit managers are responsible for the financial reporting of their respective business units.

Boskalis holds substantial investments in joint ventures and associated companies and these holdings are intensively monitored. Shareholder and/or board meetings are held regularly, with Boskalis being represented in line with the size of its stake. Clear agreements have been reached with the co-shareholders in such joint ventures with regard to topics such as board and management representation, filling of management positions, strategy and policy, budget, financial reporting, the appointment of auditors, investments and financing. The policy is that such joint ventures are in principle financed without guarantees from the shareholders.

The Board of Management discusses the quarterly reports with the relevant business unit managers in formal quarterly meetings. These meetings are minuted. The consolidated group reports are discussed with the Supervisory Board on a quarterly basis.

The most important aspects of our financial reporting systems are set out in manuals, guidelines and procedures, all of which are available electronically. Staff are trained in how to apply accounting standards, guidelines and procedures. Internal audits to monitor and improve quality and discipline are conducted on the basis of an annual audit plan and ad hoc examinations (also known as financial audits). Moreover, the quality of the financial control systems is evaluated regularly in the context of the activities of the external auditor. Any findings concerning the quality of the financial control systems identified during the audit of the financial statements are reported by the external auditor in the Management Letter.

## EVALUATION OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

Major organizational changes have been implemented in order to accommodate the rapid growth that Boskalis has experienced in recent years, including the introduction of a divisional structure. Further to this we have also made a start on adapting, where necessary, the systems and processes in the area of quality assurance, risk management and internal control. Partly in light of the challenging market developments we would have liked to see more progress made in this area than was achieved during the year under review. Based on the targets included in the annual plans of the business units we expect to realize substantial progress in 2016.

The structure and functioning of our risk management and internal control systems are discussed annually with the Supervisory Board.

However much care is taken in setting up risk management and internal control systems, they are unable to provide absolute certainty with regard to realizing the corporate objectives, nor can they preclude material mistakes, losses, fraud, or infringements of legislation and regulations.

### STATEMENT REGARDING RISKS RELATING TO THE FINANCIAL REPORTING

With due consideration of the aforementioned scope for improvement and restrictions, the Board of Management is of the opinion that:

- the internal risk management and control systems provide a reasonable degree of assurance that the financial reporting does not contain any errors of material importance; and
- the risk management and control systems worked properly during the year under review.

The trailing suction hopper dredger Freeway

# MARKER WADDEN: GROUNDBREAKING ECOLOGICAL DESIGN FOR NATURE RESTORATION

**In March 2016 Boskalis starts work on stage 1 of creating one of the largest nature restoration projects in western Europe: the Marker Wadden. The project will transform the ecologically impoverished Lake Markermeer into a dynamic area with a rich animal and plant life through the creation of nature islands using sand, clay and fine sediment. "Building with Nature techniques play a key role in the project," said Hendrik Postma, director at Boskalis Nederland.**

Lake Markermeer was created in 1976 when the Houtrib dike between Enkhuizen and Lelystad was completed. The dike had a major impact on the underwater environment of the lake. Fine sediment that was previously carried away by the current to Lake IJsselmeer now fell to the bottom of Lake Markermeer where it settled like a blanket, making the water of the lake turbid. As a result fish and bird populations have declined dramatically over the last decades. "With the creation of the Marker Wadden we want to rebalance the ecology," said Roel Posthoorn, Marker Wadden project director at the client, the Dutch Society for the Preservation of Nature (Natuurmonumenten). "Together the Markermeer and IJsselmeer form the largest freshwater clay lake in western Europe. At present it is just a huge lake of untamed and unused turbid water between Lelystad and Amsterdam. Over the past few years we have developed a vision to give the Markermeer a sustainable future, using the Dutch Wadden Area as a source of inspiration." Thanks to a contribution from the Dutch Postcode Lottery as well as support from the national government and the provincial authority of Flevoland, Natuurmonumenten now has the opportunity to realize this vision. The Dutch Department of Public Works is responsible for the contract management.

## RESONANCE

The ideas of Natuurmonumenten resonated with the vision of Boskalis, one of the founders of the Building with Nature philosophy. "That means that in designing shipping channels, ports or offshore wind farms we not only look at the hydraulic engineering part, but are able to include the ecological aspects right from the planning stage," explained Postma. "By developing ecological knowledge we are better able to predict natural processes. Applying that knowledge to our designs helps us to overcome resistance and speed up the preliminary process stage." Postma emphasized that this approach can be applied to almost any project. "But the Marker Wadden project is a Building with Nature project par excellence," he said.
"The landscape and the ecology have been given top priority from the very start. Our approach is based on the question of what provisions were needed to create a healthy habitat for plants and wildlife. Once that had been established it was then up to us, in our role of hydraulic engineer, to realize the plans. The interaction between the various parties to coordinate the wishes and practical possibilities culminated in this groundbreaking design."

## APPROACH

"The objective of the parties involved is to select as smart as possible an approach that focuses on the creation of a common platform and the quest for optimization and innovation. One of the innovations we are introducing on this project is 'building with fine sediment'. This will allow us to develop a high-quality nature area using simple methods."
Stage 1 of the project comprises the creation of the first large island and a marshland with vegetation, shallow ponds, creeks and channels. Boskalis will construct a new area of around 300 hectares, both above and below the waterline. To protect it from storms we will construct beaches, sand banks and low dunes, linked by a rock dam. We will provide for gradual transitions from land to water, as well as creating various levels under water. This will allow the sediment to settle in shallow areas and creeks, thus creating a natural water purification system. In addition, a special trench will be constructed to collect the fine sediment from the Markermeer. This 'sediment trap' will make the turbid water clear again. The captured sediment will be used to construct more islands in the future. "That is a unique aspect of this work, because the material is essentially too soft for building an island. This will be resolved by building ring dikes of sand to contain the sediment, which will then develop into a nature area. That is one of the Building with Nature applications that make this project so interesting," said Postma.

## PARADISE

Posthoorn expects the Markermeer nature to stage a quick recovery. "The natural embankments will allow mussel beds to develop again. Water plants will start growing again, fish will resume their spawning and birds will return to the area," he said.
The Marker Wadden will not only be a paradise for birds and fish, but also for nature lovers. The plans provide for the construction of a yachting marina as well as long walking trails, observation posts and children's play areas. "The preparations for the first phase are in full swing, execution will start in March 2016," said Postma. "It will take about 12 months for the first island to rise above the waterline, after which the development can start."

# CORPORATE GOVERNANCE

**The Board of Management and the Supervisory Board are jointly responsible for looking after the interests of our stakeholders.**

## APPLICATION AT BOSKALIS

Boskalis operates a two-tier board model, which means that management and supervision are segregated.

The Board of Management is responsible for the day-to-day management of the business, and for setting out and realizing the company's long-term strategy along with the associated risks, the results and entrepreneurial matters relevant to the company. The Board of Management is responsible for establishing the company's objectives, implementing its business policies and for the resulting performance. The Board of Management is accountable to the Supervisory Board and the General Meeting of Shareholders. In performing its tasks, the Board of Management is guided by the interests of the company and its activities, and takes into account any relevant interests of parties involved with the company.

The Supervisory Board is responsible for supervising management performance and advising the Board of Management. The Supervisory Board is supported in its work by three so-called core committees: the Audit Committee, the Remuneration Committee and the Selection and Appointment Committee. For a summary of the activities of the Supervisory Board and its committees in 2015, please refer to pages 22 to 27 of this report.

At Boskalis there is close collaboration between the Supervisory Board and its committees, the Board of Management and the stakeholders. The Board of Management and the Supervisory Board are jointly responsible for looking after the interests of our stakeholders, which includes creating shareholder value in the long term.

Our stakeholders are those groups and individuals that directly or indirectly influence the company's activities, or are influenced by them. They include the employees, shareholders and other financiers, suppliers, clients, government bodies, educational and knowledge institutes, industry and society associations (including NGOs) and the communities in which Boskalis operates.

At least one General Meeting of Shareholders takes place every year. Its tasks include the adoption of financial statements and it holds authority with regard to the appointment and dismissal of Supervisory Board members.

The interests of employees are promoted by the Works Council, which provides ongoing employee representation as required under the Dutch Works Councils Act. It is the task of the Works Council to ensure that management objectives correspond to those of the employees.

The general standards and values relating to our business activities are set out in the General Code of Business Conduct and the Supplier Code of Conduct. In these codes the main principles are laid down on how employees and suppliers of Boskalis should conduct themselves with regard to, for example, legislation and regulations, human rights, anti-corruption, competition, the environment, staff and quality. Both codes can be found on the company's website. The General Code of Business Conduct and the Supplier Code of Conduct were revised in early 2016 in line with the periodical evaluation as set out in these documents. In addition, the core values and rules for safety at work are set out in our safety program NINA (No Injuries, No Accidents). The Board of Management regularly stresses the importance of complying with the General Code of Business Conduct and the NINA principles. The Board of Management also provides employees with the opportunity to report any suspected misconduct of a general, operational or financial nature to a counselor, without jeopardizing their legal position.

## COMPLIANCE

The Dutch Corporate Governance Code (the "Code") applies to all Dutch companies listed on the stock exchange and comprises a code of conduct for governance best practice. This Code includes both specific principles and best practice provisions, as well as guidelines for their proper supervision.

Boskalis subscribes to the notion that a sound and transparent system of checks and balances is key to maintaining confidence in companies operating on the capital market. Boskalis believes clarity and openness in accountability and supervision are the cornerstones of good management and entrepreneurship.

As required since the introduction of the Code in 2004, Boskalis published an 'Apply or Explain' report that sets out how the principles and best practice provisions are applied at Boskalis. This report is available on the website and copies can also be requested from the company.

Boskalis subscribes to and applies all the principles and best practice provisions contained in the Corporate Governance Code, with the exception of the following provisions:

- In deviation of best practice II.1.1, the chairman of the Board of Management has been appointed for an indefinite period. This appointment predates the introduction of the Corporate Governance Code. His contract with the company was also entered into prior to the introduction of the Corporate Governance Code and applies for an indefinite period. Boskalis does apply the best practice provision to the other members as well as future members of the Board of Management.
- The contracts between the company and two members of the Board of Management deviate from best practice provision II.2.8. The contract of the chairman of the Board of Management provides for a severance payment equal to 18 months and the contract of the Chief Financial Officer provides for a 24-month severance payment. Boskalis does apply the best practice provision to the contracts of all other members as well as future members of the Board of Management.

The composition and size of the Board of Management are based on the profile and strategy of the company. The expertise, experience and various competencies of the members of the Board of Management should contribute to this profile and strategy. In the year under review the combination of these elements resulted in the four members of the current Board of Management being male, meaning that the Board of Management, partly due to the nature of the company, is a reflection of the majority of the company's employee population. From 10 May 2016, the Board of Management shall consist of three members. When drafting the profile for new members of the Board of Management emphasis will be placed on diversity in view of the objective of achieving a balanced representation on the Board of Management.

The composition and size of the Supervisory Board are also based on the company's profile and strategy. As stated in the Profile drawn up by the Board of Management, the expertise, experience and various competencies of members of the Supervisory Board should contribute to proper supervision of the company's management and general performance. To advance a balanced composition, the Supervisory Board had included in the Profile that every effort was to be made to achieve a mixed composition, where possible in terms of age and gender with as specific objective to appoint a female member of the Supervisory board per 2015. The objective has not been met in 2015. The Supervisory Board has in the year under review appointed Mr. J. van der Veer in accordance with the Profile considering the contribution he will be able to deliver to the supervision of the company given his broad, international management experience gained while working for one of the largest oil and gas companies in the world. In the year under review this resulted in the six members of the Supervisory Board being male. The Supervisory Board maintains its objective to appoint as soon as possible a female candidate as member of the Supervisory Board.

The Corporate Governance Declaration can be found on the website www.boskalis.com/corporategovernance.

# 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.

Açu Port under construction in Brazil.

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board of Management of Royal Boskalis Westminster N.V. hereby declares, in accordance with article 5:25c of the Dutch Financial Supervision Act, that to the best of its knowledge:

1) the financial statements, which have been prepared in accordance with the applicable standards for preparing financial statements and as included on pages 63 to 128 of the Annual Report, provide a true and fair view of the assets, liabilities and financial position as at 31 December 2015 as well as the profit or loss of Royal Boskalis Westminster N.V. and all the business undertakings included in the consolidation;
2) the Report of the Board of Management provides a true and fair view of the condition, the business performance during the financial year of Royal Boskalis Westminster N.V. and the companies associated with it whose details are included in the financial statements, as at the balance sheet date of 31 December 2015;
3) the Report of the Board of Management provides a description of the material risks faced by the company.

Papendrecht / Sliedrecht, 8 March 2016

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

# BOSKALIS FINANCIAL STATEMENTS 2015

# TABLE OF CONTENTS

# CONSOLIDATED INCOME STATEMENT

| (in thousands of EUR) | Note | 2015 | 2014 |
|---|---|---|---|
| **OPERATING INCOME** | | | |
| Revenue | [6] | **3,240,327** | 3,166,888 |
| Other income | [7] | **8,404** | 11,296 |
| | | **3,248,731** | 3,178,184 |
| **OPERATING EXPENSES** | | | |
| Raw materials, consumables, services and subcontracted work | [8] | **- 1,918,116** | - 1,774,745 |
| Personnel expenses | [9] | **- 513,088** | - 513,991 |
| Other expenses | [7] | **- 4,557** | - |
| Depreciation, amortization and impairment losses | [14/15] | **- 293,091** | - 293,514 |
| | | **- 2,728,852** | - 2,582,250 |
| Share in result of joint ventures and associated companies (after taxation) | [16] | **43,260** | 56,411 |
| Revaluation of stake in Fugro N.V. | [5] | **28,478** | - |
| Impairment Fugro N.V. | [16] | **- 28,824** | - |
| **OPERATING RESULT** | | **562,793** | 652,345 |
| **FINANCE INCOME AND COSTS** | | | |
| Finance income | [10] | **1,163** | 10,100 |
| Finance costs | [10] | **- 32,974** | - 46,054 |
| | | **- 31,811** | - 35,954 |
| Profit before taxation | | **530,982** | 616,391 |
| Income tax expense | [11] | **- 87,452** | - 124,163 |
| **NET GROUP PROFIT** | | **443,530** | 492,228 |
| Net group profit attributable to: | | | |
| Shareholders | | **440,178** | 490,290 |
| Non-controlling interests | | **3,352** | 1,938 |
| | | **443,530** | 492,228 |
| Average number of shares | [22.4] | **124,181,528** | 121,606,364 |
| Earnings per share | [22.4] | **EUR 3.54** | EUR 4.03 |
| Diluted earnings per share | [22.4] | **EUR 3.54** | EUR 4.03 |

This notes on pages 72 to 121 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF RECOGNIZED AND UNRECOGNIZED INCOME AND EXPENSES

| (in thousands of EUR) | Note | 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 | [24.1] | **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 | [13] | **- 6,772** | 10,272 |
| Total unrecognized income and expenses for the period that will never be reclassified to profit or loss, net of income tax | | **41,092** | - 53,270 |
| | | | |
| **ITEMS THAT ARE OR MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS** | | | |
| Reclassification of revaluation of stake in Fugro N.V. | [16] | **- 28,478** | - |
| Movement in fair value of financial instruments available for sale | [17.2] | **- 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 | [27.2] | **7,013** | 5,505 |
| Income tax on unrecognized income and expenses that are or may be reclassified subsequently to profit or loss | [13] | **- 847** | - 313 |
| Total unrecognized income and expenses for the period which are or may be reclassified to profit or loss | | **127,069** | 254,512 |
| | | | |
| **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 | | **1,753** | 1,938 |
| **TOTAL RECOGNIZED AND UNRECOGNIZED INCOME AND EXPENSES FOR THE REPORTING PERIOD** | | **611,691** | 693,470 |

This notes on pages 72 to 121 are an integral part of these consolidated financial statements.

# CONSOLIDATED BALANCE SHEET

| (in thousands of EUR) | Note | 31 DECEMBER 2015 | 2014 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Intangible assets | [14] | **533,280** | 517,668 |
| Property, plant and equipment | [15] | **2,784,889** | 2,743,888 |
| Investments in associated companies | [16] | **1,192,773** | 775,467 |
| Non-current financial assets | [17] | **5,915** | 299,026 |
| Derivatives | [27] | **50,779** | 3,013 |
| Deferred income tax assets | [13] | **12,020** | 19,187 |
| | | **4,579,656** | 4,358,249 |
| **CURRENT ASSETS** | | | |
| Inventories | [18] | **82,610** | 103,076 |
| Due from customers | [19] | **182,302** | 167,494 |
| Trade and other receivables | [20] | **727,567** | 631,997 |
| Derivatives | [27] | **5,155** | 6,316 |
| Income tax receivable | [12] | **9,893** | 11,558 |
| Cash and cash equivalents | [21] | **793,720** | 395,952 |
| Assets disposal group | [5] | **224,444** | 237,985 |
| | | **2,025,691** | 1,554,378 |
| **TOTAL ASSETS** | | **6,605,347** | 5,912,627 |
| **GROUP EQUITY** | | | |
| Issued capital | [22] | **100,501** | 98,350 |
| Share premium | [22] | **535,807** | 537,245 |
| Other reserves | [22] | **621,775** | 422,744 |
| Retained earnings | [22] | **2,456,230** | 2,093,598 |
| **SHAREHOLDERS' EQUITY** | | **3,714,313** | 3,151,937 |
| **NON-CONTROLLING INTERESTS** | | **7,593** | 7,877 |
| **TOTAL GROUP EQUITY** | [22] | **3,721,906** | 3,159,814 |
| **NON-CURRENT LIABILITIES** | | | |
| Interest-bearing borrowings | [23] | **914,234** | 822,817 |
| Employee benefits | [24] | **43,703** | 76,060 |
| Deferred income tax liabilities | [13] | **26,005** | 26,074 |
| Provisions | [25] | **23,775** | 28,591 |
| Derivatives | [27] | **1,147** | 7,684 |
| | | **1,008,864** | 961,226 |
| **CURRENT LIABILITIES** | | | |
| Due to customers | [19] | **320,977** | 283,733 |
| Interest-bearing borrowings | [23] | **18,127** | 78,123 |
| Bank overdrafts | [21] | **30,603** | 2,371 |
| Income tax payable | [12] | **182,886** | 195,162 |
| Trade and other payables | [26] | **1,264,099** | 1,160,581 |
| Provisions | [25] | **7,033** | 3,776 |
| Derivatives | [27] | **13,720** | 13,595 |
| Liabilities disposal group | [5] | **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 |

This notes on pages 72 to 121 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

| (in thousands of EUR) | Note | 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. | | **28,824** | - |
| 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. | | **- 28,478** | - |
| 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 | | **- 90,904** | - 92,042 |
| Net cash from operating activities | | **845,474** | 852,077 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchases of property, plant and equipment, excluding capitalized borrowing costs | *[15]* | **- 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. | *[5]* | **- 147,062** | - 242,364 |
| Disposal of (a part of) group companies, net of cash disposed | *[5]* | **29,444** | - 26,292 |
| Issued loan to a joint venture | | **- 179** | - 7,153 |
| Repayment of outstanding loan by joint venture | | **1,820** | 11,736 |
| Net cash used in investing activities | | **- 361,591** | - 548,411 |
| **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 | *[22]* | **-** | - 27,724 |
| Dividends paid to the Company's shareholders | | **- 47,562** | - 37,108 |
| Dividends paid to non-controlling interests | | **- 2,037** | - 1,607 |
| Net cash used in / from financing activities | | **- 117,538** | - 267,673 |
| **NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS** | | **366,345** | 35,993 |
| Net cash and cash equivalents as at 1 January | *[21]* | **395,436** | 354,304 |
| Net increase in cash and cash equivalents | | **366,345** | 35,993 |
| Currency translation differences | | **4,915** | 5,139 |
| **MOVEMENT IN NET CASH AND CASH EQUIVALENTS** | | **371,260** | 41,132 |
| **NET CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER** | *[21]* | **766,696** | 395,436 |

This notes on pages 72 to 121 are an integral part of these consolidated financial statements.

# 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 |
|---|---|---|---|---|---|---|---|
| Note | [22.1] | [22.1] | [22.5] | [22.2] | | | |
| **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** | | | | | | | |
| *Net group profit for the period* | | | | **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** | **-** | **-** | **-** |
| *Total unrecognized income and expenses for the period* | | | **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** |

This notes on pages 72 to 121 are an integral part of these consolidated financial statements.

| (in thousands of EUR) | ISSUED CAPITAL | SHARE PREMIUM | OTHER RESERVES | RETAINED EARNINGS | TOTAL | NON-CONTROLLING INTEREST | TOTAL GROUP EQUITY |
|---|---|---|---|---|---|---|---|
| Note | [22.1] | [22.1] | [22.5] | [22.2] | | | |
| **Balance as at 1 January 2014** | **96,212** | **538,407** | **232,915** | **1,657,703** | **2,525,237** | **6,922** | **2,532,159** |
| **TOTAL RECOGNIZED AND UNRECOGNIZED INCOME AND EXPENSES FOR THE PERIOD** | | | | | | | |
| *Net group profit for the period* | | | | 490,290 | 490,290 | 1,938 | 492,228 |
| **Unrecognized income and expenses for the period** | | | | | | | |
| Defined benefit plan actuarial gains (losses) and asset limitation, after taxation | | | - 53,270 | - | - 53,270 | - | - 53,270 |
| Foreign currency translation differences for foreign operations, after taxation | | | 202,382 | - | 202,382 | 623 | 203,005 |
| Effective cash flow hedges, after taxation | | | 3,559 | - | 3,559 | - | 3,559 |
| Realization through sale of underlying asset | | | - 1,936 | 1,936 | - | - | - |
| Revaluation of share in Fugro N.V. | | | - | 48,571 | 48,571 | - | 48,571 |
| Reclass result of new joint venture to revaluation reserve | | | 4,405 | - 4,405 | - | - | - |
| Movement other legal reserve | | | 34,689 | - 34,689 | - | - | - |
| *Total unrecognized income and expenses for the period* | | | 189,829 | 11,413 | 201,242 | 623 | 201,865 |
| Total recognized and unrecognized income and expenses for the period | | | 189,829 | 501,703 | 691,532 | 2,561 | 694,093 |
| **TRANSACTIONS WITH SHAREHOLDERS, RECOGNIZED DIRECTLY IN EQUITY** | | | | | | | |
| Purchase own shares | - | - | - | - 27,724 | - 27,724 | - | - 27,724 |
| **Distributions to shareholders** | | | | | | | |
| Cash dividends | - | - | - | - 37,108 | - 37,108 | - 1,606 | - 38,714 |
| Stock dividends | 2,138 | - 1,162 | - | - 976 | - | - | - |
| **Total transactions with shareholders** | **2,138** | **- 1,162** | **-** | **- 65,808** | **- 64,832** | **- 1,606** | **- 66,438** |
| **Balance as at 31 December 2014** | **98,350** | **537,245** | **422,744** | **2,093,598** | **3,151,937** | **7,877** | **3,159,814** |

This notes on pages 72 to 121 are an integral part of these consolidated financial statements.

# EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL

Royal Boskalis Westminster N.V. is a leading global services provider operating in the dredging, dry and maritime infrastructure and maritime services sectors. Royal Boskalis Westminster N.V. (the 'company') has its registered office in Sliedrecht, the Netherlands, and its head office is located at the Rosmolenweg 20, 3356 LK in Papendrecht, the Netherlands. The company is a publicly listed company on the Euronext Amsterdam stock exchange.

The consolidated financial statements of Royal Boskalis Westminster N.V. for 2015 include the company and group companies (hereinafter referred to jointly as the 'Group' and individually as the 'Group entities') and the interests of the Group in associated companies and entities over which it has joint control. The consolidated financial statements were prepared by the Board of Management and have been signed on 8 March 2016. The financial statements 2015 will be submitted for approval to the Annual General Meeting of Shareholders of 10 May 2016.

## 2. COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

### 2.1 COMPLIANCE STATEMENT

The consolidated financial statements and the accompanying explanatory notes have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union, and with Part 9 of Book 2 of the Dutch Civil Code.

### 2.2 ADOPTED NEW AND REVISED STANDARDS

The accounting principles applied to the valuation of assets and liabilities and the determination of results are the same as the valuation principles applied in the prior years consolidated financial statements. The following interpretation is effective for 2015 and has been adopted by the EU for 2015, but has no impact on the equity, results of and presentation by the Group.

**IFRIC21 'Levies'**

The Group applies IFRIC21'Levies' in these financial statements for the first time. IFRIC21 'Levies' provides guidance on when to recognize a liability for a levy imposed by a government. Levies are liabilities in accordance with laws and legislations, other than corporate income taxes and fines. No liability is recognized for levies which are accountable to future periods. This interpretation is applicable as from 1 January 2015.

### 2.3 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The following standards, amendments to standards and interpretations, are not effective in 2015 and / or not yet endorsed by the European Committee. As a consequence, these have not been applied in these consolidated financial statements. The Group does not early adopt these standards and interpretations and the extent of the possible impact has not been determined. The most important possible changes for the Group can be summarized as follows:

- Amendments in IAS 19 'Defined Benefit Plans: Employee Contributions' relate to employee contributions for defined benefit plans. These amendments have an effective date for annual periods starting on or after 1 February 2015.

- IFRS9 'Financial Instruments'; classification and measurement, has an effective date for annual periods starting on or after 1 January 2018. The EU has not yet adopted this Standard.

- IFRS15 'Revenue from Contracts in Customers' provides a framework for recognition of income and will replace the current standards IAS 18 Revenue and IAS 11 Construction Contracts. The Standard has an effective date for annual periods starting on or after 1 January 2018. The EU has not yet adopted this Standard.

- IFRS16 'Leases' replaces the current standard for leases (IAS17) and provides a new framework for the recognition of lease contracts. The new Standard mainly requires lessees to recognize on their balance sheets a liability and capitalize for the right-to-use a leased asset if leased for a period exceeding one year. The Standard was issued in January 2016 and will be effective for periods beginning on or after 1 January 2019. The EU has not yet adopted this standard.

## 3. PRINCIPLES OF FINANCIAL REPORTING

The principles for financial reporting subsequently disclosed are applied consistently for all periods included in these consolidated financial statements and have been applied consistently by the Group entities.

The presentation of last year's financial information has been modified to be consistent with the presentation of the current year's financial presentation.

### 3.1 FORMAT AND VALUATION

The consolidated financial statements are presented in euros, the Group's presentation currency. The consolidated financial statements are based upon historical cost to the extent that IFRS does not prescribe another accounting method for specific items. Preparing financial statements means that estimates and assumptions made by the management partially determine the recognized amounts under assets, liabilities, revenues and costs. The estimates and assumptions are mainly related to the measurement of intangible assets (including goodwill), property, plant and equipment, joint ventures and associates, results on completion of work in progress, pension liabilities, taxation, provisions and financial instruments. Judgements made by management within the application of IFRS with a material effect on the financial statements are the qualifications of investments as Group companies, joint operations, joint ventures or associated companies. Details are incorporated in the explanatory notes to these items. Next to the elements already explained in the explanatory notes to the financial statements, there are no other critical valuation judgements in the application of the principles that need further explanation. The estimates made and the related assumptions are based on management's experience and understanding and the development of external factors that can be considered reasonable under the given circumstances. Estimates and assumptions are subject to alterations as a result of changes to facts and understanding and may have different outcomes per reporting period. Any differences are recognized in the balance sheet or income statement, depending on the nature of the item. The actual results may deviate from results reported previously on the basis of estimates and assumptions. Unless stated otherwise, all amounts in the notes in these financial statements are stated in thousands of euros.

### 3.2 CONSOLIDATION

The Group consolidates companies over which control is exercised, when the Group is exposed, or has the rights, to variable returns from its involvement with the investee and has the ability to affect those returns. Subsidiaries are included in the consolidation for 100%, taking into account any minority share. For joint operations the Group accounts for its specific rights and obligations. Strategic investments (joint ventures and associated companies) are accounted for using the equity method.

#### 3.2.1. SUBSIDIARIES

Subsidiaries are included in the consolidation for 100% on the basis of existing control, taking into account any minority interests. The figures of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any resulting gain or loss is recognized in the income statement. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost.

#### 3.2.2. JOINT OPERATIONS

When the group has common control over and the Group is entitled to the rights to the assets and is liable for the liabilities of the entity, this entity is classified as a joint operation. Common control has been laid down in a contract and strategic decisions on financial and operational policy are taken by unanimous agreement. Joint operations mainly relate to project driven construction consortiums.

Joint operations are included in the consolidated financial statements on a pro rata basis in accordance with the participation interest of the Group in the joint operation, also referred to as proportionate consolidation.

#### 3.2.3. JOINT VENTURES AND ASSOCIATED COMPANIES

The Group divides strategic investments in joint ventures and associated companies based on the type and degree of influence.

Joint ventures are those entities over which the Group has joint control, whereby this control has been laid down in a contract and strategic decisions on financial and operational policy are taken by unanimous agreement. The group is only entitled to the net assets of the joint ventures.

Shareholdings other than subsidiaries and joint ventures, where there is significant influence on the financial and operating policy, are recognized under associated companies. Significant influence is presumed to exist when the Group holds 20 percent or more of the voting power of another entity.

The consolidated financial statements include the Group's share in the result of associated companies, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases (see note 3.8).

#### 3.2.4. ELIMINATION OF TRANSACTION UPON CONSOLIDATION

Intragroup receivables and payables, as well as intragroup transactions, finance income and expenses and unrealized results within the Group are eliminated in preparing the consolidated financial statements. The Group recognizes its share in the results on transactions that transfer assets and/or liabilities between the Company and its strategic investments or between its strategic investments, to the extent these are considered realized as transactions with third parties and its joint venture partners, using proportionate elimination.

#### 3.2.5. BUSINESS COMBINATION AND ACQUISITIONS OF NON-CONTROLLING INTERESTS

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

Control exists when the Group has:
- the ability to direct relevant activities by its voting power;
- the rights to variable returns from its involvement with the investee, and
- the ability to affect those returns.

When the Group acquires the majority of the voting rights or similar rights in an entity, all relevant facts and circumstances will be involved in the assessment whether the Group has power over the investee. In assessing whether control exists, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in the income statement.

The consideration transferred does not include amounts related to the settlement of preexisting relationships. Such amounts are recognized in the income statement. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

**Accounting for acquisitions of non-controlling interests**
Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized as a result of such transactions. A newly acquired non-controlling interest is valued at either the fair value of the acquired assets and liabilities or the fair value of the consideration paid or received, determined per transaction.

### 3.3 FOREIGN CURRENCIES
The assets and liabilities of foreign Group companies and joint ventures that are denominated in functional currencies other than the euro have been translated at the exchange rates as at the end of the reporting period. The income statement items of the foreign Group companies and joint operations concerned have been translated at average exchange rates, which approximate the applicable exchange rates at transaction settlement date. Resulting currency translation differences are added or charged directly to the currency translation reserve in group equity. Exchange rate differences as a result of operational transactions are included in the consolidated income statement of the reporting period. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences on non-current receivables (including those related to financing), loans and other borrowings are recognized as finance income and expenses, except for the foreign currency differences on loans which are part of a net investment hedge and other foreign currency differences as a result of transactions are recognized in the related items within the operating result.

Joint ventures and associated companies with a functional currency other than the functional currency of the Group are translated according to the aforementioned method, taking into account that assets and liabilities of these interests are not consolidated.

### 3.4 DERIVATIVES AND HEDGING
It is the policy of the Group to use cash flow hedges to cover all operational currency risks that mainly relate to future cash flows from contracts that are highly probable to be realized and that are denominated in currencies other than the relevant functional currency. Fuel price risks and interest rate risks in future cash flows can be hedged from time to time using specific derivatives.

Hedge accounting is applied to the majority of cash flow hedges as follows. On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "effective" in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80 - 125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported net income.

The application of hedge accounting means that movements in the market value of cash flow hedges not yet settled – including results realized on the "rolling forward" of existing hedges as a result of differences between the duration of the hedges concerned and the underlying cash flows – will be directly added or charged to the hedging reserve in group equity, taking taxation into account. If a cash flow hedge added or charged to the group equity either expires, is closed or is settled, or the hedge relation with the underlying cash flows can no longer be considered effective, the accumulated result will continue to be recognized in group equity as long as the underlying cash flow is still expected to take place. When the underlying cash flow actually takes place, the accumulated result is included directly in the income statement. Movements in the market value of cash flow hedges to which no hedge accounting is applied (ineffective cash flow hedges and the ineffective portion of effective cash flow hedges) are included in the income statement for the reporting period. Results from settled effective cash flow hedges and the movements in the market value of ineffective cash flow hedges insofar these relate to non-current receivables, loans and other borrowings are recognized as finance income and finance expenses and otherwise in the related items within operating result. The purchase or sale of financial instruments is generally recorded at transaction rate. Derivatives are stated at fair value; attributable transaction costs are recognized in the income statement as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described.

**3.5 IMPAIRMENT**

The book value of the assets of the Group, excluding inventories, assets arising from employee benefits and deferred income tax assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, an estimate of the realizable amount of the asset is made. For goodwill, assets with an indefinite useful life, the realizable amount is estimated annually. An impairment loss is recognized when the book value of an asset or its cash-generating unit to which it belongs exceeds its realizable amount.

Impairment losses are recognized in the income statement. Impairment losses recognized in respect of cash generating units are allocated first to reduce the book value of any goodwill allocated to cash generating units (or groups of units) and then proportionally deducted from the book value of the assets of the unit (or group of units).

The realizable amount of receivables accounted for at amortized cost is calculated as the present value of expected future cash flows, discounted at the effective interest rate. For the other assets or cash generating segments, the realizable amount equals the fair value less costs to sell or value in use, whichever is higher. In determining the value in use, the present value of estimated future cash flows is calculated using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Indications of impairment of floating and other construction material are based on long-term expectations for the utilization of equipment or interchangeable equipment. If there is any indication of impairment, the realizable value of the asset concerned is determined on the basis of the net realizable value or present value of the estimated future cash flows.

In respect of goodwill no impairment losses are reversed. An impairment loss in respect of a receivable accounted for at amortized cost is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recorded. For other assets, impairment losses are reversed if the estimates used to determine the realizable amount give cause to do so, but only to the extent that the book value of the asset does not exceed the book value net of depreciation or amortization that would have applied if no impairment loss had been recognized.

**3.6 INTANGIBLE ASSETS**

Goodwill arises upon acquiring Group companies and joint operations and is calculated as the difference between the acquisition price and the fair value of the assets and liabilities acquired, according to the accounting principles of Royal Boskalis Westminster N.V. The goodwill has been allocated to the cash generating unit representing the lowest level within the Group at which the goodwill is monitored for internal management purposes, which does not exceed the level of the Group's operating units. Goodwill and other intangible assets are capitalized net of accumulated amortization and accumulated impairment losses. Amortization of trademarks valued at acquisition takes place over four years, the amortization of customer portfolios and contracts valued at acquisition takes place over seven to twenty-two years.

Goodwill and intangible assets with an infinite useful life are not amortized, but are tested for impairment every year or in case of an indication for impairment (see note 3.5). Negative goodwill that may arise upon acquisition is added directly to the income statement. In respect of associated companies, the book value of goodwill is included in the book value of the investment.

Other intangible assets are capitalized only when it is probable that future economic benefits embodied in an asset, will flow to the Group and the cost of the asset can be reliably measured. Other intangible assets with a finite useful life are stated at cost less accumulated amortization and accumulated impairment losses.

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is expensed as incurred.

**3.7 PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment are stated at cost price less accumulated depreciation calculated from the date of commissioning and accumulated impairment losses. The cost price is based on the purchase price and / or the internally generated cost based on directly attributable expenses. The depreciation, taking into account an assumed residual value, is calculated over the estimated remaining useful lives assigned to the various categories of assets. Modifications and capacity enhancing investments are also capitalized at cost and amortized over the remaining life of the asset. Property, plant and equipment under construction are included in the balance sheet on the basis of installments paid, including interest during construction. When property, plant and equipment consists of components with different useful lives, they are accounted for as separate items.

Buildings are depreciated over periods ranging from ten to thirty years. The depreciation periods of components of the majority of the floating and other construction materials ranges from five to thirty years. Furnitures and other fixed assets are depreciated over a period between three and ten years. Land is not depreciated. The wear of dredging equipment is highly dependent on unpredictable project-specific combinations of soil conditions, material to be processed, maritime circumstances, and the intensity of the deployment of the equipment. As a result of this erratic and time-independent patterns, the maintenance and repair expenses for conserving the assets are charged to the income statement.

Methods for depreciation, useful life and residual value are reassessed at the end of each financial year and amended if necessary.

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset classified as a tangible fixed asset and is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognized in the Group's consolidated balance sheet and disclosed as part of the other commitments and contingent liabilities.

### 3.8 STRATEGIC INVESTMENTS

Strategic investments are initially recognized at cost including the goodwill determined at acquisition date. Subsequently strategic investments are accounted for using the equity method, adjusted for differences with the accounting principles of the Group, less any accumulated impairment. When the Group's share of losses exceeds the book value of the strategic investments, the book value is reduced to zero and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the strategic investments.

### 3.9 NON-CURRENT RECEIVABLES

The non-current receivables are held on a long-term basis and/or until maturity and are carried at amortized cost. Accumulated impairment losses are deducted from the book value.

### 3.10 FINANCIAL INSTRUMENTS AVAILABLE FOR SALE

Financial instruments available for sale include equity investments (certificates on shares) and are recognized initially at fair value increased with transaction costs. After first recognition, financial instruments available for sale are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income. At derecognition or reclassification to associated companies, the any cumulative unrealized result is recycled to and recognized in the income statement. If case of an impairment, the cumulative loss is reclassified from the other comprehensive income to the income statement.

### 3.11 INVENTORIES

Inventories, which mainly consist of fuel, auxiliary materials and spare parts, are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of selling.

### 3.12 DUE FROM AND DUE TO CUSTOMERS

Due from and due to customers concerns the gross amount yet to be charged which is expected to be received from customers for contractual work performed up to the reporting date (hereinafter: "work in progress") and services rendered (mainly salvage work). Work in progress is valued at the cost price of the work performed, plus a part of the expected results upon completion of the project in proportion to the progress made and less progress billings, advances and potential provisions for losses. Provisions are recognized for expected losses on work in progress as soon as they are foreseen, and deducted from the cost price; if necessary, any profits already recognized are reversed. Revenues from additional work are included in the overall contract revenues if the client has accepted the sum involved in any way. Claims and incentives are carried in construction work in progress if negotiations with the customer are in a sufficiently advanced stage. The cost price includes project costs, consisting of payroll costs, materials, costs of subcontracted work, rental charges and maintenance costs for the equipment used and other project costs. The rates used are based on the expected average occupation in the long run. The progress of a project is determined on the basis of the cost of the work done in relation to the expected cost price of the project as a whole. Profits are not recognized unless a reliable estimate can be made of the result on completion of the project. The balance of the value of work in progress, progress billings and advance payments is determined per project. For projects where the progress billings and advance payments exceed the value of work in progress, the balance is recognized under current liabilities instead of under current assets. The respective balance sheet items are "due from customers for work in progress" and "due to customers".

Salvage work that is completed at the balance sheet date, but for which the proceeds are not yet finally determined between parties, is recognized at expected proceeds taking into account the estimation uncertainty less progress billings and advances. If the revenue of a completed salvage contract cannot be estimated reliably, revenue is recognized to the maximum of the extent of the recognized expenses. For expected losses on salvage work, provisions are recognized as soon as they are probable.

### 3.13 TRADE AND OTHER RECEIVABLES

Trade and other receivables are stated initially at fair value and subsequently at amortized cost less accumulated impairment losses, such as doubtful debts. Amortized cost is determined using the effective interest rate.

### 3.14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash and bank balances and deposits with terms of no more than three months. The explanatory notes disclose the extent to which cash and cash equivalents are not freely available as a result of transfer restrictions, joint control or other legal restrictions. Bank overdrafts are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

### 3.15 SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects. Transactions costs directly attributable to share buy backs are recognized as a deduction from equity, net of any tax effects.

### 3.16 INTEREST BEARING BORROWINGS

Interest-bearing borrowings are liabilities to financial institutions. At initial recognition, interest-bearing borrowings are stated at fair value less transaction costs. Subsequently, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

### 3.17 EMPLOYEE BENEFITS

*Defined contribution pension schemes*

A defined contribution pension scheme is a post-employment benefit scheme under which an entity pays fixed contributions into a separate entity. The entity will have no legal or constructive obligation to pay further amounts if the pension fund has insufficient funds to pay employee benefits in connection with services rendered by the employee in the current of prior periods. Obligations for contributions to defined contribution pension schemes are recognized as an employee benefit expense as part of the personnel expenses in the income statement when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payment is available. Contributions to a defined contribution pension scheme payable more than twelve months after the period during which the employee rendered the services, are discounted.

*Defined benefit pension schemes*

A defined benefit pension scheme is every post-employment benefit scheme other than a defined contribution scheme. For each separate defined benefit pension scheme, the net asset or liability is determined as the balance of the discounted value of the future payments to employees and former employees, less the fair value of plan assets. The calculations are done by qualified actuaries using the projected unit credit method. The discount rate equals the yield on high quality corporate bonds as at the balance sheet date, with the period to maturity of the bonds approximating the duration of the liability. If the calculation results in a positive balance for the group, the asset is included up to an amount equal to any unrecognized past service pension costs and the discounted value of economic benefits in the form of possible future refunds or lower future pension premiums from the fund. In calculating the discounted value of economic benefits, the lowest possible financing obligations are taken into account as applicable to the individual schemes in force within the Group. An economic benefit is receivable by the Group if it can be realized within the period to maturity of the scheme or upon settlement of the scheme's obligations. Actuarial gains and losses, including any movements in limitations on the net pension assets, are recognized in the unrecognized results within the Consolidated statement of recognized and unrecognized income and expenses. If plan benefits are changed or when a scheme is constrained, past service cost or a resulting curtailment profit or loss is recognized directly in the income statement. The Group recognizes profit or losses on the settlement of defined benefit schemes at the time of the settlement.

*Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed when the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee, and the obligation can be estimated reliably.

*Other long-term employee benefits*

The other long-term employee benefits mainly consist of jubilee benefits. The calculation of these liabilities is executed according to the 'projected unit credit' method using the actuarial assumptions for the predominant defined benefit scheme.

*Share-based remuneration plans*

Member of the Board of Management and some senior employees are granted a bonus scheme that is based on the development of the share price, whereby the bonus is distributed in cash. The fair value of the amount payable over the year, is recognized as personnel expenses in the income statement, with a corresponding increase in liabilities. The liability is remeasured each reporting date and at settlement date. Any changes in the fair value of the liability are recognized as personnel expenses in the income statement.

### 3.18 PROVISIONS

Provisions are determined on the basis of estimates of future outflows of economic benefits relating to operational activities for legal or constructive obligations of an uncertain size or with an uncertain settlement date that arises from past events and for which a reliable estimate can be made. Provisions are discounted insofar as the difference between the discounted value and nominal value is material. Provisions, if applicable, relate to reorganization, warranties, provisions for onerous contracts, soil contamination, legal proceedings and received claims. Provisions for reorganization costs are recognized when the Company has a detailed formal for the restructuring and has announced its main features to those affected by it at balance sheet date or when the execution of the plan has commenced. Provisions for warranties are recognized for warranty claims relating to completed projects with agreed warranty periods applying to some of the consolidated/proportionally consolidated entities. The book value of these provisions is estimated based on common practice in the industry and the Company's experience with warranty claims for relevant projects.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

In accordance with the Group's policy and applicable legal requirements, a provision for site restoration in respect of contaminated land, and the related expenses, is recognized when the land is contaminated.

**3.19 TRADE AND OTHER PAYABLES**

Trade and other payables are recognized initially at fair value and subsequently at (amortized) cost. Insofar as the difference between the discounted and nominal value is not material, trade and other payables are stated at cost.

**3.20 ASSETS HELD FOR SALE**

Assets are classified as held for sale (disposal group) when it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Liabilities related to the assets held for sale are separately recognized as liabilities held for sale. Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated.

**3.21 REVENUE**

Revenue of the operational segments Dredging & Inland Infra and Offshore Energy including sea transport and related services, mainly consist of the cost price of the work done during the reporting period, plus a part of the expected results upon completion of the project in proportion to the progress made during the reporting period, and including and/or deducting the provisions recognized and/ or used and released during the reporting period for expected losses. Revenues from additional work are included in the overall contract revenues if the client has accepted the sum involved in any way. Claims and incentives are carried in construction work in progress if negotiations with the customer are in a sufficiently advanced stage. The applied "percentage-of-completion" method is, by its nature, based on an estimation process. Revenue also includes services rendered to third parties during the reporting period. The revenue from services relates in particular to activities of Harbour Towage and to hire or to make available equipment and/or personnel including sea transport services and related services of Offshore Energy) and this revenue is recognized in the income statement in proportion to the stage of completion of the work performed at the reporting date. The stage of completion is determined based on assessments of the work performed. Revenue from salvage work that is completed at the balance sheet date (part of the operational segment Towage & Salvage), but for which the proceeds are not finally determined between parties, is recognized at expected proceeds taking into account the estimation uncertainty. When it is uncertain whether the economic benefits of work done or services rendered will flow to the Group, the relevant revenue is not recognized. Revenue does not include any taxes on added value.

**3.22 OTHER INCOME AND OTHER EXPENSES**

Other income and other expenses mainly consists of book results from disposals and insurance results.

**3.23 RAW MATERIALS, CONSUMABLES, SERVICES AND CONTRACTED WORK**

Raw materials, consumables, services and contracted work consist of the cost price of the work done during the reporting period, excluding personnel expenses, amortization, depreciation and impairments. This item also includes, among others, equipment utilization costs, cost of operational leases, general overhead costs, external costs for research and development where not capitalized, currency translation differences, fair value changes of derivatives related to hedging foreign currency effects of projects and other results/late results.

**3.24 PERSONNEL EXPENSES**

Personnel expenses consist of wages and salaries for own personnel and the related social security charges and pension costs, including paid and accrued contributions for defined pension contribution plans and the movement in the assets and liabilities from defined benefit plans, excluding actuarial gains and losses and the limitation on net pension plan assets added or charged directly to group equity.

**3.25 LEASE PAYMENTS**

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

**3.26 FINANCE INCOME AND COSTS**

Finance income comprises interest received and receivable from third parties, currency gains on financing and compensating results of negative changes in fair value of financial instruments used to hedge currency results on the financing concerned. Interest income is recognized in the income statement as it accrues, using the effective interest rate method.

Finance expenses include interest paid and payable to third parties, which are allocated to reporting using the effective interest method, arrangement fees, currency losses on financing and compensating results of positive changes in fair value of financial instruments used to hedge currency results on the financing concerned. The interest component of financial lease payments is recognized in the income statement using the effective interest rate method.

Borrowing costs not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the income statement.

**3.27 SHARE IN RESULT OF JOINT VENTURES AND ASSOCIATED COMPANIES**

Share in result of joint ventures and associated companies comprises the share in the results after taxation of the participating interests not included in the consolidation and, if applicable, (the reversal of) impairment losses recognized in the reporting period.

**3.28 TAXATION / DEFERRED INCOME TAX ASSETS AND LIABILITIES**

Taxation is calculated on the basis of the result before taxation for the reporting period, taking into account the applicable tax provisions and tax rates, and also includes adjustments on taxation from previous reporting periods and movements in deferred taxes recognized in the reporting period. Taxation is included in the income statement unless it relates to items directly recognized in equity, in which case taxation is included in equity. Income tax expense also include the corporate income taxes which are levied on a based on revenue determined deemed profit (withholding tax). Temporary differences are accounted for in deferred tax assets and/or deferred tax liabilities. Deferred tax assets are only recognized to the extent that it is probable that taxable profit will be available for realization in the foreseeable future. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. Deferred income tax assets and liabilities are recognized at nominal value. Additional (income) taxes that arise from the distribution of dividends are recognized at the same time that the liability to pay the related dividend is recognized.

**3.29 PROFIT PER SHARE**

The Group discloses profit per ordinary share as well as diluted profit per ordinary share. The net profit per ordinary share is calculated based on the result attributable to the Group's shareholders divided by the calculated average of the number of issued ordinary shares during the reporting period, taking into account the shares which have been issued or repurchased during the reporting period. In calculating the diluted profit per share the result attributable to the Group's shareholders and the calculated average number of issued ordinary shares are adjusted for all potentially diluting effects for ordinary shares.

**3.30 DIVIDENDS**

Dividends are recognized as a liability in the period in which they are declared.

**3.31 DETERMINATION OF FAIR VALUE**

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

*Intangible assets*

The fair value of other intangible assets recorded as a result of a business combination, is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

*Financial assets available for sale*

The fair value of the financial assets available for sale is determined on quoted prices.

*Strategic investments*

Where relevant, the fair value of strategic investments is determined or disclosed based upon quoted prices or business valuations.

*Property, plant and equipment*

The fair value of property, plant and equipment recognized as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an at arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

*Trade and other receivables*

The fair value of trade and other receivables, except due from customers, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

*Share-based payment transactions*

The fair value is determined based on quoted prices.

*Derivatives*

The fair value of derivatives is based on the estimated amount to be paid or received for a settlement of the contract as at reporting date taking into account the actual interest rate and the credit rating of the counterparty. These fair values are based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

*Non-derivative financial liabilities*
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

### 3.32 CONSOLIDATED STATEMENTS OF CASH FLOWS

The consolidated statement of cash flows is drawn up using the indirect method. Cash is defined as cash and cash equivalents including bank overdrafts as presented in the explanatory notes to the cash and cash equivalents and the interest-bearing borrowings. Cash flows are presented separately in the statement of cash flows as cash flows from operating activities, investing activities and financing activities. In the cash flows are also included the cash flows, if any, related to the disposal group.

## 4. SEGMENT REPORTING

The Group recognizes three operational segments which, as described below, constitute the divisions (lines of business) of the Group. 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 based on internal management reporting.

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

- Dredging & Inland Infra

Traditionally, dredging is the core activity of Boskalis. It involves all activities required to remove silt, sand and other layers from the water bed and in some cases using it elsewhere, for example for coastal protection or land reclamation. The services also include the construction and maintenance of ports and waterways, and coastal defense and riverbank protection, as well as associated specialist services such as underwater rock fragmentation. In addition, Boskalis is active in the extraction of raw materials using dredging techniques. In the Netherlands, Boskalis also operates as a contractor of dry infrastructure projects. This involves the design, preparation (by means of dry earthmoving) and execution of large-scale civil infra works, such as the construction of roads and railroads, bridges, dams, viaducts and tunnels. In doing so, Boskalis also performs specialist works such as soil improvement and land remediation.

- Offshore Energy

With the offshore services of Boskalis, such as provided by Dockwise and Fairmount the company supports the activities of the international energy sector, including oil and gas companies and providers of renewable energy such as wind power. Boskalis is involved in the development, construction, maintenance and decommissioning of oil and LNG-import/export facilities, offshore platforms, pipelines and cables and offshore wind farms. In performing these activities Boskalis applies its expertise in the areas of heavy transport, lift and installation work, as well as diving and ROV services complemented with dredging, offshore pipeline, cable and rock installation. With VBMS, a joint venture, we are 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 oceangoing vessels through Boskalis' joint ventures Keppel Smit Towage, Saam Smit Towage and the forthcoming joint venture with KOTUG. In addition, a full range of services for the operation and management of onshore and offshore terminals is offered through Smit Lamnalco, which is 50% owned by Boskalis. These include assistance with the berthing and unberthing of tankers at oil and LNG terminals and additional support services. With our versatile fleet of over 450 vessels we assist vessels in over 90 ports in 35 countries, including oil and chemical tankers, container ships, reefers, RoRo ships and mixed cargo ships. Through SMIT Salvage we provide services relating to the salvage of ships and wreck removal. SMIT Salvage provides assistance to vessels in distress and is able to spring 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 in relation to the main international shipping routes: Houston, Cape Town, Rotterdam and Singapore. Wreck removal of sunken ships and offshore platforms almost always takes place at locations where the wreck forms an obstruction to traffic or presents an environmental hazard.

- Segments

The operational segments are monitored based on the segment result (operating result) and the EBITDA. The segment result and EBITDA are used for performance measurement of operational segments, both between segments and compared to other companies in the same industries. Inter-operational segment services, if any, take place at arm's length basis. EBITDA is defined as being the segment result before depreciation, amortization and impairments. In the reporting period there were no material inter-operational segment services. As part of Holding & Eliminations is reported the share of results and carrying value of the stake in the associated company Fugro N.V..

### 4.1 OPERATIONAL SEGMENTS

| 2015 | DREDGING & INLAND INFRA | OFFSHORE ENERGY | TOWAGE & SALVAGE | HOLDING & ELIMINATIONS | GROUP |
|---|---|---|---|---|---|
| Revenue | **1,727,183** | **1,233,412** | **294,862** | **- 15,130** | **3,240,327** |
| EBITDA | **400,361** | **418,400** | **96,215** | **- 30,268** | **884,708** |
| Share in result of strategic companies | **2,862** | **6,981** | **36,265** | **- 2,848** | **43,260** |
| Revaluation result of stake in Fugro N.V. | **-** | **-** | **-** | **28,478** | **28,478** |
| Impairment Fugro N.V. | **-** | **-** | **-** | **- 28,824** | **- 28,824** |
| Operating result | **296,301** | **239,170** | **79,110** | **- 51,788** | **562,793** |
| Non-allocated finance income and expenses | | | | | **- 31,811** |
| Non-allocated taxation | | | | | **- 87,452** |
| Net group profit | | | | | **443,530** |
| Carrying amount strategic companies | **3,457** | **75,748** | **722,253** | **391,315** | **1,192,773** |
| Investments in property, plant and equipment | **109,652** | **89,161** | **15,367** | **16,195** | **230,375** |
| Depreciation on property, plant and equipment | **100,180** | **156,087** | **17,105** | **- 7,536** | **265,836** |
| Amortization on intangible assets | **688** | **11,802** | **-** | **232** | **12,722** |
| Impairment losses on property, plant and equipment | **3,192** | **11,341** | **-** | **-** | **14,533** |

| 2014 | DREDGING & INLAND INFRA | OFFSHORE ENERGY | TOWAGE & SALVAGE | HOLDING & ELIMINATIONS | GROUP |
|---|---|---|---|---|---|
| Revenue | 1,664,768 | 1,238,576 | 270,628 | - 7,084 | 3,166,888 |
| EBITDA | 487,483 | 387,840 | 118,596 | - 48,060 | 945,859 |
| Share in result of strategic companies | 3,055 | 15,057 | 38,299 | - | 56,411 |
| Operating result | 380,129 | 236,118 | 84,011 | - 47,913 | 652,345 |
| Non-allocated finance income and expenses | | | | | - 35,954 |
| Non-allocated taxation | | | | | - 124,163 |
| Net group profit | | | | | 492,228 |
| Carrying amount strategic companies | 3,352 | 120,781 | 651,009 | 325 | 775,467 |
| Investments in property, plant and equipment | 139,197 | 134,203 | 10,733 | 28,902 | 313,035 |
| Depreciation on property, plant and equipment | 96,723 | 127,661 | 21,818 | - 1,733 | 244,469 |
| Amortization on intangible assets | 192 | 16,428 | 846 | - 60 | 17,406 |
| Impairment losses on property, plant and equipment | 10,439 | 6,910 | - | 146 | 17,495 |
| Impairment losses on intangible assets | - | 723 | 11,921 | 1,500 | 14,144 |

## 5. SIGNIFICANT TRANSACTIONS AND ASSETS HELD FOR SALE

### 5.1 ACQUISITION OF ASSOCIATED COMPANY FUGRO N.V.

During the first half year the Group has obtained significant influence in Fugro N.V. and as a result the investment is classified as an associated company. As at year end 2014 the share was classified as a financial instrument available for sale. The quoted price (fair value hierarchy: level 1) at the time of acquiring significant influence is applied for determining the initial cost price of the associated company. As a result a revaluation profit amounting to EUR 28.5 million has been recognized. The Group has a stake of 28.6% of the total number of issued certificates (of a share in) Fugro N.V. as at 31 December 2015.

### 5.2 MERGER OF HARBOUR TOWAGE ACTIVITIES SMIT AND KOTUG

Close to year-end Royal Boskalis Westminster N.V. (Boskalis) and KOTUG International B.V. (KOTUG) have reached agreement on the merger of their European harbour towage operations. The Memorandum of Understanding signed by the parties in late 2014, which was now formalized in a binding agreement during December 2015. These classification of the assets and liabilities concerned was therefore unchanged as assets held for sale as per balance sheet date. The scope of the joint venture will encompass the harbour towage operations of SMIT in Belgium, the Netherlands and the United Kingdom, as well as the harbour towage operations of KOTUG in Germany, the Netherlands and the UK. The merger will create a leading provider of harbour towage services in northwestern Europe. The joint venture will serve 11 ports in four countries with a fleet of 65 tugboats. The total combined revenue is approximately EUR 150 million and benefits of the joint venture will include operational synergies. In 2016 the combined operations will be transferred to a 50/50 joint venture bringing together the European harbour towage activities of SMIT, a Boskalis subsidiary, and KOTUG. The operations will continue under the name KOTUG SMIT Towage. Since 31 December 2014 the Group had classified the related assets and liabilities, as assets held for sale and no depreciation and amortization. There were no indications for any impairments regarding these assets as at 31 December 2015.

**Assets and liabilities of activities held for sale**

The assets and liabilities of activities held for sale are summarized as follows:

| | **2015** | 2014 |
|---|---|---|
| Intangible assets | **58,414** | 52,024 |
| Property, plant and equipment | **138,731** | 130,563 |
| Other non-current assets | **-** | 1,365 |
| Receivables and other non-current assets | **23,720** | 52,178 |
| Cash and cash equivalents | **3,579** | 1,855 |
| Assets disposal group | **224,444** | 237,985 |
| | | |
| Financing and interest bearing loans | **5,522** | 13,249 |
| Deferred tax liabilities | **15,635** | 11,178 |
| Employ benefit liabilities and provisions | **73** | 303 |
| Creditors and other current liabilities | **15,902** | 29,516 |
| Liabilities disposal group | **37,132** | 54,246 |

At year-end 2014 the assets and liabilities of activities held for sale also included the subsidiary Aannemingsbedrijf De Jong en Zoon Beesd B.V., which was sold during 2015.

### 5.3 SALE OF AANNEMINGSBEDRIJF DE JONG EN ZOON BEESD B.V.

The Group decided at the end of 2014 to divest the activities of Aannemingsbedrijf De Jong en Zoon Beesd B.V., which was classified as held for sale. On 11 February 2015 the Group sold this company. The sale resulted in a net consideration of EUR 30 million and a book profit of EUR 0.1 million.

## 6. REVENUE

The net revenue of the segments Dredging & Inland Infra and Offshore Energy mainly comprises revenues from work in progress. Movements in the value of work in progress, consisting of cumulative incurred costs plus profit in proportion to progress less provisions for losses, together with the work done and completed during the reporting period, determine the revenue for these segments. The revenue from services rendered to third parties is primarily realized in the operational segments Offshore Energy (including sea transport and related services) and Towage & Salvage. The revenue from construction contracts (IAS 11) and services on a project base by analogy with this standard amounts to approximately EUR 1.9 billion (2014: EUR 2.0 billion). The revenue from other services amounts to approximately EUR 1.3 billion (2014: EUR 1.2 billion).

If certain projects are executed jointly in a joint operation, the segments only report their own share in the revenue and results recognized, resulting in no material related party transactions between segments that need to be eliminated.

Revenue by region can be specified as follows:

| | REVENUE | |
|---|---|---|
| | **2015** | 2014 |
| Netherlands | **640,230** | 714,058 |
| Rest of Europe | **779,336** | 766,877 |
| Australia / Asia | **540,093** | 832,666 |
| Middle East | **250,529** | 173,757 |
| Africa | **615,259** | 274,394 |
| North and South America | **414,880** | 405,136 |
| | **3,240,327** | 3,166,888 |

The region is determined as the location in which projects are realized and services are provided; for sea transport the region refers to the (nearest) port of arrival of the transport or the project location for offshore installation. A large part of the Group's revenue is executed project based for a various group of clients in various countries and geographical areas. Because of the often incidental character and spread of the contracts none of these clients qualifies structurally as a material client in relation to the total revenue of the Group.

## 7. OTHER INCOME AND OTHER EXPENSES

Other income mainly comprises of positive book results from disposal of equipment of EUR 8.4 million (2014: EUR 11.3 million, including the book result on the SAAM transaction of EUR 4.4 million). Also included in this result is the positive book result of EUR 0.1 million on the divestment of Aannemingsbedrijf De Jong en Zoon Beesd B.V.. Other expenses mainly comprises of negative book results from disposal of equipment amounting EUR 4.6 million (2014: nil).

## 8. RAW MATERIALS, CONSUMABLES, SERVICES AND CONTRACTED WORK

As part of this line item is also reported the operating lease costs regarding leased equipment for an amount of EUR 35 million (2014: EUR 32 million). In 2015 an amount of EUR 2.7 million (2014: nil) was recognized related to rationalization of fleet and locations within the segment Dredging & Inland Infra.

## 9. PERSONNEL EXPENSES

| | **2015** | 2014 |
|---|---|---|
| Wages and salaries | **- 406,316** | - 410,050 |
| Social security costs | **- 45,982** | - 52,762 |
| Pension costs for defined benefit pension schemes | **- 43,277** | - 31,275 |
| Pension costs for defined contribution pension schemes | **- 17,513** | - 19,904 |
| | **- 513,088** | - 513,991 |

A number of senior managers a benefit plan based upon the development of the share price, which is settled on a cash basis. The fair value of the related liability for the year, is included as part of the personnel expenses in the income statement. The related charge for 2015 amounts EUR 3.6 million and the corresponding liability amounts EUR 6.5 million. For the remuneration of the Board of Management and the Supervisory Board reference is made to note 29.2. For the pension costs for defined benefit pension schemes reference is made to note 24.

## 10. FINANCE INCOME AND EXPENSES

| | 2015 | 2014 |
|---|---|---|
| Interest income on short-term bank deposits | **1,163** | 7,034 |
| Change in fair value of (hedging instruments regarding) borrowings | **-** | 3,066 |
| Finance income | **1,163** | 10,100 |
| | | |
| Interest expenses | **- 30,333** | - 38,680 |
| Change in fair value of (hedging instruments regarding) borrowings | **- 722** | - |
| Other finance expenses | **- 1,919** | - 7,374 |
| Finance expenses | **- 32,974** | - 46,054 |
| | | |
| Net finance expense recognized in consolidated income statement | **- 31,811** | - 35,954 |

The other finance expenses contain the effective interest expenses on financing, including amortized financing costs of EUR 1.0 million (2014: EUR 1.4 million). Other finance expenses also include a write off of capitalized transaction costs included in the book value, as a result of an adjustment in financing and costs for early repayment of financing regarding Unie van Reddings- en Sleepdiensten in Belgium (EUR 0.3 million; 2014: EUR 4.5 million) and paid commitment fees of EUR 0.8 million (2014: EUR 1.2 million). In the fair value adjustments (regarding hedging instruments) for loans EUR 41.5 million (2014: EUR 44.6 million negative) of foreign currency translation effects on loans and other financing obligations are included and an equal but opposite effect on foreign currency translation on the related derivatives is included.

## 11. TAXATION

| | 2015 | 2014 |
|---|---|---|
| **CURRENT TAX EXPENSE** | | |
| Current year | **- 89,565** | - 141,288 |
| Over / under(-) provided in prior years | **5,566** | 7,696 |
| Reclassification of deferred taxes regarding prior financial years | **1,830** | - 1,044 |
| | **- 82,169** | - 134,636 |
| | | |
| **DEFERRED TAX EXPENSE** | | |
| Origination and reversal of temporary differences | **- 3,685** | 9,277 |
| Reclassification of deferred taxes regarding prior financial years | **- 1,830** | 1,044 |
| Movement of recognized tax losses carried forward | **232** | 152 |
| | **- 5,283** | 10,473 |
| | | |
| **TAXATION IN THE CONSOLIDATED INCOME STATEMENT** | **- 87,452** | - 124,163 |

The operational activities of the Group are subject to various tax regimes with tax rates varying from 0.0% to 40.5% (2014: 0.0% to 40.5%). These different tax rates, together with fiscal facilities in various countries and the treatment of tax losses, results not subject to taxation and non-deductible costs, lead to an effective tax rate in the reporting period of 16.5% (2014: 20.1%). The effective tax rate is calculated as the tax charge divided by the profit before tax, as shown in the consolidated income statement.

The reconciliation between the Dutch nominal tax rate and the effective tax rate is as follows:

| | 2015 | 2014 |
|---|---|---|
| Nominal tax rate in the Netherlands | **25.0%** | 25.0% |
| Application of local nominal tax rates | **- 3.8%** | - 4.3% |
| Non-deductible expenses | **3.1%** | 2.0% |
| Effect of unrecognized tax losses and temporary differences | **2.1%** | 2.2% |
| Effect of previously unrecognized tax losses | **- 0.9%** | - 0.9% |
| Special taxation regimes | **- 6.4%** | - 1.4% |
| Adjustment in respect of prior years | **- 1.0%** | - 1.2% |
| Application of participation exemption of result in Other income | **-** | 0.6% |
| Effect of share in result of joint ventures and associated companies | **- 1.7%** | - 1.9% |
| Effect of share in result of revaluation Fugro N.V. | **- 1.3%** | - |
| Effect of impairment Fugro N.V. | **1.4%** | - |
| Effective tax rate | **16.5%** | 20.1% |

The effective tax rate adjusted for application of participation exemption of result in Other income, the effect of share in result of joint ventures and associated companies, effect of share in result of revaluation Fugro N.V. and effect of impairment Fugro N.V. is 18.1% (2014: 21.4%)

## 12. INCOME TAX RECEIVABLE AND PAYABLE

The current income tax receivables and income tax payables relate to the fiscal positions of the respective Group companies and consist of fiscal years still to be settled less withholding taxes or tax refunds.

## 13. DEFERRED INCOME TAX ASSETS AND LIABILITIES

| | BALANCE AS AT 1 JANUARY 2015 | | MOVEMENT IN TEMPORARY DIFFERENCES DURING THE YEAR | | | | | BALANCE AS AT 31 DECEMBER 2015 | |
|---|---|---|---|---|---|---|---|---|---|
| | Asset | Liability | Charged (-)/ added to net profit | Charged to equity | Reclass to disposal group | In / out consolida-tion | Currency translation differences | Asset | Liability |
| Intangible assets | - | - 5,248 | 182 | - | 2,702 | - | - 596 | - | - 2,960 |
| Property, plant and equipment | 2,053 | - 13,295 | - 3,545 | - | 1,278 | - | 1,956 | 2,301 | - 13,854 |
| Due from and due to customers | - | - 402 | 415 | - | - | - | - | 371 | - 358 |
| Trade and other receivables | 17 | - 54 | 16 | - | - | - | 4 | - | - 17 |
| Hedging reserve | 5,590 | - | - | - 3,181 | - | - | - | 2,409 | - |
| Actuarial gains and losses and asset limitation on defined benefit pension schemes | 18,355 | - | - | - 6,772 | - | - | - | 11,583 | - |
| Employee benefits | 1,860 | - 8,005 | 1,541 | - | - | - | 45 | 787 | - 5,346 |
| Provisions | 1,461 | - 1,300 | 259 | - | - | - | 84 | 1,070 | - 566 |
| Interest-bearing borrowings | 392 | - 21 | 1 | - | - 67 | - | 6 | 344 | - 33 |
| Trade and other payables | 1,120 | - 245 | - 504 | - | - | - | 21 | 546 | - 154 |
| Other assets and liabilities | 262 | - 8,035 | - 3,692 | 2,334 | - | - | 76 | 317 | - 9,371 |
| Fiscal reserves | - | - | - 197 | - | 179 | - | 18 | - | - |
| Foreign branch results | - | - 1,575 | 9 | - | - | - | - | - | - 1,565 |
| Tax losses carried forward | 183 | - | 232 | - | 96 | - | - | 511 | - |
| | 31,293 | - 38,180 | - 5,283 | - 7,619 | 4,188 | - | 1,614 | 20,239 | - 34,224 |
| Offsetting deferred tax assets and liabilities | - 12,106 | 12,106 | | | | | | - 8,219 | 8,219 |
| Net in the consolidated balance sheet | 19,187 | - 26,074 | | | | | | 12,020 | - 26,005 |

| | Balance as at 1 January 2014 | | Movement in temporary differences during the year | | | | | Balance as at 31 December 2014 | |
|---|---|---|---|---|---|---|---|---|---|
| | Asset | Liability | Charged (-)/ added to net profit | Charged to equity | Reclass to disposal group | In / out consolida-tion | Currency translation differences | Asset | Liability |
| Intangible assets | - | - 8,272 | 4,043 | - | - 1,016 | 15 | - 18 | - | - 5,248 |
| Property, plant and equipment | 2,299 | - 28,578 | 5,385 | - | 10,027 | - 194 | - 181 | 2,053 | - 13,295 |
| Due from and due to customers | - | - | - 402 | - | - | - | - | - | - 402 |
| Trade and other receivables | 38 | - 213 | 147 | - | - 7 | - | - 2 | 17 | - 54 |
| Hedging reserve | 7,618 | - | - 82 | - 1,946 | - | - | - | 5,590 | - |
| Actuarial gains and losses and asset limitation on defined benefit pension schemes | 8,083 | - | - | 10,272 | - | - | - | 18,355 | - |
| Employee benefits | 2,274 | - 7,887 | - 417 | - | - 4 | - | - 111 | 1,860 | - 8,005 |
| Provisions | 1,499 | - 2,002 | 49 | - | 577 | - | 38 | 1,461 | - 1,300 |
| Interest-bearing borrowings | 384 | - 90 | - 636 | - | 714 | - | - 1 | 392 | - 21 |
| Trade and other payables | 893 | - 305 | 253 | - | - | - | 34 | 1,120 | - 245 |
| Other assets and liabilities | 308 | - 10,730 | 1,420 | 1,633 | - | 15 | - 419 | 262 | - 8,035 |
| Fiscal reserves | - | - 1,178 | 194 | - | 983 | - | 1 | - | - |
| Foreign branch results | - | - 1,942 | 367 | - | - | - | - | - | - 1,575 |
| Tax losses carried forward | 679 | - | 152 | - | - 96 | - 552 | - | 183 | - |
| | 24,075 | - 61,197 | 10,473 | 9,959 | 11,178 | - 716 | - 659 | 31,293 | - 38,180 |
| Offsetting deferred tax assets and liabilities | - 18,096 | 18,096 | | | | | | - 12,106 | 12,106 |
| Net in the consolidated balance sheet | 5,979 | - 43,101 | | | | | | 19,187 | - 26,074 |

Deferred tax assets are not recognized as long as it is not probable that economic benefits can be expected in future periods. Deferred tax assets and liabilities within fiscal entities are offset in the balance sheet.

The following movements in deferred tax assets and liabilities, including applicable tax rate changes, together with the items they relate to, are recognized directly in group equity:

| | 2015 | | |
|---|---|---|---|
| | BEFORE TAX | TAX (EXPENSE) BENEFIT | NET OF TAX |
| Foreign currency translation differences for foreign operations | **169,474** | **2,334** | **171,808** |
| Fair value of cash flow hedges | **7,013** | **- 3,181** | **3,832** |
| Defined benefit plan actuarial gains (losses) and asset limitation | **45,554** | **- 6,772** | **38,782** |
| | **222,041** | **- 7,619** | **214,422** |

| | 2014 | | |
|---|---|---|---|
| | BEFORE TAX | TAX (EXPENSE) BENEFIT | NET OF TAX |
| Foreign currency translation differences for foreign operations | 200,749 | 1,633 | 202,382 |
| Fair value of cash flow hedges | 5,505 | - 1,946 | 3,559 |
| Defined benefit plan actuarial gains (losses) and asset limitation | - 63,542 | 10,272 | - 53,270 |
| | 142,712 | 9,959 | 152,671 |

### UNRECOGNIZED DEFERRED INCOME TAX ASSETS

Unrecognized deferred tax assets regarding tax losses carried forward of Group companies amount to EUR 262.5 million (2014: EUR 154.0 million). These deferred tax assets are not recognized in the balance sheet as long as recovery through taxable profit or deductible temporary differences before expiration is not probable.

| | 2015 | | |
|---|---|---|---|
| | **TAX LOSSES CARRIED FORWARD** | **DEDUCTIBLE TEMPORARY DIFFERENCES** | **DISPOSAL GROUP** |
| No later than 1 year | **-** | **-** | **-** |
| Later than 1 year and no later than 5 years | **2,331** | **95,106** | **-** |
| Later than 5 years | **143,931** | **21,128** | **-** |
| | **146,262** | **116,234** | **-** |

| | 2014 | | |
|---|---|---|---|
| | **TAX LOSSES CARRIED FORWARD** | **DEDUCTIBLE TEMPORARY DIFFERENCES** | **DISPOSAL GROUP** |
| No later than 1 year | - | - | - |
| Later than 1 year and no later than 5 years | 3,070 | 21,300 | - |
| Later than 5 years | 118,225 | 11,378 | - |
| | 121,295 | 32,678 | - |

## 14. INTANGIBLE ASSETS

| | **GOODWILL** | **OTHER** | **TOTAL** |
|---|---|---|---|
| **Balance as at 1 January 2015** | | | |
| Cost | **458,607** | **142,521** | **601,128** |
| Accumulated amortizations and impairments | **-** | **- 83,460** | **- 83,460** |
| Book value | **458,607** | **59,061** | **517,668** |
| **Movements** | | | |
| Amortization | **-** | **- 12,722** | **- 12,722** |
| Currency translation differences and other movements | **30,778** | **- 2,444** | **28,334** |
| | **30,778** | **- 15,166** | **15,612** |
| **Balance as at 31 December 2015** | | | |
| Cost | **489,385** | **135,131** | **624,516** |
| Accumulated amortizations and impairments | **-** | **- 91,236** | **- 91,236** |
| Book value | **489,385** | **43,895** | **533,280** |

| | GOODWILL | OTHER | TOTAL |
|---|---|---|---|
| **Balance as at 1 January 2014** | | | |
| Cost | 474,085 | 161,323 | 635,408 |
| Accumulated amortizations and impairments | - | - 69,806 | - 69,806 |
| Book value | 474,085 | 91,517 | 565,602 |
| **Movements** | | | |
| Acquired through business combinations | 3,099 | - | 3,099 |
| Reclassified to Assets held for Sale | - 46,481 | - 5,543 | - 52,024 |
| Amortization | - | - 17,406 | - 17,406 |
| Impairment | - | - 14,144 | - 14,144 |
| Currency translation differences and other movements | 27,904 | 4,637 | 32,541 |
| | - 15,478 | - 32,456 | - 47,934 |
| **Balance as at 31 December 2014** | | | |
| Cost | 458,607 | 142,521 | 601,128 |
| Accumulated amortizations and impairments | - | - 83,460 | - 83,460 |
| Book value | 458,607 | 59,061 | 517,668 |

The goodwill resulting from the acquisition of mainly Dockwise and Fairmount is denominated in US dollar, the functional currency of the Group companies. The currency differences mainly refer to the goodwill from Dockwise and Fairmount. During 2014 the goodwill regarding the cash generating unit Harbour Towage was reclassified to Assets held for Sale.

### 14.1 GOODWILL

The goodwill is allocated to the following cash generating units:

| CASH GENERATING UNIT | OPERATIONAL SEGMENT | 2015 | 2014 |
|---|---|---|---|
| Salvage | Towage & Salvage | **36,875** | 36,875 |
| Offshore Energy | Offshore Energy | **392,308** | 361,530 |
| Dry Infrastructure (Netherlands) | Dredging & Inland Infra | **46,607** | 46,607 |
| Dredging | Dredging & Inland Infra | **13,595** | 13,595 |
| **TOTAL** | | **489,385** | 458,607 |

When conducting the impairment testing of goodwill, the value in use of the cash generating unit is determined by discounting future cash flows from continuing operations of the unit. The calculation comprises of cash flow projections for a period of five years starting with the budget 2016, after which the cash flows are extrapolated at the assumed growth rate. The valuation models have been consistently applied for the different cash generating units.

Management has projected cash flows based on past trends and estimates of future market developments, cost development and investment plans. Also it is assumed that cost efficiencies can and will be realized. The key assumptions relate to the discount rate used and the growth rate applied in the calculation of the terminal value. The discount rates used are for Harbour Towage 7.8% (2014: 8.2%), for Salvage 7.0% (2014: 8.2%), for Offshore Energy 9.4% (2014: 9.8%), for Dry Infrastructure (Netherlands) 9.6% (2014: 10.4%) and for Dredging 9.0% (2014: 10.1%). As aforementioned the goodwill of Harbour Towage is included as part of the Assets held for Sale.

The growth rate applied in the terminal value is set at 1.0% (2014:1.0%). The growth rates applied do not exceed the long-term average growth rate which may be expected for the activities. The assessment has indicated that for none of the cash generating units an impairment is required since the recoverable amount is higher than the sum of the recognized goodwill and the carrying amount of the assets and liabilities attributable to the respective cash generating unit. Changes that could be reasonably expected in the underlying parameters for calculating the recoverable amount at year-end such as an increase in the discount rate by 1% or a decrease in growth rate in the terminal value by 1% also do not give rise to an impairment. Moreover, considering the sufficient amount of headroom for each cash generating unit, no further, detailed sensitivity analysis has been presented.

### 14.2 OTHER INTANGIBLE ASSETS

Other intangible assets, which are identified and recognized at fair value during business combinations, consist of tradenames, client portfolio, order portfolio, technology (including software) and favorable contracts. The intangible assets include a tradename with an infinite useful life for an amount of EUR 9.5 million (2014: 9.5 million), which is assessed on a yearly basis for indications of impairment. In 2015 no indications for impairment were identified for intangible assets with an infinite useful life (2014: EUR 5.2 million).

## 15. PROPERTY, PLANT AND EQUIPMENT

| | LAND AND BUILDINGS | FLOATING AND OTHER CONSTRUCTION EQUIPMENT | OTHER FIXED ASSETS | PROPERTY, PLANT & EQUIPMENT UNDER CONSTRUCTION | TOTAL |
|---|---|---|---|---|---|
| **Balance as at 1 January 2015** | | | | | |
| Cost | **117,725** | **3,870,710** | **37,479** | **244,008** | **4,269,922** |
| Accumulated depreciation and impairment losses | **- 30,439** | **- 1,470,156** | **- 24,077** | **- 1,362** | **- 1,526,034** |
| Book value | **87,286** | **2,400,554** | **13,402** | **242,646** | **2,743,888** |
| **Movements** | | | | | |
| Investments, including capitalized borrowing cost | **1,243** | **78,268** | **2,292** | **148,572** | **230,375** |
| Put into operation | **16,658** | **198,327** | **4,565** | **- 219,550** | **-** |
| Impairment losses | **-** | **- 13,743** | **-** | **- 790** | **- 14,533** |
| Depreciation | **- 3,968** | **- 254,120** | **- 7,748** | **-** | **- 265,836** |
| Disposals | **- 6** | **- 26,432** | **- 263** | **-** | **- 26,701** |
| Other movements | **364** | **- 3,958** | **2,842** | **- 1,184** | **- 1,936** |
| Reclassified to disposal group | **- 73** | **- 16,506** | **- 122** | **-** | **- 16,701** |
| Currency translation differences | **- 129** | **125,723** | **- 159** | **10,898** | **136,333** |
| | **14,089** | **87,559** | **1,407** | **- 62,054** | **41,001** |
| **Balance as at 31 December 2015** | | | | | |
| Cost | **135,342** | **4,154,163** | **39,367** | **182,746** | **4,511,618** |
| Accumulated depreciation and impairment losses | **- 33,967** | **- 1,666,050** | **- 24,558** | **- 2,154** | **- 1,726,729** |
| Book value | **101,375** | **2,488,113** | **14,809** | **180,592** | **2,784,889** |

| | LAND AND BUILDINGS | FLOATING AND OTHER CONSTRUCTION EQUIPMENT | OTHER FIXED ASSETS | PROPERTY, PLANT & EQUIPMENT UNDER CONSTRUCTION | TOTAL |
|---|---|---|---|---|---|
| **Balance as at 1 January 2014** | | | | | |
| Cost | 91,901 | 3,587,874 | 41,423 | 267,073 | 3,988,271 |
| Accumulated depreciation and impairment losses | - 28,074 | - 1,306,714 | - 25,291 | - 1,362 | - 1,361,441 |
| Book value | 63,827 | 2,281,160 | 16,132 | 265,711 | 2,626,830 |
| **Movements** | | | | | |
| Investments, including capitalized borrowing cost | 2,254 | 39,432 | 3,049 | 268,300 | 313,035 |
| Acquired through business combinations | - | 79,002 | 22 | - | 79,024 |
| In / (out) consolidation | - | - 7,746 | - 23 | - | - 7,769 |
| Put into operation | 25,030 | 275,903 | 5,237 | - 306,170 | - |
| Impairment losses | - 146 | - 17,057 | - 292 | - | - 17,495 |
| Depreciation | - 3,330 | - 234,829 | - 6,310 | - | - 244,469 |
| Disposals | - 32 | - 12,637 | - 79 | - 21 | - 12,769 |
| Other movements | - 484 | - 25,561 | - 4,174 | 832 | - 29,387 |
| Reclassified to disposal group | - 79 | - 129,685 | - 794 | - 5 | - 130,563 |
| Currency translation differences | 246 | 152,572 | 634 | 13,999 | 167,451 |
| | 23,459 | 119,394 | - 2,730 | - 23,065 | 117,058 |
| **Balance as at 31 December 2014** | | | | | |
| Cost | 117,725 | 3,870,710 | 37,479 | 244,008 | 4,269,922 |
| Accumulated depreciation and impairment losses | - 30,439 | - 1,470,156 | - 24,077 | - 1,362 | - 1,526,034 |
| Book value | 87,286 | 2,400,554 | 13,402 | 242,646 | 2,743,888 |

The Group reviews the main units of the fleet on (expected) utilization and operational results on an annual basis. In 2015 this resulted in the testing of a limited number of specific units on possible impairments and the recognition of an impairment charge amounting to EUR14.5 million (2014: EUR 17.5 million). For equipment that will be put out of operation in the short term the realizable value (EUR 19.1 million) net of costs to sell and demolition cost.

During 2015 no borrowing costs on investments were capitalized (2014:EUR 1.1 million).

In accordance with the characteristics of the Group's activities, property, plant & equipment can be deployed on a worldwide scale during the reporting period. As a consequence, segmentation of the property, plant & equipment to geographical areas would not provide additional relevant information.

## 16. JOINT VENTURES AND ASSOCIATED COMPANIES

The Group participates in a number of strategic and other investments whose activities correspond with, or related service to its activities. The activities and risks of these joint ventures or associates are similar to the activities of the Group. Within the operating segment Offshore Energy this refers to Asian Lift Pte. Ltd. (Operating and rental of floating cranes), and VBMS B.V. (Installation of cables on the seabed). Within the division Towage and Salvage cooperation takes place in Smit Lamnalco Ltd (worldwide terminal services), Ocean Marine Egypt SAE (Terminal services) and Keppel Smit Towage Pte Ltd and Maju Maritime Pte Ltd in Singapore, both active in the harbor towage services. We work closely together on the American continent in the field of harbor towage services in Saam Smit Towage (SAAM SMIT Towage Brasil S.A. and SAAM Remolques SA de CV). As described in paragraph 5, the investment in Fugro N.V. is included as an associated company, upon gaining significant influence during the first half year of 2015. A number of projects, or related activities within the operating segment Dredging & Inland Infra is placed in private companies of which SAAOne Holding B.V. (A Public Private Partnership in the Netherlands) is the most important. These joint ventures and associated companies are in principle financed on a non-recourse basis. The Group agreed on a limited capital funding obligation for SAAOne Holding B.V. and for Rebras Rebras SA a guarantee of a portion of bank financing was provided by the Group. For some projects from VBMS B.V. the Group has issued guarantees. This commitment respectively guarantees are included in note 28 Commitments and contingent liabilities.

The development of the Group's share in joint ventures and associates can be summarized as follows:

| | 2015 | | |
|---|---|---|---|
| | **JOINT VENTURES** | **ASSOCIATED COMPANIES** | **TOTAL** |
| Balance as at 1 January | **597,247** | **178,220** | **775,467** |
| Net investments | **-** | **146,410** | **146,410** |
| Reclassification of share in result of Fugro N.V. from financial instruments available for sale | **-** | **271,968** | **271,968** |
| Impairment stake in Fugro N.V. | **-** | **- 28,824** | **- 28,824** |
| Share in result in of joint ventures and associated companies | **37,770** | **5,490** | **43,260** |
| Dividends received | **- 60,613** | **- 8,831** | **- 69,444** |
| Currency translation differences and other movements | **33,632** | **20,304** | **53,936** |
| | **10,789** | **406,517** | **417,306** |
| Balance as at 31 December | **608,036** | **584,737** | **1,192,773** |
| Net result of the period | **37,770** | **5,490** | **43,260** |
| Other Comprehensive Income | **33,632** | **20,304** | **53,936** |
| Total Comprehensive Income | **71,402** | **25,794** | **97,196** |

| | 2014 | | |
|---|---|---|---|
| | **JOINT VENTURES** | **ASSOCIATED COMPANIES** | **TOTAL** |
| Balance as at 1 January | 436,848 | 8,513 | 445,361 |
| Net investments | 84,937 | 147,000 | 231,937 |
| Share in result in of joint ventures and associated companies | 51,772 | 4,639 | 56,411 |
| Dividends received | - 25,434 | - 1,530 | - 26,964 |
| Currency translation differences and other movements | 49,124 | 19,598 | 68,722 |
| | 160,399 | 169,707 | 330,106 |
| Balance as at 31 December | 597,247 | 178,220 | 775,467 |
| Net result of the period | 51,772 | 4,639 | 56,411 |
| Other Comprehensive Income | 49,124 | 19,576 | 68,700 |
| Total Comprehensive Income | 100,896 | 24,215 | 125,111 |

The Group is partner in the following key joint ventures:

| | | **Ownership interest** | |
|---|---|---|---|
| **ENTITY** | **COUNTRY OF INCORPORATION** | **2015** | 2014 |
| VBMS B.V. | Netherlands | **50%** | 50% |
| Smit Lamnalco Ltd | Cyprus | **50%** | 50% |
| Ocean Marine Egypt S.A.E | Egypt | **50%** | 50% |
| Asian Lift Pte. Ltd. | Singapore | **50%** | 50% |
| Keppel Smit Towage Pte Ltd | Singapore | **49%** | 49% |
| Maju Maritime Pte Ltd | Singapore | **49%** | 49% |
| SAAM SMIT Towage Brasil S.A.* | Brasil | **50%** | 50% |
| SAAone Holding B.V. | Netherlands | **17%** | 17% |

* Until mid-2014 SAAM SMIT Towage Brasil S.A. (previously Rebras Rebocadores do Brasil S.A.) was consolidated in the financial statements of the Group.

The key associated companies of the Group are:

| | | Ownership interest | |
|---|---|---|---|
| **COMPANY** | **COUNTRY OF INCORPORATION** | **2015** | 2014 |
| Damietta for Maritime Services Company S.A.E. | Egypt | **31%** | 31% |
| SAAM Remolques S.A. de C.V. | Mexico | **49%** | 49% |
| Fugro N.V.* | Netherlands | **29%** | - |

*At 31 December 2014 the Group held a stake of 19.9% in Fugro N.V., which was classified as financial instruments available for sale (paragraph 17.2).

The voting rights in associated companies are equal or virtually equal to the ownership interests.

For disclosure on the commitments provided for the purpose of the Group's strategic partnerships reference is made to paragraph 28.

The table below comprises the summarized financial information of the material associated company Fugro N.V. (also refer to paragraph 5.1). The presented financial information regarding this associated company represents the 100% financial information of Fugro N.V.. This financial information is adjusted by the Group as required for equity method reported companies. These adjustments reflect them realized revaluation to fair value at the moment of initial recognition of the investment as an associated company and adjustments for differences in the applied accounting policies between Fugro N.V. and the Group.

| (in millions of EUR) | **2015** |
|---|---|
| Current Assets | **1,172** |
| Non-current assets | **1,961** |
| Current liabilities | **- 749** |
| Non-current liabilities | **- 918** |
| **Net assets** | **1,466** |
| Net revenue | **2,363** |
| Profit from continuing operations | **- 8** |
| Profit from discontinued operations | **-** |
| Profit for the period | **- 8** |
| Other comprehensive income | **14** |
| **Total comprehensive income** | **6** |
| Received dividend-payout | **-** |

The book value of the stake of the Group in Fugro N.V. is based on the number of certificates (of a share in) Fugro N.V. held by the Group, taking into account the share of the Group in the operational results, direct movements in equity and the impairment, amounts EUR 390.4 million at year-end.

In the income statement an impairment Fugro N.V. of EUR 28.8 million is recognized. This charge is accounted for in the segment Holding & Eliminations, which also includes the profit resulting from the revaluation of stake in Fugro N.V. of EUR 28.5 million (refer to note 5.1). In 2015 the balance of the revaluation profit and impairment amounts to a loss of EUR 0.3 million. Based on the accounting principles of the Group, the share of the Group in the results of Fugro N.V. amounts to EUR 3.1 million.

On 30 October 2015 Fugro N.V. has published a trading update. In this trading update challenging market conditions, lower revenues and margins and a focus on the generation of cash were announced. Also, non-cash impairments in the range of EUR 250 – 300 million were expected. This triggered Boskalis to perform an impairment test on the book value of its stake in Fugro N.V. as at year-end. In this respect both the fair value less costs of disposal and the value in use of the stake were determined. As a result the stake has been impaired to value in use, the highest of these two values.

The fair value less costs of disposal amounts to EUR 363.5 million as at year-end (based upon the quoted price of EUR 15.06 for a certificate as at 31 December 2015). The value in use, and thus the recoverable amount, of the stake of the Group in Fugro N.V. amounts to EUR 390.4 million. This value was determined based on a discounted cash flow valuation of future cash flows. This valuation is based on financial information published by Fugro N.V., reports of various analysts, specifically for the years 2016 and 2017, and additional estimates by the group, particularly for the period after 2017. For the determination of the terminal value a long-term revenue growth rate of 2% was assumed for the purpose of this impairment test. A pre-tax discount rate of 12,8% was applied to calculate the present value of future cash flows.

The impairment charge is sensitive for changes in the assumptions of which expected growth and the discount rate the most important are. An 1% lower revenue growth rate would have resulted in an increase of the impairment charge by EUR 26.8 million; opposite an 1% lower discount rate would have resulted in the accounting of no impairment charge.

In addition to Fugro N.V., the Group participates in a number of joint ventures and associated companies that are listed before. None of these joint ventures or associated companies is, given its share in the financial figures of the Group neither resulting from its risk profile, material on an individual basis. With the exception of certain companies, as listed before, for which capped guarantees or capital contribution are agreed (see note 28), the future cash flows for the Group are legally and contractually limited to the receipt of dividends. As a result of conventional statutory provisions, the Group cannot, as joint-venture partner or minority shareholder, decide to distribute dividends. These decisions require the majority of the shareholders and the financial position of the joint-venture or associated company enables the distribution of such dividend. There are no other significant, contractual, provisions that restrict the distribution of the net result as a dividend.

On 31 December 2015 SAAOne Holding B.V. has negative equity following the accounting of the negative fair value of the effective cash flow hedge regarding the interest on its financing. This negative value is accounted for by SAAOne Holding B.V. in the reporting period via the unrecognized income and expenses directly in equity. The share of the Group in this negative equity amounts to EUR 10.8 million and is not accounted for by the Group because the Group is not severally liable.

The table below shows the share of the Group in total assets and contract revenue of other joint ventures and associates that are on an individual basis not material to the Group. The summarized financial information for 2015 is presented excluding the stake in Fugro N.V.:

| | **2015** | | |
|---|---|---|---|
| | **JOINT VENTURES** | **ASSOCIATED COMPANIES** | **TOTAL** |
| Total assets | **1,123,289** | **231,891** | **1,355,180** |
| Contract revenue | **376,232** | **49,196** | **425,428** |

| | 2014 | | |
|---|---|---|---|
| | **JOINT VENTURES** | **ASSOCIATED COMPANIES** | **TOTAL** |
| Total assets | 968,932 | 209,091 | 1,178,023 |
| Contract revenue | 343,047 | 24,245 | 367,292 |

## 17. NON-CURRENT FINANCIAL ASSETS

### 17.1 OTHER NON-CURRENT RECEIVABLES

| | 2015 | 2014 |
|---|---|---|
| Balance as at 1 January | **8,091** | 12,674 |
| Granted loan (to joint venture) | **179** | 7,153 |
| Repayment of loan (by joint venture) | **- 1,820** | - 9,278 |
| Currency translation differences and other movements | **- 535** | - 2,458 |
| Balance as at 31 December | **5,915** | 8,091 |

The other non-current receivables comprise loans to joint ventures, associated companies, long-term advance payments to suppliers and long-term receivables and retentions from customers, which are due in agreed time schedules. This item also includes accrued receivables which are allocated to the result over periods longer than one year.

### 17.2 FINANCIAL INSTRUMENTS AVAILABLE FOR SALE

The development of financial instruments available for sale is as follows:

| | 2015 | 2014 |
|---|---|---|
| Balance as at 1 January | **290,935** | - |
| Acquisition of share in Fugro N.V. | **-** | 242,364 |
| Additional acquisition of share in Fugro N.V. | **1,126** | - |
| Change in value in the period | **-** | 48,571 |
| Change in fair value until significant influence is gained | **- 20,093** | - |
| Reclassification to associated companies | **- 271,968** | - |
| Balance as at 31 December | **-** | 290,935 |

## 18. INVENTORIES

| | 2015 | 2014 |
|---|---|---|
| Fuel and materials | **30,860** | 42,337 |
| Spare parts | **48,729** | 58,260 |
| Other inventories | **3,021** | 2,479 |
| | **82,610** | 103,076 |

During 2015 an amount of EUR 3.8 million was written-down on inventories to net realizable value (2014: nil).

## 19. DUE FROM AND DUE TO CUSTOMERS

| | 2015 | 2014 |
|---|---|---|
| Cumulative incurred costs plus profit in proportion to progress less provisions for losses | **3,383,717** | 3,760,654 |
| Progress billings | **3,479,598** | 3,778,032 |
| Advances received | **42,794** | 98,861 |
| Progress billings and advances received | **3,522,392** | 3,876,893 |
| Balance | **- 138,675** | - 116,239 |
| Due from customers | **182,302** | 167,494 |
| Due to customers | **- 320,977** | - 283,733 |
| Balance | **- 138,675** | - 116,239 |

As at year-end 2015, the payments due from customers EUR 4 million (2014: nil) include amounts which will be paid subject to specified conditions (retentions) from third parties. The determination of the profit in proportion to the stage of completion and the provision for losses is based on estimated costs and revenues of the relating projects. These estimates contain uncertainties.

## 20. TRADE AND OTHER RECEIVABLES

| | 2015 | 2014 |
|---|---|---|
| Trade receivables | **379,910** | 363,621 |
| Amounts due from joint ventures and associated companies | **17,237** | 24,650 |
| Other receivables and prepayments | **330,420** | 243,726 |
| | **727,567** | 631,997 |

## 21. CASH AND CASH EQUIVALENTS

| | 2015 | 2014 |
|---|---|---|
| Bank balances and cash | **695,531** | 357,748 |
| Short-term bank deposits | **98,189** | 38,204 |
| Cash and cash equivalents | **793,720** | 395,952 |
| Bank overdrafts | **- 30,603** | - 2,371 |
| Bank balances and cash of disposal group | **3,579** | 1,855 |
| Net cash and cash equivalents in the consolidated statement of cash flows | **766,696** | 395,436 |

Cash and cash equivalents include EUR 137.2 million (2014: EUR 65.2 million) held by project-driven construction consortiums (joint operations). The Group held EUR 21.6 million (2014: EUR 6.7 million) of which an amount of EUR 8.9 million in joint operations, outside the Netherlands, that are subject to local regulation which limits the transfer of these funds. The other cash and cash equivalents were at the free disposal of the Group.

## 22. GROUP EQUITY

### 22.1 SHARE CAPITAL AND OPTIONAL DIVIDEND

The authorized share capital of EUR 240 million is divided into 150,000,000 ordinary shares with a par value of EUR 0.80 each and 50,000,000 cumulative protective preference shares with a par value of EUR 2.40 each.

Movements of the issued shares can be specified as follows:

| (in number of shares) | 2015 | 2014 |
|---|---|---|
| On issue and fully paid at 1 January | **122,937,820** | 120,265,063 |
| Stock dividend | **2,689,242** | 2,672,757 |
| **ON ISSUE AND FULLY PAID AT 31 DECEMBER** | **125,627,062** | 122,937,820 |
| Repurchased shares | **-** | - 629,123 |
| **SHARES ENTITLED TO DIVIDEND AT 31 DECEMBER** | **125,627,062** | 122,308,697 |

**Stock dividend**

In 2015 a dividend was distributed relating to financial year 2014 for an amount of EUR 1.60 per share, for a total amount of EUR 195.7 million. Of all shareholders 76% opted for a dividend in ordinary shares. As a result the in 2014 repurchased (629,123) ordinary shares of Royal Boskalis Westminster N.V. and 2,689,242 new ordinary shares were issued. In 2015 no own shares have been repurchased.

**Share premium**

The share premium consists of additional paid-in capital exceeding the par value of outstanding shares. The share premium is distributable free of tax.

**Shares per balance sheet date**

The issued capital as at 31 December 2015 consists of 125,627,062 ordinary shares with a par value of EUR 0.80 each and consequently amounts to EUR 100.5 million (2014: EUR 98.4 million). No shares were owned by the Group as at 31 December 2015 as part of the issued share capital.

**Preference shares**

The Stichting Continuïteit KBW has received an option right to acquire cumulative protective preference shares in Royal Boskalis Westminster N.V. This option has not been exercised yet.

### 22.2 RETAINED EARNINGS

Retained earnings consist of additions and distributions based on profit appropriations, effects of changes in accounting principles and losses and movements in the legal reserve. The balance is at the disposal of the shareholders. Retained earnings also comprises of the unappropriated current year profit. A proposal for profit appropriation is included in the Other Information.

### 22.3 DIVIDENDS

Royal Boskalis Westminster N.V. announced and distributed the following dividends to holders of ordinary shares:

| | **2015** | 2014 |
|---|---|---|
| Dividends previous year EUR 1.60 respectively EUR 1.24 per ordinary share | **195,694** | 149,129 |
| Total announced and distributed dividend | **195,694** | 149,129 |
| Stock dividend | **148,132** | 112,021 |
| Cash dividend | **47,562** | 37,108 |
| **Total distributed dividend** | **195,694** | 149,129 |

In 2015 24% of the shareholders have opted for a distribution of dividend in cash. An amount of EUR 47.6 million was distributed and the accompanying dividend tax was paid in July 2015.

### 22.4 EARNINGS PER SHARE

Earnings per share over 2015 amount to EUR 3.54 (2014: EUR 4.03). As there are no dilution effects, the diluted earnings per share also amount to EUR 3.54 (2014: EUR 4.03). The calculation of earnings per share is based on the profit attributable to shareholders of EUR 440.2 million (2014: EUR 490.3 million) and the weighted average number of ordinary shares for the year 2015 is 124,181,528 (2014: 121,606,364). This number is calculated as follows:

| (in number of shares) | **2015** | 2014 |
|---|---|---|
| Issued ordinary shares (entitled to dividend) as at 1 January | **122,308,697** | 120,265,057 |
| Weighted effect of new ordinary shares issued due to optional dividend | **1,517,764** | 1,493,815 |
| Weighted effect of purchased own ordinary shares reissued due to optional dividend | **355,067** | - |
| Weighted effect of purchased own ordinary shares | **-** | - 152,508 |
| Weighted average number of ordinary shares during the fiscal year | **124,181,528** | 121,606,364 |

## 22.5 OTHER RESERVES

Movement in other reserves:

| | Legal reserves | | | | | |
|---|---|---|---|---|---|---|
| | OTHER LEGAL RESERVE | HEDGING RESERVE | REVALUATION RESERVE | CURRENCY TRANSLATION RESERVE | ACTUARIAL RESERVE | TOTAL OTHER RESERVES |
| *Note* | *[22.5.1]* | *[22.5.2]* | *[22.5.3]* | *[22.5.4]* | *[22.5.5]* | |
| **Balance as at 1 January 2015** | **340,189** | **- 19,039** | **45,619** | **141,276** | **- 85,301** | **422,744** |
| Defined benefit plan actuarial gains (losses) and asset limitation, after taxation | **-** | **-** | **-** | **-** | **38,782** | **38,782** |
| Foreign currency translation differences for foreign operations, after taxation | **-** | **-** | **-** | **173,407** | **-** | **173,407** |
| Cash flow hedges, after taxation | **-** | **3,832** | **-** | **-** | **-** | **3,832** |
| Share of other comprehensive income of associates and joint ventures | **-** | **-** | **-** | **-** | **2,310** | **2,310** |
| Movement legal reserve | **- 19,300** | **-** | **-** | **-** | **-** | **- 19,300** |
| **Total movement** | **- 19,300** | **3,832** | **-** | **173,407** | **41,092** | **199,031** |
| **Balance as at 31 December 2015** | **320,889** | **- 15,207** | **45,619** | **314,683** | **- 44,209** | **621,775** |

| | Legal reserves | | | | | |
|---|---|---|---|---|---|---|
| | OTHER LEGAL RESERVE | HEDGING RESERVE | REVALUATION RESERVE | CURRENCY TRANSLATION RESERVE | ACTUARIAL RESERVE | TOTAL OTHER RESERVES |
| *Note* | *[22.5.1]* | *[22.5.2]* | *[22.5.3]* | *[22.5.4]* | *[22.5.5]* | |
| **Balance as at 1 January 2014** | **305,500** | **- 22,598** | **43,150** | **- 61,106** | **- 32,031** | **232,915** |
| Defined benefit plan actuarial gains (losses) and asset limitation, after taxation | - | - | - | - | - 53,270 | - 53,270 |
| Foreign currency translation differences for foreign operations, after taxation | - | - | - | 202,382 | - | 202,382 |
| Cash flow hedges, after taxation | - | 3,559 | - | - | - | 3,559 |
| Realization through sale of underlying asset | - | - | - 1,936 | - | - | - 1,936 |
| Reclass result of new joint venture to revaluation reserve | - | - | 4,405 | - | - | 4,405 |
| Movement legal reserve | 34,689 | - | - | - | - | 34,689 |
| **Total movement** | 34,689 | 3,559 | 2,469 | 202,382 | - 53,270 | 189,829 |
| **Balance as at 31 December 2014** | 340,189 | - 19,039 | 45,619 | 141,276 | - 85,301 | 422,744 |

The legal reserves are based on Dutch law and are not available for dividend distribution to shareholders.

### 22.5.1. OTHER LEGAL RESERVE (LEGAL RESERVE)

With regard to the difference between the cost price and equity value of joint ventures and associated companies, a legally required reserve is recognized resulting from a lack of control over the distribution of profits only to the extent that these differences are not included in the accumulated currency translation differences on foreign operations.

### 22.5.2. HEDGING RESERVE (LEGAL RESERVE)

The hedging reserve comprises the fair value of effective cash flow hedges, not yet realized at balance sheet date, net of taxation, including results realized on the "rolling forward" of existing hedges as a result of differences between the duration of the hedges concerned and the underlying cash flows. Details about the movements in the hedging reserve are disclosed in note 27.2.

### 22.5.3. REVALUATION RESERVE (LEGAL RESERVE)

This reserve relates mainly to the profit with respect to the revaluation of the existing non-controlling interest prior to the recognition of the business combinations with Smit Internationale N.V. (2010: EUR 17.3 million) and Dockwise Ltd. (2013: EUR 22.7 million). In 2014 an amount of EUR 4.4 million was transferred from the retained earnings with respect to the book result on the newly formed strategic partnership Saam Smit.

#### 22.5.4. CURRENCY TRANSLATION RESERVE (LEGAL RESERVE)

The currency translation reserve comprises all accumulated currency translation differences arising from the translation of investments in foreign operations, which are denominated in reporting currencies other than those used by the Group, including the related intragroup financing. These currency translation differences are accumulated as from the IFRS transition date (1 January 2004) and are taken into the income statement at disposal or termination of these foreign operations.

#### 22.5.5. ACTUARIAL RESERVE

The actuarial reserve relates to the limitation on net plan assets of defined benefit pension schemes and the actuarial gains and losses, which originated from the difference between the realized and the expected movement in defined benefit obligations and the return on plan assets.

## 23. INTEREST-BEARING BORROWINGS

| | 31 DECEMBER | |
|---|---|---|
| | **2015** | 2014 |
| **NON-CURRENT LIABILITIES** | | |
| US Private Placements | **711,575** | 639,136 |
| Revolving multi-currency credit facility | **196,897** | 176,240 |
| Other interest-bearing loans | **5,762** | 7,441 |
| | **914,234** | 822,817 |
| **CURRENT LIABILITIES** | | |
| Revolving multi-currency credit facility | **-** | 74,591 |
| Other interest-bearing loans | **18,127** | 3,532 |
| | **18,127** | 78,123 |
| Total interest-bearing borrowings | **932,361** | 900,940 |

The US Private Placements contains, calculated against year-end currency rates, EUR 711.6 million (2014: EUR 639.1 million) two placements (US Private Placements). One, amounting to USD 325 million, was placed with institutional investors in July 2013. The principal of this placement will be repaid after the original duration of ten years. The annual interest rate amounts to 3.66%. The second loan concerns a US private placement of an inaugural US dollar 433 million and GBP 11 million, in July 2010, with institutional investors in the United States and the United Kingdom. The placement consists of three tranches with an original duration of 7, 10 and 12 year respectively. The US dollar and GBP proceeds have been swapped into euros, for a total amount of EUR 354 million, through a cross currency rate swap. The fixed interest rate amounts to 4.76%.

Since 2014 the Group utilizes a with a bank syndicate agreed revolving multi-currency credit facility. This credit facility, amounting to EUR 600 million, has an original duration of 5 years, with options to extend to 7 years. The first option was exercised during August 2015. On 31 December 2015 the Group has drawn as part of this credit facility an amount of USD 215 million (2014: USD 215 million and EUR 75 million).

The Group has agreed to comply with a number of covenants, which are customary for these financing agreements, with the bank syndicate and US private placement holders. Twice a year Boskalis provides a compliance certificate to these lenders, reporting on the covenants for the twelve months period ending respectively on 30 June and 31 December. The main financial covenants are a net debt / EBITDA ratio, with a limit of 3, and the EBITDA / net interest ratio, with a minimum of 4. These covenants have been determined in accordance with definitions agreed with the lenders. In the event that the group does not meet any of these covenants, the loan may be due immediately. These covenants are met as at 31 December 2015. The net debt / EBITDA ratio was 0.4 (2014: 0.7) and the EBITDA / net interest ratio was 27 (2014: 25).

Interest rates, remaining terms and currencies of the interest-bearing borrowings are disclosed in the explanatory notes to the financial instruments in the interest rate risk paragraph. As at 31 December 2015 the average interest rate for the non-current portion of the mortgage loans and other interest-bearing loans was 3.48% (2014: 3.53%). The non-current portions of other interest-bearing loans due after more than five years amount to EUR 344.9 million (2014: EUR 433.9 million). The loans of the disposal group as at 31 December 2015 are disclosed in note 5.2.

## 24. EMPLOYEE BENEFITS

The liabilities associated with employee benefits consist of defined benefit pension schemes and other liabilities relating to a number of defined contribution schemes in the Netherlands and foreign countries and jubilee benefits. They amount to a total of:

| | | 31 DECEMBER | |
|---|---|---|---|
| | *Note* | **2015** | 2014 |
| Defined benefit pension schemes | *[24.1]* | **35,329** | 68,280 |
| Other liabilities on account of employee benefits | | **8,374** | 7,780 |
| Employee benefits | | **43,703** | 76,060 |

### 24.1 DEFINED BENEFIT PENSION SCHEMES

| | DEFINED BENEFIT OBLIGATION | FAIR VALUE PLAN ASSETS | SURPLUS/ DEFICIT (-) | UNFUNDED PENSION LIABILITIES | TOTAL | CHARGED TO CONSOLIDATED INCOME STATEMENT | RECOGNIZED DIRECTLY IN EQUITY |
|---|---|---|---|---|---|---|---|
| **Balance as at 1 January 2015** | **747,808** | **691,932** | **- 55,876** | **- 5,316** | **- 61,192** | | |
| Current service cost | **41,921** | **-** | **- 41,921** | **- 25** | **- 41,946** | **41,946** | |
| Past service cost | **- 224** | **-** | **224** | **-** | **224** | **- 224** | |
| Interest cost on obligation | **18,067** | **-** | **- 18,067** | **- 97** | **- 18,164** | **18,164** | |
| Contributions received from the Group | **-** | **30,027** | **30,027** | **-** | **30,027** | | |
| Return on plan assets | **-** | **16,609** | **16,609** | **-** | **16,609** | **- 16,609** | |
| Net actuarial gains / losses | **- 40,226** | **10,213** | **50,439** | **- 60** | **50,379** | | **- 50,379** |
| Benefits paid | **- 18,991** | **- 18,991** | **-** | **323** | **323** | | |
| Foreign currency exchange rate changes and other changes | **4,680** | **5,004** | **324** | **-** | **324** | | |
| **Total movement** | **5,227** | **42,862** | **37,635** | **141** | **37,776** | **43,277** | **- 50,379** |
| **Balance as at 31 December 2015** | **753,035** | **734,794** | **- 18,241** | **- 5,175** | **- 23,416** | | |
| Limitation on net plan assets as at 1 January | | | | | **- 7,088** | | |
| Movement in limit on net plan assets | | | | | **- 4,825** | | **4,825** |
| Limitation on net plan assets as at 31 December | | | | | **- 11,913** | | |
| **Balance as at 31 December 2015 after limitation on net plan assets** | | | | | **- 35,329** | | |
| Total result defined benefit pension schemes | | | | | **- 2,277** | **43,277** | **- 45,554** |

| | DEFINED BENEFIT OBLIGATION | FAIR VALUE PLAN ASSETS | SURPLUS/ DEFICIT (-) | UNFUNDED PENSION LIABILITIES | TOTAL | CHARGED TO CONSOLIDATED INCOME STATEMENT | RECOGNIZED DIRECTLY IN EQUITY |
|---|---|---|---|---|---|---|---|
| **Balance as at 1 January 2014** | 554,486 | 585,038 | 30,552 | - 4,673 | 25,879 | | |
| Current service cost | 31,278 | - | - 31,278 | - 20 | - 31,298 | 31,298 | |
| Past service cost | - 809 | - | 809 | - | 809 | - 809 | |
| Interest cost on obligation | 21,765 | - | - 21,765 | - 149 | - 21,914 | 21,914 | |
| Contributions received from the Group | - | 31,875 | 31,875 | - | 31,875 | | |
| Return on plan assets | - | 21,128 | 21,128 | - | 21,128 | - 21,128 | |
| Net actuarial gains / losses | 153,910 | 66,314 | - 87,596 | - 798 | - 88,394 | | 88,394 |
| Benefits paid | - 18,709 | - 18,709 | - | 324 | 324 | | |
| Foreign currency exchange rate changes and other changes | 5,887 | 6,286 | 399 | - | 399 | | - |
| **Total movement** | 193,322 | 106,894 | - 86,428 | - 643 | - 87,071 | 31,275 | 88,394 |
| **Balance as at 31 December 2014** | 747,808 | 691,932 | - 55,876 | - 5,316 | - 61,192 | | |
| Limitation on net plan assets as at 1 January | | | | | - 31,940 | | |
| Movement in limit on net plan assets | | | | | 24,852 | | - 24,852 |
| Limitation on net plan assets as at 31 December | | | | | - 7,088 | | |
| **Balance as at 31 December 2014 after limitation on net plan assets** | | | | | - 68,280 | | |
| Total result defined benefit pension schemes | | | | | 94,817 | 31,275 | 63,542 |

In the Netherlands, Boskalis has its pension plan for a large part of its Dutch staff at Pensioenfonds Grafische Bedrijven (PGB) and part of the Dutch staff participates in the pension plans of five Dutch multi-employer pension funds. In the Netherlands the tasks and responsibilities of employer, employee and pension provider in relation to pensions are arranged through the Dutch Pension Act. The Pension Act holds requirements and conditions that the pension plans must comply with, including the requirement of integration of the plan into either a recognized pension fund or with a recognized pension insurance company and also that rights granted must be purchased by the employer, which means there is no backservice obligation. Also law sets requirements for the amount of the equity of pension providers. Compliance with the law is supervised by the Dutch Central Bank (DNB) and the Dutch Financial Markets Authority (AFM). In addition, the Group has a number of pension plans, mainly abroad, of which the largest is in the United Kingdom.

**Pension plan at Pensioenfonds Grafische Bedrijven**
On 1 July 2014 the Group transferred its pension plan for the majority of its Dutch staff to Pensioenfonds Grafische Bedrijven, a multi-employer fund. This pension plan is an average pay scheme with indexation for years of service and on the basis of indexation granted by the Group which is not linked to indices. The inactive participants have a conditional right to indexation granted by PGB, provided that the coverage-ratio must be at least 110% to allow for indexation. The annual contribution by the Group is, determined by PGB, based on the actuarial cost of purchasing rights in years. The pension scheme managed by PGB does neither have an obligation for replenishment neither any specific separated plan assets of the Group. After paying the annual premium, the Group has no obligation to pay additional contributions or higher future premiums in the event of a deficit at PGB. The Group has no obligation if the scheme or the fund is terminated. Neither has the Group any rights to surpluses in PGB. The future cash flows are limited to the payment of future premiums for purchasing (new) rights for the years to come. The premium is influenced by the usual, it underlying actuarial assumptions, expected returns and agreed contribution ceiling. The expected contribution for next year PGB EUR 22.4 million. In the balance recognized defined benefit obligations relate to this pension plan for approximately 72%.

Besides Boskalis, more companies have their pension plans with PGB. The Group has no direct involvement in the governance of PGB. PGB does not hold specific, segregated pension assets for the Group. The share of the Boskalis pension plan in total liabilities and assets is limited. As such, the plan assets of the Boskalis pension scheme at PGB are actuarially calculated based on the present value of liabilities administered by PGB.

Mid 2014 and per 1 January 2015 the pension plan was adjusted to reflect changes in the law. The amendments concern mainly the accrual rate, pensionable age and franchise and were announced and processed in 2014. In 2014, is therefore on balance, a non-cash gain of EUR 0.8 million recognized in the income statement.

**Dutch multi-employer pension funds**

Part of the Dutch staff participates in one of five multi-employer pension funds, all within the framework of the Dutch Pension Act as referred to above, of which Bedrijfstak Pensioenfonds Waterbouw is the only one with a proportionately significant premium contribution by Boskalis (21%). As at 31 December 2015 the Bedrijfstak Pensioenfonds Waterbouw has a coverage ratio greater than 105%.

The Group has no direct involvement in the governance of the multi-employer pension funds. Employers Associations of which the Group is a member, designate a portion of the management board and / or supervisors of the multi-employer pension funds. In addition, there are representatives on behalf of employees and retirees part of the management board in question, possibly supplemented by an independent person. The pension includes retirement and survivor's pension. These funds have indicated they are not able to provide sufficient information for a calculation in accordance with IFRS because there is no reliable and consistent basis to attribute the pension obligations, plan assets, both absolute and relative share of the Group in the fund and to allocate income and expenses to the individual member companies of these pension funds. As a result, these defined benefit plans are recognized in accordance with IFRS in these financial statements as a defined contribution plan. In all cases in which participation takes place in multi-employer pension funds, the Group has no obligation whatsoever to pay additional contributions in the case of a shortfall in the respective fund, other than contributing future premiums. where there is an affiliation with industrial pension funds that the Group, other than to pay the annual premium. Neither the Group has rights to any surpluses in the funds. The premium covers the actuarially determined cost of purchasing the yearly rights for participants. The premium on the basis of the actuarial cost of purchasing rights in years, will be influenced by the usual, it underlying actuarial assumptions, expected returns and often agreed ceilings. The expected contribution is explained below for the coming year these funds.

**Other pension schemes**

The other schemes relate individually not material, multi-employer pension plans arranged with pension funds in the United Kingdom and insurance companies in the Netherlands, Belgium, United Kingdom, United States and South-Africa, as well as minor unfunded defined benefit plans for two Group companies in Germany. These pension plans are in compliance with the local laws and / or regulations applicable in these aforementioned countries. The Group has, except for a pension plan in the United Kingdom, where the Group may appoint a Director or a Trustee, no direct and / or significant involvement in the governance of these pension plans. The pension schemes are characterized by defined benefit rights over service years, mainly based average wages and includes retirement and survivor's pension. These pensions are indexed, where for the main part of these schemes a limit is set to the available contributions and the return on plan assets respectively. The pension liabilities and pension assets are placed with and managed by the pension funds or insurance companies. The risks for the Group related to these pensions is therefore limited. With the exception of a closed pension plan in the United Kingdom, the future cash flows for the other arrangements are limited to the owed actuarially calculated annual premiums based on the cost of purchasing future pension rights. In other funded defined benefit schemes there is no statutory or regulatory enforceable, direct replenishment in case of insufficient funds to fulfill the future actuarial obligations. The contributions are subject to the customary, actuarial assumptions, expected returns and agreed contribution ceiling.

The largest company pension fund in the United Kingdom is managed by BKW Trustee Company Limited. The management of the Trust company is partly appointed by Boskalis and partly elected partly by plan participants. The investment policy is geared to the fact that it is a closed arrangement and relates primarily to fixed income. The pension law in the United Kingdom includes the requirement to index pension plans. In 2015 the required three annual calculation was conducted, which determines the financing need, if any, and future annual premium for this pension fund. There is currently no immediate requirement replenish for this pension plan. The expected contribution for the coming year to this fund for the ongoing review period amounted GBP 1.2 million and GBP 3.3 million. The defined benefit obligations recognized in the balance sheet relate to approximately 9% this pension plan.

The composition of the plan assets is as follows:

| | 31 DECEMBER | |
|---|---|---|
| | **2015** | 2014 |
| **Actuarial valuation of the inseperable share in plan assets of PGB** | **527,999** | 496,517 |
| **Other pension schemes:** | | |
| **Investments quoted in active markets** | | |
| Equities | **34,251** | 32,688 |
| Bonds | **170,691** | 157,602 |
| Real estate | **400** | 1,139 |
| | **205,342** | 191,429 |
| **Unquoted investments** | | |
| Cash (non-interest-bearing) | **1,218** | 924 |
| Other receivables and payables | **235** | 3,062 |
| | **1,453** | 3,986 |
| **TOTAL PLAN ASSETS** | **734,794** | 691,932 |

As per 31 December 2015 and 31 December 2014 the plan assets do not include shares issued by Royal Boskalis Westminster N.V.

Periodically the boards of the pension funds prepare an asset liability management study to assess the matching of the pension liability and the expected duration of the investments. Based on the outcome of these studies the management of the pension funds adjusts, if necessary, the nature and mix of the asset portfolio on the expected duration of the pension liabilities. The average duration of the obligations of the pension schemes is about 21 years.

The recognition of pension costs from defined benefit pension schemes in the consolidated financial statements is presented in the statement below:

| | **2015** | 2014 |
|---|---|---|
| Total result defined benefit schemes | **- 2,277** | 94,817 |
| Pension costs for defined benefit pension schemes charged to the consolidated income statement | **- 43,277** | - 31,275 |
| Actuarial gains and losses and asset limitation recognized directly in equity | **- 45,554** | 63,542 |
| Taxation | **6,772** | - 10,272 |
| Actuarial gains and losses and asset limitation recognized directly in equity net of tax | **- 38,782** | 53,270 |
| Effective return on plan assets | **26,822** | 87,442 |

The pension charges for the main pension schemes are predominantly in euros. As a consequence, the exchange rate exposure for pension charges in foreign currencies is considered not material.

The accumulated actuarial gains and losses and the balance of the limitation on net plan assets amount to:

| | **2015** | 2014 |
|---|---|---|
| Accumulated actuarial gains and losses as at 31 December | **- 64,101** | - 114,480 |
| Asset limitation on net plan assets as at 31 December | **- 11,913** | - 7,088 |
| | **- 76,014** | - 121,568 |

In 2016 the Group expects to contribute premiums at an amount of EUR 34.1 million (2015: EUR 31.6 million) to funded defined benefit schemes and premiums at an amount of EUR 0.4 million (2015: EUR 0.3 million) to unfunded defined benefit schemes.

The principal actuarial assumptions used for the calculations are:

| | **2015** | 2014 |
|---|---|---|
| Discount rate | **2.39%** | 2.43% |
| Expected future salary increases | **0.75%** | 1.80% |
| Expected future inflation | **1.80%** | 1.80% |
| Expected future pension increases active participants | **0.75%** | 1.38% |
| Expected future pension increases inactive participants | **0.30%** | 0.68% |

| Assumptions per 31 December 2015 | Increase of 0.25% | Decrease of 0.25% |
|---|---|---|
| **EFFECT ON DEFINED BENEFIT OBLIGATION** | | |
| Change in discount rate | **- 35,851** | **38,939** |
| Change in expected future salary increases | **5,084** | **- 4,990** |
| Change in pension increase participants | **6,515** | **- 5,881** |
| Change in pension increase participants | **28,168** | **- 23,997** |
| **EFFECT ON ATTRIBUTED PENSION EXPENSES TO THE SERVICE YEAR** | | |
| Change in discount rate | **- 2,825** | **2,865** |
| Change in expected future salary increases | **378** | **- 598** |
| Change in pension increase participants | **599** | **- 660** |
| Change in pension increase participants | **444** | **- 194** |

| Assumptions per 31 December 2014 | Increase of 0.25% | Decrease of 0.25% |
|---|---|---|
| **EFFECT ON DEFINED BENEFIT OBLIGATION** | | |
| Change in discount rate | - 35,574 | 38,645 |
| Change in expected future salary increases | 5,344 | - 5,144 |
| Change in pension increase participants | 6,342 | - 5,736 |
| Change in pension increase participants | 27,585 | - 25,361 |
| **EFFECT ON ATTRIBUTED PENSION EXPENSES TO THE SERVICE YEAR** | | |
| Change in discount rate | - 2,928 | 3,220 |
| Change in expected future salary increases | 591 | - 579 |
| Change in pension increase participants | 782 | - 672 |
| Change in pension increase participants | 2,163 | - 1,765 |

Historical information:

| | **2015** | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|
| Defined benefit obligation | **- 753,035** | - 747,808 | - 554,486 | - 789,692 | - 687,660 |
| Fair value of plan assets | **734,794** | 691,932 | 585,038 | 700,381 | 629,183 |
| Surplus / deficit (-) | **- 18,241** | - 55,876 | 30,552 | - 89,311 | - 58,477 |
| Unfunded pension liabilities | **- 5,175** | - 5,316 | - 4,673 | - 4,616 | - 4,359 |
| Total surplus / deficit (-) | **- 23,416** | - 61,192 | 25,879 | - 93,927 | - 62,836 |

The movements in defined benefit obligations and the fair value of plan assets are primarily caused by changes in the discount rate.

### 24.2 DEFINED CONTRIBUTION PENSION SCHEMES

In 2016 the Group expects to contribute an amount of EUR 20.0 million (2014: EUR 17.5 million) for premiums to defined contributions schemes. This concerns contributions to pension schemes placed with multi-employer pension funds, which are accounted for as defined contribution pension schemes in these financial statements, in accordance with IFRS.

## 25. PROVISIONS

| | UNFAVORABLE AND ONEROUS CONTRACTS | CLAIMS | GUARANTEE OBLIGATIONS | SOIL DECONTA-MINATION | OTHER | TOTAL | 2014 |
|---|---|---|---|---|---|---|---|
| **Balance as at 1 January 2015** | **18,559** | **5,237** | **6,527** | **1,121** | **923** | **32,367** | 30,861 |
| Provisions made during the year | **10,559** | **-** | **407** | **17** | **6,005** | **16,988** | 13,168 |
| Provisions used during the year | **- 2,143** | **- 734** | **- 145** | **-** | **-** | **- 3,022** | - 11,437 |
| Provisions reversed during the year | **- 16,150** | **-** | **-** | **-** | **-** | **- 16,150** | - 1,134 |
| Reclass to disposal group | **-** | **-** | **-** | **-** | **-** | **-** | - 303 |
| Other movements | **-** | **-** | **-** | **-** | **-** | **-** | 1,921 |
| Exchange rate differences | **625** | **-** | **-** | **-** | **-** | **625** | - 709 |
| **Balance as at 31 December 2015** | **11,450** | **4,503** | **6,789** | **1,138** | **6,928** | **30,808** | 32,367 |
| Non-current | **8,833** | **4,133** | **3,193** | **1,138** | **6,478** | **23,775** | 28,591 |
| Current | **2,617** | **370** | **3,596** | **-** | **450** | **7,033** | 3,776 |
| **Balance as at 31 December 2015** | **11,450** | **4,503** | **6,789** | **1,138** | **6,928** | **30,808** | 32,367 |

The provision for unfavorable and onerous contracts consists mainly of provisions, resulting from business combinations, for projects or customer contracts with a negative fair value. Furthermore, in previous years a provision was made for onerous contracts for unused offices. The provision for unused offices amounts to EUR1.4 million as at 31 December 2015 (2014: EUR 4.5 million). In 2015 a provision of EUR 6.9 million was made for an onerous contract regarding the lease of a vessel.

The provisions for claims mainly relate to completed projects received in previous years. The Group disputes these claims and has made an assessment of the projected costs resulting from these claims. The results of the claims are uncertain and may differ from the above listed provisions.

Provisions for guarantees concern issued guarantees for ongoing projects and completed projects. The Group has taken provision for these claims on the basis of its best estimate of the expected costs.

As part of other provisions also personnel costs regarding rationalization of the fleet and locations within the segment Dredging & Inland Infra are included.

## 26. TRADE AND OTHER PAYABLES

| | 31 DECEMBER | |
|---|---|---|
| | **2015** | 2014 |
| Trade payables | **199,967** | 185,248 |
| Taxes and social security payables | **60,710** | 41,975 |
| Amounts due to joint ventures and associated companies | **6,323** | 21,878 |
| Other creditors and accruals | **997,099** | 911,480 |
| | **1,264,099** | 1,160,581 |

The trade and other payables are generally not interest-bearing.

## 27. FINANCIAL INSTRUMENTS

### GENERAL

Pursuant to a financial policy maintained by the Board of Management, the Group and its Group companies use several financial instruments in the ordinary course of business. The policy with respect to financial instruments is disclosed in more detail in the Annual Report in the "Corporate Governance" chapter. The Group's financial instruments are cash and cash equivalents, trade and other receivables, certificates of (listed) shares, interest-bearing loans and bank overdrafts, trade and other payables and derivatives. The Group enters into derivative transactions, mainly foreign currency forward contracts, foreign currency options and to a limited extent interest rate swaps, to hedge against the related risks as the Group's policy is not to trade in derivatives.

### 27.1 FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk, existing of: currency risk, interest rate risk and price risk

### 27.1.1. CREDIT RISK

The Group has a strict acceptance and hedging policy for credit risks, resulting from payment and political risks. In principle, credit risks are covered by means of bank guarantees, insurance, advance payments, etcetera, except in the case of creditworthy, first class debtors. These procedures and the (geographical) diversification of the operations of the Group companies reduce the risk with regard to credit concentration.

*Exposure to credit risk*

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and other receivables. The Group's exposure to credit risk is mainly determined by the individual characteristics of each of the customers and the location of these customers.

A large part of the Group's work in progress within the operational segments Dredging & Inland Infra and Offshore Energy is directly or indirectly performed on behalf of state controlled authorities and (contractors of) oil and gas producers in various countries and geographical areas. Activities relating to Harbour Towage activities (part of Towage & Salvage) are often performed for major ship owning companies and harbour agents. Receivables relating to terminal services (part of Towage & Salvage) are generally outstanding with oil and gas producers, therefore a significant portion of the receivables relates to clients from these industries. Salvage receivables (part of Towage & Salvage) are mainly outstanding with shipping companies and their Protection & Indemnity Associations, or "P&I Clubs". In general there is healthy diversification of receivables with different customers in several countries in which the Group is performing its activities. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The credit history of the Group over the recent years indicates that bad debts incurred are insignificant compared to the level of activities. Therefore, management is of the opinion that credit risk is adequately controlled through the currently applicable procedures.

The maximum credit risk as per balance sheet date, without taking into account the aforementioned financial risk coverage policy and instruments, consists of the book values of the financial assets as stated below:

| | 31 DECEMBER | |
|---|---|---|
| | **2015** | 2014 |
| Non-current receivables | **5,915** | 8,091 |
| Trade receivables | **379,910** | 363,621 |
| Amounts due from joint ventures and associated companies | **17,237** | 24,650 |
| Other receivables and prepayments | **330,420** | 243,726 |
| Derivatives (receivable) | **55,934** | 9,329 |
| Income tax receivable | **9,893** | 11,558 |
| Cash and cash equivalents | **793,720** | 395,952 |
| | **1,593,029** | 1,056,927 |

The maximum credit risk on trade debtors at reporting date by operational segment was as follows:

| | 31 DECEMBER | |
|---|---|---|
| | **2015** | 2014 |
| Dredging & Inland Infra | **232,773** | 227,396 |
| Offshore energy | **139,566** | 126,754 |
| Towage & Salvage | **5,904** | 7,411 |
| Holding | **1,667** | 2,060 |
| | **379,910** | 363,621 |

The aging of trade debtors as at 31 December was as follows:

| | **2015** | | 2014 | |
|---|---|---|---|---|
| | **Gross** | **Impairment** | Gross | Impairment |
| Not past due | **227,092** | **-** | 223,423 | - |
| Past due 0 - 90 days | **51,095** | **- 979** | 84,016 | - 2,028 |
| Past due 90 - 180 days | **46,943** | **- 132** | 6,417 | - 1,128 |
| Past due 180 - 360 days | **33,180** | **- 1,754** | 37,085 | - 2,285 |
| More than 360 days | **41,160** | **- 16,695** | 31,248 | - 13,127 |
| | **399,470** | **- 19,560** | 382,189 | - 18,568 |
| Impairment | **- 19,560** | | - 18,568 | |
| Trade receivables at book value | **379,910** | | 363,621 | |

With respect to the receivables that are neither impaired nor past due, there are no indications as of the reporting date that these will not be settled.

The movement in the allowance for impairment in respect of trade debtors during the year was as follows:

| | **2015** | 2014 |
|---|---|---|
| **Balance as at 1 January** | **18,568** | 16,826 |
| Provisions made during the year | **4,190** | 9,864 |
| Provisions used during the year | **- 2,109** | - 263 |
| Provisions released during the year | **- 962** | - 7,590 |
| Exchange rate differences | **- 127** | - 269 |
| | **992** | 1,742 |
| **Balance as at 31 December** | **19,560** | 18,568 |

*Concentration of credit risk*

As at reporting date there is no concentration of credit risk with certain customers.

**27.1.2. LIQUIDITY RISK**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. Liquidity projections including available credit facilities are incorporated in the regular management information reviewed by the Board of Management. The focus of the liquidity review is on the net financing capacity, being free cash plus available credit facilities in relation to the financial liabilities. Furthermore, based on the Group's financial ratios it can be concluded that the Group has significant debt capacity available under an (implied) "investment grade"-credit profile.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements and excluding financial liabilities accounted for as part of the disposal group:

| As at 31 December 2015 | Book value | Contractual cash flows | One year or less | 1 - 5 years | More than 5 years |
|---|---|---|---|---|---|
| US Private Placements | **- 711,575** | **- 848,287** | **- 29,753** | **- 444,913** | **- 373,621** |
| Revolving multi-currency credit facility | **- 196,897** | **- 205,940** | **- 1,721** | **- 204,219** | **-** |
| Other interest-bearing loans | **- 23,889** | **- 25,360** | **- 19,198** | **- 6,162** | **-** |
| Bank overdrafts | **- 30,603** | **- 30,625** | **- 30,625** | **-** | **-** |
| Trade and other payables | **- 1,264,099** | **- 1,264,099** | **- 1,264,099** | **-** | **-** |
| Current tax payable | **- 182,886** | **- 182,886** | **- 182,886** | **-** | **-** |
| Derivatives (nett) | **- 14,867** | **- 14,867** | **- 13,720** | **- 1,147** | **-** |
| | **- 2,424,816** | **- 2,572,064** | **- 1,542,002** | **- 656,441** | **- 373,621** |

| As at 31 December 2014 | Book value | Contractual cash flows | One year or less | 1 - 5 years | More than 5 years |
|---|---|---|---|---|---|
| US Private Placements | - 639,136 | - 823,268 | - 30,089 | - 305,507 | - 487,672 |
| Revolving multi-currency credit facility | - 250,831 | - 259,596 | - 76,506 | - 183,090 | - |
| Other interest-bearing loans | - 10,973 | - 12,837 | - 4,401 | - 7,995 | - 441 |
| Bank overdrafts | - 2,371 | - 2,371 | - 2,371 | - | - |
| Trade and other payables | - 1,160,581 | - 1,160,581 | - 1,160,581 | - | - |
| Current tax payable | - 195,162 | - 195,162 | - 195,162 | - | - |
| Derivatives (nett) | - 21,279 | - 3,061 | - 14,463 | 2,484 | 8,918 |
| | - 2,280,333 | - 2,456,876 | - 1,483,573 | - 494,108 | - 479,195 |

### 27.1.3. MARKET RISK

Market risk concerns the risk that group income or the value of investments in financial instruments is adversely affected by changes in market prices, such as currency exchange rates, interest rates and fuel prices. The objective of managing market risks is to keep the market risk position within acceptable boundaries while achieving the best possible return.

*Currency risk*

The presentation currency of the Group is the euro. A number of group companies, of which the most important companies are Dockwise and other substantial strategic investments (Smit Lamnalco, Keppel Smit Towage, Asian Lift and Saam Smit), have different functional currencies than the euro. The main other currency is the US Dollar, which is the functional currency of Dockwise, Smit Lamnalco and Saam Smit, followed by the Singapore Dollar. The revenues and expenses of these companies are largely or entirely based on their functional currency, other than the euro. Group companies and strategic investments with another functional currency than the euro attributed approximately 30% to the group revenue, 45% to the operational result and 45% to the EBITDA in 2015. The Board of Management has defined a policy to control foreign currency risks based on hedging of material transactions in foreign currencies of group companies other than the functional currency. The basic assumption is that these group companies hedge their currency risks, if material, which result from operational transactions in currencies different than their functional currency. The Group contracts a larger part of the projects in US Dollars and currencies which are related to some extent to the US Dollar or another currency. Consequently, a large part of the activities of the group companies have the euro as functional currency. This is mainly relevant for group companies involved in dredging or offshore projects. The expenses of these companies are mainly presented in euros and to lesser extent in local currencies of the country of operation of the activities.

Consequently, the reported financial results and cash flows of the respective operations are exposed to foreign currency risk. The exchange rate of the US Dollar and the euro are relevant in this perspective. The Board of Management has defined a policy to mitigate foreign risks by hedging foreign currency exposure of operational activities immediately, in most cases by forward currency contracts.

The Group uses derivative financial instruments only to the extent to hedge related transactions, mainly from future cash flows from agreed project. The Group applies hedge accounting for its cash flow hedges.

*Exposure to currency risk*
The Group's currency risk management policy was carried out during 2015 and resulted in a non-material sensitivity of the Group to currency transaction risk.

The following significant exchange rates applied during the year under review:

| | **Average rate** | | **Spot rate as per 31 December** | |
|---|---|---|---|---|
| Euro | **2015** | 2014 | **2015** | 2014 |
| US Dollar | **1.112** | 1.326 | **1.086** | 1.210 |
| Singapore Dollar | **1.527** | 1.682 | **1.541** | 1.604 |

*Currency translation risk*
The currency translation risk arises mainly from the net asset position of subsidiaries, associated companies and joint ventures, whose functional currency is different form the presentation currency of the Group. These investments are viewed from a long-term perspective. Currency risks associated with investments in these affiliated companies are not hedged, under the assumption that currency fluctuations and interest and inflation developments balance out in the long run. Items in the income statements of these subsidiaries are translated at average exchange rates. Currency translation differences are charged or credited directly to equity.

At reporting date the net asset positions of the main subsidiaries, associated companies and joint ventures in main functional currencies other than the euro were as follows:

| | **31 DECEMBER** | |
|---|---|---|
| Euro | **2015** | 2014 |
| US dollar | **1,947,880** | 1,553,145 |
| Singapore dollar | **206,439** | 408,460 |
| | **2,154,319** | 1,961,605 |

For the year 2015, profit before tax, excluding the effect of non-effective cash flow hedges, would have been EUR 12.4 million higher (2014: EUR 14.2 million higher) if the corresponding functional currency had strengthened by 5% in comparison to the euro with all other variables, in particular interest rates, held constant. This would have been mainly as a result of foreign exchange gains on translation of the US Dollar denominated result of the affiliates mentioned above. The total effect on the currency translation reserve amounts to about EUR 102 million (2014: approximately EUR 89 million). A 5% weakening of the corresponding functional currency against the euro at year-end would have had the equal but opposite effect assuming that all other variables would remain constant.

*Currency transaction risk, excluding interest-bearing financing*

The currency transaction risk, for group companies, which result from future operational transactions in currencies different than their functional currency, can be summarized as follows:

| | **2015** | 2014 |
|---|---|---|
| Expected cash flows in US dollars | **198,598** | 205,168 |
| Expected cash flows in Australian dollars | **- 31,478** | - 84,872 |
| Expected cash flows in Britsh Pounds | **- 10,548** | 20,747 |
| Expected cash flows in Indian Rupees | **-** | 36,849 |
| Expected cash flows in Indonesian Rupiah | **70,440** | - |
| Expected cash flows in Swedish Krona | **21,845** | 23,951 |
| Expected cash flows in Euros | **- 38,841** | - |
| Expected cash flows in other currencies | **13,136** | - 8,325 |
| Expected cash flows in foreign currencies | **223,152** | 193,518 |
| Forward currency contracts | **- 194,211** | - 171,167 |
| Net position | **28,941** | 22,351 |

*Sensitivity analysis*

Due to the fact that the expected future cash flows in foreign currencies are hedged, the sensitivity for foreign currency risk for financial instruments, excluding interest-bearing financing, is limited for the Group. The Group is mainly funded with loans denominated in euros and in US Dollars, as well as US Private Placements denominated in US Dollars and in Great British Pounds Sterling (reference is made to note 23). To a large extent the US Dollar Private Placements and the full amount expressed in Great British Pound Sterling is swapped into euros, by means of cross currency swaps. The other part of the US Private Placements expressed in US Dollar and the other US Dollar financing is used to hedge, in part, the net-investment in Dockwise and Fairmount, including the intercompany financing provided to Dockwise. Therefore, among other as a result of using hedge accounting, the sensitivity in the profit and loss account is limited for financing in other currencies than the euro.

*Interest rate risk*

The Group has both fixed and variable interest rate liabilities. In respect of controlling interest risks, the policy is that, in principle, interest rates for loans payable are primarily fixed for the entire maturity period. This is achieved by contracting loans that carry a fixed interest rate or by using derivatives such as interest rate swaps.

The interest rates and the maturity term profiles of interest-bearing loans, deposits and cash and cash equivalents are stated below:

| As at 31 December 2015 | **Interest rate** | **One year or less** | **1 - 5 years** | **Over 5 years** | **Total** |
|---|---|---|---|---|---|
| Cash and cash equivalents | **0.00%** | **695,531** | **-** | **-** | **695,531** |
| Short-term deposits | **0.91%** | **98,189** | **-** | **-** | **98,189** |
| US Private Placements (USD) | **4.16%** | **-** | **- 351,787** | **- 344,887** | **- 696,674** |
| US Private Placements (GBP) | **5.19%** | **-** | **- 14,901** | **-** | **- 14,901** |
| Revolving multi-currency credit facility (USD) | **0.88%** | **-** | **- 196,897** | **-** | **- 196,897** |
| Other interest-bearing loans | **1.47%** | **- 18,127** | **- 5,762** | **-** | **- 23,889** |
| Bank overdrafts | **0.13%** | **- 30,603** | **-** | **-** | **- 30,603** |
| | | **744,990** | **- 569,347** | **- 344,887** | **- 169,244** |

| As at 31 December 2014 | Interest rate | One year or less | 1 - 5 years | Over 5 years | Total |
|---|---|---|---|---|---|
| Cash and cash equivalents | 0.03% | 357,748 | - | - | 357,748 |
| Short-term deposits | 4.92% | 38,204 | - | - | 38,204 |
| US Private Placements (USD) | 4.16% | - | - 205,663 | - 420,616 | - 626,279 |
| US Private Placements (GBP) | 5.19% | - | - | - 12,857 | - 12,857 |
| Revolving multi-currency credit facility (USD) | 0.84% | - | - 176,240 | - | - 176,240 |
| Revolving multi-currency credit facility | 0.68% | - 74,591 | - | - | - 74,591 |
| Other interest-bearing loans | 7.07% | - 3,532 | - 6,987 | - 454 | - 10,973 |
| Bank overdrafts | 8.02% | - 2,371 | - | - | - 2,371 |
| | | 315,458 | - 388,890 | - 433,927 | - 507,359 |

The US Private Placements and a part of the cash and cash equivalents, short-term deposits and other interest bearing loans have fixed interest rates.

*Sensitivity analysis*
In managing interest rate risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. In the long term, however, permanent changes in interest rates will have an impact on profit.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments taking into account the corresponding effective hedge instruments, was:

| | 31 DECEMBER | |
|---|---|---|
| | **2015** | 2014 |
| **FIXED RATE INSTRUMENTS** | | |
| Financial assets | **293,442** | 254,305 |
| Financial liabilities | **- 717,306** | - 649,935 |
| | **- 423,864** | - 395,630 |
| **VARIABLE RATE INSTRUMENTS** | | |
| Financial assets | **500,278** | 141,647 |
| Financial liabilities | **- 245,661** | - 251,005 |
| | **254,617** | - 109,358 |

A decrease of 100 basis points, as far as possible, in interest rates at 31 December 2015 would have increased the Group's profit before income tax by approximately EUR 0.9 million (2014: increase EUR 2.1 million), with all other variables, in particular currency exchange rates, held constant. An increase of 100 basis points in interest rates at 31 December 2015 would have increased the Group's profit before income tax by approximately EUR 2.5 million (2014: decrease EUR 1.1 million), with all other variables, in particular currency exchange rates, held constant.

*Price risks*
Risks related to price developments on the purchasing side, such as amongst others increased wages, costs of materials, sub-contracting costs and fuel, which are usually for the Group's account, are also taken into account when preparing cost price calculations and tenders. Wherever possible, especially on projects that extend over a long period of time, price index clauses are included in contracts.

The Board of Management has established a fuel price risk management policy stipulating approved fuel price risk management instruments. These include: delivery of fuel by the client, price escalation clauses, fixed price supply contracts and financial derivatives (forward, future and swap contracts).

## 27.2 ON-BALANCE FINANCIAL INSTRUMENTS AND FAIR VALUE

Financial instruments accounted for under assets and liabilities are financial fixed assets, cash and cash equivalents, receivables, and current and non-current liabilities. Derivatives are mainly future cash flows hedged by forward contracts to which hedge accounting is applied. Furthermore, the Group holds a number of interest rate swaps. These are recognized under other derivatives.

The fair value of the majority of the financial instruments does not differ materially from the book value, with the exception of a number of loans and other payables with a fixed rate. The fair value of these instruments is disclosed below.

*Fair value hierarchy*

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of the forward exchange contracts is based on their listed market price (unadjusted market prices in active markets for identical assets and liabilities) or discounted cash flows based on relevant conditions and durations of the contracts and including public interest rates for comparable instruments per balance sheet date, taking in account the credit risk of the counterparty. The fair value other financial instruments is based on quoted prices or on the actual interest rate as at balance sheet date, taking into account terms and maturity. The fair value of non-interest bearing financial instruments with a maturity of twelve months or less is supposed to be equal to their book value.

The fair value and the related hierarchy of the aforementioned financial instruments are:

| | **As at 31 December 2015** | | | As at 31 December 2014 | | |
|---|---|---|---|---|---|---|
| | **CARRYING AMOUNT** | **FAIR VALUE** | **HIERACHY** | CARRYING AMOUNT | FAIR VALUE | HIERACHY |
| Assets | | | | | | |
| Derivatives | **55,934** | **55,934** | **2** | 9,329 | 9,329 | 2 |
| Cash and cash equivalents | **293,442** | **293,442** | **1** | 141,647 | 141,647 | 1 |
| Available for Sale assets | **-** | **-** | **-** | 290,935 | 290,935 | 1 |
| Liabilities | | | | | | |
| Derivatives | **- 14,867** | **- 14,867** | **2** | - 21,279 | - 21,279 | 2 |
| Interest bearing loans with fixed interest rates | **- 717,306** | **- 779,830** | **3** | - 649,935 | - 716,761 | 3 |

*Derivatives*

The composition of outstanding derivatives at year-end is presented below.

| 2015 | WITHIN ONE YEAR | AFTER ONE YEAR | TOTAL |
|---|---|---|---|
| USD forward selling (in US Dollar) | **- 170,625** | **- 55,984** | **- 226,609** |
| USD forward buying (in US Dollar) | **31,160** | **1,768** | **32,928** |
| Forward selling of other currencies (average contract rates in EUR) | **- 107,484** | **- 26,790** | **- 134,274** |
| Forward buying of other currencies (average contract rates in EUR) | **106,607** | **14,993** | **121,600** |
| Fuel hedges (in US Dollar) | **- 6,103** | **-** | **- 6,103** |
| Interest Rate Swaps (in EUR) | **5,386** | **73,402** | **78,788** |

| 2014 | WITHIN ONE YEAR | AFTER ONE YEAR | TOTAL |
|---|---|---|---|
| USD forward selling (in US Dollar) | - 203,947 | - 15,732 | - 219,679 |
| Forward selling of other currencies (average contract rates in EUR) | 72,258 | 16,716 | 88,974 |
| Forward buying of other currencies (average contract rates in EUR) | - 100,886 | - | - 100,886 |
| Fuel hedges (in US Dollar) | - 1,274 | - 1,274 | - 2,548 |
| Interest Rate Swaps (in EUR) | 3,133 | 29,122 | 32,255 |

The remaining time to maturity of these derivatives has a direct relation to the remaining time to maturity of the relating underlying contracts in the order book.

Cash flows from forward currency buying's and selling's can be rolled forward at settlement date when they differ from the underlying cash flows.

The results on effective cash flow hedges are recognized in group equity as stated below:

| | 2015 | 2014 |
|---|---|---|
| Hedging reserve as at 1 January | **- 19,039** | - 22,598 |
| Movement in fair value of effective cash flow hedges recognized in group equity | **- 41,502** | 3,380 |
| Transferred to the income statement | **48,515** | 2,125 |
| Total directly recognized in group equity | **7,013** | 5,505 |
| Taxation | **- 3,181** | - 1,946 |
| Directly charged to the Hedging reserve (net of taxes) | **3,832** | 3,559 |
| Balance Hedging reserve as at 31 December | **- 15,207** | - 19,039 |

The results on non-effective cash flow hedges are presented within the costs for raw materials, consumables, services and subcontracted work and amount to EUR 0.3 million negative in 2015 (2014: EUR 1.1 million negative).

*Netting of financial instruments*

The Company nets financial instruments as far as this is appropriate. Below the netting of the balance sheet items is disclosed:

| | AS AT 31 DECEMBER | |
|---|---|---|
| | **2015** | 2014 |
| Gross amount cash and cash equivalents | **793,720** | 416,655 |
| Net bank overdrafts | **-** | - 20,703 |
| Netted amount in balance sheet | **793,720** | 395,952 |

### 27.3 CAPITAL MANAGEMENT

The Board of Management's policy is to maintain a strong capital base so as to maintain customer, investor, creditor and market confidence and to support future development of the business. The Board of Management monitors the return on equity, which the Group defines as net operating income divided by total shareholders' equity, excluding minority interests. The Board of Management also monitors the level of dividend to be paid to holders of ordinary shares. For the dividend policy reference is made to the Shareholders Information in the Annual Report.

The Board of Management seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the benefits of a sound capital position. The Group's target is to achieve a long-term return on equity of at least 12%; in 2015 the return was 12.8% (2014: 17.3%).

There were no changes in the Group's approach to capital management during the year. Neither the Group nor any of its Group companies are subject to externally imposed capital requirements.

The Group's net debt (EUR 2,883 million; 2014: EUR 2,753 million) to Group equity (EUR 3,722 million; 2014: EUR 3,160 million) at the reporting date amounts to 0.77 (2014: 0.87).

### 27.4 OTHER FINANCIAL INSTRUMENTS

Pursuant to the decision of the General Meeting of Shareholders held on 9 May 2001, the Stichting Continuïteit KBW has acquired the right to take cumulative protective preference shares in Royal Boskalis Westminster N.V. for a nominal amount which shall be equal to the nominal amount of ordinary shares outstanding minus one share at the time of the issue. This right qualifies as a derivative financial liability, with the following important conditions. The cumulative protective preference shares are to be issued at par against a 25% cash contribution, the remainder after call-up by the Stichting in consultation with Royal Boskalis Westminster N.V. After the issue, Royal Boskalis Westminster N.V. has the obligation to buy or cancel the shares upon the Stichting's request. The preferential dividend right amounts to Euribor increased by 4% at most. The interest and credit risk is limited. The fair value of the option right is nil.

## 28. COMMITMENTS AND CONTINGENT LIABILITIES

*Operational lease obligations*

The operational lease obligations relate primarily to the operational lease of some vessels, earthmoving equipment, cars and offices. Additional clauses are not taken into account presuming that these are not unconditional. Non-redeemable operating lease contracts are recognized at nominal amounts and are due as follows:

| | **2015** | 2014 |
|---|---|---|
| Within one year | **32,918** | 43,566 |
| Between one and five years | **54,035** | 73,502 |
| After more than five years | **192** | 10,465 |
| | **87,145** | 127,533 |

*Guarantees*

The guarantee commitments as at 31 December 2015 amount to EUR 742million (2014: EUR 604 million) and can be specified as follows:

| | **2015** | 2014 |
|---|---|---|
| Guarantees provided by third parties with respect to: | | |
| Joint ventures | **174,000** | 81,000 |
| Contracts and joint operations | **567,000** | 522,000 |
| Lease obligations and other financial obligations | **1,000** | 1,000 |
| | **742,000** | 604,000 |

The above mentioned guarantees outstanding as at 31 December 2015 refer to (counter) guarantees provided to financial institutions for approximately EUR 741 million (2014: approximately EUR 603 million) In 2015, 28 key Group companies are jointly and severally liable in respect of credit facilities and guarantees provided to several Group companies. In respect of these facilities, it has been agreed to limit the provision of further securities on existing property, plant and equipment.

Group companies are jointly and severally liable for the non-consolidated part of the liabilities of their joint ventures: in total EUR 479 million (2014: EUR 166 million). Group companies are also jointly and severally liable for performance obligations for contracts with third parties in project-driven construction consortiums. In addition, certain recourse obligations exist in respect of project financiers and guarantees of deployment relating to equipment. Where deemed necessary, provisions have been made.

*Capital commitments*
As at 31 December 2015, capital commitments agreed upon amount to EUR 108 million (year-end 2014: EUR 125 million).

*Capital contribution obligations*
At year-end 31 December 2015 capital contribution obligations relating to PPS-companies amount to EUR 12.5 million (2014: EUR 12.5 million). For the amount of the capital contribution obligations the Group has provided bank guarantees, as disclosed as part of aforementioned guarantees.

*Other*
Several legal proceedings and investigations have been instituted against (entities of) Royal Boskalis Westminster N.V. Where deemed necessary and if a reliable estimate of the future cash flows can be made, provisions have been made. Dutch companies form part of a fiscal unity. The companies are therefore liable for the tax obligations of the fiscal unity as a whole.

*Contingent liability*
In December 2015 the Group has 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 transaction is limited to acquiring the equipment, personnel plus a couple of maintenance contracts. The agreed transaction price is EUR 70 million. It is the intention to close the transaction in the first quarter 2016 subject to the satisfaction of customary conditions.

## 29. RELATED PARTIES

### 29.1 IDENTITY OF RELATED PARTIES

The identified related parties to the Group are its Group companies, its joint ventures, its associated companies (see note 16), its shareholders with significant influence, its pension funds that are classified as funded defined benefit pension schemes in accordance with IAS 19 and the members of the Supervisory Board and Board of Management. There were no significant changes to the companies and people related to the Group other than the following:

- Mr. J. van der Veer was appointed as a member of the Supervisory Board with effect on 12 May 2015;
- Boskalis has sold its group company De Jong en Zoon Beesd B.V.; and
- Boskalis has obtained significant influence in Fugro N.V.

### GROUP COMPANIES

The following are the most relevant active Group companies, presented in accordance with the Operational segment (division) where the entity concerned primarily performs and reports its activities.

| COMPANY | CITY OF INCORPORATION | COUNTRY OF INCORPORATION | 2015 | 2014 |
|---|---|---|---|---|
| **DREDGING & INLAND INFRA** | | | | |
| Boskalis International B.V. | Papendrecht | The Netherlands | **100%** | 100% |
| Boskalis Nederland B.V. | Rotterdam | The Netherlands | **100%** | 100% |
| Boskalis Westminster International B.V. | Papendrecht | The Netherlands | **100%** | 100% |
| Boskalis Westminster Shipping B.V. | Papendrecht | The Netherlands | **100%** | 100% |
| BW Marine B.V. | Papendrecht | The Netherlands | **100%** | 100% |
| BW Soco B.V. | Sliedrecht | The Netherlands | **100%** | 100% |
| Hydronamic B.V. | Sliedrecht | The Netherlands | **100%** | 100% |
| Boskalis Dolman B.V. | Dordrecht | The Netherlands | **100%** | 100% |
| Boskalis Transport B.V. | Rotterdam | The Netherlands | **100%** | 100% |
| Cofra B.V. | Amsterdam | The Netherlands | **100%** | 100% |
| Aannemingsbedrijf De Jong & Zoon Beesd B.V. | Beesd | The Netherlands | **-** | 100% |
| Zuurmond Groen B.V. | Acquoy | The Netherlands | **-** | 100% |
| Aannemingsmaatschappij Markus B.V. | Halfweg | The Netherlands | **100%** | 100% |
| Zinkcon Dekker B.V. | Papendrecht | The Netherlands | **100%** | 100% |

| COMPANY | CITY OF INCORPORATION | COUNTRY OF INCORPORATION | 2015 | 2014 |
|---|---|---|---|---|
| Wassenaar Recreatie Hedel B.V. | Hedel | The Netherlands | **100%** | 100% |
| Zandwinningsbedrijf Ahoy B.V. | Rotterdam | The Netherlands | **100%** | 100% |
| G. Markus & Zonen B.V. | Halfweg | The Netherlands | **100%** | 100% |
| Boskalis Dolman Mineraal Recycling B.V. | Rotterdam | The Netherlands | **100%** | 100% |
| Boskalis Secundaire Grondstoffen B.V. | Rotterdam | The Netherlands | **100%** | 100% |
| MNO Vervat B.V. | Nieuw-Vennep | The Netherlands | **100%** | 100% |
| Boskalis Nederland Infra B.V. | Rotterdam | The Netherlands | **100%** | 100% |
| MNO Grond- Weg- en Waterbouw B.V. | Rotterdam | The Netherlands | **100%** | 100% |
| J. van Vliet B.V. | Wormerveer | The Netherlands | **100%** | 100% |
| Heinrich Hirdes GmbH | Bremen | Germany | **100%** | 100% |
| Heinrich Hirdes EOD Services GmbH | Hamburg | Germany | **100%** | 100% |
| Heinrich Hirdes Kampfmittelräumung GmbH | Duisburg | Germany | **100%** | 100% |
| Rock Fall Company Limited | Fareham | United Kingdom | **100%** | 100% |
| Boskalis Westminster Limited | Fareham | United Kingdom | **100%** | 100% |
| Cofra Limited | Fareham | United Kingdom | **100%** | 100% |
| Westminster Dredging (Overseas) Limited | Fareham | United Kingdom | **100%** | 100% |
| Westminster Gravels Limited | Fareham | United Kingdom | **100%** | 100% |
| Irish Dredging Company Limited | Cork | Ireland | **100%** | 100% |
| Atlantique Dragage SARL | Nanterre | France | **100%** | 100% |
| Sociedad Española de Dragados S.A. | Madrid | Spain | **100%** | 100% |
| Dragapor-Dragagens de Portugal SA | Alcochete | Portugal | **-** | 100% |
| Boskalis Italia S.r.l. Unipersonale | Rome | Italy | **100%** | 100% |
| Terramare Oy | Helsinki | Finland | **100%** | 100% |
| Boskalis Sweden AB | Goteborg | Sweden | **100%** | 100% |
| Boskalis Polska Sp. Zo.o | Szczecin | Poland | **100%** | 100% |
| Terramare Eesti OÜ | Tallinn | Estonia | **100%** | 100% |
| Limited Liability Company "Boskalis" | St. Petersburg | Russian Federation | **100%** | 100% |
| Boskalis Westminster Middle East Limited | Nicosia | Cyprus | **100%** | 100% |
| BW Marine (Cyprus) Limited | Nicosia | Cyprus | **100%** | 100% |
| Boskalis do Brasil Dragagem e Serviços Maritímos Ltda | Rio de Janeiro | Brazil | **100%** | 100% |
| Stuyvesant Projects Realization, Inc. | Wilmington | United States of America | **100%** | 100% |
| Boskalis Westminster LLC. | Wilmington | United States of America | **-** | 100% |
| Stuyvesant Envirionmental Contracting, LLC | Wilmington | United States of America | **100%** | 100% |
| Boskalis Canada Dredging & Marine Service Ltd | Vancouver | Canada | **100%** | 100% |
| Dragamex S.A. de CV | Coatzacoalcos | Mexico | **100%** | 100% |
| Boskalis Panama S.A. | Ancon | Panama | **100%** | 100% |
| Boskalis Guyana Inc. | Georgetown | Guyana | **100%** | 100% |
| Boskalis International Uruguay S.A. | Montevideo | Uruguay | **100%** | 100% |
| Dravensa C.A. | Caracas | Venezuela | **100%** | 100% |
| Nigerian Westminster Dredging and Marine Limited | Lagos | Nigeria | **60%** | 60% |
| BKI Gabon S.A. | Libreville | Gabon | **100%** | 100% |
| Boskalis International Maledives Private Limited | Male | Maledives | **100%** | 100% |
| Boskalis Mozambique Lda | Maputo | Mozambique | **100%** | 100% |
| Boskalis Westminster Oman LLC * | Muscat | Oman | **49%** | 49% |
| Boskalis Westminster Al Rushaid Co Ltd. * | Al Khobar | Saoudi Arabia | **49%** | 49% |
| Boskalis Australia Pty Ltd | Perth | Australia | **100%** | 100% |
| Boskalis Perth Pty Ltd | Perth | Australia | **100%** | 100% |
| Boskalis International (S) Pte Ltd | Singapore | Singapore | **100%** | 100% |
| Zinkcon Marine Singapore Pte. Ltd. | Singapore | Singapore | **100%** | 100% |
| Koon Zinkcon Pte Ltd * | Singapore | Singapore | **50%** | 50% |
| P.T. Boskalis International Indonesia | Jakarta | Indonesia | **100%** | 100% |
| Boskalis Smit India LLP | Mumbai | India | **100%** | 100% |
| Beijing Boskalis Dredging Technology Co Ltd. | Beijing | China | **100%** | 100% |
| Boskalis Taiwan Limited | Taipei | Taiwan | **100%** | 100% |

**OFFSHORE ENERGY**

| | | | | |
|---|---|---|---|---|
| Boskalis Holding I (dollar) B.V. | Papendrecht | The Netherlands | **100%** | 100% |
| Boskalis Holding II (dollar) B.V. | Papendrecht | The Netherlands | **100%** | 100% |
| Boskalis Offshore Subsea Contracting B.V. | Papendrecht | The Netherlands | **100%** | 100% |
| Boskalis Offshore Subsea Services (Europe) B.V. | Papendrecht | The Netherlands | **100%** | 100% |
| Boskalis Offshore Marine Services B.V. | Rotterdam | The Netherlands | **100%** | 100% |
| Boskalis Offshore Marine Contracting B.V. | Rotterdam | The Netherlands | **100%** | 100% |
| Boskalis Offshore Contracting B.V. | Papendrecht | The Netherlands | **100%** | - |
| Boskalis Offshore Holding B.V. | Papendrecht | The Netherlands | **100%** | - |
| Dockwise B.V. | Breda | The Netherlands | **100%** | 100% |
| Dockwise Transport N.V. | Curacao | Netherlands Antilles | **100%** | 100% |

| COMPANY | CITY OF INCORPORATION | COUNTRY OF INCORPORATION | 2015 | 2014 |
|---|---|---|---|---|
| Dockwise Shipping B.V. | Breda | The Netherlands | **100%** | 100% |
| Dockwise Transporter B.V. | Breda | The Netherlands | **100%** | 100% |
| Dockwise Vanguard B.V. | Breda | The Netherlands | **100%** | 100% |
| Fairstar Heavy Transport N.V. | Rotterdam | The Netherlands | **100%** | 100% |
| Fairstar Finesse B.V. | Rotterdam | The Netherlands | **100%** | 100% |
| Fairstar Fjell B.V. | Rotterdam | The Netherlands | **100%** | 100% |
| Fairstar Fjord B.V. | Rotterdam | The Netherlands | **100%** | 100% |
| Fairstar Forte B.V. | Rotterdam | The Netherlands | **100%** | 100% |
| Target B.V. | Breda | The Netherlands | **100%** | 100% |
| Talisman B.V. | Breda | The Netherlands | **100%** | 100% |
| Treasure B.V. | Breda | The Netherlands | **100%** | 100% |
| Triumph B.V. | Breda | The Netherlands | **100%** | 100% |
| Trustee B.V. | Breda | The Netherlands | **100%** | 100% |
| White Marlin B.V. | Papendrecht | The Netherlands | **100%** | - |
| Boskalis Offshore Fleet Management B.V. | Papendrecht | The Netherlands | **100%** | 100% |
| Fairmount Marine B.V. | Rotterdam | The Netherlands | **100%** | 100% |
| Fairmount Ocean Towage Company B.V. | Rotterdam | The Netherlands | **100%** | 100% |
| Fairmount Glacier B.V. | Rotterdam | The Netherlands | **100%** | 100% |
| Fairmount Expedition B.V. | Rotterdam | The Netherlands | **100%** | 100% |
| Fairmount Alpine B.V. | Rotterdam | The Netherlands | **100%** | 100% |
| Fairmount Sherpa B.V. | Rotterdam | The Netherlands | **100%** | 100% |
| Fairmount Summit B.V. | Rotterdam | The Netherlands | **100%** | 100% |
| Boskalis Offshore Transport Services N.V. | Antwerp | Belgium | **100%** | 100% |
| Unie van Redding- en Sleepdienst België N.V. | Antwerp | Belgium | **100%** | 100% |
| Unie van Redding- en Sleepdienst N.V. | Antwerp | Belgium | **100%** | 100% |
| Boskalis Offshore Marine Services N.V. | Antwerp | Belgium | **100%** | 100% |
| Dredging & Contracting Belgium N.V. | Overijse | Belgium | **100%** | 100% |
| Boskalis Germany Offshore GmbH | Hamburg | Germany | **100%** | - |
| Boskalis Offshore AS | Randaberg | Norway | **100%** | 100% |
| Boskalis Offshore Subsea Contracting Azerbaijan LLC | Baku | Azerbaijan | **100%** | 100% |
| Smit Amandla Marine (Pty) Ltd. | Capetown | South Africa | **70%** | 70% |
| Smit Marine South Africa (Pty) Ltd. | Capetown | South Africa | **100%** | 100% |
| Boskalis Offshore Subsea Services (Middle East) L.L.C.* | Dubai | United Arab Emirates | **49%** | 49% |
| Boskalis Offshore Subsea Services (Australia) Pty Ltd | Chatswood | Australia | **100%** | 100% |
| Smit Shipping Singapore Pte. Ltd. | Singapore | Singapore | **100%** | 100% |
| Smit Singapore Pte. Ltd. | Singapore | Singapore | **100%** | 100% |
| Smit Holding Singapore Pte. Ltd. | Singapore | Singapore | **100%** | 100% |
| Smit Tak Heavy Lift (S) Pte. Ltd. | Singapore | Singapore | **100%** | 100% |

**TOWAGE & SALVAGE**

| | | | | |
|---|---|---|---|---|
| SMIT Harbour Towage Rotterdam B.V. | Rotterdam | The Netherlands | **100%** | 100% |
| Rotterdam Tug B.V. | Rotterdam | The Netherlands | **100%** | 100% |
| SMIT Salvage B.V. | Papendrecht | The Netherlands | **100%** | 100% |
| Smit Towage Brasil B.V. | Papendrecht | The Netherlands | **100%** | 100% |
| Smit Towage Mexico B.V. | Papendrecht | The Netherlands | **100%** | 100% |
| Smit Towage Europe B.V. | Papendrecht | The Netherlands | **100%** | - |
| Smit Towage Holding B.V. | Papendrecht | The Netherlands | **100%** | 100% |
| SMIT Harbour Towage Belgium NV | Antwerp | Belgium | **100%** | - |
| Smit Harbour Towage (UK) Limited | Fareham | United Kingdom | **100%** | 100% |

**HOLDING & ELIMINATIONS**

| | | | | |
|---|---|---|---|---|
| Boskalis Holding B.V. | Papendrecht | The Netherlands | **100%** | 100% |
| Boskalis Finance B.V. | Papendrecht | The Netherlands | **100%** | 100% |
| Baggermaatschappij Boskalis B.V. | Papendrecht | The Netherlands | **100%** | 100% |
| Boskalis Marine Infrastructure Investments B.V. | Papendrecht | The Netherlands | **100%** | 100% |
| Boskalis Westminster Dredging B.V. | Papendrecht | The Netherlands | **100%** | 100% |
| Smit Internationale Beheer B.V. | Rotterdam | The Netherlands | **100%** | 100% |
| Smit Internationale N.V. | Papendrecht | The Netherlands | **100%** | 100% |
| Smit Nederland B.V. | Rotterdam | The Netherlands | **100%** | 100% |
| Smit Internationale Overseas B.V. | Rotterdam | The Netherlands | **100%** | 100% |
| Smit Vessel Management Services B.V. | Rotterdam | The Netherlands | **100%** | 100% |
| Boskalis Germany Holding GmbH | Hamburg | Germany | **100%** | - |

| COMPANY | CITY OF INCORPORATION | COUNTRY OF INCORPORATION | 2015 | 2014 |
|---|---|---|---|---|
| UAB "Boskalis Baltic" | Klaipeda | Lithuania | **100%** | 100% |
| Boskalis Westminster Dredging Limited | Nicosia | Cyprus | **100%** | 100% |
| B.K.W. Dredging & Contracting Limited | Nicosia | Cyprus | **100%** | 100% |

* The Group holds a legal stake of 50% or less in these entities, but has the majority of the voting power. As a consequence, the Group consolidates these subsidiaries in accordance with the principles of financial reporting set out in paragraph 3.

**OTHER RELATED PARTIES**

*Strategic partnerships*
The main important active joint ventures and associated companies are mentioned in note 16.

*Pension funds that are classified as funded defined pension schemes in accordance with IAS 19*
For information on pension funds that are classified as funded defined benefit pension plans in accordance with IAS 19, reference is made to note 24.1. There were no further material transactions with these pension funds.

*Members of the Board of Management and members of the Supervisory Board*
The only key management officers qualifying as related parties are the members of the Board of Management and the members of the Supervisory Board.

**29.2 RELATED PARTY TRANSACTIONS**

*Strategic partnerships*
Transactions with joint ventures and associated companies as part of regular business take place under normal business conditions on an at arms lengths basis. In 2015 these transactions regarding sales and purchases amounted to EUR 27.6 million and EUR 4.2 million respectively (2014: EUR 33.7 million and EUR 8.5 million respectively). At year-end 2015, amounts receivable from and amounts payable to joint ventures and associated companies were EUR 17.2 million and EUR 24.9 million respectively (2014: EUR 18.5 million and EUR 75.2 million respectively). Of the amounts payable EUR 18.6 million (2014: nil) is accounted for as part of other interest-bearing borrowings.

*Members of the Board of Management and members of the Supervisory Board*
The remuneration for (former) members of the Board of Management and Supervisory Board of the company in 2015 and 2014 were as follows:

| | ANNUAL SALARIES AND REMUNERATION | EMPLOYER'S PENSION CONTRIBUTIONS | SHORT- AND LONGTERM VARIABLE REMUNERATION PAID | OTHER REIMBURSE-MENTS | TOTAL | 2014 |
|---|---|---|---|---|---|---|
| **Members of the Board of Management** | | | | | | |
| dr. P.A.M. Berdowski | **770** | **195** | **1,316** | **29** | **2,310** | 1,977 |
| T.L. Baartmans | **557** | **127** | **856** | **30** | **1,570** | 1,334 |
| A. Goedée (from 8 May 2013 to 13 May 2014) | **-** | **-** | **-** | **-** | **-** | 553 |
| J.H. Kamps | **557** | **140** | **856** | **30** | **1,583** | 1,363 |
| F.A. Verhoeven | **557** | **163** | **856** | **22** | **1,598** | 1,027 |
| | **2,441** | **625** | **3,884** | **111** | **7,061** | 6,254 |
| **Members of the Supervisory Board** | | | | | | |
| J.M. Hessels | **70** | | | **2** | **72** | 72 |
| H.J. Hazewinkel | **45** | | | **2** | **47** | 47 |
| M.P. Kramer (up to and including 12 may 2015) | **18** | | | **1** | **19** | 52 |
| M. Niggebrugge | **58** | | | **2** | **60** | 57 |
| J. van der Veer (from 12 May 2015) | **31** | | | **2** | **33** | - |
| J. N. van Wiechen | **53** | | | **2** | **55** | 54 |
| C. van Woudenberg | **55** | | | **2** | **57** | 58 |
| | **330** | | | **13** | **343** | 340 |
| **Total 2015** | **2,771** | **625** | **3,884** | **124** | **7,404** | |
| Total 2014 | 2,869 | 654 | 2,953 | 118 | | 6,594 |

The variable remuneration paid in 2015 is related to the achievement of certain targets during the 2014 financial year (short-term variable remuneration: EUR 1,611 thousand) and the achievement of certain targets during the 2012 - 2014 period (long-term variable remuneration: EUR 2,273 thousand). The expenses on executive remuneration in 2015 differ from the abovementioned remuneration with regard to, in particular, pensions and variable remunerations. As part of the pensions is included the salary compensation for pensions exceeding EUR 100 thousand, as well as the paid pension premiums (EUR 21 thousand per person). In the financial statements is, in addition to the aforementioned salary compensation, also accounted for as an expense, the actuarially determined service costs. The long-term variable remuneration includes the actual amounts paid in 2015 regarding 2012-2014. The expenses recognized in the financial statements take into account the expenses arising from the 2015 long-term incentive plan as disclosed below. The pension expenses and short and long term variable remuneration regarding the members of the Board of Management amounts to EUR 1,036 thousand (2014: EUR 575  thousand) and EUR 2,638 thousands (2014: EUR 3,880 thousand). The total of the expense for the Members of the Board of Management thus amounts to EUR 6,226 thousand (2014: EUR 7,102 thousand).

*Long-term incentive plan*
The members of the Board of Management participate in long-term (three years) incentive plans which consist of a part that is based on the development of the share price of the ordinary shares of Boskalis and for a part that depends on the realization of certain objectives, as defined by the Supervisory Board, which are derived from the strategic agenda and in accordance with the objectives of Boskalis for the underlying periods.

*Multi-year summary of variable remunerations*

With regard to the years 2013, 2014 and 2015 the following variable remunerations were granted to the members of the Board of Management:

| | Year of payment | | |
|---|---|---|---|
| | **2016** | 2015 | 2014 |
| dr. P.A.M. Berdowski | **1,190** | 1,316 | 1,018 |
| T.L. Baartmans | **775** | 856 | 634 |
| J.H. Kamps | **736** | 856 | 662 |
| F.A. Verhoeven | **775** | 856 | 331 |
| Total | **3,476** | 3,884 | 2,645 |

*Balance sheet position*

As at 31 December 2015 the Group has recognized a liability in the balance sheet item Trade and other payables amounted EUR 3.4 million (2014: EUR 4.6 million) related to the long term incentive plans for the periods 2013-2015, 2014-2016 and 2015-2017.

### 29.3 JOINT OPERATIONS

The Group has activities in the operational segments Dredging & Inland Infra and Offshore Energy through joint operations, which are no related parties by definition of IFRS. Legally these joint operations comprise project driven construction consortiums. Revenue of the Group is realized for an amount of EUR 727 million (2014: EUR 309 million) via joint operations. The balance sheet of the Group holds for EUR 550 million (2014: EUR 432 million) current assets, including cash and cash equivalents (refer to note 21) and an amount of EUR 492 million (2014: EUR 382 million) current liabilities that have been included on a pro rata basis in accordance with share of the Group in these joint operations. (Temporary) surpluses respectively shortages in the financing of the joint operation are withdrawn by respectively financed by the partners in the joint operation. At year-end 2015, Group companies owe joint operations an amount of EUR 189.8 million (2014: EUR 280.1 million) and hold EUR 23.6 million (2014: EUR 45.5 million) receivable from joint operations. Similar as for contracts of Group companies, guarantees are provided also for contracts of joint operations by the Group or one of its Group companies. The guarantee commitments regarding joint operations are disclosed in note 28 as part of the guarantee commitments regarding contracts and join ventures. Group companies are jointly and severally liable for the non-consolidated part of the liabilities of their joint operations which are disclosed in note 28. Most often counter to these provided guarantees are comparable receivables from the clients of the joint operations, reducing the exposure for the Group.

The major joint operations (project driven construction consortiums) in which the Group is involved are shown below:

| ENTITY | COUNTRY OF INCORPORATION | 2015 | 2014 |
|---|---|---|---|
| **DREDGING & INLAND INFRA** | | | |
| SAAone EPCM bouwcombinatie V.O.F. | The Netherlands | **30%** | 30% |
| SAAone GWW V.O.F. | The Netherlands | **50%** | 50% |
| Projectorganisatie Uitbreiding Maasvlakte (PUMA) | The Netherlands | **50%** | 50% |
| Combinatie BadhoeverBogen V.O.F. | The Netherlands | **20%** | 20% |
| A4ALL V.O.F. | The Netherlands | **10%** | 10% |
| MSB Grind & Zand V.O.F | The Netherlands | **33%** | 33% |
| BPL Wegen | The Netherlands | **50%** | 50% |
| BPL Beton | The Netherlands | **50%** | 50% |
| ZSNH Combinatie Van Oord/Boskalis V.O.F. | The Netherlands | **50%** | 50% |
| Combinatie Regenboog V.O.F. | The Netherlands | **38%** | 38% |
| C.V. Projectbureau Grensmaas | The Netherlands | **17%** | 17% |
| Unie van Marken V.O.F. | The Netherlands | **70%** | - |
| Combinatie IJsselweide | The Netherlands | **50%** | 50% |
| Combinatie Isala Delta | The Netherlands | **50%** | 50% |
| Kribverlaging Waal fase 3 | The Netherlands | **50%** | 50% |
| Combinatie Wilhelminakanaal | The Netherlands | **33%** | 33% |
| Combinatie BaggerIJ | The Netherlands | **50%** | - |
| Boskalis Van Oord Pluit City JV V.O.F. | The Netherlands | **50%** | - |
| NMDC-Boskalis-Van Oord-Jan de Nul Consortium for Suez Canal Project | Egypt | **25%** | 25% |

| ENTITY | COUNTRY OF INCORPORATION | 2015 | 2014 |
|---|---|---|---|
| Ras Laffan Port Extension | Qatar | **50%** | 50% |
| Penta-Ocean Koon DI Boskalis Ham JV (Jurong 4) | Singapore | **17%** | 17% |
| Boskalis Jan de Nul - Dragagens E Afins LDA | Angola | **50%** | 50% |
| Boscampo | Cameroon | **50%** | 50% |
| Bahia Blanca | Argentina | **50%** | 50% |
| Quequen | Argentina | **50%** | 50% |
| **OFFSHORE ENERGY** | | | |
| Boskalis Offshore AS - Tideway v.o.f. | The Netherlands | **50%** | 50% |
| Tideway-Boskalis JV | The Netherlands | **50%** | 50% |
| Offshore Windforce V.O.F. | The Netherlands | **50%** | 50% |
| Offshore Windforce WIK | The Netherlands | **50%** | - |
| Offshore Windforce VM | The Netherlands | **50%** | - |
| Thames JV | The Netherlands | **50%** | - |
| Vulcan & Viking JV | The Netherlands | **50%** | - |

## 30. SUBSEQUENT EVENTS

**SMIT AMANDLA MARINE**

In the second half of February 2016 Boskalis has signed an agreement for the sale of its 70% stake in SMIT Amandla Marine. With effect from 2016, the related assets and liabilities of SMIT Amandla Marine will be classified as held of sale and as from that moment no depreciation and amortization will be accounted for. Total assets of SMIT Amandla Marine amount to EUR 36 million as at year-end. 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, including due diligence.

**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 the 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 is to close this transaction in the second quarter 2016 subject to the satisfaction of customary conditions.

# COMPANY INCOME STATEMENT

| (in thousands of EUR) | Note | 2015 | 2014 |
|---|---|---|---|
| Result of group companies | [3] | **440,178** | 490,290 |
| Other results, after taxation | | **-** | - |
| **NET PROFIT** | | **440,178** | 490,290 |

# COMPANY BALANCE SHEET BEFORE PROFIT APPROPRIATION

| | | 31 DECEMBER | |
|---|---|---|---|
| (in thousands of EUR) | Note | 2015 | 2014 |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Investments in group companies | [3] | **3,708,614** | 3,148,676 |
| | | **3,708,614** | 3,148,676 |
| **Current assets** | | | |
| Amounts due from group companies | | **5,699** | 3,261 |
| | | **5,699** | 3,261 |
| Total assets | | **3,714,313** | 3,151,937 |
| **EQUITY AND LIABILITIES** | | | |
| **Shareholders' equity** | | | |
| Issued capital | [4] | **100,501** | 98,350 |
| Share premium | [4] | **535,807** | 537,245 |
| Other legal reserve | [5] | **320,889** | 340,189 |
| Hedging reserve | [5] | **- 15,207** | - 19,039 |
| Revaluation reserve | [5] | **45,619** | 45,619 |
| Currency translation reserve | [5] | **314,683** | 141,276 |
| Actuarial reserve | [5] | **- 44,209** | - 85,301 |
| Retained earnings | [5] | **2,016,052** | 1,603,308 |
| Profit for the year | [6] | **440,178** | 490,290 |
| | | **3,714,313** | 3,151,937 |
| Total equity and liabilities | | **3,714,313** | 3,151,937 |

# STATEMENT OF CHANGES IN SHAREHOLDERS

| (in thousands of EUR) | Note | Balance as at 1 January 2015 | Repurchase own ordinary shares | Cash dividends | Stock dividends | Addition to retained earnings | Other movements | Total recognized income and expenses | Balance as at 31 December 2015 |
|---|---|---|---|---|---|---|---|---|---|
| Issued capital | [4] | 98,350 | | | 2,151 | | | | 100,501 |
| Share premium | [4] | 537,245 | | | - 1,438 | | | | 535,807 |
| | | 635,595 | | | 713 | | | | 636,308 |
| Other legal reserve | [5] | 340,189 | | | | - | - 19,300 | - | 320,889 |
| Hedging reserve | [5] | - 19,039 | | | | - | - | 3,832 | - 15,207 |
| Revaluation reserve | [5] | 45,619 | | | | - | - | - | 45,619 |
| Currency translation reserve | [5] | 141,276 | | | | - | - | 173,407 | 314,683 |
| Actuarial reserve | [5] | - 85,301 | | | | - | - | 41,092 | - 44,209 |
| Total other reserves | [5] | 1,603,308 | - | | | 442,015 | 19,300 | - 48,571 | 2,016,052 |
| | | 2,026,052 | - | | | 442,015 | - | 169,760 | 2,637,827 |
| Profit appropriation 2014 | | 490,290 | | - 47,562 | - 713 | - 442,015 | | | - |
| Net profit 2015 | | | | | | | | 440,178 | 440,178 |
| Profit for the year | [6] | 490,290 | | - 47,562 | - 713 | - 442,015 | | 440,178 | 440,178 |
| Shareholders' equity | | 3,151,937 | - | - 47,562 | - | - | - | 609,938 | 3,714,313 |

| (in thousands of EUR) | Note | Balance as at1 January 2014 | Repurchase own ordinary shares | Cash dividends | Stock dividends | Addition to retained earnings | Other movements | Total recognized income and expenses | Balance as at 31 December 2014 |
|---|---|---|---|---|---|---|---|---|---|
| Issued capital | [4] | 96,212 | | | 2,138 | | | | 98,350 |
| Share premium | [4] | 538,407 | | | - 1,162 | | | | 537,245 |
| | | 634,619 | | | 976 | | | | 635,595 |
| Other legal reserve | [5] | 305,500 | | | | - | 34,689 | - | 340,189 |
| Hedging reserve | [5] | - 22,598 | | | | - | - | 3,559 | - 19,039 |
| Revaluation reserve | [5] | 43,150 | | | | - | 2,469 | - | 45,619 |
| Currency translation reserve | [5] | - 61,106 | | | | - | - | 202,382 | 141,276 |
| Actuarial reserve | [5] | - 32,031 | | | | - | - | - 53,270 | - 85,301 |
| Total other reserves | [5] | 1,292,012 | - 27,724 | | | 327,607 | - 37,158 | 48,571 | 1,603,308 |
| | | 1,524,927 | - 27,724 | | | 327,607 | - | 201,242 | 2,026,052 |
| Profit appropriation 2013 | | 365,691 | | - 37,108 | - 976 | - 327,607 | | | |
| Net profit 2014 | | | | | | | | 490,290 | 490,290 |
| Profit for the year | [6] | 365,691 | | - 37,108 | - 976 | - 327,607 | | 490,290 | 490,290 |
| Shareholders' equity | | 2,525,237 | - 27,724 | - 37,108 | - | - | - | 691,532 | 3,151,937 |

# EXPLANATORY NOTES TO THE COMPANY FINANCIAL STATEMENTS

## 1. GENERAL

The Company Financial statements are part of the Financial statements 2015 of Royal Boskalis Westminster N.V. (the 'Company').

## 2. PRINCIPLES OF FINANCIAL REPORTING

### 2.1 ACCOUNTING POLICIES

The company financial statements have been drawn up using the reporting standards applied for drawing up the consolidated financial statements, in accordance with Section 362(8), Part 9 of Book 2 of the Dutch Civil Code except for the investment in its subsidiary. Based on Section 362(1), Part 9 of Book 2 of the Dutch Civil Code, the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. These accounting principles are disclosed in note 3 of the consolidated financial statements, unless stated otherwise below.

### 2.2 FORMAT

Unless stated otherwise, all amounts in these explanatory notes are stated in thousands of euros. The company balance sheet is drawn up before profit appropriation. The company income statement is limited in accordance with Section 402, Part 9 of Book 2 of the Netherlands Civil Code.

### 2.3 INVESTMENTS IN GROUP COMPANIES

Investments in Group companies are accounted for using the accounting policies for assets, liabilities, provisions and profit and loss, as described in the principles of financial reporting as applied in the consolidated financial statements of Royal Boskalis Westminster N.V..

### 2.4 AMOUNTS DUE FROM GROUP COMPANIES

Amounts due from Group companies are stated initially at fair value and subsequently at amortized cost using the effective interest rate less impairments.

### 2.5 AMOUNTS DUE TO GROUP COMPANIES

Amounts due to Group companies are recognized initially at fair value and subsequently at amortized cost using the effective interest rate.

### 2.6 RESULT OF GROUP COMPANY

The result of Group company consists of the share of the Company in the result after taxation of this Group company. Results on transactions, where the transfer of assets between the Company and its Group companies and mutually between Group companies themselves are incorporated as far as they can be deemed to be realized as a transaction with third parties and joint venture partners.

## 3. INVESTMENTS IN GROUP COMPANIES

Investments in Group companies consists solely of the 100% investment in Boskalis Westminster Dredging B.V., Papendrecht. The movements in this investment are shown below:

| | **2015** | 2014 |
|---|---|---|
| Balance as at 1 January | **3,148,676** | 2,527,144 |
| Dividends received | **- 50,000** | - 70,000 |
| Profit for the year | **440,178** | 490,290 |
| Movements directly recognized in equity of group company | **169,760** | 201,242 |
| Balance as at 31 December | **3,708,614** | 3,148,676 |

Reference is made to the notes 16 and 29.1 of the consolidated financial statements 2015 for an overview of the most important direct and indirect Group companies.

## 4. ISSUED CAPITAL AND OPTIONAL DIVIDEND

The authorized share capital of EUR 240 million is divided into 150,000,000 ordinary shares with a par value of EUR 0.80 each and 50,000,000 cumulative protective preference shares with a par value of EUR 2.40 each.

In 2015 a dividend was distributed relating to financial year 2014 for an amount of EUR 1.60 per share, for a total amount of EUR 195.7 million. Of the shareholders 76% opted for a dividend in ordinary shares. As a result the 629,123 in 2014 repurchased shares of Royal Boskalis Westminster N.V. and 2,689,242 new ordinary shares were issued in 2015. No own shares have been repurchased during 2015. In 2014 629,123 shares were repurchased for EUR 27,7 million including dividend tax.

| (in number of shares) | **2015** | 2014 |
|---|---|---|
| On issue and fully paid at 1 January | **122,937,820** | 120,265,063 |
| Stock dividend | **2,689,242** | 2,672,757 |
| **ON ISSUE AND FULLY PAID AT 31 DECEMBER** | **125,627,062** | 122,937,820 |
| Repurchased shares | **-** | - 629,123 |
| **SHARES ENTITLED TO DIVIDEND AT 31 DECEMBER** | **125,627,062** | 122,308,697 |

The issued capital as at 31 December 2015 consists of ordinary shares with a par value of EUR 0.80 each and consequently amounts to EUR 100.5 million (2014: EUR 98.4 million). Of the issued capital as at 31 December 2015, no ordinary shares were owned by Royal Boskalis Westminster N.V. (629,123 ordinary shares as at 31 December 2014). The Stichting Continuïteit KBW has received an option right to acquire cumulative protective preference shares in Royal Boskalis Westminster N.V. This option has not been exercised yet. Share premium comprises additional paid-in capital exceeding the par value of outstanding shares. Share premium is distributable free of tax.

## 5. OTHER RESERVES

With regard to the difference between the cost price and equity value of joint ventures and associated companies recognized in accordance with the equity method, a legally required reserve is recognized due to a lack of control over the distribution of profits only to the extent that these differences are not included in the accumulated currency translation differences on foreign operations. The legal reserve for non-distributed profits of group and/or associated companies amounted to EUR 320.9 million at the end of 2015 (2014: EUR 340.2 million). The legal reserve for associated companies is determined on an individual basis.

The other reserves recognized in the company balance sheet are disclosed in the notes to the consolidated financial statements (note 22.5).

## 6. PROFIT FOR THE YEAR

An amount of EUR 239.2 million will be added to the retained earnings. The proposal to the Annual General Meeting will be to appropriate the remainder, EUR 201.0 million, for a dividend payment of EUR 1.60 per ordinary share.

The dividend will be made payable in ordinary shares to be charged to the tax-exempt share premium or to be charged to the retained earnings, unless a shareholder requests payment in cash.

## 7. FINANCIAL INSTRUMENTS

*General*
Pursuant to its use of financial instruments, the Group is exposed to credit risk, liquidity risk and market risk. The notes to the consolidated financial statements provide information on the Group's exposure to each of the aforementioned risks, its objectives, principles and procedures for managing and measuring these risks, as well as group capital management. These risks, objectives, principles and procedures for managing and measuring these risks as well as capital management apply mutatis mutandis to the company financial statements of Royal Boskalis Westminster N.V.

*Fair value*
The fair value of the majority of the financial instruments presented in the balance sheet, including receivables, securities, cash and cash equivalents and current liabilities are close to the book value.

## 8. REMUNERATION OF THE MEMBERS OF THE BOARD OF MANAGEMENT AND MEMBERS OF THE SUPERVISORY BOARD

The remuneration of members of the Board of Management and members of the Supervisory Board is disclosed in the consolidated financial statements under related party transactions (note 29.2).

## 9. AUDITOR REMUNERATION

With reference to Section 382A, Part 9 of Book 2 of the Netherlands Civil Code, Ernst & Young Accountants LLP has charged the following fees to the Company, its subsidiaries and other consolidated entities:

| | **2015** | 2014 |
|---|---|---|
| Audit of the financial statements | **1,422** | 1,172 |
| Other audits | **69** | 44 |
| | **1,491** | 1,216 |

Total audit fees, including fees for auditors other than Ernst & Young Accountants LLP, related to the audit of the financial statements amount to EUR 2.2 million (2014: EUR 1.8 million).

## 10. COMMITMENTS AND CONTINGENT LIABILITIES

Royal Boskalis Westminster N.V. heads a fiscal unity. The company is therefore liable for the tax obligations of the fiscal unity as a whole.

The Company has arrangements with third parties, amongst which banks and pension funds. These arrangements are on behalf of her Group companies. Because the risks and rewards are with these Group companies, the costs are charged to these companies and the liabilities are recognized by these companies. The Company is jointly and severally liable for the fulfillment of the liabilities under aforementioned arrangements.

The company has issued guarantees on behalf of project-driven construction consortiums, and Group companies' own contracts, amounting to EUR 1.0 million as at 2015 (2014: EUR 12.5 million). In addition, certain recourse obligations exist in respect of project financing. Where deemed necessary, provisions have been made.

Some legal proceedings and investigations are ongoing with respect to entities of Royal Boskalis Westminster N.V. Where deemed necessary, provisions have been made.

Papendrecht / Sliedrecht, 8 March 2016

Supervisory Board
J.M. Hessels, chairman
H.J. Hazewinkel
M. Niggebrugge
J. van der Veer
J.N. van Wiechen
C. van Woudenberg

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

# OTHER INFORMATION

## PROVISIONS IN THE ARTICLES OF ASSOCIATION RELATING TO PROFIT APPROPRIATION

### ARTICLE 28.

1. From the profits realized in any financial year, first of all, distributions will be made on cumulative protective preference shares if possible, in the amount of the percentage specified below of the amount that has to be paid up on these shares as from the beginning of the financial year to which the distribution is related. The percentage referred to above equals the average Euribor interest rate determined for loans with a term of one year – weighted in respect of the number of days to which this interest rate applied – during the financial year to which the distribution is related, increased by four percentage points at most; this increase will be determined every five years by the Board of Management subject to the approval of the Supervisory Board. If in the financial year in respect of which the above-mentioned distribution takes place, the amount that has to be paid up on cumulative protective preference shares has been reduced or, pursuant to a resolution for further payment, has been increased, the distribution shall be reduced or, if possible, be increased by an amount equal to the above-mentioned percentage of the amount of the reduction or the increase, as the case may be, calculated from the moment of the reduction or from the moment further payment became compulsory. If in the course of any financial year cumulative protective preference shares have been issued, the dividend on those cumulative protective preference shares shall be reduced for that year in proportion to the day of issue, taking into account a part of a month as a full month.
2. If and in so far as the profit is not enough to realize the distribution referred to in paragraph 1, the deficit shall be distributed from the reserves, subject to statutory provisions.
3. If in any financial year the profit referred to in paragraph 1 is not enough to realize the distributions referred to above in this article, and furthermore no distribution or only a partial distribution from the reserves as referred to in paragraph 2 is realized, so that the deficit is not or not completely distributed, the provisions of this article and the provisions of the following paragraphs shall only apply in the following financial years after the deficit has been made up for. After application of paragraphs 1, 2 and 3, no further distribution shall take place on the cumulative protective preference shares.
4. Out of the remaining profit, an amount shall be reserved annually to the extent as shall be determined by the Board of Management under approval of the Supervisory Board. The remaining part of the profits after reservation, as referred to in the immediately preceding sentence, is at the free disposal of the General Meeting of Shareholders and in case of distribution, the holders of ordinary shares will be entitled thereto in proportion to their holding of ordinary shares.

### ARTICLE 29.

1. Dividends shall be made available for payment within thirty days of their declaration, or any sooner as the Board of Management may determine.
2. Unclaimed dividends will revert to the company after five years.
3. If the Board of Management so decides, subject to the approval of the Supervisory Board, an interim dividend shall be distributed, subject to the preference of the cumulative protective preference shares and the provisions of Article 2:105 of the Dutch Civil Code.
4. The General Meeting of Shareholders may decide, on the proposal of the Board of Management, that dividends will be distributed fully or partially in the form of shares in the company or depositary certificates thereof.
5. The company may only realize distributions to the shareholder to the extent that its equity capital exceeds the amount of the subscribed capital, increased by the reserves that have to be maintained by law or by the articles of association.
6. A deficit may only be offset against reserves that have to be maintained by law to the extent that this is permitted by the law.

### PROPOSED PROFIT APPROPRIATION

An amount of EUR 239.2 million will be added to the retained earnings. The proposal to the Annual General Meeting will be to appropriate the remainder, EUR 201.0 million, for a dividend payment of EUR 1.60 per share.

The dividend will be made payable in ordinary shares to be charged to the tax-exempt share premium or to be charged to the retained earnings, unless a shareholder expressly requests payment in cash.

# INDEPENDENT AUDITOR'S REPORT

To: the shareholders and the Supervisory Board of Royal Boskalis Westminster N.V.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2015

### OUR OPINION

We have audited the financial statements 2015 of Royal Boskalis Westminster N.V. (also referred to as "the company"), Sliedrecht, the Netherlands. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:
- The consolidated financial statements give a true and fair view of the financial position of Royal Boskalis Westminster N.V. as at 31 December 2015, its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The company financial statements give a true and fair view of the financial position of Royal Boskalis Westminster N.V. as at 31 December 2015 and its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:
- The consolidated balance sheet as at 31 December 2015;
- The following statements for 2015: the consolidated income statement, the consolidated statement of recognized and unrecognized income and expenses, the consolidated statement of changes in the equity and the consolidated statement of cash flows for the year then ended;
- The notes comprising a summary of accounting policies applied and other explanatory information.

The company financial statements comprise:
- The company balance sheet as at 31 December 2015;
- The company income statement for 2015; and
- The notes comprising a summary of accounting policies applied and other explanatory information.

### BASIS FOR OUR OPINION

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in *Our responsibilities for the audit of the financial statements* section of our report.

We are independent of Royal Boskalis Westminster N.V. in accordance with the Auditor Independence Regulation for Assurance Engagements (*Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten*, "ViO") and other independence regulations in the Netherlands. Furthermore, we have complied with the Professional Code of Ethics for Auditors Regulation (*Verordening gedrags- en beroepsregels accountants*, "VGBA").

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### MATERIALITY

| | |
|---|---|
| **MATERIALITY** | EUR 26.6 million |
| **BENCHMARK USED** | Approximately 5% of the profit before taxation |
| **ADDITIONAL EXPLANATION** | Based on our professional judgment and taken into account the users of the financial statements |

We have also taken into account misstatements and/or possible misstatements that, in our opinion, are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that unadjusted misstatements in excess of EUR 1 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

### SCOPE OF THE GROUP AUDIT

Royal Boskalis Westminster N.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of Royal Boskalis Westminster N.V.

Our group audit in particular focused on the Dredging & Inland Infra and Offshore Energy operating segments. We performed most of the audit procedures at those segments ourselves. We used the work of other auditors when auditing a number of entities which represented approximately 10% of the net turnover, including Boskalis Australia and Boskalis Westminster Middle East. Specific audit procedures were carried out for several other entities.

In all, these audit procedures represented approximately 91% of the group's profit before taxation.

By performing the procedures mentioned above at group entities, together with additional procedures carried out at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

## OUR KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| RISK | OUR AUDIT APPROACH |
| --- | --- |
| **VALUATION OF WORK IN PROGRESS (SEE NOTE 3.12 AND 19)** | |
| The project revenue recognition process, including determining the appropriate cut-off of revenues, involves significant management estimates. The valuation of work in progress is affected by subjective elements including estimated costs and projected revenue, whether or not from additional/fewer services, progress and disputes or potential disputes. This is partly prompted by the nature of the operations, which may be impacted by natural circumstances, technological complexity and the effect of the geographical spread of the projects. We therefore identified correct and complete project revenue recognition, the valuation of receivables and additional services, as well as the completeness of project-related liabilities and project provisions as significant risks. | In our audit approach, we tested the internal controls with respect to project management and the project results estimation process, as well as performing other audit procedures. These included, among other things, (substantive) procedures relating to contractual terms and conditions, revenue, costs incurred, including local representatives' fees, and disputes or potential disputes. We also performed procedures with respect to project calculations and result forecasts and management's assessment thereof. In connection with this, we discussed, both in the Netherlands and abroad (for instance with regard to the project Suez Canal), a range of financial and other risks and disputes and related estimation uncertainties with the management and project officials, assessing whether these have been adequately addressed in the financial statements. We also performed procedures with respect to the valuation of receivables and the completeness of project liabilities, as well as required disclosures of work in progress and related estimates. |
| **VALUATION FLOATING AND OTHER CONSTRUCTION EQUIPMENT (SEE NOTE 3.7 AND 15)** | |
| Property, plant and equipment includes 'floating and other construction equipment' for a total amount of EUR 2.5 billion. In addition, ships are leased on a limited scale. An annual assessment takes place of whether there are indications of impairment or an onerous contract. If that is the case, an estimate is made of the recoverable amount of the asset concerned. In making this assessment, management uses assumptions, estimating, among other things, future market and economic conditions. Impairments of approximately EUR 15 million were recognized. | In our audit approach, we reviewed the analysis of possible indications of impairment or an onerous contract and discussed it with management. We reviewed the recoverable amount calculations and reconciled them with expected cash flows as included in the forecast, or with the net realisable value from recent market information. We also discussed the forecasts for the assets concerned with management, and also reviewed the substantiation of the forecasts based on historical information, market information available, the order portfolio and/or (recently) concluded contracts. |

| RISK | OUR AUDIT APPROACH |
| --- | --- |
| **ACCOUNTING FOR INTEREST IN FUGRO (SEE NOTE 3.2.3 AND 16)**<br>In 2014, Boskalis acquired an interest in Fugro that was valued as a financial instrument at fair value, with changes in value being taken directly to equity. In the course of 2015, the interest was increased to over 20%. On the basis of an analysis carried out by Boskalis, taking account of the anti-takeover measures in place at Fugro, it was concluded that significant influence is exercised through the shareholding, and since then the interest has therefore been accounted for on the basis of the equity method. The market value upon acquiring significant influence is considered as the initial measurement for this purpose. In addition, a purchase price allocation took place. Impairment testing takes place if there are indications for impairment of the interest, for instance in the case of a significant or prolonged decline of the quoted price below the carrying amount.<br>The interest amounted to EUR 390.4 million at year-end 2015 and is accounted for under associates. A gain of EUR 28.5 million was recognized upon acquiring significant influence, and an impairment charge of EUR 28.8 million was recognized at year-end 2015. | In our audit approach, we reviewed the analysis with regard to the time when significant influence was obtained and ascertained that the gain recorded at that time is correct. A valuation expert was used in evaluating the purchase price allocation prepared by Boskalis on the basis of the publicly available information.<br>At year-end, we reviewed the analysis of possible indications of impairment of the aggregate interest in Fugro.<br>We reviewed the analysis prepared by Boskalis and concluded that the interest needed to be written down. Lastly, we tested whether the calculated write-down is acceptable, and whether the disclosure in the financial statements with regard to the valuation of the interest in Fugro is adequate and provides sufficient insight into the valuation. |
| **VALUATION OF GOODWILL AND OTHER INTANGIBLE ASSETS (SEE NOTE 3.6 AND 14)**<br>Management tests goodwill for impairment annually, and assesses with regard to other intangible assets whether a change to the useful life is applicable and/or whether there are indications of impairment. This test and assessment are largely based on management expectations and estimates of future results of the cash generating units of which the entities acquired in the past form part. | In our audit approach, we used a valuation expert in evaluating the valuation models and parameters used by management.<br>We devoted specific attention to forecasts used with respect to future revenue and result. In addition, we performed procedures relating to the disclosures on impairment testing included in the financial statements, looking specifically at the disclosure of assumptions that have the most significant effect on the determination of the recoverable amount of goodwill. In connection with this, we verified whether these disclosures are adequate and provide sufficient insight into the disclosed assumptions and sensitivities of the assumptions underlying the valuation. |
| **UNCERTAIN TAX POSITIONS (SEE NOTE 3.28 AND 11)**<br>Boskalis operates in a range of jurisdictions subject to different tax regimes. The cross-border operations may result in estimation differences or disputes with national tax authorities. If management considers it likely that such disputes will lead to an outflow of resources, accruals have been formed accordingly. | In our audit approach, we tested the acceptability of the accruals formed in this estimation process. In doing so, we engaged the services of tax specialists, reviewing the assumptions underlying the estimates and discussing them with management in the light of local tax rules and regulations. In connection with this, we also devoted attention to the substantiation of the estimated probability of the positions taken and details provided thereon by management. |

## RESPONSIBILITIES OF THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD FOR THE FINANCIAL STATEMENTS

The Board of Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Report of the Board of Management in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Management is responsible for such internal control as the Board of Management deems necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Board of Management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks referred to, the Board of Management is required to prepare the financial statements using the going concern basis of accounting, unless it either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Board of Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for oversight of the company's financial reporting process.

## OUR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our responsibility is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

We performed our audit with a high, but not absolute, level of assurance, which means that we may not have detected all errors and fraud.

Misstatements can arise from fraud or error and are considered material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We maintained professional scepticism and exercised professional judgment where relevant throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements.

Our audit included, among other things:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or overriding of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Management.
- Establishing that the Board of Management's use of the going concern basis of accounting is acceptable, and, based on the audit evidence obtained, establishing whether events and circumstances exist that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention to the related disclosures in the financial statements in our auditor's report, or, if such disclosures are inadequate, to modify our auditor's report. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or circumstances may result in the company no longer being able to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect, we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Supervisory Board with a statement confirming that we have complied with the relevant ethical requirements regarding independence. We also communicate with the Supervisory Board regarding all relationships and any other matters that may reasonably be deemed to influence our independence and any related measures to safeguard our independence.

From matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

## REPORT ON OTHER LEGAL AND STATUTORY REQUIREMENTS

**Report on the Report of the Board of Management and other information**

Pursuant to the legal requirement under Part 9 of Book 2 of the Dutch Civil Code (regarding our responsibility to report on the Report of the Board of Management and the other information):

- We have no deficiencies to report as a result of our examination as to whether the Report of the Board of Management, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.
- We report that the Report of the Board of Management, to the extent we can assess, is consistent with the financial statements.

**Engagement**

We were engaged by the Annual General Meeting of 13 May 2014 as auditor of Royal Boskalis Westminster N.V. with effect from the audit for the 2014 financial year, having served as Royal Boskalis Westminster N.V.'s external auditor since that date.

Rotterdam, 8 March 2016

Ernst & Young Accountants LLP

signed by W.T. Prins

# OTHER INFORMATION

Section of the wreck of the car carrier Baltic Ace in the port of Rotterdam, the Netherlands.

# TEN-YEAR OVERVIEW (1) (10)

| (in EUR million, unless stated otherwise) | | 2015 | 2014 (12) | 2013 (12) | 2012 (11) | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue** | | **3,240** | 3,167 | 3,144 | 3,081 | 2,801 | 2,674 | 2,175 | 2,094 | 1,869 | 1,354 |
| **Order book** | | **2,490** | 3,286 | 3,323 | 4,106 | 3,489 | 3,248 | 2,875 | 3,354 | 3,562 | 2,543 |
| **Operating result (EBIT)** | (2) | **562.8** | 652.3 | 463.4 | 335.8 | 354.1 | 401.9 | 249.3 | 339.1 | 245.5 | 150.3 |
| **EBITDA** | (3) | **884.7** | 945.9 | 757.2 | 567.1 | 590.5 | 621.5 | 444.9 | 454.6 | 348.1 | 236.8 |
| **Net profit** | | **440.2** | 490.3 | 365.7 | 249.0 | 254.3 | 310.5 | 227.9 | 249.1 | 204.4 | 116.6 |
| **Net group profit** | | **443.5** | 492.2 | 365.3 | 252.0 | 261.0 | 312.9 | 229.2 | 250.1 | 207.1 | 117.0 |
| Depreciation, amortization and impairment losses | | **321.9** | 293.5 | 293.8 | 231.3 | 236.4 | 219.6 | 195.7 | 115.4 | 102.5 | 86.6 |
| Cash flow | | **765.4** | 785.7 | 659.1 | 483.3 | 497.4 | 532.5 | 424.8 | 365.6 | 309.6 | 203.6 |
| **Shareholders' equity** | | **3,714** | 3,151.9 | 2,525.2 | 1,898.0 | 1,732.8 | 1,565.0 | 1,295.8 | 860.1 | 768.1 | 618.6 |
| Average number of outstanding shares (x 1,000) | (4) | **124,182** | 121,606 | 118,445 | 105,644 | 102,391 | 99,962 | 88,372 | 85,799 | 85,799 | 85,799 |
| Number of outstanding shares (x 1,000) | (5) | **125,627** | 122,309 | 120,265 | 107,284 | 103,472 | 100,974 | 98,651 | 85,799 | 85,799 | 85,799 |
| Personnel (headcount) | | **8,268** | 8,446 | 8,459 | 15,653 | 13,935 | 13,832 | 10,514 | 10,201 | 8,577 | 8,151 |
| **Ratios** (percentages) | | | | | | | | | | | |
| Operating result as % of the turnover | | **17.4** | 20.6 | 14.7 | 10.9 | 12.6 | 15.0 | 11.5 | 16.2 | 13.1 | 11.1 |
| Return on capital employed | (6) | **10.8** | 13.8 | 13.0 | 11.1 | 12.1 | 18.1 | 20.2 | 29.1 | 27.7 | 19.1 |
| Return on equity | (7) | **12.8** | 17.3 | 16.5 | 13.8 | 15.4 | 21.7 | 21.1 | 30.6 | 29.5 | 20.1 |
| Solvency | (8) | **56.3** | 53.4 | 47.6 | 39.2 | 37.4 | 37.1 | 46.5 | 34.0 | 35.3 | 39.4 |
| **Figures per share** (in EUR) | | | | | | | | | | | |
| Profit | (5) (9) | **3.54** | 4.03 | 3.09 | 2.36 | 2.48 | 3.11 | 2.58 | 2.90 | 2.38 | 1.36 |
| Cash flow | (5) | **6.16** | 6.46 | 5.56 | 4.59 | 4.86 | 5.33 | 4.81 | 4.26 | 3.61 | 2.37 |
| Dividend | | **1.60** | 1.60 | 1.24 | 1.24 | 1.24 | 1.24 | 1.19 | 1.19 | 1.19 | 0.68 |
| **Share price range** (in EUR) | | | | | | | | | | | |
| (Depositary receipts of) ordinary shares | | **35.70** | 33.71 | 26.92 | 23.26 | 20.67 | 23.16 | 13.25 | 15.30 | 21.06 | 14.67 |
| | | **49.21** | 47.18 | 38.58 | 34.50 | 38.46 | 36.58 | 28.45 | 42.45 | 46.25 | 25.48 |

(1) Figures taken from the respective financial statements.
(2) Operating result as reported in the consolidated income statement.
(3) Operating result before depreciation, amortization and impairment losses.
(4) Weighted average number of outstanding shares less the number of shares owned by the company.
(5) Number of outstanding ordinary shares less the number of shares owned by the company as at 31 December.
(6) Net result + interest paid on long-term loans as % of the average capital employed (shareholders' equity + long-term loans).
(7) Net result as % of the average shareholders' equity.
(8) Group equity as % of the balance sheet total (fixed assets + current assets).
(9) The dilution effect was practically nil up to and including the financial year 2015.
(10) On 21 May 2007 Royal Boskalis Westminster N.V. effected a share split on a three-for-one basis (three new shares for one old share) in order to increase the liquidity of the Boskalis share. For comparative purposes the data regarding the number of shares and figures per share of all the periods has been recalculated to the situation after the split of the ordinary Boskalis shares in 2007.
(11) Adjusted for changes in the IFRS regulations (IAS19R).
(12) As of 1 January 2014 Boskalis applies IFRS11 which impacts the way joint ventures and associated companies are recognized. The full year 2013 comparative figures have been adjusted accordingly.


NORTHERN
DIVER


The cable-laying vessel Ndurance at work off the Dutch coast near Egmond aan Zee.

# STICHTING CONTINUÏTEIT KBW

## REPORT

By decision of the General Meeting of Shareholders held on 9 May 2001 the foundation Stichting Continuïteit KBW was granted the right to acquire cumulative protective preference shares in Royal Boskalis Westminster N.V. for a nominal amount equal to the nominal amount of ordinary shares outstanding at the time of issue of the shares concerned, minus the nominal value of one ordinary share. The option of issuing such cumulative protective preference shares was not exercised during the period under review.

The Board of Stichting Continuïteit KBW consists of three members:

J.A. Dekker, chairman
J.S.T. Tiemstra
P.N. Wakkie

The articles of association of the Stichting Contuïteit KBW are to be found at www.boskalis.com/corporategovernance.

## DECLARATION OF INDEPENDENCE

The Board of Stichting Continuïteit KBW and the Board of Management of Royal Boskalis Westminster N.V. hereby declare that in their opinion Stichting Continuïteit KBW is an independent legal entity, separate from Royal Boskalis Westminster N.V., as defined in Section 5:71, first paragraph under c of the Dutch Financial Supervision Act.

Papendrecht / Sliedrecht, 8 March 2016
Royal Boskalis Westminster N.V.
Board of Management

’s-Gravenland, 8 March 2016
Stichting Continuïteit KBW
The Board

# SUPERVISION, BOARD AND MANAGEMENT

## MEMBERS OF THE SUPERVISORY BOARD

### MR. J.M. HESSELS (1942), CHAIRMAN

- date of first appointment 17 August 2011, current term ends AGM 2019
- former chairman of the Management Board of Royal Vendex KBB N.V.
- former chairman Board NYSE Euronext, Inc.
- member of the Supervisory Board Euronext N.V. and Euronext Amsterdam N.V.
- member Board General Atlantic Coöperatief U.A./non-executive member of the Board of MeteoGroup Ltd.

### MR. H.J. HAZEWINKEL (1949), DEPUTY CHAIRMAN

- date of first appointment 27 March 2010, current term ends AGM 2018
- former chairman of the Management Board of Royal Volker Wessels Stevin N.V.
- chairman of the Supervisory Board of TKH Group N.V. and SOWECO N.V.
- deputy chairman Supervisory Board of N.V. Luchthaven Schiphol
- member of the Supervisory Board Heisterkamp Beheer II B.V.
- member of the Supervisory Committee of Stichting Het Orkest van het Oosten
- non-executive partner Baese Strategy & Finance B.V.
- chairman of the Board of Stichting ING Aandelen
- member of the Board of Stichting Administratiekantoor Slagheek

### MR. M. NIGGEBRUGGE (1950)

- date of first appointment 30 August 2006, current term ends AGM 2017
- former member of the Executive Board of N.V. Nederlandse Spoorwegen
- chairman of the Supervisory Board of SPF Beheer B.V.
- member of the Supervisory Board of TBI Holdings B.V.

### MR. J. VAN DER VEER (1947)

- date of first appointment 12 May 2015, current terms ends AGM 2019
- former CEO of Royal Dutch Shell plc
- chairman of the Supervisory Board of ING Group N.V. and Royal Philips N.V.
- member of the Supervisory Board of Het Concertgebouw N.V.
- chairman of the Supervisory Committee of the Delft University of Technology

### MR. J.N. VAN WIECHEN (1972)

- date of first appointment 12 May 2011, current term ends AGM 2019
- member of the Board of HAL Holding N.V./director HAL Investments B.V.
- member of the Supervisory Board Atlas Services Group Holding B.V., InVesting B.V., N.V. Nationale Borg-Maatschappij and Orthopedie Investments Europe B.V.

### MR. C. VAN WOUDENBERG (1948)

- date of first appointment 9 May 2007, current term ends AGM 2019
- former member of the Executive Committee of Air France-KLM
- chairman of the Supervisory of Board Blauwe Oceaan B.V.
- member of the Supervisory Committee of Stichting Het Gelders Orkest

All the members of the Supervisory Board have the Dutch nationality. They do not hold shares or associated option rights in Royal Boskalis Westminster N.V.

Company secretary: Ms. F.E. Buijs (1969)

# MEMBERS OF THE BOARD OF MANAGEMENT

From left to right: T.L. Baartmans, dr. P.A.M. Berdowski, J.H. Kamps, F.A. Verhoeven

## DR. P.A.M. BERDOWSKI (1957), CHAIRMAN

- chairman of the Board of Management since 2006
- member of the Board of Management since 1997
- chairman of the Supervisory Board of Amega Holding B.V.

## MR T.L. BAARTMANS (1960)

- member of the Board of Management since 2007
- chairman of the Executive Board of the Netherlands Association of International Contractors (NABU)
- member of the Board of the International Association of Dredging Companies (IADC)
- member of the Supervisory Committee of the Stichting Prosea marine education

## MR J.H. KAMPS (1959), CHIEF FINANCIAL OFFICER

- member of the Board of Management since 2006
- member of the Supervisory Board of Sligro Food Group N.V.

## MR F.A. VERHOEVEN (1951)

- member of the Board of Management since 2012
- member of the Supervisory Board Houdstermaatschappij Dekker B.V. and Coöperatieve Rabobank Drechtsteden U.A.
- member of the Supervisory Committee Stichting Maritiem Research Instituut Nederland (Marin) and Stichting Deltares
- member of the Board Stichting Vrienden van het Nationaal Baggermuseum

All the members of the Board of Management have the Dutch nationality. They do not hold shares or associated option rights in Royal Boskalis Westminster N.V.

Company secretary: Ms. F.E. Buijs (1969)

# GROUP MANAGEMENT

| | |
|---|---|
| **dr. P.A.M. Berdowski** | chairman Board of Management |
| **T.L. Baartmans** | member Board of Management |
| **J.H. Kamps** | member Board of Management, Chief Financial Officer |
| **F.A. Verhoeven** | member Board of Management |
| **P. van der Linde** | group director |

## CORPORATE SUPPORT

| | |
|---|---|
| **Company secretary** | F.E. Buijs |
| **Treasury** | F.A.J. Rousseau |
| **IR & Corporate Communications** | M.L.D. Schuttevâer |
| **Fiscal Affairs** | R.J. Selij |
| **Legal Affairs & Insurance** | J.W.C. Berk |
| **Corporate Development** | C.A. Visser |

## CENTRAL BUSINESS SUPPORT

| | |
|---|---|
| **Personnel & Organization** | J. den Hartog |
| **Group Controlling** | J.O.B. Goslings RC |
| **ICT** | M.J. Krijger |
| **SHE-Q** | J.M. Vavier - van Vugt |
| **Research & Development** | dr. A.C. Steenbrink |
| **Central Fleet Support** | P.E. van Eerten |
| **Procurement & Logistics** | J.E. Rijnsdorp |
| **Survey** | S.J. van den Brom |

## DREDGING & INLAND INFRA

**Area Northwest Europe**
J.M.L.D. Dieteren
**Area Eastern Europe and Indian subcontinent**
M. Siebinga
**Area Middle**
S.G.M. van Bemmelen
**Area Middle East**
J.F.A. de Blaeij
**Area East**
L. Slinger
**Area West**
P. Klip
**The Netherlands**
P. van der Knaap
**Boskalis Environmental**
H.H.A.G. Wevers
**Cofra**
J.K. van Eijk

**Design, Tendering & Engineering**
B.J.H. Pröpper
**Fleet Management**
J.T. van Leeuwen
**Personnel & Organization**
L. Wijngaard

## OFFSHORE ENERGY

**Subsea Contracting**
P.G.R. Devinck
**Subsea Services**
S. Korte
**Marine Contracting and Transport & Installation**
W.B. Vogelaar, J.G.M. Meij
**Marine Services and Heavy Marine Transport**
A.C. Bikkers, H. van Raaphorst
**Logistical Management**
K.E. Lewton-Jones

**Design, Tendering & Engineering**
W.Q. Nelemans
**Fleet Management**
E.B. van Dodeweerd
**Personnel & Organization**
M. van Faassen

## TOWAGE & SALVAGE

**Towage & Salvage**
R.J.A. van Acker, T.R. Bennema

## WORKS COUNCIL

T.A. Scheurwater (chairman), D.A. van Uitert (deputy chairman), M.F. van Wijk (secretary), E.J. van den Biggelaar, R. van den Broek, D. van Eck, J.C. Elenbaas, R. Gooijer, J. van der Heijden, M.A. Koerts, S. van der Land, M. Martens, P.J. Meijer, R. Meijer, F. Pronk, J.G. Roos, M. Treffers.


Dredging work by the cutter suction dredger
Edax for the Suez Canal expansion in Egypt.

# DISCLOSURES REQUIRED BY THE DECREE ARTICLE 10 OF THE EU DIRECTIVE ON TAKEOVER BIDS

Under the Decree article 10 of the EU Directive on takeover bids companies whose securities are admitted to trading on a regulated market must disclose information in their annual reports on matters including their capital structure and the existence of any shareholders with special rights. In accordance with these requirements, Boskalis hereby makes the following disclosures:

a. For information on the capital structure of the company, the capital and the existence of various types of shares, please refer to page 96 of the notes to the consolidated financial statements in this Annual Report. For information on the rights attached to these shares, please refer to the company's Articles of Association which can be found on the company website. To summarize, the rights attached to ordinary shares comprise pre-emptive subscription rights upon the issue of ordinary shares, the entitlement to attend the General Meeting of Shareholders, and to speak and vote at that meeting, and the right to distribution of such amount of the company's profit as remains after allocation to reserves. As at December 31, 2015 the issued capital consisted exclusively of ordinary shares (partly registered and partly bearer shares). These are only issued against payment in full.

b. The company has imposed no limitations on the transfer of ordinary shares. The Articles of Association have stipulated a blocking procedure for protective preference shares. The company is not aware of any shares having been exchanged for depositary receipts.

c. For information on equity stakes in the company to which a notification requirement applies (pursuant to Sections 5:34, 5:35 and 5:43 of the Financial Supervision Act), please refer to the section 'Shareholder information' on page 17 of this Annual Report. Under the heading 'Shareholders' you can find a list of shareholders who are known to the company to have holdings of 3% or more at the stated date.

d. There are no special control rights or other rights associated with shares in the company.

e. The company does not operate a scheme granting employees rights to acquire or obtain shares in the capital of the company or any of its subsidiaries.

f. No restrictions apply to voting rights associated with the company's shares, nor are there any deadlines for exercising voting rights.

g. No agreements with shareholders exist which may result in restrictions on the transfer of shares or limitation of voting rights.

h. The rules governing the appointment and dismissal of members of the Board of Management and the Supervisory Board and amendment of the Articles of Association are stated in the company's Articles of Association. To summarize, the statutory structure regime is applicable to the company. Members of the Board of Management are appointed and dismissed by the Supervisory Board, with the proviso that the General Meeting of Shareholders must be consulted prior to the dismissal of any member of the Board of Management. Supervisory Board members are nominated by the Supervisory Board and appointed by the General Meeting of Shareholders. The Works Council has an enhanced right of recommendation for one-third of the number of Supervisory Board members. The General Meeting of Shareholders can declare a vote of no confidence in the Supervisory Board by an absolute majority of votes cast, representing at least one-third of issued capital. Such a vote of no confidence shall result in the immediate dismissal of the Supervisory Board members. An amendment of the company's Articles of Association requires a decision by the General Meeting of Shareholders in response to a proposal made by the Board of Management with the approval of the Supervisory Board.

i. The general powers of the Board of Management are set out in the Articles of Association of the company. The powers of the Board of Management in respect of the issuance of shares in the company are set out in article 4 of the company's Articles of Association. To summarize, the General Meeting of Shareholders – or the Board of Management authorized by the General Meeting of Shareholders – takes the decision, subject to prior approval by the Supervisory Board, to issue shares, whereby the issue price and other conditions relating to the issue are determined by the general meeting – or the Board of Management authorized by the General Meeting of Shareholders. In the event the Board of Management is authorized to take decisions with respect to the issue of shares, the number of shares that may be issued as well as the term of the authorization must also be determined. Procedures governing the acquisition and disposal by the company of shares in its own capital are set out in article 7 of the Articles of Association. To summarize (briefly), the Board of Management may decide, subject to authorization by the General Meeting of Shareholders and to prior approval by the Supervisory Board, for the company to buy back fully paid-up shares up to a statutory maximum of 50% of issued capital. Decisions regarding the disposal of shares acquired by the company are taken by the Board of Management, subject to prior approval by the Supervisory Board.

j. With the exception of the option agreement with Stichting Continuïteit KBW concerning the placement of cumulative protective preference shares as set out in section 27.4 of the financial statements, the company is not a party to any significant agreements which take effect or are altered or terminated upon a change of control of the company as a result of a public offer within the meaning of Section 5:70 of the Financial Supervision Act. The General Meeting of Shareholders of May 9, 2001 decided to grant Stichting Continuïteit KBW the right to acquire cumulative protective preference shares.

k. The company has not entered into any agreements with either members of the Board of Management or employees, which provide for a pay-out on termination of their employment as a result of a public offer within the meaning of Section 5:70 of the Financial Supervision Act.

Towing of the loaded barge Giant 5 by the Smit Sentosa.

# GLOSSARY

**Acquired orders** Contract value of acquired assignments.

**AGM** Annual General Meeting of Shareholders.

**Backhoe dredger** A large hydraulic excavating machine positioned on the end of a pontoon. The pontoon is held firmly in place using spuds. Backhoes can dredge in a range of soil types with extreme precision.

**Bunker fuel** Type of fuel used by oceangoing and other vessels. Bunkering refers to the act or process of supplying a ship with this type of fuel.

**Cash flow** Group net profit adjusted for depreciation, amortization and impairments.

**Cost leadership** Achieving lowest cost price.

**Cutter** *See cutter suction dredger.*

**Cutter suction dredger (CSD)** A vessel that dredges while being held into place using spuds and anchors. This technique combines powerful cutting with suction dredging. Cutter suction dredgers are mainly used where the bed is hard and compact. The dredged material is sometimes loaded into hoppers but is generally pumped to land through a pressure pipeline.

**Decommission** To dismantle and/or remove an object.

**EBITDA** Group earnings before the result of associated companies, interest, tax, depreciation, amortization and impairments.

**$CO_2$ Emissions** Carbon dioxide released into the environment.

**EU-IFRS** IFRS stands for International Financial Reporting Standards. EU-IFRS are financial reporting rules drawn up and issued by the IASB (International Accounting Standards Board) and adopted within the European Union. Since 2005 all publicly listed companies within the European Union have been obliged to comply with these standards in their external financial accounting/reporting.

**Fallpipe vessel** Vessel that moves over the area to be covered, while dumping the stones on board through a fallpipe. The vessel is kept in place by a dynamic positioning system in which the propellers and rudders are controlled by an automatic system. The end of the pipe is located just a few meters above the level of the surface to be covered. The fallpipe is controlled using a precise positioning system. The fallpipe vessel Seahorse can also be equipped with an A-frame on the aftship and a grab controlled by an ROV (Remotely Operated Vehicle). This makes it possible to dredge down to depths of 1,000 meters.

**Float-over installation** Installation of a topside (for an offshore oil or gas platform production unit) on a subsea structure such as a jacket. A semi-submersible heavy transport vessel is used to convey the topside to the site and position it precisely in relation to the subsea structure piles. The ship is then partially submerged, allowing the support points of the topside to be lowered precisely onto the jacket connectors.

**Floating sheerleg crane** Floating cranes for heavy lifting.

**FPSO** Floating Production Storage and Offloading unit. Floating production, storage and transshipment systems that often operate a long way offshore. The systems separate the incoming liquids into oil, gas and water and temporarily store the crude oil. Tankers are used to transport the oil.

**Futures** A future (derivative) is a so-called forward contract; an agreement between traders to purchase or sell certain financial products on a specified future date at a previously agreed fixed price.

**Global Reporting Initiative** International organization that develops global standards for sustainability reporting.

**Hazardous substances** Liquid or solid substances which present a health hazard and/or are damaging to the environment.

**Heavy lift vessel** *See HTV.*

**Home market** Boskalis distinguishes itself from its competitors in the Dredging segment by the use of a home market strategy. The home market organizations have local marketing profiles, as well as their own fleets and infrastructures. They can rely on the support of the financial and technical resources of the global Boskalis organization. Home markets provide a stable flow of assignments and opportunities to generate additional margins through associated activities.

**Hopper/hopper dredger** *See trailing suction hopper dredger.*

**HTV** A (semi-submersible) heavy transport vessel. At 275 meters long and 70 meters wide the Dockwise Vanguard is the biggest semi-submersible heavy transport vessel in the world and is capable of conveying objects weighing up to 110,000 tons.

**International projects market** Market that focuses primarily on larger capital expenditure projects for new buildings and/or extensions. In addition, there are projects that regularly involve cooperation with third parties. This makes it possible to provide clients with optimal services and to share risks.

**Jack-up platform** An offshore platform that can either float or have its legs lowered to stand on the seabed. Jack-up rigs are generally used by oil and gas companies for exploration and production purposes. Platforms of this type can be transported either by semi-submersible heavy transport vessel (Dockwise) or by oceangoing tug (Fairmount).

**LNG** Liquefied Natural Gas.

**LTI** Lost Time Injury. Expresses the number of workplace accidents serious enough to result in absence from work.

**LTIF** Lost Time Injury Frequency. Expresses the number of workplace accidents serious enough to result in absence from work, per 200,000 hours worked.

**Net Group profit** Net result + net profit attributable to non-controlling interests.

**NINA** No Injuries, No Accidents. In a bid to achieve an incident and accident-free working environment Boskalis applies the NINA safety program. NINA sets out Boskalis' vision on safety and describes the safety conduct the company expects from its staff and subcontractors. The program makes people aware of their own responsibility and encourages them to take action in situations which are unsafe.

**Order book** The revenue accounted for by parts of orders as yet uncompleted.

**Return on capital employed** Net result + interest paid on long-term loans as % of the average capital employed (shareholders' equity + long-term loans).

**Return on equity** Net result as % of the average shareholders' equity.

**Revenue work done** Work executed for a client related to a project and/or a service contract.

**RoRo (Roll-on/Roll-off) ship** Vessels designed to carry wheeled cargo such as automobiles, trucks, semi-trailer trucks, trailers or railroad cars that are driven on and off the ship on their own wheels.

**Rock fragmentation under water** Drilling and blasting hard materials such as rock and granite, often to deepen ports and clear navigational channels.

**ROV** Remotely Operated Vehicle. An unmanned robotic subsea vehicle that is remotely controlled (often from a ship or platform).

**SHE-Q** Safety, Health, Environment & Quality.

**Solvency** Group equity as % of the balance sheet total (non-current assets + current assets).

**Topside** The upper section of an offshore oil production platform.

**Trailing suction hopper dredger (TSHD)** A self-propelled unit that loads its well or hopper using centrifugal pumps and pipes that trail over the bed as the ship sails. Trailing suction hopper dredgers can operate independently of other equipment and can transport material over long distances. The dredged material is dumped through flaps or bottom doors, by rainbowing, or pumped onto land using a pipeline.

The trailing suction hopper dredger Prins der Nederlanden.

# EQUIPMENT

## DREDGERS

| | |
|---|---|
| **Trailing suction hopper dredgers** | **28** |
| Capacity > 6,000 m³ | 11 |
| Capacity ≤ 6,000 m³ | 17 |
| **Cutter suction dredgers** | **23** |
| Capacity > 12,000 kW | 4 |
| Capacity ≤ 12,000 kW | 19 |
| **Backhoes** | **19** |
| Bucket capacity from 1.4 to 24 m³ | |
| **Floating grab cranes** | **15** |
| Grab capacity from 1.2 to 9.2 m³ | |
| **Other dredging equipment** | **20** |
| bucket dredger, environmental disc cutter, barge unloading dredgers, suction dredgers, stone placing vessels | |

## OFFSHORE VESSELS

| | |
|---|---|
| **Heavy lift vessels (semi-submersible)** | **22** |
| Capacity up to 110,000 tons | |
| **Fallpipe vessels** | **2** |
| Capacity from 17,000 to 24,000 tons | |
| **Diving support vessels** | **4** |
| Air and saturation diving support, ROV services | |
| **Multipurpose/Cable laying vessels** | **3** |
| **Floating sheerlegs** | **8** |
| Capacity from 400 to 5,000 tons | |

## OCEANGOING TUGS AND ANCHOR HANDLING TUGS

| | |
|---|---|
| **Oceangoing tugs** | **5** |
| **Anchor Handling Tugs** | **20** |
| From 70 to 205 ton bollard pull | |

## BARGES

| | |
|---|---|
| **Hopper barges** | **76** |
| Capacity from 50 to 3,800 m³ | |
| **Oceangoing flat top barges (semi-submersible)** | **3** |
| Capacity 21,000 tons | |
| **Oceangoing flat top barges/ Floating Super Pallets** | **19** |
| Capacity from 1,000 to 14,000 tons | |
| **Inland barges** | **55** |
| Capacity from 100 to 2,000 tons | |

## VESSELS TOWAGE JOINT VENTURES — 474

## LAUNCHES, WORK/SUPPLY VESSELS — 86

## VARIOUS/OTHER FLOATING EQUIPMENT — 78

The numbers listed above include the vessels under construction and vessels and floating equipment of the (non-controlled) associated companies, including the announced joint venture with KOTUG. In addition to the equipment shown here, the group also owns a range of auxiliary equipment such as floating pipelines, winches, pumps, draglines, hydraulic excavators, wheel loaders, dumpers, bulldozers, mobile cranes, crawler drill rigs, sand pillers, filling installations for shore protection, mattresses, fixed land pipelines and a wide variety of salvage equipment, such as fire-fighting, diving and anti-pollution equipment.

The Taklift 4 lifting the living quarters for the Giant 7.

# COLOPHON

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