

## **PRESS RELEASE**

### **Boskalis trading update**

Royal Boskalis  
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**Developments at Royal Boskalis Westminster N.V. (Boskalis) in 2016 have so far been in line with the company's expectations.**

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- **Strong decline in revenue due to continued challenging market conditions**
- **Lower fleet utilization at both Dredging and Offshore Energy**
- **Slightly higher order book**

#### DEVELOPMENTS

Boskalis closed the first quarter of 2016 in line with expectations. As stated at the release of the 2015 full-year results volumes and prices in the markets relevant to Boskalis are under pressure. As a result of this, fleet utilization has dropped and revenue declined strongly compared to the same period in 2015. The EBITDA margins were slightly down compared to the same period in 2015 and the order book increased slightly during the first quarter.

#### **Dredging & Inland Infra**

Revenue in the Dredging & Inland Infra segment declined compared to the first quarter of last year. The decline is partly attributable to the completion of the Suez Canal project, which made a substantial contribution to last year's revenue. Notable projects in the first quarter of 2016 were port maintenance works in countries including Germany, Australia and Mexico, and land reclamation projects in Indonesia and Panama. The utilization rate of the hopper and cutter fleet was lower than last year due to maintenance and in line with the lower volume of work.

The order book of the Dredging & Inland Infra segment increased slightly during the quarter compared to the end of 2015. Notable new projects contracted include the construction of artificial islands off the coast of Makassar (Indonesia), construction of the Offshore Terminal Bremerhaven (Germany) and reinforcement of the Wadden Sea dike on the island of Texel (the Netherlands). In early March, a consortium including Boskalis was designated the preferred bidder for the dredging work for the Fehmarnbelt tunnel connecting Germany and Denmark. The contract negotiations are progressing well and Boskalis expects the contract, which is valued at EUR 600 million (Boskalis' share 50%), to be signed in the near term.

#### **FOR FURTHER INFORMATION**

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At the end of the first quarter, Boskalis concluded the acquisition of the dredging assets of STRABAG Wasserbau GmbH, thereby strengthening its home market position in Germany and fulfilling an important part of the foreseen requirement to replace part of the hopper fleet.

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### **Offshore Energy**

At Offshore Energy there was a decline in revenue in the first quarter, in line with expectations. Subsea Contracting was active with wind farm-related rock installation work in Europe, whilst last year large projects in Australia, the Philippines and Azerbaijan were underway. The fallpipe vessels were well utilized in the first quarter.

Marine Contracting had a good start to the year with a combination of wind farm projects (Veja Mate and Wikinger) and oil & gas projects (Hebron, Clair Ridge and preparation work for Moho Nord and Aasta Hansteen).

In the first quarter Logistical Management once again carried out transports for the Ichthys and Wheatstone LNG projects in Australia. Both projects will be completed according to schedule by mid-2016.

The impact of the deteriorated market conditions was clearly visible at Marine Services, with both the large Anchor Handling Tugs and the Dockwise vessels seeing pressure on tariffs and lower utilization levels compared to last year.

At Subsea Services the activities in the North Sea continued to remain under pressure. This was partially offset by deploying vessels on decommissioning and offshore wind farm and munitions clearance projects in Europe.

The Offshore Energy order book decreased slightly compared to end-2015.

### **Towage & Salvage**

There was a slight decline in revenue at Towage (harbour towage activities in Northwest Europe) in the first quarter. The contribution from the towage joint ventures was comparable to last year.

Salvage started the year with a number of impressive and successful emergency response contracts, including the rescue of a ro-ro vessel that went adrift in the Bay of Biscay and the refloating of a 19,000 TEU container vessel that ran aground in the Elbe River near the German port of Hamburg. In contrast to last year there are no major wreck removal projects underway or in the portfolio, resulting in a decline in revenue at Salvage.

At the beginning of April, Boskalis and KOTUG completed the merger of their European harbour towage services. The joint operations were transferred to a new 50/50 joint venture, which will operate under the name KOTUG SMIT Towage. At the financial close Boskalis refinanced its contribution to the joint venture and as a consequence freed up and received EUR 90 million in cash. The European harbour towage operations will be deconsolidated as from the second quarter and recognized as a joint venture.

### **OUTLOOK**

The market in general has seen no material change since the release of the 2015 full-year results and will be characterized in the coming period 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 margins and levels of project risk. With the current orders in hand a good part of the fleet will be 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. At the same time the offshore wind market presents new opportunities, partly through the recently announced intention to acquire offshore activities of VolkerWessels.

As from the second quarter all the Towage activities have been transferred to joint ventures. Market volumes in this segment are relatively stable, although competition is expected to increase, especially in terminal services.

To respond to these market developments we have launched a fleet rationalization and cost reduction program. It is expected that especially at Dredging equipment will be taken out of service with the associated implications for staffing levels. In addition, we are taking a critical look at reducing the costs 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 exceptionally strong 2015 result.

Boskalis continues to have a very sound financial position. Capital expenditure in 2016 is expected to be around EUR 200 million, excluding acquisitions, and will be financed from the company's own cash flow.

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

#### FOR FURTHER INFORMATION

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

*Royal Boskalis Westminster N.V. is a leading global services provider operating in the dredging, maritime infrastructure and maritime services sectors. The company provides creative and innovative all-round solutions to infrastructural challenges in the maritime, coastal and delta regions of the world with services including the construction and maintenance of ports and waterways, land reclamation, coastal defense and riverbank protection. In addition, Boskalis offers a wide variety of marine services and contracting for the oil and gas sector and offshore wind industry as well as salvage solutions (SMIT Salvage). Furthermore, Boskalis has a number of strategic partnerships in harbour towage and terminal services (KOTUG SMIT Towage, Keppel Smit Towage, Saam Smit Towage and Smit Lamnalco). With a versatile fleet of 1,000 units Boskalis operates in around 75 countries across six continents. Boskalis has over 8,200 employees, excluding its share in partnerships.*

This press release can also be found on our website [www.boskalis.com](http://www.boskalis.com).