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PRESS RELEASE

Boskalis posts higher revenue against lower full-year result in line with expectations

Papendrecht, 7 March 2019

HIGHLIGHTS 2018

- Revenue: EUR 2.6 billion
- EBITDA: EUR 354 million
- Operating result: EUR 119 million
- Extraordinary charges: EUR 519 million
- Net operating profit: EUR 83 million
- Order book: EUR 4.3 billion
- Dividend proposal: EUR 0.50 per share fully in cash

OUTLOOK

- Dredging: reasonable market volume with stable margins
- Offshore Energy contracting: good projects in the order book with interesting opportunities
- Offshore Energy services: continued dependence on spot market for transport and diving with growth opportunities for survey
- Towage: intended divestment of equity stake in Saam Smit Towage and Kotug Smit Towage; other activities stable

Royal Boskalis Westminster N.V. (Boskalis) closed 2018 with a lower result, in line with expectations. Net operating profit was EUR 83 million (2017: EUR 150 million). Including an almost entirely non-cash extraordinary charge of EUR 519 million there was a net loss of EUR 436 million.

Revenue rose 10% compared to the previous year to EUR 2.57 billion (2017: EUR 2.34 billion).

EBITDA equaled EUR 354 million and the operating result was EUR 119 million, both adjusted for extraordinary charges (2017: EBITDA EUR 437 million and EBIT EUR 185 million).

The lower result is mainly attributable to a sharp decline in the result at the Offshore Energy division, which posted an operating loss for the first half of 2018. In light of the poor prospects the decision was taken in the first half of the year to terminate the low-end transport activities within this division. Market conditions have also deteriorated for the harbor towage activities, mainly as a result of the consolidation among the large container shipping companies. Together these developments resulted in an extraordinary charge of EUR 519 million, almost entirely non-cash and consisting primarily of impairments of goodwill and vessels.

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Dredging & Inland Infra had a relatively stable year. With a number of large works in progress in countries including India and Oman, supplemented by a large number of medium-sized projects, both revenue and the result rose by over 10%. Utilization of both the hopper fleet and the cutter fleet was slightly higher than in the previous year. The margin was stable compared to 2017 with the usual combination of results from ongoing works and from the financial settlement of projects completed earlier.

At Offshore Energy revenue rose 7% due to a strong contribution from the contracting activities and the addition of survey (Gardline). The strong decline in the division's results was largely due to the deterioration at services. The winding-up of the loss-making transport activities at the low end of the market is proceeding according to plan. The transport and subsea activities had a difficult year and were loss-making on balance.

At Towage & Salvage the combined result, adjusted for extraordinary charges, was virtually stable. The contribution from Towage declined, mainly due to lower margins as a result of the consolidation among the large container shipping companies. The changed market situation prompted a strategic reorientation of the harbor towage joint ventures, which resulted in the proposed sale of the stakes in the Saam Smit Towage and Kotug Smit Towage joint ventures. Salvage had a busy year with two large contracts, including the successful salvage of the ultra-large container vessel Maersk Honam. Together with numerous smaller contracts this resulted in higher revenue and an increased result.

Boskalis' financial position continues to be strong, with a solvency ratio of 56% and a modest net debt position of EUR 131 million.

The order book, excluding our share in the order book of joint ventures and associated companies, increased by 23% to EUR 4.29 billion (end-2017: EUR 3.50 billion).

Peter Berdowski, CEO of Boskalis:

"In the past year we once again executed a large number of impressive projects at home and abroad. In doing so we once again pushed back boundaries, for example with the dry transport of an FPSO weighing a record 90,000 tons and with the largely dry excavation of a new port in Duqm, Oman.

At Dredging the performance was in line with expectations with a slightly higher fleet utilization rate and an increase in both revenue and the result. In addition we managed to achieve a substantial increase in contracted work, boosting the order book at Dredging by more than 20% to over EUR 3 billion.

At Offshore Energy there was a positive contribution primarily from the contracting activities and Gardline's survey services. Heavy Marine Transport experienced difficulties, particularly at the lower end of the market, which is why we are terminating the low-end transport activities.

Given the changed market dynamics in recent months we undertook a reorientation of the strategic position we hold with our harbor towage activities. The conclusion was that further consolidation is needed and that there is no active role for us in this. Consequently the decision was taken to sell our stakes in both Saam Smit Towage and Kotug Smit Towage.

Looking ahead, we see cautious signs of recovery in the markets relevant to us in due course, although we are still a long way away from the exuberant market climate of three to five years ago. In the short term we will continue to maintain a disciplined and selective focus on opportunities to strengthen our position, in anticipation of recovery further down the line."

Market developments and strategy update

The long-term macro trends that underpin the Boskalis business model are structural economic growth and increasing prosperity of the global population, along with the associated growth in global trade and growing demand for raw materials and energy. The effects of global warming, especially extreme weather conditions, also create business opportunities for Boskalis due to the growing need for coastal defense and riverbank protection. Furthermore the growing demand for sustainable energy in the form of offshore wind farms offers ample opportunities for our transport and installation services. While the long-term trends remain positive, the opportunities and projects are not manifesting themselves across the board in the short term. Boskalis is dynamic in adapting its activities in response to the various developments, with both growth opportunities and the need to phase out being considered in conjunction.

Boskalis will continue to focus on market segments that show structural growth in the longer term and also provide short-term opportunities: Ports, Land reclamation, Energy (oil, gas and wind) and Climate.

The Corporate Business Plan for 2017-2019 and the strategy section in the 2018 Annual Report take a detailed look at the development of our business. In the past year we took further steps in the selective expansion of the company. Our position in Offshore Wind was considerably strengthened with the commissioning of the crane vessel Bokalift 1. After a busy year installing foundations for offshore wind turbines in 2019 the vessel will also be deployed for the decommissioning of offshore platforms. Our market position in Offshore Installation & Intervention was recently reinforced with the addition of a modern construction support vessel, the Boka Falcon. In terms of further growth opportunities the Saudi Aramco Long Term Agreement, a framework agreement with a duration of six years, offers great perspectives.

In early 2019 we took an important step in expanding our survey activities with the acquisition of a majority stake in Horizon, the leading survey company in the Middle East. The survey activities (Gardline) acquired in mid-2017 will be further strengthened with the purchase of a new vessel which will be converted into a geophysical survey vessel. In 2019 we will reinforce our cable-laying activities with the planned acquisition of Bohlen & Doyen offshore. In addition at Dredging the mega-cutter Helios that was taken into service in mid-2017 was further optimized on the project in Duqm, resulting in record production levels. The construction of the new sister vessel Krios is on schedule with delivery expected in mid-2020.

Driven by our strategy, which is focused on value-adding assets, last year we decided to terminate the low-end transport activities and phase them out over a period of 18 months. Such commodity activities are not consistent with Boskalis' strategy, which is aimed at a position high in the value chain. Also, 2018 saw a reorientation of the long-term strategy for the harbor towage activities. In the case of the Saam Smit Towage joint venture this resulted in the intention to sell our stake to our partner SAAM and at Kotug Smit Towage in the planned sale of the entire joint venture to Boluda.

Outlook

The market picture for 2019 is not fundamentally different from 2018. With a limited recovery in the prospective volume of work, prices and margins will remain under pressure.

At Dredging & Inland Infra we see a reasonable volume of work in the market in the short term. The emphasis for Boskalis is on maintaining utilization at a responsible level of project risk. The current size of the order book means that a good part of the fleet will be utilized in 2019.

The picture for the Offshore Energy market has not changed. In the short term transport and diving will be largely dependent on the competitive spot market. Survey is expected to have another good year with further growth, partly thanks to the addition of Horizon. For the contracting activities we expect the projects in the order book to result in a reasonable year.

The planned sale of our stakes in the Towage activities of Saam Smit Towage and Kotug Smit Towage will lead to a lower contribution to the result. Market volumes at the other towage joint ventures are stable.

The project-based nature of a significant part of our activities, in addition to the uncertain market conditions, makes it difficult to provide a specific quantitative forecast with regard to the 2019 full-year result early on in the year. However, expectations are that while EBITDA levels will be stable, exceeding the 2018 net operating profit will be a challenge.

Capital expenditure in 2019 is expected to be around EUR 265 million, including the intended Bohlen & Doyen offshore asset transaction, however excluding acquisitions, and will be financed from the company's own cash flow. Boskalis has a very sound financial position and comfortably meets its financial covenants.

Share repurchase program

Early February 2019 Boskalis announced its intention to launch a share buyback program, under which the company intends to invest EUR 100 million in repurchasing its own shares. A press release announcing the actual start date and details of the program will be issued in the near future.

Dividend policy and dividend proposal

The main principle underlying the Boskalis dividend policy is to distribute 40% to 50% of the net profit from ordinary operations as dividend, while pursuing a stable long-term development of dividend. The choice of dividend form (in cash and/or fully or partly in shares) takes into account the company's desired balance sheet structure as well as the interests and wishes of the shareholders.

Given the robust balance sheet in setting the amount of the dividend for 2018 it was decided to adjust the net result for the extraordinary charges. At current share price levels the distribution of (part of) the dividend in shares and the resulting dilution is considered undesirable. Boskalis will therefore propose to the Annual General Meeting of Shareholders on 8 May 2019 that a dividend of EUR 0.50 per share be distributed fully in cash, equal to nearly 80% of the net operating profit. The dividend will be made payable from 20 May 2019.

>>> click [here](#) for the full version of the 2018 financial review including all the financial details <<<

KEY FIGURES	2018	2017
<i>(in EUR million)</i>		
Revenue	2,570	2,343
EBITDA	353.6	436.6
Net result from JVs and associates	28.4	31.0
Operating result	119.0	185.0
Extraordinary charges pre tax	519.5	-
EBIT	-400.5	185.0
Net operating profit (net profit adjusted for extraordinary charges after tax)	82.8	150.5
Net profit (loss)	-435.9	150.5
Dividend (proposal) per share (in EUR)	0.50	1.00
	End 2018	End 2017
Order book	4,292	3,495

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

2018 EBITDA and the Net result from joint ventures and associates are presented excluding impairments and extraordinary charges.

Live webcast

The Board of Management of Royal Boskalis Westminster N.V. will comment on the 2018 full-year results at the analysts' meeting (11.30 am - 12.30 pm CET) on 7 March 2019. This meeting can be followed by means of a live audio webcast, details of which can be found on the corporate website (www.boskalis.com).

Publication of annual report

Royal Boskalis Westminster N.V. will publish both its Annual Report 2018 and its Corporate Social Responsibility (CSR) Report 2018 today, 7 March. The reports, which are only published in English, will be made available in the course of the day on www.boskalis.com.

2019	FINANCIAL AGENDA
7 March	Publication of 2018 annual results
8 May	Trading update on first quarter of 2019
8 May	Annual General Meeting of Shareholders
10 May	Ex-dividend date
13 May	Record date for dividend entitlement (after market close)
20 May	Date of dividend payment
22 August	Publication of 2019 half-year results
8 November	Trading update on third quarter of 2019

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

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

Royal Boskalis Westminster N.V. is a leading global services provider operating in the dredging, maritime infrastructure and maritime services sectors. The company provides creative and innovative all-round solutions to infrastructural challenges in the maritime, coastal and delta regions of the world. With core activities such as coastal defense, riverbank protection and land reclamation Boskalis is able to provide adaptive and mitigating solutions to combat the effects of climate change, such as extreme weather conditions and rising sea levels, as well as delivering solutions for the increasing need for space in coastal and delta regions across the world. The company facilitates the development of offshore energy infrastructure, including renewable wind energy. Boskalis is furthermore active in the construction and maintenance of ports, waterways, access channels and civil infrastructure, thus helping to facilitate trade flows and regional socio-economic development. In addition, Boskalis is a global marine salvage expert and has a number of strategic partnerships in harbor towage and terminal services (Kotug Smit Towage, Keppel Smit Towage, Saam Smit Towage and Smit Lamnalco). With a versatile fleet of more than 900 vessels and floating equipment and 11,300 employees, including associates, Boskalis is creating new horizons around the world.

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