Boskalis

HALF YEAR REPORT 2019

HALF YEAR REPORT 2019

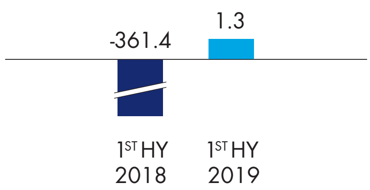
KEY FIGURES

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

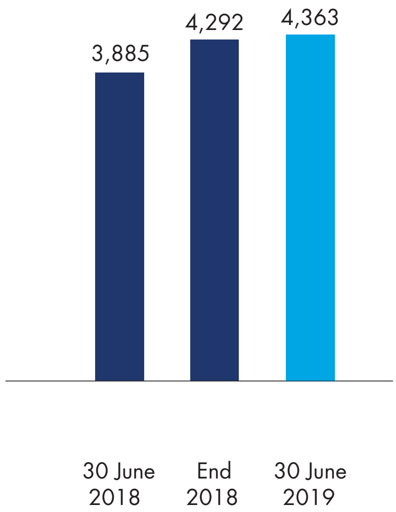
EBITDA and operating result include our share in the net result of joint ventures and associates.
*Adjusted for extraordinary items

REVENUE (in EUR million)

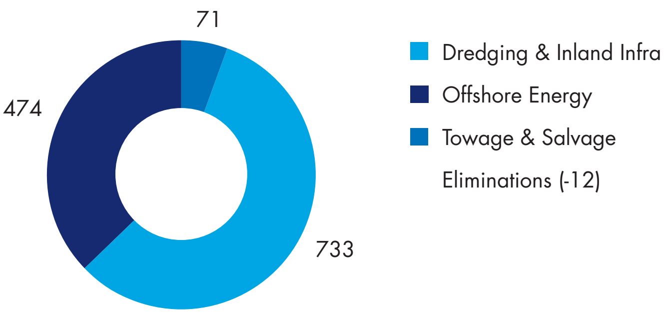
NET PROFIT (in EUR million)



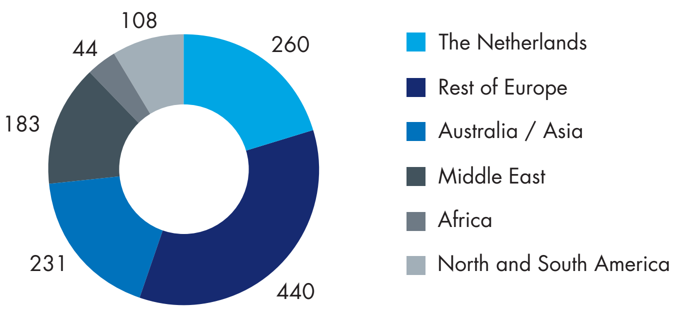
ORDER BOOK (in EUR million)



REVENUE BY SEGMENT (in EUR million)



REVENUE BY GEOGRAPHICAL AREA (in EUR million)



HALF YEAR REPORT 2019

This half year report contains forward-looking statements. These statements are based on current expectations, estimates and projections of Boskalis' management and information currently available to the company. These forecasts are not certain and contain elements of risk that are difficult to predict and therefore Boskalis does not guarantee that its expectations will be realized. Boskalis has no obligation to update the statements contained in this half year report. Unless stated otherwise, all amounts in this half year report are in euros (EUR). Some of the projects referred to in this report were carried out in joint venture or in a subcontractor role. This half year report as well as the Annual Report 2018 can be read on www.boskalis.com.

TABLE OF CONTENTS

Semi-submersible heavy transport vessel BOKA Vanguard offering a unique dry docking solution for cruise vessel Carnival Vista


CARNIVAL VISTA

CHAIRMAN'S STATEMENT

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

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

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

Peter Berdowski, CEO

OVERVIEW

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

Revenue in the first half of the year increased 8.6% compared to the first half of last year to EUR 1.27 billion (H1 2018: EUR 1,17 billion).

EBITDA in the first half of the year totaled EUR 135.7 million and the EBIT was EUR 9.1 million (H1 2018 EBITDA: EUR 167.2 million, EBIT: negative EUR 349,6 million).

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

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

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

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

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

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

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

OPERATIONAL AND FINANCIAL DEVELOPMENTS

KEY FIGURES FIRST HALF YEAR 2019

- Revenue: EUR 1.3 billion
- EBITDA: EUR 135.7 million
- Net profit: EUR 1.3 million
- Order book: EUR 4,4 billion

OUTLOOK FOR 2019

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

REVENUE

In the first half of 2019 revenue increased by 8.6% to EUR 1,266 million (H1 2018: EUR 1,166 million). Revenue levels within Dredging & Inland Infra and Salvage increased whilst Offshore Energy was stable. Adjusted for consolidation, deconsolidation and currency effects, revenue increased by 6.9%.

Dredging & Inland Infra revenue increased by 11.6% with the largest contribution coming from projects outside of Europe including Oman, Singapore, Canada and the Indian subcontinent.

Within Offshore Energy, contracting revenues increased with a strong contribution from seabed intervention projects. Revenue from the services activities Marine Survey and Subsea Services increased which was more than offset by a revenue decline in the Marine Transport & Services cluster that in part is related to the decision taken in 2018 to exit the low-end transport market. The net effect was that divisional revenue was stable.

Within the Towage & Salvage division, Salvage had a very busy half year. In addition to a number of smaller emergency response contracts, a hand full of mid- to large-sized projects contributed to the revenue increase.

REVENUE BY SEGMENT	1ST HY 2019	1ST HY 2018	2018
(in EUR million)			
Dredging & Inland Infra	**733.2**	656.9	1,428.7
Offshore Energy	**474.2**	475.7	1,041.3
Towage & Salvage	**70.6**	43.9	131.7
Eliminations	**-12.1**	-10.8	-32.2
Total	**1,265.9**	1,165.7	2,569.5

REVENUE BY GEOGRAPHICAL AREA	1ST HY 2019	1ST HY 2018	2018
(in EUR million)			
The Netherlands	**259.7**	231.7	605.6
Rest of Europe	**440.0**	463.0	952.0
Australia / Asia	**231.6**	168.6	336.1
Middle East	**183.0**	129.7	355.2
Africa	**44.0**	52.5	106.1
North and South America	**107.6**	120.2	214.5
Total	**1,265.9**	1,165.7	2,569.5

RESULT

The half year result in both 2018 and 2019 was impacted by extraordinary items. In 2018, a charge of EUR 397.0 million pre tax was included in the half year financials, related largely to non-cash impairments. In 2019, a book profit of EUR 42.2 million is included in the earnings. This relates to the sales, in cash, of the Kotug Smit Towage joint venture and a vessel resulting in an impairment reversal.

In the first half of the year EBITDA totaled EUR 135.7 million including the aforementioned book profit (H1 2018: EUR 167.2 million, adjusted for extraordinary charges). EBITDA includes the contribution from our share in the net result of joint ventures and associates. EBIT amounted to EUR 9.1 million (H1 2018: negative EUR 349.6 million). The operating result, defined as EBIT before extraordinary items, amounted to a negative EUR 33.1 million (H1 2018: EUR 47.4 million). The strong decline is due to onerous contracts related to operational and especially contractual issues on a limited number of offshore projects, in particular in offshore wind cable projects.

The result includes our share in the net result of joint ventures and associates, which on balance amounted to EUR 8.6 million (H1 2018: EUR 14.8 million). This decline is fully attributable to the (intended) sale of the Kotug Smit Towage and Saam Smit Towage joint ventures. These activities are held as an Asset Held For Sale and consequently do not contribute to earnings.

The divisional operating result of Dredging & Inland Infra amounted to EUR 57.8 million (H1 2018: EUR 61.8 million). Results from projects in progress or in the process of being completed were reasonably good and were, similar to previous periods, complemented by close-out results on projects technically completed in previous years.

Within Offshore Energy the operating result amounted to minus EUR 94.5 million (H1 2018: minus EUR 7.2 million). This strong decline was caused by operational and contractual issues on a limited number of projects, partly in decommissioning but mostly in offshore wind cables. In the offshore wind market, circumstances have changed as a consequence of the move to zero subsidies and increased competition. Clients are keenly seeking for ways to further reduce cost. This has resulted in a recent and unexpected change in the attitude of clients which is reflected in a sharp increase in the number of disputes and protracted claim negotiations. Following a thorough review of the projects in hand, provisions of slightly more than EUR 100 million have been made on a limited number of onerous contracts. Boskalis is confident that in time a substantial part of these provisions will be recovered.
The result from the services activities consisting of Marine Transport & Services, Subsea Services and Marine Survey was in line with the same period last year, whilst the contracting activities, adjusted for the above mentioned onerous contracts, were profitable.

There was a strong increase in the Towage & Salvage operating result to EUR 20.9 million (H1 2018: EUR 14.0 million). The decline from Towage caused by the (intended) sale of two of the towage joint ventures was more than compensated by a strong performance at Salvage with a number of mid- to large-sized contracts.

Non-allocated group income and expenses amounted to negative EUR 17.3 million and relate primarily to the usual non-allocated head-office costs (H1 2018: negative EUR 21.2 million).

RESULT BY SEGMENT	1ST HY 2019	1ST HY 2018	2018
(in EUR million)			
Dredging & Inland Infra	**57.8**	61.8	123.4
Offshore Energy	**-94.5**	-7.2	5.0
Towage & Salvage	**20.9**	14.0	33.1
Non-allocated group costs (results)	**-17.3**	-21.2	-42.5
Extraordinary items	**42.2**	-397.0	-519.5
Total	**9.1**	-349.6	-400.5

NET PROFIT

EBIT amounted to EUR 9.1 million and net of financing expenses of EUR 8.1 million on balance, the pre-tax profit was EUR 1.0 million. The net profit attributable to shareholders totaled EUR 1.3 million, compared to a loss of EUR 361.4 million in H1 2018.

ORDER BOOK

At the end of the first half of the year the order book excluding our share in the order book of joint ventures and associates stood at EUR 4,363.1 million (end-2018: 4,292.2 EUR million).

In the course of the first half of the year Boskalis acquired, on balance, EUR 1,304.0 million worth of new contracts. Notable new projects within Dredging & Inland Infra were acquired in Bahrain, Indonesia, Australia, France and the Netherlands. Within Offshore Energy numerous smaller contacts were acquired in addition to two larger offshore wind cable related contracts.

After the close of the first half of the year Boskalis was awarded a contract for Woodside's proposed Scarborough export gas pipeline in North West Australia. This project is not included in the order book as at 30 June.

ORDER BOOK	**30 JUNE 2019**	END 2018	30 JUNE 2018
(in EUR million)			
Dredging & Inland Infra	**3,029.0**	3,002.4	3,005.7
Offshore Energy	**1,325.5**	1,281.9	862.3
Towage & Salvage	**8.6**	7.9	16.6
Total	**4,363.1**	4,292.2	3,884.6

DREDGING & INLAND INFRA

Construction, maintenance and deepening of ports and waterways, land reclamation, coastal defense and riverbank protection, underwater rock fragmentation and the extraction of minerals using dredging techniques. Construction of roads and railroads, bridges, aqueducts, viaducts and tunnels including earthmoving, soil improvement and remediation – mainly in the Netherlands.

DREDGING & INLAND INFRA	**1ST HY 2019**	1ST HY 2018	2018
(in EUR million)			
Revenue	**733.2**	656.9	1,428.7
EBITDA	**124.5**	121.6	243.8
Net result from JVs and associates	**1.2**	1.2	4.4
Operating result	**57.8**	61.8	123.4
Order book	**3,029.0**	3,005.7	3,002.4

EBITDA and operating result include our share in the net result of joint ventures and associates.

Strengthening of the 25-kilometer-long Houtrib dike between Enkhuizen and Lelystad in the Netherlands

REVENUE

Revenue from the Dredging & Inland Infra segment amounted to EUR 733.2 million (H1 2018: EUR 656.9 million).

REVENUE BY REGION	1ST HY 2019	1ST HY 2018	2018
(in EUR million)			
The Netherlands	**214.1**	201.9	502.6
Rest of Europe	**101.3**	112.9	257.5
Rest of the world	**417.8**	342.1	668.6
Total	**733.2**	656.9	1,428.7

The Netherlands

Revenue in the Netherlands totaled EUR 214.1 million in the first half of the year. The largest revenue contribution came from the project IJburg II, the construction of an artificial island in the IJmeer lake for the city of Amsterdam (the Netherlands), the road project N69 and miscellaneous riverbank and dike reinforcement projects. These included the Houtrib dike, Markermeerdijken, the Waddensea dike between Eemshaven and Delfzijl and the dike on the island of Texel.

Rest of Europe

Revenue in the rest of Europe amounted to EUR 101.3 million consisting of numerous mainly port-related capital and maintenance projects throughout the home markets (United Kingdom, Germany, Sweden and Finland).

Rest of the world

The strongest revenue growth was achieved outside of Europe, with an increase to EUR 417.8 million. The largest contribution came from the Duqm port development project (Oman). Other important projects include the deepening of the access channel to the Jawaharlal Nehru Port in Mumbai (India), a number of developments in Singapore including Pulau Tekong and Tuas Phase 2, the expansion of the port of Adelaide (Australia), LNG Canada and numerous other port and channel related projects around the world.

FLEET DEVELOPMENTS

The hopper fleet had an effective annual utilization rate of 32 weeks (H1 2018: 37 weeks). This decline was in part explained by planned maintenance of a mega hopper in the first quarter. The cutter fleet had an effective annual utilization rate of 31 weeks (H1 2018: 14 weeks) with the mega cutter suction dredger Helios well utilized on the Duqm project.

SEGMENT RESULT

In the first half of the year EBITDA of EUR 124.5 million was achieved along with an operating result of EUR 57.8 million (H1 2018: EUR 121.6 million and EUR 61.8 million, respectively).

In view of the ongoing challenging market conditions the results from dredging projects were reasonably good. The Dutch Inland Infra activities made a positive contribution to the result. Similar to previous years, financial settlements from projects that were technically completed at an earlier stage had a positive impact on the result.

ORDER BOOK

On 30 June the order book stood at EUR 3,029.0 million, fractionally higher compared to end-2018 (EUR 3,002.4 million). On balance projects with a total value of EUR 759.8 million were acquired in the first half of the year.

Underlying, the orderbook in the Netherlands and the rest of Europe increased. Noteworthy acquired projects include the N206 RijnlandRoute project in the Netherlands, capital dredging works in northern Germany and in France Boskalis will assist in the development of Port La Nouvelle. Outside of Europe Boskalis acquired two projects in Indonesia, a channel widening project for Adelaide port in Australia and a reclamation project in Bahrain for the North Manama Causeway.

After the close of the first half of the year Boskalis was awarded a contract for Woodside's proposed Scarborough export gas pipeline in North West Australia. This joint Dredging – Offshore Energy project is not included in the order book as at 30 June.

ORDER BOOK BY MARKET	30 JUNE 2019	END 2018	30 JUNE 2018
(in EUR million)			
The Netherlands	**723.0**	670.2	683.4
Rest of Europe	**570.6**	513.0	533.9
Rest of the world	**1,735.4**	1,819.2	1,788.4
Total	**3,029.0**	3,002.4	3,005.7

OFFSHORE ENERGY

Offshore dredging and rock installation projects, heavy transport, lift and installation work, surveying, diving and ROV services in support of the development, construction, maintenance and dismantling of oil and LNG import/export facilities, offshore platforms, pipelines and cables and offshore wind farms.

OFFSHORE ENERGY	1ST HY 2019	1ST HY 2018	2018
(in EUR million)			
Revenue	**474.2**	475.7	1,041.3
EBITDA	**-41.0**	49.0	111.3
Net result from JVs and associates	**-1.5**	1.7	3.8
Operating result	**-94.5**	-7.2	5.0
Order book	**1,325.5**	862.3	1,281.9

EBITDA and operating result include our share in the net result of joint ventures and associates. The 2018 EBITDA is adjusted for extraordinary charges.

REVENUE

Revenue from the Offshore Energy segment amounted to EUR 474.2 million (H1 2018: EUR 475.7 million). A revenue decline within the services activities, in part as a consequence of the decision to exit the low end of the transport market, was offset by a revenue increase from the contracting activities. Contracting accounted for approximately 65% of divisional revenue.

Offshore Services includes Marine Transport & Services, Subsea Services and Marine Survey.
At Marine Transport & Services there was a decline in revenue in part due to the decision taken last year to exit the low-end market. The remaining type I and IIa high-end vessels were active on a large number of smaller projects. The type 0 vessel (BOKA Vanguard) had a slow half year with an improved outlook for the rest of the year. Based on the current tender activity the mid to long term prospects for the high-end transport market look encouraging. The high-end is however expected to continue to be dependent on the spot market during the rest of the year.
At Subsea Services the main focus area continues to be Europe, the Middle East and Western Africa. The two large diving support vessels that were acquired late 2017 were active in the seasonally weak first half year. Compared to 2018 an increase in revenue was accompanied by a higher vessel utilization. Subsea markets, in particular the North Sea, continue to be competitive as reflected in rates.
Marine Survey, comprising the activities of Gardline and the recently acquired share in Horizon, had a reasonable start to the year. At Gardline revenue levels and pricing improved relative to 2018 despite adverse weather conditions and unplanned maintenance. The outlook for the remainder of the year is promising. In February 2019 Boskalis acquired a 62.5% stake in Horizon Geoscience. Based on voting rights, under IFRS, the investment is classified as a joint venture. Its contribution is therefore reported as a net result from joint ventures. The operational performance of Horizon was good, with a positive outlook, in line with expectations.

Offshore Contracting includes the installation of floating and fixed structures, seabed intervention, offshore wind and cable-laying related activities. Revenue for Installation & Intervention increased with the largest intervention projects under execution including the gas pipeline project Nord Stream 2, work under a framework agreement for Equinor and support on numerous offshore cable projects. The tendering activity is high with new developments in various regions such as Australia, the Middle East and Eastern Africa. Offshore wind farm developments contributing to revenue included East Anglia, Hohe See, Horns Rev 3, Borssele and Albatros. These projects included a mixture of export cables, array cables, cable repairs and foundation installation campaigns. The Bokalift 1 crane vessel, which entered service early 2018, was well utilized on an offshore wind farm foundation installation project. Boskalis further strengthened its position in the offshore cable market early 2019 through the acquisition of the offshore assets of Bohlen & Doyen. Beside numerous offshore wind farm developments in northwest Europe, the increased interest and firm developments outside of Europe and Taiwan in particular offers interesting opportunities for further selective growth.

FLEET DEVELOPMENTS

In the first half of the year the (weighted) utilization rate of the heavy marine transport fleet was 66% (H1 2018: 71%). The captive assets (cable-laying vessels, fallpipe vessels, construction support vessel and crane vessel) had a reasonable half year with a utilization rate of 72% (H1 2018: 65%).

SEGMENT RESULT

EBITDA from the Offshore Energy segment amounted to a negative EUR 41.0 million, with an operating loss of EUR 94.5 million (H1 2018: EUR 49.0 million and a loss of EUR 7.2 million, respectively). The strong decline was caused by operational and contractual issues on a limited number of projects, partly in decommissioning but mostly in offshore wind cables. In the offshore wind market, circumstances have changed as a consequence of the move to zero subsidies and increased competition. Clients are keenly seeking for ways to further reduce cost. This has resulted in a recent and unexpected change in the attitude of clients which is reflected in a sharp increase in the number of disputes and protracted claim negotiations. Following a thorough review of the projects in hand, provisions of slightly more than EUR 100 million have been made on a limited number of onerous contracts. The entire project portfolio was reviewed when determining these provisions. Boskalis is confident that in time a substantial part of these provisions will be recovered.

The result from the services cluster, consisting of Marine Transport & Services, Subsea Services and Marine Survey, was in line with the same period last year. Survey once again made a positive contribution despite adverse weather and unplanned maintenance. The other services business continued to be impacted by weak demand and spot market dependence.

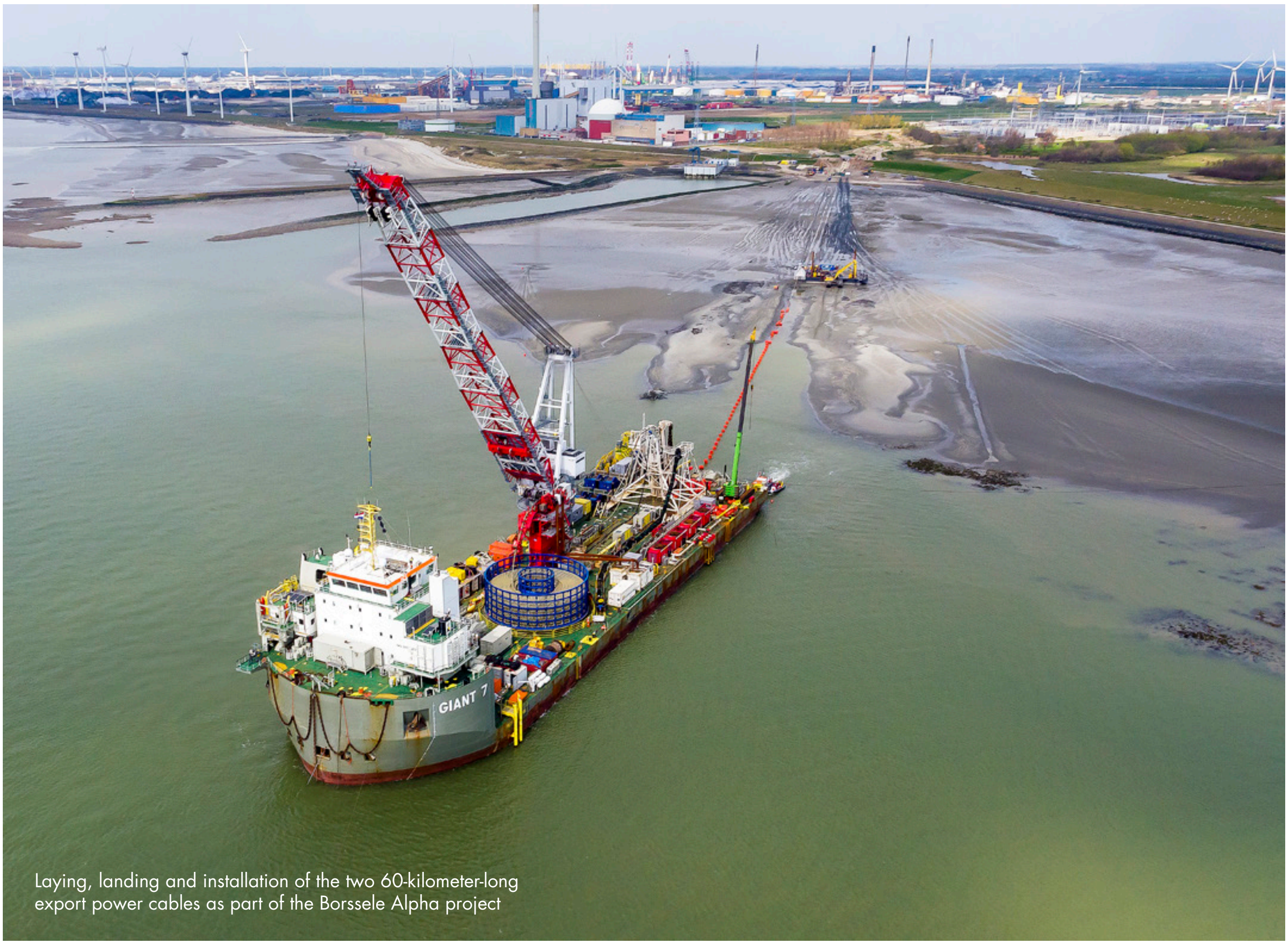
The contracting cluster, adjusted for the onerous contracts, made a positive contribution. The various seabed intervention projects contributed to this result.

The segment result includes our share in the net result of joint ventures and associates of a negative EUR 1.5 million. The contribution of Horizon in the first half year, as of 1 April, was EUR 1.8 million.

ORDER BOOK

On 30 June the order book, excluding our share in the order books of joint ventures and associates, stood at EUR 1,325.5 million (end-2018: EUR 1,281.9 million) of which approximately half is directly related to offshore wind.

Within Offshore Energy numerous mid to smaller sized contacts were acquired in addition to two larger offshore wind cable related contracts, the first of which is for the replacement and repair of certain inter-array cables at an existing offshore wind farm in the UK. Boskalis was also successful in acquiring the offshore export cable installation



Laying, landing and installation of the two 60-kilometer-long export power cables as part of the Borssele Alpha project

contract for the Hornsea 2 offshore wind farm, consisting of three export cable circuits with a total length of approximately 380 kilometers. The project scope includes the preparation of the offshore export cable route (geophysical survey, boulder clearance and seabed leveling through dredging) and the installation and protection of the cables.

Early 2019, Boskalis signed an exclusive Pre-Construction Agreement for the Inch Cape offshore wind farm project. The project scope includes the transportation and installation of the wind turbine foundations, the offshore substation and cables. The formal contract award is subject to a successful bid by the client in the next UK Contracts for Difference auction (second half 2019) and financial close (subsequent to the CfD outcome).

In the first half of the year new work worth EUR 485.0 million was acquired. Furthermore, through the acquisition of Bohlen & Doyen, two projects with a combined value of EUR 32.8 million were acquired and incorporated into the order book.

After the close of the first half of the year Boskalis was awarded a contract for Woodside's proposed Scarborough export gas pipeline in North West Australia. This joint Dredging – Offshore Energy project is not included in the order book as at 30 June.

TOWAGE & SALVAGE

Towage: *towage services and berthing and unberthing of oceangoing vessels in ports and at offshore terminals, management and maintenance both above and below the surface of onshore and offshore oil and gas terminals and associated maritime and management services.*

Salvage: *providing assistance to vessels in distress, wreck removal, environmental care services and consultancy.*

TOWAGE & SALVAGE	**1ST HY 2019**	1ST HY 2018	2018
(in EUR million)			
Revenue	**70.6**	43.9	131.7
EBITDA	**22.8**	15.4	36.4
Net result from JVs and associates	**7.5**	11.9	20.0
Operating result	**20.9**	14.0	33.1
Order book	**8.6**	16.6	7.9

EBITDA and operating result include our share in the net result of joint ventures and associates. The 2018 full year net result from the joint ventures and associates are presented excluding impairment charges.

Following the announcements earlier this year on the intended sale of Saam Smit Towage to our partner SAAM and Kotug Smit Towage to Boluda, these activities have been classified as an Asset Held For Sale. As a consequence these joint ventures do not contribute to earnings as per 1 January and 1 April respectively.

REVENUE

Revenue from the Towage & Salvage segment increased to EUR 70.6 million in the first half of the year (H1 2018: EUR 43.9 million).

The two largest projects contributing to this revenue increase were the salvage and care taking of the Yantian Express containership and the removal of debris from the Maersk Honam containership which was successfully salvaged in 2018. Numerous smaller emergency response contracts also contributed to the revenue growth.

All harbor towage activities are conducted through joint ventures. Our share in the net results of these joint ventures is recognized as net result from joint ventures and associates.

SEGMENT RESULT

EBITDA generated by the Towage & Salvage segment totaled EUR 22.8 million, with an operating result of EUR 20.9 million (H1 2018: EUR 15.4 million and EUR 14.0 million, respectively).

The strong Salvage result includes the contribution from current projects as well as financial settlements from projects that were executed in previous years. Such post completion settlements are common for the salvage business, however the actual size and timing of this income is unpredictable.

The segment result includes our share in the net result of joint ventures and associates, the remaining ones being terminal services (Smit Lamnalco) and harbor towage (Keppel Smit Towage and Kotug Smit Towage in the first quarter only). The contribution from these joint ventures was EUR 7.5 million (H1 2018: EUR 11.9 million). The decline is fully attributable to the deconsolidation of Saam Smit Towage and Kotug Smit Towage. Compared to the first half of 2018 there was a slight increase of the underlying contribution from Smit Lamnalco and Keppel Smit Towage.

ORDER BOOK

The order book, excluding our share in the order book of joint ventures and associates, was EUR 8.6 million on 30 June (end-2018: EUR 7.9 million). The order book relates solely to the Salvage business unit.

The value of the order book of the joint ventures is not included in the consolidated financials. As per 30 June the 100% value of the order book of the joint ventures amounted to EUR 1,191.2 million, which is fully attributable to terminal services contracts (Smit Lamnalco).

HOLDING AND ELIMINATIONS

Non-allocated head office activities.

HOLDING AND ELIMINATIONS	**1ST HY 2019**	1ST HY 2018	2018
(in EUR million)			
Revenue	**-12.1**	-10.8	-32.2
EBITDA	**29.4**	-18.8	-38.0
Net result from JVs and associates	**1.4**	-	0.2
Operating result	**-17.3**	-21.2	-42.5

EBITDA and operating result include our share in the net result of joint ventures and associates.

SEGMENT RESULT

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

The first half year 2019 EBITDA includes a book profit of EUR 42.2 million as a result of sale transactions. Part of this was related an impairment reversal on the sale of a vessel and the remaining EUR 15.2 million is related to the finalization of the sale of Kotug Smit Towage to the Boluda Group.

The newly built CBT2400
subsea cable trencher

OTHER FINANCIAL INFORMATION

The Bokalift 1 demonstrating its unique capabilities by transporting and installing five giant jacket foundations in one go for the East Anglia wind farm

IFRS 16 LEASES

As of 1 January 2019, Boskalis has applied IFRS 16 which requires lessees to recognize a liability in their Consolidated Statement of Financial Position and to capitalize the right-of-use of a leased asset if it is leased for a period exceeding one year. The first time application of IFRS 16 resulted in an increase in the non-current assets by EUR 91.4 million, an increase of EUR 10.6 million in depreciation charges and EUR 0.9 million additional interest charges. As a consequence, EBITDA increased by EUR 11.0 million and the net profit decreased by EUR 0.4 million. The comparative figures 2018 have not been restated.

DEPRECIATION, AMORTIZATION AND IMPAIRMENTS

Depreciation and amortization expenses amounted to EUR 126.6 million (H1 2018: EUR 119.7 million), excluding impairments and reversal of impairments. This increase is due to the first time application of IFRS 16 Leases.

During the first half year 2019 there was an impairment reversal of EUR 42.2 million as a result of sale transactions. Part of this was related to the sale of an impaired vessel and the remaining EUR 15.2 million was related to the finalization of the sale of Kotug Smit Towage to the Boluda Group. There were no impairment charges incurred during the first half year 2019.

The first half year 2018 included a large non-cash impairment loss of EUR 379.8 million. This impairment charge related mainly to the intangible assets (EUR 154.9 million) and property, plant and equipment (EUR 136.9 million) of the Offshore Energy division with the remainder related to goodwill embedded in the book value of harbor towage joint ventures (EUR 88.0 million).

INCOME FROM JOINT VENTURES AND ASSOCIATES

Our share in the net result from joint ventures and associates was EUR 8.6 million (H1 2018: EUR 14.8 million). This result relates mainly to our share in the net results of Smit Lamnalco, the Singapore partnerships with Keppel (Keppel Smit Towage, Asian Lift) and Horizon.

Following the classification of Saam Smit Towage and Kotug Smit Towage as Asset Held For Sale as per 31 December 2018 and 31 March 2019 respectively no share in the result of these two joint ventures is accounted for. The decline in the income from joint ventures and associates is fully attributable to this.

TAX

The tax income was EUR 0.3 million (H1 2018: tax charge of EUR 5.9 million) with a negative effective tax rate of 30.8% (H1 2018: 26.4%). Excluding our share in the net results of joint venture and associates and excluding the (tax effect on) extraordinary income, the effective tax rate is 0.6%

CAPITAL EXPENDITURE AND BALANCE SHEET

In the first half of the year an amount of EUR 113.5 million was invested in property, plant and equipment (H1 2018: EUR 90.6 million), of which EUR 28.3 million was related to dry dockings. Disposals were totaling EUR 12.5 million.

Within Dredging the largest investment was related to construction installment payments for the sister vessel of the Helios, the cutter suction dredger Krios. The largest investment with the Offshore Energy division was for a trencher for Subsea Cables.

At 30 June the capital expenditure commitments amounted to EUR 127 million (end-2018: EUR 162 million) of which the largest commitment relates to the Krios.

In addition to these investments in property, plant and equipment Boskalis acquired the offshore activities of Bohlen & Doyen in the first half year for EUR 23.3 million and acquired a 62.5% majority stake in Horizon Geoscience for a consideration of EUR 67.5 million.

In the second quarter Boskalis paid EUR 67.0 million on (full) cash dividends related to the 2018 financial year (2018: EUR 36.3 million).

The cash flow for the first six months amounted to EUR 127.9 million (H1 2018: EUR 137.8 million).

The working capital (excluding assets held for sale) at half year end was EUR 267 million negative (H1 2018: EUR 274 negative). Working capital is impacted by the historical seasonal pattern of revenues and receivables and by the receipt of milestone payments.

The cash position at 30 June 2019 was EUR 291.7 million (end-2018: EUR 336.2 million). The solvency ratio decreased to 50.9% (end-2018: 56.1%).

The interest-bearing debt relates largely to a long-term US Private Placement (USPP) of USD 325 million (EUR 285.4 million at 30 June 2019). This USPP matures in 2023. Furthermore, Boskalis has a EUR 600 million syndicated bank facility at its disposal (matures in 2021) of which EUR 360 million was drawn as at 30 June 2019 (31 December 2018: EUR 150 million).

On balance, including bank overdrafts, the net debt position at 30 June 2019 amounted to EUR 419.8 million (end-2018: EUR 130.9 million). The net debt position will improve substantially following the sale of Kotug Smit Towage to Boluda on 1 August (EUR 93.6 million proceeds) and the sale of the share in Saam Smit Towage to SAAM later this year (USD 201 million proceeds).

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 30 June 2019. The main covenants relate to the net debt : EBITDA ratio, with a limit of 3 and the EBITDA : net interest ratio, with a minimum of 4. At 30 June 2019 the net debt : EBITDA ratio stood at 2.0 and the EBITDA : net interest ratio at 17. Both ratios are expected to return to historic levels in the second half of the year following a substantial reduction of the net debt position.

PRINCIPAL RISKS AND UNCERTAINTIES

The 2018 Annual Report of Royal Boskalis Westminster N.V. provides an overview of Boskalis' risk management and describes the main risk categories: strategic and market risks, operational risks, financial risks, other risks including non-compliance with laws and regulations, and risks related to financial reporting as well as internal risk management and control systems. More information can be found on pages 54-60 of the 2018 Annual Report and in the online annual report at https://boskalis.com/annualreport.

The principal risks also apply to the current financial year. In the second half of 2019 the extent to which new projects are acquired with associated commercial terms and conditions will be largely dictated by the general prevailing economic circumstances in the geographic markets relevant to Boskalis and in particular by the state of affairs for services providers to the oil and gas sector.

OTHER DEVELOPMENTS

BOHLEN & DOYEN

Boskalis acquired the offshore activities of Bohlen & Doyen GmbH (Bohlen & Doyen) through the acquisition of the assets, liabilities, employees and some projects. Through this acquisition, Boskalis further strengthens its position in the German offshore cable market.
Bohlen & Doyen is consolidated as of 1 April 2019 and contributed EUR 3.7 million in revenue and EUR 0.4 million in operating result over this period. The consideration paid amounted to EUR 23.3 million in cash resulting in a limited badwill gain.

HORIZON

In February 2019 Boskalis acquired a 62.5% majority stake in the United Arab Emirates based company Horizon Geoscience. Through this transaction Boskalis has added an important strategic position to its existing marine survey and subsea geotechnical business. With its strong market position in the Middle East, Horizon is complementary to the position held through Gardline in Northwest Europe.
Based on voting rights, under IFRS, the investment is classified as a joint venture. The contribution of Horizon in the first half year, as of 1 April, was EUR 1.8 million. The consideration amounted to EUR 67.5 million of which EUR 65.3 million was paid in cash.

KOTUG SMIT TOWAGE

In March 2019 Boskalis, together with its co-shareholder Kotug International B.V. (Kotug), signed a letter of intent with Boluda Group relating to the sale and purchase of Kotug Smit Towage. The transaction was completed at the beginning of the third quarter 2019. On 1 August 2019 Boskalis received EUR 93.6 million in cash for its interest resulting in a EUR 15.2 million book profit accounted for in the first half year 2019.

Dredging and land reclamation activities for the Duqm Liquid Bulk Berths Project in Oman

SAAM SMIT TOWAGE

Early February 2019 Boskalis signed an agreement with Sudamericana Agencias Aereas y Maritimas S.A. (SAAM) relating to the sale and purchase of Boskalis' interest in the partnership Saam Smit Towage. Boskalis expects to close this transaction in the second half of 2019 at which point it will receive USD 201 million in cash. This transaction will result in a positive book result of approximately EUR 42 million related to positive currency translation differences and which will be subject to local Brazilian corporate income tax.

SAAONE

Early August 2019 Boskalis completed the sale of its share in SAAone to BBGI SICAV S.A. In 2012 Boskalis became shareholder in SAAone as part of a larger consortium for the reconstruction, widening and maintenance of the A1 and A6 motorway in the Netherlands. This DBFM (Design, Build, Finance, Maintain) contract was part of the road expansion program Schiphol Airport-Amsterdam-Almere. The project became operational in 2017 and the concession runs until 2042. As a result of this transaction a modest gain is recognized in the first half year result within the Dredging & Inland Infra division.

SHARE BUYBACK PROGRAM

Boskalis announced a share buyback program early February 2019 with the intention to repurchase the equivalent of EUR 100 million of its own shares. The program was launched mid-March and in the period up to 30 June 484,728 shares were purchased representing a total value of EUR 10.7 million. As at 30 June 2019 the issued share capital consisted of 135,378,338 ordinary shares, of which 1,795,240 are treasury stock held by Boskalis.

OUTLOOK

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

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

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

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

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

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

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

FINANCIAL CALENDAR

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


FAIRWAY

INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST HALF YEAR 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(Condensed Consolidated Income Statement)

(in millions of EUR)	Note	**1ST HALF YEAR 2019**	1ST HALF YEAR 2018*)
OPERATING INCOME			
Revenue	[10]	**1,265.9**	1,165.7
Reversal of impairments	[11]	**42.2**	-
Other income	[12]	**11.2**	2.2
		1,319.3	1,167.9
OPERATING EXPENSES			
Raw materials, consumables, personnel expenses, services and subcontracted work		**- 1,192.2**	- 1,032.5
Depreciation and amortization		**- 126.6**	- 119.7
Impairment charges	[13]	**-**	- 379.8
Other expenses	[12]	**-**	- 0.3
		- 1,318.8	- 1,532.3
Share in result of joint ventures and associates		**8.6**	14.8
RESULTS FROM OPERATING ACTIVITIES (EBIT)		**9.1**	- 349.6
Finance income and expenses		**- 8.1**	- 6.2
PROFIT/LOSS (-) BEFORE TAXATION		**1.0**	- 355.8
Income tax expense	[20]	**0.3**	- 5.9
NET GROUP PROFIT/LOSS (-) FOR THE REPORTING PERIOD		**1.3**	- 361.7
NET GROUP PROFIT/LOSS (-) FOR THE REPORTING PERIOD ATTRIBUTABLE TO:			
Shareholders		**1.3**	- 361.4
Non-controlling interests		**-**	- 0.3
		1.3	- 361.7
Weighted average number of shares (x 1,000)		**133,937**	130,891
Number of shares at the end of the reporting period (x 1,000)		**133,583**	134,068
Earnings per share		**EUR 0.01**	EUR -2.76
Earnings per share excluding extraordinary income / charges		**EUR -0.31**	EUR 0.27
Diluted earnings per share		**EUR 0.01**	EUR -2.76

*) Excluding the application of IFRS 16 and IFRIC 23. Reference is made to note 3 under 'Accounting principles applied for the preparation of the interim consolidated financial statements'.

The notes on pages 29 to 35 are an integral part of these Interim Consolidated Financial Statements for the first half year of 2019.

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

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

(in millions of EUR)	**1ST HALF YEAR 2019**	1ST HALF YEAR 2018*)
NET GROUP PROFIT/LOSS (-) FOR THE REPORTING PERIOD	**1.3**	- 361.7
ITEMS THAT WILL NOT BE SUBSEQUENTLY RECLASSIFIED TO THE STATEMENT OF PROFIT OR LOSS		
Actuarial gains (losses) and asset limitation on defined benefit pension plans, after tax	**-**	- 0.3
	-	- 0.3
ITEMS THAT ARE OR MAY BE RECLASSIFIED SUBSEQUENTLY TO THE STATEMENT OF PROFIT OR LOSS		
Currency translation differences on foreign operations, after tax	**3.5**	5.9
Currency translation differences from joint ventures and associates, after tax	**0.6**	12.5
Reclassification of hedge reserve to Statement of Profit or Loss	**19.0**	-
Change in fair value of cash flow hedges, after tax	**1.7**	- 4.1
Change in fair value of cash flow hedges from joint ventures and associates, after tax	**- 11.7**	- 0.9
	13.1	13.4
Other comprehensive income for the reporting period, after tax	**13.1**	13.1
TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD	**14.4**	- 348.6
ATTRIBUTABLE TO:		
Shareholders	**14.4**	- 348.9
Non-controlling interests	**-**	0.3
TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD	**14.4**	- 348.6

*) Excluding the application of IFRS 16 and IFRIC 23. Reference is made to note 3 under 'Accounting principles applied for the preparation of the interim consolidated financial statements'.

The notes on pages 29 to 35 are an integral part of these Interim Consolidated Financial Statements for the first half year of 2019.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Condensed Consolidated Balance Sheet)

(in millions of EUR)	*Note*	**30 JUNE 2019**	31 DECEMBER 2018*)
NON-CURRENT ASSETS			
Intangible assets		**117.9**	119.6
Property, plant and equipment	*[14]*	**2,415.2**	2,373.8
Right-of-use assets	*[18]*	**91.4**	-
Investments in joint ventures and associates	*[15]*	**419.4**	429.6
Other non-current assets		**20.6**	11.1
		3,064.5	2,934.1
CURRENT ASSETS			
Inventories and receivables		**1,249.9**	1,093.7
Cash and cash equivalents		**291.7**	336.2
Assets of disposal group		**270.1**	175.8
		1,811.7	1,605.7
TOTAL ASSETS		**4,876.2**	4,539.8
GROUP EQUITY			
Shareholders' equity		**2,481.0**	2,544.3
Non-controlling interests		**3.3**	3.3
		2,484.3	2,547.6
NON-CURRENT LIABILITIES			
Interest-bearing borrowings	*[16]*	**289.8**	438.5
Provisions		**69.7**	66.1
Lease liabilities	*[18]*	**70.1**	-
Other liabilities and payables		**14.8**	7.5
		444.4	512.1
CURRENT LIABILITIES			
Interest-bearing borrowings	*[16]*	**360.1**	0.3
Bank overdrafts		**61.6**	28.3
Lease liabilities	*[18]*	**21.5**	-
Other liabilities, payables and provisions		**1,504.3**	1,451.5
		1,947.5	1,480.1
TOTAL GROUP EQUITY AND LIABILITIES		**4,876.2**	4,539.8
Solvency		**50.9%**	56.1%

*) Excluding the application of IFRS 16 and IFRIC 23. Reference is made to note 3 under 'Accounting principles applied for the preparation of the interim consolidated financial statements'.

The notes on pages 29 to 35 are an integral part of these Interim Consolidated Financial Statements for the first half year of 2019.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of EUR)		1ST HALF YEAR 2019	1ST HALF YEAR 2018*)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net group profit/loss (-)		**1.3**	- 361.7
Depreciation, amortization and impairment charges	[13/14]	**126.6**	499.5
Cash flow		**127.9**	137.8
Adjustments for:			
Finance income and expenses, income tax expenses, results from disposals / divestments		**- 3.3**	14.0
Reversal of impairments	[11]	**- 42.2**	-
Movement in other non-current assets, excluding deferred tax		**- 0.2**	2.2
Movement in provisions, excluding deferred tax		**- 8.2**	- 6.0
Movement in working capital (including inventories, excluding tax and interest)		**- 86.9**	- 111.5
Share in result of joint ventures and associates	[15]	**- 8.6**	- 14.8
Cash generated from operating activities		**- 21.5**	21.7
Dividends received	[15]	**2.4**	6.2
Interest paid and received		**- 7.2**	- 6.0
Income tax paid		**- 14.3**	- 11.7
Net cash from operating activities		**- 40.6**	10.2
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in intangible assets and property, plant and equipment	[14]	**- 95.5**	- 74.3
Investment in joint ventures	[7]	**- 65.3**	-
Investment in business combination, net of cash acquired	[6]	**- 23.3**	-
Disposal of (a part of) group companies, net of cash disposed, and joint ventures		**25.5**	-
Net cash used in investing activities		**- 158.6**	- 74.3
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from interest-bearing borrowings	[16]	**210.0**	146.5
Repayment of interest-bearing borrowings		**- 0.1**	- 0.2
Payment of lease liabilities	[18]	**- 10.7**	-
Purchase of ordinary shares	[22]	**- 10.7**	- 16.6
Dividends paid to shareholders and non-controlling interests	[17]	**- 67.0**	- 36.3
Net cash used in / from financing activities		**121.5**	93.4
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**- 77.7**	29.3
Net cash and cash equivalents and bank overdrafts as at 1 January		**307.9**	151.2
Net increase (decrease) in cash and cash equivalents		**- 77.7**	29.3
Currency translation differences		**- 0.1**	6.0
Movement in net cash and cash equivalents		**- 77.8**	35.3
NET CASH AND CASH EQUIVALENTS (INCLUDING BANK OVERDRAFTS) AS AT 30 JUNE		**230.1**	186.5

*) Excluding the application of IFRS 16 and IFRIC 23. Reference is made to note 3 under 'Accounting principles applied for the preparation of the interim consolidated financial statements'.

The notes on pages 29 to 35 are an integral part of these Interim Consolidated Financial Statements for the first half year of 2019.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN GROUP EQUITY

	1ST HALF YEAR 2019			1ST HALF YEAR 2018*)		
(in millions of EUR)	**SHARE HOLDERS' EQUITY**	**NON-CONTROLLING INTERESTS**	**GROUP EQUITY**	SHARE HOLDERS' EQUITY	NON-CONTROLLING INTERESTS	GROUP EQUITY
Balance as at 31 December prior year	**2,544.3**	**3.3**	**2,547.6**	3,022.9	2.4	3,025.3
Change in accounting principles **)	**-**	**-**	**-**	- 1.4	-	- 1.4
Balance as at 1 January revised **)	**2,544.3**	**3.3**	**2,547.6**	3,021.5	2.4	3,023.9
TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD						
Net group profit/loss (-) for the reporting period	**1.3**	**-**	**1.3**	- 361.4	- 0.3	- 361.7
Other comprehensive income for the reporting period	**13.1**	**-**	**13.1**	12.5	0.6	13.1
Total comprehensive income for the reporting period	**14.4**	**-**	**14.4**	- 348.9	0.3	- 348.6
TRANSACTIONS WITH SHAREHOLDERS						
Purchase of ordinary shares	**- 10.7**	**-**	**- 10.7**	- 16.6	-	- 16.6
Cash dividend	**- 67.0**	**-**	**- 67.0**	- 36.3	-	- 36.3
Total transactions with shareholders	**- 77.7**	**-**	**- 77.7**	- 52.9	-	- 52.9
Balance as at 30 June	**2,481.0**	**3.3**	**2,484.3**	2,619.7	2.7	2,622.4

*) Excluding the application of IFRS 16 and IFRIC 23. Reference is made to note 3 under 'Accounting principles applied for the preparation of the interim consolidated financial statements'.

**) Incorporates prior year change in accounting principles for IFRS 15 and IFRS 9.

The notes on pages 29 to 35 are an integral part of these Interim Consolidated Financial Statements for the first half year of 2019.

EXPLANATORY NOTES TO THE INTERIM 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 Rosmolenweg 20, 3556 LK in Papendrecht, the Netherlands. The Company is registered at the Chamber of Commerce under number 23008599 and is a publicly listed company on Euronext Amsterdam.

The Interim Consolidated Financial Statements of Royal Boskalis Westminster N.V. for the first half year of 2019 include the Company and its Group companies (hereinafter referred to jointly as the 'Group') and the interests of the Group in associates and entities over which it has joint control.

The Interim Consolidated Financial Statements were prepared by the Board of Management and released for publication on 22 August 2019.

The Interim Consolidated Financial Statements for the first half year of 2019 have not been audited or reviewed by an independent auditor.

The Group's audited consolidated financial statements for 2018 are available at www.boskalis.com.

2. COMPLIANCE STATEMENT

The Interim Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. These Interim Consolidated Financial Statements do not include all the information required for full financial statements and are to be read in combination with the audited 2018 Consolidated Financial Statements of the Group, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS).

3. ACCOUNTING PRINCIPLES APPLIED FOR THE PREPARATION OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accounting principles applied to the valuation of assets and liabilities and the determination of results are the same as the valuation principles applied to the 2018 Consolidated Financial Statements, with the exception of the relevant changes mentioned in the section 'Changes in principles of financial reporting'. Unless stated otherwise, all amounts are reported in millions of euros.

CHANGES IN PRINCIPLES OF FINANCIAL REPORTING

The Group applied IFRS 16 'Leases' and IFRIC 23 'Uncertainty over Income Tax Treatments' for the first time. Both standards are effective as of 1 January 2019, and do not require a revision of the comparative figures.

(a) IFRS 16 Leases

IFRS 16 ´Leases´ replaces IAS 17 'Leases' and provides a new framework for the recognition of lease contracts and is effective as of 1 January 2019. This new standard relates to changes in accounting for operational lease commitments of the Group. IFRS 16 requires lessees to recognize a liability in their Consolidated Statement of Financial Position and to capitalize the right-of-use of a leased asset if it is leased for a period exceeding one year. As allowed by IFRS 16, the Group has applied this standard retrospectively with the cumulative effect of initially applying IFRS 16 recognized as of 1 January 2019. The comparative figures for 2018 have not been restated. Over the first half year of 2019 EBITDA increased by EUR 11.0 million and the net Group result decreased by EUR 0.4 million.

The impact of the adoption of IFRS 16 is further explained and quantified in note 18.

(b) IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 'Uncertainty over Income Tax Treatments' was issued in June 2017 and is effective as of 1 January 2019. The interpretation of IFRIC 23 applies to the determination of taxable profit (taxable loss), tax bases, unused tax losses, unused tax credits and tax rates where there is uncertainty over income tax treatments under IAS 12. Under IFRIC 23 the key requirement is to question whether it is probable that the tax authorities will accept the tax treatment the Group has chosen under the assumption that tax authorities will have full knowledge of all relevant information in assessing a proposed tax treatment. If it is probable that the tax authorities will accept the tax treatment, the entire amount of the tax position determined should be recognized. If it is not probable that the tax treatment will be accepted by the tax authorities, the financial consequences of this uncertainty should be accounted for in the tax position. The Group can only reassess and change recognized uncertain tax positions in the event of a change in the facts and circumstances on which the judgement or estimate was based. The introduction of IFRIC 23 had no material impact on Group results and is not expected to materially impact the results of the Group in subsequent periods.

4. ESTIMATES

The preparation of Interim Consolidated Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting principles and the recognized amounts under assets, liabilities, income and expense. Actual results may deviate from results reported previously on the basis of estimates and assumptions. Judgements made by management in applying the Group's accounting principles and the key sources for making estimates were the same as the judgements and sources applied when preparing the 2018 Consolidated Financial Statements, with the exception of judgement and estimates relating to (the introduction of) IFRS 16 (reference is made to note 18) and IFRIC 23 (reference is made to note 3) and income tax expense. Income tax expense is accounted for based on the weighted average tax rate that would apply to expected pre-tax profit for the full year multiplied by the pre-tax profit for the reporting period, taking into account known deviations.

5. OPERATIONAL SEGMENTS

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

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

DREDGING & INLAND INFRA

Traditionally, dredging is the core activity of the Group. It involves all activities required to remove silt, sand and other layers from the seabed and river bed and in some cases using it elsewhere where possible, for example for coastal protection or land reclamation. The services provided also include the construction and maintenance of ports and waterways, and coastal defense and riverbank protection, as well as associated specialist services such as underwater rock fragmentation. In addition, the Group is active in the extraction of raw materials using dredging techniques and dry earthmoving. In the Netherlands, the Group also operates as a contractor of dry infrastructure projects. This involves the design, preparation (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. These activities include performing specialist works such as soil improvement and land remediation.

OFFSHORE ENERGY

With the offshore contracting capabilities and services the Group supports activities of the international energy sector, including oil and gas companies and providers of renewable energy such as wind power. The Group is involved in the engineering, construction, maintenance and decommissioning of oil and LNG-import/export facilities, offshore platforms, pipelines and cables and offshore wind farms. In performing these activities the Group applies its expertise in the areas of heavy transport, lift and installation work, as well as diving and ROV services complemented with dredging, offshore pipeline installation, rock installation, offshore cable installation and marine activities. The acquired activities of Horizon and Bohlen & Doyen have been part of this segment since 21 February 2019 and 1 April 2019, respectively.

TOWAGE & SALVAGE

In ports around the world towage assistance is provided to incoming and outgoing ocean-going vessels through the Group's joint ventures Keppel Smit Towage, Saam Smit Towage and Kotug Smit Towage. The Group completed the sale of its interest in the partnership Kotug Smit Towage as of 1 August 2019 and the Group expects to divest its interest in the partnership Saam Smit Towage in the second half year of 2019. Therefore these interests have been classified as disposal groups.
In addition, a full range of terminal services for the operation and management of onshore and offshore terminals is offered through its strategic joint venture Smit Lamnalco. These services include assistance with the berthing and unberthing of tankers at oil and LNG terminals as well as additional support services. In the first half year 2019, for towage and terminals, a versatile fleet of over 400 vessels provides assistance to, amongst others, oil and chemical tankers, container ships, reefers, RoRo ships and mixed cargo ships in around 100 ports and terminal locations in 35 countries.
SMIT Salvage provides marine salvage-related services and assistance to vessels in distress and is able to act 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 EBITDA. The segment result and EBITDA are used to measure the performance of operational segments, both between segments and compared to other companies in the same industry. Inter-operational segment services, if any, take place on an arm's length basis. In the reporting period there were no material inter-operational segment services.

INFORMATION ON OPERATIONAL SEGMENTS AND RECONCILIATION TO GROUP RESULTS

(in millions of EUR)	DREDGING & INLAND INFRA	OFFSHORE ENERGY	TOWAGE & SALVAGE	HOLDING & ELIMINATIONS / GROUP	GROUP
1st half year 2019					
Revenue	733.2	474.2	70.6	- 12.1	1,265.9
EBITDA	124.5	- 41.0	22.8	29.4	135.7
Share in result of joint ventures and associates	1.2	- 1.5	7.5	1.4	8.6
Operating result (before extraordinary income)	57.8	- 94.5	20.9	- 17.3	- 33.1
Extraordinary income				42.2	42.2
EBIT					9.1
Non-allocated finance income and expenses					- 8.1
Non-allocated income tax					0.3
Net Group profit/loss (-)					1.3
Investments in property, plant and equipment	51.2	48.5	0.2	13.6	113.5
Depreciation and amortization	- 66.7	- 53.5	- 1.9	- 4.5	- 126.6
Reversal of impairment charges on sale vessel	-	-	-	27.0	27.0
Reversal of impairment charges on sale Kotug Smit Towage	-	-	-	15.2	15.2

(in millions of EUR)	DREDGING & INLAND INFRA	OFFSHORE ENERGY	TOWAGE & SALVAGE	HOLDING & ELIMINATIONS / GROUP	GROUP
1st half year 2018*)					
Revenue	656.9	475.7	43.9	- 10.8	1,165.7
EBITDA**)	121.6	49.0	15.4	- 18.8	167.2
Share in result of joint ventures and associates before extraordinary charges	1.2	1.7	11.9	-	14.8
Operating result (before extraordinary charges)	61.8	- 7.2	14.0	- 21.2	47.4
Extraordinary charges				- 397.0	- 397.0
EBIT					- 349.6
Non-allocated finance income and expenses					- 6.2
Non-allocated income tax					- 5.9
Net Group profit/loss (-)					- 361.7
Investments in property, plant and equipment	49.3	38.7	-	2.6	90.6
Depreciation and amortization	- 59.9	- 56.2	- 1.4	- 2.2	- 119.7
Impairment charges on property, plant and equipment	-	- 136.9	-	-	- 136.9
Impairment charges on intangible assets	-	- 154.9	-	-	- 154.9
Impairment charges on joint ventures	-	-	- 88.0	-	- 88.0

*) Excluding the application of IFRS 16 (reference is made to note 3)

**) EBITDA before extraordinary charges

As required by EU-IFRS, the information as presented above reconciles with the internal management information of the Board of Management. In measuring the financial performance of operational segments, certain line items are presented differently in the internal management information than in these EU-IFRS Interim Consolidated Financial Statements.

In the EU-IFRS Interim Condensed Consolidated Statement of Profit or Loss the Results from operating activities (EBIT) shows a profit of EUR 42.2 million which includes a reversal of impairments as a result of sale transactions of EUR 42.2 million. In the table above this item is presented as part of extraordinary income. Similar in 2018, Results from operating activities (EBIT) shows a loss of EUR 349.6 million, including impairment charges of EUR 379.8 million. The (reversal of) impairment charges are specified for each operational segment in the table above. EBITDA for operational segment in the table above equals the operating result before depreciation and amortization; Group EBITDA as stated in the management information amounts to EUR 135.7 million.

A large part of the Group's projects that have been executed or are currently in progress within the operational segments Dredging & Inland Infra and Offshore Energy is directly or indirectly performed on behalf of state-controlled authorities and oil and gas producers (or contractors thereof) in various countries and geographical areas. In general there is a healthy diversification of receivables from different customers in several countries in which the Group performs its activities.

6. ACQUISITION OF OFFSHORE ACTIVITIES OF BOHLEN & DOYEN GMBH

On 1 April 2019 the Group has obtained control over the offshore activities of Bohlen & Doyen GmbH, Germany (hereinafter: Bohlen & Doyen) through the acquisition of the assets, liabilities, employees and some projects. This transaction is classified as a business combination and is included as such in the consolidation. The acquisition of the Bohlen & Doyen business strengthens the position of the Group in the offshore cable market.

After the Group obtained control, the Bohlen & Doyen business has contributed EUR 3.7 million to Group revenue. This comprises the revenue from the contracts acquired. The acquisition has resulted in a positive impact of approximately EUR 0.4 million in the segment Offshore Energy, including the gain on acquisition and expenses resulting from the integration in the Group. Had the Group acquired the Bohlen & Doyen business at the beginning of the year, management estimates that this would not have had an (additional) material impact on the consolidated revenue and result over the first half year of 2019. The Group had incurred cost of EUR 0.1 million for the services of external advisors relating to this transaction. These costs are included as expenses in the Consolidated Statement of Profit or Loss as part of Raw materials, consumables, personnel expenses, services and subcontracted work and are included in the segment result under Holding & Eliminations.

Consideration paid
The consideration paid amounted to EUR 23.3 million in cash.

Identifiable assets acquired and liabilities assumed
As a result of the acquisition the following identifiable assets were acquired and liabilities assumed:

As at 1 April 2019 (in millions of EUR)	
Property, plant and equipment	24.4
Inventories	0.1
Right-of-use assets	6.1
Current other liabilities and payables	- 0.2
Lease liabilities	- 6.1
Net amount of identified assets acquired and liabilities assumed	**24.3**

The following valuation methods were used in assessing the fair value of identified, material, assets and liabilities assumed:

- The fair value of the individual vessels (property, plant and equipment) is mainly determined based on a market approach performed by an external valuator.
- The fair value of other material assets identified and liabilities assumed is based on the market value at which the assets or liabilities are or could be settled with contractual parties.

Gain on acquisition
The business combination resulted in a gain on acquisition of EUR 1.0 million, recognized in Other income in the Consolidated Statement of Profit or Loss, because the net amount of assets acquired and liabilities assumed was higher than the consideration paid. A gain was expected given the agreement with the seller on the expenses to be borne by Boskalis that do not qualify as an assumed liability under IFRS at 1 April 2019. Before recognizing the gain, the Group reassessed the completeness of assets identified and liabilities assumed, and also reassessed the underlying assumptions and measurement techniques. A deferred tax liability of EUR 0.3 million was recognized in the Consolidated Statement of Profit or Loss regarding the profit relating to the bargain purchase of this business combination of EUR 1.0 million (after tax: EUR 0.7 million).

7. INVESTMENT IN HORIZON

On 21 February 2019 the Group has gained, based on voting rights, joint control in Horizon. As a result the investment of 62.5% is classified as a joint venture. The consideration amounted to USD 76.5 million, of which USD 75.3 million paid in cash.

8. ASSETS HELD FOR SALE

SAAM SMIT TOWAGE

Early February 2019 the Group signed an agreement with Sudamericana Agencias Aereas y Maritimas S.A. (SAAM) relating to the sale and purchase of the Group's interest in the partnership Saam Smit Towage. Boskalis expects to receive USD 201 million in cash for its interest. As from the fourth quarter of 2018 the interest in the partnership, previously reported under Joint ventures and associates, has been classified as a disposal group. The disposal group, within the operational segment Towage & Salvage is valued at its fair value of EUR 178,6 million. Since being classified as a disposal group, no further share in the results of the partnership has been recognized by the Group. The cumulative unrecognized income and expenses relating to the disposal group amount to a net income of approximately EUR 43 million and consist of positive currency translation difference. Therefore, the disposal of our interest in the partnership, which is expected to be realized in the second half year of 2019, is expected to result in a positive book result of approximately EUR 42 million, as well as a corporate income tax of approximately EUR 7.5 million.

KOTUG SMIT TOWAGE

In March 2019 the Group, together with its co-shareholder Kotug International B.V. (Kotug), signed a letter of intent with Boluda Group relating to the sale and purchase of the Group's interest in the partnership Kotug Smit Towage. The Group received EUR 93.6 million in cash for its interest at the beginning of August 2019 and recognized a profit of EUR 15.2 million in the first half year 2019. In the first quarter 2019, the interest in the partnership, previously reported under Joint ventures and associates, is classified as a disposal group. The disposal group, within the operational segment Towage & Salvage is valued at its fair value. Since being classified as a disposal group, no further share in the results of the partnership has been recognized by the Group. As at 30 June 2019, no material amount has been recorded with respect to the cumulative unrecognized income and expenses relating to the disposal group.

9. SEASONAL OPERATIONS

The Group's operations are mainly project-based and are therefore primarily influenced by the timing of commencement and completion of these projects. Projects are executed and services provided all over the world. Some operations are influenced by seasonal patterns.

10. REVENUE

Revenue by region can be specified as follows:

(in millions of EUR)	**1ST HALF YEAR 2019**	1ST HALF YEAR 2018
The Netherlands	**259.7**	231.7
Rest of Europe	**440.0**	463.0
Australia / Asia	**231.6**	168.6
Middle East	**183.0**	129.7
Africa	**44.0**	52.5
North and South America	**107.6**	120.2
	1,265.9	1,165.7

Revenue from contracting business amounts to EUR 1.0 billion (first half year 2018: EUR 0.9 billion). This mainly comprises the revenue of Dredging & Inland Infra, Offshore Energy (excluding marine transport and related services) and Salvage, and is typically related to the execution of projects.

The revenue from services rendered to third parties is primarily related to Offshore Energy (mainly marine transport and related services) and amounts to approximately EUR 0.3 billion (first half year 2018: EUR 0.3 billion).

11. REVERSAL OF IMPAIRMENTS AS A RESULT OF SALE TRANSACTIONS

During the first half year of 2019 the Group reversed two impairments for a total amount of EUR 42.2 million as a result of sale transactions. The Group reversed EUR 27.0 million related to the sale of an impaired vessel and EUR 15.2 million relating to the impairment on Kotug Smit Towage as a result of the finalization of the sale to Boluda Group (reference is made to note 8).

12. OTHER INCOME AND EXPENSES

Other income and other expenses consist, amongst others, of the positive/negative book results on the disposal of property, plant and equipment. In the first half year of 2019, this included the book result on the disposal of assets, a badwill gain related to the acquisition of Bohlen & Doyen and a profit from the sale transaction of SAAone PPP B.V. With this SAAone transaction, the Group divested its financial interests in one operational DBFM project in the Netherlands.

13. IMPAIRMENT CHARGES

In the first half year of 2018 the Group incurred a non-cash impairment loss of EUR 379.8 million. This impairment charge related mainly to the intangible assets (EUR 154.9 million) and property, plant and equipment (EUR 136.9 million) of the Group´s offshore activities, as well as joint ventures (EUR 88.0 million) of the harbor towage activities. No impairment charges were incurred in the first half year of 2019.

14. PROPERTY, PLANT AND EQUIPMENT

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

(in millions of EUR)	**TOTAL**
Balance as at 1 January 2019	**2,373.8**
Investments	113.5
Acquired through business combinations	24.4
Depreciation	- 114.2
Reversal of impairment	27.0
Disposals	- 12.5
Currency translation differences and other movements	3.2
Balance as at 30 June 2019	**2,415.2**

15. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

Movements in investments in joint ventures and associates in the reporting period can be summarized as follows:

(in millions of EUR)	**TOTAL**
Balance as at 1 January 2019	**429.6**
Acquisition of Horizon	67.5
Reversal of impairment Kotug Smit Towage	15.2
Classified as held for sale of Kotug Smit Towage	- 93.6
Divestments	- 14.1
Share in result of joint ventures and associates	8.6
Dividends received	- 2.4
Currency translation differences and other movements	8.6
Balance as at 30 June 2019	**419.4**

16. INTEREST-BEARING BORROWINGS

The movement in interest-bearing borrowings in the first half year of 2019 mainly relates to the amount drawn under the revolving multi-currency credit facility. As at 30 June 2019, the Group has drawn EUR 360 million under this credit facility (31 December 2018: EUR 150 million).

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

In the first half year of 2019 a total dividend of EUR 67.0 million was distributed with regard to the 2018 financial year (EUR 0.50 per ordinary share).

At 30 June 2019, the issued share capital consisted of 135,378,338 ordinary shares, of which 1,795,240 are treasury stock held by Boskalis.

18. IFRS 16 LEASES

The Group applied IFRS 16 with effect from 1 January 2019. The Interim Consolidated Financial Statements for the first half year of 2019 marks the first time that changes resulting from the application of this standard have been accounted for. With respect to IFRS 16 the Group applied the retrospective approach and has used the transition option meaning that the cumulative effects are accounted for in the Consolidated Statement of Financial Position as at 1 January 2019. Comparative figures for 2018 have therefore not been restated. As of the transaction date for leases with similar characteristics a single discount rate is applied. The Group also applies the expedients that lease payments are directly recognized as expenses for leases with a lease term of less than twelve months, leases that will end within twelve months after the date of initial application and/or leased assets with a low value. For other lease commitments, the present value of future lease payments is recognized as a financial liability in the Consolidated Statement of Financial Position. The lease liability is measured at amortized cost using the effective interest method. Correspondingly, the right-of-use asset is recognized within non-current assets at the present value of the liability at the commencement date of the lease, adding any directly attributable costs. The right-of-use asset is depreciated on a straight line basis over the lease term. The main estimates made by management are related to the applied discount rate and the term of the lease. The lease liabilities were discounted at the incremental borrowing rates as at 1 January 2019. The weighted average discount rate is 1.8%.

Reconciliation of the IFRS 16 opening balance of the lease liabilities as at 1 January 2019 is based on the lease obligations as at 31 December 2018:

(in millions of EUR)	**TOTAL**
Off-balance lease obligations as at 31 December 2018	**87**
Estimated extensions of leases, exceeding legal obligations	10
Effect of discounting the lease liability	-9
Leases less than 12 months and other effects	-7
On balance lease liabilities as of 1 January 2019	**81**

The Group assesses whether a contract is, or contains a lease. For all leases present as at 1 January 2019 an opening balance sheet adjustment has been made as at 1 January 2019 to reflect the impact of adoption as at this date. The right-of-use assets and lease liability as at 1 January 2019 amounted to EUR 80.6 million (30 June 2019: respectively EUR 91.4 million and EUR 91.6 million).

In the first half year of 2019 depreciation charges of EUR 10.6 million and interest charges of EUR 0.9 million were recognized in the Consolidated Statement of Profit or Loss. The effect of IFRS16 on the net result amounts to EUR 0.4 million.

19. RELATED PARTIES

The identified related parties of the Group are its Group companies, joint ventures, associates, shareholders with significant influence, pension funds that are classified as funded defined benefit pension plans in accordance with IAS 19, and the members of the Supervisory Board and Board of Management. Mrs. J.A. Tammenoms Bakker and Mr. D.A. Sperling were appointed as members of the Supervisory Board at the General Meeting of Shareholders on 8 May 2019, while Mr. C. van Woudenberg resigned as a member of the Supervisory Board as of the date of the Meeting. Mr. C. van Noort was appointed as a member of the Board of Management at the General Meeting of Shareholders on 8 May 2019, while Mr. J.H. Kamps resigned as a member of the Board of Management as of the date of the Meeting. There were no other significant changes to the identified related parties of the Group.

Transactions with joint ventures and associates in the course of normal business activities take place at arm's length basis. In the first half year of 2019 sales and purchases amounted to EUR 2.2 million and EUR 8.3 million, respectively (first half year 2018: EUR 4.0 million and EUR 7.0 million, respectively). Receivables from and liabilities to joint ventures and associated companies amounted to EUR 31.5 million and EUR 6.1 million, respectively, as at 30 June 2019 (year-end 2018: EUR 27.1 million and EUR 4.3 million, respectively).

Transactions with members of the Board of Management and Supervisory Board comprise only regular remuneration.

During the first half year of 2019 there were no other material transactions with related parties that could reasonably be expected to influence any decision taken by users of these Interim Consolidated Financial Statements.

20. INCOME TAX EXPENSE

The tax rate, excluding the result from joint ventures and associates and excluding the (tax effect on) extraordinary income, was 0.6% in the first half year of 2019.

21. COMMITMENTS AND CONTINGENT LIABILITIES

The total of outstanding guarantees, mainly relating to projects in progress, amounted to EUR 0.7 billion as at 30 June 2019. Compared to 31 December 2018 there were no material changes to the other commitments and investment commitments, except for the accounting of operational lease commitments (reference is made to note 18). Some legal proceedings and investigations have been initiated against the Group or entities of the Group. Provisions have been made where deemed necessary and if a reliable estimate of future cash flows can be made.

22. SHARE BUYBACK PROGRAM

On 15 March 2019 the Group announced a share buyback program of EUR 100 million, to reduce the capital outstanding. A total of 484,728 shares representing an amount of EUR 10.7 million were repurchased in the first half year of 2019 as part of this program.

23. FINANCIAL INSTRUMENTS

FAIR VALUE

The fair value of the majority of the financial instruments does not differ materially from the book value, with the exception of long-term and short-term loans and other payables with a fixed interest rate. The fair value of these liabilities exceeded the book value by EUR 12.6 million as at 30 June 2019 (31 December 2018: EUR 4.4 million higher).

The following financial instruments have been recognized at fair value in the Consolidated Statement of Financial Position:

(in millions of EUR)	**30 June 2019**	31 December 2018
FINANCIAL ASSETS		
Derivatives non-current	**8.8**	0.7
Derivatives current	**5.9**	5.7
	14.7	6.4
FINANCIAL LIABILITIES		
Derivatives non-current	**8.8**	1.7
Derivatives current	**7.3**	11.4
	16.1	13.1

FAIR VALUE HIERARCHY

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

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

The fair value of derivatives is based on future cash flows, objectively determinable forward rates of the relevant interest rates, foreign currencies and commodities at balance sheet date and forward rates according to the respective contracts. Moreover the discount rate applied is derived from the relevant interest curves. The fair value of derivatives is categorized as level 2 (31 December 2018: level 2).

The fair value of the long-term and short-term loans and other payables with a fixed interest rate is determined based on the present value of future cash flows for which the discount rate is derived from relevant interest curves. The fair value of these loans and payables are categorized as level 3 (31 December 2018: level 3).

24. BOARD OF MANAGEMENT DECLARATION

The Board of Management of Royal Boskalis Westminster N.V. hereby declares that, to the best of its knowledge, the Interim Consolidated Financial Statements for the first half year of 2019 as prepared in accordance with International Financial Reporting Standard (IFRS) 'IAS 34 Interim Financial Reporting' gives a true and fair view of the assets, liabilities, financial position and the profit or loss of Royal Boskalis Westminster N.V. and all its business undertakings included in the consolidation and that the semi-annual report gives a fair view of the information required in accordance with Section 5:25d subsections 8 and 9 of the Dutch Financial Supervision Act (Wet op het financieel toezicht).

Papendrecht / Sliedrecht, the Netherlands,
21 August 2019

Board of Management
dr. P.A.M. Berdowski, chairman
T.L. Baartmans
B.H. Heijermans
C. van Noort, CFO

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

royal@boskalis.com
T +31 78 6969000

www.boskalis.com