

PRESS RELEASE

Boskalis maintains 2016 profit outlook

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

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Q3 TRADING UPDATE - HIGHLIGHTS

- Revenue and result development in line with expectations
- Utilization rates stable for trailing suction hopper dredgers (Dredging) and heavy transport vessels (Offshore Energy)
- Order book increased 8% to EUR 2.9 billion
- Good contribution from VolkerWessels offshore activities acquired at beginning of Q3

OUTLOOK

- Persistently difficult market conditions characterized by low volumes of work and pressure on utilization rates and margins
- Profit outlook: operating net profit in second half of 2016 to approach operating net profit level achieved in first half of the year

Royal Boskalis Westminster N.V. (Boskalis) closed the third quarter of 2016 in line with expectations. Both revenue and operating profit were higher than the average seen in the first two quarters of the year. The increase was wholly attributable to the contribution from the offshore activities acquired from VolkerWessels, which are consolidated with effect from the third quarter. Adjusted for these activities there was a slight decline in revenue and operating profit compared to the average seen in the first two quarters of the year.

Adjusted for acquisitions there was a substantial decline in revenue and operating profit compared to the third quarter of last year, in line with expectations. 2015 as a whole was an exceptionally good year with high fleet utilization and particularly good project margins.

Market conditions remain persistently difficult both at Dredging and for the capacity-driven service-related activities of Offshore Energy, putting pressure on volumes and prices.

The order book increased to EUR 2.9 billion, up 8% compared to end-June, with the increase wholly attributable to the addition of the offshore activities of VolkerWessels.

FOR FURTHER INFORMATION

Investor relations:
Martijn L.D. Schuttevâer
ir@boskalis.com

Press:
Arno Schikker
press@boskalis.com

T +31 78 6969310

The expectations for the remainder of the year remain unchanged. For 2016 as a whole Boskalis expects the operating net profit in the second half to approach the level achieved in the first half of the year.

Operational developments

Dredging & Inland Infra had a quiet third quarter in line with the first half of the year. Market weakness resulted in low but stable utilization levels for the hopper fleet and revenue comparable to the average seen in the first two quarters of the year. Results on dredging projects in progress were reasonable to good and there was also a positive contribution to the result from projects that were technically completed at an earlier stage. However, at the same time the result was adversely impacted by the considerably lower equipment utilization rates. In the third quarter projects were contracted in countries including the Netherlands, Finland, the United Kingdom and Uruguay. On balance the order book at Dredging & Inland Infra fell by around 5% compared to mid-2016.

Offshore Energy had a good third quarter on balance, supported by the contribution from the offshore activities acquired from VolkerWessels. Revenue and the result at the segment rose compared to the previous quarters. Excluding the contribution from the VolkerWessels activities revenue and the result were slightly lower compared to the average seen in the first two quarters of the year.

The sharply contracting market and increased competition is putting increasing pressure on utilization and margins at the capacity-driven Marine Services activities. By contrast new opportunities are opening up in the offshore wind energy market, partly thanks to the offshore activities recently acquired from VolkerWessels. In the third quarter Boskalis secured the contract for the construction of the Aberdeen Offshore Wind Farm as well as numerous smaller contracts. The order book of Offshore Energy was higher as a result of the VolkerWessels acquisition; adjusted for this consolidation effect the order book declined compared to mid-2016 levels.

In the **Towage & Salvage** segment revenue at Salvage in the third quarter was comparable to the first two quarters. Contrary to last year, this year there were no large wreck removal projects in progress or in the order book. There was no material change in the picture at the Towage joint ventures and associated companies (Smit Lamnalco, Keppel Smit Towage, Saam Smit Towage and, from the second quarter, KOTUG SMIT Towage) in the third quarter compared to the first half of the year. The contribution to the result from Smit Lamnalco and Keppel Smit Towage was lower than expected due to pressure on end markets.

The **Holding** segment mainly comprises the usual non-allocated head office costs as well as various non-allocated (in many cases non-recurring) income and expenses. The acquisition of the remaining shares in VBMS, in which Boskalis already held a 50% stake, resulted in a revaluation gain of EUR 40 million in the third quarter.

Update on fleet rationalization

At the beginning of July Boskalis announced a fleet rationalization program to be implemented over the next two years. It involves 24 vessels being taken out of service and the loss of 650 jobs. After obtaining a positive opinion from the Dutch Works Council and approval of the social plan from both trade union CNV Waterbouw and the Works Council, Boskalis started with the implementation of the program. Of the announced reduction affecting 650 jobs, the workforce has already been reduced by more than 200 jobs. The timing of the remaining workforce reduction is partly dependent on factors including the current deployment of vessels and national legislation.

Outlook

At the release of the half-year results the company stated that, based on the fleet planning and work in the order book and barring unforeseen circumstances, operating net profit in the second half of 2016 was expected to approach the level achieved in the first half of the year. Based on the result and the market picture in the third quarter the Board of Management maintains this forecast.

Exceptional items such as book and revaluation gains, impairments and our share in the result of Fugro are excluded from the operating net profit forecast. At the close of the fourth quarter and based on the new three-year corporate business plan, annual impairment tests required under IFRS will be conducted. Given the rapid and strong deterioration in market conditions impairment charges cannot be ruled out, in particular at the offshore services activities. A potential impairment of this type will have no impact on determining the dividend amount.

Capital expenditure in 2016 is expected to total EUR 180-200 million, excluding acquisitions. The amount is well below the level of depreciation and will be financed from the company's own cash flow. Boskalis' financial position remains strong. The net debt position has declined since mid-2016 and Boskalis comfortably meets the covenants agreed with its debt providers.

2017	FINANCIAL CALENDAR
8 March	Publication of 2016 annual results
10 May	Trading update on first quarter of 2017
10 May	Annual General Meeting of Shareholders
17 August	Publication of 2017 half-year results
10 November	Trading update on third quarter of 2017

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ir@boskalis.com

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press@boskalis.com

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

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

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