

## PRESS RELEASE

### Boskalis maintains 2015 profit outlook

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Papendrecht, 13 November 2015

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#### Q3 TRADING UPDATE - HIGHLIGHTS

- Good third quarter with good operational project results
- Lower utilization cutter suction dredgers (Dredging) and heavy marine transport vessels (Offshore Energy)
- Order book declines 6.1% to EUR 2.8 billion

#### OUTLOOK

- Market conditions remain challenging
- Net profit outlook for 2015 maintained
- Net profit lower than in 2014 (EUR 490 million)

Royal Boskalis Westminster N.V. (Boskalis) realized a good third quarter. Quarterly revenue slightly exceeded the average quarterly revenue in the first half of the year. Cumulative revenue for the past three quarters was stable compared to the same period last year when adjusted for (de)consolidation and currency effects.

In line with expectations, operating profit for the third quarter was lower than the exceptionally high average quarterly result achieved in the first half of the year, which was characterized by a high fleet utilization and exceptionally good project margins. Operating profit was also lower than the level achieved in the third quarter of last year which was positively impacted by substantial settlement results on old Dredging projects.

Market conditions remain challenging, particularly in the capacity-driven segments in the Offshore Energy market, resulting in pressure on work volumes and pricing. The order book declined 6% compared to mid-2015 to EUR 2.8 billion. An important part of this decline was due to the conclusion of the sizable Suez Canal project.

The outlook for the remainder of the year is unchanged and the full-year net profit forecast has therefore been maintained. Boskalis expects 2015 to be another good year, with a full-year net profit, including our stake in the result of joint ventures and associated companies, below the record level realized in 2014 (EUR 490 million).

#### FOR FURTHER INFORMATION

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#### **Operational developments**

In **Dredging** the third quarter was again good after an exceptionally strong first half of the year. The revenue was at a high level as a result of a strong hopper fleet utilization that even exceeded the level achieved in the first half of the year, with the large trailing suction hopper dredgers nearly fully utilized. After a fully utilized cutter fleet in the first half of the year, part of the fleet was idle for scheduled maintenance. The results and margins of ongoing projects

were good across the board. In the third quarter projects were taken on in the Netherlands (Marker Wadden, Markermeerdijken, IJmuiden sea lock), the Middle East and Central and South America, among other places. Due in part to the completion of the Suez Canal project the order book fell around 3% compared to mid-2015.

**Offshore Energy** had a good third quarter, although in line with expectations it was weaker than the strong first half of the year. This segment posted lower revenue and results compared to the past few quarters, partly due to a lower utilization of heavy transport vessels. The nature of our activities means that we are largely late-cyclical in the offshore segment. We are, however, experiencing increased pressure on the volumes and margins of capacity-driven short-term activities. In Marine Services the wet towage activities of Fairmount and the short-term Heavy Marine Transport activities of Dockwise were under pressure in the third quarter. In Subsea Services market conditions on the North Sea are still extremely competitive, and utilization and rates remain under pressure as a result of the low price of oil. The order book of Offshore Energy was around 9% lower compared to mid-2015.

In the **Towage & Salvage** segment the level of activity of the European harbor towage services was stable compared to the first half of the year. SMIT Salvage had a busy third quarter with both wreck removal projects and emergency response activities. The picture at the strategic Towage joint ventures (Keppel Smit Towage, Smit Lamnalco and SAAM SMIT Towage) did not fundamentally change in the third quarter compared to the first half of the year. The order book of the segment is limited to the wreck removal projects of Salvage and remained virtually unchanged compared to mid-2015.

In mid-December 2014 a Memorandum of Understanding (MoU) was signed with KOTUG International B.V. (KOTUG) to continue the European harbor towage activities in a 50/50 joint venture. This transaction is expected to be formalized at the end of the year, with the financial close taking place in the first quarter of 2016.

### **Balance sheet position**

Boskalis' financial position remains strong. The net debt position has further dropped since mid-2015 and Boskalis is operating well within the covenants which the company has agreed with its debt providers.

### **Outlook**

At the presentation of our first half-year results we indicated that utilization and operating margins would be lower in the second half of the year after an exceptionally busy first half of the year. The picture in the third quarter is in line with this expectation.

The Board of Management expects that market developments in the rest of the year will remain challenging, barring unforeseen circumstances. The expectation for net profit is therefore being maintained, with full-year net profit, including our stake in the result of joint ventures and associated companies, coming in below the record result realized in 2014 (EUR 490 million).

As reported in the half-year results capital expenditure is expected to amount to EUR 225-250 million in 2015, which will be financed from the company's own cash flow.

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| 2016             | FINANCIAL CALENDAR                      |
|------------------|---|
| 9 March 2016     | Publication of 2015 annual results      |
| 10 May 2016      | Trading update on first quarter of 2016 |
| 10 May 2016      | Annual General Meeting of Shareholders  |
| 18 August 2016   | Publication of 2016 half-year results   |
| 11 November 2016 | Trading update on third quarter of 2016 |

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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 offshore energy sector including subsea, heavy transport, lifting and installation (through Boskalis, Dockwise and Fairmount) and towage and salvage (through SMIT). Furthermore, Boskalis has a number of strategic partnerships in harbor towage and terminal services (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. Excluding its share in partnerships, Boskalis has approximately 8,500 employees.*

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