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PRESS RELEASE

Boskalis presents half-year results and terminates loss-making low-end transport activities

Papendrecht, 16 August 2018

HIGHLIGHTS FIRST HALF YEAR 2018

- Revenue: EUR 1.2 billion
- EBITDA: EUR 167 million
- Operating result: EUR 47 million
- Extraordinary charges: EUR 397 million
- Net operating profit: EUR 34.5 million
- Order book: EUR 3.9 billion

OUTLOOK FOR 2018

- Market picture unchanged
- Dredging & Inland Infra: stable market volumes and stable margins
- Offshore Energy contracting: good projects in the order book
- Offshore Energy services: positive contribution to operating result from termination of loss-making low-end transport activities
- Towage: stable at current levels
- Salvage: positive outlook based on projects in hand
- Profit outlook: sharp improvement in net operating profit compared to H1

The operating results of Royal Boskalis Westminster N.V. (Boskalis) decreased in the first half of the year compared to the first half 2017. This decline was mainly due to a sharp drop in the result of the Offshore Energy division where the transport activities at the low end of the market in particular worsened further and are now heavily loss-making. This segment is rapidly becoming a commodity transport market, often not oil and gas-related, that is structurally confronted with (Asian) overcapacity. In addition, the commodity activities do not fit within Boskalis' strategy aimed at a position higher up in the Transport & Installation market. These developments have prompted Boskalis deciding to terminate these activities. Due in part to this decision an extraordinary charge of EUR 397.0 million was recognized in the first half of the year, consisting mainly of a goodwill impairment and a write-off of vessels.

A net operating profit of EUR 34.5 million was realized in the first half of the year (H1 2017: EUR 75.1 million). Including extraordinary charges the company reported a net loss of EUR 361.4 million.

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Revenue in the first half of the year amounted to EUR 1.17 billion, a 6.6% increase compared to the first half of last year (H1 2017: EUR 1.09 billion).

EBITDA totaled EUR 167.2 million in the first half of the year and the operating result was EUR 47.4 million, both adjusted for extraordinary charges (H1 2017 EBITDA: EUR 225.1 million, operating result: EUR 101.7 million).

Revenue increased at the Dredging & Inland Infra segment, as did the utilization of the hopper fleet. Large ongoing projects in Oman and India contributed to this. The margins and result were stable compared to 2017.

At Offshore Energy the contracting activities revenue was virtually unchanged, with important contributions from the cable-laying activities and seabed intervention projects such as TurkStream and Nord Stream 2. The sharp drop in the result of the division is largely attributable to the decline at services. Boskalis is able to set itself apart at the top end of the transport market where many opportunities still exist whereas the smaller, predominantly older transport vessels at the low end of the market are now loss-making. This part of the market is at the lower end of the S curve and is not strategically interesting for Boskalis. Therefore Boskalis has decided to exit this market segment and take the closed-stern heavy transport vessels (types IIb and III) out of service. This will result in a structural improvement in the operating result of more than EUR 25 million on an annual basis.

Salvage had a good first half of the year with several smaller emergency response contracts as well as the successful salvage of the ultra-large container vessel Maersk Honam which had caught fire in the Arabian Sea. The volumes at Towage are relatively stable, albeit that margins are under pressure in a number of ports, mainly due to price erosion in container shipping. A loss of margin has resulted in an adjustment of the book value of two joint ventures by means of a goodwill impairment.

Boskalis' financial position continues to be strong, with a solvency ratio of 56.2% and a modest net debt position of EUR 239 million.

The order book, excluding our share in the order book of joint ventures and associated companies, increased to EUR 3.89 billion at the end of the first half of the year (end-2017: EUR 3.50 billion).

Peter Berdowski, CEO of Boskalis:

"There were two sides to the first half of the year. While the contracting activities at Dredging and Offshore Energy made a good contribution, developments at offshore services had a significant adverse effect on the result.

Dredging performed in line with expectations. We were able to increase revenue with a stable result and we were also successful in acquiring a number of large projects which considerably increased our work in hand.

The offshore contracting activities such as seabed intervention and cable-laying also made a good contribution to the result. The pain in the first half of the year was clearly felt on the services side of offshore, particularly the low end of the transport market. As previously announced, we have reviewed our position there and have decided to fully exit this loss-making market segment that offers no prospects for improvement. With the lower end of the transport fleet we are slipping down further in the market and we are unable to add sufficient value. This is in contrast to the upper end of the fleet where we are distinctive, especially in combination with our other vessels and activities – fully in line with our strategy.

Looking ahead we are moderately optimistic. At Dredging we have a well-filled order book and see interesting and sizable projects across the market. In Offshore Energy we expect to see improved results at the contracting activities as well as at services as a result of the fleet reduction.

We are also seeing an increase in tender activities in the offshore market for the medium term. In the coming period we will therefore continue to seek ways to strengthen the company and expand it in the offshore market. Following the successful acquisition of Gardline we are seeing more opportunities in the survey market. At the same time we are focused on further strengthening our position in the high-end transport and installation market."

Outlook

At Dredging & Inland Infra we see a pipeline with a good number of tenders and volume of work. The current size of the order book means that a large part of the fleet will be utilized in the next six to nine months.

At Offshore Energy the outlook for the remainder of the year is reasonable. The large contracting projects in the order book are expected to make a good contribution to the result, and the outlook for the ongoing cable-laying projects in offshore wind is also favorable. At services however our reliance on the unpredictable and often competitive spot market remains large. Divesting the low end of the transport fleet will reduce part of this reliance and remove loss-making activities. The respective vessels are expected to be phased out in the next 12 months, in line with any contractual obligations, without any further consequences for the result.

The result of Towage & Salvage is not expected to materially change in the second half of the year.

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 operating profit in the second half of 2018 relative to the first half year. However, it is not expected that the net result level achieved in the second half of 2017 will be matched.

Capital expenditure in 2018 is expected to be around EUR 250 million, excluding acquisitions, and will be financed from the company's own cash flow. Boskalis has a very sound financial position and the solvency ratio is 56.2%. At the end of the period Boskalis had a modest net debt position of EUR 239 million and comfortably met its financial covenants.

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

KEY FIGURES	1 ST HY 2018	1 ST HY 2017	2017
<i>(in EUR million)</i>			
Revenue	1,165.7	1,094.0	2,342.6
EBITDA	167.2	225.1	436.6
Net result from strategic JVs and associates	14.8	21.9	31.0
Operating result	47.4	101.7	185.0
Extraordinary charges	397.0	-	-
EBIT	-349.6	101.7	185.0
Net operating profit (net profit adjusted for extraordinary charges)	34.5	75.1	150.5
Net profit (loss)	-361.4	75.1	150.5
Earnings per share (in EUR)	0.27	0.58	1.15
	30 June 2018	30 June 2017	End 2017
Order book	3,885	3,246	3,495

*Our share in the net result of strategic joint ventures and associated companies is included in EBIT(DA).
2018 EBITDA and earnings per share are presented excluding extraordinary charges.*

Live audio webcast

The Board of Management of Royal Boskalis Westminster will comment on the 2018 half-year results at the analyst meeting (11.30 am - 12.45 pm CET) on 16 August 2018. This meeting can be followed by means of a live audio webcast, details of which can be found on the homepage (www.boskalis.com).

2018-2019	FINANCIAL CALENDAR
16 August	Publication of 2018 half-year results
9 November	Trading update on third quarter 2018
7 March	Publication of 2018 annual results
8 May	Trading update on first quarter 2019
8 May	Annual General Meeting of Shareholders
22 August	Publication of 2019 half-year results
8 November	Trading update on third quarter 2019

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

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

Royal Boskalis Westminster N.V. is a leading global services provider operating in the dredging, maritime infrastructure and maritime services sectors. The company provides creative and innovative all-round solutions to infrastructural challenges in the maritime, coastal and delta regions of the world with 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. Furthermore, Boskalis has a number of strategic partnerships in harbor towage and terminal services (Kotug Smit Towage, Keppel Smit Towage, Saam Smit Towage and Smit Lamnalco). With a versatile fleet of more than 900 vessels and floating equipment and 10,700 employees, including associated companies, Boskalis operates in 90 countries across six continents.

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