

PRESS RELEASE

Royal Boskalis
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Boskalis raises 2014 net profit outlook to EUR 450 million

Papendrecht, 14 November 2014

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Q3 TRADING UPDATE - HIGHLIGHTS

- Good third quarter with sizable financial settlements on old projects
- Order book increased slightly to EUR 3.3 billion

2014 OUTLOOK

- Market conditions remain challenging
- Good second half-year expected
- Full-year net profit guidance raised to EUR 450 million

Royal Boskalis Westminster N.V. (Boskalis) has concluded a good third quarter. Revenue and earnings, adjusted to reflect the deconsolidation of SAAM SMIT Towing, are in line with the first two quarters of 2014. At Dredging the possible settlement of a number of old projects mentioned during the presentation of the half-year numbers has taken place. This contributed substantially to third quarter earnings.

Overall market conditions remain challenging. Despite this the order book has risen slightly, compared to the mid-2014 level, to EUR 3.3 billion, which is on par with the level at the start of the year.

Based on current insights the second half of the year is expected to be good. Alongside the expected contribution from current projects, the realized close-out result on a number of old dredging projects is a substantial contributor. In view of these developments Boskalis is raising its full-year net profit outlook to EUR 450 million. This does not include a possible impact related to the value of the recently acquired stake in Fugro.

Operational developments

The **Dredging & Inland Infra** segment achieved an exceptionally high result in the third quarter as a result of the aforementioned close-out effect. The results and margins on current projects were good across the board and are consistent with current market conditions. The effective annualized utilization rate of the hopper fleet was under 40 weeks in the third quarter due to maintenance and lower utilization of the two largest trailing suction hopper dredgers, the Fairway and the Queen of the Netherlands. The utilization rate for the cutter fleet remained consistently strong in the third quarter. Contracts in the Netherlands (IJsseldelta), the United Kingdom and Egypt (Suez Canal) among others, were added to the order book since the end of the second quarter. On balance the Dredging & Inland Infra order book increased compared to mid-2014.

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The **Offshore Energy** segment had a third quarter without any noteworthy developments in terms of operations or results. The revenue development at

both Marine Contracting and Subsea Contracting lagged in the quarter where Marine Services, including the Fairmount transport activities, enjoyed high utilization with an increase in revenue and good margins. Subsea Services had a busy period, particularly in the North Sea, with good equipment utilization rates. Following record activity levels in the first half of the year, fleet utilization at Dockwise was lower. As a consequence, but in particular due to the absence of cancellation and rescheduling fees for previously contracted transport capacity, as were included in the first half of the year, the third quarter result declined. The Offshore Energy order book is virtually stable compared to mid-2014.

In the **Towage & Salvage** segment Harbour Towage concluded a strong third quarter after a good first half-year. Revenue at Harbour Towage declined in the third quarter as a result of the deconsolidation of SMIT Harbour Towage Americas. On 1 July the harbour towage activities of SMIT Americas were transferred to two joint ventures with SAAM. The combined activities will continue under the name SAAM SMIT Towage (SST) and will be reported as per the second half-year as an associated company. As in the two preceding quarters the third quarter at Salvage was characterized by a relatively quiet emergency response market with an adverse effect on revenue development. In the absence of financial settlements from old salvage projects, as included in the first half of the year, the third quarter result was lower than in the two preceding quarters. The order book at Towage & Salvage is stable compared to mid-2014.

In the context of the Corporate Business Plan 2014-2016, Boskalis announced that the operating model would be realigned. An important part of this step concerns the implementation of a divisional structure around the three lines of business; Dredging & Inland Infra, Offshore Energy and Towage & Salvage, each with its own operational support functions. The roll-out of this divisional structure is progressing well and will be completed early 2015.

Balance sheet position

Boskalis' financial position remains strong. As per 30 September the company is operating well within the most important covenants as agreed with its debt providers. The net debt to EBITDA ratio is 0.7 (with an upper limit of 3) and the net debt position declined in the third quarter.

Share buyback program

On 14 August 2014 Boskalis announced the start of a share buyback program. The program is subject to the development of results and maintaining the desired balance sheet ratios and will be executed over the next two and a half years, with a maximum of 10 million shares. A total of 629,123 shares have been repurchased under the program to date for a total consideration of EUR 25.64 million.

Fugro

Boskalis recently announced that it has acquired a 15.0% stake in Fugro N.V. Boskalis considers Fugro to be an interesting company with activities that are a very good fit with its own activities.

Outlook

Barring unforeseen circumstances the Board of Management does not expect a change in market developments for the remainder of the year. On the basis of current information we expect a good second half-year with a good workload.

At the publication of the first-half results, the full-year net profit was expected to amount to at least EUR 366 million. Due to the substantial close-out results realized on old dredging projects Boskalis is raising its full-year net profit earnings outlook to EUR 450 million. This does not include a possible impact related to the value of the recently acquired stake in Fugro.

Capital expenditure for 2014 is expected to be slightly lower than previously indicated totaling around EUR 275 million and will be funded from Boskalis' own cash flow.

2015	FINANCIAL AGENDA
12 March 2015	Publication of 2014 annual results
12 May 2015	Trading update on first quarter of 2015
12 May 2015	Annual General Meeting of Shareholders
20 August 2015	Publication of 2015 half-year results
13 November 2015	Trading update on third quarter of 2015

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.

FOR FURTHER INFORMATION

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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 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 Offshore and Dockwise) and towage and salvage (through SMIT). It also has a strategic partnership in terminal services (Smit Lamnalco). With a versatile fleet of 1,100 units Boskalis operates in around 75 countries across six continents. Including its share in partnerships, Boskalis has 11,000 employees.

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