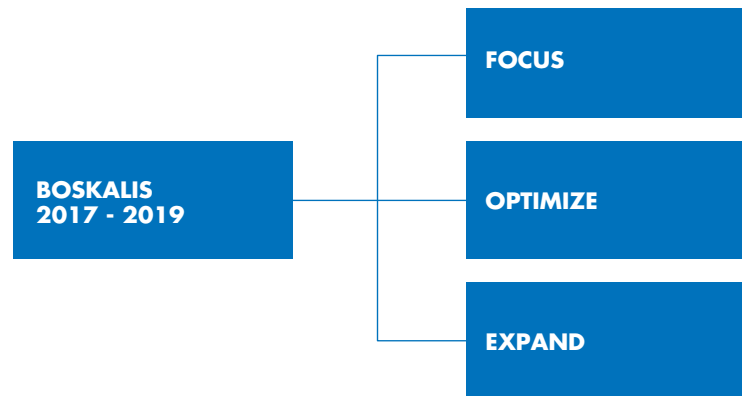


STRATEGY 2017-2019



STRATEGY

Boskalis operates around the world and is a leading player in the fields of dredging, offshore energy and maritime services. The company is a leader in its market segments thanks to its ability to deliver innovative all-round solutions combined with a broad portfolio of specialist activities. Its versatile maritime assets with value-adding potential are the cornerstone of the Boskalis business model. Systematic execution of the strategy, which is reviewed regularly in light of relevant market developments, is a key factor in Boskalis' success.



Our strategy is elaborated in our three-year business plan. Following a review in early 2017 a new Corporate Business Plan was formulated for the period 2017-2019. Based on three strategic pillars – Focus, Optimize and Expand – the plan is a logical progression from the 2014-2016 plan. At the same time, developments both within our organization and in our markets mean that circumstances have changed drastically compared to when we formulated our previous plan. Internally, that plan was strongly focused on aligning and adapting the organization following two major acquisitions, while the external focus was primarily aimed at opportunities in the offshore oil and gas market. Three years on, the organizational changes have been implemented: the acquired companies have been integrated, successfully supported by a new divisional structure, harmonized ERP systems and improved ICT infrastructure. From an external point of view, however, the unforeseen collapse in the oil price in the intervening period means that conditions in the oil and gas market are now very different than they were three years ago. At a macro level volatility has increased and this unpredictability impacts our business in the short term. However, the long-term development of the macro trends that drive our business remains positive.

MARKET DEVELOPMENTS

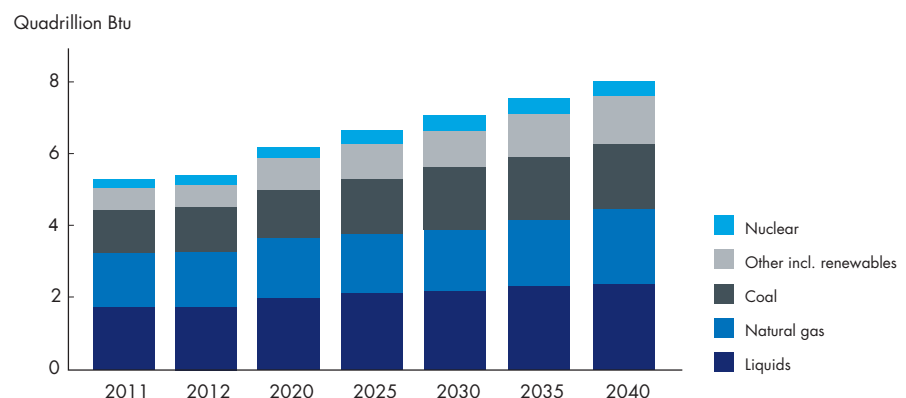


Figure 2: Continued dependence on fossil fuels (source: IEA)

BUSINESS DRIVERS

The Corporate Business Plan 2017-2019 was formulated with a clear eye on the long-term megatrends that underpin the Boskalis business model. These business drivers are structural growth and rising prosperity of the global population, which in turn drives growth in global trade and demand for raw materials and energy.

Global warming also continues to create business opportunities for Boskalis, with a growing need for flood protection measures and land reclamation.

These macro trends are the key drivers of long-term growth for our activities, irrespective of unpredictable and potentially less favorable developments in the shorter term in some of the regions and markets where Boskalis is active.

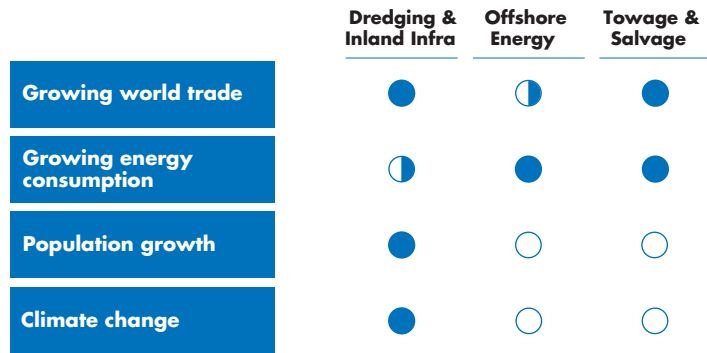


Figure 3: Boskalis business drivers and related activities

A closer look at our business drivers

The world economy is forecast to grow at around 3-4% annually and current projections suggest that seaborne trade will continue to roughly keep pace. Boskalis is also benefiting from the trend towards larger vessels with deeper drafts. In ports these vessels require deeper access channels and larger and deeper berths and turning basins, creating primarily opportunities in the area of dredging.

Energy demand continues to increase and although part of this demand can be served from existing sources, new investments are required to meet future demand. While renewables are expected to see further growth as a result of the energy transition, the dependence on fossil fuels will remain significant with absolute volumes in this segment expected to grow (see figure 2). Against this backdrop, the share of offshore oil and gas in the energy mix is seen remaining stable and an associated increase in investments in exploration and production is expected. A large part of these investments will take place in regions with shallow water where development and production costs per barrel are more favorable.

Underpinning the aforementioned drivers is the growth in the global population, projected to rise to 8.5 billion by 2030. With half of the global population living within 60 kilometers of the coast and 75% of major cities worldwide located on the coast, the pressure on available land is huge. Furthermore, many of these coastal regions are at risk from our fourth business driver, climate change.

Climate change issues have risen up the agenda, partly as a result of the Paris Agreement (COP21) that came into force in November 2016. Climate change is compelling governments on several

continents to take steps to protect their populations against flooding and rising sea levels. The World Bank and the Intergovernmental Panel on Climate Change (IPCC) have warned that huge investments are needed to mitigate against climate change, with adaptation costs estimated at a startling USD 82 billion per year. Opportunities for Boskalis in this area include potentially greater demand for coastal defense and riverbank protection projects.

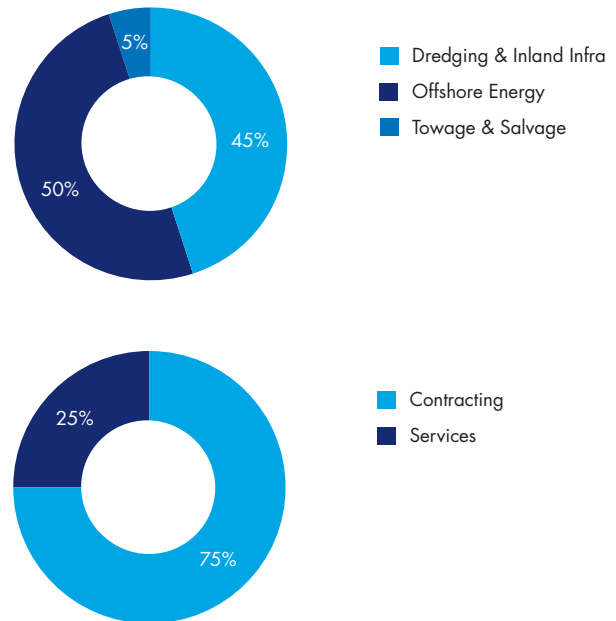


Figure 4: Revenue breakdown by activity and type of revenue

STRATEGIC FRAMEWORK

The Boskalis strategy is a logical progression from our mission and vision.

We are a leading dredging and marine contracting and services expert that creates new horizons for all our stakeholders. We do so by offering a unique combination of people, vessels and activities. We provide innovative and competitive solutions for our clients in the offshore industry, ports and coastal areas, always maintaining the highest standards of safety and sustainability.

In light of the market outlook the strategic course for the coming period will be based on three pillars: Focus, Optimize and Expand.

FOCUS

The Focus pillar of our strategy is aimed at:

- Value-Adding Assets
- Specific market segments

Value-Adding Assets

Boskalis' strength lies in deploying its own assets combined with additional capabilities to add value for our clients. Boskalis will sustain its success as long as we use our broad range of equipment, staff and competencies to provide a balanced service to the various client groups both at the top and the lower end of the market. However, their requirements vary widely, both within and between the market segments.

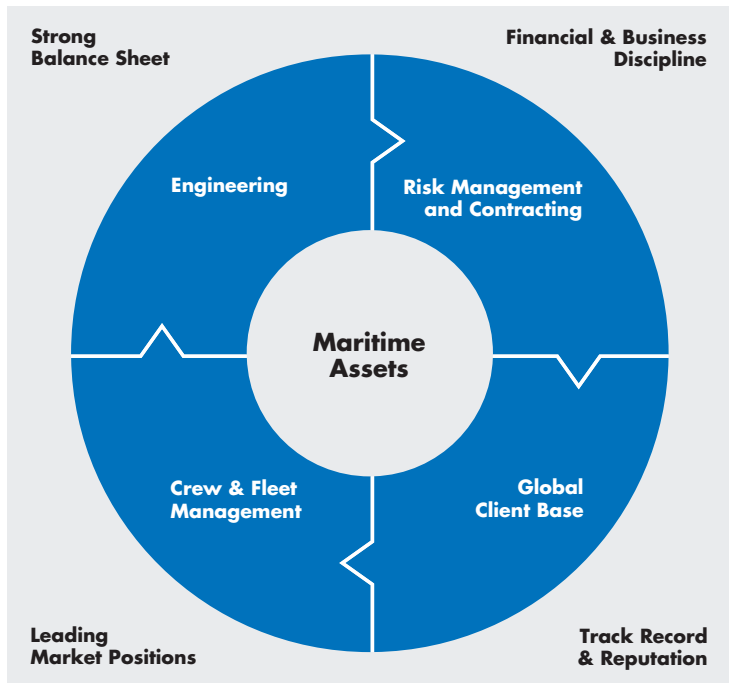


Figure 5: Interrelated core competencies

We seek to achieve the optimum balance between margin maximization and fleet utilization by operating our assets at various points on the S curve (see figure 6). We have clients who need us to deliver integrated, innovative services or turnkey solutions. In order to meet these client requirements we need competencies that complement and reinforce one another, such as risk management and engineering. In addition, we need to be able to act as lead contractor, and project management experience is essential. In the contracting segment with its higher

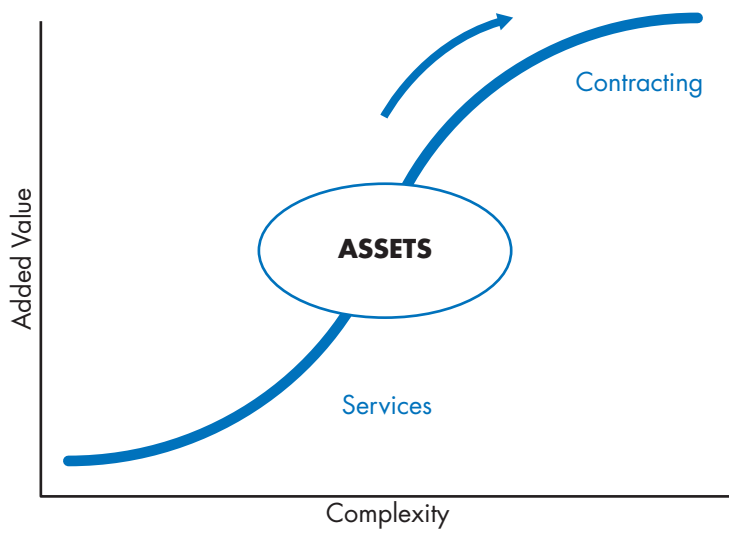


Figure 6: S curve – creating value with assets

margin potential we expressly position ourselves towards the top of the S curve.

The more straightforward services assets are positioned at the lower end of the S curve. Certain of these services support contracting projects but the bulk of the business is third-party services revenue. Here the emphasis lies on sustaining fleet utilization levels whilst maintaining a responsible risk profile, with cost leadership being an important prerequisite.

The S curve concept is dynamic in time and we therefore need to be critical with regard to the scope for adding sufficient value to assets at the bottom of the S curve. A structural shift in supply and demand can for example cause a former value-adding asset to be structurally repositioned lower on the curve. If this results in an asset becoming a commodity that cannot be moved up the S curve, we will consider divesting it. Conversely, modifying an existing asset or deploying it in a new market segment – for example in conjunction with our high-value contracting activities – can result in it being repositioned higher on the curve. Boskalis manages its portfolio of assets actively to be able to respond to such market dynamics. The essence of our value-adding asset concept is that we aim to move up the S curve.

Activity and Market focus

Our core activities are focused on geographic regions and market segments that offer us the greatest opportunities whereby we provide our services on both a combined and a standalone basis. Our mix of activities gives us a broad geographical scope. Some of our activities, such as Dredging, Transport, Towing and Salvage, have a truly global reach, while others have a regional focus. For example, our Inland Infra activities are concentrated on the Dutch market and Offshore Wind is focused on Northwest Europe, while our Installation & Intervention activities and Subsea Services cover a wider geographical scope spanning Northwest Europe, Africa and the Middle East.

OPTIMIZE

The Optimize pillar of our strategy is aimed at enhancing effectiveness and efficiency across the organization.

Effectiveness

Selective tendering

Setting priorities is crucial to effectively meet the requirements of our global client base. Specifically, we need to be critical and selective in the (pre)tender phase, devoting attention and resources to those tenders that are of greatest interest to Boskalis.

Operational/contractual excellence

Once a tender has been won, we must ensure we make the right choices. Forward planning is essential but we must also see to it that our project managers deliver precision work, following the brief. This means delivering what we promised the client. Within Towing we have successfully established regional joint ventures. Within and between these joint ventures, there is an opportunity to be gained through benchmarking the individual operations. By establishing benchmarks and sharing best practices we can improve the operational performance of our Towing business.

Organizational alignment

Over the previous business plan period, good progress was made in streamlining the organization in order to reinforce the focus on the business. A new organizational structure was put in place with three divisions, each with its own operational support functions such as engineering, fleet management and crewing. In light of the company's growth, further alignment of the structure is now needed. A subdivision will be made within the Offshore Energy division to distinguish between the more contract-based Installation & Intervention activities and the more short-term focused Transport & Services business.

Boskalis Way of Working

The Boskalis Way of Working (WoW) is the new quality system aimed at harmonizing various business processes and support systems. The overriding objective of our WoW system is to give our staff the best possible support in achieving operational excellence when concluding and executing commercial contracts. Operational excellence in this context means achieving compliance with the internal and external control requirements imposed on our primary project process with the minimum waste of time and effort. The WoW system will be implemented in the early stage of the business plan period.

Efficiency

Fleet rationalization program

In light of the deteriorated market conditions a fleet rationalization study was conducted in the first half of 2016. Because these conditions are expected to persist in the coming years the decision was taken to adapt the size and composition of the Boskalis fleet. In the period up to mid-2018 a total of 24 vessels will be taken out of service: ten at Dredging and fourteen at Offshore Energy. As a result, around 650 jobs (FTEs) will be lost worldwide, mostly involving crewmembers of the vessels concerned. As per the end of 2016 more than 250 of these jobs had been discontinued. The timing of the remaining workforce reduction is partly dependent on factors including the current deployment of vessels and legislation.

More variable crewing costs

In order to maintain a cost-efficient business proposition we will be looking at ways of making our crewing model more flexible and variable without compromising safety and quality. Options under consideration include a more flexible crew-planning model whereby crew can be deployed across a pool of vessels and greater flexibility in crew composition by training crew from the Baltic States and the Philippines for more senior positions.

Head office cost reduction program

In the wake of the fleet rationalization program we will also review our cost base at head office. A comprehensive cost study will therefore be conducted in the first half of 2017. While the objective of this study will be to reduce costs where possible, it will also take the organization's growth ambitions into consideration. The cost review should therefore be seen in the broader context of our organizational alignment and strategic agenda.

EXPAND

The Expand pillar of our strategy applies to all three Boskalis divisions with an emphasis on Offshore Energy. While the short-term outlook for certain areas of the market remains challenging, we are confident that the tough market conditions will also create opportunities. Existing players are likely to run into difficulties, creating opportunities that we can benefit from. There are various ways in which we can grow the business, and we will consider our options as and when opportunities arise. Ways of expanding include:

- building new assets, although this will only be considered for unique assets that cannot be purchased second-hand, or buying existing assets in the market;
- bolt-on acquisitions of players that hold an interesting market position and preferably bring a combination of assets and know-how;
- consolidation, an area where we are keen to play an active role. Consolidation would be focused on markets where we already hold a strong position. This category tends to be difficult to influence, and is the most opportunity-driven of the three.

Dredging & Inland Infra

Dredging & Inland Infra, the traditional core activity of the company, is focused on market segments with structural growth. The rate at which the market is expected to grow is modest, but the industry characteristics are compelling. Boskalis holds an important share of this heavily consolidated market and has a very strong global presence, putting it in a good position to take advantage of forthcoming prospects.

Based on recent market assessments, Boskalis estimates the global dredging market for hopper and cutter projects to have a contract value in the order of EUR 51 billion, with the bulk of the identified projects expected in the next five years. In addition to these projects, there is an addressable market of more than EUR 15 billion for climate change-related civil and dry infrastructure projects, most of which are concentrated in Europe.

To position itself for these opportunities, Boskalis will make investments to maintain and where appropriate expand its market position. In terms of the fleet, investments are centered on completion of the newbuild mega cutter suction dredger Helios, scheduled for the second half of 2017, plus the construction of a sister vessel. We will also look at expanding our Inland Infra business in the Netherlands and specifically applying the know-how we have built up in the Dutch market to international dredging projects. Boskalis will also continue to keep an eye out for interesting consolidation opportunities involving acquisitions of regional dredging players if and when such opportunities present themselves.

Towage & Salvage

Towage is dependent on the rate of growth of seaborne trade and the number of vessel movements through ports. Over the last few years, the emphasis of Boskalis has been on the establishment of regional joint ventures, with the focus on an efficient cost and capital structure. With all the towage activities now having been transferred to these joint ventures, the next step will be the further expansion of our geographic footprint. Opportunities may be pursued by and through one of the regional joint ventures or by Boskalis directly.

The volume of work for Salvage is by its nature unpredictable. Nevertheless, Boskalis will leverage its global footprint and permanent presence in ports around the world to grow its Emergency Response business. Furthermore we will use our own assets and apply our expertise in both engineering and contract and risk management to secure wreck removal contracts.

Offshore Energy

The Expand pillar of our strategy remains strongly geared to Offshore Energy. Despite the sharp decline in the oil price and the cutback in capital expenditure by the offshore oil and gas industry over the last couple of years, specific segments in this market remain attractive for Boskalis.

Boskalis offers a broad range of capabilities, which can be subdivided into contracting-focused Installation & Intervention (I&I) activities and the more short-term-focused Transport & Services (T&S) business. Given the nature of the contracting business, where we are expected to take on a broader responsibility with a higher reward potential, the I&I activities are positioned higher on the S curve and are therefore an area where we want to pursue further development.

Installation & Intervention

Within the contracting-focused I&I segment we have identified an addressable market of EUR 23 billion in the next five years. The I&I market comprises installation and decommissioning of floating and fixed structures, landfalls and offshore wind-related activities. The competitive landscape for the installation and decommissioning of floating and fixed structures is highly fragmented, with the combined market share of traditional global Engineering, Procurement, Construction and Installation (EPCI) players estimated to be less than 40%. Many of the other players are active with just one or two key assets and due to the market downturn an

increasing number of them are suffering from weak financial performance and overleveraged balance sheets. This presents us with an opportunity to step into this market and to position ourselves as an attractive independent player just below the EPCI contractors with a geographic focus on Northwest Europe, Africa and the Middle East.

The offshore wind market has taken off in earnest in recent years but despite an impressive drop in cost per kWh the economics of offshore wind remains dependent on government subsidies. The total size of the market for wind-related I&I in Northwest Europe is not expected to grow beyond the current annual EUR 1.5-1.7 billion. Boskalis' share in this ranges from around 10% (foundations) to around 35% (cables) and the company is committed to maintaining a strong presence in the European market.

For the installation market, we are currently investing in converting an existing heavy transport vessel into a 3,000 ton transport and installation crane vessel. The multifunctional vessel will be deployed for the installation of wind turbine foundations, topsides and jackets and will also be suited for decommissioning activities as well as wreck removal projects. A sister vessel is also scheduled for conversion into a 3,000 ton crane vessel in the second half of the business plan period. For the floating installation market, we will seek to position ourselves higher on the S curve by adding contracting assets such as construction support vessels. This could be achieved by acquiring assets in the market or by acquiring a player in the fragmented installation market.

Subsea Services

Boskalis has over the years developed a modest but successful position in the subsea services market, focusing on survey and UXO clearance, diving and Inspection, Repair and Maintenance

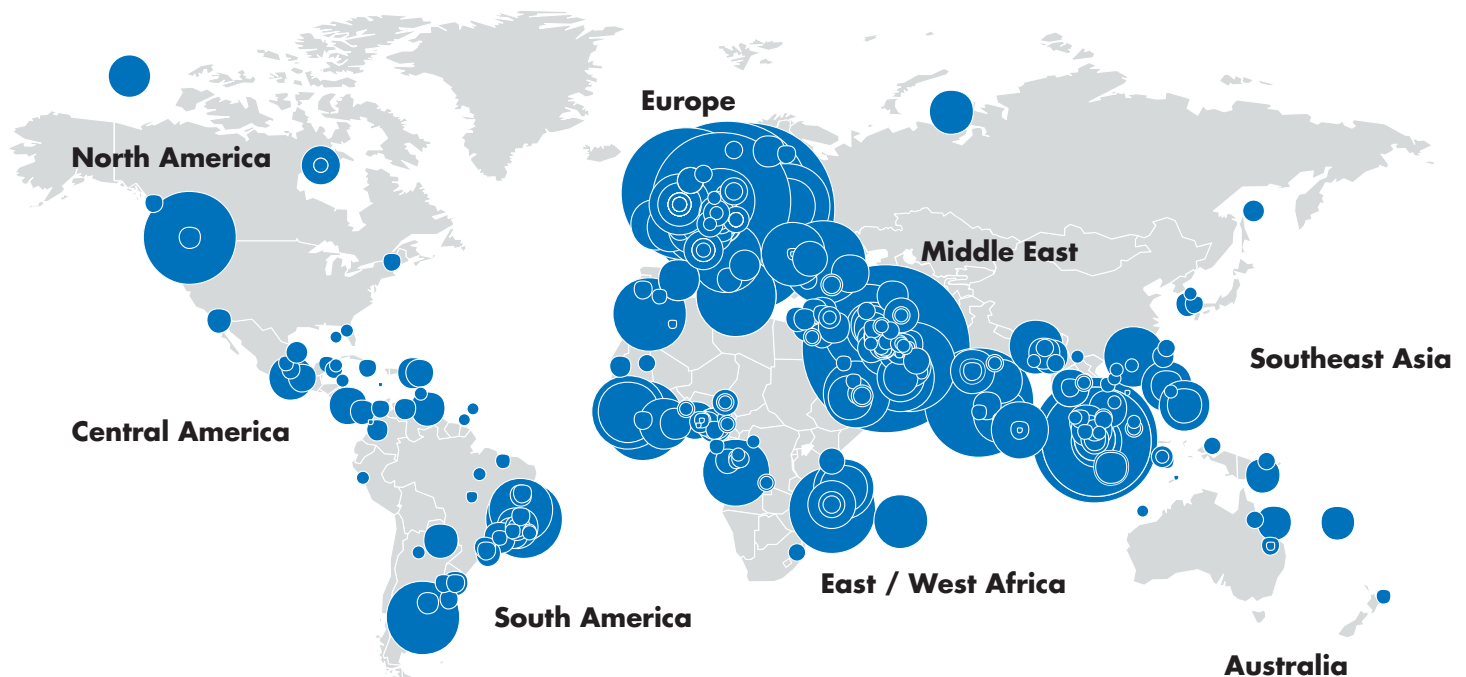


Figure 7: Identified dredging and climate change-related projects as well as offshore installation and intervention projects

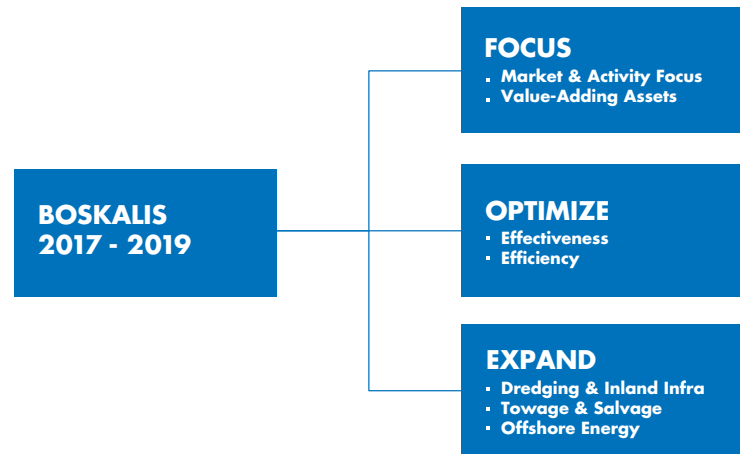


Figure 8: Strategic framework for 2017-2019

(IRM) work in shallow water regions in Northwest Europe, Africa and the Middle East. The annual revenue of the global shallow water IRM market is estimated at EUR 6.5 billion, of which EUR 3 billion in the regions where Boskalis is currently active. This is another highly fragmented market, with the vast majority of players operating just one or two survey and diving support vessels in a region. With numerous players also being financially stretched, we see opportunities for expanding our position in Northwest Europe, Africa and the Middle East by acquiring assets or by acquiring a player with assets.

The global shallow water SURF (Subsea, Umbilicals, Risers and Flowlines) market is similar in size to the IRM market with estimated annual revenue of EUR 2.3 billion in Northwest Europe, Africa and the Middle East. Based on the market outlook and Boskalis' existing subsea contracting capabilities, we want to look into a gradual expansion into the shallow water SURF market and will explore acquisition opportunities to achieve this.

Transport

Boskalis has a global leading position in heavy marine transport through Dockwise and is also active in long-distance ocean towage. In the past, demand in this market consisted of high-value long-term contracts requiring high-end engineering know-how, generally related to oil and gas production, complemented by straightforward short-term transport contracts for exploration rigs or ports and marine-related work. However, the sharp drop in the oil price has led to a decline in short-term contracts and capital expenditure freezes by the oil majors have put a further squeeze on the number of high-value long-term contracts. The effect of this volume decline has been compounded by a further influx of new transport capacity. As a result, the low end of the heavy marine transport segment is suffering from a structural supply and demand imbalance.

In light of the above we are redefining our market position. At the high end of the market we can still offer a unique proposition with our Type 0 and I vessels. Our scale is also unparalleled in terms of number of transport assets and the combination of heavy marine transport with long-distance towage. Going forward, we will continue to market this value-adding proposition. However, following the aforementioned developments in the market the smaller heavy marine transport vessels as well as the

large AHTs are now considered to be commodity assets. As a consequence, a substantial impairment charge was taken on the value of these assets in 2016. In accordance with the S curve philosophy we will seek forms of collaboration and/or consolidation similar to initiatives seen in comparable maritime shipping markets. Where possible we will also seek to reposition low-end assets higher on the S curve as we are doing for example with the conversion of two Type II transport vessels into 3,000 ton crane vessels.

IN CONCLUSION

Boskalis is entering the 2017-2019 business plan period on a very solid basis, with a net debt-free balance sheet and over EUR 900 million in cash at end-2016. Despite the challenging outlook our operating model based on our own assets means that we will continue to generate a healthy cash flow. In addition we have a strong global client base, highly committed and passionate employees and a state-of-the-art, versatile fleet.

While we expect the operating environment to remain challenging during the business plan period, we want to use this period to invest counter-cyclically – sowing the seeds so we can reap the benefits in the future. We will therefore continue to invest prudently in the business. Total capital expenditure over the three-year period is projected at around EUR 750 million, in line with depreciation. This amount excludes any asset acquisitions, bolt-on acquisitions or consolidation opportunities that may arise.

A healthy balance sheet is essential in our line of business. We believe a net debt/EBITDA ratio in a range of 1 to 1.5 through the cycle to be appropriate for our mix of activities. We expect to remain below this range during the business plan period, both as a matter of prudence and in order to have the flexibility to expand if opportunities present themselves.

We remain committed to our shareholders and will maintain our current dividend policy, which is based on distributing 40-50% of the net profit from ordinary operations in cash or in shares. As an additional measure, we will repurchase the same number of shares that are distributed as stock dividend to prevent dilution.

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

