

## PRESS RELEASE

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

### Boskalis 2016 operating net result in line with expectations

Papendrecht, 8 March 2017

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#### HIGHLIGHTS OF 2016

- Revenue: EUR 2.60 billion
- EBITDA: EUR 660 million
- Operating net profit: EUR 276 million
- Impairment charges: EUR 840 million
- Order book: EUR 2.92 billion
- Proposed dividend: EUR 1.00 per share

#### OUTLOOK

- Mixed market picture
- Reasonable market volume in Dredging & Inland Infra
- Stable market volume in Towage
- Fewer contracting projects for Offshore Energy
- Demand/supply imbalance in Offshore Energy services

Royal Boskalis Westminster N.V. (Boskalis) achieved an operating net profit of EUR 276 million in 2016, in line with expectations. Including non-cash impairment charges of EUR 840 million after tax the company reported a net loss of EUR 564 million (2015: net profit of EUR 440 million).

Revenue declined by 20 per cent to EUR 2.60 billion (2015: EUR 3.24 billion). Adjusted for consolidation, deconsolidation and currency effects, revenue was down 26 per cent.

EBITDA amounted to EUR 660 million and the operating result was EUR 385 million, both adjusted for impairment charges (2015 EBITDA: EUR 885 million and operating result: EUR 577 million).

Given that 2015 was still an exceptionally good year with strong fleet utilization rates and outstanding project margins the transition to and contrast with 2016 was equally exceptionally large.

Dredging & Inland Infra had a quiet year. The sharp decline in revenue was partly due to a very busy 2015 with the execution of the Suez Canal project, but also reflects the conditions in the market. Moreover, revenue and fleet utilization were negatively impacted by the suspension of work on the Pluit project in Indonesia. The results on projects in progress were reasonable.

#### FOR FURTHER INFORMATION

Investor relations:  
Martijn L.D. Schuttevâer  
[ir@boskalis.com](mailto:ir@boskalis.com)

Press:  
Arno Schikker  
[press@boskalis.com](mailto:press@boskalis.com)

T +31 78 6969310

Revenue rose at Offshore Energy due to the addition of the offshore activities acquired from VolkerWessels. These activities also made a good contribution to the result. The remaining activities made a reasonable to good contribution despite the deteriorated market conditions.

Towage & Salvage reported a lower result compared to the previous year, partly as a result of deconsolidation effects at Towage. Salvage had a good but very quiet year.

In light of the strongly deteriorated conditions in the offshore market and the resulting outlook we recently announced non-cash impairment charges of EUR 840 million after tax. These charges pertain almost entirely to the service-related part of Boskalis' offshore oil and gas activities and relate to the impairment of both vessels and goodwill.

Boskalis' financial position continues to be strong, even after the impairment. At the end of 2016 Boskalis was net debt-free with a positive net cash position of EUR 203 million.

The order book increased to EUR 2.92 billion (end-2015: EUR 2.49 billion).

*Peter Berdowski, CEO of Boskalis:*

*"After the best two years in Boskalis' history, we found ourselves over the course of 2016 increasingly faced with the reality of the current market conditions, particularly in the offshore market. In that sense 2016 was a year of extreme transition for us, from economic high tide to low tide. The analyses carried out for our new business plan point out that a rapid recovery in the offshore market is not expected. And so where necessary we are adapting the organization to this new reality with further improvements in efficiency and effectiveness.*

*But we are also expressly looking at opportunities that a market such as this can offer us for strengthening the company for the medium term, when the offshore market will start picking up again. And so the period ahead presents us with a fascinating, challenging mix of sharpening up and expansion.*

*A challenge that we are excellently placed for given our financial strength, experience and vigor."*

## **Market developments**

The long-term megatrends that underpin the Boskalis business model remain positive. 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 coastal defense and riverbank protection in response to increased flooding as a result of the more extreme weather conditions. While the long-term trends are positive, in the short term they are not converting into promising projects across the board. In some of the regions and markets where Boskalis is active demand is expected to develop less favorably in the coming years and the outlook is uncertain. Boskalis will continue to focus on market segments that demonstrate long-term structural growth as well as offering opportunities in the short term: Ports, Energy (oil, gas, wind and the dismantling of old offshore platforms) and Climate change-related projects (coastal defense and riverbank protection).

The new Corporate Business Plan 2017-2019 takes a detailed look at the development of our business drivers and how these translate into our end markets. Despite the short-term challenges Boskalis is positive about the chances and opportunities for the medium and long term. We see plenty of scope for further expansion of the business; opportunities at Dredging & Inland Infra, as well as Towage, but especially in the high-end segment of the Offshore Energy market. The current difficult circumstances in the offshore market also offer distinct opportunities. The new Business Plan is discussed in greater detail in the Annual Report 2016 that is published later today, Wednesday 8 March.

### **Outlook**

The market picture for the year ahead will be characterized by continued lower volumes of work and pressure on both utilization levels and margins. At Dredging & Inland Infra we see a reasonable volume of work in the market for the short term. For Boskalis the emphasis lies on maintaining utilization at a responsible level of project risk. The current size of the order book means that a good part of the fleet will be occupied for 2017, albeit at lower margins than in previous years. The outlook for 2017 is less favorable at Offshore Energy. Following the conclusion of a number of long-term contracts from previous years and the completion of several large offshore wind farm projects revenue will decline and be more dependent on the spot market (services), where margins remain under continued pressure. The last of the Towage activities were transferred to joint ventures in 2016. Market volumes are relatively stable here, but even so there is increased pressure as well, especially for terminal services.

The market conditions combined with the outlook described gave rise in 2016 to the fleet rationalization project and resulted in the impairment of vessels and goodwill, particularly in the service-related part of the offshore oil and gas activities. A cost-reduction program has now also been launched, aimed at cutting head-office costs.

The project-based nature of a significant part of our activities, in addition to the uncertain market conditions, makes it difficult to give a specific quantitative forecast with regard to the 2017 full-year result early on in the year. It is, however, clear that the net result will be lower than the 2016 result adjusted for the impairment charges.

Capital expenditure in 2017 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 equals 56%. At the end of 2016 Boskalis was net debt-free and comfortably met its financial covenants.

### Dividend policy and dividend proposal

The main principle underlying the Boskalis dividend policy is to distribute 40% to 50% of the net profit from ordinary operations as dividend. In determining the dividend for 2016 it was decided to adjust the net result for the non-cash impairment charges.

The choice of dividend form (in cash and/or fully or partly in shares) takes into account the company's desired balance sheet structure as well as the interests and wishes of the shareholders. In light of this, the 2016 dividend will once again be distributed in a choice of cash or ordinary shares. In order to prevent the resulting dilution, the number of shares that will be issued in early June for this purpose will subsequently be repurchased.

Boskalis will propose to the Annual General Meeting of Shareholders to be held on 10 May 2017 that a dividend of EUR 1.00 per share be distributed in the form of ordinary shares, unless the shareholder opts to receive a cash dividend (2015: EUR 1.60 per share). The dividend will be payable from 6 June 2017.

<b>KEY FIGURES</b>	<b>2016</b>	<b>2015</b>
<i>(in millions of EUR)</i>		
Revenue	<b>2,596.3</b>	3,240.3
EBITDA *	<b>660.5</b>	884.7
Net result from JVs and associates *	<b>11.3</b>	43.3
Operating result	<b>384.6</b>	577.3
Impairment charges	<b>842.6</b>	14.5
EBIT	<b>-458.1</b>	562.8
Net profit *	<b>276.4</b>	440.2
Net profit (loss)	<b>-563.7</b>	440.2
Dividend (proposal) per share in euro	<b>1.00</b>	1.60
	<b>31-12-2016</b>	<b>31-12-2015</b>
Order book	<b>2,923.9</b>	2,490.0

\*2016 figures adjusted for impairment charges

>>> click [here](#) for the full version of the press release including all the financial details <<<

### Live webcast

The Board of Management of Royal Boskalis Westminster N.V. will comment on the 2016 full-year results and present the strategy for 2017-2019 (the Corporate Business Plan 2017-2019) at the analysts' meeting (11.30 am - 1.30 pm CET) on 8 March 2017. This meeting can be followed by means of a live webcast (Dutch spoken with simultaneous translation into English), details of which can be found on the corporate website ([www.boskalis.com](http://www.boskalis.com)).

### Publication of Annual Report

Royal Boskalis Westminster N.V. will publish both its Annual Report 2016 and its Corporate Social Responsibility (CSR) Report 2016 today, 8 March. The reports, which are only published in English, will be made available in the course of the day on [www.boskalis.com](http://www.boskalis.com).

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2017	FINANCIAL AGENDA
8 March	Publication of 2016 annual results
10 May	Q1 2017 trading update
10 May	Annual General Meeting of Shareholders
12 May	Ex-dividend date
15 May	Record date for dividend entitlement (after market close)
29 May	Final date for stating preference for dividend in cash or shares
1 June	Determination and publication of conversion rate for stock dividend based on the volume-weighted average share price on 30 and 31 May and 1 June (after market close)
6 June	Dividend payment and delivery of shares
17 August	Publication of 2017 half-year results
10 November	Q3 2017 trading update

#### FOR FURTHER INFORMATION

Investor relations:  
**Martijn L.D. Schuttevâer**  
[ir@boskalis.com](mailto:ir@boskalis.com)

Press:  
**Arno Schikker**  
[press@boskalis.com](mailto:press@boskalis.com)

T +31 78 6969310

*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 (SMIT Salvage). 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 11,700 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](http://www.boskalis.com).