

## **PRESS RELEASE**

### **Boskalis Trading Update**

Papendrecht, 10 May 2017

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**Developments at Royal Boskalis Westminster N.V. (Boskalis) in 2017 have so far proceeded in line with the company's expectations.**

- **Lower revenue as a result of continued challenging market conditions in the offshore sector**
- **Further pressure on profitability**
- **Reasonable fleet utilization at both Dredging and Offshore Energy**
- **Increased order book**

#### DEVELOPMENTS

At the release of the 2016 annual results Boskalis announced that the market picture for the coming period would be characterized by continued lower volumes of work and pressure on both utilization levels and margins. The situation in the first quarter of 2017 was in line with this expectation and the results also met the company's own financial expectations. Compared to the same period last year revenue declined at virtually stable fleet utilization rates. Weak market conditions resulted in a considerably lower result, particularly at Offshore Energy. The order book rose in the course of the first quarter, due in part to a number of sizable Dredging contracts.

#### **Dredging & Inland Infra**

Revenue at the Dredging & Inland Infra division declined slightly compared to the quarterly average achieved last year against a lower average margin. Notable projects in the first quarter included port activities in the UK, Sweden, South Korea and Brazil as well as the construction of an island off the coast of Panama City. Given the circumstances, the utilization rate of the hopper fleet was good and slightly higher than the average utilization rate in 2016. The Queen of the Netherlands, the largest trailing suction hopper dredger in the fleet, came back into service in April after extensive repairs. The utilization rate of the cutter fleet was good in the first quarter following an extremely quiet 2016.

The order book of the Dredging & Inland Infra division increased compared to the end of 2016. Notable new projects contracted include the development of the port of Duqm (Oman), the deepening and widening of the access channel to Jawaharlal Nehru Port in Mumbai (India), port activities in Brazil and Australia and an extension of the Fox River cleanup project in the United States.

#### **FOR FURTHER INFORMATION**

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### **Offshore Energy**

At Offshore Energy there was a decline in both revenue and the result in the first quarter, in line with expectations.

The contracting part of the division including Installation & Intervention and the offshore wind activities contributed well with projects in progress and positive financial settlements from previously completed projects. The offshore activities acquired from VolkerWessels in mid-2016 made a significant contribution with cable-laying projects in progress such as Galloper and Wallney.

At Transport & Marine Services the Aasta Hansteen and Mariner projects made a significant contribution to revenue. The utilization rate of the Dockwise vessels was comparable to the level seen in 2016. At Subsea Services the winter season on the North Sea is traditionally quieter. The utilization rate of the vessels was therefore low and this could only partly be offset by the deployment of vessels at offshore wind farm projects and unexploded ordnance disposal projects in Europe.

The Offshore Energy order book was stable compared to the end of 2016.

### **Towage & Salvage**

Salvage had a quiet start to the year compared to the same period last year which featured a number of larger emergency response contracts. In the absence of sizable wreck removal projects revenue therefore declined.

All Towage activities were transferred into regional joint ventures with effect from the second quarter of 2016. The results of these activities are only recognized as results from joint ventures and associates. As a result Towage did not contribute to revenue in 2017, contrary to the first quarter of 2016 when the harbor towage operations in northwestern Europe still contributed. The contribution from Towage to the result declined due to lower volumes and fewer 'specials' that in the past were carried out with a certain degree of regularity for clients in the oil and gas sector.

### **OUTLOOK**

The market in general has not changed substantially since the release of the 2016 annual results and will be characterized by lower volumes of work and pressure on utilization rates and margins in the coming period.

In view of the favorable development of the order book at Dredging & Inland Infra a large part of the fleet will be utilized in 2017, albeit at lower margins than in previous years. When taking on new work the emphasis remains on maintaining utilization rates while assuming responsible project risks.

At Offshore Energy the outlook remains unchanged. The completion of long-term contracts from previous years means increased dependence on the spot market (services), where the pressure on margins in the services part of the market continues to be considerable.

All Towage operations were transferred to joint ventures at the start of 2016. Market volumes have been relatively stable although here too profitability has been lower compared to previous years.

To respond to these market developments Boskalis launched a fleet rationalization and cost reduction program last year. A large part of the fleet rationalization program was already carried out in 2016 in addition to impairment charges related to part of the offshore fleet and associated goodwill. The final part of the cost reduction program is aimed at lowering costs at head office. The conclusions of the study will be announced soon.

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 result for 2016 adjusted for impairment charges.

Boskalis' financial position remains strong; the balance sheet is now net debt-free and the financial covenants agreed with the debt providers are comfortably met. Capital expenditure is expected to total around EUR 250 million in 2017, excluding possible acquisitions. This amount will be financed from the company's own cash flow.

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2017	FINANCIAL AGENDA
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	Trading update on third quarter of 2017

This Boskalis press release has been disseminated in accordance with article 17 paragraph 1 of the European Market Abuse Regulation (596/2014).

#### FOR FURTHER INFORMATION

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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 oil and gas sector and offshore wind industry as well as salvage solutions (SMIT Salvage). Furthermore, Boskalis has a number of strategic partnerships in harbour 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 over 90 countries across six continents.*

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