

# **Financials Business Case**

**Roadshow Slide Pack**

**March 2021**

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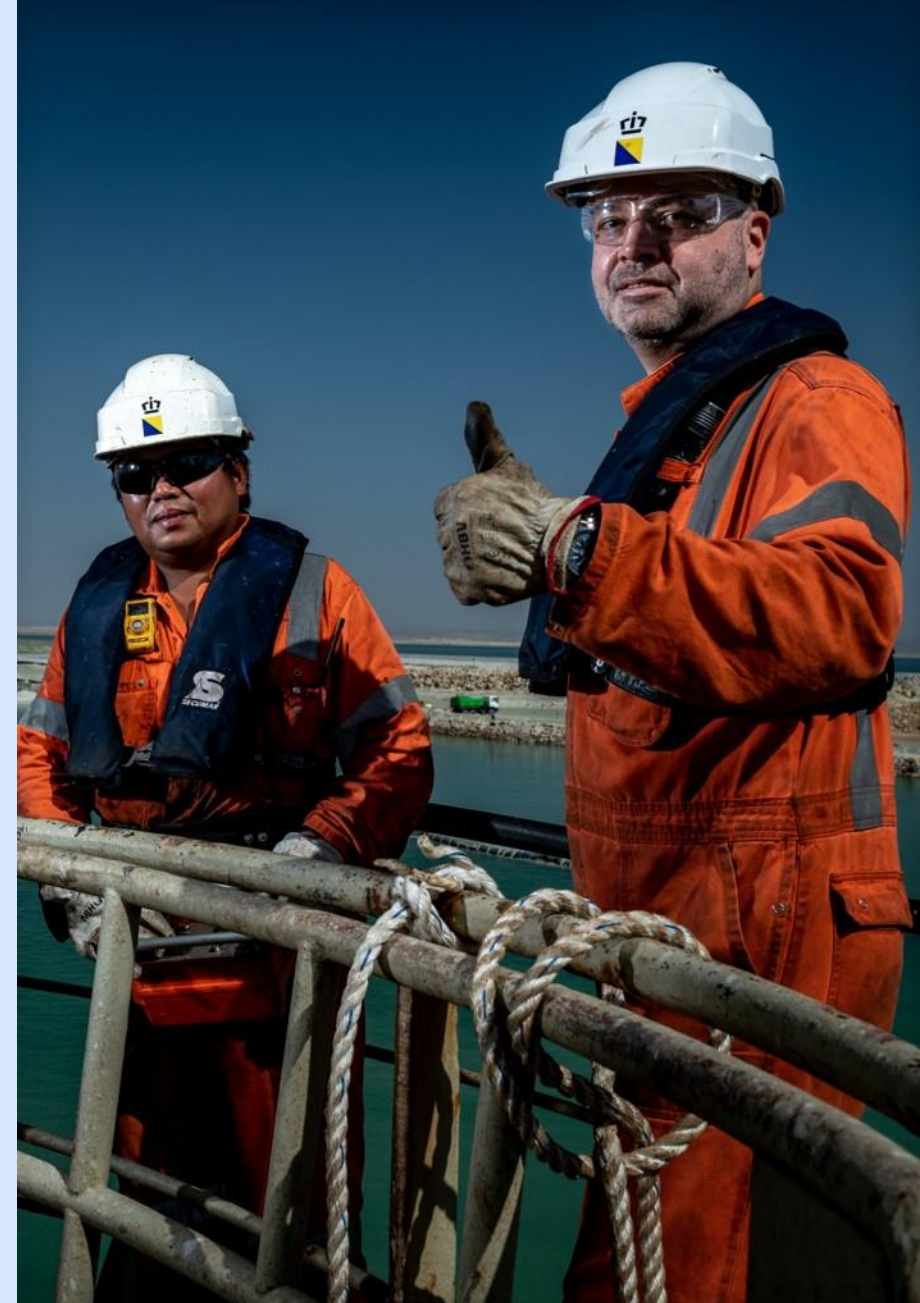
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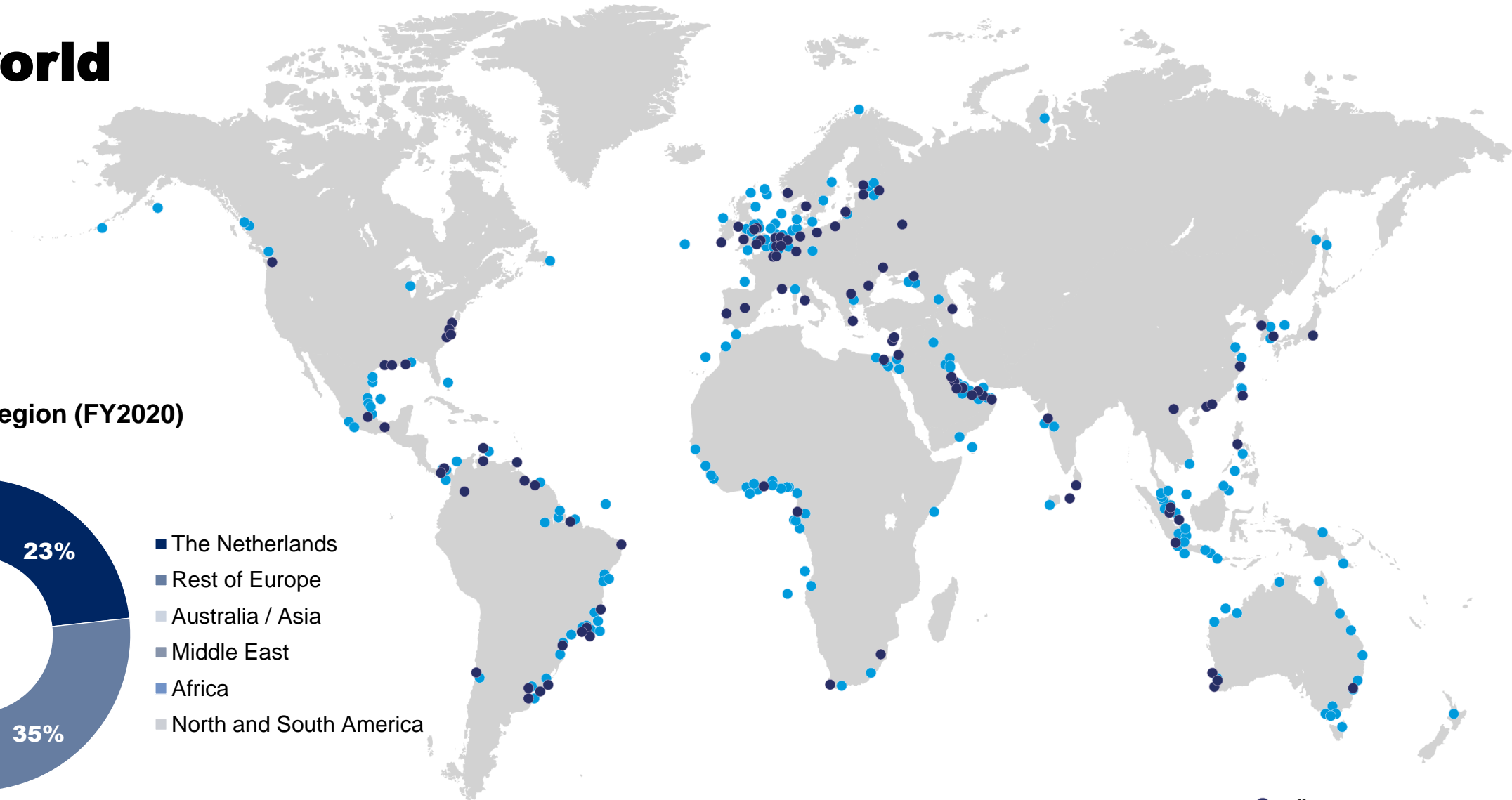
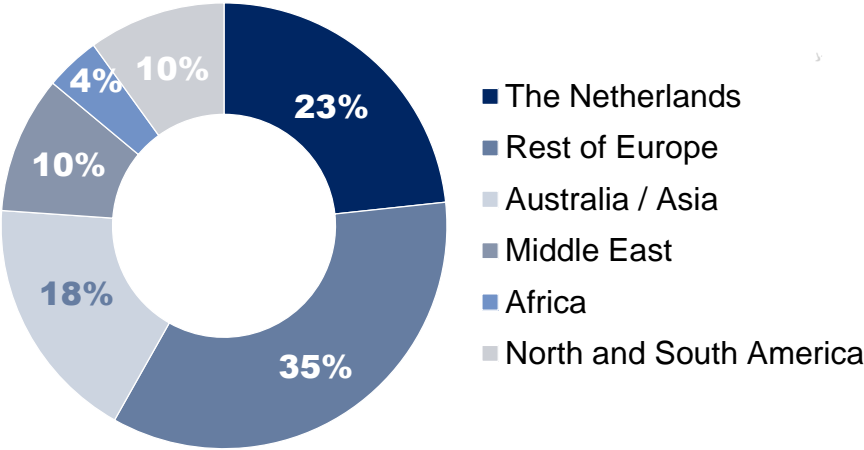
# Company overview

- Leading global dredging & maritime expert
- With 9,900 employees and 650 vessels (incl JV's)
- Active in more than 90 countries across 6 continents
- Customers in Energy, Ports and Infra
- Headquarters in Papendrecht, the Netherlands
- Listed on Euronext



# Our world

Revenue by region (FY2020)



● Offices  
● Projects and operations



# Our mission, purpose and values

## Mission

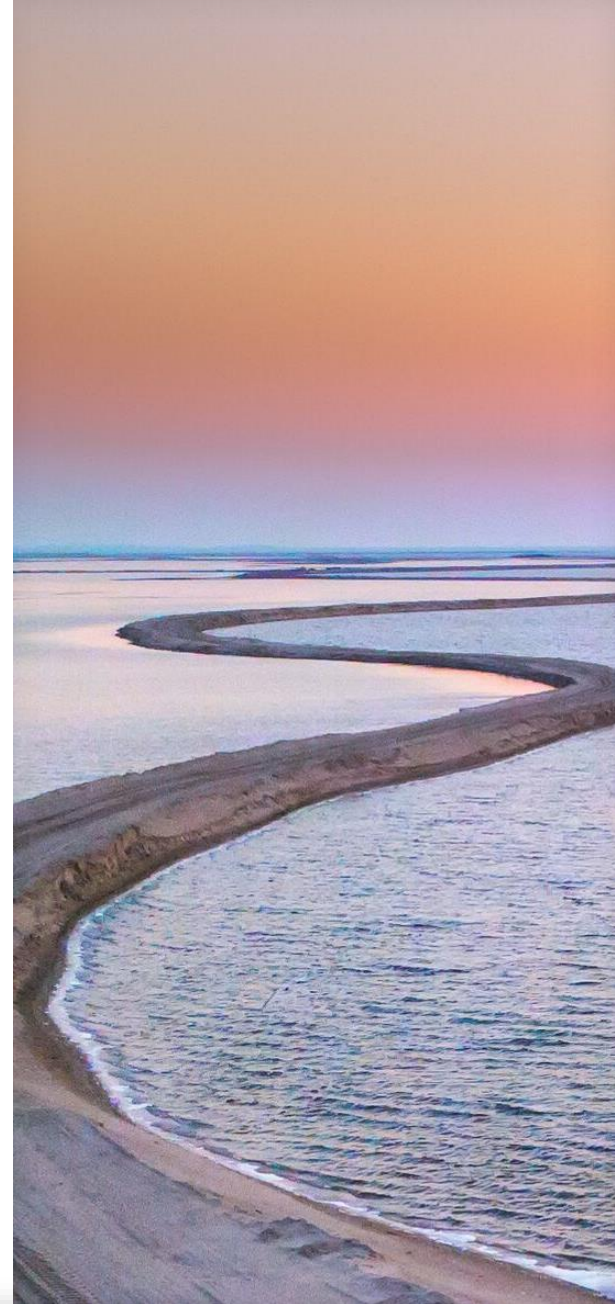
To be the leading dredging and marine contracting experts, creating new horizons for all our stakeholders

## Purpose

We create and protect welfare and advance the energy transition

## Values

- NINA
- Team player
- Entrepreneurial
- Professional
- Responsible



# Strong contribution to the SDGs: 88% of 2020 revenue

7 AFFORDABLE AND  
CLEAN ENERGY



Helping to deliver modern and cleaner energy infrastructure

We contribute through our renewables, (natural) gas and decommissioning-related activities

~ 33% revenue

13 CLIMATE  
ACTION



Safeguarding people, nature & assets from the impacts of climate change

We contribute through climate change adaptive measures ie polders and dike-related activities

~ 7% revenue

9 INDUSTRY, INNOVATION  
AND INFRASTRUCTURE



Creating resilient infrastructure for trade, transport and society

We contribute through maritime infrastructure such as ports, land reclamation for society and inland infra such as road-related

~ 41% revenue

14 LIFE  
BELOW WATER



Preventing and reducing marine pollution through salvage

We contribute through salvaging of vessels and associated pollution prevention

~ 7% revenue

8 DECENT WORK AND  
ECONOMIC GROWTH



Contribution to an economy and the creation of jobs directly and indirectly through our projects and the supply chain.

(in)directly all revenue

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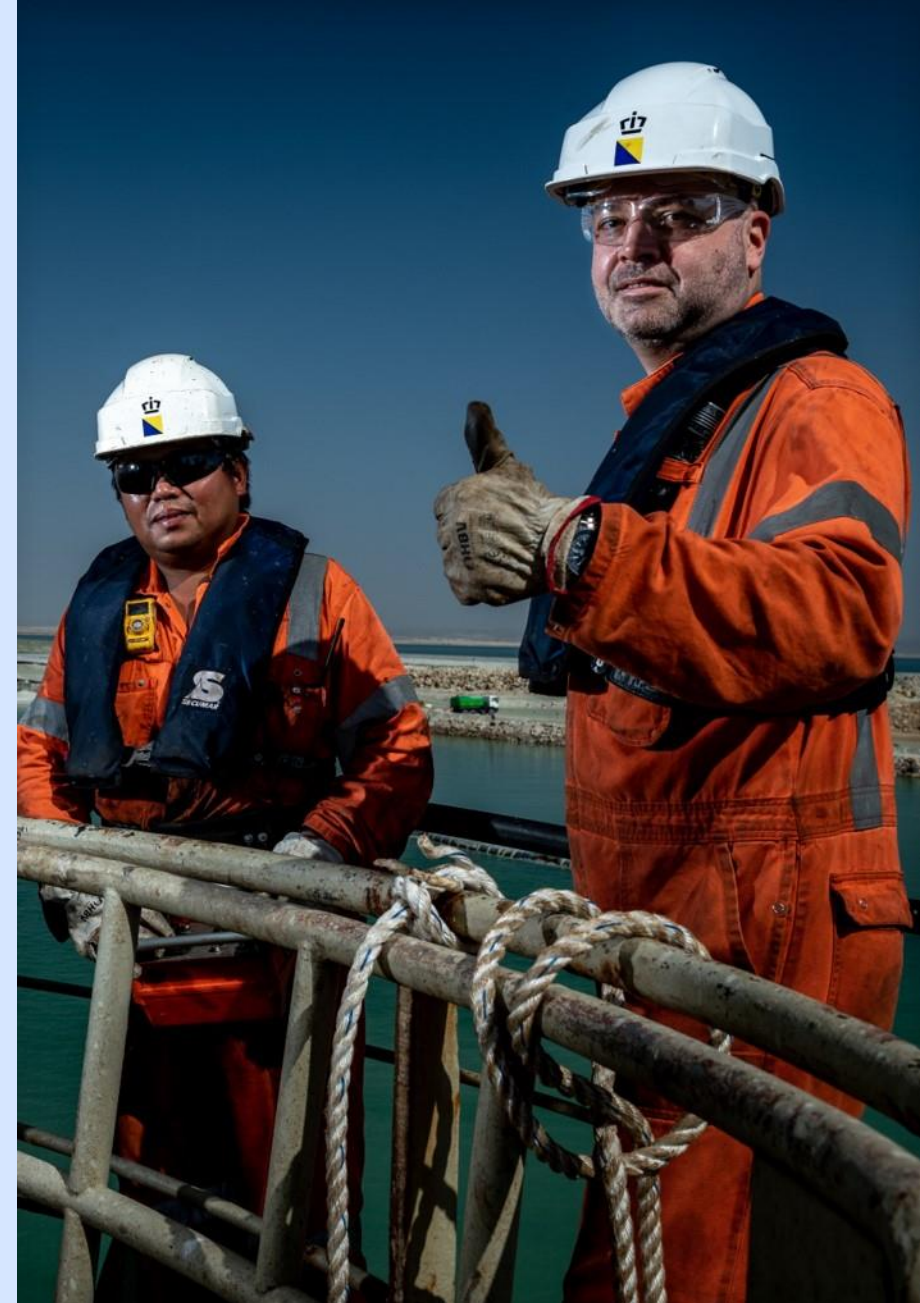
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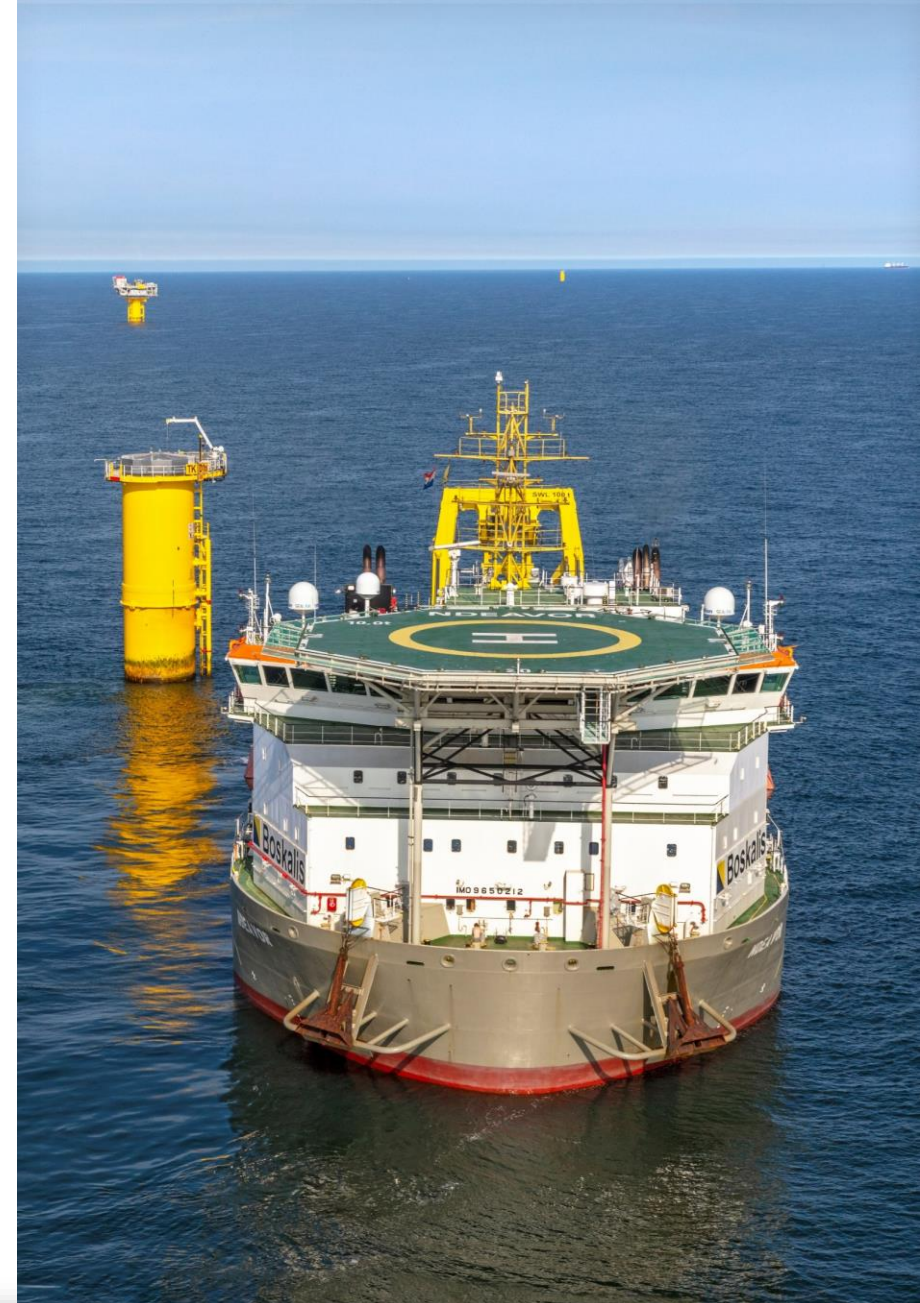
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# 2020 Results

- Revenue: EUR 2,525 mln  
*2019: EUR 2,645 mln*
- EBITDA: EUR 404 mln  
*2019: EUR 376 mln*
- Net operating profit: EUR 90 mln  
*2019 net profit: EUR 75 mln*
- Exceptional charges: EUR 195 mln  
*2019: Exceptional income EUR 82 mln*
- Order book: EUR 5.3 bln  
*End 2019: EUR 4.7 bln*
- Financial position: cash: EUR 825 mln; net cash EUR 439 mln  
*End 2019: net cash EUR 26 mln*
- Dividend proposal: EUR 0.50



# COVID-19 Impact & Measures

- Financial impact & measures:
  - Impacted revenue and earnings
  - Focus on cash generation and preservation
    - Reduction of non-project related out-of-pocket expenses
    - Optimizing working capital
    - Reduction 2020 CAPEX program
    - No dividend over 2019
    - Share buyback program temporarily suspended
  - Critical valuation assessment of assets & activities
    - Impairment of assets and goodwill in two associated companies
    - Impairment of assets





# Key figures




EUR mln	FY 20	2019
Revenue	2,525	2,645
Order book	5,306	4,722
EBITDA	404	376
Net result JVs & associates	19*	26
Operating result	140	28
Exceptional items (charges/income)	-195	82
EBIT	-56	111
Net operating profit	90	-1
Net profit (loss)	-97	75
Solvency	50.5%	54.3%

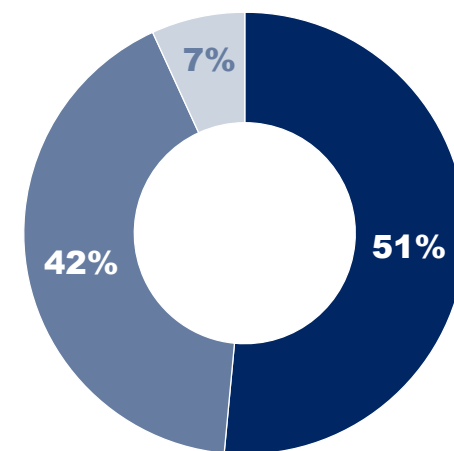
\* adjusted for exceptional charges









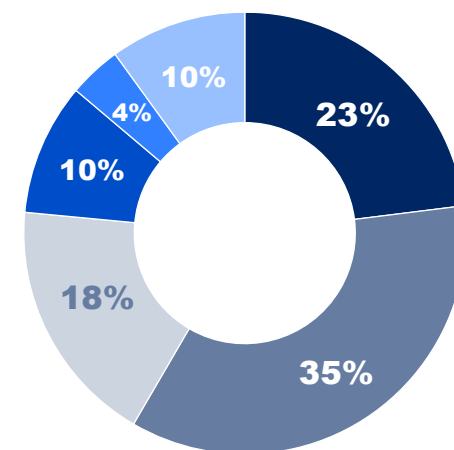


# Revenue by segment & region

EUR mln	2020	2019
 Dredging & Inland Infra	1,316	1,518
 Offshore Energy	1,065	1,020
 Towage & Salvage	174	132
Holding & Eliminations	-30	-25
<b>Total</b>	<b>2,525</b>	<b>2,645</b>

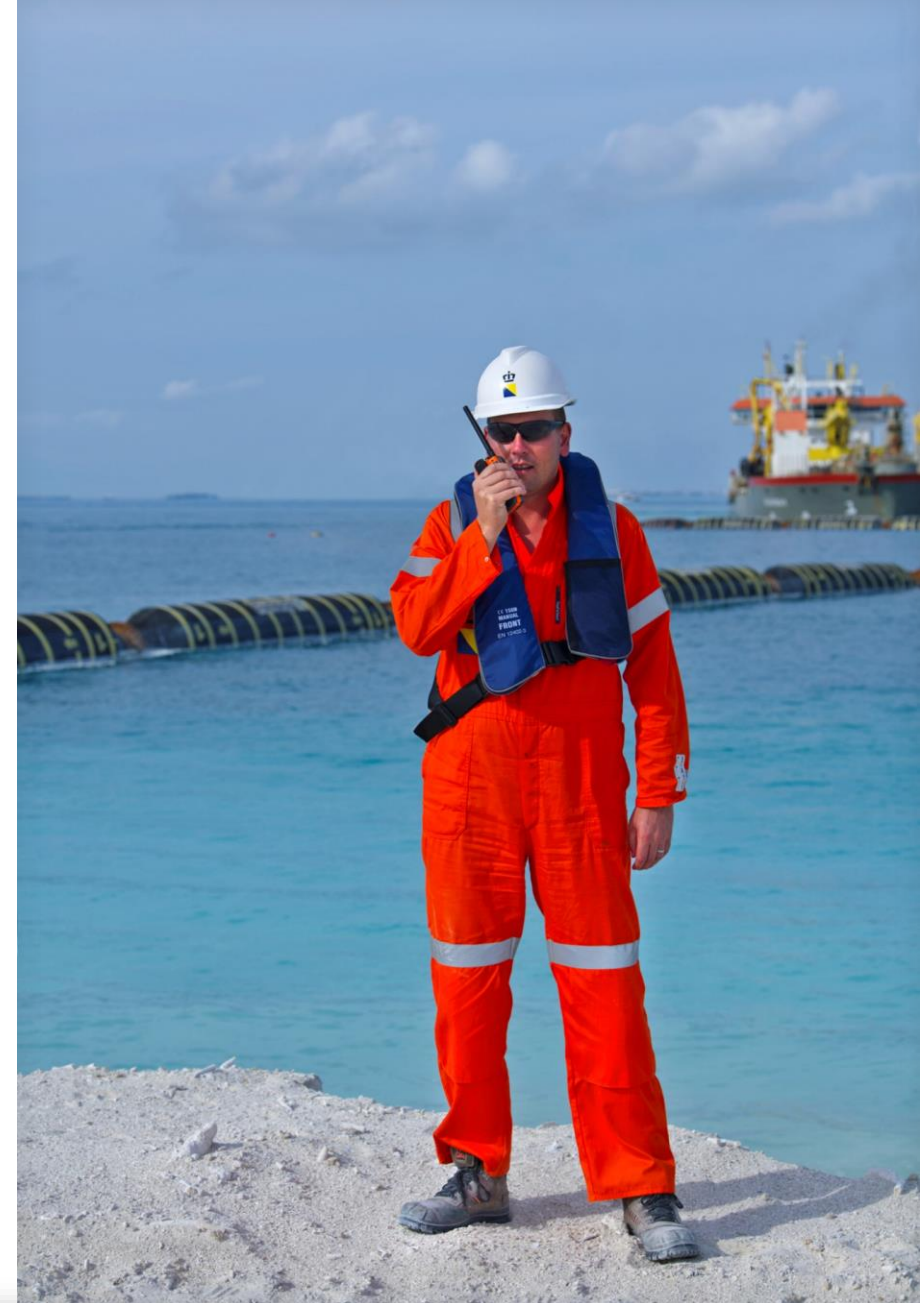


	2020	2019
 The Netherlands	581	619
 Rest of Europe	893	919
 Australia / Asia	457	434
 Middle East	244	358
 Africa	97	88
 North and South America	252	227
<b>Total</b>	<b>2,525</b>	<b>2,645</b>






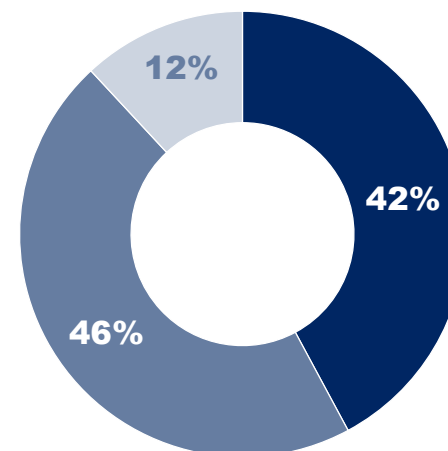
# EBIT & Operating Result by segment

EUR mln	2020	2019
Dredging & Inland Infra	53	108
Offshore Energy	66	-71
Towage & Salvage	46	38
Non-allocated income & expenses	-25	-46
<b>Total Operating Result</b>	<b>140</b>	<b>28</b>
Exceptional items	-195	82
<b>Total EBIT</b>	<b>-55</b>	<b>111</b>



# EBITDA by segment

EUR mln	2020	2019
 Dredging & Inland Infra	177	242
 Offshore Energy	194	47
 Towage & Salvage	50	42
Holding & Eliminations	-17	45
<b>Total</b>	<b>404</b>	<b>376</b>





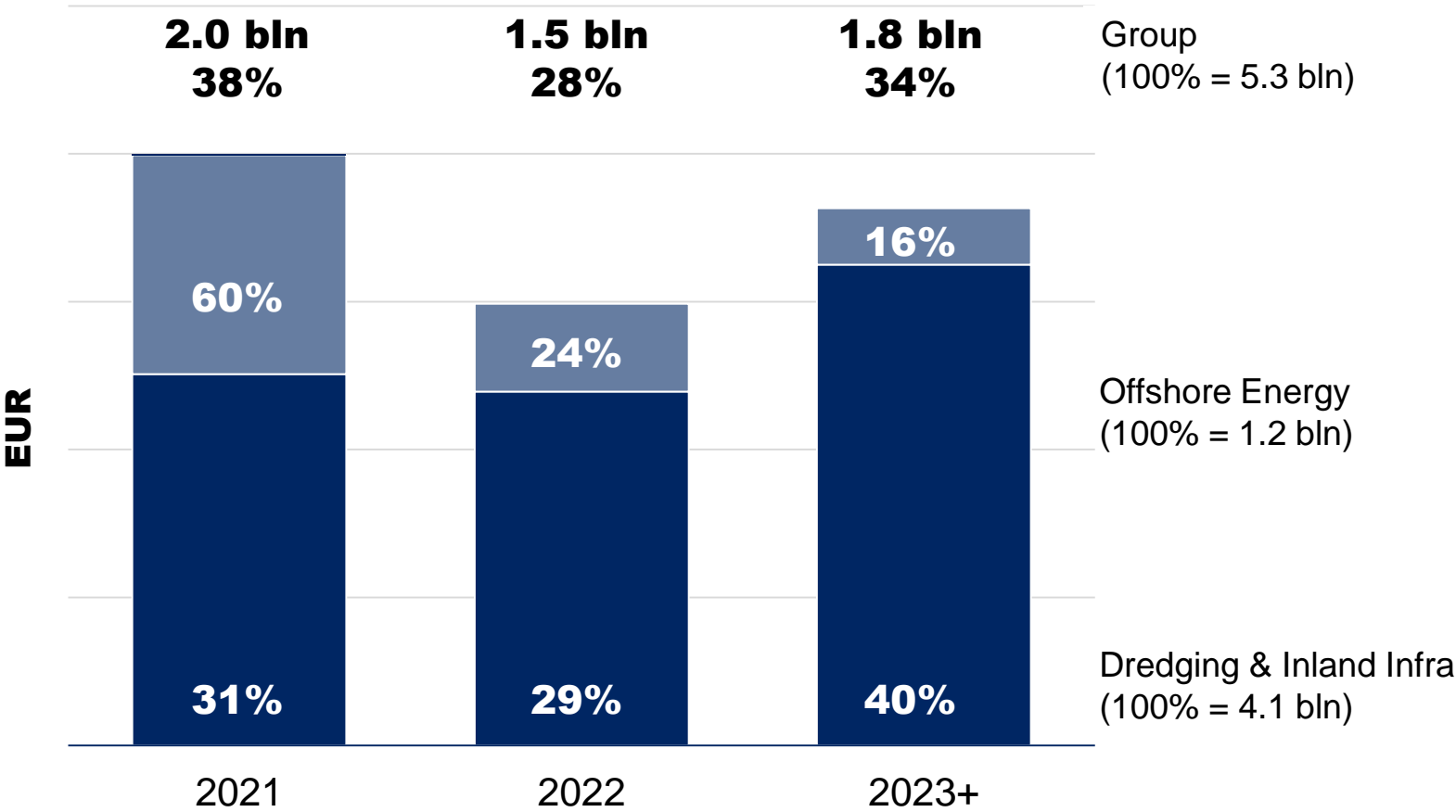
# Order book

- Total order intake 2020: EUR 3,405 mln

EUR mln	31/12/20	31/12/19
Dredging & Inland Infra	4,075	3,192
Offshore Energy	1,227	1,524
Towage & Salvage	4	5
Total	5,306	4,722



# Order book run off





# Outlook

- Solid foundation for 2021 with very well-filled order book
  - Dredging: gradual improvement during the year
  - Offshore Energy: continuation of strong 2020
  - Towage: stable
- EBITDA guidance 2021: solid base to match 2020 level
- CAPEX 2021: in excess of EUR 300 mln, excl. M&A
- Improved medium-term outlook





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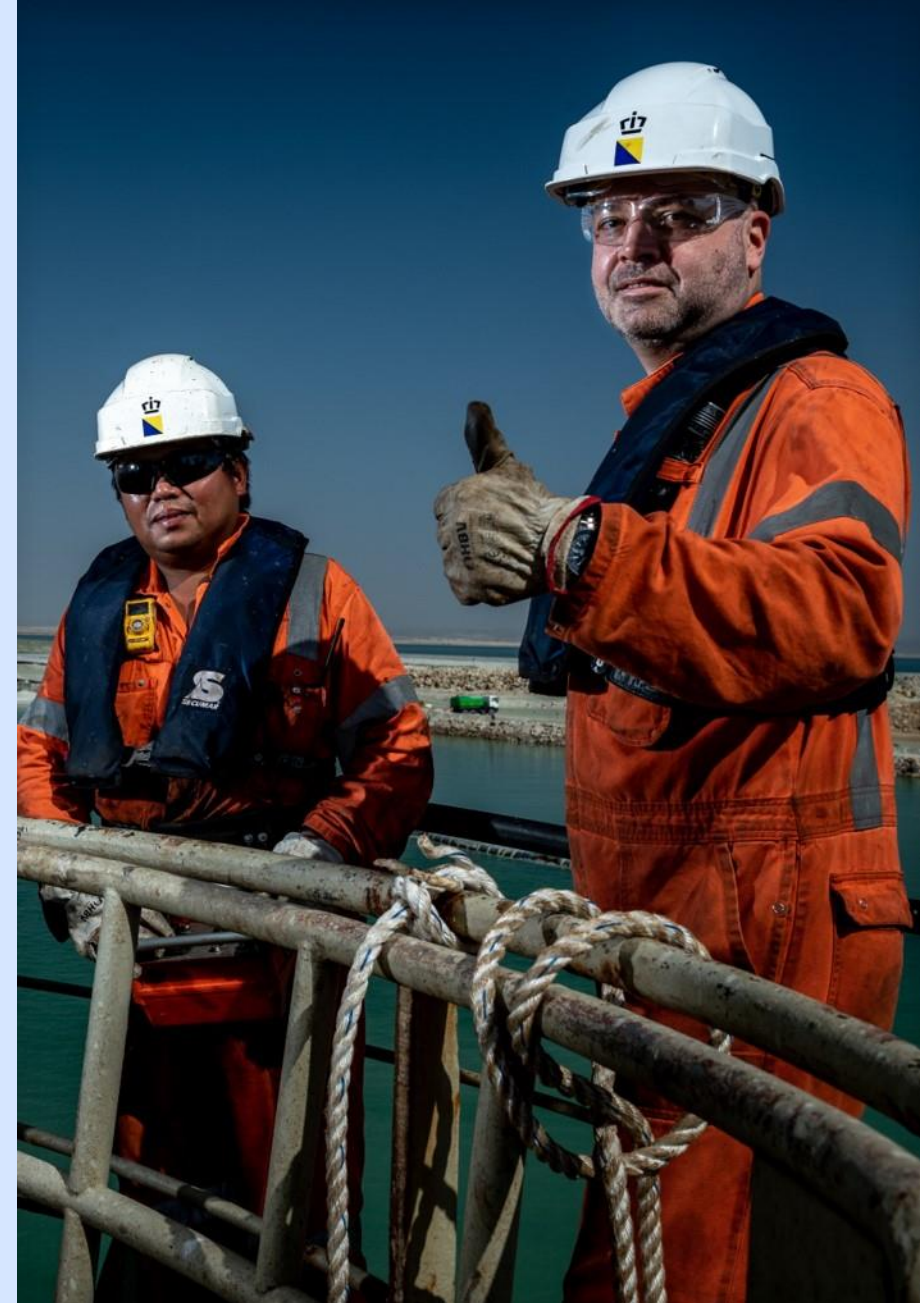
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# Dredging & Inland Infra





# Dredging & Inland Infra

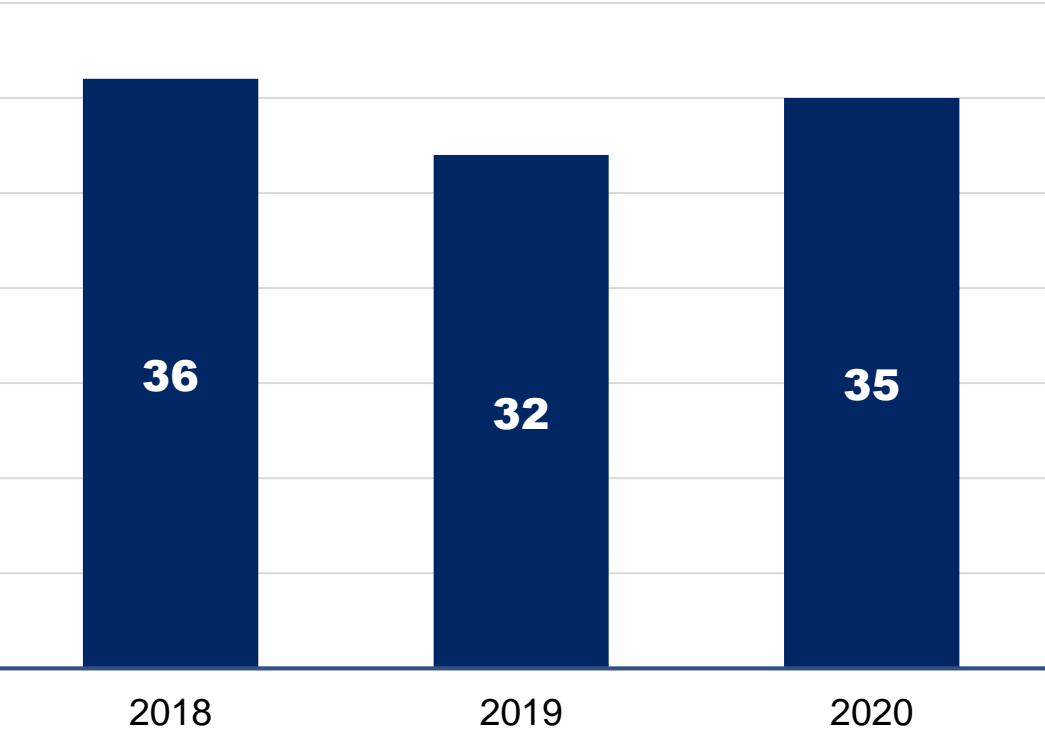
- COVID-19 impact greatest outside of Europe; delays and disruptions resulting in revenue and earnings decline
- Solid contribution from Dutch Inland Infra
- Order book intake EUR 2.5 bln; Manila airport, dike reinforcement projects, IJburg island Amsterdam and dredging works in Finland

EUR mln	2020	2019
Revenue	1,316	1,518
EBITDA	177	242
Net result JVs and associates	3	3
Operating result	53	108
Order book	4,076	3,192

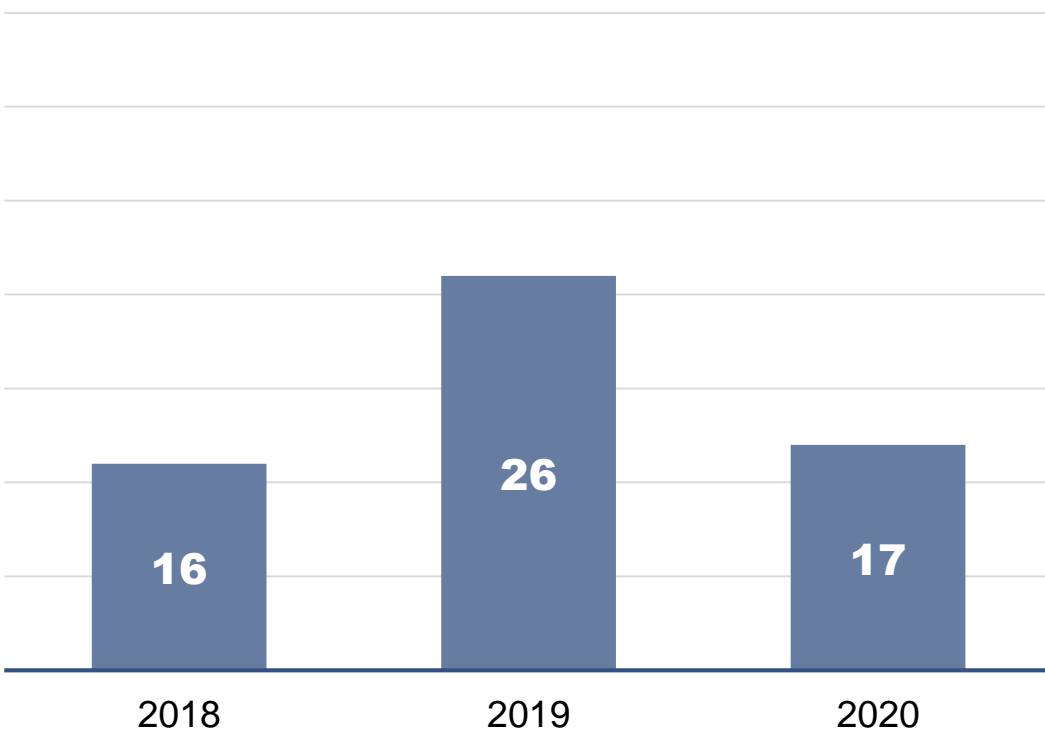


# Dredging fleet utilization

**Hoppers**  
(Weeks per annum)



**Cutters**  
(Weeks per annum)





# Offshore Energy

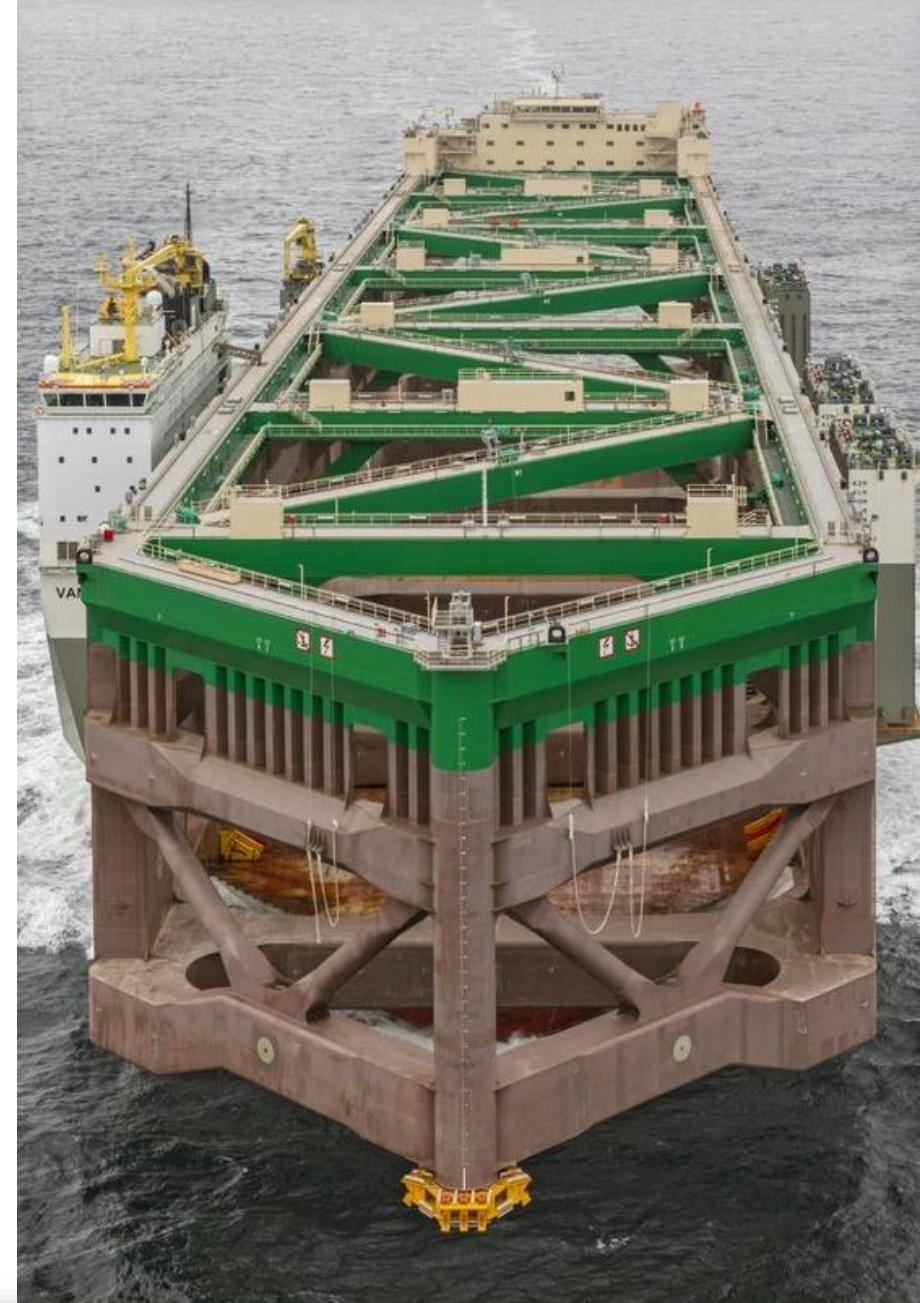




# Offshore Energy

- Revenue breakdown
  - Contracting / Services: 56% / 44%
  - Renewables / O&G / other: 41% / 49% / 10%
- Contracting:
  - Seabed intervention: strong contribution
  - Offshore wind: busy year for cables and good project execution
  - Heavy Lifting: successful completion decommissioning projects

EUR mln	2020	2019
Revenue	1,065	1,020
EBITDA	194	47
Net result JVs and associates	4	6
Operating result	66	-71
Order book	1,227	1,524



# Offshore Energy

- Services:
  - Marine transport: fairly busy (66% utilization); COVID related delays resulting in 2021 spillover
  - Survey: seasonally quiet H1 plus low oil price; H2 busy in wind. Consolidation of Horizon as per January 2020
  - Subsea: impacted by low oil price; Rever acquisition making Boskalis top 3 player on North Sea
- Order book:
  - YE: EUR 1.2 bln - addition EUR 744 mln
  - Fécamp offshore wind, Kincardine floating wind
  - 57% of total order book is renewables





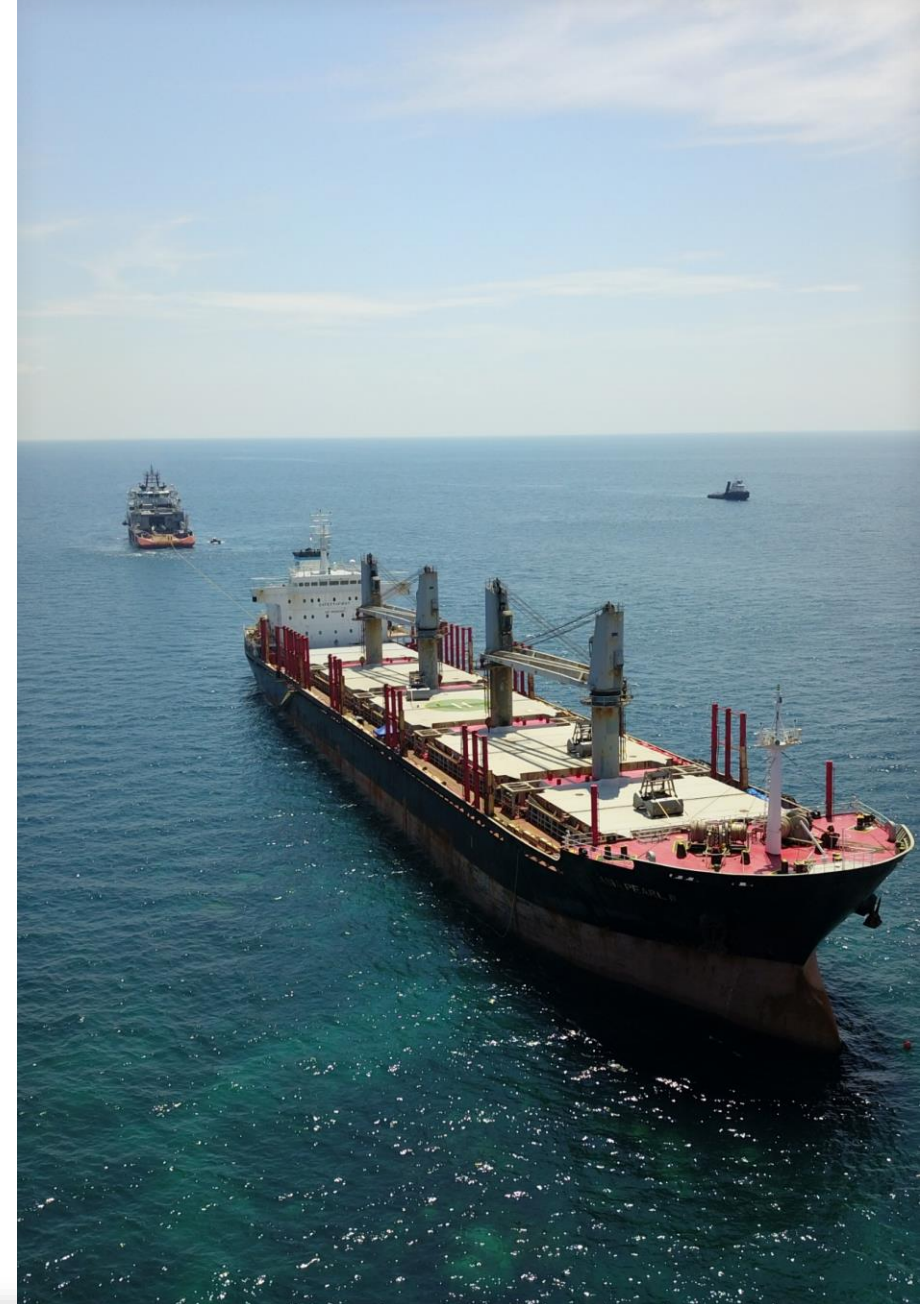
# Towage & Salvage



# Towage & Salvage

- Salvage: Busy year and strong performance
  - Emergency Response jobs in Atlantic Ocean and Indian Ocean
  - Wreck removal in Spitsbergen
- Towage: Despite COVID, overall relatively stable year

EUR mln	2020	2019
Revenue	175	132
EBITDA	50	42
Net result JVs and associates	12	16
Operating result	46	38
Order book	4	5



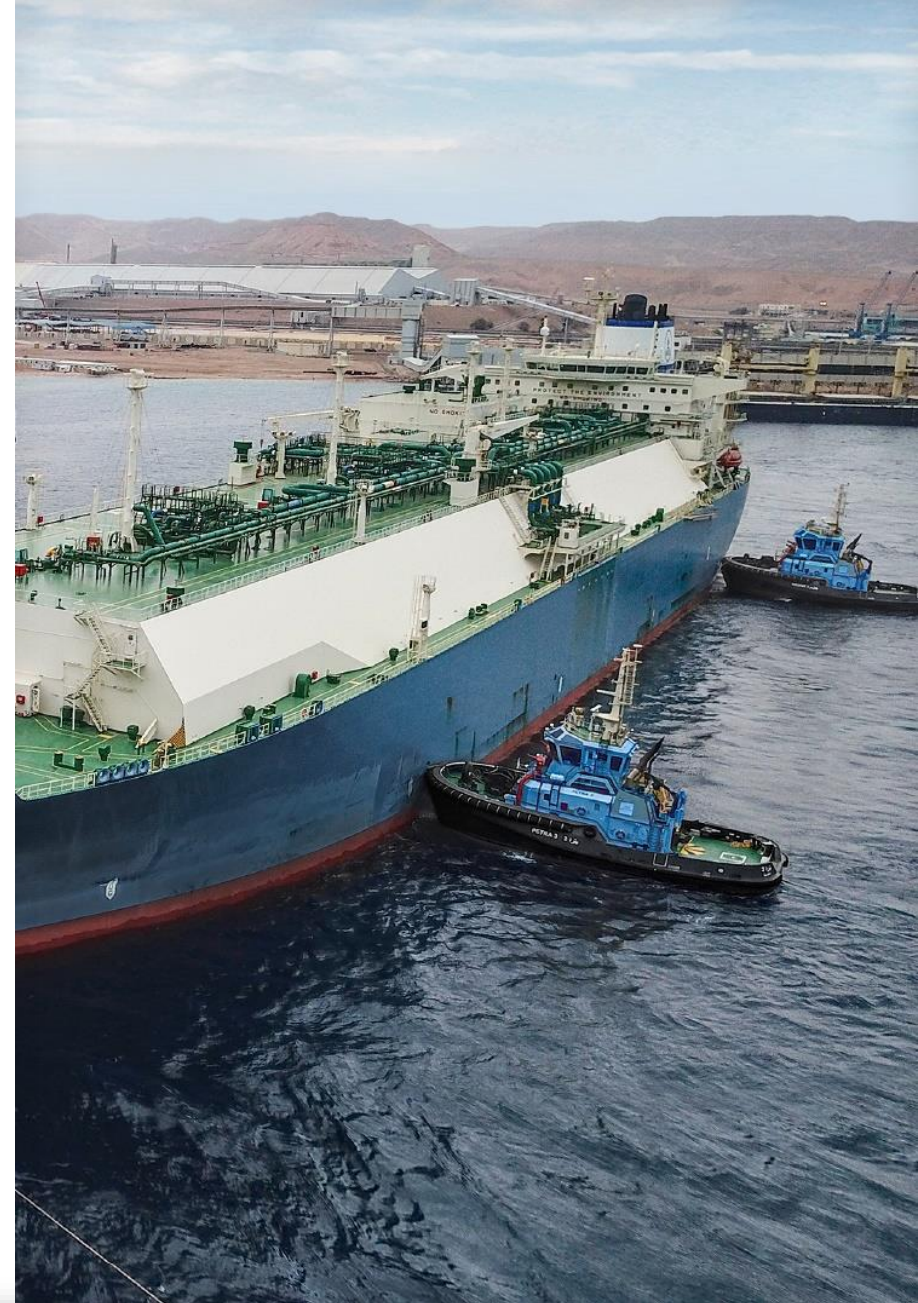


# Overall Towage financials

- Financials JVs on 100%

EUR mln	2020	2019
Revenue	310	344
EBITDA	113	128
Operating result	51	63
Net result	21	29
Order book	1,081	1,425
Net debt	217	261

*Operating Result and Net Result 2020 is presented excluding exceptional charges*





# Holding & Eliminations





# Holding & Eliminations

- Strong decline in non-allocated head-office costs due to COVID-19 measures

EUR mln	2020	2019
Revenue	-30	-26
Net result JVs and associates	0	0
Operating result	-25	-46



# Exceptional items

- 2020: EUR 195 mln charges
  - Impairments: EUR 184 mln
    - Impairment of assets and investments in Smit Lamnalco and Asian Lift (EUR 123 mln)
    - Impairment of assets, including 2 cutters (EUR 53 mln)
    - Impairment intangibles & right-of-use assets (EUR 8 mln)
  - Other: EUR 11 mln
- 2019: EUR 82 mln book profit





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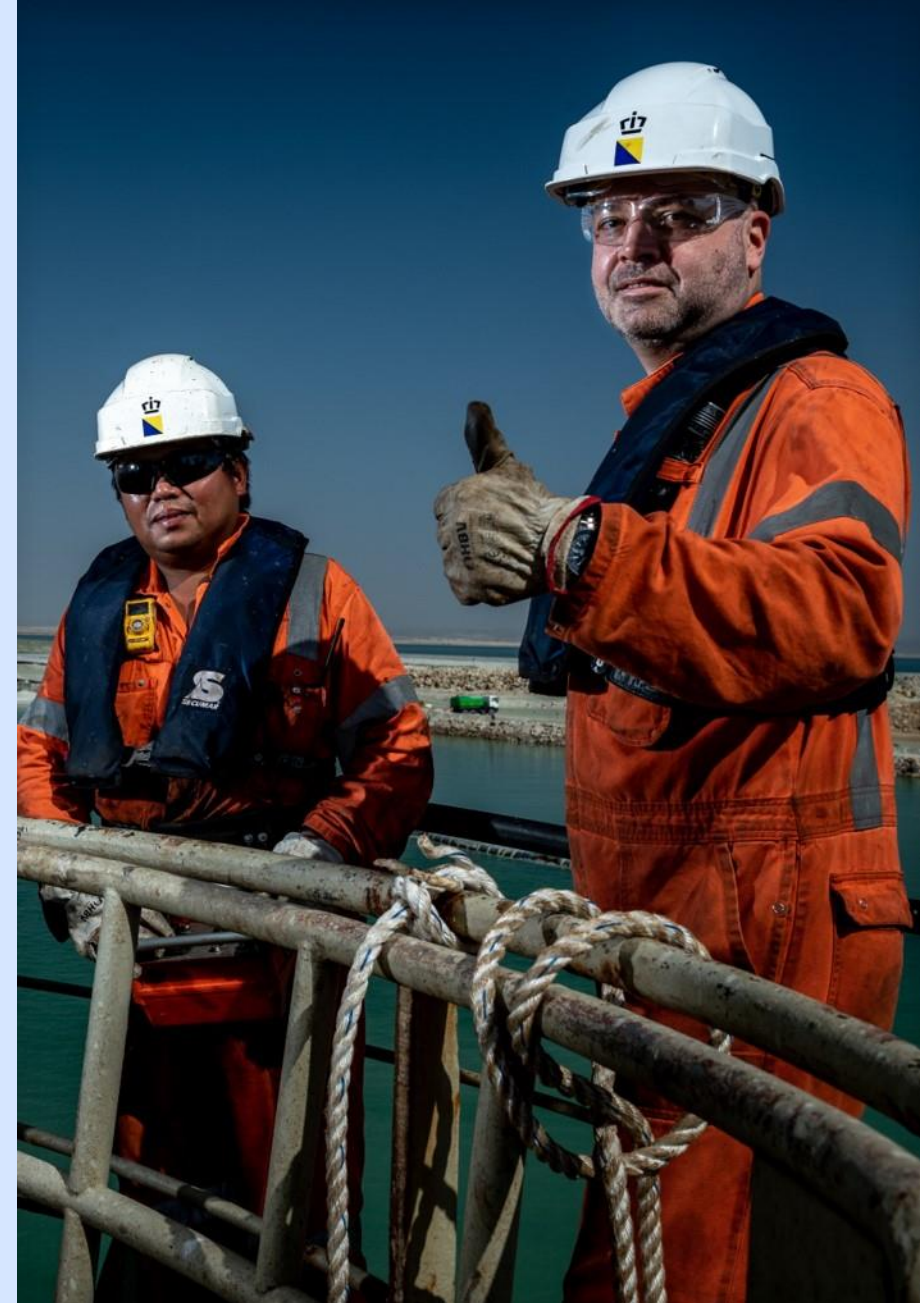
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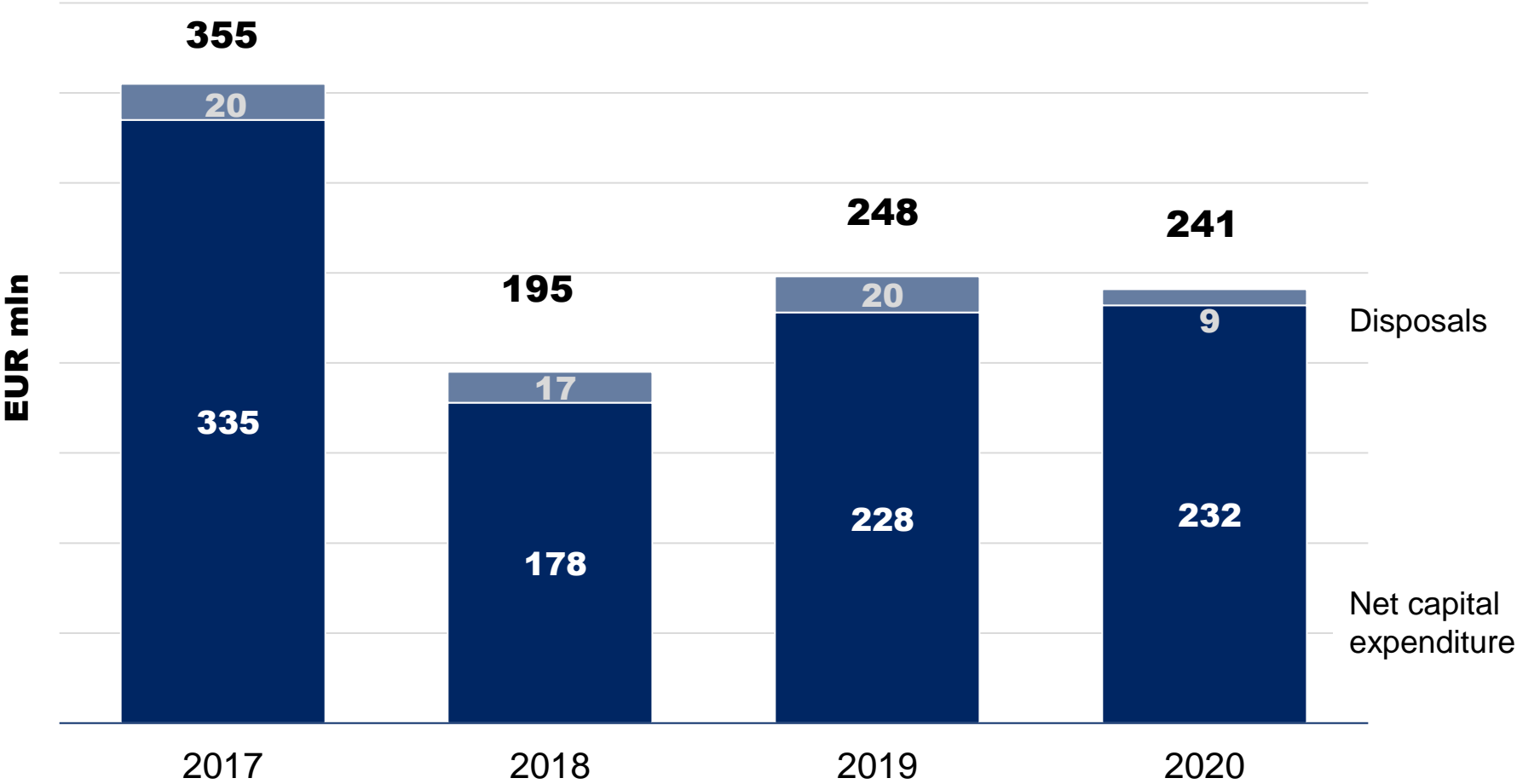


# Balance Sheet

- Decrease 'JVs & Associated Companies' due to acquisition remaining shares in Horizon and impairments Smit Lamnalco and Asian Lift
- Improvement in Net working capital: EUR 396 mln (YE '19: negative EUR 417 mln)
- Net financial position: EUR 439 mln net cash (YE '19: EUR 26 mln net cash)
- Increase 'Intangibles & other FA' relates to acquisition of Horizon
- Solvency 50.5% (YE 19: 54.3%)

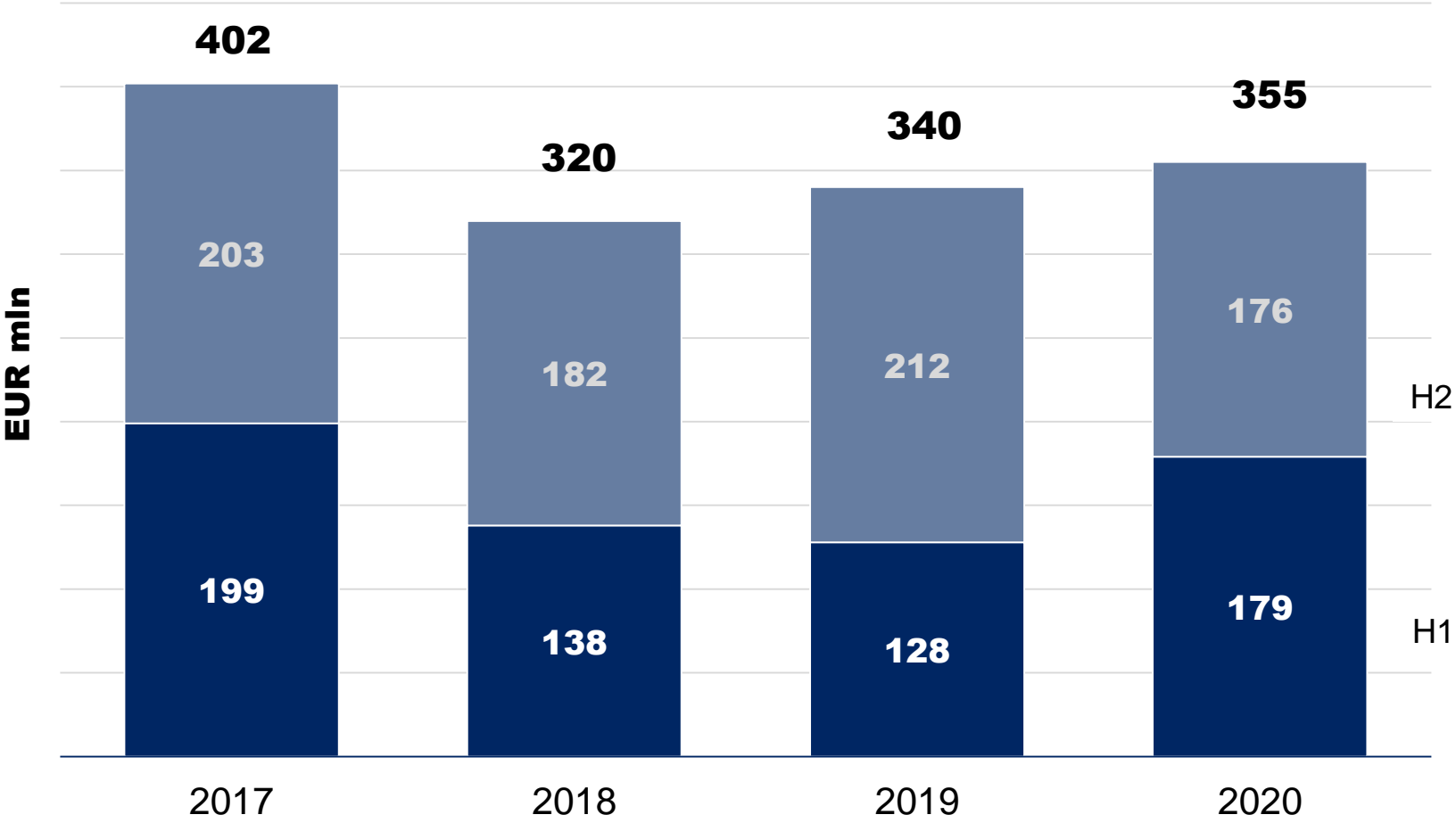
EUR mln	31/12/2020	31/12/2019
<b>Property, Plant &amp; Equipment</b>	<b>2,362</b>	2,406
<b>Intangibles &amp; other Fixed Assets</b>	<b>304</b>	251
<b>Associated Companies</b>	<b>208</b>	428
<b>Current Assets</b>	<b>829</b>	1,112
<b>Cash &amp; Equivalents</b>	<b>825</b>	400
<b>Total Assets</b>	<b>4,528</b>	<b>4,597</b>
<b>Group Equity</b>	<b>2,286</b>	2,495
<b>Interest bearing debt</b>	<b>386</b>	374
<b>Provisions &amp; long term liabilities</b>	<b>185</b>	174
<b>Current liabilities</b>	<b>1,671</b>	1,554
<b>Total Equity &amp; Liabilities</b>	<b>4,528</b>	<b>4,597</b>

# Capital Expenditure





# Cash flow



# Cash flow

EUR mln	2020
Net group profit	-97
Depreciation, amortization and impairment charges	422
Movement working capital	396
Result JVs, net of dividends	28
Income tax paid and others	-51
<b>Cash from operating activities</b>	<b>698</b>
Acquisition Horizon & Rever	-43
Net capital expenditure	-208
Share buyback program	-29
Lease payments	-28
Others	23
<b>Improvement in net cash position:</b>	<b>413</b>





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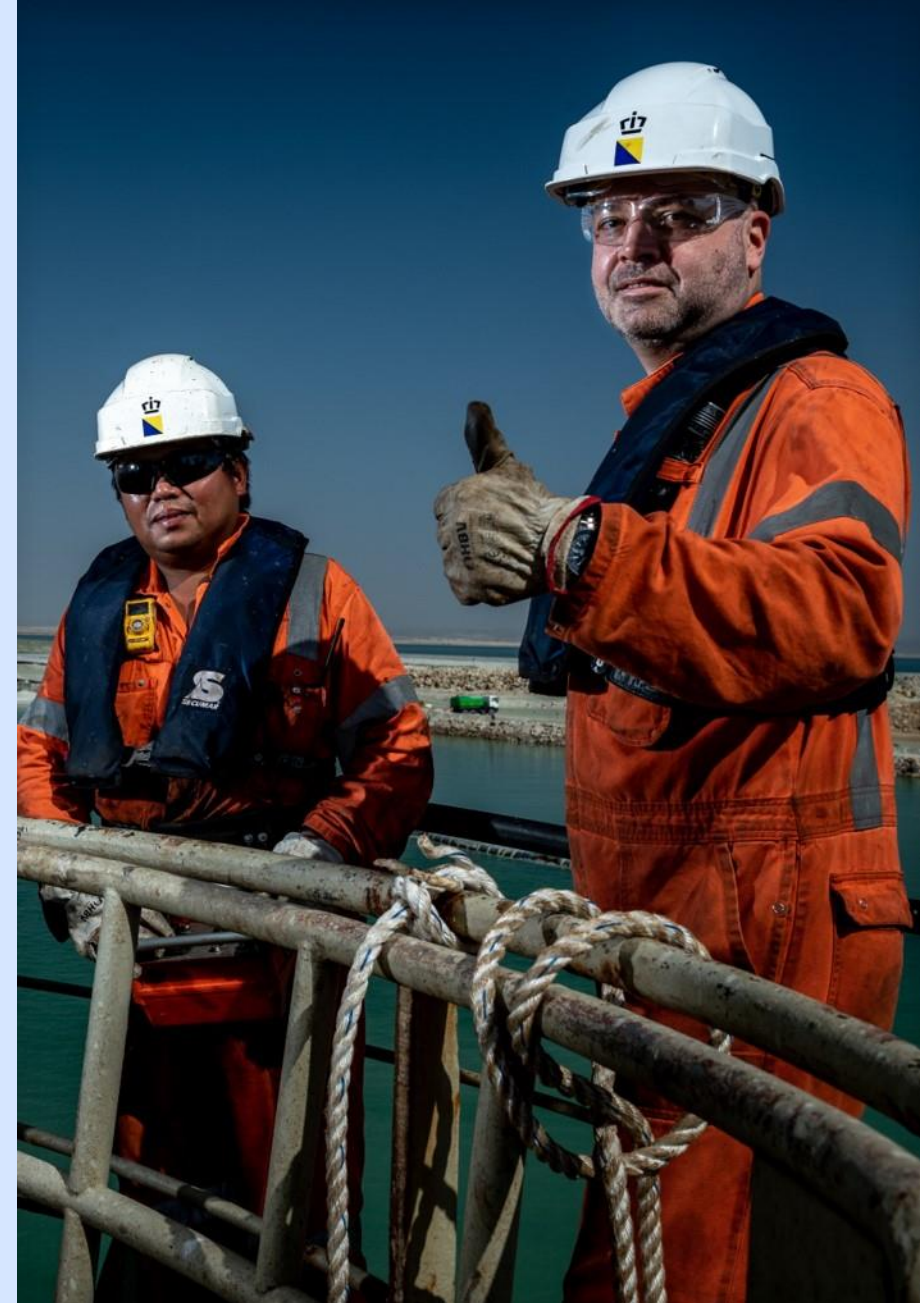
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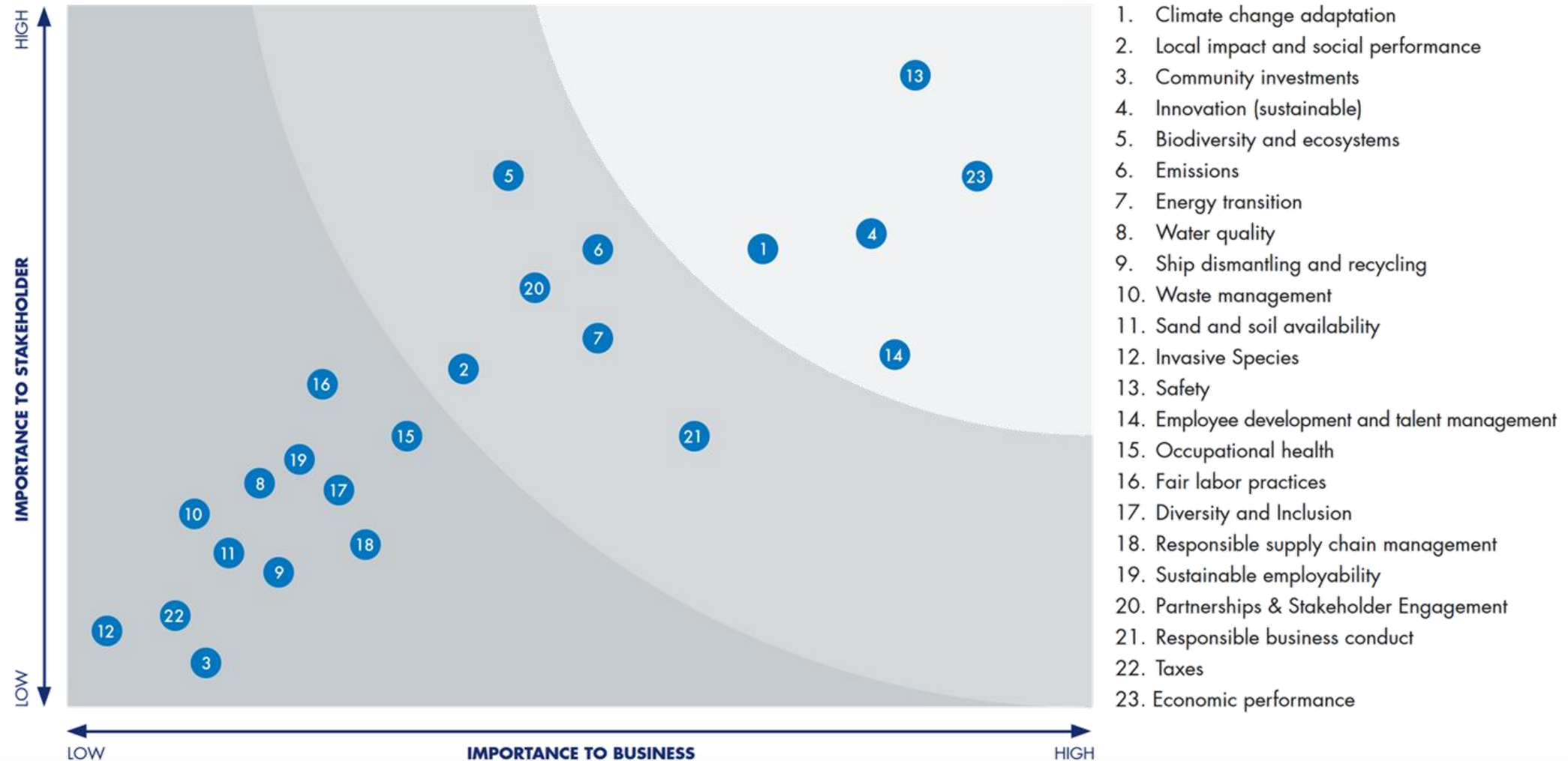


# Connecting to the Sustainable Development Goals

- Most relevant SDG's in relation to our activities:
  - SDG 7: Affordable and clean energy
  - SDG 8: Decent work and economic growth
  - SDG 9: Industry, innovation and infrastructure
  - SDG 13: Climate action
  - SDG 14: Life below water



# Boskalis materiality matrix



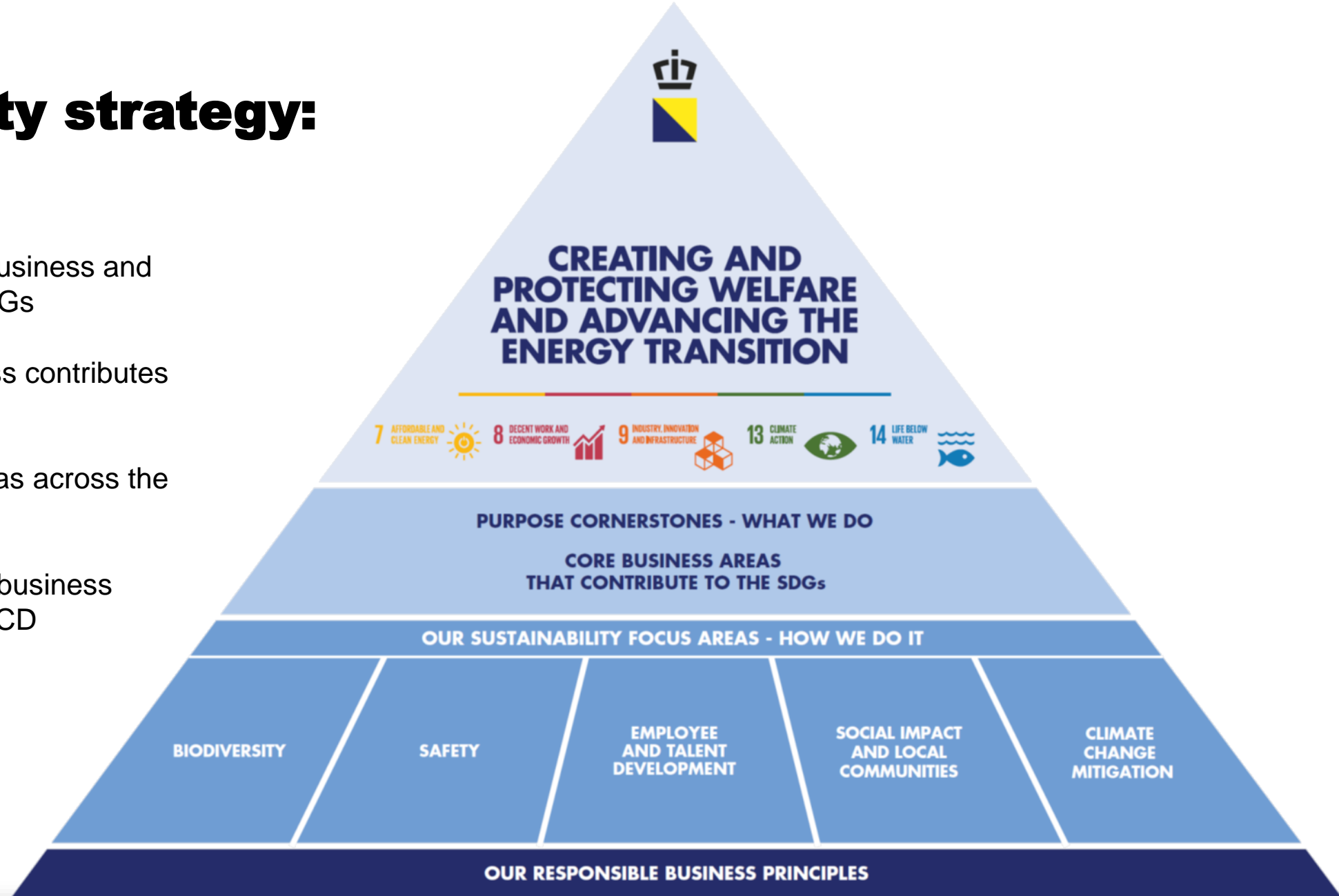
# Sustainability strategy: overview

Guided by our purpose, business and contribution to the UN SDGs

What we do: core business contributes to global challenges

How we do it: 5 focus areas across the business

Foundation: Responsible business practices aligned with OECD





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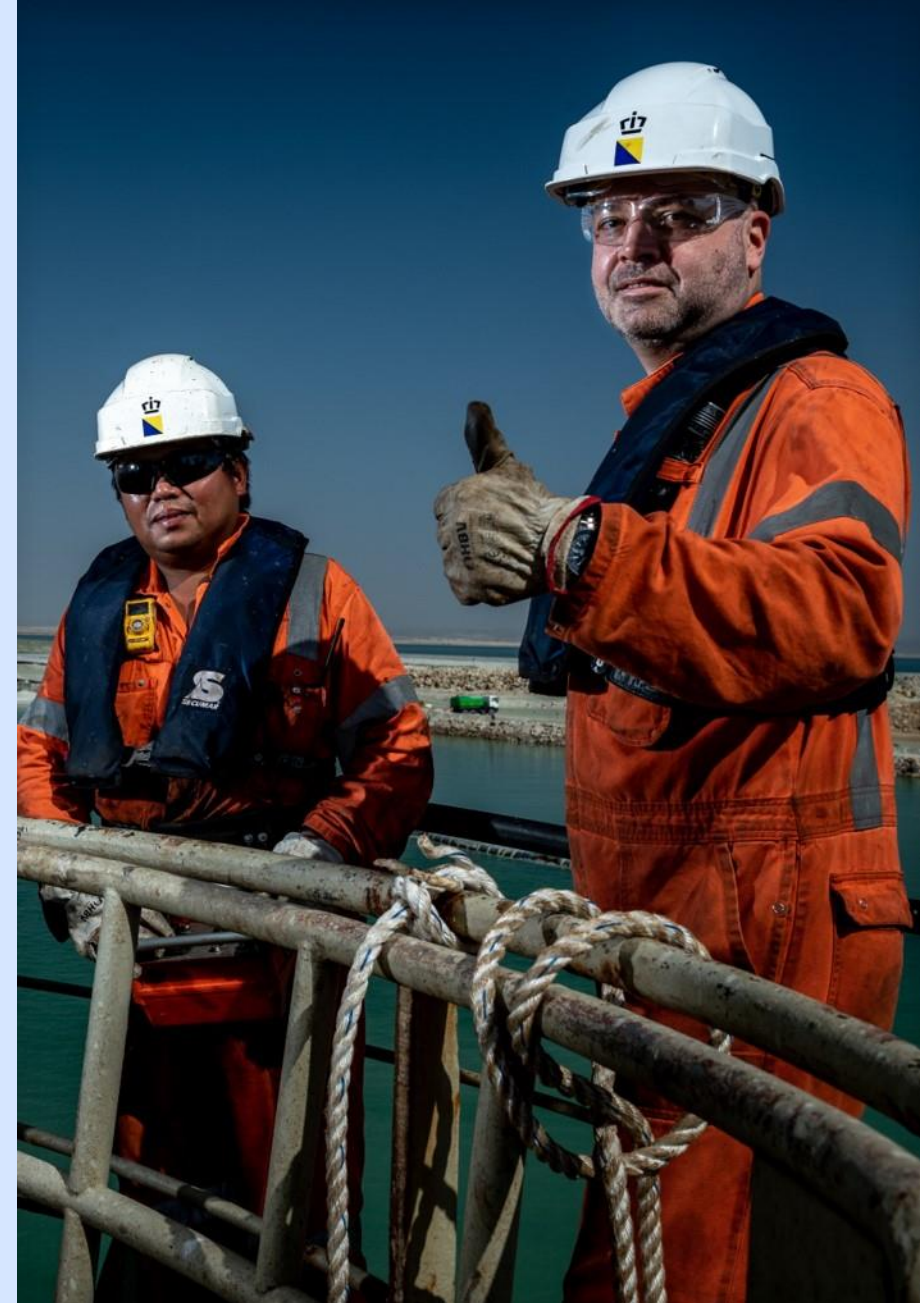
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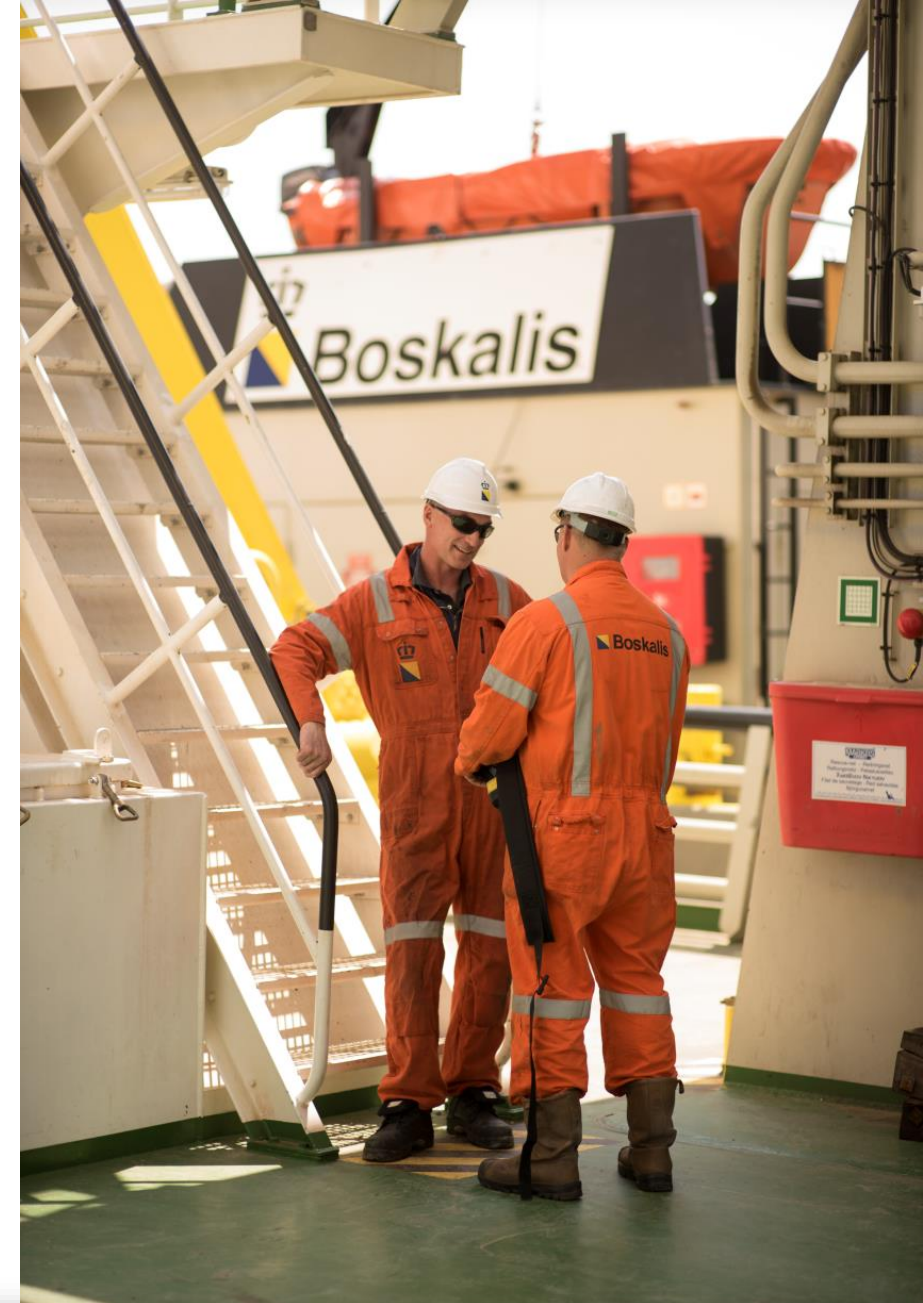
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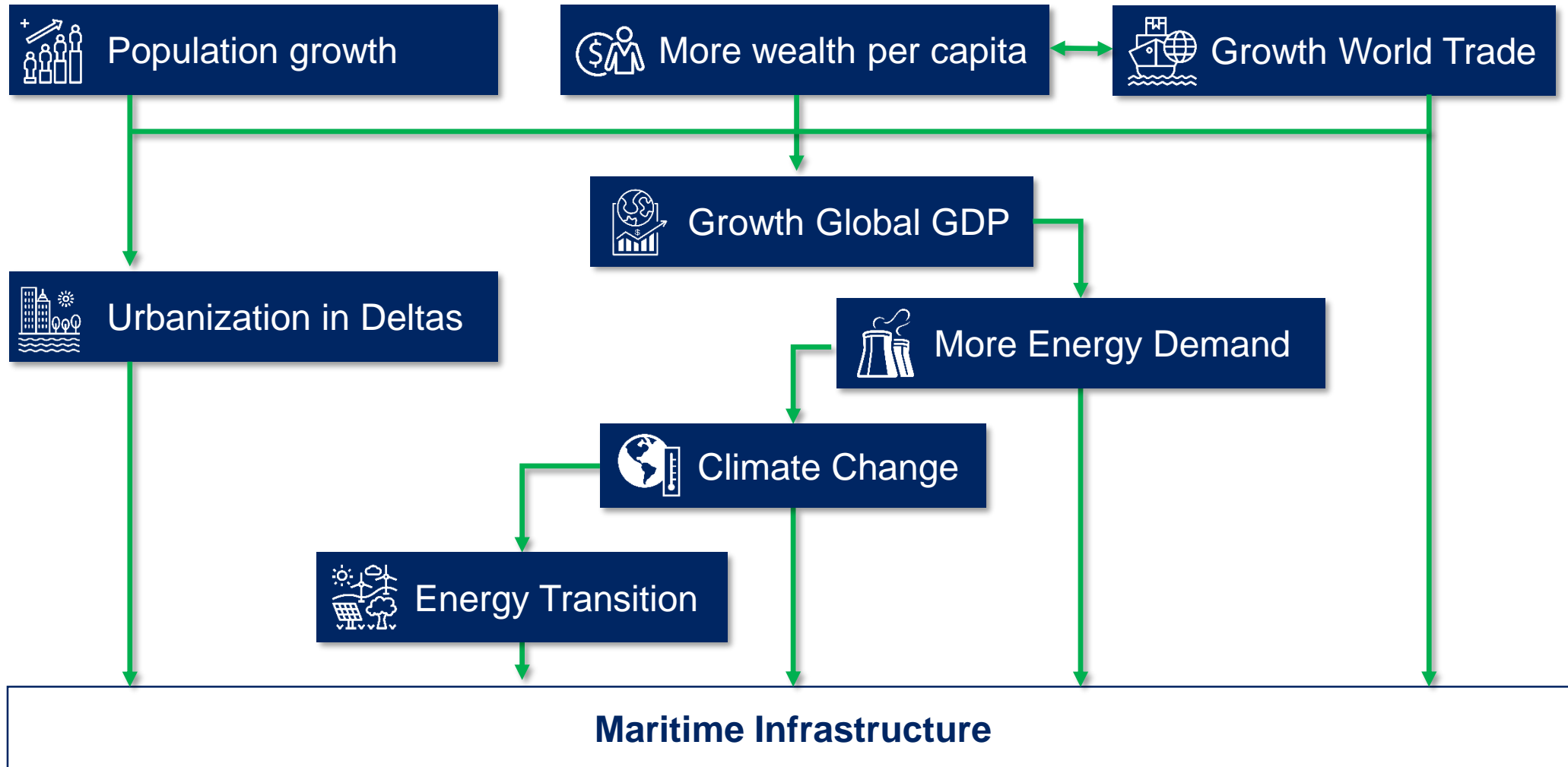
# Corporate business plan

- Corporate Plan 2020 – 2022 presented in March 2020
  - Business driver review, market developments & strategic framework
  - Plan impacted by COVID and market developments
  - Nonetheless – good progress made in 2020
- Intent to publish an updated plan in March 2022 for the period 2022-2024.





# Forces driving our business



# Boskalis business drivers

**Population growth**











**Growing world trade**

**More energy demand**

**Climate change**

**Energy transition**

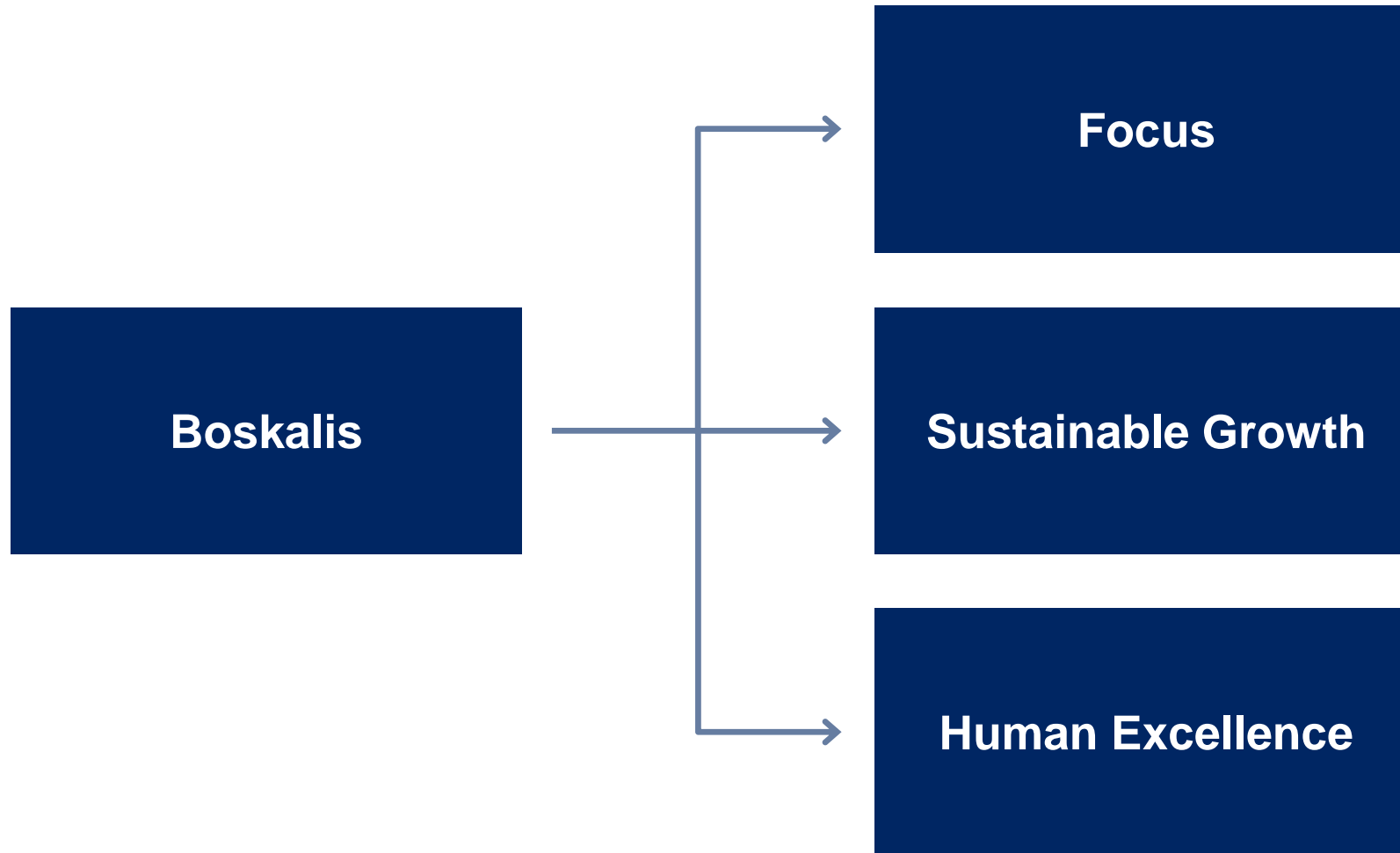
Maritime infrastructure

Dredging & Inland Infra	Offshore Energy
	
	
	
	
	



# Strategic framework

## CBP 2020-2022



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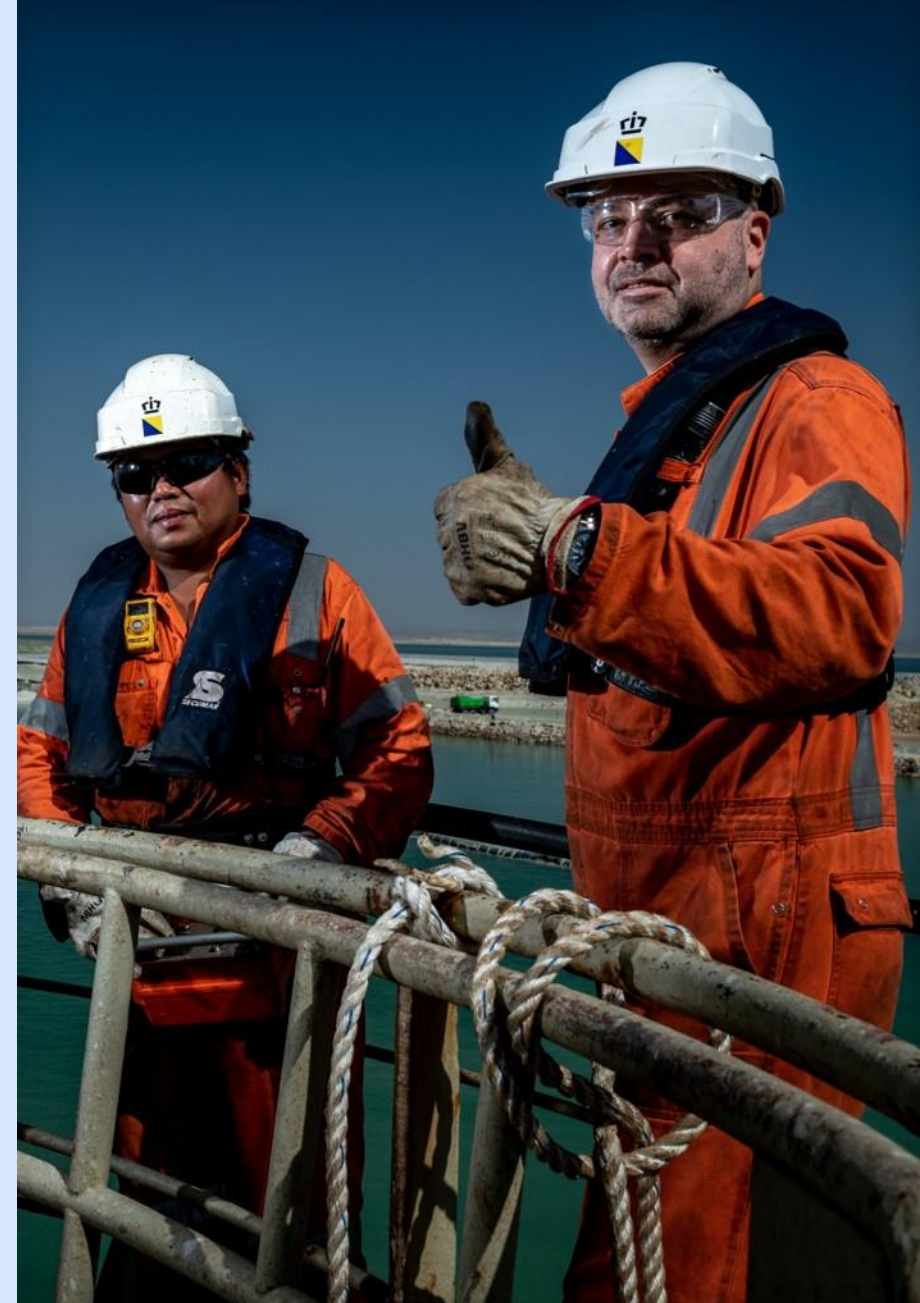
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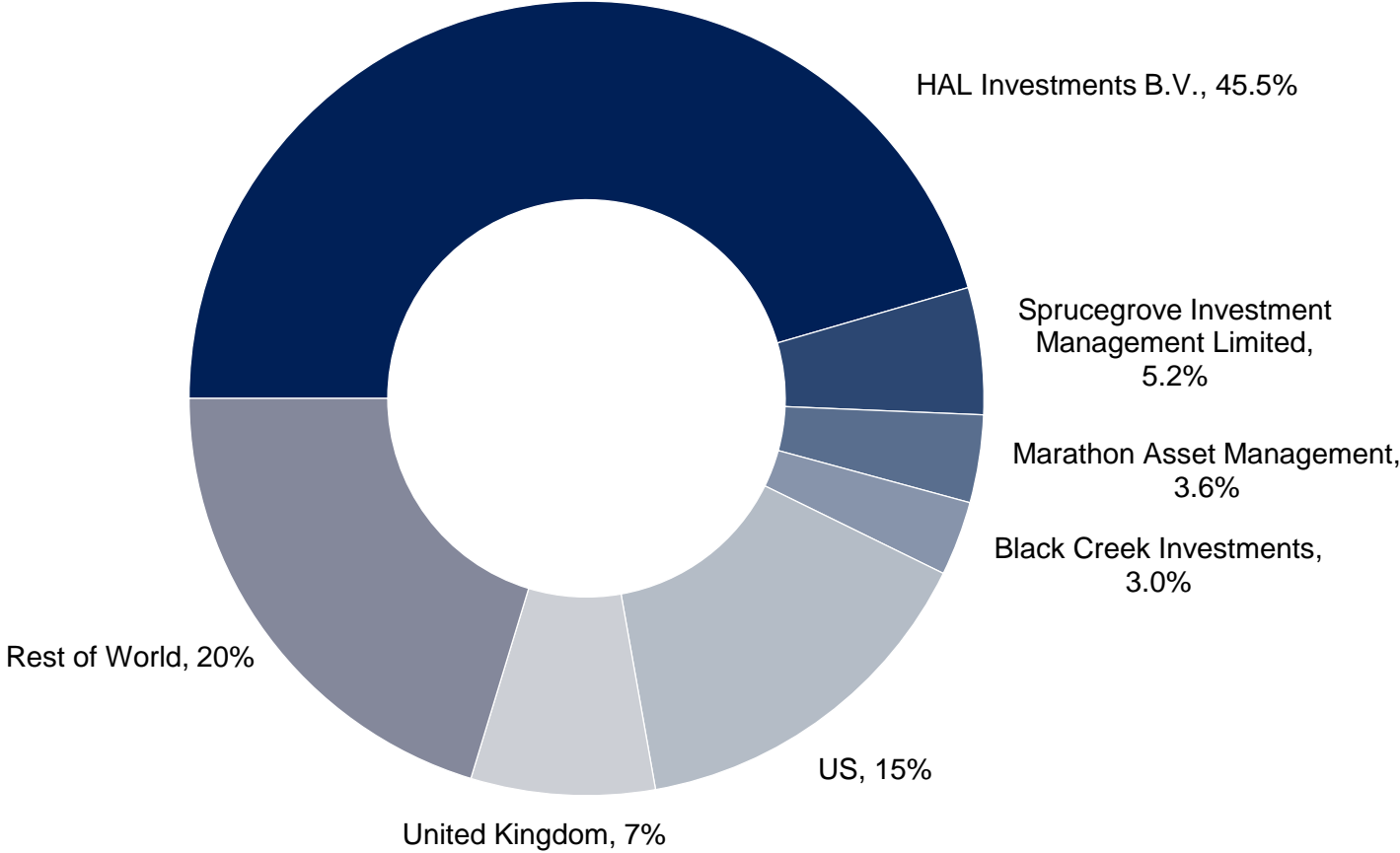
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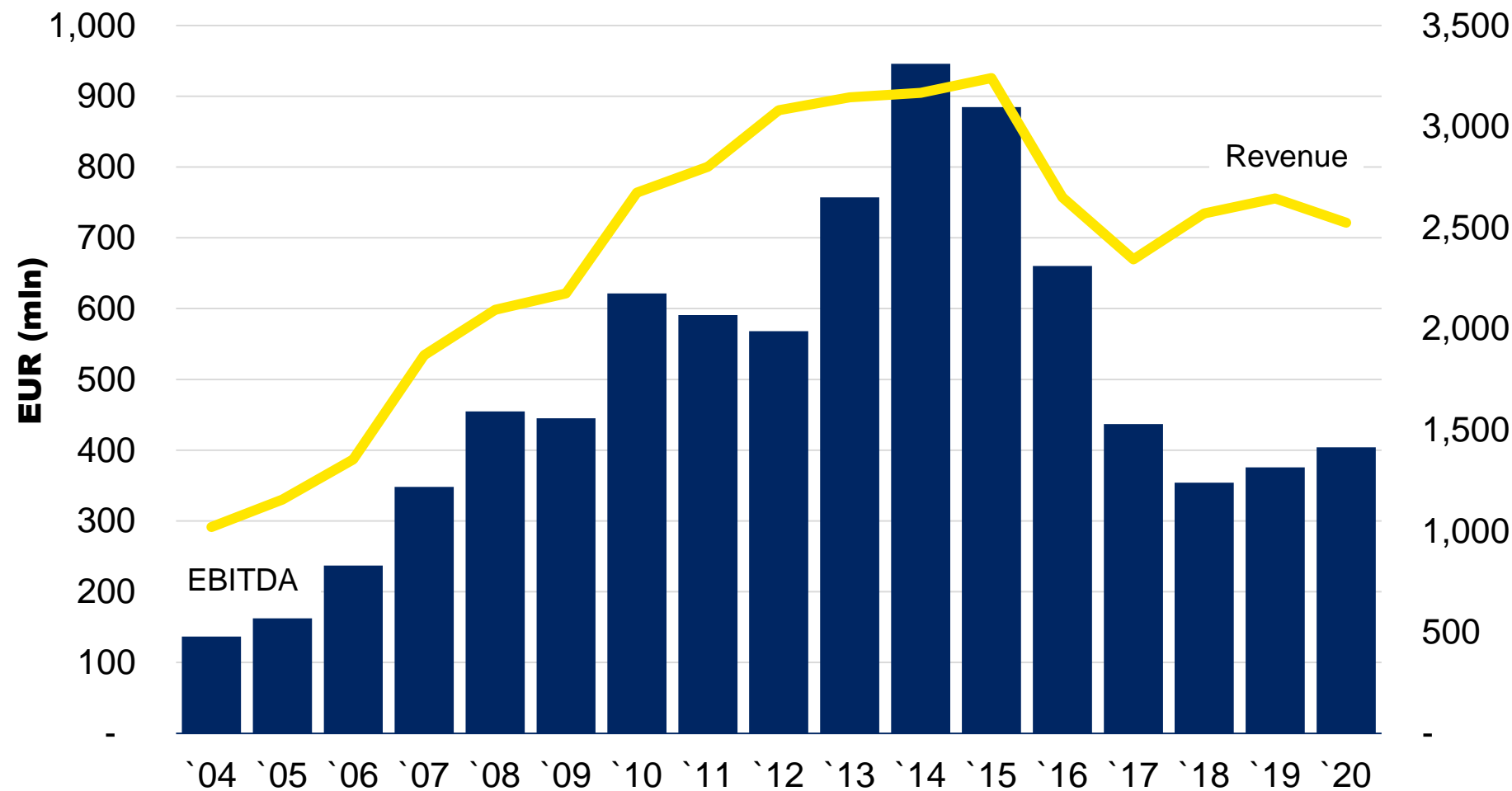
# Shareholder base



As per 1 January 2021 and updates from AFM Register substantial holdings



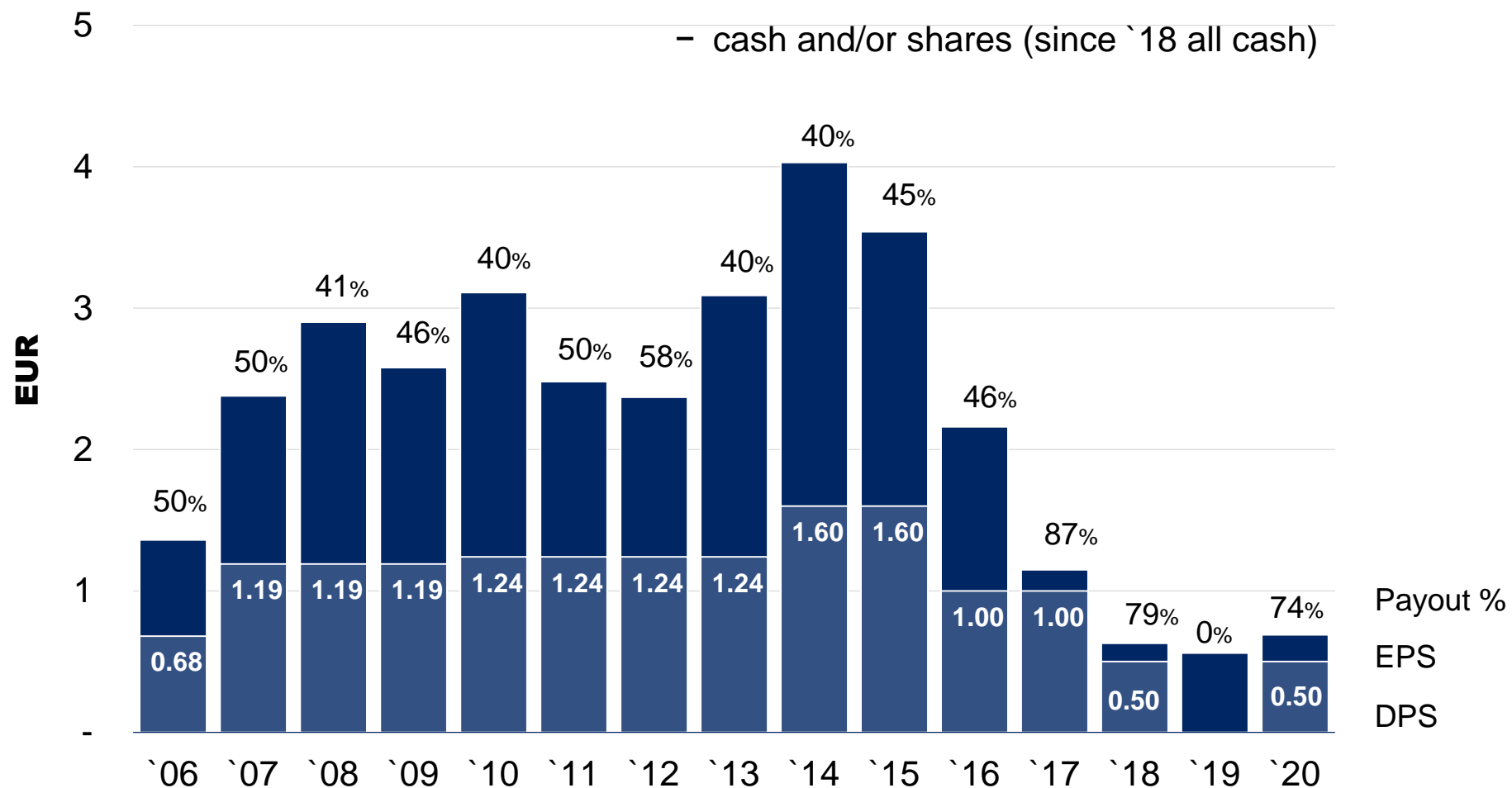
# Revenue and EBITDA development



# EPS & DPS

## Dividend policy

- distribute 40% to 50% of net profit
- aim to have a stable development when possible
- cash and/or shares (since `18 all cash)



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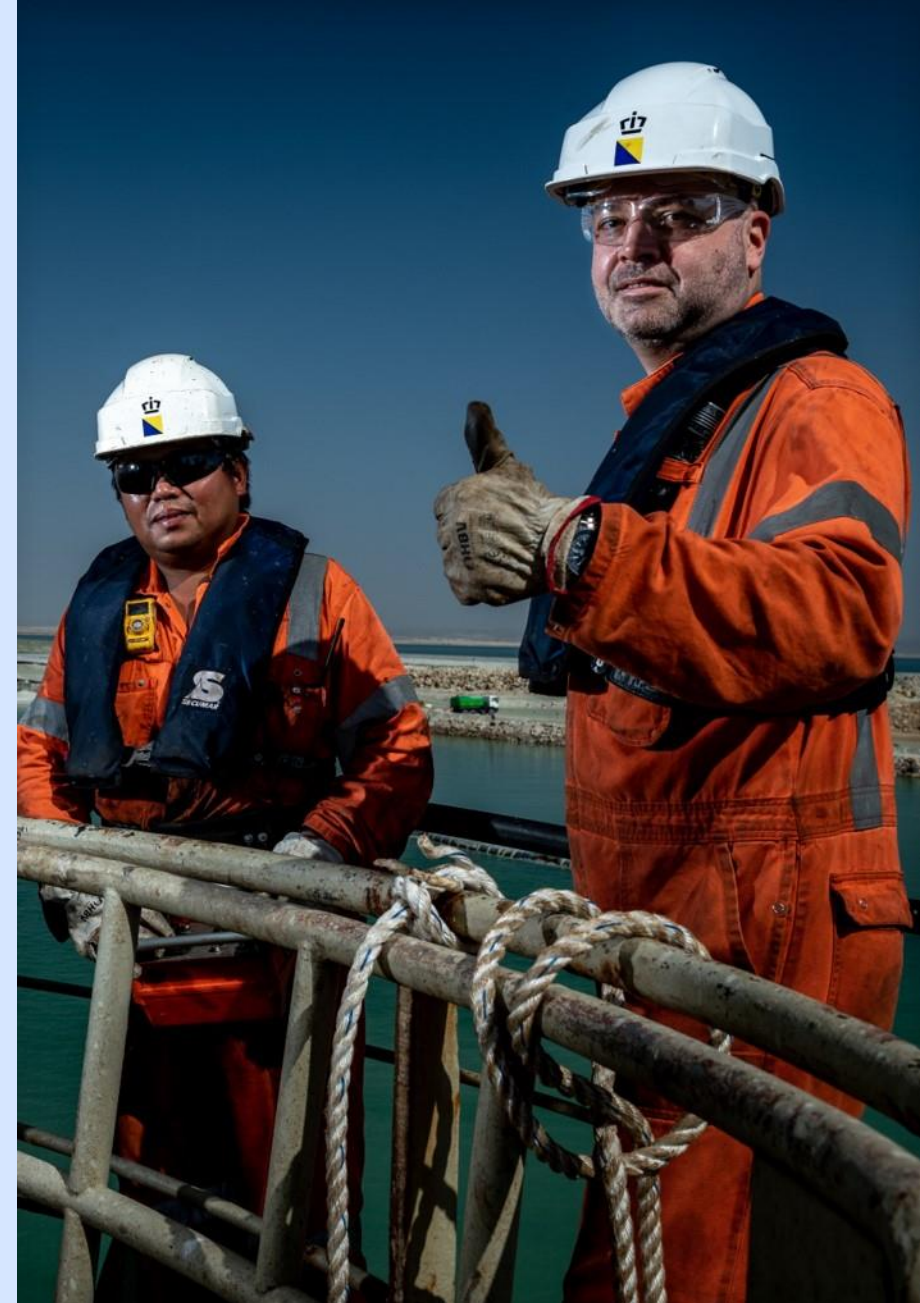
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# Our history

- 1910: est. in Sliedrecht, roots of the Dutch dredging industry
- 1933: est. Westminster Dredging Company followed by major land reclamation projects in West Africa
- Post WW II; strong growth related to reconstruction and work in Australia, Canada and Middle East
- 1953: Delta Works following flood disaster in the Netherlands
- 80's and 90's: Various acquisitions (Breejenbout, Zanen Verstoep, Heinrich Hirdes, Baggermij Holland, Terramare). Also large land reclamation projects such as Chek Lap Kok airport Hong Kong and various developments in Singapore
- Recent acquisitions: SMIT Internationale (2010), MNO Vervat (2011), Dockwise (2013), Fairmount (2014), STRABAG Wasserbau (2016), Offshore activities VolkerWessels (2016), Gardline (2017), Bohlen Doyen offshore (2019), Horizon (2019), Rever (2020)



# Three business segments

- Dredging & Inland Infra
  - Construction & maintenance of ports & waterways, land reclamation and coastal defense
  - Earthmoving, roads, civil structures, soil remediation & improvement
- Offshore Energy
  - Key markets: renewables and O&G
  - Activities (market agnostic): Marine Survey, Subsea Services, Marine Transport & Services, Seabed Intervention, Heavy Lifting and Subsea Cables
- Towage & Salvage
  - Harbor Towage, Terminal Services, Salvage



# Our clients and solutions

## Clients

## Solutions

### Energy

O&G and wind energy companies, mining companies and related EPC contractors and subcontractors

Transport & Installation of floating and fixed structures for O&G and renewables, pipeline & cables, IRM, port construction, logistical management and terminal services

### Ports

Government, port and terminal operators, shipping companies, insurance companies

Port design and construction, capital and maintenance dredging, breakwaters, towage services and salvage

### Infra

International project developers

Land reclamation; coastal and riverbank protection; road, rail, tunnel and bridge construction



# Dredging & Inland Infra





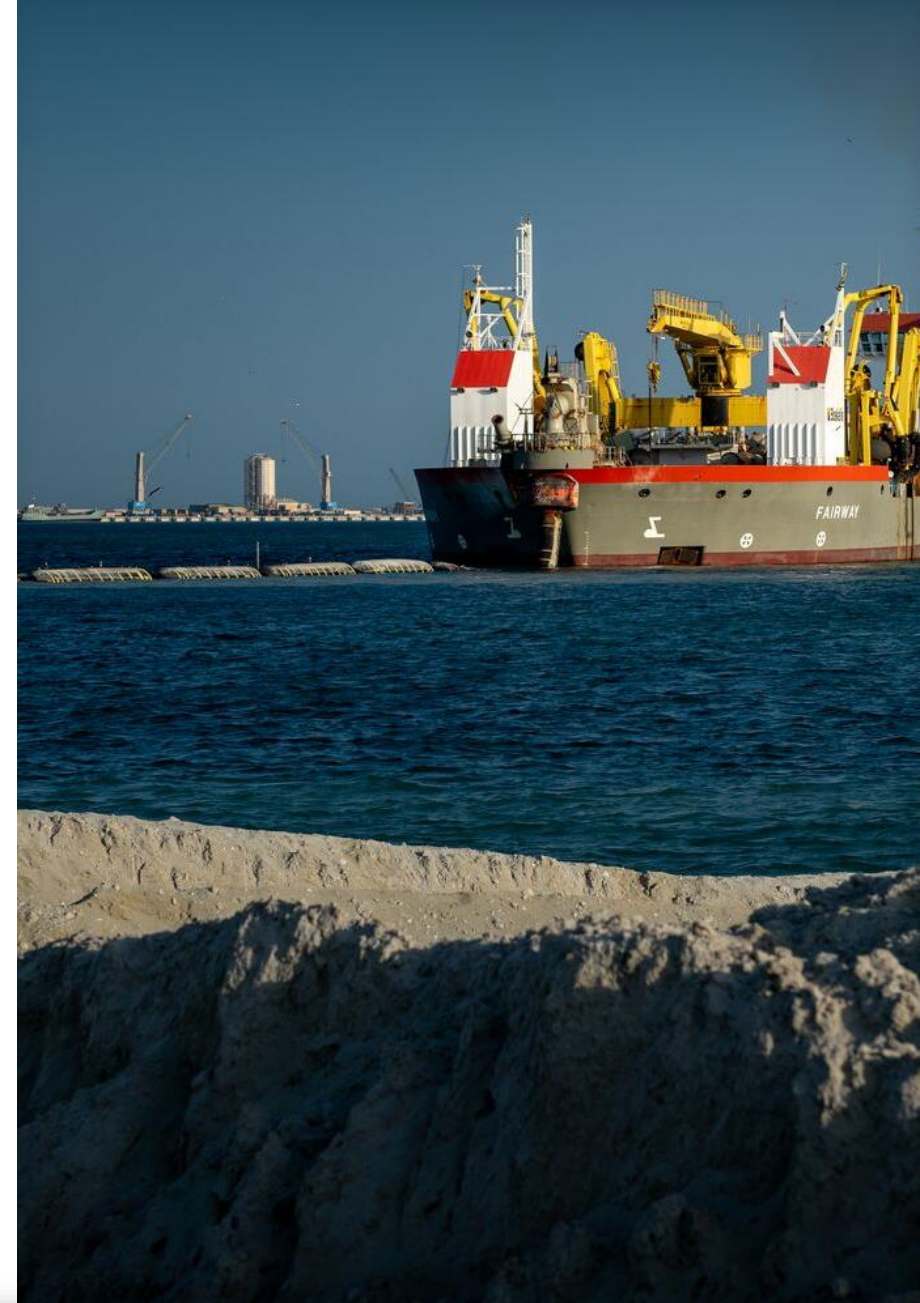
# Dredging & Inland Infra

## Activities

- Construction and maintenance of ports and waterways
- Land reclamation & Coastal / riverbank protection
- Dry earthmoving, road constructions, concrete works & soil improvement

## (Selected) Client Base

- PORTS: Suez Canal Authority, Port of Rotterdam, Port of Melbourne
- ENERGY: Shell, Woodside, Qatar Petroleum
- INFRA: Dutch Ministry of Transport, Environmental agency



# Dredging market characteristics

## Market

- High entry barriers
  - Capital intensive
  - Scale & versatility of fleet
  - Specialist staff
  - Fixed price contracting
  - Knowledge intense
  - Importance of track record
- Increasingly complex working environment and more client requirements

## Competitive Landscape

- Total free market size ~ EUR 5 bln
- European Players (70-80% share)
  - Boskalis (NL)
  - Van Oord (NL)
  - De Nul (B)
  - DEME (B)
- Asia based: DCI (India), Penta Ocean (JP), Hyundai (S-K), Samsung (S-K), CCCC (China)
- USA based: Great Lakes
- Various regional/local players



# Inland Infra market characteristics

## Market

- Boskalis primarily active in the Netherlands
- Local business
- Not capital intensive
- Focus on large complex projects

## Competitive Landscape

- Dutch market: BAM, VolkerWessels, Heijmans, Strukton, Smaller local players

## Selected Dredging & II projects

- Manila International Airport
- Singapore FP3
- Singapore Tekong Polder
- Suez Canal
- Gorgon LNG
- Maasvlakte 2
- Port Khalifa
- Ras Laffan
- Marker Wadden
- Markermeer dikes
- Sand Motor
- Various Room for the River projects

# Offshore Energy





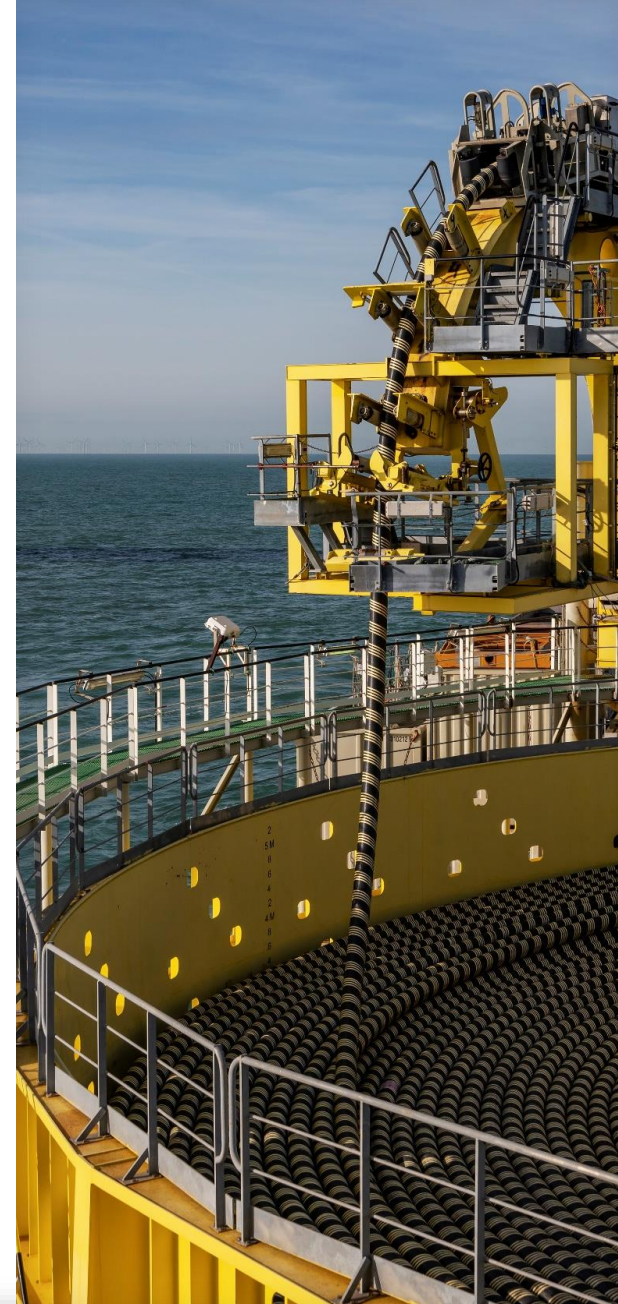
# Offshore Energy

## Markets & Activities

- Key end markets: Renewables and Oil & Gas
- Mix of contracting and services
- Activities (market agnostic):
  - Marine Survey: geophysical & geotechnical
  - Subsea Services: IRM, SURF
  - Marine Transport & Services: Heavy Marine Transport, wet towage & marine services
  - Seabed Intervention: seabed preparation, landfalls and cable/pipeline protection
  - Heavy Lifting: Installation and removal of floating and fixed structures
  - Subsea Cables: Installation and repairs of export and array cables

## Active through

- Boskalis (former Dockwise, VBMS, Fairmount) and Gardline / Horizon





# Offshore Energy

## Renewables

## Oil & Gas

### Marine Survey



*Site specific geophysical and geotechnical survey, environmental and UXO survey*

### Subsea Services



*IRM & light construction with air and saturation diving and ROV services*

### Marine Transport & Services



*Transport of floating & fixed foundations and substations*

*Dry transport of heavy structures, wet tow of floating structures, offshore services with AHTs, CSVs & barges*

### Seabed Intervention



*Seabed preparation and subsea rock installation for cable and scour protection*

*Seabed preparation, subsea rock installation, landfall construction, pipe pulls*

### Heavy Lifting



*Installation of floating & fixed foundations and substations*

*Installation and removal of floating & fixed structures*

### Subsea Cables



*Installation and repairs of export and array cables*

*Installation of cables for electrification projects*

# Offshore Energy market characteristics

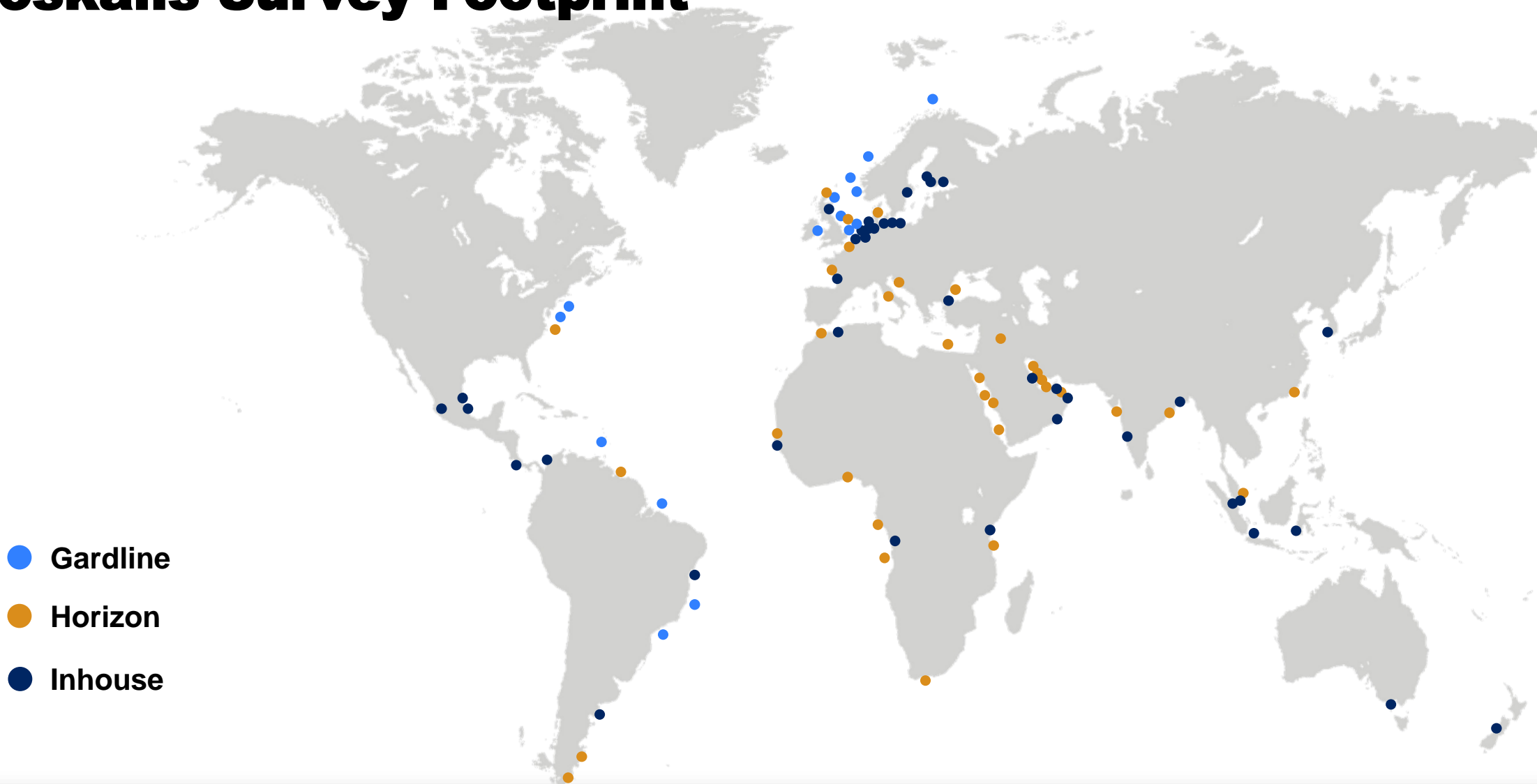
## (Selected) Client base

- Majors
  - Equinor
  - Shell
  - Total
  - Chevron
  - ConocoPhillips
  - Ørsted
- Tier 1 Offshore contractors
  - Saipem
  - Heerema
  - Technip

## Projects

- Contracting
  - Aasta Hansteen topside float-over installation
  - Pipeline intervention – Statoil (Norway)
  - Landfall installation – Ichthys (Australia)
  - FPSO installation – MODEC (Brazil)
  - Wikingen OWF – Iberdrola (Europe)
  - Balance of Plant OWF – Aberdeen (Europe)
  - OWF cables – Borssele Alpha & Beta (Europe)
- Services
  - Subsea IRM & construction - Maersk Oil (Denmark)
  - Offshore support to Heerema, Saipem, Seaway Heavy Lifting (Gulf of Mexico and North Sea)

# Boskalis Survey Footprint







History	40 years	50 years acq. Aug '17	15 years acq. Jan '20
Number of employees	~ 200	~ 670	~ 500
Core geographic market	Global	NW Europe	Middle East
Client Base	Inhouse Boskalis	<ul style="list-style-type: none"> <li>- Oil &amp; Gas (IOCs, NOCs)</li> <li>- Renewables</li> <li>- EPC contractors</li> </ul>	
Main capabilities	<ul style="list-style-type: none"> <li>- Hydrographic survey</li> <li>- 3D positioning</li> </ul>	<ul style="list-style-type: none"> <li>- Geophysical / hydrographic survey</li> <li>- Geotechnical survey</li> <li>- Environmental</li> </ul>	

# Towage & Salvage





# Towage & Salvage

## Activities

- Harbor Towage and Terminal services
  - Activities within strategic partnerships / JV
  - Escorting, berthing & unberthing of seagoing vessels, Pilotage, Launches, Line handling, Fire fighting, Maintenance, Beacons
- Salvage
  - Emergency response, wreck removal & environmental protection
  - Global coverage from Rotterdam, Houston, Cape Town & Singapore

## Active through

- Harbor Towage (Keppel Smit Towage) and Terminals (Smit Lamnalco)
- Salvage: SMIT





# Towage & Terminals

## Clients & Locations

- PORTS: International shipping companies, shipping agents in Singapore, Malaysia
- ENERGY (Terminal Services): IOCs, NOCs, mining companies in remote regions like Caribbean, West Africa, East Africa, Australia, Northwest Europe, Southeast Asia



# Harbor towage & terminals JVs



# Harbor Towage & Terminals market characteristics

## Harbour Towage:

- 10s – 100s clients per port
- Pay per tow with indexation
- International shipping companies & agents
- Growth determined by local port growth

## Terminal Services

- One client (O&G major) per port
- Multi year day rate based with indexation
- Growth through new terminal contracts
- IOCs, NOCs, mining companies



# Salvage



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# Salvage projects

## Clients & Recent Projects

- Ship owners, governments and insurance companies
- High profile projects:
  - Costa Concordia oil removal contract (Italy 2012)
  - MSC Flaminia (2012)
  - Kulluk (2012/13)
  - USS Guardian (2013)
  - SEP Orion (2013)
  - Silver (2013/14)
  - Perro Negro (2013/15)
  - Baltic Ace (2014/15)
  - Modern Express (2016)
  - CSCL Indian Ocean (2016)
  - TS Taipei (2017)
  - Maersk Honam (2018)
  - Kokuka Courageous (2019)
  - Front Altair (2019)
  - Golden Ray (2019)
  - Wakashio (2020)



# Salvage market characteristics

## Market

- Emergency & Environmental response
  - Strong global network for tug boats
  - Speed to get to casualty first
  - (Environmental) track record
  - Reputation with insurance & shipping co's
  - Contract structure: LOF / SCOPIC (cost plus)
- Wreck removal
  - Access to (own) assets
  - Engineering & Innovation
  - Cost estimating know how
  - Track record
  - Contract structure: LOF and fixed price

## Competitive Landscape

- Global players:
  - SMIT
- Many small local players for simple casualties



# Selected Dredging & Inland Infra projects





# Selected Offshore Energy projects



Export cable - Borssele



Aberdeen offshore windfarm



P67 FPSO



Cruise ship Carnival Vista on Boka Vanguard



# Selected Salvage projects

