Boskalis

HALF YEAR REPORT 2020

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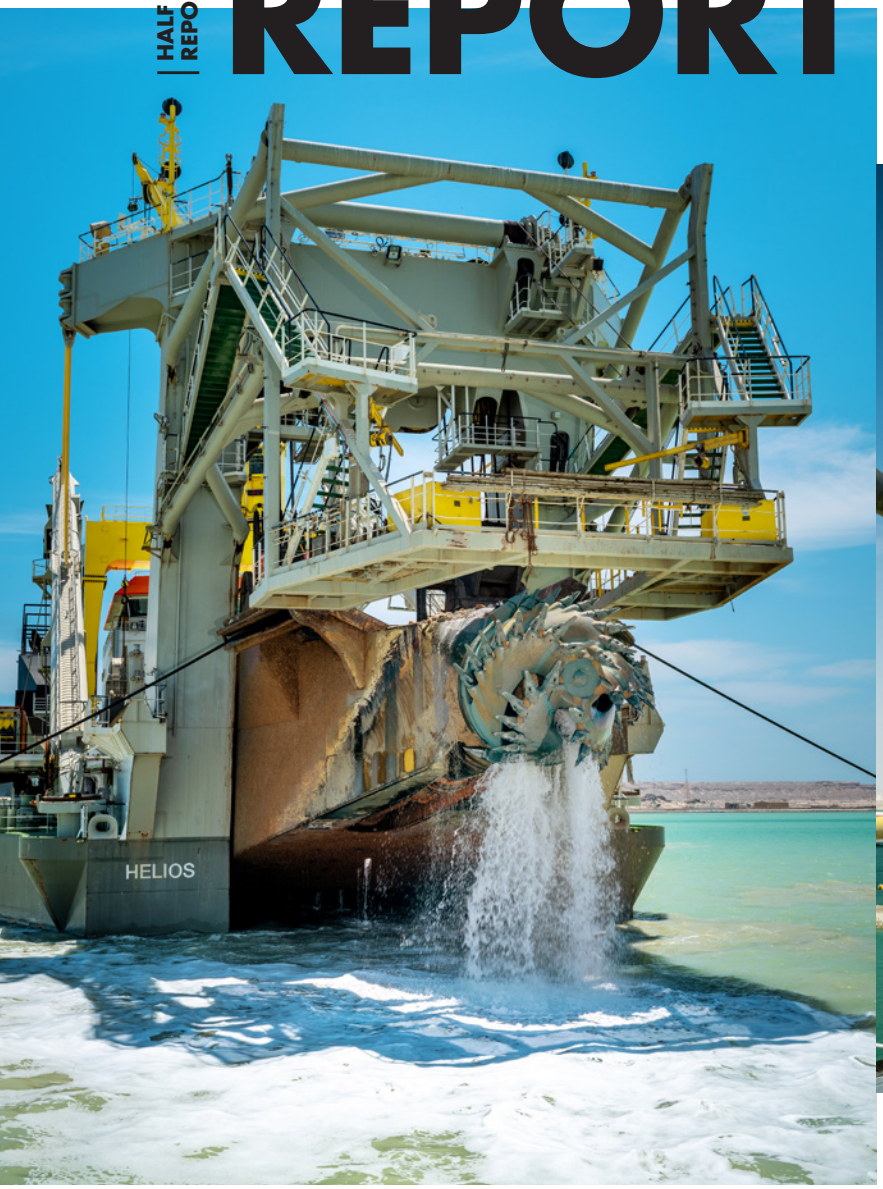
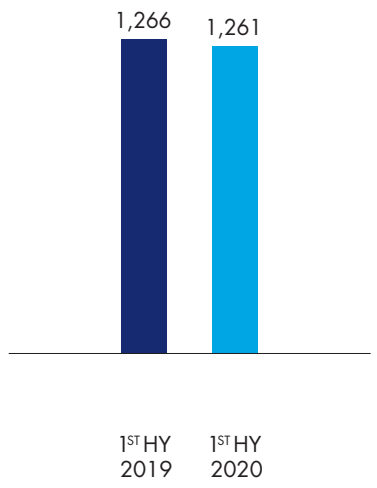


KEY FIGURES

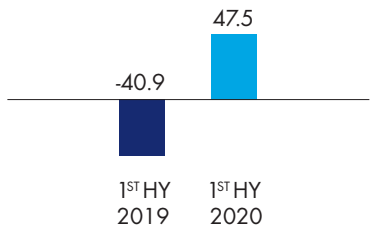
KEY FIGURES	1ST HY 2020	1ST HY 2019	2019
(in EUR million)			
Revenue	**1,260.9**	1,265.9	2,645
EBITDA	**204.1***	135.7	375.8
Net result from JVs and associates	**8.2***	8.6	25.6
Operating result	**72.4**	-33.1	28.5
Extraordinary items	**-147.8**	42.2	82.3
EBIT	**-75.4**	9.1	110.7
Net operating profit (net profit adjusted for extraordinary items)	**47.5**	-40.9	-7.4
Net profit (loss)	**-96.4**	1.3	74.9
Earnings per share (in EUR)	**0.39***	0.01	0.56
	30 June 2020	30 June 2019	End 2019
Net financial position: cash (debt)	**190.1**	-419.8	25.7
Solvency	**50.9%**	50.9%	54.3%
Order book	**4,661**	4,363	4,722

Our share in the net result of joint ventures and associates is included in EBIT(DA).
* Adjusted for extraordinary charges.

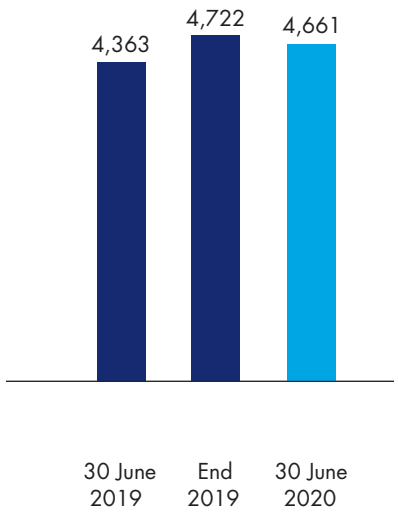
REVENUE (in EUR million)



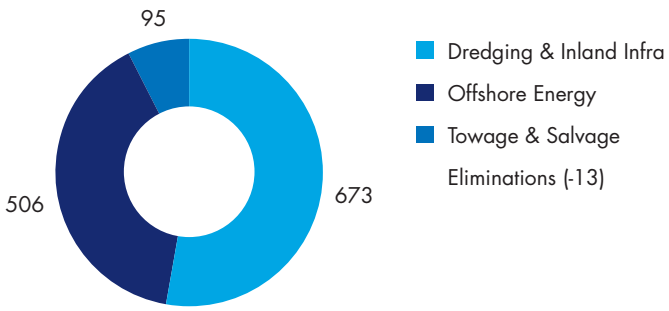
NET OPERATING PROFIT (in EUR million)



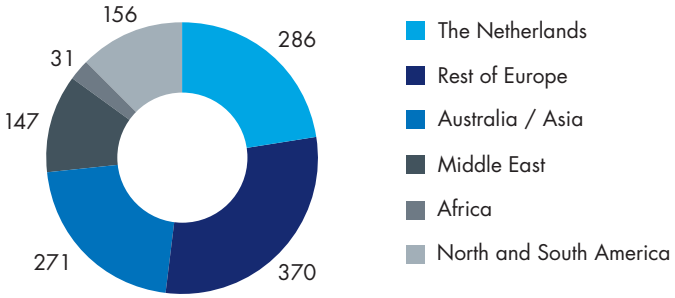
ORDER BOOK (in EUR million)



REVENUE BY SEGMENT (in EUR million)



REVENUE BY GEOGRAPHICAL AREA (in EUR million)



HALF YEAR REPORT 2020

This half year report contains forward-looking statements. These statements are based on current expectations, estimates and projections of Boskalis' management and information currently available to the company. These forecasts are not certain and contain elements of risk that are difficult to predict and therefore Boskalis does not guarantee that its expectations will be realized. Boskalis has no obligation to update the statements contained in this half year report. Unless stated otherwise, all amounts in this half year report are in euros (EUR). Some of the projects referred to in this report were carried out in joint venture or in a subcontractor role. This half year report as well as the Annual Report 2019 can be read on www.boskalis.com.

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Land reclamation activities in the Maldives by Boskalis' mega hopper Fairway

CHAIRMAN'S STATEMENT

" The first half of 2020 was a rollercoaster in which we pulled out all the stops to steer the company through the COVID-19 crisis. Despite the unprecedented challenging circumstances we achieved an excellent operating result in the first half of the year. This remarkable achievement would not have been possible without the tremendous commitment and flexibility of our people working on the vessels, the projects and from home. They deserve a big thank you.

It goes without saying that the health and safety of our colleagues has been our number one priority since the outbreak of COVID-19. Colleagues are still working from home where possible. In order to keep the projects and vessels in operation we had to come up with a lot of tailor-made solutions. Relieving crews and project staff remains the biggest challenge outside of Europe due to the many travel restrictions and quarantine requirements.

To safeguard the continuity of the company we implemented numerous measures at an early stage. Our overhead costs have been sharply reduced by bringing down our non-project-related expenses. And we have managed to considerably reduce the outflow of funds in 2020 by halving our capital expenditure program, suspending our share buyback program and canceling the dividend payout. These measures have contributed to the good half-year result and the company's strong financial position.

Thanks to the well-filled order book a large part of our revenue for 2020 is already secured. We look ahead at the rest of 2020 with confidence and expect to match the EBITDA level achieved in 2019.

It is difficult to predict the pace at which the global economy will recover from the COVID-19 pandemic, and it is equally difficult to estimate at this time how the markets relevant to Boskalis will develop. As soon as this becomes clearer we will reassess the market picture presented earlier this year in the Corporate Business Plan 2020-2022. One thing that has not changed is the unique role that Boskalis can play with its activities and expertise to make an important contribution to society in the development and protection of welfare and in advancing the energy transition. With the quality of our organization, our vessels and above all our people we look to the future with confidence.

In light of this confidence and the company's robust financial position we have decided to resume the share buyback program."

Peter Berdowski, CEO

OVERVIEW

Royal Boskalis Westminster N.V. (Boskalis) had a very good operational first half year considering the circumstances. The operating result increased sharply compared to last year with revenue at virtually the same level. Furthermore, Boskalis' financial position remains strong and the net cash position has improved significantly since the end of 2019.

Nevertheless, the outbreak of COVID-19 has of course also impacted Boskalis. Operationally it is was very challenging, particularly keeping Dredging projects outside of Europe going due to prolonged travel restrictions and strict quarantine measures. At the Offshore Energy division the services activities were particularly affected by the unexpected significant drop in the oil price, resulting in a lack of demand in parts of the offshore market.

At the end of the first half year Boskalis undertook, in light of the COVID-19 pandemic and the sharp drop in the oil price, a critical review of the valuation of its vessels and balance sheet assets across the board. This has resulted in a virtually exclusively non-cash extraordinary charge of EUR 147.8 million. This charge mainly consists of an impairment on goodwill and vessels in two joint ventures as well as of a limited number of our own old vessels earmarked for scrapping.

Revenue amounted to EUR 1.26 billion in the first half of the year, virtually the same as last year (H1 2019: EUR 1.27 billion).

EBITDA totaled EUR 204.1 million in the first half of the year (H1 2019: EUR 135.7 million) and the operating result was EUR 72.4 million (H1 2019: EUR 33.1 million negative), both adjusted for extraordinary charges.

A net operating profit of EUR 47.5 million was realized in the first half of the year (H1 2019: loss of EUR 40.9 million). Including extraordinary charges there was a net loss of EUR 96.4 million.

Extraordinary items impacted both the 2019 and 2020 first-half results. In 2019 this concerned gains of EUR 42.2 million relating to the sale of Kotug Smit Towage and the sale of a vessel. In 2020 it relates to charges of EUR 147.8 million before tax due to an impairment on goodwill and vessels of two joint ventures as well as of a small number of our own vessels. These exceptional charges are largely recognized at Group level.

Within the Dredging & Inland Infra segment revenue declined mainly due to startup delays of projects. The largest revenue contribution came from the Singapore region, the Indian subcontinent and the Middle East. Boskalis Nederland had a strong first half of the year with Dutch Inland Infra projects contributing well to the result. On balance, the divisional result dropped compared to the same period last year, due in part to COVID-19-related operational disruptions and a lower fleet utilization.

At Offshore Energy revenue of the contracting activities was stable with a busy first half of the year at Seabed Intervention. Revenue of the services activities declined slightly, impacted by the sharp drop in the oil price. The survey activities of Horizon have been fully consolidated since the start of 2020, resulting on balance in a rise in revenue from services. The sharp improvement in the operating result of the division was partly due to the consolidation of Horizon but particularly due to good results on projects at Seabed Intervention and Subsea Cables.

Salvage had a very good first half of the year with significantly higher revenue and good results on several projects. The contribution of the Towage joint ventures was virtually stable, taking into account the sale of our interest in Kotug Smit Towage in 2019.

The customary holding and non-allocated group costs were reduced thanks to a wide range of cost-saving measures in response to the outbreak of COVID-19.

Boskalis' financial position remains strong. At 30 June 2020 Boskalis was net debt-free with a net cash position of EUR 190 million, compared to a net cash position of EUR 26 million at the end of 2019. Furthermore, the solvency ratio remains high at 51%.

The order book excluding our share in the order book of associates remained stable at a high level of EUR 4.7 billion (end 2019: EUR 4.7 billion). No significant projects in the order book have been canceled since the outbreak of COVID-19.

OPERATIONAL AND FINANCIAL DEVELOPMENTS

KEY FIGURES FIRST HALF YEAR 2020

- Revenue: EUR 1.3 billion
- EBITDA: EUR 204 million
- Operating result: EUR 72 million
- Net operating profit: EUR 48 million
- Extraordinary charges: EUR 148 million
- Order book: EUR 4.7 billion
- Positive net cash position of EUR 190 million

OUTLOOK FOR 2020

- Dredging: stable at current level
- Offshore Energy contracting: good year for Seabed Intervention and Subsea Cables
- Offshore Energy services: growth in Survey due to addition of Horizon
- Salvage: good year following strong first half year
- 2020 EBITDA outlook: expected to match 2019 EBITDA level
- Resumption of share buyback program

Boskalis has taken maximum precautions to ensure the health, safety and well-being of its employees since the outbreak of COVID-19. At the same time, all necessary steps have been taken to safeguard the continuity of the business through a strong focus on cash flow management and by cutting non-project essential operating cost.

As a consequence of the global impact of the COVID-19 pandemic and strong decline in the oil price a critical review of the business including assets and activities was conducted. This review has resulted in EUR 147.8 million of extraordinary charges (EUR 144.0 million post tax). These charges are virtually all non-cash of which EUR 138.9 million are impairments largely related to two joint ventures in addition to a limited number of old vessels that have been earmarked for scrapping.

For comparison purposes the EBITDA, Net result of joint ventures and associates and Operating Result are adjusted for these extraordinary charges whereby Operating Result is defined as EBIT before extraordinary items.

REVENUE

In the first half of 2020 the group revenue was virtually stable at EUR 1,261 million (H1 2019: EUR 1,266 million). Adjusted for consolidation, deconsolidation and currency effects, the group revenue decreased by 4.4%.

Dredging & Inland Infra revenue declined by 8.2% primarily due to COVID-19 related operational disruptions. The largest revenue contribution came from projects in Singapore, the Indian subcontinent, the Middle East and Canada.

Within Offshore Energy, contracting revenues were stable with an underlying growth for Seabed Intervention. The revenue contribution from the services activities declined following the strong decline in the oil price. As a consequence of the acquisition and consolidation of the survey activities of Horizon Geosciences (Horizon) early 2020, the divisional revenue increased by 6.8%.

Within the Towage & Salvage division, Salvage had a very busy half year. In addition to a number of smaller emergency response contracts, a hand full of mid- to large-sized projects contributed to a 34.0% increase in revenue.

REVENUE BY SEGMENT	1ST HY 2020	1ST HY 2019	2019
(in EUR million)			
Dredging & Inland Infra	**673.4**	733.2	1,517.7
Offshore Energy	**506.4**	474.2	1,020.4
Towage & Salvage	**94.6**	70.6	132.1
Eliminations	**-13.5**	-12.1	-25.6
Total	**1,260.9**	1,265.9	2,644.6

REVENUE BY GEOGRAPHICAL AREA	1ST HY 2020	1ST HY 2019	2019
(in EUR million)			
The Netherlands	**285.7**	259.7	619.3
Rest of Europe	**369.7**	440.0	919.4
Australia / Asia	**271.5**	231.6	433.5
Middle East	**147.4**	183.0	357.5
Africa	**30.7**	44.0	88.3
North and South America	**155.9**	107.6	226.6
Total	**1,260.9**	1,265.9	2,644.6

RESULT

In view of the difficult operating environment due to COVID-19 and the strong decline in the oil price, the result in the first half year was good. The operating result before interest, taxes, depreciation, amortization, impairments and extraordinary charges (EBITDA) increased to EUR 204.1 million in the first half of the year (H1 2019: EUR 135.7 million). The 2019 half year result included a book profit of EUR 42.2 million related to the sale of the Kotug Smit Towage joint venture and the sale of a vessel. The 2020 EBITDA is adjusted for the aforementioned extraordinary charges of EUR 147.8 million, related largely to non-cash impairments.

The operating result, defined as EBIT adjusted for extraordinary items, increased to EUR 72.4 million (H1 2019: minus EUR 33.1 million). EBIT amounted to minus EUR 75.4 million (H1 2019: EUR 9.1 million). The result includes our share in the net result of joint ventures and associates, which on balance amounted to EUR 8.2 million (H1 2019: EUR 8.6 million).

The divisional operating result of Dredging & Inland Infra amounted to EUR 30.0 million (H1 2019: EUR 57.8 million). The lower result is a consequence of a decline in revenue, decreased productivity also reflected in a lower utilization of the fleet and very competitive market circumstances.

Within Offshore Energy the operating result amounted to EUR 26.4 million (H1 2019: minus EUR 94.5 million). The strong increase was driven by a combination of factors, including a higher result from the services cluster through the consolidation of Horizon, a particularly strong half year from seabed intervention and cable installation projects as well as claim settlements on a limited number of offshore wind projects.

There was an increase in the Towage & Salvage operating result to EUR 23.0 million (H1 2019: EUR 20.9 million). The contribution from the Towage activities was virtually stable with a strong performance at Salvage through a number of mid- to large-sized contracts.

Non-allocated group income and expenses amounted to negative EUR 7.0 million and relate primarily to the non-allocated head-office costs (H1 2019: negative EUR 17.3 million). The decline in the expenses reflects the COVID-19 cost savings measures taken.

RESULT BY SEGMENT	1ST HY 2020	1ST HY 2019	2019
(in EUR million)			
Dredging & Inland Infra	**30.0**	57.8	107.5
Offshore Energy	**26.4**	-94.5	-70.9
Towage & Salvage	**23.0**	20.9	37.9
Non-allocated group costs (results)	**-7.0**	-17.3	-46.1
Total Operating result	**72.4**	-33.1	28.4
Extraordinary items	**-147.8**	42.2	82.3
Total EBIT	**-75.4**	9.1	110.7

NET PROFIT

The operating result amounted to EUR 72.4 million (H1 2019: negative EUR 33.1 million) and EBIT was negative EUR 75.4 million. Net of financing expenses of EUR 7.8 million on balance, the pre-tax loss was EUR 83.2 million. The net loss attributable to shareholders totaled EUR 96.4 million, compared to a profit of EUR 1.3 million in H1 2019. Excluding the extraordinary charges, the 2020 half year net profit amounts to EUR 47.5 million.

ORDER BOOK

At the end of the first half of the year the order book excluding our share in the order book of joint ventures and associates stood at EUR 4.7 billion (end-2019: EUR 4.7 billion). Approximately one quarter of this order book is due for execution in the second half of 2020, approximately one third in 2021 and the remainder in the years thereafter.

In the course of the first half of the year Boskalis acquired, on balance, EUR 1,186.4 million worth of new contracts, in addition to the orderbook of Horizon (EUR 13.9 million) which is now also consolidated.

ORDER BOOK	30 JUNE 2020	END 2019	30 JUNE 2019
(in EUR million)			
Dredging & Inland Infra	**3,169.0**	3,192.4	3,029.0
Offshore Energy	**1,470.7**	1,524.2	1,325.5
Towage & Salvage	**21.7**	5.4	8.6
Total	**4,661.4**	4,722.0	4,363.1

DREDGING & INLAND INFRA

Construction, maintenance and deepening of ports and waterways, land reclamation, coastal defense and riverbank protection, underwater rock fragmentation and the extraction of minerals using dredging techniques. Construction of roads and railroads, bridges, aqueducts, viaducts and tunnels including earthmoving, soil improvement and remediation – mainly in the Netherlands.

DREDGING & INLAND INFRA	1ST HY 2020	1ST HY 2019	2019
(in EUR million)			
Revenue	**673.4**	733.2	1,517.7
EBITDA	**93.9**	124.5	241.6
Net result from JVs and associates	**0.5**	1.2	3.3
Operating result	**30.0**	57.8	107.5
Order book	**3,169.0**	3,029.0	3,192.4

EBITDA and operating result include our share in the net result of joint ventures and associates.

Maximum precautions have been taken to ensure the health, safety and well-being of Boskalis staff since the outbreak of COVID-19

Unexploded ordnance detection and removal activities for the Fehmarnbelt tunnel project

REVENUE

Revenue from the Dredging & Inland Infra segment amounted to EUR 673.4 million (H1 2019: EUR 733.2 million).

REVENUE BY REGION	1ST HY 2020	1ST HY 2019	2019
(in EUR million)			
The Netherlands	**206.1**	214.1	485.2
Rest of Europe	**121.5**	101.3	231.1
Rest of the world	**345.8**	417.8	801.4
Total	**673.4**	733.2	1,517.7

The Netherlands
Revenue in the Netherlands totaled EUR 206.1 million in the first half of the year. The largest revenue contribution came from the projects Markermeerdijken, IJburg II (the construction of an artificial island in the IJmeer lake for the city of Amsterdam), the road project N69 and miscellaneous riverbank and dike reinforcement projects.

Rest of Europe
Revenue in the rest of Europe amounted to EUR 121.5 million consisting of numerous mainly port-related capital and maintenance projects throughout the home markets (United Kingdom, Germany, Sweden and Finland). Furthermore, the early works for the Fehmarnbelt project commenced and contributed to the revenue growth. In the first phase, a work harbor will be constructed on the Danish side of what will ultimately become an 18 kilometer road/rail tunnel connecting Denmark and Germany.

Rest of the world
Projects outside of Europe were most impacted by COVID-19 imposed travel restrictions resulting in a revenue decline to EUR 345.8 million. The largest contribution came from projects in Singapore, various projects in the Middle East and Indian subcontinent as well as LNG Canada. Of the medium to large projects, only the Pulau Tekong project was placed on hold due to COVID-19 measures following a selective lockdown in Singapore although on-site activities have recently restarted. Pulau Tekong mainly comprises civil engineering activities and does not involve the deployment of large dredging vessels.

FLEET DEVELOPMENTS

The hopper fleet had an effective annual utilization rate of 28 weeks (H1 2019: 32 weeks). This decline is largely explained by revised project planning and delays in the start of certain projects due to COVID-19.
The cutter fleet had an effective annual utilization rate of 30 weeks (H1 2019: 31 weeks) with the mega cutter suction dredger Helios active in the Middle East. The sister vessel Krios is expected to be delivered early 2021 after which Boskalis will have two new state-of-the-art mega cutters. Boskalis has therefore decided to retire two old cutters (Phoenix and Taurus II) resulting in an impairment to scrap value.

SEGMENT RESULT

In the first half of the year EBITDA of EUR 93.9 million was achieved along with an operating result of EUR 30.0 million (H1 2019: EUR 124.5 million and EUR 57.8 million, respectively).

The lower margin is the combined effect of COVID-19 and the ongoing challenging market conditions in the dredging market. The Dutch Inland Infra activities made a strong contribution to the result. Financial settlements from projects that were technically completed at an earlier stage had a limited positive impact on the result.

ORDER BOOK

On 30 June the order book stood at EUR 3,169.0 million, fractionally lower than at the end of 2019 (EUR 3,192.4 million). On balance, projects with a total value of EUR 650.0 million were acquired in the first half of the year.

There was a substantial increase in the orderbook in the Netherlands. The most noteworthy additions were the dike reinforcement projects IJsseldijk Zwolle-Olst and Krachtige IJsseldijken Krimpenerwaard, maintenance dredging in the port of Rotterdam, a follow-up project for the construction of a second artificial island in the IJmeer lake in Amsterdam and major maintenance of the N3 highway.

Elsewhere in Europe numerous port related projects were acquired including capital dredging works in Finland and the United Kingdom. The number of tender awards outside of Europe was limited although Boskalis did acquire a number of small and mid-sized port and LNG related projects.

ORDER BOOK BY MARKET	30 JUNE 2020	END 2019	30 JUNE 2019
(in EUR million)			
The Netherlands	**839.5**	577.2	723.0
Rest of Europe	**673.4**	658.4	570.6
Rest of the world	**1,656.1**	1,956.8	1,735.4
Total	**3,169.0**	3,192.4	3,029.0

OFFSHORE ENERGY

Offshore dredging and rock installation projects, heavy transport, lift and installation work, surveying, diving and ROV services in support of the development, construction, maintenance and dismantling of oil and LNG import/export facilities, offshore platforms, pipelines and cables and offshore wind farms.

OFFSHORE ENERGY	1ST HY 2020	1ST HY 2019	2019
(in EUR million)			
Revenue	**506.4**	474.2	1,020.4
EBITDA	**88.0**	-41.0	47.4
Net result from JVs and associates	**0.7**	-1.5	6.0
Operating result	**26.4**	-94.5	-70.9
Order book	**1,470.7**	1,325.5	1,524.2

EBITDA and operating result include our share in the net result of joint ventures and associates.

REVENUE

Revenue from the Offshore Energy segment amounted to EUR 506.4 million (H1 2019: EUR 474.2 million). The divisional revenue increase was fully attributable to the consolidation of Horizon following the acquisition of the remaining shares early 2020. The services part of the division was in particular effected by COVID-19 and the strong decline of the oil price leading to the delay or postponement of projects and subsequent dependence on

Float-over installation of the 11,500 ton Bokor topside in Malaysia by the Forte

difficult spot markets. Contracting accounted for approximately 56% of divisional revenue.

Offshore Services includes Marine Transport & Services, Subsea Services and Marine Survey.
At Marine Transport & Services there was a slight revenue increase. Most of the type I and IIa high-end vessels were active and the type 0 vessel (BOKA Vanguard) had a busy half year including the transportation of a fish farm from China to Norway.
At Subsea Services the main focus area continues to be Europe, the Middle East and Western Africa. One of the two large diving support vessels was active on the Tyra project whilst the second vessel had a slow start to the year due to seasonal and oil price related factors. Compared to 2019, a lower vessel utilization resulted in a decline in revenue and the current market environment on the North Sea is best characterized as very competitive.
Marine Survey, comprising the activities of Gardline and Horizon, showed a mixed picture. At Gardline, following a slow winter season, the strong decline in the oil price further impacted revenue levels with many survey campaigns being delayed whilst Horizon on the other hand had a good first half year.

Offshore Contracting includes Installation & Intervention (I&I) and the Offshore Wind activities. At I&I, several pipeline-related and decommissioning projects contributed to a strong half year with an increase in revenue. At Offshore Wind, Subsea Cables had a relatively busy half year with the projects Ostwind 2, Moray East, Hornsea 2, Triton Knoll and Borssele Beta in progress.

FLEET DEVELOPMENTS

In the first half of the year the (weighted) utilization rate of the heavy marine transport fleet was 67% (H1 2019: 66%). The captive assets (cable-laying vessels, fallpipe vessels, construction support vessel and crane vessel) had a reasonable half year with a utilization rate of 70% (H1 2019: 72%).

SEGMENT RESULT

In the first half of the year EBITDA of EUR 88.0 million was achieved and an operating result of EUR 26.4 million (H1 2019: minus EUR 41.0 million and minus EUR 94.5 million, respectively). The 2019 result was impacted by operational and contractual issues on a limited number of projects, partly in decommissioning but mostly in offshore wind cables, resulting in onerous contract provisions.

The 2020 operating result from the services cluster increased relative to the same period last year as a result of the consolidation of Horizon. The underlying performance of the services activities was impacted by the strong decline in the oil price.

The contracting cluster made a strong positive contribution. This result included a particularly strong half year from various seabed intervention projects, the good performance on offshore cable projects in addition to claim settlements on a limited number of projects.

The segment result includes our share in the net result of joint ventures and associates of EUR 0.7 million.

ORDER BOOK

On 30 June 2020 the order book, excluding our share in the order books of joint ventures and associates, stood at EUR 1,470.7 million (end-2019: EUR 1,524.2 million) of which approximately 45% is related to offshore wind.

Seabed Intervention acquired a number of projects including the seabed preparation and scour protection scope for the Fécamp offshore wind farm in Normandy. Boskalis will design and install the seabed rock foundation for 71 gravity based structures, and following the installation will carry out the scour protection and ballasting of the structures. Furthermore, a large number of smaller projects were acquired during the first half year.

TOWAGE & SALVAGE

Towage: *towage services and berthing and unberthing of oceangoing vessels in ports and at offshore terminals, management and maintenance both above and below the surface of onshore and offshore oil and gas terminals and associated maritime and management services.*

Salvage: *providing assistance to vessels in distress, wreck removal, environmental care services and consultancy.*

TOWAGE & SALVAGE	1ST HY 2020	1ST HY 2019	2019
(in EUR million)			
Revenue	**94.6**	70.6	132.1
EBITDA	**24.9***	22.8	41.6
Net result from JVs and associates	**7.0***	7.5	16.5
Operating result	**23.0**	20.9	37.9
Order book	**21.7**	8.6	5.4

EBITDA and operating result include our share in the net result of joint ventures and associates.
* Adjusted for extraordinary charges

REVENUE

Revenue from the Towage & Salvage segment increased to EUR 94.6 million in the first half of the year (H1 2019: EUR 70.6 million).

Salvage had an exceptionally good half year with an important contribution from projects in Brazil, Indonesia and the Middle East, in addition to numerous smaller emergency response contracts.

All towage activities are conducted through joint ventures and recognized as net result from joint ventures and associates.

SEGMENT RESULT

EBITDA generated by the Towage & Salvage segment totaled EUR 24.9 million, with an operating result of EUR 23.0 million (H1 2019: EUR 22.8 million and EUR 20.9 million, respectively).

The strong Salvage result includes the contribution from current projects as well as financial settlements from projects that were executed in previous years. Such post completion settlements are common for the salvage business.

The segment result includes our share in the net result of joint ventures and associates with terminal services (Smit Lamnalco) and harbor towage (Keppel Smit Towage). The contribution from these joint ventures was EUR 7.0 million (H1 2019: EUR 7.5 million). Adjusted for the deconsolidation of Kotug Smit Towage as per the second quarter 2019, there was a slight increase in the contribution from joint ventures.

ORDER BOOK

The order book, excluding our share in the order book of joint ventures and associates, was EUR 21.7 million on 30 June 2020 (end-2019: EUR 5.4 million). The order book relates solely to the Salvage business unit.

The value of the order book of the joint ventures is not included in the consolidated financials. As per 30 June 2020 the 100% value of the order book of the joint ventures amounted to EUR 1,322 million, which is fully attributable to terminal services contracts of Smit Lamnalco (end-2019: EUR 1,425 million).

HOLDING AND ELIMINATIONS

Non-allocated head office activities.

HOLDING AND ELIMINATIONS	**1ST HY 2020**	1ST HY 2019	2019
(in EUR million)			
Revenue	**-13.5**	-12.1	-25.6
EBITDA	**-2.7***	29.4	45.3
Net result from JVs and associates	**-**	1.4	-0.1
Operating result	**-7.0**	-17.3	-46.1

EBITDA and operating result include our share in the net result of joint ventures and associates.
* Adjusted for extraordinary charges

SEGMENT RESULT

The operating result for the reporting period mainly includes the usual non-allocated head-office costs, as well as various non-allocated (in many cases non-recurring) income and expenses.

Following the COVID-19 outbreak, numerous measures were taken to preserve the financial strength of the company. In addition to various cash flow oriented measures, operating cost saving initiatives were also taken. Some of these savings are reflected in the results of the divisions, however reductions in the non-allocated head office expenses contributed to the improved result.

The first half year 2019 EBITDA included a book profit of EUR 42.2 million as a result of sale transactions.

Platform decommissioning activities
by the crane vessel Bokalift 1

OTHER FINANCIAL INFORMATION

The BOKA Vanguard transporting a fish farm measuring 385 by 60 meters making it the largest cargo ever transported by vessel

DEPRECIATION, AMORTIZATION AND IMPAIRMENTS

The COVID-19 outbreak and subsequent macro developments led to a critical review of the business including market expectations as well as an assessment of the fleet composition. This review resulted in impairment charges of EUR 138.9 million. The largest part of these non-cash charges relates to the goodwill and assets embedded in the joint ventures Smit Lamnalco and Asian Lift. The remaining EUR 15.9 million of impairment charges is related to a limited number of old vessels that is going to be scrapped.

Depreciation and amortization amounted to EUR 131.8 million (H1 2019: EUR 126.6 million), excluding impairments and the reversal of impairments. During the first half year 2019 there was an impairment reversal of EUR 42.2 million as a result of sale transactions.

INCOME FROM JOINT VENTURES AND ASSOCIATES

Our share in the net result from joint ventures and associates was EUR 8.2 million (H1 2019: EUR 8.6 million). This result relates mainly to our share in the net results of Smit Lamnalco and the Singapore partnerships with Keppel (Keppel Smit Towage, Asian Lift). The underlying performance of the joint ventures was better than in 2019, which also included one quarter of Kotug Smit Towage (which became an

asset held for sale on 31 March 2019) and Horizon (which is consolidated as per the beginning of 2020).

TAX

The tax expenses adjusted for tax income on the extraordinary items was EUR 17.0 million (H1 2019: tax income of EUR 0.3 million) with an effective tax rate of 26.4%. Excluding the adjustment on the extraordinary items and excluding our share in the net results of joint ventures and associates, the effective tax rate is 30.2%.

CAPITAL EXPENDITURE AND BALANCE SHEET

Early April, Boskalis announced that it would sharpen its strong focus on cash management. Various steps have been taken aimed at limiting non-project-related capital expenditure, optimizing working capital and to preserve the financially strong position. In light of this, it was announced in early April that the capital expenditure for 2020 would be substantially reduced, that there would be no dividend pay-out for the financial year 2019 and that the share buyback program was suspended. The combined effect of these measures is expected to have a positive cash flow effect of approximately EUR 300 million in 2020.

In the first half of the year an amount of EUR 112.7 million was invested in property, plant and equipment (H1 2019: EUR 113.5 million), of which EUR 17.3 million was related to dry dockings. Disposals were totaling EUR 4.8 million. In addition to these investments in property, plant and equipment EUR 11.9 million was added in right-of-use assets (H1 2019: EUR 21.2 million).

Within Dredging the largest investment was related to construction installment payments for the cutter suction dredger Krios, the sister vessel of the Helios. The largest investment within the Offshore Energy division was for the Bokalift 2 crane vessel.

At 30 June 2020 the capital expenditure commitments amounted to EUR 150 million (end-2019: EUR 162 million), which includes the Bokalift 2 and the completion of the Krios.

In addition to these investments in property, plant and equipment Boskalis acquired the remaining 37.5% stake in Horizon Geosciences for a consideration of EUR 45.4 million on 27 January 2020.

The cash flow for the first six months amounted to EUR 179.3 million (H1 2019: EUR 127.9 million).

The working capital position as per 30 June 2020 was EUR 586.6 million negative (H1 2019: EUR 254.4 million negative and end-2019 EUR 417.4 million negative). Including the effects of IFRS 16, the working capital position amounted to EUR 610.6 million negative. Besides the customary seasonal pattern of revenues and receivables and the receipt of milestone payments that impact working capital, the additional cash flow related measures contributed to the favorable development of the working capital position.

The interest-bearing debt at 30 June 2020 amounted to EUR 522.7 million. The cash position at 30 June 2020 was EUR 712.8 million resulting in a positive net financial position with a net cash amount of EUR 190.1 million. The lease liabilities of EUR 105.1 million as a result of IFRS 16 lease accounting are not included in the net financial position. At the end of 2019 the debt position was EUR 373.9 million with a cash position of EUR 399.6 million resulting in a positive net financial position with a net cash amount of EUR 25.7 million. The solvency ratio decreased to 50.9% (end-2019: 54.3%).

The interest-bearing debt relates largely to a long-term US Private Placement (USPP) of USD 325 million (EUR 289 million at 30 June 2020). This USPP matures in 2023. Furthermore, Boskalis has a EUR 500 million syndicated bank facility at its disposal (matures in 2025) of which EUR 200 million was drawn as at 30 June 2020 (31 December 2019: EUR 50 million).

Boskalis must comply with a number of covenants as agreed with the syndicate of banks and the USPP investors. These covenants were comfortably met as at 30 June 2020. The main covenants relate to the net debt : EBITDA ratio, with a limit of 3 and the EBITDA : net interest ratio, with a minimum of 4. At 30 June 2020 the net debt : EBITDA ratio stood at -0.5 and the EBITDA : net interest ratio at 26.

PRINCIPAL RISKS AND UNCERTAINTIES

The 2019 Annual Report of Royal Boskalis Westminster N.V. provides an overview of Boskalis' risk management and describes the main risk categories: strategic and market risks, operational risks, financial risks, other risks including non-compliance with laws and regulations, and risks related to financial reporting as well as internal risk management and control systems. More information can be found on pages 58-64 of the 2019 Annual Report and in the online annual report at https://boskalis.com/annualreport.

Since the publication of the 2019 Annual Report the outbreak of the COVID-19 virus has become an additional risk. This outbreak will negatively affect economic conditions regionally as well as globally. We are monitoring this situation closely as it evolves to understand the potential impact on our business. Risk mitigating actions are being taken where necessary to ensure the safety and well-being of our people and mitigate the risk to our business.

In the second half of 2020 the extent to which new projects are acquired with associated commercial terms and conditions will be largely dictated by the further development of COVID-19, general prevailing economic circumstances in the geographic markets relevant to Boskalis and the state of affairs for services providers to the oil and gas sector.

OTHER DEVELOPMENTS

EUR 500 MILLION REVOLVING CREDIT FACILITY

Mid-April, Boskalis announced the refinancing of its revolving credit facility providing the company with EUR 500 million committed bank financing until April 2025. The new facility was coordinated by ING Bank and is provided by a syndicate of seven banks. Within the new facility there is an option to increase the facility size by an additional EUR 150 million as well as two one-year extension options. With the new facility in place, Boskalis' financing structure is well spread and long dated.

SHARE BUYBACK PROGRAM

On 15 March 2019, Boskalis announced the start of a EUR 100 million share buyback program. The buyback program was aimed at reducing the issued share capital. As a consequence of the global developments and uncertainty related to the COVID-19 outbreak, Boskalis announced on 2 April 2020 the suspension of the share buyback program as per 3 April 2020 close of business. As per that date, 61,60% of the program had been completed. The current issued share capital of Boskalis consists of 135,378,338 ordinary shares, of which 4,366,654 are treasury stock held by Boskalis.

ACQUISITION REMAINING SHARES HORIZON

Early 2020, Boskalis acquired the remaining 37.5% stake in the Horizon Group (Horizon). In 2019, Boskalis already acquired 62.5% of the shares. Through this transaction, Boskalis has expanded its position in the marine geophysical and geotechnical survey market. Horizon will continue to focus on its traditionally strong market position in the Middle East and Northwest Europe with opportunities to expand into the emerging offshore wind market in the Far East making it

The trailing suction hopper dredger Prins der Nederlanden departs from Manila, where it made a short stop for a crew change in July as travel restrictions prevented Filipino crew from flying home earlier

highly complementary to the position already held by Boskalis through Gardline in Northwest Europe and on the East Coast of the United States. The remaining 37.5% stake in Horizon was acquired for a consideration of EUR 45.4 million.

ACQUISITION ARDENT AMERICAS

Early April, Boskalis announced the acquisition of maritime emergency response specialist Ardent Americas LLC (Ardent Americas). Ardent Americas is a leading player under the Oil Pollution Act of 1990 (OPA90) for the provision of marine emergency response services in the United States (US). Through this acquisition Boskalis further strengthens its existing position in the US maritime salvage market. Boskalis already provides OPA90 services in the US through its subsidiary SMIT Salvage and its joint venture partner Donjon Marine in the joint venture Donjon-Smit.

OUTLOOK

The COVID-19 pandemic and its effects are expected to continue to be felt – both in society and economically – in the coming quarters. Although it is impossible to predict the extent and duration of the impact, Boskalis has a strong basis with its well-filled order book and extremely sound balance sheet.

At Dredging & Inland Infra we expect the picture to be stable for the rest of 2020, both in terms of revenue and result. The currently-known operational bottlenecks related to COVID-19 as well as the persistently competitive market have been taken into account in this projection. In the short term most of the volume of work is in Asia and Europe, with the timing of the startup and award of new projects being the biggest uncertainty. The projects in the order book ensure that a significant part of the revenue for 2020 has been secured with an expected virtually stable utilization level of the hopper fleet and lower utilization of the cutter fleet.

The picture for Offshore Energy is not expected to change materially in the second half of the year. The services activities at Transport and Subsea Services will partly depend on the spot market. At Survey, demand from the offshore wind sector remains strong and the oil and gas market is impacted by oil price developments. A good second half of the year is expected for the contracting activities Seabed Intervention and Subsea Cables based on the projects in the order book.

At Towage & Salvage an exceptional first half of the year is expected to be followed up by a good second half of the year. The market volumes at Towage are stable and, as is customary, Salvage depends on new emergency response assignments and possible settlement results from old projects.

Based on the fleet planning and projects in the order book and barring unforeseen circumstances in particular COVID-19 related, the Board of Management expects that the 2020 EBITDA, adjusted for the extraordinary charges taken in the first half of 2020, will match the level achieved in 2019.

Since the outbreak of COVID-19 Boskalis has further increased its strong focus on cash management. Various initiatives have been taken aimed at limiting non-project-related expenses, optimizing working capital and safeguarding the company's strong financial position. It was announced in early April that the capital investment program for 2020 was halved. In addition, no dividend was paid out for the 2019 financial year and the share buyback program was suspended.
The combined effect of these measures is a positive cash flow impact of approximately EUR 300 million in 2020. With its available cash and bank facilities Boskalis has a direct financing capacity of around EUR 0.9 billion.

Capital expenditure in 2020 is expected to be slightly higher than EUR 200 million, including dry dockings. This projection does not include any acquisitions, such as the purchase of the remaining interest in Horizon at the end of January.

Resumption share buyback program
On 15 March 2019 Boskalis announced the start of a EUR 100 million share buyback program. Due to global developments and increased uncertainty following the outbreak of COVID-19 Boskalis suspended the buyback program on 2 April, at which time 61.60 percent of the program had been completed. In view of the company's outlook and robust financial position the share buyback program will resume on 21 August.

FINANCIAL CALENDAR

20 August 2020	Publication of 2020 half-year results
6 November 2020	Trading update on third quarter of 2020
4 March 2021	Publication of 2020 annual results
12 May 2021	Trading update on first quarter of 2021
12 May 2021	Annual General Meeting of Shareholders
19 August 2021	Publication of 2021 half-year results
12 November 2021	Trading update on third quarter of 2021

Gardline's Ocean Resolution, which is currently being converted into one of the industry's most advanced geophysical survey vessels

Cable laying activities by the Spirit for the Triton Knoll offshore wind farm

INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST HALF YEAR 2020

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(Condensed Consolidated Income Statement)

(in millions of EUR)	*Note*	**1ST HALF YEAR 2020**	1ST HALF YEAR 2019
OPERATING INCOME			
Revenue	*[9]*	**1,260.9**	1,265.9
Reversal of impairments evidenced by sale transactions	*[11]*	**-**	42.2
Other income	*[12]*	**5.6**	11.2
		1,266.5	1,319.3
OPERATING EXPENSES			
Raw materials, consumables, personnel expenses, services and subcontracted work		**- 1,079.4**	- 1,192.2
Depreciation and amortization		**- 131.8**	- 126.6
Impairment charges	*[10]*	**- 112.1**	-
		- 1,323.3	- 1,318.8
Share in result of joint ventures and associates		**- 18.6**	8.6
RESULTS FROM OPERATING ACTIVITIES (EBIT)		**- 75.4**	9.1
Finance income and expenses		**- 7.8**	- 8.1
PROFIT/LOSS (-) BEFORE TAXATION		**- 83.2**	1.0
Income tax expense	*[18]*	**- 13.3**	0.3
NET GROUP PROFIT/LOSS (-) FOR THE REPORTING PERIOD		**- 96.5**	1.3
NET GROUP PROFIT/LOSS (-) FOR THE REPORTING PERIOD ATTRIBUTABLE TO:			
Shareholders		**- 96.4**	1.3
Non-controlling interests		**- 0.1**	-
		- 96.5	1.3
Weighted average number of shares (x 1,000)		**131,213**	133,937
Earnings per share (basic and diluted)		**EUR -0.73**	EUR 0.01

The notes on pages 29 to 35 are an integral part of these Interim Consolidated Financial Statements for the first half year of 2020.

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(Condensed Consolidated Statement of Recognized and Unrecognized Income and Expenses)

(in millions of EUR)	**1ST HALF YEAR 2020**	1ST HALF YEAR 2019
NET GROUP PROFIT/LOSS (-) FOR THE REPORTING PERIOD	**- 96.5**	1.3
ITEMS THAT WILL NOT BE SUBSEQUENTLY RECLASSIFIED TO THE STATEMENT OF PROFIT OR LOSS		
Actuarial gains (losses) and asset limitation on defined benefit pension plans, after tax	**- 0.5**	-
	- 0.5	-
ITEMS THAT ARE OR MAY BE RECLASSIFIED SUBSEQUENTLY TO THE STATEMENT OF PROFIT OR LOSS		
Currency translation differences on foreign operations, after tax	**- 11.8**	3.5
Currency translation differences from joint ventures and associates, after tax	**1.4**	0.6
Reclassification of hedge reserve to Statement of Profit or Loss	**-**	19.0
Change in fair value of cash flow hedges, after tax	**- 8.1**	1.7
Change in fair value of cash flow hedges from joint ventures and associates, after tax	**- 6.7**	- 11.7
	- 25.2	13.1
Other comprehensive income for the reporting period, after tax	**- 25.7**	13.1
TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD	**- 122.2**	14.4
ATTRIBUTABLE TO:		
Shareholders	**- 122.1**	14.4
Non-controlling interests	**- 0.1**	-
TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD	**- 122.2**	14.4

The notes on pages 29 to 35 are an integral part of these Interim Consolidated Financial Statements for the first half year of 2020.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Condensed Consolidated Balance Sheet)

(in millions of EUR)	*Note*	**30 JUNE 2020**	31 DECEMBER 2019
NON-CURRENT ASSETS			
Intangible assets		**186.5**	116.4
Property, plant and equipment	*[13]*	**2,409.7**	2,406.1
Right-of-use assets		**101.9**	103.9
Investments in joint ventures and associates	*[14]*	**224.7**	428.1
Other non-current assets		**25.3**	30.5
		2,948.1	3,085.0
CURRENT ASSETS			
Inventories and receivables		**973.9**	1,112.2
Cash and cash equivalents		**712.8**	399.6
		1,686.7	1,511.8
TOTAL ASSETS		**4,634.8**	4,596.8
GROUP EQUITY			
Shareholders' equity		**2,354.5**	2,491.4
Non-controlling interests		**3.6**	3.3
		2,358.1	2,494.7
NON-CURRENT LIABILITIES			
Interest-bearing borrowings	*[15]*	**294.8**	293.8
Provisions		**83.0**	81.9
Lease liabilities		**81.1**	84.0
Other liabilities and payables		**5.4**	8.4
		464.3	468.1
CURRENT LIABILITIES			
Interest-bearing borrowings	*[15]*	**202.0**	50.3
Bank overdrafts		**25.9**	29.8
Lease liabilities		**24.0**	24.3
Other liabilities, payables and provisions		**1,560.5**	1,529.6
		1,812.4	1,634.0
TOTAL GROUP EQUITY AND LIABILITIES		**4,634.8**	4,596.8
Solvency		**50.9%**	54.3%

The notes on pages 29 to 35 are an integral part of these Interim Consolidated Financial Statements for the first half year of 2020.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of EUR)		**1ST HALF YEAR 2020**	1ST HALF YEAR 2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Net group profit/loss (-)		**- 96.5**	1.3
Depreciation, amortization and impairment charges	*[10/13]*	**243.9**	126.6
Cash flow		**147.4**	127.9
Adjustments for:			
Finance income and expenses, income tax expenses, results from disposals / divestments		**15.5**	- 3.3
Reversal of impairments	*[11]*	**-**	- 42.2
Movement in other non-current assets, excluding deferred tax		**- 3.6**	- 0.2
Movement in provisions, excluding deferred tax		**- 3.2**	- 8.2
Movement in working capital (including inventories, excluding tax and interest)		**177.1**	- 86.9
Share in result of joint ventures and associates	*[14]*	**18.6**	- 8.6
Cash generated from operating activities		**351.8**	- 21.5
Dividends received	*[14]*	**5.5**	2.4
Interest paid and received		**- 7.8**	- 7.2
Income tax paid		**- 18.3**	- 14.3
Net cash from operating activities		**331.2**	- 40.6
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in intangible assets and property, plant and equipment	*[13]*	**- 103.7**	- 95.5
Investment in joint ventures		**-**	- 65.3
Investment in business combination, net of cash acquired	*[6]*	**- 30.2**	- 23.3
Disposal of (a part of) group companies, net of cash disposed, and joint ventures		**-**	25.5
Net cash used in investing activities		**- 133.9**	- 158.6
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from interest-bearing borrowings	*[15]*	**401.7**	210.0
Transaction costs paid related to new finance agreement	*[15]*	**- 1.7**	-
Repayment of interest-bearing borrowings	*[15]*	**- 250.5**	- 0.1
Payment of lease liabilities		**- 15.1**	- 10.7
Purchase of ordinary shares		**- 14.8**	- 10.7
Dividends paid to shareholders and non-controlling interests		**-**	- 67.0
Net cash used in / from financing activities		**119.6**	121.5
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**316.9**	- 77.7
Net cash and cash equivalents and bank overdrafts as at 1 January		**369.8**	307.9
Net increase / (decrease) in cash and cash equivalents		**316.9**	- 77.7
Currency translation differences		**0.2**	- 0.1
Movement in net cash and cash equivalents		**317.1**	- 77.8
NET CASH AND CASH EQUIVALENTS (INCLUDING BANK OVERDRAFTS) AS AT 30 JUNE		**686.9**	230.1

The notes on pages 29 to 35 are an integral part of these Interim Consolidated Financial Statements for the first half year of 2020.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN GROUP EQUITY

(in millions of EUR)	1ST HALF YEAR 2020 SHARE HOLDERS' EQUITY	1ST HALF YEAR 2020 NON-CONTROLLING INTERESTS	1ST HALF YEAR 2020 GROUP EQUITY	1ST HALF YEAR 2019 SHARE HOLDERS' EQUITY	1ST HALF YEAR 2019 NON-CONTROLLING INTERESTS	1ST HALF YEAR 2019 GROUP EQUITY
Balance as at 1 January	**2,491.4**	**3.3**	**2,494.7**	2,544.3	3.3	2,547.6
TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD						
Net group profit/loss (-) for the reporting period	**- 96.4**	**- 0.1**	**- 96.5**	1.3	-	1.3
Other comprehensive income for the reporting period	**- 25.7**	**-**	**- 25.7**	13.1	-	13.1
Total comprehensive income for the reporting period	**- 122.1**	**- 0.1**	**- 122.2**	14.4	-	14.4
TRANSACTIONS WITH SHAREHOLDERS						
Purchase of ordinary shares	**- 14.8**	**-**	**- 14.8**	- 10.7	-	- 10.7
Cash dividend	**-**	**-**	**-**	- 67.0	-	- 67.0
Total transactions with shareholders	**- 14.8**	**-**	**- 14.8**	- 77.7	-	- 77.7
MOVEMENTS IN INTERESTS IN SUBSIDIARIES						
Acquisition of Horizon	**-**	**0.4**	**0.4**	-	-	-
Total movements in interests in subsidiaries	**-**	**0.4**	**0.4**	-	-	-
Balance as at 30 June	**2,354.5**	**3.6**	**2,358.1**	2,481.0	3.3	2,484.3

The notes on pages 29 to 35 are an integral part of these Interim Consolidated Financial Statements for the first half year of 2020.

EXPLANATORY NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

Royal Boskalis Westminster N.V. is a leading global services provider operating in the dredging, dry and maritime infrastructure and maritime services sectors. Royal Boskalis Westminster N.V. (the 'Company') has its registered office in Sliedrecht, the Netherlands, and its head office is located at Rosmolenweg 20, 3556 LK in Papendrecht, the Netherlands. The Company is registered at the Chamber of Commerce under number 23008599 and is a publicly listed company on Euronext Amsterdam.

The Interim Consolidated Financial Statements of Royal Boskalis Westminster N.V. for the first half year of 2020 include the Company and its Group companies (hereinafter referred to jointly as the 'Group') and the interests of the Group in associates and entities over which it has joint control.

The Interim Consolidated Financial Statements were prepared by the Board of Management and released for publication on 20 August 2020.

The Interim Consolidated Financial Statements for the first half year of 2020 have not been audited or reviewed by an independent auditor.

The Group's audited consolidated financial statements for 2019 are available at www.boskalis.com.

2. COMPLIANCE STATEMENT

The Interim Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. These Interim Consolidated Financial Statements do not include all the information required for full financial statements and are to be read in combination with the audited 2019 Consolidated Financial Statements of the Group, which were prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS).

3. ACCOUNTING PRINCIPLES APPLIED FOR THE PREPARATION OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accounting principles applied to the valuation of assets and liabilities and the determination of results are the same as the valuation principles applied to the 2019 Consolidated Financial Statements. Unless stated otherwise, all amounts are reported in millions of euros.

NEW INTERPRETATIONS NOT YET ADOPTED

In May 2020 the International Accounting Standards Board amended IAS 16 'Property, Plant and Equipment' and IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', amongst minor amendments in other standards. These changes need to be applied to the financial statements in 2022 at the latest. In January 2020 IAS 1 'Presentation of Financial Statements' was amended, these changes need to be applied in 2023 at the latest. The Company is analyzing the impact of these changes. These amendments and application dates have yet to be endorsed by the European Union.

4. ESTIMATES

The preparation of Interim Consolidated Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting principles and the recognized amounts under assets, liabilities, income and expense. Actual results may deviate from results reported previously on the basis of estimates and assumptions. Judgements made by management in applying the Group's accounting principles and the key sources for making estimates were the same as the judgements and sources applied when preparing the 2019 Consolidated Financial Statements, with the exception of income tax expense. Income tax expense is accounted for based on the weighted average tax rate that would apply to expected pre-tax profit for the full year multiplied by the pre-tax profit for the reporting period, taking into account known deviations.

5. OPERATIONAL SEGMENTS

The Group recognizes three operational segments which comprise the divisions of the Group as described below. These divisions offer different products and services and are managed separately because they require different strategies. Each of the divisions reports on a quarterly basis, by means of internal management reporting to the Board of Management.

The following is a brief summary of the activities of the operational segments:

DREDGING & INLAND INFRA

Traditionally, dredging is the core activity of the Group. It involves all activities required to remove silt, sand and other layers from the seabed and riverbed and in some cases using it elsewhere where possible, for example for coastal protection or land reclamation. The services provided also include the construction and maintenance of ports and waterways, and coastal defense and riverbank protection, as well as associated specialist services such as underwater

rock fragmentation. In addition, the Group is active in the extraction of raw materials using dredging techniques and dry earthmoving. In the Netherlands, the Group also operates as a contractor of dry infrastructure projects. This involves the design, preparation (by means of dry earthmoving) and execution of large-scale civil infra works, such as the construction of roads and railroads, bridges, dams, viaducts and tunnels. These activities include performing specialist works such as soil improvement and land remediation.

OFFSHORE ENERGY

With the offshore contracting capabilities and services the Group supports activities of the international energy sector, including oil and gas companies and providers of renewable energy such as wind power. The Group is involved in the engineering, construction, maintenance and decommissioning of oil and LNG-import/export facilities, offshore platforms, pipelines and cables and offshore wind farms. In performing these activities the Group applies its expertise in the areas of heavy transport, lift and installation work, as well as diving and ROV services complemented with dredging, offshore pipeline installation, rock installation, offshore cable installation, marine activities and survey activities. The group obtained control over Horizon in January 2020, from which time Horizon has been consolidated in this segment.

TOWAGE & SALVAGE

In ports and terminal locations around the world towage and terminal services are provided to ocean-going vessels through the joint ventures Keppel Smit Towage and Smit Lamnalco. Keppel Smit Towage offers assistance to incoming and outgoing vessels in various ports in the Asia-Pacific region. In addition, a full range of terminal services for the operation and management of onshore and offshore terminals is offered through Smit Lamnalco. These services include assistance with the berthing and unberthing of tankers at oil and LNG terminals as well as additional support services. With a combined fleet of over 250 vessels assistance is provided to, amongst others, oil and chemical tankers, container ships, reefers, RoRo ships and mixed cargo ships in around 60 ports and terminal locations around the world. SMIT Salvage provides marine salvage-related services and assistance to vessels in distress and is able to act at anytime and anywhere in the world. It is able to do so by operating out of four locations which are strategically situated in relation to the main international shipping routes: Houston, Cape Town, Rotterdam and Singapore. The removal of shipwrecks or damaged offshore platforms almost always takes place at locations where the wreck forms an obstruction to traffic or presents an environmental hazard. Within this segment the joint venture Donjon-Smit acquired Ardent Americas LLC in April 2020.

SEGMENTS

The operational segments are monitored based on the segment result (operating result) and EBITDA. The segment result and EBITDA are used to measure the performance of operational segments, both between segments and compared to other companies in the same industry. Inter-operational segment services, if any, take place on an arm's length basis. In the reporting period there were no material inter-operational segment services.

INFORMATION ON OPERATIONAL SEGMENTS AND RECONCILIATION TO GROUP RESULTS

(in millions of EUR)	DREDGING & INLAND INFRA	OFFSHORE ENERGY	TOWAGE & SALVAGE	HOLDING & ELIMINATIONS / GROUP	GROUP
1st half year 2020					
Revenue	673.4	506.4	94.6	- 13.5	1,260.9
EBITDA*)	93.9	88.0	24.9	- 2.7	204.1
Share in result of joint ventures and associates	0.5	0.7	7.0	-	8.2
Operating result (before extraordinary charges)	30.0	26.4	23.0	- 7.0	72.4
Extraordinary charges				- 147.8	- 147.8
EBIT					- 75.4
Non-allocated finance income and expenses					- 7.8
Non-allocated income tax					- 13.3
Net Group profit/loss (-)					- 96.5
Investments in property, plant and equipment	43.5	65.5	0.4	3.3	112.7
Additions to right-of-use assets	9.1	1.3	-	1.5	11.9
Depreciation and amortization	- 63.9	- 61.7	- 1.8	- 4.4	- 131.8
Impairment charges on property, plant and equipment	- 10.2	- 5.7	-	-	- 15.9
Impairment charges on joint ventures	-	- 39.7	- 56.5	-	- 96.2
Impairment charges within joint ventures	-	-	- 26.8	-	- 26.8

(in millions of EUR)	DREDGING & INLAND INFRA	OFFSHORE ENERGY	TOWAGE & SALVAGE	HOLDING & ELIMINATIONS / GROUP	GROUP
1st half year 2019					
Revenue	733.2	474.2	70.6	- 12.1	1,265.9
EBITDA	124.5	- 41.0	22.8	29.4	135.7
Share in result of joint ventures and associates	1.2	- 1.5	7.5	1.4	8.6
Operating result (before extraordinary income)	57.8	- 94.5	20.9	- 17.3	- 33.1
Extraordinary income				42.2	42.2
EBIT					9.1
Non-allocated finance income and expenses					- 8.1
Non-allocated income tax					0.3
Net Group profit/loss (-)					1.3
Investments in property, plant and equipment	51.2	48.5	0.2	13.6	113.5
Additions to right-of-use assets	0.9	19.8	-	0.5	21.2
Depreciation and amortization	- 66.7	- 53.5	- 1.9	- 4.5	- 126.6
Reversal of impairment charges on sale vessel	-	-	-	27.0	27.0
Reversal of impairment charges on sale Kotug Smit Towage	-	-	-	15.2	15.2

*) EBITDA before extraordinary charges

As required by EU-IFRS, the information as presented above reconciles with the internal management information of the Board of Management. In measuring the financial performance of operational segments, certain line items are presented differently in the internal management information than in these EU-IFRS Interim Consolidated Financial Statements.

In the EU-IFRS Interim Condensed Consolidated Statement of Profit or Loss the Results from operating activities (EBIT) shows a loss of EUR 75.4 million and contains impairment charges of EUR 138.9 million (see note 10) including impairment charges of EUR 26.8 million accounted for within joint ventures, and related additions to provisions of EUR 8.9 million recorded under Raw materials, consumables, personnel expenses, services and subcontracted work. In the table above, these charges are presented as extraordinary charges amounting to EUR 147.8 million. In line with the EU-IFRS definition, the Result of joint ventures and associates presented in the statement of profit and loss shows a loss of EUR 18.6 million. In the table above, the Result of joint ventures and associates amounts to EUR 8.2 million and excludes our stake in the impairment loss of EUR 26.8 million accounted for within a joint venture. In the first half year of 2019, in the EU-IFRS Interim Condensed Consolidated Statement of Profit or Loss the Results from operating activities (EBIT) showed a profit of EUR 9.1 million, including the reversal of impairments evidenced by a sale transaction of EUR 42.2 million. In the table above this item is presented as part of extraordinary income. The (reversals of) impairment charges are specified for each operational segment in the table above. Group EBITDA equals the operating result before depreciation and amortization as stated in management information and amounts to EUR 204.1 million (first half year 2019: EUR 135.7 million).

A large part of the Group's projects that have been executed or are currently in progress within the operational segments of Dredging & Inland Infra and Offshore Energy is directly or indirectly performed on behalf of state-controlled authorities and oil and gas producers (or contractors thereof) in various countries and geographical areas. In general there is a healthy diversification of receivables from different customers in several countries in which the Group performs its activities.

6. ACQUISITION OF OFFSHORE ACTIVITIES OF HORIZON

On 27 January 2020 the Group obtained control of Horizon Group (Horizon) by acquiring the remaining 37.5% of the shares after the Group became a joint venture partner in Horizon in 2019 through the acquisition of 62.5% of these shares.

As a result of this transaction, Boskalis will be able to optimize its successful and expanding position in the marine geophysical and geotechnical survey market. Horizon will continue to focus on its traditionally strong market position in the Middle East and Northwest Europe with opportunities to expand into the emerging offshore wind market in the Far East making it highly complementary to the position already held by Boskalis through Gardline in Northwest Europe and on the east coast of the United States.

Since the acquisition, the survey activities of Horizon have contributed EUR 46 million to Group revenue and EUR 7.8 million profit to the Group net result. This takes into

account both transaction costs related to the acquisition and the result arising from the book profit from revaluation to fair value of the Group's existing stake in Horizon at the date of acquisition. Had the Group acquired control at the beginning of the year, management estimates that this would not have had an (additional) material impact on the consolidated revenue and result over 2020.

Revaluation of existing share in Horizon prior to business combination

Under IFRS the transaction is accounted for as a sale of the 62.5% share in the Horizon joint venture and the subsequent acquisition of a 100% subsidiary. The fair value of the 62.5% investment in Horizon (sold) amounted to EUR 75.5 million and is based on the consideration paid for the remaining shares of 37.5%. As a result, the revaluation to fair value of the existing stake in Horizon resulted in a gain of EUR 1.4 million. This gain is included in the 'Holding & Eliminations' segment (in the 'Operational segments' table in note 5).

Consideration paid

On 27 January 2020 the Group paid an amount of EUR 45.4 million in cash for the remaining 37.5% of the shares. The net change in cash and cash equivalents, taking into account the cash and cash equivalents held by the acquired companies, amounts to EUR 30.2 million.

Identifiable assets acquired and liabilities assumed

As a result of the acquisition the following identifiable assets were acquired and liabilities assumed:

As at 27 January 2020 (in millions of EUR)	
Property, plant and equipment	33.7
Inventory	2.3
Trade and other receivables	33.4
Cash and cash equivalents	15.2
Interest bearing debt (no leases)	-11.8
Provisions	-3.7
Trade and other payables	-21.1
Minority interests	- 0.4
Net assets after minority interests	**47.6**

The following valuation techniques are used in assessing the fair value of identified material assets and liabilities:

- The fair value of the individual vessels (property, plant & equipment) is mainly determined based on a market approach performed by an external vessel valuator.
- The fair value of other material assets identified and liabilities assumed is based on the market value at which the assets or liabilities are or could be settled with contractual parties.

Goodwill

Goodwill arising from the acquisition:

Goodwill arising from Horizon acquisition (in millions of EUR)	
Consideration paid for 37.5%	45.4
Fair value of other 62.5%	75.5
Less: Identified assets and assumed liabilities	-47.6
Goodwill	**73.3**

Goodwill recognized as a result of the acquisition mainly relates to the obtained expertise, technical skills and market position of Horizon which is highly complementary to the position the Group already held through Gardline, and synergies which are expected to result from the integration of the company into the Group's existing activities. The goodwill recognized is not tax deductible.

Transactions related to the acquisition

The Group incurred costs of EUR 0.1 million in 2020 for the services of external advisors relating to this transaction. These costs are included in the consolidated statement of profit or loss in the line Raw materials, consumables, personnel expenses, services and subcontracted work and are incorporated in the segment result under Holding & Eliminations.

7. SALE OF KOTUG SMIT TOWAGE AND SAAM SMIT TOWAGE

The Group completed the sale of its interest in the harbor towage partnership Kotug Smit Towage as of 1 August 2019 and its interest in the harbor towage partnership Saam Smit Towage as of 30 October 2019. Since being classified as a disposal group, no further shares in the results of the partnerships have been recognized by the Group.

8. SEASONAL OPERATIONS

The Group's operations are mainly project-based and are therefore primarily influenced by the timing of commencement and completion of these projects. Projects are executed and services provided all over the world. Some operations are influenced by seasonal patterns.

9. REVENUE

Revenue by region can be specified as follows:

(in millions of EUR)	**1ST HALF YEAR 2020**	1ST HALF YEAR 2019
The Netherlands	**285.7**	259.7
Rest of Europe	**369.7**	440.0
Australia / Asia	**271.5**	231.6
Middle East	**147.4**	183.0
Africa	**30.7**	44.0
North and South America	**155.9**	107.6
	1,260.9	1,265.9

Revenue from contracting business amounts to EUR 1.0 billion (first half year 2019: EUR 1.0 billion). This mainly comprises the revenue of Dredging & Inland Infra, Offshore Energy (excluding marine transport and related services) and Salvage, and is typically related to the execution of projects.

The revenue from services rendered to third parties is primarily related to Offshore Energy (mainly marine transport and related services) and amounts to approximately EUR 0.3 billion (first half year 2019: EUR 0.3 billion).

10. IMPAIRMENT CHARGES

The Group reviewed the carrying amounts of its non-financial assets that are subject to depreciation and amortization to determine whether events or a change in circumstances indicate that the carrying amount may not be recoverable. Accordingly, the recoverable amount has been estimated for a limited number of vessels and two joint ventures. This resulted in the recognition of the following non-cash impairment charges:

(in millions of EUR)	1ST HALF YEAR 2020
Property, plant and equipment	**15.9**
Investments in joint ventures and associates	**96.2**
Impairment charges according to the Condensed Consolidated Statement of Profit or Loss	**112.1**
Impairment charges accounted for within share in result of joint ventures and associates	**26.8**
Total impairment charges	**138.9**

In the first half year of 2019 no impairment charges were recognized.

PROPERTY, PLANT AND EQUIPMENT

It was recently decided to take a limited number of vessels out of service. These vessels have been valued at scrap value (fair value less cost to sell).

JOINT VENTURES

An impairment charge of EUR 96.2 million was recorded relating to two joint ventures in the first half year. Deteriorated market conditions that are not expected to materially improve in the foreseeable future have resulted in materially lower levels of expected future cash flows. For this reason our stake in the impairment losses accounted for by joint ventures includes impairments on certain vessels for an amount of EUR 26.8 million.

11. REVERSAL OF IMPAIRMENTS EVIDENCED BY SALE TRANSACTIONS

During the first half year of 2019 the Group reversed two impairments for a total amount of EUR 42.2 million evidenced by sale transactions. The Group reversed EUR 27.0 million related to the sale of an impaired vessel and EUR 15.2 million relating to the impairment on Kotug Smit Towage as a result of the finalization of the sale.

12. OTHER INCOME AND EXPENSES

Other income and other expenses consists, among other things, of the positive/negative book results on the disposal of property, plant and equipment. In the first half year of 2020, other income includes a gain of EUR 1.4 million as a result from the revaluation to fair value of the existing stake in Horizon. In the first half year of 2019, this included the book result on the disposal of assets, the gain on the acquisition of Bohlen & Doyen and a profit from the sale of SAAone PPP B.V. With this SAAone transaction the Group divested its financial interests in one operational DBFM project in the Netherlands.

13. PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment in the reporting period are summarized as follows:

(in millions of EUR)	TOTAL
Balance as at 1 January 2020	**2,406.1**
Investments	112.7
Acquired through business combinations	33.7
Depreciation	- 115.7
Impairment charges	- 15.9
Disposals	- 4.8
Currency translation differences and other movements	- 6.4
Balance as at 30 June 2020	**2,409.7**

As disclosed in the table above and as elaborated on in note 10, the impairment charge relates to a limited number of vessels that will be taken out of service. These vessels have been valued at scrap value (fair value less cost to sell).

14. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

Movements in investments in joint ventures and associates in the reporting period can be summarized as follows:

(in millions of EUR)	TOTAL
Balance as at 1 January 2020	**428.1**
Impairment charges	- 96.2
Revaluation of existing stake in Horizon prior to business combination	1.4
Decrease due to extending share in Horizon resulting in control	- 75.5
Share in result of joint ventures and associates	- 18.6
Dividends received	- 5.5
Currency translation differences and other movements	- 9.0
Balance as at 30 June 2020	**224.7**

As disclosed in the table above and as elaborated on in note 10, the Share in the result of joint ventures and associates includes an amount of EUR 26.8 million for our stake in the impairment on certain vessels as accounted for by a joint venture. In addition an impairment charge of EUR 96.2 million was recorded on the carrying value of two joint ventures. The recoverable amounts were

determined, for each investment, based on the higher of the fair value less cost to sell and value in use calculations using discounted cash flow models. The values were determined based on 100% figures, taking into account the net debt of the joint venture, and adjusted for our stake. Values in use were determined by discounting the expected future cash flows from the continued use of the investment. Management projects cash flows based on past trends and estimates of future market developments, cost developments and investment plans. These projections also factor in market conditions. In the projections, cash flows for the remainder of 2020 were based on management's most recent forecasts. Key assumptions in the calculation of value in use of the investments are the growth rate applied in the calculation of the terminal value and to the discount rate used. Cash flows beyond ten years are extrapolated using an estimated long-term growth rate of 1.0%-2.0%. The applicable growth rate does not exceed the long-term average growth rate which may be expected for the activities. The pre-tax discount rates used in the calculation range from 10.8%-12.9% and were determined through an iterative calculation using the projected pre-tax cash flows, expected tax rate and a pre-tax discount rate. If the cash flow projections used in the value in use calculations would have been 3% lower, the Group would have recognized an additional impairment charge of EUR 9 million. If the estimated discount rates for these joint ventures would have been 1% higher than disclosed above, the Group would have recognized an additional impairment charge of approximately EUR 24 million. Fair values less cost to sell were based on EBITDA-multiple models, determined with the assistance of an external valuator. Given the range of the values, the EBITDA-multiples and the uncertainties in the current market conditions, it was assumed for both joint ventures when determining the recoverable amount that the fair values would not exceed the value in use.

15. INTEREST-BEARING BORROWINGS

In April 2020 the Group entered into a revolving credit facility (RCF) providing it with EUR 500 million of committed bank financing until April 2025, with a variable interest rate. As at 30 June 2020, the Group had drawn EUR 200 million under this RCF (31 December 2019: EUR 50 million drawn under the previous facility). Besides the RCF, the Group has a US Private Placement of USD 325 million outstanding that matures in July 2023.

16. DIVIDEND PAYMENTS TO SHAREHOLDERS OF ROYAL BOSKALIS WESTMINSTER N.V.

In the first half year of 2020 no dividend was distributed with regard to the 2019 financial year.

At 30 June 2020, the issued share capital consisted of 135,378,338 ordinary shares, of which 4,366,654 are treasury stock held by Boskalis.

17. RELATED PARTIES

The identified related parties of the Group are its Group companies, joint ventures, associates, shareholders with significant influence, pension funds that are classified as funded defined benefit pension plans in accordance with IAS 19, and the members of the Supervisory Board and Board of Management. Mrs. Jones – Bos was appointed as member of the Supervisory Board at the General Meeting of Shareholders on 30 June 2020, while Ms. Haaijer and Mr. Hazewinkel resigned as members of the Supervisory Board as of the date of the Meeting.

Transactions with joint ventures and associates in the course of normal business activities take place at arm's length basis. In the first half year of 2020 sales and purchases amounted to EUR 1.6 million and EUR 7.4 million, respectively (first half year 2019: EUR 2.2 million and EUR 8.3 million, respectively). Receivables from and liabilities to joint ventures and associates amounted to EUR 6.3 million and EUR 5.3 million, respectively, as at 30 June 2020 (year-end 2019: EUR 5.9 million and EUR 13.0 million, respectively).

Transactions with members of the Board of Management and Supervisory Board comprise only regular remuneration.

During the first half year of 2020 there were no other material transactions with related parties that could reasonably be expected to influence any decision taken by users of these Interim Consolidated Financial Statements.

18. INCOME TAX EXPENSE

The tax rate, excluding the (tax effect on) extraordinary items, was 26.4% in the first half year of 2020 (in the first half year of 2019: 0.7%). The tax rate, excluding the result from joint ventures and associates and excluding the (tax effect on) extraordinary items, was 30.2% in the first half year of 2020 (in the first half year of 2019: 0.6%).

19. COMMITMENTS AND CONTINGENT LIABILITIES

The total of outstanding guarantees, mainly relating to projects in progress, amounted to EUR 0.8 billion as at 30 June 2020. Compared to 31 December 2019 there were no material changes to the other commitments and investment commitments. Some legal proceedings and investigations have been initiated against the Group or entities of the Group. Provisions have been made where deemed necessary and if a reliable estimate of future cash flows can be made.

20. SHARE BUYBACK PROGRAM

On 15 March 2019 the Group announced a share buyback program of EUR 100 million, to reduce the capital outstanding. The repurchased shares in this program can be summarized as follows:

Share buyback program	2020	2019	TOTAL
Number of shares (in millions)	0.72	2.34	3.06
Amount (in millions of EUR)	14.8	46.8	61.6

21. FINANCIAL INSTRUMENTS

FAIR VALUE

The fair value of the majority of the financial instruments does not differ materially from the carrying amount, with the exception of long-term and short-term loans and other payables with a fixed interest rate. The fair value of these liabilities exceeded the book value by EUR 23.9 million as at 30 June 2020 (31 December 2019: EUR 12.7 million higher).

The following financial instruments have been recognized at fair value in the Condensed Consolidated Statement of Financial Position:

(in millions of EUR)	30 June 2020	31 December 2019
FINANCIAL ASSETS		
Derivatives non-current	**3.7**	6.0
Derivatives current	**7.3**	3.3
	11.0	9.3
FINANCIAL LIABILITIES		
Derivatives non-current	**4.0**	7.0
Derivatives current	**11.8**	5.6
	15.8	12.6

FAIR VALUE HIERARCHY

A fair value hierarchy is defined in accordance with IFRS 13 for the fair value measurement of the recognized financial instruments:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of derivatives is based on future cash flows, objectively determinable forward rates of the relevant interest rates, foreign currencies and commodities at balance sheet date and forward rates according to the respective contracts. Moreover the discount rate applied is derived from the relevant interest curves. The fair value of derivatives is categorized as level 2 (31 December 2019: level 2).

The fair value of the long-term and short-term loans and other payables with a fixed interest rate is determined based on the present value of future cash flows for which the discount rate is derived from relevant interest curves. The fair value of these loans and other payables is categorized as level 3 (31 December 2019: level 3).

EXPOSURE TO CREDIT RISK

The payment behavior of the Group's customers remains unchanged in 2020. The outbreak of COVID-19 has not yet impacted the Group's expected credit loss and allowances for doubtful accounts materially.

22. BOARD OF MANAGEMENT DECLARATION

The Board of Management of Royal Boskalis Westminster N.V. hereby declares that, to the best of its knowledge, the Interim Consolidated Financial Statements for the first half year of 2020 as prepared in accordance with International Financial Reporting Standard (IFRS) 'IAS 34 Interim Financial Reporting' gives a true and fair view of the assets, liabilities, financial position and the profit or loss of Royal Boskalis Westminster N.V. and all its business undertakings included in the consolidation and that the semi-annual report gives a fair view of the information required in accordance with Section 5:25d subsections 8 and 9 of the Dutch Financial Supervision Act (Wet op het financieel toezicht).

Papendrecht / Sliedrecht, the Netherlands,
19 August 2020

Board of Management
dr. P.A.M. Berdowski, chairman
T.L. Baartmans
B.H. Heijermans
C. van Noort, CFO

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