Boskalis

ANNUAL REPORT 2020

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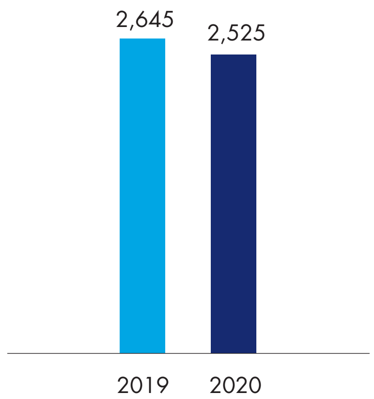
KEY FIGURES

(in EUR million, unless stated otherwise)	2020	2019
Revenue	**2,525**	2,645
Order book	**5,306**	4,722
EBITDA	**404**	376
Net result from joint ventures and associates	**19***	26
Depreciation and amortization	**264**	265
Operating result	**140**	28
Exceptional items (charges/income)	**-195**	82
EBIT	**-56**	111
Net operating profit	**90**	-1
Net profit (loss)	**-97**	75
Net group profit (loss)	**-97**	75
Cash flow	**355***	340
Shareholders' equity	**2,283**	2,491
RATIOS (IN PERCENTAGES)		
EBIT as % of revenue	**5.5***	4.2
Return on capital employed	**3.9***	2.9
Return on equity	**3.8***	3.0
Solvency	**50.5**	54.3
FIGURES PER SHARE (IN EUR)		
Profit	**0.69***	0.56
Dividend (proposal)	**0.50**	-
Cash flow	**2.48***	2.55
NON-FINANCIAL INDICATORS		
Employees including associated companies	**9,913**	9,604
Employees in Boskalis majority owned entities	**6,137**	5,812
Ratio women/men within Boskalis' majority owned entities	**14/86**	14/86
Number of nationalities within Boskalis' majority owned entities	**84**	79
Lost Time Injuries (LTI)	**9**	6
Lost Time Injury Frequency (LTIF)	**0.05**	0.03
Total Recordable Injury Rate (TRIR)	**0.32**	0.37
Strategic suppliers: percentage spend covered by Supplier Code of Conduct	**85**	81
CO_2 emissions scope 1+2 (MT ('000))	**973**	1,110

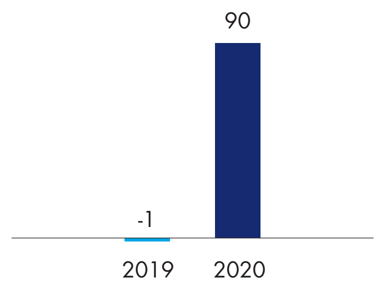
Please refer to the glossary for definitions of the terms used

** Excluding exceptional charges*

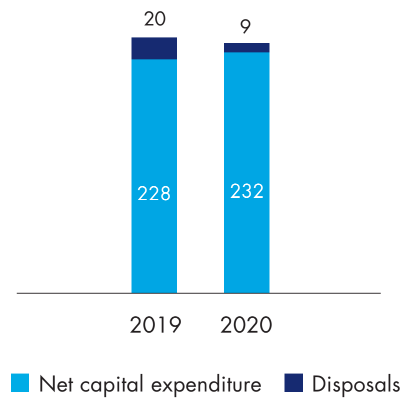
REVENUE (in EUR million)



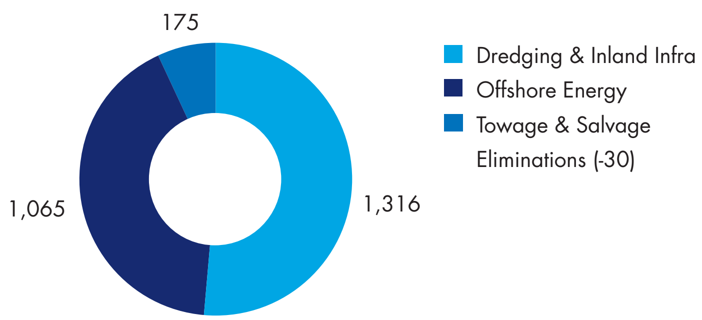
NET OPERATING PROFIT (in EUR million)



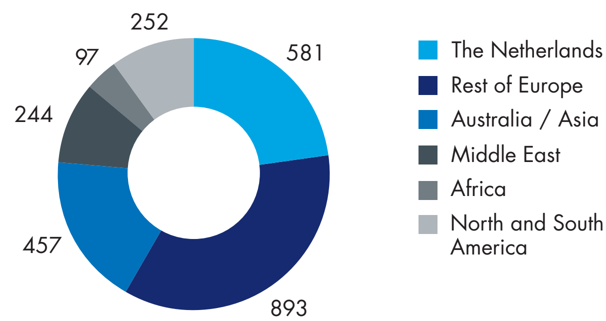
CAPITAL EXPENDITURE (in EUR million)



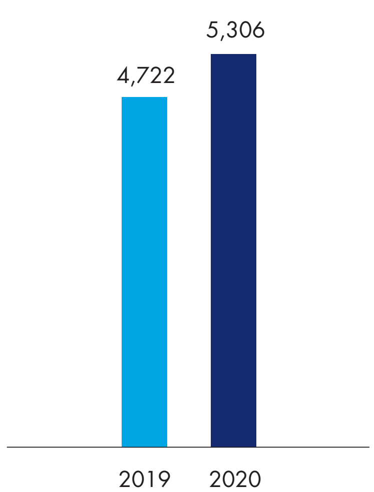
REVENUE BY SEGMENT (in EUR million)



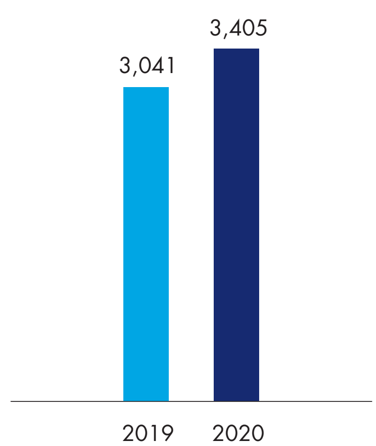
REVENUE BY GEOGRAPHICAL AREA (in EUR million)



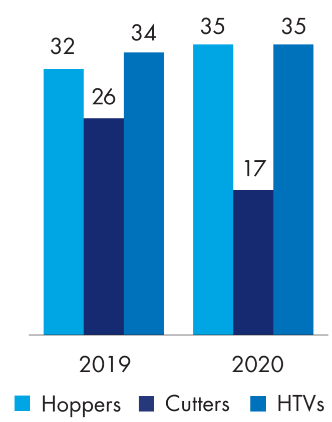
ORDER BOOK (in EUR million)



ACQUIRED ORDERS (in EUR million)



FLEET UTILIZATION (in weeks per year)



ANNUAL REPORT 2020

The Annual Report 2020 has been filed in accordance with the European Single Electronic Format (ESEF). The original approved annual report pursuant to article 361 of Book 2 of the Dutch Civil Code, including the audited financial statements and the auditor's report, is available as a single report package on boskalis.com in the financial information section of the download center. This document is a 'printed version' of that digital report and in the event of any discrepancies, the digital single report package will prevail.

This annual 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 is under no obligation to update the statements contained in this annual report. Some of the projects referred to in this report were carried out in cooperation with other companies.

Certain photos in this annual report were taken before the outbreak of COVID-19 or on vessels or at locations where the 1.5-meter social distancing rule and other public health measures do not apply.

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The upgraded Houtrib dike between Enkhuizen and Lelystad in the Netherlands with the new Trintelzand nature reserve

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CHAIRMAN'S STATEMENT

The year 2020 has been exceptional in many ways. At the beginning of March we presented our new Corporate Business Plan for 2020-2022, which was based on a gradual market recovery and an upward trend. We were also positive about the longer term as we expect Boskalis to make a relevant contribution to solutions for the challenges of the future; in the fields of infrastructure, the energy transition and the protection of coastal regions from climate change.

Our positive mindset was however bluntly crushed by the coronavirus mid-March. In one strike, our view of the world was turned upside down. Lockdown measures were announced across the globe, working from home became the norm, the aviation industry came to a grinding halt and, as a consequence, keeping our projects and vessels around the world operational and staffed became an unprecedented challenge.

We immediately established a crisis agenda that has been guiding our policy since. The health and safety of our people was paramount, the projects had to continue as much as possible, costs had to be reduced where possible, investments were postponed and the order book had to stay filled. To do that, we had to ask a lot from our colleagues in terms of flexibility and loyalty. And in particular from everyone on the projects and the vessels. Longer periods on board and on the projects, longer travelling times and tough quarantine restrictions. The demands on the colleagues in the offices were also hard, with most colleagues working from home.

Looking at where we stand today, and looking back at 2020, I can genuinely confess that I am proud of how we have weathered the corona-storm. In part thanks to the measures taken we have ended the year with a revenue of EUR 2.5 billion, EBITDA of EUR 404 million and a historically high order book of EUR 5.3 billion. At the same time, we were able to substantially improve our strong financial position boasting a net cash of EUR 439 million as per year end.

DREDGING & INLAND INFRA

In the Dredging & Inland Infra division the Duqm mega project was completed last year. A long quay wall and two long jetties were constructed in a temporary polder and a huge port area has been reclaimed alongside. In Saudi Arabia we also completed two major dredging projects. In Singapore, the large Finger Pier 3 project is in full swing and we have been working on the third and final season in Kitimat, Canada, where an LNG export terminal is being built.

In November, the German federal court ruled in favor of the construction of the Fehmarnbelt tunnel. Last year we already started on the Danish side and this year we can also get to work on the German side. Thanks to a positive ruling from the Dutch Council of State, the implementation of the project plan for the upgrading of the Markermeer dikes has now been given the definitive go-ahead and we completed the upgrade of the Houtrib dike. In the Netherlands we were also successful with numerous tenders, including two major dike reinforcement projects.

In the closing days of this challenging year we were rewarded with a Letter of Confirmation relating to the land development for the new international airport of Manila. At EUR 1.5 billion, this is the largest dredging project ever undertaken by Boskalis on its own. With this project, we have secured the utilization of our large hoppers for three years. This was followed in early January 2021 by the award of a major sub-project of the Oosterweel link infrastructure project in Antwerp, Belgium.

OFFSHORE ENERGY

After a couple of tough years, Offshore Energy recovered well last year. Seabed Intervention in particular made a good contribution in this respect with both the successful completion of projects and numerous new developments. Work started in El Salvador, where we will connect an offshore Floating Storage and Regasification Unit to an onshore power plant and a new contract was won for the seabed preparation of the Fécamp wind farm offshore Normandy, France. In the area of renewables, Subsea Cables also had a very busy year, with cable-laying projects including Borssele Alpha and Beta, Hornsea 2, Triton Knoll and Ostwind 2 - the largest cable project in our history. In 2020, we set new records in heavy marine transport. The BOKA Vanguard transported both the largest and heaviest cargo ever by a ship: a fish farm of 385 by 60 meters and the FPSO P70, weighing over 91,000 tons. Furthermore, the Forte successfully carried out the float-over installation of the Bokor topside in Malaysian waters. The Bokalift 1 has been busy this year with a number of decommissioning projects: three platforms were dismantled for Neptune Energy and a total of four platform topsides and four jacket foundations were successfully removed as part of the Viking Vulcan 2020 campaign.

We also acquired a spectacular contract for the world's largest floating wind farm: Kincardine. In September, we started with the installation of the anchor spreads on the seabed followed by the transport of the floating foundations on the Fjord from Spain to Rotterdam. In Rotterdam, the floating turbines are being installed on the foundations and then towed to the wind farm off the Scottish coast.

2020 was the first year in which the survey activities of both Gardline and Horizon contributed in full to the group's results. Early 2020, the remaining shares in Horizon were acquired. Despite a weaker start to the year due to the cocktail of weather, COVID-19 and the low oil price, a strong summer season and lots of surveying for the renewables market offset the difficult start. At the start of the new year we acquired the subsea activities of Rever Offshore, formerly known as Bibby Offshore. This acquisition enables us to strengthen our market position in the North Sea and will bring synergies by combining it with our current activities.

SALVAGE

Salvage has had one of the busiest and most successful years in its rich history. Notable projects include the salvage of the bulk carrier Stellar Banner that ran aground and the emergency response activities for the Japanese bulk carrier Wakashio, which had run aground on a coral reef offshore Mauritius. The heavy seas tore the ship apart and it started leaking oil. By removing the bunker fuel, our Salvage colleagues were able to prevent a major environmental disaster. Furthermore, the VLCC New Diamond that was carrying two million barrels of crude oil was salvaged. This vessel ran into difficulties near Sri Lanka after an explosion and fire in the engine room. After successfully extinguishing the fire, our BOKA Expedition towed the crude carrier to the United Arab Emirates, where the crude oil cargo was safely transferred to other vessels.

All in all, it has been a fantastic year for Salvage with a historically high result. It was also a year in which our main competitor Ardent left the market, allowing us to strengthen our position in the Americas.

TRANSFORMATION

Obviously, COVID-19 has caused a lot of disruptions over the past year. In July, we were due to celebrate the tenth anniversary of our successful NINA safety program. Since NINA was introduced, our accident rate has dropped spectacularly. Our Lost Time Injury Frequency fell by no less than 95%! NINA, which was developed entirely in-house, has brought about a genuine transformation of the culture and mentality throughout the company and working without NINA is unimaginable.

Throughout the year we also made major steps in executing our sustainability strategy. We installed more than 5,000 solar panels on the roof of our distribution center in the Netherlands. They produce 1.6 million kWh of green electricity per year, which represents 15% of our domestic needs. And the use of alternative fuels such as biofuels is resulting in a substantial CO_2 reduction on an increasing number of projects in the Netherlands. We have also entered into an alliance with Wetlands International, an NGO dedicated to protecting and restoring wetlands around the world. Not only do these wetlands help to protect coasts, they are also some of the world's largest repositories of carbon dioxide.

After a true roller coaster ride over the last 12 months, I am looking forward with confidence. We may not be there yet, but the end of the pandemic is in sight and as a company we are in great shape with a well-filled order book, a strong financial position, and above all the best team of professionals in the industry. On behalf of the Board of Management, I would like to thank all of them for their commitment, flexibility and dedication over the past year as well as our clients, partners and shareholders for the trust and confidence they place in us.

Peter Berdowski

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COMPANY PROFILE

Boskalis is a leading dredging and marine expert creating new horizons for all its stakeholders.

The mega cutter Krios

In addition to our traditional dredging activities we offer a broad range of maritime services for the offshore energy and renewables sectors. Furthermore, we provide towage services as well as emergency response and salvage-related services.

As a partner we are able to realize complex infrastructural works for our clients within the chain of design, project management and execution on time, safely and within budget, even at vulnerable or remote locations around the world. We strive for a sustainable design and realization of our solutions.

Demand for our services is driven by the structural growth and rising prosperity of the global population, which in turn drives growth in global trade and demand for raw materials and energy. Furthermore, the required energy transition and climate change adaptive measures increasingly create business opportunities for Boskalis. Collectively these macro trends drive demand for maritime infrastructure and as such constitute the key drivers of sustainable growth for our activities.

Boskalis operates worldwide but concentrates on those regions that have the highest growth expectations. This spread gives us both a solid foundation and the flexibility to be able to secure a wide range of projects, as well as providing good prospects for balanced and sustainable growth. Our main clients are governments, port and terminal operators, oil, gas and wind energy companies, mining companies and related EPC contractors and subcontractors, shipping companies, insurance companies and international project developers.

Royal Boskalis Westminster N.V. (Boskalis) has 9,913 employees, including associated companies. The safety of our employees and those of our subcontractors is paramount. Boskalis operates its progressive global safety program No Injuries No Accidents (NINA), which is held in high regard in the industry and by our clients. Our versatile fleet consists of more than 650 vessels and floating equipment, including associated companies. Our head office is based in the Dutch city of Papendrecht. Royal Boskalis Westminster N.V. shares have been listed on Euronext Amsterdam since 1971.

ACTIVITIES

Boskalis is renowned for its innovative approach and specialist knowledge of environmentally friendly techniques. With our great expertise, multidisciplinary approach, versatile state-of-the-art fleet and extensive experience in engineering and project management we have proven time and again that we are able to realize complex projects on time, safely and within budget, anywhere in the world.

DREDGING & INLAND INFRA

Traditionally the core activity of Boskalis is dredging. This involves all activities required to remove silt, sand, clay and other layers from the sea- or riverbed and reusing it elsewhere where possible, for example for coastal protection or land reclamation. The services we provide also include the construction and maintenance of ports and waterways, and coastal defense and riverbank protection. In addition, Boskalis is active in the extraction of raw materials using dredging techniques and dry earthmoving. In the Netherlands, Boskalis also operates as a contractor of dry infrastructure projects. This involves the design, preparation and execution of large-scale civil infra works, such as the construction of roads and railroads, bridges, aqueducts, viaducts and tunnels in addition to dike and riverbank related projects. In doing so, we also perform specialist works such as soil improvement and remediation.

OFFSHORE ENERGY

Through its offshore contracting capabilities and services Boskalis supports the activities of the international energy and renewables sectors, including oil and gas companies and providers of renewable energy such as wind power. We are 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 Boskalis applies its expertise in the areas of marine survey, heavy transport, lift and installation work, as well as diving and ROV services complemented with dredging, offshore pipeline, cable and rock installation.

TOWAGE

In ports and terminals around the world towage and terminal services are provided to oceangoing 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. Smit Lamnalco offers a full range of services for the operation and management of onshore and offshore terminals. These services include assistance with the berthing and unberthing of tankers at oil and LNG terminals as well as additional support services such as pilotage, subsea inspection and maintenance, firefighting, and the coupling and uncoupling of terminal connections. With a combined fleet of over 200 vessels assistance is provided to, amongst others, oil and chemical tankers, container ships, reefers, ro-ro vessels and mixed cargo ships around the world.

SALVAGE

Boskalis provides services relating to marine salvage and wreck removal. We assist vessels in distress and are able to spring into action at any time and anywhere in the world. We are able to do so by operating out of four locations which are strategically situated along 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. We have the advanced technology and expertise needed to remove hazardous substances such as heavy fuel oil from wrecks and boast a successful track record in salvaging vessels and platforms under challenging circumstances.

STRATEGY

We create and protect welfare and advance the energy transition.

BOSKALIS 2020-2022

FOCUS
- Value adding assets
- Creative innovative solutions
- Disciplined and selective tendering
- Operational excellence

SUSTAINABLE GROWTH
- Investments in distinct assets
- Invigorate climate change adaptation
- Advance energy transition
- Carbon neutrality

HUMAN EXCELLENCE
- Strategic workforce planning
- Leadership and talent development
- Knowledge sharing
- Employee engagement

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

Our strategy is elaborated in our three-year business plan. Following a thorough review of our markets and business lines, a new Corporate Business Plan was formulated early 2020 covering the period 2020-2022 that builds on three strategic pillars – Focus, Sustainable Growth and Human Excellence. The new plan as presented in March 2020 was however rapidly overtaken by the COVID-19 pandemic.

It is currently still too early to reliably assess the mid- to long-term impact of COVID-19 on the global economy. However, near-term market developments have obviously been different from the assumptions underlying the 2020-2022 Corporate Business Plan. Notwithstanding this changed environment, significant progress was made with many of the strategic initiatives. A number of plans have been rephased as opposed to cancelled altogether. Nonetheless, a comprehensive review of the current business plan is called for once the COVID-19 pandemic is brought under control and its mid- to long-term impact less ambiguous. Boskalis will therefore review its relevant end-markets in the second half of 2021 with the intent to publish a new Corporate Business Plan for the period 2022-2024 in March 2022.

OUR CONTRIBUTION

Boskalis' activities create economic value while addressing societal needs and challenges. This is also captured in our purpose statement "We create and protect welfare and advance the energy transition". Across the breadth of the group our activities contribute to creating prosperity, for example by facilitating world trade, creating infrastructure as well as new land. Through our dredging and marine salvage activities we offer solutions to protect valuable areas and assets. Our coastal defense and riverbank protection activities protect society and the natural environment from the consequences of climate change, rising seas levels and extreme weather events. Our marine salvage business helps to prevent environmental disasters and recovers valuable vessels and their cargo. With our offshore energy activities, in particular through our offshore wind business, we help to advance the energy transition. Together these activities contribute significantly to achieving the UN Sustainable Development Goals (SDGs).

BUSINESS DRIVERS

In monitoring and developing our corporate strategy we keep a clear eye on the long-term megatrends that underpin the Boskalis business model.

A key driver of our business model is the continued growth of the global population, projected to rise by more than 1 billion persons to approximately 9 billion by 2040. By then almost 70 percent of the people together with associated assets and infrastructure will live on 0.5 percent of the world's land area, much of it in close proximity to water and some of this land will be reclaimed. Furthermore, long-term economic projections show that emerging markets will outgrow the advanced economies and that the average global Gross Domestic Product (GDP) per capita is expected to have increased by 50 percent by 2040. This growing and more affluent population living in coastal regions underpins the other drivers of our business: world trade, energy consumption and climate change.

Infrastructure services are the backbone of development – they support essential services required to meet economic and financial, social and environmental objectives. In particular, the building of trade-related infrastructure is recognized as a key element to help accelerate progress towards achieving the UN Sustainable Development Goals (SDGs).

Global trade is expected to roughly keep pace with economic growth. Particularly in Asia, interregional shipping is anticipated to further increase. Boskalis continues to benefit from the trend towards larger vessels with deeper drafts. In ports these vessels require deeper access channels and larger and deeper berths and turning basins, creating primarily opportunities in the area of dredging.

As a consequence of the above-mentioned demographic and economic developments, energy demand continues to increase. Part of this demand can be served from existing sources, however significant new investments are required to meet this rising demand. The energy infrastructure required to meet this need presents a challenge on multiple fronts. The International Energy Agency (IEA) estimates USD 44 trillion is required in new energy supply infrastructure in the period up to 2040. While an annual expenditure of USD 45 billion is required to address UN SDG 7 to deliver affordable, sustainable and reliable access to modern energy services.

Whilst the energy transition is driving growth in renewables, traditional fossil energy sources will continue to be indispensable for the foreseeable future. Oil, natural gas and even coal are expected to remain significant components of the global energy mix and absolute fossil fuel volumes are predicted to grow in the

The anchor handling tug Manta towing a floating wind turbine to the Kincardine offshore floating wind farm in Scotland short and medium term. A more rapid energy transition – consistent with meeting the Paris climate goals – would also create substantial new opportunities for Boskalis. Within such a faster energy transition, the share of coal and oil in the energy mix would strongly decline and be offset by an even sharper growth in renewables and gas – the two most relevant energy markets for Boskalis. Through our projects and business activities we have an important role to play in advancing the energy transition. We are one of the leading players in the offshore wind market with a strong position in the installation of cables and turbine foundations. Through these projects we are helping to make renewable electricity available and attractive to clients and consumers.

Climate change continues to rise up the global agenda and Boskalis can play a valuable role in the necessary adaptation. The UN recognizes the rising gap between current progress and global goals to limit global warming. The opportunity for businesses to step up to the challenge is bigger than ever. The 2018 special report from the Intergovernmental Panel on Climate Change (IPCC) incontrovertibly states that the effects of climate change cannot be fully prevented. Approximately 3.5 billion people, half the global population, live within 60 kilometers of the coast and 75 percent of major cities worldwide are located on the coast, many of which are at risk from the effects of climate change. Furthermore, 1.1 billion people live in flood-prone areas at threat from both rivers and seas. Without additional investments annual coastal flood damages are projected to increase 100 to 1,000 times by the end of this century. It is estimated that annual investments of USD 77 billion are required to keep flood risks at their current levels. Raising the safety levels to Dutch standards would result in a tenfold increase of these annual investment needs.

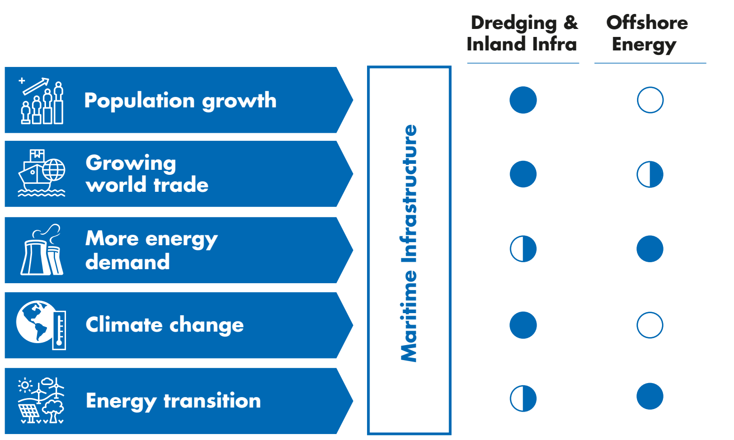


Figure 1: Boskalis business drivers and related activities

In summary, the mid- to long-term development of macro trends relevant to Boskalis are all positive. The structural growth and rising prosperity of the global population that increasingly lives in coastal areas drives demand for raw materials and energy and stimulates global trade. Climate change necessitates massive investments in the energy transition away from fossil fuels towards renewable energy sources. Given the unavoidable changes that are already locked in as a result of current and near-term emissions, the damaging effects of climate change will nonetheless increase over the next decades. Adequately addressing these effects through adaptive measures also requires very substantial investments. Collectively these macro trends propel the demand for maritime infrastructure and as such constitute key drivers of sustainable growth for our activities. This is irrespective of unpredictable and potentially less favorable short-term developments in some of the regions and markets where Boskalis is active.

Since its inception in 1910, Boskalis' raison d'être has been to create and to protect infrastructure through innovative solutions to challenges in the maritime, coastal and delta regions of the world. The importance of our climate change adaptive solutions will only increase with time and through our renewables business, we strive to advance the energy transition. Looking to the future, our purpose seems more relevant than ever.

DIVISIONAL REVIEW

DREDGING & INLAND INFRA

Dredging & Inland Infra is focused on market segments with structural growth. In the short-term the rate at which the market is expected to grow is uncertain as governments struggle to agree on budgetary priorities in the wake of the COVID-19 pandemic. However, public spending is recognized as having a stimulating effect on private spending and has a larger impact on GDP via the multiplier effect, making infrastructure an attractive priority theme. Boskalis holds an important position in this relatively consolidated market and has a very strong global presence, which puts the company in a good position to take advantage of forthcoming prospects.

Based on market assessments carried out late 2019, Boskalis estimated the global dredging market for hopper and cutter dredger projects to have a contract value in the order of EUR 56 billion. Based on project awards in 2020 and the current tender pipeline, this pre-COVID-19 assessment still looks reasonable, albeit that the decision-making process to award projects has lengthened in the last 12 months.

Climate change is one of the greatest threats facing humanity with potentially far-reaching and devastating impact on people, the environment, and the economy. As previously mentioned, the investments needed to adequately protect coastal regions are immense. Therefore, accelerating climate change adaptation is a human, environmental, and economic necessity. The dredging industry is uniquely positioned to offer adaptive solutions as sea levels continue to rise, extreme weather events surge and their damaging impact becomes more apparent.

Boskalis strives to execute its projects in a sustainable and responsible manner. We have set ourselves the ambition to be climate-neutral by 2050, which sets us on a journey through uncharted territories. To reduce our emissions, a successful 'Boskalis on Bio' program has been developed in partnership with GoodFuels and Wärtsilä. We see biofuels as one of the alternatives to accomplish substantial CO_2 reductions and continue to invest in technology and practical experience around other carbon-neutral fuels for our vessel engines in the coming years.

TOWAGE & SALVAGE

The size of our towage business has decreased in recent years following two substantial divestments in 2019. Opportunities to divest the smaller parts of the remaining towage business will be assessed on a case by case basis. The volume of work for Salvage is inherently difficult to predict. Nevertheless, Boskalis continues to successfully leverage its global footprint and permanent presence in ports around the world to grow its Emergency Response business. The importance of our salvage operations from an ESG perspective is gaining external recognition. Through our efforts we protect and recover economic value and avert ecological damage.

OFFSHORE ENERGY

Boskalis offers a broad range of distinctive capabilities to the offshore energy sector, both in oil and gas as well as in offshore wind. The vast majority of our services and assets are market agnostic, capable of supporting all sectors of the offshore energy industry. Increasing energy consumption creates additional opportunities for our traditional offshore activities, whilst the renewables market has substantial further growth potential. Over the past six years, the revenue share of offshore wind has grown from practically nil to more than 45 percent.

Early 2020, near term capital expenditures in offshore oil & gas were expected to grow by an average of over 6 percent per year whilst offshore wind expenditures were projected to increase by more than 22 percent per year. Clearly the COVID-19 pandemic and the resulting slump in oil and gas prices have resulted in a more muted near-term outlook. As yet, there is no common opinion on the pace of the recovery and which sub-markets are likely to benefit. Until the COVID-19 pandemic is brought under control, this ambiguity is unlikely to change.

Marine Transport Services

Boskalis has a leading position in the global heavy marine transport market and is also active in long-distance ocean towage. Boskalis has deliberately positioned itself for the high end of this market with a focused fleet of semi-submersible heavy transport vessels. Currently it holds a substantial market share and based on public information the supply side outlook is fairly stable. Demand for the coming years is expected to primarily comprise of a combination of floating and fixed platforms as well as dry transport opportunities for offshore wind foundations and offshore substations.

Survey

With the acquisition of Gardline in the UK and Horizon in the United Arab Emirates, Boskalis has established a leading position in the marine survey market and strengthened its position in the early-cyclical segments of the renewables and oil & gas markets. In the coming years, survey will continue to serve the traditional oil & gas market whilst the renewables market will potentially outgrow this market with new opportunities in the Asian markets as well as on the east coast of the United States. Relative to the four largest players in this market, Boskalis' share is now approximately 30 percent.

Subsea Services

Boskalis held a relatively modest position in the subsea services market, which it substantially increased through the acquisition of Rever Offshore (former Bibby Offshore) at the end of 2020. With our more prominent subsea market presence, we focus on survey and UXO clearance, diving and Inspection, Repair and Maintenance (IRM) work in shallow water regions in Northwest Europe, Africa and the Middle East. The subsea services market is highly fragmented with the vast majority of players operating just one or two survey and diving support vessels in a specific region.

Installation & Intervention

Installation & Intervention comprises the installation of floating and fixed offshore structures as well as seabed preparation, subsea rock installation and landfall construction. Similar to the other business units the market outlook consists of a mixture of offshore oil & gas and wind energy prospects

Offshore wind

The offshore wind cluster is mostly active in the transportation and installation of turbine foundations and substations as well as the installation of export and array cables. Boskalis' share in the European offshore wind market ranges from around 10 percent (foundations) to around 35 percent (cables). The company is committed to maintaining a strong presence in the European market as well as to build a position in the Far East and east coast of the United States.

STRATEGIC FRAMEWORK

The Boskalis strategy is a logical progression from our purpose and mission:

Purpose – We create and protect welfare and advance the energy transition.
Mission – We strive to be the leading dredging and marine contracting experts, creating new horizons for all our stakeholders.

The strategic course for the coming period is based on the following three pillars: Focus, Sustainable Growth and Human Excellence.

FOCUS

Value-Adding Assets

Boskalis' strength lies in deploying its own assets combined with additional interrelated core competencies to add value for our clients. Boskalis will sustain its success as long as we have the right assets and people to execute our specialized activities for our various client bases.

We aim to achieve the optimum balance between margin maximization and fleet utilization by operating our assets at various points on the S curve (see figure 2). We have clients who require us to deliver integrated, innovative services or turnkey solutions. In order to meet these client requirements, we need competencies that complement and reinforce each other, such as innovative engineering combined with financial and operational expertise. In addition, we need to be capable of acting as lead contractor with project management experience and a successful track record being of great importance. In this part of the market, with its higher margin potential, we expressly position ourselves towards the top of the S curve.

Our more straightforward services and assets are positioned at the lower half of the S curve. Most of these assets also support our contracting projects but a large part of this business segment is

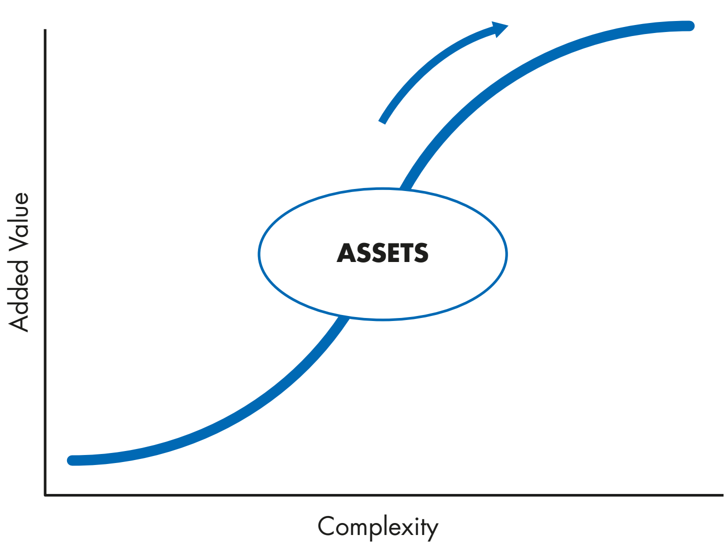


Figure 2: S curve – creating value with assets

third-party services revenue. Here the emphasis lies on sustaining fleet utilization levels whilst maintaining a responsible risk profile, with cost leadership being an important prerequisite.

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

Key achievements in 2020:

- Within the Offshore Energy division an interesting new market is currently developing: floating offshore wind. With our versatile heavy transport fleet, our seabed and subsea capabilities, large anchor handling vessels together with our project management and engineering skills, we are uniquely positioned to offer a one-stop-shop solution for this rapidly growing market.
- The BOKA Vanguard proved its value-adding potential again in 2020 by setting two new records. Firstly, weighing 91,000 tons the FPSO P70 was the heaviest cargo ever transported by ship. The FPSO was transported from China to Brazil. Furthermore, the BOKA Vanguard transported the largest cargo ever – a complete fish farm measuring 385 meters by 60 meters. This cargo was transported from China to Norway.

Disciplined and selective tendering

Market conditions are expected to remain challenging as surplus capacity still persists and clients continue to ask more value for money. This requires us to be disciplined and selective in the (pre) tender phase, focusing on projects that sit well within our profile of core competencies allowing for an equitable risk/reward (cash) balance.

Key achievements in 2020:

- The outbreak of COVID-19 clearly had immediate implications for our clients and in general resulted in more protracted tender procedures. Nonetheless, we were able to increase the amount of work in the backlog from the record amount of EUR 4.7 billion at the end of 2019 to a new all-time high of EUR 5.3 billion. The focus of the tender team on the New Manila Airport project deserves a specific compliment which was rewarded with the contract award mid December.

Capital allocation and returns

Our capital allocation guideline aims to distribute and invest the company's financial resources in ways that optimize returns. Safeguarding profitability margins also requires a continued focus on operational excellence whereby problem-solving capabilities, teamwork and leadership drive the ongoing improvement of our processes and practices.

Key achievements in 2020:

- As a consequence of the COVID-19 outbreak, Boskalis further sharpened its strong focus on cash management. This included limiting non-project-related expenditure and optimizing working capital to preserve the strong financial position. Capital allocation decisions were also reviewed resulting in a nearly halving of the original capital expenditure plan for 2020, the decision to not pay-out the financial year 2019 dividend and the temporarily suspension of the share buyback program. These measures had a positive effect on cash flow of approximately EUR 300 million and contributed to a strong net cash position.
- Boskalis financed its mega suction cutter dredger Krios through an innovative Export Credit Agency (ECA) covered loan, the first ECA insured loan of its kind in the Netherlands. With this EUR 121 million facility, Boskalis refinanced a substantial part of the construction costs of the Krios. Besides an attractive all-in rate of slightly less than one percent, the long duration of the facility matches extremely well with the long economic lifetime of the vessel.

SUSTAINABLE GROWTH

Invest in differentiating assets

There are various ways in which we can grow the business and we will consider our options as and when opportunities arise. Ways of expanding include building new assets, although this will only be considered for unique assets that cannot be purchased second-hand, or by buying existing assets in the market.

Key achievements in 2020:

- The Krios, a sister vessel to the mega cutter suction dredger Helios, was delivered late 2020. With these two state-of-the-art cutters, Boskalis has completed its cutter fleet rejuvenation program which included a review and rationalization of the old cutter fleet.
- During 2020, the conversion and development of the unique 4,000-ton crane vessel Bokalift 2 was ongoing and is expected to be completed in 2021. This vessel will initially be deployed for wind turbine foundations.
- In January 2021, the multipurpose DP2 offshore construction vessel BOKA Tiamat was added to our offshore fleet. The vessel will be deployed on offshore wind projects in Taiwan. The vessel underwent a retrofit which allows reduced fuel consumption and emissions.
- A brand new supply vessel has been modified into a state-of-the-art geophysical survey vessel, the Ocean Resolution, which entered service in February 2021. Early 2021, another platform supply vessel was acquired from the market that will also be modified into a survey vessel.
- As of 2020, Boskalis holds all of the shares in the Horizon Group. With the full control over Horizon, Boskalis has strengthened its position in marine survey and together with Gardline is capable of serving clients from the US East coast through to Asia.
- In April 2020, Boskalis acquired the maritime emergency response specialist Ardent Americas LLC. Through this acquisition Boskalis further strengthens its existing position in the US maritime salvage market.
- Late 2020, Boskalis acquired Rever Offshore's subsea services business. The Aberdeen based company with its two large diving support vessels will be combined with Boskalis' existing subsea activities. On the important North Sea subsea market, Boskalis is now a solid top three player opening up ample opportunities for operational efficiencies and synergies.

The BOKA Vanguard loaded with the nearly 70,000-ton Argos floating production unit

Invigorate climate change adaptation
We continue to promote ecologically and socially responsible alternatives to our clients. To invigorate climate change adaptation, we will further invest in sustainable coastal protection technology such as 3D printed reefs, mangrove restoration, polders and sand engines.

The huge climate change adaptation investments needed to protect and promote human prosperity will not materialize automatically overnight. It will require close(r) cooperation between governments, businesses and development finance institutions. By conducting focused dialogs with key stakeholders, we can assist in systematically identifying the main barriers to private and public climate change project financing and help develop solutions.

Key achievements in 2020:
- In 2020, we formed an internal climate adaptation workgroup to address challenges and to identify and accelerate opportunities that would both add commercial value for our business, and create sustainable protective measures for the environment and communities living in coastal areas. The workgroup has identified a variety of adaptation themes where Boskalis can add value, such as Soft Coastal Defenses, Polders & Pumping Schemes, Small Island States and Ecosystem Restoration. During the course of 2020 the group identified a range of tangible projects across these themes that deliver both social, business and environmental value.
- At the end of 2020, we launched a pilot project in Panama together with three partners: the local NGO Reef2Reef, environmental organization Coralive and the Maritime University of Panama. The project, which is located some 65 kilometers off the coast north of Panama City, in the Caribbean Sea, includes a series of tests of modular concepts that could provide a solution to the challenges of the large-scale construction of artificial reefs.

For a more detailed overview of our recent sustainability achievements, please refer to our latest Sustainability Report (boskalis.com/reports).

Climate neutrality
To support the sustainable growth of our business we commit to being climate neutral by 2050. Most of our carbon emission is caused by our global fleet that constitutes a large installed base of fossil-fueled engines. We continue to invest in technology and practical experience around carbon-neutral fuels for our vessel engines, including biofuels, methanol, ammonia and hydrogen.

Additionally, we explore the possibilities of new energy conversion technologies such as (hydrogen) fuel cells. To help advance the timely industry-wide adaptation of these alternatives we aim to further develop these alternatives in close collaboration with the main European maritime industry players.

Key achievements in 2020:

- We installed more than 5,350 solar panels on the roof of our distribution center in Vlaardingen, the Netherlands, generating around 15% of our total energy consumption in the Netherlands.
- In 2020, 80% of our tenders in the Netherlands incorporated a sustainability component of which over 90% were climate related. On successful tenders, we typically work with our client to develop a sustainability plan. The carbon reduction measures are often a combination of project design, the use of low carbon fuels and increased energy efficiency.
- Boskalis continues to research alternative fuel types – ultimately, cleaner fuels will be the biggest enabler of global, sustainable business practices. Besides the continued application of biofuel in projects, we are part of a global initiative looking at the potential of hydrogen for the shipping industry, as well as a joint industry project, Green Maritime Methanol, exploring the possibilities methanol could hold for the industry. Furthermore, in 2020 we became part of a joint academic and private sector consortium 'Clean Shipping' led by the Delft University of Technology. This research will advance knowledge for the scaling of sustainable biobased value chains for maritime biofuels.

For a more detailed overview of our recent sustainability achievements, please refer to our latest Sustainability Report (boskalis.com/reports).

HUMAN EXCELLENCE

Our clients demand more integrated and innovative solutions and expect us to have a thorough understanding of their operating environments and stakeholders. Additionally, they expect us to provide ever more value for money often in combination with increased local content requirements. The fact that technology is commoditizing rapidly and capital is in abundance at low cost, makes human capital the main differentiator for a sustainable competitive advantage.

In view of the above, recruitment, retention and development of excellent staff is considered the main pillar of our strategic framework. For this purpose, we have intensified the development and implementation of initiatives and tools to source the right talent from the international labor market as well as to monitor, develop and steer internal talent and improve internal mobility. We will also continue to refresh and optimize our HR-processes around performance management, leadership- and talent development, knowledge sharing and employee engagement.

Key achievements in 2020:

- In light of the COVID-19 pandemic, we moved our recruitment activities online, creating 'e-house' days instead of in-house days, and promoting them through social media. By digitally interacting with potential new employees, we were able to conduct conversations with candidates from all over the world, broadening our reach and our access to professionals with strategically important competencies.
- With so many of our employees working at home, or away on ships for longer periods than usual due to COVID-19 related (travel) restrictions, we undertook a range of initiatives to keep our employees motivated and engaged. Details of all these initiatives can be found in the special COVID-19 section of our Sustainability Report.
- In 2020, we set ourselves the target of improving internal mobility and retention as well as for reviewing and refreshing our approach to performance management and talent development. Development tracks have been developed for employees involved in primary processes, a development toolbox for teams and individual employees and a new Development Framework were introduced.

For a more detailed overview of our talent management and engagement results, please refer to our latest Sustainability Report (boskalis.com/reports).

IN CONCLUSION

What was expected to be the promising start of an auspicious new business plan period has turned into a period in which the COVID-19 pandemic has dictated our daily lives. We entered 2020 on a very solid basis, both in terms of business fundamentals and financial resilience. In addition, we have a strong global client base, highly committed and passionate employees and a state-of-the-art versatile fleet.

Despite the immediate impact of COVID-19 on our day-to-day operations, good progress was made on many of the strategic initiatives that successfully strengthened the company. Furthermore, the balance sheet remained extremely solid, selective acquisitions were completed and we ended 2020 with a record high orderbook. We expect the COVID-19 pandemic will gradually be brought under control in the coming six to twelve months. Boskalis will again review its relevant end-markets in the second half of 2021 with the intent to publish a new Corporate Business Plan for the period 2022-2024 in March 2022.

A healthy balance sheet is essential for our lines of business. We believe a net debt/EBITDA ratio in a range of 1 to 1.5 throughout the cycle to be appropriate for our mix of activities. We expect to be at or below this range in the coming years, both as a matter of prudence and in order to have the flexibility to further expand if opportunities present themselves.

We remain committed to our shareholders and maintain our current dividend policy which is based on distributing 40-50 percent of the net profit from ordinary operations. Whilst depressed earnings are recovering, a stable all cash dividend with a higher payout ratio is expected to continue. Furthermore, the current share buyback program is expected to be completed in the course of 2021. Subject to market conditions at that point in time a new share buyback program may be considered.

SHAREHOLDER INFORMATION

We strive to inform our stakeholders as completely as possible and to provide insight into the strategic direction and performance of the company. These efforts should allow for an accurate valuation of the Boskalis share over time.

The submerged BOKA Vanguard and its unloaded cargo, the 91,000-ton FPSO P-70 in the background in Rio de Janeiro, Brazil

INVESTOR RELATIONS POLICY

Providing clear, transparent, accurate and timely information to our stakeholders is something we value highly. We consider our financial stakeholders to include existing and potential shareholders, other investors, banks and brokers as well as the media. Relevant information is equally and simultaneously provided to all interested parties and is made available through annual, semi-annual and quarterly updates, press releases, presentations to investors and the Boskalis website. To build and maintain long-term relationships with our stakeholders we organize roadshows, attend conferences and accommodate meeting requests and conference calls where feasible, while adhering to all legal disclosure regulations and obligations.

Bilateral meetings and conference calls with analysts and existing or potential shareholders are not held during 'closed periods'. Our policy of holding bilateral meetings with shareholders is set out in the Investor Relations section on our corporate website.

OPEN DIALOG

Following the publication of the annual and half-year results, we host comprehensive plenary analyst meetings, which can also be followed through a webcast. Following important announcements, we also contact shareholders proactively and we maintain regular contact with major investors and analysts, for example by providing the opportunity, where feasible, to visit a project or a vessel.

Early 2020, we presented our new corporate business plan for the period 2020-2022. Normally, we would have been on the road presenting this in the months thereafter, however the COVID-19 pandemic also impacted both the immediate interest in the business plan and the ability to partake in the customary roadshow and investor conference programs. In the early part of the pandemic, investor interaction was focused on responding to incoming enquiries how the pandemic was impacting our day-to-day business. Throughout the year, we interacted with investors by means of online meetings both during virtual conferences and virtual roadshows. This included meetings with investors located in Belgium, Canada, Finland, France, Germany, the Netherlands, Spain, Switzerland, the UK and the US. The total number of meetings held in 2020 was approximately 130, substantially less than in prior years and due to COVID-19.

Boskalis is covered by all the major Benelux brokers. We are in frequent contact with their analysts, who play a key role in distributing information to their clients about the markets in which Boskalis operates. In 2020, HSBC initiated research on Boskalis.

Due to the developments surrounding COVID-19, Boskalis postponed the Annual General Meeting of Shareholders (AGM) from the planned date of 13 May to 30 June 2020. For health and safety reasons, the AGM was held as a virtual meeting with a webcast that was broadcast to the shareholders. More information on the AGM can be found on our corporate website.

DIVIDEND

The main principle underlying the Boskalis dividend policy is to distribute 40% to 50% of the net profit from ordinary operations as dividend. At the same time Boskalis aims to achieve a stable development of the dividend in the longer term. The choice of dividend takes into account both the company's desired balance sheet structure and the interests of shareholders.

In view of the global developments related to COVID-19, Boskalis announced on 2 April 2020 that various proactive measures were taken to keep a strong focus on the cash management of the company, such as minimizing the non-project related out-of-pocket expenses, optimizing the working capital and halving the investment program. Given these developments and to preserve the strong financial position of the company, Boskalis decided not to schedule a dividend proposal over the financial year 2019 for the agenda of the AGM, thereby deviating from its dividend policy. The full net result of EUR 74.9 million was therefore added to the retained earnings.

REPURCHASE AND CANCELLATION OF SHARES

Early 2019, Boskalis announced and initiated a EUR 100 million share buyback program of which 46.8 percent was completed at the end of 2019. The share buyback program was temporarily suspended on 3 April 2020, as part of the abovementioned COVID-19 related steps taken to preserve cash. The program was resumed on 21 August and as per the 31 December 2020, 76.2 percent of the program was completed.

To reduce its share capital, Boskalis canceled 5,100,506 ordinary shares held in treasury on 17 December 2020. The treasury stock was acquired by Boskalis through its share buyback programs. The total number of issued ordinary shares now amount to 130,277,832 with 57,572 held as treasury stock as per 31 December 2020.

SHARES AND LISTINGS

Ordinary shares in Royal Boskalis Westminster N.V are listed on the Euronext stock exchange in Amsterdam, the Netherlands (ticker BOKA.AS, ISIN code NL0000852580). Options on ordinary Boskalis shares are traded on the European Option Exchange in Amsterdam (Euronext.liffe). Boskalis shares are included in the AMX-index.

The authorized capital amounts to EUR 4.8 million with 240 million ordinary shares and 80 million cumulative protective shares, with a respective nominal value per share of EUR 0.01 and EUR 0.03.

MAJOR SHAREHOLDERS

Under the Dutch Financial Markets Supervision Act, shareholdings of 3% or more in any Dutch company must be disclosed to the Netherlands Authority for the Financial Markets (AFM). According to the register kept by the AFM the following shareholders disclosed that they have a direct or indirect (potential) interest in Boskalis as at 31 December 2020:

HAL Investments B.V.: 43.82%*
Sprucegrove Investment Management Limited: 5.16%
Marathon Asset Management: 3.57%
Black Creek Investment Management, Inc.: 3.03%

** According to the 2020 half year disclosure of HAL Holding N.V.*

Besides these large shareholders, an estimated 17% of the shares are held by shareholders in the US plus Canada, 7% in the UK and the remainder in mainly Spain, Norway, France and the Benelux.

SHARE INFORMATION

In 2020 approximately 59 million Boskalis shares were traded on Euronext Amsterdam and the average daily trading volume was nearly 230,000 shares (2019: 299,219). The 2020 closing share price was EUR 22.58, fractionally lower compared to the end of 2019 and the market capitalization decreased in the course of the year to EUR 2.94 billion.

	Note	**2020**	2019	2018	2017	2016
High share price (in EUR)	*(1)*	**23.50**	25.42	32.58	35.51	37.60
Low share price (in EUR)	*(1)*	**14.14**	16.48	20.10	27.08	27.89
Close share price (in EUR)	*(1)*	**22.58**	22.73	21.47	31.43	32.99
Average daily trading volume	*(1)*	**229,969**	299,217	598,044	507,778	492,136
Number of issued ordinary shares at year-end (x 1,000)	*(2)*	**130,220**	131,727	134,068	130,677	130,077
Average number of outstanding shares (x 1,000)		**130,954**	133,248	132,492	131,097	128,205
Market capitalization year end (in EUR billion)	*(3)*	**2.94**	2.99	2.88	4.11	4.29
Enterprise value year end (in EUR billion)	*(4)*	**2.49**	2.97	3.01	4.23	4.09
Profit per share (in EUR)		**0.69** (5)	0.56	0.63 (5)	1.15	2.16 (5)
Cash flow per share (in EUR)		**2.48** (5)	2.55	2.41 (5)	3.07	3.62 (5)
Dividend per share (in EUR)		**0.50**	none	0.50	1.00	1.00
Pay out ratio %	*(6)*	**72%**	n/a	79%	87%	46%
Dividend yield %	*(7)*	**2.2%**	n/a	2.3%	3.2%	3.0%

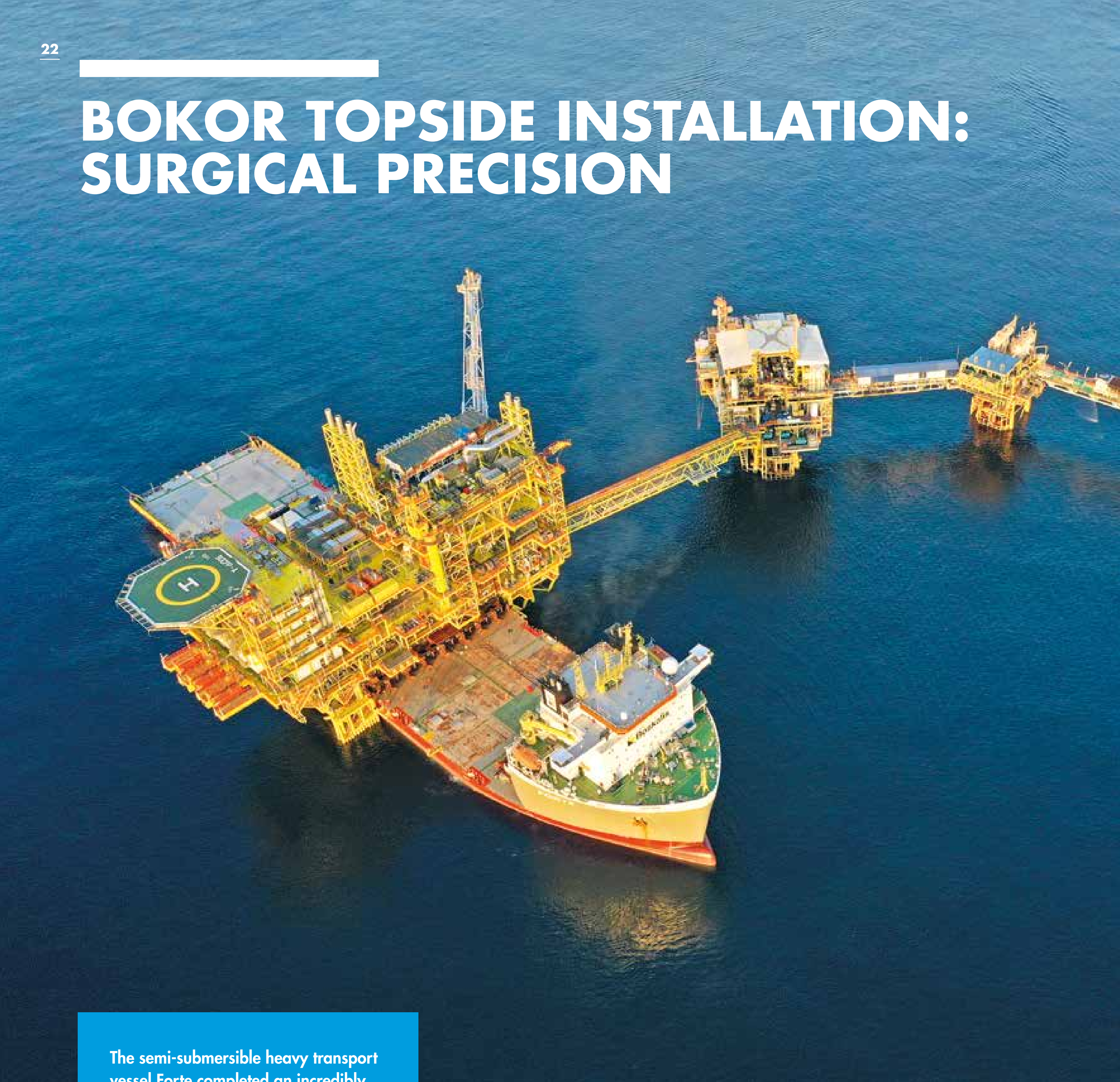
Figures taken from the respective financial statements unless otherwise stated
(1) Nasdaq IR Insights
(2) Number of outstanding ordinary shares minus the number of shares owned by the company as at 31 December
(3) Market capitalization: total number of outstanding ordinary shares minus the number of shares owned by the company as at 31 December x share price at year-end
(4) Enterprise value: market capitalization plus net debt
(5) Excluding exceptional charges
(6) Payout ratio: dividend per share divided by profit per share
(7) Dividend yield: dividend per share divided by share price at year-end

Cable-laying vessel Ndeaver

FINANCIAL AGENDA 2021

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
14 May 2021	Ex-dividend date
17 May 2021	Record date for dividend entitlement (after market close)
24 May 2021	Date of dividend payment
19 August 2021	Publication of 2021 half-year results
12 November 2021	Trading update on third quarter of 2021

BOKOR TOPSIDE INSTALLATION: SURGICAL PRECISION



The semi-submersible heavy transport vessel Forte completed an incredibly precise float-over installation offshore the Malaysian part of Borneo in August 2020. The accurate positioning of the 11,238-ton Bokor CPP-A topside was the climax of a major project involving colleagues from various disciplines at Boskalis.

The preparations included fitting out the Forte with a dynamic positioning (DP2) system that automatically controls the position and course of the vessel with thrusters and an advanced control system. The system can be used not only in joystick mode but also in auto position and auto track modes. All three methods were used during the different phases of the float-over to achieve the required accuracy. The specific conditions on the Bokor project, and particularly the limited space for maneuvering the Forte at the offshore location, were the immediate reasons for installing the DP2 system. “Without DP2, tugs and anchor handlers would have been required to anchor and position the Forte. In this case with dynamic positioning we could execute the operation safer, faster and more efficient,” explains Ronald Goetheer, operations director Heavy Marine Transport.

COVID-19

The COVID-19 pandemic had a huge impact on the project. Closure of the borders also meant that far more permits than usual were needed to enter Malaysia. Team members had to go into quarantine on board for two weeks before the operation started. Afterwards, everyone had to be isolated in Malaysia for another two weeks before being allowed to travel home. The strict regulations and the lack of clarity about the timing of the operation made the work particularly demanding. “We had planned to start in April but everything was delayed for about four months,” says Goetheer. “Given the imminent monsoon season, we knew the float-over had to take place no later than August. A demanding operation like this can only be executed when wind speeds are low and wave heights are minimal.”

LOAD-OUT

The CPP-A topside production platform was built at a yard in Pasir Gudang, Malaysia, just north of the Singapore border. The load-out – taking the topside on board in a skidding operation – took place in July. This is a precise process in which the topside slides over a pre-prepared track – the skid track – at exactly the right speed. The topside was positioned on board on a dedicated support structure. During the operation, which took twelve hours, there were constant consultations with the people at the yard to make sure that everyone complied precisely with the agreed procedures. The team kept the vessel at exactly the right height with respect to the quay in line with a detailed ballast plan that was accurately executed by the Forte crew. A load-out is always a tense operation but everything went exactly according to plan.

FLOAT-OVER

After seafastening the cargo, the Forte commenced her two-and-a-half day journey to the Bokor field offshore Borneo. Before the start of the float-over on 3 August, a virtual operation was rehearsed extensively to familiarize the DP crew with the equipment and conditions during the execution phase. Shortly before the actual operation, the entire DP2 system was checked again during a trial, taking into account the weather conditions at that time. “It was genuine precision work,” explains Goetheer. “The Forte has a beam of 43 meters and the topside had to be installed in an opening between two jackets measuring 43 meters and 18 centimeters. So there was less than ten centimeters of space on either side of the vessel.”

At the offshore site, the Forte was ballasted so that the topside was raised about one meter above the jacket. Using the information from the survey systems, the vessel then slowly reversed until cameras at the four corners showed that exactly the correct position had been reached. Subsequently the ballast system was used to manipulate the draft exactly and the topside was positioned on the corners of the jackets. “Everyone is tense during an operation like this and, of course, it was a huge relief for the entire team aboard the Forte after this precision job was completed without a hitch,” says Goetheer. “After each project we review any mistakes made during the execution, so we can learn from it for similar assignments in the future. In this case, that review session didn’t take much time because this operation went perfectly. A big compliment to all Boskalis colleagues involved!”

REPORT OF THE SUPERVISORY BOARD

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

REPORT OF THE SUPERVISORY BOARD

The Supervisory Board wishes to thank the employees and the Board of Management of Boskalis for the commitment, creativity and flexibility they have shown in 2020, especially considering the COVID-19 pandemic and the current market conditions.

In accordance with Article 26 of the Articles of Association of Royal Boskalis Westminster N.V., the Supervisory Board presents the 2020 annual report to the Annual General Meeting of Shareholders. The annual report, including the report of the Board of Management, the statement of directors' responsibilities and the financial statements, was drawn up by the Board of Management. The financial statements are accompanied by the report of the company's external auditor Ernst & Young Accountants LLP (EY), which is included on pages 148 to 153 of this report.

We recommend the following to the Annual General Meeting of Shareholders:
- the adoption of the financial statements, including the proposed profit appropriation;
- the discharge of the members of the Board of Management in respect of their management activities during 2020;
- the discharge of the members of the Supervisory Board for their supervision of management during 2020;
- the distribution to shareholders of a cash dividend of EUR 0.50 per ordinary share.

COMPOSITION OF THE BOARD OF MANAGEMENT

The Board of Management consisted of four members at the start of the 2020 reporting year. No changes to the composition of the Board of Management occurred during the year under review.

COMPOSITION OF THE SUPERVISORY BOARD

At the start of 2020, the Supervisory Board consisted of seven members. At the Annual General Meeting of Shareholders on 30 June 2020, Mr. Hazewinkel and Ms. Haaijer stepped down as members of the Supervisory Board. The Supervisory Board regularly reviews whether the composition and size of the Supervisory Board matches the Profile of the Supervisory Board and the strategy of the Company. In that context, the Supervisory Board has decided that this is safeguarded by a Supervisory Board consisting of six members. The Supervisory Board has therefore announced that only a single vacancy for the Supervisory Board needed to be filled. To fill this vacancy, Ms. Jones-Bos was appointed by the Annual General Meeting of Shareholders as member of the Supervisory Board commencing on 30 June 2020 until and including the Annual General Meeting of Shareholders in 2024. Mr. de Kreij was appointed as Deputy Chairman and financial expert of the Supervisory Board. Mr. Sperling is industry expert for contracting and projects and Mr. Van der Veer for the oil and gas markets. No further changes to the composition of the Supervisory Board occurred during the year under review. As a result, as from 30 June 2020, the Supervisory Board consists of six members.

ACTIVITIES OF THE SUPERVISORY BOARD

The Supervisory Board held five regular meetings with the Board of Management and Group Management of the company. In addition, an extra meeting of the Supervisory Board was organized in December 2020 to discuss the impact of the COVID-19 pandemic on the company and the physical and mental wellbeing of the employees. The Supervisory Board also attended a special workshop on the preparation and execution of tender procedures for large and complex projects.

The attendance rate at the meetings of the Supervisory Board is for all Supervisory Board members 100%, apart from Ms. Tammenoms Bakker, who missed one meeting in January 2020. The Supervisory Board met via Microsoft Teams from March 2020 onwards due to the COVID-19 preventive measures and restrictions. The Supervisory Board also met several times without the Board of Management being present and there was regular telephone contact between the Chairman of the Supervisory Board and the Chairman of the Board of Management.

Neither transactions with a (potential) conflict of interest, nor transactions with majority shareholders, have occurred in the year under review. The Supervisory Board has discussed the acceptance of supervisory board positions by members of the Board of Management and members of the Supervisory Board at other companies or institutions.

The Supervisory Board held its meetings to discuss the annual and half-year results in the presence of the external auditor, EY.

The most important topic on the agenda of the Supervisory Board in the year under review has been the impact of the COVID-19 pandemic on the market circumstances, the continuity of the operations of the company, the Corporate Business Plan 2020-2022 and the physical and mental wellbeing of the employees. The Board of Management informed the Supervisory Board outside and inside meetings on a very regular basis on the latest developments concerning the precautionary measures taken to ensure the health and safety of its personnel and all necessary steps to continue the business.

The Supervisory Board decided after careful consideration and taking into account the health and safety of shareholders and employees, to postpone the Annual General Meeting of Shareholders due to the COVID-19 pandemic. Instead of the planned physical meeting on 13 May 2020, a virtual meeting via webcast on 30 June 2020 was organized and measures were taken to safeguard the rights of the shareholders in these extraordinary circumstances.

Furthermore, the Supervisory Board discussed the proactive measures proposed by the Board of Management to increase its strong focus on cash generation and preservation, including minimizing the non-project related out-of-pocket expenses, optimizing the working capital and nearly halving the 2020 capital investment program. In addition, the Supervisory Board decided upon recommendations of the Board of Management not to schedule a dividend proposal over the financial year 2019 for the agenda of the Annual Meeting of Shareholders on 30 June 2020 and to suspend the share buyback program as from 2 April 2020. The Supervisory Board agreed to resume the share buyback program again on 21 August 2020.

The Supervisory Board discussed with the Board of Management how challenges were faced to continue projects.

In light of the health and safety of personnel the Supervisory Board addressed the measures the Board of Management has undertaken with regard to the prevention of contamination on vessels, projects and offices, the internal and external communications on this topic, and all actions to support the physical and mental wellbeing of the employees during extended working periods on board of the vessels or on projects, complicated travel arrangements, quarantine and working from home.

Permanent items on the agenda of the Supervisory Board are the strategy, the development of the results, the financials, the safety performance, the industry and market developments and the employees.

Early 2020, the Supervisory Board received a presentation from the Board of Management on the new Corporate Business Plan for the period 2020-2022. The Supervisory Board concluded that the new Corporate Business Plan sets out a strong strategic vision for the period 2020-2022 with a clear sustainability agenda. The plan was however rapidly overshadowed by the COVID-19 pandemic and the near-term market developments are very different from the assumptions underlying the 2020-2022 Corporate Business Plan. Notwithstanding this changed environment, progress was made on many of the strategic initiatives whilst certain plans have been re-phased and postponed. Nonetheless, a full review of the business plan is justified once the COVID-19 pandemic is under control and the mid- to long-term impact is clearer. Boskalis will therefore review its relevant end-markets in the second half of 2021 with the intent to publish a new Corporate Business Plan 2022-2024 in March 2022.

Within the context of the market developments the order book and potential large projects as well as the status of important contracted projects were discussed. During the year under review, subjects addressed included among others the impact of the continuing uncertain market conditions on the company due to the COVID-19 pandemic and the decline in the oil price, the latter affecting mainly the Offshore Energy division.

The Supervisory Board discussed the contracting of large dredging projects such as the award of the EUR 1.5 billion land development project for Manila International Airport in the Philippines. For the Netherlands, the contracting of two dike reinforcement projects were taken into consideration. For Offshore Energy two exceptional transport and installation projects were awarded for the Kincardine floating windfarm off the coast of Scotland and the installation of bridge sections for the world's longest suspension bridge, the Canakkale Bridge in Turkey. For Towage & Salvage the emergency response contracts for the vessels Wakashio and Stellar Banner were discussed.

The Supervisory Board was also informed on the execution of projects such as the Fehmarnbelt tunnel project between Denmark and Germany, the LNG Canada dredging project, the transport of the Havfarm 1, the largest fish farm of the world, as well as the finalization of the Maersk Honam salvage operation. In discussing these projects, the Supervisory Board devoted attention to the various operational, geopolitical, societal, environmental and financial risks, and, where applicable, judged provisions made by the Board of Management.

Other topics under scrutiny in 2020 included the corporate budget, the share price development and relations with shareholders, acquisition and investment/divestment proposals, the organizational structure, personnel and the staffing policies. Specific attention was paid to the company's policy on safety, health and the environment and the societal aspects of doing business and the development of the safety results.

Attention was also paid to sustainability, with a comprehensive discussion by the Supervisory Board of the sustainability report. In the discussion on the new Corporate Business Plan 2020-2022, the Supervisory Board paid among others attention to the energy transition and the valuable role Boskalis can play in the necessary climate change adaptation. In that light also the newly formulated purpose for the company, that Boskalis creates and protects welfare and advances the energy transition, was addressed and found fitting as a sustainable ambition for the company. The Board of Management presented to the Supervisory Board the further initiatives to reduce CO_2 emissions of its fleet by researching the application of other energy sources. The Supervisory Board also paid attention to the agreement signed with the NGO Wetlands International to intensify the existing collaboration to enhance and restore coastal wetlands. These habitats not only support coastal protection and fisheries but also store some of the world's largest quantities of carbon.

The Supervisory Board in addition discussed the introduction of the new comprehensive compliance framework with the updated Boskalis Code of Conduct and its underlying policies as well as the refreshed Supplier Code of Conduct.

The Audit Committee assessed the structure and operation of the internal risk management and control systems associated with the strategy and discussed these with the Supervisory Board. No significant changes to the internal risk management and control systems were made during the year under review. Further information about the company's risk management can be found on pages 62 to 68 of this annual report.

In 2020, the Supervisory Board gave consideration to the acquisitions of Ardent Americas and Rever Offshore, which respectively strengthen Boskalis' activities in the field of emergency response and subsea services.

The regular working visit of the Supervisory Board to a specific region and/or project has been cancelled in 2020 due to the COVID-19 pandemic.

A number of Supervisory Board members met with the Works Council to discuss the impact of the COVID-19 pandemic on the company and its employees, the financial results, the corporate strategy, the conduct and culture of the company, the market developments and personnel matters.

The Supervisory Board has three core committees – the Audit Committee, the Remuneration Committee and the Selection and Appointment Committee. The committees performed their tasks as follows:

AUDIT COMMITTEE

Members of the Audit Committee
At the beginning of 2020, the Audit Committee consisted of four members: Mr. Hazewinkel (Chairman), Mr. Van Wiechen, Mr. De Kreij and Mr. Sperling. Mr. Hazewinkel stepped down as Chairman and member of the Audit Committee on 30 June 2020. Mr. de Kreij succeeded him as Chairman of the Audit Committee and fulfills the function of financial expert in the Audit Committee. At the end of the financial year, the Audit Committee therefore had three members. More than half of the members of the Audit Committee are independent in accordance with the Code.

Duties and responsibilities of the Audit Committee
The duties of the Audit Committee include:
- informing the Supervisory Board of the company of the outcome of the statutory audit and explaining how the statutory audit contributed to the integrity of the financial reporting and what the role of the Audit Committee has been in that process;
- monitoring the financial reporting process and submitting proposals to ensure its integrity;
- monitoring the effectiveness of the internal control system, the internal audit function and the risk management system regarding the financial reporting of the company;
- monitoring the statutory audit of the financial statements and the consolidated annual accounts, in particular the execution thereof taking into account the assessment of the AFM in accordance with article 26, sub clause 6 of EU Regulation 537/2014;
- assessing and monitoring the independence of the external auditor, specifically taking into account the provision of ancillary services to the company;
- determining the procedure for the selection of the external auditor and the nomination for the engagement to carry out the statutory audit in accordance with article 16 of EU Regulation 537/2014;
- advising the Supervisory Board on the approval of the appointment and the dismissal of the internal auditor;
- providing its opinion on the performance of the internal audit function;
- advising on the annual internal audit plan.

Activities during 2020

The Audit Committee met on three regular occasions during 2020. In addition, a meeting was organized regarding the selection of a new external Auditor for 2022 and subsequent years. The attendance rate for the meetings of the Audit Committee was 100%. The Audit Committee met on two occasions via Microsoft Teams due to COVID-19 preventive measures and restrictions. The Committee also held regular telephone consultations outside these meetings.

Like the plenary Supervisory Board, the Audit Committee paid extensive attention to the effects of the COVID-19 pandemic on the company. In particular, they discussed the liquidity and solvability of Boskalis which was ensured during the financial year by proactive measures of the Board of Management to improve the cash position as well as the working capital, including halving the capital investment budget for 2020, introducing a cost savings plan, temporarily suspending the share buyback program and proposing not to schedule a dividend proposal for the agenda of the Annual Meeting of Shareholders on 30 June 2020. The Audit Committee supported the recommendations of the Board of Management to the Supervisory Board to maintain the healthy financial position of the company in view of the uncertain market circumstances.

Regular topics discussed during these meetings included: the financial statements, the (interim) financial reporting for the financial year, the results relating to large projects, the tender procedures and the project risk environment and the management thereof as well as the operating activities, the developments in IFRS standards, the developments in the order book, cost control, the share price developments, and the financing and liquidity of the company. In this context, the Audit Committee reviewed and supported the terms for the refinancing of the revolving credit facility that provides the company with EUR 500 million committed bank financing until April 2025 and two options, each to extend the duration of the revolving credit facility with one year, as well as the export credit facility the company entered into providing EUR 121 million of committed bank financing until October 2032.

The Audit Committee discussed with the Board of Management the internal risk management and control systems and assessed the effectiveness of the design and the operation thereof by evaluating the systems with the Board of Management, the internal and external auditor and senior management. The Audit Committee reported hereon to the Supervisory Board.

Other topics of discussion included the impact of the COVID-19 situation on the financial markets, insurance matters, the company's tax policies, tax position and relevant tax developments, the administrative organization, the provision of adequate information within the company, the relevant legislation and legal proceedings. More in particular, the Audit Committee was informed on the latest developments regarding the Dutch Export Credit Guarantee scheme, which is important for the company to acquire projects overseas. Furthermore, the new transfer pricing structure which was set up in accordance with the OECD guidelines was discussed.

Diving support vessel Boka Atlantis

In addition, the Audit Committee focused more specifically on the framework of the financial reporting and on the recognition in the accounts of the virtually exclusively non-cash exceptional charges mainly consisting of an impairment on goodwill and vessels in two joint ventures, certain cable-laying equipment as well as of a limited number of older vessels in the Boskalis fleet, which are earmarked for scrapping. Furthermore, the Audit Committee addressed the necessary measures to further enhance cybersecurity, the privacy policies and the fraud and anti-corruption policies.

Within the context of the market developments, the order book and potential large projects as well as the status of important contracted projects were discussed. Furthermore, the proposed acquisition of Ardent Americas and Rever Offshore were assessed.

In the Audit Committee, the activities performed by the internal auditor during 2020 as well as the internal Audit Plan for 2021 have been discussed with the internal auditor. Other topics of discussion included a review of the scope of the internal audit function.

In addition to the Chairman of the Board of Management and the Chief Financial Officer, the Group Controller and the external auditor were also present at the meetings of the Audit Committee.

The internal auditor and other officers joined the meetings of the Audit Committee for the topics relevant to their function. The Audit Committee discussed with the external auditor the audit plan as well as the audit fees. The scope and materiality of the audit plan and the principal risks of the annual reporting, as well as the findings and outcome of the control process of the financial statements and management letter, was given consideration by the Audit Committee, whereby the Audit Committee received information on the most important topics of discussion with the external auditor related to the drafts of the Management Letter and the audit reports.

The performance of the external and internal audit functions were assessed by means of discussions with the Board of Management, the internal and external auditor as well as senior management.

The Audit Committee informed the external auditor of the main elements regarding its performance. The Audit Committee also established the independence of the external auditor. The Audit Committee reported its findings on the performance of and the relationship with the external auditor to the Supervisory Board. During the year under review, meetings were also held with the external auditor without the company's Board of Management being present.

During the financial year 2020, the Audit Committee organized an audit tender to advice to the Supervisory Board on the selection of a new external Auditor for 2022 and subsequent years. The proposal for the appointment of a new external auditor shall be scheduled by the Supervisory Board for the Annual General Meeting in 2021.

Reports and findings of the meetings of the Audit Committee were presented to and discussed with the entire Supervisory Board.

REMUNERATION COMMITTEE

Members of the Remuneration Committee

At the beginning of 2020, the Remuneration Committee consisted of three members, with Mr. Hazewinkel as Chairman and Mr. Van der Veer and Ms. Tammenoms Bakker as members. Mr. Hazewinkel stepped down as Chairman and member on 30 June 2020. He was succeeded by Ms. Tammenoms Bakker as Chairman as per that same date. Also on 30 June 2020, Ms. Jones-Bos joined the Remuneration Committee as member. More than half of the members of the Remuneration Committee are independent in accordance with the Code.

Duties and responsibilities of the Remuneration Committee

It is the role of the Remuneration Committee to advise the Supervisory Board on:

- the submission of a clear and understandable proposal concerning the remuneration policy to be pursued for members of the Board of Management with focus on long-term value creation for the company and the business connected with it, which shall take into account the internal pay ratios within the company. The Remuneration Committee shall consider and include all matters required by law, and more in particular the Act Implementation EU Shareholders Directive, and the Corporate Governance Code 2016 (the "Code"). The Supervisory Board shall present the policy to the General Meeting of Shareholders for adoption.
- the submission of a proposal concerning the remuneration of individual members of the Board of Management. The proposal shall be drawn up in accordance with the remuneration policy that has been established and will, in any event, cover the remuneration structure, the amount of the fixed and variable remuneration components, the performance criteria used, the scenario analyses that are carried out and the pay ratios within the company and its affiliated enterprise. When formulating the proposal for remuneration of the Board of Management, the Remuneration Committee shall take note of the views of the individual members of the Board of Management with regard to the amount and structure of their remuneration.
- the preparation of the report on the remuneration policy implemented in the past financial year. The Remuneration Committee shall consider and include all matters required by law and the Code. The Supervisory Board's remuneration report shall be placed on the company's website.

Activities during 2020

The Remuneration Committee met three times during 2020. The attendance rate for the meetings of the Remuneration Committee was 100% for all members of the Remuneration Committee, apart from Ms. Tammenoms Bakker, who missed one meeting in January 2020. One of the meetings was held via Microsoft Teams due to the COVID-19 preventive measures and restrictions. The Committee also held regular telephone consultations outside these meetings.

During the year under review the activities of the Remuneration Committee included:

- informing itself of developments surrounding the remuneration policy for senior management in the Dutch and international markets;
- staying abreast of the latest corporate governance developments in the Netherlands and internationally;

- performing scenario analyses;
- submitting a proposal concerning the remuneration of individual members of the Board of Management in accordance with the law and the Code, wherein among others note has been taken of the views of the individual members of the Board of Management with regard to the amount and structure of their own remuneration in the framework of the remuneration policy;
- discussing with the Board of Management the remuneration of the members of the Group Management, who are not members of the Board of Management;
- evaluating the current remuneration policy;
- holding a consultation round with large institutional shareholders in 2020 to collect feedback on the remuneration policy.

The Remuneration Committee applies for the execution of its remuneration activities a market reference group, that is composed of fourteen Dutch (AEX and AMX-listed) companies that are comparable in terms of size and/or business activities. The market reference group was last revised in 2019 based on relevant size criteria, which resulted in a market reference group consisting of BAM, DSM, Fugro, SBM Offshore, Sligro, VolkerWessels, PostNL, Wolters Kluwer, Arcadis, Vopak, Aalberts Industries, OCI, KPN and TKH Group.

The overview of the activities of the Remuneration Committee is also published in the remuneration report 2020 on the website of the company (www.boskalis.com).

Remuneration policy for the Board of Management
In the remuneration report 2019, the Supervisory Board announced its intention to adjust the remuneration policy for the Board of Management in order to bring the remuneration level more in line with market practice together with the introduction of a long-term share-based incentive plan. In this context, the remuneration committee held a shareholders consultation and prepared a proposal for a revised remuneration policy. In view of recent developments surrounding COVID-19, the Supervisory Board however decided not to schedule this proposal to the agenda of the Annual General Meeting of Shareholders. With the prevailing uncertain market conditions, the Supervisory Board and the Board of Management considered such an adjustment of the remuneration of the Board of Management not to be appropriate. The remuneration policy has therefore only been adjusted to a limited extent, in particular to implement the changes necessary to bring the policy in line with the requirements of the Act on the Implementation of the Revised EU Shareholders' Rights Directive. These changes were tabled for a vote at the Annual General Meeting of Shareholders on 30 June 2020 and the revised remuneration policy for the Board of Management was adopted by the Annual General Meeting of Shareholders. Based on the prevailing circumstances, the Supervisory Board will decide at a later date whether an adjustment of the remuneration package of the Board of Management in line with the market is appropriate.

The remuneration policy is consistent with the strategy and core values of Boskalis. These values are centered on the long-term value creation, a balanced risk reward approach for contracting projects, and the continuity of the business and take into account the interests of Boskalis' shareholders, clients and employees as well as the public support.

In 2020, the remuneration of the Board of Management was applied in accordance with the remuneration policy as adopted by the Annual General Meeting of Shareholders on 30 June 2020, without any deviations.

Remuneration policy for the Supervisory Board

In the remuneration report 2019, the Supervisory Board announced its intention to adjust the remuneration policy for the Supervisory Board in order to bring the remuneration level more in line with market practice. In view of developments surrounding COVID-19, the Supervisory Board however decided not to schedule this proposal to the Annual General Meeting of Shareholders. With the uncertain market conditions, the Supervisory Board considered such an adjustment of the remuneration of the Supervisory Board not to be appropriate. The remuneration policy has therefore only been adjusted to a limited extent, in particular to implement the changes necessary to bring the policy in line with the requirements of the Act on the Implementation of the Revised EU Shareholders' Rights Directive. These changes were tabled for a vote at the Annual General Meeting of Shareholders on 30 June 2020 and the revised remuneration policy for the Supervisory Board was adopted by the Annual General Meeting of Shareholders. Based on the prevailing circumstances, the Supervisory Board will decide at a later date whether an adjustment of the remuneration package of the Supervisory Board in line with the market is appropriate.

In 2020, the remuneration of the Supervisory Board was applied in accordance with the remuneration policy as adopted by the Annual General Meeting of Shareholders on 30 June 2020, without any deviations.

The full text of the remuneration policies for the Board of Management and the Supervisory Board is available on the Boskalis website (www.boskalis.com).

Reports and findings of the meetings of the Remuneration Committee were presented to and discussed with the entire Supervisory Board.

SELECTION AND APPOINTMENT COMMITTEE

Members of the Selection and Appointment Committee

At the beginning of 2020, the Selection and Appointment Committee consisted of three members, with Mr. Van der Veer acting as Chairman and Mr. Van Wiechen and Ms. Haaijer as members. On 30 June 2020, Ms. Haaijer stepped down as member of the Selection and Appointment Committee. As per the same date, Mr. Sperling joined the Selection and Appointment Committee as member.

Duties and responsibilities of the Selection and Appointment Committee

It is the role of the Selection and Appointment Committee to advise the Supervisory Board on:

- drawing up selection criteria and nomination procedures with respect to members of the Supervisory Board and members of the Board of Management of the company;
- the periodic assessment of the size and composition of the Supervisory Board and the Board of Management and submission for a profile of the Supervisory Board;
- the periodic assessment of the performance of individual members of the Supervisory Board and Board of Management and reporting thereon to the Supervisory Board;
- drawing up a plan for the succession with respect to members of the Supervisory Board and the members of the Board of Management;
- proposing appointments and re-appointments;
- supervising the policy of the Board of Management with respect to selection criteria and appointment procedures for the senior management of the company.

Replenishment work by the hopper dredger Willem van Oranje in the port of Rotterdam, the Netherlands

Activities during 2020

In 2020, the Selection and Appointment Committee held two meetings. The attendance rate for the meetings of the Selection and Appointment Committee was 100%. One meeting was held via Microsoft Teams due to the COVID-19 preventive measures and restrictions. In addition, the members consulted by telephone on several occasions outside these meetings.

During the year under review, the Selection and Appointment Committee discussed the plan for the balanced composition of the Board of Management and the composition and size of the Supervisory Board, bearing in mind the profile, retirement rota, and the evaluation of the performance of the Board of Management collectively and its members individually. In that regard, the Selection and Appointment Committee also discussed the succession of the Board of Management in accordance with the succession plan.

Furthermore, the Selection and Appointment Committee also paid attention to the succession of the Supervisory Board in accordance with the succession plan.

On 30 June 2020, the term of appointment of Mr. Hazewinkel as member of the Supervisory Board ended. The Selection and Appointment Committee, after a careful selection process, found Ms. Jones-Bos willing to fill this vacancy. Ms. Jones-Bos has previously worked for the Dutch Ministry of Foreign Affairs and more in particular for the diplomatic service. Most recently she held the post of Ambassador to the United States of America, the position of Secretary-General of the Ministry of Foreign Affairs and the post of Ambassador to Russia. Ms. Jones-Bos was selected in accordance with the Profile of the Supervisory Board given her extensive management experience, which she has gained both at a national and international level. The Supervisory Board adopted this recommendation of the Selection and Appointment Committee and made a binding nomination to the Annual General Meeting of Shareholders to appoint Ms. Jones-Bos as member of the Supervisory Board for the period commencing on 30 June 2020 until and including the Annual General Meeting of Shareholders in 2024. The Annual General Meeting of Shareholders appointed Ms. Jones-Bos as member of the Supervisory Board on 30 June 2020.

The Selection and Appointment Committee regularly reviews whether the composition and size of the Supervisory Board matches the Profile of the Supervisory Board and the strategy of the company. In that context, the Selection and Appointment Committee advised the Supervisory Board that this is safeguarded by a Supervisory Board consisting of six members. The Supervisory Board accepted this proposal and announced that no further vacancies needed to be filled.

The company arranged an induction program for Ms. Jones-Bos in the summer of 2020 to familiarize her with the general affairs of the company regarding financial, social and legal matters, the workings of the Supervisory Board, the markets Boskalis is operating in, its culture and the Works Council. No further training needs have been identified for the Supervisory Board or the Board of Management in the year under review.

Reports and findings of the meetings of the Selection and Appointment Committee were presented to and discussed with the entire Supervisory Board.

DUTCH CORPORATE GOVERNANCE CODE

Since the introduction of the Dutch Corporate Governance Code (the "Code") in 2004 and the revision in 2016, the principles of proper corporate governance and best practice provisions set out in the Code have regularly been discussed at Supervisory Board meetings. The principal points of the Boskalis Corporate Governance policy can be found on pages 72 and 73 of this annual report.

In the opinion of the Supervisory Board, the provisions of the Code regarding the independence of the members of the Supervisory Board have been complied with. The Supervisory Board considers Mr. Van Wiechen the only Supervisory Board member not to be independent in light of the Code, due to the fact that he fulfills the position of director at HAL Investments B.V., which company holds as at 27 August 2020 an interest of 43.82% in the share capital of Boskalis.

Outside the presence of the Board of Management, the Supervisory Board discussed the performance of the Board of Management. It also discussed the performance of the Supervisory Board, the Chairman of the Supervisory Board, the three committees and the individual members of the Supervisory Board. This evaluation was conducted by means of a questionnaire as well as through collective and bilateral discussions between the members of the Supervisory Board, the Chairman of the Supervisory Board and the Chairman of the Board of Management. In its opinion the Supervisory Board is functioning well. The Supervisory Board concluded in the evaluation that the entre-nous meetings, as planned last year, were affected by COVID-19. The Supervisory Board has decided to take more of an effort towards the organization of these meetings, even if they have to take place virtually. Furthermore, the Supervisory Board shall organize more special sessions to take a deep-dive into relevant topics.

The Supervisory Board wishes to thank the employees and the Board of Management of Boskalis for their commitment, creativity and flexibility they have shown in 2020, especially considering the COVID-19 pandemic and the current market conditions.

Papendrecht / Sliedrecht, 3 March 2021

Supervisory Board

Mr. J. van der Veer, Chairman
Mr. J.P. de Kreij, deputy Chairman
Ms. R.V.M. Jones-Bos
Mr. D.A. Sperling
Ms. J.A. Tammenoms Bakker
Mr. J.N. van Wiechen

BUSAITEEN PROJECT IN BAHRAIN: LAND RECLAMATION TO IMPROVE THE FLOW OF ROAD TRAFFIC

Boskalis completed the second phase of the Busaiteen project in Bahrain in early 2021. The work involved the construction of a large sand causeway for a five-kilometer-long, six-lane motorway. During the first phase in 2018 and 2019, Boskalis had already constructed a three-kilometer-long embankment. As well as dredging, phase 2 included revetment work. In addition to environmental protection and safety, there was a strong emphasis in the project on community support and stakeholder management.

"Bahrain has continued to expand its territory in recent decades through numerous land reclamation projects. Boskalis executed many of these projects, including New Town and Water Gardens. So we have built up a good name in this country," says business unit director Peter Devinck. Both phases of the project were for Bahrain's Ministry of Works, as part of a long-term master plan developed by the government. "We executed the recent work in a residential area where the road network was under increasing strain. To improve the flow of traffic between the districts of Manama and Muharraq, it was decided to build a road in the sea. Our job was to construct a large sand embankment for the road and the civil-engineering structures," explains Devinck.

SAND AND ROCK

The 8.2 million cubic meters of sand required for the project was brought in by the Boskalis trailing suction hopper dredgers Causeway and Coastway. The sand was taken from a borrow area twenty kilometers to the north-east of the project site. The hoppers pumped the sand directly to the embankment after which it was hydraulically compacted. To protect the banks, a local subcontractor installed roughly 340,000 tons of rock, ranging from smaller rocks to large boulders weighing more than two tons that were brought in by truck from a quarry in Askar. The layers of rock were placed on approximately 180,000 square meters of geotextile.

LESSONS LEARNED

"To ensure continuity, we decided to execute phase 2 with almost the same team that completed the first phase," says Devinck. "Given the many challenges associated with COVID-19 and the fact that we were working with a range of local parties, this was a complex project. But the team did a great job." Project manager Arjan van Bruggen: "One advantage was that we were able to implement several lessons learned from the first phase, such as the deployment of the most suitable equipment by the subcontractors. We also made improvements to communications with local workers, who had a better understanding of their own responsibilities and safety as a result. So we performed excellently in terms of safety: over a million hours worked without a lost-time incident."

ENVIRONMENTAL PROTECTION MEASURES

"Our environmental protection measures were also essential," says Van Bruggen. "The waters around Bahrain include a vast area of mangroves and sea grass, and the waters in the southeastern part of Bahrain are also home to the second largest colony of dugongs (sea cows) in the world. In consultation with the authorities and in order to adhere to the environmental regulations of Bahrain, we implemented various precautions to prevent turbidity, including the use of silt screens and the construction of temporary dikes to safeguard the quality of the water during the reclamation work."

COMMUNITY SUPPORT AND STAKEHOLDER MANAGEMENT

The project also included a range of activities for local society. "In one of the initiatives, we adopted the mission of a local organization that uses the proceeds from collected plastic to purchase special customized wheelchairs for the local community," says Van Bruggen. "We collected the plastic we used on the project, from plastic drinking bottles to the plastic waste from our vessels, and handed it over to this charity."
Another initiative was the creation of a public garden in the vicinity of Al Dair as a gesture to the people living in the vicinity of the project. "That idea emerged from discussions with the client in the context of one of our Way of Working meetings," says Van Bruggen. "We outsourced the actual construction work to a local landscaping company. The Minister of Public Works presided at a ceremony to launch the project."
In a third initiative, Boskalis assisted local fishermen to create new anchorages for their boats. "The project overlapped partially with the working area of the fishermen and some of them had to move when the work was being done. In circumstances like this, what matters is to explain clearly what you are doing," says Devinck. "Local stakeholder management was primarily the client's responsibility but, as the company executing the actual work, we were closely involved. We assisted the fishermen in moving to new anchorages and provided them with anchor blocks to moor their boats. We also used an excavator to construct a slope so that they can launch their fishing boats quickly. The fishermen and our client were very pleased with that approach."

REPORT OF THE BOARD OF MANAGEMENT

A rainbowing trailing suction hopper dredger Shoreway off the Dutch coast of Petten

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FINANCIAL PERFORMANCE

Royal Boskalis Westminster N.V. has exceeded expectations in what has proven to be a very turbulent and challenging 2020 with an EBITDA of EUR 404 million. Net operating profit amounted to EUR 90 million. Furthermore, despite COVID-19 restrictions, many new projects were acquired resulting in a record high order book of EUR 5.3 billion. Tightened financial management further strengthened the balance sheet and improved the net cash position to EUR 439 million.

Nevertheless, the COVID-19 pandemic has had far-reaching consequences for Boskalis. The prolonged disruptions for international air travel and stringent quarantine measures affected projects outside Europe, particularly in the Dredging division. In the Offshore Energy division mainly the services activities suffered from the unexpected sharp fall in the oil price, resulting in a drop in demand in parts of the offshore market.

In light of the COVID-19 pandemic and the sharp drop in the oil price, Boskalis once again undertook a critical review of the valuation of vessels and balance sheet assets across the board. This resulted in a virtually exclusively non-cash exceptional charge of EUR 195 million of which three quarters had already been recorded in the first half of the year. This charge consist mainly of an impairment on goodwill and vessels in two joint ventures as well as of a limited number of own assets and an impairment on brand names.

Compared to last year, revenue decreased by 4.5% to EUR 2.525 billion (2019: EUR 2.645 billion). Adjusted for (de) consolidation and currency effects, revenue was 6.9% lower. EBITDA totaled EUR 404 million and the Operating result amounted to EUR 140 million, both excluding exceptional charges. In 2019, EBITDA amounted to EUR 376 million and the Operating result to EUR 28 million.

In 2020, a net operating profit of EUR 90 million was realized. Including exceptional charges, a net loss of EUR 97 million remains (2019: net profit EUR 75 million). In both 2020 and 2019, the result was affected by a number of exceptional items. In 2020, this concerned the previously mentioned almost entirely non-cash charge of EUR 195 million, which is largely recognized at group level. In 2019, this concerned book gains of EUR 82 million from various sales transactions.

In the Dredging & Inland Infra segment, revenue decreased by 13% at a lower profit margin. This development is largely attributable to COVID-19. The pandemic caused delays in some major projects and, in addition, global travel restrictions and quarantine measures led to operational inefficiencies. The largest revenue contribution came from projects in Southeast Asia, the Indian subcontinent, the Middle East, Canada and the Dutch market.

Revenue from Offshore Energy increased by more than 4%. Contracting revenue was virtually stable with a busy year at Seabed Intervention. In Services, the consolidation of the survey activities of Horizon as of early 2020 resulted in a net increase in the revenue. Over the past year, Services was impacted most by the strong decline in the oil price. The divisional operating result improved significantly, with good project results at Seabed Intervention and Subsea Cables, a positive contribution from Marine Transport Services and the consolidation of Horizon.

In the Towage & Salvage segment, Salvage had an excellent year with substantially higher revenues and good results on projects in the Indian and Atlantic Ocean and in the Arctic near Spitsbergen. The contribution from the Towage joint ventures was lower but this was more than offset by Salvage's good result.

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

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

The financial position of Boskalis remains strong and improved further in the second half of the year. At year-end Boskalis was net debt free with a cash position of EUR 439 million, compared to a net cash position of EUR 26 million at the start of 2020. Solvency remains high at 50.5% and Boskalis comfortably meets its financial covenants.

The order book increased by over 12% to a record EUR 5.306 billion (year-end 2019: EUR 4.722 billion). In the fourth quarter Boskalis successfully acquired the Dredging project for the new airport in Manila. With an estimated value of EUR 1.5 billion, this concerns the largest project ever taken on by Boskalis.

OPERATIONAL AND FINANCIAL DEVELOPMENTS

2020 has been an exceptional year in many ways. From the beginning of the COVID-19 pandemic, maximum precautions were taken to ensure the health, safety and wellbeing of our employees. At the same time, all necessary steps were taken to safeguard the continuity of the business. These steps were aimed at minimizing operational and capital expenditures, maximizing cash flows and to preserve the strong balance sheet.

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 195 million of exceptional charges (EUR 187 million post tax). These charges are virtually all non-cash of which EUR 184 million are impairments largely related to two joint ventures, a limited number of vessels and intangible assets (brand recognition).

For comparison purposes the Net result of joint ventures is adjusted for these exceptional items. Operating Result is defined as EBIT before exceptional items and Net operating profit is defined as Net profit before exceptional items.

REVENUE

Over the past year, revenue declined by 4.5% to EUR 2.525 billion (2019: EUR 2.645 billion). Adjusted for consolidation, deconsolidation and currency effects, the decrease amounted to 6.9%.

Dredging & Inland Infra revenue declined by 13.3% primarily due to COVID-19-related operational disruptions. The largest revenue contribution came from projects in Singapore, the Indian subcontinent, the Middle East, Canada and the Netherlands.

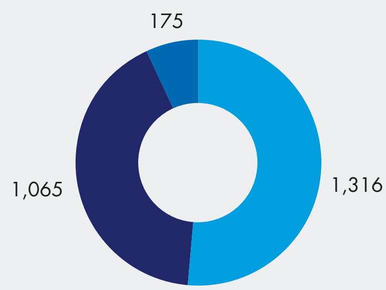
Within Offshore Energy, contracting revenues were virtually stable with an underlying growth for Seabed Intervention. The revenue contribution from the services activities increased as a consequence of the acquisition and consolidation of the survey activities of Horizon Geosciences (Horizon) early 2020. The overall divisional revenue increased by 4.4%.

Within the Towage & Salvage division, Salvage had an extremely busy year with a handful of mid- to large-sized projects and a range of smaller emergency response contracts resulting in a 32.2% revenue increase.

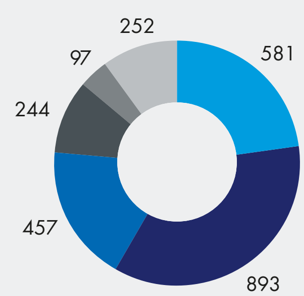
RESULT

Considering the extraordinary circumstances caused by the COVID-19 pandemic and strong decline in the oil price, the 2020 result was good. The second half year result was virtually stable compared to the first half year. EBITDA increased to EUR 404 million (2019: EUR 376 million). The 2019 result included a book profit of EUR 82 million related mainly to the sale of two towage joint ventures that was more than offset by onerous contract provisions related to a limited number of offshore projects.

REVENUE BY SEGMENT	2020	2019
(in EUR million)		
Dredging & Inland Infra	**1,315.7**	1,517.7
Offshore Energy	**1,064.9**	1,020.4
Towage & Salvage	**174.6**	132.1
Eliminations	**-30.3**	-25.6
Total	**2,524.9**	2,644.6



REVENUE BY GEOGRAPHICAL AREA	2020	2019
(in EUR million)		
The Netherlands	**581.3**	619.3
Rest of Europe	**893.2**	919.4
Australia / Asia	**456.8**	433.5
Middle East	**244.1**	357.5
Africa	**97.4**	88.3
North and South America	**252.1**	226.6
Total	**2,524.9**	2,644.6



The operating result, defined as EBIT adjusted for exceptional items, increased to EUR 140 million (2019: EUR 28 million). EBIT amounted to minus EUR 56 million (2019: EUR 111 million). The result includes our share in the net result of joint ventures and associates of EUR 19 million (2019: EUR 26 million). This decline is largely attributed to Horizon which in 2019 was an associated company and is consolidated as per the beginning of 2020.

The divisional operating result of Dredging & Inland Infra amounted to EUR 53 million (2019: EUR 108 million). The lower result is a consequence of COVID-related productivity inefficiencies and the associated lower activity level as well as very competitive market circumstances.

Within Offshore Energy, the operating result amounted to EUR 66 million (2019: minus EUR 71 million). The strong increase was driven by a combination of factors. Within the services cluster this resulted from an improvement within marine transport services and the consolidation of Horizon. Within the contracting cluster, the wind activities contributed to the improved result together with a strong year from seabed intervention in addition to claim settlements on a limited number of offshore wind projects.

The Towage & Salvage operating result increased to EUR 46 million (2019: EUR 38 million). A decline within the Towage activities was more than offset by the strong performance at Salvage.

Non-allocated group income and expenses amounted to negative EUR 25 million and relate primarily to the non-allocated head-office costs (2019: negative EUR 46 million). The decline in the expenses reflects the COVID-19 cost savings measures taken.

OPERATING RESULT BY SEGMENT	**2020**	2019
(in EUR million)		
Dredging & Inland Infra	**53.2**	107.6
Offshore Energy	**66.3**	-70.9
Towage & Salvage	**45.6**	37.9
Non-allocated group (costs) result	**-25.3**	-46.1
Operating Result	**139.8**	28.5
Exceptional items	**-195.4**	82.3
EBIT	**-55.6**	110.7

NET PROFIT

The pre-tax loss amounted to EUR 70 million, resulting in a net loss attributable to shareholders of EUR 97 million (2019: profit of EUR 95 million and EUR 75 million, respectively). Adjusted for the exceptional charges, the 2020 net profit amounted to EUR 90 million.

ORDER BOOK

In 2020, Boskalis acquired, on balance, EUR 3,405 million worth of new contracts. At the end of the year the order book, excluding our share in the order books of joint ventures and associates, stood at a record high level of EUR 5,306 million (end-2019: EUR 4,722 million).

ORDER BOOK	**2020**	2019
(in EUR million)		
Dredging & Inland Infra	**4,075.7**	3,192.4
Offshore Energy	**1,226.8**	1,524.2
Towage & Salvage	**3.8**	5.4
Total	**5,306.3**	4,722.0

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	**2020**	2019
(in EUR million)		
Revenue	**1,315.7**	1,517.7
EBITDA	**177.3**	241.6
Net result from JVs and associates	**2.6**	3.3
Operating result	**53.2**	107.6
Order book at year-end	**4,075.7**	3,192.4

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

REVENUE

Revenue from the Dredging & Inland Infra segment amounted to EUR 1,316 million (2019: EUR 1,518 million).

REVENUE BY REGION	**2020**	2019
(in EUR million)		
The Netherlands	**456.3**	485.2
Rest of Europe	**302.2**	231.1
Rest of the world	**557.2**	801.4
Total	**1,315.7**	1,517.7

The Netherlands

Revenue in the Netherlands totaled EUR 456 million in 2020. 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 projects N69 and N3 and miscellaneous riverbank and dike reinforcement projects.

Rest of Europe

Revenue in the rest of Europe amounted to EUR 302 million consisting of numerous mainly port-related capital and maintenance projects throughout the home markets (United Kingdom, Germany, Sweden and Finland). Furthermore, early works commenced on the Fehmarnbelt tunnel project thereby contributing to the revenue growth. Early November, a German federal court ruled in favor of the construction of the Fehmarnbelt tunnel clearing the way for Boskalis to proceed in 2021 with the construction of the tunnel between Denmark and Germany.

Rest of the world

Projects outside of Europe were most impacted by COVID-19 resulting in a revenue decline to EUR 557 million. COVID measures have had a significant impact on the productivity and efficiency of the international projects. Travel restrictions and the huge variety of quarantine measures have resulted in significant logistical challenges to move people and supplies to and from projects and vessels. Furthermore, a selective lockdown in Singapore had a negative impact on the Pulau Tekong polder development project in the second and third quarter.

The largest revenue contribution came from a limited number of projects in Southeast Asia, the Middle East and the Indian subcontinent as well as from the LNG Canada project.

FLEET DEVELOPMENTS

The hopper fleet was well utilized in the second half of the year resulting in an annual utilization rate of 35 weeks (2019: 32 weeks). The cutter fleet had an effective annual utilization rate of 17 weeks (2019: 26 weeks) reflecting a very quiet second half year. The Krios mega cutter was delivered at the end of the year providing Boskalis with two new state-of-the-art mega cutters. As a consequence, Boskalis has decided to retire two old cutters resulting in an impairment to scrap value.

SEGMENT RESULT

Dredging & Inland Infra achieved an EBITDA of EUR 177 million, with an operating result of EUR 53 million (2019: EUR 242 million and EUR 108 million, respectively).

The lower margin is the combined effect of the COVID-19 pandemic resulting in substantial operational inefficiencies and the challenging market conditions in the dredging market. The Dutch Inland Infra activities made a strong contribution to the result.

ORDER BOOK

The year-end order book increased to a record level of EUR 4,076 million (End 2019: EUR 3,192 million). On balance, projects with a total value of EUR 2,519 million were acquired in the course of 2020.

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, the construction of a new inland harbor in Spijk, a

Dredging activities by the cutter suction dredger Edax in Kitimat, Canada 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.

Outside of Europe, Boskalis was awarded a EUR 1.5 billion dredging contract for the land development for the new Manila International Airport – Bulacan. This multiyear project is the largest single project ever acquired by Boskalis and provides substantial utilization for the hopper fleet in the coming three years. Following a critical review of the order book, it was decided to remove a EUR 320 million land reclamation project from the backlog due to substantial uncertainties.

Early January, Boskalis was awarded part of the Oosterweel link project in Antwerp, Belgium. Boskalis with its consortium partners will construct the Oosterweel junction and the replacement of the Royers lock as part of the overall project objective to close the ring road around the city of Antwerp. The contract carries a value of approximately EUR 150 million for Boskalis and is not included in the 2020 year-end order book.

ORDER BOOK BY MARKET	2020	2019
(in EUR million)		
The Netherlands	**833.9**	577.2
Rest of Europe	**619.5**	658.4
Rest of the world	**2,622.3**	1,956.8
Total	**4,075.7**	3,192.4

OFFSHORE ENERGY

Offshore wind farms, cables, offshore dredging and rock installation projects for pipelines, 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 ENERGY	2020	2019
(in EUR million)		
Revenue	**1,064.9**	1,020.4
EBITDA	**193.5**	47.4
Net result from JVs and associates	**4.3**	6.0
Operating result	**66.3**	-70.9
Order book at year-end	**1,226.8**	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 1,065 million (2019: EUR 1,020 million) of which 41% was related to offshore wind and contracting accounted for approximately 56% of divisional revenue. 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 spot markets.

The heavy transport vessel Mighty Servant 1 ready for departure after loading modules for a manufacturing facility

Offshore Services includes Marine Transport & Services, Subsea Services and Marine Survey. Services revenue increased by 9% with the largest increase within 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 start and end of the year with the transportation of a fish farm from China to Norway and the transportation of the Mad Dog 2 Floating Production Unit from Korea to the Gulf of Mexico. Other significant projects included the successful topside float-over of the Bokor platform offshore Sarawak, Malaysia and the transport and installation of floating turbines for the Kincardine floating wind farm off the coast of Aberdeen, Scotland.

At Subsea Services, the impact of the COVID-19 pandemic and the low oil price impacted the full year performance. Compared to 2019, a lower vessel utilization resulted in a lower revenue due to a continuing very competitive North Sea market. Just before the end of the year, Boskalis acquired all the shares of Rever Offshore's subsea services business. Rever has historically operated in the North Sea out of Aberdeen (United Kingdom) and holds a strong track record. Through this transaction, Boskalis adds two diving support vessels of which one is fully owned (Rever Polaris) and a second chartered (Rever Topaz). Boskalis' existing subsea activities will be integrated with Rever thereby strengthening the current position in the subsea services market in Northwest Europe, Africa and the Middle East. On the important North Sea subsea market, Boskalis is now a solid top three player opening up ample opportunities for operational efficiencies and synergies.

Marine Survey, comprising the activities of Gardline and Horizon, showed a mixed picture in 2020. At Gardline, following a slow winter season, the strong decline in the oil price impacted revenue levels in the first half year whilst a strong flow of offshore wind assignments resulted in a strong second half year. Horizon had a strong full year. In 2020, approximately two thirds of the marine survey revenue was related to renewables projects, including developments on the East Coast of the US.

Offshore Contracting includes Seabed Intervention, Heavy Lifting (including wind foundations) and Subsea Cables. The combined contacting revenue level was fractionally lower compared to 2019.

At Seabed Intervention, several pipeline-related projects made a strong revenue contribution, including the gas pipeline from Jutland to Funen in the Lillebaelt of Denmark. Work on the scour protection for the Yunlin offshore windfarm in Taiwan commenced and good progress was made on the installation of a pipeline connection and the hook-up of a Floating Storage and Regasification Unit in El Salvador.

At Heavy Lifting, a combination of decommissioning projects and offshore wind foundation projects were completed, in addition to preparatory works for the Changfang & Xidao project that will commence in 2021.

Subsea Cables had a busy year with the largest revenue contribution coming from the offshore wind projects Ostwind 2, Moray East, Hornsea 2, Triton Knoll and Borssele Beta.

FLEET DEVELOPMENTS

For the year the (weighted) utilization rate of the heavy marine transport fleet was 66% (2019: 66%). The captive assets (cable-laying vessels, fallpipe vessels and crane vessel) had a reasonable year with a utilization rate of 66% (2019: 74%).

In 2020, progress was made on the conversion and construction of the Bokalift 2 crane vessel at the Drydocks World shipyard in Dubai. The Forte heavy marine transport vessel was also modified in 2020 and fitted out with a DP2 system, which was later utilized on the Bokor float-over project. The conversion of an offshore supply vessel into a state-of-the-art geophysical survey vessel for Gardline is ongoing and is expected to enter service ahead of the 2021 season. Finally, through the Rever acquisition, two large diving support vessels have been added to the fleet of subsea services.

SEGMENT RESULT

EBITDA from the Offshore Energy segment amounted to EUR 193 million, with an operating result of EUR 66 million (2019: EUR 47 million and a loss of EUR 71 million, respectively). The 2019 result was impacted by operational and contractual issues on a limited number of projects resulting in onerous contract provisions.

The 2020 operating result from the services cluster increased compared to the same period last year. The increase reflected a higher contribution from Marine Transport & Services in addition to the consolidation of Horizon. Overall, Marine Survey made a strong contribution however all of the services activities were impacted by COVID-19, the low oil price and project delays.

The contracting cluster made a strong positive contribution. This result included a particularly strong year at seabed intervention, 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 4 million.

ORDER BOOK

At the end of 2020, the order book stood at EUR 1,227 million (end-2019: EUR 1,524 million) of which 57% 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 will carry out the scour protection and ballasting of the structures following the installation.
In the second half of the year, Boskalis acquired the transport and installation scope for Kincardine, the world's largest floating windfarm located fifteen kilometers off the coast of Aberdeen. The farm consists of five turbines with a capacity of 9.5 megawatts each that will be anchored at a depth of sixty to eighty meters. In addition to numerous other smaller contracts and variation orders

Boskalis also acquired the installation scope of bridge sections for the world's longest suspension bridge, the Çanakkale 1915 bridge in Turkey.

On balance, EUR 744 million of new work was acquired during the 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	2020	2019
(in EUR million)		
Revenue	**174.6**	132.1
EBITDA	**50.1**	41.6
Net result from JVs and associates	**12.1**	16.5
Operating result	**45.6**	37.9
Order book at year-end	**3.8**	5.4

EBITDA and operating result include our share in the net result of joint ventures and associates.
Net result from joint ventures and associates are presented excluding impairment charges.

REVENUE

Revenue from the Towage & Salvage segment amounted to EUR 175 million (2019: EUR 132 million).

Salvage had an exceptionally good year with an important contribution from projects in Brazil, the Indian Ocean and the Arctic, in addition to numerous smaller emergency response contracts.

All harbor towage activities are conducted through joint ventures. Our share in the net results of these joint ventures is recognized as net result from joint ventures and associates.

SEGMENT RESULT

EBITDA generated by the Towage & Salvage segment totaled EUR 50 million, with an operating result of EUR 46 million (2019: EUR 42 million and EUR 38 million, respectively).

The strong Salvage result includes the contribution from current projects and to a limited extent financial settlements from projects that were executed in previous years. 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, adjusted for impairment charges, was EUR 12 million (2019: EUR 16 million).

ORDER BOOK

The order book, excluding our share in the order book of joint ventures and associates, was EUR 4 million (2019: EUR 5 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 the end of 2020, the 100% value of the order book of the joint ventures amounted to EUR 1,081 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	2020	2019
(in EUR million)		
Revenue	**-30.3**	-25.6
EBITDA	**-16.6**	45.3
Net result from JVs and associates	**-**	-0.1
Operating result	**-25.3**	-46.1

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

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, several 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 2020 EBITDA and operating result were minus EUR 17 million and minus EUR 25 million, respectively (2019: EUR 45 million and minus EUR 46 million). The 2019 EBITDA included a book profit of EUR 82 million as a result of sale transactions.

OTHER FINANCIAL INFORMATION

DEPRECIATION, AMORTIZATION AND IMPAIRMENT CHARGES

Depreciation and amortization charges amounted to EUR 264 million (2019: EUR 265 million), excluding impairments and the reversal of 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 184 million in 2020. The largest part of these non-cash charges, EUR 123 million, relates to the goodwill and assets embedded in the joint ventures Smit Lamnalco and Asian Lift. The remaining impairment charges largely relate to a limited number of old vessels that are going to be scrapped or sold, impairments on specialized and nearshore subsea cable-laying assets and the impairment of brand recognition within the Offshore Energy division.

In 2019, there was an impairment reversal of EUR 40 million as a result of sale transactions.

INCOME FROM JOINT VENTURES AND ASSOCIATES

Our share in the net result from joint ventures and associates adjusted for impairment charges was EUR 19 million (2019: EUR 26 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). With the exception of Keppel Smit Towage, the underlying performance of the joint ventures was better than in 2019. The 2019 result included Horizon which is consolidated as per the beginning of 2020.

TAX

The tax expense was EUR 26 million (2019: EUR 20 million) with an effective tax rate of -37.2%. Excluding the adjustment on the exceptional items the effective tax rate is 27.7%. The effective tax rate is highly dependent on the mix of countries and entities in which projects are executed. As the mix of countries in which projects are executed changes over time, uncertainty may arise regarding the possibilities to compensate income tax losses with future taxable income.

CAPITAL EXPENDITURE AND BALANCE SHEET

Shortly after the outbreak of the COVID-19 pandemic, Boskalis announced it would further sharpen its strong focus on cash management. Various steps were taken aimed at limiting non-project-related expenditure, optimizing working capital and preserving the financially strong position. The intended capital expenditure program for 2020 was substantially reduced, the dividend pay-out for the financial year 2019 was cancelled and the share buyback program was temporarily suspended. The combined effect of these measures had a positive cash flow impact of more than EUR 250 million in 2020.

In 2020, a total amount of EUR 241 million was invested in property, plant and equipment (2019: EUR 248 million), of which EUR 34 million was related to dry dockings. Disposals were made totaling EUR 9 million. In addition to these investments in property, plant and equipment EUR 24 million was invested in right-of-use assets in 2020 (2019: EUR 44 million).

Within Dredging, the largest investment was related to construction installment payments for the cutter suction dredger Krios. The largest investment within the Offshore Energy division was for the Bokalift 2 crane vessel and the new geophysical survey vessel.

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 million in January 2020 as well as the shares in Rever Offshore for a consideration of EUR 23 million late December.

Salvage of the front section of the grounded bulk carrier MV Wakashio in Mauritius

Capital expenditure and acquisition commitments at the end of the year amounted to EUR 112 million (end-2019: EUR 162 million), which is mainly related to the Bokalift 2.

As part of the share buyback program, Boskalis used EUR 33 million cash to repurchase shares.

The cash flow amounted to EUR 355 million (2019: EUR 340 million).

The working capital position at year-end was EUR 813 million negative (year-end 2019: EUR 417 million negative). Including the effects of IFRS 16, the working capital position at year-end amounted to EUR 841 million negative. Besides the customary seasonal pattern of revenues and receivables and the receipt of milestone payments that impact working capital, the favorable development of the working capital position can be attributed to the additional cash flow related measures and advance payments on sizable projects that will commence in 2021.

The interest-bearing debt totaled EUR 386 million at year-end. The cash position at the end of the year was EUR 825 million resulting in a positive net financial position with a net cash amount of EUR 439 million. The lease liabilities of EUR 121 million as a result of IFRS 16 lease accounting is not included in the net financial position. At the end of 2019, the debt position was EUR 374 million with a cash position of EUR 400 million resulting in a positive net financial position with a net cash amount of EUR 26 million. The solvency ratio as per year-end was 50.5% (year-end 2019: 54.3%).

The interest-bearing debt relates largely to a long-term US Private Placement (USPP) of USD 325 million (EUR 277 million as at 31 December 2020) with a maturity date in 2023. In October, Boskalis financed the construction cost for its mega suction cutter dredger Krios through an innovative Export Credit Agency covered loan. The size of this facility is EUR 121 million of which EUR 106 million was draw in 2020. The tenor of the facility is twelve years and includes a linear redemption. Boskalis also has a currently undrawn EUR 500 million syndicated bank facility at its disposal, which was recently extended and now matures in April 2026. With the available cash and cash equivalents and bank facilities, Boskalis now has a direct financing capacity in excess of EUR 1.2 billion.

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 end-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 31 December 2020, the net debt : EBITDA ratio stood at -1.3 and the EBITDA : net interest ratio at 25.

OTHER DEVELOPMENTS

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 temporarily suspended the share buyback program as per 3 April 2020. The program was restarted on 21 August and as per 3 March 2021, 83% of the program has been completed.

ACQUISITION REMAINING SHARES HORIZON

Early 2020, Boskalis acquired the remaining 37.5% stake in the Horizon Group. 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 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 million.

ACQUISITION ARDENT AMERICAS

Early April, Boskalis announced the acquisition of maritime emergency response specialist Ardent Americas LLC (Ardent Americas) through its joint venture Donjon-Smit. 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 Donjon-Smit.

ACQUISITION REVER OFFSHORE

Late December, Boskalis acquired all the shares of Rever Offshore's subsea services business. Through this acquisition, Boskalis strengthens its current position in the subsea services market in Northwest Europe, Africa and the Middle East and its capabilities to serve both the traditional oil & gas market and the rapidly expanding offshore wind market. On the important North Sea subsea market, Boskalis is now a solid top three player opening up ample opportunities for operational efficiencies and synergies. Rever was acquired for a consideration of EUR 23 million.

Diving support vessel BOKA Atlantis

SUCCESSFUL COMPLETION OF COMPLEX DECOMMISSIONING CAMPAIGNS

Despite the difficult circumstances due to COVID-19, Boskalis successfully completed two major North Sea platform decommissioning projects in 2020 to both clients' full satisfaction. "The L10 and Viking Vulcan/Bravo 2020 campaigns were very successful because we were able to build on the experiences and achievements gained in Boskalis' previous campaign in 2019 and make use of the unique capabilities of our crane vessel Bokalift 1," say project managers Frodo Leenhouts and Bas Mabélus.

Both projects involved the decommissioning (removal, dismantling and recycling) of oil and gas platforms in the North Sea. The first project consisted of the removal of three platforms from the L10 field, 50 nautical miles offshore the island of Terschelling in the Netherlands. This project was successfully completed for Neptune Energy in mid-April with the Bokalift 1. Not long after, the versatile crane vessel was put to work on the second decommissioning phase of the Viking Vulcan/Bravo project.

EFFICIENT AND SAFE

The work in the Viking Vulcan/Bravo field off the east coast of the UK was executed for Chrysaor in a 50/50 joint venture with Scaldis. "The preparation of the platforms for their removal actually began back in 2016, while the first actual removal work for the project was executed in 2019. In 2020, we completed the offshore phase of this sizable job very efficiently and safely. We did an excellent job, especially when you consider the extreme conditions we had to deal with due to COVID-19," says Mabélus.

HUNDREDS OF ASPECTS

The Viking Vulcan/Bravo project involved the removal of 18 platform topsides, including wellhead, processing and accommodation modules, as well as 21 steel foundation jackets, three bridge structures and two undersea templates. The largest of the structures lifted by the Bokalift 1 weighed in excess of 1,500 tons. "A project of this size requires a lot of engineering, calculations and CAD drawing," explains Leenhouts. "It takes a lot of ingenuity and teamwork to work out how to remove the topsides from the jackets safely, which cutting and lifting methods to use, which temporary structures are needed to work in hard-to-reach places without risk, the amount and type of lifting points needed for the lifting work, how the stability and integrity of both the structures to be lifted and the crane vessel can be safeguarded, and how to optimize the workability in different weather conditions and sea states. We also needed to decide where to locate the grillages (support structures) on board the Bokalift 1 to transport the platform parts safely while keeping them balanced. Overall, there were hundreds of aspects to be kept in mind to guarantee a safe and successful operation."

PLATFORM REMOVAL

"We worked at many different locations in 2020. In addition to the topsides, jackets and other elements in the Viking Vulcan/Bravo oil field, we removed some parts of foundation piles left over from the 2019 platform removals," says Leenhouts. "We used internal cutting tools (ICTs) to cut through the steel foundation piles. The ICT is a cutting device that makes a horizontal or inclined cut in the piles with a combination of ultra-high-pressure water jets and sand crystals. In that way, we were able to cut the piles three meters below the seabed from the inside." Before the ICTs could be used, several meters of sand had to be removed from the piles after the topsides had been removed from the jackets. "We mostly used the airlift tool for that work. That's a modular pipe structure which can be more than sixty meters long. It pumps air to the bottom of the pile to loosen the compact sand column," explains Mabélus. "After we had cut through the jacket piles, we were able to lift the jackets from the seabed with the Bokalift 1 crane. For several topsides and jackets our internal lifting tools were used. These are hydraulic plugs that are clamped into the tubular elements of the platform structures. The parts of the platforms that we removed were lifted onto the deck of the Bokalift 1 with the 3,000-ton crane and seafastened. They were then taken to the specialized yard of our subcontractor Veolia Peterson in Great Yarmouth for dismantling and recycling."

BOKALIFT 1

The heavy lift vessel Bokalift 1 played an important role in both decommissioning projects. "With an enormous deck of more than 7,000 m², this unique vessel can accommodate huge installations and large amounts of equipment, and the centrally located crane with a lifting capacity of 3,000 tons is incredibly strong and can reach the entire surface of the deck," Leenhouts says. "By virtue of the well-positioned crane and the vessel's DP2 dynamic positioning capability, we were able to perform the heaviest lifts where there was extremely little room to maneuver, even in challenging weather conditions. In addition to the performance of the Bokalift 1, the team spirit during both campaigns was excellent."

ALL HANDS ON DECK

The second phase of the Viking Vulcan/Bravo campaign started in mid-April 2020 and was completed on schedule two months later, despite the many restrictions due to the COVID-19 pandemic that had broken out shortly before the start of the project. "We had a large team of more than 120 people on the Bokalift 1. It was very much a question of "all hands on deck". In addition to our own colleagues making up the marine crew and project team, there were a lot of subcontractors on board: ROV and crane operators, specialists for the internal dredging, cutting and lifting tools, welders, cutters, fitters and riggers, as well as scaffolders and rope access technicians. Everyone was dedicated and flexible, particularly when it came to crew changes during the COVID-19 outbreak, for which Boskalis had set up a special test facility and quarantine program. This was acknowledged by the clients of both projects, who expressed their satisfaction and appreciation regarding the successful execution. All the Boskalis colleagues, subcontractors and support organizations can be very proud of the end result," says Leenhouts.

ORGANIZATIONAL DEVELOPMENTS

Construction of new sea defences in Southsea, UK

During the course of 2020, the COVID-19 pandemic inevitably had a large impact on our people, our projects and the day-to-day operations. Despite the challenges faced, together we maintained the continuity of our business and initiated many new projects.

COVID-19

When the magnitude of the COVID-19 pandemic became apparent in March, an Emergency Response Team (ERT) was mobilized and convened with the Board of Management on a daily basis; by closely following developments on the projects and vessels, they set priorities to safeguard our employees' health. As time progressed, many of the COVID-19-related actions were delegated to the Travel Emergency Team and other operational departments.

With a core team in the Netherlands and support colleagues around the world, the Travel Emergency Team focused on ensuring safe travel to and from vessels and projects while also arranging tailor-made travel options and relief procedures. The team also arranged appropriate documentation for travelers and dealt with the unpredictable logistics of quarantine. In addition to legal measures that restricted travel in some countries, the impact of the pandemic on the aviation industry that came to a grinding halt had a crippling effect. Boskalis organized numerous private charter flights to provide relief and to keep projects moving.

The role of internal communications has been critical throughout the pandemic. CEO Peter Berdowski shared frequent COVID-19 updates via e-mail and video messages, and in early May, held an interactive livestream answering questions from colleagues around the world. Since then, regular livestreams and interviews were held to keep the organization informed and connected – both by the CEO and Board members within their respective divisions.

Through our global internal communications platform Yourizon, conveniently launched in February 2020, we were able to share stories and pictures from projects, vessels or colleagues working from home, to keep everyone up-to-date on the latest developments.

By mid-April, we had established our own PCR testing procedure in collaboration with the Corporate Travel Clinic in Rotterdam, the Netherlands. By testing colleagues using facilities on board our own vessels in the Port of Rotterdam, we could establish if crews were healthy and could provide relief for projects and vessels in Europe. For projects outside of Europe, the testing facility was later expanded to Amsterdam Airport Schiphol. We also set up a test facility on the Papendrecht campus in the Netherlands. The Corporate Travel Clinic implemented similar facilities for crews before they boarded vessels, and for employees working on projects.

To support employees during extended periods of quarantine, we developed a Quarantine Guidelines toolbox, giving practical advice and tips for their wellbeing. We also created a dedicated Quarantine Support Team at our headquarters in Papendrecht and a Quarantine Support Portal.

Many of our employees worked from home and were able to remain connected to their own departments, but contact with other departments and colleagues was inevitably reduced. To counter this, we initiated an online Stay Connected activity program with 'contact moments' that would usually be associated with face-to-face activities, such as team outings, festive days and beach clean-ups.

In the summer of 2020, Boskalis organized a Stay Connected live event, inviting employees who normally worked in Papendrecht and were working at home, to get together, socially distanced, with their teams. Breakfasts, lunches and afternoon drinks sessions were held in two marquees erected on the campus, with a maximum of 30 people at one time. Within days, all sessions were fully booked and the event was extended for a number of extra days. In total,1,700 employees attended the event.

Recognizing the need to focus on the wellbeing of our employees throughout the pandemic, we launched an interactive Vitality Portal, where employees can find a diverse package of information, services and activities to support their vitality and encourage an optimal work/life balance. By sharing their own particular issues, whether that be around stress, exercise, or food, Boskalis posted custom tutorials on the platform. Employees can also enlist the help of a coach via the portal, and join relevant webinars.

In November, we held a COVID-19 survey among some 2,000 employees, most of them working from home, to monitor wellbeing, vitality, productivity and continuity, as well as to gain insights into what they needed to stay engaged and effective. This helped us to quickly identify the steps we needed to take to adapt our organizational management in a time of uncertainty.

Just before Christmas, around 4,500 colleagues and family members in over 60 countries tuned in to the six-hour Boskalis Worldwide Connected radio show to stay connected, have fun and raise money for charity. The event was a mix of music, interviews, quizzes, live links with colleagues on vessels and projects, and members of the Board took turns in the studio to add to the interaction. By donating an amount of money for every listener and each contribution from employees, the radio show raised EUR 50,000 for Save the Children.

HEALTH AND SAFETY

This year we celebrated the 10 year anniversary of our behavior-based safety program No Injuries No Accidents (NINA), born out of a desire to see our people and the people we work with return home safely from work every day. NINA helps us achieve this goal by making people more aware of their own responsibility towards safety and stimulating a working environment in which safety, responsibilities and potentially hazardous situations are openly discussed and reported. The NINA safety culture is embedded throughout the organization.

We hold regular staff engagement activities and trainings. Since its inception in 2010, over 17,000 employees, client representatives and subcontractors have received NINA safety trainings. In 2020, we talked to some 600 employees about their needs and concerns around safety and this dialog showed us again that safety is first and foremost about behavior. As a result, we implemented tools that, for example, help our employees to communicate effectively with stakeholders. This emphasis on behavior helps implementation to be long-lasting and not just rule-driven.

Other improvements to our safety program this year included the addition of an e-learning to create general safety awareness. This will be particularly valuable to our flexible workforces, subcontractors and third parties and proved useful during the COVID-19 pandemic. NINA maintains an ongoing focus on safety leadership. In 2019 the focus was on senior management and this effort will continue for our Dredging & Inland Infra business, but in 2020 we extended the scope to include operational middle management, which will remain the focus in 2021. We also added personal development goals and an 'expedition training' that addresses a particular safety challenge of a particular project.

NINA has a proven track record of success. Since its launch, the frequency of incidents resulting in absence from work (Lost Time Injury Frequency) has decreased significantly, from 0.68 in 2010 to 0.05 in 2020, and our Total Recordable Injury Rate (TRIR) dropped from 1.33 to 0.32 in this same period. The continuing high number of submitted Safety Hazard Observation Cards, 19,754 in 2020, indicates that people are committed to contributing to further improvement and building on lessons learned, which is one of the NINA values.

A core part of NINA is SafeMind that focuses on human behaviors such as working on autopilot or making assumptions. SafeMind is directly connected to the YES scan, a practical tool that helps people reflect on possible safety issues for 'Yourself, Equipment and Surroundings' each time they start work. The YES scan was included in the e-learning this year. We also introduced a card game, the NINA team game, that challenges players' responses to particular safety issues. Another initiative this year was printing the NINA logo on the lower part of the left sleeve of coveralls, reminding the wearer of their own responsibility to safety at work. To ensure that the NINA program is embedded throughout our operations, 15 NINA trainers regularly travel to projects all over the world and our NINA tools are available in 20 languages.

QUALITY MANAGEMENT

With operational excellence as its main objective, the Boskalis quality management system Way of Working (WoW), introduced in 2017, aims to embed safe and sustainable practices and a consistent client approach across all our activities. WoW is crucial for optimizing our tender and project processes.

In 2020, we integrated our Environmental and Social Impact Scan and Stakeholder Toolkit into WoW to ensure early identification of projects' potential risks and opportunities, and to facilitate optimal engagement with local stakeholders. We also focused on staff awareness through the introduction of a WoW poster available in seven languages, outlining the principles we uphold to reach our common goals; a roadmap was also launched for tender teams. Finally, to introduce the system to employees, suppliers, subcontractors and other external stakeholders, a WoW e-learning went online at the end of the year.

HUMAN CAPITAL

People are our most important asset. With our global team of professionals and their specialist expertise, knowledge and skills, we are unable to achieve and maintain a sustainable competitive advantage. To meet or exceed the increasingly demanding expectations of our clients, we place great importance on attracting, retaining and developing our human capital. Human Excellence is one of our three strategic pillars, as outlined in our Corporate Business Plan 2020-2022.

At the beginning of 2020, when the global spread of the coronavirus became apparent, the wellbeing of our employees was our top priority and we were forced to alter our priorities. Nonetheless, many of our recruitment, retention and development efforts continued, sometimes in altered forms that delivered benefits and which we will strive to maintain.

ATTRACTING TALENT

The race to attract and retain the right talent was particularly intense in 2020 as the pandemic limited our access to people with the strategic competencies we need to expand our horizons in growth areas such as offshore energy.

After a brief halt to our trainee program at the beginning of the year, we resumed our activities to successfully create a pool of new trainees whose profiles match the strategic workforce plan of our employer branding campaign, launched in 2019. We have continued to evolve our recruitment process to attract the next generation of engineers and specialists. This year we welcomed 1,752 new colleagues.

Alongside our digital campaign, Boskalis has always maintained a campus recruitment approach to hiring trainees who are graduates of both academic and vocational universities, inviting them to our campus in Papendrecht as part of in-house days. These give prospective employees the opportunity to get to know the company and find out more about what working for Boskalis involves. This year, in light of the pandemic, we moved these activities online, creating 'e-house' days instead of in-house days, and promoting them through social media. By digitally interacting with potential new employees, we were able to conduct conversations with candidates from all over the world, broadening our reach and our access to strategic competencies. We expect to keep this element as part our recruitment efforts, developing a hybrid approach of online and face-to-face hiring opportunities. This year's digital events, like our events in Papendrecht and in universities, focused on specific themes, such as sustainability and innovation.

INTERNATIONAL RECRUITMENT AND RETENTION

Following on from last year, we continued to focus on retaining good local employees with a project contract tenure beyond the duration of that specific project. These colleagues are often keen to continue working for Boskalis on subsequent projects in that particular region. Our employees and agency staff can mobilize from their home and deploy to a project anywhere in the world. We also take steps to invest in their sense of belonging to Boskalis, for example by ensuring that project managers and HR staff meet them regularly and create space to build trusting and open relationships.

INTERNAL MOBILITY AND DEVELOPMENT

Based on the outcomes of our 2019 Employee Engagement Survey, we sharpened our approach to internal mobility and retention, performance management and talent development. We created development tracks for employees involved with primary processes and introduced three new tools: a 360 Feedback form, a Personal Development Plan and a Development Framework for those specifically looking to add to their current skill-set. Our internal career markets allow employees to participate in workshops that help them define their ambition and profile themselves.

In 2020, we redesigned and simplified our approach to Performance Management encouraging employees to take the lead in their own development. A pilot with this improved approach started in a few selected projects in early 2021.

Online learning platform
In early April, we launched a new online learning platform for employee development. Originally planned to be a combination of classroom and digital learning, the face-to-face element was postponed in light of the restrictions imposed by the COVID-19 pandemic and the roll-out was fast-tracked. The platform offers a wide range of online courses related to project-based working, digital skills, leadership and vitality. Since the introduction, more than 2,000 courses have been followed.

Remote leadership modules
To ensure continuity in leadership development throughout the pandemic we developed four interactive online modules in response to the new skills that remote working demands from our leaders. The modules cover effective guidance from a distance, strengthening relationships with teams, managing on output and peer coaching. These webinars were available in the Netherlands and attracted 250 participants, about 60% of our managers. The program will continue in 2021.

FLEET DEVELOPMENTS

To retain or expand our leading market position Boskalis invests in new-build and upgrading existing vessels. At the same time old or non-strategic vessels are taken out of service. The following major developments took place in 2020:

Dredging

At the end of the year, the new mega cutter suction dredger Krios was delivered. This sister vessel of our Helios also boasts a total installed power of 23,700 kW, a pumping capacity of 15,600 kW and a maximum cutter power of 7,000 kW. With these two new state-of-the-art mega cutters in its fleet, Boskalis decided to retire two old cutters.

As part of the 2020-2022 business plan, Boskalis started the preparations for the development of two distinctive shallow-draught large trailing suction hopper dredgers.

Offshore Energy

The development of the new crane vessel Bokalift 2 continued at the shipyard Drydocks World in Dubai. The Bokalift 2 will be equipped with a crane with a lifting capacity of 4,000 tons and have a free deck space of 7,500 m^2, which makes the vessel perfectly suited to transport and install the 62 jacket foundations and pin piles for the Changfang and Xidao offshore windfarms in Taiwan. This will be the vessel's first project after its expected commissioning at the end of 2021.

The heavy transport vessel Forte was fitted out with a dynamic positioning (DP2) system in 2020. With the advanced system the position and course of the vessel can be automatically controlled, which makes it perfectly suited for platform installation jobs that require extreme precision. One such project executed by the Forte is described on pages 22 and 23 of this annual report.

Late 2020, the multi-purpose DP2 offshore construction vessel BOKA Tiamat was added to the Boskalis fleet under a long-term charter. The vessel is retrofitted with a 1,300 kW SeaQ Energy Storage System, which will reduce fuel consumption and emissions during offshore operations. The BOKA Tiamat will be deployed on offshore wind projects in Taiwan.

Through the acquisition of Rever Offshore, Boskalis added two diving support vessels to its fleet of which one is fully owned (BOKA Polaris) and a second chartered (BOKA Topaz).

The conversion by Gardline of an offshore vessel into an advanced geophysical survey vessel continued in 2020.
The vessel named Ocean Resolution entered service in February 2021. Furthermore, as part of the business plan, Gardline will start the conversion of a second offshore vessel into a state-of-the-art survey vessel in 2021.

RESEARCH AND DEVELOPMENT

Boskalis' Corporate R&D activities focus on creating added value for our clients and stakeholders and supporting our business growth. The R&D projects are linked to one or more of our three strategic pillars from the Corporate Business Plan: Focus, Sustainable Growth and Human Excellence.

2020 HIGHLIGHTS

The 'Go-Barry' – a Self-Moving Traffic Barrier

Delivering substantial safety advantages for road workers, as well as improved traffic flow and time savings, the Go-Barry integrates several track-propelled undercarriages into an existing traffic barrier. Designed for roadwork situations, Go-Barry utilizes remote contact between a road worker and the barrier, enabling the barrier to be moved without human intervention; it has attracted great interest from our clients, was tested in a Proof of Concept at the end of 2020 and a prototype will be tested in 2021.

Remotely Operated Cutting Tool

Traditionally, offshore platforms require pre-fabricated cutting platforms to be installed on each leg of the platform when the platform is dismantled at the end of a project – an expensive and potentially hazardous exercise. The remotely operated cutting tool, due to be employed during upcoming decommissioning operations, not only represents significant cost savings, but makes a substantial contribution to the safety of our, and our clients', employees.

Endless Reefs

In an extension of our extensive research into artificial reefs over the last years, in 2020 we started a pilot with a modular solution in Panama consisting of a collection of steel dodecahedrons: Endless Reefs. Artificial reefs have the potential to enhance marine diversity around our coastal infrastructure projects, as well as become an integral part of our coastal protection projects. Endless Reefs employs Mineral Accretion Technology that uses low-voltage, electrical currents underwater to accelerate the process of calcification, promoting the growth of marine life.

Vacuum-Supported Soil Construction

Vacuum-Supported Soil Construction (VSCC) is a method of creating reinforced soil constructions. Conventionally, during construction projects, temporary walls are erected to hold geogrids and granular material in place until construction is completed and the wall can support itself. VSSC eliminates the need for these temporary walls, saving time, material and floor space. VSCC is expected to see applications within Boskalis Nederland.

PortXL

Boskalis partners with PortXL, the world's first port and maritime accelerator program, scouting and selecting innovative new companies that can serve the needs of the global maritime industry. PortXL is a dynamic program, responding quickly to industry needs. In 2020, as a result of this partnership, we

In the summer of 2020, the dredging activities for the Fehmarnbelt Tunnel project started with the construction of the work harbor in Rødbyhavn on the south coast of Lolland in Denmark implemented Boskalis Remote Assistance – a device attached to a helmet or bump cap that is linked to a software platform. Augmented reality technology allows employees to effectively collaborate from different locations. Complex challenges can now be addressed remotely, without the time and expense involved in flying engineers to remote locations or vessels to provide support. The system has already been implemented on 24 of our hopper dredgers.

SURE

This year, Boskalis was one of the initiators of the program SURE, (SUbsea enhanced REality) program, together with Rijkswaterstaat, the executive agency of the Dutch Ministry of Infrastructure and Water Management, and TNO Delft. SURE aims to make underwater asset monitoring more accurate through the creation of a 'blended reality' environment. By using AI, video and sonar sources, images are combined to provide more, and more accurate, information than the different individual processes traditionally used. The innovation will enhance our own inspection services and improve our clients' asset management processes, as well as improve safety, by virtually eliminating the need for divers. After the successful completion of the first phase, the program is now entering phase two.

Joint industry initiatives

As a member of the Green Maritime Methanol consortium we are investigating the feasibility of methanol as a sustainable fuel for the maritime sector. A study with eight other selected companies, which reached completion in December 2020, showed its technical feasibility. Methanol is not yet economically viable for retrofit in our vessels but the project is being extended for another two years, starting mid-2021, where the focus will be on new-build vessels.

2020 saw the continuation of our involvement in GROW (Growth through Research, development & demonstration in Offshore Wind), and the second year of our participation in the Gentle Driving of Piles (GDP) project. The dominant method for driving monopiles into the seabed is hydraulic impact piling, which creates substantial noise and disturbance for underwater marine life, as well as damage to the monopile. GDP, a smart combination of actual and rotational vibrations, will minimize the environmental impact of installing offshore wind platforms as well as reduce costs, making the construction of offshore wind farms more affordable.

This year Boskalis joined DigiShape, an open innovation platform for the digitization of the water sector. As part of a consortium of prominent players in the sector, alongside knowledge institutions and governments, Boskalis is working on a more optimal application of data in our processes.

Dutch Coastline Challenge

Rijkswaterstaat aims to make the maintenance of the Dutch coastline emission free by 2030 and has invited industry players to develop innovations to meet this target. Boskalis submitted a range of ideas, several of which have been selected and are currently under development.

ICT

In light of the COVID-19 pandemic much of 2020 was focused on ensuring that our IT services worked with optimal efficiency to accommodate the new situation, with many colleagues working at home. Our IT strategy of being able to work 'any time in any place in a secure way', served us well this year. When mobility restrictions came into force in March, employees all over the world were able to work from home from one day to the next, and over the course of the year we succeeded in improving our online collaboration environment.

Dealing with the sometimes unpredictable configurations of home internet connections and collaboration platforms such as Microsoft Teams brought a new set of challenges, and we sharpened our efforts around cybersecurity this year. We have improved the way we monitor the working environment for cyber attacks, which are increasing both in frequency and in the level of sophistication. We also made improvements to our Enterprise Resource Planning system within the Dredging division this year, developing tools to help project teams working abroad achieve more control over the results of their projects. The planned completion of the program's implementation had to be put on hold due to COVID-19.

Similarly, our program to develop the new companywide software tool to optimize Fleet Management processes also had to be postponed; in 2020 progress was limited to preparatory works. Our work to integrate Building Information Modeling (BIM) standards and developing supporting IT solutions continued.

SUSTAINABILITY

The principal strategic objective of Boskalis is the creation of long-term sustainable profitability. The systematic execution of the corporate strategy, that is reviewed regularly in light of relevant market developments, is key to our success. Our sustainability strategy is derived from the corporate business strategy, and ongoing interaction and dialog with our stakeholders.

SUSTAINABILITY STRATEGY

Through our sustainability strategy we aim to support our business strategy and strengthen our contribution to the SDGs. Our sustainability strategy steers our actions across the sustainability topics most material to our business. Our approach is informed by our materiality assessment and stakeholder engagement. Critically, our strategy is formulated with the senior leadership team to ensure the ambition and action is closely aligned with and supports our business strategy. As we move forward in our sustainability journey, we will continue to prioritize these ambitions and actions throughout our business, involving our stakeholders and our employees.

Our sustainability strategy is structured around three tiers: our purpose cornerstones, sustainability focus areas and responsible business principles. Individual topics within the tiers originate from the engagement we have with our stakeholders and are derived from the materiality assessment. The clustering of the topics within the three tiers is briefly described below and is elaborated on in our Sustainability Report 2020, which is available on our website (www.boskalis.com).

TIER 1. PURPOSE CORNERSTONES

The first tier captures the core areas of our business that create economic and societal value and contribute to the SDGs. This contribution is closely linked to our purpose, "Creating and protecting welfare and advancing the energy transition". Through our activities and business we directly contribute to four SDGs, which we have labeled our purpose cornerstones. These are: Innovation, Industry and Infrastructure; Climate Action; Life Below Water; and Affordable and Clean Energy. Our activities facilitate world trade, create infrastructure and new land for society; our coastal defense and riverbank protection activities help protect society and the natural environment from the consequences of climate change, such as rising sea levels and extreme weather conditions; our marine salvage business helps protect valuable vessels and their crews and cargoes, as well as Life Below Water from environmental disasters; and our energy services contribute to the delivery of affordable and clean energy.

With each cornerstone we aim to generate economic value while addressing environmental and societal opportunities, needs and challenges. The specific way we do this from a sustainability perspective is addressed in the second and third tiers.

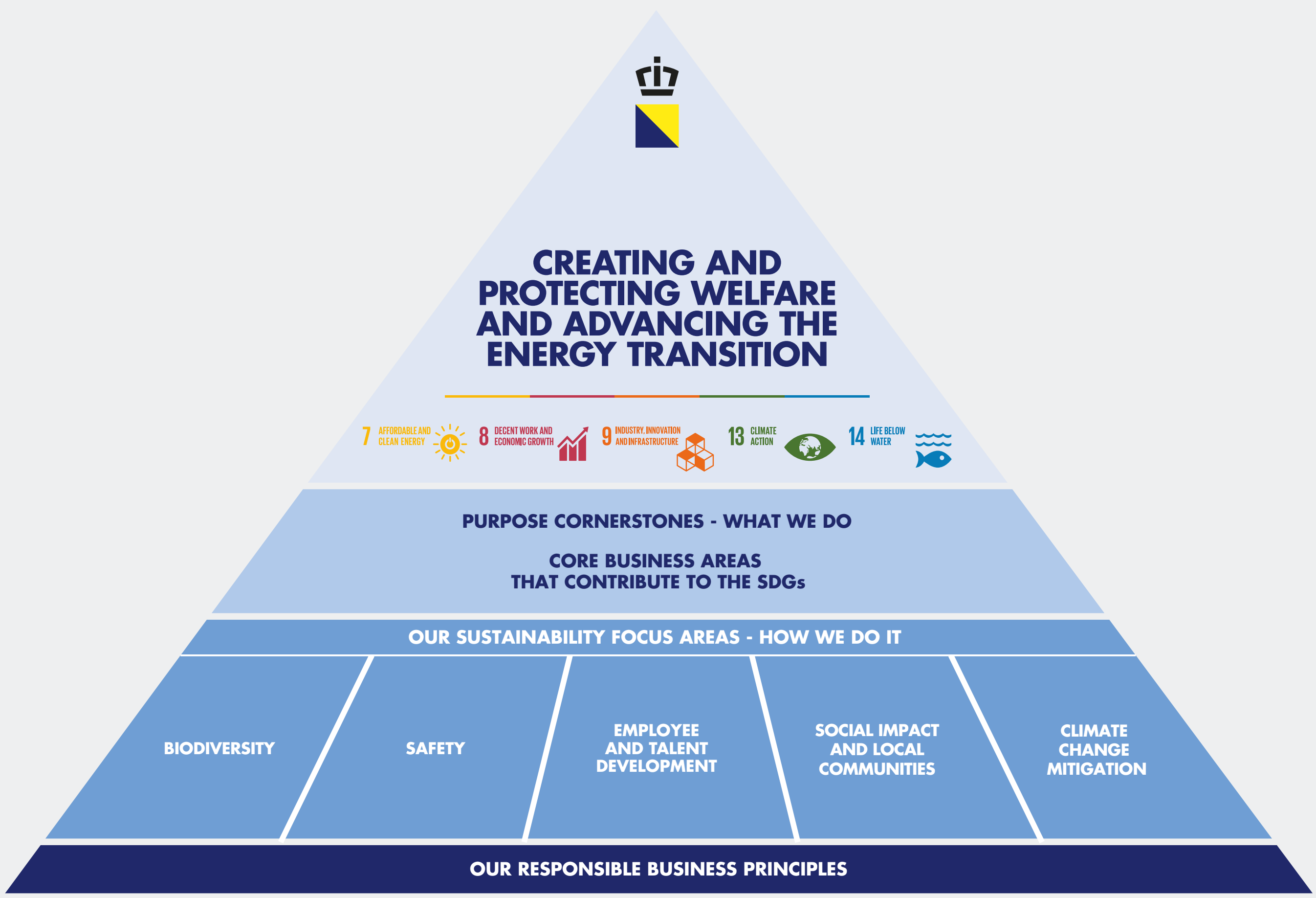
TIER 2. SUSTAINABILITY FOCUS AREAS

The second tier comprises five sustainability focus areas related to how we do business and how we manage our impact. These are: mitigating our impact on climate change through taking steps towards achieving our climate neutral ambition, biodiversity and ecosystems, local community and development, employee and talent development and safety. Being able to manage the risks and opportunities related to these topics is essential to our business success.

It is within these areas that we focus our efforts in order to develop new technologies and more sustainable ways to deliver projects for our clients and to enhance the positive and minimize the negative impacts of our operations. To support delivery of our sustainability strategy, we have identified high-level ambitions and established targets to measure our progress. These targets are composed of both quantitative and qualitative metrics, which are described in our Sustainability Report 2020 in addition to our approach and performance in 2020 for each of the sustainability focus areas.

TIER 3. RESPONSIBLE BUSINESS PRINCIPLES

Our responsible business principles are the foundation of our sustainability strategy. These principles are detailed in the Boskalis Code of Conduct and the Supplier Code of Conduct, and are based on international guidelines including the United Nations Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the conventions of the International Labour Organization. Both codes were recently updated and the Boskalis code is underpinned by key policies.



BUSINESS PRINCIPLES

BOSKALIS CODE OF CONDUCT

Boskalis is a responsible multinational enterprise. Our purpose is to create and protect welfare and advance the energy transition. We play a pivotal role in keeping the world moving both on land an at sea. The areas where we can make the largest contribution, both to the world economy and sustainable development, are tied to our business, our people and our activities. The company is committed to sustainable profitability and value creation for its shareholders. Boskalis wants to be an attractive employer and the client's first choice of contractor.

We are committed to conducting our business with integrity, honesty and fairness. We do this in compliance with applicable international and national laws and the Boskalis Code of Conduct.

The Boskalis Code of Conduct describes the guiding principles for our business conduct based on our core values, our commitment to our people, our clients, our investors, the environment and communities where we work. It describes our way of working and behavior and has been designed to help all of us to make the right decisions in our daily work to improve our performance, build up trust with our stakeholders and safeguard our solid reputation.

The Boskalis Code of Conduct is based on international guidelines, including the Universal Declaration of Human Rights, the principles and the conventions of the International Labour Organization and the OECD Guidelines for Multinational Enterprises. Boskalis accepts responsibility for matters which lie within its sphere of influence.
The Boskalis Code of Conduct applies to Boskalis, its subsidiaries and all its employees performing work for Boskalis.

We refreshed the Boskalis Code of Conduct in 2020, ensuring that the content remains comprehensive, relevant and up to date and we developed a set of underlying policies to the Boskalis Code of Conduct to elaborate upon certain important business principles. We review the Boskalis Code of Conduct and its underlying policies on a yearly basis.

The employees of Boskalis receive a copy of the Boskalis Code of Conduct and its underlying policies when they start working for Boskalis. In addition, e-learnings and targeted trainings are being organized to explain and train our people how the use them.

The full text of Boskalis Code of Conduct and its underlying policies as well as the Supplier Code of Conduct are available on our corporate website and our intranet ('Bokanet').

SUPPLIER CODE OF CONDUCT

The principles embodied in the Boskalis Code of Conduct are a fundamental part of the way we do business and we promote the same principles in our relationships with clients, suppliers and other business partners.

Boskalis has a Supplier Code of Conduct, which mirrors our own Code of Conduct. Besides considering quality, delivery reliability and price, we also select our suppliers based on sustainability criteria. The Supplier Code of Conduct is an integral part of all procurement contracts. By entering into a contract, suppliers commit themselves to the Supplier Code of Conduct. This commitment is also applicable to their own suppliers. In 2020, 85% of our strategic suppliers endorsed the Supplier Code of Conduct, compared to 81% in 2019.

The full text of the Supplier Code of Conduct is available on our corporate website and our intranet ('Bokanet').

Each year, we conduct an implementation scan at a cross section of approximately 10% of our strategic suppliers. Suppliers that do not meet our standards are given the chance to improve under our supervision. In the absence of sufficient progress, we will eventually terminate our relationship with these suppliers. More details of this risk matrix assessment and the results over the past years are given on pages 82 and 83 in our Sustainability Report 2020.

OUR CORE VALUES – OUR COMPASS

We strive to be the leading dredging and marine contracting experts, creating new horizons for all our stakeholders. Our five core values guide us in achieving this mission.

SAFETY

Our people and their safety is the core of our success. Safety is the top priority in everything we do. Our behavioral safety program NINA targets No Injuries No Accidents to safeguard our colleagues and suppliers.

TEAMWORK

By working together we create new horizons. We approach our complex and specialist work with a collective mindset and the objective to excel. Collaboration within teams and cooperating with clients, suppliers and other stakeholders allows us to get the job done.

PROFESSIONALISM

We strive to achieve the best results for the job without making promises we cannot deliver. With our expertise and experience in project management, operations and risk management we seek to deliver our projects safely, on time and within budget.

ENTREPRENEURSHIP

We offer innovative, competitive and sustainable solutions for our clients. With our strong business sense, we are forward thinking, exploring new ideas and opportunities. We take pride in creating new horizons.

RESPONSIBLENESS

We are committed to conduct our business with integrity, honesty and fairness. Integrity is a prerequisite for success and an important cornerstone of our reputation. The impact of our activities on society and the environment is a key element in the way we conduct our day-to-day business.

ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

The Boskalis Anti-Bribery and Anti-Corruption principles are enshrined in the Boskalis Code of Conduct and elaborated upon in its underlying Anti-Corruption and Anti-Bribery Policy. Boskalis does not tolerate any bribery and corruption. Boskalis shall not offer, pay, request or accept bribes, facilitation payments or other favors for the purpose of acquiring or giving any improper business, financial or personal advantages.

In many countries where Boskalis operates it is impossible to conduct activities without a local partner or sponsor. The guidelines for collaborating with such a partner are set out in a contract, which also specifically includes the principles from the Boskalis Code of Conduct as described above.
Local contacts may be maintained by an agent, who also assists in the efficient setting up and execution of projects. Control of integrity risks and compliance with the internal procedures for concluding agent contracts are part of the internal audits.

ENVIRONMENTAL AND SOCIAL POLICY

The environmental and social guiding principles of Boskalis are part of the Boskalis Code of Conduct and detailed in the Environmental and Social Policy. Boskalis strives to be a leader in sustainability in the dredging, offshore contracting and marine services industries. We aim to create long-term sustainable profitability by managing our business and projects responsibly, adding social, environmental and economic value wherever we can, and leveraging our ability to influence and innovate. This commitment is founded in our ambition to contribute to the United Nations Sustainable Development Goals. Boskalis aligns its business practices with the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. We comply with the applicable environmental and social national and international laws

HUMAN RIGHTS AND LABOR POLICY

The Boskalis Code of Conduct includes the commitment that Boskalis respects and supports the dignity, wellbeing and human rights of our employees, the communities we work in and everybody involved in our operations. We have a Human Rights and Labor Policy that sets out the guiding principles for Boskalis to conduct its business, which is developed in line with the United Nations Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the OECD Guideline for Multinational Enterprises and applicable national and international labor laws, including the conventions of the International Labour Organization. We seek to identify adverse impacts related to human rights and labor caused by our business activities before they occur and take appropriate steps to avoid, cease, minimize or mitigate them.

SANCTIONS POLICY

Boskalis does not perform any activities that are subject to international and/or national sanctions and does not have dealings with sanctioned persons. In addition, we follow the laws concerning export control for military and dual-use goods and services. The guiding principles regarding sanctions are laid down in the Boskalis Code of Conduct and our Sanctions Policy.

TAX POLICY

The payment of taxes forms an important part of our contribution to the countries and communities in which we operate. Our approach to tax supports the purpose and the corporate business strategy of Boskalis. Our Boskalis Code of Conduct and the underlying Tax Policy reflect our guiding principles that we are responsible taxpayers managing our tax affairs accurately and transparently to the letter and the spirit of the applicable tax laws and regulations. Boskalis supports the OECD initiatives to promote tax transparency and reform of international tax regulations to end tax avoidance strategies and to come to fair tax systems.

SPEAK UP POLICY

Boskalis has a Speak Up Policy in place that offers employees the possibility to report (suspected) misconduct within the company. The Speak Up Policy is developed in line with international and national applicable laws and the OECD Guidelines for Multinational Enterprises. Under the Speak Up Policy a report of (suspected) misconduct can be made on any subject of a general, financial or operational nature which is not in line with the Boskalis Code of Conduct. A confidential and independent counselor has been appointed for the purposes of the Speak Up Policy. Employees also have the possibility to consult a female counselor. Such a report can be made anonymously and on a 24/7 basis. The counselor shall take the reported suspected misconduct into consideration immediately and gain information in relation to this. Based on this information the counselor shall decide which actions are appropriate and necessary, including a possible investigation on the reported misconduct. The employee who has in good faith reported the suspected misconduct to the counselor, in accordance with the Speak Up Policy, shall not suffer any retaliation or detriment as a consequence of making a report.

GRIEVANCE POLICY

Boskalis strives for open and clear communication with our various external stakeholders and is open to suggestions, ideas, complaints, grievances and criticisms. The Grievance Policy describes how we offer our external stakeholders the possibility to bring forward any grievance without the risk of any retaliations. Grievances may be treated on a confidential basis upon request and can be made anonymously on a 24/7 basis.

Platform decommissioning activities
by the crane vessel Bokalift 1

RISK MANAGEMENT

The proper identification, assessment and management of risks and opportunities – notably with respect to tendering, preparation and execution of projects – is an integral part of our management approach allowing us to capitalize on opportunities in a disciplined manner.

For several years already, we operate a group-wide quality management system which we refer to as the Boskalis Way of Working (WoW). In designing this system, we observed the principles and guidelines of the ISO 31000 standard for risk management. The overriding objective of our WoW-system is to give our staff the best possible support in achieving operational excellence throughout the project lifecycle, with a clear focus on safe and sustainable solutions as well as a consistent client approach. Operational excellence in this context means achieving compliance with the internal and external control requirements imposed on our primary project process whilst minimizing failure costs.

We monitor compliance and identify opportunities to further improve our performance by conducting regular internal audits, inspections, emergency drills, and management reviews. For all business units, external certification bodies have (re-)confirmed that the implementation of WoW complies with the most recent applicable international (ISO) quality, safety and environmental standards. We are continuing our efforts to further improve and harmonize (the documentation of) this system.

Our tolerance or appetite for risks is documented in the Group's guidelines, policies, procedures and instructions. Examples include the Boskalis Code of Conduct and the Supplier Code of Conduct, safety and quality policies and procedures, vendor selection criteria, project risk classification system, contracting guidelines, authorization limits, tax and treasury policies, management planning and control systems, financial control framework, crisis management plans, information security and access management policies.

Below sets out an overview of what we currently consider to be the most important strategic, operational, compliance, financial (reporting) and other risks we face in pursuing our business objectives. This overview is not exhaustive and risks have not been ranked in order of importance. There may be other risks which we currently do not consider to be significant but which at a later stage may manifest themselves as such. Where possible, we have indicated the specific measures in place to help mitigate these risks.

STRATEGIC AND MARKET RISKS

The Boskalis markets are heterogeneous and often develop disparately. Our main (end) client groups are national, regional and local governments, or associated institutions such as port authorities, private port operators and major international oil and gas companies and wind energy companies (operators as well as contractors). Other client types are (container) shipping companies, ship and offshore construction yards, insurance companies, mining companies and (infrastructure and real estate) project developers.

Notwithstanding the positive long-term growth prospects for our markets, they can be – certainly in the short and medium term – negatively impacted by factors outside our control. Such factors include for example general or regional geopolitical developments, such as energy policies, political unrest, piracy, government-imposed trade barriers, volatility in the energy and commodities markets as well as natural or man-made calamities. The COVID-19 pandemic being a telling recent example.

Boskalis aims to respond as effectively as possible to both positive and negative developments in individual markets, through a global spread of its activities, an extensive and versatile fleet operating out of various international locations, and strong positions in its core markets. Moreover, our activities are largely focused on the development, construction, installation and maintenance of infrastructure, which means that longer-term developments will generally outweigh short-term economic fluctuations.

Contracts are not included in our order book until agreement has been reached with the client. Although experience shows that once agreement has been reached, cancellations, postponements or substantial reductions in the scope or size of contracts are quite rare, they do occur, certainly in markets that are under severe pressure. Consequently, if such a cancellation or substantial reduction occurs, losses may arise from the unwinding or settlement of financial derivatives which were taken out to hedge related currency risks and/or fuel price risks, but for which the underlying transaction or cash flows will no longer be realized.

Boskalis deals with a variety of competitors in the various markets and submarkets in which it operates. Such competitors vary from large, internationally operating companies to more regional and local companies. A considerable part of our revenue is derived from contracts awarded through public or private tender procedures, with competition often being predominately price-based. However, other factors – such as the assurance of adequate safety, social and environmental practices as well as the financial resilience of the contractor – are more often taken into consideration when awarding contracts. Proper decision-making processes have been put in place for the submission of tenders to ensure that the risks associated with the execution of a specific project are systematically identified and assessed.

A substantial part of Boskalis' activities are capital-intensive which means that prices in these markets are largely influenced by the utilization rate of the relevant equipment at a given time. This implies that a broad international presence along with a leadership position in terms of type and quality of our equipment and cost competitiveness are key success factors. Boskalis places a great deal of emphasis on these, both as a critical point of attention in operational management and in its capital allocation decisions. Consequently, individual investment proposals are subjected to a thorough evaluation and approval process.

In the course of executing its strategy, Boskalis regularly acquires companies. To achieve the anticipated results, Boskalis assigns great importance to integrating such acquisitions with care. Creating value for our stakeholders and retaining key personnel are important elements in this process.

OPERATIONAL RISKS

CONTRACTING AND EXECUTION RISKS

The main operational risks for Boskalis are related to the contracting and execution of projects. For a substantial part of our contracting activities the common type of contract is fixed price/lump sum. Under this type of contract, the contractor's price must reflect virtually all the operational risks as well as the risks associated with the procurement of materials and subcontractor services. Typically, it is not possible to charge clients for any unforeseen costs. Furthermore, many contracts include milestones and associated penalty clauses for if the milestones are not achieved on time. That is why great


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

emphasis is placed on identifying, analyzing and quantifying such delay risks and the associated operating costs during the tendering process and the preparation and execution phase of a project.

Operational risks mainly relate to variable weather or working conditions, technical suitability and availability of the equipment, unexpected soil and settlement conditions, wear and tear of equipment (especially dredging equipment), damage to third-party equipment and property, the performance of subcontractors and suppliers, and the timely availability of cargo or services provided by the client in case of heavy marine transport and/or installation activities.

The following measures are taken systematically to manage the aforementioned risks in the tender, preparation and/or execution phase of a contract:

- During the tendering procedure and the contracting phase of projects much emphasis is placed on identifying, analyzing and quantifying execution, cost and delay risks. Contracts are classified based on their size and risk profile. This classification determines the subsequent course of the tender process and the requirements for authorization of the tender price and conditions. Above a certain level of risk, tender commitments require authorization from the Board of Management.
- In the preparation phase of a project tender and depending on the nature and risk classification of the project, we gain insight by conducting surveys and soil investigations; by consulting (proprietary) databases containing historical data and by applying extensive risk analysis techniques. The results of the risk analyses are then used in the process of costing the project and in setting the commercial and contractual terms and conditions for the offer to be issued to the client.
- Risks related to price developments on the procurement elements of a project, such as costs of materials and services, subcontracting costs and fuel prices, as well as the cost of labor, are all considered when calculating cost prices. Wherever possible, and especially on projects with a long execution time, cost indexation clauses are included in the contract terms and conditions, particularly regarding labor and fuel costs.
- When a contract is awarded, an updated risk analysis is part of the project preparation phase, based upon which measures are taken to mitigate the risks identified.
- In addition, much attention is devoted to the continuous education and training of staff, appropriate project planning and project management, the execution and implementation of certified quality, safety and environmental systems, and the optimal maintenance of equipment.

Our terminal services, which have been incorporated in the Smit Lamnalco strategic joint venture, are to a substantial extent performed under long-term contracts corresponding to the client's requirements and specifications. Most of these contracts include some form of price indexation.

Salvage activities relating to vessels in distress – Emergency Response – are often carried out under great time pressure and without an extensive tendering procedure and associated preparation activities. Such contracts are regularly concluded based on the standard Lloyd's Open Form (LOF). This means that compensation is based on a valuation mechanism related to various factors, including the salvage value of the vessel and its cargo, the technical complexity of the salvage operation, environmental risks and the use of own equipment and subcontractors. This valuation results in a lump sum, which is finalized through negotiations with the client or through an arbitration process. Experience shows that the company is usually able to make a reasonably accurate estimate of this income. Should it transpire during a salvage operation that the final salvage fee may not be sufficient to cover the costs incurred, then the choice can be made to convert the LOF into a contract based on a daily hire fee, thus limiting the financial risks. Contracts for salvaging sunken vessels (wrecks) are usually carried out on a lump sum basis. The contracting and execution of such projects,

The submerged heavy transport vessel Black Marlin ready to load a new cargo which in many cases do involve a tendering procedure, are subject to the customary procedures for contracting and execution activities applicable within Boskalis.

Some of the equipment within the Offshore Energy division, as well as in some of the strategic joint ventures, is chartered out for relatively short periods (spot markets), mainly subject to standard conditions. Although the operational risks involved in such activities are generally relatively limited, they do result in increased utilization and pricing risk, which we aim to mitigate through adequate capacity and strict cost control.

HUMAN RESOURCES

As for any organization, having sufficiently knowledgeable, skilled and experienced personnel is a prerequisite for operational excellence. Boskalis employs an increasingly diverse, multinational workforce requiring our staff to be aware of cultural differences and to develop international competencies. The international travel- and work-requirements inherent to our operations are particularly challenging for younger people in dual career households. To help address these challenges, we have renewed our (international) talent sourcing and development process as well as our onboarding process. We also run various talent development programs including Boskalis Trainee Program, Boskalis Project Professionals, Finance Development Program, Boskalis Contracting Academy, Boskalis Operational Development Program and – partly external – leadership development programs. Additionally, a comprehensive employee performance management system is in place as well a strategic workforce planning process that includes succession planning. We strive to offer our staff a present-day, attractive set of (flexible) employment terms.

ENVIRONMENTAL AND SOCIAL RISKS

To gain insight into the relevance and importance of environmental and social topics, Boskalis engages with its stakeholders and regularly conducts a materiality analysis. The outcome of this engagement is reflected in our sustainability report in a materiality matrix. The nature of most of our activities implies that we have an impact on society and the environment. In most cases this impact will be positive, for example when we are involved in creating infrastructure, making land safer or facilitating the transition to renewable energy sources such as offshore wind. However, a potential negative impact during the execution of projects cannot be ruled out. Environmental risks include the impact on biodiversity in vulnerable ecosystems and the emissions produced by our vessels. Boskalis has developed the innovative Building with Nature program and has an in-house engineering department to address ecological aspects from the early tender stage through to monitoring during execution. CO_2 emissions are measured and reported and Boskalis is seeking means by which it can reduce its emissions footprint.

Social risks include the impact of projects on local communities. The extent to which our activities have a social impact is highly dependent on the type and/or location of a project. Where relevant, we implement a social impact program and work with our clients to mitigate the impact and where possible make a positive contribution to communities affected by our activities.

CLIMATE CHANGE RISKS

As mentioned, climate change adaptation and the energy transition will require major investments in infrastructure with significant additional opportunities for Boskalis. There are nonetheless several associated risks that could negatively impact our operations. For instance, further restrictions on emissions or increased carbon pricing could result in higher production costs. The increase in frequency and severity of extreme weather events may result in disruptions in project execution. Temperature increase and extreme weather events could also reduce economic activity and GDP growth. Rising climate change concerns may lead to additional regulatory measures which can result in project delays or cancellations. Such concerns also have the potential for a deteriorating relationship with the public and governments in countries where we operate.

ICT RISKS

Like most companies, Boskalis is faced with an increase in cybersecurity risks and increasingly sophisticated levels of computer crime. Successful cyberattacks can result in significant costs as well as other negative consequences including reputational damage, remediation costs and other liabilities to stakeholders. Furthermore, enhanced protection measures place additional financial and operational burdens on the business. To help mitigate these risks Boskalis has developed information security policies and practices based on the international Code of Practice for Information Security Management. We continuously monitor for suspicious activity on our ICT infrastructure and sustain our (training) efforts to increase awareness of cybercrime risks amongst our staff. The increase in remote working further heightens the importance of these measures. During the year under review, we also made good progress towards timely compliance with the latest guidelines on maritime cyber risk management issued by the International Maritime Organization which will take effect during the current year.

LOCAL WORKING CONDITIONS RISKS

Local management on projects and operations must have a proper understanding of the local (working) conditions. The scale of local operations is often too small to warrant a full-fledged organization, including extensive support services and staff departments. This is addressed through regular visits by responsible managers and employees from the relevant business units and support from central staff departments at head office as well as by involving (local) external advisors.

FINANCIAL RISKS

POLITICAL AND CREDIT RISKS

These include risks related to unrest or disruption due to political developments and violence, and the risk of non-payment by clients. Boskalis operates strict acceptance, credit and hedging policies with respect to political, foreign exchange and payment risks. Other than in the case of very strong, creditworthy clients with an undisputed credit history, all substantial credit risks are normally covered by means of credit insurance, standby letters of credit, bank guarantees and/or advance payments. Revenues and earnings are only recognized in the accounts where there is sufficient certainty that they will be realized.

LIQUIDITY AND FUNDING RISKS

As is customary for a contractor, Boskalis also has significant obligations outstanding in the form of guarantees from banks and insurance companies, mainly in favor of clients. Given that the availability of sufficient credit and bank guarantee facilities is essential to the continuity of the business, Boskalis' funding policy is aimed at maintaining a strong financial position. Solid balance sheet ratios and the use of diversified sources of funding provide for ample capacity to absorb liquidity risks and the constant creation of adequate borrowing capacity and guarantee facilities. The company has ample credit and bank guarantee facilities at its disposal and operates well within the agreed covenants under its financing agreements.

CURRENCY RISKS

The reporting currency of Boskalis is the euro. Most of the business units have the euro as their functional currency while some use other functional currencies as well. The most important of these is the US dollar, followed by the Singapore dollar. The revenues and expenses of these entities are largely or entirely based on these non-euro currencies. Our holdings in these entities are viewed from a long-term perspective. Exchange rate risks related to these entities are not hedged as it is assumed that currency fluctuations and developments in interest rates and inflation will offset each other in the long term.

A significant proportion of the activities of the group companies that have the euro as their functional currency are not contracted in euros. This particularly applies to the group companies that are involved in dredging and related projects. The costs of these entities, however, are largely incurred in euros. Generally, the net cash flows in non-euro currencies within these entities are fully hedged, usually by means of forward exchange contracts. The US dollar exchange rate in relation to the euro is particularly relevant in this context. A large proportion of the projects is contracted in US dollars or in currencies that are to a greater or lesser extent linked to the US dollar.

Most of our major international competitors in the dredging industry also have cost structures largely based on the euro. This implies that exchange rate fluctuations do not have a material impact on our relative competitive position. In several market segments, particularly in Offshore Energy, there is competition from parties whose cost structures are not based on the euro, meaning that the competitive impact of currency fluctuations in these market segments is greater. However, on balance, exchange rate fluctuations only have limited impact on the company's competitive position in these activities.

TAX RISKS

Boskalis operates in a large number of jurisdictions and is subject to a variety of taxes per jurisdiction. Tax legislation can be very complex, is subject to change and is often interpreted in different ways. Boskalis is therefore exposed to a variety of direct and indirect tax risks which could lead to double taxation, additional tax payments, penalties and interest payments. Significant judgement is required to determine the overall tax position. The company accounts for its taxes on the basis of internal analyses and judgements, supported by external advice. In the event of uncertain tax positions, the potential consequences are analyzed and accounted for in accordance with the applicable accounting standards.

INTEREST RATE RISKS

Our long-term financial liabilities are predominantly based on fixed long-term interest rates, meaning that our exposure to interest rate fluctuations on these is limited.


Reconstruction of the N3-A16 junction near the city of Dordrecht, the Netherlands

FUEL PRICE RISKS

In a substantial part of its activities, Boskalis is exposed to risks arising from changes in fuel prices. Fuel costs are hedged in a number of different ways. Where possible, contracts include fuel price variation clauses. Also, contracts are sometimes based on fuel being supplied by the client. In other cases, where the fuel price presents a substantial risk, exposure can be hedged by means of financial instruments, such as forward contracts or fixed fuel supply contracts.

DERIVATIVES

Financial derivatives are only used to hedge underlying currency risks, fuel cost risks or other risks where there is a physical underlying transaction. There is, however, a risk of losses arising from the unwinding or settlement of such financial derivatives due to cancellation of a contract or a substantial reduction in the scope of a contract.

OTHER RISKS

COMPLIANCE WITH LEGISLATION AND REGULATIONS

As an international dredging and marine contracting and services expert, Boskalis is active in numerous countries, and therefore must deal with a wide range of diverse legislation and regulations. Some of the activities are managed by Boskalis local management, but in many countries intermediaries and/or local representatives are used in securing and executing projects. This combination of factors results in a heightened risk that relevant (local) legislation and regulations may not be fully complied with. Events of non-compliance can result in regulatory investigations, litigations and/or sanctions. These risks are as much as possible mitigated by the company’s internal risk management and control systems that include the Boskalis Code of Conduct as well as the Supplier Code of Conduct, which are reviewed and evaluated regularly. Intermediaries and/or local representatives are also contractually bound to comply with our codes of conduct. Entering into contracts with local intermediaries and/or representatives is subject to clearly defined procedures, including background checks. Furthermore, Boskalis has a Speak Up Policy in place and a confidential independent counselor to whom employees can report any suspected misconduct.

PROPERTY DAMAGE AND THIRD-PARTY LIABILITIES

Boskalis has taken out a broad package of insurances to cover against risks with respect to damage to its properties as well as third-party properties and potential other third-party liabilities.

INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS

The internal risk management and control systems of Boskalis are based on the principles of effective management supervision at various levels in the organization and are tailored to the day-to-day working environment in which the company operates worldwide. One of the main foundations for risk management is the internal culture of the company, which is characterized by a high degree of transparency regarding the timely identification, evaluation and reporting of risks and a remuneration system that is geared to avoiding potentially perverse incentives. In addition to the specific risk mitigation measures mentioned above, our internal risk management and control systems include the following main components:

- In the daily operations, the operational risk management and control is largely supported by a comprehensive system of quality assurance rules, procedures and systems, particularly regarding the acquisition and execution of projects (the aforementioned Boskalis Way of Working).
- In addition to audits by external certification bodies, Boskalis also performs regular internal audits under the auspices of the SHE-Q department to review the design and operational effectiveness of this system. SHE-Q is discussed at quarterly meetings between the Board of Management and the management of the business units, with the management of the SHE-Q department also participating.
- The daily management of the organization is based on short lines of communication and command. Speed, know-how and decisiveness are of the essence, both in the tendering phase and in project execution. Daily management is hands-on.
- The progress and development of the operating results and the financial position of individual projects and business units and the Company as a whole, as well as the operational and financial risks, are monitored by means of structured periodical reporting, analysis of the financial results and performance reviews at Board of Management and senior management levels.

RISKS REGARDING FINANCIAL REPORTING

FINANCIAL REPORTING STRUCTURE

Financial reporting at Boskalis is structured within a tight framework of budgeting, reporting and forecasting. A distinction is made between reports for internal and external use. External reporting at group level consists of an annual report, including financial statements audited by the external auditor, as well as a half-year report, containing summarized financial information, both consolidated and segmented. The external reports are based on the internal financial reporting, in accordance with EU-IFRS.

Internal financial reporting consists of comprehensive consolidated periodic reports in which current developments are compared to the (cumulative) budgets and previous forecasts. In addition, each quarter we reiterate or update our forecast for the annual results and balance sheet positions at the end of the financial year. The budget is prepared every year by the Board of Management and approved by the Supervisory Board. Cash flows are closely monitored via a six months rolling forecast which is reported on a weekly basis. Internal financial reporting has a layered structure – in accordance with the internal allocation of management responsibilities – with consolidation taking place at successive levels, starting with the projects, through the business units and divisions, and resulting in consolidated group reports. The financial and operating results are analyzed and clarified at each of these levels. Project and contract managers are responsible for budgets, income statements and balance sheets for their projects or contracts, and these are drawn up in accordance with the applicable guidelines and instructions. In turn, business unit managers are responsible for the financial reporting of their respective business units.

Boskalis holds several investments in joint ventures and associated companies and these holdings are intensively monitored. Shareholder and/or board meetings are held regularly, with Boskalis being represented in line with the size of its interest. Clear shareholder agreements have been concluded with the co-shareholders in such joint ventures regarding topics such as board and management representation, filling of management positions, strategy and policy, budget, financial reporting, the appointment of auditors, investments and financing. The policy is that such joint ventures are in principle financed without guarantees from the shareholders.

The Board of Management discusses the quarterly reports with the relevant business unit managers in formal quarterly meetings. These meetings are minuted. The consolidated group reports are discussed with the Supervisory Board on a quarterly basis.

The most important aspects of our financial reporting systems are set out in manuals, guidelines and procedures, all of which are available electronically. Staff are trained in how to apply accounting standards, guidelines and procedures. Internal audits to monitor and improve quality and discipline are conducted based on an annual audit plan and ad hoc examinations. Moreover, the quality of the financial control systems is evaluated regularly in the context of the activities of the external auditor. Findings concerning the quality of the financial control systems identified during the audit of the financial statements are reported by the external auditor in the Management Letter.

We apply a Financial Control Framework (FCF) that stipulates and documents the control requirements to help mitigate financial (reporting) risks. The updated COSO internal control framework serves as the main standard of reference for our FCF. The set-up of the electronic communication platform containing the FCF-documentation matches that of our WoW-system with the aim of optimizing its user-friendliness for our staff.

INTERNAL AUDIT FUNCTION

In addition to the internal audits performed under the auspices of the SHE-Q department, Boskalis has an internal audit function that mainly focusses on the company's management and financial reporting processes. It is guided by the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics as published by The Institute of Internal Auditors.

The internal audit manager is accountable to the Board of Management, represented by the Chief Executive Officer for day to day operations and to the Audit Committee as part of its oversight role. Appointment and dismissal of the internal audit manager will be submitted to the Supervisory Board for approval, along with a recommendation by the Audit Committee.

On an annual basis the internal audit manager submits to the Board of Management and the Audit Committee a report on the activities performed in the year past, including the main findings, as well as a risk based internal audit plan for the next year for their review and approval.

Based on the internal audit plan, the internal audit manager agrees with the Board of Management the specific audit subjects, the detailed scope of work and the allocation of resources. The internal audit function's performance relative to its plan are regularly communicated and discussed between the Internal Audit Manager and the Board of Management, represented by the Chief Financial Officer.

The internal audit function also periodically interacts with the company's external financial auditor to share information on audit planning and progress as well as key findings and observations. The internal audit function's final reports are made available to the external auditor and management letters of the external auditor will be shared with the internal audit manager.

EVALUATION OF INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS

As in previous years, the Board of Management has initiated a so-called Corporate Risk Assessment to systematically evaluate the risks inherent to the Group's strategic business objectives as well as the related risk management and control activities. For this purpose, a comprehensive risk classification system is used that contains pertinent information for each of the risk categories identified. This includes examples of – and contributing factors to – possible risk manifestations as well as current risk management and control activities to help mitigate these risks.

The risk categories identified were evaluated for their significance, defined as the degree to which risks within the respective risk category could adversely impact our ability to achieve our strategic objectives, as well as for the potential for improving their related risk management and control activities. Notwithstanding the immediate effects of the COVID-19 pandemic, this evaluation did not identify significant structural shifts in the Company's overall risk profile and its main results have been included in the preceding overview of the main risks we face in pursuing our strategic business objectives.

The structure and functioning of our internal risk management and control systems are discussed annually with the Supervisory Board.

No matter how much care is taken in setting up internal risk management and control systems, they are unable to provide absolute certainty with regard to realizing the company's objectives, nor can they preclude material mistakes, losses, fraud, or infringements of legislation and regulations.

STATEMENTS REGARDING INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS

With due consideration of the aforementioned inherent limitations and scope for improvement, the Board of Management is of the opinion that:

- the report provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems;
- the aforementioned systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies;
- based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis;
- the report states those material risks and uncertainties that are relevant to the expectation of the company's continuity for the period of twelve months after the preparation of the report.

Intensive survey work aboard the heavy transport vessel Forte during the float-over installation of the 11,500 ton Bokor CPP-A platform topside offshore Sarawak, Malaysia

SALVAGE EXPERTS RESCUE HUGE OIL TANKER AND ITS 275,000-TON CARGO

Over the last number of years our Salvage experts have prevented an average of 400,000 tons of (refined) oil products and 800,000 tons of hazardous cargo from spilling into our oceans and seas annually by salvaging vessels in distress around the world. One of these cases involved the successful salvage of the New Diamond at the end of 2020. This very large crude carrier was transporting a cargo of two million barrels of crude oil (275,000 tons) when the engine room caught fire.

"After a challenging firefighting operation, we were able to tow the vessel to a location offshore the United Arab Emirates where we successfully transferred all crude oil out from the New Diamond to two mobilized oil tankers. In terms of size, this operation is comparable with that of the Maersk Honam in 2018 – one of our largest salvage operations in recent years," says Salvage operations director Berend Jan Zonneveld.

STOP THE SPREAD OF FIRE

"After the extensive salvage operations on the ore carrier Stellar Banner off the coast of Brazil and the bulk carrier Wakashio in Mauritius, the salvage of the New Diamond was our third complex salvage operation in 2020," says Zonneveld. The 330-meter-long and fifty-meter-wide oil tanker was on its way from Kuwait to India in early September with a cargo of two million barrels of crude oil when there was a fire in the engine room. "As the navy and coastguard of both Sri Lanka and India launched a firefighting operation, we immediately started to prepare a

rescue. We mobilized several firefighting vessels. In anticipation of the various international corona regulations, we put together a large, international salvage team from our branches in South Africa, Singapore and the Netherlands. Our priority was to make sure the vessel remained intact and afloat, and to stop the spread of the fire."

HUGE OPERATION

After the fire had been put out, the New Diamond was towed by our oceangoing tug BOKA Expedition, and escorted by a multipurpose vessel, to an anchorage near the port of Kalba in the United Arab Emirates. "Because of the water used to extinguish the fire, the stern was low in the water and getting permission to anchor somewhere with a vessel in such a condition is far from straightforward," explains Zonneveld. "Fortunately, after the necessary preparations and discussions with the competent authorities, we received that permission, among other things because we had built up a good relationship with them when we anchored at the same location with the tanker Front Altair that we salvaged in 2019." It was a huge operation to pump all the oil out of the tanks of the very large vessel. Additional pumping equipment was mobilized from the Boskalis distribution center in Vlaardingen, the Netherlands. Salvage divers checked the condition of the hull and closed a number of holes. An oil boom was also placed around the ship to prevent environmental damage as a result of leaks. "All of the New Diamond's systems were burnt out so we needed to use external sources for all the work and all the efforts to create and maintain a safe environment to work in," Zonneveld says.

SHIP-TO-SHIP

The 'over the top' ship-to-ship operation, i.e. the transfer of the cargo to the two mobilized oil tankers, is a specialist job. "Our naval architects had done a lot of hard work to calculate the necessary input for the pumping plan, which we launched in mid-November. During the pumping, we also had to make sure that the oxygen level in the holds was maintained at the right, low, level to prevent explosions. In this case, we introduced inert gas, which is normally supplied by the vessel but was now supplied by mobile installations. We then emptied the tanks using a controlled procedure so as not to stress the hull too much. A team of around thirty colleagues was involved in the project and their work was made a lot more difficult by the COVID-19 protocols and regulations. "It took a very long time to relieve the first team of salvors who had been working without a break for many weeks," says Zonneveld. "I am enormously impressed by the motivation and perseverance of my colleagues."

Mid-January 2021, the salvage team had transferred the entire cargo to the two mobilized oil tankers after which the team started with the removal of the cargo residues from the vessel's tanks and piping on board. Furthermore, all the firefighting water was offloaded to be treated at designated facilities on shore.

CORPORATE GOVERNANCE

APPLICATION AT BOSKALIS

Boskalis operates a two-tier Board model, which means that management and supervision are segregated.

The Board of Management is responsible for the day-to-day management of the business, the continuity of the company and for setting out and realizing the company's strategy for the long-term value creation as well as for the culture, opportunities and risks and the results of the company. The Board of Management is responsible for establishing the company's objectives, implementing its business policies and for the resulting performance. The Board of Management is accountable to the Supervisory Board and the General Meeting of Shareholders. In performing its tasks, the Board of Management is guided by the interests of the company and its activities, the markets the company is operating in, and takes into account any relevant interests of parties involved with the company.

The Supervisory Board is responsible for supervising the Board of Management on the formulation and implementation of the strategy for the realization of the long-term value creation. Furthermore, the Supervisory Board is responsible for supervising management performance regarding the general affairs of the company and advising the Board of Management. In doing so the Supervisory Board also focuses on the effectiveness of the company's internal risk management and control systems and the integrity and quality of the financial reporting. The Supervisory Board is supported in its work by three core committees: the Audit Committee, the Remuneration Committee and the Selection and Appointment Committee. For a summary of the activities of the Supervisory Board and its committees in 2020, please refer to pages 26 to 33 of this annual report.

At Boskalis there is close collaboration between the Supervisory Board and its committees, the Board of Management and the stakeholders. The Board of Management and the Supervisory Board are jointly responsible for looking after the interests of our stakeholders, which includes creating long-term value.

The company has a Group Management, consisting of the members of the Board of Management and the Group Directors. The Group Management meets on a regular basis in order for the Board of Management to obtain a full overview of the activities in the divisions of the company, to align the day-to-day management across the company and to ensure optimal exchange of information between the divisions.

Our stakeholders are those groups and individuals that directly or indirectly influence the company's activities, or are influenced by them. They include the employees, shareholders and financial institutions, suppliers, clients, government bodies, educational and knowledge institutes, industry and society associations (including NGOs) and the communities in which Boskalis operates. At least one General Meeting of Shareholders takes place every year. Its tasks include the adoption of financial statements and it holds authority with regard to the appointment and dismissal of Supervisory Board members and the members of the Board of Management.

The interests of employees are promoted by the Works Council, which provides ongoing employee representation as required under the Dutch Works Councils Act.

The guiding principles and values relating to our business activities are set out in the Boskalis Code of Conduct and its underlying policies as well as in the Supplier Code of Conduct. In these codes the business ethics are laid down on how employees and suppliers of Boskalis should conduct themselves with regard to, for example, legislation and regulations, human rights and labor, anti-corruption, sanctions, competition, the environment and communities, health and safety, staff and quality. Both codes can be found on the company's website. Boskalis reviews the Boskalis Code of Conduct and the Supplier Code of Conduct on a yearly basis.

In addition, the core values and rules for safety at work are set out in our safety program NINA. The Board of Management regularly stresses the importance of complying with the Boskalis Code of Conduct and the NINA principles. The Board of Management also provides employees with the opportunity to report any suspected misconduct within Boskalis of a general, financial, operational and employment nature which is not in line with the Boskalis Code of Conduct to a confidential independent counselor, without jeopardizing their legal position in accordance with the Speak Up Policy. Furthermore Boskalis offers through the Grievance Policy its external stakeholders the possibility to bring forward their suggestions, ideas and grievances. The Speak Up and Grievance Policies can both be found on the company's website.

ARTICLES OF ASSOCIATION

The Articles of Association of Boskalis set forth aspects of the governing principles regarding the company related to among others, the seat, the objects, the capital and shares of the company as well as its governing bodies, the financial year, the annual accounts and loss and profit. The text of the Articles of Association is available on www.boskalis.com

COMPLIANCE

The 2016 Dutch Corporate Governance Code (the "Code") applies to all Dutch companies listed on the stock exchange and comprises a code of conduct for governance best practice. This Code includes both specific principles and best practice provisions, as well as guidelines for their proper supervision. Boskalis subscribes to the notion that a sound and transparent system of checks and balances is key to maintaining confidence in companies operating on the capital market. Boskalis believes clarity and openness in accountability and supervision are the cornerstones of good management and entrepreneurship. The regulations of the Supervisory Board and its committees as well as the profile of the Supervisory Board are aligned with the principles and best practices of the Code. These regulations and the profile of the Supervisory Board are published on the company's website (www.boskalis.com).

Boskalis has formulated principles on diversity in the Boskalis Code of Conduct. Furthermore, a Diversity Policy is available explaining the company's broad view on diversity. Boskalis operates a strict equal opportunities policy for all employees, the Board of Management and the Supervisory Board, regardless of race, color, nationality, ethnic background, age, religion, political opinion, gender, pregnancy, sexual orientation, marital status, disability, trade union membership or any other characteristic protected by applicable law. The principle of the best person for the job is leading. The Diversity Policy is also available on www.boskalis.com.

As described in the Diversity Policy, the composition and size of the Board of Management are based on the profile and strategy of the company. The expertise, experience and various competencies of the members of the Board of Management should contribute to this profile and strategy. The goal for the composition of the Board of Management is to aim as much as possible for a diverse composition, where possible, in age and gender, taking into account the statutory requirements and the requirements related to education and experience as contained in the Diversity Policy and the Code. The employee population of Boskalis, partly due to the nature of the business activities, is predominately male, especially in the core processes on the fleet and in the projects. The current Board of Management with four male members can be seen as a reflection of that employee population. In the year under review no changes occurred in the composition of the Board of Management.

The composition and size of the Supervisory Board are also based on the company's profile and strategy. As stated in the profile of the Supervisory Board and the Diversity Policy, the expertise, experience and various competencies of members of the Supervisory Board should contribute to proper supervision of the company's management and general performance. The goal for the composition of the Supervisory Board is to aim as much as possible for a diverse composition, where possible, in age and gender, taking into account the statutory requirements and the requirements related to education and experience contained in the Diversity Policy and the Code. Per ultimo 2020 this resulted in four members of the Supervisory Board being male and two members being female. When drafting the profile for new members of the Supervisory Board emphasis is placed on diversity in view of the objective of achieving a balanced representation on the Supervisory Board.

At the Annual General Meeting of Shareholders held on 30 June 2020, Ms. I. Haaijer resigned as a member of the Supervisory Board and Ms. R.V.M. Jones-Bos was appointed as a new member of the Supervisory Board for a term until the Annual General Meeting of Shareholders in 2024. Based on Profile of the Supervisory Board, Ms. Jones-Bos was found the most suitable candidate, given her extensive management experience, which she has gained both at a national and international level.

In addition, the Supervisory Board has reviewed its composition and size in the light of the Profile of the Supervisory Board and the strategy of the Company. In that context the Supervisory Board has decided that this is safeguarded by a Supervisory Board consisting of six members. Following the resignation of Mr. Hazewinkel at the Annual General Meeting of Shareholders, held on 30 June 2020, therefore no vacancy for the Supervisory Board needed to be filled.

In accordance with the Code, Boskalis publishes an 'Apply or Explain' report that sets out how the principles and best practice provisions are applied at Boskalis. This report is available on the website and copies can also be requested from the company.

Boskalis subscribes to and applies all the principles and best practice provisions contained in the Corporate Governance Code, with the exception of best practice 4.3.3. In deviation of this best practice, according to the Articles of Association, the General Meeting of Shareholders may pass a resolution to deprive the binding nature of a nomination for the appointment or a resolution for dismissal of a member of the Board of Management or a member of the Supervisory Board by a majority of at least two/third of the votes cast representing more than one-half of the company's issued share capital. The deviation of this best practice provision is justified in view of the long-term value creation. Maintaining continuity at both the Board of Management and the Supervisory Board is essential for delivering such long-term value. The company is protecting its stakeholders against a sudden change in management and supervision by maintaining the qualified majority and voting quorum requirement, which is in accordance with Dutch law.

The Corporate Governance Declaration can be found on the website www.boskalis.com/corporategovernance.

OUTLOOK

Boskalis is in good shape as a company with its very well-filled order book and strong financial starting position. Nevertheless, the further course of the COVID-19 pandemic and the start-up of several large projects will be key factors in 2021.

At Dredging & Inland Infra, we expect a stable picture until the summer with all COVID-19 related restrictions and based on the projects in hand. Thereafter, the volume of work and vessel utilization is expected to increase, in part due to the start-up of the large project in the Philippines, in addition to large ongoing projects in Singapore, Denmark and the Netherlands.

At Offshore Energy, the portfolio provides a good basis for 2021. Prospects in Contracting are good with a number of large projects for Seabed Intervention and the start-up of the Changfang & Xidao offshore wind project in Taiwan. The outlook at Marine Transport Services is also positive despite COVID-19 as a number of delayed cargoes from 2020 will contribute to the 2021 utilization. In Survey, in addition to the traditional markets, the strong emerging offshore wind market is expected to contribute to a good year. Finally, Subsea Services will be focusing on the integration of the recently acquired Rever Offshore.

At Towage & Salvage, the remaining joint ventures (Smit Lamnalco and Keppel Smit Towage) are expected to have a stable year. The Salvage result will, as always, strongly depend on the inherently unpredictable flow of projects and settlement results on previously executed projects.

In view of the project-based nature of a significant part of our activities and the uncertainties related to COVID-19, it is difficult at this early stage of the year to make a specific quantitative statement about the projected annual result for 2021. The well-filled order book however offers a solid basis to match the EBITDA level of 2020.

Capital expenditures in 2021 are expected to be in excess of EUR 300 million, excluding possible acquisitions. This is in line with the multi-year investment program presented early 2020, albeit that certain 2020 investments have been deferred into 2021 and 2022. The largest investment for the coming year is the conversion of the Bokalift 2 crane vessel, which is almost fully booked for 2022.

Diving support vessel BOKA Atlantis
enroute to its next subsea project

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board of Management of Royal Boskalis Westminster N.V. hereby declares, in accordance with article 5:25c of the Dutch Financial Supervision Act, that to the best of its knowledge:

1) the financial statements, which have been prepared in accordance with the applicable standards for preparing financial statements and as included on pages 77 to 147 of the Annual Report, provide a true and fair view of the assets, liabilities and financial position as at 31 December 2020 as well as the profit or loss of Royal Boskalis Westminster N.V. and all the business undertakings included in the consolidation;
2) the Report of the Board of Management provides a true and fair view of the condition, the business performance during the financial year 2020 of Royal Boskalis Westminster N.V. and the companies associated with it whose details are included in the financial statements, as at the balance sheet date of 31 December 2020;
3) the Report of the Board of Management provides a description of the material risks faced by the company.

Papendrecht / Sliedrecht, 3 March 2021

Board of Management

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

Heavy transport vessel Forte loaded with
the 11,500-ton Bokor CPP-A platform topside

BOSKALIS FINANCIAL STATEMENTS 2020

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(in thousands of EUR)	Note	2020	2019
OPERATING INCOME			
Revenue	[6]	**2,524,911**	2,644,600
Reversal of impairments evidenced by a sale transaction	[10]	**-**	40,146
Other income	[5/7]	**16,995**	55,239
		2,541,906	2,739,985
OPERATING EXPENSES			
Raw materials, consumables, services and subcontracted work	[8]	**- 1,695,439**	- 1,927,999
Personnel expenses	[9]	**- 471,942**	- 461,270
Depreciation and amortization	[15/16/27.1]	**- 264,487**	- 265,115
Impairment charges	[10]	**- 157,475**	-
Other expenses	[7]	**- 261**	- 470
		- 2,589,604	- 2,654,854
Share in result of joint ventures and associates	[17]	**- 7,877**	25,590
RESULTS FROM OPERATING ACTIVITIES (EBIT)		**- 55,575**	110,721
FINANCE INCOME AND EXPENSES			
Finance income	[11]	**369**	995
Interest and other finance expenses	[11/27.2]	**- 15,257**	- 16,676
		- 14,888	- 15,681
PROFIT/LOSS (-) BEFORE TAXATION		**- 70,463**	95,040
Income tax expenses	[12]	**- 26,216**	- 20,141
NET GROUP PROFIT/LOSS (-)		**- 96,679**	74,899
NET GROUP PROFIT/LOSS (-) ATTRIBUTABLE TO:			
Shareholders		**- 96,523**	74,887
Non-controlling interests		**- 156**	12
		- 96,679	74,899
Weighted average number of shares	[23.5]	**130,954,242**	133,248,096
Earnings per share (basic and diluted)	[23.5]	**EUR -0.74**	EUR 0.56

The notes on pages 87 to 141 are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(Consolidated Statement of Recognized and Unrecognized Income and Expenses)

(in thousands of EUR)	Note	2020	2019
Net Group profit/loss (-)		**- 96,679**	74,899
ITEMS THAT WILL NOT BE SUBSEQUENTLY RECLASSIFIED TO THE STATEMENT OF PROFIT OR LOSS			
Actuarial gains and losses and asset limitation on defined benefit pension plans	[25.1]	**- 3,005**	- 7,822
Income tax on unrecognized income and expenses not to be reclassified to statement of profit or loss (-)	[14]	**1,330**	1,852
Total unrecognized income and expenses for the period that will not be reclassified to statement of profit or loss (-), net of income tax		**- 1,675**	- 5,970
ITEMS THAT ARE OR MAY BE SUBSEQUENTLY RECLASSIFIED TO THE STATEMENT OF PROFIT OR LOSS			
Currency translation differences from joint ventures and associates, after tax		**- 1,276**	1,326
Currency translation differences on foreign operations		**- 64,625**	21,102
Reclassification of foreign currency differences to statement of profit or loss	[5.3]	**-**	- 42,252
Reclassification of hedge reserve to statement of profit or loss	[17]	**-**	18,955
Movement in fair value of cash flow hedges	[29.2]	**- 7,091**	3,748
Income tax on unrecognized income and expenses that are or may be reclassified subsequently to statement of profit or loss	[14]	**70**	604
Change in fair value of cash flow hedges from joint ventures and associates, after tax	[29.2]	**- 3,762**	- 11,501
Total unrecognized income and expenses for the period which are or may be reclassified to statement of profit or loss (-)		**- 76,684**	- 8,018
UNRECOGNIZED INCOME AND EXPENSES FOR THE REPORTING PERIOD, AFTER INCOME TAX		**- 78,359**	- 13,988
TOTAL RECOGNIZED AND UNRECOGNIZED INCOME AND EXPENSES FOR THE REPORTING PERIOD		**- 175,038**	60,911
ATTRIBUTABLE TO:			
Shareholders		**- 174,800**	60,845
Non-controlling interests		**- 238**	66
TOTAL RECOGNIZED AND UNRECOGNIZED INCOME AND EXPENSES FOR THE REPORTING PERIOD		**- 175,038**	60,911

The notes on pages 87 to 141 are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Consolidated Balance Sheet)

ASSETS

(in thousands of EUR)	Note	31 DECEMBER 2020	2019
NON-CURRENT ASSETS			
Intangible assets	[15]	**172,773**	116,383
Property, plant and equipment	[16]	**2,361,642**	2,406,101
Right-of-use assets	[27]	**115,005**	103,877
Joint ventures and associates	[17]	**208,466**	428,055
Non-current financial assets	[18]	**2,922**	9,214
Derivatives	[29.2]	**518**	6,015
Deferred income tax assets	[14]	**12,380**	15,340
		2,873,706	3,084,985
CURRENT ASSETS			
Inventories	[19]	**91,130**	103,238
Unbilled revenue	[20]	**206,670**	279,981
Trade and other receivables	[21]	**509,930**	702,212
Derivatives	[29]	**6,618**	3,275
Income tax receivable	[13]	**15,190**	23,502
Cash and cash equivalents	[22]	**824,547**	399,574
		1,654,085	1,511,782
TOTAL ASSETS		**4,527,791**	4,596,767

The notes on pages 87 to 141 are an integral part of these Consolidated Financial Statements.

EQUITY AND LIABILITIES

(in thousands of EUR)	Note	31 DECEMBER 2020	2019
GROUP EQUITY			
Issued capital	[23]	**1,303**	1,354
Share premium reserve	[23]	**637,019**	636,968
Other reserves	[23]	**300,097**	404,117
Retained earnings	[23]	**1,344,796**	1,448,913
SHAREHOLDERS' EQUITY		**2,283,215**	2,491,352
NON-CONTROLLING INTERESTS		**2,983**	3,350
TOTAL GROUP EQUITY	[23]	**2,286,198**	2,494,702
LIABILITIES			
NON-CURRENT LIABILITIES			
Interest-bearing borrowings	[24]	**363,831**	293,803
Employee benefits	[25]	**50,191**	46,575
Deferred income tax liabilities	[14]	**2,690**	1,450
Provisions	[26]	**38,986**	35,293
Lease liabilities	[27]	**92,522**	84,028
Derivatives	[29.2]	**661**	6,986
		548,881	468,135
CURRENT LIABILITIES			
Deferred revenue	[20]	**357,510**	315,756
Interest-bearing borrowings	[24]	**12,596**	50,255
Bank overdrafts	[22]	**9,555**	29,775
Income tax payable	[13]	**146,043**	146,094
Trade and other payables	[28]	**1,101,265**	1,001,869
Provisions	[26]	**28,185**	60,312
Lease liabilities	[27]	**28,426**	24,285
Derivatives	[29.2]	**9,132**	5,584
		1,692,712	1,633,930
TOTAL LIABILITIES		**2,241,593**	2,102,065
TOTAL GROUP EQUITY AND LIABILITIES		**4,527,791**	4,596,767

The notes on pages 87 to 141 are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of EUR)	Note	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Group profit / loss (-)		**- 96,679**	74,899
Depreciation, amortization and impairment charges	[10/15/16/ 27.1]	**421,962**	265,115
Cash flow		**325,283**	340,014
Adjustments for:			
Finance income and expenses	[11]	**14,888**	15,681
Income tax expenses	[12]	**26,216**	20,141
Results from disposals	[7]	**- 8,546**	- 6,756
Reversal of impairments evidenced by a sale transaction	[10]	**-**	- 40,146
Results from divestments and acquisitions		**-**	- 48,013
Movement in provisions and employee benefits		**- 27,121**	33,683
Movement in inventories		**11,356**	- 3,477
Movement in trade and other receivables		**178,164**	- 31,368
Movement in trade and other payables		**77,638**	- 31,667
Movement unbilled and deferred revenue		**107,918**	144,336
Share in result of joint ventures and associates, including share in impairment charges	[17]	**7,877**	- 25,590
Gain on acquisitions	[5]	**- 7,569**	-
Cash generated from operating activities		**706,104**	366,838
Dividends received	[17]	**20,446**	10,191
Interest received	[11]	**369**	995
Interest paid		**- 11,970**	- 12,625
Income tax paid		**- 16,893**	- 37,293
Net cash from operating activities		**698,056**	328,106
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment, excluding capitalized borrowing costs	[16]	**- 225,624**	- 247,590
Proceeds from disposals of property, plant and equipment		**17,355**	26,704
Investment in business combinations, net of cash acquired	[5]	**- 43,183**	- 23,250
Investment in and issued loans to joint ventures and / or associates	[17/18]	**-**	- 75,409
Disposal of (a part of) group companies, net of cash disposed, and joint ventures	[5]	**-**	291,464
Repayment of loans or share premium by joint ventures and / or associates	[17/18]	**1,192**	280
Net cash used from / (in) investing activities		**- 250,260**	- 27,801
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from interest-bearing borrowings	[24]	**508,411**	-
Repayment of interest-bearing borrowings	[24]	**- 453,648**	- 100,245
Transaction costs paid related to new finance agreement	[24]	**- 5,435**	-
Purchase of own shares	[23]	**- 29,403**	- 46,820
Payment of lease liabilities	[27.2]	**- 27,977**	- 23,818
Dividend paid to shareholders	[23]	**-**	- 66,999
Net cash used from / (in) financing activities		**- 8,052**	- 237,882
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**439,744**	62,423
Net cash and cash equivalents as at 1 January	[22]	**369,799**	307,877
Net increase / (decrease) in cash and cash equivalents		**439,744**	62,423
Currency translation differences		**5,449**	- 501
MOVEMENT IN NET CASH AND CASH EQUIVALENTS		**445,193**	61,922
NET CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	[22]	**814,992**	369,799

The notes on pages 87 to 141 are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands of EUR)	ISSUED CAPITAL	SHARE PREMIUM	OTHER RESERVES	RETAINED EARNINGS	TOTAL	NON-CONTROLLING INTERESTS	TOTAL GROUP EQUITY
Note	*[23.1]*	*[23.2]*	*[23.6]*	*[23.3]*			
Balance as at 1 January 2020	**1,354**	**636,968**	**404,117**	**1,448,913**	**2,491,352**	**3,350**	**2,494,702**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD							
Net Group profit/loss (-)				**- 96,523**	**- 96,523**	**- 156**	**- 96,679**
Other comprehensive income for the period							
Defined benefit plan actuarial gains/losses (-) and asset limitation, after income tax			**- 1,675**	**-**	**- 1,675**	**-**	**- 1,675**
Foreign currency translation differences for foreign operations, after income tax			**- 64,370**	**-**	**- 64,370**	**- 82**	**- 64,452**
Effective cash flow hedges, after income tax			**- 7,194**	**-**	**- 7,194**	**-**	**- 7,194**
Change in fair value of cash flow hedges from joint ventures and associates, after tax			**- 3,762**	**-**	**- 3,762**	**-**	**- 3,762**
Currency translation differences from joint ventures and associates, after tax			**- 1,276**	**-**	**- 1,276**	**-**	**- 1,276**
Total other comprehensive income for the period			**- 78,277**	**-**	**- 78,277**	**- 82**	**- 78,359**
Total comprehensive income for the period			**- 78,277**	**- 96,523**	**- 174,800**	**- 238**	**- 175,038**
OTHER RESERVES							
Changes in other reserves			**- 25,743**	**25,743**	**-**	**-**	**-**
Transactions with shareholders, recognized directly in equity							
Purchase own ordinary shares	**-**	**-**	**-**	**- 33,337**	**- 33,337**	**-**	**- 33,337**
Cancellation of issued own ordinary shares	**- 51**	**51**	**-**	**-**	**-**	**-**	**-**
Movements in interests in subsidiaries							
Transactions with minority interests	**-**	**-**	**-**	**-**	**-**	**- 129**	**- 129**
Balance as at 31 December 2020	**1,303**	**637,019**	**300,097**	**1,344,796**	**2,283,215**	**2,983**	**2,286,198**

The notes on pages 87 to 141 are an integral part of these Consolidated Financial Statements.

(in thousands of EUR)	ISSUED CAPITAL	SHARE PREMIUM	OTHER RESERVES	RETAINED EARNINGS	TOTAL	NON-CONTROLLING INTERESTS	TOTAL GROUP EQUITY
Note	*[23.1]*	*[23.2]*	*[23.6]*	*[23.3]*			
Balance as at 1 January 2019*)	**1,354**	**636,968**	**429,732**	**1,476,272**	**2,544,326**	**3,284**	**2,547,610**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD							
Net Group profit/loss (-)				74,887	74,887	12	74,899
Other comprehensive income for the period							
Defined benefit plan actuarial gains/losses (-) and asset limitation, after income tax			- 5,970	-	- 5,970	-	- 5,970
Foreign currency translation differences for foreign operations, after income tax			22,183	-	22,183	54	22,237
Effective cash flow hedges, after income tax			3,217	-	3,217	-	3,217
Change in fair value of cash flow hedges from joint ventures and associates, after tax			- 11,501	-	- 11,501	-	- 11,501
Reclassification of foreign currency differences to statement of profit or loss			- 42,252	-	- 42,252	-	- 42,252
Reclassification of hedge reserve to statement of profit or loss			18,955	-	18,955	-	18,955
Currency translation differences from joint ventures and associates, after tax			1,326	-	1,326	-	1,326
Total other comprehensive income for the period			- 14,042	-	- 14,042	54	- 13,988
Total comprehensive income for the period			- 14,042	74,887	60,845	66	60,911
OTHER RESERVES							
Changes in other reserves			- 11,573	11,573	-	-	-
Transactions with shareholders, recognized directly in equity							
Purchase own ordinary shares	-	-	-	- 46,820	- 46,820	-	- 46,820
Distributions to shareholders							
Cash dividend	-	-	-	- 66,999	- 66,999	-	- 66,999
Balance as at 31 December 2019	**1,354**	**636,968**	**404,117**	**1,448,913**	**2,491,352**	**3,350**	**2,494,702**

*) The impact of IFRS 16 and IFRIC 23 on Group equity as at 1 January 2019 is nil. Reference is made to note 2 under 'Compliance with International Financial Reporting Standards'.

The notes on pages 87 to 141 are an integral part of these Consolidated Financial Statements.

EXPLANATORY NOTES TO THE 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, 3356 LK in Papendrecht, the Netherlands. The Company is registered at the Chamber of Commerce under number 23008599 and is a publicly listed company on the Euronext Amsterdam.

The consolidated financial statements of Royal Boskalis Westminster N.V. for 2020 include the Company and group companies (hereinafter referred to jointly as the 'Group' and individually as the 'Group companies') and the interests of the Group in associates and entities over which it has joint control. The consolidated financial statements were prepared by the Board of Management and were signed on 3 March 2021. The financial statements for 2020 will be submitted for approval to the Annual General Meeting of Shareholders on 12 May 2021.

2. COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

2.1 COMPLIANCE STATEMENT

The consolidated financial statements and the accompanying explanatory notes have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (EU-IFRS), and with Part 9 of Book 2 of the Dutch Civil Code.

2.2 UNCHANGED STANDARDS

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 consolidated financial statements in prior years. There are no new standards, amendment to standards or interpretations with an important consequence for the Group adopted in the consolidated financial statements. In 2019, the Group applied IFRS 16 'Leases' and IFRIC 23 'Uncertainty over Income Tax Treatments' for the first time.

2.3 NEW STANDARDS AND 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.

3. PRINCIPLES OF FINANCIAL REPORTING

The principles of financial reporting subsequently disclosed are applied consistently for all periods included in these consolidated financial statements. The principles of financial reporting have been applied consistently by the Group companies.

3.1 FORMAT AND VALUATION

The consolidated financial statements are presented in euros (EUR), the Group's presentation currency. The consolidated financial statements are based upon historical cost to the extent that IFRS does not prescribe another accounting method for specific items. For comparison purposes a limited number of comparative figures that are disclosed in the notes have been adjusted. Preparing financial statements means that estimates and assumptions made by management partially determine the amounts recognized under assets, liabilities, revenue and costs. The estimates and assumptions are mainly related to the measurement of intangible assets (including goodwill), property, plant and equipment, joint ventures and associates, expected results on the completion of projects, pension liabilities, taxation, provisions and financial instruments. Judgements made by management within the application of IFRS which have a material effect on the financial statements are the qualifications of investments as Group companies, joint operations, joint ventures or associates. Details are incorporated in the explanatory notes to these items. Other than the elements already explained in the explanatory notes to the financial statements, no critical valuation judgements relating to the application of the principles need further explanation. The estimates made and the related assumptions are based on management's experience and understanding and the development of external factors that can be considered reasonable under the given circumstances. Estimates and assumptions are subject to alterations as a result of changes in facts and insights and may have different outcomes in different reporting periods. Any differences are recognized in the Statement of Financial Position, or the Statement of Profit or Loss, or the Statement of Other Comprehensive Income, depending on the nature of the item. Actual results may deviate from results reported previously on the basis of estimates and assumptions. Unless stated otherwise, all amounts in the notes to these financial statements are stated in thousands of euros.

3.2 CONSOLIDATION

The Group consolidates companies over which control is exercised when the Group is exposed or has the right to variable returns from its involvement with the investee and has the ability to affect such returns. Subsidiaries are included in the consolidation for 100%, taking into account any minority interests. For joint operations the Group accounts for its specific rights and obligations. Joint ventures and associates are accounted for using the equity method.

3.2.1 SUBSIDIARIES

Subsidiaries are included in the consolidation for 100% on the basis of existing control, taking into account any minority interests. The figures of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Control exists if the Group has:
- the ability to direct relevant activities through its voting power;
- the right to variable returns from its involvement with the investee; and
- the ability to use its power to affect such returns.

In assessing whether the Group has acquired control, and whether such control exists in the sense that it has power over the investee, the Group takes into consideration voting rights, or similar rights in an entity, potential voting rights that are currently exercisable, and all other relevant facts and circumstances.

If and when the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and any components of equity related to the subsidiary. Any resulting gain or loss is recognized in the statement of profit or loss. If the Group retains any stake in the former subsidiary, then such interest is measured at fair value at the date that control is lost.

3.2.2 JOINT OPERATIONS

If the Group has joint control over and is entitled to the rights to the assets and is liable for the liabilities of the partnership, the partnership is classified as a joint operation. Such a joint control has been laid down in a contract and strategic decisions on financial and operational policy are taken by unanimous agreement. Joint operations mainly relate to project driven construction consortiums.

Joint operations are included in the consolidated financial statements on a pro rata basis in accordance with the participation interest of the Group in the joint operation, also referred to as proportionate consolidation.

3.2.3 JOINT VENTURES AND ASSOCIATES

The Group divides strategic investments into joint ventures and associates based on the type and degree of influence.

Joint ventures are those entities over which the Group has joint control. Such joint control is laid down in a contract and strategic decisions on financial and operational policy are taken by unanimous agreement. The Group is only entitled to the net assets of the joint ventures.

Shareholdings other than subsidiaries and joint ventures, where there is significant influence on the financial and operating policy, are recognized under associates. Significant influence is presumed to exist when the Group holds 20 percent or more of the voting power of another entity.

The consolidated financial statements include the Group's share in the result of associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date it ceases to exist (see note 3.8).

If the ownership in a joint venture or associates is reduced, but joint control or significant influence is retained, dilution gains and losses arising from joint ventures and associates are recognized in the statement of profit or loss and only a proportionate share of the amount previously recognized in the statement of other comprehensive income is recycled to the consolidated statement of profit or loss, where appropriate.

If the Group loses significant influence over or joint control of an investment, it derecognizes the carrying amount of that investment (including any goodwill included in the carrying amount) and recognizes any resulting gain or loss, including the recycling of amounts previously recognized in the statement of other comprehensive income, from this event in the consolidated statement of profit or loss. Any investment retained is recognized at fair value.

3.2.4 ELIMINATION OF TRANSACTION UPON CONSOLIDATION

Intragroup receivables and payables, as well as intragroup transactions, finance income and expenses and unrealized results within the Group are eliminated in the preparation of the consolidated financial statements. The Group recognizes its share in the results on transactions that transfer assets and liabilities between the Company and its investments or between its investments, to the extent these are considered realized as transactions with third parties and its joint venture partners, using proportionate elimination.

3.2.5 BUSINESS COMBINATION AND ACQUISITIONS OF NON-CONTROLLING INTERESTS

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree (refer also note to 3.8); less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

If the excess is negative (gain on acquisition), the Group reassesses the correctness and completeness of the identified assets acquired and liabilities assumed, and the appropriateness of underlying assumptions and measurement approaches applied for valuation purposes. After such reassessment, the determined gain on a bargain purchase is immediately recognized in the statement of profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are recognized in the statement of profit or loss. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

A newly acquired non-controlling interest is valued at either the fair value or the proportionate share of the fair value of the acquired asset and liabilities, determined per transaction.

Accounting for acquisitions of non-controlling interests
Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized as a result of such transactions.

3.3 FOREIGN CURRENCIES

The assets and liabilities of foreign Group companies and joint operations that are denominated in functional currencies other than the euro are translated at the exchange rates as at the end of the reporting period. The statement of profit or loss items of the foreign Group companies and joint operations concerned have been translated at average exchange rates. Resulting currency translation differences are added or charged directly to the currency translation reserve in group equity. Exchange rate differences as a result of operational transactions are included in the Consolidated Statement of Profit or Loss for the reporting period.

At the end of each reporting period monetary items denominated in foreign currencies are translated at the rates prevailing at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences on non-current receivables, loans and other borrowings are recognized as finance income and expenses with the exception of differences resulting from financial instruments assigned to a hedged position (see section 3.4.3).

Joint ventures and associates with a functional currency other than the presentation currency of the Group are translated according to the aforementioned method, taking into account that assets and liabilities of these interests are not consolidated.

3.4 FINANCIAL INSTRUMENTS

3.4.1 CLASSIFICATION OF FINANCIAL INSTRUMENTS

The classification of financial assets is based on the nature and purpose of the financial asset in relation to the Groups' business activities. Financial assets, amongst other trade receivables, that arise from the Groups' business operations are held to receive the contractual cash flows. These assets are measured at amortized costs less any allowance for impairment of financial instruments. Except for derivatives, financial liabilities are measured at amortized cost. Derivatives are measured at fair value with measurement changes through profit or loss, with the exception of hedges (derivatives assigned to a hedged position) for which fair value changes are included in the cash flow hedge reserve. The Group uses derivatives to mitigate risks and assigns them to hedged positions.

3.4.2 DERIVATIVES AND CASH FLOW HEDGING

It is the policy of the Group to use cash flow hedges to cover all operational currency risks, which mainly relate to future cash flows from contracts which are denominated in currencies other than the relevant functional currency, if it is highly probable that such cash flows will be realized. Fuel price risks and interest rate risks relating to future cash flows can be hedged from time to time using specific derivatives.

Hedge accounting is applied to the majority of cash flow hedges as follows. On initial designation of the hedge the Group documents the relationship between the hedging instrument(s) and hedged item(s), including amongst other the risk management objectives, hedge strategy and the methods that will be used to assess the effectiveness of the hedge. The Group makes an assessment, both at the inception of the hedge relationship and on an ongoing basis, of the economic relationship between the hedging instruments and the underlying risk. For a cash flow hedge of a forecast transaction, the transaction should be deemed highly probable to occur and present an exposure to cash flow variations that could ultimately affect reported net income.

The application of hedge accounting means that movements in the market value of cash flow hedges not yet settled – including results realized on the 'rolling forward' of existing hedges as a result of differences between the duration of the hedges concerned and the underlying cash flows – will be directly added or charged to the hedging reserve in group equity, taking into account the applicable taxation. If a cash flow hedge expires, is closed or settled, or if the hedge relationship with the underlying cash flows can no longer be considered effective, the accumulated result will continue to be recognized in group equity as long as the underlying cash flow is still expected to take place. If and when the underlying cash flow actually takes place, the accumulated result is included directly in the Statement of Profit or Loss. Movements in the market value of cash flow hedges to which no hedge accounting is applied (ineffective cash flow hedges and the ineffective portion of effective cash flow hedges) are included in the Statement of Profit or Loss for the reporting period. Results from settled cash flow hedges and movements in the market value of ineffective cash flow hedges insofar these relate to non-current receivables, loans and other borrowings are recognized as finance income and finance expenses and otherwise in the related items within operating result. The purchase or sale of financial instruments is generally recorded at transaction rate. Derivatives are stated at fair value; attributable transaction costs are recognized in the Statement of Profit or Loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are accounted for as described.

3.4.3 NET INVESTMENT HEDGING

Foreign currency differences on loans and other borrowings that are assigned to net investment hedging of Group companies that have a functional currency other than the euro are treated similarly to cash flow hedges. These translation differences are recognized in other comprehensive income and are accumulated in the currency translation reserve. A possible ineffective portion is included in the profit or loss. When the relevant Group company is disposed or sold the accompanying portion in the accumulated Currency Translation Reserve is reclassified to profit or loss.

3.5 IMPAIRMENT

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If an indication of impairment exists, then the recoverable amount of the asset is estimated. Goodwill and intangible assets with an indefinite useful life are tested annually for impairment.

The recoverable amount of an asset or cash-generating unit (or group of units) is the higher of its value in use and its fair value less cost of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects the current market assessments, the time value of money and the risks specific to the asset or the cash-generating unit.

An impairment charge is recognized when the carrying amount of an asset or the cash generating unit to which it belongs exceeds its recoverable amount.

Impairment charges are recognized in the statement of profit or loss. Impairment charges recognized in respect of a cash generating unit are allocated first to reduce the carrying amount of any goodwill allocated to that cash-generating unit and, if applicable, subsequently to reduce the carrying amounts of the other assets of that cash-generating unit on a pro rata basis.

An impairment charge on goodwill is not reversed. For other assets an impairment charge is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment charge had been recognized.

For unbilled revenue and financial assets measured at amortized cost the Group recognizes a loss allowance based on the expected loss on unbilled revenue and on receivables. The Group assesses unbilled revenue, the aging of the receivables and specific information to establish a provision matrix that is adjusted if necessary for specific forward-looking information about the receivables and the economic environment. The Group applies the simplified method to determine its loss allowance for current trade receivables and unbilled revenue.

In the event that objective evidence for impairment of a joint venture or an associate exists, the Group determines the recoverable amount. An impairment charge is measured by comparing the recoverable amount of the investment with the carrying amount. An impairment charge is recognized in the Statement of Profit or Loss and is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

3.6 INTANGIBLE ASSETS

Goodwill arises upon acquiring Group companies and joint operations and is calculated as the difference between the acquisition price and the fair value of the assets acquired and liabilities assumed, according to the accounting principles of the Company. Goodwill is allocated to the relevant cash-generating unit. These cash-generating units represent the lowest level within the Group at which goodwill is monitored for internal management purposes and not exceeding the level of the Group's operational segments. Goodwill and other intangible assets are presented net of accumulated amortization and accumulated impairment charges.

Amortization of trademarks valued at acquisition takes place over 10 years, while the amortization of customer portfolios and contracts valued at acquisition takes place over the remaining useful life (at acquisition date, determined to be between 7 and 22 years). Methods for determining amortization and useful life are reassessed at the end of each financial year and amended if necessary.

Goodwill and intangible assets with an indefinite useful life are not amortized, but are tested for impairment every year or in case of an indication of impairment (see note 3.5). In respect of joint ventures and associates, the carrying amount of goodwill is included in the carrying amount of the investment.

Other intangible assets acquired in a business combination are capitalized only when it is probable that future economic benefits embodied in an asset, will flow to the Group and the cost of the asset can be reliably measured. Other intangible assets with a finite useful life are stated at cost less accumulated amortization and accumulated impairment charges.

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is expensed as incurred.

3.7 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation calculated from the date of commissioning and accumulated impairment charges. The cost price is based on the purchase price and/or the internally generated cost based on directly attributable expenses. The depreciation, taking into account an assumed residual value, is calculated over the estimated remaining useful lives assigned to the various categories of assets. Modifications and capacity enhancing investments are also capitalized at cost and amortized over the remaining life of the asset. Property, plant and equipment under construction are included in the Statement of Financial Position on the basis of instalments paid, including interest during construction. In the event that property, plant and equipment consists of components with different useful lives, such components are accounted for as separate items.

Buildings are depreciated over periods ranging from 10 to 30 years. The depreciation periods for components of the majority of the floating and other construction materials range from 5 to 30 years. Furniture and other fixed assets are depreciated over a period between 3 and 10 years. Land is not depreciated. The wear of dredging equipment is highly dependent on unpredictable project-specific combinations of soil conditions, material to be processed, maritime circumstances, and the intensity of the deployment of the equipment. As a result of these erratic and time-independent patterns, the maintenance and repair expenses to keep the assets in their operational condition are charged to the Statement of Profit or Loss.

Methods for determining depreciation, useful life and residual value are reassessed at the end of each financial year and amended if necessary.

3.8 JOINT VENTURES AND ASSOCIATES

Joint ventures and associates are initially recognized at cost including the goodwill determined at acquisition date. Subsequently joint ventures and associates are accounted for using the equity method, adjusted for differences with the accounting principles of the Group, less any accumulated impairment charges. If the Group's share of losses exceeds the carrying amount of the joint venture or associate, the carrying amount is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture or associate. Joint ventures and associates also include the amounts invested by the Group in joint ventures and associates by means of interest-bearing loans.

3.9 NON-CURRENT FINANCIAL ASSETS

Non-current financial assets mainly comprise (other) non-current receivables which are carried at amortized cost. Accumulated impairment charges are deducted from the carrying amount.

3.10 FINANCIAL INSTRUMENTS AVAILABLE FOR SALE

Financial instruments available for sale, as regulated by IFRS 9 Financial Instruments, include equity investments (certificates on shares) and are recognized initially at fair value increased with transaction costs. After first recognition, financial instruments available for sale are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income. At derecognition or reclassification to associates, any cumulative unrealized result is recycled to and recognized in the statement of profit or loss. In case of impairment, the cumulative loss is reclassified from the other comprehensive income to the statement of profit or loss.

3.11 INVENTORIES

Inventories, which mainly consist of fuel, auxiliary materials and spare parts, are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of disposal.

3.12 UNBILLED AND DEFERRED REVENUE

Unbilled revenue (an asset) or Deferred revenue (a liability) concerns the balance of revenue recognized on contracts (see note 3.22) less progress billings and advance payments. Whether this balance results in an asset or a liability is assessed at the individual contract level.

3.13 TRADE AND OTHER RECEIVABLES

Trade and other receivables are stated initially at fair value and subsequently at amortized cost less credit losses. Amortized cost is determined using the original effective interest rate. Trade and other receivables include prepayments (at historical cost), amongst other cost that are made to fulfil a contract for a customer. Such costs are capitalized and amortized over the lifetime of the contract.

3.14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash and bank balances, deposits with terms of no more than three months or that qualify as highly liquid investments that are readily convertible and which are subject to insignificant risks of change in value. The explanatory notes disclose the extent to which cash and cash equivalents are not freely available as a result of transfer restrictions, joint control or other legal restrictions. Bank overdrafts are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

3.15 SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects. Transaction costs directly attributable to share buy backs are recognized as a deduction from equity, net of any tax effects.

3.16 INTEREST-BEARING BORROWINGS

Interest-bearing borrowings are liabilities mainly to financial institutions. At initial recognition, interest-bearing borrowings are stated at fair value less transaction costs. Subsequently, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the statement of profit or loss over the period of the borrowings using the original effective interest rate.

3.17 EMPLOYEE BENEFITS

Defined contribution pension plans

A defined contribution pension plan is a post-employment benefit scheme under which the Group pays fixed contributions into a separate pension fund or an insurance company. The Group has no legal or constructive obligation to pay further amounts if the pension fund or insurance company has insufficient funds to pay employee benefits in connection with services rendered by the employee in the current period or prior periods. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense as part of the personnel expenses in the statement of profit or loss when they are owed. Prepaid contributions are recognized as an asset. Contributions to a defined contribution pension plan payable more than 12 months after the period during which the employee rendered the services, are discounted.

Defined benefit pension plans
A defined benefit pension plan is every post-employment benefit plan other than a defined contribution plan. For each separate defined benefit pension plan, the net asset or liability is determined as the balance of the discounted value of the future payments to employees and former employees, less the fair value of plan assets. The calculations are done by qualified actuaries using the projected unit credit method. The discount rate equals the yield on high-quality corporate bonds as at the date of the statement of financial position, with the period to maturity of the bonds approximating the duration of the liability. If the calculation results in a positive balance for the group, the asset is included up to an amount equal to any unrecognized past service pension costs and the discounted value of economic benefits in the form of possible future refunds or lower future pension premiums from the fund. In calculating the discounted value of economic benefits, the lowest possible financing obligations are taken into account as applicable to the individual plans in force within the Group. An economic benefit is receivable by the Group if it can be realized within the period to maturity of the plan or upon settlement of the scheme's obligations. Actuarial gains and losses, including any movements in limits on net pension assets, are recognized in the unrecognized results within the statement of other comprehensive income. If plan benefits are changed or if a plan is amended, past service costs or a resulting curtailment profit or loss is recognized directly in the statement of profit or loss. The Group recognizes profit or losses on the settlement of defined benefit plans at the time of settlement.

Short-term employee benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed when the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee, and the obligation can be estimated reliably.

Other long-term employee benefits
Other long-term employee benefits mainly consist of jubilee benefits. The calculation of these liabilities is executed according to the 'projected unit credit' method, using the actuarial assumptions for the predominant defined benefit plan.

Remuneration plans
Members of the Board of Management and some senior employees participate in a bonus plan that is based on the development of the share price, whereby the bonus is distributed in cash. The fair value of the amount payable over the year is recognized as personnel expenses in the statement of profit or loss, with a corresponding increase in liabilities. The liability is remeasured each reporting date and at settlement date. Any changes in the fair value of the liability are recognized as personnel expenses in the statement of profit or loss.

Expenses regarding the remuneration of the Board of Management include the amounts paid, payable and accrued for annual salaries and remuneration, pension plans, short-term and long-term variable remunerations and other reimbursements. The short-term and long-term variable remuneration expenses of the Board of Management, include the charge that relates to the short-term variable part for targets for the reporting year and the charge for the long-term variable part for targets that, until the actual payment is determined by the Remuneration Committee, are based on the assumption that the performance of the Board of Management is on target. This charge also includes any changes to the amounts accrued in previous years.

3.18 PROVISIONS
Provisions are determined on the basis of estimates of future outflows of economic benefits relating to operational activities for legal or constructive obligations of an uncertain size or with an uncertain settlement date that arise from past events and for which a reliable estimate can be made. Provisions are discounted insofar as the difference between the discounted value and nominal value is material. If applicable, provisions relate, amongst other things, to reorganizations, warranties, onerous contracts, soil contamination, legal proceedings and received claims.

Provisions for reorganization costs are recognized when the Group has a detailed formal plan for the restructuring and has announced its main features to those affected by it at the date of the Statement of Financial Position or when the execution of the plan has commenced.

Provisions for warranties are recognized based on the best estimate of the expected cash outflows or cost of repair to settle contractually agreed warranties during the defect notification period for completed projects. The carrying amount of these provisions is estimated based on common industry practice and the Group's experience with warranty claims for relevant projects.

A provision for onerous contracts, including contracts with customers, is recognized when the expected benefits to be derived by the Group from a contract are lower than the remaining unavoidable cost of meeting its obligations under the contract.

In accordance with the Group's policy and applicable legal requirements, a provision for site restoration in respect of contaminated land, and the related expenses, is recognized if the land is contaminated.

3.19 LEASES

For any new contracts the Group enters into as a lessee, the Group considers whether a contract is, or contains a lease. A lease is a contract that conveys the right to use an asset (the underlying asset) for a period of time in exchange for a consideration. At commencement date of the lease, the Group recognizes a right-of-use asset and a lease liability on the balance sheet.

Right-of-use assets

The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group revaluates the right-of-use asset for remeasurements of the lease liability.

Real estate is depreciated over periods ranging from 1 to 36 years, vessels over periods ranging from 1 to 5 years and other right-of-use assets over periods ranging from 1 to 5 years.

Lease liability

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or an incremental borrowing rate as determined by the Group.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

Short-term lease and lease with a low value of the underlying asset

The payments of short-term leases (duration is equal to or less than 12 months) and leases of low-value underlying assets (equal to or less than USD 5.000) are expensed in profit or loss on a straight-line basis over the lease term. Instead of recognizing a right-of-use asset and lease liability.

3.20 TRADE AND OTHER PAYABLES

Trade and other payables are recognized initially at fair value and subsequently at (amortized) cost. If the difference between the discounted and nominal value is not material, trade and other payables are stated at cost.

3.21 ASSETS HELD FOR SALE

Assets are classified as held for sale (disposal group) when it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Liabilities related to the assets held for sale are separately recognized as liabilities held for sale. Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated. For a joint venture or associate held for sale, the use of the equity method is discontinued.

3.22 REVENUE

The Group has contracting activities in all three of its operational segments. Almost all activities are based on contracts with customers. These activities include construction projects and the execution of service-related contracts. The duration of the construction projects varies from approximately one month to several years. Service-related contracts also vary in duration, mostly from several days to more than a year, in the latter case due to a combination of multiple transports in a single contract. Contracts are agreements under which the Group and the customer have mutually enforceable rights and obligations. A combination of contracts rarely occurs but contract modifications, such as those related to additional work, are common. Additional work included in the recognition of revenue is based on mutually agreed contract modifications. In most cases such modifications or extended services are not distinct and therefore form part of a single performance obligation that is partially completed at the time of the contract modification. Most often the contracts contain only one performance obligation. Performance obligations are the asset to be constructed for the customer or the service that is to be rendered. Revenue recognized is based on contract considerations, including fixed prices and variable prices as well as indexation of raw materials and other costs, possible claims, incentives or liquidated damages. If there is a right to variable remuneration, such as incentive agreements, this is taken into account to the extent that it is highly unlikely that it will be reversed at a later date. Revenue is recognized over time when the customer simultaneously receives and consumes the benefits provided through the Group's performance or when the Group creates or enhances an asset that the customer controls.

Revenue from the contracting of projects in the Dredging & Inland Infra and Offshore Energy operational segments, excluding marine transport and other offshore related services, is recognized based on the progress of the project, mainly using the 'cost-to-cost' method. This method, as applied, adequately reflects the extent of the work performed for heterogeneous services for different projects in the period and includes the considerable use of equipment inherent to the Group's activities. The 'cost-to-cost' formula, using (actual) costs as the numerator and estimated total costs as the denominator, includes project costs consisting of payroll costs, materials, costs of subcontracted work, costs of local representatives, rental charges and maintenance costs for the equipment used and other project costs. The Group makes significant estimates and judgements for the projects that depend on the nature of specific project circumstances.

Revenue from the contracting of salvage projects (part of the operational segment Towage & Salvage) is recognized based on the progress of the project. For salvage projects completed at the date of the Statement of Financial Position but for which the proceeds are not finally determined between parties, revenue is recognized at expected proceeds, insofar it is highly unlikely that these will be reversed at a later date.

Revenue also includes revenue from services rendered to third parties during the reporting period. Such services include marine transport and other services of Offshore Energy. These services are charged to the customers at day rates or other rates and revenue is recognized/allocated, to a large extent, based on the number of sailing days of the vessel. The output measure relating to total sailing days is considered to be appropriate as sailing days are homogeneous.

In the event that the period between payment and the service provided, or the other way around, is less than one year, the Group does not adjust the contract consideration for finance components.

3.23 OTHER INCOME AND OTHER EXPENSES

Other income and Other expenses mainly consist of book results from disposals. If a business combination results in a gain on acquisition, this gain is also recognized in Other income.

3.24 RAW MATERIALS, CONSUMABLES, SERVICES AND CONTRACTED WORK

Raw materials, consumables, services and contracted work consist of the costs recognized for work performed during the reporting period, excluding personnel expenses, amortization, depreciation and impairments. This item also includes equipment utilization costs, costs of short-term, low value or variable (if applicable) lease expenses, general overhead costs, external costs for research and development where not capitalized, currency translation differences, fair value changes of derivatives related to hedging foreign currency cash flows of projects, and other results/late results.

3.25 PERSONNEL EXPENSES

Personnel expenses consist of wages and salaries for own personnel and the related social security charges and pension costs, including paid and accrued contributions for defined contribution pension plans and movements in assets and liabilities from defined benefit plans including curtailments and settlements, insofar as applicable, and excluding actuarial gains and losses and the limitations on net pension plan assets added or charged directly to group equity.

3.26 FINANCE INCOME AND EXPENSES

Finance income comprises interest received and receivable from third parties, currency gains on financing and compensating results of negative changes in the fair value of financial instruments used to hedge interest or currency results on the financing concerned (hedged item), for which the results of the hedged item are included in the finance income. Interest income is recognized in the statement of profit or loss as it accrues, using the effective interest rate method.

Finance expenses include interest paid and payable to third parties which are reported using the effective interest method, expenses resulting from early repayments, arrangement fees, currency losses on financing and results of positive changes in fair value of financial instruments used to hedge interest or currency results on the financing concerned (hedged item), for which the results of the hedged item are included in the finance expenses. The interest component of lease payments is recognized in the statement of profit or loss using the effective interest rate method.

Borrowing costs not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the statement of profit or loss.

3.27 SHARE IN RESULT OF JOINT VENTURES AND ASSOCIATES

Share in result of joint ventures and associates comprises the share in the results after taxation of these investments (see note 3.2.3). It includes interest income resulting from capital invested in joint ventures and associates by means of interest-bearing loans.

3.28 TAXATION / DEFERRED INCOME TAX ASSETS AND LIABILITIES

Taxation is calculated on the basis of the result before taxation for the reporting period, taking into account the applicable tax provisions and tax rates, and also includes adjustments on taxation from prior reporting periods and movements in deferred taxes recognized in the reporting period. Taxation is included in the statement of profit or loss unless it relates to items recognized directly in equity, in which case taxation is included in equity. Income tax expenses also include the corporate income tax levied on deemed profit determined by revenue (withholding tax); these income taxes will be reduced if the redistribution facility is applied. Temporary differences are accounted for in deferred tax assets and/or deferred tax liabilities. Deferred tax assets are only recognized to the extent that it is probable that taxable profit will be available for realization in the foreseeable future. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax assets and liabilities are offset if there is a legally enforceable right to do so, and if they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities, but provided there is an intention to settle the tax liabilities and assets on a net basis or the tax assets and liabilities will be realized simultaneously. Deferred income tax assets and liabilities are recognized at nominal value. Additional (income) taxes that arise from the distribution of dividend are recognized at the same time that the liability to pay the related dividend is recognized.

Boskalis is exposed to tax risks which could result in double taxation, additional tax payments, penalties and interest payments. The source of these risks could originate from local tax rules and regulations as well as international and EU regulatory frameworks. These include transfer pricing risks on internal cross-border deliveries of services, tax risks related to acquisitions and divestments, tax risks related to permanent establishments, tax risks relating to tax losses, interest and tax credits carried forward and potential changes in tax law that could result in higher tax expenses and payments. With regard to these tax risks a liability is recognized if, as a result of a past event, Boskalis has an obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.29 EARNINGS PER SHARE

The Group discloses earnings per ordinary share as well as diluted earnings per ordinary share. Earnings per ordinary share are calculated based on the result attributable to the Group's shareholders divided by the calculated weighted average number of issued ordinary shares during the reporting period, taking into account any shares that have been issued or repurchased during the reporting period. In calculating the diluted earnings per share the result attributable to the Group's shareholders and the weighted average number of issued ordinary shares are adjusted for all potentially diluting effects on ordinary shares.

3.30 DIVIDEND

Dividends are recognized as a liability in the period in which they are declared.

3.31 DETERMINATION OF FAIR VALUE

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair value is determined for measurement and/or disclosure purposes based on the following methods:

Intangible assets
The fair value of other intangible assets recorded as a result of a business combination is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Joint ventures and associates
Where relevant, the fair value of joint ventures and associates is determined or disclosed based on quoted prices or business valuations.

Property, plant and equipment
The fair value of property, plant and equipment recognized as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing wherein each party acted knowledgeably, prudently and without compulsion.

Trade and other receivables
The fair value of trade and other receivables, other than due from customers, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Share-based payment transactions
The fair value is determined based on quoted prices.

Derivatives
The fair value of derivatives is based on the estimated amount to be paid or received for a settlement of the contract as at the reporting date taking into account the actual interest rate and the credit rating of the counterparty. The fair value is based on broker quotes tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Non-derivative financial liabilities
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Fair value hierarchy
Assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy as follows:

- 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).

3.32 CONSOLIDATED STATEMENT OF CASH FLOWS

The consolidated statement of cash flows is drawn up using the indirect method. Cash is defined as cash and cash equivalents including bank overdrafts as presented in the explanatory notes to the cash and cash equivalents. Cash flows are presented separately in the statement of cash flows as cash flows from operating activities, investing activities and financing activities. The cash flows in the statement of cash flows also included the cash flows, if any, related to disposal groups.

4. SEGMENT REPORTING

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 river bed 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. Also, the Group acquired Rever Offshore's activities (Rever) in December 2020, from which time Rever has been part of 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.

- 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. For contracts executed in a joint operation of two segments, the segments only report their own share in revenue and the results recognized, resulting in no material related party transactions between segments that need to be eliminated. EBITDA is defined as being the segment result before depreciation, amortization and impairments.

OPERATIONAL SEGMENTS

2020	DREDGING & INLAND INFRA	OFFSHORE ENERGY	TOWAGE & SALVAGE	HOLDING & ELIMINATIONS	GROUP
Revenue	**1,315,676**	**1,064,948**	**174,632**	**- 30,345**	**2,524,911**
EBITDA	**177,295**	**193,484**	**50,110**	**- 16,582**	**404,307**
Share in result of joint ventures and associates	**2,574**	**4,270**	**12,079**	**-**	**18,923**
Operating result	**53,203**	**66,293**	**45,595**	**- 25,271**	**139,820**
Exceptional charges				**- 195,395**	**- 195,395**
EBIT					**- 55,575**
Non-allocated finance income and expenses					**- 14,888**
Non-allocated income tax expenses					**- 26,216**
Net Group profit / loss (-)					**- 96,679**
Carrying amount of joint ventures and associates	**13,550**	**24,353**	**170,477**	**86**	**208,466**
Investments in property, plant and equipment	**111,385**	**119,006**	**1,388**	**8,845**	**240,624**
Additions to right-of-use assets	**16,059**	**5,137**	**37**	**2,928**	**24,161**
Depreciation on property, plant and equipment and right-of-use assets	**124,092**	**124,638**	**3,565**	**8,689**	**260,984**
Amortization of intangible assets	**-**	**2,553**	**950**	**-**	**3,503**
Impairment charges on property, plant and equipment	**19,697**	**33,154**	**-**	**-**	**52,851**
Impairment charges on right-of-use assets	**-**	**2,843**	**-**	**-**	**2,843**
Impairment charges on intangible assets	**-**	**5,582**	**-**	**-**	**5,582**
Impairment charges on joint ventures and associates	**-**	**39,665**	**56,534**	**-**	**96,199**
Impairment charges within joint ventures	**-**	**-**	**26,800**	**-**	**26,800**

2019	DREDGING & INLAND INFRA	OFFSHORE ENERGY	TOWAGE & SALVAGE	HOLDING & ELIMINATIONS	GROUP
Revenue	1,517,706	1,020,359	132,117	- 25,582	2,644,600
EBITDA	241,575	47,355	41,613	45,293	375,836
Share in result of joint ventures and associates	3,260	5,976	16,461	- 107	25,590
Operating result	107,553	- 70,871	37,880	- 46,099	28,463
Exceptional income				82,258	82,258
EBIT					110,721
Non-allocated finance income and expenses					- 15,681
Non-allocated income tax expenses					- 20,141
Net Group profit / loss (-)					74,899
Carrying amount of joint ventures and associates	13,922	66,639	279,713	67,781	428,055
Investments in property, plant and equipment	128,330	89,295	1,544	28,421	247,590
Additions to right-of-use assets	29,724	9,968	120	4,644	44,456
Depreciation on property, plant and equipment and right-of-use assets	134,022	115,619	2,783	9,134	261,558
Amortization of intangible assets	-	2,607	950	-	3,557
Reversal of impairment charges on sale vessel	-	-	-	27,000	27,000
Reversal of impairment charges on sale Kotug Smit Towage	-	-	-	13,146	13,146

Exceptional items

Exceptional charges in 2020 of EUR 195.4 million include impairment charges (EUR 184.3 million, including impairment charges within joint ventures of EUR 26.8 million; see note 10), additions to provisions (EUR 17.3 million, including restructuring expenses of EUR 10.1 million) and a gain on acquisition regarding Rever Offshore (EUR 6.2 million; see note 5.2). In 2019 exceptional income of EUR 82.2 million includes a reversal of impairment charges as a result of sale transactions of EUR 40.1 million and a book profit on the sale Saam Smit Towage of EUR 42.1 million.

Reconciliation with IFRS

As required by IFRS, the information as presented above reconciles to the internal management information of the Board of Management. In measuring the financial performance of operational segments certain line items relating to exceptional items were presented differently in the internal management information compared to in the EU-IFRS consolidated financial statements.

In the EU-IFRS Consolidated Statement of Profit or Loss the Result from operating activities (EBIT) shows a loss of EUR 55.6 million and contains impairment charges of EUR 157.5 million (see note 10). The impairment charges within joint ventures amounting to EUR 26.8 million are presented as a result in joint ventures in EU-IFRS-financial statements, the provisions provided for EUR 17.3 million are recorded for EUR 7.2 million under Raw materials, consumables, services and subcontracted work and for EUR 10.1 million under Personnel expenses, the gain on acquisition of Rever Offshore amounted to EUR 6.2 million is recorded under the other income. In this table above these items are presented as part of the exceptional charges. Similar in 2019, Results from operating activities (EBIT) shows a profit of EUR 110.7 million and includes reversal of impairment charges as a result of sales transactions of EUR 40.1 million and a book profit on the sale Saam Smit Towage of EUR 42.1 million. In this table above these items are presented as part of the exceptional income.

EBITDA in the table above equals EBIT before depreciation, amortization, impairment and other exceptional charges. Group EBITDA as stated in the management information amounts to EUR 404.3 million (2019: EUR 375.8 million).

5. BUSINESS COMBINATIONS AND OTHER SIGNIFICANT TRANSACTIONS

5.1 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 activities of Horizon have contributed EUR 75.8 million to Group revenue and EUR 11.8 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 75.3 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 4).

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 30.1 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 thousands of EUR)	
Property, plant and equipment	**33,699**
Right-of-use assets	**1,203**
Inventory	**2,258**
Trade and other receivables	**33,532**
Cash and cash equivalents	**15,266**
Interest bearing debt (no leases)	**- 11,871**
Provisions	**- 3,799**
Lease liabilities	**- 1,203**
Trade and other payables	**- 21,123**
Non-controlling interests	**- 372**
	47,590

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 thousands of EUR)	
Consideration paid for 37.5%	**45,360**
Fair value of other 62.5%	**75,299**
Less: Identified assets and assumed liabilities	**- 47,590**
Goodwill recognized	**73,069**

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.

Transaction costs 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.

5.2 ACQUISITION OF OFFSHORE ACTIVITIES OF REVER OFFSHORE

On 23 December 2020 the Group obtained control of Rever Offshore's subsea activities (Rever) by acquiring 100% of the shares of four entities.

As a result of this transaction, Boskalis strengthens its current position in the subsea market in Northwest Europa, Africa and the Middle East and its capabilities to serve both the traditional oil & gas market and the rapidly expanding offshore wind market. On the important North Sea subsea market, Boskalis is now a solid top three player opening up ample opportunities for operational efficiencies and synergies. Management believes that if the acquisition had taken place at the start of 2020, revenue for the reporting period would have been EUR 2,614.9 million and the consolidated net group result would not have changed materially.

Consideration paid
On 23 December 2020 the Group paid an amount of EUR 22.5 million in cash.

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

As at 23 December 2020 (in thousands of EUR)	
Property, plant and equipment	**26,598**
Right-of-use assets	**17,015**
Deferred tax assets	**1,007**
Inventory	**898**
Trade and other receivables	**4,184**
Cash and cash equivalents	**9,411**
Deferred tax liabilities	**- 453**
Lease liabilities	**- 17,015**
Trade and other payables	**- 12,990**
	28,655

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

- The fair value of the 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.
- The fair value of the right-of-use assets equals the lease liabilities that are determined using an income approach for the expected cash flows and the appropriate discount rate.

Gain on acquisition
The acquisition resulted in a gain on acquisition of EUR 6.2 million, recognized in Other income of the Consolidated Statement of Profit or Loss, because the net amount of assets acquired and liabilities assumed was higher than the consideration paid. A gain was expected given the agreement with the seller on the expenses to be borne by Boskalis. Before recognizing the gain, the Group reassessed the completeness of assets acquired and liabilities assumed, and also reassessed the underlying assumptions and measurements techniques.

Transaction costs related to the acquisition
The Group incurred costs of EUR 0.4 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.

5.3 BUSINESS COMBINATIONS AND OTHER SIGNIFICANT TRANSACTIONS IN PRIOR YEAR

On 21 February 2019 the Group gained, based on voting rights, joint control in the Horizon Group (Horizon). As a result the investment of 62.5% was classified as a joint venture. The consideration amounted to EUR 68.6 million, of which EUR 67.5 million paid in cash.

On 1 April 2019 the Group obtained control over the offshore activities of Bohlen & Doyen GmbH, Germany through the acquisition of the assets, liabilities, employees and some projects. This transaction was classified as a business combination and is included as such in the consolidation. The consideration paid amounted to EUR 23.3 million in cash. The net amount of identified assets acquired and liabilities assumed amounted to EUR 24.3 million. The business combination resulted in a gain on acquisition of EUR 1.0 million, recognized in Other income in the Consolidated Statement of Profit or Loss.

On 1 August 2019 the Group sold its interest in Kotug Smit Towage. The sale resulted in a consideration of EUR 93.6 million in cash and a book profit of EUR 13.1 million.

On 30 October 2019 the Group sold its interest in Saam Smit Towage. The sale resulted in a consideration of USD 203 million in cash and a pre-tax book profit of EUR 42.1 million (EUR 35.6 million post tax).

6. REVENUE

Revenue by region can be specified as follows:

	REVENUE	
	2020	2019
The Netherlands	**581,256**	619,310
Rest of Europe	**893,183**	919,469
Australia / Asia	**456,828**	433,525
Middle East	**244,113**	357,485
Africa	**97,397**	88,255
North and South America	**252,134**	226,556
	2,524,911	2,644,600

A region is determined as the location at which projects are realized and services are provided. For sea transport the region refers to the port of arrival (or nearest point of arrival) of the transport or the project location for offshore installation. A large part of the Group's revenue is generated on projects for a variety of clients in various countries and geographical areas. Because of the often-incidental nature and spread of the contracts none of these clients qualifies structurally as a material client in relation to the total revenue of the Group.

Revenue by activity can be specified as follows:

	REVENUE	
	2020	2019
Contracting activities	**1,982,019**	2,217,671
Service activities	**542,892**	426,929
	2,524,911	2,644,600

Revenue from contracting activities mainly comprises net revenue from the operational segments of Dredging & Inland Infra and Offshore Energy (excluding marine transport and other offshore services), and salvage projects. For most of the contracting activities the most common type of contract is based on a fixed/lump sum price. In these cases, the contractor's price must take into account virtually all the operational risks as well as the costs and other risks associated with the procurement of materials and subcontractor services. In most cases it is not possible to charge clients for any unforeseen costs and the Group acts as contractor and principal of the engagement.

Revenue from services rendered is primarily realized in the Offshore Energy (marine transport and other services) operational segment and in the joint ventures within the Towage & Salvage operational segment. The services are usually charged at day rates.

The value of the order book equals the contract revenue of projects yet to be completed and services yet to be rendered at balance sheet date and amounts to EUR 5.3 billion (2019: EUR 4.7 billion).

Contracts are not included in the order book until agreement has been reached with the client. The Group estimates that 38% of the order book will be executed next year (31 December 2019: 44%). Actual execution depends on several factors, such as weather, soil, technical conditions, cooperation with subcontractors, the availability of cargo and other factors.

7. OTHER INCOME AND OTHER EXPENSES

In 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 (note 5.1) and a gain on acquisition regarding the business combination Rever Offshore of EUR 6.2 million (note 5.2). Further, other income includes government support relating COVID-19 for an amount of EUR 0.6 million. The other income also includes book profits on the disposal of property, plant and equipment for EUR 8.8 million (2019: EUR 7.2 million). Other expenses relate to book losses on the disposal of equipment, amounting to EUR 0.3 million (2019: EUR 0.5 million).

In 2019 other income 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.

8. RAW MATERIALS, CONSUMABLES, SERVICES AND SUBCONTRACTED WORK

As part of this line item costs related to short term leased equipment and low value leases are reported for an amount of EUR 0.6 million (2019: EUR 1 million).

9. PERSONNEL EXPENSES

	2020	2019
Wages and salaries	**- 387,034**	- 374,373
Social security expenses	**- 43,189**	- 43,543
Pension expenses for defined benefit pension plans	**- 728**	- 1,728
Pension expenses for defined contribution pension plans	**- 40,991**	- 41,626
	- 471,942	- 461,270

A number of senior managers participate in a long-term incentive plan based upon the development of the share price, which is settled on a cash basis. The fair value of the related liability for the year is included as part of the personnel expenses in the statement of profit or loss. The related charge for 2020 amounts to EUR 1.5 million (2019: EUR 1.4 million) and the corresponding liability is EUR 4.0 million (2019: EUR 4.2 million). For the remuneration of the Board of Management and the Supervisory Board refer to note 31.2.

In 2020 expenses for restructuring were incurred for an amount of EUR 10.1 million which are reported under Personnel expenses (2019: EUR 2.8 million).

10. IMPAIRMENT CHARGES AND REVERSAL OF IMPAIRMENTS EVIDENCED BY A SALE TRANSACTION

10.1 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 the tradenames, a limited number of vessels and two joint ventures. This resulted in the recognition of the following non-cash impairment charges:

	2020
IMPAIRMENT CHARGES BY ASSET CATEGORY	
Intangible assets	**5,582**
Property, plant and equipment	**52,851**
Right-of-use assets	**2,843**
Investments in joint ventures and associates	**96,199**
Impairment charges according to the Consolidated Statement of Profit or Loss	**157,475**
Impairment charges accounted for within share in result of joint ventures and associates	**26,800**
Total impairment charges	**184,275**
IMPAIRMENT CHARGES BY OPERATIONAL SEGMENT	
Dredging	**19,697**
Offshore Energy	**81,244**
Towage & Salvage	**83,334**
Total impairment charges	**184,275**

In 2019 no impairment charges were recognized.

Intangible assets
An impairment charge of EUR 5.6 million was recorded relating to tradenames. Within the Offshore Energy market, tradenames other than Boskalis are no longer used. The tradenames have been valued at the highest of the value in use and the fair value less cost to sell (determined by an external valuator).

Property, plant and equipment
It was decided to take a limited number of vessels and tools out of service. These vessels and tools have been valued at the highest of the value in use and the fair value less cost to sell (external valuations or scrap value).

Right-of-use assets
An impairment charge of EUR 2.8 million was recorded relating leased properties which are available for rent.

Investments in joint ventures and associates
An impairment charge of EUR 96.2 million was recorded relating to two joint ventures. 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. Next to these impairment charges on the investment in joint ventures and associates, impairment charges accounted as part of share in result of joint ventures and associates amounted to EUR 26.8 million.

10.2 REVERSAL OF IMPAIRMENTS EVIDENCED BY SALE TRANSACTION
During 2019 the Group reversed two impairments for a total amount of EUR 40.1 million as a result of sale transactions. The Group reversed EUR 27.0 million related to the sale of an impaired vessel and EUR 13.1 million relating to the impairment on Kotug Smit Towage as a result of the finalization of the sale (see note 5.3).

11. FINANCE INCOME AND EXPENSES

	2020	2019
Interest income on short-term bank deposits	**369**	995
Finance income	**369**	995
Interest expenses	**- 11,822**	- 13,117
Accretion of interest of lease liabilities	**- 1,783**	- 1,808
Other expenses	**- 1,652**	- 1,751
Finance expenses	**- 15,257**	- 16,676
Net finance expenses recognized in consolidated statement of profit or loss	**- 14,888**	- 15,681

Amortization relating to interest-bearing borrowings amounts to EUR 0.5 million (2019: EUR 0.3 million) and commitment fees paid to EUR 0.9 million (2019: EUR 0.9 million). There are no fair value adjustments for interest-bearing borrowings (with regard to hedging instruments) in 2020 and 2019.

12. INCOME TAX EXPENSES

The tax charge amounts to EUR 26.2 million (2019: EUR 20.1 million) which can be specified as follows:

	2020	2019
CURRENT INCOME TAX EXPENSES		
Current year	**- 35,396**	- 40,687
Adjustment in respect of current income tax regarding prior financial years	**15,111**	11,174
Reclassification of deferred income taxes regarding prior financial years	**332**	951
	- 19,953	- 28,562
DEFERRED INCOME TAX EXPENSES		
Origination and reversal of temporary differences	**5,619**	- 387
Effect of changes in tax rates on deferred income taxes	**1,272**	- 1,892
Reclassification of deferred income taxes regarding prior financial years	**- 332**	- 951
Movement of recognized tax losses carried forward	**- 12,822**	11,651
	- 6,263	8,421
TAXATION IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS	**- 26,216**	- 20,141

The operational activities of the Group are subject to various tax regimes with tax rates ranging from 0% to 42% (2019: 0% to 43%). These different tax rates, non-deductible expenses, treatment of tax losses, special taxation regimes, adjustments in respect of prior years and results not subject to taxation, result in an effective tax rate in the reporting period of –37.2% (2019: 21.2%), as disclosed in the consolidated statement of profit or loss.

This effective income tax rate is impacted by exceptional items. This analysis can be summarized as follows:

	2020			2019		
	Profit / loss (-)	**Income tax expense (-) /benefit**	**Income tax rate**	**Profit / loss (-)**	**Income tax expense (-) /benefit**	**Income tax rate**
Profit/Loss (-) before taxation	**- 70,463**	**- 26,216**	**- 37.2%**	95,040	- 20,141	21.2%
Exceptional items (see Note 4)	**195,395**	**- 8,438**	**4.3%**	- 82,258	6,472	7.9%
Profit/Loss (-) before taxation, adjusted	**124,932**	**- 34,654**	**27.7%**	12,782	- 13,669	106.9%

The reconciliation between the Dutch nominal income tax rate and the effective income tax rate, based on the Profit/Loss (-) before taxation as stated above of EUR 124.9 million (2019: EUR 12.8 million), is as follows:

	2020		2019	
	Income tax amount	**Income tax rate**	Income tax amount	Income tax rate
Effect on tax (rate):				
Nominal tax rate in the Netherlands	**- 31,233**	**25.0%**	- 3,195	25.0%
Tax exempted share in result of joint ventures and associates (excluding impairments)	**3,673**	**- 2.9%**	6,398	- 50.1%
Tonnage tax, withholding tax, other special tax regimes	**-12,530**	**10.0%**	- 14,779	115.7%
Different statutory tax rates for other jurisdictions	**7,079**	**- 5.7%**	45	- 0.4%
Unrecognized income tax losses and temporary differences	**- 15,325**	**12.3%**	- 13,449	105,2%
Prior year adjustments	**15,443**	**- 12.4%**	12,125	- 94.9%
Other	**- 1,761**	**1.4%**	- 814	6.4%
Adjusted effective tax (rate)	**- 34,654**	**27.7%**	- 13,669	106.9%

The effective income tax rate adjusted for exceptional items was 27.7% (2019: 106.9%).

As can be derived from the tables above the effective tax rate, in comparison with previous year, is influenced by impairment charges and other exceptional items. The tax burden results from the distribution of the result over a mix of countries and entities and is higher than the nominal income tax rate in the Netherlands (25%) due to the fact that in a number of countries in which we currently operate a relatively high tax rate applies and countries where no tax asset has been recognized on negative results. In a number of these countries, despite the negative results, withholding taxes are payable.

As a percentage of the loss before tax of EUR –70.5 million (2019: profit before tax of EUR 95.0 million) the relationship between the applicable tax rate in the Netherlands (25%) and the effective tax rate as can be derived from the income statement (2020: –37.2%; 2019: 21.2%) can be summarized as follows:

	2020		2019	
	Income tax amount	**Income tax rate**	Income tax amount	Income tax rate
Effect on tax (rate):				
Nominal tax rate in the Netherlands	**17,616**	**25.0%**	- 23,760	25.0%
Tax exempted share in result of joint ventures and associates (excluding impairments)	**3,673**	**5.2%**	6,398	- 6.7%
Exceptional items (mainly impairments resp. tax exempted share in result of joint ventures)	**-40,411**	**-57.3%**	14,093	-14.8%
Tonnage tax, withholding tax, other special tax regimes	**- 12,530**	**- 17.8%**	- 14,779	15.6%
Different statutory tax rates for other jurisdictions	**7,079**	**10.0%**	45	- 0.1%
Unrecognized income tax losses and temporary differences	**- 15,325**	**- 21.7%**	- 13,449	14.1%
Prior year adjustments	**15,443**	**21.9%**	12,125	- 12.8%
Other	**- 1,761**	**-2.5%**	- 814	0.9%
Effective tax (rate)	**- 26,216**	**-37.2%**	- 20,141	21.2%

13. INCOME TAX RECEIVABLE AND PAYABLE

The current income tax receivables and income tax payables relate to the tax positions of the respective Group companies and consist of financial years yet to be settled less withholding taxes and tax refunds.

14. DEFERRED INCOME TAX ASSETS AND LIABILITIES

	BALANCE AS AT 1 JANUARY 2020		**MOVEMENT IN TEMPORARY DIFFERENCES DURING THE YEAR**				**BALANCE AS AT 31 DECEMBER 2020**	
	Asset	**Liability**	**Charged (-)/ added to net profit**	**Charged to equity**	**In / (out) consolidation and business combinations**	**Currency translation differences**	**Asset**	**Liability**
Intangible assets	**206**	**- 1,852**	**39**	**-**	**-**	**- 198**	**-**	**- 1,805**
Property, plant and equipment	**152**	**- 6,590**	**2,840**	**-**	**1,007**	**- 19**	**3,848**	**- 6,458**
Unbilled revenue and deferred revenue	**-**	**-**	**4,190**	**-**	**-**	**- 1**	**4,189**	**-**
Trade and other receivables	**57**	**-**	**128**	**-**	**-**	**-**	**185**	**-**
Hedging reserve	**400**	**-**	**- 29**	**- 103**	**-**	**48**	**316**	**-**
Actuarial gains / losses (-) and asset limitation on defined benefit pension plans	**6,608**	**-**	**- 700**	**1,330**	**-**	**67**	**7,305**	**-**
Employee benefits	**3,974**	**- 864**	**647**	**-**	**-**	**- 59**	**4,570**	**- 872**
Provisions	**25**	**-**	**268**	**-**	**-**	**11**	**985**	**- 681**
Interest-bearing borrowings	**249**	**-**	**- 249**	**-**	**-**	**-**	**-**	**-**
Trade and other payables	**428**	**- 99**	**- 254**	**-**	**-**	**9**	**250**	**- 166**
Other assets and liabilities	**253**	**- 556**	**- 612**	**-**	**-**	**256**	**283**	**- 942**
Leases	**105**	**- 8**	**192**	**-**	**- 453**	**- 1**	**301**	**- 466**
Foreign branch results	**-**	**- 1,436**	**99**	**-**	**-**	**-**	**-**	**- 1,337**
Income tax losses carried forward	**12,838**	**-**	**- 12,822**	**173**	**-**	**- 4**	**185**	**-**
	25,295	**- 11,405**	**- 6,263**	**1,400**	**554**	**109**	**22,417**	**- 12,727**
Offsetting of deferred income tax assets and liabilities	**- 9,955**	**9,955**					**- 10,037**	**10,037**
Net in the Consolidated Statement of Financial Position	**15,340**	**- 1,450**					**12,380**	**- 2,690**

	BALANCE AS AT 1 JANUARY 2019		MOVEMENT IN TEMPORARY DIFFERENCES DURING THE YEAR				BALANCE AS AT 31 DECEMBER 2019	
	Asset	Liability	Charged (-) /added to net profit	Charged to equity	In / (out) consolidation and business combinations	Currency translation differences	Asset	Liability
Intangible assets	195	- 1,999	157	-	-	1	206	- 1,852
Property, plant and equipment	128	- 3,005	- 3,291	-	- 273	3	152	- 6,590
Trade and other receivables	57	-	-	-	-	-	57	-
Hedging reserve	1,000	-	- 69	- 531	-	-	400	-
Actuarial gains / losses (-) and asset limitation on defined benefit pension plans	7,324	-	- 2,584	1,852	-	16	6,608	-
Employee benefits	3,518	- 3,400	3,009	-	-	- 17	3,974	- 864
Provisions	731	-	- 720	-	-	14	25	-
Interest-bearing borrowings	249	-	-	-	-	-	249	-
Trade and other payables	354	- 95	67	-	-	3	428	- 99
Other assets and liabilities	276	- 709	377	-	-	- 247	253	- 556
Leases	-	-	97	-	-	-	105	- 8
Foreign branch results	-	- 1,436	-	-	-	-	-	- 1,436
Income tax losses carried forward	47	-	11,651	1,135	-	5	12,838	-
	13,879	- 10,644	8,694	2,456	- 273	- 222	25,295	- 11,405
Offsetting of deferred income tax assets and liabilities	- 4,874	4,874					- 9,955	9,955
Net in the Consolidated Statement of Financial Position	9,005	- 5,770					15,340	- 1,450

Deferred income tax assets are not recognized as long as it is not probable that economic benefits can be expected in future periods. Deferred income tax assets and liabilities within fiscal unities are offset in the statement of financial position.

The following movements in deferred income tax assets and liabilities, including applicable income tax rate changes, together with the items they relate to, are recognized in the statement of other comprehensive income:

	2020		
	BEFORE INCOME TAX	**INCOME TAX (EXPENSE) BENEFIT**	**NET OF INCOME TAX**
Foreign currency translation differences for foreign operations, including net-investment hedges	**- 65,901**	**173**	**- 65,728**
Fair value of cash flow hedges	**- 10,853**	**- 103**	**- 10,956**
Actuarial gains / losses (-) and asset limitation on defined benefit pension plans	**- 3,005**	**1,330**	**- 1,675**
	- 79,759	**1,400**	**- 78,359**

	2019		
	BEFORE INCOME TAX	**INCOME TAX (EXPENSE) BENEFIT**	**NET OF INCOME TAX**
Foreign currency translation differences for foreign operations, including net-investment hedges	22,428	1,135	23,563
Fair value of cash flow hedges	- 7,753	- 531	- 8,284
Actuarial gains / losses (-) and asset limitation on defined benefit pension plans	- 7,822	1,852	- 5,970
	6,853	2,456	9,309

UNRECOGNIZED DEFERRED INCOME TAX ASSETS

Income tax losses carried forward and/or timing differences of Group companies for which no deferred income tax asset is recognized amounted to EUR 216.0 million (2019: EUR 111.6 million). These deferred income tax assets are not recognized in the statement of financial position as long as recovery through taxable profit or deductible temporary differences before expiration is not probable. As the mix of countries in which projects are executed changes over time, uncertainty arises regarding the possibilities to compensate income tax losses with future taxable income.

	2020	
	INCOME TAX LOSSES CARRIED FORWARD	DEDUCTIBLE TEMPORARY DIFFERENCES
No later than 1 year	**141**	**-**
Later than 1 year and no later than 5 years	**8,730**	**-**
Later than 5 years	**196,588**	**10,584**
	205,459	**10,584**

	2019	
	INCOME TAX LOSSES CARRIED FORWARD	DEDUCTIBLE TEMPORARY DIFFERENCES
No later than 1 year	964	-
Later than 1 year and no later than 5 years	8,589	-
Later than 5 years	91,368	10,707
	100,921	10,707

The movement in 2020 in income tax losses carried forward is to a large extent acquired through business combinations.

15. INTANGIBLE ASSETS

	GOODWILL	OTHER	TOTAL
Balance as at 1 January 2020			
Cost	**634,671**	**121,965**	**756,636**
Accumulated amortization and impairments	**- 537,594**	**- 102,659**	**- 640,253**
Carrying amount	**97,077**	**19,306**	**116,383**
Movements			
Acquired through business combinations	**73,069**	**-**	**73,069**
Amortization	**-**	**- 3,503**	**- 3,503**
Impairment charges (see note 10)	**-**	**- 5,582**	**- 5,582**
Currency translation differences and other movements	**- 6,986**	**- 608**	**- 7,594**
	66,083	**- 9,693**	**56,390**
Balance as at 31 December 2020			
Cost	**676,773**	**119,124**	**795,897**
Accumulated amortization and impairments	**- 513,613**	**- 109,511**	**- 623,124**
Carrying amount	**163,160**	**9,613**	**172,773**

	GOODWILL	OTHER	TOTAL
Balance as at 1 January 2019			
Cost	629,426	121,125	750,551
Accumulated amortization and impairments	- 532,349	- 98,562	- 630,911
Carrying amount	97,077	22,563	119,640
Movements			
Amortization	-	- 3,557	- 3,557
Currency translation differences and other movements	-	300	300
	-	- 3,257	- 3,257
Balance as at 31 December 2019			
Cost	634,671	121,965	756,636
Accumulated amortization and impairments	- 537,594	- 102,659	- 640,253
Carrying amount	97,077	19,306	116,383

Currency translation differences mainly relate to goodwill and other intangible assets resulting from the acquisitions of Dockwise, Fairmount and Horizon, which are denominated in USD. Following impairment charges recognized in previous years, currency translation differences do not occur with respect to the carrying amount of goodwill. However, cost and accumulated amortization and impairments are still impacted by currency translation differences.

15.1 GOODWILL

For the purpose of impairment testing, goodwill is allocated to the cash-generating units (CGU) which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes. This does not exceed the level of Group's operating segments reported in note 4 on Segment reporting.

Goodwill is allocated to the following cash-generating units:

CASH-GENERATING UNIT	OPERATIONAL SEGMENT	2020	2019
Survey	Offshore Energy	**66,083**	-
Inland Infra	Dredging & Inland Infra	**46,607**	46,607
Salvage	Towage & Salvage	**36,875**	36,875
Dredging	Dredging & Inland Infra	**13,595**	13,595
Total		**163,160**	97,077

When conducting impairment tests on goodwill, the recoverable amounts are determined based on value in use calculations. Value in use is determined by discounting the expected future cash flows from the continuing operations of the CGU.

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, order book in hand, expected win rates of contracts and expected vessel utilization. Key assumptions in the calculation of value in use are the growth rate applied in the calculation of the terminal value and the discount rate used. Cash flows for the CGUs beyond five years are extrapolated using an estimated long-term growth rate of 1.0% (2019: 1.0%). The applicable growth rate does not exceed the long-term average growth rate which may be expected for the activities. The pre-tax discount rate used in the calculations per CGU are: Survey 9.9%, Inland Infra 9.2% (2019: 8.3%), Salvage 6.8% (2019: 6.5%) and Dredging 8.25% (2019: 7.9%) and is determined per CGU by means of an iterative calculation using the post-tax discount rates (determined by an external valuator), projected post-tax cash flows and expected tax rate.

The Group has analyzed sensitivity to a reasonable possible change in the discounted expected future cash flows of the carrying amount, including goodwill, of the CGU ('headroom'). The recoverable amounts for Inland Infra, Salvage, Dredging and Survey exceed the carrying amounts of the CGUs with significant headroom.

15.2 OTHER INTANGIBLE ASSETS

Other intangible assets, which are identified and recognized at fair value in business combinations, consist of tradenames, technology (including software) and favorable contracts.

16. PROPERTY, PLANT AND EQUIPMENT

	LAND AND BUILDINGS	FLOATING AND OTHER CONSTRUCTION EQUIPMENT	OTHER FIXED ASSETS	PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION	TOTAL
Balance as at 1 January 2020					
Cost	**143,792**	**4,415,127**	**40,806**	**241,145**	**4,840,870**
Accumulated depreciation and impairment charges	**- 44,606**	**- 2,355,352**	**- 30,988**	**- 3,823**	**- 2,434,769**
Carrying amount	**99,186**	**2,059,775**	**9,818**	**237,322**	**2,406,101**
Movements					
Investments	**899**	**48,173**	**3,690**	**187,862**	**240,624**
Acquired through business combinations	**-**	**58,707**	**1,590**	**-**	**60,297**
Put into operation	**3,792**	**271,524**	**2,758**	**- 278,074**	**-**
Impairment charges	**-**	**- 52,851**	**-**	**-**	**- 52,851**
Depreciation	**- 4,630**	**- 221,224**	**- 6,461**	**-**	**- 232,315**
Disposals	**- 1,757**	**- 6,797**	**- 254**	**-**	**- 8,808**
Other movements	**-**	**- 176**	**246**	**196**	**266**
Currency translation differences	**- 826**	**- 48,620**	**- 262**	**- 1,964**	**- 51,672**
	- 2,522	**48,736**	**1,307**	**- 91,980**	**- 44,459**
Balance as at 31 December 2020					
Cost	**145,106**	**4,618,971**	**47,091**	**149,165**	**4,960,333**
Accumulated depreciation and impairment charges	**- 48,442**	**- 2,510,460**	**- 35,966**	**- 3,823**	**- 2,598,691**
Carrying amount	**96,664**	**2,108,511**	**11,125**	**145,342**	**2,361,642**

	LAND AND BUILDINGS	FLOATING AND OTHER CONSTRUCTION EQUIPMENT	OTHER FIXED ASSETS	PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION	TOTAL
Balance as at 1 January 2019					
Cost	138,617	4,759,891	35,722	132,368	5,066,598
Accumulated depreciation and impairment charges	- 36,680	- 2,625,257	- 27,051	- 3,823	- 2,692,811
Carrying amount	101,937	2,134,634	8,671	128,545	2,373,787
Movements					
Investments	429	83,983	4,835	158,343	247,590
Acquired through business combinations	-	24,490	-	-	24,490
Put into operation	708	48,969	-	- 49,677	-
Reversal of impairment	-	27,000	-	-	27,000
Depreciation	- 4,567	- 225,629	- 4,073	-	- 234,269
Disposals	- 39	- 19,727	- 182	-	- 19,948
Other movements	- 51	- 27,859	506	- 935	- 28,339
Currency translation differences	769	13,914	61	1,046	15,790
	- 2,751	- 74,859	1,147	108,777	32,314
Balance as at 31 December 2019					
Cost	143,792	4,415,127	40,806	241,145	4,840,870
Accumulated depreciation and impairment charges	- 44,606	- 2,355,352	- 30,988	- 3,823	- 2,434,769
Carrying amount	99,186	2,059,775	9,818	237,322	2,406,101

The Group reviews the (expected) utilization and operational results of the main units of the fleet to determine potential impairments and adjustments of remaining expected useful life and residual value on an annual basis. In 2020 for some units the useful lives were adjusted prospectively. The impact on 2020 and the expected impact on the future reporting periods amounts to EUR 1.7 million decrease in expenses per year.

As disclosed in the table above and in note 10 'Impairment charges', in 2020 an impairment charge of EUR 52.9 million was recorded, relating to vessels and other construction equipment. These assets have been valued at the highest of the value in use and the fair value less cost to sell (based on external valuations or scrap value). Of the total impairment, EUR 49.1 million relates to impairments to fair value less cost to sell and EUR 3.8 million relates to impairment to value in use. If the cash flows used in the value-in-use calculations would have been lower or discount rate would have been higher, the Group would not have recognized an additional impairment. In 2019 no impairment charges were recognized.

In 2020 the Group has not reversed any material impairment losses (2019: EUR 27.0 million). In 2020 and 2019 the capitalized financing costs of investments recognized amounted to zero.

In line with the characteristics of the Group's activities, property, plant and equipment can be deployed on a worldwide scale. As a consequence, segmentation of property, plant and equipment into geographical areas would not provide any additional relevant information.

17. JOINT VENTURES AND ASSOCIATES

The Group participates in a number of joint ventures and associates. The activities and risks of these joint ventures and associates are similar to the activities of the Group. A number of projects, or related activities, within the Dredging & Inland Infra operational segment are placed in privately held companies. The most important one was SAAone Holding B.V. which has been divested during 2019. The Offshore Energy operational segment mainly includes the investment Asian Lift Pte. Within the Towage & Salvage operational segment, harbor towage services take place through Keppel Smit Towage Pte Ltd and Maju Maritime Pte Ltd in Singapore. In addition, the Group participates in Smit Lamnalco (worldwide terminal services) and Ocean Marine Egypt (terminal services). These joint ventures and associates are in principle financed on a non-recourse basis.

The table below shows the movements in the interests in joint ventures and associates:

	2020		
	JOINT VENTURES	**ASSOCIATES**	**TOTAL**
Balance as at 1 January 2020	**419,599**	**8,456**	**428,055**
Impairment charges	**- 96,199**	**-**	**- 96,199**
Revaluation of existing stake in Horizon prior to business combination	**1,391**	**-**	**1,391**
Decrease due to extending share in Horizon resulting in control	**- 75,299**	**-**	**- 75,299**
Share in result of joint ventures and associates	**- 9,277**	**1,400**	**- 7,877**
Share in other comprehensive income of joint ventures and associates	**- 5,038**	**-**	**- 5,038**
Repayment share capital / share premium	**- 1,192**	**-**	**- 1,192**
Dividends received	**- 18,246**	**- 2,200**	**- 20,446**
Currency translation differences and other movements	**- 14,800**	**- 129**	**- 14,929**
	- 218,660	**- 929**	**- 219,589**
Balance as at 31 December 2020	**200,939**	**7,527**	**208,466**

	2019		
	JOINT VENTURES	**ASSOCIATES**	**TOTAL**
Balance as at 1 January 2019	421,408	8,225	429,633
Classification as held for sale of Kotug Smit Towage	- 78,744	-	- 78,744
Divestments	- 2,000	-	- 2,000
Acquisition of Horizon	67,535	-	67,535
Share in result of joint ventures and associates	24,196	1,394	25,590
Share in other comprehensive income of joint ventures and associates	- 10,816	641	- 10,175
Dividends received	- 9,008	- 1,183	- 10,191
Currency translation differences and other movements	7,028	- 621	6,407
	- 1,809	231	- 1,578
Balance as at 31 December 2019	419,599	8,456	428,055

The 2020 share in result of joint ventures and associates amounts to EUR –7.9 million as disclosed in the table above (2019: EUR 25.6 million).

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 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 is determined per CGU by means of an iterative calculation using the post-tax discount rates (determined by an external valuator), projected post-tax cash flows and expected tax 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.

The main joint ventures of the Group are:

		Interest in joint ventures	
ENTITY	**COUNTRY OF INCORPORATION**	**2020**	2019
Lamnalco Marine	Cyprus	**50%**	50%
Ocean Marine Egypt S.A.E.	Egypt	**50%**	50%
Asian Lift Pte. Ltd.	Singapore	**50%**	50%
Keppel Smit Towage Pte Ltd	Singapore	**49%**	49%
Maju Maritime Pte Ltd	Singapore	**49%**	49%
Penta-Ocean / Hyundai / Boskalis JV PTE. Ltd	Singapore	**30%**	30%
Horizon Survey Company (FZE)	United Arab Emirates	**-**	63%

On 27 January 2020 the Group obtained control of Horizon Group (Horizon) by acquiring the remaining 37.5%. Under IFRS the transaction is accounted for a sale of the joint venture and the subsequent acquisition of a 100% subsidiary (see note 5). The joint venture Donjon-Smit acquired Ardent Americas LLC in April 2020.

The main associates of the Group are:

		Interest in associates	
COMPANY	**COUNTRY OF INCORPORATION**	**2020**	2019
Damietta for Maritime Services Company S.A.E.	Egypt	**31%**	31%

The voting rights in associates are equal to the ownership interests.

As at 31 December 2020, the Group participated in the above-mentioned joint ventures and associates. Joint control is established in joint ventures by contract and the Group only has rights to the net assets. Significant influence is established in associates by voting rights and/or by contract, also in those cases where the other (investment) partner has control. None of these joint ventures or associates is individually material based on their share in the financial figures of the Group and their risk profile. The nature of, and changes in, the risks associated with interest in joint ventures and/or and associates is primarily linked to its activities for which a distinction is made in the disclosure. As at 31 December 2020, approximately 79% (2019: 65%) of the Group's interest in joint ventures and associates relates to harbor towage services and terminal services of the Towage & Salvage operational segment. The summarized figures on a 100% basis of the towage/terminal activities can be presented as follows:

	2020	2019
Towage joint ventures and associates		
Revenue	**310**	344
EBITDA	**113**	128
EBIT excluding impairment charges	**51**	63
EBIT including impairment charges	**-**	63
Net debt	**217**	261

Other joint ventures and associates relate to the Dredging & Inland Infra and Offshore Energy Segments and to Holding & Eliminations.

The future cash flows for the Group are legally and contractually limited to the receipt of dividends, with the exception of certain companies, as listed above, for which capped guarantees or capital contributions are agreed (see note 30). As a result of statutory provisions, the Group, as joint venture partner or minority shareholder, cannot independently decide to distribute dividends. Also, the financial position should be sufficient to enable the distribution of dividends to shareholders. There are no contractual provisions that restrict the distribution of the net result as a dividend, with the exception of covenants in loan agreements and the priority of loan repayment over dividend at some of the joint ventures and associates. Legal reserves are formed by the Group for its share in the net result of joint ventures and associates.

In 2019 the Group sold SAAone PPP B.V. and as a result its share in SAAone Holding, our share in the negative equity of SAAone Holding B.V. amounted to nil. Following the sale of our share in SAAone Holding B.V., the negative fair value of the interest rate swap has been recycled through the Statement of Profit or Loss.

The table below shows the share of the Group in total assets and revenues of its joint ventures and associates that are individually not material to the Group.

	2020		
	JOINT VENTURES	**ASSOCIATES**	**TOTAL**
Total assets	**508,156**	**1,351**	**509,507**
Revenue	**191,365**	**96**	**191,461**

	2019		
	JOINT VENTURES	**ASSOCIATES**	**TOTAL**
Total assets	706,978	1,554	708,532
Revenue	301,736	115	301,851

18. NON-CURRENT FINANCIAL ASSETS

18.1 OTHER NON-CURRENT RECEIVABLES

	2020	2019
Balance as at 1 January	**9,214**	1,377
Loan granted (to joint venture)	**220**	7,874
Repaid loan (by joint venture)	**-**	- 280
Decrease due to first time in consolidation	**- 6,628**	-
Currency translation differences and other movements	**116**	243
Balance as at 31 December	**2,922**	9,214

Other non-current receivables generally comprise loans to joint ventures and associates, and long-term advance payments to suppliers.

19. INVENTORIES

	2020	2019
Fuel and materials	**25,040**	27,117
Spare parts and other inventories	**66,090**	76,121
	91,130	103,238

During 2020 a provision is provided for obsolete inventory of EUR 7.2 million (2019: nil).

20. UNBILLED AND DEFERRED REVENUE

Unbilled and deferred Group revenue relates to the contracting and execution of construction projects and to services. The recognition of revenue, timing of billings and cash collections result in unbilled receivables, accounts receivable and deferred revenue. In the contracting business amounts are billed as work progress in accordance with contractual terms, either at periodic intervals or upon achievement of contractual milestones. In the event that billing occurs subsequent to revenue recognition, unbilled revenue is recognized (as an asset). In the event that payments are received from customers based on deposits or invoices in advance of revenue recognition, deferred revenue is recognized (as a liability). In the services business amounts are billed based on contractually agreed schedules and/or milestones. As revenue is recognized/allocated to a large extent on the basis of sailing days, unbilled revenue or deferred revenue is recognized for the difference between revenues recognized and invoices issued.

	2020	2019
Unbilled revenue	**206,670**	279,981
Deferred revenue	**- 357,510**	- 315,756
	- 150,840	- 35,775

Unbilled and deferred revenue of the Group is influenced by the mix of projects and services that are executed at a certain point of time. Inherent to the Group's activities, the nature and amount of unbilled and deferred revenue depends on the specifics of the projects, due to the variety clients and to the ever-changing client base, contracts with different payment conditions, milestones and other details of contracts executed within a wide spectrum of economic environments. Furthermore, different payments terms are agreed in the contracts with customers and usually depend on the jurisdiction in which the services are performed.

In 2020 approximately 97% of the unbilled amount of EUR 279,981 thousand at 31 December 2019 was invoiced to customers by the Group (2019: 91% of the unbilled amount of EUR 304,856 thousand as at 31 December 2018). During 2020 unbilled revenue was not materially impacted by business combinations (during 2019: nil). Almost the entire amount of deferred revenue at 31 December 2019 relates to work performed in 2020.

Contract revenue recognized, unbilled revenue and deferred revenue are subject to judgements and estimates. Especially judgements and estimates on the progress of execution of the projects are the basis for allocating total (project) revenue to cumulative (project) revenues recognized in the Consolidated Statement of Profit or Loss and to future (project) revenues. This allocation of project revenue is based upon judgements and estimates of total (project) revenues, including variable considerations, disputed claims with customers, contract modifications, and expected total costs of the projects. Different estimates would have resulted in different, either higher or lower, revenues, and related costs, for the year. Revenue, and related costs, recognized in the Consolidated Statement of Profit or Loss is not expected to be materially impacted by such judgements and estimates. Looking with hindsight at the judgements and estimates made regarding revenue recognized, no material amount of the revenues recognized in 2019 should have been accounted for as revenue in 2020, of the revenues recognized in 2018 relates approximately 1.6% to 2019.

21. TRADE AND OTHER RECEIVABLES

	2020	2019
Trade receivables	**276,502**	378,489
Amounts due from joint ventures and associates	**5,269**	5,927
Other receivables and prepayments	**228,159**	317,796
	509,930	702,212

Other receivables and prepayments include prepaid and/or pre-charged expenses by subcontractors and suppliers. Also, amounts are included that results from the proportionate consolidation of the project driven construction consortiums.

22. CASH AND CASH EQUIVALENTS

	2020	2019
Bank balances and cash	**601,797**	375,900
Short-term bank deposits	**222,750**	23,674
Cash and cash equivalents	**824,547**	399,574
Bank overdrafts	**- 9,555**	- 29,775
Net cash and cash equivalents in the consolidated statement of cash flows	**814,992**	369,799

Cash and cash equivalents include EUR 79.5 million (2019: EUR 93.4 million) held by project-driven construction consortiums (joint operations). The Group held EUR 3.9 million (2019: EUR 1.5 million) subjected to local regulations limiting the transfer of these funds. The other cash and cash equivalents are at the free disposal of the Group.

23. GROUP EQUITY

23.1 SHARE CAPITAL

The authorized share capital of EUR 4.8 million (2019: EUR 4.8 million) is divided into 240,000,000 (2019: 240,000,000) ordinary shares with a par value of EUR 0.01 (2019: EUR 0.01) each and 80,000,000 (2019: 80,000,000) cumulative protective preference shares with a par value of EUR 0.03 (2019: EUR 0.03) each.

Movements of the ordinary shares issued were as follows:

(in number of ordinary shares)	**2020**	2019
Issued and fully paid shares entitled to dividend as at 1 January	**131,726,637**	134,067,826
Repurchased shares	**- 1,506,377**	- 2,341,189
Issued and fully paid shares entitled to dividend as at 31 December	**130,220,260**	131,726,637
Treasury stock	**57,572**	3,651,701
Issued and fully paid shares as at 31 December	**130,277,832**	135,378,338

Repurchase of shares

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:

	2020	2019	Total
Number of shares (in millions)	1,506,377	2,341,189	3,847,566
Amount (in thousands of EUR)	29,403	46,820	76,223
Dividend tax (in thousands of EUR)	3,934	58	3,992

Cancellation of shares

On 17 December 2020 the Group has reduced its issued share capital by cancelling 5,100,506 ordinary shares held in treasury.

Treasury stock

The movements of the ordinary shares issued held in treasury were as follows:

(in number of ordinary shares)	2020	2019
Treasury stock as at 1 January	**3,651,701**	1,310,512
Repurchased shares	**1,506,377**	2,341,189
Cancelled shares	**- 5,100,506**	-
Treasury stock as at 31 December	**57,572**	3,651,701

Shares per balance sheet date

The issued capital as at 31 December 2020 consists of 130,277,832 ordinary shares (2019: 135,378,338 shares) with a par value of EUR 0.01 each (2019: EUR 0.01) and consequently amounts to EUR 1.3 million (2019: EUR 1.4 million).

23.2 SHARE PREMIUM RESERVE

The share premium reserve consists of additional paid-in capital exceeding the par value of the outstanding shares. The share premium is distributable free of tax.

23.3 RETAINED EARNINGS

Retained earnings consist of additions and distributions based on profit appropriations, effects of changes in accounting principles, losses and movements in the legal reserve. The balance is at the disposal of shareholders. Retained earnings also comprises the unappropriated profit or loss for the current year. A proposal for profit or loss appropriation is disclosed in note 6 of the Company financial statements and is included in Other information.

23.4 DIVIDEND

Royal Boskalis Westminster N.V. distributed the following dividend to holders of ordinary shares:

	2020	2019
Dividend prior year EUR 0.00 respectively EUR 0.50 per ordinary share	**-**	66,941
Total dividend distributed	**-**	66,941
Stock dividend	**-**	-
Cash dividend	**-**	66,941
TOTAL DISTRIBUTED DIVIDEND	**-**	66,941

In 2020 no dividend was distributed to shareholders. An amount EUR 67 million was distributed as cash dividend in 2019.

23.5 EARNINGS PER SHARE

Earnings per share are determined based on the calculation below.

	2020	2019
Earnings per share		
Net group profit/loss (-) attributable to shareholders in thousands of EUR	**- 96,523**	74,887
Weighted average number of shares	**130,954,242**	133,248,096
Earnings per share (basic and diluted)	**EUR -0.74**	EUR 0.56
Diluted earnings per share		
Weighted average number of shares including dilution effects	**130,954,242**	133,248,096
Diluted earnings per share	**EUR -0.74**	EUR 0.56

The weighted average number of ordinary shares for the financial year is calculated as follows:

(in number of shares)	2020	2019
Issued and fully paid shares at 1 January	**131,726,637**	134,067,826
Weighted effect of repurchased own ordinary shares	**- 772,395**	- 819,730
Weighted average number of ordinary shares for the financial year	**130,954,242**	133,248,096

23.6 OTHER RESERVES

Movements in other reserves:

	Legal reserves					
	HEDGING RESERVE	REVALUATION RESERVE	CURRENCY TRANSLATION RESERVE	OTHER LEGAL RESERVES	OTHER RESERVES	TOTAL OTHER RESERVES
Note	*[23.6.1]*	*[23.6.2]*	*[23.6.3]*	*[23.6.4]*	*[23.6.5]*	
Balance as at 1 January 2020	**- 521**	**80,604**	**213,166**	**131,351**	**- 20,483**	**404,117**
Defined benefit plan actuarial gains/losses (-) and asset limitation, after income tax	-	-	-	-	**- 1,675**	**- 1,675**
Foreign currency translation differences for foreign operations, after income tax	-	-	**- 64,370**	-	-	**- 64,370**
Currency translation differences from joint ventures and associates, after tax	-	-	**- 1,276**	-	-	**- 1,276**
Effective cash flow hedges, after income tax	**- 7,194**	-	-	-	-	**- 7,194**
Change in fair value of cash flow hedges from joint ventures and associates, after tax	**- 3,762**	-	-	-	-	**- 3,762**
Reclassification of revaluation related to gains on business combinations and gains on joint ventures	-	**1,391**	-	-	-	**1,391**
Movement in legal reserve	-	-	-	**- 27,134**	-	**- 27,134**
Total movements	**- 10,956**	**1,391**	**- 65,646**	**- 27,134**	**- 1,675**	**- 104,020**
Balance as at 31 December 2020	**- 11,477**	**81,995**	**147,520**	**104,217**	**- 22,158**	**300,097**

	Legal reserves					
	HEDGING RESERVE	REVALUATION RESERVE	CURRENCY TRANSLATION RESERVE	OTHER LEGAL RESERVES	OTHER RESERVES	TOTAL OTHER RESERVES
Note	*[23.6.1]*	*[23.6.2]*	*[23.6.3]*	*[23.6.4]*	*[23.6.5]*	
Balance as at 1 January 2019	- 11,192	101,996	231,909	132,781	- 25,762	429,732
Defined benefit plan actuarial gains/losses (-) and asset limitation, after income tax	-	-	-	-	- 5,970	- 5,970
Foreign currency translation differences for foreign operations, after income tax	-	-	22,183	-	-	22,183
Currency translation differences from joint ventures and associates, after tax	-	-	1,326	-	-	1,326
Effective cash flow hedges, after income tax	3,217	-	-	-	-	3,217
Change in fair value of cash flow hedges from joint ventures and associates, after tax	- 11,501	-	-	-	-	- 11,501
Realization through sale of underlying asset	-	- 21,392	-	-	-	- 21,392
Reclassification relating to settlement of pension plans	-	-	-	-	11,249	11,249
Reclassification of foreign currency differences to statement of profit or loss	-	-	- 42,252	-	-	- 42,252
Reclassification of hedge reserve to statement of profit or loss	18,955	-	-	-	-	18,955
Movement in legal reserve	-	-	-	- 1,430	-	- 1,430
Total movements	10,671	- 21,392	- 18,743	- 1,430	5,279	- 25,615
Balance as at 31 December 2019	- 521	80,604	213,166	131,351	- 20,483	404,117

Under Dutch law the legal reserves are not available for dividend distribution to shareholders.

23.6.1 HEDGING RESERVE (LEGAL RESERVE)

The hedging reserve comprises the fair value of effective cash flow hedges, not yet realized at the balance sheet date, net of taxation, including results realized on the 'rolling forward' of existing hedges as a result of differences between the duration of the hedges concerned and the underlying cash flows. An amount of nil (2019: EUR 1.0 million) is included in the hedging reserve relating to discontinued hedges. This will be recognized in the income statement when the future cash flows, that were designated as hedged items, occur. Details about the movements in the hedging reserve are disclosed in note 29.2.

23.6.2 REVALUATION RESERVE (LEGAL RESERVE)

This reserve mainly relates to profit with respect to the revaluation of existing non-controlling interests prior to the recognition of business combinations and book results on contributions in newly formed strategic partnerships. In 2020 an amount of EUR 1.4 million was recognized relating to the revaluation of Horizon prior to the business combination. In 2019 an amount of EUR 21.4 million was realized through the sale of the Group's interest in the partnership Saam Smit Towage (EUR 4.4 million) and the sale of the Group's interest in the partnership Kotug Smit Towage (EUR 17.0 million).

23.6.3 CURRENCY TRANSLATION RESERVE (LEGAL RESERVE)

The currency translation reserve comprises all accumulated currency translation differences arising from net investments in foreign operations which are denominated in functional currencies other than the presentation currency used by the Group, including related intragroup financing. These currency translation differences are accumulated as from the IFRS transition date (1 January 2004) and are taken to the Statement of Profit or Loss at disposal or termination of these foreign operations. At the acquisition date of activities (business combinations) with a functional currency other than the euro, the translation reserve of these activities is started at zero.

The cumulative changes of foreign currency instruments used to hedge net investments in foreign operations are included under currency translation reserve for a negative amount of EUR 19.4 million as per 31 December 2020 (31 December 2019: negative amount of EUR 43.2 million); a change of EUR 23.8 million in 2020.

23.6.4 OTHER LEGAL RESERVES

A legal reserve is formed to account for differences between the cost price and the equity value of joint ventures and associates where the Group cannot independently decide on the distribution of dividends, unless such differences are already included in the legal reserve for accumulated currency translation differences on foreign operations.

23.6.5 OTHER RESERVES

Other reserves mainly comprise actuarial movements related to the limitation on net plan assets of defined benefit pension plans and the actuarial gains and losses originating from the difference between the realized and the expected movement in defined benefit obligations and the return on plan assets.

24. INTEREST-BEARING BORROWINGS

	US PRIVATE PLACEMENTS	REVOLVING MULTI-CURRENCY CREDIT FACILITY	EXPORT CREDIT FACILITY	OTHER INTEREST-BEARING BORROWINGS	TOTAL 2020	TOTAL 2019
Current	-	50,000	-	255	50,255	282
Non-current	289,124	-	-	4,679	293,803	438,469
Balance as at 1 January	289,124	50,000	-	4,934	344,058	438,751
Movement						
Assumed in business combinations	-	-	-	11,871	11,871	-
Decrease due to first time in consolidation	-	-	-	- 6,628	- 6,628	-
Proceeds	-	400,000	106,111	2,300	508,411	-
Repayment	-	- 450,000	-	- 3,648	- 453,648	- 100,245
Currency translation differences	- 23,911	-	-	- 178	- 24,089	5,230
Other movements	117	-	- 3,665	-	- 3,548	322
Total movements	- 23,794	- 50,000	102,446	3,717	32,369	- 94,693
Balance as at 31 December	265,330	-	102,446	8,651	376,427	344,058
Current	-	-	9,782	2,814	12,596	50,255
Non-current	265,330	-	92,664	5,837	363,831	293,803
Balance as at 31 December	265,330	-	102,446	8,651	376,427	344,058

As at year-end 2020 US private placements relate to one placement of EUR 265.3 million, calculated at year-end currency rates (year-end 2019: EUR 289.1 million). This placement with a nominal value of USD 325 million, was placed in July 2013. The principal will be repaid after the original duration of ten years. The annual interest rate is 3.66%.

In April 2020 the Group a revolving credit facility (RCF) was arranged providing EUR 500 million with a variable interest rate. The facility has an original duration of 5 years with two options which each extend the duration by one year, the first being exercised in February 2021. After the execution of the option, the RCF is committed until April 2026. As at 31 December 2020, the Group has drawn nil under this credit facility. Under the previous facility EUR 50 million was drawn per 31 December 2019.

In October 2020 the Group entered into an export credit facility (ECF) providing EUR 121 million of committed bank financing until October 2032. As at 31 December 2020, the Group has drawn EUR 106.1 million under this loan. The annual interest rate is 1.1%.

The Group agreed to comply with a number of customary covenants with the providers regarding the RCF, ECF and US private placement holders. Twice a year Boskalis provides a compliance certificate to these lenders, reporting on the covenants for the twelve-month period ending on 30 June and 31 December, respectively. The main financial covenants are a net debt / EBITDA ratio not exceeding 3 and an EBITDA / net interest ratio of at least 4. These covenants are calculated in accordance with definitions agreed with the lenders. In the event that the Group does not meet any of these covenants, the loans may be due immediately. These covenants were met at 31 December 2020. The net debt / EBITDA ratio was -1.3 (2019: 0.2) and the EBITDA / net interest ratio was 25 (2019: 19).

Interest rates, remaining terms and currencies of the interest-bearing borrowings are disclosed in the explanatory notes to the financial instruments in the interest rate risk paragraph (see note 29.1.3). As at 31 December 2020 the weighted average interest rate for the non-current portion of the interest bearing loans was 3.18% (2019: 3.32%). The non-current portion of interest-bearing borrowings due after more than five years amounted to EUR 53.5 million (2019: nil).

25. EMPLOYEE BENEFITS

The liabilities associated with employee benefits consist of liabilities related to defined benefit pension plans and other liabilities relating to a number of defined contribution plans in the Netherlands and other countries as well as jubilee benefits. They amounted to a total of:

		31 DECEMBER	
	Note	**2020**	2019
Defined benefit pension plans	*[25.1]*	**43,093**	39,523
Other liabilities on account of employee benefits		**7,098**	7,052
Liabilities associated with employee benefits		**50,191**	46,575

25.1 DEFINED BENEFIT PENSION PLANS

						CHARGED TO CONSOLIDATED STATEMENT OF	
	DEFINED BENEFIT OBLIGATION	**FAIR VALUE PLAN ASSETS**	**SURPLUS/ DEFICIT (-)**	**UNFUNDED PENSION LIABILITIES**	**TOTAL**	**PROFIT OR LOSS**	**OTHER COMPREHENSIVE INCOME**
Balance as at 1 January 2020	**109,071**	**74,601**	**- 34,470**	**- 4,785**	**- 39,255**		
Current service expenses	**366**	**-**	**- 366**	**- 72**	**- 438**	**438**	
Interest expenses on obligation	**1,240**	**-**	**- 1,240**	**- 42**	**- 1,282**	**1,282**	
Net-contributions from the Group	**-**	**- 359**	**- 359**	**-**	**- 359**		
Return on plan assets	**-**	**992**	**992**	**-**	**992**	**- 992**	
Net actuarial results	**8,340**	**5,346**	**- 2,994**	**- 279**	**- 3,273**		**3,273**
Benefits paid	**- 958**	**- 958**	**-**	**292**	**292**		
Foreign currency exchange rate differences and other changes	**- 596**	**- 366**	**230**	**-**	**230**		
Total movement	**8,392**	**4,655**	**- 3,737**	**- 101**	**- 3,838**	**728**	**3,273**
Balance as at 31 December 2020	**117,463**	**79,256**	**- 38,207**	**- 4,886**	**- 43,093**		
Limitation on net plan assets as at 1 January					**- 268**		
Movement in limitation net plan assets					**268**		**- 268**
Limitation on net plan assets as at 31 December					**-**		
Balance as at 31 December 2020 after limits on net plan assets					**- 43,093**		
Total result defined benefit pension plans					**3,733**	**728**	**3,005**

	DEFINED BENEFIT OBLIGATION	FAIR VALUE PLAN ASSETS	SURPLUS/ DEFICIT (-)	UNFUNDED PENSION LIABILITIES	TOTAL	CHARGED TO CONSOLIDATED STATEMENT OF PROFIT OR LOSS	CHARGED TO CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
Balance as at 1 January 2019	178,923	150,683	- 28,240	- 4,555	- 32,795		
Current service expenses	375	-	- 375	- 52	- 427	427	
Interest expenses on obligation	1,797	-	- 1,797	- 77	- 1,874	1,874	
Net-contributions from the Group	-	2,444	2,444	-	2,444		
Return on plan assets	-	573	573	-	573	- 573	
Net actuarial results	22,014	14,860	- 7,154	- 400	- 7,554		7,554
Benefits paid	- 1,765	- 1,765	-	299	299		
Settlement of UK pension fund	- 97,849	- 97,849	-	-	-		
Foreign currency exchange rate differences and other changes	5,576	5,655	79	-	79		
Total movement	- 69,852	- 76,082	- 6,230	- 230	- 6,460	1,728	7,554
Balance as at 31 December 2019	109,071	74,601	- 34,470	- 4,785	- 39,255		
Limitation on net plan assets as at 1 January					-		
Movement in limitation net plan assets					- 268		268
Limitation on net plan assets as at 31 December					- 268		
Balance as at 31 December 2019 after limits on net plan assets					- 39,523		
Total result defined benefit pension plans					9,550	1,728	7,822

In the Netherlands Boskalis has arranged a pension plan for a large part of its Dutch staff with the Pensioenfonds Grafische Bedrijven (PGB), while other employees in the Netherlands participate in the pension plans of five Dutch multi-employer pension funds or in one of the Dutch insured pension plans. In the Netherlands the tasks and responsibilities of employer, employee and pension provider in relation to pensions are set out in the Dutch Pension Act. The Pension Act stipulates the requirements and conditions that pension plans must comply with, including the requirement of integrating the plan into either a recognized pension fund or with a recognized pension insurance company and also that rights granted must be immediately funded by the employer. The law also sets requirements for the amounts of equity that pension providers should maintain. Compliance with the law is supervised by the Dutch Central Bank (DNB) and the Dutch Financial Markets Authority (AFM). In addition, the Group has a number of foreign pension plans, of which the largest is in the United Kingdom.

Pension plan at Pensioenfonds Grafische Bedrijven

The Group has arranged its pension plan, which is qualified as a defined contribution plan, for the majority of its Dutch staff with Pensioenfonds Grafische Bedrijven, a multi-employer fund. The annual premium contribution by the Group is determined by PGB, based on the actuarial cost of purchasing pension rights on an annual basis. The Group has no obligation to cover any plan deficits, nor are there any specific separate plan assets dedicated to the Group in this pension plan that are managed by PGB. After payment of the annual premium, the Group has no obligation to pay for additional contributions or higher future premiums in the event of a shortfall at PGB, nor if the plan or the fund is terminated. Furthermore, the Group has no entitlement to any surplus in the PGB pension fund. Future cash flows are limited to the payment of future premiums for purchasing (new) rights for the years to come. The premium is influenced by the usual, underlying actuarial assumptions, expected returns and agreed contribution ceiling.

Besides Boskalis, multiple other companies have also arranged their pension plans with PGB. The Group has no direct involvement in the governance of PGB. PGB does not hold specific, segregated pension assets dedicated to the Group. The share of the Boskalis pension plans in total liabilities and assets at PGB is limited.

Dutch multi-employer pension funds

Some of the Dutch staff participate in one of five industry-wide multi-employer pension funds, all within the framework of the Dutch Pension Act as referred to above, of which Bedrijfstak Pensioenfonds Waterbouw is the only one with a proportionately significant premium contribution by Boskalis of 19% (2019: 19%).

As at 31 December 2020 the Bedrijfstak Pensioenfonds Waterbouw had a coverage ratio of 105% (2019: greater than 112%).

The Group has no direct involvement in the governance of the multi-employer pension funds. Employers' Associations, of which the Group is a member, designate some of the board members and/or supervisors of the multi-employer pension funds. In addition, the boards also include representatives of employees and retirees, possibly supplemented by one or more independent persons. The pension includes retirement and survivor's pension. These pension funds have indicated they are not able to provide sufficient information for a calculation in accordance with IFRS because there is no reliable and consistent basis to which to attribute the pension obligations, plan assets, and the absolute and relative share of the Group in the fund and to which to allocate income and expenses to the individual member companies of these pension funds. As a result, these defined benefit plans are recognized in these financial statements as a defined contribution plan in accordance with IFRS. In all cases relating to industry-wide multi-employer pension funds, the Group has no obligation whatsoever to pay additional contributions in the case of a deficit in the respective fund, other than paying the annual premium. Nor does the Group have a right to any surpluses in the funds. The premium covers the actuarially determined cost of purchasing the yearly rights for participants. The premium on the basis of the actuarial cost of purchasing rights in years is influenced by customary underlying actuarial assumptions, expected returns and often agreed ceilings. The expected contribution for the coming year is explained below.

Other pension plans

Other pension plans relate to, individually not material, multi-employer pension plans arranged with pension funds in the United Kingdom and insurance companies in the Netherlands, Belgium, the United Kingdom and the United States, as well as to minor unfunded defined benefit plans for two Group companies in Germany. The net defined benefit obligation in the Group's company pension fund in the United Kingdom is transferred by a buy in/buy out transaction to an insurance company early 2019. The pension plans are in compliance with local laws and/or regulations applicable in the aforementioned countries. The Group has no direct and/or significant involvement in the governance of these pension plans. The pension plans are characterized by defined benefit rights over the participant's years of service, which are mainly based on average wages and include retirement and survivor's pension. These pensions are indexed, for the main part with a limit being set to the available contributions and the return on plan assets, respectively. The pension liabilities and pension assets are placed with and managed by the pension funds or insurance companies. The risk for the Group relating to these pensions is therefore limited. The future cash flows for the other arrangements are limited to the actuarially calculated annual premiums based on the cost of purchasing future pension rights. In other funded defined benefit plans there is no enforceable statutory or regulatory direct obligation to cover any deficits to fulfil future actuarial obligations. The contributions are subject to the customary, actuarial assumptions, expected returns and agreed contribution ceiling.

Defined benefit pension plans

As per 2020, the remaining balance of the net defined benefit obligation mainly relates to a closed insured pension plan, for which future cash inflows consist of the Group's entitlement to excess returns achieved by the insurance company and future cash outflows for premiums for price indexation of insured pensions. The net defined benefit obligation for this pension plan is based on an estimate of this future cash outflow for premiums. The Group's entitlement to excess returns is not accounted for as an asset. Both the annual income from excess returns and expense for premiums for price indexation continue to be recognized through the statement of other comprehensive income.

Therefore the expected impact of these remaining defined benefit pension plans on future statements of profit or loss is not significant.

The composition of plan assets is as follows:

	31 DECEMBER 2020	2019
Equities	-	-
Bonds	78,807	70,175
Investments quoted in active markets	**78,807**	70,175
Cash (non-interest-bearing)	227	494
Other receivables and payables	222	3,932
Unquoted investments	**449**	4,426
TOTAL PLAN ASSETS	**79,256**	74,601

As at 31 December 2020 and 31 December 2019 the plan assets did not, directly, comprise any of the Group's own financial instruments or any assets used by Group companies.

Pension funds periodically perform asset liability management studies to assess the matching of investment assets with the amount and duration of pension liabilities. Based on the outcome of these studies the nature, mix and duration of assets are regularly adjusted. The average duration of the obligations of the pension plans is about 28 years (2019: 28 years).

The table below presents the pension costs from defined benefit pension plans:

	2020	2019
Total result defined benefit plans	3,733	9,550
Pension costs for defined benefit pension plans charged to the consolidated statement of profit or loss	- 728	- 1,728
Actuarial gains and losses and asset limitation recognized directly in equity	3,005	7,822
Income tax	- 1,330	- 1,852
Actuarial gains and losses and asset limitation recognized directly in equity net of income tax	1,675	5,970
Effective return on plan assets	6,338	15,433

The pension charges for the main pension plans are predominantly in euros. As a consequence, the exchange rate exposure for pension charges in other currencies is considered not material.

The accumulated actuarial gains and losses and the balance of the limitation on net plan assets amount to:

	2020	2019
Accumulated actuarial gains and losses as at 31 December	- 30,095	- 26,822
Asset limitation on net plan assets as at 31 December	-	- 268
	- 30,095	- 27,090

In 2021 the Group expects to contribute premiums of EUR 0.8 million (2020: EUR 1.6 million) to funded defined benefit plans and premiums of EUR 0.3 million (2020: EUR 0.3 million) to unfunded defined benefit plans.

The principal actuarial assumptions used for the calculations were:

	2020	2019
Discount rate	0.65%	1.20%
Expected future salary increases	1.00%	1.00%
Expected future inflation	1.70%	1.70%
Expected future pension increases for active participants	1.00%	1.00%
Expected future pension increases for inactive participants	1.00%	1.00%

Sensitivity to changes in the applied assumptions can be summarized as follows:

Assumptions as at 31 December 2020	Increase of 0.25%	Decrease of 0.25%
Effect on defined benefit obligation		
Change in discount rate	- 7,499	8,196
Change in expected future salary increases	27	- 27
Change in pension increase for active participants	2,007	- 2,117
Change in pension increase for inactive participants	6,006	- 5,577

Assumptions as at 31 December 2019	Increase of 0.25%	Decrease of 0.25%
Effect on defined benefit obligation		
Change in discount rate	- 6,641	7,257
Change in expected future salary increases	28	- 26
Change in pension increase for active participants	1,850	- 1,761
Change in pension increase for inactive participants	5,179	- 4,813

Historical information:

	2020	2019	2018	2017	2016
Defined benefit obligation	**- 117,463**	- 109,071	- 178,923	- 159,058	- 160,380
Fair value of plan assets	**79,256**	74,601	150,683	150,564	153,196
Surplus / deficit (-)	**- 38,207**	- 34,470	- 28,240	- 8,494	- 7,184
Unfunded pension liabilities	**- 4,886**	- 4,785	- 4,555	- 4,827	- 5,142
Total surplus / deficit (-)	**- 43,093**	**- 39,255**	**- 32,795**	**- 13,321**	**- 12,326**

The reduction of defined benefit obligations and the fair value of plan assets in 2019 mainly relates to the settlement of the UK defined benefit plan in 2019.

25.2 DEFINED CONTRIBUTION PENSION PLANS

In 2021 the Group expects to contribute an amount of EUR 43.5 million (2020: EUR 42.0 million) to premiums for defined contributions plans. This concerns contributions to defined contribution pension plans and pension plans arranged with multi-employer pension funds, which are accounted for as defined contribution pension plans in these financial statements, in accordance with IFRS.

26. PROVISIONS

	ONEROUS CONTRACTS	**WARRANTIES**	**RESTRUCTURING**	**OTHER**	**TOTAL 2020**	TOTAL 2019
Balance as at 1 January	**51,361**	**19,656**	**6,772**	**17,816**	**95,605**	56,263
Provisions made during the year	**1,326**	**4,834**	**11,223**	**23**	**17,406**	60,821
Provisions used during the year	**- 30,616**	**-**	**- 5,334**	**- 3,610**	**- 39,560**	- 17,388
Provisions reversed during the year	**- 336**	**- 2,506**	**- 739**	**- 2,181**	**- 5,762**	- 4,271
Exchange rate differences and other movements	**- 436**	**-**	**- 324**	**242**	**- 518**	180
Balance as at 31 December	**21,299**	**21,984**	**11,598**	**12,290**	**67,171**	95,605
Current	**20,570**	**2,243**	**5,034**	**338**	**28,185**	60,312
Non-current	**729**	**19,741**	**6,564**	**11,952**	**38,986**	35,293
Balance as at 31 December	**21,299**	**21,984**	**11,598**	**12,290**	**67,171**	95,605

The provision for onerous contracts includes provisions for unfavorable contracts with customers, mainly of the segment Offshore Energy.

Restructuring provisions relate mainly to the restructuring of the head office.

Other provisions mainly relate to various claims made against the Group or threatening to be made including potential sanctions, from legal, regulatory and governmental proceedings or uncertain repayment liabilities. The Group disputes these claims and proceedings and has made an assessment of the amount of cash outflows that can be reasonably estimated. As litigation is inherently unpredictable, the possible outcome is uncertain and the amount may differ from the provisions listed above.

27. LEASES

The Group has lease contracts for real estate, vessels and other fixed assets. The lease period for these contracts varies from 1 to 36 years, in certain cases, mainly relating to rent of (parts of) buildings, with extension options. The Right-of-use assets and Lease liabilities as disclosed below, do not include short term and low value leases. In general, as usual with leases, the Group's obligations under its leases are secured by the lessor's title to or legal ownership of the leased assets.

27.1 RIGHT-OF-USE ASSETS

	LAND AND BUILDINGS	FLOATING AND OTHER CONTRUCTION EQUIPMENT	OTHER FIXED ASSETS	TOTAL
Balance as at 1 January 2020				
Cost	**74,308**	**26,285**	**30,573**	**131,166**
Accumulated depreciation and impairments	**- 9,885**	**- 8,492**	**- 8,912**	**- 27,289**
Carrying amount	**64,423**	**17,793**	**21,661**	**103,877**
Movements				
Additions	**5,413**	**12,215**	**6,533**	**24,161**
Acquired through business combinations	**6,425**	**10,762**	**1,031**	**18,218**
Depreciation	**- 8,914**	**- 9,645**	**- 10,110**	**- 28,669**
Impairment charges	**- 2,843**	**-**	**-**	**- 2,843**
Currency translation differences and other movements	**- 113**	**- 22**	**395**	**260**
	- 32	**13,310**	**- 2,151**	**11,127**
Balance as at 31 December 2020				
Cost	**85,871**	**49,240**	**38,532**	**173,644**
Accumulated depreciation and impairments	**- 21,480**	**- 18,137**	**- 19,022**	**- 58,639**
Carrying amount	**64,391**	**31,103**	**19,510**	**115,005**

	LAND AND BUILDINGS	FLOATING AND OTHER CONTRUCTION EQUIPMENT	OTHER FIXED ASSETS	TOTAL
Balance as at 1 January 2019				
Cost	44,978	15,714	20,337	81,029
Accumulated depreciation and impairments	-	-	-	-
Carrying amount	44,978	15,714	20,337	81,029
Movements				
Additions	23,382	10,442	10,632	44,456
Acquired through business combinations	6,063	-	-	6,063
Depreciation	- 9,885	- 8,492	- 8,912	- 27,289
Currency translation differences and other movements	- 115	129	- 396	- 382
	19,445	2,079	1,324	22,848
Balance as at 31 December 2019				
Cost	74,308	26,285	30,573	131,166
Accumulated depreciation and impairments	- 9,885	- 8,492	- 8,912	- 27,289
Carrying amount	64,423	17,793	21,661	103,877

27.2 LEASE LIABILITIES

	2020	2019
Balance as at 1 January	**108,313**	81,029
Movements		
Additions	**24,161**	44,456
Assumed in business combinations	**18,218**	6,063
Accretion of interest	**1,783**	1,808
Payments	**- 27,977**	- 23,818
Currency translation differences and other movements	**- 3,550**	- 1,225
	12,635	27,284
Balance as at 31 December	**120,948**	108,313
Current	**28,426**	24,285
Non-current	**92,522**	84,028
Balance as at 31 December	**120,948**	108,313

Additions to Right-of-Use assets and Lease liabilities as disclosed in the tables above include the effects of changes to the (assumed) execution of renewal and extension options of EUR 6.1 million, mainly relating to floating and other construction equipment.

The total cash out flows for leases are EUR 28.6 million in 2020 (2019: EUR 24.8 million) including the payments relating to short term and low value lease leases (reference is made to note 8).

Interest rates, remaining terms and currencies of the lease liabilities are disclosed in the explanatory notes to the financial instruments in the interest rate risk paragraph (see note 29.1.3).

28. TRADE AND OTHER PAYABLES

	31 DECEMBER	
	2020	2019
Trade payables	**228,502**	222,422
Taxes and social security payables	**21,869**	34,950
Amounts due to joint ventures and associates	**21,670**	12,972
Other creditors and accruals	**829,224**	731,525
	1,101,265	1,001,869

The trade and other payables are generally not interest-bearing.

The main component of Other creditors and accruals relates to services provided by subcontractors and suppliers working on projects which have not yet invoiced. Similar, accrued amounts are included in this line item for not yet invoiced services provided by ship-yards. Also, amounts are included that results from the proportionate consolidation of the project driven construction consortiums.

29. FINANCIAL INSTRUMENTS

GENERAL

Pursuant to the financial policy pursued by the Board of Management, the Group and its Group companies use several financial instruments in the ordinary course of business. The policy with respect to financial instruments is disclosed in more detail in the Corporate Governance section in the Annual Report. The Group's financial instruments are cash and cash equivalents, trade and other receivables, interest-bearing loans and bank overdrafts, trade and other payables and derivatives. The Group enters into derivatives transactions, mainly foreign currency forward contracts, foreign currency options and to a limited extent interest rate swaps, solely to hedge against the related risks. The Group's policy is not to trade in derivatives.

29.1 FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk, consisting of: currency risk, interest rate risk and price risk

29.1.1 CREDIT RISK

The Group has a strict acceptance and hedging policy in place for credit risks resulting from payment and political risks. Credit risks are usually covered by bank guarantees, insurance, advance payments, etc., except where the risk pertains to creditworthy, first class debtors. Credit risk procedures and the geographical and other diversification of the operations of the Group reduce the risk with regard to credit concentration.

Exposure to credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Group's unbilled revenue, trade and other receivables. The Group's exposure to credit risk is mainly determined by the characteristics and location of each individual customer.

A large part of the Group's contracting activities within the Dredging & Inland Infra and Offshore Energy operational segments is directly or indirectly performed on behalf of state-controlled authorities, wind power companies and oil and gas producers (or contractors thereof) in various countries and geographical areas. Salvage receivables (part of Towage & Salvage) are mainly outstanding with shipping companies and their Protection & Indemnity Associations (or 'P&I clubs'). The creditworthiness of new customers is individually analyzed before payment and delivery terms and conditions are offered. The same applies for contracting activities with clients the Group has done business with previously, even if business has been done for many years. The Group's review may include external credit ratings, if available, and bank references. Customers that fail to meet the Group's creditworthiness criteria may only transact with the Group on the basis of adequate credit insurance, prepayment or a bank guarantee. In general there is a healthy diversification of receivables from different customers in several countries in which the Group performs its activities. Ongoing credit assessments are performed on the financial condition of accounts receivable. The credit history of the Group over recent years indicates that credit losses are insignificant compared to the level of activity. Therefore, management is of the opinion that credit risk is adequately controlled by the currently applicable procedures.

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

The maximum credit risk as at the balance sheet date, without taking into account the aforementioned financial risk coverage policy and instruments, consists of the carrying amounts of the financial assets as stated below.

	31 DECEMBER	
	2020	2019
Other non-current receivables	**2,922**	9,214
Trade receivables	**276,502**	378,489
Unbilled revenue	**206,670**	279,981
Amounts due from joint ventures and associates	**5,269**	5,927
Other receivables and prepayments	**228,159**	317,796
Derivatives	**7,136**	9,290
Income tax receivable	**15,190**	23,502
Cash and cash equivalents	**824,547**	399,574
	1,566,395	1,423,773

The maximum credit risk on trade receivables by operational segment was as follows as at the reporting date:

	31 DECEMBER	
	2020	2019
Dredging & Inland Infra	**137,650**	205,466
Offshore Energy	**137,101**	21,785
Towage & Salvage	**1,046**	147,907
Holding & Eliminations	**705**	3,331
	276,502	378,489

Loss allowances relate to the expected credit loss (ECL) on unbilled revenue 0.1% (2019: 0.1%) and trade receivables. For unbilled revenue, the ECL is incorporated in the valuation of (unbilled) revenue. The aging of trade receivables as at 31 December was as follows:

	2020			2019		
	Gross	**Credit loss**	**Credit loss in %**	**Gross**	**Credit loss**	**Credit loss in %**
Not past due	**210,502**	**- 178**	**0.1%**	249,609	- 174	0.1%
Past due 0 - 90 days	**30,592**	**- 374**	**1.2%**	83,361	- 86	0.1%
Past due 90 - 180 days	**26,703**	**- 323**	**1.2%**	18,683	- 173	0.9%
Past due 180 - 360 days	**7,020**	**- 1,094**	**15.6%**	8,594	- 1,049	12.2%
More than 360 days	**11,887**	**- 8,233**	**69.3%**	34,706	- 14,982	43.2%
	286,704	**- 10,202**		394,953	- 16,464	
Credit loss / Impairment	**- 10,202**			- 16,464		
Trade receivables at book value	**276,502**			378,489		

Loss allowances relate to the expected credit loss (ECL) based on the characteristics of the customers, the aging of the receivables, the performance of the Group credit risk management policy and any convincing forward-looking information. Aging and local payment practices and the legal terms applicable for payments in the respective jurisdiction are relevant to the Group's policy on writing off receivables.

The movement in the loss allowances in respect of trade receivables during the year was as follows:

	2020	2019
Balance as at 1 January	**16,464**	12,617
Provisions made during the year	**9,732**	7,705
Provisions used during the year	**- 8,429**	- 1,143
Provisions reversed during the year	**- 6,032**	- 2,976
Currency exchange rate differences	**- 1,533**	261
	- 6,262	3,847
Balance as at 31 December	**10,202**	16,464

Concentration of credit risk of customers
As at the reporting date there was no concentration of credit risk with any customers.

Credit risk cash and cash equivalents
The Group had cash and cash equivalents of EUR 825 million at 31 December 2020 (2019: EUR 400 million), representing its maximum credit risk exposure on these assets. The cash and cash equivalents are held with bank and financial institution counterparties with investment grade credit ratings.

29.1.2 LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's approach to managing liquidity is aimed at ensuring that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. Liquidity projections including available credit facilities are incorporated in the regular management information reviewed by the Board of Management. The focus of the liquidity review is on the net financing capacity, being free cash (see note 22) plus available credit facilities in relation to financial liabilities (see note 24). The total of free cash and available credit facilities at year-end amounted to EUR 1.2 billion (2019: EUR 0.9 billion). Furthermore, based on the Group's financial ratios it can be concluded that the Group has significant debt capacity available under an (implied) investment grade credit profile.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

As at 31 December 2020	Book value	Contractual cash flows	One year or less	1 - 5 years	More than 5 years
US private placements	**265,330**	**290,231**	**9,722**	**280,509**	**-**
Export credit facility	**102,446**	**111,953**	**11,206**	**43,712**	**57,035**
Other interest-bearing borrowings	**8,651**	**9,964**	**3,497**	**6,467**	**-**
Bank overdrafts	**9,555**	**9,597**	**9,597**	**-**	**-**
Lease liabilities	**120,948**	**128,689**	**30,256**	**56,890**	**41,543**
Trade and other payables	**1,101,265**	**1,101,265**	**1,101,265**	**-**	**-**
Income tax payable	**146,043**	**146,043**	**146,043**	**-**	**-**
Derivatives	**9,793**	**9,793**	**9,132**	**661**	**-**
	1,764,031	**1,807,535**	**1,320,718**	**388,239**	**98,578**

As at 31 December 2019	Book value	Contractual cash flows	One year or less	1 - 5 years	More than 5 years
US private placements	289,124	326,955	10,597	316,358	-
Revolving multi-currency credit facility	50,000	50,000	50,000	-	-
Other interest-bearing borrowings	4,934	5,814	607	5,207	-
Bank overdrafts	29,775	29,829	29,829	-	-
Lease liabilities	108,313	120,512	25,969	46,071	48,472
Trade and other payables	1,001,869	1,001,869	1,001,869	-	-
Income tax payable	146,094	146,094	146,094	-	-
Derivatives	12,570	12,570	5,584	6,986	-
	1,642,679	1,693,643	1,270,549	374,622	48,472

29.1.3 MARKET RISK

Market risk concerns the risk that Group income or the value of investments in financial instruments is adversely affected by changes in market prices, such as currency exchange rates, interest rates and fuel prices. The objective of managing market risks is to keep the market risk position within acceptable boundaries while achieving the best possible return.

Currency risk

The presentation currency of the Group is the euro. A number of Group companies (the most important of which being Dockwise, Gardline and Horizon) and substantial joint ventures and associates (Smit Lamnalco, Keppel Smit Towage, Asian Lift) have other functional currencies than the euro. The main other currency is the US dollar (the functional currency of the Dockwise, Smit Lamnalco) and to a lesser extent the Pound Sterling and Singapore dollar. The revenue and expenses of these companies are largely or entirely based on their functional currency, other than the euro. In 2020 Group companies, joint ventures and associates with a functional currency other than the euro contributed approximately 27% (2019: 30%) to Group revenue, -38% (2019: 35%) to the operating result excluding impairment charges and 26% (2019: 30%) to EBITDA.

The Board of Management has defined a policy to control foreign currency risk based on the hedging by Group companies of material transactions in foreign currencies other than the functional currency. The policy is that these Group companies hedge any material currency risks resulting from operational transactions in currencies other than their functional currency. This is mainly relevant for Group companies involved in dredging or offshore energy projects. The functional currency of a large part of the activities of Group companies is the euro. The expenses of these companies are mainly presented in euros and to a lesser extent in the local currency of the country in which the activities are undertaken. The Group contracts projects mainly in euro, US dollar, Pound Sterling and other currencies pegged to the US dollar.

The Group only uses derivative financial instruments to hedge underlying business transactions, mainly future cash flows from contracted projects. In most cases forward currency contracts are used to hedge (foreign) currency cash flows other than the functional currency. Also, cash / bank overdraft balances are sometimes used to hedge currency exposures from future cash flows. The same currency and quantity are designated to the hedge, resulting in a one-on-one relationship and in principle in a hedge ratio of one. The Group tests the economic relationship of the hedges periodically.

Exposure to currency risk
The Group's currency risk management policy was maintained in 2020 and resulted in a non-material sensitivity of the Group to currency transaction risk.

The following significant exchange rates applied during the year under review:

	Average rate		**Spot rate as at 31 December**	
Euro	**2020**	2019	**2020**	2019
US Dollar	**1.146**	1.121	**1.224**	1.123
Pound Sterling	**0.885**	0.876	**0.895**	0.847
Singapore Dollar	**1.574**	1.527	**1.617**	1.509

Currency translation risk
Currency translation risk arises mainly from the net asset position of net investments in foreign operations. Investments are viewed from a long-term perspective. Currency risks associated with such net investments in foreign operations are not hedged by means of derivatives based on the assumption that currency fluctuations and interest rate and inflation developments balance out in the long run. Items in the statement of profit or loss of these subsidiaries are translated at average exchange rates. Currency translation differences are charged or credited directly to equity.

At the reporting date the net investments in foreign operations were as follows:

	31 DECEMBER	
Euro	**2020**	2019
US dollar	**547,311**	711,374
Pound Sterling	**121,823**	95,554
Singapore dollar	**28,004**	75,256
	697,138	882,184

The Group has mitigated its currency translation risk by formally designating its US Private Placement loan (see note 24), amounting to USD 325 million (EUR 265 million as at 31 December 2020), for its remaining duration, as a hedge for some of its USD net investments in foreign operations. Consequently, the currency profit of EUR 24 million on this loan is accounted for in Currency translation differences on foreign operations (see note 23.6.3), partly offsetting the currency result on the translation of Group investments.

For the 2020 financial year, profit before tax, excluding the effect of non-effective cash flow hedges would have been EUR 1.1 million lower (2019: EUR 2.1 million lower) if the corresponding functional currency had strengthened by 5% in comparison to the euro, with all other variables, in particular interest rates remaining constant. This would have been mainly as a result of currency exchange effects on translation of the result of the above-mentioned net investments in foreign operations denominated in US dollars. The total impact on the currency translation reserve would have been around EUR 37 million positive (2019: approximately EUR 46 million positive). A 5% weakening of the corresponding functional currency against the euro at year-end would have had the same but opposite effect, assuming that all other variables had remained constant.

Currency transaction risk, excluding interest-bearing financing

The currency transaction risk resulting from future operational transactions in currencies other than the group company's functional currency can be summarized as follows:

Euro	**2020**	2019
Expected cash flows in US dollars	**117,252**	291,640
Expected cash flows in Australian dollars	**-**	- 6,157
Expected cash flows in Pounds Sterling	**16,664**	49,099
Expected cash flows in Indian rupees	**-**	15,359
Expected cash flows in Singapore dollars	**24,052**	- 5,375
Expected cash flows in Swedish kroners	**10,792**	17,858
Expected cash flows in Euros	**- 13,428**	-
Expected cash flows in other currencies	**10,664**	22,649
Expected cash flows	**165,996**	385,073
Cash flow hedges	**- 152,706**	- 375,810
Net position	**13,290**	9,263

Sensitivity analysis

Due to the fact that expected future cash flows in foreign currencies are hedged, the sensitivity of financial instruments, excluding interest-bearing financing, to foreign currency risk is limited for the Group. The Group is mainly funded by interest-bearing borrowings denominated in US dollars (see note 24 'Interest-bearing borrowings'). The US Private Placements expressed in US dollars are used to partly hedge the net investments in Dockwise and Fairmount, including the intercompany financing provided. Therefore and due in part to hedge accounting, the sensitivity in the profit or loss account is limited for financing in currencies other than the euro.

Interest rate risk

The Group has mainly fixed interest rate liabilities and a revolving multi-currency facility with a variable interest rate. With a view to managing interest rate risks, the policy is that interest rates for loans payable are in principle primarily fixed for the entire maturity period. This is achieved by contracting loans that carry a fixed interest rate and/or by using derivatives such as interest rate swaps.

The interest rates and maturity profiles of interest-bearing loans, lease liabilities, deposits and cash and cash equivalents are stated below.

As at 31 December 2020	**Interest rate**	**One year or less**	**1 - 5 years**	**Over 5 years**	**Total**
Cash and cash equivalents	**- 0.25%**	**601,797**	**-**	**-**	**601,797**
Short-term deposits	**- 0.38%**	**222,750**	**-**	**-**	**222,750**
US Private Placements (USD)	**3.66%**	**-**	**- 265,330**	**-**	**- 265,330**
Export Credit Facility (EUR)	**1.10%**	**- 9,782**	**- 39,128**	**- 53,536**	**- 102,446**
Other interest-bearing borrowings (EUR)	**8.37%**	**- 2,814**	**- 5,837**	**-**	**- 8,651**
Lease liabilities	**1.57%**	**- 30,084**	**- 56,477**	**- 34,387**	**- 120,948**
Bank overdrafts	**0.44%**	**- 9,555**	**-**	**-**	**- 9,555**
		772,312	**- 366,772**	**- 87,923**	**317,617**

As at 31 December 2019	Interest rate	One year or less	1 - 5 years	Over 5 years	Total
Cash and cash equivalents	0.00%	375,900	-	-	375,900
Short-term deposits	1.61%	23,674	-	-	23,674
US Private Placements (USD)	3.66%	-	- 289,124	-	- 289,124
Revolving multi-currency credit facility (EUR)	1.00%	- 50,000	-	-	- 50,000
Other interest-bearing borrowings (EUR)	7.13%	- 255	- 4,679	-	- 4,934
Lease liabilities	1.79%	- 24,285	- 47,462	- 36,566	- 108,313
Bank overdrafts	0.36%	- 29,775	-	-	- 29,775
		295,259	- 341,265	- 36,566	- 82,572

The US Private Placements, the Export Credit Facility and some of the cash and cash equivalents, short-term deposits and other interest-bearing borrowings have fixed interest rates.

Sensitivity analysis
In managing interest rate risks the Group aims to reduce the impact of short-term fluctuations on Group earnings. In the long term, however, permanent changes in interest rates have an impact on profit.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	2020	2019
FIXED RATE INSTRUMENTS (INCLUDING LEASES)		
Financial assets	**222,750**	23,674
Financial liabilities	**- 497,375**	- 402,371
	- 274,625	- 378,697
VARIABLE RATE INSTRUMENTS		
Financial assets	**601,797**	375,900
Financial liabilities	**- 9,555**	- 79,775
	592,242	296,125

A drop of 100 basis points, insofar as possible, in interest rates at 31 December 2020 would have had no material impact on the Group's profit before income tax (2019: no material impact), with all other variables, in particular currency exchange rates, remaining constant. A rise of 100 basis points in interest rates at 31 December 2020 would also have had no material impact on the Group's profit before income tax (2019: no material impact), with all other variables, in particular currency exchange rates, remaining constant.

Price risks
Risks related to price developments on the purchasing side which are usually borne by the Group, for example developments in wages, costs of materials, sub-contracting costs and fuel, are also taken into account when preparing cost price calculations and tenders. Price index clauses are included in contracts wherever possible, especially on projects that extend over a long period of time.

The Board of Management has established a fuel price risk management policy stipulating, amongst other things, approved fuel price risk management instruments based on items such as the amount of fuel costs and the execution period of projects in excess of thresholds. In the event of changes to a project timeline, the Group evaluates the situation to ensure compliance with its risk management objectives and assesses whether a rollover of its position or an adjustment to the hedge is applicable. At year-end 2020 outstanding derivates hedged the price risk of approximately 26,499 tons of gasoil (2019: 51,000 tons) and nil tons of High-Sulphur Fuel Oil (2019: 1,500 tons).

29.2 ON-BALANCE FINANCIAL INSTRUMENTS AND FAIR VALUE

Financial instruments accounted for under assets and liabilities are financial fixed assets, cash and cash equivalents, receivables, and current and non-current liabilities. Derivatives are mainly future cash flows hedged by forward contracts to which hedge accounting is applied.

The fair value of forward exchange contracts is based on their listed market price (unadjusted market prices in active markets for identical assets and liabilities) or discounted cash flows based on relevant conditions and durations of the contracts and including public interest rates for comparable instruments as at the balance sheet date, taking into account the credit risk of the counterparty. The fair value of other financial instruments is based on quoted prices or the actual interest rate as at the balance sheet date, taking into account terms and maturity. The fair value of non-interest-bearing financial instruments with a maturity of twelve months or less is deemed to be equal to their book value.

The fair value of the majority of the financial instruments does not differ materially from the book value, with the exception of a number of loans and other payables with a fixed rate. The fair value of these instruments is disclosed below.

The carrying amount, fair value and the related hierarchy of derivatives and interest-bearing borrowings with fixed interest rates are:

	As at 31 December 2020			As at 31 December 2019		
	CARRYING AMOUNT	**FAIR VALUE**	**HIERARCHY**	CARRYING AMOUNT	FAIR VALUE	HIERARCHY
Assets						
Non-current derivatives	**518**	**518**	**2**	6,015	6,015	2
Current derivatives	**6,618**	**6,618**	**2**	3,275	3,275	2
Liabilities						
Non-current derivatives	**- 661**	**- 661**	**2**	- 6,986	- 6,986	2
Current derivatives	**- 9,132**	**- 9,132**	**2**	- 5,584	- 5,584	2
Interest-bearing borrowings with fixed interest rates	**- 376,427**	**- 395,844**	**3**	- 294,058	- 306,753	3

Derivatives relate to foreign currency forward contracts used to hedge expected foreign currency cash inflows, with the exception of EUR 0.3 million (2019: EUR 0.2 million) of the current assets and EUR 2.5 million (2019: EUR 0.2 million) of the current liabilities that relate to expected cash outflows for fuel costs.

An amount of EUR 265.3 million (2019: EUR 289.1 million) of the carrying amount of the interest-bearing borrowings with fixed interest rates are designated to net investment hedges.

Derivatives

The composition of notional amounts of the outstanding derivatives (that are allocated in a hedge accounting relation) at year-end is presented below.

2020	**WITHIN ONE YEAR**	**AFTER ONE YEAR**	**TOTAL**
USD forward selling (in US dollar)	**- 244,486**	**- 39,100**	**- 283,586**
USD forward buying (in US dollar)	**143,004**	**17,789**	**160,793**
Forward selling of other currencies (average contract rates in EUR)	**- 95,901**	**-**	**- 95,901**
Forward buying of other currencies (average contract rates in EUR)	**43,671**	**11,681**	**55,352**
Fuel hedges (in MT)	**16,201**	**10,298**	**26,499**

2019	**WITHIN ONE YEAR**	**AFTER ONE YEAR**	**TOTAL**
USD forward selling (in US dollar)	- 336,936	- 61,663	- 398,599
USD forward buying (in US dollar)	53,964	38,811	92,775
Forward selling of other currencies (average contract rates in EUR)	- 87,353	- 22,028	- 109,381
Forward buying of other currencies (average contract rates in EUR)	39,220	14,836	54,056
Fuel hedges (in MT)	27,153	25,536	52,689

The average rate of the USD forward contracts as per 31 December 2020 is USD 1.209 (31 December 2019: USD 1.142).

The Board of Management has established a currency risk management policy stipulating, amongst other things, approved currency risk management instruments, based on items such as the amount of expected foreign currency cash flows and the period of these cash flows related to Group currency risk thresholds. In the event of changes to a project timeline and related foreign currency cash flows, the Group evaluates the circumstances to ensure compliance with its risk management objectives and assesses whether a rollover of its position or an adjustment to the hedge is applicable.

The economic relationship between the hedged risk and the assigned derivative is determined by their critical terms. In general the Group uses the same underlying volume and currency of the hedged risk for the derivative, which results in a 1:1 hedge ratio. Limited ineffectiveness occurs in these hedge relationships due to changes in the timing of the hedged transactions. The remaining time to maturity of these derivatives is directly linked to the remaining time to duration of the related underlying contracts in the order book.

Cash flows from forward currency buying and selling can be rolled forward at the settlement date if they differ from the underlying cash flows.

The results on cash flow hedges recognized in Group equity are as follows:

	2020	2019
Hedging reserve as at 1 January	**- 521**	- 11,192
Movement in fair value of cash flow hedges recognized in Group equity	**- 9,888**	- 1,437
Recycled to the Consolidated Statement of Profit or Loss (raw materials, consumables, services and subcontracted work)	**2,797**	5,185
Total directly recognized in Group Equity (Consolidated Statement of Other Comprehensive Income, in the item Movement in fair value of cash flows hedges)	**- 7,091**	3,748
Taxation	**- 103**	- 531
Directly charged to hedging reserve (net of taxes)	**- 7,194**	3,217
Change in fair value of cash flow hedges from joint ventures and associates, after taxation	**- 3,762**	- 11,501
Reclassification of hedge reserve to Statement of Profit or Loss	**-**	18,955
	- 3,762	7,454
Balance of hedging reserve as at 31 December	**- 11,477**	- 521

Any spot elements of the hedges that are separated from the forward element and basic spread elements are included separately in the hedging reserve. At 31 December 2020 the cost of hedging was EUR 2.3 million positive (2019: EUR 5.4 million negative). During 2020, a decrease of EUR 5.3 million transcends a release of EUR 2.4 million (2019: EUR 12.0 million and a release of EUR 0.3 million respectively).

The results on non-effective cash flow hedges are presented within the costs of raw materials, consumables, services and subcontracted work and amount to EUR 0.2 million positive in 2020 (2019: EUR 0.4 million positive).

The changes in fair values used to assess the effectiveness of the hedge relationships are as follows:

	Derivatives		**Hedged risk**	
	2020	2019	**2020**	2019
USD	**4,910**	1,271	**- 7,980**	- 2,740
Other, including fuel hedges	**- 4,149**	1,212	**1,485**	- 354

Netting of financial instruments
The Group does not net financial instruments in its statement of financial position.

29.3 CAPITAL MANAGEMENT

The Board of Management's policy is to maintain a strong capital base so as to maintain customer, investor, creditor and market confidence and to support the future development of the business. The Board of Management monitors the return on equity, which the Group defines as net operating income divided by total shareholders' equity, excluding minority interests. The Board of Management also monitors the level of dividend to be paid to holders of ordinary shares. For the dividend policy, see the Shareholders Information in the Annual Report.

There were no changes in the Group's approach to capital management during the year. Neither the Group nor any Group companies are subject to externally imposed capital requirements.

The Group's solvency calculated as the ratio of total liabilities (EUR 2,242 million, 2019: EUR 2,102 million) to Group equity (EUR 2,286 million; 2019: EUR 2,495 million) amounted to 0.98 (2019: 0.84) at the reporting date.

29.4 OTHER FINANCIAL INSTRUMENTS

By decision of the General Meeting of Shareholders held on 9 May 2001 the foundation Stichting Continuïteit KBW (the 'Foundation') was granted the right to acquire cumulative protective preference shares in Royal Boskalis Westminster N.V. for an amount equal to the nominal amount of the ordinary shares outstanding at the time of issue of the shares concerned, minus the nominal value of one ordinary share. This right qualifies as a derivative financial liability and is subject to the following important conditions. The cumulative protective preference shares shall only be issued to the Foundation against payment of at least one fourth of the nominal sum. Additional payments on cumulative protective preference shares shall only take place after Royal Boskalis Westminster N.V. will have called these payments. After the issue of cumulative protective preference shares to the Foundation, Royal Boskalis Westminster N.V. is obliged, if the Foundation so requires, to reverse the issue by buyback or by cancellation with repayment, at the discretion of Foundation. The dividend regarding the cumulative protective preference shares, if issued, is equal to the average of the Euribor interest, calculated for loans with a term of one year – pro rata the number of days to which such percentage applied – during the financial year for which the distribution is made, plus a maximum of four percentage points. The lastly mentioned increase shall be determined by the Board of Management, subject to the approval of the Supervisory Board. The interest and credit risk is limited. The fair value of the option right is zero. The option of issuing such cumulative protective preference shares was not exercised during the period under review.

30. COMMITMENTS AND CONTINGENT LIABILITIES

Short term and low value lease obligations

At 31 December 2020 the Group has short term and low value lease obligations for EUR 1,007 thousand (2019: EUR 772 thousand), EUR 561 thousand (2019: EUR 447 thousand) is payable within one year or less and EUR 446 thousand (2019: EUR 325 thousand) is payable between one and five years.

Guarantees

The guarantee commitments as at 31 December 2020 amounted to EUR 786 million (2019: EUR 857 million) and can be specified as follows:

	2020	2019
Guarantees provided with respect to:		
Joint ventures	**47,900**	57,400
Contracts and joint operations	**736,800**	798,400
Lease obligations and other financial obligations	**1,400**	1,400
	786,100	857,200

The above-mentioned guarantees outstanding as at 31 December 2020 refer to guarantees and counter guarantees provided to financial institutions for approximately EUR 785 million (2019: approximately EUR 856 million). At year-end 2020, 23 key Group companies were jointly and severally liable in respect of credit facilities and guarantees provided to several Group companies. In respect of these facilities, it has been agreed to limit the provision of further securities on existing property, plant and equipment.

Group companies are jointly and severally liable for the non-consolidated part of the liabilities of their joint operations amounting to EUR 197 million (2019: EUR 178 million). Group companies are also jointly and severally liable for performance obligations for contracts with third parties in project-driven construction consortiums. In addition, certain recourse obligations exist in respect of project financiers and guarantees of deployment relating to equipment. Where deemed necessary, provisions have been made.

In principle the Group does not provide parent company guarantees to its subsidiaries, other than for commercial reasons. Group companies have filed declarations of joint and several liability for a number of subsidiaries with the Chamber of Commerce.

Capital commitments

As at 31 December2020 capital expenditure and acquisition commitments amounted to EUR 112 million (year-end 2019: EUR 162 million).

Other

Several legal proceedings and investigations, including regulatory and other governmental, are regularly instituted against (entities of) Royal Boskalis Westminster N.V. Tax positions are, inherently to operating internationally and across borders, in certain cases uncertain. Accruals resp. provisions were made where deemed necessary if a reliable estimate of the future cash outflows could be made. Dutch companies form part of a fiscal unity. The companies are therefore liable for the tax obligations of the fiscal unity as a whole.

31. RELATED PARTIES

31.1 IDENTITY OF RELATED PARTIES

The identified related parties of the Group are its Group companies, joint ventures, associates (see note 17), 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. There were no significant changes to the companies and people related to the Group other than the following:

- On 27 January 2020 the remaining 37.5% of Horizon was acquired;
- On 23 December 2020 the Group obtained control of Rever Offshore's subsea activities by acquiring 100% of the shares of four entities;
- Ms. R.V.M. Jones-Bos was appointed as a member of the Supervisory Board at the General Meeting of Shareholders on 30 June 2020;
- Ms. I. Haaijer resigned as a member of the Supervisory Board at the General Meeting of Shareholders on 30 June 2020;
- Mr. H.J. Hazewinkel resigned as a member of the Supervisory Board at the General Meeting of Shareholders on 30 June 2020.

GROUP COMPANIES

The following are the most relevant active Group companies, presented in accordance with the operational segment (division) where the respective entity primarily performs and reports on its activities.

COMPANY	CITY	COUNTRY	2020	2019
DREDGING & INLAND INFRA				
Boskalis Dredging & Inland Infra Holding B.V.	Papendrecht	The Netherlands	**100%**	100%
Boskalis Environmental B.V.	Papendrecht	The Netherlands	**100%**	100%
Boskalis International B.V.	Papendrecht	The Netherlands	**100%**	100%
Boskalis Nederland B.V.	Rotterdam	The Netherlands	**100%**	100%
Boskalis Nederland Infra B.V.	Rotterdam	The Netherlands	**100%**	100%
Boskalis Transport B.V.	Rotterdam	The Netherlands	**100%**	100%
Boskalis Westminster International B.V.	Papendrecht	The Netherlands	**100%**	100%
Boskalis Westminster Shipping B.V.	Papendrecht	The Netherlands	**100%**	100%
BW Marine B.V.	Papendrecht	The Netherlands	**100%**	100%
BW Soco B.V.	Papendrecht	The Netherlands	**100%**	100%
Cofra B.V.	Amsterdam	The Netherlands	**100%**	100%
Hydronamic B.V.	Papendrecht	The Netherlands	**100%**	100%
J. van Vliet B.V.	Amsterdam	The Netherlands	**100%**	100%
MNO Grond- Weg- en Waterbouw B.V.	Rotterdam	The Netherlands	**100%**	100%
HDC Wasserbau Nord GmbH	Hamburg	Germany	**100%**	100%
Heinrich Hirdes EOD Services GmbH	Hamburg	Germany	**100%**	100%
Heinrich Hirdes GmbH	Hamburg	Germany	**100%**	100%
Heinrich Hirdes Kampfmittelräumung GmbH	Hamburg	Germany	**100%**	100%
Boskalis Marine Contracting Limited	Fareham	United Kingdom	**100%**	100%
Boskalis Westminster Limited	Fareham	United Kingdom	**100%**	100%
Cofra Limited	Fareham	United Kingdom	**100%**	100%
Rock Fall Company Limited	Fareham	United Kingdom	**100%**	100%
Westminster Gravels Limited	Fareham	United Kingdom	**100%**	100%
Boskalis Denmark ApS	Copenhagen	Denmark	**100%**	100%
Irish Dredging Company Limited	Cork	Ireland	**100%**	100%
Atlantique Dragage SARL	Saint Germain en Laye	France	**100%**	100%
Sociedad Española de Dragados S.A.	Madrid	Spain	**100%**	100%
Boskalis Italia S.r.l. Unipersonale	Rome	Italy	**100%**	100%
Terramare Oy	Helsinki	Finland	**100%**	100%
Boskalis Sweden AB	Tollered	Sweden	**100%**	100%
Boskalis Polska Sp. Zo.o	Szczecin	Poland	**100%**	100%
Boskalis S.R.L.	Constanta	Romania	**100%**	100%
Terramare Eesti OÜ	Tallinn	Estonia	**-**	100%
Limited Liability Company "Boskalis"	St. Petersburg	Russian Federation	**100%**	100%
Boskalis Dredging & Inland Infra Holding Limited	Limassol	Cyprus	**100%**	100%
Boskalis Westminster Contracting Limited	Limassol	Cyprus	**100%**	100%
BW Marine (Cyprus) Limited	Limassol	Cyprus	**100%**	100%
Boskalis Maroc s.a.r.l.	Tangier	Morocco	**100%**	100%
Boskalis do Brasil Dragagem e Serviços Maritímos Ltda	Rio de Janeiro	Brazil	**100%**	100%
Stuyvesant Environmental Contracting, LLC	Wilmington	United States of America	**100%**	100%
Stuyvesant Projects Realization, Inc.	Wilmington	United States of America	**100%**	100%

COMPANY	CITY	COUNTRY	2020	2019
Boskalis Canada Dredging & Marine Services Ltd	Vancouver	Canada	**100%**	100%
Boskalis Marine Contracting and Offshore Services S.A. de C.V.	Mexico City	Mexico	**100%**	100%
Dragamex S.A. de CV	Mexico City	Mexico	**100%**	100%
Boskalis Panama S.A.	Panama City	Panama	**100%**	100%
Boskalis Guyana Inc.	Georgetown	Guyana	**100%**	100%
Boskalis International Uruguay S.A.	Colonia del Sacramento	Uruguay	**100%**	100%
Dravensa C.A.	Caracas	Venezuela	**100%**	100%
Boskalis East Africa Limited	Nairobi	Nigeria	**100%**	100%
Nigerian Westminster Dredging and Marine Limited	Lagos	Nigeria	**60%**	60%
Boskalis Westminster Contracting FZE	Lekki	Nigeria	**100%**	100%
BKI Gabon S.A.	Libreville	Gabon	**100%**	100%
Boskalis International Maldives Private Limited	Male	Maldives	**100%**	100%
Boskalis Mozambique Limitada	Maputo	Mozambique	**100%**	100%
Boskalis Westminster Oman LLC *	Muscat	Oman	**49%**	49%
Boskalis Westminster Al Rushaid Co Ltd. *	Al Khobar	Saudi Arabia	**49%**	49%
Boskalis Australia Pty Ltd	Perth	Australia	**100%**	100%
Boskalis International (S) Pte Ltd	Singapore	Singapore	**100%**	100%
Koon Zinkcon Pte Ltd *	Singapore	Singapore	**50%**	50%
P.T. Boskalis International Indonesia	Jakarta	Indonesia	**100%**	100%
Boskalis Smit India LLP	Mumbai	India	**100%**	100%
Boskalis Philippines Inc.	Pasay City	Philippines	**100%**	100%
OFFSHORE ENERGY				
Black Marlin B.V.	Papendrecht	The Netherlands	**100%**	100%
Blue Marlin B.V.	Papendrecht	The Netherlands	**100%**	100%
Bokalift 1 B.V.	Papendrecht	The Netherlands	**100%**	-
Boskalis Holding I (dollar) B.V.	Papendrecht	The Netherlands	**100%**	100%
Boskalis Holding II (dollar) B.V.	Papendrecht	The Netherlands	**100%**	100%
Boskalis Offshore Contracting B.V.	Papendrecht	The Netherlands	**100%**	100%
Boskalis Offshore Fleet Management B.V.	Papendrecht	The Netherlands	**100%**	100%
Boskalis Offshore Heavy Marine Transport B.V.	Papendrecht	The Netherlands	**100%**	100%
Boskalis Offshore Holding B.V.	Papendrecht	The Netherlands	**100%**	100%
Boskalis Offshore International B.V.	Papendrecht	The Netherlands	**100%**	100%
Boskalis Offshore International Holding B.V.	Papendrecht	The Netherlands	**100%**	100%
Boskalis Offshore Long Distance Towage B.V. (formerly Fairmount Marine B.V.)	Papendrecht	The Netherlands	**100%**	100%
Boskalis Offshore Marine Contracting B.V.	Papendrecht	The Netherlands	**100%**	100%
Boskalis Offshore Marine Services B.V.	Papendrecht	The Netherlands	**100%**	100%
Boskalis Offshore Shipping B.V.	Papendrecht	The Netherlands	**100%**	100%
Boskalis Offshore Subsea Contracting B.V.	Papendrecht	The Netherlands	**100%**	100%
Boskalis Offshore Subsea Services (Europe) B.V.	Papendrecht	The Netherlands	**100%**	100%
Boskalis Subsea Cables B.V.	Papendrecht	The Netherlands	**100%**	100%
BW Marine (NL) B.V.	Papendrecht	The Netherlands	**100%**	100%
Dockwise Vanguard B.V.	Papendrecht	The Netherlands	**100%**	100%
Fairmount Alpine B.V.	Papendrecht	The Netherlands	**100%**	100%
Fairmount Expedition B.V.	Papendrecht	The Netherlands	**100%**	100%
Fairmount Glacier B.V.	Papendrecht	The Netherlands	**100%**	100%
Fairmount Sherpa B.V.	Papendrecht	The Netherlands	**100%**	100%
Fairmount Summit B.V.	Papendrecht	The Netherlands	**100%**	100%
Fairstar Finesse B.V.	Papendrecht	The Netherlands	**100%**	100%
Fairstar Fjell B.V.	Papendrecht	The Netherlands	**100%**	100%
Fairstar Forte B.V.	Papendrecht	The Netherlands	**100%**	100%
Fairstar Heavy Transport N.V.	Papendrecht	The Netherlands	**100%**	100%
Offshore Equipment B.V.	Papendrecht	The Netherlands	**100%**	100%
Stemat Beheer B.V.	Papendrecht	The Netherlands	**100%**	100%
Stemat Holding B.V.	Papendrecht	The Netherlands	**100%**	100%
Stemat Support Services B.V.	Papendrecht	The Netherlands	**100%**	100%
Target B.V.	Papendrecht	The Netherlands	**100%**	100%
Triumph B.V.	Papendrecht	The Netherlands	**100%**	100%
Trustee B.V.	Papendrecht	The Netherlands	**100%**	100%
VBMS Holding B.V.	Papendrecht	The Netherlands	**100%**	100%
White Marlin B.V.	Papendrecht	The Netherlands	**100%**	100%
Boskalis Offshore Belgium N.V.	Antwerp	Belgium	**100%**	100%
Boskalis Offshore Transport Services N.V.	Antwerp	Belgium	**100%**	100%
Dredging & Contracting Belgium N.V.	Overijse	Belgium	**100%**	100%
Boskalis Offshore GmbH	Hamburg	Germany	**100%**	100%
Boskalis Offshore International GmbH	Wilhelmshaven	Germany	**100%**	100%

COMPANY	CITY	COUNTRY	2020	2019
Boskalis Offshore Subops GmbH	Wilhelmshaven	Germany	**100%**	100%
Boskalis Subsea GmbH (formerly VBMS GmbH)	Wilhelmshaven	Germany	**100%**	100%
Boskalis Offshore Limited	Fareham	United Kingdom	**100%**	100%
Boskalis Subsea Limited	Fareham	United Kingdom	**100%**	100%
Boskalis Subsea North Star Limited (formerly Rever Offshore North Star Limited)	Fareham	United Kingdom	**100%**	-
Boskalis Subsea Services Limited (formerly Rever Offshore UK Limited)	Fareham	United Kingdom	**100%**	-
Gardline Limited	Great Yarmouth	United Kingdom	**100%**	100%
Gardline Shipping Limited	Great Yarmouth	United Kingdom	**100%**	100%
Boskalis Subsea Cables ApS (formerly VBMS ApS)	Copenhagen	Denmark	**100%**	100%
Boskalis Offshore AS	Stavanger	Norway	**100%**	100%
Boskalis Offshore Subsea Contracting Azerbaijan LLC	Baku	Azerbaijan	**100%**	100%
Boskalis Offshore Contracting El Salvador S.A. de C.V.	San Salvador	El Salvador	**100%**	100%
Boskalis Offshore Subsea Services (Middle East) L.L.C.*	Dubai	United Arab Emirates	**49%**	49%
Horizon Survey Company (FZE)	Sharjah	United Arab Emirates	**100%**	-
Boskalis Offshore Singapore Pte. Ltd.	Singapore	Singapore	**100%**	100%
Smit Holding Singapore Pte. Ltd.	Singapore	Singapore	**100%**	100%
Smit Shipping Singapore Pte. Ltd.	Singapore	Singapore	**100%**	100%
Smit Singapore Pte. Ltd.	Singapore	Singapore	**100%**	100%
Boskalis HwaChi Offshore Wind Taiwan Co., Ltd *	Taipei City	Taiwan	**49%**	-
TOWAGE & SALVAGE				
SMIT Salvage B.V.	Papendrecht	The Netherlands	**100%**	100%
Smit Towage Brasil B.V.	Papendrecht	The Netherlands	**100%**	100%
Smit Towage Europe B.V.	Papendrecht	The Netherlands	**100%**	100%
Smit Towage Holding B.V.	Papendrecht	The Netherlands	**100%**	100%
Smit Towage Mexico B.V.	Papendrecht	The Netherlands	**100%**	100%
Smit Towage Terminals B.V.	Papendrecht	The Netherlands	**100%**	100%
Smit Salvage Pte. Ltd.	Singapore	Singapore	**100%**	100%
Smit Marine South Africa (Pty) Ltd.	Cape Town	South Africa	**100%**	100%
Smit Salvage Americas, LLC	Houston	United States	**100%**	100%
HOLDING & ELIMINATIONS				
Baggermaatschappij Boskalis B.V.	Papendrecht	The Netherlands	**100%**	100%
Boskalis Finance B.V.	Papendrecht	The Netherlands	**100%**	100%
Boskalis Holding B.V.	Papendrecht	The Netherlands	**100%**	100%
Boskalis Westminster Dredging B.V.	Papendrecht	The Netherlands	**100%**	100%
Smit Internationale Beheer B.V.	Papendrecht	The Netherlands	**100%**	100%
Smit Internationale N.V.	Papendrecht	The Netherlands	**100%**	100%
Smit International Overseas B.V.	Papendrecht	The Netherlands	**100%**	100%
Smit Nederland B.V.	Papendrecht	The Netherlands	**100%**	100%
Smit Vessel Management Services B.V.	Papendrecht	The Netherlands	**100%**	100%
Boskalis Germany Holding GmbH	Hamburg	Germany	**100%**	100%
UAB "Boskalis Baltic"	Klaipeda	Lithuania	**100%**	100%
B.K.W. Dredging and Contracting Limited	Nicosia	Cyprus	**100%**	100%
Boskalis Westminster Dredging Limited	Limassol	Cyprus	**100%**	100%

* The Group holds a legal interest of 50% or less in these entities, but has the majority of voting power. As a consequence, the Group consolidates these subsidiaries in accordance with the principles of financial reporting set out in paragraph 3.

OTHER RELATED PARTIES

Joint ventures and associates

The main active joint ventures and associates are mentioned in note 17.

Pension plans classified as funded defined benefit pension plans

See note 25.1 for information on pension plans that are classified as funded defined benefit pension plans in accordance with IAS 19. There were no changes and further material transactions with these pension funds as disclosed in this note.

Members of the Board of Management and members of the Supervisory Board

The only key management officers qualifying as related parties are the members of the Board of Management and the members of the Supervisory Board.

31.2 RELATED PARTY TRANSACTIONS

Joint ventures and associates

Transactions with joint ventures and associates as part of regular business take place under normal business conditions at arm's length. In 2020 these transactions regarding sales and purchases amounted to EUR 2.8 million and EUR 36.9 million, respectively (2019: EUR 7.3 million and EUR 24.2 million, respectively). Amounts receivable from and amounts payable to joint ventures and associates were EUR 5.3 million and EUR21.7 million, respectively (2019: EUR 5.9 million and EUR 13.0 million, respectively).

Transactions with members of the Board of Management and members of the Supervisory Board

The charges as accounted for in the Consolidated Statement of Profit or Loss resulting from the remuneration of current and former members of the Board of Management and members of Supervisory Board of the Company in 2020 and 2019 were as follows:

	Annual salaries and remuneration	Employer's pension contributions	Short-term variable remuneration	Long-term variable remuneration	Other reimburse-ments	Total	2019
Members of the Board of Management							
Dr. P.A.M. Berdowski	**896**	**307**	**511**	**490**	**27**	**2,231**	2,149
T.L. Baartmans	**648**	**199**	**332**	**268**	**28**	**1,475**	1,448
B.H. Heijermans	**501**	**135**	**257**	**175**	**7**	**1,075**	998
J.H. Kamps (up to 8 May 2019)	**-**	**-**	**-**	**-**	**-**	**-**	303
C. van Noort (from 8 May 2019)	**501**	**107**	**257**	**159**	**26**	**1,050**	661
	2,546	**748**	**1,357**	**1,092**	**88**	**5,831**	5,559
Members of the Supervisory Board							
J. van der Veer	**71**				**2**	**73**	73
I. Haaijer (up to 30 June 2020)	**25**				**1**	**26**	51
H.J. Hazewinkel (up to 30 June 2020)	**31**				**1**	**32**	62
R.V.M. Jones - Bos (from 30 June 2020)	**25**				**1**	**26**	-
J.P. de Kreij	**54**				**2**	**56**	54
D.A. Sperling (from 8 May 2019)	**54**				**2**	**56**	36
J.A. Tammenoms Bakker (from 8 May 2019)	**51**				**2**	**53**	34
J. N. van Wiechen	**56**				**2**	**58**	58
C. van Woudenberg (up to 8 May 2019)	**-**				**-**	**-**	21
	367				**13**	**380**	389
Total 2020	**2,913**	**748**	**1,357**	**1,092**	**101**	**6,211**	
Total 2019	2,899	757	1,374	810	108		5,948

Employer's pension contributions

Employer's pension contributions include the pension compensation for salaries exceeding EUR 110 thousand, as well as the pension premiums paid (EUR 26 thousand per person).

Long-term variable remuneration

The members of the Board of Management participate in long-term (three-year) incentive plans, which are based partly on the development of the share price of the ordinary shares of Boskalis and partly on the realization of certain objectives, which are defined by the Supervisory Board and are in line with the strategic agenda and the objectives of Boskalis. The charges for the long-term variable incentive plans are, until the actual payment is determined by the Remuneration Committee, based on the assumption that the performance of the Board of Management is on target.

The total value of the long-term variable remuneration payable to the members of the Board of Management is recalculated on each reporting date and on the settlement date and the remeasurement is recognized through a change of provision in the balance sheet and as personnel expenses in the Statement of profit or loss. In the reporting period the charge for the long-term variable remuneration (EUR 1,092 thousand; 2019: EUR 810 thousand) includes a benefit relating to the remeasurements of the provision as per 1 January for EUR 0.1 million (2019: benefit EUR 0.1 million).

Short-term variable remuneration

The short-term variable remuneration expenses relates to targets for the reporting year.

Balance sheet position
As at 31 December 2020 the Group recognized the accruals corresponding to the long-term and short-term variable remuneration plans as a liability in the balance sheet item Trade and other payables of EUR 3.7 million (2019: EUR 3.3 million), of which EUR 2.3 million (2019: EUR 1.9 million) relates to the long-term incentive plans.

31.3 JOINT OPERATIONS

The Group has activities in the Dredging & Inland Infra and Offshore Energy operational segments through joint operations which are not related parties as defined in IFRS. Legally these joint operations comprise project-driven construction consortiums. In joint operations joint control is established by contract and the Group has rights to the assets and is liable for the debts of the operations. An amount of EUR 476 million of Group revenue was realized through joint operations (2019: EUR 666 million). The balance sheet of the Group holds current assets of EUR 260 million (2019: EUR 304 million), including cash and cash equivalents (refer to note 22) and an amount of EUR 218 million (2019: EUR 271 million) of current liabilities that was included on a pro-rata basis in accordance with the Group's interest in these joint operations. Temporary and other surpluses and shortages in the financing of a joint operation are withdrawn or financed by the partners in the joint operation. At year-end 2020, Group companies owed joint operations an amount of EUR 207.1 million (2019: EUR 168.8 million) and held EUR 78.5 million (2019: EUR 132.4 million) in receivables from joint operations. Similar to contracts of Group companies, guarantees are also provided for contracts of joint operations by the Group or one of its Group companies. The guarantee commitments regarding joint operations are disclosed in note 30 as part of the guarantee commitments relating to contracts and joint ventures. Group companies are jointly and severally liable for the non-consolidated part of the liabilities of their joint operations which are disclosed in note 29. The guarantees provided are predominantly backed up by comparable receivables from the clients of the joint operations, reducing the Group's exposure.

The table below shows the legal share in the major joint operations (project driven construction consortiums) in which the Group is and/or were involved:

COMPANY	COUNTRY	2020	2019
DREDGING & INLAND INFRA			
Boskalis Van Oord Pluit City JV V.O.F.	The Netherlands	**50%**	50%
BPL Beton	The Netherlands	**50%**	50%
BPL Wegen	The Netherlands	**50%**	50%
Combinatie BaggerIJ	The Netherlands	**50%**	50%
Combinatie Houtribdijk V.O.F.	The Netherlands	**50%**	50%
Combinatie IJburg	The Netherlands	**80%**	80%
Combinatie Isala Delta	The Netherlands	**50%**	50%
Combinatie Ommelanderdiek	The Netherlands	**70%**	70%
Combinatie Regenboog V.O.F.	The Netherlands	**38%**	38%
Combinatie Tessel	The Netherlands	**70%**	70%
Combinatie Van Hattum en Blankevoort - Boskalis	The Netherlands	**50%**	-
MSB Grind & Zand V.O.F	The Netherlands	**33%**	33%
Projectorganisatie Uitbreiding Maasvlakte (PUMA)	The Netherlands	**50%**	50%
SAAone EPCM Bouwcombinatie V.O.F.	The Netherlands	**30%**	30%
Unie van Marken V.O.F.	The Netherlands	**70%**	70%
ZSNH Combinatie Van Oord/Boskalis V.O.F.	The Netherlands	**50%**	50%
Bahia Blanca	Argentina	**50%**	50%
Fehmarn Belt Contractors I/S	Denmark	**50%**	50%
NMDC-Boskalis-Van Oord-Jan de Nul Consortium for Suez Canal Project	Egypt	**25%**	25%
BSI – JDN Joint - Venture	India	**51%**	51%
Ras Laffan Port Extension	Qatar	**50%**	50%
Boskalis / Penta-Ocean Joint Venture	Singapore	**51%**	51%
Penta-Ocean / Hyundai / Boskalis JV	Singapore	**30%**	30%
Consorcio Boskalis-Dredging International	Uruguay	**50%**	50%
OFFSHORE ENERGY			
Boskalis Offshore AS - Deme Offshore NL B.V. V.O.F.	The Netherlands	**50%**	50%
JV North Sea Link	The Netherlands	**50%**	50%
Nord Stream 2 Rock Joint Venture	The Netherlands	**50%**	50%
Thames JV	The Netherlands	**50%**	50%
Tideway-Boskalis JV	The Netherlands	**-**	50%
V.O.F. Tideway B.V. - Boskalis Offshore Subsea Contracting B.V	The Netherlands	**-**	50%
VBNK Borssele V.O.F.	The Netherlands	**50%**	50%
Vulcan & Viking JV	The Netherlands	**50%**	50%

COMPANY STATEMENT OF PROFIT OR LOSS

(in thousands of EUR)	Note	2020	2019
OPERATING INCOME			
Other operating income	[8]	**6,507**	6,005
		6,507	6,005
OPERATING EXPENSES			
Other operating expenses	[8]	**- 6,507**	- 6,005
		- 6,507	- 6,005
PROFIT/LOSS (-) BEFORE TAXATION		**-**	-
Result of group company	[3]	**- 96,523**	74,887
NET PROFIT/LOSS (-)		**- 96,523**	74,887

COMPANY STATEMENT OF FINANCIAL POSITION

(BEFORE PROFIT APPROPRIATION)

		31 DECEMBER	
(in thousands of EUR)	Note	2020	2019
ASSETS			
Non-current assets			
Investments in group companies	[3]	**2,261,498**	2,484,865
		2,261,498	2,484,865
Current assets			
Amounts due from group companies		**21,717**	6,487
		21,717	6,487
Total assets		**2,283,215**	2,491,352
EQUITY AND LIABILITIES			
Shareholders' equity			
Issued capital	[4]	**1,303**	1,354
Share premium	[4]	**637,019**	636,968
Other legal reserves	[5]	**104,217**	131,351
Hedging reserve	[5]	**- 11,477**	- 521
Revaluation reserve	[5]	**81,995**	80,604
Currency translation reserve	[5]	**147,520**	213,166
Other reserves	[5]	**- 22,158**	- 20,483
Retained earnings		**1,441,319**	1,374,026
Profit/loss (-) for the year	[6]	**- 96,523**	74,887
		2,283,215	2,491,352
Total equity and liabilities		**2,283,215**	2,491,352

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in thousands of EUR)	Note	**Balance as at 1 January 2020**	**Repurchase own ordinary shares**	**Cash dividend**	**Cancellation own ordinary shares**	**Movement retained earnings**	**Other movements**	**Total recognized income and expenses**	**Balance as at 31 December 2020**
Issued capital	[4]	**1,354**			**- 51**				**1,303**
Share premium	[4]	**636,968**			**51**				**637,019**
		638,322			**-**				**638,322**
Other legal reserves	[5]	**131,351**					**- 27,134**	**-**	**104,217**
Hedging reserve	[5]	**- 521**					**-**	**- 10,956**	**- 11,477**
Revaluation reserve	[5]	**80,604**					**1,391**	**-**	**81,995**
Currency translation reserve	[5]	**213,166**					**-**	**- 65,646**	**147,520**
Other reserves	[5]	**- 20,483**					**-**	**- 1,675**	**- 22,158**
Retained earnings		**1,374,026**	**- 33,337**			**74,887**	**25,743**	**-**	**1,441,319**
		1,778,143	**- 33,337**			**74,887**	**-**	**- 78,277**	**1,741,416**
Profit/loss (-) appropriation 2019		**74,887**		**-**	**-**	**- 74,887**		**-**	**-**
Net profit/loss (-) 2020		**-**		**-**	**-**	**-**		**- 96,523**	**- 96,523**
Profit/loss (-) for the year	[6]	**74,887**		**-**	**-**	**- 74,887**		**- 96,523**	**- 96,523**
Shareholders' equity		**2,491,352**	**- 33,337**	**-**	**-**	**-**	**-**	**- 174,800**	**2,283,215**

(in thousands of EUR)	Note	**Balance as at 1 January 2019**	**Repurchase own ordinary shares**	**Cash dividend**	**Cancellation own ordinary shares**	**Movement retained earnings**	**Other movements**	**Total recognized income and expenses**	**Balance as at 31 December 2019**
Issued capital	[4]	1,354			-				1,354
Share premium	[4]	636,968			-				636,968
		638,322			-				638,322
Other legal reserves	[5]	132,781					- 1,430	-	131,351
Hedging reserve	[5]	- 11,192					-	10,671	- 521
Revaluation reserve	[5]	101,996					- 21,392	-	80,604
Currency translation reserve	[5]	231,909					-	- 18,743	213,166
Other reserves	[5]	- 25,762					11,249	- 5,970	- 20,483
Retained earnings		1,912,122	- 46,820			- 502,849	11,573	-	1,374,026
		2,341,854	- 46,820			- 502,849	-	- 14,042	1,778,143
Profit/loss (-) appropriation 2018		- 435,850		- 66,999	-	502,849		-	-
Net profit/loss (-) 2019		-		-	-	-		74,887	74,887
Profit/loss (-) for the year	[6]	- 435,850		- 66,999	-	502,849		74,887	74,887
Shareholders' equity		2,544,326	- 46,820	- 66,999	-	-	-	60,845	2,491,352

EXPLANATORY NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. GENERAL

The company financial statements of Royal Boskalis Westminster N.V. (the 'Company') are included in the Consolidated Financial Statements 2020 of Royal Boskalis Westminster N.V.

2. PRINCIPLES OF FINANCIAL REPORTING

2.1 ACCOUNTING POLICIES

The company financial statements have been drawn up using the reporting standards applied for preparing the consolidated financial statements, in accordance with Section 362(8), Part 9 of Book 2 of the Dutch Civil Code except for the investment in its subsidiary. Based on Section 362(1), Part 9 of Book 2 of the Dutch Civil Code, the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. These accounting principles are disclosed in note 3 of the consolidated financial statements, unless stated otherwise below.

2.2 FORMAT

Unless stated otherwise, all amounts in these explanatory notes are stated in thousands of euros. The company statement of financial position is drawn up before profit appropriation.

2.3 INVESTMENTS IN GROUP COMPANIES

Investments in Group companies are accounted for using the accounting policies for assets, liabilities, provisions and profit or loss, as described in the principles of financial reporting and applied in the consolidated financial statements of Royal Boskalis Westminster N.V.

2.4 AMOUNTS DUE FROM GROUP COMPANIES

Amounts due from Group companies are stated initially at fair value and subsequently at amortized cost, using the effective interest rate, less impairments.

2.5 AMOUNTS DUE TO GROUP COMPANIES

Amounts due to Group companies are recognized initially at fair value and subsequently at amortized cost, using the effective interest rate.

2.6 RESULT OF GROUP COMPANY

Result of Group company consists of the share of the Company in the result after taxation of its Group company. Results on transactions, where the transfer of assets and liabilities between the Company and its participating interests, and mutually between participating interests themselves, are not incorporated as far as they can be deemed to be unrealized.

3. INVESTMENTS IN GROUP COMPANIES

Investments in Group companies solely consist of the 100% investment in Boskalis Westminster Dredging B.V., Papendrecht. The table below shows the movements in this investment:

	2020	2019
Balance as at 1 January	**2,484,865**	2,544,020
Dividend received	**- 48,567**	- 120,000
Profit/loss (-) for the year	**- 96,523**	74,887
Movements directly recognized in equity of group company	**- 78,277**	- 14,042
Balance as at 31 December	**2,261,498**	2,484,865

See notes 17 and 31.1 of the Consolidated Financial Statements 2020 for an overview of the most important directly and indirectly held Group companies.

4. ISSUED CAPITAL AND OPTIONAL DIVIDEND

The authorized share capital of EUR 4.8 million (2019: EUR 4.8 million) is divided into 240,000,000 (2019: 240,000,000) ordinary shares with a par value of EUR 0.01 (2019: EUR 0.01) each and 80,000,000 (2019: 80,000,000) cumulative protective preference shares with a par value of EUR 0.03 (2019: EUR 0.03) each.

In 2020 no dividend was distributed relating to the 2019 financial year. A total of 1,506,377 shares were repurchased through the share buyback program (2019: 2,341,189). On 17 December 2020 the Group has reduced its issued and fully paid share capital by cancelling 5,100,506 ordinary shares held in treasury.

(in number of ordinary shares)	**2020**	2019
Issued and fully paid shares entitled to dividend as at 1 January	**131,726,637**	134,067,826
Repurchased shares	**- 1,506,377**	- 2,341,189
Issued and fully paid shares entitled to dividend as at 31 December	**130,220,260**	131,726,637
Treasury stock	**57,572**	3,651,701
Issued and fully paid shares as at 31 December	**130,277,832**	135,378,338

The issued capital as at 31 December 2020 consists of 130,277,832 ordinary shares with a par value of EUR 0.01 each (2019: EUR 0.01) for a total amount of EUR 1.3 million (2019: EUR1.4 million). Share premium comprises additional paid-in capital exceeding the par value of outstanding shares. Share premium is distributable free of tax. For the movements relating the repurchase share program, treasury stock and dividend see note 23 of the consolidated financial statements. The Stichting Continuïteit KBW received an option right to acquire cumulative protective preference shares in Royal Boskalis Westminster N.V. This option has not been exercised yet.

5. OTHER RESERVES

With regard to the difference between the cost price and equity value of joint ventures and associates recognized in accordance with the equity method, a legally required reserve is recognized due to a lack of control over the distribution of profits, only to the extent that these differences are not included in the accumulated currency translation differences on foreign operations. The legal reserve for non-distributed profits of group and/or joint ventures and associates amounted to EUR 104.2 million at the end of 2020 (2019: EUR 131.4 million). The legal reserve for joint ventures and associates is determined on an individual basis.

The other reserves recognized in the company balance sheet are disclosed in the notes to the consolidated financial statements (note 23.6).

6. PROFIT OR LOSS FOR THE YEAR

The amount of the loss, EUR 96.5 million, will be deducted from the retained earnings. The proposal to the Annual General Meeting will be to distribute a dividend from the retained earnings, amounting to EUR 65.0 million for a dividend payment to the shareholders of EUR 0.50 per ordinary share. The proposed dividend will be made payable in cash.

7. FINANCIAL INSTRUMENTS

General
Pursuant to its use of financial instruments, the Group is exposed to credit risk, liquidity risk and market risk. The notes to the consolidated financial statements provide information on the Group's exposure to each of these risks, its objectives, principles and procedures for managing and measuring these risks, as well as group capital management. These risks, objectives, principles and procedures for managing and measuring these risks as well as capital management apply mutatis mutandis to the company financial statements of Royal Boskalis Westminster N.V.

Fair value
The fair value of the majority of the financial instruments presented in the balance sheet, including receivables, securities, cash and cash equivalents and current liabilities are close to their carrying value.

8. OPERATING INCOME AND EXPENSES

Other operation expenses comprise the remuneration of the members of the Board of Management and members of the Supervisory Board for a total amount of EUR 6.2 million (2019: EUR 5.9 million) (see note 31.2) as well as other third party expenses of EUR 0.3 million (2019: EUR 0.1 million). Other operating expenses are borne by Group companies and these are reported as Other operating income.

9. REMUNERATION OF THE MEMBERS OF THE BOARD OF MANAGEMENT AND MEMBERS OF THE SUPERVISORY BOARD

The remuneration of members of the Board of Management and members of the Supervisory Board is disclosed in the consolidated financial statements under Related party transactions (note 31.2).

10. AUDITOR REMUNERATION

Ernst & Young Accountants LLP and its entire network charged the following fees to the Company and its subsidiaries:

	2020			2019		
	Ernst & Young Accountants LLP	**Other EY network**	**Total**	Ernst & Young Accountants LLP	Other EY network	Total
Audit of the financial statements	**2,412**	**377**	**2,789**	2,158	458	2,616
Other audit engagements	**69**	**4**	**73**	53	15	68
Tax advisory services	**-**	**166**	**166**	-	490	490
Other non-audit services	**-**	**-**	**-**	-	-	-
	2,481	**547**	**3,028**	2,211	963	3,174

In addition to the statutory audit of the financial statements, Ernst & Young Accountants LLP provided the following services:

- Audits of financial statements of group entities;
- Services in accordance with ISA 800 ‘Audits of financial statements prepared in accordance with special purpose framework’;
- Services in accordance with ISA 2400 ’Engagements to review historical financial statements’;
- Services in accordance with ISA 3000 ‘Assurance engagements other than audits or reviews of historical financial information’;
- Services in accordance with ISA 4400 ‘Engagements to perform agreed upon procedures’.

11. COMMITMENTS AND CONTINGENT LIABILITIES

Royal Boskalis Westminster N.V. heads a fiscal unity. The Company is therefore liable for the tax obligations of the fiscal unity as a whole.

The Company has arrangements with third parties, amongst which banks and pension funds. These arrangements are on behalf of Group companies. Because the risks and rewards are with these Group companies, the costs are charged to these companies and the liabilities are recognized by these companies. The Company is jointly and severally liable for the fulfillment of obligations.

Certain recourse obligations exist in respect of project financing. Where necessary, provisions are deemed to have been made.

Some legal proceedings and investigations are ongoing with respect to entities of Royal Boskalis Westminster N.V. Where necessary, provisions are deemed to have been made.

Papendrecht / Sliedrecht, 3 March 2021

Supervisory Board
J. van der Veer, chairman
J.P. de Kreij, deputy chairman
Ms. R.V.M. Jones-Bos
D.A. Sperling
Ms. J.A. Tammenoms Bakker
J.N. van Wiechen

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

PROVISIONS IN THE ARTICLES OF ASSOCIATION RELATING TO PROFIT APPROPRIATION

ARTICLE 27.

1. If possible, from the profits gained in any financial year shall first be paid on the cumulative protective preference shares the percentage, defined below, of the amount that was required to be paid on those shares at the start of the financial year to which the distribution pertains. The percentage meant above is equal to the average of the Euribor interest, calculated for loans with a term of one year – pro rata the number of days to which such percentage applied – during the financial year for which the distribution is made, plus a maximum of four percentage points; the lastly mentioned increase shall be determined by the board of directors, subject to the approval of the supervisory board. If, in the financial year for which the abovementioned distribution is made, the amount that was required to be paid on the cumulative protective preference shares has been decreased or – as a result of a resolution to require additional payments – raised, the distribution will be decreased or – if possible – increased, respectively, by an amount that is equal to the aforementioned percentage of the amount of the decrease or increase, respectively, calculated from the time of the decrease or the time the additional payment became obligatory, respectively. If, in the course of any financial year, cumulative protective preference shares have been issued, the dividend on those cumulative protective preference shares will be decreased pro rata until the day of issue, counting part of a month as a whole month.
2. If and to the extent the profits are not sufficient to allow for the distribution referred to in paragraph 1 in full, any shortfall shall be paid out of the reserves with due observance of the provision of the law.
3. In case in any financial year the profits referred to in paragraph 1 are not sufficient to allow for the distributions referred to in this article, and no distributions or only partial distributions are made from the reserves as referred to in paragraph 2, as a result of which the shortfall is not or not fully paid out, the conditions in this paragraph above and in the following paragraphs will only apply after the shortfall will have been settled. After application of paragraphs 1, 2 and 3, no further distributions shall be made on the cumulative protective preference shares.
4. The board of directors shall decide, subject to the approval of the supervisory board, which part of the profits remaining will be reserved. What remains of the profits after reserving as referred to in the preceding sentence, shall be at the disposal of the general meeting of shareholders and, when distributed, shall be paid to the holders of ordinary shares pro rata the number of ordinary shares they hold.

ARTICLE 28.

1. Dividends will be paid out thirty days after adoption of the relevant resolution or as soon as the board of directors decides.
2. Dividends which remain unclaimed for five years from the day they become due and payable, shall accrue to the company.
3. In case the board of directors, subject to the approval of the supervisory board, adopts a resolution to that effect, interim dividends shall be paid out, with due observance of the preference of the cumulative protective preference shares and the provisions of Section 2:105 of the Dutch Civil Code.
4. The general meeting of shareholders may resolve to pay out dividends in the form of shares in the company or depository receipts for those shares, in full or in part, provided that it does so pursuant to a proposal of the board of directors.
5. The company can only make distributions to the shareholders insofar as its equity capital exceeds the amount of the issued capital, plus the reserves that must be maintained by law or in accordance with the articles of association.
6. A shortfall may only be paid from a statutory reserve to the extent permitted by law.

PROPOSED APPROPRIATION OF PROFIT OR LOSS AND DIVIDEND DISTRIBUTION

The amount of the loss EUR 97 million will be deducted from the retained earnings. The proposal to the Annual General Meeting will be to distribute a dividend from the retained earnings, amounting to EUR 65 million, for a dividend payment to the shareholders of EUR 0.50 per ordinary share.

The proposed dividend will be made payable in cash.

INDEPENDENT AUDITOR'S REPORT

To: the Shareholders and the Supervisory Board of Royal Boskalis Westminster N.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2020 INCLUDED IN THE ANNUAL REPORT

OUR OPINION

We have audited the financial statements 2020 of Royal Boskalis Westminster N.V., based in Sliedrecht, The Netherlands. The financial statements comprise the consolidated and company financial statements.

In our opinion:
- the accompanying consolidated financial statements give a true and fair view of the financial position of Royal Boskalis Westminster N.V. as at 31 December 2020, and of its result and its cash flows for 2020 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- the accompanying company financial statements give a true and fair view of the financial position of Royal Boskalis Westminster N.V. as at 31 December 2020, and of its result for 2020 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:
- the consolidated statement of financial position as at 31 December 2020;
- the following statements for 2020: the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity;
- the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:
- the company statement of financial position as at 31 December 2020;
- the company statement of profit or loss for 2020;
- the notes comprising a summary of the accounting policies and other explanatory information.

BASIS FOR OUR OPINION

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the *Our responsibilities for the audit of the financial statements* section of our report.

We are independent of Royal Boskalis Westminster N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the "Wet toezicht accountantsorganisaties" (Wta, Audit firms supervision act), the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OUR AUDIT APPROACH

Our understanding of the business
Royal Boskalis Westminster N.V. is a global services provider operating in the dredging, dry and maritime infrastructure and maritime services sectors. The group activities are organized in three operating segments and we tailored our group audit approach accordingly.

We start by determining materiality and identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud, non-compliance with laws and regulations or error in order to design audit procedures responsive to those risks, and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

MATERIALITY	EUR 19.5 million (2019: EUR 19.5 million)
BENCHMARK APPLIED	0.75% of revenue
EXPLANATION	Based on our professional judgment we consider an activity based measure as the most appropriate basis to determine materiality. Given the current market conditions we consider revenue a stable and appropriate measure to determine materiality. We applied a percentage of 0.75% of revenue, which is the mid-end of an acceptable range and in line with prior year.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements in excess of EUR 975 thousand, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

SCOPE OF THE GROUP AUDIT

Royal Boskalis Westminster N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Royal Boskalis Westminster N.V.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our group audit mainly focused on significant group entities and joint ventures in terms of size and/or significant risks, within the operating segments Dredging & Inland Infra, Offshore Energy and Towage & Salvage. We have performed most of the audit procedures at those segments ourselves. For the audit work in Australia, Singapore, Finland, Denmark and a joint venture in the Netherlands we used other EY network firms. We have used the work of other non-EY firms when auditing group entities, especially in the Middle East, which represented approximately 10% of the revenue. Also some joint ventures were audited by non-EY firms. We had (virtual) meetings with the component auditors and local management on the audit findings and financial reporting. We interacted with all component teams, where appropriate, during various stages of the audit and were responsible for the scope and direction of the audit process.

In total these procedures represent approximately 80% of the group's revenue. For the other group entities we performed review procedures or other audit procedures to respond to any risks of material misstatements in the financial statements.

Because of the (international) travel restrictions and social distancing due to the COVID-19 pandemic, we needed to restrict or have been unable to visit foreign management and component auditors on site to discuss, review and evaluate, amongst others, relevant parts of the component auditor's audit documentation and to discuss significant matters arising from that evaluation. This limits our observation and increases the risk of missing certain signals. In order to compensate for the limitations related to physical contact and direct observation, we performed alternative procedures to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. In these extraordinary circumstances we predominantly used communication technology and written information exchange. We performed substantive procedures, such as test of details and inspection of supporting documentation relating to the progress of projects in order to obtain sufficient and appropriate audit evidence. Our additional procedures consisted, amongst others, of virtual site visits, remote review of audit documentation files of component auditors and the use of public available information to obtain supportive audit information.

We performed audit procedures on certain accounting areas at group level, such as impairment tests of goodwill, property, plant and equipment, accounting for business combinations Horizon Geosciences and Rever Offshore and other areas such as uncertain tax positions.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Teaming, use of specialists

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of Royal Boskalis Westminster N.V. We included specialists in the areas of IT audit, forensics, treasury, income tax and have made use of our own experts in the areas of valuation of goodwill, joint ventures, property, plant and equipment and actuaries.

OUR FOCUS ON FRAUD AND NON-COMPLIANCE WITH LAWS AND REGULATIONS

Our responsibility

Although we are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error.
Non-compliance with laws and regulations may result in fines, litigation or other consequences for the company that may have a material effect on the financial statements.

Our audit response related to fraud risks
In order to identify and assess the risks of material misstatements of the financial statements due to fraud, we obtained an understanding of the entity and its environment, including the entity's internal control relevant to the audit and in order to design audit procedures that are appropriate in the circumstances. As in all of our audits, we addressed the risk of management override of internal control. We do not audit internal control per se for the purpose of expressing an opinion on the effectiveness of the company's internal control.

We considered available information and made enquiries of relevant executives, directors (including internal audit and legal department) and the Supervisory Board. We also considered the potential impact of performance based bonus schemes which the company has in place. As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption.

In our risk assessment we considered the fact that Royal Boskalis Westminster N.V. is a global company, operating in multiple jurisdictions, and the inherent potential risk of bribery and corruption.

In our process of identifying fraud risks, we considered whether the COVID-19 pandemic gives rise to specific fraud risk factors resulting from a dilution in the effectiveness of controls as a result of the general disruption associated with remote working, illness, management overrides and workarounds becoming the norm, manual invoicing and manual payments.

We evaluated the design and the implementation of internal controls that mitigate fraud risks. In addition, we performed procedures to evaluate key accounting estimates for management bias in particular relating to important judgment areas and significant accounting estimates as disclosed in Note 6 and 20 to the financial statements. We have also used data analysis to identify and address high-risk journal entries. Our audit procedures to address the assessed fraud risks did not result in a key audit matter. However, we describe the audit procedures responsive to the assessed fraud risks (valuation of construction projects, recognition of revenue, bribery and corruption and valuation of uncertain tax positions) in the description of our audit approach for the key audit matters "recognition of contract revenue and valuation of unbilled and deferred revenue" and "recognition and valuation of uncertain tax positions".

We incorporated elements of unpredictability in our audit. We considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance. If so, we re-evaluate our assessment of fraud risk and its resulting impact on our audit procedures.

Our audit response related to risks of non-compliance with laws and regulations
We assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the management board, reading minutes, inspection of internal audit and compliance reports and performing substantive tests of details of classes of transactions, account balances or disclosures.

Where applicable, we also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

GOING CONCERN

We performed the following procedures in order to identify and assess the risks of going concern and to conclude on the appropriateness of management's use of the going concern basis of accounting. Management has assessed the company's ability to continue as a going concern and to continue its operations for at least the next 12 months from the completion date of the financial statements. We discussed and evaluated the assessment with management exercising professional judgment and maintaining professional scepticism, and specifically focusing on the process followed by management to make the assessment, management bias that could represent a risk, the impact of current events and conditions have on the company's operations and forecasted cash flows, with a focus on whether the company will have sufficient liquidity to continue to meet its obligations as they fall due.

We consider based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

GENERAL AUDIT PROCEDURES

Our audit further included among others:
- performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures;
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

OUR KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the

Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following the acquisition in January 2020 of Horizon Geosciences and Rever Offshore in December 2020 a new key audit matter "accounting for business combinations" has been defined.

KEY AUDIT MATTER	OUR AUDIT APPROACH	KEY OBSERVATIONS
RECOGNITION OF CONTRACT REVENUE AND VALUATION OF UNBILLED AND DEFERRED REVENUE (SEE NOTES 3.12, 3.22, 3.24, 6, 20, 26 AND 29)		
The contracting industry is characterised by contract risk with significant judgments involved in the assessment of contract financial performance. Due to the COVID-19 pandemic and the sharp drop in the oil price market conditions remain challenging and cause pressure on project margins. Revenue and positive margin from contracting activities are recognised based on the stage of completion of individual contracts. Negative margins are recognized immediately when they are foreseen. The status of contracts is updated on a regular basis. In doing so, management is required to exercise significant judgment in their assessment of the valuation of contract variations, claims and liquidated damages; the completeness and accuracy of forecasts regarding costs to complete; and the ability to deliver contracts within forecast timescales. The potential final contract outcomes can cover a wide range. We considered management override of controls relating to significant judgments and assumptions involved. Changes in these judgments, and the related estimates, as contracts progress can result in material adjustments to revenue and margin, which can be both positive and negative. We also considered the risk of noncompliance with relevant law and regulations related to the acquisition of projects. We therefore identified correct and complete recognition of contract revenue and (negative) margin as significant to our audit.	Our audit procedures on contract revenue included an assessment of the company's project control, substantive audit procedures and testing of management's positions against underlying documentation. In the planning and execution of our audit we considered the impact of challenging market conditions on project results, both for on-going projects and projects in the orderbook. We tested the adequacy and support for cost-to-complete estimates and also tested management review for potential losses in projects in the orderbook for adequacy and completeness. We herewith considered developments noted at ongoing projects and assessed updated tender- and work budgets. Other substantive procedures comprised of testing contractual terms and conditions, including performance obligations, disputes, claims and variation orders, costs incurred, including local representatives' fees, and forecasted cost to complete including progress measurement. We challenged management's assumptions at the project and group management level. We discussed, also during online site visits, a range of financial and other risks, disputes and related estimation uncertainties with management and project staff, assessing whether these have been adequately addressed in the financial statements.	We assessed that the Company's revenue recognition accounting policies were appropriately applied and disclosed in accordance with the revenue recognition accounting standard (IFRS 15). We verified that contract revenues, including claims and variation orders, meet the recognition criteria and are valued accurately and complete. Where applicable, losses were completely and accurately accounted for. Furthermore, we have assessed that management assumptions and estimates are within an acceptable range and that the disclosure notes are in accordance with IFRS. As part of our audit procedures with respect to compliance with laws and regulations related to acquisition of projects and local representatives' fees, we assessed the adequacy of the Company's policies and that these are adhered to.
VALUATION FLOATING AND OTHER CONSTRUCTION EQUIPMENT AND JOINT VENTURES (SEE NOTES 3.5, 3.7, 3.8, 10, 16, 17)		
Financial and tangible fixed assets, includes floating and other construction equipment and joint ventures, amount to EUR 2.6 billion as at 31 December 2020, which represent 57% of the balance sheet total. Boskalis undertook, in context of the COVID-19 pandemic and the sharp drop in the oil price, a critical review of the valuation of its floating and other construction equipment and joint ventures. We considered management override of controls relating to significant judgments and assumptions involved. Management performed impairment tests of the relating financial and tangible fixed assets. Impairment charges of EUR 184 million were recognized in the profit and loss account of 2020 (2019: EUR 0 million). These impairment tests are significant to our audit because this process is complex and requires significant management judgments, such as of future market and economic conditions.	We evaluated management's assessment of impairment indications, tested management's assumptions used in the value in use calculations and we assessed the historical accuracy of management's estimates. We observed market data on scrap values to evaluate the fair value less cost of disposal, where applicable. We involved our valuation experts to assess the valuation model and to evaluate the discount rate used, performed sensitivity analyses where considered necessary, and assessed the consistency of valuation methodologies applied. Furthermore, we evaluated the adequacy of the company's disclosures regarding the impairments of these assets.	We consider management's assessment of impairment indicators as appropriate and the key assumptions and estimates used in the impairment tests to be within an acceptable range. We further assessed that the required disclosures were appropriate. We agree with management's conclusion on the recorded impairment amount.

KEY AUDIT MATTER	OUR AUDIT APPROACH	KEY OBSERVATIONS
RECOGNITION AND VALUATION OF UNCERTAIN TAX POSITIONS (SEE NOTES 3.28 AND 12, 13, 14)		
Boskalis operates in a range of jurisdictions subject to different tax regimes. The cross-border operations may result in estimation differences or disputes with national tax authorities. If management considers it probable that such disputes will lead to an outflow of resources, accruals have been formed accordingly. Based on the above, we identified correct and complete recognition of accruals for uncertain tax positions and adequate disclosure of uncertain tax positions as significant to our audit.	We tested the acceptability of the accruals formed in this estimation process. In doing so, we used tax specialists in reviewing the assumptions underlying the estimates and discussing them with management in the light of (local) tax rules & regulations and revisions to the transfer pricing policy. In connection with this, we also devoted attention to the substantiation of the estimated probability of the positions taken and details provided thereon by management and we assessed the historical accuracy of management's assumptions.	We assessed that the Company's accounting policies were appropriately applied. Furthermore, we have assessed that management assumptions and estimates are within an acceptable range. We further assessed that the disclosure notes relating to uncertain tax positions are appropriate.
ACCOUNTING FOR BUSINESS COMBINATIONS (SEE NOTE 5)		
During 2020 Boskalis obtained control through the acquisition of the remaining shares (37.5%) in the Horizon Group. At the end of 2020 Boskalis acquired all of the shares of Revers Offshores' subsea services business. We considered management override of controls relating to significant judgments and assumptions involved. The increase in the goodwill recognized under intangibles related to the Horizon transaction amounted to EUR 73 million. The acquisition of Rever Offshore resulted in a gain on acquisition of EUR 6 million. These acquisitions are significant to our audit due to the impact on the financial statements and because of significant judgments and assumptions involved in the purchase price allocation.	We have, amongst others, inspected the agreements, confirmed that the correct accounting treatment has been applied and appropriate disclosures have been made. We evaluated the work of the management's specialist used for the purchase price allocation. We also audited the identification and fair valuation of the assets and liabilities the group acquired. In doing so we have utilized valuation specialists to assist us.	We have assessed that management assumptions and estimates are within an acceptable range. We evaluated the adequacy of the company's disclosures regarding the accounting of these business combinations. Furthermore, the disclosures are in accordance with IFRS.

REPORT ON OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:
- the Report of the Board of Management and the Report of the Supervisory Board (including the remuneration report);
- the Chairman's Statement, Boskalis at a Glance and Other Information;
- other information required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:
- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 and Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code, other information required by Part 9 of Book 2 of the Dutch Civil Code and the remuneration report in accordance with Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS AND ESEF

ENGAGEMENT

We were engaged by the Annual General Meeting as auditor of Royal Boskalis Westminster N.V. on 13 May 2014, as of the audit for the year 2014 and have operated as statutory auditor ever since that date.

NO PROHIBITED NON-AUDIT SERVICES

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

EUROPEAN SINGLE ELECTRONIC REPORTING FORMAT

Royal Boskalis Westminster N.V. has prepared the annual report in the European single electronic reporting format (ESEF). The requirements for this format are set out in the Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report, prepared in the XHTML format, including the partially marked-up consolidated financial statements, as included in the reporting package by Royal Boskalis Westminster N.V., has been prepared in all material respects in accordance with the RTS on ESEF.

Management is responsible for preparing the annual report, including the financial statements, in accordance with RTS on ESEF, whereby management combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package is prepared in accordance with the RTS on ESEF. Our procedures, taking into account Alert 43 of the NBA (the Netherlands Institute of Chartered Accountants), included amongst others:

- obtaining an understanding of Royal Boskalis Westminster N.V. financial reporting process, including the preparation of the reporting package;
- obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance and the XBRL extension taxonomy files has been prepared in accordance with the technical specifications as included in the RTS on ESEF;
- examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

DESCRIPTION OF RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

RESPONSIBILITIES OF MANAGEMENT AND THE SUPERVISORY BOARD FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

OUR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The Our audit approach section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Communication

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.
In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Rotterdam, 3 March 2021

Ernst & Young Accountants LLP

J. Hetebrij

OTHER INFORMATION

The beautiful Marker Wadden nature reserve in the summer of 2020. Building with Nature techniques played a key role in the construction of this unique wetlands area by Boskalis

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HISTORIC OVERVIEW (1) (14)

(in EUR million, unless stated otherwise)		2020	2019 (16)	2018 (15)	2017 (15)	2016	2015	2014 (11)
Revenue		**2,525**	2,645	2,570	2,343	2,596	3,240	3,167
Order book		**5,306**	4,722	4,292	3,495	2,924	2,490	3,286
EBITDA	(3)	**404.3**	375.8	353.6	436.6	660.5	884.7	945.9
Depreciation and amortization		**264.5**	265.1	234.6	251.6	277.2	278.6	261.9
Operating result	(12)	**139.8**	28.5	119.0	185.0	384.6	577.3	684.0
Exceptional items (charges/gains)		**-195.4**	82.3	-519.5	0.0	-842.6	-14.5	-31.6
EBIT	(2)	**-55.6**	110.7	-400.5	185.0	-458.1	562.8	652.3
Net profit		**90.4***	74.9	82.8*	150.5	276.4*	440.2	490.3
Net group profit/loss		**-96.7**	74.9	-433.7	150.4	-561.8	443.5	492.2
Cash flow		**354.6***	340.0	319.5*	402.0	464.0	765.4	785.7
Shareholders' equity		**2,283**	2,491	2,544	3,023	3,121	3,714	3,152
Average number of outstanding shares (x 1,000)	(4)	**130,954**	133,248	132,492	131,097	128,205	124,182	121,606
Number of outstanding shares (x 1,000)	(5)	**130,278**	131,727	134,068	130,677	130,077	125,627	122,309
Personnel (headcount)	(13)	**7,484**	7,133	7,078	6,410	6,960	8,268	8,446
Ratios (in percentages)								
EBIT as % of the revenue		**5.5***	4.2	4.6*	7.9	14.8*	17.4	20.6
Return on capital employed	(6)	**3.9***	2.9	2.9*	4.8	9.1*	10.8	13.8
Return on equity	(7)	**3.8***	3.0	3.0*	4.9	8.1*	12.8	17.3
Solvency	(8)	**50.5**	54.3	56.1	62.6	56.1	56.3	53.4
Figures per share (in EUR)								
Profit	(5) (9)	**0.69***	0.56	0.63*	1.15	2.16*	3.54	4.03
Cash flow	(5)	**2.71***	2.55	2.41*	3.07	3.62*	6.16	6.46
Dividend		**0.50**	-	0.50	1.00	1.00	1.60	1.60
Share price range (in EUR)								
Low		**14.14**	16.48	20.10	27.08	27.89	35.70	33.71
High		**23.50**	25.42	32.58	35.51	37.60	49.21	47.18

* Excluding exceptional charges

(1) Figures taken from the respective financial statements.
(2) EBIT as reported in the consolidated statement of profit or loss.
(3) EBIT before depreciation, amortization, impairment and other exceptional charges.
(4) Weighted average number of outstanding shares less the number of shares owned by the company.
(5) Number of outstanding ordinary shares less the number of shares owned by the company as at 31 December.
(6) Net profit + interest expenses regarding long term loans (non-current interest bearing borrowings, excluding lease liabilities) as % of the average capital employed (2016 average capital includes adjustment for debt to be repaid early).
(7) Net profit as % of the average shareholders' equity.
(8) Group equity as % of balance sheet total (non-current assets + current assets).
(9) The dilution effect was practically nil up to and including the financial year 2020.
(10) Adjusted for changes in the IFRS standards (IAS19R).
(11) As of 1 January 2014 Boskalis applies IFRS11 which impacts the way joint ventures and associated companies are recognized. The full year 2013 comparative figures have been adjusted accordingly.
(12) EBIT - exceptional items.
(13) Employees employed by majority owned entities including employees Anglo Eastern.
(14) On 21 May 2007 a share split on a three-for-one basis was effected. For comparative purposes the data regarding the number of shares and figures per share of all the periods preceding the share split have been recalculated.
(15) As of 1 January 2018 Boskalis applies IFRS15. The full year 2017 comparative figures have been adjusted accordingly.
(16) As of 1 January 2019 Boskalis applies IFRS16. The full year 2018 comparative figures have not been adjusted accordingly.

2013 (11)	2012 (10)	2011	2010	2009	2008	2007	2006	2005	2004
3,144	3,081	2,801	2,674	2,175	2,094	1,869	1,354	1,156	1,020
3,323	4,106	3,489	3,248	2,875	3,354	3,562	2,543	2,427	1,244
757.2	567.1	590.5	621.5	444.9	454.6	348.1	236.8	162.5	136.5
254.4	227.2	230.0	210.9	147.0	110.2	102.5	86.6	80.2	89.0
502.8	339.9	360.5	410.6	297.9	344.3				
-39.4	-4.1	-6.4	-8.7	-48.6	-5.2				
463.4	335.8	354.1	401.9	249.3	339.1	245.5	150.3	82.3	47.5
365.7	249.0	254.3	310.5	227.9	249.1	204.4	116.6	62.7	33.9
365.3	252.0	261.0	312.9	229.2	250.1	207.1	117.0	63.3	34.1
659.1	483.3	497.4	532.5	424.8	365.6	309.6	203.6	143.5	123.1
2,525	1,898	1,733	1,565	1,296	860.1	768.1	618.6	542.9	467.9
118,445	105,644	102,391	99,962	88,372	85,799	85,799	85,799	85,254	83,307
120,265	107,284	103,472	100,974	98,651	85,799	85,799	85,799	85,800	84,522
8,459	15,653	13,935	13,832	10,514	10,201	8,577	8,151	7,029	7,033
14.7	10.9	12.6	15.0	11.5	16.2	13.1	11.1	7.1	4.7
13.0	11.1	12.1	18.1	20.2	29.1	27.7	19.1	12.0	7.0
16.5	13.8	15.4	21.7	21.1	30.6	29.5	20.1	12.4	7.2
47.6	39.2	37.4	37.1	46.5	34.0	35.3	39.4	41.3	38.1
3.09	2.36	2.48	3.11	2.58	2.90	2.38	1.36	0.74	0.41
5.56	4.58	4.86	5.33	4.81	4.26	3.61	2.37	1.68	1.48
1.24	1.24	1.24	1.24	1.19	1.19	1.19	0.68	0.37	0.25
26.92	23.26	20.67	23.16	13.25	15.30	21.06	14.67	8.58	6.02
38.58	34.50	38.46	36.58	28.45	42.45	46.25	25.48	18.75	8.33

Anchor handling tug Manta

STICHTING CONTINUÏTEIT KBW

REPORT

By decision of the General Meeting of Shareholders held on 9 May 2001 the foundation Stichting Continuïteit KBW was granted the right to acquire cumulative protective preference shares in Royal Boskalis Westminster N.V. for a nominal amount equal to the nominal amount of ordinary shares outstanding at the time of issue of the shares concerned, minus the nominal value of one ordinary share. The option of issuing such cumulative protective preference shares was not exercised during the period under review.

To our great regret, Mr. C.J.A. van Lede, chairman of the Board of the Stichting Continuïteit KBW, passed away unexpectedly on 22 December 2020. The Board has found Mr. J.H.M. Hommen willing to succeed Mr. Van Lede as member and chairman of the Board of the Stichting Continuïteit KBW as per 17 February 2021. Otherwise no changes have taken place in the year under review in the composition of the Board.

The Board of Stichting Continuïteit KBW consists currently of the following three members:

J.H.M. Hommen, chairman
J.S.T. Tiemstra
P.N. Wakkie

The articles of association of the Stichting Continuïteit KBW are to be found at www.boskalis.com/corporategovernance.

DECLARATION OF INDEPENDENCE

The Board of Stichting Continuïteit KBW and the Board of Management of Royal Boskalis Westminster N.V. hereby declare that, in their opinion, Stichting Continuïteit KBW is an independent legal entity, separate from Royal Boskalis Westminster N.V., as defined in Section 5:71, first paragraph, under c, of the Dutch Financial Supervision Act.

Papendrecht / Sliedrecht, 3 March 2021
Royal Boskalis Westminster N.V.
Board of Management

Oisterwijk, 3 March 2021
Stichting Continuïteit KBW
The Board

SUPERVISION, BOARD AND MANAGEMENT

MEMBERS OF THE SUPERVISORY BOARD

MR. J. VAN DER VEER (1947), CHAIRMAN

- date of first appointment 12 May 2015, current term ends AGM 2023
- former CEO of Royal Dutch Shell plc
- chairman of the Supervisory Board of Royal Philips
- vice-chairman of the Board of Directors of Equinor ASA
- chairman of Het Concertgebouw Fonds
- chairman of the Supervisory Committee of the Delft University of Technology

MR. J.P. DE KREIJ (1959), DEPUTY CHAIRMAN

- date of first appointment 9 May 2018, current term ends AGM 2022
- former deputy chairman of the Executive Board and former Chief Financial Officer of Royal Vopak N.V.
- member of the Supervisory Board of TomTom N.V., Corbion N.V. and Wolters Kluwer N.V.
- member of the Global Advisory Board of Metyis
- member of the Board of Stichting Preferente Aandelen Philips
- non-executive director Oranjefonds

MR. D.A. SPERLING (1955)

- date of first appointment 8 May 2019, current term ends 2023
- former chairman of the Board of TBI Holdings B.V.
- member of the Supervisory Boards of Royal HaskoningDHV Groep B.V., GMB Holding B.V. and M.J. de Nijs en Zonen Holding B.V.
- member of the supervisory council of the Stichting Albert Schweitzer Ziekenhuis
- member of the Board of Stichting TBI
- chairman of the Supervisory Board of Stadsherstel Historisch Rotterdam N.V.

MS. J.A. TAMMENOMS BAKKER (1953)

- date of first appointment 8 May 2019, current term ends AGM 2023
- former advisor of the Dutch Council for the Environment and Infrastructure
- former Director-General of the Dutch Ministry of Transport and Water Management
- member of the Supervisory Boards of Groupe Wendel and TomTom N.V.
- non-executive director of CNH Industrial N.V.
- member of the committee Nationaal Groeifonds

MR. J.N. VAN WIECHEN (1972)

- date of first appointment 12 May 2011, current term ends AGM 2023
- member of the Executive Board of HAL Holding N.V. / director HAL Investments B.V.
- chairman of the Supervisory Board of Mondhoekie B.V. (Coolblue)
- member of the Supervisory Board of Atlas Services Group Holding B.V. and SBM Offshore N.V

MS. R.V.M. JONES-BOS (1952)

- date of first appointment 30 June 2020, current term ends AGM 2024
- former Dutch ambassador to Russia, former Secretary-General of the Ministry of Foreign Affairs, former Dutch ambassador to the United States of America
- chairman of the Board of Stichting Hermitage aan de Amstel
- chairman of the Evaluation committee of the Act on the intelligence and security services 2017
- advisor geopolitical affairs of the Rijk Zwaan Group

All the members of the Supervisory Board have the Dutch nationality.

Secretary: Ms. F.E. Buijs (1969)

MEMBERS OF THE BOARD OF MANAGEMENT

From left to right: B.H. Heijermans, C. van Noort, P.A.M. Berdowski, T.L. Baartmans
This photo was taken before the outbreak of COVID-19

DR. P.A.M. BERDOWSKI (1957), CHAIRMAN

- chairman of the Board of Management since 2006, current term ends AGM 2023
- member of the Board of Management since 1997
- member of the Supervisory Board of Amega Groep B.V.

MR T.L. BAARTMANS (1960)

- member of the Board of Management since 2007, current term ends AGM 2023
- chairman of the Executive Board of the Netherlands Association of International Contractors (NABU)
- member of the board of the International Association of Dredging Companies (IADC)
- member of the Supervisory Committee of the Stichting Prosea marine education

MR B.H. HEIJERMANS (1966)

- member of the Board of Management since 2018, current term ends AGM 2022
- member of the Advisory Board of Bold Capital Management

MR C. VAN NOORT (1975), CHIEF FINANCIAL OFFICER

- member of the Board of Management since 2019, current term ends AGM 2023

All the members of the Board of Management have the Dutch nationality.

Company secretary: Ms. F.E. Buijs (1969)

GROUP MANAGEMENT

dr. P.A.M. Berdowski	chairman Board of Management
T.L. Baartmans	member Board of Management
B.H. Heijermans	member Board of Management
C. van Noort	member Board of Management, Chief Financial Officer
P. van der Knaap	group director

CORPORATE SUPPORT

Company secretary & Corporate Legal	F.E. Buijs
Treasury	F.A.J. Rousseau
IR & Corporate Communications	M.L.D. Schuttevâer
Group Controlling	E.C.P. Verstraete
Fiscal Affairs	J. Jager
Insurance	J.W. Bodewes
Corporate Development	C.A. Visser

CENTRAL BUSINESS SUPPORT

Personnel & Organization	J. den Hartog
ICT	M.J. Krijger
SHE-Q	J.M. van Vugt
Research & Development	dr. A.C. Steenbrink
Central Fleet Support	P.E. van Eerten
Procurement & Logistics	J.E. Rijnsdorp

DREDGING & INLAND INFRA

Area Europe
W.B. Vogelaar
Area Middle
M. Siebinga
Area Middle East
P.G.R. Devinck
Area East
S.G.M. van Bemmelen
Area West
P. Klip
The Netherlands
P. van der Linde

Design, Tendering & Engineering
J.S.M. van Thiel de Vries
Fleet Management
J.T. van Leeuwen
Personnel & Organization
L. Wijngaard

OFFSHORE ENERGY

Seabed Intervention
J.M.L. Dieteren
Offshore Heavy Lifting
M.R.J. van Bergen
Heavy Marine Transport
W.Q. Nelemans
Marine Services
S.R.L. van Hulle
Subsea Services
S.I. Cameron
Subsea Cables
R.P. Rijper
Survey
C.A. Vermeijden

Finance
J.J.J. Mulder
Fleet Management
E.B. van Dodeweerd
Personnel & Organization
M.C. Verhage

TOWAGE & SALVAGE

Towage
T.R. Bennema
Salvage
R.L.C. Janssen

WORKS COUNCIL

D.A. van Uitert (chairman), M.A. Koerts (vice-chairman), L. Wubben (secretary), P. Baars, D. van Beek, K. de Bruijn, J.G. Bruinekreeft, K. van Dam, L. Hubers, R. Roos, S. de Ruijter, T. van Schooten, T. Swalen, R. Wisse, A. Zwart

DISCLOSURES REQUIRED BY THE DECREE ARTICLE 10 OF THE EU DIRECTIVE ON TAKEOVER BIDS

Under the Decree article 10 of the EU Directive on takeover bids, companies whose securities are admitted to trading on a regulated market must disclose information in their annual reports on matters including their capital structure and the existence of any shareholders with special rights. Furthermore, the Code requires Boskalis to give an overview of all existing and potential antitakeover measures indicating the circumstances whereunder and by whom these measures may likely be used. In accordance with these requirements, Boskalis hereby makes the following disclosures:

a. For information on the capital structure of the company, the capital and the existence of various types of shares, please refer to page 114 of the notes to the consolidated financial statements in this annual report. For information on the rights attached to these shares, please refer to the company's Articles of Association which can be found on the company website. To summarize, the rights attached to ordinary shares comprise pre-emptive subscription rights upon the issue of ordinary shares, the entitlement to attend the General Meeting of Shareholders, and to speak and vote at that meeting, whereby one ordinary share represents one vote, and the right to distribution of such amount of the company's profit as remains after allocation to reserves. As at December 31, 2019, the issued capital consisted exclusively of ordinary shares (partly registered and partly bearer shares (aandelen aan toonder)). These are only issued against payment in full.

b. The company has imposed no limitations on the transfer of ordinary shares. The Articles of Association have stipulated a blocking procedure for protective preference shares. The company is not aware of any shares having been exchanged for depositary receipts.

c. For information on equity stakes in the company to which a notification requirement applies (pursuant to Sections 5:34, 5:35 and 5:43 of the Financial Supervision Act), please refer to the section 'Shareholder information' on page 19 of this annual report. Under the heading 'Major shareholders' you can find a list of shareholders who are known to the company to have holdings of 3% or more at the stated date.

d. There are no special control rights or other rights associated with shares in the company.

e. The company does not operate a scheme granting employees rights to acquire or obtain shares in the capital of the company or any of its subsidiaries.

f. No restrictions apply to voting rights associated with the company's shares, nor are there any deadlines for exercising voting rights.

g. No agreements with shareholders exist which may result in restrictions on the transfer of shares or limitation of voting rights.

h. The thresholds for shareholders to exercise the right of inquiry (het enquêterecht) are based on article 2:346 sub clause 1 under c of the Dutch Civil Code, regardless of the current nominal share capital of the company.

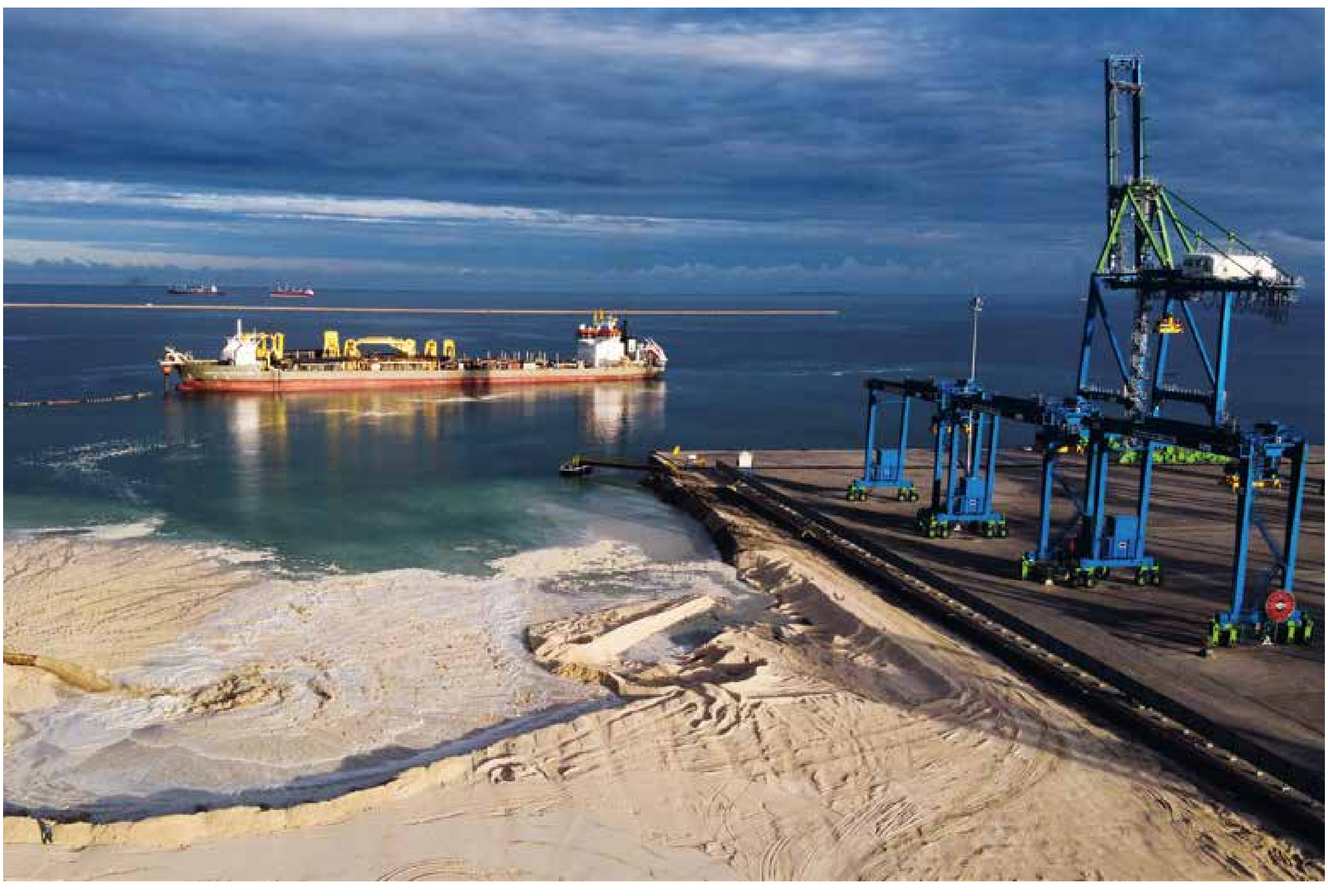
i. The rules governing the appointment and dismissal of members of the Board of Management and the Supervisory Board and amendment of the Articles of Association are stated in the company's Articles of Association. Members of the Board of Management and Supervisory Board are appointed and dismissed by the General Meeting of Shareholders on binding nomination of the Supervisory Board.
The General Meeting of Shareholders may pass a resolution to deprive the binding nature of the nomination for the appointment or dismissal of any member of the Board of Management or the Supervisory Board by at least a majority of two/thirds of the votes cast, representing more than one-half of the company's issued share capital. An amendment of the company's Articles of Association requires a decision by the General Meeting of Shareholders in response to a proposal made by the Board of Management with the approval of the Supervisory Board.

j. The general powers of the Board of Management are set out in the Articles of Association of the company. The powers of the Board of Management in respect of the issuance of shares in the company are set out in article 4 of the company's Articles of Association. To summarize, the General Meeting of Shareholders – or the Board of Management if so authorized by the General Meeting of Shareholders – takes the decision, subject to prior approval by the Supervisory Board, to issue shares, whereby the issue price and other conditions relating to the issue are determined by the General Meeting – or the Board of Management if so authorized by the General Meeting of Shareholders. In the event the Board of Management is authorized to take decisions with respect to the issue of shares, the number of shares that may be issued as well as the term of the authorization must also be determined. Procedures governing the acquisition and disposal by the company of shares in its own capital are set out in article 7 of the Articles of Association. To summarize, the Board of

Management may decide, subject to authorization by the General Meeting of Shareholders and prior approval by the Supervisory Board, for the company to buy back fully paid-up shares up to a statutory maximum of 50% of issued capital. Decisions regarding the disposal of shares acquired by the company are taken by the Board of Management, subject to prior approval by the Supervisory Board.

k. With the exception of the option agreement with Stichting Continuïteit KBW concerning the placement of cumulative protective preference shares as set out in section 28.4 of the financial statements, the company is not a party to any significant agreements which take effect or are altered or terminated upon a change of control of the company as a result of a public offer within the meaning of Section 5:70 of the Financial Supervision Act. The General Meeting of Shareholders of May 9, 2001 decided to grant Stichting Continuïteit KBW the right to acquire cumulative protective preference shares as a preventive measure against an unsolicited offer for the shares of the company. These shares may be issued in the event that (significant) influence is obtained or is threatened to be obtained by (legal) persons, who, without the involvement of the Board of Management, intend to acquire control over the company, without safeguards being in place for the independence and continuity of the company and its enterprise and without ensuring the interests of employees, other shareholders and other stakeholders of the company and its enterprise.

l. The company has not entered into any agreements with either members of the Board of Management or employees, which provide for a pay-out on termination of their employment as a result of a public offer within the meaning of Section 5:70 of the Financial Supervision Act.



GLOSSARY

Acquired orders Contract value of acquired assignments.

Average capital employed Shareholders' equity + long term loans (non-current interest bearing borrowings).

Backhoe dredger A large hydraulic excavating machine positioned on the end of a pontoon. The pontoon is held firmly in place using spuds. Backhoes can dredge in a range of soil types with extreme precision.

Bunker fuel Type of fuel used by oceangoing and other vessels. Bunkering refers to the act or process of supplying a ship with this type of fuel.

Cash flow Group net profit + depreciation + amortization + impairment losses.

Cost leadership Achieving lowest cost price.

CO_2 Emissions Carbon dioxide released into the environment.

Cutter suction dredger (CSD) A vessel that dredges while being held into place using spuds and anchors. This technique combines powerful cutting with suction dredging. Cutter suction dredgers are mainly used where the sea- and riverbed is hard and compact. The dredged material is sometimes loaded into hoppers but is generally pumped to land through a pressure pipeline.

Decommission To dismantle and/or remove an object.

EBIT Earnings before interest and tax.

EBITDA EBIT before depreciation, amortization, impairment and other exceptional charges.

Enterprise value Market capitalization plus net debt.

EPC contract EPC stands for Engineering, Procurement, Construction and is a type of contracting agreement in the construction industry. The contractor is responsible for carrying out the detailed engineering design of the project, procure all the equipment and materials required, and then construct to deliver a functioning facility or asset to the client.

ESG Environmental, Social and Governance.

EU-IFRS IFRS stands for International Financial Reporting Standards. EU-IFRS are financial reporting rules drawn up and issued by the IASB (International Accounting Standards Board) and adopted within the European Union. Since 2005 all publicly listed companies within the European Union have been obliged to comply with these standards in their external financial accounting/reporting.

Fallpipe vessel Vessel that moves over the area to be covered, while dumping rock through a fallpipe. The vessel is kept in place by a dynamic positioning system in which the propellers and rudders are controlled by an automatic system. The end of the pipe is located just a few meters above the level of the surface to be covered. The fallpipe is controlled using a precise positioning system. The fallpipe vessel Seahorse can also be equipped with an A-frame on the aftship and a grab controlled by an ROV (Remotely Operated Vehicle). This makes it possible to dredge down to depths of 1,000 meters.

Float-over installation Installation of a topside (for an offshore oil or gas platform production unit) on a subsea structure such as a jacket. A semi-submersible heavy transport vessel is used to convey the topside to the site and position it precisely in relation to the subsea structure piles. The ship is then partially submerged, allowing the support points of the topside to be lowered precisely onto the jacket connectors.

Floating sheerleg crane Floating cranes for heavy lifting.

FPSO Floating Production Storage and Offloading unit. Floating production, storage and transshipment systems that often operate a long way offshore. The systems separate the incoming liquids into oil, gas and water and temporarily store the crude oil. Tankers are used to transport the oil.

Futures A future (derivative) is a so-called forward contract; an agreement between traders to purchase or sell certain financial products on a specified future date at a previously agreed fixed price.

Global Reporting Initiative International organization that develops global standards for sustainability reporting.

Hazardous substances Liquid or solid substances which present a health hazard and/or are damaging to the environment.

Home market Boskalis distinguishes itself from its competitors in the Dredging segment by the use of a home market strategy. The home market organizations have local marketing profiles, as well as their own fleets and infrastructures. They can rely on the support of the financial and technical resources of the global Boskalis organization. Home markets provide a stable flow of assignments and opportunities to generate additional margins through associated activities.

Hopper/hopper dredger *See trailing suction hopper dredger.*

HTV A (semi-submersible) heavy transport vessel. At 275 meters long and 70 meters wide the BOKA Vanguard is the biggest semi-submersible heavy transport vessel in the world and is capable of conveying objects weighing up to 110,000 tons.

International projects market Market that focuses primarily on larger capital expenditure projects for new buildings and/or extensions. In addition, there are projects that regularly involve cooperation with third parties. This makes it possible to provide clients with optimal services and to share risks.

LNG Liquefied Natural Gas.

LTI Lost Time Injury. Expresses the number of workplace accidents serious enough to result in absence from work.

LTIF Lost Time Injury Frequency. Expresses the number of workplace accidents serious enough to result in absence from work, per 200,000 hours worked.

Market capitalization Total number of outstanding ordinary shares minus the number of shares owned by the company as at 31 December x share price at year-end.

Net debt/Net cash The sum of non-current and current interest bearing borrowings and bank overdrafts minus cash and cash equivalents.

Net financial position *See Net debt/Net cash*

Net Group profit Net profit + net profit attributable to non-controlling interests.

Net operating profit Net profit adjusted for exceptional items.

NINA No Injuries No Accidents. To achieve an incident and accident-free working environment Boskalis applies the NINA safety program. NINA sets out Boskalis' vision on safety and describes the safety conduct the company expects from its staff and subcontractors. The program makes people aware of their own responsibility and encourages them to take action in situations which are unsafe.

Operating result EBIT minus exceptional items.

Order book Contract revenue as yet uncompleted.

Return on capital employed Net profit + interest expenses regarding long term loans (non-current interest bearing borrowings) as % of the average capital employed.

Return on equity Net profit as % of the average shareholders' equity.

Roll-on/roll-off vessel (ro-ro) Vessels designed to carry wheeled cargo such as automobiles, trucks, semi-trailer trucks, trailers or railroad cars that are driven on and off the ship on their own wheels.

Rock fragmentation under water Drilling and blasting hard materials such as rock and granite, often to deepen ports and clear navigational channels.

ROV Remotely Operated Vehicle. An unmanned robotic subsea vehicle that is remotely controlled (often from a ship or platform).

SHE-Q Safety, Health, Environment & Quality.

Solvency Group equity as % of balance sheet total (non-current assets + current assets).

Sustainable Development Goals (SDGs) Set of seventeen goals with specific targets. Formulated by the United Nations through a deliberate process involving its 193 Member States, as well as global civil society, the goals define the global sustainable development priorities and aspirations for 2030.

Topside The upper section of an offshore oil production platform.

Trailing suction hopper dredger (TSHD) A self-propelled unit that loads its well or hopper using centrifugal pumps and pipes that trail over the bed as the ship sails. Trailing suction hopper dredgers can operate independently of other equipment and can transport material over long distances. The dredged material is dumped through flaps or bottom doors, by rainbowing, or pumped onto land using a pipeline.

TRIR Total Recordable Injury Rate. Number of LTIs, restricted work cases and medical treatment cases per 200,000 hours worked.

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

Unexploded ordnance detection and removal activities by the Kamara

EQUIPMENT

DREDGERS

Trailing suction hopper dredgers	**19**
Capacity > 6,000 m³	9
Capacity ≤ 6,000 m³	10

Cutter suction dredgers	**10**
Capacity > 12,000 kW	4
Capacity ≤ 12,000 kW	6

Backhoes	**18**
Bucket capacity from 1.4 to 33 m³	

Floating grab cranes	**10**
Grab capacity from 1.2 to 9.2 m³	

Other dredging equipment	**22**
bucket dredger, environmental disc cutter, barge unloading dredgers, suction dredgers, stone placing vessels	

OFFSHORE VESSELS

Heavy transport vessels (semi-submersible)	**11**
Capacity up to 110,000 tons	

Heavy lift vessels	**3**
Capacity from 500 to 3,000 tons	

Fallpipe vessels	**3**
Capacity from 17,000 to 24,000 tons	

Diving support vessels	**6**
Air and saturation diving support, ROV services	

Cable-laying vessels	**3**

Floating sheerlegs cranes	**5**
Capacity from 400 to 5,000 tons	

Survey vessels	**16**

OCEANGOING TUGS AND ANCHOR HANDLING TUGS

Oceangoing tugs and offshore construction vessels	**8**
From 205 to 403 ton bollard pull	

Anchor Handling Tugs	**17**
From 70 to 205 ton bollard pull	

BARGES AND PONTOONS

Hopper barges	**61**
Capacity from 50 to 3,800 m³	

Oceangoing flat top barges (semi-submersible)	**3**
Capacity 21,000 tons	

Oceangoing flat top barges/pontoons	**38**
Capacity from 1,000 to 14,000 tons	

Inland barges	**33**
Capacity from 100 to 2,000 tons	

VESSELS TOWAGE JOINT VENTURES	**211**
LAUNCHES, WORK/SUPPLY VESSELS	**89**
VARIOUS/OTHER FLOATING EQUIPMENT	**79**

The numbers listed above include the vessels under construction and vessels and floating equipment of the (non-controlled) associated companies.
In addition to the equipment shown here, the group also owns a range of auxiliary equipment such as floating pipelines, winches, pumps, draglines, hydraulic excavators, wheel loaders, dumpers, bulldozers, mobile cranes, crawler drill rigs, sand pillers, filling installations for shore protection, mattresses, fixed land pipelines and a wide variety of salvage equipment, such as fire-fighting, diving and anti-pollution equipment.


SWL 3000 mt
MH-LB-01
SWL 25mt
stinis

COLOPHON

Compiled and coordinated by
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Corporate Communications Department
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