

PRESS RELEASE

13 March, 2023

A year of growth and recovery

Rotterdam, the Netherlands, 13 March 2023 – From an operational and financial perspective, the year 2022 was one of growth and recovery. It was not an easy year; external factors created problems within the supply chain, putting pressure on prices and planning. This had a major impact on our projects and thus on our clients. The complex project portfolio was under control by the end of the year and the net result increased. We ended the year with a well-filled order book and a positive outlook for our markets. We envisage two major drivers for the future: the rapidly increasing demand for climate adaptation solutions and offshore energy projects.

The year in figures:

- Revenue: EUR 2 billion (2021: 1.5 billion)
- EBITDA: EUR 243 million (2021: EUR 67 million)
- Net profit: EUR 60 million (2021: EUR -62 million)
- Operational cash flow: EUR 62 million (2021: EUR 50 million)
- Order book: EUR 4.3 billion (2021: 4.4 billion)
- Net debt EUR 178 million (2021: EUR 62 million)
- Solvency ratio: 32.4% (2021: 33.4%*)
- Investment in equipment: EUR 227 million (2021: EUR 208 million)
- Number of employees (FTEs): 5,243 (2021: 4,725).
- Number of nationalities: 89 (2021: 83).
- Scope 1 greenhouse gas emissions (tonnes x 1,000): 475.3 (2021: 390.1).
- Relative emissions per euro revenue
(Scope 1 t CO₂e/EUR mio Revenue): 235.2 (2021: 257.2)

* comparative figures for 2021 have been adjusted due to modified reporting guidelines.

Pieter van Oord, CEO:

'The year 2022 proved to be one of the most turbulent years in Van Oord's 154-year history. Market conditions and operational challenges demanded that we pull out all the stops, with the aim of ensuring recovery and a positive result.

The war in Ukraine has been raging since February 2022, with major consequences, both direct and indirect, for society and for our company. We have discontinued our operations in Russia and the projects in our order book have been cancelled. As a result of the war in Ukraine, we faced global disruption in our supply chain and steep price increases for certain products. However, on balance, this has cost the company tens of millions of euros in 2022.

Globally, markets reacted in various ways, ranging from stagnation to recession but this also led to growth opportunities. Demand in the offshore wind market increased exponentially. There is also a growing demand for sustainable solutions for climate change and coast protection.

Increasing demand is clearly reflected in our revenue growth in all our business units (EUR 2 billion, up from 1.5 billion in 2021). We are pleased to say that our net result recovered to EUR 60 million after the net loss in 2021. Our net level of debt is higher at EUR 178 million (2021: EUR 62 million) due to our ambitious investment programme.

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We take a positive view of what lies ahead of us. Market conditions are favourable, and Van Oord has made a timely decision to invest substantially in new and sustainable equipment. The last two decennia Van Oord has developed itself to market leader in Offshore Wind in the Netherlands. The first of our three new award-winning LNG trailing suction hopper dredgers was launched in 2022, with the launch of the next two scheduled for 2023 (14 March and September).

Van Oord is investing – in innovation, in sustainable equipment, in its people, and in the future. That's what you do when you're confident about that future. Our entire committed investment programme is worth more than EUR 800 million, this being part of a total investment programme in sustainable vessels, of EUR 2 billion this decade.

Van Oord is also growing. At the end of 2022, our organisation employed 5,243 FTEs (2021: 4,725), and we expect a further increase in 2023. In the autumn of 2022, we conducted another employee satisfaction survey; we are content with the results.

And Van Oord is becoming more sustainable. With our Sustainable Earth Actions (S.E.A.) programme, we are setting SBTi (Science Based Targets initiative) targets in 2023 for 2030, and we are working towards net-zero emissions by 2050. The four business units are putting a great deal of effort into achieving those targets. That involves considerable variation: from Building with Nature solutions in the design and implementation phase to operations and sustainability requirements within the supply chain. We are also using biofuels so as to reduce our emissions.

I wish to express my special appreciation to all Van Oord employees for their dedication and commitment to the company, even during the difficult Covid years. We also wish to thank our many clients who made it possible to continue our operations during the pandemic. The company looks to the future with confidence.'

Key financial performance

Van Oord increased its revenue to EUR 2,021 million in 2022 (2021: EUR 1,517 million) and realised a net profit of EUR 60 million (2021: net loss EUR -62 million). The net profit was negatively impacted by tens of millions of euros due to supply disruptions and price increases in relation to the war in Ukraine. This also affected the operational cashflow which, in combination with a higher investment level, led to an increase of net debt to EUR 178 million at year-end 2022 (2021: EUR 62 million).

All of our business units realised a revenue increase in 2022. The Dredging business unit grew its revenue to EUR 892 million (2021: EUR 727 million) including amongst others the Fehmarnbelt Fixed Link project and the deepening of the Harwich channel. Compared to 2021, the Offshore Wind business unit had a busy year with EUR 599 million revenue because of construction on the Saint-Brieuc, Greater Changhua and Hollandse Kust Noord projects (2021: EUR 347 million). Revenue in the Netherlands business unit was EUR 322 million (2021: EUR 252 million) and mainly included projects such as the Afsluitdijk, A16 motorway Rotterdam and Twentekanalen. Despite the prolonged suspension of the Mozambique LNG project, the Offshore business unit was able to increase its revenue to EUR 208 million mainly in relation to various projects in Mexico, Norway and the United Kingdom (2021: EUR 191 million).

The financial position of our company at year-end 2022 was in line with last year and remained solid. Equity amounted to EUR 985 million (2021: EUR 915 million) and solvency was 32.4% (2021: 33.4%). The operational cash flow of EUR 62 million (2021: EUR 50 million) was lower than our investment cash flow of EUR 187 million (2021: EUR 98 million) and consequently net debt increased to EUR 178 million, which is well within the terms and conditions of our credit facilities. The financing cash flow amounted to EUR 143 million (2021: EUR 174 million).

The total order book of EUR 4,300 million at year-end 2022 remained stable compared to 2021 (EUR 4,353 million) as revenue was in line with the award volume including variations. The latter were on balance negative as a number of projects (in Russia and Angola) were taken out of the order book. Newly awarded projects in 2022 included: Ain Sokhna (Egypt) and Constanta Beaches (Romania) in the Dredging business unit, Ocean Wind (US) in the Offshore Wind business unit, Gas to Energy (Guyana) in the Offshore business unit and the dyke reinforcement Hansweert in the Netherlands business unit.

Investments

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In June 2022, our first LNG trailing suction hopper dredger, Vox Ariane, was ceremonially brought into service. She will be joined by her two sister ships, the Vox Apolonia and the Vox Alexia, in 2023. In November, the three vessels jointly received the 2022 Maritime KNVR Shipping Award, in recognition of their contribution to innovation in the Dutch shipping industry. According to the jury, Van Oord's introduction of the three trailing suction hopper dredgers marks it as 'a trailblazer for international standards aimed at minimising climate and environmental impact within the available technological capabilities'.

On all our new vessels, we are investing in the latest technology which will (eventually) be able to be powered by the fuels of the future, such as methanol, ammonia, biofuels, and hydrogen. In 2022, we made an energetic start on construction of our new offshore installation vessel, the Boreas. This jack-up offshore installation vessel is being built in China. The crane – capable of lifting more than 3,000 tonnes – is being built by Huisman. The vessel is designed to install wind turbines and monopiles with a capacity of 20 MW.

Two more hybrid water injection vessels were ordered in 2022. These two water injection dredgers (WIDs) are again built by Kooiman in Zwijndrecht. The design is based on the WIDs Maas and Mersey which are already in service.

The launch of our new cable-layer, the Calypso, is scheduled for September 2023. This vessel is equipped with two cable carousels, making it suitable for laying HVDC (high-voltage direct current) cables. These cables will play an important role particularly for offshore wind farms that are further away from the coast.

Business unit highlights

Dredging

Results for Dredging were satisfactory, with the 2021 market recovery continuing into 2022. Consequently, revenue increased from EUR 727 million in 2021 to EUR 892 million in 2022, with increased capacity utilisation of the suction hopper dredgers in particular. We also saw an increase in winning tenders in 2022, from a total volume of EUR 843 million in 2021 to EUR 896 million in 2022. Various new projects concern climate adaptation. The project at Szczecin (Poland) for the access fairway, with two artificial natural-habitat islands, was also completed successfully.

Offshore Wind

Revenue from our Offshore Wind business unit increased in 2022 (EUR 599 million in 2022, up from EUR 347 million in 2021) and utilisation of offshore wind vessels was high. At the same time, the volume of tenders awarded in 2022 was significantly lower than in 2021 (EUR 339 million, down from EUR 962 million in 2021). In December 2022, the Hollandse Kust West project was provisionally awarded to us; this is not yet included in the volume of tenders awarded or our order book.

Difficult market conditions and major price increases in the supply chain have meant unsatisfactory returns in the Offshore Wind industry, and for us too. Given the importance of offshore wind to the energy transition, a better balance between reward and risk is needed. In 2022, Van Oord was able to bring two complex projects under control. The Saint Brieuc project is back on schedule, and we expect to complete it in 2023. We were also able to complete the Taiwanese Greater Changhua project operationally.

Offshore

Results for the Offshore business unit were satisfactory. Revenue in 2022 was EUR 208 million, slightly higher than in 2021 (EUR 191 million). Contracts awarded were significantly higher in 2022 (EUR 498 million in 2022, up from EUR 367 million in 2021). Projects in Russia were taken out of the order book.

With the rising demand for Offshore Energy projects, Subsea Rock Installation for offshore wind farms is now the fastest growing market for our flexible fallpipe vessels.

Netherlands

Revenue for the Netherlands in 2022 was higher than in 2021 (EUR 322 million in 2022, up from EUR 252 million in 2021). The volume of tenders awarded was EUR 255 million, up from EUR 163 million in 2021.

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Agreement has been reached with our client *Rijkswaterstaat* (the Directorate-General of Public Works and Water Management) on the financial settlement and revised schedule for the Afsluitdijk project. Availability certification was obtained at year-end; we are proud of our contribution to this iconic project, in particular the speed with which the Afsluitdijk has been made water-safe on both the Wadden Sea side and the IJsselmeer side.

The nitrogen problem in the Netherlands means that hardly any major infrastructure projects are being put out to tender, and the future of planned projects – such as the ViA15 project – is uncertain.

A compensation scheme has been agreed on with the construction industry as a result of the war in Ukraine. We wish to express our satisfaction with this.

Safety

Our safety statistics showed an improvement in 2022 compared to 2021 (TRIR 2021: 0.59 as opposed to TRIR 2022: 0.51). The nature of our work entails risks for our employees. All our safety efforts over the past two decades have greatly improved our safety culture, and we remain committed to continuously improving that culture. Our experience shows that where safety is concerned it is never appropriate to be satisfied with your performance.

Russia and Ukraine

In 2022, the invasion of Ukraine made Van Oord decide to completely withdraw from Russia. Existing activities have been terminated in a controlled manner.

Van Oord employees are assisting in providing shelter for Ukrainian refugees. Various equipment, including for IT, has been donated. Van Oord is also providing practical support for refugees as regards entering the labour market. Electricity generators have also been sent to Ukraine.

Newly awarded contracts

Van Oord is proving to be a preferred partner for projects to protect against the impact of climate change. In Romania, Van Oord was awarded the contract for another coastal protection project near Constanța in 2022, with natural and nature-friendly solutions to protect against the Black Sea.

In April 2022, Van Oord signed the contract for a development project at Addu City in the Maldives. This involves creating 194 hectares of new land to protect the city from rising sea levels while providing opportunities for housing and economic development. The project is in an ecologically sensitive area; an Environmental Impact Assessment has been completed and Van Oord is making efforts to ensure the most nature-friendly approach.

In the Netherlands, Van Oord was awarded the contract for reinforcing the dike at Hansweert, as well as floodplain maintenance projects. Such projects are intended to prevent flooding due to climate change; clients are the provinces and Rijkswaterstaat.

Offshore energy projects are the other big driver that we observe within the market. End of 2022 Van Oord has been selected as preferred contractor for construction of the Baltic Power wind farm, 23 kilometres off the coast of Poland. That project was also not yet included in our order book. Van Oord will handle the transportation and installation of more than 70 foundations. With a capacity of 1.2 GW, the wind farm will provide renewable electricity for over 1.5 million Polish households. Construction will start in 2024, with production scheduled to start in 2026.

Empire Offshore Wind, a joint venture between Equinor and BP, has selected the consortium of Van Oord and Great Lakes Dredge & Dock (GLDD) for the Empire Wind I & II project. Development of this wind farm off the east coast of the United States is an important step

towards supplying renewable energy for the State of New York. The United States is becoming an important new offshore wind market for Van Oord.

As offshore wind farms increase, so does the demand for maintenance. In 2022, Vestas awarded a major maintenance contract to MPI Offshore, a subsidiary of Van Oord, for its European wind farms in 2022.

Outlook

Van Oord remains committed to a portfolio of synergistic activities as a marine contractor, with the basic premise for that strategy being profitable growth. We are confident that our business will continue to grow during this decade thanks to two key developments in our markets: climate adaptation and the energy transition.

In the short term, there remain major uncertainties within our markets. Global economic growth in 2023 will be significantly lower than previously forecast, and the uncertainties may impact our margins. For the present, we expect further growth in revenue and an expansion of our order book and results for 2023. We will continue to invest in the renewal and sustainability of our fleet in 2023 and beyond. For our future growth, we will welcome many new employees. With the commitment, resilience, knowledge, and competencies of our people, combined with a modern and efficient fleet, we are confident about the market opportunities in the years ahead.

About Royal Van Oord

Royal Van Oord is a Dutch family-owned company with more than 150 years of experience as an international marine contractor. The focus is on dredging and marine construction, offshore wind, offshore infrastructure and infrastructure in the Netherlands. Its head office is in Rotterdam. Van Oord employs 5,243 staff (fte), who worked in 2022 on 191 projects in 42 countries. The fleet consists of about 60 vessels and a large amount of special-purpose and auxiliary equipment. Marine ingenuity is characteristic of Van Oord. By using innovative, smart and sustainable solutions, it wishes to contribute to a better world for future generations.

More information:

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