

PRESS RELEASE

2019: a challenging year

Rotterdam, the Netherlands, 23 March 2020

- Revenue: EUR 1.64 billion (2018: 1.88 billion)
- EBITDA: EUR 254 million (2018: EUR 306 million)
- Net profit: EUR 46 million (2018: EUR 92 million)
- Order book: EUR 3.61 billion (2018: EUR 3.68 billion)
- Net debt: EUR 307 million (2018: EUR 78 million)
- Solvency ratio: 41.8% (2018: 39.5%)

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The annual report 2019 was finalised before the outbreak of the corona crisis. As such the outlook in this document will be affected by this crisis. We have not taken into account the consequences of this crisis in the outlook as they are unknown.

2019 was a challenging year. Van Oord experienced tough times in its main dredging market, combined with growth and opportunities in other markets such as the Netherlands. We had another busy year in Offshore Wind. A milestone was the completion of the Norther offshore wind farm in a record time of only 9 months. We also won our first cable project in Taiwan, awarded by Ørsted. In our business unit Offshore our revenue slightly increased. Our overall orderbook remained solid with a positive outlook.

Revenue and profit

In 2019, Van Oord recorded EUR 1.64 billion in revenue, 12% lower than 2018 (EUR 1.88 billion). The dredging activities generated a revenue of EUR 690 million (EUR 852 million in 2018). Actions to restore profitable growth have been initiated. The decrease in offshore wind activities (2019: EUR 571 million vs 2018: EUR 706 million) was driven by the smaller number and size of projects currently under construction. We remain positive about the prospects of offshore wind and do see substantial opportunities ahead in this market. Revenue in the Netherlands business unit increased to EUR 173 million (2018: EUR 115 million) including, amongst others, the iconic Afsluitdijk reinforcement project. In the Offshore business unit revenue slightly increased (2019: EUR 210 million, 2018 EUR 203 million).

Van Oord realised a net profit of EUR 46 million compared to EUR 92 million in 2018. Excluding one-offs items, the sale of Gemini shares in 2018 and the refinancing in 2018 and 2019, the net profit amounted to EUR 59 million in 2019 and EUR 74 million in 2018. The lower net result in 2019 mainly reflects the pressure on project results, combined with lower overhead recovery due to revenue decline. The EBITDA in 2019 was EUR 254 million (2018: EUR 306 million).

Our order book is solid at EUR 3.61 billion at year-end 2019, compared to EUR 3.68 billion in 2018. We realised EUR 1.58 billion of new awards (2018: EUR 2.16 billion).

The 5 largest project awards are the land reclamation project in Dos Bocas, Mexico, the EPCI contract for the Mozambique LNG project, the cable installation contract for the Greater Changhua offshore wind farms in Taiwan, the Bacton to Walcott Coastal protection project in the UK and the A12/A15 motorway project (ViA15) in the Netherlands.

Financial position

Van Oord maintained a strong financial position with an equity level of EUR 1,008 million (2018: EUR 999 million) and a solvency rate of 41.8% (2018: 39.5%). Net debt amounted to EUR 307 million (2018: EUR 78 million), driven by movements in our working capital combined with a high level of investments. Van Oord remained well within credit facility terms and conditions.

Dredging

Dredging is the traditional cornerstone of Van Oord's business, but market conditions in 2019 remained difficult. Our tender and award volumes were substantially lower than 2018. Fleet capacity utilisation was comparable to 2018. To respond to these developments, we initiated actions to restore profitability and realise growth within Dredging. The result is the 'Reinventing Dredging 2030' strategy, which will be implemented from 2020 onwards. A highlight in 2019 was the Dubai Harbour reclamation project, which allows Dubai to reach its goal of welcoming 20 million visitors annually.

The Netherlands

The Netherlands recorded an increase in revenue related to various large projects, including the iconic Afsluitdijk reinforcement project and the A16 Rotterdam motorway project. Tender volume was low. Projects and tenders were postponed due to problems with per- and polyfluoroalkyl substances (PFAS) and the government's 'Integrated Approach to Nitrogen' (PAS) policy. The full impact of these issues on clients and contractors in the Netherlands is uncertain. The ViA15 infrastructure project was awarded in late 2019 to the Van Oord, Dura Vermeer, BESIX and HOCHTIEF consortium. With an orderbook of almost a billion Euros, we are entering a busy period.

Offshore Wind

Offshore wind is a key contributor enabling the energy transition around the world. In 2019 Van Oord is proud to have worked on offshore wind farm projects that deliver renewable energy to over 2.5 million households. A milestone was the completion of the Norther offshore wind farm in a record time of only 9 months. We also won our first cable project in Taiwan. Ørsted awarded Van Oord the cable installation contract for the 900 MW Greater Changhua offshore wind farms. The market outlook is positive, with high tender volumes. At the same time the risk profile is increasing, driven by technical and environmental challenges, price pressure, new competitors and complex supply chains. To stay ahead we respond with agility and continuous innovation.

Offshore

Overall revenue of Van Oord's offshore activities slightly increased. Van Oord is a niche specialist in 2 offshore services: Offshore Pipeline Installation (OPI) and Subsea Rock Installation (SRI). The OPI industry has not recovered yet, but in 2019 the Van Oord-

TechnipFMC consortium won the EPCI contract for the Mozambique LNG project. Van Oord is responsible for the shallow water operations, including dredging and installing more than 100 kilometres of pipeline. Project execution will start in 2021. The resulting new energy infrastructure will allow Mozambique to transport large quantities of natural gas to shore, where it will be liquefied for export. The vessel capacity utilisation rate in Subsea Rock Installation (SRI) was high. Flexible fallpipe vessel Bravenes even reached the milestone of 1 million tonnes of rock installed in the first 18 months since it came into operation.

Markets and relevant trends

In 2020 we experience a great deal of uncertainty due to the global outbreak of the corona virus (COVID-19).

Van Oord operates in various end-markets, each with its own dynamics and challenges. The fast growing offshore wind market is in sharp contrast with the tough times Van Oord is facing in the open global dredging market. On the other hand we have been able to benefit from growth in the Dutch infrastructure market and saw a slight recovery in the volatile offshore oil & gas business.

Market experts remain very positive about the global offshore wind market and expect required capacity to increase substantially over the next two decades. In 2019 Europe added circa 20% net offshore capacity across multiple wind farms. Outside Europe China, Taiwan, United States, Korea, India, and Japan are pushing or will push offshore wind developments. With our leading position in offshore wind we are well positioned to contribute to this development.

The global open dredging market is expected to remain stable but is structurally changing in its set up. There is intensified competition by local players with expanded in-house dredging capabilities. Meanwhile Chinese players also increased their capacity in the market. Clients require traditional market leaders to differentiate and to add value beyond the dredging scope. Our long-term drivers remain positive. Increased urbanisation and tourism, moderate maritime trade growth, rising energy demand and climate change will fuel the dredging market for coming decades.

Although the offshore energy market partially suffered from a slowdown in world economic growth, global oil demand accelerated every quarter in 2019. Overall the market maintained a relatively optimistic recovery sentiment throughout 2019 but geopolitical tensions limited oil price recovery. A weaker energy demand in 2020 combined with the global outbreak of the coronavirus makes the outlook for 2020 and beyond uncertain. Resulting in a moderate capex outlook and focus on brownfield developments, limiting growth opportunities for our shallow water pipelay activities are foreseen. The outlook for our subsea rock installation activities is different as we are able to leverage our market leading position and benefit from the oil & gas market as well as the growing offshore wind market.

Within the Netherlands we are embarking on some large infrastructural challenges driven by increasing mobility, climate change, and population growth. PAS and PFAS (2 regulatory changes on nitrogen deposition and industrial chemicals) will likely impact infrastructure and dredging projects in the Netherlands. Currently all new projects for the Dutch coastal protection are postponed as a consequence of the PAS discussion within

the government. This includes emergency beach replenishments along the Dutch coastline, which was affected and eroded as a consequence of recent storms in February.

Organisation

Van Oord's workforce increased to 5,217 in 2019 (2018: 4,954). Given the company's growth in 2018 and the award of various complex integrated projects, the focus in 2019 was on building a stronger organisation by recruiting experienced new employees and graduates.

As a project organisation Van Oord needs to scale up and down as contracts are awarded or completed and tenders are won or lost. In 2019 the company scaled up its operations, for instance on the Afsluitdijk reinforcement project and A16 Rotterdam motorway project in the Netherlands.

Van Oord changed its top management structure with effect from 1 January 2020. The new executive body, known as the Executive Committee, includes the managing directors of the 4 business units alongside the CEO, CFO and CCO. By ensuring direct representation of the business units in its top governance, Van Oord is creating a company-wide business driven leadership team. The aim is to pursue the Van Oord strategy and vision as a team and respond swiftly and effectively to the complex and dynamic nature of our markets.

Investments

We keep investing in a competitive fleet. We have ordered a third trailing suction hopper dredger. The vessel is similar to the 2 already ordered in 2018: each one has a hopper capacity of approximately 10,500 cubic metres and is equipped with an LNG fuel system. Orders have also been placed for 2 energy efficient water injection vessels.

The trailing suction hopper dredger Vox Amalia, the latest addition to Van Oord's fleet, started mid-March on its first job to reinforce the coastline near Den Helder. Older vessels will be recycled or sold. To support our cable laying activities, we acquired the Deep Dig-it, a trencher that can bury cables up to 5 metres below the seabed. The trencher will make its debut in summer 2020 on the Hollandse Kust Zuid project for TenneT.

Future perspective

Our company's long-term prospects are solid. However, these are fast changing times, for business and society as a whole, especially now the coronavirus is spreading across the world. The virus has a significant impact on our daily lives, and like many other companies, Van Oord is also confronted with the consequences. We strive first of all for the safety of our employees and others involved. On request of our clients we continue our projects as long as reasonably possible. 2020 looks set to be another challenging year. Despite the uncertainties, we face the future with undiminished entrepreneurial spirit and with confidence in our people and our Marine ingenuity.

About Van Oord

Van Oord is a Dutch family-owned company with 150 years of experience as an international marine contractor. The focus is on dredging, land infrastructure in the Netherlands, offshore wind and oil & gas infrastructure. Its head office is in Rotterdam. Van Oord employs 5,000 staff, who worked in 2019 on 200 projects in 44 countries. The fleet consists of about 70 pieces of main equipment and a large amount of special-purpose and auxiliary equipment. Van Oord's purpose is to create a better world for future generations by delivering Marine ingenuity.

More information:

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Notification: The 2019 Annual accounts were created before the global outbreak of coronavirus occurred. Van Oord can not foresee the consequences for 2020, but the expectation is that they are significant.

Attachment: Annual accounts 2019